
Dialog Semiconductor

Q2 2018 Results

2 August 2018



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

Business Review

Financial Review

Q&A

Appendix



Extending our product portfolio

End market exposure

Business segment	Mobile	IoT and peripherals	Automotive	Industrial
Mobile Systems 2017 revenue: \$1,043m	+	+	+	
Connectivity 2017 revenue: \$136m		+	+	
Advanced Mixed Signal 2017 revenue: \$133m	+	+	+	+
Automotive & Industrial 2017 revenue: \$33m			-	-

Exposure to end markets

- Established
- Nascent
- Legacy

Product portfolio

- | | | |
|-------------------|-----------------------|--------------------------|
| Power management | Bluetooth low energy | AC/DC converters |
| Chargers | DECT | LED drivers/backlighting |
| Audio (analog) | Audio IC (analog+DSP) | CMICs |
| Wireless charging | ASICs | |

Market estimates 2016-2020¹ CAGR

- | | | |
|----|-----|-----|
| 3% | 26% | 26% |
| 1% | 30% | 30% |
| | 15% | |

¹ Sources and market estimates on slide 19



Growing market, applications increasing

IoT and peripherals



Market trends	Technologies, market share, estimates 2016-2020	Applications
<p>Consumer IoT</p> <ul style="list-style-type: none"> Industry increase in “always-on” applications Low power, high rate of data processing and data transmission Fast go-to-market = Short design cycles Governments regulating higher power efficiency and lower standby power 	<p>#2  BLE ~15% +26%</p> <p>#1  CMIC n/a +15%</p> <p> Nano-Power management</p> <p> AC/DC converters</p>	<ul style="list-style-type: none"> Today: Wearables, fitness trackers, smart home, proximity tags, e-toys In development: Medical devices, e-health, home consumer electronics, automotive
<p>Peripherals – audio and voice</p> <ul style="list-style-type: none"> Increase in power-efficient feature-rich wireless audio applications Low latency wireless audio 	<p>Audio {  DECT ~6%</p> <p> Audio IC nm +30%</p> <p>Voice & Other {  Legacy DECT 48% - Total DECT market share (audio & voice)</p>	<ul style="list-style-type: none"> Professional, semi-professional and consumer wireless and USB audio Consumer cordless telephone systems (CTS), other.



Investing for growth

Technologies in the Connectivity Segment

Technologies	Mission	Our Value	Customers
<p>Investing for growth</p> <p>Bluetooth low energy</p> <p>Digital audio: DECT Audio IC (DSP+CODEC)</p>	<ul style="list-style-type: none"> • Leading supplier and “trusted advisor” in selected applications • Leveraging our product portfolio into the broad market • Leverage #1 in professional cordless applications • Leverage our audio IP into semi-professional and consumer headset brands 	<ul style="list-style-type: none"> • High level of integration • Focus on Cortex-M applications • Low power • High level of integration • Full system expertise • High definition CODECs • Voice and audio processing • USB and wireless communication pipes • Low power - battery life time 	
<p>Harvesting</p> <p>DECT voice – consumer cordless telephone systems</p>	<ul style="list-style-type: none"> • Support existing customers 	<ul style="list-style-type: none"> • 48% market share total DECT • One of two leading market vendors 	



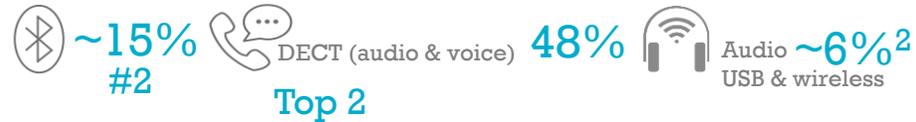
Multi-channel sales strategy - IoT



Growing revenue and profitability

Connectivity Segment

2017 estimated market share and ranking



Market estimates CAGR 2016-2020¹



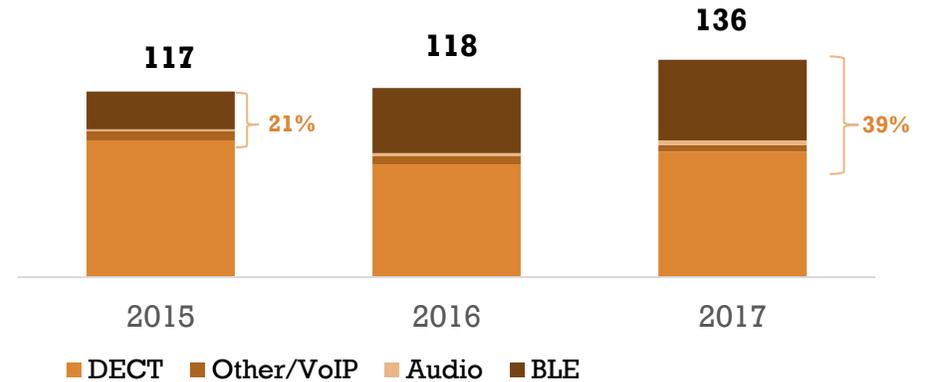
- Increasing opportunity in growing markets where Dialog maintains a strong market share with innovative and differentiated technologies.
- Revenue mix transitioning to growing markets, to surpass 50% by the end of 2018.
- Growing revenue and increased underlying operating margin.

¹ Sources and market estimates on slide 26.

² Based on market data on slide 27 and FY 2017 DECT audio revenue.

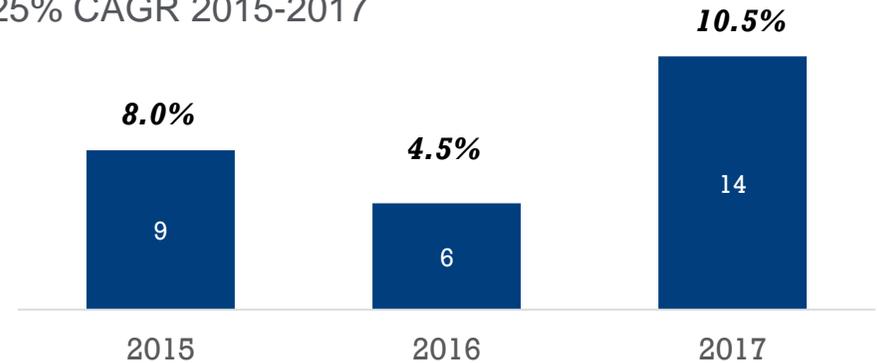
Full year revenue \$m

8% CAGR 2015-2017



Full year combined underlying EBIT \$m and %

25% CAGR 2015-2017



* 2018E not drawn to scale



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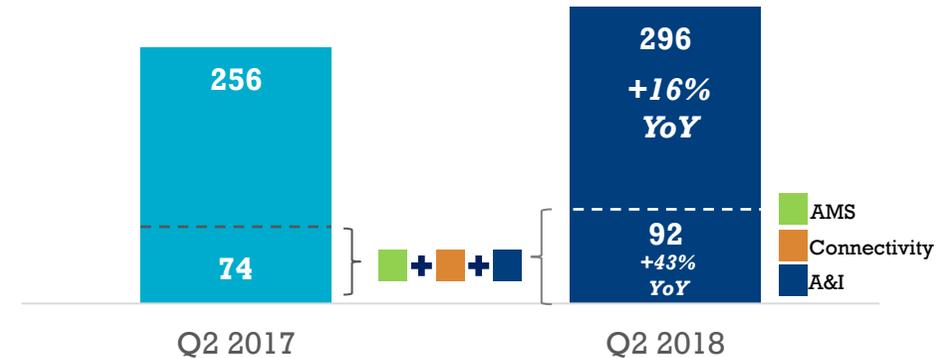
Q2 2018 – Double digit revenue growth

Solid year-on-year growth in all business segments

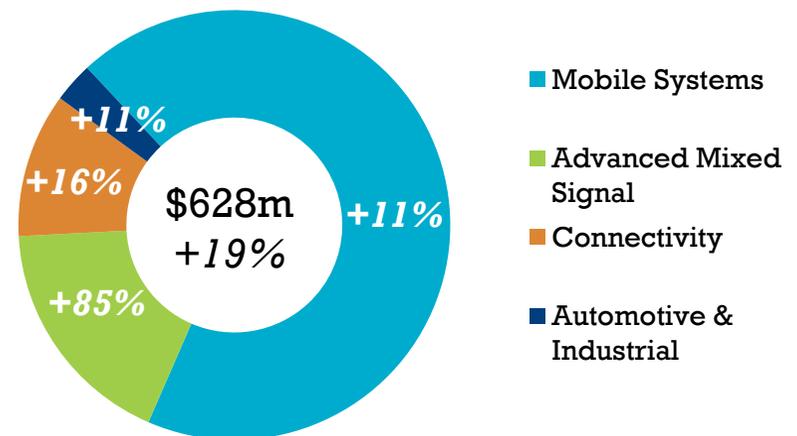
- Q2 2018 revenue up 16% year-on-year:
 - Mobile Systems – higher content per device
 - Advanced Mixed Signal – all product lines growing year-on-year and contribution from Silego acquisition and LED backlighting
 - Connectivity – Bluetooth® low energy up 45%
 - Automotive & Industrial – higher volumes in the automotive segment
- Q2 2018 revenue up 6% year-on-year excluding the contribution from Silego



Revenue (\$m) and % YoY



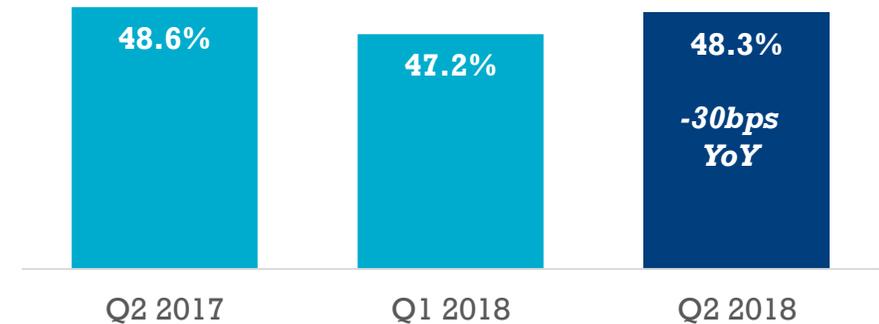
H1 2018 revenue (\$m) and % YoY



Sequential gross margin improvement

- Q2 2018 underlying gross margin:
 - Ahead of the May guidance
 - 30bps below Q2 2017 due to product mix partially offset by savings in manufacturing costs
- H1 2018 underlying gross margin:
 - 50bps below Q2 2017 mainly due to product mix

Underlying gross margin



Underlying gross margin

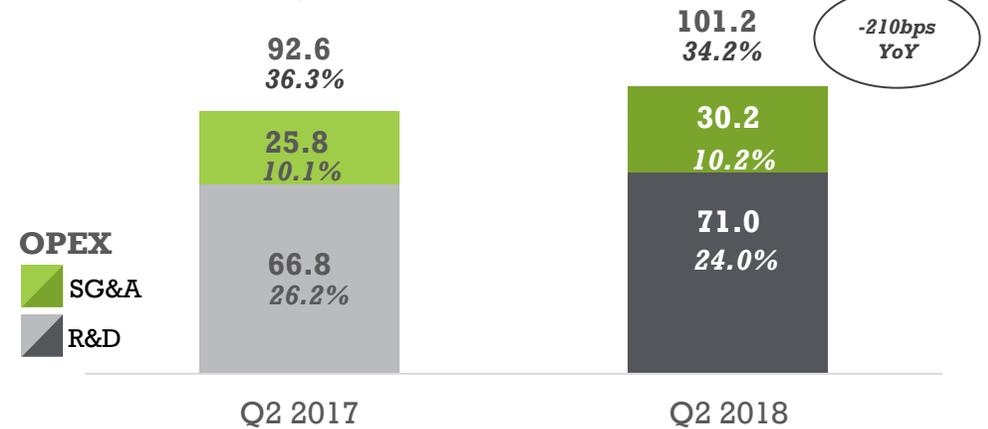


Operating leverage in Q2 and H1 2018

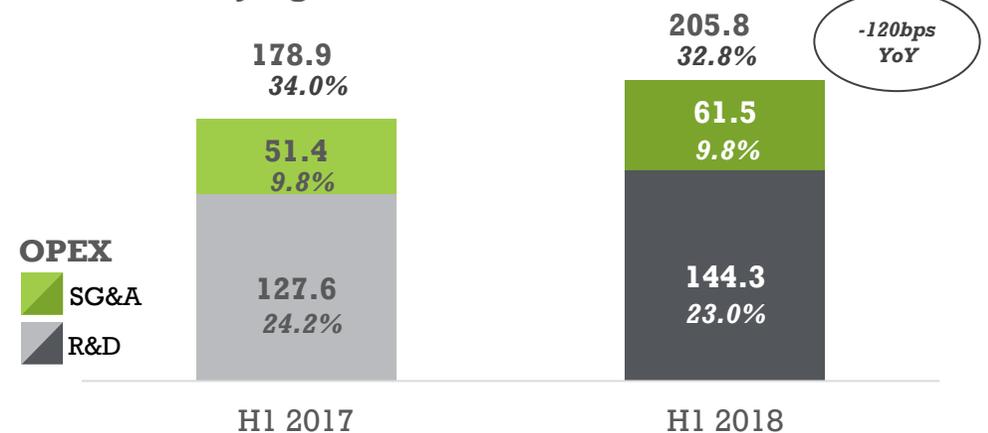
Investing for future revenue growth

- Q2 2018 underlying OPEX up 9% year-on-year
- Q2 2018 underlying R&D up 6% year-on-year:
 - Impact of Silego consolidation
 - Investment in customer specific opportunities
 - Programmes supporting new growth areas and business diversification
- Q2 2018 underlying SG&A up 17% year-on-year:
 - Impact of Silego consolidation

Q2 Underlying OPEX and OPEX %



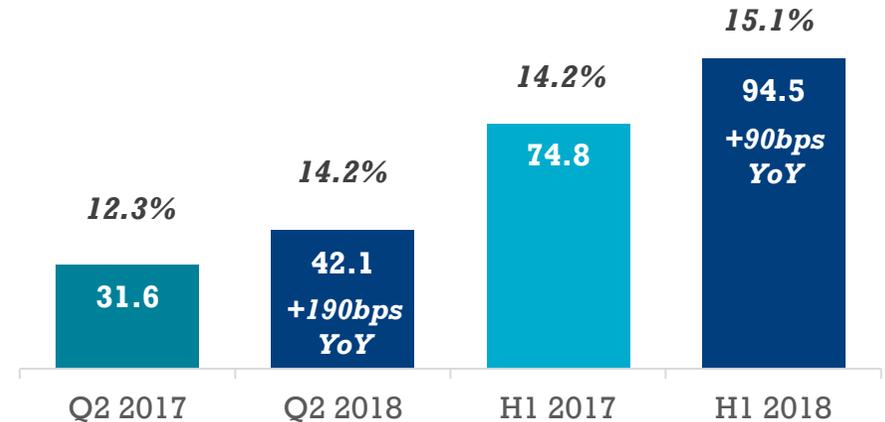
H1 Underlying OPEX and OPEX %



Underlying earnings growth

- Q2 2018 underlying operating profit increase of 33%, 2x revenue growth
 - AMS+Connect+A&I: \$19.5 million, approximately 66% above Q2 2017 (Q2 2017: \$11.7 million)
- Q2 2018 underlying operating margin 190bps above Q2 2017
- Underlying effective tax rate at 21%, 100bps below Q2 2017
- Q2 2018 underlying diluted EPS up 25% year-on-year, increasing faster than revenue growth

Underlying operating profit (\$m) and margin



Underlying diluted EPS (\$) and % YoY



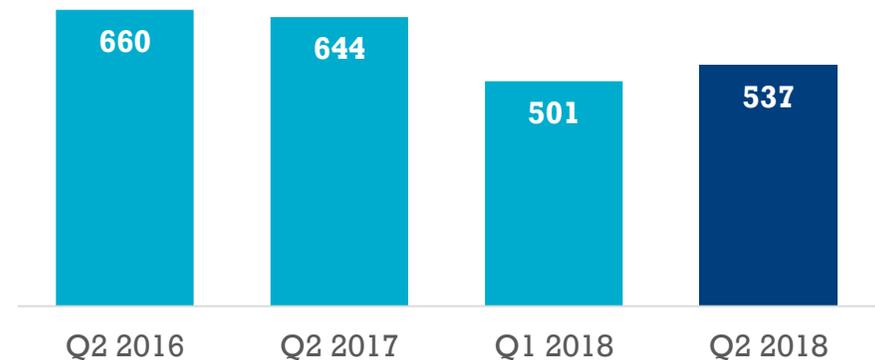
Strong balance sheet

- Inventory value down 3% sequentially and 10% year-on-year.
- Q2 2018 cash flow from operating activities of \$56 million, 182% above Q2 2017:
 - Working capital movements
 - Timing of tax payments
- Q2 2018 free cash flow at \$37 million, significantly higher than Q2 2017 (Q2 2017: \$1 million) mainly due to the higher cash flow from operating activities.

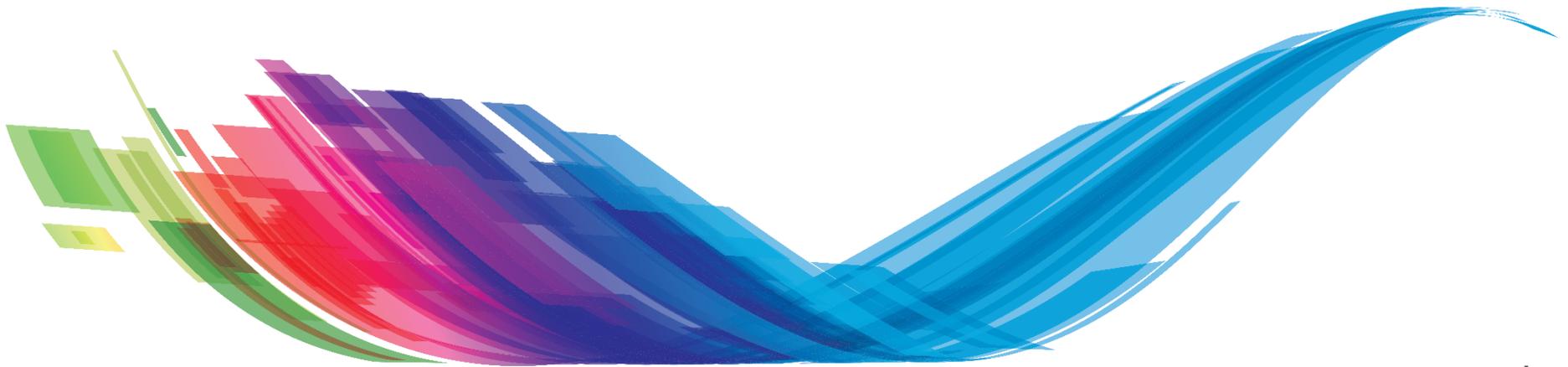
Inventory (\$m and DIO)



Cash and cash equivalents (\$m)



Appendix



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

Underlying reconciliation

For the three months ended 29 June 2018

US\$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations (note I)	Integration costs	Effective interest	Strategic Investments	Underlying basis
Revenue	295,664	–	–	–	–	–	295,664
Cost of sales	(153,808)	506	406	–	–	–	(152,896)
Gross profit	141,856	506	406	–	–	–	142,768
<i>Gross margin %</i>	<i>48.0%</i>						<i>48.3%</i>
SG&A expenses	(38,378)	3,284	4,455	474	–	–	(30,165)
R&D expenses	(78,273)	4,956	2,288	–	–	–	(71,029)
Other operating income	1,022	–	(522)	–	–	–	500
Operating profit	26,227	8,746	6,627	474	–	–	42,074
<i>Operating margin %</i>	<i>8.9%</i>						<i>14.2%</i>
Net finance income	1,897	–	460	–	17	720	3,094
Profit before income taxes	28,124	8,746	7,087	474	17	720	45,168
Income tax expense	(9,691)	1,197	(867)	(100)	(3)	(27)	(9,491)
Profit after income taxes	18,433	9,943	6,220	374	14	693	35,677
Share of loss of associate	(377)	–	–	–	–	–	(377)
Net income (note ii)	18,056	9,943	6,220	374	14	693	35,300
EBITDA (note iii)	n/a						56,699
<i>EBITDA margin %</i>	<i>n/a</i>						<i>19.2%</i>



Underlying reconciliation

For the three months ended 30 June 2017

US\$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations (note i)	Effective interest	Strategic investments	Underlying basis
Revenue	255,515	–	–	–	–	255,515
Cost of sales	(131,756)	394	–	–	–	(131,362)
Gross profit	123,759	394	–	–	–	124,153
Gross margin %	48.4%					48.6%
SG&A expenses	(31,384)	3,731	1,824	–	–	(25,829)
R&D expenses	(72,461)	3,868	1,773	–	–	(66,820)
Other operating income	50	–	–	–	–	50
Operating profit	19,964	7,993	3,597	–	–	31,554
Operating margin %	7.8%					12.3%
Net finance income	3,039	–	–	80	(263)	2,856
Profit before income taxes	23,003	7,993	3,597	80	(263)	34,410
Income tax expense	(5,920)	(591)	(210)	(15)	147	(6,589)
Net income (note ii)	17,083	7,402	3,387	65	(116)	27,821
EBITDA (note iii)	n/a					44,754
EBITDA margin %	n/a					17.5%



Underlying reconciliation

For the six months ended 29 June 2018

US\$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations (note i)	Integration costs	Effective Interest	Strategic Investments	Underlying basis
Revenue	627,819	–	–	–	–	–	627,819
Cost of sales	(332,195)	1,148	2,794	13	–	–	(328,240)
Gross profit	295,624	1,148	2,794	13	–	–	299,579
<i>Gross margin %</i>	<i>47.1%</i>						<i>47.7%</i>
SG&A expenses	(78,493)	7,922	8,126	922	–	–	(61,523)
R&D expenses	(159,178)	10,024	4,601	228	–	–	(144,325)
Other operating income	1,157	–	(364)	–	–	–	793
Operating profit	59,110	19,094	15,157	1,163	–	–	94,524
<i>Operating margin %</i>	<i>9.4%</i>						<i>15.1%</i>
Net finance (expense)/income	(2,541)	–	1,171	–	50	4,256	2,936
Profit before income taxes	56,569	19,094	16,328	1,163	50	4,256	97,460
Income tax expense	(20,328)	1,958	(2,069)	(245)	(9)	206	(20,487)
Profit after income taxes	36,241	21,052	14,259	918	41	4,462	76,973
Share of loss of associate	(749)	–	–	–	–	–	(749)
Net income (note ii)	35,492	21,052	14,259	918	41	4,462	76,224
EBITDA (note iii)	n/a						123,171
<i>EBITDA margin %</i>	<i>n/a</i>						<i>19.6%</i>



Underlying reconciliation

For the six months ended 30 June 2017



US\$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations (note i)	Effective interest	Strategic investments	Underlying basis
Revenue	526,489	–	–	–	–	526,489
Cost of sales	(273,775)	930	–	–	–	(272,845)
Gross profit	252,714	930	–	–	–	253,644
Gross margin %	48.0%					48.2%
SG&A expenses	(63,988)	8,974	3,648	–	–	(51,366)
R&D expenses	(139,721)	8,605	3,541	–	–	(127,575)
Other operating income	50	–	–	–	–	50
Operating profit	49,055	18,509	7,189	–	–	74,753
Operating margin %	9.3%					14.2%
Net finance income	3,285	–	–	175	710	4,170
Profit before income taxes	52,340	18,509	7,189	175	710	78,923
Income tax expense	(12,140)	(3,944)	(420)	(34)	(171)	(16,709)
Net income (note ii)	40,200	14,565	6,769	141	539	62,214
EBITDA (note iii)	n/a					102,194
EBITDA margin %	n/a					19.4%



Consolidated statement of income

	Second quarter		First half	
	Three months ended 29 June 2018 US\$000 (Unaudited)	Three months ended 30 June 2017* US\$000 (Unaudited)	Six months ended 29 June 2018 US\$000 (Unaudited)	Six months ended 30 June 2017* US\$000 (Unaudited)
Revenue	295,664	255,515	627,819	526,489
Cost of sales	(153,808)	(131,756)	(332,195)	(273,775)
Gross profit	141,856	123,759	295,624	252,714
Selling and marketing expenses	(20,695)	(15,818)	(42,307)	(31,563)
General and administrative expenses	(17,683)	(15,566)	(36,186)	(32,425)
Research and development expenses	(78,273)	(72,461)	(159,178)	(139,721)
Other operating income	1,022	50	1,157	50
Operating profit	26,227	19,964	59,110	49,055
Interest income	2,299	1,717	3,911	3,197
Interest expense	(698)	(137)	(1,658)	(257)
Other finance income/(expense), net	296	1,459	(4,794)	345
Profit before income taxes	28,124	23,003	56,569	52,340
Income tax expense	(9,691)	(5,920)	(20,328)	(12,140)
Profit after income taxes	18,433	17,083	36,241	40,200
Share of loss of associate	(377)	–	(749)	–
Net income	18,056	17,083	35,492	40,200
Attributable to:				
– Shareholders in the Company	18,056	17,670	35,492	40,953
– Non-controlling interests	–	(587)	–	(753)
Net income	18,056	17,083	35,492	40,200
Earnings per share (US\$)				
Basic	0.24	0.24	0.48	0.55
Diluted	0.23	0.23	0.46	0.52
Weighted average number of shares (in thousands)				
Basic	73,874	74,736	73,791	75,038
Diluted	77,941	78,120	77,970	78,681

* Certain product development costs have been reclassified from cost of sales to research and development expenses (see note 1).



Business segment breakdown



Underlying US\$ millions	Revenue			Operating profit/(loss)			Operating margin	
	Q2 2018	Q2 2017	Change	Q2 2018	Q2 2017	Change	Q2 2018	Q2 2017
Mobile Systems	189.8	181.7	+4%	30.3	30.7	-1%	15.9%	16.9%
Connectivity	36.3	32.4	+12%	5.3	4.6	+15%	14.6%	14.2%
Automotive & Industrial	9.5	9.1	+4%	3.8	3.8	-2%	39.6%	42.0%
Advanced Mixed Signal	60.1	30.6	+96%	10.5	3.3	+214%	17.5%	10.9%
Total segments	295.7	253.8	+16%	49.9	42.4	+17%	16.8%	16.7%
Corporate activities	-	1.7	-100%	(7.8)	(10.8)	-29%		
Total Group	295.7	255.5	+16%	42.1	31.6	+33%	14.2%	12.3%

Underlying US\$ millions	Revenue			Operating profit/(loss)			Operating margin	
	H1 2018	H1 2017	Change	H1 2018	H1 2017	Change	H1 2018	H1 2017
Mobile Systems	429.8	386.1	+11%	84.5	78.0	+8%	19.7%	20.2%
Connectivity	68.3	59.0	+16%	5.7	5.4	+5%	8.3%	9.2%
Automotive & Industrial	18.9	17.1	+11%	7.5	6.9	+9%	39.9%	40.4%
Advanced Mixed Signal	110.8	59.9	+85%	15.0	5.0	+202%	13.6%	8.3%
Total segments	627.8	522.1	+20%	112.7	95.3	+18%	18.0%	18.3%
Corporate activities	-	4.4	-100%	(18.2)	(20.6)	-12%		
Total Group	627.8	526.5	+19%	94.5	74.8	+26%	15.1%	14.2%

Consolidated balance sheet

	As at 29 June 2018 US\$000 (Unaudited)	As at 31 December 2017* US\$000 (Audited)
Assets		
Cash and cash equivalents	537,473	479,295
Trade and other receivables	74,966	78,186
Other current financial assets	53	6,649
Inventories	134,084	168,947
Income tax receivables	9,215	12,739
Other current assets	21,516	14,656
Total current assets	777,307	760,472
Goodwill	439,508	439,508
Other intangible assets	230,066	235,637
Property, plant and equipment	84,024	83,870
Investment in associate	374	1,100
Other investments	33,063	46,155
Other non-current financial assets	2,061	2,090
Other non-current assets	525	503
Deferred tax assets	874	7,451
Total non-current assets	790,495	816,314
Total assets	1,567,802	1,576,786
Liabilities and equity		
Trade and other payables	84,313	107,195
Other current financial liabilities	22,794	16,041
Provisions	3,972	3,474
Income taxes payable	3,598	13,356
Other current liabilities	51,231	59,619
Total current liabilities	165,908	199,685
Non-current financial liabilities	1,752	17,378
Provisions	2,967	3,725
Deferred tax liabilities	2,398	4,017
Other non-current liabilities	10,480	9,560
Total non-current liabilities	17,597	34,680
Ordinary shares	14,204	14,204
Share premium account	403,660	403,660
Retained earnings	973,772	915,482
Other reserves	(6,524)	9,977
Dialog shares held by employee benefit trusts	(815)	(902)
Total equity	1,384,297	1,342,421
Total liabilities and equity	1,567,802	1,576,786



Consolidated cash flow statement

	Second quarter		First half	
	Three months ended 29 June 2018 US\$000 (Unaudited)	Three months ended 30 June 2017* US\$000 (Unaudited)	Six months ended 29 June 2018 US\$000 (Unaudited)	Six months ended 30 June 2017* US\$000 (Unaudited)
Cash flows from operating activities				
Net income	18,056	17,083	35,492	40,200
Non-cash items within net income:				
– Depreciation of property, plant and equipment	8,043	7,593	15,936	15,007
– Amortisation of intangible assets	12,239	9,204	24,025	19,623
– Addition to inventory reserve, net	1,265	1,097	2,168	247
– Share-based compensation expense	9,449	8,574	20,618	17,453
– Other non-cash items	(50)	(48)	3,796	(3,092)
Interest income, net	(1,601)	(1,581)	(2,253)	(2,941)
Income tax expense	9,691	5,920	20,328	12,140
Cash generated from operations before changes in working capital	57,092	47,842	120,110	98,637
Changes in working capital:				
– (Increase)/decrease in trade and other receivables	(8,959)	(8,059)	3,220	35,650
– Decrease/(increase) in inventories	2,658	(61,352)	32,695	(44,420)
– Increase in prepaid expenses	(341)	(456)	(5,754)	(1,706)
– Increase/(decrease) in trade and other payables	3,639	47,354	(22,888)	28,834
– (Decrease)/increase in provisions	(38)	185	(759)	(572)
– Change in other assets and liabilities	(932)	(13,433)	(6,521)	(7,515)
Cash generated from operations	53,119	12,081	120,103	108,908



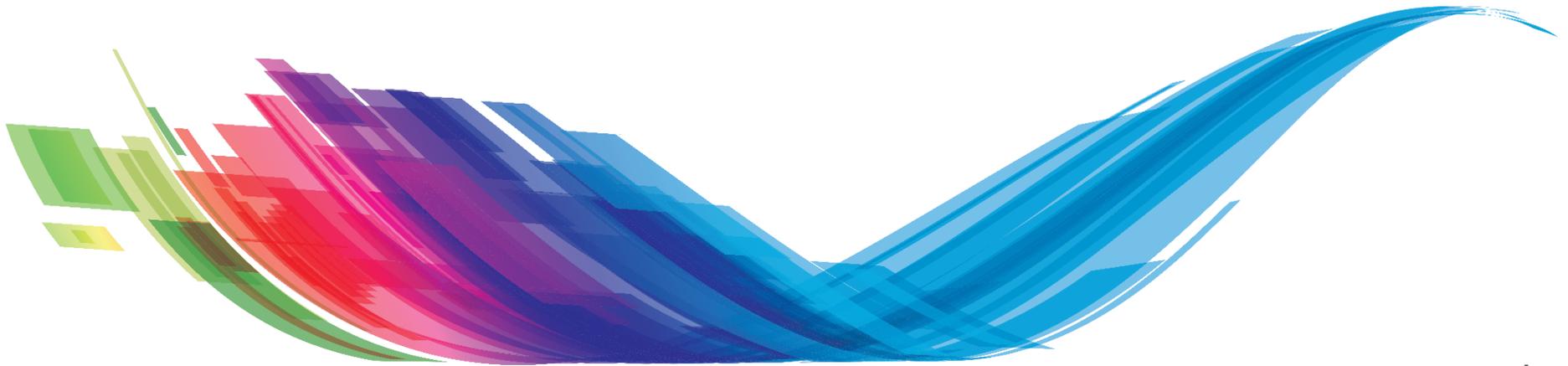
Cash flow statement - continued

	Second quarter		First half	
	Three months ended 29 June 2018 US\$000 (Unaudited)	Three months ended 30 June 2017* US\$000 (Unaudited)	Six months ended 29 June 2018 US\$000 (Unaudited)	Six months ended 30 June 2017* US\$000 (Unaudited)
Cash generated from operations	53,119	12,081	120,103	108,908
Interest paid	(132)	(105)	(281)	(225)
Interest received	1,945	1,494	3,102	2,974
Income taxes received/(paid)	706	6,254	(17,637)	8,625
Cash flow from operating activities	55,638	19,724	105,287	120,282
Cash flows from investing activities				
Purchase of property, plant and equipment	(7,729)	(9,992)	(16,783)	(16,168)
Purchase of intangible assets	(1,462)	(1,514)	(3,238)	(2,354)
Payment of consideration for Silego	(607)	–	(11,611)	–
Payments for capitalised development costs	(9,100)	(6,031)	(15,219)	(12,243)
Sale of other investments	–	1,263	–	1,263
Increase in other long-term assets	(57)	(25)	(83)	(775)
Cash flow used for investing activities	(18,955)	(16,299)	(46,934)	(30,277)
Cash flows from financing activities				
Purchase of own shares into treasury	–	(83,385)	–	(125,027)
Currency hedges on share buyback obligation	–	648	–	1,227
Capital element of finance lease and hire purchase payments	(832)	(1,218)	(1,650)	(2,696)
Purchase of shares by employee benefit trusts	–	–	–	(24,301)
Sale of shares by employee benefit trusts	207	1,365	1,486	5,986
Issue of shares by a subsidiary to non-controlling interests	–	–	–	1,107
Share issue costs	–	(27)	–	(27)
Cash flow used for financing activities	(625)	(82,617)	(164)	(143,731)
Net cash inflow/(outflow) during the period	36,058	(79,192)	58,189	(53,726)
Cash and cash equivalents at beginning of period	501,189	722,808	479,295	697,167
Currency translation differences	226	17	(11)	192
Cash and cash equivalents at end of period	537,473	643,633	537,473	643,633

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



Business appendix



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

Market estimates

Audio Codec

1%
2016-2020 CAGR



Source: Gartner 2017, IDC 2016, Dialog internal.

PMICs and Charger ICs

3%
2016-2020 CAGR



Source: Gartner 2017, IDC 2016, Dialog internal.

Bluetooth® low energy

26%
2016-2020 CAGR



Source: IHS Technology Q3 2017 Report, 26 October 2017.

Wireless, USB audio

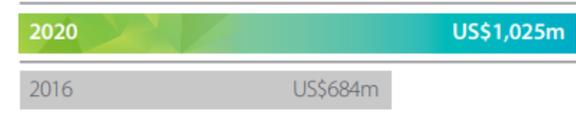
30%
2016-2020 CAGR



Source: Future source (October 2017), Dialog internal.

AC/DC converters

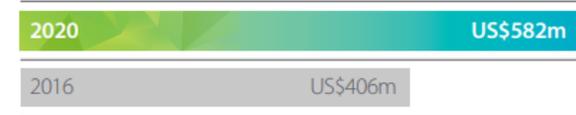
11%
2016-2020 CAGR



Source: Gartner 2017, IDC 2016, Dialog internal.

LED SSL and LED Backlight

9%
2016-2020 CAGR



Source: Gartner 2017, IDC 2016, Dialog internal.



At a glance – Q2 2018

Revenue
+16% YoY

\$296m

(Q2 2017: \$256m)

Underlying gross margin
+30bps YoY

48.3%

(Q2 2017: 48.6%)

Underlying OPEX %
-210bps YoY

34.2%

(Q2 2017: 36.3%)

Underlying EBIT %
+190bps YoY

14.2%

(Q2 2017: 12.3%)

Underlying diluted EPS
25% YoY

45 cents

(Q2 2017: 36 cents)

Cash from operating activities
+182% YoY

\$56m

(Q2 2017: \$20m)

Reconciliation to underlying measures – slides 17 and 18



At a glance – H1 2018

Revenue
+19% YoY

\$628m

(H1 2017: \$527m)

Underlying gross margin
-50bps YoY

47.7%

(H1 2017: 48.2%)

Underlying OPEX %
-120bps YoY

32.8%

(H1 2017: 34.0%)

Underlying EBIT %
+90bps YoY

15.1%

(H1 2017: 14.2%)

Underlying diluted EPS
+23% YoY

98 cents

(H1 2017: 80 cents)

Cash from operating activities
-12% YoY

\$105m

(H1 2017: \$120m)

Reconciliation to underlying measures – slides 19 and 20

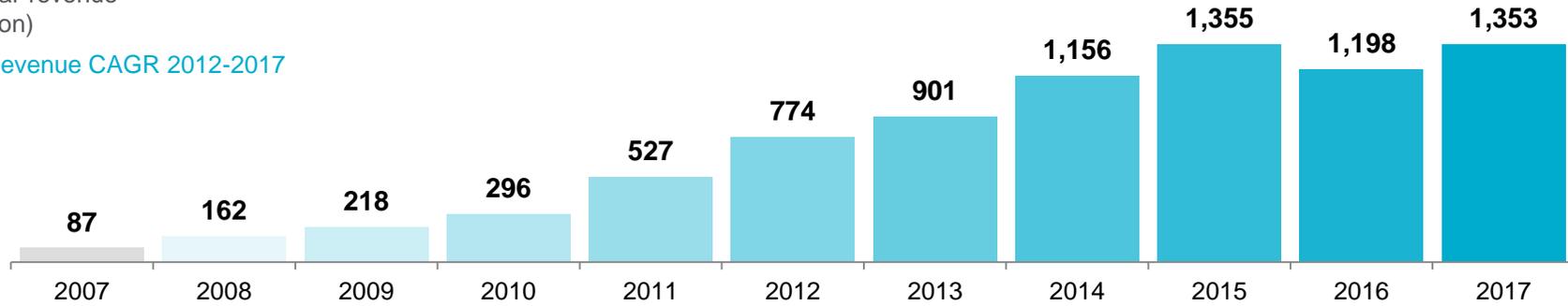


Revenue – Historical data

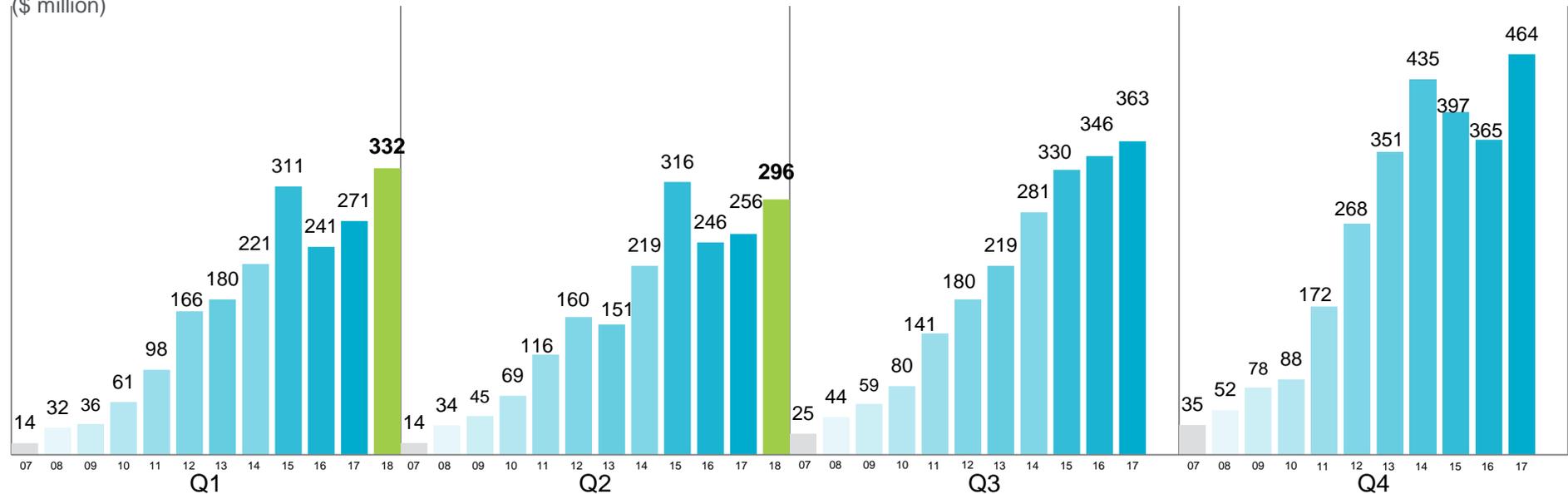
Q2 2018 revenue of \$296 million, up 16% year-on-year.

Full year revenue
(\$ million)

12% Revenue CAGR 2012-2017



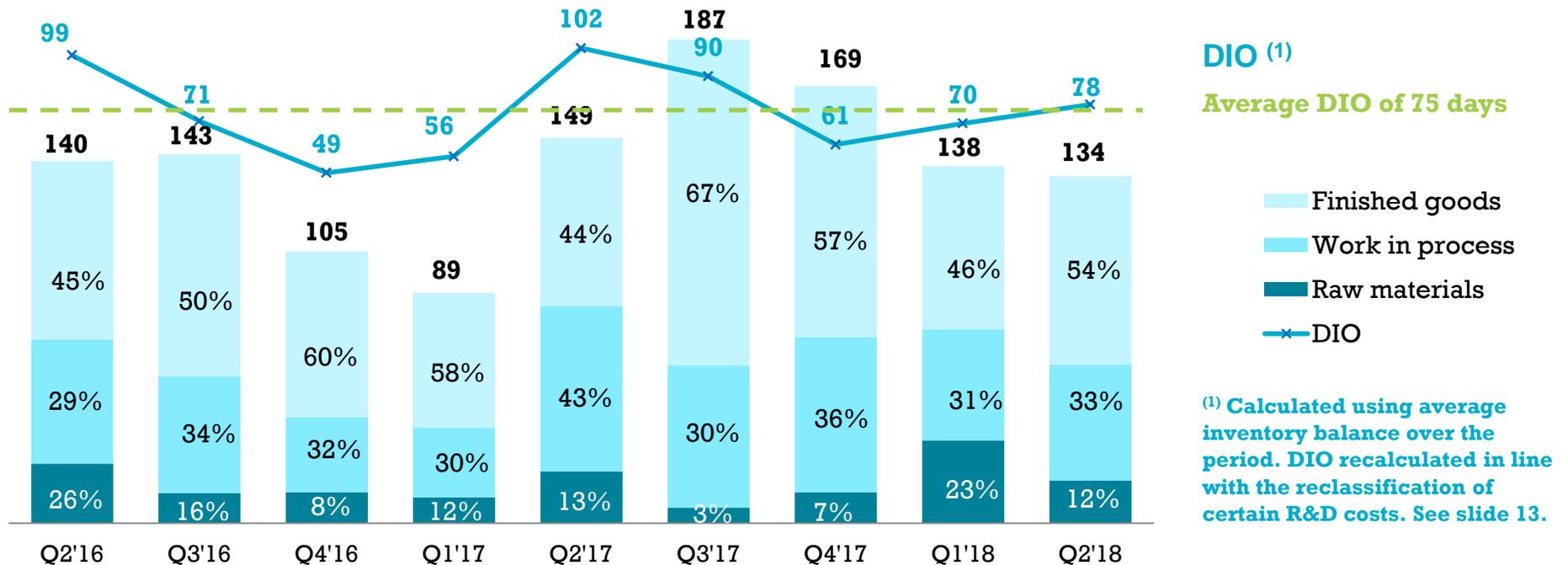
Quarterly revenue
(\$ million)



Effective inventory management

- At the end of Q2 2018 inventory value was up down 3% from Q1 2018 and DIO increased 8 days.
- In Q3 2018 we expect inventory value and DIO to increase from Q2 2018.

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



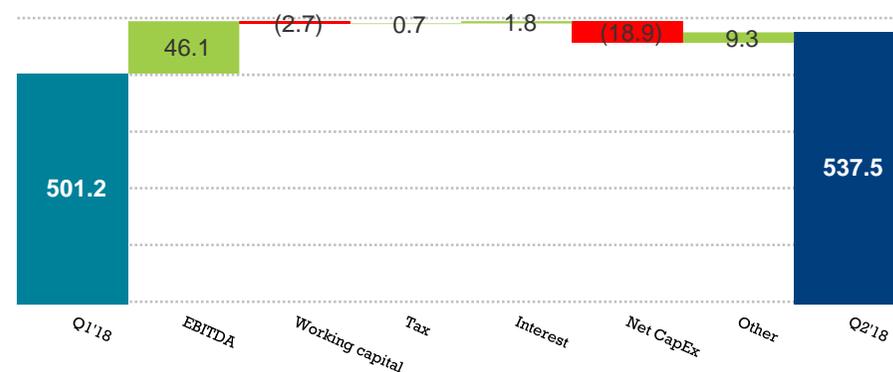
Strong cash flow generation

- \$537 million cash and cash equivalents balance at 29 June 2018
- Q2 2018 cash flow from operating activities of \$56 million, almost doubled Q2 2017:
 - Working capital movements
 - Higher income tax payments
- Q2 2018 free cash flow at \$37 million, significantly higher than Q2 2017 (Q2 2017: \$1 million) mainly due to the higher cash flow from operating activities.

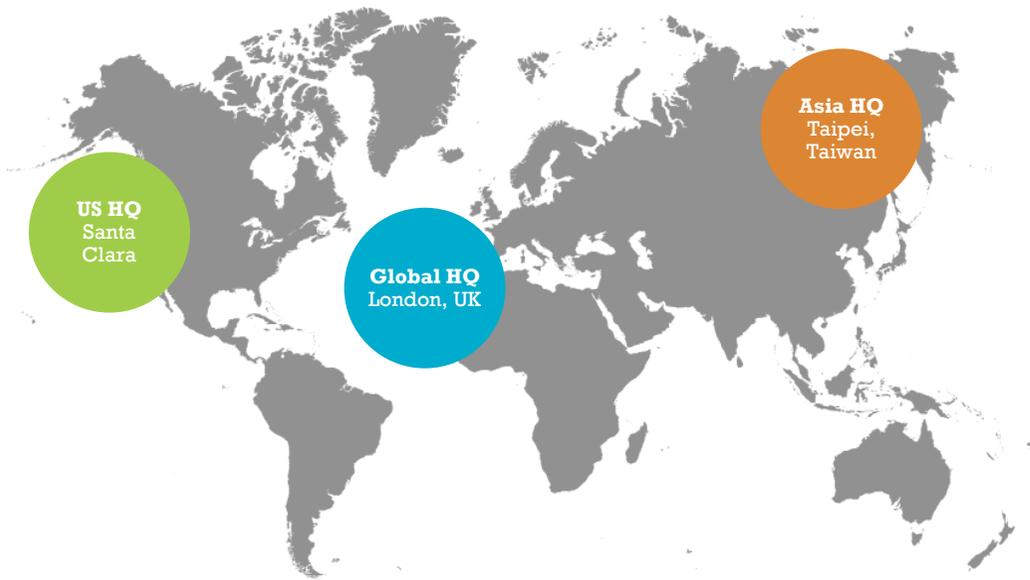
Cash and cash equivalents (\$m)



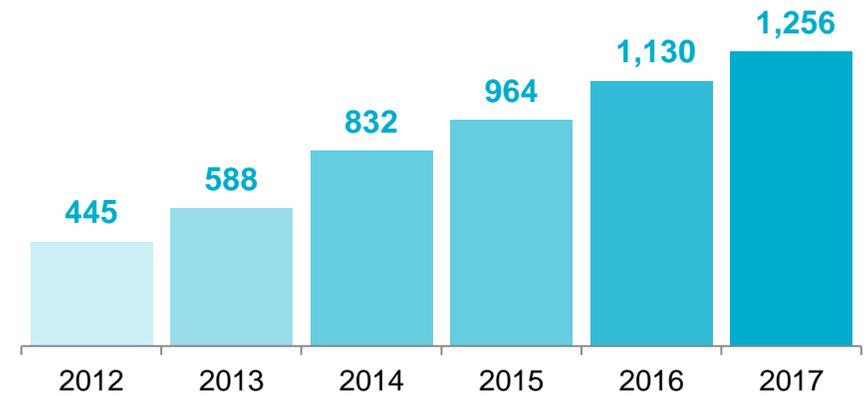
Cash flow bridge from Q1'18 (\$m)



A global R&D organisation



Average headcount – Research and Development



Q2 2018

Total employees

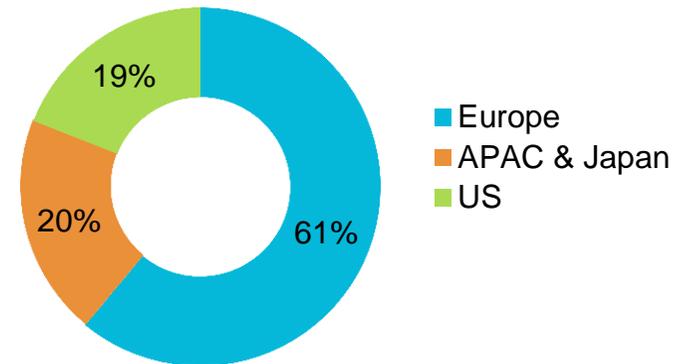
~2,100

Engineering functions¹

~75%

¹ R&D and Manufacturing.

Regional split

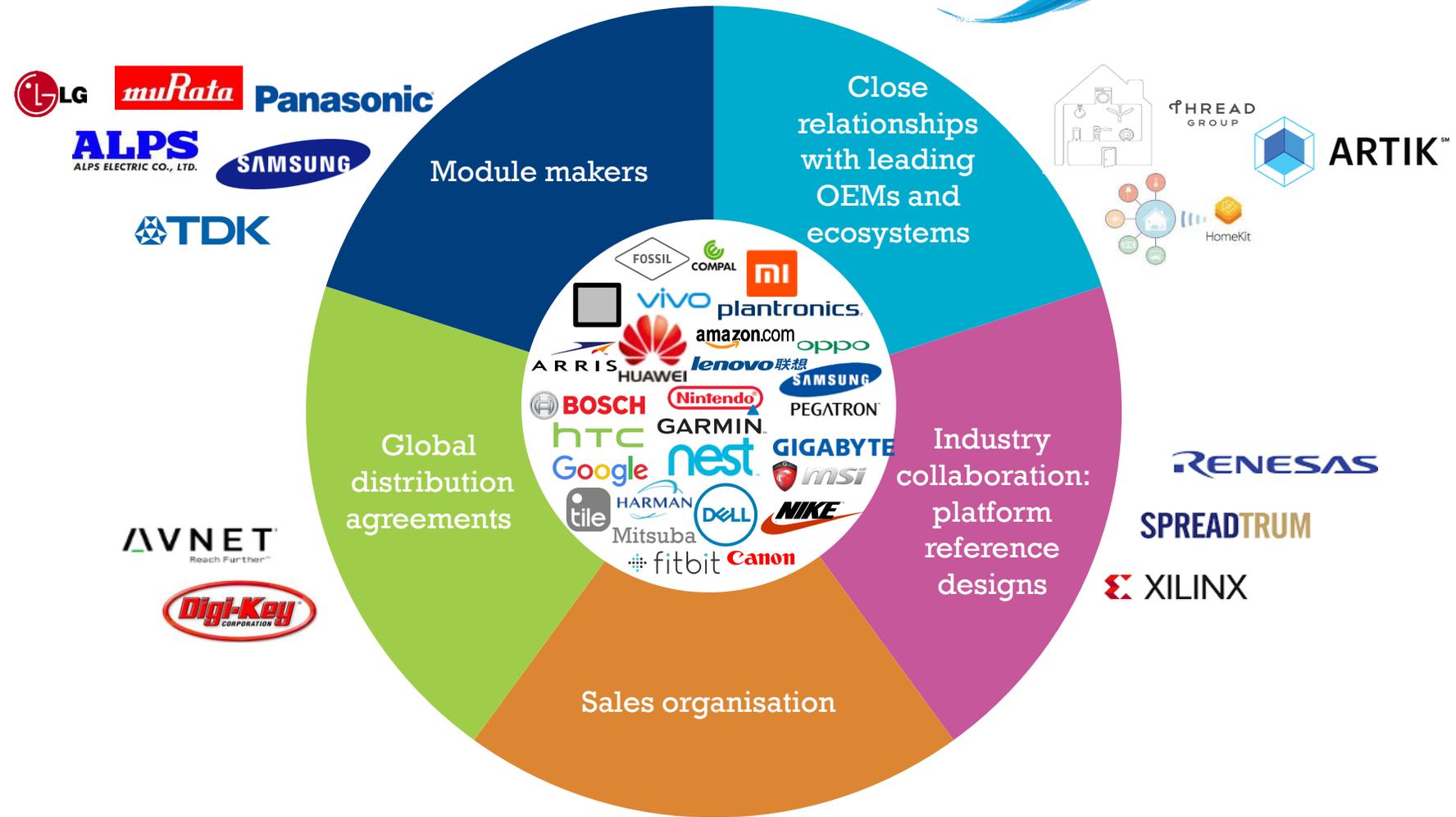


Added value for our customers

	Mobile	IoT and peripherals	Automotive	Industrial
Value for our customers	<p>High integration, low power and fast go-to-market</p> <ul style="list-style-type: none"> High power density AC/DC solutions Digital enabled solutions Broad support of fast charge protocols 	<p>Low latency wireless audio</p> <ul style="list-style-type: none"> High-performance and reduced component count LED solutions 	<p>High power efficiency</p> <ul style="list-style-type: none"> High-performance and reduced component count LED solutions 	
Key market trends	<p>Low power, high rate of data processing and data transmission</p> <ul style="list-style-type: none"> Short design cycles Governments regulating higher power efficiency and lower standby power 	<p>Industry increase in “always-on” applications.</p> <ul style="list-style-type: none"> Increase in power-efficient, feature-rich wireless audio applications. Low latency wireless audio. 	<p>Increasing adoption of standard technologies</p> <ul style="list-style-type: none"> Electrification of cars Acceleration of mobile technology into the automotive space. 	
Examples of design wins	 	 	 	



Multi-channel sales strategy - IoT



Mobile Systems

2017 estimated market share

 ~15%²

Market estimates CAGR 2016-2020¹

 3%  1%

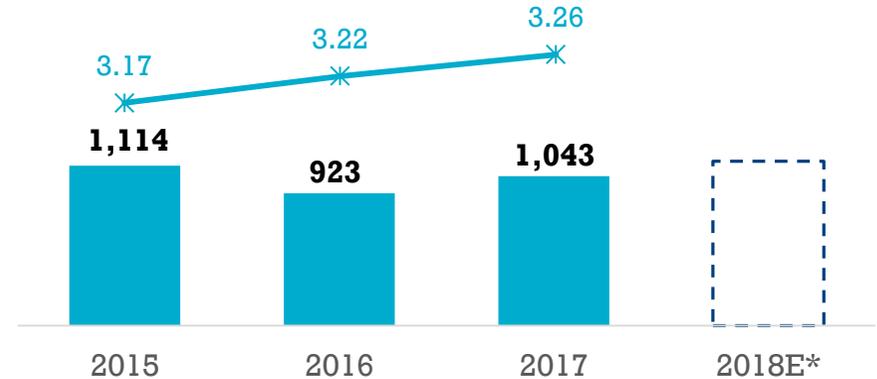
- Broad R&D engagement with largest customer:
 - Design wins targeting 2019 and later production ramp;
 - Opportunities outside of power management.
- Increased content per device.
- Revenue stream with solid underlying profitability.
- Extended product portfolio, and platform reference designs in Mobile computing and Automotive.

¹ Sources and market estimates on slide 26.

² IDC Quarterly Worldwide Mobile Phone Tracker,

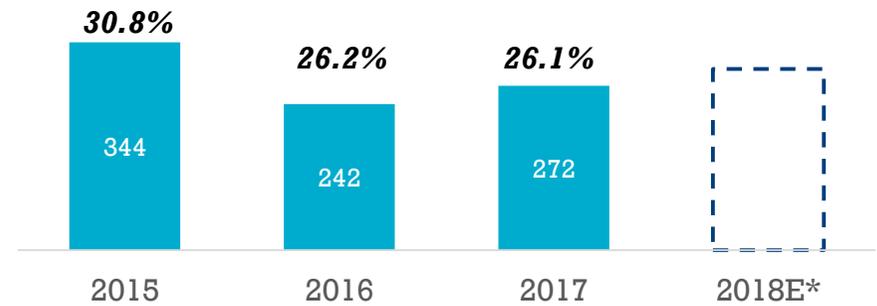
<https://www.idc.com/promo/smartphone-market-share/vendor>, 215.8 million units / 1.46 billion units.

Full year revenue \$m and content per device \$



* 2018E not drawn to scale

Full year underlying EBIT \$m and %



* 2018E not drawn to scale



Opportunity outside of Mobile Systems

2017 estimated market share and ranking



Market estimates CAGR 2016-2020¹



- Diversified revenue stream in growing markets where Dialog maintains a strong market share with innovative and differentiated technologies.
- Growing revenue and increased underlying operating margin.

¹ Sources and market estimates on slide 26.

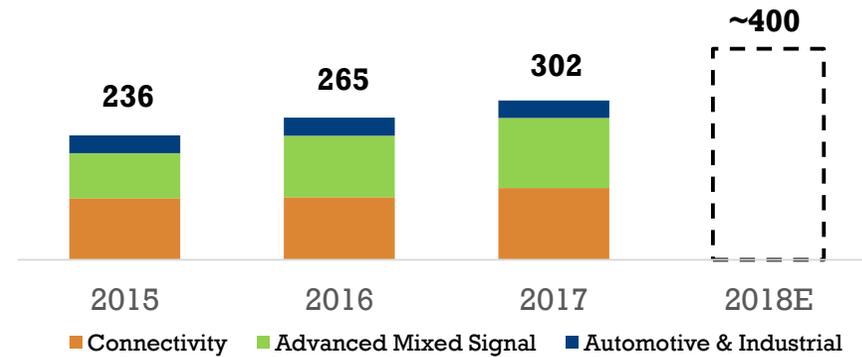
² Rapid charge for smartphones.

³ Competition from discrete components suppliers.

⁴ Revenue CAGR 2018-2019 communicated on 5 October 2017, Acquisition of Silego Technology, slide 5.

Full year revenue \$m

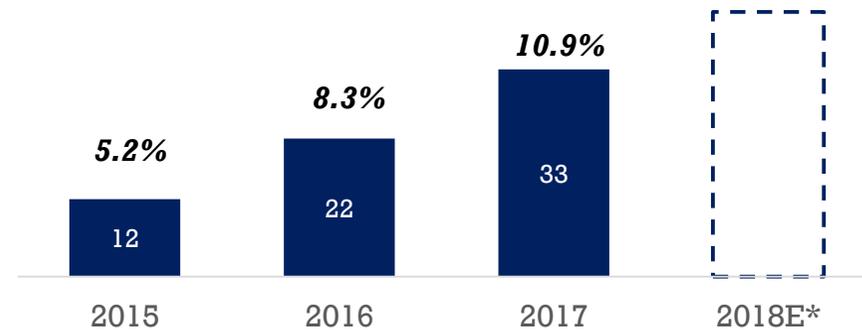
19% CAGR 2015-2018E



2018E includes the acquisition of Silego Technology Inc. in November 2017

Full year combined underlying EBIT \$m and %

64% CAGR 2015-2017



* 2018E not drawn to scale





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	Frédéric Yoboué
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	Robin Brass
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

Q3 2018 – 31 October 2018

Key Events

London roadshow

2 August 2018

Commerzbank Conference – Frankfurt

30 August 2018

DB EMEA TMT – London

7 September 2018

DB Global TMT – Las Vegas

12 September 2018

Baader Bank Conference – Munich

24 September 2018

Morgan Stanley TMT – Barcelona

14-16 November 2018

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