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News Release

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OE AUTOMOTIVE SEMICONDUCTORS SET TO GROW TO \$25.5 BILLION IN 2012, BUT WILL EUROPE BRAKE THE GLOBAL MARKET?

London, England; January 4, 2012; Findings from the latest Semicast report “Automotive Market for Semiconductors — 2012 Edition” suggest the market for OE automotive semiconductors grew to \$22.7 billion in 2011, from \$20.8 billion in 2010. Revenues are forecast to increase by twelve per cent to \$25.5 billion in 2012, although growth is dependent on both rising global light vehicle production volumes and a clear resolution of the European debt crisis. However Semicast reaffirms its positive long term view of growth prospects for the OE automotive semiconductor sector, with the trends towards hybrid vehicles/EVs, enhanced safety systems and increased wireless connectivity forecast to drive semiconductor revenues in the automotive sector to \$45 billion in 2018.

Semicast forecasts global light vehicle production volumes to grow to 82.2 million in 2012, from 76.4 million in 2011. Almost two-thirds of this increase is forecast for Brazil, Russia, India and China, with China now the engine of growth for global light vehicle production. Semicast forecasts light vehicle production to grow moderately in North America in 2012 and also in Japan, as the supply chain is restored following the disruption caused by the March 2011 earthquake and tsunami. In comparison, Semicast sees a fall in European light vehicle production in 2012, as both the debt crisis and possibility of one or more countries exiting the Eurozone continue to cause uncertainty and act as a brake on business investment and consumer confidence.

History shows a direct correlation between global light vehicle production volumes and revenues for OE automotive semiconductors. Revenues fell by thirteen per cent in 2009, to \$16.6 billion, as production dropped to 57.6 million. However this was somewhat of an anomaly, with semiconductor sales into the OE automotive sector having previously increased with remarkable consistency, recording a minor fall only in 2001, before declining in both 2008 and 2009 as economic growth came to a standstill following the collapse of Lehman Brothers and the corresponding freezing of the global financial markets. Colin Barnden, Principal Analyst at Semicast Research and study author commented “Semicast forecasts continued growth in the BRIC countries to drive global light vehicle production volumes to almost 90 million in 2013, and to 110 million units in 2018. Revenues for OE automotive semiconductors are forecast to rise accordingly, to \$29 billion in 2013, and to \$45 billion in 2018”.

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Looking ahead to the future of the automotive industry, it is evident that the complex capabilities of new systems are made possible by the use of ever faster, more powerful and more complex semiconductors. Semicast estimates that the average semiconductor content per new light vehicle will grow from around \$300 in 2011 to more than \$400 in 2018, itself a CAGR of almost 5%. It is apparent therefore that the ability of automakers to comply with ever more stringent safety and environmental legislation and to satisfy the increasing expectations of the driver and passengers is dependent on steadily increasing use of semiconductors. As a result, as global light vehicle production volumes continue to rise, so the OE automotive semiconductor market will continue on the road to dependable growth.

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Notes for Editors

1. Semicast has a strategic focus on the automotive sector and provides on-going research services to the global industry. Its Automotive Electronics & Entertainment Systems Service has been developed specifically to aid automakers, Tier 1 vendors and semiconductor and software suppliers to understand on-going trends for the key automotive “under-the-hood” electronics and entertainment systems in light vehicles and to rationalize that demand to long term forecasts for system volumes, electronics value and semiconductor TAM.
2. Semicast is always willing to work with journalists to provide quotations, opinions and market information for articles. If you require further information, please contact us at [press\[at\]semicast.net](mailto:press@semicast.net)
3. Semicast is a respected provider of independent market research on the semiconductor and electronics industry. It specializes in coverage of industrial and medical semiconductors, automotive electronics, telematics/infotainment, automotive semiconductors and embedded processing.