

RESEARCH BULLETIN

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Pure-Play Foundry Market On Pace For Strongest Growth Since 2014

Application processors and other device sales for 5G smartphones act as a robust driver.

IC Insights recently released its *August Update to the 2020 McClean Report* that included the first of a two-part analysis on the global IC 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. Examples of pure-play foundries include TSMC, GlobalFoundries, UMC, and SMIC. Integrated device manufacturer (IDM) foundries are defined as those companies that offer foundry services in addition to manufacturing their own ICs. Examples of IDM foundries are Samsung and Intel.

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Driven by growing demand for application processors and other telecomm device sales into 5G smartphones, the pure-play foundry market is on pace to expand by a strong 19% this year, after declining 1% in 2019 (Figure 1). IC Insights forecasts 200 million 5G smartphone handsets will be shipped in 2020 (although some forecasts expect 250 million units), up from only about 20 million units in 2019.

2014-2024 Foundry Sales Forecast

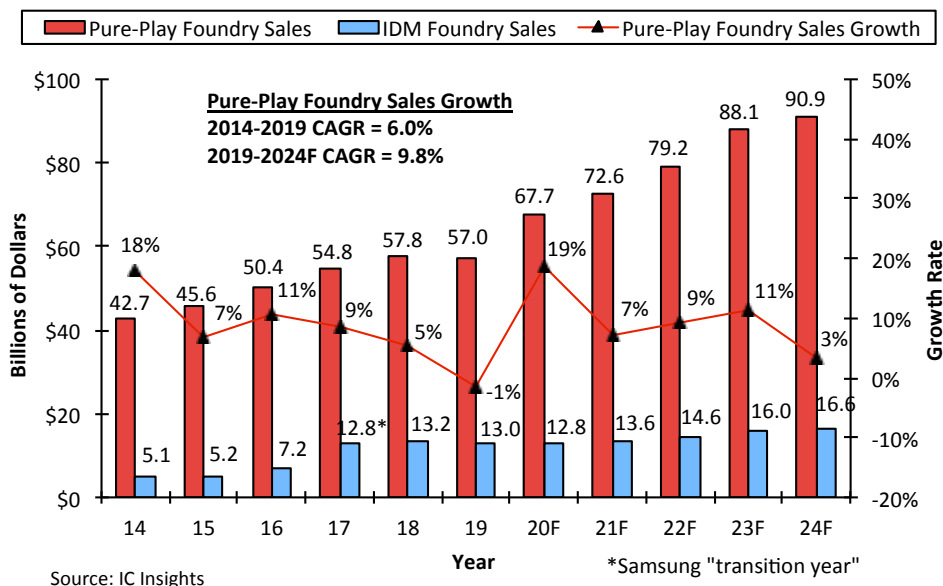


Figure 1

If achieved, the 19% increase would mark the strongest growth rate for the pure-play foundry market since the 18% uptick in 2014. Before 2019, the pure-play IC foundry market last declined in 2009 (-9%). As shown in the figure, IC Insights does not expect another pure-play foundry market decline through the forecast period. It is interesting to note that in the past 16 years (2004-2019), the pure-play foundry market grew 9% or less in nine years and by double-digit rates in the other seven years. It appears to have been boom or bust (or at least moderate growth) for the pure-play IC foundry market over the past decade and a half.

Pure-play foundries are forecast to represent 81.4% of total foundry sales in 2020, down from 89.3% in 2014. From 2019 through 2024, pure-play foundry sales are forecast to display a compound annual growth rate (CAGR) of an 9.8%, 3.8 points more than the 6.0% CAGR displayed from 2014-2019 and greater than the 7.3% CAGR expected for the total IC market in the same forecast period.

Report Details: *The 2020 McClean Report*

Additional details on IC market trends are provided in *The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*. A subscription to *The McClean Report* includes **free** monthly updates from March through November (including the 180+ page *Mid-Year Update*), and **free** access to subscriber-only webinars throughout the year. An individual-user license to *The McClean Report* is priced at \$4,990 and includes an Internet access password. A multi-user worldwide corporate license is available for \$7,990.

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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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