

Good morning everyone and thank you for joining ST for our Q4 and Full Year 2024 earnings conference call.

I will start with an overview of the fourth quarter and the full year 2024, 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:

- In a persisting challenging environment, we achieved Q424 financial results pretty much in line with the mid-point of our guidance. Our Q4 Net revenues decreased 22.4% year-over-year and increased 2.2% sequentially to \$3.32 billion. Our Gross margin was at 37.7%. Our Operating margin was 11.1% and net income was \$341 million.
- Our Q4 net revenues were in line with the mid-point of our business outlook range driven by higher revenues in Personal Electronics offset by lower revenues in Industrial, while Automotive and Communication Equipment & Computer Peripherals performed as expected. Q4 gross margin was broadly in line with the mid-point of our business outlook range.

Looking at the full year 2024:

- Net revenues decreased 23.2% to \$13.27 billion, mainly driven by a strong decrease in Industrial and, to a lesser extent, in Automotive.
- Gross margin was 39.3% down from 47.9% in FY23. Operating margin was 12.6% compared to 26.7% in FY23 and net income decreased 63% to \$1.56 billion.
- We invested \$2.53 billion in net CAPEX while generating free cash flow of \$288 million.

Let's now discuss our business dynamics during Q4 and a recap of our 2024 business highlights

In Automotive, during the fourth quarter we continued to face a slowdown, particularly in Europe; and our book-to-bill ratio remained below 1.

Throughout 2024 we continued to execute our strategy supporting the transition of the **automotive** industry to car electrification and digitalization.

In **electrification** we won business with our power discrettes and modules, both silicon and silicon carbide, as well as smart power technologies and smart fuse solutions.

With **Silicon Carbide** products, our revenue for the year was \$1.1 billion. During the year we had multiple high-value wins with both silicon-carbide devices and modules for automotive customers, including a cooperation with Ampere, as well as broadly in industrial applications. In China, which is the fastest growing market for electric vehicles, we have a very strong momentum in terms of design in activities and as of today we have more silicon carbide engagements with top Chinese car makers than any other suppliers. To this respect in June we announced we signed a long-term SiC supply agreement with Geely Auto.

We also introduced our fourth generation of SiC MOSFET technology, bringing new benchmarks in power efficiency, power density and robustness.

Our automotive microcontrollers portfolio supports both electrification and digitalization, and during the year we saw continued design win momentum across applications such as software-defined vehicle architectures and car electrification systems. Important trends here are the integration of multiple ECUs into a single more powerful unit and the zonal architecture approach. During Q4 we announced a strengthened offering for our advanced ARM-based Stellar microcontrollers as well as a brand-new series in the STM32 family designed for actuation of car body, convenience & on-board charging applications.

In ADAS, we worked closely with our long-time customer and partner Mobileye with a focus on their latest market introduction – the EyeQ6 family.

The family includes the EyeQ6 L – designed for performance, power and cost efficiency for Level 1-2 driver-assistance, as well as the EyeQ6 H which delivers premium ADAS and full surround view functionality.

In Industrial, during Q4 we continued to face a delayed recovery and inventory correction, particularly in Europe, and our book-to-bill ratio remained below 1.

Looking at our 2024 highlights, in **power and energy management** applications we had a broad range of design wins, including in data centers, EV charging stations, renewable energy systems, white goods, and factory automation. We introduced a wide range of new products, solutions and reference designs also including high-performance telecom applications and AI server power supply -another important growth opportunity around AI for ST, on top of our focus on Edge AI.

In **embedded processing solutions** we further strengthened STM32 microcontroller and microprocessor families and ecosystem introducing many new products and tools.

A particular focus was on Edge AI enablement for our customers.

In June the ST Edge AI Suite came online, bringing together tools, software and knowledge to simplify and accelerate edge-AI application development.

In December we made our most powerful MCU series, the STM32N6, available for broad market adoption.

The series is the first to feature our proprietary Neural-ART Accelerator NPU, making it possible to run computer vision, audio processing, sound analysis and more consumer and industrial applications at the edge on a microcontroller. We also introduced an innovative smart sensor with edge-AI processing for motion tracking in industrial and robotics applications.

The combination of software and tools ecosystem continues to lower the barrier to entry for developers to take advantage of AI-accelerated performance for real-time operating systems.

In October we announced a new strategic collaboration with Qualcomm Technologies for the next generation of industrial and consumer IoT solutions. Together we are integrating Qualcomm's leading wireless connectivity technologies with our STM32 microcontroller ecosystem.

We also introduced the industry's first embedded SIM meeting the GSMA standard for eSIM IoT deployment to support the proliferation of secure cloud-connected autonomous things.

In Personal Electronics, Q4 was slightly better than expected, while **CECP** was in line with our expectations.

In Personal Electronics, during 2024 we continued to be successful with our focused approach, through solid execution of engaged customer programs, securing sockets in flagship devices with differentiated products, and leveraging our broad portfolio to address high-volume applications.

In **Communications Equipment** our RF communication business delivered solid results. We continued to progress well with engaged customer programs in satellite and cellular communication infrastructure and received awards from a new player in the LEO satellite market.

Let me now share a summary of our main 2024 manufacturing initiative.

In May we announced the construction of a new high-volume 200mm silicon carbide manufacturing facility in Catania, Italy to manufacture power devices and modules including testing and packaging. Along with the SiC substrate manufacturing facility on the same site, these facilities will form ST's Silicon Carbide Campus, a fully vertically integrated manufacturing hub for SiC devices.

Sustainability

All our strategic manufacturing initiatives are aligned with our **Sustainability strategy** and our commitment to sustainable manufacturing in terms of energy consumption, greenhouse gas emissions, air and water quality.

We are on track to be carbon neutral by 2027 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 we are on track for our 100% renewable energy goal by 2027, as well

as for other key sustainability commitments. Power Purchase Agreements will play a major role in our transition.

Following the first agreement with ERG announced in Q4 2023, we added two more in 2024: one in Italy with Centrica and one in Malaysia with Engie. You will also have noticed we just announced another one in France, with Total, for 15 years. We also continued to work closely with external bodies to maintain our strong presence in the major sustainability indices.

Let me close this section with a **recap of our 2024 corporate development activities.**

ST has made a number of significant changes in the way our Company is structured and operates during 2024.

In January, we announced the reorganization of our Product Groups into two groups split in four Reportable Segments, as well as the creation of a new application marketing organization by end market implemented across all Regions within the existing sales and marketing organization.

In May, I was pleased to be reappointed as member and Chairman of the Managing Board for a three-year term to expire at the end of 2027 Annual General Meeting of shareholders; and Lorenzo [Grandi] was appointed as member of the Managing Board for the same three-year term.

In October Lorenzo [Grandi], President and CFO, added responsibilities to cover Supply Chain, Corporate Development and Integrated External Communication in addition to Finance, Global Procurement, Digital Transformation and Information Technology, Enterprise Risk Management and Resilience.

In October we also announced the launch of a new company-wide program to reshape our manufacturing footprint accelerating our wafer fab capacity to 300mm Silicon (Agrate and Crolles) and 200mm Silicon Carbide (Catania) and resizing 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.

Specifically in terms of operating expenses (SG&A and R&D), the program is now going to start, and we expect annual cost savings totaling \$300 to 360 million, exiting 2027, compared to the cost base of 2024.

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 (AM&S) was down 15.5% mainly due to decreases in Analog and in Imaging;
- Power and Discrete products decreased (P&D) 22.1%, with a decline in both Power and Discrete products;
- Microcontrollers (MCU) revenues declined 30.2%, mainly due to General Purpose MCUs.
- Digital ICs and RF products (D&RF) declined 22.8%, mainly due to ADAS and Infotainment.

By end-market, Industrial declined by about 41%, Automotive by about 20%, Personal Electronics by about 17% and CECP increased by about 2%.

Year-over-year, sales decreased 19.8% to OEMs and 28.7% to Distribution.

On a sequential basis, revenues increased 1.1% in AM&S, 7.0% in MCU and 13.0% in D&RF while they decreased 6.8% in P&D. By end-market, Industrial grew by about 12%, CECP by about 13% and Automotive by about 1% while Personal Electronics decreased by about 8%.

Turning now to profitability:

Gross profit in the fourth quarter was \$1.25 billion, decreasing 35.7% on a year-over-year basis. Gross margin was 37.7%, decreasing 780 basis points year-over-year, mainly due to unfavorable product mix and, to a lesser extent, to sales price and higher unused capacity charges.

Total net operating expenses amounted to \$884 million in the fourth quarter. This was better than anticipated, reflecting a higher level of R&D Grants, a stronger dollar as well as the continued strict monitoring of our expenses in the current market environment. Talking about Net Opex let me give you an indication for the first quarter of 2025. In the first quarter of 2025 we expect them to stand at about \$850 million. As a reminder these amounts are net of other income and expenses.

Coming back to the fourth quarter, operating income decreased 64% to \$369 million. Q4 operating margin was 11.1%, down from 23.9% in the year-ago period, with AM&S at 14.7%, P&D at 11.9% MCU at 14.3% and D&RF at 31.0%.

Q424 net income was \$341 million, compared to \$1.08 billion in the year-ago quarter. Earnings per diluted share were \$0.37 compared to \$1.14. As a reminder the fourth quarter 2023 Net income included a one-time non-cash income tax benefit of \$191 million.

Looking now at our full year 2024 financial performance:

Net revenues decreased 23.2% to \$13.27 billion.

By end-market, on a year-over-year basis, Industrial revenues decreased 49%, Automotive was down 14%, Personal Electronics declined 11% and Communications Equipment and Computer Peripherals were down 2%.

Automotive represented about 46% of our total 2024 revenues, Personal Electronics about 21%, Industrial about 20%, and Communications Equipment and Computer Peripherals about 13%.

By customer channel, Sales to OEMs and Distribution represented 73% and 27%, respectively, of total revenues in 2024. The lower share of Distribution compared to 2023 reflected the inventory correction in the Industrial end-market which is mainly addressed through distributors.

By region of customer origin, 40% of our 2024 revenues were from the Americas, 30% from Asia Pacific, and 30% from EMEA.

Looking at the sales performance by reportable segment:

- AM&S was down 13% with all subgroups declining;
- P&D decreased 18.8%, with a decline in both Power and Discrete;
- Microcontrollers (MCU) revenues declined 38.8%, mainly due to General Purpose MCUs.

- Digital ICs and RF products (D&RF) declined 16.5%, mainly due to ADAS and Infotainment.

Gross margin decreased to 39.3% for 2024 compared to 47.9% for 2023, mainly due to product mix and, to a lesser extent, to sales price and higher unused capacity charges.

In 2024 operating margin decreased to 12.6% compared to 26.7% in 2023.

By reportable segment:

- AM&S operating margin decreased to 14.3% from 21.7%;
- P&D operating margin decreased to 14.7%, from 26.1%;
- MCU operating margin decreased to 14.4% from 35.6%, and
- D&RF operating margin decreased to 29.7% from 35.6%

Net Income was \$1.56 billion and EPS was \$1.66.

Net cash from operating activities decreased 50.5% in 2024, totaling \$2.97 billion.

Net Capex stood at \$2.53 billion in 2024 in line with our expectations, compared to \$4.11 billion in 2023.

Free cash flow was \$288 million in 2024 compared to \$1.77 billion.

Inventory at the end of the year 2024 was \$2.79 billion, compared to \$2.70 billion in 2023. Days sales of inventory at year-end was 122 days in line with our expectations, compared to 130 days at the end of Q324 and 104 days at the end of the previous year.

Cash dividends paid to stockholders in 2024 totaled \$288 million. In addition, during 2024, ST executed share buy-backs totaling \$359 million.

ST's net financial position of \$3.23 billion at December 31, 2024, reflected total liquidity of \$6.18 billion and total financial debt of \$2.95 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 2025:

Our business environment remains challenging as we continue to face a delayed recovery and inventory correction in Industrial and a slowdown in Automotive, both particularly in Europe. As a result, we ended up 2024 with a Book-to-Bill still below parity. As we indicated during our Q324 results we were expecting our Q125 revenues quarterly decline compared to Q424 to be well above our normal seasonality, partly due to a lower number of calendar days as Q125 will have six less days than Q424. We are confirming this trend.

- We are expecting Q125 revenues at \$2.51 billion +/- 350 basis points. At the mid-point, our Q125 net revenues will decrease by 27.6% year-over-year and 24.4% sequentially;
- We expect our gross margin to be about 33.8% +/- 200 basis points.

In terms of CAPEX in 2025:

- We plan to invest about \$2.0 to \$2.3 billion in net CAPEX.

To conclude:

2024 turned out to be one of the worst years in many decades for the industries we serve, particularly in Industrial and Automotive. It was characterized by unexpectedly weaker end demand and higher level of inventories which significantly impacted ST. Coping with this reality, we had to postpone our \$20B+ revenue ambition plan to 2030 during our Capital Markets Day last November and we set a new intermediate financial model for 2027/2028.

We are already engaged and determined to execute our manufacturing reshaping and cost saving program to restore profitability compatible with our model and investing in innovation to capture the revenues growth from the secular trends we are addressing.

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