

RESEARCH BULLETIN

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First to Worst—DRAM Makers' Growth Fell Fast

Among top 50 suppliers, DRAM suppliers' growth ranked first in 2006, worst in 2007. Prospects improve beyond 2008.

As final 2007 sales results are tallied from semiconductor suppliers, it is apparent that many DRAM manufacturers ranked among the worst performing companies in terms of revenue growth in 2007. The poor results come on the heels of one of the most stellar years for DRAM suppliers in 2006, and emphasize the dramatic 39% drop in the overall average selling price of DRAM in the year just ended.

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When considering annual growth rate, IC Insights shows that DRAM companies occupied the last four positions among the 50 largest semiconductor suppliers in 2007. This heavy presence at the bottom of the list is nearly a complete reversal from 2006, when seven of the top 10 companies (ranked by growth rate) were DRAM suppliers (Figure 1).

Where DRAM Suppliers Ranked Among Top 50 Semiconductor Sales Leaders

(Ranking Based on Growth of Total Semi Sales)

DRAM Supplier	2006 Rank	Growth Rate 2006	2007 Rank	Growth Rate 2007
ProMOS	1	101%	49	-30%
Elpida	2	77%	17	7%
Powerchip	3	76%	47	-17%
Inotera	4	75%	12	15%
Nanya	5	49%	50	-30%
Qimonda	6	43%	48	-26%
Hynix	10	32%	10	16%
Samsung	33	10%	27	1%
Micron	39	4%	42	-5%

Source: Company reports, IC Insights

Figure 1

Among the top 50 semiconductor sales leaders, ProMOS ranked #1 in 2006, but #49 in 2007; Powerchip tumbled from #3 in 2006 to #47 in 2007; Nanya fell from #5 in 2006 to #50 in 2007; and Qimonda dropped from #6 in 2006 to #48 in 2007. Hynix and Elpida bucked the trend of severe downward growth with each company enjoying double-digit revenue increases in both 2006 and 2007. Hynix' growth rate placed it at #10 in both 2006 and 2007. Elpida slipped from #2 in 2006 to #17 in 2007.

The outlook for the DRAM market and for most DRAM vendors in 2008 does not improve much. The current difficult pricing/profitability situation facing many DRAM suppliers will likely extend to mid-2008. At that point, seasonal market conditions should bring some relief in the form of upward pricing. Although IC Insights expects relative pricing stability to return, the overall DRAM market is forecast to decline 7% in 2008. Looking long-term, demand for DDR3, for 1Gb-based modules, and the increasing DRAM content per PC suggest that demand will remain solid through 2008 and beyond. Meanwhile, many DRAM suppliers have planned significant reductions in capital expenditures for 2008. Assuming DRAM vendors don't break rank and actually stick to their capex plans (*big* assumption), capacity could grow tight throughout the next three to five years, driving DRAM prices upward.

Report Details

Additional details about the 2008 DRAM market and forecast through 2012 can be found in the 2008 edition of *The McClean Report*, IC Insights' complete analysis and forecast of the integrated circuit market. Packed with 400 tables and graphs, the report is available in three-ring binder, CD-ROM, and on-line formats, and also comes with free monthly updates by e-mail from March through November. A single copy of the report in CD-ROM or binder format is priced at \$2,790. A bundled CD-binder set is priced at \$3,285. An Internet access password is available as a \$695 option. The report is also available under a multi-user corporate license for \$5,990.

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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