

Materials and Equipment-Components Turning Points Forecasts

Service Number:	10
Forecast Horizon:	5 months
Total Reports:	12
Refund Guarantee Period (months):	3
Price (annual):	\$17,500

Advanced Forecasting's Materials and Components Forecasts provide a view of the consumption of materials and components. The model has shown the strongest correlation to sales of numerous company-specific **semiconductor equipment, materials, and equipment-components product lines**.

Report Includes:

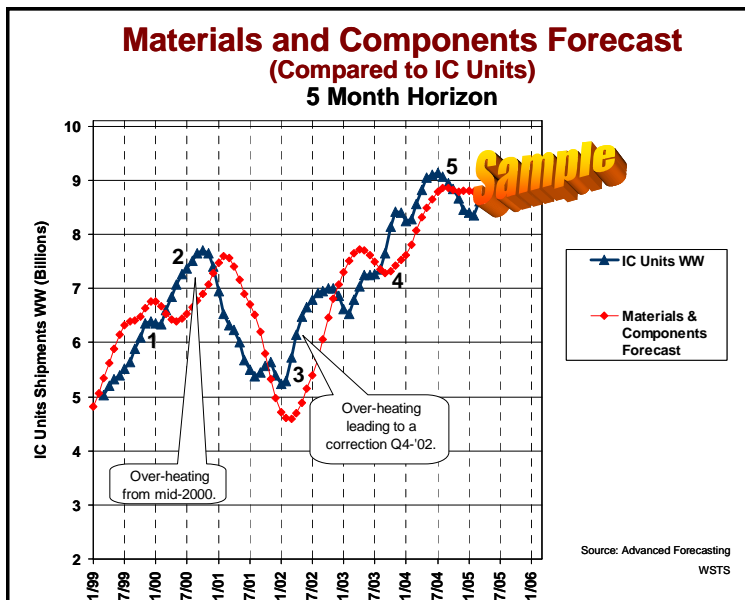
- Correlation to Consumption of **IC Units** Worldwide
- Correlation to Wafer Sales (which represents the production of ICs)
- Regional forecasts of Wafer Sales: Worldwide, Americas, Europe, Japan, Taiwan, and Asia-Pacific
- Comparison of Wafer Sales to IC Unit Shipments
- Complimentary Industry Statistics Reports – Semiconductor Equipment and/or ICs

Your Competitive Advantage:

- Optimize **manufacturing load** with fewer adjustments (forecasts aren't modified retroactively)
- **Manage inventory** to increase turns and eliminate write-offs
- **Plan capacity** more accurately
- Manage business **based on facts** (forecasts exclude opinions and extrapolations)
- Purely **Quantitative** Forecast Model (*)
- Top-down forecast to **counterbalance other sources**

Background:

Demand for **Materials and Components of Semiconductor Equipment** is derived from **IC UNITS** manufactured. Therefore, the applicability and accuracy of a forecast can easily be determined through overlaying it on historical data of actual IC Unit shipments.

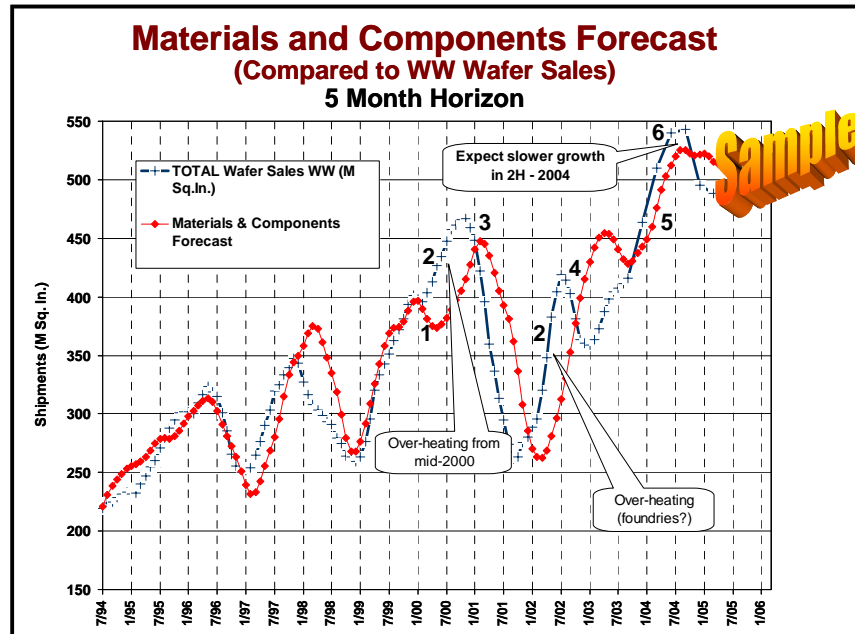


Legend

During 1999, ICs followed the forecasted line to a seasonal softness at year end (1). In 2000, a gap opened and accumulated, indicating a major over-heating that caused sales to peak earlier than forecasted (2). Sales dropped to a minimum point at the beginning of 2002 as forecasted (3) but recovered stronger than Underlying Demand could sustain. The result was a decline at the end of 2002 that was steeper than seasonally justified. From that point on, actuals increased and converged with the predicted demand (4). The forecast accurately predicted that there would be a slowdown in the 2nd half of 2004 (5).

Legend

- (1) Underlying Demand is forecasted to slow down.
- (2) Actuals overheat in comparison to Underlying Demand,
- (3) resulting in a build up of capacity and inventory, triggering an early and steep collapse.
- (4) A premature and stronger recovery in 2002 unsupported by Underlying Demand led to a slight downward correction in the second half.
- (5) From that point on, actuals increased and converged with the predicted demand.
- (6) The forecast accurately predicted that there would be a slowdown in the 2nd half of 2004.



Consider also (highly recommended):

To obtain a more complete view of the future of the IC industry, consider our base service, the **IC Revenues Cycle Forecast**. It presents a rolling **19-month horizon** of the Underlying Demand for Worldwide IC consumption, forecasts for North America, Europe, Japan, and Asia-Pacific, and our exclusive IC Recovery Index. In addition you will benefit from our analysis and interpretation which appear only in this service.

Free, No Obligation Correlation Analysis:

Advanced Forecasting offers a free analysis to determine the correlation between our forecasts and your specific product line sales. To apply the forecast to specific products, Advanced Forecasting analyzes product specific sales data and overlays them on its proprietary industry forecast. This forecast is easily implemented to forecast various materials, consumables and components of equipment. Data provided for analysis is not used as an input to the model.

*** Unique Methodology:**

Advanced Forecasting's forecasts for the Semiconductor, Semiconductor Equipment, and Materials are based on monthly measurements of economic factors, and the interactions among them, influencing the consumption of ICs through the purchasing behavior of individuals and companies who buy end-equipment products (i.e., computers, communications equipment, automobiles, etc.). To avoid human opinion and extrapolation, we do not use industry consensus and surveys of industry managers as input to our models.

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