

TrendForce Forecasts Worldwide Semiconductor Foundry Revenue to Grow Just 2.1% and IC Packaging/Testing Revenue to Drop 0.5% Annually in 2016

2015-12-10 [Ila Huang](#)

Releases of new mobile devices have sustained the IC industry's revenue growth this year, but the smartphone market demand on the whole is showing signs of weakness. Looking ahead to 2016, global market research firm [TrendForce](#) estimates that the worldwide revenue of the semiconductor foundry industry will grow a mere 2.1% year on year to US\$50.3 billion. The worldwide revenue of the IC packaging and testing industry on the other hand will drop slightly by 0.5% year on year to US\$50.6 billion.

"Development of smartphone features is approaching its zenith, so the bar for innovations is being raised ever higher as well," said Ila Huang, TrendForce semiconductor analyst. The slowdown of consumption in China this year has been a major challenge to the shipments of high-end smartphones such as iPhone 6s. Sales of high-end devices will continue to struggle in 2016, negatively affecting the revenue growth of IC industry.

The following are some of the major trends that will be unfolding in the foundry and packaging/testing industries next year:

Foundries will have stronger bargaining power as more smartphone vendors use 14/16nm FinFET chips for their products

Apple will probably again rely on TSMC's 14/16nm FinFET technology for the production of its next iPhone chipset (also referred as "A10") in 2016. Other smartphone vendors will also follow to show their competitiveness, giving foundries a reason to maintain their prices for 14/16nm FinFET products.

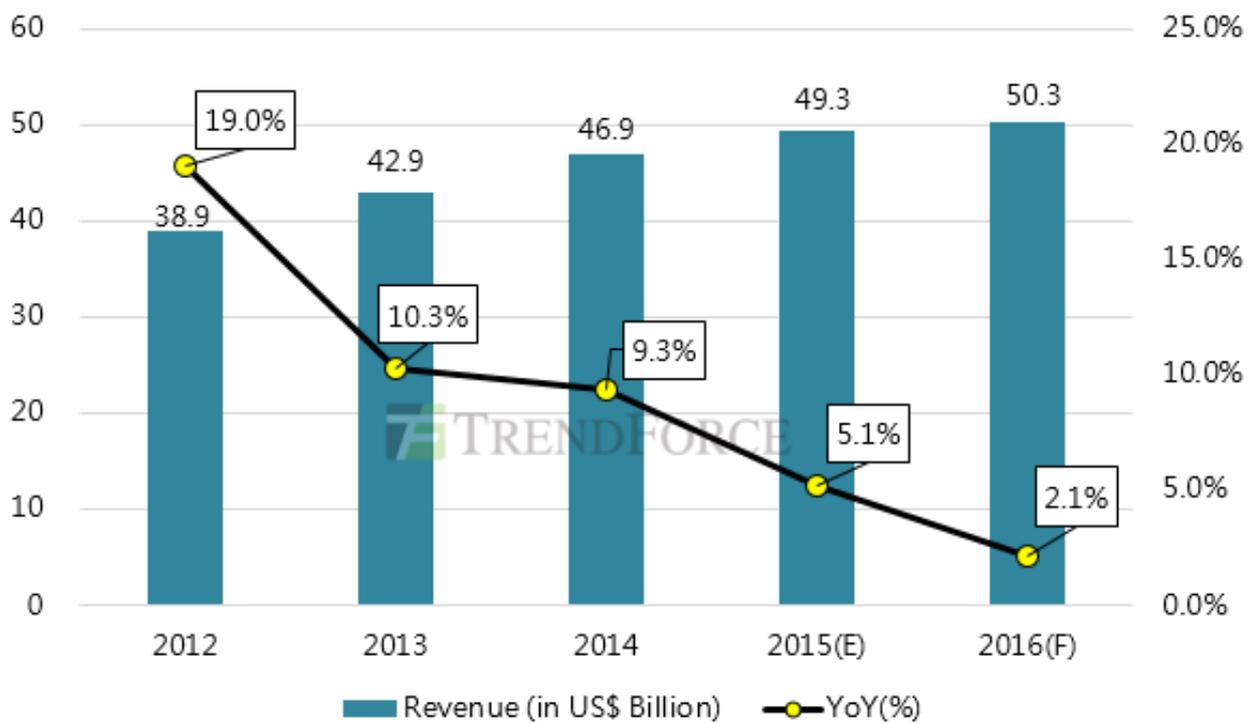
Overall capacity of 28nm chip production will expand owing to rising demand in the low-end smartphone market

With the Chinese economy entering a rough period, more attention has been paid to emerging markets such as India and ASEAN countries, where price is still the top factor for smartphone buyers. In these markets, demand for low-end and mid-range smartphones with upgraded features is anticipated to rise, which in turn drive the demand growth for 28nm production. Expansion of the 28nm capacity by foundries, however, will also lead to a small decrease in the margins of products based on this technology.

Internet of Things will drive SiP demand

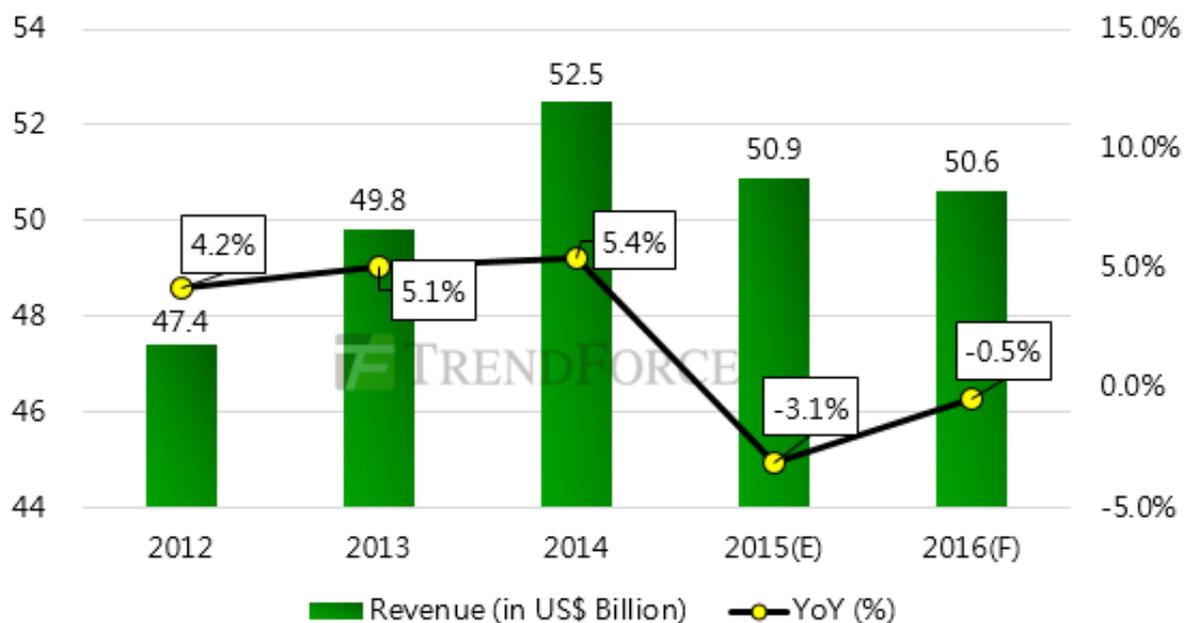
System-in-packaging (SiP) technology holds numerous benefits such as advanced integration, low cost, and fast product development cycle. This technology meets the demands of the current smartphone markets and the demands that are to be addressed in development of the Internet of Things. Huang noted that rising SiP demand next year will create attractive high-margin opportunities. More IC packaging and testing companies will therefore engage in research and development of the technology.

Figure 1: Global Foundry Revenue and YoY Growth, 2012~2016



Source: TrendForce, Dec., 2015

Figure 2: Global IC Packaging/Testing Revenue and YoY Growth, 2012~2016



Source: TrendForce, Dec., 2015

About TrendForce

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