

» [Print](#)

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to colleagues, clients or customers, use the Reprints tool at the top of any article or visit: www.reutersreprints.com.

UPDATE 2-Starboard asks chipmaker TriQuint to consider unit sale

Tue, Oct 29 2013

(Adds analyst comments, updates share movement)

By Sruthi Ramakrishnan

Oct 29 (Reuters) - Activist investor Starboard Value LP asked TriQuint Semiconductor Inc to consider selling or restructuring its mobile power amplifier business, which it said was a drag on the radio frequency chipmaker's share price.

TriQuint shares, which have halved in value since touching a 10-year high of \$14.88 in 2011, rose as much as 7 percent on Tuesday after the investor's comments.

Starboard, which owns an 8 percent stake in TriQuint, said the company should focus on its networks and defense businesses and become a fabless chipmaker like rival Skyworks Solutions Inc .

Fabless chipmakers, such as Skyworks and Avago Technologies Ltd, outsource most their manufacturing to foundries around the world.

The mobile power amplifier business is the biggest part of TriQuint's mobile devices unit, which accounts for about 65 percent of the company's revenue.

"We have communicated our desire to immediately begin conversations with TriQuint's board regarding both strategy and board composition," Starboard Managing Member Jeffrey Smith wrote in a letter to TriQuint Chief Executive Ralph Quinsey. (link.reuters.com/veh34v)

Charter Equity Research analyst Edward Snyder said he was doubtful if the company's mobile division could operate on its own if TriQuint sold off the power amplifiers business.

"It's a double-edged sword. On the one hand, you can break up the company and get more value in the short term but you may also end up killing it off," Snyder said.

TriQuint forecast current-quarter results well below Wall Street expectations last week, partly due to lower revenue from embattled smartphone maker BlackBerry Ltd .

Starboard said TriQuint should exit its Oregon wafer fabrication facility, moving part of its power amplifier production to its other plant in Texas and outsourcing the rest to a foundry.

"It's clear that of the two competing schools of thought on how to do this, the winner is definitely the Skyworks-Avago-RF Micro model," Snyder said.

Ending its fabrication business could, however, stop the flow of funds that the company receives from the government to develop technologies for defense products, he said.

TriQuint was not immediately available for comment.

TriQuint's stock, which has risen 39 percent since Starboard announced a 7.8 percent stake in the company, were up 5 percent at \$7.73 in afternoon trading.

"They (shareholders) think there's going to be a proxy fight or takeover battle for TriQuint so they are bidding it up on that," Snyder said. (Reporting by Sruthi Ramakrishnan in Bangalore; Editing by Kirti Pandey and Don Sebastian)

© Thomson Reuters 2013. All rights reserved. Users may download and print extracts of content from this website for their own personal and non-commercial use only. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is expressly prohibited without the prior written consent of Thomson Reuters. Thomson Reuters and its logo are registered trademarks or trademarks of the Thomson Reuters group of companies around the world.

Thomson Reuters journalists are subject to an Editorial Handbook which requires fair presentation and disclosure of relevant interests.

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to colleagues, clients or customers, use the Reprints tool at the top of any article or visit: www.reutersreprints.com.