

Semico Research Expects Semiconductor Market to Slow in 2005

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Semico Research's outlook for 2004 and 2005 is the classic good news/bad news scenario. The Phoenix-based semiconductor market research company sees 2004 on course to finish the year with a stellar growth rate of 31 percent, or \$218.7 billion.

Like the semiconductor industry's glowing finish in year 2000, 2004 is marked by similar market conditions characterized by a strong GDP, a robust economy that's bolstered by election year activity, and strong sales in personal computers and consumer electronics such as camera phones. Meanwhile, the increasing use of semiconductor content in some unexpected applications such as automobiles and industrial equipment will also fuel market growth.

Despite a rosy finish for this year, Semico already sees signs that 2005 revenues will sag.

"Inventories have begun to increase and consumer PC purchases, which have accounted for the bulk of semiconductor chips sales, are already slowing," stated Jim Feldhan, Semico president and CEO. "Technology advancements have continued to make electronic products feature-rich and highly affordable but, by and large, consumers are taking more time to open their wallets."

Market growth in 2005 will also be hampered by the vast amount of manufacturing capacity that will be available at facilities around the world. Twelve new foundries will begin ramping production next year and eight others have been announced. The vast amount of available manufacturing capacity will put additional pressure on pricing until consumer demand picks up again in 2006.

Semico's full report on 2004 and their outlook for market growth is available by contacting the company. The Company has full reports on individual semiconductor products and end market growth rates at its website, www.semico.com.

About Semico

Semico Research Corp is a marketing and engineering research company located in Phoenix, Arizona. Semico was founded in 1994 by a group of semiconductor industry veterans who believed that the validity of semiconductor product forecasts could be greatly improved if the forecasts were based on semiconductor consumption in end-use markets. Semico forecasts, today, are based on that idea. Corporate Headquarters: P.O. Box 9850 Phoenix, AZ 85068-9850 Tel: 602-997-0337 Fax: 602-997-0302 Web: www.semico.com