

JANUARY 9, 2020

China Only Region to Register Pure-Play Foundry Market Growth in 2019

Rise of China-based fabless IC suppliers offers increased opportunities for foundries.

IC Insights is in the process of completing its forecast and analysis of the IC industry and will present its new findings in *The McClean Report 2020*, which will be published later this month. Among the semiconductor industry data included in the new 400+ page report is an in-depth analysis of the IC foundry market and its suppliers.

With the rise of the fabless IC companies in China (e.g., HiSilicon) over the past 10 years, the demand for foundry services has also risen in that country. Figure 1 shows that the China market was the only major region that showed an increase in pure-play foundry sales last year. Moreover, the European and Japanese pure-play foundry markets each displayed a double-digit decline in 2019.

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Pure-Play Foundry Market by Region

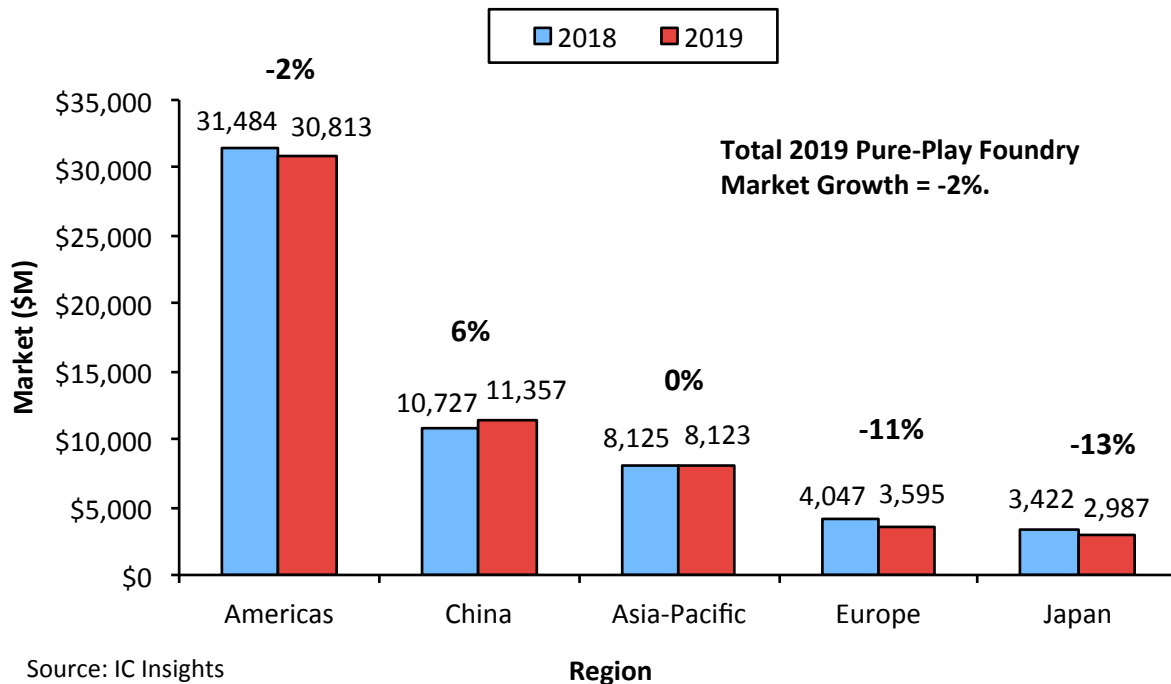


Figure 1

China's total share of the 2018 pure-play foundry market jumped by five percentage points as compared to 2017 to 19%, exceeding the share held by the rest of the Asia-Pacific region by five points. Overall, China was responsible for essentially all of the total pure-play foundry market increase in 2018. However, in 2019, the U.S./China trade war served to slow economic growth in China and the country's foundry marketshare increased only one percentage point last year to 20%.

In total, pure-play foundry sales in China jumped by 42% in 2018 to \$10.7 billion, more than 8x the 5% increase for the total pure-play foundry market that year. Moreover, in 2019, pure-play foundry sales to China increased by 6%, eight points better than the 2% decline registered for the total pure-play foundry market last year.

In 2019, Taiwan-based pure-play foundry TSMC stated that about 25% of its 400+ customers are based in China. TSMC and UMC each registered double-digit sales increases to China last year. UMC showed the highest sales increase into China with a 19% jump. This increase was driven by the continued ramp up of its 300mm Fab 12X located in Xiamen, China, which opened in late 2016 and has a current capacity of about 22.7K 300mm wafers per month. In contrast, it appears that many of China-based SMIC's Chinese customers encountered slow business conditions. SMIC's 2019 sales in China dropped by 8% as compared to a total company sales decline of 7% last year.

Report Details: *The 2020 McClean Report*

The 2020 edition of *The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*, will be released in late January 2020. A subscription to *The McClean Report* includes **free** monthly updates from March through November (including a 200+ page *Mid-Year Update*), and **free** access to subscriber-only webinars throughout the year. An individual-user license to the 2020 edition of *The McClean Report* is priced at \$4,990 and includes an Internet access password. A multi-user worldwide corporate license is available for \$7,990.

As part of your 2020 subscription, you are entitled to free attendance at a *McClean Report* half-day seminar (one seat for each copy purchased; company-wide licensees receive five free seats). The schedule for this year's *McClean Report* seminar tour is shown below.

Tuesday, January 21, 2020 — Scottsdale, Arizona
Thursday, January 23, 2020 — San Jose, California
Tuesday, January 28, 2020 — Boston, Massachusetts

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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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