

Skyworks Exceeds Upwardly Revised Revenue and EPS Guidance in Q3 FY14

- *Delivers \$587.0 Million in Revenue, Up 35% Y-o-Y and 22% Sequentially*
- *Expands Non-GAAP Operating Margin 480 Basis Points Y-o-Y to 30.5% (25.3% GAAP)*
- *Posts \$0.83 of Non-GAAP Diluted EPS, Up 54% Y-o-Y and 34% Sequentially (\$0.58 GAAP)*
- *Generates \$199 Million in Quarterly Cash Flow from Operations*
- *Guides to \$1.00 in Non-GAAP Diluted EPS and \$680 Million in Revenue in Q4 FY14*

WOBURN, Mass.--(BUSINESS WIRE)-- Skyworks Solutions, Inc. (NASDAQ: SWKS) an innovator of high performance analog semiconductors enabling a broad range of end markets, today reported third fiscal quarter results for the period ended June 27, 2014. Revenue for the quarter was \$587.0 million, up 35 percent year-over-year and 22 percent sequentially, and better than the Company's updated guidance for \$570.0 million provided on June 3, 2014.

On a non-GAAP basis, operating income for the third fiscal quarter of 2014 was \$179.1 million, up 60 percent from \$111.9 million in the year ago period. Non-GAAP diluted earnings per share for the third fiscal quarter was \$0.83 versus revised guidance of \$0.80 and compared to \$0.54 for the prior year third fiscal quarter and \$0.62 last quarter. On a GAAP basis, operating income for the third fiscal quarter of 2014 was \$148.5 million and diluted earnings per share was \$0.58.

"Skyworks is entering a new and exciting growth phase driven by global wireless proliferation and the Internet of Things," said David J. Aldrich, chairman and chief executive officer of Skyworks. "Quite simply, we are capitalizing on the macro trend to connect virtually everyone and everything, all the time. Our high performance analog solutions and system-level integration capabilities coupled with our operational agility and scalability are enabling us to connect the previously unconnected. Accordingly, Skyworks is setting the pace for analog semiconductor industry growth in terms of both revenue and value creation."

Q3 Business Highlights

- Enabled Sonos® high fidelity wireless audio streaming music platforms
- Captured design wins with Harris® Corporation for joint tactical radios
- Gained analog control IC content with Xiaomi for smart TVs and set top boxes
- Powered Novero's on-board, in vehicle communication systems
- Introduced breakthrough ultra-low noise amplifiers for 4G cellular infrastructure and broadcast communication applications
- Supported Itron's ramp of smart gas meters targeting launches across Europe
- Secured sockets on Broadcom's 5G wireless networking chipset reference design
- Ramped MIPI®-compliant voltage regulators, LED backlight and flash drivers across growing set of tier-one smartphone OEMs
- Launched six products supporting MediaTek's first 4G chipset targeting the broader China market
- Repurchased one million shares of common stock

Dividend Declaration

Skyworks' Board of Directors has declared a cash dividend of \$0.11 per share of the Company's common stock. The dividend is payable on August 21, 2014 to stockholders of record at the close of business on August 7, 2014.

Fourth Fiscal Quarter 2014 Outlook

"Skyworks is executing to our strategy to grow substantially faster than the broader analog semiconductor industry while delivering best in class financial returns. Given our broad customer demand and expanding product pipeline, we are forecasting

sustainable, above-market growth for the foreseeable future," said Donald W. Palette, executive vice president and chief financial officer of Skyworks. "For the fourth fiscal quarter of 2014, we anticipate revenue to be up 43 percent year-over-year to \$680 million with non-GAAP diluted earnings per share up 56 percent year-over-year to \$1.00."

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.

Skyworks' Third Fiscal Quarter 2014 Conference Call

Skyworks will host a conference call with analysts to discuss its third fiscal quarter 2014 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 612-332-7517 (international), confirmation code: 329785.

Playback of the conference call will begin at 9:00 p.m. Eastern time on July 17, and end at 9:00 p.m. Eastern time on July 24. The replay will be available on Skyworks' Web site or by calling 800-475-6701 (domestic) or 320-365-3844 (international), access code: 329785.

About Skyworks

Skyworks Solutions, Inc. is an innovator of high performance analog semiconductors. Leveraging core technologies, Skyworks supports automotive, broadband, cellular infrastructure, energy management, GPS, industrial, medical, military, wireless networking, smartphone and tablet applications. The Company's portfolio includes amplifiers, attenuators, battery chargers, circulators, DC/DC converters, demodulators, detectors, diodes, directional couplers, front-end modules, hybrids, infrastructure RF subsystems, isolators, LED drivers, mixers, modulators, optocouplers, optoisolators, phase shifters, PLLs/synthesizers/VCOs, power dividers/combiners, power management devices, receivers, switches, technical ceramics and voltage regulators.

Headquartered in Woburn, Mass., Skyworks is worldwide with engineering, manufacturing, sales and service facilities throughout Asia, Europe and North America. For more information, please visit Skyworks' Web site 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). 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		Nine Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Net revenue	\$ 587.0	\$ 436.1	\$ 1,573.2	\$ 1,315.0
Cost of goods sold	322.8	247.9	874.6	757.5
Gross profit	264.2	188.2	698.6	557.5
Operating expenses:				
Research and development	64.2	56.6	184.2	171.0
Selling, general and administrative	45.8	40.3	128.8	118.1
Amortization of intangibles	5.7	7.0	18.5	22.4
Restructuring and other charges	-	-	-	6.4
Total operating expenses	115.7	103.9	331.5	317.9
Operating income	148.5	84.3	367.1	239.6
Other income (expense), net	-	0.2	(0.1)	(0.9)
Income before income taxes	148.5	84.5	367.0	238.7
Provision for income taxes	37.1	18.8	84.2	44.8
Net income	\$ 111.4	\$ 65.7	\$ 282.8	\$ 193.9
Earnings per share:				
Basic	\$ 0.59	\$ 0.35	\$ 1.51	\$ 1.03
Diluted	\$ 0.58	\$ 0.34	\$ 1.47	\$ 1.01
Weighted average shares:				
Basic	187.5	186.6	187.0	188.2
Diluted	193.2	191.2	192.2	192.8

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

(in millions)	Three Months Ended		Nine Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
GAAP gross profit	\$ 264.2	\$ 188.2	\$ 698.6	\$ 557.5
Share-based compensation expense [a]	2.4	2.4	7.9	7.5
Acquisition-related expenses [b]	-	1.2	-	1.3
Non-GAAP gross profit	\$ 266.6	\$ 191.8	\$ 706.5	\$ 566.3

Non-GAAP gross margin %	45.4%	44.0%	44.9%	43.1%
	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
(in millions)	<u>June 27, 2014</u>	<u>June 28, 2013</u>	<u>June 27, 2014</u>	<u>June 28, 2013</u>
GAAP operating income	\$ 148.5	\$ 84.3	\$ 367.1	\$ 239.6
Share-based compensation expense [a]	22.8	18.1	62.4	54.1
Acquisition-related expenses [b]	0.9	1.3	1.0	2.1
Amortization of intangibles	5.7	7.0	18.5	22.4
Restructuring and other charges [c]	-	-	-	6.4
Litigation settlement gains, losses and expenses [d]	1.2	1.1	2.3	1.4
Deferred executive compensation	-	0.1	-	0.4
Non-GAAP operating income	<u>\$ 179.1</u>	<u>\$ 111.9</u>	<u>\$ 451.3</u>	<u>\$ 326.4</u>
Non-GAAP operating margin %	30.5%	25.7%	28.7%	24.8%
	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
(in millions)	<u>June 27, 2014</u>	<u>June 28, 2013</u>	<u>June 27, 2014</u>	<u>June 28, 2013</u>
GAAP net income	\$ 111.4	\$ 65.7	\$ 282.8	\$ 193.9
Share-based compensation expense [a]	22.8	18.1	62.4	54.1
Acquisition-related expenses [b]	0.9	1.3	1.0	2.1
Amortization of intangibles	5.7	7.0	18.5	22.4
Restructuring and other charges [c]	-	-	-	6.4
Litigation settlement gains, losses and expenses [d]	1.2	1.1	2.3	1.4
Deferred executive compensation	-	0.1	-	0.4
Tax adjustments [e]	18.8	10.5	40.1	21.6
Non-GAAP net income	<u>\$ 160.8</u>	<u>\$ 103.8</u>	<u>\$ 407.1</u>	<u>\$ 302.3</u>
	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>June 27, 2014</u>	<u>June 28, 2013</u>	<u>June 27, 2014</u>	<u>June 28, 2013</u>
GAAP net income per share, diluted	\$ 0.58	\$ 0.34	\$ 1.47	\$ 1.01
Share-based compensation expense [a]	0.12	0.09	0.32	0.28
Acquisition-related expenses [b]	-	0.01	0.01	0.01
Amortization of intangibles	0.03	0.04	0.10	0.12
Restructuring and other charges [c]	-	-	-	0.03
Litigation settlement gains, losses and expenses [d]	-	0.01	0.01	0.01
Tax adjustments [e]	0.10	0.05	0.21	0.11
Non-GAAP net income per share, diluted	<u>\$ 0.83</u>	<u>\$ 0.54</u>	<u>\$ 2.12</u>	<u>\$ 1.57</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 and deemed compensation expenses, 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 fourth quarter of our 2014 fiscal year ("Q4 2014"). We provide these non-GAAP measures to investors on a prospective basis for the same reasons (set forth above) that we provide them to investors on a historical basis. We are unable to provide a reconciliation of our forward-looking estimate of Q4 2014 non-GAAP diluted earnings per share to a forward-looking estimate of Q4 2014 GAAP diluted earnings per share because certain information needed to make a reasonable forward-looking estimate of GAAP diluted earnings per share for Q4 2014 (other than estimated share-based compensation expense of \$0.12 per diluted share, certain tax items of \$0.15 per diluted share and estimated amortization of intangibles of \$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. We believe the probable significance of these unknown items, in 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*.

For the three months ended June 27, 2014, approximately \$2.4 million, \$10.4 million and \$10.0 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 27, 2014, approximately \$7.9 million, \$26.5 million and \$28.0 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 28, 2013, approximately \$2.4 million, \$7.3 million and \$8.4 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 28, 2013, approximately \$7.5 million, \$22.1 million and \$24.5 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 and nine months ended June 27, 2014, of \$0.9 million and \$1.0 million, respectively, primarily relate to general and administrative expenses associated with the purchase of an interest in a joint venture with Panasonic Corporation announced on April 28, 2014. For additional information about the joint venture, please refer to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 10, 2014.

The acquisition-related expenses recognized during the three months and nine months ended June 28, 2013 includes a \$1.2 million and a \$1.3 million charge, respectively, to cost of sales related to the sale of acquired inventory and \$0.1 million and \$0.8 million, respectively, in transaction costs included in general and administrative expenses associated with past acquisitions.

[c] During the nine months ended June 28, 2013, the Company recorded a \$6.4 million charge related to the implementation of restructuring plans to reduce global headcount.

[d] During the three months and nine months ended June 27, 2014, the Company recognized a \$1.2 million and a \$2.3 million charge, respectively, primarily related to general and administrative expense associated with ongoing litigations.

During the three months and nine months ended June 28, 2013, the Company recognized a \$1.1 million and a \$1.4 million charge, respectively, primarily related to general and administrative expense associated with ongoing litigations.

[e] During the three months and nine months ended June 27, 2014, 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.

During the three months and nine months ended June 28, 2013, these amounts primarily represent the utilization of net operating loss and research and development tax credit carryforwards and non-cash expense related to uncertain tax positions. As a result of the passage of the American Taxpayer Relief Act of 2012, the GAAP tax rate includes a retroactive adjustment for the recognition of research and development tax credits earned in fiscal year 2012.

SKYWORKS SOLUTIONS, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)	June 27, 2014	Sept. 27, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 893.3	\$ 511.1
Accounts receivable, net	251.4	292.7
Inventory	198.7	229.5
Other current assets	43.9	40.0
Property, plant and equipment, net	387.3	328.6
Goodwill and intangible assets, net	846.8	865.3
Other assets	67.5	65.9
Total assets	\$ 2,688.9	\$ 2,333.1
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 164.0	\$ 126.5
Accrued and other current liabilities	70.8	53.2
Other long-term liabilities	65.1	52.3
Stockholders' equity	2,389.0	2,101.1
Total liabilities and equity	\$ 2,688.9	\$ 2,333.1

Skyworks Media Relations:

Pilar Barrigas, (949) 231-3061

or

Skyworks Investor Relations:

Stephen Ferranti, (781) 376-3056

Source: Skyworks Solutions, Inc.

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