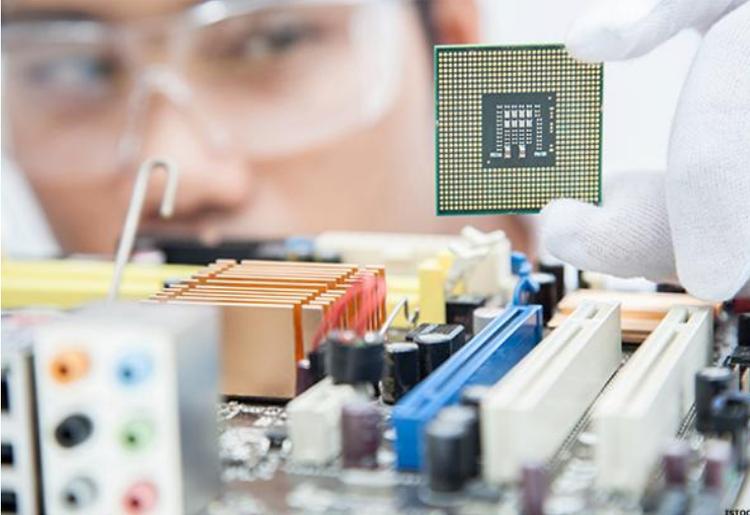


# Analysts Question Legitimacy of Chinese Investors' Offer For IDTI

By **Jaewon Kang** [Follow](#) 04/12/16 - 06:08 PM EDT

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**Integrated Device Technology** ([IDTI](#) - [Get Report](#)) has become the latest chipmaker to become the apple of a Chinese investors' eye and analysts now wonder whether the offer will actually lead to a deal.

Shares of the company spiked Tuesday as high as 23% but finished only up 4.1% to \$20.22, after a group of investors said they had launched a \$32 per share offer that values the target at about \$4.3 billion.

"There's a lot of concern about the legitimacy of the offer," said **Wedbush Securities** analyst Betsy Van Hees. "The likelihood of this being able to get through CFIUS is highly unlikely."

She further said the board of IDTI will likely do due diligence but ultimately reject the bid, adding that the chipmaker has nicely turned itself around through delivering growth and diversification.

"It's not a company that's itching to get taken over," said **Charter Equity Research** analyst Ed Snyder, adding that IDTI isn't a company that has stalled and is looking for a buyer. Its current CEO, Gregory Waters, also joined only

three years ago, he said.

He added that IDTI has started to deliver strong performance after relatively slow growth over the last couple years.

"The question becomes what do they get from being taken out?" he added. "It would be a nice addition, but it's also in a lot of different businesses. It's not a natural fit to anyone."

Still, Wedbush's Van Hees said all mid-cap and small-cap chipmakers -- including Integrated Device Technology -- are essentially in play.

In fact, IDTI would be a nice tuck-in for **Texas Instruments** ([TXN](#)) and **Analog Devices** ([ADI](#) - [Get Report](#)), she said, adding that it could also pursue a merger of equals with players such as **Cirrus Logic** ([CRUS](#) - [Get Report](#)).

The Deal, a sister publication of TheStreet, previously [identified IDTI in October](#) as a potential acquisition target for **Skyworks Solutions** ([SWKS](#)). Industry sources had suggested then that Skyworks should drop out of a bidding war with its peer **Microsemi** ([MSCC](#) - [Get Report](#)) for **PMC-Sierra** ([PMCS](#)) and pursue IDTI instead. Skyworks walked away after a six-week bidding war.

"Consolidation will continue to be a theme throughout the rest of the decade that we're in. We're in a consolidation wave," Van Hees said.

A group of Chinese investors led by Libin Sun disclosed in a 13D filing with the SEC Tuesday that it has made a preliminary, non-binding proposal to acquire Integrated Device Technology for \$32 per share in cash. The offer also included a go-shop provision that would allow the board of the San Jose, Calif., semiconductor company to solicit alternative proposals.