



Qorvo® Announces Fiscal 2019 First Quarter Financial Results

Aug 01, 2018

GREENSBORO, N.C., Aug. 01, 2018 (GLOBE NEWSWIRE) -- Qorvo® (Nasdaq:QRVO), a leading provider of innovative RF solutions that connect the world, today announced financial results for the Company's fiscal 2019 first quarter, ended June 30, 2018. On a GAAP basis, revenue for Qorvo's fiscal 2019 first quarter was \$692.7 million, gross margin was 34.2%, operating loss was \$19.2 million, and loss per share was \$0.24. On a non-GAAP basis, revenue for Qorvo's fiscal 2019 first quarter was \$692.7 million, gross margin was 44.0%, operating income was \$144.4 million and diluted earnings per share was \$0.96.

Bob Bruggeworth, president and chief executive officer of Qorvo, said, "In the June quarter, Qorvo delivered revenue and EPS well above guidance, and in the September quarter we expect sequential growth driven by new product ramps. Qorvo's positive long-term outlook reflects our enthusiasm for the team we've built, the markets we serve, and the underlying macro-trends of LTE-Advanced/Pro, 5G, IoT and GaN."

Quarterly Highlights

- Sampled BAW-based diversity receive modules and antennaplexers to multiple smartphone manufacturers to enable next-generation carrier aggregation and MIMO architectures
- Expanded shipments of quadplexers, antenna control solutions and RF Fusion™ Phase 6 modules in support of leading China-based smartphone manufacturers
- Secured design win for an ultra-high band (UHB) FEM for a Korea-based marquee smartphone launching this year, addressing 3.5GHz UHB requirements ahead of the coming 5G rollout
- Commenced shipments to SONOS® of BAW-based iFEM to enable interference-free streaming in next-generation Beam® soundbar
- Awarded design wins for next-generation tri-band distributed Wi-Fi systems by leading U.S. provider of cost-effective, plug-in distributed Wi-Fi end-points for retail and carrier-based solutions
- Selected by Qualcomm to supply high efficiency 5GHz FEM for new 802.11ax carrier gateway designs
- Expanded massive MIMO and 5G base station product portfolio with highly integrated modules supporting the full spectrum of anticipated 5G frequency bands, up to 39GHz
- Powered the first commercially available millimeter wave fixed wireless access service, recently launched in Boston, Los Angeles and Washington, DC, with 39GHz GaN FEMs
- Expanded portfolio of GaN-based defense solutions with the release of high performance X-Band FEMs for mission critical radar systems for customers around the world

Financial Commentary and Outlook

Mark Murphy, chief financial officer of Qorvo, said, "Our June quarter exceeded guidance with strong mobile growth in China, continued broad-based growth in IDP, and excellent cost control across the company. Our fiscal year is off to a strong start, and we expect our portfolio focus and operational discipline to drive stronger earnings and cash flow. Qorvo's September quarter and full year outlook reflect continued growth and margin expansion, consistent with our previous guidance."

Qorvo currently believes the demand environment in its end markets supports the following non-GAAP expectations for the September 2018 quarter:

- Quarterly revenue in the range of \$850 million to \$860 million
- Gross margin of approximately 47.5%
- Diluted earnings per share of \$1.62 at the midpoint of guidance

Qorvo's actual quarterly results may differ from these expectations and projections, and such differences may be material.

Selected Financial Information

The following tables set forth selected GAAP and non-GAAP financial information for Qorvo for the periods indicated. See the more detailed financial information for Qorvo, including reconciliation of GAAP and non-GAAP financial information, attached.

SELECTED GAAP RESULTS (Unaudited) (In millions, except for percentages and EPS)				
	For the quarter ended June 30, 2018	For the quarter ended March 31, 2018	Change vs. Q4 FY 2018	
Revenue	\$ 692.7	\$ 665.4	\$ 27.3	
Gross profit	\$ 236.7	\$ 252.6	\$ (15.9)	)
Gross margin	34.2	% 38.0	% -3.8	ppt
Operating expenses	\$ 255.9	\$ 284.4	\$ (28.5)	)
Operating loss	\$ (19.2)	) \$ (31.8)	) \$ 12.6	
Net loss	\$ (30.0)	) \$ (12.5)	) \$ (17.5)	)
Weighted average diluted shares	126.2	126.5	(0.3)	)
Diluted EPS	\$ (0.24)	) \$ (0.10)	) \$ (0.14)	)

SELECTED NON-GAAP RESULTS ¹ (Unaudited) (In millions, except for percentages and EPS)				
	For the quarter ended June 30, 2018	For the quarter ended March 31, 2018	Change vs. Q4 FY 2018	
Revenue	\$ 692.7	\$ 664.4	\$ 28.3	
Gross profit	\$ 304.9	\$ 318.7	\$ (13.8)	)
Gross margin	44.0	% 48.0	% -4.0	ppt
Operating expenses	\$ 160.5	\$ 155.6	\$ 4.9	

Operating income	\$ 144.4	\$ 163.1	\$ (18.7	)
Net income	\$ 124.0	\$ 138.6	\$ (14.6	)
Weighted average diluted shares	129.5	130.0	(0.5	)
Diluted EPS	\$ 0.96	\$ 1.07	\$ (0.11	)

SELECTED GAAP RESULTS

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended June 30, 2018	For the quarter ended July 1, 2017	Change vs. Q1 FY 2018	
Revenue	\$ 692.7	\$ 640.8	\$ 51.9	
Gross profit	\$ 236.7	\$ 236.4	\$ 0.3	
Gross margin	34.2	% 36.9	% -2.7	ppt
Operating expenses	\$ 255.9	\$ 264.2	\$ (8.3	)
Operating loss	\$ (19.2	) \$ (27.8	) \$ 8.6	
Net loss	\$ (30.0	) \$ (30.6	) \$ 0.6	
Weighted average diluted shares	126.2	127.0	(0.8	)
Diluted EPS	\$ (0.24	) \$ (0.24	) \$ —	

SELECTED NON-GAAP RESULTS¹

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended June 30, 2018	For the quarter ended July 1, 2017	Change vs. Q1 FY 2018	
Revenue	\$ 692.7	\$ 639.9	\$ 52.8	
Gross profit	\$ 304.9	\$ 302.9	\$ 2.0	
Gross margin	44.0	% 47.3	% -3.3	ppt
Operating expenses	\$ 160.5	\$ 165.5	\$ (5.0	)
Operating income	\$ 144.4	\$ 137.4	\$ 7.0	
Net income	\$ 124.0	\$ 113.9	\$ 10.1	
Weighted average diluted shares	129.5	131.3	(1.8	)
Diluted EPS	\$ 0.96	\$ 0.87	\$ 0.09	

Excludes stock-based compensation, amortization of intangibles, restructuring charges, acquisition and integration related costs, non-cash deferred royalty revenue and equal and offsetting non-cash prepaid royalty amortization, start-up costs, loss (gain) on assets, loss on debt extinguishment, gain on investments, and an adjustment of income taxes.

Non-GAAP Financial Measures

In addition to disclosing financial results calculated in accordance with United States (U.S.) generally accepted accounting principles (GAAP), this earnings release contains some or all of the following non-GAAP financial measures: (i) non-GAAP revenue, (ii) non-GAAP gross profit and gross margin, (iii) non-GAAP operating income and operating margin, (iv) non-GAAP net income, (v) non-GAAP net income per diluted share, (vi) non-GAAP operating expenses (research and development; selling, general and administrative), (vii) free cash flow, (viii) EBITDA, (ix) non-GAAP return on invested capital (ROIC), and (x) net debt or positive net cash. Each of these non-GAAP financial measures is either adjusted from GAAP results to exclude certain expenses or derived from multiple GAAP measures, which are outlined in the "Reconciliation of GAAP to Non-GAAP Financial Measures" tables, attached, and the "Additional Selected Non-GAAP Financial Measures and Reconciliations" tables, attached.

In managing Qorvo's business on a consolidated basis, management develops an annual operating plan, which is approved by our Board of Directors, using non-GAAP financial measures. In developing and monitoring performance against this plan, management considers the actual or potential impacts on these non-GAAP financial measures from actions taken to reduce costs with the goal of increasing gross margin and operating margin. In addition, management relies upon these non-GAAP financial measures to assess whether research and development efforts are at an appropriate level, and when making decisions about product spending, administrative budgets, and other operating expenses. Also, we believe that non-GAAP financial measures provide useful supplemental information to investors and enable investors to analyze the results of operations in the same way as management. We have chosen to provide this supplemental information to enable investors to perform additional comparisons of our operating results, to assess our liquidity and capital position and to analyze financial performance excluding the effect of expenses unrelated to operations, certain non-cash expenses and stock-based compensation expense, which may obscure trends in Qorvo's underlying performance.

We believe that these non-GAAP financial measures offer an additional view of Qorvo's operations that, when coupled with the GAAP results and the reconciliations to corresponding GAAP financial measures, provide a more complete understanding of Qorvo's results of operations and the factors and trends affecting Qorvo's business. However, these non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

Our rationale for using these non-GAAP financial measures, as well as their impact on the presentation of Qorvo's operations, are outlined below:

Non-GAAP revenue. In prior periods presented, non-GAAP revenue excludes non-cash deferred royalty revenue. We believe that the exclusion of this non-cash adjustment to revenue provides management and investors a more effective means of evaluating our historical performance.

Non-GAAP gross profit and gross margin. Non-GAAP gross profit and gross margin exclude stock-based compensation expense, amortization of intangible assets, non-cash deferred royalty revenue, non-cash prepaid royalty amortization, and certain non-cash expenses. We believe that exclusion of these costs in presenting non-GAAP gross profit and gross margin gives management and investors a more effective means of evaluating Qorvo's historical performance and projected costs and the potential for realizing cost efficiencies. We believe that the majority of Qorvo's purchased intangibles are not relevant to analyzing current operations because they generally represent costs incurred by the acquired company to build value prior to acquisition, and thus are effectively part of transaction costs rather than ongoing costs of operating Qorvo's business. In this regard, we note that (i) once the intangibles are fully amortized, the intangibles will not be replaced with cash costs and therefore, the exclusion of these costs provides management and investors with better visibility into the actual costs required to generate revenues over time, and (ii) although we set the amortization expense based on useful life of the various assets at the time of the transaction, we cannot influence the timing and amount of the future amortization expense recognition once the lives are established. Similarly, we believe that presentation of non-GAAP gross profit and gross margin and other non-GAAP financial measures that exclude the

impact of stock-based compensation expense assists management and investors in evaluating the period-over-period performance of Qorvo's ongoing operations because (i) the expenses are non-cash in nature, and (ii) although the size of the grants is within our control, the amount of expense varies depending on factors such as short-term fluctuations in stock price volatility and prevailing interest rates, which can be unrelated to the operational performance of Qorvo during the period in which the expense is incurred and generally are outside the control of management. Moreover, we believe that the exclusion of stock-based compensation expense in presenting non-GAAP gross profit and gross margin and other non-GAAP financial measures is useful to investors to understand the impact of the expensing of stock-based compensation to Qorvo's gross profit and gross margins and other financial measures in comparison to prior periods. We also believe that the adjustments to profit and margin related to non-cash deferred royalty revenue, non-cash prepaid royalty amortization and certain non-cash expenses do not constitute part of Qorvo's ongoing operations and therefore the exclusion of these items provides management and investors with better visibility into the actual revenue and actual costs required to generate revenues over time and gives management and investors a more effective means of evaluating our historical and projected performance. We believe disclosure of non-GAAP gross profit and gross margin has economic substance because the excluded expenses do not represent continuing cash expenditures and, as described above, we have little control over the timing and amount of the expenses in question.

Non-GAAP operating income and operating margin. Non-GAAP operating income and operating margin exclude stock-based compensation expense, amortization of intangible assets, restructuring charges, acquisition and integration related costs, loss (gain) on assets, start-up costs and certain non-cash expenses. We believe that presentation of a measure of operating income and operating margin that excludes amortization of intangible assets and stock-based compensation expense is useful to both management and investors for the same reasons as described above with respect to our use of non-GAAP gross profit and gross margin. We believe that restructuring charges, acquisition and integration related costs, loss (gain) on assets, start-up costs and certain non-cash expenses do not constitute part of Qorvo's ongoing operations and therefore, the exclusion of these costs provides management and investors with better visibility into the actual costs required to generate revenues over time and gives management and investors a more effective means of evaluating our historical and projected performance. We believe disclosure of non-GAAP operating income and operating margin has economic substance because the excluded expenses are either unrelated to ongoing operations or do not represent current cash expenditures.

Non-GAAP net income and non-GAAP net income per diluted share. Non-GAAP net income and non-GAAP net income per diluted share exclude the effects of stock-based compensation expense, amortization of intangible assets, restructuring charges, acquisition and integration related costs, loss (gain) on assets, start-up costs, certain non-cash expenses, loss on debt extinguishment, gain on investments and also reflect an adjustment of income taxes. The income tax adjustment primarily represents the use of foreign tax credits, research and development tax credit carryforwards, deferred tax expense not affecting taxes payable, tax deductible stock-based compensation expense in excess of GAAP stock-based compensation expense and non-cash expense (benefit) related to uncertain tax positions. We believe that presentation of measures of net income and net income per diluted share that exclude these items is useful to both management and investors for the reasons described above with respect to non-GAAP gross profit and gross margin and non-GAAP operating income and operating margin. We believe disclosure of non-GAAP net income and non-GAAP net income per diluted share has economic substance because the excluded expenses are either unrelated to ongoing operations or do not represent current cash expenditures.

Non-GAAP research and development and selling, general and administrative expenses. Non-GAAP research and development and selling, general and administrative expenses exclude stock-based compensation expense, amortization of intangible assets, acquisition and integration related costs and certain non-cash expenses. We believe that presentation of measures of these operating expenses that exclude amortization of intangible assets and stock-based compensation expense is useful to both management and investors for the same reasons as described above with respect to our use of non-GAAP gross profit and gross margin. We believe that acquisition and integration related costs do not constitute part of Qorvo's ongoing operations and therefore, the exclusion of these costs provides management and investors with better visibility into the actual costs required to generate revenues over time and gives management and investors a more effective means of evaluating our historical and projected performance. We believe disclosure of these non-GAAP operating expenses has economic substance because the excluded expenses are either unrelated to ongoing operations or do not represent current cash expenditures.

Free cash flow. Qorvo defines free cash flow as net cash provided by operating activities during the period minus property and equipment expenditures made during the period. We use free cash flow as a supplemental financial measure in our evaluation of liquidity and financial strength. Management believes that this measure is useful as an indicator of our ability to service our debt, meet other payment obligations and make strategic investments. Free cash flow should be considered in addition to, rather than as a substitute for, net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity. Additionally, our definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our entire statement of cash flows.

EBITDA. Qorvo defines EBITDA as earnings before interest expense and interest income, income tax expense (benefit), depreciation and intangible amortization. Management believes that this measure is useful to evaluate our ongoing operations and as a general indicator of our operating cash flow (in conjunction with a cash flow statement which also includes among other items, changes in working capital and the effect of non-cash charges).

Non-GAAP ROIC. Return on invested capital (ROIC) is a non-GAAP financial measure that management believes provides useful supplemental information for management and the investor by measuring the effectiveness of our operations' use of invested capital to generate profits. We use ROIC to track how much value we are creating for our shareholders. Non-GAAP ROIC is calculated by dividing annualized non-GAAP operating income, net of an adjustment for income taxes (as described above), by average invested capital. Average invested capital is calculated by subtracting the average of the beginning balance and the ending balance of current liabilities (excluding the current portion of long-term debt and other short-term financings) from the average of the beginning balance and the ending balance of net accounts receivable, inventories, other current assets, net property and equipment and a cash amount equal to seven days of quarterly revenue.

Net debt or positive net cash. Net debt or positive net cash is defined as unrestricted cash, cash equivalents and short-term investments minus any borrowings under our credit facility and the principal balance of our senior unsecured notes. Management believes that net debt or positive net cash provides useful information regarding the level of Qorvo's indebtedness by reflecting cash and investments that could be used to repay debt.

Forward-looking non-GAAP measures. Our earnings release contains forward-looking gross margin, income tax rate and diluted earnings per share. We provide these non-GAAP measures to investors on a prospective basis for the same reasons (set forth above) that we provide them to investors on a historical basis. We are unable to provide a reconciliation of the forward-looking non-GAAP financial measures to the most directly comparable forward-looking GAAP financial measures without unreasonable effort due to variability and difficulty in making accurate projections for items that would be required to be included in the GAAP measures, such as stock-based compensation, integration related costs, restructuring charges and the provision for income taxes. We believe such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

Limitations of non-GAAP financial measures. The primary material limitations associated with the use of non-GAAP financial measures as an analytical tool compared to the most directly comparable GAAP financial measures are these non-GAAP financial measures (i) may not be comparable to similarly titled measures used by other companies in our industry, and (ii) exclude financial information that some may consider important in evaluating our performance, thus limiting their usefulness as a comparative tool. We compensate for these limitations by providing full disclosure of the differences between these non-GAAP financial measures and the corresponding GAAP financial measures, including a reconciliation of the non-GAAP financial measures to the corresponding GAAP financial measures, to enable investors to perform their own analysis of our gross profit and gross margin, operating expenses, operating income, net income, net income per diluted share and net cash provided by operating activities. We further compensate for the limitations of our use of non-GAAP financial measures by presenting the corresponding GAAP measures more prominently.

Qorvo will conduct a conference call at 5:00 p.m. EDT today to discuss today's press release. The conference call will be broadcast live over the Internet and can be accessed by any interested party at <http://www.qorvo.com> (under "Investors"). A telephone playback of the conference call will be available approximately two hours after the call's completion and can be accessed by dialing 719-457-0820 and using the passcode 3672363. The playback will be available through the close of business August 8, 2018.

About Qorvo

Qorvo (NASDAQ:QVVO) makes a better world possible by providing innovative RF solutions at the center of connectivity. We combine product and technology leadership, systems-level expertise and global manufacturing scale to quickly solve our customers' most complex technical challenges. Qorvo serves diverse high-growth segments of large global markets, including advanced wireless devices, wired and wireless networks and defense radar and communications. We also leverage our unique competitive strengths to advance 5G networks, cloud computing, the Internet of Things, and other emerging applications that expand the global framework interconnecting people, places and things. Visit www.qorvo.com to learn how Qorvo connects the world.

Qorvo is a registered trademark of Qorvo, Inc. in the U.S. and in other countries. All other trademarks are the property of their respective owners.

This press release includes "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about our plans, objectives, representations and contentions and are not historical facts and typically are identified by use of terms such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" and similar words, although some forward-looking statements are expressed differently. You should be aware that the forward-looking statements included herein represent management's current judgment and expectations, but our actual results, events and performance could differ materially from those expressed or implied by forward-looking statements. We do not intend to update any of these forward-looking statements or publicly announce the results of any revisions to these forward-looking statements, other than as is required under U.S. federal securities laws. Our business is subject to numerous risks and uncertainties, including those relating to fluctuations in our operating results, our dependence on a few large customers for a substantial portion of our revenue, a loss of revenue if contracts with the U.S. government or defense and aerospace contractors are canceled or delayed, our ability to implement innovative technologies, our ability to bring new products to market and achieve design wins, the efficient and successful operation of our wafer fabrication and other facilities, our ability to adjust production capacity in a timely fashion in response to changes in demand for our products, variability in

manufacturing yields, industry overcapacity, inaccurate product forecasts and corresponding inventory and manufacturing costs, dependence on third parties, our dependence on international sales and operations, our ability to attract and retain skilled personnel and develop leaders, the possibility that future acquisitions may dilute our stockholders' ownership and cause us to incur debt and assume contingent liabilities, fluctuations in the price of our common stock, our ability to protect our intellectual property, claims of intellectual property infringement and other lawsuits, security breaches and other similar disruptions compromising our information, and the impact of government and stringent environmental regulations. These and other risks and uncertainties, which are described in more detail in Qorvo's most recent Annual Report on Form 10-K and in other reports and statements filed with the Securities and Exchange Commission, could cause actual results and developments to be materially different from those expressed or implied by any of these forward-looking statements.

Financial Tables to Follow
QRVO-F

QORVO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)
(Unaudited)

	Three Months Ended			July 1,
	June 30,	2018		2017
Revenue	\$	692,670		\$ 640,831
Costs and expenses:				
Cost of goods sold		455,937		404,454
Research and development		110,903		116,499
Selling, general and administrative		135,930		139,431
Other operating expense		9,115		8,276
Total costs and expenses		711,885		668,660
Loss from operations	(19,215	)	(27,829	)
Interest expense	(14,353	)	(12,271	)
Other expense	(28,561	)	(168	)
Loss before income taxes	\$ (62,129	)	\$ (40,268	)
Income tax benefit	32,136		9,644	
Net loss	\$ (29,993	)	\$ (30,624	)
Net loss per share, diluted	\$ (0.24	)	\$ (0.24	)
Weighted average outstanding diluted shares	126,198		126,961	

QORVO, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In thousands, except per share data)
(Unaudited)

	Three Months Ended			
	June 30,	March 31,	July 1,	
	2018	2018	2017	
GAAP operating loss	\$ (19,215	) \$ (31,773	) \$ (27,829	)
Stock-based compensation expense	19,345	9,859	21,126	
Amortization of intangible assets	133,175	133,294	134,686	
Restructuring charges	2,802	4,464	531	
Acquisition and integration related costs	1,082	2,448	2,777	
Start-up costs	5,361	5,103	6,624	
Other (including loss (gain) on assets and other non-cash expenses)	1,825	39,693	(522	)
Non-GAAP operating income	\$ 144,375	\$ 163,088	\$ 137,393	
GAAP net loss	\$ (29,993	) \$ (12,501	) \$ (30,624	)
Stock-based compensation expense	19,345	9,859	21,126	
Amortization of intangible assets	133,175	133,294	134,686	
Restructuring charges	2,802	4,464	531	
Acquisition and integration related costs	1,082	2,448	2,777	
Start-up costs	5,361	5,103	6,624	
Other (including loss (gain) on assets and other non-cash expenses)	1,825	39,693	(522	)
Loss on debt extinguishment	33,373	928	—	
Gain on investments	(1,107	) (1,241	) (1,098	)
Adjustment of income taxes	(41,854	) (43,430	) (19,587	)
Non-GAAP net income	\$ 124,009	\$ 138,617	\$ 113,913	
GAAP weighted average outstanding diluted shares	126,198	126,531	126,961	

Dilutive stock-based awards	3,328	3,475	4,384
Non-GAAP weighted average outstanding diluted shares	129,526	130,006	131,345
Non-GAAP net income per share, diluted	\$ 0.96	\$ 1.07	\$ 0.87

QORVO, INC. AND SUBSIDIARIES

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In thousands, except percentages)

(Unaudited)

	Three Months Ended								
	June 30, 2018			March 31, 2018			July 1, 2017		
GAAP gross profit/margin	\$ 236,733	34.2 %		\$ 252,640	38.0 %		\$ 236,377	36.9 %	
Adjustment for intangible amortization	63,245	9.1 %		63,245	9.5 %		62,122	9.7 %	
Adjustment for stock-based compensation	3,500	0.5 %		2,408	0.4 %		4,001	0.6 %	
Other non-cash expenses	1,390	0.2 %		362	— %		431	— %	
Non-cash deferred royalty revenue and equal and offsetting non-cash prepaid royalty amortization (\$970)	—	— %		—	0.1 %		—	0.1 %	
Non-GAAP gross profit/margin	\$ 304,868	44.0 %		\$ 318,655	48.0 %		\$ 302,931	47.3 %	

	Three Months Ended June 30, 2018
Non-GAAP Operating Income	
(as a percentage of sales)	
GAAP operating loss	(2.8)%
Stock-based compensation expense	2.8 %
Amortization of intangible assets	19.2 %
Restructuring charges	0.4 %
Acquisition and integration related costs	0.1 %
Start-up costs	0.8 %
Other (including loss on assets and other non-cash expenses)	0.3 %
Non-GAAP operating income	20.8 %

Free Cash Flow (1)	Three Months Ended June 30, 2018
(in millions)	
Net cash provided by operating activities	\$ 75.3
Purchases of property and equipment	(43.6)
Free cash flow	\$ 31.7

(1) Free Cash Flow is calculated as net cash provided by operating activities minus property and equipment expenditures.

QORVO, INC. AND SUBSIDIARIES

ADDITIONAL SELECTED NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

(In thousands)

(Unaudited)

	Three Months Ended June 30, 2018	March 31, 2018	July 1, 2017
GAAP research and development expense	\$ 110,903	\$ 110,795	\$ 116,499
Less:			
Stock-based compensation expense	5,183	5,447	5,471
Other non-cash expenses	454	407	462
Non-GAAP research and development expense	\$ 105,266	\$ 104,941	\$ 110,566

	Three Months Ended June 30, 2018	March 31, 2018	July 1, 2017
GAAP selling, general and administrative expense	\$ 135,930	\$ 122,898	\$ 139,431
Less:			
Stock-based compensation expense	10,541	1,897	11,587
Amortization of intangible assets	69,931	70,049	72,564
Other non-cash expenses	232	326	309
Non-GAAP selling, general and administrative expense	\$ 55,226	\$ 50,626	\$ 54,971

QORVO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	June 30, 2018	March 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 334,039	\$ 926,037
Short-term investments	58,010	—
Accounts receivable, net	360,857	345,957
Inventories	501,578	472,292
Other current assets	113,222	99,519
Total current assets	1,367,706	1,843,805
Property and equipment, net	1,368,588	1,374,112
Goodwill	2,173,889	2,173,889
Intangible assets, net	729,238	860,336
Long-term investments	79,515	63,765
Other non-current assets	63,396	65,612
Total assets	\$ 5,782,332	\$ 6,381,519
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 352,748	\$ 380,375
Other current liabilities	50,616	60,904
Total current liabilities	403,364	441,279
Long-term debt	558,280	983,290
Deferred tax liabilities	37,155	63,084
Other long-term liabilities	105,428	118,302
Total liabilities	1,104,227	1,605,955
Stockholders' equity	4,678,105	4,775,564
Total liabilities and stockholders' equity	\$ 5,782,332	\$ 6,381,519



Source: Qorvo, Inc.