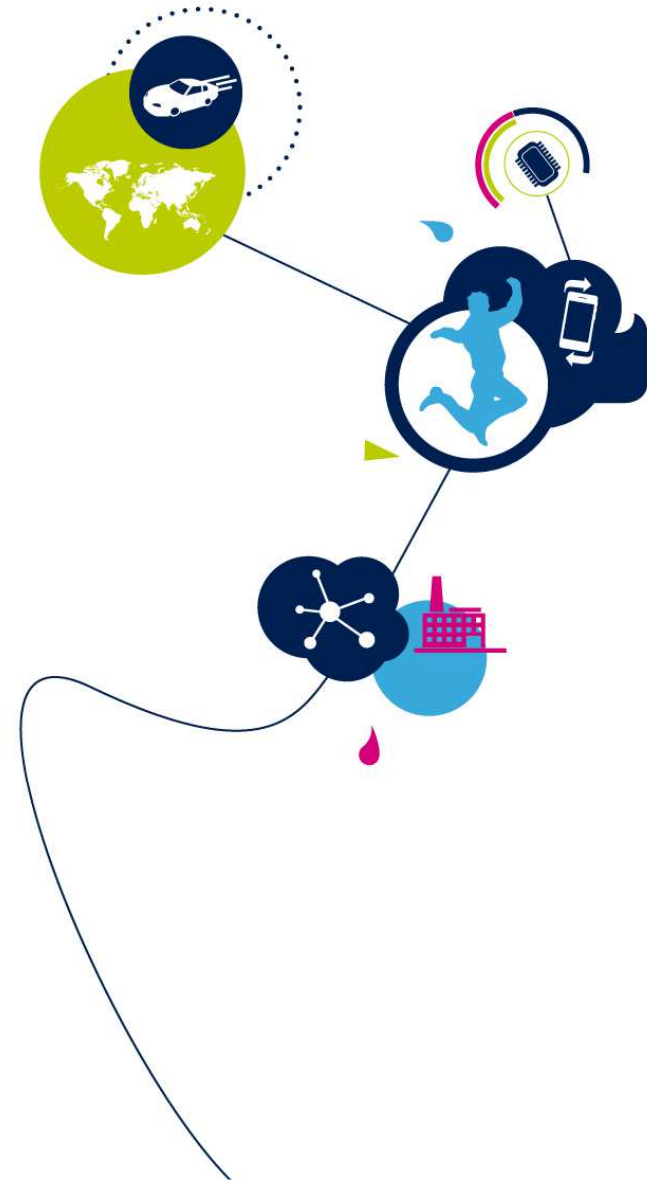


STMicroelectronics 2Q 2017 Financial Results

July 26, 2017



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, which may impact end-market demand for our products;
- Customer demand that differs from projections;
- The ability to design, manufacture and sell innovative products in a rapidly changing technological environment;
- Unanticipated events or circumstances, which may 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;
- 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;
- 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;
- The functionalities and performance of our IT systems, 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;
- 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 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 ability to successfully restructure underperforming business lines and associated restructuring charges and 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;
- 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;
- Availability and costs of raw materials, utilities, third-party manufacturing services and technology, or other supplies required by our operations; and
- Industry changes resulting from vertical and horizontal consolidation among our suppliers, competitors, and customers.

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, 2016, as filed with the SEC on March 3, 2017. 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.



Who We Are

- A global semiconductor leader
- 2016 revenues of **\$6.97B**
- Listed: NYSE, Euronext Paris and Borsa Italiana, Milan

- Research & Development
- Main Sales & Marketing
- Front-End
- Back-End



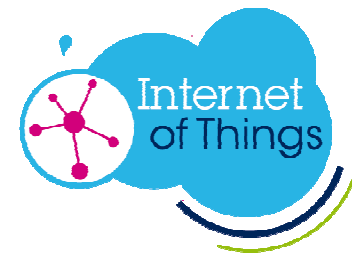
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- Approximately **43,500** employees worldwide
- Approximately **7,500** people working in R&D
- **11** manufacturing sites
- Over **80** sales & marketing offices

As of December 31, 2016

Application Strategic Focus

The leading provider of products and solutions for Smart Driving and the Internet of Things



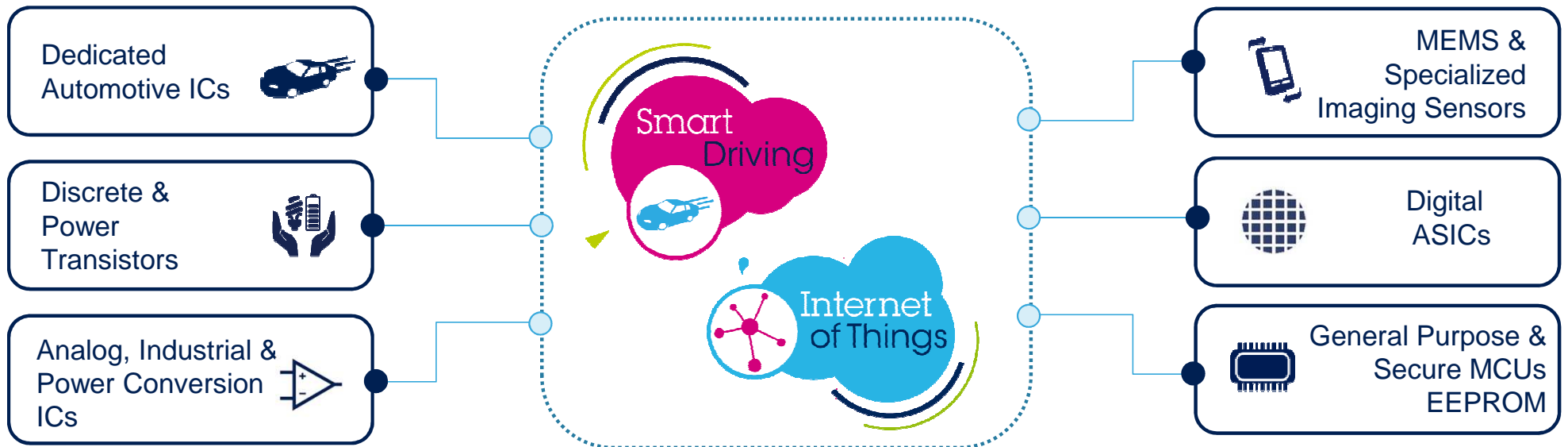
Safer		More connected
	Greener	

Smart Industry		Smart Home	
	Smart City		Smart Things

Product Family Focus

5

The leading provider of products and solutions for Smart Driving and the Internet of Things



2Q17 Highlights

6

- Net revenues of \$1.92B
 - Up 12.9% year-over-year across all product groups and sales channels
 - Up 5.6% sequentially
- Gross margin 38.3%
 - Up 440 basis points year-over-year
 - Up 70 basis points sequentially
- Operating margin before impairment and restructuring* of 9.6%
 - Up from 2.3% in 2Q16
 - Up from 7.4% in 1Q17
- Capital structure strengthened in July 2017 with \$1.5B convertible bond financing
 - Overall zero cost
 - Net share settlement option and the on-going repurchase of underlying shares implies substantially no dilution at conversion to shareholders

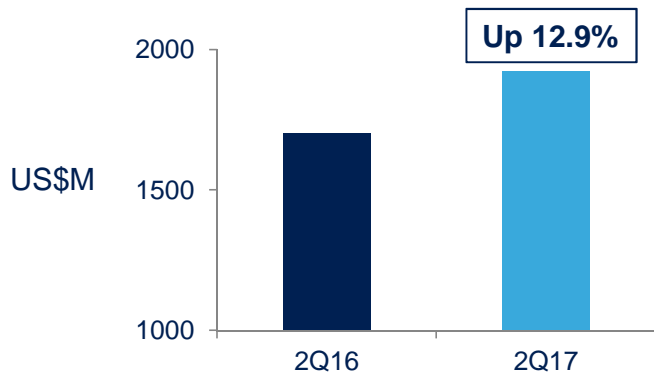
Another solid quarter with both net revenues and gross margin sequentially performing better seasonality and above the mid-point of our guidance



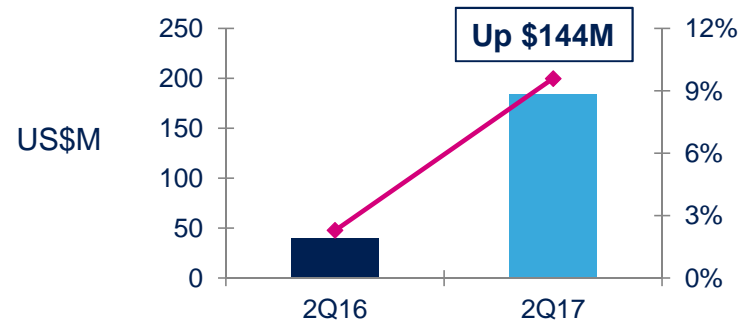
*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.

2Q17 Financial Highlights

Revenues = \$1.92B

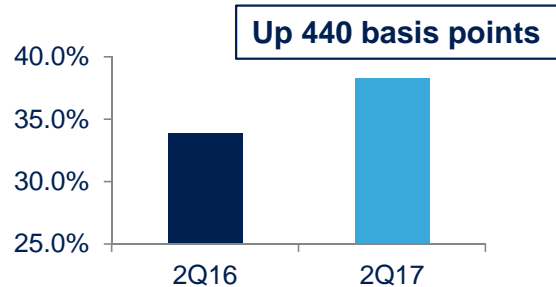


Operating Income* = \$184M

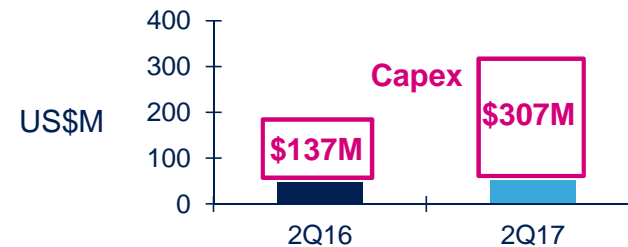


■ Operating Income before impairment & restructuring
 ◆ Operating Margin before impairment & restructuring

Gross Margin = 38.3%



Free Cash Flow* = \$52M

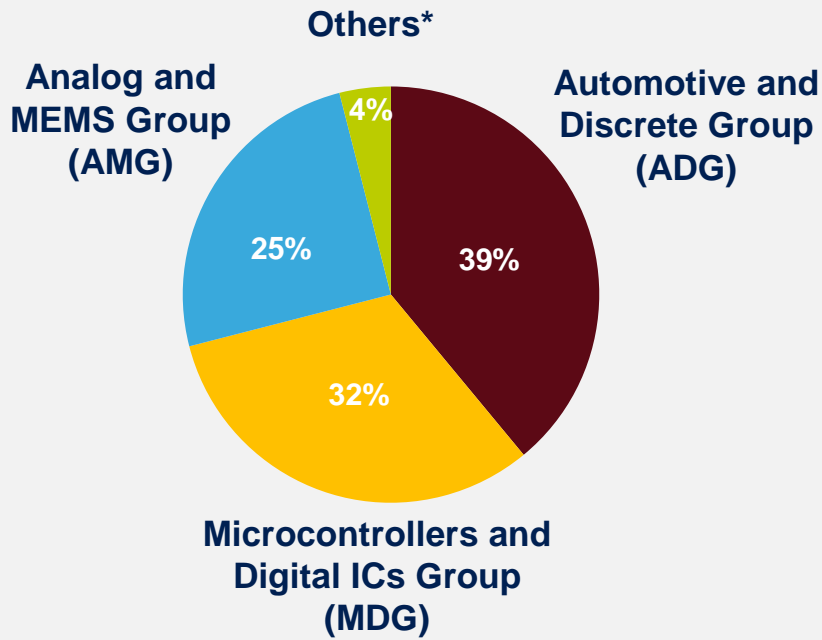


*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.

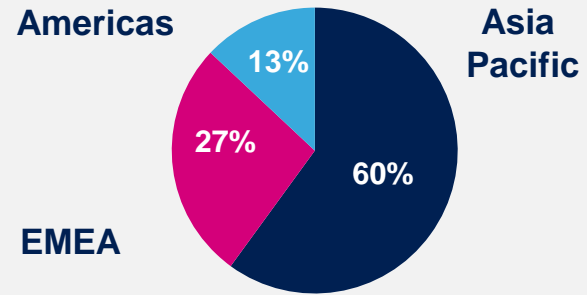


2Q17 Revenues

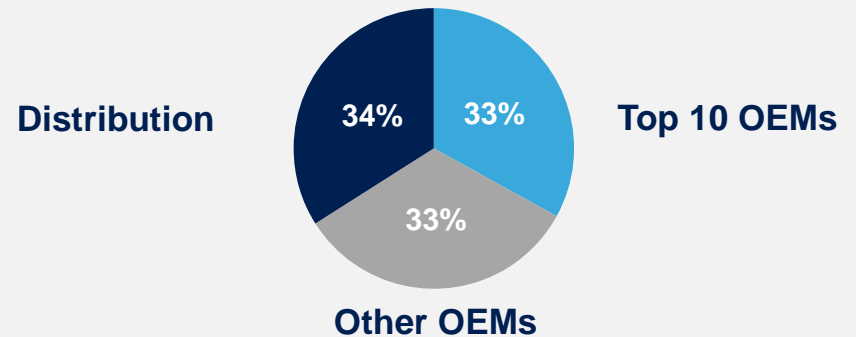
% by product group



% by shipment location



% by customer type



* Others includes Imaging Product Division

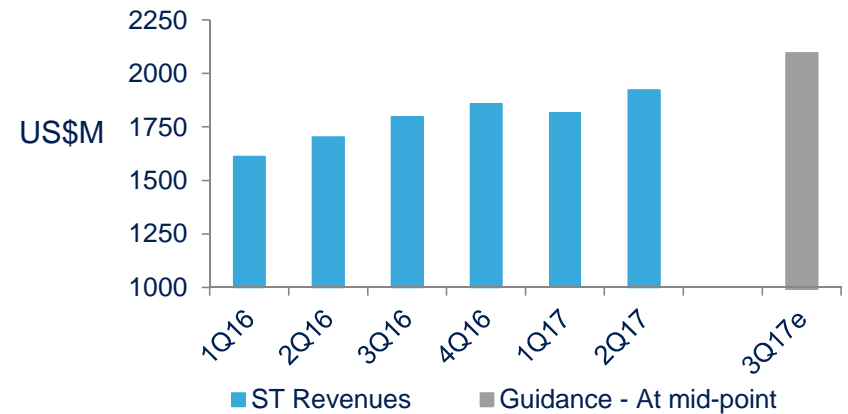
2Q17 Revenues = \$1.92B

2Q17 revenues up 12.9% year-over-year

- Growth across all product groups and strong traction with new products
 - AMG up 28.3%
 - MDG up 10.0%
 - ADG up 4.7%
 - Imaging significantly up
- Up 14.1% excluding discontinued business
 - MDG up 13.4%

2Q17 revenues up 5.6% sequentially

- Better than seasonal performance
- 60 basis points above mid-point of the guidance



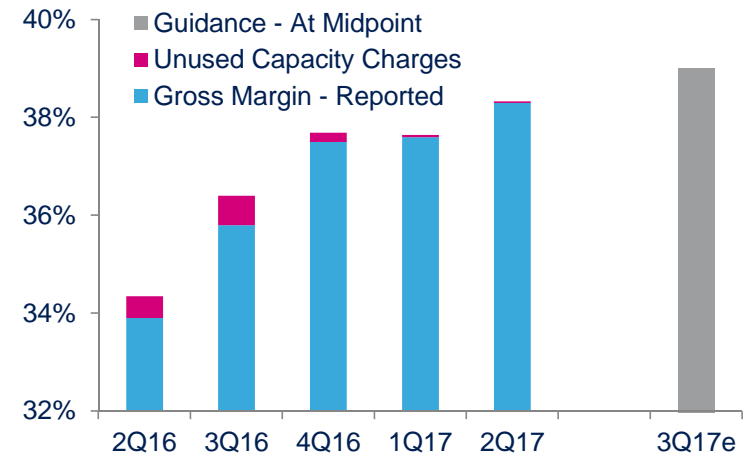
3Q17 Revenue Outlook

Up sequentially by about 9.0% (+/- 3.5% points)

2Q17 Gross Margin = 38.3%

2Q17 Gross Margin

- 20 basis points above the mid-point of the guidance
- Up 70 basis points sequentially
- Up 440 basis points year-over-year reflecting manufacturing efficiencies, improved fab loading and favorable product mix partially offset by normal price pressure



3Q17 Gross Margin Outlook

About 39.0% (+/-2.0%)

Operating Expenses Discipline

2Q17 Net Operating Expenses* = \$552M

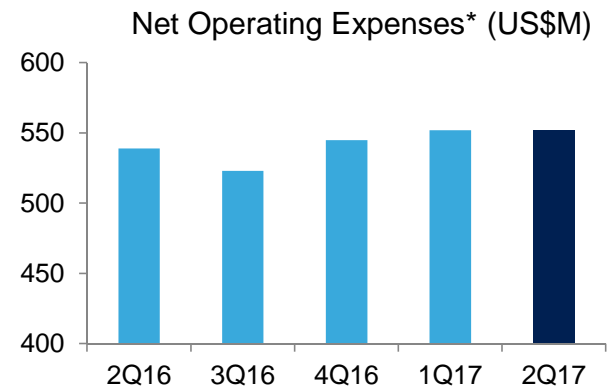
2Q17 combined SG&A and R&D at \$567M

- Down \$2M year-over-year
- \$552M net of R&D grants

Set-Top-Box plan completion on track

- 78% of savings completed exiting 2Q17, savings run-rate annualized at \$132M out of \$170M targeted upon completion

€383M of €400M Nano2017 grants already recognized exiting 2Q17



2017 Net Operating Expenses*
anticipated to average about \$550M per quarter



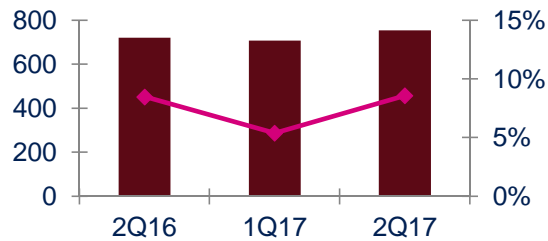
* Net Operating Expenses: R&D + SG&A – R&D grants

2Q17 Product Group Results

Before impairment and restructuring charges

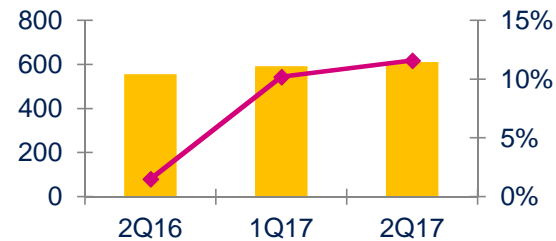
Automotive & Discrete

Revenues = \$755M
Operating Margin = 8.6%



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

Revenues = \$612M
Operating Margin = 11.6%



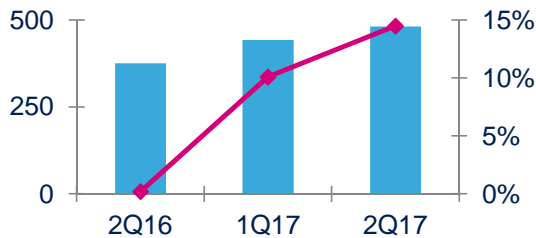
■ Revenue (US\$M) ◆ Operating Margin (%)

Microcontrollers & Digital ICs

MDG includes set-top-box business under phase-out

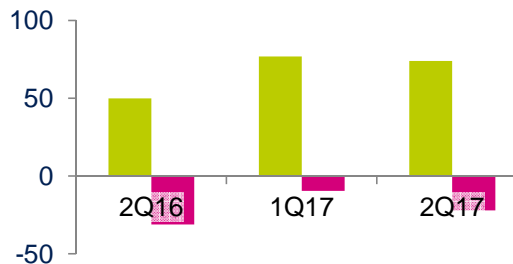
Analog & MEMS

Revenues = \$482M
Operating Margin = 14.5%



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

Revenues = \$74M
Operating Loss* = (\$22M)



■ Revenues (US\$M) ■ Operating Results (US\$M)

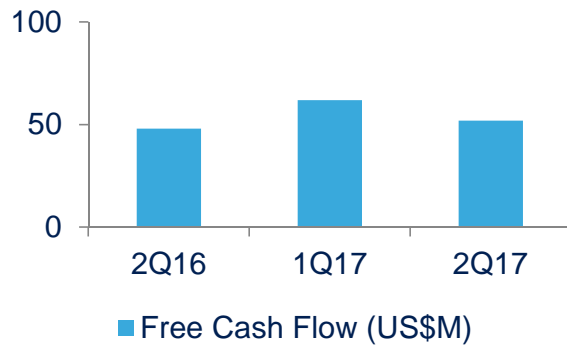
Others

Others includes sales from the Imaging Product Division and other revenues and items such as unused capacity charges and other unallocated expenses

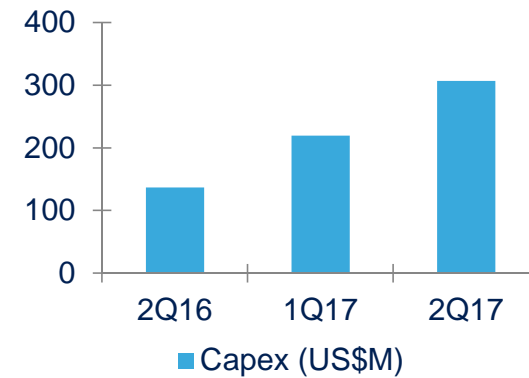


Financial Flexibility

2Q17 Free Cash Flow* = \$52M



2Q17 Capex = \$307M



End of period (US\$M)	July 1 2017	April 1 2017	July 2 2016
Total Liquidity	1,989	1,976	2,027
Total Financial Debt	(1,465)	(1,458)	(1,601)
Net Financial Position*	524	518	426

2Q17: Cash dividends of \$0.06 per share (\$48M) distributed in the quarter



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

\$1.5Bn Convertible Bond Offering in July 2017

To strengthen our capital structure and further enhance our financial flexibility

Proceeds will be used for general corporate purpose including:

- Support for growth
- Early redemption of the \$600M 2019 convertible bond by the end of August
- Future redemption of the outstanding \$400M 2021 convertible bond

Two tranches of bonds

\$750M with a maturity of 5 years

- 37.5% conversion premium
- Negative 0.25 yield to maturity
- 0% coupon

\$750M with a maturity of 7 years

- 37.5% conversion premium
- 0.25 yield to maturity
- 0.25% coupon

- Senior unsecured bonds convertible into new or existing ordinary shares of ST
- ST can satisfy the conversion rights either in cash or shares or a combination of the two, at its selection
- Issuance on July 3, 2017

Simultaneous launch of a share buy-back program

- Up to 19M shares for up to \$297M
- Intended to meet Company obligations arising from debt financial instruments exchangeable into equity instruments and from employee share award programs

3Q17 Outlook

15

- **“Based on current booking activity and visibility on our anticipated key new program, we expect third quarter revenues to increase about 9.0% on a sequential basis, representing year-over-year growth of about 16.6% at the mid-point of our guidance range. We anticipate another quarter of margin expansion with third quarter gross margin of about 39.0% at the mid-point, leading to strong year-over-year improvement in operating and net income.”**
- **“Overall, we believe we are very well positioned to reach the short-term financial targets we outlined for the second half of 2017 at our Capital Markets Day held in May.”**
- 3Q17 revenues is expected to grow about 9.0% on a sequential basis, plus or minus 3.5 percentage points
- 3Q17 gross margin is expected to be about 39.0% plus or minus 2.0 percentage points

Outlook based on an assumed effective currency exchange rate of approximately \$1.12 = €1.00 for 3Q17 and includes the impact of existing hedging contracts. 3Q17 will close on September 30, 2017

Sustainable Profitable Growth

- Year-over-year sales growth across all products families*, regions & customer groups
- Continued innovation leadership, supporting customers with industry-leading products and optimized application-oriented solutions
- Investment for growth, maximizing innovation with R&D spend and turning manufacturing investments into timely ramp-up of major programs
- Continued discipline on operating expenses
- Improvement in operating profitability as a result of all the above

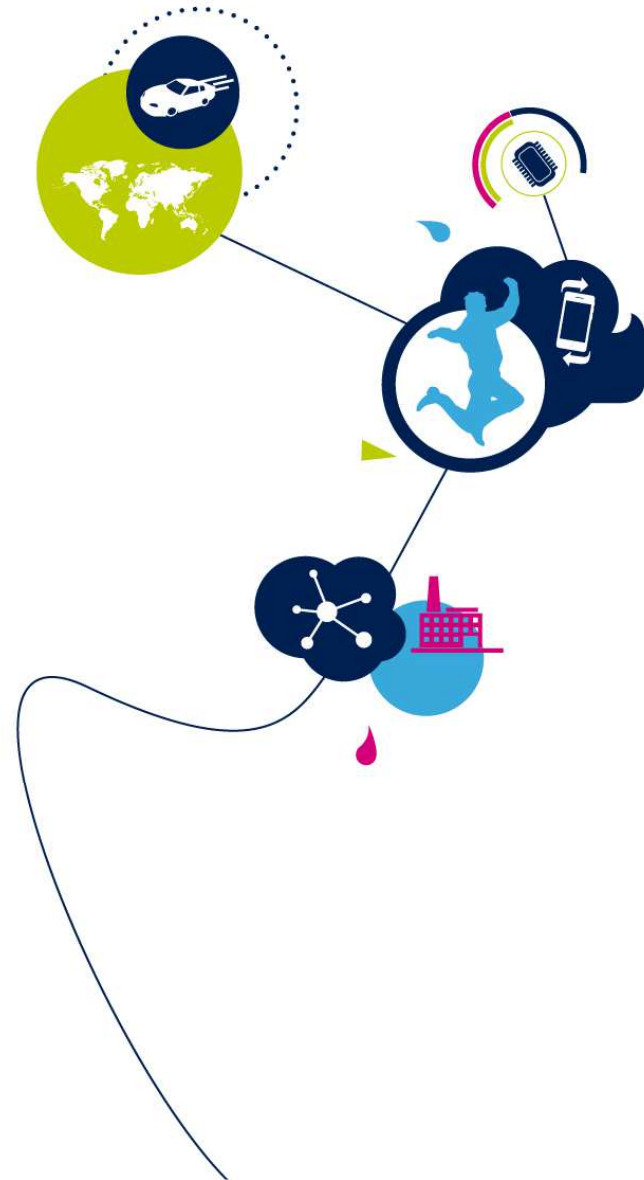


* Excluding businesses undergoing phase-out



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Appendix



Financial Performance

<i>In US\$M, except EPS</i>	1Q16	2Q16	1H16	1Q17	2Q17	1H17
Net Revenues	1,613	1,703	3,316	1,821	1,923	3,744
Gross Margin	33.4%	33.9%	33.6%	37.6%	38.3%	38.0%
Operating Income (Loss) before impairment, restructuring*	(5)	40	35	134	184	318
Operating Margin before impairment, restructuring*	(0.3%)	2.3%	1.0%	7.4%	9.6%	8.5%
Net Income – Reported	(41)	23	(18)	108	151	258
EPS Diluted	(0.05)	0.03	(0.02)	0.12	0.17	0.28
Adjusted EPS Diluted*	(0.02)	0.04	0.02	0.12	0.17	0.30
Free Cash Flow*	31	48	79	62	52	113
Net Financial Position*	439	426	426	518	524	524
Effective Exchange Rate €/\$	1.10	1.12	1.11	1.08	1.09	1.09

Pre-Tax Items to Adjusted Earnings*

OPERATING RESULT NET EARNINGS	<i>In US\$M</i>	2Q16	1Q17	2Q17
	U.S. GAAP Net Earnings	23	108	151
	Impairment & Restructuring	12	5	6
	Estimated Income Tax Effect	(2)	(1)	(1)
	Adjusted Net Earnings*	33	112	156

- **Free cash flow** 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 and short term deposits, restricted cash and net cash variation for joint venture deconsolidation. 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 and restructuring charges** excludes impairment, restructuring charges and other related closure costs. It is used by management to help enhance an understanding of ongoing operations and to communicate the impact of the excluded items.
- **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, net of the relevant tax impact.
- **Net revenues of “Others”** includes revenues from sales of Imaging Product Division, Subsystems, 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, 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 the Imaging Product Division, Subsystems and other products. “Others” includes \$1 million, \$1 million, \$8 million, \$10 million of unused capacity charges in the second and first quarters of 2017 and 2016, respectively; and \$6 million, \$5 million, \$12 million, \$28 million of impairment, restructuring charges, and other related closure costs in the first and second quarters of 2017 and 2016, respectively