Gartner

Press Release

Gartner Says Semiconductor Foundry Market Grew 5.1 Per Cent in 2011 to Reach $29.8 Billion

Media Tablet and Mobile Phone Sales Ensure Positive Market Growth

STAMFORD, Conn. March 30, 2012 — The worldwide semiconductor foundry market totaled $29.8 billion in 2011, a 5.1 per cent increase from 2010, according to Gartner, Inc. Analysts said the semiconductor supply chain experienced some impact from the Japanese disasters and Thailand flooding. However, without the steep depreciation of U.S. currency, analysts said that foundry growth in 2011 would have been just 0.7 percent.

"Thanks to stable media tablet and mobile phone sales, a slide of the semiconductor and foundry revenue in 2011 was prevented," said Samuel Tuan Wang, research director at Gartner. "After 40.5 per cent growth from 2009 to 2010, the foundry market maintained relatively flat business in 2011 due to the weakness in PC production and an overall consumer demand hit, as well as a leaner inventory practice by customers that started in mid-2011."

Consolidation and domination of business continued. The top five foundry players accounted for almost 80 per cent of the foundry market share, with the top player, TSMC, expanding its revenue over 2010 and reaching 48.8 per cent share in 2011 (see Table 1).

Top 10 Companies' Sales Revenue From Shipments of Foundry Wafers to the World, 2011 (Millions of U.S. Dollars)

2011 Rank	2010 Rank	Company	2010 Sales	2010 Market Share (%)	2011 Sales	2011 Market Share (%)	Year-Over-Year Change (%)
1	1	TSMC	13,332	47.1	14,533	48.8	9.0
2	2	UMC	3,824	13.5	3,604	12.1	-5.8
3	3	GlobalFoundries	3,520	12.4	3,580	12.0	1.7
4	4	SMIC	1,554	5.5	1,319	4.4	-15.1
5	6	TowerJazz	509	1.8	613	2.1	20.4
6	8	IBM Microelectronics	500	1.8	545	1.8	9.0
7	7	Vanguard International	505	1.8	516	1.7	2.2
8	5	Dongbu HiTek	512	1.8	483	1.6	-5.7
9	10	Samsung[1]	390	1.4	470	1.6	20.5
10	19	Powerchip Technology	149	0.5	431	1.4	189.3
		Top 10 for 2011	24,795	87.6	26,094	87.7	5.2
		Others	3,510	12.4	3,660	12.3	4.3
		Total Market	**28,305**	**100.0**	**29,754**	**100.0**	**5.1**

[1]Samsung revenue does not include ASIC business from Apple
Source: Gartner (March 2012)

Samsung's foundry, with $470 million in revenue, ranked No. 9. However, Samsung Electronics had been very aggressively expanding its LSI business in 2011. Had the estimated $1 billion Apple wafer business been included in its foundry revenue, Samsung would rank as high as No. 4 in the foundry ranking. Powerchip had a nearly threefold increase in foundry revenue in one year due to the strategic decision to shift from the commodity DRAM business to foundry in early 2011.

Communications, consumer and data processing continued to be the three key applications driving the foundry business; they accounted for 42.7 per cent, 20.9 per cent and 20.3 per cent of the foundry revenue, respectively, in 2011. Fabless customers contributed 77.8 per cent of the foundry business, integrated device manufacturers contributed 20.2 per cent, and the remaining came from system companies. By region, America's customers generated 62.8 per cent of the foundry revenue, Asia/Pacific 22.2 per cent, Europe 10 per cent and Japan 4.9 per cent.

"Given the aggressive capital spending by large foundries during 2010 and 2011, the oversupply of foundry capacity was inevitable," said Mr. Wang. "The utilisation rate for foundries continued to decline quarter to quarter in 2011, causing the annual average utilisation rate to drop to 81 per cent from 91 per cent in 2010. Advanced technology for mobile applications was the driver for the growth of foundry business in 2011, and the demand is expected to remain high during the next few years."

Additional details are available in the Gartner report "Market Share: Semiconductor Foundry Market in 2011." The report is available at http://www.gartner.com/resId=1952216.

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