

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

July 29, 2004

Date of Report (Date of earliest event reported)

SYNAPTICS INCORPORATED

(Exact Name of Registrant as Specified in Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation)

000-49602

(Commission File Number)

77-0118518

(IRS Employer Identification Number)

2381 BERING DRIVE
SAN JOSE, CALIFORNIA
95131

(Address of Principal Executive Offices) (Zip Code)

(408) 434-0110

(Registrant's telephone number, including area code)

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Item 12. Results of Operations and Financial Condition.

The registrant is furnishing this Report on Form 8-K in connection with the disclosure of information, in the form of the textual information from a press release released on July 29, 2004.

The information in this Report on Form 8-K (including the exhibit) is furnished pursuant to Item 12 and shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.

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

The text included with this Report is available on the registrant's website located at www.synaptics.com, although the registrant reserves the right to discontinue that availability at any time.

Exhibit 99.1 Press Release dated July 29, 2004.

SIGNATURES

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

SYNAPTICS INCORPORATED

Date: July 29, 2004

By: /s/ Russell J. Knittel
Russell J. Knittel
Senior Vice President, Chief Financial Officer, Chief
Administrative Officer, and Secretary

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Synaptics

Synaptics Reports Fourth Quarter and Fiscal 2004 Results

Ends Fiscal Year with Record Revenues and Profits

San Jose, CA – July 29, 2004 – Synaptics (Nasdaq: SYNA), a leader in interface solutions for mobile computing, communications, and entertainment devices, today reported financial results for the fourth fiscal quarter and year ended June 30, 2004.

Net revenue for the fourth quarter of fiscal 2004 was \$35.1 million, an increase of approximately 25% over the \$28.2 million for the fourth quarter of fiscal 2003. GAAP net income for the fourth quarter of fiscal 2004 was \$3.7 million, or \$0.13 per diluted share, which included non-cash charges related to the amortization of deferred stock-based compensation of \$120,000. This represents a 43% increase from GAAP net income of \$2.6 million, or \$0.10 per diluted share, for the fourth quarter of fiscal 2003.

Net revenue for fiscal year 2004 was \$133.3 million, an increase of 32% compared with net revenue of \$100.7 million for fiscal year 2003. GAAP net income for fiscal 2004 was \$13.0 million, or \$0.48 per diluted share, which included non-cash charges related to the amortization of deferred stock-based compensation of approximately \$517,000 and restructuring costs of \$432,000. This compares with GAAP net income of \$7.7 million, or \$0.31 per diluted share, for fiscal year 2003, which included \$556,000 of non-cash charges for deferred stock-based compensation and amortization of acquired intangibles.

“We are very pleased with our progress and operating performance during fiscal 2004,” stated Francis Lee, President and Chief Executive Officer of Synaptics. “We achieved record revenues and profitability and ended the year with a strong cash position of approximately \$96 million. We continued our leadership position in the notebook market and took a major step in diversifying our business, as revenues from our new markets grew to approximately 16% of total annual revenues compared to less than 7% in the prior year. These results further build on our history of consistent execution and innovation over the past several years, and we are well positioned moving into fiscal 2005.”

Russ Knittel, Synaptics’ Chief Financial Officer, added, “We executed well despite a back-end loaded quarter, as our customers continued to exercise caution regarding notebook demand and dealt with supply chain issues in the portable music player market. This has resulted in lower backlog and reduced visibility, reflecting the current backdrop of mixed economic and market data points. Weighing these factors as we enter the seasonally stronger half of the year, we are projecting sequential revenue growth of 2% to 6% in the September quarter, followed by another sequential increase in the historically stronger December quarter.”



Synaptics

Earnings Call Information

The Synaptics fourth quarter teleconference and webcast is scheduled to begin at 2:00 p.m., Pacific Time, on Thursday, July 29, 2004, during which management may discuss forward-looking information. To participate on the live call, analysts and investors should dial 800-240-6709 at least ten minutes prior to the call. Synaptics will also offer a live and archived webcast of the conference call, accessible from the "Investor Relations" section of the company's Web site at <http://www.synaptics.com/>.

About Synaptics Incorporated

Synaptics is a leading developer of interface solutions for mobile computing, communications and entertainment devices, with its products found in over 50 percent of today's notebook computers. Synaptics' engineered solutions for device manufacturers include: TouchPadTM the industry standard notebook navigation device; TouchStykTM, a modular capacitive pointing stick solution; SpeakerPadTM, an integrated audio speaker and notebook TouchPad; LuxPadTM, an illuminated TouchPad; TouchRingTM, a one dimensional scrolling solution for MP3 devices; NavPointTM, a navigation, scrolling, and selection interface for PDAs; and QuickStroke[®], a proprietary Chinese handwriting recognition software. More information about Synaptics can be found on the World Wide Web at www.synaptics.com.

This press release contains "forward-looking" statements, as that term is defined under the federal securities laws. Synaptics intends such forward-looking statements to be subject to the safe harbor created by those laws. Such forward-looking statements include, but are not limited to, statements regarding Synaptics' revenue expectations and competitive position in both notebook computers and new market initiatives. Synaptics cautions that these statements are qualified by important factors that could cause actual results to differ materially from those reflected by the forward-looking statements contained herein. Such factors include, but are not limited to, (a) market demand for Synaptics' products, (b) market demand for OEMs' products using Synaptics' products, (c) the failure of Synaptics' products and OEMs' products to deliver commercially acceptable performance, and (d) other risks as identified from time to time in Synaptics' SEC reports, including Quarterly Reports on Form 10-Q, current reports on Form 8-K, and the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2003. All forward-looking statements are based on information available to Synaptics on the date hereof, and Synaptics assumes no obligation to update such statements.

(Tables to Follow)

SYNAPTICS INCORPORATED
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

| | June 30, 2004 | June 30, 2003 |
|---|------------------|------------------|
| | (Unaudited) | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 59,489 | \$ 41,697 |
| Short term investments | 36,810 | 35,589 |
| Restricted cash | — | 240 |
| Accounts receivable, net of allowances of \$130 and \$160 at June 30, 2004, and June 30, 2003, respectively | 21,875 | 13,181 |
| Inventories | 6,525 | 6,428 |
| Prepaid expenses and other current assets | 3,083 | 2,637 |
| Total current assets | 127,782 | 99,772 |
| Property and equipment, net | 1,829 | 1,934 |
| Goodwill | 1,927 | 1,968 |
| Other assets | 1,115 | 834 |
| Total assets | <u>\$132,653</u> | <u>\$104,508</u> |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 9,220 | \$ 6,893 |
| Accrued compensation | 4,594 | 2,808 |
| Accrued warranty | 704 | 1,002 |
| Income taxes payable | 4,018 | 1,661 |
| Other accrued liabilities | 2,594 | 3,362 |
| Capital leases and equipment financing obligations | 28 | 231 |
| Total current liabilities | 21,158 | 15,957 |
| Capital leases and equipment financing obligations, net of current portion | — | 28 |
| Note payable to a related party | 1,500 | 1,500 |
| Other liabilities | 855 | 759 |
| 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; 60,000,000 shares authorized; 24,987,398 and 23,835,877 shares issued and outstanding, respectively | 25 | 24 |
| Additional paid in capital | 88,334 | 78,761 |
| Deferred stock compensation | (634) | (1,184) |
| Notes receivable from stockholders | — | (20) |
| Retained earnings | 21,575 | 8,583 |
| Accumulated other comprehensive income | (160) | 100 |
| Total stockholders' equity | 109,140 | 86,264 |
| Total liabilities and stockholders' equity | <u>\$132,653</u> | <u>\$104,508</u> |

SYNAPTICS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share data)
(unaudited)

| | Three Months Ended June 30, | | Twelve Months Ended June 30, | |
|---|--------------------------------|------------|---------------------------------|------------|
| | 2004 | 2003 | 2004 | 2003 |
| Net revenue | \$ 35,147 | \$ 28,222 | \$ 133,276 | \$ 100,701 |
| Cost of revenue | 19,958 | 16,672 | 77,244 | 58,417 |
| Gross margin | 15,189 | 11,550 | 56,032 | 42,284 |
| Operating expenses | | | | |
| Research and development | 5,580 | 4,760 | 21,419 | 19,837 |
| Selling, general, and administrative | 3,752 | 2,793 | 13,571 | 10,733 |
| Amortization of intangible assets | — | — | — | 40 |
| Amortization of deferred stock compensation | 120 | 136 | 517 | 516 |
| Restructuring | — | — | 432 | — |
| Total operating expenses | 9,452 | 7,689 | 35,939 | 31,126 |
| Operating income | 5,737 | 3,861 | 20,093 | 11,158 |
| Interest and other income, net | 266 | 244 | 967 | 1,059 |
| Interest expense | (33) | (34) | (134) | (155) |
| Income before income taxes | 5,970 | 4,071 | 20,926 | 12,062 |
| Provision for income taxes | 2,251 | 1,467 | 7,934 | 4,344 |
| Net income | \$ 3,719 | \$ 2,604 | \$ 12,992 | \$ 7,718 |
| Net income per share: | | | | |
| Basic | \$ 0.15 | \$ 0.11 | \$ 0.53 | \$ 0.33 |
| Diluted | \$ 0.13 | \$ 0.10 | \$ 0.48 | \$ 0.31 |
| Shares used in computing net income per share: | | | | |
| Basic | 24,870,501 | 23,668,954 | 24,417,596 | 23,472,526 |
| Diluted | 27,578,710 | 25,902,027 | 27,107,531 | 25,131,864 |
| Pro forma results (unaudited) | | | | |
| Reported net income | \$ 3,719 | \$ 2,604 | \$ 12,992 | \$ 7,718 |
| Pro forma adjustments: | | | | |
| Amortization of goodwill and other acquired intangible assets | — | — | — | 40 |
| Amortization of deferred stock compensation | 120 | 136 | 517 | 516 |
| Restructuring (tax effected) | — | — | 272 | — |
| Pro forma net income | \$ 3,839 | \$ 2,740 | \$ 13,781 | \$ 8,274 |
| Pro forma earnings per share | | | | |
| Basic | \$ 0.15 | \$ 0.12 | \$ 0.56 | \$ 0.35 |
| Diluted | \$ 0.14 | \$ 0.11 | \$ 0.51 | \$ 0.33 |