

DIALOG SEMICONDUCTOR EXPECTS HIGHER THAN ANTICIPATED PROFITABILITY IN Q2 2018

Ad-hoc announcement in accordance with Article 17 MAR

London, UK, 13 July 2018 - Dialog Semiconductor Plc (XETRA: DLG), expects higher than anticipated profitability in Q2 2018.

On 9 May 2018, Dialog indicated that it expected gross margin for Q2 2018 slightly above Q1 2018 (Q1 2018 gross margin: 46.3%; Q1 2018 underlying¹ gross margin: 47.2%). The company now expects Q2 2018 gross margin of 48.0% and Q2 2018 underlying¹ gross margin of 48.3%. The favourable movement was mostly driven by manufacturing cost efficiencies partially offset by product mix.

Additionally, in Q2 2018 the company expects operating profit of US\$26 million and underlying¹ operating profit of US\$42 million.

Preliminary financial overview

IFRS – US\$ million	Q2 2018	Q2 2017 ²	Change
Revenue	296	256	16%
Gross margin	48.0%	48.4%	-40bps
Operating profit	26	20	31%
Cash and cash equivalents	537	644	-16%
Underlying ¹ – US\$ million	Q2 2018	Q2 2017	Change
Revenue	296	256	16%
Gross margin	48.3%	48.6%	-30bps
Operating profit	42	32	33%

The Company is currently finalising its Q2 2018 results for the quarter ended 29 June 2018 which will be published on 2 August 2018.

1. Underlying measures of performance quoted in this press release are non-IFRS measures. Our use of underlying measures is explained on pages 156 to 161 of our 2017 Annual Report and Accounts. Reconciliations of the underlying measures to the nearest equivalent IFRS measures will be presented in our Q2 2018 Interim report. The definitions of gross margin and operating margin can be found on page 35 of our 2017 Annual Report.
2. With effect from 1 January 2018, we reclassified certain product development costs from cost of sales to research and development (R&D) expenses. We have re-presented Q2 2017 gross margin on a consistent basis. For further details of the reclassification, please refer to page 5 of the Q1 2018 Interim report.

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About Dialog Semiconductor

Dialog Semiconductor is a leading provider of integrated circuits (ICs) that power mobile devices and the Internet of Things. Dialog solutions are integral to some of today's leading mobile devices and the enabling element for increasing performance and productivity on the go. From making smartphones more power efficient and shortening charging times, enabling home appliances to be controlled from anywhere, to connecting the next generation of wearable devices, Dialog's decades of experience and world-class innovation help manufacturers get to what's next.

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 Semiconductor plc is headquartered in London with a global sales, R&D and marketing organization. In 2017, it had approximately \$1.35 billion in revenue. It currently has approximately 2,000 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. For more information, visit www.dialog-semiconductor.com.

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.