Forward Looking Information

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:

- Changes in global trade policies, including the adoption and expansion of tariffs and trade barriers, that could affect the macro-economic environment and adversely impact the demand for our products;
- Uncertain macro-economic and industry trends, which may impact end-market demand for our products;
- Customer demand that differs from projections;
- Financial difficulties with any of our major distributors or significant curtailment of purchases by key customers;
- The ability to design, manufacture and sell innovative products in a rapidly changing technological environment;
- Uncertain macro-economic and industry trends, which may impact end-market demand for our products;
- Variations in the foreign exchange markets and, more particularly, the U.S. dollar exchange rate as compared to the Euro and the other major currencies we use for our operations;
- 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;
- 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;
- The functionalities and performance of our IT systems, which are subject to cybersecurity threats and which support our critical operational activities including manufacturing, finance and sales, and any breaches of our IT systems or those of our customers or suppliers;
- Theft, loss, or misuse of personal data about our employees, customers, or other third parties, and breaches of global and local privacy legislation, including the EU’s General Data Protection Regulation (“GDPR”);
- Unanticipated events or circumstances, which may impact our ability to execute our plans and/or meet the objectives of our R&D and manufacturing programs, which benefit from public funding;
- The Brexit vote and the perceptions as to the impact of the withdrawal of the U.K. may adversely affect business activity, political stability and economic conditions in the U.K., the Eurozone, the EU and elsewhere. While we do not have material operations in the U.K. and have not experienced any material impact from Brexit on our underlying business to date, we cannot predict its future implications;
- Financial difficulties with any of our major distributors or significant curtailment of purchases by key customers;
- The loading, product mix, and manufacturing performance of our production facilities and/or our required volume to fulfill capacity reserved with suppliers or third party manufacturing providers;
- Availability and costs of equipment, raw materials, utilities, third-party manufacturing services and technology, or other supplies required by our operations;
- The outcome of ongoing litigation as well as the impact of any new litigation to which we may become a defendant;
- Product liability or warranty claims, claims based on epidemic or delivery failure, or other claims relating to our products, or recalls by our customers for products containing our parts;
- 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;
- Industry changes resulting from vertical and horizontal consolidation among our suppliers, competitors, and customers; and
- The ability to successfully ramp up new programs that could be impacted by factors beyond our control, including the availability of critical third party components and performance of subcontractors in line with our expectations.

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, 2018, as filed with the SEC on February 28, 2019. 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.
Highlights

• Q219:
  • Revenues at $2.17 billion, above the midpoint of our guidance
  • Gross margin, at 38.2%, was slightly below due to product mix. Operating margin was 9.0% and net income was $160 million

• H119, we delivered sales and profitability results in line with our guidance

• Q3: we expect strong sequential revenue growth of about 15.3% at the midpoint
  • Driven by engaged customer programs and new products in a softer than expected legacy automotive and industrial market
  • Gross margin is expected to be 37.5% at the midpoint, including 140 basis points of unsaturation charges

• FY19: We now expect net revenues to be in the range of about $9.35 to $9.65 billion
  • This level of revenues takes into account already engaged customer programs and new product introductions
  • It is still assuming improving market conditions in the second half in Automotive, Industrial and Mass Market; however, at a different pace compared with our prior expectations

• We confirm our 2019 Capex plan of $1.1 to $1.2 billion
Q219 Financial Highlights

**Revenues = $2.17B**

- Q218: 2.5
- Q119: 2.1
- Q219: 2.0

**Operating Margin = 9.0%**

- Q218: 15%
- Q119: 10%
- Q219: 5%

**Gross Margin = 38.2%**

- Q218: 42%
- Q119: 40%
- Q219: 38%

**Net Income = $160M**

- Q218: 300
- Q119: 200
- Q219: 100
Financial Flexibility

Q219 Net Cash From Operating Activities = $324M

Q219 Free Cash Flow* = -$67M

Q219 Capex = $372M

*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.
Q319 Outlook

Net revenues expected to **increase about 15.3%** sequentially, plus or minus 350 basis points

Gross Margin of **about 37.5%**, plus or minus 200 basis points

- This outlook is based on an assumed effective currency exchange rate of approximately $1.15 = €1.00 for the 2019 third quarter and includes the impact of existing hedging contracts

- The third quarter will close on September 28, 2019
Q2 2019 Automotive Highlights

Continued to increase revenues and number of design-in activities in Silicon Carbide with multiple customers

Won a key component in an electric Vehicle Inverter and designs in On-Board Charging applications at American, Korean and Chinese car makers and Tier1s

Landed a major win for Class D audio amplifiers from a top manufacturer for a European car maker

Won the control unit for a new generation of ADAS control units with over-the-air update capability from a Japanese Tier1

Won business with our 32-bit microcontrollers for an Integrated Body Control Module and a new gateway platform from an American Tier1
Q2 2019 Industrial Highlights

Introduced STM32 MCUs with new mathematical accelerators and advanced analog peripherals for motor control and digital power applications.

Introduced a dual-core STM32 which delivers record Arm Cortex-core processing power and advanced Secure Services

Introduced several high-voltage motor-driver ICs with embedded MCUs - Saving Space, Time, and Bill of Materials

Won a number of Analog designs with products such as metering and digital power solutions for LED lighting and power supply.

Won a number of Power Discrete designs in industrial power and energy management
Q2 2019 Personal Electronics Highlights

Multiple wins for motion and pressure sensors in the flagship models from many of the world’s top smartphone and wearables manufacturers.

Design wins and volume shipments for Time-of-Flight ranging sensors to many of the leading smartphone manufacturers.

Continued to earn wins and ramp shipments for smart-power and display products as well as and RF products for 4G front-end modules from smartphone players.

Ramped production of an NFC reader design win for ST25 NFC tag and reader family with major Japanese personal electronics OEMs.

Won several designs with Chip Scale Package ESD protection devices from top consumer device manufacturers.
Q2 2019 Communications Equipment, Computers & Peripherals Highlights

Awarded multiple ASIC designs for 5G Infrastructure, 5G smartphones and Wi-Fi routers thanks to our unique technology portfolio

Won designs with our highest performance STM32 at a global laptop OEM and in a digital still camera at a key Japanese manufacturer

Announced ST FlightSense™ Time-of-Flight ranging technology is being used for user presence detection in PCs

Multiple Wins with MDmesh high-voltage MOSFETs for 5G high-efficiency telecom and data-center power applications
Takeaways

- During Q219, we executed in line with our expectations, returning to sequential revenue growth.

- For Q319, we expect to see a strong increase in sequential revenue growth at the mid-point of our revenue range.

- For FY19, we still plan for strong sequential growth in the second half of 2019 compared to the first half:
  - Our expected level of revenues takes into account already engaged customer programs and new product introductions.
  - It is still assuming improving market conditions in the second half in Automotive, Industrial and Mass Market, however at a different pace compared with our prior expectations.

- Based on our plans, we will maintain a solid capital structure, turning back to a positive free cash flow in Q319.