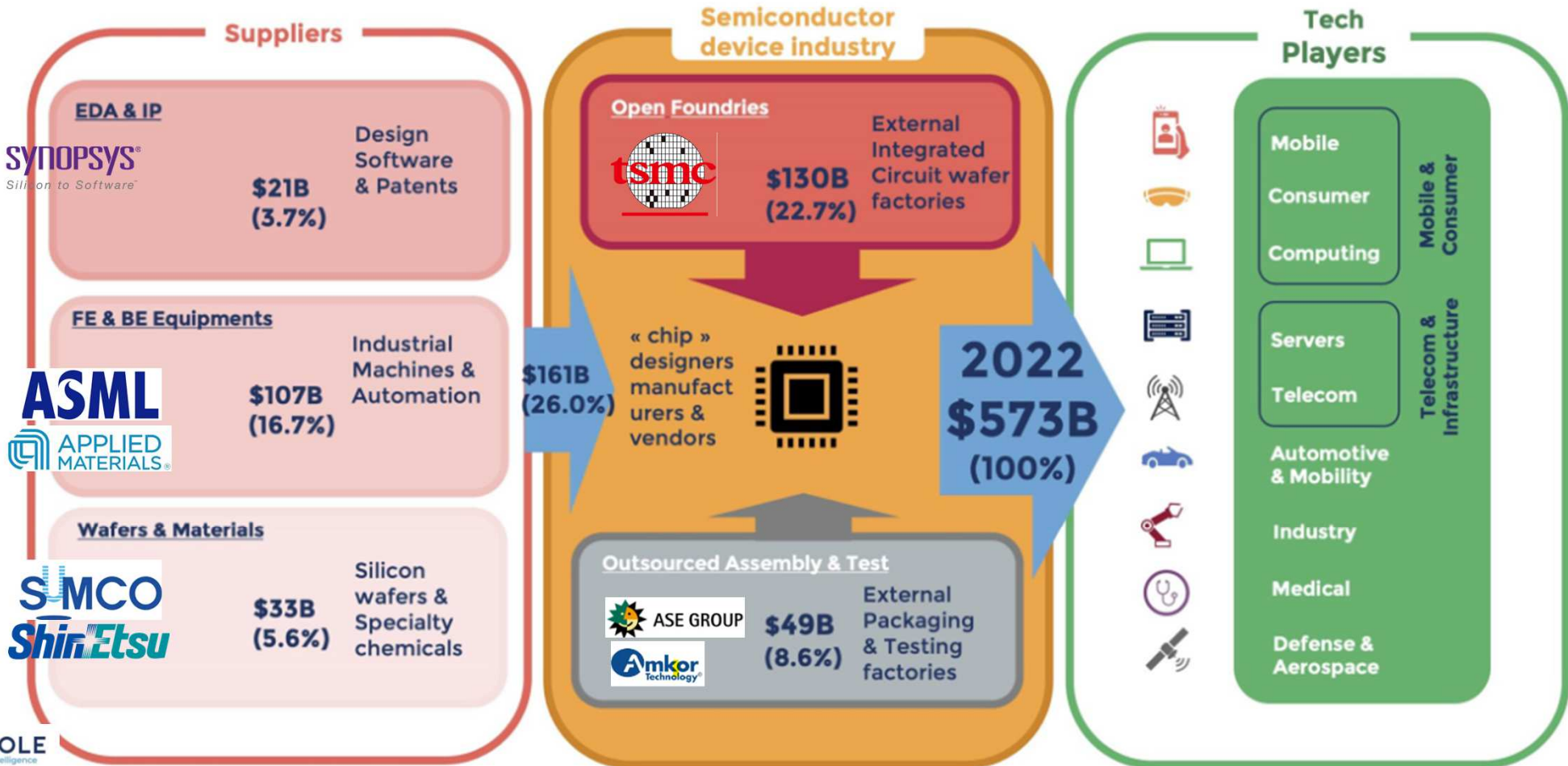


WISG 2025 Electronic Components

THALES Global Services
Olivier Bassaler

www.thalesgroup.com

Semiconductor Industry Value Chain

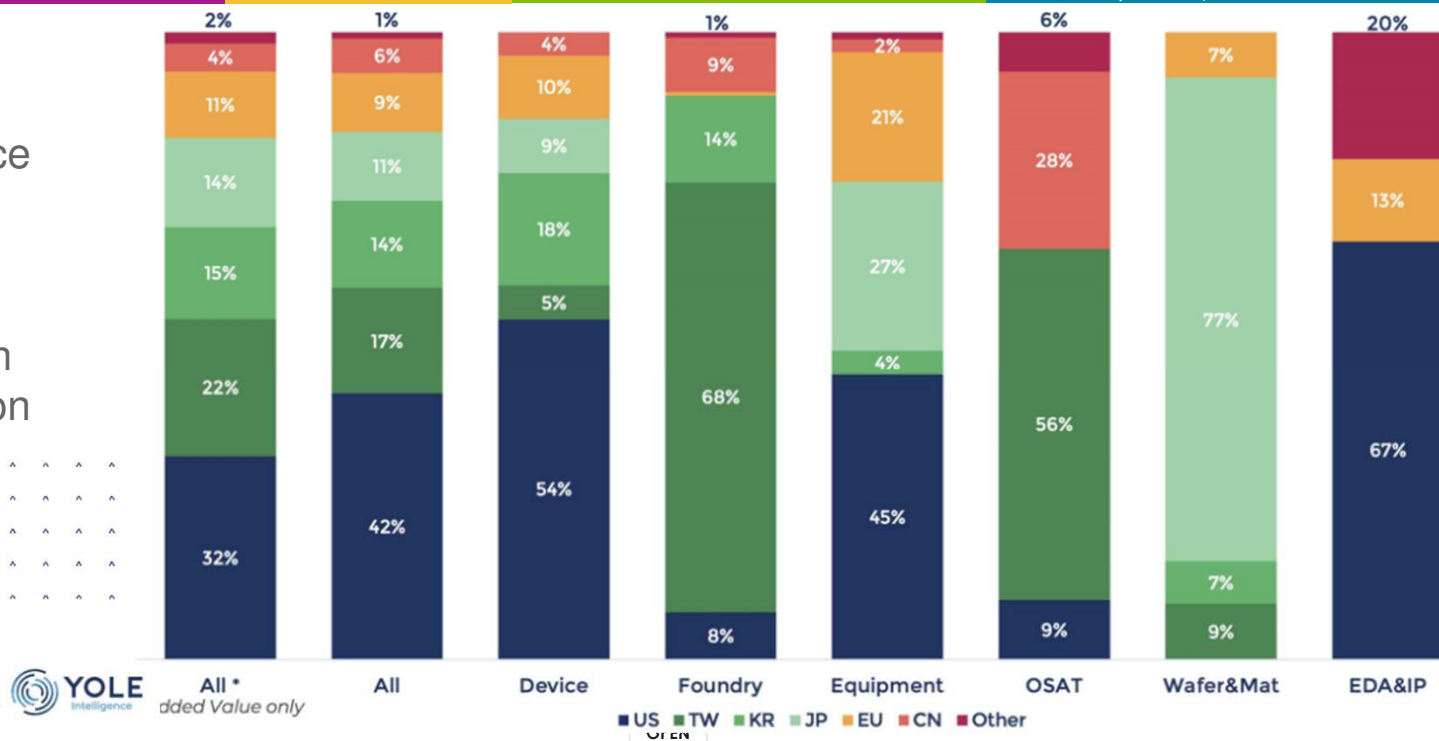


Semiconductor Market Share per Geographical Area, in % per Business Model

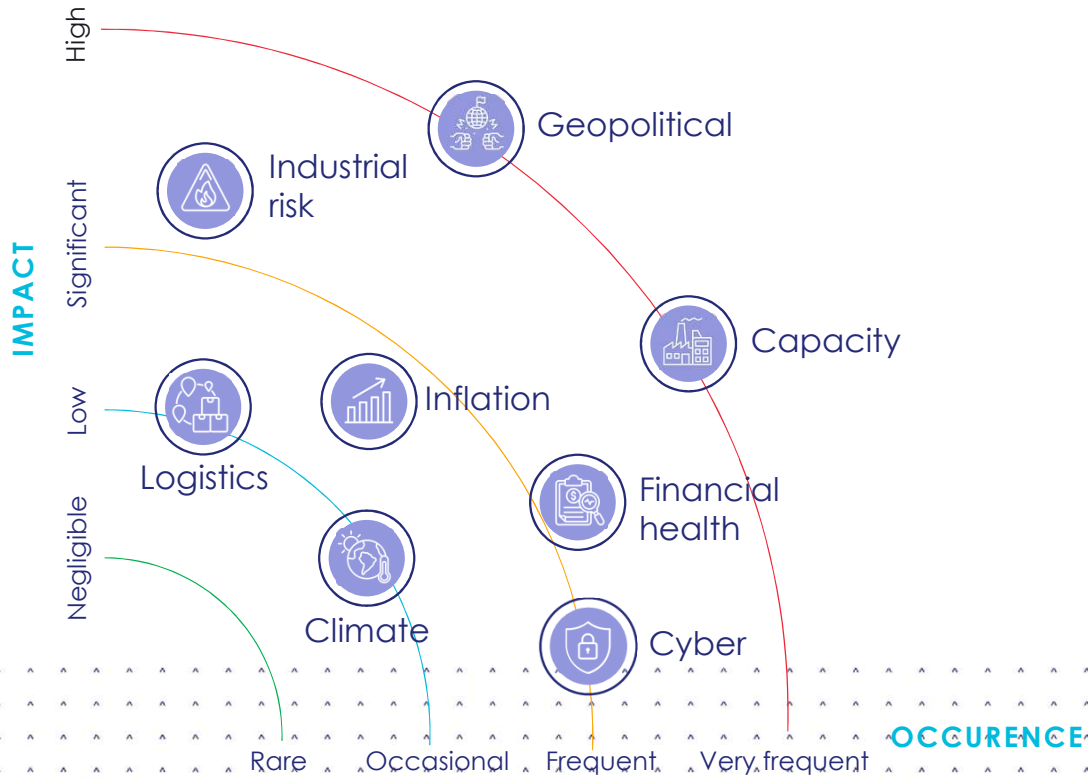


The dominance of US-based semiconductor device companies is historical;

Market mainly driven by mass consumption (AI, Data Center, Automotive, Consumer electronics, ..)



The major Supply Chain risks in 2025



↗ Criticality up sharply

↗ Criticality up

= No change

↘ Criticality down

RISKS TREND IN 2025

- ↗ Global geopolitical tensions have sharply increased with the actual conflicts (i.e. Ukraine/Russia, Israel/Hamas), raising fears of the appearance of other (i.e. China/Taiwan) - Exports bans (i.e. Gallium), Tariffs...
- ↗ After a period of destocking, product shortages related to capacity limits, lack of raw materials and labor (i.e. Mechanical & PCB).
- ↗ Continue to secure the high loss history activities (i.e. surface treatment & PCB suppliers).
- = Post Covid, lack of cash from SMEs to invest in the ramp-up of aerospace and defense markets.
- ↗ Cyber attacks on companies, in particular on the Supply Chain, remain a high risk (i.e. 35 attacks in current year).
- ↗ The impact of the climate change will continue to increase in certain exposed areas. (i.e. Earthquake,...)
- ↗ In ocean freight, several sea routes at risk due to geopolitical /climate events (i.e. Red Sea, Panama canal)
- ↘ The wave of inflation in developed countries has passed, but there is still uncertainty in 2025 about the evolution of raw material costs.

What is expected?



Accelerate **Double Source** for critical suppliers

1



Build **mitigation plan*** if double source not possible

2

*Supplier Business Continuity Plan, Safety stock



Secure **12 to 36 month safety stock** on critical electronic components - components that require **significant engineering effort** (time, cost) to be modified/replaced on an existing design

3

OPEN

THANK YOU

