

## TrendForce Says Contract Price Decline Resulted in 9.1% Drop in Global DRAM Revenue for 4Q15

2016-02-15 [Avril Wu](#)

The global DRAM industry posted US\$10.27 billion in revenue for the fourth quarter of 2015, representing a 9.1% drop from the prior quarter, according to [DRAMeXchange](#), a division of [TrendForce](#). The revenue decline was attributed to the falling DRAM average selling prices and the persistent market oversupply.

DRAMeXchange Research Director Avril Wu said: "In the fourth quarter, notebook shipments were stronger than expected and Apple's iPhone 6s shipments continued to sustain the market demand. At the same time, however, the DRAM suppliers were also in the midst of migrating their process technology. SK Hynix had just begun manufacturing on the 21nm process and Micron ramped up its 20nm production. Thus, DRAM price decline was unavoidable."

Samsung remained as the No. 1 DRAM supplier by revenue while SK Hynix widened its lead over Micron

Samsung continued to top the DRAM revenue ranking. Although the memory maker's fourth-quarter revenue fell by 9.7% compared with the prior quarter to US\$4.76 billion, it still retained a large market share of 46.4%. SK Hynix's revenue also fell by 9.3% quarterly to US\$2.87 billion, bringing its market share to 27.9%. Micron suffered the greatest hit with a 10.5% quarterly decrease in revenue and controlled only 18.9% of the market. The gap between Micron and SK Hynix has widened as the U.S. manufacturer has fallen behind in technology.

As for operating margins, the South Korean suppliers both experienced a slight drop in the fourth quarter of last year – Samsung to 43% and SK Hynix to 32%. Micron saw a more significant decline in its operating margin, from 14.8% in the third quarter to 8.5% in the fourth quarter. Wu expects Micron to have difficulty staying profitable in the second quarter of 2016 if DRAM prices stayed in their downtrend.

Major suppliers continue with their technology migration; SK Hynix leads in newly added capacity

In the technology race, the share of the 20nm manufacturing in Samsung's total DRAM production continues to climb, with the yield rate also being higher than those of its competitors. Samsung therefore has the lowest manufacturing cost among the major suppliers, and the company plans to begin production on the 18nm process in the middle of 2016 to reduce costs further.

SK Hynix, on the other hand, began manufacturing on the 21nm process in the fourth quarter of 2015 and will be able to steadily increase its overall DRAM capacity in this year's first quarter. Additionally, SK Hynix's M14 fab is now in operation, so the company is now the DRAM maker with the largest increase in new capacity.

As for Micron, it increased the 20nm production in the fourth quarter of 2015, but the yield rate has yet to improve. The U.S.-based supplier plans to begin 16nm manufacturing in the first half of 2016. With respect to the 16nm migration, Micron is also behind the South Korean memory makers. Hence, Micron will not be able to reduce its costs significantly as initially expected.

Nanya continues to increase its 30nm-die shrink production and has slightly raised its capacity. Though the prices of specialty memory products have fallen recently, Nanya's fourth-quarter revenue fell only by 1.8%.

Winbond's fourth-quarter revenue increased by 2.4% as the supplier benefited from the growth of its automotive electronic business and the satisfactory market demand for industrial memory products. Winbond plans to climb out of its technology rut and begin manufacturing on the 3X nm process in 2017.

As for Powerchip, the company reallocated capacity to the 25nm PC DRAM production as to maintain its capacity

utilization rate after a drop in LCD driver orders. Hence, Powerchip saw a substantial 10.6% quarterly increase in its DRAM revenue for the fourth quarter of 2015. Currently, Powerchip is also doing small batch runs on its 25nm process to reduce costs.

**Table: Revenue Ranking of Global DRAM Brands, 4Q15** (in USD million)

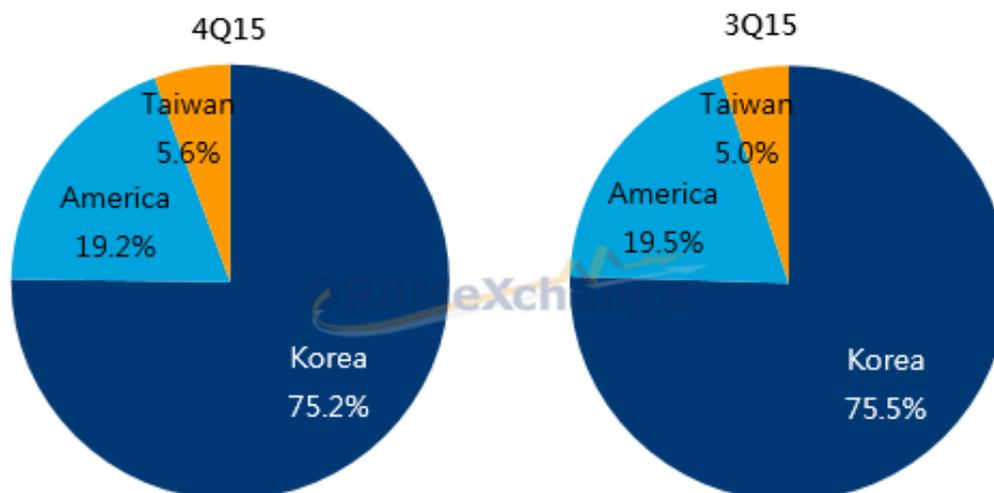
Ranking	Company	Revenue			Market Share	
		4Q15	3Q15	QoQ	4Q15	3Q15
1	Samsung	4,762	5,277	-9.7%	46.4%	46.7%
2	SK Hynix	2,865	3,159	-9.3%	27.9%	28.0%
3	Micron	1,945	2,173	-10.5%	18.9%	19.2%
4	Nanya	317	323	-1.8%	3.1%	2.9%
5	Winbond	154	150	2.4%	1.5%	1.3%
6	Powerchip	99	89	10.6%	1.0%	0.8%
	Others	127	127	0.3%	1.2%	1.1%
	<b>Total</b>	<b>10,270</b>	<b>11,298</b>	<b>-9.1%</b>	<b>100.0%</b>	<b>100.0%</b>

Note 1: 3Q15 USD\$1:KRW\$1,169; USD\$1:TWD\$32

Note 2: 4Q15 USD\$1:KRW\$1,156; USD\$1:TWD\$32.61

Source: DRAMeXchange, Feb.,2016

**Figure: Branded DRAM Market Share by Region**



Note: Market share calculation excludes "Others" category.

Source: DRAMeXchange, Feb.,2016

## About TrendForce

TrendForce is a global provider of the latest development, insight, and analysis of the technology industry. Having served businesses for over a decade, the company has built up a strong base membership base of 435,000 subscribers. TrendForce has established a reputation as an organization that offers insightful and accurate analysis of the technology industry through five major research divisions: DRAMXchange, WitsView, LEDinside, EnergyTrend and Topology. Founded in Taipei, Taiwan in 2000, TrendForce has extended its presence in China since 2004 with offices in Shenzhen and Beijing. For more details about TrendForce, please visit [www.trendforce.com](http://www.trendforce.com)

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**WitsView** offers comprehensive coverage of the display industry from upstream components, midstream panels/touch modules to downstream system integrators, brands and channels.

**LEDinside** covers all aspects of the LED supply chain from upstream equipment/materials, midstream chip/packaging to the downstream backlight and lighting market.

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