

MIDAS Event Summary: CEO Talk Series

19 Jan 2009

Semiconductor Post-Lehman: What the Financial Crisis Means to Us



The optimism for semiconductor strength immediately following all the news about the U.S.A credit crunch and Wall Street's financial crisis has long since vanished. News of sales increases for August of more than 5 percent and relatively positive earnings expectations have since turned to across the board lay offs, slashed earnings, and historic low stock prices. Gartner has estimated that the current financial crisis will remove more than \$25 billion from the semiconductor market in 2009. While 2009 will no doubt be a difficult time for our industry, it won't last forever. There are some very powerful and positive forces that will be at work in 2009 including lower oil prices, lower interest rates and stimulus packages. There are opportunities for good companies to come out of this stronger. What is in store for us in 2009? What should companies do then to maximize opportunity when the market turns?

In this MIDAS event, speakers, panel and audience discussed the economic crisis and what it means for Singapore's semiconductor industry. Mike Holt, Partner at Get2Volume, began opened with a summary of the current situation:

- Predictions of 20% market decline in 2009
- Consumer Electronics spending dropping in 2009 to \$171B (first drop ever)
- Bright spots of growth in Solar/PV, Blue-Ray players, video game market
- CES attendance down but continued innovation and new product introductions

Kevin Meehan, Partner at Bain Capital, walked us through the overall economic environment and how this is impacting technology companies.

The panel with Mike, Kevin and Ulf Schneider, Infineon VP/GM, discussed with the audience what this means for Singapore:

- Continued consolidation of semiconductor suppliers
- Possibility of more "core IP" development done in Singapore
- Difficult 2009 with good companies positioning for success in 2010