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NOR Regains Elusive Growth, Semico Says

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Used in applications ranging from PCs and peripherals, through consumer electronics devices and into automotive and telecom, the NOR flash market has finally risen above its 2004 doldrums and is poised to grow significantly now through 2006, according to Phoenix, Ariz.-based Semico Research Corp.

NOR revenues, which had been steadily sliding since Q2 2004, pulled forward in Q3, and are on a track to grow by 19 percent in 2006, the firm also said. Semico expects to see the market return in force, with revenues peaking at nearly \$13 billion by 2008.

"The correction that Semico forecast for the second half of 2005 has materialized, reversing 2004's sharp NOR price decline, the result of a supply/demand imbalance," said Jim Handy, Semico's director of nonvolatile memory services, in a statement.

"This market's demand growth is solid, but 2005 saw a revenue decline that stemmed from an overcapacity. The leading NOR suppliers, including Intel, Spansion, Sharp, STMicroelectronics, Renesas, SST, Atmel, and Macronix, are experiencing longer lead times and a return to profits," he said.

"The OEMs who consume the world's flash, including cell phone companies Nokia, Motorola, and Sony Ericsson, leading data processing OEMs like Dell, IBM, Apple, and HP, and contract manufacturers like Flextronics, Jabil, Sanmina-SCI, and Solectron, are seeing small price increases and a return to more healthy lead times," he continued.

Although changes like this are inevitable, Handy concluded, users must properly time transactions around market cycles.

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