ST stands for life.augmented

Everywhere microelectronics make a positive contribution to people’s lives, ST is there

• A global semiconductor leader with an application strategic focus
• 2015 revenues of $6.90B
• Listed: NYSE, Euronext Paris and Borsa Italiana, Milan
• Approximately 43,200 employees worldwide
• Approximately 8,300 people working in R&D
• Portfolio of over 9,400 patent families
• 11 manufacturing (front and back-end) sites
• Over 75 sales & marketing offices
Analog & MEMS (AMG): $1.67B
Automotive & Discrete (ADG): $2.73B
Microcontrollers & Digital ICs (MDG)*: $2.02B
Imaging: 3%
Smart Driving
Smart Industry
Smart Home & City
Smart Things

* For illustrative purposes. Discontinued businesses include set-top box, camera modules and the former ST-Ericsson products.
revenues by location of shipment (%)

- Americas: 58%
- Asia Pacific*: 32%
- EMEA: 16%

2015 $6.9B

revenues by region of origin (%)

- Americas: 36%
- EMEA: 32%
- Asia Pacific*: 26%

2015 $6.9B

* Combination of former Japan & Korea and Greater China & South Asia regions
Transforming our Customer Base

Top 20 OEMs:
(alphabetically)
- Apple
- Bosch
- Ciena
- Cisco
- Conti
- Delta
- Denso
- Finisar
- HP
- Huawei
- Marelli
- Mobileye
- Philips
- Samsung
- Seagate
- Sirius
- Technicolor
- Valeo
- Western Digital
- ZF-TRW

- React to Nokia Business
- Customer Diversification
- Better Balance by Application
- Preparing to Restart Growth

Growing in Distribution

2010
- Top 20 OEMs
- Other OEMs

2015
- Top 20 OEMs
- Other OEMs

Growing with most of the Top 20 Customers*

- Smartphone
- Networking
- Automotive
- PC & Home Lighting

2015/2010 Index of Sales to 2015
Top 20 Customers by Application*

Revenues (US$M)

*Excluding discontinued businesses
Returning to Revenue Growth

Focus on growth...

Microcontrollers and automotive already growing Y-o-Y

Power discrete, AMG and Imaging targeting sequential growth from current quarter and Y-o-Y growth 2H16/2H15

Gain market share
- Focus on key customers
- Continue expansion of customer base, particularly in mass market
- Sustain momentum in microcontrollers and automotive
- Stabilize position in analog and power discrete
- Recover in MEMS

Boost sales & marketing support and product development
- Increase sales & marketing efforts across all regions
- Redeploy ~600 people to support and accelerate growth of microcontrollers, digital automotive and ASICs

*Discontinued businesses include set-top box, camera modules and the former ST-Ericsson products
Focusing on Businesses with above Market Growth

- All addressed end-markets are expected to grow between 2015-18
- 100% of ST's revenues are in businesses expected to grow above the industry average in the next 3 years
- ~60% of ST's revenues grew in the last two years

Note: Size of bubble is proportional to ST’s revenue.

Source: Company data, WSTS
Gross Margin Initiatives

**Improve product mix**
- Increase revenues from value-add and differentiated new products / innovation / new technologies
- Decrease revenues from low margin discontinued products while executing on the Set-Top Box restructuring plan

**Manufacturing excellence**
- Improve fab loading, particularly in 12” with expanded technology mix
- Volume to reduce wafer cost in almost all fabs
- Continue capacity conversion from 6” to 8”
- Technology evolution, improved loading and performance of Front and Back-end plants
- Assembly cost and yields

**Favorable Currency Effects, net of hedging**

---

*Base FY2015*
Ongoing execution of the Set-Top Box restructuring plan

- Annualized savings at completion of plan estimated at $170M per year
- Restructure ~1,400 headcount
- Redeploy ~600 people to accelerate product development principally in digital automotive and microcontrollers

Favorable Currency Effects, net of hedging**

*Net Operating Expenses: R&D + SG&A – recurring R&D grants  ** Base FY2015
A Solid Capital Structure

Free Cash Flow* generation

-200 0 200 400

2013 2014 2015

-179 197 327

Free Cash Flow* (US$M)

Capital Expenditures

0 500 1000 1500


Dividends distribution

0 100 200 300 400


Dividends (US$M)


Yield (%)

2.0% 3.0% 4.0% 5.0% 6.0%

End of period (US$M)

Dec 31 2014 Dec 31 2015 Apr 2 2016

Total Liquidity 2,351 2,106 2,040

Total Financial Debt (1,801) (1,612) (1,601)

Net Financial Position* 550 494 439

-179 0 200 400

2013 2014 2015

-179 0 200 400

2013 2014 2015

Free Cash Flow* generation

Net Cash Balance

Capital Expenditures

Dividends distribution

*Non-GAAP measures – see Appendix

Avg Yield:4.3%

2013 2014 2015 2016e

Dividends (US$M)

Avg Yield:4.3%

2013 2014 2015 2016e

Dividends (US$M)

Avg Yield:4.3%

2013 2014 2015 2016e

Dividends (US$M)

Avg Yield:4.3%

2013 2014 2015 2016e

Dividends (US$M)

Avg Yield:4.3%

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2013 2014 2015 2016e

Dividends (US$M)

Avg Yield:4.3%

2013 2014 2015 2016e

Dividends (US$M)

Avg Yield:4.3%
Automotive and Discrete (ADG)

Financial Performance

ADG at a glance and contribution to ST 1Q16 sales

Dedicated Automotive ICs:
- ADAS
- Chassis
- Powertrain
- Body Electronics
- Infotainment
- Automotive-grade 32-bit microcontrollers

Power Discrete:
- MOSFET, including Silicon Carbide
- IGBT and Power Bipolar Transistors
- Power rectifiers, TRIACs and protections
- Passive integration products
Financial Performance

AMG at a glance and contribution to ST 1Q16 sales

MEMS Sensors
- Motion
- Acoustic
- Environmental

MEMS Micro-actuators
- Mirrors
- Thermal / piezoelectric

Smart Power and Analog
- Industrial and power conversion
- General purpose analog
- Wired and wireless connectivity
- Power Management IC for mobile and portable
- Touchscreen controller

Revenue (US$M) Operating Margin (%)
0% 10%
5%
100 200 300 400 500
1Q15 2Q15 3Q15 4Q15 1Q16

23%
Microcontrollers and Digital ICs (MDG)

Financial Performance

MDG at a glance and contribution to ST 1Q16 sales

Microcontrollers:
- General Purpose
- Secure

Memories:
- EEPROM

ASICs:
- Digital including FD-SOI
- Mixed-process Technologies including Silicon Photonics

Also includes discontinued business of Set-Top Box and former ST-Ericsson products
New Groups Profitability in 2015
A starting point for improvement

Automotive & Discrete Group (ADG)

Analog & MEMS Group (AMG)

Microcontrollers & Digital ICs Group (MDG)(a)

Note: Size of bubble is proportional to revenue. Operating income before impairment and restructuring as a percentage of sales, excluding allocation of unused capacity charges.

(a) MDG excludes Set-Top Box business and former ST-Ericsson products
Revenue Drivers & Opportunities

**ADG 2015 Revenues**
- $2.73B
- Automotive: $1.67B
- Power Discrete: $1.06B

- Leverage on technology leadership in Smart Power, eNVM, RF, FD-SOI and SiC
- Automotive-grade 32-bit MCU
- ADAS (Vision & Radar)
- Infotainment (Multimedia and Telematics, Navigation, Connectivity)
- ASIC and ASSP for Automotive
- ICs and discrete for car lighting
- Silicon Carbide products, MOSFET and IGBT for car electrification

**AMG 2015 Revenues**
- $1.67B
- Analog: $1.1B
- MEMS: $0.57B

- Leverage on technology leadership in Analog and Smart Power and MEMS
- Wired and Wireless connectivity for IoT
- General purpose analog
- Power management in servers, smartphones and industrial
- Analog ASICs for industrial
- Automotive MEMS
- Micro-actuators
- Consumer MEMS recovery

**MDG 2015 Revenues**
- $2.29B
- MCU: $1.2B
- Digital: $1.09B

- Leverage on technology leadership in eNVM, FD-SOI and RF
- General Purpose STM32 MCU
- Advanced Secure Element
- Secure contactless: banking / ID
- RF EEPROM
- Digital ASICs on FD-SOI
- Optical module ICs leveraging Silicon Photonics and BiCMOS

**Others 2015 Revenues**
- $204M
- Imaging: $104M
- Others: $100M

- Leverage on technology in CMOS sensors and pioneering “Time of Flight” Technology
- Specialized imaging sensors
## Profitability Drivers & Opportunities

### 2015 Operating Results by Product Group

<table>
<thead>
<tr>
<th></th>
<th>ADG 7.1%</th>
<th>AMG 6.5%</th>
<th>MDG 12.7%</th>
<th>Others -$157M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set-Top Box</td>
<td>-$250M</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 2015 Operating Results

<table>
<thead>
<tr>
<th>Factor</th>
<th>ADG 7.1%</th>
<th>AMG 6.5%</th>
<th>MDG 12.7%</th>
<th>Others -$157M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage on Revenue Growth</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Technology Mix in Crolles 12&quot; (eNVM)</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>6&quot; to 8&quot; conversion in Power and Analog Fabs</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>8&quot; to 12&quot; Products Evolution</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assembly Cost and Yields</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Value-add and Differentiated New Products</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Product Mix</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Low Margin Discontinued Products (STB, Camera mod)</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Execution of Set-Top Box Restructuring</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Favorable Currency Effects</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Reduce Net Expenses</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
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</table>

Note: Base FY2015
### Profitability Drivers & Opportunities

<table>
<thead>
<tr>
<th>Leverage on Revenue Growth</th>
<th>Fab Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Mix in Crolles 12” (eNVM)</td>
<td>Wafer Cost</td>
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<td>6” to 8” conversion in Power and Analog Fabs</td>
<td>Product Mix</td>
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<tr>
<td>8” to 12” Products Evolution</td>
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</tr>
<tr>
<td>Assembly Cost and Yields</td>
<td></td>
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</tr>
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<td>Favorable Currency Effects</td>
<td></td>
</tr>
</tbody>
</table>

---

**2015 Operating Results by Product Group**

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<tr>
<th></th>
<th>ADG</th>
<th>AMG</th>
<th>MDG</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.1%</td>
<td>6.5%</td>
<td>12.7%</td>
<td>-$157M</td>
</tr>
</tbody>
</table>

- **Set-Top Box** - $250M

---

**Mid-term Target**

- >10%
- Mid-high single digit %
- >10%
- Profit

---

**2015 Operating Results by Product Group**

- **ADG** 7.1%
- **AMG** 6.5%
- **MDG** 12.7%
- **Others** - $157M

---

**Profitability Drivers & Opportunities**

- **Profitability Drivers**
  - **ADG** 7.1%
  - **AMG** 6.5%
  - **MDG** 12.7%
  - **Others** - $157M

---

**2015 Operating Results**

- **Set-Top Box**
  - $250M

---

**Product Mix**

- **Mid-term Target**
  - >10%
  - Mid-high single digit %
  - >10%
  - Profit

---

**Mid-term Target**

- >10%
- Mid-high single digit %
- >10%
- Profit
ST Revenue Focus:
Addresses high-growth areas to boost profitability

ST focused on:
- Revenue growth
- Capturing industry megatrends

Leveraging:
- Leading customer base
- Manufacturing initiatives
- Set-top box restructuring

Note: Size of bubble is proportional to ST’s revenue.

Source: Company data, WSTS
Appendix
In 1Q16, ST realigned its product families into three product groups: Automotive and Discrete Group (ADG); Analog and MEMS Group (AMG) and Microcontrollers and Digital ICs Group (MDG). MDG includes ST’s set-top-box business which is currently undergoing a restructuring targeting annualized savings of $170 million upon completion. All prior-period amounts have been retrospectively aligned to the 2016 reporting segments.

<table>
<thead>
<tr>
<th>Million US$</th>
<th>1Q15</th>
<th>2Q15</th>
<th>3Q15</th>
<th>4Q15</th>
<th>FY15</th>
<th>1Q16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Automotive and Discrete Group (ADG)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Net Revenues</td>
<td>674</td>
<td>714</td>
<td>706</td>
<td>637</td>
<td>2,731</td>
<td>671</td>
</tr>
<tr>
<td>- Operating Income (Loss)</td>
<td>36</td>
<td>46</td>
<td>68</td>
<td>44</td>
<td>194</td>
<td>39</td>
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<tr>
<td><strong>Analog and MEMS Group (AMG)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Net Revenues</td>
<td>445</td>
<td>445</td>
<td>411</td>
<td>370</td>
<td>1,671</td>
<td>369</td>
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<tr>
<td>- Operating Income (Loss)</td>
<td>37</td>
<td>30</td>
<td>34</td>
<td>8</td>
<td>109</td>
<td>2</td>
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<tr>
<td><strong>Microcontrollers and Digital ICs Group (MDG)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Net Revenues</td>
<td>530</td>
<td>558</td>
<td>590</td>
<td>614</td>
<td>2,292</td>
<td>532</td>
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<tr>
<td>- Operating Income (Loss)</td>
<td>(28)</td>
<td>(1)</td>
<td>22</td>
<td>36</td>
<td>29</td>
<td>(3)</td>
</tr>
<tr>
<td>**Others *</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Net Revenues</td>
<td>56</td>
<td>43</td>
<td>57</td>
<td>47</td>
<td>203</td>
<td>41</td>
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<tr>
<td>- Operating Income (Loss)</td>
<td>(64)</td>
<td>(63)</td>
<td>(33)</td>
<td>(63)</td>
<td>(223)</td>
<td>(71)</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Net Revenues</td>
<td>1,705</td>
<td>1,760</td>
<td>1,764</td>
<td>1,668</td>
<td>6,897</td>
<td>1,613</td>
</tr>
<tr>
<td>- Operating Income (Loss)</td>
<td>(19)</td>
<td>12</td>
<td>91</td>
<td>25</td>
<td>109</td>
<td>(33)</td>
</tr>
</tbody>
</table>

* See appendix
## Financial Performance

### In US$M, except EPS

<table>
<thead>
<tr>
<th></th>
<th>1Q15</th>
<th>2Q15</th>
<th>3Q15</th>
<th>4Q15</th>
<th>FY14*</th>
<th>FY15</th>
<th>1Q16</th>
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<tbody>
<tr>
<td><strong>Net Revenues</strong></td>
<td>1,705</td>
<td>1,760</td>
<td>1,764</td>
<td>1,668</td>
<td>7,404</td>
<td>6,897</td>
<td>1,613</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>33.2%</td>
<td>33.8%</td>
<td>34.8%</td>
<td>33.5%</td>
<td>33.7%*</td>
<td>33.8%</td>
<td>33.4%</td>
</tr>
<tr>
<td><strong>Operating Income (Loss) before impairment, restructuring</strong></td>
<td>10</td>
<td>33</td>
<td>102</td>
<td>29</td>
<td>258*</td>
<td>174</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>Operating Margin before impairment, restructuring</strong></td>
<td>0.6%</td>
<td>1.9%</td>
<td>5.8%</td>
<td>1.7%</td>
<td>3.5%</td>
<td>2.5%</td>
<td>(0.3%)</td>
</tr>
<tr>
<td><strong>Net Income – Reported</strong></td>
<td>(22)</td>
<td>35</td>
<td>90</td>
<td>2</td>
<td>128*</td>
<td>104</td>
<td>(41)</td>
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<tr>
<td><strong>EPS Diluted</strong></td>
<td>(0.03)</td>
<td>0.04</td>
<td>0.10</td>
<td>0.00</td>
<td>0.14</td>
<td>0.12</td>
<td>(0.05)</td>
</tr>
<tr>
<td><strong>Adjusted EPS Diluted</strong></td>
<td>0.01</td>
<td>0.06</td>
<td>0.12</td>
<td>0.00</td>
<td>0.29</td>
<td>0.19</td>
<td>(0.02)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>41</td>
<td>53</td>
<td>85</td>
<td>148</td>
<td>197</td>
<td>327</td>
<td>31</td>
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<tr>
<td><strong>Net Financial Position</strong></td>
<td>512</td>
<td>459</td>
<td>459</td>
<td>494</td>
<td>550</td>
<td>494</td>
<td>439</td>
</tr>
<tr>
<td><strong>Effective Exchange Rate €/$</strong></td>
<td>1.23</td>
<td>1.17</td>
<td>1.16</td>
<td>1.11</td>
<td>1.34</td>
<td>1.17</td>
<td>1.10</td>
</tr>
</tbody>
</table>

* Includes Nano2017 catch-up: the European Union approved the funding for the Nano2017 R&D program for the period 2013 to 2017 in June 2014; as a consequence, FY14 include a pre-tax profit of $97 million for grants related to FY13 (including 18 bps impact in gross margin)

**See appendix
### Pre-Tax Items to Adjusted Earnings*

<table>
<thead>
<tr>
<th></th>
<th>1Q15</th>
<th>2Q15</th>
<th>3Q15</th>
<th>4Q15</th>
<th>1Q16</th>
</tr>
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<tr>
<td><strong>U.S. GAAP Net Earnings</strong></td>
<td>(22)</td>
<td>35</td>
<td>90</td>
<td>2</td>
<td>(41)</td>
</tr>
<tr>
<td>Impairment &amp; Restructuring</td>
<td>29</td>
<td>21</td>
<td>11</td>
<td>4</td>
<td>28</td>
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<tr>
<td>Estimated Income Tax Effect</td>
<td>(1)</td>
<td>(1)</td>
<td>-</td>
<td>(4)</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Adjusted Net Earnings</strong>*</td>
<td>6</td>
<td>55</td>
<td>101</td>
<td>2</td>
<td>(16)</td>
</tr>
</tbody>
</table>

* See appendix
• **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 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 $10 million, $30 million, and $19 million of unused capacity charges in the first quarter of 2016 and fourth and first quarters of 2015, respectively; and $28 million, $4 million, and $29 million of impairment, restructuring charges, and other related closure costs in the first quarter of 2016 and fourth and first quarters of 2015, respectively.