Fab Equipment Spending: Flat in 2013; Up 24% in 2014

SEMI

Construction spending now expected to increase in 2013

SAN JOSE, Calif. — March 5, 2013 — Fab equipment spending for Front End facilities is expected to be flat in 2013, remaining around US$ 31.7 billion, increasing to $39.3 billion in 2014 — a 24 percent increase (See Table 1). The SEMI World Fab Forecast also reveals that in 2013 increases for fab equipment spending will vary by technology node and that fab construction spending will increase an overall 6.7 percent with major spending in China. The report tracks equipment spending at over 180 facilities in 2013.

Table 1

Fab Equipment Spending: Front End					
	2010	2011	2012	2013	2014
Equipment spending in US$ Million	$ 33,530	$ 38,710	$ 31,802	$ 31,668	$ 39,266
Change %		15.4%	-17.8%	-0.4%	24.0%
including used and in-house					
Source: SEMI World Fab Forecast reports (February 2013)					

More than 262 updates have been made since the last publication of the SEMI World Fab Forecast. Updates are based on announced spending plans, including major changes for TSMC, Samsung, Intel, SK Hynix, Globalfoundries, UMC, and for some Japanese facilities and LED facilities. Despite these adjustments, the overall forecast for equipment spending for 2013 has remained about the same. Depending on macro-economic risk factors, possible scenarios project a range of -3 percent to +3 percent change rate for fab equipment spending in 2013; in other words, hovering around flat.

Though the overall outlook has improved some, fewer players in the market can afford the rising costs for R&D and upgrading facilities as the amount of money needed to upgrade facilities at the leading edge technologies is immense. The World Fab Forecast report shows increases for fab equipment spending, varying by

technology node. Fab equipment spending for 17nm and below is expected to kick off in 2013 and increase by a factor of 2.4 to about $25 billion from 2013 to 2014.

Fab construction spending is now expected to increase 6.7 percent with construction spending to reach almost US$ 6 billion. In 2014, however, construction project spending is expected to contract by about 18 percent. Construction spending is led by TSMC, with seven different projects for the year; followed by Intel. Fab construction spending in China will increase by a factor of four due to Samsung's Mega fab in Xian.

Capacity is now forecasted to expand by just 2.8 percent for this year and to improve to 5.4 percent growth in 2014. Excluding 2009, the years 2012 and 2013 show the lowest growth rate for new capacity over the past ten years. However, pent-up demand is expected for some product types because capacity additions have been cut to minimum levels while chip demand keeps increasing. Capacity additions and equipment spending are expected to pick up in the second half of 2013. In 2014, at least 5 percent in new capacity will be added and fab equipment spending will increase by 24 percent. The World Fab Forecast gives detailed capacity information by industry segment and by individual company and fab.

Since the last fab database publication at the end November 2012 SEMI's worldwide dedicated analysis team has made 262 updates to more than 210 facilities (including Opto/LED fabs) in the database. The latest edition of the World Fab Forecast lists 1,146 facilities (including 310 Opto/LED facilities), with 58 facilities starting production this year and in the near future.

The SEMI World Fab Forecast uses a bottom-up approach methodology, providing high-level summaries and graphs; and in-depth analyses of capital expenditures, capacities, technology and products by fab. Additionally, the database provides forecasts for the next 18 months by quarter. These tools are invaluable for understanding how the semiconductor manufacturing will look in 2013 and 2014, and learning more about capex for construction projects, fab equipping, technology levels, and products. Learn more about the SEMI fab databases at: www.semi.org/MarketInfo/FabDatabase [1] and www.youtube.com/user/SEMImktstats [2]

SEMI's Worldwide Semiconductor Equipment Market Subscription (WWSEMS) data tracks only new equipment for fabs and test and assembly and packaging houses. The SEMI World Fab Forecast and its related Fab Database reports track any equipment needed to ramp fabs, upgrade technology nodes, and expand or change wafer size, including new equipment, used equipment, or in-house equipment. Also check out the Opto/LED Fab Forecast.

About SEMI

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Links:
[1] http://www.semi.org/MarketInfo/FabDatabase
[2] http://www.youtube.com/user/SEMImktstats
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