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EDA Industry Reports 1% Sequential Revenue Growth And 4% Employment Growth for Q3 2003

SAN JOSE, California, December 18, 2003— The EDA Consortium’s Market Statistics Service (MSS), acknowledged as the industry’s most timely barometer of revenue and employment data, today announced that the electronic design automation (EDA) industry revenue for the third quarter of 2003 was \$950 million. This is the third consecutive quarter of sequential revenue growth, and represents an increase of 1% over last quarter and a 1% decrease when compared to Q3 2002. In addition, EDA industry employment increased 4% during the quarter when compared to the previous quarter.

“The EDA industry continued to show very slight year-to-date revenue growth through the first nine months of 2003,” said Walden C. Rhines, chairman of the EDA Consortium and chairman and CEO of Mentor Graphics Corporation. “While North America declined, we saw growth in demand for EDA in all other regions. Western Europe turned the corner in Q3: after seven quarters of flat-to-down revenue results, the region posted a year-over-year revenue increase in Q3, pulling ahead of Japan for EDA consumption in the quarter.”

Reporting EDA companies employed 19,300 professionals in Q3 2003, up from 18,600 in Q2. This was 4% more than the 18,600 employed by reporting companies in Q3 last year.

MSS Third-Quarter 2003 Highlights

EDA Product and Maintenance revenue totaled \$887 million in the third quarter of 2003, up from \$883 million in Q2, but down from \$904 million in Q3 of 2002. Product and Maintenance revenue increased consecutively in each quarter of 2003, and made up 93% of the industry’s total revenue in Q3. EDA Services was \$63 million in Q3 2003, up 4% from Q3 2002.

Revenue by Region

Japan led all regions for revenue growth in Q3 2003, increasing 11% over Q3 last year to reach \$173 million. Through the first nine months of 2003, revenue from Japan was \$591 million, a 34% increase from the same period last year, and 21% of global consumption thus far in 2003. Rest-of-World (ROW) increased 7% to \$92 million in Q3 2003, and represents 10% of the worldwide total.

Revenue from ROW through the first three quarters of 2003 was \$263 million, an increase of 18% when compared to the same period last year, and represents 9% of global consumption thus far in 2003. Revenue in Western Europe was \$180 million in Q3 2003, 19% of the worldwide total, and a 7% increase over Q3 2002. Through the first three quarters of 2003, revenue from Western Europe was \$519 million (19% global share), 2% less than \$527 million for the same period in 2002.

The North America region, EDA's largest customer base, purchased \$506 million of EDA products and services in Q3 2003, 53% of the worldwide total, and 9% less than Q3 2002. Through the first nine months of 2003, North America revenue was \$1,431 million (51% global share), 11% less than the same period in 2002.

Revenue by Tool Category

EDA's largest tool category, Computer-Aided Engineering (CAE), generated revenues totaling \$454 million in Q3 2003, 2% less than the same period in 2002. CAE revenue through the first nine months of 2003 totaled \$1,353 million, 2% less than reported for the same period last year.

IC Physical Design & Verification revenue totaled \$298 million in Q3 2003, an 8% decrease from Q3 last year. IC Physical Design & Verification revenue totaled \$870 million for the first nine months of 2003, down 2% for the first nine months of 2002.

Revenue for Printed Circuit Board (PCB) and Multi-Chip Module (MCM) Layout totaled \$82 million in Q3 2003, 1% less than Q3 last year. PCB and MCM Layout revenue totaled \$248 million for the first nine months of 2003, 1% more the same period in 2002.

The EDA industry's Semiconductor Intellectual Property (SIP) led all categories for revenue growth in Q3 2003, due in part to the inclusion of new companies, posting positive year-over-year revenue growth for the seventh consecutive quarter. SIP revenue totaled \$53 million in the third quarter of 2003, a 68% increase over Q3 2002.

About the MSS Report

The EDA Consortium's Market Statistics Service reports EDA industry revenue data quarterly and is available by annual subscription. Each quarterly report is published approximately three months after quarter close. MSS report data is segmented as follows: revenue type (product licenses and maintenance, services, and SIP), application (CAE, PCB/MCM Layout, and IC Physical Design and Verification), operating system (UNIX vs. Windows) and region (North America, Western Europe, Japan, and Rest of World), with many subcategories of detail provided. The report also tracks total employment of the reporting companies.

About the EDA Consortium

The EDA Consortium is the international association of companies that provide tools and services that enable engineers to create the world's electronic products. EDA is the critical technology used to design electronics for the communications, computer, space technology, medical and industrial equipment and consumer electronics markets among others.

For more information about the EDA Consortium, or to subscribe to the Market Statistics Service, contact EDA Consortium, 111 West Saint John Street, Suite 220, San Jose, Calif. 95113, USA, office 408-287-3322, fax 408-283-5283 or visit www.edac.org.

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