

WSJ: Intel Considers Buying Broadcom

Written by Alice Marshall
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Intel does not want Broadcom to buy Qualcomm, the Wall Street Journal-- leading Chipzilla to consider stopping the merger by... buying Broadcom, a company analysts estimate is worth over \$100 billion.



Why would Intel want to stop the acquisition from taking place? Anonymous sources tell the WSJ Intel considers such a combined company a "serious competitive threat." And just as well, since a merged Broadcom-Qualcomm would make the 3rd biggest chipmaker in the world, following Intel and Samsung.

A Broadcom-Qualcomm would be a powerhouse in smartphone chips with a strong presence in datacentres. In addition Qualcomm is in the process of buying NXP Semiconductors, a Dutch specialist in automotive chips, another area of interest for Intel. Finally, according to analyst Bernstein Research combined Broadcom-Qualcomm revenues total nearly \$40 bn for fiscal 2017, "formidable" even compared to Intel revenues of \$63bn for the same period.

That said, an Intel-Broadcom deal would be "enormous" and complex, to put it mildly. It not only involves large amounts of cash (as mentioned above, Broadcom's worth is estimated at \$100bn), but also regulatory scrutiny and Intel's own arguable lack of experience in large acquisitions. After all, the biggest recent deal for Intel was the \$16.7bn purchase of Altera.

Some analysts also suggest such a deal does not even make sense, since "Broadcom's products wouldn't mesh well with Intel's manufacturing operations, where the chip giant could use additional volume to reduce costs."

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Then again, Intel might not need to worry about Broadcom-Qualcomm happening-- the potential acquisition is on the radar of the Committee on Foreign Investments in the US (CFIUS). The organisation believes an unnamed "actor" poses a risk to US infrastructure, since it will lead to Chinese dominance in 5G technology, leading to "substantial negative security consequences."

Intel has no comment on the WSJ story, simply stating it does not comment on "rumours and speculation" related to mergers and acquisitions.

Go Intel May Intervene in Broadcom's Effort to Buy Qualcomm (WSJ.com, registration required)

<https://www.wsj.com/articles/intel-considers-possible-bid-for-broadcom-1520633986>

Go [Why Intel is So Wary of a Broadcom-Qualcomm Merger \(WSJ\)](#)