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Semiconductor Capital Spending Trend Update

Only six major players expected to spend more on capex in 2012 than in 2011.

IC Insights' latest survey and ranking of the major semiconductor capital spenders shows that only six of the 35 major semiconductor suppliers—Intel, Samsung, Hynix, TSMC, UMC, and Rohm—with significant capital expenditure budgets are expected to spend more in 2012 than they did in 2011 (see Figure). With an increase of \$1.7 billion, Intel is expected to post the biggest dollar increase in capex spending for 2012, though it is likely to trail Samsung in overall capex spending for the year.

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Though only six companies are expected to increase their capital spending this year, the total semiconductor capital spending forecast figure for 2012 was raised to \$63.3 billion from \$60.7 billion and total 2012 semiconductor industry capital expenditures are now forecast to decline only 3% this year as compared to the previous expectations of an 8% decline.

Major Capital Spenders Planning 2012 Increases in Spending

| 2012F | Company | 2011 (\$M) | 2012F (\$M) | 12/11 % Change | 2012F/2011 (\$M) |
|-------|----------|---------------|----------------|-------------------|---------------------|
| 1 | Intel | 10,764 | 12,500 | 16% | 1,736 |
| 2 | Samsung | 11,755 | 13,100 | 11% | 1,345 |
| 3 | TSMC | 7,333 | 8,250 | 13% | 917 |
| 4 | Hynix | 3,165 | 3,680 | 16% | 515 |
| 5 | UMC | 1,585 | 2,000 | 26% | 415 |
| 6 | Rohm | 385 | 685 | 78% | 300 |
| — | Total | 34,987 | 40,215 | 15% | 5,228 |
| — | Others | 30,568 | 23,055 | -25% | -7,513 |
| — | WW Total | 65,555 | 63,270 | -3% | -2,285 |

Source: IC Insights, Company Reports

The six major companies that plan to increase semiconductor capital spending this year are expected to collectively spend about \$5.2 billion more in 2012 than in 2011. In contrast, the total of the remaining capital spending outlays are forecast to decline by about \$7.5 billion this year.

It should be noted that a few of the major OSAT (Outsourced Semiconductor Assembly and Test) companies also plan to significantly increase their capital spending this year, including Amkor (from \$493 million in 2011 to \$550 million this year), SPIL (from \$376 million in 2011 to \$585 million this year), and STATS ChipPAC (from \$304 million in 2011 to \$400 million this year). IC Insights believes that these increased spending budgets by some of the major OSAT companies indicates their belief that semiconductor unit volume shipments will be on the rebound this year.

IC Insights will examine and provide further details on semiconductor capital spending in its 250+ page *Mid-Year Update to The McClean Report*, scheduled for release at the end of July. The *Mid-Year Update* is one of several updates issued from March through November each year, and is included as part of an annual subscription to *The McClean Report*. An individual-user subscription to the 2012 edition of *The McClean Report* is priced at \$3,290 and includes an Internet access password. A multi-user worldwide corporate license is available for \$6,290.

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