

VLSI RESEARCH INC

VLSI Research Inc Sees 2008 and 2009 as Negative

Santa Clara, CA, November 20, 2008: In light of the recent economic deterioration, VLSI Research Inc has revised its 2008 and 2009 forecasts for both integrated circuits (ICs) and semiconductor equipment.

IC sales are now expected to decline by 1.7% in 2008 to \$214.1 billion, and 2009 will be even worse with a 6.9% drop. VLSI Research cites a slowing electronics demand and an inventory correction that needs to take place to get supply back in balance with demand as the primary reasons for the revision. The previous 2008 forecast for ICs was +3.6%.

In the equipment sector, VLSI Research has further downgraded the 2009 forecast for both IC and display equipment. Following a 24% decline in 2008, IC equipment sales is expected to drop an additional 25% in 2009. The previous forecast was -12% for 2009. With IC sales expected to decline next year, chip makers have been announcing further planned reductions in capital expenditures for 2009, which will cause yet another double-digit drop for equipment.

The volatile display equipment market is on track to grow 34% in 2008, and is predicted to experience a 45% loss in 2009. This comes as a result of slowing display sales, owing to the decline in demand for flat-panel TVs. The previous forecast was -26.5% for 2009.

VLSI Forecast		
	2008	2009
Integrated Circuits:	\$214.1B	\$199.4B
Sequential Change	- 1.7%	- 6.9%
IC & related Equipment:	\$43.3B	\$32.6B
Sequential Change	- 24.1%	- 24.7%
Display Equipment:	\$8.2B	\$4.5B
Sequential Change	+ 33.7%	- 45.4%

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