



January 22, 2015

## Skyworks Exceeds Q1 FY15 Revenue and EPS Guidance

- *Delivers Revenue of \$806 Million, up 59% Year-over-Year*
- *Expands Non-GAAP Operating Margin to 35% (30.6% GAAP)*
- *Posts \$1.26 of Non-GAAP Diluted EPS (\$1.01 GAAP) vs. \$0.67 a Year Ago*
- *Generates \$383 Million in Cash Flow from Operations*
- *Guides to Better-than-Seasonal Q2 Revenue of \$750 Million*

WOBURN, Mass.--(BUSINESS WIRE)-- Skyworks Solutions, Inc. (NASDAQ: SWKS), an innovator of high performance analog semiconductors connecting people, places and things, today reported first fiscal quarter results for the period ending January 2, 2015. Revenue for the first fiscal quarter was \$805.5 million, up 59 percent year-over-year and 12 percent sequentially, exceeding the Company's original guidance of \$770 million.

On a non-GAAP basis, operating income for the first fiscal quarter of 2015 was \$282.0 million, up 99 percent from \$141.8 million in the first fiscal quarter of 2014. Non-GAAP diluted earnings per share for the first fiscal quarter was \$1.26, \$0.08 better than guidance and up 88 percent from the \$0.67 reported for the first fiscal quarter of 2014. On a GAAP basis, operating income for the first fiscal quarter of 2015 was \$246.8 million and diluted earnings per share was \$1.01.

"We are off to a solid start to fiscal 2015," said David J. Aldrich, chairman and chief executive officer of Skyworks. "Our business results are being fueled by a global surge in connectivity across a wide-ranging set of applications and by the increase in analog-rich content that is required to power today's most innovative devices. Skyworks is at the forefront of this technology advancement—facilitating secure, high-speed, seamless connections through our integrated solutions. As our results show, we are capitalizing on these trends today—driving superior financial returns for shareholders."

### Q1 Business Highlights

- Captured new design wins in Cisco's latest home gateway for cable operators
- Secured multiple analog devices in a leading telematics platform for GM vehicles
- Commenced volume production of SkyLiTE™ integrated systems supporting Mediatek's latest reference designs at several OEM customers
- Ramped ICs in Fire TV and Echo streaming media devices at major online retailer
- Delivered diversity receive modules for LTE smartphones at Samsung and others
- Introduced Zigbee® solutions for smart lighting products at LG and Philips
- Expanded wearable designs with multiple devices in Timex's Ironman smartwatch
- Delivered switching and connectivity modules for Xiaomi's Mi4 platform
- Supported Thales avionics platforms with hi-rel switching products
- Captured over ten dollars of analog content in set top box application for DirecTV
- Powered Linksys' 9-stream access points with 802.11ac front end solutions

### Second Fiscal Quarter 2015 Outlook

"We have created a unique business model, combining the strong growth of connectivity and the Internet of Things with the financial returns of a diversified analog company," said Donald W. Palette, executive vice president and chief financial officer of Skyworks. "Our increasing market reach, expanding content opportunities and new product launches are enabling us to outperform normal March quarter seasonal trends. For the second fiscal quarter of 2015, we anticipate revenue to be \$750 million—up 56 percent year-over-year with non-GAAP diluted earnings per share of \$1.12."

For further information regarding use of non-GAAP measures in this press release, please refer to the Discussion Regarding

the Use of Non-GAAP Financial Measures set forth below.

## **Dividend Declaration**

Skyworks' Board of Directors has declared a cash dividend of \$0.13 per share of the Company's common stock. The dividend is payable on March 3, 2015 to stockholders of record at the close of business on February 5, 2015.

## **Skyworks' First Fiscal Quarter 2015 Conference Call**

Skyworks will host a conference call with analysts to discuss its first fiscal quarter 2015 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' Web site. To listen to the conference call via telephone, please call 800-230-1085 (domestic) or 612-234-9960 (international), confirmation code: 349791.

Playback of the conference call will begin at 9:00 p.m. Eastern time on January 22 and end at 9:00 p.m. Eastern time on January 29. The replay will be available on Skyworks' Web site or by calling 800-475-6701 (domestic) or 320-365-3844 (international), access code: 349791.

## **About Skyworks**

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

Headquartered in Woburn, Massachusetts, Skyworks is a global company with engineering, marketing, operations, sales, and service facilities located throughout Asia, Europe and North America. For more information, please visit Skyworks' website at: [www.skyworksinc.com](http://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). 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: uncertainty regarding global economic and financial market conditions; the susceptibility of the semiconductor industry and the markets addressed by our, and our customers', products to economic downturns; the timing, rescheduling or cancellation of significant customer orders and our ability, as well as the ability of our customers, to manage inventory; losses or curtailments of purchases or payments from key customers, or the timing of customer inventory adjustments; the availability and pricing of third-party semiconductor foundry, assembly and test capacity, raw materials and supplier components; changes in laws, regulations and/or policies that could adversely affect either (i) the economy and our customers' demand for our products or (ii) the financial markets and our ability to raise capital; our ability to develop, manufacture and market innovative products in a highly price competitive and rapidly changing technological environment; economic, social, military and geo-political conditions in the countries in which we, our customers or our suppliers operate, including security and health risks, possible disruptions in transportation networks and fluctuations in foreign currency exchange rates; fluctuations in our manufacturing yields due to our complex and specialized manufacturing processes; delays or disruptions in production due to equipment maintenance, repairs and/or upgrades; our reliance on several key customers for a large percentage of our sales; fluctuations in the manufacturing yields of our third-party semiconductor foundries and other problems or delays in the fabrication, assembly, testing or delivery of our products; our ability to timely and accurately predict market requirements and evolving industry standards, and to identify opportunities in new markets; 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 rapidly develop new products and avoid product obsolescence; 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; lengthy product development cycles that impact the timing of new product introductions; unfavorable changes in product mix; the quality of our products and any remediation costs; shorter-than-expected product life cycles; problems or delays that we may face in shifting our products to smaller geometry process technologies and in achieving higher levels of design integration; and our ability to continue to grow and maintain an intellectual property portfolio and obtain needed licenses from third parties, as well as 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 Skyworks Solutions are trademarks or registered trademarks of Skyworks Solutions, Inc. or its subsidiaries in the United States and in other countries. All other brands and names listed are trademarks of their respective companies.*

**SKYWORKS SOLUTIONS, INC.**  
**UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS**

(in millions, except per share amounts)	Three Months Ended	
	Jan. 2, 2015	Dec. 27, 2013
Net revenue	\$ 805.5	\$ 505.2
Cost of goods sold	432.5	283.2
Gross profit	373.0	222.0
Operating expenses:		
Research and development	68.5	58.4
Selling, general and administrative	47.9	41.1
Amortization of intangibles	8.5	6.5
Restructuring and other charges	1.3	-
Total operating expenses	126.2	106.0
Operating income	246.8	116.0
Other income, net	0.7	-
Income before income taxes	247.5	116.0
Provision for income taxes	52.3	21.5
Net income	\$ 195.2	\$ 94.5
Earnings per share:		
Basic	\$ 1.03	\$ 0.51
Diluted	\$ 1.01	\$ 0.49
Weighted average shares:		
Basic	188.7	186.2
Diluted	194.2	191.2

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

(in millions)	Three Months Ended	
	Jan. 2, 2015	Dec. 27, 2013
GAAP gross profit	\$ 373.0	\$ 222.0
Share-based compensation expense [a]	3.2	2.7
Acquisition-related expenses [b]	0.2	-
Non-GAAP gross profit	\$ 376.4	\$ 224.7
Non-GAAP gross margin %	46.7%	44.5%

Three Months Ended

(in millions)	Jan. 2, 2015	Dec. 27, 2013
GAAP operating income	\$ 246.8	\$ 116.0
Share-based compensation expense [a]	21.7	18.8
Acquisition-related expenses [b]	3.5	-
Amortization of intangibles	8.5	6.5
Restructuring and other charges [c]	1.3	-
Litigation settlement gains, losses and expenses [d]	0.1	0.5
Deferred executive compensation	0.1	-
Non-GAAP operating income	<u>\$ 282.0</u>	<u>\$ 141.8</u>
Non-GAAP operating margin %	35.0%	28.1%

Three Months Ended

(in millions)	Jan. 2, 2015	Dec. 27, 2013
GAAP net income	\$ 195.2	\$ 94.5
Share-based compensation expense [a]	21.7	18.8
Acquisition-related expenses [b]	3.5	-
Amortization of intangibles	8.5	6.5
Restructuring and other charges [c]	1.3	-
Litigation settlement gains, losses and expenses [d]	0.1	0.5
Deferred executive compensation	0.1	-
Interest expense on seller-financed debt [e]	0.3	-
Tax adjustments [f]	14.1	7.4
Non-GAAP net income	<u>\$ 244.8</u>	<u>\$ 127.7</u>

Three Months Ended

	Jan. 2, 2015	Dec. 27, 2013
GAAP net income per share, diluted	\$ 1.01	\$ 0.49
Share-based compensation expense [a]	0.11	0.10
Acquisition-related expenses [b]	0.02	-
Amortization of intangibles	0.04	0.03
Restructuring and other charges [c]	0.01	-
Litigation settlement gains, losses and expenses [d]	-	0.01
Tax adjustments [f]	0.07	0.04
Non-GAAP net income per share, diluted	<u>\$ 1.26</u>	<u>\$ 0.67</u>

**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 Reconciliation 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 (which may not occur in each period presented) 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 useful 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, restructuring-related charges, litigation settlement gains, losses and expenses, certain deferred executive compensation 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, restructuring-related charges, litigation settlement gains, losses and expenses and certain deferred executive compensation. We calculate non-GAAP net income and diluted earnings per share by excluding from GAAP net income and diluted earnings per share, share-based compensation expense, acquisition-related expenses, restructuring-related charges, litigation settlement gains, losses and expenses, certain deferred executive compensation and certain tax items which may not occur in all periods for which financial information is presented. 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 accurately reflect the performance of our ongoing operations for the period in which such charges are incurred.

*Restructuring-Related Charges* - because, to the extent such charges 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 gains, losses and expenses tend to be 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.

*Deferred Executive Compensation* - including charges related to any contingent obligation pursuant to an executive severance agreement, because we believe the period over which the obligation is amortized may not reflect the period of benefit and that such expense has no direct correlation with our recurring business operations and including such expenses does not accurately reflect the compensation expense for the period in which incurred.

*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 second quarter of our 2015 fiscal year ("Q2 2015"). 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 Q2 2015 non-GAAP diluted earnings per share to a forward-looking estimate of Q2 2015 GAAP diluted earnings per share because certain information needed to make a reasonable forward-looking estimate of GAAP diluted earnings per share for Q2 2015 (other than estimated share-based compensation expense of \$0.13 per diluted share, certain tax items of \$0.11 per diluted share and estimated amortization of intangibles of \$0.04 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. We believe the probable significance of these unknown items, in the aggregate, to be in the range of \$0.00 to \$0.05 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.

- [a] These charges represent expense recognized in accordance with ASC 718 - *Compensation, Stock Compensation*. Approximately \$3.2 million, \$9.8 million and \$8.7 million were included in cost of goods sold, research and development expense and selling, general and administrative expense, respectively, for the three months ended January 2, 2015.
- For the three months ended December 27, 2013, approximately \$2.7 million, \$7.5 million and \$8.6 million were included in cost of goods sold, research and development expense and selling, general and administrative expense, respectively.
- [b] The acquisition-related expenses recognized during the three months ended January 2, 2015, includes a \$0.2 million charge to cost of sales related to the sale of acquired inventory and \$3.3 million in transaction costs included in general and administrative expenses associated with the purchase of an interest in a joint venture with Panasonic Corporation on August 1, 2014. For additional information regarding the joint venture, please refer to the Company's Current Reports on Form 8-K filed with the Securities and Exchange Commission on July 10, 2014, and August 7, 2014.
- [c] During the three months ended January 2, 2015, the Company incurred \$1.3 million in employee severance costs primarily related to a restructuring plan that was implemented during the period.
- [d] During the three months ended January 2, 2015 and December 27, 2013, the Company recognized a \$0.1 million and \$0.5 million charge, respectively, primarily related to general and administrative expenses associated with ongoing litigation(s).
- [e] During the three months ended January 2, 2015, the Company recognized \$0.3 million in interest expense associated with the accretion of the present value of the \$76.5 million liability related to the future purchase of the remaining 34% interest in the joint venture between the Company and Panasonic.
- [f] During the three months ended January 2, 2015, 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 stock compensation in excess of GAAP stock compensation expense, and non-cash expense related to uncertain tax positions.

During the three months ended December 27, 2013, these amounts primarily represent the use of net operating loss and research and development tax credit carryforwards, deferred tax expense not affecting taxes payable, and non-cash expense related to uncertain tax positions.

**SKYWORKS SOLUTIONS, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

Jan. 2,      Oct. 3,

(in millions)	2015	2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,049.9	\$ 805.8
Accounts receivable, net	242.3	317.6
Inventory	273.8	270.8
Other current assets	24.4	35.0
Property, plant and equipment, net	610.4	555.9
Goodwill and intangible assets, net	917.5	926.0
Other assets	72.7	62.7
Total assets	<u>\$ 3,191.0</u>	<u>\$ 2,973.8</u>

**Liabilities and Equity**

Current liabilities:		
Accounts payable	\$ 211.0	\$ 200.6
Accrued and other current liabilities	121.9	97.0
Other long-term liabilities	148.0	143.8
Stockholders' equity	2,710.1	2,532.4
Total liabilities and equity	<u>\$ 3,191.0</u>	<u>\$ 2,973.8</u>

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