



February 5, 2014

## TriQuint Announces Fourth Quarter and Full Year 2013 Results

HILLSBORO, Ore.--(BUSINESS WIRE)-- TriQuint Semiconductor, Inc. (NASDAQ: TQNT), a leading RF solutions supplier and technology innovator, announces its financial results for the quarter and year ended December 31, 2013, including the following highlights:

- Revenue for the quarter was \$267.7 million, up 7% from Q3 2013
- GAAP gross margin for Q4 2013 was 26.1%, GAAP loss per share was (\$0.05)
- Non-GAAP gross margin as a percent of revenue grew 550 basis points over Q4 2012
- Achieved record Mobile Devices revenue in the 2nd half, up over 66% from the 1st half
- Grew premium discrete filter revenue 52% to over \$90 million in 2013
- Key design wins for BAW filters at Samsung, Huawei, ZTE, Yulong and Sony
- Base Station revenue up 50% in 2013 supporting the TD-LTE build-out in China
- Announced [new GaN solutions](#), Optical drivers and small cell Base Station amplifiers
- Released over 190 new products in 2013
- Authorized increase in share repurchase program from existing balance of \$24 million to \$75 million

Commenting on the company's financial results, Ralph Quinsey, President and Chief Executive Officer, stated, "TriQuint's revenue for Q4 was \$267.7 million, and non-GAAP earnings per share was \$0.16, both above the midpoint of our guidance and well above our results in Q4 of 2012. We expect lower demand from a major customer in Q1 due to short term inventory corrections but the underlying trends remain very positive. We anticipate revenue growth and significant year over year improvement in profitability during 2014. Excluding Q1 we expect non-GAAP gross margins to average 40% and non-GAAP earnings for 2014 to be 5 to 6 times our 2013 results on improved product mix and focused cost reductions."

### Summary Financial Results for the Quarter and Year Ended December 31, 2013:

Revenue for the fourth quarter of 2013 was \$267.7 million, up 15% from the fourth quarter of 2012 and up 7% sequentially. Mobile Devices revenue grew 5%, Networks revenue grew 21% and Defense & Aerospace declined 2%, in each case, sequentially. Revenue for 2013 was \$892.9 million, up 8% from 2012 due to an increase in Mobile Devices and Defense market revenue.

#### GAAP

Gross margin for the fourth quarter of 2013 was 26.1%, down from 36.8% in the prior quarter. The decrease was primarily due to charges associated with the reduction in GaAs capacity, of which the majority of the costs were non-cash. Gross margin for the year ended December 31, 2013 was 28.9%, relatively consistent with 2012.

Operating expenses for the fourth quarter of 2013 were \$78.5 million, or 29% of revenue, up from \$73.4 million in the prior quarter. Operating expenses for 2013 were \$298.4 million, up from \$274.7 million in 2012. The increases in the fourth quarter and for 2013 were due to higher engineering expenses.

Net loss for the fourth quarter of 2013 was \$8.7 million, or \$(0.05) per diluted share. Net loss for 2013 was \$38.0 million or \$(0.24) per diluted share.

#### Non-GAAP

Gross margin for the fourth quarter of 2013 was 37.2%, down from 38.0% in the prior quarter. Gross margin for 2013 was 33.2%, up from 30.7% for 2012. Higher revenue drove the year-to-year improvement.

Operating expenses for the fourth quarter of 2013 were \$71.1 million or 27% of revenue, up \$2.5 million from the prior quarter. Operating expenses for 2013 were \$277.3 million or 31% of revenue, up from \$254.4 million in 2012. The increases in the fourth quarter and for 2013 were due to higher engineering expenses.

Net income for the fourth quarter of 2013 was \$26.4 million, or \$0.16 per diluted share. Net income for 2013 was \$14.5 million, or \$0.09 per diluted share.

Please see the discussion of non-GAAP financial measures below and the attached supplemental schedule for a reconciliation of GAAP to non-GAAP financial measures.

#### **Outlook:**

The company believes first quarter 2014 revenue will be between \$170 million and \$180 million due to seasonality and a large customer's inventory correction in Mobile Device products. First quarter 2014 non-GAAP net loss is expected to be between \$0.11 and \$0.13 per share. The company is 94% booked to the midpoint of revenue guidance. Looking at 2014 as a whole, we expect revenue growth in the mid single digits as strong growth in

premium filters is partially offset by significant reductions in lower margin amplifiers and non-strategic foundry revenue. Revenue seasonality should be roughly similar to 2013 with about 40% of revenue coming in the first half of the year. Non-GAAP gross margin is expected to grow about 500 basis points from 2013 levels due to these product mix changes and cost reductions in operations. Operating expenses are expected to decline modestly from 2013. We currently believe non-GAAP earnings per share will meet or beat the current analyst consensus of \$0.49.

#### Additional Information Regarding December 31, 2013 Results:

GAAP and non-GAAP financial measures are presented in the tables below (in millions, except for percentage and per share information). Non-GAAP financial measures are reconciled to the corresponding GAAP financial measures in the financial statement portion of this press release.

| GAAP RESULTS                      |                    |          |             |           |             |            |           |                 |
|-----------------------------------|--------------------|----------|-------------|-----------|-------------|------------|-----------|-----------------|
|                                   | Three Months Ended |          |             |           |             | Year Ended |           |                 |
|                                   | Q4 2013            | Q3 2013  | Change      | Q4 2012   | Change      | 2013       | 2012      | Change vs. 2012 |
|                                   |                    |          | vs. Q3 2013 |           | vs. Q4 2012 |            |           |                 |
| Revenue                           | \$ 267.7           | \$ 250.8 | 7%          | \$ 233.6  | 15%         | \$ 892.9   | \$ 829.2  | 8%              |
| Gross Profit                      | \$ 70.0            | \$ 92.2  | (24)%       | \$ 68.5   | 2%          | \$ 257.7   | \$ 237.6  | 8%              |
| Gross Margin %                    | 26.1%              | 36.8%    | (10.7)%     | 29.3%     | (3.2)%      | 28.9%      | 28.7%     | 0.2%            |
| Op (loss)/Inc                     | \$ (8.5)           | \$ 18.8  | (145)%      | \$ (3.6)  | (136)%      | \$ (40.7)  | \$ (37.1) | (10)%           |
| Net (loss)/Inc                    | \$ (8.7)           | \$ 13.6  | (164)%      | \$ (3.8)  | (129)%      | \$ (38.0)  | \$ (26.2) | (45)%           |
| Diluted (Loss) Earnings per share | \$ (0.05)          | \$ 0.08  | \$ (0.13)   | \$ (0.02) | \$ (0.03)   | \$ (0.24)  | \$ (0.16) | \$ (0.08)       |

| NON-GAAP RESULTS <sup>A</sup>     |                    |          |             |          |             |            |           |                 |
|-----------------------------------|--------------------|----------|-------------|----------|-------------|------------|-----------|-----------------|
|                                   | Three Months Ended |          |             |          |             | Year Ended |           |                 |
|                                   | Q4 2013            | Q3 2013  | Change      | Q4 2012  | Change      | 2013       | 2012      | Change vs. 2012 |
|                                   |                    |          | vs. Q3 2013 |          | vs. Q4 2012 |            |           |                 |
| Revenue                           | \$ 267.7           | \$ 250.8 | 7%          | \$ 233.6 | 15%         | \$ 892.9   | \$ 829.2  | 8%              |
| Gross Profit                      | \$ 99.6            | \$ 95.2  | 5%          | \$ 74.1  | 34%         | \$ 296.3   | \$ 254.9  | 16%             |
| Gross Margin %                    | 37.2%              | 38.0%    | (0.8)%      | 31.7%    | 5.5%        | 33.2%      | 30.7%     | 2.5%            |
| Op Income                         | \$ 28.4            | \$ 26.7  | 6%          | \$ 7.5   | 279%        | \$ 19.0    | \$ 0.5    | 3,700%          |
| Net Inc/ (loss)                   | \$ 26.4            | \$ 26.3  | —%          | \$ 6.2   | 326%        | \$ 14.5    | \$ (2.2)  | 759%            |
| Diluted Earnings (Loss) per share | \$ 0.16            | \$ 0.16  | \$ —        | \$ 0.04  | \$ 0.12     | \$ 0.09    | \$ (0.01) | \$ 0.10         |

A Excludes stock based compensation charges, non-cash tax (benefit) expense, certain charges associated with acquisitions, restructuring and impairment charges and other specifically identified non-routine transactions.

#### Conference Call:

TriQuint will host a conference call this afternoon at 1:30 p.m. PST to discuss the results for the quarter as well as our future expectations for the company. To access the conference call, please dial (888) 813-6582 domestically, or (706) 643-7082 internationally, approximately ten minutes prior to the beginning of the call, using passcode 30379653. The call can also be heard via webcast accessed through the "Investors" section of TriQuint's web site at: <http://invest.triquint.com/>. A replay of the conference call will be available until February 19, 2014.

#### Non-GAAP Financial Measures:

This press release provides financial measures for non-GAAP net income, diluted earnings (loss) per share, gross profit, gross margin, operating expenses and operating income that exclude equity compensation expense, non-cash tax (benefit) expense, restructuring and impairment charges, certain charges associated with acquisitions, and other specifically identified non-routine items, and are therefore not calculated in accordance with accounting principles generally accepted in the United States ("GAAP"). The non-cash tax (benefit) expense includes certain deferred tax charges and benefits that do not result in a tax payment or tax refund. Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance that enhances management's and investors' ability to evaluate TriQuint's operating results.

These non-GAAP financial measures are not intended to be used in isolation and should not be considered a substitute for any other performance measure determined in accordance with GAAP. Investors and potential investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool, including that other companies may calculate similar non-GAAP financial measures differently than we do, limiting their usefulness as a comparative tool. The company compensates for these limitations by providing specific information regarding the GAAP amount excluded from the non-GAAP financial measures. The company further compensates for the limitations of our use of non-GAAP financial measures by presenting comparable GAAP measures more prominently. Investors and potential investors are encouraged to review the reconciliation of non-GAAP financial measures contained within this press release with our GAAP net income and net

income per share.

#### Forward-Looking Statements:

This press release contains forward-looking statements made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding underlying trends in TriQuint's market, impact of our improved product mix and cost reductions, TriQuint's anticipated revenues, non-GAAP gross margin and non-GAAP gross margins, net income (loss), net earnings (loss) per share, and other statements under "Outlook". Actual results may vary materially from those expressed or implied in the statements herein or from historical results, due to changes in economic, business, competitive, technological and/or regulatory factors, including TriQuint's performance; demand for TriQuint's products; TriQuint's ability to develop new products, improve yields, maintain product pricing, improve product mix and reduce costs; the impact on our costs and customers of product reliability and scrap levels; TriQuint's ability to win customers, increase market share and continue to provide expected levels of inventory to customers; inventory levels in TriQuint's markets and market conditions. Additional considerations and important risk factors are described in TriQuint's reports on Form 10-K and 10-Q and other filings with the Securities and Exchange Commission. These reports can be accessed at the SEC web site, [www.sec.gov](http://www.sec.gov). Except as required by law, TriQuint undertakes no obligation to revise or publicly release the results of any revision to these forward-looking statements.

A reader of this release should understand that it is not possible to predict or identify all risk factors and should not consider the risk factors described in TriQuint's filings with the Securities and Exchange Commission to be a complete statement of all potential risks and uncertainties.

#### Facts About TriQuint

Founded in 1985, TriQuint Semiconductor (NASDAQ: TQNT) is a leading global provider of innovative RF solutions and foundry services for the world's top communications, defense and aerospace companies. People and organizations around the world need real-time, all-the-time connections; TriQuint products help reduce the cost and increase the performance of connected mobile devices and the networks that deliver critical voice, data and video communications. With the industry's broadest technology portfolio, recognized R&D leadership, and expertise in high-volume manufacturing, TriQuint creates standard and custom products using gallium arsenide (GaAs), gallium nitride (GaN), surface acoustic wave (SAW) and bulk acoustic wave (BAW) technologies. The company has ISO9001-certified manufacturing facilities in the U.S., production in Costa Rica, and design centers in North America and Germany. For more information, visit [www.triquint.com](http://www.triquint.com).

*TriQuint: Reach Further, Reach Faster™*

TQNT-F

**TriQuint Semiconductor, Inc.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
(In thousands)

|   | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|---|--------------------------|--------------------------|
| <b>Assets</b>                               |                          |                          |
| Current assets:                             |                          |                          |
| Cash and cash equivalents                   | \$ 79,026                | \$ 116,653               |
| Investments in marketable securities        | —                        | 22,305                   |
| Accounts receivable, net                    | 177,114                  | 132,729                  |
| Inventories                                 | 159,488                  | 138,246                  |
| Prepaid expenses                            | 13,617                   | 8,938                    |
| Deferred tax assets, net                    | 12,787                   | 12,530                   |
| Other current assets                        | 39,960                   | 48,382                   |
| Total current assets                        | <u>481,992</u>           | <u>479,783</u>           |
| Property, plant and equipment, net          | 420,363                  | 448,741                  |
| Goodwill                                    | 13,519                   | 4,391                    |
| Intangible assets, net                      | 23,510                   | 23,163                   |
| Deferred tax assets - noncurrent, net       | 61,554                   | 57,185                   |
| Other noncurrent assets, net                | 32,319                   | 40,415                   |
| Total assets                                | <u>\$ 1,033,257</u>      | <u>\$ 1,053,678</u>      |
| <b>Liabilities and Stockholders' Equity</b> |                          |                          |
| Current liabilities:                        |                          |                          |
| Accounts payable                            | \$ 52,472                | \$ 65,388                |
| Accrued payroll                             | 39,743                   | 33,254                   |
| Other accrued liabilities                   | 15,893                   | 15,132                   |
| Total current liabilities                   | <u>108,108</u>           | <u>113,774</u>           |
| Long-term liabilities:                      |                          |                          |
| Long-term income tax liability              | 2,062                    | 2,809                    |
| Cross-licensing liability                   | 11,752                   | 12,818                   |
| Other long-term liabilities                 | 16,782                   | 15,878                   |
| Total liabilities                           | <u>138,704</u>           | <u>145,279</u>           |
| Stockholders' equity:                       |                          |                          |
| Common stock                                | 162                      | 161                      |

|   |                     |                     |
|---|---------------------|---------------------|
| Additional paid-in capital                    | 699,903             | 676,203             |
| Accumulated other comprehensive income (loss) | 95                  | (366)               |
| Retained earnings                             | 194,393             | 232,401             |
| Total stockholders' equity                    | <u>894,553</u>      | <u>908,399</u>      |
| Total liabilities and stockholders' equity    | <u>\$ 1,033,257</u> | <u>\$ 1,053,678</u> |

**TriQuint Semiconductor, Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)  
(In thousands, except per share amounts)

|                                       | Three Months Ended   |                       |                      | Year Ended           |                      |
|---------------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
|                                       | December 31,<br>2013 | September 28,<br>2013 | December 31,<br>2012 | December 31,<br>2013 | December 31,<br>2012 |
| Revenues                              | \$ 267,731           | \$ 250,836            | \$ 233,621           | \$ 892,879           | \$ 829,174           |
| Cost of goods sold                    | 197,755              | 158,619               | 165,165              | 635,194              | 591,578              |
| Gross profit                          | <u>69,976</u>        | <u>92,217</u>         | <u>68,456</u>        | <u>257,685</u>       | <u>237,596</u>       |
| Operating expenses:                   |                      |                       |                      |                      |                      |
| Research, development and engineering | 49,765               | 47,023                | 44,453               | 189,967              | 160,483              |
| Selling, general and administrative   | 28,760               | 26,420                | 27,569               | 108,410              | 106,642              |
| Litigation expense                    | —                    | —                     | —                    | —                    | 7,547                |
| Total operating expenses              | <u>78,525</u>        | <u>73,443</u>         | <u>72,022</u>        | <u>298,377</u>       | <u>274,672</u>       |
| Operating (loss) income               | <u>(8,549)</u>       | <u>18,774</u>         | <u>(3,566)</u>       | <u>(40,692)</u>      | <u>(37,076)</u>      |
| Other (expense) income:               |                      |                       |                      |                      |                      |
| Interest income                       | 23                   | 7                     | 45                   | 107                  | 241                  |
| Interest expense                      | (1,046)              | (1,153)               | (784)                | (4,476)              | (2,112)              |
| Recovery of investment                | —                    | —                     | —                    | 421                  | 6,957                |
| Other, net                            | (102)                | 70                    | (53)                 | (426)                | 116                  |
| Other (expense) income, net           | <u>(1,125)</u>       | <u>(1,076)</u>        | <u>(792)</u>         | <u>(4,374)</u>       | <u>5,202</u>         |
| (Loss) income before income tax       | <u>(9,674)</u>       | <u>17,698</u>         | <u>(4,358)</u>       | <u>(45,066)</u>      | <u>(31,874)</u>      |
| Income tax (benefit) expense          | <u>(939)</u>         | <u>4,137</u>          | <u>(602)</u>         | <u>(7,058)</u>       | <u>(5,705)</u>       |
| Net (loss) income                     | <u>\$ (8,735)</u>    | <u>\$ 13,561</u>      | <u>\$ (3,756)</u>    | <u>\$ (38,008)</u>   | <u>\$ (26,169)</u>   |
| Per Share Data                        |                      |                       |                      |                      |                      |
| Basic per share net (loss) income     | \$ (0.05)            | \$ 0.09               | \$ (0.02)            | \$ (0.24)            | \$ (0.16)            |
| Diluted per share net (loss) income   | \$ (0.05)            | \$ 0.08               | \$ (0.02)            | \$ (0.24)            | \$ (0.16)            |

Weighted-average shares outstanding:

|         |         |         |         |         |         |
|---------|---------|---------|---------|---------|---------|
| Basic   | 160,190 | 157,105 | 162,083 | 159,349 | 164,366 |
| Diluted | 160,190 | 163,917 | 162,083 | 159,349 | 164,366 |

**TriQuint Semiconductor, Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)  
(% of revenue)

|                                       | Three Months Ended   |                       |                      | Year Ended           |                      |
|---------------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
|                                       | December 31,<br>2013 | September 28,<br>2013 | December 31,<br>2012 | December 31,<br>2013 | December 31,<br>2012 |
| Revenues                              | 100.0%               | 100.0%                | 100.0%               | 100.0%               | 100.0%               |
| Cost of goods sold                    | <u>73.9%</u>         | <u>63.2%</u>          | <u>70.7%</u>         | <u>71.1%</u>         | <u>71.3%</u>         |
| Gross profit                          | <u>26.1%</u>         | <u>36.8%</u>          | <u>29.3%</u>         | <u>28.9%</u>         | <u>28.7%</u>         |
| Operating expenses:                   |                      |                       |                      |                      |                      |
| Research, development and engineering | 18.6%                | 18.7%                 | 19.0%                | 21.3%                | 19.4%                |
| Selling, general and administrative   | 10.7%                | 10.6%                 | 11.8%                | 12.2%                | 12.9%                |
| Litigation expense                    | <u>—%</u>            | <u>—%</u>             | <u>—%</u>            | <u>—%</u>            | <u>0.9%</u>          |





|   |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
| expense   | (0.01)      | 0.03        | (0.01)      | (0.05)      | (0.04)      |
| Adjustment for charges associated with acquisitions | <u>0.01</u> | <u>0.01</u> | <u>0.01</u> | <u>0.03</u> | <u>0.03</u> |
| NON-GAAP DILUTED EARNINGS (LOSS) PER SHARE          | \$ 0.16     | \$ 0.16     | \$ 0.04     | \$ 0.09     | \$ (0.01)   |

Our earnings release contains forward looking estimates of non-GAAP diluted (loss) earnings per share for the first quarter of 2014 and the full year 2014. We provide these non-GAAP measures on a prospective basis for the same reasons that we provide them to investors on a historical basis. The following table provides a reconciliation of GAAP diluted (loss) earnings per share to non-GAAP diluted (loss) earnings per share for Q1 2014 and the full year 2014 based on the mid-point of guidance.

|  | Q1 2014     | 2014        |
|--|-------------|-------------|
| Forward Looking GAAP (Loss) Earnings per Share             | \$ (0.13)   | \$0.15      |
| Adjustment for stock based compensation charges            | 0.05        | 0.19        |
| Adjustment for non-cash tax (benefit) expense              | (0.07)      | 0.12        |
| Adjustment for charges associated with acquisitions        | <u>0.01</u> | <u>0.03</u> |
| Forward Looking non-GAAP Diluted (Loss) Earnings per Share | \$ (0.14)   | \$0.49      |

TriQuint Semiconductor, Inc.  
Steve Buhaly, +1-503-615-9401  
VP of Finance & Administration, CFO  
[steve.buhaly@triquint.com](mailto:steve.buhaly@triquint.com)

or  
Grant Brown, +1-503-615-9413  
Director, Investor Relations  
[grant.brown@triquint.com](mailto:grant.brown@triquint.com)

or  
**Media Contact:**  
Brandi Frye, +1-503-615-9488  
Sr Director, Marketing Comms  
[brandi.frye@triquint.com](mailto:brandi.frye@triquint.com)

Source: TriQuint Semiconductor, Inc.

News Provided by Acquire Media