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Canadian PC Market Builds on 2 Years of Momentum with Growth of 20%, According to IDC

TORONTO, Ontario, July 29, 2005 – The Canadian PC market achieved its eighth consecutive quarter of double-digit growth in the second quarter of 2005. Shipments rose 20.5% year over year and for the first time, broke the 1 million unit mark in the traditionally quiet second quarter, according to preliminary figures released by IDC's Canadian Quarterly PC Tracker. Declining price points in the entry-level notebook segment, along with improved performance and feature set options in the high-end desktop replacement space provided the strong stimulus in portable PC adoption.

"Notebooks are well suited to address people's increasing connectivity, productivity, and entertainment needs. Without question, the Canadian PC market's run up over the past couple of years has been spurred on by this mobility trend," said Eddie Chan, research analyst for IDC's Canadian Mobile/Personal Computing & Technology programs. "In 2002, portable PCs made up less than 24% of total PC client shipments and are projected to surpass 30% by the end of this year."

On the strength of consumer and small business spending, the notebook market posted impressive growth of 40% in the second quarter from a year ago. Desktop shipments rose a solid 14% year on year and were also, driven largely by the consumer and small business segments. The x86 server market also grew 14%, although the pace of growth has moderated over the last four quarters.

Vendor Highlights

Dell led the Canadian PC market with nearly a quarter share of the overall market in the second quarter on year-over-year growth of 22.8%. The Round Rock, Texas-based company captured top share across all computing platforms, from desktops and notebooks to x86 servers.

HP posted total shipment growth of 13.5% from a year ago. The vendor's growth was supported in desktops and notebooks with second and third place positions, respectively. However, x86 server shipments fell 41% from the first quarter resulting in a shift from first to third place.

Lenovo, in its first quarter of operation as a distinct entity from IBM, closed the second quarter with 12% share in the Canadian PC market. The Purchase, NY-based company was third in desktops and fourth in notebooks with its existing IBM Personal Computing Division ThinkCentre and ThinkPad product portfolio targeted at the commercial market.

Toshiba notebook shipments bounced back from the first quarter to regain second place in the Canadian notebook PC market. The vendor was able to capitalize on its strong retail presence in winning mind share and interest amongst consumers with its media-centric lineup of Satellite and Qosmio notebooks.

Apple posted stellar second quarter results in part due to the *halo effect* of the successful iPod, which helped drive interest towards the Mac platform . In addition, the affordable Mac mini in its second quarter of availability, sparked consumer adoption and triple-digit growth in desktop shipment volumes.

Top 5 Vendors, Canadian PC Shipments, Second Quarter 2005 (000s)

Vendor	Q2 2004 Shipments	Market Share	Q2 2005 Shipments	Market Share	% Change
Dell	204	24.2%	251	24.7%	22.8%
HP	148	17.5%	167	16.5%	13.5%
Lenovo*	0	0.0%	121	12.0%	N/A
Toshiba	44	5.2%	54	5.3%	23.5%
Apple	26	3.1%	47	4.6%	78.1%
Others	421	50.0%	375	36.9%	-11.0%
All Vendors	843	100.0%	1,016	100.0%	20.5%
IBM / Lenovo (Merged)**	105	12.5%	133	13.1%	26.3%

Notes:

- Shipments are vendor branded shipments into distribution channels or direct to end users.
- PCs include desktops, notebooks and x86 servers, and do not include handhelds.
- Data for all vendors are reported for calendar periods.
- Data is preliminary and subject to rounding and revision.
- (*) Data for Lenovo includes shipments for IBM PCD (including Desktop and Notebook PCs and excluding x86 Servers and Personal Workstations) starting in Q2 2005, and only Lenovo data for prior quarters. This reflects the legal status of the companies, which merged during the second quarter of 2005.
- (**) Data for IBM / Lenovo (Merged) is provided for reference purposes to allow year-over-year analysis, but does not reflect the historical performance of Lenovo prior to Q2 2005.

Source: IDC Canada – Q2-05 Canadian PC Market (PRELIMINARIES – TOP 5), July 2005

IDC's Canadian Quarterly PC Tracker provides a view of the key market trends and ongoing performance of the leading PC vendors operating in Canada. The program tracks the Canadian PC marketplace by vendor, form factor, brand, customer segment, distribution channel, processor class, price band, and installed base. In addition to historical analysis, research includes quarterly forecasts by form factor, customer segment, and distribution channel, supplemented with qualitative analysis.

For more information on IDC's Canadian Quarterly PC Tracker or other mobile, personal computing and technology research services, please contact Krista Elkin at 416-673-2246 or kelkin@idccanada.com.

About IDC

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