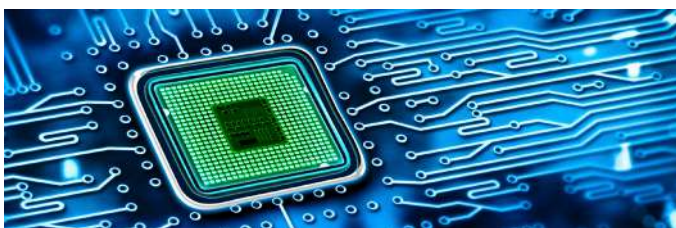
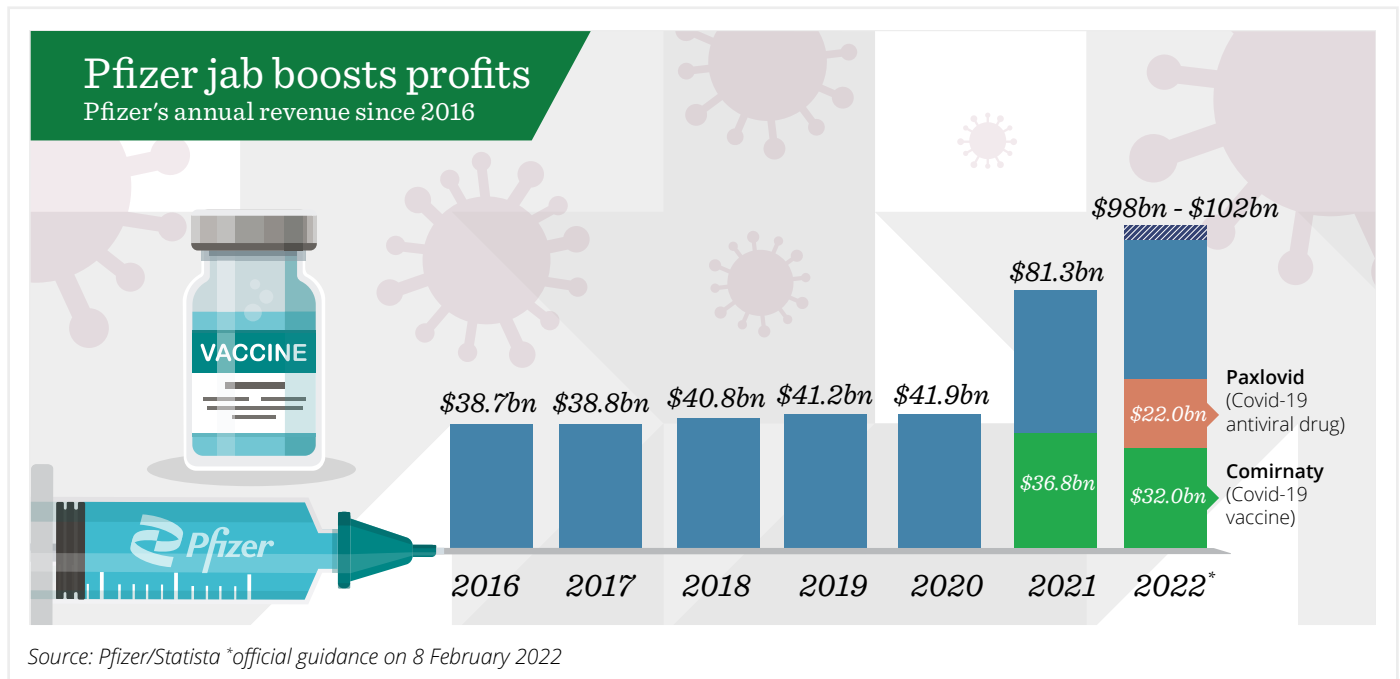


Between the lines

Week
07

Covid: a shot in the arm for Pfizer

Last week, the US pharma giant beat full-year profit estimates, thanks chiefly to the covid vaccine (Comirnaty) it developed with BioNTech, which accounted for 45% of 2021 revenues. A good outcome for a project where Pfizer had “put billions of dollars of capital on the line...not knowing whether those investments would ever pay off”.



Intel and AMD secure new chip deals

The rivalry between Intel and Advanced Micro Devices (AMD) to secure market share in the lucrative semiconductor chip market intensified this week with both focusing on new acquisitions.

On Monday (14 Feb) AMD announced it had finalised the purchase of Xilinx for a reported record of \$50bn. Originally the deal – announced in October 2020 – was estimated at \$35bn but a rise in AMD's share price since then had pushed up the price.

The deal follows last week's news that Nvidia had abandoned plans to buy UK chip-design specialist Arm, over regulatory concerns. AMD said it had all the necessary approvals for the deal, which pushed its share price 4% higher on Monday.

Meanwhile, on Tuesday (15 Feb) Intel signed a deal to buy Israeli chipmaker Tower Semiconductor for \$5.4bn as it looks to expand its manufacturing capacity to meet industry demand while extending its technology portfolio.

While the deal has been approved by both boards, regulatory approval isn't expected for another year.



Tyremakers hit the skids

On Friday (11 Feb) the US tyre maker Goodyear saw its share price drop sharply, despite announcing strong quarterly results, including a 42% rise in net sales.

However, in the related earnings call Goodyear revealed the impact inflation cost pressures could have on the business, potentially as much as \$800m in the next six months, which saw the share price fall more than 20%. At one point the stock plunged the most since Black Monday in 1987. Other tyre makers were dragged down by these concerns ahead of their own results due this week, with Japan's Bridgestone down 9% on Monday (14 Feb).

On Tuesday Bridgestone reported its global tyre sales “grew substantially”, while both revenue and profit achieved “significant year-on-year growth”. This positive news initially helped stem the downward trend, as its shares rose around 2%.

However, Michelin's results on the same day saw its shares ease slightly as investors were torn between better-than-expected annual results and the surprise of increased spending guidance from management.

Important information

This communication is issued by Quilter Investors Limited ("Quilter Investors"), Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB. Quilter Investors is registered in England and Wales (number: 04227837) and is authorised and regulated by the Financial Conduct Authority (FRN: 208543)

This communication is for information purposes only. Nothing in this communication constitutes financial, professional or investment advice or a personal recommendation. This communication should not be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. No representation or warranty, either expressed or implied, is

provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the document.

Any opinions expressed in this document are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or companies within the same group as Quilter Investors as a result of using different assumptions and criteria.

Quilter Investors is not licensed or regulated by the Monetary Authority of Singapore ("MAS") in Singapore. This document has not been reviewed by MAS.

222-0030/SK18218