

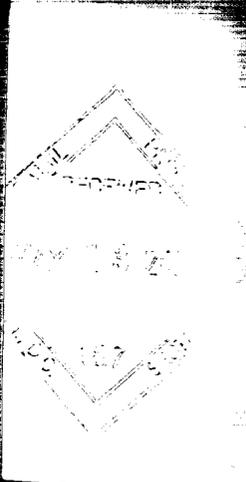
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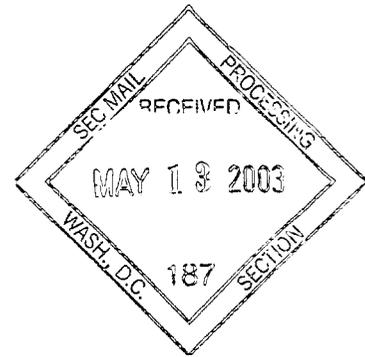


Semtech Corporation

Financial Highlights

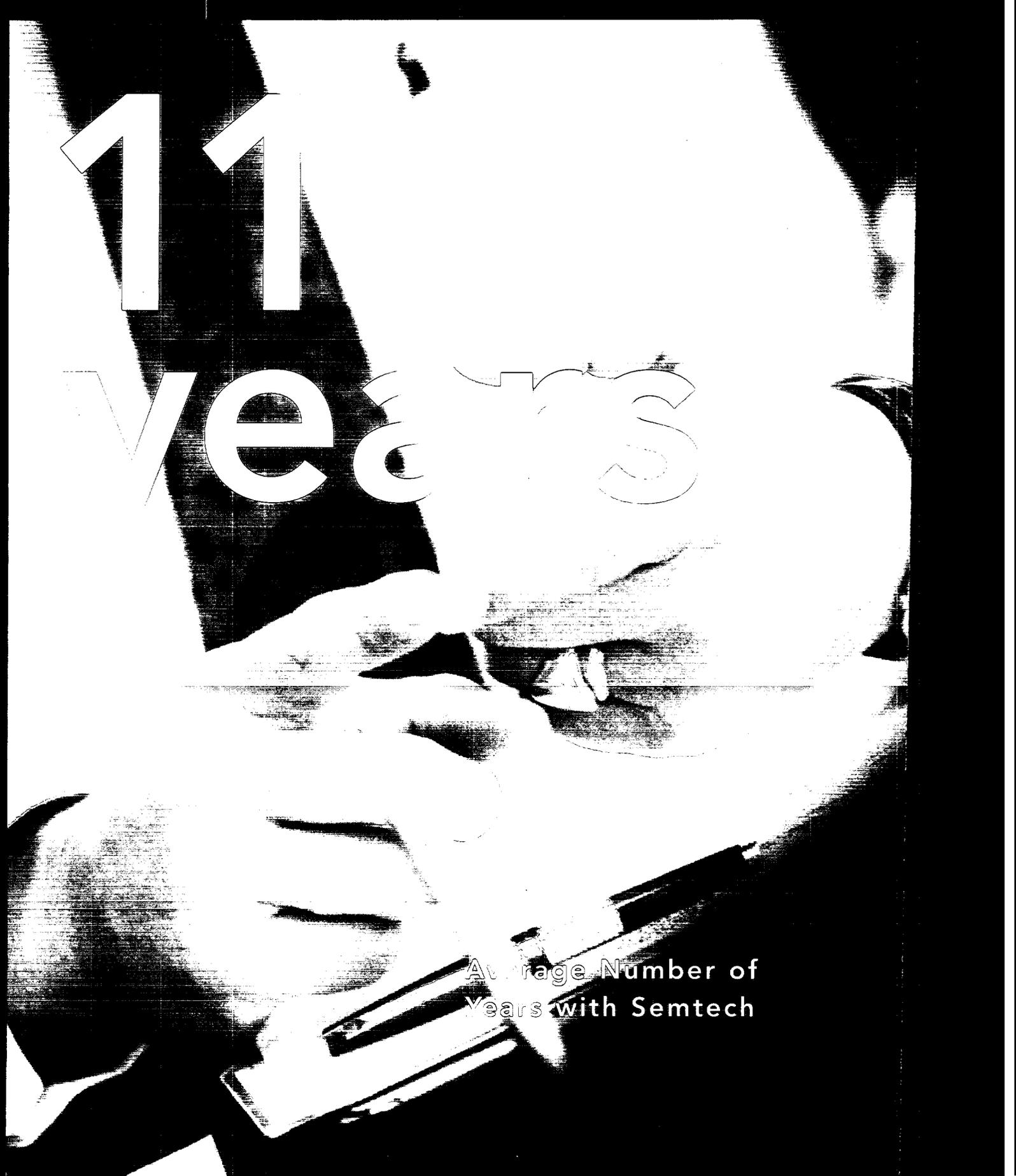
Dollars in thousands, except per share amounts	Fiscal Year 2003	Fiscal Year 2002	% Change
Net sales	\$192,958	\$191,210	+1%
Gross profit	109,861	93,290	+18%
Operating income	30,897	27,021	+14%
Net income	\$ 34,181	\$ 26,003	+31%
Earnings per share:			
Basic	\$ 0.47	\$ 0.37	+27%
Diluted	\$ 0.44	\$ 0.33	+33%
Working capital	\$420,912	\$402,970	+4%
Current ratio	12.2	15.8	-23%
Long-term debt to equity	71%	122%	-42%
Stockholders' equity	\$341,440	\$298,795	+14%
Equity per share	\$ 4.67	\$ 4.14	+13%

Semtech is a leading supplier of analog and mixed-signal semiconductor products used in a wide variety of end-market applications such as notebook and desktop computers, cellular phones, networking equipment and test systems. Calendar year 2002 was another tough year for the semiconductor and overall electronics industries. Despite these challenging conditions, Semtech achieved top line sales growth for the ninth time in the last ten fiscal years. Net income for fiscal year 2003 represented an 18% after-tax-return on net sale. Operating cash flow was a positive \$63 million, the sixteenth straight year of positive operating cash flow. Cash of \$117 million was spent during the year on the buyback of common stock and convertible notes, helping reduce long-term debt by \$123 million and leaving Semtech with \$247 million in net cash and investments as of January 26, 2003.



Experience, Leadership and Talent

Experience in how to grow. Leadership to oversee growth. Talent to develop products that drive growth. Semtech has the experience, leadership and talent needed to successfully navigate through tough business cycles, and accelerate growth in good ones.



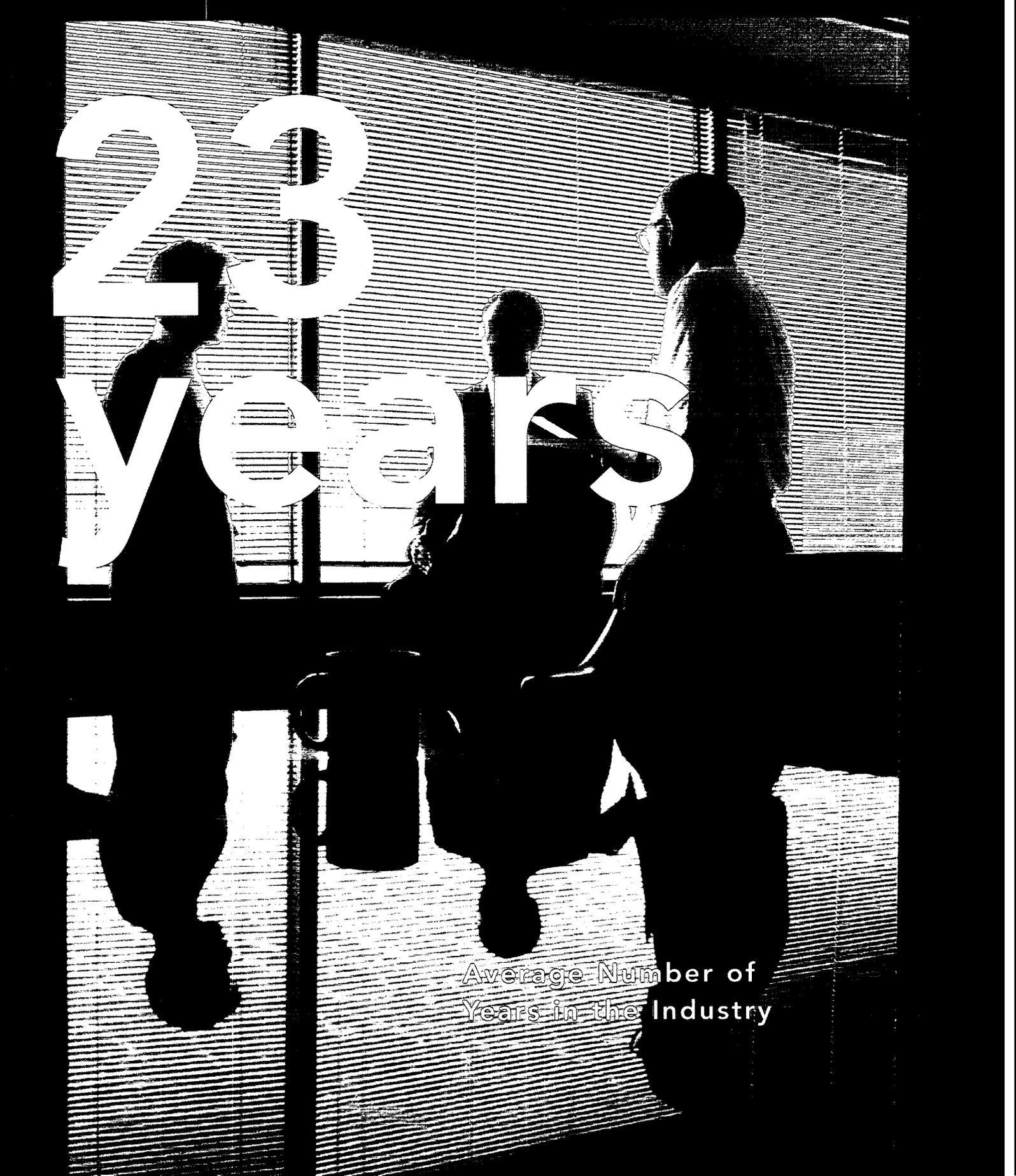
11
years

Average Number of
Years with Semtech

AVERAGE TENURE OF
THE 6 MOST SENIOR
EXECUTIVES IS 11 YEARS,
INCLUDING 17 YEARS
OF LEADERSHIP FROM
CEO, JACK POE.

Commitment to growth

Semtech was able to grow net sales in fiscal year 2003, marking the 9th year of growth in the past 10 years. Net income was up 31% over the prior year. Operating cash flow was a positive \$63 million, the 16th straight year of positive operating cash flow. It takes experience, leadership and talent to accomplish such a track record of success.



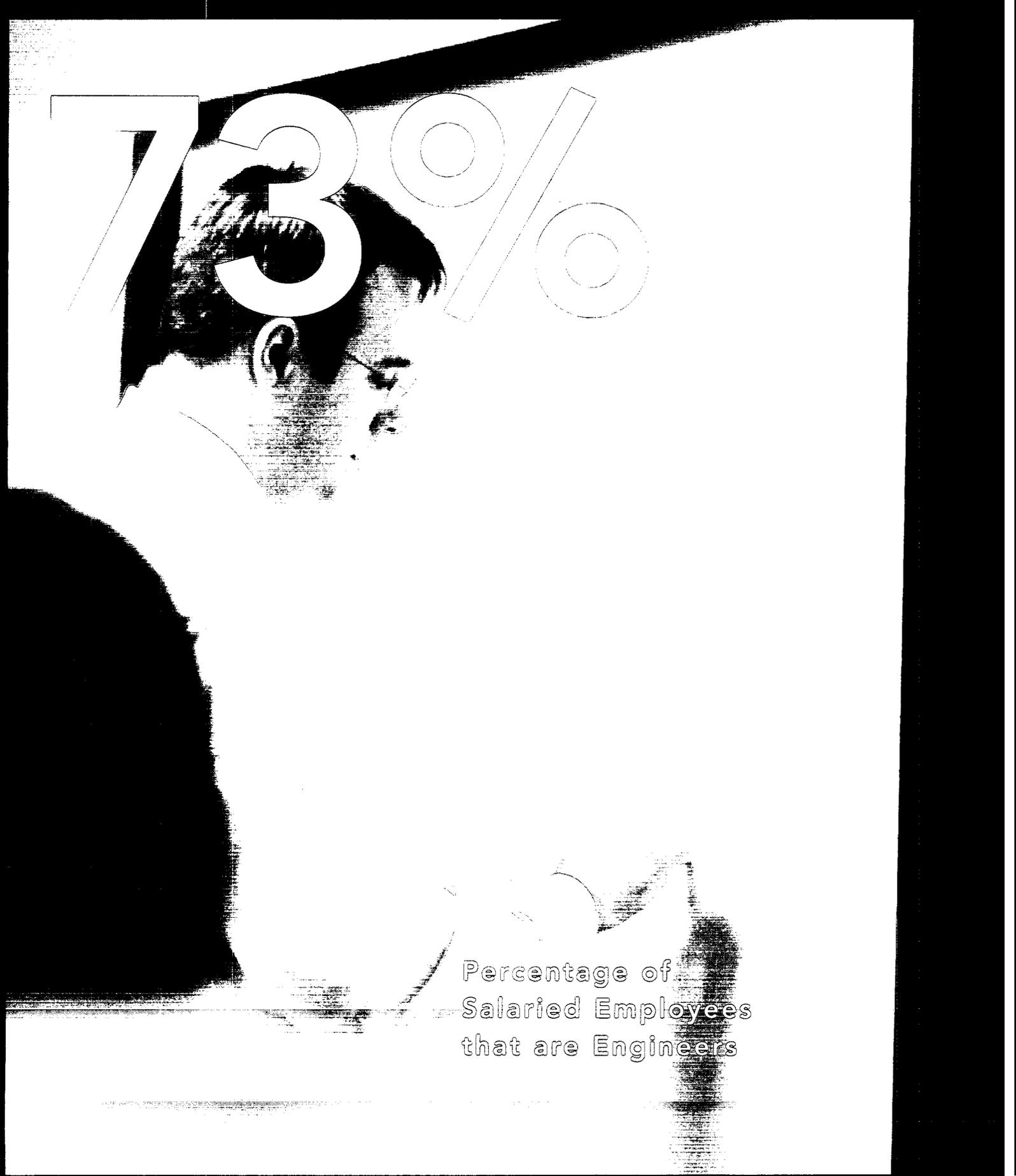
23 years

Average Number of
Years in the Industry

AVERAGE INDUSTRY
EXPERIENCE OF SENIOR
MANAGEMENT IS 23
YEARS. NOW WITH
ADDED EXPERIENCE
OF A NEW COO AND
BOARD MEMBERS.

Experienced leadership

In the past fiscal year, Semtech increased the experience base of its management ranks and Board of Directors. A new President and Chief Operating Officer was named in fiscal year 2003 and three new board members were elected to the Board of Directors. Each bring with them solid experience and leadership qualities.



73%

Percentage of
Salaried Employees
that are Engineers

IN AN INDUSTRY WITH
HIGH TURNOVER RATES,
SEMTECH IS SETTING
A NEW STANDARD FOR
WORKFORCE STABILITY.

Engineering rich culture

With such a large number of engineers, and such a low voluntary turnover, Semtech is well tailored for the design, development and marketing of new products. New products drive sales growth and profitability by gaining market share, expanding available content and entering new markets.

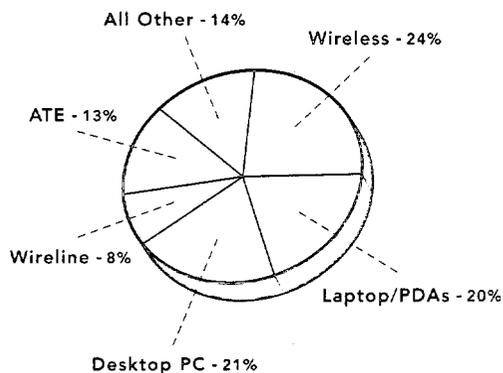
Letter to Stockholders

Calendar year 2002 was yet another challenging year in our industry. The first half of our fiscal year 2003 appeared to represent a solid upturn for our business, yet the second half of the year returned to slow growth and tough competitive markets. In the end, Semtech's net sales increased only 1 percent year-on-year. Operating profits did increase by 14 percent and net income increased by 31 percent; reflecting in part a modest improvement in operating conditions, a decline in one-time charges and increased gains on the repurchase of our convertible subordinated debentures.

While fiscal year 2003 presented the semblance of being a mediocre year, several noteworthy changes were made internally to strengthen the Company. First, the manufacturing structure was improved and we successfully completed the conversion to a fabless model. Second, end-markets and customers for our products were greatly diversified. Third, new product introductions helped position the Company for growth. Finally, technical resources, management depth and experienced board members were added.

Semtech remained solidly profitable and operating cash flow positive during all of fiscal year 2003. In addition, the balance sheet was significantly strengthened. Long-term debt was reduced by \$123 million and net cash and investments increased by \$68 million, ending the year at \$247 million. Inventories were reduced by \$6 million and receivables declined by more than \$1 million.

END-MARKETS
Fourth Quarter Fiscal Year 2003



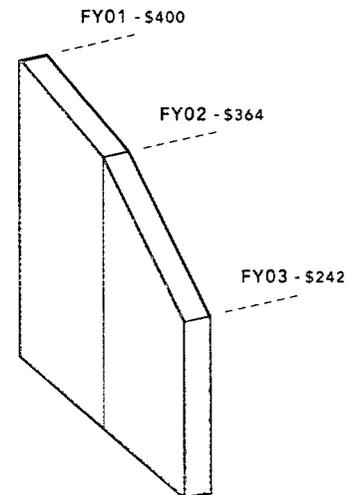
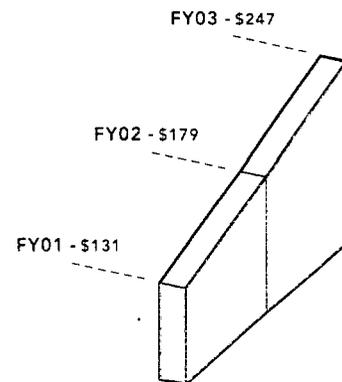
Maximize Cash Flow, Minimize Risk Semtech completed its transition to being a 100 percent fabless semiconductor company in fiscal year 2003 for all commercial products, an objective we set four years ago. Few companies of our size in the analog and mixed-signal semiconductor industry have chosen to employ such a model for a variety of reasons. We are confident that this fabless model offers several distinct advantages, including cost-effective access to a broad variety of technologies, reduced capital expenditures, and a flexible cost structure for all stages of the business cycle.

The semiconductor industry has traditionally operated in an excess capacity mode during 90 percent of the economic cycle. In the past, availability of leading-edge mixed-signal technologies was limited. But this has changed. With so much development of process technology in the past five years, both in the industry and specifically by Semtech working with its foundry partners, we believe being fabless is the ideal model.

Factors for Success Remain Unchanged Market demand turned more bearish in the second half of fiscal year 2003, and visibility from customers in terms of new orders continued to be limited. However, the dynamics of Semtech's business did not change. Success still depends on many of the same, well-known factors.

Success begins with hiring and retaining analog and mixed-signal engineers from a limited pool of skilled people around the world. Semtech kept overall headcount relatively constant, but increased the number of engineers by more than 13 percent in fiscal year 2003. Management depth was also strengthened. Most notable was the addition of Jason Carlson as President and Chief Operating Officer. We also replaced two previously retired members of our Board of Directors with three new board members, each bring a track record of experience and stewardship.

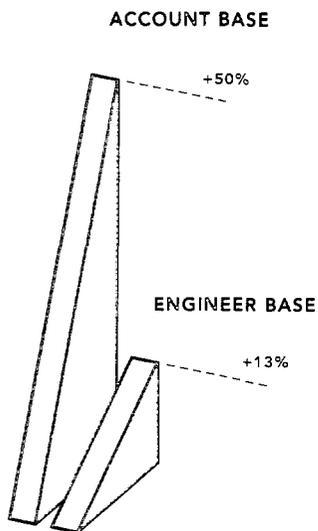
CASH & INVESTMENTS, NET
In millions



LONG-TERM DEBT
In millions

Investment in research and development increased by \$2 million in fiscal year 2003, helping to bring over 80 new, proprietary products to market. The diversity of these new products was apparent in all product groups.

New customers increased our account base by over 50 percent. No end-customer represented 10 percent or more of net sales for the year. The Company's revenue mix became more diversified as business in notebook computers, cell phones and PDAs increased substantially, while our reliance on the desktop computer and automated test equipment market segments declined to 21 percent and 13 percent, respectively, of net sales in the fourth quarter.



Looking Forward to Fiscal Year 2004 We begin fiscal year 2004 amid economic and geopolitical uncertainty, much of which is beyond the control of management. I think we have been prudent in the selection and execution of our business model in the past year. We have strengthened the balance sheet and created further diversity, which should reduce future operating risk. The Company is positioned to grow despite difficult conditions, and we should be able to further benefit from any improvement in overall market conditions.

I wish to thank all our stockholders, customers, employees, officers and directors for their loyal support in the past year.

Very truly yours, **John D. "Jack" Poe**
Chairman and CEO

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and Comprehensive Income
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The Consolidated Financial Statements should be read in conjunction with the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K as filed with the Securities and Exchange Commission for the fiscal year ended January 26, 2003.

Consolidated Statements of Income

In thousands, except earnings per share data
Three years ended January 26, 2003

	2003	2002	2001
NET SALES	\$192,958	\$191,210	\$256,685
Cost of Sales	83,097	97,920	111,819
Gross Profit	109,861	93,290	144,866
Operating costs and expenses:			
Selling, general and administrative	34,426	33,798	36,164
Product development and engineering	31,336	29,744	32,008
One-time charges	13,202	2,727	—
Operating costs and expenses	78,964	66,269	68,172
Operating Income	30,897	27,021	76,694
Interest expense	(15,125)	(18,917)	(18,718)
Interest and other income, net	30,312	28,012	28,052
Income before provision for taxes	46,084	36,116	86,028
Provision for taxes	11,903	10,113	25,808
NET INCOME	\$ 34,181	\$ 26,003	\$ 60,220
Earnings per share -			
Basic	\$ 0.47	\$ 0.37	\$ 0.91
Diluted	\$ 0.44	\$ 0.33	\$ 0.79
Weighted average number of shares -			
Basic	73,013	69,983	66,247
Diluted	77,789	77,747	76,527

Consolidated Balance Sheets

In thousands, except share data
As of January 26, 2003 and January 27, 2002

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 137,041	\$ 46,300
Temporary investments	273,382	324,870
Receivables, less allowances of \$619 in 2003 and \$973 in 2002	17,676	19,181
Inventories	16,351	22,728
Income taxes refundable	—	2,019
Deferred income taxes	11,731	11,786
Other current assets	2,267	3,372
Total current assets	458,448	430,256
Property, plant and equipment, net	51,547	51,516
Investments with maturities in excess of 1 year	78,624	172,332
Deferred income taxes	27,143	27,659
Other assets	4,784	8,638
TOTAL ASSETS	\$620,546	\$690,401
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,725	\$ 7,341
Accrued liabilities	26,596	16,845
Deferred revenue	1,583	1,936
Income taxes payable	3,593	1,099
Other current liabilities	39	65
Total current liabilities	37,536	27,286
Convertible subordinated debentures	241,570	364,320
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value, 250,000,000 authorized; 74,006,614 issued and 73,165,414 outstanding in 2003 and 72,148,573 issued and outstanding in 2002	740	722
Treasury stock; 841,200 at cost in 2003	(9,072)	—
Additional paid-in capital	182,524	162,856
Retained earnings	165,640	131,459
Accumulated other comprehensive income	1,608	3,758
Total stockholders' equity	341,440	298,795
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$620,546	\$690,401

Consolidated Statements of Stockholders' Equity and Comprehensive Income

In thousands, except share amounts Three years ended January 26, 2003	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock, at Cost	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
	Number of Shares	Amount					
Balance at January 30, 2000	64,096,504	\$641	\$ 53,564	\$ 71,498	\$ —	\$ (221)	\$125,482
Comprehensive income:							
Net income	—	—	—	60,220	—	—	60,220
Translation adjustment	—	—	—	—	—	(107)	(107)
Comprehensive income	—	—	—	—	—	—	60,113
Treasury stock repurchase	(42,500)	—	—	—	(1,018)	—	(1,018)
Exercise of stock options	4,062,378	41	16,946	—	—	—	16,987
Tax benefit from exercised stock options	—	—	40,793	—	—	—	40,793
Balance at January 28, 2001	68,116,382	\$682	\$111,303	\$131,718	\$ (1,018)	\$ (328)	\$242,357
Comprehensive income:							
Net income	—	—	—	26,003	—	—	26,003
Change in unrealized gains on investments, net	—	—	—	—	—	3,782	3,782
Translation adjustment	—	—	—	—	—	304	304
Comprehensive income	—	—	—	—	—	—	30,089
Treasury stock repurchase	(1,187,500)	—	—	—	(32,226)	—	(32,226)
Treasury stock reissued	1,230,000	—	—	(26,262)	33,244	—	6,982
Exercise of stock options	3,989,691	40	21,575	—	—	—	21,615
Tax benefit from exercised stock options	—	—	29,978	—	—	—	29,978
Balance at January 27, 2002	72,148,573	\$722	\$162,856	\$131,459	\$ —	\$3,758	\$298,795
Comprehensive income:							
Net income	—	—	—	34,181	—	—	34,181
Change in unrealized gains on investments, net	—	—	—	—	—	(2,388)	(2,388)
Translation adjustment	—	—	—	—	—	238	238
Comprehensive income	—	—	—	—	—	—	32,031
Treasury stock repurchase	(841,200)	—	—	—	(9,072)	—	(9,072)
Exercise of stock options	1,858,041	18	11,660	—	—	—	11,678
Tax benefit from exercised stock options	—	—	8,008	—	—	—	8,008
Balance at January 26, 2003	73,165,414	\$740	\$182,524	\$165,640	\$ (9,072)	\$1,608	\$341,440

Consolidated Statements of Cash Flows

In thousands			
Three years ended January 26, 2003	2003	2002	2001
Cash flows from operating activities:			
Net income	\$ 34,181	\$ 26,003	\$ 60,220
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	9,581	10,327	8,837
Deferred income taxes	571	(18,516)	(13,776)
Loss (gain) on disposition of property, plant and equipment	557	(302)	—
Gain on extinguishment of debt	(12,718)	(2,283)	—
Provision for doubtful accounts	29	160	760
Tax benefit from stock option exercises	8,008	29,978	40,793
Changes in assets and liabilities, net of effect of acquisition:			
Receivables	1,476	18,594	(13,472)
Inventories	6,377	9,742	(5,014)
Income taxes refundable	2,019	(2,019)	—
Other assets	2,298	681	(3,407)
Accounts payable	(1,616)	(5,593)	2,211
Accrued liabilities	9,751	(2,080)	10,056
Deferred revenue	(353)	(113)	(506)
Income taxes payable	2,494	343	(633)
Other liabilities	(26)	(202)	(65)
Net cash provided by operating activities	62,629	64,720	36,004
Cash flows from investing activities:			
Temporary investments, net	49,700	(173,370)	(130,516)
Investments, maturing in excess of 1 year, net	93,108	(112,253)	(59,215)
Proceeds from sale of property, plant and equipment	—	731	—
Purchases of property, plant and equipment	(9,914)	(20,812)	(22,667)
Net cash provided by (used in) investing activities	132,894	(305,704)	(212,398)
Cash flows from financing activities:			
Issuance of long-term debt, net of fees	—	—	388,489
Exercise of stock options	11,678	21,615	16,987
Repurchase of treasury stock	(9,072)	(32,226)	(1,018)
Reissuance of treasury stock	—	6,982	—
Repurchase of subordinated debentures	(107,626)	(32,573)	—
Net cash provided by (used in) financing activities	(105,020)	(36,202)	404,458
Effect of exchange rate changes on cash and cash equivalents	238	304	(107)
Net increase (decrease) in cash and cash equivalents:	90,741	(276,882)	277,957
Cash and cash equivalents at beginning of year	46,300	323,182	45,225
Cash and cash equivalents at end of year	\$137,041	\$ 46,300	\$323,182

Five Year Selected Financial Data

The selected historical financial data for each of the fiscal years in the five-year period ended January 26, 2003 have been derived from our audited financial statements. Such information for the three fiscal years ended January 26, 2003 is contained in and should be read in conjunction with our audited financial statements and accompanying notes included in the Annual Report on Form 10-K as filed with the Securities and Exchange Commission for the fiscal year ended January 26, 2003.

In thousands, except per share data	Fiscal Year Ended				
	January 31, 1999	January 30, 2000	January 28, 2001	January 27, 2002	January 26, 2003
Consolidated Statement of Income Data:					
NET SALES	\$114,519	\$173,768	\$256,685	\$191,210	\$192,958
Cost of sales	60,241	82,731	111,819	97,920	83,097
Gross profit	54,278	91,037	144,866	93,290	109,861
Operating costs and expenses:					
Selling, general and administrative	20,091	27,206	36,164	33,798	34,426
Product development and engineering	14,026	20,342	32,008	29,744	31,336
One-time charges	1,585	531	—	2,727	13,202
Operating costs and expenses	35,702	48,079	68,172	66,269	78,964
Operating income	18,576	42,958	76,694	27,021	30,897
Interest and other income, net	786	1,146	9,334	9,095	15,187
Income before provision for taxes	19,362	44,104	86,028	36,116	46,084
Provision for taxes	6,467	14,709	25,808	10,113	11,903
NET INCOME	\$ 12,895	\$ 29,395	\$ 60,220	\$ 26,003	\$ 34,181
Earnings per share -					
Basic	\$ 0.22	\$ 0.48	\$ 0.91	\$ 0.37	\$ 0.47
Diluted	\$ 0.20	\$ 0.42	\$ 0.79	\$ 0.33	\$ 0.44
Weighted average number of shares -					
Basic	58,688	61,670	66,247	69,983	73,013
Diluted	63,568	70,630	76,527	77,747	77,789
Consolidated Balance Sheet Data:					
Cash, cash equivalents and investments	\$ 42,683	\$ 63,291	\$530,979	\$543,502	\$489,047
Working capital	65,844	96,687	530,737	402,970	420,912
Total assets	92,556	149,350	677,288	690,401	620,546
Convertible subordinated notes	—	—	400,000	364,320	241,570
Total stockholders' equity	\$ 79,771	\$125,482	\$242,357	\$298,795	\$341,440

Corporate Directory

Board of Directors

John D. Poe
Chairman of the Board and
Chief Executive Officer,
Semtech Corporation

Rockell N. Hankin
Vice Chairman, Semtech Corporation
and Chief Executive,
Hankin Investment Banking

Glen M. Antle
Former Chairman of the Board,
Quickturn Design Systems, Inc.

James P. Burra
Chief Executive Officer,
Endural Division, Hoover Group, Inc.

James T. Lindstrom
Vice President and
Chief Financial Officer,
Ammocore Technology, Inc.

John L. Piotrowski
General (retired),
United States Air Force

James T. Schraith
Chairman,
Nimbus Wireless, Inc.

Officers and Key Executives

John D. Poe
Chairman of the Board and
Chief Executive Officer

Jason L. Carlson
President and Chief Operating Officer

David G. Franz, Jr.
Vice President, Chief Financial Officer
and Secretary

Paul D. Peterson
Vice President, Sales and Marketing

John T. Shaw
Vice President, Worldwide Operations

R. Nejo Necar
Vice President, Business Development

Kenneth W. Bauer
Vice President, Human Resources

Mark R. Drucker
Vice President, Test and
Measurement Products

Lawrence A. King
Vice President, Portable Products

Jeff T. Pohlman
Vice President, Protection Products

J. Michael Wilson
Vice President, Desktop and
Telecom Power Products

John M. Baumann
Treasurer

Suzanna Fabos
Corporate Counsel and
Assistant Secretary

Corporate Headquarters

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