Press release – 28 February 2018

DIALOG SEMICONDUCTOR REPORTS RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

Record quarterly revenue up 27% year-on-year to US$464 million and increased earnings

London, UK, 28 February 2018 - Dialog Semiconductor Plc (XETRA: DLG), a provider of highly integrated power management, AC/DC, solid state lighting and Bluetooth® low energy wireless technology, today reports results for the fourth quarter ended 31 December 2017.

Q4 and full year 2017 financial highlights

- Q4 revenue of US$464 million, slightly above the high-end of November guidance. Full year revenue of US$1,353 million up 13% over 2016.
- Q4 gross margin at 45.2% and underlying[1] gross margin at 46.1%. Full year gross margin at 45.9% and underlying gross margin at 46.7%, above 2016 and in line with November guidance.
- Q4 operating profit of US$75.4 million and underlying[1] operating profit of US$108.1 million. Full year operating profit of US$187.0 million and underlying operating profit of US$259.5 million.
- All operational business segments were profitable on an underlying basis for the full year 2017. Advanced Mixed Signal was not profitable on IFRS basis for the full year 2017.
- Q4 diluted EPS of US$1.09 and underlying[1] diluted EPS of US$1.34. Full year diluted EPS of US$2.21 and underlying diluted EPS of US$2.92.
- Q4 cash flow from operating activities of US$130.2 million (Q4 2016: US$88.9 million). US$111.0 million of free cash flow[1] generated in Q4 2017, up 54% over Q4 2016 (US$72.2 million). US$479 million of cash and cash equivalents, US$218 million below 31 December 2016.
- On 1 November 2017, the Company completed the acquisition of Silego Technology Inc. (Silego), a leader in Configurable Mixed-Signal ICs (CMICs) for US$276 million on a cash and debt-free basis, with an additional contingent consideration of up to US$30.4 million.

Q4 and full year 2017 operational highlights

- Design engagement momentum for custom Power Management ICs (PMICs) at leading smartphone OEM.
- Integration of Silego progressing according to plan.
- Expanded our portfolio of Application Specific Standard Products (ASSP) with next generation Chargers and Nanopower PMICs.
- Leveraged our power management technology into the automotive segment through the expansion of platform reference designs with Renesas and Xilinx.
- Created new Advanced Mixed Signal segment, grouping Power Conversion and the business from Silego.
- Maintained a commanding market share in the smartphone rapid charge segment.
- Built a solid presence in the Bluetooth® low energy market, delivering 24% year-on-year revenue growth, with our SmartBond™ SoCs.
- Accelerated a complete WattUp® IC roadmap following FCC approval of Energous, Mid-Field WattUp® transmitter reference design.

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

"In Q4 2017 we delivered record quarterly revenue and strong operating cash flow. Our solid financial execution is reflected in our full year 2017 performance where we delivered double-digit revenue growth, increased underlying profitability and returned cash to shareholders.

In line with our strategic objectives, during the year we made further progress with the expansion of our product portfolio and customer base, through a combination of organic initiatives and acquisitions.

As we look ahead into 2018, our competitive positioning in mobility and IoT remains strong and we will continue to invest in differentiated technology to generate future revenue growth opportunities. This, combined with a strong pipeline of new products and customer design-ins, gives me confidence about our prospects for the coming year."

1 Underlying measures and free cash flow quoted in this Press Release are non-IFRS measures (see page 5).

Press release – 28 February 2018 continued

Outlook

Based on our current visibility and typical seasonal trends, we anticipate revenue for Q1 2018 to be in the range of US$330-US$360 million.

Good business momentum and a pipeline of key product launches, give us confidence 2018 will be a year of good revenue growth. As in previous years, revenue performance will be strongly weighted towards the second half of the year.

In line with the expected revenue performance, we expect gross margin for Q1 2018 to be broadly in line with the prior quarter and FY 2018 to be broadly in line with FY 2017.

Financial overview

IFRS basis

US$ millions	Q4 2017	Q4 2016	Change	FY 2017	FY 2016	Change
Revenue	**463.5**	364.7	+27%	**1,352.8**	1,197.6	+13%
Gross margin	**45.2%**	45.6%	-40bps	**45.9%**	45.7%	+20bps
R&D %[2]	**16.9%**	16.3%	+60bps	**20.6%**	20.2%	+40bps
SG&A %[2]	**9.9%**	8.9%	+100bps	**10.7%**	11.1%	-40bps
Other operating income %[2 3]	**-2.1%**	0.0%	-210bps	**-2.1%**	11.5%	nm
Operating profit	**75.4**	74.2	+2%	**187.0**	309.8	-40%
Operating margin	**16.3%**	20.4%	-410bps	**13.8%**	25.9%	nm
Net income	**81.9**	52.1	+57%	**169.4**	258.1	-34%
Basic EPS $	**1.15**	0.69	+67%	**2.34**	3.43	-32%
Diluted EPS $	**1.09**	0.66	+65%	**2.21**	3.25	-32%
Cash flow from operating activities	**130.2**	88.9	+46%	**284.7**	248.8	+14%

Underlying

US$ millions	Q4 2017	Q4 2016	Change	FY 2017	FY 2016	Change
Revenue	**463.5**	364.7	+27%	**1,352.8**	1,197.6	+13%
Gross margin	**46.1%**	46.1%	0bps	**46.7%**	46.3%	+40bps
R&D %[2]	**15.4%**	15.3%	+10bps	**19.2%**	19.0%	+20bps
SG&A %[2]	**7.4%**	7.6%	-20bps	**8.4%**	8.9%	-50bps
EBITDA	**123.1**	97.8	+26%	**315.8**	269.7	+17%
EBITDA %	**26.6%**	26.8%	-20bps	**23.3%**	22.5%	+80bps
Operating profit	**108.1**	84.5	+28%	**259.5**	221.0	+17%
Operating margin	**23.3%**	23.2%	+10bps	**19.2%**	18.5%	+70bps
Net income	**103.4**	61.6	+68%	**228.0**	165.4	+38%
Basic EPS $	**1.40**	0.82	+71%	**3.08**	2.20	+40%
Diluted EPS $	**1.34**	0.78	+72%	**2.92**	2.09	+40%

2 R&D, SG&A and other operating income/(expense) as a percentage of revenue.
3 Other operating income in FY 2016 includes US$137 million Atmel termination fee.

Revenue in Q4 2017 was up 27% year-on-year to US$464 million. Excluding the contribution of the acquisition of Silego, revenue was up 24% year-on-year due to the solid performance of the Mobile Systems segment. Mobile Systems was up 31% year-on-year and 34% sequentially. The strong year-on-year performance was driven by higher sales volumes and the increased value of our latest generation of highly-integrated power management solutions. In Q4 2017 we created the Advanced Mixed Signal segment, grouping together the former Power Conversion segment and Silego. In Q4 2017, Advanced Mixed Signal was up 29% year-on-year and 22% sequentially. Excluding revenue from Silego, Advanced Mixed Signal was down 8% year-on-year and 13% sequentially, as a result of the lower rate of adoption of new rapid charge technologies through the second half of 2017. Connectivity was up 3% year-on-year and down 8% sequentially. The year-on-year increase was driven by the solid performance of our DECT based products and the sequential decline was largely due to Bluetooth low energy. Automotive & Industrial was up 2% year on year and down 4% sequentially.

Q4 2017 gross margin was 45.2%, 40bps below Q4 2016 due to the purchase price accounting adjustments related to the acquisition of Silego. Q4 2017 underlying[1] gross margin was in line with Q4 2016 at 46.1%.

Operating expenses (OPEX) comprising SG&A and R&D expenses, in Q4 2017 was up 35% year-on-year to US$124.3 million, or 26.8% of revenue. Underlying[1] OPEX, in Q4 2017 was up 27% year-on-year to US$105.9 million, or 22.8% of revenue. The year-on-year increase in OPEX and underlying OPEX was mainly due to higher R&D expense and the first time consolidation of Silego into the Group.

R&D expense in Q4 2017 was up 32% from Q4 2016 to US$78.5 milllion. The year-on-year increase in R&D expense was the result of the consolidation of Silego into the Group alongside the ongoing investment in application-specific customer opportunities and programmes supporting the diversification of the business. In Q4 2017 we incurred US$1.2 million of costs relating to the integration of Silego. As a percentage of revenue, R&D in Q4 2017 was up 60bps year-on-year to 16.9%. On an underlying[1] basis, R&D expense was up 28% from Q4 2016 to US$71.5 million. As a percentage of revenue, underlying R&D in Q4 2017 was broadly in line with Q4 2016 at 15.4% (2016: 15.3%).

SG&A expense in Q4 2017 was up 41% from Q4 2016 to US$45.8 million. This increase was largely due to the consolidation of Silego into the Group and higher performance-based bonus reflecting the improved financial performance of the Company. In Q4 2017, we incurred US$4.5 million of transaction costs and US$1.1 million of integration costs, both relating to the acquisition of Silego. As a percentage of revenue, SG&A in Q4 2017 was 100bps above Q4 2016 to 9.9%. Underlying[1] SG&A in Q4 2017 was up 25% over Q4 2016 to US$34.4 million. The increase in underlying SG&A was driven by the same reasons mentioned above. As a percentage of revenue, underlying SG&A was 20bps below Q4 2016 to 7.4%.

Operating profit in Q4 2017 was US$75.4 million, up 2% year-on-year reflecting the increased revenue partially offset by higher OPEX. Operating profit margin in the quarter was 16.3%, 410bps below Q4 2016, mainly due to the purchase price accounting adjustments and one-time costs related to the acquisition of Silego. Underlying[1] operating profit was US$108.1 million, up 28% year-on-year mainly driven by the revenue growth partially offset by higher OPEX. Underlying operating margin in the quarter was 23.3%, slightly above Q4 2016.

The effective tax rate in 2017 was 13.0% (2016: 15.4%). The low effective tax rate in 2017 reflects a credit related to prior years of US$1.5 million resulting from the finalisation of the Bilateral Advance Pricing Agreement and other prior year tax items with tax authorities, a non-cash deferred tax credit of US$6.7 million resulting from US tax reform, a credit of US$9.7 million due to the utilisation of previously unrecognised deferred tax assets against taxable currency translation gains and a credit of US$9.6 million arising from tax on currency translation differences where functional and tax currencies are different. The low effective tax rate in 2016 reflected the tax treatment of the US$137.3 million Atmel termination fee. The underlying effective tax rate in 2017 was 14.5% compared with 20.5% in Q3 2017 and 24.0% for 2016. Our underlying effective tax rate for 2017 was much lower than expected, principally because of the tax effects of unpredictable currency exchange rate movements.

In Q4 2017, net income was up 57% year-on-year due to the operating profit movement, a net gain of US$5.0 million resulting from the fair valuation of the Energous warrants, and the lower income tax expense. Underlying[1] net income was up 68% year-on-year and 66% sequentially (Q3 2017: US$62.4 million). The year-on-year increase in underlying net income was mainly driven by the operating profit movement and the lower income tax expense. Diluted EPS in Q4 2017 was up 65% year-on-year. Underlying diluted EPS in Q4 2017 was up 72% year-on-year.

In December 2017, following a period of sustained operating losses, the shareholders of Dyna Image decided that it should be gradually wound down. As a consequence of this decision, we recognised impairment losses totalling US$4.3 million. We also reviewed the call option over the non-controlling interests in Dyna Image and concluded that the option no longer gives the Group power over the relevant activities of the company. We therefore deconsolidated Dyna Image and recognised a loss of US$5.6 million.

At the end of Q4 2017, our total inventory level was US$169 million, 10% below the previous quarter (or ~60 days), representing a 27-day decrease in our days of inventory from the previous quarter. During Q1 2018, we expect inventory value to be flat to slightly below Q4 2017 and days of inventory to increase from Q4 2017.

At the end of Q4 2017, we had a cash and cash equivalents balance of US$479 million. Cash flow from operating activities in Q4 2017 was US$130.2 million, 46% above Q4 2016 (Q4 2016: US$88.9 million) mainly as a result of the year-on-year increase in net income.

On 1 November 2017, the company completed the acquisition of privately-held Silego Technology Inc., the leading provider of Configurable Mixed-signal ICs (CMICs), for US$276 million on a cash and debt-free basis, subject to adjustments for cash debt and working capital, with additional contingent consideration of up to US$30.4 million.

On 15 November 2017, the company purchased ams AG's LED backlight technology and product portfolio for US$9.5 million cash. As part of the transaction we also acquired specific ams intellectual property rights.

Press release – 28 February 2018 continued

Operational overview

Innovation is at the core of our business model and through our focused R&D approach we continued to invest in the development of innovative and differentiated technology. Our ability to recruit, develop and retain engineering talent is vital for our success. During 2017 we expanded our design centres in North America, Europe and Asia to take advantage of the opportunities we see for our technology. Including the employees who transferred across following the acquisition of Silego , the number of Dialog employees at 31 December 2017 was 2,071, 75% of whom work in engineering functions. This represented a year-on-year increase of 17% (2016:1,766). Our colleagues are based in 33 different locations across 16 countries and it is this global pool of talent which enables us to maintain strong relationships with our customers and partners and sustain our track record of innovation.

Our solid competitive positioning rests upon delivering technical excellence through short design cycles. We bring value to our customers with highly-integrated innovative and differentiated power management and power efficient products, enabling a fast go to market. This value underpins the content increase we delivered in 2017 and the potential to bring additional value over the medium term. In 2017, the Average Content per Device (ACD) from our custom PMICs was US$3.26 (2016: US$3.22)

Our primary end markets are mobility and the Internet of Things (IoT). The increasing adoption of standard technologies, such as Bluetooth low energy or LED lighting, and the expansion of high-performance processors into infotainment systems, has contributed to the expansion of our presence in the automotive segment. In line with our strategic goals, during 2017 we expanded our product portfolio through a combination of organic and inorganic initiatives.

Mobile Systems

Mobile Systems made good progress in expanding its product portfolio of Application Specific Standard Products (ASSP) with next generation Charger ICs and the launch of our first nanopower PMICs. The ultra-compact nanopower PMICs provide high efficiency and flexibility for wearables, smart home applications and many other connected devices.

In Q4 2017, we also added new custom PMIC design wins for next generation models at our largest customer. These opportunities and all other opportunities from our largest customer are made available to us on a product by product basis and depend on our ability to work to the highest technical standards, develop leading-edge technology and a commitment to provide high-quality products at appropriate prices and volumes. We recognize that Apple has the resources and capability to design a PMIC of its own. We will continue to support our largest customer as this relationship evolves and develops over time.

In parallel, we continued to leverage our power management technology into new markets and geographies through the expansion of our platform reference designs. Our partnership with Spreadtrum provides Dialog with an opportunity to expand market share in mobility in China and South East Asia, and the collaborations with Renesas and Xilinx strengthens Dialog's presence in the automotive segment.

Advanced Mixed Signal

As previously mentioned, in Q4 2017 we created the Advanced Mixed Signal segment, grouping the Power Conversion segment and the business from the acquisition of Silego.

Market adoption of rapid charge technologies continued in 2017, albeit at a lower pace during the second half of the year. During the year we introduced our USB Power Delivery 3.0 adapter solution and we welcomed new customers in China, such as Huawei. We expect new charging technologies, like USBPD Type C, to become more prevalent from the second half of 2018. Dialog has successfully maintained a commanding market share in the rapid charge market through a combination of differentiated technology, speed of execution and wide support of rapid charge protocols. Our RapidCharge™ solutions for power adapters had approximately 60% market share of the rapid charge adapter market for smartphones at the end of 2017.

Our broad product portfolio in LED Solid-State Lighting (SSL) driver ICs and exclusive digital conversion technologies enable high quality solutions with a low cost. Our SSL LED business grew at a solid pace during 2017 and the acquisition of the LED backlighting technology from ams AG in 2017 has enabled us to expand our customer base, grow our share of the large panel display market, and target the automotive display market over the medium term.

The acquisition of Silego in November 2017 contributed to the expansion of our product portfolio. The Configurable Mixed-Signal IC (CMIC) enables customers to customise and integrate multiple analog, logic and discrete components into a single chip fast. This technology will contribute to the expansion of our customer base and strengthen our presence in IoT, mobile computing and automotive.

Connectivity

During 2017, our Connectivity Segment reached a remarkable milestone, shipping over 100 million SmartBond™ System-on-Chip (SoC) units into the IoT market. This is a strong indication of the value we bring to customers and the continuing adoption of the technology across a wide range of applications. Our strategy remains focused on targeted verticals, like wearables, proximity tags, smart home, or gaming accessories. In 2017 we expanded the SmartBond™ product portfolio supporting the Bluetooth 5.0 standard, with the launch of the DA14585 and the DA14586. These latest additions to our portfolio enable increased security for IoT devices and new use cases such as Bluetooth mesh.

The Connectivity Segment is targeting the consumer headset market with SmartBeat™ wireless Audio IC. The DA14195 gained attention in the market achieving the first major OEM design win in 2017. This technology enables a new immersive headset experience and supports both wired USB 3.0 Type-C™ and Bluetooth® based consumer headsets. The DA14195 is currently being evaluated by a number of leading consumer brands for gaming and USB Type-C™ headsets.

Automotive and Industrial

Automotive & industrial delivered 10% year-on-year revenue growth in 2017. This solid result was the result of the good performance in the industrial lighting segment.

Other business initiatives

Our strategic partnership with Energous Corporation continued to develop during 2017, driving market adoption of true over the air wireless charging by combining Energous' uncoupled wireless charging technology and Dialog's power saving technologies. In June 2017 we increased our investment in Energous to US$25 million with an additional investment of US$15 million and during the first few days of 2018, we announced the acceleration of a complete product roadmap. This announcement was possible after the Federal Communications Commission (FCC) certification of the Mid Field WattUp transmitter reference design.

Non-IFRS measures

Underlying measures of performance and free cash flow quoted in this press release are non-IFRS measures. Our use of underlying measures and reconciliations of the underlying measures to the nearest equivalent IFRS measures for FY 2017 and FY 2016 are presented in Section 3 of the Financials and selected notes 2017 report. For ease of reference, we present below reconciliations for the non-IFRS measures quoted in this press release:

Income statement items

FY 2017

US$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations	Integration costs	Effective interest	Strategic investments	US tax reform	Underlying basis
Revenue	**1,352,841**	**–**	**–**	**–**	**–**	**–**	**–**	**1,352,841**
Gross profit	**620,653**	**1,219**	**9,844**	**–**	**–**	**–**	**–**	**631,716**
SG&A expenses	**(145,262)**	**16,285**	**14,358**	**1,121**	**–**	**–**	**–**	**(113,498)**
R&D expense	**(278,796)**	**17,994**	**512**	**1,184**	**–**	**–**	**–**	**(259,106)**
Other operating (expense)/income	**(9,578)**	**–**	**–**	**–**	**–**	**9,924**	**–**	**346**
Operating profit	**187,017**	**35,498**	**24,714**	**2,305**	**–**	**9,924**	**–**	**259,458**
Other finance income	**7,786**	**–**	**436**	**–**	**289**	**(1,398)**	**–**	**7,113**
Profit before income taxes	**194,803**	**35,498**	**25,150**	**2,305**	**289**	**8,526**	**–**	**266,571**
Income tax expense	**(25,369)**	**(3,476)**	**(4,187)**	**(701)**	**(56)**	**1,889**	**(6,658)**	**(38,558)**
Net income	**169,434**	**32,022**	**20,963**	**1,604**	**233**	**10,415**	**(6,658)**	**228,013**

FY 2016

US$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations	Aborted merger with Atmel	Effective interest	Strategic investments	Underlying basis
Revenue	1,197,611	–	–	–	–	–	1,197,611
Gross profit	546,715	1,120	7,029	–	–	–	554,864
SG&A expenses	(133,271)	15,826	7,473	3,485	–	–	(106,487)
R&D expense	(241,345)	13,570	–	–	–	–	(227,775)
Other operating income	137,708	–	–	(137,300)	–	–	408
Operating profit	309,807	30,516	14,502	(133,815)	–	–	221,010
Other finance expense	(4,601)	–	–	1,913	526	(1,199)	(3,361)
Profit before income taxes	305,206	30,516	14,502	(131,902)	526	(1,199)	217,649
Income tax expense	(47,090)	(4,686)	(351)	(383)	(105)	386	(52,229)
Net income	258,116	25,830	14,151	(132,285)	421	(813)	165,420

Press release – 28 February 2018 continued

Q4 2017

US$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations	Integration costs	Effective interest	Strategic investments	US tax reform	Underlying basis
Revenue	**463,519**	**–**	**–**	**–**	**–**	**–**	**–**	**463,519**
Gross profit	**209,329**	**(133)**	**4,528**	**–**	**–**	**–**	**–**	**213,724**
SG&A expenses	**(45,849)**	**2,749**	**7,554**	**1,121**	**–**	**–**	**–**	**(34,425)**
R&D expense	**(78,462)**	**5,299**	**512**	**1,184**	**–**	**–**	**–**	**(71,467)**
Other operating (expense)/ income	**(9,628)**	**–**	**–**	**–**	**–**	**9,924**	**–**	**296**
Operating profit	**75,390**	**7,915**	**12,594**	**2,305**	**–**	**9,924**	**–**	**108,128**
Other finance income	**5,925**	**–**	**436**	**–**	**49**	**(5,302)**	**–**	**1,108**
Profit before income taxes	**81,315**	**7,915**	**13,030**	**2,305**	**49**	**4,622**	**–**	**109,236**
Income tax credit/(expense)	**608**	**1,998**	**(3,557)**	**(701)**	**(10)**	**2,522**	**(6,658)**	**(5,798)**
Net income	**81,923**	**9,913**	**9,473**	**1,604**	**39**	**7,144**	**(6,658)**	**103,438**

Q4 2016

US$000 unless stated otherwise	IFRS basis	Share-based compensation and related payroll taxes	Accounting for business combinations	Aborted merger with Atmel	Effective interest	Strategic investments	Underlying basis
Revenue	364,705	–	–	–	–	–	364,705
Gross profit	166,404	(198)	1,761	–	–	–	167,967
SG&A expenses	(32,587)	3,073	1,824	95	–	–	(27,595)
R&D expenses	(59,598)	3,646	–	–	–	–	(55,952)
Other operating income	30	–	–	–	–	–	30
Operating profit	74,249	6,521	3,585	95	–	–	84,450
Other finance expense	(2,332)	–	–	–	110	(1,199)	(3,421)
Profit before income taxes	71,917	6,521	3,585	95	110	(1,199)	81,029
Income tax expense	(19,774)	(307)	298	–	(22)	386	(19,419)
Net income	52,143	6,214	3,883	95	88	(813)	61,610

Accounting for business combinations

US$000	**Q4 2017**	Q4 2016	**FY 2017**	FY 2016
Acquisition-related costs	**3,207**	–	**4,539**	–
Fair value uplift of acquired inventory	**2,305**	–	**2,305**	–
Amortisation of acquired intangible assets	**5,673**	3,585	**16,461**	14,502
Consideration accounted for as compensation expense	**1,409**	–	**1,409**	–
Remeasurement of contingent consideration	**436**	–	**436**	–
Increase in profit before income taxes	**13,030**	3,585	**25,150**	14,502
Income tax (credit)/expense	**(3,557)**	298	**(4,187)**	(351)
Increase in net income	**9,473**	3,883	**20,963**	14,151

EBITDA

US$000	**Q4 2017**	Q4 2016	**FY 2017**	FY 2016
Net income	**81,923**	52,143	**169,434**	258,116
Net finance (income)/expense	**(5,925)**	2,332	**(7,786)**	4,601
Income tax expense	**(608)**	19,774	**25,369**	47,090
Depreciation expense	**8,004**	7,284	**30,807**	27,219
Amortisation expense	**12,622**	9,697	**41,969**	35,954
EBITDA	**96,016**	91,230	**259,793**	372,980
Share-based compensation and related payroll taxes	**7,915**	6,521	**35,498**	30,516
Acquisition-related costs	**3,207**	–	**4,539**	–
Fair value uplift of acquired inventory	**2,305**	–	**2,305**	–
Consideration accounted for as compensation expense	**1,409**	–	**1,409**	–
Integration costs	**2,305**	–	**2,305**	–
Impairment of intangible assets	**2,790**	–	**2,790**	–
Impairment of property, plant and equipment	**1,537**	–	**1,537**	–
Loss on deconsolidation of Dyna Image	**5,597**	–	**5,597**	–
Merger termination fee	**–**	–	**–**	(137,300)
Aborted merger costs	**–**	95	**–**	3,485
Underlying EBITDA	**123,081**	97,846	**315,773**	269,681

Earnings per share

US$000 unless stated otherwise	**Q4 2017**	Q4 2016	**FY 2017**	FY 2016
IFRS measures				
Net income	**81,923**	52,143	**169,434**	258,116
Loss attributable to non-controlling interests	**3,141**	462	**4,482**	2,824
Earnings for calculating basic and diluted EPS	**85,064**	52,605	**173,916**	260,940
Underlying measures				
Net income[(1)]	**103,438**	61,610	**228,013**	165,420
Loss attributable to non-controlling interests	**446**	328	**1,425**	2,299
Earnings for calculating basic and diluted EPS	**103,884**	61,938	**229,438**	167,719

1 Underlying net income is reconciled to net income determined in accordance with IFRS basis in the tables set out under the heading 'Reconciliation of underlying measures to equivalent IFRS measures.

Free cash flow

US$000	**Q4 2017**	Q4 2016	**FY 2017**	FY 2016
Cash flow from operating activities	**130,238**	88,903	**284,722**	248,760
Purchase of property, plant and equipment	**(9,907)**	(7,604)	**(47,938)**	(25,553)
Purchase of intangible assets	**(2,164)**	(4,276)	**(6,196)**	(8,177)
Payments for capitalised development costs	**(6,327)**	(4,086)	**(20,988)**	(15,802)
Capital element of finance lease and hire purchase payments	**(800)**	(740)	**(4,283)**	(3,834)
Free cash flow	**111,040**	72,197	**205,317**	195,394

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Dialog Semiconductor invites you today at 09.30 am (London) / 10.30 am (Frankfurt) to take part in a live conference call and to listen to management's discussion of the Company's Q4 2017 performance, as well as guidance for Q1 2018. Participants will need to register using the link below labelled 'Online Registration'. A full list of dial in numbers will also be available. To register for the webcast and receive dial in numbers, the conference PIN and a unique User ID please click on the link below:

http://members.meetingzone.com/selfregistration/registration.aspx?booking=8RgOLMAF2M8LLT7LhsgAPXB2uCwxku8seMfz5DLUb4U=&b=d58ae4ab-80e5-47f2-8295-e04d92bbba83

In parallel to the call, the presentation will be available at:

http://webcast.openbriefing.com/semiconductor_q4_results_28022018/

A replay will be posted on the Dialog website four hours after the conclusion of the presentation and will be available at http://www.dialog-semiconductor.com/investor-relations

Press release – 28 February 2018 continued

The full release including the Company's condensed consolidated income statement, consolidated balance sheet, consolidated statements of cash flows and selected notes for the year ended 31 December 2017 is available under the investor relations section of the Company's website at:

http://www.dialog-semiconductor.com/investor-relations

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Note to editors

Dialog Semiconductor provides highly integrated standard (ASSP) and custom (ASIC) mixed-signal integrated circuits (ICs), optimised for smartphone, tablet, IoT, LED Solid-State Lighting (SSL), and Smart Home applications. Dialog brings decades of experience to the rapid development of ICs while providing flexible and dynamic support, world-class innovation and the assurance of dealing with an established business partner. With world-class manufacturing partners, Dialog operates a fabless business model and is a socially responsible employer pursuing many programs to benefit the employees, community, other stakeholders and the environment we operate in.

Dialog's power saving technologies including DC-DC configurable system power management deliver high efficiency and enhance the consumer's user experience by extending battery lifetime and enabling faster charging of their portable devices. Its technology portfolio also includes audio, Bluetooth® Low Energy, Rapid Charge™ AC/DC power conversion and multi-touch.

Dialog Semiconductor plc is headquartered in London with a global sales, R&D and marketing organisation. In 2017, it had US$1.4 billion in revenue and approximately 2,070 employees worldwide. The company is listed on the Frankfurt (XETRA: DLG) stock exchange (Regulated Market, Prime Standard, ISIN GB0059822006) 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 "Managing risk and uncertainty" 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.