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Tablet and Cellphone Processors Offset PC MPU Weakness

Total microprocessor sales are forecast to rise 8% in 2013 and reach \$61.0 billion.

Worldwide microprocessor sales are on pace to reach a record-high \$61.0 billion in 2013 mostly due to strong demand for tablet computers and cellphones that connect to the Internet, but the ongoing slump in standard personal computers—including notebook PCs—is once again dragging down overall MPU growth this year. Total microprocessor sales are now expected to increase 8% in 2013 after rising just 2% in 2012, according to a new forecast in IC Insights' *Mid-Year Update of The McClean Report 2013*.

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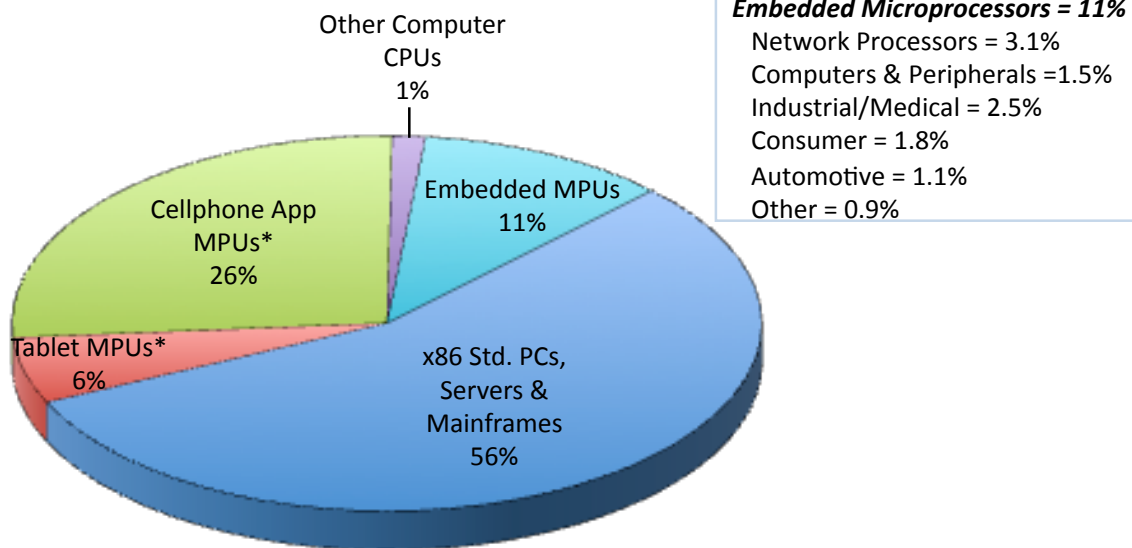
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IC Insights' mid-year forecast trims the marketshare of x86 microprocessors primarily sold by Intel and rival Advanced Micro Devices for PCs and servers to 56% of total MPU sales in 2013 compared to the previous estimate of 58%. Figure 1 shows embedded microprocessors are now expected to account for 11% of MPU sales in 2013 (versus 9% previously), while tablet processors are projected to be 6% of the total (compared to 5% in the original January forecast). The new forecast keeps cellphone application processors at 26% of total MPU sales in 2013 but lowers the marketshare of non-x86 central processing units (CPUs) in computers outside of tablets to 1% (from 2% previously).

The proliferation of multimedia cellphones and the surge in popularity of touch-screen tablet computers are fueling strong double-digit growth rates of MPU sales and unit shipments in these two systems categories. The vast majority of these systems are built with mobile processors based on 32-bit CPU architectures licensed from ARM in the U.K. Many MPU suppliers serve smartphone and tablet applications with the same processor platform design. The falloff in standard PC shipments is a major problem for Intel and AMD since they have supplied more than 95% of the x86-based MPUs used in personal computers since the 1980s.

The new mid-year forecast raises tablet processor sales in 2013 to nearly \$3.5 billion, which is a 54% increase from \$2.3 billion in 2012. Cellphone application processor sales are now expected to grow 30% in 2013 to \$16.1 billion from \$12.4 billion in 2012. At the start of this year, sales of mobile processors in tablet computers and cellphones were forecast to grow 50% and 28%, respectively. Stronger unit shipment growth in mobile processors has lifted the revenue forecast in these MPU market segments.

2013 MPU Sales by Applications (Fcst, \$61.0B)



*Includes ARM-based and x86 processors.

Source: IC Insights

Figure 1

Meanwhile, the larger market segment of MPUs used in PCs, servers, and embedded-microprocessor applications continues to contract, albeit at a slower rate than in 2012. The mid-year forecast shows sales of MPUs in PCs, servers, large computers, and embedded applications slipping by 1% to \$41.4 billion in 2013 from \$41.9 billion in 2012, when revenues dropped 6%. This large MPU market segment was previously forecast to rebound with sales increasing 5%, but the anticipated bounce back has been blocked by weak shipments of standard PCs, which IC Insights believes will fall by 5% in 2013 to 327 million systems.

While the mid-year outlook lowers total MPU revenues in 2013, it slightly increases the growth in microprocessor unit shipments to 10% this year from a projection of 9% in the January forecast. Total MPU shipments are now expected to reach 2.15 billion devices in 2013, with tablet processors growing 62% to 190 million units and cellphone application processors increasing 11% to 1.50 billion this year. *IC Insights' microprocessor category does not include cellular radio-frequency baseband processors or stand-alone graphics processing units (GPUs), which are counted in the special-purpose logic/MPR category of the IC market.*

Report Details: *The 2013 McClean Report*

Data in this research bulletin was excerpted from the *Mid-Year Update* to IC Insights' flagship report, *The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*. The 250+ page *Mid-Year Update* includes more than 200 updated charts and figures along with IC Insights' most current

semiconductor and IC market growth forecasts. A subscription to *The McClean Report* includes **free** monthly updates from March through November (including the 250+ page *Mid-Year Update*), and **free** access to subscriber-only webinars throughout the year. An individual-user subscription to the 2013 edition of *The McClean Report* is priced at \$3,390 and includes an Internet access password. A multi-user worldwide corporate license is available for \$6,390.

Thursday, September 12, 2013 — IC Insights' Fall Forecast Seminar

Mark your calendars and plan now to attend IC Insights' *Fall Forecast Seminar* that will be held in Sunnyvale, California on Thursday, September 12, 2013, from 9:00AM to 12:00PM. IC Insights' president Bill McClean will explain and discuss the assumptions behind IC Insights' recently updated semiconductor forecast for the balance of 2013 and beyond. This dynamic and informative half-day seminar will help you make well-informed decisions as you formulate your near-term and long-range business plans. Current IC Insights clients can attend for \$295. Pricing for others is \$395. Register now by visiting <http://www.icinsights.com/events/fall-forecast-seminar/>

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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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