



**Capital
Markets
Day 2022**

STMicroelectronics Financial Overview

Lorenzo Grandi

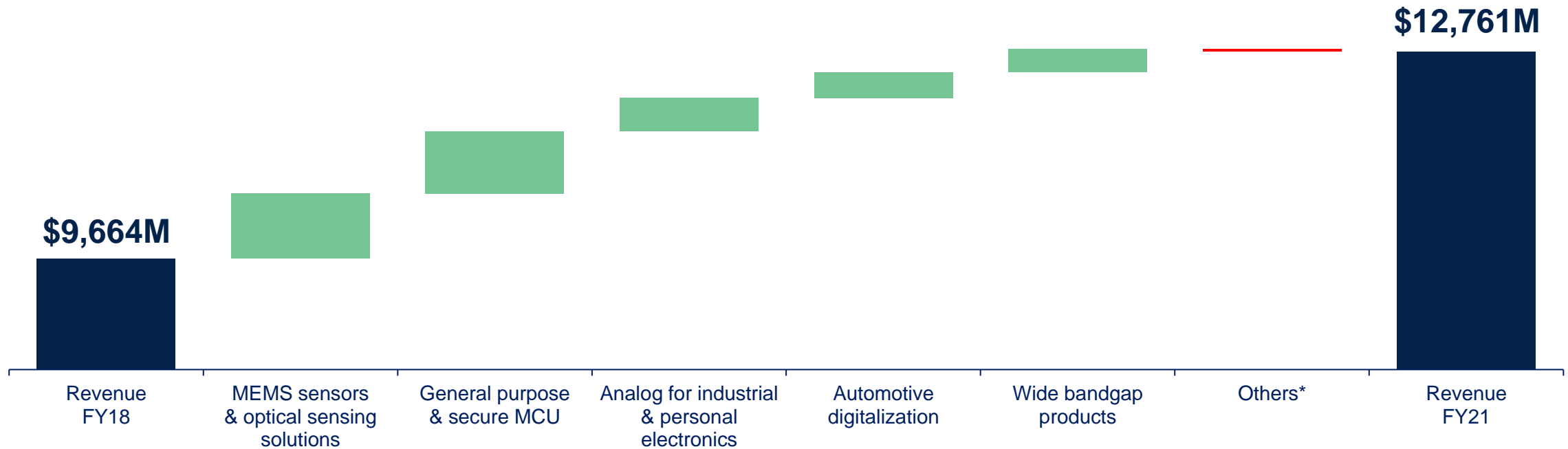
President, Finance, Purchasing, ERM & Resilience
Chief Financial Officer

ST growth and improved performance



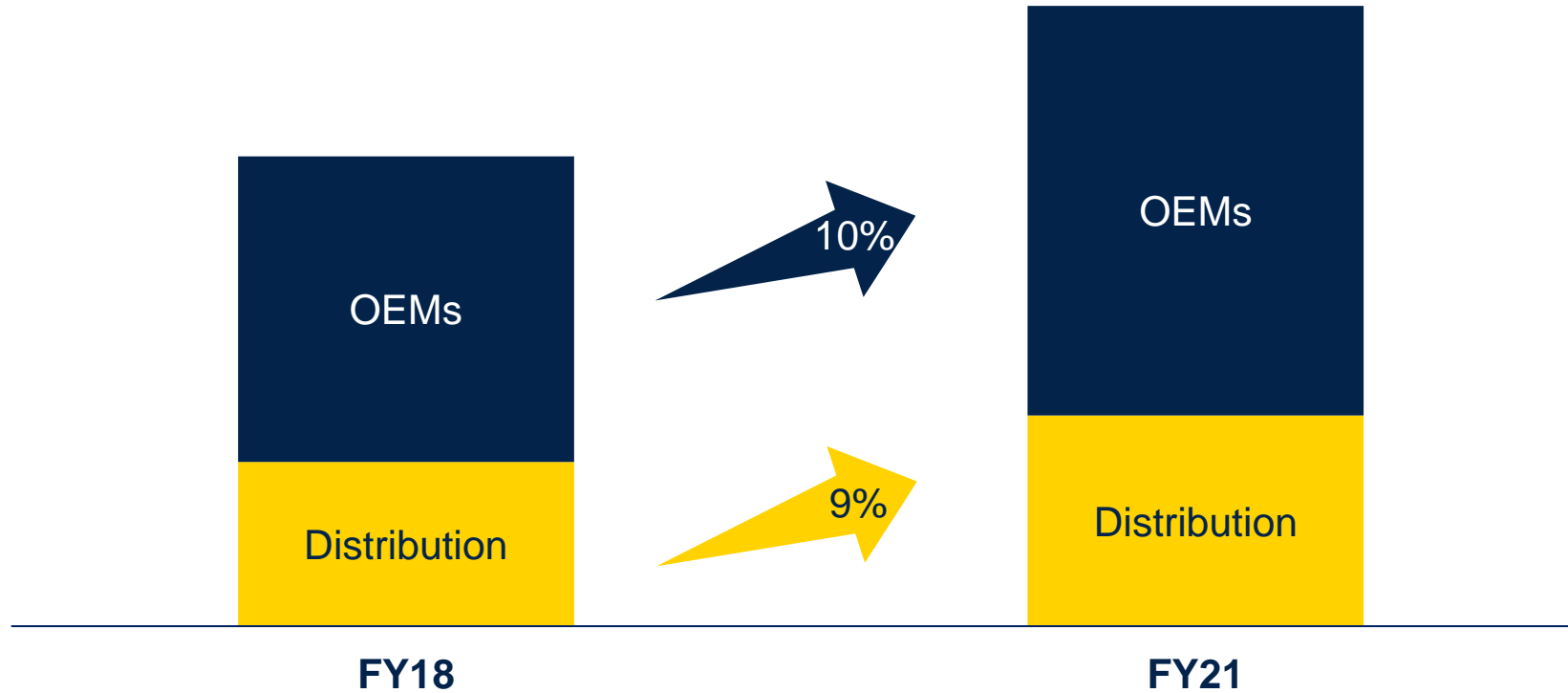
ST revenue growth drivers

US\$M	FY18	FY19	FY20	FY21	FY18 – FY21 CAGR
ST Revenue	9,664	9,556	10,219	12,761	+10%



Customer type revenue dynamics

Revenue by customer type: FY18 – FY21 CAGR



Balanced growth between OEMs and distribution

ST revenue growth and improved performance

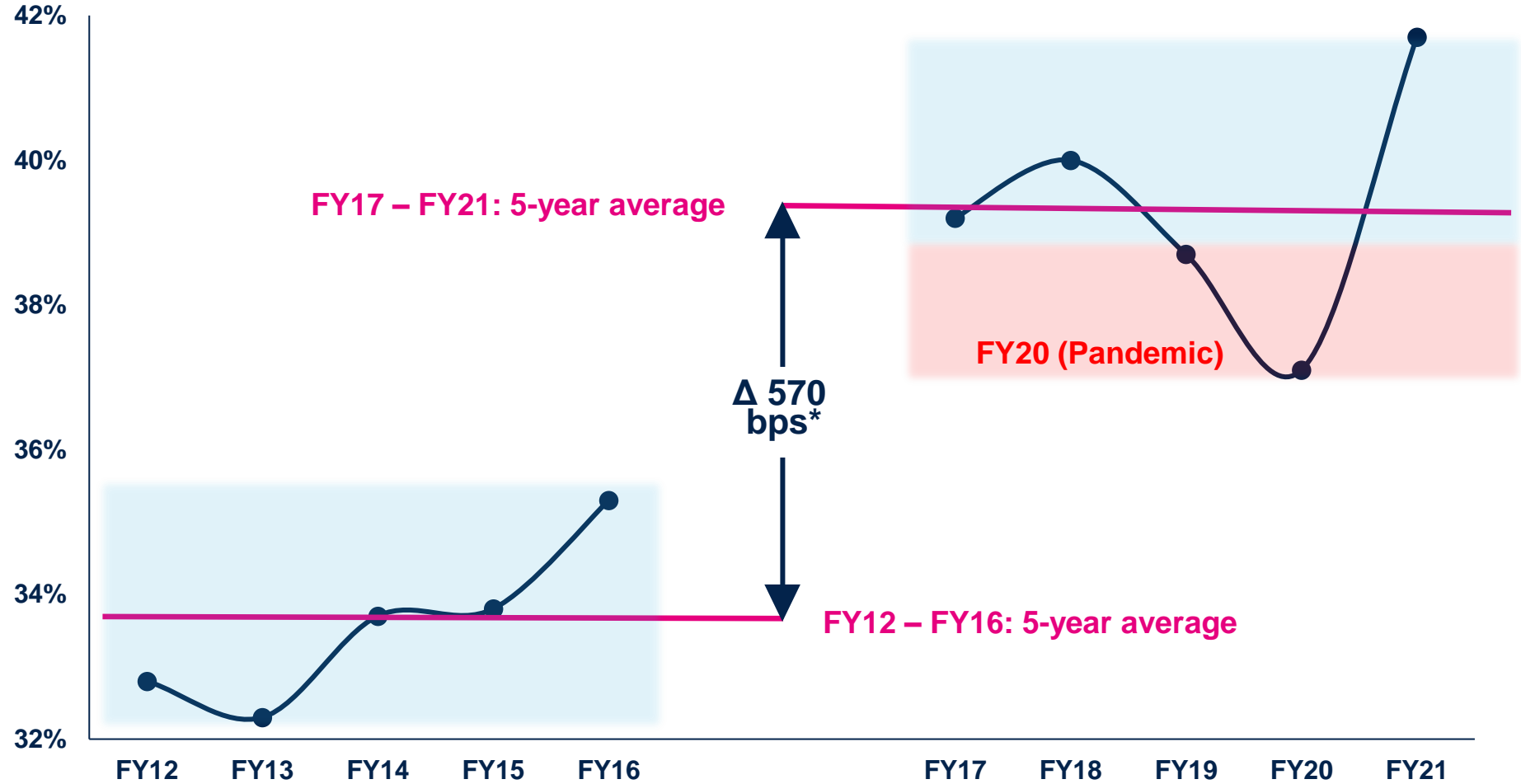
<i>US\$M</i>	FY18	FY19	FY20	FY21	FY18 – FY21 CAGR
ST Revenue	9,664	9,556	10,219	12,761	+10%

<i>US\$M</i>	FY18	FY19	FY20	FY21	FY21 vs FY18
Gross Margin	40.0%	38.7%	37.1%	41.7%	+170 bps
Operating Margin	14.5%	12.6%	12.9%	19.0%	+450 bps
EBITDA Margin	22.7%	21.5%	22.0%	27.1%	+440 bps
Net Income	1,287	1,032	1,106	2,000	+ \$713M
Free Cash Flow*	533	497	627	1,120	+\$587M
Net Financial Position*	686	672	1,099	977	+ \$291M

Upward trend of gross margin

Profitability drivers

- Manufacturing
- Product mix
- Price



*FY17 – FY21 average (excluding FY20) vs FY12 – FY16 average is +630 bps.

Investment to support revenue growth and financial performance improvement

Strong commitment to innovation and growth

Cumulated FY18 - FY21 R&D expense
~ **\$6.2B (14.7% of revenue)**

Significant R&D investment (FY21 vs FY18 R&D employees increased by more than 1,100 people)

Focused and specialized acquisitions
~ **\$300M consideration paid** (cumulated FY18 - FY21)

To accelerate innovation and reinforce our product portfolio:

- Wide bandgap products (Silicon Carbide and Gallium Nitride)
- Connectivity and Edge AI around STM32 Ecosystem

CAPEX spending (cumulated FY18 - FY21) ~ **\$5.5B (13.1% of revenue)**

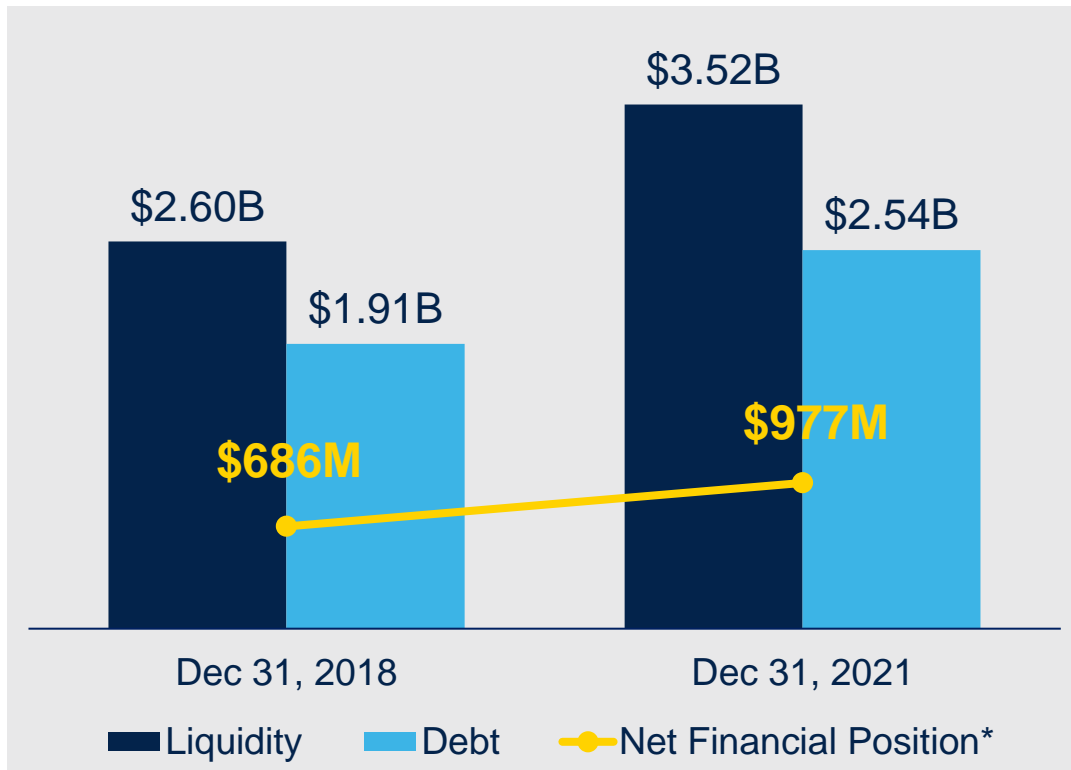
\$4.3B for **capacity, mix change, R&D and maintenance**
\$1.2B for **strategic initiatives** (Agrate 300mm fab, GaN and SiC)

Continuous effort in Company process transformation ~ **\$170M** invested in **OPEX and CAPEX** (cumulated FY18 - FY21)

Digital re-engineering of Company's processes (supply chain, ERP migration to SAP S4 HANA, cloud analytics, HR systems, ...)

Solid capital structure

Strengthened balance sheet



\$0.91B of undrawn committed medium-term credit facilities, including \$0.34B available EIB facilities.

Investment grade credit ratings:

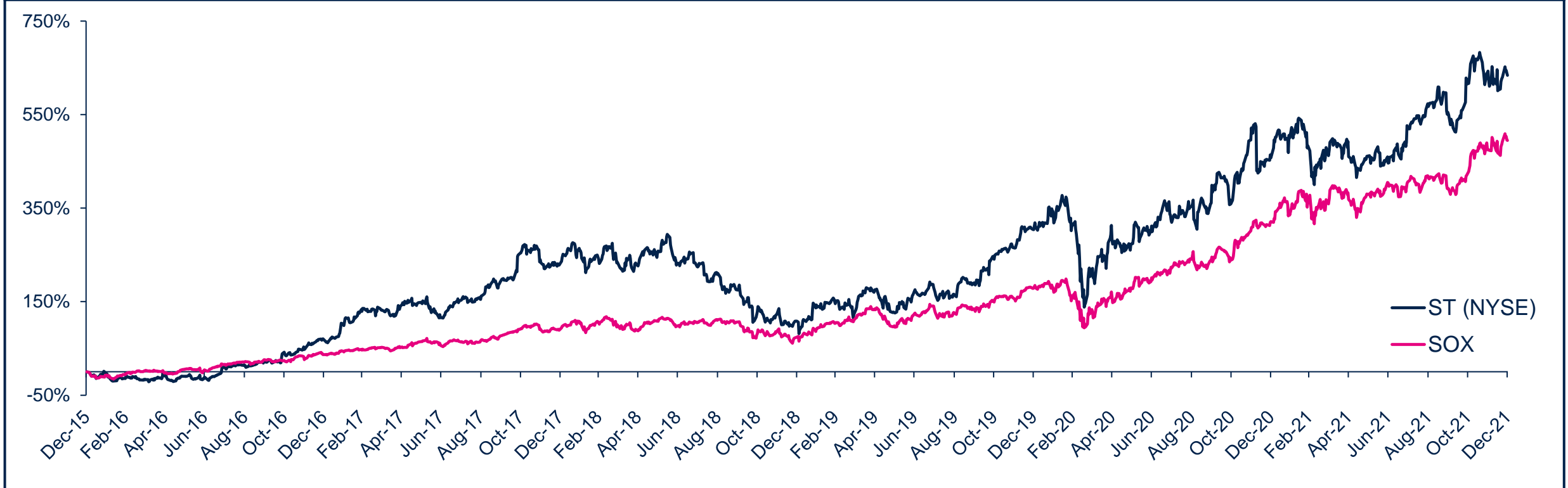
- Fitch (BBB, stable outlook)
- Moody's (Baa2, stable outlook)
- S&P (BBB, stable outlook)

Achieved results in line with shared expectations

	Expectations CMD May 2019	Achievements FY21 Actual
Revenue	\$12.0B	\$12.8B
Gross Margin	40% - 41%	41.7%
Operating Margin	17% - 19%	19.0%
Net Income	\$1.7B - \$1.9B	\$2.0B
Free Cash Flow*	> \$1B	\$1.12B

Shareholder returns

ST vs SOX: 12/31/2015 – 12/31/2021



12/31/2015 – 12/31/2021:

- Price Change: ST + 634% vs SOX + 495%
- Total Return: ST + 706% vs SOX + 559%

FY22 Outlook



FY22 market and business dynamics

Strengths



- Strong order backlog > current and planned capacity
- Innovative and successful customers
- Large product and technology portfolio
- CAPEX plan fueling revenue growth

Weaknesses



- Front- and Back-end equipment lead time
- Capacity limitation at foundry

Opportunities



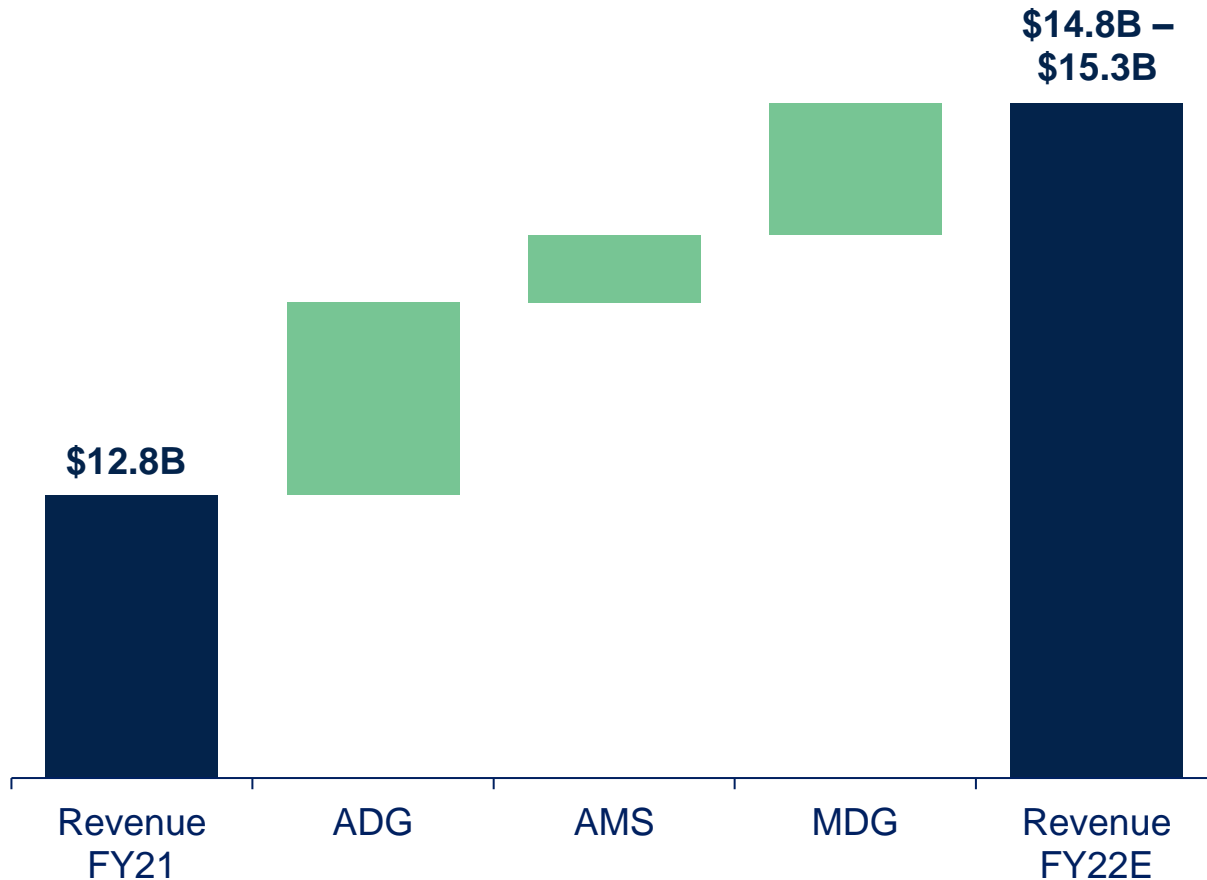
- Accelerate new product introductions
- Continuous favorable price environment
- Evolving automotive business model

Threats



- Pandemic
- Geopolitical uncertainty and inflationary environment

ST revenue drivers - FY21 to FY22



Main drivers

- Strong demand in all the end markets we address and expected revenue growth from our engaged customer programs
- Favorable pricing environment
- Automotive electrification and digitalization main programs
- Capacity limitation mainly impacting AMS and MDG

Gross margin evolution - FY21 to FY22

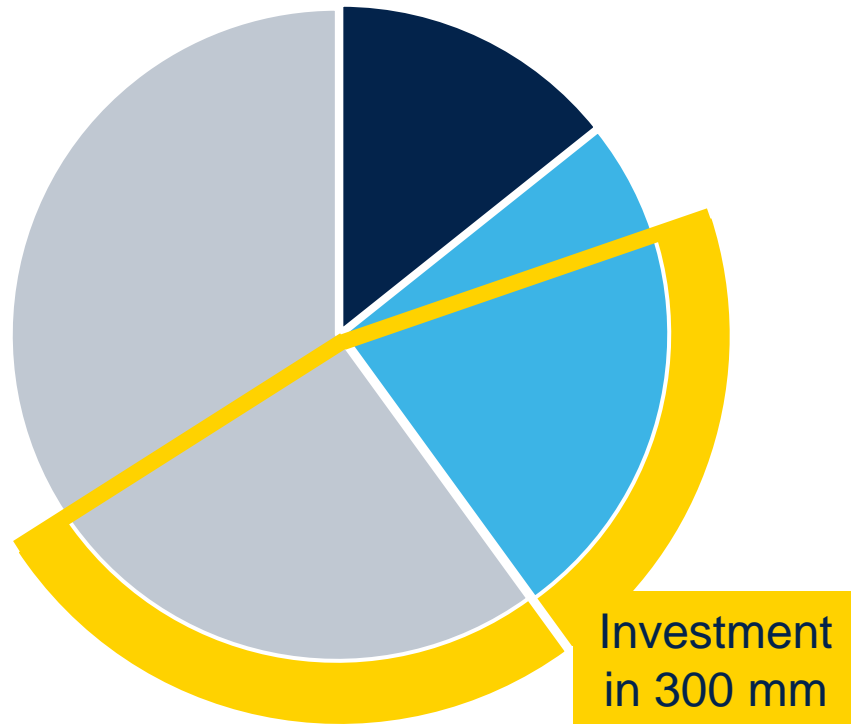
Profitability drivers

- Product mix & price
- Manufacturing efficiency
- FX
- Inflation cost in COGS



FY22 capital investment

\$3.4B - \$3.6B CAPEX to further increase our production capacity and support our strategic initiatives



- Maintenance, efficiency improvement, CO2 neutrality program
- Strategic initiatives
- Capacity addition, mix change, assembly and testing

Our CAPEX plans include:

- ~ **\$2.1B for capacity additions and mix change** in our manufacturing footprint, in particular for our wafer fabs (digital 300 mm in Crolles, analog 200 mm in Singapore, SiC 150 mm in Catania and Singapore), assembly and testing.
- ~ **\$900M for strategic investments**: including the first industrialization line of our new 300 mm wafer fab in Agrate, and GaN technology and SiC raw material initiatives.
- The remaining part covers the **overall maintenance and efficiency improvements** of our manufacturing operations and infrastructure, and our **CO² Neutrality** program.

FY22 sales and operating plan

	FY22
Revenue	\$14.8B - \$15.3B
Gross Margin	~46%
Operating Margin	24% - 26%
Free Cash Flow*	>\$700M

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

See Forward Looking Information for full disclosure. Such information is 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 Information

Financial ambition



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High-growth drivers towards the \$20B+ revenue ambition

Trends

Smart Mobility

Car electrification
Car digitalization
ADAS

Power & Energy

Electrification of everything
Energy management & power efficiency
Energy infrastructure

Internet of Things & Connectivity

Connected, autonomous objects in the IIoT
Digitalization of industrial applications
Satellite communications
Smartphones & accessories

ST high-growth areas

ADG

Power Discretes for automotive & industrial – SiC, GaN, IGBT, Silicon

ADAS vision processors

New vehicle architecture zone controllers

AMS

Application specific analog – wireless charging, smart grid, power conversion

Optical sensing solutions

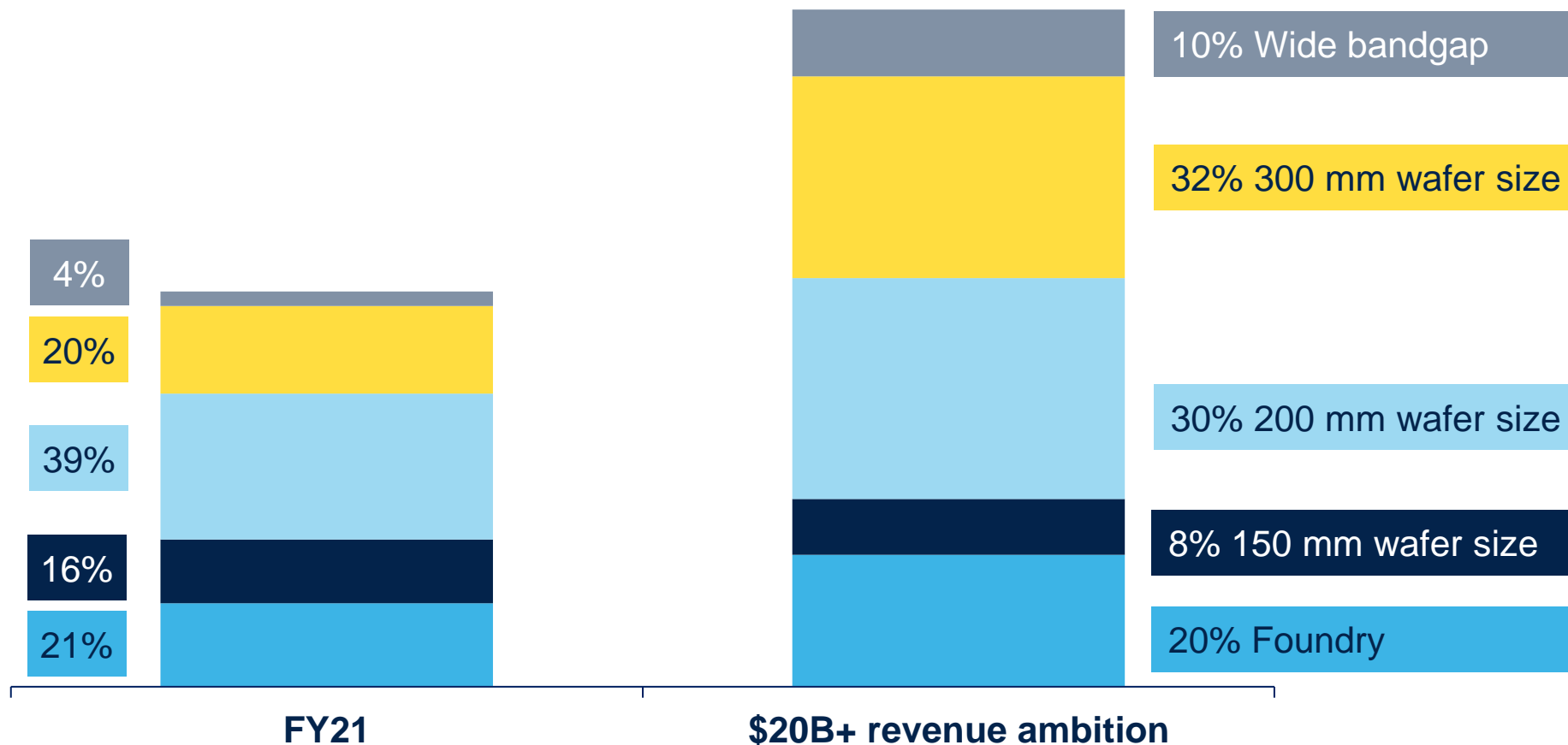
MEMS sensors & actuators

MDG

Industrial embedded processing – STM32 wireless, secure, AI-enabled MCU & MPU

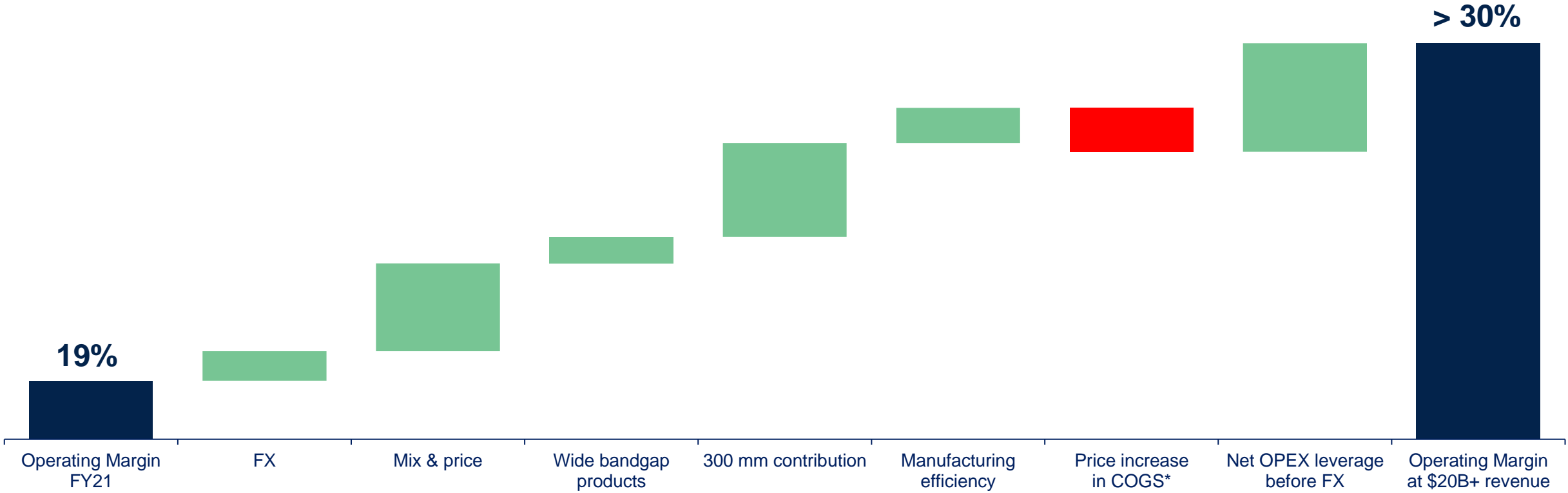
GHz wireless – Infrastructure & edge solutions with proprietary technologies

Revenue evolution by wafer size



All product groups will contribute in a balanced way to \$20B+ revenue ambition

Operating margin drivers toward \$20B+ revenue ambition

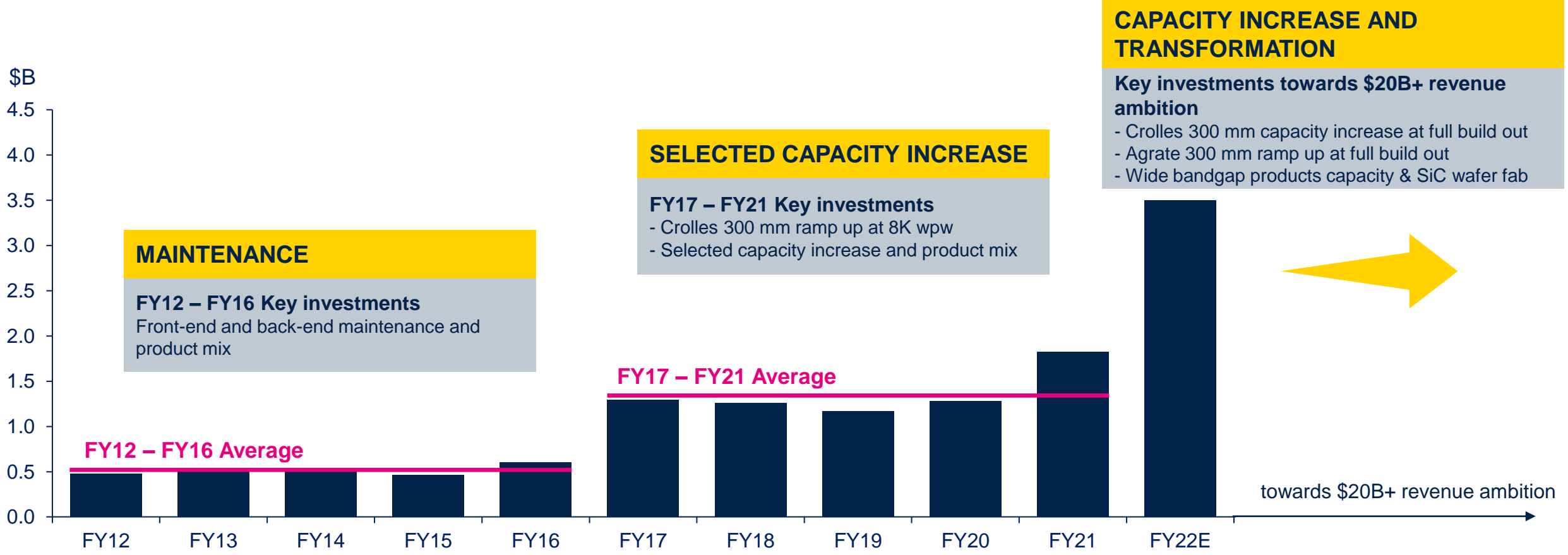


*Price increase in COGS includes: energy & material price increase and foundry & subcontractor quotation increase
 Financials assume a currency exchange rate of approximately \$1.12 = €1.00. See appendix for FX sensitivity



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CAPEX to support future growth



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2025-27 \$20B+ revenue ambition

Financials	
Revenue	\$20B+
Gross Margin	~50%
Operating Margin	>30%
EBITDA Margin	>40%
Free Cash Flow Margin*	>25%

Financials assume a currency exchange rate of approximately \$1.12 = €1.00. See appendix for FX sensitivity

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Investment & capital allocation

Commitment to innovation and growth



- Market driven R&D based on leading-edge products and technologies
- Accelerate R&D investment on critical success areas (new materials, AI, connectivity, analog)

Organic growth



- Commitment to organic and self-financed growth
- Capex acceleration, increase 300 mm capacity, wide bandgap products and product mix

Strategic M&A



- Focused and specialized acquisitions to boost innovation and reinforce our product portfolio

Balance Sheet



- Solid capital structure
- Strengthen financial flexibility
- Investment grade credit ratings

Shareholder returns



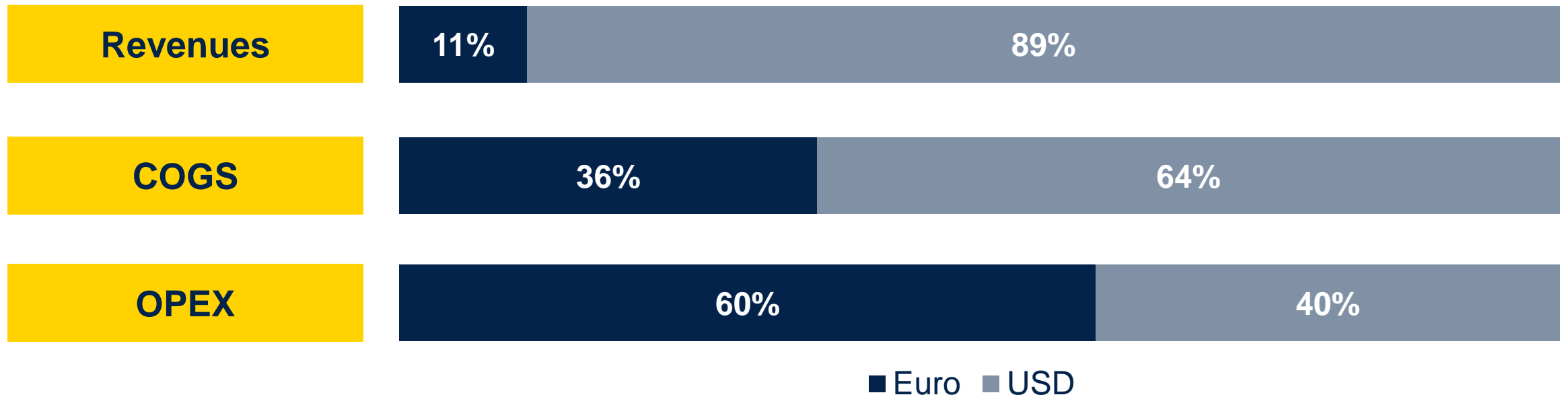
- FY18 – FY21: cumulated dividend return \$803M and cumulated share buy-back \$922M
- Dividend policy consistent with our planned increased cash generation

Appendix

- **Net financial position (non-U.S. GAAP measure):** Net Financial Position, a non-U.S. GAAP measure, represents the difference between our total liquidity and our total financial debt. Our total liquidity includes cash and cash equivalents, restricted cash, if any, short-term deposits, and marketable securities, and our total financial debt includes short-term debt and long-term debt, as reported in our Consolidated Balance Sheets. 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 by measuring our capital resources based on cash and cash equivalents, restricted cash, if any, short-term deposits and marketable securities and the total level of our financial debt. Our definition of Net Financial Position may differ from definitions used by other companies and therefore comparability may be limited.
- **Free cash flow (non-U.S. GAAP measure):** is defined as (i) net cash from operating activities plus (ii) net cash used in investing activities, excluding payment for purchases of (and proceeds from matured) marketable securities and net investment in (and proceeds from) short-term deposits, which are considered as temporary financial investments. The result of this definition is ultimately net cash from operating activities plus payment for purchase (and proceeds from sale) of tangible, intangible and financial assets and net cash paid for business acquisitions. 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 operations. Free Cash Flow does not represent total cash flow since it does not include the cash flows generated by or used in financing activities. Free Cash Flow reconciles with the total cash flow and the net cash increase (decrease) by including the payment for purchases of (and proceeds from matured) marketable securities and net investment in (and proceeds from) short-term deposits, the net cash from (used in) financing activities and the effect of changes in exchange rates. 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 revenues. Operating income (loss) of Others includes items such as unused capacity charges, including reduced manufacturing activity due to COVID-19, impairment, restructuring charges and other related closure costs, management reorganization costs, phase out and start-up costs of certain manufacturing facilities, and other unallocated income (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\$M)	Q121	Q221	Q321	Q421	FY21	Q122
Unused Capacity Charges	2	-	14	-	16	9
Impairment & Restructuring Charges	-	(2)	1	4	2	-

Currency impact



Quarterly effect of +/-1% change of €/\$: -/+ \$8M to \$10M on Operating Income

Our technology starts with You



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