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ALPHA INDUSTRIES INC
Form 8-K
May 02, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K
CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

April 30, 2002

Date of report (Date of earliest event reported)

Alpha Industries, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

1-5560

04-2302115

(State or Other Jurisdiction
of Incorporation)

(Commission File Number)

(IRS Employer
Identification No.)

20 Sylvan Road, Woburn, Massachusetts

01801

(Address of principal executive offices)

(zip code)

(781) 935-5150

(Registrant's telephone number, including area code)

(Former Name or Former Address, If Changed Since Last Report)

Item 5. Other Events.

Alpha Industries' press release dated April 30, 2002 is incorporated herein by reference and is attached hereto as Exhibit 99.1.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits:

99.1 Press Release by Alpha Industries, Inc. dated April 30, 2002.

SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ALPHA INDUSTRIES, INC.

By: /s/ Paul E. Vincent

Date: May 2, 2002

Paul E. Vincent
Chief Financial Officer, Vice President,
Treasurer and Secretary

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release by Alpha Industries, Inc. dated April 30, 2002.

EXHIBIT 99.1

ALPHA INDUSTRIES, INC
20 Sylvan Road, PO Box 1044, Woburn, MA 01801
Tel: (781) 935-5150 Fax: (617) 824-4564 www.alphaind.com

NEWS RELEASE
FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION CONTACT:
Paul Vincent, Chief Financial Officer
Alpha Industries, Inc
(781) 935-5150 Ext. 4438

ALPHA REPORTS FOURTH QUARTER
AND YEAR-END FISCAL 2002 FINANCIAL RESULTS
Company Meets Prior Guidance;
Expects 8-12% Sequential Revenue Growth;
Provides Update on Pending Merger with Wireless Business of Conexant Systems

WOBURN, Mass., April 30, 2002 -- Alpha Industries, Inc. (Nasdaq: AHAA), which produces highly integrated RF semiconductor solutions to enhance the speed, quality and performance of wireless communications, today reported financial results for the fourth quarter and fiscal year 2002 ended March 31, 2002.

Net sales for the fourth quarter of fiscal 2002 were \$28.2 million compared with \$33.1 million in the third quarter of 2002 and \$54.0 million in the fourth quarter one year earlier. The pro forma net loss for the fourth quarter of fiscal 2002 was \$5.5 million, or \$0.12 per share, compared with a pro forma net loss of \$1.9 million, or \$0.04 per share, in the third quarter of fiscal 2002. Net income for the fourth quarter of fiscal 2001

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was \$3.4 million, or \$0.08 per diluted share. As previously announced, Alpha incurred transaction expenses related to the Company's proposed merger with the wireless business of Conexant Systems, Inc. and one-time costs associated with the acquisition of Aimta, Inc. Including these items, Alpha's net loss for the fourth quarter ended March 31, 2002 was \$8.5 million, or \$0.19 per share.

"We met the revised top-line and bottom-line guidance provided to investors in March," said David Aldrich, Alpha's president and CEO. "As we announced at that time, our fourth-quarter results reflected a decline in wireless infrastructure spending by global telecom carriers, and short-term delays in two power amplifier orders. We expect these orders to begin ramping in the current quarter."

For the 12 months ended March 31, 2002, net sales were \$126.5 million compared with net sales of \$271.6 million for fiscal year 2001. The net loss before one-time costs and transaction expenses was \$13.8 million, or \$0.31 per share. Including those items, the net loss was \$18.3 million, or \$0.42 per share. Alpha reported net income of \$33.4 million, or \$0.75 per diluted share, for the 12 months ended April 1, 2001.

Alpha Reports Fourth-quarter 2002 Financial Results/2

"While fiscal 2002 was a challenging year for the wireless industry, we continued to increase our investment in research and development," Aldrich said. "That investment has resulted in recent design wins and production orders for our tri- and quad-band power amplifier and RF front-end modules. We also recently received production orders for GaAs switch components from the world's leading Asian mobile phone OEM. As a result, we expect sales to increase in the June quarter as these contracts -- and recent orders for 802.11 wireless data products -- ramp into volume production."

Highlights

Alpha's recent news and highlights include:

- o the acquisition of Aimta, Inc., a developer of Low Temperature Co-fired Ceramics (LTCC), a platform for packaging and integrating multi-chip modules. Acquiring Aimta's technology enables Alpha to offer original equipment manufacturers (OEMs), a module that combines power amplification with front-end switching and filtering capability;
- o design wins for switch-filter modules incorporating Alpha's LTCC technology. These include a module that has been designed into a combination CDMA wireless handset/GPS receiver and modules for 802.11 WLAN chipsets;
- o recent orders for Alpha's quad-band InGaP power amplifier modules, which have been designed into two new handsets being introduced in 2002 by the Company's largest wireless handset customer. The customer is integrating Alpha's 137-501 module into GSM/GPRS phones being launched in the United States, Europe and Asia;
- o volume production shipments of GaAs ICs to Asia's leading wireless handset OEM for a high volume CDMA mobile phone; and
- o production orders for Alpha's new transmit chain module incorporating a dual-band HBT power amplifier, PA controller, MMIC switch, filter, directional detector, switch controller and discrete semiconductors.

Merger Agreement with Conexant Wireless Business

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Alpha's proposed merger with the wireless business of Conexant Systems, Inc. reached an important milestone in the fourth quarter when the Federal Trade Commission granted early termination of the anti-trust waiting period under the Hart-Scott-Rodino Antitrust Improvements Act. Within the next few weeks, Alpha expects to finalize its proxy statement to shareholders relating to the special meeting of shareholders to consider the merger. Subject to shareholder approval and satisfaction of other closing conditions, the Company expects the merger to close in the June quarter.

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"Our integration plan is progressing on schedule," Aldrich said. "More than 100 people are involved in the integration process, reviewing all aspects of our investment strategy, sales channel, operations and organization structure. Based on the strength of our combined product portfolio and customer relationships, we are confident that we can generate significant customer, product and sales synergies. In addition, we have developed and are preparing to implement detailed plans to achieve profitability by accelerating top-line growth and reducing costs. We look forward to providing additional details about our strategic direction, operating plans and financial model in the near future."

Business Outlook -- Sequential Growth

"Based on the strength of our production orders and design wins, we expect Alpha's first quarter fiscal 2003 revenues to improve between 8 and 12 percent sequentially," Aldrich said. "We expect to see that growth come from our new modules, where we capture between \$2 and \$5 of total content per phone, and our switch business, where we remain a clear market leader. On the operations side, we anticipate our gross margin will improve by between 400 and 460 basis points, resulting in a loss per share in the fiscal 2003 first quarter, excluding merger-related expenses, of \$0.09 to \$0.10."

Conference Call

Alpha will host a teleconference call with investors at 5:15 p.m. (ET) today to discuss its fourth quarter and year-end fiscal 2002 financial results. Investors can hear the call live by dialing (719) 457-2629. A replay of the call will be available from 8:15 p.m. (ET) April 30 through midnight (ET) Tuesday, May 7. The replay phone number is (719) 457-0820. Please refer to confirmation code 684425.

Alpha also will provide a live audio Webcast of the call. Investors who want to listen to the Webcast should log on to the investor relations section of Alpha's Web site, www.alphaind.com, at least 15 minutes prior to the event's broadcast. The call will be archived on the Web site for two weeks.

About Alpha

Alpha Industries produces highly integrated RF semiconductor solutions for enhancing the speed, quality and performance of wireless voice, data and video communications. Alpha's GaAs switches, power amplifiers and discrete semiconductors have become reference products for many of the world's largest manufacturers of wireless handsets, mobile data devices, wireless infrastructure and broadband access platforms. Alpha's strategy is to leverage its industry-leading process breadth, which includes GaAs PHEMT, HBT, InGaP and associated RF process technologies, into increasing levels of component integration. As a result, the Company is winning new business for its growing line of integrated RF module solutions, which reduce design complexity and improve the OEM's time to market for new products. For more

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information, please visit Alpha's Web site, www.alphaind.com.

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Safe Harbor Statement - Except for historical information, this release contains forward-looking statements. These statements reflect Alpha's current expectations and predictions of future results, accomplishments, intentions and other matters, all of which are inherently subject to risks and uncertainties. Actual results may differ materially from those anticipated in forward-looking statements, based on various factors. Such factors include, but are not limited to: variations in projected sales, earnings, losses, expenses and other financial results for the first quarter of fiscal year 2003 and subsequent periods; the magnitude, mix and timing of orders and shipments, and Alpha's ability to accurately predict such matters; the timing and success of both Alpha's and Alpha's customers' new product development and marketing; the success of critical supply and product development relationships; the timing and extent of recovery in Alpha's markets; variations in Alpha's strategic direction, operating plans, and financial model; and market developments, competitive pressures and changes in economic conditions that vary from Alpha's expectations. As well, additional factors relate to the proposed merger of Alpha with the wireless communications business of Conexant Systems Inc., including but not limited to: the expected costs, benefits and timing of the merger; Alpha's ability to successfully integrate the merged businesses, operations, personnel and customers; financial results of the post-merger enterprise that vary from Alpha's expectations. Additional information on these and other factors that may cause actual results and Alpha's performance to differ materially is included in Alpha's periodic and current reports filed with the SEC, including but not limited to Alpha's Form 10-K for the year ended April 1, 2001, subsequently filed Forms 10-Q, and in the preliminary form of Proxy Statement contained in Alpha's Registration Statement on Form S-4/A filed on April 16, 2002. Copies may be obtained by contacting Alpha or the SEC. Alpha cautions readers not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Alpha does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in Alpha's expectations or any change in events, conditions or circumstance on which any such statement is based.

Financial Statements follow:

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ALPHA INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(unaudited)

(in thousands, except per share data)

Fourth Quarter E

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March 31, 2002

	Pro Forma	Pro Forma Adjustments	As
Net sales	\$ 28,190	\$ --	\$
Cost of sales	21,886	--	
Research and development expenses	9,810	2,502 (1)	
Selling and administrative expenses	5,681	2,018 (2)	
Operating (loss) income	(9,187)	(4,520)	
Interest expense	(5)	--	
Interest income and other, net	1,025	--	
(Loss) income before income taxes	(8,167)	(4,520)	
(Credit) provision for income taxes	(2,696)	(1,492) (3)	
Net (loss) income	\$ (5,471)	\$ (3,028)	\$
Net (loss) income per share basic	\$ (0.12)		\$
Net (loss) income per share diluted	\$ (0.12)		\$
Weighted average common shares basic	44,242		
Weighted average common shares diluted	44,242		

Fiscal Year End

March 31, 2002

	Pro Forma	Pro Forma Adjustments	As
Cost of sales	\$ 126,502	\$ --	\$
Research and development expenses	89,604	--	
Selling and administrative expenses	39,076	2,502 (1)	
Operating (loss) income	23,998	4,146 (2)	
Interest expense	(26,176)	(6,648)	
Interest income and other, net	(41)	--	
(Loss) income before income taxes	5,571	--	
(Credit) provision for income taxes	(20,646)	(6,648)	
Net (loss) income	(6,814)	(2,194) (3)	
Net (loss) income per share basic	\$ (13,832)	\$ (4,454)	\$
Net (loss) income per share diluted	\$ (0.31)		\$
Weighted average common shares basic	\$ (0.31)		\$
Weighted average common shares diluted	44,010		

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Weighted average common shares diluted

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44,010
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- (1) Includes in-process research and development and amortization of intangible assets related to Alpha's acquisition of Aimta, Inc.
 (2) Expenses related to Alpha's merger with the wireless business of Conexant
 (3) The effective rate for the credit for income taxes of 33% has been applied pro rata to the pro forma adjustments.

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ALPHA INDUSTRIES, INC. AND SUBSIDIARIES
 COMPARATIVE BALANCE SHEET
 (unaudited)
 (in thousands)

	March 31, 2002	April 2001
Assets		
Current assets		
Cash, cash equivalents and short-term investments	\$ 114,140	\$ 15
Accounts receivable, net	24,485	3
Inventories	12,218	1
Prepaid expenses and other current assets	7,048	1
Property, plant and equipment, less accumulated depreciation and amortization	134,356	11
Other assets	22,897	
Total assets	\$ 315,144	\$ 33
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	\$ 129	\$
Accounts payable	14,345	2
Accrued liabilities and other current liabilities	6,119	1
Long-term debt	106	
Other long-term liabilities	2,283	
Stockholders' equity	292,162	29
Total liabilities and equity	\$315,144	\$ 33