

RESEARCH BULLETIN



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Electronic Systems Sales Rise 5%, Growing to \$1.21 Trillion in 2007

Systems markets to strengthen and reach 25-year growth average through 2011

Worldwide shipments of electronics systems will grow 5% in 2007 to a total dollar value of \$1.21 trillion from \$1.15 trillion in 2006, according to the just-released 2008 edition of IC Insights' *IC Market Drivers* report. The new report forecasts an average annual increase of 7% for worldwide electronics systems growth between 2006 and 2011, when the total will reach \$1.60 trillion.

Growth in 2007 has been driven by healthy demand for mobile communications handsets, consumer products, notebook PCs, wireless networks, and automotive electronics. However, this year's shipment value represents the smallest annual percentage

increase since electronics manufacturers recovered from the 2001-2002 downturn. In contrast, the total value of electronics systems shipments grew by 6% in 2006, 8% in 2005, 13% in 2004, and 10% in 2003, after falling 4% and 14%, respectively, in 2002 and 2001. Looking ahead, IC Insights believes electronics systems growth will strengthen through 2011, and the annual cumulative average growth rate (CAGR) will be 7%—the 25-year average CAGR for the electronic systems market.

The new IC insights report also shows integrated circuit sales growing a modest 5% to \$220.3 billion in 2007 compared to \$209.5 billion in 2006, when the IC market rose 9% from the previous year. With electronic systems sales expected to grow 6% in 2008 to \$1.29 trillion, IC markets are forecast to increase 10% to \$243.4 billion next year, according to the 500-plus-page *IC Market Drivers* report.

Included among the fastest-growing electronics systems markets in 2007 are video game consoles (58%), cell phone handsets (9%), portable digital audio (13%), RFID (35%), smartcards (11%), wireless personal and local area networks (26%), high-definition DVD players (96%), and digital video surveillance

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systems (20%). Figures 1 and 2 compare the size and growth rates of systems and selected IC market segments, respectively, based on the forecasts from the 2008 *IC Market Drivers* report.

As can be seen in Figure 2, PCs remain the largest end-use segment for ICs, accounting for about \$73 billion—or 33%—of total integrated circuit sales in 2007. Projected growth of the PC IC market is forecast to equal the IC industry’s 10% CAGR average in the 2006-2011 timeframe. Cell-phone handset ICs are second in size this year at nearly \$35 billion—or 16% of the total, but growing at a faster 13% CAGR throughout the forecast period. In comparison, digital TV IC sales are estimated at \$6.4 billion in 2007 with a projected 19% CAGR in the five-year forecast period. The markets for 802.11 wireless network chipsets and Bluetooth ICs are estimated at \$1.7 billion and \$1.9 billion in 2007, respectively, and growing at 14% and 17% CAGR in the report’s five-year forecast period.

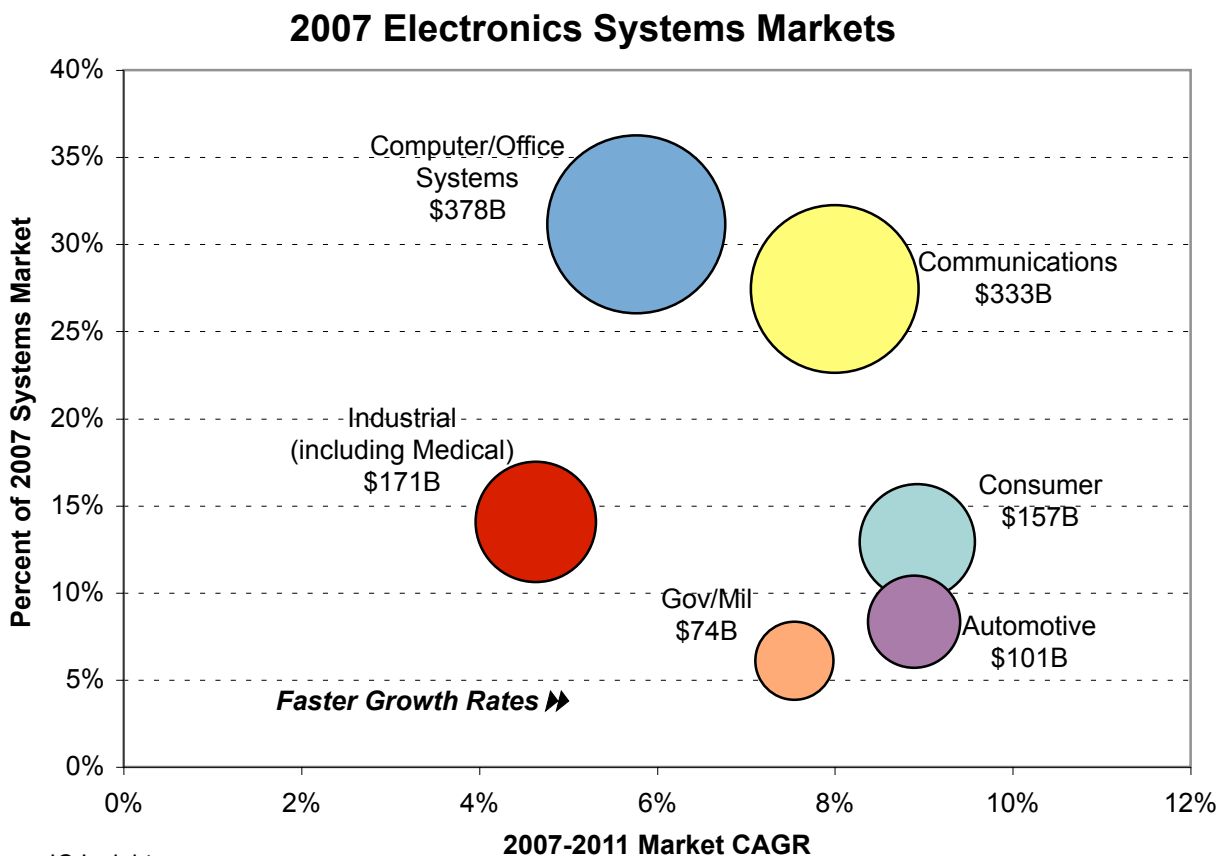


Figure 1

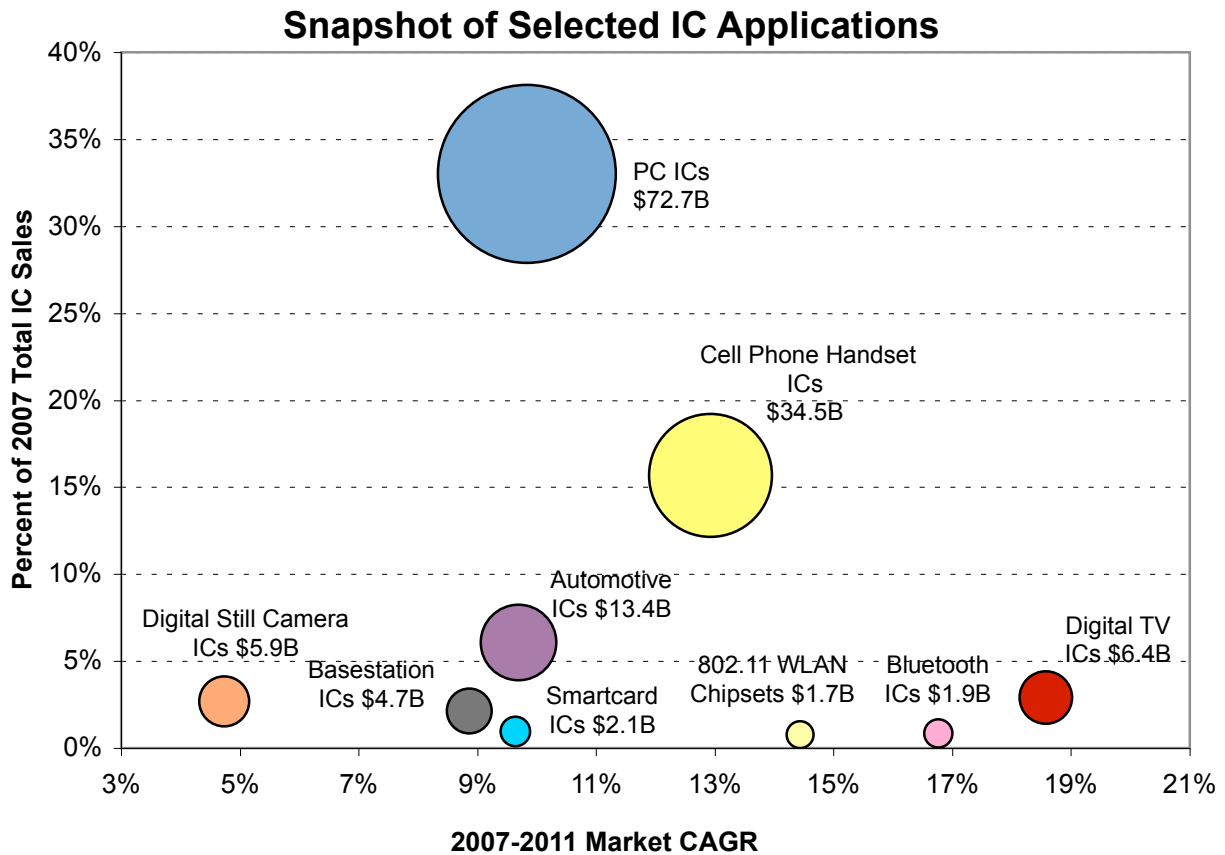


Figure 2

Report Details

Details and forecasts of the applications expected to drive the IC market through 2011 can be found in IC Insights' newly released 2008 Edition of *IC Market Drivers—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits*. The report identifies numerous existing end-use applications such as PCs, cellular phones, automotive systems, and wireless networking, and newly emerging applications that offer great potential to propel the IC market through 2011. Binder plus CD-ROM copies of the report are available for \$2,885 with a multi-user corporate license available for \$5,690.

About IC Insights

IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

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