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# STMicroelectronics Q3 2024 Financial Results

October 31, 2024

# Forward looking information

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:

- 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;
- uncertain macro-economic and industry trends (such as inflation and fluctuations in supply chains), which may impact production capacity and end-market demand for our products;
- customer demand that differs from projections which may require us to undertake transformation measures that may not be successful in realizing the expected benefits in full or at all;
- the ability to design, manufacture and sell innovative products in a rapidly changing technological environment;
- changes in economic, social, public health, labor, political, or infrastructure conditions in the locations where we, our customers, or our suppliers operate, including as a result of macroeconomic or regional events, geopolitical and military conflicts, social unrest, labor actions, or terrorist activities;
- unanticipated events or circumstances, which may impact our ability to execute our plans and/or meet the objectives of our R&D and manufacturing programs, which benefit from public funding;
- 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 and/or our required volume to fulfill capacity reserved with suppliers or third-party manufacturing providers;
- availability and costs of equipment, raw materials, utilities, third-party manufacturing services and technology, or other supplies required by our operations (including increasing costs resulting from inflation);
- the functionalities and performance of our IT systems, which are subject to cybersecurity threats and which support our critical operational activities including manufacturing, finance and sales, and any breaches of our IT systems or those of our customers, suppliers, partners and providers of third-party licensed technology;
- theft, loss, or misuse of personal data about our employees, customers, or other third parties, and breaches of data privacy legislation;
- 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;
- 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 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, the effects of climate change, health risks and epidemics or pandemics in locations where we, our customers or our suppliers operate;
- increased regulation and initiatives in our industry, including those concerning climate change and sustainability matters and our goal to become carbon neutral by 2027 on scope 1 and 2 and partially scope 3;
- epidemics or pandemics, which may negatively impact the global economy in a significant manner for an extended period of time, and could also materially adversely affect our business and operating results;
- industry changes resulting from vertical and horizontal consolidation among our suppliers, competitors, and customers; and
- 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.

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, 2023 as filed with the Securities and Exchange Commission ("SEC") on February 22, 2024. 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 press 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.

Unfavorable changes in the above or other factors listed under "Item 3. Key Information — Risk Factors" from time to time in our Securities and Exchange Commission ("SEC") filings, could have a material adverse effect on our business and/or financial condition.

# Highlights

**Q3  
2024**

- Net revenues of \$3.25B were in line with the mid-point of guidance. Compared to our expectations, revenues were higher in Personal Electronics, declined less in Industrial and were lower in Automotive. Gross margin of 37.8% was broadly in line with guidance.
- Q3 net revenues decreased 26.6% Y/Y, mainly driven by a decline in Industrial and, to a lesser extent, in Automotive.
- Y/Y gross margin decreased to 37.8% from 47.6%, operating margin to 11.7% from 28.0% and net income came in at \$351M.

**9M  
2024**

- Net revenues decreased 23.5% Y/Y to \$9.95B, decreasing across all Reportable Segments, and particularly in Microcontrollers, which is impacted by the continuing weakness in the Industrial market.
- Gross margin was 39.9%, operating margin 13.1% and net income \$1.22B.

- During Q324, customer order bookings were slightly up versus Q2 but were below our expectations. This reflected a continuing delayed recovery in Industrial and a further deterioration in Automotive.
- As a result, we now anticipate Q424 revenues at the low-end of the range previously indicated and Q125 well below normal seasonality

**Q4  
2024**

- Outlook at mid-point is for net revenues of \$3.32B, decreasing 22.4% Y/Y and increasing 2.2% Q/Q.
- Gross margin expected to be about 38% at the mid-point, impacted by about 400 bps of unused capacity charges.

**FY  
2024**

- The mid-point of Q424 outlook translates into FY24 revenues of about \$13.27B, representing a 23.2% Y/Y decrease, at the low-end of the range indicated in the previous quarter, and a gross margin slightly below that provided in such indication.

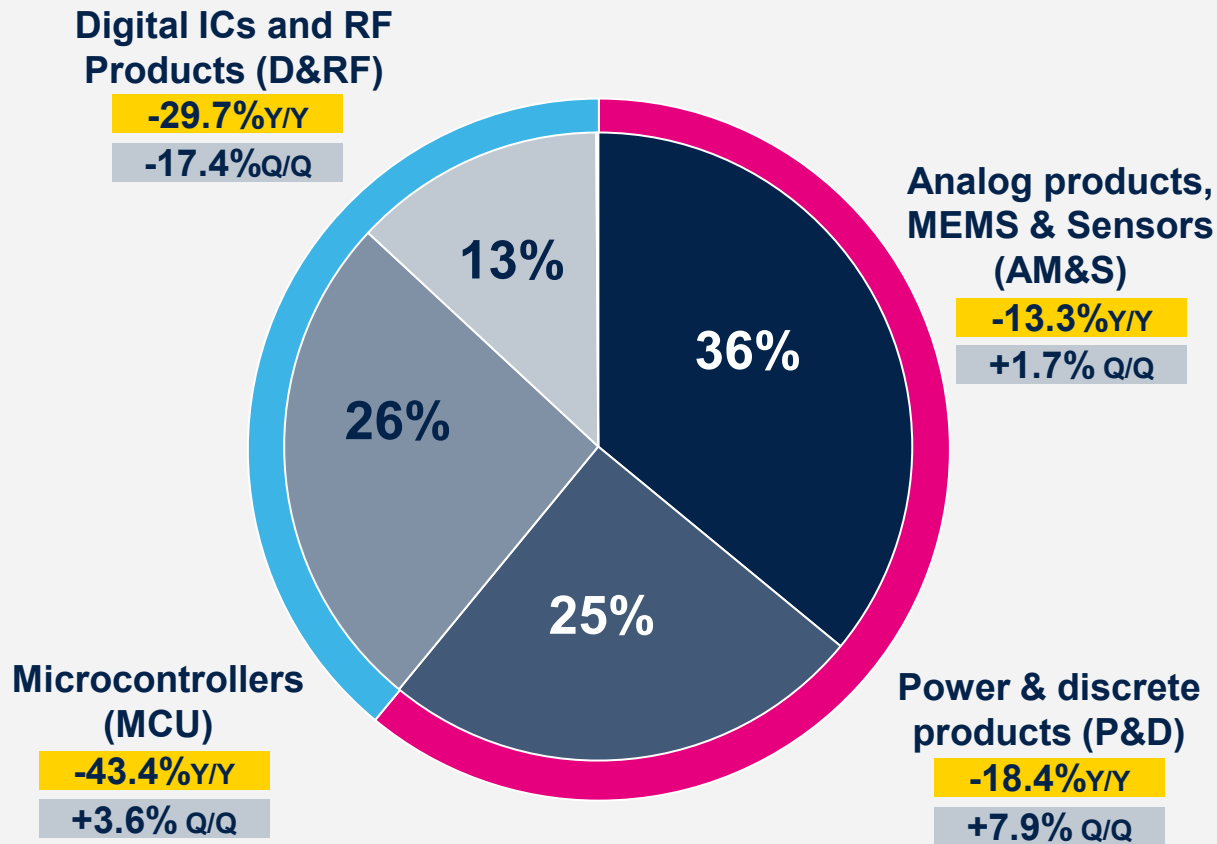
**Q1  
2025**

- Based on our current customer order backlog and demand visibility, we anticipate a revenue decline between Q424 and Q125 well above normal seasonality.

- Today we have also announced the launch of a new company-wide program to reshape our manufacturing footprint accelerating our wafer fab capacity to 300mm Silicon and 200mm Silicon Carbide and resizing our global cost base.

# Q3 2024 Revenues dynamics

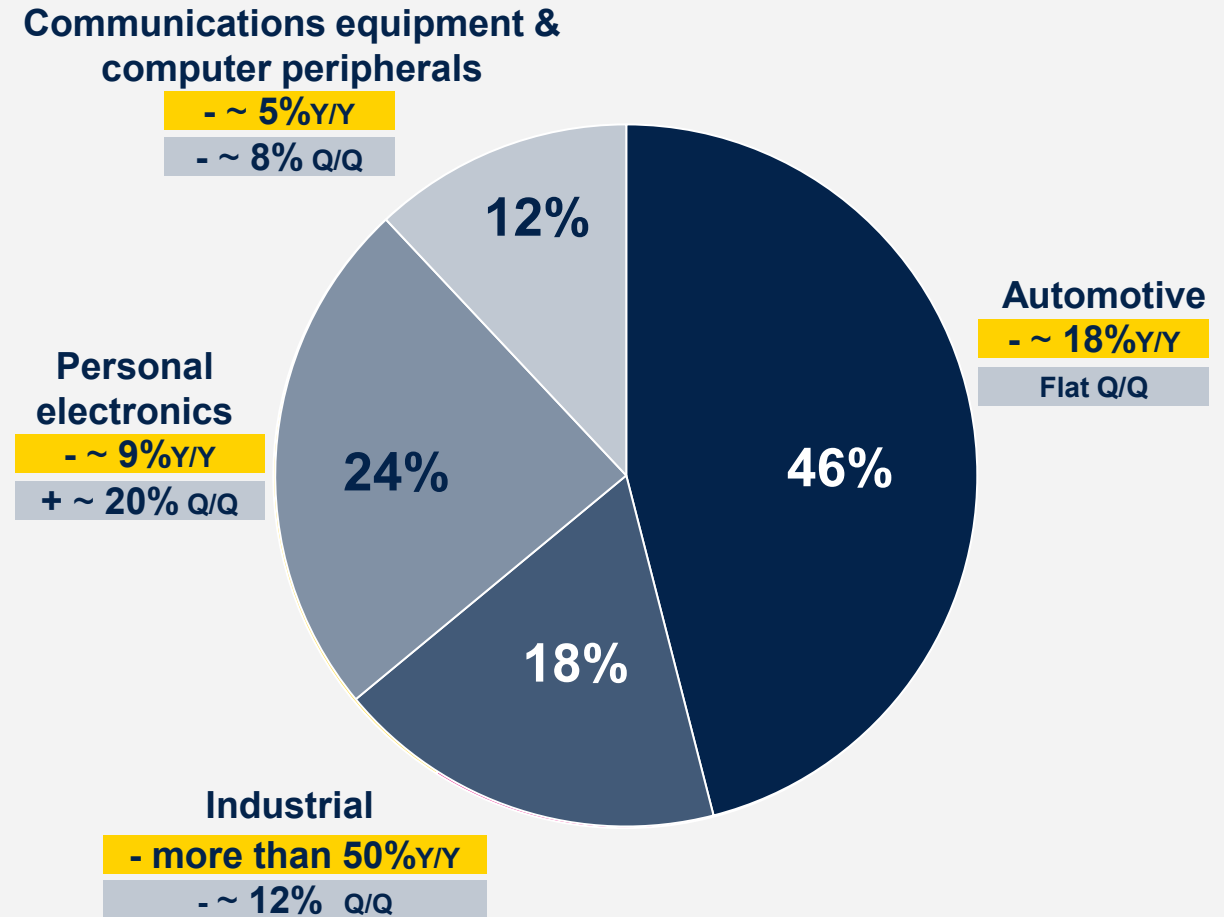
## % by reportable segments



■ Analog, Power & Discrete, MEMS and Sensors (APMS) Product Group  
■ Microcontrollers, Digital ICs and RF products (MDRF) Product Group

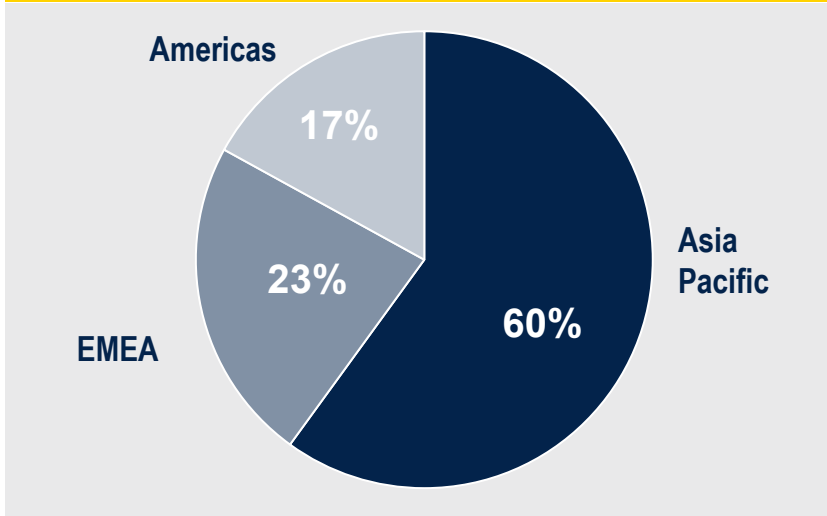


## % by end market

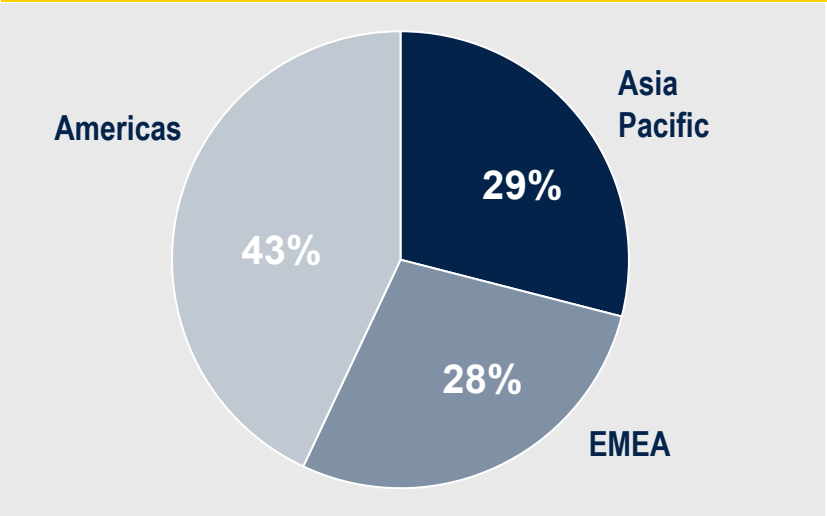


# Q3 2024 Revenues

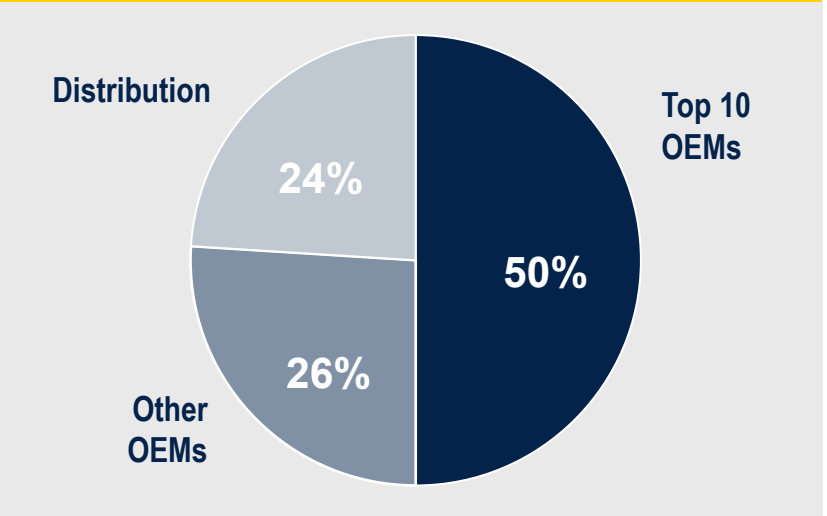
**% by shipment location**



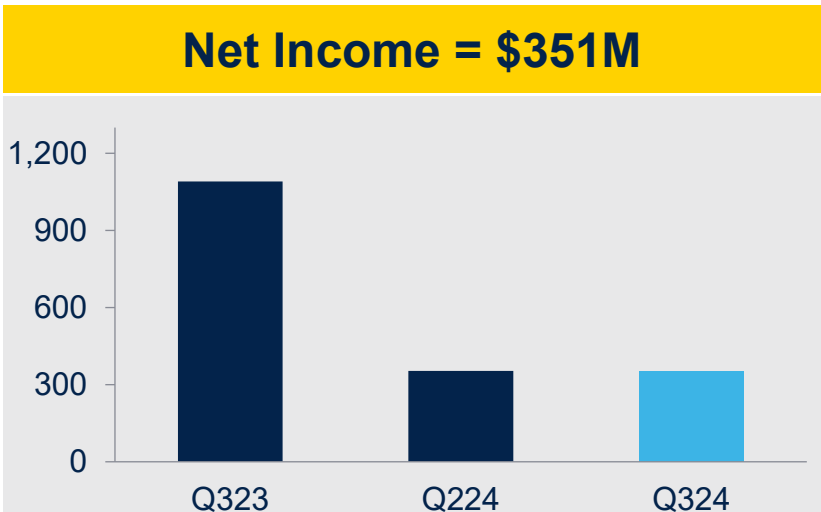
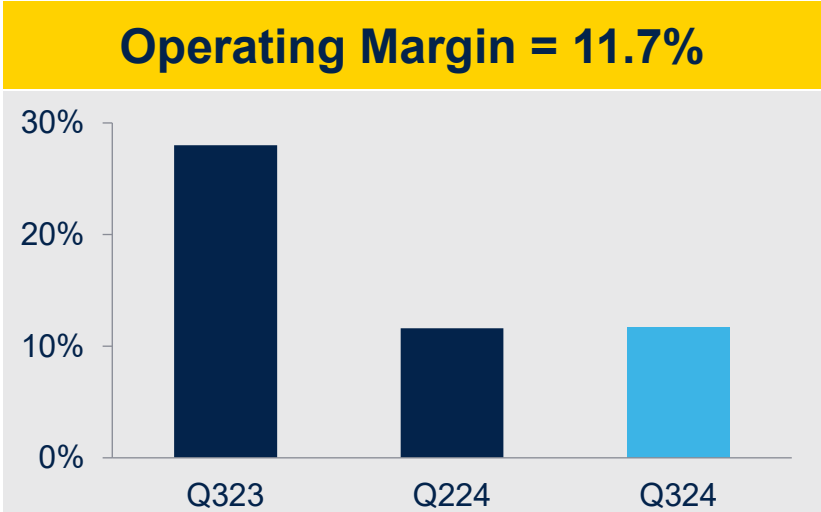
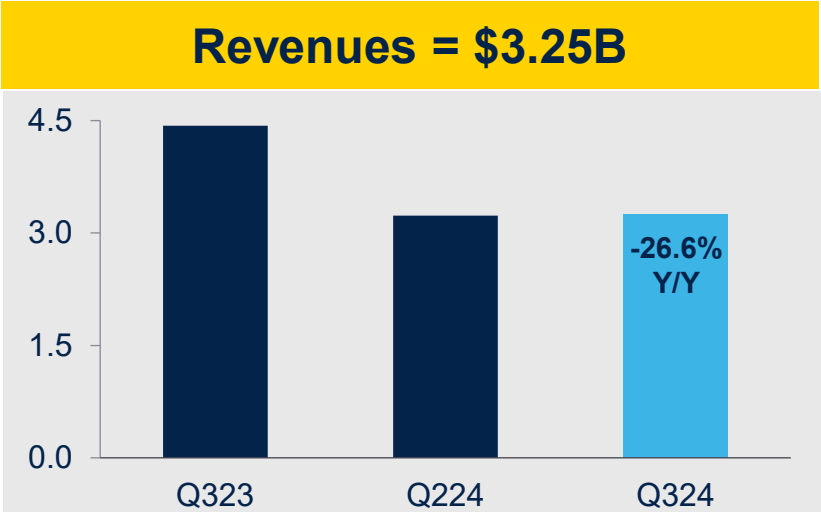
**% by region of origin**



**% by customer type**

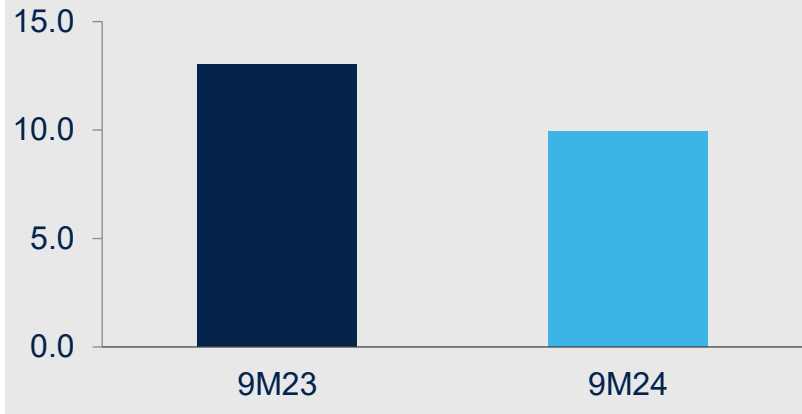


# Q3 2024 Financial highlights

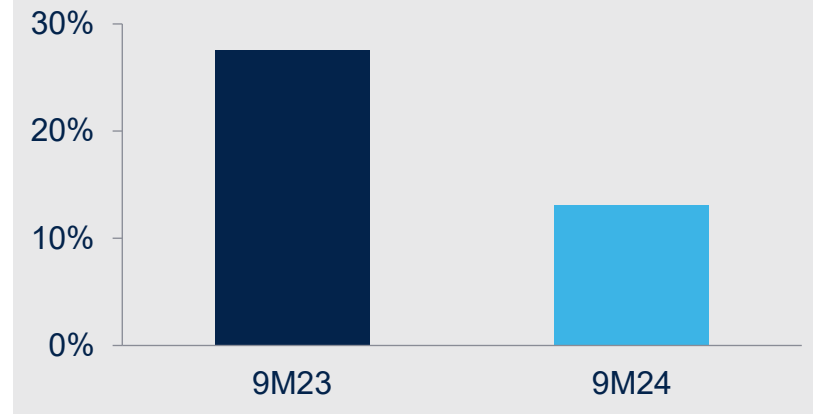


# 9M 2024 Financial highlights

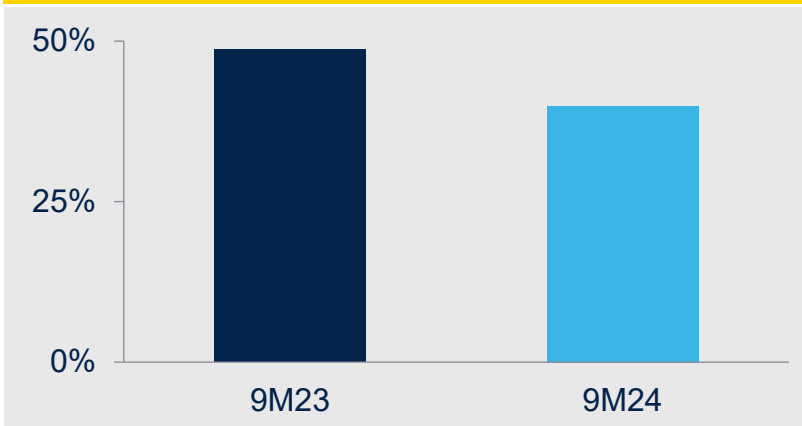
## Revenues = \$9.95B



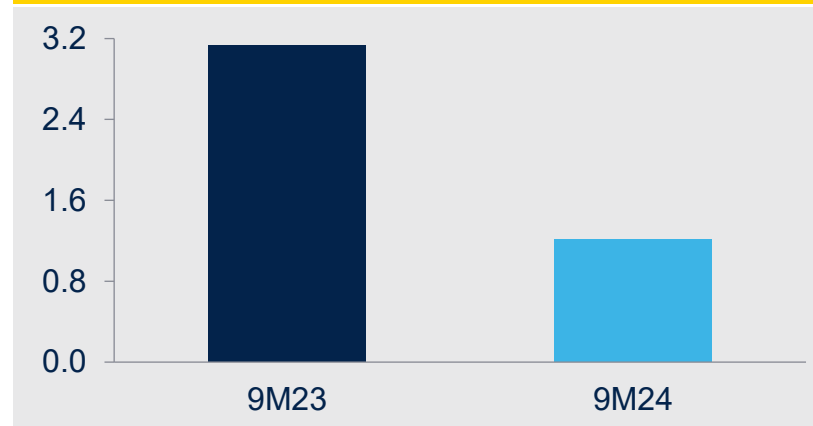
## Operating Margin = 13.1%



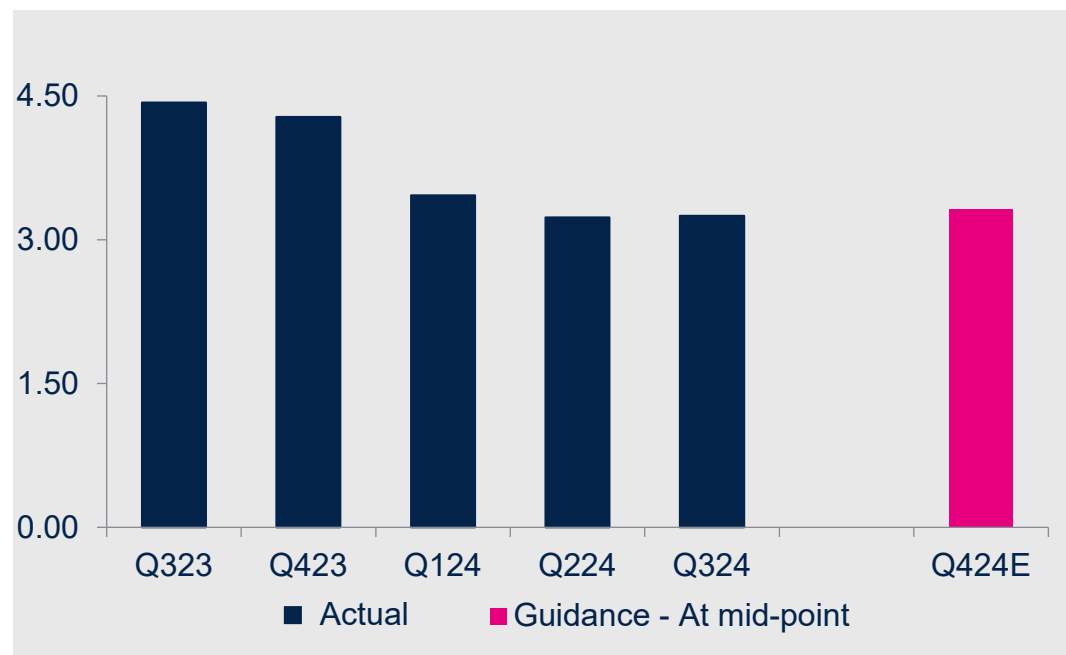
## Gross Margin = 39.9%



## Net Income = \$1.22B



## Q324 Revenues = \$3.25B



### Q324 revenues down 26.6% Y/Y

- AM&S declined 13.3%, P&D 18.4%, MCU 43.4% and D&RF 29.7%,
- By end market, Industrial declined more than 50%, Automotive ~ 18%, Personal Electronics ~ 9%, and CECP ~ 5%.
- Revenues to OEMs and Distribution decreased 17.5% and 45.4%, respectively.

### Q324 revenues up 0.6% Q/Q

- In line with the mid-point of the Company's guidance,
- AM&S was up 1.7%, P&D 7.9%, MCU 3.6%, while D&RF was down 17.4%,
- By end market, Q/Q Industrial was down ~ 12%, Automotive flat, Personal Electronics up ~ 20%, and CECP down ~ 8%.

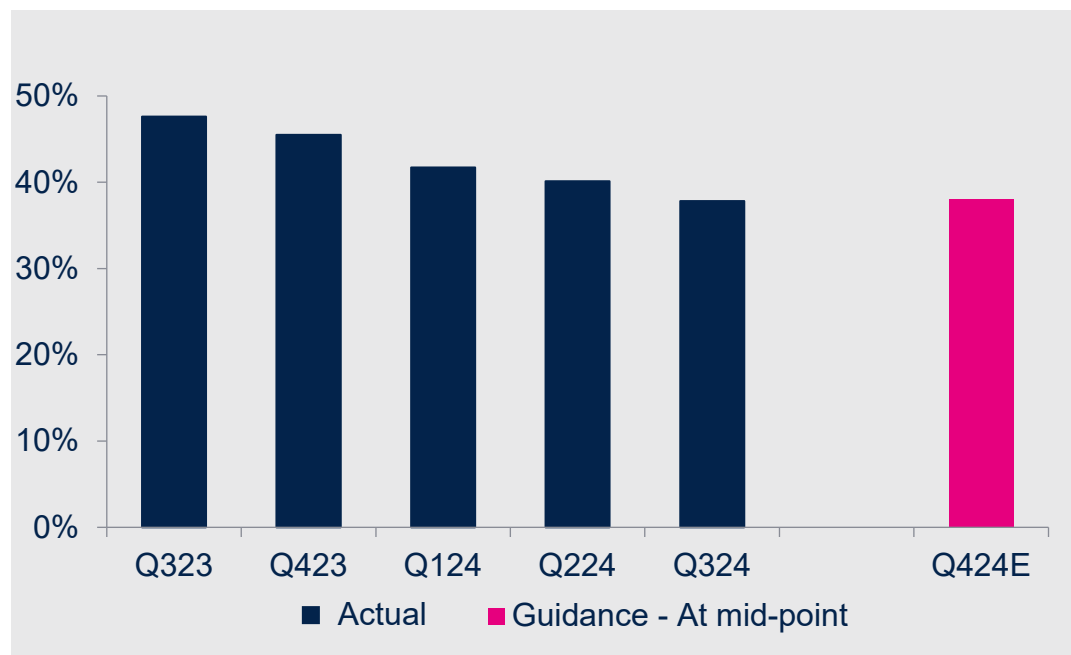
### Q424 Revenues Outlook

Up Q/Q by about 2.2% (+/- 350 bps)  
Down Y/Y by about 22.4% at mid-point



# Gross margin

**Q324 Gross Margin = 37.8%**



## Q324 Gross Margin

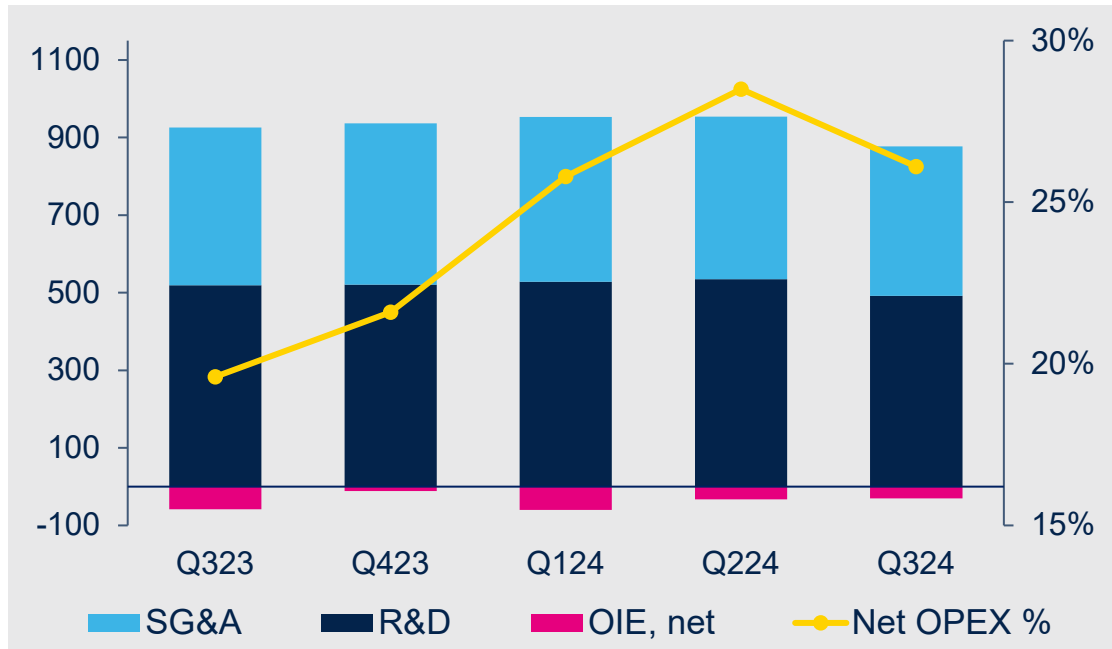
- Down 980 bps Y/Y, mainly due to product mix and, to a lesser extent, to sales price and higher unused capacity charges,
- Down 230 bps Q/Q,
- 20 bps below the mid-point of ST's guidance.

## Q424 Gross Margin Outlook

About 38% (+/- 200 bps)

# Net operating expenses\*

**Q324 Net Operating Expenses = \$847M**



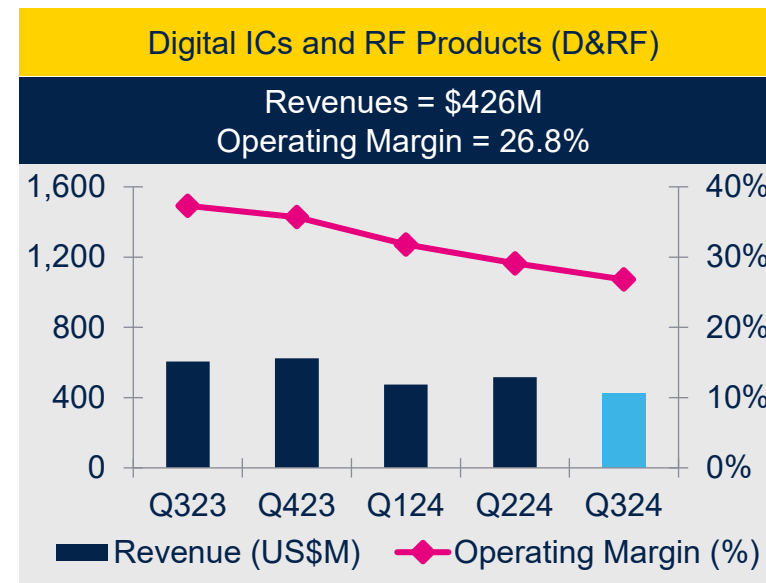
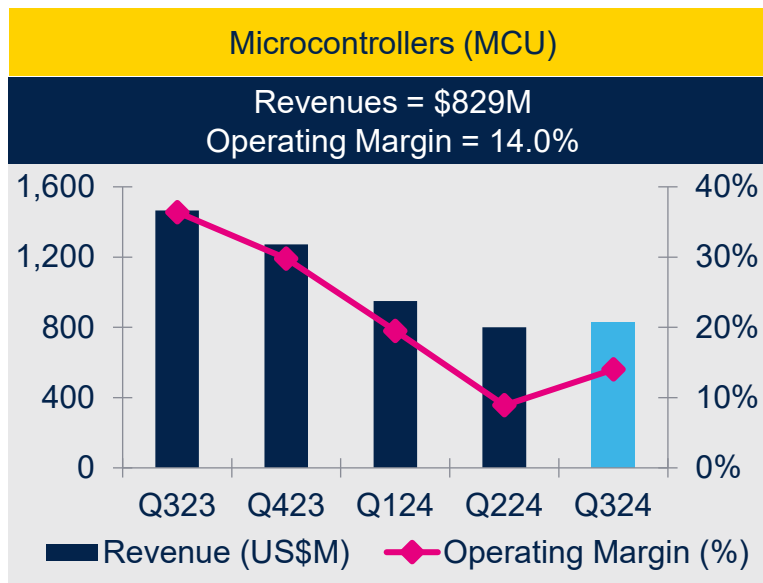
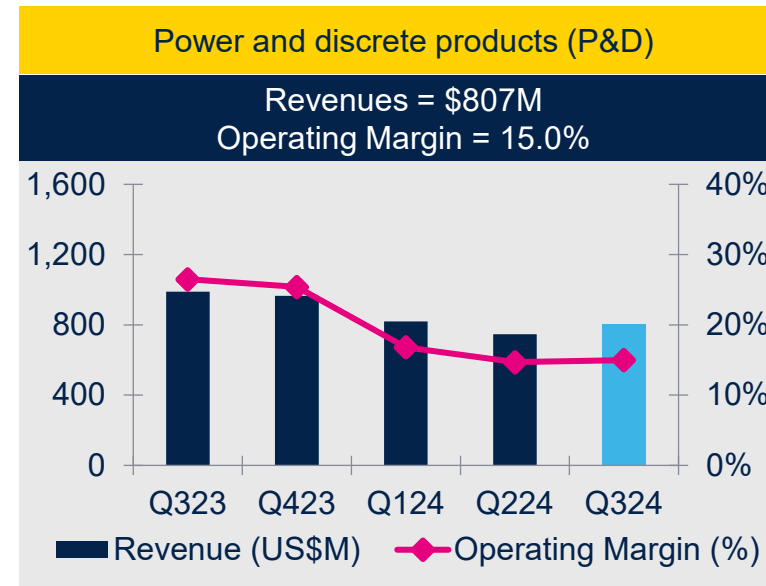
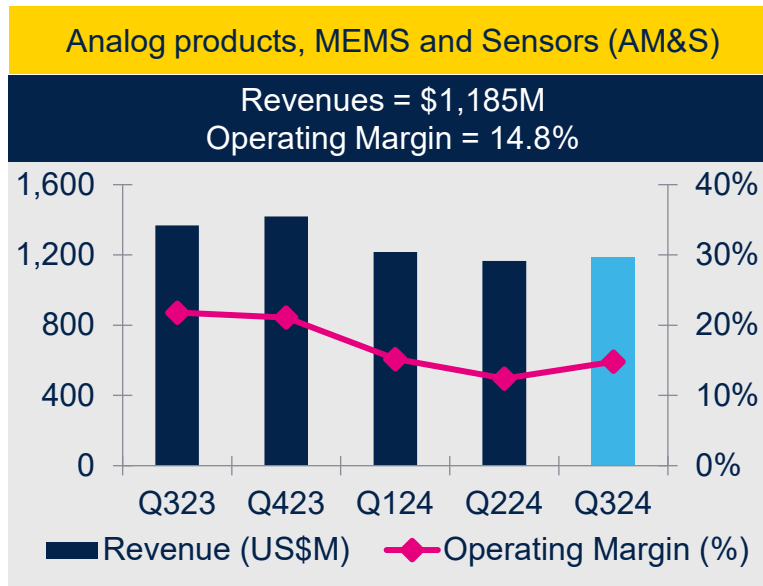
**Q324 Combined SG&A and R&D at \$877M**

- 27.0% of revenues.

**Q324 Net Operating Expenses at \$847M**

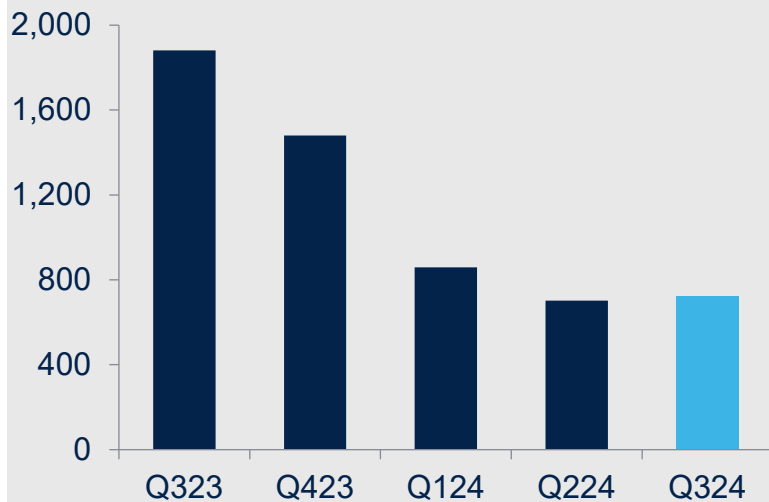
- 26.1% of revenues.

# Q3 2024 Reportable segments results

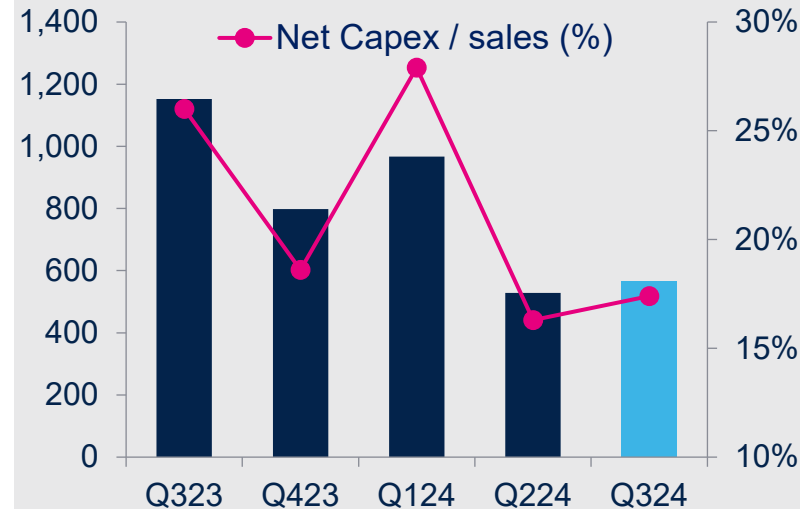


# Q3 2024 Financial flexibility

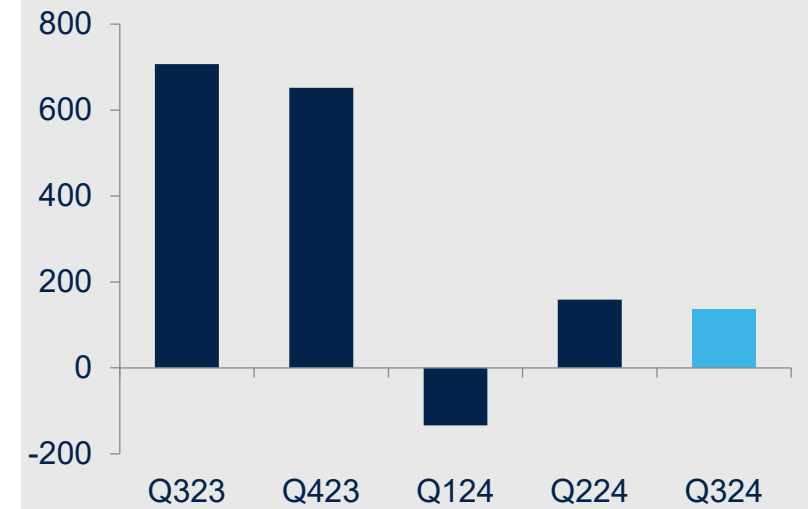
## Net Cash From Operating Activities = \$723M



## Net Capex\* = \$565M



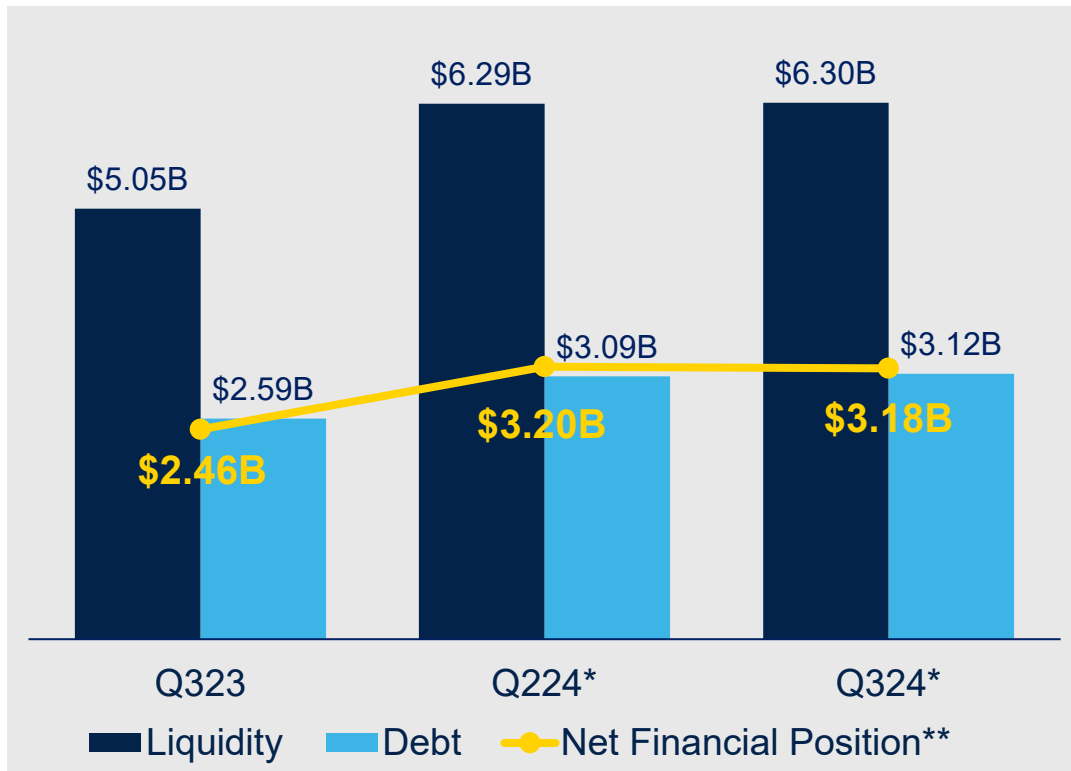
## Free Cash Flow\* = \$136M



Cash dividends paid to stockholders totaled \$80M in Q324.

In Q324 we repurchased shares totaling \$92M as part of our current share repurchase program.

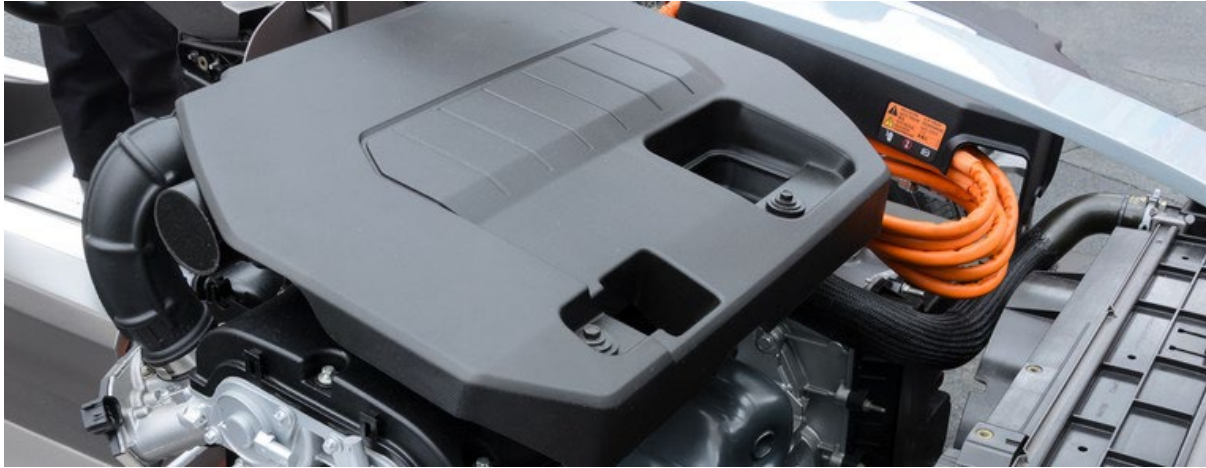
# Solid capital structure



ST is in a very solid position from a capital, liquidity and balance sheet perspective.

ST credit rating is currently BBB+ with Stable Outlook from S&P and Baa1 with Positive Outlook from Moody's.

## Car electrification



## Car digitalization



4<sup>th</sup> generation SiC MOSFETs:  
New benchmark in high power efficiency



Arm®-based safe  
& secure, real-time  
high-performance,  
automotive MCUs





## Power for AI servers



## Momentum with STM32





# Personal electronics Communications equipment & computer peripherals





# Q4 2024 Outlook

## Net Revenues

Q424 outlook, at the mid-point, is for net revenues of \$3.32B, decreasing Y/Y by 22.4% and increasing Q/Q by 2.2%, plus or minus 350 bps.

## Gross Margin

Gross margin is expected to be about 38%, +/- 200 bps, impacted by about 400 bps of unused capacity charges.

*This outlook is based on an assumed effective currency exchange rate of approximately \$1.11 = €1.00 for the 2024 fourth quarter and includes the impact of existing hedging contracts.*

*The fourth quarter will close on December 31, 2024.*

Our Q4 guidance at the mid-point translates into 2024 net revenues of about \$13.27B. This represents a decrease of about 23.2% Y/Y in the low-end of the range indicated in the previous quarter.

Within this guidance, we expect a gross margin of about 39.4%, impacted by about 290 bps of unused capacity charges at the mid-point of our FY24 indications.

FY24 revenues of \$13.27B are in the low-end of the revenue range indicated in the previous quarter. The difference compared with the mid-point of the range relates mainly to lower revenues in Automotive and to a lesser extent lower revenues in Industrial, partly offset by slightly better revenues in Personal Electronics.

We confirm our 2024 net capex plan of about \$2.5B.

At this time of the year, we usually do not comment two quarters ahead; but, based on our current customer backlog and order entry dynamics, we anticipate a revenue decline between Q424 and Q125 well above normal seasonality.

This also includes a significant lower number of Calendar Days in Q125 vs Q424, a 6% sequential decrease, which is the highest sequential decrease in the number of days in the last 3 years.

# Launch of a new company-wide program

- Today we have announced the launch of a new company-wide program to reshape our manufacturing footprint.
- We are accelerating our wafer fab 300mm transition in Agrate and Crolles - in particular in Agrate, reaching a scale of about 4,000 wafers per week exiting 2026.
- In Catania, in Silicon Carbide we will accelerate our transition to 200mm.
- Moreover, we will resize our global cost base.
- This program should result in strengthening our capability to grow our revenues with an improved operating efficiency resulting in annual cost savings in the high triple-digit million-dollar range exiting 2027.

# Takeaways

As said last quarter the current market cycle dynamics, coupled with the ongoing transformation of the Automotive and Industrial end-markets, are bringing both opportunities and challenges in the short, medium and longer term. This is true for ST and for our customers equally.

In the short to medium term, we are adapting our operating plans to this situation and we are launching our Company-wide reshaping and resizing program, while continuing to invest in innovation and our strategic manufacturing initiatives.

Medium to long-term, we continue to be convinced that this will provide the basis for our sustainable growth ambitions and for delivering value to our stakeholders.

# Capital Markets Day 2024

We look forward to updating you on our strategy at our Capital Markets Day on November 20th, either in person in Paris or via our live webcast.

# Appendix

# Historical financial performance

| <i>US\$M, except EPS</i>    | Q123  | Q223  | Q323  | 9M23   | Q423    | FY23    | Q124    | Q224    | Q324    | 9M24    |
|-----------------------------|-------|-------|-------|--------|---------|---------|---------|---------|---------|---------|
| Net Revenues                | 4,247 | 4,326 | 4,431 | 13,004 | 4,282   | 17,286  | 3,465   | 3,232   | 3,251   | 9,947   |
| Gross Margin                | 49.7% | 49.0% | 47.6% | 48.7%  | 45.5%   | 47.9%   | 41.7%   | 40.1%   | 37.8%   | 39.9%   |
| Operating Income            | 1,201 | 1,146 | 1,241 | 3,588  | 1,023   | 4,611   | 551     | 375     | 381     | 1,307   |
| Operating Margin            | 28.3% | 26.5% | 28.0% | 27.6%  | 23.9%   | 26.7%   | 15.9%   | 11.6%   | 11.7%   | 13.1%   |
| Net Income – Reported       | 1,044 | 1,001 | 1,090 | 3,135  | 1,076   | 4,211   | 513     | 353     | 351     | 1,216   |
| EPS Diluted (\$/share)      | 1.10  | 1.06  | 1.16  | 3.32   | 1.14    | 4.46    | 0.54    | 0.38    | 0.37    | 1.29    |
| Free Cash Flow*             | 206   | 209   | 707   | 1,122  | 652     | 1,774   | -134    | 159     | 136     | 160     |
| Net Financial Position*     | 1,855 | 1,914 | 2,463 | 2,463  | 3,156** | 3,156** | 3,126** | 3,199** | 3,181** | 3,181** |
| Effective Exchange Rate €/€ | 1.06  | 1.08  | 1.09  | 1.08   | 1.08    | 1.08    | 1.09    | 1.08    | 1.08    | 1.08    |

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

\*\***Adjusted net financial position,** taking into consideration the effect on total liquidity of advances from capital grants for which capital expenditures have not been incurred yet, stood at \$3,004M as of December 31, 2023, at \$2,775M as of March 30, 2024, at \$2,797M as of June 29, 2024, and at \$2,815M as of September 28, 2024.



# Appendix

- **Net financial position and Adjusted Net Financial Position (non-U.S. GAAP measure)**: represents the difference between our total liquidity and our total financial debt. Our total liquidity includes cash and cash equivalents, restricted cash, if any, short-term deposits, and marketable securities, and our total financial debt includes short-term debt and long-term debt, as reported in our Consolidated Balance Sheets. ST also presents adjusted net financial position as a non-U.S. GAAP measure, to take into consideration the effect on total liquidity of advances received on capital grants for which capital expenditures have not been incurred yet. Reporting periods prior to Q4 2023 are not impacted. ST believes its Net Financial Position and Adjusted Net Financial Position provide useful information for investors and management because they give evidence of our global position either in terms of net indebtedness or net cash by measuring our capital resources based on cash and cash equivalents, restricted cash, if any, short-term deposits and marketable securities and the total level of our financial debt. Our definitions of Net Financial Position and Adjusted Net Financial Position may differ from definitions used by other companies, and therefore, comparability may be limited.
- **Net Capex and Free Cash Flow (non-U.S. GAAP measure)**: Startin. ST presents Net Capex as a non-U.S. GAAP measure, which is reported as part of our Free Cash Flow (non-US GAAP measure), to take into consideration the effect of advances from capital grants received on prior periods allocated to property, plant and equipment in the reporting period. Net Capex, a non-U.S. GAAP measure, is defined as (i) Payment for purchase of tangible assets, as reported plus (ii) Proceeds from sale of tangible assets, as reported plus (iii) Proceeds from capital grants and other contributions, as reported plus (iv) Advances from capital grants allocated to property, plant and equipment in the reporting period. ST believes Net Capex provides useful information for investors and management because annual capital expenditures budget includes the effect of capital grants. Our definition of Net Capex may differ from definitions used by other companies. Free Cash Flow, which is a non-U.S. GAAP measure, is defined as (i) net cash from operating activities plus (ii) Net Capex plus (iii) payment for purchase (and proceeds from sale) of intangible and financial assets and (iv) net cash paid for business acquisitions, if any. ST believes 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 operations. Free Cash Flow reconciles with the total cash flow and the net cash increase (decrease) by including the payment for purchases of (and proceeds from matured) marketable securities and net investment in (and proceeds from) short-term deposits, the net cash from (used in) financing activities and the effect of changes in exchange rates, and by excluding the advances from capital grants received on prior periods allocated to property, plant and equipment in the reporting period. Our definition of Free Cash Flow may differ from definitions used by other companies.
- **Net revenues of Others**: revenues from sales assembly services and other revenues. Operating income (loss) of Others include items such as unused capacity charges, including incidents leading to power outage, impairment and restructuring charges, management reorganization costs, start-up and phase out costs, and other unallocated income (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 reportable segments, as well as operating earnings of other products. Others includes:

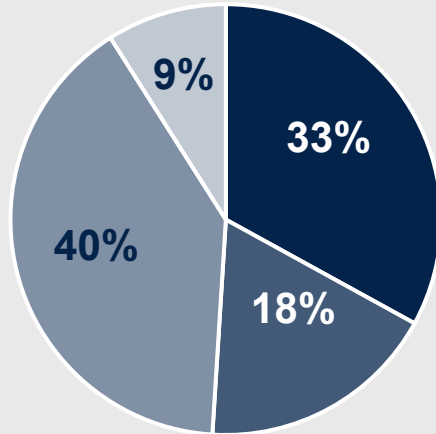
| US\$M                   | Q123 | Q223 | Q323 | 9M23 | Q423 | FY23 | Q124 | Q224 | Q324 | 9M24 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|
| Unused Capacity Charges | 1    | 15   | 46   | 63   | 57   | 120  | 63   | 84   | 104  | 252  |

# Historical Revenues and Operating Margin by new Product Groups and Reportable Segments

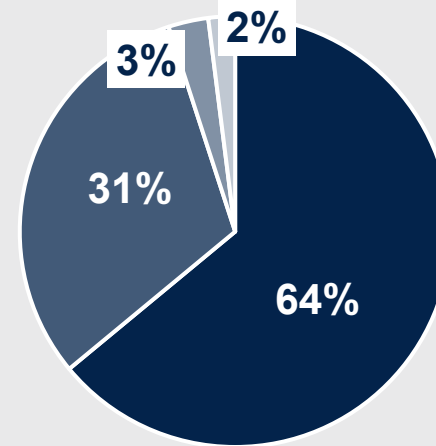
| US\$M  |                  | Q123         | Q223         | Q323         | Q423         | FY23         | Q124         | Q224         | Q324         |
|--|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Analog products, MEMS and Sensors (AM&amp;S)</b>          | Revenue          | 1,400        | 1,293        | 1,367        | 1,418        | 5,478        | 1,217        | 1,165        | 1,185        |
|  | Operating Margin | 23.9%        | 20.0%        | 21.8%        | 21.1%        | 21.7%        | 15.2%        | 12.4%        | 14.8%        |
| <b>Power and discrete products (P&amp;D)</b>                 | Revenue          | 909          | 989          | 989          | 965          | 3,852        | 820          | 747          | 807          |
|  | Operating Margin | 26.0%        | 26.4%        | 26.5%        | 25.4%        | 26.1%        | 16.8%        | 14.7%        | 15.0%        |
| <b>Analog, Power &amp; Discrete, MEMS and Sensors (APMS)</b> | Revenue          | <b>2,309</b> | <b>2,282</b> | <b>2,356</b> | <b>2,383</b> | <b>9,330</b> | <b>2,037</b> | <b>1,912</b> | <b>1,992</b> |
|  | Operating Margin | <b>24.7%</b> | <b>22.8%</b> | <b>23.8%</b> | <b>22.9%</b> | <b>23.5%</b> | <b>15.8%</b> | <b>13.3%</b> | <b>14.9%</b> |
| <b>Microcontrollers (MCU)</b>                                | Revenue          | 1,448        | 1,482        | 1,466        | 1,272        | 5,668        | 950          | 800          | 829          |
|  | Operating Margin | 38.3%        | 37.2%        | 36.4%        | 29.8%        | 35.6%        | 19.5%        | 8.9%         | 14.0%        |
| <b>Digital ICs and RF Products (D&amp;RF)</b>                | Revenue          | 486          | 558          | 605          | 623          | 2,272        | 475          | 516          | 426          |
|  | Operating Margin | 33.9%        | 35.2%        | 37.3%        | 35.7%        | 35.6%        | 31.8%        | 29.1%        | 26.8%        |
| <b>Microcontrollers, Digital ICs and RF products (MDRF)</b>  | Revenue          | <b>1,934</b> | <b>2,040</b> | <b>2,071</b> | <b>1,895</b> | <b>7,940</b> | <b>1,425</b> | <b>1,316</b> | <b>1,255</b> |
|  | Operating Margin | <b>37.2%</b> | <b>36.6%</b> | <b>36.7%</b> | <b>31.7%</b> | <b>35.6%</b> | <b>23.6%</b> | <b>16.8%</b> | <b>18.4%</b> |

# FY 2023 Reportable segment revenues by end market

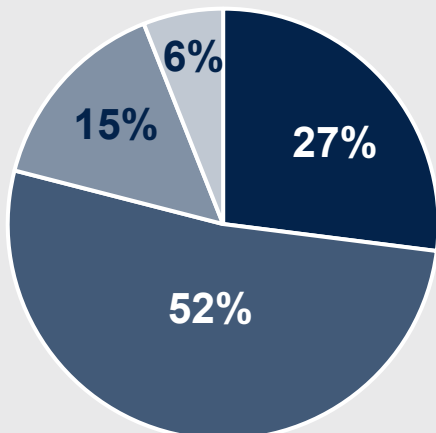
Analog products, MEMS and Sensors (AM&S)



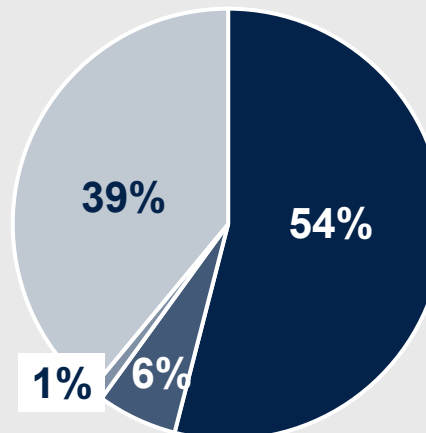
Power and discrete products (P&D)



Microcontrollers (MCU)



Digital ICs and RF Products (D&RF)



- Automotive
- Industrial
- Personal electronics
- Communications equipment & computer peripherals

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