

Bidding war? Qualcomm seeks to buy advanced driver assistance firm Veoneer for \$4.55 billion

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Qualcomm has sparked a potential bidding war for a Swedish maker automotive safety technologies by making an unsolicited offer to acquire

Veoneer Inc. for \$4.55 billion.

The proposal from the San Diego smartphone chip firm announced Thursday tops Magna International's buyout price of \$3.8 billion. Magna made its offer in July subject to a pending shareholder vote and regulatory approvals.

Magna, a supplier of mobility technology to automakers, is one of Canada's largest companies. The Ontario-based company has yet to respond or counter Qualcomm's bid.

The move highlights Qualcomm's efforts to diversify beyond smartphones, where some of its customers are working to design their own application processors in-house.

Qualcomm already supplies chips to carmakers for connectivity, infotainment and the digital cockpit. It had \$253 million in automotive sales last quarter and a \$10 billion future order backlog.

Acquiring Veoneer would boost Qualcomm's efforts to elbow its way as a chip supplier into the auto safety and potentially self-driving car markets through Advanced Driver-Assistance Systems, or ADAS.

The ADAS market is forecast to grow from \$13 billion last year to \$46 billion by 2030 as more auto makers layer on autonomous driving features in their vehicles, such as hands-free parking, speed and steering controls and so on. Qualcomm already supplies ADAS technologies through its Snapdragon Ride chips and software.

"Leadership in ADAS will require leading-edge thinking, a track record of innovation and the capability to create and deliver complex semiconductor and [software solutions](#)—all of which are Qualcomm's core strengths," wrote Chief Executive Cristiano Amon in a letter to

Veoneer's board. "We believe that together we are uniquely positioned to accelerate competition and create choice for the automotive ecosystem."

Veoneer, which spun off from Autoliv in 2018, reported \$1.37 billion in sales in 2020 and a \$544 million loss.

The company has 7,500 employees, including 3,800 engineers. It provides night vision sensors, radar, cameras, driver monitoring and other safety technologies. It also has a brake electronics business.

Qualcomm is most interested in Veoneer's Arriver, a sensor perception and drive policy software platform. Amon said Qualcomm will explore spinning off or selling Veoneer's non-Arriver businesses. But Qualcomm's offer is not contingent upon lining up prospective suitors for those operations.

Qualcomm's offer of \$37 per share would be funded through its existing cash war-chest. It represents an 18 percent increase over Magna International's \$31.25 per share bid.

On July 22, the day before Magna made its proposal, Veoneer's shares closed at \$19.93 on the Nasdaq exchange.

Qualcomm doesn't believe regulatory clearance will be a problem and noted that Magna's proposal could face potential hurdles because of overlap in certain product lines.

The news sent Veoneer's shares soaring 25 percent on Thursday to \$38.93—signaling investors expect a counteroffer.

Qualcomm's stock traded down slightly at \$145.87 in mid-day trading on the Nasdaq.

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