SYNAPTICS INC
Form 10-Q
May 01, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 28, 2015

Commission file number 000-49602

SYNAPTICS INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	77-0118518 (I.R.S. Employer Identification No.)

1251 McKay Drive

San Jose, California 95131

(Address of principal executive offices) (Zip code)

(408) 904-1100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Number of shares of Common Stock outstanding at April 24, 2015: 36,831,918

SYNAPTICS INCORPORATED

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTER ENDED MARCH 28, 2015

TABLE OF CONTENTS

		Page
Part I. Financial Information		
Item 1.	Condensed Consolidated Financial Statements (Unaudited):	3
	Condensed Consolidated Balance Sheets—March 31, 2015 and June 30, 2014	3
	Condensed Consolidated Statements of Income (Loss)—Three and Nine Months Ended March 31, 2015 and 2014	4
	Condensed Consolidated Statements of Comprehensive Income (Loss)—Three and Nine Months Ended March 31, 2015 and 2014	5
	Condensed Consolidated Statements of Cash Flows—Nine Months Ended March 31, 2015 and 2014	6
	Notes to Condensed Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	28
Item 4.	Controls and Procedures	29
Part II. Other Information		
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	30
Item 6.	Exhibits	31
Signatures		32

PART I—FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SYNAPTICS INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

(unaudited)

	March 31, 2015	June 30, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$380,579	$447,205
Accounts receivable, net of allowances of $1,800 and $883 at March 31, 2015 and June 30, 2014, respectively	319,567	195,057
Inventories	152,261	82,311
Prepaid expenses and other current assets	27,634	17,858
Total current assets	880,041	742,431
Property and equipment at cost, net of accumulated depreciation of $66,662 and $49,482 at March 31, 2015 and June 30, 2014, respectively	117,692	80,849
Goodwill	215,244	61,030
Acquired intangibles, net	254,357	82,111
Non-current other assets	43,883	53,912
	$1,511,217	$1,020,333
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$182,021	$97,109
Accrued compensation	32,217	30,682
Income taxes payable	34,136	12,538
Acquisition-related liabilities	42,976	57,388
Other accrued liabilities	96,908	56,691
Current portion of long-term debt	9,375	—
Total current liabilities	397,633	254,408
Long-term debt, net of issuance costs	234,581	—
Acquisition-related liabilities	72,734	52,734
Deferred tax liabilities	43,341	—
Other long-term liabilities	14,634	12,034

Total liabilities	762,923	319,176
Stockholders' Equity:		
Common stock:		
$0.001 par value; 120,000,000 shares authorized, 57,392,290 and 55,911,513 shares issued, and 36,798,673 and 36,863,802 shares outstanding, at March 31, 2015 and June 30, 2014, respectively	57	56
Additional paid-in capital	819,462	740,282
Treasury stock: 20,593,617 and 19,047,711 common treasury shares at March 31, 2015 and June 30, 2014, respectively, at cost	(641,022)	(530,422)
Accumulated other comprehensive income	8,075	8,560
Retained earnings	561,722	482,681
Total stockholders' equity	748,294	701,157
	$1,511,217	$1,020,333

See accompanying notes to condensed consolidated financial statements (unaudited).

SYNAPTICS INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(in thousands, except per share data)

(unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	2014	2015	2014
Net revenue	$477,598	$204,271	$1,224,044	$632,641
Cost of revenue	313,253	111,841	812,679	336,387
Gross margin	164,345	92,430	411,365	296,254
Operating expenses:				
Research and development	78,719	49,412	213,467	135,785
Selling, general, and administrative	35,803	25,856	88,532	69,825
Acquired intangibles amortization	4,658	262	9,577	785
Change in contingent consideration	(6,688)	53,043	(18,311)	56,731
Total operating expenses	112,492	128,573	293,265	263,126
Operating income/(loss)				