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## **TSMC Maintains Top Spot Among Foundries**

*Consolidation to continue, but outlook bright for foundry business*

IC Insights' ranking of the leading IC foundries for 2009 is presented in Figure 1. The list includes both pure-play and IDM foundries. Among the top 17 foundry companies listed for 2009, 11 are based in the Asia-Pacific region, four are based in the U.S., and two are headquartered in Europe.

In 2009, TSMC topped the list of foundries with \$9.0 billion in sales. TSMC's sales were about 3X that of UMC, which in turn had more than the combined foundry sales of Chartered and SMIC in 2009. GlobalFoundries, the new foundry formed by spinning off AMD's wafer fabs, "officially" started operations in March 2009. In ten months of operation, it generated \$1.1 billion in sales making it the fourth-largest foundry in 2009. There were only four IDM foundries on the list. IBM, the largest IDM foundry in the world, had only about 4% of the 2009 foundry sales volume of industry leader TSMC.

Overall, the foundry business declined 10% in 2009, the same percentage as the overall IC industry. But IC Insights forecasts the 2010 foundry market to jump 24% to \$26.8 billion. Between 2009 and 2014, the foundry market is forecast to grow at an average annual rate of 13%, reaching \$40.6 billion in 2014.

IC Insights believes the foundry business is still in the midst of its consolidation phase. Tower acquired Jazz in 2008 and the combined sales propelled Tower to the 12th largest foundry in the world in 2009 (and the only foundry to post an increase in sales). In April of 2009, UMC stated that it intended to acquire Chinese foundry He Jian by purchasing the remaining 85% of the foundry that it did not already own for approximately \$285 million. However, it was reported in mid-August of 2009 that the deal was in jeopardy because of Taiwanese government restrictions on the number of fabs that Taiwanese companies could operate in China. And, AMD spin-off GlobalFoundries acquired Chartered in 4Q09. Together, GlobalFoundries and Chartered's sales would have amounted to over \$2.6 billion in 2009, enough to put the combined company's sales only 8% behind second-ranked UMC. Overall, IC Insights expects more

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mergers and acquisitions in the foundry business over the next few years with some of the Chinese foundries being some of the more likely candidates.

### 2009 Major IC Foundries

2009 Rank	Company	Foundry Type	Location	2007 Sales (\$M)	2008 Sales (\$M)	08/07 Sales (%)	2009 Sales (\$M)	09/08 Sales (%)
1	TSMC	Pure-Play	Taiwan	9,813	10,556	8%	8,989	-15%
2	UMC	Pure-Play	Taiwan	3,430	3,070	-10%	2,815	-8%
3	Chartered*	Pure-Play	U.S.	1,458	1,743	20%	1,540	-12%
4	GlobalFoundries	Pure-Play	U.S.	0	0	N/A	1,101	N/A
5	SMIC	Pure-Play	China	1,550	1,353	-13%	1,075	-21%
6	Dongbu	Pure-Play	South Korea	510	490	-4%	395	-19%
7	Vanguard	Pure-Play	Taiwan	486	511	5%	382	-25%
8	IBM	IDM	U.S.	570	400	-30%	335	-16%
9	Samsung	IDM	South Korea	355	370	4%	325	-12%
10	Grace	Pure-Play	China	310	335	8%	310	-7%
11	He Jian	Pure-Play	China	330	345	5%	305	-12%
12	Tower**	Pure-Play	Europe	231	252	9%	292	16%
13	HHNEC	Pure-Play	China	335	350	4%	290	-17%
14	SSMC	Pure-Play	Singapore	350	340	-3%	280	-18%
15	TI	IDM	U.S.	450	315	-30%	250	-21%
16	X-Fab	Pure-Play	Europe	410	368	-10%	223	-39%
17	MagnaChip	IDM	South Korea	322	290	-10%	220	-24%

\*Purchased by GlobalFoundries in 4Q09.

\*\*Tower bought Jazz in 2008.

Source: IC Insights, company reports

**Figure 1**

Among pure-play foundry players, the "Big 4" (TSMC, UMC, Chartered, and SMIC) have dominated sales over the past seven years. In 2009, GlobalFoundries was included as a major player and the "Big 4" became the "Big 5." However, since Chartered was purchased by GlobalFoundries in 4Q09, and will be incorporated into GlobalFoundries sales in 2010 and beyond, the pure-play foundry industry will revert back to describing the major players as the "Big 4" (TSMC, UMC, SMIC, and GlobalFoundries) once again.

In 2009, the "Big 5" companies held an imposing 82% share of the total worldwide pure-play IC foundry market. Moreover, IC Insights believes that the top pure-play foundry companies will continue to gain marketshare over the next five years.

### Report Details

The 2010 *McClean Report* provides many more details about the leading IC foundry suppliers, including pure-play foundry suppliers, for 2009. The report details marketshare, anticipated capital spending

budgets, and process technology used by the top foundries. Packed with 400 tables and graphs, the 2010 edition of *The McClean Report* is available in three-ring binder, CD-ROM, and on-line formats. Included with the subscription are 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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