
**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**

**February 7, 2018
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))

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 February 7, 2018 and attached hereto as Exhibit 99.1. The Company also posted earnings supplemental materials on the investor section of the Company's website at 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, 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.*

Exhibit
Number

Exhibit

99.1 [Press release from Synaptics Incorporated, dated February 7, 2018, titled "Synaptics Reports Results for Second Quarter Fiscal 2018"](#)

99.2 [Synaptics Second Quarter Fiscal 2018 Earnings Supplement](#)

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: February 7, 2018

By: /s/ Wajid Ali

Wajid Ali

Senior Vice President and Chief Financial Officer



Synaptics Reports Results for Second Quarter Fiscal 2018

- **Revenue of \$430.4 million**
- **GAAP net loss per share of \$2.42 reflecting one-time tax charges**
- **Non-GAAP net income per diluted share of \$1.11**
- **Retail availability of new Vivo flagship phone featuring industry's first in-display fingerprint solution from Synaptics**
- **Introduction of new chip-on-film technologies enabling LCD infinity displays**
- **First mass production orders for OLED display drivers**

San Jose, CA – February 7, 2018 – Synaptics Incorporated (NASDAQ: SYNA), the leading developer of human interface solutions, today reported financial results for its second fiscal quarter ended December 31, 2017.

Net revenue for the second quarter of fiscal 2018 declined seven percent from the comparable quarter last year and increased three percent sequentially to \$430.4 million. GAAP net loss for the second quarter of fiscal 2018 was \$82.4 million, or \$2.42 per share, which reflects a \$54 million discrete tax charge for both the impact of the one-time transition tax on accumulated foreign earnings and write-down of deferred tax assets for tax law changes under the recently passed tax act.

Non-GAAP net income for the second quarter of fiscal 2018 decreased \$15.2 from the comparable quarter last year and increased \$3.1 million sequentially to \$38.2 million. Non-GAAP net income per diluted share for the second quarter of fiscal 2018 was \$1.11, a decrease of 26 percent from the comparable quarter last year and an increase of eight percent sequentially. (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.)

"Synaptics is starting to benefit from our transition encompassing a more diversified product portfolio and customer base, and we expect to see strong momentum from our investments in infinity displays and consumer IoT in the second half of this calendar year," stated Rick Bergman, President and CEO. "We continue to make meaningful strides across our core growth priorities within chip-on-film, OLED, in-display fingerprint and consumer IoT. This includes retail availability of the Vivo X20 Plus UD flagship smartphone, the world's first phone with in-display fingerprint powered by Synaptics; the introduction of new chip-on-film display driver solutions enabling infinity

displays for LCD phones; our first mass production orders for OLED display drivers; and, continued traction in capitalizing on the key inflection point for voice-enabled products.”

Second Quarter 2018 Business Metrics (fingerprint products classified according to type of device)

- Revenue mix from mobile products was approximately 61 percent. Revenue from mobile products of \$261.8 million was down 11 percent sequentially and down 30 percent year-over-year. Mobile products revenue includes all touchscreen, display driver, and applicable fingerprint products.
- Approximately \$20.9 million of mobile product revenue for Q2 fiscal 2017 has been reclassified as IoT revenue.
- Revenue mix from consumer IoT products was approximately 25 percent. Revenue from consumer IoT products totaled \$106.9 million and includes \$25.3 million of revenue formerly classified as mobile revenue.
- Revenue mix from PC products was approximately 14 percent. Revenue from PC products totaled \$61.7 million, a sequential decrease of six percent and a decrease of three percent year-over-year, and includes applicable fingerprint products.

Wajid Ali, CFO, added, “Considering our backlog of \$252 million entering the March quarter, subsequent bookings, customer forecasts and product sell-in and sell-through timing patterns, and the resulting expected product mix, we anticipate revenue for the third quarter of fiscal 2018 to be in the range of \$380 to \$420 million, or down seven percent sequentially at the mid-point during the weakest seasonal quarter of our fiscal year. We expect the revenue mix from mobile, consumer IoT and PC products to be approximately 61 percent, 23 percent and 16 percent, respectively.”

Cash at December 31, 2017 was \$252 million, and cash flow from operations during the second quarter of 2018 was \$63 million.

Earnings Call and Supplementary Slides

The Synaptics second quarter fiscal 2018 teleconference and webcast is scheduled to begin at 2:00 p.m. PT (5:00 p.m. ET), on Wednesday, February 7, 2018, during which the company will provide forward-looking information. To participate on the live call, analysts and investors should dial 888-663-2254 (conference ID: 5897035). Supplementary slides and a live and archived webcast of the conference call will be accessible from the “Investor Relations” section of the company’s Website at www.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.

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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.

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

Acquisition related costs.

Acquisition 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,
- changes in contingent consideration,
- 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 that have been announced and are expected to close or have closed, including non-recurring post-acquisition costs and services.

These acquisition 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, the lives assigned to the acquired intangible assets, and the maturity of the business acquired. Excluding acquisition 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 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 and the employee stock purchase plan. Share-based compensation is a non-cash expense that 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 this item 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 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 generally infrequent, 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 infrequent restructuring costs designed to address cost structure inefficiencies in its business.

Other non-cash items, net.

Other non-cash items, net includes non-cash amortization of debt discount and issuance costs, and the gain on redemption or the accretion of interest income on certain of the company's investments in auction rate securities, in which the cost basis was previously written down in value. These items are excluded from non-GAAP results as either the previous write-down was excluded from non-GAAP results or the item is non-cash. Excluding other non-cash items, net 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, net.

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 deductible stock options, delivery of shares under deferred stock unit awards and market stock unit awards, 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, 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 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 24, 2017, 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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SYNAPTICS INCORPORATED
CONSOLIDATED BALANCE SHEETS
(In millions except share data)
(Unaudited)

	December 31, 2017	June 30, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 252.2	\$ 367.8
Accounts receivables, net of allowances of \$2.6	236.4	255.2
Inventories	140.6	131.4
Prepaid expenses and other current assets	18.3	37.6
Total current assets	647.5	792.0
Property and equipment at cost, net	118.8	113.8
Goodwill	368.3	206.8
Purchased intangibles, net	263.5	101.0
Non-current other assets	39.9	53.1
Total assets	\$ 1,438.0	\$1,266.7
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 119.7	\$ 135.8
Accrued compensation	28.1	31.9
Income taxes payable	22.2	17.2
Acquisition-related liabilities	8.7	8.7
Other accrued liabilities	95.9	101.8
Current portion of long-term debt	—	15.0
Total current liabilities	274.6	310.4
Long-term debt	—	202.0
Convertible notes, net	442.2	—
Deferred tax liabilities	7.8	—
Other long-term liabilities	28.2	14.1
Total liabilities	752.8	526.5
Commitments and contingencies		
Stockholders' equity:		
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; 61,933,342 and 60,579,911 shares issued, and 34,293,466 and 34,638,435 shares outstanding, respectively	0.1	0.1
Additional paid in capital	1,135.9	1,004.8
Less: 27,639,876 and 25,941,476 treasury shares, respectively, at cost	(1,073.9)	(980.3)
Accumulated other comprehensive income	1.5	1.5
Retained earnings	621.6	714.1
Total stockholders' equity	685.2	740.2
Total liabilities and stockholders' equity	\$ 1,438.0	\$1,266.7

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
Net revenue	\$430.4	\$ 461.3	\$ 847.8	\$847.5
Acquisition related costs (1)	38.4	12.0	70.1	24.2
Cost of revenue	276.8	310.6	548.1	561.2
Gross margin	115.2	138.7	229.6	262.1
Operating expenses				
Research and development	90.8	73.5	177.0	146.9
Selling, general, and administrative	36.4	32.3	74.0	66.9
Acquisition related costs, net (2)	5.4	2.4	11.5	6.9
Restructuring costs (3)	6.6	1.7	8.0	7.0
Total operating expenses	139.2	109.9	270.5	227.7
Operating income/(loss)	(24.0)	28.8	(40.9)	34.4
Interest and other income/(expense), net	(4.7)	0.6	(10.7)	(0.3)
Income/(loss) before provision for income taxes	(28.7)	29.4	(51.6)	34.1
Provision for income taxes	53.3	6.6	56.5	7.6
Equity investment loss	(0.4)	—	(0.8)	—
Net income/(loss)	<u>\$ (82.4)</u>	<u>\$ 22.8</u>	<u>\$(108.9)</u>	<u>\$ 26.5</u>
Net income/(loss) per share:				
Basic	<u>\$ (2.42)</u>	<u>\$ 0.65</u>	<u>\$ (3.22)</u>	<u>\$ 0.76</u>
Diluted	<u>\$ (2.42)</u>	<u>\$ 0.64</u>	<u>\$ (3.22)</u>	<u>\$ 0.74</u>
Shares used in computing net income/(loss) per share:				
Basic	<u>34.1</u>	<u>35.1</u>	<u>33.8</u>	<u>35.0</u>
Diluted	<u>34.1</u>	<u>35.9</u>	<u>33.8</u>	<u>35.7</u>

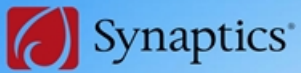
- (1) These acquisition related costs consist primarily of amortization of acquired intangible assets and inventory fair value adjustments associated with acquisitions.
- (2) These acquisition related costs, net consist primarily of amortization associated with certain acquired intangible assets as well 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 December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
GAAP gross margin	\$115.2	\$138.7	\$ 229.6	\$262.1
Acquisition related costs	38.4	12.0	70.1	24.2
Share-based compensation	0.7	0.6	1.4	1.1
Non-GAAP gross margin	<u>\$154.3</u>	<u>\$151.3</u>	<u>\$ 301.1</u>	<u>\$287.4</u>
GAAP gross margin - percentage of revenue	26.8%	30.1%	27.1%	30.9%
Acquisition related costs - percentage of revenue	8.9%	2.6%	8.3%	2.9%
Share-based compensation - percentage of revenue	0.2%	0.1%	0.1%	0.1%
Non-GAAP gross margin - percentage of revenue	<u>35.9%</u>	<u>32.8%</u>	<u>35.5%</u>	<u>33.9%</u>
GAAP research and development expense	\$ 90.8	\$ 73.5	\$ 177.0	\$146.9
Acquisition and integration related costs	—	—	(0.4)	—
Share-based compensation	(9.8)	(8.5)	(18.9)	(16.3)
Non-GAAP research and development expense	<u>\$ 81.0</u>	<u>\$ 65.0</u>	<u>\$ 157.7</u>	<u>\$130.6</u>
GAAP selling, general, and administrative expense	\$ 36.4	\$ 32.3	\$ 74.0	\$ 66.9
Acquisition and integration related costs	—	—	(1.5)	—
Share-based compensation	(7.3)	(6.5)	(14.0)	(12.8)
Non-GAAP selling, general, and administrative expense	<u>\$ 29.1</u>	<u>\$ 25.8</u>	<u>\$ 58.5</u>	<u>\$ 54.1</u>
GAAP operating income/(loss)	\$ (24.0)	\$ 28.8	\$ (40.9)	\$ 34.4
Acquisition related costs	43.8	14.4	83.5	31.1
Share-based compensation	17.8	15.6	34.3	30.2
Restructuring costs	6.6	1.7	8.0	7.0
Non-GAAP operating income	<u>\$ 44.2</u>	<u>\$ 60.5</u>	<u>\$ 84.9</u>	<u>\$102.7</u>
GAAP net income/(loss)	\$ (82.4)	\$ 22.8	\$(108.9)	\$ 26.5
Acquisition related costs	43.8	14.4	83.5	31.1
Share-based compensation	17.8	15.6	34.3	30.2
Restructuring costs	6.6	1.7	8.0	7.0
Other non-cash items, net	4.3	(1.6)	10.0	(1.7)
Equity investment loss	0.4	—	0.8	—
Non-GAAP tax adjustments	47.7	0.5	45.6	(5.5)
Non-GAAP net income	<u>\$ 38.2</u>	<u>\$ 53.4</u>	<u>\$ 73.3</u>	<u>\$ 87.6</u>
GAAP net income/(loss) per share - diluted	\$ (2.42)	\$ 0.64	\$ (3.22)	\$ 0.74
Acquisition related costs	1.28	0.40	2.47	0.87
Share-based compensation	0.52	0.44	1.02	0.84
Restructuring costs	0.19	0.05	0.24	0.20
Other non-cash items, net	0.13	(0.05)	0.30	(0.05)
Equity investment loss	0.01	—	0.02	—
Non-GAAP tax adjustments	1.41	0.01	1.34	(0.15)
Non-GAAP share adjustment	(0.01)	—	(0.03)	—
Non-GAAP net income per share - diluted	<u>\$ 1.11</u>	<u>\$ 1.49</u>	<u>\$ 2.14</u>	<u>\$ 2.45</u>

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

	Six Months Ended December 31,	
	2017	2016
Net Income/(loss)	\$(108.9)	\$ 26.5
Non-cash operating items	131.1	71.6
Changes in working capital	81.0	(45.7)
Provided by operations	<u>103.2</u>	<u>52.4</u>
Acquisition of businesses	(395.9)	—
Fixed asset & intangible asset purchases	(27.2)	(20.3)
Proceeds from sales and maturities of investments	—	7.5
Investment in direct financing lease	—	(15.8)
Used in investing	<u>(423.1)</u>	<u>(28.6)</u>
Treasury shares purchased	(93.6)	(25.0)
Equity compensation, net	4.6	9.4
Debt related, net	293.4	(11.3)
Provided by/(Used in) financing	<u>204.4</u>	<u>(26.9)</u>
Effect of exchange rate changes on cash and cash equivalents	(0.1)	(1.9)
Net change in cash and cash equivalents	<u>(115.6)</u>	<u>(5.0)</u>
Cash and cash equivalents at beginning of period	367.8	352.2
Cash and cash equivalents at end of period	<u>\$ 252.2</u>	<u>\$347.2</u>
Cash paid for taxes	<u>\$ 18.1</u>	<u>\$ 15.8</u>
Cash refund on taxes	<u>\$ 1.0</u>	<u>\$ 9.9</u>



ADVANCING
THE
HUMAN
INTERFACE

Second Quarter Fiscal 2018 Earnings

February 7, 2018

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, 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 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 24, 2017, 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 second quarter fiscal 2018 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.

Synaptics Key Commentary

- Retail availability now of Vivo phone with world's first Clear ID™ optical in-display fingerprint
- Over 30 new far-field voice customer product launches expected in calendar Q1 of 2018
- Expect mass production of OLED display drivers in calendar Q2 of 2018
- Chip-on-film that enables LCD infinity displays expected to deliver meaningful volumes in calendar Q3 of 2018
- Anticipate calendar 2018 growth driven by in-display, chip-on-film, OLED display drivers and far-field voice

Clear ID™ Quotes

"What's really impressive is how conceptually elegant this setup is. The whole thing is made possible by a Synaptic CMOS sensor."

engadget

"The uncanny thing for me with this phone is how obvious and immediately intuitive the in-display fingerprint system is... The technological aspect is just totally invisible and, if you're not paying attention to how challenging this is technically, it feels almost pedestrian and unimpressive. Like, of course, that's how it always should have been. Vivo is just the beginning."

THE VERGE

"The screen feels natural to touch, as that's the way we have been interacting with our phones for years. It just makes sense."

DIGITAL TRENDS

"In the vein of the best innovations, Clear ID feels like the way fingerprints ought to be read on phones with edge-to-edge screens, and it'll likely serve as a distinguishing feature for device makers planning to incorporate OLED panels in their future phones."

THE TECH REPORT
PC Hardware Explored

"There's something rather magical about using the in-display fingerprint scanner. It took us back to the first time we used a traditional fingerprint scanner on a smartphone, and we are just as impressed this time around."

techradar

"Vivo (with help from Synaptics) appears to have nailed it: It put a fingerprint sensor inside a phone screen. If it pans out, it means no-bezel phones without the compromises of rear-mounted finger sensors or still-slower-than-we-want facial recognition."

c|net

Q2 FY'18 Financial Results

Year over Year <i>\$M (except EPS)</i>	Q2'18 Actual	Q2'17 Actual	Delta \$	Delta %
Revenue	\$430.4	\$461.3	(\$30.9)	-7%
GAAP Net Income	(\$82.4)	\$22.8	(\$105.2)	-461%
GAAP EPS Diluted	(\$2.42)	\$0.64	(\$3.06)	-478%
Non-GAAP Net Income	\$38.2	\$53.4	(\$15.2)	-28%
Non-GAAP EPS Diluted	\$1.11	\$1.49	(\$0.38)	-26%

Quarter over Quarter <i>\$M (except EPS)</i>	Q2'18 Actual	Q1'18 Actual	Delta \$	Delta %
Revenue	\$430.4	\$417.4	\$13.0	3%
GAAP Net Income	(\$82.4)	(\$26.5)	(\$55.9)	211%
GAAP EPS Diluted	(\$2.42)	(\$0.79)	(\$1.63)	206%
Non-GAAP Net Income	\$38.2	\$35.1	\$3.1	9%
Non-GAAP EPS Diluted	\$1.11	\$1.03	\$0.08	8%

- Q1'18 is a 14 week period, all other quarters presented are 13 week periods

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

Non-GAAP Q2 FY'17 and Q2 FY'18 Results vs Q2 FY'18 Guidance

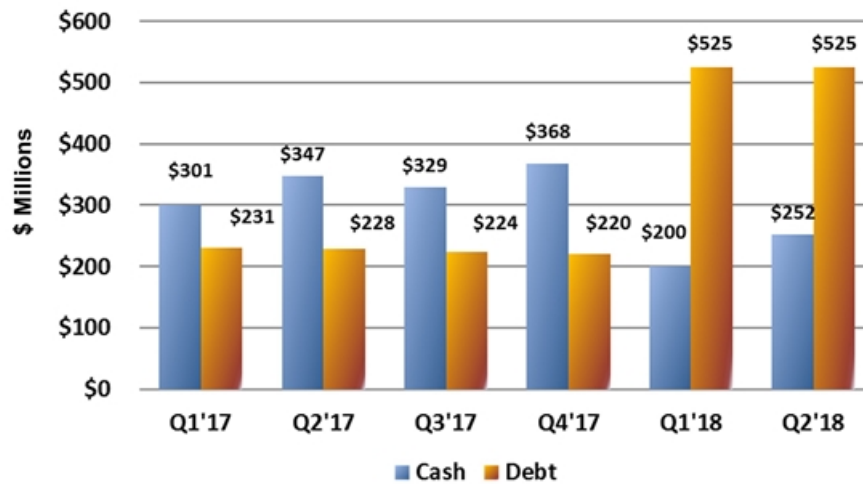
<i>\$M (except EPS)</i>	Q2'17 Actual	Q2'18 Actual	Q2'18 Guidance
Revenue	\$461.3	\$430.4	\$410M - \$450M
Gross Margin %	32.8%	35.9%	35%-37%
Op Expenses	\$90.8	\$110.1	\$110M - \$114M
Non-GAAP EPS	\$1.49	\$1.11	\$1.00-\$1.15

Mobile	82%	61%	62%
PC	14%	14%	14%
IoT	5%	25%	24%

- Q2'18 IoT Product Line revenue percentage includes \$25.3M previously classified as Mobile (Interface and Automotive)
- Q2'17 IoT Product Line revenue percentage includes \$20.9M previously classified as Mobile (Interface and Automotive)

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

Second Quarter Fiscal 2018 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.

Second Quarter Fiscal 2018 Balance Sheet

In Millions	Q2'17 Actual	Q1'18 Actual	Q2'18 Actual	Q2'18 vs Q1'18
Cash & Investments	\$347.2	\$199.7	\$252.2	\$52.5
AR	\$259.7	\$253.6	\$236.4	(\$17.2)
Inventory	\$159.7	\$179.6	\$140.6	(\$39.0)
PP&E	\$115.1	\$119.6	\$118.8	(\$0.8)
Other	\$420.8	\$724.6	\$690.0	(\$34.6)
Total Assets	\$1,302.5	\$1,477.1	\$1,438.0	(\$39.1)
Current Liabilities	\$313.9	\$276.5	\$274.6	(\$1.9)
Debt, net	\$224.7	\$438.1	\$442.2	\$4.1
Other Liabilities	\$23.6	\$16.7	\$36.0	\$19.3
Shareholder's Equity	\$740.3	\$745.8	\$685.2	(\$60.6)
Total Liabilities & Equity	\$1,302.5	\$1,477.1	\$1,438.0	(\$39.1)

- Balances presented above are as of the end of each quarter presented
- Q1'18 Cash balance reflects the impact of \$397M used for acquisitions, \$94 million used for share repurchases, net debt cash inflows of \$293M, and \$40M cash flow from operations
- Q1'18 and Q2'18 Inventory balance includes \$23.5M and 4.6M, respectively, of purchase accounting inventory fair value adjustment
- Current Liabilities balance reflects current liabilities except for debt
- Debt, net balance reflects debt net of discount and debt issuance costs and includes current portion of debt

Non-GAAP Third Quarter Fiscal 2018 Guidance

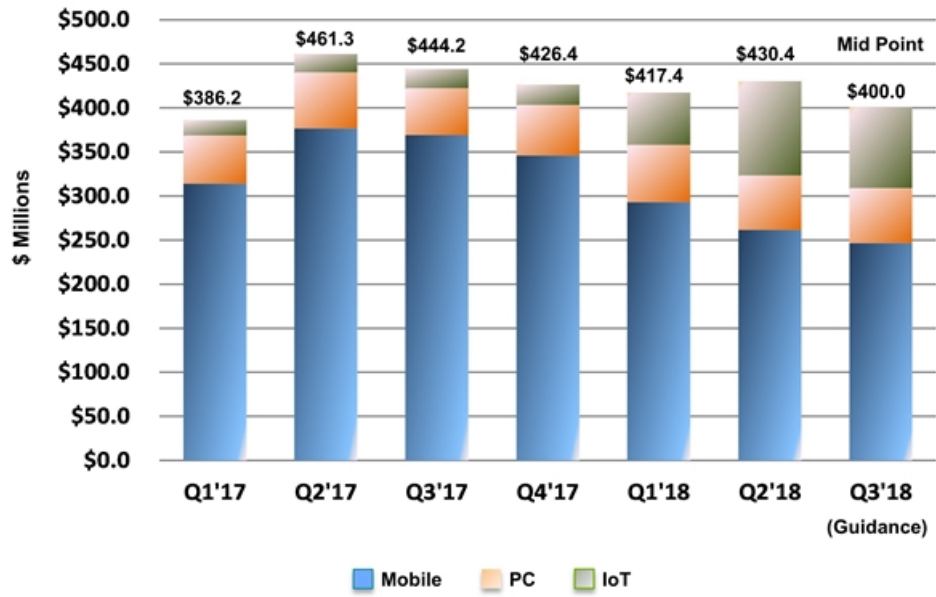
<i>\$M (except EPS)</i>	Q3'17 Actual	Q2'18 Actual	Q3'18 Guidance
Revenue	\$444.2	\$430.4	\$380M - \$420M
Gross Margin %	33.1%	35.9%	35% - 37%
Op Expenses	\$94.2	\$110.1	\$106M - \$110M
Non-GAAP EPS	\$1.27	\$1.11	\$0.80 - \$1.00

Mobile	83%	61%	61%
PC	12%	14%	16%
IoT	5%	25%	23%

- Q3'17 and Q2'18 IoT Product Line revenue percentage includes \$21.8M and \$25.3M, respectively, previously classified as Mobile (Interface and Automotive)

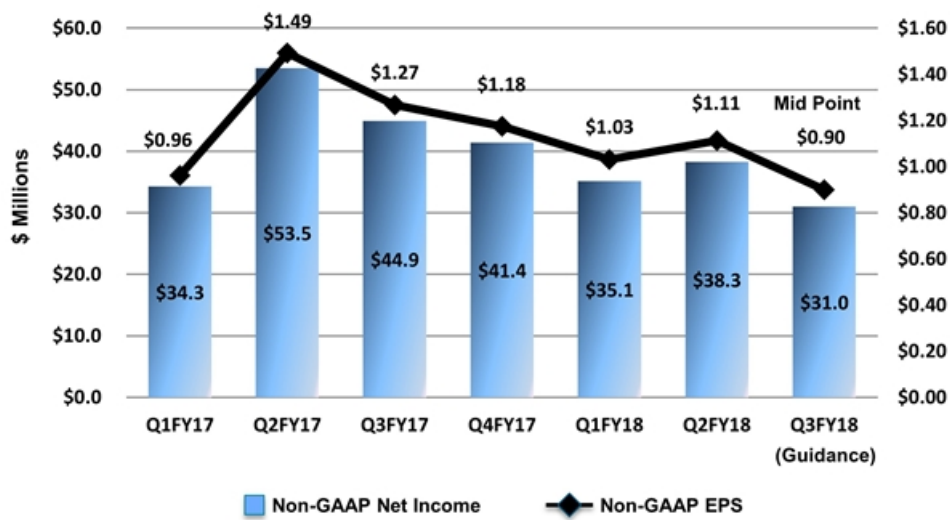
See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

Revenue Trend



- Q1'18 is a 14 week period, all other quarters presented are 13 week periods

Non-GAAP Net Income & EPS Fiscal Quarter Trend



• Q1'18 is a 14 week period, all other quarters presented are 13 week periods

GAAP to Non-GAAP Reconciliation Tables

	Q2'18 Actual	Q1'18 Actual	Q3'17 Actual	Q2'17 Actual
GAAP gross margin	\$ 115.2	\$ 114.4	\$ 134.7	\$ 138.7
Acquisition related costs	38.4	31.7	11.7	12.0
Share-based compensation	0.7	0.7	0.6	0.6
Non-GAAP gross margin	\$ 154.3	\$ 146.8	\$ 147.0	\$ 151.3
GAAP gross margin - percentage of revenue	26.8%	27.4%	30.3%	30.1%
Acquisition related costs - percentage of revenue	8.9%	7.6%	2.6%	2.6%
Share-based compensation - percentage of revenue	0.2%	0.2%	0.2%	0.1%
Non-GAAP gross margin - percentage of revenue	35.9%	35.2%	33.1%	32.8%

GAAP to Non-GAAP Reconciliation Tables - continued

	Q2'18 Actual	Q1'18 Actual	Q3'17 Actual	Q2'17 Actual
GAAP net income/(loss)	\$ (82.4)	\$ (26.5)	\$ 4.5	\$ 22.8
Acquisition and integration related costs	43.8	39.7	14.1	14.4
Share-based compensation	17.8	16.5	16.1	15.6
Litigation settlement charge	-	-	10.0	-
Restructuring costs	6.6	1.4	0.3	1.7
Other non-cash items, net	4.3	5.7	0.3	(1.6)
Equity investment loss	0.4	0.4	-	-
Non-GAAP tax adjustments	47.7	(2.1)	(0.4)	0.5
Non-GAAP net income	\$ 38.2	\$ 35.1	\$ 44.9	\$ 53.4
GAAP net income/(loss) per share - diluted	\$ (2.42)	\$ (0.79)	\$ 0.13	\$ 0.64
Acquisition and related costs	1.28	1.19	0.40	0.40
Share-based compensation	0.52	0.49	0.46	0.44
Litigation settlement charge	-	-	0.28	-
Restructuring costs	0.19	0.04	0.01	0.05
Other non-cash items, net	0.13	0.17	-	(0.05)
Equity investment loss	0.01	0.01	-	-
Non-GAAP tax adjustments	1.41	(0.06)	(0.01)	0.01
Non-GAAP share adjustment	(0.01)	(0.02)	-	-
Non-GAAP net income per share - diluted	\$ 1.11	\$ 1.03	\$ 1.27	\$ 1.49