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Top 10 Pure-Play Foundries Forecast for 2006

IC Insights expects a slowing of Chinese IC foundries' marketshare gains

Scottsdale, Arizona --- August 3, 2006 --- According to information to be published in IC Insights' August Update to *The McClean Report 2006*, the pure-play IC foundry market is forecast to surge 22% in 2006 as compared to worldwide IC industry growth of 8% (such high growth is a key reason Samsung has decided to enter the foundry market). IC Insights defines a pure-play foundry as a company that does not offer a significant amount of IC products of its own design, but instead focuses on producing ICs for other companies.

IC Insights' forecast of the top 10 pure-play foundries for 2006 is presented in Figure 1. As shown, nine of the top 10 pure-play foundry companies listed are based in the Asia-Pacific region. European-headquartered X-Fab, which is merging with 1st Silicon this year, is the only non-Asia-Pacific company in the ranking.

The pure-play foundry market has been dominated by the "Big 4" players (TSMC, UMC, Chartered, and SMIC) over the past few years. In fact, TSMC is expected to register sales of greater than \$10 billion in 2006 and keep its 50% marketshare. For all of 2006, the "Big 4" companies are forecast to hold an imposing 84% share of the total worldwide pure-play foundry market.

IC Insights expects Chartered to be the third-ranked foundry in 2006, one position up from its fourth place finish in 2005. Overall, Chartered has done an excellent job over the past two years in establishing important business and technology (e.g., IBM) alliances. Currently, it is ramping MPU shipments for AMD as well as increasing output of video game processors for Microsoft's X-box machines. Moreover, Chartered is expected to begin producing high volumes of leading-edge devices for TI beginning in 2007.

As shown, there are four Chinese foundries in the top 10 ranking. Other major Chinese foundries (not in the top 10) include ASMC, Grace, and CSMC. In total, the Chinese foundries held 12.4% of the pure-play foundry market in 2005, up from only 4% in 2002. However, in 2006, IC Insights forecasts that the Chinese foundries will only slightly increase their marketshare to 12.6%. As the Chinese foundries have moved from the explosive growth of the startup phase to the more moderate growth rates typically encountered by established companies, any future total marketshare increases are forecast to be at a very "moderate" pace.

Top 10 Pure-Play Foundry Companies

2006 Rank (Fcst)	Company (Headquarters)	2004 Sales (\$M)	04/03 % Change	2004 Share of Total	2005 Sales (\$M)	05/04 % Change	2005 Share of Total	2006 Sales (\$M, Fcst)	06/05 % Change	2006 Share of Total
1	TSMC (Taiwan)	7,648	31%	47%	8,217	7%	50%	10,085	23%	50%
2	UMC Group (Taiwan) ¹	3,900	42%	24%	3,259	-16%	20%	3,790	16%	19%
3	Chartered (Singapore)	1,103	52%	7%	1,132	3%	7%	1,570	39%	8%
4	SMIC (China)	975	166%	6%	1,183	21%	7%	1,465	24%	7%
5	Dongbu (S. Korea)	228	3%	1%	347	52%	2%	425	22%	2%
6	Vanguard (Taiwan) ²	474	66%	3%	353	-26%	2%	390	10%	2%
7	HHNEC (China)	324	91%	2%	313	-3%	2%	375	20%	2%
8	SSMC (Singapore) ²	260	68%	2%	280	8%	2%	325	16%	2%
9	He Jian (China)	230	820%	1%	250	9%	2%	310	24%	2%
10	X-Fab (Europe) ³	177	39%	1%	202	14%	1%	300	49%	1%
—	Others	1,096	46%	7%	969	-12%	6%	1,175	21%	6%
—	Total	16,415	45%	100%	16,505	1%	100%	20,210	22%	100%

1. Includes UMC Japan sales.

2. Partially owned by TSMC.

3. Merging with 1st Silicon in 2006.

Source: IC Insights, company reports

Figure 1

Additional information on IC market trends can be found in the 2006 edition of IC Insights' *McClean Report*. The report provides a complete analysis and forecast of the IC industry through 2010. Packed with 700 tables, graphs, and illustrations, *The McClean Report* is available in both a three-ring binder and on CD-ROM, costing \$2,685 for the first set. Additional individual copies of the disc or binder sell for \$495 each. A single CD-ROM or binder copy is available for \$2,190. The report is also available under a multi-user corporate license for \$5,490.

About IC Insights

IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the integrated circuit industry. Founded in 1997, IC Insights offers coverage of global economic trends, the IC market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs. For more information, contact +1-480-348-1133 or info@icinsights.com, or visit www.icinsights.com.