

Corporate news

Dialog Semiconductor to Acquire Creative Chips adding Industrial IoT Products to its Portfolio

New acquisition establishes Dialog as a mixed-signal semiconductor supplier into the fast-growing Industrial Internet of Things (IIoT) market

London, United Kingdom – October 7, 2019 – [Dialog Semiconductor plc](#) (XETRA:[DLG](#)), a leading provider of power management, charging, AC/DC power conversion, Wi-Fi and Bluetooth® low energy technology, today announced it has signed a definitive agreement to acquire Creative Chips GmbH, a prominent supplier of Integrated Circuits (ICs) to the Industrial Internet of Things (IIoT) market.

Headquartered in Bingen close to Frankfurt, Germany, with an additional design center in Dresden, Creative Chips is a fabless semiconductor company with a growing IC business supplying a broad portfolio of industrial Ethernet and other mixed-signal products to top-tier, blue-chip manufacturers of industrial and building automation systems. The technology is optimized to efficiently connect large numbers of IIoT sensors to industrial networks. Building on its long-established custom IC business, Creative Chips is also developing a range of highly complementary standard IO-Link IC products, driving broader connectivity in the Industry 4.0 revolution.

The new acquisition is strategic for Dialog to establish itself as a proven supplier, well-positioned to capture the significant growth potential of the Industrial IoT market. It also provides Dialog with a rich portfolio of core IC products and a broad library of relevant analog, digital and RF technologies. The acquisition includes the addition of an experienced engineering team with a wealth of unique skills that, when combined with Dialog's worldwide engineering, marketing and sales teams, will accelerate IC sales on a global basis.

Both companies operate well-established fabless semiconductor business models with a focus on mixed-signal products and technology. With Dialog's global scale, operations, product development and extensive IC technology resources, the combined companies are strongly positioned to quickly address opportunities in the IIoT market.

"The acquisition of Creative Chips is instrumental for Dialog, giving it a strong foothold in the Industrial IoT market, while still highly complementary to Dialog's current mixed-signal business," said Jalal Bagherli, CEO of Dialog. "The addition of Creative Chips and its team of highly experienced and talented engineers will help to further diversify Dialog's product revenues, customer base and end markets by extending our reach in the industrial sector in addition to strengthening our automotive offering. We look forward to welcoming the whole team to Dialog."

With Creative Chips, Dialog gains an impressive set of top-tier industrial customers with trusted relationships that have been built over the course of nearly 20 years. This will extend Dialog's global sales reach of its existing wireless low power connectivity, configurable mixed-signal and power management ICs while establishing a key strategic building block for Dialog to realize its larger ambitions in the Industry 4.0 market.

Creative Chips is expected to generate revenues of approximately \$20 million in calendar year 2019 with revenue growth of over 25% per annum anticipated over the next few years. The acquisition will be funded from Dialog's balance sheet for a cash payment of approximately \$80 million, with an additional contingent consideration of up to \$23 million, based on future revenue targets in 2020 and 2021.

The transaction is expected to close in the fourth quarter of 2019.

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For further information please contact:

Investor Relations Contacts:

Jose Cano
Head of Investor Relations
Dialog Semiconductor
Phone: +44 (0)1793 756 961
jose.cano@diasemi.com

Matt Dixon
FTI Consulting London
Phone: +44 (0)2037 271 137
matt.dixon@fticonsulting.com

Anja Meusel
FTI Consulting Frankfurt
Phone: +49 (0)69 9203 7120
anja.meusel@fticonsulting.com

Media Contacts:

Mark Tyndall
SVP Corporate Development & Strategy
Dialog Semiconductor
Phone: +1 (408) 845 8520
mark.tyndall@diasemi.com
Web: www.dialog-semiconductor.com
Twitter: [@DialogSemi](https://twitter.com/DialogSemi)

About Dialog Semiconductor

Dialog Semiconductor is a leading provider of integrated circuits (ICs) that power mobile devices and the Internet of Things. Dialog solutions are integral to some of today's leading mobile devices and the enabling element for increasing performance and productivity on the go. From making smartphones more power efficient and shortening charging times, enabling home appliances to be controlled from anywhere, to connecting the next generation of wearable devices, Dialog's decades of experience and world-class innovation help manufacturers get to what's next.

Dialog operates a fabless business model and is a socially responsible employer pursuing many programs to benefit the employees, community, other stakeholders and the environment it operates in. Dialog Semiconductor plc is headquartered in London with a global sales, R&D and marketing organization. In 2018, it had approximately \$1.44 billion in revenue and is consistently one of the fastest growing European public semiconductor companies. It currently has approximately 2,100 employees worldwide. The company is listed on the Frankfurt (FWB: DLG) stock exchange (Regulated Market, Prime Standard, ISIN GB0059822006) and is a member of the German TecDax index.

For more information, visit www.dialog-semiconductor.com.

Forward Looking Statements

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.