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HEARD ON THE STREET

Skyworks Got Too Much Air

The chip maker's results fail to justify a big run-up after rival Qorvo's strong report



Skyworks's latest results weren't received as warmly as those of its rival Qorvo. PHOTO: IGOR GOLOVNIOV/SOPA IMAGES/ZUMA PRESS

By Dan Gallagher

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It is easy to put Skyworks Solutions [SWKS -1.25% ▼](#) and Qorvo [QRVO -0.27% ▼](#) in the same bucket. As Skyworks's latest results attest, sometimes too easy.

Both companies specialize in radio-frequency, or RF, chips that help manage the complex connections smartphones and other wireless devices have to sustain. Both companies have a little over \$3 billion in annual revenue and depend on smartphone giants Apple Inc. and Huawei for a substantial portion of their business.

That has made the past year difficult for Skyworks and Qorvo as the iPhone business has weakened and Huawei has been targeted with harsh U.S. government trade restrictions.

But Qorvo's latest quarterly report two weeks ago provided a burst of good news. Its results and outlook blew away Wall Street's projections thanks in large part to higher-than-expected sales

to Huawei and strong demand from other Chinese handset makers for the components necessary for 5G phones. Qorvo's stock price has shot up 27% since then.

Skyworks shares jumped 12% in the same period, but the chip maker's own results delivered Tuesday afternoon show the gains weren't justified. Revenue for the fiscal fourth quarter ended in September slid 18% year over year to \$827.4 million but still managed to come in a bit higher than Wall Street's targets. Ditto the company's forecast for the December quarter. But that projection only beat analysts' consensus target by 1% while Qorvo's exceeded forecasts by 11%. Skyworks shares fell in after-hours trading following the report.

Skyworks's prospects certainly should brighten. Sales growth is expected to resume by the middle of next year as the company benefits from growing global demand for 5G phones. That should really pick up by the fall when Apple is expected to launch its own 5G device. Ed Snyder of Charter Equity estimates that Apple now accounts for about half of Skyworks's business.

This call was just a bit too early to connect.

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