

Good morning everyone and thank you for joining ST for our Q4 and Full Year 2025 earnings conference call.

I will start with an overview of the fourth quarter and the full year 2025, including business dynamics, and I will hand over to Lorenzo for the detailed financial overview. I will then comment on the outlook and conclude before answering your questions.

So, starting with Q4:

- We delivered revenues at \$3.33 billion, above the mid-point of our business outlook range, driven by higher revenues in Personal Electronics and, to a lesser extent, in CECP and Industrial, while Automotive was below expectations. Gross margin of 35.2% was also above the mid-point of our business outlook range mainly due to better product mix. Excluding impairment, restructuring charges and other related phase-out costs, Diluted Earnings Per Share was \$0.11, including certain negative one-time tax expenses impact of \$0.18 per share.
- Q4 revenues marked the return to year-over-year growth.

- During the quarter we further worked down inventories both in our Balance sheet and in distribution and we generated a positive \$257 million Free-Cash-Flow.

Looking at the full year 2025:

- Net revenues decreased 11.1% to \$11.8 billion, mainly driven by a strong decrease in Automotive and, to a lesser extent, in Industrial while Personal Electronics and CECP both grew.
- Gross margin was 33.9% down from 39.3% in FY24. Excluding impairment, restructuring charges and other related phase-out costs, Diluted Earnings Per Share was \$0.53.
- We invested \$1.79 billion in net CAPEX while generating free cash flow of \$265 million.

Let's now discuss our business dynamics during Q4.

In Automotive, during the quarter we grew revenues 3% sequentially; year-over-year revenues declined but with continued improvement in the trend.

Automotive design momentum progressed with design wins across both electric and traditional vehicle domains for applications such as onboard chargers, DCDC converters, powertrain, and vehicle control electronics. These included design wins for power semiconductors, smart power devices, automotive microcontrollers, analog and sensors.

These awards—supported by engagements with various OEM and Tier1 ecosystems, strengthen our position as a key supplier to the automotive industry. Regarding the acquisition of NXP’s MEMS sensor business, the transaction we announced in July is still expected to close in H1 26.

In **Industrial**, revenues were better than expected, showing increases of 5% sequentially and 5% year-over-year. Importantly, inventories in distribution further decreased and are now normalizing.

In Industrial, our portfolio of microcontrollers, sensing technologies, and analog and power devices is strongly positioned to support industrial transformation trends and the needs of Physical AI. During the quarter, we saw design wins across industrial automation and robotics, building automation, power systems, healthcare, and home appliances.

In November we held our STM32 Summit where we announced several key innovations including the first microcontroller built on an 18nm process, a next generation wireless microcontroller, and an updated suite of Edge AI software tools.

For **Personal Electronics**, fourth quarter revenues were above our expectations, down 2% sequentially, reflecting the seasonality of our engaged customer programs.

During the quarter we strengthened our position in mobile platforms and connected consumer devices both with our engaged programs as well as our open market offering for devices such as our sensors, secure solutions, and power management products.

Revenues for **Communications Equipment and Computer Peripherals** were up 23% sequentially, better than expected.

In AI and datacenter infrastructure, we continued to reinforce our position, supporting the increasing demands for higher power density and energy efficiency. During the quarter, we secured multiple design wins for silicon and silicon carbide–based power solutions supporting next generation AI compute architectures. We also continued to work with customers to bring our silicon photonics technology to the market. The strong momentum in optical connect technologies for data centers also contributed to a significant rise in demand for our high-performance microcontrollers used in pluggable optics.

The LEO satellite business, based on our BiCMOS and panel level packaging technologies, continued to progress during the quarter, with shipments ramping to our second largest customer.

Moving to **Sustainability**, we remain on track for our key 2027 commitments: carbon neutrality in all direct and indirect emissions from scope 1 and 2, and focusing on product transportation, business travel and employee commuting emissions for scope 3, and 100% renewable

electricity sourcing. A major milestone this year was the launch of Singapore's largest industrial district cooling system at our Ang Mo Kio facilities in Q4.

We also continued to maintain our strong presence in the major sustainability indices and were honored to be recognized in the TIME World's Most Sustainable Companies list for the second consecutive year.

Now over to Lorenzo, who will present our key financial figures.

Thank you, Jean-Marc, and good morning, everyone.

Let's start with a detailed review of the fourth quarter. Starting with revenues on a year-over-year basis.

By reportable segment,

- Analog products, MEMS and Sensors grew 7.5% mainly due to Imaging;
- Power and Discrete products decreased by 31.6%;
- Embedded Processing revenues were up 1.2%, with higher revenues in General Purpose and Automotive Microcontrollers offsetting declines in Connected Security and Custom Processing products.
- RF & Optical Communications grew 22.9%.

By end-market, Communication Equipment and Computer Peripherals, and Personal Electronics, both grew by about 17%; Industrial grew by about 5%, while Automotive decreased by about 15%.

Year-over-year, sales increased 0.6% to OEMs and decreased 0.7% to Distribution.

On a sequential basis, Power and Discrete was the only segment to decrease, by 3.9%. All the other segments grew, led by RF & Optical Communications up 30.5% while Embedded Processing and Analog Products, MEMS and Sensors were up respectively 3.9% and 1.1%.

By end market, sequential growth was led by Communications Equipment and Computer Peripherals, up 23%, Industrial was up 5% and Automotive was up 3%, while Personal Electronics declined 2%.

Turning now to profitability:

Gross profit in the fourth quarter was \$1.17 billion, decreasing 6.5% on a year-over-year basis.

Gross margin was 35.2%, decreasing 250 basis points year-over-year, mainly due to lower manufacturing efficiencies and, to a lesser extent, negative currency effect, and lower level of capacity reservation fees. On a sequential basis, Gross margin improved by 200 basis points.

Q4 Gross margin included about 50 basis points of negative impact resulting from non-recurring costs related to our manufacturing reshaping program. In the next few quarters, we expect a similar negative impact on Gross margin from the just mentioned non-recurring costs.

Total net operating expenses, excluding restructuring, amounted to \$906 million in the fourth quarter, slightly increasing year-on-year due to unfavorable currency effect. They were slightly better than expected, reflecting our continued cost discipline and initial benefits from our cost savings initiative.

For the first quarter of 2026 we expect Net Opex to stand at about \$860 million, decreasing quarter-on-quarter.

As a reminder these amounts are net of other income and expenses and exclude restructuring.

In the fourth quarter we reported a \$125 million operating income which included \$141 million for impairment, restructuring charges and other related phase-out costs. These charges are related to the execution of the previously announced company-wide program to reshape our manufacturing footprint and resize our global cost base.

Excluding this non-recurring item, Q4 non-US GAAP operating margin was 8.0%, with Analog Products, MEMS and Sensors at 16.2%, Power and Discrete at -30.2%, Embedded Processing at 19.2% and RF & Optical Communications at 23.4%.

Fourth quarter 2025 net loss was \$30 million, including certain one-time non-cash income tax expenses of \$163 million, compared to a net income of \$341 million in the year-ago quarter. Diluted Earnings per share were -\$0.03 compared to \$0.37.

Excluding the previously mentioned non-recurring item related to impairment, restructuring charges and other related phase-out costs, Non-US GAAP net income stood at \$100 million and non-US GAAP diluted Earnings Per Share stood at \$0.11, including certain negative one-time tax expenses impact of \$0.18 per share.

Looking now at our full year 2025 financial performance:

Net revenues decreased 11.1% to \$11.8 billion.

In terms of revenues by end market, Automotive represented about 39% of our total 2025 revenues, Personal Electronics about 25%, Industrial about 21%, and Communications Equipment and Computer Peripherals about 15%.

By customer channel, Sales to OEMs and Distribution represented 72% and 28%, respectively, of total revenues in 2025.

By region of customer origin, 43% of our 2025 revenues were from the Americas, 31% from Asia Pacific, and 26% from EMEA.

Gross margin decreased to 33.9% for 2025 compared to 39.3% for 2024, mainly due to lower manufacturing efficiencies and, to a lesser extent, sales price and mix, lower level of capacity reservation fees, negative currency effect, and higher unused capacity charges.

Operating income stood at \$175 million compared to \$1.68 billion in 2024. Excluding \$376 million for impairment, restructuring charges and other related phase-out costs, non-US GAAP operating margin was 4.7%.

On a reported basis, Net Income was \$166 million and EPS was \$0.18. On a non-US GAAP basis, they stood respectively at \$486 million and \$0.53.

Net cash from operating activities totaled \$2.15 billion compared to \$2.97 billion in 2024.

Net Capex stood at \$1.79 billion in 2025 in line with our revised expectations, and lower than the \$2.53 billion of 2024.

Free cash flow was \$265 million in 2025 compared to \$288 million of the previous year.

Inventory at the end of the year was \$3.14 billion, compared to \$3.17 billion at the end of the third quarter and \$2.79 billion one year ago. Days sales of inventory at quarter-end were 130 days, slightly better than our expectation, compared to 135 days for the previous quarter and 122 days in the year-ago quarter.

Cash dividends paid to stockholders in 2025 totaled \$321 million. In addition, during 2025, ST executed share buy-backs totaling \$367 million.

ST maintained its financial strength with a net financial position that remained solid at \$2.79 billion as of End-December 2025, reflecting total liquidity of \$4.92 billion and total financial debt of \$2.13 billion.

Now back to Jean-Marc, who will comment on our outlook.

Thank you Lorenzo.

Now, let's move to our business outlook for Q1 2026:

- We are expecting Q126 revenues at \$3.04 billion, a decrease of 8.7% sequentially, plus or minus 350 basis points.
- We expect our gross margin to be about 33.7%, plus or minus 200

basis points, including about 220 basis points of unused capacity charges.

- This business outlook does not include any impact for potential further changes to global trade tariffs compared to the current situation.

In terms of net CAPEX for 2026, we plan to invest about \$2.0 to \$2.2 billion, to support capacity additions for selected growth drivers like those for Cloud Optical Interconnect and our manufacturing reshaping plan.

To conclude:

2025 turned out to be a challenging year for the end-markets we serve, characterized by continued inventory correction in Automotive and Industrial, in particular in the first part of the year. The second half was better with gradual improvement of the revenue trend and a return to year-on-year growth in the fourth quarter.

We are entering 2026 with a better visibility than entering 2025, with the inventory correction in distribution progressively improving.

Beyond the evidence of a cycle recovery, ST will benefit from the following company specific growth drivers:

In automotive,

- we see solid momentum in our engaged customer programs in ADAS where we expect to grow this year and in the coming years;

- in SiC power devices, following a significant contraction in 2025, we anticipate a return to revenue growth in 2026, with revenues projected to recover to 2024 levels by 2027;
- in sensors, we see strong demand both in MEMS and Imaging sensors, and our planned acquisition of NXP's MEMS business, will strengthen our leading position across the Automotive and Industrial segments.

In Industrial,

- in General Purpose MCUs, building on market share gains in 2025 and a roadmap of new product launches for 2026, we are on track to return to our historical market share of about 23% by 2027.

In Personal Electronics,

- where we continue to see strong momentum in our engaged customer programs in sensors and analog, we should keep on benefitting from increased silicon content in 2026 and beyond.

In CECP,

- In data centers, including Cloud optical interconnect and Power and Analog for AI servers and data centers, with the current market dynamic, we believe we can deliver \$1 billion revenue before 2030 with already \$500 million in 2026.
- In LEO satellites, we are expanding our customer base and we anticipate continued revenue growth as LEO constellation projects expand globally and penetrate new applications, such as direct-to-cell

constellation.

Lastly, ST is uniquely positioned to address Humanoid robotics through our broad portfolio spanning MCUs, MEMS, optical sensors, GNSS and power management. We are already generating revenues through engagements with major OEMs and we estimate our current addressable BOM at about \$600 per system.

Thank you, and we are now ready to answer your questions.