Gartner

Press Release

FOR IMMEDIATE RELEASE

Gartner Says Worldwide PC Shipments Declined 5 Per Cent in Second Quarter of 2009

Asia/Pacific and US Results Indicate Signs of a Gradual PC Market Recovery While EMEA Shows On-Going Weakness in the Region

STAMFORD, Conn., July 15, 2009 — Worldwide PC shipments totalled 68.1 million units in the second quarter of 2009, a 5 per cent decline from the second quarter of 2008, according to preliminary results from Gartner, Inc. The market performed better than Gartner had expected. In June, Gartner had forecast second quarter PC shipments to decline 9.8 per cent.

“In the first quarter of 2009, inventory re-stocking played a major role in shipment growth, but this was less of a factor in the second quarter,” said Mikako Kitagawa, principal analyst at Gartner. “Though the market was still in decline, the better than expected results can be interpreted as a small sign of a PC market recovery in terms of shipment volumes in some regions. PC shipments in Asia/Pacific and the US were better than our expectation, while shipments in the Europe, Middle East and Africa (EMEA) region indicated on-ongoing weakness.”

Hewlett-Packard’s shipment growth was ahead of the worldwide average (see Table 1), as its international business performance was better than at home in the US. HP continued to be aggressive on low priced mobile PC systems. Dell and Acer once again effectively tied for the second position in the global market. On the revenue side, however, Dell’s shares were expected to be much higher than Acer’s. This is because Acer’s shipments were mainly fuelled by low cost systems, while Dell’s shipments had broader product coverage from low to high priced systems. Lenovo was driven by strong shipment growth in Asia/Pacific, while shipments in the US and EMEA were below the regional averages.

Table 1
Preliminary Worldwide PC Vendor Unit Shipment Estimates for 2Q09 (Thousands of Units)

Company	2Q09 Shipments	2Q09 Market Share (%)	2Q08 Shipments	2Q08 Market Share (%)	2Q09-2Q08 Growth (%)
Hewlett-Packard	13,371	19.6	13,012	18.1	2.8
Dell Inc.	9,259	13.6	11,160	15.6	-17.0
Acer	9,196	13.5	6,851	9.5	34.2
Lenovo	5,758	8.4	5,581	7.8	3.2
Toshiba	3,395	5.0	3,087	4.3	10.0
Others	27,169	39.9	32,050	44.7	-15.2
Total	**68,149**	**100.0**	**71,741**	**100.0**	**-5.0**

Note: Data includes desk-based PCs, mobile PCs and X86 servers.
Source: Gartner (July 2009)

PC shipments in the US totalled 16.4 million units in the second quarter of 2009, a decline of 1.2 per cent from the second quarter of 2008 (see Table 2). These results beat Gartner’s expectation of a 12 per cent year-on-year decline. Desk-based PCs continued to show a double-digit decline, while mobile PC shipments showed strength with an increase in the 20 per cent range.

“Mini-notebooks aside, some vendors had very aggressive pricing of regular mobile PCs below $500 at US retailers,” Ms Kitagawa said. “Aggressive pricing determined the winners and losers for market share gains in the US consumer market.”

After losing the No. 1 position in the first quarter of 2009, Dell returned to the top position with a slight difference over HP (of just 0.3 percentage points). Dell's challenge had been to protect its margins and share at the same time. Gartner analysts said that in the second quarter, Dell's strategy appeared to be more towards defending its market share.

HP grew above the industry average in the US, and it had very aggressive pricing in the low-end consumer mobile PC market. Acer was very aggressive on pricing for both mini-notebooks and regular notebooks.

Table 2
Preliminary United States PC Vendor Unit Shipment Estimates for 2Q09 (Thousands of Units)

Company	2Q09 Shipments	2Q09 Market Share (%)	2Q08 Shipments	2Q08 Market Share (%)	2Q09-2Q08 Growth (%)
Dell Inc.	4,248	26.0	5,227	31.6	-18.7
Hewlett-Packard	4,209	25.7	4,161	25.1	1.2
Acer	2,318	14.2	1,331	8.0	74.2
Apple Computer	1,422	8.7	1,387	8.4	2.5
Toshiba	1,120	6.8	915	5.5	22.5
Others	3,034	18.6	3,529	21.3	-14.0
Total	**16,351**	**100.0**	**16,549**	**100.0**	**-1.2**

Note: Data includes desk-based PCs, mobile PCs and X86 servers.
Source: Gartner (July 2009)

The EMEA PC market had a double-digit decline for the second quarter in a row. PC shipments in EMEA totalled 20.6 million units, a 10.9 per cent decrease from the same period in 2008 (see Table 3).

"The EMEA PC market in the second quarter of 2009 saw continued weakening across EMEA," said Ranjit Atwal, principal analyst for Gartner's Client Computing Markets group in EMEA. "Despite some return to seasonality trends, the EMEA PC market has not bottomed out yet".

Table 3
Preliminary EMEA PC Vendor Unit Shipment Estimates for 2Q09 (Thousands of Units)

Company	2Q09 Shipments	2Q09 Market Share (%)	2Q08 Shipments	2Q08 Market Share (%)	2Q09-2Q08 Growth (%)
Hewlett-Packard	4.343	21.1	4.441	19.2	-2.2
Acer	4,245	20.6	3,492	15.1	21.6
Dell Inc.	2,104	10.2	2,748	11.9	-23.4
Toshiba	1,105	5.4	1,376	6.0	-19.7
ASUS	978	4.8	1,325	5.7	-26.2
Others	7,804	37.9	9,722	42.1	-19.7
Total	**20,579**	**100.0**	**23,104**	**100.0**	**-10.9**

Note: Data includes desk-based PCs, mobile PCs and X86 servers.
Source: Gartner (July 2009)

In the second quarter of 2009, the three largest countries in Western Europe continued to experience weak performances, with demand in Germany and France heading to growth levels experienced in the UK during the first quarter of 2009. Overall, Central Eastern Europe pulled the overall performance of the EMEA market down with declines of more than 30 per cent as Russian and Baltic countries showed little sign of renewed demand. The performances in the Middle East and African markets remained weak.

The professional market continued to be very weak with some vendors seeing unit declines of more than 20 per cent year-on-year in the professional deskbased market. "Not only there are no signs of any return to spending in the professional market but in most markets we seem to see further reduced spending," said Mr Atwal. "The mobile consumer market supported the Western Europe market only through the increased volume of mini-notebooks, with total mini-notebook volumes representing nearly 20 per cent of the overall EMEA mobile PC market."

HP maintained its No. 1 position despite the rationalisation of its organisation. "HP has been undertaking cost-cutting measures throughout the first half of 2009 resulting in the merger of its professional and consumer divisions and the subsequent reduction of products in both segments. While HP continues to cost-rationalise and optimise its organisation now, it might make the company less flexible in capturing growth opportunities when the demand returns in 2010."

Acer and Samsung continued to be very aggressive with their push on mini-notebooks compared with a more measured approach from Toshiba, HP and Dell. As a result, Acer and Samsung were the only vendors in the top ten vendors to show growth. ASUS was unable to sustain its shipments levels from a year ago as Acer and Samsung took over some of its retail contracts and continued presence in the telecom retail segment.

"The outlook for the third quarter of 2009 is expected to be weaker than the second quarter as year-on-year growth comparisons will include mini-notebooks. Back-to-school activity is in motion but needs to continue through out the third quarter to have any upswing effect on the market," concluded Mr Atwal.

PC shipments in Asia/Pacific registered 20.5 million units in the second quarter of 2009, a 2.3 per cent increase from the second quarter of 2008. This is the first positive growth indicator after two quarters of negative shipments. The market was driven by China. The PC market in China grew 7 per cent in the quarter. The main contributor was the release of pent up demand since the fourth quarter of 2008, as well as improved market confidence fuelled by China's stock market and real estate industry.

In Latin America, PC shipments totalled 5.8 million units in the second quarter of 2009, a decline of 16.6 per cent, from the same period last year. A myriad of macroeconomic factors are affecting Latin America PC consumption, particularly in Mexico where many major sources of income, such as tourism, remittances and trade, have been rapidly diminishing. Brazil's position seems slightly stronger than previously anticipated because of stronger consumption due to the Brazilian government's stimulus spending.

PC shipments in Japan surpassed 3.4 million units in the second quarter of 2009, a 3.2 per cent decline. The professional market continued to indicate weak performances because of sluggish demand from the corporate segment that has been affected by the recession. The consumer segment maintained a low to mid teen double-digit growth rate compared to the same period last year.

These results are preliminary. Final statistics will be available soon to clients of Gartner's PC Quarterly Statistics Worldwide by Region program. This program offers a comprehensive and timely picture of the worldwide PC market, allowing product planning, distribution, marketing and sales organizations to keep abreast of key issues and their future implications around the globe. Additional research can be found on Gartner's Computing Hardware section on Gartner's website at http://www.gartner.com/it/products/research/asset_129157_2395.jsp.

About Gartner
Gartner, Inc. (NYSE: IT) is the world's leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for its clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is the indispensable partner to 60,000 clients in 10,000 distinct organizations. Through the resources of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events, Gartner works with every

client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, U.S.A., and has 4,000 associates, including 1,200 research analysts and consultants in 80 countries. For more information, visit www.gartner.com.

# # #