
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 30, 2018

MONOLITHIC POWER SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

000-51026
(Commission
File Number)

77-0466789
(I.R.S. Employer
Identification Number)

**79 Great Oaks Boulevard,
San Jose, CA 95119**
(Address of principal executive offices) (Zip Code)

(408) 826-0600
(Registrant's telephone number, including area code)

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:

- 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 Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On April 30, 2018, Monolithic Power Systems, Inc. (“MPS”) issued a press release regarding its financial results for the quarter ended March 31, 2018. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

The information under this Item 2.02 of this Current Report on Form 8-K and the exhibit attached hereto are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “1934 Act”), nor shall they be deemed incorporated by reference in any filing with the Securities and Exchange Commission under the 1934 Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit</u>	<u>Description</u>
99.1	Press release issued on April 30, 2018, announcing the financial results for the quarter ended March 31, 2018.

SIGNATURES

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, thereunto duly authorized.

Date: April 30, 2018

By: _____
/s/ T. Bernie Blegen
T. Bernie Blegen
Chief Financial Officer

Index to Exhibits

<u>Exhibit</u>	<u>Description</u>
99.1	Press release issued on April 30, 2018, announcing the financial results for the quarter ended March 31, 2018.



PRESS RELEASE
For Immediate Release

Monolithic Power Systems, Inc.
 79 Great Oaks Boulevard
 San Jose, CA 95119 USA
 T: 408-826-0600, F: 408-826-0601
www.monolithicpower.com

**Monolithic Power Systems Announces Results
 for the First Quarter Ended March 31, 2018**

SAN JOSE, California, April 30, 2018—Monolithic Power Systems, Inc. (MPS) (Nasdaq: MPWR), a leading company in high performance analog solutions, today announced financial results for the quarter ended March 31, 2018.

- Revenue was \$129.2 million for the quarter ended March 31, 2018, a 0.2% decrease from \$129.4 million for the quarter ended December 31, 2017 and a 28.7% increase from \$100.4 million for the quarter ended March 31, 2017.
 - GAAP gross margin was 55.4% for the quarter ended March 31, 2018, compared with 54.6% for the quarter ended March 31, 2017.
 - Non-GAAP (1) gross margin was 55.9% for the quarter ended March 31, 2018, excluding the impact of \$0.4 million for stock-based compensation expense and \$0.3 million for the amortization of acquisition-related intangible assets, compared with 55.5% for the quarter ended March 31, 2017, excluding the impact of \$0.4 million for stock-based compensation expense and \$0.5 million for the amortization of acquisition-related intangible assets.
 - GAAP operating expenses were \$49.5 million for the quarter ended March 31, 2018, compared with \$41.3 million for the quarter ended March 31, 2017.
 - Non-GAAP (1) operating expenses were \$35.0 million for the quarter ended March 31, 2018, excluding \$14.6 million for stock-based compensation expense and \$0.1 million for deferred compensation plan income, compared with \$29.2 million for the quarter ended March 31, 2017, excluding \$11.3 million for stock-based compensation expense and \$0.8 million for deferred compensation plan expense.
 - GAAP operating income was \$22.0 million for the quarter ended March 31, 2018, compared with \$13.6 million for the quarter ended March 31, 2017.
 - Non-GAAP (1) operating income was \$37.2 million for the quarter ended March 31, 2018, excluding \$15.0 million for stock-based compensation expense, \$0.3 million for the amortization of acquisition-related intangible assets and \$0.1 million for deferred compensation plan income, compared with \$26.5 million for the quarter ended March 31, 2017, excluding \$11.7 million for stock-based compensation expense, \$0.5 million for the amortization of acquisition-related intangible assets and \$0.8 million for deferred compensation plan expense.
 - GAAP interest and other income, net was \$0.4 million for the quarter ended March 31, 2018, compared with \$1.4 million for the quarter ended March 31, 2017.
 - Non-GAAP (1) interest and other income, net was \$0.6 million for the quarter ended March 31, 2018, excluding \$0.2 million for deferred compensation plan expense, compared with \$0.6 million for the quarter ended March 31, 2017, excluding \$0.7 million for deferred compensation plan income.
 - GAAP income before income taxes was \$22.5 million for the quarter ended March 31, 2018, compared with \$15.0 million for the quarter ended March 31, 2017.
 - Non-GAAP (1) income before income taxes was \$37.8 million for the quarter ended March 31, 2018, excluding \$15.0 million for stock-based compensation expense and \$0.3 million for the amortization of acquisition-related intangible assets, compared with \$27.2 million for the quarter ended March 31, 2017, excluding \$11.7 million for stock-based compensation expense and \$0.5 million for the amortization of acquisition-related intangible assets.
 - GAAP net income was \$21.9 million and GAAP earnings per share were \$0.49 per diluted share for the quarter ended March 31, 2018. Comparatively, GAAP net income was \$14.5 million and GAAP earnings per share were \$0.33 per diluted share for the quarter ended March 31, 2017.
 - Non-GAAP (1) net income was \$35.0 million and non-GAAP earnings per share were \$0.79 per diluted share for the quarter ended March 31, 2018, excluding stock-based compensation expense, amortization of acquisition-related intangible assets, net deferred compensation plan expense and related tax effects, compared with non-GAAP net income of \$25.2 million and non-GAAP earnings per share of \$0.58 per diluted share for the quarter ended March 31, 2017, excluding stock-based compensation income, amortization of acquisition-related intangible assets, net deferred compensation plan expense and related tax effects.
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The following is a summary of revenue by end market for the periods indicated, estimated based on MPS's assessment of available end market data (in thousands):

End Market	Three Months Ended March 31,	
	2018	2017
Consumer	\$ 47,144	\$ 35,611
Computing and storage	30,970	20,617
Industrial	17,554	15,354
Automotive	17,732	12,331
Communications	15,750	16,449
Total	\$ 129,150	\$ 100,362

The following is a summary of revenue by product family for the periods indicated (in thousands):

Product Family	Three Months Ended March 31,	
	2018	2017
DC to DC	\$ 119,268	\$ 91,424
Lighting Control	9,882	8,938
Total	\$ 129,150	\$ 100,362

"We continue to grow and continue to enhance shareholder value," said Michael Hsing, CEO and founder of MPS.

Business Outlook

The following are MPS' financial targets for the second quarter ending June 30, 2018:

- Revenue in the range of \$135 million to \$141 million.
- GAAP gross margin between 54.9% and 55.9%. Non-GAAP (1) gross margin between 55.4% and 56.4%, which excludes an estimated impact of stock-based compensation expenses of 0.4% and amortization of acquisition-related intangible assets of 0.1%.
- GAAP research and development ("R&D") and selling, general and administrative ("SG&A") expenses between \$48.4 million and \$53.4 million. Non-GAAP (1) R&D and SG&A expenses between \$33.7 million and \$36.7 million, which excludes an estimate of stock-based compensation expenses in the range of \$14.7 million to \$16.7 million.
- Total stock-based compensation expense of \$15.2 million to \$17.2 million.
- Litigation expenses of \$300,000 to \$500,000.
- Interest and other income, net, of \$600,000 to \$700,000 before foreign exchange gains or losses.
- Fully diluted shares outstanding between 43.9 million and 44.9 million.

(1) Non-GAAP net income, non-GAAP earnings per share, non-GAAP gross margin, non-GAAP R&D and SG&A expenses, non-GAAP operating expenses, non-GAAP interest and other income, net, non-GAAP operating income and non-GAAP income before taxes differ from net income, earnings per share, gross margin, R&D and SG&A expenses, operating expenses, interest and other income, net, operating income and income before taxes determined in accordance with Generally Accepted Accounting Principles in the United States (GAAP). Non-GAAP net income and non-GAAP earnings per share exclude the effect of stock-based compensation expense, amortization of acquisition-related intangible assets, deferred compensation plan income/expense and related tax effects. Non-GAAP gross margin excludes the effect of stock-based compensation expense and amortization of acquisition-related intangible assets. Non-GAAP operating expenses exclude the effect of stock-based compensation expense and deferred compensation plan income/expense. Non-GAAP interest and other income, net excludes the effect of deferred compensation plan income/expense. Non-GAAP operating income excludes the effect of stock-based compensation expense, amortization of acquisition-related intangible assets and deferred compensation plan income/expense. Non-GAAP income before taxes excludes the effect of stock-based compensation expense, amortization of acquisition-related intangible assets and deferred compensation plan income/expense. Projected non-GAAP gross margin excludes the effect of stock-based compensation expense and amortization of acquisition-related intangible assets. Projected non-GAAP R&D and SG&A expenses exclude the effect of stock-based compensation expense. These non-GAAP financial measures are not prepared in accordance with GAAP and should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. A schedule reconciling non-GAAP financial measures is included at the end of this press release. MPS utilizes both GAAP and non-GAAP financial measures to assess what it believes to be its core operating performance and to evaluate and manage its internal business and assist in making financial operating decisions. MPS believes that the inclusion of non-GAAP financial measures, together with GAAP measures, provides investors with an alternative presentation useful to investors' understanding of MPS' core operating results and trends. Additionally, MPS believes that the inclusion of non-GAAP measures, together with GAAP measures, provides investors with an additional dimension of comparability to similar companies. However, investors should be aware that non-GAAP financial measures utilized by other companies are not likely to be comparable in most cases to the non-GAAP financial measures used by MPS.

Conference Call

MPS plans to conduct an investor teleconference covering its financial results at 3:00 p.m. PT / 6:00 p.m. ET, April 30, 2018. To access the conference call and the following replay of the conference call, go to <http://ir.monolithicpower.com> and click on the webcast link. From this site, you can listen to the teleconference, assuming that your computer system is configured properly. In addition to the webcast replay, which will be archived for all investors for one year on the MPS website, a phone replay will be available for seven days after the live call at (404) 537-3406, code number 3469457. This press release and any other information related to the call will also be posted on the website.

Safe Harbor Statement

This press release contains, and statements that will be made during the accompanying teleconference will contain, forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including, among other things, (i) projected revenues, GAAP and non-GAAP gross margin, GAAP and non-GAAP R&D and SG&A expenses, stock-based compensation expenses, amortization of acquisition-related intangible assets, litigation expenses, interest and other income, diluted shares outstanding and tax rate, (ii) our outlook for the long-term prospects of the company, including our performance against our business plan, revenue growth in certain of our market segments, our continued investment into R&D, expected revenue growth, customers' acceptance of our new product offerings, the prospects of our new product development, and our expectations regarding market and industry segment trends and prospects, (iii) our ability to penetrate new markets and expand our market share, (iv) the seasonality of our business, (v) our ability to reduce our expenses, (vi) the impact of the 2017 Tax Act on our tax rate and provision; and (vii) statements of the assumptions underlying or relating to any statement described in (i), (ii), (iii), (iv), (v), or (vi). These forward-looking statements are not historical facts or guarantees of future performance or events, are based on current expectations, estimates, beliefs, assumptions, goals, and objectives, and involve significant known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from the results expressed by these statements. Readers of this press release and listeners to the accompanying conference call are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. Factors that could cause actual results to differ include, but are not limited to, our ability to attract new customers and retain existing customers; acceptance of, or demand for, MPS' products, in particular the new products launched recently, being different than expected; our ability to efficiently and effectively develop new products and receive a return on our R&D expense investment; competition generally and the increasingly competitive nature of our industry; any market disruptions or interruptions in MPS' schedule of new product development releases; adverse changes in production and testing efficiency of our products; our ability to realize the anticipated benefits of companies and products that we acquire, and our ability to effectively and efficiently integrate these acquired companies and products into our operations; our ability to manage our inventory levels; adverse changes in laws and government regulations, including in foreign countries where MPS has offices or operations; adverse events arising from orders of governmental entities, including such orders that impact our customers, and adopting of new or amended accounting standards; the effect of catastrophic events; adequate supply of our products from our third-party manufacturing partners; the risks, uncertainties and costs of litigation in which we are involved; the outcome of any upcoming trials, hearings, motions and appeals; the adverse impact on MPS' financial performance if its tax and litigation provisions are inadequate; adverse changes or developments in the semiconductor industry generally, which is cyclical in nature; difficulty in predicting or budgeting for future customer demand and channel inventories, expenses and financial contingencies; the ongoing consolidation of companies in the semiconductor industry; and other important risk factors identified in MPS' Securities and Exchange Commission (SEC) filings, including, but not limited to, our annual report on Form 10-K filed with the SEC on March 1, 2018. The forward-looking statements in this press release and statements made during the accompanying teleconference represent MPS' projections and current expectations, as of the date hereof, not predictions of actual performance. MPS assumes no obligation to update the information in this press release or in the accompanying conference call.

About Monolithic Power Systems

Monolithic Power Systems, Inc. (MPS) provides small, highly energy efficient, easy-to-use power solutions for systems found in industrial applications, telecom infrastructures, cloud computing, automotive, and consumer applications. MPS' mission is to reduce total energy consumption in its customers' systems with green, practical, compact solutions. The company was founded by Michael Hsing in 1997 and is based in the United States. MPS can be contacted through its website at www.monolithicpower.com or its support offices around the world.

Monolithic Power Systems, MPS, and the MPS logo are registered trademarks of Monolithic Power Systems, Inc. in the U.S. and trademarked in certain other countries.

Contact:

Bernie Blegen
Chief Financial Officer
Monolithic Power Systems, Inc.
408-826-0777
investors@monolithicpower.com

Monolithic Power Systems, Inc.
Condensed Consolidated Balance Sheets
(Unaudited, in thousands, except par value)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 76,016	\$ 82,759
Short-term investments	231,243	216,331
Accounts receivable, net	48,241	38,037
Inventories	111,897	99,281
Other current assets	16,707	12,762
Total current assets	<u>484,104</u>	<u>449,170</u>
Property and equipment, net	153,770	144,636
Long-term investments	5,250	5,256
Goodwill	6,571	6,571
Acquisition-related intangible assets, net	701	951
Deferred tax assets, net	15,840	15,917
Other long-term assets	31,531	30,068
Total assets	<u>\$ 697,767</u>	<u>\$ 652,569</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 27,511	\$ 22,813
Accrued compensation and related benefits	13,060	15,597
Accrued liabilities	32,730	27,507
Total current liabilities	<u>73,301</u>	<u>65,917</u>
Income tax liabilities	31,900	31,621
Other long-term liabilities	34,260	33,024
Total liabilities	<u>139,461</u>	<u>130,562</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock and additional paid-in capital, \$0.001 par value; shares authorized: 150,000; shares issued and outstanding: 42,145 and 41,614 as of March 31, 2018 and December 31, 2017, respectively	401,007	376,586
Retained earnings	152,257	143,608
Accumulated other comprehensive income	5,042	1,813
Total stockholders' equity	<u>558,306</u>	<u>522,007</u>
Total liabilities and stockholders' equity	<u>\$ 697,767</u>	<u>\$ 652,569</u>

Monolithic Power Systems, Inc.
Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except per share amounts)

	Three Months Ended March 31,	
	2018	2017
Revenue	\$ 129,150	\$ 100,362
Cost of revenue	57,655	45,520
Gross profit	<u>71,495</u>	<u>54,842</u>
Operating expenses:		
Research and development	21,609	18,894
Selling, general and administrative	27,318	22,092
Litigation expense	531	286
Total operating expenses	<u>49,458</u>	<u>41,272</u>
Income from operations	22,037	13,570
Interest and other income, net	440	1,381
Income before income taxes	22,477	14,951
Income tax provision	621	474
Net income	<u>\$ 21,856</u>	<u>\$ 14,477</u>
Net income per share:		
Basic	\$ 0.52	\$ 0.35
Diluted	\$ 0.49	\$ 0.33
Weighted-average shares outstanding:		
Basic	41,922	41,047
Diluted	44,282	43,268
Cash dividends declared per common share	\$ 0.30	\$ 0.20

SUPPLEMENTAL FINANCIAL INFORMATION
STOCK-BASED COMPENSATION EXPENSE
(Unaudited, in thousands)

	Three Months Ended March 31,	
	2018	2017
Cost of revenue	\$ 433	\$ 358
Research and development	3,995	3,498
Selling, general and administrative	10,602	7,806
Total stock-based compensation expense	<u>\$ 15,030</u>	<u>\$ 11,662</u>

RECONCILIATION OF NET INCOME TO NON-GAAP NET INCOME
(Unaudited, in thousands, except per share amounts)

	Three Months Ended March 31,	
	2018	2017
Net income	\$ 21,856	\$ 14,477
Net income as a percentage of revenue	16.9%	14.4%
Adjustments to reconcile net income to non-GAAP net income:		
Stock-based compensation expense	15,030	11,662
Amortization of acquisition-related intangible assets	250	513
Deferred compensation plan expense	49	71
Tax effect	(2,214)	(1,566)
Non-GAAP net income	\$ 34,971	\$ 25,157
Non-GAAP net income as a percentage of revenue	27.1%	25.1%
Non-GAAP net income per share:		
Basic	\$ 0.83	\$ 0.61
Diluted	\$ 0.79	\$ 0.58
Shares used in the calculation of non-GAAP net income per share:		
Basic	41,922	41,047
Diluted	44,282	43,268

RECONCILIATION OF GROSS MARGIN TO NON-GAAP GROSS MARGIN
(Unaudited, in thousands)

	Three Months Ended March 31,	
	2018	2017
Gross profit	\$ 71,495	\$ 54,842
Gross margin	55.4%	54.6%
Adjustments to reconcile gross profit to non-GAAP gross profit:		
Stock-based compensation expense	433	358
Amortization of acquisition-related intangible assets	250	513
Non-GAAP gross profit	\$ 72,178	\$ 55,713
Non-GAAP gross margin	55.9%	55.5%

RECONCILIATION OF OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES
(Unaudited, in thousands)

	Three Months Ended March 31,	
	2018	2017
Total operating expenses	\$ 49,458	\$ 41,272
Adjustments to reconcile total operating expenses to non-GAAP total operating expenses:		
Stock-based compensation expense	(14,597)	(11,304)
Deferred compensation plan income (expense)	137	(804)
Non-GAAP operating expenses	\$ 34,998	\$ 29,164

RECONCILIATION OF OPERATING INCOME TO NON-GAAP OPERATING INCOME
(Unaudited, in thousands)

	Three Months Ended March 31,	
	2018	2017
Total operating income	\$ 22,037	\$ 13,570
Operating income as a percentage of revenue	17.1%	13.5%
Adjustments to reconcile total operating income to non-GAAP total operating income:		
Stock-based compensation expense	15,030	11,662
Amortization of acquisition-related intangible assets	250	513
Deferred compensation plan (income) expense	(137)	804
Non-GAAP operating income	\$ 37,180	\$ 26,549
Non-GAAP operating income as a percentage of revenue	28.8%	26.5%

RECONCILIATION OF INTEREST AND OTHER INCOME, NET, TO NON-GAAP INTEREST AND OTHER INCOME, NET
(Unaudited, in thousands)

	Three Months Ended March 31,	
	2018	2017
Total interest and other income, net	\$ 440	\$ 1,381
Adjustments to reconcile interest and other income to non-GAAP interest and other income:		
Deferred compensation plan (income) expense	186	(733)
Non-GAAP interest and other income, net	\$ 626	\$ 648

RECONCILIATION OF INCOME BEFORE INCOME TAXES TO NON-GAAP INCOME BEFORE INCOME TAXES
(Unaudited, in thousands)

	Three Months Ended March 31,	
	2018	2017
Total income before income taxes	\$ 22,477	\$ 14,951
Adjustments to reconcile income before income taxes to non-GAAP income before income taxes:		
Stock-based compensation expense	15,030	11,662
Amortization of acquisition-related intangible assets	250	513
Deferred compensation plan expense	49	71
Non-GAAP income before income taxes	\$ 37,806	\$ 27,197

2018 SECOND QUARTER OUTLOOK
RECONCILIATION OF GROSS MARGIN TO NON-GAAP GROSS MARGIN
(Unaudited)

	Three Months Ending June 30, 2018	
	Low	High
Gross margin	54.9%	55.9%
Adjustments to reconcile gross margin to non-GAAP gross margin:		
Stock-based compensation expense	0.4%	0.4%
Amortization of acquisition-related intangible assets	0.1%	0.1%
Non-GAAP gross margin	55.4%	56.4%

RECONCILIATION OF R&D AND SG&A EXPENSES TO NON-GAAP R&D AND SG&A EXPENSES
(Unaudited, in thousands)

	Three Months Ending June 30, 2018	
	Low	High
R&D and SG&A expense	\$ 48,400	\$ 53,400
Adjustments to reconcile R&D and SG&A expense to non-GAAP R&D and SG&A expense:		
Stock-based compensation expense	(14,700)	(16,700)
Non-GAAP R&D and SG&A expense	\$ 33,700	\$ 36,700