Handset Semiconductor Revenue to Increase About 4% in 2010

SINGAPORE --(BUSINESS WIRE) -- After four quarters of decline, the global mobile handset market began showing signs of life starting in 4Q 2009. ABI Research expects the trend to continue through the next five years.

According to Industry Analyst Celia Bo, “Due to the resurgence of the mobile handset market, the total revenue for handset semiconductors is forecast to increase about 4% this year. Major semiconductor components such as baseband processors and application processors, accounting for more than 60% of the revenue in this segment, are expected to show revenue increases of 3% and 8% respectively in 2010.”

As well as the baseband processor, the application processor is another important component enabling mobile devices to deliver better performance, more reliable connectivity and longer battery life; today’s chipsets are becoming ever more compact and competitive.

Qualcomm announced the dual core Snapdragon processor in June this year; it signaled a new era for technology architecture development, and the market is set to see some significant improvements in application processor performance and power consumption. In 2010, application processor shipments are forecast to increase significantly while ASPs drop.

“Connectivity chips will be key drivers of handset semiconductor market growth in the next five years,” Bo notes. “Bluetooth has the highest attach rate: the average penetration rate is expected to be 57% in 2010. The penetration rate of GPS is expected to double between 2010 and 2015. Wi-Fi chips will deliver the highest revenue of the three connectivity chips over the next five years.”

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