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Alpha Announces Record Third-Quarter Results

WOBURN, Mass.--(BUSINESS WIRE)--Jan. 17, 2001--

Sales Grow 64% to \$78.7 Million; Earnings Increase 117% to \$0.26 Per Share; Company Posts 17th Consecutive Quarter of Operating Profit Growth

Alpha (Nasdaq: AHAA) today announced its financial results for the third fiscal quarter ended December 31, 2000.

For the third quarter of fiscal 2001, net sales increased 64% to a record level of \$78.7 million, compared with the \$48.0 million reported for the third quarter a year ago. On a sequential basis, net sales grew 7%. Net income for the third quarter of fiscal 2001 rose to \$11.6 million, or \$0.26 per diluted share, also a Company record. This compares to net income of \$5.5 million, or \$0.12 per diluted share, for the comparable period last year. Operating profit grew sequentially for the 17th consecutive quarter to \$15.4 million, a 9% increase from the second quarter of fiscal 2001.

For the nine months ended December 31, 2000, net sales increased 69% to a record \$217.6 million. Net sales for the comparable year-earlier period were \$128.6 million. Net income for the nine months of fiscal 2001 grew 129% to \$30.0 million, or \$0.67 per diluted share, from \$13.1 million, or \$0.31 per diluted share for the comparable period a year ago.

"I am pleased with our performance in the third quarter," said Alpha President and CEO David Aldrich. "Despite challenging market conditions, we met or exceeded our business objectives and executed our key strategic initiatives -- continuing to diversify our wireless customer base, expanding our broadband business and increasing our dollar content per customer platform. These strategies have served us well, enabling us to sustain our top-line growth in the third quarter, despite pockets of softening demand as the quarter progressed."

Broadband Highlights

Alpha's third-quarter broadband sales continued to exceed the Company's forecast, topping \$16 million, or more than 20% of total sales. Several of the world's largest broadband equipment OEMs have embraced Alpha's family of GaAs HBT and PHEMT products -- including amplifiers and switches as well as ceramic filters -- for a wide variety of platforms. These platforms span the access and network markets including digital set-top boxes, cable modems, digital broadcast satellite, fixed wireless access and fiber optic equipment. Alpha extended its broadband penetration in the third quarter by:

- Forging a global sourcing alliance to supply GaAs MMIC switches, attenuators, passive products and millimeterwave devices to the world's leading end-to-end networking solutions provider.
- Delivering additional volume shipments of GaAs switches, silicon RF semiconductor devices and other components for Metricom, Inc.'s high-speed Ricochet[®] mobile data network.
- Doubling sequential sales to Nortel across multiple RF product and technology platforms for Nortel's fiber-optic and next-generation wireless offerings.

Wireless Highlights

During the third quarter, Alpha continued to add new wireless OEM customers and to increase participation in customer platforms. The Company sustained high levels of design and production activity with Sony and Siemens and other emerging handset OEMs. Among the Company's third-quarter wireless highlights:

- Alpha's first production order from Sony Corporation, which is using the Company's RF semiconductors in Sony's newly released, next-generation wireless handsets.
- Initial shipments of GaAs integrated circuits into Siemens AG's newest dual-band GSM wireless handsets for the European market, with full production expected to begin by June 2001.
- Sales to Motorola increased 14% sequentially during the quarter on the strength of power amplifier and switch shipments for Motorola's new Accompli™, V-Series GSM and latest mid-tier GSM dual-band phones.

Product Development Highlights

Responding to growing demand for integrated semiconductor solutions that drastically reduce design complexity and speed an OEM's time-to-market, the Company introduced the Alpha Integration Platform™ (aiIP™). The aiIP is a manufacturing, packaging and design technique that combines multiple RF components in a single module-based platform, and represents the keystone in Alpha's strategy to integrate elements of the RF front end. In recent weeks:

- Customers have begun sampling Alpha's new line of aiIP switch filter modules for wireless GSM handsets. Volume production of the switch filter module is expected to begin during the second half of calendar 2001.
- HBT amplifier products achieved volume production levels while development of next-generation dual and tri-band integrated amplifier modules progressed on schedule.

Business Outlook

"Increasing diversification in wireless, deeper broadband penetration and increasing levels of Alpha content in each OEM platform continue to be growth drivers for our company," Aldrich said. "However, a buildup of inventory at contract manufacturers and distributors, primarily among digital set-top box customers and second tier handset OEMs, resulted in orders being scaled back late in the quarter. This resulted in a 0.97 book-to-bill. Consequently, our forecast is cautious and reflects the uncertainty that currently exists in the component supply chain.

"We anticipate reporting a level top line for the next two quarters, while continuing to maintain solid operating profit margins. In the second half of the calendar year we expect order rates to rebound, along with a return to strong net sales gains beginning in the second quarter of fiscal 2002," Aldrich continued. "This forecast is based on our customers' projections for rising global handset growth in the second half of calendar 2001, our increased customer penetration and a reduction of inventory in the supply chain. In addition, we are seeing an accelerating level of broadband design activity with an expanding array of OEMs, and we anticipate that this segment will accelerate at the same time. Based on those market dynamics, we expect to reach net sales of \$365 million to \$375 million for fiscal year 2002."

Third-quarter Conference Call

Alpha will provide a live audio Webcast of its fiscal 2001 third-quarter conference call for investors at 5:15 p.m. (ET) today. Investors who want to hear the call should log on to the investor relations section of Alpha's Web site, www.alphaind.com, at least 15 minutes prior to the event's broadcast. Then, follow the instructions provided to assure that the necessary audio applications are downloaded and installed. The call will be archived on the Web site for two weeks.

Individual investors can also access a "listen only" number, (719) 457-2648, to hear the call live. A replay of the call will be available from 7:15 p.m. (ET) January 17 through midnight (ET) Wednesday, January 24. The replay phone number is (719) 457-0820. Please refer to confirmation code 669852.

About Alpha

Alpha Industries is a leading provider of RF integrated circuit-based solutions, including semiconductors and ceramic components, for the broadband and wireless communications markets. Alpha's GaAs switches, power amplifiers and discrete semiconductors are used by the world's leading broadband, infrastructure and wireless communications companies to enhance the speed, quality and performance of voice, data and video. The Company's recently announced Alpha Integration Platform™ (aiIP™) is a breakthrough manufacturing, packaging and design technique that reduces design complexity and improves the OEM's overall time-to-market for new products. For more information, please visit Alpha's Web site, www.alphaind.com.

Safe Harbor Statement - Except for the historical information contained herein, this news release contains forward-looking statements that reflect the Company's current intentions, expectations and predictions of future results, accomplishments and other matters, all of which are inherently subject to risks and uncertainties. The Company's actual results may differ materially from those anticipated in the Company's forward-looking statements, based on various factors. Such factors include, but are not limited to: cancellation or postponement of customer orders, inability to predict customer orders, the disproportionate impact of the Company's business relationships with its larger customers, variations in the timing of new product development and market acceptance, difficulty manufacturing products in sufficient quantity and quality, difficulty completing the Company's planned capital investments and process improvements, erosion of selling prices or margins, modification of the Company's plans or intentions, and market developments, competitive pressures and changes in economic conditions that vary from the Company's expectations. Additional information on these and other factors that may cause actual results and the Company's performance to differ materially is included in the Company's periodic reports filed with the SEC, including but not limited to the Company's Form 10-K for the year ended April 2, 2000, and subsequent Forms 10-Q. Copies may be obtained by contacting the Company or the SEC. The Company cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. The Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the Company's expectations or any change in events, conditions or circumstance on which any such statement is based.

Financial statements follow.

ALPHA AND SUBSIDIARIES CONSOLIDATED STATEMENT OF INCOME (unaudited)

	Third Quarter Ended		Nine Months Ended	
	Dec. 31,	Dec. 26,	Dec. 31,	Dec. 26,
	2000	1999	2000	1999
(in thousands, except per share data)				
Net sales	\$ 78,684	\$ 48,043	\$ 217,573	\$ 128,617
Cost of sales	42,326	27,088	117,930	72,630
Research and development expenses	9,534	6,490	26,243	17,685
Selling and administrative expenses	11,405	7,792	33,932	21,663
Operating income	15,419	6,673	39,468	16,639
Interest expense	(16)	(72)	(54)	(146)
Interest income and other, net	2,143	1,916	6,022	3,951

Income before income taxes	17,546	8,517	45,436	20,444
Provision for income taxes	5,966	3,066	15,448	7,361
Net income	\$ 11,580	\$ 5,451	\$ 29,988	\$ 13,083
Net income per share basic	\$ 0.27	\$ 0.13	\$ 0.70	\$ 0.33
Net income per share diluted	\$ 0.26	\$ 0.12	\$ 0.67	\$ 0.31
Weighted average common shares basic	43,147	41,985	42,882	40,009
Weighted average common shares diluted	44,784	44,034	44,760	42,153

COMPARATIVE BALANCE SHEET

(unaudited) (in thousands)	Dec. 31, 2000	April 2, 2000
Assets		
Current assets		
Cash, cash equivalents and short-term investments	\$143,032	\$146,610
Accounts receivable, net	52,563	33,844
Inventories	16,492	11,916
Prepaid expenses and other current assets	16,549	11,035
Property, plant and equipment, less accumulated depreciation and amortization	102,168	75,520
Other assets	2,033	2,099
Total assets	\$332,837	\$281,024
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	\$ 111	\$ 3,011
Accounts payable	18,294	20,537
Accrued liabilities and other current liabilities	12,603	9,500
Long-term debt	285	345
Other long-term liabilities	5,505	5,538
Stockholders' equity	296,039	242,093
Total liabilities and equity	\$332,837	\$281,024

Note- During the first quarter of fiscal 2001, Alpha incurred \$1.8 million in one-time transaction expenses in connection with the acquisition of Network Device, Inc. (NDI). The acquisition was accounted for as a pooling-of-interests. Excluding these transaction expenses, net income for the nine months ended December 31, 2000 would have been \$31.2 million, or \$0.70 per diluted share. All periods presented have been restated to include the results of operation and financial position of NDI.

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