

Semico predicts worldwide DRAM-module revenues to decline by 3% in 2005
 Vyacheslav Sobolev, DigiTimes.com, Taipei [Wednesday 23 February 2005]
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Marketing and consulting research company Semico Research isn't expecting global DRAM-module revenues to grow this year. Revenues will decline by around 3%, while unit shipments will grow to 376.2 million this year, from 372.6 million in 2004, according to Semico. The predicted decline in revenues agrees closely with earlier estimates made by some industry experts.

Next year's forecast is better, but the company doesn't anticipate revenues will recover to their 2004 level. Regarding unit shipments, Semico is more optimistic, predicting year-on-year growth of 5% in 2006.

Recently DigiTimes.com had an opportunity to discuss these issues with Semico research analyst Dominik Musiol. "Overall, the DRAM industry continues its upward trend in density. This upcoming year's dip in revenue will result from overcapacity in modules, as companies race to ramp up to meet future density needs," commented Musiol. Semico expects 512MB will be the dominant memory-module size in the near future, and in 2006.

Since memory applications are still expanding, there will probably be more opportunities for DRAM-module makers, including Taiwan companies. "There continue to be ever-expanding uses for memory, as we head into the future. DRAM companies definitely want to make sure they have the right mix of volume and innovative products – at the same time, however, legacy memory products are still being heavily used in certain applications, such as digital TV. Applications for memory are expanding, and this encourages competition," Musiol indicated.

Regarding opportunities for Taiwan companies to compete with long-time market leader Kingston, there are still doubts, the analyst stated. "Competing with Kingston will be tough, especially head-to-head. Kingston has many established relationships with the DRAM makers, across their organizations. They do an excellent job of building long-lasting business relationships," said Musiol.

Worldwide DRAM-module market in 2002-2006				
Year	Revenues (US\$ millions)	Y/Y	Unit shipments (millions)	Y/Y
2002	13,925.94		385.5	
2003	13,906.70	(0.14%)	366.0	(5.06%)
2004	23,043.32	65.70%	372.6	1.80%
2005	22,360.78	(2.96%)	376.2	0.97%
2006	22,936.16	2.57%	395.7	5.18%

Source: Semico, February 2005, compiled by DigiTimes.com.

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