

SILICON LABORATORIES INC
Form 10-Q
July 25, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 29, 2013

or

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

For the transition period from _____ to _____

Commission file number: 000-29823

SILICON LABORATORIES INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

74-2793174

(I.R.S. Employer Identification No.)

400 West Cesar Chavez, Austin, Texas

(Address of principal executive offices)

78701

(Zip Code)

(512) 416-8500

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 17, 2013, 42,713,543 shares of common stock of Silicon Laboratories Inc. were outstanding.

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Cautionary Statement

Except for the historical financial information contained herein, the matters discussed in this report on Form 10-Q (as well as documents incorporated herein by reference) may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include declarations regarding the intent, belief or current expectations of Silicon Laboratories Inc. and its management and may be signified by the words believe, estimate, expect, intend, anticipate, plan, project, will or similar language. You are cautioned that any such

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forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. Actual results could differ materially from those indicated by such forward-looking statements. Factors that could cause or contribute to such differences include those discussed under Risk Factors and elsewhere in this report. Silicon Laboratories disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents**Part I. Financial Information****Item 1. Financial Statements****Silicon Laboratories Inc.****Condensed Consolidated Balance Sheets****(In thousands, except per share data)****(Unaudited)**

	June 29, 2013	December 29, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 193,468	\$ 105,426
Short-term investments	151,423	176,565
Accounts receivable, net of allowances for doubtful accounts of \$720 at June 29, 2013 and \$670 at December 29, 2012	68,635	78,023
Inventories	50,659	49,579
Deferred income taxes	16,387	16,652
Prepaid expenses and other current assets	46,356	41,437
Total current assets	526,928	467,682
Long-term investments	10,197	11,369
Property and equipment, net	135,006	135,271
Goodwill	130,265	130,265
Other intangible assets, net	85,115	90,750
Other assets, net	25,510	36,629
Total assets	\$ 913,021	\$ 871,966
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 25,952	\$ 29,622
Current portion of long-term debt	5,000	5,000
Accrued expenses	36,012	40,410
Deferred income on shipments to distributors	30,552	30,259
Income taxes	926	1,087
Total current liabilities	98,442	106,378
Long-term debt	91,250	95,000
Other non-current liabilities	17,978	20,615
Total liabilities	207,670	221,993
Commitments and contingencies		
Stockholders equity:		
Preferred stock \$0.0001 par value; 10,000 shares authorized; no shares issued and outstanding		
Common stock \$0.0001 par value; 250,000 shares authorized; 42,668 and 41,879 shares issued and outstanding at June 29, 2013 and December 29, 2012, respectively	4	4
Additional paid-in capital	32,837	10,122
Retained earnings	673,439	640,793
Accumulated other comprehensive loss	(929)	(946)

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Total stockholders' equity		705,351		649,973
Total liabilities and stockholders' equity	\$	913,021	\$	871,966

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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

	Three Months Ended		Six Months Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Revenues	\$ 141,543	\$ 135,670	\$ 286,918	\$ 261,372
Cost of revenues	52,770	52,868	110,773	103,474
Gross margin	88,773	82,802	176,145	157,898
Operating expenses:				
Research and development	37,387	34,245	74,969	67,175
Selling, general and administrative	32,357	32,178	61,510	57,580
Operating expenses	69,744	66,423	136,479	124,755
Operating income	19,029	16,379	39,666	33,143
Other income (expense):				
Interest income	152	363	487	860
Interest expense	(831)	(32)	(1,673)	(65)
Other income (expense), net	114	1,079	62	968
Income before income taxes	18,464	17,789	38,542	34,906
Provision (benefit) for income taxes	5,852	(2,720)	5,896	77
Net income	\$ 12,612	\$ 20,509	\$ 32,646	\$ 34,829
Earnings per share:				
Basic	\$ 0.30	\$ 0.48	\$ 0.77	\$ 0.82
Diluted	\$ 0.29	\$ 0.47	\$ 0.76	\$ 0.80
Weighted-average common shares outstanding:				
Basic	42,552	42,655	42,370	42,556
Diluted	43,269	43,423	43,191	43,637

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Table of Contents**Silicon Laboratories Inc.****Condensed Consolidated Statements of Comprehensive Income****(In thousands)****(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net income	\$ 12,612	\$ 20,509	\$ 32,646	\$ 34,829
Other comprehensive income, before tax				
Net changes to available-for-sale securities				
Unrealized gains (losses) arising during the period	(1,093)	(182)	(1,207)	517
Reclassification for gains included in net income	(232)		(232)	
Net changes to cash flow hedges				
Unrealized gains (losses) arising during the period	1,101	(6)	1,144	(138)
Reclassification for losses included in net income	141	447	322	880
Other comprehensive income (loss), before tax	(83)	259	27	1,259
Provision (benefit) for income taxes	(29)	91	10	440
Other comprehensive income (loss)	(54)	168	17	819
Comprehensive income	\$ 12,558	\$ 20,677	\$ 32,663	\$ 35,648

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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Silicon Laboratories Inc.

Condensed Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Six Months Ended	
	June 29, 2013	June 30, 2012
Operating Activities		
Net income	\$ 32,646	\$ 34,829
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation of property and equipment	6,634	6,749
Amortization of other intangible assets and other assets	5,635	4,559
Stock-based compensation expense	13,684	15,865
Income tax benefit (detriment) from employee stock-based awards	(489)	2,627
Excess income tax benefit from employee stock-based awards	(243)	