

RESEARCH BULLETIN

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Two Acquisitions Make 2020 Second-Highest Year for Semi M&As

After a slow start, Analog Devices' agreement to buy Maxim and Nvidia's deal to acquire ARM raise the total value of M&A deals this year to more than \$63.0 billion.

Two huge purchase agreements in July and September have guaranteed that 2020 will become at least the second-largest year in history for semiconductor merger and acquisition announcements, according to data released in the *September Update* to IC Insights' 2020 *McClean Report*, (Figure 1). In the first nine months of 2020, the combined value of semiconductor M&A agreements climbed to \$63.1 billion, thanks to Nvidia's \$40 billion deal in September to acquire processor-design technology supplier ARM in the U.K. from SoftBank and Analog Devices' \$21 billion announcement in July to buy analog/mixed-signal IC maker Maxim Integrated Products in Silicon Valley. These two megadeals account for about 97% of the M&A dollar value in 2020.

MORE INFORMATION CONTACT

Rob Lineback
Senior Market Research Analyst
Phone: +1-817-731-0424
Email: rob@icinsights.com

Value of Semiconductor M&A Agreements

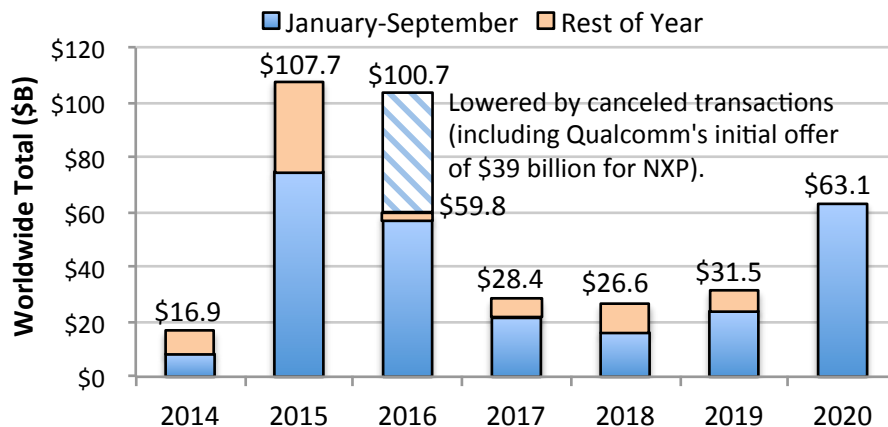


Figure 1

Until the Nvidia-ARM and Analog Devices-Maxim purchase agreements were struck, semiconductor M&A activity nearly stalled in 2020 with \$1.8 billion in semiconductor acquisitions being announced in the first quarter and only \$165 million being reached in 2Q20 because the coronavirus pandemic accelerated worldwide, causing businesses and schools to close, people to be quarantined at home, and the global economy to crash. In addition, the U.S.-China trade war and government agencies protecting domestic

semiconductor industries have discouraged some companies from attempting to strike large acquisition agreements in the past couple years. If completed, U.S.-based Nvidia's \$40 billion purchase of ARM would be the largest semiconductor acquisition ever. However, this deal is bound to face rigorous reviews in China, Europe, and other markets because ARM's intellectual property (IP) dominates development of smartphone and other mobile processors worldwide (see September 16, 2020, Research Bulletin).

As seen in the figure, the dollar value of semiconductor acquisition announcements through the first nine months of 2020 was more than any year since 2015, which remains the top year for industry M&A agreements. That year, more than 30 deals valued at \$107.7 billion were announced.

IC Insights lowered the M&A total for 2016 from \$100.7 billion to \$59.8 billion to account for about \$41 billion in canceled acquisition agreements, primarily because companies could not secure government approvals to complete those transactions. If Nvidia and Analog Devices are able to win clearance for their megadeals from government regulators worldwide, 2020 will easily surpass 2016 as the second-largest year for semiconductor M&A without any new agreements being struck in 4Q20.

It is important to note that IC Insights' M&A list covers purchase agreements for semiconductor companies, business units, product lines, chip intellectual property (IP), and wafer fabs, but it excludes acquisitions of software and system-level businesses by chip companies. IC Insights' acquisition list also excludes transactions between semiconductor capital equipment suppliers, material producers, chip packaging and testing companies, and design-automation software firms.

Report Details: *The 2020 McClean Report*

Additional details on semiconductor merger and acquisition trends are provided in the *September Update to The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*. A subscription to *The McClean Report* includes **free** monthly updates from March through November (including the 180+ page *Mid-Year Update*), and **free** access to subscriber-only webinars throughout the year. An individual-user license to *The McClean Report* is priced at \$4,990 and includes an Internet access password. A multi-user worldwide corporate license is available for \$7,990.

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