
**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): **April 29, 2020**

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value	SLAB	The NASDAQ Stock Market LLC

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 April 29, 2020, Silicon Laboratories Inc. (“Silicon Laboratories”) issued a press release describing its results of operations for its fiscal quarter ended April 4, 2020. 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 April 29, 2020

104 Cover Page Interactive Data File (formatted as Inline XBRL)

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 tax 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 of 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.
 - *Restructuring Charges* – primarily include costs associated with certain employee terminations, asset impairments and fair value adjustments resulting from observable price changes. Termination costs 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.

EXHIBIT INDEX

Exhibit No	Description
99	Press Release of Silicon Laboratories Inc. dated April 29, 2020
104	Cover Page Interactive Data File (formatted as Inline XBRL)

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.

April 29, 2020

/s/ John C. Hollister

Date

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



Silicon Labs Announces First Quarter 2020 Results
-- Continuing to Execute in an Uncertain Environment --

AUSTIN, Texas – April 29, 2020 – Silicon Labs (NASDAQ: SLAB), a leading provider of silicon, software and solutions for a smarter, more connected world, today reported financial results for its first quarter ended April 4, 2020. Revenue was above the guidance range at \$214.9 million, down from \$219.4 million in the fourth quarter. First quarter GAAP and non-GAAP diluted earnings per share (EPS) were \$0.05 and \$0.69, respectively.

“Revenue for the first quarter ended stronger than expectations at \$215 million, up 14 percent year-on-year,” said Tyson Tuttle, CEO of Silicon Labs. “As we face the unprecedented COVID-19 challenge, the health and safety of our employees, customers, partners and communities remain a top priority. We believe we are well-positioned to navigate the pandemic and are thankful to have the collaboration tools and remote-working infrastructure in place to facilitate a relatively smooth transition as our global teams advance toward well-established goals.”

“Our balance sheet remains healthy,” added Tuttle. “We have seen minimal disruption to our supply chain and have benefitted from a having a fables model. We believe our strategy targeting large, high-quality and diverse growth drivers in the IoT, communications infrastructure and electrification, combined with the industry-leading technologies we bring to bear, will continue to drive growth and improved profitability as we scale our business longer term.”

First Quarter Financial Highlights

- IoT revenue declined to \$118 million, down 8% sequentially and up 11% year-on-year.
- Infrastructure and Automotive revenue increased to \$97 million, up 6% sequentially and 19% year-on-year.

On a GAAP basis:

- GAAP gross margin was 60.1%.
- GAAP R&D expenses were \$71 million.
- GAAP SG&A expenses were \$54 million.
- GAAP operating income as a percentage of revenue was 1.8%.
- GAAP diluted earnings per share were \$0.05.

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

- Non-GAAP gross margin was 60.4%.
 - Non-GAAP R&D expenses were \$55 million.
 - Non-GAAP SG&A expenses were \$41 million.
 - Non-GAAP operating income as a percentage of revenue was 15.4%.
 - Non-GAAP diluted earnings per share were \$0.69.
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Product Results

- Announced Secure Vault technology for the Wireless Gecko Series 2 platform combining advanced security software with physically unclonable function (PUF) hardware to deliver the industry's most comprehensive suite of security capabilities for IoT products.
- Launched the EFR32MG22 SoC family targeting eco-friendly IoT products deployed in 15.4 mesh networks and optimized for Zigbee® Green Power applications including smart home sensors, lighting controls, and building and industrial automation.
- Announced the EFR32FG22 SoC family delivering an optimal combination of security features, proprietary protocol support, software tools and energy efficiency to extend the life of products with limited battery or energy harvesting options such as those used by electronic shelf labels and industrial wireless sensor nodes.
- Introduced a comprehensive IEEE 802.3bt-compliant Power over Ethernet (PoE) portfolio designed to reduce the cost and complexity of adding 90 W PoE to power sourcing equipment and powered devices.

Business Highlights

- Announced the acquisition of Redpine Signals' Wi-Fi and Bluetooth business, development center in Hyderabad, India, and extensive patent portfolio to expand Silicon Labs' leadership in IoT wireless technology.
- Hosted Silicon Labs' third Analyst Day at the company's global headquarters in Austin, Texas. This first-ever "virtual Analyst Day" attracted more than 250 attendees and enabled the leadership team to provide updates on Silicon Labs' strategy and longer-term growth potential.
- Borrowed \$310 million under an Amended Credit Agreement with Wells Fargo as a precautionary measure to increase Silicon Labs' cash position and preserve financial flexibility in light of current uncertainty in the global markets resulting from the novel coronavirus outbreak.

Business Outlook

The following includes the expected impact of the acquisition of assets from Redpine Signals. The company expects second quarter revenue to be in the range of \$190 to \$210 million, with IoT and Infrastructure & Automotive down, and estimates the following:

On a GAAP basis:

- GAAP gross margin at approximately 60.5%.
 - GAAP operating expenses at approximately \$122 million.
 - GAAP effective tax rate of 0.0%.
 - GAAP diluted (loss) per share between \$(0.26) and \$(0.03).
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On a non-GAAP basis, and excluding the impact of stock compensation, amortization of acquired intangible assets, acquisition related charges, restructuring charges, 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 61.0%.
- Non-GAAP operating expenses at approximately \$92.5 million.
- Non-GAAP effective tax rate at 10.5%.
- Non-GAAP diluted earnings per share between \$0.45 and \$0.68.

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 (877) 344-7529 (US) or (412) 317-0088 (International) and entering access code 10141681. The replay will be available through May 29, 2020.

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. 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: the impact of COVID-19 on the U.S. and global economy, including the restrictions on travel and transportation and other actions that may be taken by governmental authorities and disruptions to the business of our customers or our global supply chain, the impact of COVID-19 on our employees and our ability to provide services to our customers and respond to their needs; 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; risks associated with international activities (including trade barriers); intellectual property litigation risks; risks associated with acquisitions and divestitures; product liability risks; difficulties managing Silicon Labs' distributors, manufacturers and subcontractors; dependence on a limited number of products; absence of long-term commitments from customers; 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 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 or pandemics, 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 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	
	April 4, 2020	March 30, 2019
Revenues	\$ 214,877	\$ 188,113
Cost of revenues	85,711	72,239
Gross profit	129,166	115,874
Operating expenses:		
Research and development	71,223	61,566
Selling, general and administrative	53,996	49,216
Operating expenses	125,219	110,782
Operating income	3,947	5,092
Other income (expense):		
Interest income and other, net	3,251	2,823
Interest expense	(5,541)	(4,997)
Income before income taxes	1,657	2,918
Provision (benefit) for income taxes	(587)	(2,480)
Net income	<u>\$ 2,244</u>	<u>\$ 5,398</u>
Earnings per share:		
Basic	\$ 0.05	\$ 0.12
Diluted	\$ 0.05	\$ 0.12
Weighted-average common shares outstanding:		
Basic	43,642	43,189
Diluted	44,388	43,716

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

Non-GAAP Income Statement Items	Three Months Ended April 4, 2020							
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Acquisition Related Items	Restructuring Charges	Non-GAAP Measure	Non-GAAP Percent of Revenue
Revenues	\$ 214,877							
Gross margin	129,166	60.1%	\$ 335	\$ --	\$ 151	\$ 45	\$ 129,697	60.4%
Research and development	71,223	33.1%	7,370	7,167	--	1,434	55,252	25.7%
Selling, general and administrative	53,996	25.2%	7,608	2,505	1,284	1,318	41,281	19.3%
Operating income	3,947	1.8%	15,313	9,672	1,435	2,797	33,164	15.4%

Non-GAAP Earnings Per Share	Three Months Ended April 4, 2020							
	GAAP Measure	Stock Compensation Expense*	Intangible Asset Amortization*	Acquisition Related Items*	Restructuring Charges*	Non-cash Interest Expense*	Income Tax Adjustments	Non- GAAP Measure
Net income	\$ 2,244	\$ 15,313	\$ 9,672	\$ 1,435	\$ 2,797	\$ 3,246	\$ (4,001)	\$ 30,706
Diluted shares outstanding	44,388							44,388
Diluted earnings per share	\$ 0.05							\$ 0.69

* Represents pre-tax amounts

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

Business Outlook	Three Months Ending July 4, 2020		
	GAAP Measure	Non-GAAP Adjustments*	Non-GAAP Measure
Gross margin	60.5%	0.5%	61.0%
Operating expenses	\$ 122.0	\$ 29.5	\$ 92.5
Effective tax rate	0.0%	10.5%	10.5%
Diluted earnings (loss) per share - low	\$ (0.26)	\$ 0.71	\$ 0.45
Diluted earnings per share - high	\$ (0.03)	\$ 0.71	\$ 0.68

* Non-GAAP adjustments include the following estimates: stock compensation expense of \$13.7 million, intangible asset amortization of \$13.0 million, acquisition related items of \$2.9 million, restructuring charges of \$1.2 million, and non-cash interest expense of \$3.0 million, and associated tax impact from the aforementioned items.

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

	April 4, 2020	December 28, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 615,770	\$ 227,146
Short-term investments	442,493	498,825
Accounts receivable, net	74,620	75,639
Inventories	68,160	73,057
Prepaid expenses and other current assets	46,994	69,192
Total current assets	1,248,037	943,859
Property and equipment, net	136,391	135,939
Goodwill	398,402	398,402
Other intangible assets, net	124,604	134,279
Other assets, net	63,648	62,374
Total assets	<u>\$ 1,971,082</u>	<u>\$ 1,674,853</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 42,147	\$ 38,899
Revolving line of credit	310,000	--
Deferred revenue and returns liability	23,365	19,251
Other current liabilities	71,221	79,551
Total current liabilities	446,733	137,701
Convertible debt	371,993	368,257
Other non-current liabilities	52,753	53,844
Total liabilities	871,479	559,802
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; 43,670 and 43,496 shares issued and outstanding at April 4, 2020 and December 28, 2019, respectively	4	4
Additional paid-in capital	116,553	133,793
Retained earnings	983,377	980,608
Accumulated other comprehensive income (loss)	(331)	646
Total stockholders' equity	1,099,603	1,115,051
Total liabilities and stockholders' equity	<u>\$ 1,971,082</u>	<u>\$ 1,674,853</u>

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

	Three Months Ended	
	April 4, 2020	March 30, 2019
Operating Activities		
Net income	\$ 2,244	\$ 5,398
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	4,183	4,137
Amortization of other intangible assets and other assets	9,827	10,320
Amortization of debt discount and debt issuance costs	3,736	3,321
Stock-based compensation expense	15,313	12,584
Deferred income taxes	(2,364)	(3,530)
Changes in operating assets and liabilities:		
Accounts receivable	1,542	3,323
Inventories	4,777	4,488
Prepaid expenses and other assets	23,576	6,410
Accounts payable	2,748	714
Other current liabilities and income taxes	(9,134)	(15,996)
Deferred revenue and returns liability	4,114	1,477
Other non-current liabilities	(862)	(631)
Net cash provided by operating activities	<u>59,700</u>	<u>32,015</u>
Investing Activities		
Purchases of available-for-sale investments	(70,910)	(63,577)
Sales and maturities of available-for-sale investments	126,920	99,068
Purchases of property and equipment	(4,135)	(3,874)
Purchases of other assets	(370)	(414)
Net cash provided by investing activities	<u>51,505</u>	<u>31,203</u>
Financing Activities		
Proceeds from revolving line of credit	310,000	--
Repurchases of common stock	(16,287)	(15,004)
Payment of taxes withheld for vested stock awards	(16,294)	(14,113)
Net cash provided by (used in) financing activities	<u>277,419</u>	<u>(29,117)</u>
Increase in cash and cash equivalents	388,624	34,101
Cash and cash equivalents at beginning of period	227,146	197,043
Cash and cash equivalents at end of period	<u>\$ 615,770</u>	<u>\$ 231,144</u>