



**ADVANCING THE
HUMAN INTERFACE**

Investor Day 2020

June 9, 2020



Investor Day Agenda

TOPIC	SPEAKER
Introduction	Jason Tsai
Company Overview and Strategy	Michael Hurlston
PC Division	Michael Hurlston
Mobile Division	Janice Mori
IoT Division	Saleel Awsare
Financial	Dean Butler
Management Q&A	All Speakers

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; our dependence on its human interface solutions for the mobile product applications market and the PC product applications market for a substantial portion of its revenue; risks related to the volatility of our net revenue from its human interface solutions for mobile product applications; our dependence on one or more large customers; our exposure to industry downturns and cyclicalities in its target markets; our ability to maintain and build relationships with its customers; our dependence on third parties to maintain satisfactory manufacturing yields and deliverable schedules; and 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.

Company Overview and Strategy

Michael Hurlston, President and CEO

Introduction



New Management



Opportunities



Challenges



My Philosophy

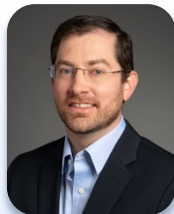


The New Synaptics

Experienced Management Team



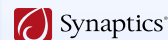
Michael Hurlston
President & CEO



Dean Butler
SVP & CFO



Janice Mori
SVP & GM,
Mobile Division



Saleel Awsare
SVP & GM,
IoT Division



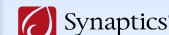
Satish Ganesan
SVP & CSO



Phil Kumin
SVP, WW Sales



Steve Schultis
VP & GM,
PC Division



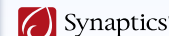
Divyesh Shah
SVP, Operations



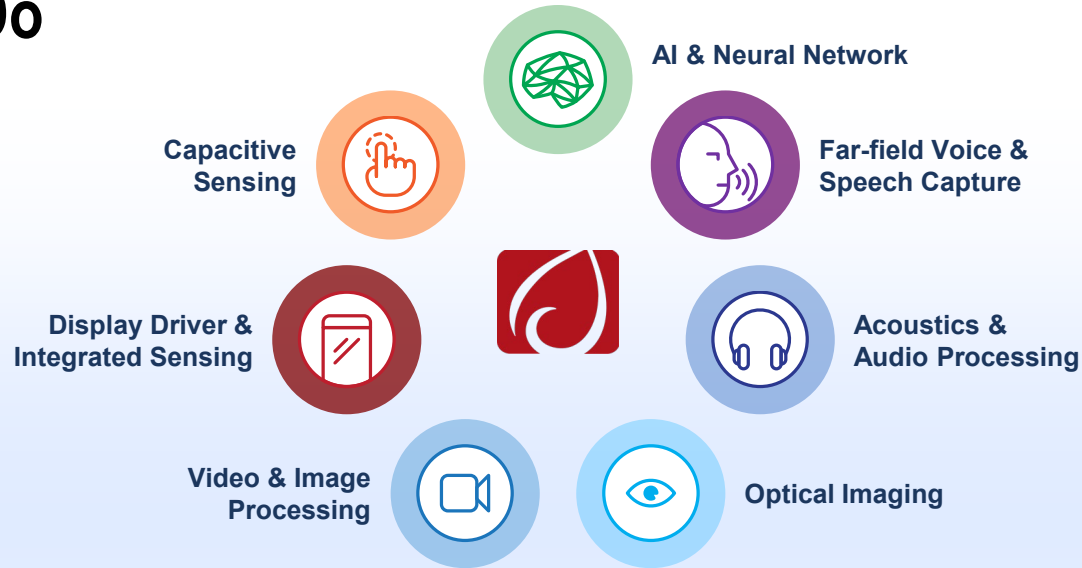
Sunil Thomas
VP & GM,
Automotive



Patrick Worfolk
SVP & CTO



What We Do



1986

ESTABLISHED



SYNA

Listed 2002
Nasdaq

LISTED



~\$2.5B

As of June 5, 2020

MARKET CAP



18 Sites Worldwide
1400+ Employees

GLOBAL FOOTPRINT



1800+

PATENTS

Synaptics Products are Everywhere

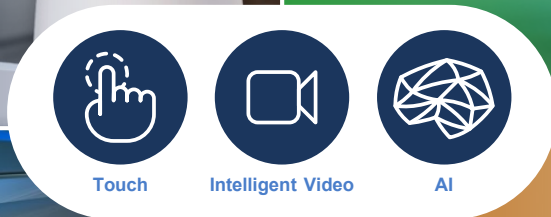
CONSUMER IOT

- Audio processor
- Touch/Display
- Voice processor
- Video processor
- AI Computer Vision
- Neural Network Accelerators



AUTOMOTIVE

- Touch controller
- Display driver
- Integrated touch & display controller (TDDI)



Market Opportunity

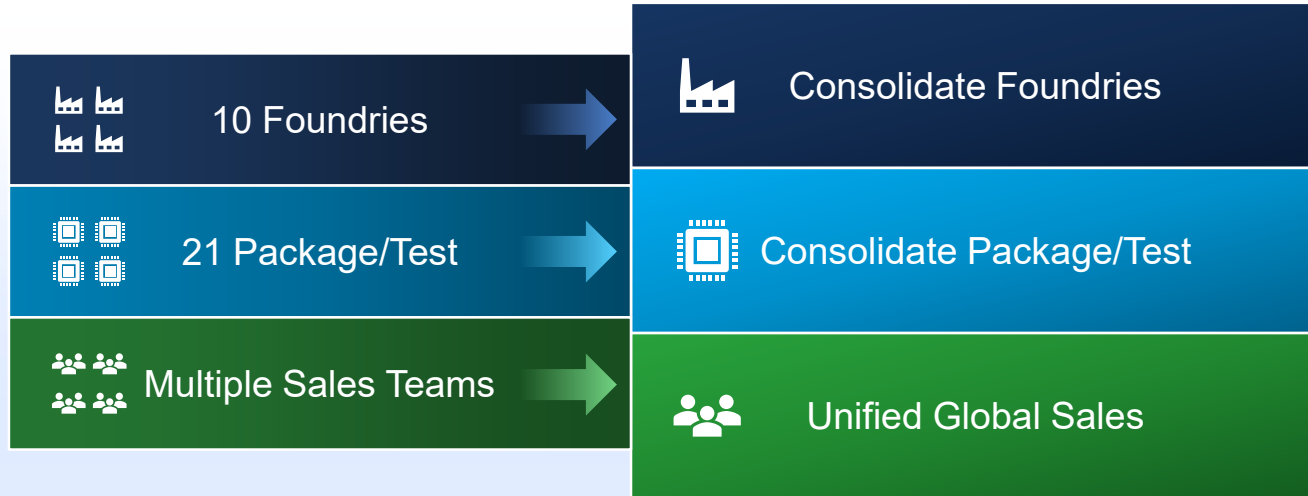


Source: IHS, IDC, FutureSource, Yole, and Synaptics analysis; SAM and TAM for 2019

Focused to Grow

- SAM expected growth of 7% CAGR through 2023
- Investments in differentiated, high-margin products
- Technology leadership in each core area
- Expanding addressable markets
- Balanced portfolio
- Diversified tier-one customer base

Driving Operational Excellence



- Improve COGS and procurement
- Drive best-in-class operations
- Unified sales to drive additional opportunities with customers

Strategic Repositioning

Building a Stronger Synaptics

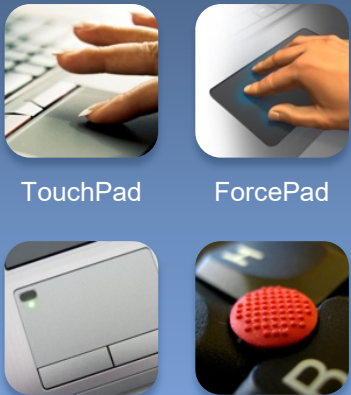


PC Division

The background is a dark blue gradient with a complex network of thin, white, glowing lines that form a mesh or web-like structure. Several larger, semi-transparent white dots are scattered throughout the network, and a few bright blue dots are visible at the bottom. The overall aesthetic is futuristic and digital.

Winning Track Record with Innovation

TOUCH



TouchPad ForcePad

SecurePad TouchStyk




VIDEO INTERFACE



Docks Dongles Adapters

FINGERPRINT



Side Touch Power Button C Deck

The Opportunity



~\$800M
SAM

~1%
CAGR

Market Leadership

- Over 50% share of PC OEM market for TouchPads; leader in commercial PCs
- Virtually all commercial PCs with fingerprint sensor use Synaptics
- Industrial design and manufacturing leadership
- Reliable and convenient high-security biometrics
- Touchpad leader for emerging accessory keyboard market

Source: IDC, Synaptics; SAM for 2019; 2019 – 2023 CAGR

Why Synaptics Wins

- **Foundation of Synaptics**
- **History of Technology and Market Leadership**
- **Innovating for Thin & Light**
- **Strong Profitability** – Efficient and predictable cash flow generation



Key Customers



Lenovo



acer

Mobile Division

Janice Mori, Senior VP and GM

Leading Mobile Technology

Winning performance with On-Cell Flexible OLED
driving touch success

Premium display technologies moving from gaming
towards mainstream for 5G teleconference, video
streaming, and telehealth

Continuing our history of innovation with the **world's first**
270Hz touch report rate and **world's first 144Hz display**
refresh rate

Huawei
P40 Pro
Flexible On-Cell OLED



OPPO
Reno 3 Pro
Flexible On-Cell OLED



Huawei
Honor 30 Pro
Flexible On-Cell OLED



BlackShark
Black Shark 3
Rigid OLED



ZTE
Nubia 5G
Flexible OLED



ASUS
ROG Phone II
Flexible OLED



Mobile Opportunity



~\$2.6B
SAM

~7%
CAGR

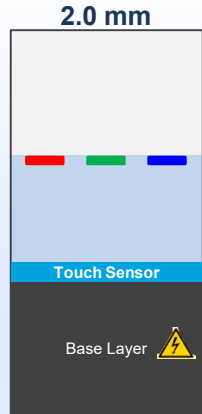
Market Trends

- Flexible **OLED CAGR 37%** through 2023 and quickly transitioning to On-Cell
- Innovation with new smartphone designs/form factors and better performance
- Flexible OLED leads to brighter displays and better industrial designs for better consumer experience
- Managing transition from LCD DDIC to OLED Touch and eventually OLED TDDI

Source: IHS, Synaptics; SAM for 2019; 2019 – 2023 CAGR

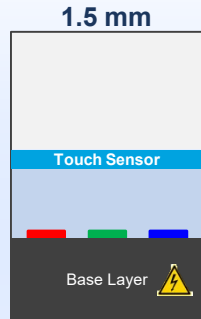
Touch Performance for Thinner, Brighter Displays

Basic Phone Surface



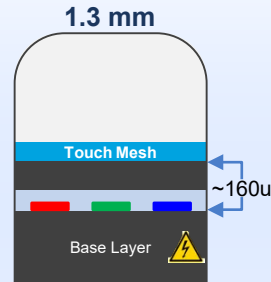
In-Cell LCD
with H-blanking

Basic Phone Surface



Rigid On-Cell OLED

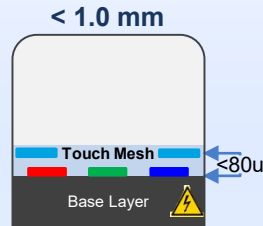
2.5D Phone Surface



Flexible Out-Cell OLED

3D Phone Surface

Foldable Phone Surface



Flexible On-Cell OLED

Flexible On-Cell

10%-20% brighter
50% thinner than LCD

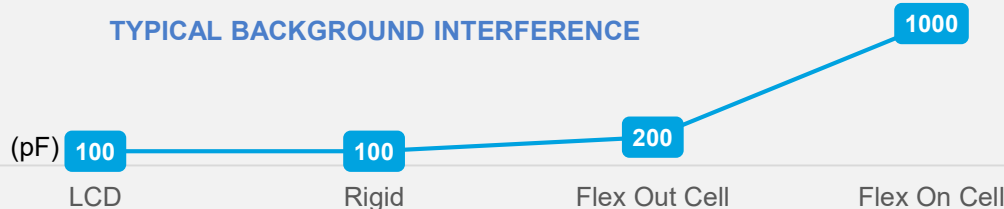
10x higher background interference

Synaptics Winning Edge

- System-level knowledge
- Strong mixed signal team
- Best-in-class algorithms
- Deep relationships

Touch innovation is integral to enabling thinner brighter displays and new industrial designs

TYPICAL BACKGROUND INTERFERENCE



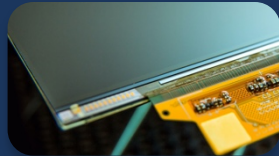
Mobile: Differentiation & Strengths

- Focused on high-margin Flexible OLED market
- Leadership in Flexible On-Cell touch performance
- Premium Display performance
- Significant IP portfolio and strong OEM and customer relationships

Long-term Strategy / Investment Areas



Diversify Touch Customers



Expand Display Applications



Launch OLED TDDI



OLED TDDI

Touch leadership to expand position in the higher ASP display market

Significant performance benefits across the ecosystem and more beautiful and functional phones

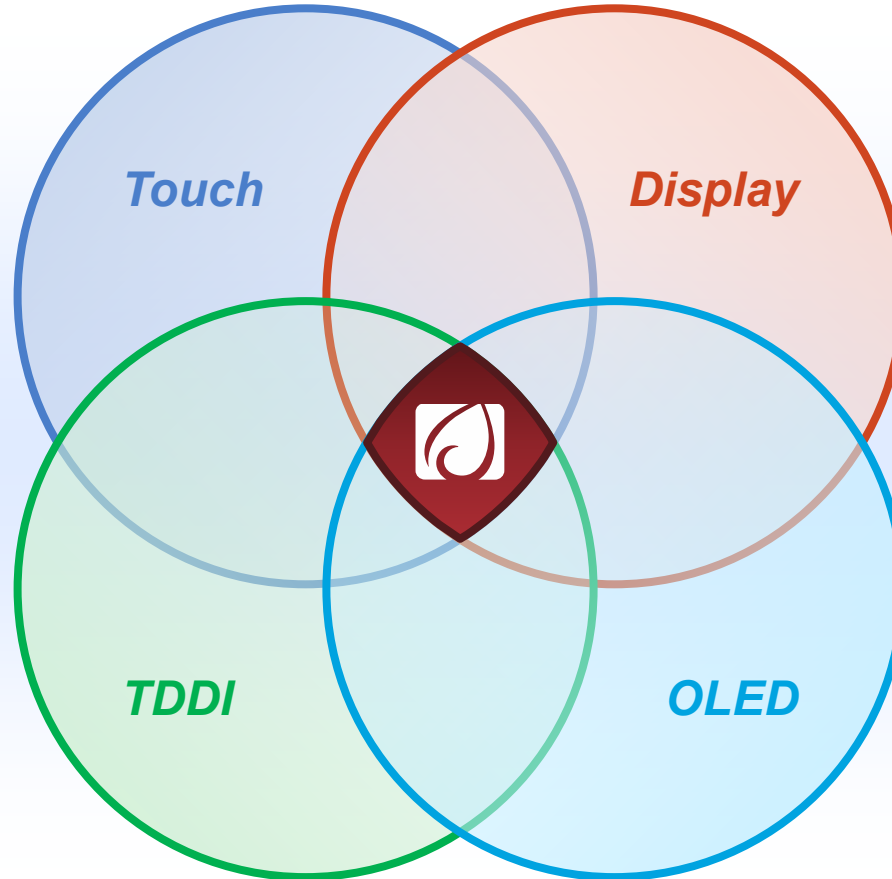
Enables premium foldable touch experience to enable more differentiated form factors

Builds on our heritage of innovation, our touch and display performance, and history of creating new market categories



Uniquely Positioned to Lead OLED TDDI

- Market leader with long history in OLED Touch
- Winning in today's challenging on-cell displays








- Premium Display features
- High Refresh Rate
- Low Power mode
- 12Bit DAC

- Created LCD TDDI Market

- ~200 million OLED touch and display products shipped

OLED TDDI Competition

	 Synaptics®	 BROADCOM®	 NOVATEK	 ST	 GOODIX
OLED Display Performance	✓	✗	✓	✗	✗
On-Cell Flexible Touch	✓	✗	✗	✗	✓
Flexible OLED Experience	✓	✓	✓	✓	✓
LCD TDDI Production	✓	✗	✓	✗	✗
IP Portfolio	✓	✗	✗	✗	✗

Why Synaptics Wins

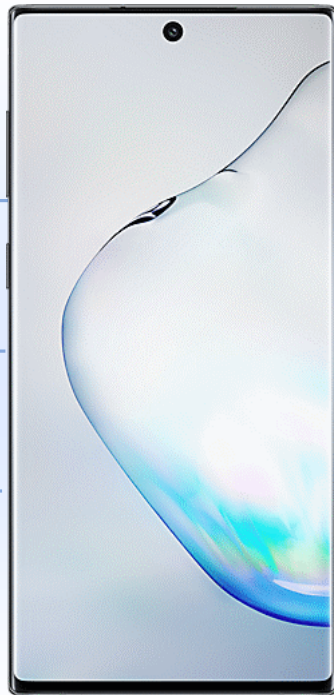
Integrated OLED
Touch & Display



Display Driver ICs



Touch Controller ICs



- Continuing leadership in Flexible On-Cell discrete touch solutions
- Driving innovation and further differentiation with OLED TDDI
- Significant IP portfolio and strong OEM and customer relationships

IoT Division

Saleel Awsare, Senior VP and GM

IoT – Areas of Investment

EDGE SOC with AI



Industry leading SoC with
Voice/Video/Vision AI

Smart Home & Industrial
Vision applications

HIGH-SPEED VIDEO INTERFACE



Innovative Video ICs for
notebooks, tablets & phones

Driving video/audio for
dongles, docks & adapters

AUTOMOTIVE



Single chip Touch & Display
(TDDI) for Integrated panels

Leading transition from
Discrete Touch to Integrated

Solution

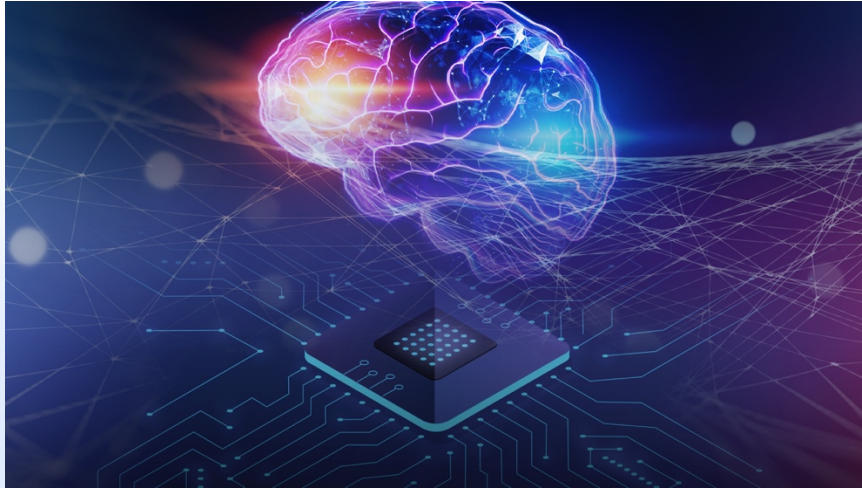
Opportunity

\$1.6B SAM Today Growing at 11% CAGR Through 2023

Edge SoC

The image features a dark blue background with a complex network of glowing white and yellow lines and dots, suggesting a complex system or data flow. The lines form a dense, interconnected web, with some nodes highlighted in a bright yellow or orange color. The overall aesthetic is futuristic and technical, typical of a presentation slide for a technology-related topic.

Edge SoC – The Opportunity



~\$1.0B
SAM

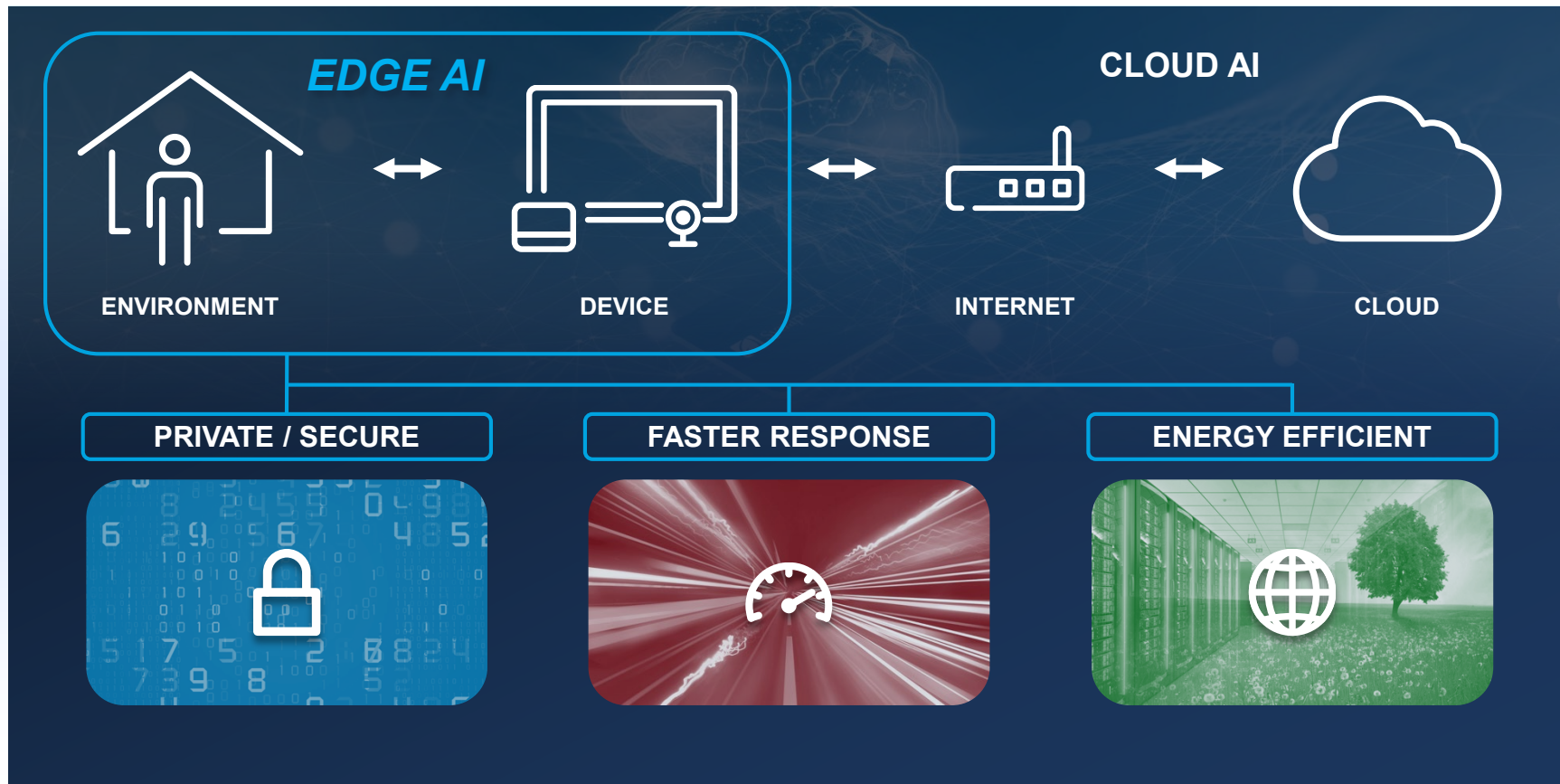
~12%
CAGR

Market Trends

- Voice interface proliferating beyond smart speakers to STBs; evolving to single SoC for voice/video/vision
- Surge in consumer video and camera vision usage
- Rapid expansion in industrial automation / security
- Privacy and security remain paramount
- US-based supplier viewed positively by Western service providers due to low risk of supply disruption

Source: Futuresource, Yole, IHS, Synaptics; SAM for 2019; 2019 – 2023 CAGR

What is Edge AI?

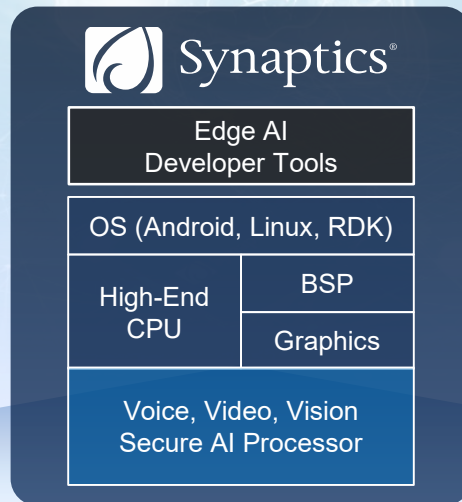


What is Synaptics Edge AI?

Customer Applications



Scalable Edge AI SoC Platform



Analytics / Enhancement



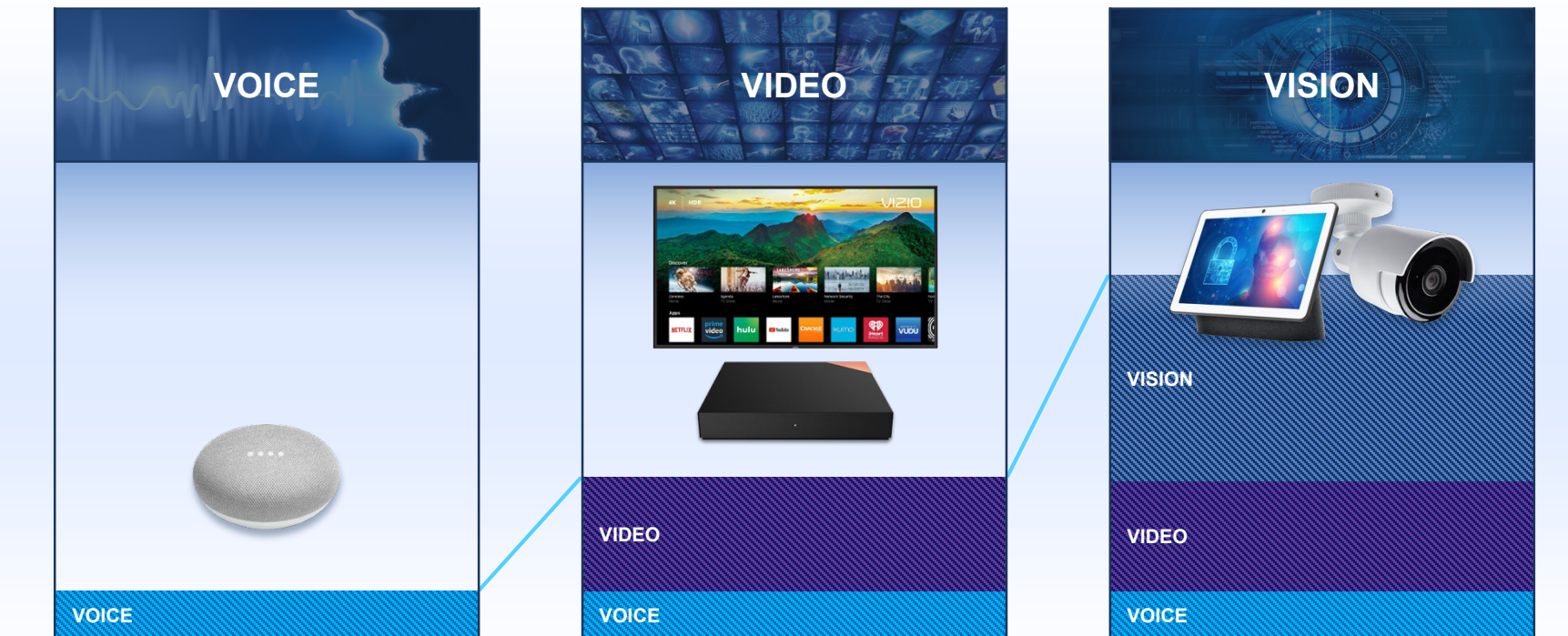
Industry Leading Performance

Open AI Development Tools
Compatible with Industry Standards

Secure Processing of
Voice/Video/Vision AI

Industry Leader in Secure, Voice/Video/Vision Edge AI SoCs

Expanding into Video and Vision AI



Relative market sizing for illustrative purposes only

Edge AI – Competitive Landscape

					 AI CO-PROCESSORS
Open AI Programming Tools	✓	✗	✗	✓	✓
Integrated Voice / Video / Vision SoC	✓	✓	✓	✓	✗
Complete SoC Software	✓	✓	✓	✓	✗
Content Security	✓	✓	✓	✗	✓

Why Synaptics Wins



- Expanding market for feature-rich devices employing AI
- Capturing the market with differentiated Voice/Video/Vision AI solutions
- Scalable platform approach addresses multiple market segments
- Significant software/firmware customization and optimization for OEMs

High-Speed Video Interface

The background is a dark blue gradient with a complex network of thin, glowing white and light blue lines that form a mesh or web-like structure. Several larger, semi-transparent blue and white circular nodes are scattered throughout the network, particularly concentrated in the lower half of the image. The overall aesthetic is futuristic and technical, consistent with the title 'High-Speed Video Interface'.

High Speed Video Interface – The Opportunity



Market Trends

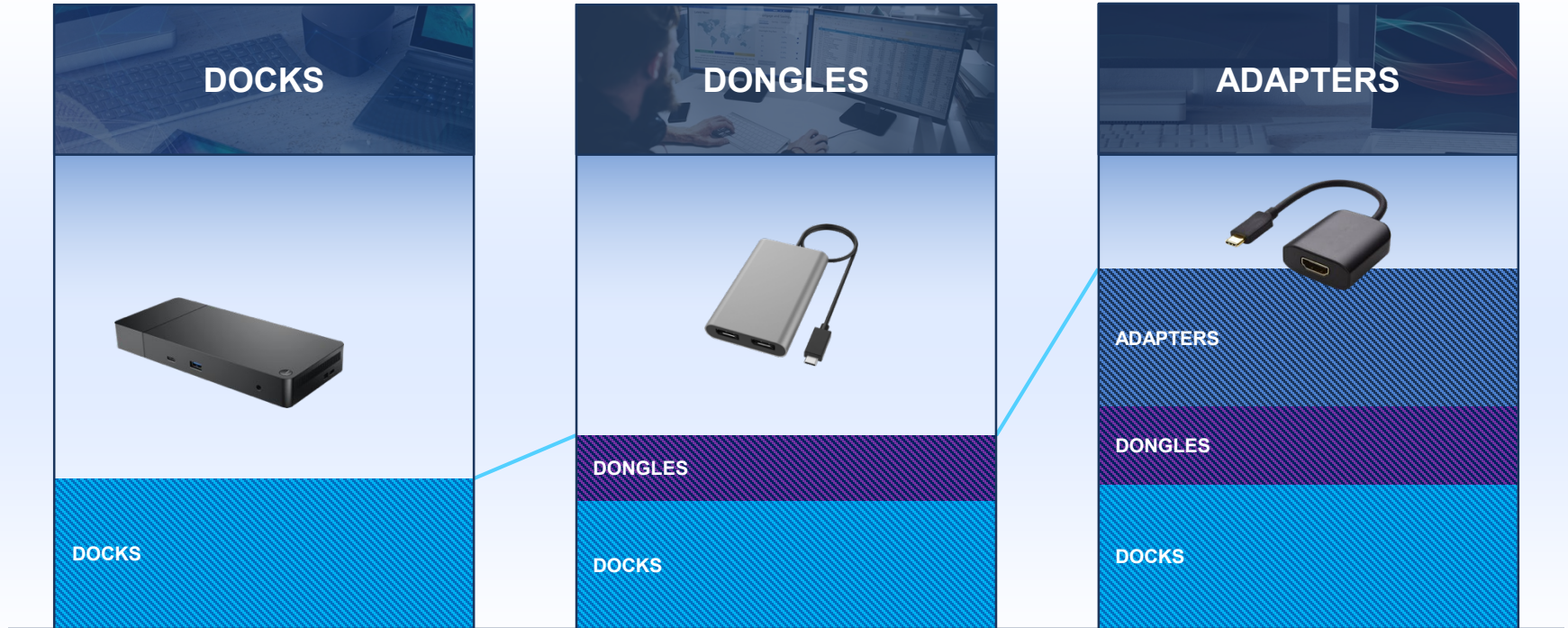
- Market converging to single cable USB-C dock for video, data & audio
- Increase in Type-C adoption by PCs, tablets and smartphones driving the growth of docking stations and dongles
- Thunderbolt 3/USB 4 emerging as the advanced and versatile technologies for docks
- Increasing adoption of larger, high-definition 4K and 8K monitors are expanding demand for higher bandwidth interfaces

**~\$200M
SAM**

**~10%
CAGR**

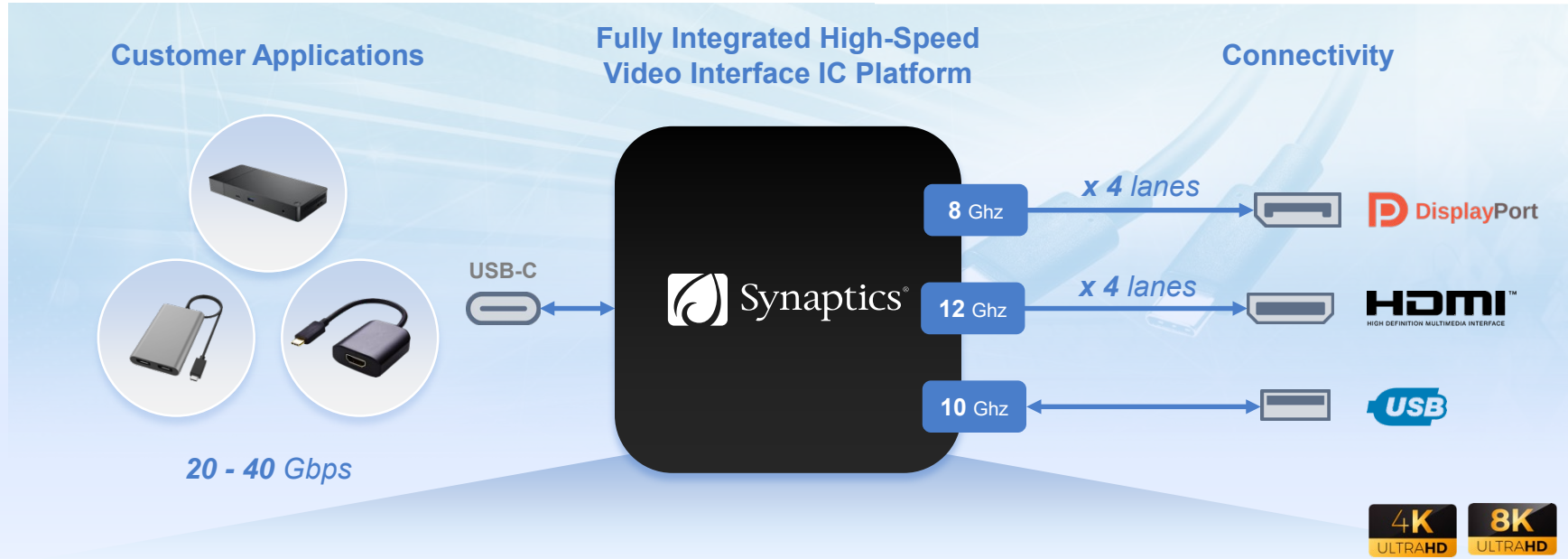
Source: IDC, IHS, Synaptics; SAM for 2019; 2019 – 2023 CAGR

Momentum in Docks / Dongles / Adapters



Relative market sizing for illustrative purposes only

Ahead of the Pack in High-Speed Video Interface




























Pioneering High-Speed Technology

Ultra-low Power for All Form Factors

Exceptional Video/Audio Quality

Industry Innovators with First-to-Market Interface Solutions

High-Speed Video Interface – Competitive Landscape

					
Protocol Converter	 HDMI 2.1 (8K)	 HDMI 2.0 (4K)	 HDMI 2.0 (4K)	 HDMI 2.0 (4K)	 HDMI 2.0 (4K)
Universal Docks	 2-ports	 2-ports			
Enterprise Docks	 3-ports				
Dongles (Video + Data)	 10G USB 3	 5G USB 3	 5 or 10G USB 3		

Why Synaptics Wins



- Synaptics Interface ICs used on almost all Thunderbolt 3 enterprise docks
- Leading the market in USB solutions combining audio, video & data
- Lowest power per bandwidth – driving products of all form factors



Automotive

Automotive – The Opportunity



~\$200M
SAM

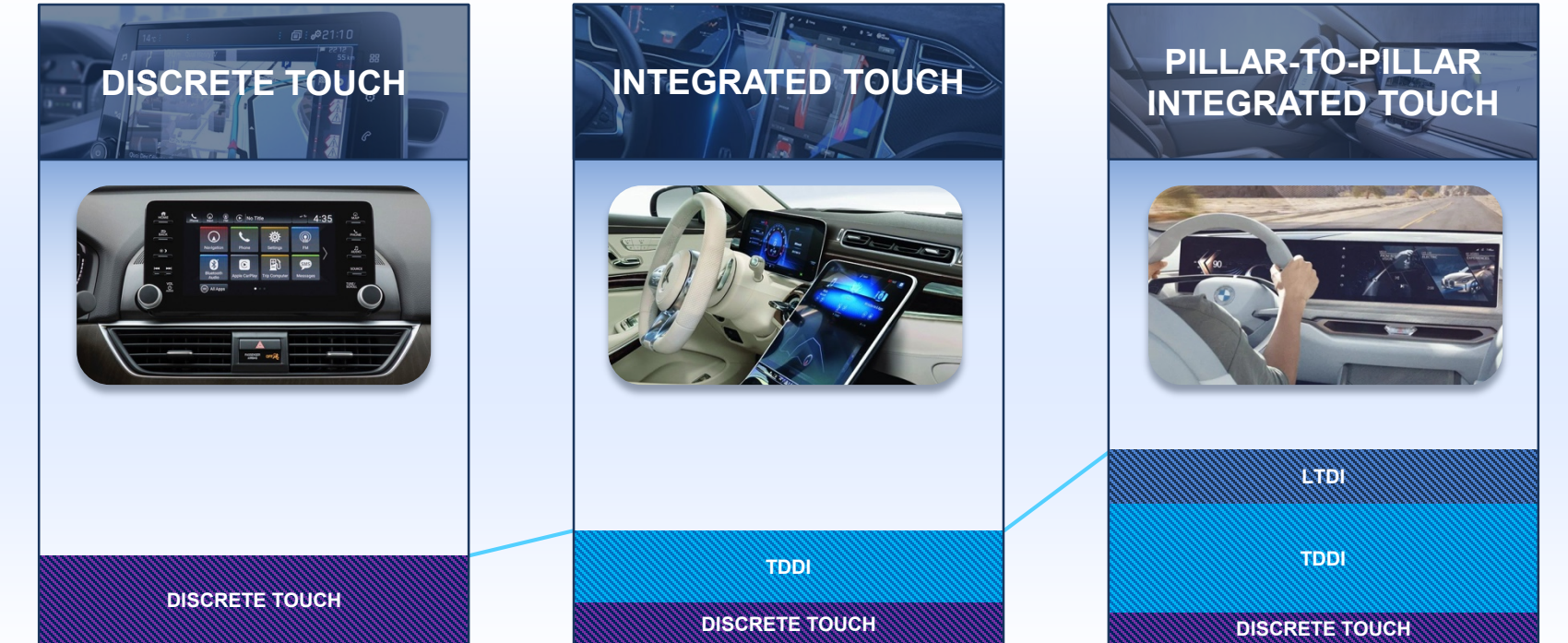
~10%
CAGR

Source: IHS, Synaptics; SAM for 2019; 2019 – 2027 CAGR

Market Trends

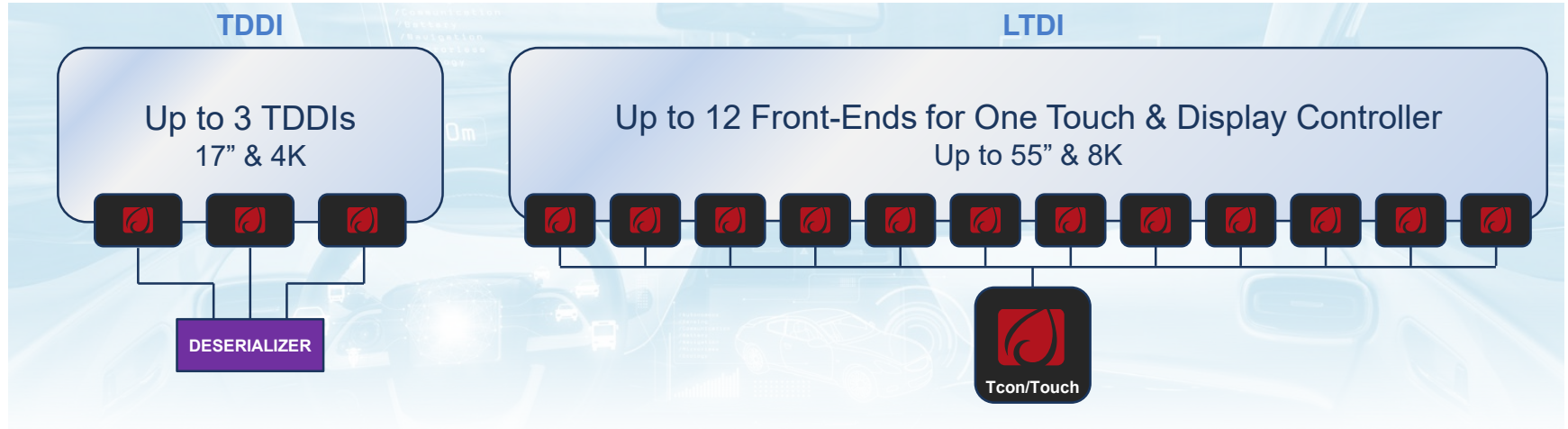
- #1 in Automotive TDDI enabling larger and better performing displays
- Winning more than 70% of designs for TDDI over the past 24 months
- Eight automotive display mfg. with 35 platforms under development using Synaptics TDDI
- LTDI (Large Touch & Display Integration) under development enables Pillar-to-Pillar

Momentum in Automotive TDDI & LTDI



Relative market sizing for illustrative purposes only

Under the Hood – TDDI vs. LTDI



- Enables transition from Discrete Touch to Integrated
- Ideal for up to 17" display sizes

- Expands instrument cluster and infotainment display on a single panel
- Scalable platform ideal for 20" – 55"
- ISO26262 compliant

Industry Leader in Automotive TDDI

Automotive – TDDI Competitive Landscape

	 Synaptics [®]	 FocalTech	 Himax	 Infineon	 MICROCHIP	 Silicon Works
4K Support	✓	✗	✓	✗	✗	✗
Integrated Touch	✓	✓	✓	✗	✗	✓
EMC Compliant	✓	✗	✓	✓	✓	✓
Global Technical Support	✓	✗	✗	✓	✓	✗

Why Synaptics Wins



- Leading industry transition to Integrated displays (TDDI) with majority share
- TDDI solution enables significant cost savings per display
- Driving industry to Pillar-to-Pillar display industrial design with LTDI
- Largest portfolio for Integrated Touch display solutions

Financial

Dean Butler, Senior VP and CFO

Key Pillars of Financial Focus

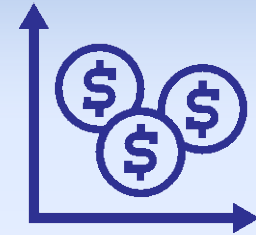
Stabilize Revenue
& Return to Growth



Margin
Expansion



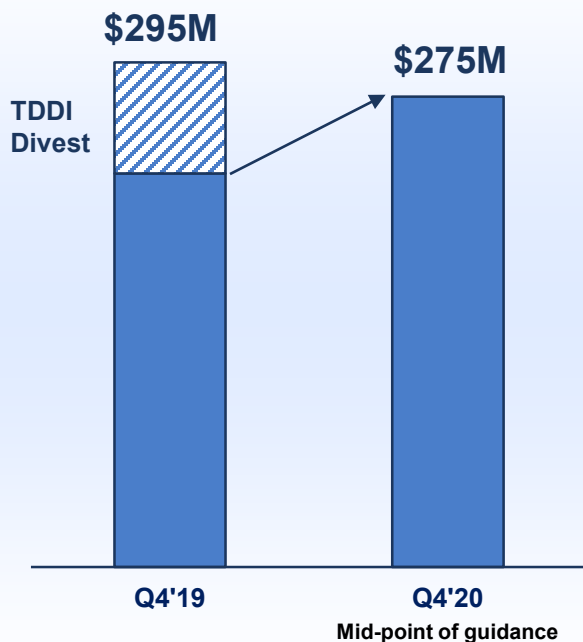
Capital Allocation
Priorities



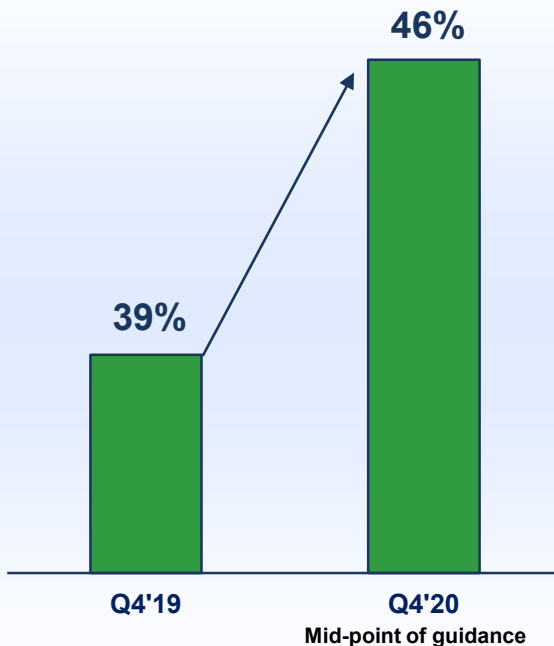
Right Size the Business to Expand Cash Flow Generation

A Year of Significant Progress

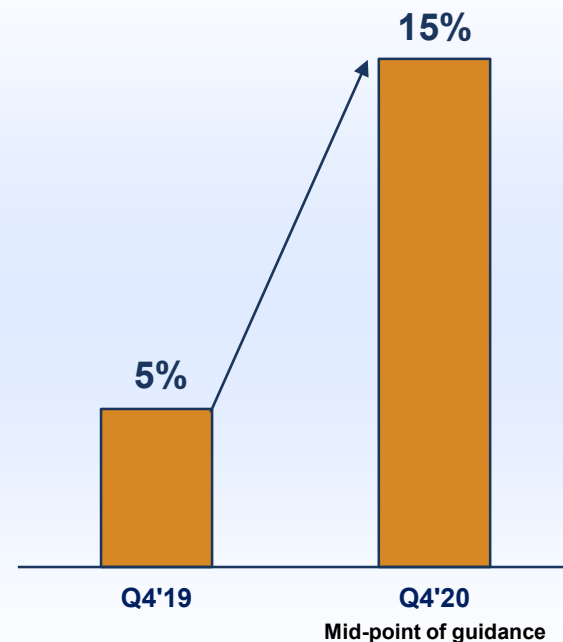
REVENUE



GROSS MARGIN

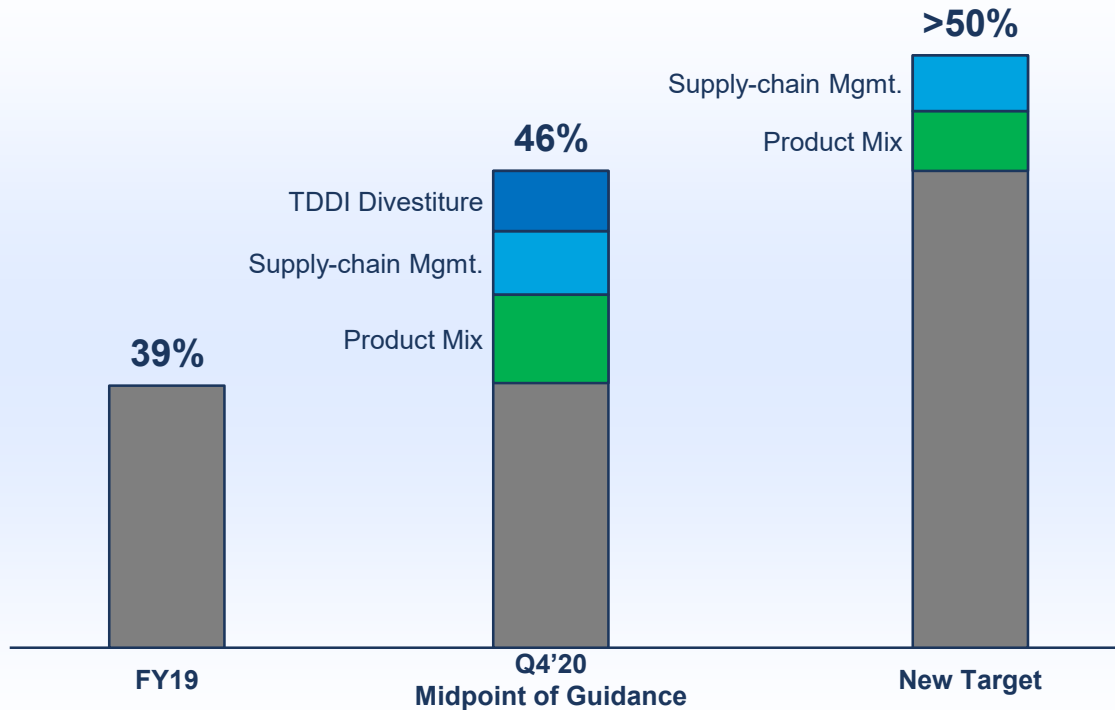


OPERATING MARGIN



Gross Margin and Operating Margin are Non-GAAP Results/Guidance
Q4'20 Guidance given May 7, 2020

Committed to Non-GAAP Gross Margin Expansion



Not to scale, for illustrative purposes only

What We've Done

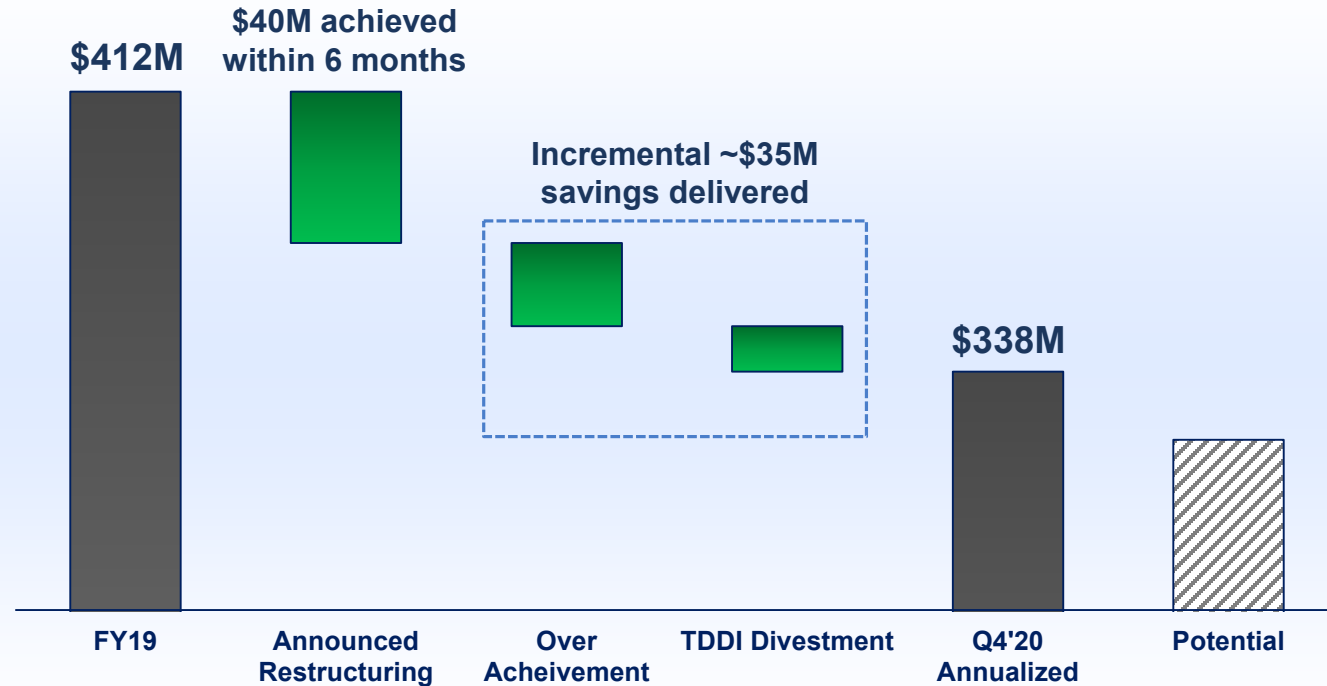
- Exited lower margin businesses
- Focus on higher-margin mobile OLED Touch
- Improvements in operations and supply-chain

Achieving the New Target

- Growth in IOT and Automotive
- OLED Touch momentum
- Further supplier consolidation

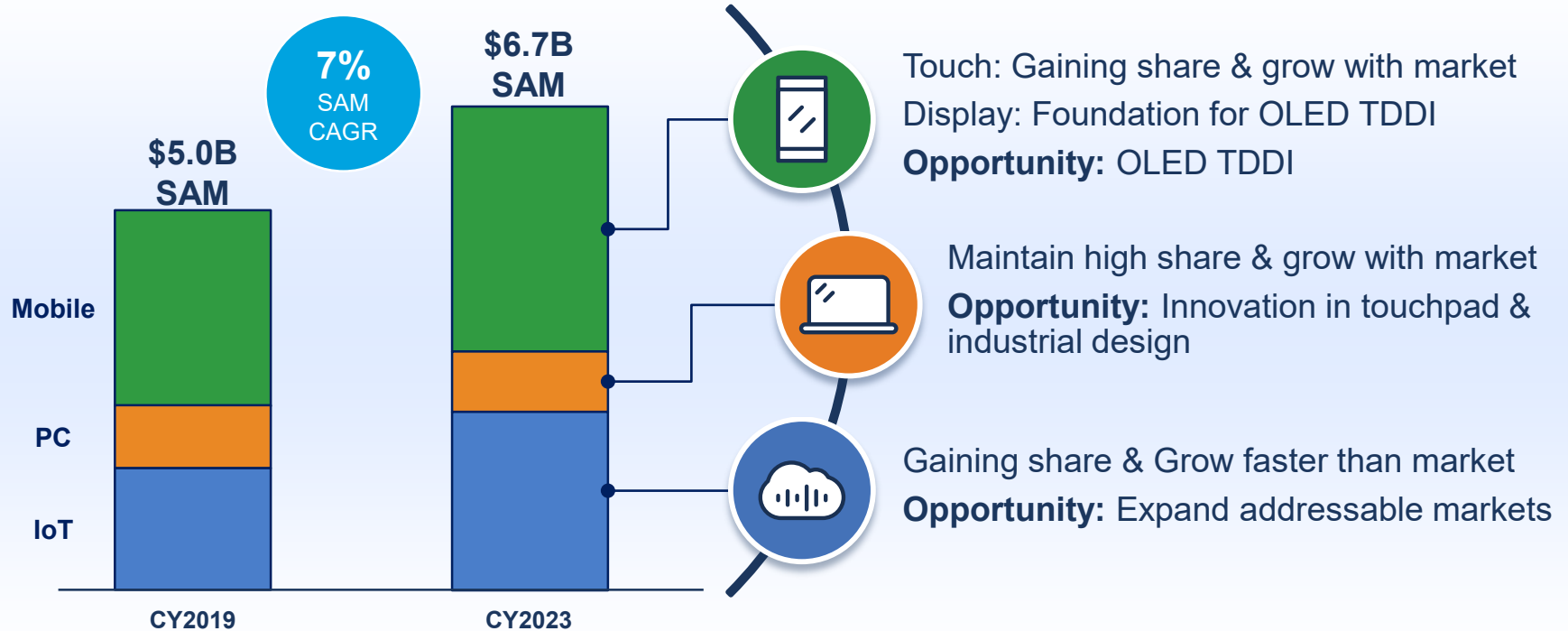
Restructuring Update : \$40M Plan Announced on Aug 8, 2019

Non-GAAP Operating Expenses



Not to scale, for illustrative purposes only
Q4'20 Annualized as May 7, 2020 mid-point guidance x 4

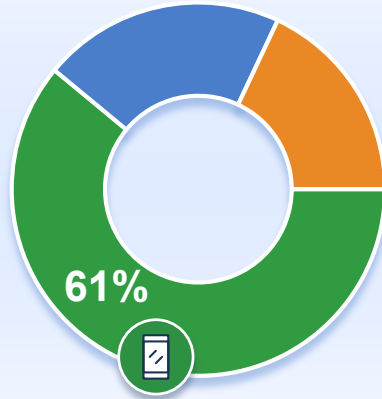
Market Growth Opportunity



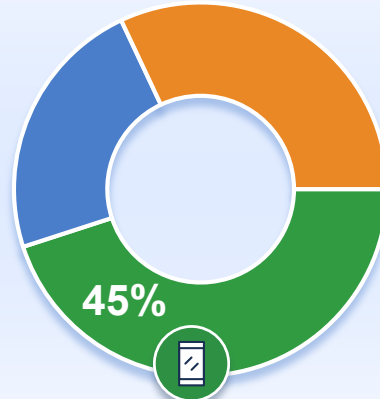
Source: IHS, IDC, FutureSource, Yole, and Synaptics analysis

Driving End Market Diversification

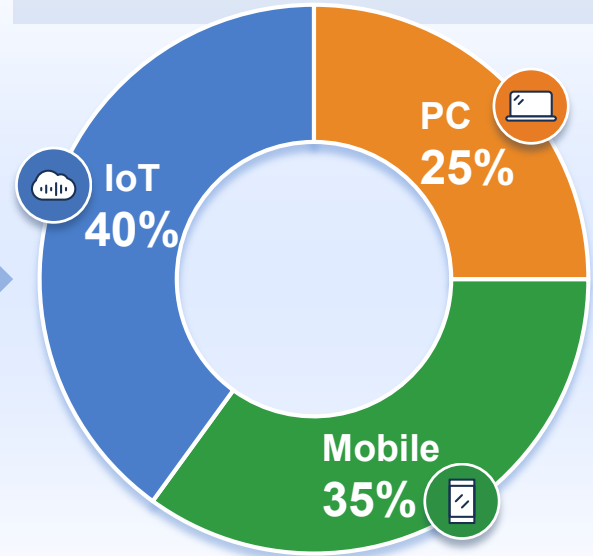
Past



Present



Future

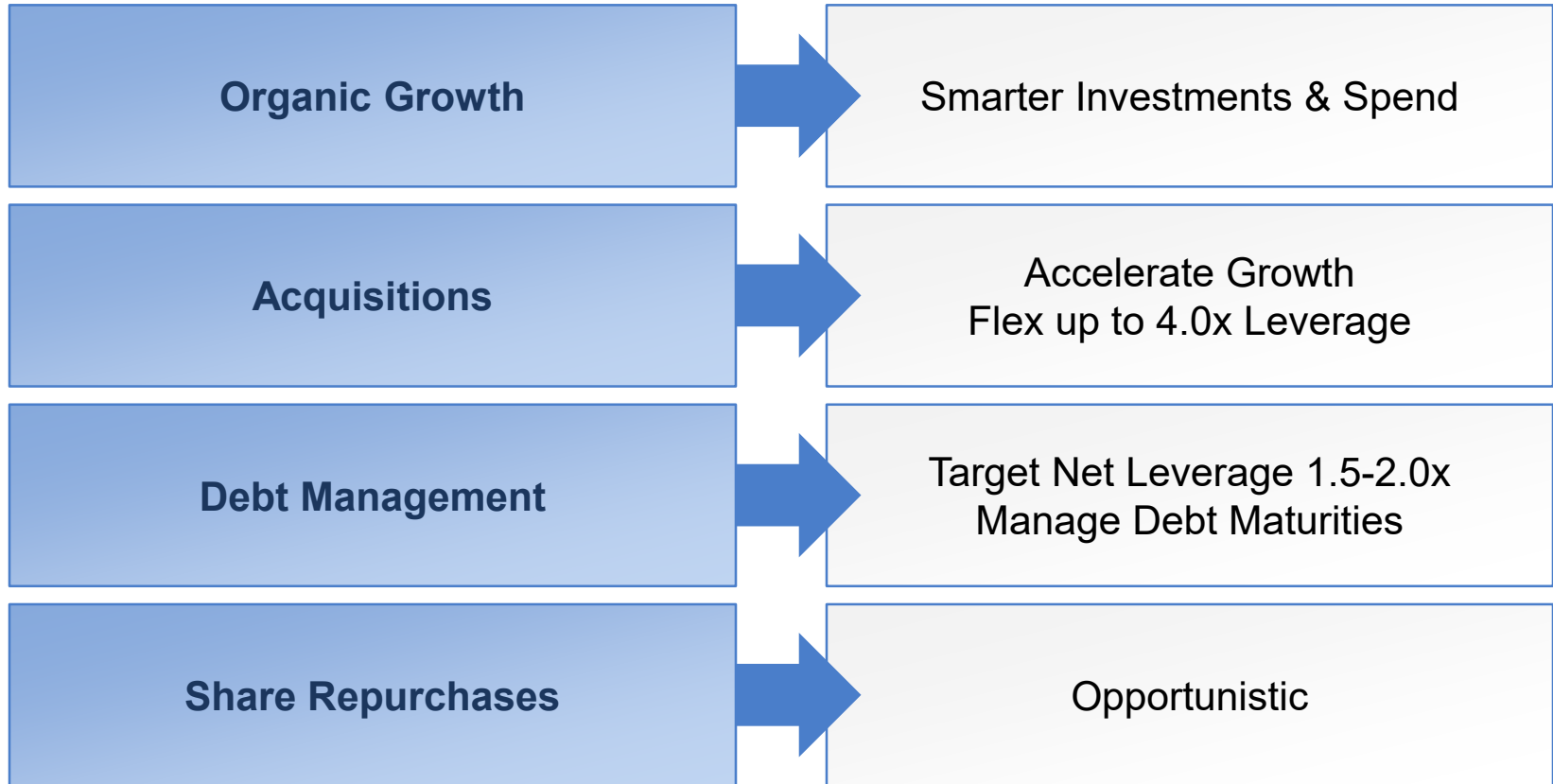


Past : FY2019 Actual results

Present : Q4'20 mid-point guidance as provided on May 7, 2020

Future : Management's long-term model

Capital Allocation Priorities and Capital Structure



Net Leverage as principal value of outstanding debt less on-hand cash and short-term investments as a multiple of adjusted EBITDA

Macro Environment Impact to Synaptics

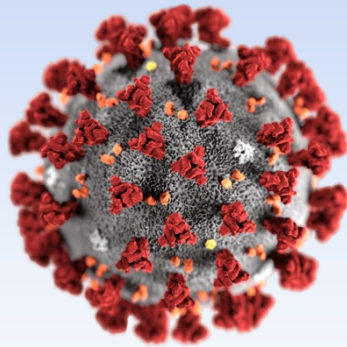
COVID-19

Demand:

- + Work from Home: PC & Video Docking
- Retail Consumer: IoT & Automotive
- ~ Smartphones: Unclear

Supply-Chain: Minimal impact

Workforce: No significant change



US / China Trade War

Lowered exposure post-TDDI divestment
Continuing to ship (non-EAR products)

Huawei: No direct impact, potential indirect



New Long-Term Financial Model

	FY19 Actual	FY20 Consensus	Prior Model	New Long-Term Model
Revenue	\$1,472M	\$1,332M	--	+4-6%
Non-GAAP Gross Margin	39%	43%	36-41%	>50%
Non-GAAP R&D	21%	20%	18-20%	20-22%
Non-GAAP SG&A	7%	7%	~6%	6-8%
Non-GAAP Operating Margin	11%	16%	12-15%	~20%

Source: Factset, mean Analyst Consensus as of 5/30/2020

Prior Model : January 7th 2019 management presentation

See appendix for GAAP to Non-GAAP reconciliations

Investment Highlights



A GLOBAL LEADER IN HUMAN TO MACHINE INTERFACE TECHNOLOGIES



STRONG PORTFOLIO OF DIFFERENTIATED TECHNOLOGIES & INCREASING MIX OF HIGH-MARGIN PRODUCTS



STRONG POSITION IN LARGE, GROWING MARKETS



DEEP RELATIONSHIPS WITH DIVERSE BASE OF LEADING OEMS



STRONG MANAGEMENT TEAM DRIVING SIGNIFICANT TRANSFORMATION



SCALABLE, EFFICIENT OPERATING MODEL

THANK YOU



Appendix



GAAP to Non-GAAP Reconciliations

Gross Profit

(\$M)	FY17	FY18	FY19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	LTM Q3'20
Total revenue	\$1,718	\$1,630	\$1,472	\$334	\$295	\$340	\$388	\$328	\$1,351
GAAP gross profit	\$524	\$480	\$497	\$116	\$90	\$126	\$159	\$136	\$512
GAAP gross profit margin	30.5%	29.4%	33.8%	34.7%	30.6%	37.1%	41.0%	41.3%	37.8%
Acquisition related costs	\$48	\$110	\$63	\$15	\$15	\$15	\$8	\$8	\$47
Loss on supply commitment	-	-	\$9	-	\$9	(\$1)	(\$2)	-	\$6
Retention costs	-	-	-	-	-	\$0	\$0	\$0	\$0
Share-based compensation	\$2	\$3	\$3	\$1	\$1	\$1	\$1	\$1	\$3
Non-GAAP gross profit	\$573	\$593	\$572	\$132	\$116	\$141	\$167	\$145	\$568
Non-GAAP gross profit margin	33.4%	36.4%	38.8%	39.5%	39.1%	41.5%	42.9%	44.1%	42.0%

GAAP to Non-GAAP Reconciliations (cont'd)

Operating Income

(\$M)	FY17	FY18	FY19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	LTM Q3'20
Total revenue	\$1,718	\$1,630	\$1,472	\$334	\$295	\$340	\$388	\$328	\$1,351
GAAP operating income/(loss)	\$65	(\$62)	(\$6)	(\$4)	(\$33)	\$3	\$35	\$19	\$23
GAAP operating income/(loss) margin	3.8%	(3.8%)	(0.4%)	(1.1%)	(11.3%)	0.9%	8.9%	5.8%	1.7%
Share-based compensation	\$62	\$71	\$59	\$16	\$10	\$11	\$15	\$18	\$55
Acquisition/divestiture related costs	\$61	\$136	\$77	\$19	\$19	\$18	\$13	\$11	\$61
Loss/(recovery) on supply commitment	-	-	\$9	-	\$9	(\$1)	(\$2)	-	\$6
Restructuring costs	\$7	\$14	\$18	-	\$7	\$7	\$13	\$6	\$34
Retention costs	-	-	\$3	-	\$3	\$4	\$4	\$3	\$13
CEO severance	-	-	\$2	\$2	-	-	-	-	-
In-process research and development charge	-	-	-	-	-	\$4	-	-	\$4
Arbitration or litigation settlement, net	\$10	\$3	(\$2)	-	-	-	-	-	\$0
Non-GAAP operating income	\$204	\$162	\$160	\$32.7	\$14	\$46	\$77	\$58	\$195
Non-GAAP operating income margin	11.9%	9.9%	10.8%	9.8%	4.9%	13.4%	19.9%	17.6%	14.4%

GAAP to Non-GAAP Reconciliations (cont'd)

Research & Development Expense

(\$M)	FY19
Total revenue	\$1,472
GAAP research and development	\$340
Share-based compensation	(\$34)
Acquisition and integration related costs	-
Non-GAAP research and development	\$306
Non-GAAP research and development percentage of revenue	21%

Selling, General, and Administrative Expense

(\$M)	FY19
Total revenue	\$1,472
GAAP selling, general, and administrative expense	\$130
Share-based compensation	(\$22)
CEO severance	(\$2)
Acquisition and integration related costs	(\$1)
Arbitration settlement, net	\$2
Non-GAAP selling, general, and administrative expense	\$106
Non-GAAP selling, general, and administrative percentage of revenue	7%

4Q FY2020 Company Guidance Provided May 7, 2020

	GAAP	Non-GAAP Adjustment	Non-GAAP
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.