StreetAccount Tech Sector Update: 4Q PC Unit Data: Gartner (2%) Y/Y, IDC +0.7% Y/Y
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- **Overview:**
  - Gartner and IDC reported 4Q worldwide PC shipment numbers yesterday, with Gartner reporting a (2%) Y/Y decline and IDC reporting a +0.7% Y/Y growth. We note that the discrepancy may be due to classification and methodology on certain PC form factors and categories.
  - Consumer demand remained weak, especially in the U.S. with commercial sales benefitting from Windows 10 migrations, and the upcoming (1Q20) end to Windows 7 support. Component costs remained a factor, raising ASPs according to both firms, but IDC also believes commercial orders benefitted as customers looked to lock up supplies ahead of price increases.
  - For both IDC and Gartner, HP remained the top market share vendor with Lenovo and Dell coming in second and third. Lenovo did not post Y/Y growth according to IDC and was down (0.7%) Y/Y according to Gartner but the top three vendors continued to consolidate market share and took a larger percentage of shipments Y/Y.
- **Gartner:**
  - Garner reported 71.6M units shipped in 4Q17, a (2%) Y/Y decline with CY17 262.5M units a (2.8%) Y/Y decline.
  - For CY17, Gartner cited 262.5M units shipped, down (2.8%) Y/Y amidst continuing consolidation among the vendors.
  - Noted this was the 13th consecutive quarter of declining global PC shipments and the sixth year of annual declines, but see some signs for optimism.
    - Cited shipment growth in APAC, Japan, and Latin America: APAC +0.6% increase to 25M units, China had its first positive unit growth since 1Q12
    - U.S. declined (8%) Y/Y to 15.2M units
    - EMEA (1.4%) decline to 21.8M units
  - The top five vendors accounted for 80.5% of the market in 4Q. We note that the top three vendors accounted for 59.7% of the market share in 4Q, up from 57.1% in the year ago period.
    - 4Q leaderboard: HP with 16.076M units +6.6% to 22.5% share, Lenovo 15.742M units (0.7%) Y/Y with 22.0% share, Dell 10.841M units +0.7% Y/Y with 15.2% share, Apple with 5.449M units +1.4% Y/Y with 7.6% share, and Asus with 4.731 (11.3%) Y/Y with 6.6% share (tied with Acer with 4.726M units down (5.4%) Y/Y with 6.6% share.
- **IDC**
  - IDC reported 70.6M units shipped in 4Q17, +0.7% Y/Y, ahead of their forecasted (1.7%) decline.
  - For CY17, IDC reported 259.5M units shipped, a (0.2%) Y/Y decline.
  - Believes the traditional PC market is steadying, but still weak, with strength in commercial upgrades and pockets of improving consumer PC demand.
  - IDC noted that key component shortages helped demand, with commercial customers looking to lock up supply ahead of price increases.
    - U.S. saw a decline to 16.5M units, due to a drop in notebook and desktop sales, despite reports of a strong holiday quarter
    - EMEA saw strength in notebook in both consumer and commercial as previously postponed renewal projects drove commercial. General Data Protection Regulation compliance deadline was also a driver.
    - APAC ex Japan was "above IDC's forecast" on demand for gaming PCs, Singles Day sales, channel loading, and promotions'
      - Japan saw +3.8% Y/Y growth ahead of forecasted (2.9%) decline, due to rising demand from Windows 10 migration and the upcoming end of Windows 7 support in 1Q20.
  - The top 5 vendors accounted for 76% of units in 4Q; the top 3 brands accounted for 61.4% of units, up Y/Y from 59.9%.
    - IDC 4Q17 leaderboard: HP with 16.572M +8.3% Y/Y with 23.5% share, Lenovo 15.704M units +0.0% Y/Y and 22.2% market share, Dell with 11.078M units +0.7% Y/Y with 15.7% share, Apple 5.770M units +7.3% Y/Y with 8.2% share and ASUS (tied with Acer)

with 4.535M units (11.2%) with 6.4% market share.

- **Stock Performance Today:**
  - **STX** +3.8%
  - **HPQ** +1.2%
  - **ACER** +1.2%
  - **WDC** +0.5%
  - **AAPL** +0.5%
  - **MU** +0.5%
  - **ASUS** +0.2%
  - **Lenovo** +0.2%
  - **INTC** (0.3%)
  - **AMD** (2.6%)

Reference Links:

- www.gartner.com
- www.idc.com

Industries: Computer Hardware, Computer Peripherals, Computer & Internet Services, Computer Storage Devices, Semiconductors, Software & Programming
Primary Identifiers: HPQ-US
Related Identifiers: HPQ-US, 2353-TW, 2357-TW, 992-HK, AAPL-US, DELL.XX1-US, MU-US, STX-US, WDC-US