

### European Market for Passives Latest Expectation 2004 and Forecast 2005

During its meeting in Brussels, Belgium, on November 23, 2004, the EECA - European Passive Components Industry Association (EPCIA) discussed the latest expectation 2004 and the forecast for 2005.

EECA-EPCIA President, Pier Sacchi, commented:

*After a good Q1 and Q2, the following quarters were clearly below plan, due to e.g. price erosion, Distribution destocking.*

*The current expectation for **2004** of **Total Passives** is equal (+2%) to that of July this year, but there are differences at product level.*

*Capacitors had to adjust their expectations a bit downwards and Resistors even more, whereas the Electromagnetic components and (HF & EMC) Filters are more optimistic than in July.*

*Within **Capacitors** (+2% growth), the Film caps are suffering very much from price erosion and expect even a negative growth compared to 2003. The Tantalums maintain their optimistic +8% expectation, but Aluminium Elcaps and Ceramic caps adjusted to +2%.*

***Resistors** (-1%), reckons with a minimal +1% for the fixed Resistors and -4% for the Varistors, Thermistors & Sensors, due to high inventories e.g. at Distribution.*

*In the **Rest Passives** the +2% growth is a result of +7% for Inductors and Chokes, +14% for EMC Filters and -10% for HF Filters.*

*For **2005** the different product families expect a growth ranging from 0 to +7% (HF and EMC Filters), resulting in an overall conservative growth that ranges from **+2 to +4%** for **Total Passives**.*

#### Situation per country

The market development as reported in the adjacent text is seen in all Western European countries.

In the UK and France the mobile telecom industry has disappeared.

Growth can be seen in Eastern Europe, and there the familiar western European customers are found more and more.

#### Main European markets for passive components

The **Automotive** sector remains to be the major driver, with a slight growth. The number of electronic functions in the car is growing further and specifically in power components.

In **Telecom**, a very important application segment for Passives, the mobile phones are growing and will do so next year. The number of (also passive) components will increase further, due to the many new functions. The upcoming UMTS will boost the number further.

**Industrial**, significant and stable in many countries, is very fragmented. Lighting and Medical are two of the strong and important parts of this segment.

**Audio/Video** sees further growth in East Europe and Turkey. Almost all low-end TV is made in Turkey now.

**Sub-contracting (EMS)** is growing again. Interesting is the upcoming of mid-size OEMs

**Distribution** is currently facing difficulties currently and is selling its (too high) stock.

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