



# NXP Semiconductors

*Secure Connections for a Smarter World*

Investor Presentation  
February 2014



# Forward Looking Statement

This document includes forward-looking statements which include statements regarding our business strategy, financial condition, results of operations, and market data, as well as any other statements which are not historical facts. By their nature, forward- looking statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. These factors, risks and uncertainties include the following: market demand and semiconductor industry conditions, our ability to successfully introduce new technologies and products, the demand for the goods into which our products are incorporated, our ability to generate sufficient cash, raise sufficient capital or refinance our debt at or before maturity to meet both our debt service and research and development and capital investment requirements, our ability to accurately estimate demand and match our production capacity accordingly or obtain supplies from third-party producers, our access to production from third-party outsourcing partners, and any events that might affect their business or our relationship with them, our ability to secure adequate and timely supply of equipment and materials from suppliers, our ability to avoid operational problems and product defects and, if such issues were to arise, to rectify them quickly, our ability to form strategic partnerships and joint ventures and successfully cooperate with our alliance partners, our ability to win competitive bid selection processes to develop products for use in our customers' equipment and products, our ability to successfully establish a brand identity, our ability to successfully hire and retain key management and senior product architects; and, our ability to maintain good relationships with our suppliers. In addition, this document contains information concerning the semiconductor industry and our business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which the semiconductor industry, our market segments and product areas will develop. We have based these assumptions on information currently available to us, if any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, our future results of operations and financial condition, and the market price of the notes, could be materially adversely affected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak to results only as of the date the statements were made; and, except for any ongoing obligation to disclose material information as required by the United States federal securities laws, we do not have any intention or obligation to publicly update or revise any forward-looking statements after we distribute this document, whether to reflect any future events or circumstances or otherwise. For a discussion of potential risks and uncertainties, please refer to the risk factors listed in our SEC filings. Copies of our filings are available from our Investor Relations department or from the SEC website, [www.sec.gov](http://www.sec.gov).



# Secure Connections for a Smarter World

1 Focus on application and market segments with superior long term growth

2 Leverage unique HPMS capabilities to engage and win with market leaders

3 Control costs and expenses to drive operating margin into long-term model

4 Optimize capital structure and drive robust free-cash flow

Above-market  
Sales Growth



Superior  
Earnings Leverage

# Leveraging Secular Trends and Unique Capabilities

## Secular Trends and Demands Driving Growth

- Security
- Connectivity
- Mobility
- Energy efficiency

## Characteristics of HPMS Focused Markets

- Large with long life cycles
- Growth in excess of overall market
- Broad and diverse customer base
- High barrier to entry
- Sticky customer relationships

## NXP Competitive Advantages

- Strong IP and patent portfolio position
- Broad mixed signal product portfolio
- Differentiated process technology
- Acknowledge leadership capability in  
Low-power RF; cryptography; mixed-  
signal MCU system design

## *Addressable Market Growth (\$M)<sup>(1)</sup>*



## *Potential Future Market Growth (\$M)<sup>(1)</sup>*



# Growth Driven by HPMS Capabilities and Standard Products Scale

**HPMS Addressable Market Growth (\$M)<sup>(1)</sup>**



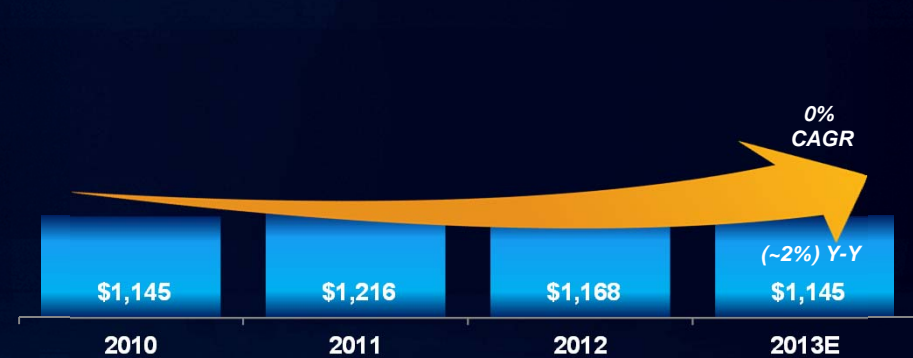
**STDP Addressable Market Growth (\$M)<sup>(1)</sup>**



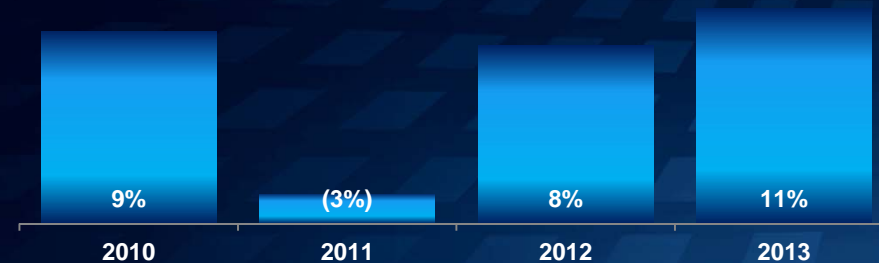
**NXP HPMS Segment Growth (\$M)**



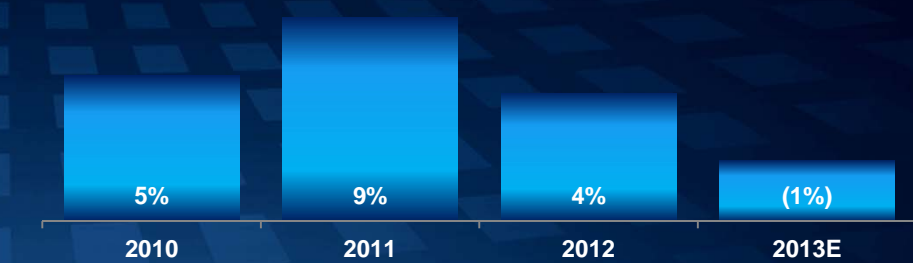
**NXP Standard Products Segment Growth (\$M)**



**NXP HPMS Growth in Excess of Market**



**NXP Standard Products Growth in Excess of Market**

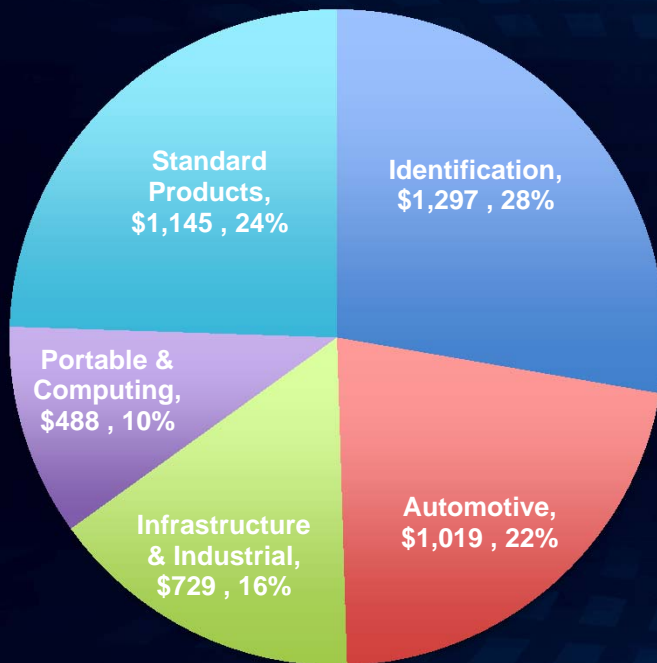




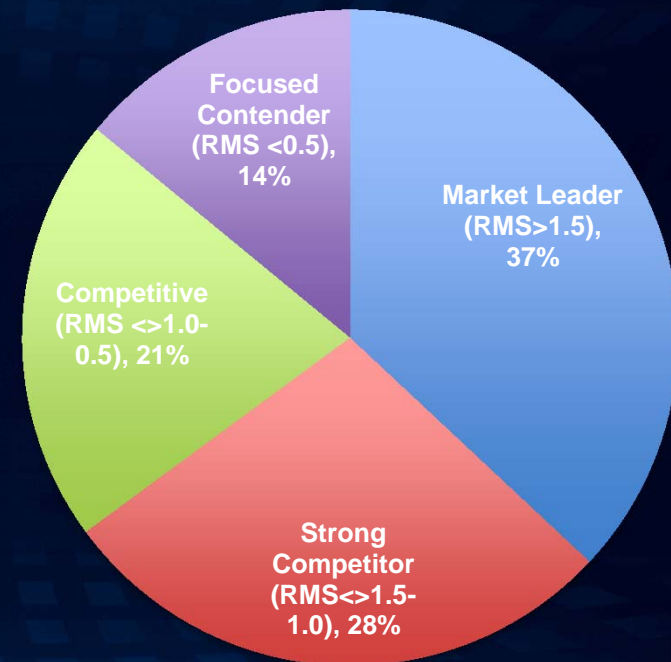
# Focused on High Relative Marketshare (RMS) Advantage

2013 Product Revenue = \$4.7B, up 13% Y-Y

Segment Contribution<sup>(1)</sup> (\$M)



Overall Relative Market Share (RMS)



# Identification

28% Product Revenue in 2013

## Secular Trends Driving Growth

- Digitization of government documents
- Global roll-out of chip-based bank cards
- Unified transit payment platforms
- Secure mobile payments and access
- Authentication of products & people

## Products

- SmartMX secure microcontroller
- Secure Java-card operating system
- Zero and low-power RF interfaces
- MiFare ticketing and access solutions
- Complete document reader solutions
- Low-power RFID tagging solutions

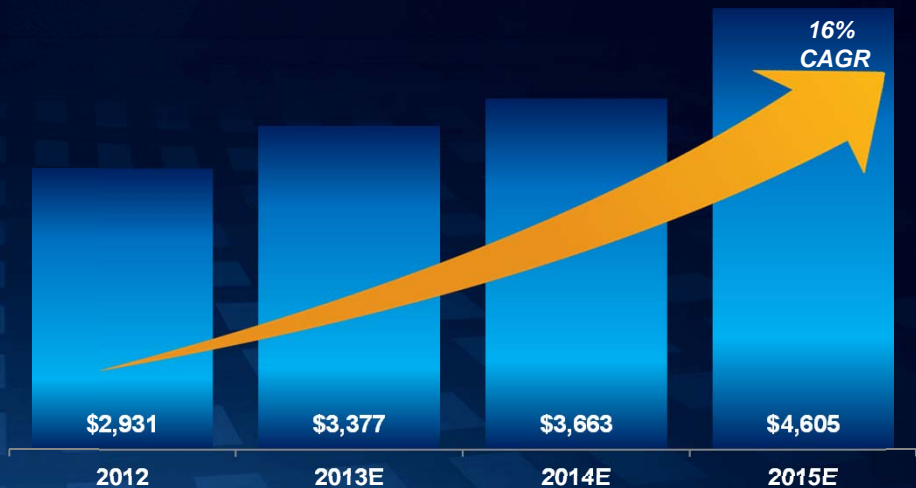
## Market Position

- #1 eGovernment documents
- #1 Chip-based banking cards
- #1 Transit system products
- #1 Mobile transaction solutions
- #1 RFID tags and labels
- #1 Contactless infrastructure

## *NXP Identification Group Growth (\$M)*



## *Potential Identification Market Growth (\$M)<sup>(1)</sup>*



# Automotive

22% Product Revenue in 2013

## Secular Trends Driving Growth

- Secure connected car – Car-to-X mgt.
- Demand for increased safety (ADAS)
- Adoption of global digital broadcast
- Increased data-flow throughout the car
- Increased intelligence to key
- Energy efficiency and CO<sub>2</sub> reduction
- Complexity and long-life cycle demands

## Products

- SoC infotainment and SDR systems
- CAN/LIN, FlexRay and Ethernet PHY
- RF passive keyless and proximity entry
- ABS, angular and temperature sensors
- LED interior and exterior lighting
- Car-to-X communication systems

## Market Position

- #1 Auto infotainment systems
- #1 In-vehicle networking
- #1 Auto access - immobilizers
- #3 Magnetic sensors

## *NXP Automotive Group Growth (\$M)*



## *Potential Automotive Market Growth (\$M)<sup>(1)</sup>*





# Portable and Computing<sup>(1)</sup>

10% Product Revenue in 2013

## Secular Trends Driving Growth

- Increased demand energy efficiency
- Market shift toward 32-bit ARM MCU
- Adoption of multi-protocol interfaces
- Low power sensor management
- Emergence of wireless charging

## Products

- Multi-protocol interface products
- 32-bit ARM MCU
- Custom SoC (MCU w/ mixed A/D)

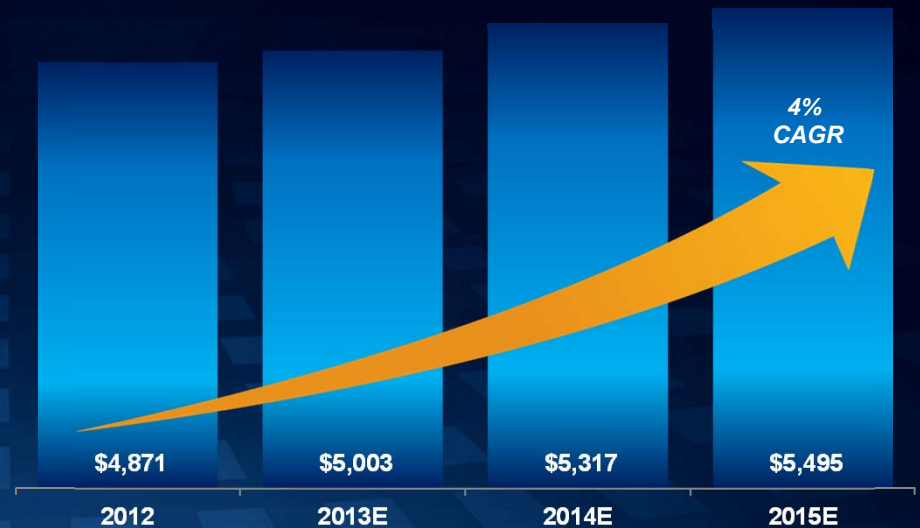
## Market Position

- #1 Multi-protocol interface products
- #11 32-bit ARM MCU

## *Portable and Computing Group Growth (\$M)*



## *Potential Portable and Computing Market Growth<sup>(1)</sup>*



# Infrastructure and Industrial<sup>(1)</sup>

16% Product Revenue in 2013

## Secular Trends Driving Growth

- Increased cellular data consumption
- Adoption of energy efficient lighting
- Low-Power RF- Connectivity (“IoT”)
- Increased demand for mobile charging
- Increased demand for Audio quality

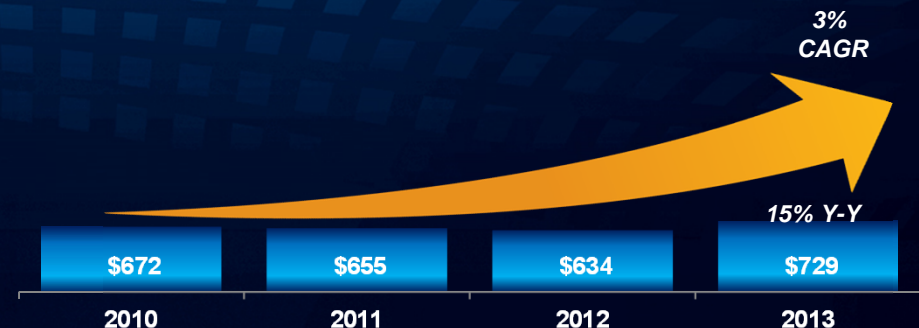
## Products

- HPRF power amplifiers
- Small signal LNA and RF discrete
- AD/DC power controllers and regulators
- LED lighting drivers
- IoT ultra-low power RF-connectivity
- Smart mobile audio solutions

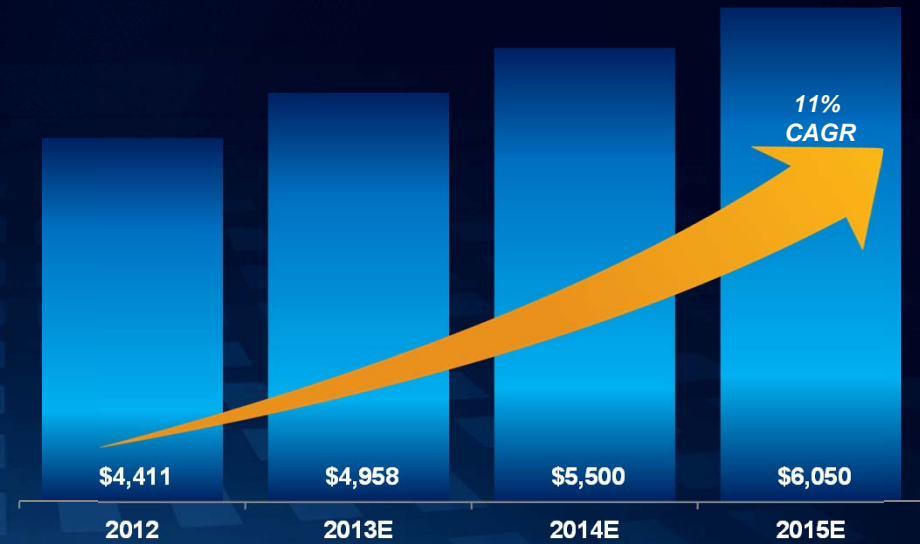
## Market Position

- #1 LED lighting drivers
- #1 Small-signal RF
- #1 RF transceivers (silicon tuners)
- #2 HPRF power amplifiers
- #3 Small signal (mobile FEM)
- #4 AC/DC power adapters

## *NXP Infra. And Industrial Group Growth (\$M)*



## *Potential Infra. And Industrial Market Growth (\$M)<sup>(1)</sup>*





# Standard Products<sup>(1)</sup>

24% Product Revenue in 2013

## Benefits to Customers of Standard Products

- **Scale:**
  - 70B units/yr. manufactured
  - Material purchasing power
- **Reach** - #2 supplier in WW distribution
- **Quality** - Automotive qualified

## Products

- General purpose logic (“GPL”)
- Small signal discrete
- Signal conditioning
- Low-voltage power MOSFET

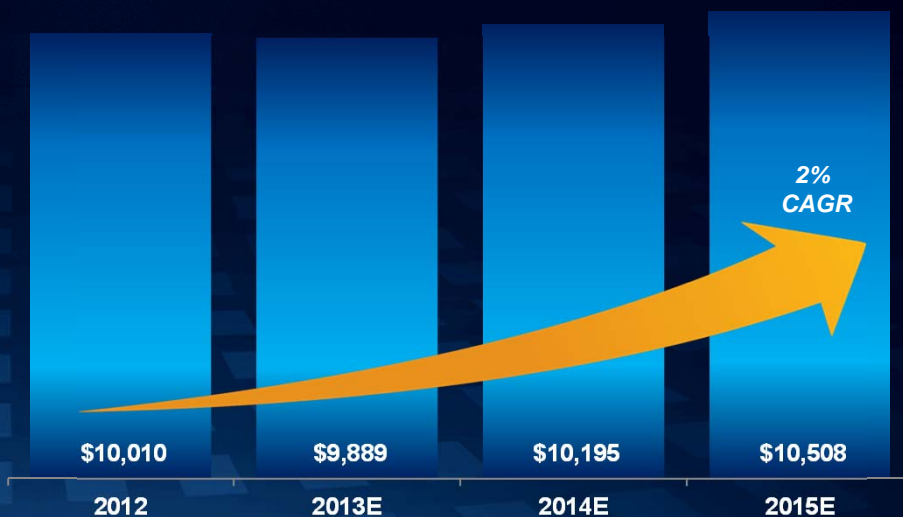
## Market Position

- #1 Standard products (overall)
- #2 General purpose logic
- #2 Small signal discrete
- #2 Signal conditioning

## *NXP Standard Product Growth (\$M)*



## *Potential Standard Product Market Growth<sup>(1)</sup>*

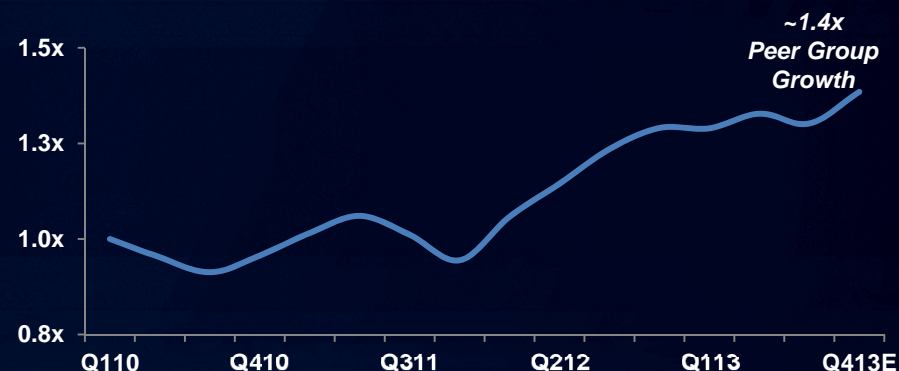


# Results Reflect Execution to Strategic Plan

Strong Product Revenue Growth Driven by Company Specific Design Opportunities



Leading to Consistent Revenue Growth in Excess of Peers <sup>(1)</sup>



World-class Earnings Growth Driven by Revenue Growth, Improving Margin and Reduced Leverage





# The Focus on Increasing Shareholder Value

*Continued Growth in Excess of Peers a Result of Unique Product Portfolio*

- + Continued Expansion of EBIT Profit (~ 26% EBIT Margin)*
- + Considerably Lower Interest Expense (~ 2x Net-Debt / TTM EBITDA)*
- + Substantially Lower Impacts from Restructuring*
- + Sustainable Long-term Effective Tax Rate (10% – 12%)*
- + Low Long-term Capex Result of Tiered Manufacturing Model (~5% Revenue)*

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*= Robust Free Cash Flow Generation*

*Opens Options for Increasing Shareholder Value:*

- 1. Share Buy-backs*
- 2. Non-Organic Investment in Business*
- 3. Dividends*
- 4. Continued Debt Reduction*
- 5. Combination of above*

# Recent Quarterly Business Trends<sup>(1)</sup>

## Revenue (\$M)



## Non-GAAP Gross Margin



## Non-GAAP Operating Margin



## Adj. EBITDA Margin



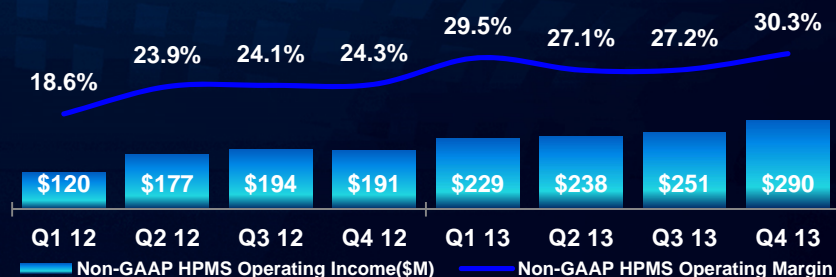


# Business Segment Revenue and Non-GAAP Margin Trends<sup>(1)</sup>

HPMS Segment Revenue and non-GAAP Gross Margin



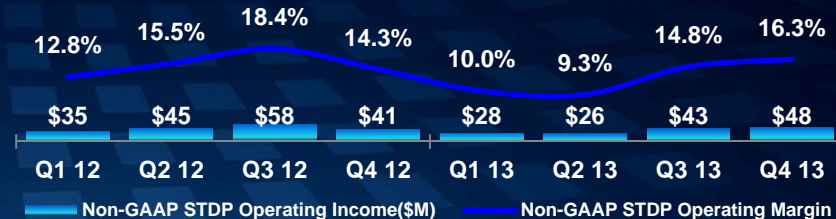
HPMS Segment Operating Income and non-GAAP Operating Margin



Standard Product Segment Revenue and non-GAAP Gross Margin



Standard Product Segment Operating Income and non-GAAP Operating Margin



# HPMS Segment Revenue Business Trends(\$M)<sup>(1)</sup>

## Identification



## Automotive



## Portable and Computing



## Infrastructure and Industrial





# Quarterly Revenue and Operating Income<sup>(1)</sup>

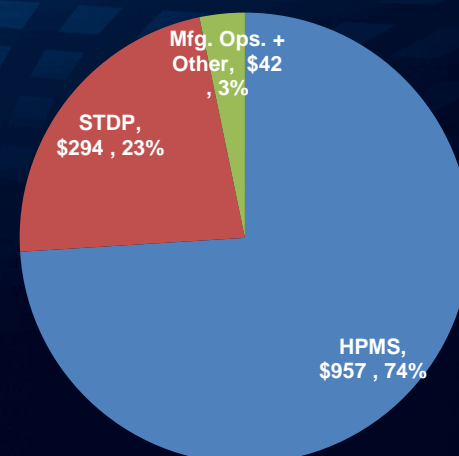
## GAAP Financial Summary

(\$ in millions)	Q4 2013	Q3 2013	Q4 2012	Q-Q	Y-Y
Product Revenue	1,251	1,213	1,072	38	179
All Other	<u>42</u>	<u>36</u>	<u>44</u>	<u>6</u>	<u>(2)</u>
<b>Total Revenue</b>	<b>1,293</b>	<b>1,249</b>	<b>1,116</b>	<b>44</b>	<b>177</b>
Gross Profit	589	570	490	19	99
Percent of total revenue	45.6%	45.6%	43.9%	-	1.7 pts.
<b>Operating income</b>	<b>198</b>	<b>168</b>	<b>33</b>	<b>30</b>	<b>165</b>
Percent of total revenue	15.3%	13.5%	3.0%	1.8 pts.	12.3 pts.

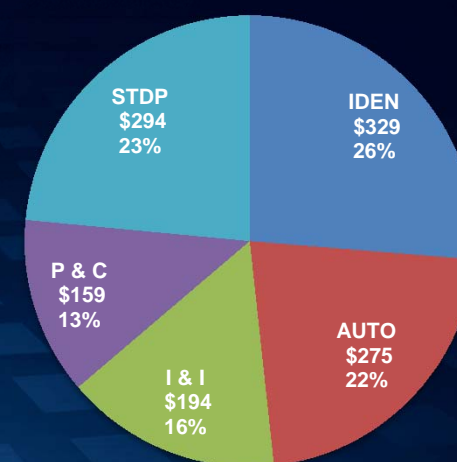
## Non-GAAP Financial Summary

(\$ in millions)	Q4 2013	Q3 2013	Q4 2012	Q-Q	Y-Y
Gross Profit	636	585	515	51	121
Percent of total revenue	49.2%	46.8%	46.1%	2.4 pts.	3.1 pts.
<b>Operating income</b>	<b>324</b>	<b>285</b>	<b>225</b>	<b>39</b>	<b>99</b>
Percent of total revenue	25.1%	22.8%	20.2%	2.3 pts.	4.9 pts.

## Quarterly Segment Revenue (\$M):



## Quarterly Product Revenue (% of Product Revenue):



# Business Segment Performance<sup>(1)</sup>

## GAAP Financial Summary

HPMS (\$ in millions)	Q4 2013	Q3 2013	Q4 2012	Q-Q	Y-Y
Revenue	957	922	785	35	172
Gross Profit	523	493	427	30	96
Gross Margin	54.6%	53.5%	54.4%	1.1 pts.	0.2 pts.
Operating income	227	184	105	43	122
Operating Margin	23.7%	20.0%	13.4%	3.7 pts.	10.3 pts.

STDP (\$ in millions)	Q4 2013	Q3 2013	Q4 2012	Q-Q	Y-Y
Revenue	294	291	287	3	7
Gross Profit	66	81	70	(15)	(4)
Gross Margin	22.4%	27.8%	24.4%	(5.4) pts.	(2.0) pts.
Operating income	2	21	2	(19)	-
Operating Margin	0.7%	7.2%	0.7%	(6.5) pts.	-

## Non-GAAP Financial Summary

HPMS (\$ in millions)	Q4 2013	Q3 2013	Q4 2012	Q-Q	Y-Y
Gross Profit	541	499	428	42	113
Gross Margin	56.5%	54.1%	54.5%	2.4 pts.	2.0 pts.
Operating income	290	251	191	39	99
Operating Margin	30.3%	27.2%	24.3%	3.1 pts.	6.0 pts.

STDP (\$ in millions)	Q4 2013	Q3 2013	Q4 2012	Q-Q	Y-Y
Gross Profit	92	85	87	7	5
Gross Margin	31.3%	29.2%	30.3%	2.1 pts.	1.0 pts.
Operating income	48	43	41	5	7
Operating Margin	16.3%	14.8%	14.3%	1.5 pts.	2.0 pts.

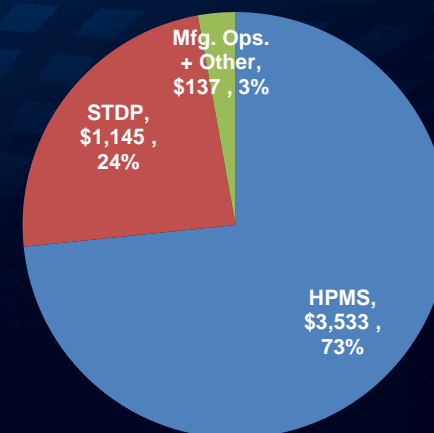


# 2013 Annual Revenue and Operating Income

## GAAP Financial Summary

(\$ in millions)	2013	2012	2011	2010	Y-Y
<b>Product Revenue</b>	<b>4,678</b>	<b>4,144</b>	<b>3,869</b>	<b>3,729</b>	<b>534</b>
<b>All Other</b>	<b><u>137</u></b>	<b><u>214</u></b>	<b><u>325</u></b>	<b><u>673</u></b>	<b><u>(77)</u></b>
<b>Total Revenue</b>	<b>4,815</b>	<b>4,358</b>	<b>4,194</b>	<b>4,402</b>	<b>457</b>
<b>Gross Profit</b>	<b>2,177</b>	<b>1,988</b>	<b>1,906</b>	<b>1,823</b>	<b>189</b>
Percent of total revenue	45.2%	45.6%	45.4%	41.4%	(0.4 pts.)
<b>Operating income</b>	<b>651</b>	<b>412</b>	<b>357</b>	<b>273</b>	<b>239</b>
Percent of total revenue	13.5%	9.5%	8.5%	6.2%	4.0pts.

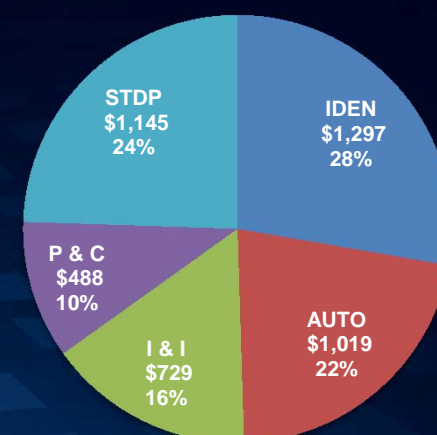
## Annual Segment Revenue:



## Non-GAAP Financial Summary

(\$ in millions)	2013	2012	2011	2010	Y-Y
<b>Gross Profit</b>	<b>2,298</b>	<b>1,996</b>	<b>1,987</b>	<b>1,876</b>	<b>302</b>
Percent of total revenue	47.7%	45.8%	47.4%	42.6%	1.9 pts.
<b>Operating income</b>	<b>1120</b>	<b>834</b>	<b>833</b>	<b>706</b>	<b>286</b>
Percent of total revenue	23.3%	19.1%	19.9%	16.0%	4.2 pts.

## Annual Product Revenue (% of Product Revenue):



# 2013 Annual Business Segment Performance

## GAAP Financial Summary

<b>HPMS</b> (\$ in millions)	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>Y-Y</b>
<b>Revenue</b>	<b>3,533</b>	<b>2,976</b>	<b>2,653</b>	<b>2,584</b>	<b>557</b>
<b>Gross Profit</b>	<b>1,905</b>	<b>1,656</b>	<b>1,486</b>	<b>1,421</b>	<b>249</b>
Gross Margin	53.9%	55.6%	56.0%	55.0%	(1.7 pts.)
<b>Operating income</b>	<b>712</b>	<b>479</b>	<b>288</b>	<b>314</b>	<b>233</b>
Operating Margin	20.2%	16.1%	10.9%	12.2%	4.1 pts.

<b>STDP</b> (\$ in millions)	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>Y-Y</b>
<b>Revenue</b>	<b>1,145</b>	<b>1,168</b>	<b>1,216</b>	<b>1,145</b>	<b>(23)</b>
<b>Gross Profit</b>	<b>285</b>	<b>346</b>	<b>449</b>	<b>410</b>	<b>(61)</b>
Gross Margin	24.9%	29.6%	36.9%	35.8%	(4.7pts.)
<b>Operating income</b>	<b>39</b>	<b>89</b>	<b>200</b>	<b>171</b>	<b>(50)</b>
Operating Margin	3.4%	7.6%	16.4%	14.9%	(4.2 pts.)

## Non-GAAP Financial Summary

<b>HPMS</b> (\$ in millions)	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>Y-Y</b>
<b>Gross Profit</b>	<b>1,977</b>	<b>1,624</b>	<b>1,518</b>	<b>1,434</b>	<b>353</b>
Gross Margin	56.0%	54.6%	57.2%	55.5%	1.4 pts.
<b>Operating income</b>	<b>1,008</b>	<b>682</b>	<b>551</b>	<b>534</b>	<b>326</b>
Operating Margin	28.5%	22.9%	20.8%	20.7%	5.6 pts.

<b>STDP</b> (\$ in millions)	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>Y-Y</b>
<b>Gross Profit</b>	<b>317</b>	<b>366</b>	<b>460</b>	<b>410</b>	<b>(49)</b>
Gross Margin	27.7%	31.3%	37.8%	35.8%	(3.6 pts.)
<b>Operating income</b>	<b>145</b>	<b>179</b>	<b>284</b>	<b>238</b>	<b>(34)</b>
Operating Margin	12.7%	15.3%	23.4%	20.8%	(2.6 pts.)



# Annual HPMS Revenue Business Trends(\$M)<sup>(1)</sup>

## Identification



## Automotive



## Portable and Computing



## Infrastructure and Industrial

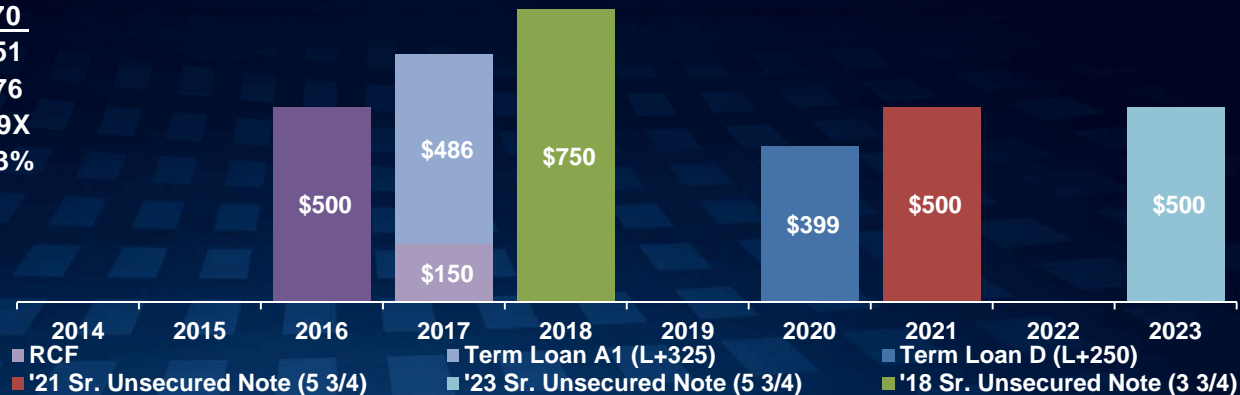


Note:

1. As of 2Q12, prior end market definitions for "Wireless Infrastructure, Lighting and Industrial" and "Mobile, Consumer and Computing" have been redefined to align internal management organization. All prior periods have been realigned to conform with new end market definitions

# Debt Summary

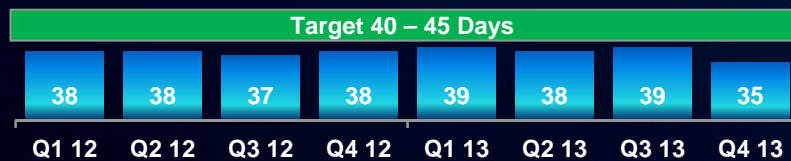
Debt Instrument	Sr. Unsecured Notes	Term Loan A1	Sr. Unsecured Notes	Term Loan D	Sr. Unsecured Notes	Sr. Unsecured Notes	Revolving Credit Facility
Issue Date	24-Sep-13	05-Mar-11	20-May-13	10-Dec-13	14-Feb-13	12-Mar-13	27-Apr-12
Maturity Date	15-Sep-16	04-Mar-17	01-Jun-18	11-Jan-20	15-Feb-21	15-Mar-23	01-Mar-17
Issued Amount (M)	\$500	\$500	\$750	\$400	\$500	\$500	€620
Book Value (M)	\$500	\$485	\$750	\$398	\$500	\$500	€110
Outstanding Amount (M)	\$500	\$486	\$750	\$399	\$500	\$500	€110
Coupon	3.50%	Libor + 325 bps	3.75%	Libor + 250bps	5.75%	5.75%	Libor + 225 bps
Floor	NA	125 bps	NA	75 bps	NA	NA	
Next Call	NC-Life	4-Mar-13	NC-Life	6mo. soft call	16-Feb-17	15-Mar-18	
Price		102		101	103	103	
Future Call Price	NC-Life	4-Mar-14	NC-Life	N/A	16-Feb-18	15-Mar-19	
Rating							
Moody's	B3	Ba3	B3	Ba3	B3	B3	
Standard & Poor's	B+	BB	B+	BB	B+	B+	BB+
Total Debt (\$M)	\$ 3,321						
Total Cash (\$M)	\$ 670						
Net Debt (\$M)	\$ 2,651						
TTM Adj. EBITDA	\$ 1,376						
Net Debt / Adj. EBITDA	1.9X						
Average Cost of Debt	4.3%						



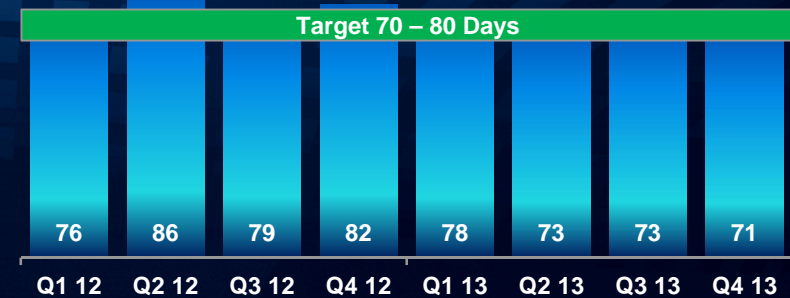


# Working Capital Ratios

## DSO



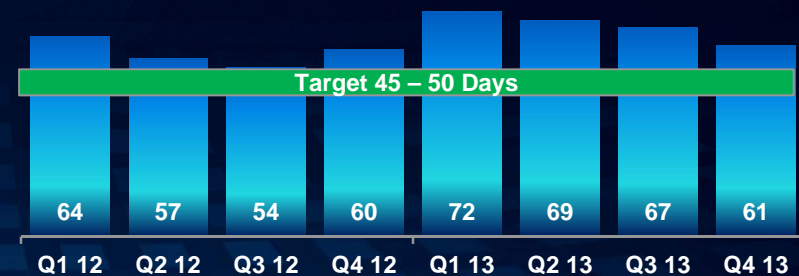
## DPO



## DIO



## Cash Conversion Cycle



DSO = (91.25 x AR) / Revenue  
DPO = (91.25 x AP) / GAAP COGS

DIO = (91.25 x Inventory) / GAAP COGS  
Cash Conversion Cycle = DIO + DSO - DPO

# Guidance for the First Quarter of 2014<sup>(1)</sup>

	Guidance Range		
	<u>Low</u>	<u>Mid</u>	<u>High</u>
<b>Product Revenue</b>	\$ 1,175	\$ 1,195	\$ 1,215
Q-Q	-6%	-4%	-3%
<b>Other Revenue</b>	\$ 35	\$ 35	\$ 35
<b>Total Revenue</b>	\$ 1,210	\$ 1,230	\$ 1,250
Q-Q	-6%	-5%	-3%
<b>Non-GAAP Gross Profit</b>	\$ 583	\$ 598	\$ 612
Non-GAAP Gross Margin	48%	49%	49%
<b>Non-GAAP Operating Income</b>	\$ 276	\$ 290	\$ 306
Non-GAAP Operating Margin	23%	24%	24%
Interest Expense	\$ 35	\$ 35	\$ 35
Cash Taxes	\$ 8	\$ 8	\$ 8
Non-controlling Interest	\$ 18	\$ 18	\$ 18
<b>Non-GAAP Net Income</b>	\$ 215	\$ 229	\$ 245
Ave. Diluted Shares	256	256	256
<b>Non - GAAP EPS</b>	\$ 0.84	\$ 0.90	\$ 0.96

Product Revenue trends, on a percentage point basis at the mid-point of 1Q14 guidance:

1. Identification is expected to be down mid-single digits;
2. Automotive is expected to be flat;
3. Infrastructure and Industrial is expected to be down mid-single digits;
4. Portable and Computing is expected to be down mid-teens;
5. Standard Products is expected to be down low single digit.

Note (1): NXP has based the guidance included in our earnings press release issued on February 6, 2014 on judgments and estimates that management believes are reasonable given its assessment of historical trends and other information reasonably available as of the date of this earnings press release. The guidance included in this release consists of predictions only, and is subject to a wide range of known and unknown risks and uncertainties, many of which are beyond NXP's control. The guidance included in this release should not be regarded as representations by NXP that the estimated results will be achieved. Actual results may vary materially from the guidance we provided in our earnings press release issued on February 6, 2014. In relation to the use of non-GAAP financial information see the note regarding "Use of Non-GAAP Financial Information" included in our earnings press release issued on February 6, 2014. For the factors, risks and uncertainties to which judgments, estimates and forward-looking statements generally are subject see the note regarding "Forward-looking Statements." We undertake no obligation to publicly update or revise any forward-looking statements, including the guidance set forth in our earnings press release issued on February 6, 2014, to reflect future events or circumstances. Considering the uncertain magnitude and variability of the foreign exchange consequences upon "PPA effects", "restructuring costs", "other incidental items" and any interest expense or taxes in future periods, management believes that GAAP financial measures are not available for NXP without unreasonable efforts on a forward looking basis



# Quarterly Financial Reconciliation (GAAP to non-GAAP)

(\$ in millions, unless otherwise stated)	Q4 2013	Q3 2013	Q4 2012
<b>Total Revenue</b>	<b>1,293</b>	<b>1,249</b>	<b>1,116</b>
<b>GAAP Gross Profit</b>	<b>589</b>	<b>570</b>	<b>490</b>
Gross profit adjustments	(47)	(15)	(25)
<b>Non - GAAP Gross Profit</b>	<b>636</b>	<b>585</b>	<b>515</b>
<b>GAAP Gross Margin</b>	<b>45.6%</b>	<b>45.6%</b>	<b>43.9%</b>
<b>Non-GAAP Gross Margin</b>	<b>49.2%</b>	<b>46.8%</b>	<b>46.1%</b>
<b>GAAP Operating income (loss)</b>	<b>198</b>	<b>168</b>	<b>33</b>
Operating income adjustments	(126)	(117)	(192)
<b>Non - GAAP Operating income (loss)</b>	<b>324</b>	<b>285</b>	<b>225</b>
<b>GAAP Operating Margin</b>	<b>15.3%</b>	<b>13.5%</b>	<b>3.0%</b>
<b>Non-GAAP Operating Margin</b>	<b>25.1%</b>	<b>22.8%</b>	<b>20.2%</b>
<b>GAAP Financial income (expense)</b>	<b>(79)</b>	<b>3</b>	<b>(153)</b>
Financial income adjustments	(40)	47	(98)
<b>Non - GAAP Financial income (expense)</b>	<b>(39)</b>	<b>(44)</b>	<b>(55)</b>
<b>GAAP Income tax benefit (provision)</b>	<b>(10)</b>	<b>(1)</b>	<b>7</b>
Other Adjustments	3	4	17
<b>Non - GAAP Cash tax (expense)<sup>(1)</sup></b>	<b>(13)</b>	<b>(5)</b>	<b>(10)</b>
<b>GAAP Net income (loss) attributable to shareholders</b>	<b>96</b>	<b>155</b>	<b>(116)</b>
Net income (loss) adjustments	(157)	(64)	(258)
<b>Non - GAAP Net income (loss) attributable to shareholders</b>	<b>253<sup>(2)</sup></b>	<b>219</b>	<b>142</b>
<b>GAAP Diluted net income (loss) per share attributable to shareholders</b>	<b>0.37</b>	<b>0.60</b>	<b>(0.47)</b>
<b>Non - GAAP Diluted net income (loss) per share attributable to shareholders</b>	<b>0.99</b>	<b>0.85</b>	<b>0.56</b>

1. Cash income taxes paid during the period
2. Includes:
  - PPA effects: (\$47M);
  - Restructuring: (\$23M);
  - Stock-based compensation: (\$31M);
  - Other incidentals: (\$25M);
  - Foreign exchange gain on debt: \$31M;
  - Loss on extinguishment of LT debt: (\$54M);
  - Other financial expense: (\$17M);
  - Results relating to equity-accounted investees: \$6M;
  - Difference between book and cash income taxes: \$3M

# 2013 Annual Financial Reconciliation (GAAP to non-GAAP)

(\$ in millions, unless otherwise stated)	2013	2012	2011	2010
<b>Total Revenue</b>	<b>4,815</b>	<b>4,358</b>	<b>4,194</b>	<b>4,402</b>
<b>GAAP Gross Profit</b>	<b>2,177</b>	<b>1,988</b>	<b>1,906</b>	<b>1,823</b>
Gross profit adjustments	(121)	(8)	(81)	(53)
<b>Non - GAAP Gross Profit</b>	<b>2,298</b>	<b>1,996</b>	<b>1,987</b>	<b>1,876</b>
<b>GAAP Gross Margin</b>	<b>45.2%</b>	<b>45.6%</b>	<b>45.4%</b>	<b>41.4%</b>
<b>Non-GAAP Gross Margin</b>	<b>47.7%</b>	<b>45.8%</b>	<b>47.4%</b>	<b>42.6%</b>
<b>GAAP Operating income (loss)</b>	<b>651</b>	<b>412</b>	<b>357</b>	<b>273</b>
Operating income adjustments	(469)	(422)	(476)	(433)
<b>Non - GAAP Operating income (loss)</b>	<b>1,120</b>	<b>834</b>	<b>833</b>	<b>706</b>
<b>GAAP Operating Margin</b>	<b>13.5%</b>	<b>9.5%</b>	<b>8.5%</b>	<b>6.2%</b>
<b>Non-GAAP Operating Margin</b>	<b>23.3%</b>	<b>19.1%</b>	<b>19.9%</b>	<b>16.0%</b>
<b>GAAP Financial income (expense)</b>	<b>(274)</b>	<b>(437)</b>	<b>(257)</b>	<b>(628)</b>
Financial income adjustments	(95)	(171)	50	(310)
<b>Non - GAAP Financial income (expense)</b>	<b>(179)</b>	<b>(266)</b>	<b>(307)</b>	<b>(318)</b>
<b>GAAP Income tax benefit (expense)</b>	<b>(20)</b>	<b>(1)</b>	<b>(21)</b>	<b>(24)</b>
Adjustments	14	27	4	(5)
<b>Non - GAAP Cash tax (expense)<sup>(1)</sup></b>	<b>(34)</b>	<b>(28)</b>	<b>(25)</b>	<b>(19)</b>
<b>GAAP Net income (loss) attributable to shareholders</b>	<b>348</b>	<b>(115)</b>	<b>390</b>	<b>(456)</b>
Net income (loss) adjustments	(492) <sup>(2)</sup>	(592)	(65)	(775)
<b>Non - GAAP Net income (loss) attributable to shareholders</b>	<b>840</b>	<b>477</b>	<b>455</b>	<b>319</b>
<b>GAAP Diluted net income (loss) per share attributable to shareholders</b>	<b>1.36</b>	<b>(0.46)</b>	<b>1.57</b>	<b>(1.99)</b>
<b>Non - GAAP Diluted net income (loss) per share attributable to shareholders</b>	<b>3.29</b>	<b>1.88</b>	<b>1.80</b>	<b>1.37</b>

1. Cash income taxes paid during the period
2. Includes:
  - PPA effects: (\$246M);
  - Restructuring: (\$40M);
  - Stock based compensation: (\$88M);
  - Other incidentals: (\$49M);
  - Other adjustments to COGS: (\$46M)
  - Foreign exchange gain (loss) on debt: \$62M;
  - Loss on extinguishment of LT debt: (\$114M)
  - Other financial expense: (\$43M);
  - Results relating to equity-accounted investees: \$58M;
  - Difference between book and cash income taxes: \$14M



## Quarterly Cash Flow Overview (\$M)

	Q4 2013	Q3 2013	Q4 2012
<b>Net cash provided by (used for) operating activities</b>	<b>314</b>	<b>298</b>	<b>164</b>
<b>Net cash provided by (used for) investing activities</b>	<b>(75)</b>	<b>(66)</b>	<b>(45)</b>
<b>Net cash provided by (used for) financing activities</b>	<b>(511)</b>	<b>134</b>	<b>(209)</b>
Effects of changes in exchange rates on cash position	1	6	5
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(271)</b>	<b>372</b>	<b>(85)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>941</b>	<b>569</b>	<b>702</b>
<b>Cash and cash equivalents at end of period</b>	<b>670</b>	<b>941</b>	<b>617</b>
<b>Net cash provided by (used for) operating activities</b>	<b>314</b>	<b>298</b>	<b>164</b>
Net capital expenditures on property, plant and equipment	(70)	(54)	(45)
Non-GAAP free cash flow	244	244	119
Non-GAAP free cash flow as a percentage of Revenue	19%	20%	11%

# Annual Cash Flow Overview (\$M)

	2013	2012	2011	2010
<b>Net cash provided by (used for) operating activities</b>	<b>891</b>	<b>722</b>	<b>175</b>	<b>361</b>
<b>Net cash provided by (used for) investing activities</b>	<b>(240)</b>	<b>(243)</b>	<b>(202)</b>	<b>(269)</b>
<b>Net cash provided by (used for) financing activities</b>	<b>(598)</b>	<b>(574)</b>	<b>(926)</b>	<b>(157)</b>
<b>Net cash provided by (used for) continuing operations</b>	<b>53</b>	<b>(95)</b>	<b>(953)</b>	<b>(65)</b>
Net cash provided by (used for) discontinued operations	-	(45)	809	(5)
Effects of changes in exchange rates on cash position	-	14	(21)	(63)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>53</b>	<b>(126)</b>	<b>(165)</b>	<b>(133)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>617</b>	<b>743</b>	<b>908</b>	<b>1,041</b>
<b>Cash and cash equivalents at end of period</b>	<b>670</b>	<b>617</b>	<b>743</b>	<b>908</b>
Less cash – discontinued operations	-	-	-	10
<b>Cash and cash equivalents at end of period – continuing operations</b>	<b>670</b>	<b>617</b>	<b>743</b>	<b>898</b>
<b>Net cash provided by (used for) operating activities</b>	<b>891</b>	<b>722</b>	<b>175</b>	<b>361</b>
Net capital expenditures on property, plant and equipment	(209)	(249)	(206)	(227)
Non-GAAP free cash flow	682	473	(31)	134
Non-GAAP free cash flow as a percentage of Revenue	14%	11%	NM	3%



## Quarterly Adjusted EBITDA (\$M)

	Q4 2013	Q3 2013	Q4 2012
<b>Net income (loss)</b>	<b>115</b>	<b>172</b>	<b>(98)</b>
Reconciling items to EBITDA			
Financial (income) expense	79	(3)	153
(Benefit) provision for income taxes	10	1	(7)
Depreciation	61	63	63
Amortization	52	74	69
<b>EBITDA</b>	<b>317</b>	<b>307</b>	<b>180</b>
Results of equity-accounted investees	(6)	(2)	(15)
Restructuring <sup>1</sup>	21	17	98
Stock-based compensation	31	20	16
Other incidental items <sup>1</sup>	24	8	11
Other adjustments	-	-	-
<b>Adjusted EBITDA</b>	<b>387</b>	<b>350</b>	<b>290</b>
<b>Trailing 12-month Adjusted EBITDA</b>	<b>1,376</b>	<b>1,279</b>	<b>1,090</b>
1. Excluding depreciation PP&E and amortization of software related to			
Restructuring	2	6	-
Other incidental items	1	-	1

# Annual Adjusted EBITDA (\$M)

	2013	2012	2011	2010
<b>Net income (loss)</b>	<b>415</b>	<b>(52)</b>	<b>436</b>	<b>(406)</b>
Income (loss) on discontinued operations	-	1	434	59
<b>Income (loss) on continuing operations</b>	<b>415</b>	<b>(53)</b>	<b>2</b>	<b>(465)</b>
Reconciling items to EBITDA				
Financial (income) expense	274	437	257	628
(Benefit) provision for income taxes	20	1	21	24
Depreciation	246	247	290	389
Amortization	268	286	301	295
<b>EBITDA</b>	<b>1,223</b>	<b>918</b>	<b>871</b>	<b>871</b>
Results of equity-accounted investees	(58)	27	77	86
Restructuring <sup>1</sup>	31	109	76	(11)
Stock-based compensation	88	52	31	12
Other incidental items <sup>1</sup>	46	30	62	84
Other adjustments	46	(46)	-	-
<b>Adjusted EBITDA</b>	<b>1,376</b>	<b>1,090</b>	<b>1,117</b>	<b>1,042</b>
<b>Trailing 12-month Adjusted EBITDA</b>	<b>1,376</b>	<b>1,090</b>	<b>1,117</b>	<b>1,042</b>
1. Excluding depreciation PP&E related to				
Restructuring	9	2	5	40
Other incidental items	3	2	1	6



# Positioned to Deliver Industry Leading Growth

