

RESEARCH BULLETIN

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Pure-Play Foundry Sales Forecast to Surpass \$12.0 Billion in 4Q15

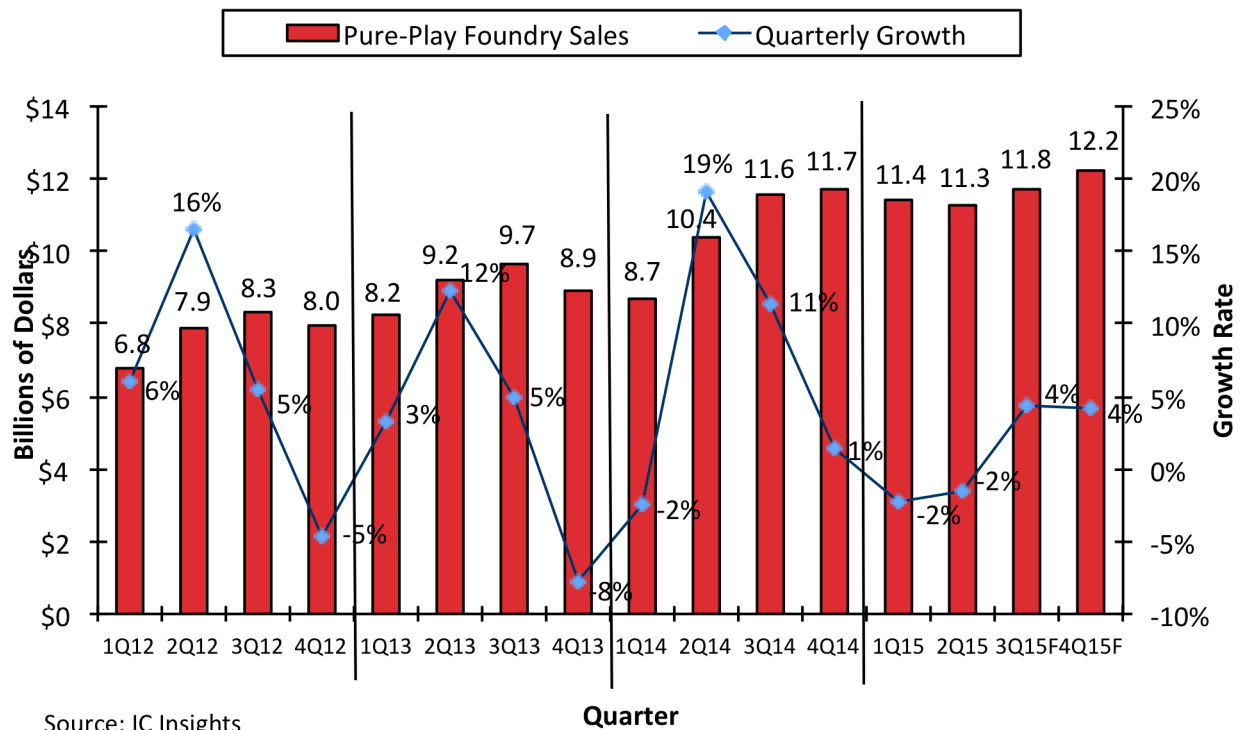
Atypical 2015 sales pattern, but stronger growth forecast to resume in second half of this year.

The pure-play foundry market is forecast to grow to an all-time high of \$12.2 billion in 4Q15, following several quarters in which sales remained between \$11.3 and \$11.8 billion, based on IC Insights' updated foundry forecast presented in the August *Update to The McClean Report 2015* (Figure 1). 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 (e.g., TSMC, GlobalFoundries, UMC, SMIC, etc.).

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2012-2015F Quarterly Pure-Play Foundry Sales



Source: IC Insights

Figure 1

The quarterly pure-play IC foundry market has recently displayed a seasonal pattern in which the best growth rate takes place in the second quarter of the year and a sales downturn occurs in the fourth quarter. Given that about 98% of pure-play foundries' sales are to IDMs and fabless companies that will re-sell the devices they purchase from the foundry, it makes sense that the pure-play foundries' strongest seasonal quarter (second quarter) is one quarter earlier than the total IC industry's strongest seasonal quarter (third quarter).

However, as shown in the figure, 2015 is not expected to display the typical pure-play foundry quarterly revenue pattern. Although 1Q15 registered its usual weakness, 2Q15 showed a sequential decline, rather than an increase. In 2012, 2013, and 2014, second quarter pure-play foundry revenue showed strong double-digit growth. In 2Q15, results were decidedly atypical with a 2% decline in pure-play foundry sales. The primary reason behind the 2Q15 sales decline was the 5% 2Q15/1Q15 revenue decline by foundry giant TSMC. TSMC's 5% sequential decline was equivalent to a \$366 million drop in its revenue.

For 4Q15, IC Insights forecasts that the quarterly pure-play foundry market will show a higher than normal growth rate of 4%. With most of the inventory adjustments that held back growth in the first half of the year expected to be completed by the end of 3Q15, 4Q15 is forecast to register enough growth to boost the quarterly pure-play foundry market to over \$12.0 billion for the first time.

Report Details: *The 2015 McClean Report*

Further details on foundry market trends are included in IC Insights' August *Update to The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*. A subscription to *The McClean Report* includes **free** monthly updates from March through November (including the *Mid-Year Report*), and **free** access to subscriber-only webinars throughout the year. An individual-user license to the 2015 edition of *The McClean Report* is priced at \$3,590 and includes an Internet access password. A multi-user worldwide corporate license is available for \$6,590.

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