

SKYWORKS SOLUTIONS INC

BUY					HOLD					SELL					BUY	RATING SINCE	02/28/2019			
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-		F	TARGET PRICE	\$101.92		
Annual Dividend Rate \$1.52					Annual Dividend Yield 1.72%					Beta 0.67					Market Capitalization \$15.3 Billion		52-Week Range \$60.12-\$104.20		Price as of 4/11/2019 \$88.24	

Sector: **Technology** | Sub-Industry: **Semiconductors** | Source: **S&P**

SWKS BUSINESS DESCRIPTION

Skyworks Solutions, Inc., together with its subsidiaries, designs, develops, manufactures, and markets proprietary semiconductor products, including intellectual property worldwide.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	26.02	-10.30	5.07

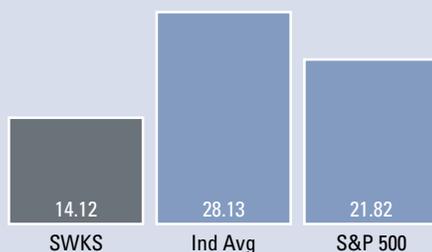
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-7.60	-0.03	3.87
Net Income	304.68	37.68	5.73
EPS	321.05	41.72	8.38

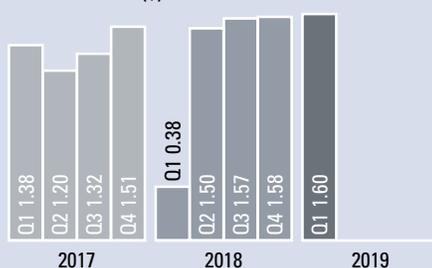
RETURN ON EQUITY (%)

	SWKS	Ind Avg	S&P 500
Q1 2019	28.05	33.17	15.83
Q1 2018	21.09	27.12	13.34
Q1 2017	24.52	13.16	12.81

P/E COMPARISON

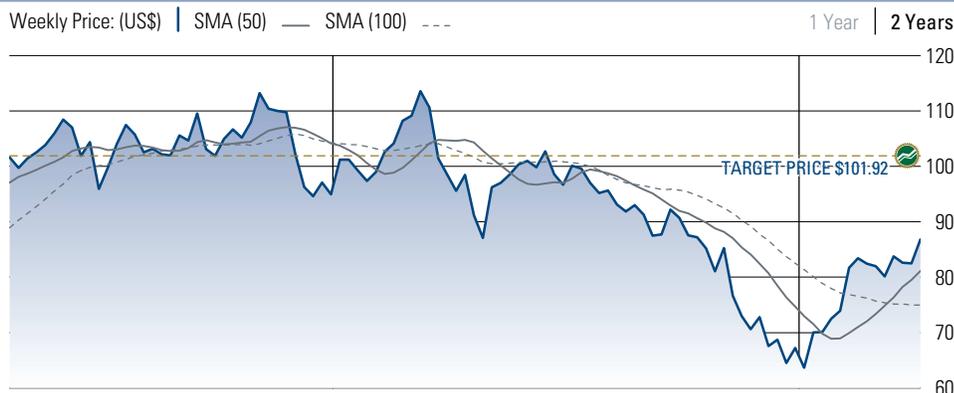


EPS ANALYSIS¹ (\$)



NA = not available NM = not meaningful

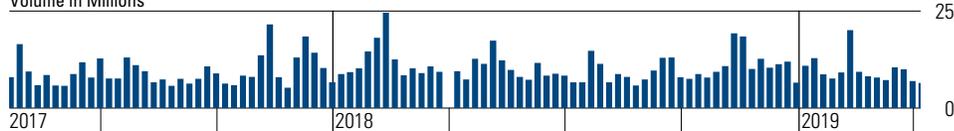
¹ Compustat fiscal year convention is used for all fundamental data items.



Rating History



Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate SKYWORKS SOLUTIONS INC (SWKS) a BUY. This is driven by some important positives, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its compelling growth in net income, largely solid financial position with reasonable debt levels by most measures, attractive valuation levels, expanding profit margins and good cash flow from operations. We feel its strengths outweigh the fact that the company has had lackluster performance in the stock itself.

HIGHLIGHTS

The net income growth from the same quarter one year ago has significantly exceeded that of the S&P 500 and the Semiconductors & Semiconductor Equipment industry. The net income increased by 304.7% when compared to the same quarter one year prior, rising from \$70.40 million to \$284.90 million.

SWKS has no debt to speak of therefore resulting in a debt-to-equity ratio of zero, which we consider to be a relatively favorable sign. Along with this, the company maintains a quick ratio of 4.54, which clearly demonstrates the ability to cover short-term cash needs.

The gross profit margin for SKYWORKS SOLUTIONS INC is rather high; currently it is at 58.91%. It has increased from the same quarter the previous year. Along with this, the net profit margin of 29.31% is above that of the industry average.

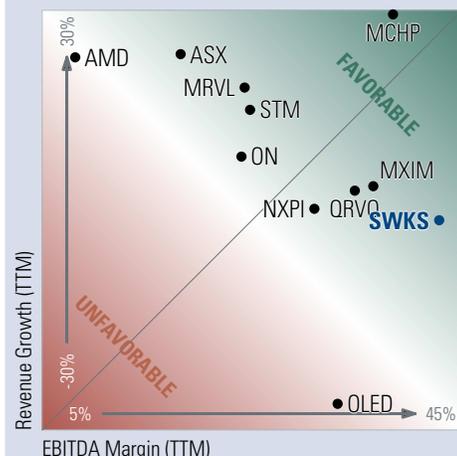
Net operating cash flow has significantly increased by 52.16% to \$549.00 million when compared to the same quarter last year. The firm also exceeded the industry average cash flow growth rate of 4.93%.

Sector: Technology | Semiconductors | Source: S&P

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PEER GROUP ANALYSIS

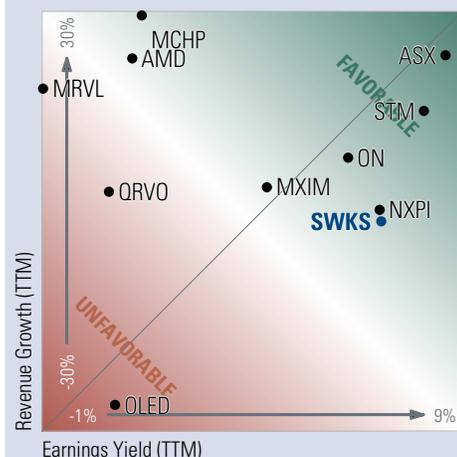
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$7.9 Billion and \$32.1 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -26.3% and 29.4%. Companies with NA or NM values do not appear.

INDUSTRY ANALYSIS

The US semiconductors and semiconductor equipment industry is known for its technological advancements. The semiconductor market includes companies that manufacture and sell integrated circuits and discrete semiconductor devices. The semiconductor equipment market includes companies that manufacture and sell equipment for the production of semiconductor devices. About 5,000 companies operate in this industry, which has approximate annual revenue of \$150 billion. The top 50 companies hold more than 70% of total market share. Major players are Intel (INTC), Texas Instruments (TXN), Qualcomm (QCOM), Micron Technology (MU), and Advanced Micro Devices (AMD).

The industry is cyclical and subject to supply/demand fluctuations and price erosion. After experiencing a downturn during the last recessionary period, the semiconductor market is building back on renewed demand.

Demand for semiconductor products is indirect and driven by sales of personal computers, cell phones, consumer electronics devices, and other electronic equipment. The industry is capital-intensive and requires significant investments to advance technology and reduce manufacturing costs. Research and development expenses form a major part of capital expenditure and the industry spends over \$15 billion annually.

The industry is subject to various environmental regulations related to pollutant emissions, waste-water discharges, and the use of hazardous substances. The European Union's directives, such as the Restriction of Use of Certain Hazardous Substances and the Registration, Evaluation, Authorization, and Restriction of Chemicals are relevant to the manufacturing process. China, which represents the world's second largest semiconductor market and is a major importer of US products, also restricts the use of hazardous substances in electronic products.

Although the industry is the second-largest exporting industry in the US, its global market share in chip production has eroded due to insufficient research funding, workforce challenges, and foreign incentives. The demand pattern has shifted production to low cost substitutes and shifted the demand centers to China, Taiwan, and the rest of Asia. There has also been a lateral shift of capital as research and development investments move away from the US to Asia.

PEER GROUP: Semiconductors & Semiconductor Equipment

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
SWKS	SKYWORKS SOLUTIONS INC	88.24	15,266	14.12	3,788.10	1,132.90
ASX	ASE TECHNOLOGY HLDNG CO	4.53	9,788	11.62	12,123.06	825.27
ON	ON SEMICONDUCTOR CORP	22.75	9,373	15.91	5,878.30	627.40
QRVO	QORVO INC	76.05	9,338	165.33	3,074.83	59.11
OLED	UNIVERSAL DISPLAY CORP	167.87	7,908	135.38	247.41	58.84
NXPI	NXP SEMICONDUCTORS NV	97.65	32,098	14.21	9,407.00	2,208.00
AMD	ADVANCED MICRO DEVICES	27.79	30,057	86.84	6,475.00	337.00
MCHP	MICROCHIP TECHNOLOGY INC	93.97	22,268	72.28	5,022.02	327.94
STM	STMICROELECTRONICS NV	17.54	15,971	12.35	9,664.00	1,287.00
MXIM	MAXIM INTEGRATED PRODUCTS	57.97	15,849	22.91	2,497.15	717.11
MRVL	MARVELL TECHNOLOGY GROUP LT	22.64	14,922	NM	2,865.79	-179.09

The peer group comparison is based on Major Semiconductors companies of comparable size.

Sector: Technology | Semiconductors | Source: S&P

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COMPANY DESCRIPTION

Skyworks Solutions, Inc., together with its subsidiaries, designs, develops, manufactures, and markets proprietary semiconductor products, including intellectual property worldwide. Its product portfolio includes amplifiers, antenna tuners, attenuators, circulators/isolators, DC/DC converters, demodulators, detectors, diodes, directional couplers, diversity receive modules, filters, front-end modules, hybrids, LED drivers, low noise amplifiers, mixers, modulators, optocouplers/optoisolators, phase locked loops, phase shifters, power dividers/combiners, receivers, switches, synthesizers, technical ceramics, voltage controlled oscillators/synthesizers, and voltage regulators. The company provides its products for use in the aerospace, automotive, broadband, cellular infrastructure, connected home, industrial, medical, military, smartphone, tablet, and wearable markets. It sells its products through direct sales force, electronic component distributors, and independent sales representatives. Skyworks Solutions, Inc. has a collaboration agreement with MediaTek Incorporated to deliver standards-based 5G solution. The company was founded in 1962 and is headquartered in Woburn, Massachusetts.

SKYWORKS SOLUTIONS INC
20 Sylvan Road
Woburn, MA 01801
USA
Phone: 781-376-3000
<http://www.skyworksinc.com>

STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of SWKS shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	4.0 out of 5 stars	★	★	★	★	☆
Measures the growth of both the company's income statement and cash flow. On this factor, SWKS has a growth score better than 70% of the stocks we rate.		weak				strong
Total Return	2.5 out of 5 stars	★	★	☆	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 40% of the companies we cover.		weak				strong
Efficiency	5.0 out of 5 stars	★	★	★	★	★
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 90% of the companies we review.		weak				strong
Price volatility	3.5 out of 5 stars	★	★	★	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 60% of the stocks we monitor.		weak				strong
Solvency	5.0 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 90% of the companies we analyze.		weak				strong
Income	3.5 out of 5 stars	★	★	★	☆	☆
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 60% of the companies we track.		weak				strong

THE STREET RATINGS RESEARCH METHODOLOGY

TheStreet Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

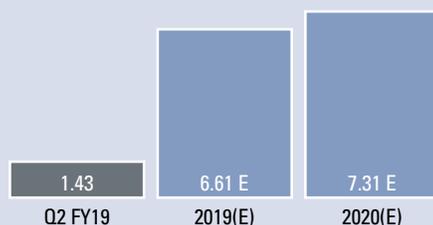
Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

Sector: Technology | Semiconductors | Source: S&P

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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q1 FY19	Q1 FY18
Net Sales (\$mil)	972.00	1,051.90
EBITDA (\$mil)	416.50	453.30
EBIT (\$mil)	323.50	384.20
Net Income (\$mil)	284.90	70.40

BALANCE SHEET

	Q1 FY19	Q1 FY18
Cash & Equiv. (\$mil)	1,099.10	1,681.50
Total Assets (\$mil)	4,738.90	4,594.30
Total Debt (\$mil)	0.00	0.00
Equity (\$mil)	4,038.30	3,900.50

PROFITABILITY

	Q1 FY19	Q1 FY18
Gross Profit Margin	58.91%	57.22%
EBITDA Margin	42.84%	43.09%
Operating Margin	33.28%	36.52%
Sales Turnover	0.80	0.82
Return on Assets	23.90%	17.90%
Return on Equity	28.05%	21.09%

DEBT

	Q1 FY19	Q1 FY18
Current Ratio	6.18	8.36
Debt/Capital	0.00	0.00
Interest Expense	0.00	0.00
Interest Coverage	NA	NA

SHARE DATA

	Q1 FY19	Q1 FY18
Shares outstanding (mil)	174	182
Div / share	0.38	0.32
EPS	1.60	0.38
Book value / share	23.20	21.38
Institutional Own %	NA	NA
Avg Daily Volume	1,832,682	2,452,238

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

SKYWORKS SOLUTIONS INC's gross profit margin for the first quarter of its fiscal year 2019 is essentially unchanged when compared to the same period a year ago. Even though sales decreased, the net income has increased, representing an increase to the bottom line. SKYWORKS SOLUTIONS INC is extremely liquid. Currently, the Quick Ratio is 4.54 which clearly shows the ability to cover any short-term cash needs. The company's liquidity has decreased from the same period last year.

At the same time, stockholders' equity ("net worth") has remained virtually unchanged only increasing by 3.53% from the same quarter last year. Overall, the key liquidity measurements indicate that the company is very unlikely to face financial difficulties in the near future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

SKYWORKS SOLUTIONS INC

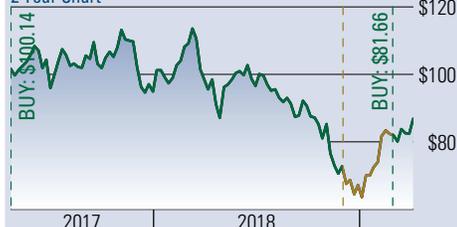
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RATINGS HISTORY

Our rating for SKYWORKS SOLUTIONS INC was recently upgraded from Hold to Buy on 2/28/2019. As of 4/11/2019, the stock was trading at a price of \$88.24 which is 15.3% below its 52-week high of \$104.20 and 46.8% above its 52-week low of \$60.12.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
2/28/19	\$81.66	Upgrade	Hold	Buy
12/3/18	\$73.46	Downgrade	Buy	Hold
4/11/17	\$100.14	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THE STREET RATINGS

(as of 4/11/2019)

42.04% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

32.03% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

25.93% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

TheStreet Ratings
14 Wall Street, 15th Floor
New York, NY 10005
www.thestreet.com

Research Contact: 212-321-5381
Sales Contact: 866-321-8726

VALUATION

BUY. The current P/E ratio indicates a significant discount compared to an average of 28.13 for the Semiconductors & Semiconductor Equipment industry and a discount compared to the S&P 500 average of 21.82. Conducting a second comparison, its price-to-book ratio of 3.80 indicates a premium versus the S&P 500 average of 3.32 and a significant discount versus the industry average of 6.71. The price-to-sales ratio is well above the S&P 500 average, but well below the industry average. Upon assessment of these and other key valuation criteria, SKYWORKS SOLUTIONS INC proves to trade at a discount to investment alternatives.

Price/Earnings	1	2	3	4	5
					premium

SWKS 14.12 Peers **28.13**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- SWKS is trading at a significant discount to its peers.

Price/Projected Earnings	1	2	3	4	5
					premium

SWKS 12.07 Peers **23.97**

- Discount. A lower price-to-projected earnings ratio than its peers can signify a less expensive stock or lower future growth expectations.
- SWKS is trading at a significant discount to its peers.

Price/Book	1	2	3	4	5
					premium

SWKS 3.80 Peers **6.71**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- SWKS is trading at a significant discount to its peers.

Price/Sales	1	2	3	4	5
					premium

SWKS 4.06 Peers **5.43**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- SWKS is trading at a significant discount to its industry on this measurement.

Price/CashFlow	1	2	3	4	5
					premium

SWKS 10.66 Peers **32.38**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- SWKS is trading at a significant discount to its peers.

Price to Earnings/Growth	1	2	3	4	5
					premium

SWKS 0.44 Peers **5.06**

- Discount. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- SWKS trades at a significant discount to its peers.

Earnings Growth	1	2	3	4	5
	lower				higher

SWKS 41.72 Peers **77.34**

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, SWKS is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth	1	2	3	4	5
	lower				higher

SWKS -0.03 Peers **9.97**

- Lower. A sales growth rate that trails the industry implies that a company is losing market share.
- SWKS significantly trails its peers on the basis of sales growth.

DISCLAIMER:

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