Infineon Confirms Talks to Sell Wireless Unit

FRANKFURT (Reuters) -- German chipmaker Infineon said it is in talks with interested parties about the future of its wireless unit and said it had made significant progress within the discussions.

Infineon said on Monday that the positive development of its mobile chip unit, which had annual revenue of 917 million euros ($1.20 billion) in its 2008/2009 fiscal year, had led to "a display of a strategic interest in the segment by several companies."

There have been media reports that Infineon was looking to sell and last week several people familiar with the situation told Reuters that Infineon was in advanced talks with U.S. chipmaker Intel (INTC.O) over the sale of the wireless business. A company spokeswoman declined to say who had expressed interest in Infineon.

"With today's statement we are only confirming that we are in talks," the spokeswoman said. On Monday, financial sources familiar with the matter told Reuters that a deal with Intel could still take a few weeks because some details still needed to be hammered out.

"If all goes smoothly, an announcement can come very quickly but it could also still take several weeks," one banker said. Sources familiar with the situation had previously told Reuters that Infineon mandated J.P. Morgan to sound out options for the unit, adding that the business is valued at around 1 billion euros.

Infineon, whose supervisory board is scheduled to meet on Wednesday, and Intel, had previously declined to comment. Infineon's wireless unit makes chips, which are used in mobile phones manufactured by companies such as Samsung (005930.KS), LG (066570.KS), Nokia (NOK1V.HE) and Apple (AAPL.O).

Infineon Chief Executive Peter Bauer managed to turn around the unit, which had been loss-making for years. It is now expected to generate around 30 percent of Infineon's total revenue this quarter but it ranks No. 5 in the chipset industry, far behind Qualcomm (QCOM.O), Texas Instruments (TXN.N) and Broadcom (BRCM.O). Some analysts have said the move could make sense for Intel as a way to expand into the booming smartphone market. Korean chipmaker Samsung (005930.KS) has also been named as a potential buyer.

(Reporting by Nicola Leske)

Source URL (retrieved on *12/12/2013 - 2:50pm*):
http://www.wirelessdesignmag.com/news/2010/08/infineon-confirms-talks-sell-wireless-unit