RESEARCH BULLETIN

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Qualcomm and AMD Lead List of Top 25 Fabless IC Suppliers

The top 25 fabless IC suppliers for 2009 are listed in Figure 1. The numbers are for IC sales only and do not include optoelectronic, sensor, or discrete semiconductor revenues. IC Insights considers a company fabless when it receives the majority of its finished wafer supply from IC foundries. As shown, there were nine fabless IC companies in 2009 that had sales of $1.0 billion or more.

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In late 1Q09, AMD became a fabless company by including its Dresden, Germany fabs as part of the GlobalFoundries spin-off. IC Insights has included all of AMD's sales for 2009 in the chart. As shown, AMD now ranks as the second largest fabless IC company in the world behind only Qualcomm.

Not including AMD, the top 10 fabless companies' sales, in total, declined 4% in 2009 while the remainder of the fabless companies' IC sales dropped 13%! Thus, the top 10 share of total fabless company IC sales rose to 65% in 2009, up five points from 2007. As the barriers to entry (i.e., high design costs, increasingly difficult access to venture capital money, etc.) rise, it appears that the fabless IC supplier listing will continue to become more "top-heavy" in the future.

As shown, 17 out of the top 25 fabless IC companies are headquartered in the U.S. Moreover, nine out of the top 10 fabless IC companies in 2009 are based in the U.S. With only one Japanese company in the ranking (MegaChips), it is obvious that the fabless/foundry business model has not significantly caught on in Japan, and, in IC Insights' opinion, is unlikely to do so in the near future. However, as Taiwanese and Chinese IC design houses continue to advance, IC Insights expects an increasing number of Taiwan- and China-headquartered companies to eventually make the top-25 fabless supplier ranking.

Cellular phone chip supplier Qualcomm remained the number one fabless IC supplier, registering $6.6 billion in sales in 2009, a 2% increase. The most impressive gain by a large (i.e., greater than $1.0B in sales) fabless IC suppler in 2009 was MediaTek, which registered a strong 22% increase in sales to $3.5 billion.

Although the global recession had a severe negative impact on most fabless IC suppliers, many of the Taiwanese fabless companies staged a strong comeback in the second half of 2009. As shown, four of the five top-25 fabless IC suppliers that registered a double-digit increase in sales in 2009 were headquartered in Taiwan. In contrast, eight of the 11 top-25 companies that registered a double-digit decline in sales in 2009 were U.S.-based.

2009 Top 25 Fabless IC Suppliers

2009 Rank	2008 Rank	2007 Rank	Company	Headquarters	2007 ($M)	2008 ($M)	% Change	2009 ($M)	% Change
1	1	1	Qualcomm	U.S.	5,619	6,477	15%	6,585	2%
2	—	—	AMD	U.S.	0	0	N/A	5,252	N/A
3	2	3	Broadcom	U.S.	3,754	4,449	19%	4,190	-6%
4	5	5	MediaTek	Taiwan	2,445	2,864	17%	3,500	22%
5	3	2	Nvidia	U.S.	3,979	3,660	-8%	3,135	-14%
6	4	4	Marvell	U.S.	2,830	3,055	8%	2,700	-12%
7	6	6	Xilinx	U.S.	1,810	1,906	5%	1,675	-12%
8	7	7	LSI Corp.	U.S.	1,779	1,795	1%	1,445	-19%
9	8	8	Altera	U.S.	1,264	1,367	8%	1,165	-15%
10	9	12	Avago	U.S.	820	905	10%	870	-4%
11	11	9	Novatek	Taiwan	1,099	829	-25%	819	-1%
12	10	10	Himax	Taiwan	918	833	-9%	685	-18%
13	16	15	Realtek	Taiwan	478	534	12%	615	15%
14	19	23	Mstar	Taiwan	378	454	20%	605	33%
15	12	11	CSR	Europe	849	695	-18%	600	-14%
16	13	14	QLogic	U.S.	585	663	13%	530	-20%
17	18	21	Atheros	U.S.	417	472	13%	530	12%
18	17	16	PMC-Sierra	U.S.	449	525	17%	495	-6%
19	15	20	MegaChips	Japan	420	535	27%	480	-10%
20	20	27	Silicon Labs	U.S.	338	416	23%	440	6%
21	21	19	Zoran	U.S.	445	380	-15%	345	-9%
22	22	24	SMSC	U.S.	374	352	-6%	280	-20%
23	25	33	Semtech	U.S.	257	270	5%	250	-7%
24	35	45	Ricktek	Taiwan	184	217	18%	244	12%
25	14	13	Conexant	U.S.	761	554	-27%	240	-57%

Source: IC Insights' *Strategic Reviews Database*

Figure 1

Given the big disparity in the 1999-2009 IC sales CAGRs between the fabless IC suppliers (15%) and the IDMs (2%), it comes as little surprise that fabless IC companies have been steadily increasing their share of the total IC market. In 1999, fabless IC company sales accounted for just over 7% of the total IC market. However, in 2009, fabless IC suppliers (including AMD) represented 23% of worldwide IC sales. Moreover, IC Insights forecasts that, in 2014, fabless IC companies will command at least 27% of the total IC market (especially as more large companies like LSI, Agere, and AMD become fabless over the next five years). Over the long-term, IC Insights believes that fabless IC suppliers, and the IC foundries that serve them, will continue to become a larger force in the total IC industry.

Report Details

It should be noted that the 2010 *McClean Report* lists the top 50 fabless IC suppliers as well as the top 50 total semiconductor suppliers for 2009. Packed with 400 tables and graphs, the 2010 edition of 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 $2,890. A bundled CD-binder set is priced at $3,385. An Internet access password is available as a $695 option. The report is also available under a multi-user corporate license for $5,990.

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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