



ACTRON

THE FACE OF YOUR PRODUCT

October 2020

CURRENT STATUS OF THE PRICE AND DELIVERY SITUATION

MEETING THE CHALLENGES TOGETHER

Dear business partners,

It is less than two years since the semiconductor world, with a few exceptions, was able to free itself from the last allocation. Today we know that this was only a temporary recovery of the supply situation. For this reason, we consider it our duty to inform you as our business partners about the current situation and to take joint measures to counteract it in the best possible way.

We have received information from reliable sources that the FAB capacities of well-known semiconductor manufacturers are already almost fully utilized. Global Foundries, SMIC, TSMC, UMC and VIS reported almost simultaneously that their capacity utilization had increased sharply. Driven by the market segments eMobility, Renewable Energy, 5G and IoT, but also in the consumer sector for game consoles, demand is expected to continue to rise. The consequence of this is a drastic increase in delivery times. This is exacerbated by the fact that wafer production is now also reaching the limits of its capacity utilization again and cannot meet the needs of the market.

Furthermore, we are also hearing about problems our manufacturers are experiencing with the supply of TFT cells. Due to the extreme rise in demand in the above-mentioned market segments, it is becoming increasingly difficult to procure raw components for display/touch production. We already have an average delivery time of over 20 weeks. Especially in the first quarter of 2021, the Chinese New Year will have a significant negative impact on delivery times.

In close cooperation with our suppliers we are trying to take the best possible measures for you. Our goal is to provide you with a stable supply. To achieve this, however, we are also dependent on your assistance. There is only one chance to secure demand and therefore also production by working together on long-term planning to ensure it.

For new individual orders as well as for blanket orders, we must, as already mentioned, count on at least 20 weeks delivery time for the first lot. This means that we need information from you about your future requirements as early as possible. Even if you have placed a current blanket order with us, you should check your future requirements in your own interest, as well as in ours, in order to ensure greater production reliability. We are also dependent on your help for the existing backlog from blanket orders. If you have not yet allocated the remaining quantity for existing blanket orders, please contact us so that we can compare our scheduling with your planning.

A further consequence of this is already evident. As is well known, supply and demand, control the price. We have already received the first announcements of price increases. It can be assumed that depending on the product and manufacturer, price increases of between 3% and 10% can be expected, in extreme cases even up to 50%, such as for TFT cells.

We expect this situation to continue well into 2021. We can only appeal to you! If we do not react now, it will be an even more difficult time in the long term for all concerned.

Let us face this challenge together and emerge from it stronger.

Your ACTRON Team

