



Avago Finance Announces First Quarter Fiscal Year 2009 Financial Results

February 25, 2009

- Quarterly revenue of \$368 million, down 8.5% year-over-year
- Cash and cash equivalents of \$195 million compares with \$213 million at end of prior quarter
- Adjusted EBITDA of \$81 million compares with \$84 million in the same period a year ago

SAN JOSE, Calif., and SINGAPORE – February 25, 2009 - Avago Technologies Finance Pte. Ltd. ("Avago Finance"), a leading designer, developer and global supplier of analog semiconductor devices, today reported financial results for its first quarter of fiscal year 2009, ended February 1, 2009.

First Quarter Fiscal 2009 GAAP Results

Revenue was \$368 million, a decline of 17.7 percent when compared with the previous quarter, and down 8.5 percent from the same quarter last year. Gross margin was \$143 million, or 38.9 percent of sales. This compares with a gross margin of \$168 million, or 37.6 percent last quarter. Net income of \$6 million compares with net income of \$18 million last quarter.

Cash balances at the end of the quarter were \$195 million versus \$213 million at the end of last quarter. The sequential decrease is consistent with the Company's seasonal profile and reflects the payment of fiscal year 2008 variable compensation and semi-annual interest payments.

First Quarter Fiscal 2009 Non-GAAP Results

A favorable product mix combined with tight cost control actions resulted in gross margin of \$164 million, or 44.6 percent. This compares with gross margin of \$184 million, or 41.2 percent last quarter.

R&D expenses were \$61 million, or 16.6 percent of revenue. Last quarter, R&D expenses were \$68 million. Selling, general and administrative costs declined to \$41 million, or 11.1 percent of revenue, compared with \$46 million in the fourth quarter.

Net income was \$37 million, down from \$52 million last quarter. These overall results translated into Adjusted EBITDA, as defined in the indentures governing our outstanding debt securities, of \$81 million, compared with \$88 million in the prior quarter.

"In the last few months we have taken several actions to reduce our corporate cost structure, including announcing a headcount reduction in January," said Hock E. Tan, president and CEO of Avago Technologies. "These actions, along with our continued focus on expanding our product portfolio into areas offering higher growth potential, helped lessen the impact the general economic slowdown is having on our financial results."

Financial Results Conference Call

Avago Technologies Finance Pte. Ltd. will host a conference call to review its financial results for the first quarter of fiscal year 2009 today at 2:00 p.m. Pacific Time. Those wishing to access the call should dial (480) 248-5081. No passcode is needed. A replay of the call is available through February 28, 2009. To access the replay dial (303) 590-3030 and reference the passcode: 3987051.

Non-GAAP Financial Measures

In addition to GAAP reporting, consistent with past practice Avago Finance reports net income or loss, as well as gross margin and operating expenses, on a non-GAAP basis. This non-GAAP earnings information excludes amortization of acquisition-related intangibles, share-based compensation expense, asset impairment charges, restructuring charges, acquired in-process research and development, debt extinguishment (gains) losses and the results of discontinued operations. In addition, Avago Finance also discloses Adjusted EBITDA as measured by the indentures governing the Company's outstanding debt securities. Avago Finance believes this non-GAAP earnings information provides additional insight into the Company's on-going performance and has therefore chosen to provide this information to investors in its debt securities for a more consistent basis of comparison and to emphasize the results of on-going operations. These historical non-GAAP measures are in addition to, and not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. A reconciliation between GAAP and non-GAAP net income (loss) and a derivation of Adjusted EBITDA in accordance with our note indentures are included in the financial tables attached to this press release.

Financials

[Financials \(PDF, 19KB\)](#)

About Avago Technologies Finance Pte. Ltd

Avago Technologies Finance Pte. Ltd. is a leading designer, developer and global supplier of analog semiconductor devices for communications, industrial and consumer applications.

Safe Harbor Statement

This announcement and supporting materials may contain forward-looking statements which address our expected future business and financial performance. These forward looking statements are based on current expectations, estimates, forecasts and projections of future Company or industry performance based on management's judgment, beliefs, current trends and market conditions and involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. Accordingly, we caution you not to place undue

reliance on these statements. For Avago Finance, particular uncertainties which could adversely or positively affect future results include cyclicalities in the semiconductor industry or in our end markets; the recent financial crisis and its impact on our business, results of operations, and financial condition; fluctuations in interest rates; our ability to generate cash sufficient to service our debt and to fund our research and development, capital expenditures and other business needs; our increased dependence on outsourced service providers for certain key business services and their ability to execute to our requirements; our ability to maintain tax concessions in certain jurisdictions; our ability to protect our intellectual property; our competitive performance and ability to continue achieving design wins with our customers; any expenses associated with resolving customer product and warranty claims; our ability to achieve the growth prospects and synergies expected from our acquisitions; delays and challenges associated with integrating acquired companies with our existing businesses; our ability to improve our cost structure through our manufacturing outsourcing program; and other events and trends on a national, regional and global scale, including those of a political, economic, business, competitive and regulatory nature. Our Annual Report on Form 20-F filed with the SEC on December 17, 2008, recent Current Reports on Form 6-K, and other Avago Finance filings with the U.S. Securities and Exchange Commission ("SEC") (which you may obtain for free at the SEC's website at <http://www.sec.gov>) discuss some of the important risk factors that may affect our business, results of operations and financial condition.

An affiliate of Avago Finance has filed a registration statement with the SEC relating to a proposed offering which has not yet become effective. Such securities may not be sold nor may offers to buy be accepted prior to the time that the registration statement becomes effective. This press release is not an offer to sell nor a solicitation of an offer to buy any securities.

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