

STMicroelectronics

Carlo Ferro
Chief Financial Officer
Executive Vice President Finance, Legal, Infrastructure & Services

UBS European Conference
November 13, 2013



Forward Looking Statements

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:

- *Uncertain macro-economic and industry trends;*
- *Customer demand and acceptance for the products which we design, manufacture and sell;*
- *Unanticipated events or circumstances which may either impact our ability to execute the planned reductions in our net operating expenses and / or meet the objectives of our R&D Programs which benefit from public funding;*
- *Future events or circumstances which may require us to reassess our current plans concerning the wind down of our ST-Ericsson joint venture;*
- *The loading and the manufacturing performances of our production facilities;*
- *The functionalities and performance of our IT systems, which support our critical operational activities including manufacturing, finance and sales;*
- *Variations in the foreign exchange markets and, more particularly, in the rate of the U.S. dollar exchange rate as compared to the Euro and the other major currencies we use for our operations;*
- *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;*
- *Restructuring charges and associated cost savings that differ in amount or timing from our estimates;*
- *Changes in our overall tax position as a result of changes in tax laws, 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;*
- *The outcome of ongoing litigation as well as the impact of any new litigation to which we may become a defendant;*
- *Natural events such as severe weather, earthquakes, tsunamis, volcano eruptions or other acts of nature, health risks and epidemics in locations where we, our customers or our suppliers operate;*
- *Changes in economic, social, political or infrastructure conditions in the locations where we, our customers or our suppliers operate including as a result of macro-economic or regional events, military conflict, social unrest or terrorist activities;*
- *Availability and costs of raw materials, utilities, third-party manufacturing services, or other supplies required by our operations; and*
- *The possibility of widespread financial and business disruption on account of a default by the U.S. on U.S. government financial obligations.*

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, 2012, as filed with the SEC on March 4, 2013. 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 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.





- A global semiconductor leader
- The largest European semiconductor company
- 2012 revenues of **\$8.49B**⁽¹⁾
- Approximately **48,000** employees worldwide⁽¹⁾
- Approximately **11,500**⁽¹⁾ people working in R&D
- **12** manufacturing sites
- Listed on New York Stock Exchange, Euronext Paris and Borsa Italiana, Milano

ST's vision and strategy

OUR VISION

Everywhere microelectronics make a positive contribution to people's lives, ST is there



Smart Power



MEMS and Sensors

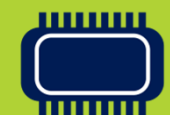


Automotive

OUR 5 GROWTH DRIVERS



Application Processors & Digital Consumer



Microcontrollers

OUR STRATEGY

Leadership in Sense & Power, Automotive Products and Embedded Processing Solutions



Where You Find Us



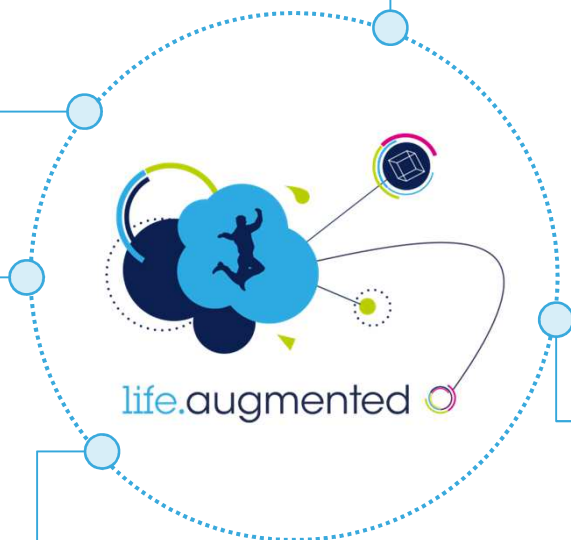
Our MEMS & Sensors are augmenting the consumer experience



Our digital consumer products are powering the augmented digital lifestyle



Our automotive products are making driving safer, greener and more entertaining



Our Microcontrollers are everywhere making everything smarter and more secure

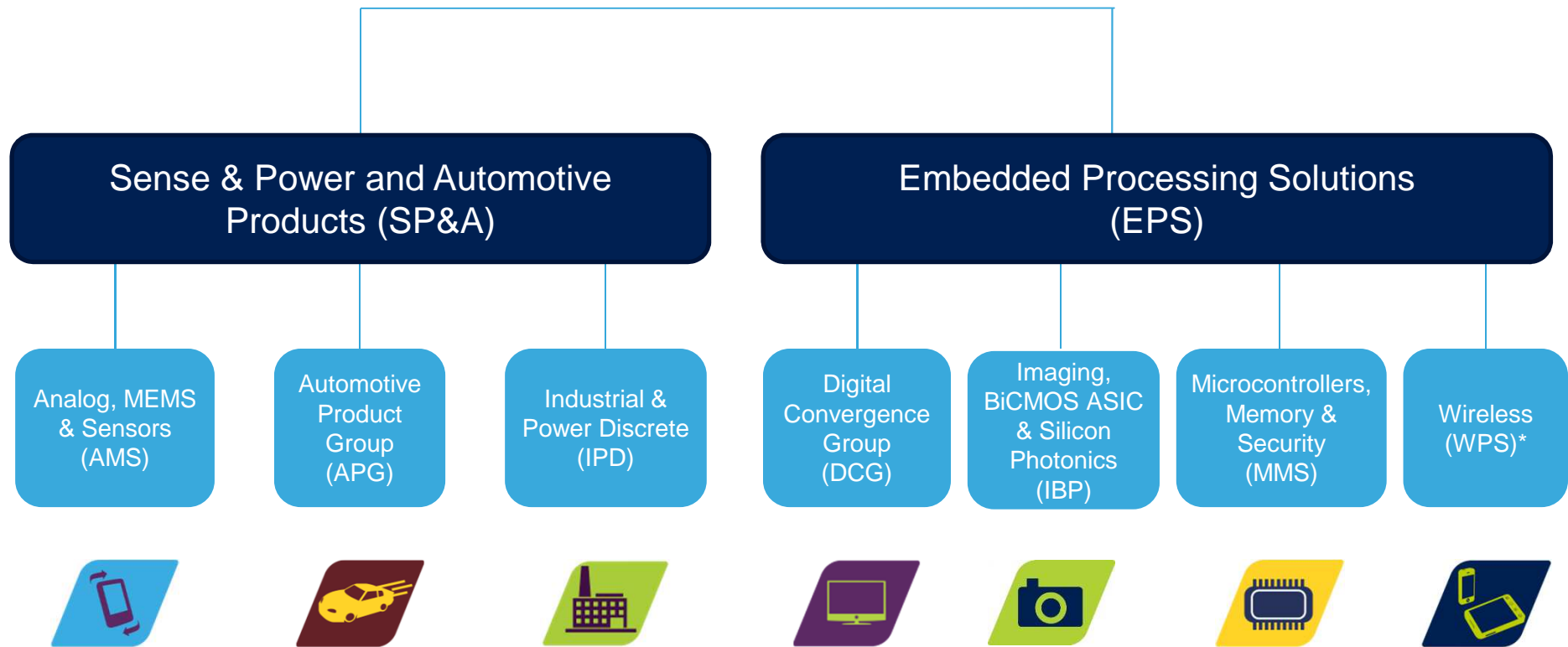


Our smart power products are making more of our energy resources

2013 Product Segments

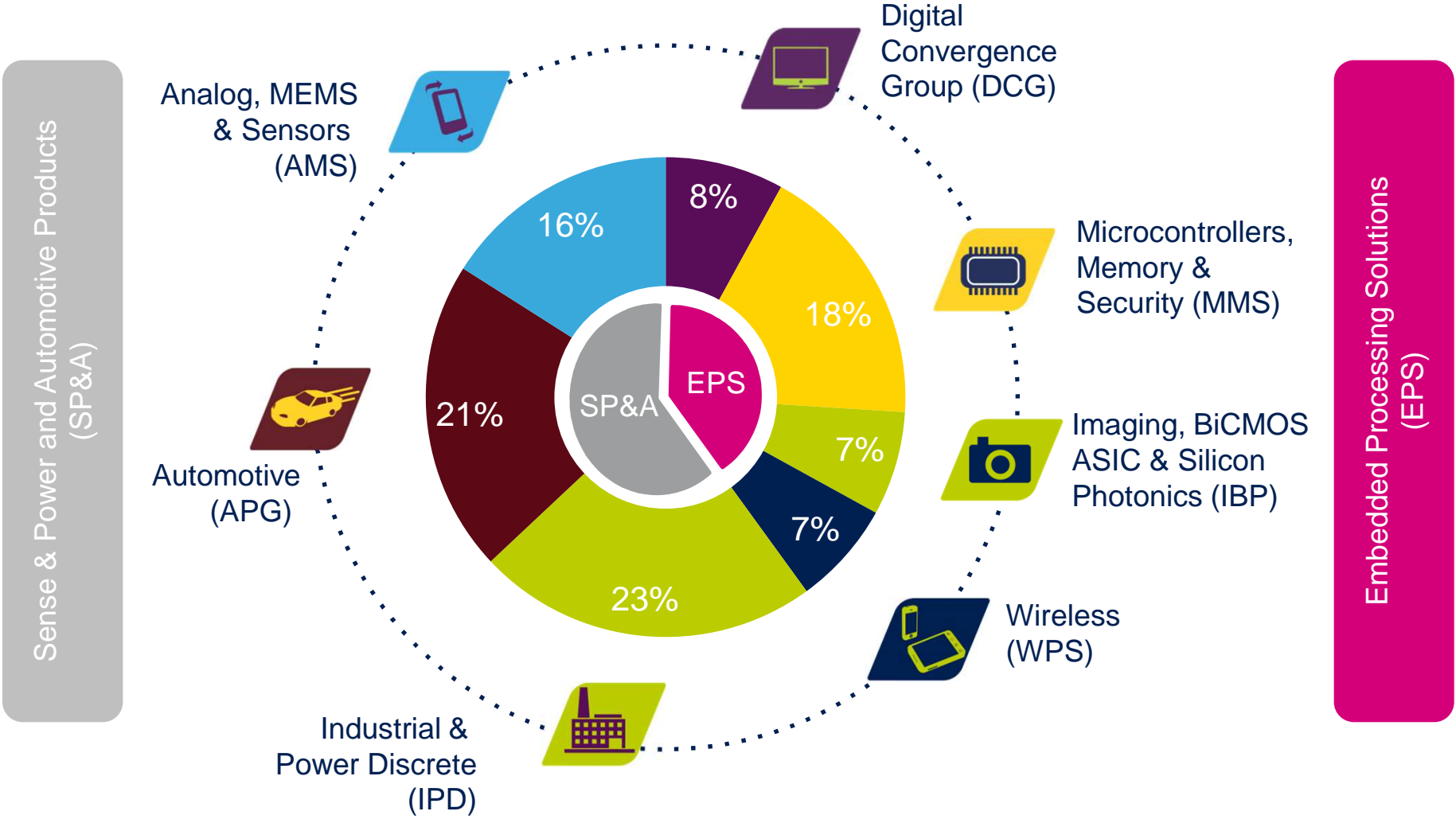


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* Former ST-Ericsson legacy products

3Q13 Revenues by Product Groups



* Former ST-Ericsson legacy products

ST-Ericsson Split Up Completed

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Transaction completion

Transaction to transfer the activities to the parents completed on August 2, 2013

- About 1,000 employees have joined ST to strengthen offering in the areas of embedded processing, RF, analog and power technologies
- ST has taken on the existing ST-Ericsson products other than LTE multimode thin modems and the GNSS (Global Navigation Satellite System) connectivity solution sold to a third party, and related business as well as certain assembly and test facilities
- The wind down of the remaining parts of the ST-Ericsson is ongoing, both parents assuming equal funding of the wind-down activities
- Exit costs much lower than anticipated

Deconsolidation of the JV

Deconsolidation of ST-Ericsson effective as of September 1, 2013

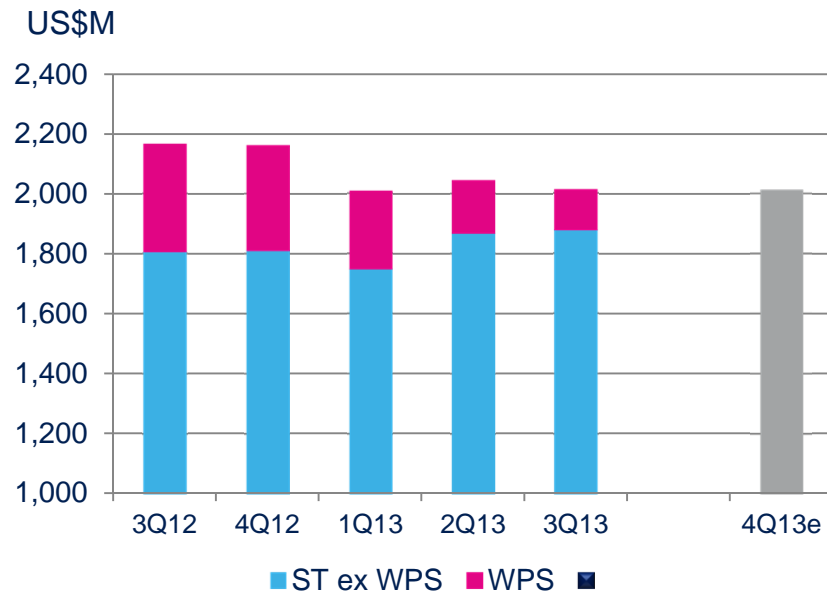
- Consolidation of the wind-down activities by equity method
- Former ST-Ericsson legacy product revenues and margins registered in the ST EPS Segment under DCG



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ST 3Q13 Revenues

3Q13 Revenues = \$2.01B
-1.6% vs 2Q13



Excluding Wireless product line:

- Up 3.9% y-o-y and 0.5% q-o-q
- SAM down 2% y-o-y (source WSTS)
- Softness in the high-end smartphone in Asia and mass market in Asia, including the cable set-top box market in certain countries
- Sequential growth in Imaging, Microcontrollers, MEMS and Automotive

Wireless product line down 23% sequentially

4Q13 revenue expected to be about flat sequentially (+/- 3.5 percentage points)

Expanding the Customer Base

First 9 months 2013
Ex ST-Ericsson

Top 10 OEM*:

- Apple
- Bosch
- Cisco
- Conti
- HP
- HTC
- Nokia
- Oberthur
- Samsung
- Western Digital

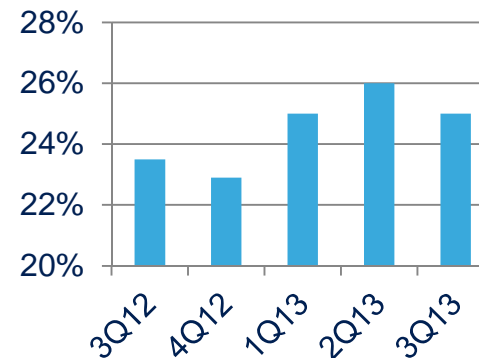
Top 4 Distributors*:

- Arrow Electronics
- Avnet
- Wintech
- Yosun

First 9 months 2013
Ex ST-Ericsson



Distribution
(as % of total revenues)

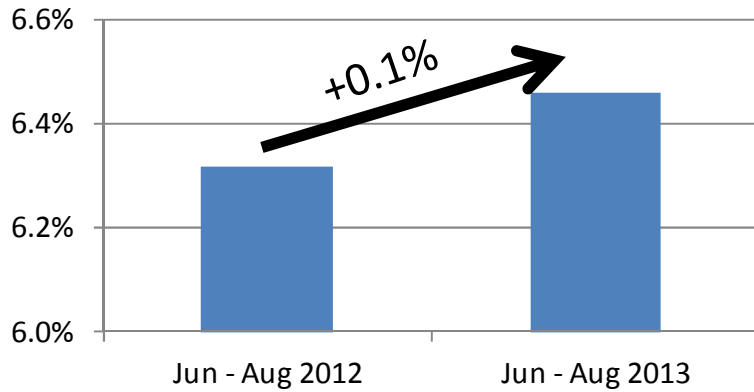


*Listed alphabetically

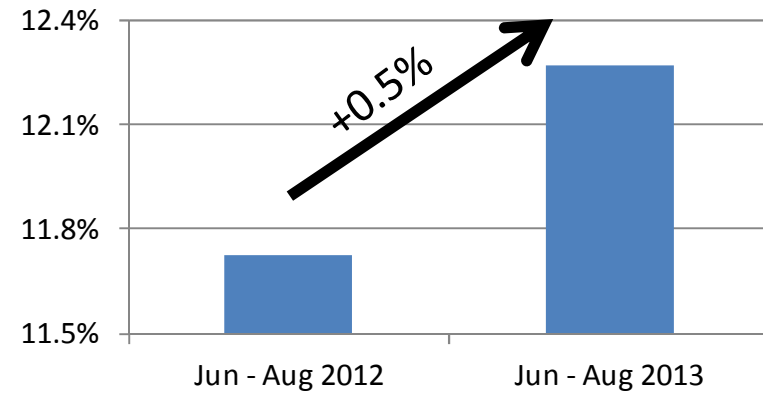
** Mass market includes Distribution, Online Accounts and Core Key Accounts

SPA Segment: Market Share

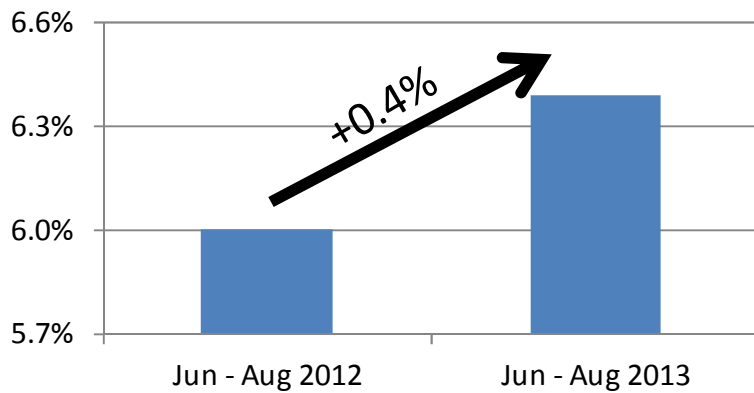
Sense & Power and Automotive Products (SPA)



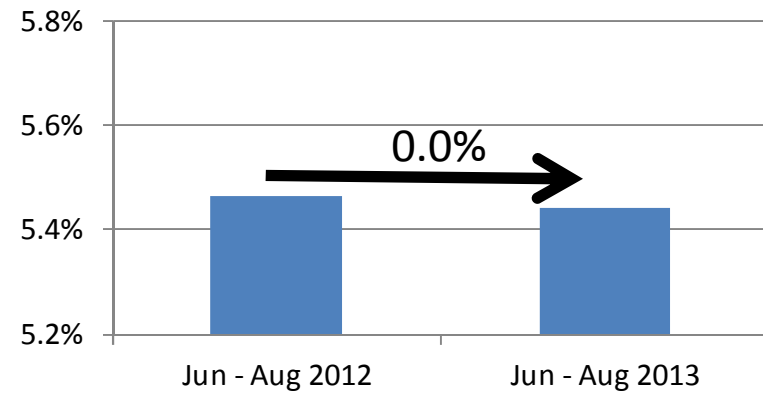
APG



AMS



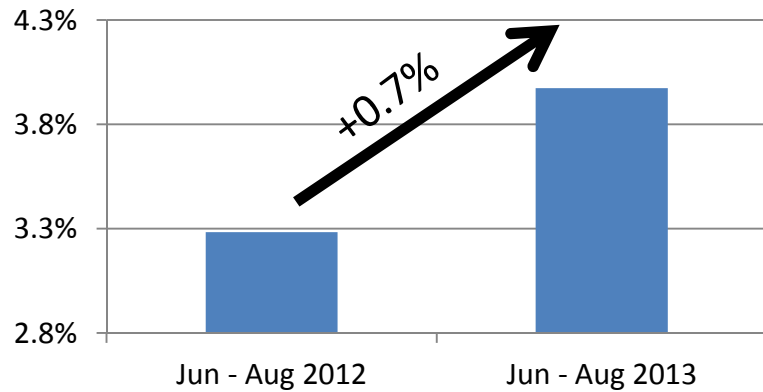
IPD



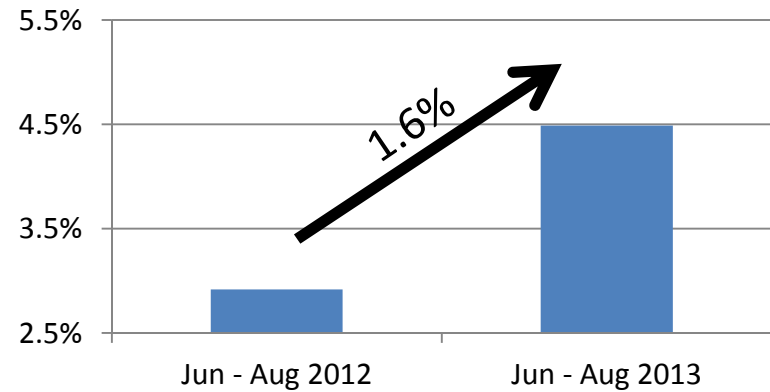
Source: WSTS

EPS Segment: Market Share

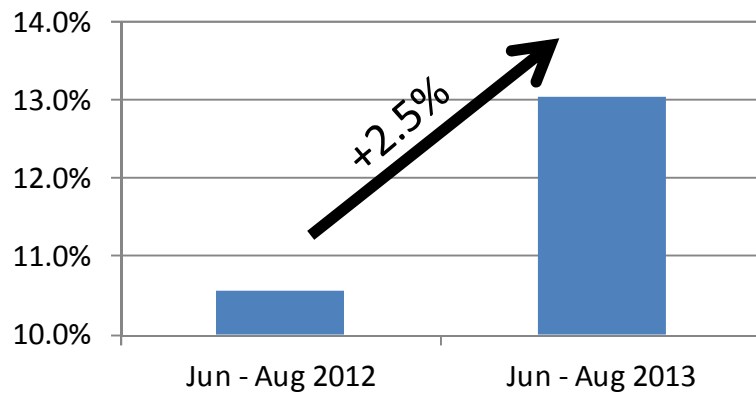
Embedded Processing Solutions (EPS)



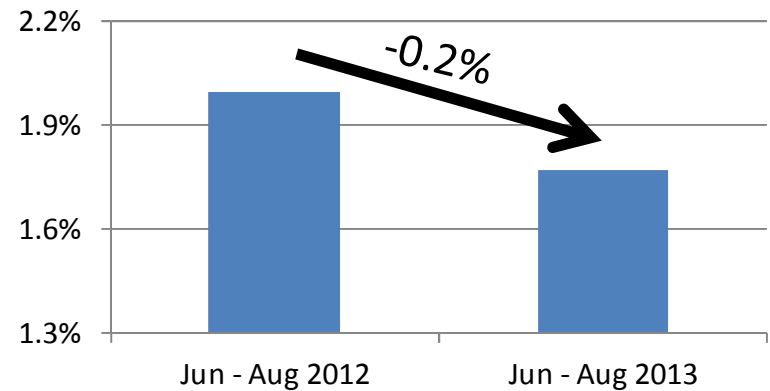
IBP



MMS



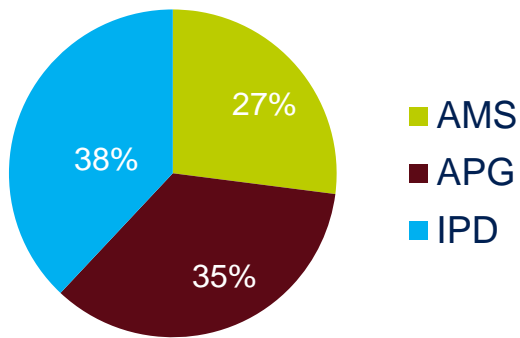
DCG



Source: WSTS

Sense & Power and Automotive

**3Q13 Revenues: \$1,205M
Up 2.6% y-o-y**



Revenue Growth Drivers: 2013 - 15

- High volume MEMS & Sensors (motion, acoustic and environmental), touch screen controllers, and Op Amps
- Expansion of LV MOSFET and IGBT
- Growth in power management for portable equipment
- 32-bit microcontrollers for Automotive
- New products in Smart Power and e-flash

3Q13 Operating Margin = 6.2%



**Operating Margin Mid-term Target
about 15%**

- Improve product mix
- Manufacturing flexibility / efficiency
- Mass market efforts



* Operating Income before impairment, restructuring charges. Unused capacity charges are reported in the Group "Others"

Sense, Power and Automotive

9M13 Product Highlights

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MEMS AND SENSORS

- Started production for an **accelerometer** for airbag in **Automotive**
- In production for a **6-axis MEMS device** for the flagship model of an **Asian Smartphone manufacturer**
- Win for a **high-end digital top-port microphones in a new tablet**
- Began **high-volume production of the-4th generation 3-axis gyroscope** for a major consumer electronics manufacturer
- Launched **mass production of a Smart iNemo module**, containing an accelerometer, gyro and brain for a handheld gaming system from a major manufacturer

POWER AND SMARTPOWER



- **Intelligent power modules** scored several design wins from home-appliance leaders in the US and Europe
- Ramping production for a **new LED lighting platform** for a major US manufacturer
- In the industrial space, significant business won with **two new ASICs** with extended lifetimes from **major EMEA automation companies** as well as another for a dedicated power supply for utilities metering

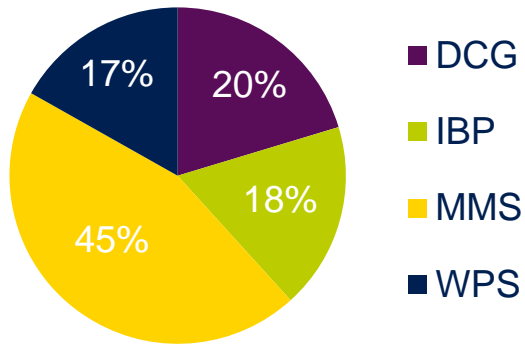
AUTOMOTIVE



- **Reinforced strong position in braking applications** with two important wins with two global Tier 1s
- New **partnerships with car manufacturers** to address radical innovation and open new growth opportunities (Audi, Hyundai Autron)
- Landed a **win for an injector driver** for a gasoline direct-injection engine controller-- the first resulting **from a collaboration with a strategic Asian customer**
- Earned an **important award for a 32-bit 40nm microcontroller family** for body gateway and body control modules from a major European Tier 1
- Leveraged its record of success with Sirius/XM to win **the new-generation 40nm BaseBand chip for Digital Satellite Broadcasting**

Embedded Processing Solutions

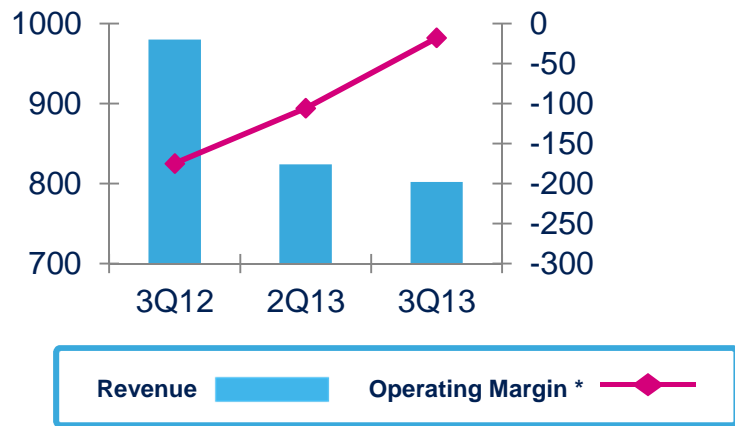
3Q13 Revenues = \$802M
Up 7.3% y-o-y excluding WPS



Revenue Growth Drivers: 2013 - 15

- Rapid growth in 32-bit general purpose & secure MCUs
- New application in imaging: auto, proximity sensors
- ASICs for networking and consumer in FD-SOI technology
- Gain share in home gateway and connected clients
- New Set-Top-Box products generation

3Q13 Operating Losses: \$18M



Operating Margin Mid-term Target about 5 %

- Improve product mix and time to market
- Exit from wireless platforms ICs
- Customer / application diversification
- Manufacturing efficiency and scale
- Optimize sourcing internal / foundry



* Operating Income before impairment, restructuring charges. Unused capacity charges are reported in the Group "Others"

Embedded Processing Solutions

9M13 Product Highlights

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MICROCONTROLLERS



- Ramped production of **STM32 controllers** for Wi-Fi modules for **Internet of Things** applications at various **customers**.
- Ramped production of STM32 controllers for **Samsung's latest wearable device and smartphone**
- Growing adoption of the ST31, **our secure 32-bit MCU, in contact and contactless banking applications**
- Ramped production of **an embedded ST33 Secure Element for a high-end Smartphone** at a key OEM

IMAGING, BI-CMOS ASIC AND SILICON PHOTONICS



- Ramping in volumes innovative image sensors using ST's proprietary **backside-illumination (BSI) technology** to camera integrators
- Started deliveries of **new high-value dedicated Image Signal Processor** to a leading consumer brand
- **Sampled and demonstrated to automotive market** leaders a new high-performance Image Signal Processor and image-sensor chipset with advanced feature for automotive and security applications
- Secured design wins for **ASICs using Silicon Photonics** with **two of the world's top optical communications manufacturers**.

DIGITAL CONVERGENCE



- Continued building momentum for **ASICs** to be manufactured in **28nm FD-SOI** technology, with now 7 design ins for **networking** and **consumer** applications.
- Maintained success with **worldwide customers** of awards for new **set-top box Class2** product family, which has now also obtained the **full certification** from **Nagra** and **Viaccess**.
- **Sumitomo Electric Networks selected Orly** for its Advanced Generation of Smart IPTV Set-Top Boxes
- Began an important design at a **key customer for the US cable modem** based on the **Orly platform**.



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Financial Performance

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<i>In US\$M, except EPS</i>	3Q12	2Q13	3Q13
Net Revenues	2,166	2,045	2,013
Gross Margin	34.8%	32.8%	32.4%
Operating Income (Loss) before impairment and restructuring* Operating Margin before impairment and restructuring*	(79) (3.6%)	(64) (3.1%)	54 2.7%
Impairment and restructuring charges	(713)	(43)	(120)
Net Income – Reported	(478)	(152)	(142)
EPS Diluted	(0.54)	(0.17)	(0.16)
Adjusted EPS Diluted*	(0.03)	(0.06)	(0.03)
Free Cash Flow*	(80)	(134)	(72)
Net Financial Position, adjusted for 50% investment in ST-Ericsson*	1,064	954	739
Effective Exchange Rate €/\$	1.29	1.30	1.31

Net Financial Position*

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End of period (US\$M)	Sep. 28, 2013	Jun. 29, 2013	Mar. 30, 2013
Available Cash and Marketable Securities	1,526	1,773	1,906
Non-Current Restricted Cash	-	-	4
Total Liquidity	1,526	1,773	1,910
Total Financial Debt**	(787)	(964)	(897)
Net Financial Position	739	809	1,013

Maintaining a Strong Financial Position

- Dividends paid to stockholders are about \$88M per quarter
- About \$1Bn of available credit facility at the end of September 2013 as a combination of the European investment bank facility and banks committed back-up credit facilities



* See appendix

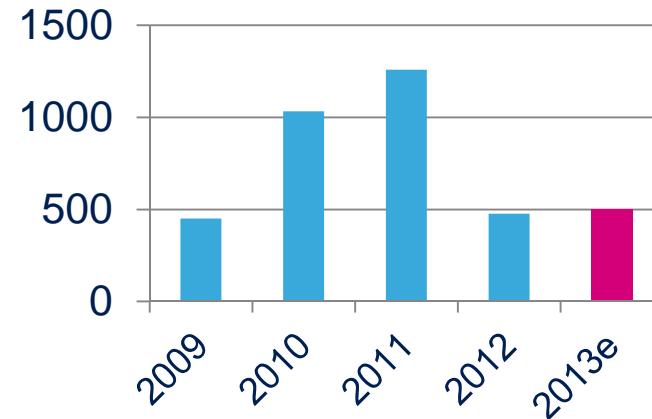
** Includes ST-Ericsson debt to Ericsson of \$145M at June 29, 2013, and \$83M at March 30, 2013.

Assets Lighter Model

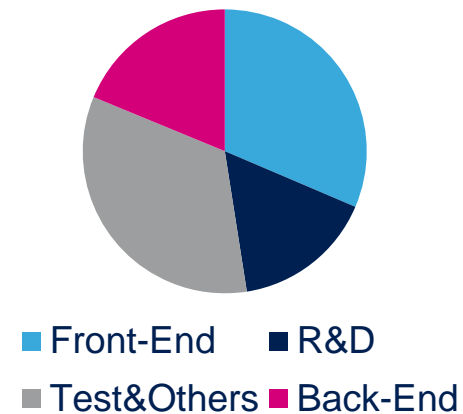
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- Proven ability to significantly modulate Capex
 - Essentially driven by decisions to add global capacity on top of technology mix evolution
- 2013 Capex expected to be approximately \$500M
- 2014 Capex anticipated below 10% of revenues

Capex in US\$M



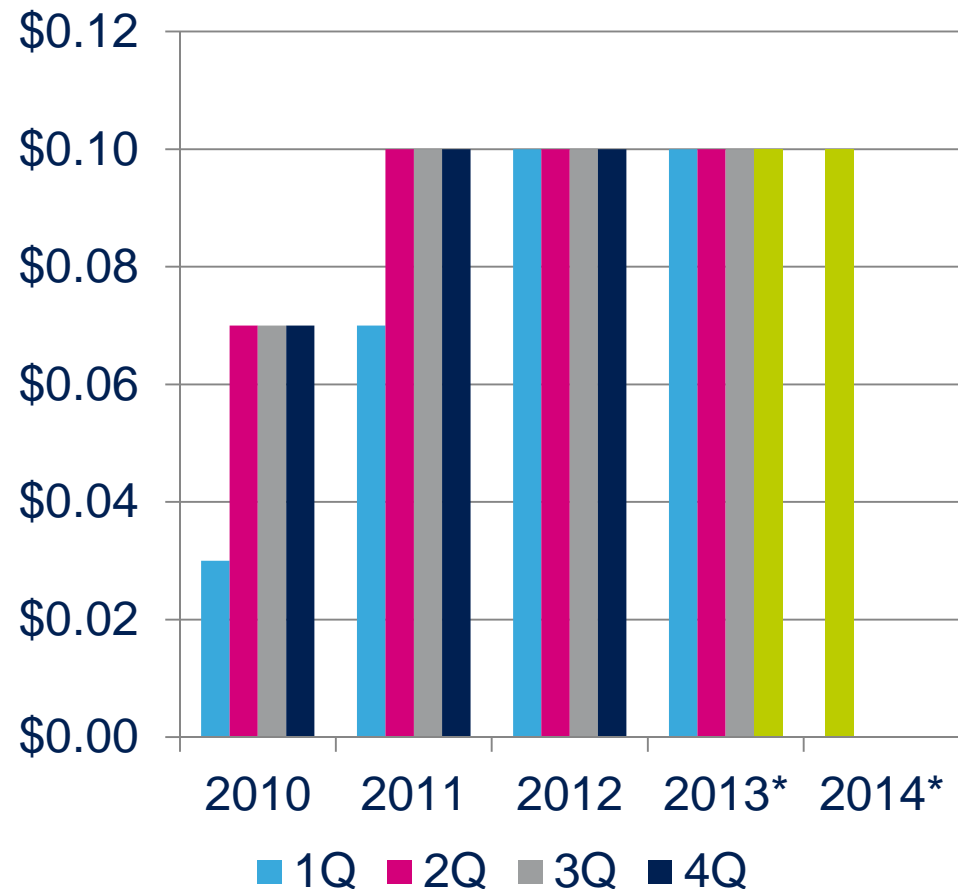
Expected Capex 2013



Dividend Evolution

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- Quarterly dividend distribution to be decided semi-annually instead of annually
- The resolution to distribute a cash dividend of US\$0.10 per outstanding common share for each of the fourth quarter of 2013 and first quarter of 2014 has been submitted for shareholder adoption at the forthcoming Extraordinary General Meeting of Shareholders (December 2, 2013).
- ST dividend yield of about 5.2% compared to about 1.7% on average for our main competitors (at closing price of November 11, 2013), among the highest in the semiconductor industry.



*4Q13 and 1Q14 dividend as submitted to the Extraordinary General Meeting for resolution on December 2, 2013"



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Three-axis Plan to Achieve Financial Model

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Revenue Expansion

Key growth drivers
Innovation
Market share gains

Gross Margin Expansion

Improved product mix
Manufacturing optimization

Opex Reduction

Opex optimization plan

Financial Model*:

- Targeting 10% or more operating margin
- Net operating expenses average quarterly rate in the range of \$600 million to \$650 million **



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*Based on an average effective exchange rate of 1.30 Euro/dollar

**By the beginning of 2014; includes SG&A and R&D including R&D grants

Reaching our Financial Model – On going Initiatives

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- ST-Ericsson wind-down
- Revenues expansion initiatives
- Front End Manufacturing
 - Singapore 6" phase out and 8" expansion
 - Catania 6" to 8" conversion
- Back End Manufacturing
 - Consolidate China back-end operations
 - Close plant in Long Gang
- Product mix
 - Product / Technology innovation
 - Product portfolio aging
 - Low margin products pruning
- Operating Expenses optimization plan to \$600-650M net per quarter



Reaching our Financial Model

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We continue to aggressively pursue our objective to reach an operating margin of about 10 percent

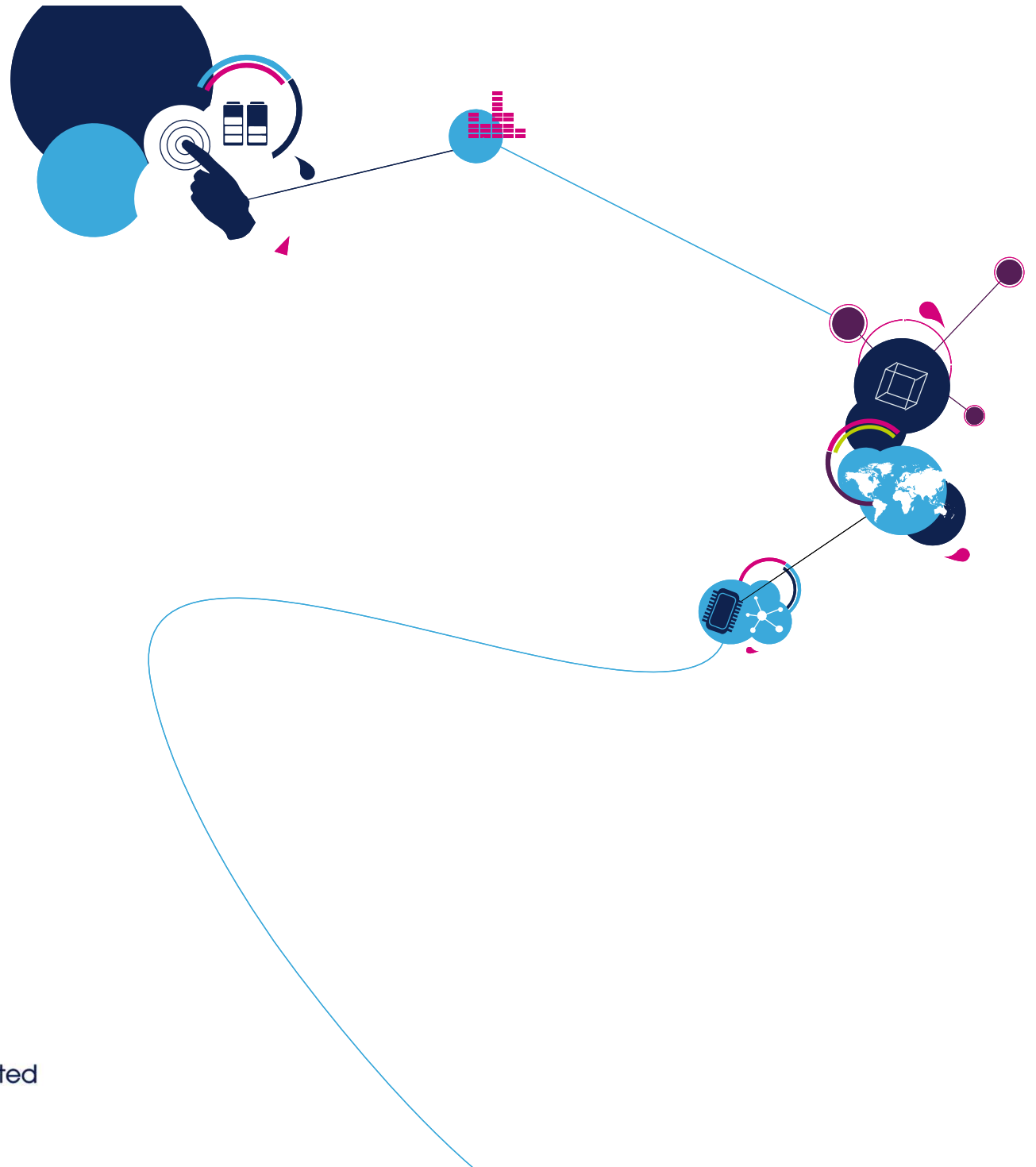
- Exit from ST-E substantially completed
- Our initiatives to reduce costs, such as achieving our net operating expenses target, and improving our manufacturing, are on track
- The timing for us to achieve our operating margin target will depend greatly on our level of revenues
- Based on current visibility including market conditions, reaching this operating margin target is now expected in mid-2015



- Executing on the strategic plan announced in December 2012
 - Split-up of ST-Ericsson completed in a timely manner, with lower exit costs than anticipated and with minimized social impact
 - On track to achieve net operating expenses target in Q114
- Focus on revenue growth
 - 5 key product growth drivers in areas where ST leads or will lead
 - Expansion of customer base through increased efforts on mass market
 - New products innovation and traction
- Progressive improvement in gross margin
 - Launched further structural changes to manufacturing footprint to optimize costs
 - ST-Ericsson legacy products expected to significantly decrease in 2014
- Solid financial position
 - \$739M net cash balance at September 28, 2013
 - Expecting to return to substantial positive free cash flow in Q413
 - Stable dividend proposal currently yielding >5%



Appendix



Pre-Tax Items to Adjusted Earnings*

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OPERATING RESULT	<i>In US\$M</i>	3Q12	2Q13	3Q13
	NET EARNINGS	U.S. GAAP Net Earnings	(478)	(152)
Impairment & Restructuring Charges (attributable to Parent Company's shareholders)**		456	41	117
Loss on equity-method investments (3Sun)			69	4
Loss on equity-method investments (MicroOLED)				(2)
Estimated Income Tax effect of Adjustment		(7)	(11)	
Adjusted Net Earnings*			(29)	(53)



* See appendix

** Total Impairment & Restructuring Charges were \$713M in 3Q12, \$43M in 2Q13 and \$120M in 3Q13.

- **Free cash flow** is defined as net cash from operating activities minus net cash from (used in) investing activities, excluding proceeds from the sale of marketable securities. We believe 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 operating activities. Free cash flow is not a U.S. GAAP measure and does not represent total cash flow since it does not include the cash flows generated by or used in financing activities. In addition, our definition of free cash flow may differ from definitions used by other companies.
- **Net financial position:** resources (debt), represents the balance between our total financial resources and our total financial debt. Our total financial resources include cash and cash equivalents, marketable securities, short-term deposits and restricted cash, and our total financial debt includes short term borrowings, current portion of long-term debt and long-term debt, all as reported in our consolidated balance sheet. We believe our net financial position provides useful information for investors because it gives evidence of our global position either in terms of net indebtedness or net cash position by measuring our capital resources based on cash, cash equivalents and marketable securities and the total level of our financial indebtedness. Net financial position is not a U.S. GAAP measure.
- **Operating income** before impairment, restructuring excludes impairment, restructuring charges and other related closure costs
- **Adjusted net earnings and earnings per share (EPS)** are used by our management to help enhance an understanding of ongoing operations and to communicate the impact of the excluded items like impairment, restructuring charges and other related closure costs attributable to ST, and one-time items, net of the relevant tax impact.