

The Databeans Monthly

September 3, 2009

Databeans Revises 2009 Worldwide Semiconductor Revenue Forecast

“The most important thing about recovery is to pass the message on.”

– Maurice Gibb, British Songwriters (1949-2003)

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2009 IC Cards

2009 DSP

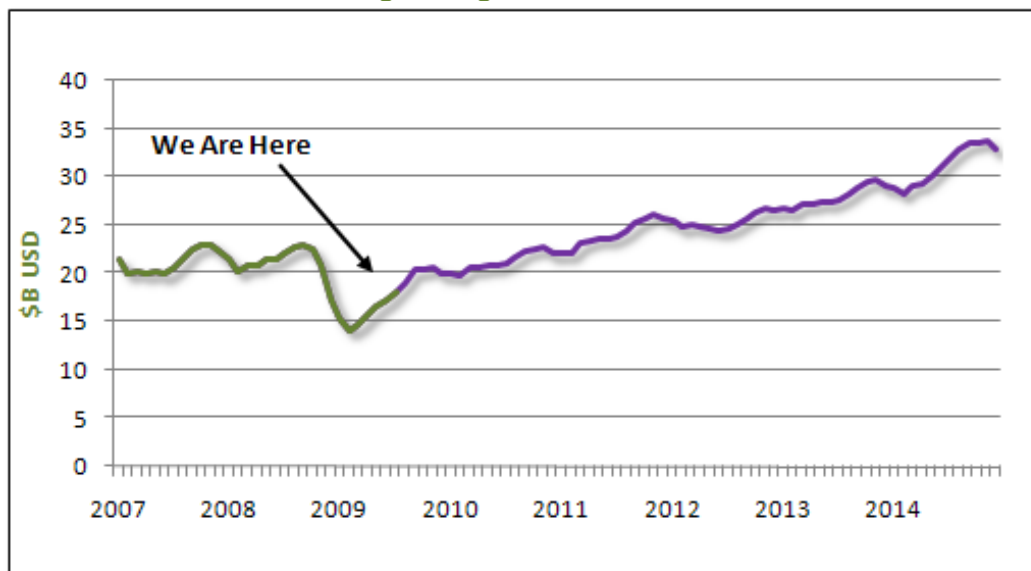
2009 Automotive Safety System Semiconductors

2009 Semiconductors

Looking back, at December and January, the sound of silence was deafening. Orders were pulled and the semiconductor manufacturing machine came to an abrupt halt. In February through June of this year, the progression of improvement began, coaxed by stimulus packages and carefully considered and minimal consumer spending. Now eight months into the year, the “sound of momentum” can clearly be heard. Some scoffed at a “V” shaped recovery back then, but it appears that this is the case. Further, we are not expecting a double-dip scenario in the chip industry.

With an unseasonal July, which was down just slightly from June (July has been down 17% sequentially on average for over ten years now), the chip industry has made significant progress up the other side of the V, and it is not just microprocessors, and it is not just in the Americas, although both have contributed to the rebound.

We Are Here – 3 Month Moving Average of Worldwide Semiconductor Revenue



databeans estimates



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While it is true that the Americas region is expected to be the first to post higher revenue in the third quarter this year than for the same period a year ago, this region is not driving the recovery. With the exception of a few chip categories, like microprocessors (albeit this one is a great contributor to worldwide revenue), the Americas has the minority share of revenue, so the return to growth is more of a direct result of climbing out of a “smaller ditch.” What is more notable is the progress made starting in the Asia Pacific region and now in Japan, which has been quiet until now, conservatively waiting to place orders again.

We believe that while the PC market is poised for recovery, increasing microprocessor ASPs are contributing to the stronger numbers in the third quarter. Mobile phone shipments are anticipated to increase with new models set to launch during the second half of the year, but the consumer audio and video sector seems to be more at play here near term, much like wireless was in the second quarter. This ties into improved conditions in Japan, which has posted positive monthly sequential growth for semiconductors since February and is the only region to do so.

Databeans has revised its forecast for 2009 worldwide semiconductor revenue up from \$206.5B to \$217.3B, which results in a 13 percent decline - a four percent increase over the previous estimate.



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