

AUGUST 28, 2012

IC Insights Analyzes 30-Year Seasonal Patterns in the IC Market.

Surprisingly, in "good" growth years, the second quarter of the year is the star performer.

IC Insights' recently released *August Update to The McClean Report 2012* analyzed the typical pattern of sequential quarterly IC market growth rates during a calendar year, a phenomenon usually referred to as "seasonality." Figure 1 depicts the average quarterly IC market growth rates over the past 30 years from 1983 through 2012 and includes IC Insights' forecasts for 3Q12 and 4Q12 results.

When averaging the quarterly IC market growth rate figures over the past 30 years, the third quarter average increase was the highest at almost 6%. In contrast, the average sequential growth rate during the first quarter of the past 30 years was -1.4%. When using 10% annual growth as the breakpoint for defining "good" and "poor" IC market years, the average quarterly growth rates since 1983 change dramatically. Over the past 30 years, the number of poor growth years (including 2012) is expected to outnumber the good growth years by two, showing a 16-year/14-year split, respectively.

It is interesting to note that in the 14 "good" growth years (i.e., 1983-1984, 1986-1988, 1992-1995, 1999-2000, 2003-2004, and 2010), the *second quarter* of the year typically registers the highest sequential quarterly growth rate. This is somewhat of a surprise as the third quarter typically comes to mind first when thinking about the strongest seasonal quarter. As shown, third and fourth quarter average sequential growth rates slow from the second quarter peak but are usually still very healthy during good growth years. Even the first quarter's sequential average growth rate is positive (3.1%) in years with a good growth rate.

In the 16 "poor" IC market growth years (i.e., 1985, 1989-1991, 1996-1998, 2001-2002, 2005-2009, and 2011-2012), the first half of the year typically takes the brunt of the slowdown. As shown, the second half of the average poor growth year usually rebounds from the first half IC market downturn. For 2012, the first quarter is the only quarter that is expected to display negative sequential growth and the 2H12/1H12 IC market is forecast to register a 10.5% increase, about equal to the past 20-year 2H/1H average growth rate.

MORE INFORMATION CONTACT

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1983-2012F Average Sequential Quarterly IC Market Growth Rates

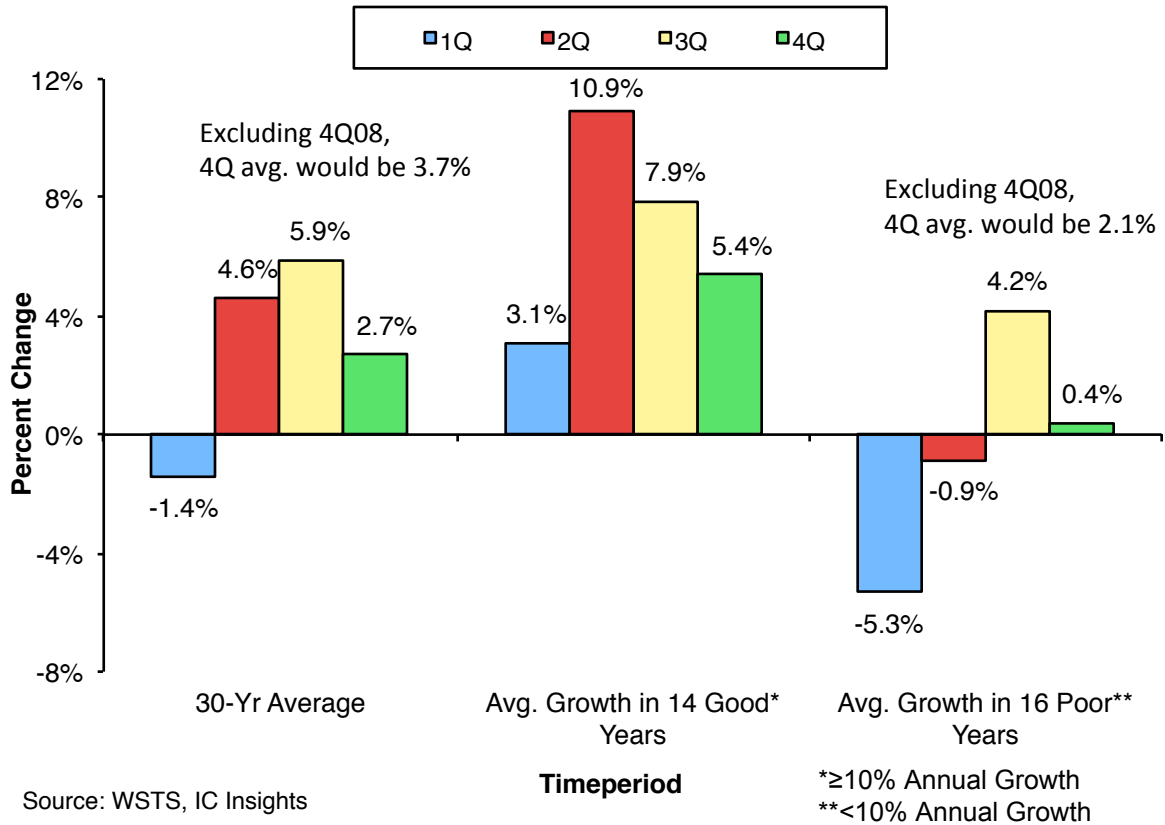


Figure 1

3Q and 4Q Quarterly Growth Patterns

The 3Q/2Q IC market growth trend line has been on an upward slope since 1983, indicating that the IC market is becoming increasingly dependent upon the seasonal growth in the third quarter of the year. With the slow shift of electronic systems sales from businesses to consumers over the past 30 years, it makes sense that IC market is becoming stronger in the second half of the year and the third quarter in particular.

It should be noted that the two biggest markets for ICs (i.e., PCs and cellphones) are both highly seasonal and now usually register noticeable second half of the year strength (an analysis of the cellphone and PC markets is presented in IC Insights' *IC Market Drivers Report*). Moreover, when one factors in the typically strong consumer IC sales ahead of the holiday shopping season, the total IC market is likely to continue its recent pattern of strengthening third quarter seasonality.

In contrast to the trend of increasing IC sales in the third quarter of the year, fourth quarter sequential IC sales growth has been on a downward slope since 1983. In fact, the trend line for fourth quarter

sequential growth moved into negative territory beginning in 2007. However, the expectation for the introduction of new electronic system products (e.g., smartphones, tablet PCs, and Ultrabooks) beginning in late 3Q12 is forecast to help 4Q12 IC sales increase sequentially by 3% this year.

Report and Seminar Details:

The McClean Report 2012

IC Insights recently released its 200+ page *Mid-Year Update* and 30-page *August Update* to the 2012 edition of *The McClean Report*. A subscription to the 2012 *McClean Report* comes with free monthly updates for the year (March-November) as well as three subscriber-only webcasts. An individual-user subscription to the 2012 edition of *The McClean Report* is priced at \$3,290 and includes an Internet access password. The subscription is also available under a multi-user worldwide corporate license for \$6,290.

September 13, 2012 Fall Forecast Seminar Presented by IC Insights' President, Bill McClean

WHAT: Discussion about the mid-year status of and future outlook for the IC market.

WHY: To bring existing and prospective clients up-to-date on IC market conditions.

WHEN: Thursday, September 13, 2012. 9:00 AM - 12:00 PM.

WHERE: Sheraton Sunnyvale Hotel, Sunnyvale, California.

Special pricing for current IC Insights' clients: \$295, others only \$395.

Please click on this link (<http://www.icinsights.com/events/fall-forecast-seminar/>) for more information about the *Fall Forecast Seminar* and to download a registration form. To review additional information about IC Insights' new and existing market research products and services please visit our web site: www.icinsights.com

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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