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European Electronic Markets Forecast

Industry outlook – West European electronics production

With the global economy moving out of recession led by the impact of the various government stimulus packages and with some signs of returning consumer confidence the electronics industry in Western Europe is expected to rebound in 2010 after the sharp downturn in 2009. The recovery is expected to gain momentum in the second half of the year as corporate investment picks up, although confidence remains fragile with considerable downside risks.

In 2009 electronics output, according to Reed Electronics Research's annual survey of the region, is estimated to have fallen by 14.0%, with electronics equipment declining by 12.9% to Euro 111.8 billion and component production by 17.6% to Euro 33.8 billion (in constant 2008 exchange rates equipment production declined by 11.6% and components by 14.9%). In 2010, electronics output is forecast to decline by a modest 0.5%.

The first decade of the 21^{st} century has seen a major transformation in the structure of the West European electronics industry. The migration of volume manufacturing to lower cost locations has resulted in an industry focused on industrial, high-end communications and defence. In 2009, industrial accounted for 32% of electronics output and although declining by 6.2% for the year as a whole it was significantly below the average for the region as whole. Communications saw a more significant decline in 2009 as the major equipment manufacturers in the region scaled back operations or closed facilities. A further, but more modest decline is forecast for 2010. Computing, which accounted for 31% of electronic equipment production in 2000 will hold a forecasted 18% a decade later.

In 2009, it was announced that the remaining TV production facilities in the UK and Belgium would close and operations in France and Germany were further scaled back leaving only Spain with significant production in Western Europe. With the two principal manufacturers, Sharp and Sony having production facilities in lower cost locations output is expected to be further reduced in the period to 2013.

Pressure on prices continues to impact all areas of the industry and in particular the component sector. In 2009, Germany, Spain and Italy which had benefited from the recent surge in the solar industry were impacted by the slowdown in the sector. The move to asset light manufacturing in the semiconductor

West European Electronics Production 2006-2013

Euro Millions	2006	2007	2008	2009*	2010*	2011*	2012*	2013*
Computing	36150	32923	27397	21861	20106	19085	18358	17708
Industrial	48321	49710	49568	46498	48171	50188	52473	54803
Communications	54525	51166	44180	37339	36883	36966	37410	37872
Consumer	9307	8681	7180	6109	5696	5533	5379	5252
Components	42116	42522	41037	33824	33984	34511	35168	35602
Total	190419	185002	169363	145632	144841	146282	148788	151237

Source: Reed Electronics Research
*Notes: Computing includes office equipment; Communications includes radio communications (inc defence) and telecommunications; industrial includes control and instrumentation and medical and industrial. * Forecast in constant 2009 values*

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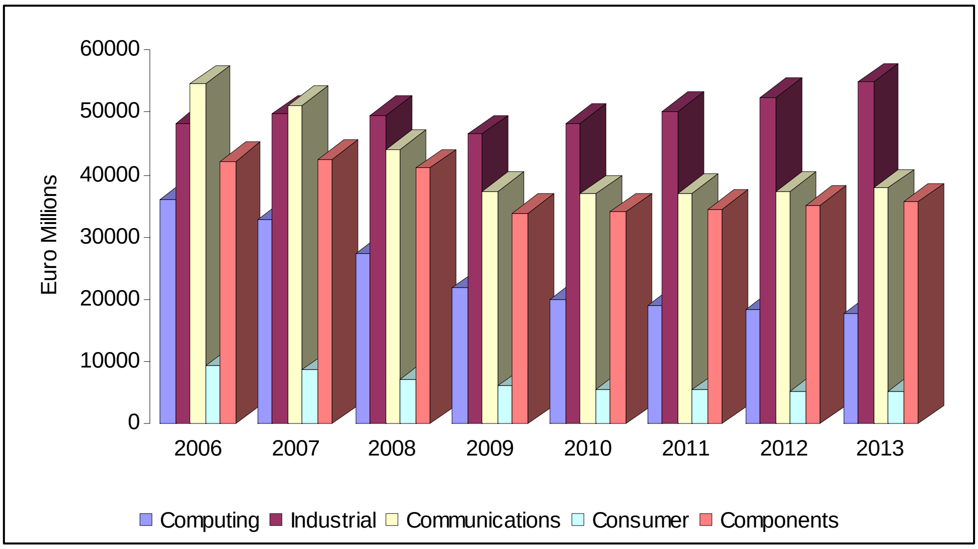

Figure 1 West European Electronics Production by Product 2006-2013
Source Reed Electronics Research

industry and competition from far eastern manufacturers in commodity components has resulted in production being scaled back. The downturn in the automotive sector, which started in the final quarter of 2008 and continued through into 2009, had a major impact on the PCB and connector industries.

In the period to 2013 the focus will continue to be on higher margin products in key sectors such as medical, industrial, aerospace & defence, renewable energy, high-end communications and computing. Automotive, as it recovers from the almost unprecedented decline in vehicle production, will once again be a key driver in particular in Germany. As a result electronics production in Western Europe is expected to stabilize with low single-digit growth in the period to 2013 when electronics output will reach Euro 151 billion. Equipment will account for 76% of the total at the end of the forecast period and components 24%.

Although in value terms German production has fallen back since it peaked in 2000 its focus on industrial and automotive has resulted in the country outperforming the other major countries in the region. In 2009, it is estimated that the country accounted for 32% of total electronics output in Western Europe, up from 22% in 2000 and by the end of the forecast period will have edged up to 33%. In 2009, industrial accounted for 41% of overall German production of Euro 47.3 billion and 59% of electronics equipment output in the country.

In contrast, France and the UK has seen a significant fall in output since 2000 as volume manufacturing in the computer, communications and consumer sectors were relocated to lower cost locations. Between 2000 and 2009 output in France and the UK has fallen by 52% and 74%, respectively. The two countries, however, continue to have well established electronics industries with growth opportunities as we move out of the current downturn. In 2009, France accounted for 14% of West European electronics production and the UK 11% at Euro 19.9 billion and Euro 15.7 billion, respectively. (Based in Euro the value of UK electronics output at 2008 exchange rates would have been Euro 17.5 billion)

The three major producing countries accounted for 57% of total output in 2009 with this expected to rise to 58% in 2013.

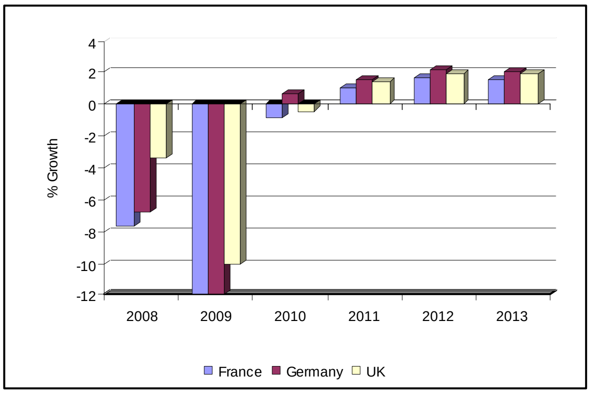

Figure 2 Annual Growth Rates for Electronics Production by Major country 2008-2013 (%)

Note: Based on local currencies
Source: Reed Electronics Research

The above data has been extracted from Reed Electronics Research's database of global electronics production and market statistics. In addition to regular publications, including the 2010 edition of Volume 1 of the Yearbook World Electronics Data covering Western Europe (available February), data can be supplied on individual countries or product groups. Historical data is also available. For further information please contact anita.caird@rer.co.uk /Tel: +44 1235 227310.

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EMEA PC up 3.5% in Q4 09

In line with expectations, the PC market in Europe, the Middle East, and Africa returned to positive growth in the fourth quarter of 2009. Supported by sustained consumer demand in the Christmas season and a return to positive dynamics in Central Eastern Europe, PC shipments recorded an increase of 3.5% year on year in Q4 09 according to preliminary data released by IDC EMEA. Growth for the year closed at -5.3% with nearly 97 million units shipped across the EMEA region in 2009.

The market continued to be driven by portable form factors, which maintained double-digit trends at 13.7%, while desktop shipments contracted 13.3% Y/Y.

Desktop shipment levels remained constrained, directly impacted by continued weakness in the commercial segment, but improved from previous quarters. However, an explosion in the number of new all-in-one models in the consumer space stimulated consumer desktop sales, which, along with renewal cycles expected to pick up in the business space and emerging markets, will help drive healthier volume levels for desktops next year. Dynamics in the portable PC market continued to be driven by consumer demand in the final quarter of the year. Traction for mini notebooks and low-priced entry-level systems continued unabated, with vendors deploying push across both retail and telco channels during the Christmas season. Demand levels were slightly under expectations for mainstream notebooks, however, despite the Windows 7 launch.

With five million units shipped this Christmas season, the mini notebook market reached a volume of 14.5 million in 2009, representing an expansion of 110% compared to 2008. Mini notebooks will remain hot in 2010, but growth is likely to display slightly lower double-digit rates, as the renewal of mainstream notebooks gains pace. In addition, there will be new contenders like thin and light portables, smartbooks, and tablet-based devices to steal the limelight from mini notebooks and potentially stir up the competition in the coming quarters.

Western Europe continued to benefit from solid consumer demand in the Christmas quarter, driven by continued traction for mini notebooks as well as new all-in-one form factors, which provided a much-awaited boost in consumer desktop demand. But the business market remained constrained with both commercial desktop and portable shipments continuing to show decline, although improving from previous quarters, as businesses maintained cautious spending in the final quarter of the year.

The final quarter of the year marked a return to positive dynamics in Central Eastern Europe, with shipments recording an encouraging 10.1% increase to 5.8 million units after four quarters of market contraction. While several markets remained affected by continued economic pressure, the two largest markets — Russia and Ukraine — saw shipment levels resurge and benefited from favorable year on year comparisons after the market collapsed in Notebook shipments were up 37.5% year on year in Q4 09, well above expectations, while desktop shipments contracted 16.0% as anticipated. PC shipments in the Middle East and Africa (MEA) grew 17.5% year on year in the fourth quarter, driven by strong growth for portable PCs, up 57.5% compared with the same quarter last year. Despite the MEA region being less affected by the economic crisis in 2009, and strong growth in the notebook space, the overall Central and Eastern Europe and Middle East and Africa (CEMA) PC market contracted 14.0% year on year in 2009.

Vendor Highlights

HP regained first place in the EMEA ranking, despite a soft performance overall. The vendor faced stiff competition particularly in the portable PC market, but strengthened its leadership in the desktop space across both consumer and commercial segments, benefiting from a new commercial desktop lineup and additional all-in-one models in the consumer space. Overall, HP continued to drive solid execution in the consumer and commercial segments and also benefited directly from gradual market recovery in the emerging markets.

Acer slid back to second place, but continued to drive share consolidation in EMEA with aggressive promotions and push across both mini notebooks and mainstream notebooks. Aggressive offers on mainstream notebooks also assisted Acer to gain share across both consumer and SMB segments. In addition, the vendor has been actively expanding its product portfolio to offer a wide range of thin and light ultra portables as well as all-in-ones for both consumer and commercial segments. The vendor also benefited from the recovery of volumes in the CEE region.

Dell enjoyed a rebound to positive growth in PC shipments, thanks to solid consumer demand across both form factors, leveraging from an extended product portfolio with new ultra portables and all-in-ones. Like most players, the vendor remained affected by continued weakness in commercial demand. Continued expansion in terms of go-to-market and product will remain among the vendor's focuses in 2010.

Asus also returned to positive growth, supported by robust expansion in the CEMA region, while strong performance across key countries such as France, Germany, and Italy contributed to a rebound in Western Europe as well. Leveraging from the success of the Eee PC, Asus continued to push its Eee Top and Eee Box product lines as well, gaining good traction among consumers during the Christmas season.

Toshiba posted flat growth, directly impacted by further contraction in CEE, while facing a challenging competitive environment in Western Europe. However, the vendor reported increasing mini notebook volumes, thanks to its participation in a Spanish education programme. Toshiba further expanded its consumer and commercial product lines with thin and light models, but was adversely impacted by component shortages.

Reinforcing its sixth position in the EMEA ranking, Lenovo reported solid growth again this quarter, driven by major expansion in the CEMA region, while posting positive growth in Western Europe, thanks to further inroads in the consumer segment. Samsung confirmed its seventh position, enjoying yet another buoyant quarter, leveraging from its mini notebook push and large footprint in the telco channel, while Apple and Sony also continued to deliver healthy performances, leveraging from a strong product lineup in the consumer space.

Top 5 Vendors: Europe, Middle East, and Africa (EMEA) PC Shipments Q4 09 (Preliminary) (000 Units)

Vendor	Q4 08	Q4 09	Share Q4 08	Share Q4 09	Q4 09/Q4 08 Growth
HP	6,296	6,127	21.4%	20.2%	-2.7%
Acer	4,716	5,951	16.1%	19.6%	26.2%
Dell	2,733	2,800	9.3%	9.2%	2.4%
Asus	2,027	2,420	6.9%	8.0%	19.4%
Toshiba	1,733	1,739	5.9%	5.7%	0.3%
Others	11,849	11,341	40.4%	37.3%	-4.3%
Total	29,355	30,378	100%	100%	3.5%

Top 5 Vendors: Europe, Middle East, and Africa (EMEA) PC Shipments 2009 (Preliminary) (000 Units)

Vendor	2008	2009	Share 08	Share 09	2009/2008 Growth
HP	20,620	19,996	20.2%	20.7%	-3.0%
Acer	16,756	19,512	16.4%	20.2%	16.4%
Dell	10,935	9,256	10.7%	9.6%	-15.4%
Asus	6,465	6,194	6.3%	6.4%	-4.2%
Toshiba	6,087	5,662	6.0%	5.9%	-7.0%
Others	41,157	35,949	40.3%	37.2%	-12.7%
Total	102,019	96,570	100%	100%	-5.3%

Source: IDC EMEA Quarterly PC Tracker, Preliminary Results, Q4 09, January 2010

**PC shipments = desktop and notebooks.*
Shipments are branded shipments for all form factors (including desktops and notebooks) and exclude x86 servers as well as OEM sales for all vendors. Data for all vendors is reported for calendar periods.

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Market notes

- Sales of flatscreen televisions in Europe are set to reach a new record high this year. This is the conclusion of the *European Information Technology Observatory (EITO)* market research institute on the basis of current data. According to this report, some 50.2 million flatscreen TVs are expected to be sold in the EU during 2010, which amounts to a 6% increase over the previous year. According to the report the largest single market for televisions in Europe is the UK and which is expected to increase by 5% to around 10.5 million sets in 2010. In Germany, sales are expected to rise by 4.7% to 8.2 million sets. France is at a similar level, with an increase of 4.6% to 6.9 million sets. Spain is recording the strongest growth amongst the major EU nations. Here, sold units of flatscreen televisions are expected to increase in 2010 by 10% to 5.4 million sets. By contrast, Italy is recording a substantial decrease. Sales are set to fall here by around 4.1%, to some 5.7 million sets. In spite of the strong growth in sales, the revenues generated with flatscreen TVs in 2010 will, according to the EITO forecast, decline in the European Union by 3% to Euro 26.7 billion. Between 2006 and 2010, the average price for flatscreen TVs will have almost halved in the EU from Euro 1,000 to Euro 530. Compared to the previous year, the average price in 2010 is expected to fall by 8% (2009: Euro 580).

- According to a recent report from *Pike Research*, the global market for portable fuel cells will increase to US$2.3 billion by 2016, up from just US$185 million in 2009. According to the company the leading market segment by 2016 will be fuel cells in the 500 watt to 2 kilowatt range, which serve as a replacement for gasoline and diesel generators and are used in watercraft, combat support systems, and auxiliary power units. The 100-500 watt power level will be the second largest segment; this category has applications for first responder battery charging, power tools, and unmanned vehicles.

- According to a new report from *ABI Research*, the number of smart electric meters deployed worldwide will rise from a 2009 level of 76 million to reach about 212 million in 2014.

- The worldwide mobile phone market grew 11.3% in the fourth quarter of 2009, ending five consecutive quarters of retrenchment. According *IDC* vendors shipped 325.3 million units in Q4 09 compared to 292.4 million units in the fourth quarter of 2008. Vendors shipped a total of 1.13 billion units on a cumulative worldwide basis in 2009, down 5.2% from the 1.19 billion units shipped in 2008. IDC anticipates that the worldwide mobile phone market will rebound in 2010 on the back of the global economic recovery and pent-up demand. The Western European handset market grew on both a year-over-year and sequential basis in Q4 09. LG Electronics and Samsung performed particularly well thanks to their collective strength in the traditional mobile phones segment while Apple, Nokia, and Research In Motion helped sustain growth in the converged mobile device market. On a full-year basis, however, shipments into the region still declined as the improved second-half performance was not enough to offset the declines in the first half. In CEMA (Central and Eastern Europe, Middle East, and Africa), vendors found pockets of improvement during Q4 09, but overall sales in the region were focused on entry-level handsets targeted at first-time users.

- According to *DisplaySearch* LED backlighting and 240 Hz LCDs will serve as enabling technologies for new feature developments in TVs in 2010, specifically for 3D TVs, an area of intense interest to TV manufacturers. DisplaySearch forecasts 3D-ready TVs will grow from 0.2 million units in 2009 to 64 million units in 2018. DisplaySearch forecasts the shipment of LED backlight units for LCD TVs to grow from 36.5 million units (a 20% penetration rate) in 2010 to 184.9 million units (a 72% penetration rate) in 2015.

- Worldwide PC shipments surpassed 90 million units in the fourth quarter of 2009, a 22.1% increase from the fourth quarter of 2008, according to preliminary results by *Gartner Inc*. It was the strongest year over year growth rate the worldwide PC market has experienced in the last seven years. It should be noted that these numbers are compared to a very weak quarter a year ago due to the economic downturn at that time.

Finance

- German industrial group **Robert Bosch** has posted its first annual loss since 1945 following a fall in sales in 2009 of around 16% to Euro 38 billion. The company's pretax loss is expected to be between Euro 1.14 billion and 1.52 billion. In 2009, sales at Bosch's automotive division fell 18% to Euro 21.7 billion. The company reported that its Automotive business has improved since the middle of 2009 and it expects it to boost sales by 10% this year and is aiming to reach its pre-recession sales level again in 2012. Bosch expects global car production to grow at a rate 10% to 15% this year.

- AT&S, Europe’s largest indigenous PCB manufacturer, has reported sales of Euro 101.2 million for its fiscal third quarter ending December 2009. During the third quarter of FY 2009/10 capacity utilisation returned to high levels at all AT&S plants, and pushed quarterly revenues back above the

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Sony Ericsson Mobile Communications Q4 2009

Euro Millions	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09
Sales	2820	2808	2914	1736	1684	1619	1750
Net Income/(Loss)	6	(25)	(187)	(293)	(213)	(164)	(167)
Units Shipped (million)	24.4	25.7	24.2	14.5	13.8	14.1	14.6

Trends/Outlook

Units shipped in the quarter were 14.6 million, a sequential increase of 3% and a year-on-year decrease of 40%. Sales for the quarter were Euro 1,750 million, a sequential increase of 8% and a year-on-year decrease of 40%. The sequential increase was driven by market seasonality and successful sales of Satio™ and Aino™ phones. The year-on-year decrease in both units and sales was mainly due to a downturn in the global handset market and a faster than anticipated shift to touch screen phones in the mid-priced sector of the market. Average Selling Price (ASP) for the quarter rose sequentially by 5% to Euro 120 due to a more favourable product mix. For the full year the company shipped 57.1 million units down from 96.6 million in 2008. Sony Ericsson estimates that the global handset market in units for the fourth quarter 2009 was flat year-on-year and that its market share was about 5% in the fourth quarter. Sony Ericsson believes that the global handset market for the full year 2009 decreased in volume by around 8% year-on-year to around 1.1 billion units and that its market share in units for the full year 2009 was about 5%. Sony Ericsson forecasts a slight growth in units in the global handset market in 2010.

Nokia Q4 2009

Trends/Outlook

Nokia's fourth quarter 2009 net sales decreased 5% to Euro 12.0 billion, compared with Euro 12.7 billion in the fourth quarter 2008. At constant currency, group net sales would have decreased 4% year on year. For 2009, Nokia's net sales decreased 19% to Euro 41.0 billion (Euro 50.7 billion in 2008). Net sales of Devices & Services for 2009 decreased 21% to Euro 27.9 billion (Euro35.1 billion). Net sales of Nokia Siemens Networks decreased 18% to Euro 12.6 billion (Euro 15.3 billion). Net sales of NAVTEQ were Euro 670 million in 2009 (Euro 361 million for the six months ended 31 December 2008).

Euro Millions	Q4 08	Q4 09
Devices & Services	8141	8179
NAVTEQ	205	225
Nokia Siemens Networks	4338	3625
Eliminations	(22)	(41)
Sales	12662	11988
Profit	551	882

In the fourth quarter 2009, the total mobile device volumes of Devices & Services were 126.9 million units, representing an increase of 12% year on year and 17% sequentially. The overall industry mobile device volumes for the same period were 329 million units based on Nokia's estimate, representing an increase of 8% year on year and 14% sequentially. Of the total industry mobile device volumes, converged mobile device industry volumes in the fourth quarter 2009 increased to 52.4 million units, based on Nokia's estimate, compared with an estimated 47.0 million units in the third quarter 2009. Nokia’s converged mobile device volumes, comprising the company’s smartphones and mobile computers, were 20.8 million units in the fourth quarter 2009, compared with 15.1 million units in the fourth quarter 2008 and 16.4 million units in the third quarter 2009. Nokia's share of the converged mobile device market was an estimated 40% in the fourth quarter 2009, up from an estimated 35% in the third quarter 2009. Nokia shipped approximately 4.6 million Nokia Nseries and approximately 6.1 million Nokia Eseries devices during the fourth quarter 2009, up from the combined 8.9 million Nseries and Eseries devices shipped in the third quarter 2009.

Million units	Q4 2009	Q4 2008	Y/Y Change	Q3 2009
Europe	34.3	34.7	-1.2%	27.1
Middle East & Africa	24.3	18.2	33.5%	19.6
Greater China	17.6	12.9	36.4%	18.5
Asia-Pacific	34.5	29.9	15.4%	30.5
North America	3.8	4.1	-7.3%	3.1
Latin America	12.4	13.3	-6.8%	9.7
Total	126.9	113.1	12.2%	108.5

Based on the company’s preliminary market estimate, Nokia's mobile device market share for the fourth quarter 2009 was 39%, compared with 37% in the fourth quarter 2008 and 38% in the third quarter 2009. The year on year market share increase was driven by higher market share in all regions except North America, where the company’s market share was flat. Nokia’s sequential market share increase was driven primarily by higher market share in Asia-Pacific, Middle East & Africa, Europe and North America. The company’s market share was sequentially down in Greater China and Latin America. Mobile device average selling price (ASP) in the fourth quarter 2009 was Euro 63, down from Euro 71 in the fourth quarter 2008 and up from Euro 62 in the third quarter 2009. The lower year on year ASP was primarily due to price erosion, a higher proportion of lower-priced entry level device sales and to a lesser extent unfavorable changes in foreign exchange rates. Nokia continues to expect industry mobile device volumes to be up approximately 10% in 2010, compared to 2009. Nokia continues to target its mobile device volume market share to be flat in 2010, compared to 2009.

News

Nokia Siemens Networks Q4 2009

Fourth quarter 2009 net sales decreased 16% to Euro 3.6 billion, compared with Euro 4.3 billion in the fourth quarter 2008, reflecting challenging competitive factors and market conditions. At constant currency, Nokia Siemens Networks net sales would have decreased 17%. Of total Nokia Siemens Networks net sales, services contributed Euro 1.7 billion in the fourth quarter 2009. For the full year net sales of Nokia Siemens Networks decreased 18% to Euro 12.6 billion in 2009, compared with Euro 15.3 billion in 2008. At constant currency, net sales of Nokia Siemens Networks would have decreased 16%. Europe accounted for 37% (37%) of Nokia Siemens Network's net sales, Asia-Pacific 22% (25%), Middle East & Africa 13% (13%), Latin America 11% (11%), Greater China 11% (9%) and North America 6% (5%). Nokia Siemens Networks continue to expect a flat market in euro terms for the mobile and fixed infrastructure and related services market in 2010, compared to 2009.

Nokia Siemens Networks Sales by Geographic Area

Euro Million	Q4 2009	Q4 2008	YoY Change	Q3 2009
Europe	1 327	1 636	-18.9%	1 062
Middle-East & Africa	371	615	-39.7%	387
Greater China	425	409	3.9%	335
Asia-Pacific	818	967	-15.4%	567
North America	244	198	23.2%	127
Latin America	440	513	-14.2%	282
Total	3 625	4 338	-16.4%	2 760

STMicroelectronics Q4 2009

Trends/Outlook

ST's net revenues for the fourth quarter of 2009 totalled US$2,583 million and include sales recorded by ST-Ericsson as consolidated by ST. Net revenues increased 13.6% sequentially, reflecting an increase in demand across all of ST's served market segments, as well as in all regions, with particular strength in Japan, Greater China and the Americas. Net revenues increased in comparison to the year-ago quarter in all market segments except Consumer and Industrial, and in all regions except Japan, reflecting the broad-based recovery in the semiconductor market. On a sequential basis, all market segments posted growth, with Computer increasing by 22%, Industrial by 19%, Automotive by 19%, Consumer by 12% and Telecom by 1%. Distribution increased 35%, reflecting strong demand and improving market conditions. In comparison to the year-ago quarter, all segments increased except for Consumer and Industrial, down by 11% and 7%, respectively. Automotive was up by 23%, Telecom by 17% and Computer by 37%. Distribution increased 12% in comparison to the year-ago period reflecting the realignment of stock with demand and improved industry conditions. ACCI (Automotive/Consumer/Computer/Communication Infrastructure Product Groups) fourth quarter net revenues increased 17% sequentially to US$997 million, mainly driven by automotive, set-top box and computer peripherals and reflected solid holiday sales and continuing improvement in industry conditions. IMS (Industrial and Multisegment Product Sector) fourth quarter net revenues increased 23% sequentially to US$854 million, driven by strong growth in microcontrollers, analog, smartcards and power discretes and reflected improved market conditions and solid growth in the multi-segment market and in distribution. Wireless net revenues in the fourth quarter increased 1% sequentially to US$712 million. Net revenues were driven by continued demand in China. Wireless operating loss in the fourth quarter narrowed to US$48 million benefiting from the ongoing cost restructuring plans, compared to an operating loss of US$75 million in the prior quarter. Wireless operating results in the fourth quarter of 2009 exclude US$61 million in restructuring charges related to ST-Ericsson, as consolidated by ST. Capital expenditures were US$190 million during the fourth quarter of 2009, compared to US$98 million in the prior quarter and US$206 million in the year-ago quarter. For the full year 2009, capital expenditures totalled US$451 million, compared to US$983 million in 2008 and were consistent with the Company's expectations and to the Company's new asset lighter model. Inventory was US$1.28 billion at quarter end, down from US$1.30 billion at 26 September 2009 and US$1.84 billion at 31 December 2008. Inventory turns in the fourth quarter improved to a record 5.1 turns compared to 4.8 turns sequentially and 3.1 turns in the year-ago quarter. Net revenues, as reported, for the full year 2009 were US$8.51 billion compared to 2008 revenues of US$9.84 billion, which included $299 million in Flash revenues that were deconsolidated on March 30, 2008. In the fourth quarter, ST continued certain ongoing restructuring activities and headcount-reduction programs to streamline its cost structure. The Company's US$1 billion savings and productivity plan, encompassing manufacturing, the rationalization of sites and capturing synergies in wireless, is about three-fourths complete at the end of the year. On 3December 2009, ST-Ericsson expanded its restructuring plan, targeting additional annualized savings of US$115 million in operating expenses and spending, along with an extensive R&D efficiency program. The targeted time of completion of this new plan is the end of 2010.

US$ Millions	Q4 08	Q3 09	Q4 09
Sales	2276	2275	2583
ACCI	899	852	997
Industrial & Multisegment	791	694	854
Wireless Products	575	704	712
Other	11	25	20
Profit/(Loss) before Income Tax	(366)	(201)	(70)

Ericsson Q4 & Full Year 2009

Trends/Outlook

SEK Billions		Q4 08	Q4 09	2008	2009
Sales		67.0	58.3	208.9	206.5
of which:	Networks	45.8	38.5	142.0	137.1
	Multimedia	3.9	3.4	12.7	13.3
	Professional Services	16.2	16.5	49.0	56.1
Net Income		4.1	0.7	11.7	4.1

Sales in the fourth quarter for the Swedish telecommunications equipment manufacturer were 16% lower year-over-year for comparable units, i.e. excluding Ericsson Mobile Platforms and the acquired Nortel CDMA and LTE business in North America, and decreased 20% after taking into account exchange rate effects and hedging. Networks' sales in the final quarter declined by 16% year-over-year while full year sales declined by 3%, the company maintaining its share of the mobile infrastructure market. During the second half of 2009, Networks' sales were impacted by reduced operator spending in a number of markets. Compared to the all-time-high GSM volumes in 2008, volumes decreased and are not yet offset by increased sales of WCDMA and initial rollouts of LTE. The IP-router business developed well during the year. In the final quarter, the Nortel business added a total of SEK 2.7 billion of sales with an operating margin well above Networks' average driven by year-end seasonality. Multimedia sales in the fourth quarter for comparable units, i.e. adjusted for the divestment of the PBX and mobile platform operations, decreased year-over-year by 14% mainly due to tough comparison with a strong fourth quarter 2008 and somewhat slower sales of revenue management solutions in several emerging markets. However, TV and multimedia brokering (IPX) continued to show good development. The combined strength of the business support systems (BSS) offering and the strong services portfolio is generating increased operator interest. For the full year, sales increased by 5% for comparable units. Multimedia brokering (IPX) and revenue management solutions showed good development despite a decline in the fourth quarter. Western Europe sales declined 21% year-over-year in the fourth quarter and 6% for the full-year for comparable units, i.e. excluding mobile platforms and PBX. In the quarter, Ericsson was also awarded one of the largest contracts in the Nordics with Mobile Norway for a nationwide mobile broadband network and the world's first commercial 4G/LTE network was launched in Stockholm by TeliaSonera. Ericsson has since been selected as the sole supplier of the common core and a supplier of access to TeliaSonera's 4G/LTE network in Norway and Sweden. Ericsson was also named supplier of the world's first 84 Mbps HSPA network to 3 Scandinavia. Sales in Central and Eastern Europe, Middle East and Africa decreased in the quarter by 21% year-over-year and by -4% for the full year. This is the region most impacted by the economic climate in 2009, and the credit environment is still tight for some operators. The decline in 2G is not yet offset by 3G/WCDMA sales. Asia Pacific sales in the quarter decreased 18% year-over-year and increased by 4% for the full year. During the year, the region showed large variations where China, India, Japan and Vietnam developed well with major rollouts, while Bangladesh, Indonesia and Pakistan were affected by the economic climate. India saw a slowdown in the fourth quarter due to the upcoming 3G licenses. Latin American sales in the quarter decreased by 25% year-over-year, and by 13% for the full year. Reflecting the acquired Nortel business North American sales in the quarter increased by 101% year-over-year and full-year sales by 41%.

According Ericsson Mobile subscriptions grew by 163 million in the quarter to a total of 4.6 billion. In India alone, subscriptions grew by some 15 million per month during the fourth quarter. The global number of new WCDMA subscriptions is accelerating and grew by 38 million in the quarter to a total of 452 million, of which 185 million are estimated to be HSPA. In the third quarter, fixed broadband connections grew to 438 million, adding 15 million subscribers.

Philips Q4 & Full Year 2009

Trends/Outlook

Euro Millions	Q4 08	Q4 09	2008	2009
Sales	7623	7263	26385	23189
Healthcare	2569	2405	7649	7839
Lighting	1939	1846	7362	6546
Consumer Lifestyle*	2989	2903	10889	8467
Other Activities	126	109	485	337
Net Income/(Loss) after Tax	(1179)	260	(92)	424
* of which Television	1131	1085	4724	3122

Sales in the fourth quarter of 2009 declined by 4.7% or on par with the previous on a comparable basis. Healthcare reported a 1% comparable sales decline, as strong double-digit growth in emerging markets practically offset the decline in a still soft US market. On a product basis sales growth at Home Healthcare Solutions and Customer Services was offset by declines at Imaging Systems and Patient Monitoring. Currency-comparable equipment order intake increased 7% year-on-year, with improvements across all businesses. Higher orders at Imaging Systems, Clinical Care Systems and Healthcare Infomatics were driven by strong intake in international markets. Comparable Consumer Lifestyle sales grew by 1% year on year in the final quarter of 2009 and followed double-digit declines in the first three quarters of the year. Television was profitable for the first time in 2009, driven by 7% comparable sales growth, a higher Ambilight share of sales, strict margin management and a reduction of the fixed cost base. Overall Philips expects the upward trend in emerging markets to continue, supporting all three operating sectors.

News

ASML Q4 & Full Year 2009

Trends/Outlook

Euro Millions	Q4 08	Q4 09	2008	2009
Sales	493.8	580.6	2953.7	1596.1
Net Income/(Loss)	(88.0)	50.5	322.4	(150.9)

The Dutch semiconductor equipment manufacturer ASML reported full year 2009 net sales of Euro 1,596 million and consisted of system sales of Euro 1,175 million, as the company shipped a total of 70 systems, including 47 new and 23 used, and net service and field option sales which amounted to Euro 421 million. 2008 net sales of Euro 2,954 million consisted of net system sales of Euro 2,517 million, as the company shipped a total of 151 systems, including 115 new and 36 used, and net service and field option sales of Euro 437 million. In Q4 2009, ASML's net sales of Euro 581 million included 19 new and 6 used systems, totaling net system sales of Euro 432 million, and net service and field option sales of Euro 149 million. Net system sales for Q3 2009 included the shipment of 17 new and 7 used machines, totaling Euro 459 million, and net service and field option sales of Euro 96 million. The Q4 2009 average selling price for a new system was Euro 19.7 million, reflecting a mix of immersion scanners aimed at technology upgrades and a number of complementary dry systems for less critical layers, compared with the Q3 2009 average selling price for a new system of Euro 23.4 million. The Q4 2009 average selling price for all ASML systems sold was Euro 17.3 million, compared with the Q3 2009 average selling price for all ASML systems sold of Euro 19.1 million. ASML's order backlog as of 31 December 2009 was Euro 1,853 million, totaling 69 systems with an average selling price of Euro 26.8 million. ASML's backlog as of September 2009 was valued at Euro 1,353 million, totaling 54 systems with an average selling price of Euro 25.1 million. ASML expects net sales of around Euro 700 million in Q1 2010 and of around Euro 950 million in Q2 2010.

Infineon Technologies Fiscal Q1 2010 (Fiscal year end September)

Euro Millions	Fiscal Q1 2009	Fiscal Q4 2009	Fiscal Q1 2010
Total	742	855	941
Of which: Automotive	206	238	279
Industrial & Multimarket	234	257	273
Chip Card & Security	91	88	83
Wireless Solutions	197	265	270
Other Operating Segments	8	6	33
Corporate & Eliminations	6	1	3
Net Income/(Loss)	(404)	14	66

Note: Restated to take into account the sale of the Wireline Communications business to Lantiq

Trends/Outlook

Infineon's revenues in its fiscal quarter 2010 were Euro 941million, an increase of 10% sequentially and 27% year on year. The company reported net income in fiscal Q1 of Euro 66 million and compared to a profit of Euro 14 million in the prior quarter. The sequential increase in revenues reflected growth in the company's Automotive, Industrial & Multimarket and Wireless Solutions operating segments, driven by the economic recovery and improved demand in the supply chain as well as at end customers. In the first quarter, revenues in the Automotive segment increased by 17% sequentially, driven by growing demand and inventory replenishment in the supply chain. Revenues in the Industrial & Multimarket segment increased 6% sequentially, reflecting strong end customer demand for computing, communications amd industrial products. Wireless Solutions revenue increase slightly quarter on quarter, mainly due to strong demand of some major mobile phone customers, especially for smart phone solutions. Revenues for the Chip Card & Security segment declined compared to the prior quarter, mainly reflecting the typical seasonal slow-down in the segment's mobile communications and payment businesses. Business with government ID applications increased slightly. For the second quarter of fiscal 2010, Infineon expects revenues to be approximately on the same level or, due to seasonality, down slightly compared to the first quarter. For the 2010 fiscal year as a whole, Infineon is raising its guidance and is now anticipating growth in revenues in excess of 20%. The year on year increase will be driven by growth across all operating segments and in particular in the Automotive and Industrial & Multimarket.

Euro 100 million mark. The relocation of volume production from Leoben-Hinterberg to Asia – which lifted the proportion of revenues generated by the Asian plants from 60% in the first quarter to 74% in the third – played a particularly important part in the turnaround. The Mobile Devices business contributed 60% of total revenues, Industrial 28%, Automotive 11% and Other 1% in the third quarter.

Business

Plextek spins out Telensa street lighting venture

Plextek, the Cambridge, UK-based electronics and communications design consultancy has announced a new spin out venture - Telensa Ltd - focused on the commercialisation of a new cost effective wireless system for actively controlling, monitoring and metering large populations of outdoor street lights, so they can be managed with maximum energy and operational efficiency.

Telensa's PLANet system is the first of its kind, providing flexible control, monitoring and full energy measurement, suitable for a wide range of existing and new street lighting. Telensa's system makes innovative use of Plextek's proven Ultra Narrow Band (UNB) wireless telemetry technology, which has been very successfully deployed, in applications such as stolen vehicle recovery and smart metering, with several million UNB based units in operation around the world

Elcoteq to repay debt

As part of its previously announced balance sheet restructuring Europe’s largest indigenous EMS provider Elcoteq SE has decided to issue Euro 29 million hybrid securities in a private placement. The proceeds from the hybrid securities issue will be used directly to repay Euro 105 million nominal amount of Elcoteq's existing outstanding debenture bonds. The announced restructuring will significantly decrease the company's indebtedness.

Thomson becomes Technicolor

Shareholders at the French Thomson group have approved the company’s restructuring plan announced in December 2009 and approved the change of name of the Group to “Technicolor”.

Mergers & Acquisitions

- According to reports **Motorola** has sold its Europe, the Middle East and Africa (EMEA) EuroDocsis consumer premise equipment business to **Compal Electronics Inc**, a Taiwan-based manufacturer of computer notebooks.
- Venture capital firms **Sofinnova Partners** and **Motorola Ventures** have sold their stake in Sensitive Object SA, a French developer of touch input technology, to **Tyco Electronics** in a deal valued at US$62 million. Other shareholders of Sensitive Object included the French Science National Research Center (CNRS) and the founders, management and employees of Sensitive Object. Sensitive Object has a workforce of more than 20 engineers and has operations in Paris and Singapore.
- **PCTEL** and the Swiss company **Ascom** have announced that PCTEL had acquired all of the assets related to the Ascom scanning receiver business. This business was a small part of Comarco’s Wireless Test Solutions (WTS), a business that Ascom acquired end of 2008. Under the agreement, PCTEL will continue to supply both PCTEL and WTS scanning receivers to the newly formed Ascom Network Testing Division that consolidated the testing businesses for mobile telecom carriers of Ascom. PCTEL will pay US$4.5 million for the scanning receiver business.

Communications

TeliaSonera to rollout 4G network

During 2010, TeliaSonera expects to offer its customers 4G coverage in the 25 largest municipalities in Sweden alongside the four largest municipalities in Norway, including Oslo. The Swedish telecommunications equipment manufacturer Ericsson has been selected as the sole supplier of the common core network as well as providing LTE radio access.

It is reported that Ericsson will manufacture the network equipment in its Estonian plant based in Tallinn which it acquired from the leading European EMS provider Elcoteq in 2009.

Mitra Energy & Infrastructure joins OPERA-Net

Mitra Energy & Infrastructure has recently joined OPERA-Net, the R&D European project funded by Celtic Eureka.

OPERA-Net - Optimizing Power Efficiency in mobile Radio Networks – is a European consortium, led by France Telecom R&D, bringing together technological partners from different European countries. OPERA-Net focuses on optimizing power efficiency in mobile radio networks.

The main focus of the OPERA-NET project is to address the power and energy efficiency technology barrier to implement next generation mobile broadband systems. The OPERA-Net consortium is covering the whole value chain, from component design to equipment development, deployment and full operation of mobile networks to ensure the best impact and allow the EU industry to take a leadership role in environmentally sustainable mobile networks.

In this project, Mitra Energy & Infrastructure will contribute to the validation of a network test bed system model and demonstrator in a real environment. To this purpose Mitra Energy & Infrastructure will implement its leading end-to-end network infrastructure management tools Comp@s and Arm@da to monitor from a central location the detailed operation and environmental parameters and variables, and to reduce energy consumption of cell sites.

Automotive

Bosch to close Welsh plant

German automotive systems and components supplier RobertBosch is to close its Cardiff, UK, alternator plant at the end of next year with the loss of up to 900 jobs. Initial plans had envisaged 300 redundancies this year and continued operation of a smaller business but this was rejected in favour of complete closure and the transfer of work to Hungary.

Vector and TTTech Automotive to develop software for ECUs

Vector and TTTech Automotive announced a partnership for the development and sales of standard software modules for electronic control units. By combining the strengths of both partners, electronic control unit developers will be offered an ideal solution for each application. Vector will set its focus on AUTOSAR basic software modules, while TTTech Automotive will put emphasis on safety-relevant software modules according to ISO 26262, and provide further expertise in the area of FlexRay.

The focus of the first project will be to work on a TTTech Automotive module that will ensure communication integrity with Vector's AUTOSAR-basic software (MICROSAR). Development has already been started, and details of the solutions are currently being developed jointly with customers and both partners.

Current products are not affected by this cooperation and will continue to be maintained by the respective partner. It will be evaluated together with the customer whether switching to the new collaborative solution will result in significant benefits.

Magna to establish development centre for electric cars in Austria

The Canadian automobile component supplier Magna has announced plans to set up a separate division for electric mobility. The development centre for this division will be located in Graz. Together with Austrian business partners, Magna will invest more than Euro 50 million in the development of electric cars.

Production

Axis Electronics to open new microelectronics facility

UK-EMS provider Axis Electronics has announced the opening of a new microelectronic facility and from March 2010 the company will be offering microelectronic assembly services including manual/automatic die bonding and manual/automatic wire/tape bonding, both as part of multichip module (MCM) and chip on board (COB) style assemblies. Included in the service will be a bespoke and prototype microassembly capability.

The facility will be located in the Bedford plant and will consist of a class 10,000 cleanroom with temperature and humidity controls. The cleanroom will house a comprehensive range of equipment to suit a wide range of applications including; a die handling robot, two automatic wire bonders, three semi-automatic bonders, one manual ball bonder, a pull/shear tester, as well as two environmental chambers.

Celestica acquires Invec Solutions

Canadian EMS provider Celestica has acquired Invec Solutions, a leading provider of warranty management, repair, and parts management services

European passenger car production

European passenger car production was up 33.7% year on year in December at 1.120 million units, according to the latest figures from *J.D. Power.* In Western Europe production rose by 37.3% in December, while output in CEE rose by 26.9% resulting in the region's share of the total reaching 33.7% for the month. For 2009 passenger car production in Europe declined by 17.7% year on year, output falling in Western Europe by 14.9% and in CEE by 23.9%.

Units Million	December 2009	December 2008	2009	2008
West Europe	0.743	0.541	11.004	12.937
Central and Eastern Europe	0.377	0.297	4.247	5.583
Total	1.120	0.838	15.251	18.520

Source: J.D. Power (www.jdpowerforecasting.com) to companies in the information technology and consumer electronics markets.

The acquisition of Scotland-based Invec will enhance Celestica's after-market services offering through its proprietary reverse logistics software, which allows customers to view their repair status and inventory information from anywhere in the world using a web browser. This system can be tailored to meet unique customer requirements and Celestica will integrate Invec's reverse logistics software throughout all of its after-market services locations.

In addition, this acquisition will expand Celestica's current global after-market services network to include a UK-based depot and repair screening centre for the European market.

Aeroflex expands LTE test design centre in Scotland

Aeroflex has plans to expand its test system product development team in the UK at its Donibristle facility in Scotland. The expansion has been prompted by growth in the market for test and measurement equipment in the sectors aerospace, defence, and wireless mobile sectors.

Siemens announces restructuring and capacity adjustments within its industrial segment

Restructuring and capacity adjustments are planned for the near future at two divisions of Siemens' Industry Sector. In connection with an upcoming change in technology at Low Voltage Motors, plans call for reorganizing the production structure at this business segment of the Drive Technologies Division. Due to an ongoing slump in volume in the key mechanical engineering market, an adjustment of the Division's production capacity is also planned. As a result, by the end of 2012, a total of roughly 840 jobs at the Division's location in Bad Neustadt an der Saale (Germany) are to be cut and some 1,200 retained from the location's current total workforce of slightly more than 2,000. At the Division's Erlangen (Germany) location, some 300 further jobs are to be eliminated. At the Industry Solutions Division, the workforce in Germany is to be reduced by around 850 due to declining market volume.

Siemens' Drive Technologies Division currently manufactures standard low-power low-voltage motors for the European market primarily in Mohelnice, Czech Republic and, to a much lesser extent, in Bad Neustadt, Germany. The introduction of the next-generation of energy-efficient motors will make it necessary to invest in assembly lines and bundle production at the Division's Mohelnice location. As a result, 640 jobs at the Drive Technologies Division in Bad Neustadt will be eliminated over approximately the next two and a half years due to structural factors.

In this context, plans call for making the Bad Neustadt location an innovation and technology center, for instance for synchronous motors and mechatronic products and solutions, by building on the development and manufacture of high-grade servo motors and machine tools and production machines already located there. However, this business has also been affected by a sharp decline in orders in the mechanical engineering area. As a result, in the medium term, there will be a further surplus capacity of around 200 positions due to cyclical factors. At the partner facility on Frauenauracher Street in Erlangen, where the electronics for the motors are produced, there will likewise be a surplus capacity of some 300 positions due to cyclical factors.

MIRTEC to open UK manufacturing facility

MIRTEC has announced the opening of a dedicated manufacturing facility in Europe to further strengthen business and support in the region. Based in Plymouth, UK, Mirtec will manufacture their complete range of Automatic Optical Inspection and Solder Paste Inspection systems at the new facility.

Scanfil invests in new business areas

Scanfil plc, through its investment company has acquired 8.6% of the shares of Lännen Tehtaat Oyj operating in food industry and 18.7% of the shares of iLOq Oy, which manufactures and markets innovative locking solutions.

In spring 2008, Scanfil plc was split into an investment company, Scanfil plc, and a subgroup called Scanfil EMS Oy, which engages in contract manufacturing. Scanfil plc will concentrate in the ownership role of contract manufacturing and the new business sectors. The goal is to invest the company's capital in a profitable way into selected businesses in the target companies. In the selected target companies, Scanfil plc strives to acquire such an ownership share, wherein it can actively influence the target company's operations.

Kitron announce new orders

Norewagian EMS provider Kitron AS, a subsidiary of Kitron ASA, has received new orders from Kongsberg

Defence and Aerospace totalling about NOK 28 million. The orders concern complex communication equipment and are for delivery during 2010 and first half of 2011.

In a separate announcements Kitron AS has received new orders within the medical equipment segment of about NOK 80 million. Deliveries of the new orders will primarily take place during first half of 2010.

The company's subsidiary Kitron AB in Karlskoga has also received new orders from Maquet Critical Care, a strategic customer within the Medical equipment segment. Kitron AB manufactures part of Maquet´s ventilator platform for use in hospitals worldwide. Over a 6-month period new orders, in addition to normal volumes, has been received for a total value of more than NOK 40 million.

ACW to establish US manufacturing facility

UK EMS provider ACW Technology has reportedly announced it plans to invest approximately US$4.9 million in a new manufacturing plant in Durham, North Carolina. The plant will employ 155 people.

In addition to its manufacturing operations in the UK ACW also has a plant in China.

NOTE divests operation in Skellefteå to Optronic

As part of the previously announced structural measures in NOTE's Telecom customer segment, it has reached an agreement regarding the sale of the operations of NOTE Skellefteå. The acquirer is Optronic, a Swedish optoelectronics services provider that focuses on integrated production and development.

The operations in Skellefteå employ around 40 people and have been significantly scaled back following the transfer of production to plants in Estonia and China. A number of staff will transfer with the business.

TT electronics to transfer further manufacturing activities to China

UK electronics components group TT electronics has announced it plans to transfer some further manufacturing activities to China from the UK plants of WT Henley and AB Electronics.

The company has also reported that it sales in 2009 were ahead of expectations. Sales for the full year ended 31 December 2009 were approximately 23% lower than 2008 at constant exchange rates compared with the 29% reduction reported at the half year.

LG Display expands I n Poland

According to local media reports LG Display plans to add three new production lines at its operations in Biskupicach Podgórnych, Poland. The company is also employing an additional 700 people.

Elcoteq confirms plans to expand operations in Estonia

Elcoteq has confirmed it is to expand its operations in Tallinn, Estonia. The enlargement is related to the manufacturing ramp-up of a new customer and the production consists of high tech and complex products differing from typical mass production. The enlargement will take place gradually during the second quarter of 2010.

Elcoteq to provide Nokia after market services

Elcoteq and Nokia have signed an agreement that qualifies Elcoteq as a partner to provide Nokia's customers with After Market Services for their Nokia devices. It is expected that Elcoteq will start these operations gradually during the second quarter of 2010. The companies also intend to explore other opportunities for cooperation.

Elcoteq has a global network of After Market Service sites which have a long experience in serving Consumer Electronics and Systems Solutions customers.

Moog to establish R&D centre in Lithuania

Moog Medical Devices, a part of the US Moog group, plans to invest Euro 4 million to establish a R&D centre in Lithuania.

Stadium Electronics announces ISO 13485 accreditation for UK site

Stadium Electronics's Hartlepool, UK facility has gained the ISO 13485 medical standard. The EMS provider has also announced that it is in the process of gaining certification for its second UK facility as part of the company's focus on the medical market. Stadium's 15,000 sq m plant in China has already achieved the standard.

Company restructuring

- According to local media reports **IPS Alpha**, a Japanese manufacturer of LCD screens, is to lay off around 200 staff at its Czech facility in Žatec.

- According to media reports UK based cash handling system company **Talaris**, formerly Da La Rue Cash Systems, is cutting 47 out of 175 employees at its plant in Flen, Sweden.

-After several months of negotiations **HP** is planning to cut 669 jobs in France down from the previously announced 1,000. According to *Electronique International* The staff reductions will affect the operations in Grenoble, Sophia-Antipolis, Les Ulis and the Isle of Abeau.

- The Finnish **PKC Group**'s subsidiary, **PKC Wiring Systems Oy**, has issued a proposal to commence co-determination negotiations for all 45 personnel of PKC Wiring Systems Oy. The move follows the previous announcement that the company planned to end wiring harnesses production and reduce support functions in Kempele.

- UK based print specialist **Xaarjet** will close down its unit in Jarfalla, Sweden and lay off 175 employees. Production of inkjet printer heads will be moved to the UK.

- UK-based electronics company **Edwards** plans to cut 220 jobs through the closure of two plants in Burgess Hill and Shoreham. Production will be transferred to facilities in the Czech Republic and South Korea.

-Swedish communications equipment manufacturer **Ericsson** plans to increase the number of job cuts from its January 2009 restructuring plan from 5,000 to 6,500 worldwide.

EMS financial round up

- Flextronics has reported net sales for its fiscal third quarter ending 31 December 2009 of US$6,556 million, an increase of 12% compared to net sales of US$5,832 million for the prior quarter but down from US$8,153 million for the same period a year earlier. Sequentially sales increased across all market segments with Computing increasing by 21% to US$1,328 million (20% of total), Consumer Digital by 2% to US$886 million (13%), Infrastucture 7% to US$1,748 million (7%), Mobile 29% to US$1,413 million (22%) and Industrial, Automotive, Medical & Other by 4% to US$1,181 million (18%). Sales to the top 10 customers accounted for 49% of the total in fiscal Q3 2009, up from 48% in the same period a year ago. Sales for the fourth quarter ending March 2010 are expected to be in the region of US$5.8 to US$6.2 billion.

- Sanmina-SCI has reported revenue for the first quarter of US$1.48 billion, up 9% compared to US$1.35 billion in the prior quarter and up 4% compared to US$1.42 billion in the same period a year ago. All four market segments saw revenues increase sequentially with Communications rising by 9% to US$498 million (34% of the total), Enterprise Computing & Storage by 5% to US$303 million (21%), Industrial/Defence/Medical by 8% to US$392 million (26%) and Multimedia up 16% to US$286 million (19%).The top 10 customers accounted for 51% of sales in fiscal Q1. For the company's second fiscal quarter the company expects revenues to be between US$1.45 to US$1.55 billion.

- US EMS provider **Plexus** has announced a strong start to fiscal 2010 with overall revenues growing 10% sequentially to US$430million in the three months to 31 December 2009. The company experienced robust sequential revenue growth in both its Wireline/Networking and Medical sectors during the quarter with sales increasing by 20% to US$202 million and 16% to US$79 million, respectively. Revenues were essentially flat in the company's Industrial/Commercial sector at US$64 million, this was an improvement over its earlier expectations. The company's Wireless Infrastructure segment saw sales decline by 4% to US$49 million while the Defense/ Security/Aerospace sectors fell 14% sequentially to US$36 million.

- Celestica has reported revenues of US$1,664 million in the final quarter of 2009 and compared to US$1,935 million in the fourth quarter of 2008, reflecting primarily the impacts of weaker end-market demand. For 2009, revenue was US$6,092 million, compared to US$7,678 million for 2008. For the first quarter ending 31 March 2010, the company anticipates revenue to be in the range of $1.45 billion to $1.60 billion.

Semiconductors

Lantiq acquires IP and assets from Metalink

Lantiq, a leading company in next-generation Access and Home Networks and former unit of the German semiconductor company Infineon Technologies, has acquired WLAN related assets and intellectual property (IP) from Israel based Metalink Ltd, a leading provider of high performance wireless communication silicon solutions with the capability to deliver HD-video-streams over the 802.11n standard in a deal valued at US$16.9 million.

Lantiq has also announced the establishment of a technical competence centre in Yakum, Israel, with a team of around 50 engineers.

Lantiq will integrate the technology in its existing roadmap and future products. In addition to reference designs, first ICs produced in 65nanometer process technology are already sampling and will be available for mass production in spring 2010.

Plessey Semiconductors re-launches

Plessey Semiconductors Limited has announced that it has started trading from its semiconductor manufacturing facility in Roborough, Plymouth, UK. Plessey Semiconductors has been created from the acquisition of the share capital of X-FAB UK Limited together with existing key engineering competence within the Plus Semi design and technology centre located in Swindon, UK. The name of the operating business has been subsequently changed to Plessey Semiconductors.

The semiconductor manufacturing facility in Roborough currently produces eight-inch wafers for external customers in a foundry business model on 0.35-micron CMOS process technologies. Plessey Semiconductors is transferring its world-class bipolar process technologies on both silicon and silicon-on-insulator substrates into its Roborough facility. The transfer of these processes is scheduled for completion in 2010. Both the CMOS and the bipolar process technologies will be used to support a set of existing foundry customers. However, Plessey Semiconductors aims to follow in its namesake's footsteps by developing and supporting a range of high performance analog and mixed-signal semiconductor products.

The UK's South West RDA (Regional Development Agency) will part-fund the project by providing nearly £1 million under the Grant for Business Investment scheme when the deal is completed.

Plus Semi and X-FAB announced the original sale agreement on 1st December 2009. The acquisition of X-FAB UK Limited was completed on 6th January 2010, effective 31st December 2009.

Semprius and X-Fab announce development agreement

Semprius Inc, a company commercializing its novel process for printing high-performance semiconductors, and X-FAB Semiconductor Foundries AG, the German analog/mixed-signal semiconductor foundry, has announced a development agreement to provide turnkey silicon wafer fabrication for Semprius' customers. Under terms of the agreement, X-FAB made a strategic investment of US$1.5 million in Semprius and, effective immediately, will be the designated foundry for Semprius technology.

Virage Logic establishes Dutch R&D centre

Virage Logic Corp has established a Dutch corporation in conjunction with its new R&D centre of excellence in Eindhoven, The Netherlands. The new site has been established as a result of Virage Logic's recent acquisition of NXP's horizontal advanced CMOS IP rights and certain engineering talent and equipment. Virage Logic's Netherlands' R&D centre will develop new products based on the acquired advanced CMOS I/Os, analog mixed signal SoC infrastructure IP, and will also provide on-going support to NXP. The new products will further the company's position as a leading independent IP provider to the global semiconductor industry.

Atmel Updates to pursue strategic alternatives for its ASIC business

US semiconductor company Atmel, a leader in microcontroller and touch solutions, has announced that following a comprehensive review of alternatives for its ASIC business, it will continue to explore the potential sale of the Company's Smart Card (SMS) business located in Rousset, France and East Kilbride, UK and that it intends to discontinue potential sale discussions for its Customer Specific Products (CSP) and Aerospace businesses.

Atmel's ASIC business is a leading provider of high performance customer specific integrated circuits and security solutions to the industrial, aerospace and consumer markets operating in three distinct business segments: Smart Cards (SMS), Customer Specific Products (CSP) and Aerospace. In addition, the ASIC business includes an advanced semiconductor wafer fabrication business located in Rousset, France. As previously announced, Atmel has entered into an exclusivity agreement with LFoundry GmbH for the potential sale of this fab business. Atmel has been pursuing strategic alternatives for the ASIC business and related manufacturing assets as part of its transformation plan, which is aimed at focusing on the Company's high-growth and high-margin businesses.

Semi market notes

- According to *isuppli* distributors controlled 36.9 DOI (days of inventory) at the end of Q3, down 15% from

43.4 DOI for Q3 2008. In dollar terms, distributors held US$4.8 billion worth of semiconductor inventory at the conclusion of Q3, down 22% from US$6.1 billion for Q3 2008. According to the market research company, these reductions meant distributor DOI at the end of Q3 were 17% less than the trailing three-year average. iSuppli currently forecasts a small rise in inventory dollars in Q4 2009, and DOI at distributors should continue to decline. iSuppli's preliminary estimate for the end of Q4 puts DOI at 18.7% less than the three-year historical average.

- According to UK research group *IMS* the worldwlde market for programmable logic controllers (PLCs) and directly associated software and services was estimated to have been worth US$7,800 million in 2009, 19.1% lower that a year earlier. The research group does not expect the market to recover to the 2008 level until the second half of 2012. EMEA, the largest market for PLCs, has been the most badly affected primarily due to a sharp fall in the important German market.

- According to *Gartner* the top 10 electronic equipment manufacturers (OEMs/ODMs) accounted for US$77.3 billion of the semiconductor market in 2009, representing 34.2% of the world's semiconductor demand on a design TAM basis. This was a 7.2% decline for the group as a whole from 2008.

- According to *IDC* worldwide PC microprocessor shipments in Q4 2009 rose modestly as compared to Q3 2009, but still achieved all-time record levels for a single quarter. When compared to Q4 2008, shipments in the final quarter of last year rose 31.3%. IDC reported that total PC processor unit shipments grew 2.5%, while revenue declined 7.1% to US$28.6 billion, for full-year 2009.

Renewable Energy

Enel Green Power, Sharp and STMicroelectronics to manufacture solar power panels in Italy

Enel Green Power, Sharp and STMicroelectronics have signed an agreement for the manufacture of triple-junction thin-film photovoltaic panels in Italy. At the same time, Enel Green Power and Sharp signed a further agreement to jointly develop solar farms.
The factory, located in Catania in the existing M6 facility to be contributed by STMicroelectronics, is expected to have an initial production capacity of 160 MW per year. The plant's capacity is targeted to be gradually increased to 480 MW per year over the next years and right from its start will represent the single most important production facility for solar panels in Italy. Photovoltaic panel manufacturing at the Catania plant is expected to start at the beginning of 2011.

The project of 160 MW will require a total investment of Euro 320 Million and will be funded by a combination of equity, state grants and project financing with no recourse to the Joint Venture's shareholders beyond their quota in the Joint Venture. Each partner will subscribe one third of the equity – an expected contribution up to Euro 70 million each, either in cash or in-kind - and will hold one third of the shares in the new Joint Venture Company.

The factory output will be used to serve the most attractive solar markets in the EMEA (Europe, Middle East and Africa) region with a particular focus on the Mediterranean area. In this region, Enel Green Power and Sharp already have important sales networks and also plan to jointly develop solar farms. Enel.si, the Enel Green Power company specializing in the installation of photovoltaic systems in the retail market, will also participate in the marketing effort, offering panels directly and through its franchisee network of over 500 qualified installers in Italy.

Enel Green Power and Sharp have signed an additional agreement aimed at the creation of an equal joint venture to develop solar farms. The goal is to install cumulative capacity at a level of 500 MW by the end of 2016, making use of the photovoltaic panels manufactured at the Catania factory.

Solland Solar and AT&S to build prototype production line for photovoltaic modules

As part of their ongoing technology partnership, Solland Solar and Europe's largest indigenous PCB manufacturer AT&S will build a prototype line for photovoltaic modules with Sunweb(R) back-contacted solar cells. The construction of the prototype line marks a significant milestone on the road to commercial availability later in 2010.

The overall goal of the technology partnership between Solland Solar and AT&S is to jointly develop and put into industrial production the innovative back-contact module technology for Sunweb(R) cells. The technology uses processes and materials that are standard in the printed circuit board industry but are not yet applied in photovoltaics.

In the first year of the partnership, Solland Solar's basic idea of the Sunweb(R) back-contacted solar cell was combined with new interconnection and switching technology from AT&S. All components and production processes have been developed accordingly for use in volume production. Extensive tests have been successfully completed, establishing that the project satisfies all the necessary reliability, safety and performance requirements.

The next phase in the project, the construction of a joint prototype production line at AT&S's Leoben-Hinterberg plant in Austria, is scheduled for completion by the summer of 2010, and will incorporate the results achieved during the last year into the industrial production process.

Additional objectives include further optimisation of the production process and certification under IEC 61215 and IEC 61730. Selected reference projects are being implemented in parallel, to highlight the cost effectiveness of the new technology and its advantages in practical operation.

Removal of subsidies will have a negative impact on PV system market

A proposed move by the German government to remove feed-in tariff subsidies on certain types of solar installations will result in a dramatic demand reduction and price plunge in Germany for PV panels and systems in the second quarter, according to iSuppli Corp.

With the expected cut to come into force on 1 April German solar installations should surge during the first quarter, starting at 200 MW in January, then rising to 300 MW in February, and 500 MW in March. However, installations are expected to plunge to 50 MW in April and remain at the 100 MW level in May and June. As a result of the decline in installations, solar system prices in Germany could drop by 7.5% from April through the end of 2010, compared to less than the 5% normal rate of decline.

Lithuania's first solar cell plant opens in Vilnius

Modernios E-technologijos (MET) and Precizika Metrology (PM) have invested Euro 2.9 million in establishing Lithuania's first solar cell plant. The 1,300 sq m plant will initially employ 25 people and will generate revenues of Euro 5.8 million when fully operational.

Asia Pacific Electronics

Markets

- Production of handsets, excluding grey market models, totalled 600 million units in China in 2009, according to China-based *All View Consulting* (AVC) and reported by *DigiTimes*. Production of grey market handsets totalled 145 million units in 2009, up 142% from 60 million units in 2008, AVE data showed. The consulting firm also expects production of grey market handsets to start declining in 2010. Total sales of handsets in the China market reached 168 million units in 2009 and are expected to top 185 million units in 2010, AVE projected. In 2009, sales of international branded models accounted for 69% of the China market and the domestic brands took the remaining 31%.

- According to *SEMI* China is committed to narrow the gap between its IC production and consumption, leading to doubling the country's global equipment and materials market in ten years. In 2008, China consumed approximately one-quarter of the world's ICs, yet manufactured only US$5.6 billion in chips, enough to support only 8% of their domestic requirements. By 2011, the China IC market will grow to US$85 billion with domestic production expected to reach US$8.2 billion, about 10%. According to the SEMI World Fab Forecast, total spending on front end fabs (construction and equipping) in China will grow by about 67% in 2010 to over US$2 billion. This includes new, used equipment and any self-made equipment purchased at over 20 fabs. Installed capacity is expected to grow by about 10% to over 1.5 million wafers per month, about 10% of all worldwide capacity in 2010. In 2011, the equipment is expected to reach US$2.56 billion, according to SEMI 2009 Consensus Forecast. In materials, China is projected to spend US$3.75 billion in 2010, up 15% from 2009, surpassing Europe and nearly approaching the levels of US spending.

- *IDC*'s preliminary results show that the Asia/Pacific (excluding Japan) PC market fell 3% sequentially but grew 32% year-on-year in Q4 09, beating forecasts by 4%. Nearly every country in the region posted double digit year-on-year growth, with Portable PCs as a key driver. Lenovo remained the top vendor in the region in Q4 09, especially as momentum in China continued.

Research & Design

- US semiconductor group **Atmel** has set up an R&D centre in Taipei, Taiwan for development of low-power microcontroller units (MCUs) with embedded non-volatile memories in order to better serve Asia customers. Atmel already has R&D centres in Shanghai, China and Chennai, India.

Equipment/Manufacturing

- According to a *Nikkei* report **Panasonic** plans to double Malaysian production of LCD televisions to 2 million units in 2010 as part of a strategy to ramp up home electronics production abroad. Output in China, Mexico and elsewhere will also be increased on plans to launch lower-priced flat-panel TVs targeted at the booming middle classes in emerging markets as early as the second half of this year.

- Following the announcement in November 2009 to establish a manufacturing unit in China the Norwegian EMS provider **Kitron ASA** has entered into a lease agreement with **Nordic Industrial Park Co Ltd** for a new electronic factory in Ningbo, China. The contract is for five years and cover more than 4,000 sq m of space.

- Kimball Electronics has won a major new contract to manufacture **FLIR Systems** Tau Program infrared imaging electronics. The long-term contract was awarded for multiple electronics assemblies that will be used in FLIR's Commercial Division products for global markets. Production has begun at the ITAR (International Traffic in Arms Regulations) registered Kimball Electronics-Jasper facility in Indiana. Incremental volume growth over the next several years is expected to transfer production to Kimball operations in Thailand through completion of the contract.

- Chinese telecommunication equipment provider **Huawei Technologies** plans to make a five-year investment worth US$500 million in R&D operations in India, according to the Chinese *Economic Daily News*. It is also reported the company is also looking at the possibility to manufacture telecom equipment in India.

- According to a filing with the Taiwan Stock Exchange **Quanta Computer** has announced it will build a new production base in Chongqing, in addition to its two existing plants located in Songjiang and Changshu, China.

- TT electronics integrated manufacturing services, a division of the UK TT electronics group, has announced that its manufacturing facility in Kuantan, Malaysia has received ISO 13485:2003 medical certification. As a result TT electronics has become one of the first EMS companies to have all of its worldwide facilities as being ISO 13485:2003 compliant. The company's other manufacturing sites are located in Suzhou, China, Rogerstone, UK and Perry, USA.

- UTStarcom is a global leader in IP-based, end-to-end networking solutions and international service and support has **Sanmina-SCI** as its new outsourced electronics manufacturing service provider, a move that aligns with UTStarcom's announced restructuring initiatives and expands the company's cost savings efforts. Under the terms of the agreement, Sanmina-SCI will provide full electronics manufacturing services for UTStarcom's system products currently being built in UTStarcom's Hangzhou facility. These services include new product introduction (NPI) support, material sourcing and procurement, printed circuit board assembly, system integration and testing, final pack-out and delivery.

- Philips Electronics has agreed to sell a majority of its stake in Hong Kong-based technology provider **TPV Technology Ltd**, a subsidiary of **CEC/Great Wall**, in an off-market transaction. This transaction, which is subject to the buyers obtaining applicable consents, authorizations and approvals from the relevant government authorities of the People Republic of China, represents 9.47% of TPV's issued share capital and reduces Philips' shareholding to 2.99%.

Components

- Rexchip Electronics and **Elpida Memory** have announced that they will establish a technology development centre at Rexchip during the first quarter of 2010, cooperating on the development of the next generation 40nm 4F2 process technology, initially with front-end technology.

- According to a *Nikkei* report **Mitsubishi Electric** will invest Yen 1.6 billion to increase capacity of power semiconductors at Shanghai manufacturing subsidiary GEM Electronics. By October, the facility will be making power chip modules at a rate 60% higher than at the end of 2009.

- Shanghai, China-based **Solarfun Power Holdings Co Ltd** has announced it will increase PV module production capacity from 550 MW to 700 MW by April 2010, and its PV cell production capacity from 360 MW to 480 MW by July 2010.

- According to a *Nikkei* report **Sanyo Electric** plans to boost its optical pickup production in Indonesia by about 300% to around 100 million units a year by 2012 from the current 24 million.

- Driven by the prospect that PC demand will pick up sharply in emerging economies, **Hitachi** and fellow Japanese company **Toshiba** will significantly ramp-up production of storage devices. **Hitachi Global Storage Technologies Inc** plans to double investment in hard-disk drives to Yen 40 billion in the year through March 2011. The funds will be used to increase production capacity at Chinese and Thai factories by 10-15%. Toshiba will double combined annual output capacity for solid-state drives at Japanese and Philippine plants to slightly more than 2.4 million units around March. According to the report companies producing components for data storage devices are also planning to increase their output. **TDK** plans to spend roughly Yen 10 billion on a Thai plant over the next three years and lift the output of hard-drive magnetic heads and related parts by 50%. **Showa Denko**, which manufactures magnetic disks, and **Konica Minolta Holdings** and **Citizen Holdings**, which produce magnetic disk materials, will also likely strengthen production facilities because their plants have been operating at full capacity.

- According to local media reports the Shanghai municipal government will contribute Yuan 4.5 billion (US$658.7 million) for the construction of a new 300mm wafer fab to be built at the Zhangjiang Hi-Tech Park by a joint venture of **Hua Hong NEC** and **Grace Semiconductor Manufacturing Corporation**.

- Autoliv, the worldwide leader in automotive safety, has agreed to acquire substantially all of **Delphi's** Occupant Protection Systems (OPS) operations in South Korea and China. These operations are expected to generate approximately US$250 million of annualized sales in 2010. The transaction includes intellectual property, physical assets and a workforce of approximately 600 people in Korea and China. Existing customers include HKMC (Hyundai, Kia), Chery and Tata. In the fourth quarter 2009, Autoliv separately acquired assets related to Delphi's OPS operations in Europe and North America.

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Editorial Office:

European Electronic Markets Forecast
Harvard House
Grove Technology Park
Wantage
Oxfordshire, OX12 9FF
United Kingdom
Tel: +44 (0) 1235 227310
Fax: +44 (0) 1235 227322
E-Mail: andrew.fletcher@rer.co.uk

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Customer Services Manager
European Electronic Markets Forecast
Harvard House
Grove Technology Park
Wantage
Oxfordshire, OX12 9FF
United Kingdom
Tel: +44 (0) 1235 227310
Fax: +44 (0) 1235 227322
E-Mail: Andrew.fletcher@rer.co.uk

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