

Strategy Analytics: Automotive Semiconductor Vendors Can Ride Out Recession

Despite Steep Decline in 2009 There Will Be Recovery In 2010

Boston, MA - October 26, 2009 –Semiconductor demand from year-on-year vehicle production will be down 14% in 2009, to \$16.4B, followed by a similarly-sized percentage recovery in 2010, according to the Strategy Analytics Automotive Electronics Service research, “Automotive Semiconductor Forecast Demand 2007 – 2016.”

The dramatic fall in global vehicle production in 2009, with the exception of three of the four BRIC regions, will result in the largest ever fall in automotive semiconductor vendor revenues. Market recovery is underway however; and automotive semiconductor demand--including sensors--is also predicted to grow by 14% to \$18.7B, which is still below the 2008 market value of \$19.1B, which represents a slower recovery than previously forecast. The long-term outlook remains strong. Compound annual average growth rate is running at eight percent as vehicle makers look to electronics to meet emissions and safety legislation, as well as meeting consumer expectation for increasingly personalized and connected vehicles.

“Semiconductor vendor revenues in 2009 will take a double hit: one from the vehicle production fall, and again from the supply chain inventory clearing that occurred at the beginning of the year, putting a virtual stop on orders from electronic tier ones. Therefore, some vendors could see significantly greater declines in their 2009 results than the overall market average, including possible falls of up to 33%. The actual extent of the 2010 global recovery will be largely dependent upon the North American market,” stated Chris Webber, VP Global Automotive Practice at Strategy Analytics.

Webber added, “Vehicle makers will rely on electronics in order to meet many of their future goals in environmental and safety performance, and to offer new convenience and infotainment features. Thus, for leading automotive semiconductor vendors, such as Freescale, Infineon, ST, NEC and Renesas, the long term business opportunities are unchanged by the recession.”

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