

Skyworks Exceeds Q3 FY18 Expectations

July 19, 2018

- Delivers Revenue of \$894.3 Million
- GAAP Operating Margin 34.3%; Non-GAAP Operating Margin 36.3%
- Record Q3 Diluted EPS: GAAP \$1.57; Non-GAAP \$1.64
- Returns \$298.0 Million to Shareholders via Share Buybacks and Dividends
- Guides Q4 FY18 Revenue up 11 to 13% and Non-GAAP Diluted EPS up 16% Sequentially
- Increases Quarterly Dividend by 19% to \$0.38 Per Share

IRVINE, Calif.--(BUSINESS WIRE)--Jul. 19, 2018-- Skyworks Solutions, Inc. (NASDAQ: SWKS) an innovator of high performance analog semiconductors connecting people, places and things, today reported third fiscal quarter results for the period ended June 29, 2018. Revenue for the third fiscal quarter was \$894.3 million, exceeding consensus estimates.

On a GAAP basis, operating income for the third fiscal quarter of 2018 was \$306.3 million with record Q3 diluted earnings per share of \$1.57. On a non-GAAP basis, operating income was \$324.8 million with record Q3 non-GAAP diluted earnings per share of \$1.64, \$0.05 better than company quidance.

"Skyworks exceeded June quarter expectations driven by our broadening market reach, solid execution and resilient business model," said Liam K. Griffin, president and chief executive officer of Skyworks. "We are gaining first-mover advantage across Internet of Things and rapidly emerging 5G applications with our Sky5™ platform. Leveraging our scale and decades of system-level expertise, we are positioned to capitalize on increasing demand for powerful and complex connectivity engines as the global data economy accelerates."

Third Fiscal Quarter Business Highlights

- Expanded Sky5™ suite with 5G antenna tuners
- Launched connected street lighting modules with Philips for smart cities
- Partnered with Sierra Wireless on LTE CAT-12 data cards for M2M applications
- Commenced production of access solutions for Cisco's enterprise systems
- Enabled telematics at BMW and General Motors
- Extended reach within Linksys' new dual-band mesh networks
- Ramped connectivity engines for Amazon's voice-enabled 4K Fire TV platforms
- Increased footprint across Nest thermostats, fire detectors and video doorbells leveraging Bluetooth® Low Energy, Zigbee®. Thread and Wi-Fi® protocols
- Unveiled networking products supporting AT&T/DIRECTV routers
- Introduced high-precision GPS functionality improving ride-sharing, mobile payment and fleet management services
- Deployed massive MIMO base station architectures with a leading European infrastructure provider

Fourth Fiscal Quarter 2018 Outlook

We provide earnings guidance on a non-GAAP basis because certain information necessary to reconcile such guidance to GAAP is difficult to estimate and dependent on future events outside of our control. Please refer to the attached Discussion Regarding the Use of Non-GAAP Financial Measures in this press release for a further discussion of our use of non-GAAP measures, including quantification of known expected adjustment items.

"Skyworks is on track to deliver another record year of top and bottom line results," said Kris Sennesael, senior vice president and chief financial officer of Skyworks. "Specifically, for the fourth fiscal quarter of 2018, we expect revenue to be up 11 to 13 percent sequentially as design win momentum transitions to volume production. At the \$1 billion midpoint of this revenue range, we anticipate continued margin expansion and 16 percent sequential growth in non-GAAP diluted earnings per share to \$1.91. Further, given our confidence in Skyworks' strategic outlook, today we are announcing a substantial raise to our quarterly dividend."

Dividend Increase and Payment

Skyworks' Board of Directors has declared a cash dividend of \$0.38 per share of the Company's common stock, representing a 19 percent increase from the prior quarterly dividend of \$0.32 per share. The dividend is payable on August 28, 2018, to stockholders of record at the close of business on August 7, 2018.

Skyworks' Third Fiscal Quarter 2018 Conference Call

Skyworks will host a conference call with analysts to discuss its third fiscal quarter 2018 results and business outlook today at 5:00 p.m. Eastern time. To listen to the conference call via the Internet, please visit the investor relations section of Skyworks' website. To listen to the conference call via telephone, please call (800) 230-1059 (domestic) or (612) 234-9959 (international), confirmation code: 451109.

Playback of the conference call will begin at 9:00 p.m. Eastern time on July 19, and end at 9:00 p.m. Eastern time on July 26. The replay will be

available on Skyworks' website or by calling (800) 475-6701 (domestic) or (320) 365-3844 (international), access code: 451109.

About Skyworks

Skyworks Solutions, Inc. is empowering the wireless networking revolution. Our highly innovative analog semiconductors are connecting people, places and things spanning a number of new and previously unimagined applications within the automotive, broadband, cellular infrastructure, connected home, industrial, medical, military, smartphone, tablet and wearable markets.

Skyworks is a global company with engineering, marketing, operations, sales and support facilities located throughout Asia, Europe and North America and is a member of the S&P 500[®] and Nasdaq-100[®] market indices (NASDAQ: SWKS). For more information, please visit Skyworks' website at: www.skyworksinc.com.

Safe Harbor Statement

This news release includes "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include without limitation information relating to future results and expectations of Skyworks (e.g., certain projections and business trends, plans for dividend payments, the use of its stock repurchase program, and cash return rate to shareholders). Forward-looking statements can often be identified by words such as "anticipates," "expects," "forecasts," "intends," "believes," "plans," "may," "will," or "continue," and similar expressions and variations or negatives of these words. All such statements are subject to certain risks, uncertainties and other important factors that could cause actual results to differ materially and adversely from those projected, and may affect our future operating results, financial position and cash flows.

These risks, uncertainties and other important factors include, but are not limited to: the susceptibility of the semiconductor industry and the markets addressed by our, and our customers', products to economic downturns; our reliance on several key customers for a large percentage of our sales; the volatility of our stock price; declining selling prices, decreased gross margins, and loss of market share as a result of increased competition; our ability to obtain design wins from customers; economic, social, military and geo-political conditions in the countries in which we, our customers or our suppliers operate, including security and health risks, imposition of trade protection measures (e.g., tariffs or taxes), increased import/export restrictions and controls, and possible disruptions in transportation networks and fluctuations in foreign currency exchange rates; changes in laws, regulations and/or policies that could adversely affect our operations and financial results, the economy and our customers' demand for our products, or the financial markets and our ability to raise capital; fluctuations in our manufacturing yields due to our complex and specialized manufacturing processes; our ability to develop, manufacture and market innovative products, avoid product obsolescence, reduce costs in a timely manner, transition our products to smaller geometry process technologies, and achieve higher levels of design integration; the quality of our products and any defect remediation costs: the availability and pricing of third-party semiconductor foundry, assembly and test capacity, raw materials and supplier components; our ability to retain, recruit and hire key executives, technical personnel and other employees in the positions and numbers, with the experience and capabilities, and at the compensation levels needed to implement our business and product plans; the timing, rescheduling or cancellation of significant customer orders and our ability, as well as the ability of our customers, to manage inventory; our ability to prevent theft of our intellectual property, disclosure of confidential information, or breaches of our information technology systems; uncertainties of litigation, including potential disputes over intellectual property infringement and rights, as well as payments related to the licensing and/or sale of such rights; our ability to continue to grow and maintain an intellectual property portfolio and obtain needed licenses from third parties; our ability to make certain investments and acquisitions, integrate companies we acquire, and/or enter into strategic alliances; and other risks and uncertainties, including, but not limited to, those detailed from time to time in our filings with the Securities and Exchange Commission.

The forward-looking statements contained in this news release are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

Note to Editors: Skyworks and the Skyworks symbol are trademarks or registered trademarks of Skyworks Solutions, Inc. or its subsidiaries in the United States and other countries. Third-party brands and names are for identification purposes only, and are the property of their respective owners.

SKYWORKS SOLUTIONS, INC. UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Mo	nths Ended	Nine Months Ended		
	June 29,	June 30,	June 29,	June 30,	
(in millions, except per share amounts)	2018	2017	2018	2017	
Net revenue	\$ 894.3	\$ 900.8	\$2,859.6	\$2,666.8	
Cost of goods sold	442.7	447.2	1,412.5	1,323.9	
Gross profit	451.6	453.6	1,447.1	1,342.9	
Operating expenses:					
Research and development	96.8	92.0	301.5	263.4	
Selling, general and administrative	44.6	49.5	153.4	148.2	
Amortization of acquisition-related intangibles	3.9	7.1	12.0	22.6	
Restructuring and other charges	_	0.2	1.0	8.0	
Total operating expenses	145.3	148.8	467.9	435.0	
Operating income	306.3	304.8	979.2	907.9	
Other income, net	4.5	2.0	9.5	1.4	
Income before income taxes	310.8	306.8	988.7	909.3	
Provision for income taxes	24.3	60.6	355.8	180.4	
Net income	\$ 286.5	\$ 246.2	\$632.9	\$728.9	

Earnings per share:				
Basic	\$ 1.58	\$ 1.34	\$3.47	\$3.95
Diluted	\$ 1.57	\$ 1.32	\$3.44	\$3.90
Weighted average shares:				
Basic	181.2	184.2	182.3	184.6
Diluted	182.8	186.6	184.2	187.0

SKYWORKS SOLUTIONS, INC. UNAUDITED RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES

	Three Moi	Three Months Ended Nine Months Ended		
	June 29,	June 30,	June 29,	June 30,
(in millions)	2018	2017	2018	2017
GAAP gross profit	\$451.6	\$453.6	\$1,447.1	\$1,342.9
Share-based compensation expense [a]	3.3 \$454.9	2.9 \$ 456.5	11.6	10.1
Non-GAAP gross profit GAAP gross margin %	50.5 %	*	\$1,458.7 50.6	\$ 1,353.0 % 50.4 %
Non-GAAP gross margin %	50.9 %			% 50.4 % % 50.7 %
Non-OAAI gioss maigin 70	30.9 /0	30.7 /6	31.0 /	0 30.1 /0
	Three Months Ended Nine Months Ended			hs Ended
	June 29,	June 30,	June 29,	June 30,
(in millions)	2018	2017	2018	2017
GAAP operating income	\$306.3	\$304.8	\$979.2	\$ 907.9
Share-based compensation expense [a]	19.5	20.6	86.3	64.3
Acquisition-related expenses (benefit) [b]	(4.9)	0.4	(6.9)	
Amortization of acquisition-related intangibles [c]	3.9	7.1	12.0	22.6
Restructuring and other charges (earnings) [d] Non-GAAP operating income	— ¢ 224 9	0.2 \$333.1	(0.7)	0.8 \$999.9
GAAP operating margin %	\$324.8 34.3 %		\$1,069.9 34.2	\$ 999.9 % 34.0 %
Non-GAAP operating margin %	36.3 %		-	% 34.0 % % 37.5 %
Non OAAL operating margin 70	30.3 70	37.0 70	57.4	0 37.3 70
	Three Months Ended Nine Months Ended			
	Three Mor	nths Ended	Nine Mont	hs Ended
	Three Moi June 29,	nths Ended June 30,	Nine Montl June 29,	hs Ended June 30,
(in millions)				
(in millions) GAAP net income	June 29,	June 30,	June 29,	June 30,
GAAP net income Share-based compensation expense [a]	June 29, 2018	June 30, 2017	June 29, 2018	June 30, 2017
GAAP net income Share-based compensation expense [a] Acquisition-related expenses (benefit) [b]	June 29, 2018 \$286.5 19.5 (4.9)	June 30, 2017 \$ 246.2	June 29, 2018 \$632.9	June 30, 2017 \$ 728.9 64.3
GAAP net income Share-based compensation expense [a]	June 29, 2018 \$286.5 19.5 (4.9)	June 30, 2017 \$246.2 20.6 0.4 7.1	June 29, 2018 \$632.9 86.3	June 30, 2017 \$ 728.9 64.3
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GAAP net income Share-based compensation expense [a] Acquisition-related expenses (benefit) [b] Amortization of acquisition-related intangibles [c] Restructuring and other charges (earnings) [d] Tax adjustments [e]	June 29, 2018 \$286.5 19.5 (4.9) 3.9 — (5.1)	June 30, 2017 \$246.2 20.6 0.4 7.1 0.2 18.2	June 29, 2018 \$632.9 86.3 (6.9) 12.0 (0.7) 250.1	June 30, 2017 \$728.9 64.3 4.3 22.6 0.8 45.4
GAAP net income Share-based compensation expense [a] Acquisition-related expenses (benefit) [b] Amortization of acquisition-related intangibles [c] Restructuring and other charges (earnings) [d]	June 29, 2018 \$ 286.5 19.5 (4.9) 3.9	June 30, 2017 \$246.2 20.6 0.4 7.1 0.2	June 29, 2018 \$632.9 86.3 (6.9) 12.0 (0.7)	June 30, 2017 \$728.9 64.3 4.3 22.6 0.8
GAAP net income Share-based compensation expense [a] Acquisition-related expenses (benefit) [b] Amortization of acquisition-related intangibles [c] Restructuring and other charges (earnings) [d] Tax adjustments [e]	June 29, 2018 \$286.5 19.5 (4.9) 3.9 — (5.1) \$299.9	June 30, 2017 \$246.2 20.6 0.4 7.1 0.2 18.2 \$292.7	June 29, 2018 \$632.9 86.3 (6.9) 12.0 (0.7) 250.1 \$973.7	June 30, 2017 \$728.9 64.3 4.3 22.6 0.8 45.4 \$866.3
GAAP net income Share-based compensation expense [a] Acquisition-related expenses (benefit) [b] Amortization of acquisition-related intangibles [c] Restructuring and other charges (earnings) [d] Tax adjustments [e]	June 29, 2018 \$286.5 19.5 (4.9) 3.9 — (5.1) \$299.9	June 30, 2017 \$246.2 20.6 0.4 7.1 0.2 18.2 \$292.7	June 29, 2018 \$632.9 86.3 (6.9) 12.0 (0.7) 250.1	June 30, 2017 \$728.9 64.3 4.3 22.6 0.8 45.4 \$866.3
GAAP net income Share-based compensation expense [a] Acquisition-related expenses (benefit) [b] Amortization of acquisition-related intangibles [c] Restructuring and other charges (earnings) [d] Tax adjustments [e]	June 29, 2018 \$ 286.5 19.5 (4.9) 3.9 — (5.1) \$ 299.9	June 30, 2017 \$246.2 20.6 0.4 7.1 0.2 18.2 \$292.7	June 29, 2018 \$632.9 86.3 (6.9) 12.0 (0.7) 250.1 \$973.7	June 30, 2017 \$728.9 64.3 4.3 22.6 0.8 45.4 \$866.3
GAAP net income Share-based compensation expense [a] Acquisition-related expenses (benefit) [b] Amortization of acquisition-related intangibles [c] Restructuring and other charges (earnings) [d] Tax adjustments [e]	June 29, 2018 \$ 286.5 19.5 (4.9) 3.9 — (5.1) \$ 299.9 Three Mod June 29,	June 30, 2017 \$246.2 20.6 0.4 7.1 0.2 18.2 \$292.7 hths Ended June 30,	June 29, 2018 \$632.9 86.3 (6.9) 12.0 (0.7) 250.1 \$973.7 Nine Monti June 29,	June 30, 2017 \$728.9 64.3 4.3 22.6 0.8 45.4 \$866.3 hs Ended June 30,
GAAP net income Share-based compensation expense [a] Acquisition-related expenses (benefit) [b] Amortization of acquisition-related intangibles [c] Restructuring and other charges (earnings) [d] Tax adjustments [e] Non-GAAP net income	June 29, 2018 \$286.5 19.5 (4.9) 3.9 — (5.1) \$299.9 Three Mod June 29, 2018	June 30, 2017 \$246.2 20.6 0.4 7.1 0.2 18.2 \$292.7 hths Ended June 30, 2017	June 29, 2018 \$632.9 86.3 (6.9) 12.0 (0.7) 250.1 \$973.7 Nine Monti June 29, 2018	June 30, 2017 \$728.9 64.3 4.3 22.6 0.8 45.4 \$866.3 hs Ended June 30, 2017
GAAP net income Share-based compensation expense [a] Acquisition-related expenses (benefit) [b] Amortization of acquisition-related intangibles [c] Restructuring and other charges (earnings) [d] Tax adjustments [e] Non-GAAP net income	June 29, 2018 \$286.5 19.5 (4.9) 3.9— (5.1) \$299.9 Three Mod June 29, 2018 \$1.57	June 30, 2017 \$246.2 20.6 0.4 7.1 0.2 18.2 \$292.7 hths Ended June 30, 2017 \$1.32	June 29, 2018 \$632.9 86.3 (6.9) 12.0 (0.7) 250.1 \$973.7 Nine Month June 29, 2018 \$3.44	June 30, 2017 \$728.9 64.3 4.3 22.6 0.8 45.4 \$866.3 hs Ended June 30, 2017 \$3.90 0.34
GAAP net income Share-based compensation expense [a] Acquisition-related expenses (benefit) [b] Amortization of acquisition-related intangibles [c] Restructuring and other charges (earnings) [d] Tax adjustments [e] Non-GAAP net income GAAP net income per share, diluted Share-based compensation expense [a]	June 29, 2018 \$ 286.5 19.5 (4.9) 3.9— (5.1) \$ 299.9 Three Mod June 29, 2018 \$ 1.57 0.11 (0.03)	June 30, 2017 \$246.2 20.6 0.4 7.1 0.2 18.2 \$292.7 hths Ended June 30, 2017 \$1.32	June 29, 2018 \$632.9 86.3 (6.9) 12.0 (0.7) 250.1 \$973.7 Nine Month June 29, 2018 \$3.44 0.47	June 30, 2017 \$728.9 64.3 4.3 22.6 0.8 45.4 \$866.3 hs Ended June 30, 2017 \$3.90 0.34
GAAP net income Share-based compensation expense [a] Acquisition-related expenses (benefit) [b] Amortization of acquisition-related intangibles [c] Restructuring and other charges (earnings) [d] Tax adjustments [e] Non-GAAP net income GAAP net income per share, diluted Share-based compensation expense [a] Acquisition-related expenses (benefit) [b]	June 29, 2018 \$ 286.5 19.5 (4.9) 3.9— (5.1) \$ 299.9 Three Mod June 29, 2018 \$ 1.57 0.11 (0.03)	June 30, 2017 \$246.2 20.6 0.4 7.1 0.2 18.2 \$292.7 hths Ended June 30, 2017 \$1.32 0.11	June 29, 2018 \$632.9 86.3 (6.9) 12.0 (0.7) 250.1 \$973.7 Nine Month June 29, 2018 \$3.44 0.47 (0.04)	June 30, 2017 \$728.9 64.3 4.3 22.6 0.8 45.4 \$866.3 hs Ended June 30, 2017 \$3.90 0.34 0.02
GAAP net income Share-based compensation expense [a] Acquisition-related expenses (benefit) [b] Amortization of acquisition-related intangibles [c] Restructuring and other charges (earnings) [d] Tax adjustments [e] Non-GAAP net income GAAP net income per share, diluted Share-based compensation expense [a] Acquisition-related expenses (benefit) [b] Amortization of acquisition-related intangibles [c]	June 29, 2018 \$ 286.5 19.5 (4.9) 3.9— (5.1) \$ 299.9 Three Mod June 29, 2018 \$ 1.57 0.11 (0.03)	June 30, 2017 \$246.2 20.6 0.4 7.1 0.2 18.2 \$292.7 hths Ended June 30, 2017 \$1.32 0.11	June 29, 2018 \$632.9 86.3 (6.9) 12.0 (0.7) 250.1 \$973.7 Nine Month June 29, 2018 \$3.44 0.47 (0.04)	June 30, 2017 \$728.9 64.3 4.3 22.6 0.8 45.4 \$866.3 hs Ended June 30, 2017 \$3.90 0.34 0.02

SKYWORKS SOLUTIONS, INC. DISCUSSION REGARDING THE USE OF NON-GAAP FINANCIAL MEASURES

Our earnings release contains some or all of the following financial measures that have not been calculated in accordance with United States Generally Accepted Accounting Principles ("GAAP"): (i) non-GAAP gross profit and gross margin, (ii) non-GAAP operating income and operating margin, (iii) non-GAAP net income, and (iv) non-GAAP diluted earnings per share. As set forth in the "Unaudited Reconciliations of Non-GAAP Financial Measures" table found above, we derive such non-GAAP financial measures by excluding certain expenses and other items from the respective GAAP financial measure that is most directly comparable to each non-GAAP financial measure. Management uses these non-GAAP financial measures to evaluate our operating performance and compare it against past periods, make operating decisions, forecast for future periods,

compare our operating performance against peer companies and determine payments under certain compensation programs. These non-GAAP financial measures provide management with additional means to understand and evaluate the operating results and trends in our ongoing business by eliminating certain non-recurring expenses and other items that management believes might otherwise make comparisons of our ongoing business with prior periods and competitors more difficult, obscure trends in ongoing operations or reduce management's ability to make forecasts.

We provide investors with non-GAAP gross profit and gross margin, non-GAAP operating income and operating margin, non-GAAP net income and non-GAAP diluted earnings per share because we believe it is important for investors to be able to closely monitor and understand changes in our ability to generate income from ongoing business operations. We believe these non-GAAP financial measures give investors an additional method to evaluate historical operating performance and identify trends, an additional means of evaluating period-over-period operating performance and a method to facilitate certain comparisons of our operating results to those of our peer companies. We also believe that providing non-GAAP operating income and operating margin allows investors to assess the extent to which our ongoing operations impact our overall financial performance. We further believe that providing non-GAAP net income and non-GAAP diluted earnings per share allows investors to assess the overall financial performance of our ongoing operations by eliminating the impact of share-based compensation expense, acquisition-related expenses, amortization of intangibles, restructuring-related charges, litigation settlement gains, losses and expenses, and certain tax items which may not occur in each period presented and which may represent non-cash items unrelated to our ongoing operations. We believe that disclosing these non-GAAP financial measures contributes to enhanced financial reporting transparency and provides investors with added clarity about complex financial performance measures.

We calculate non-GAAP gross profit by excluding from GAAP gross profit, share-based compensation expense and acquisition-related expenses. We calculate non-GAAP operating income by excluding from GAAP operating income, share-based compensation expense, acquisition-related expenses, amortization of intangibles, restructuring-related charges, and litigation settlement gains, losses and expenses. We calculate non-GAAP net income and diluted earnings per share by excluding from GAAP net income and diluted earnings per share-based compensation expense, acquisition-related expenses, amortization of intangibles, restructuring-related charges, litigation settlement gains, losses and expenses, and certain tax items. We exclude the items identified above from the respective non-GAAP financial measure referenced above for the reasons set forth with respect to each such excluded item below:

Share-Based Compensation - because (1) the total amount of expense is partially outside of our control because it is based on factors such as stock price volatility and interest rates, which may be unrelated to our performance during the period in which the expense is incurred, (2) it is an expense based upon a valuation methodology premised on assumptions that vary over time, and (3) the amount of the expense can vary significantly between companies due to factors that can be outside of the control of such companies.

Acquisition-Related Expenses - including such items as, when applicable, amortization of acquired intangible assets, fair value adjustments to contingent consideration, fair value charges incurred upon the sale of acquired inventory, acquisition-related professional fees, deemed compensation expenses and interest expense on seller-financed debt, because they are not considered by management in making operating decisions and we believe that such expenses do not have a direct correlation to our future business operations and thereby including such charges does not necessarily reflect the performance of our ongoing operations for the period in which such charges or reversals are incurred.

Restructuring-Related Charges - because, to the extent such charges or reversals impact a period presented, we believe that they have no direct correlation to our future business operations and including such charges does not necessarily reflect the performance of our ongoing operations for the period in which such charges are incurred.

Litigation Settlement Gains, Losses and Expenses - including gains, losses and expenses related to the resolution of other-than-ordinary-course threatened and actually filed lawsuits and other-than-ordinary-course contractual disputes, because (1) they are not considered by management in making operating decisions, (2) such litigation has been infrequent in nature, (3) such gains, losses and expenses are generally not directly controlled by management, (4) we believe such gains, losses and expenses do not necessarily reflect the performance of our ongoing operations for the period in which such charges are recognized and (5) the amount of such gains or losses and expenses can vary significantly between companies and make comparisons less reliable.

Certain Income Tax Items - including certain deferred tax charges and benefits that do not result in a current tax payment or tax refund and other adjustments, including but not limited to, items unrelated to the current fiscal year or that are not indicative of our ongoing business operations.

The non-GAAP financial measures presented in the table above should not be considered in isolation and are not an alternative for the respective GAAP financial measure that is most directly comparable to each such non-GAAP financial measure. Investors are cautioned against placing undue reliance on these non-GAAP financial measures and are urged to review and consider carefully the adjustments made by management to the most directly comparable GAAP financial measures to arrive at these non-GAAP financial measures. Non-GAAP financial measures may have limited value as analytical tools because they may exclude certain expenses that some investors consider important in evaluating our operating performance or ongoing business performance. Further, non-GAAP financial measures are likely to have limited value for purposes of drawing comparisons between companies because different companies may calculate similarly titled non-GAAP financial measures in different ways because non-GAAP measures are not based on any comprehensive set of accounting rules or principles.

Our earnings release contains forward-looking estimates of non-GAAP diluted earnings per share for the fourth quarter of our 2018 fiscal year ("Q4 2018"). We provide this non-GAAP measure to investors on a prospective basis for the same reasons (set forth above) that we provide it to investors on a historical basis. We are unable to provide a reconciliation of our forward-looking estimate of Q4 2018 GAAP diluted earnings per share to a forward-looking estimate of Q4 2018 non-GAAP diluted earnings per share because certain information needed to make a reasonable forward-looking estimate of GAAP diluted earnings per share for Q4 2018 (other than estimated share-based compensation expense of \$0.10 to \$0.20 per diluted share, certain tax items of \$(0.05) to \$0.05 per diluted share and estimated amortization of intangibles of \$0.01 to \$0.03 per diluted share) is difficult to predict and estimate and is often dependent on future events that may be uncertain or outside of our control. Such events may include unanticipated changes in our GAAP effective tax rate, unanticipated one-time charges related to asset impairments (fixed assets, inventory, intangibles or goodwill), unanticipated acquisition-related expenses, unanticipated litigation settlement gains, losses and expenses and other unanticipated non-recurring items not reflective of ongoing operations. The probable significance of these unknown items, in the aggregate, is estimated to be in the range of \$0.01 to \$0.04 in quarterly earnings per diluted share on a GAAP basis. Our forward-looking estimates of both GAAP and non-GAAP measures of our financial performance may differ materially from our actual results and should not be relied upon as statements of fact.

These charges represent expense recognized in accordance with ASC 718 - Compensation, Stock Compensation. For the three months ended June 29, 2018, approximately \$3.3 million, \$6.5 million and \$9.7 million were included in cost of goods sold, research and development expense and selling, general and administrative expense, respectively. For the nine months ended June 29, 2018, approximately \$11.6 million, \$32.2 million and \$42.5 million were included in cost of goods sold, research and development expense and selling, general and administrative expense, respectively.

For the three months ended June 30, 2017, approximately \$2.9 million, \$9.1 million and \$8.6 million were included in cost of goods sold, research and development expense and selling, general and administrative expense, respectively. For the nine months ended June 30, 2017, approximately \$10.1 million, \$25.9 million and \$28.3 million were included in cost of goods sold, research and development expense and selling, general and administrative expense, respectively.

The acquisition-related expenses recognized during the three months ended June 29, 2018, include a \$5.0 million benefit for fair value adjustments to reduce contingent considerations partially offset by a \$0.1 million charge to general and administrative expenses, primarily associated with acquisitions completed or contemplated during the period. The acquisition-related expenses recognized during the nine months ended June 29, 2018, include a \$7.8 million benefit for fair value adjustments to reduce contingent considerations partially offset by a \$0.9 million charge to general and administrative expenses, primarily associated with acquisitions completed or contemplated during the period.

The acquisition-related expenses recognized during the three months and nine months ended June 30, 2017, include a \$0.4 million and a \$4.3 million charge, respectively, to general and administrative expenses primarily associated with acquisitions completed or contemplated during the period.

[c] During the three months and nine months ended June 29, 2018, the Company incurred \$3.9 million and \$12.0 million, respectively, in amortization of acquisition-related intangibles.

During the three months and nine months ended June 30, 2017, the Company incurred \$7.1 million and \$22.6 million, respectively, in amortization of acquisition-related intangibles.

During the nine months ended June 29, 2018, the Company recognized a \$1.7 million benefit for a change in the estimated expense related to an [d] executive agreement offset by a \$1.0 million charge to revise an estimate related to a leased facility included in a previously announced restructuring plan.

During the three and nine months ended June 30, 2017, the Company incurred \$0.2 million and \$0.8 million, respectively, in employee severance costs primarily related to restructuring plans that were implemented during the periods.

During the three months and nine months ended June 29, 2018, these amounts generally represent the use of net operating loss and research and development tax credit carryforwards, deferred tax expense not affecting taxes payable, tax deductible share-based compensation expense in excess of GAAP share-based compensation expense, and non-cash expense (benefit) related to uncertain tax positions. Included in these amounts for the nine months ended June 29, 2018, is a one-time charge of \$238.0 million related to the mandatory deemed repatriation tax on foreign earnings and a one-time charge of \$18.5 million related to the revaluation of deferred tax assets and liabilities related to tax reform.

During the three months and nine months ended June 30, 2017, these amounts primarily represent the use of net operating loss and research and development tax credit carryforwards, deferred tax expense not affecting taxes payable, tax deductible share-based compensation expense in excess of GAAP share-based compensation expense, the release of previously reserved items that are no longer required as a result of IRS audits, and non-cash expense (benefit) related to uncertain tax positions.

SKYWORKS SOLUTIONS, INC. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)	June 29, 2018	September 29, 2017	
Assets			
Cash, cash equivalents and marketable securities	\$1,648.8	\$	1,616.8
Accounts receivable, net	468.4		454.7
Inventory	502.8		493.5
Property, plant and equipment, net	1,034.6		882.3
Goodwill and intangible assets, net	942.9		950.8
Other assets	185.8		175.5
Total assets	\$4,783.3	\$	4,573.6
Liabilities and Equity			
Accounts payable	\$230.2	\$	258.4
Accrued and other liabilities	470.2		249.5
Stockholders' equity	4,082.9		4,065.7
Total liabilities and equity	\$4,783.3	\$	4,573.6

SKYWORKS SOLUTIONS, INC. UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 29, June 30,		Nine Montl June 29,	June 30,
(in millions)	2018	2017	2018	2017
Cash flow from operating activities				
Net income	\$ 286.5	\$246.2	\$632.9	\$728.9
Adjustments to reconcile net income to net cash provided by operating activities:				
Share-based compensation	19.5	20.6	86.3	64.3
Depreciation	69.3	55.6	198.9	166.8
Amortization of intangible assets	5.4	7.1	16.5	22.6
Deferred income taxes	10.0	1.9	35.6	2.8
Excess tax benefit from share-based compensation	_	(7.2)	_	(35.4)
Changes in fair value of contingent consideration	(7.8)	_	(7.8)	_
Other	0.3	_	0.3	_
Changes in operating assets:				
Receivables, net	(101.2)	(28.6)	(13.7)	20.2
Inventory	(36.5)	(37.4)	(10.2)	(58.7)
Other current and long-term assets	(18.7)	8.8	(45.8)	(9.3)
Accounts payable	25.9	14.9	(56.3)	68.1
Other current and long-term liabilities	5.3	32.2	216.3	68.4
Net cash provided by operations	258.0	314.1	1,053.0	1,038.7
Cash flow from investing activities				
Capital expenditures	(191.5)	(113.0)	(310.0)	(218.0)
Payments for acquisitions, net of cash acquired				(13.7)
Purchased intangibles	(2.6)	_	(8.6)	_ ′
Purchases of marketable securities	(523.2)	_	(523.2)	_
Maturities and sales of marketable securities	32.6	_	32.6	3.2
Net cash used in investing activities	(684.7)	(113.0)	(809.2)	(228.5)
Cash flow from financing activities	,	,	,	,
Excess tax benefit from share-based compensation	_	7.2	_	35.4
Repurchase of common stock — payroll tax withholdings on equity awards	(1.0)	(3.4)	(47.5)	(48.0)
Repurchase of common stock — stock repurchase program	(240.3)	, ,		
Dividends paid	(57.7)	` ,		(155.7)
Net proceeds from exercise of stock options	2.5	13.9	34.8	45.8
Contribution of common shares to employee savings plan	_	_	9.9	7.2
Payments of contingent consideration	_	(1.3)		(4.2)
Net cash used in financing activities	(296.5)	,		` ,
Net increase (decrease) in cash and cash equivalents	(723.2)	,	(458.7)	360.2
Cash and cash equivalents at beginning of period	1,881.3	1,406.9	1,616.8	1,083.8
Cash and cash equivalents at end of period	\$1,158.1	\$1,444.0	\$1,158.1	\$1,444.0
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Media Relations:

Pilar Barrigas (949) 231-3061

Investor Relations:

Mitch Haws

(949) 231-3223