



# SEMICONDUCTOR BIZ INSIGHT

- *Your 5 minutes monthly e-link digest brought to you by VLSI Consultancy*

Hi,

Some snippets from IC Insights rankings: TSMC (of course!) was the leader in the foundry ranking followed by GlobalFoundries and then UMC. However a point to note is that its sales would have declined by 2% instead of the logged 6% if not for the company that took 92% of the mobile phone industry's profits. Yes, Apple.

One of the first "product portfolio evaluation" post Avago's acquisition of Broadcom has been the divesting of the latter's wireless IoT operation. Would be interesting to see how this will pan out for Broadcom in a semicon backdrop of increasing betting on IoT sockets to bolster growth.

Speaking of IoT, had some interesting sessions in Semicon 2016, Penang along with meeting old and making new friends and industry colleagues and trying to sift the hype from reality of IoT in the semicon biz. The networking event atop Penang Hill was of course a bonus thrown in!

Have an interesting read.

Cheers  
Meenu

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## KEY TAKEAWAY

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### Mergers & Acquisitions

Cypress (Broadcom's wireless IoT operations), Poet Technology (DenseLight Semiconductors), Cadence (Rocketick), KMG (Nagase FineChem)

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## Local Asia Pacific News

### [Taiwan chipmakers worried about brain drain](#)

Source: Cheng Ting-Fang, Nikkei Asian Review – 29<sup>th</sup> April 2016

Worries that skilled Taiwanese engineers are flocking to China are compounded by Beijing's move to inject more than 1.2 trillion yuan (\$185.14 billion) over a decade to develop its own chip technologies.

### [Samsung details foundry roadmap](#)

Source: Jessica Lipsky, EE Times – 22<sup>nd</sup> April 2016

Perhaps the most relevant announcement is the development of a low-cost 14nm FinFET process, 14nm LPC.

### [Kyushu quakes highlight island's key place in global supply chain](#)

Source: Kentario Iwamoto, Nikkei Asian Review – 21<sup>st</sup> April 2016

Thanks to its plentiful and inexpensive real estate, clear water, and relatively cheap labor, as well as its proximity to the rest of Asia, Kyushu has become a key manufacturing hub.

### [Automotive electronics a priority for Lite-On: CEO](#)

Source: Laily Li, Taipei Times – 15<sup>th</sup> April 2016

The firm's automotive electronics segment, which generated more than NT\$10 billion (US\$308.3 million) in revenue last year, includes a wide range of electronics components, cameras and LED lighting products, such as automotive headlights and taillights.

### [Boston Scientific Penang plant slated to open in 2017](#)

Source: EE Times – 12<sup>th</sup> April 2016

Boston Scientific, a global medical solutions provider, announced their plans of constructing a medical device manufacturing plant in Batu Kawan Industrial Park in Penang, Malaysia. Construction of the facility is targeted to begin in the first half of 2016 and scheduled for completion in the second half of 2017.

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## Industry Headlines

[NVidia creates a 15B transistor chip for deep learning](#)

Source: Dean Takahashi, Venture Beat – 5<sup>th</sup> April 2016

NVidia chief executive Jen-Hsun Huang announced that the company has created a new chip, the Tesla P100, with 15 billion transistors for deep-learning computing. It's the biggest chip ever made, Huang said.

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## Financial Watch

### [Cypress subsidiary Deca Technologies to receive \\$60M investment from ASE](#)

Source: PRNewswire – 28<sup>th</sup> April 2016

As part of the agreement, ASE and Deca will jointly develop the M-Series fan-out manufacturing process and will expand production of chip-scale packages using this technology.

### [China venture investing: US LED technology firm RayVio gets backing from two funds](#)

Source: Russell Flannery/Forbes – 26<sup>th</sup> April 2016

Two China-linked venture capital firms, Tsing Capital and IPV Capital, have led a \$26 million round of investment into RayVio, a California-based business that provides ultraviolet LED technology for products that include point-of-use water disinfection.

### [Apple drove entire foundry sales increase at TSMC in 2015](#)

Source: IC Insights – 26<sup>th</sup> April 2016

Without Apple, TSMC's 2015 foundry sales would have dropped by 2% as compared to a 6% increase

### [SK to cut investment in memory chips](#)

Source: The Korea Times – 26<sup>th</sup> April 2016

SK Hynix, the semiconductor affiliate of SK Group, said it will cut its investment in memory chips amid weak demand and the ongoing supply glut in the industry. The investment cut came after the company's first quarter profit took a huge tumble.

### [NXP Semiconductors reports first quarter 2016 results](#)

Source: NXP – 25<sup>th</sup> April 2016

Revenue was \$2.22 billion, an increase of 52 percent year-on-year, and an increase of 38 percent versus the prior quarter.

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## Financial Watch

### [Cadence reports first quarter 2016 financial results](#)

Source: Cadence – 25<sup>th</sup> April 2016

Cadence reported first quarter 2016 revenue of \$448 million, compared to revenue of \$411 million reported for the same period in 2015.

### [Qualcomm earnings top estimates despite competitive phone business](#)

Source: Ina Fried, re/code – 20<sup>th</sup> April 2016

The chipmaker said that, excluding certain items, it earned \$1.6 billion, or \$1.04 per share, on revenue of \$5.5 billion. Analysts were expecting earnings of 96 cents per share on revenue of \$5.34 billion

### [Intel to cut 12000 jobs globally](#)

Source: Hope King, CNN Money – 19<sup>th</sup> April 2016

The company says it expects to save \$750 million this year and \$1.4 billion by the middle of next year from the job cuts and related expense reductions.

### [Nanya beats decline predictions](#)

Source: Lisa Wang, Taipei Times – 12<sup>th</sup> April 2016

Revenue last month fell at a slower rate of 1.2 percent to NT\$3.3 billion (US\$101.89 million), from NT\$3.34 billion in February, when revenue dropped about 11 percent sequentially.

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## Mergers & Acquisitions, Joint Ventures, Spin-offs

### [Cypress to acquire Broadcom's Wireless Internet of Things business](#)

Source: Cypress – 28<sup>th</sup> April 2016

Under the terms of the deal, Cypress will acquire Broadcom's Wi-Fi, Bluetooth and Zigbee IoT product lines and intellectual property, along with its WICED brand and developer ecosystem. Broadcom will continue to focus on its wireless connectivity solutions for the access and mobility segments that are not IoT related, including serving set-top box, wireless access, smartphone, laptop and notebook customers.

### [Poet to acquire Denselight Semiconductors](#)

Source: Globe Newswire – 28<sup>th</sup> April 2016

Denselight, a Singapore-based privately held photonics company, designs, manufactures, and delivers leading photonic optical light source products and solutions to the communications, medical, instrumentations, industrial, defense, and security industries.

### [Taiwan's Siliconware Precision freezes \\$1.76 bln stake in China's Tsinghua Unigroup](#)

Source: Reuters – 26<sup>th</sup> April 2016

Taiwanese semiconductor test and packaging company Siliconware Precision Industries Co (SPIL) said it has frozen plans to sell a nearly \$2 billion stake to Chinese state-backed conglomerate Tsinghua Unigroup until the incoming Taipei government clarifies its policy on investment from the mainland.

### [Cadence to acquire Rocketick](#)

Source: PRNewswire – 11<sup>th</sup> April 2016

Cadence Design Systems announced that it has entered into a definitive agreement to acquire Rocketick Technologies Ltd., an Israel based pioneer and leading provider of multicore parallel simulation.

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## Mergers & Acquisitions, Joint Ventures, Spin-offs

### [NXP Semiconductor weighing sale of standard products business: Bloomberg](#)

Source: PRNewswire – 11<sup>th</sup> April 2016

The standard products business has drawn interest from suitors including Jianguang Asset Management Co, the Beijing-based investment firm known as JAC Capital, according to Bloomberg.

### [KMG announces acquisition of Nagase FineChem](#)

Source: Business Wire – 4<sup>th</sup> April 2016

The global provider of specialty chemicals announced it has acquired Nagase FineChem (NFC), a Singapore based manufacturer of electronic chemicals.

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## Market Outlook

### [Gartner says worldwide semiconductor revenue expected to decline 0.6 percent in 2016](#)

Source: Gartner – 13<sup>th</sup> April 2016

Worldwide semiconductor revenue is forecast to total \$333 billion in 2016, a decrease of 0.6 percent from 2015, according to Gartner. This is following a decline of 2.3 percent in 2015 due to weakened demand for key electronic equipment, elevated inventory levels and the continuing impact of the strong dollar in some regions

### [TSMC expects second half surge](#)

Source: Alan Patterson, EE Times – 14<sup>th</sup> April 2016

“Due to the world macroeconomic uncertainties, we reduced our estimates of 2016 smartphone growth from 8% to 7%,” said TSMC Co-CEO Mark Liu. He added that the company has cut forecasts for PC growth to negative 6% from an earlier negative 3% and tablets, to negative 9% from negative 7%. Nevertheless, in addition to smartphones, Liu said wireless infrastructure and gaming continue to show growth.

### [Vietnamese semicon market expected to rise 14.3% by 2019](#)

Source: Alan Patterson, EE Times – 14<sup>th</sup> April 2016

The demand for devices in Vietnam is responsible for its growth, with electronics accounting for 23% of all Vietnam exports in 2014, up from 5% in 2010. The Vietnamese government (Vietnamese Trade Promotion Agency), seeing its potential, is set on making the industry a key development focus.

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## Views & Opinions

### [Rhines expounds on the deconsolidation of the semiconductor industry](#)

Source: Jeff Dorsch, Semiconductor Manufacturing & Design Community - 26<sup>th</sup> March 2016

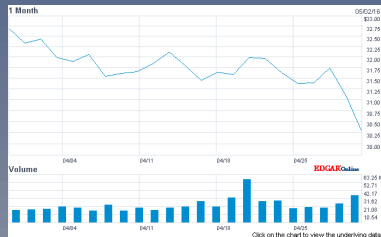
“By 2020, we are all going to work for the same company,” Wally Rhines, chairman and chief executive officer of Mentor Graphics, said in his keynote presentation at Mentor’s U2U user conference in Santa Clara, Calif.

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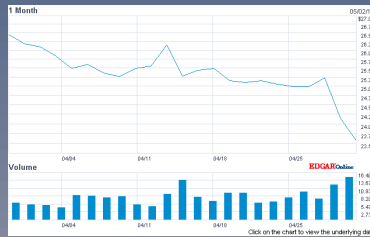
# Stock Watch

Source: NASDAQ

For the year just gone: 2015 year chart for Intel, TSMC, TI, Broadcom, STM, Xilinx, KLA-Tencor, Qualcomm, UMC, Applied Materials, Teradyne



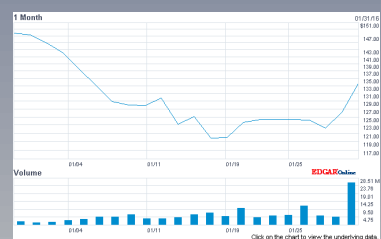
INTEL



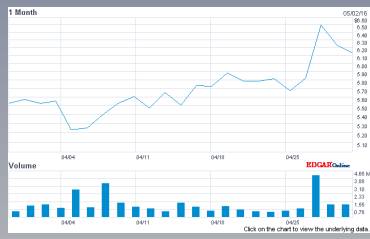
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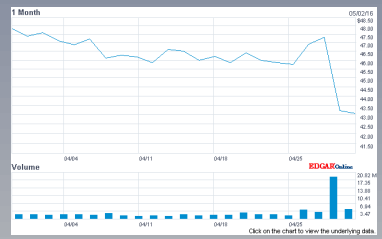
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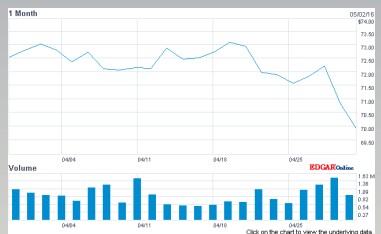
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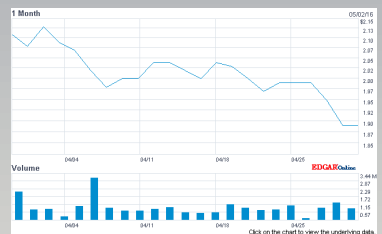
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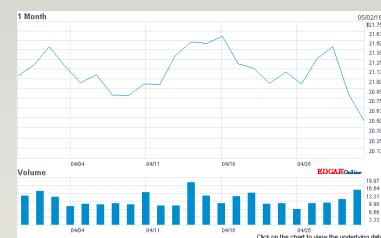
KLA\_TENCOR



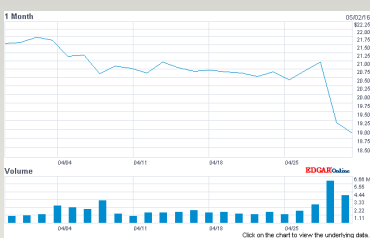
QUALCOMM



UMC



APPLIED MATERIALS



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