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## Taking on More at Microsemi

■ By CHRIS CASACCHIA

**Microsemi Corp.'s John Hohener** is the financial strategist behind the Aliso Viejo based chipmaker's aggressive growth plan.

His skills were on full display as the company chased down its two largest acquisition targets, which came in 2010 and 2011 and combined for more than \$1 billion.

"It was the first time we dipped into the debt markets," said Hohener, who was honored in the Public Company category at the annual CFO of the Year Awards presented on Jan. 29 by the Business Journal and the California Society of Certified Public Accountants.

### Chips

Microsemi's chips serve a variety of military, aerospace, consumer and industrial uses.

They're built into satellites, drones, digital televisions, defibrillators, pacemakers and other devices. Customers include **Cisco Systems Inc.**, **Boeing Co.**, **HewlettPackard Co.**, **Dell Inc.** and **Samsung Electronics Co.**

The company recently had a market value of about \$1.9 billion. It posted a \$29.7 million loss on a little more than \$1 billion in revenue for the year ended in September, which reflected one-time-costs on its recent acquisitions.

The company continued on the acquisition trail in 2012, when it bought key assets from Sunnyvale-based **Maxim Integrated Products Inc.** on undisclosed terms. The Maxim buy built on earlier deals, which have strengthened Microsemi's position in the timing and synchronization, defense, communication and aerospace markets.

The company has long pursued a roll-up strategy—which had been centered on cash buys of smaller competitors with sales between \$10 million and \$50 million.

The then-record \$430 million acquisition of Mountain View-based **Actel Corp.** in October 2010 pushed the company into new territory—debt.

"We wouldn't have been able to do that acquisition and generate the growth we've had if we didn't raise the capital," Hohener said.

The buy added to Microsemi's specialization



Hohener: credits staff, aims to "remove barriers"

of making "high-reliability" chips, which are built into devices that are costly if they fail.

### Crucial Technology

The technology was crucial in the launch and flight of the Curiosity rover to Mars, and continues to support the exploratory mission on the planet's surface. Microsemi has supplied millions of dollars worth of chips for navigation and measurement equipment on the Rover, with much of the technology acquired through the Actel deal.

The financial mix of debt and cash for Actel turned out to be a primer for Microsemi's largest deal to date.

### Zarlink Buy

That came in September 2011, when Microsemi acquired Canadian chipmaker **Zarlink Semiconductor Inc.** in a hostile takeover for \$633 million.

The company financed the Zarlink buy with

an \$800 million loan from **Morgan Stanley Senior Funding Inc.**, a unit of New York-based investment bank **Morgan Stanley & Co.**

The acquisition put the company on a clear path to reaching its previously stated goal of \$1 billion in annual revenue, which puts it in the upper ranks of the mixed-signal market.

Hohener credits his team of internal auditors, controllers and accountants for the company's financial success.

"On the financial front we're always looking to put the best people in place," he said. "I think that the key I provide is to make sure we've removed barriers."

It's taken years to assemble the right team to handle the demands on a public company.

And some hard knocks.

Hohener said he's gone through a number of controllers since taking the top finance post in 2008.

Some "just were not able to keep up with growth of the company," he said. ■