

RESEARCH BULLETIN

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O-S-D Market Momentum Fades as World Economy Stalls

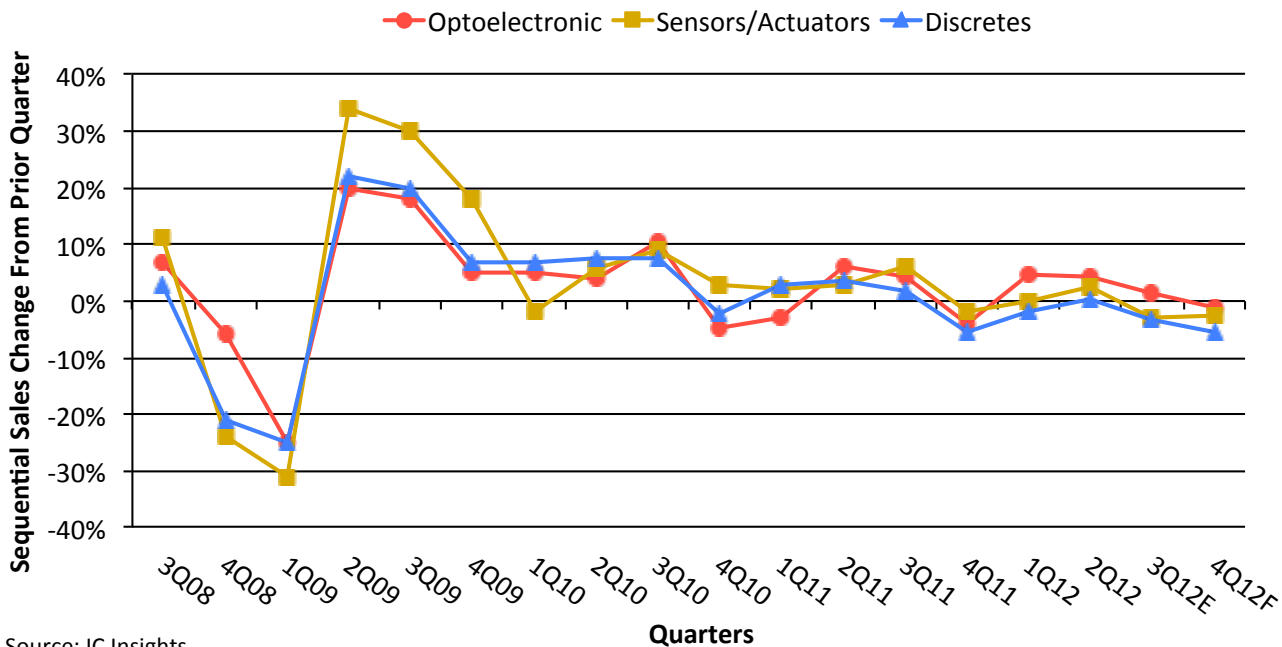
Weakness in electronic system sales spills over to O-S-D devices, but better days ahead in 2013.

After a strong surge in 2010 from the 2009 downturn and solid growth in 2011, the market for optoelectronics, sensors/actuators, and discrete semiconductors (O-S-D) lost most of its momentum in 2012 as the world's weak economy wobbles forward and uncertainty clouds the near-term outlook—particularly in Europe and the U.S. With revenue growth in electronics systems manufacturing slowing to 3% in 2012 from a more-normal 6% increase in 2011, most O-S-D product categories have weakened. As shown in Figure 1, sequential quarterly sales growth in the O-S-D market continues to drift lower while the global economy struggles to regain its footing and fully recover from the 2008-2009 recession.

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O-S-D Market Flattens and Drifts Lower After Recovery Rebound



Source: IC Insights

Figure 1

The steady falloff has caused IC Insights to lower its 2012 O-S-D market forecast to 2% growth from a 7% increase projected early this year. The new forecast means total O-S-D sales are now expected to reach a record-high level of \$58.2 billion in 2012 compared to the current annual peak of \$57.4 billion set in 2011.

Optoelectronics is propping up overall O-S-D sales growth in 2012. Revenues for optoelectronics are now forecast to rise by 8% to reach a new record high of \$27.5 billion in 2012, thanks to strong sales growth in lamp devices (+18%) driven by new solid-state lighting applications and CMOS image sensors (+21%) used in more digital cameras for smartphones, tablet computers, surveillance networks, and other equipment. Sales of sensors and actuator devices are now projected to rise by just 2% in 2012, but that will set a new record high of \$8.7 billion, while the commodity-filled discretes segment is expected to fall 6% to \$22.0 billion. When the three O-S-D segments are combined with IC sales (now projected at \$259.4 billion), the total semiconductor market is forecast to be \$317.6 billion in 2012, a 1% decline from 2011.

With electronics systems manufacturing beginning to strengthen and the global economy forecast to show some improvement in 2013, IC Insights is forecasting modest revenue growth in all three O-S-D market segments. Optoelectronics revenues are projected to grow 7% in 2013 to \$29.3 billion, while dollar volumes in the sensors/actuators segment are forecast to rise 10% to about \$9.6 billion, and sales of discretes are expected to rebound by 5% to reach \$23.1 billion.

Report Details: *The O-S-D Report*

The O-S-D Report expands IC Insights' coverage of the semiconductor industry with detailed analysis of trends and growth rates in the optoelectronics, sensors/actuators, and discretes market segments. The seventh annual edition of the report contains a detailed forecast of sales, unit shipments, and selling prices for more than 30 individual product types and categories through 2016. The *2012 edition of The O-S-D Report* (with 232 charts and figures) is available for \$2,990, which includes Internet-accessible PDF files under an individual-user license. Additional users can be added for \$695 each. A multi-user corporate license is \$6,090. The report is also available in an optional CD-ROM media format for an additional price of \$295.

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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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