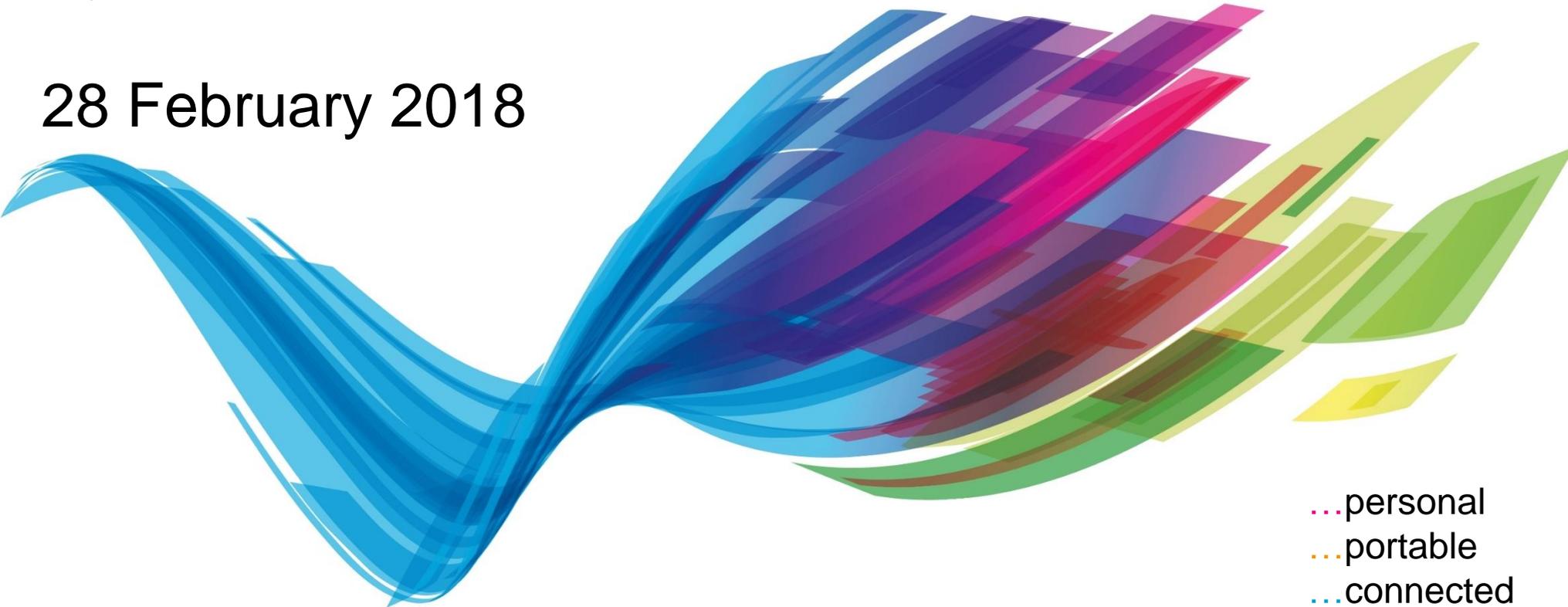

Dialog Semiconductor Q4 and Full Year 2017 Results

28 February 2018



...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



Q4 2017 Financial Highlights

Outlook

Business Review

Financial Review

Q&A



At a glance – Q4 2017



Revenue

+27% YoY

\$464m

(Q4 2016:\$365m)

Underlying gross margin

In line with 2016

46.1%

(Q4 2016:46.1%)

Underlying OPEX %

-10bps YoY

22.8%

(Q4 2016: 22.9%)

Underlying EBIT %

+10bps YoY

23.3%

(Q4 2016: 23.2%)

Underlying diluted EPS \$

+72% YoY

1.34

(Q4 2016: 0.78)

Cash from operating activities

+46% YoY

\$130m

(Q4 2016: \$89m)

Reconciliation to underlying measures – slide 22



Agenda



Q4 2017 Financial Highlights

Outlook

Business Review

Financial Review

Q&A



Outlook



- Based on our current visibility and typical seasonal trends, we anticipate revenue for Q1 2018 to be in the range of US\$330-US\$360 million.
- Good business momentum and a pipeline of key product launches, give us confidence 2018 will be a year of good revenue growth. As in previous years, revenue performance will be strongly weighted towards the second half of the year.
- In line with the expected revenue performance, we expect gross margin for Q1 2018 to be broadly in line with the prior quarter and FY 2018 to be broadly in line with FY 2017.

Agenda

Q4 2017 Financial Highlights

Outlook

Business Review

Financial Review

Q&A

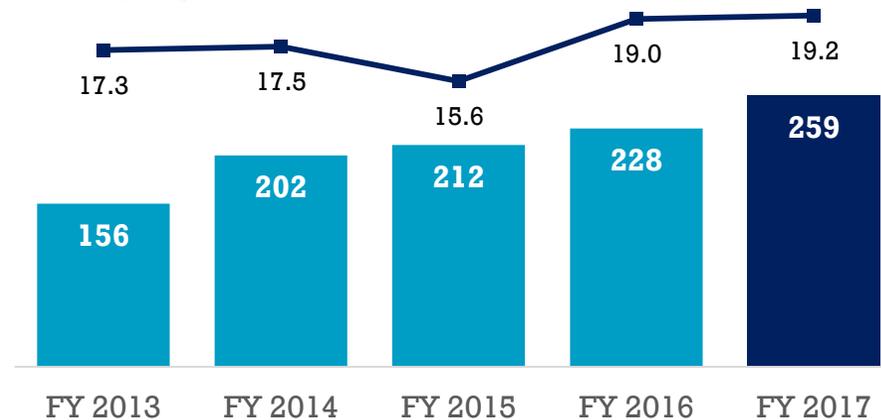


Solid competitive positioning

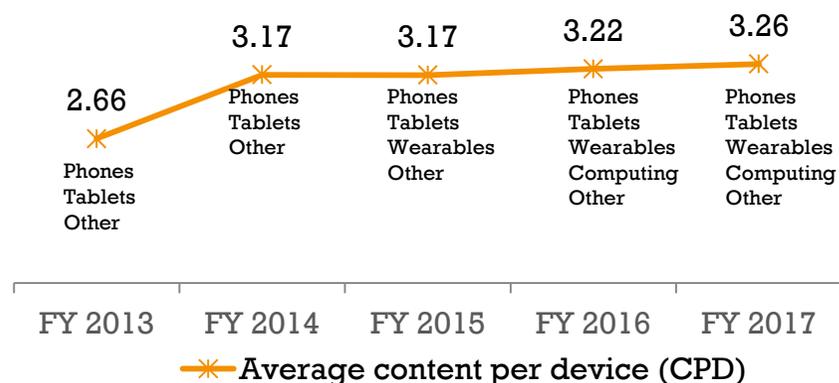
Technical excellence and high levels of integration

- Rooted in deep R&D investment and IP focused on mobility and IoT
 - Strong focus and investment on new and differentiating IP
 - Global R&D organisation
- Increased content per device across a range of applications
- Maintaining technology leadership and focus:
 - Power management
 - Charging technologies
 - Bluetooth® low energy System-on-Chip
 - Configurable mixed signal ICs

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



Content per device – power management ASIC (\$)



Extending our product portfolio



Extension of our product portfolio through a combination of organic programmes and strategic initiatives or M&A

Organic programmes

- Power management ASSP portfolio and platform reference designs
- Bluetooth low energy portfolio
- Audio DSP
- USB PD Type-C
- GaN IC

Strategic initiatives and M&A

- Configurable mixed signal IC
- Wireless charging
- LED backlighting



2018 Growth Drivers



Segment	2018 Growth drivers
Mobile Systems	Annualised impact of 2017 content increase ASSP product portfolio – Charger ICs; Nanopower PMIC Platform reference designs – Renesas, Xilinx
Connectivity	Increasing number of connected devices Product expansion Bluetooth low energy
Connectivity	Increasing adoption of wireless audio Audio DSP – consumer headsets
Advanced Mixed Signal	Wider adoption of USB PD Type- C Early adopters GaN solution
Advanced Mixed Signal	Broad portfolio of Solid-State LED Broader LED backlighting portfolio
Advanced Mixed Signal	CMICs - first full year revenue post completion



Key takeaways



- Well positioned to benefit from structural market trends for more efficient power management and power efficient technologies enabling customers a fast go-to-market.
- Differentiated product portfolio built through internal development, strategic initiatives and acquisitions
- Solid presence in our markets and a pipeline of new products give us confidence for our business in 2018.

Agenda

Q4 2017 Financial Highlights

Outlook

Business Review

Financial Review

Q&A



Double digit revenue growth in FY17

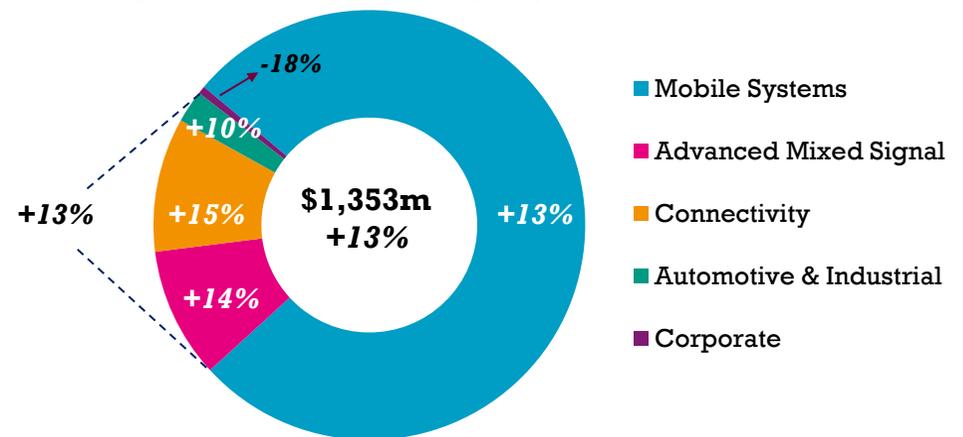
- Q4 2017 revenue up 27% YoY:
 - Higher volumes and content per device in Mobile Systems, up 31% YoY.
 - New Advanced Mixed Signal segment grouping Power Conversion and Silego Technology Inc.
 - \$11 million revenue contribution from the acquisition of Silego

- FY 2017 revenue up 13% YoY:
 - Combined revenue from Connectivity, Advanced Mixed Signal and Automotive & Industrial up 13% YoY.

Revenue (\$m)



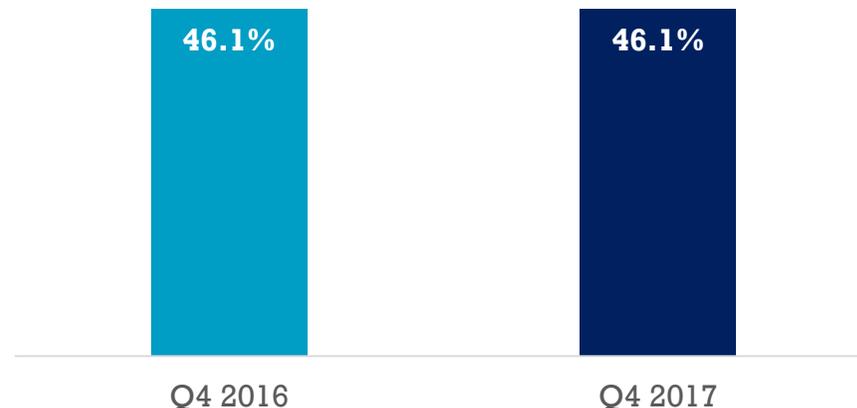
Full year 2017 revenue (\$m) and % YoY



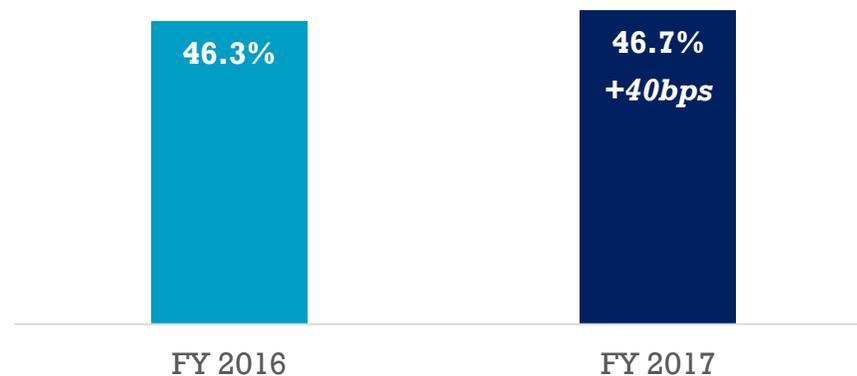
Gross margin improvement in FY17

- Q4 2017 underlying gross margin in line with Q4 2016:
 - Impact from higher YoY revenue offset by product mix.
- FY 2017 underlying gross margin 40bps above FY 2016 driven by higher revenue and manufacturing costs reduction.

Underlying gross margin



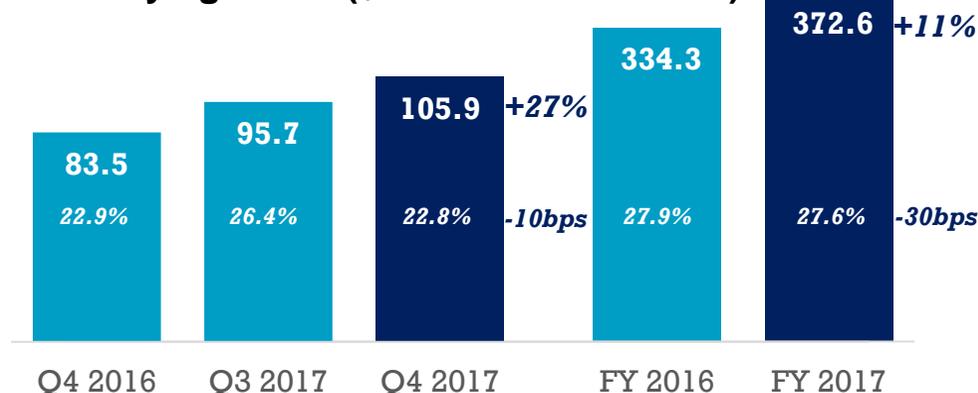
Underlying gross margin



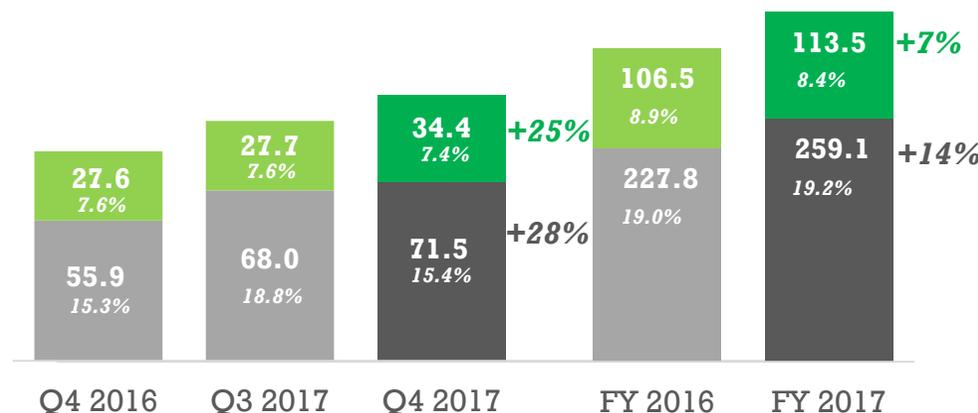
Investing in future revenue growth

- Q4 2017 underlying OPEX increase up 27% YoY:
 - First time consolidation of Silego Technology Inc.
 - Investing in R&D to generate future revenue growth
- Q4 2017 OPEX % 10bps below the previous year.
- FY 2017 - 30bps operating leverage YoY while maintaining R&D effort.

Underlying OPEX (\$m and % of revenue)



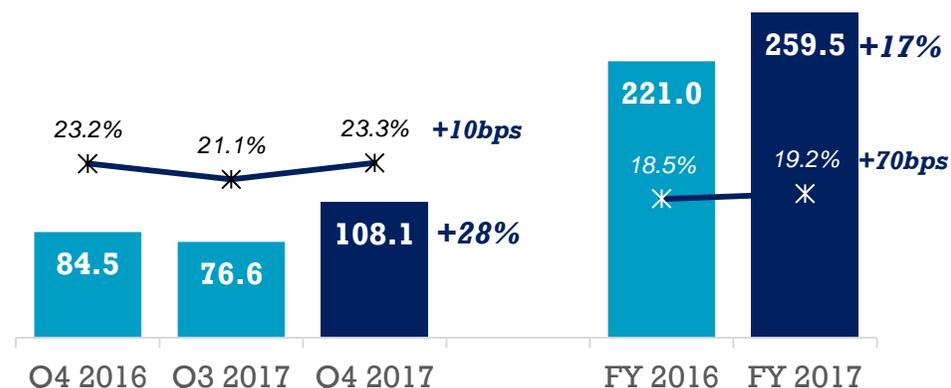
Underlying R&D and SG&A (\$m and % of revenue)



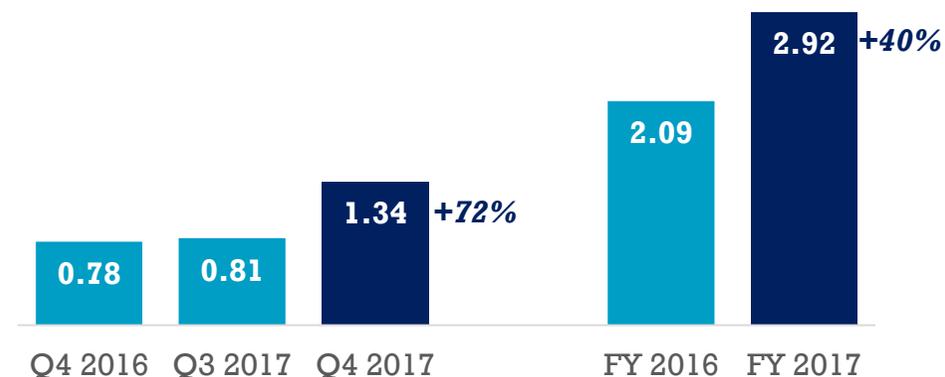
Increased profitability

- Underlying operating profit in Q4 2017 and FY 2017 up year-on-year mainly due to revenue growth.
- FY 2017 underlying operating margin up 70bps YoY to 19.2%
- 2017 underlying effective tax rate of 14.5% (2016: 24.0%):
 - Tax effect of currency movements
- Underlying diluted EPS up YoY:
 - Revenue growth and operating leverage
 - Lower underlying ETR

Underlying operating profit (\$m) and margin



Underlying diluted EPS (\$)



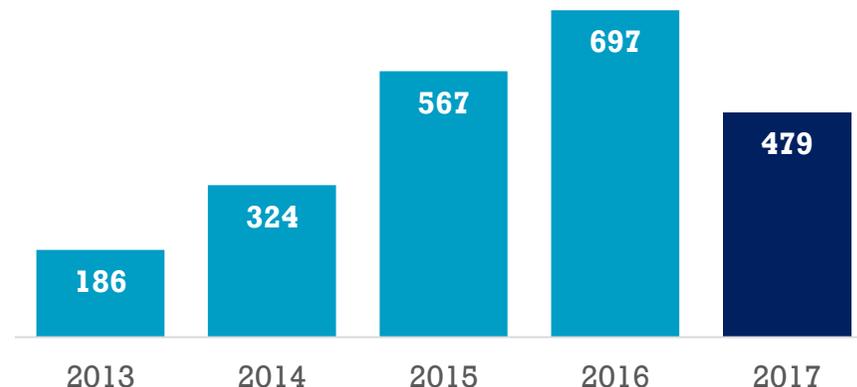
Strong cash flow generation

- Inventory value up 61% year-on-year but 10% down sequentially:
 - Impact from first time consolidation of Silego
- \$268 million net cash outflow from acquisitions in Q4 2017.
- \$205 million free cash flow in 2017, up 5% YoY (2016:\$195m).

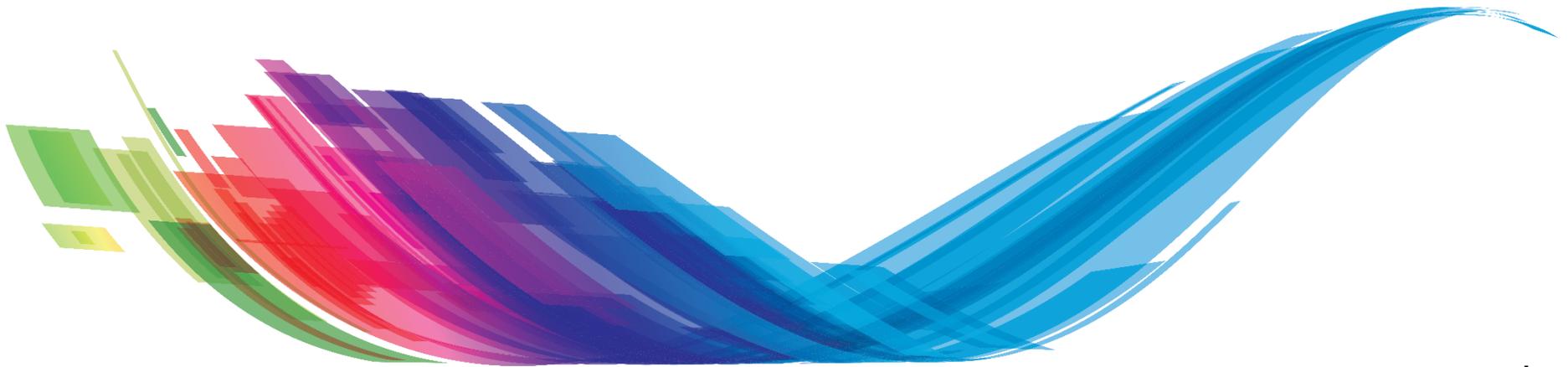
Inventory (\$m and DIO)



Cash and cash equivalents (\$m)

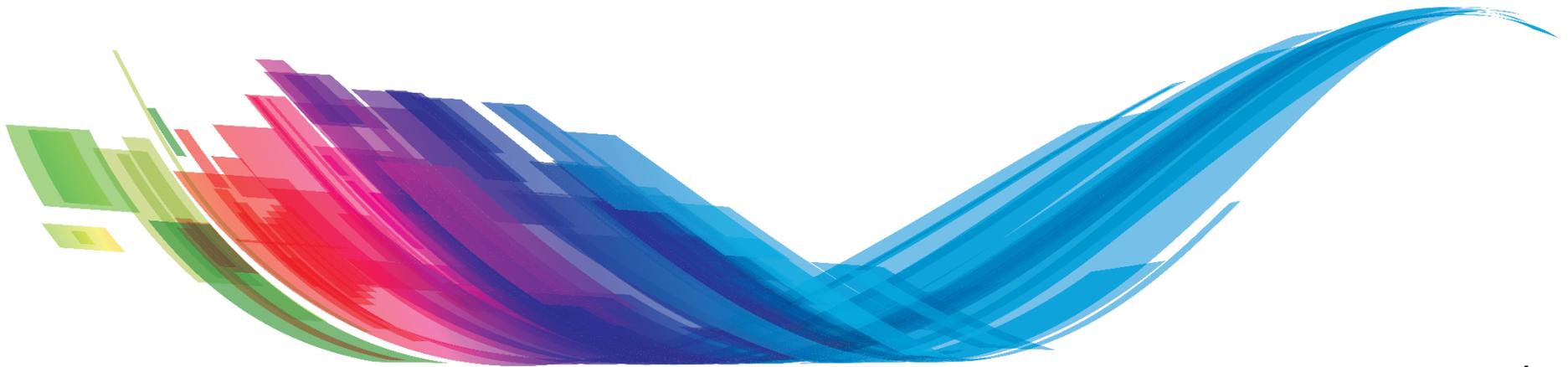


Q&A



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

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

At a glance – FY 2017

Revenue

+13% YoY

\$1,353m

(FY 2016: \$1,198m)

Underlying gross margin

+40bps YoY

46.7%

(FY 2016: 46.3%)

Underlying OPEX %

-30bps YoY

27.6%

(FY 2016: 27.9%)

Underlying EBIT %

+70bps YoY

19.2%

(FY 2016: 18.5%)

Underlying diluted EPS \$

+40% YoY

2.92

(FY 2016: 2.09)

Cash from operating activities

+14% YoY

\$285m

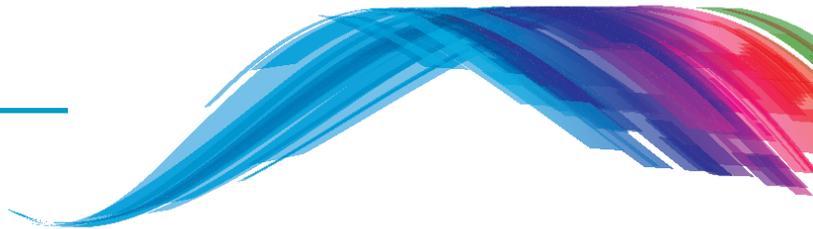
(FY 2016: \$249m)

Reconciliation to underlying measures – slide 24



Underlying reconciliation

For the three months ended 31 December 2017



US\$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations	Integration costs	Effective interest	Strategic investments	US tax reform	Underlying basis
Revenue	463,519	–	–	–	–	–	–	463,519
Gross profit	209,329	(133)	4,528	–	–	–	–	213,724
SG&A expenses	(45,849)	2,749	7,554	1,121	–	–	–	(34,425)
R&D expense	(78,462)	5,299	512	1,184	–	–	–	(71,467)
Other operating (expense)/ income	(9,628)	–	–	–	–	9,924	–	296
Operating profit	75,390	7,915	12,594	2,305	–	9,924	–	108,128
Other finance income	5,925	–	436	–	49	(5,302)	–	1,108
Profit before income taxes	81,315	7,915	13,030	2,305	49	4,622	–	109,236
Income tax credit/(expense)	608	1,998	(3,557)	(701)	(10)	2,522	(6,658)	(5,798)
Net income	81,923	9,913	9,473	1,604	39	7,144	(6,658)	103,438



Underlying reconciliation

For the three months ended 31 December 2016

US\$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations	Aborted merger with Atmel	Effective interest	Strategic investments	Underlying basis
Revenue	364,705	–	–	–	–	–	364,705
Gross profit	166,404	(198)	1,761	–	–	–	167,967
SG&A expenses	(32,587)	3,073	1,824	95	–	–	(27,595)
R&D expenses	(59,598)	3,646	–	–	–	–	(55,952)
Other operating income	30	–	–	–	–	–	30
Operating profit	74,249	6,521	3,585	95	–	–	84,450
Other finance expense	(2,332)	–	–	–	110	(1,199)	(3,421)
Profit before income taxes	71,917	6,521	3,585	95	110	(1,199)	81,029
Income tax expense	(19,774)	(307)	298	–	(22)	386	(19,419)
Net income	52,143	6,214	3,883	95	88	(813)	61,610

Underlying reconciliation

For the year ended 31 December 2017

US\$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations	Integration costs	Effective interest	Strategic investments	US tax reform	Underlying basis
Revenue	1,352,841	–	–	–	–	–	–	1,352,841
Cost of sales	(732,188)	1,219	9,844	–	–	–	–	(721,125)
Gross profit	620,653	1,219	9,844	–	–	–	–	631,716
<i>Gross margin %</i>	<i>45.9%</i>							<i>46.7%</i>
SG&A expenses	(145,262)	16,285	14,358	1,121	–	–	–	(113,498)
R&D expense	(278,796)	17,994	512	1,184	–	–	–	(259,106)
Other operating (expense)/income	(9,578)	–	–	–	–	9,924	–	346
Operating profit	187,017	35,498	24,714	2,305	–	9,924	–	259,458
<i>Operating margin %</i>	<i>13.8%</i>							<i>19.2%</i>
Other finance income	7,786	–	436	–	289	(1,398)	–	7,113
Profit before income taxes	194,803	35,498	25,150	2,305	289	8,526	–	266,571
Income tax expense	(25,369)	(3,476)	(4,187)	(701)	(56)	1,889	(6,658)	(38,558)
Net income	169,434	32,022	20,963	1,604	233	10,415	(6,658)	228,013
EBITDA	n/a							315,773
<i>EBITDA margin %</i>	<i>n/a</i>							<i>23.3%</i>



Underlying reconciliation

For the year ended 31 December 2016

US\$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations	Aborted merger with Atmel	Effective interest	Strategic investments	Underlying basis
Revenue	1,197,611	–	–	–	–	–	1,197,611
Gross profit	546,715	1,120	7,029	–	–	–	554,864
SG&A expenses	(133,271)	15,826	7,473	3,485	–	–	(106,487)
R&D expense	(241,345)	13,570	–	–	–	–	(227,775)
Other operating income	137,708	–	–	(137,300)	–	–	408
Operating profit	309,807	30,516	14,502	(133,815)	–	–	221,010
Other finance expense	(4,601)	–	–	1,913	526	(1,199)	(3,361)
Profit before income taxes	305,206	30,516	14,502	(131,902)	526	(1,199)	217,649
Income tax expense	(47,090)	(4,686)	(351)	(383)	(105)	386	(52,229)
Net income	258,116	25,830	14,151	(132,285)	421	(813)	165,420



Consolidated statement of income

For the year ended 31 December

	2017 US\$000	2016 US\$000
Revenue	1,352,841	1,197,611
Cost of sales	(732,188)	(650,896)
Gross profit	620,653	546,715
Selling and marketing expenses	(70,412)	(62,331)
General and administrative expenses	(74,850)	(70,940)
Research and development expenses	(278,796)	(241,345)
Other operating (expense)/income	(9,578)	137,708
Operating profit	187,017	309,807
Interest income	5,995	3,665
Interest expense	(1,302)	(3,447)
Other finance income/(expense)	3,093	(4,819)
Profit before income taxes	194,803	305,206
Income tax expense	(25,369)	(47,090)
Net income	169,434	258,116
Attributable to:		
– Shareholders in the Company	173,916	260,940
– Non-controlling interests	(4,482)	(2,824)
Net income	169,434	258,116
Earnings per share (US\$)		
Basic	2.34	3.43
Diluted	2.21	3.25
Weighted average number of shares (in thousands)		
Basic	74,472	76,047
Diluted	78,611	80,398



Business segment breakdown

For the fourth quarter of 2017 and 2016

	Revenue		Operating profit	
	Three months ended 31 December 2017 US\$000	Three months ended 31 December 2016 US\$000	Three months ended 31 December 2017 US\$000	Three months ended 31 December 2016 US\$000
Mobile Systems	376,720	287,677	118,083	91,015
Connectivity	37,123	35,884	3,189	3,145
Automotive & Industrial	7,753	7,586	2,575	2,911
Advanced Mixed Signal	39,977	31,067	(12,549)	(967)
Total segments	461,573	362,214	111,298	96,104
Corporate activities	1,946	2,491	(35,908)	(21,855)
Total Group	463,519	364,705	75,390	74,249
Interest income			1,135	1,037
Interest expense			(823)	(323)
Other finance expense			5,613	(3,046)
Profit before income taxes			81,315	71,917



Business segment breakdown

For the full year 2017 and 2016



	Revenue ⁽¹⁾			Operating profit		
	2017 US\$000	2016 US\$000	2015 US\$000	2017 US\$000	2016 US\$000	2015 US\$000
Mobile Systems	1,042,908	922,946	1,114,495	271,716	239,859	341,931
Connectivity	136,443	118,334	117,014	14,276	5,342	8,360
Automotive & Industrial	32,975	30,014	34,367	12,575	10,126	9,340
Advanced Mixed Signal	132,714	116,808	84,636	(15,127)	(7,535)	(20,675)
Total segments	1,345,040	1,188,102	1,350,512	283,440	247,792	338,956
Corporate activities	7,801	9,509	4,800	(96,423)	62,015	(79,210)
Total Group	1,352,841	1,197,611	1,355,312	187,017	309,807	259,746
Interest income				5,995	3,665	1,215
Interest expense				(1,302)	(3,447)	(6,411)
Other finance income/(expense)				3,093	(4,819)	289
Profit before income taxes				194,803	305,206	254,839



Consolidated balance sheet

Total assets

	2017 US\$000	2016 US\$000
Assets		
Cash and cash equivalents	479,295	697,167
Trade and other receivables	78,186	80,773
Other current financial assets	6,649	–
Inventories	168,947	105,303
Income tax receivables	12,739	35,878
Other current assets	14,656	15,211
Total current assets	760,472	934,332
Goodwill	439,508	251,208
Other intangible assets	235,637	125,619
Property, plant and equipment	83,870	69,668
Investment in associate	1,100	–
Other investments	46,155	21,078
Other non-current financial assets	2,090	1,254
Other non-current assets	503	–
Deferred tax assets	7,451	27,379
Total non-current assets	816,314	496,206
Total assets	1,576,786	1,430,538



Consolidated balance sheet (cont.)

Total liabilities and equity

	2017 US\$000	2016 US\$000
Liabilities and equity		
Trade and other payables	107,195	89,645
Other current financial liabilities	16,041	77,978
Provisions	3,474	1,477
Income taxes payable	13,356	528
Other current liabilities	59,619	54,444
Total current liabilities	199,685	224,072
Non-current financial liabilities	17,378	1,525
Provisions	3,725	3,370
Deferred tax liabilities	4,017	1,970
Other non-current liabilities	9,560	4,695
Total non-current liabilities	34,680	11,560
Ordinary shares	14,204	14,402
Share premium account	403,660	403,687
Retained earnings	915,482	862,914
Other reserves	9,977	(70,566)
Dialog shares held by employee benefit trusts	(902)	(20,608)
Equity attributable to shareholders in the Company	1,342,421	1,189,829
Non-controlling interests	–	5,077
Total equity	1,342,421	1,194,906
Total liabilities and equity	1,576,786	1,430,538



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

** We have reclassified the capital element of finance lease and hire purchase payments from investing activities to better reflect the nature of these cash flows*



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

* We have reclassified the capital element of finance lease and hire purchase payments from investing activities to better reflect the nature of these cash flows



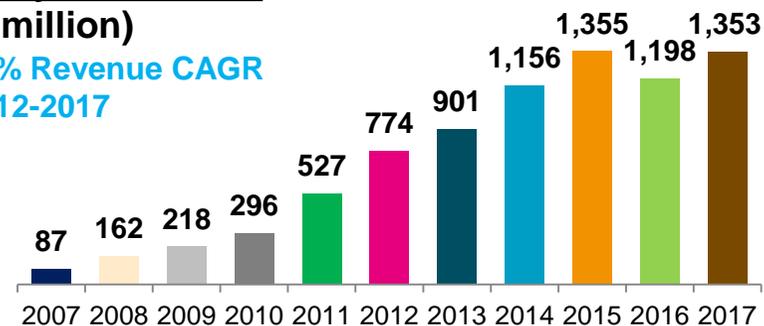
Revenue – Historical data

- Q4 2017 – record quarterly revenue \$464 million.

Full year revenue

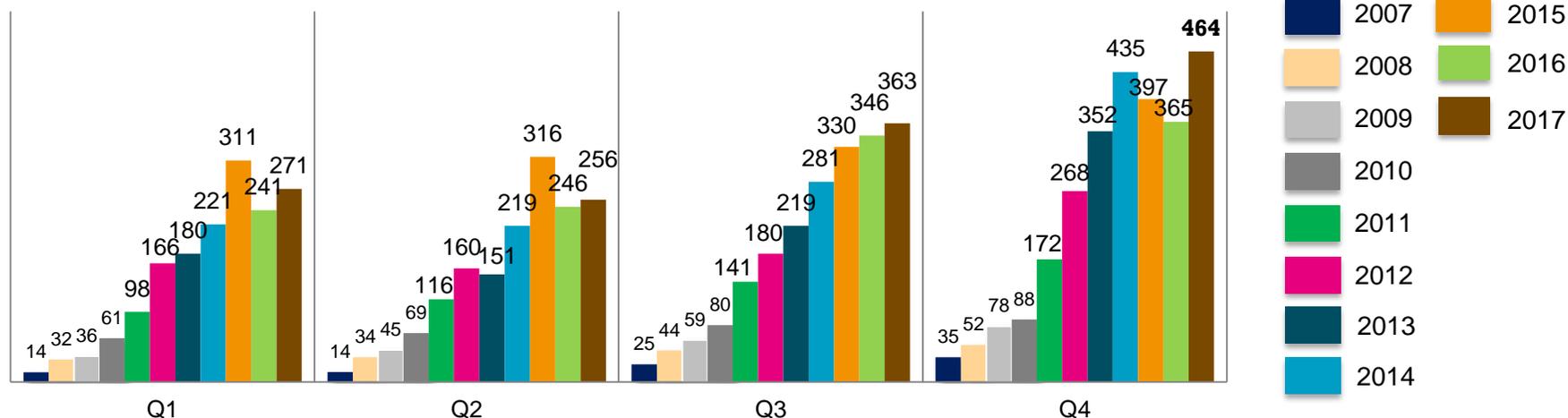
(\$ million)

12% Revenue CAGR
2012-2017



Quarterly revenue

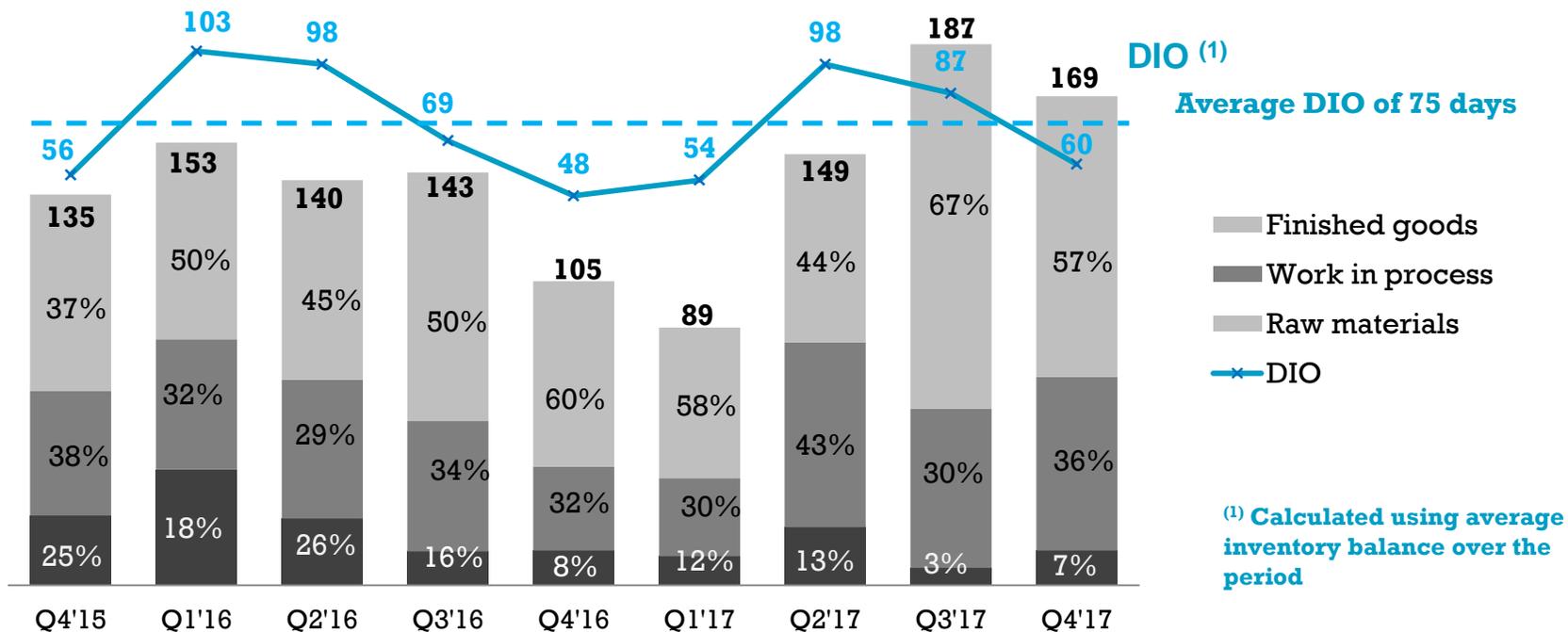
(\$ million)



Effective inventory management

- At the end of Q4 2017 inventory value was down 10% from Q3 2017 and DIO decreased 27 days.
- In Q1 2018 we expect inventory value to be flat to slightly down from Q4 2017 and DIO to increase from Q4 2017.

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



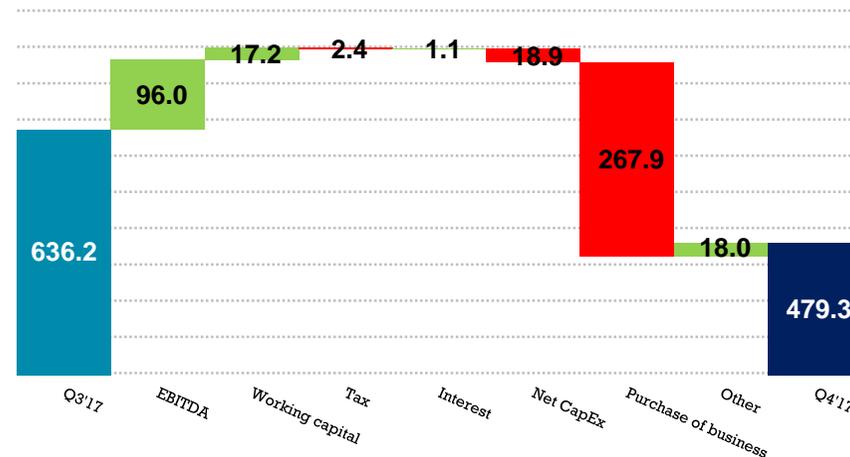
Strong cash flow generation

- \$479 million cash and cash equivalents balance at 31 December 2017
- Free cash flow:
 - Q4 2017 \$111.0 million; Q4 2016: \$72.2 million
 - FY 2017 \$205.3 million; FY 2016 \$195.4 million
- Cash returned to shareholders in 2016-2017 through the share buyback programme 2016 Approval:
 - €169 million (\$185 million)
 - 4.48 million shares

Cash and cash equivalents (\$m)



Cash flow bridge from Q3'17 (\$m)



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	Tim Wunderlich
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

Q1 2018 – 9 May 2018

Q2 2018 – 2 August 2018

Q3 2018 – 31 October 2018

Key Events

Contacts

Jose Cano

Head of Investor Relations
T: +44 (0)1793 756 961
jose.cano@diasemi.com

Financial PR/IR Advisers: FTI Consulting – London

Matt Dixon
T: +44 (0)20 7831 3113
matt.dixon@fticonsulting.com

FTI Consulting – Frankfurt

Anja Meusel
T: +49 (0)69 9203 7120
anja.meusel@fticonsulting.com

Powering the Smart Connected Future



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