

# RESEARCH BULLETIN

**AUGUST 3, 2016**

## Huge 2H16 Spending Surge Expected From Samsung, TSMC, and Intel *Combined outlays from the "Big 3" spenders is forecast to almost double in 2H16 over 1H16!*

In addition to the monthly *Updates*, IC Insights' subscription to *The McClean Report* includes three "subscriber only" webcasts. The first of these webcasts was presented on August 3, 2016 and discussed semiconductor industry capital spending trends, the worldwide economic outlook, the semiconductor industry forecast through 2020, as well as China's failures and successes on its path to increasing its presence in the IC industry.

### MORE INFORMATION CONTACT

Bill McClean  
 President  
 Phone: +1-480-348-1133  
 Email: bill@icinsights.com

In total, IC Insights forecasts that semiconductor industry capital spending will increase by only 3% this year after declining by 2% in 2015. However, driven by the top three spenders—Samsung, TSMC, and Intel—capital spending in 2016 is expected to be heavily skewed toward the second half of this year. **Figure 1 shows that the combined 2016 outlays for the top three semiconductor industry spenders are forecast to be 90% higher in the second half of this year as compared to the first half.**

### 2016 Capital Spending Forecast (1H16 vs 2H16)

2016F Rank	Company	2015 (\$M)	2016F (\$M)	16/15 % Change	1H16 Actual (\$M)	2H16 Spending Needed to Make Budget (\$M)	2H16/1H16 % Change
1	Samsung	13,010	11,000	-15%	3,439	7,561	120%
2	TSMC	8,089	10,000	24%	3,426	6,574	92%
3	Intel	7,326	9,500	30%	3,646	5,854	61%
— Top 3 Total		28,425	30,500	7%	10,511	19,989	90%
— Others		36,427	36,610	1%	19,932	16,678	-16%
— Total Cap Spending		64,852	67,110	3%	30,443	36,667	20%

Source: IC Insights, Company Reports

**Figure 1**

Combined, the "Big 3" spenders are forecast to represent 45% of the total semiconductor industry outlays this year. An overview of each company's actual 1H16 spending and their 2H16 spending outlook is shown below.

**Samsung** — The company spent only about \$3.4 billion in capital expenditures in 1H16, just 31% of its forecasted \$11.0 billion full-year 2016 budget.

**TSMC** — Its outlays in the first half of 2016 were only \$3.4 billion, leaving \$6.6 billion to be spent in the second half of this year in order to reach its full-year \$10.0 billion budget. This would represent a 2H16/1H16 spending increase of 92%.

**Intel** — Spent just \$3.6 billion in 1H16. The company needs to spend \$5.9 billion in the second half of this year to reach its current \$9.5 billion spending budget, which would be a 2H16/1H16 increase of 61%.

In contrast to the "Big 3" spenders, capital outlays by the rest of the semiconductor suppliers are forecast to shrink by 16% in the second half of this year as compared to the first half. In total, 2H16 semiconductor industry capital spending is expected to be up 20% over 1H16 outlays, setting up a busy period for the semiconductor equipment suppliers through the end of this year.

Further trends and analysis relating to semiconductor capital spending through 2020 are covered in the 250-plus-page *Mid-Year Update* and first webcast to the 2016 edition of *The McClean Report*.

### **Report Details: *The 2016 McClean Report***

*The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry* (released in January 2016) is IC Insights' flagship market research report, with more than 400 charts and graphs providing data on all aspects of IC 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 2016 edition of *The McClean Report* is priced at \$3,890 and includes an Internet access password. A multi-user worldwide corporate license is available for \$6,890.

To review additional information about IC Insights' new and existing market research products and services please visit our website: [www.icinsights.com](http://www.icinsights.com)

#### **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.

**Web Site:** [www.icinsights.com](http://www.icinsights.com) • **Phone:** +1-480-348-1133 • **E-mail:** [info@icinsights.com](mailto:info@icinsights.com)