## Strong PC Demand Dampens Decline of Middle East & Africa PCD Market

**Dubai –** The Middle East and Africa (MEA) personal computing devices (PCD) market, which is made up of desktops, notebooks, workstations, and tablets, declined 6.2% year on year in Q4 2017, according to the latest insights from International Data Corporation (IDC). The global technology research and consulting firm's *Quarterly PCD Tracker* shows that shipments fell to around 5.9 million units for the three-month period, which represents the lowest quarterly volume recorded for more than five years.

"While the overall decline was almost exactly in line with forecasts, there was a stark difference between the individual product categories, with PC shipments growing healthily and tablet shipments declining faster than expected," says Fouad Charakla, IDC's senior research manager for client devices in the Middle East, Turkey, and Africa. "Kenya suffered huge declines in its tablet market after a massive education project that boosted shipments in Q4 2016 was not repeated in Q4 2017."

With end users continuing to shift to large-screen smartphones, demand for slate tablets is declining across the region, although the delivery of a large education project in Ethiopia saw an increase in shipments to IDC's 'Rest of Africa' grouping of countries. "These devices are increasingly losing significance in the market, with a large portion of them now being purchased for use by children," says Charakla. "The low prices of these devices, together with their touchscreen interface and the availability of numerous free applications, make them particularly attractive for children's infotainment."

The recent introduction of 5% VAT in both the UAE and Saudi Arabia had a considerable impact on the market, with some vendors pushing a much higher sell-in for both countries during Q4 2017. Additionally, Charakla says various market players shipped more aggressively into the UAE during the quarter as the implementation of VAT inevitably complicates the country's position as a re-export hub.

"As a result of these factors, both the UAE and Saudi PCD markets are expected to experience a slow start to 2018," says Charakla. "Consumer spending is expected to be hit harder in Saudi Arabia, particularly due to the additional hike in prices of various goods and services since the start of 2018 caused by the doubling of petrol prices. Saudi Arabia has also introduced a so-called 'dependent tax' that is applicable to all non-citizen residents, a development that has tightened disposable income even further and caused many expatriates to consider leaving the kingdom."

Looking at the PC market in isolation, each of the top five vendors maintained their respective positions when compared to the corresponding quarter of 2016:

| **Middle East & Africa PC Market Vendor Shares – Q4 2016 vs. Q4 2017** | | |
|---|---|---|
| **Company** | **Q4 2016** | **Q4 2017** |
| HP Inc. | 26.3% | 29.0% |
| Lenovo | 20.4% | 19.2% |
| Dell | 14.0% | 14.9% |
| ASUS | 8.7% | 8.8% |
| Acer Group | 5.7% | 4.5% |
| Others | 24.9% | 23.5% |

The top five tablet market players also maintained their respective positions in Q4 2017, although their individual performances varied. Samsung, Lenovo, and TCL all experienced year-on-year declines in their tablet shipments, while Apple recorded moderate growth. The big winner was Huawei, which saw its tablet shipments to the region grow significantly year on year in Q4 2017.

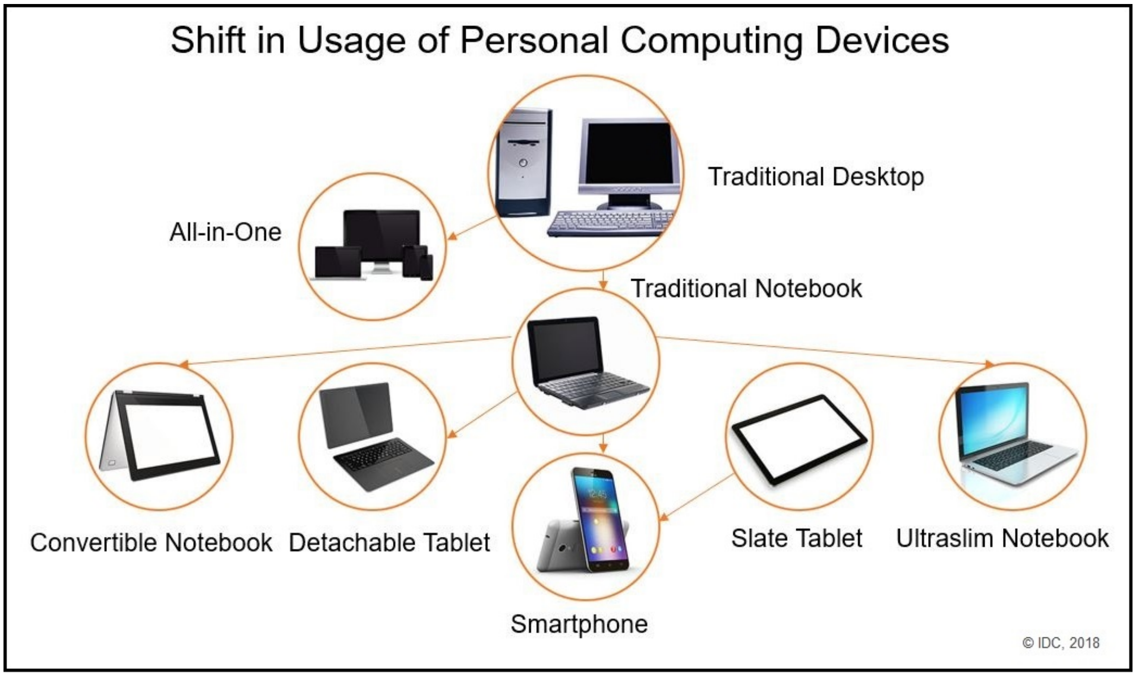
| **Middle East & Africa Tablet Market Vendor Shares – Q4 2016 vs. Q4 2017** | | |
|---|---|---|
| **Company** | **Q4 2016** | **Q4 2017** |
| Samsung | 15.9% | 17.9% |
| Lenovo | 10.8% | 12.8% |
| Huawei | 5.1% | 12.3% |
| Apple | 8.7% | 11.2% |
| TCL | 4.5% | 5.3% |
| Others | 55.1% | 40.5% |

It is worth noting that, together, HP, Lenovo, and Dell accounted for around 75% of overall commercial PCD shipments in the region during Q4 2017, with the rest of the market's players primarily focused on serving consumers.

"Looking ahead, the MEA PCD market is expected to experience a significant year-on-year decline for the first quarter of 2018, and will continue shrinking over the coming years as well, albeit at a much slower pace," says Charakla. "Slate tablets will experience the sharpest fall in shipments, while traditional desktops and traditional notebooks will decline at more moderate rates. By contrast, IDC expects all-in-one desktops, convertible notebooks, ultraslim notebooks, and detachable tablets to all show healthy shipment growth over the coming years."

"In the shorter term, large volumes of notebooks are expected to be delivered into the education sectors of both Pakistan and the UAE over the coming quarters," continues Charakla. "It is also important to note that massive education projects, exceeding millions of units, are currently at the early discussion phase in countries such as Turkey and Pakistan and have not yet been incorporated into IDC's forecast due to the lack of certainty around their scale and timing."

Figure 1




The diagram above illustrates the shift in usage of personal computing devices that is currently underway across the Middle East and Africa. It also shows the market is experiencing a gradual shift from cheaper computing devices towards more expensive ones. Additionally, gaming PCs, which have experienced a significant increase in demand in recent quarters, are expected to continue gaining popularity and capture a growing share of the region's overall PC market.

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