



DATE / TIME

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COMPANIES INVOLVED

2317.TW, 2353.TW, 2382.TW, 2403.TW, AMD, AMKR, ARW, ATHR, AUTH, AVT, DELL, HPQ, INTC, LSI, LXX, MCRL, MU, MRVL, NVDA, SMSC, STX, SYNA, TSM, WDC

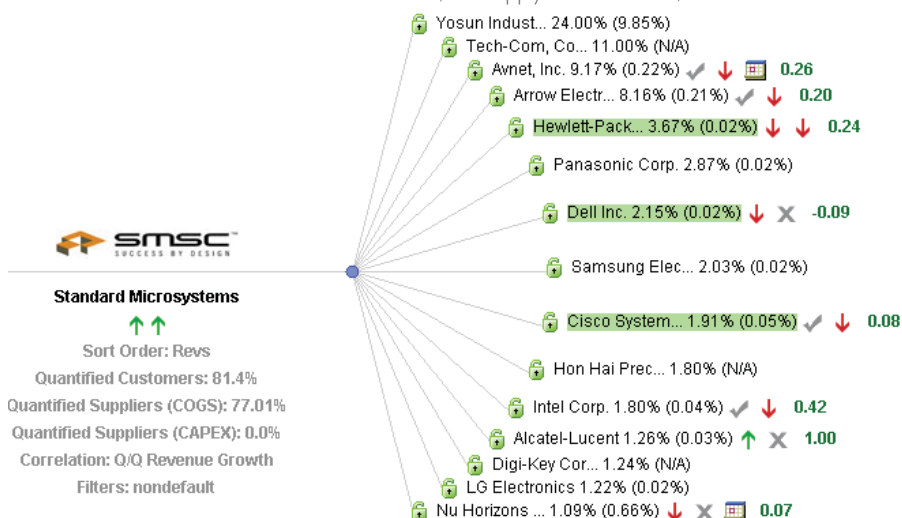
SMSC : Positive PC Supply Chain Indicator

EVENT FQ4 Revs \$51.2M (+8.6% Above Street); FQ1 Guidance \$56.5M (+6.0% Above Street)

CAUSE Netbook, Notebook Demand Improvement; PC Inventory At "Healthy Levels"

IMPACT Positive For SMSC, Companies Exposed To Netbooks, Notebooks

ACTION Initiate Positive Outlook On SMSC, PC Supply Chain Names, Others



Source: Connexiti BizMaps. For more information, see www.connexiti.com.

SUPPLY CHAIN EVENT TRACKER

1.27.09	Supplier	STM guides Q1 revs -18.5% below Street expectations
1.29.09	Competitor	MCRL guides Q1 revs -3.2% below Street expectations
1.29.09	Supplier	CHRT guides Q1 revs -30.0% below Street expectations
2.4.09	Customer	ALU reports Q4 revs +9.7% above Street expectations
2.4.09	Customer	CSCO guides FQ3 revs -7.3% below Street expectations
2.10.09	Customer	ARW guides Q1 revs -9.5% below Street expectations
2.12.09	Supplier	AMKR guides Q1 revs -14.9% below Street expectations
2.18.09	Customer	HPQ guides FQ2 revs -11.0% below Street expectations
2.26.09	Customer	DELL reports FQ4 revs -5.3% below Street expectations
3.10.09	Customer	AVT gudes FQ3 revs -3.6% below Street expectations
3.10.09	Supplier	TSM guides Q1 revs +4.1% above Street expectations
3.24.09	Supplier	IMOS guides Q1 revs -47.1% below Street expectations
3.25.09	Supplier	AMKR guides Q1 revs +1.7% above Street expectations
4.8.09	Company	SMSC guides FQ1 revs +6.0% above Street expectations

Source: Connexiti EventTracker. For more information, see www.connexiti.com.

EVENT: BEATS, GUIDES HIGHER.

Yesterday after the close, SMSC reported FQ4 revs of \$51.2M (+8.6% above Street \$47.2M). Mgmt guided FQ1 revs \$55-58M (midpoint \$56.5M +6.0% above Street \$53.3M). Inventories of \$53.4M declined -8.3% Q/Q vs the Q/Q rev decline of -37.0%. SMSC's OEM rev backlog covers 95% of its FQ1 rev forecast. Book-to-bill is above 1.1.

CAUSE: IMPROVING END DEMAND.

SMSC was one of the first companies to signal the decline in PCs two quarters ago, and now sees PC inventories at "healthy levels" (PCs 30% of revs). Mgmt is "seeing some signs of business improvement," esp in notebooks and low-end PCs, with the "real bright spots" in netbooks, both in sales and design wins. March Taiwan data has also been positive, with Quanta +27.9% M/M, and Acer revs +37.7% M/M, while forecasting Q2 notebooks +25-30% Q/Q.

IMPACT/ACTION: INITIATE POSITIVE OUTLOOK OK SEVERAL NAMES. SMSC's better guidance and strong backlog affords us the opportunity to get positive on several PC supply chain and related names, despite the recent run-up in several of the stocks. SMSC sees FQ1 (May) revs +10% Q/Q, with strength continuing from there. And with 95% of its guidance already in backlog, we believe this is a conservative estimate.

KEY NUMBERS : SMSC		
FQ4 REVS	STREET	M/M Δ
\$51.2 M	\$47.2 M	+8.6 %
FQ1E REVS	STREET	M/M Δ
\$56.5 M*	\$53.3 M	+6.0%
* Midpoint of guidance range of \$55-58M		

As the table below shows, Street ests for the May/Jun/Jul Q (corresponding to SMSC) for several PC supply chain companies are at modest levels; we are initiating a positive supply chain stance on each of these names.

REV GROWTH: HISTORICAL VS NEXT Q

Ticker	Historical	May/Jun/Jul Q
SMSC	+2.0%	+10.0%
AUTH	N/A	+17.68%
SYNA	+8.5%	+9.6%
ARW	+1.0%	+5.2%
NVDA	-2.6%	+5.0%
ATHR	+9.0%	+3.8%
MU	+2.0%	+2.9%
AVT	+1.1%	+2.7%
MRVL	+9.8%	+2.4%
LSI	+7.9%	+2.3%
DELL	+0.7%	+1.3%
INTC	-3.5%	+0.7%
HPQ	-0.6%	+0.3%
AMD	-7.9%	-0.9%
STX	+0.6%	-1.2%
LXX	-2.0%	-1.4%
WDC	-4.9%	-2.5%

For more information, see our BizMaps at www.connexiti.com.