RESEARCH BULLETIN

IC Insights

FEBRUARY 17, 2015

Semiconductor Unit Shipments To Exceed One Trillion Devices in 2017

Updated forecast expects robust 8.2% average annual unit shipment growth through 2019.

Total semiconductor unit shipments (integrated circuits and opto-sensor-discrete, or O-S-D, devices) are forecast to continue their upward march through the current cyclical period and top one *trillion* units for the first time in 2017 according to IC Insights' forecast presented in the 2015 edition of *The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*. Semiconductor shipments in excess of one trillion units are forecast to be the new normal beginning in 2017.

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Figure 1 shows that semiconductor unit shipments are forecast to increase to 1,024.5 billion devices in 2017 from 32.6 billion in 1978, which amounts to average annual growth of 9.2% over the 39-year period and demonstrates how increasingly dependent the world is on semiconductors. From 2009 to 2014, the average annual growth rate of semiconductor units was 7.6%—somewhat slower than the long-term growth rate—due to global economic uncertainties through that five-year period. Stronger 8.2% annual growth is forecast from 2014 to 2019 as momentum strengthens for electronic systems.

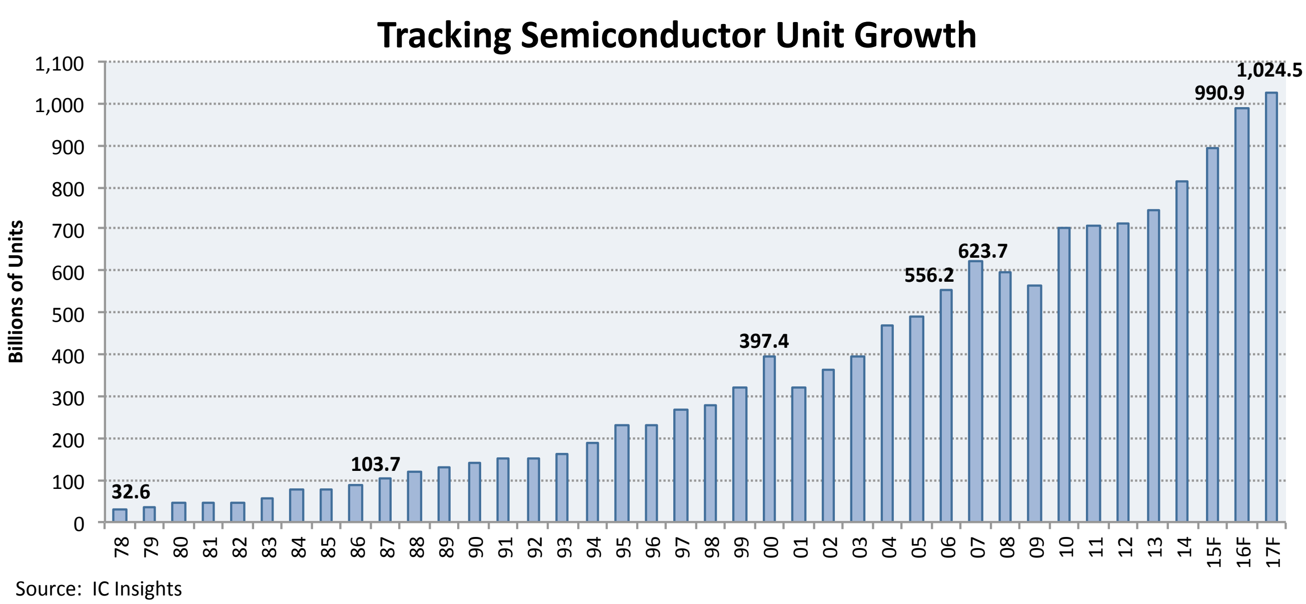

Figure 1

The strongest annual increase in semiconductor unit growth over the time span shown in Figure 1 was 34% in 1984; the biggest decline was 19% in 2001 following the dot-com bust. Semiconductor unit shipments first topped the 100-billion mark in 1987, exceeded 500-billion units for the first time in 2006 and then surpassed 600-billion units in 2007 before the global financial meltdown and recession caused semiconductor shipments to fall in 2008 and 2009, the only time the industry has experienced a back-to-back decline in unit shipments. Semiconductor unit growth then surged 25% in 2010, the second-highest growth rate since 1978. IC Insights forecasts semiconductor unit growth of 10.0% in 2015 and 11.0% in 2016. The semiconductor unit growth rate is forecast to fall to only 3.4% in 2017, enough to push annual shipments beyond one trillion devices for the first time.

Interestingly, the percentage split of IC and O-S-D devices within total semiconductor units has remained fairly steady despite advances in integrated circuit technology and the blending of functions to reduce chip count within systems. In 1978, O-S-D devices accounted for 79% of semiconductor units and ICs represented 21%. Almost 40 years later in 2017, O-S-D devices are forecast to account for 74% of total semiconductor units, compared to 26% for ICs (Figure 2).

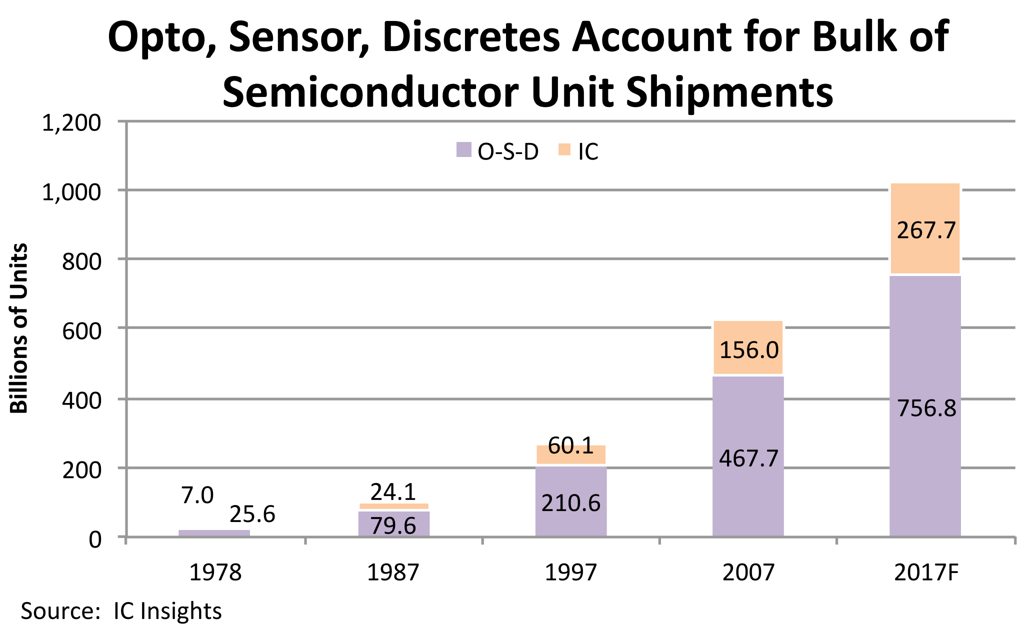

Figure 2

Report Details: *The 2015 McClean Report*

Further details on IC, O-S-D, and total semiconductor unit and market trends are provided in the 2015 edition of IC Insights' flagship report, *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 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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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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