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3Q21 Earnings Outlooks Bode Well for Most Leading Semi Suppliers

Memory suppliers, Sony, and TSMC benefitting from strong demand and supply shortages.

IC Insights' recently released its compilation of third-quarter sales growth expectations for the top-25 semiconductor suppliers. For the third quarter of this year (ending in September), sales growth outlooks for the top-25 suppliers range from 16th-ranked Sony's 34% increase at the high end, to Intel's 3% *decline* on the low end.

Third-quarter growth expectations for the top-15 suppliers are shown in Figure 1. In advance of an expected surge in demand for 5G smartphones during the upcoming holiday season, Qualcomm and Apple anticipate significant increases in their 3Q21 semiconductor sales. Also, the big three memory IC suppliers—Samsung, SK Hynix, and Micron—are each expected to post a 10% increase and Kioxia is anticipated to show an 11% jump in 3Q21 sales as demand remains strong for memory in data center servers, enterprise computing, and for 5G smartphones and related infrastructure.

In 2Q21, TSMC was the third-largest semiconductor company in terms of sales and the largest semiconductor foundry in the world. It is the go-to manufacturer for ICs based on leading-edge 7/5nm process technologies, which are in high demand and collectively accounted for about half of TSMC's second-quarter revenue. The company reported that 18% of its 2Q21 revenue was from ICs made using its 5nm process technology while 7nm device technology accounted for 31% of its 2Q21 sales.

TSMC expects its 3Q21 sales to climb 11%. IC Insights forecasts its sales will rise another 4% in 4Q21. IC Insights believes TSMC's second-half sales will be 14% greater than its first-half sales, yielding a full-year increase of 24%. If achieved, it would mark back-to-back years of more than 20% revenue growth for the foundry giant. TSMC's annual sales increased a whopping 31% in 2020.

AMD was ranked as the 11th-largest semiconductor company in 2Q21 and anticipates its sales will rise 6% in 3Q21. For the year, AMD expects to register an enormous 60% surge in sales. AMD's sales have been rising quickly since 2Q20. The company is forecast to post sales of \$4.10 billion and \$4.23 billion in the third and fourth quarters respectively this year, resulting in second half sales that are 14% more than in 1H21. AMD uses TSMC to fabricate its new, Zen 3 processors using 7nm technology.

MORE INFORMATION CONTACT

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Top 15 Semiconductor Sales Leaders 3Q21 Forecast, \$M

3Q21F Rank	2Q21 Rank	Company	Headquarters	2Q21 Total Semi Actual	3Q21 Total Semi Forecast	3Q21/2Q21 % Change
1	1	Samsung	South Korea	20,297	22,320	10%
2	2	Intel	U.S.	19,304	18,785	-3%
3	3	TSMC	Taiwan	13,315	14,750	11%
4	4	SK Hynix	South Korea	9,213	10,135	10%
5	5	Micron	U.S.	7,681	8,465	10%
6	6	Qualcomm	U.S.	6,472	7,250	12%
7	7	Nvidia	U.S.	5,540	5,965	8%
8	8	Broadcom Inc.	U.S.	4,890	5,220	7%
9	9	MediaTek	Taiwan	4,496	4,600	2%
10	10	TI	U.S.	4,299	4,300	0%
11	11	AMD	U.S.	3,850	4,100	6%
12	13	Apple*	U.S.	3,100	3,500	13%
13	12	Infineon	Europe	3,280	3,495	7%
14	14	ST	Europe	2,983	3,200	7%
15	15	Kioxia	Japan	2,800	3,110	11%
Top-15 Total				111,520	119,195	7%

*Custom processors/devices for internal use.

Source: Company reports, IC Insights' *Strategic Reviews* database

Figure 1

A few leading companies—notably Intel and Texas Instruments—do not expect to see such rosy 3Q21 sales gains. TI is guiding for flat 3Q21 sales results. Intel, now the second-largest semiconductor supplier in the world, put its 3Q21 sales guidance at -3%, and its full-year sales guidance at -1% during its most recent earnings presentation (Figure 2). In a year when total semiconductor sales are forecast to grow 24%, this would be an especially weak showing for the processor giant. Moreover, Intel's 2H21/1H21 sales expectations are also for a 1% decline. Intel's 4Q21 sales are currently forecast to be 3% less than its 1Q20 sales, resulting in a two-year period of essentially flat results.

Collectively, the top-15 companies are forecast to experience 7% growth in 3Q21. Semiconductor sales are forecast to remain robust through the end of the year, which supports IC Insights' current forecast of 24% growth for worldwide semiconductor sales this year.

Intel's Weak 2021 Sales Expectations

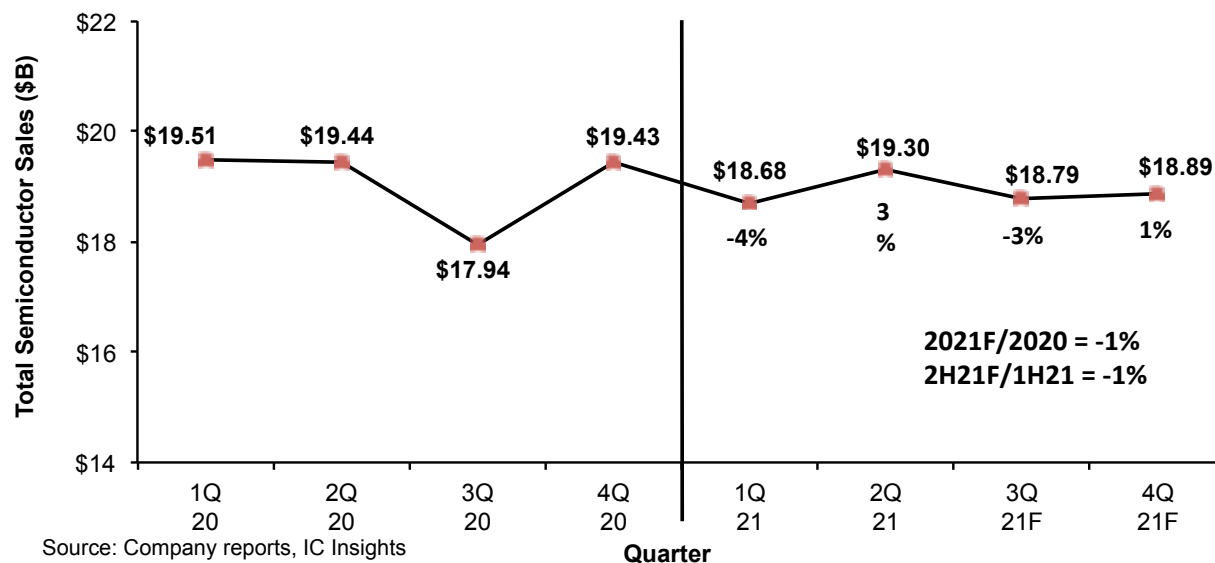


Figure 2

Report Details: The 2021 McClean Report

The 2021 edition of *The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry* was released in January 2021. A subscription to *The McClean Report* includes **free** monthly updates from March through November (including a 180+ page *Mid-Year Update*), and **free** access to subscriber-only pre-recorded webcasts through November. An individual user license to the 2021 edition of *The McClean Report* is available for \$5,390 and a multi-user worldwide corporate license is available for \$8,590. The Internet access password and the information accessible to download will be available through November 2021.

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