STAMFORD, CT — Worldwide semiconductor revenue is projected to total $311 billion in 2013, up 4.5% from 2012, research firm **Gartner** said today. The firm also lowered its fourth-quarter and full-year 2012 projections, citing economic headwinds and inventory corrections.

In a press release, Gartner said 2012 semiconductor revenue would total $298 billion, down 3% from 2011. Gartner's third-quarter forecast had put revenue at $309 billion for 2012, which would have meant an increase of 0.6% from 2011.

"The looming fiscal cliff, ongoing European debt crisis, slower emerging market growth and regional tensions have all played a part in reduced growth projections for semiconductor revenue in both 2012 and 2013," said Peter Middleton, principal analyst at Gartner. "Inventory levels were already high at the start of the second half of 2012, and as PC demand rolled off, supply simply overshot demand."

The semiconductor market was further depressed when DRAM prices failed to rebound in 2012. Gartner predicts that the DRAM market will not recover until the second half of 2013, when lower supply growth is expected to pull the market into a period of undersupply. This should prove a turning point for the semiconductor industry; memory is expected to lead the recovery with 15.3% growth and total semiconductor revenue is projected to reach $342 billion in 2014, an increase of 9.9% from 2013.

The "**Apple** effect" is expected to remain pronounced in 2013, helping drive strong NAND and application-specific integrated circuit (ASIC) revenue growth of 17.2% and 9.4%, respectively. Gartner counts the A4, A5 and A6 application processors from Apple as ASICs, because these are custom processors, designed and solely used by Apple. ASICs will also benefit from the new generation of video game consoles being introduced in late 2012 and 2013.

PC production will decline 2.5% in 2012. In 2013, total PC production is expected to remain weak; however, ultramobile PCs will grow strongly off a small base. The challenging economic environment has contributed to PC life cycle extension, in addition to users extending the life of their PCs as they adopt tablets.

Mobile phone production growth in 2012 and 2013 is predicted to soften overall as the tough economy reduces short-term demand for phones. However, the forecast for utility/basic smartphones has been increased, largely at the expense of traditional phones. In particular, adoption of Android-based entry-level smartphones in emerging regions continues to accelerate and will be a key growth driver. Worldwide smartphone unit production growth in 2013 is forecast to be 33 percent.

Media tablet production is also forecast to grow in 2013, rising 38.5% to 207.1 million units, up from the third quarter forecast of 169.8 million units. The success of the **Amazon** Kindle Fire, **Google**
Nexus 7 and Apple iPad Mini illustrate the large opportunity for smaller tablets at the right price, while the white-box tablet market is stronger than anticipated, boosting the overall forecast.