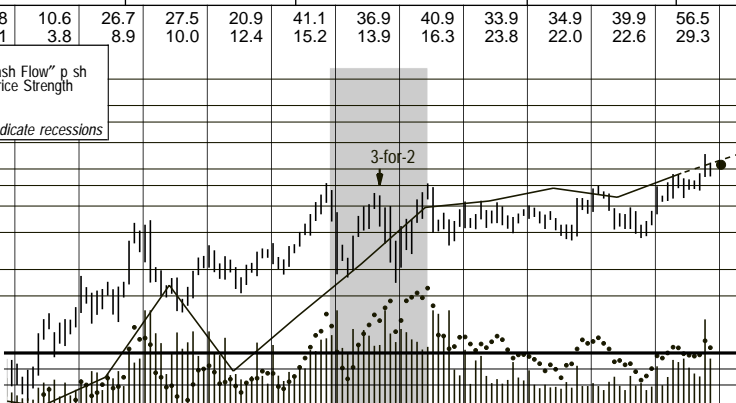


SYNAPTICS INC. NDQ-SYNA

RECENT PRICE **50.32** P/E RATIO **12.9** (Trailing: 12.5 Median: 18.0) RELATIVE P/E RATIO **0.70** DIV'D YLD **Nil** VALUE LINE

TIMELINESS 3 Lowered 11/8/13	High: 13.8 10.6 26.7 27.5 20.9 41.1 36.9 40.9 33.9 34.9 39.9 56.5	Target Price Range 2016 2017 2018
SAFETY 3 Raised 4/10/09	Low: 2.1 3.8 8.9 10.0 12.4 15.2 13.9 16.3 23.8 22.0 22.6 29.3	128
TECHNICAL 2 Raised 1/3/14	LEGENDS — 13.0 x "Cash Flow" p sh Relative Price Strength 3-for-2 split 9/08 Options: Yes Shaded areas indicate recessions	96
BETA .85 (1.00 = Market)		80
2016-18 PROJECTIONS		64
Price Gain Ann'l Total		48
High 90 (+80%) 16%		40
Low 60 (+20%) 5%		32
Insider Decisions		24
F M A M J J A S O		16
to Buy 0 0 0 0 0 0 0 0 0		12
Options 0 2 1 8 1 0 1 5 6		
to Sell 0 2 1 10 1 0 1 5 6		
Institutional Decisions		
1Q2013 2Q2013 3Q2013		
to Buy 97 139 135		
to Sell 86 93 105		
Hld's(000) 28942 31706 33264		



Synaptics Inc.'s initial public offering occurred in January, 2002. At that time, five million shares of stock were sold to the public at an average price of \$11 per share. The underwriting syndicate was led by Bear Stearns & Co.	2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014	© VALUE LINE PUB. LLC 16-18
	2.82 3.56 5.49 4.89 6.82 10.81 13.64 15.13 17.89 16.67 19.93 25.80	Sales per sh ^A 37.15
	.26 .38 1.04 .41 .74 1.31 2.43 2.61 2.99 2.71 3.52 4.45	"Cash Flow" per sh 5.40
	.21 .33 .87 .34 .63 1.02 2.19 2.26 2.51 2.28 3.11 3.90	Earnings per sh ^{AB} 5.00
	-.04 .02 .37 .08 .15 .21 .27 .27 .35 .31 1.46 .80	Div'ds Decl'd per sh Nil
	2.41 2.91 3.81 4.43 5.32 3.41 6.38 8.42 10.16 12.06 15.68 19.50	Cap'l Spending per sh .50
	35.75 37.48 37.92 37.73 39.12 33.41 34.69 34.02 33.47 32.90 33.29 32.00	Book Value per sh 25.70
	24.0 30.9 18.5 44.9 28.4 25.9 12.6 12.2 11.2 13.2 10.3	Common Shs Outst'g ^C 35.00
	1.37 1.63 .99 2.42 1.51 1.56 .84 .78 .70 .84 .58	Avg Ann'l P/E Ratio 15.0
	100.7 133.3 208.1 184.6 266.8 361.1 473.3 514.9 598.5 548.2 663.6 825	Relative P/E Ratio 1.00
	13.1% 16.5% 25.8% 11.4% 12.2% 14.7% 21.2% 20.6% 20.1% 20.5% 21.8% 21.5%	Avg Ann'l Div'd Yield Nil
	1.5 1.0 1.4 1.7 2.3 3.8 6.3 8.7 11.2 10.4 10.8 12.0	Sales (\$mill) ^A 1300
	7.7 13.3 38.0 13.7 26.5 40.0 77.9 80.0 88.9 78.6 106.4 135	Operating Margin 17.0%
	36.0% 37.9% 34.9% 46.3% 31.0% 29.9% 18.8% 16.4% 19.2% 23.4% 20.9% 24.0%	Depreciation (\$mill) 15.0
	7.7% 10.0% 18.3% 7.4% 9.9% 11.1% 16.5% 15.5% 14.9% 14.3% 16.0% 16.5%	Net Profit (\$mill) 175
	83.8 106.6 235.2 257.8 299.9 189.9 158.5 228.5 281.4 340.6 410.8 465.0	Income Tax Rate 24.5%
	1.5 1.5 126.5 126.5 125.0 125.0 -- 2.3 2.3 2.3 2.3 2.3	Net Profit Margin 13.5%
	86.3 109.1 144.7 167.0 208.1 113.8 221.4 286.5 340.0 396.8 521.9 590	Working Cap'l (\$mill) 675
	8.9% 12.1% 14.2% 5.0% 8.3% 17.1% 35.5% 28.1% 26.0% 19.7% 20.3% 23.0%	Long-Term Debt (\$mill) Nil
	8.9% 12.2% 26.3% 8.2% 12.8% 35.1% 35.2% 27.9% 26.2% 19.8% 20.4% 23.0%	Shr. Equity (\$mill) 900
	8.9% 12.2% 26.3% 8.2% 12.8% 35.1% 35.2% 27.9% 26.2% 19.8% 20.4% 23.0%	Return on Total Cap'l 19.5%
	-- -- -- -- -- -- -- -- -- -- -- -- Nil	Return on Shr. Equity 19.5%
	-- -- -- -- -- -- -- -- -- -- -- -- Nil	Retained to Com Eq 19.5%
	-- -- -- -- -- -- -- -- -- -- -- -- Nil	All Div'ds to Net Prof Nil

CAPITAL STRUCTURE as of 9/30/13
Total Debt \$2.3 mill. Due in 5 years \$2.3 mill
LT Debt \$2.3 mill. LT Interest Nil
Leases, Uncapitalized Annual rentals \$2.9 mill.
No Defined Benefit Pension Plan
Pfd Stock None
Common Stock 33,090,816 shs. as of 10/25/13
MARKET CAP: \$1.7 billion (Mid Cap)
CURRENT POSITION 2011 2012 9/30/13
Cash Assets 305.0 355.3 331.6
Receivables 104.1 148.5 153.9
Other 37.1 56.6 64.5
Current Assets 446.2 560.4 550.0
Accts Payable 55.2 83.7 78.0
Debt Due -- -- --
Other 50.4 65.9 64.2
Current Liab. 105.6 149.6 142.2

ANNUAL RATES Past Past Est'd '11-'13
of change (per sh) 10 Yrs. 5 Yrs. to '16-'18
Sales 20.5% 19.5% 14.5%
"Cash Flow" 27.0% 30.5% 12.0%
Earnings 27.0% 32.0% 13.5%
Dividends -- -- Nil
Book Value 18.5% 23.5% 16.5%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.)^A					Full Fiscal Year	
	Sep.	Per.	Dec.	Per.	Mar.	Jun.	Per.
2010	119.6	133.3	116.2	145.8	514.9		
2011	153.2	159.6	142.4	143.3	598.5		
2012	133.4	145.5	131.7	137.6	548.2		
2013	127.0	143.0	163.3	230.2	663.5		
2014	222.6	205	170	227.4	825		

Fiscal Year Ends	EARNINGS PER SHARE^{A B}					Full Fiscal Year	
	Sep.	Per.	Dec.	Per.	Mar.	Jun.	Per.
2010	.48	.62	.46	.70	2.26		
2011	.67	.72	.55	.57	2.51		
2012	.57	.68	.51	.54	2.28		
2013	.37	.53	.79	1.39	3.11		
2014	1.31	.90	.70	.99	3.90		

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2010					
2011					
2012					
2013					
2014					

BUSINESS: Synaptics Incorporated develops and supplies custom-designed user interface products and solutions that enable people to interact with various mobile computing, communications, entertainment, and other electronic devices. Its touch-sensitive pads, screens and other products are sold to PC and mobile phone manufacturers, as well as to other consumer electronic OEMs, primarily in China, Taiwan, South Korea, Japan, Singapore, and the U.S. Offs. and dirs. own 8.2% of common stock; T. Rowe Price Associates, Inc., 11.1%; BlackRock, Inc., 10.9%; The Vanguard Group, Inc., (9/13 proxy). CEO: Richard Bergman. Inc.: DE. Address.: 3120 Scott Blvd., Suite 130 Santa Clara, CA 95054. Telephone.: 408-454-5100. Internet: www.synaptics.com.

Synaptics shares took a tumble after the touchscreen maker provided weaker-than-expected revenue guidance for the December interim. Management's guidance range of \$192 million to \$208 million (34%-45% year-over-year growth), failed to meet the lofty expectations of some investors and the shares fell 14.5% following the news.

The company attempted to quell investors' concerns. Management was adamant that the first six months of fiscal 2014 (ends June 28, 2014) are playing out as planned. Recently, it landed prized design wins from Motorola with its latest line of *Droid* smartphones, helping the touchscreen unit's top line climb 152% year over year, and 6% sequentially. The Google subsidiary outfitted the well-reviewed *Moto X*, the *Droid Ultra*, and *Droid Maxx* with its on-cell touchscreen solutions. The *Droid Mini* used SYNA's more lucrative in-cell technology, but both approaches eliminate the need for certain parts, allowing for thinner smartphones, clearer displays, and a more streamlined supply process. We have little reason to believe that design wins won't continue,

especially since competing firms Atmel and Cypress still appear behind with development of strong competition for SYNA's on-cell and in-cell technology. All this likely relieved some concerns, as the shares have since recovered two-thirds of the initial loss experienced after the earnings release.

Synaptics has bought some new technology. The company recently announced the acquisition of Validity Sensors, a provider of fingerprint identification solutions. We view this as a deft move, as consumers are becoming increasingly concerned with privacy and security for their information and devices. It also reinforces SYNA's strategy of offering the most cutting-edge human interface technology available. We think future acquisitions are likely in the cards for Synaptics.

These shares look good for the long haul. Although neutrally ranked, SYNA's long-term outlook appears solid as we have confidence that the company will continue to develop and acquire new ways to interact with computing devices. Indeed, we think this stock is a solid choice.

Kevin Downing
January 3, 2014

(A) Fiscal year ends on the last Saturday in June.
 (B) Diluted earnings. Earnings may not sum due to rounding. Next earnings report due 1/23/14. Excludes nonrecurring losses: '08, \$0.35; '09, \$0.13; '10, \$0.12; '11, \$0.03. GAAP earnings before '09, excludes stock-based compensation thereafter.
 (C) In millions, adjusted for split.

Company's Financial Strength	B++
Stock's Price Stability	35
Price Growth Persistence	75
Earnings Predictability	60

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