

Gartner Says Worldwide PC Industry to Experience Single-Digit Growth in Second Quarter of 2003

STAMFORD, Conn., May 14, 2003 — Despite economic uncertainty, worldwide PC shipments and revenue are projected to experience a slight increase in the second quarter of 2003, according to a preliminary forecast by Gartner, Inc. (NYSE: IT and ITB).

Worldwide PC shipments are forecast to reach 30.7 million units in the second quarter of 2003, a 6.4 percent increase from the second quarter of 2002. On a revenue basis, the market is projected to have worldwide revenue of \$38.3 billion in the second quarter of 2003, up 2.6 percent from the same period last year.

Gartner analysts said the strength of the global PC market going forward depends on the timing and pace of the global economic recovery, which is struggling to get under way.

"The good news for the global economy is that the U.S.-led war against Saddam concluded more quickly and with fewer damaging economic consequences than many expected," said George Shiffler, principal analyst for Gartner's computing platforms and economics research. "The bad news is that the global economy does not appear to be experiencing the uplift that so many anticipated once the war was concluded, at least not yet."

Gartner analysts said many of the deeper and more fundamental risks to a general economic recovery overlooked in the run-up to combat in Iraq appear to be re-asserting themselves.

"In the United States, prospects for a recovery remain mixed and economists are increasingly split over whether 2003 GDP growth will prove better or worse than 2002," Shiffler said. "The outlook for the general economic recovery would be greatly enhanced were Europe able to engineer some autonomous growth, but the prospects for this remain poor because of weak confidence, the appreciating Euro, and overly tight macroeconomics.

"The SARS outbreak in Asia is already having an appreciable impact on select economies in the region, and there is a rising danger that the outbreak could significantly impact the entire region if intra-regional trade is severely disrupted."

Within the PC industry, the mobile segment is one of the areas vendors are targeting for growth opportunities. Intel has garnered attention with the launch of its Centrino program, and Gartner analysts said Intel's new mobile processor platform will become the mainstream choice of large enterprises.

"However, we do not expect Centrino to boost notebook sales significantly in the short term because its main target, large scale enterprises, usually take at least three to six months to evaluate new technologies," Shiffler said. "At the same time, the Tablet PC, which launched in November of 2002 has not made significant inroads into the market yet. Our preliminary estimates show that Tablet PCs only garnered about 1 percent of the total mobile PC shipments in the first quarter of 2003."

Gartner analysts said PC shipments are projected to reach 136.9 million units in 2003, a 6.6 percent increase from 2002. PC revenue is on pace to total \$170.6 billion in 2003, up 3.3 percent from 2002 revenue