

# SEMICONDUCTORS AT A GLANCE

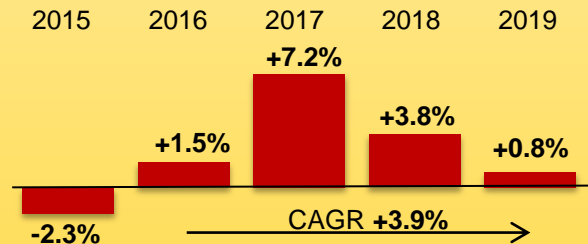


## Market Dynamics 2016-2019



Revenues 2016 **USD 339.7bn**  
 Incr. 2016-19 **USD +41.2bn**

### Annual Revenue Growth



**Strong growth in 2017** due to memory market, stronger pricing and higher semicon content in Internet of Things applications



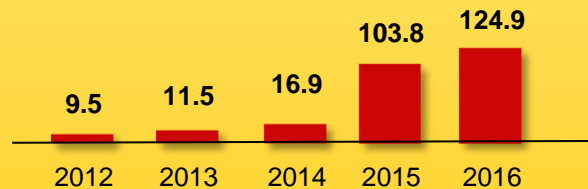
+10.3%

Strongest growth dynamics in **Industrial & Automotive** applications



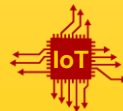
+6.9%

### M&A total value per year (USD bn)



Largest market increment originated in **Industrial (USD +11.5bn)** and **Communication (USD + 10.0bn)**

**Internet of Things** will shape the market towards **high-volume, low-value** semiconductors



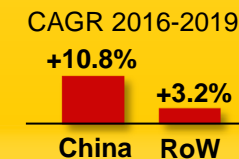
65% of all M&A have been IoT driven in 2016



CAGR for **capital spending** until 2019 will be 4.8% - higher than 3.9% CAGR for semiconductor market revenue

2016: +5.1%  
 2017: +2.9%  
 2018: +5.3%  
 2019: +6.4%

**China** grows three times faster than Rest of World



Increased **capital spending** in **China** will create **oversupply** in **memory** and **low-end semiconductor** market by 2020



### SUPPLY CHAIN IMPLICATIONS

- Internet of Things drives towards **high volume, low value market** requiring streamlined supply chains
- Changing customer base** with smaller orders demand new distribution platforms (eCommerce)
- “Made in China”** will shift supply chain focus and lead to new partnership models
- Continued **M&A activity** will result in mid term structural consolidation and re-design of supply chains

