



## Avago Finance Announces Fourth Quarter And Fiscal Year 2008 Financial Results

December 9, 2008

- Quarterly revenue of \$447 million, up 14% year-over-year
- Cash and cash equivalents grow by \$65 million sequentially to \$213 million at end of quarter
- Adjusted EBITDA of \$88 million, up 7% year-over-year

**SAN JOSE, Calif., and SINGAPORE – December 9, 2008** - Avago Technologies Finance Pte. Ltd. ("Avago Finance"), a leading designer, developer and global supplier of analog semiconductor devices, today reported financial results for its fourth quarter and fiscal year 2008, ended November 2, 2008.

### Fiscal Year 2008 Financials Results

Revenue grew 11 percent above fiscal 2007 to \$1.7 billion. GAAP gross margin was 38.6 percent versus 23.7 percent last year. GAAP net income was \$83 million compared with a GAAP net loss of \$159 million, which included an asset impairment of \$158 million, in fiscal 2007.

Non-GAAP gross margin was 42.3 percent compared with 38.8 percent in fiscal 2007. Non-GAAP net income rose by \$77 million to \$179 million, aided by the higher revenue and a 350 basis point improvement in gross margin. Adjusted EBITDA increased by \$23 million to a total of \$351 million.

### Fourth Quarter Fiscal 2008 GAAP Results

Revenue was \$447 million, an increase of \$8 million, or 2 percent when compared with the previous quarter, and a gain of 14 percent above the same quarter last year. Gross margin was \$168 million, or 37.6 percent of sales. This compares with a gross margin of \$171 million, or 39.0 percent last quarter.

Net income of \$18 million compares with net income of \$44 million last quarter, which included a gain of approximately \$25 million from discontinued operations.

Cash balances at the end of the quarter increased sequentially by \$65 million to \$213 million. The primary changes include \$111 million of cash generated from operations, which was partially offset by \$32 million used for the acquisition of the bulk acoustic wave business from Infineon announced last quarter. For fiscal 2008, the Company generated \$201 million of cash from operations, up from \$144 million in fiscal 2007.

### Fourth Quarter Fiscal 2008 Non-GAAP Results

Changes in product mix and the under absorption of manufacturing fixed costs resulted in gross margin of \$184 million, or 41.2 percent. This compares with gross margin of \$188 million, or 42.8 percent last quarter.

R&D expenses were \$68 million, or 15.2 percent of revenue. Last quarter, R&D expenses were \$67 million, or 15.3 percent of revenue. Selling, general and administrative costs of \$46 million, or 10.3 percent of revenue, compare with \$48 million, or 10.9 percent of revenue in the third quarter.

Net income was \$52 million, up from \$48 million last quarter. These overall results translated into Adjusted EBITDA, as defined in the indentures governing our outstanding debt securities, of \$88 million, compared with \$94 million last quarter.

### Financial Results Conference Call

Avago Technologies Finance Pte. Ltd. will host a conference call to review its financial results for the fourth quarter and fiscal year 2008 today at 2:00 p.m. Pacific Time. Those wishing to access the call should dial (480) 629-9031. No passcode is needed. The conference call will not be available for replay.

### 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, stock-based compensation expense, asset impairment charges, restructuring charges, acquired in-process research and development, debt extinguishment 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.

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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 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 13, 2007, 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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