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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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

**May 9, 2019  
Date of Report (Date of earliest event reported)**

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**SYNAPTICS INCORPORATED**

(Exact Name of Registrant as Specified in Its Charter)

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**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)

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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.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
<b>Common Stock, par value \$.001 per share</b>	<b>SYNA</b>	<b>The NASDAQ Global Select Market</b>

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**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 9, 2019 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.*

Exhibit  
Number

Exhibit

99.1 [Press release from Synaptics Incorporated, dated May 9, 2019, titled "Synaptics Reports Results for Third Quarter Fiscal 2019"](#)

99.2 [Synaptics Third Quarter Fiscal 2019 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.

Date: May 9, 2019

SYNAPTICS INCORPORATED

By: /s/ Kermit Nolan

Kermit Nolan  
Corporate Vice President, Chief Accounting Officer and Interim  
Chief Financial Officer



### Synaptics Reports Results for Third Quarter Fiscal 2019

**San Jose, CA – May 9, 2019** – Synaptics Incorporated (NASDAQ: SYNA), the leading developer of human interface solutions, today reported financial results for its third fiscal quarter ended March 30, 2019.

Net revenue for the third quarter of fiscal 2019 was down 15.2 percent from the comparable quarter last year and down 21.5 percent sequentially to \$334.0 million. GAAP net income for the third quarter of fiscal 2019 was \$6.7 million, or \$0.19 per diluted share. Non-GAAP net income for the third quarter of fiscal 2019 decreased \$3.4 million from the prior year period to \$29 million, or \$0.83 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.)

“While Synaptics continues to be impacted by the residual effects of unfavorable supply chain dynamics in the near term, we are confident in the strengths and untapped potential of our product portfolio and are evaluating how best to leverage these assets with a focus on aligning the business towards achieving better long-term profitability,” stated Saleel Awsare, Senior Vice President and General Manager, IoT Division, Corporate Marketing & Investor Relations. “Going forward, we have the elements in place to execute towards an overall richer margin mix and the ability to drive even greater momentum across the portfolio, including our IoT platform where we expect a return to growth in the June quarter.”

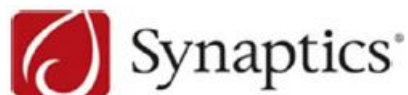
#### Third Quarter 2019 Business Metrics

- Revenue mix from mobile products was 61 percent. Revenue from mobile products of \$204.7 million was down 16 percent year-over-year and down 25 percent sequentially.
- Revenue mix from IoT products was 19 percent. Revenue from IoT products of \$63.1 million was down 29 percent year-over-year and down 28 percent sequentially.
- Revenue mix from PC products was 20 percent. Revenue from PC products of \$66.2 million was up 10 percent year-over-year and up 4 percent sequentially.

Cash at March 31, 2019 was \$324 million. Cash flow from operations during the third quarter of fiscal 2019 was \$47 million.

#### Business Outlook

Kermit Nolan, Chief Accounting Officer and Interim CFO of Synaptics, added, “Considering our backlog of \$210 million entering the June 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 fourth quarter of fiscal 2019 to be in the range of \$300 to \$320 million. Based on this guidance, we expect the revenue mix from mobile, IoT and PC products to be approximately 55 percent, 25 percent and 20 percent, respectively.”

For the fourth quarter of fiscal 2019, the company expects:

	<u>GAAP</u>	<u>Non-GAAP Adjustment</u>	<u>Non-GAAP</u>
Revenue	\$300m to \$320m -10 percent to -4 percent Q/Q	—	\$300m to \$320m -10 percent to -4 percent Q/Q
Gross Margin	32.5% to 33.5%	Approximately \$15.7m*	37.5% to 38.5%
Operating Expense	\$120m to \$125m	Approximately \$18m to \$19m**	\$102m to \$106m

\* Projected gross margin (non-GAAP) excludes \$15 million of intangible asset amortization and \$0.7 million of stock-based compensation.

\*\* Projected operating expense excludes \$15 million to \$16 million of stock-based compensation and \$3 million of intangible asset amortization.

### Earnings Call and Supplementary Materials

The Synaptics third quarter fiscal 2019 teleconference and webcast is scheduled to begin at 2:00 p.m. PT (5:00 p.m. ET), on Thursday, May 9, 2019, during which the company will provide forward-looking information.

#### Speakers:

- Saleel Awsare, Senior Vice President and General Manager, IoT Division, Corporate Marketing & Investor Relations
- Kermit Nolan, Chief Accounting Officer and Interim Chief Financial Officer
- Jason Tsai, Head of Investor Relations

To participate on the live call, analysts and investors should dial 888-394-8218 (conference ID: 7119573). 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 [www.synaptics.com](http://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](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.

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,
- 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, including non-recurring post-acquisition costs and services.

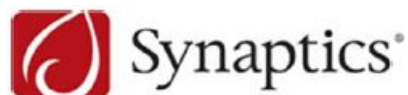
These acquisition related costs are not factored into the company's evaluation of its ongoing business operating performance or potential acquisitions, as they are not considered as part of the company's principal operations. Further, the amount of these costs can vary significantly from period to period 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 restructuring costs designed to address cost structure inefficiencies in its business.



*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.

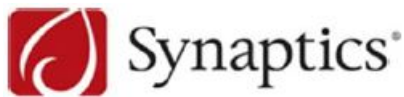
*Arbitration settlement, net*

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.



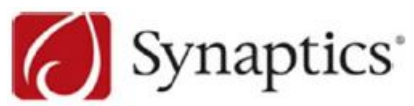


*Non-GAAP tax adjustments.*

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 deductible stock options, delivery of shares under deferred stock unit awards, market stock unit awards, and performance 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 30, 2018, 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:**

Jason Tsai  
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, 2019	June 30, 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 323.8	\$ 301.0
Accounts receivables, net of allowances of \$2.1 and \$1.8 at March 31, 2019 and June 30, 2018, respectively	266.8	289.1
Inventories	153.1	131.2
Prepaid expenses and other current assets	23.2	18.2
<b>Total current assets</b>	<b>766.9</b>	<b>739.5</b>
Property and equipment at cost, net	104.8	117.8
Goodwill	372.8	372.8
Purchased intangibles, net	163.1	219.2
Non-current other assets	61.0	50.5
<b>Total assets</b>	<b>\$ 1,468.6</b>	<b>\$ 1,499.8</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 117.9	\$ 156.9
Accrued compensation	22.1	25.4
Income taxes payable	1.0	13.1
Acquisition-related liabilities	—	8.7
Other accrued liabilities	99.1	79.7
<b>Total current liabilities</b>	<b>240.1</b>	<b>283.8</b>
Convertible notes, net	463.8	450.7
Other long-term liabilities	38.0	36.0
<b>Total liabilities</b>	<b>741.9</b>	<b>770.5</b>
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; 63,942,166 and 62,889,679 shares issued, and 34,452,290 and 35,249,803 shares outstanding, respectively	0.1	0.1
Additional paid in capital	1,248.1	1,195.2
Less: 29,489,876 and 27,639,876 treasury shares, respectively, at cost	(1,151.2)	(1,073.9)
Accumulated other comprehensive income	—	1.5
Retained earnings	629.7	606.4
<b>Total stockholders' equity</b>	<b>726.7</b>	<b>729.3</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,468.6</b>	<b>\$ 1,499.8</b>

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Net revenue	\$334.0	\$ 394.0	\$1,177.1	\$1,241.8
Acquisition related costs (1)	15.2	21.3	47.3	91.4
Cost of revenue	202.8	249.8	723.1	797.9
Gross margin	116.0	122.9	406.7	352.5
Operating expenses				
Research and development	82.4	91.0	256.0	268.0
Selling, general, and administrative	34.1	36.4	103.1	110.4
Acquisition related costs, net (2)	3.3	5.6	10.2	17.1
Restructuring costs (3)	—	2.2	10.4	10.2
Total operating expenses	119.8	135.2	379.7	405.7
Operating income/(loss)	(3.8)	(12.3)	27.0	(53.2)
Interest and other income, net	(4.3)	(4.7)	(10.5)	(15.4)
Income/(loss) before provision/(benefit) for income taxes	(8.1)	(17.0)	16.5	(68.6)
Provision/(benefit) for income taxes	(15.3)	(3.9)	(8.1)	52.6
Equity investment loss	(0.5)	(0.6)	(1.3)	(1.4)
Net income/(loss)	<u>\$ 6.7</u>	<u>\$ (13.7)</u>	<u>\$ 23.3</u>	<u>\$ (122.6)</u>
Net income/(loss) per share:				
Basic	<u>\$ 0.19</u>	<u>\$ (0.40)</u>	<u>\$ 0.67</u>	<u>\$ (3.61)</u>
Diluted	<u>\$ 0.19</u>	<u>\$ (0.40)</u>	<u>\$ 0.66</u>	<u>\$ (3.61)</u>
Shares used in computing net income/(loss) per share:				
Basic	<u>34.4</u>	<u>34.5</u>	<u>34.7</u>	<u>34.0</u>
Diluted	<u>35.0</u>	<u>34.5</u>	<u>35.5</u>	<u>34.0</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		Nine Months Ended	
	2019	2018	2019	2018
	March 31,		March 31,	
GAAP gross margin	\$116.0	\$122.9	\$406.7	\$ 352.5
Acquisition related costs	15.2	21.3	47.3	91.4
Share-based compensation	0.7	0.9	2.4	2.3
Non-GAAP gross margin	<u>\$131.9</u>	<u>\$145.1</u>	<u>\$456.4</u>	<u>\$ 446.2</u>
GAAP gross margin - percentage of revenue	34.7%	31.2%	34.6%	28.4%
Acquisition related costs - percentage of revenue	4.6%	5.4%	4.0%	7.4%
Share-based compensation - percentage of revenue	0.2%	0.2%	0.2%	0.1%
Non-GAAP gross margin - percentage of revenue	<u>39.5%</u>	<u>36.8%</u>	<u>38.8%</u>	<u>35.9%</u>
GAAP research and development expense	\$ 82.4	\$ 91.0	\$256.0	\$ 268.0
Share-based compensation	(8.6)	(10.0)	(25.4)	(28.9)
Acquisition and integration related costs	—	—	—	(0.4)
Non-GAAP research and development expense	<u>\$ 73.8</u>	<u>\$ 81.0</u>	<u>\$230.6</u>	<u>\$ 238.7</u>
GAAP selling, general, and administrative expense	\$ 34.1	\$ 36.4	\$103.1	\$ 110.4
Share-based compensation	(6.5)	(7.9)	(20.9)	(21.9)
CEO severance	(2.2)	—	(2.2)	—
Acquisition and integration related costs	—	—	(1.2)	(1.5)
Arbitration settlement, net	—	(2.0)	1.7	(2.0)
Non-GAAP selling, general, and administrative expense	<u>\$ 25.4</u>	<u>\$ 26.5</u>	<u>\$ 80.5</u>	<u>\$ 85.0</u>
GAAP operating income/(loss)	\$ (3.8)	\$ (12.3)	\$ 27.0	\$ (53.2)
Share-based compensation	15.8	18.8	48.7	53.1
Acquisition related costs	18.5	26.9	58.7	110.4
CEO severance	2.2	—	2.2	—
Restructuring costs	—	2.2	10.4	10.2
Arbitration settlement, net	—	2.0	(1.7)	2.0
Non-GAAP operating income	<u>\$ 32.7</u>	<u>\$ 37.6</u>	<u>\$145.3</u>	<u>\$ 122.5</u>
GAAP net income/(loss)	\$ 6.7	\$ (13.7)	\$ 23.3	\$ (122.6)
Share-based compensation	15.8	18.8	48.7	53.1
Acquisition related costs	18.5	26.9	58.7	110.4
CEO severance	2.2	—	2.2	—
Restructuring costs	—	2.2	10.4	10.2
Arbitration settlement, net	—	2.0	(1.7)	2.0
Other non-cash items	4.5	4.3	13.4	14.3
Recovery on sale of investment	—	—	(2.8)	—
Equity investment loss	0.5	0.6	1.3	1.4
Non-GAAP tax adjustments	(19.2)	(8.7)	(25.5)	36.9
Non-GAAP net income	<u>\$ 29.0</u>	<u>\$ 32.4</u>	<u>\$128.0</u>	<u>\$ 105.7</u>
GAAP net income/(loss) per share - diluted	\$ 0.19	\$ (0.40)	\$ 0.66	\$ (3.61)
Share-based compensation	0.45	0.55	1.37	1.56
Acquisition related costs	0.53	0.78	1.66	3.25
CEO severance	0.06	—	0.06	—
Restructuring costs	—	0.06	0.29	0.30
Arbitration settlement, net	—	0.06	(0.05)	0.06
Other non-cash items	0.13	0.12	0.38	0.42
Recovery on sale of investment	—	—	(0.08)	—
Equity investment loss	0.02	0.02	0.04	0.04
Non-GAAP tax adjustments	(0.55)	(0.25)	(0.72)	1.09
Non-GAAP share adjustment	—	(0.02)	—	(0.05)
Non-GAAP net income per share - diluted	<u>\$ 0.83</u>	<u>\$ 0.92</u>	<u>\$ 3.61</u>	<u>\$ 3.06</u>

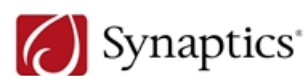
SYNAPTICS INCORPORATED  
CONDENSED CONSOLIDATED CASH FLOWS  
(In millions)  
(Unaudited)

	Nine Months Ended March 31,	
	2019	2018
Net Income/(loss)	\$ 23.3	\$(122.6)
Non-cash operating items	130.2	176.2
Changes in working capital	(42.7)	83.5
Provided by operations	110.8	137.1
Acquisition of businesses	—	(396.4)
Fixed asset & intangible asset purchases	(17.7)	(35.2)
Proceeds from sales and maturities of investments	2.8	—
Used in investing	(14.9)	(431.6)
Treasury shares purchased	(77.3)	(93.6)
Equity compensation, net	4.2	10.2
Debt related, net	—	293.4
Provided by/(Used in) financing	(73.1)	210.0
Effect of exchange rate changes on cash and cash equivalents	—	0.1
Net change in cash and cash equivalents	22.8	(84.4)
Cash and cash equivalents at beginning of period	301.0	367.8
Cash and cash equivalents at end of period	\$323.8	\$ 283.4
Cash paid for taxes	\$ 16.1	\$ 26.0
Cash refund on taxes	\$ 5.2	\$ 1.0

# ADVANCING THE HUMAN INTERFACE

## Third Quarter Fiscal 2019 Earnings

May 9, 2019



Confidential

# 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 30, 2018, 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 2019 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.

# Q3FY19 Highlights

## Financial Highlights

- Seven consecutive quarters of non-GAAP gross margin improvement
- \$47M cash flow generated from operations
- Increased cash balance by \$41M to \$324M at quarter end
- \$148M in share repurchase authorization still available

## Business Highlights

- Shipping millions of new AS3xx Smart Edge AI AudioSmart SoC's – one quarter ahead of schedule
- Significant new touch, DDIC and TDDI design wins in mobile for LCD and OLED displays for 2019 flagship and mainstream smartphones
- Design win for our digital audio SoC for USB-C headsets with an additional top-three smartphone OEM for their upcoming flagship device
- Continued to win major designs for TDDI and fingerprint for automotive
- New VR DDICs now shipping to HP, ACER and PICO

# Executing to Corporate Transformation

## **Disciplined financial practices**

- Targeting gross margins in the 40's percentage range
- Aligning Opex spending with strategic resource allocation

## **Aggressive & focused go-to-market strategies**

- Differentiated "intelligence at the edge" solutions driving a high-value product portfolio for long-term profitable growth
- Flexible OLED for infinity display growth leveraging our best-in-class touch and DDIC IP
- Leverage best-in-class digital audio SoCs for rapidly emerging USB-C smartphone headsets market

## **Investments to grow the business, fit for the long term**

- Refocusing and reshaping portfolio towards higher margin differentiated products
- Targeting investments in key products and focusing on spending alignment

## **Strengthening and streamlining the executive leadership**

- CEO search underway
- CFO search will resume after CEO is on board

# Q3 FY'19 Financial Results

Year over Year <i>\$M (except EPS)</i>	Q3'18 Actual	Q3'19 Actual	Delta \$	Delta %
Revenue	\$394.0	\$334.0	(\$60.0)	(15%)
GAAP Net Income	(\$13.7)	\$6.7	\$20.4	NA
GAAP EPS Diluted	(\$0.40)	\$0.19	\$0.59	NA
Non-GAAP Net Income	\$32.4	\$29.0	(\$3.4)	(10%)
Non-GAAP EPS Diluted	\$0.92	\$0.83	(\$0.09)	(10%)

Quarter over Quarter <i>\$M (except EPS)</i>	Q2'19 Actual	Q3'19 Actual	Delta \$	Delta %
Revenue	\$425.5	\$334.0	(\$91.5)	(22%)
GAAP Net Income	\$12.8	\$6.7	(\$6.1)	(48%)
GAAP EPS Diluted	\$0.36	\$0.19	(\$0.17)	(47%)
Non-GAAP Net Income	\$54.4	\$29.0	(\$25.4)	(47%)
Non-GAAP EPS Diluted	\$1.55	\$0.83	(\$0.72)	(46%)

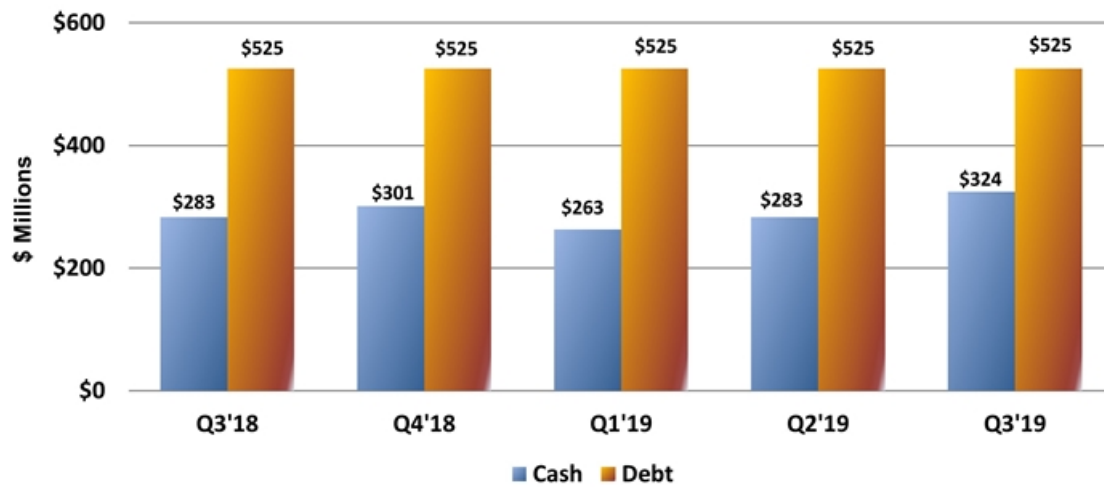
See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

## Q3 FY'18 and Q3 FY'19 Results vs Q3 FY'19 Guidance

<i>SM (except EPS)</i>	Q3'18 Actual	Q3'19 Actual	Q3'19 Guidance
Revenue	\$394.0	\$334.0	\$340M - \$380M
Non-GAAP Gross Margin %	36.8%	39.5%	38% - 39%
Non-GAAP Op Expenses	\$107.5	\$99.2	\$102-\$106M
Non-GAAP EPS	\$0.92	\$0.83	\$0.70 - \$1.00
GAAP Gross Margin %	31.2%	34.7%	-
GAAP Op Expenses	\$135.2	\$119.8	-
GAAP EPS	(\$0.40)	\$0.19	-
Mobile	62%	61%	62%
PC	15%	20%	18%
IoT	23%	19%	20%

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

# Third Quarter Fiscal 2019 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 2019 Balance Sheet

In Millions	Q3'18 Actual	Q2'19 Actual	Q3'19 Actual	Q3'19 vs Q2'19
<b>Cash &amp; Investments</b>	\$283.4	\$283.0	\$323.8	\$40.8
AR	\$258.2	\$326.0	\$266.8	(\$59.2)
Inventory	\$108.5	\$145.7	\$153.1	\$7.4
PP&E	\$118.7	\$106.0	\$104.8	(\$1.2)
Other	\$674.9	\$638.9	\$620.1	(\$18.8)
<b>Total Assets</b>	<b>\$1,443.7</b>	<b>\$1,499.6</b>	<b>\$1,468.6</b>	<b>(\$31.0)</b>
Current Liabilities	\$266.9	\$299.3	\$240.1	(\$59.2)
Debt, net	\$446.5	\$459.4	\$463.8	\$4.4
Other Liabilities	\$34.4	\$36.7	\$38.0	\$1.3
<b>Shareholder's Equity</b>	<b>\$695.9</b>	<b>\$704.2</b>	<b>\$726.7</b>	<b>\$22.5</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$1,443.7</b>	<b>\$1,499.6</b>	<b>\$1,468.6</b>	<b>(\$31.0)</b>

- Balances are as of the end of each quarter presented
- Debt, net balance reflects debt net of discount and debt issuance costs
- Repurchased 1.85 million shares YTD '19 for \$77 million

# Fourth Quarter Fiscal 2019 Guidance

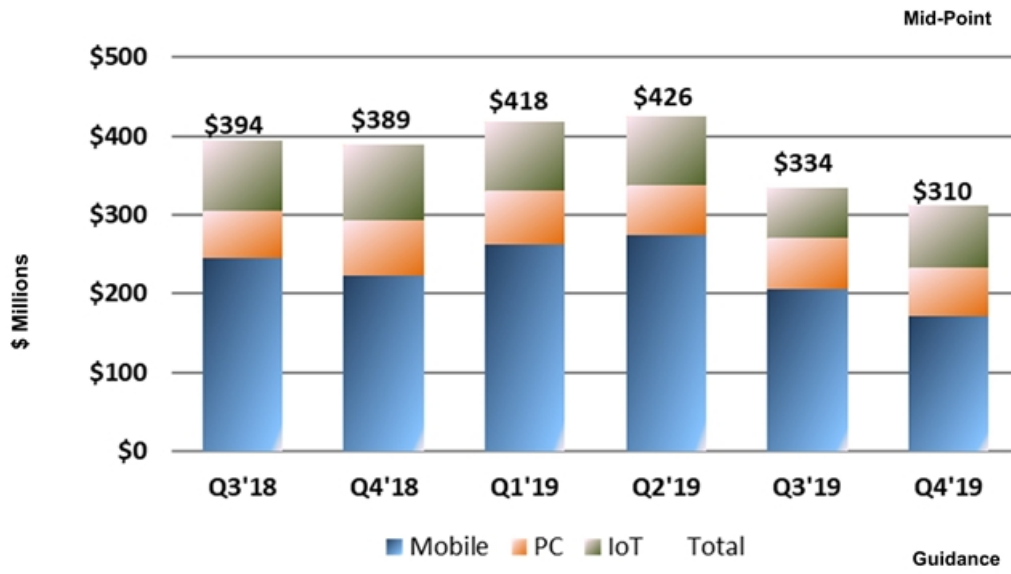
<i>SM (except EPS)</i>	Q4'18 Actual	Q3'19 Actual	Q4'19 Guidance
Revenue	\$388.5	\$334.0	\$300M - \$320M
Non-GAAP Gross Margin %	37.8%	39.5%	37.5% - 38.5%
Non-GAAP Op Expenses	\$107.5	\$99.2	\$102M - \$106M
Non-GAAP EPS	\$1.00	\$0.83	\$0.20 - \$0.45
GAAP Gross Margin %	32.8%	34.7%	32.5% - 33.5%
GAAP Op Expenses	\$136.3	\$119.8	\$120M - \$125M
GAAP EPS	(\$0.04)	\$0.19	-

Mobile	62%	61%	55%
PC	15%	20%	20%
IoT	23%	19%	25%

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

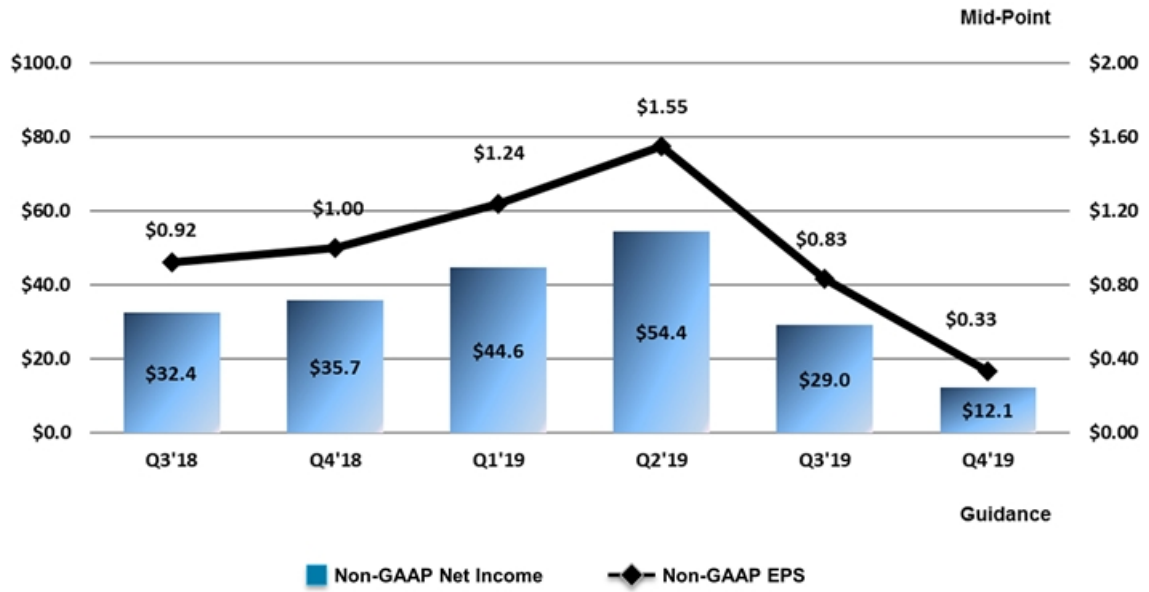


# Revenue Trend



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

# Non-GAAP Net Income & EPS Fiscal Quarter Trend



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

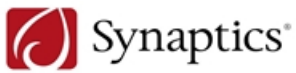
# GAAP to Non-GAAP Reconciliation Tables

	Q3'19 Actual	Q2'19 Actual	Q1'19 Actual	Q4'18 Actual	Q3'18 Actual
<b>GAAP gross margin</b>	\$ 116.0	\$ 149.8	\$ 140.9	\$ 127.6	\$ 122.9
Acquisition related costs	15.2	15.1	17.0	18.3	21.3
Share-based compensation	0.7	0.8	0.9	0.9	0.9
<b>Non-GAAP gross margin</b>	<b>\$ 131.9</b>	<b>\$ 165.7</b>	<b>\$ 158.8</b>	<b>\$ 146.8</b>	<b>\$ 145.1</b>

	Q3'19 Actual	Q2'19 Actual	Q1'19 Actual	Q4'18 Actual	Q3'18 Actual
<b>GAAP gross margin - percentage of revenue</b>	34.7%	35.2%	33.7%	32.8%	31.2%
Acquisition related costs - percentage of revenue	4.6%	3.5%	4.1%	4.7%	5.4%
Share-based compensation - percentage of revenue	0.2%	0.2%	0.2%	0.3%	0.2%
<b>Non-GAAP gross margin - percentage of revenue</b>	<b>39.5%</b>	<b>38.9%</b>	<b>38.0%</b>	<b>37.8%</b>	<b>36.8%</b>

## GAAP to Non-GAAP Reconciliation Tables - continued

	Q3'19 Actual	Q2'19 Actual	Q1'19 Actual	Q4'18 Actual	Q3'18 Actual
<b>GAAP net income/(loss)</b>	\$ 6.7	\$ 12.8	\$ 3.8	\$ (1.5)	\$ (13.7)
Share-based compensation	15.8	16.2	16.7	18.2	18.8
Acquisition and integration related costs	18.5	18.4	21.8	25.6	26.9
CEO severance costs	2.2	-	-	-	-
Restructuring costs	-	2.1	8.3	3.4	2.2
Arbitration settlement/costs, net	-	-	(1.7)	0.8	2.0
Other items, net	4.5	4.4	1.7	4.5	4.3
Equity investment loss	0.5	0.4	0.4	0.4	0.6
Non-GAAP tax adjustments	(19.2)	0.1	(6.4)	(15.7)	(8.7)
<b>Non-GAAP net income</b>	<b>\$ 29.0</b>	<b>\$ 54.4</b>	<b>\$ 44.6</b>	<b>\$ 35.7</b>	<b>\$ 32.4</b>
<b>GAAP net income/(loss) per share - diluted</b>	<b>\$ 0.19</b>	<b>\$ 0.36</b>	<b>\$ 0.11</b>	<b>\$ (0.04)</b>	<b>\$ (0.40)</b>
Share-based compensation	0.45	0.46	0.46	0.52	0.55
Acquisition and related costs	0.53	0.53	0.61	0.73	0.78
CEO severance costs	0.06	-	-	-	-
Restructuring costs	-	0.06	0.23	0.10	0.06
Arbitration settlement/costs, net	-	-	(0.05)	0.02	0.06
Other items, net	0.13	0.13	0.04	0.13	0.12
Equity investment loss	0.02	0.01	0.01	0.01	0.02
Non-GAAP tax adjustments	(0.55)	-	(0.17)	(0.45)	(0.25)
Non-GAAP share adjustment	-	-	-	(0.02)	(0.02)
<b>Non-GAAP net income per share - diluted</b>	<b>\$ 0.83</b>	<b>\$ 1.55</b>	<b>\$ 1.24</b>	<b>\$ 1.00</b>	<b>\$ 0.92</b>



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