

**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**

May 7, 2020  
**Date of Report (Date of earliest event reported)**

**SYNAPTICS INCORPORATED**

(Exact Name of Registrant as Specified in Its Charter)

**DELAWARE**  
(State or Other Jurisdiction  
of Incorporation)

**000-49602**  
(Commission  
File Number)

**77-0118518**  
(IRS Employer  
Identification No.)

1251 McKay Drive  
**San Jose, California 95131**  
(Address of Principal Executive Offices) (Zip Code)

**(408) 904-1100**  
(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 (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	Name of each exchange on which registered
Common Stock, par value \$.001 per share	SYNA	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.**

The Company is furnishing this Current Report on Form 8-K in connection with the disclosure of information, in the form of a press release issued on May 7, 2020 and attached hereto as Exhibit 99.1. The Company also posted supplemental earnings materials on the investor section of the Company's website at [www.synaptics.com](http://www.synaptics.com) and attached hereto as Exhibit 99.2.

The information in this Current Report on Form 8-K (including Exhibit 99.1 and Exhibit 99.2) is furnished pursuant to Item 2.02 and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into any registration document or other document filed by the Company.

The Company does not have, and expressly disclaims, any obligation to release publicly any updates or any changes in the Company's expectations or any change in events, conditions, or circumstances on which any forward-looking statement is based.

The text included with this Current Report on Form 8-K is available on the Company's website located at [www.synaptics.com](http://www.synaptics.com), although the Company reserves the right to discontinue that availability at any time.

**Item 9.01. Financial Statements and Exhibits.**

(a) *Financial Statements of Business Acquired.*

Not applicable.

(b) *Pro Forma Financial Information.*

Not applicable.

(c) *Shell Company Transactions.*

Not applicable.

(d) *Exhibits.*

<u>Exhibit Number</u>	<u>Exhibit</u>
99.1	<a href="#">Press release from Synaptics Incorporated, dated May 7, 2020, titled "Synaptics Reports Results for Third Quarter Fiscal 2020"</a>
99.2	<a href="#">Synaptics Third Quarter Fiscal 2020 Earnings Supplement</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SYNAPTICS INCORPORATED

Date: May 7, 2020

By: /s/ Dean Butler  
Dean Butler  
Senior Vice President and Chief Financial Officer



## Synaptics Reports Results for Third Quarter Fiscal 2020

### Business Highlights

- GAAP net income and EPS were \$5.0 million and \$0.14, respectively
- Non-GAAP net income of \$52.3 million
- Non-GAAP EPS of \$1.49
- Completed the divestiture of mobile LCD TDDI business for \$120 million

**SAN JOSE, Calif., – May 7, 2020** – Synaptics Incorporated (NASDAQ: [SYNA](#)), the leading developer of human interface solutions, today reported financial results for its third quarter ended March 28, 2020.

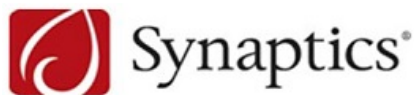
Net revenue for the third quarter of fiscal 2020 was \$328.1 million. GAAP net income for the third quarter of fiscal 2020 was \$5.0 million, or \$0.14 per diluted share. Non-GAAP net income for the third quarter of fiscal 2020 was \$52.3 million, or \$1.49 per diluted share. (See below under the heading “Use of Non-GAAP Financial Information” and the attached table for a description and a reconciliation of GAAP to Non-GAAP financial measures.)

“Our focus on improving mix and controlling costs led to better than expected profitability in the March quarter despite revenue being slightly lower than anticipated as the initial impact from COVID-19 affected the supply chain and end-demand,” said Michael Hurlston, president and chief executive officer, Synaptics. “We continue to invest in our product portfolio with the goal to further improve margins and expect to remain well positioned with our customers when demand normalizes.”

Cash at March 28, 2020 was \$472 million. Cash flow from operations during the third quarter of fiscal 2020 was \$48 million.

### Business Outlook

Dean Butler, chief financial officer of Synaptics, added, “With the TDDI divestiture completed, we are entering into the June quarter with a backlog of \$240 million. Taking into consideration greater market uncertainty due to the ongoing impact from COVID-19, we believe that subsequent bookings, customer forecasts and product sell-in and sell-through patterns will result in revenue for the fourth quarter of fiscal 2020 to be in the range of \$260 to \$290 million. Based upon this guidance, we expect the revenue mix from mobile, IoT and PC products to be approximately 45 percent, 23 percent and 32 percent respectively.”



For the fourth quarter of fiscal 2020, the company expects:

	<u>GAAP</u>	<u>Non-GAAP Adjustment</u>	<u>Non-GAAP</u>
Revenue	\$260M to \$290M -21 percent to -12 percent Q/Q	N/A	N/A
Gross Margin	41.5 percent to 44.0 percent	Approximately \$8.9M*	45 percent to 47 percent
Operating Expense	\$110M to \$116M	Approximately \$27M to \$30M**	\$83M to \$86M

\* Projected Non-GAAP gross margin excludes \$8.0 million of intangible asset amortization, \$0.8 million of stock-based compensation, and \$0.1 million of retention program costs.

\*\* Projected Non-GAAP operating expense excludes \$17 million to \$19 million of stock-based compensation, \$4 million to \$5 million of restructuring costs, \$3 million of retention program costs, and \$3 million of intangible asset amortization.

### Earnings Call and Supplementary Materials

The Synaptics third quarter and fiscal 2020 teleconference and webcast is scheduled to begin at 2:00 p.m. PT (5:00 p.m. ET), on Thursday, May 7, 2020, during which the company will provide forward-looking information.

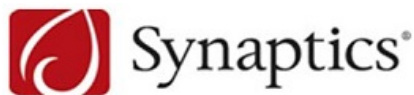
#### Speakers:

- Michael Hurlston, President and Chief Executive Officer
- Dean Butler, Chief Financial Officer
- Jason Tsai, Head of Investor Relations

To participate on the live call, analysts and investors should dial 800-458-4148 (conference ID: 8994577). Supplementary slides, a copy of the prepared remarks, and a live and archived webcast of the conference call will be accessible from the "Investor Relations" section of the company's Website at <https://investor.synaptics.com/>.

### About Synaptics Incorporated

Synaptics is the pioneer and leader of the human interface revolution, bringing innovative and intuitive user experiences to intelligent devices. Synaptics' broad portfolio of touch, display, biometrics, voice, audio, and multimedia products is built on the company's rich R&D, extensive IP and dependable



supply chain capabilities. With solutions designed for mobile, PC, smart home, and automotive industries, Synaptics combines ease of use, functionality and aesthetics to enable products that help make our digital lives more productive, secure and enjoyable. (NASDAQ: SYNA) [www.synaptics.com](http://www.synaptics.com).

Join Synaptics on [Twitter](#), [LinkedIn](#), and [Facebook](#) or visit [www.synaptics.com](http://www.synaptics.com).

#### **Use of Non-GAAP Financial Information**

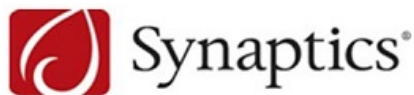
In evaluating its business, Synaptics considers and uses Non-GAAP Net Income, which we define as net income excluding share-based compensation, acquisition related costs, and certain other non-cash or recurring and non-recurring items the company does not believe are indicative of its core operating performance as a supplemental measure of operating performance. Non-GAAP Net Income is not a measurement of the company's financial performance under GAAP and should not be considered as an alternative to GAAP net income. The company presents Non-GAAP Net Income because it considers it an important supplemental measure of its performance since it facilitates operating performance comparisons from period to period by eliminating potential differences in net income caused by the existence and timing of share-based compensation charges, acquisition related costs, and certain other non-cash or recurring and non-recurring items. Non-GAAP Net Income has limitations as an analytical tool and should not be considered in isolation or as a substitute for the company's GAAP net income. The principal limitations of this measure are that it does not reflect the company's actual expenses and may thus have the effect of inflating its net income and net income per share as compared to its operating results reported under GAAP. In addition, the company presents components of Non-GAAP Net Income, such as Non-GAAP Gross Margin and Non-GAAP operating expenses, for similar reasons.

As presented in the "Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures" tables that follow, Non-GAAP Net Income and each of the other Non-GAAP financial measures excludes one or more of the following items:

#### *Acquisition/divestiture related costs.*

Acquisition/divestiture related costs primarily consist of:

- amortization of purchased intangibles, which includes acquired intangibles such as developed technology, customer relationships, trademarks, backlog, licensed technology, patents, and in-process technology when post-acquisition development is determined to be substantively complete,
- inventory adjustments affecting the carrying value of inventory acquired in an acquisition,
- transitory post-acquisition incentive programs negotiated in connection with an acquired business or designed to encourage post-acquisition retention of key employees, and
- legal and consulting costs associated with acquisitions or divestitures, including non-recurring post-acquisition costs and services.



These acquisition/divestiture related costs are not factored into the company's evaluation of its ongoing business operating performance or potential acquisitions, as they are not considered as part of the company's principal operations. Further, the amount of these costs can vary significantly from period to period based on the terms of an earn-out arrangement, revisions to assumptions that went into developing the estimate of the contingent consideration associated with an earn-out arrangement, the size and timing of an acquisition/divestiture, the lives assigned to the acquired intangible assets, and the maturity of the business acquired. Excluding acquisition/divestiture related costs from Non-GAAP measures provides investors with a basis to compare Synaptics against the performance of other companies without the variability and potential earnings volatility associated with purchase accounting and acquisition/divestiture related items.

*Share-based compensation.*

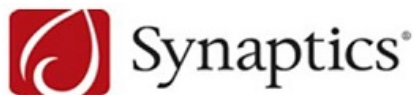
Share-based compensation expense relates to employee equity award programs and the vesting of the underlying awards, which includes stock options, deferred stock units, market stock units, performance stock units, phantom stock units and the employee stock purchase plan. Share-based compensation settled with stock, which includes stock options, deferred stock units, market stock units, performance stock units and the employee stock purchase plan, is a non-cash expense, while share-based compensation settled with cash, which includes phantom stock units, is a cash expense. Settlement of all employee equity award programs whether settled with cash or stock varies in amount from period to period and is dependent on market forces that are often beyond the company's control. As a result, the company excludes share-based compensation from its internal operating forecasts and models. The company believes that Non-GAAP measures reflecting adjustments for share-based compensation provide investors with a basis to compare the company's principal operating performance against the performance of peer companies without the variability created by share-based compensation resulting from the variety of equity-linked compensatory awards used by other companies and the varying methodologies and assumptions used.

*Restructuring costs.*

Restructuring costs consist primarily of employee severance and office closure costs, including the reversal of such costs. These costs are cash-based and designed to address cost structure inefficiencies. As a result, the company excludes restructuring costs from its internal operating forecasts and models when evaluating its ongoing business performance. The company believes that Non-GAAP measures reflecting adjustments for restructuring costs provide investors with a basis to compare the company's principal operating performance against the performance of other companies without the variability created by restructuring costs designed to address cost structure inefficiencies in its business.

*Retention program costs.*

Retention program costs consist of employee retention arrangement costs designed to ensure operational continuity and support through employee retention. These costs are cash-based and designed to ensure retention of certain key engineering and management employees as we transition the company through senior level management and product focus changes. As a result, the company excludes retention



program costs from its internal operating forecasts and models when evaluating its ongoing business performance. The company believes that Non-GAAP measures reflecting adjustments for retention program costs provide investors with a basis to compare the company's principal operating performance against the performance of other companies without the variability created by retention program costs designed to ensure operational continuity and support through employee retention during a transition of senior level management and product focus changes.

*In-process research and development.*

In-process research and development represents research and development that is not yet complete. In the context of a business combination, in-process research and development costs will be capitalized and subsequently amortized over an estimated life or impaired. In the context of an asset acquisition, in-process research and development costs will be expensed immediately unless there is an alternative future use. From time to time, we may acquire in-process research and development assets as part of an asset acquisition. If determined to have no alternative future use, these in-process research and development assets will be expensed in the period acquired. As a result, the company excludes in-process research and development costs from its internal operating forecasts and models when evaluating its ongoing business performance. The company believes that Non-GAAP measures reflecting adjustments for in-process research and development costs provide investors with a basis to compare the company's principal operating performance against the performance of other companies without the variability created by in-process research and development costs.

*Other non-cash items.*

Other non-cash items includes non-cash amortization of debt discount and issuance costs. These items are excluded from Non-GAAP results as they are non-cash. Excluding other non-cash items from Non-GAAP measures provides investors with a basis to compare Synaptics against the performance of other companies without the variability associated with other non-cash items.

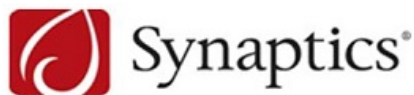
*Recovery on sale of investment.*

Recovery on sale of investment, represents the gain on the recovery of an investment in which the cost basis was previously written down to fair value. This item is excluded from Non-GAAP results as the previous write-down was excluded from Non-GAAP results. Excluding recovery on sale of investment from Non-GAAP measures provides investors with a basis to compare Synaptics against the performance of other companies without the variability associated with recovery on sale of investment.

*Arbitration settlement, net*

Arbitration settlement, net represents the impact of the settlement of an arbitration matter net of related legal and consulting services that is unusual or infrequent. As a result, the company excludes from its internal operating forecasts and models, when evaluating its ongoing business performance, arbitration settlement amounts net of related costs. The company believes that Non-GAAP measures reflecting an





adjustment for arbitration settlements net of related costs provides investors with a basis to compare the company's principal operating performance against the performance of other companies without the variability created by infrequent, non-recurring or non-routine arbitration settlements net of related costs.

*Equity investment loss.*

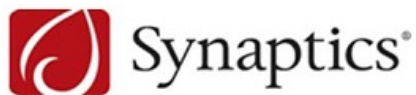
Equity investment loss represents an adjustment in the book value of an equity investment in a minority owned company. The equity investment loss is a non-cash item. As a result, the company excludes equity investment loss from its internal operating forecasts and models when evaluating its ongoing business performance. The company believes that Non-GAAP measures reflecting adjustments for equity investment loss provide investors with a basis to compare the company's principal operating performance against the performance of other companies without the variability created by non-cash items.

*Non-GAAP tax adjustments.*

The company forecasts its long-term Non-GAAP tax rate in order to provide investors with improved long-term modeling accuracy and consistency across financial reporting periods by eliminating the effects of certain items in our Non-GAAP net income and Non-GAAP net income per share, including the type and amount of share-based compensation, the taxation of post-acquisition intercompany intellectual property cross-licensing or transfer transactions, and the impact of other acquisition items that may or may not be tax deductible. The company intends to evaluate its long-term Non-GAAP tax rate annually for significant events, including material tax law changes in the major tax jurisdictions in which the company operates, corporate organizational changes related to acquisitions or tax planning opportunities, and substantive changes in our geographic earnings mix.

**Forward-Looking Statements**

This press release contains forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business, including our expectations regarding the potential impacts on our business of the COVID-19 pandemic, and can be identified by the fact that they do not relate strictly to historical or current facts. Such forward-looking statements may include words such as "expect," "anticipate," "intend," "believe," "estimate," "plan," "target," "strategy," "continue," "may," "will," "should," variations of such words, or other words and terms of similar meaning. All forward-looking statements reflect our best judgment and are based on several factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Such factors include, but are not limited to: the risk that our



business, results of operations and financial condition and prospects may be materially and adversely affected by the COVID-19 pandemic and that significant uncertainties remain related to the impact of COVID-19 on our business operations and future results, including our fourth quarter fiscal 2020 business outlook; the risks as identified in the “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” sections of our Annual Report on Form 10-K for the fiscal year ended June 29, 2019 (including that the impact of the COVID-19 pandemic may also exacerbate the risks discussed therein); and other risks as identified from time to time in our Securities and Exchange Commission reports. Forward-looking statements are based on information available to us on the date hereof, and we do not have, and expressly disclaim, any obligation to publicly release any updates or any changes in our expectations, or any change in events, conditions, or circumstances on which any forward-looking statement is based. Our actual results and the timing of certain events could differ materially from the forward-looking statements. These forward-looking statements do not reflect the potential impact of any mergers, acquisitions, or other business combinations that had not been completed as of the date of this release.

**For more information contact:**

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Head of Investor Relations  
[jason.tsai@synaptics.com](mailto:jason.tsai@synaptics.com)

SYNAPTICS INCORPORATED  
CONSOLIDATED BALANCE SHEETS  
(In millions except share data)  
(Unaudited)

	March 31, 2020	June 30, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 472.1	\$ 327.8
Accounts receivables, net of allowances of \$1.7 at March 31, 2020 and \$2.1 at June 30, 2019	238.4	230.0
Inventories	95.5	158.7
Current assets held for sale	12.5	—
Prepaid expenses and other current assets	14.4	14.6
Total current assets	832.9	731.1
Property and equipment at cost, net	83.4	103.0
Non-current assets held for sale	17.6	—
Goodwill	361.8	372.8
Purchased intangibles, net	104.4	144.8
Non-current other assets	81.0	58.1
Total assets	<u>\$ 1,481.1</u>	<u>\$ 1,409.8</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 86.9	\$ 98.3
Accrued compensation	47.7	30.4
Income taxes payable	11.8	19.1
Other accrued liabilities	92.8	106.1
Total current liabilities	239.2	253.9
Convertible notes, net	482.0	468.3
Non-current portion of acquisition-related liabilities	1.3	—
Other long-term liabilities	45.7	30.3
Total liabilities	768.2	752.5
Commitments and contingencies		
<b>Stockholders' equity:</b>		
Preferred stock;		
\$.001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock;		
\$.001 par value; 120,000,000 shares authorized; 65,752,215 and 64,283,948 shares issued, and 34,004,920 and 33,349,735 shares outstanding, respectively	0.1	0.1
Additional paid in capital	1,323.9	1,266.1
Less: 31,747,295 and 30,934,213 treasury shares, respectively, at cost	(1,222.5)	(1,192.4)
Retained earnings	611.4	583.5
Total stockholders' equity	712.9	657.3
Total liabilities and stockholders' equity	<u>\$ 1,481.1</u>	<u>\$ 1,409.8</u>

SYNAPTICS INCORPORATED  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(In millions except per share data)  
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Net revenue	\$ 328.1	\$ 334.0	\$ 1,056.3	\$ 1,177.1
Acquisition related costs (1)	8.1	15.2	31.6	47.3
Cost of revenue	184.4	202.8	603.6	723.1
Gross margin	135.6	116.0	421.1	406.7
Operating expenses				
Research and development	75.8	82.4	235.1	256.0
Selling, general, and administrative	31.6	34.1	90.6	103.1
Acquisition related costs (2)	2.9	3.0	8.8	10.2
Restructuring costs (3)	6.3	0.3	26.2	10.4
In-process research and development charge	—	—	3.7	—
Total operating expenses	116.6	119.8	364.4	379.7
Operating income	19.0	(3.8)	56.7	27.0
Interest and other income, net	(3.2)	(4.3)	(9.1)	(10.5)
Income before income taxes	15.8	(8.1)	47.6	16.5
Provision for income taxes	10.2	(15.3)	17.3	(8.1)
Equity investment loss	(0.6)	(0.5)	(1.5)	(1.3)
Net income	<u>\$ 5.0</u>	<u>\$ 6.7</u>	<u>\$ 28.8</u>	<u>\$ 23.3</u>
Net income per share:				
Basic	<u>\$ 0.15</u>	<u>\$ 0.19</u>	<u>\$ 0.86</u>	<u>\$ 0.67</u>
Diluted	<u>\$ 0.14</u>	<u>\$ 0.19</u>	<u>\$ 0.83</u>	<u>\$ 0.66</u>
Shares used in computing net income per share:				
Basic	<u>34.0</u>	<u>34.4</u>	<u>33.5</u>	<u>34.7</u>
Diluted	<u>35.0</u>	<u>35.0</u>	<u>34.5</u>	<u>35.5</u>

- (1) These acquisition related costs consist primarily of amortization of acquired intangible assets and inventory fair value adjustments associated with acquisitions.
- (2) These acquisition related costs, net consist primarily of amortization associated with certain acquired intangible assets as well as transitory acquisition related compensation plans.
- (3) Restructuring costs primarily include severance costs and facility consolidation costs associated with operational restructurings and acquisitions.

SYNAPTICS INCORPORATED  
Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures  
(In millions except per share data)  
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
GAAP gross margin	\$135.6	\$116.0	\$421.1	\$406.7
Acquisition related costs	8.1	15.2	31.6	47.3
Loss/(recovery) on supply commitment	—	—	(3.0)	—
Retention costs	0.1	—	0.4	—
Share-based compensation	0.8	0.7	2.1	2.4
Non-GAAP gross margin	<u>\$144.6</u>	<u>\$131.9</u>	<u>\$452.2</u>	<u>\$456.4</u>
GAAP gross margin - percentage of revenue	41.3%	34.7%	39.9%	34.6%
Acquisition related costs - percentage of revenue	2.5%	4.6%	2.9%	4.0%
Loss/(recovery) on supply commitment	0.0%	—	-0.3%	0.0%
Retention costs	0.0%	—	0.0%	0.0%
Share-based compensation - percentage of revenue	0.2%	0.2%	0.2%	0.2%
Non-GAAP gross margin - percentage of revenue	<u>44.1%</u>	<u>39.5%</u>	<u>42.8%</u>	<u>38.8%</u>
GAAP research and development expense	\$ 75.8	\$ 82.4	\$235.1	\$256.0
Share-based compensation	(9.0)	(8.6)	(24.6)	(25.4)
Retention costs	(2.2)	—	(6.6)	—
In-process research and development charge	—	—	(3.7)	—
Non-GAAP research and development expense	<u>\$ 64.6</u>	<u>\$ 73.8</u>	<u>\$203.9</u>	<u>\$230.6</u>
GAAP selling, general, and administrative expense	\$ 31.6	\$ 34.1	\$ 90.6	\$103.1
Share-based compensation	(8.1)	(6.5)	(17.5)	(20.9)
Acquisition/divestiture related costs	(0.3)	(2.2)	(1.7)	(3.4)
Retention costs	(1.1)	—	(3.9)	—
Arbitration settlement, net	—	—	—	1.7
Non-GAAP selling, general, and administrative expense	<u>\$ 22.1</u>	<u>\$ 25.4</u>	<u>\$ 67.5</u>	<u>\$ 80.5</u>
GAAP operating income	\$ 19.0	\$ (3.8)	\$ 56.7	\$ 27.0
Share-based compensation	17.9	15.8	44.2	48.7
Acquisition/divestiture related costs	11.3	20.4	42.1	60.9
Loss/(recovery) on supply commitment	—	—	(3.0)	—
Restructuring costs	6.3	0.3	26.2	10.4
Retention costs	3.4	—	10.9	—
In-process research and development charge	—	—	3.7	—
Arbitration settlement, net	—	—	—	(1.7)
Non-GAAP operating income	<u>\$ 57.9</u>	<u>\$ 32.7</u>	<u>\$180.8</u>	<u>\$145.3</u>
GAAP net income	\$ 5.0	\$ 6.7	\$ 28.8	\$ 23.3
Share-based compensation	17.9	15.8	44.2	48.7
Acquisition/divestiture related costs	11.3	20.4	42.1	60.9
Loss/(recovery) on supply commitment	—	—	(3.0)	—
Restructuring costs	6.3	0.3	26.2	10.4
Retention program costs	3.4	—	10.9	—
In-process research and development charge	—	—	3.7	—
Arbitration settlement, net	—	—	—	(1.7)
Other non-cash items	4.7	4.5	14.0	13.4
Recovery on sale of investment	—	—	—	(2.8)
Equity investment loss	0.6	0.5	1.5	1.3
Non-GAAP tax adjustments	3.1	(19.2)	(5.0)	(25.5)
Non-GAAP net income	<u>\$ 52.3</u>	<u>\$ 29.0</u>	<u>\$163.4</u>	<u>\$128.0</u>
GAAP net income per share - diluted	\$ 0.14	\$ 0.19	\$ 0.83	\$ 0.66
Share-based compensation	0.51	0.45	1.28	1.37
Acquisition/divestiture related costs	0.32	0.53	1.22	1.66
CEO severance	—	0.06	—	0.06
Loss/(recovery) on supply commitment	—	—	(0.09)	—
Restructuring costs	0.18	—	0.76	0.29
Retention program costs	0.10	—	0.32	—
In-process research and development charge	—	—	0.11	—
Arbitration settlement, net	—	—	—	(0.05)
Other non-cash items	0.13	0.13	0.41	0.38
Recovery on sale of investment	—	—	—	(0.08)
Equity investment loss	0.02	0.02	0.04	0.04
Non-GAAP tax adjustments	0.09	(0.55)	(0.14)	(0.72)
Non-GAAP net income per share - diluted	<u>\$ 1.49</u>	<u>\$ 0.83</u>	<u>\$ 4.74</u>	<u>\$ 3.61</u>

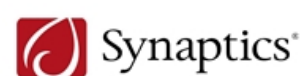
SYNAPTICS INCORPORATED  
CONDENSED CONSOLIDATED CASH FLOWS  
(In millions)  
(Unaudited)

	Nine Months Ended March 31,	
	2020	2019
Net income	\$ 28.8	\$ 23.3
Non-cash operating items	119.0	130.2
Changes in working capital	20.5	(42.7)
Provided by operations	<u>168.3</u>	<u>110.8</u>
Acquisitions	(2.5)	—
Fixed asset & intangible asset purchases	(11.7)	(17.7)
Proceeds from sales and maturities of investments	—	2.8
Used in investing	<u>(14.2)</u>	<u>(14.9)</u>
Treasury shares purchased	(30.1)	(77.3)
Equity compensation, net	20.5	4.2
Used in financing	<u>(9.6)</u>	<u>(73.1)</u>
Effect of exchange rate changes on cash and cash equivalents	(0.2)	—
Net change in cash and cash equivalents	<u>144.3</u>	<u>22.8</u>
Cash and cash equivalents at beginning of period	327.8	301.0
Cash and cash equivalents at end of period	<u>\$472.1</u>	<u>\$323.8</u>
Cash paid for taxes	<u>\$ 24.0</u>	<u>\$ 16.1</u>
Cash refund on taxes	<u>\$ 1.3</u>	<u>\$ 5.2</u>

# ADVANCING THE HUMAN INTERFACE

## Third Quarter Fiscal 2020 Earnings

Supplemental Slides  
May 7, 2020



# Safe Harbor Statement

This presentation contains forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business, including our expectations regarding the potential impacts on our business of the COVID-19 pandemic and can be identified by the fact that they do not relate strictly to historical or current facts. Such forward-looking statements may include words such as "expect," "anticipate," "intend," "believe," "estimate," "plan," "target," "strategy," "continue," "may," "will," "should," variations of such words, or other words and terms of similar meaning. All forward-looking statements reflect our best judgment and are based on several factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Such factors include, but are not limited to: the risk that our business, results of operations and financial condition and prospects may be materially and adversely affected by the COVID-19 pandemic and that significant uncertainties remain related to the impact of COVID-19 on our business operations and future results, including our fourth quarter fiscal 2020 business outlook; the risks as identified in the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" sections of our Annual Report on Form 10-K for the fiscal year ended June 29, 2019 (including that the impact of the COVID-19 pandemic may also exacerbate the risks discussed therein); and other risks as identified from time to time in our Securities and Exchange Commission reports. Forward-looking statements are based on information available to us on the date hereof, and we do not have, and expressly disclaim, any obligation to publicly release any updates or any changes in our expectations, or any change in events, conditions, or circumstances on which any forward-looking statement is based. Our actual results and the timing of certain events could differ materially from the forward-looking statements. These forward-looking statements do not reflect the potential impact of any mergers, acquisitions, or other business combinations that had not been completed as of the date of this presentation.



## Non-GAAP Results

- In evaluating our business, we consider and use non-GAAP net income, which we define as net income excluding share-based compensation, acquisition related costs, and certain other non-cash or recurring and non-recurring items we do not believe are indicative of our core operating performance as a supplemental measure of operating performance.
- Non-GAAP net income is not a measurement of our financial performance under GAAP and should not be considered as an alternative to GAAP net income. We present non-GAAP net income because we consider it an important supplemental measure of our performance since it facilitates operating performance comparisons from period to period by eliminating potential differences in net income caused by the existence and timing of share-based compensation charges, acquisition related costs, and certain other non-cash or recurring and non-recurring items.
- Non-GAAP net income has limitations as an analytical tool and should not be considered in isolation or as a substitute for our GAAP net income. The principal limitations of this measure are that it does not reflect our actual expenses and may thus have the effect of inflating our net income and net income per share as compared to our operating results reported under GAAP.
- Please see our third quarter fiscal 2020 press release for additional discussion of our use of non-GAAP financial measures, and the tables attached to the end of this presentation for a complete reconciliation of GAAP to non-GAAP financial measures used in this presentation.

# Q3FY20 Highlights

## Financial Highlights

- Better than expected profitability despite revenue slightly below guidance range due to COVID-19 impact
- Non-GAAP gross margin exceeded the high-end of guidance range
  - Highest non-GAAP gross margins in more than five years; three sequential quarters of non-GAAP gross margin improvement
- Non-GAAP OPEX spend was below the low-end of guidance range
- \$48 million cash flow generated from operations
- Adjusted cash position of \$711 million on the balance sheet
  - Quarter-end cash balance of \$472 million plus cash received from mobile LCD TDDI divestiture on April 16, 2020 of approximately \$139 million and the addition of \$100 million from revolver draw on April 2, 2020

## Business Highlights

- After quarter end, completed divestiture of mobile LCD TDDI Business for \$120 million plus payment of approximately \$19.4 million for closing inventory
- Huawei P40 Pro and Pro Plus smartphones with flexible on-cell OLED panel launch with Synaptics touch controller

# Q3FY20 Financial Results

Year over Year <i>\$M (except EPS)</i>	Q3'19 Actual	Q3'20 Actual	Delta \$	Delta %
Revenue	\$334.0	\$328.1	(\$5.9)	(2%)
GAAP Net Income	\$6.7	\$5.0	(\$1.7)	(25%)
GAAP EPS Diluted	\$0.19	\$0.14	(\$0.05)	(26%)
Non-GAAP Net Income	\$29.0	\$52.3	\$23.3	80%
Non-GAAP EPS Diluted	\$0.83	\$1.49	\$0.66	80%

Quarter over Quarter <i>\$M (except EPS)</i>	Q2'20 Actual	Q3'20 Actual	Delta \$	Delta %
Revenue	\$388.3	\$328.1	(\$60.2)	(16%)
GAAP Net Income	\$19.8	\$5.0	(\$14.8)	(75%)
GAAP EPS Diluted	\$0.58	\$0.14	(\$0.44)	(76%)
Non-GAAP Net Income	\$70.1	\$52.3	(\$17.8)	(25%)
Non-GAAP EPS Diluted	\$2.04	\$1.49	(\$0.55)	(27%)

See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

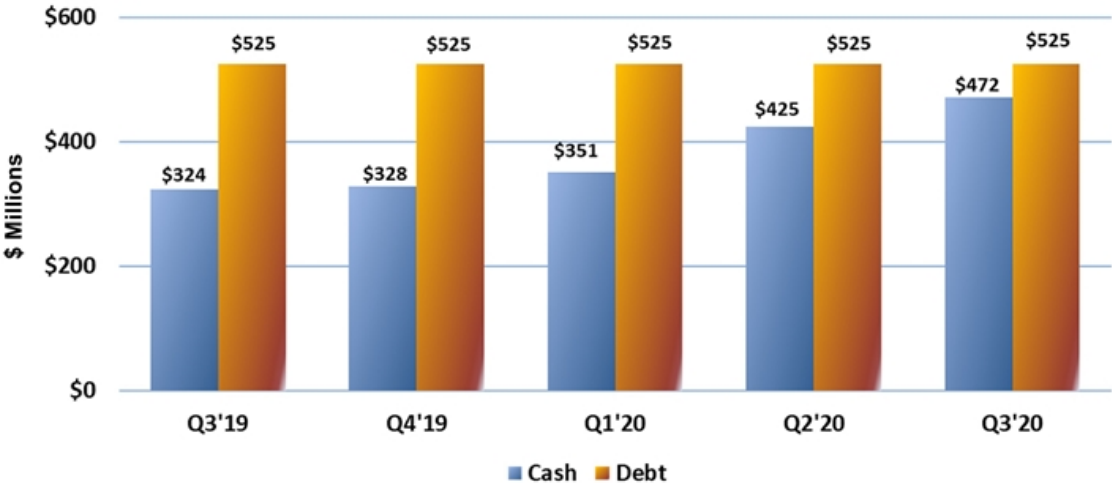
## Q3FY19 and Q3FY20 Results vs Q3FY20 Guidance

<i>\$M (except EPS)</i>	Q3'19 Actual	Q3'20 Actual	Q3'20 Guidance
Revenue	\$334.0	\$328.1	\$330M - \$350M
Non-GAAP Gross Margin %	39.5%	44.1%	42.0% - 44.0%
Non-GAAP Op Expenses	\$99.2	\$86.7	\$88M - \$91M
Non-GAAP EPS	\$0.83	\$1.49	\$1.30 - \$1.60
GAAP Gross Margin %	34.7%	41.3%	39.5% - 41.5%
GAAP Op Expenses	\$119.8	\$116.6	\$115M - \$120M
GAAP EPS	\$0.19	\$0.14	-

Mobile	61%	54%	52%
PC	20%	24%	24%
IoT	19%	22%	24%

See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

# Third Quarter Fiscal 2020 Cash & Debt



- Debt amounts presented above are as of the end of each quarter presented and represent the balances due to third parties and exclude discount & debt issuance cost adjustments as presented on our balance sheet.

## Third Quarter Fiscal 2020 Balance Sheet

In Millions	Q1'20 Actual	Q2'20 Actual	Q3'20 Actual	Q3'20 vs Q2'20
<b>Cash &amp; Investments</b>	\$350.8	\$424.8	\$472.1	\$47.3
AR	\$232.2	\$246.4	\$238.4	(\$8.0)
Inventory	\$138.2	\$82.1	\$95.5	\$13.4
PP&E	\$98.8	\$87.7	\$83.4	(\$4.3)
Other	\$604.3	\$616.2	\$591.7	(\$24.5)
<b>Total Assets</b>	<b>\$1,424.3</b>	<b>\$1,457.2</b>	<b>\$1,481.1</b>	<b>\$23.9</b>
Current Liabilities	\$247.5	\$239.5	\$239.2	(\$0.3)
Debt, net	\$472.8	\$477.4	\$482.0	\$4.6
Other Liabilities	\$49.2	\$49.0	\$47.0	(\$2.0)
<b>Shareholder's Equity</b>	<b>\$654.8</b>	<b>\$691.3</b>	<b>\$712.9</b>	<b>\$21.6</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$1,424.3</b>	<b>\$1,457.2</b>	<b>\$1,481.1</b>	<b>\$23.9</b>

- Balances are as of the end of each quarter presented
- Debt, net balance reflects debt net of discount and debt issuance costs

## Fourth Quarter Fiscal 2020 Guidance

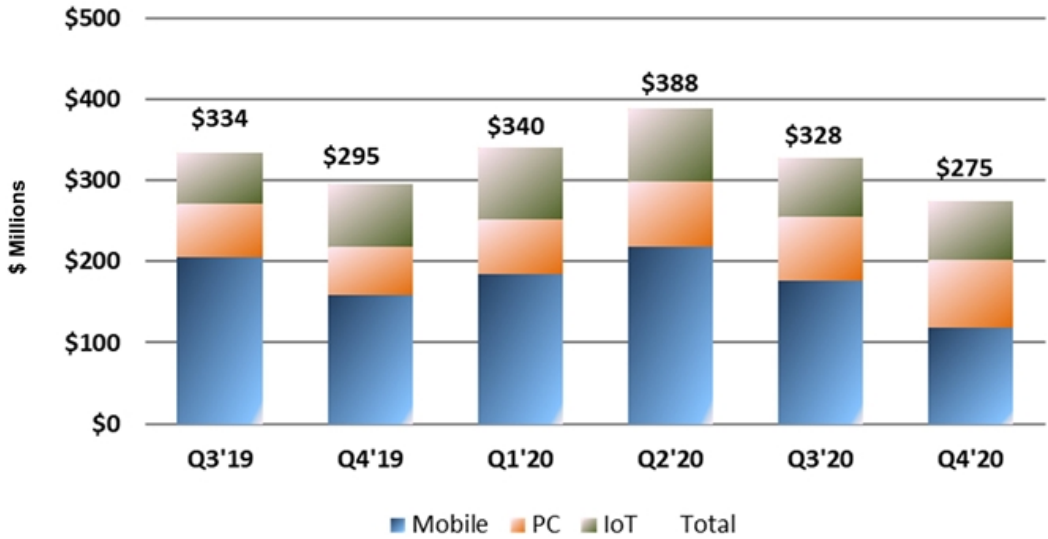
<i>SM (except EPS)</i>	Q4'19 Actual	Q3'20 Actual	Q4'20 Guidance
Revenue	\$295.1	\$328.1	\$260M - \$290M
Non-GAAP Gross Margin %	39.1%	44.1%	45.0% - 47.0%
Non-GAAP Op Expenses	\$101.1	\$86.7	\$83M - \$86M
Non-GAAP EPS	\$0.38	\$1.49	\$0.85 - \$1.25
GAAP Gross Margin %	30.6%	41.3%	41.5% - 44.0%
GAAP Op Expenses	\$123.7	\$116.6	\$110M - \$116M
GAAP EPS	(\$1.35)	\$0.14	-

Mobile	61%	54%	45%
PC	20%	24%	32%
IoT	19%	22%	23%

See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

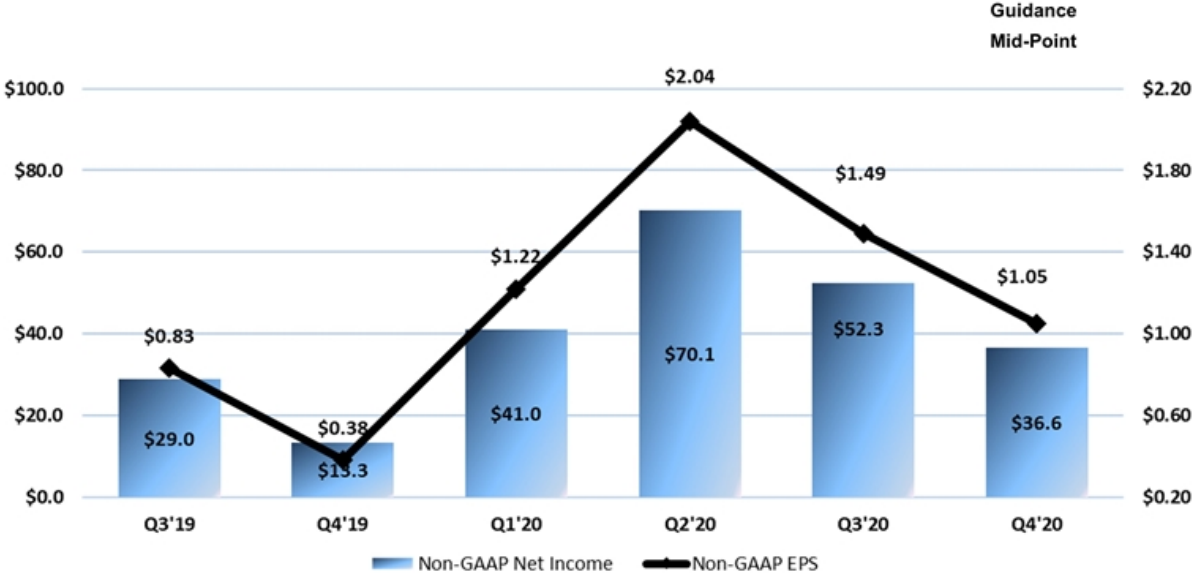
# Revenue Trend

Guidance  
Mid-Point





# Non-GAAP Net Income & EPS Fiscal Quarter Trend



See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

# GAAP to Non-GAAP Reconciliation Tables

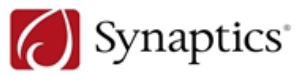
	Q3'20 Actual	Q2'20 Actual	Q1'20 Actual	Q4'19 Actual	Q3'19 Actual
<b>GAAP gross margin</b>	\$ 135.6	\$ 159.3	\$ 126.2	\$ 90.4	\$ 116.0
Acquisition related costs	8.1	8.2	15.3	15.3	15.2
Loss/(recovery) on supply commitment	-	(1.8)	(1.2)	9.0	-
Retention program costs	0.1	0.2	0.1	0.1	-
Share-based compensation	0.8	0.6	0.7	0.7	0.7
<b>Non-GAAP gross margin</b>	<b>\$ 144.6</b>	<b>\$ 166.5</b>	<b>\$ 141.1</b>	<b>\$ 115.5</b>	<b>\$ 131.9</b>

	Q3'20 Actual	Q2'20 Actual	Q1'20 Actual	Q4'19 Actual	Q3'19 Actual
<b>GAAP gross margin - percentage of revenue</b>	41.3%	41.0%	37.1%	30.6%	34.7%
Acquisition related costs - percentage of revenue	2.5%	2.1%	4.5%	5.2%	4.6%
Loss/(recovery) on supply commitment - percentage of revenue	0.0%	-0.5%	-0.3%	3.1%	-
Retention program costs	0.1%	0.1%	0.0%	0.0%	-
Share-based compensation - percentage of revenue	0.2%	0.2%	0.2%	0.2%	0.2%
<b>Non-GAAP gross margin - percentage of revenue</b>	<b>44.1%</b>	<b>42.9%</b>	<b>41.5%</b>	<b>39.1%</b>	<b>39.5%</b>

# GAAP to Non-GAAP Reconciliation Tables - continued

	Q3'20	Q2'20	Q1'20	Q4'19	Q3'19
	Actual	Actual	Actual	Actual	Actual
<b>GAAP net income/(loss)</b>	\$ 5.0	\$ 19.8	\$ 4.0	\$ (46.2)	\$ 6.7
Share-based compensation	17.9	15.1	11.2	10.3	15.8
Acquisition/divestiture related costs	11.3	12.6	18.2	18.6	18.5
Loss/(recovery) on supply commitment	-	(1.8)	(1.2)	9.0	-
Restructuring costs	6.3	13.3	6.6	7.3	-
Retention program costs	3.4	3.6	3.9	2.5	-
In-process research and development charge	-	-	3.7	-	-
CEO severance costs	-	-	-	-	2.2
Other items, net	4.7	4.7	4.6	4.6	4.5
Equity investment loss	0.6	0.4	0.5	0.5	0.5
Non-GAAP tax adjustments	3.1	2.4	(10.5)	6.6	(19.2)
<b>Non-GAAP net income</b>	<b>\$ 52.3</b>	<b>\$ 70.1</b>	<b>\$ 41.0</b>	<b>\$ 13.2</b>	<b>\$ 29.0</b>
<b>GAAP net income/(loss) per share - diluted</b>	<b>\$ 0.14</b>	<b>\$ 0.58</b>	<b>\$ 0.12</b>	<b>\$ (1.35)</b>	<b>\$ 0.19</b>
Share-based compensation	0.51	0.44	0.33	0.30	0.45
Acquisition/divestiture related costs	0.32	0.37	0.54	0.54	0.53
Loss/(recovery) on supply commitment	-	(0.05)	(0.04)	0.26	-
Restructuring costs	0.18	0.39	0.20	0.21	-
Retention program costs	0.10	0.10	0.12	0.07	-
In-process research and development charge	-	-	0.11	-	-
CEO severance costs	-	-	-	-	0.06
Other items, net	0.13	0.14	0.14	0.13	0.13
Equity investment loss	0.02	0.01	0.01	0.02	0.02
Non-GAAP tax adjustments	0.09	0.06	(0.31)	0.20	(0.55)
<b>Non-GAAP net income per share - diluted</b>	<b>\$ 1.49</b>	<b>\$ 2.04</b>	<b>\$ 1.22</b>	<b>\$ 0.38</b>	<b>\$ 0.83</b>

THANK YOU



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