



CATHY CHENNEY/PORTLAND BUSINESS JOURNAL

TriQuint CEO Ralph Quinsey expects to add about 50 employees this year in Oregon.

# The chips are up

TriQuint plans \$60M in capital spending, eyes strong 2010

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TriQuint Semiconductor Inc. entered 2009 much like every other high-tech manufacturer — with uncertainty.

It ended the year on a major growth spurt.

Now, the Hillsboro-based chip-maker is planning \$60 million in capital spending this year. Of that, \$20 million will be directed at the company's Hillsboro fab for new manufacturing equipment and a gas handling facility for additional cleanroom space.

TriQuint, already a major supplier to the

## **FAST FACTS**

**SOME ANALYSTS** expect TriQuint chips to be used inside Apple's forthcoming iPad.

of the company's \$654 million in sales. Now the company is projecting revenue to jump another 20 percent this year, again fueled largely by increasing demand for data-hungry smart phones.

After adding nearly 100 employees last year, bringing its global work force just shy of 2,400, the company will add about

mobile phone market, last year latched itself onto the coattails of a smart phone revolution that sent its annual revenue up 14 percent.

Mobile devices accounted for 63 percent

150 more this year, CEO Ralph Quinsey said. About a third of those new jobs will be added to the company's Oregon work force, where it employs about 800.

The first signs of that growth are expected to appear next month when TriQuint releases its first quarter earnings.

On Thursday, the company upgraded its outlook, telling analysts in New York that it expects first quarter sales to increase 47 percent to \$175 million. It had issued earlier guidance of between \$170 million and \$175 million.

TriQuint's chips have two core functions: they filter out unwanted signals and amplify the power of a device's signal, helping it communicate with a network.

Quinsey said one of TriQuint's hallmarks has been its ability to integrate those functions on increasingly smaller chips, freeing up space within handsets and other devices and driving down costs.

TriQuint also develops products for communications networks. That includes components used in base stations for mobile phone networks, cable TV systems and other wireless communications devices. The networks division accounted for 25 percent of revenues last year.

The final 12 percent of sales came from the company's defense and aerospace division, where its products are used in radar for flight systems on aircraft such as the Air Force's F-22.

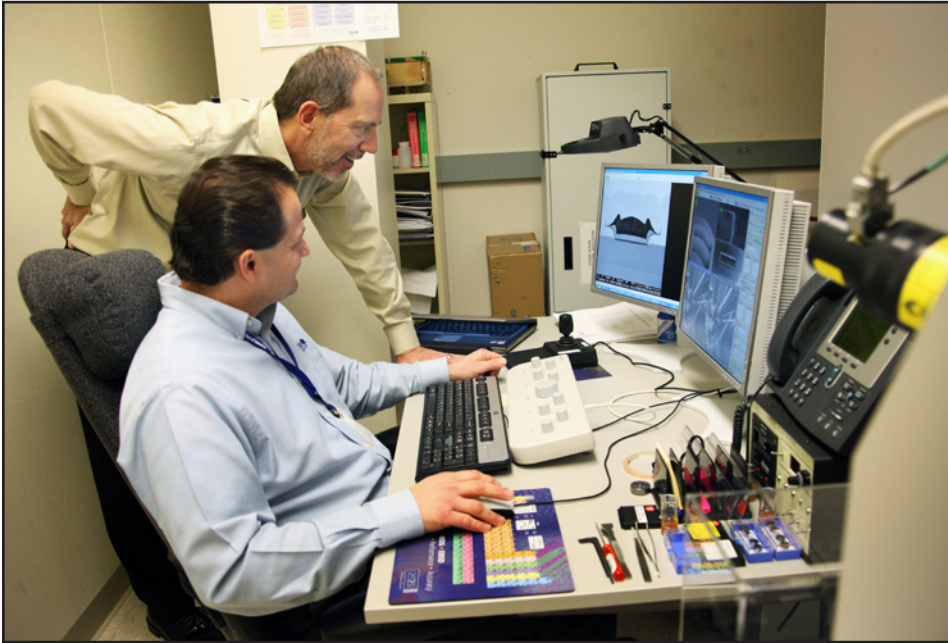
But mobile phones are expected to drive company growth in the foreseeable future.

"I still see this year and maybe next year dominated by the smart phone trends," said Richard Shannon, an analyst with Minneapolis-based Northland Securities Inc.

About 183 million smart phones were shipped last year, representing 20 percent of all cellular handsets worldwide, said Michael Morgan, an analyst with Oyster Bay, N.Y.-based ABI Research.

By 2015, that figure is expected to grow to 466 million.

# TRIQUINT: Company eyes another profitable year



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**TriQuint CEO Ralph Quinsey, standing, with engineer Esteban Diaz, expects to add 150 employees this year.**

Shannon projects the handset market in 2010 will grow about 10 percent, less than half of the 23 percent growth he expects from TriQuint.

That's because as handsets become more technologically complex, TriQuint's contribution per phone tends to increase.

"It's definitely a content-adder opportunity in the handset business and probably will be for a few more years," he said.

Despite TriQuint's growth via mobile phones, some analysts believe the company is too tied to one customer in par-

ticular.

TriQuint makes products for four of the five major mobile phone manufacturers — the exception being the largest, Nokia. But more than 20 percent of its annual revenue came from Taiwanese manufacturer Foxconn Electronics Inc., which makes Apple Inc.'s iPhone.

"My concern is that they're almost too dependent on Apple at this point," said Aalok Shah, a senior research analyst with Lake Oswego-based D.A. Davidson & Co.

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**Aalok Shah**

D.A. Davidson senior analyst

Others, like Nathan Johnson of Portland-based Pacific Crest Securities Inc., expect the company to show signs of strong growth in its non-handset businesses.

Quinsey does, too.

He describes it as a transition from person-to-person communications devices to ones that communicate machine-to-machine.

Already, TriQuint's products appear in such devices as Amazon.com's Kindle electronic book reader. Its technology can also be found in the Ford Taurus as part of a new automotive radar service.

The company is also poised to benefit as fiber networks reach out to more households.

In September the company acquired TriAccess Technologies, a Santa Rosa, Calif.-based chip-maker for the cable TV industry. Cable TV providers are increasingly looking to upgrade services to deliver higher-quality Internet, video and telephone services.

"As fiber pushes closer to the home, we build those things that deal with high speed, high frequency data movement," Quinsey said.