

## **Dialog Semiconductor Updates its Long-Term Financial Targets, Increasing Underlying Gross Margin and Underlying Operating Margin**

London, United Kingdom – November 11, 2019 – Dialog Semiconductor plc (XETRA:DLG) today updates its long-term financial targets, increasing underlying<sup>1</sup> gross margin and underlying operating margin.

Looking ahead to the business' activity over the coming years, Dialog Semiconductor expects to see meaningful improvement in both underlying gross margin and underlying operating margin. This improvement is the result of extending its power-efficient mixed-signal product portfolio in IoT, Industrial, Automotive and Computing, alongside further savings in manufacturing and operational costs.

Dialog's growth strategy is built on a strong foundation. The Company has over 30 years of expertise in differentiated low-power mixed signal ICs, with proven execution of product designs and rapid development cycles for customers globally. Our growth strategy is focused on fast-growing segments of our target end markets; IoT, Mobile, Industrial, Automotive and Computing, where Dialog continues to see significant opportunities to drive its high-performance mixed-signal IC leadership.

The Company maintains its commitment to disciplined capital allocation. Dialog has ample financial flexibility to pursue its growth strategy, including value enhancing M&A, while maintaining a healthy balance sheet and a consistent return of capital to shareholders through share buybacks.

Dialog is updating its long-term underlying financial targets, which include:

- Revenue growth of mid-teens percentage points for the unaffected<sup>2</sup> business;
- Increased total Group underlying gross margin of 50% to 53%, previously at 47-48%;
- Total Group underlying R&D at 18-20% of revenue, previously at 17-19%;
- Total Group underlying SG&A at 8-10% of revenue;
- Increased total Group underlying operating margin at 20% to 25%, previously at 18-23%; and
- Total Group underlying effective tax rate at 19% to 20%.

<sup>1</sup> Underlying measures in this press release are non-IFRS measures. Our use of underlying measures is explained on pages 156 to 161 of our 2018 Annual Report and Accounts.

<sup>2</sup> Excluding legacy revenue from main PMIC products included in the Apple license agreement

**Commenting on the announcement, Dialog Chief Executive, Dr Jalal Bagherli, said:**

“Dialog is building on its leadership position in power-efficient mixed-signal ICs, executing in existing and emerging end markets to capitalize on new growth opportunities. With a firm focus on our growth strategy, we are building a diversified high-performance mixed-signal business with increasingly balanced end market exposure.

“Our deep expertise and execution track record provide us with a strong foundation to drive the next phase of market leadership and create value for shareholders. Our action plan is firmly in place and we believe we are well-positioned to continue to grow, while further expanding operating margin.”

Dr Jalal Bagherli, CEO and Wissam Jabre, CFO will host a conference call for analysts and investors on Tuesday 12 November.

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The call will be conducted in English and will commence at **13.30 (London) / 14.30 (Frankfurt)**.

To register for the webcast and receive dial in numbers, the conference PIN and a unique User ID- please click on the link below:

<https://www.incommglobalevents.com/registration/client/2432/dialog-semiconductor-conference-call/>

In parallel to the call, a presentation will be available at:

<https://www.dialog-semiconductor.com/investor-relations/events-presentations>

A replay will be posted on the Dialog website two hours after the conclusion of the presentation and will be available at:

<https://www.dialog-semiconductor.com/investor-relations/events-presentations>

If you have any difficulties joining the call, please contact Charlotte Phillipson at [charlotte.phillipson@fticonsulting.com](mailto:charlotte.phillipson@fticonsulting.com)

We hope you can join us and we look forward to welcoming you to the call on the day.

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### **About Dialog Semiconductor**

Dialog Semiconductor provides highly integrated standard (ASSP) and custom (ASIC) mixed-signal integrated circuits (ICs), optimised for smartphone, tablet, IoT, LED Solid-State Lighting (SSL), and Smart Home applications. Dialog brings decades of experience to the rapid development of ICs while providing flexible and dynamic support, world-class innovation and the assurance of dealing with an established business partner. With world-class manufacturing partners, Dialog operates a fables business model and is a socially responsible employer pursuing many programs to benefit employees, the community, other stakeholders and the environment we operate in.

Dialog's power saving technologies including DC-DC configurable system power management deliver high efficiency and enhance the consumer's user experience by extending battery lifetime and enabling faster charging of their portable devices. Its technology portfolio also includes audio, Bluetooth® Low Energy, Rapid Charge™ AC/DC power conversion and multi-touch.

Dialog Semiconductor Plc is headquartered in London with a global sales, R&D and marketing organisation. It currently has approximately 2,000 employees worldwide. In 2018, it had approximately US\$ 1.44 billion in revenue. The company is listed on the Frankfurt (XETRA: DLG) stock exchange (Regulated Market, Prime Standard, ISIN GB0059822006) and is a member of the German TecDax and MDAX indices.

### **Forward Looking Statements**

This press release 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 supersede any previous statement.