

Press release – July 22, 2019

Dialog Semiconductor - Update on organisational structure and segment information

London, UK, July 22, 2019 – Dialog Semiconductor Plc (XETRA: DLG), a provider of highly integrated power management, Configurable Mixed-signal IC, AC/DC, solid state lighting and Bluetooth® low energy wireless technology, today updates on its organisational structure and segment information in support of its long-term growth strategy.

The Group's organisational structure has been updated to support our growth strategy and the transformation of our business over the coming years. These changes align with our focused R&D approach and pursuit of business opportunities in high-growth segments of our target end-markets – IoT, Mobile, Automotive and Computing & Storage. Our entrepreneurial culture and deep expertise in power efficient mixed-signal ICs, expanding customer base, and disciplined capital allocation will help us drive the next phase of growth and create value for shareholders.

Organisational changes

We have reduced the number of reporting segments from four to three: Custom Mixed Signal (CMS), Advanced Mixed Signal (AMS) and Connectivity & Audio (C&A); previously Mobile Systems, Advanced Mixed Signal, Connectivity and Automotive & Industrial. The following table summarises the segment changes:

Previous Reporting Segments	Changes (+/-)	New Reporting Segments
Mobile Systems	+ Custom Automotive Motor Control ICs – ASSP PMICs/Charging – Audio	Custom Mixed Signal (CMS)
Advanced Mixed Signal	+ ASSP PMICs/Charging + Industrial Lighting	Advanced Mixed Signal (AMS)
Connectivity	+ Audio	Connectivity and Audio (C&A)
Automotive and Industrial	– Custom Automotive Motor Control ICs – Industrial Lighting	----

In support of our growth strategy and the transformation of our business over the coming years, Dialog has made the following changes to its Management Team:

- Vivek Bhan, previously SVP, Engineering has been appointed Senior Vice President (SVP) and General Manager, Custom Mixed Signal business group taking over from Udo Kratz who retired at the end of April 2019;
- Tom Sandoval, previously SVP, Worldwide Sales has been appointed SVP Automotive and will coordinate the Group's effort into the automotive end-market; and
- John Teegen, previously VP, Configurable Mixed Signal business unit, has been appointed SVP, Worldwide Sales.

Additionally, Alex McCann joined the Group in May 2019 as SVP, Global Operations, bringing over twenty years of semiconductor global operations experience to his new role. Most recently, Alex was VP, LTC Operations and Integration Chair at Analog Devices Inc (which acquired Linear Technology Corporation (LTC) where Alex was Chief Operating Officer). Alex took over from Mohamed Djadoudi who retired at the end of June 2019. Davin Lee and Sean McGrath remain in their current roles as SVP and General Manager, Advanced Mixed Signal and SVP and General Manager, Connectivity & Audio, respectively.

Change in basis of segment information

At the same time as we made the organisational changes, the Management Team changed its focus from IFRS measures to underlying measures as the principal basis for allocating resources to and assessing the financial performance of the Group's businesses. Underlying revenue is therefore the measure of segment revenue and underlying operating profit/loss the measure of segment profit/loss that is now presented in the Group's segment disclosures.

Underlying revenue and underlying operating profit/loss are non-IFRS measures. Our use of non-IFRS measures is explained on pages 156 to 161 of our 2018 Annual Report and Accounts. We do not regard non-IFRS measures as a substitute for, or superior to, the equivalent IFRS measures. Non-IFRS measures presented by Dialog may not be directly comparable with similarly-titled measures used by other companies.

Restated segment information

Segment information restated to reflect these organisational and measurement changes for 2017 and 2018, for Q1/Q2/Q3/Q4 2018 and for Q1 2019, is shown in Table 1 and Table 2 on page 2 of this Press Release and is available on our website in pdf and excel format:

<https://www.dialog-semiconductor.com/organisational-update>

The Group's results for 2017 and 2018, for Q1/Q2/Q3/Q4 2018 and for Q1 2019 remain unchanged.

Dialog will publish its results for Q2 and H1 2019 on July 30, 2019, including segment information presented in accordance with its new reporting structure and on an underlying basis. Analyst and investor call details are available on our website:

https://www.dialog-semiconductor.com/sites/default/files/dialog_semiconductor_-_q2_2019_call_invite_-_eng_.pdf

Press release – July 22, 2019 continued

Table 1: Underlying revenue by segment (unaudited)

	Underlying revenue ¹					Underlying revenue ¹	
	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended	Year ended	Year ended
	30 March 2018	29 June 2018	28 September 2018	31 December 2018	29 March 2019	31 December 2017	31 December 2018
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Custom Mixed Signal	245,402	194,538	274,534	327,845	211,605	1,059,603	1,042,319
Advanced Mixed Signal	53,926	63,651	66,265	60,694	50,898	147,603	244,536
Connectivity & Audio	32,819	37,467	42,734	40,984	32,376	137,834	154,004
Total segments	332,147	295,656	383,533	429,523	294,879	1,345,040	1,440,859
Corporate and other unallocated items	8	8	41	1,222	7	7,801	1,279
Total Group	332,155	295,664	383,574	430,745	294,886	1,352,841	1,442,138

1 Revenue is from sales to external customers (there were no inter-segment sales)

Table 2: Underlying operating profit by segment (unaudited)

	Underlying operating profit/(loss)					Underlying operating profit/(loss)	
	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended	Year ended	Year ended
	30 March 2018	29 June 2018	28 September 2018	31 December 2018	29 March 2019	31 December 2017	31 December 2018
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Custom Mixed Signal	60,515	37,558	72,027	97,489	44,945	296,236	267,589
Advanced Mixed Signal	3,028	8,175	9,040	6,511	1,008	(1,326)	26,754
Connectivity & Audio	(618)	4,081	5,590	4,584	5,019	9,740	13,637
Total segments	62,925	49,814	86,657	108,584	50,972	304,650	307,980
Corporate and other unallocated items	(10,475)	(7,740)	(2,977)	(5,160)	(3,821)	(45,192)	(26,352)
Total Group	52,450	42,074	83,680	103,424	47,151	259,458	281,628

Table 3: Reconciliation of underlying measures to equivalent IFRS measures (unaudited)

Underlying performance measures exclude specific items of income or expense that are recognised in profit or loss reported in accordance with IFRS that we consider hinder comparison of the financial performance of our businesses from one period to another, with each other or with other similar businesses.

During the periods for which restated segment information is provided, there were no differences between underlying revenue and revenue reported in accordance with IFRS. We present reconciliations of underlying operating profit to operating profit reported in accordance with IFRS for each of those periods in the table below.

	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended	Year ended	Year ended
	30 March 2018	29 June 2018	28 September 2018	31 December 2018	29 March 2019	31 December 2017	31 December 2018
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Underlying operating profit	52,450	42,074	83,680	103,424	47,151	259,458	281,628
Share-based compensation and related payroll taxes	(10,348)	(8,746)	(10,205)	(12,354)	(11,886)	(35,498)	(41,653)
Accounting for business combinations:							
– Acquisition-related costs	–	–	–	–	–	(4,539)	–
– Amortisation of acquired intangible assets	(5,657)	(5,657)	(5,658)	(5,657)	(5,657)	(16,461)	(22,629)
– Consumption of the fair value uplift of acquired inventory	(2,388)	(406)	(335)	–	–	(2,305)	(3,129)
– Consideration accounted for as compensation expense	(454)	(350)	(342)	(335)	(319)	(1,409)	(1,481)
– Forfeiture of deferred consideration	127	36	14	27	83	–	204
– Remeasurement of contingent consideration	(158)	523	1,154	(641)	–	–	878
Integration costs	(689)	(474)	(940)	(662)	–	(2,305)	(2,765)
Corporate transaction costs	–	(773)	(3,880)	(6,693)	(4,031)	–	(11,346)
Strategic investments:							
– Impairment of non-current assets held by Dyna Image	–	–	–	–	–	(4,327)	–
– Loss on deconsolidation of Dyna Image	–	–	–	–	–	(5,597)	–
Operating profit reported under IFRS	32,883	26,227	63,488	77,109	25,341	187,017	199,707

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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 in which we operate. 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. It currently has approximately 2,000 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 and MDAX indices. For more information, visit www.dialog-semiconductor.com.

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.