

1Q13 Preannouncements Benign, Weakness Expected

Semiconductor industry earnings season for 1Q13 begins this week with INTC after the close on Tuesday; LLTC and SNDK early and late on Wednesday, respectively; and FCS, CY, LSCC and AMD along with IBM and MSFT on Thursday. Expectations are low: Management guidance going into the period was weak, preannouncements have been relatively benign, and near-term guidance into 2Q is unlikely to reflect growth unless specific companies have enough exposure to the right smartphone and tablet platforms. Companies with PC market exposure are in an especially challenging position given the weakness of the market as it enters the 2Q seasonal trough.

1Q13 Preannouncement Scorecard

management guidance revisions

| Ticker | Revenue Growth | | 4Q Sales (\$ mil) | Comments |
|----------------------------|----------------|----------|----------------------|---|
| | Updated | Previous | | |
| Raised | | | | |
| ACTS | +5+9% | -21-15% | 15.2 | tablet product strength |
| DIOD | +7+10% | -4+4% | 163.3 | revised to reflect closure of BCDS acquisition |
| LSCC | +6+8% | -4-2% | 65.9 | communications and consumer market strength |
| RMBS | +13+20% | +1+10% | 57.4 | one-time payment license agreement, probably LSI |
| TSM | +2.0% | -2-1% | 4,504.0 | only the number reported, assumes forecasted currency |
| UMC | +6.5% | flat | 898.7 | only the number reported, assumes constant currency |
| Lowered | | | | |
| ENTR | -18-15% | -12-10% | 89.7 | US pay-TV service provider HD-DTA STB deployment delay |
| MSPD | -9-8% | -2+2% | 38.4 | 3G small cell base station deployment shortfall, product sales only |
| Narrowed/Reiterated | | | | |
| ATML | -8-5% | -10-5% | 345.1 | no comments, slipped-in with CFO resignation |
| HITT | -3-0% | -3-0% | 68.5 | no comments with management succession announcement |
| MediaTek | -10.3% | -18-10% | 921.0 | only the number reported, assumes constant currency |
| MSCC | -8-4% | -8-4% | 247.6 | no comments with technology license announcement |
| SIMO | -21-19% | -25-15% | 70.6 | no comments with earnings call schedule announcement |
| TXN | -6-2% | -10-2% | 2,979.0 | narrowed to the high-end on handset and tablet strength |

While a handful of companies have raised guidance, I do not consider them bellwether indicators. And the only one large enough to move the needle, TSM, is technically a foundry and NOT a semiconductor supplier, and the magnitude of its change could easily be reversed depending on currency fluctuations during the period. Hence, I consider preannouncements for the period so far to be relatively benign and lacking any indication of potential incremental strength or weakness. Weighted average growth for the Tokeneke Universe 1Q based on management guidance during 3Q earnings announcements called for a range of -8.14% to -2.44% centered on -5.29% off a cumulative revenue base of \$54.4B. The changes noted above narrow the range to -7.49% to -2.16% and firm-up the center to -4.82%, although it still rounds to -5% or a decline in the mid-single digit range.

—Dan K. Scovel
Semiconductor Analyst

Tokeneke Research LLC

Rowayton, CT 06853

dscovel@tokenekeresearch.com

www.tokenekeresearch.com

203-554-4621

Copyright © 2013 Tokeneke Research LLC. All rights reserved. This report is for information purposes only and does not constitute a solicitation or an offer to buy or sell any security or to participate in any investment or trading strategy. Opinions expressed in this report reflect the judgment of Tokeneke Research LLC on the topics addressed as of the date of the report, and are subject to change without notice. Tokeneke Research LLC makes every effort to use reliable and comprehensive information but makes no representation that the information in this report is accurate or complete, nor does it undertake to update or revise this report at any time or for any reason. This report contains forward-looking statements that involve risks and uncertainties, both known and unknown, as well as assumptions that, if they do not fully materialize or prove incorrect, could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Actual results and trends may differ materially from historical results or those projected in any such forward-looking statements depending on a variety of factors. This report does not provide individually tailored investment advice and has been prepared without regard to the specific individual financial situation, objectives and needs of those who receive it. Securities discussed in this report may not be suitable for the reader. Tokeneke Research LLC and/or Dan Scovel may have a long or short position in the securities of a company or companies mentioned in this report and, at any time, may change that position. Tokeneke Research LLC accepts no liability whatsoever for any loss or damage of any kind arising out of the use of any part, or all, of this report. All company and product names mentioned in this report may be trademarks or registered trademarks of their respective holders and are used for identification purposes only. Reproduction or distribution of this report, even for internal distribution, is strictly prohibited unless specifically authorized by Tokeneke Research LLC.