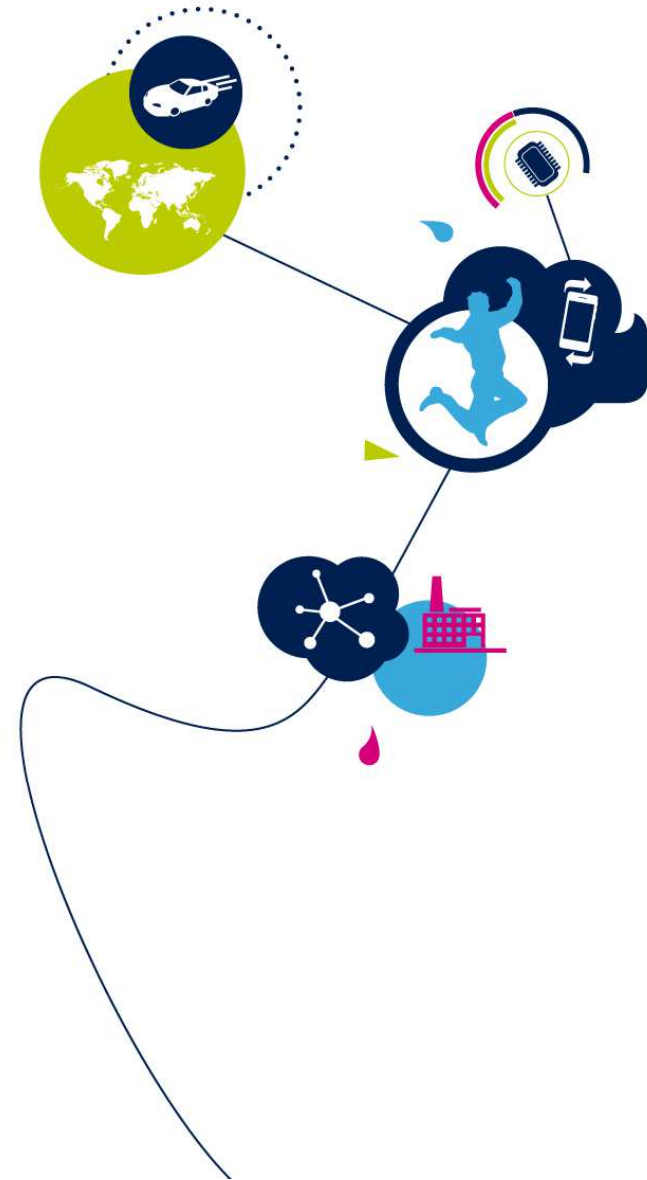


STMicroelectronics Q3 2019 Financial Results

October 24, 2019



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;*
- *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;*
- *Customer demand that differs from projections;*
- *The ability to design, manufacture and sell innovative products in a rapidly changing technological environment;*
- *Changes in economic, social, labor, 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 conflicts, social unrest, labor actions, or terrorist activities;*
- *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;*
- *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 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");*
- *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;*
- *Changes in our overall tax position as a result of changes in tax rules, new or revised legislation, 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;*
- *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;*
- *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.

- **Q319**

- We reported net revenues at \$2.55 billion and gross margin at 37.9%, both above the mid-point of our guidance, driven by engaged customer programs and new products in, as expected, a soft legacy automotive and industrial market;
- Operating margin was 13.1% and net income was \$302 million.

- **9M19**

- We delivered revenues of \$6.80 billion, gross margin of 38.4%, operating margin of 10.9% and net income of \$640 million.

- **Q419**

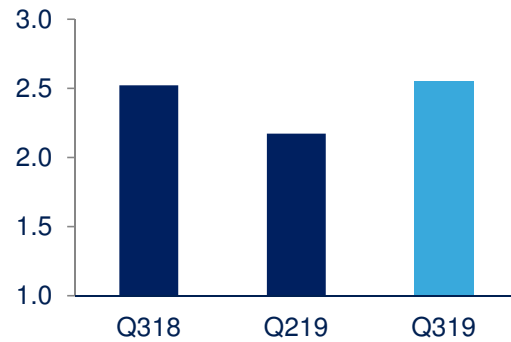
- Outlook, at the mid-point, is for net revenues to grow sequentially about 5.0%;
- Gross margin expected to be 38.2% at the mid-point, including about 120 basis points of unsaturation charges.

- **FY19**

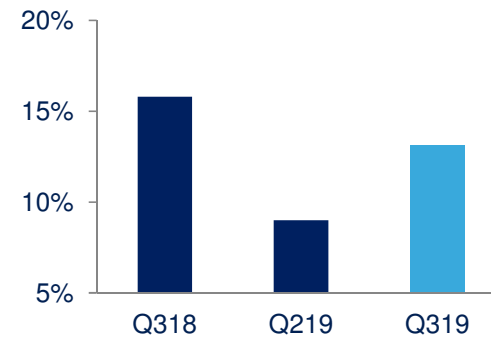
- Net revenues at the mid-point at about \$9.48 billion, this confirms a strong H2 over H1 growth;
- Accompanied by a double-digit operating margin performance.

Q319 Financial Highlights

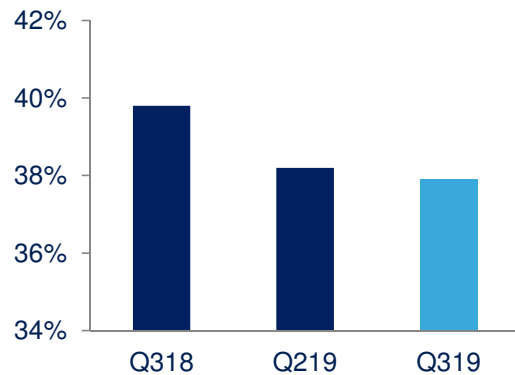
Revenues = \$2.55B



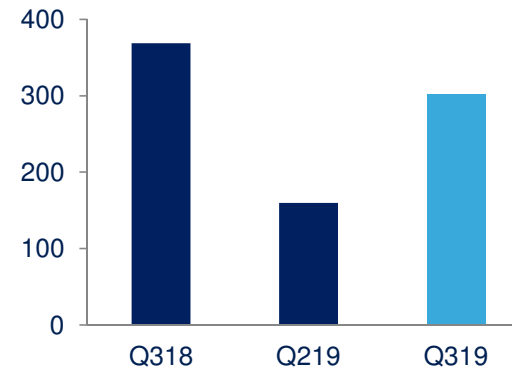
Operating Margin = 13.1%



Gross Margin = 37.9%

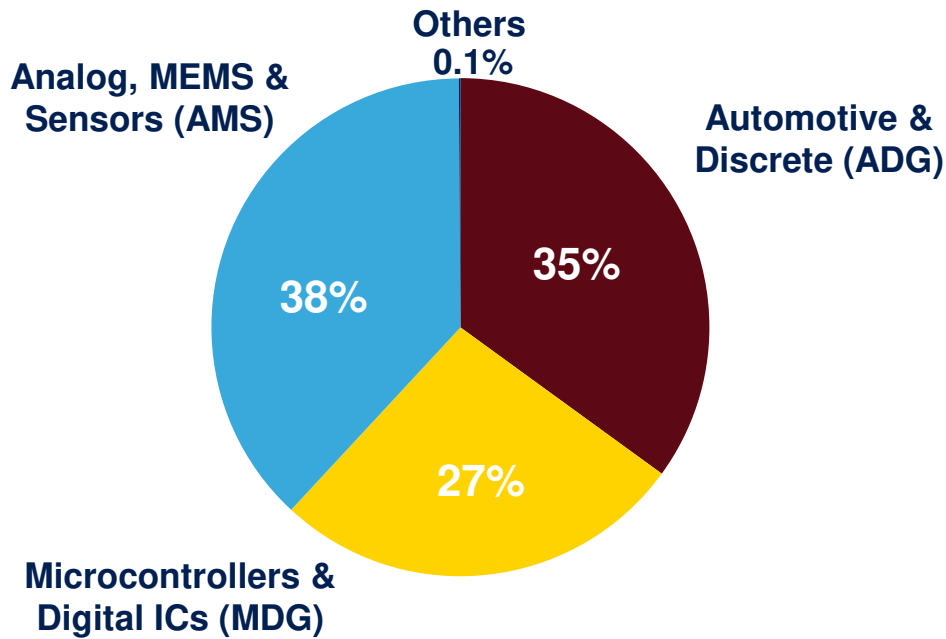


Net Income = \$302M

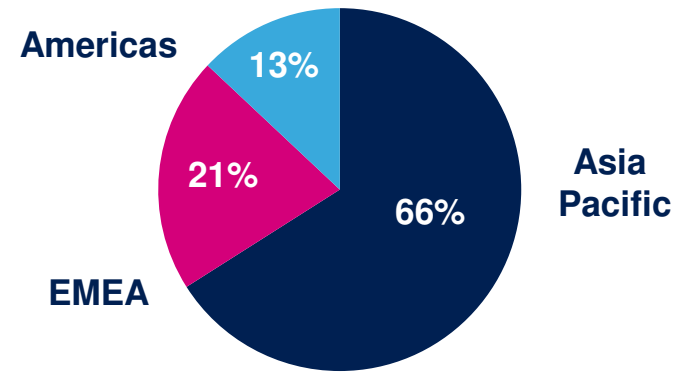


Q319 Revenues

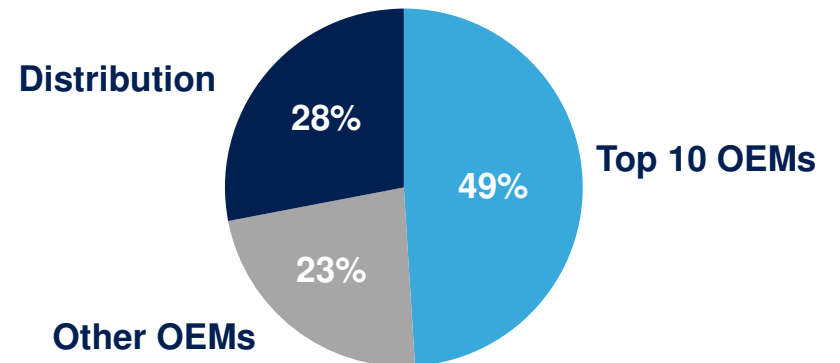
% by product group



% by shipment location

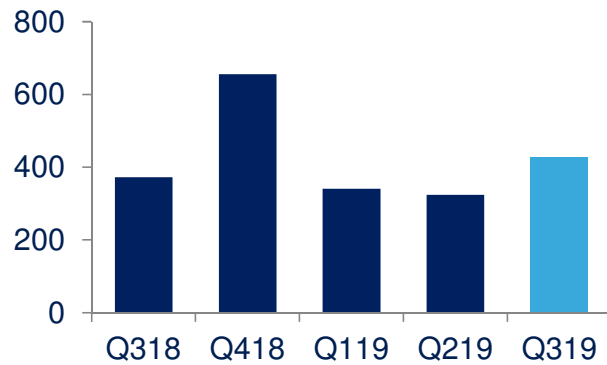


% by customer type

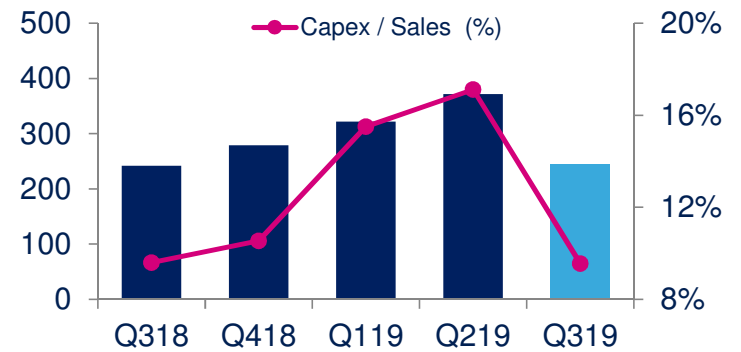


Q319 Financial Flexibility

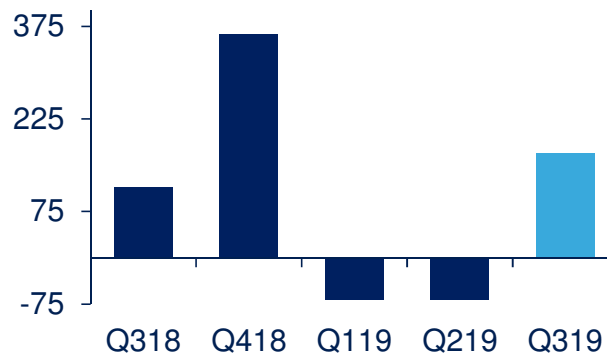
Net Cash From Operating Activities = \$429M



Capex = \$244M



Free Cash Flow* = \$170M

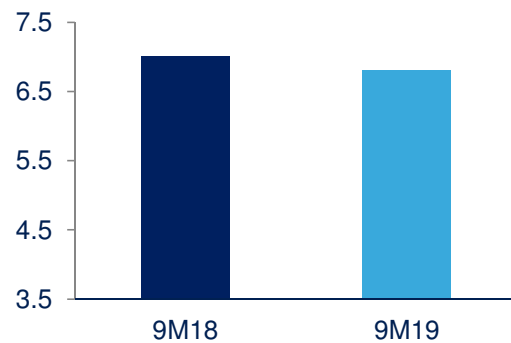


*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.

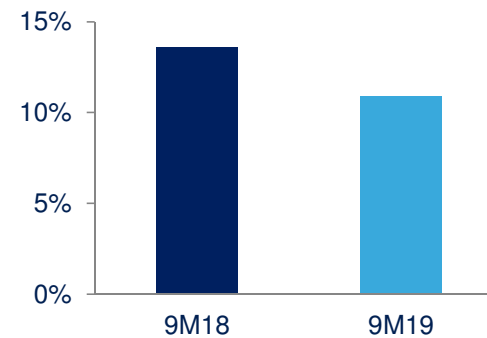


9M19 Financial Highlights

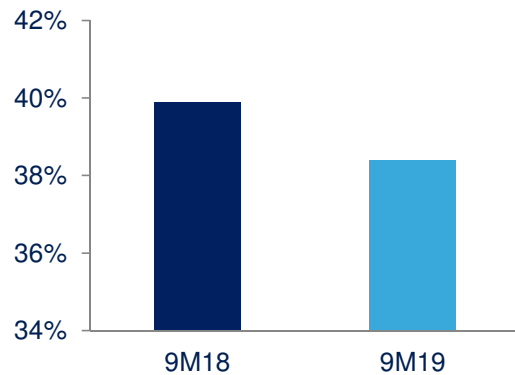
Revenues = \$6.80B



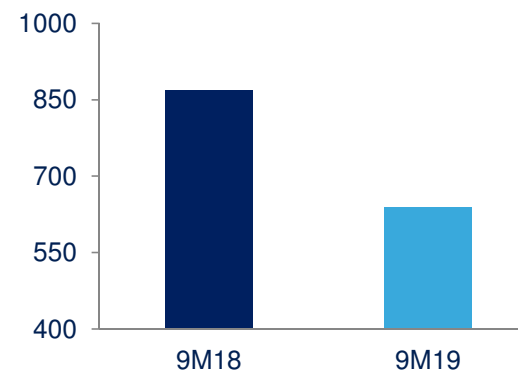
Operating Margin = 10.9%



Gross Margin = 38.4%



Net Income = \$640M



Net revenues expected to **increase about 5.0%** sequentially, plus or minus 350 basis points

Gross Margin of **about 38.2%**, plus or minus 200 basis points

- This outlook is based on an assumed effective currency exchange rate of approximately \$1.12 = €1.00 for the 2019 fourth quarter and includes the impact of existing hedging contracts
- The fourth quarter will close on December 31, 2019

Q319 Automotive Highlights



Continued traction and additional design-in activities with Silicon Carbide for electric vehicles with multiple customers

ADG



Won important business with SiC MOSFETs for an on-board charger and for DC-DC Converter applications with an Asian Tier1

ADG



Announced that we will supply high-efficiency SiC devices to Renault-Nissan-Mitsubishi for advanced on-board chargers

ADG



Won a design with discrete IGBTs in a traction inverter application at a leading Japanese manufacturer

ADG



Awards for SPC5 MCUs for Body Control Modules and charging adapters a major EV manufacturer and for a standalone body gateway at a European Tier1

ADG

Q319 Industrial Highlights

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Announced first 8-pin STM32G0 microcontrollers, which combine performance, compactness, flexibility, and power efficiency

MDG



Enhanced the STM32 ecosystem with a new Debug Probe, STM32Trust Ecosystem, MadeForSTM32 Quality Label, and new STM32CubeG4 software

MDG



Won sockets for Smart Metering SoCs and multiple design wins for Powerline communication ICs

AMS



Awarded an Industrial 6-axis IMU socket for cordless power-tool models from a major professional tool supplier

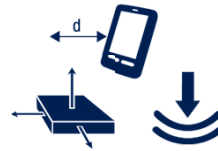
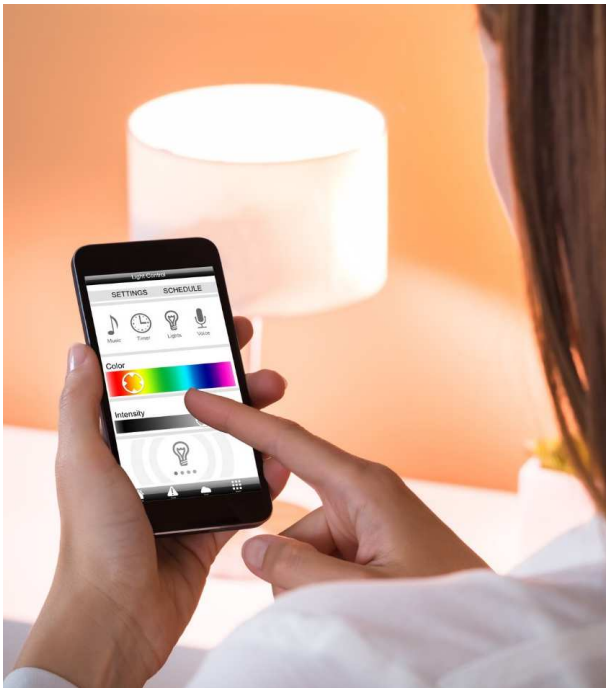
AMS



Won IGBTs for induction heating and two projects for Power Modules in industrial compressors

ADG

Q319 Personal Electronics Highlights



Multiple design wins for Time-of-Flight ranging sensors and for motion and pressure sensors at a number of leading smartphone manufacturers



Won new business with wireless charging, touch and display products for smartphones applications



Gained design win and ramped shipments for motor drivers and display products for portable game consoles



Achieved a number of wins for secure solutions - eSIM and STSAFE - at a leading smartphone manufacturer



Wins for digital and mixed-signal ASICs for RF-SOI designs to be used in 5G smartphones



Q319 Communications Equipment, Computers & Peripherals Highlights

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High voltage MDmesh for 5G high-efficiency telecom and data center power solutions



Design with our latest generation of GNSS (Global Navigation Satellite System) ICs for an important provider of global internet access



Gained a win for a magnetometer for a high-end notebook to implement on-table detection



Won sockets for STM32L4 in a tablet keyboard at a major OEM

ADG

ADG

AMS

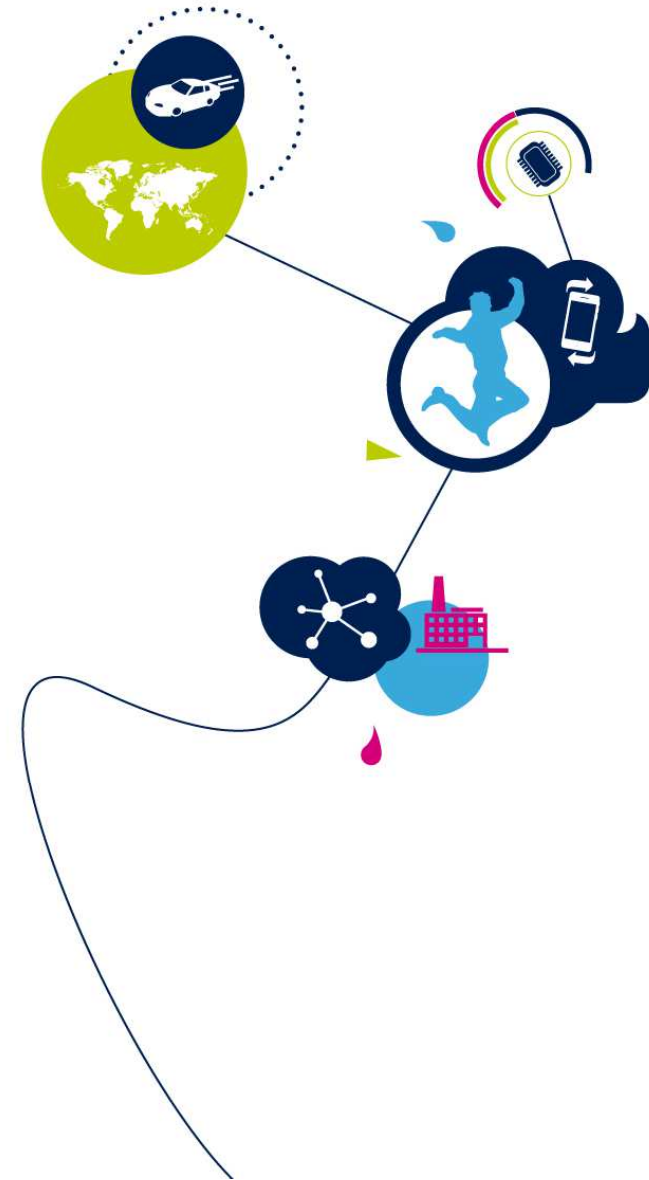
MDG

Takeaways

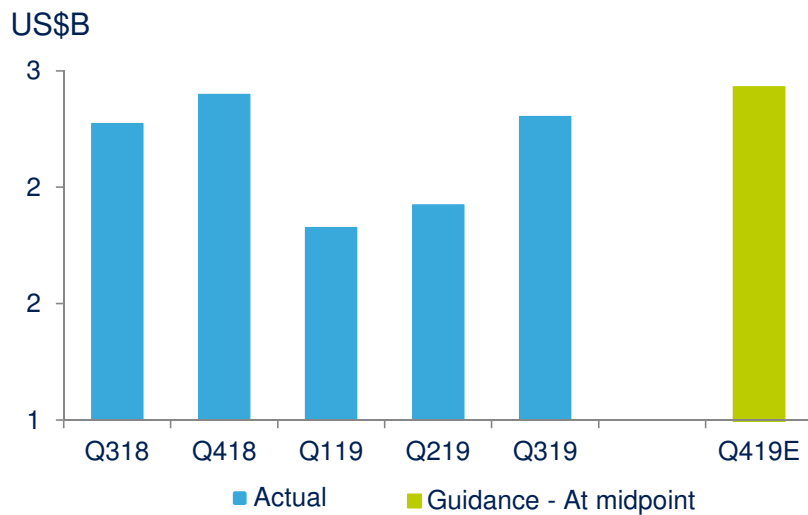
13

- During **Q319** we reported strong sequential growth, double-digit operating margin, a strong increase in net income and a return to positive free cash flow;
- **Q419** outlook, at the mid-point, is for net revenues to grow sequentially about 5.0%, and gross margin to improve. We expect further improvement in our operating profitability and free cash flow generation;
- For **FY19**, we expect revenues at the mid-point to be about \$9.48 billion, we are in line with our expectations of a strong sequential growth H2 over H1, with an uplift in revenues close to \$1 billion;
- **Engaged customer programs** and **new product introductions** are well on track and based on important secular electronic demand drivers: smart mobility; power and energy; and the IoT. This enables us to better navigate the macro-economic and market dynamics, both short and long-term.

Q319 Financial Performance



Q319 Revenues = \$2.55B



Q319 revenues up 1.2% Y/Y

- AMS up 7.7%
- ADG down 0.8%
- MDG down 4.3%

Q319 revenues up 17.5% Q/Q

- 220 bps above mid-point of guidance
- Performance driven by engaged customer programs and new products in, as expected, a soft legacy automotive and industrial market

Q419 Revenue Outlook

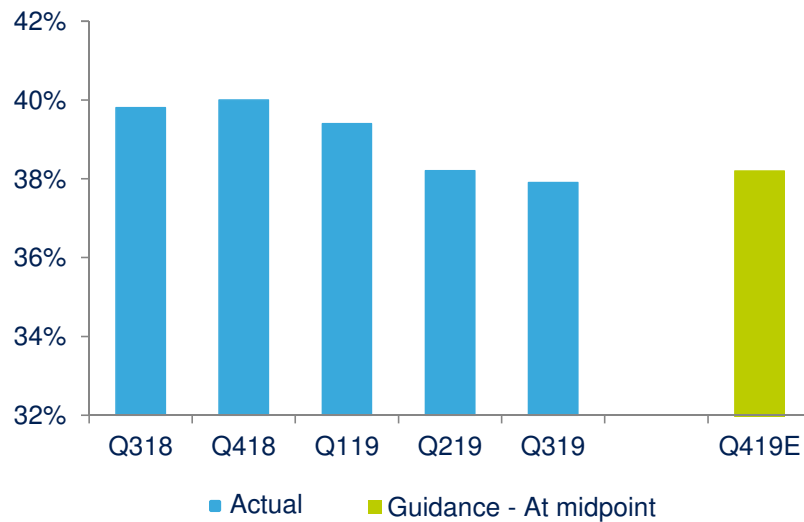
Up Q/Q by about 5.0% (+/- 350 bps)
Up Y/Y by about 1.2% at mid-point



Gross Margin

16

Q319 Gross Margin = 37.9%



Q319 Gross Margin

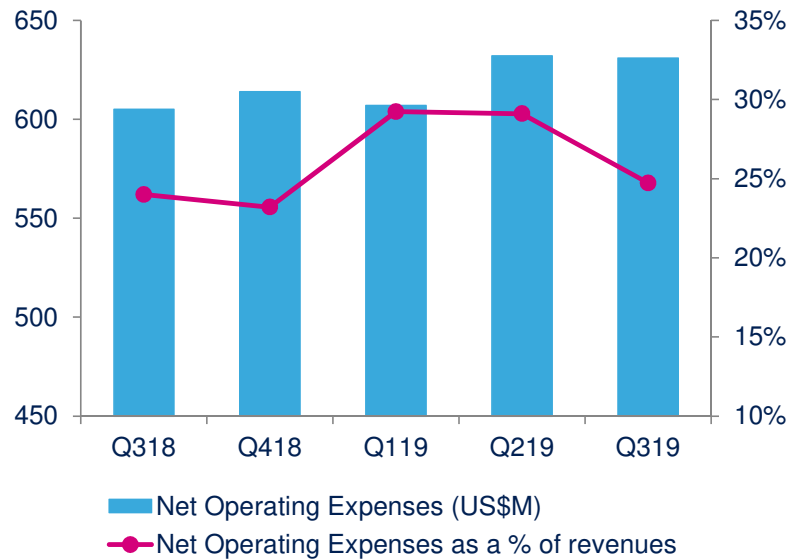
- Includes 110 bps of unsaturation charges
- 40 bps above the mid-point of guidance, mainly due to a lower level of unsaturation charges
- Down 190 bps Y/Y mainly impacted by price pressure and unsaturation charges
- Down 30 bps Q/Q

Q419 Gross Margin Outlook

About 38.2% (+/- 200 bps)

Net Operating Expenses^(*)

Q319 Net Operating Expenses : \$631M



Q319 Combined SG&A and R&D at \$629M

- 24.6% of revenues

Q319 Net Operating Expenses at \$631M

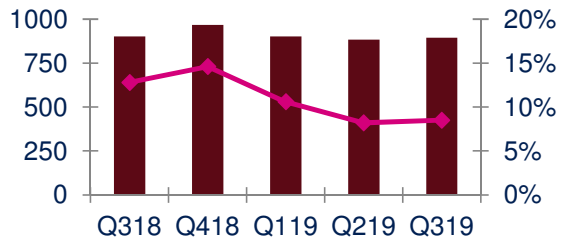
- Net of Other Income & Expense
- 24.7% of revenues

* Net Operating Expenses: R&D + SG&A + Other Expenses (- Other Income)

Q319 Product Group Results

Automotive & Discrete (ADG)

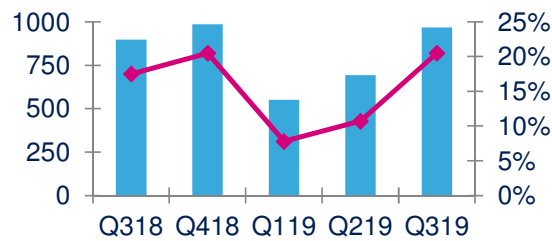
Revenues = \$894M
Operating Margin = 8.5%



■ Revenue (US\$M) ◆ Operating Margin (%)

Analog, MEMS & Sensors (AMS)

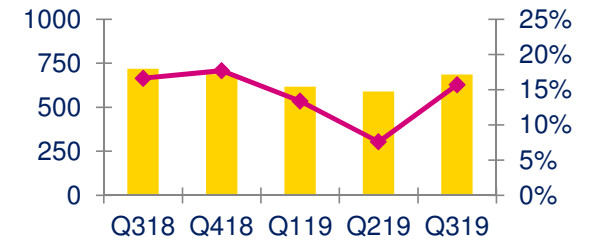
Revenues = \$968M
Operating Margin = 20.5%



■ Revenue (US\$M) ◆ Operating Margin (%)

Microcontrollers & Digital ICs (MDG)

Revenues = \$688M
Operating Margin = 15.7%



■ Revenue (US\$M) ◆ Operating Margin (%)

Solid Capital Structure

End of period (\$M)	September 28 2019	June 29 2019	September 29 2018
Total Liquidity	2,538	2,512	2,171
Total Financial Debt	(2,190)	(2,204)	(1,724)
Net Financial Position*	348	308	447

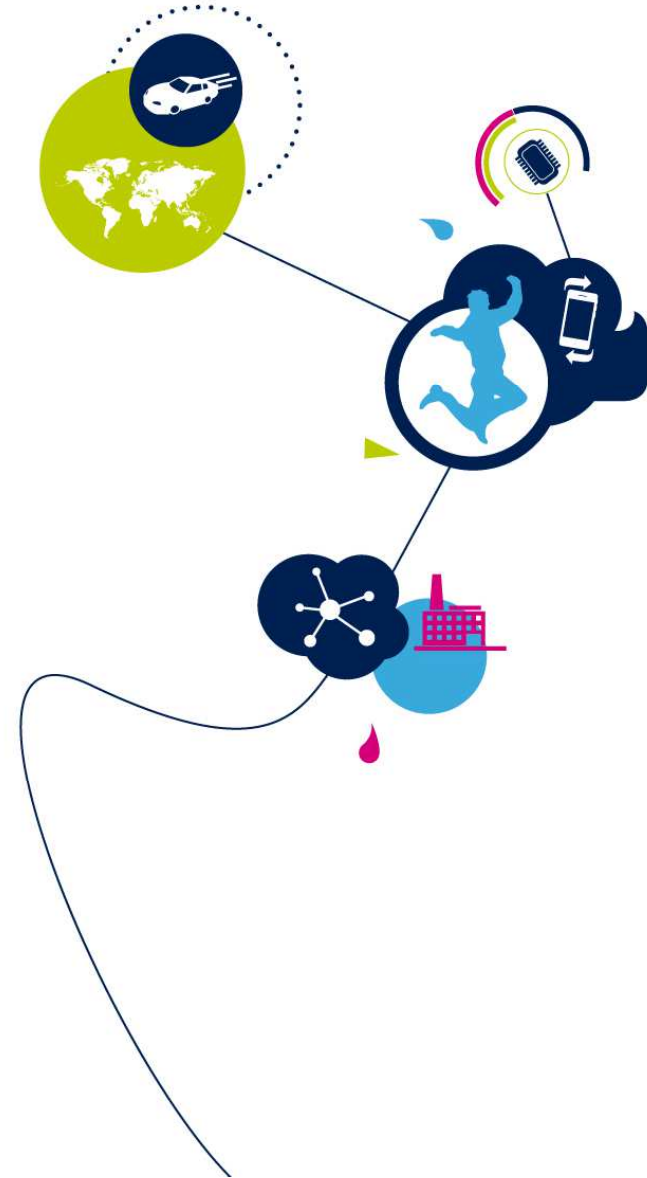
- Cash dividends of \$0.06 per share (\$54M) distributed in Q319
- Repurchase of common stock of \$62M in Q319 as part of ST's ongoing program

Moody's, S&P and Fitch are aligned in rating ST's credit profile well within investment grade and with Stable Outlook



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

Appendix



Financial Performance

<i>In US\$M, except EPS</i>	Q118	Q218	Q318	9M18	Q418	FY18	Q119	Q219	Q319	9M19
Net Revenues	2,226	2,269	2,522	7,016	2,648	9,664	2,076	2,173	2,553	6,802
Gross Margin	39.9%	40.2%	39.8%	39.9%	40.0%	40.0%	39.4%	38.2%	37.9%	38.4%
Operating Income	269	289	398	956	443	1,400	211	196	336	743
Operating Margin	12.1%	12.7%	15.8%	13.6%	16.8%	14.5%	10.2%	9.0%	13.1%	10.9%
Net Income – Reported	239	261	369	869	418	1,287	178	160	302	640
EPS Diluted (\$/share)	0.26	0.29	0.41	0.95	0.46	1.41	0.20	0.18	0.34	0.71
Free Cash Flow*	95	(40)	114	170	363	533	(67)	(67)	170	36
Net Financial Position*	522	411	447	447	686	686	510	308	348	348
Effective Exchange Rate €/€	1.18	1.19	1.18	1.19	1.17	1.18	1.16	1.14	1.14	1.15



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

Pre-Tax Items to Adjusted Earnings

<i>In US\$M, except EPS</i>	Q118	Q218	Q318	9M18	Q418	FY18	Q119	Q219	Q319	9M19
U.S. GAAP Net Earnings	239	261	369	869	418	1,287	178	160	302	640
U.S. GAAP Diluted Earnings Per Share	0.26	0.29	0.41	0.95	0.46	1.41	0.20	0.18	0.34	0.71

- **Net financial position (non-U.S. GAAP measure)**: resources (debt), represents the balance between our total liquidity and our total financial debt. Our total liquidity includes cash and cash equivalents, restricted cash, short-term deposits and marketable securities, 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 and management 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 and cash equivalents, restricted cash, short-term deposits and marketable securities and the total level of our financial indebtedness.
- **Free cash flow (non-U.S. GAAP measure)** is defined as net cash from operating activities minus net cash from (used in) investing activities, excluding payment for purchases (proceeds from the sale of) marketable securities, short-term deposits and restricted cash. 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 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 revenues of Others** includes revenues from sales assembly services and other revenue. Operating income (loss) of Others includes items such as unused capacity charges, impairment, restructuring charges and other related closure costs, management reorganization costs, phase out and start-up costs, and other unallocated expenses such as: strategic or special research and development programs, certain corporate-level operating expenses, patent claims and litigations, and other costs that are not allocated to product groups, as well as operating earnings of other products. Others includes:

(US\$ Million)	Q118	Q218	Q318	9M18	Q418	FY18	Q119	Q219	Q319	9M19
Unused Capacity Charges	1	-	-	1	-	1	1	7	28	36
Impairment & Restructuring Charges	21	-	-	20	2	21	-	2	-	2