

**JULY 30, 2007**

## **Big Shakeup in 1H07 Top Semiconductor Supplier Ranking**

*Qualcomm surges while Freescale tumbles; DRAM price collapse slams some 2Q results*

IC Insights' August update to *The McClean Report* will describe the big shakeup in the 1H07 top 20 semiconductor supplier ranking (Figure 1). As shown, although the top three ranks remained unchanged, there was a great deal of movement up and down the remainder of the list in 1H07 as compared to the full-year 2006 rankings. Highlights of some of the changes that took place in 1H07 are shown below:

- Freescale is feeling the pain of its biggest customer, Motorola, as the company went from being ranked the 9th largest semiconductor supplier in the world in 2006 to 16th in 1H07. Unfortunately for Freescale, Motorola has gone from holding a 23% share of cellular phone unit shipments in 2Q06 (51.9 million) to securing only a 14% share in 2Q07 (35.5 million).
- Qualcomm gained four positions in 1H07, surging from being ranked 17th in 2006 to 13th in 1H07. Moreover, the company was only \$17 million behind 12th-ranked Infineon. In fact, Qualcomm is on pace to register a full-year 2007/2006 semiconductor sales increase of 25%! However, a big question mark for the company going into the second half of 2007 is its legal issues with Broadcom.
- With steady, if unspectacular, performance, NXP moved into the top 10 ranking in 1H07 after being ranked 11th in 2006.
- Spurred by increasing internal transfers for its PS3 game machines, Sony moved up one spot in the top 10 ranking and currently resides in 9th place.
- Although dropping two positions in the ranking, AMD displayed a nice recovery in 2Q07 with its sales increasing 12% over 1Q07. As part of its continuing MPU marketshare battle with Intel, AMD is expected to announce a major manufacturing/foundry deal in the second half of 2007.
- The DRAM price collapse and competitive flash memory market in 1H07 are evident in the extremely poor second quarter results of many of the major memory suppliers. As shown, Toshiba, Hynix, Qimonda, and Elpida were especially hard hit, each registering a 2Q07/1Q07 sales drop of greater than 20%! However, all of these companies are expecting a rebound in their sales in the second half of the year, with Toshiba planning on a 20%+ increase in its sales in 3Q07.

### **MORE INFORMATION CONTACT**

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

- In spite of 2Q07 DRAM pricing weakness, Hynix moved from 7th to 6th place in the ranking.
- Another big DRAM supplier, Elpida, gained four positions in the ranking, rising from being ranked 23rd in 2006 to 19th in 1H07.
- Although the largest pure-play foundry in the world, TSMC, dropped one spot in the 1H07 ranking, the company recorded the best 2Q07/1Q07 sales increase (17%) of the top 20 suppliers and raised its capacity utilization rate to over 94% in 2Q07 (up from 83% in 1Q07). Moreover, TSMC expects a 15% sequential increase in sales in 3Q07.

IC Insights expects to see pricing stability return to the DRAM and flash memory markets in the second half of 2007, surging IC demand for high-end cellular phones, and a noticeable seasonal rebound in overall IC demand beginning in September. Together, these three factors, in addition to the very tight grouping of the six companies ranked from 12-16 (where there was only a \$38 million difference in sales between all five in 1H07), are likely to cause significant changes in the top 20 semiconductor ranking in the second half of 2007.

### 2007F Top 20 Semiconductor Sales Leaders (\$M)

2007F Rank	2006 Rank	Company	2006 Tot Semi	1Q07 Tot Semi	2Q07 Tot Semi	2Q/1Q07 % Chng.	1H07 Tot Semi	2H07F Tot Semi	2007F Tot Semi	07/06 % Chng.
1	1	Intel	32,268	8,015	7,855	-2%	15,870	17,415	33,285	3%
2	2	Samsung	19,670	4,697	4,551	-3%	9,248	10,300	19,548	-1%
3	3	TI	13,200	3,115	3,257	5%	6,372	7,030	13,402	2%
4	5	Toshiba	9,782	3,249	2,510	-23%	5,759	6,310	12,069	23%
5	4	ST	9,854	2,269	2,409	6%	4,678	5,168	9,846	0%
6	6	TSMC*	9,748	1,922	2,257	17%	4,179	5,600	9,779	0%
7	7	Hynix	8,009	2,569	1,998	-22%	4,567	4,675	9,242	15%
8	8	Renesas	7,900	1,949	1,984	2%	3,933	4,175	8,108	3%
9	10	Sony	6,019	1,716	1,575	-8%	3,291	3,620	6,911	15%
10	11	NXP	5,874	1,461	1,536	5%	2,997	3,250	6,247	6%
11	13	AMD	5,649	1,233	1,378	12%	2,611	3,225	5,836	3%
12	16	Infineon	5,120	1,282	1,361	6%	2,643	2,950	5,593	9%
13	12	NEC	5,685	1,346	1,366	1%	2,712	2,875	5,587	-2%
14	17	Qualcomm**	4,422	1,259	1,367	9%	2,626	2,925	5,551	26%
15	14	Micron	5,520	1,370	1,250	-9%	2,620	2,900	5,520	0%
16	9	Freescale	6,049	1,295	1,310	1%	2,605	2,825	5,430	-10%
17	18	IBM	3,955	1,160	1,190	3%	2,350	2,440	4,790	21%
18	15	Qimonda	5,413	1,290	997	-23%	2,287	2,250	4,537	-16%
19	23	Elpida	3,474	1,207	907	-25%	2,114	2,050	4,164	20%
20	19	Fujitsu	3,858	1,047	998	-5%	2,045	2,095	4,140	7%

\*Foundry

\*\*Fabless

Source: Company reports, IC Insights

Figure 1

## Report Details

IC Insights has just released its huge *Mid-Year Update* to the 2007 edition of *The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*. The entire year-long *McClean Report* service offers over 500 tables and graphs, the report is available in three-ring binder, CD-ROM, and on-line formats, and also comes with free monthly updates by e-mail from March through November. A single copy of the report in CD-ROM or binder format is priced at \$2,590. A bundled CD-binder set is priced at \$3,085. An Internet access password is available as a \$695 option. The report is also available under a multi-user corporate license for \$5,490.

### 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.

**Web Site:** [www.icinsights.com](http://www.icinsights.com) • **Phone:** +1-480-348-1133 • **Email:** [info@icinsights.com](mailto:info@icinsights.com)