

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

	Three Months Ended		Year Ended	
	December 29, 2018	December 30, 2017	December 29, 2018	December 30, 2017
Revenues	\$215,534	\$201,018	\$868,267	\$768,867
Cost of revenues	85,291	81,754	346,868	314,676
Gross margin	130,243	119,264	521,399	454,191
Operating expenses:				
Research and development	62,933	52,735	238,347	209,491
Selling, general and administrative	48,948	40,139	197,844	159,726
Operating expenses	111,881	92,874	436,191	369,217
Operating income	18,362	26,390	85,208	84,974
Other income (expense):				
Interest income and other, net	(273)	1,963	6,647	6,057
Interest expense	(4,991)	(4,863)	(19,694)	(14,128)
Income before income taxes	13,098	23,490	72,161	76,903
Provision (benefit) for income taxes	(2,047)	28,342	(11,430)	29,811
Net income (loss)	<u>\$ 15,145</u>	<u>\$ (4,852)</u>	<u>\$ 83,591</u>	<u>\$ 47,092</u>
Earnings (loss) per share:				
Basic	\$ 0.35	\$ (0.11)	\$ 1.94	\$ 1.11
Diluted	\$ 0.35	\$ (0.11)	\$ 1.90	\$ 1.09
Weighted-average common shares outstanding:				
Basic	43,109	42,656	43,159	42,446
Diluted	43,774	42,656	44,044	43,332

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

	<b>December 29, 2018</b>	<b>December 30, 2017</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 197,043	\$ 269,366
Short-term investments	416,779	494,657
Accounts receivable, net	73,194	71,367
Inventories	74,972	73,132
Prepaid expenses and other current assets	64,650	39,120
Total current assets	826,638	947,642
Property and equipment, net	139,049	127,682
Goodwill	397,344	288,227
Other intangible assets, net	170,832	83,144
Other assets, net	90,491	88,387
Total assets	<b>\$1,624,354</b>	<b>\$1,535,082</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 41,171	\$ 38,851
Deferred revenue and returns liability	22,494	--
Deferred income on shipments to distributors	--	50,115
Other current liabilities	81,180	73,359
Total current liabilities	144,845	162,325
Convertible debt	354,771	341,879
Other non-current liabilities	57,448	77,862
Total liabilities	557,064	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; 43,088 and 42,707 shares issued and outstanding at December 29, 2018 and December 30, 2017, respectively	4	4
Additional paid-in capital	107,517	102,862
Retained earnings	961,343	851,307
Accumulated other comprehensive loss	(1,574)	(1,157)
Total stockholders' equity	1,067,290	953,016
Total liabilities and stockholders' equity	<b>\$1,624,354</b>	<b>\$1,535,082</b>

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

	<b>Year Ended</b>	
	<b>December 29, 2018</b>	<b>December 30, 2017</b>
<b>Operating Activities</b>		
Net income	\$ 83,591	\$ 47,092
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation of property and equipment	15,912	14,766
Amortization of other intangible assets and other assets	44,102	27,246
Amortization of debt discount and debt issuance costs	12,892	10,146
Stock-based compensation expense	50,077	44,752
Deferred income taxes	(8,210)	(26,452)
Changes in operating assets and liabilities:		
Accounts receivable	3,931	3,234
Inventories	7,660	(13,416)
Prepaid expenses and other assets	(4,960)	25,266
Accounts payable	5,952	(468)
Other current liabilities and income taxes	(21,828)	61,924
Deferred income, deferred revenue and returns liability	(6,202)	4,453
Other non-current liabilities	(9,375)	(9,022)
Net cash provided by operating activities	<u>173,542</u>	<u>189,521</u>
<b>Investing Activities</b>		
Purchases of available-for-sale investments	(395,904)	(636,363)
Sales and maturities of available-for-sale investments	474,129	294,452
Purchases of property and equipment	(24,462)	(12,252)
Purchases of other assets	(11,063)	(4,960)
Acquisitions of businesses, net of cash acquired	(239,729)	(15,168)
Net cash used in investing activities	<u>(197,029)</u>	<u>(374,291)</u>
<b>Financing Activities</b>		
Proceeds from issuance of long-term debt, net	--	389,468
Payments on debt	--	(72,500)
Repurchases of common stock	(39,276)	--
Payment of taxes withheld for vested stock awards	(19,483)	(15,753)
Proceeds from the issuance of common stock	13,303	11,815
Payment of acquisition-related contingent consideration	(3,380)	--
Net cash provided by (used in) financing activities	<u>(48,836)</u>	<u>313,030</u>
Increase (decrease) in cash and cash equivalents	(72,323)	128,260
Cash and cash equivalents at beginning of period	<u>269,366</u>	<u>141,106</u>
Cash and cash equivalents at end of period	<u>\$197,043</u>	<u>\$269,366</u>

## Non-GAAP Financial Measurements

In addition to the GAAP results provided throughout this document, Silicon Labs has provided non-GAAP financial measurements on a basis excluding non-cash and other charges and benefits. Details of these excluded items are presented in the tables below, which reconcile the GAAP results to non-GAAP financial measurements.

The non-GAAP financial measurements do not replace the presentation of Silicon Labs' GAAP financial results. These measurements provide supplemental information to assist management and investors in analyzing Silicon Labs' financial position and results of operations. Silicon Labs has chosen to provide this information to investors to enable them to perform meaningful comparisons of past, present and future operating results and as a means to emphasize the results of core on-going operations.

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

Non-GAAP Income Statement Items	Three Months Ended December 29, 2018					
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Non-GAAP Measure	Non-GAAP Percent of Revenue
Revenues	\$215,534					
Gross margin	130,243	60.4%	\$ 323	\$ --	\$130,566	60.6%
Research and development	62,933	29.2%	6,413	7,760	48,760	22.6%
Selling, general and administrative	48,948	22.7%	6,447	3,020	39,481	18.4%
Operating expenses	111,881	51.9%	12,860	10,780	88,241	41.0%
Operating income	18,362	8.5%	13,183	10,780	42,325	19.6%

  

Non-GAAP Earnings Per Share and Income Tax Rate	Three Months Ended December 29, 2018								
	GAAP Measure	GAAP Tax Percentage Rate	Stock Compensation Expense	Intangible Asset Amortization	Termination Costs and Fair Value Adjustments	Non-cash Interest Expense	Income Tax Adjustments	Non-GAAP Measure	Non-GAAP Tax Percentage Rate
Income before income taxes	\$13,098		\$13,183	\$10,780	\$2,785	\$2,880	\$ --	\$42,726	
Provision (benefit) for income taxes	(2,047)	-15.6%					4,777	2,730	6.4%
Net income	\$15,145							\$39,996	
Diluted shares outstanding	43,774							43,774	
Diluted earnings per share	\$ 0.35							\$ 0.91	

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

<b>Business Outlook</b>	<b>Three Months Ending March 30, 2019</b>		
	<b>GAAP Measure</b>	<b>Non-GAAP Adjustments</b>	<b>Non-GAAP Measure</b>
Gross margin	60.0%	0.0%	60.0%
Operating expenses	\$114	\$24	\$90
Effective tax rate	10.0%	3.0%	13.0%
Diluted earnings (loss) per share - low	\$(0.11)	\$0.53	\$0.42
Diluted earnings (loss) per share - high	\$(0.01)	\$0.53	\$0.52

\*\* These financial schedules contain 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 Silicon Labs' distributors, manufacturers and subcontractors; inventory-related risks; difficulties managing international activities; risks associated with international activities (including trade barriers); risks that Silicon Labs may not be able to manage strains associated with its growth; credit risks associated with its 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 Silicon Labs' products and its 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 these financial schedules to Silicon Labs shall mean Silicon Laboratories Inc.