TPC Electronic Industry Tariff & China Share Shift Survey

December 10, 2019

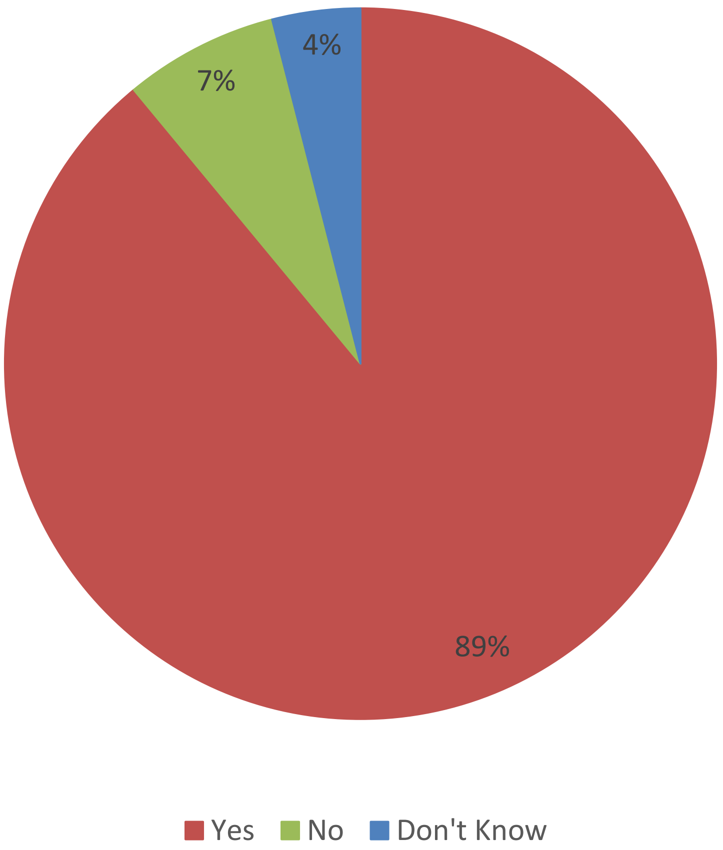
TPC Electronic Industry Tariff & China Share Shift Survey Summary

Survey Date: November 25-30   Respondents: ~7500   Location: Worldwide (~70-80% China)   Who: Active Electronics Industry Professionals

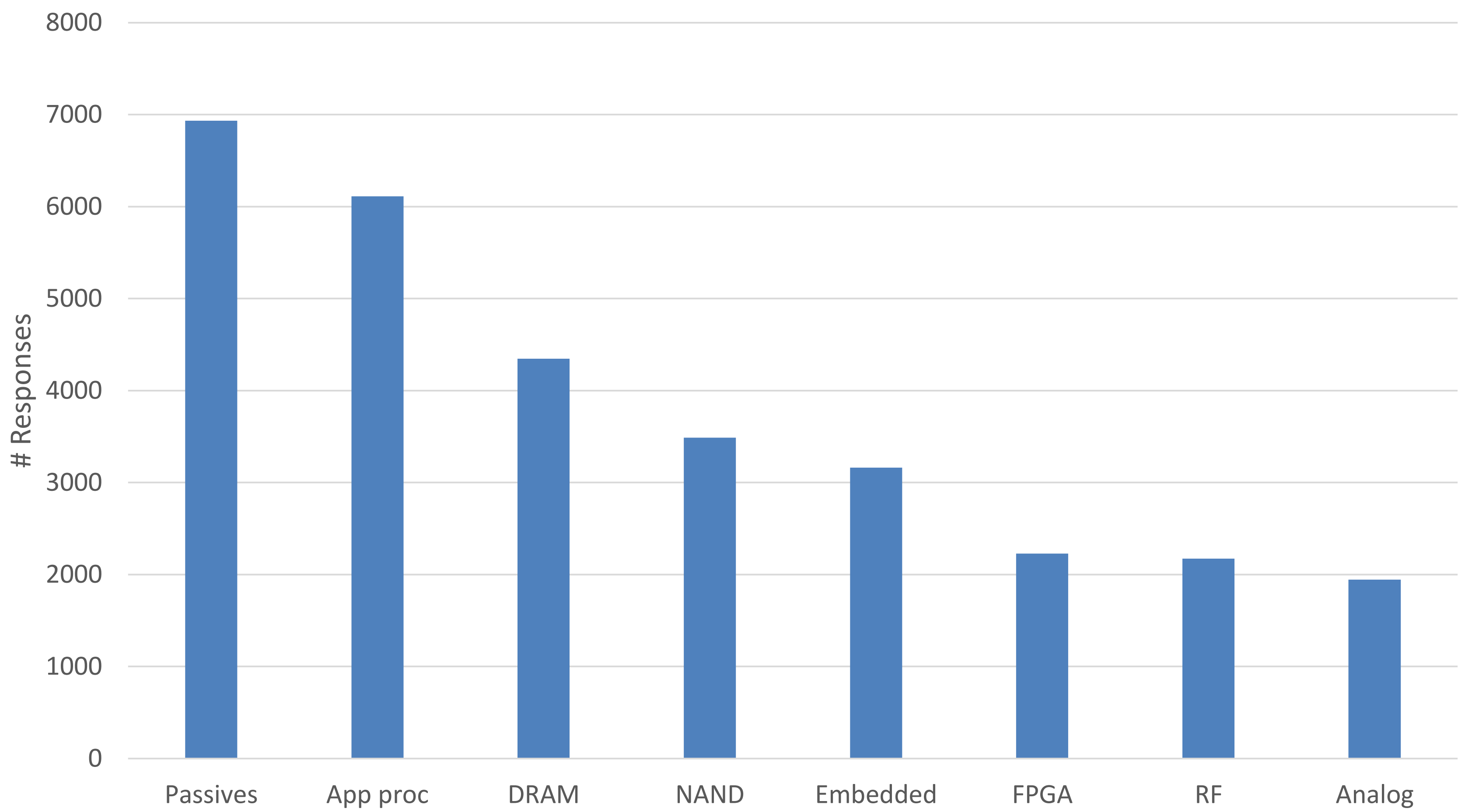
We ran our 5th special survey on tariffs and the impact from the trade war between the U.S. and China. Our focus on this survey was centered on supplier share shifts within China as well as manufacturing migration out of China. The survey canvassed ~20k people in the electronics industry (ODM's, EMS', Suppliers, Disti's, etc.) with ~70-80% of them located in China. Our key findings are:

- While the China 5 yr. plan was already driving China based companies to use more internally sourced components to become less dependent on non-Chinese suppliers; we believe the Tariff war between the U.S. and China has had the impact of accelerating this transition evidenced by our survey.
- 89% of the respondents are seeing China based companies shift share away from U.S Suppliers to non-U.S. suppliers.
- While this is impacting most every product; passives, app processors, embedded analog, and memory are the most impacted.
- 48% see this impacting 5-10% of their total business over the next 12 months; while 16% see it impacting 11-20%.
- 58% see this shift as permanent; meaning once a trade deal is reached, share is not likely to shift back.
- Regarding the shift of manufacturing out of China due to the tariff issues between the U.S. and China:
  - 51% see 5-10% of the business having shifted out of China over the last 12 months.
  - However, two-thirds see this as likely reversing once an agreement is reached.

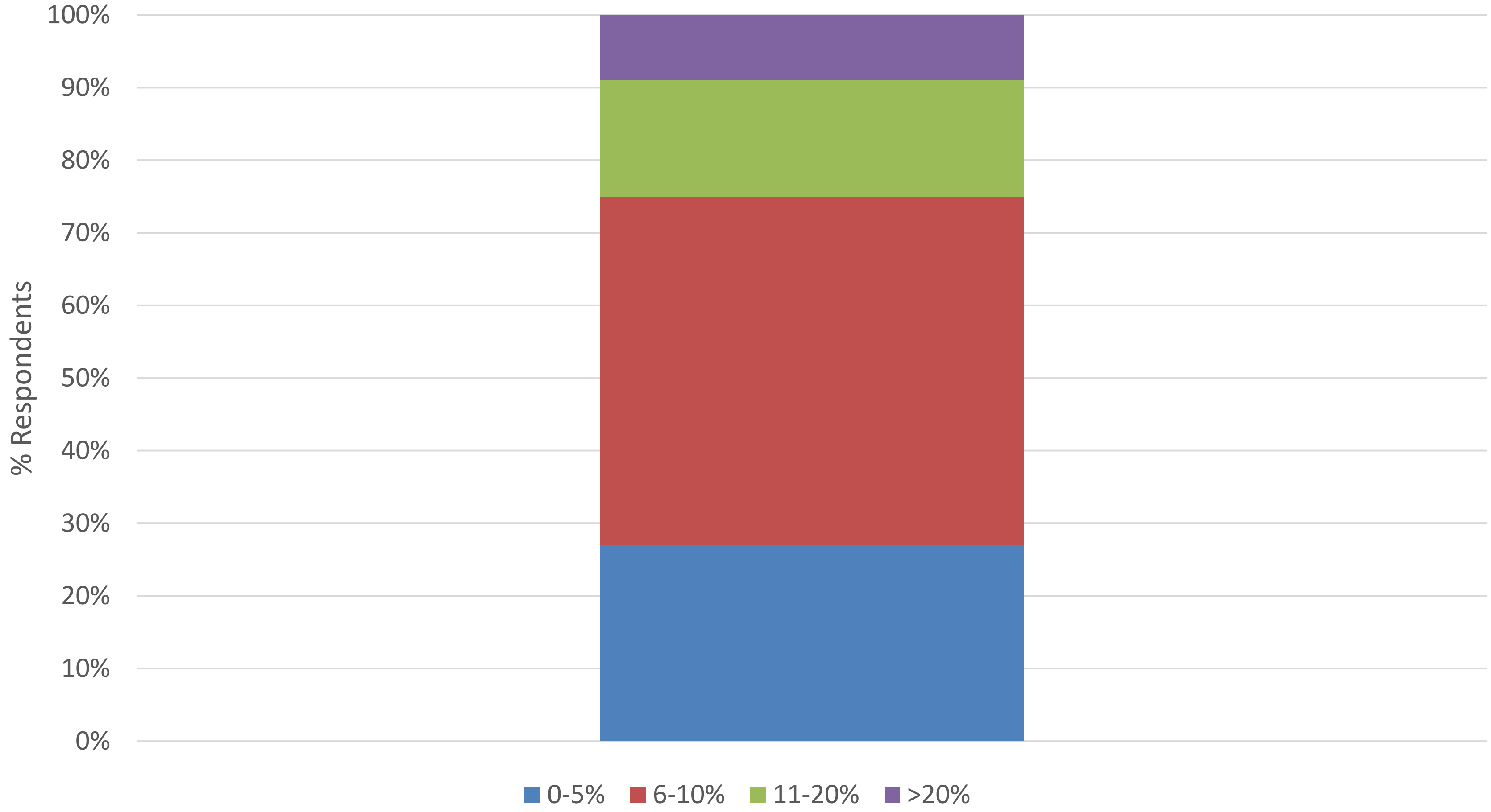
Are you seeing China based customers switch from using U.S based Semiconductor and component suppliers to either China based or non-U.S. based suppliers?



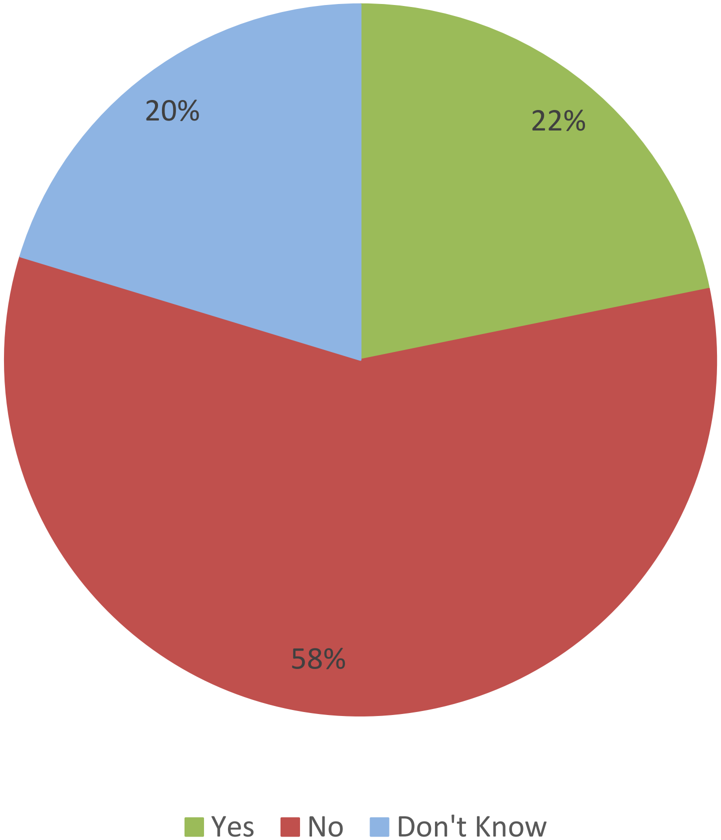
Which product families are the most impacted? (multiple answers OK)



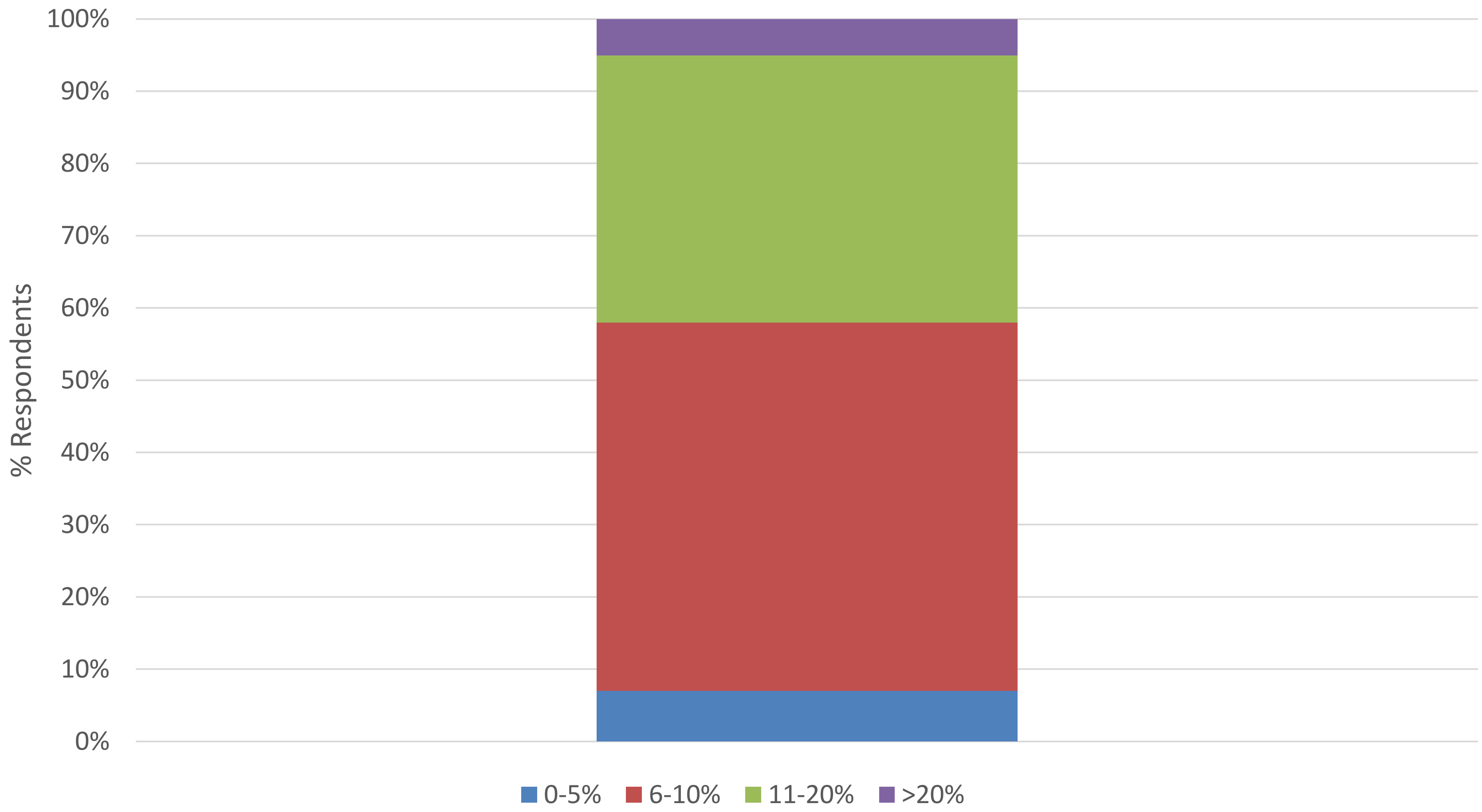
What is the % of total business that this shift will amount to over the next 12 months?



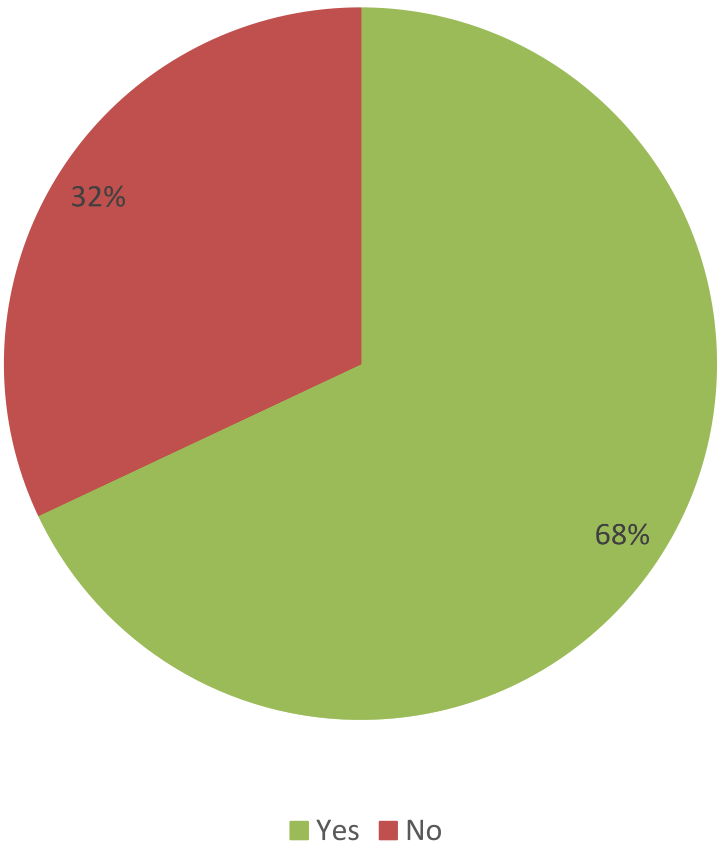
Is this temporary, meaning if a trade agreement is reached will this activity stop?



What is the % of total electronics manufacturing that has left China for other areas over the past 12 months due to tariffs?



Will this reverse once a trade agreement is reached?



How long do you think the Huawei ban will last? (from June '19 survey)