

## DRAM Market Sees Q4 Bounce

Written by Mike Howard

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**EL SEGUNDO, CA** -- The dynamic random access memory market overcame seasonal slowness and returned to growth in the final quarter of 2012, helped by the strong performance of **SK Hynix** after the South Korean supplier expanded to its largest market share ever, according to **IHS iSuppli**.

DRAM industry revenue amounted to \$6.7 billion in the fourth quarter up from \$6.4 billion in the third—a welcome return to form following a contraction in the previous quarter. It was also a rare show of strength by the market, bucking what is normally a trend of declining revenue from the third to the fourth quarter each year. Typical of seasonal patterns, the final quarters of 2010 and 2011, for instance, both saw a fall from their third-quarter levels, making the fourth-quarter gain last year by the industry all the more remarkable.

The star of the season was SK Hynix, which picked up two more percentage points of market share in revenue terms, boosting its overall portion to 26%—its largest ever. The plucky supplier grew shipments by 28% on the quarter, far outpacing the industry expansion rate of 12%. Without the gigantic growth of SK Hynix, the DRAM industry would have achieved growth in the fourth quarter of just 6%—half the 12% increase that can be officially claimed for the period. SK Hynix succeeded in pulling off the feat by taking down inventories that had been creeping up during the third quarter.

The supplier remains in second place after **Samsung Electronics**, still on top with an untouchable 42% market share. Samsung's shipments grew 12% in line with industry performance, even though its average selling prices fell almost 8%.

At No. 3 was **Elpida Memory**, soon to become part of fourth-place **Micron Technology**, which bought the bankrupt Japanese supplier last year. Elpida's market share climbed 1 percentage point to 14%, and its average selling prices were flat after a shift in product mix resulted in the supplier having a larger portion of mobile DRAM. Micron, meanwhile, surrendered nearly 2 percentage points of share in light of mediocre shipment growth and weak prices, landing with 11% of the market.

Rounding out the Top 5 was **Nanya** with a stable 3% market share, showing little significant movement.

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All told, the Top 5 accounted for 95% of the DRAM market. The remaining 5% was split among eight much smaller suppliers all based in Taiwan.

For two Taiwanese suppliers in particular, **Powerchip Technology** and **ProMOS Technologies**, their DRAM operations in the fourth quarter continued despite great odds, even though signs are afoot that the end game could be near.

While Powerchip still made thousands of DRAM wafers in the final quarter last year, its DRAM operations now appear all but finished with the recent sale of its fab P3 tooling. ProMOS, for its part struggling mightily with enormous debt while grappling with a very uneconomical manufacturing process, also suffered a dramatic decline as fourth-quarter DRAM sales amounted to a paltry \$3 million. The company recently announced massive layoffs, and a reversal in fortunes now looks extremely unlikely.