

ADVANCING THE HUMAN INTERFACE

Second Quarter Fiscal 2020 Earnings

Supplemental Slides
February 6, 2020



Safe Harbor Statement

This presentation contains forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933, as amended (the “Securities Act”), and the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business, 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 29, 2019, 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 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.

Q2FY20 Highlights

Financial Highlights

- Revenue and gross margin exceeded high-end of guidance range
 - Improved revenue mix leading to higher and more sustainable margins
- Non-GAAP OPEX spend was below the low-end of guidance range
- First quarter in more than five years with non-GAAP operating margins of 20%
- \$73 million cash flow generated from operations
- Record Non-GAAP net income and EPS of \$70 million and \$2.04, respectively

Business Highlights

- Announced divestiture of mobile LCD TDDI Business for \$120 million
- New edge computing VS600 SoC family combines CPU, NPU, GPU for video, voice and vision AI
- Mass production of single-chip touch controllers to support new thin on-cell flexible OLED displays
- Swisscom launches set-top-box features Synaptics quad-core edge SoC with AI, far-field voice, and custom wake word technologies

Q2FY20 Financial Results

Year over Year <i>\$M (except EPS)</i>	Q2'19 Actual	Q2'20 Actual	Delta \$	Delta %
Revenue	\$425.5	\$388.3	(\$37.2)	(9%)
GAAP Net Income	\$12.8	\$19.8	\$7.0	55%
GAAP EPS Diluted	\$0.36	\$0.58	\$0.22	61%
Non-GAAP Net Income	\$54.4	\$70.1	\$15.7	29%
Non-GAAP EPS Diluted	\$1.55	\$2.04	\$0.49	32%

Quarter over Quarter <i>\$M (except EPS)</i>	Q1'20 Actual	Q2'20 Actual	Delta \$	Delta %
Revenue	\$339.9	\$388.3	\$48.4	14%
GAAP Net Income	\$4.0	\$19.8	\$15.8	395%
GAAP EPS Diluted	\$0.12	\$0.58	\$0.46	383%
Non-GAAP Net Income	\$41.0	\$70.1	\$29.1	71%
Non-GAAP EPS Diluted	\$1.22	\$2.04	\$0.82	67%

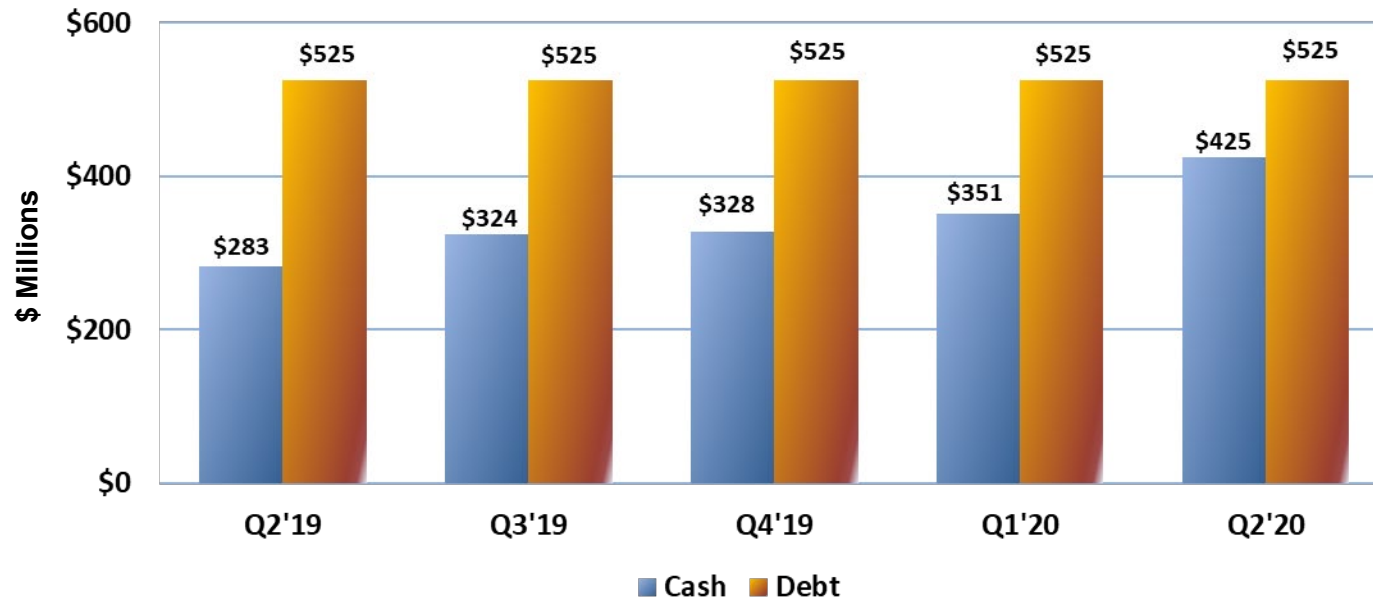
See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

Q2FY19 and Q2FY20 Results vs Q2FY20 Guidance

<i>\$M (except EPS)</i>	Q2'19 Actual	Q2'20 Actual	Q2'20 Guidance
Revenue	\$425.5	\$388.3	\$345M - \$365M
Non-GAAP Gross Margin %	38.9%	42.9%	40.5% - 42.5%
Non-GAAP Op Expenses	\$104.0	\$89.2	\$90M - \$93M
Non-GAAP EPS	\$1.55	\$2.04	\$1.35 - \$1.55
GAAP Gross Margin %	35.2%	41.0%	38.0% - 40.0%
GAAP Op Expenses	\$124.8	\$124.8	\$121M - \$126M
GAAP EPS	\$0.36	\$0.58	-
Mobile	65%	56%	54%
PC	15%	21%	21%
IoT	20%	23%	25%

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

Second Quarter Fiscal 2020 Cash & Debt



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

Second Quarter Fiscal 2020 Balance Sheet

In Millions	Q4'19 Actual	Q1'20 Actual	Q2'20 Actual	Q2'20 vs Q1'20
Cash & Investments	\$327.8	\$350.8	\$424.8	\$74.0
AR	\$230.0	\$232.2	\$246.4	\$14.2
Inventory	\$158.7	\$138.2	\$82.1	(\$56.1)
PP&E	\$103.0	\$98.8	\$87.7	(\$11.1)
Other	\$590.3	\$604.3	\$616.2	\$11.9
Total Assets	\$1,409.8	\$1,424.3	\$1,457.2	\$32.9
Current Liabilities	\$253.9	\$247.5	\$239.5	(\$8.0)
Debt, net	\$468.3	\$472.8	\$477.4	\$4.6
Other Liabilities	\$30.3	\$49.2	\$49.0	(\$0.2)
Shareholder's Equity	\$657.3	\$654.8	\$691.3	\$36.5
Total Liabilities & Equity	\$1,409.8	\$1,424.3	\$1,457.2	\$32.9

- Balances are as of the end of each quarter presented
- Debt, net balance reflects debt net of discount and debt issuance costs
- Repurchased 3.29 million shares in FY '19 for \$119 million

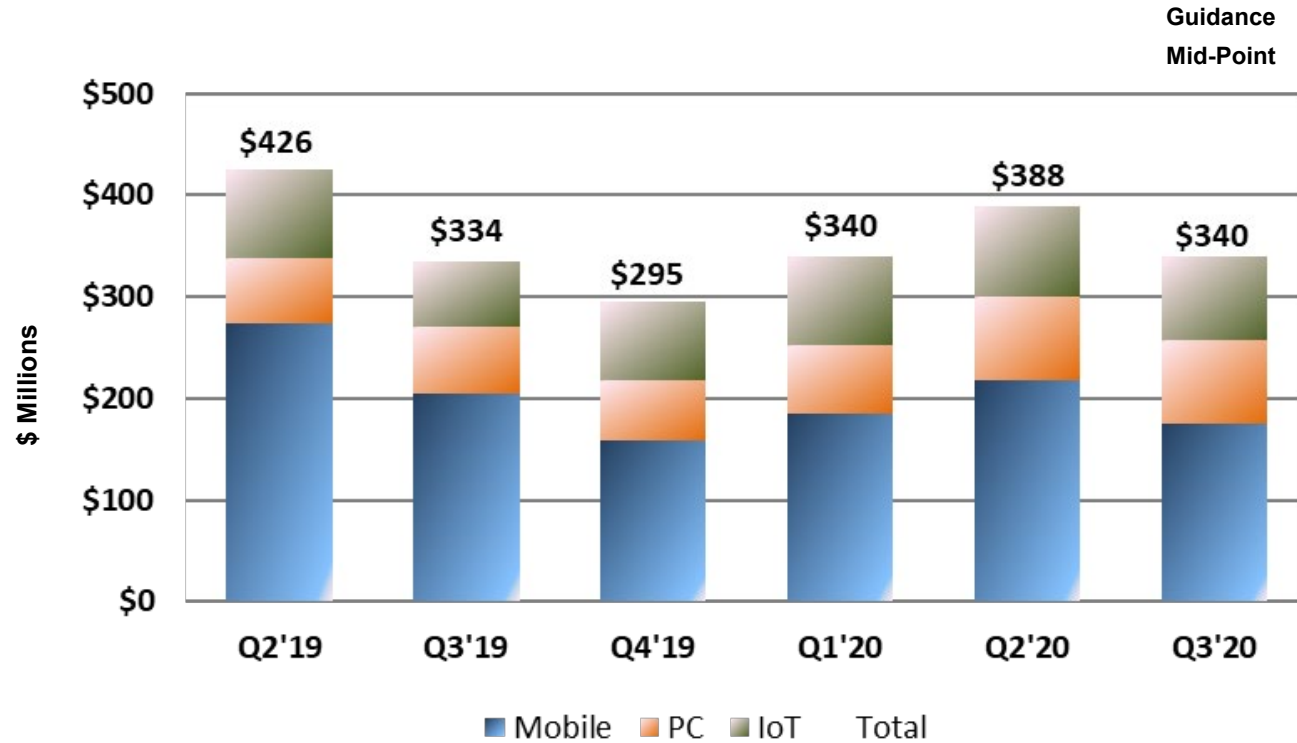
Third Quarter Fiscal 2020 Guidance

<i>\$M (except EPS)</i>	Q3'19 Actual	Q2'20 Actual	Q3'20 Guidance
Revenue	\$334.0	\$388.3	\$330M - \$350M
Non-GAAP Gross Margin %	39.5%	42.9%	42.0% - 44.0%
Non-GAAP Op Expenses	\$99.2	\$89.2	\$88M - \$91M
Non-GAAP EPS	\$0.83	\$2.04	\$1.30 - \$1.60
GAAP Gross Margin %	34.7%	41.0%	39.5% - 41.5%
GAAP Op Expenses	\$119.8	\$124.8	\$115M - \$120M
GAAP EPS	\$0.19	\$0.58	-

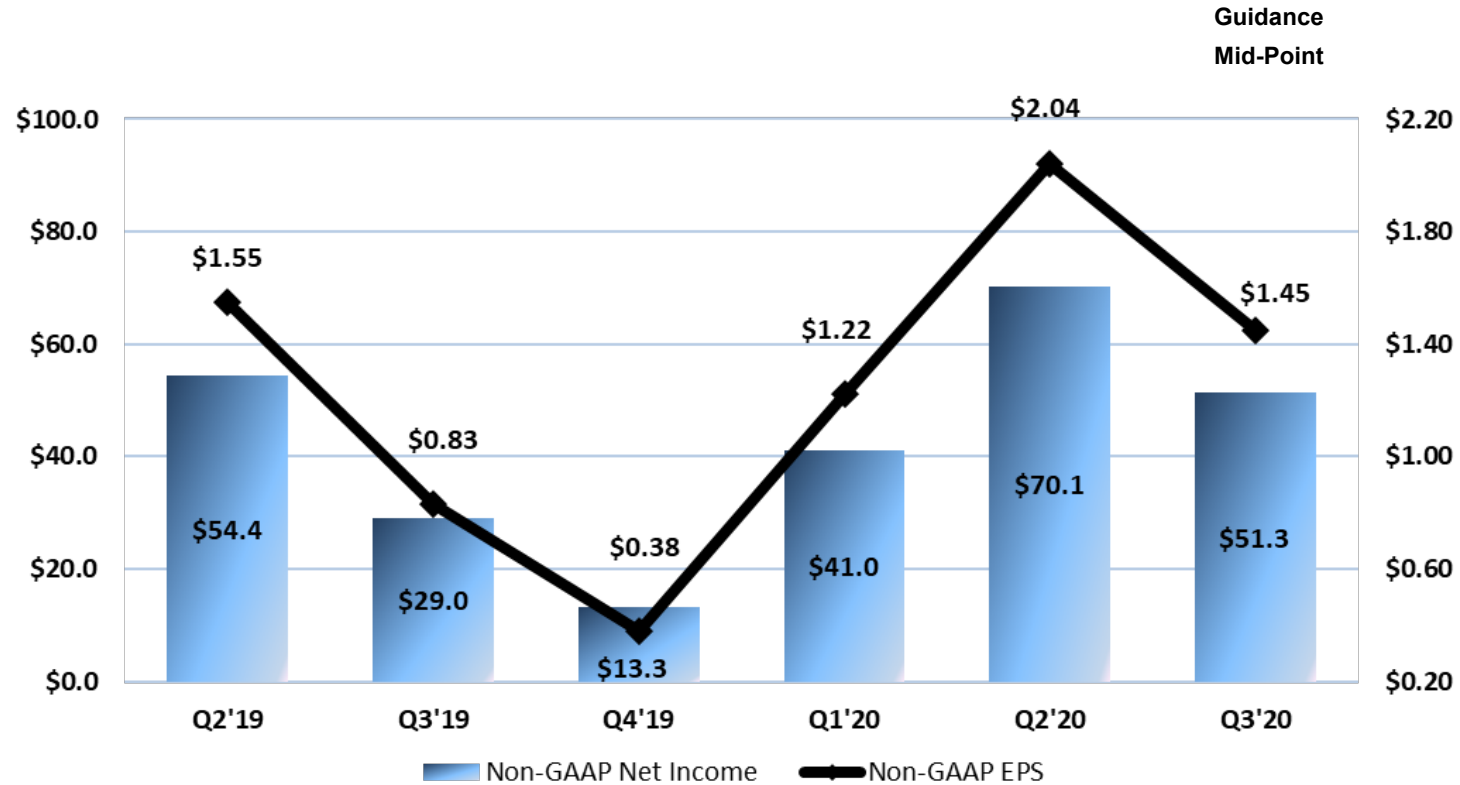
Mobile	61%	56%	52%
PC	20%	21%	24%
IoT	19%	23%	24%

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

Revenue Trend



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

	Q2'20 Actual	Q1'20 Actual	Q4'19 Actual	Q3'19 Actual	Q2'19 Actual
GAAP gross margin	\$ 159.3	\$ 126.2	\$ 90.4	\$ 116.0	\$ 149.8
Acquisition related costs	8.2	15.3	15.3	15.2	15.1
Loss/(recovery) on supply commitment	(1.8)	(1.2)	9.0	-	-
Retention program costs	0.2	0.1	0.1	-	-
Share-based compensation	0.6	0.7	0.7	0.7	0.8
Non-GAAP gross margin	\$ 166.5	\$ 141.1	\$ 115.5	\$ 131.9	\$ 165.7

	Q2'20 Actual	Q1'20 Actual	Q4'19 Actual	Q3'19 Actual	Q2'19 Actual
GAAP gross margin - percentage of revenue	41.0%	37.1%	30.6%	34.7%	35.2%
Acquisition related costs - percentage of revenue	2.1%	4.5%	5.2%	4.6%	3.5%
Loss/(recovery) on supply commitment - percentage of revenue	-0.5%	-0.3%	3.1%	-	-
Retention program costs	0.1%	0.0%	0.0%	-	-
Share-based compensation - percentage of revenue	0.2%	0.2%	0.2%	0.2%	0.2%
Non-GAAP gross margin - percentage of revenue	42.9%	41.5%	39.1%	39.5%	38.9%

GAAP to Non-GAAP Reconciliation Tables - continued

	Q2'20 Actual	Q1'20 Actual	Q4'19 Actual	Q3'19 Actual	Q2'19 Actual
GAAP net income/(loss)	\$ 19.8	\$ 4.0	\$ (46.2)	\$ 6.7	\$ 12.8
Share-based compensation	15.1	11.2	10.3	15.8	16.2
Acquisition/divestiture related costs	12.6	18.2	18.6	18.5	18.4
Loss/(recovery) on supply commitment	(1.8)	(1.2)	9.0	-	-
Restructuring costs	13.3	6.6	7.3	-	2.1
Retention program costs	3.6	3.9	2.5	-	-
In-process research and development charge	-	3.7	-	-	-
CEO severance costs	-	-	-	2.2	-
Other items, net	4.7	4.6	4.6	4.5	4.4
Equity investment loss	0.4	0.5	0.5	0.5	0.4
Non-GAAP tax adjustments	2.4	(10.5)	6.6	(19.2)	0.1
Non-GAAP net income	\$ 70.1	\$ 41.0	\$ 13.2	\$ 29.0	\$ 54.4
GAAP net income/(loss) per share - diluted	\$ 0.58	\$ 0.12	\$ (1.35)	\$ 0.19	\$ 0.36
Share-based compensation	0.44	0.33	0.30	0.45	0.46
Acquisition/divestiture related costs	0.37	0.54	0.54	0.53	0.53
Loss/(recovery) on supply commitment	(0.05)	(0.04)	0.26	-	-
Restructuring costs	0.39	0.20	0.21	-	0.06
Retention program costs	0.10	0.12	0.07	-	-
In-process research and development charge	-	0.11	-	-	-
CEO severance costs	-	-	-	0.06	-
Other items, net	0.14	0.14	0.13	0.13	0.13
Equity investment loss	0.01	0.01	0.02	0.02	0.01
Non-GAAP tax adjustments	0.06	(0.31)	0.20	(0.55)	-
Non-GAAP net income per share - diluted	\$ 2.04	\$ 1.22	\$ 0.38	\$ 0.83	\$ 1.55

THANK YOU



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