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Electronics Systems Sales Expected to Fall 2% in 2009

Next year will be third decline in history, but equipment markets will recover in 2010

With the current global recession expected to extend into next summer, worldwide electronics systems markets are forecast to suffer their third annual decline ever in 2009 with the total value of product shipments falling 2% to \$1.23 trillion from \$1.26 trillion in 2008, according to the just-released 2009 edition of IC Insights' *Integrated Circuit Market Drivers* report. The other two declines occurred in the last recession when electronics systems sales plunged 14% in 2001 and then fell another 4% in 2002.

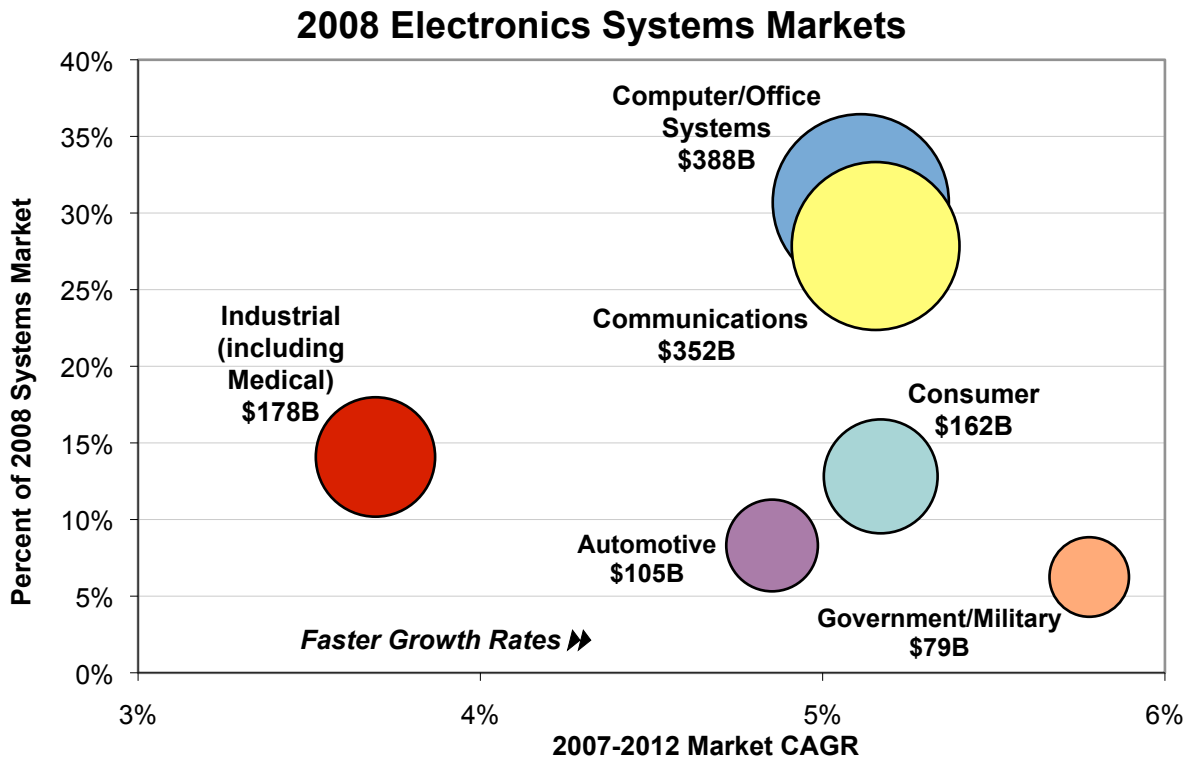
In the current industry downturn, communications and computer/office equipment segments will be hit the hardest with sales dropping 5% and 3%, respectively, in 2009 according the new *IC Market Drivers* report. Industrial systems revenues (including those for medical gear) are expected to fall 2% in 2009, while sales of consumer and automotive electronics are both forecast to decline by 1% next year. Government/military systems will be the only major systems segment to show growth in 2009, rising 5% to \$83 billion from \$79 billion in 2008, concludes the 535-page report.

IC Insights does not anticipate a protracted slump in end-user equipment markets. Electronics systems markets are expected to rebound in 2010 with total dollar volumes rising 7% to a record-high \$1.32 trillion, followed by another 7% increase in 2011 to \$1.42 trillion. IC Insights' market data show worldwide systems sales will grow 4% in 2008, mostly due to strong demand for PCs, consumer electronics, and some communications products prior to the meltdown of financial markets in September 2008. Sharp declines in 4Q08 significantly eroded overall growth rates in 2008 across nearly all equipment market segments.

With the 2008-2009 recession factored into the forecast, electronics systems sales are expected to increase by a compound annual growth rate (CAGR) of 5% per year in the 2007-2012 timeframe. See Figure 1 for a comparison of 2008 systems market sizes and projected five-year CAGR growth rates, based on forecasts contained in the new *IC Market Drivers* report.

MORE INFORMATION CONTACT

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Source: IC Insights

Figure 1

Included among the fastest growing electronics systems markets in 2008 are digital TVs (29%), digital video surveillance (23%), RFID (12%), smart cards (12%), video games (9%), personal navigation devices (9%), wireless personal and local area networks (8%), and wired (including broadband Internet) communications (8%). Among the slower growing systems segments, in terms of dollar revenues, in 2008 are personal computers (1%), automotive electronics (4%), cell-phone handsets (5%), and digital still cameras (5%). Included among the markets losing value in 2008 are personal digital assistant (PDA) systems (-31%), personal digital audio (-14%), and cellular basestations (-1%).

The new 2009 *IC Market Drivers* report shows CAGR growth rates for ICs in the five-year forecast period being the greatest for RFID applications (30%), Digital TVs (21%), wireless networks (17%), mobile Internet devices (MIDs)/handheld computing (14%), smart cards (13%), cell phones (12%), and GPS-based personal navigation devices (12%). Figure 2 compares the five-year growth rates of IC sales for a dozen key end-user equipment segments as well as the 2008 market size.

IC Application Market Growth Rate Comparison

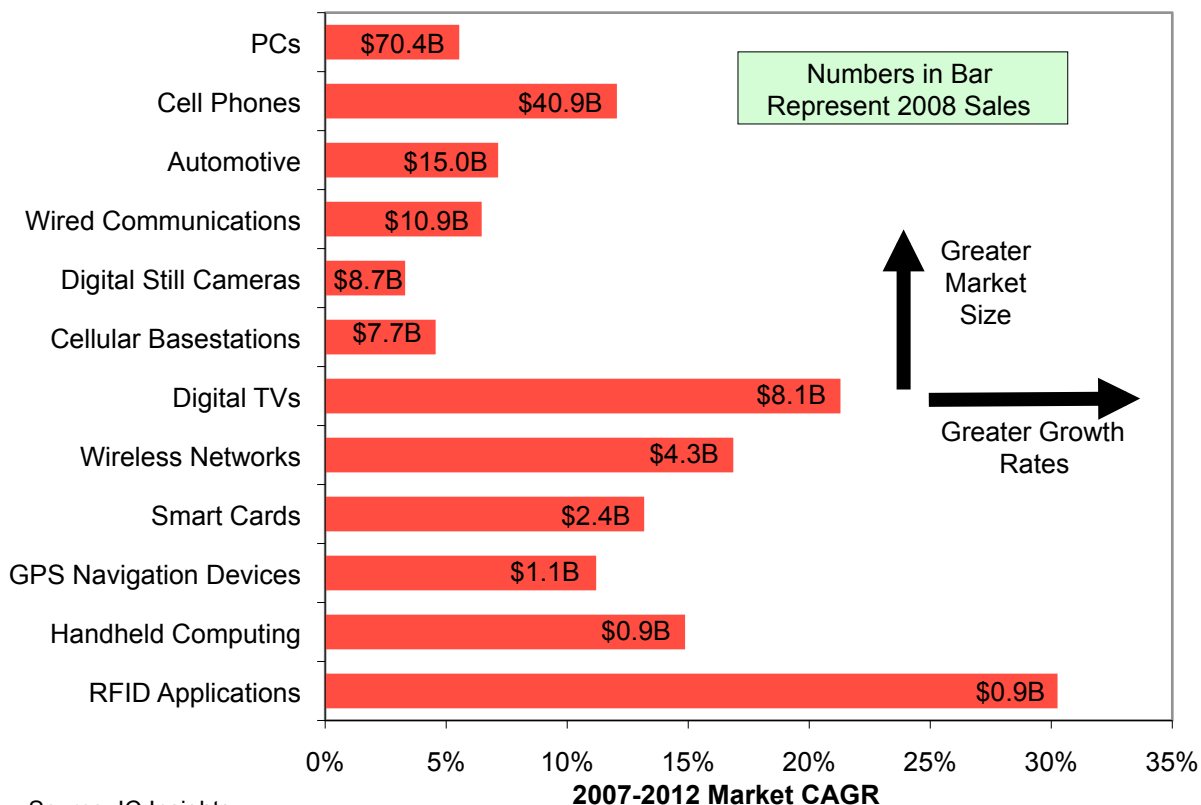


Figure 2

Report Details

Details and forecasts of electronic systems driving the IC 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.

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