Section 1

INDUSTRY OVERVIEW
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THE GLOBAL SEMICONDUCTOR INDUSTRY IS A KEY GROWTH SECTOR IN THE GLOBAL ECONOMY

Worldwide semiconductor sales increased from $101.9 billion in 1994 to $335.8 billion in 2014, an average annual rate of increase of 11.5 percent per year. According to the WSTS Spring 2015 Semiconductor Industry Forecast, worldwide semiconductor industry sales are forecast to reach $347 billion in 2015, $359 billion in 2016, and $370 in 2017.*

*WSTS, Fall 2014 Semiconductor Industry Forecast.

Source: World Semiconductor Trade Statistics (WSTS) and SIA Estimates.
THE U.S. SEMICONDUCTOR INDUSTRY HAS OVER HALF THE GLOBAL MARKET SHARE

Semiconductor producers based in the Americas experienced a significant loss in market share during the 1982 to 1988 period. In the early 1980s, the Americas-based producers held more than 50 percent of worldwide semiconductor sales. Due to intense competitive pressure from Japan-based firms, the effect of illegal "dumping“, and a severe industry recession in 1985 to 1986, the industry lost a total of nineteen worldwide market share points. Today, Americas-based firms have the largest market share with over 50 percent.

The industry in the Americas has rebounded strongly since the late 1980s. While largely exiting the DRAM market in the 1980s, its firms have maintained their competitive edge in microprocessors and other leading edge devices, and it has even gained in memory in recent years. Strong growth in these sectors enabled the industry to increase its market share to over half of the world market. Firms in Asia and Europe have grown in terms of their importance as suppliers as well.

Note: Market share based on headquarters of seller, i.e. foundry output not included in market share. Numbers rounded.
Source: SIA/World Semiconductor Trade Statistics (WSTS)/IHS/PwC/IC Insights
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U.S.-BASED INDUSTRY SEMICONDUCTOR SALES HAVE DISPLAYED STEADY ANNUAL GROWTH

Sales of total worldwide semiconductor producers based in the Americas grew from $44.2 billion in 1994 to over $172.9 billion in 2014 - an average annual rate of increase of 14.6 percent. Sales growth for U.S. companies shows the same cyclical fluctuations characterized by the industry as a whole.

Source: World Semiconductor Trade Statistics (WSTS) and SIA Estimates.
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U.S.-BASED SEMICONDUCTOR COMPANIES MAINTAIN MARKET SHARE LEADERSHIP IN MOST MAJOR REGIONAL SEMICONDUCTOR MARKETS

In 2014, semiconductor firms based in the Americas held over 50 percent of the total semiconductor market. In all major markets other than Japan, U.S. headquartered companies held around half the market. In Japan, one of the world’s largest single country markets, U.S. firms held only 37 percent share - historically foreign headquartered companies have held a relatively lower share of the Japanese market than in all other markets.

Source: World Semiconductor Trade Statistics (WSTS) and SIA Estimates.
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THE MAJORITY OF SEMICONDUCTOR MANUFACTURING DONE IN THE UNITED STATES IS DONE BY U.S. FIRMS

In 2014, roughly 87 percent of all semiconductor wafer fabrication capacity in the United States was accounted for by U.S. headquartered firms. Semiconductor firms headquartered in the Asia Pacific region accounted for most of the balance of capacity in the United States at around 10 percent.

Source: IC Insights Global Fab Database and SIA Estimates.
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U.S. SEMICONDUCTOR INDUSTRY CONDUCTS THE MAJORITY OF ITS MANUFACTURING IN THE UNITED STATES

In 2014, about 52 percent of U.S.-headquartered firm wafer capacity was located in the Americas region. The Asia Pacific region was the second largest area, accounting for 30 percent of the total capacity.

Percent of U.S.-Headquartered Firm Wafer Capacity by Location

- Americas 52.2%
- Asia Pacific 30.1%
- Europe 9.1%
- Japan 8.7%

Note: Figures are rounded to the nearest 10th.
Source: IC Insights Global Fab Database and SIA Estimates.
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SEMICONDUCTORS ARE ONE OF AMERICA’S TOP EXPORTS

Electronic products such as computers and telecommunications equipment constitute the single largest U.S. export category, greater that $120 billion per year, and semiconductors are key components of nearly all electronic products. Exports of semiconductor components alone were worth $43 billion, second only to the export value of automobiles and aircraft.

*Top 3 Manufactured U.S. Exports in 2014 ($Bn)*

- **Aircraft**: $113 Billion
- **Automobiles**: $61 Billion
- **Semiconductors**: $43 Billion

*Source: U.S. International Trade Commission. Industry defined by NAICS codes: 334413 (Semiconductors); 336411 (Aircraft); 336111 (Automobiles).*