

INTERNATIONAL RECTIFIER REPORTS SEPTEMBER QUARTER RESULTS

EL SEGUNDO, CA. - October 21, 2002 - International Rectifier Corporation (IRF/NYSE/PSE) today reported net income of \$11.0 million (or \$0.17 per share) on revenues of \$212.2 million in the quarter ended September, compared to net income of \$9.6 million (or \$0.15 per share) on revenues of \$168.5 million in the prior-year quarter. That compares to net income of \$16.1 million (or \$0.25 per share) on revenues of \$201.0 million in the immediately-preceding quarter. The current quarter included approximately \$4 million of previously-announced severance charges, which negatively impacted results by \$0.04 per share. Revenues increased 26 percent year-over-year and 6 percent sequentially, led by growth in proprietary products (analog ICs, power systems, and advanced-circuit devices).

September-quarter gross margin was 35.0 percent, compared to 35.6 percent in the year-earlier quarter and 36.7 percent in the preceding quarter.

Overall orders grew 28 percent year-over-year and declined just 3 percent sequentially, better than the typical seasonal pattern for the summer months. Distributors reduced their inventories of IR products. Pricing for multi-market components declined by more than 2 percent. Component leadtimes contracted by several weeks.

The company continued to generate cash from operations and ended the quarter with \$670 million in cash and cash investments.

Chief Executive Officer Alex Lidow noted, "Business conditions were mixed in the quarter. Automotive, defense, and industrial business was strong, but demand fell short in high-end information technology applications, and the resulting mix shift put gross margins under renewed pressure."

"September-quarter results continued to demonstrate the strength of our proprietary products, which accounted for a record 54 percent of product revenues in the quarter. We are currently evaluating steps to enhance our position in proprietary products and address weak market conditions. These actions include consolidating factories, centralizing support organizations, and lowering overhead costs. We are targeting cost savings of approximately \$55 to \$65 million per year. Workforce reductions and related measures are expected to result in charges of \$15 to \$20 million, with additional charges possible in the December quarter. We are currently finalizing our evaluation of alternatives and expect to communicate our plans in early December."

In the quarter ended September, the company continued to strengthen its leadership in target markets:

- IR won designs for next-generation washers, refrigerators, and air conditioners from Sharp, Whirlpool, Maytag, GE, and LG Electronics. Revenues from the appliance sector grew nearly 50 percent year-on-year and represented more than 10 percent of OEM revenues in the quarter.
- The company won designs in new automotive programs for diesel injection, powertrain control, constant-velocity transmissions, fan controls, and fuel pumps. Revenues from the automotive sector grew from 12 percent of revenues two years ago to 25 percent in the most recent quarter, and these revenues are targeted to grow between 90 and 100 percent in fiscal 2003.
- IR won new designs with advanced circuit devices such as our iPOWIR in four of the top five PC brands. Revenues from PC applications grew from 12 percent of revenues two years ago to 26 percent in the most recent quarter.
- British Aerospace selected IR motor control technology for a new unmanned ground-combat vehicle, and IR secured more than a dozen new defense and aerospace designs from companies including Lockheed Martin, Saab Avionics, and Northrop Grumman. Revenues from the defense/aerospace sector grew from 7 percent of revenues two years ago to 13 percent in the most recent quarter.

The company noted that a sustainable upturn in information technology spending remains increasingly unlikely until sometime in calendar 2003. IR is taking a conservative view of the coming holiday season and expects December-quarter revenues to be sequentially flat, plus-or-minus 3 percent. The company plans to reduce factory utilization and use short-term plant shutdowns and short work-weeks to reduce inventories by \$10 to \$15 million in the quarter. Consequently, December-quarter gross margin is expected to be between 32 and 34 percent. For the full year, IR expects to grow revenues by 17 to 23 percent and to continue to enrich its business mix, ending the year with 60 percent of revenues coming from proprietary products. The company's restructuring activities are expected to produce \$12 to \$15 million of cost savings in fiscal 2003 and \$55 to \$65 million of annual cost savings when completed.

[Unaudited Consolidated Statement of Income](#)
[Consolidated Balance Sheet](#)

International Rectifier is a world leader in power management technology that improves functionality, speed, compactness, and portability in information technology and other end products. IR's analog ICs, advanced-circuit devices, power systems, and components enable Internet hardware to gain speed and reliability, allow portable electronics to run longer off a single charge, improve automotive fuel efficiency, and cut energy consumption in home appliances and industrial motors. The company is the pioneer and market leader in the \$4 billion power MOSFET industry, and over 20 companies are licensed under its power MOSFET patents. IR serves market leaders around the world, and more than half its revenue comes from outside the United States.

The foregoing material includes some forward-looking statements made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We caution that such statements are subject to a number of uncertainties, and actual results may differ materially. Factors that could affect the company's actual results include the failure of market demand to materialize as anticipated; weakness or program or order postponements in the information technology sector of our business; the effectiveness of cost controls and cost reductions; the effectiveness of our inventory management plans and our ability to realize full value thereon; pricing pressures; litigation and other unexpected costs associated with cost-reduction efforts, including reductions in force and the transfer and consolidation of product lines and equipment; the effectiveness of integration of acquisitions into our operations; the ability or the timing of the company to achieve strategic acquisitions and the effect of associated costs; the availability of government incentives; the accuracy of customers' forecasts; product claims, returns and recalls; market and sector conditions that affect our customers, licensees and suppliers; introduction, acceptance, availability, and continued demand and growth of new and high-performance products; delays in transferring and ramping production lines or completing customer qualifications; company and market impact due to the cancellation or delays in customer and/or industry programs and/or orders; unfavorable changes in industry and competitive conditions; economic conditions in the company's markets around the world and the timing of changes in market conditions; the company's mix of product shipments; availability of adequate capacity and unanticipated costs of refurbishment or replacement of equipment; the success of working capital management programs; failure of suppliers and subcontractors to meet their delivery commitments; impact of any disruption in, or increased cost of, electricity and/or other critical supplies; changes in interest and investment rates; impacts on our business or financial condition due to changes in currency valuation or exchange rates or to the euro conversion; impact of changes in accounting methods; the impact of changes in laws and regulations, including tax, trade and export regulations and policies; the actual results of any outstanding patent and other litigation; and other uncertainties disclosed in the company's reports filed with the Securities and Exchange Commission, including its most recent report on form 10-K. To the foregoing factors should be added the financial and other disruptive effects of terrorist actions.