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SEMICONDUCTOR COMPANIES SHOW RESILIENCY THROUGH COVID-19 WITH GROWING CONFIDENCE AND EXPECTED GROWTH IN 2021

New KPMG Global Semiconductor Outlook shows 79% of leaders predict industry-wide profitability will continue to increase

NEW YORK, MARCH 1, 2021 – Despite the global pandemic and resulting economic downturn, the semiconductor industry remained resilient, finishing 2020 with revenue growth of 6.5%. The semiconductor industry will continue to grow due to the mainstream adoption of IoT, 5G and the increasing semiconductor needs of the automotive sector, according to the 2021 Global Semiconductor Industry Outlook from KPMG and the Global Semiconductor Alliance.

The 2021 KPMG Global Semiconductor Industry Outlook features insights from 156 senior executives from global semiconductor companies who were surveyed in the fourth quarter of 2020 about the future of the industry landscape. Key findings include:

- Seventy-nine percent of semiconductor executives predict industry-wide profitability will increase this year compared to 2020, and 85% predict their companies' revenue will also continue to increase in 2021.
- Seventy-three percent plan to increase capital spending in 2021 with 71% of respondents saying they plan to spend more on R&D. Sixty-eight percent reported that executing on growth initiatives is their top strategic priority over the next three years.
- Territorialism (53%) and supply chain disruption (37%) were cited as top concerns. Forty-four percent of respondents ranked making their supply chains more flexible and adaptable to geopolitical changes and other disruptions as one of their top three strategic priorities.

- Sixty-three percent of respondents expect to increase headcount over the next year, while 30% identified talent risk as an issue facing the industry. Developing and managing talent was rated one of the top three strategic priorities (53%), up 13 points from last year.

“The pervasiveness of technology continues to accelerate across all industries, sectors, and within society at large, arising from the profound shift to home-based work, education, and entertainment,” said Lincoln Clark, partner in charge of KPMG’s Global Semiconductor practice. “This is driving a surge in demand for chip-based products, and semiconductor companies have been quick to react, recover, and realign their businesses to new market needs.”

Future Growth

As we look to the future, and technology continues to penetrate consumer, enterprise and industrial devices – everything from batteries to cars – respondents named several chip categories as having increased growth potential to support the demand. Specifically, respondents highlighted sensors/micro-electro-mechanical systems (MEMS), analog/radio frequency (RF)/mixed signal, and microprocessors including graphic processing units (GPU), microcontrollers (MCU), and memory protection units (MPU) with the most potential.

“We are seeing increasing demand for different types of connected technologies with increased adoption of IoT, 5G, connected cars, among others, which will drive future growth for the industry,” said Scott Jones, a principal in KPMG’s Global Semiconductor practice. “These technologies require a vast array of chip components that will compel leading semiconductor companies to scale up their inventories to meet the growing demands of their customers.”

For the full report, please visit <https://advisory.kpmg.us/articles/2021/global-semiconductor-industry-outlook-2021.html>.

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About Global Semiconductor Alliance (GSA)

GSA is *Where Leaders Meet* to establish an efficient, profitable and sustainable high technology global ecosystem encompassing semiconductors, software, solutions, systems and services. A leading industry organization that represents more than 25 countries and 250 corporate members, including 100 public companies, GSA provides a unique, neutral platform for collaboration, where global executives interface and innovate with peers, partners and customers to accelerate industry growth and maximize return on invested and intellectual capital. Members of the GSA represent 70 percent of the \$450B+ semiconductor industry and continue to grow. Learn more at www.gsaglobal.org.

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