

### European Market for Passives Reality 2005, Latest views 2005 and 1<sup>st</sup> Outlook 2006

During its meeting in Paris, France, on May 23, 2006, the EECA - European Passive Components Industry Association (EPCIA) discussed the reality 2005, the latest views for 2006 and the first outlook for 2007.

EECA-EPCIA President, Pier Sacchi, commented:

*The European Passives market in 2005 has shown a 3% overall decrease compared to 2004*

*Feed-thru EMC Filters (-20%), Tantalum capacitors (-12%) and HF Filters (-7%) did suffer the most*

*For total **capacitors** the decrease was 'limited' to -3%, due to the relatively good performance of the aluminium electrolytic capacitors.*

*Resistors ended at -2% and the electro-magnetic components and filters in total scored -3%.*

*The forecast for 2006 is a recovery with about +3 % for **all Passives**.*

*For Feed-thru EMC Filters (-20%) and HF Filters (-3%) are the only passives that carry on the negative growth.*

*All other families do show positive figures. Capacitors will grow overall +5% with Tantalum (+9%) as runner in front. Resistors show +4% and standard EMC filters +5%.*

*The first outlook for 2007 demonstrates a further growth for Capacitors and Resistors (4-5%), but not for Electromagnetic components and Filters.*

#### Overall situation

The market development as reported in the adjacent column is not equally shown in all Western European countries. The highest growth expectations are for Nordic and UK France was suffering most from the production shifts to the Far East.

The growth in the Eastern European countries continues.

The business in Asia remains good.

#### Main European markets for passive components

The **Automotive** sector, of mayor importance for Passives, is showing highest share, which is expected to grow further. The number of electronic functions in the car is growing, such as tyre pressure systems and key-less cars

In **Telecom**, second largest segment for Passives. The mobile phone business is not healthy, due to further shifts to the Far East **Industrial**, significant (3<sup>rd</sup> most important application sector for Passives) and stable in many countries, is growing. In this segment the 'Machinery' is growing

**Audio/Video** has shifted to East Europe and Turkey during the last years. But the market for CRT-TVs is suffering severely from the further advance of LCD-TVs.

**Sub-contracting (EMS)** continues to move out of Europe, which causes a further decline in the Passive sales to that sector.

**Distribution** is growing again. The destocking, boosted by the close introduction of the requirement to supply only RoHS compliant ("Lead free") products from July next year onwards, is now over. At some places stock building is observed.