



DIALOG SEMICONDUCTOR TO ACQUIRE SITEL, A LEADING SUPPLIER OF WIRELESS CONNECTIVITY AND VOIP ICs

Kirchheim/Teck, February 10, 2011 – Dialog Semiconductor plc (FWB:DLG), a leading provider of highly integrated power management semiconductor solutions for portable devices including Smartphones and Tablet PCs, is pleased to announce that it has completed a transaction to acquire SiTel Semiconductor B.V. (“SiTel”), a leader in short-range wireless, digital cordless and VoIP technology.

Acquisition Highlights

- Adds short-range wireless connectivity and VoIP to Dialog’s existing technology portfolio
- Adds major global customers in the portable device market
- Significantly expands Dialog’s addressable market targeting high growth wireless personal portable devices – unit shipments of over 100 million in 2010
- An established, cash-generative and profitable business with unaudited 2010 revenue of \$116.9 million, of which approximately 90% were standard products.
- Enterprise value of \$86.5 million(♦)
- Expected to be accretive in Q3 2011

(♦) *Net cash paid of \$84.5 million*

Headquartered in the Netherlands, with approximately 140 employees, SiTel is a leading provider of semiconductors for short range wireless connectivity and VoIP applications. SiTel’s industry-leading products are found in a broad range of personal portable applications including digital cordless phones, professional wireless headsets, gaming and portable medical devices. SiTel’s VoIP technology is increasingly used by leading manufacturers of enterprise and residential VoIP connectivity products. Additionally, the combination of SiTel’s VoIP-based internet connectivity and short-range wireless capabilities provides an ideal platform to enable a new generation of wireless smart home networked devices with direct IP addressability – a fast-emerging market segment.

Wireless connectivity in personal portable devices is becoming increasingly prevalent within our society. As this trend continues, the market for proprietary and standards-based low power wireless ICs represents one of the highest growth opportunities in the semiconductor market today, with total units predicted by IMS Research to reach more than 4 billion by 2015, representing a CAGR of 32.2% between 2010 and 2015.

Under the terms of the transaction, Dialog paid an enterprise value of \$86.5 million. The transaction is expected to be accretive to both cash and IFRS EPS from Q3 2011. The acquisition has been funded using Dialog’s existing cash reserves.

In financial year 2010 SiTel generated unaudited revenues of approximately \$116.9 million (2009: \$109.6 million) with a 42.4% gross margin. SiTel’s customers include Gigaset, Panasonic, Microsoft, Plantronics and LG Ericsson: each world-leading brand names in their respective market

segments for portable personal consumer devices and VoIP connectivity. SiTel was previously a portfolio company of UK-based private equity firm HgCapital.

“We see the acquisition as highly complementary to our existing business and it will allow Dialog to address adjacent emerging connectivity markets in a compelling way,” said Dr. Jalal Bagherli, CEO of Dialog Semiconductor. *“The acquisition adds an established team of nearly 100 engineers, including expertise in low power RF. Dialog now benefits from a differentiated technology portfolio and an extremely competitive platform for our customers, leveraging both our superior power management technology with low power short-range wireless technology,”* continued Bagherli.

“Our ultra low power wireless technology, including both innovative proprietary and standards-based solutions has allowed SiTel to become a leader in wireless connectivity,” stated Dr. Asmund Tielens, CEO of SiTel. *“We are proud of the many milestones and technology ‘firsts’ SiTel has achieved in the CMOS wireless single chip field. By leveraging Dialog’s market leadership, I am confident we can drive adoption of wireless connectivity into this burgeoning consumer portable market,”* added Tielens.

Jefferies International Limited acted as financial adviser to Dialog.

Conference Call on Thursday 10th February at 9:30 CET/8:30 UK

Dialog Semiconductor invites you to listen in a live conference call to a management discussion on the acquisition, the Q4 2010 and full year 2010 performance. To access the call please use the following dial-in numbers: Germany +49 (0) 6103 485 3000, UK +44 (0) 207 153 2027, USA +1 480 629 9725, with no access code required. An instant replay facility will be available for 30 days after the call and can be accessed at +49 (0) 69 589 990 568 with access code 4402293#. 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.php

Additional Conference Call for US investors and analysts at 17:00 CET / 11:00 Eastern Time

An additional live conference call for the benefit of US-based investors and analysts will be held at 17:00 (CET) / 11.00 Eastern Time. To access the call please dial +1 877 941 8633, with no access code required.

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Note to editors:

Dialog Semiconductor creates energy-efficient, highly integrated, mixed-signal circuits optimised for personal mobile, 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 unique focus and expertise in system power management, Dialog brings decades of experience to the rapid development of integrated circuits for power management, audio, display processing and motor

control. Dialog's processor companion chips are essential for enhancing both the performance of hand-held products 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 2010, it had \$296.6 million in revenue and was again one of the fastest growing European public semiconductor companies. It currently has approximately 400 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 supercede any previous statement.

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