



Avago Technologies Announces Fourth Quarter Fiscal 2007 Financial Results

November 29, 2007

- Revenue of \$391 million
- Cash reaches \$309 million at end of October

SAN JOSE, Calif., – November 29, 2007

Avago Technologies, a leading supplier of analog interface components for communications, industrial and consumer applications, today reported financial results for its fourth quarter and fiscal year ended October 31, 2007.

The results reported today exclude the contribution from the Company's IrDA business, which is being sold to Lite-On Technology of Taiwan. This transaction is expected to close before the end of the calendar year following the satisfaction of regulatory requirements and other customary closing conditions.

Fourth Quarter Fiscal 2007 GAAP Results

Net revenue of \$391 million represents a \$10 million, or 3 percent, increase over the previous quarter, driven by the seasonal growth in the consumer and computer peripherals and wireless markets. Gross profit and corresponding gross margin were \$129 million and 33 percent respectively. Operating expenses were \$111 million, resulting in a net loss of \$2 million.

Cash balances increased by \$96 million from the previous quarter to \$309 million at the end of October. Key contributors to this increase include \$120 million generated from operating activities, partially offset by \$15 million used to repurchase the Company's Senior Notes.

Fourth Quarter Fiscal 2007 Non-GAAP Results

Reflecting the change towards wireless, consumer and computer peripherals products, gross margin of \$150 million declined sequentially by 1 percentage point to 38.4 percent of sales. Operating expenses and operating margin of \$97 million and 25 percent, respectively, were unchanged from the previous quarter.

Benefiting from the strong operating results, non-GAAP net income improved to 8 percent of sales, reaching \$31 million, versus \$26 million last quarter. Adjusted EBITDA of \$82 million was essentially even with the prior quarter.

"Over the last year we have repositioned our product portfolio, made significant progress in improving operating and administrative efficiencies, and strengthened our cash position while lowering our debt and interest payment obligations," said Hock E. Tan, president and CEO of Avago Technologies. "We are capitalizing on our demonstrated cash generation capabilities to redeem \$200 million of our senior floating rate notes, bringing our total debt down by more than \$1 billion over the last two years. The actions implemented over recent quarters have yielded these encouraging results, and position the company for better performance as we enter fiscal 2008."

Financial Results Conference Call

Avago Technologies will host a conference call to review its financial results for the fourth quarter and full-year fiscal 2007 today at 2:00 p.m. Pacific Time. Those wishing to access the call should dial (973) 935-8757 approximately 10 minutes prior to the start of the call. A replay will be available until Midnight Pacific Time Thursday, December 6, 2007. To access the replay, dial (973) 341-3080, passcode: 9457549.

Non-GAAP Financial Measures

In addition to GAAP reporting, Avago reports net income or loss, as well as gross margin and operating expenses, on a non-GAAP basis. This non-GAAP earnings information excludes stock-based compensation expense, amortization of intangibles and unusual items and their related tax effects. In addition, Avago also discloses Adjusted EBITDA as measured by the Company's principal debt instruments. Avago 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 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) is included in the tables below.

Financials

[Q407 Financial Tables \(PDF, 19KB\)](#)

[Updated Full Year Fiscal 2006 and Fiscal 2007 Financial Tables \(PDF, 20KB\)](#)

About Avago Technologies

Avago Technologies is a leading supplier of analog interface components for communications, industrial and consumer applications. By leveraging its core competencies in III-V compound and silicon semiconductor design and processing, the company provides an extensive range of analog, mixed signal and optoelectronics components and subsystems to more than 40,000 customers. Backed by strong customer service support, the company's

products serve four diverse end markets: industrial and automotive, wired infrastructure, wireless communications, and computer peripherals. Avago has a global employee presence and heritage of technical innovation dating back 40 years to its Hewlett-Packard roots. Information about Avago is available on the Web at www.avagotech.com.

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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, particular uncertainties which could adversely or positively affect future results include cyclicalities in the semiconductor industry or in our end markets; 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; 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 Registration Statement on Form F-4 filed with the SEC on January 8, 2007, recent Current Reports on Form 6-K, and other Avago 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. These forward-looking statements are made only as of the date of this communication and Avago undertakes no obligation to update or revise these forward-looking statements.

Press Contact

Jim Fanucchi
Summit IR Group Inc.
jim@summitirgroup.com
(408) 404-5400