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Robust growth seen in coming years
By Brian Fuller, Courtesy of EE Times
03/14/2005 1:10 PM EST

URL: <http://www.my-esm.com/showArticle?articleID=159402882>

CHANDLER, Ariz. — The semiconductor industry and its supply chain are so tightly managed that the wild swings of past cycles are a memory and average growth should be around 16 percent for the next several years, executives said Monday (March 14).

The optimism at a morning session at the annual Semico Research Summit conference here stood in marked contrast to cautious outlooks of recent months and broader assertions that the industry has matured such that its historic 16-19 percent growth rates are a thing of the past.

"There really is a learning process going on. Everybody in the chain said 'We're going to manage the hell out of our inventory,' " Wilfred Corrigan, chairman and chief executive of LSI Logic Inc., said in an address. "So in the less than two quarters, we've had the usual adjustment. We're now on the other side of the adjustment. The inventories in the pipe have been fixed."

Corrigan offered a slide that showed semiconductor inventory in the supply chain at a high of \$15 billion in the fourth quarter of 2000 falling to under a billion in the first quarter of this year. While 2000 was an aberrant year -- the peak of the Internet bubble -- the supply-chain level has been held under \$2 billion for 10 quarters, according to Corrigan's slide.

Corrigan said that management plus value-added devices going into hot consumer markets such as digital video records, players, cameras and cell phones would keep the industry growing at a 16.1 compound rate through 2008.

Jim Feldhan, Semico's president, pegged an industry turnaround to the third quarter, and he sees a "strong" 2006.

Sales of \$213 billion in 2004 will slip to \$206 billion this year but 2006 will be up 12 percent, and 2007 growth will be in the high teens with low 20 percent growth in 2008. The next fall off won't be until 2009, Feldhan said.

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