

Date: March 30, 2015

Analyst Name: Bryan Mickelson and Jake Riddell

CIF Stock Recommendation Report (Spring 2015)

Company Name and Ticker: Skyworks Solutions (SWKS)

Section (A) Investment Summary

Recommendation Buy: Yes		Target Price: \$123.54	Stop-Loss Price: \$84.00
Sector: Information Technology	Industry: Semiconductors	Market Cap (in Billions): \$18.86	# of Shrs. O/S (in Millions): 190.82
Current Price: \$98.83	52 WK Hi: \$102.77	52 WK Low: \$34.30	EBO Valuation: \$122.35
Morningstar (MS) Fair Value Est.: 59	MS FV Uncertainty: High	MS Consider Buying: 35.40	MS Consider Selling: 91.45
EPS (TTM): 2.98	EPS (FY1): 4.90	EPS (FY2): 5.54	MS Star Rating: 4.3
Next Fiscal Yr. End: October 2015	Last Fiscal Qtr. End: Jan 2 Less Than 8 WK: Yes	If Less Than 8 WK, next Earnings Ann. Date: April 28, 2015	Analyst Consensus Recommendation: 1.70
Forward P/E: 17.84	Mean LT Growth: 20.62%	PEG: 1.02 (calculated) 0.92 (Yahoo)	Beta: 1.21
% Inst. Ownership: 83.99%	Inst. Ownership- Net Buy: Yes	Short Interest Ratio: 1.30	Short as % of Float: 3.5%
Ratio Analysis	Company	Industry	Sector
P/E (TTM)	34.22	17.82	20.70
P/S (TTM)	7.28	40.00	7.22
P/B (MRQ)	6.96	2.16	2.56
P/CF (TTM)	27.02	384.82	94.19
Dividend Yield	0.53	0.67	1.30
Total Debt/Equity (MRQ)	0.00	34.65	20.85
Net Profit Margin (TTM)	21.54	-20.20	8.52
ROA (TTM)	19.85	0.62	10.00
ROE (TTM)	22.69	-55.31	10.87

<p>Investment Thesis</p> <p>Pros:</p> <ul style="list-style-type: none"> -Strong market position with loyal, strong customers (Apple, Samsung) -Excellent products with strong economies of scale -Strong demand that will likely continue to grow as more devices are internet capable -Expanding into non-handheld devices like automotive, military, and industrial -Poised to cash in big on “Internet of Things” -Relatively isolated from exchange rate risk -Consistent track record of beating earnings and revenues estimates <p>Cons:</p> <ul style="list-style-type: none"> -Competitive industry with many successful competitors -Fewer customers allowing for threat of pricing pressure -Potentially overvalued stock -Revenues and earnings tend to decline in Q2, however the company still beats estimates 	<p>Summary</p> <p>Provide brief summary of your analysis in each section that follows</p>
	<p>Company Profile: Skyworks Solutions is a semiconductor manufacturer that develops and produces a wide array of semiconductors used in RF and mobile communication devices and systems.</p>
	<p>Fundamental Valuation: Through our fundamental evaluation, we received a value of \$122.35 using a 7-year long-term growth period. Given current industry trends and growth, we believe this is a proper estimate.</p>
	<p>Relative Valuation:</p>
	<p>Revenue and Earnings Estimates: Skyworks has consistently beaten earnings and revenue estimates over the past five quarters, sometimes by more than 5%.</p>
	<p>Analyst Recommendations: Analysts widely view SWKS as somewhere between a ‘buy’ and ‘outperform’ with only two analysts recommending a hold, and one recommending a sell.</p>
	<p>Institutional Ownership: About 84% of SWKS is held by institutions, Vanguard being the largest with about a 6.3% stake. Many other large mutual funds and institutions also hold Skyworks in their portfolios.</p>
	<p>Short Interest: Short interest has been relatively consistent with their close competitors and the industry as a whole. There have been some outliers which we believe may be a result of insiders executing options and sale of the stock which has performed greatly over the past year.</p>
<p>Stock Price Chart: Skyworks stock has performed tremendously over the past ten years, returning over 500%. More recently, it has returned over 30% in the past three months.</p>	

Section (B) Company Profile

(B-1) Profile

Include in this section, at the minimum:

Company Description; major business units and % breakdown of revenue/earnings; % breakdown of domestic and international business; business model; management strategy; competition and competitors of each major business unit; sensitivity to business cycle & macro environment; life cycle; significant merger/acquisition or major restructure in recent years; significant pending litigations, material patents or other intellectual properties-related issues; major risk factors; other company or industry-specific development or issues deemed material (e.g., labor disputes, trade tensions, regulatory or policy changes, technology & product innovations, natural disasters, etc.)

Skyworks Solutions Inc. is a semiconductor manufacturer that specializes in products that enable connectivity in handheld and non-handheld devices. Skyworks has recently entered the non-handheld sector in an attempt to diversify its business segments and gain more customers and revenue sources. Skyworks manufactures high quality connectivity components for large smartphone and tablet manufacturers Apple and Samsung, and rely heavily on the business of these two companies for revenue. However, it has been successful in the non-handheld segment since its entrance, and it is expected to continue to grow and add additional revenue sources other than Apple and Samsung. While growth in the non-handheld segment has been strong, this growth has been matched by that of Apple and Samsung, making it more difficult to decrease the percentage of revenue that comes from these two companies. For example, Skyworks manufactures radio frequency chips for cars, which is a relatively new application for this kind of chip. We expect all cars on the road to have these kinds of chips within the next several years, providing Skyworks with another huge revenue source.

Skyworks' biggest threat is the highly competitive nature of the industry in which it exists and the large number of successful competitors. Within its core business segment, radio frequency chips for smartphones and tablets, there are only a few major manufacturers that serve as customers for these companies. Apple and Samsung use more than one microchip manufacturer as suppliers for the chips used in their devices, and can potentially use this strategy to put downward pricing pressure on the companies. Further, if Skyworks were to completely lose one of these companies as a customer, the impact on its bottom line and earnings potential would likely be devastating. However we view this possibility as very minimal, as the growth in both Apple and Samsung in recent years has always been passed on to Skyworks, with both companies increasing the number of chips they order.

Additionally, given the somewhat volatile nature of the foreign exchange market the past month and with the expectation that volatility may persist, Skyworks has the benefit of doing nearly all business transactions in US dollars. This helps protect the company from any downside exchange rate risk that the company might be exposed to, were more of its transactions in foreign currencies. With the strength of the dollar and uncertainty about the short-term future of the Euro, this is a benefit to the company.

(B-2) Revenue and Earnings History

		Revenue*	Earnings Per Share**
FY 2015	Jan '15	805.50	1.005
FY 2014	Oct '14	718.30	0.902
	Jun '14	587.00	0.580
	Mar '14	481.00	0.400
	Dec	505.20	0.494
FY 2013	Sep '13	477.00	0.442
	Jun '13	436.10	0.344
	Mar '13	425.20	0.320
	Dec	453.72	0.343

*Note: Units in Millions of U.S. Dollars

**Note: Units in U.S. Dollars

1) What are your observations on revenue? Was there a notable up- or downtrend, year-over-year? Was there seasonable pattern?

Revenue for the fiscal year 2013 was \$1,792,020,000 and for 2014 was \$2,291,500,000. Revenues have increased steadily every quarter for the last two years, with the exception of Q2 of each year. Like with the EPS trend, revenues declined in the second quarter of each year only to recover and surpass Q1 revenues in Q3. This is the exact trend that EPS follows as well. Q1 revenues for 2015 have increased in line with EPS and topped 2014Q4 revenues.

2) Likewise, what are your observations on earnings?

Earnings per share for the fiscal year 2013 were \$1.449 and for 2014 were \$2.376. The earnings for 2014 were significantly higher than the previous year. Revenue improved in line with EPS. There were no significant trends in earnings, except that earnings decreased in the second quarter of both years only to increase again in Q3. The Q4 earnings for FY2014 were significantly higher than the Q3 earnings, and the Q1 earnings for 2015 have increased from Q4.

(B-3) Most Recent Quarterly Earnings Release

1) When was the company's most recent earning release?

February 4th, 2015

2) In that earnings report, was reported revenue a (1) beat, (2) match, or (3) miss from consensus estimate?

Revenue was a beat

3) Likewise, was reported earnings a (1) beat, (2) match, or (3) miss from consensus estimate?

Earnings was a beat

4) What did the management attribute the beat/miss to?

Management attributed the positive earnings and revenue to the strong growth in their core segment of semiconductors produced for use in smartphones and tablets, as smartphones continue to replace traditional cell phones, the growth of 3G and 4G network connections abroad, and the further adoption of tablets with wireless connectivity. Additionally, success in the new, non-handheld segments of medical, automotive, military, and industrial is noted as a key reason for the positive earnings and revenue as more and more objects of various natures adopt network connectivity.

5) Did the management provide guidance about their current quarter and their outlook for the year? What were the key points of the guidance?

Management provided bullish guidance at the time of their earnings release. They identified trends that they expected to continue comfortably including the proliferation of the "Internet of Things", increased adoption of 3G and 4G networks, specifically in emerging markets, vertical expansion into microprocessors for different objects, and its current strong hold on its market position for high performance semiconductors.

6) How did the stock react to that earnings release?

The stock reacted positively to the earnings release a week prior to its actual release. It seems that Skyworks was making headlines frequently in the week leading up to its

release, with a lot of people confident that they would beat. Upon beating estimates the stock climb tapered off comfortably.

Section (C) Fundamental Valuation (EBO)

PARAMETERS	FY1	FY2	Ltg	Long-term Growth Period (Years)
EPS Forecasts	4.90	5.54	20.62%	7
Total Equity	2532.40			
Preferred Stock	0.00			
Book Value (end of last fye)	2532.40			
Common Equity Shr. OIS	189.20			
Book value/share (last fye)	13.385			
30-Year T-Bond Rate	0.87%			
$E(r_m)$	8.50%			
Beta	1.21			
Discount Rate	10.10%			
Dividend Payout Ratio (POR)	11.89%			
Next Fisc Year end	2015			
Current Fisc Mth (1 to 12)	6			
Target ROE (industry avg.)	21.82%			

Fundamental Valuation (EBO)
 Model 1: 9, 10, or 12-year forecasting horizon (T=9, 10 or 12).
 with a 4, 5 or 7-year growth period.

Please download and save this template to your own storage device
 You only need to input values to cells highlighted in "yellow"
 The rest of the spreadsheet is calculated automatically
 Please read "Guidelines_for_FundamentalValuation_ProfLee_Spreadsheet" file carefully

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Long-term EPS Growth Rate (Ltg)			0.2062	0.2062	0.2062	0.2062	0.2062					
Forecasted EPS	4.90	5.54	6.68	8.06	9.72	11.73	14.15					
Beg. of year BV/Share	13.385	17.702	22.583	28.471	35.573	44.139	54.472					
Implied ROE		0.313	0.296	0.283	0.273	0.266	0.260					
ROE (Beg. ROE, from EPS forecasts)	0.366	0.313	0.296	0.283	0.273	0.266	0.260	0.251	0.243	0.235	0.226	0.218
Abnormal ROE (ROE-k)	0.265	0.212	0.195	0.182	0.172	0.165	0.159	0.150	0.142	0.134	0.125	0.117
growth rate for B (1-POR)*(ROE+1)	0.000	0.323	0.276	0.261	0.249	0.241	0.234	0.229	0.221	0.214	0.207	0.200
Compounded growth	1.000	1.323	1.687	2.127	2.658	3.298	4.070	5.001	6.109	7.417	8.951	10.738
growth*AROE	0.265	0.280	0.329	0.387	0.458	0.543	0.646	0.752	0.868	0.992	1.123	1.258
required rate (k)	0.101	0.101	0.101	0.101	0.101	0.101	0.101	0.101	0.101	0.101	0.101	0.101
Compound discount rate	1.101	1.212	1.335	1.470	1.618	1.781	1.961	2.160	2.378	2.618	2.882	3.174
div. payout rate (k)	0.119											
Add to P/B	0.24	0.23	0.25	0.26	0.28	0.30	0.33	0.35	0.36	0.38	0.39	0.40
Cum P/B	1.24	1.47	1.72	1.98	2.26	2.57	2.90	3.25	3.61	3.99	4.38	4.78
Add Perpetuity beyond current yr (Assume this yr's AROE forever)	2.38	2.29	2.44	2.61	2.80	3.02	3.26	3.45	3.61	3.75	3.86	3.92
Total P/B (P/B if we stop est. this period)	3.62	3.76	4.16	4.59	5.07	5.59	6.16	6.69	7.22	7.74	8.24	8.70
Implied price	50.95	52.88	58.45	64.55	71.23	78.56	86.58	94.12	101.58	108.86	115.83	122.35
Check:												
Beg. BV/Share	13.385	17.702	22.583	28.471	35.573	44.139	54.472	66.935	81.761	99.273	119.810	143.720
Implied EPS	4.900	5.540	6.682	8.060	9.722	11.727	14.145	16.826	19.875	23.308	27.136	31.360
Implied EPS growth		0.131	0.206	0.206	0.206	0.206	0.206	0.190	0.181	0.173	0.164	0.156

Inputs (provide below input values used in your analysis)

EPS forecasts (FY1 & FY2): **4.90 and 5.54**

Long-term growth rate: **20.62%**

*** Indicate next to the number if you made an adjustment to the consensus LTG estimate.

Justify at the bottom of this panel how you derive the adjusted value, if any ***

Book value /share (along with book value and number of shares outstanding):

Book value: **2532.40**

of shares outstanding: **189.2 Million**

Book value / share: **13.385**

Dividend payout ratio: 11.89%
Next fiscal year end: October 3, 2015
Current fiscal month: 6
Target ROE: 21.82% *Adjustment Made*

*** Indicate next to the number if you made an adjustment to the target ROE estimate.
Justify at the bottom of this panel how you derive the adjusted value, if any ***

Discount rate 10.10%

Input for discount rate:

Risk-free rate: 0.87%

Beta: 1.21

Market risk premium: 8.50%

Output

Above normal growth period chosen: 7 Years

*** Justify at the bottom of this panel your choice of abnormal growth period ***

EBO valuation (Implied price from the spreadsheet): \$122.35

The fundamental value we obtained was 122.35 using a long-term growth period of 7 years. In relation to the stock's current price this value is about 24% higher, and is about 19% higher than the top of the 52-week range. One thing we changed for this valuation was the Target ROE. The industry average was -19.90, which certainly does not apply to our firm, which has seen substantial growth, and holds zero debt. Some of the soft spots in this analysis could be the target ROE which we changed, as well as the long-term growth period. For our analysis we used 7 years, this seemed most plausible given the growth outlook for the sector and industry, as well as Skyworks current growth as well.

Sensitivity Analysis

The value of the stock increased when we extended the time period further, which we believe reflects a better fit price. The target ROE was the main concern of our analysis, mainly due to the fact that the industry average was negative. Utilizing analysts' estimates for this value we were able to attain a much more reasonable number, as using the industry average gave us a negative share price. While the market has been performing relatively well, we were hesitant to alter the market return by much as even the slightest decrease in the expected market return would increase the estimated value substantially. We took a more conservative approach to this, and erred on the side of caution, given the current outlook for the market as a whole.

EBO valuation would be (you can include more than one scenario in each of the following):

\$99.00 if changing above normal growth period to 5 years

\$145.27 if changing growth rate from mean (consensus) to the highest estimate of 26.40%

\$96.02 if changing growth rate from mean (consensus) to the lowest estimate of 12.00%

\$174.39 if changing discount rate to 8.29% (7% market return)

(\$45.87) if changing target ROE to -19.19% (Industry Average)

Section (D) Relative Valuation

Copy/paste your completed relative valuation spreadsheet here

Cougar Investment Fund Relative Valuation Template

Please download and save this template to your own storage device
 You only need to input values to cells highlighted in "yellow"
 The rest of the spreadsheet is calculated automatically
 Please read "Stock Recommendation Report Guidelines" document carefully

SWKS

Ticker	Name	Mkt Cap	Current Price	Mean FY2 Earnings Estimate (next fiscal year)	Forward P/E	Mean LT Growth Rate	PEG	P/B (MRQ)	ROE 5 yr ave	Value Ratio	P/S TTM	P/CF TTM
1	AVGO	\$ 32,900.00	\$ 128.21	\$ 9.09	14.10	33.07%	0.43	9.06	21.82%	0.42	6.33	25.17
2	QRVO	\$ 11,800.00	\$ 79.28	\$ 4.81	16.48	44.35%	0.37	6.45	5.08%	1.27	8.84	48.45
3	QCOM	\$ 110,600.00	\$ 67.02	\$ 5.45	12.30	10.50%	1.17	2.86	18.90%	0.15	4.10	11.99
4	TXN	\$ 59,400.00	\$ 56.76	\$ 3.21	17.68	10.00%	1.77	5.72	22.58%	0.25	4.56	14.67
	SWKS	\$ 18,900.00	\$ 98.83	\$ 5.54	17.84	20.62%	0.87	6.96	14.87%	0.47	7.28	27.02
Implied Price based on:					P/E (forward)	PEG	P/B	Value	P/S	P/CF		
1	AVGO	Avago			\$78.14		\$48.72	\$128.65	\$87.67	\$85.93	\$92.06	
2	QRVO	Qorvo			\$91.31		\$42.45	\$91.59	\$268.09	\$120.01	\$177.21	
3	QCOM	Qualcomm			\$68.13		\$133.79	\$40.61	\$31.95	\$55.66	\$43.86	
4	TXN	Texas Instruments			\$97.96		\$201.99	\$81.22	\$53.49	\$61.90	\$53.66	
		High			\$97.96		\$201.99	\$128.65	\$268.09	\$120.01	\$177.21	
		Low			\$68.13		\$42.45	\$40.61	\$31.95	\$55.66	\$43.86	
		Mean			\$83.88		\$106.74	\$85.52	\$110.30	\$80.88	\$91.70	

Qorvo Excluded:

Value	P/S	P/CF
\$87.67	\$85.93	\$92.06
\$268.09	\$120.01	\$177.21
\$31.95	\$55.66	\$43.86
\$53.49	\$61.90	\$53.66
\$87.67	\$85.93	\$92.06
\$31.95	\$55.66	\$43.86
\$57.70	\$67.83	\$63.19

- 1) Discuss various valuation multiples of your stock and its peers. Comment if any of these stocks have multiples far off from the others and explain whether it makes sense.

The spread of relative valuations for Skyworks varies quite a bit from company to company, with several companies standing out more than the others. We picked Avago and Qorvo as two competitors due to their shared customer, Apple. We chose Qualcomm as another competitor due to the fact that they just recently entered the radio frequency microchip business, which is Skywork's main business segment. We chose Texas Instruments as the final competitor due to their broad microprocessor manufacturing, including the radio frequency products. The Forward P/E Ratio gave relatively stable valuations ranging from about \$68-\$97. Texas Instruments' Forward P/E

Ratio is the closest to Skyworks, and gave the closest valuation to its current price. The PEG Ratio gave valuations on both sides of SWKS current price. Qorvo and Avago both have long-term growth rates that are significantly above Skyworks, while Qualcomm and TXN both have growth rates far below Skyworks. Avago's Price/Book Ratio gave an especially high valuation to Skyworks, as its P/B ratio is much higher than SWKS. Qualcomm was the opposite with a low P/B ratio. Qorvo has a very low Return on Equity when compared with the others, and therefore has a very high value ratio. Likewise, Qorvo has a really high Price to Sales and Price to Cash Flow, despite its stock price not being that high. This is somewhat of a red flag to me, and causes me to question the valuations that use these ratios.

2) Discuss the various implied prices of your stock derived from peers' ("Comparables") multiples. Compare these implied prices to current price and 52-week high and low. How different are the prices derived from the various valuation metrics? Note any valuation metrics that seem to yield outlier prices and explain whether it makes sense.

According to the Forward P/E Ratio valuations, SWKS is overvalued. There were no outliers that I felt should have been excluded, although SWKS's Forward P/E ratio is the highest out of the 5. According to the PEG ratio, SWKS is undervalued. Again, there are no serious outliers I feel should be excluded. According to the Price/Book ratio, SWKS is overvalued. Avago and Qualcomm are both possible outliers, as one has a very low P/B and the other has a very high P/B. However, this doesn't change the mean very much and only tightens the distribution of the sample. For the Value Ratio, the Price/Sales, and the Price/Cash Flow valuations, Qorvo is a very large outlier since its Return on Equity is so low by comparisons. When this company is excluded, SWKS appears overvalued by all three valuation methods. When Qorvo is not excluded, the Value Ratio gives SWKS an undervaluation. The other two overvalue SWKS by a much wider margin when Qorvo is not excluded.

3) Compare your findings with comments from analysts from *Morningstar Direct* and other online resources.

The general overvaluation of appears to be in line with Morningstar Analysts, who put the fair value estimate of this stock at \$59. However, even Morningstar admits that the uncertainty of this valuation is very high.

Section (E) Revenue and Earnings Estimates

(E-1) Historical Surprises

HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Dec-14	773.59	805.50	31.91	4.12
Quarter Ending Sep-14	718.07	718.20	0.13	0.02
Quarter Ending Jun-14	570.30	587.00	16.70	2.93
Quarter Ending Mar-14	470.24	481.00	10.76	2.29
Quarter Ending Dec-13	500.04	505.20	5.16	1.03
Earnings (per share)				
Quarter Ending Dec-14	1.19	1.26	0.07	5.84
Quarter Ending Sep-14	1.08	1.12	0.04	4.04
Quarter Ending Jun-14	0.80	0.83	0.03	3.53
Quarter Ending Mar-14	0.59	0.62	0.03	5.08
Quarter Ending Dec-13	0.66	0.67	0.01	1.42

Over the past five quarters, Skyworks has had a trend of beating all of the earnings and revenue estimates with a positive surprise. Overall, Skyworks beat their revenue by greater dollar amounts, but beat their earnings by greater percentages. As seen in the table above, Skyworks has been performing very well, and has consistently beat earnings and revenue estimates. Each time they beat analysts' predictions, the stock reacted largely positively.

(E-2) Consensus Estimates Analysis

CONSENSUS ESTIMATES ANALYSIS

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Mar-15	18	751.28	760.00	750.00	515.36
Quarter Ending Jun-15	18	779.92	791.30	757.00	535.90
Year Ending Sep-15	20	3,179.65	3,246.00	3,145.00	2,187.90
Year Ending Sep-16	20	3,525.18	3,845.00	3,300.00	595.20
Earnings (per share)					
Quarter Ending Mar-15	19	1.12	1.14	1.12	0.66
Quarter Ending Jun-15	19	1.19	1.28	1.14	0.70
Year Ending Sep-15	20	4.90	5.19	4.80	2.90
Year Ending Sep-16	20	5.54	6.14	5.18	0.77
LT Growth Rate (%)	5	20.62	26.40	12.00	16.23

	High Estimate- Consensus Difference	Consensus- Low Estimate Difference
Sales		
Quarter Ending Mar-15	1.16%	-0.17%
Quarter Ending Jun-15	1.46%	-2.94%
Year Ending Sep-15	2.09%	-1.09%
Year Ending Sep-16	9.07%	-6.39%
Earnings		
Quarter Ending Mar-15	1.79%	0.00%
Quarter Ending Jun-15	7.56%	-4.20%
Year Ending Sep-15	5.92%	-2.04%
Year Ending Sep-16	10.83%	-6.50%

As seen in the table above, there is a much larger divergence between the out-quarter and FY2 estimates for Earnings, and for FY2 for Revenue. To note, there is a much larger number (four times as many) of analysts providing long-term growth rate estimates for Revenue than for Earnings.

(E-3) Consensus Estimates Trend

CONSENSUS ESTIMATES TREND

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
SALES (in millions)					
Quarter Ending Mar-15	751.28	751.28	750.69	749.80	515.36
Quarter Ending Jun-15	779.92	779.92	779.35	778.78	535.90
Year Ending Sep-15	3,179.65	3,179.65	3,177.37	3,175.08	2,187.90
Year Ending Sep-16	3,525.18	3,525.18	3,525.09	3,509.09	595.20
Earnings (per share)					
Quarter Ending Mar-15	1.12	1.12	1.12	1.12	0.66
Quarter Ending Jun-15	1.19	1.19	1.19	1.19	0.70
Year Ending Sep-15	4.90	4.90	4.89	4.89	2.90
Year Ending Sep-16	5.54	5.54	5.54	5.51	0.77

From a year ago, estimates are trending upwards, but are largely the same over the past few months, with very small upward, or no changes in most all cases. The changes are more noticeable for the FY1 and 2 for both Revenue and Earnings, with changes between 1 year ago and 2 months ago in the order of many multiples in some cases.

(E-4) Estimates Revision Summary

ESTIMATES REVISIONS SUMMARY

Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
Revenue				
Quarter Ending Mar-15	0	0	1	0
Quarter Ending Jun-15	0	0	2	0
Year Ending Sep-15	0	0	3	0
Year Ending Sep-16	0	0	3	0
Earnings				
Quarter Ending Mar-15	0	0	1	0
Quarter Ending Jun-15	0	0	2	0
Year Ending Sep-15	0	0	3	0
Year Ending Sep-16	0	0	3	0

In the last week there were not revisions either up or down. In the last four weeks, for both Revenue and Earnings revisions, one analyst revised upward for the quarter ending March 2015, two revised upward for the quarter ending June 2015, and three revised upward for the both the years ending September 2015 and 2016. There were no revisions downward in the past four weeks. It is noticeable that the only revisions were upward for both Revenue and Earnings.

(E-5) Consensus Earnings Revisions

Revision Date	Revision Type	Revision Up/Down	Current	Previous	% Change	# of Analysts Reporting
No Revisions						

The company's last earnings reporting date was on January 22 and their next earnings reporting date is April 28. The only thing worth noting is that there were no consensus revisions, up or down, in the past two months

Section (F) Analysts' Recommendations

(F-1) Reuters Most Recent Three Months Analysts Recommendations

CONSENSUS RECOMMENDATIONS

Consensus Recommendation	Next Earnings (approx.)	Company Fiscal Year End Month	Last Updated
Outperform	1.12	September	28 Mar 2015

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	8	8	9	9
(2) OUTPERFORM	10	11	10	10
(3) HOLD	2	2	2	2
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	1.70	1.71	1.67	1.67

Over the past three months, there has been no notable change in any analysts' opinions, with the exception of one analyst changing their recommendation from a 'Buy' to 'Outperform' and then not producing any recommendation. Over the past three months, ratings have been very constant, with 8-9 analysts recommending a buy, 10-11 predicting outperform, and only two recommending a hold. There are no analysts who have rated SWKS to underperform or to sell, and there are also no notable changes or deviations aside from the one analyst mentioned earlier. When comparing to other reports and news outlets, the recommendations of SWKS are widely the same, with an average rating somewhere in the middle of 'Buy' to 'Outperform'. The only thing worth noting is one analyst on Morningstar who recommended a hard 'Sell'. This could be due to the analyst expecting Skyworks to have a large drawback after having incredible performance recently, however this view is clearly not shared by the rest given the mean ratings.

(F-2) Most Recent One Month Analysts Upgrades/Downgrades from CNBC

According to CNBC, there were no upgrade or downgrade revisions over the past two months. The company's last earnings release was on January 22 and their next earnings release date is April 28.

Section (G) Institutional Ownership (Guidelines Have Been Updated)

SWKS

Section 1

Ownership Activity	# of Holders	% Beg. Holders	Shares	% Shares
Shares Outstanding			190,830,845	100.00%
# of Holders; Total Shares Held/% Shares	753	112.89%	150,794,534	79.02%
# New Positions	140	20.99%		
# Closed Positions	54	8.10%		
# Increased Positions	371	55.62%		
# Decreased Positions	309	46.33%		
Beg. Total Inst. Positions	667	100.00%	145,106,738	76.04%
# Net Buyers; 3 Mo. Net Chg	62	54.56%	5,687,796	2.98%

Section 2

Ownership Information	% Outstanding
% Institutional Ownership	83.99%
Top 10 Institutions % Ownership	27.90%
Mutual Fund % Ownership	40.36%

Section 3

> 5% Ownership		
Holder Name	% Outstanding	Report Date
Vanguard Group, Inc.	6.30%	12/31/2014

On a net basis, institutions have been narrowly increasing their positions. This change is not very substantial and it is believed it is caused by some institutions rebalancing their holdings after large gains over the past year. With about 84% of the firm being held by institutions, the institutional ownership is very high. While only one firm, Vanguard, has an ownership stake greater than 5%, many other institutions have relatively large holdings such as BlackRock, State Street Corp. and Ameriprise Financial. It is worth noting that the number of new positions is much higher than the number of closed positions, with many new people purchasing Skyworks because of its tremendous growth potential.

Section (H) Short Interest (**Guidelines for H-2 Have Been Updated**)

(H-1) Short Interest Data

Skyworks (SWKS)

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
3/13/2015	6,651,910	7,364,415	1.000000
2/27/2015	4,485,078	2,679,686	1.673733
2/13/2015	5,064,425	3,160,362	1.602483
1/30/2015	5,697,796	4,319,558	1.319069
1/15/2015	5,841,921	3,164,279	1.846209
12/31/2014	7,959,705	2,636,585	3.018945
12/15/2014	8,354,665	3,936,523	2.122346
11/28/2014	8,028,849	3,952,188	2.031495
11/14/2014	8,945,506	5,034,980	1.776672
10/31/2014	7,756,094	3,890,929	1.993378
10/15/2014	7,355,349	6,986,926	1.052730
9/30/2014	6,085,510	3,000,614	2.028088
9/15/2014	5,271,667	2,599,396	2.028035
8/29/2014	5,017,954	2,255,238	2.225022
8/15/2014	6,023,040	2,911,134	2.068967
7/31/2014	5,423,855	5,336,447	1.016379
7/15/2014	3,127,848	2,574,646	1.214865
6/30/2014	3,504,761	3,064,307	1.143737
6/13/2014	3,418,995	3,583,002	1.000000
5/30/2014	3,148,954	2,386,407	1.319538
5/15/2014	3,875,632	2,819,274	1.374691
4/30/2014	5,054,431	4,642,373	1.088760
4/15/2014	6,033,334	2,776,874	2.172707
3/31/2014	5,284,566	2,854,306	1.851436
3/14/2014	5,669,879	3,397,294	1.668940

Analog Devices, Inc. (ADI)

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
3/13/2015	5,178,142	1,335,554	3.877149
2/27/2015	6,134,792	2,238,400	2.740704
2/13/2015	7,623,329	1,703,377	4.475421
1/30/2015	6,877,353	1,836,053	3.745727
1/15/2015	5,837,770	1,791,534	3.258532
12/31/2014	6,392,714	2,033,441	3.143791
12/15/2014	6,979,346	2,801,309	2.491459
11/28/2014	7,188,547	2,258,750	3.182533
11/14/2014	8,057,550	1,731,059	4.654694
10/31/2014	8,551,985	2,813,694	3.039415
10/15/2014	8,903,156	4,163,302	2.138484
9/30/2014	6,048,935	2,426,552	2.492811
9/15/2014	5,612,511	1,995,283	2.812890
8/29/2014	5,303,798	1,860,592	2.850597
8/15/2014	5,558,194	1,748,122	3.179523
7/31/2014	5,404,868	1,972,981	2.739442
7/15/2014	5,056,489	1,469,326	3.441366
6/30/2014	5,386,440	1,703,365	3.162235
6/13/2014	5,058,917	2,104,885	2.403417
5/30/2014	4,874,471	2,391,363	2.038365
5/15/2014	5,018,506	1,700,739	2.950780
4/30/2014	4,912,010	1,906,510	2.576441
4/15/2014	4,708,830	1,948,077	2.417168
3/31/2014	5,051,634	2,820,079	1.791309
3/14/2014	5,347,599	1,677,706	3.187447

Avago Technologies Limited (AVGO)

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
3/13/2015	3,547,740	2,207,354	1.607237
2/27/2015	2,249,349	3,031,628	1.000000
2/13/2015	2,542,304	1,744,991	1.456915
1/30/2015	2,128,337	1,613,460	1.319114
1/15/2015	2,142,502	2,213,768	1.000000
12/31/2014	1,904,575	2,099,258	1.000000
12/15/2014	2,724,069	2,599,851	1.047779
11/28/2014	2,891,159	1,613,881	1.791433
11/14/2014	3,151,048	1,438,117	2.191093
10/31/2014	3,550,228	2,114,333	1.679124
10/15/2014	2,630,996	3,916,350	1.000000
9/30/2014	2,646,405	1,895,547	1.396117
9/15/2014	3,242,152	2,508,032	1.292708
8/29/2014	2,433,785	1,997,102	1.218658
8/15/2014	2,773,432	1,445,280	1.918958
7/31/2014	2,712,266	2,293,979	1.182341
7/15/2014	3,503,131	1,483,319	2.361684
6/30/2014	3,311,203	1,475,022	2.244850
6/13/2014	4,175,347	1,973,289	2.115933
5/30/2014	5,269,211	3,166,165	1.664225
5/15/2014	6,818,510	8,536,799	1.000000
4/30/2014	2,759,952	2,239,059	1.232639
4/15/2014	2,269,698	2,497,087	1.000000
3/31/2014	2,452,756	1,923,969	1.274842
3/14/2014	2,746,571	2,066,876	1.328851

(H-2) Short Interest Data**Skyworks (SWKS)**

Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
4,405,740	6,659,660	190.82 Million	189.22 Million
Shares Short (As of March 13, 2015)	Short Ratio (As of March 12, 2015)	Short % of Float (As of March 13, 2015)	Shares Short (Prior Month)
6.65 Million	1.30	3.50%	4.49 Million

Analog Devices, Inc. (ADI)

Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
1,926,560	3,034,100	311.63 Million	309.31 Million
Shares Short (As of March 13, 2015)	Short Ratio (As of March 12, 2015)	Short % of Float (As of March 13, 2015)	Shares Short (Prior Month)
5.18 Million	3.00	1.70%	6.13 Million

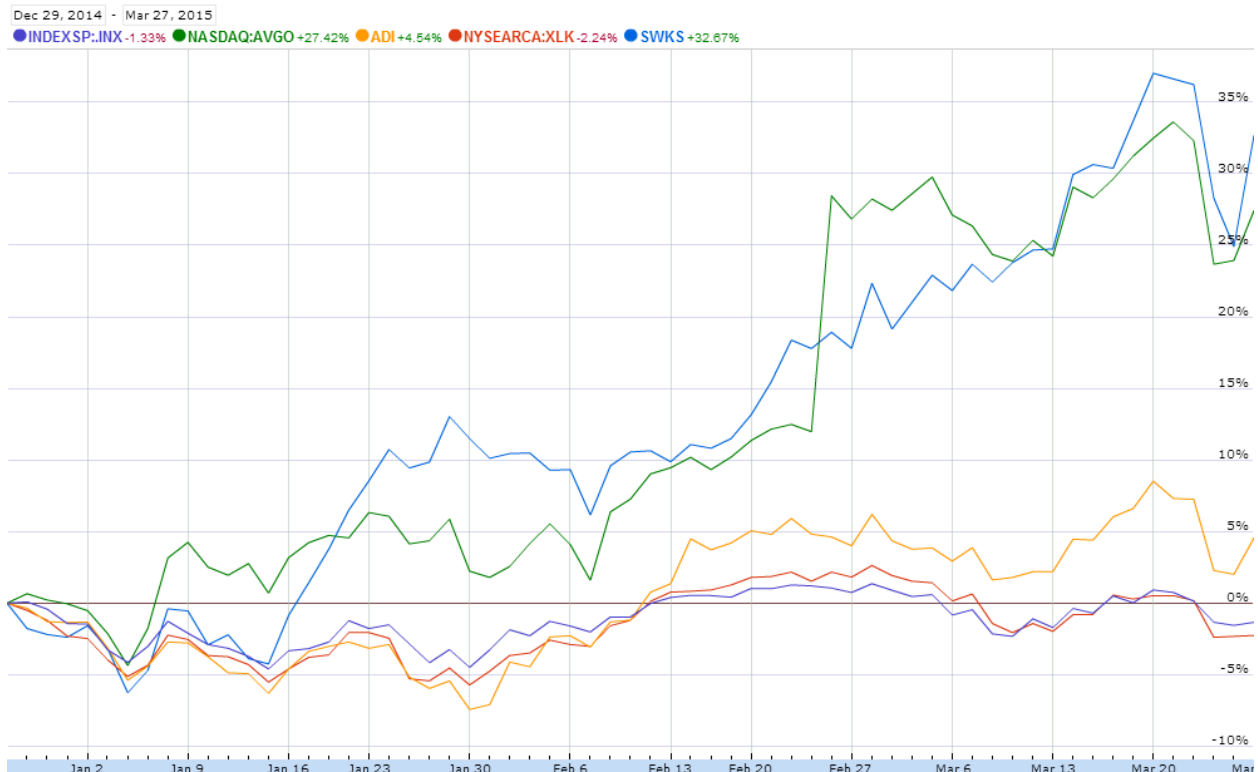
Avago Technologies Limited (AVGO)

Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
2,261,540	3,363,640	256.59 Million	234.59 Million
Shares Short (As of March 13, 2015)	Short Ratio (As of March 12, 2015)	Short % of Float (As of March 13, 2015)	Shares Short (Prior Month)
3.55 Million	1.40	1.70%	2.25 Million

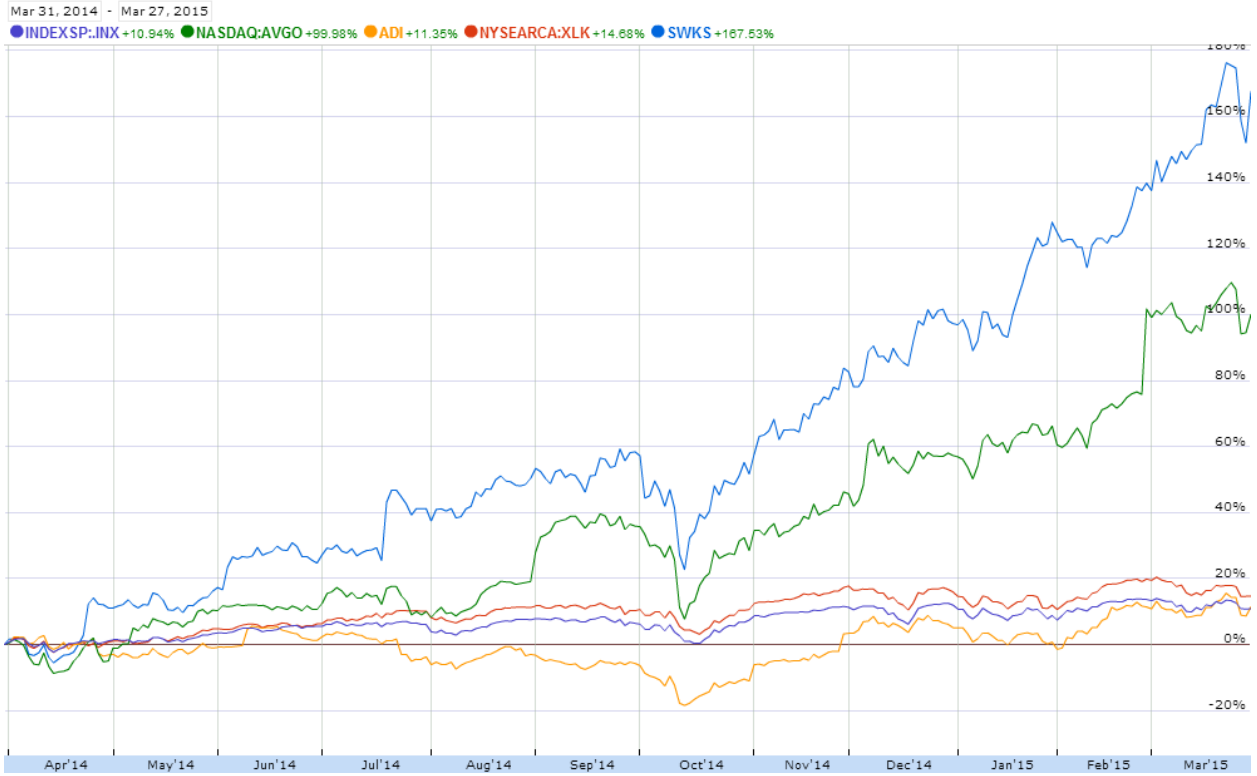
The company's last earnings reporting date was on January 22 and their next earnings reporting date is April 28. When comparing the short sales of Skyworks to its competitors Avago and ADI, it is important to look at the entire picture. While Skyworks has a larger volume, shares short, and short % of float, they also have a much smaller volume of shares outstanding, skewing some of the numbers, and making it difficult to compare to competitors such as ADI and Avago. However when you compare the short interest on Nasdaq, you find that Skyworks and ADI have very similar short interest, and all three have similar numbers for the average daily share volume and very low days to cover. Looking more recently, there seems like there is the possibility of some bearish tendencies as the average daily volume increased dramatically on the last settlement date, but as is seen in Avago's history, things quickly returned to normal for them, so it is possible this is an outlier that could have something to do with insiders exercising options that were priced multitudes lower than the current share price. When observing the short interest and number of days to cover surrounding the release of earnings, you notice that while the short interest did increase, the days to cover was still relatively low, with an average of about 1.5. The dates surrounding the lead-up to, and immediately after earnings release all had positive returns.

Section (I) Stock Charts (Guidelines for I-4 Have Been Updated)

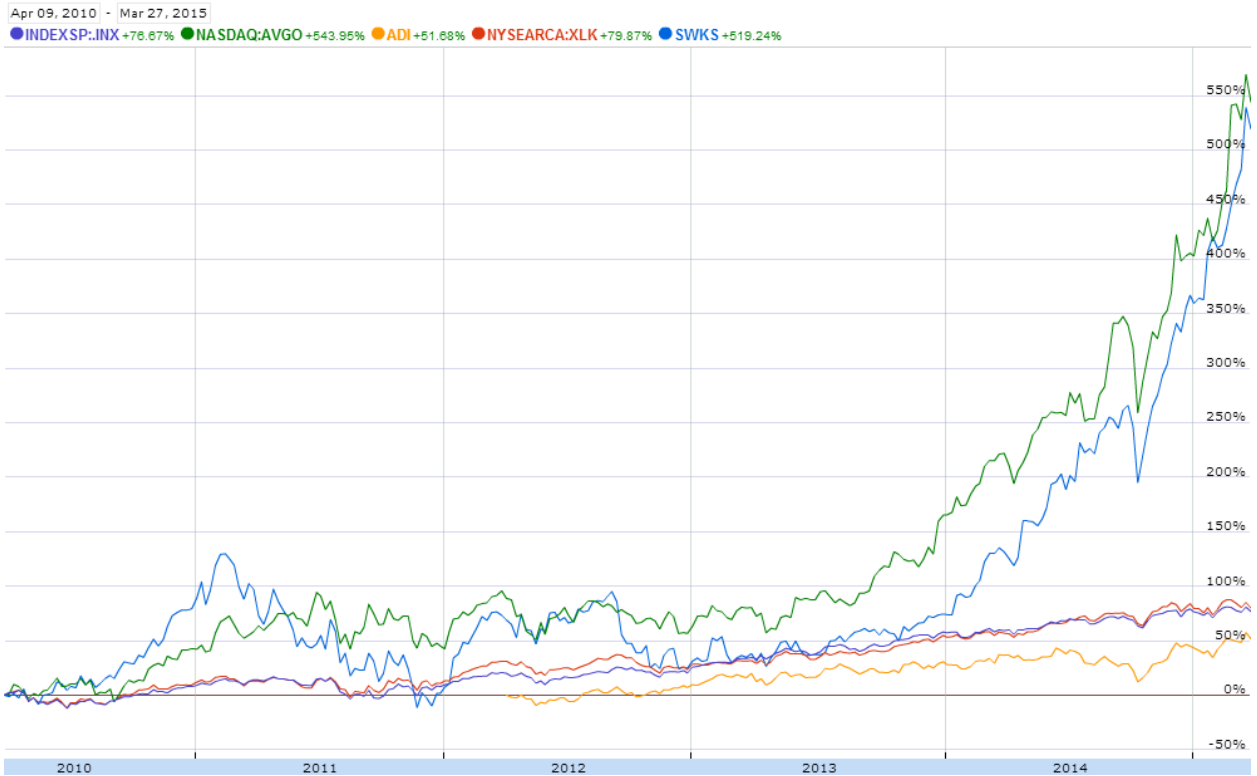
(I-1) A three months price chart



(I-2) A one year price chart



(I-3) A five year price chart



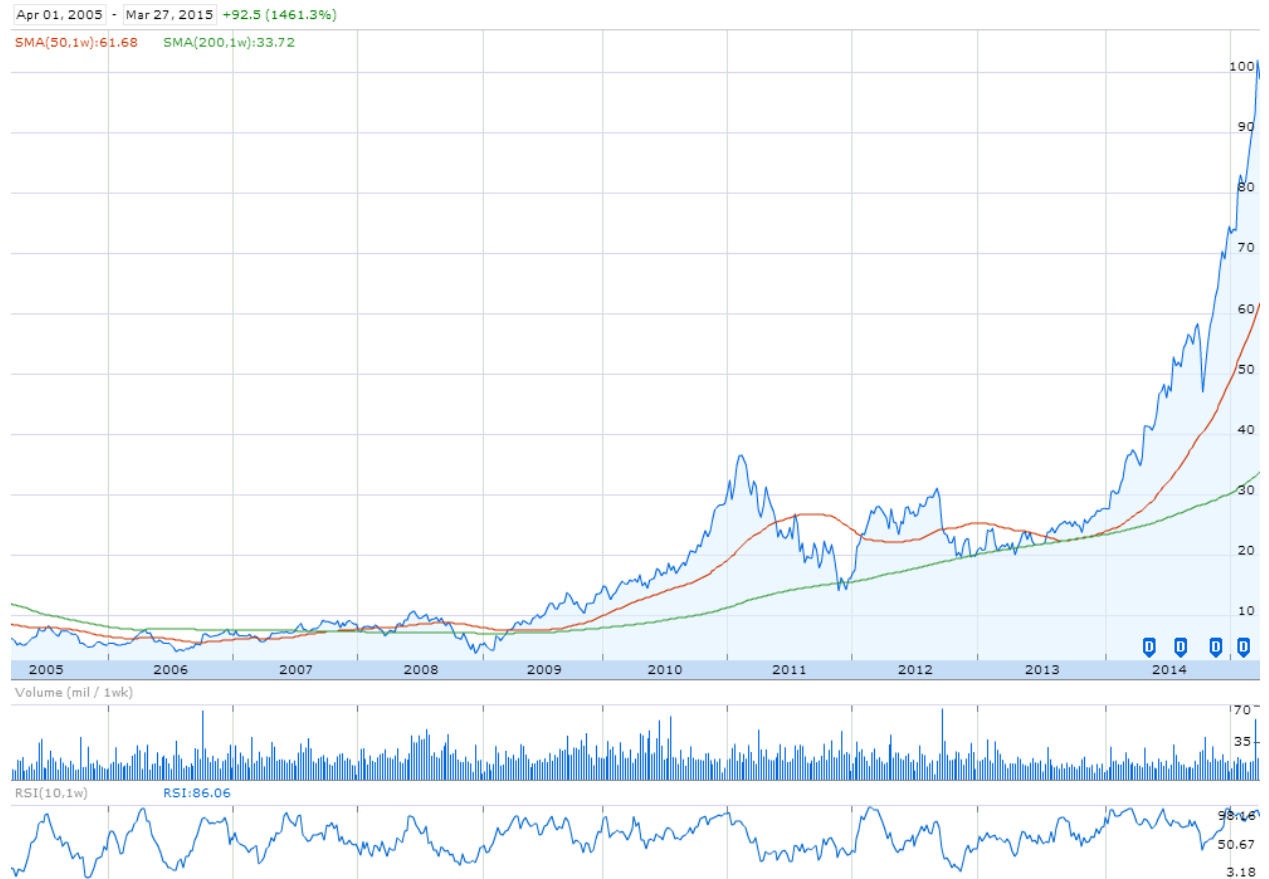
Over the short term (3 months), it is clear that both SWKS and AVGO performed spectacularly, both posting returns near 30%, while the S&P500 and sector ETF, XLK, both lost over 1%, and ADI gained about 5%. Looking to the one year performance, both the S&P500 and ADI gained a bit over 10%, with XLK gaining about 15%, and AVGO and SWKS performed very well, posting returns of about 100% and 167%, respectively. Looking even further, over a five year spread, you can begin to see where SWKS begins to differentiate itself further. With the S&P500 gaining a little over 75%, XLK gaining about 80%, and ADI with a modest 51%, AVGO and SWKS both posted returns over 500%.

(I-4) Technical Indicators

Short-term moving average and relative strength index indicators



Long-term moving average and relative strength index indicators



- 1) Discuss your findings from these sets of technical indicators. Compare your findings here to findings from fundamental analysis. Are findings from technical analysis supportive of your other findings?
- 2) Other observations worth noting?