

RESEARCH BULLETIN

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Automotive and IoT Will Drive IC Growth Through 2021

IC Insights' IC Market Drivers 2018 report also projects good increases in IC sales for medical electronics, wearable systems, cellphones, servers, and gov/mil applications.

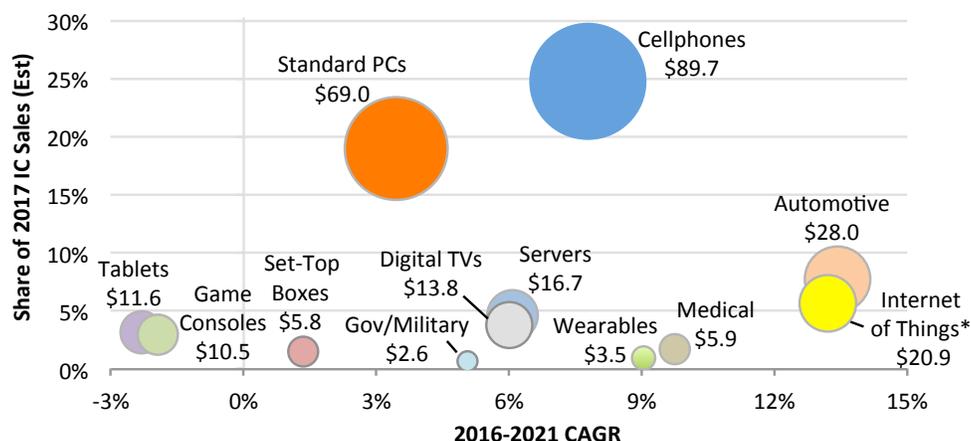
Integrated circuit sales for automotive systems and the Internet of Things are forecast to grow 70% faster than total IC revenues between 2016 and 2021, according to IC Insights' new *2018 Integrated Circuit Market Drivers Report*. ICs used in automobiles and other vehicles are forecast to generate worldwide sales of \$42.9 billion in 2021 compared to \$22.9 billion in 2016, while integrated circuit revenues for Internet of Things (IoT) functionality in a wide range of systems, sensors, and objects are expected to reach \$34.2 billion in four years compared to \$18.4 billion last year, says the new 358-page report.

MORE INFORMATION CONTACT

Rob Lineback
Senior Market Research Analyst
Phone: +1-817-731-0424
Email: rob@icinsights.com

Between 2016 and 2021, automotive and IoT IC sales are projected to rise by compound annual growth rates (CAGRs) of 13.4% and 13.2%, respectively, compared to 7.9% for the entire IC market, which is projected to reach \$434.5 billion in four years versus \$297.7 billion last year. As shown in Figure 1, strong five-year IC sales growth rates are also expected in medical electronics (a CAGR of 9.7% to \$7.8 billion in 2021) and wearable systems (a CAGR of 9.0% to \$4.9 billion).

IC End-Use Markets (\$B) and Growth Rates



*Covers only the Internet connection portion of systems.

Source: IC Insights

Figure 1

Cellphone IC sales—the biggest end-use market application for integrated circuits, accounting for about 25% of the IC market’s total revenues—are expected to grow by a CAGR of 7.8% in the 2016-2021 period, reaching \$105.6 billion in the final year of the new report’s forecast. Meanwhile, weak and negative IC sales growth rates are expected to continue in video game consoles (a CAGR of -1.9% to \$9.7 billion in 2021) and tablet computers (a CAGR of -2.3% to 10.7 billion), according to the *2018 IC Market Drivers* report.

Sharply higher average selling prices (ASPs) for DRAMs and NAND flash are playing a significant role in driving up dollar-sales volumes for ICs in cellphones and PCs (both desktop and notebook computers) in 2017. Cellphone IC sales are on pace to surge 24% this year to an estimated \$89.7 billion, while PC integrated circuit dollar volume is expected to climb 17.6% to \$69.0 billion. For both the cellphone and PC market segments, 2017 will be the strongest increase in IC sales since the 2010 recovery year from the 2009 downturn. The *2018 IC Market Drivers* report’s forecast shows cellphone integrated circuit sales rising 8% to \$97.3 billion next year and PC IC revenues growing 5% to \$72.6 billion in 2018.

The new report estimates that automotive IC sales will rise 22% in 2017 to about \$28.0 billion after increasing 11% in 2016. Automotive IC sales are forecast to increase 16% in 2018 to \$32.4 billion. Meanwhile, IoT-related integrated circuit sales are on pace to grow 14% in 2017 to an estimated \$14.5 billion after increasing about 18% in 2016. In 2018, integrated circuit sales for Internet of Things end-use applications are expected to rise 16% to about \$16.8 billion, according to the 2018 edition of the *IC Market Drivers* report.

Report Details: *IC Market Drivers 2018*

IC Market Drivers 2018—A Study of Key System Applications Fueling Demand for Integrated Circuits examines several of the largest existing and potential new applications that are expected to help fuel the market for ICs through 2021.

IC Market Drivers is divided into two parts. Part 1 provides a detailed forecast of the IC industry by system type, by region, and by IC product type through 2021. In Part 2, the *IC Market Drivers* report examines and evaluates key existing and emerging end-use applications that will support and propel the IC industry through 2021, including the automotive market, smartphones, Internet of Things, personal computing (desktop, notebooks, tablets), and servers and cloud computing. The *2018 IC Market Drivers* report is priced at \$3,690 for an individual-user license and \$6,790 for a multi-user corporate license.

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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.

Web Site: www.icinsights.com • **Phone:** +1-480-348-1133 • **E-mail:** info@icinsights.com