RESEARCH BULLETIN

IC Insights

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IC Foundry Business Continues Impressive Growth

Total IC foundry sales increased 14% in 2013; Pure-play foundry sales surged 16%

Information in this Research Bulletin comes from the 2014 edition of IC Insights' McClean Report. The 900-page report includes over 400 charts and figures! Details of the new report are provided at the end of this bulletin.

MORE INFORMATION CONTACT

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

Total IC foundry revenue grew to $42.8 billion in 2013, a 14% increase from $37.6 billion in 2012 and eight points more than the 6% increase displayed by the total IC market, according to data released in the new 2014 edition of IC Insights' *McClean Report* (Figure 1).

Within the total IC foundry market, pure-play foundry sales increased a strong 16% to $36.2 billion in 2013. IC Insights defines a pure-play foundry as a company that does not offer a significant amount of IC products of its own design, but instead focuses on producing ICs for other companies. Major pure-play foundries include TSMC, GlobalFoundries, UMC, and SMIC. Meanwhile, IDM (integrated device manufacturer) foundry sales increased 2% to $6.6 billion in 2013. IDM foundries are defined as those companies that offer foundry services in addition to manufacturing their own ICs. Examples include Samsung, IBM, and Fujitsu.

In 2014, IC Insights forecasts the pure-play foundry market will grow 14% to $41.2 billion and once again significantly outperform the total IC market, which is forecast to increase 7%. IDM foundry sales are forecast to grow 3% to $6.8 billion this year.

On an annual basis, IC Insights anticipates continued revenue growth in the pure-play foundry market throughout the forecast period rising to $64.6 billion in 2018, which amounts to a compound annual growth rate (CAGR) of 12% from 2013-2018, twice the expected 6% CAGR of the total IC industry, according to the *2014 McClean Report*.

Overall, the IDM foundry's most pressing problem is expected to be the ongoing intense competition from the major pure-play foundries, which will be especially evident as Apple begins moving a significant portion of its foundry business from IDM-foundry Samsung to pure-play foundries such as TSMC and/or

GlobalFoundries in 2014. Moreover, with IBM concentrating on its "specialty" RF SOI and SiGe foundry business, IC Insights believes that this leaves only Samsung and Intel as the primary high-volume leading-edge IDM IC foundries in the future, with the extent of Intel's dedication to the foundry business still unclear.

Total Foundry vs Total IC Market Revenue Growth

Year	Pure-Play Foundry ($B)	% Chg	IDM Foundry ($B)	% Chg	Total Foundry ($B)	% Chg	Total IC Mrkt ($B)	% Chg
2011	27.0	2%	4.9	20%	31.9	4%	265.6	1%
2012	31.1	15%	6.5	33%	37.6	18%	254.8	-4%
2013	36.2	16%	6.6	2%	42.8	14%	269.1	6%
2014F	41.2	14%	6.8	3%	48.0	12%	287.1	7%
2015F	47.8	16%	6.9	1%	54.7	14%	311.8	9%
2016F	57.2	20%	7.3	6%	64.5	18%	345.9	11%
2017F	58.3	2%	7.2	-1%	65.5	2%	335.0	-3%
2018F	64.6	11%	7.6	6%	72.2	10%	356.5	6%
2013-2018F CAGR	12%		3%		11%		6%	

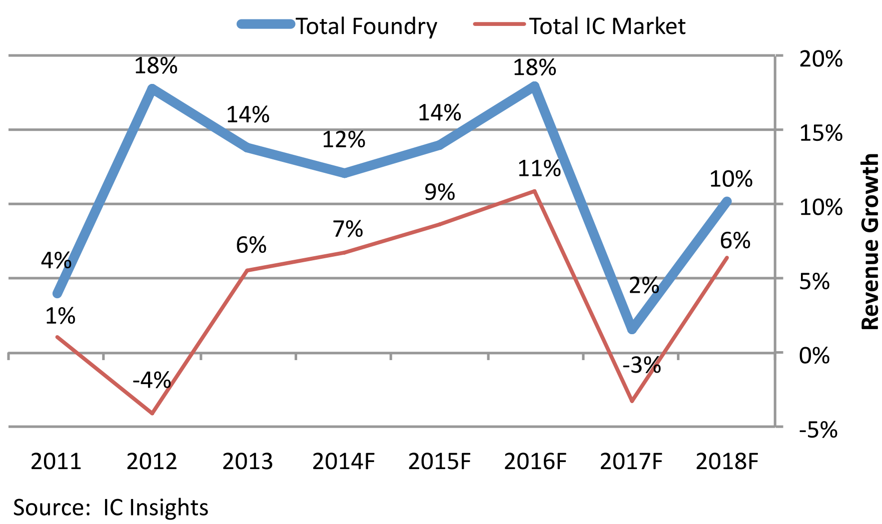

Figure 1

Report Details: *The 2014 McClean Report*

Additional details on the pure-play and IDM foundry markets is provided in the 2014 edition of IC Insights' flagship report, *The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry.* This highly regarded service features more than 900 pages and more than 400 tables and graphs that provide the user with a thorough analysis of IC industry trends throughout the year. A subscription to *The McClean Report* includes **free** attendance to one of *The McClean Report* half-day seminars that are presented by IC Insights' President Bill McClean.

Two remaining *McClean Report* seminars will be held in the following locations:

- **Boston, Massachusetts on Tuesday, January 28**
- **London, England on Thursday, January 30**

In addition to the seminar, 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 2014 edition of *The McClean Report* is priced at $3,490 and includes an Internet access password. A multi-user worldwide corporate license is available for $6,490.

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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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