DIALOG SEMICONDUCTOR REPORTS FIRST QUARTER RESULTS ENDED 29 MARCH 2013

Company delivers first quarter year on year revenue growth of 8% and year on year gross margin improvement

Kirchheim/Teck, Germany, 8 May 2013 - 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 first quarter ending 29 March 2013.

Q1 2013 financial highlights

- Revenue up 8% over Q1 2012 at $180 million
- Gross margin up 120bps over Q1 2012 at 38.1%
- Underlying (*) EBITDA (**) at $27.1 million or 15.1% of revenue
- IFRS operating profit (EBIT) up 5% over Q1 2012 to $16.6 million or 9.2% of revenue
- Connectivity segment was near break even on an IFRS basis and profitable on an underlying(*) basis
- IFRS basic and diluted EPS of 15 cents, down 3 and 2 cents respectively on Q1 2012. Underlying(*) basic and diluted EPS of 21 cents, down 5 and 4 cents respectively on Q1 2012
- Cash generated from operations at $20.4 million. Cash and cash equivalents balance as of 29 March 2013 increased by $6.2 million to $318.6 million from Q4 2012

Q1 2013 operational highlights

- Continued power management smartphone and tablet design win momentum, across new platforms and models of our largest clients
- Continued the diversification of our client footprint with a third smartphone platform win with Samsung
- Broadening our product portfolio with the launch of the first multi-touch IC Smartwave™, enabling multi-touch experience at a price point affordable for Ultrabooks™
- As part of the Partner Processor Programme we expanded our collaboration with Intel for the development of a single-chip power management IC (PMIC) for the Bay Trail platform targeting the tablet market
- New Asia based smartphone chipset partner selected our power-management IC (PMIC) to be part of their reference design targeting the Chinese market
- The migration to 0.13nm BCD technology continued according to plan and we anticipate first products will be available for sampling by Q4 2013

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

"I'm very pleased to report a good set of results delivering year on year revenue growth and gross margin improvement. During the quarter we continued to diversify our customer base and brought exciting innovation to the market. The launch of our first multi-touch IC Smartwave™ and the collaboration with Intel in the Bay Trail are important milestones in our strategic route map."

"Dialog is in an excellent position to continue its success story in 2013. Our team continues to push the diversification drive through sustained investment in R&D innovation, close collaboration with our partners and customers and through selected acquisitions and strategic co-operations."

Outlook

In Q2 2013, we expect revenue for the quarter to be in the range of $140 to $155 million as a result of unit sales softness.

On the basis of the revenue outlook for Q2 2013 we expect gross margin to be flat to marginally below Q1 2013. However, gross margin is expected to improve incrementally through the second half of 2013 and grow year on year.

Given the visibility we have, we remain confident about the Company's revenue growth for the full year, anticipating a much stronger second half driven by ramp of high volume new products.

Financial overview

IFRS	**First Quarter**		
US$ million	**2013**	**2012**	**% Var.**
Revenue	180.0	166.3	+8%
Gross Margin	38.1%	36.9%	+120bps
R&D %	20.1%	17.2%	+290bps
SG&A % [1]	8.7%	10.4%	(170)bps
EBIT [1]	16.6	15.7	+5%
EBIT % [1]	9.2%	9.5%	(30)bps
Net income [1]	9.9	11.6	(15)%
Basic EPS $ [1]	0.15	0.18	(17)%
Diluted EPS $ [1]	0.15	0.17	(12)%
Operating cash flow[1]	20.4	35.8	(43)%
Underlying	**First Quarter**		
US$ million	**2013**	**2012**	**% Var.**
Gross Margin	38.2%	37.3%	+90bps
EBITDA [1]	27.1	27.1	0%
EBITDA % [1]	15.1%	16.3%	(120)bps
EBIT [1]	18.9	21.5	(12)%
EBIT % [1]	10.5%	13.0%	(250)bps
Basic EPS $ [1]	0.21	0.26	(19)%
Diluted EPS $ [1]	0.21	0.25	(16)%

[1] Q1-2012 numbers have been adjusted following a revised treatment of transactions costs for the Convertible Bond. For further information please refer to our Q2-2012 report in which this was reported as prior period adjustmenthttp://www.dialog-semiconductor.com/investor-relations/reports-filings/quarterly-reports

Revenue in Q1 2013 was up 8% at $180 million. This was a very positive performance against a strong Q1 2012, when we saw strong momentum from recently introduced products. Mobile Systems segment revenue was up 14% over Q1 2012.

As previously indicated, Q1 2013 gross margin was marginally below Q4 2012 at 38.1% and 120bps above Q1 2012. This marginal decline is the result of the lower revenue in the quarter and the subsequent higher allocation per unit of the fixed component of Cost of Sales - or Cost of Goods Sold (COGS). The collaboration with our foundry partners to gradually improve our manufacturing process continued throughout the quarter and we made good progress towards our goal to increasing yields and material cost reductions. As a result of these initiatives, we continue to expect gross margin improvement for the full year 2013.

R&D investment in Q1 2013 stood at 20.1% of revenue, 290 bps over Q1 2012 and representing an increase of 4% over Q4 2012. On a trailing twelve months basis R&D was 17.2% of revenue or 50bps above Q1 2012. The strong investment in R&D resources and projects is an important part of the company's strategy to accelerate diversification of its product portfolio, to address new market applications and broaden its customer base. We are confident about our product pipeline and we expect to launch new products through 2013.

SG&A in Q1 2013 stood at 8.7% of revenue, 170bps below Q1 2012. During the quarter we maintained best in class SG&A levels on IFRS and underlying basis. In addition to maintaining this high level of efficiency during the quarter we saw lower amortisation expenses relating to the purchase price allocation from the SiTel acquisition and lower national insurance costs associated with share based payment charges.

EBIT for Q1 2013 was up 5% to $16.6 million, the highest ever first quarter on record. At the end of Q1 2013 the Connectivity segment was near break even on an IFRS basis and was profitable on an underlying basis. This is the positive outcome of all the initiatives we took during 2012 to increase supply chain efficiencies and re-focus on higher margin business opportunities.

A net tax charge of $4.2 million was recorded in Q1 2013. This is in line with our February guidance, representing a 30% effective tax rate. This rate is above the effective tax rate for Q1 2012 of 27%. We expect the tax rate to peak in 2013 at around 30%.

IFRS net income was $9.9 million, 15% below Q1 2012. This drop was the result of higher interest expenses in connection with the measurement of the financial liability from the convertible bond and the indicated increase in the tax rate to 30% (Q1 2012: 27%). On an underlying basis Q1 2013 net income was below Q1 2012 as a result of the sustained investment in R&D in line with our strategic growth and diversification objectives. IFRS basic and diluted EPS were 15 cents, down 3 and 2 cents respectively over Q1 2012.

At the end of Q1 2013, our total inventory level was below Q4 2012 at $146 million (or ~120 days). We continued to manage our inventory through the product cycle trough. In anticipation of a number of product launches during the coming quarters, the percentage of raw materials out of total inventory value increased to 30%, more than doubling from the end of 2012 and representing approximately 18 days. We expect a further net reduction in inventory value during Q2 2013.

At the end of Q1 2013, we had cash and cash equivalents balance of $318.6 million. In the first quarter we generated $20 million of operating cash. Free cash flow(***) movement in the quarter was an inflow of $1.9 million.

(*) Underlying results in Q1-2013 are based on IFRS unaudited consolidated interim income statement, adjusted to exclude share-based compensation charges and related charges for National Insurance of US$1.3 million, excluding US$1.1 million of amortisation of intangibles associated with the acquisition of SiTel (now Dialog B.V.), excluding US$1.9 million non-cash interest expense in connection with the convertible bond and excluding US$0.3 million non-cash effective interest expense related to a licensing agreement entered into in Q3-2012 and also excluding the related tax effects.

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 (Q1 2013: US$3.9 million, Q1 2012: US$2.7 million), amortisation for intangible assets (Q1 2013: US$5.1 million, Q1 2012: US$4.7 million) and losses on disposals and impairment of fixed assets (Q1 2013: US$0.3 million, Q1 2012: US$0.2 million)

(***) Free Cash Flow is defined as net income of US$9.9 million plus amortisation and depreciation of US$ 9.1 million, minus change in working capital of US$7.5 million, minus capital expenditure of US$12.2 million and plus net interest expense of US$2.6 million.

Operational overview

In Q1 2013 we won additional new custom PMIC designs across new platforms and models at our largest clients. We made good progress in the diversification of our client footprint with a third global smartphone platform win with Samsung. Our power management IC (PMIC) with integrated audio functionality is being used in the new range of entry to mid-level Samsung Galaxy Fame smartphone. This third platform win with Samsung is a powerful endorsement of Dialog's technology and we look forward to furthering our relationship with the addition of more platform wins in the future.

The high level of integration in our power management IC (PMIC) continued to support an increase in the Average Sales Price (ASP).

Building on our innovation effort and as part of our ultrabook strategy we entered the touch screen sensors segment with the launch of our first multi-touch IC (MTIC) Smartwave™. This solution enables multi-touch experience at a price point affordable for mainstream Ultrabooks™ and a new generation of touch enabled display products. Unlike competing technologies, it allows system costs to scale linearly with screen size. Smartwave™ is suitable for today's laptops, All-in-One PCs, Ultrabooks™ and monitors and is optimised for display types between 11 and 36 inches. It is also designed to meet Microsoft Windows 8 and Intel's Ultrabooks™ touch requirements.

As part of the Partner Processor Programme we expanded our collaboration with Intel for the development of a single-chip power management IC (PMIC). Together with the next generation Intel® Atom™ processor, codename 'Bay Trail', this PMIC delivers outstanding battery life for tablet designs, a critical factor in consumer product choice. This product was optimised to be a system power management device on Intel's reference design vehicle: an 'open bench top' customer reference board/kit for test, measurement and software development as well as an enclosed form-factor reference design that requires minimal additional hardware to complete the rapid development of tablet computers.

Dialog's focus on Asia design-in activity has been building momentum, with a number of customers evaluating our System PMIC, fast charger functions and programmable multi-phase converters. During Q1 2013, one of our highly integrated PMICs has been selected by a new Asia based smart phone chipset partner. Our PMIC will be part of their reference design targeting the high volume smartphone Chinese market. We expect an Asia based Tier 1 customer to begin volume smartphone shipments by end of 2013 based on this reference design.

The transition of our power management IP (intellectual property) to 0.13 micron BCD technology continued according to plan. This smaller geometry allows us to even further increase the level of functionality we can integrate into our PMIC's, including the integration of increased digital power management functionality. Additionally, it gives us access to increased manufacturing capacity at our foundry partners and a future platform to transition to 300 mm wafer manufacturing. We anticipate the first products to be available for sampling by Q4 2013.

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Dialog Semiconductor invites you today at 08.30 am (London) / 09.30 am (Frankfurt) to take part in a live conference call and to listen to management's discussion of the Company's Q1 2013 performance, as well as guidance for Q2 2013. 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 **#44924030**. 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 29 March 2013 is available under the investor relations section of the Company's website at: http://www.diasemi.com/investor-relations

For further information please contact:

Dialog Semiconductor
Jose Cano
Head of Investor Relations
T: +44 (0)1793 756 961
jose.cano@diasemi.com

Dialog Semiconductor
Helen McInnes
Head of Global Corporate Communications
T: +44 (0)1793-756-960
Mobile: +44 (0)7554 419 180
helen.mcinnes@diasemi.com

FTI Consulting London
Matt Dixon
T: +44 (0)20 7269 7214
matt.dixon@fticonsulting.com

FTI Consulting Frankfurt
Thomas M. Krammer
T: +49 (0) 69 9203 7183
thomas.krammer@fticonsulting.com

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, tablets, 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 2012, it had $774 million in revenue and was one of the fastest growing European public semiconductor companies. At the end of 2012 it had approximately 800 employees. The Company is listed on the Frankfurt (FWB: DLG) stock exchange and is a member of the German TecDax index.

Forward Looking Statements