Q4&FY17 Earnings Live Webcast Conference Call Remarks
Carlo Bozotti, President and Chief Executive Officer
STMicroelectronics
Thursday, January 25, 2018

Good morning everyone.

Well, this has been a morning of important news for ST.

Therefore, before we start our usual review of the fourth quarter and full year 2017, allow me a few minutes to comment on the press releases.

As you know, I am going to retire this year, at the time of our Annual General Meeting of Shareholders.

I will leave ST after 41 years: proud to retire at one of the best times in the history of our company, and extremely glad about the decision of our Supervisory Board to propose the appointment of Jean-Marc Chery as Sole Member of the Managing Board and President & CEO of ST, subject to approval by ST's shareholders at the 2018 Annual General

Meeting. Our Board's decision is supporting the continuity of ST's strategy, plans and management culture and I am really pleased about that.

Jean-Marc has been with ST since 1986. He knows the company in depth and you will get to know him better as a skilled, result-oriented, proactive, pragmatic, trustworthy leader, who has gained in all these years an extensive experience in technology, manufacturing, critical business management and, more recently, also sales and marketing.

As part of my succession plan, the ST Supervisory Board has also approved, upon Jean-Marc's proposal, the establishment of a newly formed Executive Committee, entrusted with the management of the company and led by ST's President and CEO as its Chairman. The Executive Committee will of course become effective upon shareholder approval of the appointment of Jean-Marc at ST's 2018 AGM.

But before I mention the list of the proposed members of the Executive Committee, let me comment on another important development.

As you may have read today, someone that we all know and respect, Carlo Ferro, has informed our Company about his intention to step down from his position at the same time as my retirement, in order to pursue other personal opportunities.

Carlo remains committed to our company with unchanged dedication during this period of transition. Carlo will remain until the end of 2018 as President of ST's Italian affiliate.

I want to deeply thank Carlo. As you know, he has been associated with ST in various capacities since its IPO in 1994. Since then, he has strongly contributed to the Company's average compound total return to shareholders of about 10% per year. In his role of CFO, and then with increased responsibilities in Legal, IP, Infrastructure and Planning, he has fully supported ST's transformation, inspiring and driving key initiatives of product portfolio management, financial discipline, asset management and financing on the capital markets. Through his leadership, he has developed an outstanding and talented Finance organization and this is allowing us to plan for a highly qualified internal succession to his role. I am sure you will join me in wishing him all the best for the future.

Going back to the proposed members of the Executive Committee, all the members underline the strong intention to guarantee continuity of ST's strategy and results. Let me go through them:

- Orio Bellezza, President, Technology, Manufacturing and Quality
- Marco Cassis, President, Sales, Marketing, Communications and Strategy Development
- Claude Dardanne, President, Microcontrollers and Digital ICs Group
- Lorenzo Grandi, President, Finance, Infrastructure and Services and Chief Financial Officer
- Marco Monti, President, Automotive and Discrete Group
- Georges Penalver, President, Human Resources and Corporate Social Responsibility
- Steve Rose, President, Legal Counsel
- Benedetto Vigna, President, Analog, MEMS and Sensors Group.

During the coming months, Jean-Marc, the incoming Executive Committee, Carlo and myself will continue to work together to prepare for a very smooth leadership transition. With our strongest

commitment to continue to deliver strong business and financial results.

And now… it's time to start our Q4 and Full Year 2017 review.

Building on the results of 2016, our priorities for 2017 were:

- First, deliver year-over-year sales growth across all of our product families, and across all regions, both with OEMs and in Distribution and the Mass Market;
- Second, continue to lead in innovation, supporting our customers through product leadership and optimized application-oriented solutions;
- Third, invest for growth, maximizing innovation with our R&D spend and leveraging our manufacturing investments to quickly ramp-up our major programs;
- Fourth, continue to be disciplined on operating expenses;
- And finally, as a result, continue to improve our operating profitability.

During 2017 we made significant progress, quarter after quarter, and we achieved our goal of placing ST on a sustainable profitable growth trajectory.

As you have seen from our press release this morning, we closed 2017 with strong fourth quarter results.

- Net revenues increased 32.6% year-over-year to $2.47 billion.
- Our year-over-year growth was broad-based, with all regions contributing and with double-digit growth across all product groups.
- We maintained a very good balance of revenues between OEMs and Distribution. This is an important point, as this indicates that we are matching new product ramps of OEMs with a diversified business, including tens of thousands of small and mid-size companies. Today, we have more than 100,000 customers worldwide.

Moving to profitability in the fourth quarter:

- Gross margin reached 40.6%;
- Operating margin as reported was 16.5%; and
- Net income was $308 million.

For the full year 2017, net revenues increased 19.7% to $8.35 billion; gross margin expanded 400 basis points to 39.2%, operating margin increased 880 basis points to 11.9% and net income grew to $802 million.

But let's now focus on growth and product leadership- and I will hand over to Georges Penalver for that.

Thank you Carlo and good morning everyone.

We are executing on a growth strategy centered on the most promising application domains: Smart Driving, Internet of Things, including Industrial, and the non-digital part of smartphones. This enables us to cover 40% of the total semiconductor market.

We have deployed an aggressive and very successful sales and marketing strategy, targeting Distribution and the Mass Market as well as key accounts. Revenues from our Top 10 customers in 2017 grew 37% year-over-year. Distribution increased significantly in absolute

numbers and moved to 34% of total net revenues in 2017 from 33% in 2016, with year-over-year point of sales growth of 12%.

Importantly, our unique product portfolio offers all of the essential blocks to serve the IoT and Smart Driving applications. We launched many new products in 2017 and we continue to innovate at a fast pace.

Turning to some of the key 2017 achievements of our product groups, I will start with our Automotive and Discrete Group “ADG”.

Our Automotive revenues, considering all of our product groups, grew about 10% for the full year.

Also in 2017, the average ST content in a car has continued to increase, with our company now providing up to 1000 semiconductor components in a premium car like the Audi A8.

In the area of safer driving we made good progress in product development and production ramp up, and we achieved substantial growth with ADAS-related components. We started production of our partner Mobileye’s EyeQ4 product for semi-autonomous vehicles,

based on our 28nm FD-SOI technology; as Mobileye said at CES two weeks ago, 13 automakers are planning designs on this SoC and 5 major brands will launch their EyeQ4-equipped vehicles during 2018. Development of the next generation Mobileye EyeQ5 is ongoing, with first silicon planned for later this year, and we have started joint work on the next generation EyeQ6. We also had success with our 24GHz/77GHz RADAR products which grew revenues by about 25% in 2017.

In the area of greener driving, we won new designs in car electrification, growing our market share in power components. These wins include our Silicon Carbide products. We have already talked about important wins in the US and Asia and I can now mention that we are collaborating with the Renault Group on the next On-Board Charger generation with our SiC Diodes and MOSFETs. Silicon Carbide revenues started to materialize last year and looking forward we see big opportunities as the adoption of Hybrid and Electric Vehicles increase.

We also continued to see strong growth and market traction with our 32-bit microcontroller families for Automotive, particularly in Body and Gateway applications at several car makers.

Power Discretes had a robust 2017 with sales up by about 13% for the year in total, with a strong contribution from automotive applications. On top of Silicon Carbide for automotive, we also enjoyed growth in Low and High Voltage power MOS components for industrial applications.

Now let's move to Microcontrollers and Digital ICs "MDG", where year-on-year revenue grew 15.8% during 2017.

Our Microcontroller business grew throughout the year to deliver year-on-year growth of about 25%. This strong expansion of our business was driven by our STM32 general-purpose family, where we shipped more than one billion products during 2017. This achievement is impressive, as one year ago our cumulative shipments since 2007 had been 2 billion units.

The STM32 family now offers more that 800 parts. A key part of our success is linked to our development ecosystem, which allows fast and easy access to tools and design resources, and during the year we added a number of tools to enable product development for the IoT as well as integration with leading Cloud providers. During the fourth

quarter, we acquired Atollic to offer to our customers a full Integrated Development Environment specifically tailored for the STM32 families and the STM32 Nucleo development ecosystem.

Our secure microcontroller solutions and Near Field Communications connectivity both benefited from the acquisition we made in 2016. We announced two key products, the ST54 and ST53, targeting mobile and wearable for NFC and secure applications. We also made significant inroads with our RFID Readers and NFC controllers in areas such as game consoles, automotive and smart furniture.

In the digital area, we were recognized by many OEMs for our technology leadership and service excellence. We achieved several design wins for digital ASIC's in advanced technologies for optical and satellite communication.

Let's now move to a newly-formed Group.

Starting in the fourth quarter of 2017 we organized the activities related to our sensors into one group, transferring the Imaging Product

Division, previously reported in Others, into the Analog and MEMS Group (formerly known as AMG) to create the new organization Analog, MEMS and Sensors Group (or “AMS”).

In our MEMS sensor and actuator business, revenues grew over 20% compared to 2016. We further developed the business with our high-volume consumer and mobile customer base, thanks to multiple sensor design wins with leading smartphone, wearable and game console makers.

We also saw strong growth with our industrial and automotive customers, to whom we shipped over 60% more sensors in 2017 compared to 2016. In this area, we received new business awards for sensors to support assisted driving and, to accelerate growth in industrial applications, we introduced a number of new sensors with 10-year longevity.

Our Analog business also performed well in 2017, achieving growth of over 20% year-over-year. This growth was broad-based across our wide analog and power product portfolio.

We saw solid progress both with design wins and revenue growth with our high-end industrial customers, with product families such as our STSPIN Motor Control Family and our Intelligent Power Switch solutions which target Smart Industry applications. We continued to have success with our smart metering solutions and we announced a new modular, programmable chipset. We also grew with power conversion products, such as our ViperPLUS family of high-voltage AC-DC converters. In 2017 our wireless connectivity revenues more than doubled vs 2016. We launched a new System-On-Chip Bluetooth low-energy 5.0-certified and won multiple designs in a range of applications.

In Imaging, 2017 was a year of continued success as revenues grew triple-digit year-over-year. Our proprietary Time-of-Flight technology gained traction as we released our third-generation laser-ranging sensor. Also, our specialized 3D sensing technology ramped in volume for a major customer. We also won a design for a depth-sensing Time-of-Flight solution to support assisted driving with a Tier1 automotive supplier, certainly a priority for ST.

Now let me turn the presentation over to Carlo Ferro to discuss in detail our business and financial performance results.

Thank you Georges, and good morning to everyone. It is a great pleasure to be here with you today, particularly to present the 2017 fourth quarter and full year earnings results, which are the best historical financial performances for our company in the last 17 years.

Beginning with a brief summary of our fourth quarter, the significant progress we have made over the last year, including the substantial creation of shareholder value, is quite visible:

- Net revenues up 32.6% year-over-year;
- Gross margin up 310 basis points;
- Operating income was $408 million, translating to an operating margin of 16.5%; and
- Positive free cash flow of $145 million.

On a sequential basis, sales grew 15.5% and were 200 basis points above the high-end of our guidance, on higher than expected revenues in Imaging products and Microcontrollers. This performance is above our historical seasonality. In part this reflects the strength of our offer with sequential growth in each of our microcontrollers, analog, power discrete, automotive and MEMS sub-groups - and it also reflects the fact that with the Imaging product ramp, our seasonality is evolving as

our portfolio evolves, leading towards higher sales in the third and fourth quarters of a year.

Turning to the full year 2017:

- Net revenues increased 19.7% year-over-year - equivalent to the addition of $1.37 billion in revenues;
- Operating income came close to the $1 billion mark, at $993 million;
- Operating margin of 11.9% - almost a four-fold increase over 2016 and clearly above the anticipated 10% target.
- Net income increased $637 million to $802 million; and
- Free cash flow increased about 7% to $338 million.

A key element of our strategy to achieve sustainable profitable growth has been synchronizing growth in each area of our strategic focus: IoT, Smart Driving, Industrial and Smartphones, after having positioned our portfolio in multiple growth markets.

In the fourth quarter, our sales growth of 32.6% year-over-year reflected double-digit growth across all product groups - AMS revenues

increased 70.1%, MDG revenues were up by 21.4% and ADG revenues were higher by 14.6%.

For the full year 2017, our revenue growth of 19.7% reflected broad-based growth across all product groups and geographies. Asia Pacific revenues increased 26.5%, EMEA revenues were up by 14.3% and America was up by 3.2%.

Turning to our first quarter outlook, based upon the mid-point of our guidance range, we are anticipating year-over-year revenue growth of about 22% (plus/minus the usual 350 basis points) which, on such a strong Q417, is a sequential decrease of 10% at the mid-point. These revenue dynamics reflect a better than seasonal quarter-to-quarter evolution for Smart Driving and Internet of Things applications combined with the negative influence of seasonality in smartphones.

One year ago I outlined the four key drivers of expanding gross and operating margin to translate into higher net earnings and significantly enhanced return on invested capital:

- Leverage on sales growth;

- Full loading of fabs;
- Manufacturing scale and technology reducing cost; and
- Innovation improving product mix.

Indeed, they all have been well implemented, and in 2017 $1.37 billion of additional sales year-over-year translated into $779 million of additional operating income, or a 57% margin on incremental sales.

So let's see in greater detail how our P&L performed.

Manufacturing efficiencies and favorable product mix have been the main drivers of our gross profit and gross margin improvement during the fourth quarter and for the year in total.

Our fourth quarter gross profit reached $1 billion and our gross margin was 40.6%, above the mid-point of our guidance and the best performance for ST since the "Internet bubble" in the early 2000s. On a sequential basis, gross margin increased 110 basis points due to improved product mix and increased manufacturing efficiency, partially offset by normal price pressure and negative currency effects, net of hedging.

For 2017, our gross margin expanded 400 basis points, bringing it up to 39.2%, a level that already generates solid earnings.

For the first quarter of 2018 at the mid-point of our revenue range we anticipate a gross margin of about 39.5%, reflecting the anticipated decrease in revenues on a sequential basis; importantly, we are starting the year 2018 above the prior year's gross margin.

We have maintained a very strong expense discipline, with average quarterly operating expenses in 2017, net of R&D grants, of about $555 million, in line with our target range. As a result, we saw significant operating leverage, with a 2017 OPEX to sales ratio of 27.4%, an improvement of about 5 points from the 2016 level.

As we first discussed in October, operating expenses, net of R&D grants, are anticipated to increase to somehow above a $600 million per quarter run-rate in 2018, reflecting revenue growth, inflationary dynamics, currency, lower R&D grants and increased marketing and sales efforts, while keeping tight expenses discipline.

Commencing in the fourth quarter of 2017, the Company transferred the Imaging Product Division, previously reported in “Others”, into the new organization Analog, MEMS and Sensors Group (AMS). Please note that we have reclassified the data for 2016 and 2017 and it is available in the appendix in today’s press release.

Operating income before impairment and restructuring significantly improved from $153 million to $428 million in the fourth quarter of 2017 versus the year-ago quarter.

Importantly, you can see that all three product groups improved their profitability progressively during the year and achieved in Q417 a double-digit operating margin before impairment and restructuring.

- In Q4, ADG posted an operating margin of 12.3%, a year-over year improvement of 500 basis points;
- AMS, now including Imaging, operating margin was 20.9%, well above the 10.1% in the year-ago quarter; and
- MDG operating margin was at 19.6%, 9.9 points above Q416;

All product groups reached their operating margin target for the 2H of 2017 as anticipated at our Capital Markets Day in last May.

In particular, the former AMG, driven by improvement in both analog and MEMS, and MDG, driven by both improvement in microcontrollers and a significant reduction in Digital losses, well exceeded their target of low-teens.

Our free cash flow increased to $338 million -after absorbing $1.3 billion capex in 2017 – well covering our cash dividends to shareholders totaling $214 million in 2017. Capex followed well our anticipated route to support revenue growth. Free cash flow came in higher than anticipated amid higher EBITDA, which reached about 25% of revenues in the fourth quarter.

The expansion of our profitability and acceleration of our net asset turns have driven a strong increase in our Return on Net Assets, which for us is the measure of the return on invested capital, accelerating quarter after quarter during 2017. Already in the third quarter, to refer to a period with available data from competitors, ST's position in the

ranking places us among the best in the semiconductor non-memory IDMs.

Then we made a significant step forward: RONA reached almost 36% in the fourth quarter of 2017, well above the 15% in the year-ago quarter. This result is significantly exceeding our weighted average cost of capital, which is currently about 9%.

In 2017 we also accomplished a significant improvement of our balance sheet with:

- The successful offering of $1.5 billion new convertible bonds at an average zero yield;
- The full settlement of $1.0 billion convertible bonds issued in 2014; and
- New credit facilities.

As a result, overall liquidity increased to $2.19 billion at year-end 2017 with an average yield of about 1.5%. At the same time our financial debt cost has been significantly lowered this past year as a result of our

financing, bringing our cash cost of debt to 44 basis points, thereby creating a positive spread of over 1 point.

We also strengthened our financial flexibility by signing a new 500 million Euro credit facility with the European Investment Bank and we had over $1 billion of available undrawn credit facilities at year-end.

Further, we continued to maintain our financial flexibility with a net financial position of $489 million at December 31st, compared to $513 million one year earlier, showing our ability to manage the planned increased investments made in 2017.

Importantly, during the year shareholders received a cash dividend, paid quarterly, of 6 cents per share, representing a yield of about 1% based on our current stock price and we repurchased shares for $300 million.

Finally, we were pleased to have our progress in operating profitability, while maintaining a very solid capital structure, recognized with a return to the CAC 40 Index in September 2017 as well as by the rating

agencies, with Moody's most recently upgrading our rating and S&P upgrading their outlook on us.

Now to describe our technology and manufacturing strategy and the related

Capital investments I will now turn the stage to Jean-Marc Chery.

Thank you Carlo.

First of all I would like to deeply thank the Supervisory Board of ST for their confidence and I am honored to have been nominated as successor to Carlo Bozotti. Carlo has set a very high bar and I owe him great debt of gratitude for his guidance and support of my candidacy for this ultimate leadership role in ST. I would also like to deeply thank Carlo Ferro for all the years we have worked together and the solid legacy he leaves behind, both in terms of the financial solidity of the company as well as in the highly capable finance team soon to be led by Lorenzo Grandi.

I joined ST even before it was ST… I know and admire this company, its people and its culture in depth. You can trust that, when appointed, I will put the utmost commitment to drive ST forward, supported by a strong Executive Committee composed of great colleagues. I have been working with for many, many years and that I deeply respect and trust. Moving now to my presentation…

ST has a broad portfolio of differentiated technologies that allow us to address the varied markets and application requirements we target. I would like to highlight 2017 developments and our key focus areas for 2018.

BCD…Our proprietary BCD technology is a long-standing area of strength for ST and a major enabler of our business in automotive and industrial applications. During 2017, we expanded our product portfolio and continued the manufacturing ramp of our 110nm technology. We also completed the transfer of our 160nm node to major silicon foundries, in order to extend our capacity to serve the growing Smart Power market.

For 2018 we are focusing on the development of our 10th generation, which addresses the need for more digital logic and memory intensive smart power products. This new 90nm platform enables the development of fully integrated System on Chip smart power products. We are also developing differentiated flavors of our BCD technology family, which allows us to address higher power and voltage applications as well as galvanic isolation.

Our advanced CMOS technologies roadmap is evolving along three axes of development. First, we are enriching our 28nm FD-SOI platform with additional features to address RF and Space applications. Second, we recently announced our adoption of 22FDX foundry technology as the next node in our FD-SOI roadmap targeting specific high performance and low power products. And, third, we are working with 16 and 7nm FinFET platforms from foundry partners where we are designing products for high density digital applications including SoCs for autonomous driving.

In addition to the development of RF features on our 28nm FD-SOI platform, we also continue to leverage our differentiated BiCMOS55 technology. This unique platform offers best-in-class Bipolar transistors

capable of operating at frequencies up to 300GHz. This technology is ideally positioned to address high-speed communication links for datacenters and Cloud infrastructure and 5G infrastructure applications. In 2018 we will continue to improve the performances of this technology with additional Bipolar devices operating at even higher frequencies.

Embedded Non-Volatile Memories technology is a key enabler for our microcontroller families, which address a broad spectrum of applications from consumer to automotive and industrial. In 2017 we expanded our capacity for 40nm in Crolles on 12” wafers for all flavors of 32-bit microcontrollers.

Embedded Non-Volatile Memory is also important in our 28nm FD-SOI offering, as we can embed Phase Change Memory to deliver a competitive low power, high performance technology platform to address automotive and IoT applications. This is one of our focus areas in 2018.

2017 saw our continued deployment and penetration of our patented FlightSense time-of-flight technology, with the launch our next generation of product, introducing optics and advanced processing to

boost performance. This enables us to grow our wireless business, but also to drive growth in wider application areas such as PC, robotics and the general mass market. We also successfully ramped up an important Time-of-Flight product and a specialized image sensor addressing a 3D sensing application for a major customer.

For 2018 we are focused on the further development of our next generation of imaging technologies. We will launch a new Single Photon Avalanche Diode (SPAD), in 40nm technology, enabling a step change in performance for Time-of-Flight applications. We will also secure the following generation with a 3D SPAD, further boosting the performance, scalability, and enabling higher resolution Time-of-Flight sensors. This is key for multiple markets, from 3D Sensing to LiDAR. We are also developing our next generation of Global shutter technology with significant performance improvements in near infrared light detection as well as our future image sensors with back side illumination and 3D integration for visible and non-visible light applications.

2017 saw a significant increase in our manufacturing volumes in MEMS associated with the prior introduction of a number of new market-

leading motion and environmental MEMS products based on our optimized micro-machine technologies.

Our focus in 2018 is on developing next generation technologies. For example, we are developing a version of our motion MEMS technology that supports demanding industrial applications. We are also developing our next generation of Motion MEMS technology for consumer and automotive that will boost performance and add new magnetic and resonator capabilities. Our pressure sensor technology also continues to evolve, with higher levels of integration and waterproofing. Our focus in Actuators is on our Thin Film piezoelectric technology which enables a number of different applications such as inkjet & 3D printing, smaller and lower power camera autofocus solutions and MEMS speakers.

Moving now to Silicon Carbide. As we have said before this is an area where ST developed the technology organically for a number of years and today we are one of a few semiconductor companies able to supply Silicon Carbide products in volume.

In 2017, we started volume production in our newly installed 6” manufacturing line in Catania and Carlo already mentioned some of our business results.

In 2018 we plan to increase our 6” capacity in line with customer demand, while expanding our product offering based on our 3rd generation of Silicon Carbide technology. At the same time we are continuing the technology development of our next generations of automotive grade MOSFETs, which will include a move to trench technology in the 4th generation.

Let me turn now to our Manufacturing Strategy: here I would like to explain how we ensure the strategy supports our revenue growth, competiveness and ability to differentiate.

First, our wafer fabs, where our currently available and planned capacity rely on a smart combination of internal wafer fabs and a network of Foundry partners. We follow a number of principles consistent with our technology strategy and our ability to differentiate our offer through silicon.

Some technologies are completely outsourced: In Digital CMOS technologies beyond 28nm we rely on foundries for all application focus areas.

Some technologies are partially outsourced: a good example is Digital CMOS derivative technologies like eNVM which enable IoT and Smartphone applications.

Some technologies where ST has unique proprietary IP remain internal. These include differentiated CMOS technologies enabling Automotive applications or Analog & RF ASICs and Specialized imaging sensors. Differentiated Analog, Power and MEMS technologies also remain generally internal whatever the Application focus. However, we also have a flexible approach for these internal technologies as they mature and as foundry opportunities evolve. For example, this year we set up partial outsourcing to support strong BCD demand opportunities.

ST internal manufacturing competiveness relies on the smart combination of appropriately scaled wafer fabs, with some dedicated to differentiated processes (like in Agrate , Catania, Crolles and Tours) and some very high volume production fabs capability (like in Rousset

and Singapore). All of these fabs are engaged in continuous lean manufacturing improvement programs including an absolute focus on quality. And in each of them we have a stabilized and modular approach to adjust internal capacity to demand whether through technology mix or selective capacity additions.

In order to support our anticipated product portfolio mix and to fuel strong revenue growth in the second half of 2018 compared to the first half, we expect to invest approximately $1.0 to $1.1 billion.

In Front-End Manufacturing and R&D we will further expand capacity in in Crolles 12” within the current footprint to increase flexibility and support the introduction of new technologies.

In our Agrate facilities we will continue the mix evolution to advanced BCD and prepare for the 12” pilot line.

In Catania we are focused on capacity growth on 8” advanced BCD and 6” Silicon Carbide.

And in Singapore we will continue 8” capacity expansion for Power Discrete and BCD broadening our technology capabilities.

In Probing, Assembly & Testing we will continue to invest to align to revenues growth and new products, particularly in Silicon Carbide as well as new product lines for Automotive MCU and advanced BCD. We will also accelerate the pace of equipment modernization in our assembly and testing fabs.

With that, I would like to hand back over to Carlo.

Thank you, Jean-Marc.

As our review this morning has demonstrated, we exited 2017 with very strong revenue growth and significant improvement in our operating profitability and net income. In 2018, our objective is simple and straightforward – to leverage our achievements and to continue to drive sustainable and profitable growth thanks to our continued product leadership.

The progress we made in 2017, a truly successful year for ST, materialized during the 30th anniversary of the formation of the Company. We are very happy to be able to celebrate this milestone with a much stronger ST, with solid product leadership in IoT and Smart Driving, strong market position in Distribution and with major accounts and a world-class team of engaged employees. We are certainly very well set to continue to grow -and to leverage this growth to bring additional improvements to our 2017 financial performance.

My colleagues and I would now be happy to answer your questions.