

# FutureHorizons

The Global Semiconductor Industry Analysts



**FUTURE HORIZONS  
Presents**

## **Future Horizons Global Semiconductor Industry Monthly Newsletter**



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## Industry Overview

### Industry Overview

CEO and Chairman of Future Horizons, Malcolm Penn has forecast it will be a good year for the industry. Choppy first half waters for sure, but watch out for a whopping 2H-11 ricochet. The market is right where we said it would be at our recent Industry Forecast Seminar in December 2010.

WSTS results were as boring as they were predictable, with no serious data revisions and the results, which we expected. December's year-on-year IC unit growth was 8.9 percent that, with the 3.5 per cent growth in ASP's, yielded a respectable double-digit value growth of 12.8 per cent. And this was on the back of a weak Q4 memory market that saw ASPs fall 13.1 percent V Q3-10. The yearly growth V 2009 weighed in at 31.8 percent, hitting US\$298.3 billion, just shy of the elusive US\$300 billion threshold.

***A full market summary and industry capacity round up can be found each month in our Semiconductor Monthly report.***

## Industry News

### AMD

#### **AMD Plans Exclusive Southern Islands TSMC Contract**

AMD has signed the papers to book further capacity for its 40nm Zacate and Ontario APUs, as it readies itself to storm China. The demand is so strong that everyone wants a piece and AMD need to make sure it has the means to satisfy that need.

### Arm

#### **ARM Agrees To let Fujitsu Use More Of Its Technology**

ARM Holdings and Fujitsu Semiconductor have signed a broad agreement that will enable the Japanese firm to develop its processors faster with some of ARM's most advanced technology. Fujitsu will license ARM designs such as the low power Cortex-A15 architecture, Mail Graphics and Corelink mirco-processing units for processors. .

## Industry News

### CSR

#### **CSR Plc announces Merger with Zoran Corporation**

CSR Plc and Zoran Corporation have entered into a merger agreement under which Zoran will merge with CSR for an equity value equivalent to approximately US\$679 million. Under the terms of the merger agreement it is proposed that Zoran shareholders will receive 1.85 ordinary shares of CSR in the form of American Depository Shares, for each share of Zoran common stock held. In addition, CSR announces that it intends to return up to US\$240 million to shareholders via an on-market share buyback programme.

### Intel

#### **Intel Corporation To Invest Above \$5 Billion for New Semiconductor R&D and Manufacturing facility**

On 18th February the CEO of Intel Corporation announced the company's intentions most advanced, high volume semiconductor manufacturing facility in the world. Construction of the new facility is scheduled to begin in the middle of 2011 and is expected to be completed by 2013.

### Sony Ericsson

#### **First Play Station Phone Unveiled By Sony Ericsson**

The first mobile phone to incorporate the PlayStation Portable (PSP) gaming system has been launched by Sony Ericsson. The Xperia Play is widely seen as an attempt to breathe new life into the platform in the face of competition from games-capable smartphones

### Sony

#### **Sony Converts Factory To Make CMOS Sensors**

Sony is to expand its image sensor business by converting a semiconductor fab currently making high-end processors under a joint venture with Toshiba into one producing CMOS components.

### TSMC

#### **TSMC Boost Chip Production On Demand From Apple Suppliers**

Taiwan Semiconductors Manufacturing Company is expanding capacity this year following recent unexpected demand from customers including Apple suppliers. The move signals strong 2011 production of the iPad 2 and new smartphones from any number of manufacturers

## Industry Trends

### Backlit LED TV's

It is claimed that the percentage of LCD TVs with LED backlights is expected to grow from 21 percent of all units in 2010 to 53 percent in 2011.

The current trends for green technology, power saving and thinner design has lead to more branded manufactures looking at LED backlit LCD TV's. Plus the growing awareness of LED's amongst consumers has encouraged panel manufacturers to increase LED performance.

Experts believe the market for digital TV (DTV) semiconductors will see double-digit growth in 2011, with LG Electronics and Samsung leading the way.

The overall DTV semiconductor revenue is expected to reach US\$15.5 billion, this will continue up until 2014 with revenues reaching US\$19 billion. However, it appears that the growth for overall DTV semi market is largely due to the LED segment, with DTV only amount to only 4.1 per cent if LED backlights are taken out of the equation.

LED backlight chips will account for US\$5.5bn in revenue by 2014, showing how common place the technology is expected to become in households, with forecasts that LED sets will account for more than 80 per cent of all flat screen TVs by this time.

### Androids

Could it be possible that the day has finally arrived when Androids will take over the world? Mobile World Congress in Barcelona saw hundreds of Android powered devices on show. Approximately 300,000 Android based phones are being activated daily, and more than 170 Android compatible devices are on the market.

### Watch Films In 3D

LG recently unveiled the worlds first 3D Smartphone, the LG Optimus 3D. Users do not need to wear bulky 3D glasses that are usually associated with watching 3D movies at the cinema or on the latest 3D TVs, plus it has just as many of the exciting and cool features as the Apple iPhone 4, making experts wonder if this could be the technology to seriously compete with Apple. The LG Optimus will be linked to the Orange network using similar technology to the latest Nintendo 3DS games console. The phone was recently unveiled a Mobile World Congress in Barcelona and is about to go on sale offering 3D images without the need for glasses.

This months Semiconductor report puts San Jose base startup firm NuPGS, soon to be re named Monolithic 3D IC in the spotlight. The firm claims to have invented a true monolithic technique for creating any type of 3D chip, threatening to obsolete the current TSV technology designed to stack die. The technique was first shown publicly in December 2010 at the 3D Architectures for Semiconductor Integration and Packaging conference in Burlingame, California

***More details can be found in our March Semiconductor Monthly report.***



## Industry Trends

### **Sony Play Station Phone, Xperia Play**

Linked to the O2 network this phone runs on Android software, which is the current main rival to Apple. It comes loaded with a Playstation pocket app for downloading games and a Qualcomm chip for lightning fast performance. Approximately 67 percent of smartphone owners use their handset for gaming, making it the most popular application, however, whether people just want casual time killing games on their handsets or a more in depth gaming experience remains to be seen.

### **Automotive**

The automotive industry was put on temporary hold during the recession but it is now picking up again. Overall automotive sales are now up about 20 percent on December 2009, albeit with a mix that is skewed towards lower-end cheaper cars and greener models that may reduce semiconductor content temporarily.

**For more information on market trends purchase our Semiconductor Monthly report, delivered straight to your email box every month. For your Free sample copy contact Gemma on [gfabian@futurehorizons.com](mailto:gfabian@futurehorizons.com) or call 00 44 1732 740440.**

### **World Economic Round Up**

Unrest in Libya is keeping crude oil prices high. The US, Europe and Japan might have to spend almost US\$200 billion more on imports of crude oil this year than they did in 2010, potentially threatening their economic recoveries. The price of oil has climbed to more than US\$100 per barrel.

The World Bank's President warned leaders of the top global economies that the world is reaching a danger point where soaring food prices threaten further political stability. Food prices soared by 15 percent between October 2010 and January 2011, pushing another 44 million people into poverty. These escalating foods, fuel and other basic costs have been one of the key factors driving political unrest across the Middle East and North Africa which has forced the expulsion of long standing autocratic rules in Egypt and Tunisia.

On a positive note, global manufacturing activity grew at a record rate in January with surveys of Purchasing Managers Index (PMI) for all leading economies showing strong manufacturing activity, order books and hiring intentions. A composite global PMI index stood at 57.2 in January the highest reading on this measure since the 1998. (A reading above 50 indicates expanding activity). These positive figures sent stock markets in Europe and the US sharply higher. Governments across the globe are being forced into raising interest rates in order to fight high inflation levels, which will stretch households even further. Lastly, emerging countries keep proving they are now serious contenders in the global economy. Brazil has overtaken Britain and France to become the fifth largest economy in the world after reporting 7.5 percent economic growth in 2010.

**The latest economic news by country to include USA, Europe, UK, Japan, China, Asia Pacific and India can be found each month in our Semiconductor Monthly Report.**

## World Economic Round Up



## Industry Events

### March

Semicon China ~ 15 - 17th March

Elektronik 2011 ~ 16 - 17th March

IP & TV World Forum ~ 22 - 24th March

CTIA Wirless ~ 22 - 24 March

Convergence Summit North ~ 22 - 23 March

**Don't forget to book your place on Future Horizons  
International Electronics Forum 2011**

**4-6 May 2011~ Marrakech, Morocco.**

**To enquire about advertising your event or company in this  
newsletter call Gemma on +44 1732 740440 for details**