

Revenues for NAND Flash Brands 1Q Fall by 23.8% QoQ While Prices Fall Non-stop in 2Q, Says TrendForce

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DRAMeXchange, a division of [TrendForce](#), says that besides the effects from the traditional offseason 1Q this year, the weakening demand in 4Q18 has pushed smartphone and server OEMs to begin adjusting their inventories. This in turn lowered sales bit performance across all products, causing overall NAND flash contract prices to see the most dramatic drop since 1Q18.

1Q19 eMMC/UFS, Client SSD and Enterprise SSD contract prices fell by 15~20%, 17~31% and 26~32%, respectively. Although TLC wafer product contract price drops narrowed somewhat, it still fell by up to 19~28% QoQ. Demand for primary products including smartphones, notebook PCs and servers will see a recovery, but this will not be enough to ease inventory pressure, and suppliers will see no end to plunging prices if inventory pressures are unremoved.

Samsung

As other suppliers become affected by the first quarter and customers face falling bit shipments in their struggle to clear out inventories, Samsung still managed to maintain a 5% bit growth in the first season. This was mainly due to high capacity UFSs selling better than expected in 1Q and high capacity client SSDs performing better in shipments. Furthermore, Samsung had increased its sales momentum in the wafer market 1Q, which did give rise to bit shipment growth but conversely intensified the fall percentage in ASP and brought it to around 25%. 1Q revenue came to US\$3.23 billion, a 25% decline QoQ.

SK Hynix

Having been dealt a blow by declining shipments in the smartphone market, although SK Hynix did enjoy a slight growth in average density, this growth still wasn't enough to offset the deleterious effects. As for other products, SSD shipments experienced a decline simultaneously albeit narrowed to a 6% QoQ overall, thanks to an increased outflow of sales directed toward wafer markets. The extent to which ASP dropped, however, came all the way to 32%, and 1Q NAND flash revenue declined by 35.5% to US\$1.02 billion.

Toshiba

Impacted likewise by the traditional offseason, and further by the fact that smartphone-manufacturing customers (including Apple) are still making the periodical inventory adjustments, shipments performed weakly for Toshiba. Despite efforts by module manufacturers to strengthen shipment momentum, bit shipments still declined compared to the previous quarter. As prices across product categories fall off a cliff, ASP exhibits a QoQ decline of around 20%, while total revenue stands at 2.18 billion, a 20.2% decline QoQ.

Western Digital

Despite the shipment weakening effects of the traditional offseason and relatively high inventories up- and down-stream, overall sales performance did not deviate much from Western Digital's predictions. In an attempt to stimulate sales, Western Digital conducted further price negotiations with customers after the Chinese New Year, which also caused ASP to drop by 22%, even further than originally expected. Price elasticity stimulated demand even further, causing bit shipments to perform better than expected and drop only by about 5%. Total revenue came to US\$1.61 billion, a QoQ decline of 25.9%.

Micron

Despite the effects of the traditional offseason and consolidating customer demand, Micron's financial performance was spectacular compared to other suppliers, declining by only 18.5% QoQ in total revenue to US\$1.78 billion. Besides the difference in financial periods, Micron was also able to move customers to introduce PCIe SSD products adopting 64-layer 3D NANDs, all the while releasing their new client SSD products for PC OEM customers in the 96-layer department, which will prove helpful to its strategy of lowering the proportion of wafer sales. 1Q ends with a near-25% decline in ASP, whereas bit sales remain on the rise: 8-10%.

Intel

In wrestling for enterprise SSD market shares, suppliers placed their hopes on price reductions in 1Q, and Intel was no different, registering an ASP drop of over 20% in a single season. Clients, however, continued to switch to SSDs to satisfy their server hardware needs. Combined with the growth we see in content-per-box, this caused its sales bit performance to sustain growth by over 10%, rewarding Intel with a revenue of US\$915 million this quarter, a 17.3% decline QoQ.

Table: 1Q19 Sales Ranking of Branded NAND Flash Makers

Company	Revenue (US\$M)		Market Share (%)	
	1Q19	QoQ (%)	1Q19	4Q18
Samsung	3,229.2	-25.0%	29.9%	30.4%
Toshiba	2,180.0	-20.2%	20.2%	19.3%
Micron	1,776.0	-18.5%	16.5%	15.4%
WDC	1,610.0	-25.9%	14.9%	15.3%
SK Hynix	1,023.7	-35.5%	9.5%	11.2%
Intel	915.0	-17.3%	8.5%	7.8%
Others	58.0	-25.0%	0.5%	0.5%
Total	10,791.9	-23.8%	100.0%	100.0%

Note 1. 4Q18 USD/JPY=1:112.8; USD/KRW=1:1,126.8

Note 2. 1Q19 USD/JPY=1:110.2; USD/KRW=1:1,124.8

Source: TrendForce, May, 2019

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

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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