

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, DC 20549

**FORM 8-K**

**CURRENT REPORT**  
**PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): **July 25, 2018**

**SILICON LABORATORIES INC.**

(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**000-29823**  
(Commission File Number)

**74-2793174**  
(IRS Employer  
Identification No.)

**400 West Cesar Chavez, Austin, TX**  
(Address of Principal Executive Offices)

**78701**  
(Zip Code)

Registrant's telephone number, including area code: **(512) 416-8500**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Exchange Act of 1934.

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**Item 2.02. Results of Operations and Financial Condition**

On July 25, 2018, Silicon Laboratories Inc. ("Silicon Laboratories") issued a press release describing its results of operations for its fiscal quarter ended June 30, 2018. A copy of the press release is attached as Exhibit 99 to this report.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits.

99 Press Release of Silicon Laboratories Inc. dated July 25, 2018

Use of Non-GAAP Financial Information

From time to time, Silicon Laboratories provides certain non-GAAP financial measures as additional information relating to its operating results. The non-GAAP financial measurements provided in the press release furnished herewith do not replace the presentation of Silicon Laboratories' GAAP financial results. These additional measurements merely provide supplemental information to assist investors in analyzing Silicon Laboratories' financial position and results of operations; however, these measures are not in accordance with, or an alternative to, GAAP and may be different from non-GAAP measures used by other companies.

Non-GAAP financial measures used by Silicon Laboratories include non-GAAP gross margin, non-GAAP research and development expense, non-GAAP selling, general and administrative expense, non-GAAP operating income, non-GAAP interest expense, non-GAAP net income and non-GAAP diluted earnings per share. Silicon Laboratories has chosen to provide this information to investors because it believes that such supplemental information enables them to perform meaningful comparisons of past, present and future operating results, and as a means to highlight the results of core ongoing operations.

Non-GAAP financial measures are adjusted by the following items:

- *Stock compensation expense* — represents charges for employee stock awards issued under Silicon Laboratories’ stock-based compensation plans. Stock compensation expense is excluded from non-GAAP financial measures because it is a non-cash expense, and excluding such expense provides meaningful supplemental information regarding core ongoing operations.
- *Intangible asset amortization* — primarily represents charges for the amortization of intangibles assets, such as core and developed technology, customer relationships and trademarks, acquired in connection with business combinations. Intangible asset amortization is excluded from non-GAAP financial measures because it is a non-cash expense, and excluding such expense provides meaningful supplemental information regarding core ongoing operations.
- *Acquisition related items* — primarily including the following: charges for the fair value write-up associated with inventory acquired; adjustments to the fair value of acquisition-related contingent consideration; and acquisition-related costs to effect a business combination, such as costs for attorneys, investment bankers, accountants and other third party service providers. Acquisition related items are excluded from non-GAAP financial measures because excluding such amounts provides meaningful supplemental information regarding core ongoing operations.
- *Termination costs, impairments and fair value adjustments* — primarily include costs associated with certain employee terminations, asset impairments and fair value adjustments resulting from observable price changes. Termination costs, impairments and fair value adjustments are excluded from non-GAAP financial measures because excluding such amounts provides meaningful supplemental information regarding core ongoing operations.

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- *Non-cash interest expense* — represents charges for the amortization of the debt discount on Silicon Laboratories’ convertible senior notes. Such interest expense is excluded from non-GAAP financial measures because it is a non-cash expense, and excluding such expense provides meaningful supplemental information regarding core ongoing operations.
- *Income tax adjustments* — primarily include the following: the effect of the Tax Cuts & Jobs Act of 2017; the current and deferred income tax effects of the above non-GAAP adjustments; other indirect impacts of excluding stock-based compensation; and the income tax impact of certain intercompany license arrangements for technology acquired in business combinations. Income tax adjustments are excluded from non-GAAP financial measures because excluding such amounts provides meaningful supplemental information regarding core ongoing operations.

Pursuant to the requirements of Regulation G, we have provided in the press release furnished with this report a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

The information in this report, including the exhibit hereto, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. The information contained therein and in the accompanying exhibit shall not be incorporated by reference into any filing with the U.S. Securities and Exchange Commission made by Silicon Laboratories, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99	<a href="#">Press Release of Silicon Laboratories Inc. dated July 25, 2018</a>

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## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SILICON LABORATORIES INC.

July 25, 2018  
Date

/s/ John C. Hollister  
John C. Hollister  
Senior Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

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## Silicon Labs Announces Second Quarter 2018 Results

— Delivers Record Revenue in IoT and Infrastructure —

**AUSTIN, Texas — July 25, 2018** – Silicon Labs (NASDAQ: SLAB), a leading provider of silicon, software and solutions for a smarter, more connected world, today reported financial results for its second quarter ended June 30, 2018. Revenue in the second quarter established a new, all-time record, achieving the high end of guidance at \$217 million, up from \$205 million in the first quarter. Second quarter GAAP and non-GAAP diluted earnings per share (EPS) were \$0.32 and \$0.92, respectively.

“We continue to focus on long-term, high-quality, strategic growth vectors, including IoT, green energy and data communications,” said Tyson Tuttle, CEO of Silicon Labs. “The insatiable demand for data will persist, the electrification of the world will accelerate, and the value in connecting ‘things’ will increase exponentially. The diversity of our business supports strong fundamentals and is driving greater consistency in our results. We are very pleased with what we have accomplished, and even more excited about what lies ahead.”

### Second Quarter Financial Highlights

- IoT revenue increased to \$116 million, up 13% sequentially and 19% year-on-year.
- Infrastructure revenue increased to \$52 million, up 4% sequentially and 35% year-on-year.
- Broadcast revenue declined to \$34 million, down 5% sequentially and 7% year-on-year.
- Access revenue declined to \$15 million, down 8% sequentially and 12% year-on-year.

On a GAAP basis:

- GAAP gross margin was 60.5%.
- GAAP R&D expenses were \$59 million.
- GAAP SG&A expenses were \$54 million.
- GAAP operating income as a percentage of revenue was 8.3%.
- GAAP diluted earnings per share were \$0.32.

On a non-GAAP basis, excluding the impact of stock compensation, amortization of acquired intangible assets, non-cash interest expense on convertible notes, and certain other items as set forth in the reconciliation tables below:

- Non-GAAP gross margin was 61.6%.
- Non-GAAP R&D expenses were \$47 million.
- Non-GAAP SG&A expenses were \$41 million.

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- Non-GAAP operating income as a percentage of revenue was 21.2%.
  - Non-GAAP diluted earnings per share were \$0.92.

### Product Highlights

- Released new software for the Wireless Gecko portfolio enabling dynamic switching between sub-GHz networks and Bluetooth Low Energy on a single chip.
- Expanded Silicon Labs’ portfolio of clock generators, jitter attenuators and crystal oscillators to meet the high-performance timing requirements of 56G SerDes and emerging 112G serial applications.

### Business Highlights

- Completed the asset purchase of Sigma Designs’ Z-Wave business for \$243 million on April 18, 2018, expanding Silicon Labs’ leading position in mesh networking for the smart home.
- Appointed Daniel Cooley as Senior Vice President and Chief Strategy Officer, focusing on Silicon Labs’ overall growth and M&A strategy, business development, new technologies and emerging markets.
- Added Matt Johnson as Senior Vice President and General Manager of IoT Products, leading the development and market success of the company’s broad portfolio of wireless products, microcontrollers, sensors, development tools and software.

### Business Outlook

The company expects revenue in the third quarter to be in the range of \$224 to \$230 million, and estimates the following:

On a GAAP basis:

- GAAP gross margin at approximately 58.5%.
- GAAP operating expenses at approximately \$111.0 million.
- GAAP effective tax rate at 0.0%.
- GAAP diluted earnings per share between \$0.40 and \$0.46.

On a non-GAAP basis, and excluding the impact of stock compensation, amortization of acquired intangible assets, non-cash interest expense on convertible notes, and certain other items as set forth in the reconciliation tables below:

- Non-GAAP gross margin at approximately 60.0%.
- Non-GAAP operating expenses between \$87.0 and \$88.0 million.
- Non-GAAP effective tax rate at 11.0%.
- Non-GAAP diluted earnings per share between \$0.95 and \$1.01.

## Webcast and Conference Call

A conference call discussing the quarterly results will follow this press release at 7:30 a.m. Central time. An audio webcast will be available on Silicon Labs' website ([www.silabs.com](http://www.silabs.com)) under Investor Relations. A replay will be available after the call at the same website listed above or by calling 1 (855) 859-2056 or (404) 537-3406 (international) and entering conference 88340292. The replay will be available through August 22, 2018.

## About Silicon Labs

Silicon Labs (NASDAQ: SLAB) is a leading provider of silicon, software and solutions for a smarter, more connected world. Our award-winning technologies are shaping the future of the Internet of Things, Internet infrastructure, industrial automation, consumer and automotive markets. Our world-class engineering team creates products focused on performance, energy savings, connectivity and simplicity. [www.silabs.com](http://www.silabs.com)

## Forward-Looking Statements

This press release contains forward-looking statements based on Silicon Labs' current expectations. The words "believe," "estimate," "expect," "intend," "anticipate," "plan," "project," "will" and similar phrases as they relate to Silicon Labs are intended to identify such forward-looking statements. These forward-looking statements reflect the current views and assumptions of Silicon Labs and are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are the following: risks that Silicon Labs may not be able to maintain its historical growth; quarterly fluctuations in revenues and operating results; difficulties developing new products that achieve market acceptance; dependence on a limited number of products and customers; intellectual property litigation risks; risks associated with acquisitions and divestitures; product liability risks; difficulties managing our distributors, manufacturers and subcontractors; inventory-related risks; difficulties managing international activities; risks that Silicon Labs may not be able to manage strains associated with its growth; credit risks associated with our accounts receivable; dependence on key personnel; stock price volatility; geographic concentration of manufacturers, assemblers, test service providers and customers in Asia that subjects Silicon Labs' business and results of operations to risks of natural disasters, epidemics, war and political unrest; debt-related risks; capital-raising risks; the competitive and cyclical nature of the semiconductor industry; average selling prices of products may decrease significantly and rapidly; information technology risks; cyber-attacks against our products and our networks; conflict mineral risks and other factors that are detailed in the SEC filings of Silicon Laboratories Inc. Silicon Labs disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. References in this press release to Silicon Labs shall mean Silicon Laboratories Inc.

*Note to editors: Silicon Laboratories, Silicon Labs, the "S" symbol, and the Silicon Labs logo are trademarks of Silicon Laboratories Inc. All other product names noted herein may be trademarks of their respective holders.*

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### Silicon Laboratories Inc. Condensed Consolidated Statements of Income (In thousands, except per share data) (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Revenues	\$ 217,106	\$ 190,098	\$ 422,490	\$ 369,126
Cost of revenues	85,814	76,906	166,961	150,773
Gross margin	131,292	113,192	255,529	218,353
Operating expenses:				
Research and development	59,495	52,432	114,323	104,756
Selling, general and administrative	53,796	39,826	99,490	79,981
Operating expenses	113,291	92,258	213,813	184,737
Operating income	18,001	20,934	41,716	33,616
Other income (expense):				
Interest income and other, net	1,609	1,595	4,811	2,171
Interest expense	(4,888)	(4,699)	(9,771)	(4,501)
Income before income taxes	14,722	17,830	36,756	31,286
Provision (benefit) for income taxes	442	1,261	(3,929)	(709)
Net income	<u>\$ 14,280</u>	<u>\$ 16,569</u>	<u>\$ 40,685</u>	<u>\$ 31,995</u>
Earnings per share:				
Basic	\$ 0.33	\$ 0.39	\$ 0.94	\$ 0.76

Diluted	\$	0.32	\$	0.38	\$	0.92	\$	0.74
Weighted-average common shares outstanding:								
Basic		43,312		42,478		43,138		42,287
Diluted		44,294		43,178		44,106		43,104

**Unaudited Reconciliation of GAAP to Non-GAAP Financial Measures**  
(In thousands, except per share data)

Non-GAAP Income Statement Items	Three Months Ended June 30, 2018						
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Acquisition Related Items	Non-GAAP Measure	Non-GAAP Percent of Revenue
Revenues	\$ 217,106						
Gross margin	131,292	60.5%	\$ 294	\$ —	\$ 2,148	\$ 133,734	61.6%
Research and development	59,495	27.4%	5,669	6,940	—	46,886	21.6%
Selling, general and administrative	53,796	24.8%	6,156	2,726	4,163	40,751	18.8%
Operating income	18,001	8.3%	12,119	9,666	6,311	46,097	21.2%

Non-GAAP Earnings Per Share	Three Months Ended June 30, 2018						
	GAAP Measure	Stock Compensation Expense*	Intangible Asset Amortization*	Acquisition Related Items*	Non-cash Interest Expense*	Income Tax Adjustments	Non-GAAP Measure
Net income	\$ 14,280	\$ 12,119	\$ 9,666	\$ 6,311	\$ 2,767	\$ (4,559)	\$ 40,584
Diluted shares outstanding	44,294						44,294
Diluted earnings per share	\$ 0.32						\$ 0.92

\* Represents pre-tax amounts

**Unaudited Forward-Looking Statements Regarding Business Outlook**  
(In millions, except per share data)

Business Outlook	Three Months Ending September 29, 2018		
	GAAP Measure	Non-GAAP Adjustments	Non-GAAP Measure
Gross margin	58.5%	1.5%	60.0%
Operating expenses	\$111	\$23-\$24	\$87-\$88
Effective tax rate	0.0%*	11.0%*	11.0%
Diluted earnings per share - low	\$0.40*	\$0.55*	\$0.95
Diluted earnings per share - high	\$0.46*	\$0.55*	\$1.01

\* Does not reflect any potential impact resulting from the U.S. Court of Appeals for the Ninth Circuit's decision on July 24, 2018 on the Altera Tax Court case involving the treatment of stock-based compensation in an intercompany cost-sharing arrangement. The Company is currently evaluating the impact of this decision and such impact could be material to its financial statements.

**Silicon Laboratories Inc.**  
**Condensed Consolidated Balance Sheets**  
(In thousands, except per share data)  
(Unaudited)

	June 30, 2018	December 30, 2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 194,864	\$ 269,366

Short-term investments	347,416	494,657
Accounts receivable, net	93,830	71,367
Inventories	87,163	73,132
Prepaid expenses and other current assets	52,642	39,120
Total current assets	775,915	947,642
Property and equipment, net	132,021	127,682
Goodwill	396,689	288,227
Other intangible assets, net	192,601	83,144
Other assets, net	95,385	88,387
Total assets	<u>\$ 1,592,611</u>	<u>\$ 1,535,082</u>

#### Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable	\$ 40,323	\$ 38,851
Deferred revenue and returns liability	24,503	—
Deferred income on shipments to distributors	—	50,115
Other current liabilities	74,254	73,359
Total current liabilities	139,080	162,325
Convertible debt	348,233	341,879
Other non-current liabilities	76,830	77,862
Total liabilities	564,143	582,066
Commitments and contingencies		
Stockholders' equity:		
Preferred stock — \$0.0001 par value; 10,000 shares authorized; no shares issued	—	—
Common stock — \$0.0001 par value; 250,000 shares authorized; 43,350 and 42,707 shares issued and outstanding at June 30, 2018 and December 30, 2017, respectively	4	4
Additional paid-in capital	111,984	102,862
Retained earnings	918,440	851,307
Accumulated other comprehensive loss	(1,960)	(1,157)
Total stockholders' equity	1,028,468	953,016
Total liabilities and stockholders' equity	<u>\$ 1,592,611</u>	<u>\$ 1,535,082</u>

**Silicon Laboratories Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(In thousands)  
(Unaudited)

	Six Months Ended	
	June 30, 2018	July 1, 2017
<b>Operating Activities</b>		
Net income	\$ 40,685	\$ 31,995
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation of property and equipment	7,643	7,308
Amortization of other intangible assets and other assets	18,366	13,571
Amortization of debt discount and debt issuance costs	6,354	3,907
Stock-based compensation expense	24,311	21,652
Deferred income taxes	(5,830)	(6,242)
Changes in operating assets and liabilities:		
Accounts receivable	(16,705)	(887)
Inventories	(565)	(7,737)
Prepaid expenses and other assets	(1,759)	12,539
Accounts payable	2,980	2,363
Other current liabilities and income taxes	(17,249)	14
Deferred income, deferred revenue and returns liability	(4,193)	3,251
Other non-current liabilities	(3,260)	(1,169)
Net cash provided by operating activities	50,778	80,565
<b>Investing Activities</b>		
Purchases of available-for-sale investments	(148,437)	(389,234)
Sales and maturities of available-for-sale investments	295,405	92,307
Purchases of property and equipment	(11,406)	(8,390)
Purchases of other assets	(5,893)	(1,784)
Acquisition of business, net of cash acquired	(239,729)	(13,658)
Net cash used in investing activities	(110,060)	(320,759)
<b>Financing Activities</b>		
Proceeds from issuance of long-term debt, net	—	389,468
Payments on debt	—	(72,500)
Repurchases of common stock	(3,397)	—
Payment of taxes withheld for vested stock awards	(18,408)	(14,101)
Proceeds from the issuance of common stock	6,585	6,836
Net cash provided by (used in) financing activities	(15,220)	309,703

Increase (decrease) in cash and cash equivalents	(74,502)	69,509
Cash and cash equivalents at beginning of period	269,366	141,106
Cash and cash equivalents at end of period	<u>\$ 194,864</u>	<u>\$ 210,615</u>

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