

BUY				HOLD			SELL						RATING SINCE	10/22/2018		
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+			E	E-
Annual Dividend Rate NA				Annual Dividend Yield NA			Beta 0.94			Market Capitalization \$1.4 Billion			52-Week Range \$33.54-\$55.25		Price as of 2/14/2019 \$41.49	

 Sector: **Technology** | Sub-Industry: **Semiconductors** | Source: **S&P**

### SYNA BUSINESS DESCRIPTION

Synaptics Incorporated develops, markets, and sells intuitive human interface solutions for electronic devices and products worldwide.

### STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	15.89	-10.63	-17.28

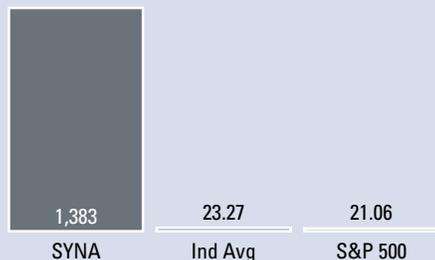
### GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-1.14	-5.41	-5.02
Net Income	115.53	101.61	-77.43
EPS	114.87	101.16	-78.90

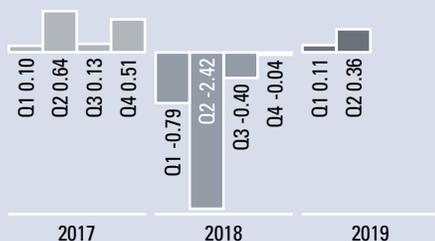
### RETURN ON EQUITY (%)

	SYNA	Ind Avg	S&P 500
Q2 2019	0.19	37.64	15.66
Q2 2018	-12.63	21.48	13.23
Q2 2017	5.38	13.76	12.00

### P/E COMPARISON



### EPS ANALYSIS' (\$)

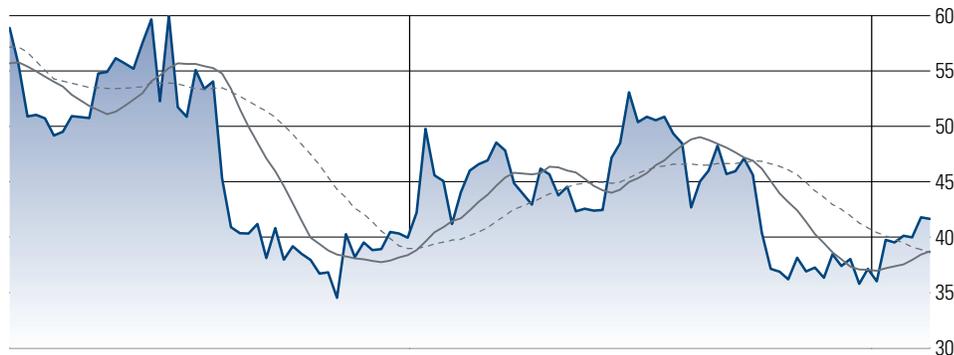


NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

Weekly Price: (US\$) | SMA (50) — SMA (100) ---

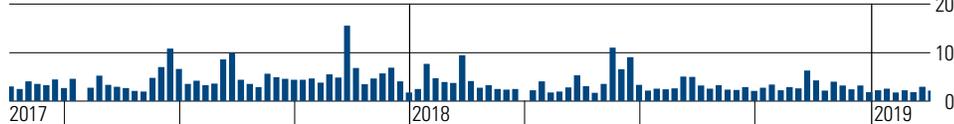
1 Year | 2 Years



### Rating History



### Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

### RECOMMENDATION

We rate SYNAPTICS INC (SYNA) a SELL. This is driven by some concerns, which we believe should have a greater impact than any strengths, and could make it more difficult for investors to achieve positive results compared to most of the stocks we cover. The company's weaknesses can be seen in multiple areas, such as its generally disappointing historical performance in the stock itself and weak operating cash flow.

### HIGHLIGHTS

SYNA has underperformed the S&P 500 Index, declining 10.63% from its price level of one year ago. Looking ahead, other than the push or pull of the broad market, we do not see anything in the company's numbers that may help reverse the decline experienced over the past 12 months. Despite the past decline, the stock is still selling for more than most others in its industry.

Net operating cash flow has declined marginally to \$58.90 million or 7.09% when compared to the same quarter last year. In addition, when comparing the cash generation rate to the industry average, the firm's growth is significantly lower.

The company's current return on equity greatly increased when compared to its ROE from the same quarter one year prior. This is a signal of significant strength within the corporation. Compared to other companies in the Semiconductors & Semiconductor Equipment industry and the overall market, SYNAPTICS INC's return on equity significantly trails that of both the industry average and the S&P 500.

The company, on the basis of net income growth from the same quarter one year ago, has significantly underperformed compared to the Semiconductors & Semiconductor Equipment industry average, but is greater than that of the S&P 500. The net income increased by 115.5% when compared to the same quarter one year prior, rising from -\$82.40 million to \$12.80 million.

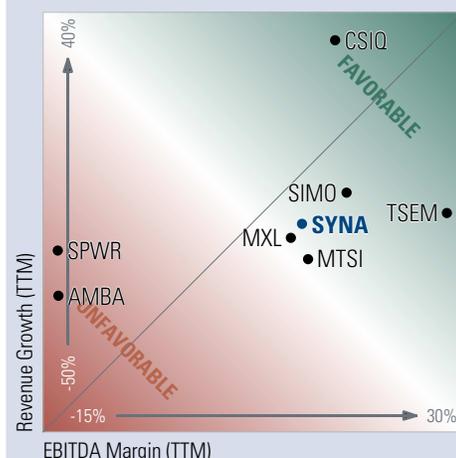
SYNA, with its decline in revenue, underperformed when compared the industry average of 9.6%. Since the same quarter one year prior, revenues slightly dropped by 1.1%. The declining revenue has not hurt the company's bottom line, with increasing earnings per share.

Sector: Technology | Semiconductors | Source: S&amp;P

Annual Dividend Rate <b>NA</b>	Annual Dividend Yield <b>NA</b>	Beta <b>0.94</b>	Market Capitalization <b>\$1.4 Billion</b>	52-Week Range <b>\$33.54-\$55.25</b>	Price as of 2/14/2019 <b>\$41.49</b>
-----------------------------------	------------------------------------	---------------------	---	---	---

### PEER GROUP ANALYSIS

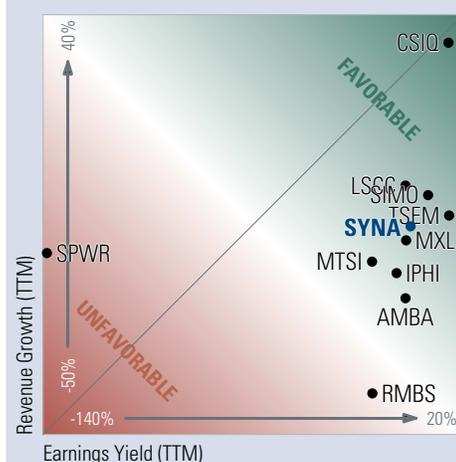
#### REVENUE GROWTH AND EBITDA MARGIN\*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$889.3 Million and \$1.8 Billion. Companies with NA or NM values do not appear.

\*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

#### REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -41.2% and 34%. Companies with NA or NM values do not appear.

### INDUSTRY ANALYSIS

The US semiconductors and semiconductor equipment industry is known for its technological advancements. The semiconductor market includes companies that manufacture and sell integrated circuits and discrete semiconductor devices. The semiconductor equipment market includes companies that manufacture and sell equipment for the production of semiconductor devices. About 5,000 companies operate in this industry, which has approximate annual revenue of \$150 billion. The top 50 companies hold more than 70% of total market share. Major players are Intel (INTC), Texas Instruments (TXN), Qualcomm (QCOM), Micron Technology (MU), and Advanced Micro Devices (AMD).

The industry is cyclical and subject to supply/demand fluctuations and price erosion. After experiencing a downturn during the last recessionary period, the semiconductor market is building back on renewed demand.

Demand for semiconductor products is indirect and driven by sales of personal computers, cell phones, consumer electronics devices, and other electronic equipment. The industry is capital-intensive and requires significant investments to advance technology and reduce manufacturing costs. Research and development expenses form a major part of capital expenditure and the industry spends over \$15 billion annually.

The industry is subject to various environmental regulations related to pollutant emissions, waste-water discharges, and the use of hazardous substances. The European Union's directives, such as the Restriction of Use of Certain Hazardous Substances and the Registration, Evaluation, Authorization, and Restriction of Chemicals are relevant to the manufacturing process. China, which represents the world's second largest semiconductor market and is a major importer of US products, also restricts the use of hazardous substances in electronic products.

Although the industry is the second-largest exporting industry in the US, its global market share in chip production has eroded due to insufficient research funding, workforce challenges, and foreign incentives. The demand pattern has shifted production to low cost substitutes and shifted the demand centers to China, Taiwan, and the rest of Asia. There has also been a lateral shift of capital as research and development investments move away from the US to Asia.

### PEER GROUP: Semiconductors & Semiconductor Equipment

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
<b>SYNA</b>	<b>SYNAPTICS INC</b>	<b>41.49</b>	<b>1,427</b>	<b>1,383.00</b>	<b>1,625.60</b>	<b>1.40</b>
SPWR	SUNPOWER CORP	6.29	889	NM	1,927.35	-1,221.59
IPHI	INPHI CORP	41.41	1,827	NM	294.49	-95.75
TSEM	TOWER SEMICONDUCTOR LTD	16.02	1,588	6.79	1,328.06	244.72
MXL	MAXLINEAR INC	22.69	1,578	NM	385.00	-26.20
LSCC	LATTICE SEMICONDUCTOR CORP	11.50	1,490	NM	398.80	-26.32
SIMO	SILICON MOTION TECH -ADR	40.85	1,475	14.69	530.35	100.27
AMBA	AMBARELLA INC	39.41	1,263	NM	247.27	-24.64
CSIQ	CANADIAN SOLAR INC	21.14	1,238	6.86	3,952.23	186.89
MTSI	M/ACOM TECHNOLOGY SOLUTION	17.37	1,136	NM	590.16	-140.80
RMBS	RAMBUS INC	10.10	1,096	NM	231.20	-157.96

The peer group comparison is based on Major Semiconductors companies of comparable size.

Sector: Technology | Semiconductors | Source: S&amp;P

Annual Dividend Rate <b>NA</b>	Annual Dividend Yield <b>NA</b>	Beta <b>0.94</b>	Market Capitalization <b>\$1.4 Billion</b>	52-Week Range <b>\$33.54-\$55.25</b>	Price as of 2/14/2019 <b>\$41.49</b>
-----------------------------------	------------------------------------	---------------------	---	---	---

### COMPANY DESCRIPTION

Synaptics Incorporated develops, markets, and sells intuitive human interface solutions for electronic devices and products worldwide. The company offers its products and solutions for smartphones, tablets, and touchscreen applications, as well as mobile, handheld, wireless, and entertainment devices; notebook applications; and other personal computer (PC) product applications. Its products include ClearPad, which enables users to interact directly with the display on mobile smartphones, tablets, and automobiles; ClearView products that provide advanced image processing and low power technology for entry-level smartphones; TouchView products, which integrate touch and display technologies to deliver performance and simplified design; and Natural ID, a fingerprint ID product that is used in smartphones, tablets, notebook PCs, PC peripherals, and other applications. The company also provides TouchPad, a touch-sensitive pad that senses the position and movement of one or more fingers on its surface; SecurePad that integrates fingerprint sensor directly into the TouchPad area; ClickPad that offers a clickable mechanical design to the TouchPad solution; ForcePad, a thinner version of its ClickPad; AudioSmart personal voice and audio solutions; VideoSmart single-chip 4K UHD media processors for TVs, set-top boxes, and over-the-top streaming devices; and ImagingSmart solutions. In addition, it offers TouchPad with a pointing stick in a single notebook computer enabling users to select their interface of choice; TouchStyk, a self-contained pointing stick module; and TouchButtons, which provides capacitive buttons and scrolling controls, as well as display interface products. The company sells its products through direct sales, outside sales representatives, distributors, and resellers. It serves smartphone, tablet, and PC original equipment manufacturers; and consumer electronics manufacturers. The company was founded in 1986 and is headquartered in San Jose, California.

SYNAPTICS INC  
1251 McKay Drive  
San Jose, CA 95131  
USA  
Phone: 408-904-1100  
Fax: 408-904-1110  
<http://www.synaptics.com>

### STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of SYNA shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
<b>Growth</b>	<b>1.5 out of 5 stars</b>	★	☆	☆	☆	☆
Measures the growth of both the company's income statement and cash flow. On this factor, SYNA has a growth score better than 20% of the stocks we rate.		weak				strong
<b>Total Return</b>	<b>2.0 out of 5 stars</b>	★	★	☆	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 30% of the companies we cover.		weak				strong
<b>Efficiency</b>	<b>1.5 out of 5 stars</b>	★	☆	☆	☆	☆
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 20% of the companies we review.		weak				strong
<b>Price volatility</b>	<b>1.5 out of 5 stars</b>	★	☆	☆	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 20% of the stocks we monitor.		weak				strong
<b>Solvency</b>	<b>4.5 out of 5 stars</b>	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 80% of the companies we analyze.		weak				strong
<b>Income</b>	<b>0.5 out of 5 stars</b>	☆	☆	☆	☆	☆
Measures dividend yield and payouts to shareholders. This company pays no dividends.		weak				strong

### THE STREET RATINGS RESEARCH METHODOLOGY

TheStreet Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

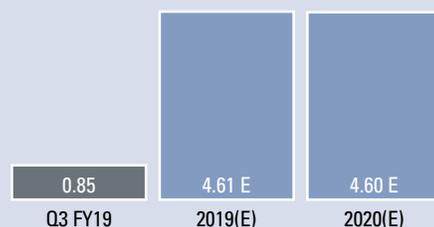
Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

Sector: Technology | Semiconductors | Source: S&amp;P

Annual Dividend Rate <b>NA</b>	Annual Dividend Yield <b>NA</b>	Beta <b>0.94</b>	Market Capitalization <b>\$1.4 Billion</b>	52-Week Range <b>\$33.54-\$55.25</b>	Price as of 2/14/2019 <b>\$41.49</b>
-----------------------------------	------------------------------------	---------------------	---	---	---

### Consensus EPS Estimates<sup>2</sup> (\$)

IBES consensus estimates are provided by Thomson Financial



### INCOME STATEMENT

	Q2 FY19	Q2 FY18
Net Sales (\$mil)	425.50	430.40
EBITDA (\$mil)	54.30	14.60
EBIT (\$mil)	27.10	-17.40
Net Income (\$mil)	12.80	-82.40

### BALANCE SHEET

	Q2 FY19	Q2 FY18
Cash & Equiv. (\$mil)	283.00	252.20
Total Assets (\$mil)	1,499.60	1,438.00
Total Debt (\$mil)	459.40	442.20
Equity (\$mil)	704.20	685.20

### PROFITABILITY

	Q2 FY19	Q2 FY18
Gross Profit Margin	40.92%	33.50%
EBITDA Margin	12.76%	3.39%
Operating Margin	6.37%	-4.04%
Sales Turnover	1.08	1.20
Return on Assets	0.09%	-6.02%
Return on Equity	0.19%	-12.63%

### DEBT

	Q2 FY19	Q2 FY18
Current Ratio	2.64	2.36
Debt/Capital	0.39	0.39
Interest Expense	NA	5.10
Interest Coverage	NA	-3.41

### SHARE DATA

	Q2 FY19	Q2 FY18
Shares outstanding (mil)	34	34
Div / share	0.00	0.00
EPS	0.36	-2.42
Book value / share	20.52	19.98
Institutional Own %	NA	NA
Avg Daily Volume	497,022	569,112

<sup>2</sup> Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

### FINANCIAL ANALYSIS

SYNAPTICS INC's gross profit margin for the second quarter of its fiscal year 2019 has increased when compared to the same period a year ago. Even though sales decreased, the net income has increased. SYNAPTICS INC is extremely liquid. Currently, the Quick Ratio is 2.03 which clearly shows the ability to cover any short-term cash needs. The company's liquidity has increased from the same period last year.

At the same time, stockholders' equity ("net worth") has remained virtually unchanged only increasing by 2.77% from the same quarter last year. Overall, the key liquidity measurements indicate that the company is very unlikely to face financial difficulties in the near future.

**STOCKS TO BUY:** TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit [www.TheStreetRatings.com](http://www.TheStreetRatings.com).

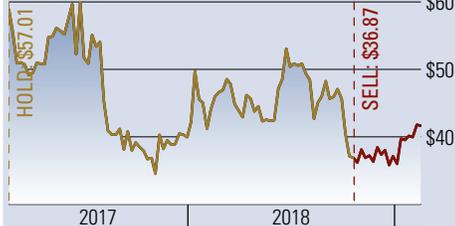
Sector: Technology | Semiconductors | Source: S&amp;P

Annual Dividend Rate <b>NA</b>	Annual Dividend Yield <b>NA</b>	Beta <b>0.94</b>	Market Capitalization <b>\$1.4 Billion</b>	52-Week Range <b>\$33.54-\$55.25</b>	Price as of 2/14/2019 <b>\$41.49</b>
-----------------------------------	------------------------------------	---------------------	---	---	---

### RATINGS HISTORY

Our rating for SYNAPTICS INC has not changed since 10/22/2018. As of 2/14/2019, the stock was trading at a price of \$41.49 which is 24.9% below its 52-week high of \$55.25 and 23.7% above its 52-week low of \$33.54.

#### 2 Year Chart



### MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
10/22/18	\$36.87	Downgrade	Hold	Sell
2/14/17	\$57.01	No Change	Hold	Hold

Price reflects the closing price as of the date listed, if available

### RATINGS DEFINITIONS & DISTRIBUTION OF THE STREET RATINGS

(as of 2/14/2019)

**39.53% Buy** - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

**34.26% Hold** - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

**26.21% Sell** - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

**TheStreet Ratings**  
 14 Wall Street, 15th Floor  
 New York, NY 10005  
[www.thestreet.com](http://www.thestreet.com)

Research Contact: 212-321-5381

Sales Contact: 866-321-8726

### VALUATION

**SELL.** SYNAPTICS INC's P/E ratio indicates a significant premium compared to an average of 23.27 for the Semiconductors & Semiconductor Equipment industry and a significant premium compared to the S&P 500 average of 21.06. To use another comparison, its price-to-book ratio of 2.02 indicates a discount versus the S&P 500 average of 3.18 and a significant discount versus the industry average of 5.89. The price-to-sales ratio is well below both the S&P 500 average and the industry average, indicating a discount.

#### Price/Earnings

1	2	3	4	5

**SYNA 1383.00**

**Peers 23.27**

- Premium. A higher P/E ratio than its peers can signify a more expensive stock or higher growth expectations.
- SYNA is trading at a significant premium to its peers.

#### Price/Projected Earnings

1	2	3	4	5

**SYNA 9.02**

**Peers 19.76**

- Discount. A lower price-to-projected earnings ratio than its peers can signify a less expensive stock or lower future growth expectations.
- SYNA is trading at a significant discount to its peers.

#### Price/Book

1	2	3	4	5

**SYNA 2.02**

**Peers 5.89**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- SYNA is trading at a significant discount to its peers.

#### Price/Sales

1	2	3	4	5

**SYNA 0.88**

**Peers 4.82**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- SYNA is trading at a significant discount to its industry on this measurement.

#### Price/CashFlow

1	2	3	4	5

**SYNA 14.04**

**Peers 25.69**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- SYNA is trading at a significant discount to its peers.

#### Price to Earnings/Growth

1	2	3	4	5

**SYNA NM**

**Peers 4.41**

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- SYNA's negative PEG ratio makes this valuation measure meaningless.

#### Earnings Growth

1	2	3	4	5

**SYNA 101.16**

**Peers 144.47**

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, SYNA is expected to significantly trail its peers on the basis of its earnings growth rate.

#### Sales Growth

1	2	3	4	5

**SYNA -5.41**

**Peers 11.51**

- Lower. A sales growth rate that trails the industry implies that a company is losing market share.
- SYNA significantly trails its peers on the basis of sales growth.

### DISCLAIMER:

The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but TheStreet Ratings cannot guarantee its accuracy and completeness, and that of the opinions based thereon. Data is provided via the COMPUSTAT® Xpressfeed product from Standard & Poor's, a division of The McGraw-Hill Companies, Inc., as well as other third-party data providers.

TheStreet Ratings is a division of TheStreet, Inc., which is a publisher. This research report contains opinions and is provided for informational purposes only. You should not rely solely upon the research herein for purposes of transacting securities or other investments, and you are encouraged to conduct your own research and due diligence, and to seek the advice of a qualified securities professional, before you make any investment. None of the information contained in this report constitutes, or is intended to constitute a recommendation by TheStreet Ratings of any particular security or trading strategy or a determination by TheStreet Ratings that any security or trading strategy is suitable for any specific person. To the extent any of the information contained herein may be deemed to be investment advice, such information is impersonal and not tailored to the investment needs of any specific person. Your use of this report is governed by TheStreet, Inc.'s Terms of Use found at <http://www.thestreet.com/static/about/terms-of-use.html>.