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PC Recovery Continues With Growth Near 14% In Q4, According to IDC

FRAMINGHAM, Mass., January 18, 2005 – The worldwide PC market remained strong in the fourth quarter of 2004 with growth of 13.7% driven by the small and medium business segments and holiday consumer demand, according to IDC's Worldwide Quarterly PC Tracker. Total shipments rose to 51.5 million units for the quarter, marking the seventh consecutive quarter of double-digit growth in worldwide PC shipments and beating projections of 13% growth. Shipments for all of 2004 reached 177.5 million units on growth of 14.7%, representing peak recovery following the market contraction of 2001, and essentially meeting IDC's forecast of 14.5%. Total shipments in 2004 were more than 26% over 2000 volumes, and IDC expects growth of roughly 10% in 2005 before shipment growth slows to single digits.

"Business demand and growth in key regions like EMEA continue to drive the market," said Loren Loverde, director of IDC's Worldwide Quarterly PC Tracker. "Although we saw a seasonal rise in consumer shipments, particularly in EMEA and Rest of World, business remains a larger market and has been growing faster since mid-2004. Ongoing PC replacements and new investment should continue to drive commercial growth at least through the end of 2005."

Following another quarter of strong growth, Dell is now the uncontested market leader. After ceding the top spot to HP in the fourth quarter of 2002 and 2003 following HP's merger with Compaq, Dell managed to distance itself from HP by a full point of market share in the fourth quarter, and seems to have the momentum on its side. Other vendor highlights include significant improvements from Gateway and Apple. While still losing share, Gateway showed the first signs of meaningful improvement following its merger with eMachines. Similarly, Apple saw a significant kick from its new iMac and attention related to its music business, reinvigorating a business that had been struggling to keep pace with the market.

“The fourth quarter of 2004 represented a milestone in the personal computing industry, as total worldwide volume exceed the figure of 47.4 million set a decade ago in 1994 for the entire year," said Roger Kay, vice president of Client Computing at IDC. "Spending on PCs by all sizes of business continues to improve steadily, and consumers came out in force in the holiday quarter to pursue their growing interest in PCs and the digital lifestyle.”

Regional Outlook

- **United States** – Although the consumer market appeared to be somewhat weak for the fourth quarter due to a difficult year-on-year comparison, overall growth remained fairly steady, hovering in high single digits.
- **EMEA** – PC growth continued to benefit from a strong Euro, portable adoption, and commercial investment. EU expansion and aggressive pricing are also helping fuel growth.
- **Japan** – The commercial market continues to sustain growth in Japan despite limited consumer growth.
- **Asia/Pacific** – Regional growth was in-line with expectations despite continued soft demand in Korea.

Vendor Highlights

- **Dell** – Dell managed another strong quarter and maintained its top rank with a solid performance across regions and total shipment growth of more than 21%. The strong results further consolidated Dell's lead, preventing HP from taking back the top rank as it did in the fourth quarter of 2002 and 2003.
- **HP** – HP remained a strong second, benefiting from sequential growth in EMEA and the consumer segment. Nevertheless, overall growth of 9% was slightly slower than the market.
- **IBM** – IBM shipped record volumes in the fourth quarter and grew worldwide shipments by 9% year on year with strong portables growth. News of the sale of IBM's PC Division to Lenovo in December temporarily slowed sales in the U.S., although demand picked up again by the end of the month.
- **Fujitsu/Fujitsu Siemens** – Fujitsu Siemens had a solid quarter, keeping pace with growth in the EMEA market, but facing a tough market in Japan.
- **Toshiba** – Toshiba continues to benefit from the mobile adoption trend, growing roughly on par with overall portable shipments.
- **Gateway** – Gateway saw a strong sequential increase as it worked through merger issues and took advantage of demand in small business and consumer segments. Although year-on-year growth was behind the market, the fourth quarter marks the first positive growth since the merger with eMachines, and is an important step in moving the company forward.
- **Acer –** Acer had another strong quarter led by aggressive growth in EMEA, which represented over 70% of Acer's worldwide shipments for the quarter.
- **Apple** – Apple had a notably strong quarter, with growth of more than 25%. This gain represents a significant improvement over prior quarters, reflecting the introduction of the G5 iMac as well as some substantiation that PC sales have benefited from the popularity of Apple's music business.

Top 5 Vendors, Worldwide PC Shipments, Fourth Quarter 2004 (Preliminary)

(Units Shipments are in thousands)

Q4 2004	Q4 2004	Market	Q4 2003	Market	Growth

Rank	Vendor	Shipments	Share	Shipments	Share	2004/2003
1	Dell	8,773	17.0%	7,242	16.0%	21.1%
2	HP	8,221	16.0%	7,539	16.6%	9.0%
3	IBM	2,931	5.7%	2,680	5.9%	9.4%
4	Acer	2,219	4.3%	1,669	3.7%	33.0%
5	Fujitsu/Fujitsu Siemens	2,053	4.0%	1,845	4.1%	11.3%
	Others	27,294	53.0%	24,313	53.7%	12.3%
	All Vendors	**51,492**	**100.0%**	**45,288**	**100.0%**	**13.7%**

Notes:

- Shipments include shipments to distribution channels or end users. OEM sales are counted under the vendor/brand under which they are sold.
- PCs includes Desktop, Notebook, Ultra Portable, and x86 Servers.
- PCs do not include handhelds. Data for all vendors are reported for calendar periods.
- IBM Client PC shipments will be tracked under the Lenovo name starting in Q2 2005, once the sale of IBM's PC division is legally completed.

Source: IDC, January 18, 2004

Top 5 Vendors, Worldwide PC Shipments, Full Year 2004 (Preliminary)

(Units Shipments are in thousands)

2004 Rank	Vendor	2004 Shipments	Market Share	2003 Shipments	Market Share	Growth 2004/2003
1	Dell	31,771	17.9%	25,833	16.7%	23.0%
2	HP	28,063	15.8%	25,048	16.2%	12.0%
3	IBM	10,492	5.9%	9,020	5.8%	16.3%
4	Fujitsu/Fujitsu Siemens	7,182	4.0%	6,323	4.1%	13.6%
5	Acer	6,461	3.6%	4,803	3.1%	34.5%
	Others	93,511	52.7%	83,666	54.1%	11.8%

	All Vendors	**177,479**	**100.0%**	**154,692**	**100.0%**	**14.7%**

Notes:

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Source: IDC, January 18, 2004

Top 5 Vendors, U.S. PC Shipments, Fourth Quarter 2004 (Preliminary)

(Units Shipments are in thousands)

Q4 2004 Rank	Vendor	Q4 2004 Shipments	Market Share	Q4 2003 Shipments	Market Share	Growth 2004/2003
1	Dell	5,287	33.0%	4,413	30.2%	19.8%
2	HP	3,321	20.7%	3,163	21.7%	5.0%
3	Gateway	1,020	6.4%	492	3.4%	107.5%
4	IBM	773	4.8%	780	5.3%	-0.9%
5	Toshiba	577	3.6%	481	3.3%	20.2%
	Others	5,050	31.5%	5,263	36.1%	-4.1%
	All Vendors	**16,027**	**100.0%**	**14,591**	**100.0%**	**9.8%**
	Gateway (Merged)	1,020	6.4%	989	6.8%	3.1%

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- Data for Gateway includes shipments for eMachines starting in Q2 2004, and only Gateway data for prior quarters. This reflects the legal status of the companies, which merged during the first quarter of 2004. IBM Client PC shipments will be tracked under the Lenovo name starting in Q2 2005, once the sale of IBM's PC division is legally completed.

Source: IDC, January 18, 2004

Top 5 Vendors, U.S. PC Shipments, Full Year 2004 (Preliminary)

(Units Shipments are in thousands)

2004 Rank	Vendor	2004 Shipments	Market Share	2003 Shipments	Market Share	Growth 2004/2003
1	Dell	19,296	33.1%	16,319	31.0%	18.2%
2	HP	11,600	19.9%	10,842	20.6%	7.0%
3	Gateway	2,945	5.1%	1,987	3.8%	48.2%
4	IBM	2,932	5.0%	2,744	5.2%	6.8%
5	Apple	1,935	3.3%	1,673	3.2%	15.6%
	Others	19,548	33.6%	19,133	36.3%	2.2%
	All Vendors	**58,255**	**100.0%**	**52,699**	**100.0%**	**10.5%**
	Gateway (Merged)	3,603	6.2%	3,622	6.9%	-0.5%

Notes:

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Source: IDC, January 18, 2004

IDC's Worldwide Quarterly PC Tracker gathers PC market data in 55 countries by vendor, form factor, brand, processor brand and speed, sales channel and user segment. The research includes historical and forecast trend analysis as well as price band and installed base data.

For more information, or to subscribe to IDC's Worldwide Quarterly PC Tracker, please contact Kathy Nagamine at 650-962-6423 or knagamine@idc.com. You may also contact IDC's sales hotline at 508-988-7988 or email sales@idc.com.

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