Creating Long-Term Shareholder Value
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Forward Looking Statements

This document 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. Examples include statements regarding financial metrics, operational matters, and closing conditions and regulatory approvals required under the new contract with Apple. Forward-looking 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 “Risks and their management” 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 supersede any previous statement.
Leading market positions:
- #1 RapidCharge for smartphones
- #2 Bluetooth® low energy
- Unique configurable technology
- ~15% market share in Power Management for mobile applications

Proven management team, world class power efficient IP, rapid design cycle, and fast ramp to high-volume production

Exceeding industry growth (2016-2018 CAGR)
- Total group 11%
- Other segments 25%

(*) At the mid-point of October Q4 2018 guidance
Operating Expense Discipline

- Focused R&D investments in targeted end markets
- Strategic investments to create revenue growth opportunities

### Underlying R&D Expenses ($M and % of Revenue)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>241</td>
<td>276</td>
<td>~20.0%</td>
</tr>
<tr>
<td>% of Revenue</td>
<td>20.1%</td>
<td>20.4%</td>
<td>~20.0%</td>
</tr>
</tbody>
</table>

### Underlying SG&A Expenses ($M and % of Revenue)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>106</td>
<td>113</td>
<td>~8.4%</td>
</tr>
<tr>
<td>% of Revenue</td>
<td>8.9%</td>
<td>8.4%</td>
<td>~8.4%</td>
</tr>
</tbody>
</table>

- Extend global sales and distribution reach
- Optimize support functions
Gross Margin Expansion and EBIT Growth

- Underlying gross margin expected to increase to 48% in 2018
  - Continuous process improvement to achieve high yields and reduce test time
  - Annual cost reduction

- Underlying operating margin growing faster than gross margins driven by:
  - Revenue growth
  - Operating expense management
  - 44 consecutive quarters of profitability
Strong Cash Flow Generation

- Effective working capital management; 8% to 10% of revenue
- Cash flow from operating activities; >20% of revenue
- Low capex model; <4% of revenue
- Cash & cash equivalents balance of $617M as of Q318; 2.0x to 2.5x minimum requirements
- High liquidity; $150M undrawn revolver
- Significant financial flexibility to drive strategic growth initiatives
- Share buyback; $185 million to date
Last Three Years of Capital Allocation

- Organic growth investments
- Inorganic growth investments, including Silego CMICs and ams LED Backlighting acquisitions
- Accretable capture of future free cash flow for long-term investors
Focus on High Growth Markets

- Leverage talent and technology to focus existing and new customer opportunities
- A growing business built on:
  - Front-end loaded growth in Apple Sub-PMICs and Other, including newly awarded products generating revenue from 2019
  - Power Management, Charging, Power Conversion, Audio, Configurable Mixed-Signal, Backlighting, and Connectivity
- Revenue in 2019 broadly in line with 2018
- Strategic growth initiatives, accelerated by M&A
- Reduction in customer concentration

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**Long-Term Revenue Profile**

<table>
<thead>
<tr>
<th>Year</th>
<th>Apple ~75% of Revenue</th>
<th>Apple Main PMICs</th>
<th>Apple Sub-PMICs &amp; Other</th>
<th>AMS, Connectivity, Auto &amp; Industrial CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,353</td>
<td>~875</td>
<td>~150</td>
<td>~400</td>
</tr>
<tr>
<td>2018E</td>
<td>947</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022E</td>
<td>302</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Chart not drawn to scale.
2. Includes inorganic growth and new projects forecasted to be awarded in 2019 and 2020.
3. Sub-PMICs include newly awarded contracts.
4. Other includes PMICs for Mac, accessories, audio subsystem and charging ICs.
5. Revenue CAGR from 2018E through 2022E based on company projections.

(*) At the mid-point of October Q4 2018 guidance
### Solid Long-Term Financial Model

<table>
<thead>
<tr>
<th>Revenue growth (excluding licensed business)(^1)</th>
<th>Mid-teens %</th>
<th>Multiple long-term growth drivers in target markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Margin(^2)</td>
<td>47% to 48%</td>
<td>Stable gross margin</td>
</tr>
<tr>
<td>R&amp;D%(^2)</td>
<td>17% to 19%</td>
<td>Focused R&amp;D investment in target markets</td>
</tr>
<tr>
<td>SG&amp;A%(^2)</td>
<td>8% to 10%</td>
<td>Expanding global sales and distribution</td>
</tr>
<tr>
<td>Operating Margin(^2)</td>
<td>18% to 23%</td>
<td>Target margin expansion</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>19% to 20%</td>
<td>Gradual reduction</td>
</tr>
</tbody>
</table>

1 Excluding revenue from products included in the Apple license agreement. Revenue from these products will gradually decline to an insignificant amount by 2022.

2 Total group underlying. See supplemental information on non-IFRS financial measures included within this presentation.
Long-Term Shareholder Value

Investing in Growth
- Grow faster than market
- Focused R&D investment
- Value-enhancing M&A that provides customer and portfolio diversification

Operational Effectiveness
- Gross Margin
- Operating Expense
- Working Capital

Capital Return
- Consistent return of capital through share buybacks
- Announced €150M share repurchase, 30 October 2018
Key Takeaways

- Track record of disciplined execution and improving financial performance
- Strong balance sheet
- Continued focus on profitable growth, leveraging leadership positions and growing faster than overall market
- Transition from a highly concentrated PMIC business to focus on fast growing segments of IoT, Mobile, Automotive, and Computing & Storage markets
- Business model delivers solid long-term profitability and free cash flow generation
- Continue to execute on strong financial position and capital allocation framework
Powering the Smart Connected Future

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Underlying performance measures are non-IFRS measures.

Our use of non-IFRS measures and their limitations is explained on pages 156 to 161 of our 2017 Annual Report and Accounts.

Underlying performance measures presented herein for 2016, 2017 and 2018 exclude the following specific items of income and expense that are recognised in profit or loss in accordance with IFRS:

- the share-based compensation expense and related payroll taxes;
- the amortisation of identifiable intangible assets recognised in business combinations;
- in 2017 and 2018, the following items relating to the acquisition of Silego and ams AG’s LED backlight business:
  - transaction costs;
  - the recognition in cost of sales of the consumption of the fair value uplift to inventory held at the acquisition date;
  - the element of deferred amounts payable for Silego that is recognised as a compensation expense;
  - credits recognised on the forfeiture of deferred consideration payable for Silego;
  - the expense or credit arising from the change in estimate of the liabilities for the contingent consideration payable for Silego and related fees and the interest expense recognised on the unwinding of the discount on the liabilities;
- in 2017 and 2018, costs incurred in relation to the integration of Silego with our existing businesses;
- in 2018, corporate transaction costs incurred in relation to the aborted acquisition of Synaptics and the licence and asset transfer agreement entered into with Apple;
- in 2017, the impairment losses recognised by Dyna Image and the further loss recognised on its deconsolidation;
- in 2016, the termination fee received on the aborted merger with Atmel and related transaction costs;
- the non-cash element of the interest expense relating to a patent licensing agreement that is accounted for as a finance lease;
- the effect of measurement at fair value of strategic investments (principally the shares and the warrants that we hold in Energous);
- the income tax effect of the above items, which is calculated by considering the specific tax treatment of each item and by applying the relevant statutory tax rate to those items that are taxable or deductible for tax purposes; and
- in 2017, the non-recurring deferred tax credit arising from US tax reform.