

# RESEARCH BULLETIN

**MARCH 8, 2022**

## 2022 to Mark the Third Year in a Row of $\geq 20\%$ Growth for the Foundry Market

*Chinese foundries forecast to continue to hold less than 10% of the total foundry market.*

IC Insights' forecast for the foundry market through 2026 was part of its recently released *1Q Update to the 2022 McClean Report*. The *Update* also included analyses of the top-25 2021 semiconductor suppliers, semiconductor industry capital spending, IC industry capacity, the automotive IC market, and detailed forecasts for the DRAM, flash, MCU, MPU, and analog IC product segments. Figure 1 shows the worldwide total (pure-play and IDM) foundry market forecast from 2016 through 2022.

### MORE INFORMATION CONTACT

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

### 2016-2022 Foundry Sales Forecast

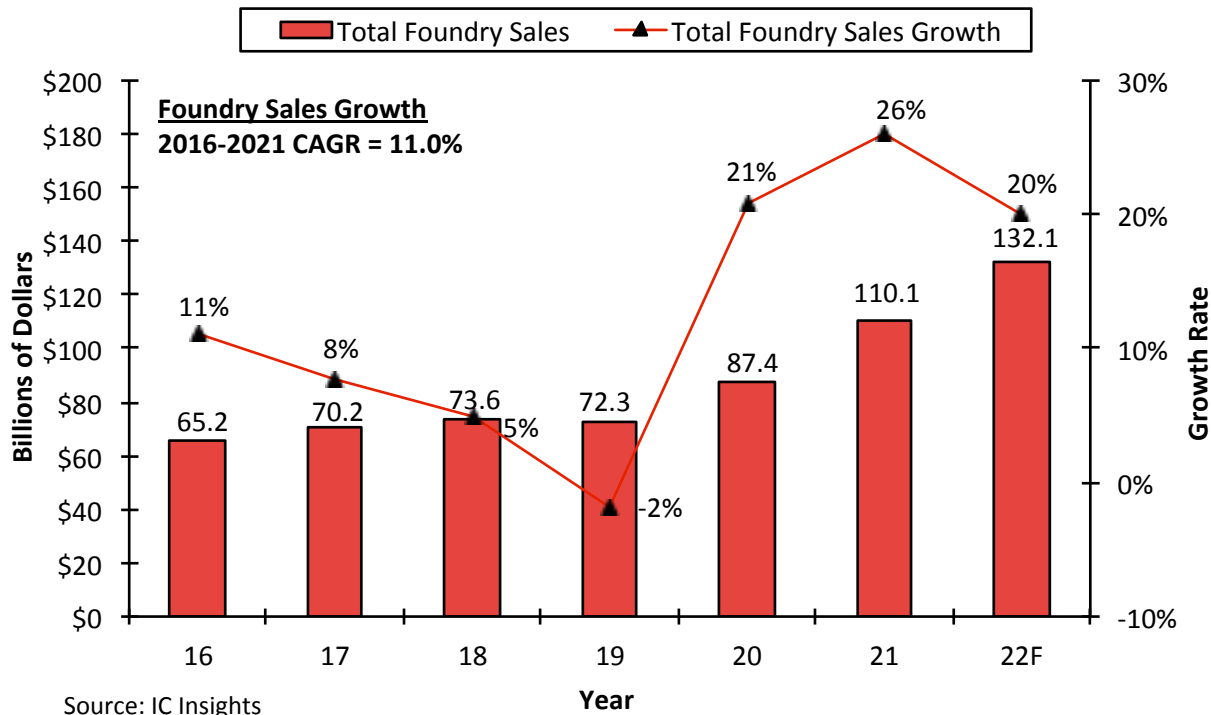


Figure 1

After dropping 2% in 2019, the foundry market logged a strong 21% rebound in 2020 as application processor and other telecomm device sales into 5G smartphones acted as strong drivers. The foundry market continued its growth surge in 2021, registering a 26% jump. If IC Insights' 20% increase now forecast for the foundry market in 2022 comes to fruition, the 2020-2022 timeperiod would mark the strongest three-year growth span for the total foundry market since 2002-2004.

Before 2019, the foundry market last declined in 2009 (-11%). IC Insights does not expect another pure-play foundry market decline over the next five years. It is interesting to note that in the past 18 years (2004-2021), the pure-play foundry market grew 9% or less in nine of those years and by double-digit rates in the other nine years (40% in 2004, 20% in 2006, 43% in 2010, 16% in 2012, 14% in 2013, 13% in 2014, 11% in 2016, 21% in 2020, and 26% in 2021). It appears that, over the past 18 years, it has been either boom or bust (or at least moderate growth) for the IC foundry market.

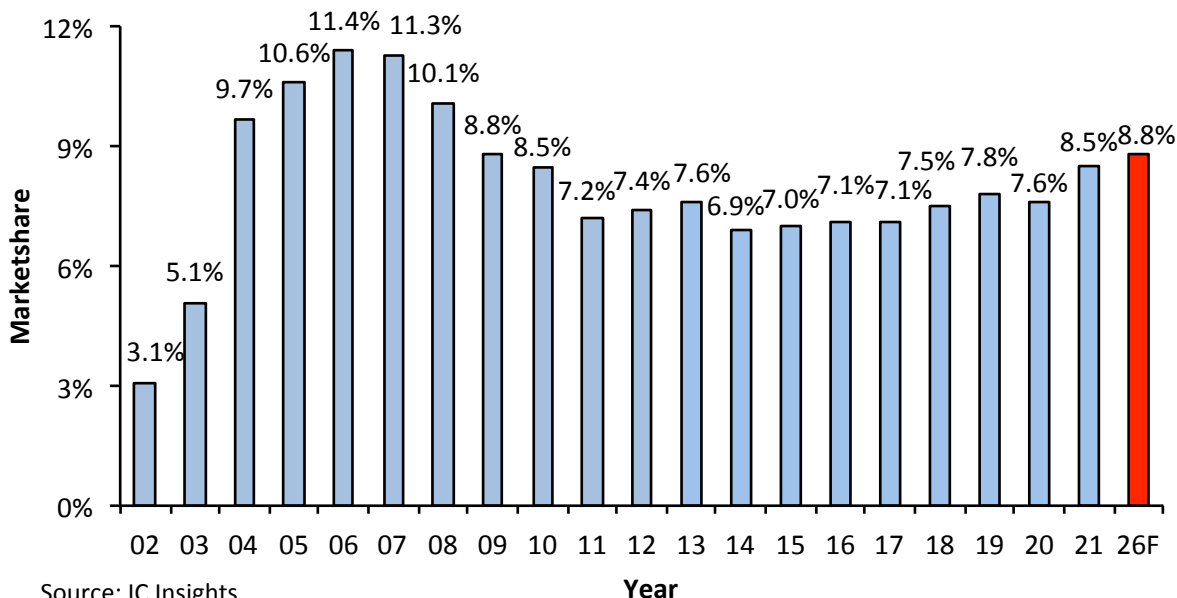
### **Chinese Companies' Share of the Foundry Market**

Nine of the top-12 foundries in 2021 were based in the Asia-Pacific region. Europe-headquartered specialty foundry X-Fab, Israel-based Tower (now expected to be acquired by Intel), and U.S.-headquartered GlobalFoundries were the only non-Asia-Pacific companies in the top-12 ranking last year.

In 2020, a 25% increase in sales by SMIC was not enough to prevent a decline of the Chinese foundries' share of the total pure-play foundry market to 7.6% (Figure 2). In 2021, SMIC's sales jumped by 39% as compared to a total foundry market increase of 26%. Moreover, Huahong Group saw its sales growth rate last year increase at twice the rate as the total foundry market (52% for Huahong Group as compared to 26% for the total foundry market). As a result, the Chinese company share of the pure-play foundry market increased by 0.9 points to 8.5% in 2021.

IC Insights believes that the total Chinese company share of the pure-play foundry market will remain relatively flat over through 2026. Although the China-based foundries plan to take advantage of the huge amount of government and private investment that will be flowing into the Chinese semiconductor market infrastructure over the next five years (which became evident with the huge jump in SMIC's capex outlays in 2020), it is unlikely they will be able to compete for leading-edge foundry business, especially considering that SMIC was placed on the Entity List by the U.S. Combined, the Chinese foundries are forecast to hold 8.8% of the pure-play foundry market in 2026, a level that would be 2.6 points less than their peak share of 11.4% in 2006.

## Chinese Companies' Share of the Total Foundry Market



**Figure 2**

### Report Details: *The 2022 McClean Report*

*The McClean Report—A Complete Analysis and Forecast of the Semiconductor Industry*, is now available. A subscription to *The McClean Report* service includes the January *Semiconductor Industry Flash Report*, which provides clients with IC Insights’ initial overview and forecast of the semiconductor industry for this year through 2026. In addition, the first of four *Quarterly Updates* to the report was released on February 24th, with additional *Quarterly Updates* to be released in May, August, and November of this year. An individual user license to the 2022 edition of *The McClean Report* is available for \$5,390 and a multi-user worldwide corporate license is available for \$8,590. The Internet access password and the information accessible to download will be available through November 2022.

<https://www.icinsights.com/services/mcclean-report/pricing-order-forms/>

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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.

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