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PC Market Will Slip 3% in 2009, but Rebound in 2010

Notebook computer shipments are set to exceed desktop units for first time next year

With economic conditions remaining shaky through most of 2009, personal computer sales are forecast to suffer a rare-but-modest decline next year, and PC unit growth is expected to slow down to about half the rate seen in 2008, according to IC Insights' just-released 2009 edition of the *Integrated Circuit Market Drivers* report.

In 2009, however, shipments of portable notebook computers are expected to exceed desktop PCs for the first time ever. With portable computing becoming more powerful and affordable, notebook PC shipments are projected to rise 13% to 156 million systems in 2009 versus a 3% decline for desktop systems to 143 million, says the new 535-page *IC Market Drivers* report, which covers emerging and major IC systems applications, including automotive electronics, cell phones, wireless networks, and a broad range of consumer products. Worldwide shipments of notebook computers are expected to reach 264 million in 2012 compared to 178 million desktop PCs (see Figure 1).

Overall PC dollar volumes are forecast to decline 3% in 2009 to \$240 billion compared to an estimated \$247 billion in 2008, which as it turns out will be a paltry 1% increase from relatively strong PC revenues in 2007, says IC Insights' new report. The last time PC revenues declined was in 2002, when dollar volumes fell 7% in the second year of the industry's 2001-2002 recession. PC sales plunged 17% in 2001, making it the worst year ever for personal computers.

While market conditions will remain weak through much of 2009, IC Insights does not believe the PC segment will suffer a protracted downturn, as was the case in the 2001-2002 recession. Supply-chain inventories did not grow out of control in 2008, and, thanks to greater Internet use worldwide, PCs are more pervasive than they were at the start of this decade. Growing demand for low-cost systems in developing regions is also helping to offset some weakness in the U.S., European, and Japanese markets. PC revenues are now forecast to rebound by more than 9% in 2010 to about \$263 million. PC unit growth is also expected to surge back in 2010 with shipments rising 15% to 350 million systems worldwide compared to a projected 5% increase in 2009.

MORE INFORMATION CONTACT

Rob Lineback
Sr. Market Research Analyst
IC Insights, Inc.
Phone: +1-972-447-0812
Email: rob@icinsights.com

During the 2009 slowdown year, PC integrated circuit sales will fall 6% to \$66.4 billion, based on IC Insights' forecast. IC sales for PCs dropped 3% in 2008 to an estimated \$70.4 billion after slipping 4% in 2007 to \$72.3 billion—mainly due to price erosion in DRAMs and x86 central microprocessors sold by Intel and rival Advanced Micro Devices (AMD). The new *IC Market Drivers* report shows PC integrated circuit sales rebounding in 2010 and reaching a new annual record high of \$83.0 billion in 2011.

Notebook PCs Will Overtake Desktop PCs in 2009

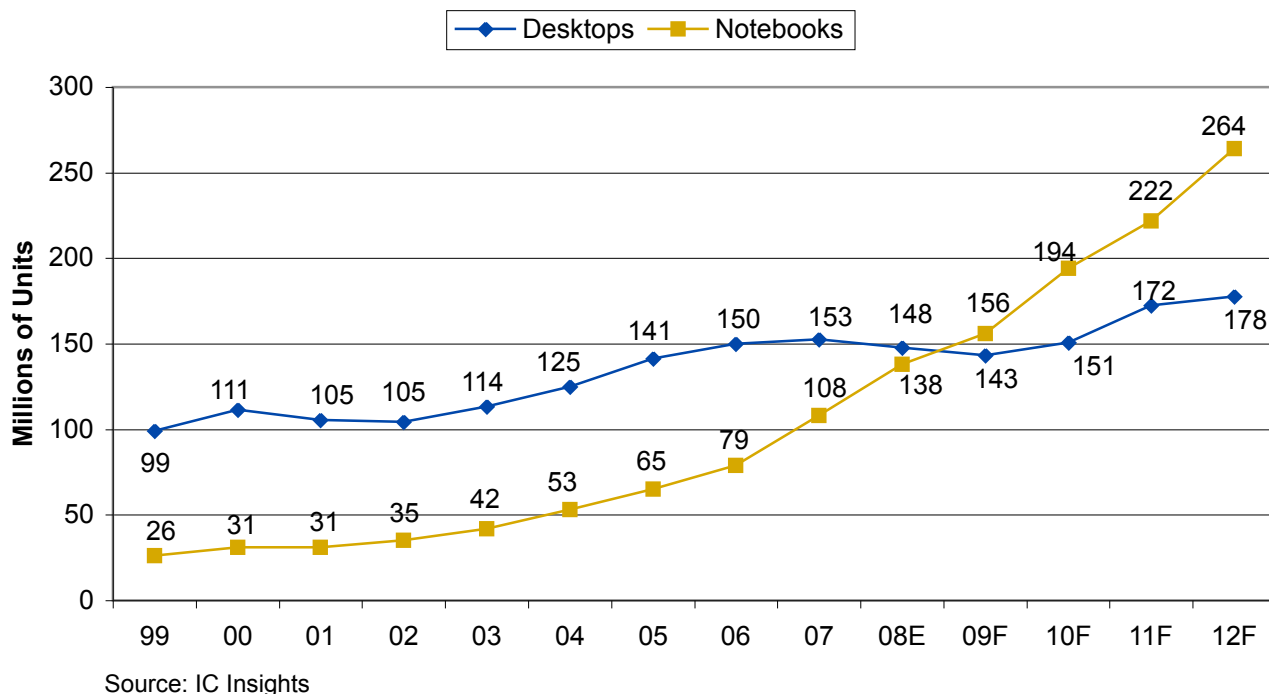


Figure 1

Report Details

Details and forecasts of the PC market can be found in the 2009 edition of IC Insights' *IC Market Drivers—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits*. The report examines the leading applications for ICs and evaluates the potential growth for new applications that are expected to fuel the market for ICs through 2012. Price: \$2,490 in three-ring binder or CD format.

About IC Insights

IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

Web Site: www.icinsights.com • **Phone:** +1-480-348-1133 • **E-mail:** info@icinsights.com