

3rd February 2016

TMT

## Dialog Semiconductor

Price EUR27.63

Dialog enters in the Smart TVs and STBs markets with Power Management chips

Fair Value EUR38 (+38%)

NEUTRAL

Bloomberg	DLG GR
Reuters	DLGS.DE
12-month High / Low (EUR)	53.3 / 26.0
Market Cap (EURm)	2,151
Avg. 6m daily volume (000)	17.30

	1 M	3 M	6 M	31/12/15
Absolute perf.	-	-20.9%	-39.0%	-11.5%
Semiconductors	-6.5%	-6.4%	-9.6%	-6.5%
DJ Stoxx 600	-8.5%	-11.2%	-15.6%	-8.5%

  

	2014	2015e	2016e	2017e
P/E	12.2x	10.1x	9.2x	7.3x
Div yield (%)	NM	NM	NM	NM

### ANALYSIS

- **Today, Dialog announces that the group expand its offering of Power Management chips (PMIC) to Smart TVs and Set-Top Boxes.** The interests in adopting PMICs in Smart TVs and STBs is in the ease of manufacturing and space gain for electronic board. Indeed, one dialog PMIC replace about 130 discrete components typically found in a TV today. In addition, we note that 4K connected TV uses high performance SoCs, similar to Smartphone and Tablet SoCs, requiring high efficiency and high quality energy supply and management.
- **Smart TVs and STBs PMICs are similar to Smartphone and Tablet ones.** We remind that this is not really the first time Dialog is designing PMICs for Set-top Box, indeed the group produces Power Management chip for the Apple TV. However, we note that Apple TV uses a similar SoC than iPhone and iPad. According to the group, these new PMICs have been developed in partnership with TV System-on-Chip (SoC) vendors which means that the group keeps its business model implying a strong collaboration with customers when developing products. Today, largest producers of SoCs for Smart TVs and STBs are Broadcom, STMicroelectronics (which has recently announced a drop of this business), Ali, MStar and Entopic.

### VALUATION

- Dialog shares trade at a 2016e P/E ratio of 9.2x.

### NEXT CATALYSTS

- March 8<sup>th</sup>, 2016: FY15 results.

Dorian Terral, [dterral@bryangarnier.com](mailto:dterral@bryangarnier.com)

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	rue de Grenus 7	The Imperial Hotel
15 St. Botolph Street	75008 Paris	New York, NY 10022	CP 2113	Janpath
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Genève 1, CH 1211	New Delhi 110 001
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	Tel +4122 731 3263	Tel +91 11 4132 6062
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member	Fax+4122731 3243	+91 98 1111 5119
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