

OCTOBER 12, 2009

Foundry Sales To Increase Nearly Twice as Fast as Total IC Industry

Pure-play and IDM foundry sales showing solid growth through 2013.

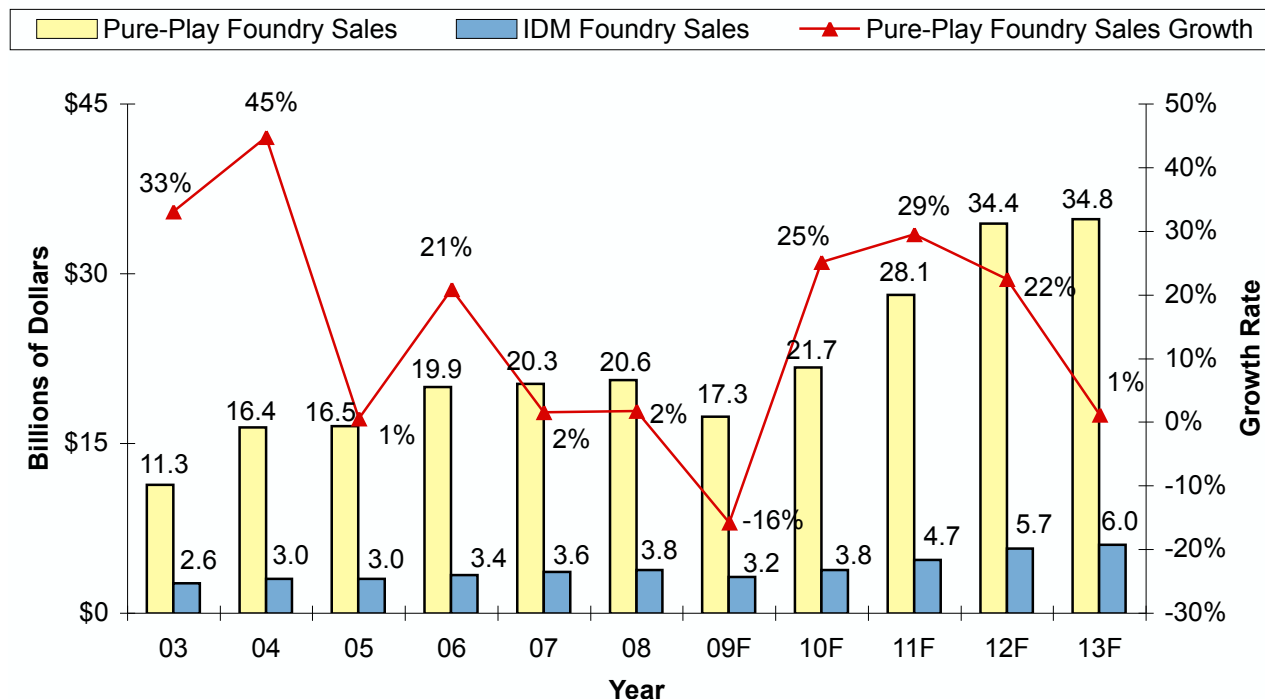
Foundry IC sales are forecast to grow at nearly twice the rate of the overall IC industry between 2008 and 2013, according to data released in IC Insights' *Mid-Year Update* to the *McClean Report*.

From 2008 through 2013, pure-play foundry sales are expected to display an 11% compound annual growth rate (CAGR), almost twice the 6% total IC industry CAGR expected during the same timeframe (Figure 1). Meanwhile, the IDM foundry business is forecast to grow to \$6.0 billion in 2013, representing a 2008-2013 CAGR of 10%.

MORE INFORMATION CONTACT

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

2003-2013 IC Foundry Sales Forecast



Source: IC Insights

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, UMC, SMIC, Chartered, etc.). Integrated device manufacturer (IDM) foundries are defined as those companies that offer foundry services in addition to their own ICs (e.g., IBM, NEC, Samsung, TI, etc.).

IC Insights expects the pure-play foundry market to fall 16% in 2009, to \$17.3 billion from \$20.6 billion in 2008. However, three consecutive years of 20%-plus growth is forecast for the pure-play foundry market from 2010-2012. Similarly, IDM foundry sales are forecast to fall to \$3.2 billion in 2009 from \$3.8 billion in 2008 before rebounded strongly through 2012.

Pure-play foundries are forecast to represent about 84% of total foundry sales in 2009, up from 81% in 2003. IC Insights believes that the pure-play/IDM foundry business mix will continue to shift slowly toward the pure-play companies even as some IDMs (e.g., Samsung, GlobalFoundries, Toshiba, etc.) increase their emphasis on the foundry market.

The IDMs' most pressing problem with their foundry business segments is expected to continue to be the intense competition from the pure-play foundries. With Chinese foundries SMIC, Grace, Hua Hong NEC, and He Jian attempting to grab shares of the foundry business and the more established foundries of TSMC, UMC, and Chartered all trying to protect and increase their existing marketshares, the business environment (especially pricing) has proven to be very difficult for the IDM foundry. Moreover, IC Insights believes that the addition of Samsung and GlobalFoundries to the mix of major IDM foundries will serve to put pressure on foundry pricing over the next five years.

Report Details

IC Insights' *2009 Mid-Year Update* is a part of its new "Half-Year" *McClean Report* service. The *2009 "Half-Year" McClean Report* subscription includes the 200+ page *Mid-Year Update* (released July 31, 2009), the August, September, October, and November *Monthly Updates*, as well as access to *The McClean Report* subscriber-only Webcasts in August and November. The new *2009 Half-Year McClean Report* subscription is **value priced at only \$1,890**.

Note: Current *2009 McClean Report* subscribers will receive the products/services described above as part of their full-year subscription.

To review additional information about IC Insights' new and existing market research products and services please visit our web site: www.icinsights.com.

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 • **Phone:** +1-480-348-1133 • **E-mail:** info@icinsights.com