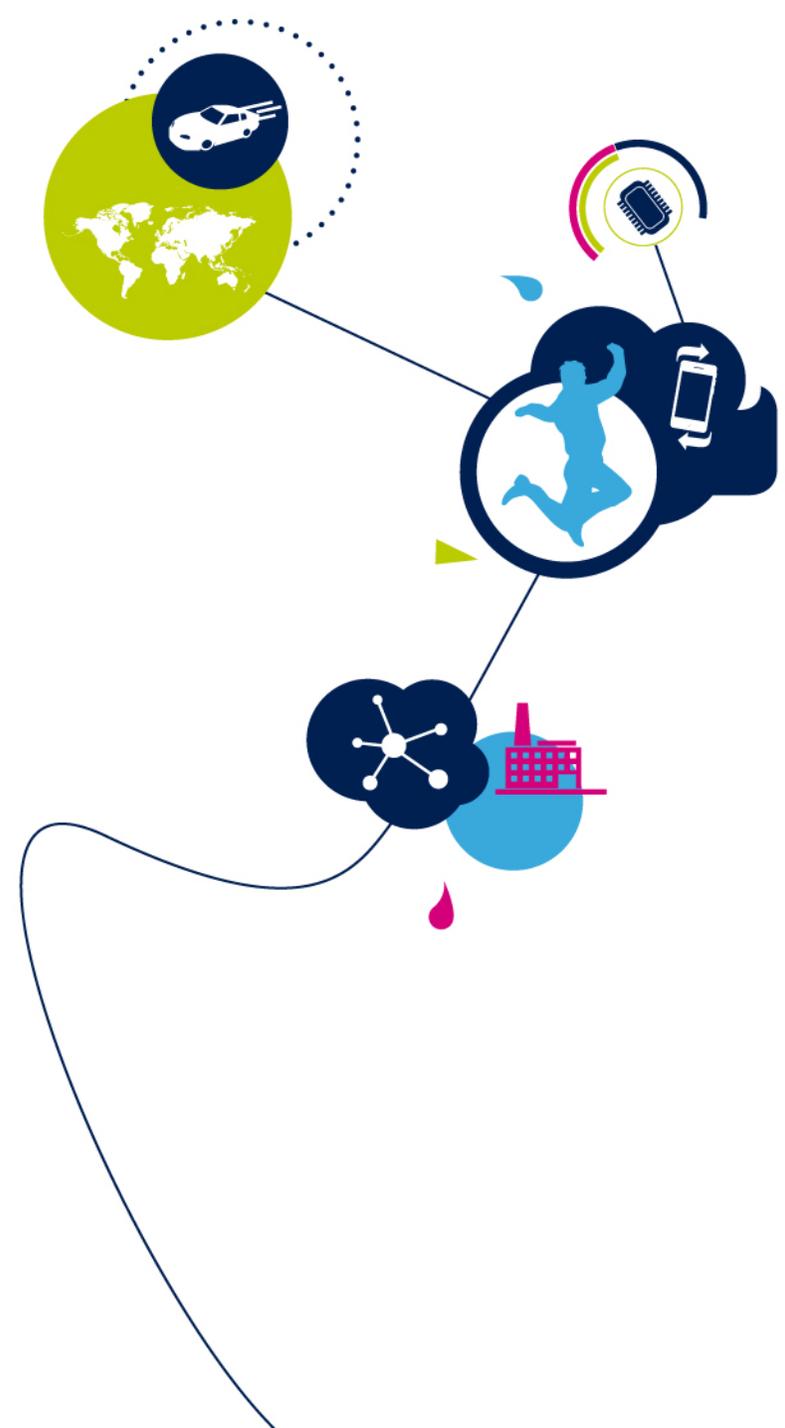


STMicroelectronics Q4 & FY 2018 Financial Results

January 24, 2019



Forward Looking Statements

Some of the statements contained in this release that are not historical facts are statements of future expectations and other forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934, each as amended) that are based on management's current views and assumptions, and are conditioned upon and also involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those anticipated by such statements, due to, among other factors:

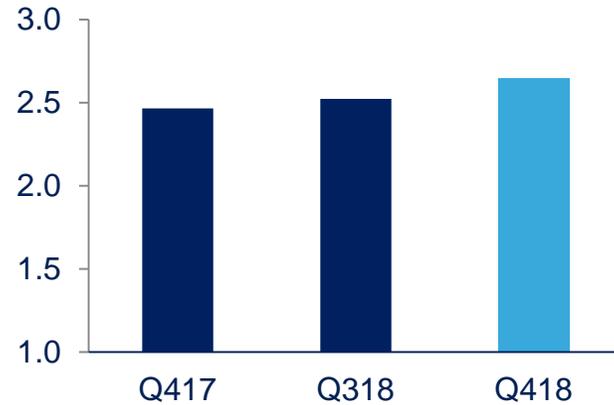
- *Uncertain macro-economic and industry trends, which may impact end-market demand for our products;*
- *Customer demand that differs from projections;*
- *The ability to design, manufacture and sell innovative products in a rapidly changing technological environment;*
- *Changes in economic, social, labor, political, or infrastructure conditions in the locations where we, our customers, or our suppliers operate, including as a result of macro-economic or regional events, military conflicts, social unrest, labor actions, or terrorist activities;*
- *Changes in global trade policies, including the adoption and expansion of tariffs and trade barriers, that could affect the macro-economic environment and adversely impact the demand for our products;*
- *The Brexit vote and the perceptions as to the impact of the withdrawal of the U.K. may adversely affect business activity, political stability and economic conditions in the U.K., the Eurozone, the EU and elsewhere. While we do not have material operations in the U.K. and have not experienced any material impact from Brexit on our underlying business to date, we cannot predict its future implications;*
- *Financial difficulties with any of our major distributors or significant curtailment of purchases by key customers;*
- *The loading, product mix, and manufacturing performance of our production facilities;*
- *The functionalities and performance of our IT systems, which support our critical operational activities including manufacturing, finance and sales, and any breaches of our IT systems or those of our customers or suppliers;*
- *Variations in the foreign exchange markets and, more particularly, the U.S. dollar exchange rate as compared to the Euro and the other major currencies we use for our operations;*
- *The impact of intellectual property ("IP") claims by our competitors or other third parties, and our ability to obtain required licenses on reasonable terms and conditions;*
- *Changes in our overall tax position as a result of changes in tax rules, new or revised legislation, the outcome of tax audits or changes in international tax treaties which may impact our results of operations as well as our ability to accurately estimate tax credits, benefits, deductions and provisions and to realize deferred tax assets;*
- *The outcome of ongoing litigation as well as the impact of any new litigation to which we may become a defendant;*
- *Product liability or warranty claims, claims based on epidemic or delivery failure, or other claims relating to our products, or recalls by our customers for products containing our parts;*
- *Natural events such as severe weather, earthquakes, tsunamis, volcano eruptions or other acts of nature, health risks and epidemics in locations where we, our customers or our suppliers operate;*
- *Availability and costs of raw materials, utilities, third-party manufacturing services and technology, or other supplies required by our operations;*
- *Industry changes resulting from vertical and horizontal consolidation among our suppliers, competitors, and customers;*
- *The ability to successfully ramp up new programs that could be impacted by factors beyond our control, including the availability of critical third party components and performance of subcontractors in line with our expectations; and*
- *Theft, loss, or misuse of personal data about our employees, customers, or other third parties, and breaches of global privacy legislation, including the EU's General Data Protection Regulation ("GDPR").*

Such forward-looking statements are subject to various risks and uncertainties, which may cause actual results and performance of our business to differ materially and adversely from the forward-looking statements. Certain forward-looking statements can be identified by the use of forward looking terminology, such as "believes," "expects," "may," "are expected to," "should," "would be," "seeks" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions.

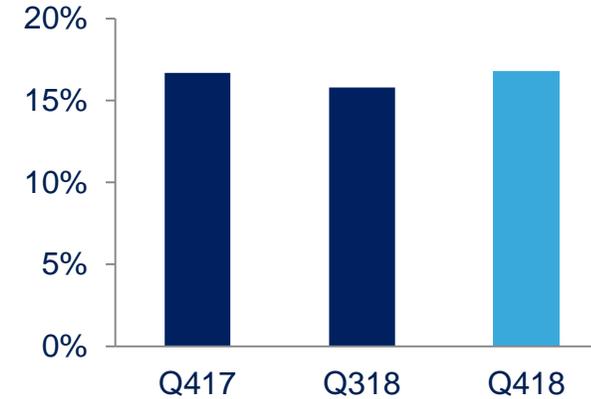
Some of these risk factors are set forth and are discussed in more detail in "Item 3. Key Information — Risk Factors" included in our Annual Report on Form 20-F for the year ended December 31, 2017, as filed with the SEC on March 1, 2018. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release as anticipated, believed, or expected. We do not intend, and do not assume any obligation, to update any industry information or forward-looking statements set forth in this release to reflect subsequent events or circumstances.

Q418 Financial Highlights

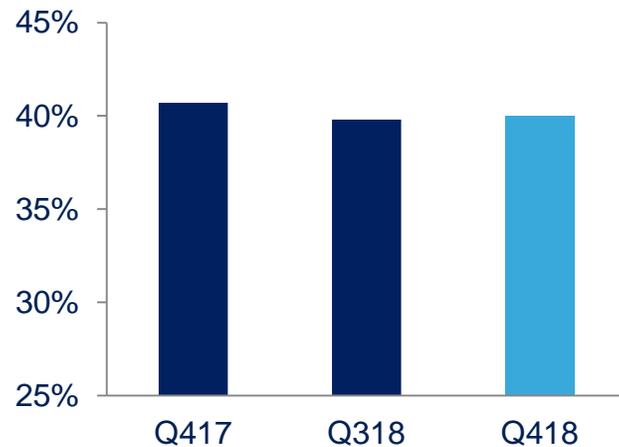
Revenues = \$2.65B



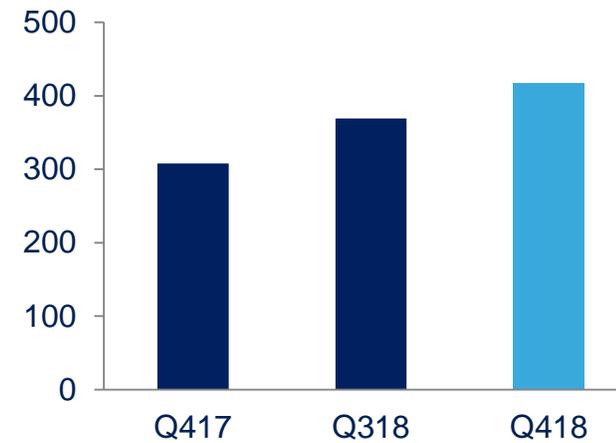
Operating Margin = 16.8%



Gross Margin = 40.0%

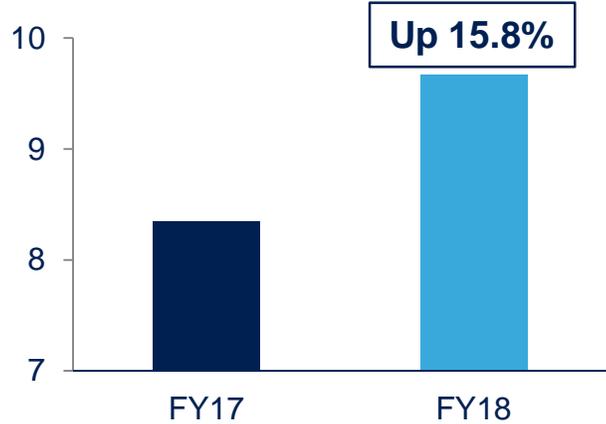


Net Income = \$418M

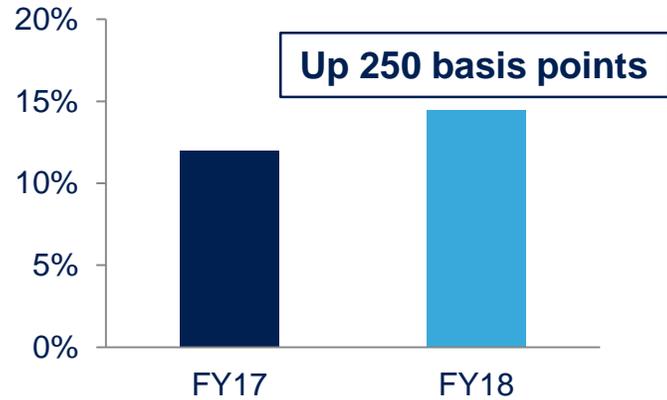


FY18 Financial Highlights

Revenues = \$9.66B



Operating Margin = 14.5%



Capex = \$1.26B



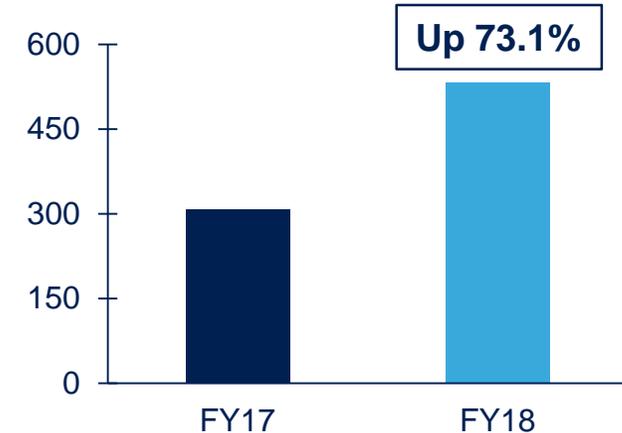
Gross Margin = 40.0%



Net Income = \$1.29B



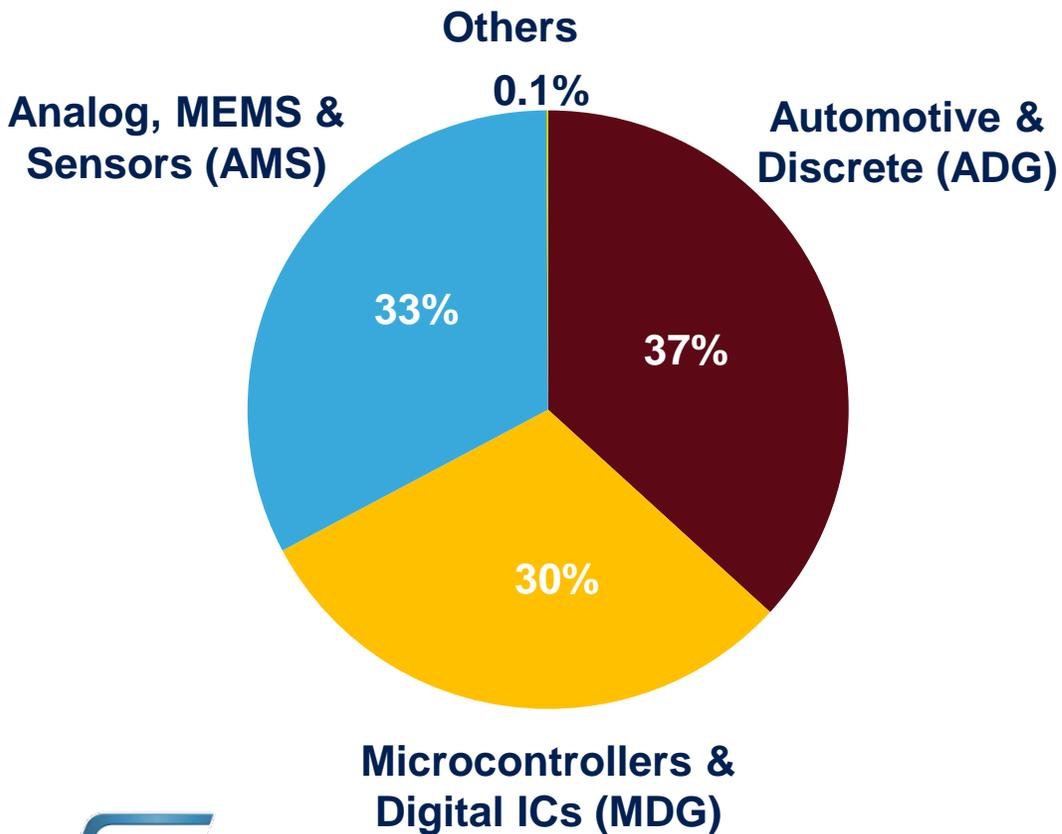
Free Cash Flow* = \$533M



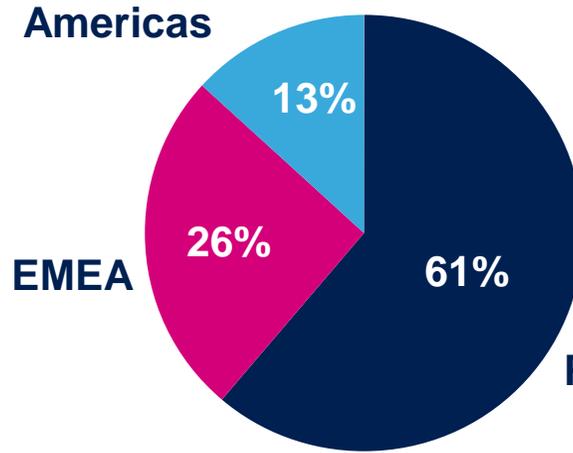
*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.

FY18 Revenues

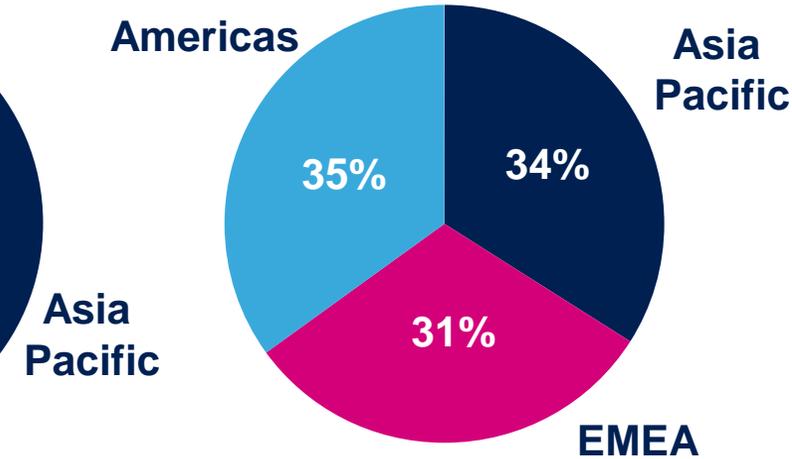
% by product group



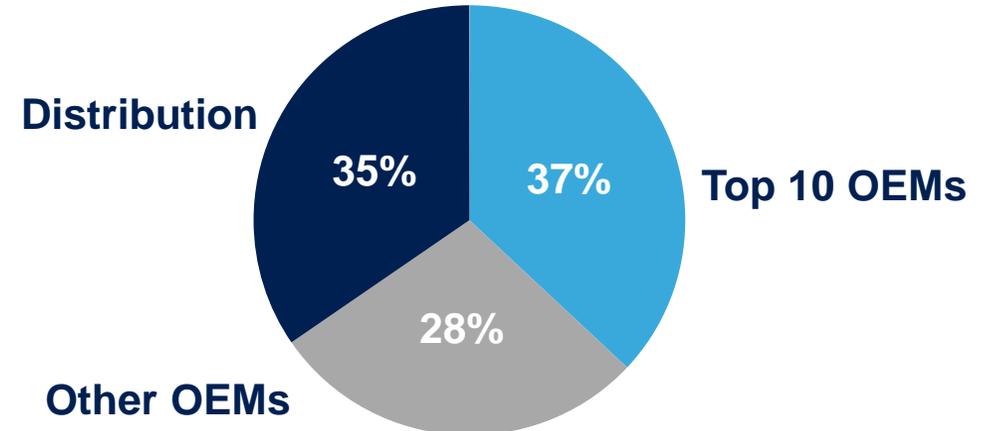
% by shipment location



% by region of origin



% by customer type



Serving More Than 100,000 Customers

- Top 10 Customers***
2018
Apple
Bosch
Cisco
Conti
HP
Huawei
Mobileye
Samsung
Seagate
Western Digital

*In alphabetical order

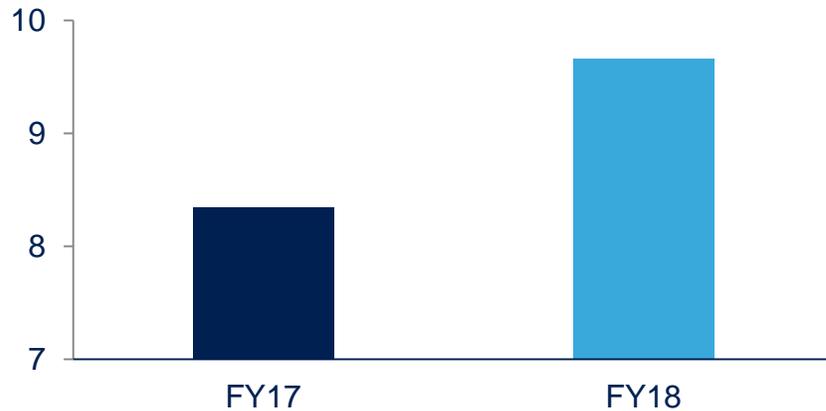


Unified worldwide account management tailored to each account to provide global coverage and service

Standard process, reporting & follow-up in Sales & Marketing worldwide
Differentiated approach by type of customer

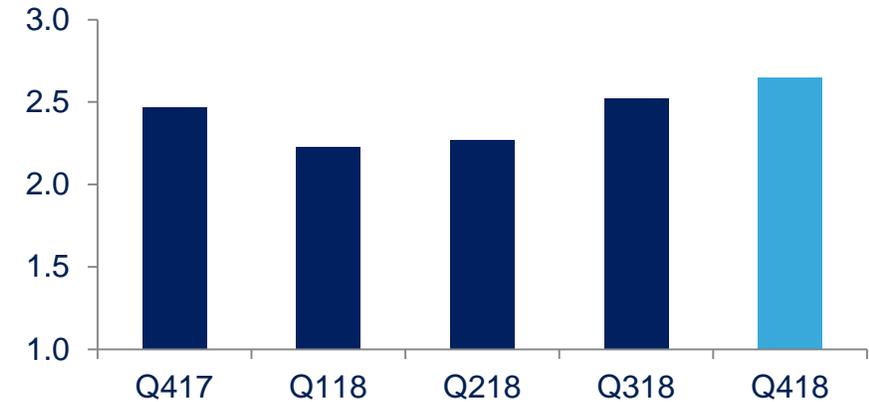
FY18 Revenues = \$9.66B

Q418 Revenues = \$2.65B



FY18 revenues up 15.8% Y/Y

- Significant revenue growth across product groups
- Distribution up 19% Y/Y
- OEM up 14% Y/Y



Q418 up 7.4% Y/Y

- Double-digit growth across ADG, in Imaging and in Digital ICs

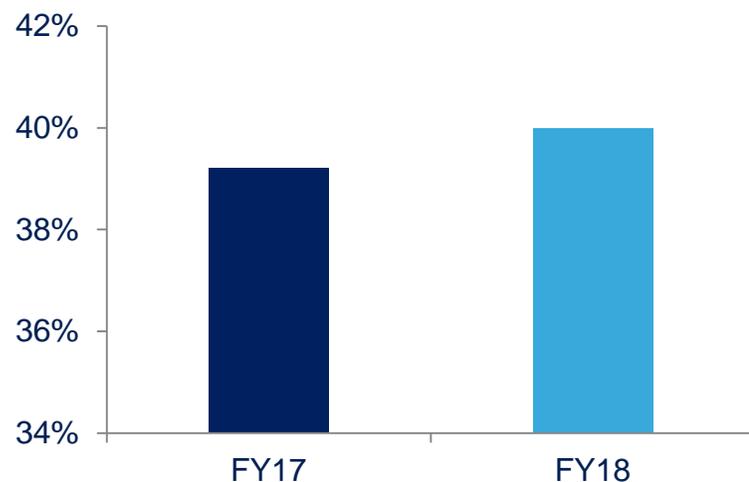
Q418 up 5.0% Q/Q

- 70 bps below mid-point of guidance
- Growth in Imaging, Automotive and Power Discrete partially offset by Microcontrollers

Stable Gross Margin



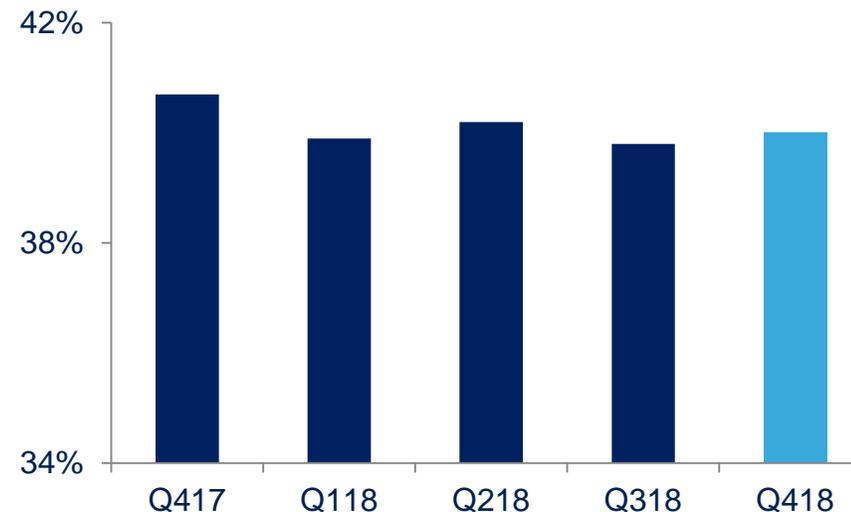
FY18 Gross Margin = 40.0%



FY18 Gross Margin up 80 bps

- Improved manufacturing efficiencies and better product mix, partially offset by normal price pressure and negative currency effect, net of hedging

Q418 Gross Margin = 40.0%

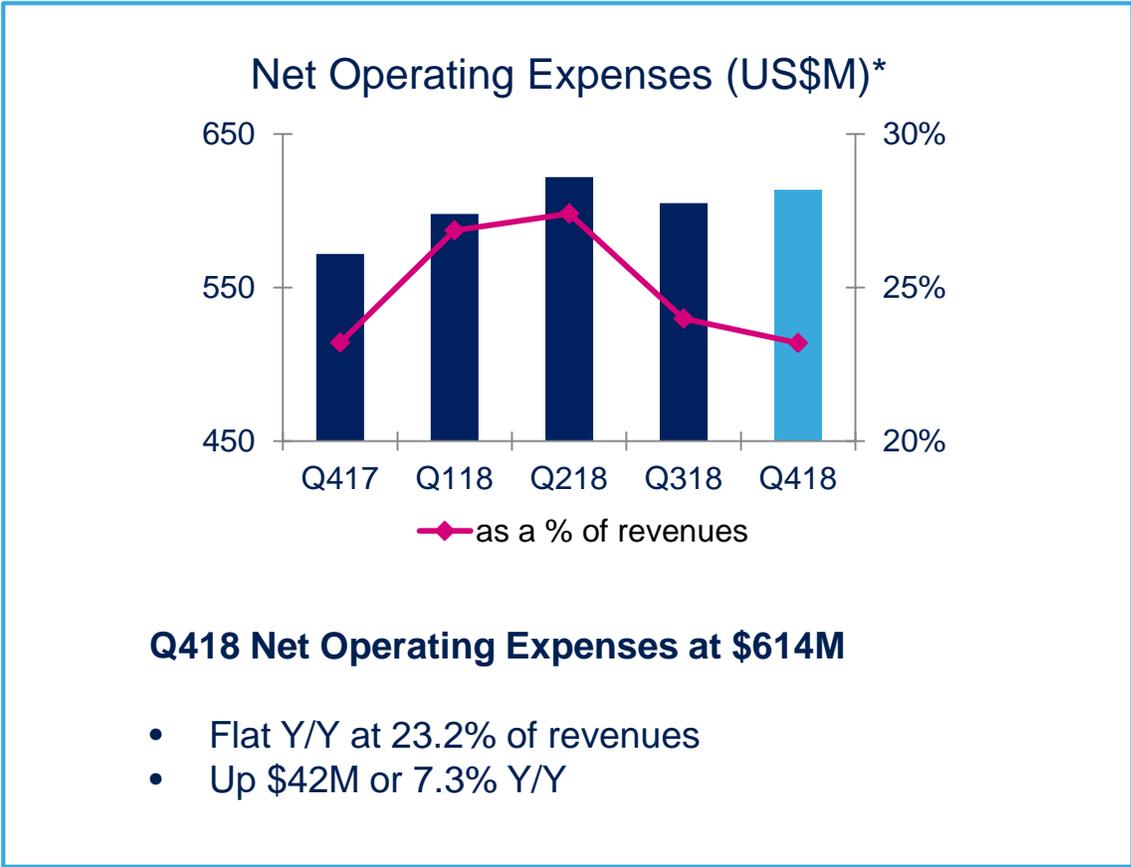
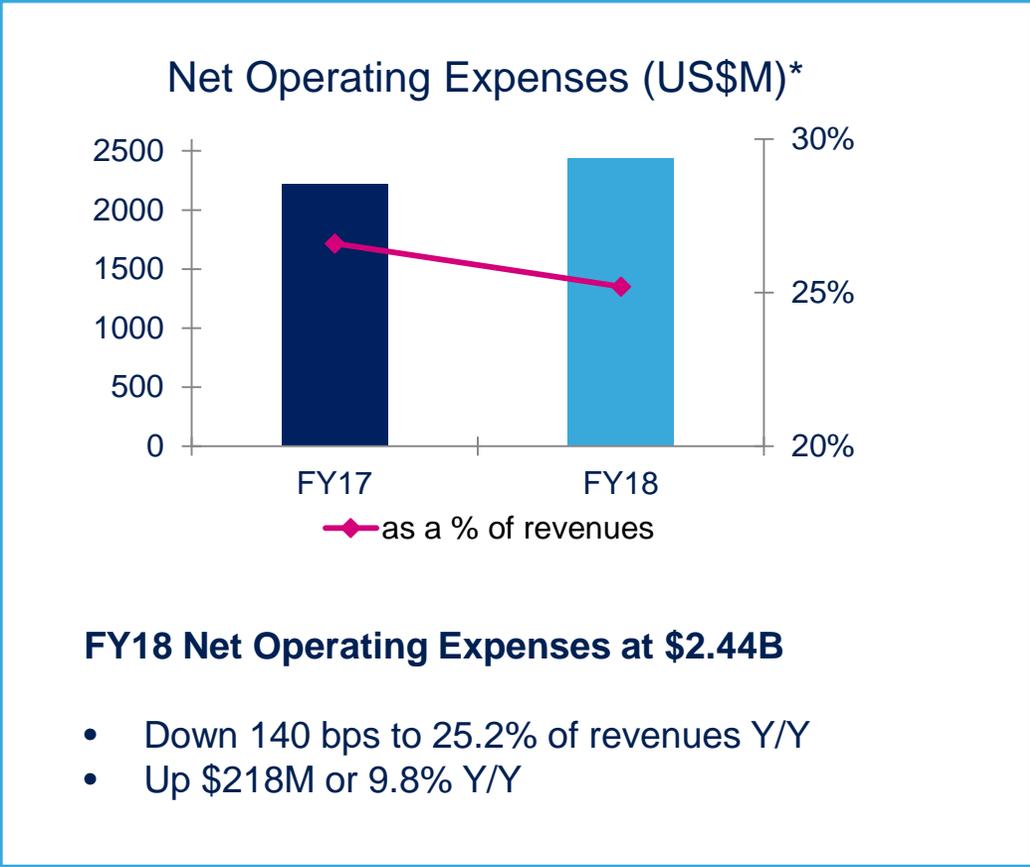


Q418 Gross Margin better than mid-point of guidance

- 20 bps above the midpoint of the guidance
- Up 20 bps Q/Q
- Down 70 bps Y/Y mainly due to negative currency effects, net of hedging, with normal price pressure largely offset by improved product mix and manufacturing efficiency

Operating Expenses Discipline

FY18 Average Net Operating Expenses* Per Quarter: \$610M

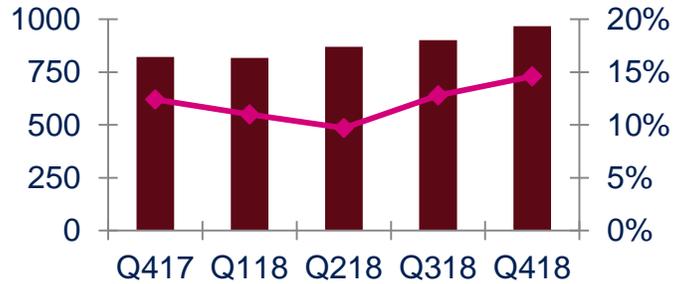


* Net Operating Expenses: R&D + SG&A + Other Expenses (- Other Income)

Q418 Product Group Results

Automotive & Discrete (ADG)

Revenues = \$967M
Operating Margin Q418 = 14.6%



■ Revenue (US\$M) ◆ Operating Margin (%)

Analog, MEMS & Sensors (AMS)

Revenues = \$988M
Operating Margin Q418 = 20.5%



■ Revenue (US\$M) ◆ Operating Margin (%)

Microcontrollers & Digital ICs (MDG)

Revenues = \$689M
Operating Margin Q418 = 17.7%

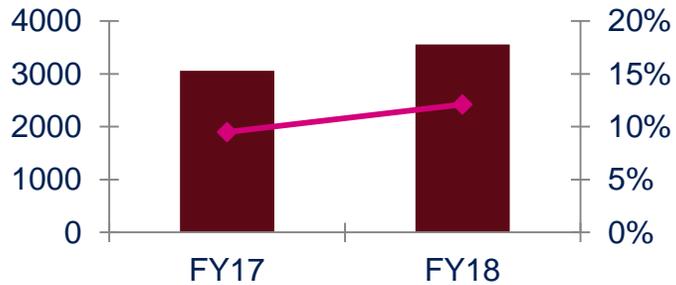


■ Revenue (US\$M) ◆ Operating Margin (%)

FY18 Product Group Results

Automotive & Discrete (ADG)

Revenues = \$3,556M
Operating Margin FY18 = 12.1%



■ Revenue (US\$M) ◆ Operating Margin (%)

Analog, MEMS & Sensors (AMS)

Revenues = \$3,154M
Operating Margin FY18 = 15.5%



■ Revenue (US\$M) ◆ Operating Margin (%)

Microcontrollers & Digital ICs (MDG)

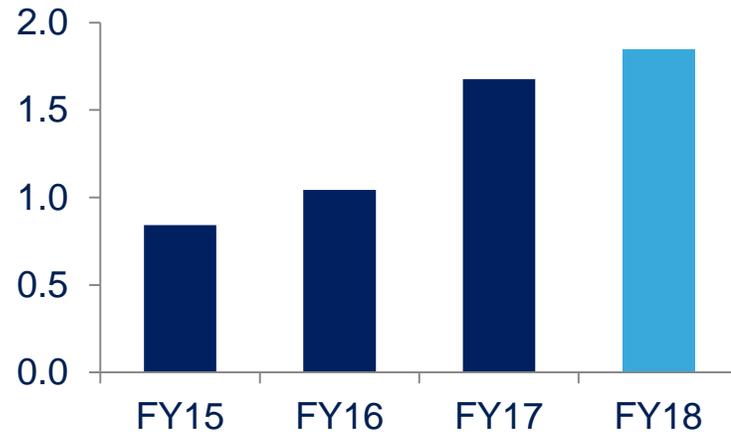
Revenues = \$2,940M
Operating Margin FY18 = 18.6%



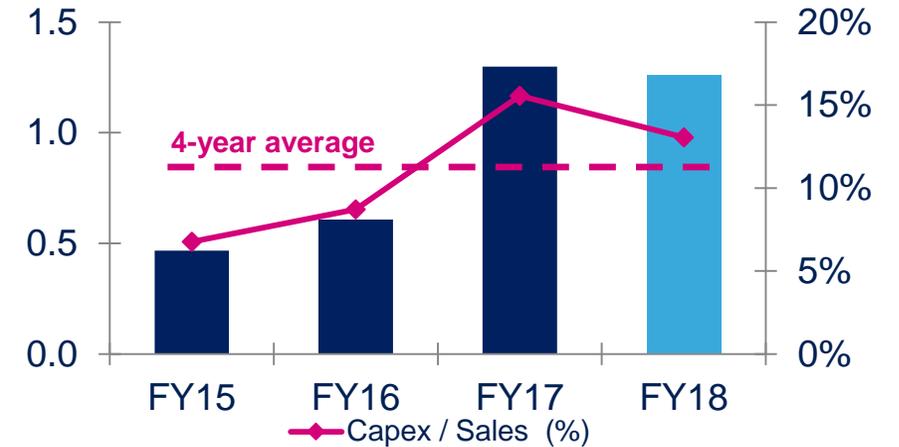
■ Revenue (US\$M) ◆ Operating Margin (%)

Financial Flexibility

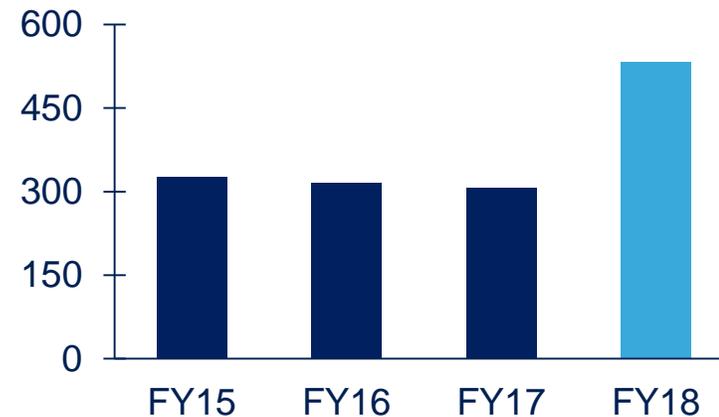
FY18 Net Cash From Operating Activities = \$1.85B



FY18 Capex = \$1.26B



FY18 Free Cash Flow* = \$533M



*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.

Solid Capital Structure

End of period (\$M)	December 31 2018	September 30 2018	December 31 2017
Total Liquidity	2,596	2,171	2,190
Total Financial Debt	(1,910)	(1,724)	(1,701)
Net Financial Position*	686	447	489

**Cash dividends of \$0.06 per share per quarter
\$216M of dividends distributed in 2018**

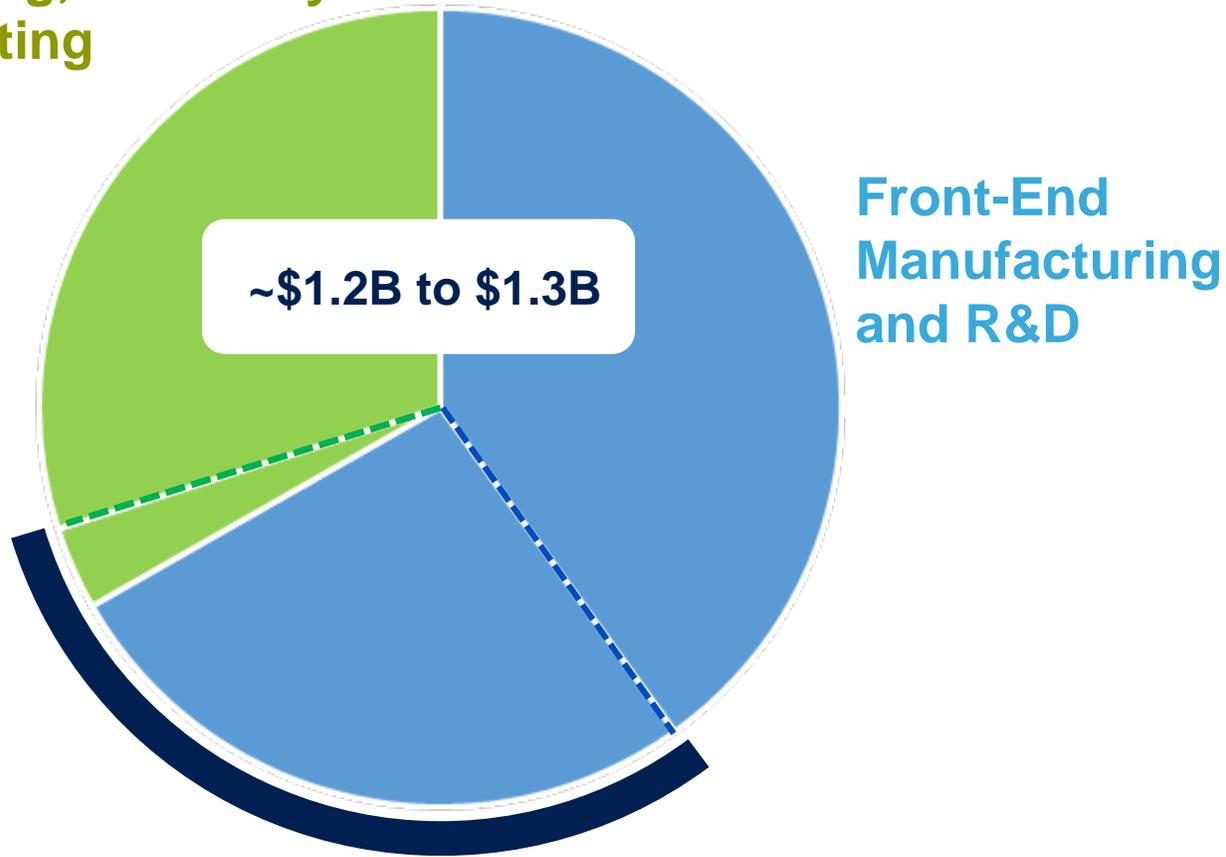
All rating agencies which report on ST on a solicited basis (Moody's, S&P and Fitch) are aligned in rating ST's credit profile well within investment grade and with Stable Outlook

The Company's guidance for the 2019 first quarter is:

- Net revenues are expected to decrease about 20.7% sequentially (down 5.7% year-over-year), plus or minus 350 basis points
- Gross margin of about 39.0%, plus or minus 200 basis points
- This outlook is based on an assumed effective currency exchange rate of approximately \$1.16 = €1.00 for the 2019 first quarter and includes the impact of existing hedging contracts
- The first quarter will close on March 30, 2019

2019 Capital Spending

Probing, Assembly
& Testing



3 Key Strategic Initiatives

Investment and Strategic Initiatives to prepare future business growth

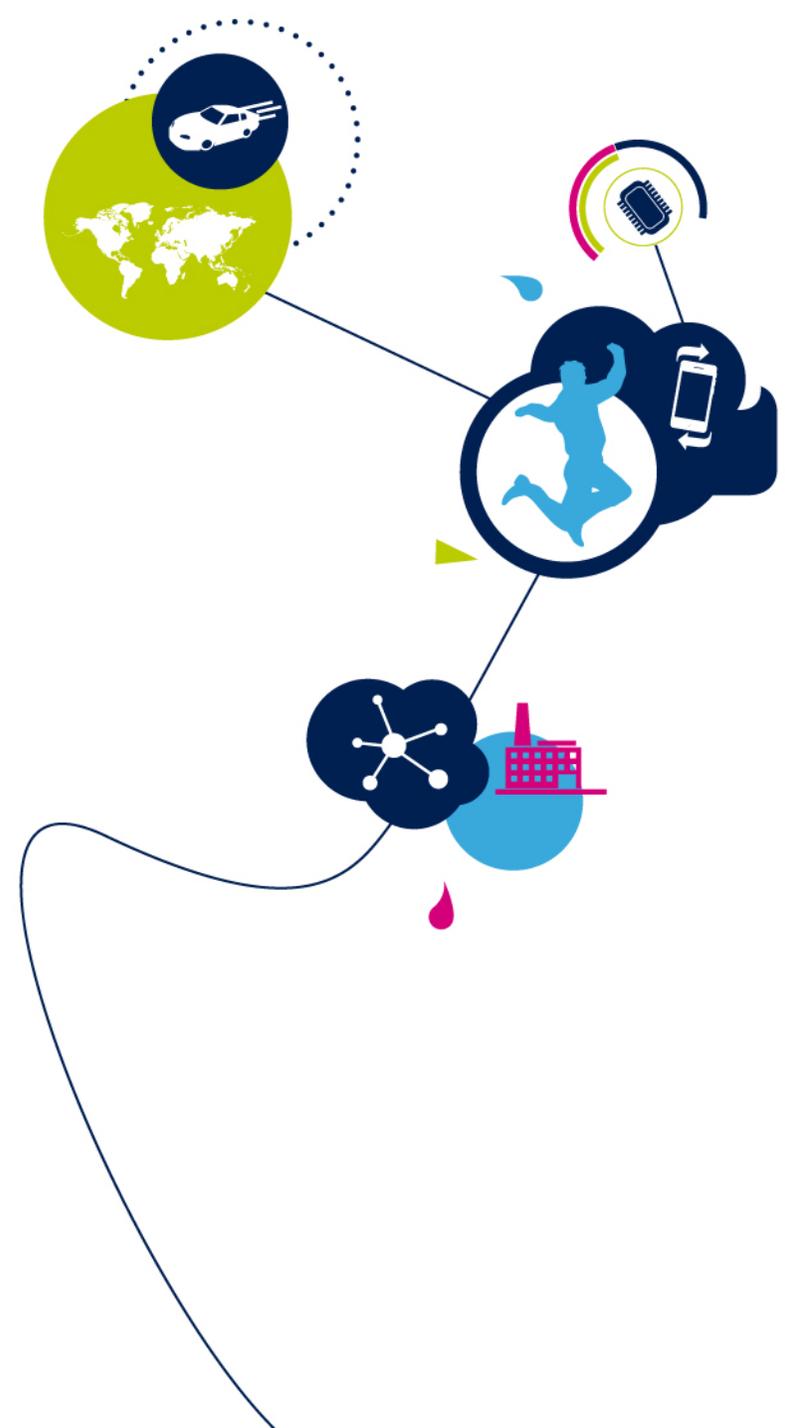
Maintenance, R&D and capacity additions in some of our existing technologies

Plus 3 Key Strategic Initiatives

- New 300mm fab in Agrate for BCD, IGBT and Power technologies
- Expansion of installed capacity for Silicon Carbide and start of production ramp-up for Gallium Nitride for RF devices
- Next generation Imaging sensor technologies

- In 2018 we met our objectives:
 - 15.8% year-over-year revenue growth across our product groups
 - Strong expansion of profitability and cash flow from operations
- In 2019:
 - After Q1 2019, we plan to return to sequential revenue growth in the second quarter, with an acceleration in the second half
 - Our key objectives for this year are to continue outperforming our served market and to balance our end market and application focus, delivering sustainable profitability and returning value to shareholders

Appendix



Financial Performance

<i>In US\$M, except EPS</i>	Q117	Q217	Q317	Q417	FY17	Q118	Q218	Q318	Q418	FY18
Net Revenues	1,821	1,923	2,136	2,466	8,347	2,226	2,269	2,522	2,648	9,664
Gross Margin	37.7%	38.3%	39.6%	40.7%	39.2%	39.9%	40.2%	39.8%	40.0%	40.0%
Operating Income	132	181	281	411	1,005	269	289	398	443	1,400
Operating Margin	7.3%	9.4%	13.1%	16.7%	12.0%	12.1%	12.7%	15.8%	16.8%	14.5%
Net Income – Reported	108	151	236	308	802	239	261	369	418	1,287
EPS Diluted (\$/share)	0.12	0.17	0.26	0.34	0.89	0.26	0.29	0.41	0.46	1.41
Free Cash Flow*	62	52	50	145	308	95	(40)	114	363	533
Net Financial Position*	518	524	446	489	489	522	411	447	686	686
Effective Exchange Rate €/\$	1.08	1.09	1.13	1.15	1.11	1.18	1.19	1.18	1.17	1.18

*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.

Pre-Tax Items to Adjusted Earnings

<i>In US\$M, except EPS</i>	Q117	Q217	Q317	Q417	FY17	Q118	Q218	Q318	Q418	FY18
U.S. GAAP Net Earnings	108	151	236	308	802	239	261	369	418	1,287
U.S. GAAP Net Earnings Per Share	0.12	0.17	0.26	0.34	0.89	0.26	0.29	0.41	0.46	1.41
Impairment & Restructuring	5	6	14	20	45	21	-	-	2	21
Estimated Income Tax Effect	(1)	(1)	(1)	(1)	(2)	(3)	-	-	-	(2)
Non U.S. GAAP Net Earnings	112	156	249	327	845	257	261	369	420	1,306
Non U.S. GAAP Net Earnings Per Share	0.12	0.17	0.28	0.36	0.93	0.28	0.29	0.41	0.46	1.43

- **Net financial position (non-U.S. GAAP measure)**: resources (debt), represents the balance between our total financial resources and our total financial debt. Our total financial resources include cash and cash equivalents, marketable securities, short-term deposits and restricted cash, and our total financial debt includes short-term borrowings, current portion of long-term debt and long-term debt, all as reported in our consolidated balance sheet. We believe our net financial position provides useful information for investors and management because it gives evidence of our global position either in terms of net indebtedness or net cash position by measuring our capital resources based on cash, cash equivalents and marketable securities and the total level of our financial indebtedness.
- **Free cash flow (non-U.S. GAAP measure)** is defined as net cash from operating activities minus net cash from (used in) investing activities, excluding payment for purchases (proceeds from the sale of) marketable securities, short-term deposits and restricted cash. We believe free cash flow provides useful information for investors and management because it measures our capacity to generate cash from our operating and investing activities to sustain our operating activities. Free cash flow does not represent total cash flow since it does not include the cash flows generated by or used in financing activities. In addition, our definition of free cash flow may differ from definitions used by other companies.
- **Net revenues of Others** includes revenues from sales assembly services and other revenue. Operating income (loss) of Others includes items such as unused capacity charges, impairment, restructuring charges and other related closure costs, management reorganization costs, phase out and start-up costs, and other unallocated expenses such as: strategic or special research and development programs, certain corporate-level operating expenses, patent claims and litigations, and other costs that are not allocated to product groups, as well as operating earnings of other products. Others includes:

(US\$ Million)	Q117	Q217	Q317	Q417	FY2017	Q118	Q218	Q318	Q418	FY2018
Unused Capacity Charges	1	1	1	1	3	1	-	-	-	1
Impairment & Restructuring Charges	5	6	14	20	45	21	-	-	2	21