

Dialog Semiconductor and Apple enter agreement

Ad-hoc announcement in accordance with Article 17 MAR

London, United Kingdom – October 11, 2018 – [Dialog Semiconductor plc](#) (XETRA:DLG), today entered into an agreement with Apple Inc. to license its power management technologies, transfer certain of its assets and over 300 employees from Dialog to support chip research and development. Apple will pay \$300 million in cash for the transaction and prepay \$300 million for Dialog products to be delivered over the next three years.

Dialog has been awarded a broad range of new contracts from Apple for the development and supply of power management, audio subsystem, charging and other mixed-signal integrated circuits. Revenue from the new contracts is expected to be realized starting in 2019 and accelerating in 2020 and 2021.

Apple will employ more than 300 Dialog engineers and other employees already supporting Apple chip development, representing approximately 16% of Dialog's total workforce. As part of this, Apple will assume certain Dialog facilities in Livorno (Italy), Swindon (U.K.), Nabern and Neuaubing (Germany).

The transaction is expected to be completed in the first half of 2019, subject to applicable regulatory approvals and other customary closing conditions.

Following the agreement with Apple, Dialog updates its revenue outlook for the period 2018 to 2022. The company expects the combined revenue for its Advanced Mixed Signal, Connectivity and Automotive & Industrial business segments, estimated to be approximately \$400 million in 2018, to grow at a CAGR of 10-15% from 2018 to 2022. Upon completion of the transaction, revenue from the new contracts and other ongoing Apple business is expected to increase from an estimated 2018 base of approximately \$150 million at a CAGR of 30-35% over the next four years while the revenue associated with the licensing agreement – estimated to be approximately \$875 million in 2018 – will begin to decline in the second half of 2019 and phase out by 2022.

As a result of this transaction, Dialog expects no significant impact to gross margin.

Upon closing, the transaction is expected to result in operating expense reduction of approximately \$35 million on an annualized basis.

Dialog intends to initiate a share buyback program of up to 10% of its outstanding shares following its Q3 trading update.

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.