

RENESAS AND DIALOG JOIN FORCES

POWERING THE CONNECTED FUTURE

FEBRUARY 8, 2021

RENESAS

dialog
SEMICONDUCTOR

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TRANSACTION SUMMARY

Transaction Consideration

- Equity value of EUR 4.9 billion
 - EUR 67.5 per share in all-cash
 - Premium of approximately 32.6% to Dialog's 1-month VWAP from Feb 5th, 2021⁽¹⁾
- Enterprise value of EUR 4.5 billion ⁽²⁾

Source of Financing

- Bridge facility up to JPY 735 billion yen
- Cash on hand and capital raised through equity issuance to constitute part of permanent financing
- Shelf registration statement for equity issuance filed

Financial Impact

- Accretive to non-GAAP gross margin and non-GAAP EBIT margin by approximately 60bps and 40bps, respectively⁽³⁾
- Expected cost saving of USD 125m per annum and revenue-driven synergy of USD 200m per annum in approximately 3 years and 4-5 years, respectively

Approval & Closing

- Approval by Dialog's shareholders
- Regulatory clearance (including anti-trust in relevant regions)
- UK court hearing and sanction
- Closing by end of 2021

(1) Source: Factset

(2) Net Cash EUR 360m as of the end of Sep 2020

(3) Simple sum of the figures for both companies (FY2020/9 LTM basis)

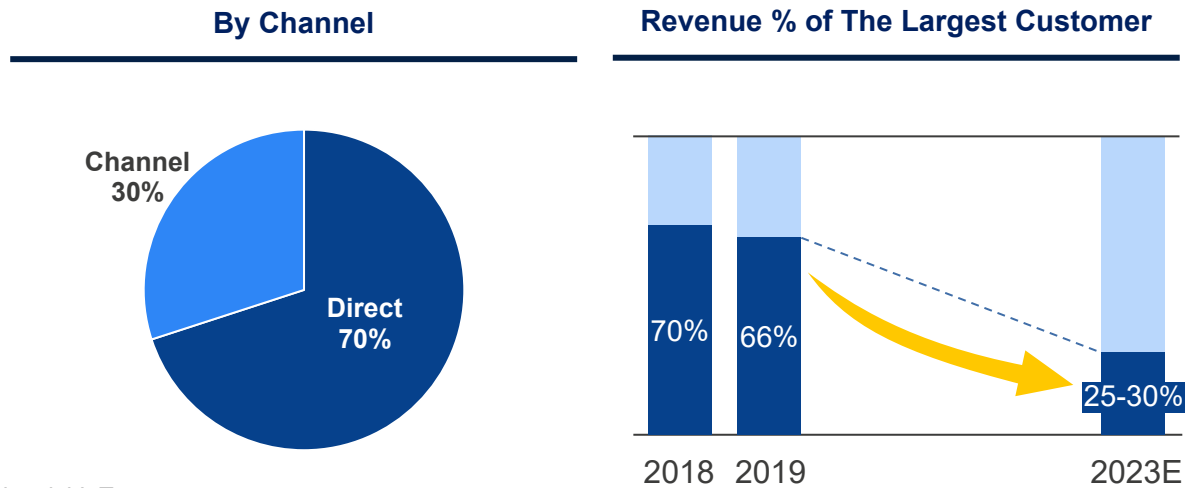
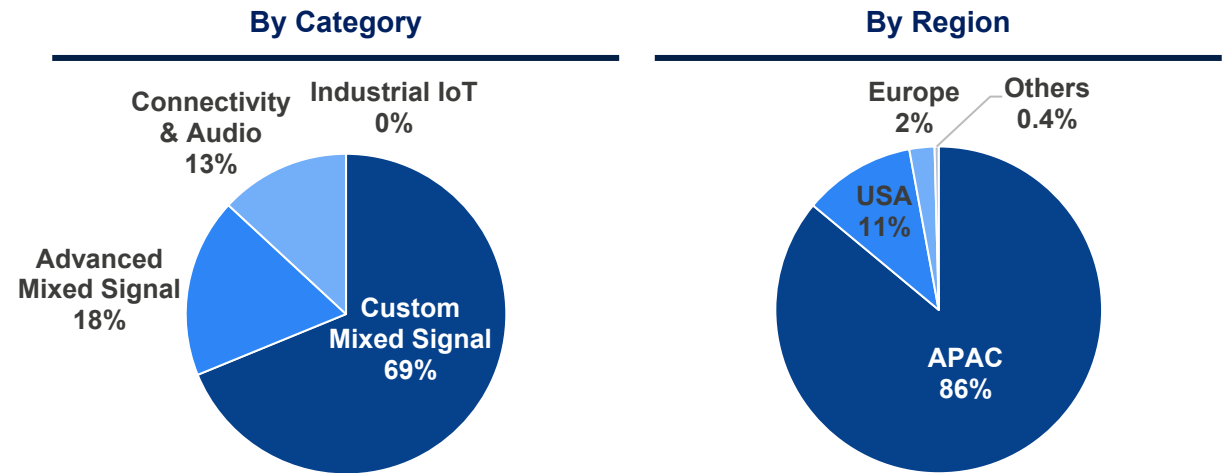
DIALOG AT-A-GLANCE

- **Founded:** 1981
- **Employees:** Approximately 2,300 employees worldwide
- **Headquarters:** Reading, United Kingdom
- **Listing:** Frankfurt (DLG)

• **Financials (FY2019, USD m, Underlying-basis):**

Revenue	1,420
Gross Profit	707 (Gross Margin 49.8%)
Operation Profit	324 (Operating Margin 22.8%)
EBITDA	390 (EBITDA Margin 27.5%)

Revenue Breakdown (FY2019)⁽¹⁾



(1) Excluding Adesto Technologies, which Dialog Semiconductor acquired in June 2020 and categorized as Industrial IoT.

PRODUCT OVERVIEW

Key Product

Custom Mixed Signal

- Power management IC
- Low power PMIC
- Battery management
- Display PMIC

Advanced Mixed Signal

- Configurable mixed-signal IC (CMIC)
- AC/DC power conversion IC
- LED driver
- Capacitive divider

Connectivity & Audio

- Bluetooth low energy IC
- Low power Wi-Fi
- Haptic drivers
- Digital audio and audio CODEC IC

Industrial Mixed Signal

- IO-Link
- ASIC
- Industrial ethernet
- NOR flash & resistive RAM



Application



Handheld



IoT



Industrial IoT



Automotive



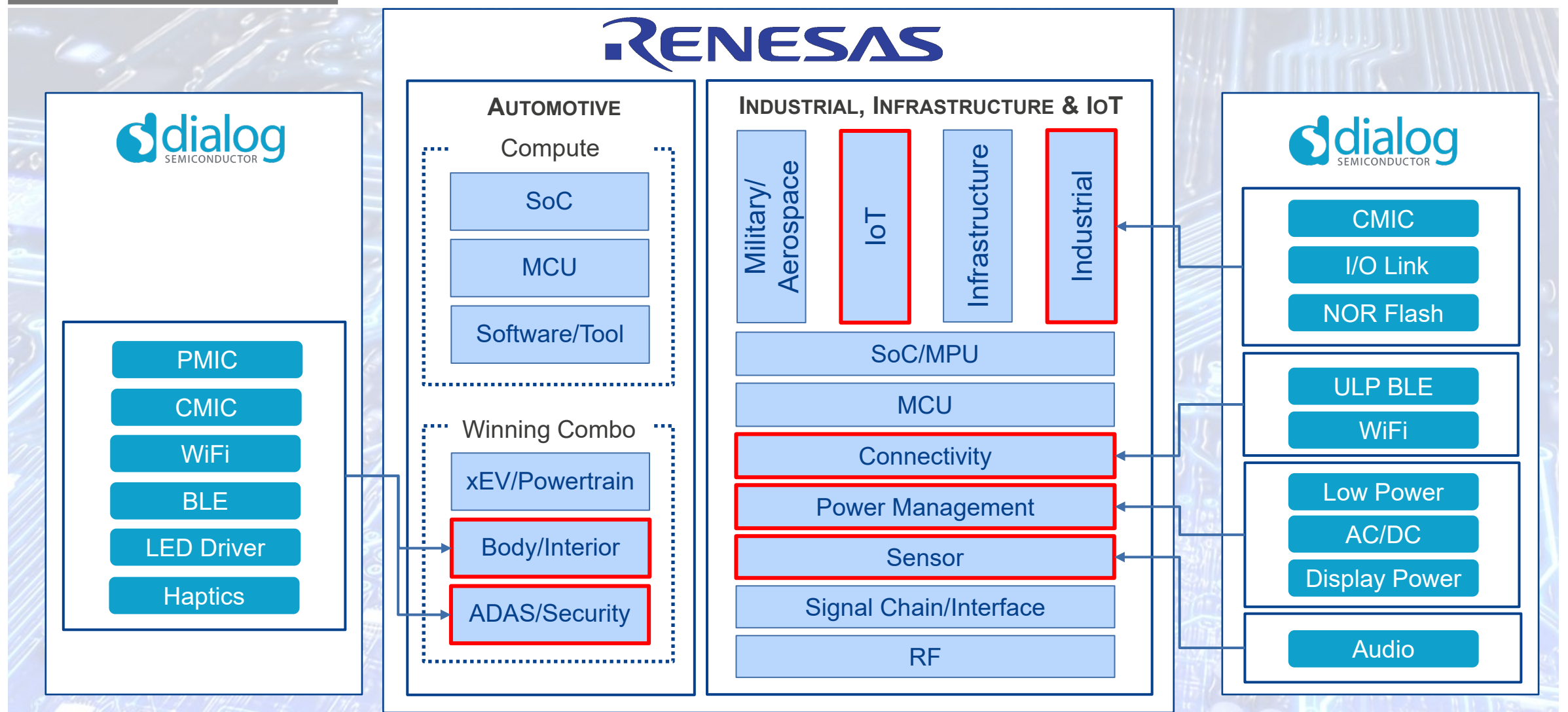
Gaming, Computing & Storage

CONSISTENT M&A STRATEGY EXECUTION



COMBINATION OVERVIEW

ENHANCED OFFERINGS WITH DIALOG'S PRODUCTS / TECHNOLOGIES



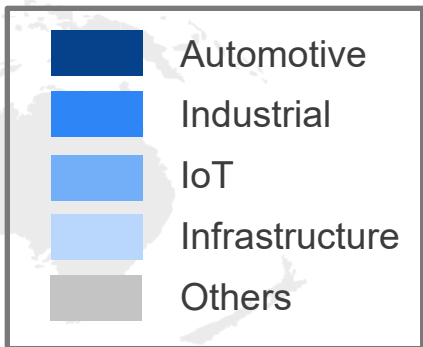
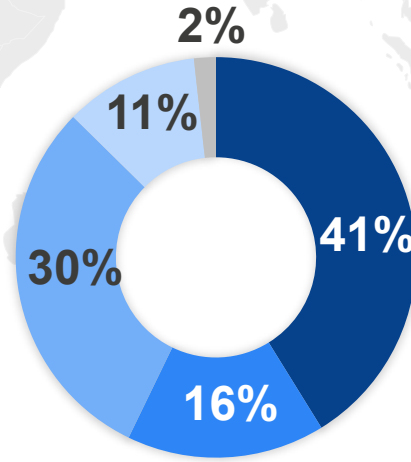
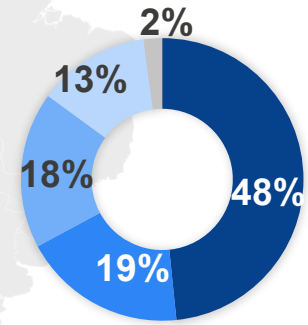
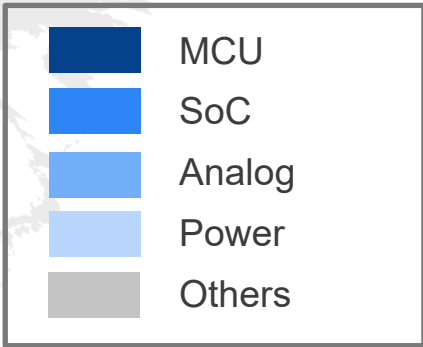
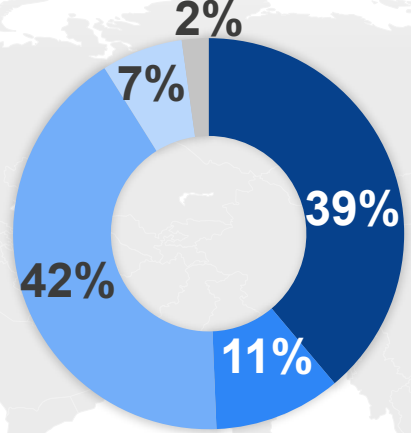
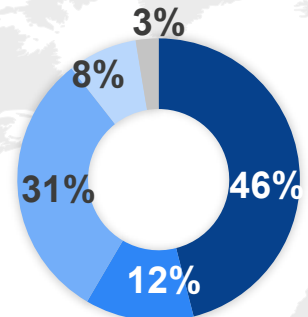
BETTER-BALANCED PORTFOLIOS

By Product

By Market

RENESAS (1)

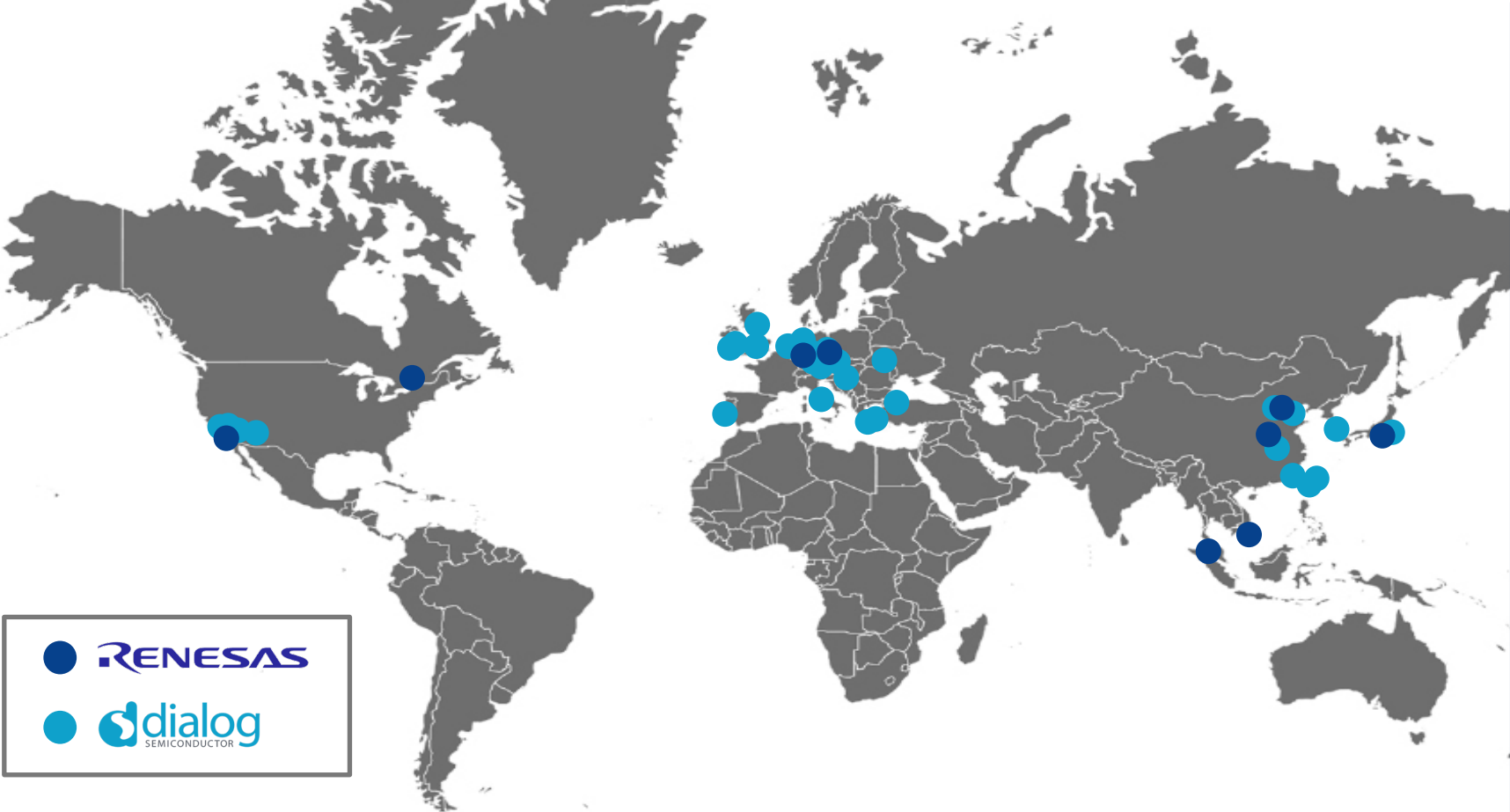
RENESAS + dialog SEMICONDUCTOR (2)



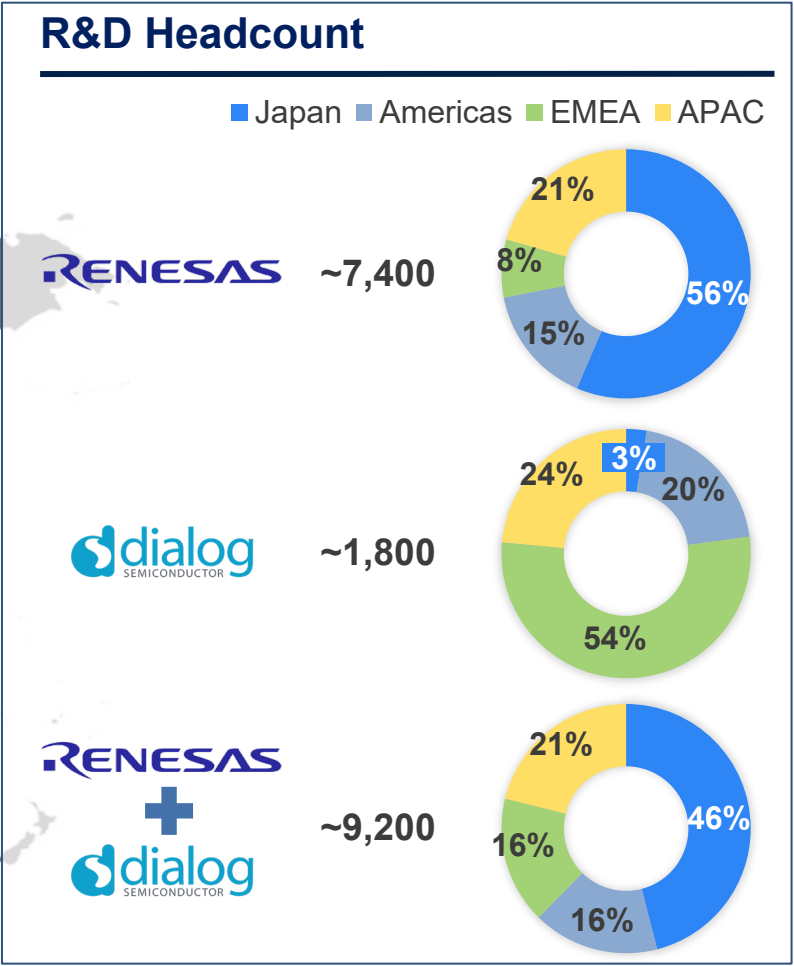
(1) FY2020/9 LTM
 (2) FY2020/9 LTM and Renesas Internal Analysis

EXPANDED R&D TALENT POOLS ACROSS GEOGRAPHIES

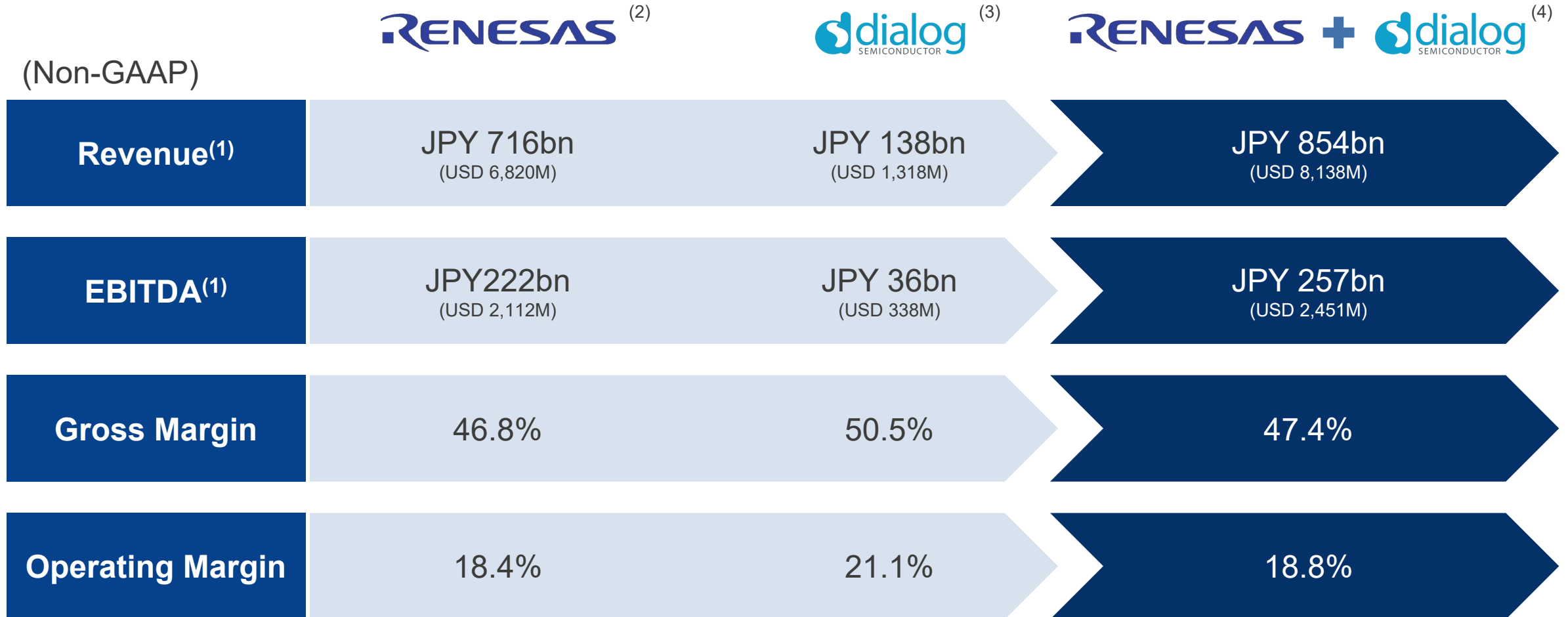
Balanced and augmented R&D capital to seamlessly serve global customers



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COMPELLING FINANCIAL BENEFITS



Source: Company Filings

(1) Based on USD/JPY=105

(2) FY2020/9 LTM

(3) FY2020/9 LTM

(4) Simple sum of the figures for both companies

EXPECTED SYNERGIES WITH DIALOG

Successful integrations of past acquisitions have laid a solid foundation for synergies with Dialog

Expected cost synergy ⁽¹⁾



■ SG&A

- Elimination of public company expenses
- Reduction of outsourcing spend
- Optimization of organization and headcount

■ CoGS

- Scale benefit in procurement
- Scale benefit in distribution margin

■ R&D

- Scale benefit in EDA software licenses and support
- Project prioritization on a larger scale

Expected revenue-driven synergy ⁽²⁾

Approximately USD 200m by:

Cross sell

- Complementary product / technology offerings to both new customers and existing customers
- Expansion of customer reach for Dialog's products through larger sales force and channels of Renesas
- Complete / full-spectrum solutions to both new customers and existing customers

Winning Combos (system solution offerings)

- Combination of Dialog's low power and connectivity products / technologies with Renesas' MCUs, SoCs and MPUs
- Dialog's differentiated products / technologies to enable more solutions to address fast-growing applications (e.g. IoT, industrial, automotive etc.)

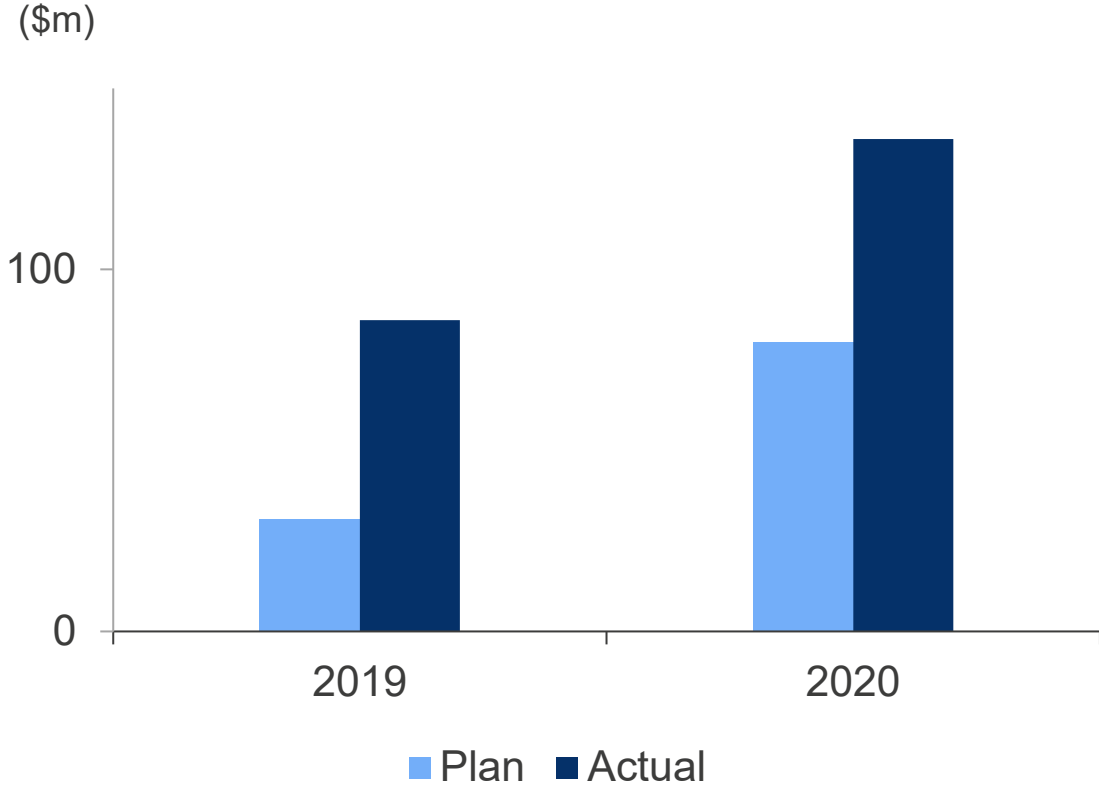
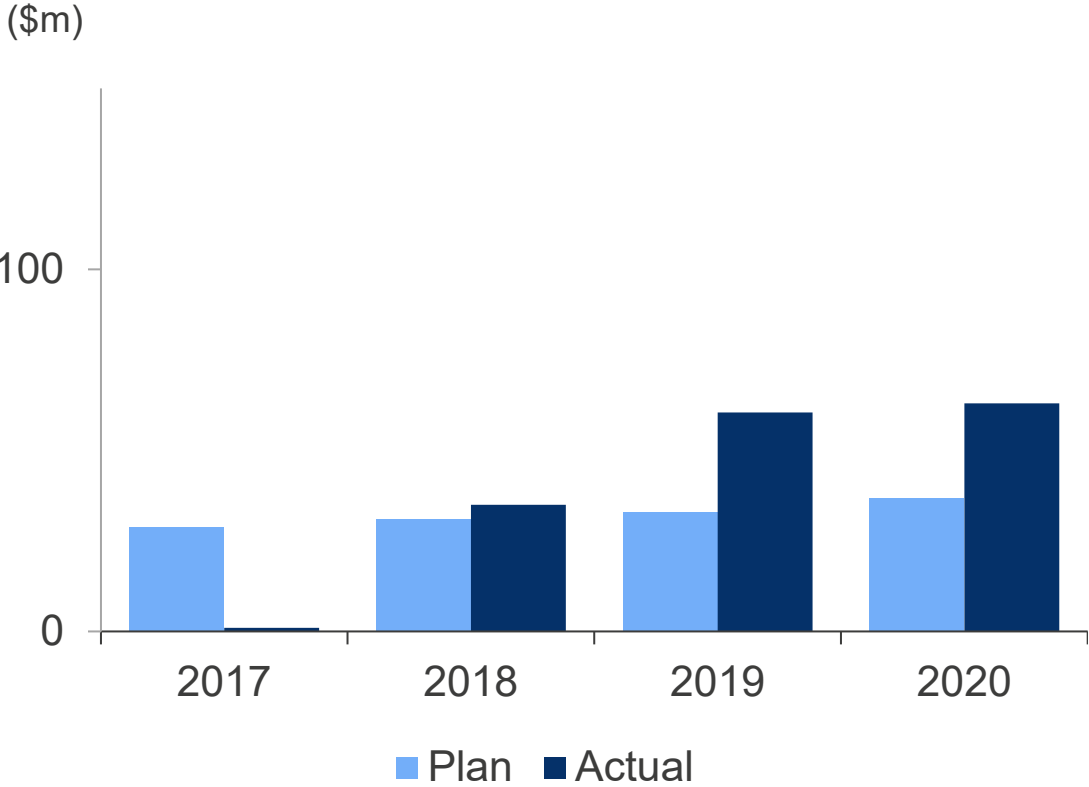
(1) Operating income on an annual run rate basis targeting to achieve in approximately 3 years after close.

(2) Operating income expected from cross-sell and system solution offerings in approximately 4-5 years after close.

OUR TRACK RECORD – COST SYNERGIES

Synergy with Intersil ⁽¹⁾

Synergy with IDT ⁽¹⁾



(1) As of Dec 31, 2020
Gross savings on an annual run rate basis, in \$m

OUR TRACK RECORD – REVENUE SYNERGIES

Strategy		Solution	2019 Actual	2020 Actual
Deeper	Boost sales per customer	Winning combinations	LTV of \$ 129m	LTV of \$ 1,070m
Broader	Win new customers	New customer acquisition	11,802 new customers	35,366 new customers

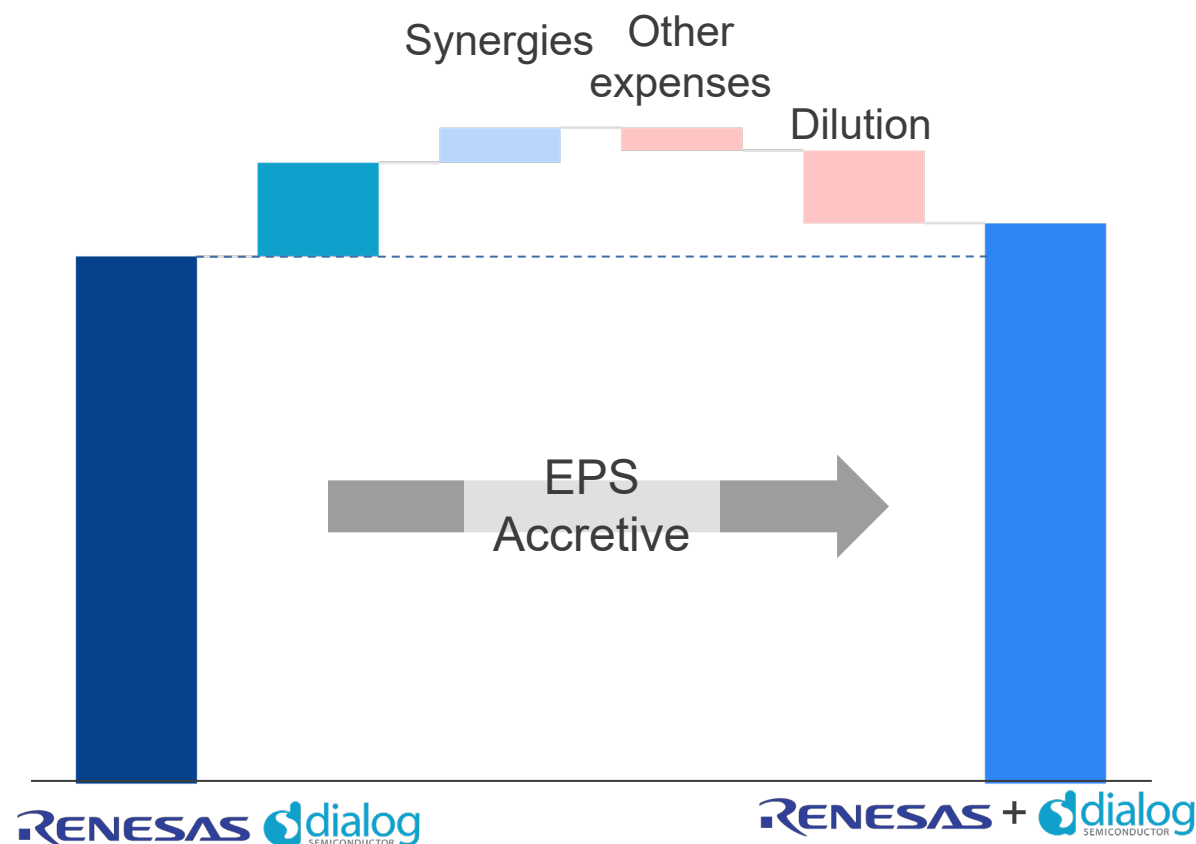
FINANCING PLAN

- Bridge facility of JPY 735 billion by MUFG Bank and Mizuho Bank
- Cash on hand and capital raised by new equity issuance to constitute part of permanent financing
- Shelf registration statement for equity issuance filed

Shelf Registration

Scheduled issue period:	From Feb 24, 2021 to Feb 23, 2022
Scheduled issue amount:	Up to JPY 270 billion
Use of proceeds:	Acquisition or to repay borrowing conducted to procure funding for Acquisition

Pro-forma EPS (Non-GAAP)



LEVERAGE



Solid cash flow
for quick deleveraging



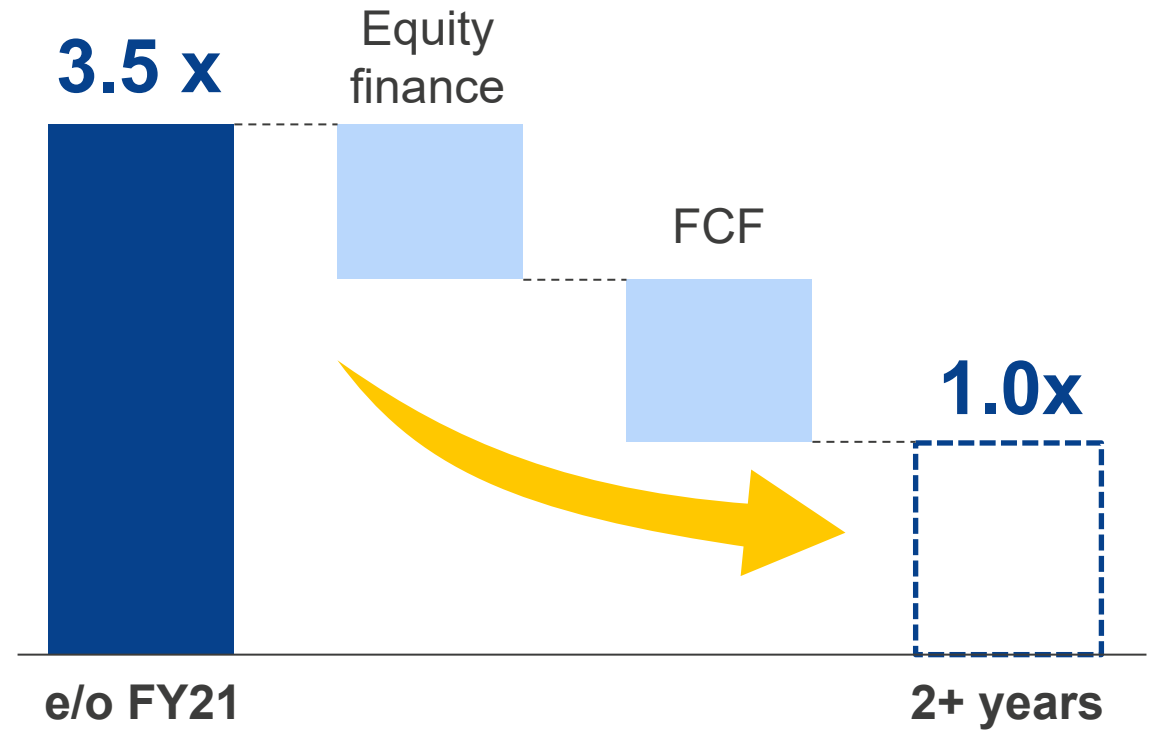
Target Net Debt / EBITDA
of 1.0x in mid-term



Equity issuance for maintaining
investment grade ratings

Rapid Deleverage

Net Debt / EBITDA⁽¹⁾



(1) Pro-forma leverage of the combined company, Non GAAP EBITDA basis

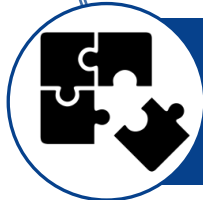
TRANSACTION MILESTONES

- Approval by Dialog's shareholders
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- Closing by end of 2021
- Permanent financing

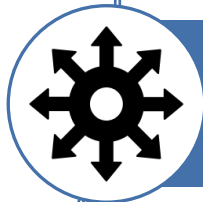
KEY TAKEAWAYS



Consistent acquisition strategy to expand analog / mixed signal technologies



Complementary product offerings and go-to-market approaches make combination readily synergistic



Better distribution in product portfolio and in market exposure



Talent reinforcement across geographies to make us more cosmopolitan



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