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Skyworks: Charter Equity Ups Rating On iPhone 5 Win

Charter Equity analyst Edward Snyder this morning raised his rating on mobile phone chip maker [Skyworks Solutions](#) to Buy from Hold, asserting that the company will get a boost in 2013 from higher content in the [Apple](#) iPhone 5.



“We’ve been bearish on SWKS for most of the last 12 months primarily on concerns that a large loss of content in the iPhone 4S would undercut top-line growth and create a revenue trough in September that would be difficult to fill,” he writes in a research note. “Those concerns became more acute in late October when it was clear the transition away from the old, high-content models, to the iPhone 4S would be much faster than we’d expected.”

But Snyder says that his thesis proved out. But he says there is now “greater likelihood of a big rebound in content in the iPhone 5.”

“We believe Skyworks has landed the LTE slots while retaining the Wi-Fi [power amplifier] and is in good standing to win one of the dual-band PADs [power amplifier duplexers],” he writes. “This could push revenue per phone to as high as \$3.60 from the \$1.60 it has in the 4S. Combined with exceptionally strong unit growth, 60% – 120% higher content would generate a big increase in revenue from Apple in the December 2012 period after bottoming the previous quarter. We believe Skyworks’ gains in iPhone 5 will become more visible around mid-year, at which point estimate revisions and an increase in the multiple, could propel the stock well into the \$30 range.”

SWKS this morning is up 39 cents, or 1.6%, to \$25.25.

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