

Synopsys Details Growth Strategy and Long-term Financial Model at 2026 Investor Day

News Highlights

- Leading portfolio of engineering solutions positions Synopsys to capitalize on the continued expansion of digital and physical AI and the AI-driven transformation of engineering.
- Updates long-term growth targets to reflect accelerating revenue and expanding non-GAAP operating margins. Company expects fiscal year 2027 revenue growth of approximately 15% year over year to \$11.15 billion at the midpoint of guidance range.
- After investing in the business, Synopsys expects to return up to 50% of free cash flow to shareholders via share repurchases; with intent to repurchase approximately \$1 billion in shares over the coming months, subject to market conditions.

SUNNYVALE, Calif., Sept. 30, 2026 /PRNewswire/ -- Synopsys, Inc. (NASDAQ: SNPS) today detailed its long-term growth strategy and sustainable long-term financial model at its 2026 Investor Day in New York. Management outlined how AI is driving demand, transforming engineering, unlocking new business models and accelerating growth across the portfolio. A replay of the presentation will be available on Synopsys' [investor relations website](#).

Synopsys President and CEO, Sassine Ghazi, said: "AI is creating multiple, reinforcing growth engines for Synopsys. The acceleration of frontier intelligence is fueling an unprecedented demand for compute power while increasing system complexity. Simultaneously, purpose-built silicon is reshaping the IP market, while Physical AI and agentic workflows are driving deeper integration of our trusted tools. Together, these forces are expanding our addressable market, increasing consumption of our technology, and creating new, recurring revenue streams."

Highlights from executive presentations include:

Silicon IP Business Expands to Serve Growing Demand for Special-purpose Silicon

Synopsys is expanding beyond traditional standards-based IP into application-optimized IP (AOIP), helping customers develop differentiated silicon tailored to specific workloads and system architectures. As AI drives demand for custom silicon across hyperscalers and system companies, Synopsys is leveraging its interface IP leadership, system expertise, and engineering scale to deliver optimized IP subsystems and platforms that accelerate time-to-market while improving performance and efficiency.

This 'Factory 2' IP model expands Synopsys' value capture per design win and increases its participation in the long-term growth of custom silicon and AI infrastructure. Demonstrating early momentum for the new IP business model, the company has secured multiple AOIP customers spanning compute, ASIC, and AI connectivity architectures. This includes an [IP agreement with Amazon](#), which was announced today.

Powering the Next Frontier of AI-Driven Design

Ghazi today also explained the company's strategy to create and capture value in the delivery of AI-powered engineering solutions and announced a groundbreaking [partnership with OpenAI](#) to collaborate as preferred partners to develop and deliver GPT-Synopsys, a specialized model for chip design that brings together OpenAI's frontier AI with Synopsys' trusted EDA tools and chip design expertise.

Synopsys is advancing the next frontier of AI-driven design and simulation with a strategy that enables customers to adopt its agentic AI portfolio in the way that best fits their engineering environment. Customers can deploy the full Synopsys Autopilot platform, integrate Synopsys agents into their own AI platforms, or leverage frontier AI models optimized for specialized engineering workflows. Across all approaches, Synopsys provides the trusted engineering context, domain-specific agents, and ground-truth execution engines that power the development of the world's most advanced products. This flexible model expands Synopsys' opportunity to participate across the emerging AI engineering ecosystem while creating multiple avenues to monetize AI-driven engineering through a combination of subscription and consumption-based models across tools, agents and platform.

Synopsys Fiscal 2027 and Long-term Financial Outlook

Synopsys provided financial guidance for fiscal year 2027 and a comprehensive multi-year financial framework through fiscal year 2030. The company also announced its intent to repurchase approximately \$1 billion of Synopsys shares over the coming months, subject to market conditions, underscoring confidence in its long-term cash generation.

Shelagh Glaser, Synopsys CFO, said, "Our updated financial framework reflects confidence in both our growth trajectory and our ability to scale efficiently while helping customers re-engineer their engineering to accelerate AI-powered products. We remain focused on disciplined execution, converting growth into expanding margins and strong free cash flow, while continuing to invest in innovation and deliver sustainable long-term value for our shareholders."

The company's updated long-term targets and fiscal year 2027 outlook are provided below:

Our long-term, FY26E - FY30E objectives⁽¹⁾

Revenue Company⁽²⁾	Operating Margin	Free Cash Flow⁽²⁾
Mid-Teens growth ~15%	Long-term non-GAAP FY30E operating margin ~50%	Free Cash Flow Growth in the Mid 20%'s
Design Automation⁽²⁾	Earnings⁽²⁾	Capital Return⁽³⁾
EDA: Mid-Teens: 13%+	Non-GAAP EPS growth	Up to 50%
S&A: Double-Digit: 10%+	in the Mid 20%'s	of Free Cash Flow
Design IP⁽²⁾		via share repurchases
High-Teens: 17%+		

(1) These multi-year objectives are provided as of September 30, 2026. See below for additional information regarding these forward-looking non-GAAP measures, including reconciliations to the most comparable GAAP measures to the extent available without unreasonable efforts

(2) FY26E - FY30E Growth CAGR

(3) Capital allocation objectives are based on current business outlook and may vary based on market conditions, strategic opportunities, and balance sheet priorities

Full Fiscal Year 2027 Financial Targets

(in millions, except per share amounts)

	Range for Fiscal Year Ending October 31, 2027	
	Low	High
Revenue	\$11,100	\$11,200
GAAP Expenses	\$8,765	\$8,905
Non-GAAP Expenses	\$6,215	\$6,275
Non-GAAP Interest and Other Income (Expense), net	(\$465)	(\$455)
Non-GAAP Tax Rate	18 %	18 %
Outstanding Shares (fully diluted)	190	192
GAAP Operating Margin	Midpt: ~20.7%	
Non-GAAP Operating Margin	Midpt: ~44.0%	
GAAP EPS	\$8.16	\$8.61
Non-GAAP EPS	\$19.04	\$19.12
Operating Cash Flow	~\$3,600	
Free Cash Flow ⁽¹⁾	~\$3,100	
Capital Expenditures	~\$500	

(1) Free cash flow is calculated as cash provided from operating activities less capital expenditures

GAAP to Non-GAAP Reconciliation of Full Fiscal Year 2027 Targets

(in thousands, except per share data)

	Range for Fiscal Year Ending October 31, 2027	
	Low	High
Target GAAP expenses	\$ 8,765,000	\$ 8,905,000
Adjustments:		
Amortization of acquired intangible assets	(1,540,000)	(1,550,000)
Stock-based compensation	(960,000)	(980,000)
Restructuring charges	(50,000)	(100,000)
Target non-GAAP expenses	\$ 6,215,000	\$ 6,275,000

Range for Fiscal Year

	Ending October 31, 2027	
	Low	High
Target GAAP earnings per diluted share attributed to Synopsys	\$ 8.16	\$ 8.61
Adjustments:		
Amortization of acquired intangible assets	\$ 8.12	\$ 8.06
Stock-based compensation	\$ 5.13	\$ 5.03
Restructuring charges	\$ 0.52	\$ 0.26
Tax adjustments and settlement	\$ (2.89)	\$ (2.84)
Target non-GAAP earnings per diluted share attributed to Synopsys	\$ 19.04	\$ 19.12
Shares used in non-GAAP calculation (midpoint of target range)	191,000	191,000

GAAP to Non-GAAP Reconciliation of Operating Margin at Midpoint of Full Fiscal Year 2027 Targets

	Twelve Months Ending October 31, 2027
At midpoint of revenue and expense guidance ranges	
GAAP operating margin	20.7 %
Amortization of acquired intangible assets	13.9 %
Stock-based compensation	8.7 %
Restructuring charges	0.7 %
Target non-GAAP operating margin	44.0 %

Presentations and the webcast replay from today's Synopsys 2026 Investor Day are available at: <https://investor.synopsys.com/>.

Forward Looking Statements

Certain statements contained herein and in our investor conference call contain forward-looking statements within the meaning of the federal securities laws, including, but not limited to, statements concerning our anticipated financial performance, guidance, long-term financial objectives and projections; anticipated synergies and other benefits; capital allocation plans, including planned share repurchases; revenue growth objectives and the expected timing and pace of realization; operating margin expansion objectives; customer demand, market opportunities and industry trends, including the anticipated impact of artificial intelligence; products, services, technologies, business offerings and models, strategies, and anticipated product performance and customer benefits; partnerships and customer agreements; and our operating structure and growth strategy. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions or the negatives of these words or other comparable terminology to convey uncertainty of future events or outcomes. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties.

Many risks, uncertainties and other factors that could cause Synopsys' actual future events to differ materially from any future results, time frames, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to: (i) macroeconomic conditions and geopolitical uncertainty in the global economy; (ii) uncertainty in the growth of the semiconductor and electronics industries; (iii) the highly competitive industry in which we operate; (iv) actions by the U.S. or foreign governments, such as the imposition of additional export restrictions or tariffs; (v) consolidation among our customers and our dependence on a relatively small number of large customers; (vi) risks and compliance obligations relating to the global nature of our operations; (vii) failure to realize the benefits expected from the transactions we complete, including the acquisition of ANSYS, Inc. ("Ansys"), or unexpected difficulties or expenditures arising therefrom; (viii) risks related to inaccuracies in, or failures to achieve, our operational and business metrics or forecasts of growth; and (ix) other risks and uncertainties described in our filings with the SEC. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements.

Additional information on potential risks, uncertainties and other factors that could affect Synopsys' results is included in filings we make with the SEC from time to time, including in the sections entitled "Risk Factors" in our latest Annual Report on Form 10-K and in our latest Quarterly Report on Form 10-Q. The financial information contained in this press release should be read in conjunction with the consolidated financial statements and notes thereto included in Synopsys' most recent reports on Forms 10-K and 10-Q, each as may be amended from time to time. All forward-looking statements by their nature address matters that involve risks and uncertainties, many of which are beyond Synopsys' control, and are not guarantees of future results. Readers are cautioned not to put undue reliance on forward-looking statements, and Synopsys gives no assurances that it will achieve its expectations.

GAAP to Non-GAAP Reconciliations

This press release contains certain forward-looking financial measures that are not in accordance with the U.S. generally accepted accounting principles ("GAAP"). It also includes future estimates for non-GAAP operating margin, non-GAAP tax rate, non-GAAP interest and other income (expense), net, non-GAAP expenses, non-GAAP earnings per diluted share ("EPS"), non-GAAP EPS compound annual growth rate ("CAGR"), free cash flow ("FCF") and FCF CAGR.

- FCF is calculated as cash provided from operating activities less capital expenditures
- FCF CAGR is calculated as the average annual growth rate of FCF over a period of time
- Non-GAAP EPS is calculated as GAAP net income excluding amortization of acquired intangible assets, stock-based compensation, restructuring charges, acquisition/divestiture-related items, loss on sale of strategic investments, and legal matters, adjusted for the difference between GAAP and non-GAAP tax rates, divided by fully diluted outstanding shares
- Non-GAAP EPS CAGR is calculated as the average annual growth rate of non-GAAP EPS over a period of time
- Non-GAAP expenses are calculated as GAAP expenses, excluding amortization of acquired intangible assets, stock-based compensation, restructuring charges, and acquisition/divestiture-related items
- Non-GAAP operating margin is non-GAAP operating income for a period divided by revenue for the same period
- Non-GAAP tax rate is set at a three-year normalized tax rate of 18.0%. In projecting this rate, we evaluated our historical and projected mix of U.S. and international profit before tax, excluding the impact of stock-based compensation, the amortization of purchased intangibles and other GAAP only adjustments.
- Non-GAAP interest and other income (expense), net is calculated as GAAP interest and other income (expense), net adjusted for the change in fair value of our non-qualified deferred compensation plan

Synopsys continues to provide all information required in accordance with GAAP but acknowledges evaluating its ongoing operating results may not be as useful if an investor is limited to reviewing only GAAP financial measures. Accordingly, Synopsys presents non-GAAP financial measures in reporting its financial results to provide investors with an additional tool to evaluate Synopsys' operating results in a manner that focuses on what Synopsys believes to be its core business operations and what Synopsys uses to evaluate its business operations and for internal budgeting and resource allocation purposes. These non-GAAP financial measures may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles, and management exercises judgment in determining which items should be excluded in the calculation of non-GAAP measures. The presentation of non-GAAP financial information is not meant to be considered in isolation from, as superior to or as a substitute for the directly comparable financial measures prepared in accordance with GAAP. These non-GAAP financial measures are meant to supplement, and be viewed in conjunction with, the corresponding GAAP financial measures.

Certain non-GAAP financial measures used by management, as well as the reconciliation of non-GAAP financial measures to their most closely applicable GAAP financial measures, is contained in this press release and in our investor conference call presentation available in the investor relations portion of Synopsys' corporate website at www.synopsys.com. Synopsys is unable to provide a full reconciliation of non-GAAP tax rate for FY 2027E; non-GAAP interest and other income (expense), net for FY 2027E; non-GAAP operating margin for FY 2028E-FY 2030E; non-GAAP EPS for FY 2028E-FY 2030E; non-GAAP EPS CAGR for FY 2026E-FY 2030E; FCF for FY 2028E-FY 2030E; and FCF CAGR for FY 2026E-FY 2030E projections, targets and guidance measures to the corresponding GAAP financial measures on a forward-looking basis because Synopsys believes that it would not be possible for it to have the information necessary to quantitatively reconcile such measures with sufficient precision without unreasonable efforts due to, among other things, the potential variability and limited predictability of the excluded adjustment items necessary for a full reconciliation such as certain acquisition/divestiture related items, tax deduction variability, changes in the fair value of non-qualified deferred compensation plan, and gains (losses) on the sale of strategic investments. For the same reasons, Synopsys is unable to address the probable significance of the unavailable information. Synopsys is presenting forward looking non-GAAP financial measures for illustrative purposes and may not report on this basis going forward.

Effectiveness of Information

The information provided herein is as of September 30, 2026. Although this press release is expected to remain available on Synopsys' website through the time Synopsys announces its results for the fourth quarter and fiscal year 2026, its continued availability through such time does not mean that Synopsys is reaffirming or confirming its continued validity. Synopsys undertakes no duty, and does not intend, to update any forward-looking statement, whether as a result of new information, future events or otherwise, unless required by law.

About Synopsys

Synopsys, Inc. (Nasdaq: SNPS) is the leader in engineering solutions from silicon to systems, enabling customers to rapidly innovate AI-powered products. We deliver industry-leading silicon design, IP, simulation and analysis solutions, and design services. We partner closely with our customers across a wide range of industries to maximize their R&D capability and productivity, powering innovation today that ignites the ingenuity of tomorrow. Learn more at www.synopsys.com.

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