Good morning and thank you for joining ST for our Q3 2022 earnings conference call.

Let me begin with some opening comments.

Starting with Q3:
- Q3 net revenues of $4.32 billion and gross margin of 47.6% came in above the mid-point of our business outlook range, driven by continued strong demand for our product portfolio.
- Year-over-year, net revenues grew 35.2%. This revenue growth was accompanied by improved profitability: gross margin at 47.6%, up from 41.6%; operating margin at 29.4%, up from 18.9%; and net income more than doubling at $1.10 billion.
- On a sequential basis, net revenues increased 12.6%.

For the nine-month period:
- Net revenues increased 27.2% to $11.70 billion, driven by growth in all product groups and sub-groups.
- We reported a gross margin of 47.3%, operating margin of 26.9% and net income of $2.71 billion.
On Q4 2022:

- Our fourth quarter business outlook at the mid-point, is for net revenues of $4.40 billion, increasing by 23.7% year-over-year and by 1.8% sequentially, with a gross margin of about 47.3%.

For the full year 2022:

- Both revenue and gross margin expectations are in line with the plan we shared in July. The mid-point of our Q4 guidance translates into full year 2022 revenue growth of about 26.2% to $16.10 billion, with a gross margin of 47.3%.
- We are on track with our 2022 CAPEX plan of about $3.4 billion to $3.6 billion.

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

Net revenues increased 35.2% year-over-year, with growth across all product groups and sub-groups. Year-over-year, sales to OEMs increased 34.1% and 37.4% to Distribution.

On a sequential basis, net revenues increased 12.6% and were 210 basis points above the mid-point of our outlook.

Gross profit was $2.06 billion, increasing 54.7% on a year-over-year basis.
Gross margin of 47.6%, coming in 60 basis points above the mid-point of our guidance, increased 600 basis points year-over-year, mainly driven by favorable pricing and improved product mix, partially offset by inflation of manufacturing input costs.

Third quarter operating income more than doubled to $1.27 billion. Operating margin was 29.4%, increasing from 18.9% in Q3 2021, with all three product groups contributing to the growth and expansion in both operating income and margin.

Both net income and diluted earnings per share more than doubled year-over-year, with net income reaching $1.1 billion from $474 million, and diluted earnings per share increasing to $1.16 from $0.51.

Looking at the year-over-year sales performance by product groups:

- **ADG** revenues increased 55.5%, on growth in both Automotive and in Power Discrete.
- **AMS** revenues grew 9.7%, with growth in Analog, in MEMS and in Imaging.
- **MDG** revenues increased 47.7% with growth in both Microcontrollers and in RF Communications.

In terms of operating margin, all product groups demonstrated year-over-year expansion with:

- **ADG** operating margin of 25.9%, up from 10.8%;
- **AMS** operating margin of 27.2%, compared to 24.3%; and
- MDG operating margin increasing to 36.7% from 23.5%.

Net cash from operating activities increased to $1.65 billion in Q3, compared to $895 million in the year-ago quarter. For the nine-month period, net cash from operating activities increased 67.6% to $3.65 billion.

CAPEX in the third quarter was $955 million, compared to $437 million in the year-ago quarter, and $2.61 billion for the nine-month period compared to $1.28 billion in the same period of last year.

Free cash flow was $676 million, up from $420 million in the year-ago quarter. For the nine-month period, free cash flow increased 22.6% to $988 million.

During the third quarter, ST paid $55 million of cash dividends to stockholders, and we executed a $86 million share buy-back under our current share repurchase program.

ST’s net financial position increased to $1.46 billion at October 1st, compared to $924 million at July 2nd, 2022. It reflected total liquidity of $4.09 billion and total financial debt of $2.63 billion.

Let’s now discuss the market and business dynamics of the quarter.
Demand for ST products continued to be strong in Q3. Let me share with you a few data points.

Our backlog still covers 6 to 8 quarters of our planned capacity, depending on the product type.

Book-to-bill remains well above parity and our manufacturing capacity is fully saturated.

From an end-market standpoint, Automotive and what we call the B2B part of the Industrial market – namely Factory automation and Industrial Infrastructure - remain strong, driven by semiconductor pervasion and structural transformation. The Consumer Industrial and Personal Electronics markets are softening, but demand for ST products remains solid in the selected areas we target in those markets. The Computer Peripherals market is softening as well.

Let’s now go into more detail on Automotive.

We continued to see strong demand in Q3, reflecting the combined effects of the ongoing electrification and digitalization transformation of the industry, semiconductor pervasion in legacy automotive and replenishment of inventories across the automotive supply chain. Bookings remained strong across all customers and geographies. Backlog visibility remains above 18 months and well above our current and planned manufacturing capacity through 2023.
The accelerated transformation of the automotive industry continued to drive our design wins during Q3.

For car electrification we again increased the number of ongoing Silicon Carbide programs. Between the automotive and the industrial markets, we now have 110 projects, spread over 79 customers. About 60% of these projects are for automotive customers. We will achieve about $700 million of silicon carbide revenues this year, well in line with our revenue target of about $1 billion of silicon carbide revenues in full year 2023.

We had new design wins in automotive applications in Q3 with both silicon and silicon carbide power discretees. This included business for an ACEPACK DRIVE power module based on 1200V silicon carbide MOSFETs and Gen4 silicon carbide MOSFETs for traction inverters projects. We also won designs from multiple Electric Vehicle makers with rectifiers and protection products, and with ultrafast and silicon carbide diodes. With our broader automotive portfolio, we won several sockets in EVs with solutions for battery management systems, zone control units and car headlight control. This included a win with our innovative data bus solution in an OLED lighting application that supports simpler, more cost-effective implementation of next generation car architectures.

In car digitalization we also secured a number of design wins. These included a smartpower chip for power supply in a zone architecture Vehicle Control Unit, a win for an automotive microcontroller for a battery
management system, and an advanced chipset for satellite radio receivers.

In our automotive sensor business, we won several new designs for 6-axis sensors and with our recently announced global shutter image sensor for driver monitoring systems.

Moving now to Industrial.

Here we continued to see strong demand throughout the quarter especially in B2B industrial, with some slowdown in Consumer Industrial that is bringing the level of demand closer to what we can effectively serve. Demand was strong with both Distribution and OEMs. During Q3, we saw normalization of inventories of our products at distributors with turns averaging around 4, totally consistent with the end markets dynamics.

Across the Industrial market we see two main trends driving a structural transformation in the market and accelerating the increase in semiconductor content: digitalization of devices and systems and energy management and power efficiency improvements.

We address the industrial market focusing on three areas.

B2B - the largest part -which includes automation, power and energy, and transportation. Consumer Industrial, which includes home
appliances, smart buildings, and power tools. And Specialized Industrial, addressing, for example, healthcare.

Across these three areas we had key wins thanks to our broad portfolio: In B2B, we had design wins for products such as motor drivers, metering and powerline communication solutions, industrial sensors, power discretes, and our STM32 embedded processing solutions including our industrial microcontrollers and microprocessors. Applications included EV charging stations, next generation smart water and electricity meters, industrial lighting, remote wireless monitoring, and photovoltaic systems.

In consumer industrial we had design wins with power, analog, sensors, and embedded processing products in applications such as home appliances, e-bikes, power tools, vacuum cleaners, consumer power supplies, and air conditioners. One innovative win I would like to highlight here is with our high performance STM32H7 dual-core MCU to perform Artificial Intelligence predictive maintenance in a refrigerator from a major appliance manufacturer.

And in Specialized Industrial, I would like to highlight a win in a medical-grade remote care wearable device with an STM32 wireless MCU supporting Bluetooth and other short range wireless protocols.
Before closing on Industrial, a few words on our continued investments in building the best ecosystem around our general purpose MCUs. In the quarter we released a new version of our TouchGFX graphic interface creation tool, and we launched an update to our Artificial Intelligence development tools to bring support for deeply quantized neural networks, enabling more accurate machine learning on existing microcontrollers.

Moving now to Personal Electronics.

Demand for our products, in the selected areas we target in the smartphone market, was again above expectations.

We have a selective focus in this market on high-volume smartphone applications and personal devices. We address them with differentiated or custom products while leveraging our broad portfolio. During the quarter we won sockets in flagship smartphones and wearable devices with wireless charging solutions, motion and environmental sensors, time-of-flight ranging sensors, touch display controllers, and secure solutions.

We also had design wins with high performance STM32 MCUs in gaming accessories for leading consoles makers.
In Communications Equipment and Computer Peripherals we continued to see deployment of both 5G infrastructure products and of Low-Earth-Orbit Satellite programs and services around the globe. In parallel, we saw the Computer Peripherals market softening. The Cloud market remained strong.

In this end-market we target selected high-volume applications – again with differentiated products or custom solutions while leveraging our broad portfolio.

New wins here included secure solutions, time-of-flight sensors, and general-purpose microcontrollers for notebook PCs and tablets. We received awards based on our proprietary technologies for optical and wireless infrastructure ICs with leading-edge mixed-signal processes, as well as for a CPU for space applications based on 28nm FD-SOI.

I confirm our continued progress with key customer engagements in our focus applications in cellular and satellite communication infrastructure.

Now, let’s move to our 2022 fourth quarter outlook:

For the fourth quarter, at the mid-point, we expect net revenues to be about $4.40 billion, representing year-over-year and sequential growth of 23.7% and 1.8%, respectively. Gross margin is expected to be about 47.3% at the mid-point.
Turning to the full year, our Q4 guidance at the mid-point translates into 2022 net revenues of about $16.10 billion, representing growth of about 26.2% year-over-year, with a gross margin of about 47.3%, both in line with the plan we shared in July.

We confirm our 2022 capex investment range of about $3.4 billion to $3.6 billion.

Before concluding, let me briefly summarize some recent key developments related to our Integrated Device Manufacturer model and strategy.

As we outlined at our Capital Markets Day in May, we are transforming our global manufacturing operations, with additional capacity in 300mm manufacturing and a strong focus on wide bandgap semiconductors.

We have a unique position in our 300mm wafer fab in Crolles, France, strengthened by the new project with GlobalFoundries that we announced in July; and we continue to invest into our new 300mm wafer fab in Agrate, Italy. Here, our activities are progressing according to plan, with first volumes ramping in H1 2023. I am also pleased to share with you that the first production lot has been successfully released recently from Agrate300.
And, on October 5th, we announced that we will build an integrated SiC substrate manufacturing facility in Catania, Italy to support the increasing demand from customers for silicon carbide devices across automotive and industrial applications. This initiative will be an important step in our Silicon Carbide vertical integration strategy. Production is expected to start in the second half of 2023.

The investment in Catania of €730 million over five years will be partially supported financially by the State of Italy in the framework of the National Recovery and Resilience Plan and it will create around 700 direct additional jobs at full build-out.

All these initiatives -Crolles, Agrate, and Catania- will contribute to our sustainability strategy and commitments. These new facilities will provide our customers with the products and solutions they need to increase energy efficiency and reduce CO2 emissions. Moreover, our new facilities will contribute to our sustainable manufacturing commitment in terms of energy consumption and greenhouse gas emissions, air and water quality.

To conclude:
Based upon our year-to-date financial results and fourth quarter outlook, 2022 will be another year of progress for ST, in line with:
- our focus on Smart Mobility, Power & Energy Management, and IoT & Connectivity within our core business and targeted high-growth areas;
- our commitment to our Integrated Device Manufacturer model, with strategic technology and manufacturing investments to support our customers’ current and future needs; and,
- our $20B+ revenue ambition that we outlined at our Capital Markets Day.

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