DIALOG SEMICONDUCTOR REPORTS RESULTS FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2013

Company confirms full year revenue growth of 17% and increasing profitability

London, UK, 20 February 2014 – Dialog Semiconductor (FWB: DLG), a provider of highly integrated innovative power management, audio, AC/DC and short range wireless technologies, today reports results for its fourth quarter and year ended 31 December 2013.

Q4 and full year 2013 financial highlights

- IFRS Revenue in Q4 up 31% over Q4 2012 at $352 million. Full year IFRS revenue at $903 million representing 17% growth over FY 2012
- Q4 2013 underlying gross margin improved by 290 bps on Q3 2013 to 42.9%. Underlying gross margin for the full year was 40.4%
- Q4 2013 underlying(*) EBITDA(**) up 55% over Q4 2012 to $86.2 million or 24.4% of revenue. Full year underlying(*) EBITDA(**) up 30% to $174.2 million or 19.2% of revenue
- Q4 2013 underlying EBIT up 62% to $76.4 million or 21.7% of revenue. Full year underlying EBIT up 30% to $139.6 million. On an IFRS basis full year EBIT was up 13% to $102.7 million
- Underlying(*) Q4 2013 diluted EPS up 56% over Q4 2012 to 70 cents. Full year underlying(*) diluted EPS up 21% over FY 2012 to $1.44
- Cash generated from operating activities in Q4 2013 was $46.2 million. Full year 2013 cash generated from operating activities was up 111% on FY 2012 to $110.7 million; cash and cash equivalents balance as of 31 December 2013 was $186.0 million

Q4 and full year 2013 operational highlights

- Continued momentum with power management smartphone and tablet design wins, across new platforms and models at our largest customers
- Diversification efforts continued with new product launches, new application partners added and the continued ramp of new platform design wins for power management and audio at Samsung
- Continued to increase content of our products and achieved an ASP of $2.30 in 2013 excluding Power Conversion products
- SmartBond™, the world's smallest and lowest power Bluetooth Smart System-on-Chip (SoC) entered volume production
- SmartWave™, our first multi-touch IC, gained traction with a number of ODMs
- Our collaboration with Asia based chipset partners to address their local markets continued to build momentum
- New product rollouts by the Power Conversion Business Group

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

"*I am very pleased with the exceptional business performance we have achieved in Q4 and over the full year, delivering uninterrupted annual revenue growth for the 7th consecutive year, increasing profitability and outstanding cash generation.*

During the year, we grew significantly faster than the industry average while investing in new product development and innovation. We have laid the foundations for a more diversified *business and we are well placed to build on the market opportunity open to us in 2014 and beyond."*

Outlook

Given our current visibility, we expect 2014 to be another year of good growth. As in previous years, revenue performance will be strongly weighted towards the second half of the year.

Q1 2014 revenue will reflect the traditional seasonal pattern and deliver year on year growth. We expect revenue for Q1 2014 to be in the range of $200 to $215 million.

Gross margin is expected to improve year on year in 2014. In line with the seasonal lower revenue, gross margin in Q1 2014 will decline sequentially but improve on a year on year basis.

Financial overview

Underlying	**Fourth Quarter**			**Full Year**		
US$ million	**2013**	**2012**	**% Var.**	**2013**	**2012**	**% Var.**
Revenue	352.7	267.7	+32%	909.1	773.6	18%
Gross Margin	42.9%	38.6%	+430bps	40.4%	38.0%	+240bps
EBITDA	86.2	55.5	+55%	174.2	134.5	+30%
EBITDA %	24.4%	20.7%	+370bps	19.2%	17.4%	+180bps
EBIT	76.4	47.2	+62%	139.6	107.5	+30%
EBIT %	21.7%	17.6%	+410bps	15.4%	13.9%	+150bps
Net income	52.1	33.9	+54%	97.6	80.0	+22%
Basic EPS $	0.79	0.52	+52%	1.49	1.24	+20%
Diluted EPS $	0.70	0.45	+56%	1.44	1.19	+21%
IFRS	**Fourth Quarter**			**Full Year**		
US$ million	**2013(1)**	**2012**	**% Var.**	**2013(1)**	**2012**	**% Var.**
Revenue	351.8	267.7	+31%	902.9	773.6	+17%
Gross Margin	42.1%	38.5%	+360bps	39.0%	37.8%	+120bps
R&D %	14.5%	13.1%	+140bps	17.6%	16.5%	+110bps
SG&A %	8.5%	8.2%	+30bps	10.4%	9.3%	+110bps
EBIT	70.6	44.5	+59%	102.7	91.0	+13%
EBIT %	20.1%	16.6%	+350bps	11.4%	11.8%	-40bps
Net income	46.6	30.2	+54%	62.2	62.5	0%
Basic EPS $	0.71	0.46	+54%	0.95	0.97	(2)%
Diluted EPS $	0.66	0.43	+53%	0.92	0.93	(1)%
Operating cash flow	46.2	53.5	(14)%	110.7	52.4	+111%

(1) Including acquisition and integration costs of $0.5 million in Q4 2013 and $6.9 million in FY 2013

Underlying revenue in Q4 2013 was $353 million, representing a 32% year on year increase and a 57% sequential increase over Q3 2013. During December we saw stronger than anticipated demand in Mobile Systems resulting in Mobile Systems segment revenues of $745 million for the full year 2013, up 17% on 2012.

Underlying Q4 2013 gross margin was 42.9%, 290bps above the previous quarter and 430bps above Q4 2012. Underlying FY 2013 gross margin was 40.4%, +240bps improvement on FY 2012 supported by three key elements:

- The net realisation of the benefits of manufacturing cost optimisation
- Positive product mix contribution from the Power Conversion Business Group, the Connectivity Segment and new products in Mobile Systems
- Higher revenue and the subsequent lower allocation per unit of the fixed component of Cost of Goods Sold (COGS)

In Q4 2013 underlying OPEX as percentage of revenue was at 21.2%, broadly in line with Q4 2012. For the full year, underlying OPEX was 25.0% of revenue, 90bps above FY 2012 and including the first time consolidation of iWatt into the Group. On a stand-alone basis, underlying OPEX % for the traditional Dialog business was broadly in line with FY 2012.

Underlying R&D investment in Q4 2013 stood at 14.1% of revenue, 150bps above Q4 2012. In line with the company's strategy of continuing innovation and diversification of our product portfolio, full year underlying R&D as a percentage of revenue was 17.0%, up 110bps on FY 2012. This was driven by the first time consolidation of iWatt into the Group and additional R&D investment in the Connectivity segment during the last quarter of the year.

Underlying SG&A in Q4 2013 stood at 7.2% of revenue, 60bps below Q4 2012. In 2013 we increased the efficiency of the SG&A organisation. For the full year, underlying SG&A stood at 8.0%, 20 bps below FY 2012 despite the first time consolidation of iWatt into the business.

In Q4 2013 we achieved a record IFRS and underlying EBIT of $70.6 million and $76.4 million respectively, 59% and 62% over Q4 2012. Underlying EBIT margin in the quarter was 21.7%.The full year underlying EBIT increase of 30% was the result of the improved profitability across all business segments.

In total, a net tax charge of $19.8 million was recorded in Q4 2013. This represents an effective tax rate for the full year of 31% (FY 2012: 27%), slightly below our 33% target. In 2014 we expect a gradual decrease in the tax rate from 31% in 2013 to below 30%.

In Q4 2013, underlying net income and underlying EPS improved sequentially and year on year. Underlying Diluted EPS in Q4 2013 was 56% higher than in the same quarter of 2012, resulting in a full year 2013 fully diluted underlying EPS year on year growth of 21%.

At the end of Q4 2013, our total inventory level was $118 million (or ~52 days), a decrease of $26 million over the prior quarter and a 40 day reduction in our days of inventory. We are managing our inventory levels tightly and we feel this level is appropriate in order to service our current customer backlog. During Q1 2014 we expect inventory value to reduce from Q4 2013. The lower revenue level in Q1 2014 will result in an increase of inventory days from Q4 2013.

At the end of Q4 2013, we had cash and cash equivalents balance of $186 million. In the fourth quarter alone we generated $46 million of cash from operating activities or $27 million of free cash flow(***), in line with the strong cash generation profile of our business. Cash from operating activities for the full year was up 111% on FY 2012 to $111 million. Excluding the impact of the iWatt acquisition, in 2013 we generated $78 million of free cash flow, the highest on record.

(*) Underlying results (net of tax) in Q4-2013 are based on IFRS, adjusted to exclude share-based compensation charges and related charges for National Insurance of US$2.2 million, excluding US$1.1 million of amortisation of intangibles associated with the acquisition of SiTel (now Dialog B.V.), excluding US$2.0 million non-cash effective interest expense in connection with the convertible bond, excluding US$ 0.2 million non-cash effective interest expense related to a licensing agreement entered into in Q3-2012, excluding US$0.5 million acquisition and integration expenses in connection with the purchase of iWatt and excluding US$2.8 million of amortisation and depreciation expenses associated with the acquisition of iWatt, deferred sales and related cost of sales that were reversed in connection with the iWatt business integration of US$ 0.6 million were brought back. Furthermore the gain US$ of 3.2 million from the release of an earn-out provision in relation to the iWatt acquisition was reversed and a recorded

income related to a payment the company received in connection with the insolvency of BenQ of US$0.7 million was also taken out.

(*) Underlying results (net of tax) in Q4 2012 are based on IFRS, adjusted to exclude share-based compensation charges and related charges for National Insurance of $1.4 million, excluding $0.9 million of amortisation of intangibles associated with the acquisition of Dialog B.V. and excluding $1.5 million noncash-effective interest and financial expense in connection with the convertible bond and discounted purchase prices.

(*) Underlying results (net of tax) in 2013 are based on IFRS, adjusted to exclude share-based compensation charges and related charges for National Insurance of US$7.8 million, excluding US$3.8 million of amortisation of intangibles associated with the acquisition of SiTel (now Dialog B.V.), excluding US$7.8 million non-cash effective interest expense in connection with the convertible bond, excluding US$ 0.8 million non-cash effective interest expense related to a licensing agreement entered into in Q3-2012, excluding US$6.3 million acquisition and integration expenses in connection with the purchase of iWatt and US$10.3 million of amortisation and depreciation expenses associated with the acquisition of iWatt, deferred sales and related cost of sales that were reversed in connection with the iWatt business integration of US$ 2.5 million were brought back. Furthermore the gain US$ of 3.2 million from the release of an earn-out provision in relation to the iWatt acquisition was reversed and a recorded income related to a payment the company received in connection with the insolvency of BenQ of US$ 0.7 million was also taken out.

(*) Underlying results net of tax in 2012 are based on IFRS, adjusted to exclude share-based compensation charges and related charges for National Insurance of US$8.3 million , excluding US$4.1 million of amortisation of intangibles associated with the acquisition of SiTel Semiconductor B.V. (now Dialog B.V.), excluding US$0.6 million in relation to previously capitalized R&D expenses for close to end of life products- the products were fully amortized by the end of Q1-2012, excluding US$4.5 million (2011:nil) noncash-effective interest and financial expense in connection with the convertible bond and discounted purchase prices and in 2011 excluding one-time transaction costs of US$ 3.2 million associated with the acquisition of Dialog B.V.

The term "underlying" is not defined in IFRS and therefore may not be comparable with similarly titled measures reported by other companies. Underlying measures are not intended as a substitute for, or a superior measure to, IFRS measures. Underlying results (net of tax) have been fully reconciled to IFRS results (net of tax) above. All other underlying measures disclosed within this report are a component of this measure and adjustments between IFRS and underlying measures for each of these measures are a component of those disclosed above. For the fourth quarter and full year 2013 a more detailed reconciliation for each of these measures has been provided in the financial review section of the Financial and Selected notes report.

(**) EBITDA in Q4 2013 is defined as operating profit excluding depreciation for property, plant and equipment, (Q4 2013:US$5.4 million, Q4 2012:US$3.6 million), amortisation of intangible assets (Q4 2013:US$9.1 million, Q4 2012:US$5.2 million) and losses on disposals and impairment of fixed assets (Q4 2013:US$0.8 million, Q4 2012:US$0.7 million).

EBITDA in 2013 is defined as operating profit excluding depreciation for property, plant and equipment, (2013:US$18.6 million, 2012:US$12.7 million), amortisation of intangible assets (2013:US$28.6 million, 2012:US$19.6 million) and losses on disposals and impairment of fixed assets (2013:US$1.4 million, 2012:US$1.0 million).

(***) Free Cash Flow in 2013 is defined as net income of US$46.6 million plus amortisation and depreciation of US$14.5 million, plus net interest expense of US$3.7 million, minus change in working capital of US$29.4 million and minus capital expenditure of US$8.4 million.

Operational overview

In Q4 2013 we won additional new custom PMIC designs across new platforms and models at our largest customers. During the quarter we expanded our collaboration with Samsung with a fourth platform win. Our power management IC (PMIC) with integrated audio functionality is being used in the recently launched Samsung Galaxy trend 3 smartphone.

Dialog continued to lead in delivering the highest level of integration and power efficiency in its products. This allowed us to increase the Average Sales Price (ASP) of our products, excluding the Power Conversion segment, from $1.96 in 2012 to $2.30 in 2013.

SmartBond™ System-on-Chip (SoC), the world's smallest and lowest power Bluetooth Smart device, is now in production. SmartBond™, is designed to enable consumers to use innovative new apps on their smartphones and tablets that can easily connect with watches, fitness-bands and monitors, medical, sporting remote control, computer peripherals and a vast and fast growing number of other applications. Dialog has worked with a number of leading module manufacturers including Panasonic Industrial Devices Europe Gmbh to develop tiny modules allowing product designers with little RF expertise to rapidly create unique Bluetooth Smart applications.

We continue to work and make progress with a number of OEMs and ODMs with SmartWaveTM, our multi-touch IC technology and expect the first application to deploy the technology to be within the PC segment.

The high volume Chinese smartphone and tablet market is of strategic importance to Dialog. We are currently engaged with a number of leading chipset providers to this market, to address this opportunity with our power management, audio and fast charging technologies.

Throughout Q4 2013 and the first few weeks of 2014 we rolled out a number of products from the Power Conversion Business Group. We are engaged with the leading application chipset providers and smartphone OEMs to deploy various fast charging solutions addressing the different variants of the technology. We recently announced our collaboration with Qualcomm including the launch of our products for Quickcharge 2.0 power supplies. We expect to start production already in Q1 2014 of this technology. Additionally, in collaboration with Intel, supporting their Intel® Turbo Boost Technology, we were the first company to deliver incredibly slim, ultra-light charger designs that users should expect with next-generation Ultrabooks™ .

In Q4 2013, we launched a new platform DA6401 addressing the SSL smart lighting segment. This platform supports features such as digital dimming and it is the first driver to include support for the emerging Ledotron dimming standard and enables many smart lighting applications through an embedded DSP. We continue to maintain a leadership position within solid state lighting with our portfolio of SSL products.

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Dialog Semiconductor invites you today at 09.00 UK /10.00 CET to take part in a live conference call and to listen to management's discussion of the Company's Q4 and full year 2013 performance, as well as guidance for Q1 2014.

To access the call please use the following dial-in numbers: Germany 0800 101 4960, UK 0800 694 0257, USA 1866 966 9439 and Rest of World +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 31198616#. An audio replay of the conference call will also be posted soon thereafter on the Company’s website at:

http://www.diasemi.com/investor-relations

Full release including the Company’s consolidated income statement, consolidated balance sheet, consolidated statements of cash flows and selected notes for the period ending 31 December 2013 is available under the investor relations section of the Company’s website at:

http://www.diasemi.com/investor-relations

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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, LED solid state lighting 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 a technology portfolio that also includes audio, short-range wireless, AC/DC power conversion and multi-touch, Dialog brings decades of experience to the rapid development of ICs for personal portable and digital consumers applications, including smartphones, tablets, Ultrabooks™ and digital cordless phones.

Dialog's power management processor companion chips increase the performance of portable devices by extending battery lifetime, enabling faster charging and enhancing the consumer's multimedia experience. With world-class manufacturing partners, Dialog operates a fabless business model.

Dialog Semiconductor plc is headquartered in London with a global sales, R&D and marketing organisation. In 2013, it had approximately $909 million in revenue and was one of the fastest growing European public semiconductor companies. It currently has approximately 1,100 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 index. It also has convertible bonds listed on the Euro MTF Market on the Luxemburg Stock Exchange (ISIN XS0757015606).

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.