



NXP Semiconductors

Investor Presentation | April 2016

SECURE CONNECTIONS
FOR A SMARTER WORLD



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In addition to providing financial information on a basis consistent with U.S. generally accepted accounting principles (“GAAP”), the Presentation also contains the following selected financial measures on a non-GAAP basis: (i) Gross profit, (ii) Gross margin, (iii) Research and development, (iv) Selling, general and administrative, (v) Other income, (vi) Operating income (loss), (vii) Operating margin, (viii) Financial Income (expense), (ix) Cash tax expense, (x) Results relating to equity-accounted investees, (xi) Net income (loss), (xii) Net income (loss) attributable to stockholders, (xiii) Weighted average shares –diluted, (xiv) Diluted net income (loss) attributable to stockholders per share, (xv) EBITDA, adjusted EBITDA and trailing 12 month adjusted EBITDA, and (xvi) non-GAAP free cash flow. The non-GAAP information excludes the amortization of acquisition related intangible assets, the purchase accounting effect on inventory and property, plant and equipment, merger related costs (including integration costs), certain items related to divestitures, share-based compensation expense, restructuring and asset impairment charges, process and product transfer costs, non-cash interest expense on convertible notes, extinguishment of debt, changes in the fair value of the warrant liability prior to January 1, 2016, foreign exchange gains and losses and the non-cash impact on income tax expense.

Management does not believe that these items are reflective of the Company’s underlying performance. The presentation of these and other similar items in NXP’s non-GAAP financial results should not be interpreted as implying that these items are non-recurring, infrequent or unusual. NXP believes this non-GAAP financial information provides additional insight into the Company’s on-going performance and has therefore chosen to provide this information to investors for a more consistent basis of comparison and to help them evaluate the results of the Company’s on-going operations and enable more meaningful period to period comparisons. These non-GAAP measures are provided in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. Reconciliations of these non-GAAP measures to the most comparable measures calculated in accordance with GAAP are provided in the financial statements portion of the quarterly earnings releases in a schedule entitled “Financial Reconciliation of GAAP to non-GAAP Results (unaudited).”

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This presentation 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.

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Focused on Profitable Growth from Smarter World Opportunity

Our innovative solutions are used in a wide range of applications

Connected Car



- Car entertainment
- In-vehicle networking
- Secure car access
- Secure V2X communication
- Radar

Security



- Mobile transactions
- E-Government
- Smart bank cards
- User authentication
- Embedded security

Portable and Wearable



- Mobile audio
- High-speed interfaces
- Gaming
- Personal health & fitness
- Healthcare

Internet of Things



- Smart home and buildings
- Smart cities - smart grid
- M2M – “Industry 4.0”
- Intelligent logistics

We Provide Secure Connections for a Smarter World



- Enhanced security
- Mesh connectivity
- Sensors
- Smart LED lighting
- Gateway & cyber security
- Access



- Car entertainment
- In-vehicle networking
- Car access
- V2X and Radar



- Secure bank cards
- Mobile transactions
- Loyalty- reward
- RFID tags - labels
- Supply chain monitoring
- NFC readers



- e-passport
- Smart eID
- Health card



- Contactless transit cards
- Access solutions
- Micro-payments



NXP Value Proposition



Multiple High Growth Markets + RMS of at Least 1.5x
→ Profitable Growth



Operational Excellence + Benchmark Cost Structure
→ Strong Cash Generation

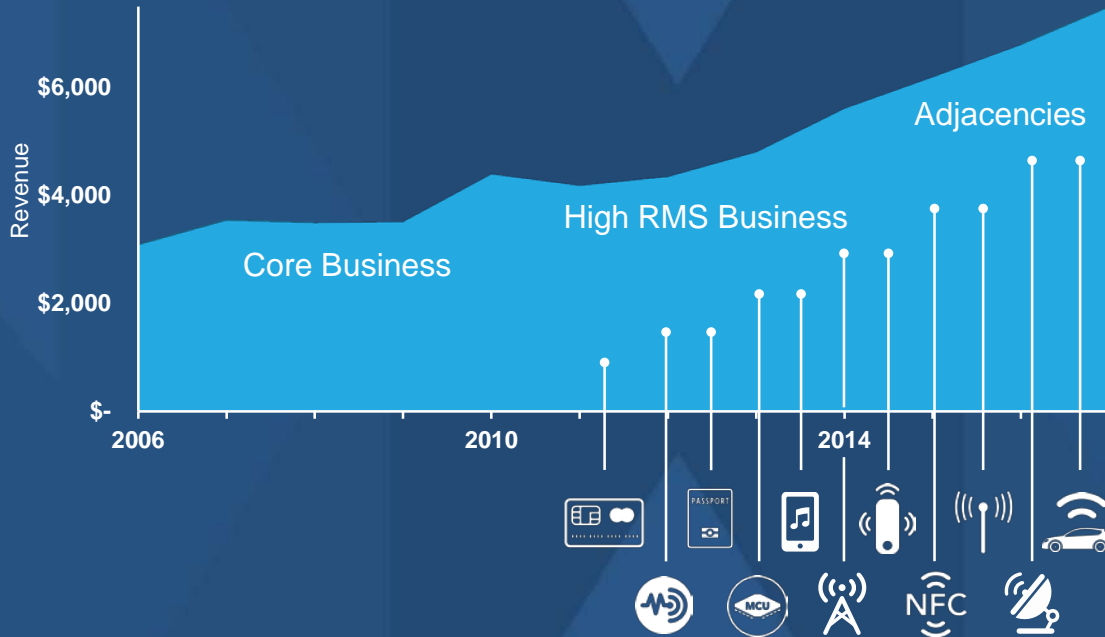


Industry Leading Management Team and People
→ Customer-Focused Passion to WIN



MAXIMIZE SHAREHOLDER VALUE

Growth Driven by High RMS Businesses and Adjacent Markets



Focused on

- High growth markets;
- Deliver unique NXP capabilities;
- Driving operating margin;
- Optimized capital structure.

Broad sustainable leadership as we

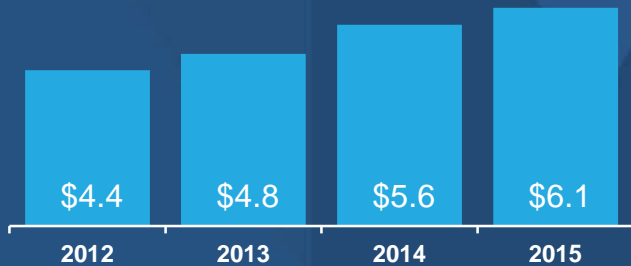
- Invest in Core & High RMS business’;
- Thought leadership in Adjacent markets;
- NXP positioned to outperform peers.

Note:

1. GM, EBIT, EPS, Interest Expense, Free Cash Flow (FCF), Leverage, Adj. EBITDA are all non-GAAP figures
2. Based on normalized NXP revenue growth, versus normalized, aggregate HPMS Peer revenue

Driving Profitable Growth in Excess of Addressable Market

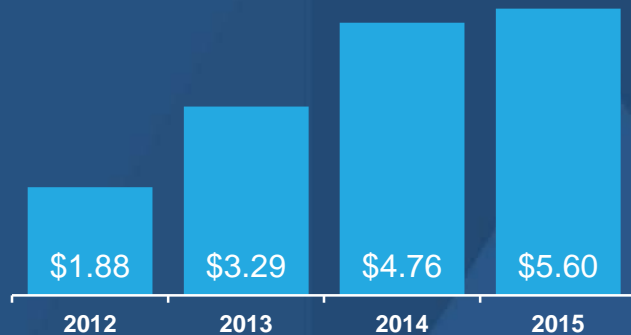
As Reported Revenue Up 12% 3-yr. CAGR (\$B)¹



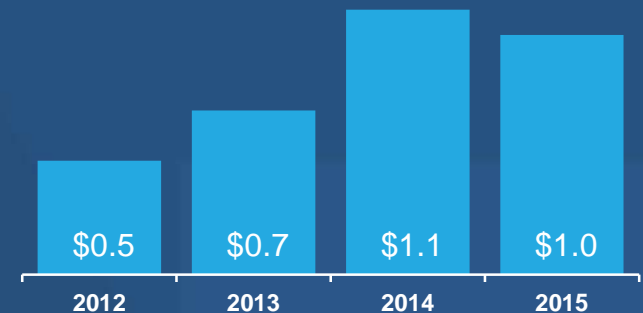
EBIT¹ Profit up 26% 3-yr. CAGR (\$B)



EPS¹ up 44% 3-yr. CAGR



Free Cash Flow up 28% 3-yr. CAGR (\$B)¹



Note:

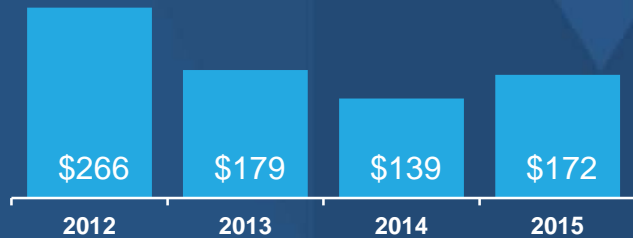
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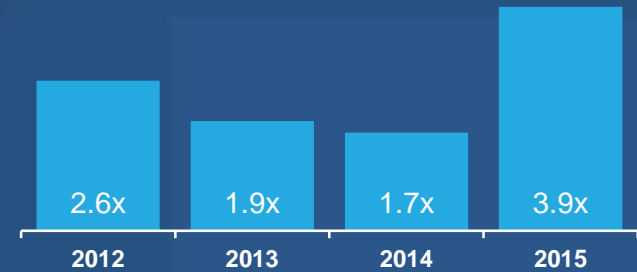


Focused on Generating Cash

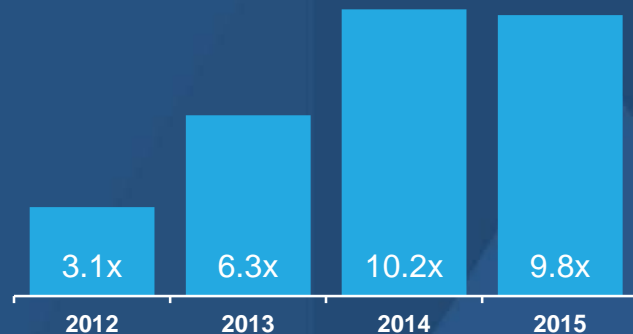
Cash Interest Expense Declined 14% 3-yr. CAGR (\$M)¹



Leverage¹



Interest Coverage¹



Net Debt (\$B)



Note:

1. GM, EBIT, EPS, Interest Expense, Free Cash Flow (FCF), Leverage, Adj. EBITDA, Interest Coverage, are all non-GAAP figures, 3-yr. CAGR reflect the period 2012 - 2015

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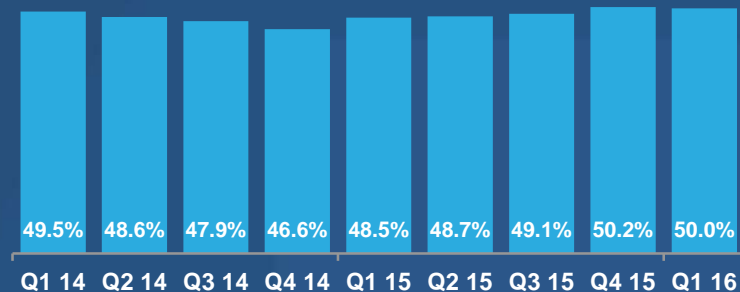


Recent Quarterly Business Trends

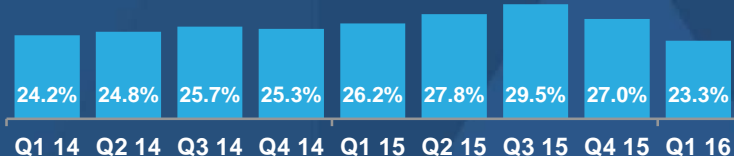
Revenue (\$M)



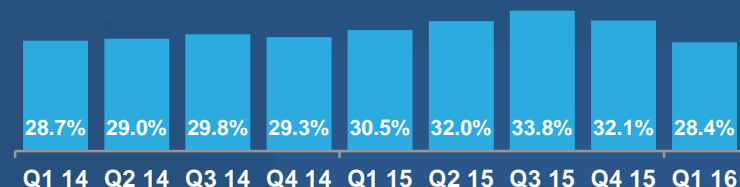
Non-GAAP Gross Margin



Non-GAAP Operating Margin



Adj. EBITDA Margin



Note:

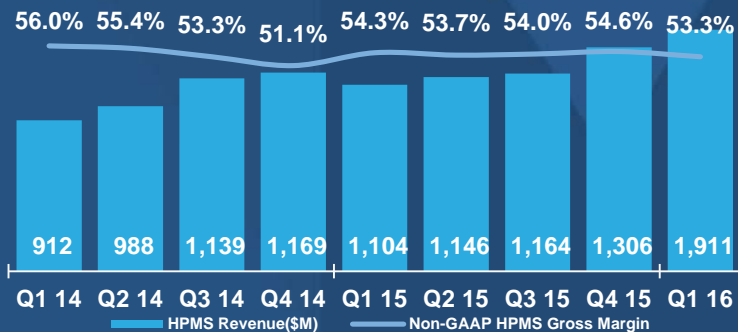
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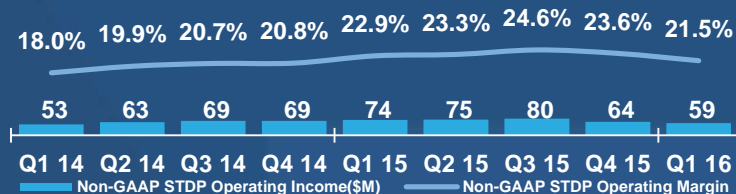
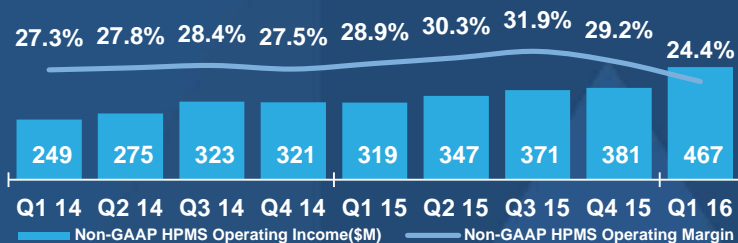
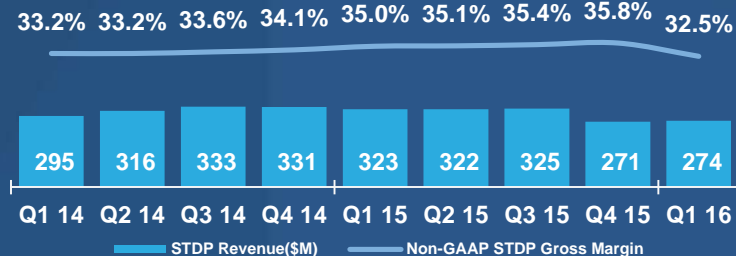


Business Segment Revenue and Non-GAAP Margin Trends

HPMS Segment



Standard Product Segment



Note:

1. GM, EBIT, EPS, Interest Expense, Free Cash Flow(FCF), Leverage, Adj. EBITDA, Interest Coverage, are all non-GAAP figures, 3-yr. CAGR reflect the period 2012 - 2015

HPMS Segment Revenue Business Trends(\$M)⁽¹⁾

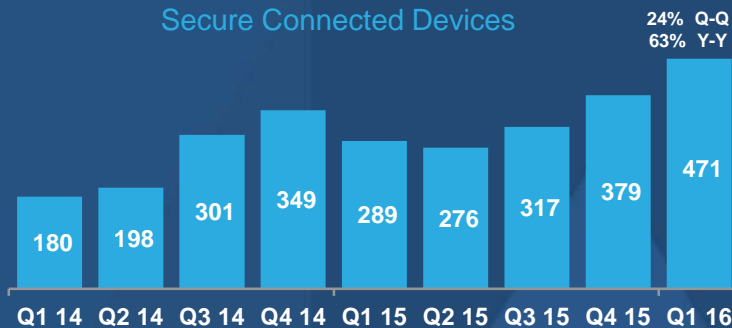
Secure Identification Solutions



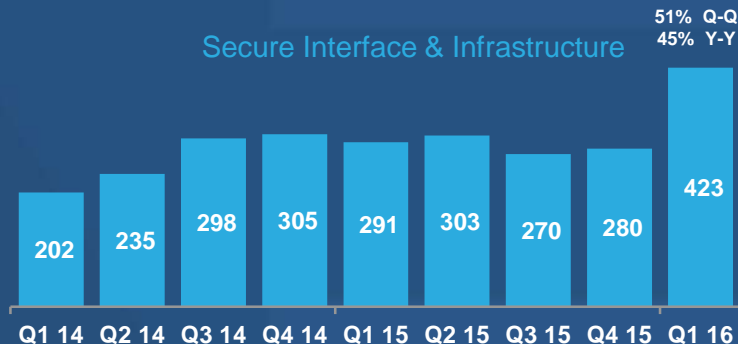
Automotive



Secure Connected Devices



Secure Interface & Infrastructure



Note:

1. As a result of the FSL Merger, NXP has included previously reported Freescale Semiconductor ("Freescale") product group revenue into its various existing High Performance Mixed Signal (HPMS) and Standard Products (STDP) segments. As of the fourth quarter 2015, the NXP HPMS operating segments include the following (1) Automotive includes revenue from Freescale's Automotive MCU and Analog & Sensor product groups; (2) Secure Connected Devices includes revenue from Freescale's Microcontroller product group; (3) Secure Interface & Infrastructure, previously known as Secure Interface & Power includes revenue from Freescale's Digital Networking and RF product groups. Additionally, certain portions of Freescale's Analog & Sensor product group and Other revenue is apportioned to various NXP operating segments consistent with NXP's prior product and revenue classification approach, this included product-functionality alignment as well intellectual property (IP) sales and licensing revenue.

Note:

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Quarterly Revenue and Operating Income

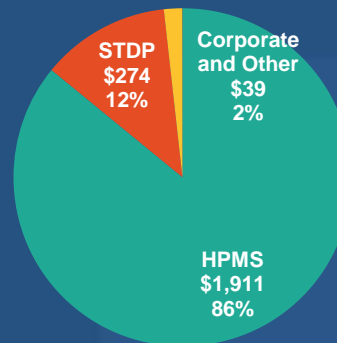
GAAP Financial Summary

(\$ in millions)	Q1 2016	Q4 2015	Q1 2015	Q-Q	Y-Y
Product Revenue	2,185	1,577	1,427	608	758
All Other	<u>39</u>	<u>29</u>	<u>40</u>	<u>10</u>	<u>(1)</u>
Total Revenue	2,224	1,606	1,467	618	757
Gross Profit	597	619	704	(22)	(107)
Percent of total revenue	26.8%	38.5%	48.0%	(11.7pts)	(21.2pts)
Operating income	(471)	1,013	295	(1,484)	(766)
Percent of total revenue	(21.2%)	63.1%	20.1%	(84.3pts)	(41.3pts)

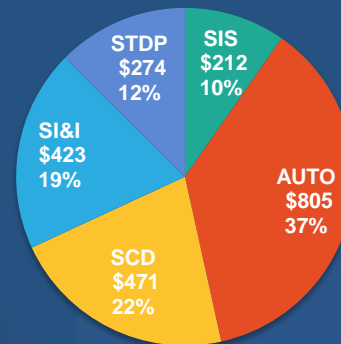
Non-GAAP Financial Summary

(\$ in millions)	Q1 2016	Q4 2015	Q1 2015	Q-Q	Y-Y
Gross Profit	1,112	806	711	306	401
Percent of total revenue	50.0%	50.2%	48.5%	(0.2pts)	1.5pts
Operating income	519	433	385	86	134
Percent of total revenue	23.3%	27.0%	26.2%	(3.7pts)	(2.9pts)

Quarterly Segment Revenue (\$M):



Quarterly Product Revenue (% of Product Revenue):



Note:

1. GM, EBIT, EPS, Interest Expense, Free Cash Flow(FCF), Leverage, Adj. EBITDA, Interest Coverage, are all non-GAAP figures, 3-yr. CAGR reflect the period 2012 - 2015

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Business Segment Performance

GAAP Financial Summary

HPMS (\$ in millions)	Q1 2016	Q4 2015	Q1 2015	Q-Q	Y-Y
Revenue	1,911	1,306	1,104	605	807
Gross Profit	510	534	597	(24)	(87)
Gross Margin	26.7%	40.9%	54.1%	(14.2pts)	(27.4pts)
Operating income	(486)	995	266	(1,481)	(752)
Operating Margin	(25.4%)	76.2%	24.1%	(101.6pts)	(49.5pts)

STDP (\$ in millions)	Q1 2016	Q4 2015	Q1 2015	Q-Q	Y-Y
Revenue	274	271	323	3	(49)
Gross Profit	87	90	110	(3)	(23)
Gross Margin	31.8%	33.2%	34.1%	(1.4pts)	(2.3pts)
Operating income	39	103	52	(64)	(13)
Operating Margin	14.2%	38.0%	16.1%	(23.8pts)	(1.9pts)

Non-GAAP Financial Summary

HPMS (\$ in millions)	Q1 2016	Q4 2015	Q1 2015	Q-Q	Y-Y
Gross Profit	1,019	713	599	306	420
Gross Margin	53.3%	54.6%	54.3%	(1.3pts)	(1.0pts)
Operating income	467	381	319	86	148
Operating Margin	24.4%	29.2%	28.9%	(4.8pts)	(4.5pts)

STDP (\$ in millions)	Q1 2016	Q4 2015	Q1 2015	Q-Q	Y-Y
Gross Profit	89	97	113	(8)	(24)
Gross Margin	32.5%	35.8%	35.0%	(3.3pts)	(2.5pts)
Operating income	59	64	74	(5)	(15)
Operating Margin	21.5%	23.6%	22.9%	(2.1pts)	(1.4pts)

Note:

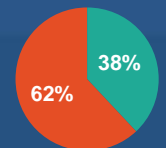
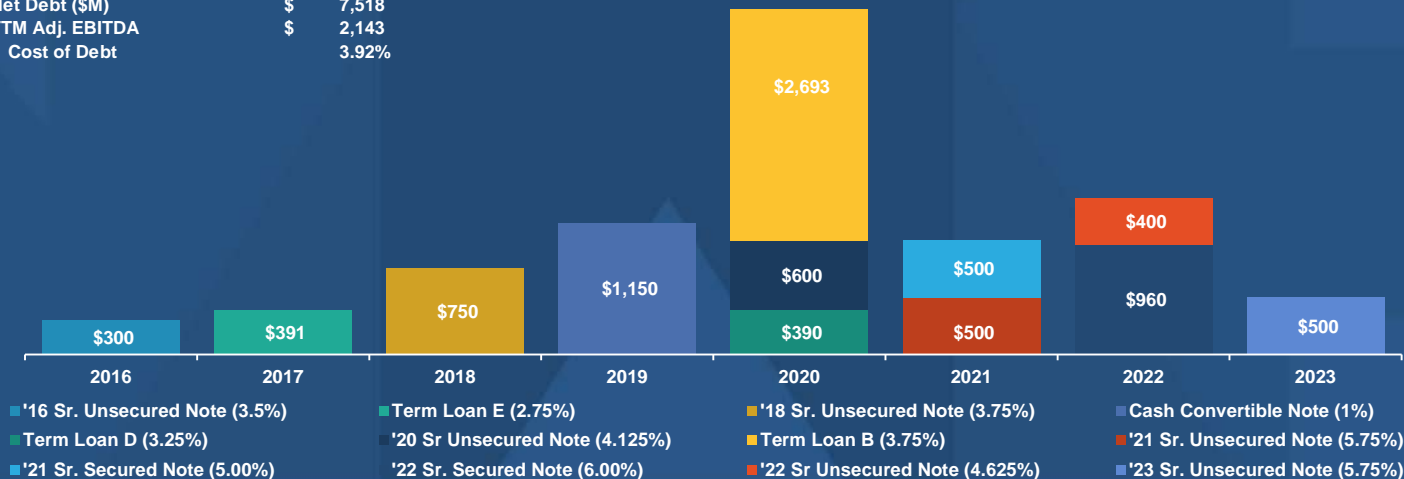
1. GM, EBIT, EPS, Interest Expense, Free Cash Flow(FCF), Leverage, Adj. EBITDA, Interest Coverage, are all non-GAAP figures, 3-yr. CAGR reflect the period 2012 - 2015

Debt Summary

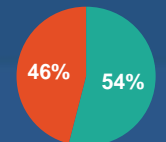
Debt Instrument	Sr. Unsecured Notes	Term Loan E	Sr. Unsecured Notes	Cash Convertible Notes	Term Loan D	Sr. Unsecured Notes	Term Loan B	Sr. Unsecured Notes	Sr. Secured Notes	Sr. Secured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Revolving Credit Facility
Issue Date	24-Sep-13	04-Mar-14	20-May-13	01-Dec-14	10-Dec-13	09-Jun-15	07-Nov-15	14-Feb-13	21-May-13	01-Nov-13	09-Jun-15	12-Mar-13	07-Dec-15
Book Value (M)	\$ 299	\$ 389	\$ 746	\$ 982	\$ 386	\$ 594	\$ 2,654	\$ 497	\$ 518	\$ 1,020	\$ 396	\$ 496	\$ -
Nominal Amount (M)	\$ 300	\$ 391	\$ 750	\$ 1,150	\$ 390	\$ 600	\$ 2,693	\$ 500	\$ 500	\$ 960	\$ 400	\$ 500	\$ -
Coupon	3.50%	Libor + 200 bps	3.75%	1.00%	Libor + 250 bps	4.125%	Libor + 300 bps	5.75%	5.00%	6.00%	4.625%	5.75%	Libor + 200 bps
Floor	NA	75 bps	NA	NA	75 bps	NA	75 bps	NA	NA	NA	NA	NA	
Rating													
Moody's	Ba2	Baa3	Ba2	Ba2	Baa3	Ba2	Baa3	Ba2	Baa3	Baa3	Ba2	Ba2	
Standard & Poor's	BB+	BBB-	BB+	BB+	BBB-	BB+	BBB-	BB+	BBB-	BBB-	BB+	BB+	BBB

Total Leverage

Total Debt (\$M)	\$ 9,006
Total Cash (\$M)	\$ 1,488
Net Debt (\$M)	\$ 7,518
TTM Adj. EBITDA	\$ 2,143
Cost of Debt	3.92%



■ Float ■ Fixed



■ Secured ■ Unsecured

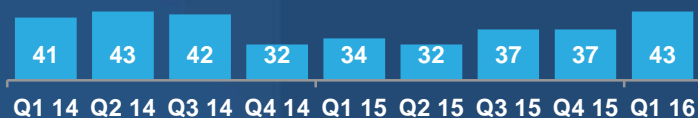
15

Note:

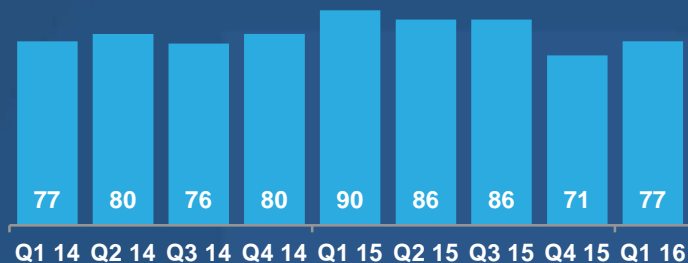
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Working Capital Ratios⁽¹⁾

DSO



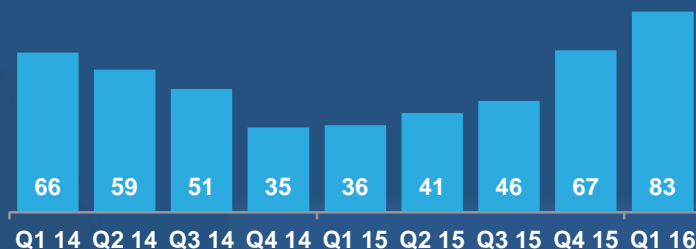
DPO



DIO⁽²⁾



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

Note:

1. Q1 15 Working capital ratios exclude the purchase price accounting amortization effects on GAAP COGS and Inventory due to the FSL merger, including inventory step up and amortization of acquired PP&E
2. DIO calculation for 3Q15 includes \$66M of inventory classified as "Assets held for sale"

Guidance for the Second Quarter of 2016⁽¹⁾

	<u>Low</u>	<u>Mid</u>	<u>High</u>
Product Revenue	\$ 2,247	\$ 2,297	\$ 2,347
Q-Q	3%	5%	7%
Other Revenue	\$ 48	\$ 48	\$ 48
Total Revenue	\$ 2,295	\$ 2,345	\$ 2,395
Q-Q	3%	5%	8%
Non-GAAP Gross Profit	\$ 1,137	\$ 1,172	\$ 1,209
Non-GAAP Gross Margin	49.5%	50.0%	50.5%
Non-GAAP Operating Income	\$ 573	\$ 592	\$ 614
Non-GAAP Operating Margin	25.0%	25.3%	25.6%
Interest Expense	\$ (88)	\$ (88)	\$ (88)
Cash Taxes	\$ (17)	\$ (18)	\$ (19)
Non-controlling Interest	\$ (13)	\$ (14)	\$ (15)
Non-GAAP Net Income	\$ 455	\$ 472	\$ 492
Ave. Diluted Shares	351	351	351
Non - GAAP EPS	\$ 1.30	\$ 1.35	\$ 1.40

Revenue range is expected to be:

- Auto is expected to be up in the range of mid to high single digits;
- Secure Identification Solutions, is expected to be down in the range of low to mid single digits;
- Secure Connected Devices is expected to up in the range of mid single to low double digits;
- Secure Interface & Infrastructure is expected to be flat to up in the mid single digit range;
- Standard Products is expected to be up in the range of mid to high single digits;
- Corporate & Other is expected to be approximately \$48 million.

Note (1): NXP has based the guidance included in this release 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 release. Please note:

- 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 provide today. In relation to the use of non-GAAP financial information see the note regarding "Use of Non-GAAP Financial Information" elsewhere in this release. 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 herein, 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)	Q1 2016	Q4 2015	Q1 2015
Total Revenue	2,224	1,606	1,467
GAAP Gross Profit	597	619	704
Gross profit adjustments	(515)	(187)	(7)
Non - GAAP Gross Profit	1,112	806	711
GAAP Gross Margin	26.8%	38.5%	48.0%
Non-GAAP Gross Margin	50.0%	50.2%	48.5%
GAAP Operating income (loss)	(471)	1,013	295
Operating income adjustments	(990)	580	(90)
Non - GAAP Operating income (loss)	519	433	385
GAAP Operating Margin	(21.2%)	63.1%	20.1%
Non-GAAP Operating Margin	23.3%	27.0%	26.2%
GAAP Financial income (expense)	(116)	(174)	(373)
Financial income adjustments	(23)	(118)	(337)
Non - GAAP Financial income (expense)	(93)	(56)	(36)
GAAP Income tax benefit (provision)	199	148	(15)
Other Adjustments	213	167	(11)
Non - GAAP Cash tax (expense)⁽¹⁾	(14)	(19)	(4)
GAAP Net income (loss) attributable to shareholders	(398)	972	(107)
Net income (loss) adjustments	(799)	631	(435)
Non - GAAP Net income (loss) attributable to shareholders	401⁽²⁾	341	328
GAAP Diluted net income (loss) per share attributable to shareholders	(1.16)	3.56	(0.46)
Non - GAAP Diluted net income (loss) per share attributable to shareholders	1.14	1.25	1.35

1. Cash income taxes paid during the period

2. Excludes:

- PPA effects: (\$861M);
- Restructuring: (\$20M) ;
- Stock-based compensation: (\$99M);
- Merger-related costs: (\$5M)
- Other incidentals: (\$2M);
- Non-cash interest expense on convertible Notes (\$10M);
- Foreign exchange loss: (\$9M);
- Other financial expense: (\$7M);
- Results relating to equity-accounted investees: \$1M;
- Difference between book and cash income taxes: \$213M.

Note:

1. GM, EBIT, EPS, Interest Expense, Free Cash Flow (FCF), Leverage, Adj. EBITDA, Interest Coverage, are all non-GAAP figures, 3-yr. CAGR reflect the period 2012 - 2015

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Quarterly Cash Flow Overview (\$M)

	Q1 2016	Q4 2015	Q1 2015
Net cash provided by (used for) operating activities	414	271	368
Net cash provided by (used for) investing activities	(106)	(77)	(183)
Net cash provided by (used for) financing activities	(441)	(1,070)	1
Effects of changes in exchange rates on cash position	7	(2)	(16)
Increase (decrease) in cash and cash equivalents	(126)	(878)	170
Cash and cash equivalents at beginning of the period	1,614	2,492	1,185
Cash and cash equivalents at end of period	1,488	1,614	1,355
Net cash provided by (used for) operating activities	414	271	368
Net capital expenditures on property, plant and equipment	(88)	(91)	(80)
Non-GAAP free cash flow	326	180	288
Non-GAAP free cash flow as a percentage of Revenue	15%	11%	20%

Note:

1. GM, EBIT, EPS, Interest Expense, Free Cash Flow (FCF), Leverage, Adj. EBITDA, Interest Coverage, are all non-GAAP figures, 3-yr. CAGR reflect the period 2012 - 2015

Quarterly Adjusted EBITDA (\$M)

	Q1 2016	Q4 2015	Q1 2015
Net income (loss)	(387)	989	(90)
Reconciling items to EBITDA			
Financial (income) expense	116	174	373
(Benefit) provision for income taxes	(199)	(148)	15
Depreciation	149	89	58
Amortization	380	141	37
EBITDA	59	1,245	393
Results of equity-accounted investees	(1)	(2)	(3)
Purchase accounting effect on inventory	448	149	-
Restructuring ¹	20	239	12
Stock-based compensation	99	111	35
Merger-related costs	5	27	8
Other incidental items ¹	2	(1,254)	2
Adjusted EBITDA	632	515	447
Trailing 12-month Adjusted EBITDA	2,143	1,958	1,740
1. Excluding depreciation PP&E , amortization of software related to restructuring and Other incidental items	-	(3)	-

Note:

1. GM, EBIT, EPS, Interest Expense, Free Cash Flow(FCF), Leverage , Adj. EBITDA, Interest Coverage, are all non-GAAP figures, 3-yr. CAGR reflect the period 2012 - 2015

Supplemental Combined Non-GAAP Adjusted Revenue

See Notes 1, 2, 3, 4, 5, 6

	2012	2013	2014	2015				FY
				Q115	Q215	Q315	Q415	
Automotive NXP	939	1,019	1,144	302	310	308	422	1,342
Acquired Freescale	<u>1,727</u>	<u>1,805</u>	<u>1,918</u>	<u>493</u>	<u>505</u>	<u>503</u>	<u>318</u>	<u>1,819</u>
Automotive combined	2,666	2,824	3,062	795	815	811	740	3,161
Secure Identification Solutions NXP	685	997	996	222	257	269	225	973
Secure Connected Devices NXP	695	752	1,028	289	276	317	379	1,261
Acquired Freescale	<u>745</u>	<u>869</u>	<u>962</u>	<u>236</u>	<u>293</u>	<u>306</u>	<u>139</u>	<u>974</u>
Secure Connected Devices combined	1,440	1,621	1,990	525	569	623	518	2,235
Secure Interface & Infrastructure NXP	657	765	1,040	291	303	270	280	1,144
Divested NXP	(197)	(236)	(377)	(126)	(119)	(67)	(29)	(342)
Acquired Freescale	<u>1,218</u>	<u>1,336</u>	<u>1,610</u>	<u>399</u>	<u>363</u>	<u>282</u>	<u>124</u>	<u>1,168</u>
Secure Interface & Infrastructure combined	1,678	1,865	2,273	564	547	485	375	1,971
High Performance Mixed Signal NXP	2,976	3,533	4,208	1,104	1,146	1,164	1,306	4,720
Divested NXP	(197)	(236)	(377)	(127)	(119)	(67)	(29)	(342)
Acquired Freescale	<u>3,690</u>	<u>4,010</u>	<u>4,490</u>	<u>1,128</u>	<u>1,161</u>	<u>1,091</u>	<u>581</u>	<u>3,961</u>
High Performance Mixed Signal combined	6,469	7,306	8,321	2,106	2,188	2,188	1,858	8,340
Standard Products NXP	1,168	1,145	1,275	323	322	325	271	1,241
Divested NXP	(67)	(69)	(78)	(20)	(23)	(23)	(7)	(73)
Acquired Freescale	<u>72</u>	<u>86</u>	<u>89</u>	<u>24</u>	<u>25</u>	<u>21</u>	<u>17</u>	<u>87</u>
Standard Products combined	1,173	1,162	1,286	327	324	323	281	1,256
Corporate & Other NXP	214	137	164	40	38	33	29	140
Acquired Freescale	<u>185</u>	<u>91</u>	<u>55</u>	<u>17</u>	<u>12</u>	<u>7</u>	<u>7</u>	<u>43</u>
Corporate & Other combined	399	228	219	57	50	40	36	183
Total NXP GAAP revenue	4,358	4,815	5,647	1,467	1,506	1,522	1,606	6,101
Divested NXP	(264)	(305)	(455)	(146)	(142)	(90)	(36)	(414)
Acquired Freescale	<u>3,947</u>	<u>4,187</u>	<u>4,634</u>	<u>1,169</u>	<u>1,198</u>	<u>1,119</u>	<u>605</u>	<u>4,091</u>
Total Non GAAP adjusted revenue	8,040	8,697	9,826	2,490	2,563	2,551	2,175	9,778

Notes:

1. See page 21 for Notes to Supplemental Non-GAAP Combined Adjusted Revenue and the full reconciliation of combined adjusted in the NXP Historical Financial Model at www.nxp.com/investor

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Notes to Supplemental Combined Non-GAAP Adjusted Revenue

- 1. As a result of the Freescale Semiconductor (“Freescale”) Merger, NXP has included previously reported Freescale product group revenue into its various existing High Performance Mixed Signal (HPMS) and Standard Products (STDP) segments. As of the fourth quarter 2015, the NXP HPMS business lines include the following (1) Automotive, which includes revenue from Freescale’s Automotive MCU and Analog & Sensor product groups; (2) Secure Connected Devices, which includes revenue from Freescale’s Microcontroller product group; and (3) Secure Interface & Infrastructure, previously known as Secure Interface & Power which includes revenue from Freescale’s Digital Networking and RF product groups. Additionally, certain portions of Freescale’s Analog & Sensor product group and Other revenue is apportioned to various NXP business lines consistent with NXPs prior product and revenue classification approach, this included product-functionality alignment as well as intellectual property (IP) sales and licensing revenue.*
- 2. The table above sets forth our unaudited combined adjusted annual financial information, including estimates of segment and relative business line allocations, for the years ended December 31, 2012, 2013 and 2014 and our unaudited combined adjusted annual and quarterly information for 2015. This combined adjusted annual and quarterly financial information has been derived from the audited consolidated financial statements of NXP for the years ended December 31, 2012, 2013, 2014 and 2015, the audited consolidated financial statements for Freescale for the years ended December 31, 2012, 2013 and 2014, and the unaudited condensed consolidated financial statements of Freescale for the periods ended April 3, 2015, July 3, 2015, and October 2, 2015. In each case, we have excluded revenue generated in our RF Power business, which was divested in connection with the closing of the Freescale Merger on December 7, 2015, and our Bi-Polar business, which was divested on November 9, 2015 but have not otherwise made adjustments to the historical figures. In addition, the information on the preceding slide does not give effect to the financial impact on our statement of operations for any other acquisitions or divestitures made by NXP or Freescale during the periods presented.*
- 3. The unaudited combined adjusted financial information, segment allocations and relative business line allocations represent NXP management’s current estimate of the combined financial information based on historical financial information of NXP and Freescale. This unaudited combined adjusted financial information has been presented for informational purposes only and is not necessarily indicative of what the combined company’s results of operations actually would have been had the Freescale Merger been completed as of the dates indicated. In addition, the unaudited combined adjusted financial information does not purport to project the future financial position or results of operations of the combined company and do not reflect synergies that might be achieved from the combined operations.*
- 4. The unaudited combined adjusted financial information in the table above has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act or US GAAP. Neither the assumptions underlying the adjustments nor the resulting adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing standards. The information presented should be read in conjunction with the historical consolidated financial statements of NXP and Freescale, which are filed with the SEC.*
- 5. Combined adjusted revenue is the combined consolidated revenue of NXP and Freescale for each of the annual and quarterly periods presented. The information excludes the divestment of previously announced business and the creation of joint-ventures. The unaudited adjusted financial information has been prepared for comparative purposes only and does not purport to be indicative of the revenue performance that would have been achieved had the acquisition taken place at the beginning of the periods shown. In addition, this information is not intended to be a projection of future results from the combined operations.*
- 6. Certain adjusted financial information summation amounts may not add to 100 percent due to rounding.*

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Drive Profitable
Growth



Drive Earnings
Per Share



Drive Cash
Flow



Drive Significant
Value for Our
Owners

