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Microprocessor Sales Growth Will Strengthen Slightly in 2014

Cellphone and tablet MPUs are expected to hit new record highs while the rest of the market ends a two-year slump.

Information in this Research Bulletin comes from the 2014 edition of IC Insights' McClean report, which will be released later this month. The 800-page report includes over 400 charts and figures! Details of the new report are provided at the end of this bulletin.

A modest recovery in personal computers this year is expected to slightly strengthen overall sales growth in microprocessors, which is forecast to rise 9% in 2014 to a record-high \$66.7 billion compared to \$61.0 billion in 2013, when revenues grew 8%, according to IC Insights' 2014 edition of *The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*. The new report shows mobile processors in cellphones and tablet computers continuing to provide most of the lift in overall microprocessor sales, but other MPUs used in PCs, servers, and embedded applications are forecast to pull out of a two-year slump and increase 3% in 2014 to \$42.5 billion from \$41.2 billion in 2013.

Cellphone application processor sales are forecast to grow 19% in 2014 to a record-high \$19.3 billion, while tablet processors are projected to climb 35% to a new all-time peak of \$4.9 billion, says the *2014 McClean Report*, which becomes available this month. Cellphone application processors are forecast to account for 29% of worldwide microprocessor sales in 2014, while tablet MPUs will reach 7% of the total. Microprocessors used in standard PCs, servers, large computers, and embedded applications are expected to represent 64% of total MPU sales in 2014 (Figure 1). By 2018, cellphone application processors are expected to represent 33% of the total microprocessor sales, while tablet MPUs will be 9% and the large PC/server/embedded segment will shrink to 58%, based on the five-year forecast in the new *McClean Report*.

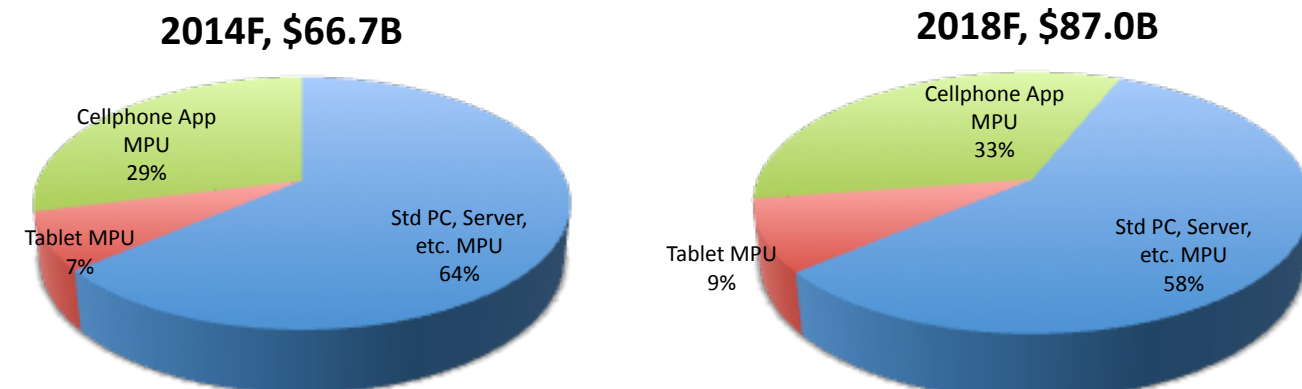
Revenues for microprocessors in PCs, servers, large computers, and embedded systems fell 2% in 2013 after dropping 6% in 2012. These back-to-back declines were partly a result of PCs being superseded by tablet computer and smartphone sales, but also due to cutbacks in information technology (IT) spending by businesses while economic growth waffled in the past two years. In 2013, shipments of PCs (desktops

MORE INFORMATION CONTACT

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

and notebooks built with x86 MPUs from Intel and AMD suffered the worst decline ever, falling by about 9% to 315 million units worldwide, according to IC Insights' market data.

Microprocessor Sales by Type (%)



Source: IC Insights

Figure 1

A projected 2% increase in PC unit sales in 2014, along with improved IT spending by businesses and stronger growth in embedded-processor applications, will enable the PC/server/embedded MPU market segment to grow again this year, but it will not set a new record high until 2015, when revenues are forecast to grow 6% to \$45.2 billion. The new *McClean Report* shows this large MPU market segment growing by a CAGR of 4.0% between 2013 and 2018, reaching \$50.1 billion in the final year of the forecast.

Meanwhile, sales of cellphone application MPUs (which exclude baseband processors used in wireless modems) are expected to grow by a CAGR of 12.5% in the five-year forecast period, climbing to \$29.1 billion in 2018. Tablet processor sales are forecast to rise by a CAGR of 16.1%, reaching \$7.7 billion in 2018. Total microprocessor sales are projected to rise by an annual rate of 7.4% in the forecast period to \$87.0 billion in 2018, according to the *2014 McClean Report*.

Report Details: *The 2014 McClean Report*

IC Insights is putting the finishing touches on the 2014 edition of its flagship report, *The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*. This highly regarded service features more than 800 pages and more than 400 tables and graphs that provide the user with a thorough overview and analysis of IC industry trends throughout the year. A subscription to *The McClean Report* includes **free** attendance to one of *The McClean Report* half-day seminars that are presented by IC Insights' President Bill McClean in January. *The McClean Report* seminars will be held in the following locations:

- **Scottsdale, Arizona on Tuesday, January 21**
- **Sunnyvale, California on Thursday, January 23**
- **Boston, Massachusetts on Tuesday, January 28**
- **London, England on Thursday, January 30**

In addition to the seminar, a subscription to *The McClean Report* includes **free** monthly updates from March through November (including a 250+ page *Mid-Year Update*), and **free** access to subscriber-only webinars throughout the year. An individual-user license to the 2014 edition of *The McClean Report* is priced at \$3,490 and includes an Internet access password. A multi-user worldwide corporate license is available for \$6,490.

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