RESEARCH BULLETIN

IC Insights

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China Charts New Course in Targeting Worldwide IC Industry—Fabless!

Chinese companies held 9 of the top 50 spots in the 2014 fabless IC company ranking, up from 1 in 2009.

Later this month, IC Insights' will release the 2015 edition of The McClean Report, which includes a ranking of the top 50 fabless IC suppliers for 2014.

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China's ambitious late-1990s plan to create numerous high-volume indigenous IC manufacturers in the pure-play foundry segment did not come to fruition, but the Chinese government is still very serious about keeping China and Chinese IC suppliers relevant in the future IC industry. In 2014, the Chinese government described new semiconductor industry programs that will utilize investment by both the Chinese national government ($19.5 billion) and local government and private equity investors ($97.4 billion). IC Insights believes that these outlays have to potential to significantly change the future IC supplier landscape.

As Chinese IC design houses continue to advance, IC Insights expects an increasing number of China-headquartered companies to move up in the ranking of top fabless IC suppliers. As shown in Figure 1, there were nine Chinese companies among the top-50 fabless companies in 2014 as compared to only one company in 2009.

In total, the Chinese fabless IC suppliers held 8% of the top 50 fabless IC market ($80.5 billion) in 2014 and currently hold twice as much top 50 fabless IC marketshare as the European and Japanese companies combined! Nineteen U.S. companies were represented among the top 50 fabless suppliers in 2014, and they accounted for 64% of the total top 50 fabless company IC sales. In 2014, Japan held less than 1% and the "other" countries (e.g., South Korea, Singapore, etc.) represented only 6% of the market held by the top 50 fabless IC suppliers.

Although its original plan of establishing numerous large indigenous IC manufacturers in China was not successful, it is obvious that the Chinese government still intends to create a dynamic environment in the China-based IC industry, including placing additional emphasis on establishing new fabless IC suppliers.

IC Insights believes that the Chinese government's commitment to creating a more powerful Chinese presence in the future IC industry is alive and well and should be taken seriously.

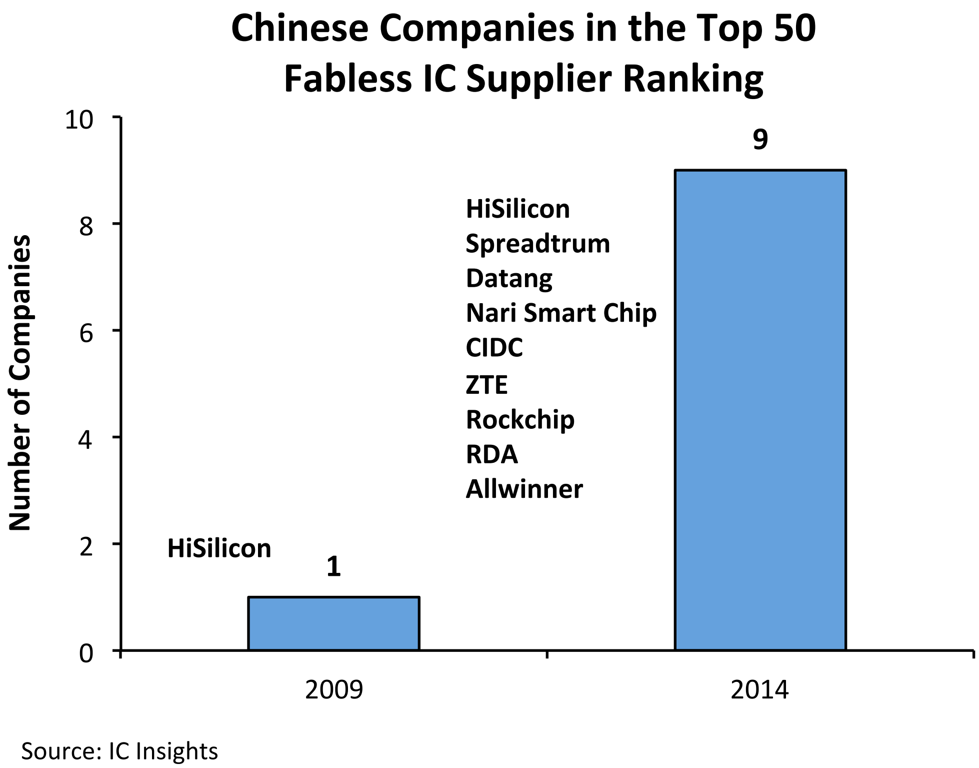

Figure 1

More details on the 2014 top 50 fabless IC suppliers and China's future role in the IC industry will be provided in *The 2015 McClean Report.*

NOTE: IC Insights is currently taking orders for The 2015 McClean Report, which will be released later this month. If you need to fully understand the fast-changing IC market, you need to subscribe to *The 2015 McClean Report.*

Report Details: *The 2015 McClean Report*

The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry (released in January 2015) will feature more than 400 tables and graphs in the main report alone. 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 later this month. *The McClean Report* seminars will be held in the following locations:

- **Scottsdale, Arizona on Tuesday, January 20**
- **Sunnyvale, California on Thursday, January 22**
- **Boston, Massachusetts on Thursday, January 29**

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 **2015** edition of *The McClean Report* is priced at $3,590 and includes an Internet access password. A multi-user worldwide corporate license is available for $6,590.

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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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