DIALOG SEMICONDUCTOR ANNOUNCES ITS RESULTS FOR THE THIRD QUARTER OF 2012

Company meets upper end of Q3 guidance, reporting record quarterly revenue of $180 million, representing year-on-year growth of 28%

Kirchheim/Teck, Germany, 31 October 2012 - Dialog Semiconductor plc (FWB: DLG), a provider of highly integrated innovative power management, audio and low energy short range wireless technologies, today reports results for its third quarter ending 28 September 2012.

Q3 2012 Financial Highlights

- Revenue for Q3 2012 was $180.0 million, an increase of 28.0% over Q3 2011
- Incremental gross margin improvement of 0.5 percentage points achieved in the quarter
- Q3 2012 underlying(*) EBITDA(**) of $29.2 million or 16.2% of revenue, compared to $28.0 million or 19.9% in the prior year
- Q3 2012 IFRS operating profit (EBIT) of $17.5 million or 9.7% of revenue with underlying(*) operating profit of $21.8 million or 12.1% of revenue
- Q3 2012 underlying(*) diluted earnings per share of 27 cents, compared to 31 cents in Q3 2011 (or 26 cents using current effective tax rate of 27.0%)
- Revenue outlook for Q4 2012 of $215m to $235m, consistent with a full year revenue of $721m to $741m

Q3 2012 Operational Highlights

- Quarterly revenue driven by continued revenue growth of Smartphone and Tablet PC products for both custom and standard products at our leading customers
- Several high volume custom PMIC product ramps commenced in quarter to support expected demand for recently launched popular and trend setting portable Smartphone and Tablet products
- New PMIC for Processor Partner Program initiative sampling, targeting a new entrant next generation Application Processor for Tablets and Smartphones
- Sampled new PMIC for an LTE based chipset platform partner for Asia based customers
- Industry's highest current multi-phase buck converters for PMICs sampling at our key accounts, targeting quad-core based Application Processor portable systems, expected revenue contribution in 2013
- Continued customer engagement for our wireless audio solutions, targeting leading brand microphone, gaming and professional headset OEMs.

Commenting on the results Dialog Chief Executive, Dr Jalal Bagherli, said:

"With another record revenue quarter, Dialog has continued to deliver strong year-over-year growth momentum with our business performing well across all key metrics. We are particularly pleased to have delivered a third successive quarter of incremental gross margin improvement.

Our team is focused on making the Dialog brand synonymous with high integrated PMIC performance delivering leading energy saving capability for portable devices. This enhances our confidence for continued top line growth and allows us to continue to engage with the leading customers in the Smartphone, Tablet PC and Ultrabook markets."

FINANCIAL OVERVIEW

Revenue in Q3 2012 was $180.0 million, representing a sequential increase of 12.8% on the $159.5 million of revenue delivered in the prior quarter and an increase of 28.0% over the $140.6 million delivered in the third quarter of 2011.

Gross margin continues, as forecast, to steadily and incrementally improve. In Q3 2012, gross margin stood at 38.0% of revenue, representing an increase of 0.5 percentage points over the 37.5% achieved in the prior quarter and a decrease of 2.8 percentage points over the 40.8% achieved in Q3 2011. The Q3 2012 underlying(*) gross margin was 38.2% compared to 37.5% in Q2 2012. This represents the third successive quarter of incremental gross margin improvement.

R&D in Q3 2012 stood at 18.8% of revenue, compared to 19.1% in the prior quarter and 17.7% in Q3 2011. Underlying(*) R&D in Q3 2012 stood at 18.0% of revenue respectively, compared to 16.9% in Q3 2011. Our on-going investment in R&D underpins our strategic agenda of continuous innovation, extending our product portfolio for portable platforms and broadening of our customer base.

SG&A in Q3 2012 stood at 9.5% of revenue, compared to 10.0% in the prior quarter and 9.7% in Q3 2011. Underlying(*) SG&A in Q3 2012 stood at 8.0% of revenue, compared to 8.4% in Q3 2011.

Operating profitability on an IFRS basis has also continued to improve on a sequential basis. In Q3 2012, Operating Profit was $17.5 million or 9.7% of revenue. This compares to the $13.4 million or 8.4% of revenue achieved in the prior quarter and $19.1 million or 13.6% of revenue achieved in Q3 2011. The underlying(*) operating profit achieved in Q3 2012 was $21.8 million or 12.1% of revenue, compared with the underlying(*) operating profit of $16.9 million or 10.6% in the prior quarter and $22.8 million or 16.2% of revenue in Q3 2011.

In Q3 2012 **underlying(*) EBITDA(**)** was $29.2 million or 16.2% of revenue compared to $24.4 million or 15.3% in the prior quarter and $28.0 million or 19.9% in Q3 2011.

In total a net **tax charge** of $4.5 million was recorded in Q3 2012. Consequently, the overall effective tax rate for Q3 2012 was 27.0%. By comparison, the effective tax rate in Q3 2011 was 9.1% due to the use of cumulated German tax losses at that point.

In Q3 2012, on an IFRS basis, **net profit** was $12.1 million or 19 cents per basic share and 18 cents per diluted share. This compares to a net profit of $8.5 million or 13 cents per basic and 12 cents per diluted share in the prior quarter and a net profit of $17.0 million or 27 cents per basic and 25 cents per diluted share delivered in Q3 2011. The underlying(*) **earnings per share** (diluted) in Q3 2012 was 27 cents. This compares to 20 cents in Q2 2012 and 31 cents in Q3 2011.

At the end of Q3 2012, our total **inventory** level was $145.3 million (or ~100 days), an increase of $42.8 million over the prior quarter and a level which we feel is appropriate in order to service our current customer backlog as well as the expected demand of the business during the next two quarters. 50% of this inventory is related to new products which started production during 2012.

At the end of Q3 2012, we had a **cash and cash equivalents** balance of $279.1 million. This represents a decrease of $24.9 million over the cash and cash equivalents in the prior quarter. Free cash flow(***) movement in the quarter was an outflow of $40.3 million. The decrease in cash is mainly attributed to the costs associated with the increase in inventory necessary to service the expected demand of the business during the next two quarters.

(*) Underlying results in Q3 2012 are based on IFRS, adjusted to exclude share-based compensation charges and related charges for National Insurance of $2.9 million, excluding $1.5 million of amortisation of intangibles associated with the acquisition of Dialog B.V. and excluding $1.4 million noncash-effective interest and financial expense in connection with the convertible bond and discounted purchase prices.

The term "underlying" is not defined in IFRS and therefore may not be comparable with similarly titled measure reported by other companies. Underlying measures are not intended as a substitute for, or a superior measure to, IFRS measures.

(**) EBITDA is defined as operating profit excluding depreciation for property, plant and equipment (Q3 2012: $3.4 million) and amortisation for intangible assets (Q3 2012: $5.4 million)

(***) *Free cash flow is defined as net income plus amortisation and depreciation, plus/minus change in working capital, minus capital expenditure and plus/minus interest expense/income.*

OPERATIONAL OVERVIEW

Our design win success with Smartphone customers for both custom power management designs and configurable standard products continued to gain momentum through Q3 2012, driven by increased adoption of 3G and LTE/4G technologies around the world. Additionally, during the quarter we also started to ramp several new high volume custom PMIC products for recently launched popular Smartphone and Tablet models.

During the quarter Dialog again demonstrated that it has met the challenge of developing a new buck - a key building block of PMIC's architecture with integrated FETs capable to supply the industry's highest currents - up to 21 amps - seen so far in a PMIC for portable devices. Dialog engineers pushed the limit of technology with a combination of innovations, including a multiphase architecture, distributed power dissipation, higher efficiency circuits and a higher performance package. Benefits include smaller external inductors and reduced filtering requirements reducing our customer's printed circuit board space in a Smartphone or Tablet design while facilitating increased currents required for the new generation of quad core base application processors now emerging. We expect to announce products for this by early 2013 with designs targeted for volume production in 2013.

As a result of a partnership with a significant new entrant to the Applications Processor market for Smartphones and Tablets, we delivered in the quarter first samples of a new PMIC device. The device will now be sampled to leading industry OEMs with the target to be in production by the end of 2013.

Our existing range of Platform Partner PMIC standard products were also adopted for a number of niche Tablet and other embedded applications around the world.

We have now available our first samples of a high integrated PMIC for an LTE Partner Platform chipset for expected deployment with major Asian based OEMs in 2013.

For wireless audio, we continued our engagement, with additional design wins achieved based on a new DECT based short-range wireless processor at leading microphone, gaming and professional headset global OEMs. Our new products offer low latency and interference-free wireless operation for real-time audio applications. Our combined chipset solutions for DECT and Power Management devices are also gaining traction for the new generation of Android based cordless phones.

OUTLOOK

In Q4 2012, we expect our momentum to continue and to deliver revenue for the quarter in the range of $215 to $235 million, resulting in an expected full year revenue performance of between $721 and $741 million, meeting current market expectations and representing further significant year on year growth.

We continue to believe that the positive trend of gradual incremental gross margin improvement achieved in the first three quarters of 2012 will continue in Q4, supported by our increasing supply chain visibility.

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Dialog Semiconductor invites you today at 09.00 am (London) / 10.000 am (Frankfurt) to listen in a live conference call to management's discussion of Q3 2012 performance, as well as guidance for Q4. To access the call please use the following dial-in numbers: Germany: **0800 101 4960**, UK: **0800 694 0257**, US: **1866 966 9439**, ROW: **+44 (0)1452 555 566**, with no access code required. An instant replay facility will be available for 30 days after the call and can be accessed at **+44 (0)1452 550 000** with access code **38961363#**. An audio replay of the conference call will also be posted soon thereafter on the company's website at: http://www.dialog-semiconductor.com/investor-relations

Additional information to this release including the company's consolidated income statement, consolidated balance sheet and consolidated statements of cash flows for the period ending 28 September 2012 is available under the investor relations section of the Company's website.

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Note to editors

Dialog Semiconductor creates highly integrated, mixed-signal integrated circuits (ICs) optimised for personal portable, low energy short-range wireless, lighting, display and automotive applications. The company provides flexible and dynamic support, world-class innovation and the assurance of dealing with an established business partner.

With its focus and expertise in energy efficient system power management, and with a technology portfolio including audio, short range wireless and VoIP technology, Dialog brings decades of experience to the rapid development of ICs for personal portable applications including Smartphones, Tablet PCs, digital cordless and gaming applications.

Dialog's power management processor companion chips are essential for enhancing both the performance in terms of extended battery lifetime and the consumers' multimedia experience. With world-class manufacturing partners, Dialog operates a fabless business model.

Dialog Semiconductor plc is headquartered near Stuttgart with a global sales, R&D and marketing organisation. In 2011, it had approximately $527 million in revenue and was one of the fastest growing European public semiconductor companies. It currently has approximately 760 employees. The company is listed on the Frankfurt (FWB: DLG) stock exchange and is a member of the German TecDax index.

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 “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.