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Worldwide Semiconductor Capital Equipment Spending Grew 143 Per Cent in 2010, According to Final Results by Gartner

STAMFORD, Conn., 4 April 2011 — The worldwide semiconductor equipment market grew 143 per cent in 2010 to nearly \$41 billion as the market recovered from the industry slowdown of the previous two years, according to final results from Gartner Inc. All major market segments grew significantly in 2010 with automatic test equipment (ATE) sales up by 149 per cent, wafer fab equipment (WFE) sales up by 145 per cent and sales of packaging assembly equipment (PAE) up by 127 per cent.

"The semiconductor equipment market soared in 2010. Driven by the pent-up demand from the 2008 and 2009 downturn, and a stronger economy than projected, 2010 just kept getting better and better," said Klaus Rinnen, managing vice president at Gartner. "Memory and foundry spending were the key drivers, although all areas showed significant growth."

"The year began with technology buys, and capacity purchases soon followed, resulting in one of the hottest growth years in industry history," said Mr Rinnen. "We also witnessed a number of changes in the top ten semiconductor capital equipment companies, as strength in double patterning benefited some companies more than others."

The share of the top ten semiconductor capital equipment companies rose nearly 2 points in 2010, accounting for 63.4 per cent of total revenue, up from 61.6 per cent in 2009 (see Table 1).

Table 1
Top Ten Companies' Revenue from Shipments of Total Semiconductor Equipment, Worldwide (Millions of US Dollars)

2009 Rank	2010 Rank	Company	2009 Revenue	2010 Revenue	2010 Market Share (%)	2009-2010 Growth (%)
1	1	Applied Materials	2,535	6,017	15	137
3	2	ASML	1,617	5,160	13	219
2	3	Tokyo Electron	1,653	4,267	10	158
5	4	Lam Research	863	2,552	6	196
4	5	KLA-Tencor	939	1,893	5	101
7	6	Dainippon Screen	635	1,460	4	130
10	7	Teradyne	396	1,224	3	209
8	8	ASM International	548	1,205	3	120
6	9	Nikon	787	1,168	3	48
9	10	Novellus Systems	440	1,109	3	152

2009 Rank	2010 Rank	Company	2009 Revenue	2010 Revenue	2010 Market Share (%)	2009-2010 Growth (%)
		Others	6,500	15,026	37	131
		Total Market	16,914	41,079	100	143
		OEM Elimination	171	440		157
		Net Total Market	16,743	40,639		143

Source: Gartner (March 2011)

Applied Materials retained the No. 1 position in the market, but it could not increase its share because it did not directly capitalise on the strong lithography spending in 2010. ASML was the fastest-growing company among the top ten semiconductor capital equipment vendors in 2010. The company moved from No. 3 to No. 2 based on the strength of immersion lithography for double patterning, growing to 13 per cent market share. Tokyo Electron dropped to the No. 3 position, despite gaining some additional market share. Tokyo Electron's dominance in track and the associated growth was unable to offset relatively slower spending by some of its key customers.

The recent earthquake in Japan is going to have a near-term impact on the industry, depressing quarterly revenue in the second quarter of 2011. However, Gartner analysts said semiconductor equipment manufacturers should be able to recover in the second half of the year.

"Clearly there are some materials supply challenges ahead of the industry in the aftermath of the tragic events in Japan. Recent news points at a narrow avoidance of shortages for silicon and BT resin. The industry still faces challenges in the coming months," said Mr Rinnen.

This research is produced by Gartner's Semiconductor Manufacturing programme. This research programme, 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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