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## Gartner Says the Semiconductor Equipment Spending to Grow 113 Per Cent in 2010

STAMFORD, Conn. June 10, 2010 — Worldwide semiconductor capital equipment spending is projected to surpass \$35.4 billion in 2010, a 113.2 per cent increase from 2009 spending of \$16.6 billion, according to Gartner, Inc. However, Gartner warned that equipment vendors should prepare for slower growth heading into 2011. Worldwide semiconductor capital equipment spending will grow 6.6 per cent in 2011.

"The drive to new technology nodes will drive semiconductor equipment growth in 2010," said Klaus Rinnen, managing vice president at Gartner. "The demand for 40-nanometer (nm) and 45 nm devices is now ramping up, resulting in heavy foundry-based capital spending. Investment at the 3x node by Intel, an increase in spending by NAND memory producers, and the transition to the next generation DDR3 DRAM memory are the key investment growth drivers."

"We could see a slight slowing in orders as 2010 ends, and the industry focuses on macroeconomic conditions. We expect capital equipment growth to continue through 2011, but at a reduced rate, as spending responds to slower growth in the semiconductor markets," Mr Rinnen said.

Following the significant declines in 2009, all segments of the semiconductor capital equipment market will experience exceptionally strong growth 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	25,876.3	47,495.3	54,079.6	58,273.8	51,735.6	49,399.1
Growth (%)	-41.2	83.5	13.9	7.8	-11.2	-4.5
Capital Equipment — Includes Test	16,606.1	35,412.3	37,732.3	40,822.7	34,881.9	34,619.7
Growth (%)	-45.8	113.2	6.6	8.2	-14.6	-0.8
Wafer Fab Equipment	12,747.7	27,188.3	29,132.4	32,984.0	29,325.9	28,446.1
Growth (%)	-47.4	113.3	7.2	13.2	-11.1	-3.0
Packaging and Assembly Equipment	2,708.5	5,544.0	5,581.8	4,995.6	3,437.6	3,879.3
Growth(%)	-32.3	104.7	0.7	-10.5	-31.2	12.9
Automated Test Equipment	1,149.8	2,680.0	3,018.1	2,843.0	2,118.5	2,294.3
Growth (%)	-53.0	133.1	12.6	-5.8	-25.5	8.3
Other Spending	9,270.2	12,083.0	16,347.3	17,451.1	16,853.7	14,779.4
Growth (%)	-30.7	30.3	35.3	6.8	-3.4	-12.3

Source: Gartner (June 2010)

The wafer fabrication equipment (WFE) segment will increase 113.3 per cent in 2010, followed by 7.2 per cent growth in 2011. Gartner believes that strong global demand for semiconductors, along with underinvestment in 2008 and 2009, has led to pent-up demand for equipment, and overall utilisation rates will peak in the third quarter of 2010. Then the market will start a slow decline as more capacity comes on line and quarter-on-quarter demand will return to more-normal levels.

After declining 32 per cent in 2009, Gartner predicts that the packaging and assembly equipment (PAE) segment will increase 104.7 per cent in 2010 and grow a nominal 0.7 per cent in 2011. During the forecast period, certain equipment segments will have substantially higher growth. Demand for equipment for advanced processes, such as wafer-level packaging, 3D processes and TSV manufacturing, is expected to grow faster than the overall market. Inspection and process control tools for these advanced packages will also grow above the market rate.

The worldwide automated test equipment (ATE) market will grow by more than 133 per cent in 2010. The ATE market bottomed in the first quarter of 2009 and has realised substantial quarterly gains since that time. Growth has accelerated through the first quarter of this year and is expected to make sizeable gains through the third quarter, bringing the overall test market its first growth year since 2006. While the ATE market will grow substantially this year, it fell to very low levels last year, with the memory test segment declining below the \$200 million mark.

"For 2010, the semiconductor equipment industry will experience exceptionally strong growth, as we emerge from a very costly and deep recession," said Mr Rinnen. "Given this exceptional growth, there is a possibility that the honeymoon could end in 2011, which may help to mitigate the boom/bust scenario typical of previous cycles. However, if capacity expansion continues unchecked, a more severe and premature down cycle could occur in 2013. How quickly memory producers react as the market softens and average selling prices (ASPs) decline will likely determine if the market can avoid the massive drops of recent years."

Additional information is available in the Gartner report "Forecast: Explosive Demand Fuels Best Ever Semiconductor Equipment Growth in 2010." The report is available on Gartner's website at <http://www.gartner.com/resId=1382351>.

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](http://www.gartner.com/it/products/research/asset_129175_2395.jsp).

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