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 “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 supercede any previous statement.
Agenda

Q4 trading update and new product announcements

Business review – Diversification initiatives
Q4 2013 - Highest revenue on record
28% YoY revenue growth in H2 2013

- Approximately $352 million IFRS revenue
  - 31% increase over Q4 2012
  - 60% sequential increase over Q3 2013

- H2 2013 IFRS revenue $571 million up 28% on H2 2012
  - 72% sequential increase over H1 2013

Quarterly IFRS revenue
($ million)

Full year underlying revenue
($ million)

41% Revenue CAGR 2008-2013

47% Q4 Revenue CAGR 2008-2013
Q4 2013 trading update

- On 29 October 2013 Dialog Semiconductor outlined expectations for a sequential and year-on-year improvement in Q4 2013 underlying gross margin that would result in an underlying gross margin improvement for FY2013 over FY2012.

- Given the increased revenue reported today, the Company anticipates a further positive contribution to its original underlying gross margin expectation.

- Dialog expects an increase in cash and cash equivalents of approximately $29 million in Q4 2013 which includes a $10 million early debt repayment.

- At 31 December 2013 the company expects a cash and cash equivalent balance of approximately $186 million.
Recent announcements

- Partnership with Richtek Technology Corporation targeting China smartphone and tablet market

- New products from Power Conversion Business Group
  
  • **Dialog Semiconductor enables smallest, low power Ultrabook™ adapters** - 45 Watt ultra-slim and 12 Watt travel-size adapters compatible for use with an Ultrabook™ and which support Intel® Turbo Boost Technology

  • **Dialog Semiconductor collaborates with Qualcomm Technologies for higher efficiency rapid smartphone charging** - Qualcomm Quick Charge 2.0-compatible AC/DC adapter solution enables up to 88% efficiency for high power density rapid charge power supplies up to 40W
Agenda

Business review – Diversification initiatives
A quick look back

Strong track record of revenue and EBIT growth

- 7 years of robust revenue growth underpinned by volume and ASP growth
- Uninterrupted period of continuing profitability every quarter since Q4 07
- Stronger foot print in North America and Asia vs. 3 years ago
- Engaged with leading brands in growth mobile market segments and Solid State Lighting worldwide

Full year IFRS revenue ($ million)

48% CAGR 2007-2013

2007 2008 2009 2010 2011 2012 2013
87 162 218 296 527 774 903

Full year IFRS EBIT ($ million)

98% CAGR 2008-2012

2007 2008 2009 2010 2011 2012
-17 6 29 45 62 91
Business model aligned to key target markets
What makes us different from other mixed signal companies?

- **Deep investment in R&D and IP**

  One of the **biggest R&D** engineering team focused on **Power Management and Mixed Signal** know-how for **Mobile and Connected** consumer applications – “deep moat” vs. competitors

- **Flexibility and speed of design**

  Engaged with largest clients as “extended R&D team” delivering exceptional **differentiation** through custom solutions, with the **speed** of execution of a **start up** company

- **“High Touch” fabless model**

  Outsourcing production process provides exceptional operational flexibility and **low CAPEX** while maintaining deep expertise on **advanced process, test and packaging development** through own teams

- **High Tier 1 client penetration Biz model**

  Allowing high volume with lower OPEX resulting in strong cash generative model
### Strategic direction 4 pillars

**Diversifying growth drivers and pursuing further innovation**

1. **Extending our portfolio of products for portable platforms**
   - Adding ultra-low power audio, new power management functionality, short range wireless connectivity and A/DC power conversion

2. **Broader and deeper at our customer base**
   - Developing companion PMICs with leading and emerging application processor vendors to address broader customer base through their sales eco system
   - Diversifying across more platforms for custom PMIC at larger accounts

3. **Continuous innovation**
   - Innovation on low power differentiating power-saving technologies, fuel gaging, fast charging together with advanced packaging development

4. **Strategic focus on fast growing China smartphone and tablet market**
   - Leveraging current technologies and establishing innovative partnerships within Greater China
Product portfolio

Increasing diversification

‘Red-hot’ new growth
High Growth Star
Cash Cow

PMIC smartphones
Display Drivers/OLED
PMIC 3G/HSPA cell phones
PMIC MP3 players
Wiper motor
Professional lighting

4 years ago

PMIC smart phones
Integrated PMIC+Audio
PMIC 3G/HSPA cell phones
PMIC MP3 Players
DECT handsets
Wiper motor
Professional lighting

PMIC 3G/HSPA cell phones
PMIC MP3 players
DECT handsets
Wiper motor
Professional lighting

2 years ago

PMIC tablets
SSL LED drivers
Bluetooth Smart
Multi-touch
Multi Cell PMIC

PMIC smart phones
PMIC tablets
Integrated PMIC+Audio
AC/DC convertors and chargers
Professional headsets
Mobile and wired audio
ULE DECT

Now
Expanded TAM

Dialog TAM
$8.2B

- Organic TAM growth rate of 13% CAGR vs. pro-forma TAM growth rate of 42% CAGR which includes current active diversification efforts

Core Business – PMICs
$2.9B

- Smartphone PMICs $1.5B
- Tablet PMICs $0.4B
- Other Portable $1.0B

Diversification
- Partnership
- Acquisition
- Innovation

Tablet PMICs $0.6B

Other Portable $1.3B

Source: Dialog, Sept. 2013, Gartner, 2013 & other industry sources
Acquisition of iWatt
Diverse products, end markets and clients

Extending Dialog’s strength in mobile
AC-DC Power Conversion

AC-DC Converter ICs in Chargers and Adapters for Portable Devices

Dialog entering new high-growth LED market
LED Solid State Lighting

LED Driver ICs in Solid State Lighting Applications
- Positioned as a leader in retrofit bulbs

Select Customers
- Samsung
- Motorola
- Nokia
- HTC

Competitors
- NXP
- Marvell
- Power Integrations
- Texas Instruments

Established Business
Ramping Business

Kepler Cheuvreux German Corporate Conference, 20-21 January 2014 Frankfurt
Controlling both sides of the wire
Rapid charging

Leading in next-generation rapid charging: End-to-End capability

AC-DC ICs for portable chargers

Power Management IC and iWatt AC/DC Communication Protocol

- Rapid-charging standards require charger-to-PMIC communication protocols, now championed by leading OEM’s
- Benefit: Reducing charge time by up to 60%
Recent product innovations

Innovative solutions for emerging Markets

- Designed for the wearable computer, wireless keyboard and mouse, smartphone peripherals (medical, fitness, sporting etc)
- Lowest power consumption
- Smallest package on the market

- Highly integrated Multi-Touch IC
- Supporting FlatFrog Planar Scatter Detection Touch
- Designed to be Microsoft Windows 8 touch compliant
- Bring cost effective, premium multi-touch to mainstream Ultrabooks™, laptops, All-In-One PCs and monitors
Recent Product Innovations

Innovative solutions for emerging markets

- Data defined bulb for smart lighting
- On/Off digital switch dimming
- Production line calibration
- Com data interface
- Wide dimming range 1-100%
- Auxiliary Power Supply for wireless or sensor connectivity
Core technical competencies in power management and power efficiency

High volume niche applications that benefit from “More than Moore” technologies and less dependant on ‘bleeding edge’ digital process and software

Expanded portfolio providing increasing exposure to new high growth markets and new clients
Our investment case

1. Exposure to high growth mobile markets
   - Continuing rising demand for smartphones, tablets and peripherals

2. Core technical competencies aligned with structural trends towards power management and power efficiency in mobility and connected devices
   - Focus on niche but high volume products
   - Advanced visibility into the design cycle – 6 to 18 months

3. Technology leadership supports high entry barriers and positive financial trends
   - Mixed signal analog R&D pool focused in high growth portable and consumer applications
   - Technology enabling a reduction on power consumption, cost and board space allowing clients to increase product differentiation and reduce costs – increasing ASPs

4. Further potential for market share gains
   - Increasing exposure to Tier 1 clients
   - New addressable markets (Solid State Lighting, Wearables, Touch) open opportunities with new clients

5. Solid balance sheet underpinned by strong cash generation which supports further organic and in-organic business expansion
The power to be...