

## LED Manufacturing Investment Declines as Industry Contemplates Future Directions

Written by Tom Morrow  
Friday, 18 January 2013 10:37 -

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**SAN JOSE --** Spending on LED fab manufacturing equipment will decline 9.2% in 2013 as the industry faces weak long-term demand and consolidates manufacturing capacity.

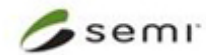
According to the [SEMI LED/Opto Fab Forecast](#), spending on LED fab manufacturing equipment will drop to \$1.68 billion in 2013, down from \$1.85 billion in 2012. Global LED manufacturing capacity will continue to grow this year, reaching an estimated 2.57 million 4-in. wafer equivalents, a 24% increase over 2012. The outlook for equipment spending in 2014 is currently projected at less than \$1 billion, as manufacturers assess an uncertain competitive environment and potential alternative manufacturing strategies.

Underlying the softening in manufacturing investment is weak long-term demand for package LED components. Despite growing demand for solid state lighting systems, total demand for packaged LEDs is at or nearing its peak. Last year, Strategies Unlimited forecasted that demand for LEDs would peak in 2012 or 2013 at approximately \$13.3 billion, declining to less than \$13.0 billion in 2014. Recently, IMS Research forecasted that LED demand would peak in 2015 at nearly \$14 billion before declining through the remainder of the decade.

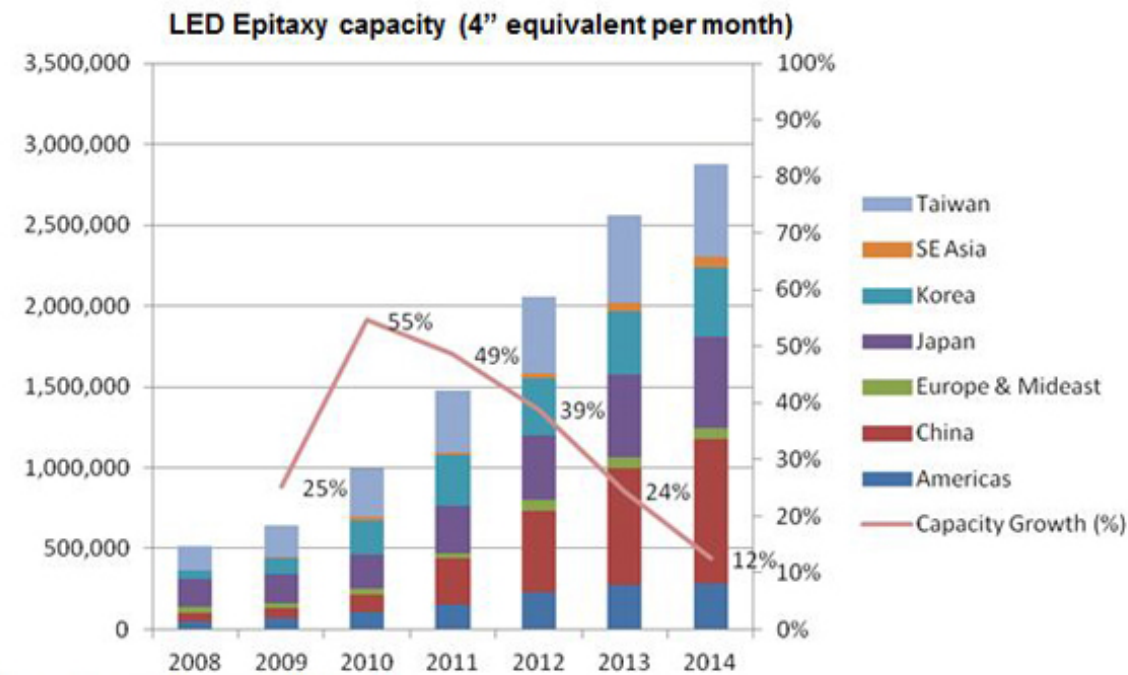
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## World LED Capacity Trend



Source: SEMI Opto/LED Fab Forecast , Nov. 2012