



“June Semiconductor Sales Up 12.2% vs June 2007 Making Q2/Q1 Growth 3.0% ... Way Better Than Forecast”

Comments Future Horizons' Malcolm Penn

London, UK, 4 August 2008: With June's WSTS results now out, the semiconductor market is starting to look 'interesting', with Q2 sales up 3.0 percent on Q1. Commenting on the numbers, Malcolm Penn, Chairman & CEO of Future Horizons Ltd. (Sevenoaks, England) said:

“These results are outstanding, way better than even we dared to expect less than two weeks ago when we raised eyebrows by suggesting a 2.3 percent quarterly growth. This is clearly vindicating our optimism for the industry, I wonder just how much more good data is needed before the penny finally drops? Take memories out of the equation and the results are even stronger. We can only reiterate our recent forecast message; the momentum and underlying fundamentals are strong ... the fire is stoked for a strong second-half rebound.”

On a year-on-year basis, total semiconductor sales and ASPs in June were up 12.2 and 11.8 percent respectively, with logic the star performer (up 25.3 and 16.6 percent), followed by analog (14.5 and 0.2 percent) and micro (12.2 and 6.5 percent), let down only by memory (minus 5.8 and minus 10.2 percent respectively). In the non-IC categories, opto was up 25.2 and 10.1 percent respectively, followed by total discretes at 8.4 and 15.7 percent.

“The market excluding memories was up 18.1 percent in value versus June 2007, driven by a 11.2 percent increase in units and 6.2 percent growth in ASPs. It really begs the question, why is everyone still so down on semis?” Penn continued. “In any other circumstances, these are numbers to die for.”

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The Albany Boathouse
Lower Ham Road
Kingston upon Thames
Surrey KT2 5BB

T +44 (0)20 8408 8000
E info@eml.com
www.eml.com

Electronics Marketing Limited
Registered in England No:2159548

On a regional basis, sales were up a surprisingly strong 11.3 percent in the USA, 7.5 percent in Europe, 3.0 percent in Japan and a whopping 17.6 percent in Asia Pacific, where the impact of the sub-prime markets and subsequent economic melt down has been minimal. Given the recent IMF upward revision of world GDP growth from 3.7 to 4.1 percent, it is now highly improbable that Q3 growth will be less than 10 percent quarter on quarter.

Given the strong underlying market fundamentals, why then is the industry so gloomy? Penn believes that the answer to that enigma lies in the fact that a goodly part of the traditional chip firms are in deep-rooted trauma, caught between wrestling to reinvent themselves and in so doing losing track of the market. The net result is performances at a company-by-company level that are all over the map, with some firms showing strong double digit quarterly growth whilst others are shrinking, even within the same applications sector.

Adding further comment Penn said "Don't shoot the messenger, there is nothing wrong with the market. Just because one company does badly does not mean the sector or industry as a whole is bad. As before, it's execution that always makes all the difference."

About Future Horizons

Established in April 1989, Future Horizons provides market research and business support services for use in opportunity analysis, business planning and new market development. Its industry information seminars and forums are widely considered to be the best of their kind. Emphasis is placed on the world-wide semiconductor and electronics industry and associated markets.

Editorial contacts:

Siobhan Gaffan/Andrew Shephard

EML

+44 (0)208 408 8000