

Power Management Semiconductor Overview

After outperforming the overall semiconductor market during the first half of 2006, the power-management chip sector is undergoing a short and mild slowdown that should last only through the end of the year, iSuppli Corp. believes.

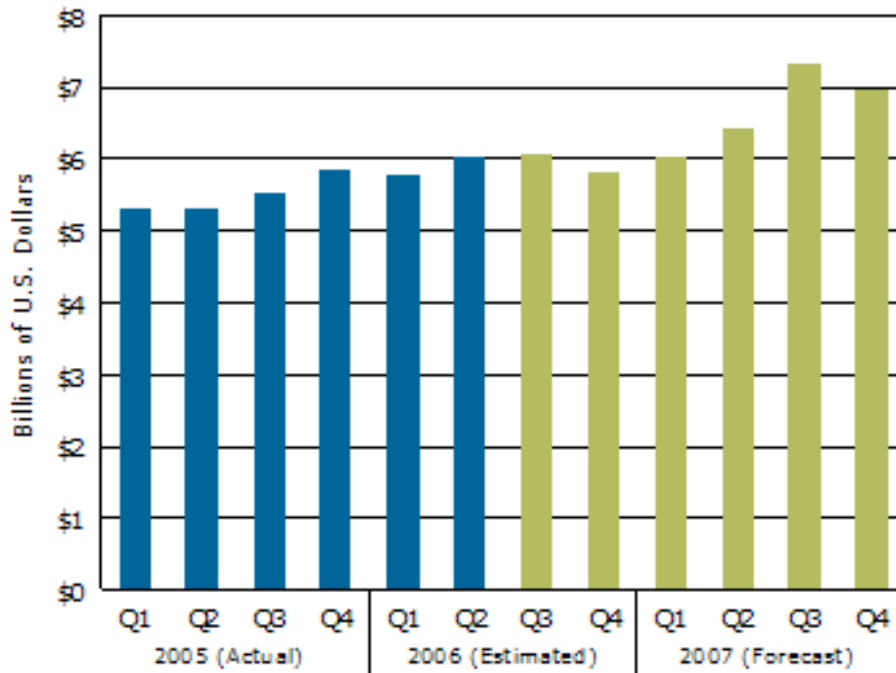
While the first-half growth was partly due to the increasing need for more efficient and smarter power management, the reason behind much of this expansion was a rise in prices for most parts, due to an increase in raw-material costs. Because of this, iSuppli believes the power-management semiconductor market is due for a short and mild slowdown. However, this brief deceleration won't affect the power management chip market in 2007.

Power-management semiconductor revenue in the fourth quarter will decline to \$5.8 billion, down 4.3 percent from \$6.1 billion in the third quarter, and down 0.6 percent from \$5.84 billion in the fourth quarter of 2005. This follows a 0.8 percent sequential increase in the third quarter compared to \$6 billion in the second quarter, and a 9.5 percent increase from \$5.5 billion in the third quarter of 2005.

In comparison, power-management semiconductor revenue in the second quarter grew 4 percent sequentially and 13.1 percent compared to the same period a year earlier. In the first quarter of 2006, revenue was down 1 percent compared to the seasonally strong fourth quarter, but up by 9.4 percent compared to the first quarter of 2005.

Figure 1 presents iSuppli's forecast for power management semiconductor shipment revenue during the period from 2005 to 2007 by quarter.

Figure 1: Quarterly Estimate and Forecast of Worldwide Power-Management Semiconductor Revenue (In Billions of U.S. Dollars)



Source: iSuppli, December 2006

The third quarter brought stable prices for most power-management semiconductor Average Selling Prices (ASPs) as lead times shortened. However, by the end of the third quarter, pricing began to decline, as did sales growth.

For all of 2006, power management semiconductors are predicted to have a strong performance, with revenue expected to rise to \$23.7 billion, up 7.7 percent from \$21.99 billion in 2005.

The strongest segment within the power-management semiconductor market is voltage regulators. This area is predicted to grow by 27.8 percent in 2006 compared to 2005 due to rising demand for energy-effective designs and devices.

Despite a weak second half of 2006 for the overall power-management semiconductor market, expectations are high for a strong 2007. Worldwide power-management semiconductor revenue will rise to \$26.8 billion in 2007, up 13.1 percent from 2006.

Again, the leader in revenue growth is predicted to be the voltage-regulation segment, with switching regulators expanding the fastest in that area.

As for the power discretes, Metal-Oxide-Semiconductor Field-Effect Transistors (MOSFETs) will take the lead, particularly high-voltage power MOSFETs, whose revenue will grow at an average rate of 15 percent sequentially for the next few years. As demand rises next year, ASPs also are predicted to increase by the end of the second quarter of 2007 with allocation expected for several package types.

For more information on power management semiconductors, please visit: <http://www.isuppli.com>