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NAND Flash Giants Suffer Revenue Loss of 16.8% in 4Q18, Dragged Down by Falling Prices, Says TrendForce

2019-02-21 Ben Yeh

DRAMeXchange, a division of the global market research firm TrendForce, reports that the rising economic uncertainties caused some server manufacturers to delay restocking or cancel orders, and compelled those upstream in the supply chain to make adjustments to their production lines, damaging their ability to stock up. Furthermore, Apple sales did not meet expectations in the new quarter, and the need to switch phones experienced a decline; laptop demands were impacted by the Intel CPU shortage. Bit-shipments did not perform as well as expected, despite the continual increase in average memory storage. All this led to a drop in revenue by 16.8% QoQ for brand owners in 4Q18.

Looking back at the sales performance for the whole 2018 year, annual bit-shipments rose by more than 40% compared to 2017, despite the quarterly decline in prices across all product categories. Total revenue still continued to grow, and reached a record high of US$63.2 billion, a growth of 10.9% from 2017.

Seasonal headwinds will worsen the demand slump in 1Q19, so smartphone and server manufacturers will continue to make adjustments to their inventories. Hence, the total NAND Flash bit shipments for the period are projected to register a QoQ decline. Also, major NAND Flash suppliers will be lowering their prices to retain their market shares. Total NAND Flash revenue will be dragged down by both falling unit prices and falling demand, and continue its decline.

Samsung

Samsung's bit shipments for 4Q18 shrank by more than 7% QoQ as a result of weakening demand in the smartphone, server, and notebook PC markets. Samsung's ASP also fell sharply by more than 20% QoQ, as it had to make downward corrections on prices in order to reach its sales targets. Samsung's revenue for 4Q18 came to US$4.304 billion, showing a decline of 28.9% QoQ.

In face of the ongoing market oversupply, Samsung intends to maintain its production capacity for 3D NAND Flash at the current level through 2019. Samsung will also scale back its production capacity for 2D NAND Flash in accordance with the falling demand for the older architecture. On the other hand, Samsung is sticking with its plan to erect a second fab building at the site of its Pyeongtaek plant. From the technology angle, Samsung has reached maturity with the development of the fifth-generation process. However, the company will hold back on expanding the production capacity of the advanced technology as it wants to avoid an excessive growth in its output.

SK Hynix

Toshiba

Western Digital

Micron

Intel

Intel's production and technology goals for this year include ramping up the second-phase facility of the Dalian operation to its full capacity. On the other hand, they will continue their transition into 96L products, whose output share is forecasted to reach near 30% in 2H19.

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 visitwww.trendforce.com

Major research divisions:

DRAMeXchange focuses on memory, storage and the consumer electronics industry including PC DRAM, Mobile DRAM, Server DRAM, NAND Flash, SSD and smartphone.

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.

EnergyTrend specializes in green energy research, such as solar energy, lithium battery, energy storage systems and xEVs.

Topology studies structural trends of technology industries in the Greater China Region and beyond, focusing on semiconductors, photovoltaic technology, telecommunications, and IA.

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