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Automotive Electronics System Demand Fails to Boost Automotive IC Market in 2015

Falling ASPs offset strong unit growth in automotive IC market, resulting in 3% decline.

With discussion increasingly focused on autonomous vehicles and vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communication, demand is rising for electronic systems to support new, intelligent cars. Meanwhile, older, existing technology on high-end vehicles continues to migrate down to mid-range and low-end cars and technology-based aftermarket products are gaining momentum.

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Given all the new electronic systems that have been added to automobiles in recent years, one might reason that this segment accounts for a large share of the total global electronic system sales. That's simply not the case. On a worldwide basis, automotive electronics represented only 8.9% of the \$1.42 trillion total 2015 worldwide electronic systems market, a slight increase from 8.6% in 2014. Automotive's share of global electronic system production has increased only incrementally and is forecast to show only slight gains through 2019, when automotive electronics are forecast to account for 9.4% of global electronic systems sales. Despite the many new electronics systems that are being added in new vehicles, IC Insights believes pricing pressures on automotive ICs and electronic systems will prevent the automotive end-use application from accounting for much more than its current share of total electronic systems sales through 2019.

Figure 1 shows the quarterly market trends for the three largest automotive IC markets—Analog, MCU, and special-purpose logic. As shown, falling average selling prices in these three segments have largely offset unit growth over the past few years. In 2015, falling ASPs led to a 3% decline in the automotive IC market to \$20.5 billion. Based on IC Insights' forecast, the automotive IC market will return to growth in 2016, increasing 4.9% to \$21.5 billion, as currency exchange rates stabilize and additional electronic systems (such as backup cameras) become mandatory equipment on new cars sold in the U.S. The automotive IC market is now forecast to reach \$28.0 billion in 2019, which represents average annual growth of 5.8% from \$21.1 billion in 2014. Based on IC Insights' forecast, the 2019 automotive IC market will be 2.6x the size it was in 2009 when the market was only \$10.6 billion—its low-point during the great recession.

Falling ASPs Offset Unit Growth In Three-Largest Auto IC Market Segments

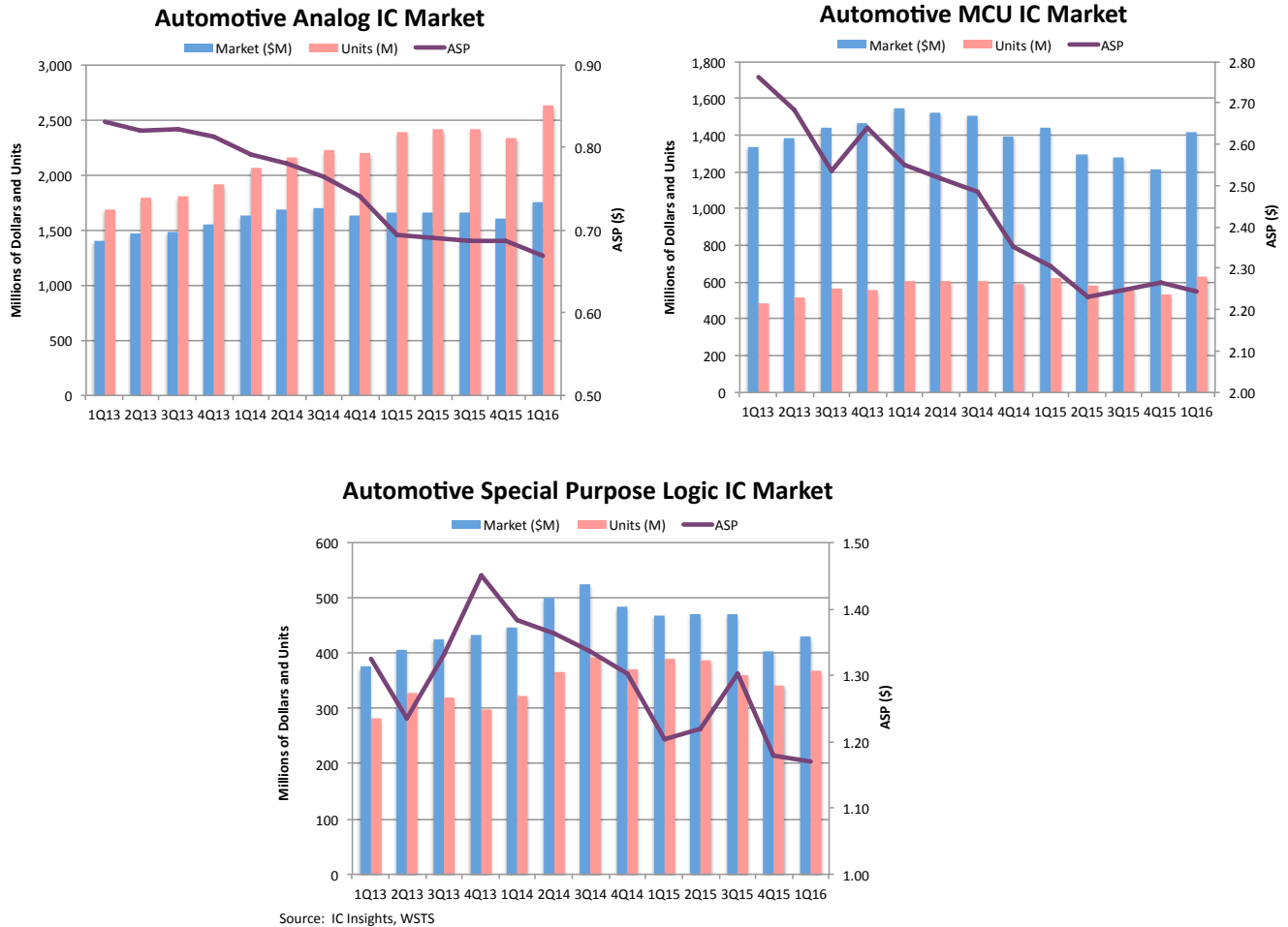


Figure 1

Analog ICs and MCUs together accounted for 74% of the estimated \$20.5 billion automotive IC market in 2015. Demand for automotive MCUs continues to expand as more vehicles are designed with embedded computer systems to address safety and efficiency issues demanded from legislators and consumers. As cars get smarter and more connected, demand is growing for memory and storage to support a wide array of applications, particularly those that require quick boot up times as soon as the driver turns the ignition key. DRAM and flash memory, which receive considerable attention in computing, consumer, and communication applications, are currently much less visible in the automotive IC market but memory ICs are expected to account for 12.0% of the 2019 automotive IC market, an increase from 7.8% in 2015.

Report Details: *The 2016 IC Market Drivers Report*

Additional details on the automotive IC market are included in the 2016 edition of IC Insights' *IC Market Drivers—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits*. This report examines the largest, existing system opportunities for ICs and evaluates the potential for new applications that are expected to help fuel the market for ICs through the end of this decade.

IC Market Drivers is divided into two parts. Part 1 provides a detailed forecast of the IC industry by system type, by region, and by IC product type through 2019. In Part 2, *IC Market Drivers* examines and evaluates key existing and emerging end-use applications that will support and propel the IC industry through 2019. Other system application covered include the Internet of Things, smartphones, personal/mobile computing (including tablets), servers, medical/wearable devices, and a review of many applications to watch—those that may potentially provide significant opportunity for IC suppliers later this decade. *IC Market Drivers 2016* is priced at \$3,490 for an individual-user license and \$6,590 for a multi-user corporate license.

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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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