



Press Release

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Gartner Says Semiconductor Equipment Spending Experiences Record 131 Per Cent Growth in 2010; Spending to Be Flat in 2011, With a 1 Per Cent Decline

STAMFORD, Conn. 15 December, 2010 — Worldwide semiconductor capital equipment spending is on pace to reach \$38.4 billion in 2010, a 131.2 per cent increase from 2009 spending of \$16.6 billion according to Gartner, Inc. In 2011, spending will be essentially flat, as worldwide semiconductor capital equipment spending will total \$38 billion, a 1 per cent decline from 2010.

"2010 will be the strongest growth year ever for the semiconductor equipment industry, a nice rebound from the worst year ever in 2009," said Klaus Rinnen, managing vice president at Gartner. "Companies should prepare for a softer 2011, where equipment purchases will focus more on capacity than technology equipment."

"Two major trends will shape capital spending going forward. The first of these trends is the emergence of NAND Flash as the leading memory segment in terms of capital spending. NAND demand, fueled by the phenomenal success of media tablets, will continue strongly for the foreseeable future, and require continued high levels of investment to meet surging demand," Mr Rinnen said. "The second trend is the strength in foundry spending, driven by competition between TSMC, GLOBALFOUNDRIES, and Samsung at the leading edge, and by the continued move to an "asset-lite" strategy by the majority of the world's integrated device manufacturers (IDMs)."

All segments of the semiconductor capital equipment market experienced exceptionally strong growth rates ranging from 118 per cent to 140 per cent in 2010 (see Table 1).

Table 1
Worldwide Semiconductor Capital Equipment Spending Forecast, 2009-2014 (Millions of Dollars)

	2009	2010	2011	2012	2013	2014
Semiconductor Capital Spending (\$M)	25,876.3	54,050.9	52,017.2	58,326.9	65,565.0	60,712.9
Growth (%)	-41.2	108.9	-3.8	12.1	12.4	-7.4
Capital Equipment (\$M)	16,606.1	38,385.1	38,008.1	42,592.4	47,697.2	42,798.9
Growth (%)	-45.8	131.2	-1.0	12.1	12.0	-10.3
Wafer Fab Equipment (\$M)	12,747.7	29,698.4	28,689.8	31,446.8	35,885.1	33,258.7
Growth (%)	-47.4	133.0	-3.4	9.6	14.1	-7.3
Packaging and Assembly Equipment (\$M)	2,708.5	5,921.3	6,333.4	7,484.6	7,874.6	6,431.2
Growth (%)	-32.3	118.6	7.0	18.2	5.2	-18.3
Automated Test Equipment (\$M)	1,149.8	2,765.4	2,984.9	3,661.0	3,937.5	3,109.0
Growth (%)	-53.0	140.5	7.9	22.7	7.6	-21.0

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Other Spending (\$M)	9,270.2	15,665.8	14,009.0	15,734.5	17,867.7	17,914.0
Growth (%)	-30.7	69.0	-10.6	12.3	13.6	0.3

Source: Gartner (December 2010)

In the wafer fab equipment (WFE) market, worldwide spending is on pace to total \$29.7 billion in 2010, a 133 per cent increase from 2009. Strong global demand for semiconductors, along with underinvestment in 2008 and 2009, led to pent-up demand for equipment once the economy turned. However, overall fab utilisation rates have been declining slowly since, as more capacity has come online and semiconductor production has slowed, becoming more aligned with end-user demand. This leads Gartner to predict that WFE growth will decline 3.4 per cent in 2011, before increasing and returning to positive growth in 2012.

Worldwide packaging and assembly equipment (PAE) spending is projected to surpass \$5.9 billion in 2010, a 118.6 per cent increase from 2009. In 2011, PAE spending is forecast to grow 7 per cent. On a regional basis, Asia/Pacific will improve its share of PAE purchases with approximately 79 per cent of PAE shipments in 2010 to about 86 per cent of all PAE sales by 2014. China will be the largest individual consumer of PAE by 2013, accounting for just more than 30 per cent of the total market in that year.

In 2010, the worldwide automated test equipment (ATE) market is expected to have spending reach \$2.8 billion, up 140.5 per cent from 2009 spending. Solid growth has occurred through the first three quarters of this year, but is expected to realise a quarterly decline late this year and into early 2011. While the ATE market will grow substantially in 2010, it fell to very low levels in 2009, with the memory test segment declining to less than \$200 million.

Additional information is available in the Gartner report "Forecast: Capital Equipment Pauses in 2011 after Record Growth in 2010." The report is available on Gartner's website at <http://www.gartner.com/resId=1493915>.

This research is produced by Gartner's Semiconductor Manufacturing program. This research program, which is part of the overall semiconductor research group, provides a comprehensive view of the entire semiconductor industry, from manufacturing to device and application market trends. More information on Gartner's semiconductor research can be found in the Gartner Semiconductor Manufacturing Focus Area at http://www.gartner.com/it/products/research/asset_129175_2395.jsp.

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