



Semiconductor Biz Insight

Your 5 minute monthly e-link digest brought to you by VLSI Consultancy

September 2011 Issue

Your monthly digest which aims to provide you a round up of the semiconductor headlines with a special focus to the Asian arena - direct to your inbox. Simply click on the relevant links provided to get the details.

•[Key Take-Away](#)

•[Local Asia-Pacific News](#)

•[Industry Headlines](#)

•[Financial Watch](#)

•[Mergers, Acquisition, Joint Ventures, Spin-offs and People](#)

•[Market Outlook](#)

•[Views and Opinions](#)

•[Stock Watch](#)

Hi,

Well, the market this month was abuzz with news about Google acquiring Motorola Mobility for a whopping \$12.5 billion. Immediate stock market reaction: Taiwan stocks slipped 0.27 percent while Motorola suppliers rallied. [So what's the deal with the Google-Motorola mobility deal, eh??](#)

HP also contributed to the "shock-and-awe" by announcing that it is considering to spin-off its PC unit. This PC retreat by the technology giant has caused ripples in the supply chain – especially in Taiwan, home of the world's PC supply chain (Hon Hai, Quanta, Inventec, Wistron, Catcher Technology to name a few). The jitters were enough for Taiwan's minister of economic affairs to ask ministry officials to evaluate the possible impact on the local market.

On the brighter side, Taiwan's supply chain has found a surprise benefactor in AMD - While increasing foundry outsourcing to TSMC, AMD has augmented packaging and testing contracts to Taiwan's providers as well. Nanya is also expected to land contracts via Japanese partner NGK Spark Plug, which has directly received substrate contracts from AMD.

In a bid to stay ahead of foreign rivals, neighbouring South Korea's memory chipmakers are speeding up the development of 20nm class DRAM modules and aim to start mass production within the year. Rival Elpida's claim to have started small sample shipments of 25nm DRAM modules late last month may have something to do with it.

Before I sign off.... guess, which country accounts for almost half of world's overall LED equipment spending?? Well, the answer is - none other than China, where the local governments have propped up new LED fab projects through subsidy programs.

If you have any thoughts on the above & would like to share them with me and your industry colleagues through this e-

newsletter, please email me at meenu@asic-vlsi.com.

Have a great month ahead!

Best Regards
Meenu

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LOCAL ASIA-PACIFIC NEWS

[Veeco opens Hsinchu technology centre](#)

Source: Kevin Tan, Taipei Times – 1st September 2011

The Hsinchu centre, which is expected to hire 40 employees after an investment of US\$8 million, is the latest move by the US LED equipment maker to expand its presence in Asia

[Samsung, GlobalFoundries announce new 28nm collaboration](#)

Source: Joel Hruska, Hot Hardware – 30th August 2011

The two announced their intention to synchronize their 28nm high-performance/low-leakage production facilities. This new agreement follows 2010 collaboration between GloFo, Samsung, IBM, and STMicroelectronics in which all four firms agreed to cooperate in building out their low-power 28nm process nodes.

[LSG and Dixon Technologies to offer low cost LED lamp in India](#)

Source: LEDs Magazine – 30th August 2011

To be priced at less than \$15, the Definity 60W-equivalent replacement lamp will be jointly manufactured by Lighting Science Group and electronics manufacturer Dixon Technologies, first targeting the LED lighting market in India beginning year-end 2011

[Infinaera opens Hong Kong office for Asia Pacific customers](#)

Source: Marketwire – 22nd August 2011

The facility is aimed at demonstrating digital optical network innovation as the company expands in APAC.

[MOEA evaluates impact of HP spin-off plan](#)

Source: Focus Taiwan – 21st August 2011

In response to a PC spin-off plan announced by computer giant Hewlett-Packard (HP), the minister of economic affairs asked ministry officials earlier this week to

KEY TAKE-AWAY

Quarterly results and financial health

Beating expectations: Nvidia, Mentor Graphics, Marvell.
Cautious outlook: Applied Materials, Novellus, Analog Devices. *Capex cutting:* LG Display, Intel (speculation)

Acquisitions

Google bought Motorola Mobility, Cree – Ruud Lighting, Samsung – Grandis, ASIX Electronics – MosChiip assets

Training

[“Technical Marketing Essentials – for semiconductor professionals”](#) – a 2 days public training course organized under [IC-PLUS series](#) organized in collaboration with VIRTUS and NTU-CCE. Course fees are 50% subsidized by WDA.
1st run : 6th – 7th October 2011

evaluate the possible impact on the local market.

[Malaysian government delays launch of feed-in-tariff to Dec 1](#)

Source: Joseph Chin, The Edge – 15th August 2011

The implementation of the FiT is a long term commitment from the Malaysian government to enable renewable energy to reach a target of at least 985 MW by 2015 and 2,080 MW by 2020. The renewable resources eligible for the FiT are biogas, biomass, small hydros and solar photovoltaic.

[China goes full throttle on LEDs](#)

Source: Electroiq – 10th August 2011

LED production investments have rapidly escalated in China. Last year, SEMI recorded explosive growth on equipment spending from LED fabs globally, jumping from \$606 million in 2009 to \$1.78 billion in 2010.

[Spansion announces industry's first 4-Gb NOR flash](#)

Source: PR Newswire – 9th August 2011

The 4Gb in 65nm technology will sample in August with production in the fourth quarter of 2011

[S.Korean chipmakers rev up development of 20nm DRAMs](#)

Source: Yonhap News Agency – 9th August 2011

Samsung Electronics and Hynix Semiconductor, the world's two largest producers of semiconductors, are moving quickly to develop key precision machining techniques and are setting up production facilities to churn out cutting-edge DRAM modules. Both companies have announced plans to complete development or start volume production of 20-nano type DRAMs within the year.

[Back to top](#)

INDUSTRY HEADLINES

[MOSAID acquires 1200 Nokia standards – essential wireless patents and 800 implementation patents](#)

Source: Marketwire – 1st September 2011

One hundred of the patent families, consisting of approximately 1,200 patents and applications, have been declared essential to second, third and fourth-generation communications standards, including GSM. UMTS / WCDMA and LTE. The rest of the portfolio consists of approximately 800 wireless implementation patents.

[Broadcom seeks more phone customers in showdown with Qualcomm](#)

Source: Ian King, Bloomberg Businessweek – 24th August 2011

Broadcom plans to increase the speed of its mobile-phone processors in a new push to expand its customer base beyond Nokia Oyj and Samsung Electronics. It plans to devote enough resources to new customers and may allot as many as 100 engineers to each one.

[HP's PC spinoff would 'reinvent' company with return to roots](#)

Source: Dina Bass, Bloomberg – 20th August 2011

Hewlett-Packard's move mirrors a broader shift among U.S. technology companies, with fewer of them designing and selling PCs -- a trend that began when IBM offloaded its PC unit to Lenovo in 2005.

[LED surplus briefly stalls out MOCVD shipments](#)

Source: Electroiq – 18th August 2011

A rising light emitting diode (LED) surplus suppressing prices, slower LCD/LED panel growth, a slow-to-ramp LED lighting market, tighter credit in China, and other factors are converging to stall out metal-organic chemical vapour deposition (MOCVD) equipment installs in 2011.

[Back to top](#)

FINANCIAL WATCH

[LTX-Credence warns of first quarter loss](#)

Source: Reuters – 31st August 2011

The semiconductor testing company posted a lower-than-expected quarterly profit and forecasted a loss for the first quarter on a sharp drop in revenue

[LG Display cuts capex as tablet boom hits LCD TVs](#)

Source: Reuters – 29th August 2011

The flat-screen maker will slash next year's capital spending by a quarter as booming sales of mobile devices from iPads to Android smartphones saps demand for TV panels, its main source of earnings. Mired in excess capacity for more than a year, the outlook has worsened for the global LCD flat-panel industry.

[Applied Materials warns of weak quarter, stock down](#)

Source: Reuters – 24th August 2011

The company forecasted weak quarterly revenue, saying concerns about a tough economy have led chipmakers to delay spending to expand capacity, pushing down the company's shares.

[Marvell Q2 beats on mobile growth](#)

Source: Reuters – 18th August 2011

For the second quarter, profit rose to \$192 million, or 31 cents a share, compared with \$220 million, or 33 cents a share, a year ago.

[Mentor earnings and forecast up, beat expectations](#)

Source: Ted Sickinger, Oregon Business News – 18th August 2011

Sales were up 14 per cent to \$213.7 million, driven by a 17 per cent increase in systems and software revenues.

[Japan's chip equipment book-to-bill ration worsens](#)

Source: Nikkei – 17th August 2011

Conditions in Japanese chip making equipment sector worsened last month, with shipments outpacing new orders, according to Semiconductor Equipment Association of Japan. Foundries such as TSMC and large makers of memory chips are easing up on capital spending as the global economy slows.

[Analog Devices 3Q profit up but Q4 outlook weak](#)

Source: Associated Press – 16th August 2011

The company's third-quarter net income rose 10 per cent on demand in its automotive, communications and industrial segments, but the results missed expectations and company struck a cautious tone about the economy and fourth-quarter revenue

[Dell slashes 2012 sales forecast, bodes ill for HP](#)

Source: Poornima Gupta, Reuters – 16th August 2011

The No. 2 PC maker cut its full-year revenue growth estimate to just 1 to 5 per cent, from 5 to 9 per cent previously, citing growing uncertainty about whether government and corporate spending on everything from servers to software can hold up in the face of flagging economic growth.

[IMI posts 39% y-o-y growth for 1H11](#)

Source: EE Times – 15th August 2011

The global electronics manufacturing services and power semiconductor assembly and test services provider, has reported \$262.5 million sales revenue for the first half of the year. This represents a 39 per cent increase YoY resulting from a robust performance of its China operations and additional revenues from PSI Technologies.

[Mobile sales up 16.5 per cent, Android surges ahead](#)

Source: Tyler Thia, ZDNet Asia – 12th August 2011

Sales of smartphones were up 74 per cent year-on-year and accounted for 25 per cent of overall sales in the second quarter of 2011, an increase from 17 per cent in the same quarter last year, Gartner noted.

[Nvidia's outlook bets Street, shares soar](#)

Source: Noel Randewich, Reuters – 11th August 2011

Nvidia forecasted a larger-than-expected jump in quarterly revenue and its CEO said the chipmaker's mobile business was accelerating, sending its shares skyrocketing.

[Southeast Asia LCD TV sales up 30% in 1H11](#)

Source: EE Times – 11th August 2011

According to GfK Asia, consumers in Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam have spent over \$2.1 billion on 6.33 million TV sets in the first half of the year, reflecting an overall industry growth of 16 and 11 per cent in value and volume, respectively.

[MEMS tracker report shows sensors outpacing semiconductor growth](#)

Source: Marketwire – 10th August 2011

Sensors hit almost \$7 billion in 2010, with 6.5 million units shipped. Touch and orientation electronics require sensors to operate, and are being integrated into increasing numbers of applications. Other sensors are also seeing strong demand from automotive, medical electronics, and security applications

[Android takes 48% of Q2 smartphone market](#)

Source: Peter Clarke, EE Times – 8th August 2011

Of the 56 countries market research firm Canalsys tracks around the world, Android led in 35 of them and achieved a global market share of 48 per cent. Asia Pacific (APAC) remained the largest regional market, with 39.8 million units shipping there, compared with 35.0 million in Europe, the Middle East and Africa (EMEA), and 32.9 million in the Americas.

[Nomura divests semiconductor packaging substrate maker shares](#)

Source: Electroiq – 6th August 2011

Nomura Principal Finance Co. Ltd., a wholly owned subsidiary of Nomura Holdings Inc., transferred all the shares it owns in Eastern Co. Ltd. to Eastern. Eastern manufactures and sells semiconductor packaging substrates and electronic equipment such as power supply units.

[Samsung widens gap with Toshiba in Nand Flash market](#)

Source: Yonhap News Agency – 3rd August 2011

While the global NAND flash market shrank 9 per cent from the previous quarter to US\$4.88 billion in the April-June period, Samsung claimed 40.1 per cent in the three-month stretch. accounted for 27.9 per cent of the second-quarter NAND flash market,

[Broadcom, STMicro, Renesas and Trident lead \\$3.3b set top box IC market: ABI Research](#)

Source: Business Wire – 3rd August 2011

Broadcom holds a secure first place with the largest percentage of market share, followed by STMicro. The two companies diverge on what countries they target with their product shipments. STMicro focuses on developing regions and free-to-air solutions, with a significantly lower ASP compared to Broadcom's primary customers in cable and satellite in North America and Western Europe.

[Back to top](#)

MERGERS, ACQUISITIONS, JOINT VENTURES, SPIN OFFS AND PEOPLE

[HP says prefer to spin off PC unit](#)

Source: Reuters – 30th August 2011

The world's largest technology company by revenue shocked investors when it announced earlier this month that it is considering strategic alternatives for its Personal Systems Group (PSG) -- which includes PCs -- and would kill its new tablet computer as part of a major revamping away from the consumer market.

[Cree buys Ruud Lighting for \\$525m; shares slide after hours](#)

Source: Eric Savitz, Forbes – 17th August 2011

The deal will consist of \$372 million in cash, \$211 million in stock based on today's closing price of \$34.74 a share; plus \$85 million to retire outstanding debt, offset by an expected \$143 million in tax benefits.

[TSMC's LED business likely to benefit from Bridgelux's Ga-on-Si technology](#)

Source: CENS.com – 17th August 2011

TSMC Solid State Lighting an LED subsidiary wholly owned by foundry giant TSMC is likely to acquire the GaN-on-Silicon technology recently launched by Bridgelux of the United States, in which TSMC-held VTAF has stakes.

[Google to buy Motorola Mobility in biggest deal ever](#)

Source: Sinead Carew and Alexei Oreskovic, Reuters – 15th August 2011

The acquisition of one of the mobile telecommunications industry's most storied names is Google co-founder Larry Page's boldest move since taking over as CEO in April, launching the Internet giant into a lower-margin manufacturing business and pitting it against many of the 38 other handset companies that now use its Android software.

[MEMC scoops up Fotowatio's US solar business](#)

Source: Environmental Finance – 12th August 2011

The deal will see MEMC scoop up Fotowatio's 42MW portfolio of solar projects in the US and an additional 28 projects in the pipeline. In total, the operational projects and pipeline represent 1.4GW of solar capacity, the firms said.

[ASIX Electronics buys MosChip assets](#)

Source: D&R Headline News – 11th August 2011

The acquisition enhances ASIX's portfolio of embedded networking and connectivity products by adding single, multi-port Serial, Parallel, Ethernet, VGA, and IrDA connectivity for various computer and peripheral equipment with PCI

Express (PCIe), Peripheral Component Interconnect (PCI) and USB host interface.

[SAS ties up \\$458m Covalent wafer deal as solar profits plunge](#)

Source: Recharge News – 11th August 2011

Taiwan's Sino-American Silicon Products (SAS) has agreed to buy the silicon-wafer manufacturing business of Japan's Covalent Materials for ¥35bn (\$457.9m). The cash purchase from Covalent's owners, private equity funds Carlyle Group and Unison Capital, will make SAS the world's sixth-largest silicon-wafer manufacturer with a market share of about 5.4%, according to the company.

[Samsung buys MRAM maker Grandis](#)

Source: Lucas Mearian, Computerworld – 2nd August 2011

Grandis' non-volatile memory technology, MRAM, is a future contender to DRAM and NAND flash memory.

[IMI acquires EPIQ subsidiaries in Europe and Mexico](#)

Source: Evertiq – 1st August 2011

These entities are involved in the design and manufacture of electronic and electro-mechanical systems and subsystems for diverse markets that include automotive and industrial equipment.

[Back to top](#)

MARKET OUTLOOK

[DRAM oversupply, freefalling prices expected in 2H'11: IHS](#)

Source: Amy Berryhill, CRN – 31st August 2011

IHS expects the cost of the bellwether DRAM product - Double Data Rate 3 in the 2 gigabit density - to drop to \$1.60 in the third quarter, down 66 per cent from the third quarter last year. The report forecasted additional price reductions, to \$1.25, in the fourth quarter.

[IEK further lowers growth forecast of Taiwan's semiconductor industry](#)

Source: CENS.com – 29th August 2011

After lowering its growth forecast of Taiwan's semiconductor industry to a negative 5.8% for this year on Aug. 10, the Industrial Economic & Knowledge Centre (IEK) revised the growth forecast downward further to a negative 11.3% on Aug. 25. It based the downward revision on the plunge of Taiwan's semiconductor industry as a whole in mid-August, triggered by a slew of negative data on global economy.

[Automotive MEMS sensors to return to healthy growth in 2012](#)

Source: MEMS Investor Journal – 25th August 2011

As per a report from IHS iSuppli, Global automotive MEMS sensor revenue will

jump a solid 16 per cent in 2012 to \$2.31 billion on its way to \$2.93 billion in 2015. The years ahead also will see expansion continuing at a healthy clip, with the overall five-year compound annual growth rate (CAGR) from 2010 to 2015 projected at 9 per cent

[Cleanroom spending dominated by Asia for foreseeable future](#)

Source: Electroiq – 25th August 2011

Asia's cleanroom hardware and consumables spending will hit \$7.5 billion in 2015, comprising over 60% of the global market, according to a report from Mcllvaine Cleanrooms: World Markets report. Cleanroom demand comes from the concentration of semiconductor, flat panel display, memory storage, and solar panel manufacturing in Asia.

[Sensors to overtake semicon growth](#)

Source: Sensor Magazine – 25th August 2011

Databeans forecasts that the sensors and MEMS market will reach \$19.1 billion by 2016 at a 10 per cent CAGR. The two strongest market segments affecting the sensor industry are the consumer and the automotive industry.

[Silicon TV tuners market to reach \\$750m by 2015](#)

Source: EE Times – 18th August 2011

The recent In-Stat research has forecasted that in 2015, mobile video services in China, Brazil and the U.S. that create new growth markets for all-digital mobile tuners will drive the value of silicon TV tuners to \$750 million

[IC production value to decline in Q3: ITIS](#)

Source: The China Post – 17th August 2011

Taiwan's semiconductor production value is expected to reach NT\$413.8 billion in the third quarter, a decline of 1.1 per cent from the second, said the Industry and Technology Intelligence Service (ITIS) under the Ministry of Economic Affairs (MOEA). On the positive side, semiconductor production value hit NT\$418.3 billion in the second quarter, a rise of 4.5 per cent from the first.

[Global uncertainty to hit Analog Devices' Q4](#)

Source: Reuters – 16th August 2011

Analog Devices continued to grapple with supply chain issues in the third quarter and the microchip maker said it expects the uncertain macroeconomic environment to hurt fourth-quarter revenue as customers cut down orders. It expects revenue from its industrial business -- its biggest segment -- to fall sequentially as customers in the United States and Europe reduce orders.

[AMD's bright outlook likely to boost Taiwan's supply chain](#)

Source: CENS.com – 16th August 2011

Taiwan's IC supply chain is expected to benefit from good business performance of Advanced Micro Devices Inc. (AMD), which is projected to outperform arch-rival

Intel in the third quarter with increased shipment of accelerated processing units.

[New LED entrants in China to boost 2012 outlook](#)

Source: Compound Semiconductor – 15th August 2011

IMS Research has lowered its 2011 gallium nitride MOCVD forecast by 24% to 833 reactors, which still represents 4% growth over 2011. In 2012, China is expected to continue to dominate the market for GaN MOCVD tools, market, but shrink to 61% in Q4'12 as Taiwan and Korea rebound.

[Wireless out sells PCs: IHS](#)

Source: Euroasia Semiconductor – 11th August 2011

Driven by booming sales of smartphones and tablets, OEMs in 2011 will buy \$55.4 billion worth of semiconductors for use in wireless devices, up 10.7 per cent from \$50.1 billion in 2010, according to an IHS report. In contrast, OEMs will spend \$53.1 billion on semiconductors used to make computers, up a scant 1.2 per cent from \$52.5 billion in 2010,

[Back to top](#)

IEWS AND OPINIONS

[LED, WLP, SiGe metrology challenges of today](#)

Source: Debra Vogler, Solid State Technology – 4th August 2011

LEDs, WLP bumps and SiGe semiconductors each present their own challenges to metrology systems, says Alon Kapel, Jordan Valley Semiconductor. He speaks with Debra Vogler at SEMICON West 2011.

[Mentor CEO Rhines fears foundry oversupply](#)

Source: Sufia Tippu, EE Times – 2nd August 2011

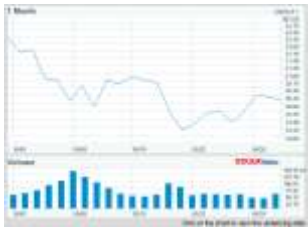
While global semiconductor revenue is projected to expand by 7.2% in 2011, Walden Rhines, chairman and CEO of EDA vendor Mentor Graphics, sounds a note of caution about maintaining this growth in 2012.

[Back to top](#)

STOCK WATCH

Source: NASDAQ

1 month chart for Intel, TSMC, TI, Broadcom, STM, Xilinx, KLA-Tencor, Qualcomm, LSI, UMC, Applied Materials, Teradyne, Toshiba and Infineon



INTEL



TSMC



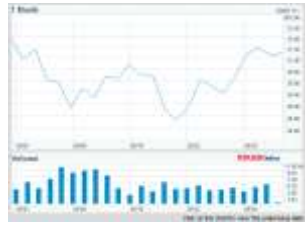
TI



BROADCOM



STM



XILINX



KLA-TENCOR



QUALCOMM



LSI



UMC



APPLIED MATERIALS



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[Back to top](#)

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