



Quarterly M&A and Industry Update - Technology Q1 2021



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By Lucintel**

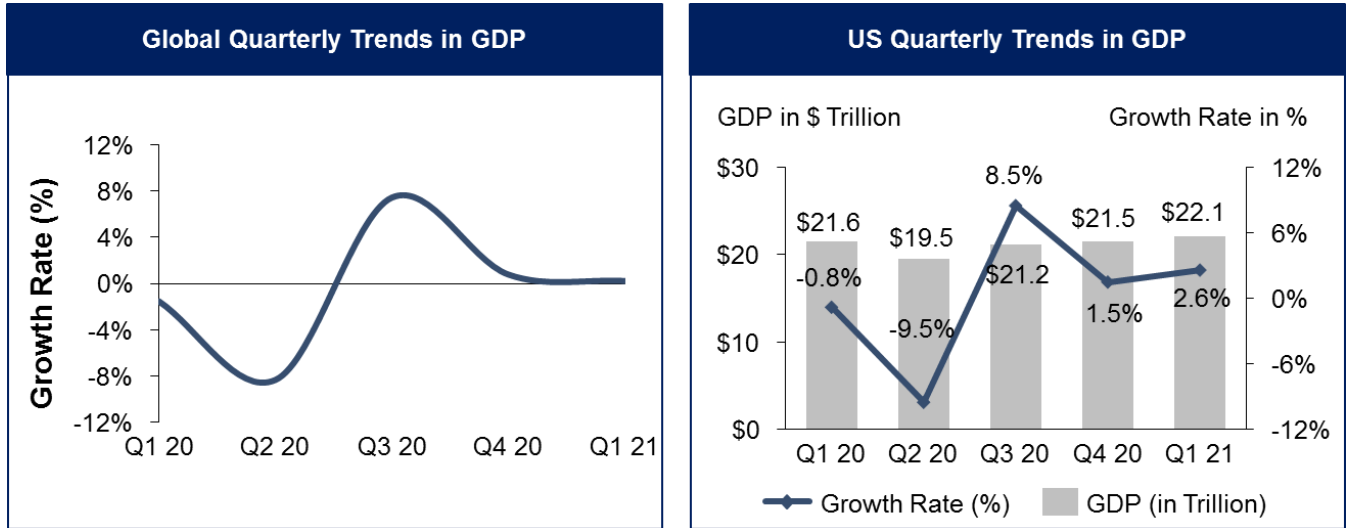
Tel: 972-636-5056, Fax:877-883-5140
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Economic Situation Q1 2021

The global GDP grew by 0.3% in Q1 2021 as compared to Q4 2020 and the U.S. GDP grew by 2.6% in Q1 2021 as compared to Q4 2020. The global economic output is recovering from the collapse triggered by COVID-19; it will remain below pre-pandemic trends for a prolonged period. Second waves of the COVID-19 have slowed down or even temporarily reversed economic recoveries. The coronavirus is once again taking its toll on economic activity as the second wave prompts new restrictions, but the vaccine news is a game-changer for the outlook over the next two years. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. Strong demand for products that support working from home and the release of pent-up demand for durable goods more generally have been key factors behind the global recovery. The strength of the recovery varies across countries, depending on the severity of the health crisis, the extent of domestic disruptions to activity, the exposure to cross-border spillovers, and importantly, the effectiveness of policy support to limit persistent damage.



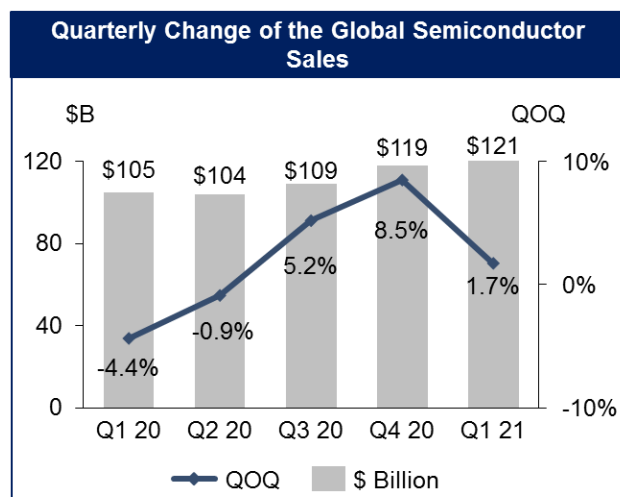
Note: The above image shows quarter over quarter change in GDP

Source: OECD, Fred Louis, Lucintel

Figure 1: Quarterly GDP Trends

Technology Industry Update – Q1 2021

The global semiconductor sales remained strong during the first quarter of 2021, it grew by 1.7% in Q1 2021. Semiconductor sales increased to \$121 billion from \$119 billion in Q4 of 2020, while on yearly basis, it increased by 15.1% from Q1 of 2020. Every industry across the world has been affected by the COVID-19 pandemic and semiconductor industry is no other, but the relatively quick recovery of the global semiconductor industry is an encouraging sign. The recovery from the pandemic, combined with the rising adoption of AI, IoT, and 5G technologies, opens up great opportunities for semiconductor manufacturers. NVidia registered the highest revenue increase of 13% in Q1 of 2021 on quarterly basis. Companies look to strengthen their market and competitive positioning, it requires rethinking of all aspects of the business from workforce, products, and services, and end-user experience. The figure below depicts change semiconductor sales in the past five quarters (Q1 2020 – Q1 2021).



Source: SIA, Lucintel

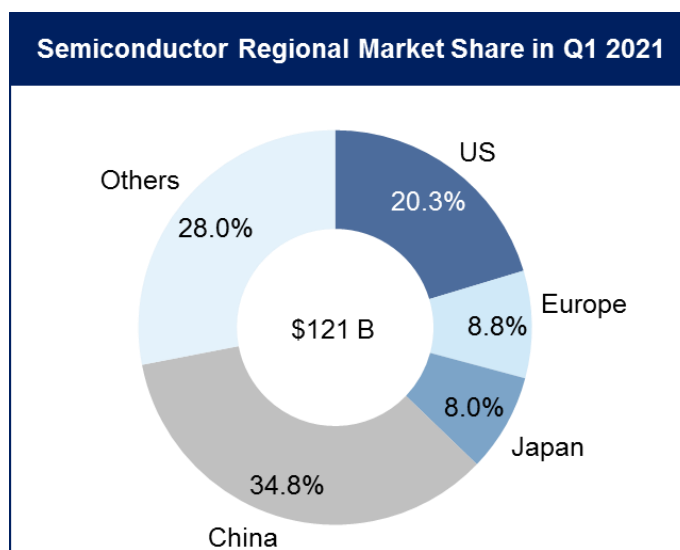
Figure 2: Quarterly Change in Sales of Global Semiconductor Market

Company Name	Change in Revenue	
	Q1 21/Q4 20	Q1 21/Q1 20
Samsung	2%	28%
Intel	-2%	-1%
Taiwan Semiconductor	0%	56%
STMicroelectronics	-7%	35%
Micron Technology	8%	30%
Qualcomm Inc	-4%	52%
Broadcom	3%	14%
Texas Instruments	5%	29%
ASE Technology	-20%	64%
Nvidia	13%	84%

Source: Lucintel

Figure 3: Change in Revenue of Major Semiconductor Companies

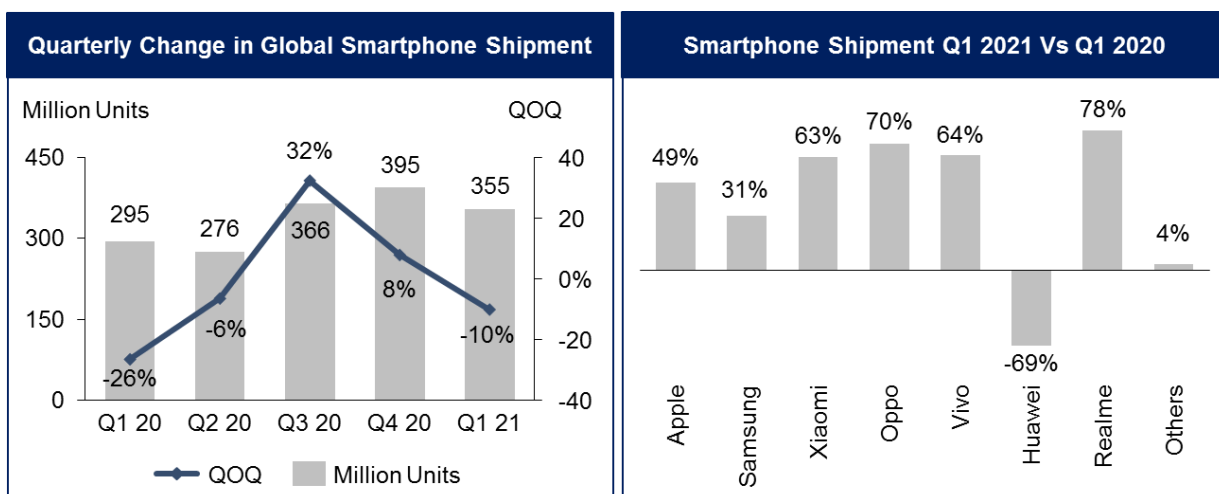
The sales of semiconductors increased in all regions. China holds the largest individual market for semiconductors with the highest demand of around 34.8% in the global semiconductor market. China utilizes more than 50% of all semiconductors, both for internal use and eventual export. The rapid growth of Chinese demand lifted the entire industry worldwide. The US followed China with a share of 20.3% in Q1 2021.



Source: SIA, Lucintel

Figure 4: Regional Market Share in the Semiconductor Market

The global smartphone market crossed the \$100 billion mark for the first time to reach \$113 billion in the first quarter of 2021. Global smartphone shipment increased by 20% in Q1 2021, reaching 355 million units from 295 million units in Q1 2020. While on quarterly basis the smartphone shipment decreased by 10%. Samsung regained its top position as the world's biggest OEM, with shipments reaching 76.8 million units in Q1 2021. Shipments in countries including Europe, China, and India were stronger than expected. The supply chain players prioritized the top five brands enabling them to launch flagships earlier than their usual cycle, which boosted their market performance despite the supply shortage issues during the quarter. Realme emerged as the fastest-growing brand with 78% growth on year-over-year. A strong 5G push by the industry through reduced device prices and operator tariffs further boosted the market's recovery process.

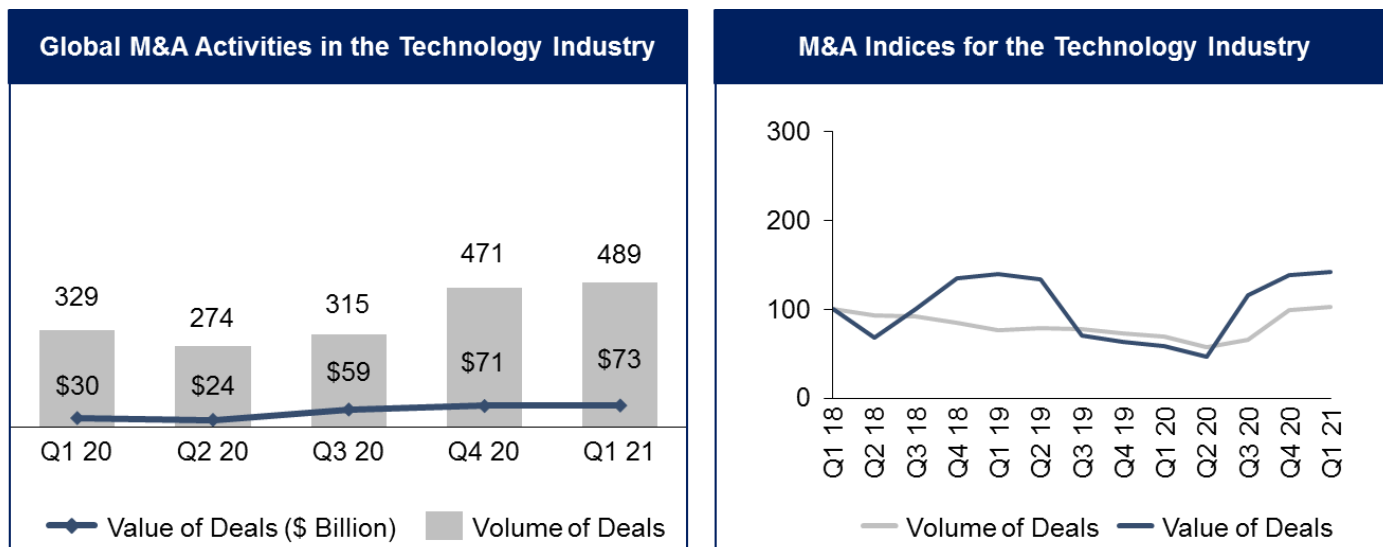


Source: Counterpoint, Lucintel

Figure 5: Quarterly and Yearly Change in Global Smartphone Shipment

M&A Update – Q1 2021

Merger and acquisition activities in the global technology industry increased in Q1 of 2021. The global technology industry recorded 489 completed transactions in the Q1 of 2021, an increase of 4% from Q4 of 2020 and 49% increase on yearly basis, i.e., from Q1 of 2020. The total deal value in Q1 of 2021 was \$72.9 billion, which was an increase of 2% from Q4 of 2020. Number of transactions has continued to drive upwards as the technology market remained very strong. M&A continues to be driven by strong levels of investment by private equity and large strategic corporates making sizeable, transformational acquisitions to step up their portfolios. Companies are positioning themselves for growth through mid-to-high growth areas, which include 5G, data centers, cloud computing, industrial IoT and automotive areas where deal activity expect to continue in 2021.



Source: Lucintel

Figure 6: Quarterly M&A Activities in the Global Technology Industry

Table 1: Quarterly Changes in M&A Activities in the Global Technology Industry

M&A Deals	Quarter Over Quarter Change in Merger and Acquisition Activities				
	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Value (\$ Billion)	-7%	-21%	148%	20%	2%
Volume	-5%	-17%	15%	50%	4%

Table 2: M&A Deals in the Global Technology Industry

Date	Target Company	Acquirer Company	Value of Deal	Description
March 31, 2021	Arteria Networks Corp-Data	Digital Edge Japan Godo Kaisha	N/A	The partnership with Arteria gives access to additional inventory. Consequently, it will enable global and Japanese businesses to leverage the platform to increase footprint in the country and enjoy the network diversity provided by world-class data center assets.
March 23, 2021	Interactive Concepts Bvba	Boxlight Corp	\$3.3 M	The acquisition of Interactive Concepts represents an exciting opportunity to expand the footprint of the Clevertouch brand and further extend distribution network across Western Europe.
March 16, 2021	NuVia Inc	Qualcomm Inc	\$1.4 B	The combination of NUVIA and Qualcomm will bring the industry's best engineering talent, technology, and resources together to create a new class of high-performance computing platforms that set the bar for industry.

March 02, 2021	Dubo Electric Ltd	Guillevin International Co	N/A	This new acquisition significantly consolidates the position of Guillevin in the Quebec market with a broader clientele. The acquisition will allow offering greater geographic coverage and more opportunities for strategic partners in this market.
Feb 26, 2021	Savari Inc	Harman Intl Inds Inc	N/A	This acquisition will enhance Harman's comprehensive automotive telematics and advanced driving assistance systems (ADAS) capabilities, and expand the company's strengths in 5G Edge, multi-access edge computing (MEC) and smart infrastructure solutions.
Feb 22, 2021	PreventPCB Srl	NCAB Group AB	\$22.3 M	With this acquisition, the combined entity will make NCAB a leading supplier of PCB's into the Italian and Swiss PCB markets and will create a strong player delivering high quality, high reliability, and market leading customer service.
Feb 22, 2021	Naveego Inc	Aanalytics Holdings LLC	N/A	The acquisition combines the Naveego® Complete Data Accuracy Platform with Aanalytics' Aunsight™ Data Platform to enable the development of powerful analytic databases and machine learning algorithms for customers.
Feb 16, 2021	Premier Mounts Inc	Gamber-Johnson LLC	N/A	The combination of these two market leaders will genuinely create results greater than the sum of its parts. Gamber's resources and commitment to ruggedness, reliability, and responsiveness will highly complement Premier's years of experience and innovation.
Feb 11, 2021	Qmicro BV	Sensirion Holding Ag	N/A	With this acquisition, Sensirion expands its gas sensing portfolio from components and modules to stand-alone micro gas analyzers for industrial applications.
Feb 01, 2021	WESCO Utility	Rexel Canada Electrical Inc	N/A	This is a unique opportunity for Rexel to accelerate its development in Canada in the attractive and green hydro utility business and to increase its recurring service revenues.
Jan 20, 2021	Circlarity LLC	Recircled LLC	N/A	Recircled LLC acquired Circlarity LLC, a Bensalem- based data platform provider for the fashion industry which facilitates recycling solutions for luxury brands.
Jan 13, 2021	rms Connectors Inc	Bel Fuse Inc	N/A	This acquisition perfectly complements the existing Military and Aerospace product portfolio under Bel's Cinch Connectivity Solutions group by expanding its offering of Mil-Spec qualified connectors, including the addition of the MIL-DTL-83723 Series III connector family.
Jan 06, 2021	Alphonso Inc	LG Electronics Inc	\$80 M	The purpose of the acquisition is to leverage Alphonso's software, data analytics, and media activation capabilities across LG's home entertainment products, mainly smart TVs, and to better fulfill consumers.
Jan 06, 2021	Wirehive Ltd	Pax8 Inc	N/A	The acquisition will enable both organizations to unlock new ways to automate cloud orchestration and optimization and expand ability to simplify cloud strategies for IT professionals.

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Contact Us



Sanjay Mazumdar, Ph.D.

CEO, Author, & Strategist

Email: sanjay.mazumdar@lucintel.com

Tel.: 972-636-5056

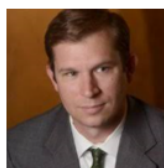


Eric Dahl, MBA, Harvard University

Senior Executive Advisor

Email: eric.dahl@lucintel.com

Tel.: +1-323-388-6971



Brandon Fitzgerald

Director of Client Engagement

Email: brandon.fitzgerald@lucintel.com

Tel.: +1-303-775-0751



Nigel O'Dea

Business Development Manager

Email: nigel.odea@lucintel.com

Tel.: +44 (0) 7413571716