



1Q06 Results: Reality Check for the Asia Pacific PC Market



**Asia Pacific State of the Market
1Q 2006 PC Industry Insights**

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Gartner.

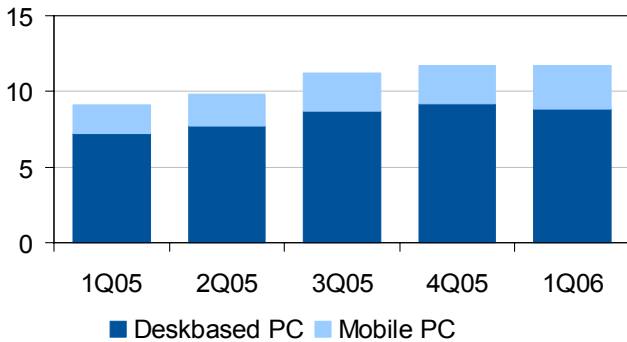
Teleconference Discussion Topics

- AP PC Market results for 1Q 2006
- Vendor analysis: Lenovo, HP and Acer
- Country analysis: ASEAN
- Forecast Outlook

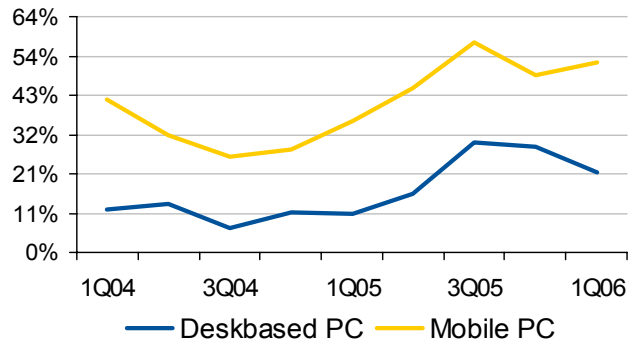
1Q06 Asia PC Market Headlines: Volume and Growth

PC Market Volume

Millions



PC Market Growth, %



Asia Pacific (Million Units)

- Total Shipments: 11.7
- Deskbased PCs: 8.8
- Mobile PCs: 2.9

Year-Over-Year Growth:

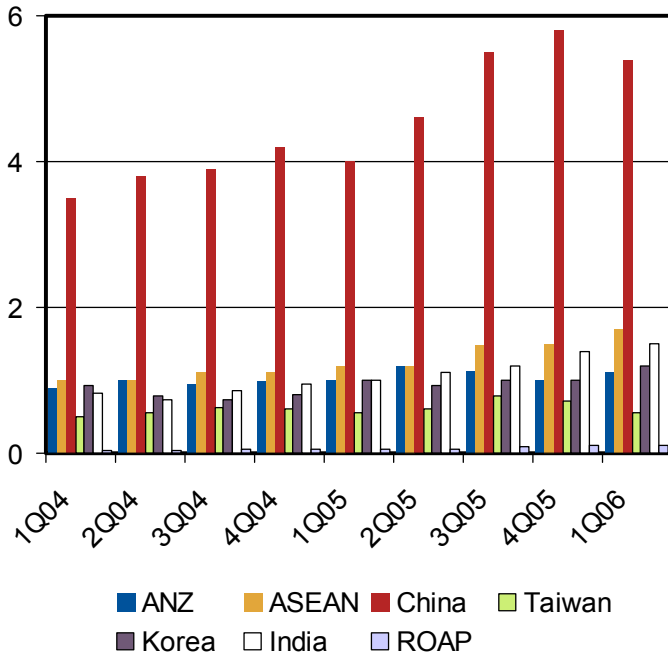
- Total shipments: 28.1%
- Deskbased PCs: 21.9%
- Mobile PCs: 51.8%

Shipments include Deskbased and Mobile PCs only

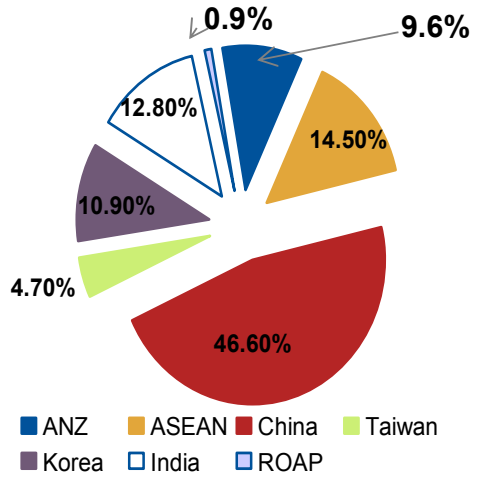
Regional Breakdown

PC Market Volume

Millions



Regional Share, %



- Almost half of shipments comes from China
- ASEAN showing strong growth

1Q06 Market Share - Winners & Losers

- **By Vendor:**

Share Gains

Acer +1.2%

Share Losses

Samsung -0.6%

- **By Platform:**

- Deskbased:
- Mobile:

Founder +1.0%

Acer +4.6%

Trigem -0.8%

Toshiba -1.4%

- **By Segment:**

- Professional:
- Home:

Acer +0.9%

Acer +1.6%

Samsung -1.1%

Trigem -1.0%

Market share based on PC shipments

Gains/Losses represent increase or decline in Y-Y market share

1Q06 Country Market Growth Rates

	1Q05 vs. 1Q06		1Q05 vs. 1Q06	
Australia	9.7%	Worldwide PC Year-Over-Year Growth: 13%	Indonesia	25.6%
China	33.2%		Malaysia	73.5%
Hong Kong	11.4%		Philippines	87.0%
India	39.6%		Singapore	17.3%
New Zealand	8.5%		Thailand	14.1%
South Korea	16.0%		Vietnam	75.7%
Taiwan	-0.4%		Rest of AP	75.3%
		Asia/Pacific PC Year-Over-Year Growth: 28.1%		

Note: PC shipments (deskbased and mobile PCs only).

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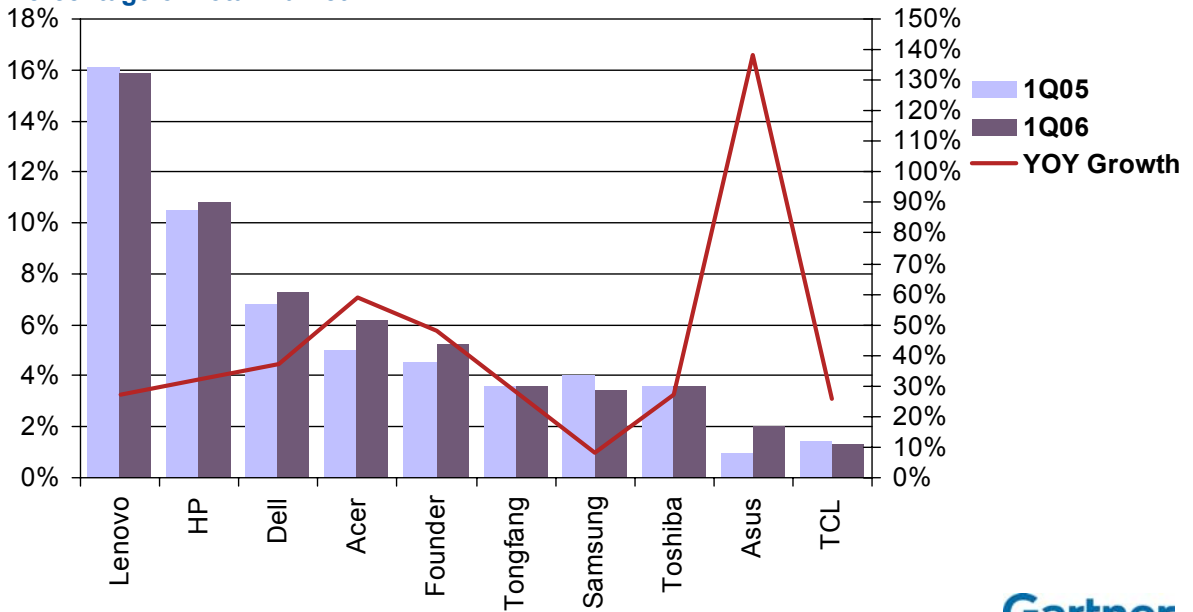
Gartner

1Q06 Total Market: Top 10 Vendors

Market Volume:
 1Q05 9.1 Million units
 1Q06 11.7 Million units

Winners & Losers (Growth Rate):
 ASUS +138.4% Samsung 7.8%

Percentage of Total Market

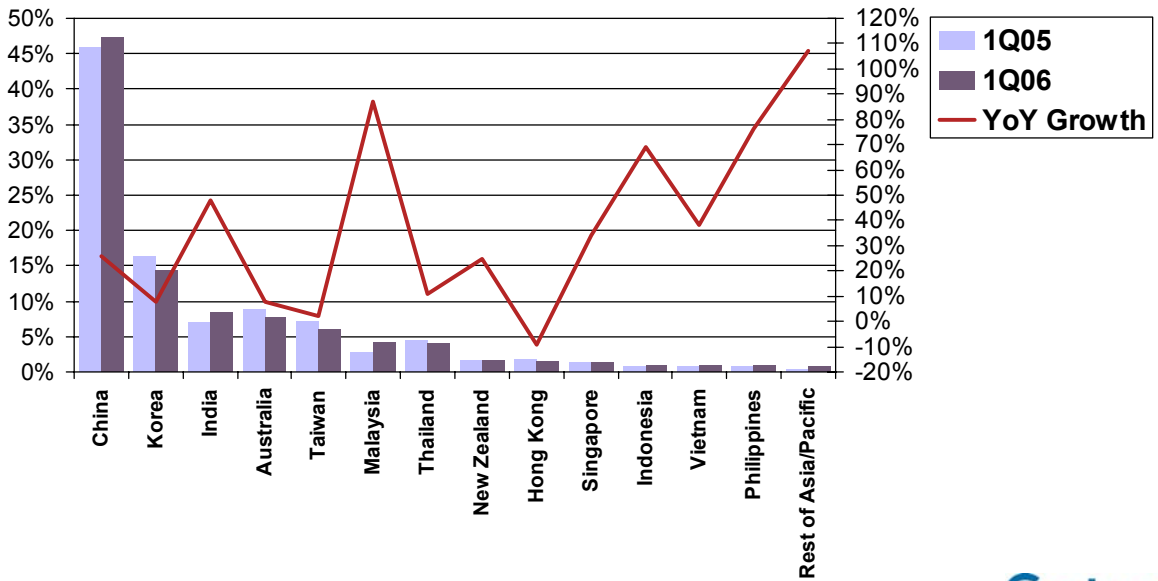


1Q06 Home Market By Country

Market Volume:
 1Q05 4.1 Million units
 1Q06 5.0 Million units

Winners & Losers:
 Malaysia +87% HK -9%

Percentage of Total Home Market

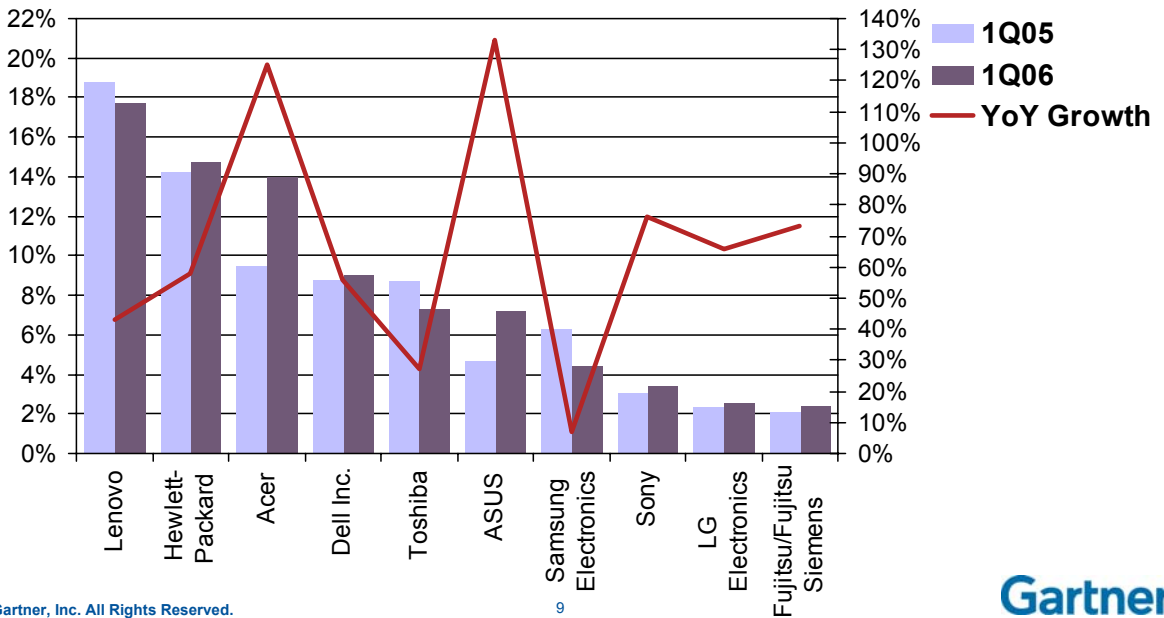


1Q06 Mobile Market: Top 10 Vendors

Market Volume:
 1Q05 1.9 Million units
 1Q06 2.9 Million units

Winners & Losers (Growth Rate):
 Asus +125% Samsung 7%

Percentage of Total Mobile Market



Mid Size Business Survey – China and India

		Current Percentage of notebook used as compared to total PCs	End 2005	End 2006
India	Business services	12.3	16.4	20.1
	Discrete manufacturing	12.1	15.1	22.0
	Retail and wholesale	10.9	17.2	15.9
	Total	11.8	16.0	19.7
China	Business services	12.8	15.8	17.6
	Discrete manufacturing	19.6	22.3	23.9
	Retail and wholesale	17.3	18.9	20.4
	Total	16.6	19.0	20.6

Notebook Purchasing Criteria Rating based on a scale of 1-7 China

- **Warranty (6.3)**
- **Reliability (6.3)**
- **Service and Support Capabilities (6.1)**
- **Lowest Price (4.9)**

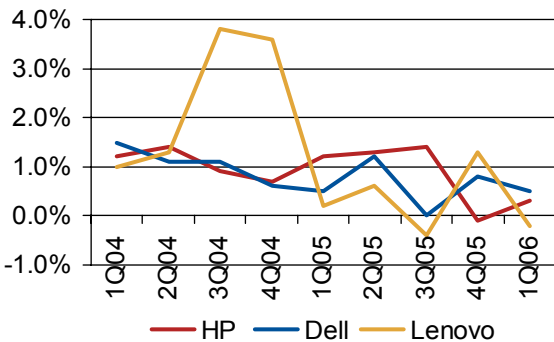
India

- **System Performance (6.4)**
- **Reliability (6.3)**
- **Warranty (6.2)**
- **Lowest Price (5.0)**

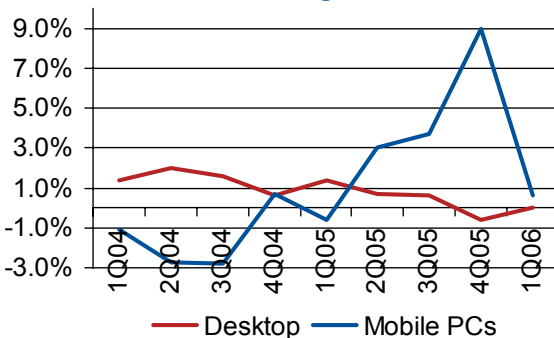
Note: Survey conducted in June/July 2005

HP PSG: Gaining Focus

Market Share Change



Platform Share Change



Opportunities

- To challenge Acer in the overall notebook market
- To strengthen position in emerging markets
- Geographic coverage in China – smaller tier cities

Threats

- Increasing price pressure from competitors
- Dell's positioning in matured markets
- Acer's positioning in emerging markets
- Vendors are attacking their traditional segments

Strengths

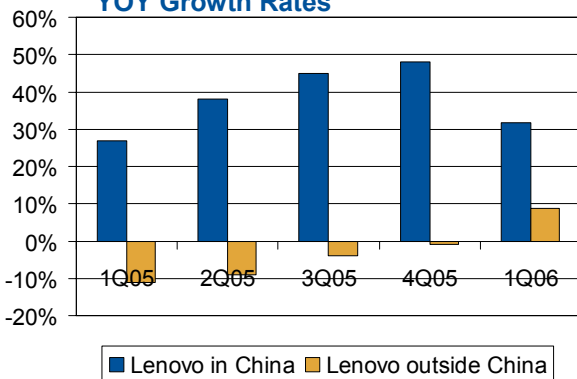
- Strong brand image across the region
- Channel strategies – have the right mix between transactional and relationship
- Much improved account management
- Consumer/Enterprise space – full product line

Weaknesses

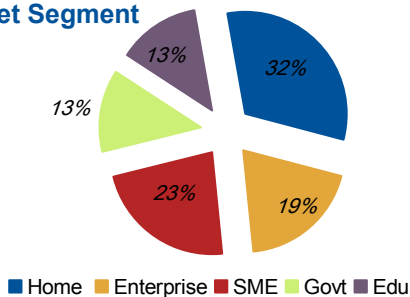
- Geographic coverage in China and India
- Highly commoditized industry – little differentiation

Lenovo: Challenges Ahead

YOY Growth Rates



Market Segment



Opportunities

- To strengthen position in SMB and Consumer markets
- To strengthen position outside of China

Threats

- Increasing price pressure from competitors
- Late entry into key growth markets
- Vendors are attacking their traditional segments and uncertainties

Strengths

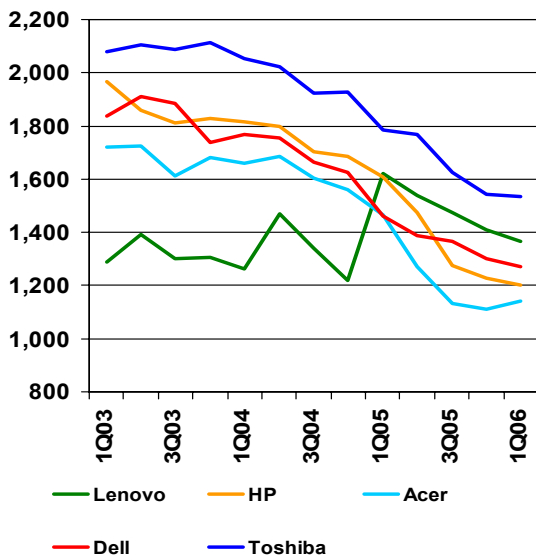
- Leverage on install base
- Legacy of IBM's quality and innovation
- Support from China

Weaknesses

- Overly dependent on China
- Lukewarm reception outside of China
- Under develop channel structure

Acer: Price Leader in Mobile PCs

Mobile PCs ASP of Major Vendors



Opportunities

- Strong position in emerging markets
- Need to leverage the brand in China and India
- Enterprise space

Threats

- Increasing price pressure from competitors
- New mobile PC players
- Bottoming of price curve

Strengths

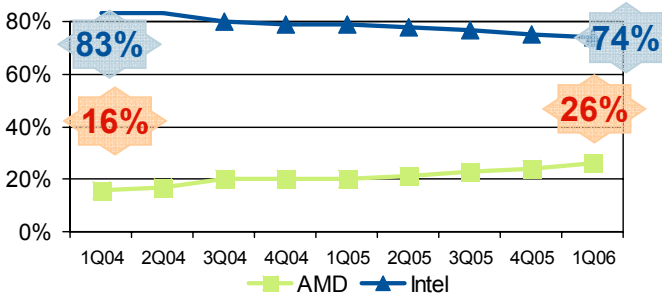
- Responsiveness to market changes
- Well structured channel strategy
- High brand awareness in certain markets
- Strong and committed management team

Weaknesses

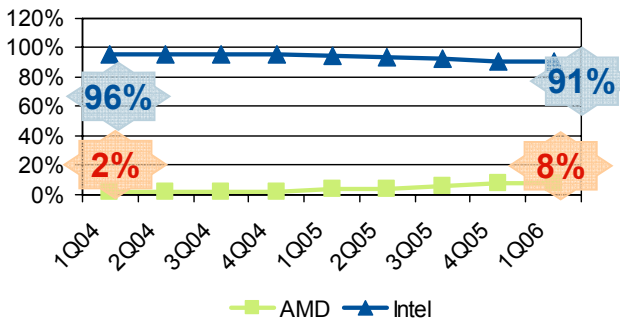
- Deskbased market
- Enterprise space across the region
- Margin pressures

Intel and AMD: Advantage AMD Today, but Tomorrow?

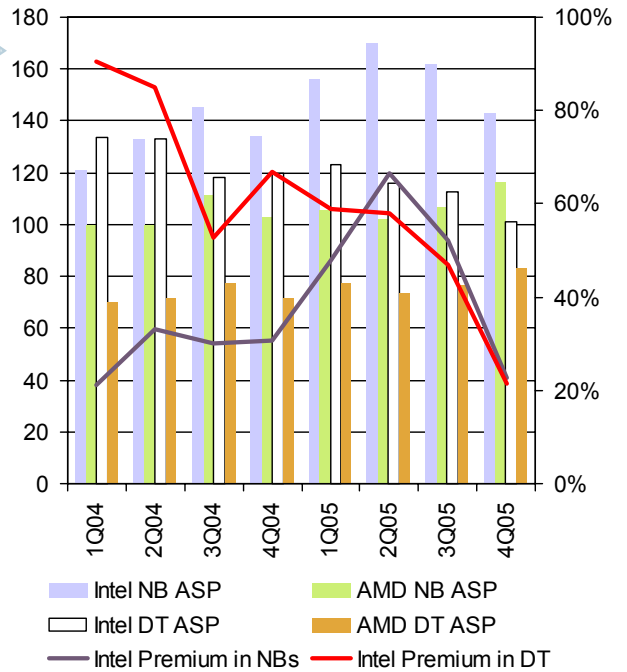
Intel and AMD Share in AP Deskbased PC Market



Intel and AMD Share in AP Mobile PC Market

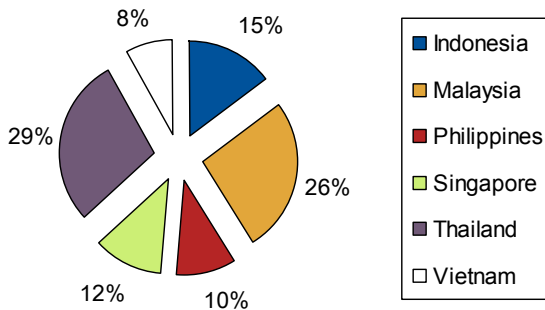


WW CPU Average Selling Prices, US\$

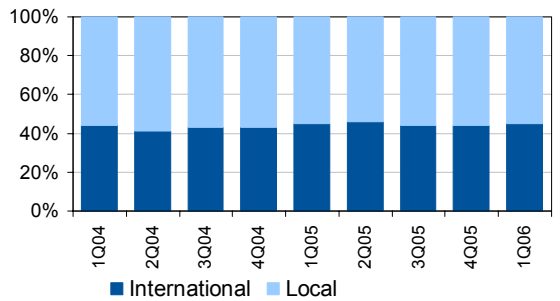


ASEAN – Performance

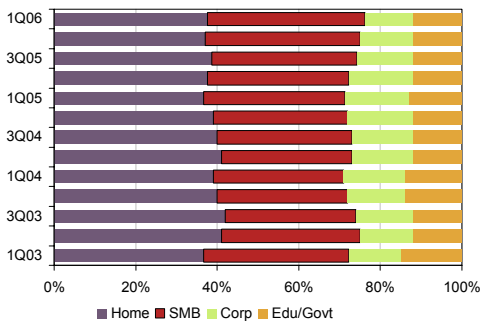
Share by Country in ASEAN, 2005



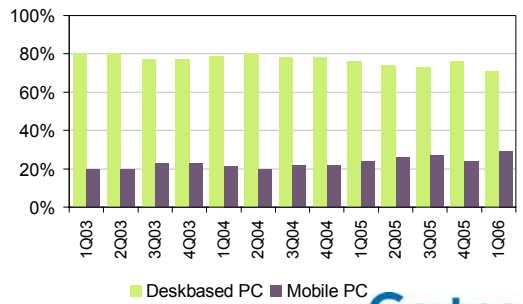
Share of Local vs. International PC vendors



PCs by End Users



PCs by Form Factor

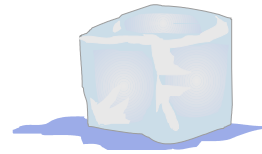


ASEAN Drivers And Inhibitors



■ Drivers:

- ASP continue to decline
- AMD boxes
- LCD as a bundle
- Mobile PC's in general
- Consumer's appetite for PC
- Government push
- Computerisation in Small Medium Business
- Non Metro Penetration
- Economic growth in the region

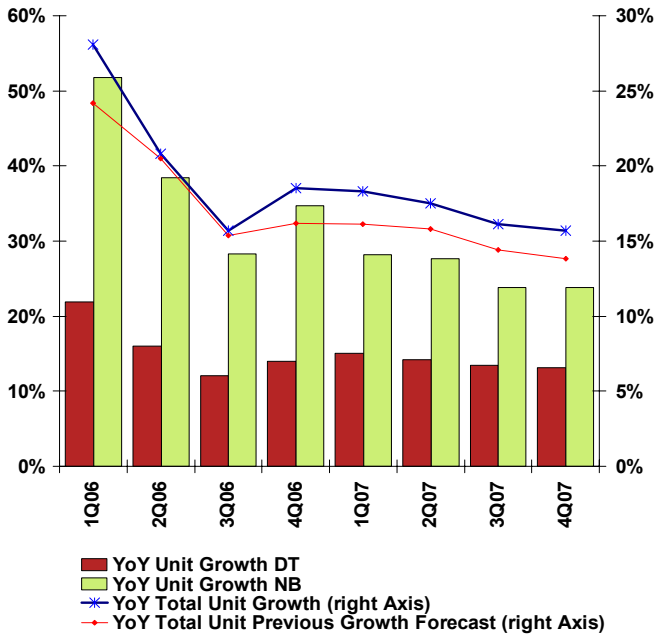


■ Inhibitors:

- Political uncertainty
- Oil prices
- Highly commoditized PCs
- Competing digital devices
- Currency Exchange Fluctuations
- High percentage of low income households

Near term APAC Forecast

Preliminary Forecast Update,
May 2006



Note: Q1/06 is actual

Drivers/Inhibitors

New Technologies/Platforms make an impact

ASP falls stimulating elastic demand

Vista Spurs growth

Non Metro market expansion

Weaker Replacement Activity

PC Marginalized by Alternative Media Devices

Political Uncertainties

Uncertain Stock Market

Upcoming Client Platforms Research

Upcoming Research:

- Hype Cycle for PC Technologies, 2006
- WW OS Forecast Update
- Mid-size Business Need Better IT Channel Collaboration
- Market Trends: Preliminary PC Market Results, Worldwide, 1Q06

To find out more about Gartner's coverage of the client platforms industry:

http://www.gartner.com/it/products/research/asset_129507_2395.jsp

Recommended Reading

Recently Published:

- Spotlight around PC Lifecycles
- Findings for the \$100 Notebook PC: Myth or Reality?
- Emerging PC markets Spotlight
- Market Trends: PDA and Smartphones, Worldwide, 4Q05 and 2005
- Apple Offering Lets Users Choose Their Operating System
- Respondents Share Aggressive Windows Vista, Office 2007 Plans in Survey

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