



Electronic Parts and Components

Press Release for the Business Press

April 28, 2008

## **EPCOS opens up new growth markets**

- **Acquisition of RF-MEMS activities from NXP Semiconductors**
- **RF-MEMS reduce power consumption in mobile phones by up to 25 percent**
- **New market potential for MEMS in the high triple-digit million-euro range**

EPCOS, a leading manufacturer of electronic components, modules and systems, has acquired the activities of NXP Semiconductors Netherlands B.V. (NXP) in the area of RF-MEMS (radio frequency micro-electro-mechanical systems). RF-MEMS are tiny mechanical elements that can be controlled and operated electronically. They will help to reduce the power consumption of mobile phones by up to 25 percent and improve the stability of their radio circuits.

With the acquisition of the activities of NXP, one of the world's top ten semiconductor companies, EPCOS continues its strategy of cooperative ventures and acquisitions aimed at extending its technology and product range, boosting its growth and entering new growth sectors. The new MEMS business opens up additional market potential to the company in the high triple-digit million-euro range in the promising mobile communications market.

### **Increasing share of value-added in mobile handsets**

EPCOS is world market leader in RF filters. With RF-MEMS, the company is extending its portfolio of RF products. To date these comprise both discrete filters and integrated modules, also used for the transmit and receive circuits of mobile phones. With the RF-MEMS technology, EPCOS now opens up a new area of applications in the mobile phone market: RF-MEMS products are used between the transmit/ receive unit and the antenna and thus increase the company's share of value-added in this area.

"By acquiring NXP's RF-MEMS activities, we are strengthening our competence in RF technology and are thus accelerating the transformation of our company from a manufacturer of discrete components to a systems provider," explains EPCOS President and CEO Gerhard Pegam. "By entering into the RF-MEMS business we are laying the foundation to benefit even more strongly from the growth dynamics of the mobile communications market in the future."



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Moreover, MEMS technology also offers attractive growth opportunities outside the RF sector, for instance in microphones as well as in pressure, acceleration and rotation-rate sensors.

**RF-MEMS significantly reduce the power consumption of mobile phones**

The power consumption of mobile phones is increasing steadily because they are being equipped with more and more functions and the phones must perform a growing number of tasks. These include telephony in various mobile phone standards such as UMTS and GSM as well as navigation, radio and TV reception, plus Internet access via wireless LAN. The growing number of features means that mobile phones must be able to use ever more and different frequency bands for signal transmission. In addition, they must also offer camera, MP3 player and voice recorder functionality.

Despite the continuously growing range of functions, however, the market demands mobile phones that are as compact and easy to use as they are now. Therefore the greatest technological challenge – apart from the miniaturization of the electronic components – consists in reducing their power consumption and avoiding larger and heavier batteries. The new RF-MEMS products together with RF filters and modules from EPCOS offer a convincing solution. “With our RF-MEMS products, we have succeeded in taking a significant step forward in innovation, and the market response is highly promising,” added Dr. Werner Faber, Member of the Board of EPCOS and Chief Technology Officer. “Our confidence is strengthened by the positive reactions of leading mobile phone manufacturers with whom we already cooperate in the area of RF-MEMS technology.”

**Optimized electrical behavior**

The transmit/ receive unit and the antenna of today’s mobile phones are optimized to a specific frequency band. However, when the telephone is operated in other bands, such as in the UMTS instead of the GSM bands, the transmit/ receive unit is no longer optimally tuned. As a result, the phone consumes an unnecessary amount of power, ultimately reducing operating and standby times. This can be prevented by the use of RF-MEMS. They allow the electrical path in the mobile phone between the antenna and transmit/ receive unit to be tuned precisely to the frequency band being used for signal transmission. Operating and standby times can then be significantly extended with unchanged battery capacity. The stability of the radio circuit is also noticeably enhanced.

RF-MEMS are capacitors whose capacitance values can be changed via a corresponding control circuit. As several such capacitors are used as a rule, their combination is known as a tunable matching network.

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**About EPCOS**

EPCOS AG is a leading manufacturer of electronic components, modules and systems headquartered in Munich. With its broad portfolio EPCOS offers a comprehensive range of products from a single source and focuses on fast-growing and technologically demanding markets, in particular in the areas of information and communication technology, automotive electronics, industrial electronics and consumer electronics. The EPCOS Group has design and manufacturing locations and sales offices in Europe, Asia, and in North and South America.

Electronic components are found in every electrical and electronic product and are indispensable for their flawless operation. Products from EPCOS store electrical energy, select frequencies, and protect against overvoltage and overcurrent.

In fiscal 2007 (October 1, 2006, to September 30, 2007), EPCOS posted sales of EUR 1.44 billion. At the end of the fiscal year, the company employed about 18,300 people worldwide.

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