



PC Demand Grows Healthily Across the Middle East & Africa as Tablets Continue to Falter

Dubai – The Middle East and Africa (MEA) personal computing devices (PCD) market, which is made up of desktops, notebooks, workstations, and tablets, declined 5.3% year on year in Q1 2018, 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 5.7 million units for the three-month period, which represents the lowest quarterly volume recorded for more than six years.

While the overall PCD market experienced a slowdown in Q1 2018, PC shipments recorded healthy year-on-year growth, with both desktops and notebooks gaining traction across the region. "The overall market decline stemmed from falling demand for tablets," says Fouad Charakla, IDC's senior research manager for client devices across the Middle East, Turkey, and Africa. "These devices are falling out of favor across the region, with the biggest year-on-year decline seen in Kenya, where a massive delivery for the education section sector that took place in Q1 2017 was not repeated."

There was a considerable year-on-year decline in PCD shipments to the UAE in Q1 2018, where a significant slowdown in consumer demand was witnessed, in line with IDC's expectations. "The country had a slow start to the year owing to the introduction of 5% VAT, while April's edition of the renowned IT and consumer electronics sales event, GITEX Shopper, was cancelled," says Charakla. "However, this decision was well received by the PCD vendor and channel community as it enables them to focus their efforts on the October edition of this event."

On the flip side, South Africa's overall PCD market performed better than expected, with shipments into the country growing year on year. "This was spurred by the country's improved economic situation and the strengthening of the local currency against the U.S. dollar, making it cheaper for PCs to be imported into the country," says Charakla. "Meanwhile, February's announcement of a 1% increase in VAT encouraged market players to ramp up their shipments into the country ahead of its implementation from the start of April."

Another area of positivity is gaming PCs, which continue to act as a driver for the MEA region's overall PCD market. "The higher-than-average price points and profit margins associated with gaming PCs is maintaining strong interest among market players in these devices," says Charakla.

Looking at the PC market in isolation, all the top five vendors maintained their respective positions in terms of market share when compared to the corresponding quarter of 2017. HP Inc. achieved significant growth in terms of market share to maintain its lead by a significant margin.

| Middle East & Africa PC Market Vendor Shares – Q1 2017 vs. Q1 2018 | | |
|---|----------------|----------------|
| Company | Q1 2017 | Q1 2018 |
| HP Inc. | 26.9% | 31.5% |
| Lenovo | 18.8% | 19.3% |
| Dell | 16.4% | 14.9% |
| ASUS | 8.6% | 8.2% |
| Acer Group | 4.8% | 5.1% |
| Others | 24.6% | 21.0% |

In the tablet market, Samsung remained the clear leader and gained market share as well during the quarter. Lenovo climbed to second position in the market, overtaking both Apple and Huawei, which came in third and fourth place respectively.

| Middle East & Africa Tablet Market Vendor Shares – Q1 2017 vs. Q1 2018 | | |
|---|----------------|----------------|
| Company | Q1 2017 | Q1 2018 |
| Samsung | 19.0% | 21.2% |
| Lenovo | 8.8% | 10.6% |
| Apple | 9.6% | 10.3% |
| Huawei | 9.0% | 10.2% |
| i-life | 6.6% | 7.4% |
| Others | 47.1% | 40.3% |

"The sharpest decline in consumer demand in Q2 2018 is expected in the 'Rest of Middle East' sub-region, where recently re-imposed U.S. sanctions against Iran have weakened the country's exchange rate. Consumer demand in Turkey, the region's largest single market, will also decline considerably due to the uncertainty and instability surrounding the upcoming elections in June. Turkey's currency has also weakened to new lows against the U.S. dollar, making personal computing devices costlier for home users."

In more positive news, a number of large education deals, primarily for notebooks, are expected to be delivered in Pakistan, the UAE, and Qatar over the course of the year. However, in the longer term, IDC expects the MEA PCD market to continue shrinking in shipment terms, with slate tablets declining the most rapidly of all the various PCD products.

| IDC's Shipment Forecast for Middle East & Africa PCD Market | | | | |
|--|-------------|-------------|-------------|-----------------------|
| Product Category | 2017 | 2018 | 2022 | CAGR 2017–2022 |
| PC | 12,310,198 | 12,902,095 | 12,950,311 | 1.02% |
| Tablet | 11,354,777 | 9,646,870 | 8,508,807 | -5.61% |
| Total | 23,534,986 | 22,428,025 | 21,307,495 | -1.97% |

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