

# Mlive.com turns to McTevia to analyze impact of consumer slowdown on semiconductor industry

Hemlock Semiconductor head: We'll get through this

by Paul Wyche

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A slowdown in the semiconductor sector isn't affecting a Saginaw Valley industry giant as much as others. But Hemlock Semiconductor Corp. Vice President Gary Homan warns that the company will weather some storms related to a consumer slowdown.

"There is no doubt that we will experience some effects," said Homan, vice president and director of marketing, sales and quality for the Thomas Township-based company, the world leader in the production of polycrystalline silicon, a rock-like material used to make solar panels and computer chips.

"Survival of the fittest comes into play. We'll get through this big wave and settle in calm waters."

A reason for his optimism is HSC's diversity. Much of the downturn is in chips, with buyers spurning flat-panel televisions, computers and other electronic gadgets amidst a recession.

For instance, Sony Corp. plans to cut 8,000 jobs in coming months.

The solar panel side of HSC, however, remains strong, Homan said.

Increasingly, countries are turning to solar technology to convert sunlight into electricity. This boom is a boon to HSC.

"One of the key advantages we have is both markets," said Jarrod Erpelding, spokesman of Dow Corning Corp., parent of HSC.

"We're able to maneuver between both platforms, although I'm sure we'll see some impact, but to what extent we're not exactly sure. We still feel that for the long term, solar panels and computer chips will be profitable for us."

Dow Corning recorded nearly \$5 billion in sales in 2007.

Meanwhile, others in the semiconductor industry have a bleaker outlook.

Texas Instruments Inc. and Broadcom Corp. slashed guidance for the present quarter on lower revenue.

And many semiconductor stocks have struggled as of late over bad news about consumers clinging tighter to their wallets.

"People are holding on to what little money they've got," said Jim McTevia of McTevia & Associates, a retail consulting firm in Eastpointe.

"The consumer has lived above their means for so long that they are scared. Until they feel comfortable, we'll be in this for a while."