

## RFM News Release

## Fax Cover Sheet

To: Analyst, Portfolio Manager or RFM Investor

Date: December 13, 2001

**RE: RF Monolithics Earnings for Q1 Fiscal Year '02**

RF Monolithics, Inc. [NASDAQ:RFMI] ended its first quarter FY'02 on November 30, 2001. The earnings report for this period and information regarding the management conference call are as follows:

<b>December 13</b>	<b>4:00 p.m. EST (New York)</b>	<b>Q1 '02 Results Released</b>
	<b>3:00 p.m. CST (Dallas)</b>	
	<b>1:00 p.m. PST (Los Angeles)</b>	
<b>December 13</b>	<b>5:00 p.m. EST (New York)</b>	<b>Management Quarterly</b>
	<b>4:00 p.m. CST (Dallas)</b>	<b>Conference Call</b>
	<b>2:00 p.m. PST (Los Angeles)</b>	

To participate in the conference call, please call **1-800-256-5982**, ten-minutes prior to the scheduled call time, or internationally at (415) 908-4709, **no password is necessary**.

**This conference call will be Webcast. Please see details in the earnings release attached.**

If you encounter any problems getting through or did not receive the earnings, please call RFM immediately at (972) 448-3792 or (972) 448-3700.

Please refer to the following chart for the conference call:

RF Monolithics, Inc.  
Sales Detail  
(in thousands)

	<b>Q1 01</b>	<b>Q4 01</b>	<b>Q1 02</b>
Low-Power Components	\$ 7,801	\$ 8,229	\$ 7,567
Virtual Wire®Short-Range Device Radio Systems	2,333	2,380	1,824
<b>Total Low-power Product Group</b>	<b>\$ 10,134</b>	<b>\$ 10,609</b>	<b>\$ 9,391</b>
Frequency Control Modules	650	683	527
Filters	1,156	994	1,579
<b>Total Communications Products Group</b>	<b>\$ 1,806</b>	<b>\$ 1,677</b>	<b>\$ 2,106</b>
<b>Total Technology Development</b>	<b>\$ 241</b>	<b>\$ 229</b>	<b>\$ 183</b>
<b>Total Sales</b>	<b>\$ 12,181</b>	<b>\$ 12,515</b>	<b>\$ 11,680</b>

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Contacts: RF Monolithics, Inc.  
Buddy Barnes  
Chief Financial Officer  
972-233-2903

Carol Bivings  
972-448-3767

## RF MONOLITHICS REPORTS FIRST QUARTER RESULTS

### *Significantly Improved Margins and Continued Positive Operating Cash Flow*

DALLAS, TEXAS, (December 13, 2001) RF Monolithics, Inc. [NASDAQ:RFMI] today reported sales for the first quarter ended November 30, 2001, of \$11.7 million, compared to \$12.2 million in the first quarter of the prior year. The Company reported a net loss of \$565 thousand or \$0.08 per diluted share for the first quarter, compared to net loss of \$1.3 million or \$0.21 per diluted share for the first quarter of the prior year. On a pretax basis, the Company reported a loss of \$565 thousand for the quarter compared with a pretax loss \$2.0 million for the prior year's first quarter.

President and CEO of RF Monolithics, Inc., David M. Kirk, commented, "As we projected last quarter, our new low-cost structure has resulted in improvement of our gross margin and operating expenses for the quarter. Gross profit improved 10 margin points to 21.2% over the prior year's first quarter. Our pretax loss was 72% less than the prior year. We feel this is a validation of the many months of efforts and the difficult decisions we have had to make in restructuring the Company. It also allowed us to report a positive operating cash flow again this quarter."

Mr. Kirk further commented, "With the progress we have made in our cost reduction programs, we feel we are now positioned to capitalize on any improvement in the economy as our cost structure will allow us to be profitable on only \$12 million of quarterly sales. Recent design-ins and our high level of quoting activity gives us confidence we will see significant growth in wireless applications as the economy recovers and that RFM will be a key player in this Market."

### **Quarter Highlights:**

- The Company recorded a gross profit margin of 21.2% an improvement of 10 margin points over prior year's 1<sup>st</sup> quarter, 6 margin points over previous quarter's proforma margin and 16 margin points over reported gross profit margin for the previous quarter.

- The Company also reported a positive cash flow again this quarter of \$750 thousand and reduced its outstanding bank debt by approximately \$1.1 million.
- The Company's management team was strengthened by the appointment of Harley E. (Buddy) Barnes III to the position of Chief Financial Officer. Mr. Barnes will add depth to the Company in the areas of strategic business alliances, communication with the investment community and offshore manufacturing system integration.
- The transition of manufacturing to offshore remains on track as we ended the quarter with more than 75% of sales being assembled by offshore partners. In addition, the Company received initial production units of the Company's Virtual Wire® Short-range Radio Products from Morioka Seiko Instruments. Seiko remains on track to be in full production by the Company's third quarter.
- The Company has completed the planned restructuring of its Dallas facility with current headcount at 223, which is slightly lower than had been projected.
- The Company has added another offshore partner that will provide a second source for wafer fabrication. The Company has begun qualification of products from this partner. The Company is in further negotiations with this partner for additional support and expects to announce the selection of the partner upon completion of all negotiations.
- The Company saw a continued strengthening in demand for its filter products in the telecommunications market this quarter and expects the demand to remain strong through its second quarter.
- The Company continues its development of new products including its newest Virtual Wire® high data rate Transceiver, the TR1100, which has increased data rate from 115.2 kbps to 1.0 mbps. The Company expects this increased data rate will open up new wireless applications for its Virtual Wire® products.

#### **Financial Guidance:**

- **Fiscal Year 2002 Second Quarter:** Due to the uncertain economic environment, projection of sales is very difficult. At this time, however, we are projecting revenue for our 2<sup>nd</sup> quarter will be 5% to 10% lower than this quarter. As a result of the Company's lower-cost structure, gross margin is expected to be up slightly and operating expenses are expected to remain flat relative to sales. Other expense is expected to be down \$100 thousand to \$150 thousand due to lower interest costs. The Company expects its gross margin to continue to improve and expects to report a gross margin of 25% by the end of the fiscal year.
- **Fiscal Years 2003 and 2004:** Using fiscal year 2002 as the base year, the Company is projecting a 26%-27% compounded annual growth rate year-over-year for fiscal years 2003

and 2004. The Company expects this growth from its filter, frequency control, and Virtual Wire® short-range radio products—the products on which the Company has focused marketing, sales and development efforts. A 27% growth rate is consistent with the performance of these products from fiscal year 2000 to fiscal year 2001. The Company believes it will maintain its base business, low-power components, through emerging applications such as tire pressure monitoring and new product offerings. The Company is projecting a 5% year-over-year increase in gross profit margins. This improvement will result from sales growth of its higher margin products, increased volume, and its continuing cost reduction programs both in his Dallas facility and with its offshore assembly partners. The Company projects its operating expenses will remain relatively flat in relation to sales growth.

**About RFM:**

RFM, headquartered in Dallas, Texas, is a leading developer, manufacturer and supplier of a broad range of radio frequency components and modules based on surface acoustic wave technology for the automotive, telecommunications, consumer, distribution and industrial markets worldwide. For more information on RF Monolithics, Inc., please see our Web site at [www.rfm.com](http://www.rfm.com).

**Forward-Looking Statements:**

*This news release contains forward-looking statements, made pursuant to the Safe Harbor Provision of the Private Securities Litigation Act of 1995, that involve risks and uncertainties, including without limitation the financial guidance set forth above. These risks and uncertainties include, but are not limited to, the timely development, acceptance and pricing of new products, the potential transition to value added products, the impact of competitive products and pricing, availability of sufficient materials, labor, and assembly capacity to meet product demand at costs currently projected by management, general economic conditions as they affect the Company's customers and manufacturing partners, as well as the other risks detailed from time to time in the Company's SEC reports, including the report on Form 10-K for the year ended August 31, 2001. The Company disclaims any obligation to update any information contained in this release.*

**Management Conference Call:**

RFM will host a Conference Call, open to the public, today at 5:00 p.m. EST. The public will have the opportunity to listen to the Conference Call over the Internet or by dialing a toll-free number. Below is the information you will need:

**Internet Access-**

RFM at <http://www.rfm.com>. Click on the "Investor Relations" section and click on "WebCast Live".

You may also access the Conference Call at <http://ccbn.com>. Click on "Applications" and select "Board Room", then Click on the "Conference Calls" tab, then Click on RF Monolithics". To listen to the live call, please go to the Web site at least 15 minutes early to download and install any necessary audio software. A replay will be available through CCBN's retail sites.

**Telephone Access-**

The toll-free dial-in number is 1-800-256-5982 and there is no password. Please call 10 minutes prior to scheduled start time. After the Conference Call, a replay will be available and can be accessed by dialing 1-800-633-8284, reservation number 19926057. This replay will be active from 7:00 p.m. EST December 13 through 7:00 p.m. EST December 17, 2001.

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RF Monolithics, Inc.  
 Condensed Consolidated Statements of Operations  
 (In Thousands, Except Per Share Amounts)

	Three Months Ended November 30,	
	<u>2001</u>	<u>2000</u>
	(Unaudited)	
Sales	\$ 11,680	\$ 12,181
Cost of sales	<u>9,201</u>	<u>10,826</u>
Gross profit (loss)	2,479	1,355
Research and development	740	1,001
Sales and marketing	1,181	1,417
General and administrative	<u>730</u>	<u>709</u>
Operating expenses	<u>2,651</u>	<u>3,127</u>
Loss from operations	(172)	(1,772)
Other expense, net	<u>(393)</u>	<u>(277)</u>
Loss before income taxes	(565)	(2,049)
Income tax benefit	<u>0</u>	<u>(717)</u>
Net Loss	<u>\$ (565)</u>	<u>\$ (1,332)</u>
Earnings per share:		
Basic	<u>\$ (.08)</u>	<u>\$ (.21)</u>
Diluted	<u>\$ (.08)</u>	<u>\$ (.21)</u>
Weighted average common shares outstanding:		
Basic	<u>7,068</u>	<u>6,207</u>
Diluted	<u>7,068</u>	<u>6,207</u>

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RF Monolithics, Inc.  
Condensed Consolidated Balance Sheets  
(In Thousands)

	November 30, <u>2001</u> (Unaudited)	August 31, <u>2001</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 114	\$ 332
Accounts receivable, net	8,552	8,305
Inventory	10,636	11,618
Other current assets	<u>750</u>	<u>787</u>
Total current assets	20,052	21,042
Net property and equipment	15,244	16,748
Other assets	<u>546</u>	<u>562</u>
Total	<u>\$ 35,842</u>	<u>\$ 38,352</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities	\$ 7,023	\$ 8,369
Long-term debt	<u>9,260</u>	<u>9,927</u>
Total liabilities	16,283	18,296
Stockholders' equity	<u>19,559</u>	<u>20,056</u>
Total	<u>\$ 35,842</u>	<u>\$ 38,352</u>

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