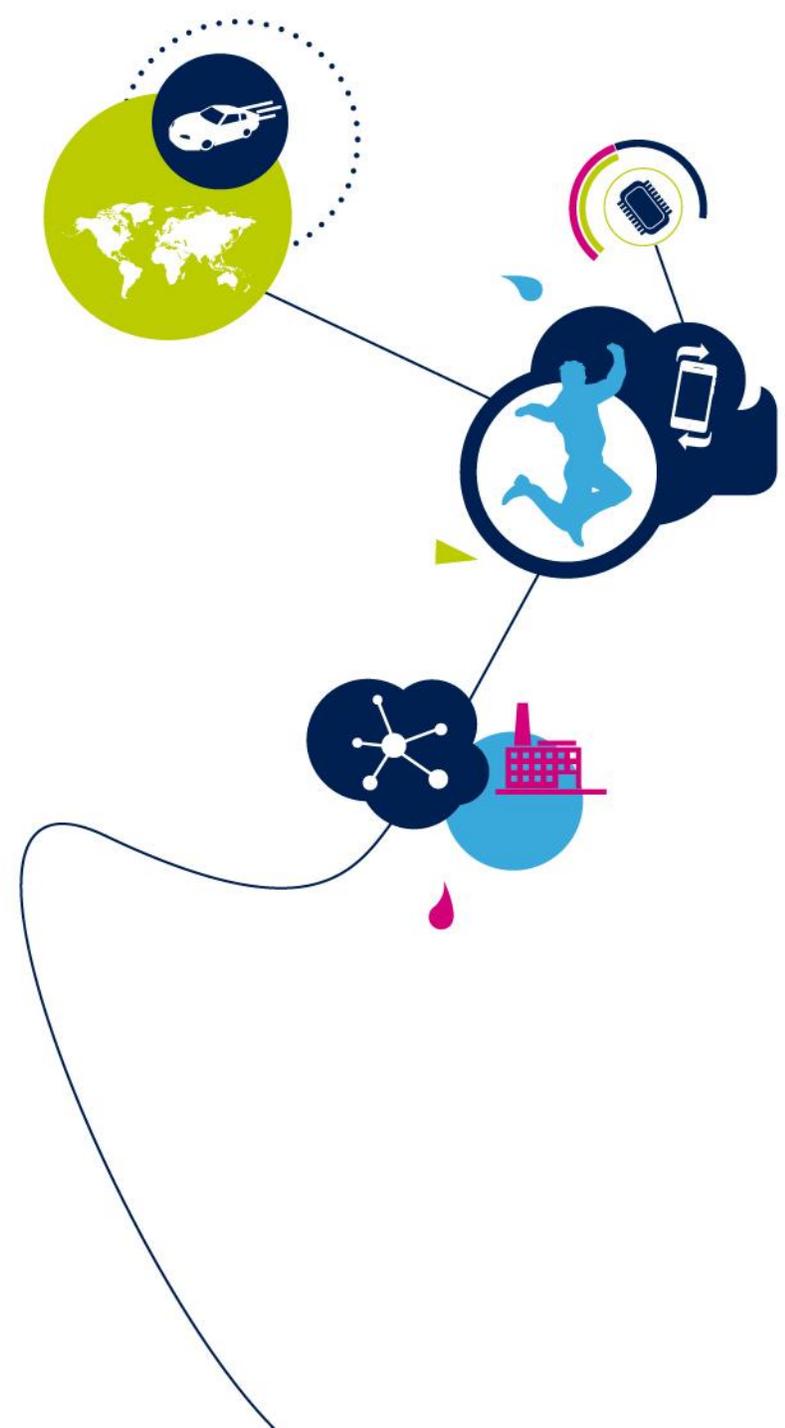


STMicroelectronics Q4 & FY 2019 Financial Results

January 23, 2020



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, which may impact end-market demand for our products;*
- The Brexit vote and 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. The date set for the U.K. withdrawal from the EU is January 31, 2020 and the U.K. majority government is expected to complete Brexit even if no formal withdrawal agreement is in place with the EU by the end of the transition period running until December 31, 2020. The specific terms of the U.K. withdrawal from the EU are still uncertain and 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;*
- 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, 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;*
- 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;*
- The functionalities and performance of our 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 or suppliers;*
- Theft, loss, or misuse of personal data about our employees, customers, or other third parties, and breaches of global and local privacy legislation, including the EU's General Data Protection Regulation ("GDPR");*
- 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;*
- 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, health risks and epidemics in locations where we, our customers or our suppliers operate;*
- 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 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, 2018, as filed with the SEC on February 28, 2019. 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.

- **Q419**

- We delivered a solid Q4. Net revenues, at \$2.75 billion, grew 7.9% sequentially, above the mid-point of our guidance of 5%, with all product groups contributing to the growth;
- Gross margin was 39.3%, 110 basis points higher than the mid-point of our guidance;
- Operating margin was 16.7% and net income was \$392 million.

- **FY19**

- We delivered results aligned with the full year expectations we provided in April 2019;
- Net revenues were \$9.56 billion, gross margin of 38.7%, operating margin of 12.6%;
- Free cash flow was \$497 million, including CAPEX of \$1.17 billion, net financial position was \$672 million.

- **Q120**

- Outlook is for net revenues to be \$2.36 billion at the mid-point: a year-over-year increase of 13.7%;
- Gross margin is expected to be 38.0% at the mid-point, including about 80 basis points of unsaturation charges.

- **FY20**

- We plan for year-over-year growth, outperforming the markets we serve;
- We plan to invest about \$1.5 billion in CAPEX to support our strategic initiatives and revenue growth, to progress towards our mid-term revenue ambition of \$12 billion.

2019 Market Dynamics

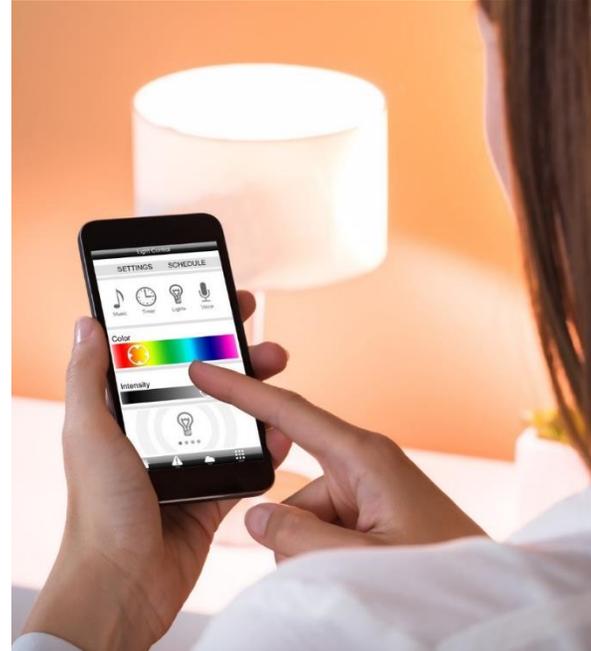
Automotive



Industrial



Personal Electronics



Communications
Equipment,
Computers & Peripherals



Enabling Strategic Electronic Demand Trends



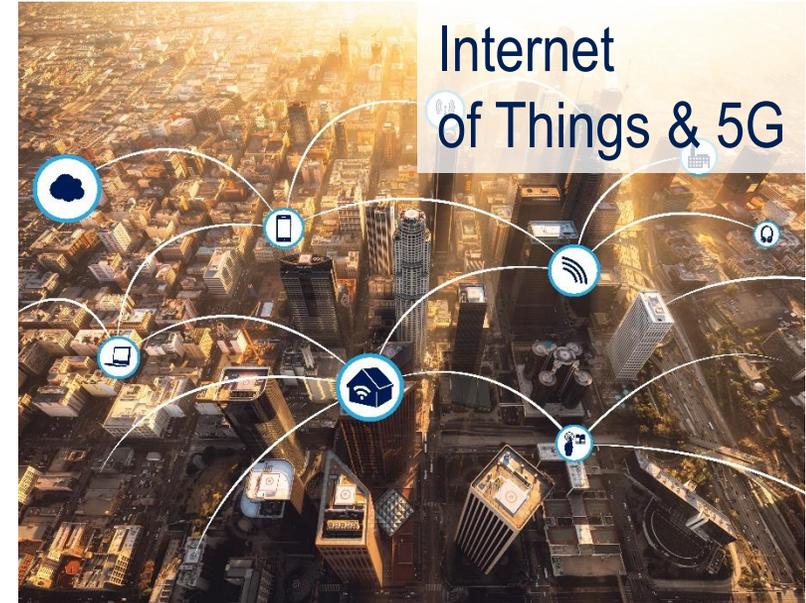
Smart
Mobility

ST provides innovative solutions to help our customers make driving **safer, greener and more connected** for everyone



Power
& Energy

ST technology and solutions enable customers to increase **energy efficiency** everywhere and support the use of renewable energy sources

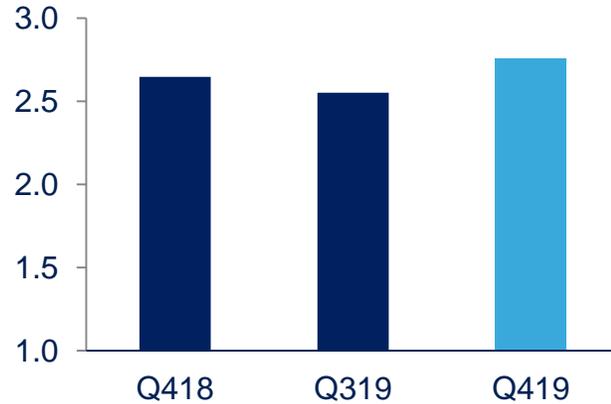


Internet
of Things & 5G

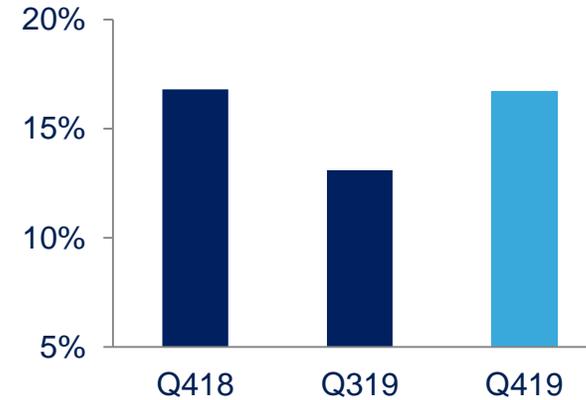
ST provides **sensors, embedded processing solutions, connectivity, security and power management**, as well **tools and ecosystems** to make development fast and easy for our customers

Q419 Financial Highlights

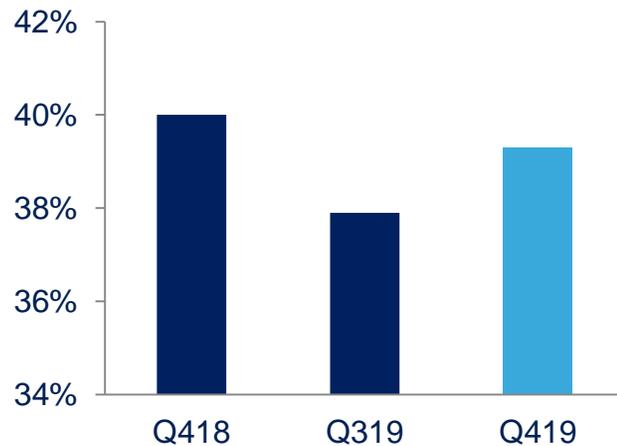
Revenues = \$2.75B



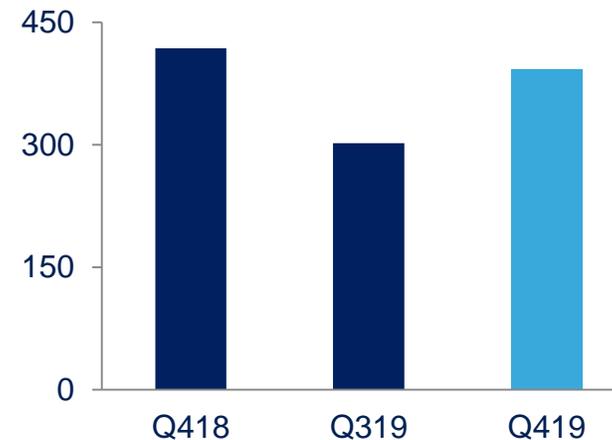
Operating Margin = 16.7%



Gross Margin = 39.3%

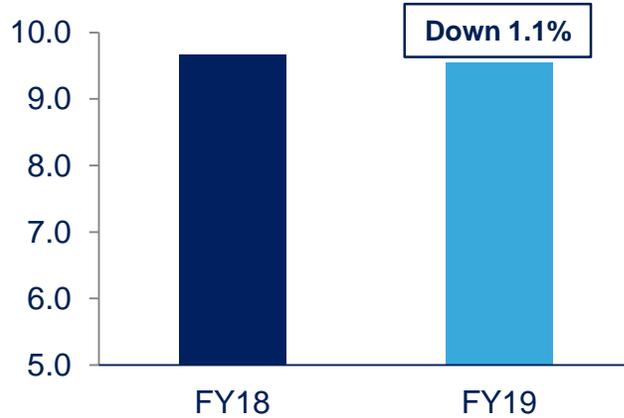


Net Income = \$392M

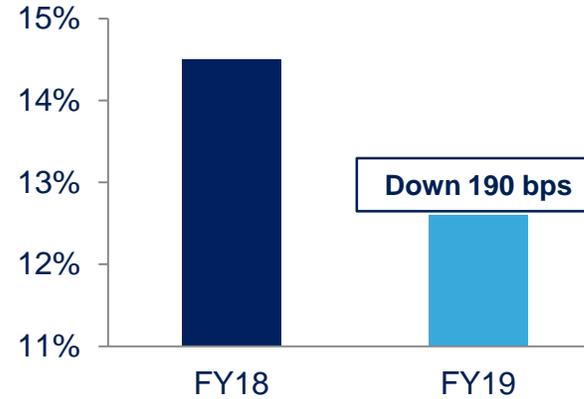


FY19 Financial Highlights

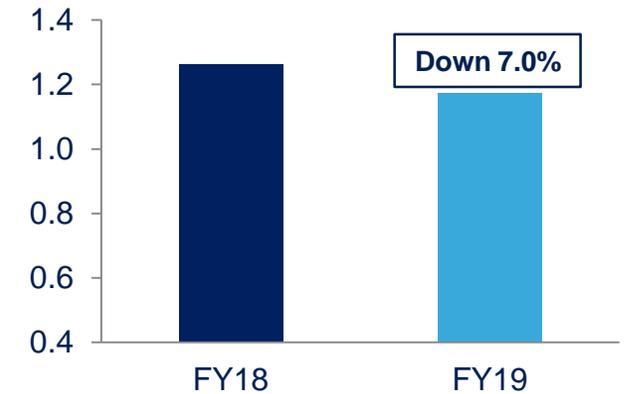
Revenues = \$9.56B



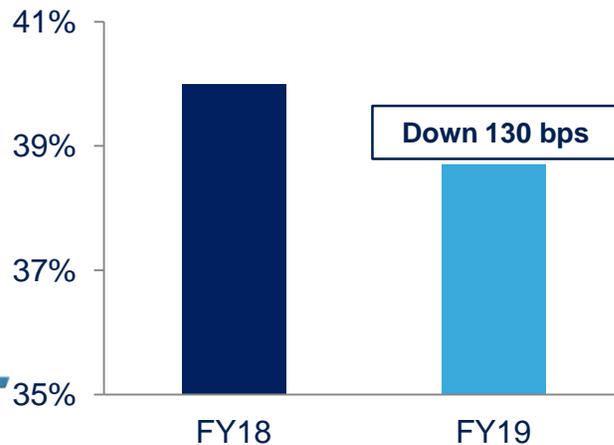
Operating Margin = 12.6%



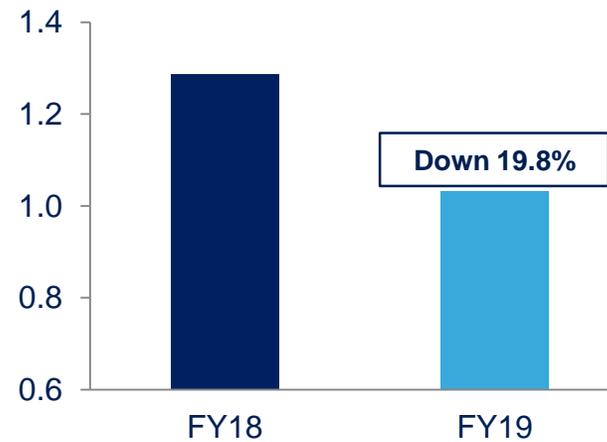
Capex = \$1.17B



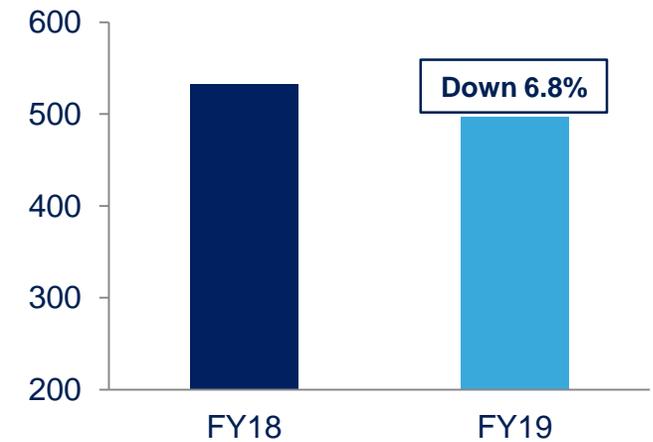
Gross Margin = 38.7%



Net Income = \$1.03B



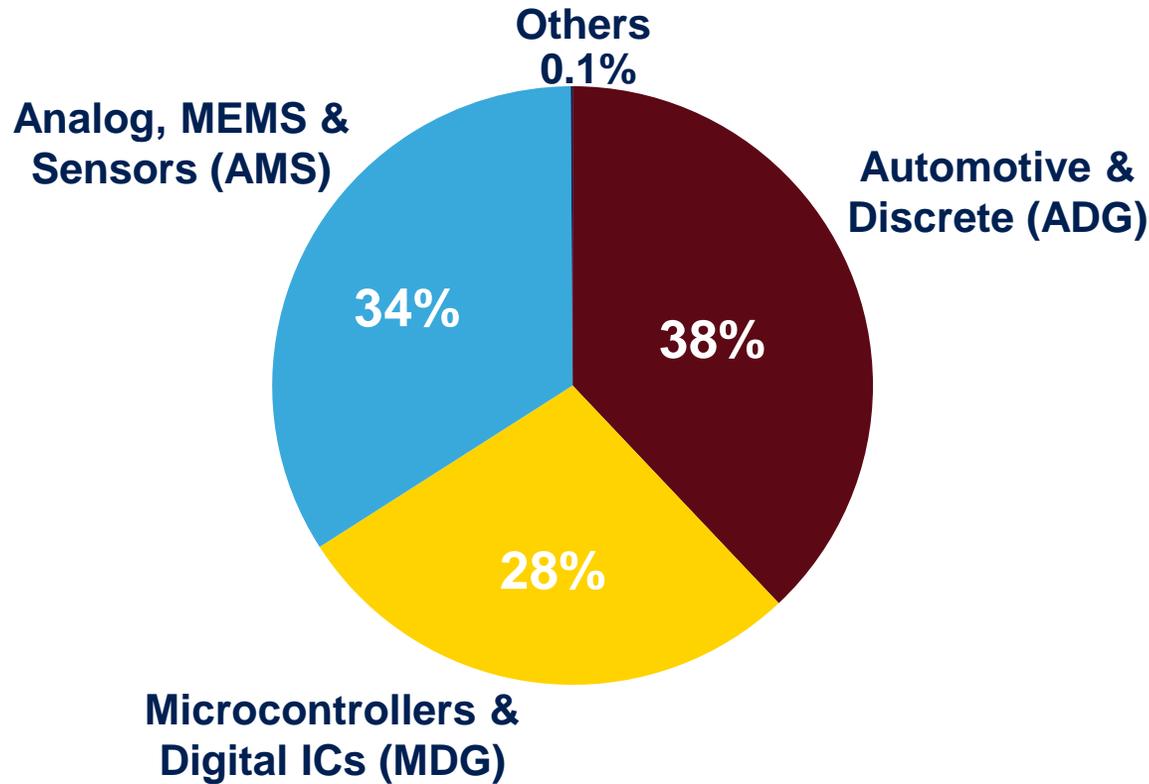
Free Cash Flow* = \$497M



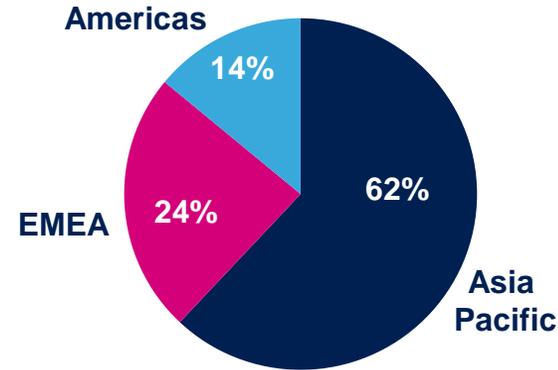
*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.

FY19 Revenues

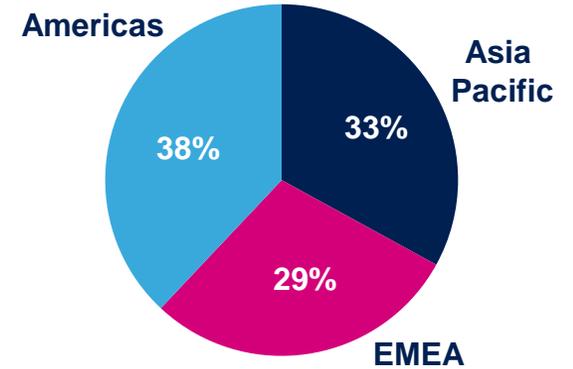
% by product group



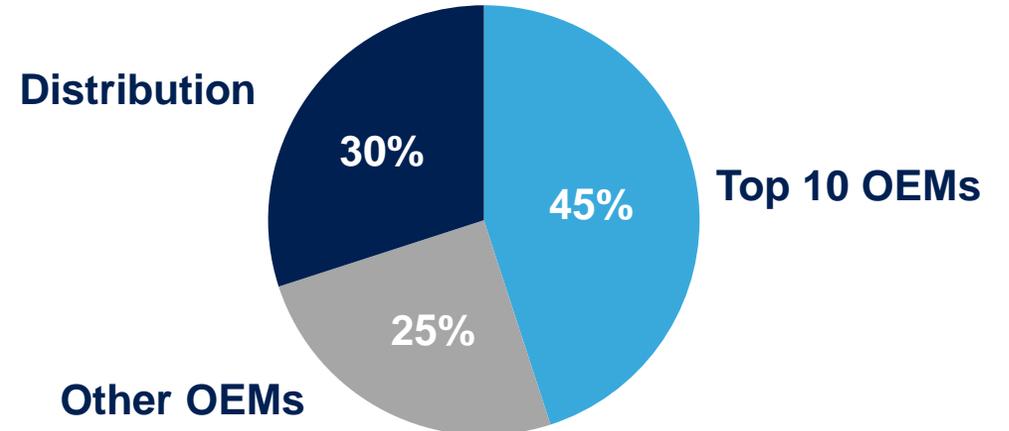
% by shipment location



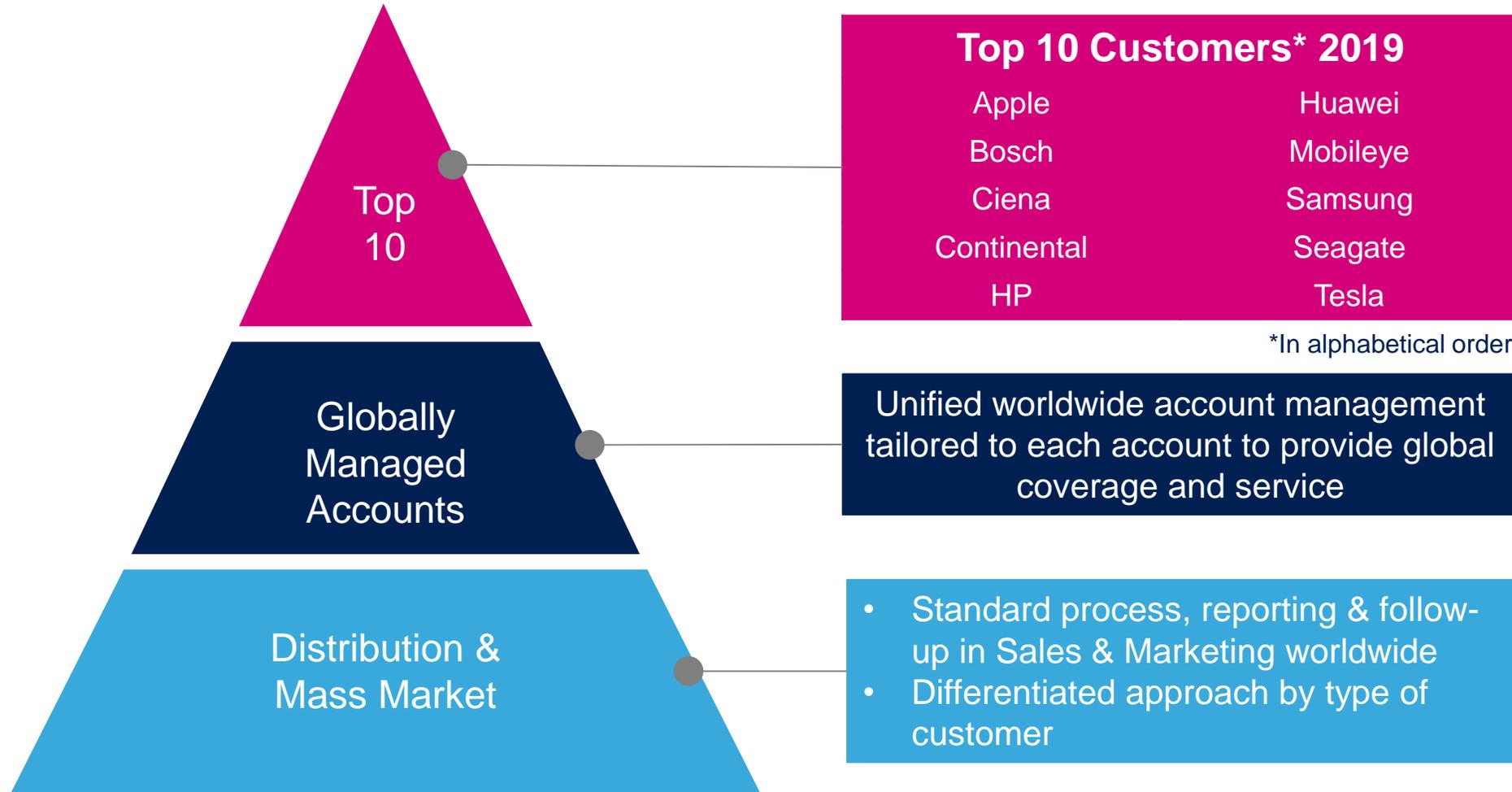
% by region of origin



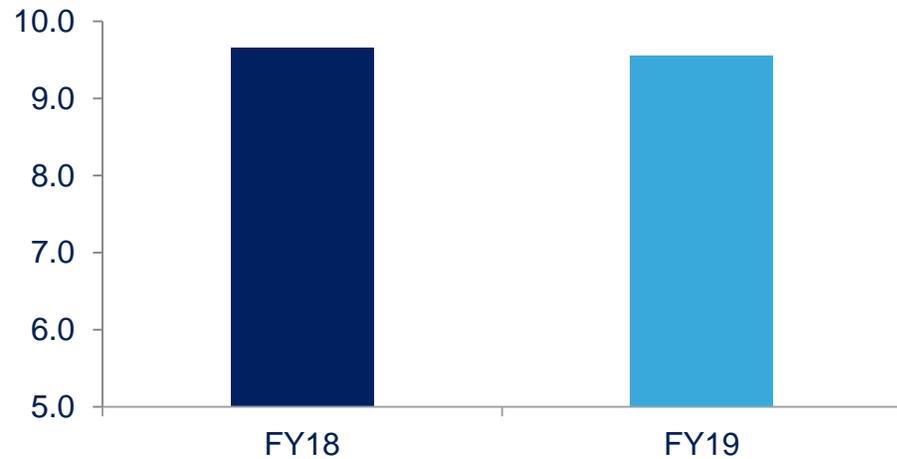
% by customer type



We Serve More Than 100,000 Customers



FY19 Revenues = \$9.56B

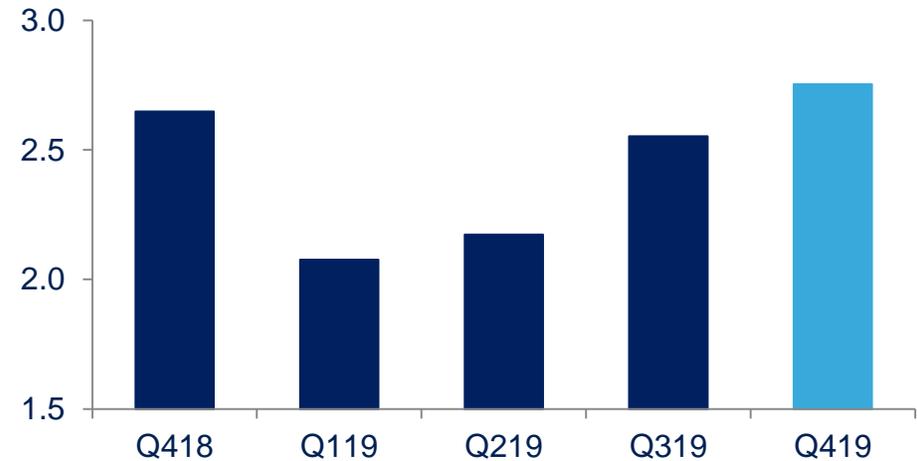


FY19 revenues down 1.1% Y/Y

- Strong H2/H1 growth of about \$1 billion, driven by a stronger than expected contribution from engaged customer programs and new products
- OEMs: 70% of total revenues
- Distribution: 30% of total revenues



Q419 Revenues = \$2.75B



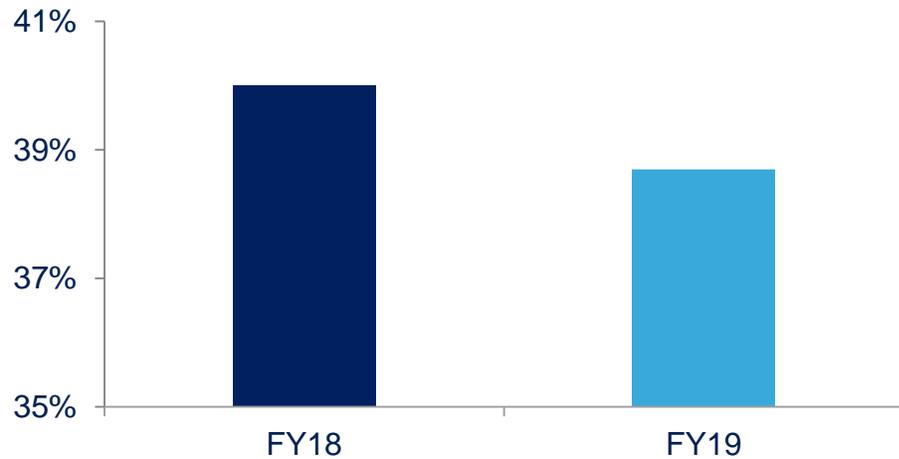
Q419 revenues up 4.0% Y/Y

- AMS up 9.9%
- MDG up 7.6%
- ADG down 4.5%

Q419 revenues up 7.9% Q/Q

- 290 bps above mid-point of guidance
- All three product groups contributed to the growth

FY19 Gross Margin = 38.7%

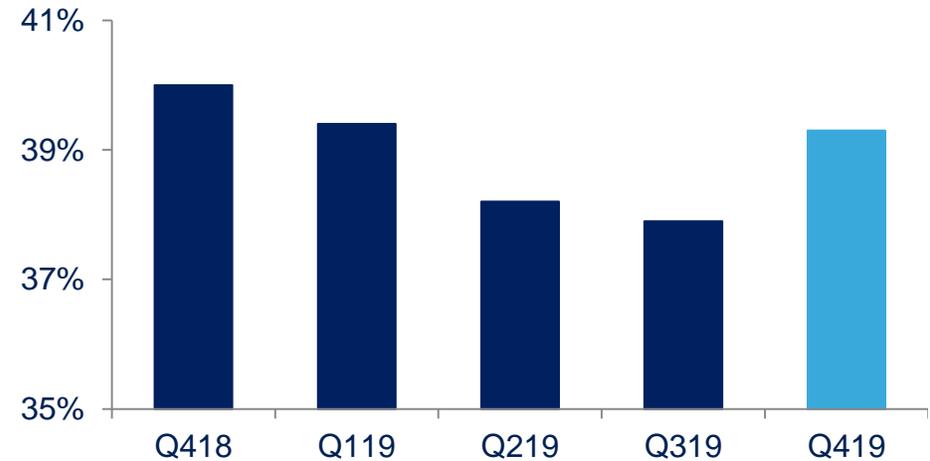


FY19 Gross Margin

- Gross margin was at the high-end of our initial 2019 range
- Includes 70 bps of unsaturation charges



Q419 Gross Margin = 39.3%

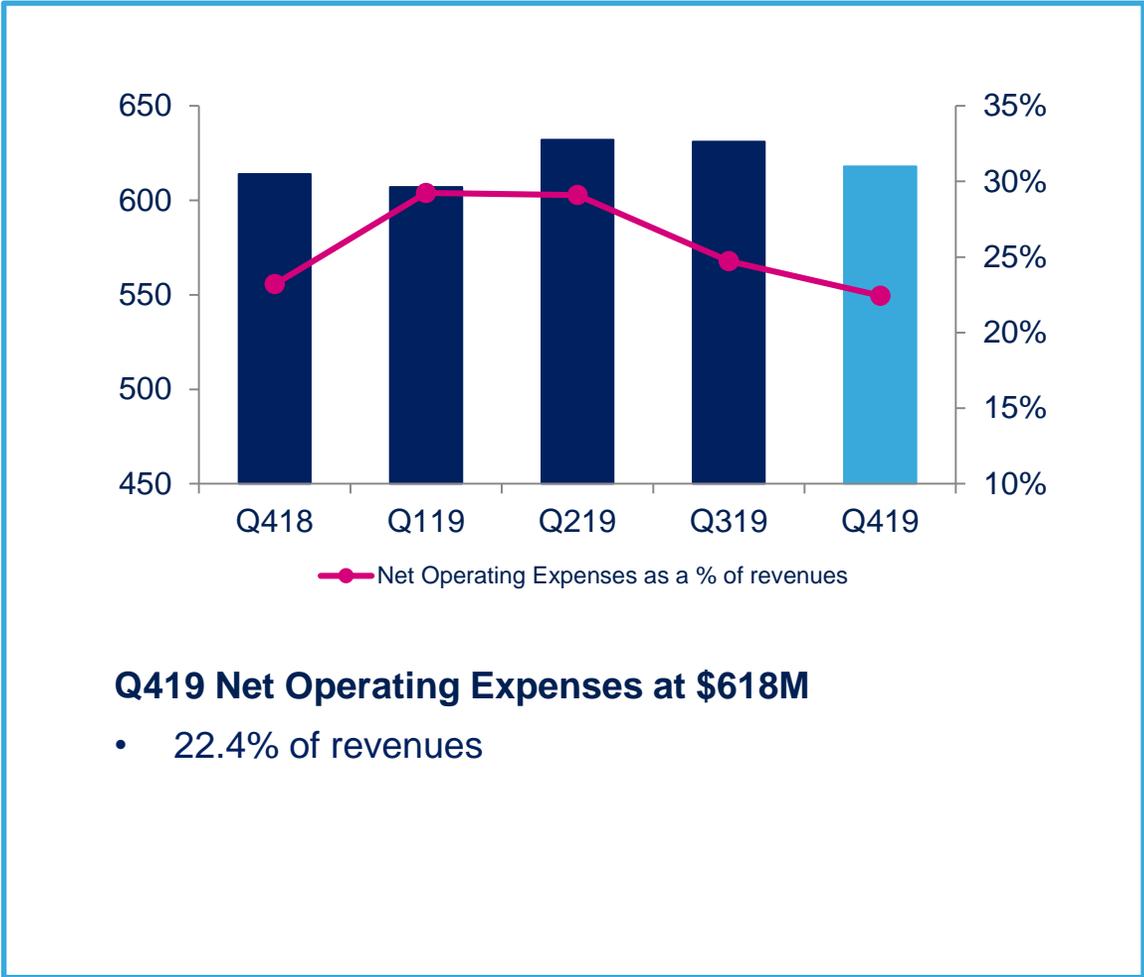
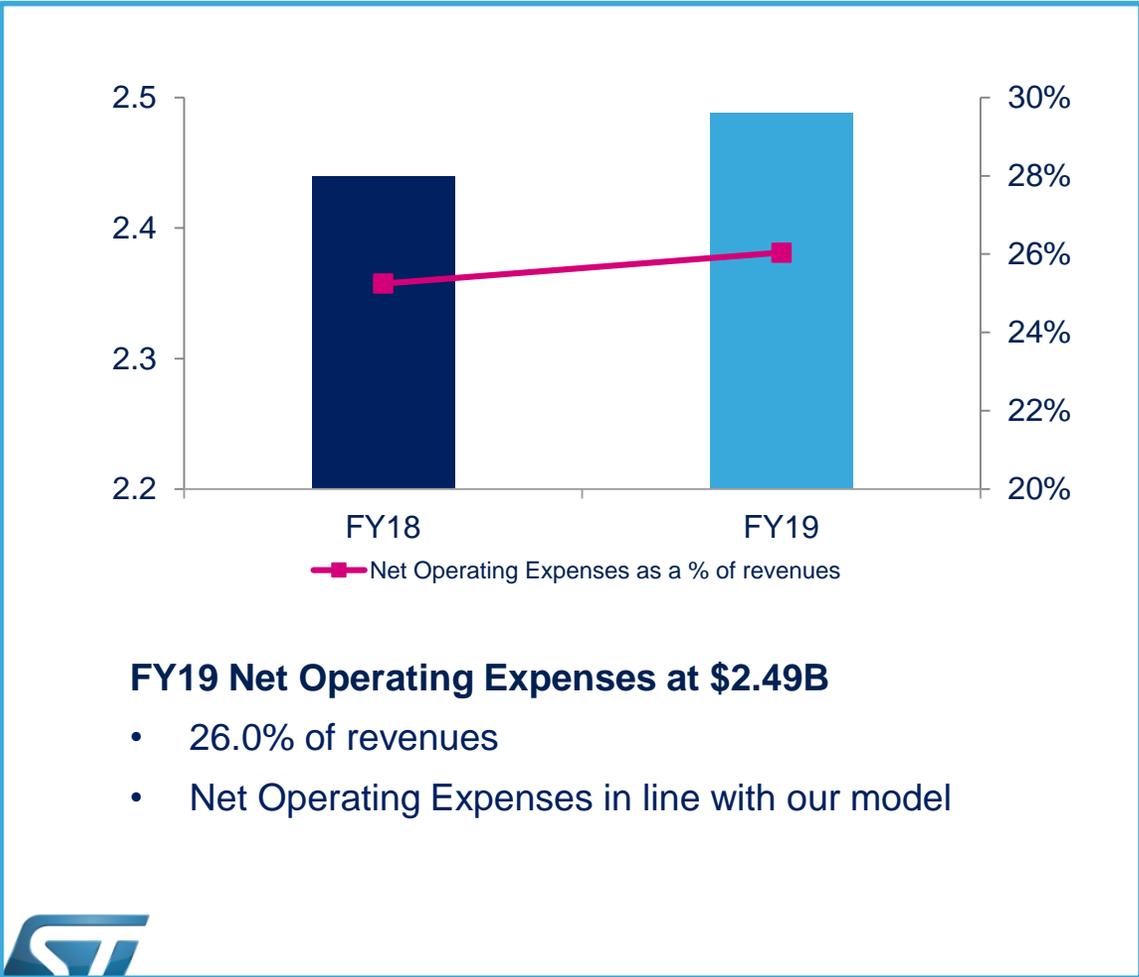


Q419 Gross Margin

- 110 bps above the mid-point of guidance, mainly due to better than expected manufacturing efficiencies and improved product mix
- Includes 100 bps of unsaturation charges

Net Operating Expenses^(*)

FY19 Average Net Operating Expenses* Per Quarter= \$622M

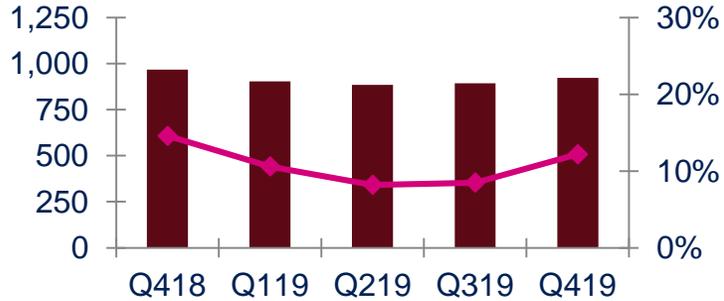


* Net Operating Expenses: R&D + SG&A + Other Expenses (- Other Income)

Q419 Product Group Results

Automotive & Discrete (ADG)

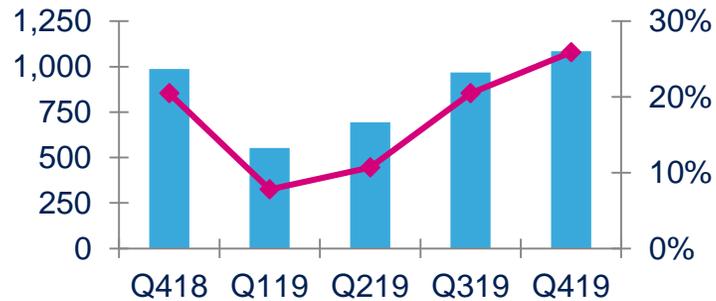
Revenues = \$924M
Operating Margin = 12.2%



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

Analog, MEMS & Sensors (AMS)

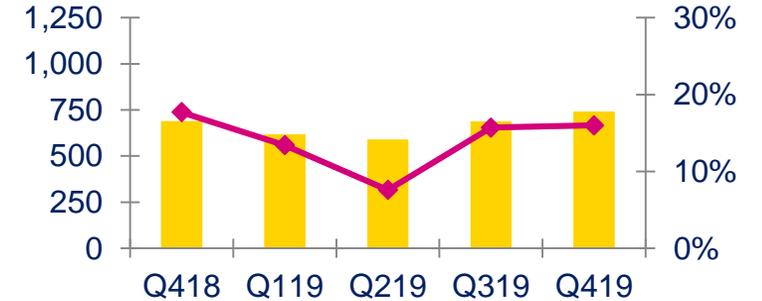
Revenues = \$1,085M
Operating Margin = 25.9%



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

Microcontrollers & Digital ICs (MDG)

Revenues = \$742M
Operating Margin = 16.0%



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

FY19 Product Group Results

Automotive & Discrete (ADG)

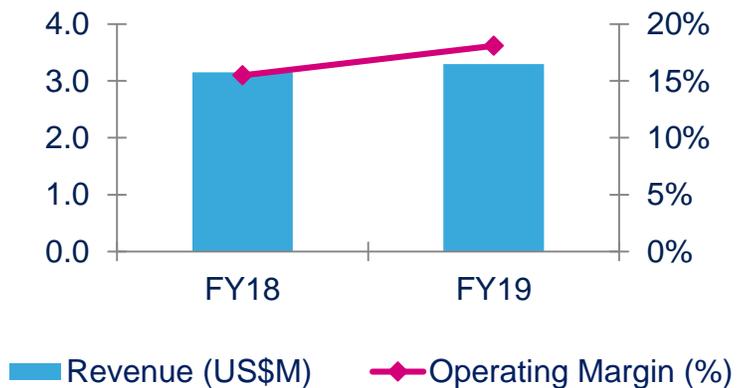
Revenues = \$3.61B
Operating Margin = 9.9%

Analog, MEMS & Sensors (AMS)

Revenues = \$3.30B
Operating Margin = 18.1%

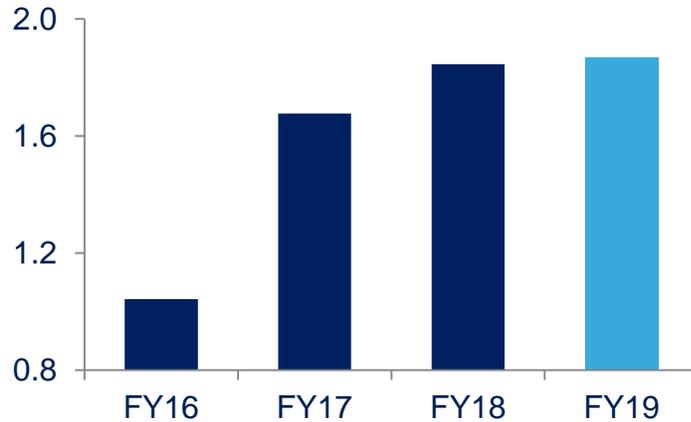
Microcontrollers & Digital ICs (MDG)

Revenues = \$2.64B
Operating Margin = 13.4%

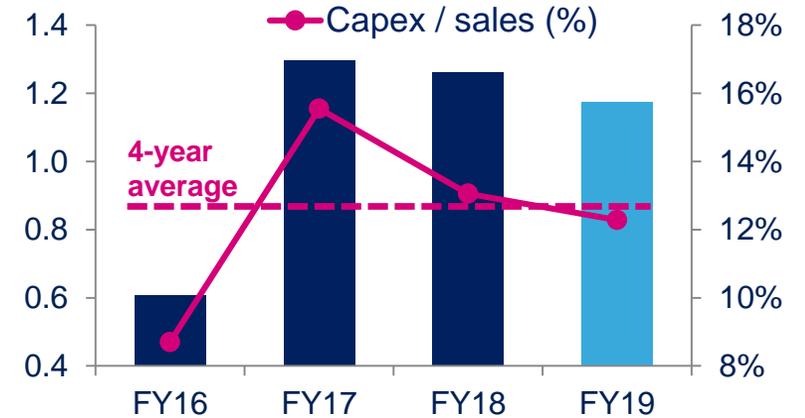


FY19 Financial Flexibility

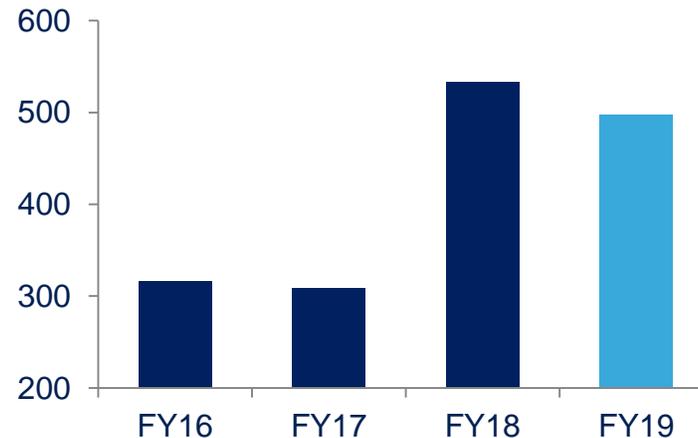
Net Cash From Operating Activities = \$1.87B



Capex = \$1.17B



Free Cash Flow* = \$497M



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

Solid Capital Structure

End of period (\$M)	December 31 2019	September 28 2019	December 31 2018
Total Liquidity	2,744	2,538	2,596
Total Financial Debt	(2,072)	(2,190)	(1,910)
Net Financial Position*	672	348	686

- Cash dividends of \$0.06 per share per quarter: \$214M distributed in FY19
- Repurchase of common stock of \$250M in FY19 as part of ST's ongoing program

Moody's, S&P and Fitch are aligned in rating ST's credit profile well within investment grade and with Stable Outlook

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

Net revenues are expected to be **\$2.36 billion**, a decrease of 14.3% sequentially, plus or minus 350 basis points

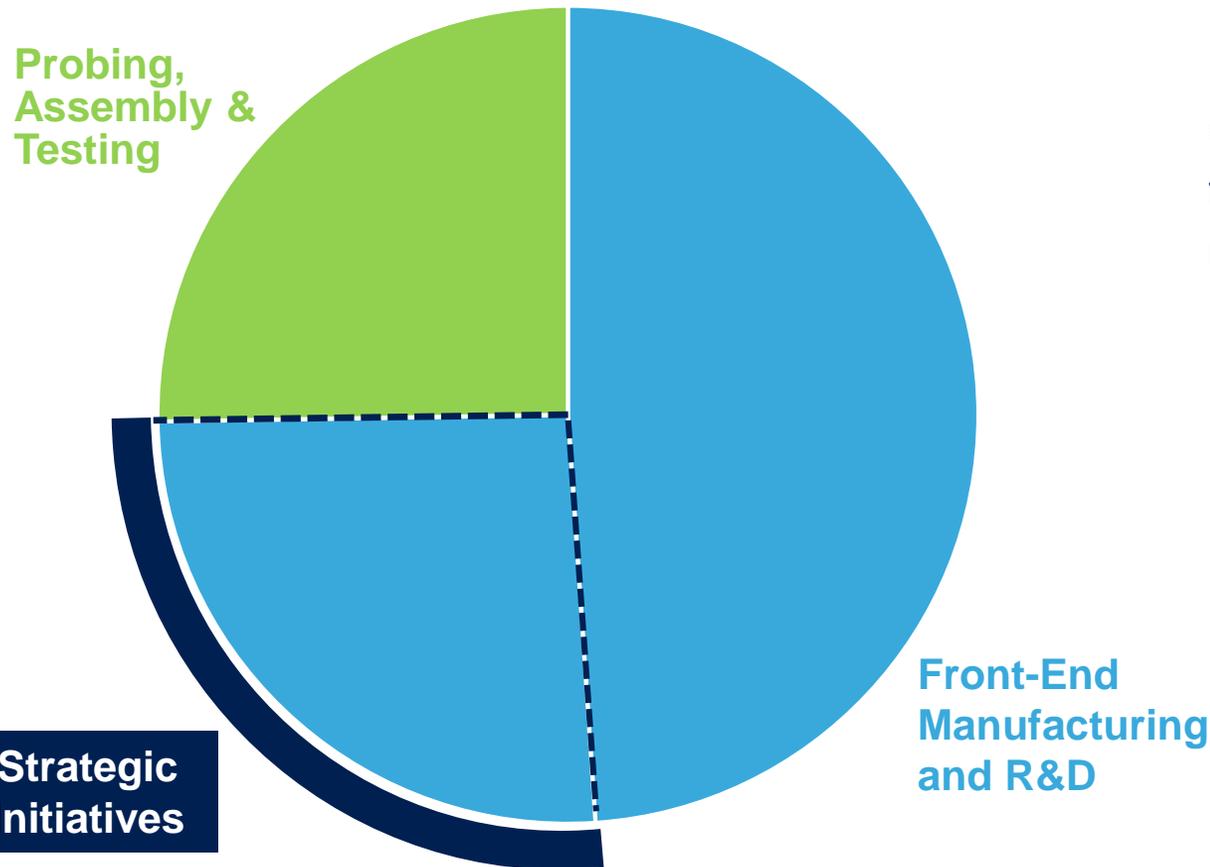
Gross Margin of **38.0%**, plus or minus 200 basis points

- This outlook is based on an assumed effective currency exchange rate of approximately \$1.12 = €1.00 for the 2020 first quarter and includes the impact of existing hedging contracts
- The first quarter will close on March 28, 2020

2020 Capital Investment

18

About \$1.5B CAPEX to support strategic initiatives and revenue growth



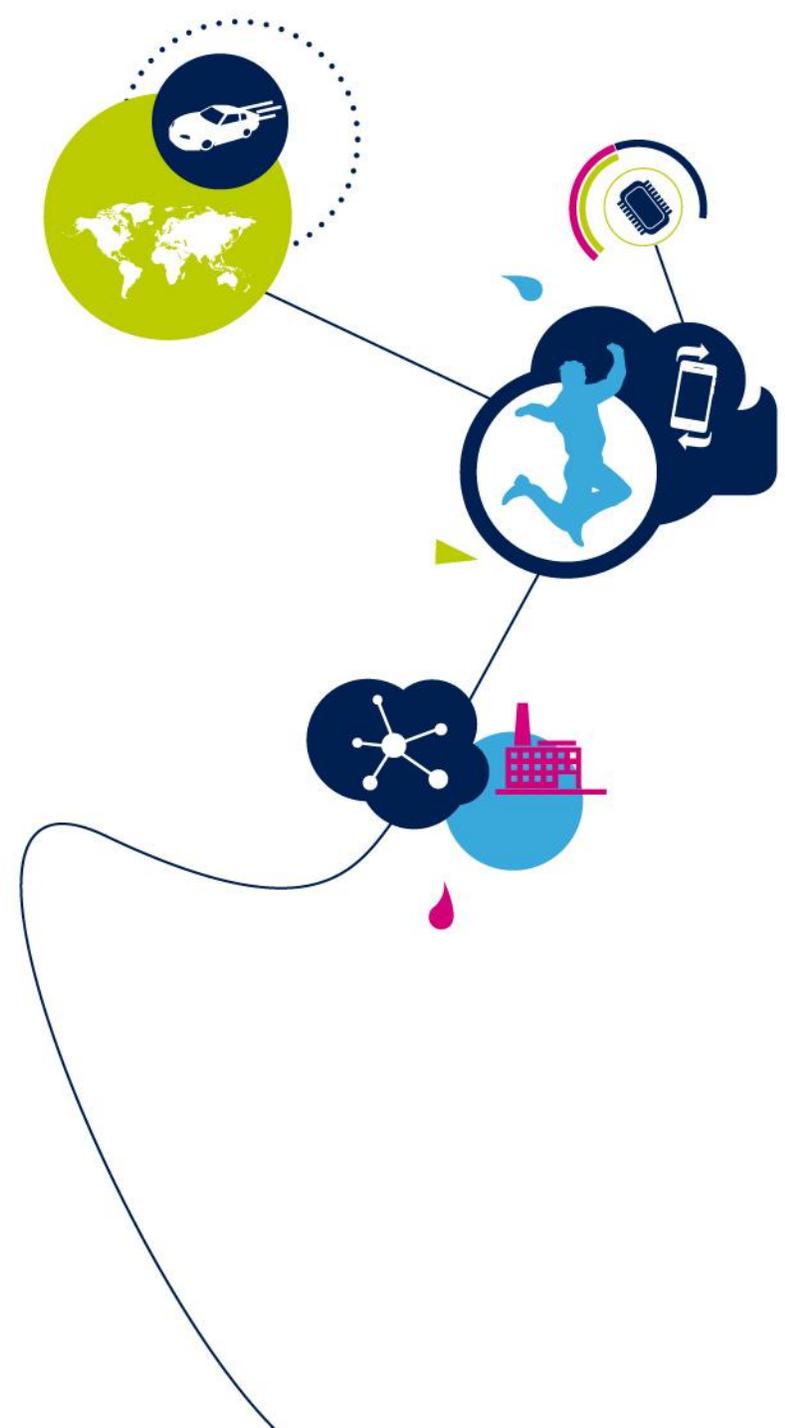
Investment includes the addition of capacity for some existing technologies and investments in mix evolution for 200mm fabs, support for R&D activities and maintenance of manufacturing operations.

It also includes spending for strategic initiatives:

- Investment in the new **Agrate 300mm fab** to support BCD, IGBT and other power technologies;
- R&D for **GaN power technologies** and production ramp up for **GaN for RF devices**;
- Investments for **Silicon Carbide**. These include the substrate activities, following the Norstel acquisition.

- **FY19**
 - Our 2019 financial performance was aligned with the full year expectations we provided in April:
 - Revenues were within the range;
 - Operating margin was above 12%;
 - Free cash flow covered our cash dividends and share buybacks, maintaining our financial flexibility with a stable net financial position.
 - We invested \$1.17 billion to support short-term demand as well as our strategic programs for our future growth.
- **FY20**
 - We plan to return to solid revenue growth, outperforming the markets we serve.
 - Smart mobility, power and energy management, the IoT and 5G are driving demand for semiconductor content.
 - ST is very well positioned to support its customers thanks to our product portfolio, enabled by our differentiated technologies.
 - We continue to progress towards our mid-term revenue ambition of \$12 billion and deliver sustainable, profitable growth.

Appendix



Financial Performance

<i>In US\$M, except EPS</i>	Q118	Q218	Q318	Q418	FY18	Q119	Q219	Q319	Q419	FY19
Net Revenues	2,226	2,269	2,522	2,648	9,664	2,076	2,173	2,553	2,754	9,556
Gross Margin	39.9%	40.2%	39.8%	40.0%	40.0%	39.4%	38.2%	37.9%	39.3%	38.7%
Operating Income Operating Margin	269 12.1%	289 12.7%	398 15.8%	443 16.8%	1,400 14.5%	211 10.2%	196 9.0%	336 13.1%	460 16.7%	1,203 12.6%
Net Income – Reported	239	261	369	418	1,287	178	160	302	392	1,302
EPS Diluted (\$/share)	0.26	0.29	0.41	0.46	1.41	0.20	0.18	0.34	0.43	1.14
Free Cash Flow* Net Financial Position*	95 522	(40) 411	114 447	363 686	533 686	(67) 510	(67) 308	170 348	461 672	497 672
Effective Exchange Rate €/€	1.18	1.19	1.18	1.17	1.18	1.16	1.14	1.14	1.12	1.14

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

Pre-Tax Items to Adjusted Earnings

<i>In US\$M, except EPS</i>	Q118	Q218	Q318	Q418	FY18	Q119	Q219	Q319	Q419	FY19
U.S. GAAP Net Earnings	239	261	369	418	1,287	178	160	302	392	1,032
U.S. GAAP Diluted Earnings Per Share	0.26	0.29	0.41	0.46	1.41	0.20	0.18	0.34	0.43	1.14

- **Net financial position (non-U.S. GAAP measure)**: resources (debt), represents the balance between our total liquidity and our total financial debt. Our total liquidity includes cash and cash equivalents, restricted cash, short-term deposits and marketable securities, 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 and management 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 and cash equivalents, restricted cash, short-term deposits and marketable securities and the total level of our financial indebtedness.
- **Free cash flow (non-U.S. GAAP measure)** 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, short-term deposits and restricted cash. 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 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 revenues of Others** includes revenues from sales 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, management reorganization 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 other products. Others includes:

(US\$ Million)	Q118	Q218	Q318	Q418	FY18	Q119	Q219	Q319	Q419	FY19
Unused Capacity Charges	1	-	-	-	1	1	7	28	29	65
Impairment & Restructuring Charges	21	-	-	2	21	-	2	-	3	5