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## **13 Fabless IC Suppliers Forecast to Top \$1.0 billion in Sales in 2010!**

*Altera, Broadcom, and MStar expected to register greater than 50% growth this year.*

A forecast of the 2010 billion-dollar fabless IC suppliers, which was excerpted from a ranking of the top 50 fabless IC suppliers in IC Insights' 2011 edition of *The McClean Report* (to be released in January), is shown in Figure 1. IC Insights considers a company fabless when it receives the majority of its finished wafer supply from IC foundries.

As shown in the table, there are 13 fabless IC companies expected to register more than \$1.0 billion in sales in 2010, up from 10 companies in 2009 and 8 in 2008. These 13 suppliers are forecast to have a combined \$41.4 billion in sales and represent about 70% of the \$59.6 billion worth of total fabless company IC sales expected in 2010.

The list also shows that 9 out of the 13 billion-dollar fabless IC companies expected in 2010, and 9 of the top 10, are based in the U.S. With no Japanese company in the ranking, it is obvious that the fabless/foundry business model has not significantly caught on in Japan, and, in IC Insights' opinion, is unlikely to do so in the near future. However, as Taiwanese and Chinese IC design houses continue to advance, IC Insights expects an increasing number of Taiwan- and China-headquartered companies to eventually make their way up the top fabless supplier ranking.

Cellular phone chip supplier Qualcomm is expected to remain the number one fabless IC supplier in 2010. The company is forecast to register an impressive \$7.1 billion in sales in 2010, but only after a relatively disappointing 11% growth rate. Altera, Broadcom, and MStar, fresh off its successful IPO, are the shining stars of the big fabless companies with each one expected to register better than 50% growth this year. In 2009, MediaTek displayed the most impressive gain by a billion-dollar fabless IC supplier by registering a strong 22% increase in sales to \$3.5 billion. However, illustrating how fast fortunes can change in the fabless arena, MediaTek was late in developing devices for the booming 3G cellphone market and is forecast to barely register a gain in sales in 2010 (3%).

In late 1Q09, AMD became a fabless company by including its Dresden, Germany fabs as part of the GlobalFoundries spin-off. IC Insights has included all of AMD's sales for 2009 in the fabless IC suppliers

### **MORE INFORMATION CONTACT**

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list. As shown, AMD is forecast to rank as the third-largest fabless company in the world in 2010 behind only Qualcomm and Broadcom.

Fabless telecom chip supplier ST-Ericsson is a 50/50 joint venture between IDM semiconductor supplier ST and telecom equipment supplier Ericsson. It should be noted that ST incorporates half of ST-Ericsson's sales into its financial results. Thus, ST-Ericsson's total sales are twice the level shown in Figure 1 with the half attributed and shown as "fabless" being the portion of sales allocated to Ericsson.

Overall, IC Insights believes that most of the large fabless IC suppliers will continue to do well and will help to drive significant sales gains by the pure-play foundries (e.g., TSMC, UMC, GlobalFoundries, etc.). Moreover, as the barriers to entry (i.e., high design costs, increasingly difficult access to venture capital money, etc.) rise, IC Insights believes that the total fabless IC supplier listing will continue to become increasingly "top-heavy" in the future.

### 2010 "Billion Dollar" Fabless IC Suppliers

2010F Rank	2009 Rank	2008 Rank	Company	Headquarters	2008 (\$M)	2009 (\$M)	% Change	2010F (\$M)	% Change
1	1	1	Qualcomm	U.S.	6,477	6,409	-1%	7,098	11%
2	3	2	Broadcom	U.S.	4,449	4,271	-4%	6,540	53%
3	2	—	AMD	U.S.	0	5,403	N/A	6,460	20%
4	4	5	MediaTek	Taiwan	2,864	3,500	22%	3,610	3%
5	6	4	Marvell	U.S.	3,055	2,690	-12%	3,602	34%
6	5	3	Nvidia	U.S.	3,660	3,151	-14%	3,571	13%
7	7	6	Xilinx	U.S.	1,906	1,699	-11%	2,355	39%
8	10	8	Altera	U.S.	1,367	1,196	-13%	1,950	63%
9	8	7	LSI Corp.	U.S.	1,795	1,422	-21%	1,625	14%
10	11	9	Avago	U.S.	905	858	-5%	1,200	40%
11	12	11	Novatek	Taiwan	829	819	-1%	1,145	40%
12	9	—	ST-Ericsson*	Europe	0	1,263	N/A	1,140	-10%
13	15	18	MStar	Taiwan	454	605	33%	1,060	75%

\*Represents the 50% share not accounted for by ST.

Source: IC Insights' *Strategic Reviews Database*

**Figure 1**

#### Report Details:

IC Insights is now taking orders for the new 2011 edition of *The McClean Report* that will be released in January. Packed with 400 tables and graphs, the 2011 *McClean Report* subscription also comes with free monthly updates by e-mail from March through November (including a 200+ page *Mid-Year Report*). A single-user subscription to the 2011 edition of *The McClean Report* is priced at \$3,190 and includes an Internet access password. The subscription is also available under a multi-user worldwide corporate license for \$6,290.

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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.

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