

## **“With the industry sailing in uncharted waters, it’s time to get back to basics,” comments Future Horizons’ Malcolm Penn**

**London, UK. 2 October 2008.** July’s results continued to exceed expectations, but the general mood in the chip market is one of doom and gloom according to Malcolm Penn, CEO and Chairman of Industry analyst house, Future Horizons. “The repercussions of the dreadful financial mess across the world are clearly at the root of the current frame of mind,” said Penn. “As a result this industry is now sailing in uncharted waters.”

“No-one has any idea how or when this crisis will end, or what the impact on the chip market will be,” Penn continued. “In the face of adversity there are always two options – do nothing and hope for the best, or get on with the job and keep moving forward. It’s time to stop chasing fashion, and get back to the basics of doing the job right, never borrowing more than can realistically be paid back and only when there is a sustainable long-term real return.”

“Revenue and profits are the long term result of doing the job right. This may take time, not by the slight of hand or quick adjustments to the balance sheet, and this is how real shareholder value is created.”

It’s not all bad news though - July’s results continued this year’s trend of exceeding expectations, with July’s slightly higher momentum an indication that the sales growth rate trend over the near-term should continue upwards, albeit weak in magnitude but directionally positive and increasing.

“Were it not for the current credit crunch, the 2008 world economy would be in reasonably good shape,” said Penn. “Even as recently as July this year the IMF increased its 2008 GDP growth forecast from 3.7 to 4.1 percent. This may well be reduced at their half-yearly review in October but no economist is yet forecasting a global economic recession, despite the fact that the situation in Europe, the UK and the US is dire. Whilst not wishing to paint a ridiculously positive picture, this rather begs the question - Is the sentiment worse than reality?”

“Next month’s global semiconductor sales forecast estimate, namely for August 2008, is projected to be \$22.019 billion. This yields an August 2008 3MMA (three Month Moving Average) sales forecast estimate of \$22.768 billion, which is normally reported by the SIA in its monthly press release. This month’s updated year-over-year sales growth forecast estimate for 2008 - compared

to 2007's final global semiconductor sales of \$255.645 billion – comes in slightly higher due to July's higher momentum indicator at plus 5.0 percent, compared with last month's estimate of 5.6 percent.”

To obtain a complimentary copy of the latest Future Horizons Global Semiconductor Monthly Report, which has further predictions and analysis, please email [mail@futurehorizons.com](mailto:mail@futurehorizons.com).

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#### 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.

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