

RFM News Release

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RF MONOLITHICS REPORTS FOURTH QUARTER AND FISCAL 2002 RESULTS

RFM Reports Quarterly Profit on Increased Sales

DALLAS, TEXAS, (October 16, 2002) RF Monolithics, Inc. [NASDAQ:RFMI] today reported net income for the fourth quarter ended August 31, 2002, was \$42 thousand, or a profit of \$0.01 per diluted share, compared to a net loss of \$9.8 million, or \$1.40 per diluted share, for the fourth quarter of the prior year. The loss in the prior fourth quarter included approximately \$2.6 million of restructuring and special charges associated with the transitioning of the Company's high volume assembly offshore and \$5.6 million in non-cash valuation allowance against deferred tax benefits in compliance with FAS 109. The net loss for the year ended August 31, 2002, was \$442 thousand or \$0.06 per diluted share, compared to the net loss of \$13.2 million or \$1.97 per diluted share for the prior year.

Sales for the fourth quarter ended August 31, 2002, were \$11.3 million compared with sales of \$10.4 million reported for the third quarter and sales of \$12.5 million in the fourth quarter of the prior year. Sales for the year ended August 31, 2002, were \$43.3 million compared with sales of \$51.8 million for the year ended August 31, 2001. The Company attributes the year-over-year decline in sales to global economic conditions.

President and CEO of RF Monolithics, Inc., David M. Kirk commented, "Our performance this quarter was slightly better than we had anticipated. Due to a favorable mix within our product lines this quarter, both sales and gross margin were up a couple of percentage points over guidance we provided last quarter. We feel this quarter's results validate the business model we developed which we had projected would result in profitability on sales in the \$11 to \$11.5 million range. Our return to profitability has also generated strong cash flow. We generated more than \$1 million in cash flow from operations and paid down more than \$2 million in liabilities in the quarter. Our model also puts us in position to capitalize on any recovery in the economy as we enter our fiscal year 2003. Additionally, with our business model in

place, we plan to focus more attention on seeking growth opportunities both inside and outside of the Company.”

Mr. Kirk further commented, “The economic environment is still too uncertain to make any specific long-range predictions for fiscal year 2003. Like many other companies, we are just not getting the visibility, in the form of backlog, from our customers that we need to project improved sales. Looking forward to the next quarter, we expect sales to remain relatively flat. Historically we have seen a lot of pressure in our first quarters, so flat sales effectively represents some improvement. The gross profit margin could be a couple of margin points lower if we don’t see the favorable mix we experienced this quarter. We will, of course, continue to manage our operating expenses which should remain flat after netting out the restructuring and impairment charge we recognized this quarter. We feel we have made tremendous progress this past year. We are comfortable with our current cost structure and are prepared to take advantage of any economic recovery that may occur.”

Quarter Highlights:

- The Company reported its second consecutive quarter of profit. The Company’s previous quarterly profit benefited from a one-time tax adjustment while profit this quarter resulted from the Company’s low cost business model.
- The Company reported its second consecutive quarter of increased sales with an 8% increase in sales over its previous third quarter. This increase was primarily in distribution sales for Low-power Products and it was noted that distribution point-of-sales remained strong. Annual sales for the Company decreased approximately 16% over prior year’s annual sales. Backlog at year-end was \$14 million down 20% from prior year’s ending backlog, reflecting lack of visibility from our customers and an increase in book/ship activity within quarters.
- The Company’s gross margin improved over four margin points quarter-over-quarter, and was the strongest reported by the Company in three years. The Company benefited from a particularly favorable mix within several of its product lines and attributes approximately 2 margin points to this favorable mix which may not recur going forward. Year-over-year, the Company’s gross margin improved approximately thirteen margin points reflecting the benefits of its transition to offshore assembly.
- The Company conducted a year-end review of its fixed asset valuations and as a result the Company recognized a \$229 thousand restructuring and impairment charge.
- The Company reported approximately \$1 million cash flow from operations for its fourth quarter and reduced its liabilities by approximately \$2 million.

- The Company saw some strengthening, this quarter, in markets supporting automated meter reading and medical applications as well as automotive applications. Applications in the telecommunication markets remain depressed.
- As previously announced, the Company signed an agreement with Tai-Saw Technologies strengthening its alliance with this offshore manufacturing partner. This expanded alliance is expected to increase the Company's technical and packaging capabilities and will help the Company to remain competitive.
- This quarter 80% of the Company's reported sales were for products being produced by its offshore assembly partners. This represented approximately 93% of units produced and effectively signals completion of the transition offshore.
- The Company entered the second phase of a government funded project for basic research in Surface Acoustic Wave technology. This is a part of the Company's strategy to supplement its research and development funding through external alliances.
- The Company began development of a 3rd generation of its Virtual Wire® Product which is expected to further capitalize on the very low battery power requirement inherent in amplifier sequenced hybrid (ASH) radio technology and extend the Company's technology leadership in the short-range radio market.
- The Company expects to fully comply with new certification rules that implement Section 302 and 906 of the Sarbanes-Oxley Act of 2002, when it files its SEC Form 10K. The Company has also updated and implemented numerous policies and procedures to facilitate its compliance with other requirements and guidelines of the Act.
- Product Mix for Fourth Quarter Sales was:

• Low-power Components	\$7.2 Million
• Virtual Wire® Products	\$2.4 Million
• Filter Products	\$1.1 Million
• Frequency Control Modules	\$0.4 Million
• Technology Development	<u>\$0.2 Million</u>
Total Product Sales	\$11.3 Million

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, distribution, consumer, industrial and telecommunications markets worldwide.

Forward-Looking Statements:

This news release contains forward-looking statements, made pursuant to the Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Statements of the Company's plans, objectives, expectations and intentions involve risks and uncertainties. Statements containing terms such as "believe", "expects", "plans" "anticipates" or similar terms are considered to contain uncertainty and are forward-looking statements. Further, the Company's actual results could differ materially from those discussed. Factors that could contribute to such differences include, but are not limited to, general economic conditions as they affect the Company's customers and manufacturing partners, the timely development, acceptance and pricing of new products, the successful implementation of improved manufacturing processes, the dependence on offshore manufacturing, the impact of competitive products and pricing, availability of sufficient materials, labor, and assembly capacity to meet product demand, 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 does not assume 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 then click on "WebCast Live". You may also access the Conference Call at <http://ccbn.com>. Click on "Company Boardroom" then Click on "Conference Calls" tab, 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 on CCBN's retail.

Telephone Access-

The toll-free dial-in number is 1-877-888-3490 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 1-888-509-0082. This replay will be active from 7:00 p.m. EST October 16 through 7:00 p.m. EST October 18, 2002.

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RFM Financial News Release

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

	Three Months Ended August 31,		Twelve Months Ended August 31,	
	2002	2001	2002	2001
	<u>(Unaudited)</u>		<u>(Unaudited)</u>	
Sales	\$11,285	\$ 12,515	\$43,254	\$ 51,771
Cost of sales	<u>8,032</u>	<u>11,869</u>	<u>32,636</u>	<u>45,597</u>
Gross profit	<u>3,253</u>	<u>646</u>	<u>10,618</u>	<u>6,174</u>
Research and development	839	844	3,133	3,852
Sales and marketing	1,230	1,285	4,777	5,748
General and administrative	745	767	2,835	3,184
Restructuring and Impairment	<u>229</u>	<u>1,399</u>	<u>229</u>	<u>1,399</u>
Operating expenses	<u>3,043</u>	<u>4,295</u>	<u>10,974</u>	<u>14,183</u>
Income (loss) from operations	210	(3,649)	(356)	(8,009)
Other income (expense), net	<u>(158)</u>	<u>(554)</u>	<u>(1,067)</u>	<u>(1,559)</u>
Income (loss) before income taxes	52	(4,203)	(1,423)	(9,568)
Income tax (benefit) expense	<u>10</u>	<u>5,551</u>	<u>(981)</u>	<u>3,673</u>
Net (loss) income	<u><u>\$42</u></u>	<u><u>\$ (9,754)</u></u>	<u><u>\$ (442)</u></u>	<u><u>\$(13,241)</u></u>
Earnings (loss) per share:				
Basic	<u><u>\$0.01</u></u>	<u><u>\$ (1.40)</u></u>	<u><u>\$(0.06)</u></u>	<u><u>\$ (1.97)</u></u>
Diluted	<u><u>\$0.01</u></u>	<u><u>\$ (1.40)</u></u>	<u><u>\$(0.06)</u></u>	<u><u>\$ (1.97)</u></u>
Weighted average common shares outstanding:				
Basic	<u><u>7,124</u></u>	<u><u>6,948</u></u>	<u><u>7,095</u></u>	<u><u>6,712</u></u>
Diluted	<u><u>7,188</u></u>	<u><u>6,948</u></u>	<u><u>7,095</u></u>	<u><u>6,712</u></u>

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

	August 31, <u>2002</u>	August 31, <u>2001</u>
ASSETS		
Cash and cash equivalents	\$273	\$ 332
Accounts receivable, net	7,374	8,305
Inventories	10,642	11,618
Other current assets	<u>429</u>	<u>787</u>
Total current assets	18,718	21,042
Net property and equipment	11,353	16,748
Other assets	<u>439</u>	<u>562</u>
Total	<u>\$30,510</u>	<u>\$ 38,352</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$7,441	\$ 8,369
Long-term debt	<u>3,060</u>	<u>9,927</u>
Total liabilities	10,501	18,296
Stockholders' equity	<u>20,009</u>	<u>20,056</u>
Total	<u>\$30,510</u>	<u>\$ 38,352</u>

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