



Good morning everyone and thank you for joining ST for our Q3 2025 earnings conference call.

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

So, starting with Q3:

We delivered revenues at \$3.19 billion, \$17 million above the mid-point of our business outlook range, with higher revenues in Personal Electronics, while Automotive and Industrial performed as anticipated, and CECP was broadly in line with expectations. All end-markets but Automotive are now back to year-on-year growth. Gross margin of 33.2% was slightly below the mid-point of our business outlook range reflecting product mix within Automotive and within Industrial. Excluding impairment, restructuring charges and other related phase-out costs, Diluted Earnings Per Share was \$0.29.

During the quarter we managed to work down inventories both in our balance sheet and in distribution and we generated a positive \$130 million Free-Cash-Flow.

Let's now discuss our business dynamics during Q3.

In Automotive, during the quarter we grew revenues about 10% sequentially, in line with expectations, driven by all regions except Americas. Our book-to-bill came above parity.

We expect to grow mid-single digits in the fourth quarter compared to the third quarter, which would be the third consecutive quarter of sequential growth.

During the quarter, we continued to execute our strategy for **car electrification**. We had wins with both silicon and silicon carbide devices for electric vehicle applications such as traction inverter and onboard charger designs. One new application where we see silicon carbide being used is inverters for full active suspension. Here we had a design win with a module solution for a key Chinese EV maker.

Another key element is the switch to electronic fuses to support zonal and domain architectures both in 12V and in 48V. Here we added to our pipeline of designs for our eFuse controller with leading electrical vehicle makers and qualified our products for volume ramp-up.

Other wins in the quarter included microcontrollers for DC-DC management in EV powertrain, body control modules, and HVAC systems across multiple vehicle models.

In **car digitalization**, we are executing our microcontroller product roadmap, with a strong lineup of new solutions across both our Arm-based Stellar and STM32A product families. Design-in activity continues globally, with engagement from both large-scale automotive OEMs and Tier1 suppliers.

In legacy applications we had several significant wins based on our **smart power technologies** in applications where we lead such as airbags, steering, and braking solutions.

With our **automotive grade sensors**, we continue to see strong design-in momentum and growing opportunities. Wins in the quarter included MEMS sensors for road noise cancellation and door control, and both MEMS and imaging sensors for in-cabin monitoring.

Shortly after our results announcement in July we announced that we entered into a definitive transaction agreement for the acquisition of **NXP's MEMS sensor business** for a purchase price of up to US\$950 million in cash, complementing and expanding our current leading MEMS sensors technology and product portfolio. The transaction remains subject to customary closing conditions, including regulatory approvals and is on track to close in H1 2026.

In **Industrial**, revenues were in line with expectations, showing increases of 8% sequentially and 13% year-over-year, back to year-on-year growth for the first time since the third quarter of 2023. Importantly, inventories in distribution further decreased. In Q4 we expect to grow revenues low-single digit sequentially, as we continue to decrease inventories in distribution.

During the quarter, we saw strong design-in activity for our power and analog portfolio across a range of applications. These included factory automation, power systems, medical equipment, motor control, white goods, solar inverters, and metering.

We also continued to expand the use of our industrial sensors in robotics, including robots, cobots and humanoid robots, an area where we see demand for significant numbers of sensors. We also had wins in medical devices like insulin pumps and fall detectors.

In Embedded Processing, we continued to win designs with our STM32 microcontrollers for a wide range of industrial applications, with products from all parts of the portfolio, from high-end to wireless to specialized functions. These included power supply and optical modules for AI servers, industrial automation and robotics, energy storage, home appliances, metering and white goods. We have a full pipeline of new products and software coming to market in the next quarters and you will hear more about this during our STM32 Summit in November.

For General Purpose MCU, we grew revenues both sequentially and year-over-year and we are on the right trajectory to return to our historical market share of about 23%.

For Personal Electronics, third quarter revenues were above our expectations, up 40% sequentially, reflecting the seasonality of our engaged customer programs but also increased silicon content - which also translated into year-over-year growth.

Further strengthening our unique position as a sensor supplier with both MEMS and optical sensing solutions, we signed a new license agreement with Metalenz. This new agreement broadens our capability to produce advanced metasurface optics, leveraging ST's 300mm semiconductor and optics manufacturing capabilities. This opens up new opportunities from smartphone applications like biometrics, LIDAR and camera assist, to robotics, gesture recognition, and object detection.

Revenues for Communications Equipment and Computer Peripherals were broadly in line with expectations and up 4% sequentially.

For AI data centers we had multiple wins with silicon and silicon carbide devices for high-power solutions. Also, last quarter we announced that we are working closely with NVIDIA on a new architecture for 800V DC AI data centers leveraging our power portfolio, by combining silicon carbide, gallium nitride and silicon technologies with advanced custom design at both chip and package level. I am pleased to underline that we recently completed full-power testing on a prototype GaN-based solution, successfully demonstrating over 98% energy conversion efficiency.

Silicon photonics is another key technology for future data centers and AI factories.

ST now heads the STARLight consortium, a collaborative R&D program across the full value chain, with key suppliers and customers to develop high-speed optical solutions for datacenters, AI, telecommunications and automotive, from the substrate to the final products.

During Q3, we have seen an increased demand for Photonics ICs prototypes to be launched in the next quarter and beyond in our 300mm wafer fab. This confirms that Photonics ICs will be a revenue growth driver for ST in the near-term.

In Low-earth orbit satellites, we have further strengthened our leadership position in the rapidly growing low-orbit satellite broadband market by beginning shipments to a second global customer. Leveraging our winning combination of BiCMOS technology for front-end modules and Panel level packaging for user terminals, our business in this segment is well-positioned for steady growth, driven by several satellite constellations.

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 third quarter, starting with revenues on a year-over-year basis.

By reportable segment,

- Analog products, MEMS and Sensors was up 7.0%, mainly due to Imaging.
- Power and Discrete products decreased 34.3%.
- Embedded Processing revenues grew 8.7%, mainly due to General Purpose MCU.
- RF & Optical Communications declined 3.4%.

By end-market, Industrial increased by about 13%, Personal Electronics by about 11%, Communication Equipment and Computer Peripherals by about 7%. Automotive was still decreasing, by about 17%, but showing some improvement in respect to the 24% decline recorded in the second quarter.

Year-over-year, sales to OEMs decreased 5.1% while revenues from Distribution increased 7.6%, back to year-over-year growth for the first time since the third quarter of 2023.

On a sequential basis, Power and Discrete was the only segment to decrease, by 4.3%. All the other segments grew, led by Analog Products, MEMS and Sensors, up 26.6%, with Embedded Processing up 15.3% and RF & Optical Communications up 2.4%.

All our end markets grew, led by Personal Electronics, up by about 40%, followed by Automotive, up by about 10%, with Industrial and Communications Equipment and Computer Peripherals up respectively by about 8% and 4%.

Turning now to profitability:

Gross profit in the third quarter was \$1.06 billion, decreasing 13.7% on a year-over-year basis.

Gross margin was 33.2%, decreasing 460 basis points year-over-year, mainly due to lower manufacturing efficiencies, negative currency effect, lower level of capacity reservation fees and, to a lesser extent, the combination of sale price and product mix.

Total net operating expenses, excluding restructuring, amounted to \$842 million in the third quarter, broadly stable year-on-year. They were better than expected, reflecting notably our continued cost discipline, with the first benefits of the resizing

of our global cost base.

For the fourth quarter of 2025 we expect Net Opex to stand at about \$915 million, increasing quarter-on-quarter, due notably to calendar days effect. This would lead Net Opex for full-year 2025 to decline by 2.5% compared to 2024, despite unfavorable currency effect.

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

In the third quarter we reported a \$180 million operating income which included \$37 million for impairment, restructuring charges and other related phase-out costs. This reflected impairment of assets and restructuring charges predominantly associated with the previously announced company-wide program to reshape our manufacturing footprint and resize our global cost base.

Excluding this non-recurring item, which is partly non-cash, Q3 non-US GAAP operating margin was 6.8%, with Analog Products, MEMS and Sensors at 15.4%, Power and Discrete at -15.6%, Embedded Processing at 16.5% and RF & Optical Communications at 16.6%.

Third quarter 2025 net income was \$237 million, compared to \$351 million in the year-ago quarter. Diluted Earnings per share were \$0.26 compared to \$0.37. Excluding the previously mentioned non-recurring items, Non-US GAAP Net Income and diluted Earnings per share were respectively \$267 million and \$0.29.

Net cash from operating activities decreased 24.1% on a year-over-year basis in the third quarter to \$549 million.

Third quarter Net Capex was \$401 million, compared to \$565 million in Q324.

Free cash flow was a positive \$130 million in the third quarter, compared to \$136 million in the year-ago quarter.

Inventory at the end of the third quarter was \$3.17 billion, a reduction of about \$100 million compared to the end of the second quarter. Days sales of inventory at quarter-end were 135 days, slightly better than our expectation, compared to 166 days for the previous quarter and 130 days in the year-ago quarter.

Cash dividends paid to stockholders in the third quarter totaled \$81million. In addition, ST executed share buy-backs of \$91 million.

ST maintained its financial strength with a net financial position that remained solid at \$2.61 billion as of End-September 2025, reflecting total liquidity of \$4.78 billion and total financial debt of \$2.17 billion. It is worth mentioning that in the course of the third quarter we repaid, fully in cash, \$750 million for the first tranche of our 2020 convertible bond.

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

Thank you, Lorenzo.

Let's move to our business outlook for Q4 2025.

- We are expecting Q425 revenues at \$3.28 billion, an increase of 2.9% sequentially, plus or minus 350 basis points.
- We expect our gross margin to be about 35.0%, plus or minus 200 basis points, including about 290 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.

- The mid-point of this outlook translates into full year 2025 revenues of about \$11.75 billion. This represents a 22.4% growth in the second half compared to the first half, confirming signs of market recovery. Gross margin for the full year is expected to be about 33.8%.

Finally, to optimize our investments in the current market conditions, we have reduced our Net Capex plan, now slightly below \$2 billion for FY25 compared to a range of \$2 to \$2.3 billion previously.

To conclude,

In the fourth quarter we expect to report further sequential revenue improvement, with revenues now broadly stabilized on a year-on-year basis, as well as an increased gross margin, while continuing to decrease inventories in distribution. We are on the right path to improving our gross margin in the medium-term through the reduction of unused capacity charges, the reshaping of our manufacturing footprint and product mix improvement.

In a context marked by signs of market recovery, our strategic priorities remain clear:

- accelerating innovation;
- executing our company-wide program to reshape our manufacturing footprint and resize our global cost base, which remains on schedule to deliver the targeted savings;
- and strengthening free cash flow generation.

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