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After 2009 Slump, Electronics Systems To Set New Sales Record in 2011

Equipment markets are forecast to recover in 2010 with a 7% increase, says new report

As a result of the worst economic recession in more than six decades, electronics systems sales worldwide are projected to fall 11% in 2009 to \$1.11 trillion from a record-high \$1.24 trillion in 2008, according to the just-released 2010 edition of IC Insights' *Integrated Circuit Market Drivers* report. This year's drop is only the third annual decline in the history of electronics systems sales. The other two declines occurred in the last recession when electronics systems sales plunged 14% in 2001 and then fell another 4% in 2002.

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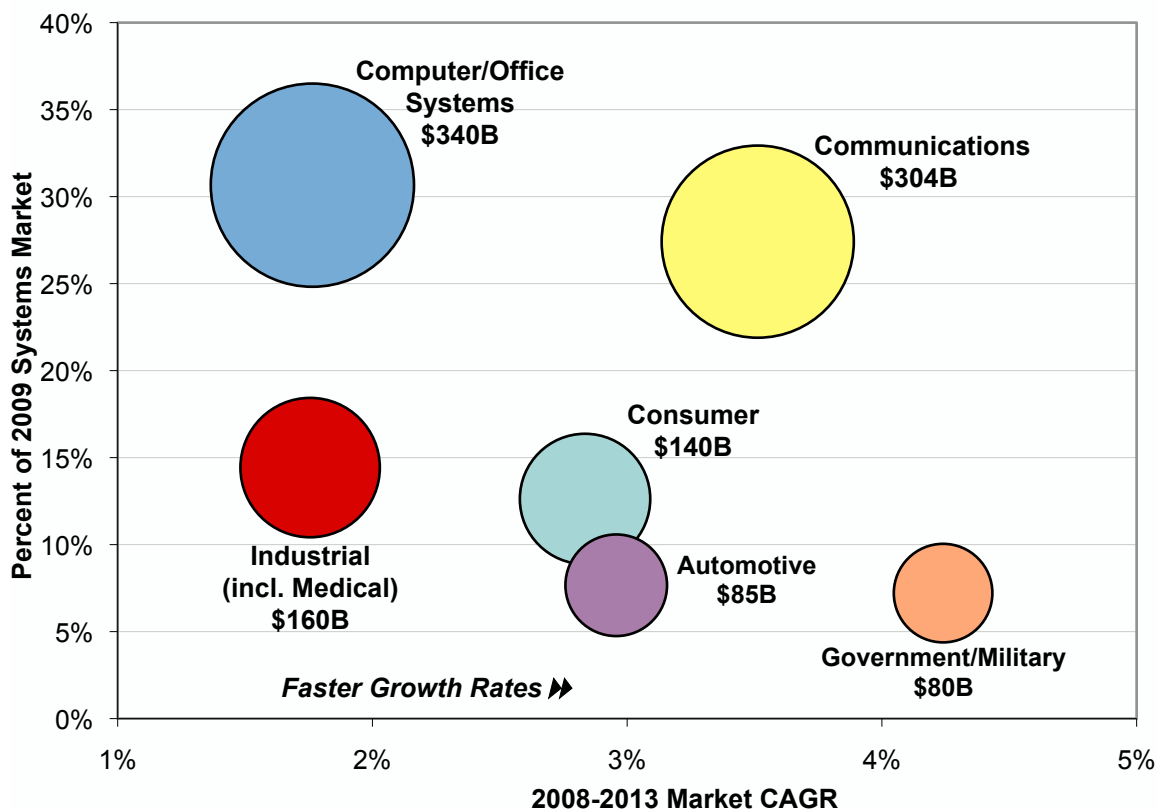
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The electronics equipment market is forecast to rebound in 2010 with the total value of systems shipments growing 7% to \$1.19 trillion. Another 9% increase in systems sales is expected in 2011, which will push worldwide electronics equipment revenues to a new record-high \$1.29 trillion, the report says. IC Insights sees the 2010 recovery year being led by 9% increases in revenues for communications systems and automotive electronics.

In the 2009 downturn, automotive and consumer electronics market segments were hit the hardest with sales dropping 17% and 13%, respectively, according the new *IC Market Drivers* report. Communications and computer/office equipment sales in 2009 are estimated to be down 12% and 11%, respectively, while industrial systems revenues (including those for medical gear) are on pace to fall 9% this year. Government/military systems are the only major equipment segment to show growth in 2009, rising 3%, says the 525-page report.

With the 2008-2009 recession factored into the forecast, electronics systems sales are expected to increase by a compound annual growth rate (CAGR) of 3% per year in the 2008-2013 period. See Figure 1 for a comparison of 2009 systems market sizes and projected five-year CAGR growth rates, based on forecasts contained in the new *IC Market Drivers* report.

2009 Electronics Systems Markets



Source: IC Insights

Figure 1

IC Insights' new report shows 2009 integrated circuit sales declining the most for cellular-phone basestations (-30%) and automotive applications (-26%), while IC revenues grew the most in non-telephony handheld systems (+6%), thanks to an estimated 129% increase in chip sales for electronic-book readers. IC sales for personal computers and cellphone handsets—the two largest chip applications in the systems market—declined 9% and 3% in 2009, respectively.

The *2010 IC Market Drivers* report shows e-book readers to be one of the fastest growing product categories in the coming years with IC sales for e-reader systems rising at a 60% CAGR in the 2008-2013 period. Among other major chip applications, the 2008-2013 compound annual growth rate for IC sales are: 26% for RFID systems; 21% for non-telephony handheld computing devices (including e-book readers); 15% for wireless computer networks; 11% for smart cards, 10% for digital TVs; 9% for cellphone handsets, and 6% for PCs. Figure 2 compares the five-year CAGRs of IC sales for 13 key end-user equipment segments as well as their 2009 market sizes.

IC Application Market Growth Rate Comparison

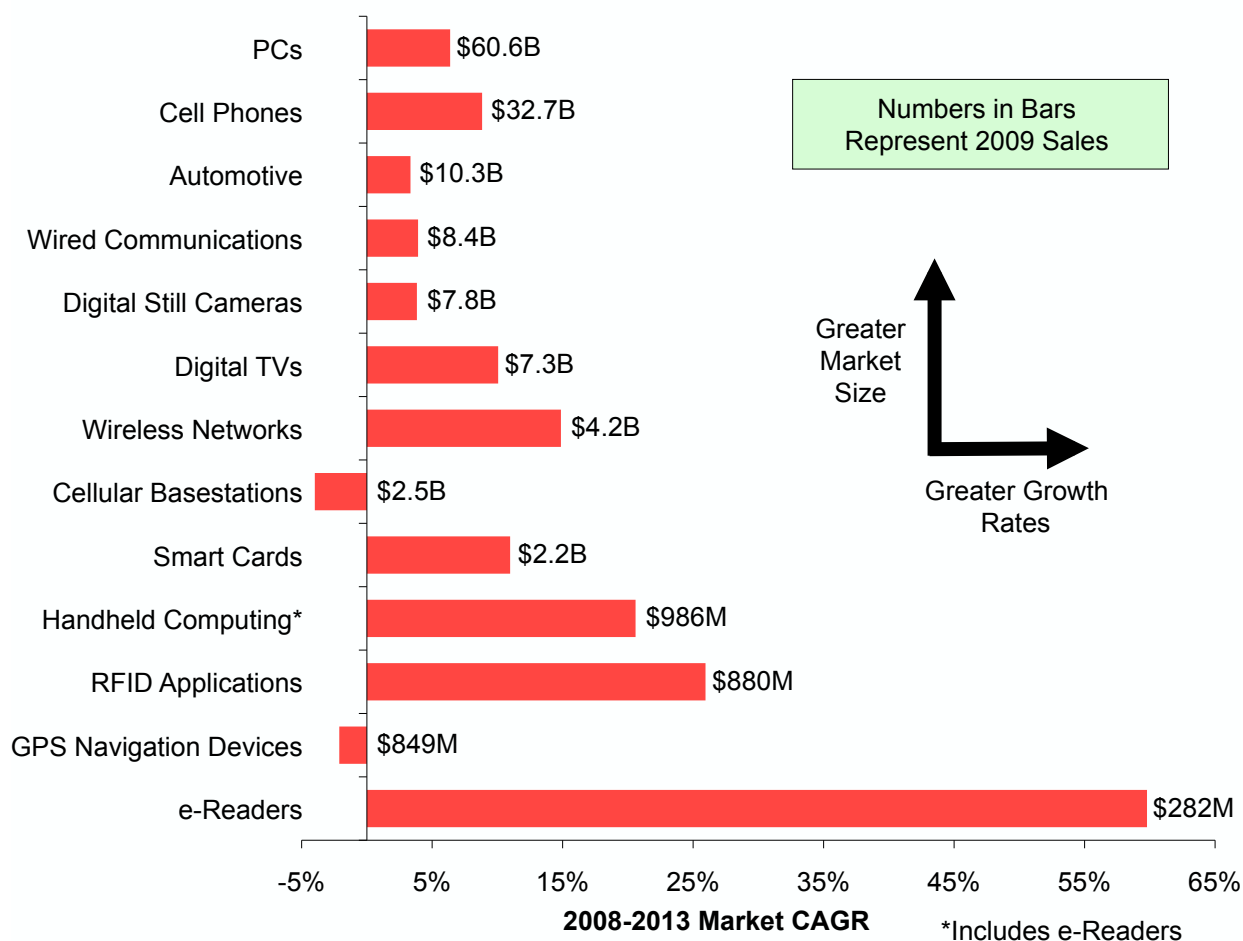


Figure 2

Report Details

Details and forecasts of electronic systems driving the IC market can be found in the 2010 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 2013. Price: \$2,490 in three-ring binder or CD format (\$2,985 for both); \$5,890 for multi-user corporate license (includes binder, CD, and Internet access password).

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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