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# Third Quarter Fiscal 2018 Earnings

May 9, 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 third 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

- Third quarter financial performance in line with expectations despite softness in the high end smartphone market
- Diversification efforts continuing to provide tailwinds with consumer IoT including automotive, VR, video and voice enabled products
- 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
- USB Headsets entering next phase of growth with first major smartphone OEM
- June quarter guidance impacted by smartphone market conditions, coupled with spot shortages on certain DDIC and TDDI products
- Continue to expect strong growth in the second half of the calendar year driven by seasonality and new product launches

# Q3 FY'18 Financial Results

<b>Year over Year</b> <i>\$M (except EPS)</i>	<b>Q3'18</b> <b>Actual</b>	<b>Q3'17</b> <b>Actual</b>	<b>Delta \$</b>	<b>Delta %</b>
<b>Revenue</b>	\$394.0	\$444.2	(\$50.2)	(11%)
<b>GAAP Net Income</b>	(\$13.7)	\$4.5	(\$18.2)	(404%)
<b>GAAP EPS Diluted</b>	(\$0.40)	\$0.13	(\$0.53)	(408%)
<b>Non-GAAP Net Income</b>	\$32.4	\$44.9	(\$12.5)	(28%)
<b>Non-GAAP EPS Diluted</b>	\$0.92	\$1.27	(\$0.35)	(28%)

<b>Quarter over Quarter</b> <i>\$M (except EPS)</i>	<b>Q3'18</b> <b>Actual</b>	<b>Q2'18</b> <b>Actual</b>	<b>Delta \$</b>	<b>Delta %</b>
<b>Revenue</b>	\$394.0	\$430.4	(\$36.4)	(8%)
<b>GAAP Net Income</b>	(\$13.7)	(\$82.4)	\$68.7	(83%)
<b>GAAP EPS Diluted</b>	(\$0.40)	(\$2.42)	\$2.02	(83%)
<b>Non-GAAP Net Income</b>	\$32.4	\$38.2	(\$5.8)	(15%)
<b>Non-GAAP EPS Diluted</b>	\$0.92	\$1.11	(\$0.19)	(17%)

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

# Non-GAAP Q3 FY'17 and Q3 FY'18 Results vs Q3 FY'18 Guidance

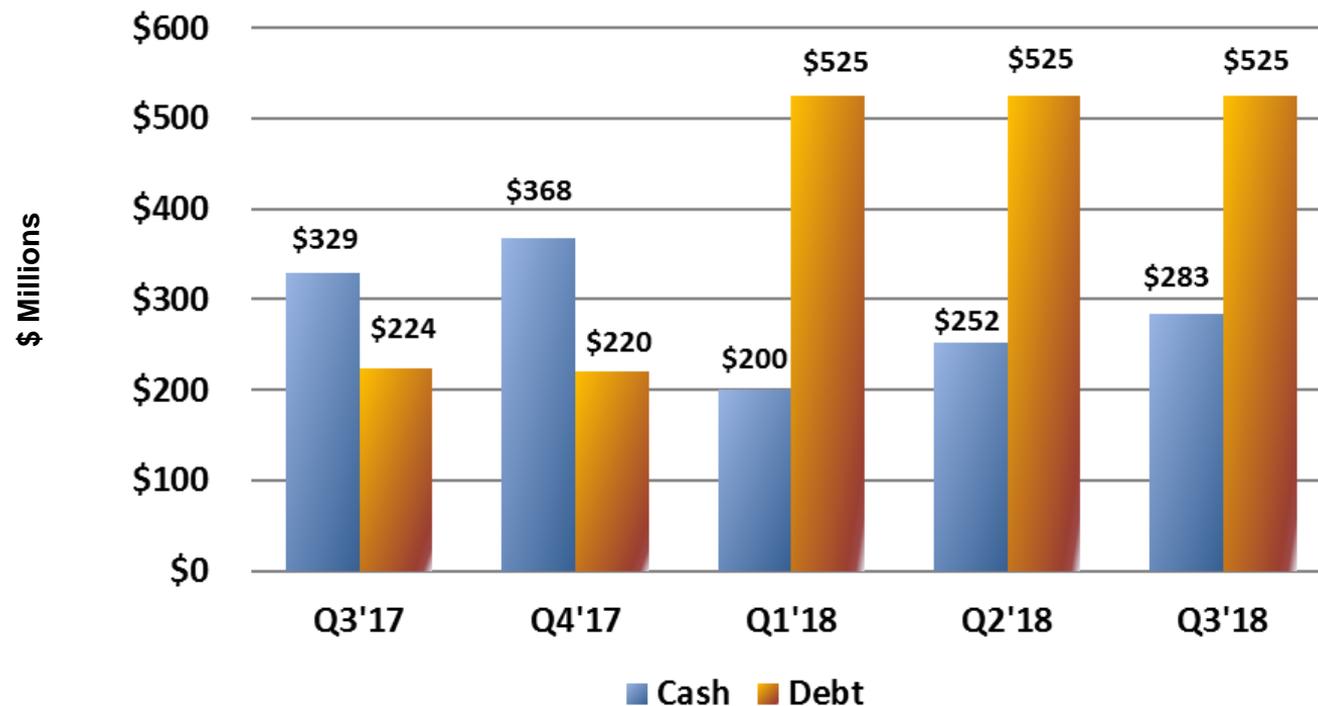
<i>\$M (except EPS)</i>	<b>Q3'17 Actual</b>	<b>Q3'18 Actual</b>	<b>Q3'18 Guidance</b>
<b>Revenue</b>	\$444.2	\$394.0	\$380M-\$420M
<b>Gross Margin %</b>	33.1%	36.8%	35%-37%
<b>Non-GAAP Op Expenses</b>	\$94.2	\$107.5	\$106M-\$110M
<b>Non-GAAP EPS</b>	\$1.27	\$0.92	\$0.80-\$1.00

<b>Mobile</b>	83%	62%	61%
<b>PC</b>	12%	15%	16%
<b>IoT</b>	5%	23%	23%

- Q3'18 IoT Product Line revenue percentage includes \$23.6M previously classified as Mobile (Interface and Automotive)
- Q3'17 IoT Product Line revenue percentage includes \$21.8M 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

# Third 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.

# Third Quarter Fiscal 2018 Balance Sheet

In Millions	Q3'17 Actual	Q2'18 Actual	Q3'18 Actual	Q3'18 vs Q2'18
<b>Cash &amp; Investments</b>	\$329.1	\$252.2	\$283.4	\$31.2
AR	\$246.6	\$236.4	\$258.2	\$21.8
Inventory	\$157.0	\$140.6	\$108.5	(\$32.1)
PP&E	\$113.2	\$118.8	\$118.7	(\$0.1)
Other	\$422.8	\$690.0	\$674.9	(\$15.1)
<b>Total Assets</b>	<b>\$1,268.7</b>	<b>\$1,438.0</b>	<b>\$1,443.7</b>	<b>\$5.7</b>
Current Liabilities	\$333.5	\$274.6	\$266.9	(\$7.7)
Debt, net	\$221.2	\$442.2	\$446.5	\$4.3
Other Liabilities	\$14.9	\$36.0	\$34.4	(\$1.6)
<b>Shareholder's Equity</b>	<b>\$699.1</b>	<b>\$685.2</b>	<b>\$695.9</b>	<b>\$10.7</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$1,268.7</b>	<b>\$1,438.0</b>	<b>\$1,443.7</b>	<b>\$5.7</b>

- Balances presented above are as of the end of each quarter presented
- Q2'18 and Q3'18 Inventory balance includes \$4.6M and 0.6M, 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 Fourth Quarter Fiscal 2018 Guidance

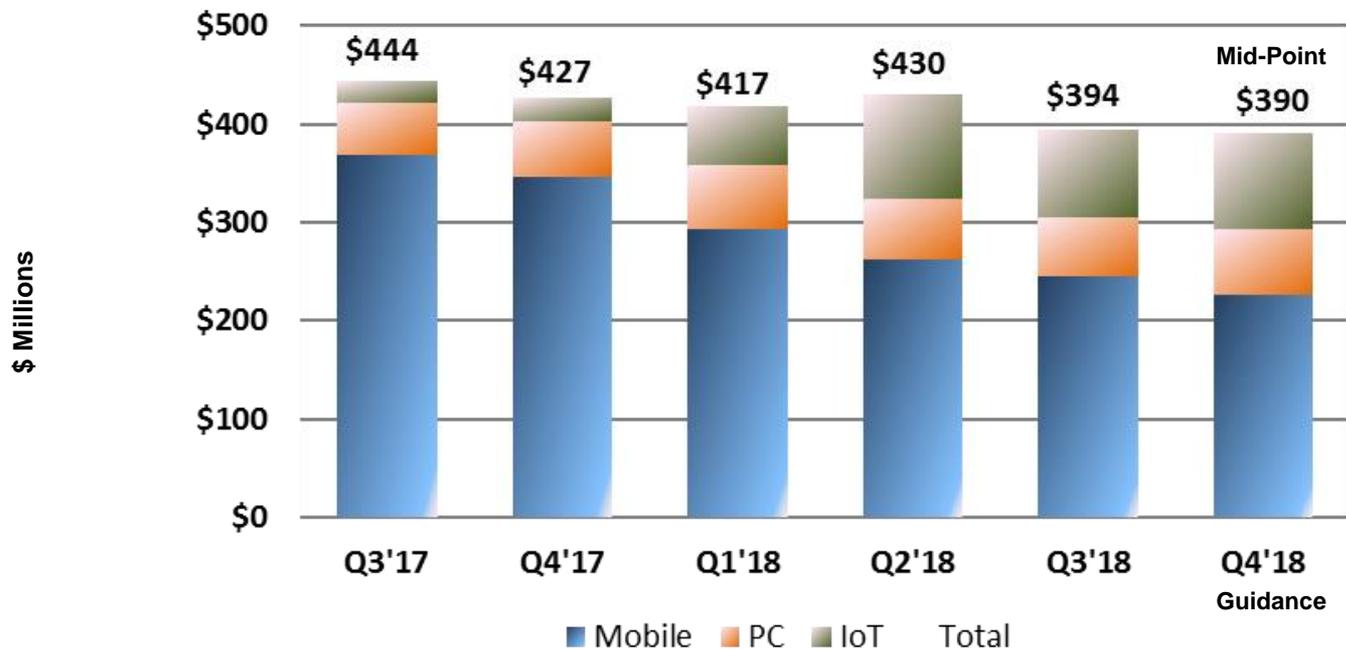
<i>\$M (except EPS)</i>	<b>Q4'17 Actual</b>	<b>Q3'18 Actual</b>	<b>Q4'18 Guidance</b>
<b>Revenue</b>	\$426.5	\$394.0	\$370M - \$410M
<b>Gross Margin %</b>	32.6%	36.8%	36% - 37%
<b>Non-GAAP Op Expenses</b>	\$90.1	\$107.5	\$103M - \$107M
<b>Non-GAAP EPS</b>	\$1.18	\$0.92	\$0.80 - \$1.00

<b>Mobile</b>	81%	62%	58%
<b>PC</b>	14%	15%	17%
<b>IoT</b>	5%	23%	25%

- Q4'17 and Q3'18 IoT Product Line revenue percentage includes \$23.0M and \$23.6M, respectively, of revenue previously classified as Mobile (Interface and Automotive)

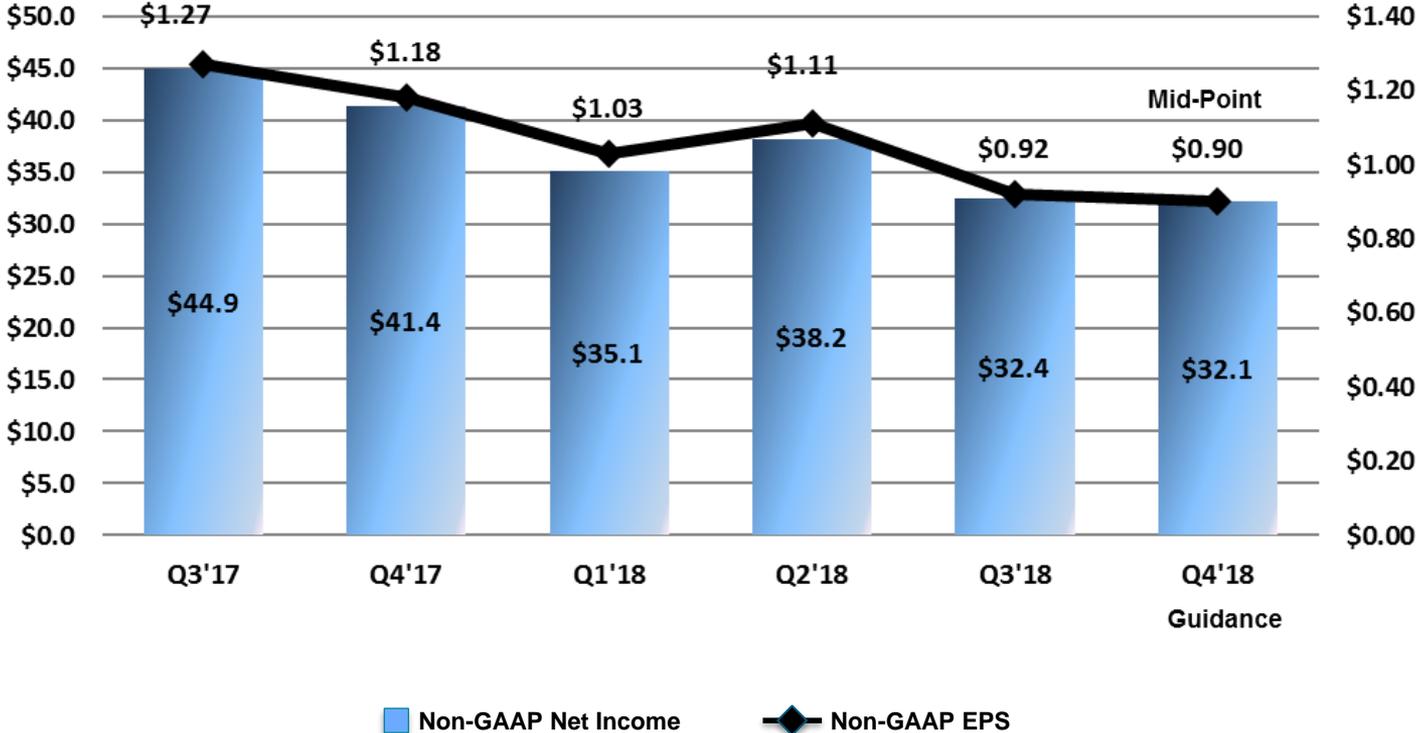
*See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures*

# 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



# GAAP to Non-GAAP Reconciliation Tables

## GAAP gross margin

Acquisition related costs  
Share-based compensation

## Non-GAAP gross margin

	Q3'18 Actual	Q2'18 Actual	Q1'18 Actual	Q4'17 Actual	Q3'17 Actual
	\$ 122.9	\$ 115.2	\$ 114.4	\$ 126.8	\$ 134.7
	21.3	38.4	31.7	11.7	11.7
	0.9	0.7	0.7	0.5	0.6
	<b>\$ 145.1</b>	<b>\$ 154.3</b>	<b>\$ 146.8</b>	<b>\$ 139.0</b>	<b>\$ 147.0</b>

## GAAP gross margin - percentage of revenue

Acquisition related costs - percentage of revenue  
Share-based compensation - percentage of revenue

## Non-GAAP gross margin - percentage of revenue

	Q3'18 Actual	Q2'18 Actual	Q1'18 Actual	Q4'17 Actual	Q3'17 Actual
	31.2%	26.8%	27.4%	29.7%	30.3%
	5.4%	8.9%	7.6%	2.8%	2.6%
	0.2%	0.2%	0.2%	0.1%	0.2%
	<b>36.8%</b>	<b>35.9%</b>	<b>35.2%</b>	<b>32.6%</b>	<b>33.1%</b>

# GAAP to Non-GAAP Reconciliation Tables - continued

	Q3'18 Actual	Q2'18 Actual	Q1'18 Actual	Q4'17 Actual	Q3'17 Actual
<b>GAAP net income/(loss)</b>	\$ (13.7)	\$ (82.4)	\$ (26.5)	\$ 17.8	\$ 4.5
Acquisition and integration related costs	26.9	43.8	39.7	15.4	14.1
Share-based compensation	18.8	17.8	16.5	15.5	16.1
Arbitration costs	2.0	-	-	-	-
Litigation settlement charge	-	-	-	-	10.0
Restructuring costs	2.2	6.6	1.4	-	0.3
Other non-cash items, net	4.3	4.3	5.7	0.3	0.3
Equity investment loss	0.6	0.4	0.4	0.3	-
Non-GAAP tax adjustments	(8.7)	47.7	(2.1)	(7.9)	(0.4)
<b>Non-GAAP net income</b>	<b>\$ 32.4</b>	<b>\$ 38.2</b>	<b>\$ 35.1</b>	<b>\$ 41.4</b>	<b>\$ 44.9</b>
<b>GAAP net income/(loss) per share - diluted</b>	\$ (0.40)	\$ (2.42)	\$ (0.79)	\$ 0.51	\$ 0.13
Acquisition and related costs	0.78	1.28	1.19	0.44	0.40
Share-based compensation	0.55	0.52	0.49	0.44	0.46
Arbitration costs	0.06	-	-	-	-
Litigation settlement charge	-	-	-	-	0.28
Restructuring costs	0.06	0.19	0.04	-	0.01
Other non-cash items, net	0.12	0.13	0.17	0.01	-
Equity investment loss	0.02	0.01	0.01	0.01	-
Non-GAAP tax adjustments	(0.25)	1.41	(0.06)	(0.23)	(0.01)
Non-GAAP share adjustment	(0.02)	(0.01)	(0.02)	-	-
<b>Non-GAAP net income per share - diluted</b>	<b>\$ 0.92</b>	<b>\$ 1.11</b>	<b>\$ 1.03</b>	<b>\$ 1.18</b>	<b>\$ 1.27</b>