

Press Release

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China strengthens its leadership in global semiconductor consumption

For the fourth consecutive year, China's chip consumption growth far exceeds worldwide market growth

Thursday, **6**th **August 2015** – China's semiconductor consumption growth continued to outstrip worldwide growth in 2014, marking four consecutive years of this trend. At year end, China reached a record 56.6% of the global semiconductor consumption market.

China's semiconductor consumption grew by 12.6% in 2014, exceeding the worldwide chip market growth of 9.8%. The growth is more staggering when looking at the past 11 years, over which China's semiconductor consumption has grown at an 18.8% compounded annual growth rate (CAGR), compared with a 6.6% CAGR for total worldwide consumption.

While both the number and size of Chinese semiconductor companies is continuing to grow, non-Chinese global semiconductor companies remain the dominant semiconductor suppliers to China, contributing to the integrated circuit (IC) consumption/production gap of US\$120 billion at the end of 2014 versus US\$108 billion at the end of 2013.

China had three semiconductor companies with annual revenue of US\$1 billion or more at the end of 2014. Collectively, over the past 10 years, these companies have experienced an 18.5% CAGR.

"China is continuing to expand its role and influence in the semiconductor industry," said Raman Chitkara, PwC Global Technology and Semiconductor Leader. "In the coming years, we expect more Chinese semiconductor companies to break the billion-dollar revenue mark either organically or through mergers."

During 2014, China's semiconductor consumption continued to be more concentrated in the data processing (computing) and communications applications sectors, and became slightly more concentrated in the consumer sector than the worldwide market. On the flip side, the market remained less concentrated in the automotive sector, and noticeably less concentrated in the industrial/medical/other and military/aerospace sectors.

The country's IC consumption increased by more than US\$20 billion in 2014, compared with the worldwide market, which increased by US\$26 billion. However, during the past 10 years China's IC consumption has grown by more than US\$134 billion while the worldwide market increased by only US\$99 billion. China's IC consumption has grown at the expense of IC markets in other regions, although China's rate of IC consumption market growth is gradually moving closer to the worldwide rate.



China's O-S-D (optoelectronics-sensor-discrete) consumption market grew 8.1% during 2014 to reach a new peak of US\$34.3 billion. For the first time in four years this increase was slightly less than the worldwide O-S-D market increase, meaning China's share of that market remained relatively flat at 56% in 2014.

"As we look forward, entrepreneurship combined with a vast pool of engineering talent and pragmatic government policies will lead to continued strengthening of the Chinese semiconductor industry during the remainder of the decade," said Jianbin Gao, PwC Technology Leader for China.

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