

### European Market for Passives 2008 and Outlook 2009

During its October meeting at PWC\* in Zurich (Switzerland), the EECA - European Passive Components Industry Association (EPCIA) has discussed the market development 2008 and 2009. EECA-EPCIA President, Ralph Bronold, commented:

*The experts of EPCIA saw a weakening of the European Passives market in the second half 2008 and expect a further decrease in 2009 due to the global financial crisis.*

For **Capacitors** and **Resistors** 2008 is expected to end at the same level as in 2007. The **Electromagnetic Components** and **EMC-Filters** will grow with around **1%**. Compared to 2008 it is expected that capacitors will show a minus in 2009 of **2%**; for resistors a minus of approx. **4%** is estimated. For HF-Filters a rather flat development is expected in 2009.

*The overall outlook for 2009 will be a minus of 1% over 2008 for **Total Passives**, while the overall Passives Market will increase in 2008 with around 1%.*

#### Overall situation

The market development as reported above is similar in most Western European countries. The highest growth expectations are for Central Eastern Europe.

France is still suffering most from the shift of production to low labour cost areas (automotive and EMS). Germany maintains comparably well.

#### Main European market segments for Passive Components

The **Automotive** sector, of major importance for Passives, will long-term continue to grow further due to the ever

increasing requirements with regards to fuel saving, environmental- and safety regulations but also comfort and car-entertainment applications. Nevertheless, this market segment has been affected most by the present financial crisis and a fundamental improvement is not likely within the next months.

The **Telecom** segment is also under pressure in consequence to the current market environment and the ongoing production shift to Far East but especially the base station business is still running fairly well.

The **Industrial market** is expected to remain significant in Europe with continued growth. Applications in the renewable energy area will boost the long-term growth further. Short-term there is a softening of the market caused by the present environment.

**Consumer Electronics** production has shifted to East Europe and Turkey in the last 10 years. Therefore the decline of the global consumer market has a smaller impact on the European Passives market.

**Sub-contracting (EMS)** indications are that OEMs are taking back the responsibility for negotiating/purchasing of components.

**Distribution:** This sector is facing a considerable downturn in business since the third quarter of 2008. Reportedly, the long-term visibility is very much limited and expectation for 2009 is rather pessimistic.

\* PricewaterhouseCoopers

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