



Semtech Announces Fourth Quarter of Fiscal Year 2011 Results

- **Record FY2011 Revenue of \$455M up 59% Year Over Year**
- **Q4 Revenue of \$116M up 37% Year Over Year**
- **Record Quarterly Gross Profit Margin of 60.2%**
- **Record Quarterly Operating Profit and Diluted Earnings Per Share**

CAMARILLO, Calif.--(BUSINESS WIRE)-- Semtech Corp. (Nasdaq: SMTC), a leading supplier of analog and mixed-signal semiconductors, today reported un-audited financial results for its fourth quarter of fiscal year 2011 that ended January 30, 2011.

Net revenue for the fourth quarter of fiscal year 2011 was \$116.3 million, up 36.8 percent from the fourth quarter of fiscal year 2010 and down 5.6 percent from the third quarter of fiscal year 2011.

Net income for the fourth quarter of fiscal year 2011, computed in accordance with U.S. generally accepted accounting principles (GAAP), was \$26.0 million or 39 cents per diluted share. This compares to GAAP net income of \$9.5 million or 15 cents per diluted share in the fourth quarter of fiscal year 2010 and GAAP net income of \$16.1 million or 25 cents per diluted share in the third quarter of fiscal year 2011.

GAAP gross profit margin for the fourth quarter of fiscal year 2011 was 60.2 percent compared to 53.9 percent in the fourth quarter of fiscal year 2010 and 60.0 percent in the third quarter of fiscal year 2011.

To facilitate the complete understanding of comparable financial performance between periods, Semtech also presents performance results net of certain non-cash and one-time items. Semtech's non-GAAP results exclude the following items:

- Stock-based compensation expense
- Expenses related to class action litigation and ongoing stock option related matters, net of insurance recoveries
- Changes related to increased cost of goods sold for fair value inventory adjustments made as part of the purchase price allocation for the acquisition of Sierra Monolithics, Inc.
- Amortization of acquired intangible assets
- Transaction and other expenses related to the acquisition of Sierra Monolithics, Inc.
- Certain restructuring expenses
- Business interruption insurance recovery

Excluding the items listed above, non-GAAP net income for the fourth quarter of fiscal year 2011 was \$31.0 million or 47 cents per diluted share. Non-GAAP net income was \$18.9 million or 30 cents per diluted share in the fourth quarter of fiscal year 2010 and was \$30.4 million or 47 cents per diluted share in the third quarter of fiscal year 2011.

Non-GAAP gross profit margin for the fourth quarter of fiscal year 2011 was 60.5 percent. Non-GAAP gross profit margin for the fourth quarter of fiscal year 2010 was 56.6 percent and 60.2 percent in the third quarter of fiscal year 2011.

Semtech had \$258.3 million of cash, cash equivalents and marketable securities as of January 30, 2011, up from \$228.7 million at the end of the third quarter of fiscal year 2011.

Mohan Maheswaran, Semtech's President and Chief Executive Officer, commented, "Our fourth quarter of fiscal year 2011 was yet another record-breaking quarter for Semtech. Our gross profit margin, operating income and diluted earnings per share were the highest in our company's history and were achieved during a seasonally down revenue quarter. Q4 also closes out a superb year for Semtech in terms of financial discipline, new product platform releases, operational excellence, and technological innovation. We look forward to the opportunities that lie ahead on our journey toward becoming a billion-dollar company."

The results announced today are preliminary, as they are subject to the annual audit by the Company's independent

registered public accounting firm. As such, these results are subject to revision until the Company will have filed its annual report on Form 10-K for fiscal year 2011.

First Quarter of Fiscal Year 2012 Outlook

- Net sales are expected to be in the range of \$117.0 million to \$121.0 million
- GAAP gross profit margin is expected to remain approximately flat with Q4 2011
- GAAP SG&A expense is expected to be in the range of \$25.5 million to \$25.9 million
- GAAP R&D expense is expected to be in the range of \$18.7 million to \$19.0 million
- Stock-based compensation expense, which is included in the preceding estimates, is expected to be approximately \$7.0 million, categorized as follows: \$0.3 million cost of sales, \$5.0 million SG&A, and \$1.7 million R&D
- Legal expense related to stock option matters, which is included in the preceding SG&A expense estimate, is expected to be approximately \$0.2 million
- Amortization of acquired intangible assets is expected to be approximately \$2.1 million
- GAAP tax rate is expected to be in the range of 13% to 15%
- GAAP earnings are expected to be in the range of 31 to 34 cents per diluted share
- Non-GAAP earnings are expected to be in the range of 41 to 44 cents per diluted share
- Fully diluted share count is expected to be approximately 66.8 million
- Capital expenditures are expected to be approximately \$10.0 million

Non-GAAP Financial Measures

To supplement the Company's consolidated financial statements prepared in accordance with GAAP, this release includes a non-GAAP presentation of gross profit, net income and earnings per diluted share. To provide additional insight into the Company's first quarter outlook, this release includes a presentation of forward-looking non-GAAP earnings per diluted share. All of these non-GAAP measures exclude stock-based compensation, amortization of acquired intangible assets, and the other items detailed above. These non-GAAP measures are provided to enhance the user's overall understanding of the Company's comparable financial performance between periods. In addition, the Company's management generally excludes such items in managing and evaluating the performance of the business. A further discussion of these non-GAAP financial measures can be found above. Reconciliations of GAAP results for the fourth quarter of fiscal years 2011 and 2010 and the third quarter of fiscal year 2011, as well as a reconciliation of forward-looking earnings per diluted share for the first quarter of fiscal year 2012, appear with the financial statements included with this release. These additional financial measures should not be considered substitutes for any measures derived in accordance with GAAP and may be inconsistent with similar measures presented by other companies.

Forward-Looking and Cautionary Statements

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements other than historical information or statements of current condition and relate to matters such as future financial performance, future operational performance, the anticipated impact of specific items on future earnings, and our plans, objectives and expectations. These forward-looking statements are identified by the use of such terms and phrases as "intends," "goal," "estimate," "expect," "project," "plans," "anticipates," "should," "will," "designed to," "believe," and other similar expressions which generally identify forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties that could cause actual results and events to differ materially from those projected. Important factors that could cause actual results to differ materially include, but are not limited to: the continuation and/or pace of key trends considered to be main contributors to the Company's growth, such as demand for increased network bandwidth, demand for increasing energy efficiency in the Company's products or end use applications of the products, demand for increasing miniaturization of electronic components; shifts in demand among target customers, and other comparable changes in projected or anticipated markets; adequate supply of our products from our third-party manufacturers; benefits derived from recent acquisitions; the depth, extent and duration of current and potential national and worldwide economic uncertainty, at both a macro level, and as it impacts the Company's products, industry, and market sectors; the Company's ability to forecast and achieve anticipated revenues and earnings estimates in light of continuing economic uncertainty; the Company's ability to manage expenses to achieve anticipated amounts; and the amount and timing of expenditures for capital equipment deemed necessary or advisable by the Company. Additionally, forward-looking statements should be considered in conjunction with the cautionary statements contained in the "Risk Factors" section and elsewhere in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2011, in the Company's other filings with the SEC, and in material incorporated therein by reference. In light of the significant uncertainties inherent in the forward-looking information included herein, any such forward-

looking information should not be regarded as representations by the Company that its objectives or plans will be achieved or that any of its operating expectations or financial forecasts will be realized. Investors are cautioned not to place undue reliance on any forward-looking information contained herein. The Company assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

About Semtech

Semtech Corporation is a leading supplier of analog and mixed-signal semiconductors for high-end consumer, computing, communications and industrial equipment. Products are designed to benefit the engineering community as well as the global community. The company is dedicated to reducing the impact it, and its products, have on the environment. Internal green programs seek to reduce waste through material and manufacturing control, use of green technology and designing for resource reduction. Publicly traded since 1967, Semtech is listed on the NASDAQ Global Select Market under the symbol SMTC. For more information, visit <http://www.semtech.com>.

SEMTECH CORPORATION CONSOLIDATED STATEMENTS OF INCOME

(Table in thousands - except per share amount)

| | Three Months Ended | | | Twelve Months Ended | |
|--|--------------------|------------------|-------------------|---------------------|-------------------|
| | Jan 30, 2011 | Jan 31, 2010 | Oct 31, 2010 | Jan 30, 2011 | Jan 31, 2010 |
| | Q4 2011 | Q4 2010 | Q3 2011 | FY 2011 | FY 2010 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | |
| Net sales | \$ 116,270 | \$ 85,019 | \$ 123,125 | \$ 454,502 | \$ 286,560 |
| Cost of sales | 46,264 | 39,228 | 49,304 | 186,196 | 130,514 |
| Gross profit | 70,006 | 45,791 | 73,821 | 268,306 | 156,046 |
| Operating costs and expenses: | | | | | |
| Selling, general and administrative | 23,637 | 25,216 | 35,501 | 110,404 | 77,934 |
| Product development and engineering | 18,517 | 13,707 | 18,400 | 69,624 | 44,847 |
| Amortization of acquired intangible assets | 2,304 | 1,440 | 2,406 | 9,520 | 2,348 |
| Total operating costs and expenses | 44,458 | 40,363 | 56,307 | 189,548 | 125,129 |
| Operating income | 25,548 | 5,428 | 17,514 | 78,758 | 30,917 |
| Interest and other income, net | 66 | 346 | 3 | 574 | 3,054 |
| Income before taxes | 25,614 | 5,774 | 17,517 | 79,332 | 33,971 |
| Provision for taxes | (389) | (3,705) | 1,412 | 6,760 | 33,014 |
| Net income | \$ 26,003 | \$ 9,479 | \$ 16,105 | \$ 72,572 | \$ 957 |
| Earnings per share: | | | | | |
| Basic | \$ 0.41 | \$ 0.15 | \$ 0.26 | \$ 1.16 | \$ 0.02 |
| Diluted | \$ 0.39 | \$ 0.15 | \$ 0.25 | \$ 1.12 | \$ 0.02 |
| Weighted average number of shares: | | | | | |
| Basic | 63,506 | 61,238 | 62,493 | 62,339 | 60,779 |
| Diluted | 66,213 | 62,501 | 64,555 | 64,523 | 61,676 |

SEMTECH CORPORATION CONSOLIDATED BALANCE SHEETS

(Table in thousands)

| | Jan 30, 2011 | Jan 31, 2010 |
|---------------------------|-----------------|-----------------|
| | (Unaudited) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 119,019 | \$ 80,598 |

| | | |
|------------------------------------|-------------------|------------------|
| Temporary investments | 112,237 | 55,462 |
| Receivables, less allowances | 50,610 | 31,163 |
| Inventories | 47,719 | 33,819 |
| Deferred income taxes | 13,369 | 11,808 |
| Other current assets | 10,744 | 6,616 |
| Total current assets | 353,698 | 219,466 |
| Property, plant and equipment, net | 56,778 | 38,063 |
| Long-term investments | 27,086 | 26,163 |
| Deferred income taxes | - | 7,153 |
| Goodwill | 129,651 | 129,651 |
| Other intangible assets, net | 74,823 | 84,343 |
| Other assets | 17,907 | 9,455 |
| Total assets | \$ 659,943 | \$514,294 |

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

| | | |
|---------------------------|-----------|-----------|
| Accounts payable | \$ 29,629 | \$ 23,643 |
| Accrued liabilities | 48,723 | 34,008 |
| Income taxes payable | 2,928 | 8,512 |
| Deferred revenue | 5,020 | 3,276 |
| Accrued taxes | 4,191 | 2,609 |
| Deferred income taxes | 3,334 | 1,332 |
| Total current liabilities | 93,825 | 73,380 |

| | | |
|-------------------------------------|--------|--------|
| Deferred income taxes - non-current | 11,120 | 16,505 |
| Accrued taxes | 10,548 | 9,497 |
| Other long-term liabilities | 15,835 | 9,171 |

| | | |
|---|-------------------|------------------|
| Shareholders' equity | 528,615 | 405,741 |
| Total liabilities & shareholders' equity | \$ 659,943 | \$514,294 |

SEMTECH CORPORATION

SUPPLEMENTAL INFORMATION - NOTES TO CONSOLIDATED GAAP STATEMENTS OF INCOME

(Tables in thousands - except per share amounts)

| | Three Months Ended | | | Twelve Months Ended | |
|---|--------------------|-----------------|-----------------|---------------------|-----------------|
| | Jan 30, 2011 | Jan 31, 2010 | Oct 31, 2010 | Jan 30, 2011 | Jan 31, 2010 |
| Stock-based Compensation Expense | Q4 2011 | Q4 2010 | Q3 2011 | FY 2011 | FY 2010 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | |
| Cost of sales | \$ 325 | \$ 225 | \$ 305 | \$ 1,802 | \$ 1,168 |
| Selling, general and administrative | 3,797 | 3,964 | 5,206 | 19,310 | 13,566 |
| Product development and engineering | 1,962 | 1,925 | 1,908 | 7,898 | 5,201 |
| Total stock-based compensation expense | \$ 6,084 | \$ 6,114 | \$ 7,419 | \$ 29,010 | \$ 19,935 |

| | Three Months Ended | | | Twelve Months Ended | |
|---|--------------------|------------------|------------------|---------------------|------------------|
| | Jan 30, 2011 | Jan 31, 2010 | Oct 31, 2010 | Jan 30, 2011 | Jan 31, 2010 |
| Gross Profit - Reconciliation GAAP to Non-GAAP | Q4 2011 | Q4 2010 | Q3 2011 | FY 2011 | FY 2010 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | |
| GAAP gross profit | \$ 70,006 | \$ 45,791 | \$ 73,821 | \$ 268,306 | \$156,046 |
| Adjustments to GAAP gross profit: | | | | | |

| | | | | | |
|---|------------------|------------------|------------------|-------------------|-------------------|
| Stock-based compensation expense | 325 | 225 | 305 | 1,802 | 1,168 |
| Fair value adjustment related to acquired inventory | - | 2,088 | - | 2,311 | 2,088 |
| Non-GAAP gross profit | \$ 70,331 | \$ 48,104 | \$ 74,126 | \$ 272,419 | \$ 159,302 |

| | Three Months Ended | | | Twelve Months Ended | |
|---|--------------------|-----------------|------------------|---------------------|-----------------|
| | Jan 30, 2011 | Jan 31, 2010 | Oct 31, 2010 | Jan 30, 2011 | Jan 31, 2010 |
| | Q4 2011 | Q4 2010 | Q3 2011 | FY 2011 | FY 2010 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | |
| Net Income - Reconciliation GAAP to Non-GAAP | | | | | |
| GAAP net income | \$ 26,003 | \$ 9,479 | \$ 16,105 | \$ 72,572 | \$ 957 |

| | | | | | |
|---|------------------|------------------|------------------|-------------------|------------------|
| Adjustments to GAAP net income: | | | | | |
| Stock-based compensation expense | 6,084 | 6,114 | 7,419 | 29,010 | 19,935 |
| Transaction and other expenses | - | 3,422 | - | - | 3,422 |
| Legal expenses related to stock option matters | 289 | 2,185 | 10,613 | 13,590 | 3,332 |
| Fair value adjustment related to acquired inventory | - | 2,088 | - | 2,311 | 2,088 |
| Amortization of acquired intangible assets | 2,304 | 1,440 | 2,406 | 9,520 | 2,348 |
| Restructuring costs | - | 88 | - | - | 486 |
| Business interruption insurance recovery | - | (1,360) | - | - | (1,360) |
| Total before taxes | 8,677 | 13,977 | 20,438 | 54,431 | 30,251 |
| Associated tax effect | (3,710) | (4,586) | (6,116) | (16,833) | 24,171 |
| Total of supplemental information net of taxes | 4,967 | 9,391 | 14,322 | 37,598 | 54,422 |
| Non-GAAP net income | \$ 30,970 | \$ 18,870 | \$ 30,427 | \$ 110,170 | \$ 55,379 |
| Diluted GAAP earnings per share | \$ 0.39 | \$ 0.15 | \$ 0.25 | \$ 1.12 | \$ 0.02 |
| Adjustments per above | 0.08 | 0.15 | 0.22 | 0.59 | 0.88 |
| Diluted non-GAAP earnings per share | \$ 0.47 | \$ 0.30 | \$ 0.47 | \$ 1.71 | \$ 0.90 |

| | Three Months Ended | | | Twelve Months Ended | |
|--|--------------------|-----------------|-----------------|---------------------|-----------------|
| | Jan 30, 2011 | Jan 31, 2010 | Oct 31, 2010 | Jan 30, 2011 | Jan 31, 2010 |
| | Q4 2011 | Q4 2010 | Q3 2011 | FY 2011 | FY 2010 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | |
| Tax Impact Associated With Supplemental Information | | | | | |
| Adjustments to GAAP net income: | | | | | |
| Stock-based compensation expense | \$ 2,551 | \$ 1,691 | \$ 2,881 | \$ 9,170 | \$ 4,978 |
| Transaction and other expenses | - | 1,212 | \$ - | - | \$ (31,589) |
| Legal expenses related to stock option matters | 794 | 856 | 3,235 | 4,909 | 1,293 |
| Fair value adjustment related to acquired inventory | - | 810 | - | 878 | 810 |
| Amortization of acquired intangible assets | 365 | 530 | - | 1,876 | 784 |
| Restructuring costs | - | 15 | - | - | 81 |
| Business interruption insurance recovery | - | (528) | - | - | (528) |
| Total of associated tax effect | \$ 3,710 | \$ 4,586 | \$ 6,116 | \$ 16,833 | \$ (24,171) |

Q1 FY12 Earnings Per Share Guidance
GAAP to Non-GAAP Reconciliation (net of tax)

| | Low | High |
|---|---------|---------|
| GAAP EPS | 0.31 | 0.34 |
| Stock based compensation expense | 0.08 | 0.08 |
| Option and restatement related expenses | 0.00 | 0.00 |
| Amortization of acquired intangibles | 0.02 | 0.02 |
| Non-GAAP EPS | \$ 0.41 | \$ 0.44 |

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