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Freescale CEO sees semiconductor industry evolving

By Adam Kress, The Business Journal

Freescale Semiconductor Chief Executive Michel Mayer described a maturing semiconductor industry Tuesday at the eighth annual Semico Summit at the Sheraton Wild Horse Pass resort.

Semico, a Phoenix marketing and engineering research firm specializing in semiconductors, hosted the three-day event and brought in Mayer to give a keynote speech.

Mayer said the semiconductor industry is maturing and that the industry's historic upturns and downturns should not be expected to occur in the same way in the future.

"You're not going to see the double-digit growth we've seen in good years in the past," he said.

Mayer predicted single-digit ups and downs that create less dramatic changes to the industry than in the past.

"We're moving from the thinking of 'real men have fabs' to 'real men make money,'" he said. "That will be a big change over the next few years."

Mayer cited convergence and more partnerships between firms within the industry as reasons why the chip sector won't swing as dramatically as it has historically.

"Very few companies will have the size to do everything themselves," he said.

Semiconductor analysts generally predict that 2005 will be an even or slightly down year worldwide in semiconductor sales. But most also believe that things should pick up again with smallish gains in 2006. Increased consumer adoption of digital televisions and DVD recorders are cited as reasons for a stronger 2006.

Freescale (NYSE: FSL), with headquarters in Austin, Texas, employs about 3,500 people in Arizona. The chip maker concentrates on providing products to the automotive, networking and wireless communications industries.

For more: www.freescale.com.

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