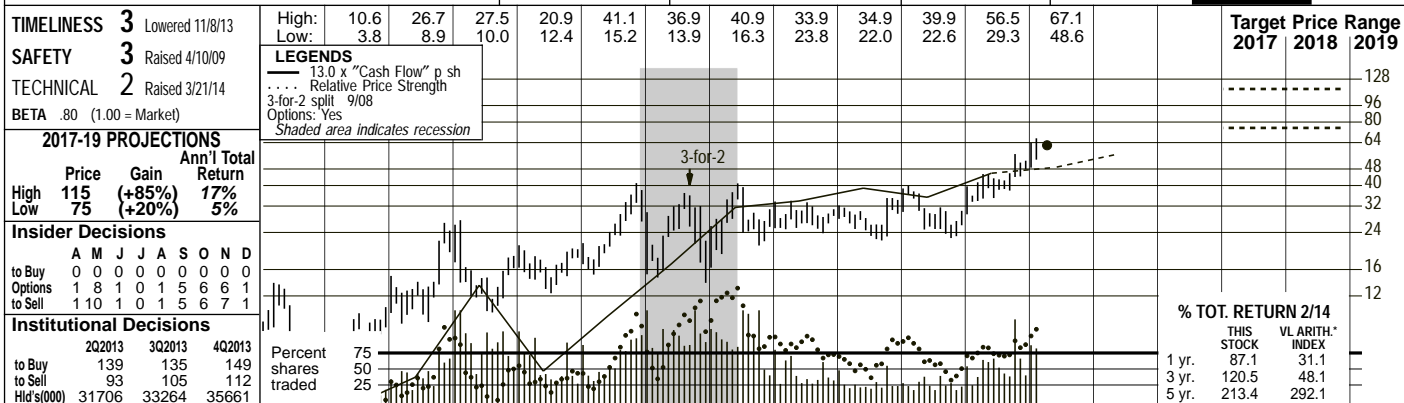


SYNAPTICS INC. NDQ-SYNA

RECENT PRICE **62.15** P/E RATIO **17.3** (Trailing: 14.3; Median: 18.0) RELATIVE P/E RATIO **0.93** DIV'D YLD **Nil** VALUE LINE



TIMELINESS	3	Lowered 11/8/13
SAFETY	3	Raised 4/10/09
TECHNICAL	2	Raised 3/21/14
BETA	.80	(1.00 = Market)

2017-19 PROJECTIONS	
Price	Ann'l Total
High 115	Gain Return
Low 75	(+85%) 17%
	(+20%) 5%

Insider Decisions	
A M J J A S O N D	
to Buy	0 0 0 0 0 0 0 0 0 0
Options	1 8 1 0 1 5 6 6 1
to Sell	1 10 1 0 1 5 6 6 1

Institutional Decisions			
2Q2013	3Q2013	4Q2013	Percent shares traded
to Buy 139	135	149	75
to Sell 93	105	112	50
Hld's(000)	31706	33264	35661

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.	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
	3.56	5.49	4.89	6.82	10.81	13.64	15.13	17.89	16.67	19.93	25.00	28.25	Sales per sh ^A	41.45
	.38	1.04	.41	.74	1.31	2.43	2.61	2.99	2.71	3.52	4.35	4.80	"Cash Flow" per sh	7.00
	.33	.87	.34	.63	1.02	2.19	2.26	2.51	2.28	3.11	3.75	4.35	Earnings per sh ^{AB}	6.00
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
	.02	.37	.08	.15	.21	.27	.27	.35	.31	1.46	1.00	1.10	Cap'l Spending per sh	1.50
	2.91	3.81	4.43	5.32	3.41	6.38	8.42	10.16	12.06	15.68	18.00	21.00	Book Value per sh	30.00
	37.48	37.92	37.73	39.12	33.41	34.69	34.02	33.47	32.90	33.29	34.00	34.00	Common Shs Outst'g ^C	35.00
CAPITAL STRUCTURE as of 12/31/13	30.9	18.5	44.9	28.4	25.9	12.6	12.2	11.2	13.2	10.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	16.0
Total Debt \$2.3 mill. Due in 5 years \$2.3 mill	1.63	.99	2.42	1.51	1.56	.84	.78	.70	.84	.57			Relative P/E Ratio	1.00
LT Debt \$2.3 mill. LT Interest Nil	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil
Leases, Uncapitalized Annual rentals \$2.9 mill.	133.3	208.1	184.6	266.8	361.1	473.3	514.9	598.5	548.2	663.6	850	960	Sales (\$mill) ^A	1450
No Defined Benefit Pension Plan	16.5%	25.8%	11.4%	12.2%	14.7%	21.2%	20.6%	20.1%	20.5%	21.8%	21.0%	21.0%	Operating Margin	21.0%
Pfd Stock None	1.0	1.4	1.7	2.3	3.8	6.3	8.7	11.2	10.4	10.8	13.0	14.0	Depreciation (\$mill)	16.0
Common Stock 35,571,927 shs. as of 1/31/14	13.3	38.0	13.7	26.5	40.0	77.9	80.0	88.9	78.6	106.4	135	150	Net Profit (\$mill)	230
MARKET CAP: \$2.2 billion (Mid Cap)	37.9%	34.9%	46.3%	31.0%	29.9%	18.8%	16.4%	19.2%	23.4%	20.9%	17.0%	17.0%	Income Tax Rate	17.0%
CURRENT POSITION	10.0%	18.3%	7.4%	9.9%	11.1%	16.5%	15.5%	14.9%	14.3%	16.0%	15.9%	15.6%	Net Profit Margin	15.9%
Cash Assets	106.6	235.2	257.8	299.9	189.9	158.5	228.5	281.4	340.6	410.8	465	500	Working Cap'l (\$mill)	675
Receivables	1.5	126.5	126.5	125.0	125.0	--	2.3	2.3	2.3	2.3	2.3	2.3	Long-Term Debt (\$mill)	Nil
Other	109.1	144.7	167.0	208.1	113.8	221.4	286.5	340.0	396.8	521.9	615	715	Shr. Equity (\$mill)	1050
Current Assets	12.1%	14.2%	5.0%	8.3%	17.1%	35.5%	28.1%	26.0%	19.7%	20.3%	22.0%	21.0%	Return on Total Cap'l	22.0%
Accts Payable	12.2%	26.3%	8.2%	12.8%	35.1%	35.2%	27.9%	26.2%	19.8%	20.4%	22.0%	21.0%	Return on Shr. Equity	22.0%
Debt Due	12.2%	26.3%	8.2%	12.8%	35.1%	35.2%	27.9%	26.2%	19.8%	20.4%	22.0%	21.0%	Retained to Com Eq	22.0%
Other	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil
Current Liab.	--	--	--	--	--	--	--	--	--	--	Nil	Nil		

ANNUAL RATES	Past	Past	Est'd '11-'13
of change (per sh)	10 Yrs.	5 Yrs.	to '17-'19
Sales	20.5%	19.5%	14.5%
"Cash Flow"	27.0%	30.5%	14.5%
Earnings	27.0%	32.0%	14.5%
Dividends	--	--	Nil
Book Value	18.5%	23.5%	15.5%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) ^A					Full Fiscal Year		
	Sep.	Per.	Dec.	Per.	Mar.	Per.	Jun.	Per.
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	163.4	230.2	663.6			
2014	222.6	205.8	190	231.6	850			
2015	250	230	215	265	960			

Fiscal Year Ends	EARNINGS PER SHARE ^{A B}					Full Fiscal Year		
	Sep.	Per.	Dec.	Per.	Mar.	Per.	Jun.	Per.
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	.86	.60	.98	3.75			
2015	1.15	1.05	.80	1.35	4.35			

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 has high hopes for fingerprint identification technology. The company purchased Validity Sensors in late 2013. It sees the technology as the next big thing in human interface solutions. Not only does fingerprint scanning eliminate the need for a passcode when unlocking a phone, it can make mobile payments more secure by ensuring it is the owner of the phone and mobile wallet who is authorizing the transaction. Synaptics management thinks the total addressable market includes all of the handsets in use that it has provided touchscreen solutions for (around two billion). Last year, there were 30 million fingerprint scanners sold, mostly in notebook computers. SYNA thinks this number can rise to 100 million in 2014. Regardless of the pace of adoption, we think Synaptics' solid relationships with leading OEM vendors will allow it to dominate the fingerprint market, much like it does touchpads and touchscreens now. We expect the acquisition to be accretive to earnings in the fourth quarter of this fiscal year.

Synaptics remains well positioned in the smartphone touchscreen market.

The company's broad product portfolio allows it to accommodate carriers' tiered pricing strategies. Although SYNA's focus on cutting-edge technology should help it continue to win designs with flagship smartphones in developed nations, we think the biggest growth opportunity is with lower-end phones in emerging markets, like China. It started out there two years ago with top OEMs like Huawei and ZTE, but has since branched out to more vendors.

Margins may come down a bit. The company is focusing on having gross margins land in the 45%-47% range, but that metric has been trending a few hundred basis points higher in recent quarters. Eventually, as less-profitable, lower-end smartphones comprise more of the product mix, the gross margin should fall into the expected range.

These shares are an average choice. Synaptics has been firing on all cylinders lately, which is why the shares are up 78% in value in the past year. Although we like the company's position in this growing market, investors should probably wait for a pullback before committing.

Kevin Downing
March 21, 2014