

**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): **January 31, 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.

Item 2.02. Results of Operations and Financial Condition

On January 31, 2018, Silicon Laboratories Inc. ("Silicon Laboratories") issued a press release describing its results of operations for its fiscal quarter and year ended December 30, 2017. 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 January 31, 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 and impairments* — primarily include costs associated with certain employee terminations and asset impairments. Termination costs and impairments 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 | Press Release of Silicon Laboratories Inc. dated January 31, 2018 |

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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.

January 31, 2018

/s/ John C. Hollister

Date

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

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Silicon Labs Announces Fourth Quarter 2017 Results

— Q4 Revenue Tops \$200 Million —

AUSTIN, Texas — Jan. 31, 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 fourth quarter ended December 30, 2017. Revenue in the fourth quarter ended at the high end of guidance at \$201 million, up from \$199 million in the third quarter, and establishing a new all-time record. Fourth quarter GAAP (loss) per share was \$(0.11), which includes an approximate \$(0.60) per share impact from U.S. corporate tax reform, resulting from a \$26 million charge to the GAAP tax provision. Fourth quarter non-GAAP diluted earnings per share were \$0.93.

“We are very pleased to report outstanding fourth quarter and full-year 2017 financial performance, including 10 percent year-on-year product revenue growth for Q4 and 11 percent for the year,” said Tyson Tuttle, CEO of Silicon Labs. “With the combined effort of our 1,300 employees and the support of our business partners and customers worldwide, we have transformed our business to address large, high-quality, sustainable and growing market trends in IoT, green energy and Internet infrastructure. Becoming a \$1 billion company is within our sight.”

Fourth Quarter Financial Highlights

- IoT revenue established a record, increasing to \$109 million, up 10% sequentially and 28% year-on-year.
- Infrastructure revenue increased to \$39 million, up 1% sequentially and 5% year-on-year.
- Broadcast revenue declined to \$36 million, down 16% sequentially and 11% year-on-year.
- Access revenue declined to \$16 million, down 3% sequentially and 16% year-on-year.

On a GAAP basis:

- GAAP gross margin was 59.3%.
- GAAP R&D expenses were \$53 million.
- GAAP SG&A expenses were \$40 million.
- GAAP operating income as a percentage of revenue was 13.1%.
- GAAP diluted loss per share was \$(0.11).

On a non-GAAP basis, excluding the impact of stock compensation, amortization of acquired intangible assets, non-cash interest expense on convertible notes, the effect of the Tax Cuts & Jobs Act of 2017, and certain other items as set forth in the reconciliation tables below:

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- Non-GAAP gross margin was 59.5%.
 - Non-GAAP R&D expenses were \$42 million.
 - Non-GAAP SG&A expenses were \$33 million.
 - Non-GAAP operating income as a percentage of revenue was 22.2%.
 - Non-GAAP diluted earnings per share were \$0.93.

Product Highlights

- Released dynamic multiprotocol software for Silicon Labs’ Wireless Gecko portfolio, a first-of-its-kind solution with RTOS scheduling, enabling simultaneous operation of Zigbee and Bluetooth low energy on a single SoC.
- Introduced the Si54x Ultra Series™ I2C-programmable crystal oscillators, providing superior jitter performance and frequency flexibility for 100/200/400G applications.
- Enabled Hager Group’s building automation module solution based on Silicon Labs’ EFR32 Wireless Gecko SoC.
- Announced new Si117x biosensors, which add electrocardiogram measurement and deliver high heart rate monitoring accuracy, while minimizing power consumption for all-day monitoring in health and fitness devices.

Business Highlights

- Announced a definitive agreement to acquire Sigma Designs subject to certain closing conditions which, if not met, would revert to an asset sale of Sigma Designs’ Z-Wave business. On January 23, 2018, Sigma Designs announced that the parties would revert to the asset sale of the Z-Wave business to Silicon Labs for \$240 million, pursuant to the terms of the definitive agreement and contingent upon approval by Sigma Designs’ shareholders.
- Won the Global Semiconductor Alliance’s “Most Respected Public Semiconductor Company” award for the third year in a row.

Business Outlook

The company expects revenue in the first quarter to be in the range of \$196 million to \$202 million, and also estimates the following:

On a GAAP basis:

- GAAP gross margin at approximately 59.0%.
- GAAP operating expenses at approximately \$98.0 million.

- GAAP effective tax rate at (15.0)%.
- GAAP diluted earnings per share between \$0.42 and \$0.48.

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 between 59.0% and 59.5%.
- Non-GAAP operating expenses at approximately \$80.0 million.
- Non-GAAP effective tax rate between 12.0% and 13.0%.
- Non-GAAP diluted earnings per share between \$0.73 and \$0.79.

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) 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 88340275. The replay will be available through February 28, 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

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 | | Year Ended | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | December 30, 2017 | December 31, 2016 | December 30, 2017 | December 31, 2016 |
| Revenues | \$ 201,018 | \$ 182,610 | \$ 768,867 | \$ 697,626 |
| Cost of revenues | 81,754 | 73,134 | 314,676 | 276,122 |
| Gross margin | 119,264 | 109,476 | 454,191 | 421,504 |
| Operating expenses: | | | | |
| Research and development | 52,735 | 50,626 | 209,491 | 199,744 |
| Selling, general and administrative | 40,139 | 38,767 | 159,726 | 155,483 |
| Operating expenses | 92,874 | 89,393 | 369,217 | 355,227 |
| Operating income | 26,390 | 20,083 | 84,974 | 66,277 |
| Other income (expense): | | | | |
| Interest income and other, net | 1,963 | 357 | 6,057 | 806 |
| Interest expense | (4,863) | (648) | (14,128) | (2,587) |
| Income before income taxes | 23,490 | 19,792 | 76,903 | 64,496 |
| Provision (benefit) for income taxes | 28,342 | (317) | 29,811 | 3,002 |
| Net income (loss) | \$ (4,852) | \$ 20,109 | \$ 47,092 | \$ 61,494 |

| | | | | | | |
|----------------------------|----|--------|----|------|----|------|
| Earnings (loss) per share: | | | | | | |
| Basic | \$ | (0.11) | \$ | 0.48 | \$ | 1.47 |
| Diluted | \$ | (0.11) | \$ | 0.47 | \$ | 1.45 |

| | | | | | | |
|---|--|--------|--|--------|--------|--------|
| Weighted-average common shares outstanding: | | | | | | |
| Basic | | 42,656 | | 41,850 | 42,446 | 41,713 |
| Diluted | | 42,656 | | 42,728 | 43,332 | 42,376 |

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

| Non-GAAP Income Statement Items | Three Months Ended December 30, 2017 | | | | | | |
|-------------------------------------|--------------------------------------|-------------------------|----------------------------|-------------------------------|---------------------------|------------------|-----------------------------|
| | GAAP Measure | GAAP Percent of Revenue | Stock Compensation Expense | Intangible Asset Amortization | Acquisition Related Items | Non-GAAP Measure | Non-GAAP Percent of Revenue |
| Revenues | \$ 201,018 | | | | | | |
| Gross margin | 119,264 | 59.3% | \$ 287 | \$ — | \$ — | \$ 119,551 | 59.5% |
| Research and development | 52,735 | 26.2% | 5,611 | 4,943 | — | 42,181 | 21.0% |
| Selling, general and administrative | 40,139 | 20.0% | 5,847 | 1,647 | (110) | 32,755 | 16.3% |
| Operating income | 26,390 | 13.1% | 11,745 | 6,590 | (110) | 44,615 | 22.2% |

| Non-GAAP Earnings Per Share | Three Months Ended December 30, 2017 | | | | | | |
|-----------------------------------|--------------------------------------|--|--------------------------------|----------------------------|----------------------------|------------------------|------------------|
| | GAAP Measure | Stock Compensation Expense* | Intangible Asset Amortization* | Acquisition Related Items* | Non-cash Interest Expense* | Income Tax Adjustments | Non-GAAP Measure |
| Net income (loss) | \$ (4,852) | \$ 11,745 | \$ 6,590 | \$ (110) | \$ 2,748 | \$ 24,631 | \$ 40,752 |
| Diluted shares outstanding | GAAP Measure | Dilutive Securities Excluded From GAAP Measure Due to Net Loss | | | | | Non-GAAP Measure |
| | 42,656 | | | | | | 43,744 |
| Diluted earnings (loss) per share | \$ (0.11) | | | | | | \$ 0.93 |

* Represents pre-tax amounts

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

| Business Outlook | Three Months Ending March 31, 2018 | | |
|-----------------------------------|------------------------------------|----------------------|------------------|
| | GAAP Measure | Non-GAAP Adjustments | Non-GAAP Measure |
| Gross margin | 59.0% | 0.25% | 59.25% |
| Operating expenses | \$ 98 | \$ 18 | \$ 80 |
| Effective tax rate | (15.0)% | 27.5% | 12.5% |
| Diluted earnings per share - low | \$ 0.42 | \$ 0.31 | \$ 0.73 |
| Diluted earnings per share - high | \$ 0.48 | \$ 0.31 | \$ 0.79 |

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

| | December 30, 2017 | December 31, 2016 |
|---------------------------|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 269,366 | \$ 141,106 |
| Short-term investments | 494,657 | 153,961 |
| Accounts receivable, net | 71,367 | 74,401 |

| | | |
|---|--------------|--------------|
| Inventories | 73,132 | 59,578 |
| Prepaid expenses and other current assets | 39,120 | 61,805 |
| Total current assets | 947,642 | 490,851 |
| Property and equipment, net | 127,682 | 129,559 |
| Goodwill | 288,227 | 276,130 |
| Other intangible assets, net | 83,144 | 103,565 |
| Other assets, net | 88,387 | 81,739 |
| Total assets | \$ 1,535,082 | \$ 1,081,844 |

Liabilities and Stockholders' Equity

| | | |
|--|--------------|--------------|
| Current liabilities: | | |
| Accounts payable | \$ 38,851 | \$ 39,577 |
| Deferred income on shipments to distributors | 50,115 | 45,568 |
| Other current liabilities | 73,359 | 54,550 |
| Total current liabilities | 162,325 | 139,695 |
| Long-term debt | — | 72,500 |
| Convertible debt | 341,879 | — |
| Other non-current liabilities | 77,862 | 42,691 |
| Total liabilities | 582,066 | 254,886 |
| 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; 42,707 and 41,889 shares issued and outstanding at December 30, 2017 and December 31, 2016, respectively | 4 | 4 |
| Additional paid-in capital | 102,862 | 24,463 |
| Retained earnings | 851,307 | 801,999 |
| Accumulated other comprehensive income (loss) | (1,157) | 492 |
| Total stockholders' equity | 953,016 | 826,958 |
| Total liabilities and stockholders' equity | \$ 1,535,082 | \$ 1,081,844 |

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

| | Year Ended | |
|---|----------------------|----------------------|
| | December 30, 2017 | December 31, 2016 |
| Operating Activities | | |
| Net income | \$ 47,092 | \$ 61,494 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Depreciation of property and equipment | 14,766 | 13,216 |
| Amortization of other intangible assets and other assets | 27,246 | 27,715 |
| Amortization of debt discount and debt issuance costs | 10,146 | — |
| Stock-based compensation expense | 44,752 | 39,628 |
| Income tax shortfall from stock-based awards | — | (1,671) |
| Deferred income taxes | (26,452) | (4,087) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 3,234 | 46 |
| Inventories | (13,416) | (6,093) |
| Prepaid expenses and other assets | 25,266 | (3,568) |
| Accounts payable | (468) | 263 |
| Other current liabilities and income taxes | 61,924 | 2,879 |
| Deferred income on shipments to distributors | 4,453 | 9,713 |
| Other non-current liabilities | (9,022) | (10,625) |
| Net cash provided by operating activities | 189,521 | 128,910 |
| Investing Activities | | |
| Purchases of available-for-sale investments | (636,363) | (185,231) |
| Sales and maturities of available-for-sale investments | 294,452 | 161,921 |
| Purchases of property and equipment | (12,252) | (10,927) |
| Purchases of other assets | (4,960) | (8,801) |
| Acquisitions of businesses, net of cash acquired | (15,168) | (6,546) |
| Net cash used in investing activities | (374,291) | (49,584) |
| Financing Activities | | |
| Proceeds from issuance of long-term debt, net | 389,468 | — |
| Payments on debt | (72,500) | (5,000) |
| Repurchases of common stock | — | (40,543) |
| Payment of taxes withheld for vested stock awards | (15,753) | (10,561) |
| Proceeds from the issuance of common stock | 11,815 | 13,299 |
| Payment of acquisition-related contingent consideration | — | (9,500) |
| Net cash provided by (used in) financing activities | 313,030 | (52,305) |

| | | |
|--|-------------------|-------------------|
| Increase in cash and cash equivalents | 128,260 | 27,021 |
| Cash and cash equivalents at beginning of period | 141,106 | 114,085 |
| Cash and cash equivalents at end of period | <u>\$ 269,366</u> | <u>\$ 141,106</u> |
