RESEARCH BULLETIN

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IC Insights Ranks Top 25 2006 Semiconductor Suppliers

Hynix, Sony, AMD, Qimonda, Broadcom, and Elpida post greater than 35% sales increases

IC Insights today released its ranking of the top 25 worldwide semiconductor (ICs and OSDs — optoelectronics, sensors, and discretes) sales leaders for 2006 (Figure 1). This list is a portion of the top 50-semiconductor supplier ranking that will be released in the upcoming March Update to *The McClean Report*. For the top 25 suppliers, it was clearly a year of the haves versus the have-nots. Although six of the twenty-five suppliers posted revenue spikes of greater than 35% in 2006, over one-third of the companies (nine) registered below-average sales growth (i.e., less than 9%) last year.

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The strength in the DRAM market, which increased 32% in 2006, spurred a surge in sales at Hynix, Qimonda, and Elpida. Meanwhile, Sony received a big boost in its 2006 semiconductor sales due to large gains in internal transfer revenue from its new Playstation 3 game console ramp-up.

AMD's 44% jump in 2006 sales was driven by its noticeable microprocessor marketshare increase (though AMD is still about one-sixth the size of Intel) as well as its second-half 2006 acquisition of ATI. IC Insights believes that when including full-year sales for the former ATI business, AMD will move into the top 10 ranking in 2007. Fabless supplier Broadcom continues to ride the communications wave with a strong presence in the networking, broadband, and mobile and wireless product segments. While Broadcom's 37% 2006 growth rate is impressive, even more impressive is the company's 2001-2006 average annual growth rate of 31%!

With nine suppliers headquartered in the U.S., eight in Japan, four in Europe, two in Taiwan, and two in South Korea, the list of major semiconductor suppliers contains a broad representation of geographic regions. The top 25 listing also includes two pure-play foundries (TSMC and UMC) and three fabless companies (Qualcomm, Broadcom, and Nvidia). Essentially all of the top 25 semiconductor companies had semiconductor sales of at least $3 billion in 2006, about the same dollar amount needed to construct a high-volume 300mm wafer fabrication facility.

Worldwide 2006 Top 25 Semiconductor Sales Leaders ($M)

2006 Rank	2005 Rank	Company	Headquarters	2005 Tot Semi	2006 Tot Semi	06/05 % Change
1	1	Intel	U.S.	35,395	32,268	-9%
2	2	Samsung	South Korea	17,838	19,670	10%
3	3	TI	U.S.	11,300	13,200	17%
4	5	ST	Europe	8,870	9,854	11%
5	4	Toshiba	Japan	9,045	9,782	8%
6	7	TSMC*	Taiwan	8,217	9,748	19%
7	9	Hynix	South Korea	5,599	8,009	43%
8	6	Renesas	Japan	8,266	7,900	-4%
9	10	Freescale	U.S.	5,598	6,049	8%
10	8	NXP (former Philips)	Europe	5,646	5,875	4%
11	14	Sony	Japan	4,223	5,804	37%
12	11	NEC	Japan	5,593	5,685	2%
13	16	AMD	U.S.	3,936	5,649	44%
14	12	Micron	U.S.	4,954	5,520	11%
15	21	Qimonda	Europe	3,423	5,413	58%
16	13	Infineon	Europe	4,874	5,120	5%
17	19	Qualcomm**	U.S.	3,457	4,422	28%
18	18	IBM	U.S.	3,495	3,955	13%
19	17	Fujitsu	Japan	3,500	3,858	10%
20	15	Matsushita	Japan	4,097	3,835	-6%
21	22	UMC*	Taiwan	3,259	3,670	13%
22	24	Broadcom**	U.S.	2,671	3,668	37%
23	29	Elpida	Japan	1,954	3,474	78%
24	20	Sharp	Japan	3,430	3,471	1%
25	26	Nvidia**	U.S.	2,353	2,980	27%
		Top 10 Total		115,774	122,355	6%
		Top 25 Total		170,993	188,879	10%

*Pure-Play Foundry **Fabless

Source: IC Insights' Strategic Reviews Database

Figure 1

Despite a 9% decline in sales in 2006, Intel easily maintained its hold on the number one spot, having about 64% greater semiconductor sales than second-place Samsung (down from about double Samsung's sales in 2005). After growing at about twice the industry rate in 2005, Intel posted the biggest sales decline of any top-25 ranked company in 2006. Because of Intel's big decline in sales, in total, the top 10 semiconductor companies showed only a 6% sales increase in 2006, while the top 25 posted an 10% jump, one point above industry-average growth.

It should be noted that six of the nine top-25 suppliers that lost positions in the 2006 ranking were Japanese companies (the other companies that slipped in the rankings were NXP, Micron, and Infineon).

Infineon and its spin-off Qimonda, each had over $5 billion in sales in 2006. Combined, the companies' sales would have been $10.5 billion, which would have been large enough for it to be ranked as the fourth largest semiconductor supplier in the world in 2006. In fact, with Infineon currently holding about 85% of the stock in Qimonda, there are some that believe the two companies' sales figures should still be combined.

Report Details

The 2007 edition of IC Insights' *McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*, is now available for purchase. Packed with over 400 tables and graphs, the report is available in three-ring binder, CD-ROM, and on-line formats. A single copy of the report in CD-ROM or binder format is priced at $2,590. A bundled CD-binder set is priced at $3,085. An Internet access password is available as a $695 option. 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 semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor 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.

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