

Worldwide Semiconductor Revenue Increased 3 Percent in 2007 According to Preliminary Results by Gartner

STAMFORD, Conn., December 14, 2007 — Worldwide semiconductor revenue totaled \$270.3 billion in 2007, a 2.9 percent increase from 2006, according to preliminary results from Gartner, Inc. Vendor performances were mixed with two vendors in the top ten that experienced double-digit growth and two vendors that showed declines in revenue.

"Semiconductor vendors need to watch the performance of their end customers even closer as a major part of the industry becomes increasingly tied to consumer spending patterns," said Andrew Norwood, research vice president at Gartner. "Loss of market share in an end-user application, such as a mobile phone, by a customer (a mobile phone manufacturer) can have a dramatic effect on a vendor's business."

Intel grew revenue more than twice as fast as the semiconductor market average, and it is expected to edge up its market share to 12.2 percent in 2007 from 11.6 percent in 2006 (see Table 1). Intel's growth came primarily from strong shipments of mobile PCs. Armed with a strong product lineup for enthusiast desktops and servers, Intel regained lost share in those markets from AMD.

Table 1
Preliminary Top 10 Worldwide Semiconductor Vendors by Revenue Estimates (Millions of U.S. Dollars)

| 2007 Rank | 2006 Rank | Company | 2007 Revenue | 2007 Market Share (%) | 2006 Revenue | 2006 Market Share (%) | 2006-2007 Growth (%) |
|-----------|-----------|---------------------------------------|----------------|-----------------------|----------------|-----------------------|----------------------|
| 1 | 1 | Intel | 32,918 | 12.2 | 30,437 | 11.6 | 8.2 |
| 2 | 2 | Samsung Electronics | 20,850 | 7.7 | 20,138 | 7.7 | 3.5 |
| 3 | 6 | Toshiba | 12,504 | 4.6 | 9,783 | 3.7 | 27.8 |
| 4 | 3 | Texas Instruments | 11,483 | 4.2 | 11,984 | 4.6 | -4.2 |
| 5 | 5 | STMicroelectronics | 9,928 | 3.7 | 9,854 | 3.7 | 0.8 |
| 5 | 4 | Infineon Technologies (incl. Qimonda) | 9,812 | 3.6 | 10,533 | 4.0 | -6.8 |
| 7 | 7 | Hynix Semiconductor | 9,622 | 3.6 | 8,007 | 3.0 | 20.2 |
| 8 | 8 | Renesas Technology | 8,005 | 3.0 | 7,900 | 3.0 | 1.3 |
| 9 | 11 | NXP Semiconductors | 5,833 | 2.2 | 5,874 | 2.2 | -0.7 |
| 10 | 12 | NEC Electronics | 5,809 | 2.1 | 5,680 | 2.2 | 2.3 |
| | | Others | 143,523 | 52.7 | 142,500 | 54.2 | .07 |
| | | Total Market | 270,287 | 100.0 | 262,690 | 100.0 | 2.9 |

Source: Gartner (December 2007)

While the global market for dynamic random-access memory (DRAM) is expected to decline in 2007 due to a severe drop in prices caused by oversupply, Samsung Electronics is expected to increase its revenue by slightly higher than the overall global semiconductor market growth rate (DRAM is one of the firm's main products). Its growth is driven by steady revenue growth in NAND flash memory and strong revenue growth in nonmemory areas such as application processors, media integrated circuits (IC), complementary metal-oxide semiconductor (CMOS) image sensor, smart card ICs and LCD driver ICs.

Toshiba's revenue increased 27.8 percent in 2007 to \$12,504 million, gaining three places in the rankings and moving into third place. The rapid gains mainly came from NAND flash memory. It also increased production of CMOS image sensors for mobile phones and application-specific integrated circuits (ASICs)/application-specific standard products (ASSPs) revenue for digital consumer electronics, including LCD TVs, next-generation DVDs (HD DVDs) and video game consoles.

Vendor Relative Industry Performance

Market share tables by themselves give a good indication of which vendors did well or badly during a year, but they do not tell the whole story. More often than not, a strong or weak performance by a vendor is a result of the overall market growth of the device areas that the vendor participates in. Gartner's relative industry performance (RIP) index measures the difference between industry-specific growth for a company and actual growth, showing which are transforming their businesses by growing share or moving into new markets and choosing their customers wisely.

Toshiba achieved the best RIP ranking by outgrowing its market by 21.1 percent. Toshiba's success in NAND flash memory, CMOS image sensors for mobile phones and system-level integration (ASICs/ASSPs), including digital consumer products such as LCD TVs and video game consoles contributed to its RIP ranking. Toshiba expected more price declines in its NAND flash memory segment, but supply and demand was better-balanced than expected because of the demand expansion for portable media players such as iPods and removable solid-state storage products.

Additional information is available in the Gartner report "Market Share: Semiconductor Revenue, Worldwide, 2007 (Preliminary Estimates)." This report provides preliminary rankings for the top 25 companies worldwide, as well as the top 25 vendors based on relative industry performance. Regional market share results are also available for the Americas, EMEA, Asia/Pacific and Japan. The report is available on Gartner's Web site at

http://www.gartner.com/DisplayDocument?ref=g_search&id=562309&subref=simplesearch.

This research is produced by Gartner's Semiconductors Worldwide group. This research group combines memory, microcomponents, logic, ASIC, analog, discrete device, RF and optical segments into a complete industry picture. Products, suppliers, startups, technologies, regional consumption, applications and emerging technologies are all covered in this broad program. To subscribe to this service, please contact Becky Tonnesen at 408-468-8287 or at becky.tonnesen@gartner.com. More information on Gartner's semiconductor research can be found on Gartner's Web site at http://www.gartner.com/it/products/research/dataquest_cluster.jsp.

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