

HP is ranking #1 as MEMS manufacturer in 2007

Yole Développement innovates, unveiling for the first time a Preliminary TOP 30 MEMS manufacturers

Although automotive applications continue to fuel the MEMS market, the real driver for growth is coming from consumer applications. STMicroelectronics (consumer MEMS business unit), Analog Devices or Avago Technologies record more than 20% of annual growth rate from 2006 to 2007 (MEMS in mobile phones, gaming systems or sport applications). Knowles acoustics with its MEMS Silicon Microphone and Avago Technologies with FBAR components are two companies of the TOP 30 that shows a growth rate exceeding 35% (compared to 2007).

Major evolution in the 2007 TOP 30 MEMS Manufacturers ranking:

Hewlett Packard becomes the 1st MEMS manufacturer with more than \$850M in 2007, thanks to HP inkjet printhead based on its innovative Scalable Printing Technology (unveiled in 2005) and good financial health of the company. HP is supplanting Texas Instruments that record a sales decrease of more than 10% this year. Our first hypothesis for this decrease is a strong price pressure for DLP and strong competition from other FPDs technologies (LCD, Plasma).

Nine companies are above \$200M sales, compared to only 4 companies 2 years ago. Analog Devices is a newcomer, boosted by MEMS accelerometers demand for consumer applications.

Only 2 companies are expected to decline in sales in 2007. Apart Texas Instruments, Lexmark is reporting a slight global decrease in 2007. The inkjet head company has not been unveiling innovation since years, thus giving more room for its competitors.

The sales of the top 30 companies is growing at a lower rate compared to the MEMS industry (7% compared to 9%), signifying a strong vitality of the small and medium players. Global TOP 30 sales are estimated to reach \$5.6B representing about 80% of the global MEMS market.

The new entrant in the TOP 30 is FLIR Systems, worldwide leader of un-cooled microbolometer based on MEMS technologies. It reaches the 26th rank of our 2007 Preliminary TOP 30 MEMS manufacturers.

One company is leaving the TOP 30: Kionix, manufacturer of accelerometers and gyros.

The 2007 sales of the last TOP 30 Company is \$37M in 2007 (compared to \$26M in 2006), showing an overall good health for the MEMS market.

As the previous years, the print head manufacturers are always in the TOP 10 with HP, Lexmark, Seiko Epson and Canon. But this year Lexmark recorded a decrease in global sales.

Apart from these changes, the growth of the business is impacting most of the players. We do not forecast other major changes in the ranking of MEMS companies for 2007. The big changes will happen in 2009 – 2010 after the M&A wave and when the changes in the manufacturing infrastructure (move from 6-inch to 8-inch) will impact the profitability of the companies.

Thanks to these optimistic results, we think 2008 could be the first year when a MEMS company will reach US\$1B sales.

The preliminary TOP 30 MEMS Manufacturers is based on Yole's market research and expertise covering the MEMS field with more than 1500 industrial contacts per year. Yole Développement is still analyzing in detail the MEMS market and TOP 30 manufacturers to deliver the most accurate information on this growing market.

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