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Gartner Says Worldwide Semiconductor Revenue Declined 3 Per Cent in 2012

Expected Growth Fails to Materialise as Semiconductor Industry Revenue Falls to \$297.6 Billion in 2012

STAMFORD, Conn., 17 December, 2012 — Worldwide semiconductor revenue has totalled \$298 billion in 2012, a 3 per cent decline from 2011 revenue of \$307 billion, according to preliminary results by Gartner, Inc. The top 25 semiconductor vendors' revenue declined 4.2 per cent, more than the industry average, and accounted for a smaller portion of the industry's total revenue — 68.2 per cent in 2012, compared with 69.2 per cent in 2011.

The industry was expected to show little growth in the early part of 2012, although order rates were expected to creep up in the second half, paving the way for a recovery phase in 2013. However, the expected renewal did not occur in 2012. Third quarter order rates were below seasonal expectations, and guidance for the fourth quarter of 2012 forecast further declines.

"Uncertainty about the state of the macro economy, coupled with ongoing inventory overhang, sent ripples through the semiconductor industry," said Steve Ohr, research director at Gartner. "The hardest hit areas include the PC supply chain, memory, analog and discrete components. The PC business, ordinarily a growth driver, was on a negative slope for the first time in many years. PC production declined 2.5 per cent in 2012. Even the Smartphone juggernaut had begun to show signs of maturing, though it remained the strongest driver for revenue growth in 2012."

Intel recorded a 2.7 per cent revenue decline (see Table 1), mostly due to declining PC sales. However, the company did hold onto the No. 1 market share position for the 21st consecutive year, capturing 16.6 per cent of the 2012 semiconductor market, its best performance ever.

Table 1. Top 10 Semiconductor Vendors by Revenue, Worldwide, 2012 (Millions of Dollars)

Rank 2011	Rank 2012	Vendor	2011 Revenue	2012 Estimated Revenue	2011-2012 Growth (%)	2012 Market Share (%)
1	1	Intel	50,669	49,295	-2.7	16.6
2	2	Samsung Electronics	27,366	24,974	-8.7	8.4
6	3	Qualcomm	9,998	12,954	29.6	4.4
4	4	Texas Instruments	11,754	11,001	-6.4	3.7
3	5	Toshiba	11,769	10,162	-13.7	3.4
5	6	Renesas Electronics	10,650	10,030	-5.8	3.4
7	7	STMicroelectronics	9,635	8,410	-12.7	2.8
8	8	SK Hynix	9,388	8,340	-11.2	2.8

10	9	Broadcom	7,160	7,792	8.8	2.6
9	10	Micron	7,643	6,935	-9.3	2.3
		Others			-2.1%	
			150,811	147,657		49.6
		Total	306,843	297,550	-3.0	100

Source: Gartner (December 2012)

At No. 2, Samsung Electronics saw its semiconductor revenue fall due to declines in its three major product areas, DRAM, NAND flash and system integrated circuit (IC). Bucking the industry trend and rising three places to No. 3, Qualcomm attributed its 29.6 per cent growth to continued adoption of smartphones and the growth of 3G and LTE technology in emerging regions, such as China and India.

The only other top 10 semiconductor vendor to record positive growth in 2012 was Broadcom, which rose from the 10th to the ninth position with growth of 8.8 per cent. While part of the company's year-over-year performance gain was attributed to the acquisition of NetLogic Microsystems, the highest organic growth in the company was once again achieved by the Mobile and Wireless division, which grew close to double digits. Broadcom's third division, Broadband, bounced back from a revenue decline in 2011 by growing in the mid single digits in 2012.

As a group, memory makers suffered the most. DRAM makers suffered from rapid price declines, while the NAND flash market also saw strong price declines as a consequence of sluggish bit growth. Overall, Samsung's semiconductor revenue was down 8.7 per cent, and SK Hynix's was down 11.2 per cent.

Additional information is provided in the Gartner report "Market Share Analysis: Preliminary Total Semiconductor Revenue, Worldwide, 2012." The report provides the worldwide market share rankings for the top 25 semiconductor vendors in 2012. The report is available on Gartner's website at <http://www.gartner.com/resId=2275917>.

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