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Shakeups Rock 1H08 Top 20 Semiconductor Supplier Ranking

Qualcomm, Broadcom make biggest leaps; NXP, AMD register biggest falls

IC Insights' recent research for its *Strategic Reviews Online* IC company database uncovered a big shakeup in the 1H08 top 20 semiconductor supplier ranking (Figure 1). There are eight U.S. companies in the top 20 (including three fabless semiconductor suppliers), six Japanese, three European, two South Korean, and one Taiwanese company (IC foundry supplier TSMC) in the ranking. As shown, it required at least \$2.1 billion in 1H08 sales to make the top 20 ranking. Although the top four ranked companies remained the same, there were a number of "movers and shakers" up and down the remainder of the 1H08 ranking as compared to their full-year 2007 positions.

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Climbers

- Cell phone IC supplier **Qualcomm** used a 29% year-over-year 1H08 growth rate to jump four spots and rank as the 10th largest semiconductor supplier in 1H08.
- The third largest fabless supplier, **Broadcom**, jumped three positions and is now positioned as the 20th largest semiconductor supplier in the world.
- Japanese consumer electronics powerhouse **Panasonic** (formerly Matsushita) and **NEC** were boosted by the strong Japanese yen versus the U.S. dollar. Each jumped three places and moved into the 18th and 12th positions, respectively, in the top 20 ranking.
- Moving up one place each in 1H08 were **TSMC**, **Renesas**, and **Infineon**.

"Descenders"

- DRAM-supplier **Qimonda's** nightmare continued in 1H08 as the company dropped 12 positions from being ranked 18th overall in 2007 to 30th in 1H08. The company endured a 1H08/1H07 sales decline of 47% (which would have been worse if not for the strength of the euro) and suffered a loss of more than \$2.2 billion in its first three quarters of fiscal 2008!
- Despite a relatively flat 1H08/1H07 sales result, **NXP** fell four spots to 14th from 10th.

- **AMD** posted a decent 9% increase in 1H08/1H07 sales, yet slid four positions from 11th to 15th.
- Eighth-ranked memory supplier **Hynix** fell only one spot in the ranking although its 1H08/1H07 sales tumbled 23%, the only 1H08/1H07 sales decline of any top 20 semiconductor supplier!
- **ST** fell one position in the ranking and now occupies the 6th spot. It should be noted that the company's 1H08 and 1H07 figures do not include FMG (flash memory group) sales, which are now part of Numonyx's sales. As shown, the company registered a solid 13% year-over-year growth rate in 1H08 and has a relatively positive outlook for its second half as well.
- **TI** did not drop in the ranking but the company registered the second-worst growth rate of any top 20 semiconductor supplier in 1H08 (0%). TI has been a significant supplier to the cellular handset market segment for many years. However, in IC Insights' opinion, it would be wise not to extrapolate the company's weak 1H08 performance to the overall cell phone marketplace. Moreover, the excellent 1H08 performance of Qualcomm and ST, also major IC suppliers to the cell phone industry, appears to indicate that TI's poor 1H08 results are more a reflection of a TI-specific "problem" than an overall cell phone market issue.

1H08 Top 20 Semiconductor Sales Leaders (\$M)

1H08 Rank	2007 Rank	Company	Headquarters	1Q07 Tot Semi	2Q07 Tot Semi	1H07 Tot Semi	1Q08 Tot Semi	2Q08 Tot Semi	1H08 Tot Semi	1H08/1H07 % Change
1	1	Intel	U.S.	8,072	7,916	15,988	8,841	8,655	17,496	9%
2	2	Samsung	South Korea	4,697	4,552	9,249	5,569	5,618	11,187	21%
3	3	TI	U.S.	3,115	3,257	6,372	3,191	3,175	6,366	0%
4	4	Toshiba	Japan	3,249	2,510	5,759	3,055	2,789	5,844	1%
5	6	TSMC*	Taiwan	1,922	2,258	4,180	2,767	2,894	5,661	35%
6	5	ST**	Europe	1,953	2,086	4,039	2,179	2,391	4,570	13%
7	8	Renesas	Japan	1,949	1,984	3,933	2,142	2,195	4,337	10%
8	7	Hynix	South Korea	2,569	1,998	4,567	1,675	1,824	3,499	-23%
9	9	Sony	Japan	1,716	1,573	3,289	1,946	1,484	3,430	4%
10	14	Qualcomm***	U.S.	1,259	1,367	2,626	1,620	1,762	3,382	29%
11	12	Infineon	Europe	1,282	1,361	2,643	1,566	1,580	3,146	19%
12	15	NEC	Japan	1,346	1,366	2,712	1,475	1,523	2,998	11%
13	13	Micron	U.S.	1,370	1,328	2,698	1,391	1,529	2,920	8%
14	10	NXP	Europe	1,390	1,461	2,851	1,443	1,445	2,888	1%
15	11	AMD	U.S.	1,233	1,378	2,611	1,505	1,349	2,854	9%
16	16	Freescall	U.S.	1,295	1,310	2,605	1,304	1,389	2,693	3%
17	17	Fujitsu	Japan	1,047	1,061	2,108	1,226	1,108	2,334	11%
18	21	Panasonic	Japan	870	905	1,775	1,058	1,170	2,228	26%
19	19	Nvidia***	U.S.	847	896	1,743	1,158	985	2,143	23%
20	23	Broadcom***	U.S.	897	892	1,789	986	1,153	2,139	20%
—	—	Total Top 20		42,078	41,459	83,537	46,097	46,018	92,115	10%

*Foundry

**Not incl. flash in 1H07 & 1H08

***Fabless

Source: Company reports, IC Insights

Figure 1

Summary

With many of the major DRAM and flash suppliers (e.g., Qimonda, Elpida, Spansion, Powerchip, Nanya, etc.) no longer part of the top 20 ranking, the total 1H08/1H07 sales of the top 20 semiconductor suppliers displayed a very strong 10% increase as compared to the total worldwide semiconductor market increase of 6%. Among the top 20 semiconductor suppliers, there was a 58-point swing (Figure 2) from the company that showed the fastest growth (TSMC at +35%) to the company that registered the steepest decline (Hynix at -23%).

1H08 Top 20 Semiconductor Sales Leaders Ranked by Growth Rate (\$M)

1H08 Rank	Company	Headquarters	1Q07 Tot Semi	2Q07 Tot Semi	1H07 Tot Semi	1Q08 Tot Semi	2Q08 Tot Semi	1H08 Tot Semi	1H08/1H07 % Change
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Source: Company reports, IC Insights

Figure 2

As shown in Figure 2, more than half of the top 20 companies had double-digit 1H08/1H07 growth rates. Moreover, seven companies registered 1H08 growth rates that were more than three times the 6% growth rate of the entire 1H08 semiconductor market (TSMC, Qualcomm, Panasonic, Nvidia, Samsung, Broadcom, and Infineon)! It goes to show that there are still "star" performers in a "slow" market.

As was mentioned in IC Insights' March Update to *The McClean Report*, currency fluctuations are playing a big part in the 2008 semiconductor market figures as the strong yen and euro are converted into U.S. dollars. With the yen and euro each increasing in value 13% in 1H08 as compared to 1H07, many

Japanese and European companies' results are getting a "boost" when converted to U.S. dollars. Moreover, this currency effect will also serve to inflate the 2008 worldwide semiconductor market figures when reported in U.S. dollars.

Report Details

Extensive company profiles of more than 220 IC suppliers, including their 5-year sales, R&D, and capital expenditures figures, key management, product/services offered, strategic alliances, process technology, and detailed wafer fab information is offered in IC Insights' *Strategic Reviews Online* database. The online database recently completed a major revision and receives ongoing updates throughout the year. A 12-month, single-user subscription to *Strategic Reviews* is priced at \$2,290. Access is also available under a multi-user corporate license for \$3,990.

About IC Insights

IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

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