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## **Semiconductor Capital Spending Rebound Fails to Materialize in 2015**

*Recent capital spending trends indicative of maturing semiconductor industry.*

According to IC Insights' new 2016 edition of *The McClean Report*, total worldwide semiconductor industry capital spending is forecast to show low single-digit growth in 2016 after registering a 1% decline in 2015. As discussed below, last year's drop in semiconductor industry capital spending was a significant departure from historical patterns that go back more than 30 years.

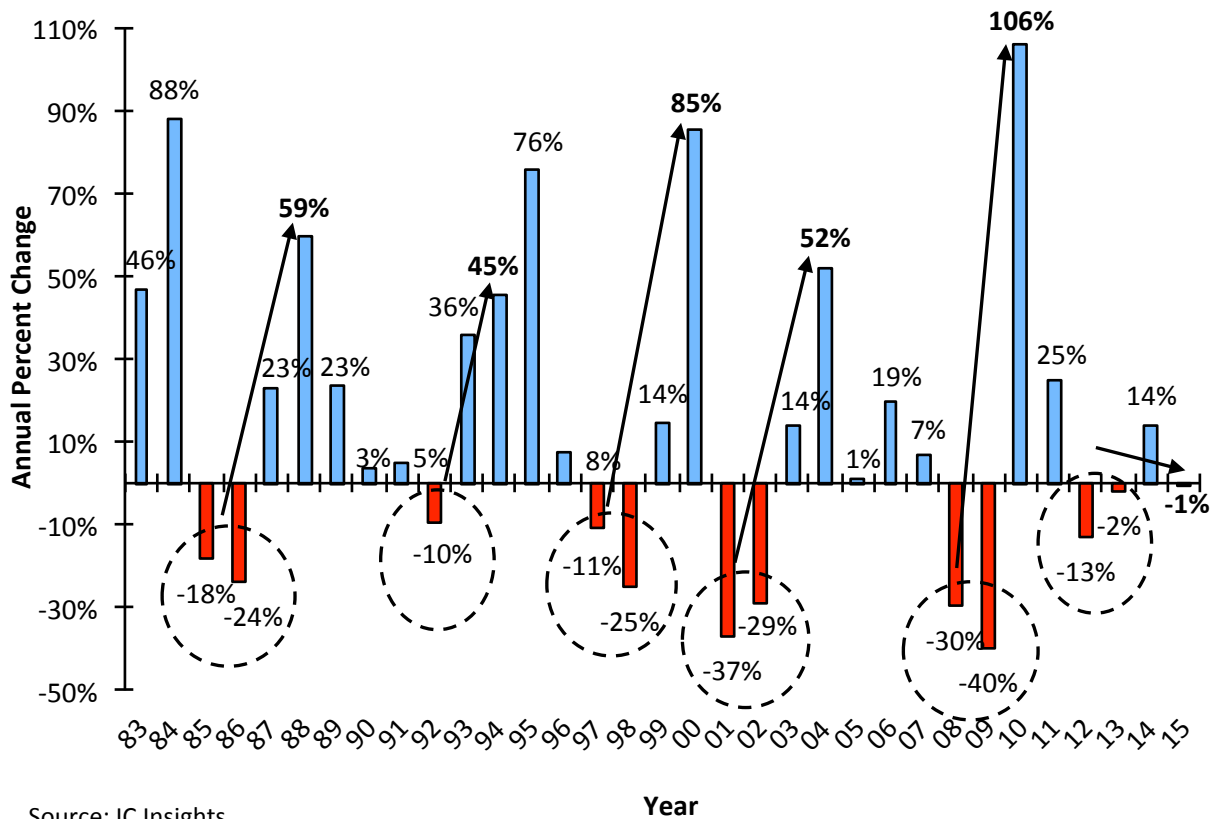
Figure 1 shows the annual worldwide semiconductor industry capital spending changes from 1983-2015. Over the past 33 years, there have been six periods when semiconductor industry capital spending declined by double-digits rates for one or two years (1985-1986, 1992, 1997-1998, 2001-2002, 2008-2009, and 2012-2013). It is interesting to note that in every case except the 2012-2013 spending downturn, within two years after the period of decline in capital spending, a surge in spending of at least 45% occurred. The second year increases in spending after the cutbacks were typically stronger than the first year after a downturn with the lone exception to this being the 2010 spending rebound after the 2008-2009 downturn. This was because most semiconductor producers tend to act very conservatively coming out of a market slowdown and wait until they have logged about 4-6 quarters of good operating results before significantly increasing their capital spending again.

As shown in Figure 1, the streak of strong capital spending growth within two years after a spending cutback timeperiod ended in 2015, with capital spending registering a 1% decline. IC Insights believes that this is yet another indication of a maturing semiconductor industry.

### **MORE INFORMATION CONTACT**

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## 1983-2015 Semiconductor Industry Capital Spending Rebound History



Source: IC Insights

**Figure 1**

### Report Details: *The 2016 McClean Report*

More detailed information on semiconductor industry capital spending, including 2016 capital spending forecasts by company, can be found in IC Insights' flagship market research report, *The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*. The new 478-page 2016 *McClean Report* provides IC market and technology trend forecasts from 2016 through 2020. A subscription 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 2016 edition of *The McClean Report* is priced at \$3,890 and includes an Internet access password. A multi-user worldwide corporate license is available for \$6,890.

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**About IC Insights**

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