



News release

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China's Integrated Circuit revenues experience a 24 times increase in 10 years

Decade of strong growth of China's Integrated Circuit (IC) design industry highlights China's semiconductor companies

New York, 16 Feb 2015 – China's IC design industry revenues grew from US\$0.5 billion to US\$13.2 billion, a 24 times increase between 2003 and 2013, according to PwC's annual report, *China's Impact on the Semiconductor Industry*. The exponential growth has helped increase awareness of China's semiconductor companies.

In 2003, the Gartner Dataquest Semiconductor Industry Worldwide Annual Market Share Database only included 11 Chinese companies from a total of 200 worldwide semiconductor companies. Ten years later the same Database for 2013 included 32 Chinese companies from a total of 288 worldwide semiconductor companies.

The industry recognises more than 11% of the established semiconductor companies are now from China, contributing almost 2% of worldwide semiconductor revenues.

When PwC began reporting on China's impact on the semiconductor industry, China moved from the smallest of the regional semiconductor consumption markets with 18.5% share in 2003, to the largest by 2005 with 24.8% share. China has continued to increase its semiconductor leadership position every year since 2005 except in 2010.

"The past ten years have seen China's semiconductor industry transform itself from an emerging industry into a significant global player whose impact and growth will no doubt continue," said Raman Chitkara, PwC's Global Technology Industry Leader. "Going forward, we expect China to expand its role in the semiconductor industry beyond leadership in consumption."

The 2014 Update – *A Decade of Unprecedented Growth: China's Impact on the Semiconductor Industry* – also outlines other trends and findings, including:

- **Market and industry overview:** China's semiconductor consumption has increased from 18.5% of worldwide consumption in 2003 to more than 55.6% in 2013. China recorded a compounded growth rate in the semiconductor consumption of more than three times that of the worldwide rate.



- **IC design:** IC design continues to be the fastest growing segment of China's semiconductor industry, growing by 33% in 2013 to reach record revenues of US\$13.2bn. During the past ten years (2003-2013), China's IC design (fabless) industry has grown at a 37.6% compound annual growth rate from US\$541mn to US\$13.2bn.
- **IC manufacturing:** In terms of wafer fabrication (fabs) capacity from the end of 2003 through 2013, China has increased its production of wafer fabs by 186%, while increasing capacity by 314%. The number of SPA&T facilities has also increased by 51% in China, while their capacity has increased by 175%.
- **Growth scenarios: IC production/consumption gap:** The Chinese IC production/consumption gap continues to grow and even with the most aggressive growth, is unlikely that China's IC industry revenues will meet the government objective of equalling at least 50% of IC consumption priorities.

A decade of growth

China's reported 2013 semiconductor industry continued to outpace growth of the worldwide semiconductor industry. China's semiconductor industry grew by 16.7%, reaching US\$65.8 billion in 2013. For eight of the past ten years, China's semiconductor industry has grown at an equal or greater rate than growth of the worldwide semiconductor market.

The overall performance of China's IC industry (collectively including IC design, IC wafer manufacturing and IC packaging and testing) was a compelling influence on China's overall semiconductor industry growth in 2013.

"China's unprecedented semiconductor consumption market has surpassed our expectations," said Jianbin Gao, PwC China's Technology Leader. "As the market progresses and changes, we will no doubt experience some moderation. But overall, with various factors such as Chinese companies emerging as a larger part of the global market, we anticipate continued robust growth."

Notes:

For more information, visit www.pwc.com/chinasemicon

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