EDA INDUSTRY REPORTS 13% REVENUE GROWTH
IN 4TH QUARTER

SAN JOSE, California March 22, 2004—The EDA Consortium's Market Statistics Service (MSS) today announced that the electronic design automation (EDA) industry revenue for Q4 of 2003 was $1,021 million, a 13% increase over Q4 2002. This was the first time in two years that industry revenue from reporting companies topped $1 billion, and the first quarter since Q1 2001 to show double-digit revenue growth. For the full year 2003, revenue totaled $3,825 million, which was 3% more than $3,709 million reported in 2002.

"In the fourth quarter of 2003 the EDA industry showed a return to solid growth," said Walden C. Rhines, chairman of the EDA Consortium and chairman and CEO of Mentor Graphics Corporation. "It appears that the strength of recovery in the semiconductor and systems industries is having a good effect on EDA."

Highlights

EDA Product and Maintenance revenue (excluding services) increased consecutively in each quarter of 2003, and comprised 94% of the industry's total revenue in Q4. This category totaled $957 million in Q4 of 2003, a 13% increase over Q4 2002.

Employment Data

Reporting EDA companies employed 18,900 professionals in Q4 2003, 4% more than Q4 2002. This repeated the 4% year-over-year employment increase posted in Q3.

Revenue by Product Category

EDA's largest tool category, Computer-Aided Engineering (CAE), generated revenue of $480 million in Q4 2003, 8% more than the same period in 2002. CAE revenue for all of 2003 totaled $1,833 million, a 1% increase over 2002.

IC Physical Design & Verification achieved a new revenue record for the category and led all tool categories in revenue growth in Q4, surging ahead 33% when compared to the same period in 2002 to reach $347 million. For the full year 2003, IC Physical Design & Verification revenue totaled $1,218 million, a 6% increase over 2002.

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Revenue for Printed Circuit Board (PCB) and Multi-Chip Module (MCM) Layout totaled $83 million in Q4 2003, 9% less than in Q4 2002. PCB and MCM Layout revenue totaled $331 million for all of 2003, 2% less than 2002.

The EDA industry's Semiconductor Intellectual Property (SIP) revenue totaled $47 million in Q4 2003, 4% less than Q4 2002. For 2003, SIP revenue increased to $195 million (vs. $135 million in 2002) due in part to new company participation.

EDA Services revenue was $64 million in Q4 2003, up 6% from Q4 2002. Services revenue totaled $249 million in 2003, 9% less than 2002.

Revenue by Consuming Region

Western Europe led all regions for revenue growth in Q4 2003, increasing by 20% over Q4 2002 to reach $197 million. For the full year 2003, revenue from Western Europe was $716 million, a 4% increase over 2002 and 19% of global revenue in 2003.

North America, EDA's largest customer base, purchased $568 million of EDA products and services in Q4 2003, a 12% increase over Q4 2002. For all of 2003, North American revenue was $1,999 million (52% global share), 6% less than 2002.

In Q4, revenue from Japan grew 9% to $158 million. Japan led all regions for revenue growth for the full year, increasing 28% over 2002 revenue to reach $749 million in 2003 – a new record for the region. EDA sales in Japan constituted 20% of the global total in 2003, making Japan the second largest EDA market.

Rest-of-World (ROW) continued its unbroken track record of revenue growth by increasing 7% to $99 million in Q4 2003. Revenue from ROW for all of 2003 was $362 million, an increase of 15% over 2002 and 9% of global 2003 revenue.

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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