



# Dialog Semiconductor Long-Term Financial Targets Update

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# Forward Looking Statement

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.

# Long-Term Financial Targets Update

Increased underlying gross and operating margins

- Dialog Semiconductor anticipates meaningful improvement in both, underlying gross and operating margins as a result of:
  - Extending its power-efficient mixed-signal product portfolio in IoT, Industrial, Automotive and Computing;
  - Portfolio mix shift away from legacy main PMIC products to diverse markets and ASSP products; and
  - Further savings in manufacturing and operational costs.
- Dialog's growth strategy is focused on fast-growing segments of the IoT, Mobile, Industrial, Automotive and Computing markets, where the Company sees significant opportunities to drive high-performance mixed-signal IC leadership.
- Dialog has ample financial flexibility to pursue its growth strategy, including value enhancing M&A, while maintaining a healthy balance sheet and consistent return of capital to shareholders through share buybacks.

# Long-Term Financial Targets Update

	CMD Nov-2018	Nov-2019	
Revenue growth (excluding licensed business) <sup>1</sup>	Mid-teens %	Mid-teens %	Multiple long-term growth drivers in target markets
Gross Margin <sup>2</sup>	47% to 48%	50% to 53%	<b>Expanding gross margin</b>
R&D% <sup>2</sup>	17% to 19%	18% to 20%	<b>Focused R&amp;D investment in target markets</b>
SG&A% <sup>2</sup>	8% to 10%	8% to 10%	Expanding global sales and distribution
Operating Margin <sup>2</sup>	18% to 23%	20% to 25%	<b>Target margin expansion</b>
Effective Tax Rate	19% to 20%	19% to 20%	Gradual reduction

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

<sup>2</sup> Total group underlying. Underlying measures in this slide are non-IFRS measures. Our use of underlying measures is explained on pages 156 to 161 of our 2018 Annual Report and Accounts



# Capital Allocation Framework

## 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

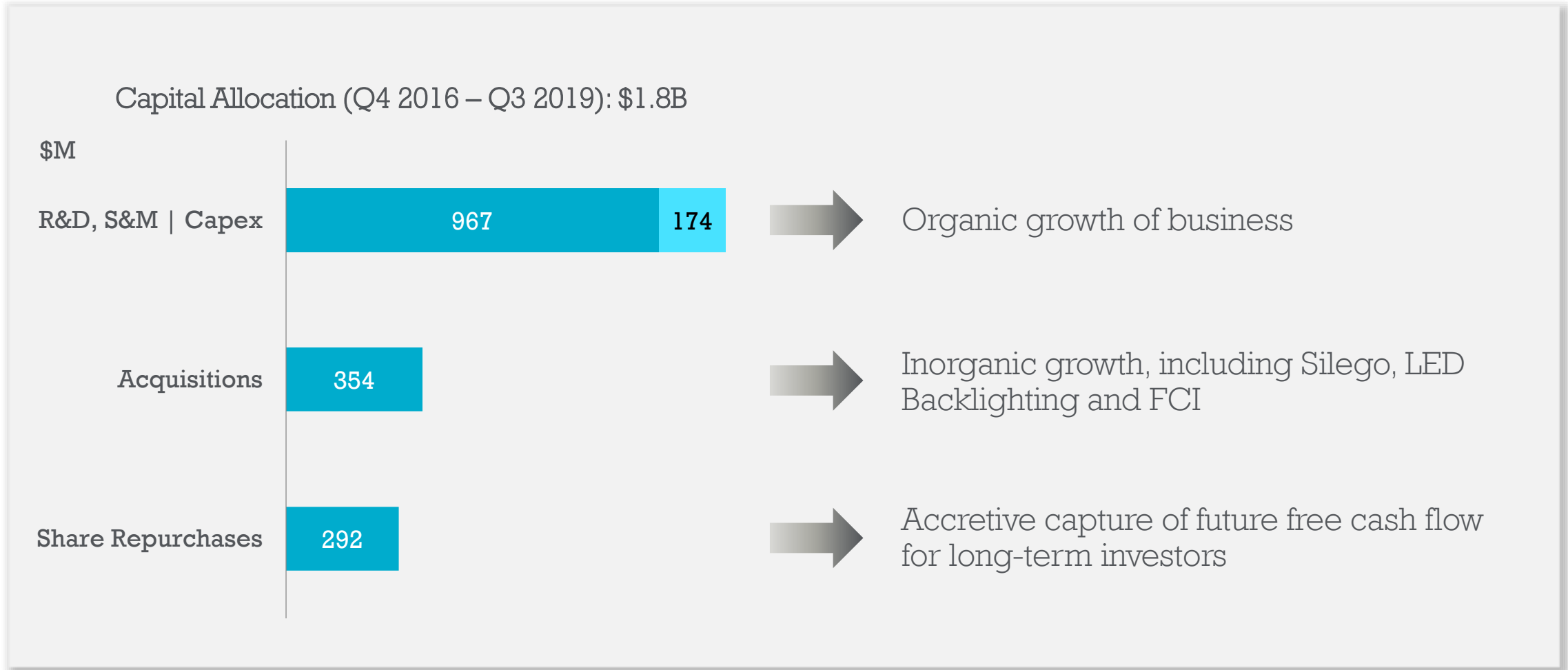
- Gross Margin
- Operating Expense
- Working Capital

### Capital Return

- Consistent return of capital through share buybacks
- Announced a share buyback tranche of between €125M and €150M in June 2019

# Last Three Years of Capital Allocation

Framework Designed To Drive Long-Term Shareholder Value





# Powering the Smart Connected Future

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