Dialog Semiconductor Update: Acquisition of iWatt

July 2 2013
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.

(*) Underlying results (per diluted share) exclude share-based compensation charges and amortization of intangible assets. The term “underlying” is not defined in IFRS and therefore may not be comparable with similarly titled measures reported by other companies. Underlying measures are not intended as a substitute for, or a superior measure to, IFRS measures.
Dialog Semiconductor to Acquire iWatt Inc.

Transaction overview

**Complementary combination creates a leader in power management**

**Transaction**
- Dialog Semiconductor Plc to acquire iWatt Inc.

**Consideration**
- All cash: $185 million from balance sheet and $125 million in new bank debt

**Price**
- $310 million plus up to $35 million of contingent consideration

**Timing**
- Targeted close by end July 2013

**Financial Impact**
- Expected to be accretive to gross margin and underlying(*) EPS in first quarter after close

(*) See Page 2 for definition
Acquisition of iWatt...

1. Enhances Dialog’s position as a *technology leader* in mixed-signal power management

2. Diversifies Dialog’s product portfolio by adding *digital power AC/DC ICs and LED ICs*

3. Strengthens Dialog’s offering in portable markets, opening new growth opportunities in LED markets
   - Complements Dialog’s PMIC leadership with strong position in adapter / charger applications
   - Enables *communication between PMICs and AC/DC adapters*
   - Establishes Dialog as *a leader in the high-growth solid-state lighting (SSL) markets*

4. Adds new Tier-1 customers and diversifies Dialog’s business opportunities with existing Tier-1 OEMs

5. Complements Dialog’s cash-generative and profitable business model
   - Enhances *revenue growth* and *gross margin %*
   - Expected to be accretive to underlying (*) EPS in first quarter after close
iWatt – A Leader in Digital Power Management

iWatt Business Overview

Experienced and Established Organization
- Founded in 2000 and headquartered in Silicon Valley, California with ~180 employees worldwide
- Strong design and applications engineering presence in Asia

Solid Market Position
- Fabless provider of digital power management ICs

Tier-1 Customer Base
- Samsung, Nokia, HTC, Philips, Osram

Strong Intellectual Property
- 110+ patent portfolio

Solid Financial Platform
- FY2012 revenue of $74M (46% YoY growth)
- Expected 20% per annum growth in medium term in line with market
- GM% of 49% in FY2012 (45% in FY2011)

Addressing High-Growth Markets

Increasing our TAM by $1.8bn by 2015

Expanding Opportunity

Source: Dialog, Gartner, 2013
Diverse End Markets and Product Portfolio

Extending Dialog’s strength in mobile

**AC-DC Power Conversion**

- AC-DC Converter ICs in Chargers and Adapters for Portable Devices
  - #1 in feature phones
  - #1 in smartphones/tablets

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

- Power Integrations
- Diodes
- Texas Instruments
- Philips
- OSRAM
- NXP
- Marvell
- Power Integrations

Established Business

Ramping Business

Dialog Investor Presentation  July 2, 2013
Complementary Combination
Enhancing Dialog’s Power Management Leadership

**Products**
- Power management, audio, connectivity, touchscreen ASSPs and ASICs

**Applications**
- Tier 1 smartphone, tablet and Ultrabook OEMs

**Customers**
- Integration expertise
- PMIC leadership

**Technology**
- Digital power control, AC-DC conversion, LED ASSP
- Diversified product portfolio
- Increases ASSP portfolio
- Complementary and incremental customer base
- iWatt support team in China
- Leverage Dialog’s sales channel
- Complementary technologies
- AC/DC adapter to PMIC communication with end-to-end capability
- Digital power control
- AC-DC leadership

**Combination**
- Complementary end-markets
- New Ultrabook opportunity

**iWatt**
Significant Increase in TAM: Unlocking New Growth Opportunities

Source: Dialog, Gartner, 2013

<table>
<thead>
<tr>
<th>Product Line</th>
<th>2012</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smartphone PMICs</td>
<td>$1.5B</td>
<td>$2.3B</td>
</tr>
<tr>
<td>Tablet PMICs</td>
<td>$0.4B</td>
<td></td>
</tr>
<tr>
<td>Other Portable PMICs</td>
<td>$1.0B</td>
<td></td>
</tr>
<tr>
<td>LED SSL Driver ICs</td>
<td></td>
<td>$0.7B</td>
</tr>
<tr>
<td>AC-DC Converter ICs</td>
<td></td>
<td>$1.1B</td>
</tr>
<tr>
<td>Other Portable PMICs</td>
<td></td>
<td>$1.3B</td>
</tr>
<tr>
<td>Tablet PMICs</td>
<td></td>
<td>$0.6B</td>
</tr>
<tr>
<td>Smartphone PMICs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Core Business – PMICs**: $2.9B
- **Combined Business**: $5.9B

- iWatt adds an additional TAM of $1.8B by 2015
- Organic TAM growth rate of 13% CAGR vs. pro-forma TAM growth rate of 27% CAGR
Delivering Differentiated AC/DC Charger Technology

Conversion of Alternating Current (AC) into Direct Current (DC) in Chargers and LEDs

High-voltage input (AC) → Digital Primary-side Drive & Control
Proprietary Algorithms → Secondary-Side Controller → Low-voltage output to device (DC)

Benefits of iWatt’s Charger Technology

- Reduced stand-by power
- Smaller form factor
- Lower BOM cost
- Better longevity – no opto-coupler

iWatt vs. Competition
LESS COMPONENTS
Leading in next-generation rapid charging: End-to-End capability

**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%
The LED Revolution

Driven by environmental concerns, economics, and governmental regulation, the lighting market is transitioning to LED lighting solutions.

- **Incandescent Lighting**
  - Life Span: 1,200 hours
  - Annual Operating Cost: ~$330/year
  - Toxic Mercury: No
  - CO₂ Emission: 4,500 pounds/year

- **Fluorescent Lighting**
  - Life Span: 8,000 hours
  - Annual Operating Cost: ~$77/year
  - Toxic Mercury: Yes
  - CO₂ Emission: 1,050 pounds/year

- **LED Lighting**
  - Life Span: 50,000 hours
  - Annual Operating Cost: ~$33/year
  - Toxic Mercury: No
  - CO₂ Emission: 450 pounds/year

Source: Dialog, open sources, 2013
Semiconductor Integration Enabling Lower Cost & Broad Adoption

SSL LED Bulb Price Trends Driving Adoption

Source: McKinsey, August 2012

SSL LED Bulb Shipments Expected to Accelerate

LED New Installation
LED Replacement
(Units in millions)

LED components
Heatsink
LED Module

Optics

Dialog Investor Presentation  July 2, 2013
Key Takeaways From the Acquisition of iWatt

1. Complementary business combination creates a leader in power management

2. Strengthens our reach and doubles our TAM by 2015 by addressing high growth adjacent emerging power management segments

3. Supports further diversification of our customers and product portfolio

4. Leverages Dialog’s channel, operations, and PMIC technology leadership to maintain growth momentum and realize synergies

5. Expected to be accretive to gross margin and underlying(*) EPS in first qtr after close

(*) See Page 2 for definition
Powering ahead...