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Top 10 Forecast to Account for 66% of Capital Expenditures in 2010

Samsung, Intel, and TSMC to represent 38% of capital outlays

The top 10 semiconductor industry capital spenders (Figure 1) are forecast to represent two-thirds of the total outlays this year. The 66% share this year would be 11 points higher than the 55% share they held in 2005.

As shown in Figure 1, the top 10 capital spenders are forecast to increase their spending by 67% in 2010, much higher than the 51% jump now expected for total semiconductor industry spending this year. Moreover, if Intel were excluded, the remaining nine companies in the top 10 ranking would increase their spending by 91% in 2010!

MORE INFORMATION CONTACT

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

Some brief comments on the top four companies' spending plans for 2010 are shown below.

Samsung: After ranking as the second largest spender in 2009, the company is highly likely to be the largest spender in 2010. Samsung has released conservative guidance for its capital spending plans this year (\$4.7 billion for memory) and it would not be surprising to see the company's total 2010 semiconductor capital outlays at \$6 billion or more!

Intel: Intel is in no rush to add significant capacity. Considering the company holds about 85% of the total MPU market, it knows how much MPU capacity is really needed and it will not overspend. Expect MPUs to remain relatively scarce this year as Intel (and AMD) would like to enjoy firming average selling prices (ASPs) for awhile longer.

TSMC: Spurred by the challenge from the upstart GlobalFoundries, the world's largest foundry is significantly ramping up its capital spending plans. As shown, TSMC is planning a 79% increase in capital outlays this year. The \$4.8 billion dollar budget for 2010 is the highest level of spending by TSMC since 2000!

Toshiba: Flash memory demand is booming. However, Toshiba is very sensitive to the overspending/overcapacity history of the memory market (which drove it out of the DRAM segment). Look for the company to be aggressive but not overly so.

The *March Update to The McClean Report* will provide additional comments for the remainder of the top 10 spenders. The *March Update* will also present the latest information regarding the 2010 capital spending plans of 34 major semiconductor companies and review IC Insights' latest capital spending forecast through 2014.

Although many companies are planning to more than double their capital outlays this year, IC Insights believes that they will not be able to prevent rising IC ASPs and shortages from occurring (especially during the second half of this year).

Top 10 Semiconductor Industry Capital Spenders*

2010 Rank	Company	2007 (\$M)	07/06 % Change	2008 (\$M)	08/07 % Change	2009 (\$M)	09/08 % Change	2010F (\$M)	10/09 % Change	Major Product
1	Samsung	7,964	16%	6,750	-15%	3,518	-48%	5,000	42%	Memory
2	Intel	5,000	-13%	5,197	4%	4,515	-13%	4,900	9%	MPU
3	TSMC	2,557	6%	1,877	-27%	2,687	43%	4,800	79%	Foundry
4	Toshiba	3,595	18%	2,210	-39%	950	-57%	1,950	105%	Memory
5	AMD/GlobalFoundries**	1,683	-9%	621	-63%	466	-25%	1,900	308%	MPU/Foundry
6	Hynix	5,145	8%	2,900	-44%	855	-71%	1,840	115%	Memory
7	Micron	3,700	23%	2,300	-38%	800	-65%	1,715	114%	Memory
8	Nanya	2,098	131%	695	-67%	640	-8%	1,415	121%	Memory
9	UMC	850	-15%	349	-59%	551	58%	1,350	145%	Foundry
10	Elpida	2,111	59%	890	-58%	535	-40%	1,000	87%	Memory
—	Total	34,703	12%	23,789	-31%	15,517	-35%	25,870	67%	—

*Includes company's share of joint-venture spending.

**Includes Chartered in 2010

Source: IC Insights, Company Reports

Figure 1

Report Details

The 2010 *McClean Report* provides many more details about the 2010-2014 IC industry capital spending and capacity trends. 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.

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