



January 22, 2003

## **Skyworks Increases Revenues and Profitability; Exceeds Expectations**

WOBURN, Mass.--(BUSINESS WIRE)--Jan. 22, 2003-- Achieves First Quarter FY03 Revenues of \$160 Million; Up More Than 25

Percent Year-Over-Year and 6 Percent Sequentially; Operating Margin

Improves by 200 Basis Points Sequentially

Skyworks Solutions, Inc. (Nasdaq:SWKS), the industry's leading wireless semiconductor company focused on radio frequency (RF) and complete cellular system solutions for mobile communications applications, today announced revenues of \$160.2 million for the first fiscal quarter ended Dec. 27, 2002, up 26 percent as compared with combined company revenues of \$126.9 million in the same period last year. Revenues were up more than 6 percent on a sequential basis from fourth quarter revenues of \$150.7 million.

Operating income in accordance with GAAP for the first fiscal quarter was \$6.4 million. Excluding one-time items, pro forma operating income was \$3.7 million versus combined company losses of \$30.8 million in the same period last year and \$0.5 million of operating income last quarter. First quarter fiscal 2003 EPS was \$0.01, while the pro forma net loss for the same period was \$0.01 per share.

"I am extremely pleased to report that the Skyworks team continues to deliver on its promises and exceed expectations," said David J. Aldrich, Skyworks' president and chief executive officer. "Building on the success of our early achievement of operating profitability, the December period marks our sixth consecutive quarter of revenue growth with improving operating results.

"In parallel, we successfully completed an accretive transaction to finance our Mexicali, Mexico assembly and test facility as well as to retire virtually all short-term debt. Today Skyworks is poised to capture market share based on design win momentum, a solid financial position and a track record of strong execution."

### **Business Accomplishments**

- Expanded gross margin to 42 percent, excluding Mexicali assembly and test service revenues
- Improved pro forma operating margin by 200 basis points sequentially driven by higher revenues, expanding gross margins and control of operating expenses
- Reduced inventories by 13 percent sequentially and improved turns to more than eight times
- Opened a new software design center in New Delhi, India to better support the needs of regional customers

## Product Highlights

### Front-End Modules

- Shipped a record number of antenna switches as a result of proliferation at two top-tier handset customers coupled with traction within 802.11a/b wireless LAN applications
- Introduced a portfolio of compact CDMA 4mm x 4mm power amplifier (PA) modules to support handsets in North America and Japan as well as wireless local loop applications worldwide

### RF Subsystems

- Doubled shipments of single-chip GSM/GPRS direct conversion transceivers sequentially to almost four million units
- Expanded the company's RF subsystem customer base with the addition of Compal Communications Inc., a leading Taiwan-based Original Development Manufacturer (ODM)
- Unveiled the world's first GSM/GPRS single package radio, fully integrating the entire radio section into a dime-sized device, one-third the space of alternative solutions

### Cellular Systems

- Commenced volume shipments of next-generation GSM/GPRS chipset integrating all front-end, direct conversion transceiver and baseband processing functions plus a software protocol stack proven on 70 networks and in 50 countries worldwide
- Supported Samsung's launch of three additional handsets targeting China, South East Asia and the Middle East
- Augmented system design win tally with three new ODM/contract manufacturer customers

## Second Quarter Fiscal 2003 Outlook

"Despite a seasonally weak March quarter, we intend to buck the industry trend and deliver modest sequential growth in our wireless business driven by ramp of new design wins and increasing market share," said Paul E. Vincent, Skyworks' chief financial officer. "At the same time, per our supply agreement with Conexant and based on their outsourcing needs, we anticipate that revenue from our assembly and test operation will be in the range of \$10 to \$14 million quarterly for the balance of the fiscal year, versus slightly more than \$15 million in the December quarter. Assembly and test services carry no margin impact.

"Consequently, we expect to deliver a sequential gross margin expansion in the range of 50 basis points coupled with flat operating expenses, allowing us to further improve upon our level of operating profitability," Vincent concluded.

## Skyworks' First Quarter Conference Call

Skyworks will host a conference call at 5 p.m. ET (2 p.m. PT) today to discuss its first quarter fiscal year 2003 financial results. To listen to the conference call via telephone, call 866/710-0179 (domestic) or 334/323-9871 (international), security code: Skyworks. To listen via the Internet, visit the investor relations section of Skyworks' Web site at [www.skyworksinc.com](http://www.skyworksinc.com).

Playback of the conference call will begin at 9 p.m. ET on Wednesday, Jan. 22, and end at 9 p.m. ET on Wednesday, Jan. 29, 2002. The replay will be available on Skyworks' Web site at [www.skyworksinc.com](http://www.skyworksinc.com) or by calling 800/858-5309 (domestic) or 334/323-7226 (international); access code: 40784, pass code: 54932.

## About Skyworks

Skyworks Solutions, Inc. is the industry's leading wireless semiconductor company focused on RF and complete cellular system solutions for mobile communications applications. The company began operations in June 2002, following the completion of the merger between Alpha Industries, Inc. and Conexant Systems, Inc.'s wireless communications business. Skyworks is focused on providing front-end modules, RF subsystems and cellular systems to wireless handset and infrastructure customers worldwide.

Skyworks is headquartered in Woburn, Mass. and has executive offices in Irvine, Calif. The company has design, engineering, manufacturing, marketing, sales and service facilities throughout North America, Europe, Japan and Asia Pacific. For more information please visit [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 information relating to future results of Skyworks (including certain projections and business trends). All such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected, and may affect our future operating results, financial position and ability to finance outstanding indebtedness. These risks and uncertainties include, but are not limited to: global economic and market conditions, such as the cyclical nature of the semiconductor industry and the markets addressed by the company's and its customers' products; demand for and market acceptance of new and existing products; the ability to develop, manufacture and market innovative products in a rapidly changing technological environment; the ability to compete with products and prices in an intensely competitive industry; product obsolescence; losses or curtailments of purchases from key customers or the timing of customer inventory adjustments; the timing of new product introductions; the availability and extent of utilization of raw materials, critical manufacturing equipment and manufacturing capacity; pricing pressures and other competitive factors; changes in product mix; fluctuations in manufacturing yields; the ability to continue to grow and maintain an intellectual property portfolio and obtain needed licenses from third parties; the ability to attract and retain qualified personnel; labor relations of the company, its customers and suppliers; economic, social and political conditions in the countries in which Skyworks, its customers or its suppliers operate, including security risks, possible disruptions in transportation networks and fluctuations in foreign currency exchange rates; and the uncertainties of litigation, as well as other risks and uncertainties, including but not limited to those detailed from time to time in the company's Securities and Exchange Commission filings.

These forward-looking statements are made only as of the date hereof, and the company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise. Skyworks and Skyworks Solutions are trademarks or registered trademarks of Skyworks Solutions, Inc. or its subsidiaries in the U.S. and in other countries. All other brands and names listed are trademarks of their respective companies.

Consolidated Statements of Operations

(unaudited)

(in thousands, except per share data)

	Three Months Ended			
	Dec. 27, 2002	Pro Forma Adjustments	Pro Forma Dec. 27, 2002	Dec. 28, 2001
Net sales	\$160,194	\$ -	\$160,194	\$93,760
Cost of sales	95,074	(4,805)(a)	99,879	77,806
Research and development expenses	37,301	-	37,301	32,181
Selling and administrative expenses	20,252	957(b)	19,295	10,636
Amortization of intangible assets	1,127	1,127	-	3,937
Operating income (loss)	6,440	2,721	3,719	(30,800)
Interest expense	5,734	-	5,734	-
Other income, net	823	-	823	52
Income (loss) before income taxes	1,529	2,721	(1,192)	(30,748)
Provision for income taxes	738		738	3,549
Net income (loss)	\$ 791	\$ 2,721	\$ (1,930)	\$(34,297)
Net income (loss) per share, basic	\$ 0.01		\$ (0.01)	
Net income (loss) per share, diluted	\$ 0.01		\$ (0.01)	
Weighted average shares, basic	137,896		137,896	
Weighted average shares, diluted	140,109		140,109	

(a) Represents a change in the estimate of certain merger-related reserves.

(b) Represents certain costs related to facilities moves.

Basis of Presentation -- The above operating results for the three months ended Dec. 28, 2001 reflect the application of reverse merger accounting principles under GAAP which provide that the historical results of Conexant Systems, Inc.'s wireless communications business be treated as the historical results of the company.

The pro forma presentation above and the supplemental information below are not intended to present results of operations in accordance with GAAP. However, the company believes this information is useful in understanding the results of operations.

Supplemental Information -- The following table sets forth revenue and operating results for the seven previous fiscal quarters, excluding one-time items, assuming Alpha Industries, Inc. and Conexant Systems, Inc.'s wireless business had been combined for all periods presented:

(unaudited)

(in millions)

Quarter ended	Revenue	Operating income (loss)
December 2002	\$160.2	\$3.7
September 2002	\$150.7	\$0.5
June 2002	\$137.0	(\$19.0)
March 2002	\$128.5	(\$22.7)
December 2001	\$126.9	(\$30.8)
September 2001	\$99.4	(\$23.1)

June 2001      \$83.3      (\$59.4)

Skyworks Solutions, Inc.  
Consolidated Balance Sheets

(unaudited)                      Dec. 27,      Sept. 27,  
(in thousands)                      2002              2002

Assets

Current assets:

Cash, cash equivalents and short-term investments	\$94,263	\$53,358
Accounts receivable, net	109,907	94,425
Inventories	48,263	55,643
Prepaid expenses and other current assets	15,464	23,970
Property, plant and equipment, net	148,545	143,773
Goodwill and intangible assets, net(a)	940,769	940,686
Other assets	44,432	35,057
Total assets	\$1,401,643	\$1,346,912

Liabilities and Equity

Current liabilities:

Current portion of long-term debt	\$129	\$129
Accounts payable	45,727	45,350
Accrued liabilities and other current liabilities	58,105	102,148
Long-term debt	275,005	180,039
Other long-term liabilities	4,340	4,270
Stockholders' equity	1,018,337	1,014,976
Total liabilities and equity	\$1,401,643	\$1,346,912

(a) The company has adopted SFAS No. 142, "Goodwill and Other Intangible Assets." As a result of the adoption of SFAS No. 142, the company is required to evaluate for impairment goodwill and intangible assets that have indefinite lives. The impairment review may result in non-cash charges to earnings in fiscal 2003.

CONTACT:

Skyworks Solutions, Inc.

Lisa Briggs, (Media), 949/231-4553

or

Thomas Schiller, (Investors), 949/231-4700

[www.skyworksinc.com](http://www.skyworksinc.com)