

### European Market for Passives Expectation 2004 and first Outlook 2005

During its meeting in Solothurn, Switzerland, on March 10, 2004, the EECA - European Passive Components Industry Association (EPCIA) discussed the latest expectation 2004 and the first Outlook for 2005. EECA-EPCIA President, Pier Sacchi, commented:

*The European Passives market in 2003 declined by 2 % for all Passives, down to a level of 3,6 billion Euros; per product family the decline was:*

- 3 % for capacitors,
- +5 % for resistors and
- 4 % for "other passives" (Inductors, EMC & HF Filters and Chokes)

*The "picture" for 2004 is not clear at all. Industry tends to be a bit pessimistic. The key issue remains, as before, the price level trend!*

*The current expectation for 2004 is marginally better than a couple of months ago, with the exception of HF Filters (SAW and Microwave ceramics), and shows a 2% overall growth.*

*Resistors (+5%) will perform the best in Passives. Tantalums are expected to recover from the bad years, showing a positive growth of 13 %, contributing to an overall +3% for Capacitors.*

*In the "Rest Passives", EMC filters will grow (+8%), but HF Filters will face a further drop (-10%), resulting for the whole group in a marginal growth of +1%.*

*In a first outlook for 2005 EPCIA anticipates a cautious growth of 2 to 5%.*

#### Situation per country

In 2003 Germany has performed better than the European average, and is expected to do so in 2004 as well. Despite signs of recovery the UK (TV makers moving out!) is below the European average. France (Automotive) is stable, but Nordic is weak with recovery in last quarter (Mobile phones).

#### Main European markets for passive components

The **Lighting** sector continues to perform well and some growth is expected. This sector of industry is only present in a limited number of countries.

In **Telecom**, an important market sector for passives, **Mobile phones** have shown clear growth during Q4 of 2003. For 2004 this growth is expected to keep on and accelerate.

**Industrial**, significant in several countries, has grown during last year and this trend is estimated to carry on.

The **Automotive** sector has shown a modest but persistent increase and that is anticipated to continue in 2004. Not so much by increased car sales, but the constantly growing number of electronics in the car. A further growth of **Audio/Video** in East Europe will take place.

**Sub-contracting (EMS)** business is stable with a lot of shifts. For 2004 new growth attempts can be observed.

The **Distribution sales of Passives** have enjoyed growth in 2003. Their strong performance is most likely to persist in 2004.