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STMicroelectronics
Q3 2023 Financial Results

October 26, 2023

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 (such as inflation and fluctuations in supply chains), which may impact production capacity and 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;
- changes in economic, social, public health, labor, political, or infrastructure conditions in the locations where we, our customers, or our suppliers operate, including as a result of macroeconomic or regional events, geopolitical and military conflicts (including the ongoing conflict between Russia and Ukraine), 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 (including increasing costs resulting from inflation);
- the functionalities and performance of our information technology ("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, suppliers, partners and providers of third-party licensed technology;
- theft, loss, or misuse of personal data about our employees, customers, or other third parties, and breaches of data privacy legislation;
- the impact of intellectual property 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, the effects of climate change, health risks and epidemics or pandemics such as the COVID-19 pandemic in locations where we, our customers or our suppliers operate;
- increased regulation and initiatives in our industry, including those concerning climate change and sustainability matters and our goal to become carbon neutral on scope 1 and 2 and partially scope 3 by 2027;
- potential loss of key employees and potential inability to recruit and retain qualified employees as a result of epidemics or pandemics such as the COVID-19 pandemic, remote-working arrangements and the corresponding limitation on social and professional interaction;
- the duration and the severity of the global outbreak of COVID-19 may continue to negatively impact the global economy in a significant manner for an extended period of time, and also could materially adversely affect our business and operating results;
- 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 risks 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, 2022 as filed with the Securities and Exchange Commission ("SEC") on February 23, 2023. 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 press 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.

Unfavorable changes in the above or other risks or uncertainties listed under "Item 3. Key Information — Risk Factors" from time to time in our SEC filings, could have a material adverse effect on our business and/or financial condition.

Highlights

Q3 2023

- Net revenues of $4.43B came in above the guidance mid-point, and Q3 gross margin of 47.6% was 10 bps above guidance.
- Q3 net revenues increased 2.5% Y/Y. As expected, the revenue performance was driven mainly by continued growth in Automotive, partially offset by lower revenues in Personal Electronics.
- Y/Y gross margin remained stable at 47.6%, while, as expected, operating margin decreased to 28.0% from 29.4% and net income was stable at $1.09B.

9M 2023

- Net revenues increased 11.1% Y/Y to $13.0B , driven by growth in ADG and MDG, partially offset by a decline of AMS.
- Gross margin was 48.7%, operating margin was 27.6% and net income was $3.14B.

Q4 2023

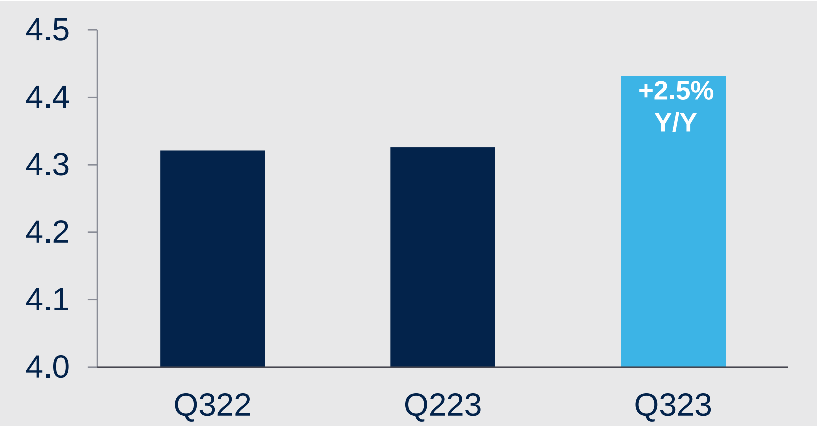
- Outlook at mid-point is for net revenues of $4.3B, declining Y/Y and Q/Q by about 3%.
- Gross margin expected to be about 46.0% at the mid-point.

FY 2023

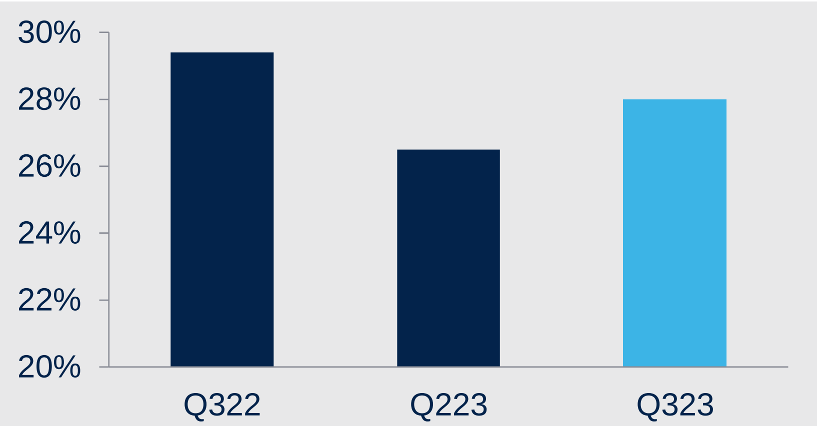
- The mid-point of Q4 guidance translates into FY 2023 revenues of about $17.3B, representing 7.3% Y/Y growth and a gross margin of about 48.1%.

Q3 2023 Financial highlights

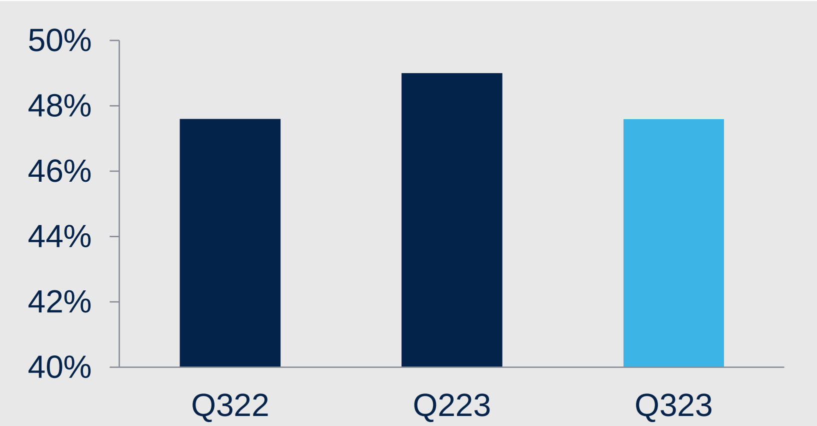
Revenues = $4.43B



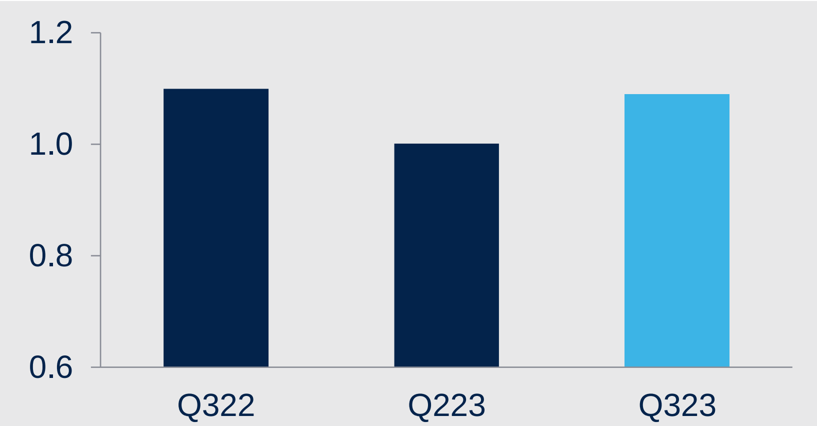
Operating Margin = 28.0%



Gross Margin = 47.6%



Net Income = $1.09B



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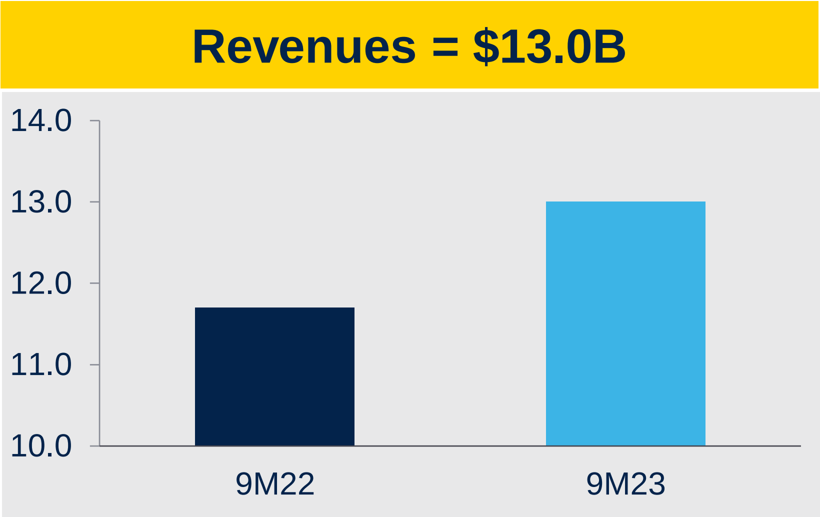
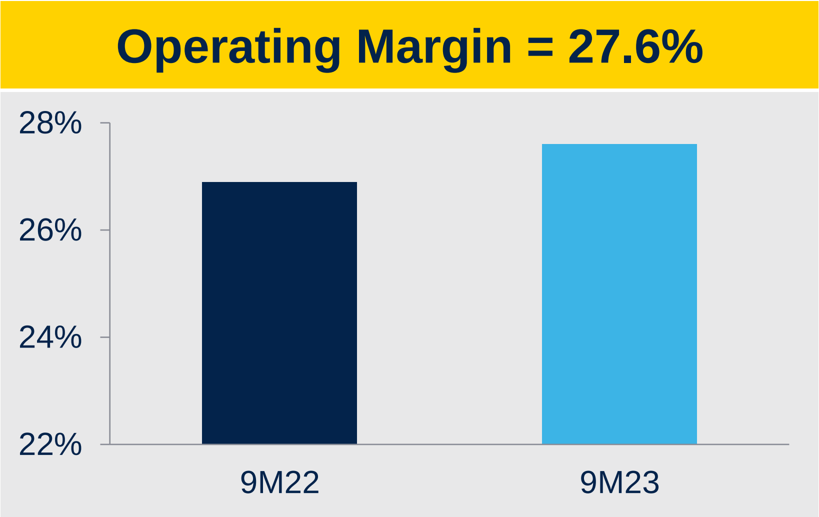
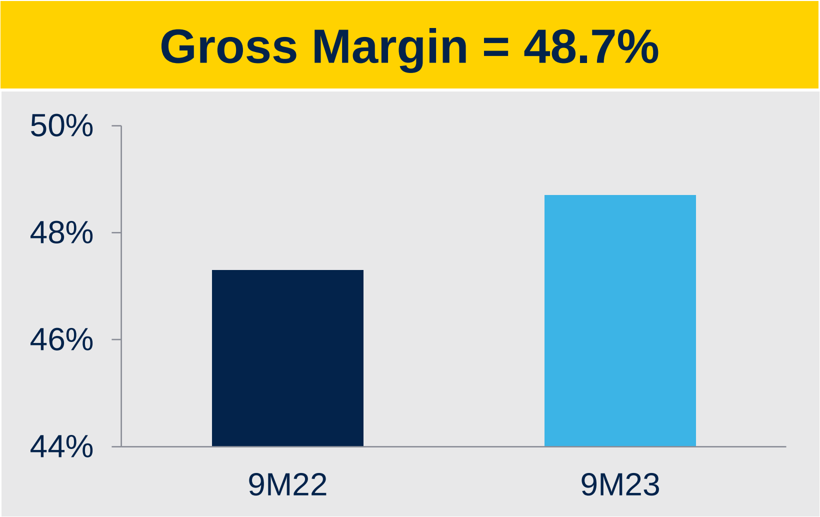
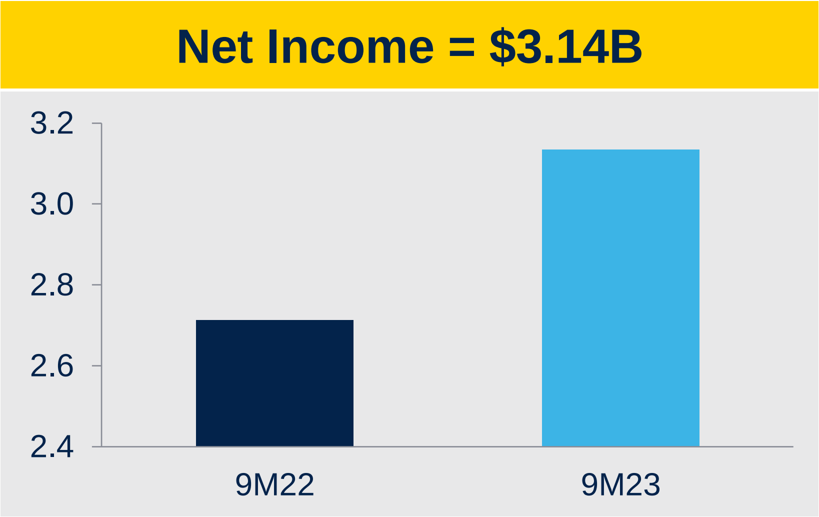
9M 2023 Financial highlights









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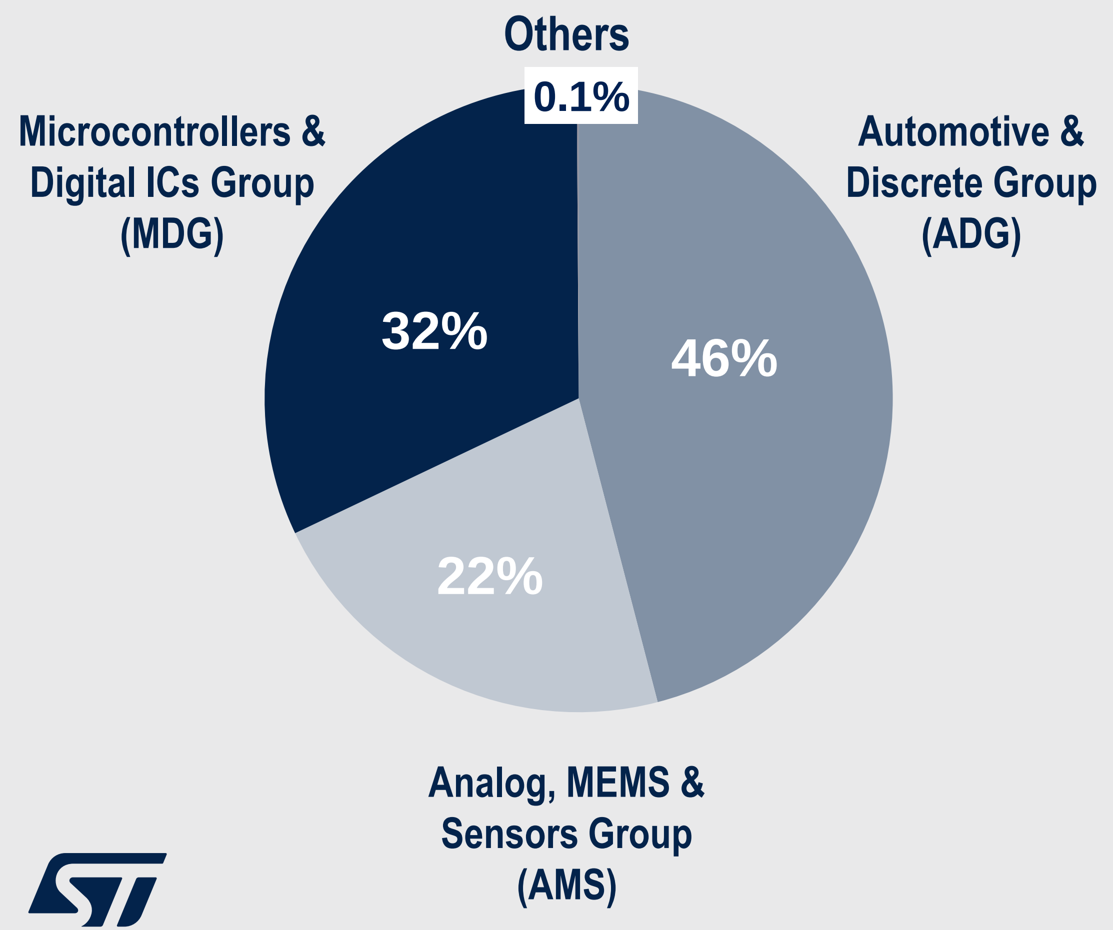
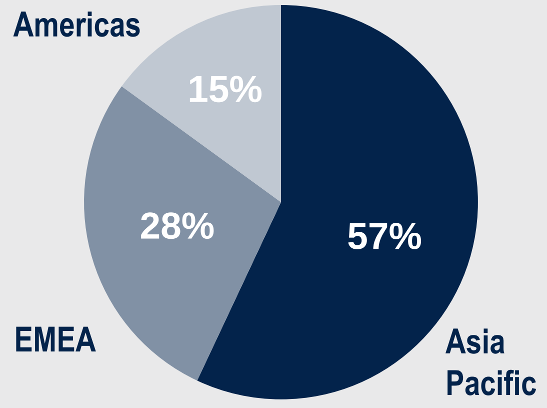
Q3 2023 Revenues

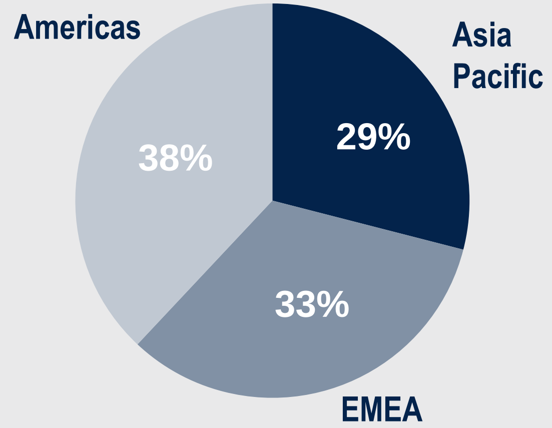
% by product group



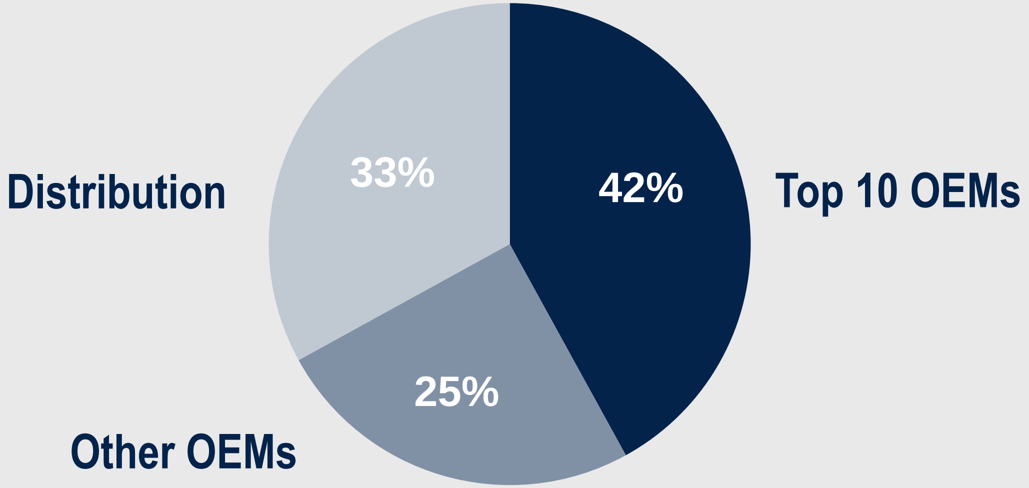
% by shipment location



% by region of origin



% by customer type



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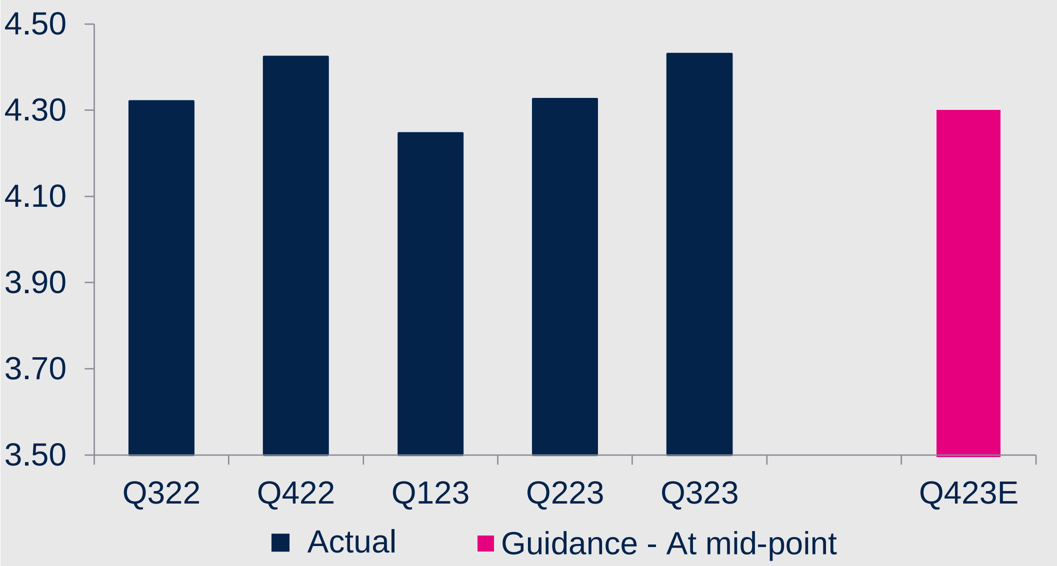
Revenues

Q323 Revenues = $4.43B



Q323 revenues up 2.5% Y/Y

- ADG and MDG revenues increased 29.6% and 2.8%, respectively, AMS revenues decreased 28.3%,
- Revenues to OEMs and Distribution increased 2.1% and 3.4%, respectively.

Q323 revenues up 2.4% Q/Q

- 130 bps above the mid-point of the Company's guidance,
- AMS up 5.3%, ADG up 3.6% and MDG down 1.0%.

Q423 Revenues Outlook

Down Q/Q by about 3% (+/- 350 bps)
Down Y/Y by about 3% at mid-point

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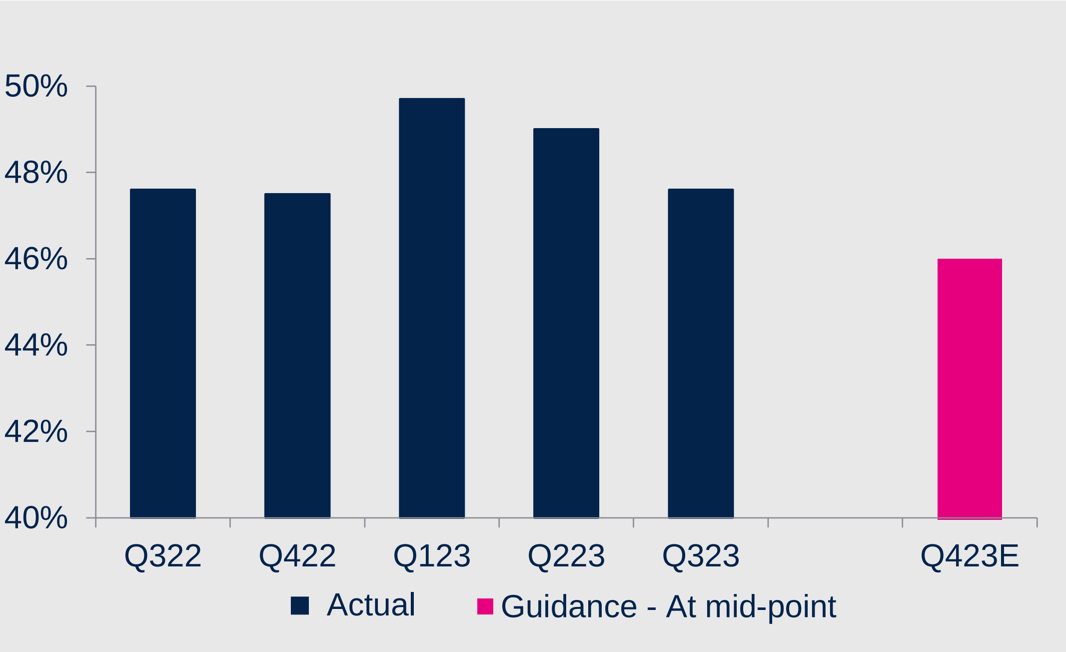
Gross margin

Q323 Gross Margin = 47.6%



Q323 Gross Margin

- Stable Y/Y, as improved product mix was offset by higher manufacturing costs and unused capacity charges,
- Down 140 bps Q/Q,
- 10 bps above the mid-point of the Company's guidance.

Q423 Gross Margin Outlook

About 46.0% (+/- 200 bps)

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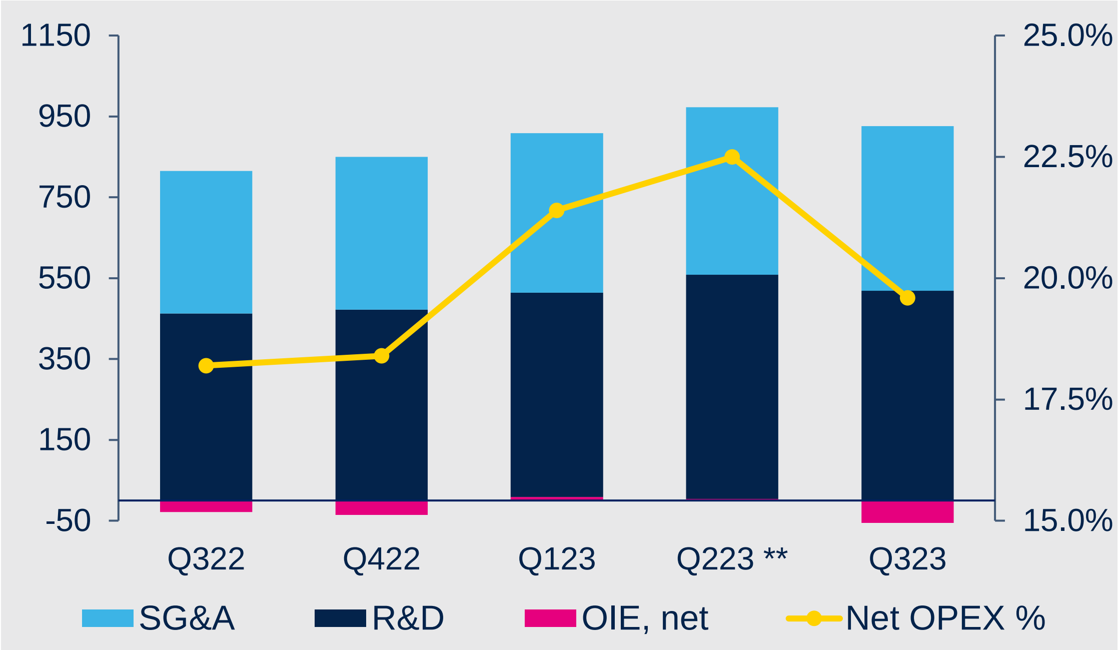
Net operating expenses*

Q323 Net Operating Expenses = $868M



Q323 Combined SG&A and R&D at $926M

- 20.9% of revenues.

Q323 Net Operating Expenses at $868M

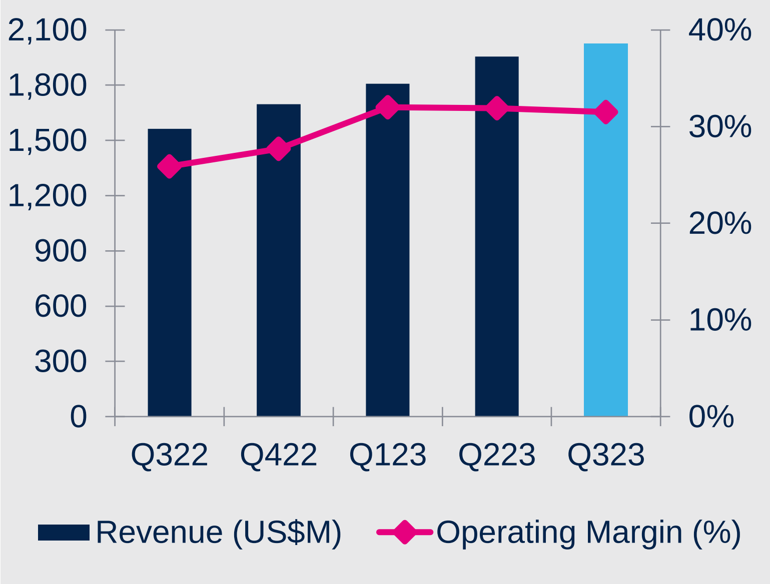
- 19.6% of revenues.

* Net operating expenses: R&D + SG&A + Other expenses (- Other income)
** Q223 Net operating expenses included negative non-recurring non-cash items amounting to $34M

Q3 2023 Product group results

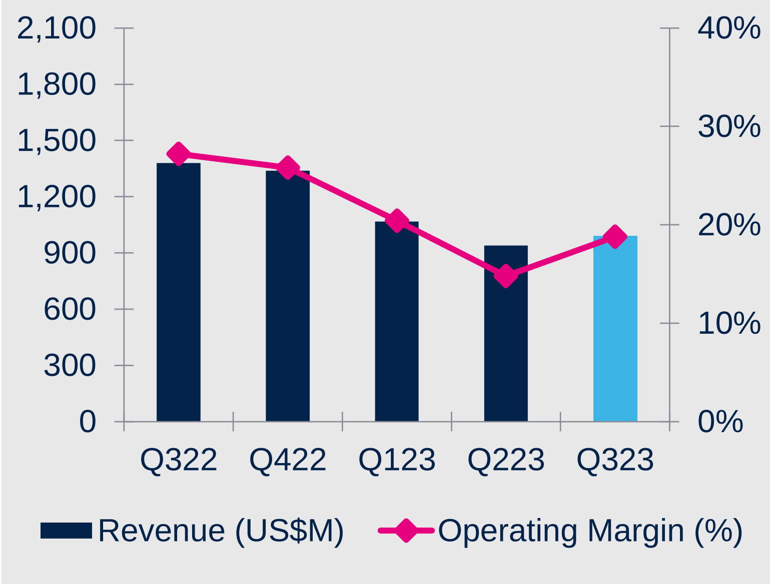
Automotive & Discrete (ADG)

Revenues = $2,025M
Operating Margin = 31.5%



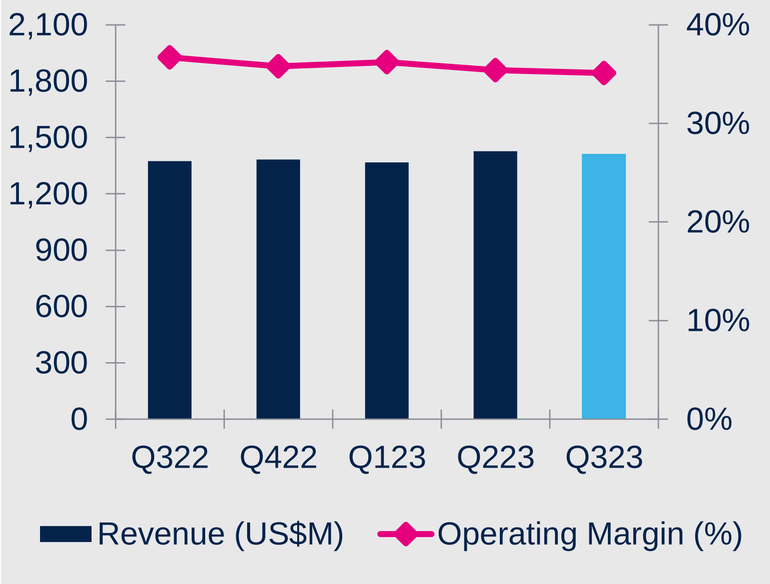
Analog, MEMS & Sensors (AMS)

Revenues = $990M
Operating Margin = 18.8%



Microcontrollers & Digital ICs (MDG)

Revenues = $1,412M
Operating Margin = 35.1%



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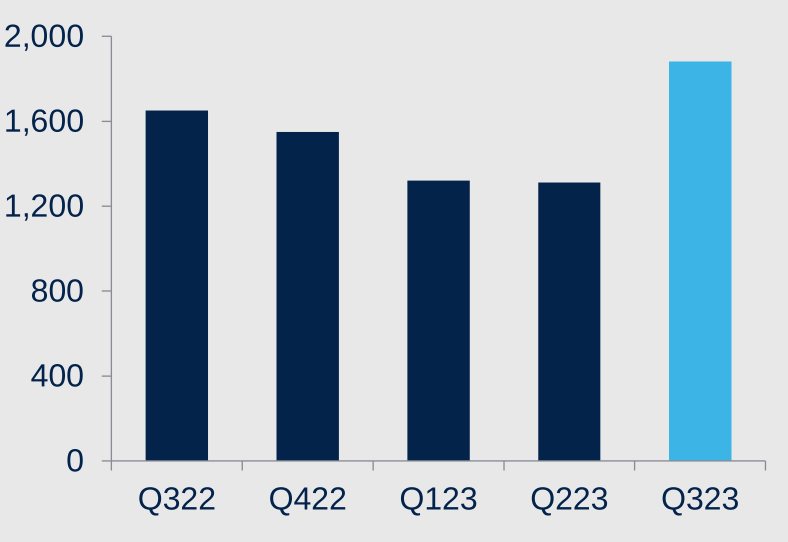
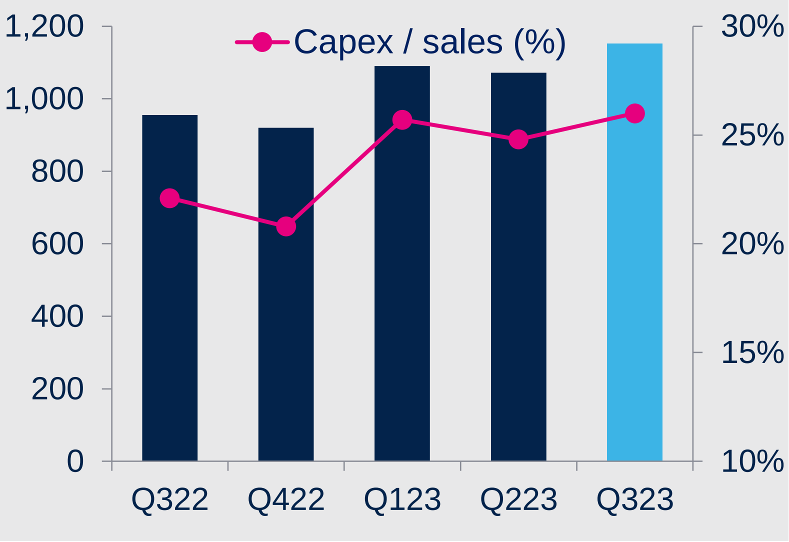
Q3 2023 Financial flexibility

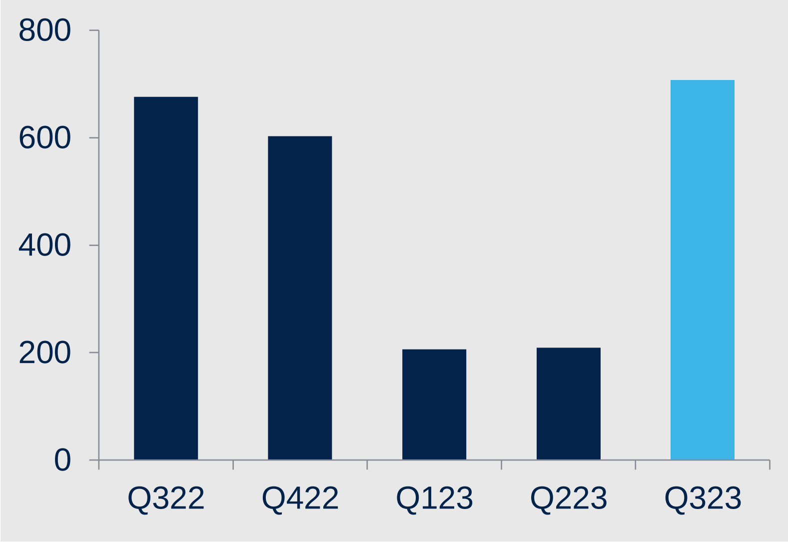
Net Cash From Operating Activities = $1,881M



Net Capex* = $1,152M



Free Cash Flow = $707M**



Cash dividends paid to stockholders totaled $58M in Q323.

In Q323 we repurchased shares totaling $87M under our current share repurchase program.

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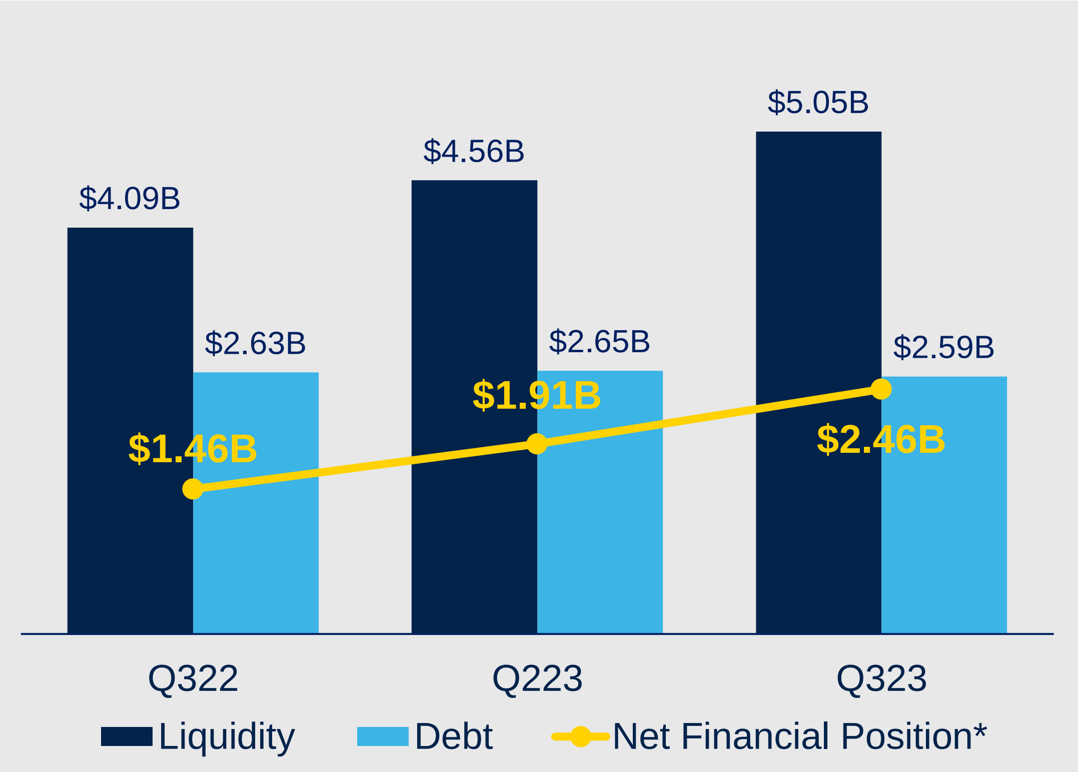
***Net Capex:** Capital expenditure payments, net of proceeds from sales, capital grants and other contributions.
****Non-U.S. GAAP measure**. See Appendix for additional information explaining why the Company believes these measures are important.

Solid capital structure



ST is in a solid position from a capital, liquidity and balance sheet perspective.

ST credit rating is well within investment grade with Positive Outlook from S&P and Moody's (BBB, Baa2 respectively).
Fitch with stable outlook with a notch higher than the other two rating agencies (BBB+).

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

Wide bandgap semiconductor momentum

Volume production of PowerGaN devices
Supported by galvanically isolated drivers

Silicon Carbide
94 customers - 150 projects

2023 Silicon Carbide revenues ~$1.2B

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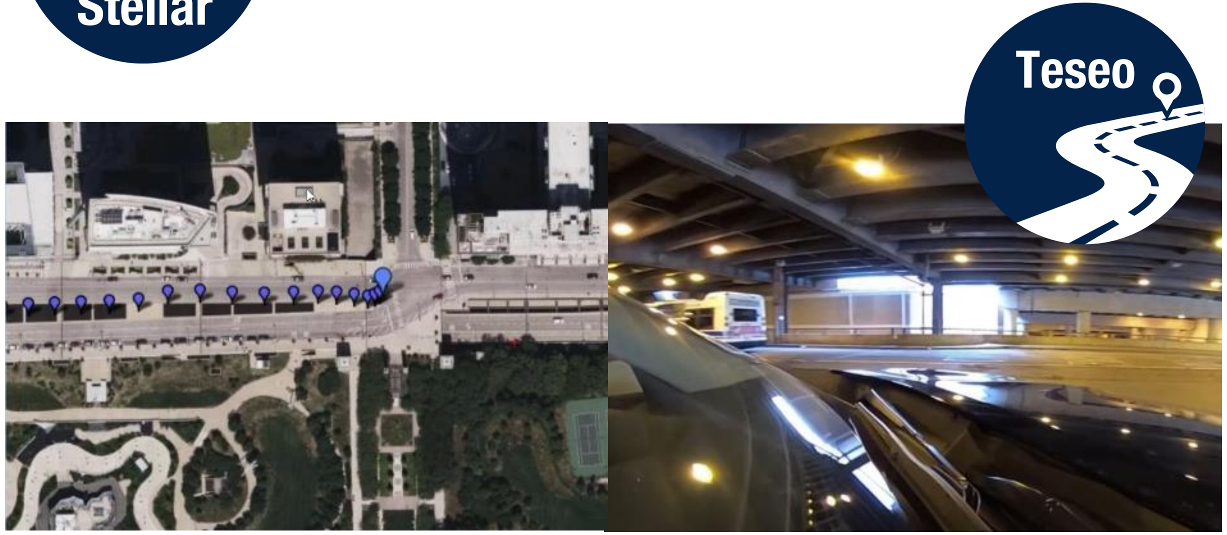
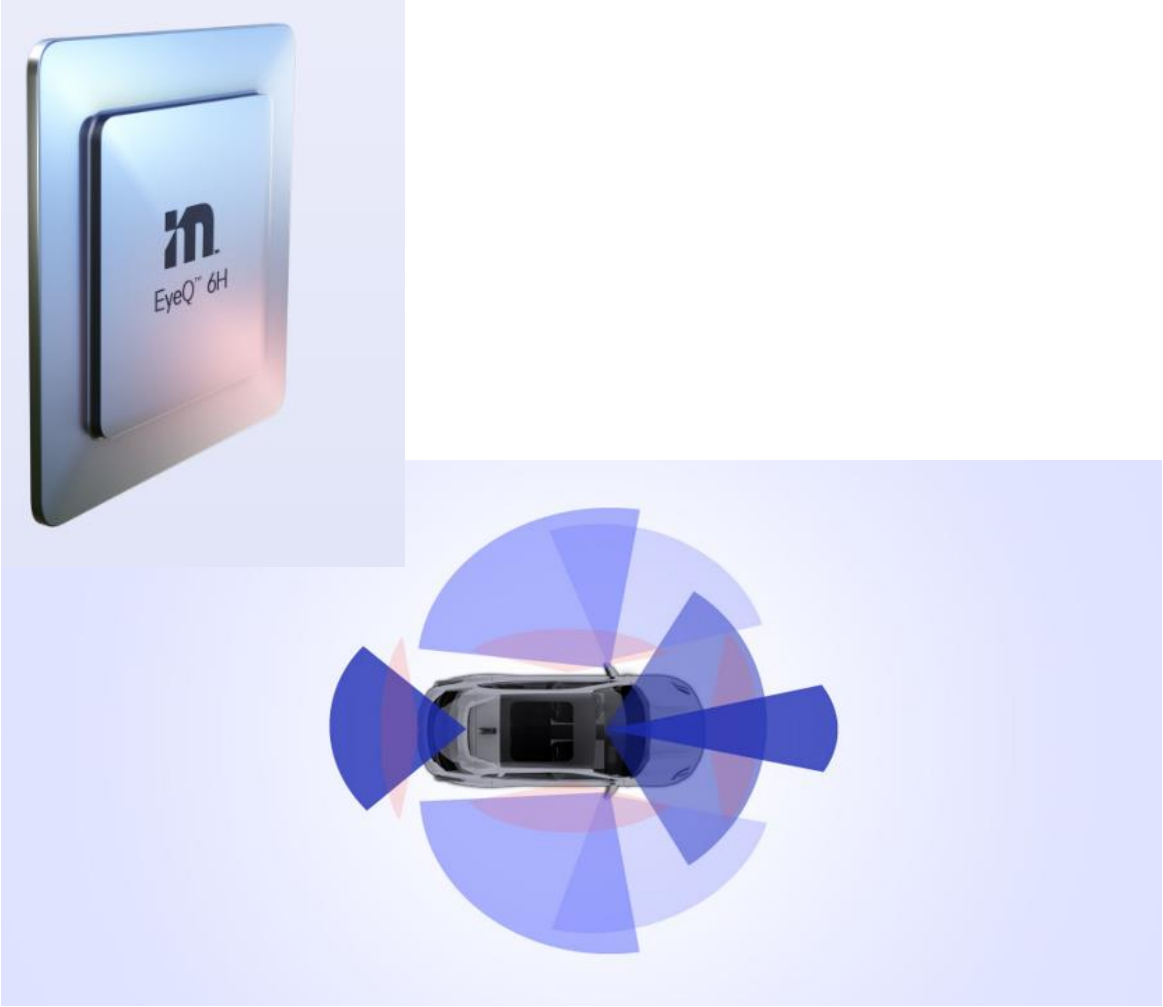
Momentum in automotive digitalization





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ST Industrial Summit 2023 - Shenzhen, China

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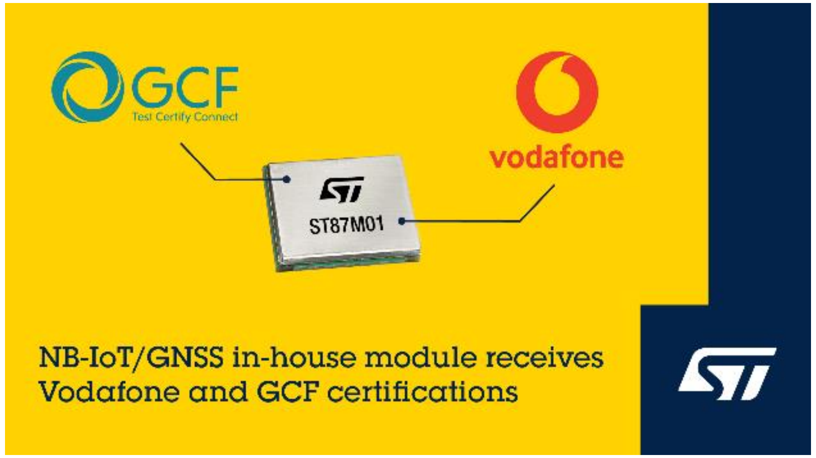
Product & ecosystem expansion for industrial customers



Edge AI tools & ecosystem

STM32 Cube.AI

- Model conversion
- NPU Graph optimizer
- Memory optimization
- Code optimization

STM32 Cube.AI Developer cloud

Neural processor-enabled MCU

STM32

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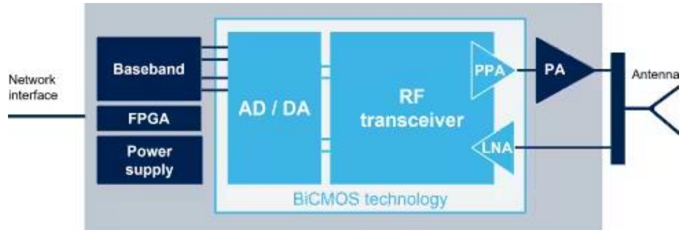
Expanding business in RF communications

BiCMOS Technology



Q4 2023 Outlook

Net Revenues

Q423 outlook, at the mid-point, is for net revenues of **$4.3B**, declining Y/Y and Q/Q by about 3%, plus or minus 350 bps.

Gross Margin

Gross margin is expected to be about **46.0%**, +/- 200 bps.

This outlook is based on an assumed effective currency exchange rate of approximately $1.08 = €1.00 for the 2023 fourth quarter and includes the impact of existing hedging contracts.

The fourth quarter will close on December 31, 2023.

FY 2023 Plan

For FY 2023, the mid-point of our Q4 guidance translates into revenue growth of about 7.3% to $17.3B, with a gross margin of 48.1%.

The $17.3B is consistent with the indicated range we provided late July. The $100M difference at mid-point relates mainly to the industrial end market in Asia where the level of orders materializing towards the end of Q3 to load our Q4 backlog has been below our expectations.

We confirm our 2023 net capex plan of about $4.0B.

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Appendix

Historical financial performance

In US$M, except EPS	Q122	Q222	Q322	9M22	Q422	FY22	Q123	Q223	Q323	9M23
Net Revenues	3,546	3,837	4,321	11,704	4,424	16,128	4,247	4,326	4,431	13,004
Gross Margin	46.7%	47.4%	47.6%	47.3%	47.5%	47.3%	49.7%	49.0%	47.6%	48.7%
Operating Income **Operating Margin**	877 24.7%	1,004 26.2%	1,272 29.4%	3,153 26.9%	1,287 29.1%	4,439 27.5%	1,201 28.3%	1,146 26.5%	1,241 28.0%	3,588 27.6%
Net Income – Reported	747	867	1,099	2,713	1,248	3,960	1,044	1,001	1,090	3,135
EPS Diluted ($/share)	0.79	0.92	1.16	2.87	1.32	4.19	1.10	1.06	1.16	3.32
Free Cash Flow* **Net Financial Position***	82 840	230 924	676 1,457	988 1,457	603 1,801	1,591 1,801	206 1,855	209 1,914	707 2,463	1,122 2,463
Effective Exchange Rate €/$	1.15	1.12	1.08	1.11	1.04	1.10	1.06	1.08	1.09	1.08

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

Appendix

- **Net financial position (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. ST believes 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. This definition ultimately results in net cash from operating activities plus payment for purchase (and proceeds from sale) of tangible, intangible and financial assets, proceeds from capital grants and other contributions, and net cash paid for business acquisitions, if any. ST believes 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 from, 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:** include 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 and incidents leading to power outage, impairment, restructuring charges and other related closure costs, management reorganization costs, start-up and phase-out 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)	Q122	Q222	Q322	9M22	Q422	FY22	Q123	Q223	Q323	9M23
Unused Capacity Charges	9	13	-	22	-	22	1	15	46	63

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