Good morning and thank you for joining ST for our Q4 and Full Year 2022 earnings conference call.

Let me begin with some opening comments.

Starting with Q4:
- ST delivered net revenues and gross margin above the mid-point of our guidance.
- Net revenues of $4.42 billion increased 24.4% year-over-year and 2.4% sequentially. Gross margin was 47.5%.
- Operating margin was 29.1% and net income was $1.25 billion.

Looking at the full year 2022:
- Net revenues increased 26.4% to $16.13 billion, driven by strong demand in Automotive and Industrial, and our engaged customer programs. All three product groups contributed to the growth.
- Profitability improved on a year-over-year basis: gross margin was 47.3%, up from 41.7%; operating margin was 27.5%, up from 19.0%, and net income was $3.96 billion, almost doubling from $2.0 billion.
- We generated strong net cash from operating activities. We invested $3.52 billion in CAPEX and delivered free cash flow of $1.59 billion. Our net financial position increased to $1.8 billion at December 31,
2022 from $977 million one year ago.

On Q1 2023:
- At the mid-point, our first quarter business outlook is for net revenues of $4.20 billion, increasing by 18.5% year-over-year and decreasing 5.1% sequentially; gross margin is expected to be about 48.0%.

For the full year 2023:
- We will continue to execute our strategy, with a strong focus on Automotive and Industrial as a broad range supplier, and a selective approach in Personal Electronics and Communications Equipment and Computer Peripherals.
- We enter this year with a backlog higher than what we had entering 2022.
- We plan to invest about $4.0 billion in CAPEX, mainly to increase our 300mm wafer fabs and silicon carbide manufacturing capacity including our substrate initiative.
- Based on our strong customer demand and increased manufacturing capacity, we will drive the Company based on a plan for FY23 net revenues in the range of $16.8 billion to $17.8 billion, representing a growth range of 4% to 10% compared to FY22.

Now, let’s move to a detailed review of the fourth quarter.

Both revenue and gross margin came above the mid-point of our guidance by 60 and 20 basis points, respectively.
On a sequential basis, Q4 net revenues increased 2.4%, driven mainly by ADG, which increased 8.5%. MDG revenues increased 0.7% while AMS revenues decreased 3.0%.

On a year-over-year basis, net revenues increased 24.4%, with ADG and MDG growing 38.4% and 29.1% respectively, while AMS increased 7.0%. Year-over-year, sales to OEMs increased 26.8% and 19.5% to Distribution.

Gross profit was $2.10 billion, increasing 30.7% on a year-over-year basis. Gross margin was 47.5%, increasing 230 basis points year-over-year, mainly driven by favorable pricing, improved product mix and currency effects, net of hedging, partially offset by the inflation of manufacturing input costs.

Fourth quarter operating income increased 45.4% to $1.29 billion. Q4 operating margin was 29.1%, up from 24.9% in the year-ago period, with ADG at 27.7%, AMS at 25.8% and MDG at 35.8%.

Q422 net income was $1.25 billion, including a one-time non-cash income tax benefit of $141 million, compared to $750 million in the year-ago quarter. Earnings per diluted share were $1.32 compared to $0.82.

Let’s now discuss our full year results, starting with the business dynamics.
2022 was a year marked again by strong demand in Automotive and Industrial, still impacted by supply chain challenges due to continuing shortages and capacity constraints. In the second half, we started to see a market softening in Personal Electronics and Computer Peripherals.

In Automotive, we again saw unprecedented demand across all geographies, driven by increasing semiconductor pervasion, structural transformation and inventory replenishment.

We continued to execute our strategy for car electrification, in particular in our silicon carbide business.

We added a wide range of wins in next generation electric vehicle designs with our power discrete solutions. The latest one is with Hyundai Motor, who has chosen our Acepack Drive SiC-MOSFET Gen3-based power modules for traction inverters in its current-generation EV platform.

In silicon carbide for Automotive and Industrial, we achieved $700 million of revenues with silicon carbide in 2022, with a plan to be above $1 billion in 2023. We finished the year with 115 awarded projects, spread over 80 customers (adding 25 projects and 8 customers during 2022). About 60% of these projects are for automotive customers.

We continue to lead in silicon carbide, as we have moved to high volume production of our 3rd generation transistors for multiple automotive
customers; and we will ramp our 4th generation transistor in volume in the second half of this year.

In car digitalization, we had a range of wins with our MCUs and power solutions for new zonal car architectures. We won designs with our next-generation Stellar automotive MCU and announced a cooperation model with Volkswagen-Cariad including the joint development of a System-on-Chip MPU. We also received awards with our partners Mobileye for ADAS and Autotalks for V2X. In our automotive sensors we continued to increase the scale of our business in inertial sensors, growing by over 40% year-over-year.

In global shutter imaging sensors, we received awards for five key programs during the year.

In Industrial, demand was also very strong throughout the year, especially in Power and Energy, Factory Automation and Robotics, and in Industrial Infrastructure- what we define as the B2B part of the Industrial market.

We continued to strengthen our embedded processing solutions leadership with our STM32 microcontroller and microprocessor families and ecosystem. We continued to win many designs in a wide range of industrial applications and to achieve record volumes and sales of STM32 products.
In power and energy management applications, such as EV charging stations, photovoltaic systems and industrial power supplies we had many important design wins with our power discrete portfolio of both silicon and wide bandgap-based devices, and we further extended our product offer during the year.

We progressed with sensors for industrial applications, with revenue growth of around 50% year-over-year. We introduced new industrial sensors such as the first Intelligent Sensor Processing Unit launched together with Gen3 MEMS Sensors as well as Time-of-Flight sensors for touchless sensing applications. These enabled design-wins with customers in many areas such as equipment condition monitoring, asset tracking and healthcare.

During 2022 we introduced 80 new Industrial analog products with awards in applications for factory automation, motion control, metering, power tools and home appliances.

In Personal Electronics and Computer Peripherals we started to see a market softening in the second half of the year, while Communications Equipment demand remained solid throughout the year in the areas we are focused on.

In Personal Electronics, in 2022 we won many sockets in flagship smartphones with motion and environmental sensors, time-of-flight ranging sensors, wireless charging products, touch display controllers,
and secure solutions. We also leveraged our broad portfolio to address high-volume personal electronics applications such as smart watches, headsets and other wearables, as well as gaming accessories from leading players in each area.

In Communications Equipment, we progressed well with engaged customer programs for selected applications in cellular and satellite communication infrastructure and received new awards based on our proprietary technologies. These were for satellite, optical and wireless infrastructure ICs based on our mixed-signal processes and 28nm FD-SOI.

Let me now share a summary of our main 2022 manufacturing initiatives.

We are transforming our manufacturing base to enable our future growth and drive enhanced profitability, with a significant expansion of our 300mm capacity and a strong focus on wide bandgap semiconductors.

In silicon carbide, we are following our plans to increase 10-fold the front-end capacity versus 2017 and to have 40% of our substrate needs internally sourced by 2024. We continued to ramp our silicon carbide front-end device production in our Singapore facility on top of the Catania one, and we increased back-end manufacturing capacity in our sites in Morocco and China.
We are building an integrated silicon carbide substrate manufacturing facility in Catania as an important step in our silicon carbide vertical integration strategy. Volume production is expected to start in the second half of this year and, just recently, we have produced in Catania the first 150mm ingot out of this facility.

In terms of R&D activities, we have completed full MOSFET device processing using our internally produced 200mm substrate.

We also announced that we will cooperate with Soitec on silicon carbide substrate manufacturing technology, with an agreement to qualify Soitec SmartSiC™ technology for future 200mm silicon carbide substrate production.

In our 300mm strategy, in 2022 we have further expanded capacity in our Crolles, France site. We also signed an MoU with GlobalFoundries to create a new 300mm semiconductor manufacturing facility adjacent to ST’s existing facility in Crolles.

In Agrate, Italy, having completed in 2022 the first industrialization line and the qualification of the engineering samples, we are now ramping our new 300mm wafer fab. We plan to have a capacity of about 1,000 wafers per week by the end of this year.

These initiatives will be aligned with our Sustainability strategy and our sustainable manufacturing commitment in terms of energy consumption.
and greenhouse gas emissions, air, and water quality.

We are on track to achieve our carbon neutrality and 100% renewable energy goals by 2027, as announced in December 2020.

One important contributor to our plans was the adoption in 2022 of a district cooling system in Singapore, ST’s single largest wafer-fabrication site. We expect to eliminate 30% of the site’s carbon emissions on completion.

We also continued to work closely with external bodies and were well ranked by the Carbon Disclosure Project and included in the Dow Jones Sustainability World and Europe indices.

Looking now at our full year 2022 financial performance in greater detail:

Net revenues increased 26.4% to $16.13 billion.

On a year-over-year basis, Automotive revenues grew 51%, Industrial was up 34%, Communications Equipment and Computer Peripherals increased 19% and Personal Electronics grew 2%. This performance was consistent with both end-market dynamics and our strategy.

We have a strong focus on Automotive and Industrial as a broad range supplier of application-specific and general-purpose products, targeting leadership positions. Automotive represented about 33% and Industrial
about 29% of our total revenues in 2022.

We selectively address the Personal Electronics and Communications Equipment and Computer Peripherals market, targeting some leadership positions with a few differentiated products or custom solutions, complemented by our general-purpose products portfolio. In 2022, Personal Electronics represented about 27% of our total revenues and CECP 11%.

By customer channel, Sales to OEMs and Distribution represented 67% and 33%, respectively, of total revenues in 2022, similar to the split in 2021.

By region of origin, 41% of our 2022 revenues were from the Americas, 30% from Asia Pacific, and 29% from EMEA.

Looking at the sales performance by product group:
- ADG revenues grew 37.2%, on strong growth in Automotive and in Power Discrete.
- AMS revenues were higher by 7.1%, with an increase in Imaging and MEMS partially offset by a decrease in Analog.
- MDG revenues increased 37.5% with strong growth in both Microcontrollers and RF Communications.

Gross margin increased to 47.3% for 2022 compared to 41.7% for 2021, principally driven by favorable pricing, improved product mix, currency
effects, net of hedging, partially offset by the inflation of manufacturing input costs.

We delivered a strong increase in operating margin to 27.5% for 2022 compared to 19.0% in 2021. All product groups demonstrated year-over-year growth with:

- ADG operating margin up to 24.6%, from 11.8%;
- AMS operating margin up to 25.2%, from 22.3%; and
- MDG operating margin up to 35.0% from 23.9%.

Net cash from operating activities increased 70.0% in 2022, totaling $5.20 billion.

After investing $3.52 billion in CAPEX in 2022, compared to $1.83 billion in 2021, our free cash flow increased 42.1% to $1.59 billion.

Cash dividends paid to stockholders in 2022 totaled $212 million. In addition, during 2022, ST executed share buy-backs totaling $346 million under our current share repurchase program.

ST’s net financial position of $1.80 billion at December 31, 2022, reflected total liquidity of $4.52 billion and total financial debt of $2.72 billion.

Now, let’s move to our first quarter 2023 financial outlook and our plan for the full year 2023.
For the first quarter, we expect net revenues to be about $4.20 billion at the mid-point, representing year-over-year growth of about 18.5% and a sequential decrease of about 5.1%. Gross margin is expected to be about 48.0% at the mid-point.

For 2023:
Based on our strong customer demand and increased manufacturing capacity, we will drive the Company based on a plan for FY23 revenues in the range of $16.8 billion to $17.8 billion, representing growth over 2022 of about 4% to 10%.

Automotive and Industrial will be the key growth drivers of our revenues in 2023.

We plan to invest about $4.0 billion in CAPEX. About 80% of this amount is mainly related to the increase of our 300mm wafer fabs and silicon carbide manufacturing capacity including our silicon carbide substrate initiative. The remaining 20% is for R&D, laboratories, manufacturing maintenance and efficiency and our corporate sustainability initiatives.

To conclude:

Last May at our Capital Markets Day we shared our value proposition. This is based on:
- sustainable and profitable growth, with our 2025-2027 $20B+ revenue
ambition and the related financial model;

- our end-market focus:
  o on Automotive and Industrial, as a broad range supplier of application-specific and general-purpose products, targeting leadership positions;
  o on Personal Electronics and Communications Equipment and Computer Peripherals, with a selective approach, targeting some leadership positions with a few differentiated products or custom solutions complemented by our general-purpose products portfolio.
- providing customers with differentiating enablers, and a reliable and secure supply chain; and last but not the least
- a strong commitment to sustainability.

In 2022, we made important progress in all these areas and we will continue along the same path in 2023.

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