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VLSI RESEARCH INC

SOI Global Market Poised for Double-Digit Growth Through 2012

Santa Clara, CA, July 30, 2008: Following the general trend of the semiconductor manufacturing food chain, the market for silicon on insulator (SOI) experienced a slowdown in sales growth in 2007. According to VLSI Research, revenues for the year totaled \$654M, representing an increase of 6% from 2006. This single digit growth pales in comparison to the 46% and greater expansions in each of the three previous years.

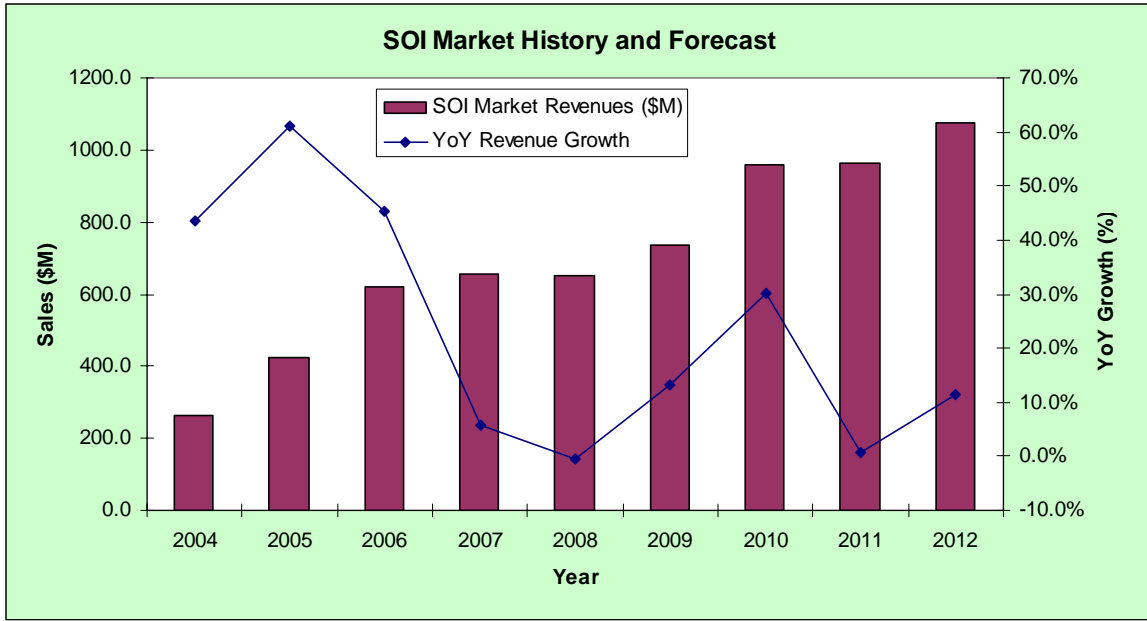
Soitec continues to be the dominant force in the SOI market with a 67% worldwide share. **Shin Etsu Handotai**, which licenses Soitec's Smart Cut™ technology for the production of its thin SOI wafers, remains the number two player in this market.

In 2007, SOI wafers represented only about 1.4% of total silicon demand (in terms of area); yet this number is already nearly three times what it was in 2002. Because SOI technology is primarily used in high-end consumer devices, demand can be unpredictable, especially when consumer disposable income diminishes. However, the market as a whole is very healthy, as it has been growing at a compounded annual growth rate (CAGR) of 36% for the past three years.

The growth of the SOI market is driven by major node transitions. Acting as a technological enabler, SOI becomes the solution because of its ability to create less complicated isolation structures on a circuit. Consequently, more higher-end devices can be built with each new node transition using SOI.

Although sales in 2008 are expected to be slightly down from 2007, the following years will see double-digit growths stimulated by the 45nm transition by existing SOI users as well as potential new customers.

VLSI Research anticipates that the SOI market will continue to grow at a healthy rate in the coming years. After 2007, the SOI market is predicted to grow at a CAGR of 11% and reach \$1.1B by 2012.



Source: VLSI Research Inc

Contact: Client Services
 Email: clientservices@vlsiresearch.com
 Tel: (408) 453-8844 Fax: (408) 437-0608

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