

Dialog Semiconductor

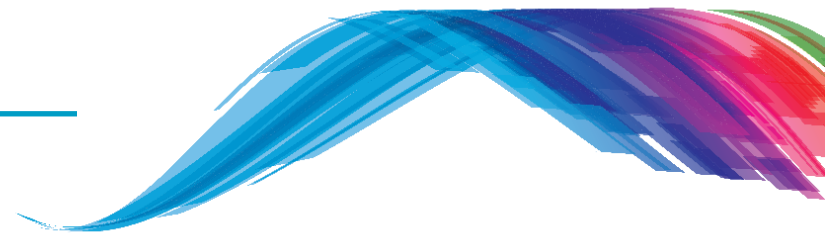
Q1 2018 Results

9 May 2018

A large, abstract graphic consisting of multiple overlapping, semi-transparent, wavy bands in shades of blue, purple, magenta, red, orange, and green, creating a sense of motion and depth.

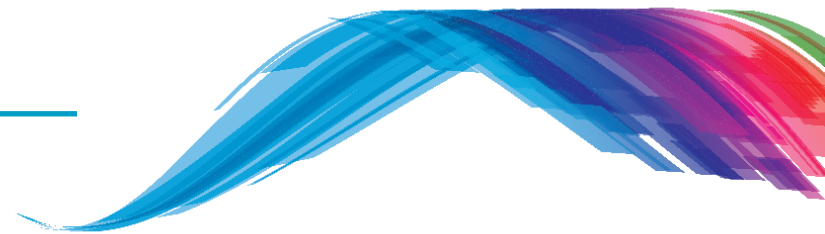
...personal
...portable
...connected

Forward looking statement



This presentation contains “forward-looking statements” that reflect management’s current views with respect to future events. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project” and “should” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties, including, but not limited to: an economic downturn in the semiconductor and telecommunications markets; changes in currency exchange rates and interest rates, the timing of customer orders and manufacturing lead times, insufficient, excess or obsolete inventory, the impact of competing products and their pricing, political risks in the countries in which we operate or sale and supply constraints. If any of these or other risks and uncertainties occur (some of which are described under the heading “Managing risk and uncertainty” in Dialog Semiconductor’s most recent Annual Report) or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made, however, any subsequent statement will supercede any previous statement.

Agenda



Business Review

Financial Review

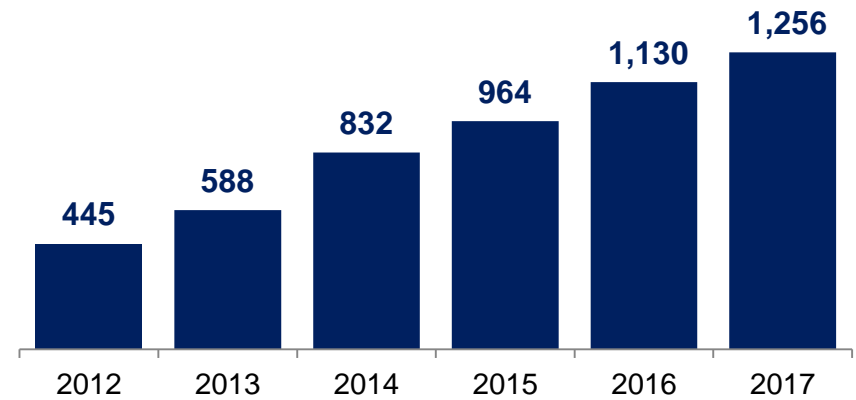
Q&A

Appendix

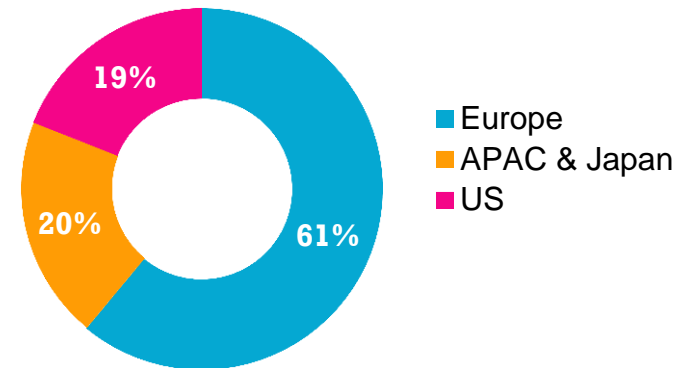
A global R&D organisation



Average headcount – Research and Development



Regional split



Q1 2018

Total employees
~2,100






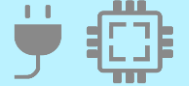
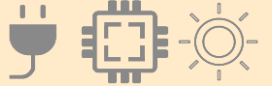
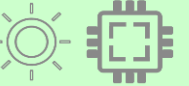



Engineering functions¹
~75%

1 R&D and Manufacturing.



Extending our product portfolio




End market exposure





Business segment	Mobile	IoT and peripherals	Automotive	Industrial
Mobile Systems 2017 revenue: \$1,043m	 +	 +	 +	
Connectivity 2017 revenue: \$136m		 +	 +	
Advanced Mixed Signal 2017 revenue: \$133m	 +	 +	 +	 +
Automotive & Industrial 2017 revenue: \$33m			 -	 -





Exposure to end markets




Product portfolio








Market estimates 2016-2020¹ CAGR

-  Established
-  Nascent
-  Legacy

-  Power management
-  Chargers
-  Audio (analog)
-  Wireless charging

-  Bluetooth low energy
-  DECT
-  Audio IC (analog+DSP)
-  ASICs

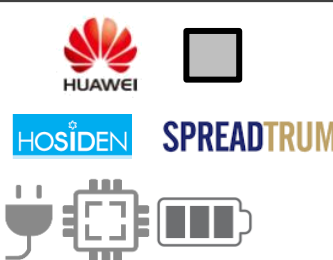


-  AC/DC converters
-  LED drivers/backlighting
-  CMICs

-  3%
-  26%
-  11%
-  1%
-  30%
-  9%
-  15%

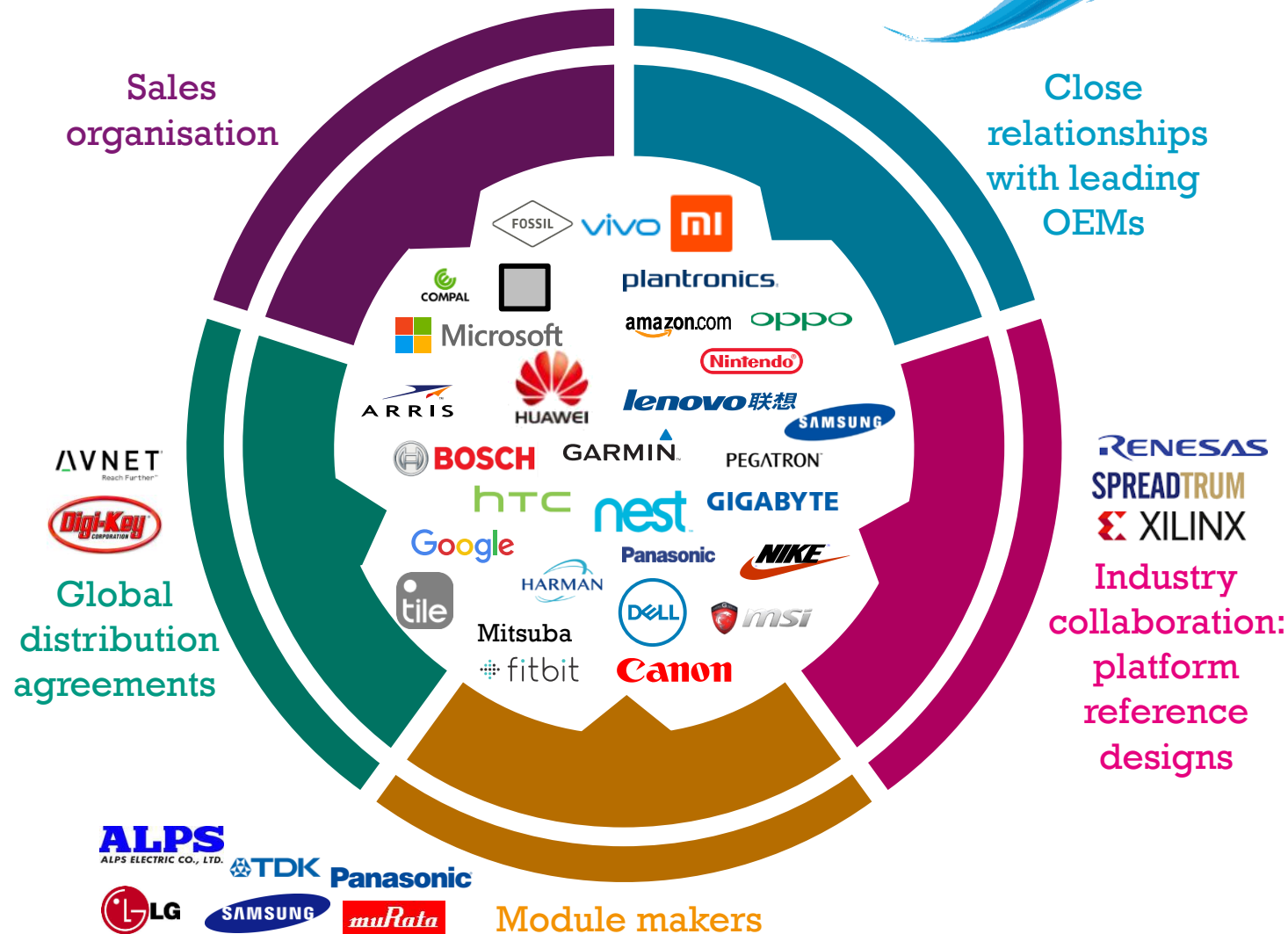
¹ Sources and market estimates on slide 19



Added value for our customers

	Mobile	IoT and peripherals	Automotive	Industrial
Value for our customers	<p>✓ High integration, low power and fast go-to-market.</p> <ul style="list-style-type: none"> ✓ High power density AC/DC solutions ✓ Digital enabled solutions ✓ Broad support of fast charge protocols 	<p>✓ Low latency wireless audio</p> <p>✓ High-performance and reduced component count LED solutions</p>	<p>✓ High power efficiency.</p> <p>✓ High-performance and reduced component count LED solutions</p>	
Key market trends	<p>✓ Low power, high rate of data processing and data transmission</p> <p>✓ Short design cycles</p> <p>✓ Governments regulating higher power efficiency and lower standby power</p> <ul style="list-style-type: none"> ✓ Larger, higher resolution screens. ✓ Larger batteries and battery charge time reduction. 	<p>✓ Industry increase in “always-on” applications.</p> <p>✓ Increase in power-efficient, feature-rich wireless audio applications.</p> <p>✓ Low latency wireless audio.</p>	<p>✓ Increasing adoption of standard technologies</p> <ul style="list-style-type: none"> ✓ Electrification of cars ✓ Acceleration of mobile technology into the automotive space. 	
Examples of design wins				

Multi-channel sales strategy



Mobile Systems

2017 estimated market share

 ~15%²

Market estimates CAGR 2016-2020¹

 3%  1%

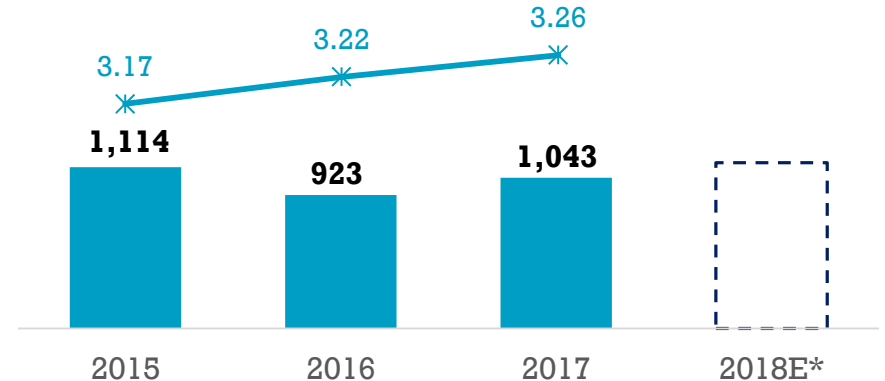
- Broad R&D engagement with largest customer:
 - Design wins targeting 2019 and later production ramp;
 - Opportunities outside of power management.
- Increased content per device.
- Revenue stream with solid underlying profitability.
- Extended product portfolio, and platform reference designs in Mobile computing and Automotive.

¹ Sources and market estimates on slide 19.

² IDC Quarterly Worldwide Mobile Phone Tracker,

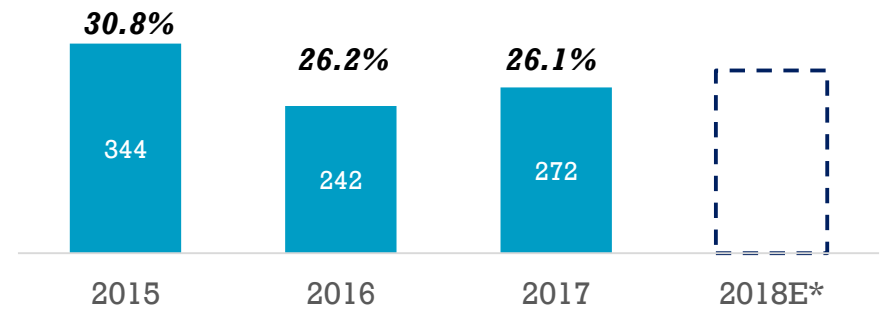
<https://www.idc.com/promo/smartphone-market-share/vendor>, 215.8 million units / 1.46 billion units.

Full year revenue \$m and content per device \$



* 2018E not drawn to scale

Full year underlying EBIT \$m and %

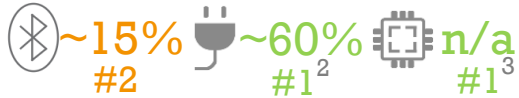


* 2018E not drawn to scale



Opportunity outside of Mobile Systems

2017 estimated market share and ranking



Market estimates CAGR 2016-2020¹



- Diversified revenue stream in growing markets where Dialog maintains a strong market share with innovative and differentiated technologies.
- Growing revenue and increased underlying operating margin.

¹ Sources and market estimates on slide 19.

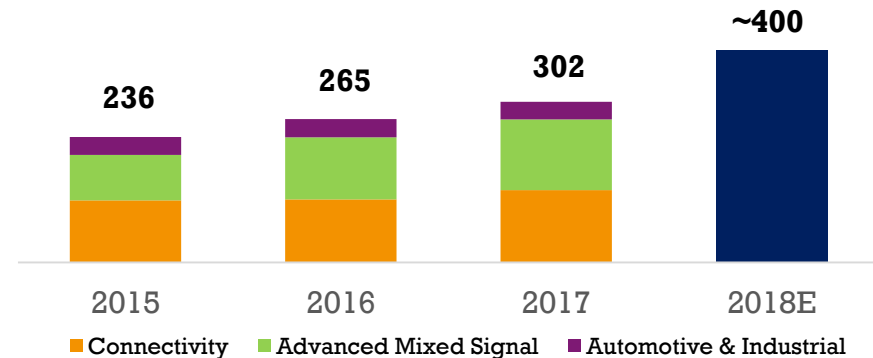
² Rapid charge for smartphones.

³ Competition from discrete components suppliers.

⁴ Revenue CAGR 2018-2019 communicated on 5 October 2017,

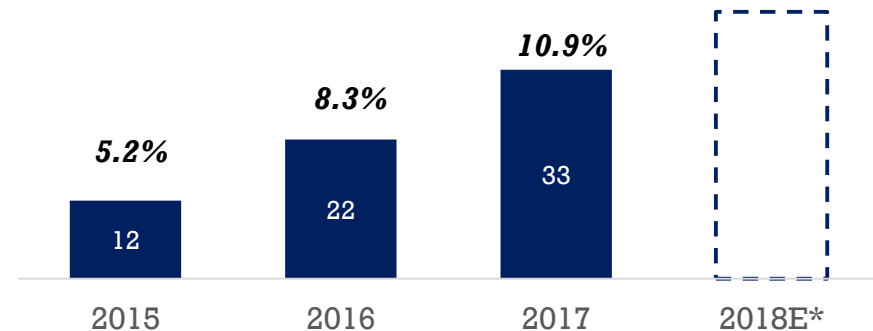
Acquisition of Silego Technology, slide 5.

Full year revenue \$m 19% CAGR 2015-2018E



2018E includes the acquisition of Silego Technology Inc. in November 2017

Full year combined underlying EBIT \$m and % 64% CAGR 2015-2017



* 2018E not drawn to scale

Progress on the Silego integration

- Most teams have now relocated to our offices
- Sales force integration – increased channel strength:
 - First customer win in Mobile in China.
 - Increased rate of growth in number of design wins in America, Taiwan and China.
- Integration of Dialog IP under way
- Launch of the first CMIC that can be programmed in-system
- Q1 2018 revenue of \$22 million
- Over 3.5 billion units shipped as of 8 May 2018



Analog / Power ICs

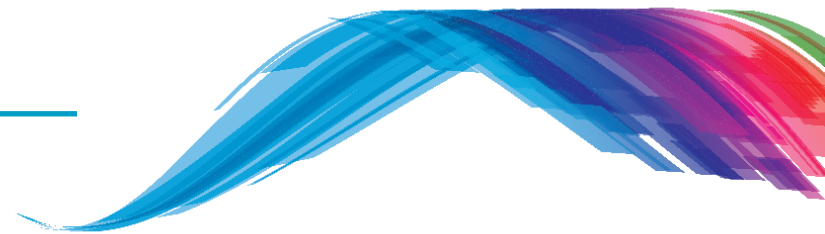
Manages power, timing, and interface

Essential building blocks of all electronics



– Commoditized

Agenda



Business Review

Financial Review

Q&A

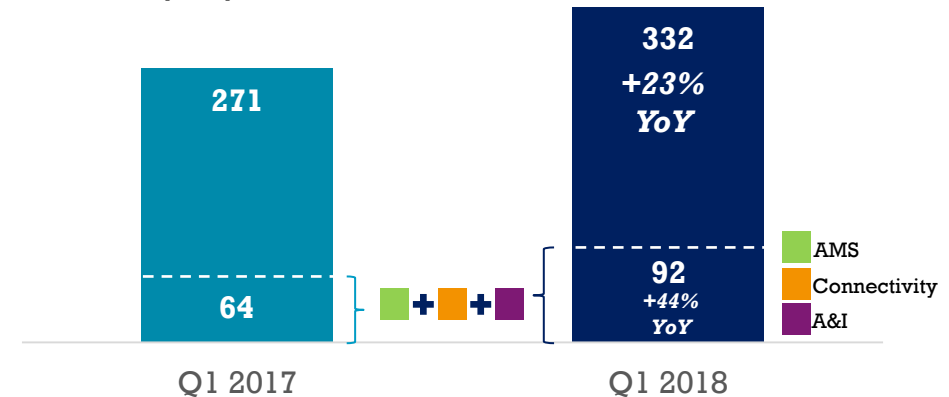
Appendix

Q1 2018 - Double digit revenue growth

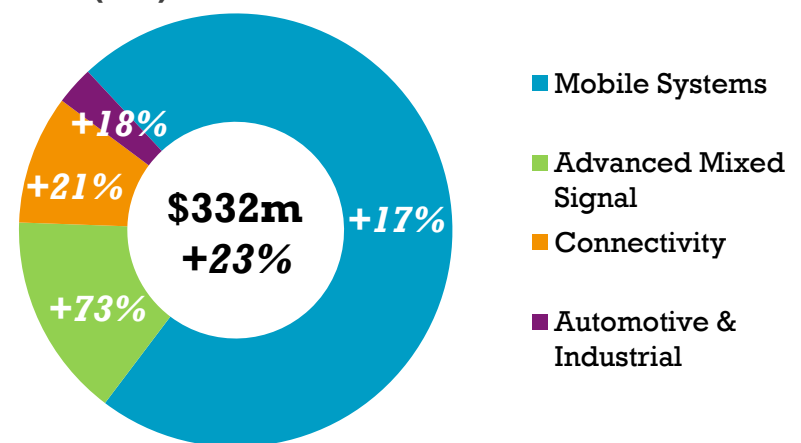
Solid year-on-year growth in all business segments

- Q1 2018 revenue up 23% year-on-year:
 - Mobile Systems - higher content per device.
 - Advanced Mixed Signal - Contribution from Silego acquisition and LED backlighting.
 - Connectivity - Bluetooth® low energy up 45% and healthy growth in DECT business.
 - Automotive & Industrial - higher volumes in the automotive segment.
- 14% year-on-year revenue growth excluding contribution from Silego.
- Adoption of revenue recognition standard IFRS 15 from 1 January 2018.

Revenue (\$m) and % YoY



Revenue (\$m) and % YoY



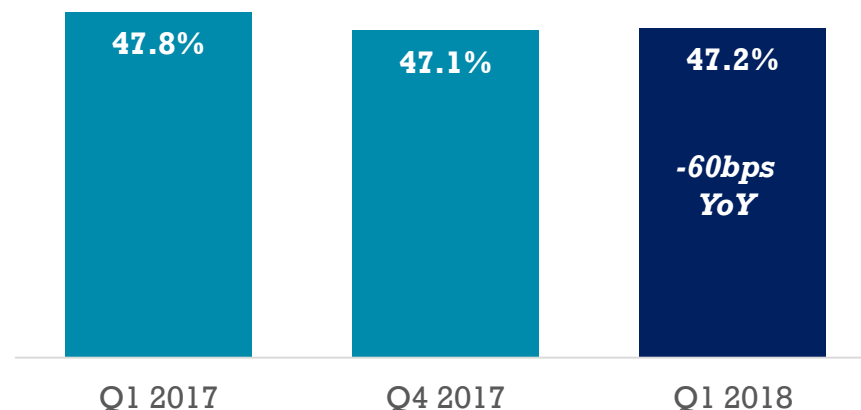
Gross margin in line with guidance

- Reclassification of R&D amortisation costs, acquired developed technology and royalties payable from cost of sales to R&D expenses.
- Q1 2018 underlying gross margin:
 - In line with February guidance, 10bps above Q4 2017.
 - 60bps below Q1 2017 mostly due to product mix.

Underlying gross margin – reclassification impact

	Q1 2017	Q4 2017	FY 2017
As reported	46.1%	46.1%	46.7%
New	47.8%	47.1%	47.9%

Underlying gross margin



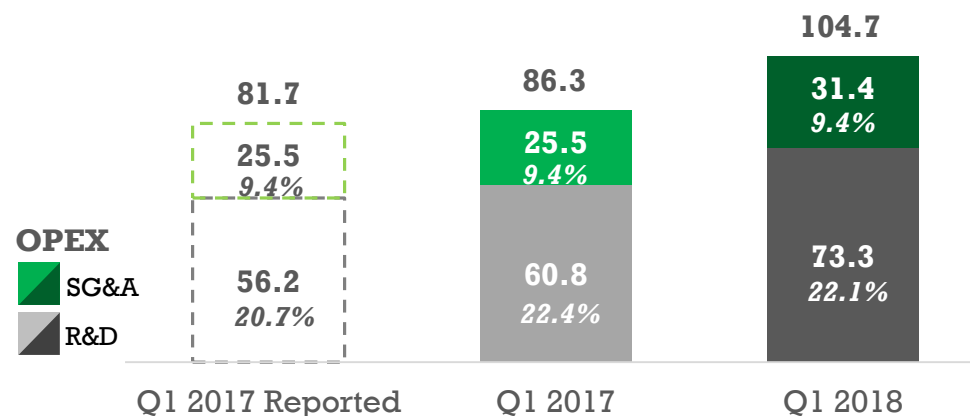
Investing in future revenue growth

- Q1 2018 underlying OPEX up 21% year-on-year.
- Q1 2018 underlying R&D up 21% year-on-year:
 - Impact of Silego consolidation
 - Investment in customer specific opportunities
 - Programmes supporting new growth areas and business diversification
- Q1 2018 underlying SG&A up 23% year-on-year:
 - Impact of Silego consolidation

Underlying OPEX and OPEX % - reclassification impact

	Q1 2017	Q4 2017	FY 2017
As reported	\$81.7 30.1%	\$105.9 22.8%	\$372.6 27.6%
New	\$86.3 31.8%	\$110.3 23.8%	\$389.3 28.8%

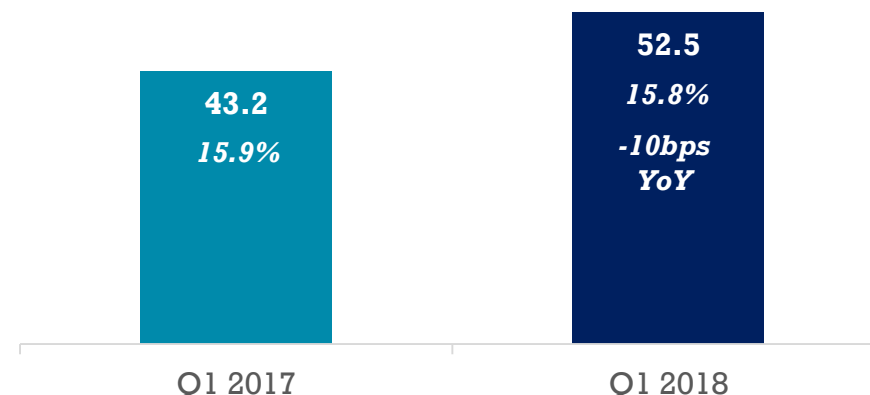
Underlying R&D and SG&A (\$m and % of revenue)



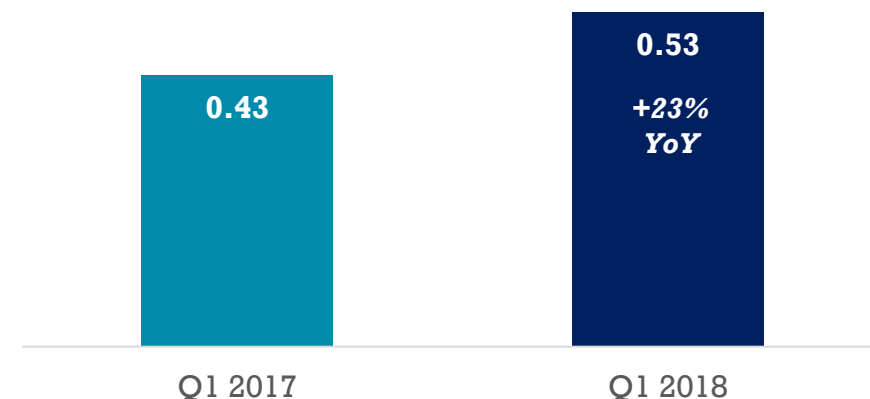
Underlying earnings growth

- Q1 2018 underlying operating profit increase of 21%, broadly in line with revenue growth.
- Q1 2018 underlying operating margin broadly in line with Q1 2017.
- Underlying effective tax rate at 21.0%, 170bps below Q1 2017.
- Q1 2018 underlying diluted EPS up 23% year-on-year, in line with revenue growth.

Underlying operating profit (\$m) and margin



Underlying diluted EPS (\$) and % YoY



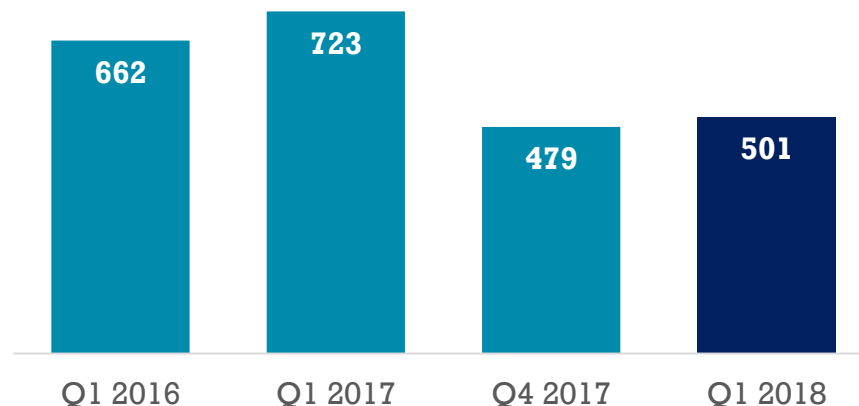
Strong balance sheet

- Inventory value down 18% sequentially and up 55% year-on-year.
- Q1 2018 cash flow from operating activities of \$50 million, 51% below Q1 2017:
 - Working capital movements
 - Timing of tax payments
- Q1 2018 free cash flow at \$32 million, 63% below Q1 2017 mainly due to the lower cash flow from operating activities.

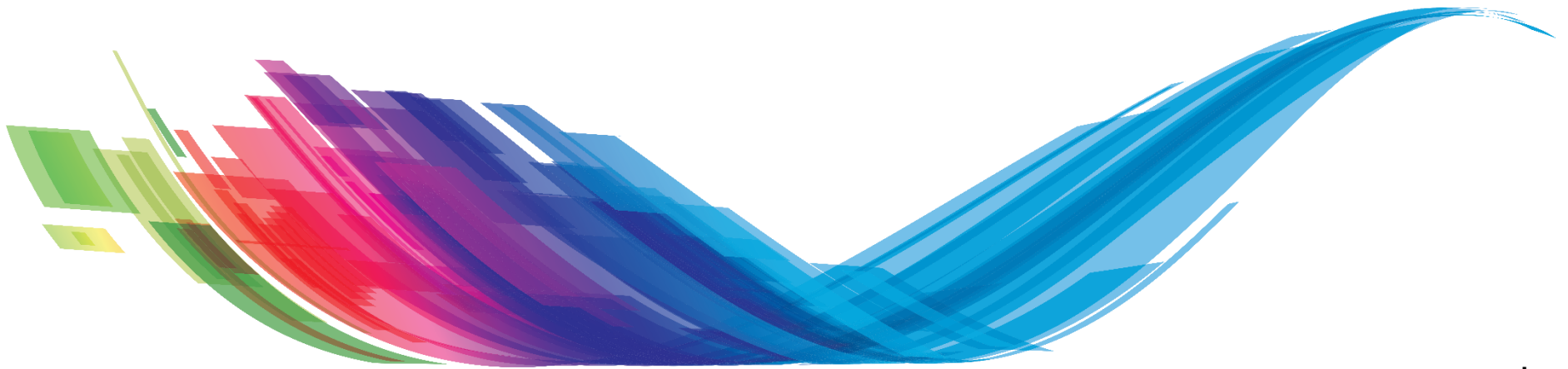
Inventory (\$m and DIO)



Cash and cash equivalents (\$m)

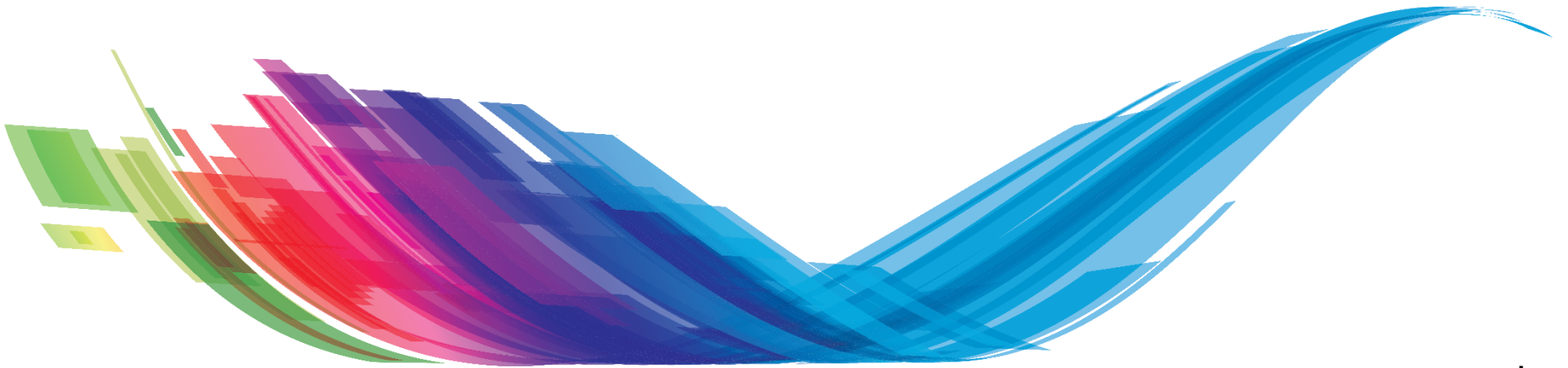


Q&A



...personal
...portable
...connected

Appendix



...personal
...portable
...connected

Market estimates

Audio Codec

1%

2016-2020 CAGR

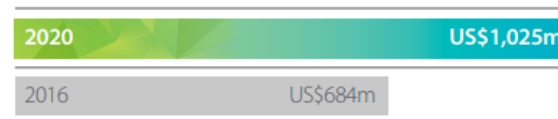


Source: Gartner 2017, IDC 2016, Dialog internal.

AC/DC converters

11%

2016-2020 CAGR



Source: Gartner 2017, IDC 2016, Dialog internal.

PMICs and Charger ICs

3%

2016-2020 CAGR

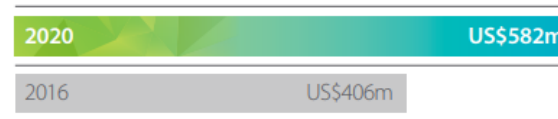


Source: Gartner 2017, IDC 2016, Dialog internal.

LED SSL and LED Backlight

9%

2016-2020 CAGR



Source: Gartner 2017, IDC 2016, Dialog internal.

Bluetooth® low energy

26%

2016-2020 CAGR



Source: IHS Technology Q3 2017 Report, 26 October 2017.

Wireless, USB audio

30%

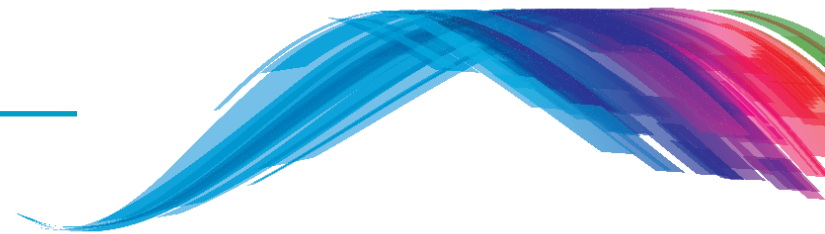
2016-2020 CAGR



Source: Future source (October 2017), Dialog internal.



At a glance – Q1 2018



Revenue
+23% YoY

\$332m

(Q1 2017: \$271m)

Underlying gross margin
-60bps YoY

47.2%

(Q1 2017: 47.8%)

Underlying OPEX %
-30bps YoY

31.5%

(Q1 2017: 31.8%)

Underlying EBIT %
-10bps YoY

15.8%

(Q1 2017: 15.9%)

Underlying diluted EPS \$
+23% YoY

53 cents

(Q1 2017: 43 cents)

Cash from operating activities
-51% YoY

\$50m

(Q1 2017: \$101m)

Reconciliation to underlying measures – slides 21 and 22



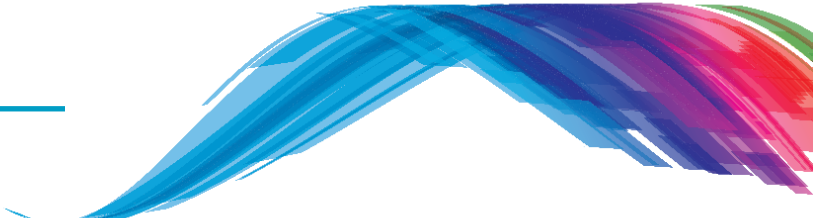
Underlying reconciliation

For the three months ended 30 March 2018

US\$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations (note I)	Integration costs	Effective Interest	Strategic Investments	Underlying basis
Revenue	332,155	–	–	–	–	–	332,155
Cost of sales	(178,387)	642	2,388	13	–	–	(175,344)
Gross profit	153,768	642	2,388	13	–	–	156,811
Gross margin %	46.3%						47.2%
SG&A expenses	(40,115)	4,638	3,671	448	–	–	(31,358)
R&D expenses	(80,905)	5,068	2,313	228	–	–	(73,296)
Other operating income	135	–	158	–	–	–	293
Operating profit	32,883	10,348	8,530	689	–	–	52,450
Operating margin %	9.9%						15.8%
Other finance expense	(4,438)	–	711	–	33	3,536	(158)
Profit before income taxes	28,445	10,348	9,241	689	33	3,536	52,292
Income tax expense	(10,637)	761	(1,202)	(145)	(6)	233	(10,996)
Profit after income taxes	17,808	11,109	8,039	544	27	3,769	41,296
Share of loss of associate	(372)	–	–	–	–	–	(372)
Net income (note ii)	17,436	11,109	8,039	544	27	3,769	40,924
EBITDA (note iii)	n/a						66,472
EBITDA margin %	n/a						20.0%

Underlying reconciliation

For the three months ended 31 March 2017

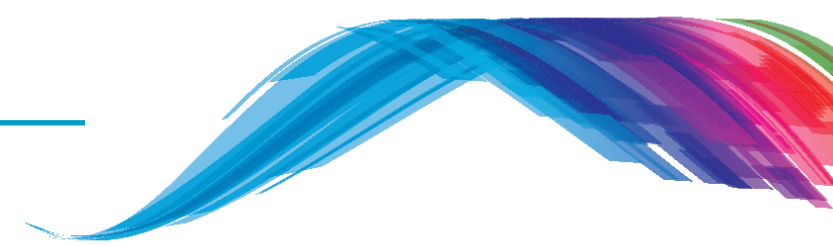


US\$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations (note i)	Effective interest	Strategic investments	Underlying basis
Revenue	270,974	–	–	–	–	270,974
Cost of sales	(142,019)	536	–	–	–	(141,483)
Gross profit	128,955	536	–	–	–	129,491
Gross margin %	47.6%					47.8%
SG&A expenses	(32,602)	5,243	1,824	–	–	(25,535)
R&D expenses	(67,260)	4,737	1,768	–	–	(60,755)
Operating profit	29,093	10,516	3,592	–	–	43,201
Operating margin %	10.7%					15.9%
Other finance income	246	–	–	95	973	1,314
Profit before income taxes	29,339	10,516	3,592	95	973	44,515
Income tax expense	(6,220)	(3,355)	(209)	(18)	(318)	(10,120)
Net income (note ii)	23,119	7,161	3,383	77	655	34,395
EBITDA (note iii)	n/a					57,442
EBITDA margin %	n/a					21.2%

Consolidated statement of income

	Note	Three months ended 30 March 2018 US\$000 (Unaudited)	Three months ended 31 March 2017* US\$000 (Unaudited)
Revenue	2, 4	332,155	270,974
Cost of sales		(178,387)	(142,019)
Gross profit		153,768	128,955
Selling and marketing expenses		(21,612)	(15,743)
General and administrative expenses		(18,503)	(16,859)
Research and development expenses		(80,905)	(67,260)
Other operating income, net		135	–
Operating profit	4	32,883	29,093
Interest income		1,612	1,480
Interest expense		(960)	(120)
Other finance expense		(5,090)	(1,114)
Profit before income taxes		28,445	29,339
Income tax expense		(10,637)	(6,220)
Profit after income taxes		17,808	23,119
Share of loss of associate		(372)	–
Net income		17,436	23,119
Attributable to:			
– Shareholders in the Company		17,436	23,284
– Non-controlling interests		–	(165)
Net income		17,436	23,119
Earnings per share (US\$)	5		
Basic		0.24	0.31
Diluted		0.22	0.29
Weighted average number of shares (in thousands)	5		
Basic		73,647	75,340
Diluted		77,856	79,194

Business segment breakdown



US\$ millions	Revenue			Operating profit/(loss)	
	Q1 2018	Q1 2017	Change	Q1 2018	Q1 2017
Q1 2018 compared with Q1 2017					
Mobile Systems	240.0	204.4	+17%	54.8	46.2
Connectivity	32.0	26.6	+21%	0.5	0.7
Automotive & Industrial	9.5	8.0	+18%	3.8	3.0
Advanced Mixed Signal	50.7	29.3	+73%	(4.3)	(1.8)
Total segments	332.2	268.3	+24%	54.8	48.1
Corporate activities	–	2.7	-100%	(21.9)	(19.0)
Total Group	332.2	271.0	+23%	32.9	29.1

Consolidated balance sheet

Total assets

	Note	As at 30 March 2018 US\$000 (Unaudited)	As at 31 December 2017* US\$000 (Audited)
Assets			
Cash and cash equivalents	6	501,189	479,295
Trade and other receivables		66,007	78,186
Other current financial assets		5,679	6,649
Inventories	7	138,008	168,947
Income tax receivables		15,255	12,739
Other current assets		20,677	14,656
Total current assets		746,815	760,472
Goodwill	8	439,508	439,508
Other intangible assets	8	231,810	235,637
Property, plant and equipment	9	84,943	83,870
Investment in associate	10	772	1,100
Other investments	10	36,284	46,155
Other non-current financial assets		2,117	2,090
Other non-current assets		424	503
Deferred tax assets		4,786	7,451
Total non-current assets		800,644	816,314
Total assets		1,547,459	1,576,786

Consolidated balance sheet (cont.)

Total liabilities and equity

	Note	As at 30 March 2018 US\$000 (Unaudited)	As at 31 December 2017* US\$000 (Audited)
Liabilities and equity			
Trade and other payables		79,938	107,195
Other current financial liabilities		3,228	16,041
Provisions		3,267	3,474
Income taxes payable		5,193	13,356
Other current liabilities		52,652	59,619
Total current liabilities		144,278	199,685
Non-current financial liabilities		17,973	17,378
Provisions		3,638	3,725
Deferred tax liabilities		3,019	4,017
Other non-current liabilities		10,587	9,560
Total non-current liabilities		35,217	34,680
Ordinary shares		14,204	14,204
Share premium account		403,660	403,660
Retained earnings		946,550	915,482
Other reserves		4,421	9,977
Dialog shares held by employee benefit trusts		(871)	(902)
Total equity		1,367,964	1,342,421
Total liabilities and equity		1,547,459	1,576,786

Consolidated cash flow statement

	2017 US\$000	2016* US\$000
Cash flows from operating activities		
Net income	169,434	258,116
Non-cash items within net income:		
– Depreciation of property, plant and equipment	30,807	27,219
– Amortisation of intangible assets	41,969	35,954
– Impairment of non-current assets	4,327	–
– Addition to inventory reserve, net	1,288	4,375
– Share-based compensation expense	35,320	28,167
– Loss on deconsolidation of Dyna Image	5,597	–
– Other non-cash items	(7,904)	2,118
Interest (income)/expense, net	(4,693)	(218)
Income tax expense	25,369	47,090
Cash generated from operations before changes in working capital	301,514	402,821
Changes in working capital:		
– Decrease/(increase) in trade and other receivables	11,117	(8,105)
– (Increase)/decrease in inventories	(54,377)	21,609
– Decrease/(increase) in prepaid expenses	1,930	(301)
– Increase/(decrease) in trade and other payables	7,819	(44,206)
– Increase in provisions	2,136	260
– Change in other assets and liabilities	473	13,601
Cash generated from operations	270,612	385,679
Interest paid	(425)	(3,434)
Interest received	6,221	3,314
Income taxes received/(paid)	8,314	(136,799)
Cash flow from operating activities	284,722	248,760



Cash flow statement - continued

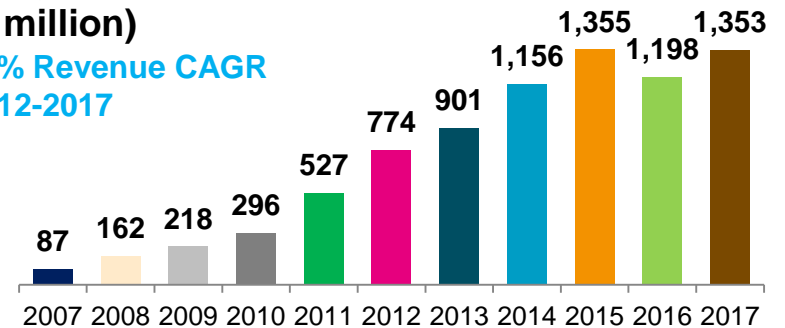
	2017 US\$000	2016* US\$000
Cash flow from operating activities	284,722	248,760
Cash flows from investing activities		
Purchase of property, plant and equipment	(47,938)	(25,553)
Purchase of intangible assets	(6,196)	(8,177)
Purchase of businesses, net of acquired cash	(267,940)	(647)
Cash held by Dyna Image on deconsolidation	(420)	–
Payments for capitalised development costs	(20,988)	(15,802)
(Purchase)/sale of other investments, net	(13,738)	(10,000)
(Increase)/decrease in other long term assets	(488)	227
Cash flow used for investing activities	(357,708)	(59,952)
Cash flows from financing activities		
Purchase of own shares into treasury	(125,035)	(61,472)
Currency hedges on share buyback obligation	1,227	(1,186)
Capital element of finance lease and hire purchase payments	(4,283)	(3,834)
Purchase of shares by employee benefit trusts	(24,301)	(3,127)
Sale of shares by employee benefit trusts	7,246	11,083
Issue of shares by a subsidiary to non-controlling interests	1,107	–
Facility arrangement costs	(988)	–
Share issue costs	(28)	–
Cash flow used for financing activities	(145,055)	(58,536)
Net cash (outflow)/inflow during the period	(218,041)	130,272
Cash and cash equivalents at beginning of period	697,167	566,809
Currency translation differences	169	86
Cash and cash equivalents at end of period	479,295	697,167

Revenue – Historical data

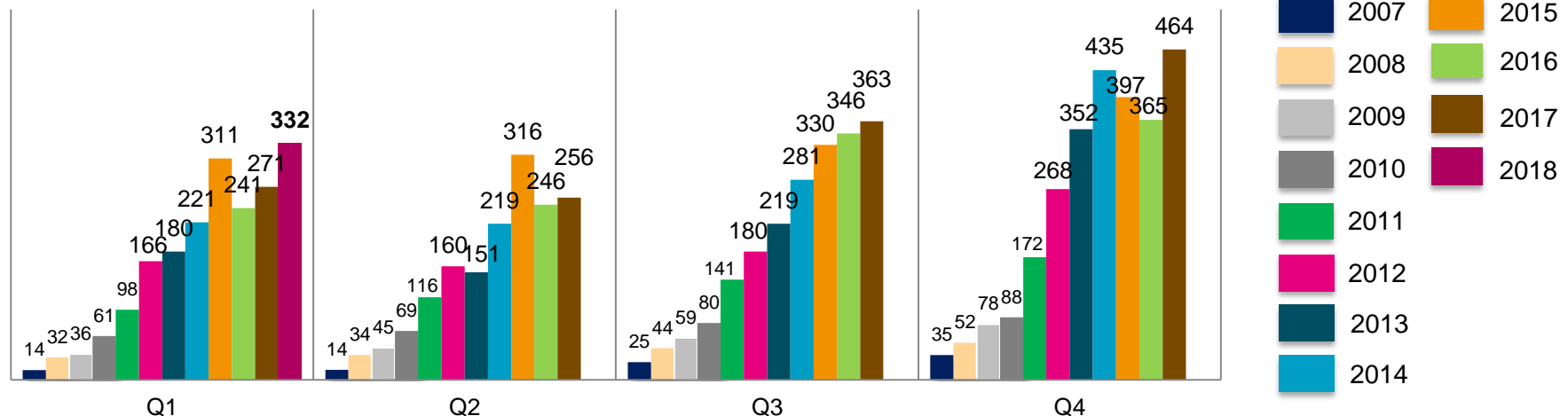
- Q1 2018 – record first quarter revenue of \$332 million, up 23% year-on-year.

Full year revenue (\$ million)

12% Revenue CAGR
2012-2017



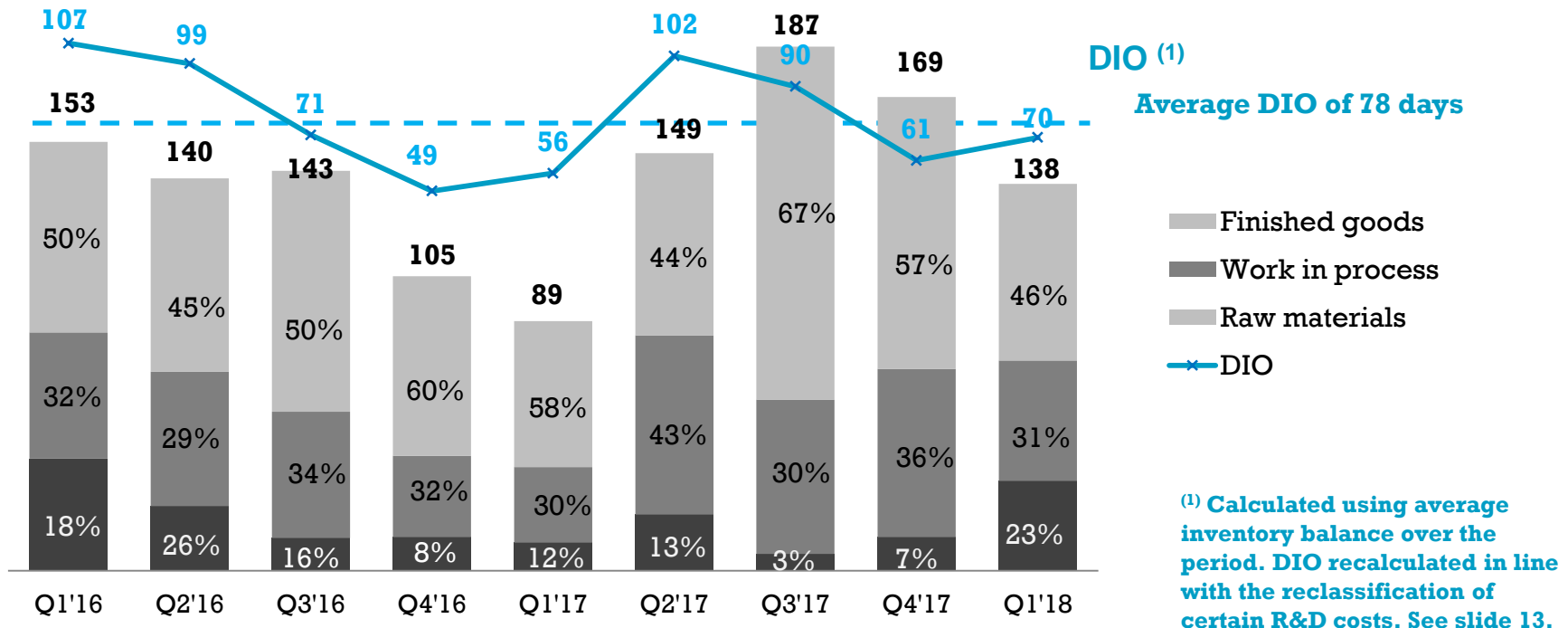
Quarterly revenue (\$ million)



Effective inventory management

- At the end of Q1 2018 inventory value was down 18% from Q4 2017 and DIO decreased 9 days.
- In Q2 2018 we expect inventory value and DIO to increase from Q1 2018.

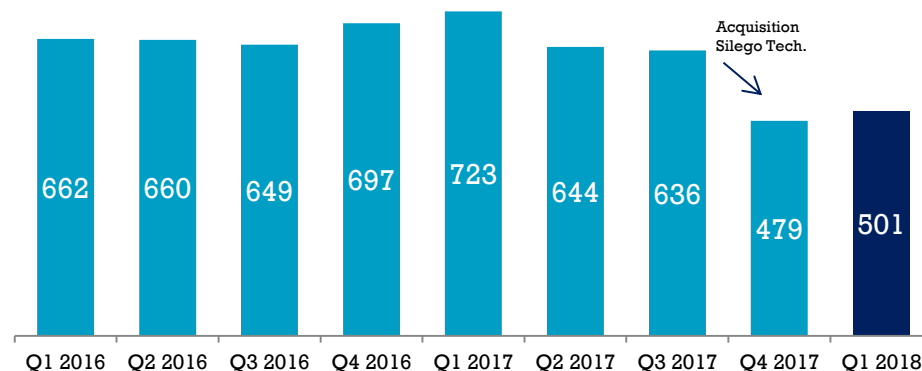
Inventory (\$ million) and Days Inventory Outstanding (# days)



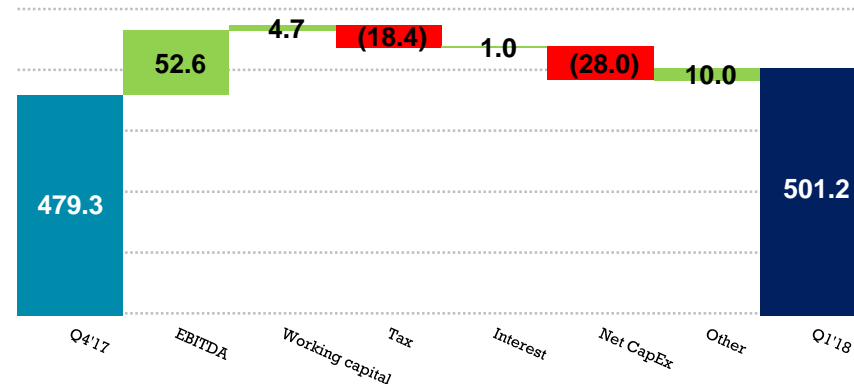
Strong cash flow generation

- \$501 million cash and cash equivalents balance at 30 March 2018
- Q1 2018 cash flow from operating activities of \$50 million, 51% below Q1 2017:
 - Working capital movements
 - Higher income tax payments
- Q1 2018 free cash flow at \$32 million, 63% below Q1 2017 mainly due to the lower cash flow from operating activities.

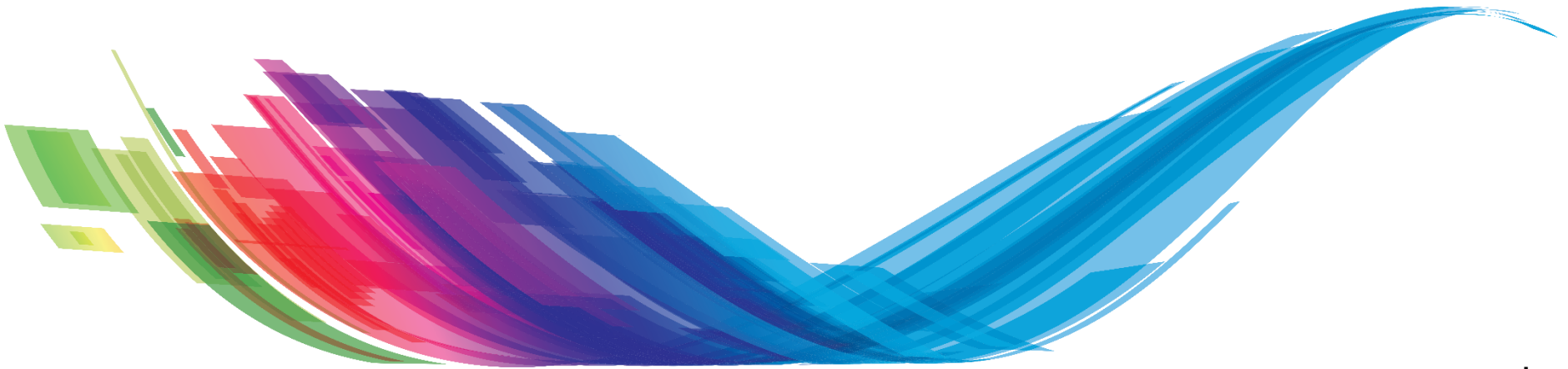
Cash and cash equivalents (\$m)



Cash flow bridge from Q4'17 (\$m)

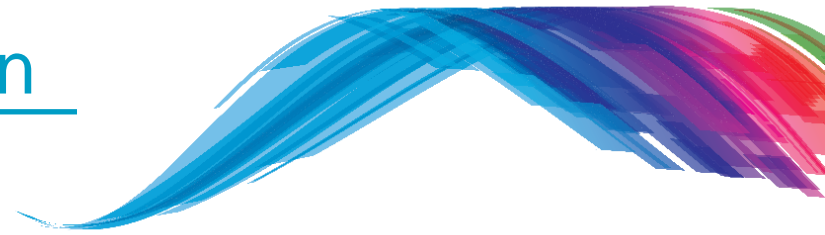


Business appendix



...personal
...portable
...connected

Growing business built on innovation



1	Solid competitive positioning	<ul style="list-style-type: none">• Rooted in deep R&D investment and IP• Technical excellence and highest level of integration compatible with short design cycle• High Tier 1 customer penetration
2	Structural growth	<ul style="list-style-type: none">• Core technical competencies aligned with secular trends in efficient power management in mobility and connected devices
3	High returns Strong cash generation	<ul style="list-style-type: none">• High touch fabless model; low capital intensity• Rigorous working capital management
4	Support organic and in-organic expansion	<ul style="list-style-type: none">• Enhancing the competitive advantage of the business• Expanding technology portfolio and customer base

Mobile Systems

At the forefront of integrated power management ICs

Key drivers – consumer demand for longer battery life; high performance power management

- Increasing processing power of portable devices
- Battery charge time reduction
- Industry increase in “always-on” applications
- Broader adoption and reliance upon platform reference designs for lower development costs and faster time-to-market.

Forward focus

- Diversify product portfolio with ultra-low standby power PMICs
- Extend automotive PMIC portfolio
- Accelerate System-on-Chip partner collaboration
- Deepen our collaboration with strategic partners in Greater China



Advanced Mixed Signal - Power Conversion

A leading player in a fast growing market

Key drivers – larger batteries and consumer demand for fast charging solutions; energy efficient LED light bulbs

- Larger batteries and higher power adapters
- Consumer demand for faster mobile charging and smaller travel adapters
- Enabling high dynamic range (“HDR”) displays.
- Global regulation for high efficiency and low standby power.



Forward focus

- SAM expansion opportunity
- Delivering fast charge solutions meeting the latest standards.
- Expand our Solid State lighting LED driver portfolio for commercial and professional LED lighting.
- Expand customer base and extend BroadLED™ technology in computing and automotive backlighting markets.
- Develop a complete GaN based solution.



Power Conversion - SAM opportunity

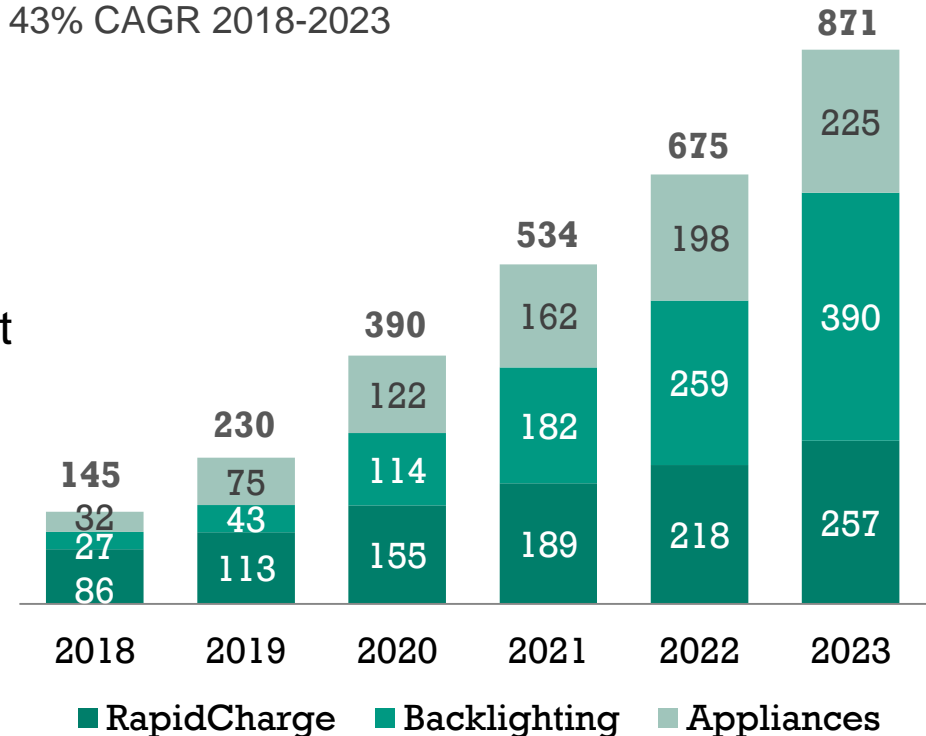
- Broad market presence
- Dominant player in all forms of mobile fast charging

Significant SAM expansion opportunities:

- USB-PD increasing rapid charge \$ content
- Market inflection taking place in backlighting
- Non-isolated AC/DC - new market for Dialog
- Appliances:
 - Upside for existing products
 - ASSPs in development

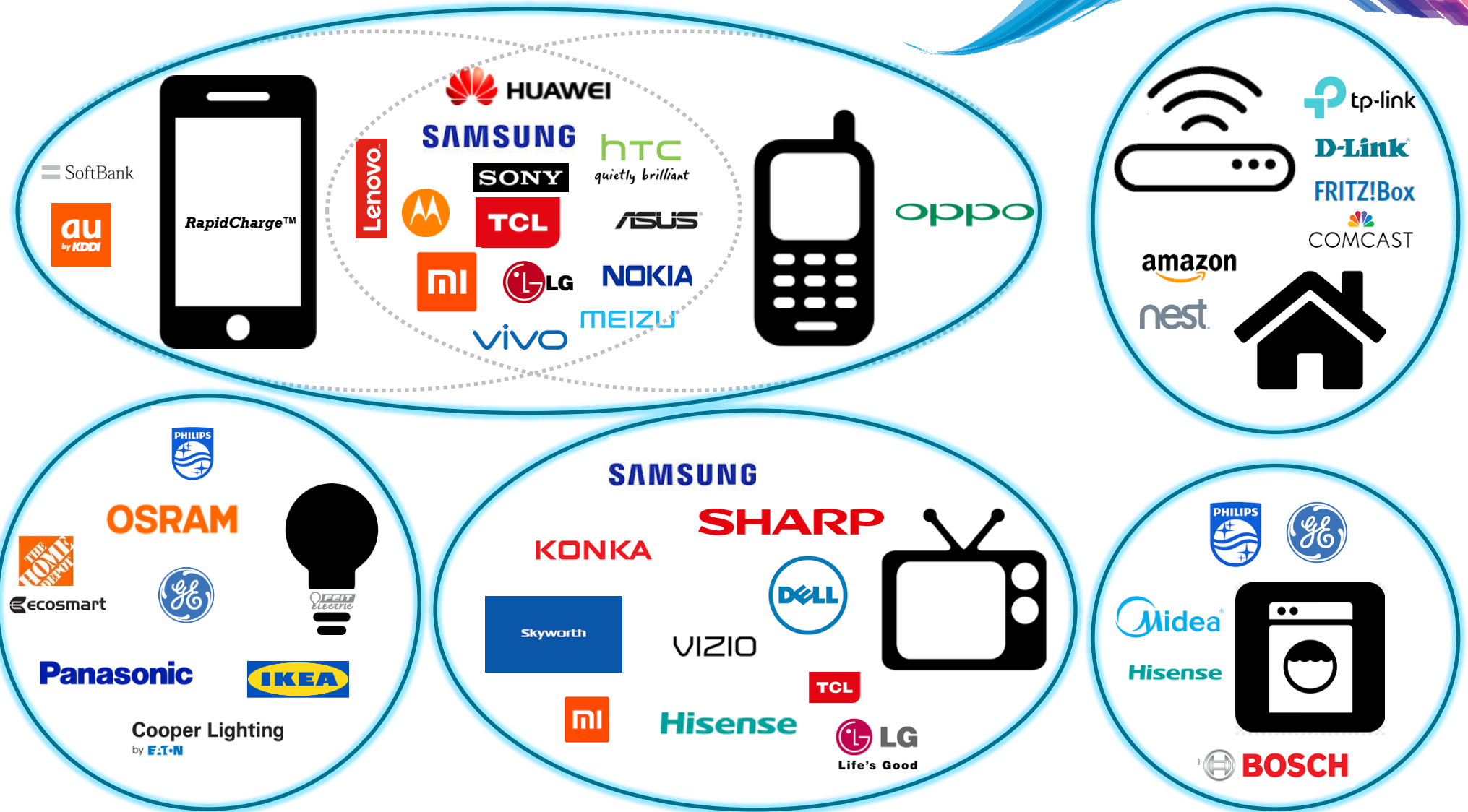
SAM 2018-2023 \$m

43% CAGR 2018-2023



Dialog own estimates based on customer input

Major Customers - Diverse Markets



RapidCharge™

Maintaining Large Incumbent Status

Status

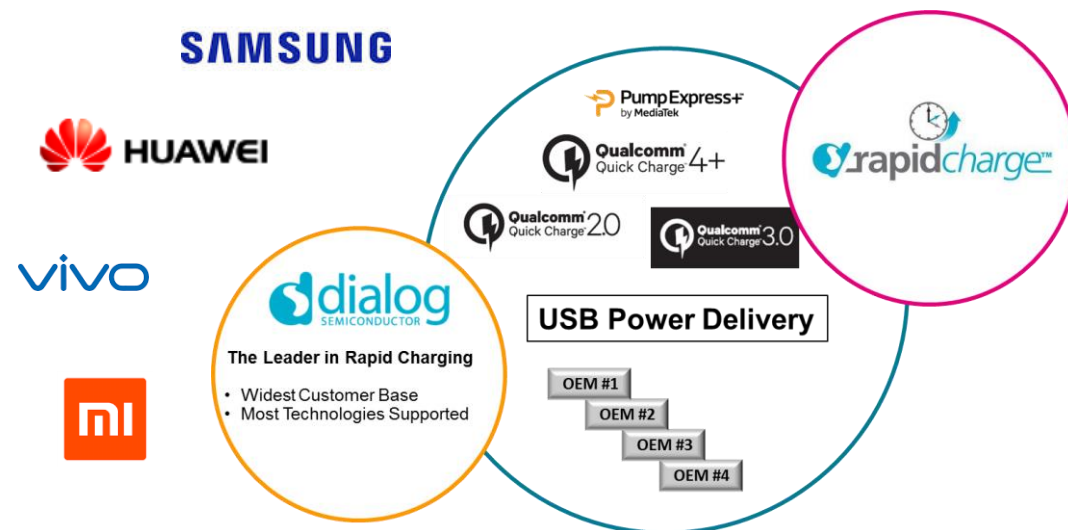
- The market leader in all forms of fast charging in phones and tables ~ 60% SOM

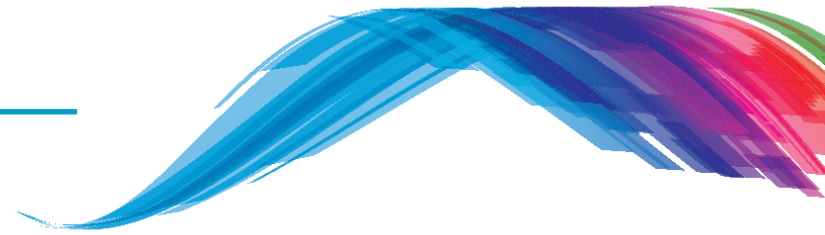
Dialog advantage

- Incumbent advantage – the market leader from the beginning
- Broadest base of customers and broadest range of fast charge protocols
- Lowest BOM cost
- The trusted **safe** option

Customer Engagement

- 100% share at Huawei, VIVO, Xiaomi
- Dominant position at Samsung
- Heavily engaged at **all** OEMs/ODMs
- New products continue to lower BOM cost while supporting more features





Status

- First to market with USB-PD in mobile (initially partnered with MCU supplier)
- First state machine based solution in market

Dialog advantage

- Lower BOM cost : State-machine approach inherently lower cost than competing MCUs
- The first USB-PD interface designed specifically for power supplies

Market opportunity

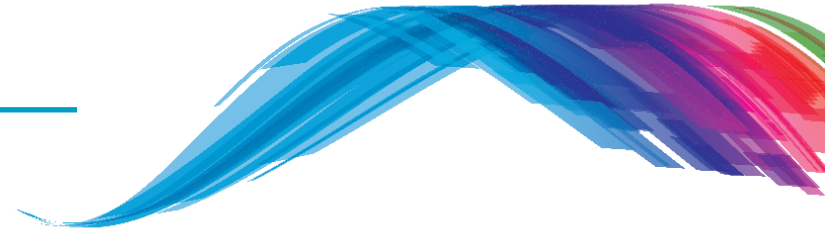
- Phones expected to transition to USB-PD in mid-2019

SAM expansion

- Inherently higher \$-content per TA.
- USB-PD expected to become ubiquitous beyond mobile:
 - Eventually replacing all external power supplies.
 - Expected to become the standard source of DC power throughout the home (USB-PD wall sockets)

High Power Density

Investment in New AC/DC Segments



Status

- GaN power stage released to market
- Total solution in development
- Samples in Q3 2018

Dialog advantage

- Total solution: Controller + GaN power stage + SR + USB-PD Interface
- Lower BOM cost
- Very High Efficiency
- Easy interfacing with the broad **RapidCharge™** portfolio

Market opportunity

- Phone travel adaptors are increasing in power:
 - 5W → 10W → 15W → 18W → 24W+
 - Phone companies want to ship higher power adaptors that are not physically bigger
- Mobile computing OEMs willing to pay a premium for smaller form-factor power supplies

LED backlighting

Market Trends Aligning to Dialog Differentiation

Status

- The market leader in direct backlighting.
- ~95% SOM (local dimming TV's)
- Direct backlighting market expansion driven by:
 - HDR (High Dynamic Range)
 - MicroLED

Dialog advantage

- Core IP ideal for high channel-count applications.
- AMS product portfolio & IP acquisition has cemented our position as clear market leader.

Customer Engagement

- Engaged with all TV OEMs/ODMs on direct backlighting
- Expanding footprint to include monitors and mobile

Number of LED backlight channels supported



LED backlighting

SAM Expansion

Market inflection

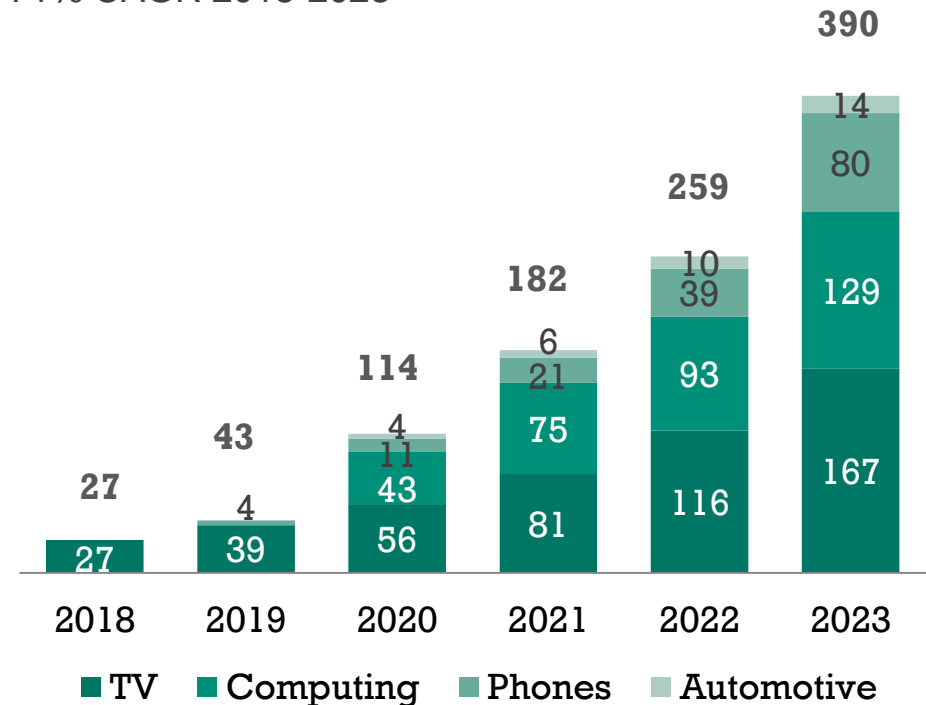
- Expect to see exponential growth driven by key technology trends.

Technology Trends

- Trend from edge-lit to direct: direct backlighting enables HDR
- MiniLED & MicroLED backlighting becoming commercially viable
- Step-function increase in LEDs:
 - From 100's to 100,000's
 - Will drive step-function increase in the number of LED driver channels
 - High channel count = Dialog core IP

SAM 2018-2023 \$m

71% CAGR 2018-2023



Dialog own estimates based on customer input

AC/DC for appliances

Establishing Presence in Tangent AC/DC Market



Status

- Establishing position in isolated AC/DC power
- New non-isolated AC/DC well received
- ASSP for Induction Cooking being rolled-out

Dialog advantage

- Lower BOM cost
- Smaller form factor
- Better protection and higher quality

Customer Engagement

- Becoming preferred vendor at GE
- Significant advances in China
- Close customer engagement has led to innovative new IC for induction cookers.



Hisense

AC/DC for appliances

SAM Expansion

Non-isolated AC/DC

- Unique IP lowers BOM cost by eliminating high value components and improving performance.
- SAM Expansion:
 - Dialog's first non-isolated AC/DC
 - Massive upside potential
 - > \$100M



Induction Cooking

- New ASSP takes Dialog's technology model into a Green Field market.
 - State-machine + power stage
 - Lowers cost while improving performance and reliability
- SAM Expansion > \$100M



Advanced Mixed Signal - CMICs

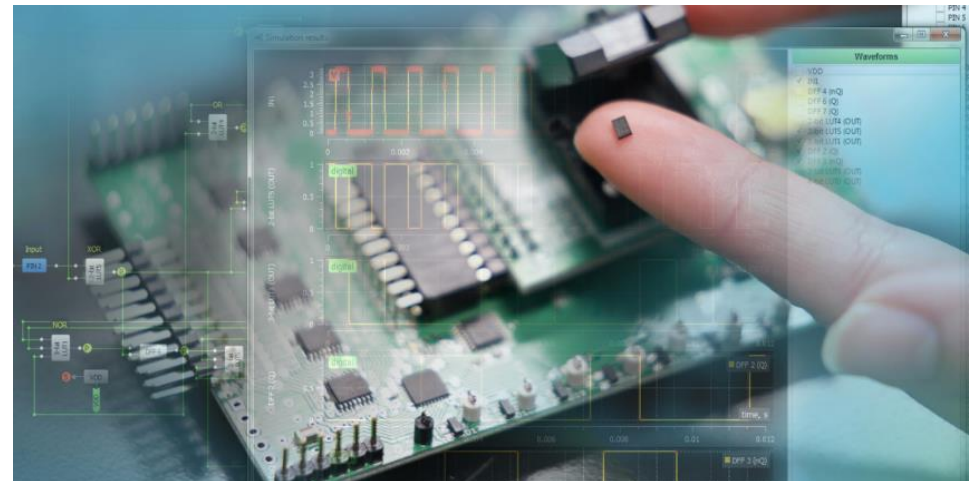
Configurable Mixed Signal ICs enabling shorter design cycles

Key drivers – shorter design cycles in IoT and mobile computing

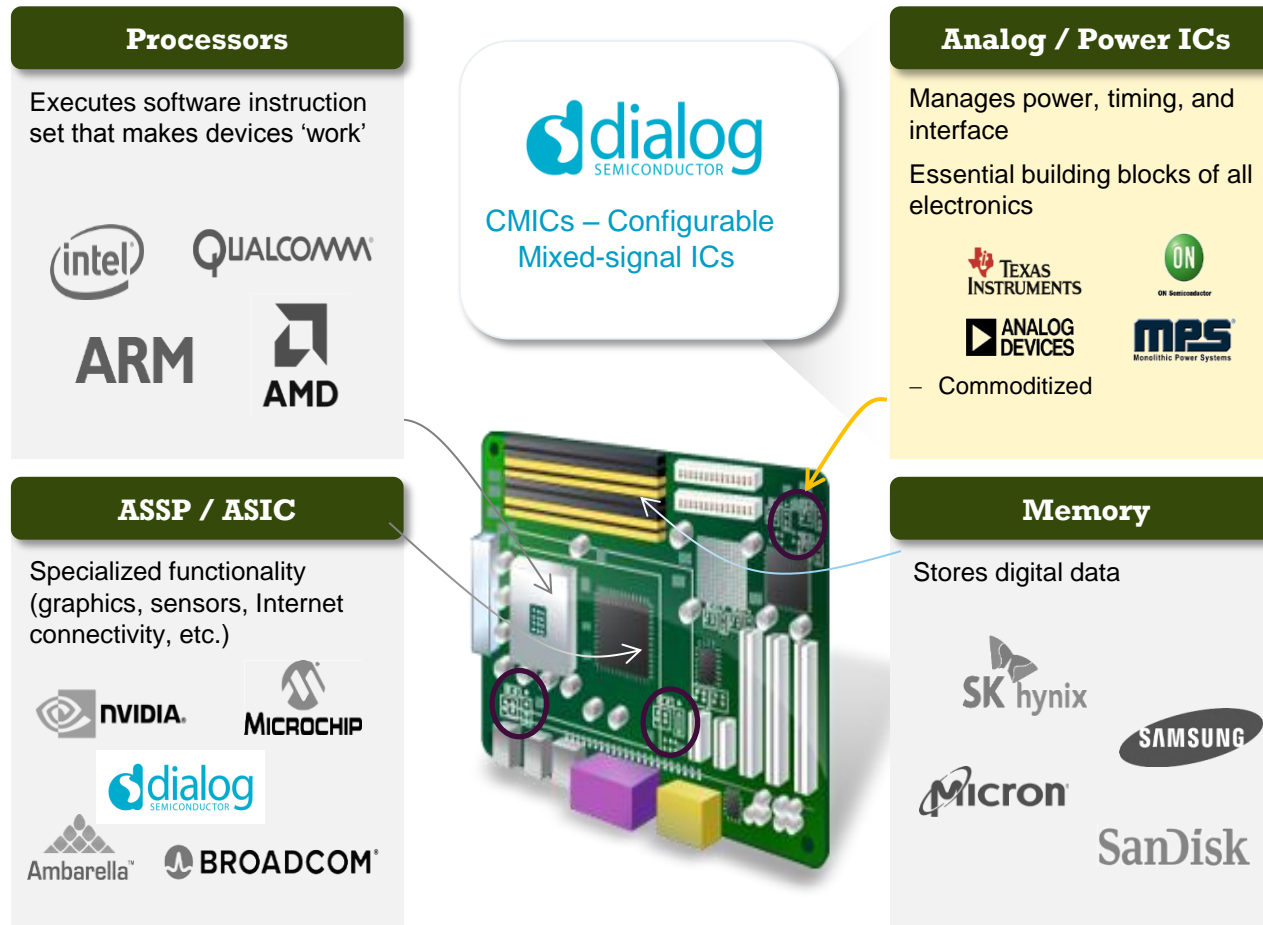
- Integrating multiple analog, logic and discrete component functionality into a single chip
- Software interface allows customers to prototype a custom IC in hour
- Enables OEMs to reduce board space, simplify the supply chain and accelerate time-to-market

Forward focus

- Accelerate market adoption of CMICs
- Increase platform value by introducing more IP



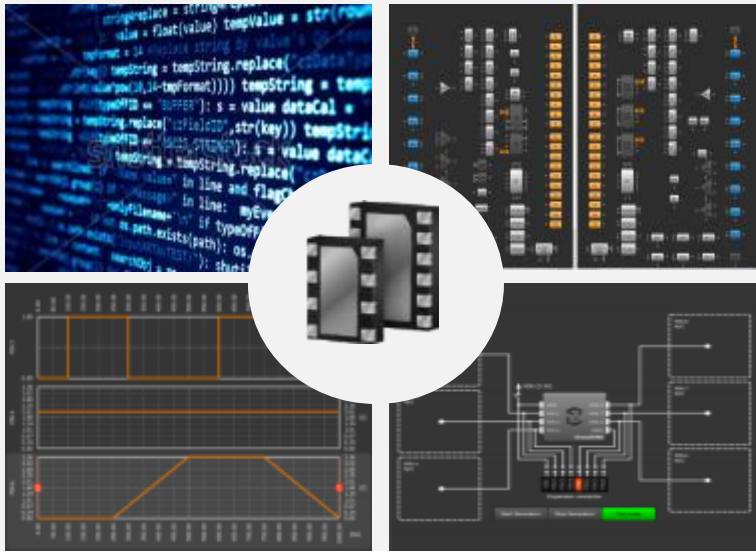
Anatomy of a circuit board



Configurable mixed-signal IC (CMIC)

A software configurable IC, eliminates multiple standard and discrete components

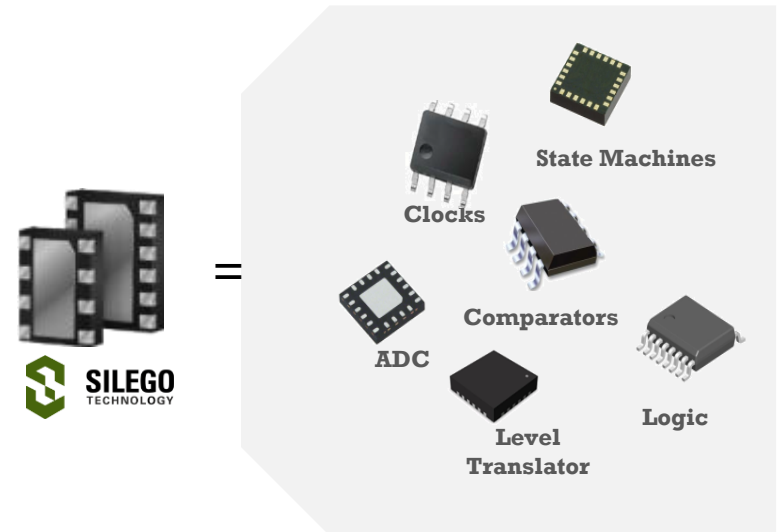
CONFIGURABILITY



CMICs use non-volatile memory to **configure** multiple analog, digital, and power functions in a ~ **2mm x 2mm** custom IC...

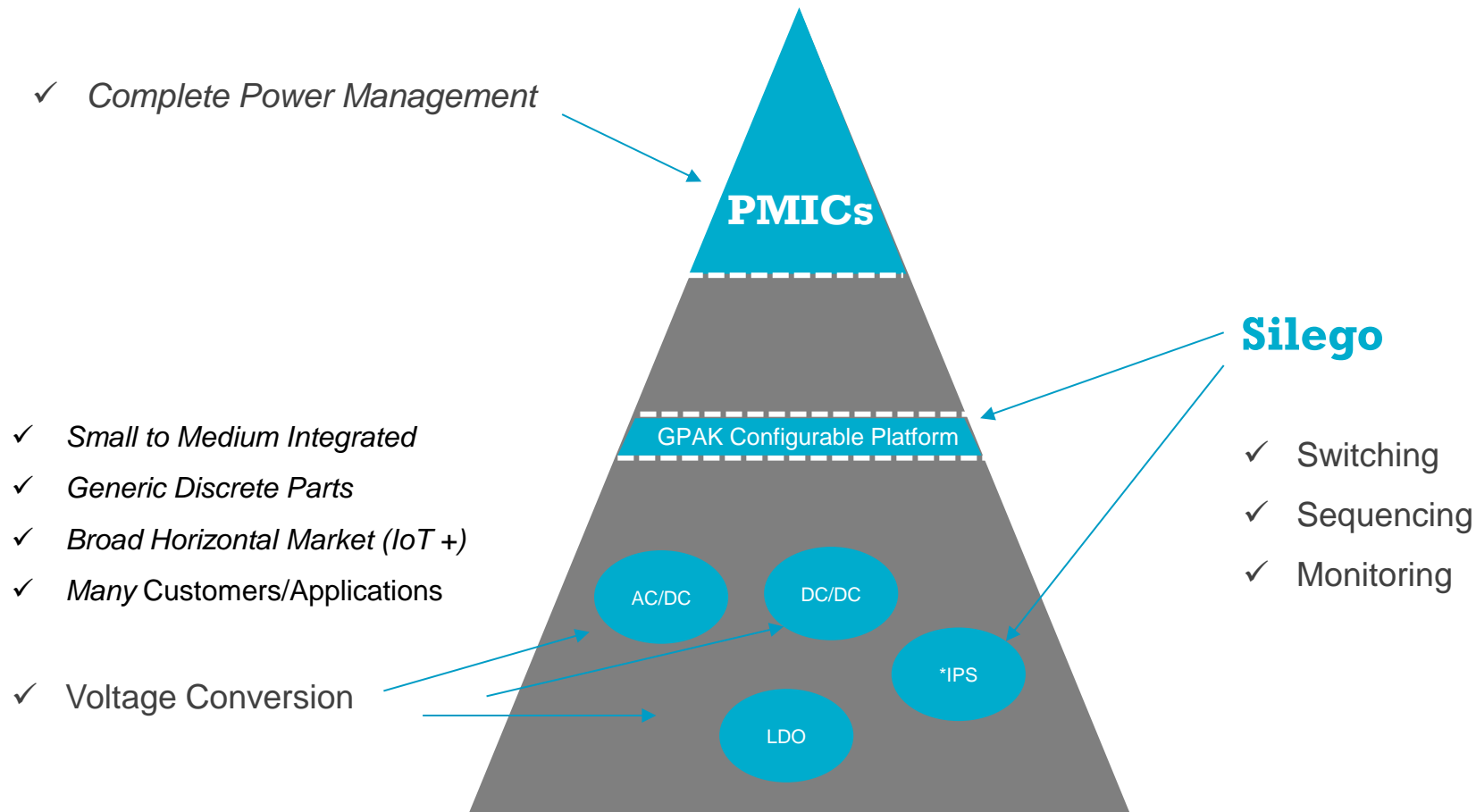


INTEGRATION



...The configured CMIC allows OEMs to easily **replace** standard analog, logic and discrete board components.

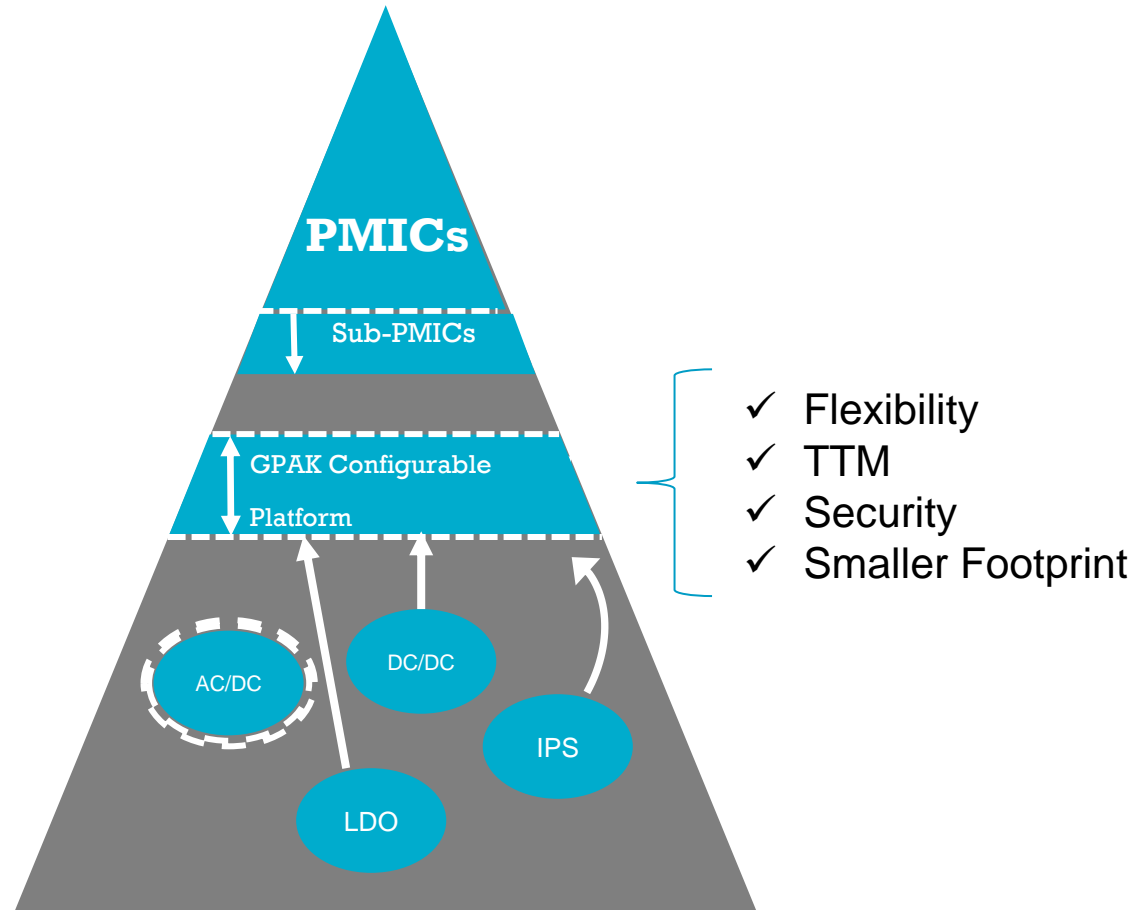
Dialog IP + CMIC platform



*IPS – Integrated Power Switch

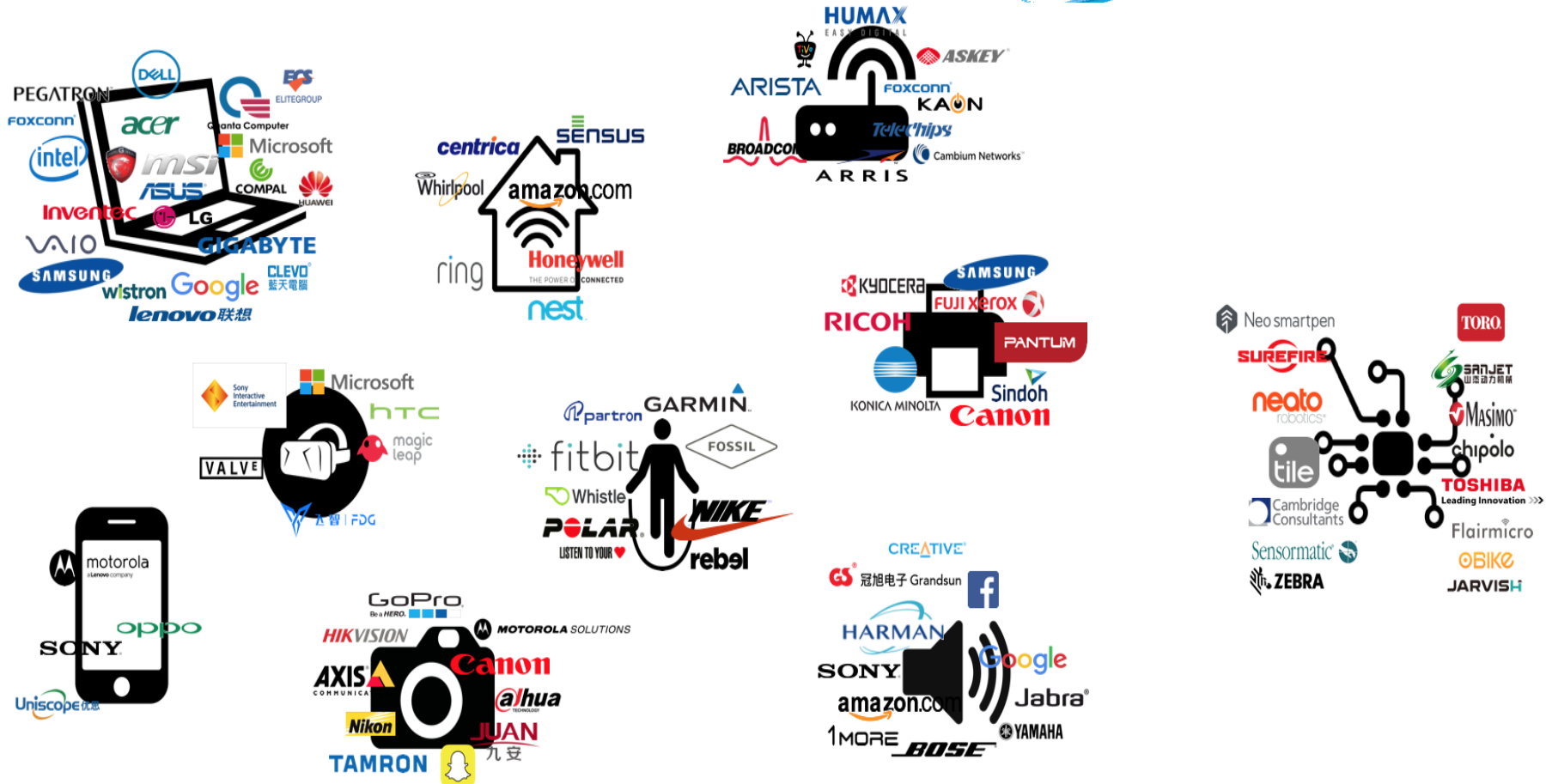


Multifaceted growth strategy



Market diversity

Target customers Design Win/Design-In



Connectivity

Making the connected future a reality

Key drivers – increasing number of connected devices

- Rapid market expansion of Bluetooth® Low energy.
- Digital headsets for smartphone aftermarket using Bluetooth and USB Type-C audio interface.
- Fast growing Unified Communication products segment with 1.9GHz DECT * and USB audio headsets.

Forward focus

- Next generation Bluetooth® low energy platform.
- Focus on wearables and smart home applications.
- Expand low latency wireless audio into microphones and headsets.
- Leverage distribution and sales representative network to expand our customer base.

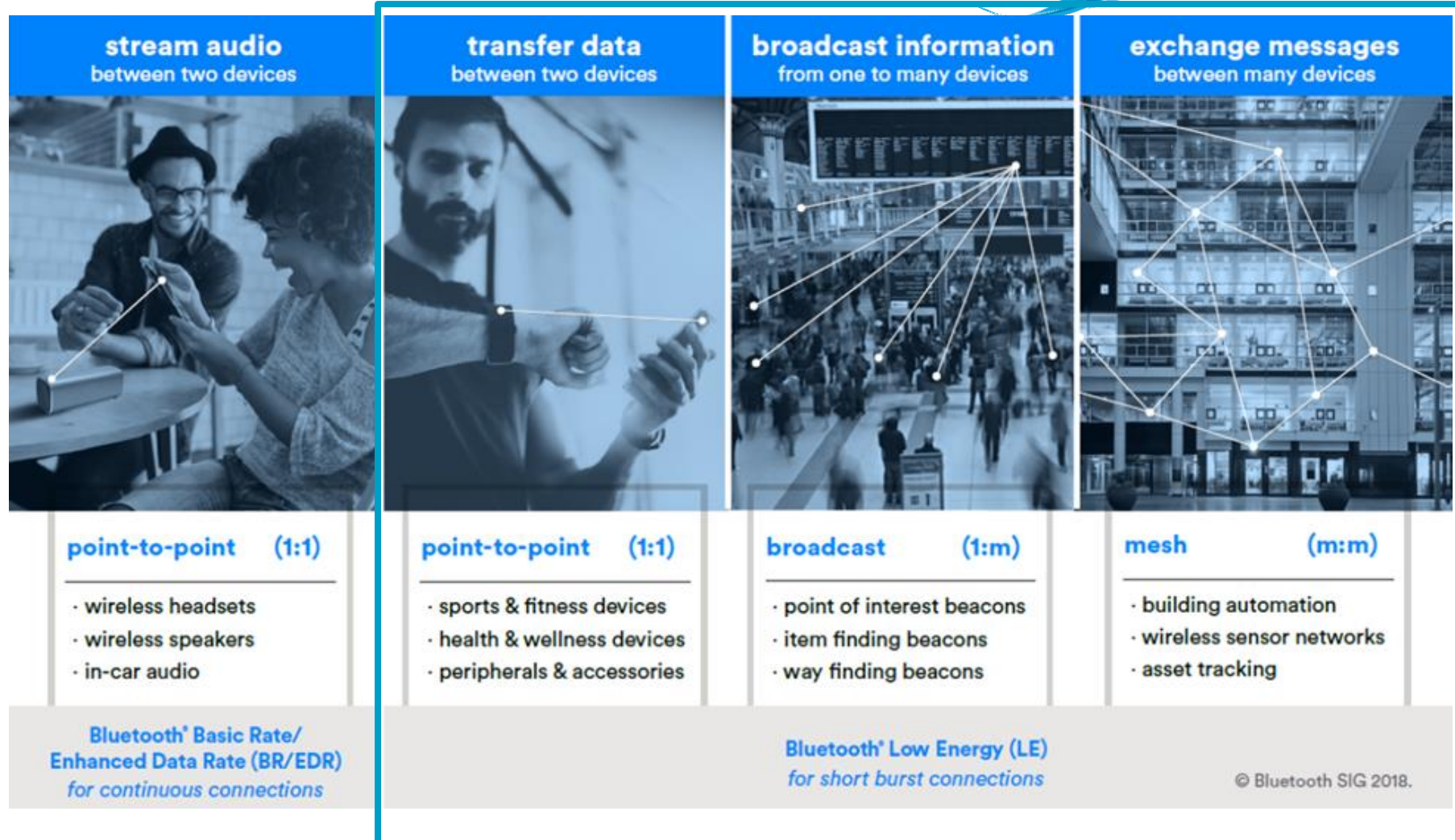


(*) Digital Enhanced (European) Cordless Telecommunication



Technology focus: Bluetooth® low energy

Bluetooth® low energy applications



Broader Bluetooth® low energy portfolio

SmartBond™ product range



- SmartBond™ offers market-leading low power and high integration, enabling customers a fast go-to-market.
- Supporting 5.0 Bluetooth standard
- Industry's first Wearable-on-Chip™
 - Extended battery life and energy harvesting
 - Broad functionality with context awareness
 - Security and privacy
 - System size reduction
- Solid pipeline of customer engagements



Audio

Following Tier 1 lead customers

- Leverage Dialog's #1 position in professional cordless
- Professional cordless phone market disrupted by "Unified communications," the integration of:
 - Voice (including IP telephony) and audio
 - Instant messaging, unified messaging
 - Web & video conferencing, fixed-mobile convergence, desktop sharing
- Dialog added value by adding audio IP:
 - High definition analog/digital conversion (Codecs)
 - Voice and audio processing (DSPs)
 - Communication pipes (from Cordless to USB and Bluetooth classic)
 - All with low power as a common theme
- Identified opportunity to apply IP to emerging consumer digital headphone market



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**plantronics**



Consumer headphone market trends

- Disruption:
 - Consumer will follow semi-professional
 - Removal 3.5mm jack
 - Digitally connected (USB Type-C)
 - Hi-Res content
- Technical implications:
 - Analog to digital interface in headphone instead of phone
 - Higher quality audio
 - “In headphone” signal processing opens new possibilities for innovation



Automotive and Industrial

Addressing the mid to high-end European segment

Key drivers

- Increasing market for reverse wipers
- Bigger opportunity for LED solutions

Forward focus

- Support our existing customer base to remain competitive
- Maintain our presence in this market making the necessary R&D investments



Analyst coverage

Bank of America Merrill Lynch	Adithya Metuku
Baader Bank	Guenther Hollfelder
Bankhaus Lampe	Dr. Karsten Iltgen
Barclays Capital	Andrew Gardiner
Bloomberg	Woo Jin Ho
Bryan, Garnier & Co	Dorian Terral
ODDO BHF	Veysel Taze
Commerzbank	Thomas Becker
Credit Suisse	Achal Sultania
Deutsche Bank	Rob Sanders
DZ Bank	Harald Schnitzer
Exane BNP Paribas	David O'Connor
Hauck & Aufhauser	Robin Brass
JP Morgan Cazenove	Sandeep Deshpande
Kepler Cheuvreux	Sebastien Sztabowicz
Main First Bank AG	Juergen Wagner
Natixis	Charles Lepetitpas
RBC	Mitch Steves
Stifel	Lee Simpson

Financial Calendar

Q2 2018 – 2 August 2018

Q3 2018 – 31 October 2018

Key Events

London roadshow
9-10 May 2018

Frankfurt roadshow
15 May 2018

Paris roadshow
16 May 2018

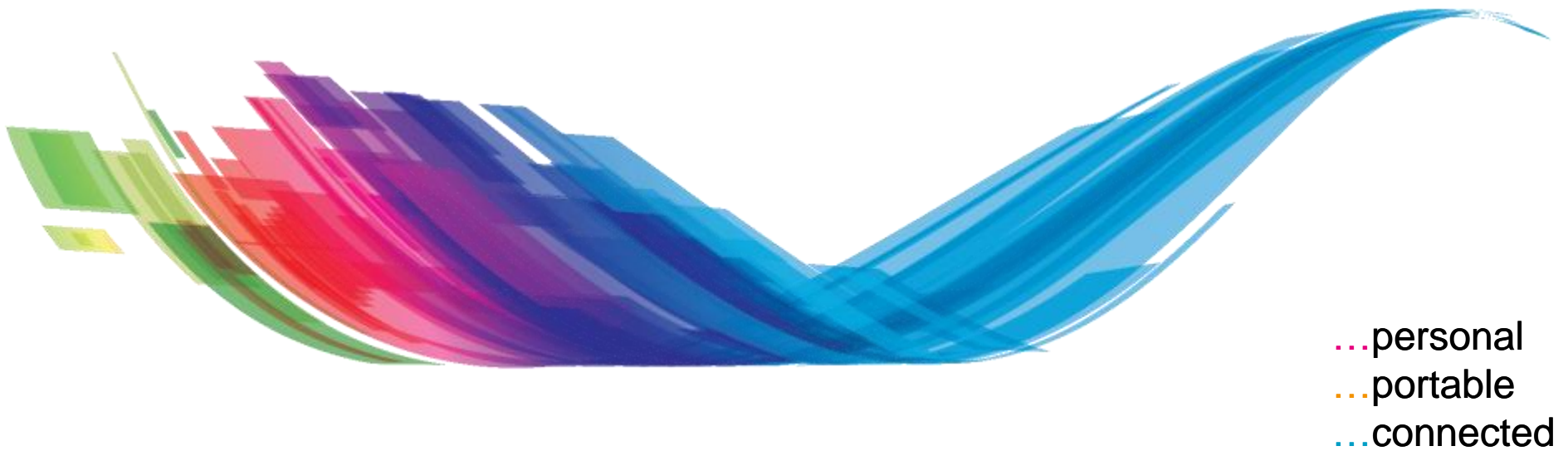
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Powering the Smart Connected Future



...personal
...portable
...connected