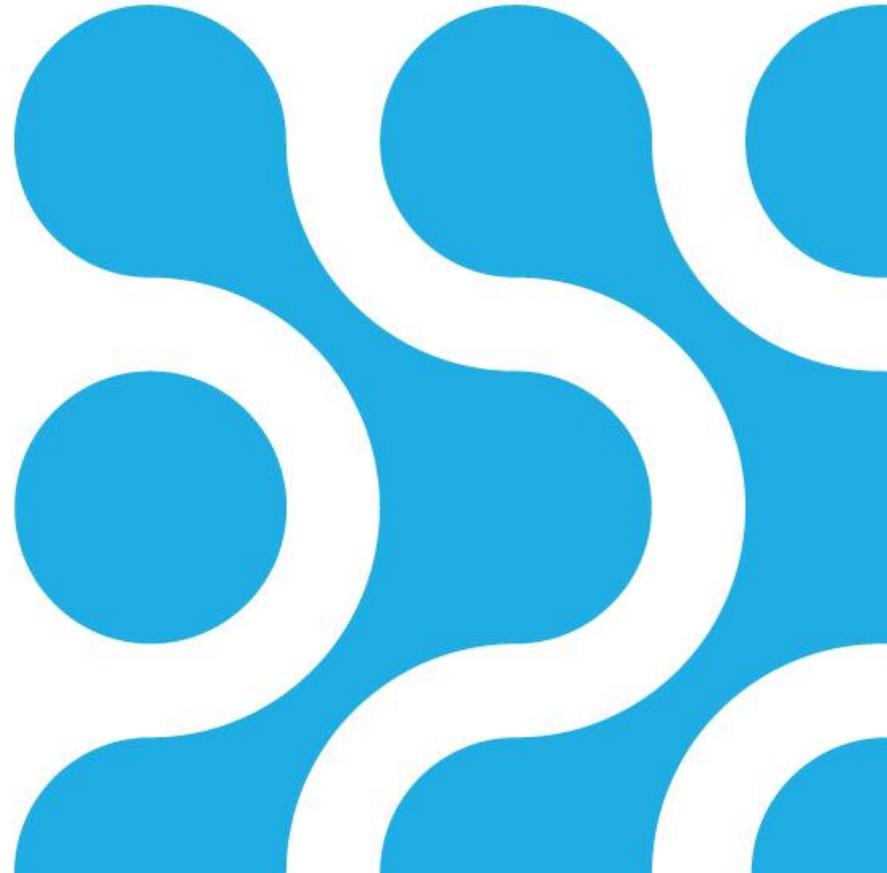


Welcome to the 2020 Board Review!



Electronic Components Industry Association

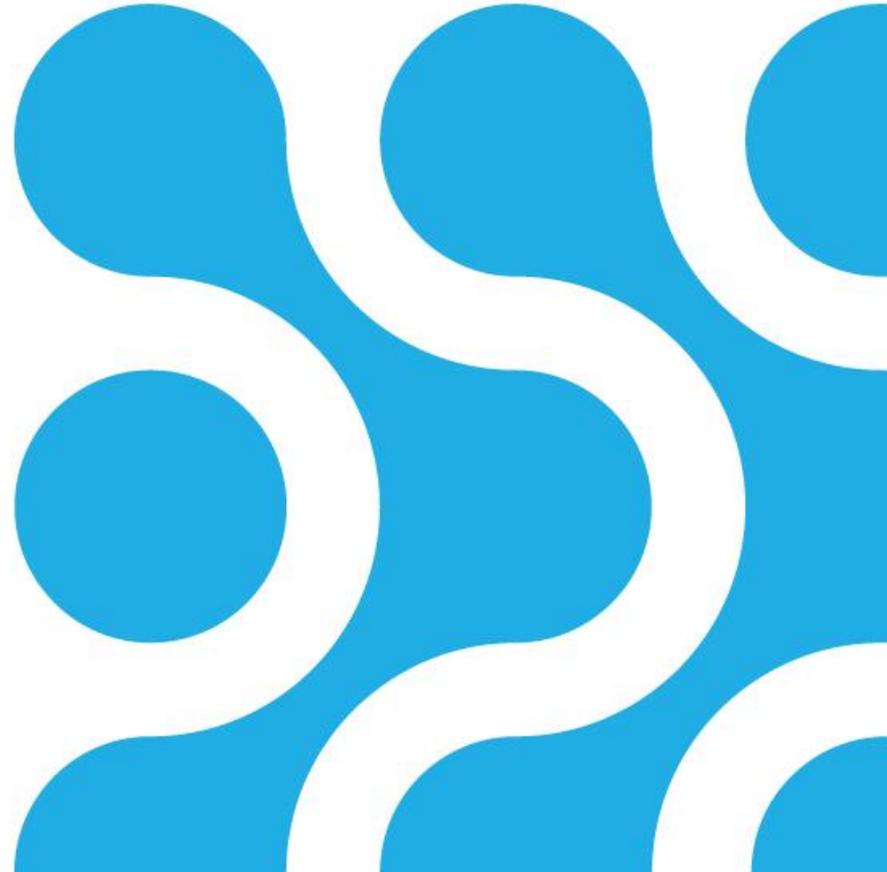


Welcome to the 2020 Board Review!

David Loftus
President & CEO
November 2020

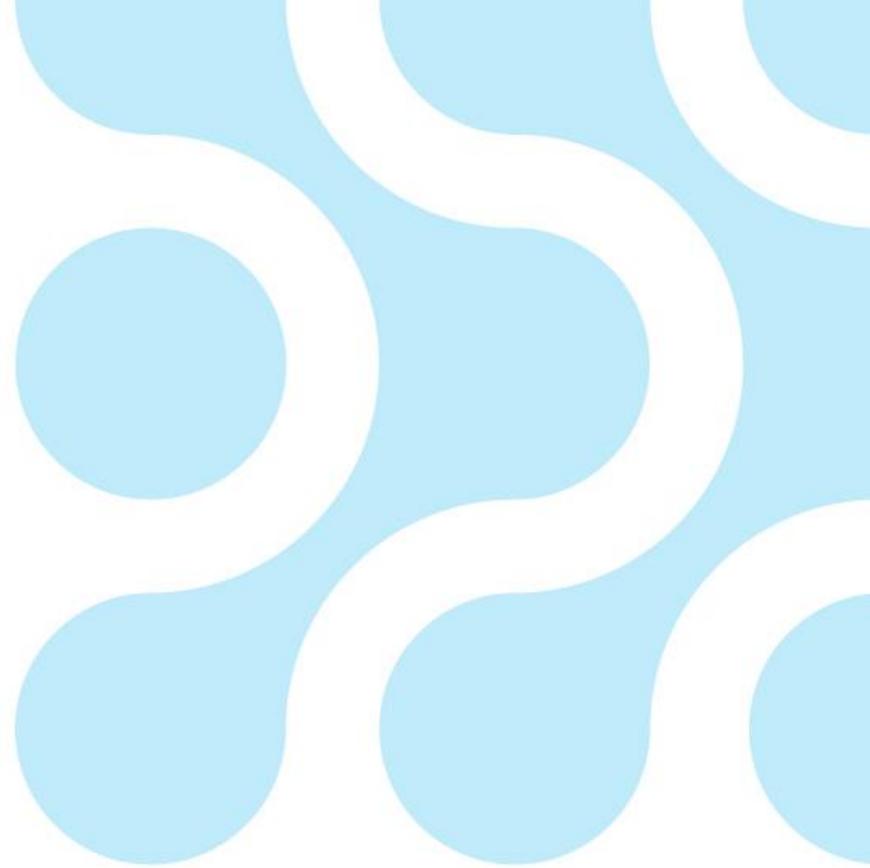


Electronic Components Industry Association



Thanks to all for support in 2020!

- Board
- Councils
- Committees and SME's
- ECIA Staff





Agenda!

Introduction of Board Members – David Loftus, ECIA President & CEO

ECIA Accomplishments and Initiatives – Jeff Thomson, ECIA Board Chairman

State of the Association – David Loftus

Thoughts from our Incoming Chairman – Frank Flynn

Open questions – Audience and Board Members

Market Update – Dale Ford, ECIA Chief Analyst

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Jeff Thomson

ON Semiconductor

- Board Chair 2019-2020



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Alan Ahern

Crowley Associates

- Independent Rep Council Chair



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Rob Kirch

Vishay

- Manufacturer Council Chair
- EDS Board



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Mike Morton

TTI, Inc.

- Distributor Council Chair



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Phil Fraser

Analog Devices

- Manufacturer Council



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Mark Shiring

ebm-papst, Inc.

- Manufacturer Council
- EDS Board



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Karim Yasmine

Future Electronics

- Distributor Council



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Chris Wadsworth

Carlton-Bates Company

- Distributor Council
- EDS Board



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Frank Flynn

Sager Electronics

- ECIA Board Chair-Elect 2021-2022



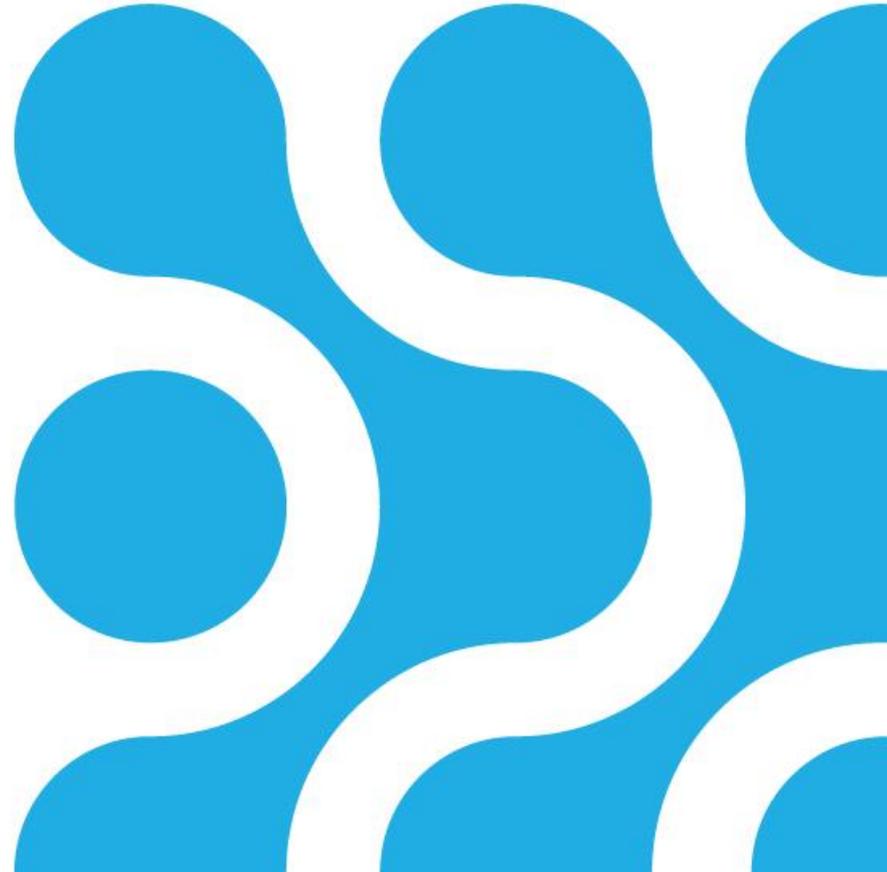
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2020 Board Review

Jeff Thomson, ECIA Chair
Senior Vice President, Global Channel Sales
ON Semiconductor
November 9, 2020



Electronic Components Industry Association



ECIA Highlights 2019-2020

- Major Restructure of the Organization
 - Launched Fall of 2018 in response to feedback from the member survey
 - Streamlined Board and created Manufacturer, Distributor, Manufacturer Rep Councils
 - Board reduced to 9; each Council has 12 representatives
 - Created a more nimble decision-making body
 - Allows each constituent group to address relevant topics and initiatives
 - Semi- Annual meeting format changed to allow for Joint Council collaboration
 - Resulted in ECIA being more effective and having a greater impact on the industry
 - Bigger industry challenges being addressed
 - Greater number of deliverables provided to members

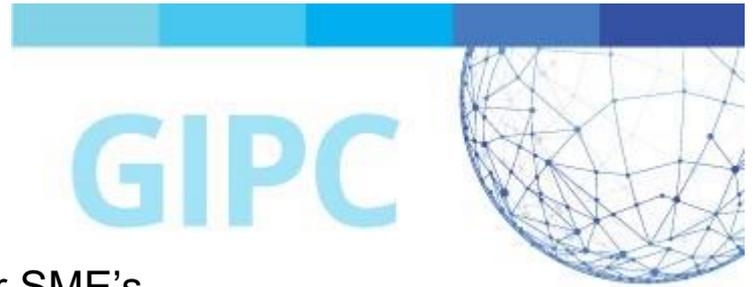
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ECIA Highlights 2019-2020

- Councils each contributed to ECIA's success
 - Distribution Council
 - Inventory site now self funding and rebranded as TrustedParts.com
 - Best practices for Manufacturers listing Authorized Distributors and Reps on their sites
 - Manufacturer Council
 - Design Registration Program Study
 - Creation of Americas DTAM for discrete semiconductors
 - Texas A&M channel study – waiting to be funded
 - Manufacturer Rep Council
 - ETL process for NBO's
 - Distribution Branch Training Module

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ECIA Highlights 2019-2020



- Reconfigured GIPC now utilizes a pool of member SME's
 - Developed a 2D Bar Code Industry Specification
 - Reporting and Guidance for CA Prop 65
 - Tariff Best Practice of Exchange of Information and Tariff removal Guidance
 - Paperless Certificate of Compliance (CoC)
 - Best practices of the changed Sales role due to the pandemic
 - Currently underway:
 - Design Registration Program Study (Manufacturer Council)
 - Best practices for Manufacturers listing Authorized Distributors and Reps on their sites (Distributor Council)

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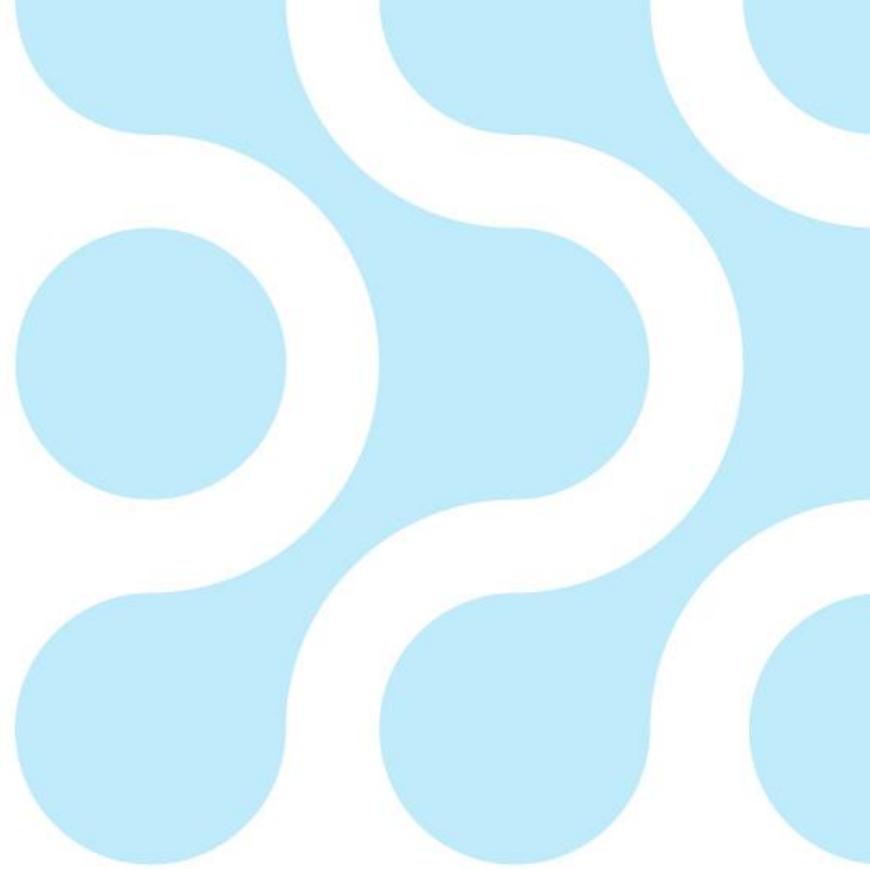
ECIA Highlights 2019-2020

- **Market Research enhanced with the Addition of Dale Ford**
 - Extensive coverage of Corona Virus impact on the Supply Chain
 - Successful launch of monthly/Quarterly ECST surveys tracking industry outlook
 - Creation of Americas DTAM for discrete semiconductors
- **Expanded Member Communications**
 - Redesign of the association website ecianow.org
 - Bi-weekly The Channel Channel podcasts hosted by various staff
 - Ongoing webinars covering a wide variety of topics
- **Last, but not least, a smooth transition to our new CEO**

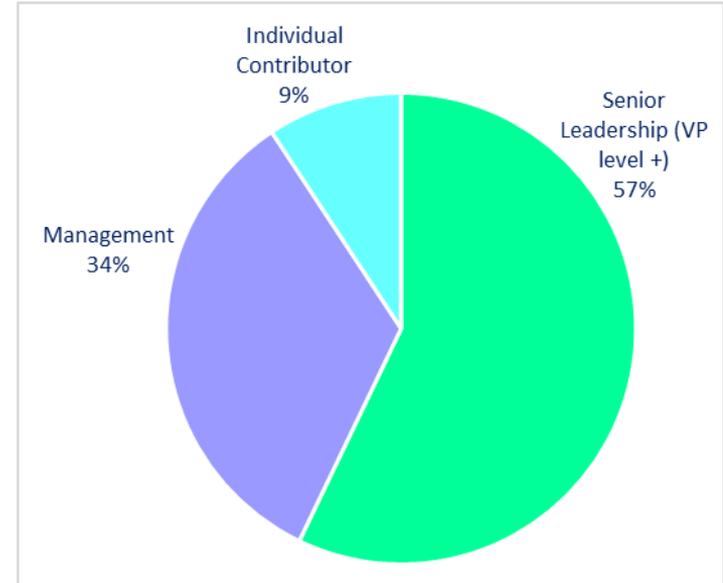
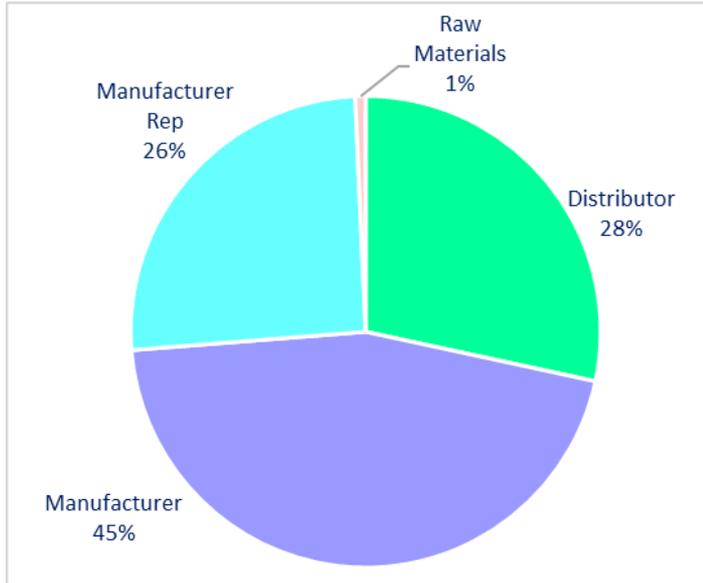
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State of the Association

David Loftus
President & CEO
November 2020



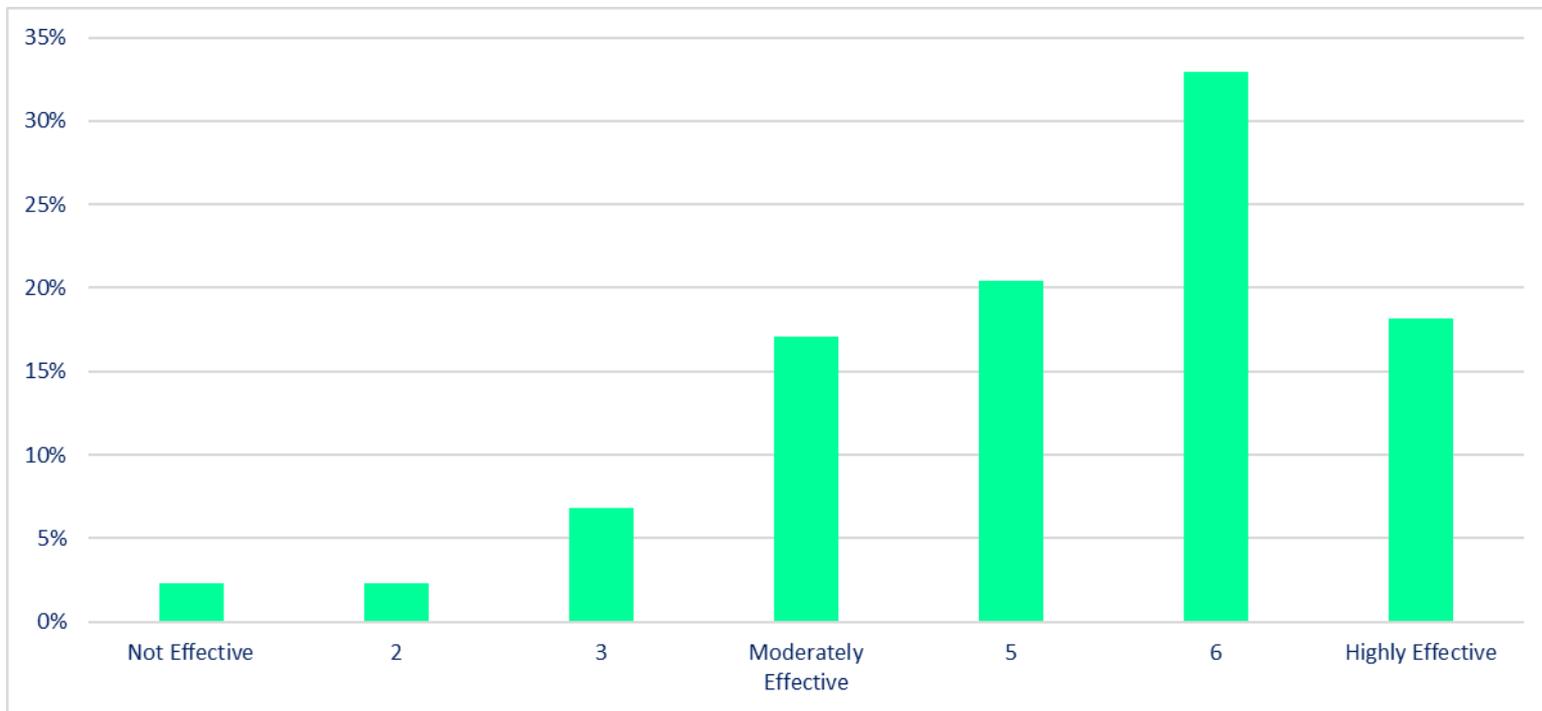
Thanks to our 2020 Member Survey Respondents!



Over 140 Responses!

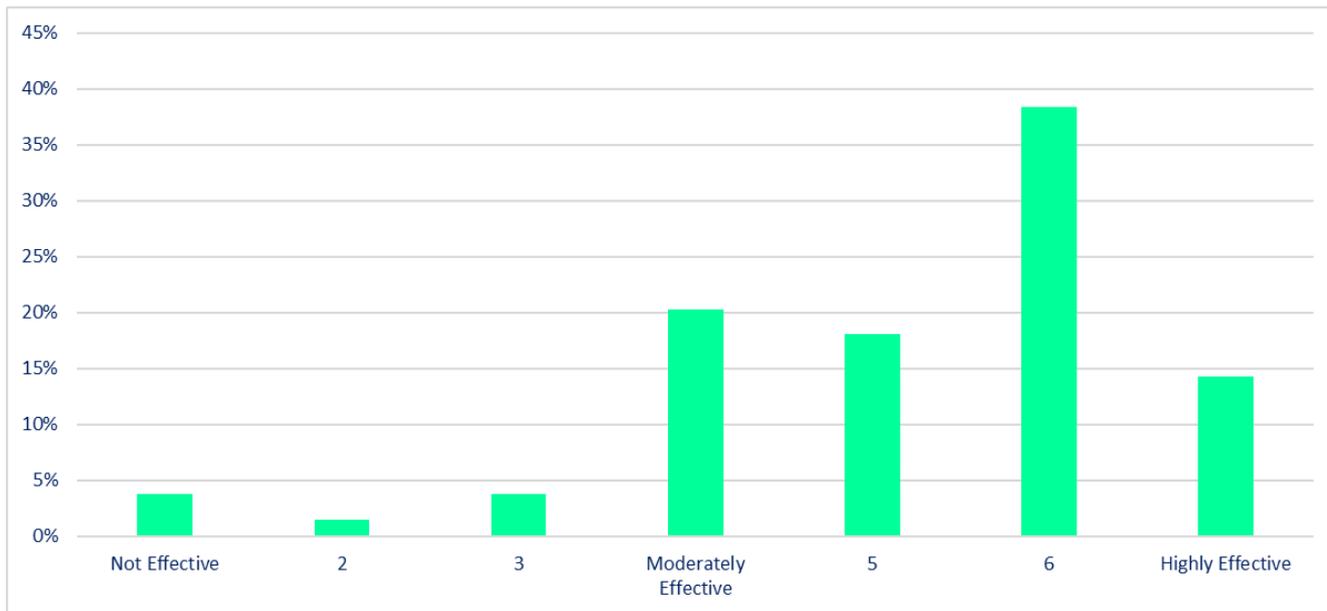
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After the 2018 survey, ECIA was restructured to create a smaller, more focused 9-member Board of Directors and three focused 12-person Councils for Manufacturers, Distributors, and Manufacturers' Reps. If you are familiar with the new structure, please rate this change.



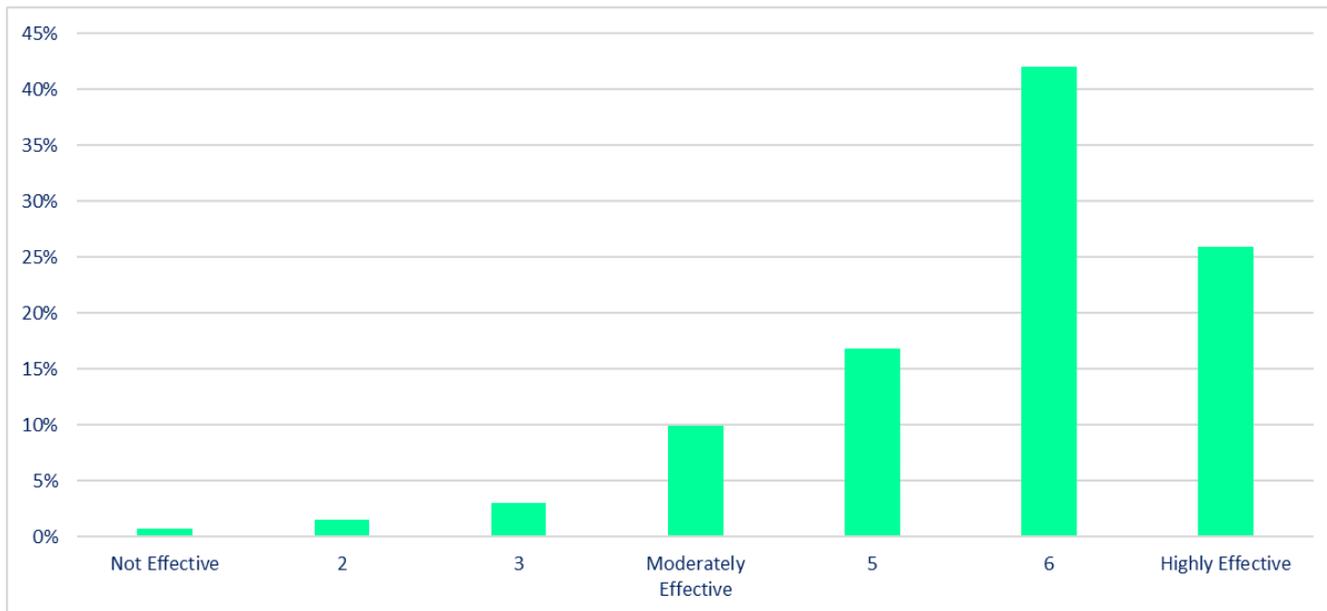
Connect. Influence. Optimize.

Please rate your overall satisfaction with ECIA relative to the following statement:
ECIA enables my company to be more effective in my industry



Connect. Influence. Optimize.

Please rate your overall satisfaction with ECIA relative to the following statement:
ECIA does a good job communicating with its members



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What additional offering would make ECIA membership of greater value to you and your company? Other Feedback?

- Role specific communities
- Go global
- A lobbyist in DC to fight for our industry
- Expand market surveys, more efficient reminders
- Increase semiconductor companies
- Increased economic research
- More collaboration with ERA

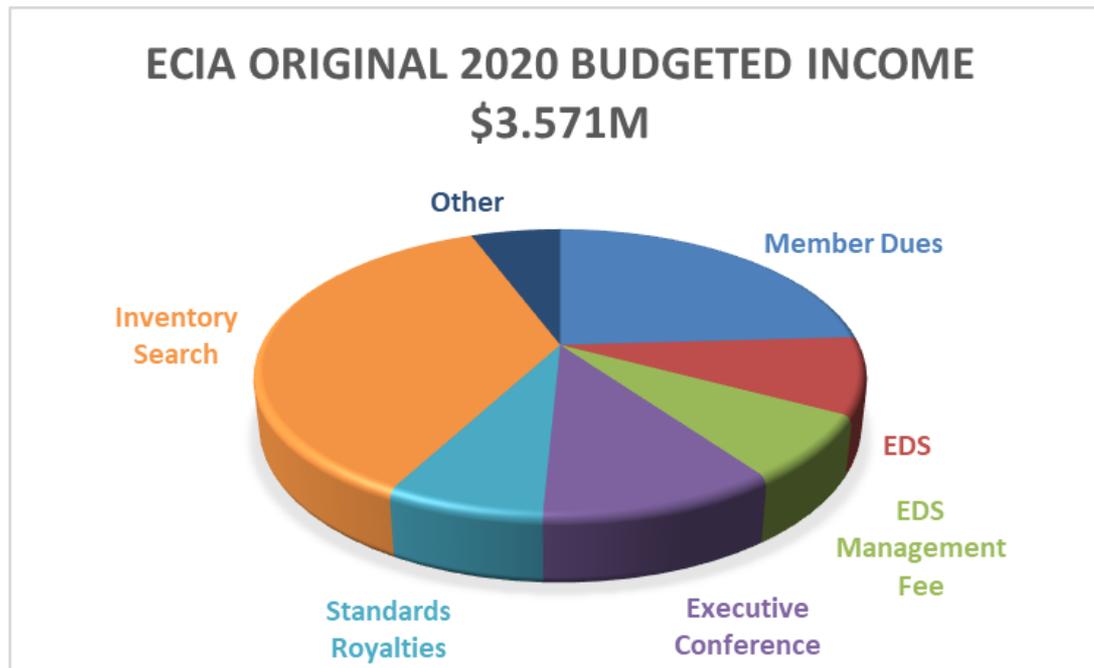
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2020 Summary

- Great accomplishments in a virtual world!
 - Councils working well
 - First virtual Joint Board and Council meetings held in late October
- Covid financial impact - Cancellation of EDS and Exec Conference
- Slight net loss of membership
 - Covid financial pressures
 - Consolidation

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ECIA Funding



2020 Projected Close: \$3.043M

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ECIA Expenses

Member Services

- Inventory Site
- Standards
- GIPC
- Stats/Surveys
- Special Projects

ECIA ORIGINAL 2020 BUDGETED EXPENSE \$3.533M



2020 Projected Close: \$3.035M

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ECIA Financial Status is Solid

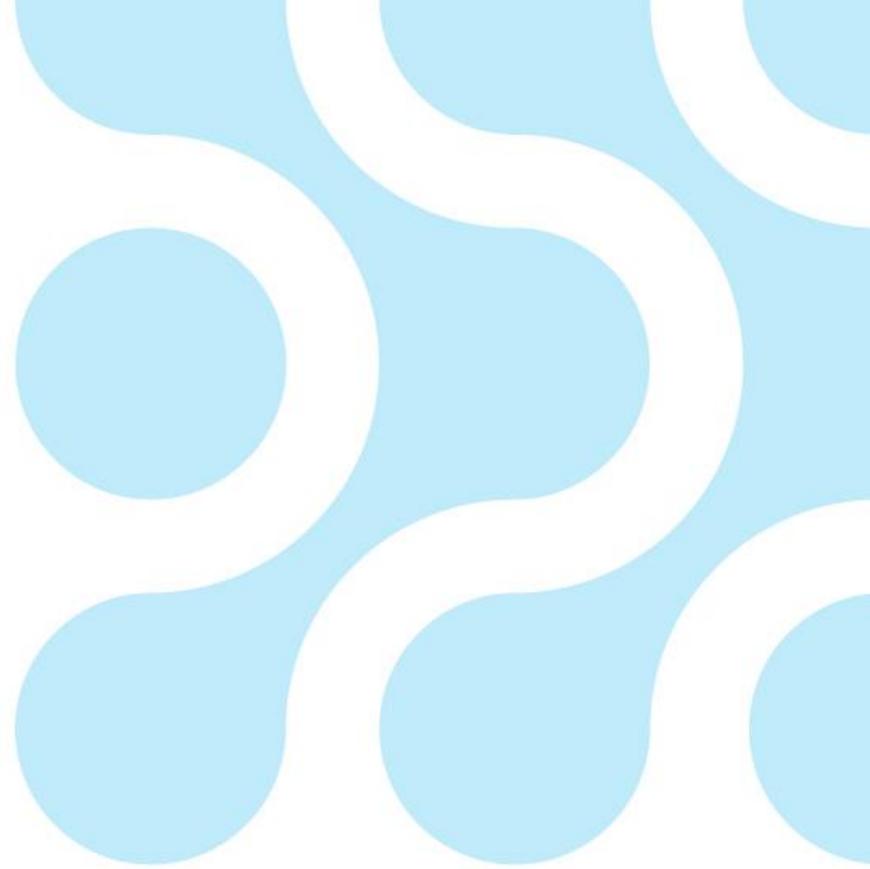
- 2020 projected close: **\$8K net positive**
 - Lower income (-\$370K) due to cancellation of Exec Conference
 - EDS event insurance
 - Lower expenses due to Covid, cancellation of EDS, Exec Conference
- Strong reserves: Current Assets \$7.304M, Investments \$6.581M (9/30/20)
 - Good historical management by staff and board
 - Good performance from investments
- 2021 budget approved by Board
 - \$300K dip into reserves due to conservative expectations for EDS and Exec Conference
 - Tightly control expenses for 2021
 - TBD: Foundation proposal for investment in training

2021 Priorities

- Strong return of EDS and Executive Conference! [polling question]
- Rollout of Design Registration, ETL, CoC, education initiatives
- Increase membership
 - Semiconductor manufacturers
 - Pursue several international regional Distributors to increase global footprint & perspective
- Continued expansion of industry stats (i.e. DTAM)
- ERA & GEDA Cooperation

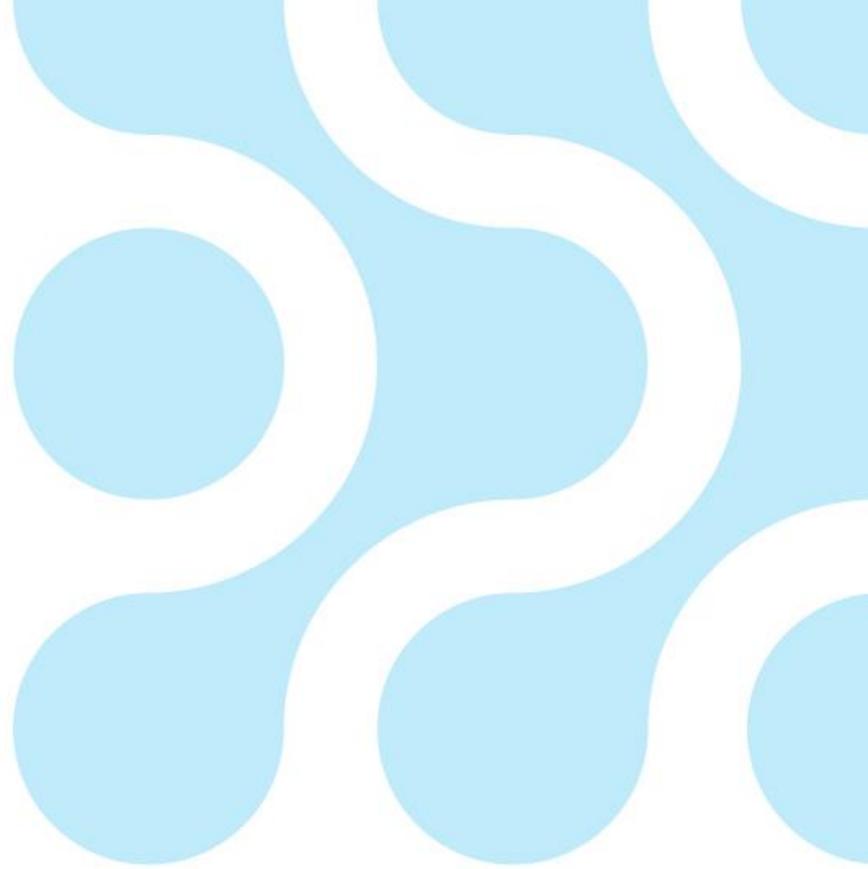
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Comments from our incoming
Chairman: Frank Flynn



Questions to the Board?

Submit your questions through the Q&A function at the bottom of your screen.



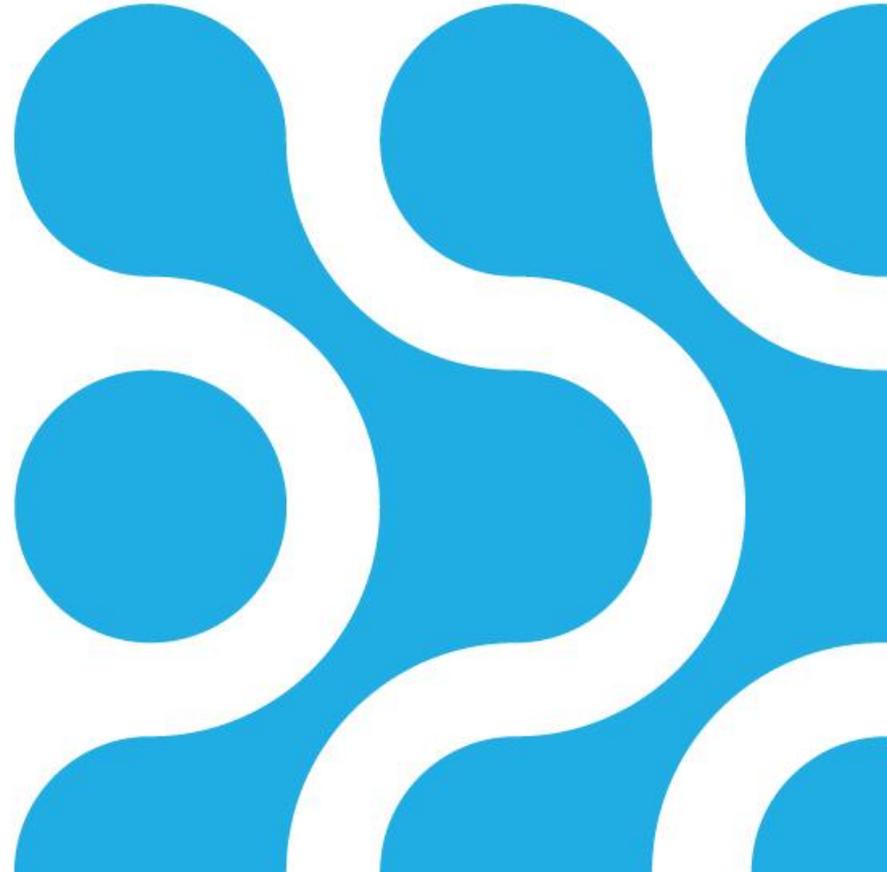
Electronics Components

A Whipsaw to a Swoosh

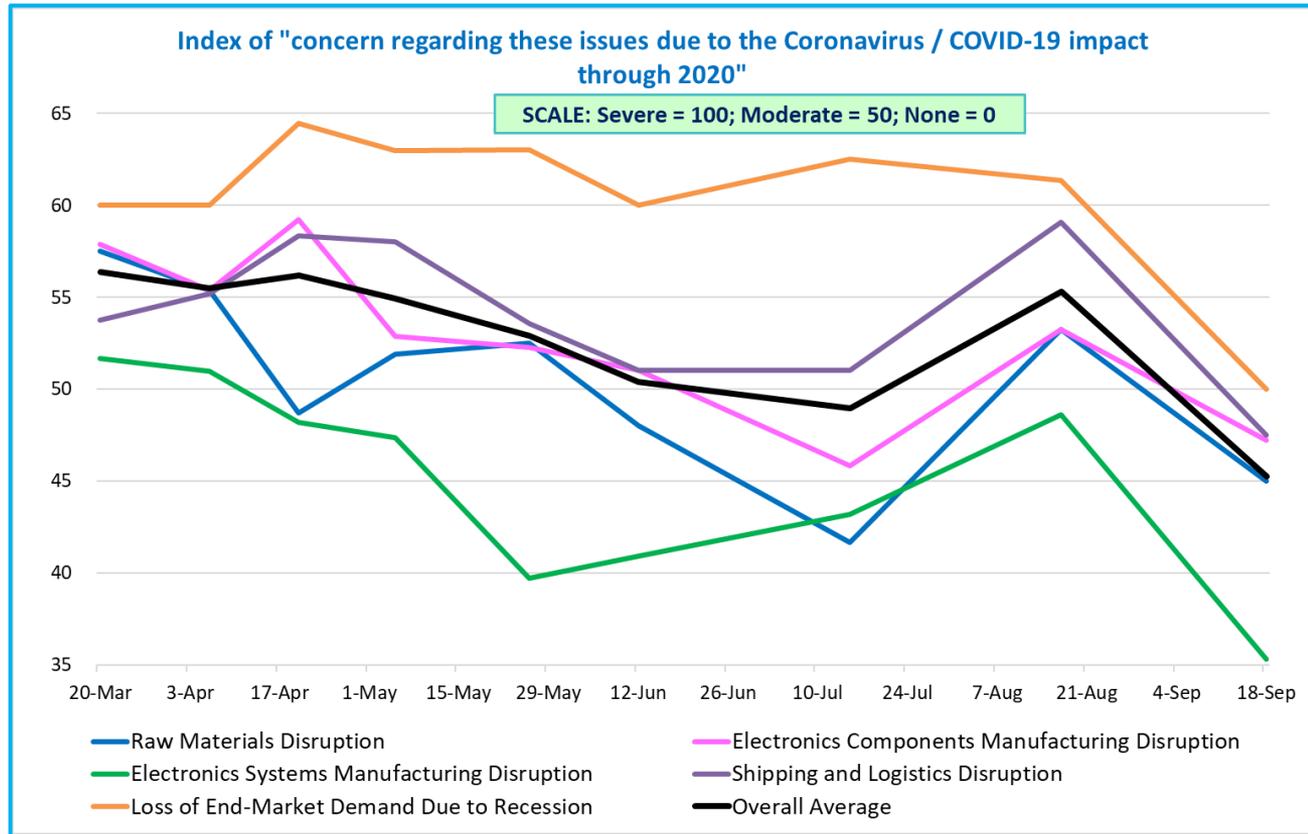
Dale Ford – Chief Analyst
November 9, 2020



Electronic Components Industry Association

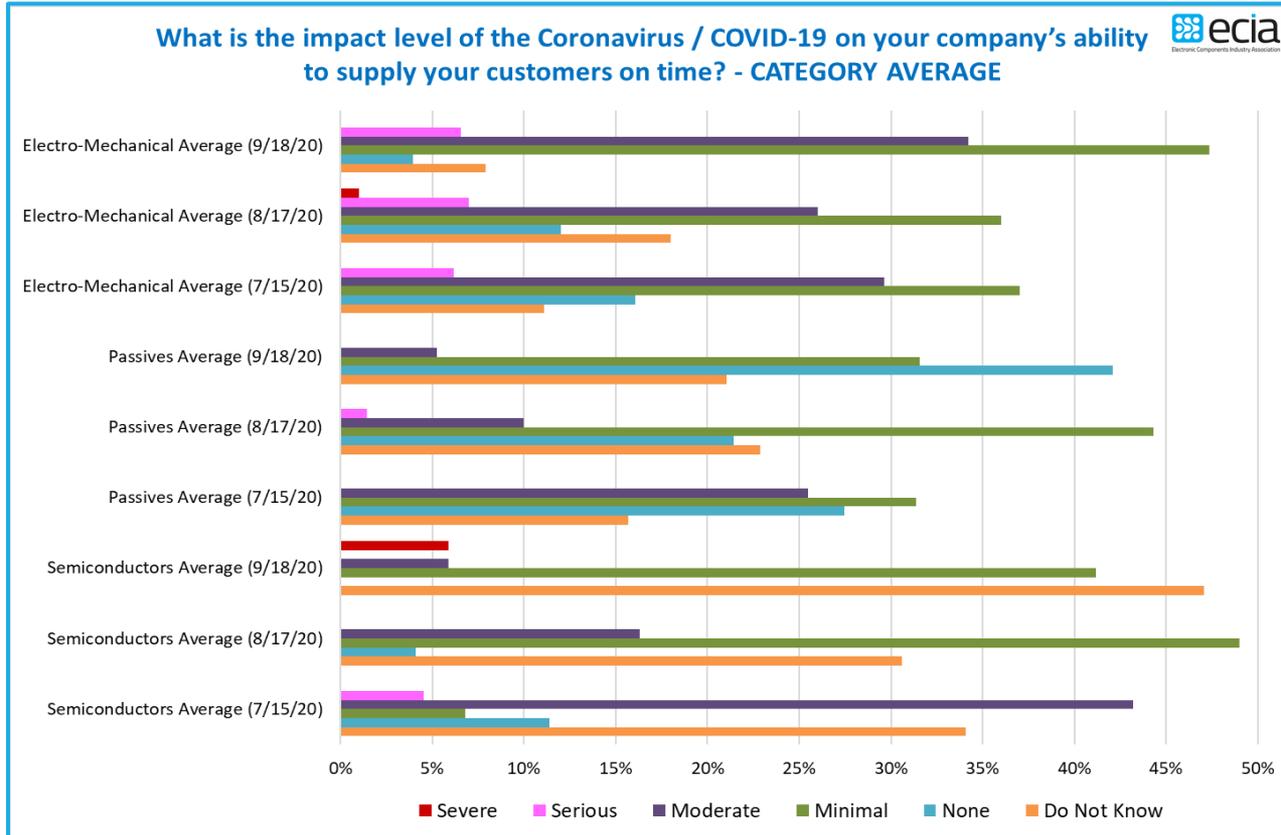


COVID-19 Supply Chain Impact – September Status



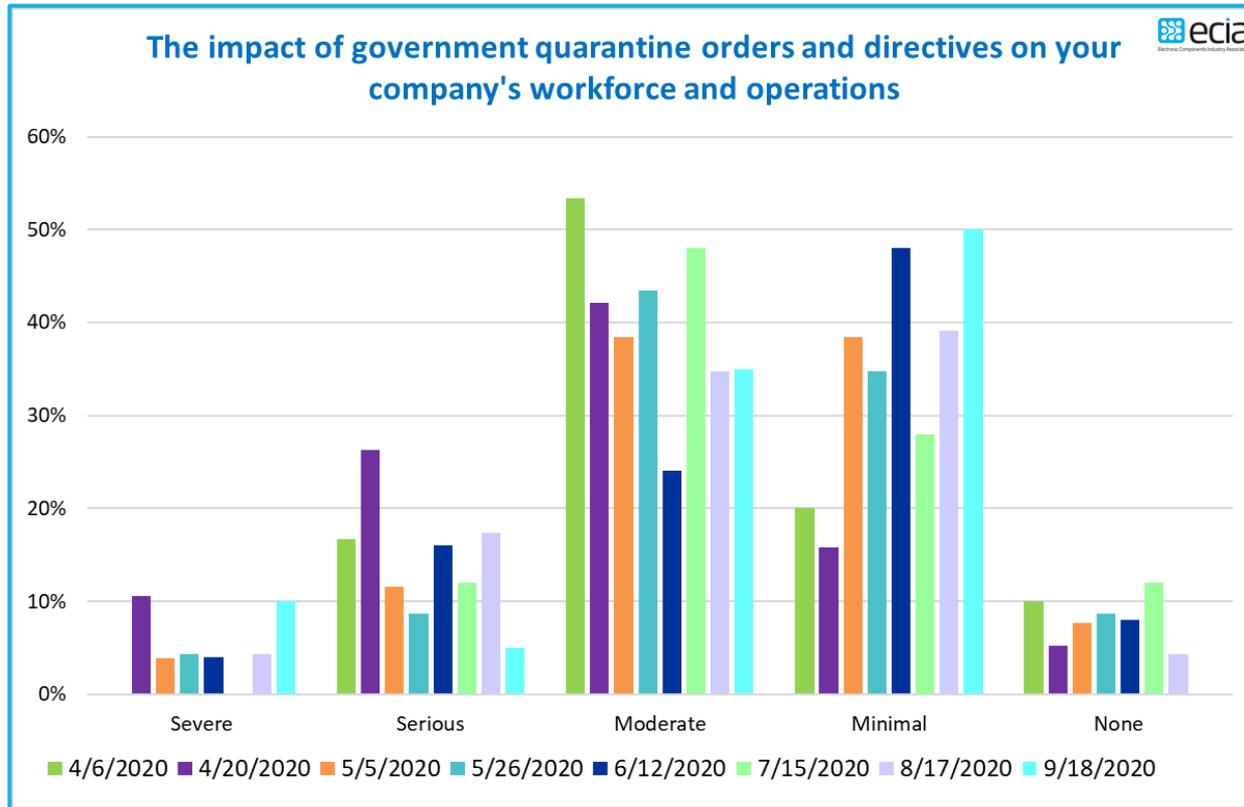
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COVID-19 Supply Chain Impact – September Status



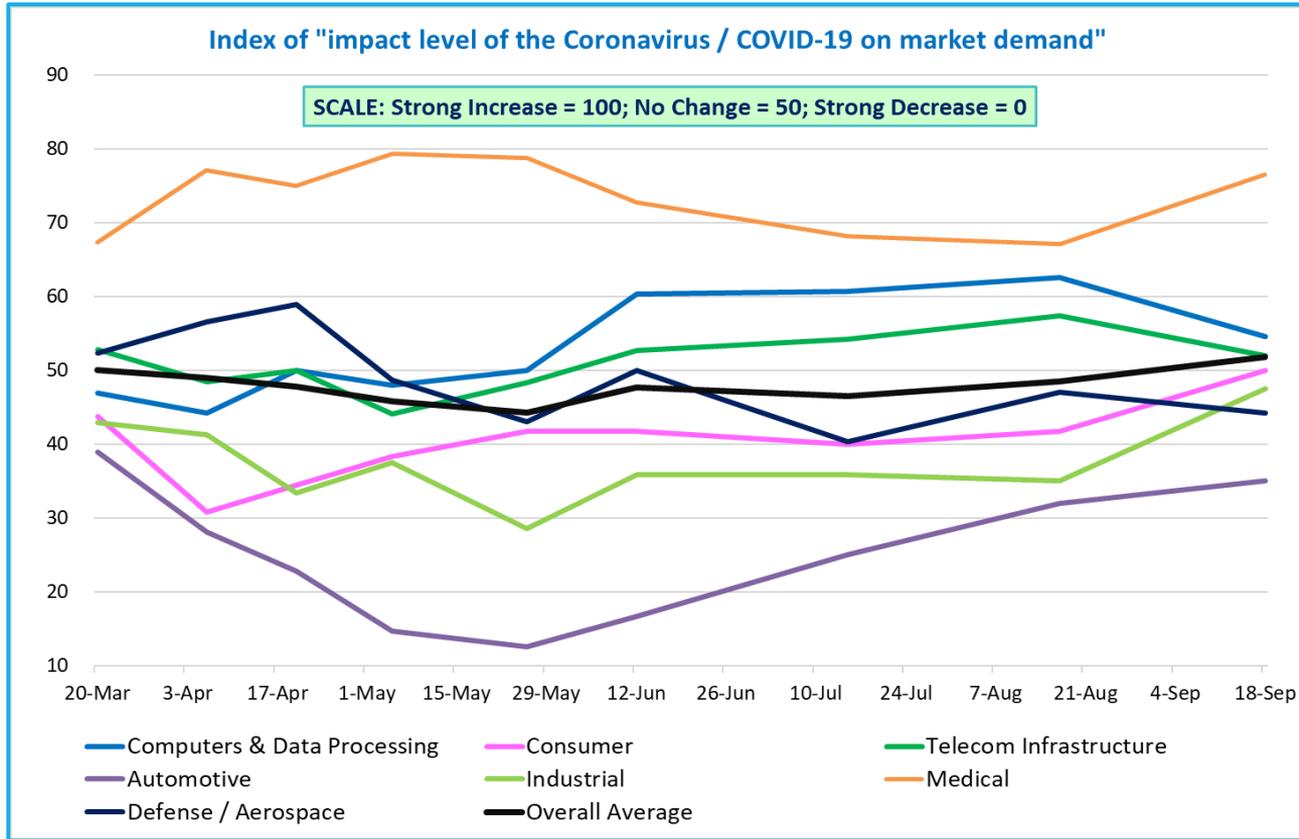
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COVID-19 Supply Chain Impact – September Status



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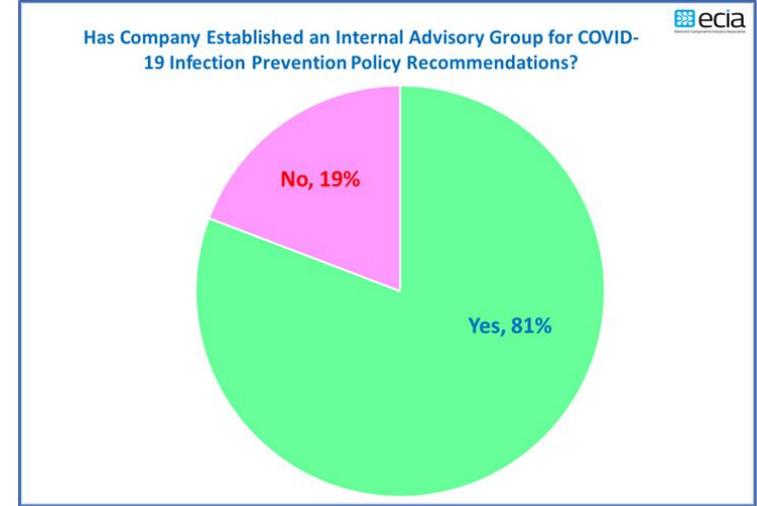
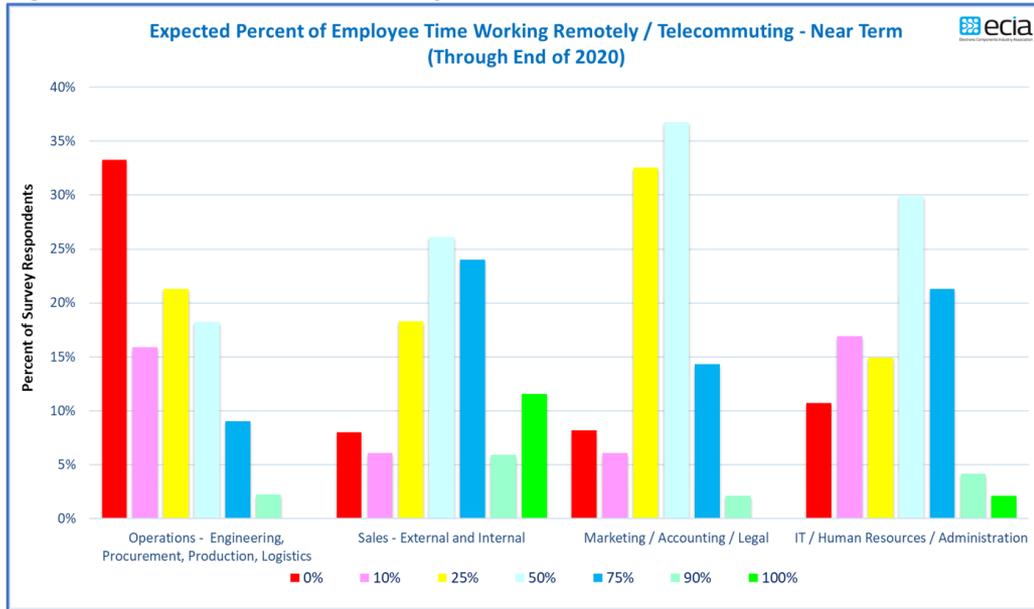
COVID-19 Supply Chain Impact – September Status



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Best Practices Development – Industry Intelligence

The Human Version of AI



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Lessons Learned – Proactive Risk Management

“Every 3.7 years on average, businesses can expect a supply chain disruption that lasts at least a month, and the most serious of these can have severe financial consequences”

2020 McKinsey Analysis

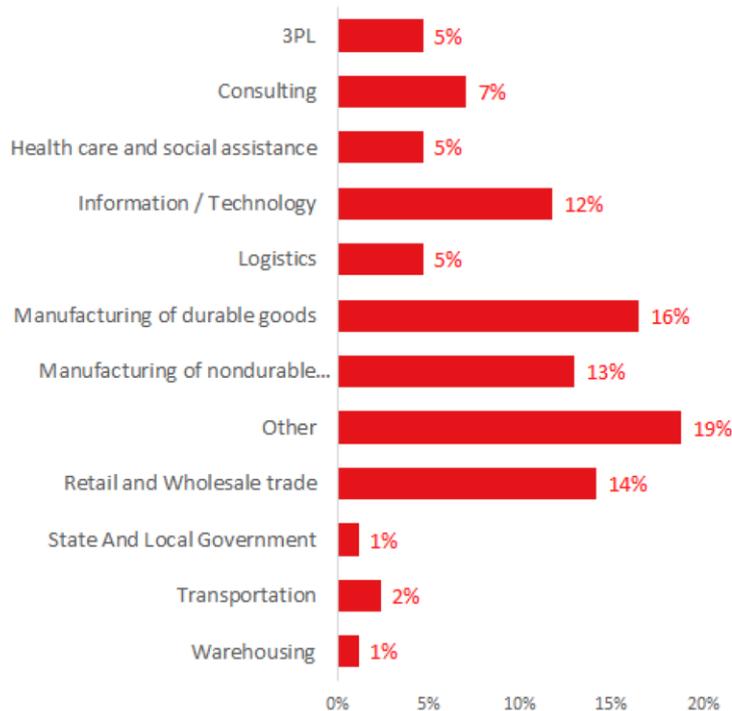
“Amnesia and misaligned incentives may be among our worst enemies when it comes to building supply chain resilience for the long haul.

Managers would do well to assess their top risks and understand the corresponding risk profiles for each supplier.”

Lynn Torrel, Chief Supply Chain and Procurement Officer, Flex

Lehigh University Supply Chain Risk Index – Q4 2020

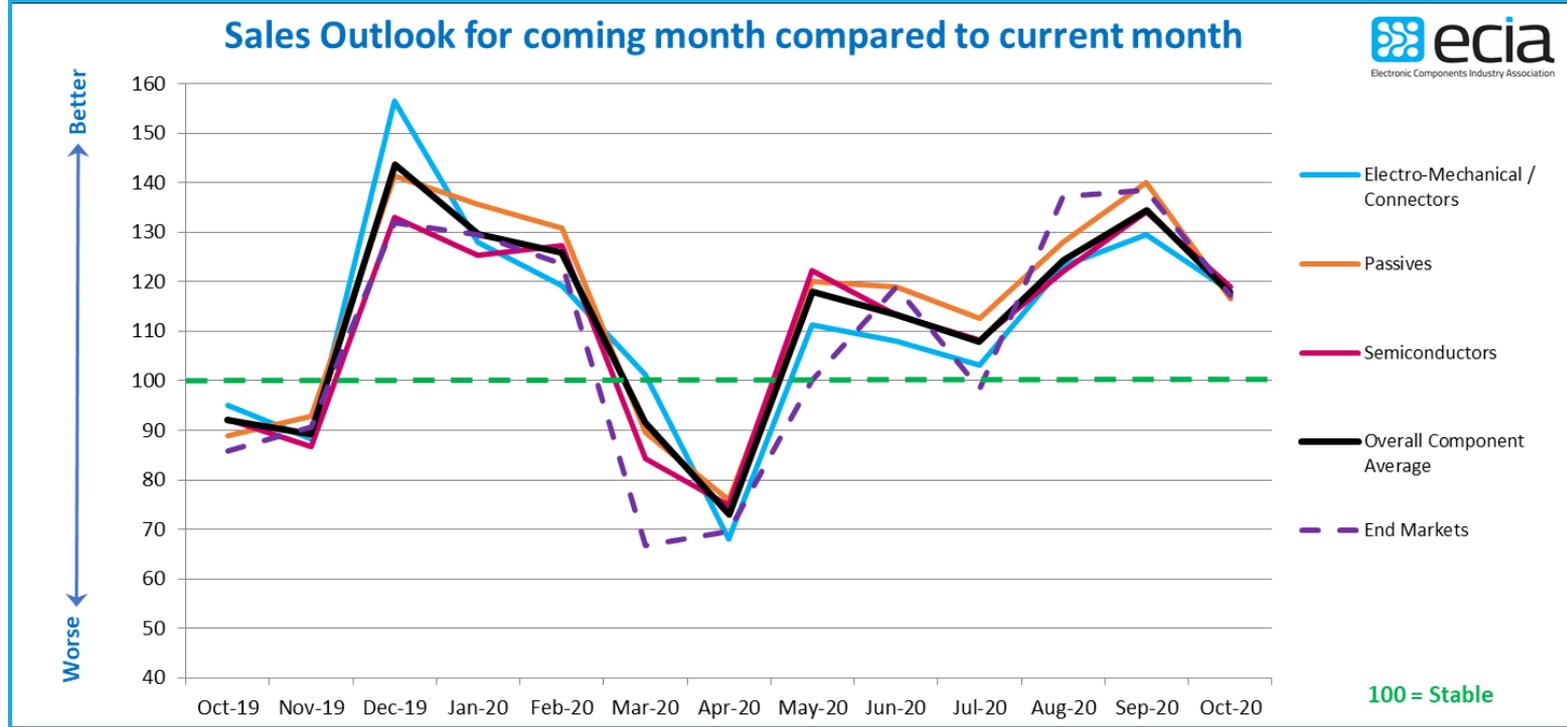
Risk Type	Risk Index	Trend
Economic Risk	78.26	↓
Supplier Risk	74.38	↓
Cybersecurity and Data Risk	72.13	↑
Customer Risk	70.66	↓
Government Intervention Risk	70.43	↑
Transportation Disruption Risk	69.60	↓
Operational Risk	60.00	↓
Environmental Risk	59.13	↑
Technological or Competitive Risk	58.26	↑
Quality Risk	56.80	↑
Average Risk Index	66.97	↓



Source: Lehigh Univ, CSCMP

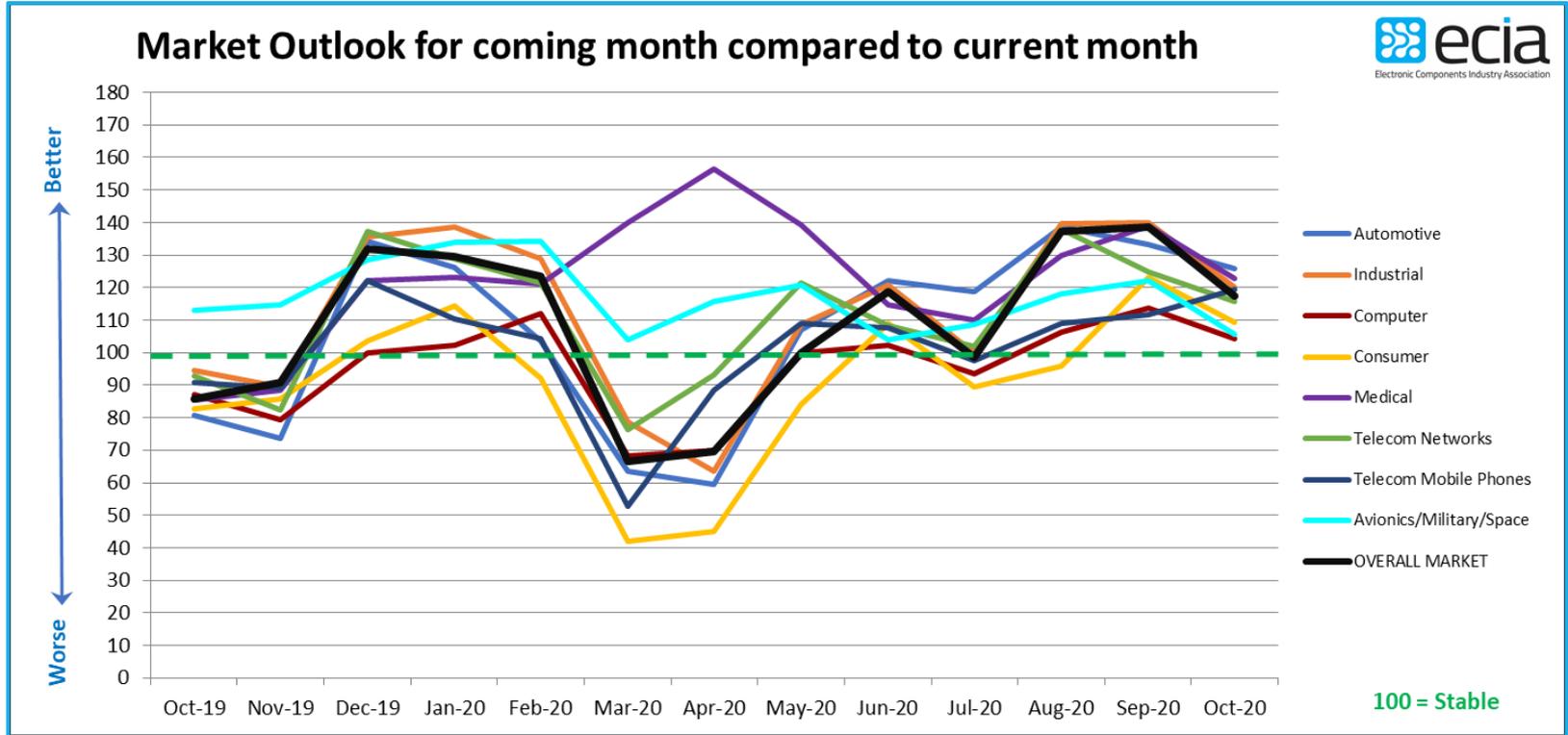
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October ECST Forecast Outlook Index Summary



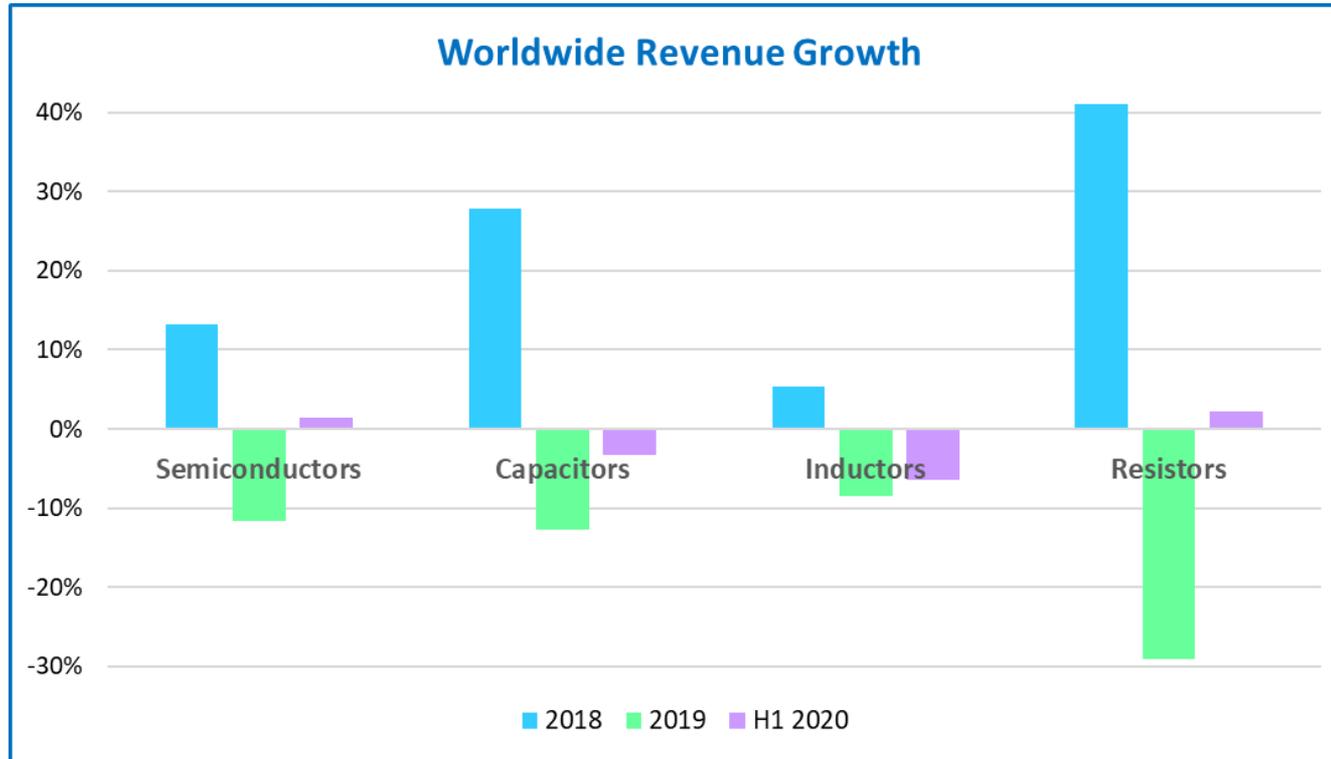
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October ECST Forecast Outlook Index Summary



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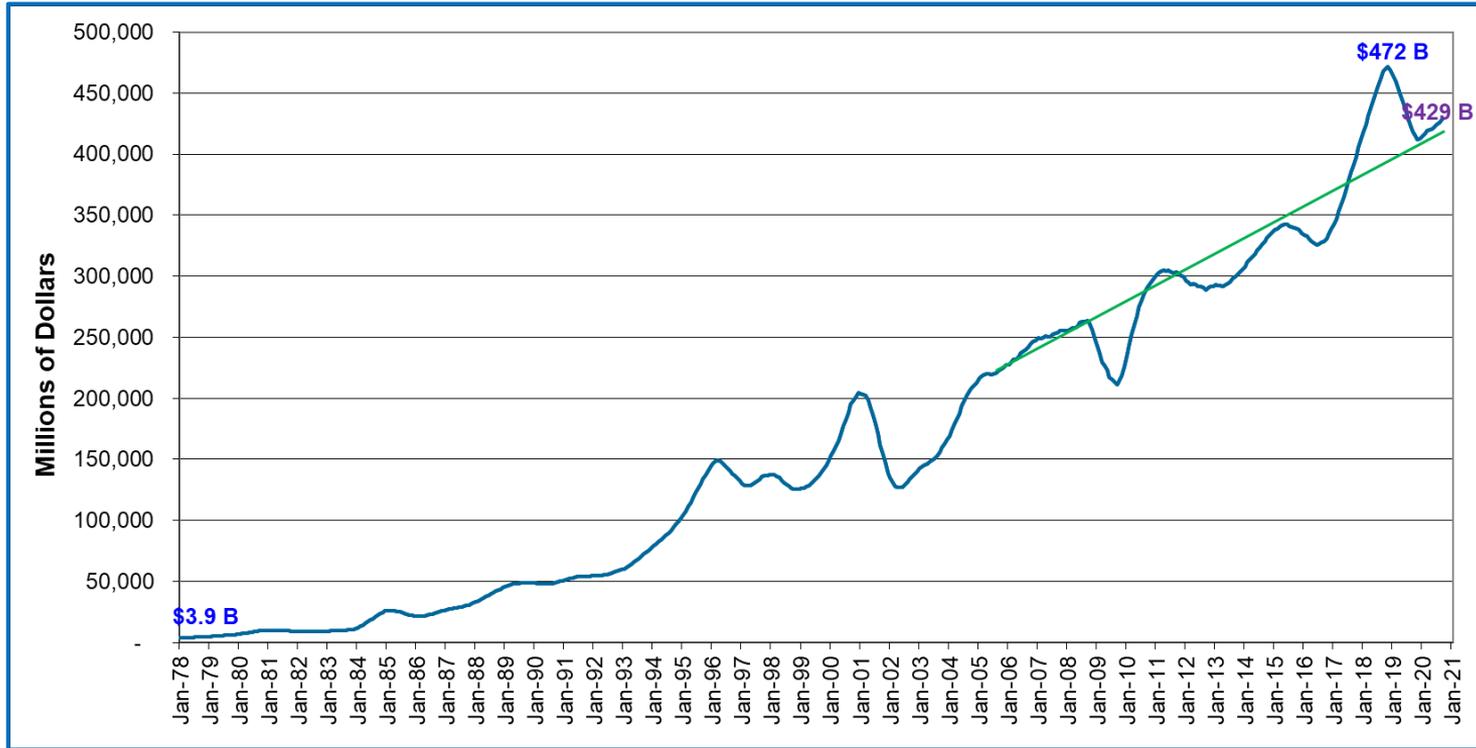
Electronic Component Revenue Growth



Source: World Semiconductor Trade Statistics (WSTS),
World Passive Trade Statistics (WPTS)

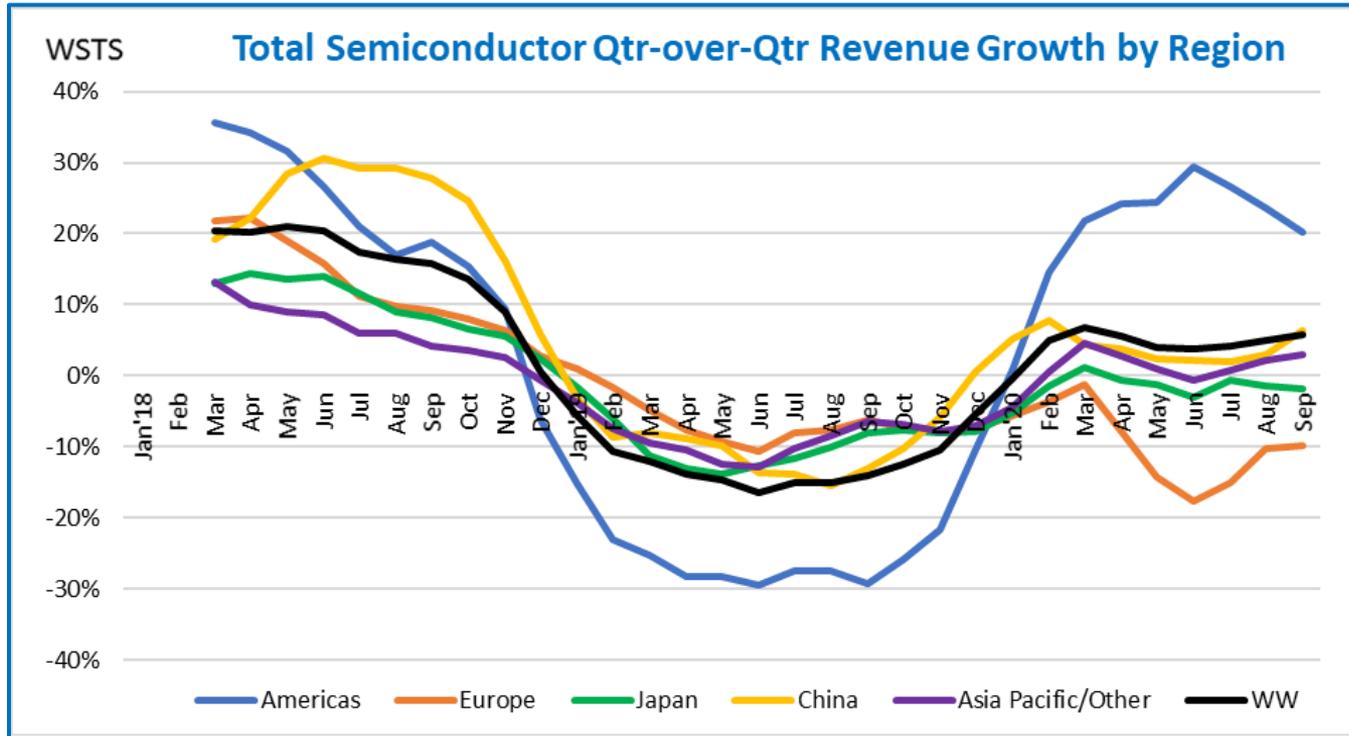
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Semiconductor Long-Term Growth Trends



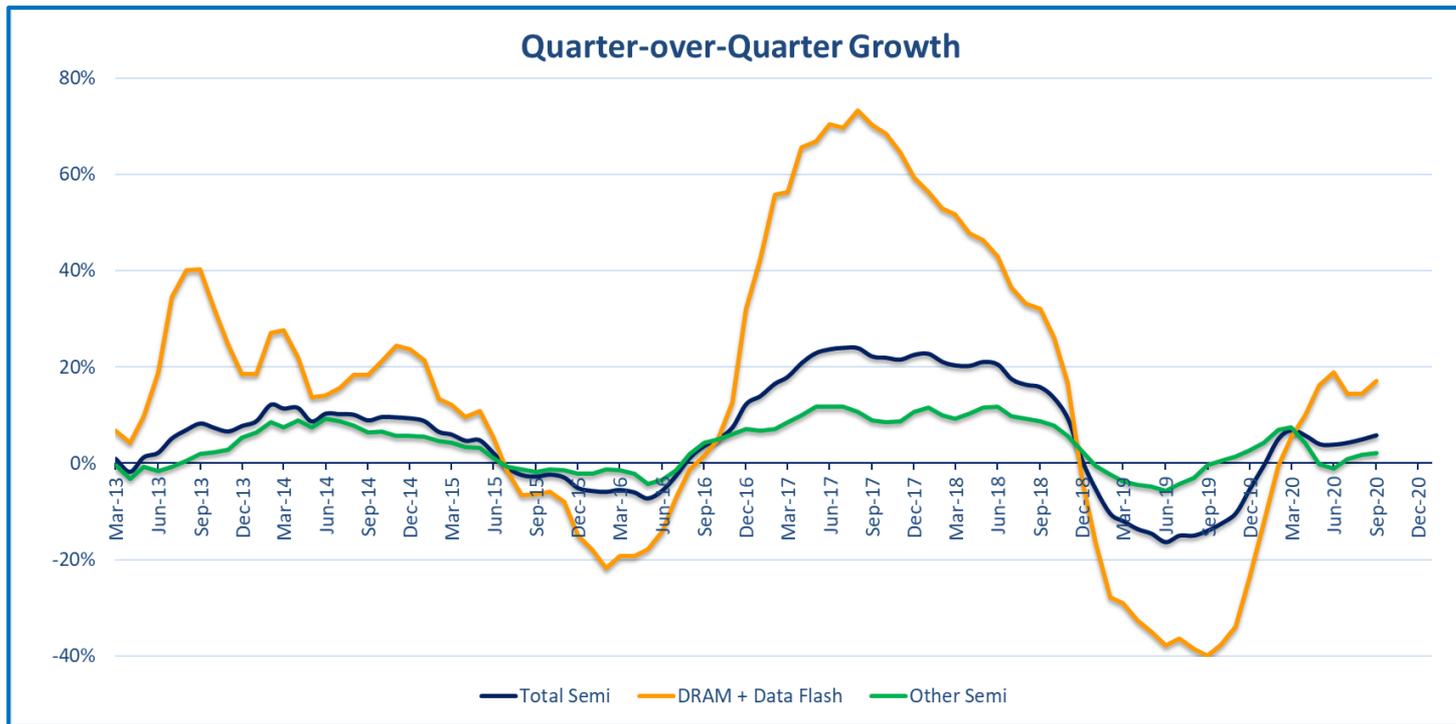
Source: WSTS

Semiconductor Growth Trends – By Region



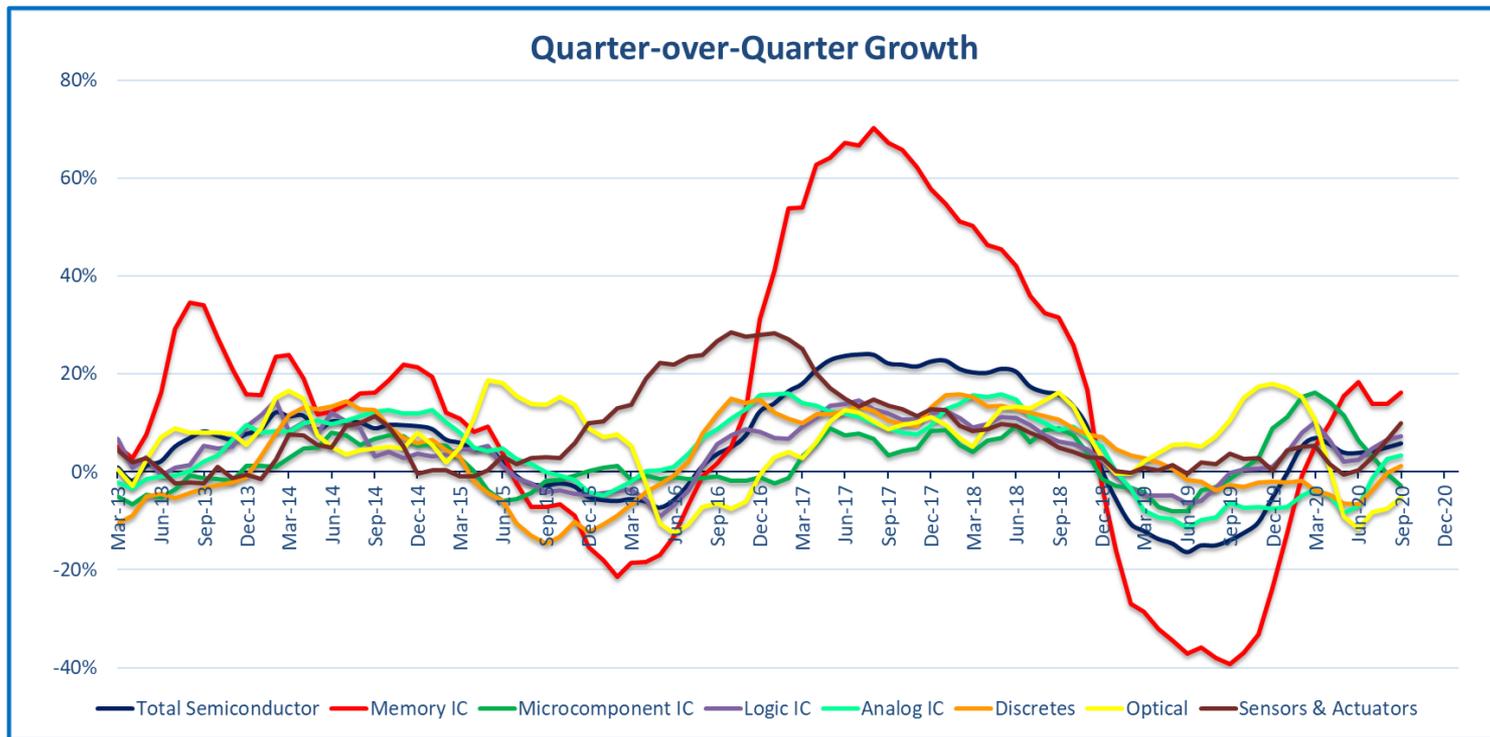
Source: WSTS

Semiconductor Growth Trends – Memory Amplifies



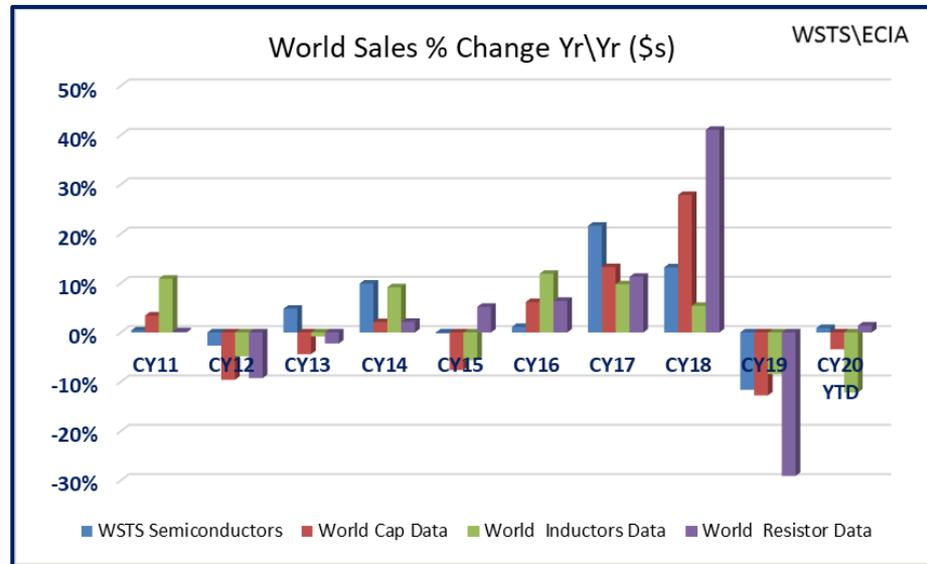
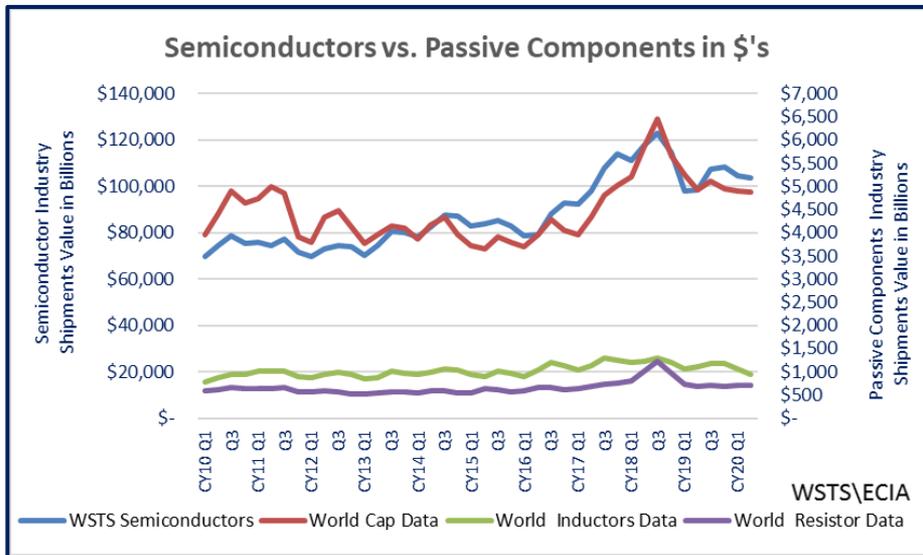
Source: WSTS

Semiconductor Growth Trends – Spaghetti View

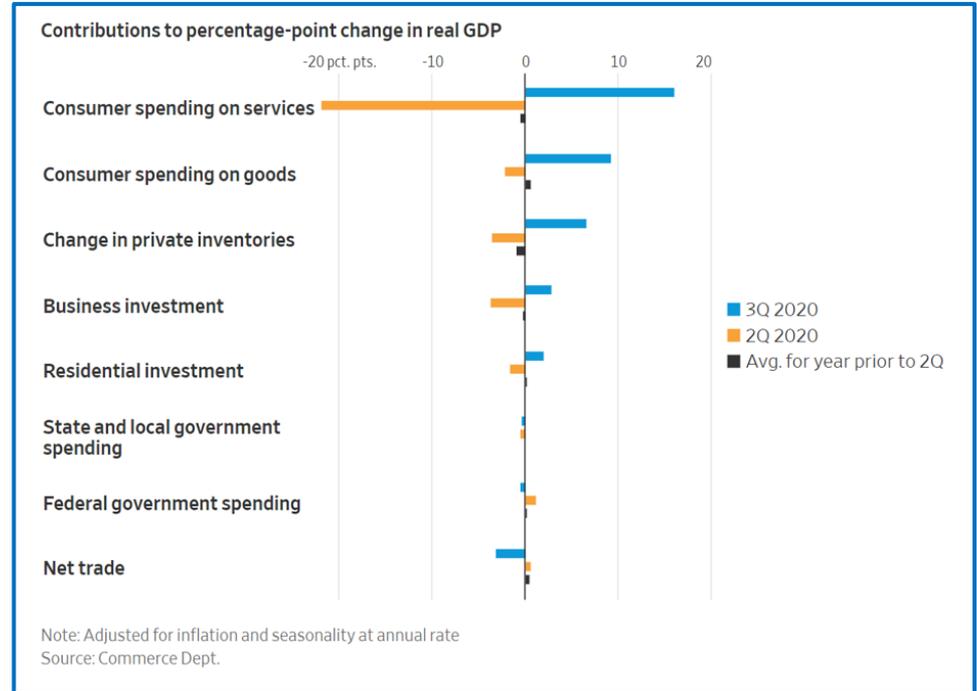
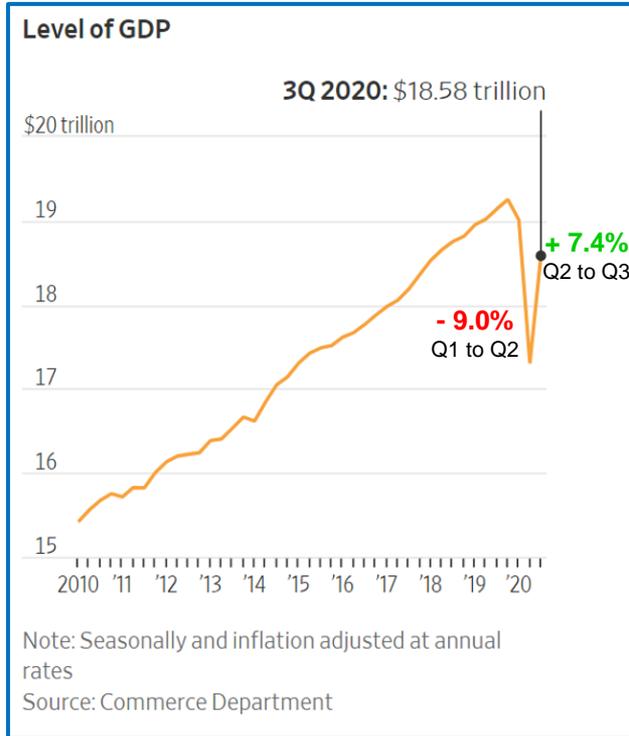


Source: WSTS

Semiconductor & Passive Market Correlation



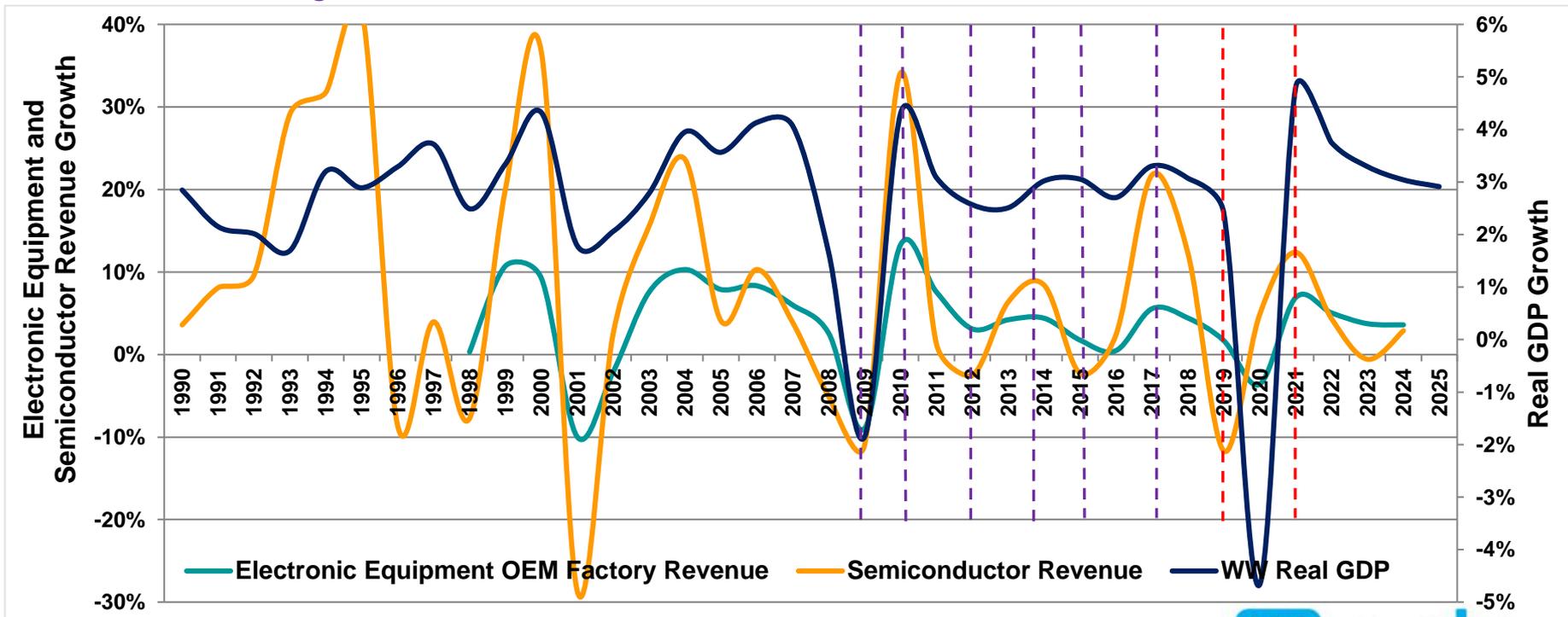
U.S. GDP Swings



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Historic alignment between economy and electronics

Semiconductor Alignment Continues



Source: WSTS, IMF, OMDIA



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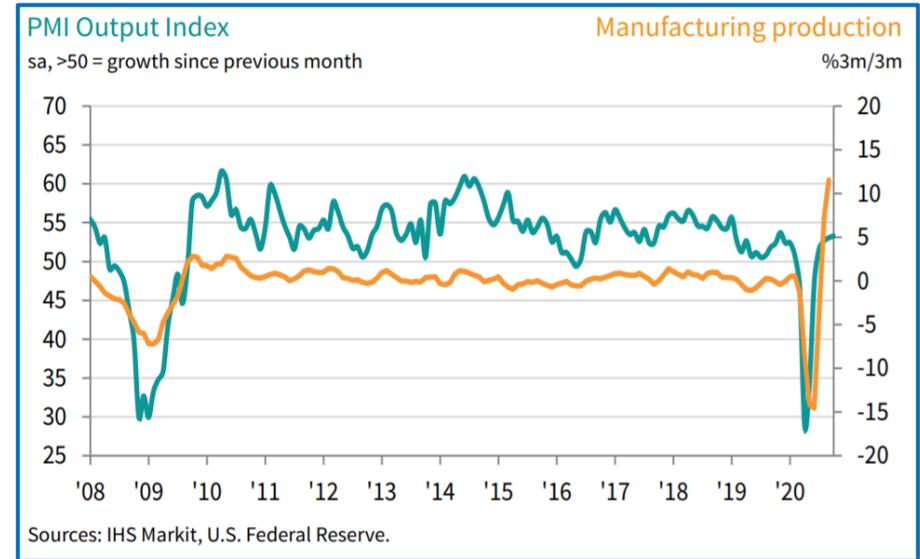
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IHS Markit U.S. Manufacturing PMI – October

Key Results

Index reaches highest level since January 2019

- U.S. Manufacturing (PMI™) posted 53.4 at the start of the fourth quarter, up slightly from 53.2 in September.
- Continued rise stems largely from rates of output and new order growth accelerating, despite export orders contracting.
- Signs of reduced pressure on capacity led to a slower rise in employment, with business confidence also historically subdued.
- Contributing to the rise in the headline figure was a quicker upturn in production in October. The rate of output growth accelerated to the sharpest since November 2019.
- Companies often stated that greater output was driven by stronger client demand and higher new order inflows.



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GDP Forecast Scenarios

Scenarios have evolved over time

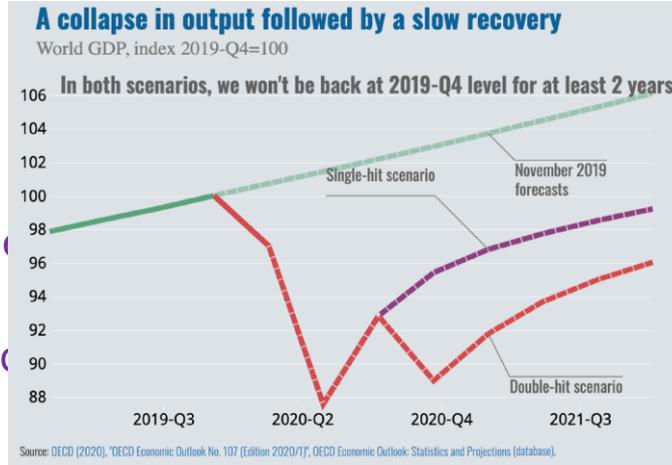
- V – Shaped
- U – Shaped
- Bathtub – Shaped
- Pi (π) – Shaped
- W – Shape

“A Crisis Like No Other”

- IMF

The Swoosh Scenario

- Conference Board



(real GDP, annual percent change)	PROJECTIONS		
	2019	2020	2021
World Output	2.9	-4.9	5.4
Advanced Economies	1.7	-8.0	4.8
United States	2.3	-8.0	4.5
Euro Area	1.3	-10.2	6.0
Germany	0.6	-7.8	5.4
France	1.5	-12.5	7.3
Italy	0.3	-12.8	6.3
Spain	2.0	-12.8	6.3
Japan	0.7	-5.8	2.4
United Kingdom	1.4	-10.2	6.3
Canada	1.7	-8.4	4.9
Other Advanced Economies	1.7	-4.8	4.2
Emerging Markets and Developing Economies	3.7	-3.0	5.9
Emerging and Developing Asia	5.5	-0.8	7.4
China	6.1	1.0	8.2
India	4.2	-4.5	6.0
ASEAN-5	4.9	-2.0	6.2
Emerging and Developing Europe	2.1	-5.8	4.3
Russia	1.3	-6.6	4.1
Latin America and the Caribbean	0.1	-9.4	3.7
Brazil	1.1	-9.1	3.6
Mexico	-0.3	-10.5	3.3

Source: IMF

Economic Risk Factors

Economic Confrontations Between Major Powers

- World trade in manufactured goods has more than doubled between 2000 and 2017—from \$4.8 trillion to \$12.2 trillion. The U.S. share of world trade in manufactured goods has grown from 7.6% in 2002 to 8.7% in 2017. *(Source: World Trade Organization)*
- Globally Weak Investment Due to Low Expected Returns, Uncertainty About Economic Policy

Small Business Health

- The majority of manufacturing firms in the United States are quite small. In 2017, there were 248,039 firms in the manufacturing sector, with all but 3,914 firms considered to be small (i.e., having fewer than 500 employees). In fact, three-quarters of these firms have fewer than 20 employees. *(Source: U.S. Census Bureau, Statistics of U.S. Businesses)*
- Unemployment and State Lockdown Orders

Energy Shocks

- Manufacturers consume more than 30% of the nation's energy consumption. Industrial users consumed 32.3 quadrillion Btu of energy in 2018, or 32.3% of the total. *(Source: U.S. Energy Information Administration, Annual Energy Outlook 2019)*

Societal and Political Turmoil

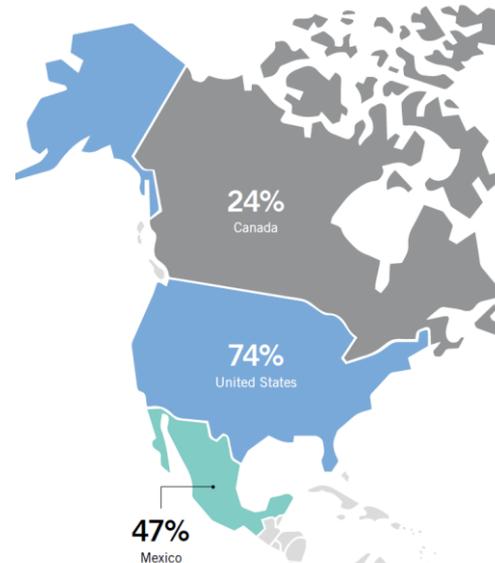
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Re-Shoring



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FOR COMPANIES MOVING PRODUCTION OR SOURCING OUT OF CHINA, MOST ARE LOOKING TO RESHORE TO NORTH AMERICA

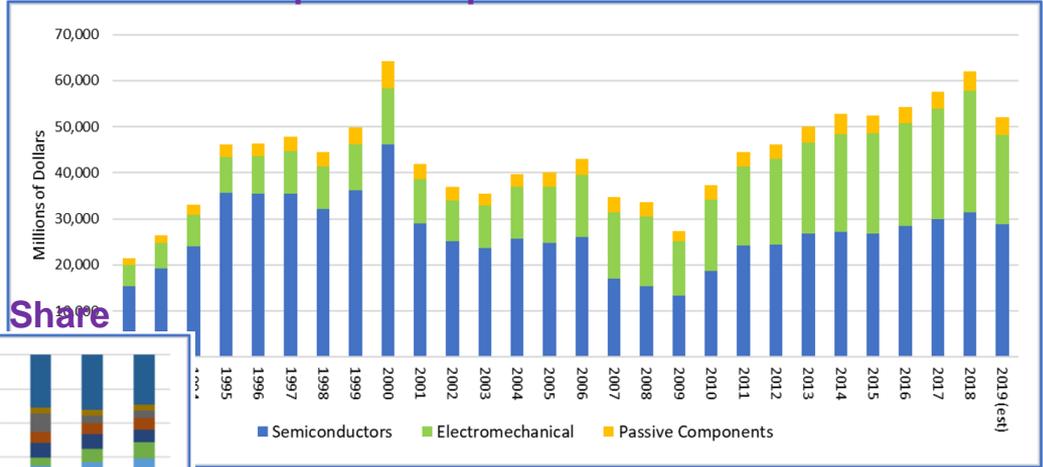


Source: Foley & Lardner LLP

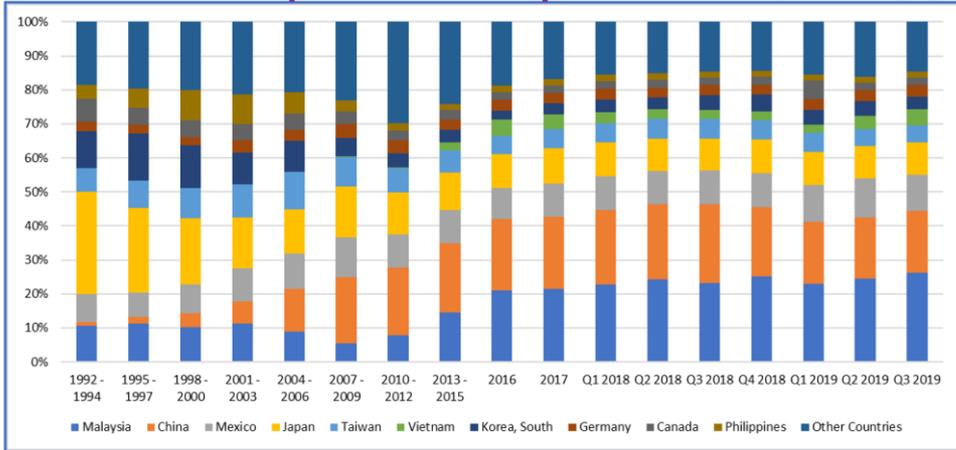
The Trade Winds are Shifting

- On-Shoring
- Re-Shoring
- Near-Shoring
- Sure-Shoring

Electronics Component Imports to the U.S.



Electronics Component U.S. Import Revenue Share



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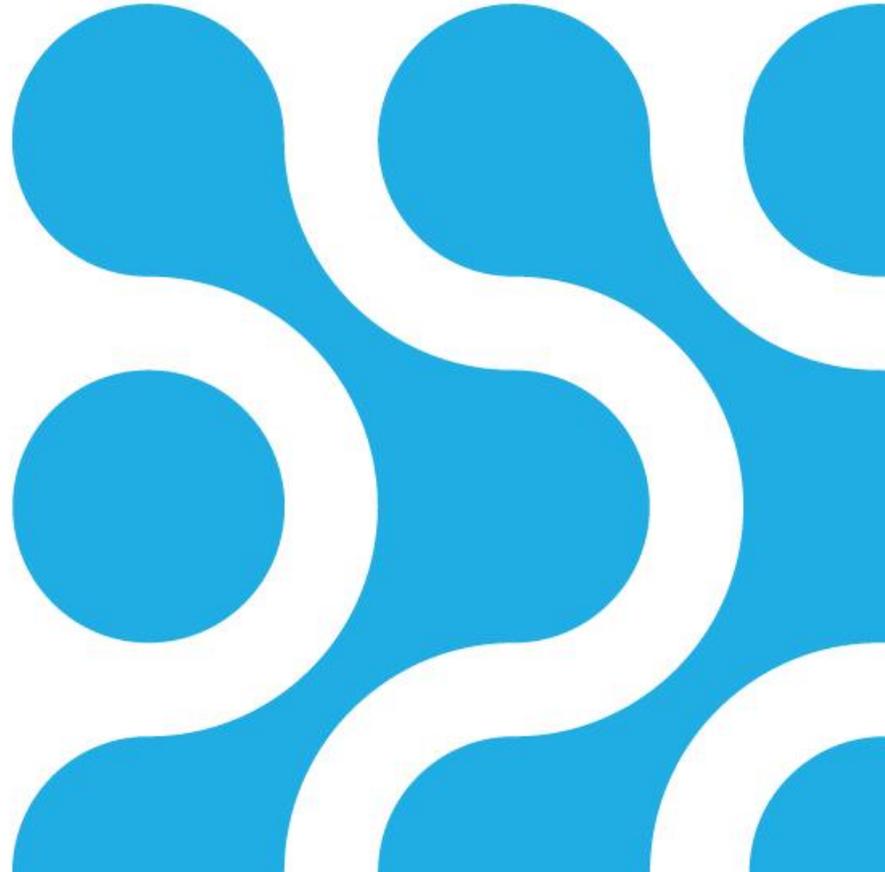
Thank you!

Dale Ford – Chief Analyst
dford@ecianow.org



ecia

Electronic Components Industry Association



Year End Activities – Visit www.ecianow.org

November 18th: the ITR Economics webinar series continues. Open to ECIA members only.

December 8 & 9: Engineering the Conversation by Lectrix, an ECIA service partner. The virtual conference is designed to guide Sales and Marketing Managers in the B2B Electronics Industry. Join in for a number of informative sessions.

Follow us on LinkedIn, Facebook & Twitter

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Summary

Thanks to our Board, Councils, Committees, and Members!

Please get involved!

Council calls

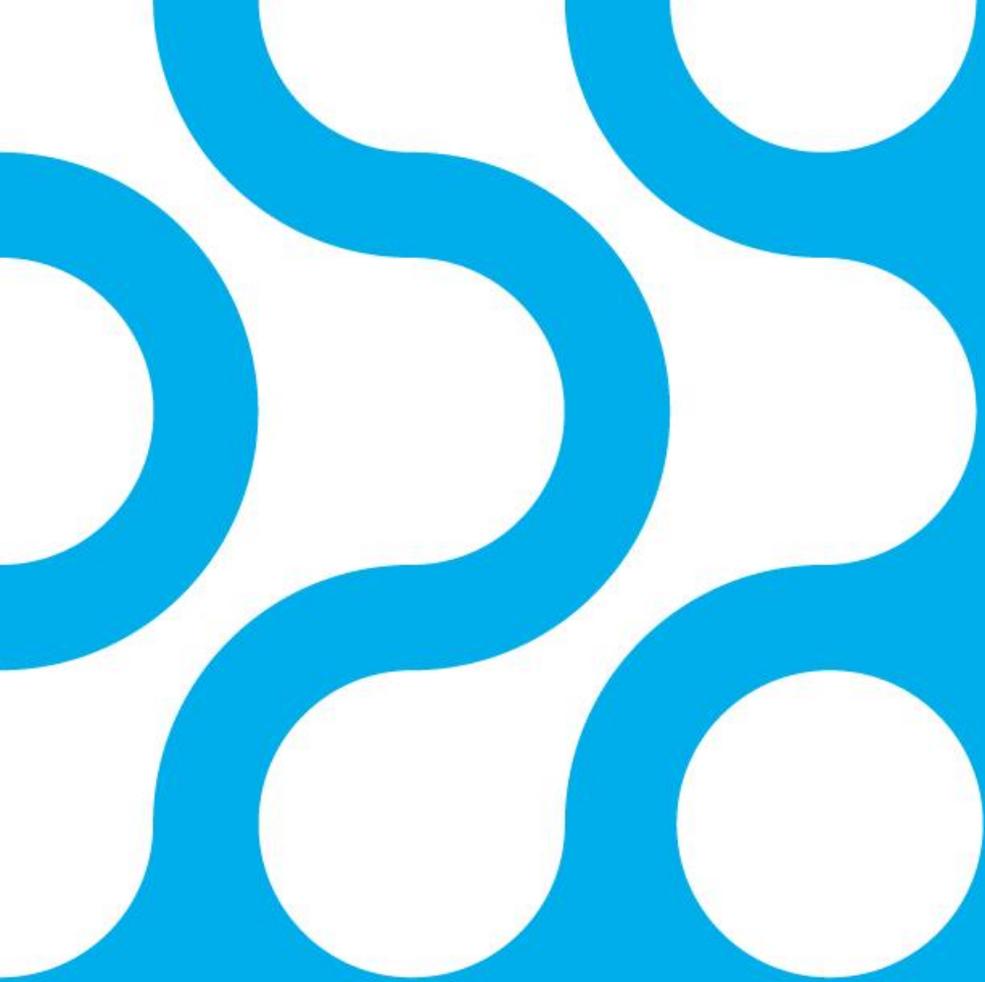
Committees: GIPC, Marketing, Standards, Statistics

EDS

Executive Conference

Polling Question

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Connect.
Influence.
Optimize.