



# **NXP Semiconductors N.V. Q4 - 2010 Financial Results February 15, 2011**

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# Forward looking statements

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).

# Highlights for Q4 2010

- ▶ Revenue of \$1.1 billion, increased 1.0 percent year-on-year
  - Product revenue of \$938 million, up 14.4 percent year-on-year
  - HPMS revenue of \$717 million, up 12.6 percent year-on-year, even including the headwinds in television and computing markets.
  - Std. Product revenue of \$221 million, up 20.8 percent year-on-year
- ▶ Significant Year-on-Year Margin Expansion:
  - GAAP Gross margin increased to 46 percent from 35 percent
  - GAAP Operating margin increased to 10 percent from (20) percent
  - Non-GAAP gross margin increased to 47 percent from 39 percent
  - Non-GAAP operating margin increased to 19 percent from 6 percent
- ▶ Improved Cash Flow:
  - Trailing 12-month adjusted EBITDA \$1.02 billion, up 300 percent year-on-year
- ▶ Deleveraging Balance Sheet Continues:
  - Net debt reduced to \$3.65 billion, a decline of 14 percent year-on-year
- ▶ Continued Focus on Core High Performance Mixed Signal Markets:
  - Definitive agreement to divest Sound Solutions business for \$855 million



# NXP Quarterly Revenue and Operating Income

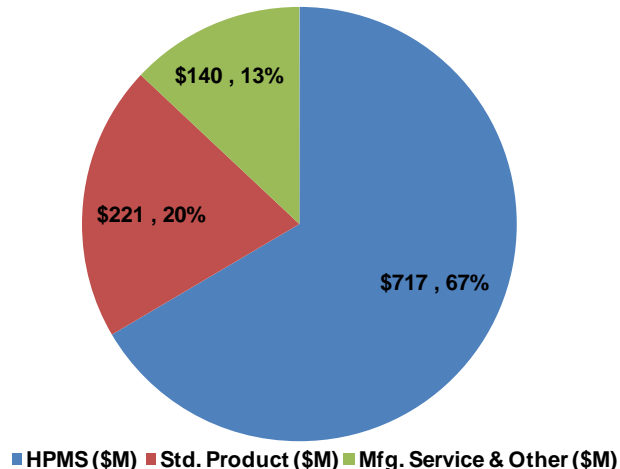
## GAAP Financial Summary

(\$ in millions)	Q4 2009	Q3 2010	Q4 2010	Y-Y Variance Q4 '10 – Q4 '09	Q-Q Variance Q4 '10 – Q3 '10
<b>Product Revenue</b>	<b>820</b>	<b>936</b>	<b>938</b>	<b>118</b>	<b>2</b>
<b>All Other</b>	<b><u>247</u></b>	<b><u>184</u></b>	<b><u>140</u></b>	<b><u>(107)</u></b>	<b><u>(44)</u></b>
<b>Total Revenue</b>	<b>1,067</b>	<b>1,120</b>	<b>1,078</b>	<b>11</b>	<b>(42)</b>
<b>Gross Profit</b>	<b>370</b>	<b>476</b>	<b>495</b>	<b>125</b>	<b>19</b>
Percent of total revenue	34.7%	42.5%	45.9%	1,120bps	340bps
<b>Operating income</b>	<b>(216)</b>	<b>106</b>	<b>106</b>	<b>322</b>	<b>0</b>
Percent of total revenue	(20.2)%	9.5%	9.8%	3,000bps	30bps

- ▶ Q4 Highlights:
  - ▶ Announced divestiture of Sound Solutions
- ▶ Y-Y Comparable Segment Growth
  - ▶ Product revenue up 17%
  - ▶ HPMS revenue up 15%
  - ▶ Std. product revenue up 24%
- ▶ Quarterly Revenue Contribution:

## Non-GAAP Financial Summary

(\$ in millions)	Q4 2009	Q3 2010	Q4 2010	Y-Y Variance Q4 '10 – Q4 '09	Q-Q Variance Q4 '10 – Q3 '10
<b>Gross Profit</b>	<b>413</b>	<b>488</b>	<b>508</b>	<b>95</b>	<b>20</b>
Percent of total revenue	38.7%	43.6%	47.1%	840bps	350bps
<b>Operating income</b>	<b>59</b>	<b>185</b>	<b>208</b>	<b>149</b>	<b>23</b>
Percent of total revenue	5.5%	16.5%	19.3%	1,380bps	280bps



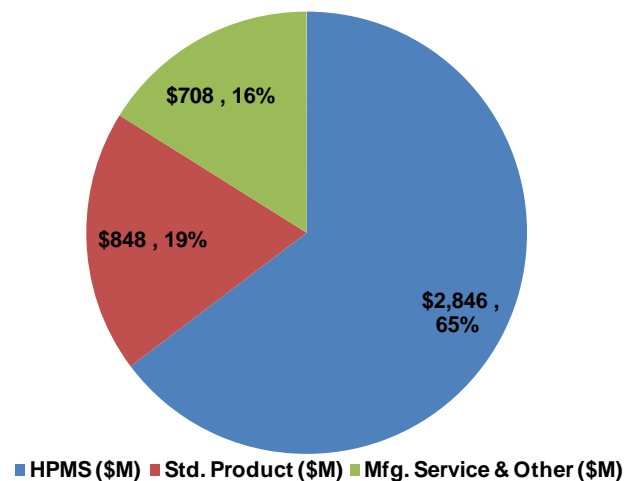
Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.

# NXP Annual Revenue and Operating Income

## GAAP Financial Summary

(\$ in millions)	2009	2010	Y-Y Variance 2009 – 2010
<b>Product Revenue</b>	<b>2,578</b>	<b>3,694</b>	<b>1,116</b>
<b>All Other</b>	<b>941</b>	<b>708</b>	<b>(233)</b>
<b>Total Revenue</b>	<b>3,519</b>	<b>4,402</b>	<b>883</b>
<b>Gross Profit</b>	<b>898</b>	<b>1,823</b>	<b>925</b>
Percent of total revenue	25.5%	41.4%	1,590bps
<b>Operating income</b>	<b>(931)</b>	<b>273</b>	<b>1,204</b>
Percent of total revenue	(26.5%)	6.2%	3,270bps

- ▶ 2010 Full-year comparable revenue growth:
  - ▶ NXP total: 36%
  - ▶ Total product revenue: 45%
  - ▶ HPMS segment: 43%
  - ▶ Std. product segment: 52%
- ▶ 2010 Full-year revenue contribution:



## Non-GAAP Financial

(\$ in millions)	2009	2010	Y-Y Variance 2009 – 2010
<b>Gross Profit</b>	<b>1,125</b>	<b>1,875</b>	<b>750</b>
Percent of total revenue	32.0%	42.6%	1,060bps
<b>Operating income</b>	<b>(147)</b>	<b>685</b>	<b>832</b>
Percent of total revenue	(4.2%)	15.6%	1,980bps



Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.

# Quarterly Segment Performance: HPMS

## GAAP Financial Summary

(\$ in millions)	Q4 2009	Q3 2010	Q4 2010	Y-Y Variance Q4 '10 – Q4 '09	Q-Q Variance Q4 '10 – Q3 '10
<b>Revenue</b>	<b>637</b>	<b>715</b>	<b>717</b>	<b>80</b>	<b>2</b>
<b>Gross Profit</b>	<b>271</b>	<b>403</b>	<b>413</b>	<b>142</b>	<b>10</b>
Percent of total revenue	42.5%	56.4%	57.6%	1,510bps	120bps
<b>Operating income</b>	<b>(21)</b>	<b>120</b>	<b>119</b>	<b>140</b>	<b>(1)</b>
Percent of total revenue	(3.3%)	16.8%	16.6%	1,990bps	(20bps)

## Non-GAAP Financial Summary

(\$ in millions)	Q4 2009	Q3 2010	Q4 2010	Y-Y Variance Q4 '10 – Q4 '09	Q-Q Variance Q4 '10 – Q3 '10
<b>Revenue</b>	<b>637</b>	<b>715</b>	<b>717</b>	<b>80</b>	<b>2</b>
<b>Gross Profit</b>	<b>307</b>	<b>404</b>	<b>413</b>	<b>106</b>	<b>9</b>
Percent of total revenue	48.2%	56.5%	57.6%	940bps	110bps
<b>Operating income</b>	<b>91</b>	<b>165</b>	<b>168</b>	<b>77</b>	<b>3</b>
Percent of total revenue	14.3%	23.1%	23.4%	910bps	30bps



Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.

# Annual Segment Performance: HPMS

## GAAP Financial Summary

(\$ in millions)	2009	2010	Y-Y Variance 2009 – 2010
<b>Revenue</b>	<b>2,011</b>	<b>2,846</b>	<b>835</b>
<b>Gross Profit</b>	<b>785</b>	<b>1,525</b>	<b>740</b>
Percent of total revenue	39.0%	53.6%	1,460bps
<b>Operating income</b>	<b>(187)</b>	<b>387</b>	<b>574</b>
Percent of total revenue	(9.3%)	13.6%	2,290bps

## Non-GAAP Financial Summary

(\$ in millions)	2009	2010	Y-Y Variance 2009 – 2010
<b>Revenue</b>	<b>2,011</b>	<b>2,846</b>	<b>835</b>
<b>Gross Profit</b>	<b>848</b>	<b>1,535</b>	<b>687</b>
Percent of total revenue	42.2%	53.9%	1,170bps
<b>Operating income</b>	<b>115</b>	<b>597</b>	<b>482</b>
Percent of total revenue	5.7%	21.0%	1,530bps



*Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.*

# Quarterly Segment Performance: Standard Products

## GAAP Financial Summary

(\$ in millions)	Q4 2009	Q3 2010	Q4 2010	Y-Y Variance Q4 '10 – Q4 '09	Q-Q Variance Q4 '10 – Q3 '10
<b>Revenue</b>	<b>183</b>	<b>221</b>	<b>221</b>	<b>38</b>	<b>0</b>
<b>Gross Profit</b>	<b>39</b>	<b>78</b>	<b>84</b>	<b>45</b>	<b>6</b>
Percent of total revenue	21.3%	35.3%	38.0%	1,670bps	270bps
<b>Operating income</b>	<b>(17)</b>	<b>31</b>	<b>39</b>	<b>56</b>	<b>8</b>
Percent of total revenue	(9.3%)	14.0%	17.6%	2,690bps	360bps

## Non-GAAP Financial Summary

(\$ in millions)	Q4 2009	Q3 2010	Q4 2010	Y-Y Variance Q4 '10 – Q4 '09	Q-Q Variance Q4 '10 – Q3 '10
<b>Revenue</b>	<b>183</b>	<b>221</b>	<b>221</b>	<b>38</b>	<b>0</b>
<b>Gross Profit</b>	<b>44</b>	<b>79</b>	<b>85</b>	<b>41</b>	<b>6</b>
Percent of total revenue	24.0%	35.7%	38.5%	1,450bps	280bps
<b>Operating income</b>	<b>2</b>	<b>44</b>	<b>52</b>	<b>50</b>	<b>8</b>
Percent of total revenue	1.1%	19.9%	23.5%	2,240bps	360bps



Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.



# Annual Segment Performance: Standard Products

## GAAP Financial Summary

(\$ in millions)	2009	2010	Y-Y Variance 2009 – 2010
<b>Revenue</b>	<b>567</b>	<b>848</b>	<b>281</b>
<b>Gross Profit</b>	<b>74</b>	<b>280</b>	<b>206</b>
Percent of total revenue	13.1%	33.0%	1,990bps
<b>Operating income</b>	<b>(120)</b>	<b>91</b>	<b>211</b>
Percent of total revenue	(21.2%)	10.7%	3,190bps

## Non-GAAP Financial Summary

(\$ in millions)	2009	2010	Y-Y Variance 2009 – 2010
<b>Revenue</b>	<b>567</b>	<b>848</b>	<b>281</b>
<b>Gross Profit</b>	<b>88</b>	<b>282</b>	<b>194</b>
Percent of total revenue	15.5%	33.3%	1,780bps
<b>Operating income</b>	<b>(44)</b>	<b>147</b>	<b>191</b>
Percent of total revenue	(7.8%)	17.3%	2,510bps



*Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.*

# Financial Reconciliation (GAAP to non-GAAP)

(\$ in millions, unless otherwise stated)

	Q4 2009 GAAP	Q3 2010 GAAP	Q4 2010		
			GAAP	Reconciling items	Non-GAAP
<b>Total Revenue</b>	<b>1,067</b>	<b>1,120</b>	<b>1,078</b>	-	<b>1,078</b>
<b>Gross Profit</b>	<b>370</b>	<b>476</b>	<b>495</b>	<b>(13)</b>	<b>508</b>
Percent of total revenue	34.7%	42.5%	45.9%	-	47.1%
Research and Development	(227)	(146)	(138)	-	(138)
Percent of total revenue	(21.3%)	(13.0%)	(12.8%)	-	(12.8%)
SG&A	(369)	(225)	(251)	(87)	(164)
Percent of total revenue	(34.6%)	(20.1%)	(23.3%)	-	(15.2%)
Other income (expense)	10	1	-	(2)	2
<b>Operating income (loss)</b>	<b>(216)</b>	<b>106</b>	<b>106</b>	<b>(102)</b>	<b>208</b>
Percent of total revenue	(20.2%)	9.5%	9.8%	-	19.3%
Interest income (expense) net	(83)	(80)	(80)	-	(80)
Provision for income taxes	12	(27)	5	-	(11) <sup>1</sup>
<b>Income (loss) from continuing operations</b>	<b>(366)</b>	<b>353</b>	<b>(107)</b>	<b>(224)<sup>2</sup></b>	<b>117</b>
Income (loss) from discontinued operations, net of tax	7	23	11	11	-
Net income (loss) attributable to non-controlling interests	(9)	(7)	(22)	-	(22)
<b>Net income (loss) attributable to stockholders</b>	<b>(368)</b>	<b>369</b>	<b>(118)</b>	-	<b>95</b>
<b>EPS (diluted)</b>	<b>(1.71)</b>	<b>1.55</b>	<b>(0.47)</b>	-	<b>0.37</b>

1. Cash income taxes

2. Includes: Foreign exchange loss on debt:\$(102M);Other financial expense:\$(10M); Results relating to equity-accounted investees:\$(26M); and difference between book and cash income tax: \$16M

Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.



# Adjusted EBITDA

(\$ in millions)

	Q4 2009	Q3 2010	Q4 2010	2009	2010
<b>Net income (loss)</b>	<b>(359)</b>	<b>376</b>	<b>(96)</b>	<b>(153)</b>	<b>(406)</b>
Income (loss) on discontinued operations	7	23	11	32	59
<b>Income (loss) on continuing operations</b>	<b>(366)</b>	<b>353</b>	<b>(107)</b>	<b>(185)</b>	<b>(465)</b>
Reconciling items to EBITDA					
Financial income (expense)	161	(279)	192	(682)	628
Provision for income taxes	(12)	27	(5)	10	24
Depreciation	110	86	115	490	389
Amortization	147	69	69	397	295
<b>EBITDA</b>	<b>40</b>	<b>256</b>	<b>264</b>	<b>30</b>	<b>871</b>
Results of equity-accounted investees	1	5	26	(74)	86
Restructuring <sup>1</sup>	41	-	(5)	99	(20)
Other incidental items <sup>1</sup>	65	9	15	199	84
<b>Adjusted EBITDA</b>	<b>147</b>	<b>270</b>	<b>300</b>	<b>254</b>	<b>1,021</b>
<b>Adjusted EBITDA – Last 12 months</b>	<b>254</b>	<b>868</b>	<b>1,021</b>	<b>254</b>	<b>1,021</b>
1. Excluding depreciation PP&E related to					
Restructuring	3	1	20	4	40
Other incidental items	16	-	3	42	6



Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.

# Cash Flow Overview

(\$ in millions)

	Q4 2009	Q3 2010	Q4 2010	2009	2010
<b>Net cash provided by (used for) operating activities</b>	<b>28</b>	<b>151</b>	<b>150</b>	<b>(730)</b>	<b>359</b>
<b>Net cash provided by (used for) investing activities</b>	<b>(19)</b>	<b>(43)</b>	<b>(85)</b>	<b>63</b>	<b>(269)</b>
<b>Net cash provided by (used for) financing activities</b>	<b>-</b>	<b>(47)</b>	<b>(94)</b>	<b>(80)</b>	<b>(155)</b>
Net cash provided by (used for) discontinued operations	(6)	(1)	(5)	-	(5)
Effects of changes in FX rates on cash position	(23)	60	(20)	(8)	(63)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(20)</b>	<b>120</b>	<b>(54)</b>	<b>(755)</b>	<b>(133)</b>
<b>Cash and cash equivalents at begin of the period</b>	<b>1,061</b>	<b>842</b>	<b>962</b>	<b>1,796</b>	<b>1,041</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,041</b>	<b>962</b>	<b>908</b>	<b>1,041</b>	<b>908</b>
Less cash and cash equivalents at end of period – discontinued operations	15	15	10	15	10
<b>Cash and cash equivalents at end of period – continuing operations</b>	<b>1,026</b>	<b>947</b>	<b>898</b>	<b>1,026</b>	<b>898</b>



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# Cash Flow Indicators

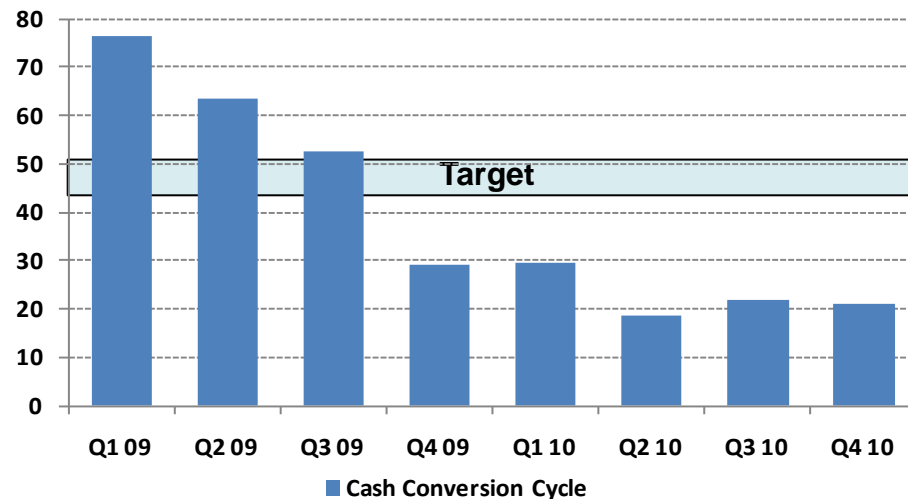
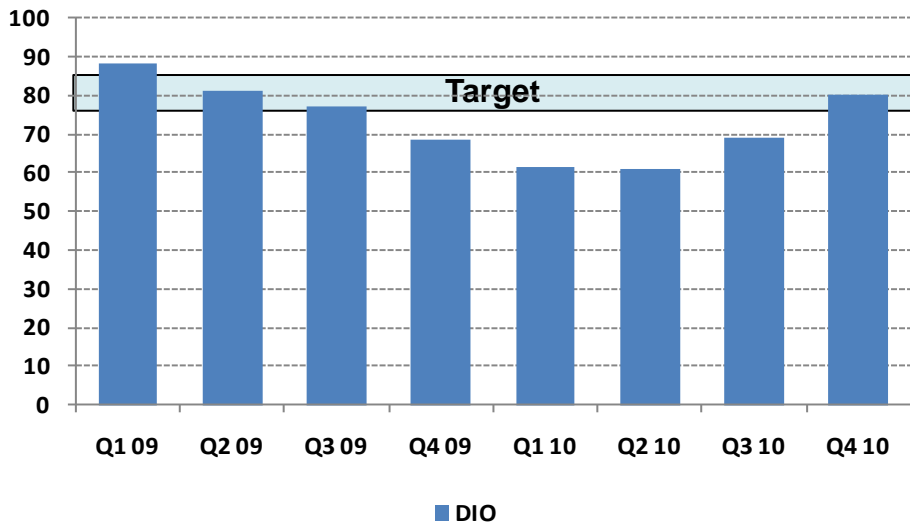
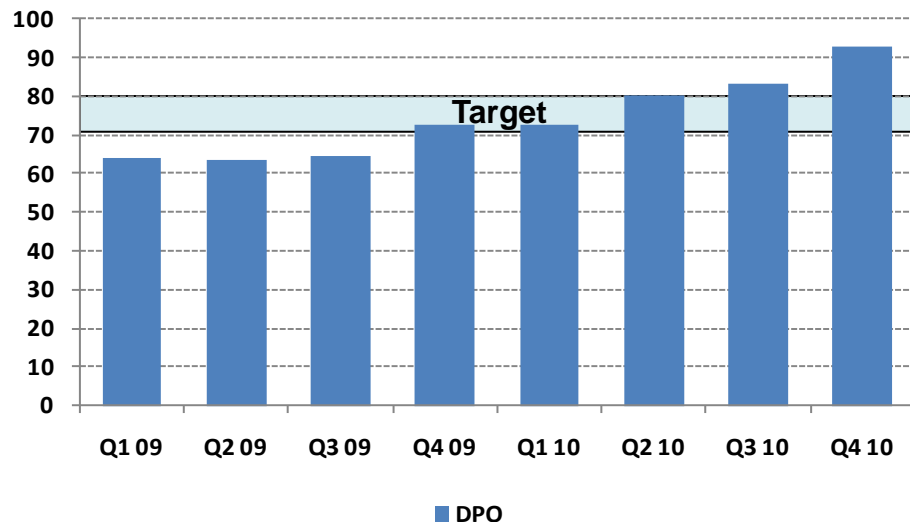
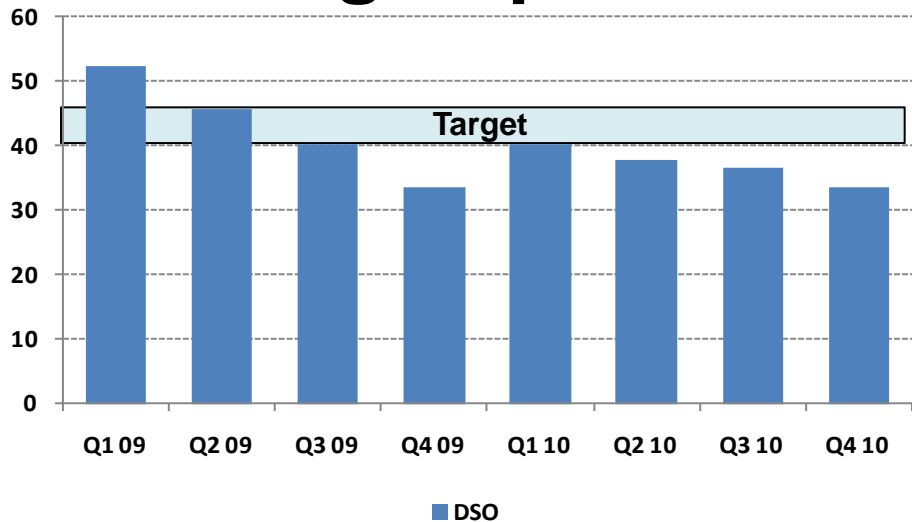
(\$ in millions)

	Q4 2009	Q3 2010	Q4 2010	2009	2010
<b>Adjusted EBITDA</b>	<b>147</b>	<b>270</b>	<b>300</b>	<b>254</b>	<b>1,021</b>
Changes in trade working capital	124	3	14	22	22
Changes in other working capital	(85)	68	(76)	(324)	(299)
Net cash used for Redesign	(72)	(60)	(42)	(385)	(223)
Net interest payments	(115)	(56)	(77)	(391)	(278)
Income Taxes paid	(21)	(4)	(11)	(50)	(19)
Net capital expenditure	(31)	(59)	(76)	(71)	(227)
Financing Activities	-	(47)	(94)	(80)	(155)
All Others (cash and non-cash)	62	(54)	33	278	93
Effects of changes in FX rates on cash	(23)	60	(20)	(8)	(63)
<b>Cash Flow</b>	<b>(14)</b>	<b>121</b>	<b>(49)</b>	<b>(755)</b>	<b>(128)</b>



Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.

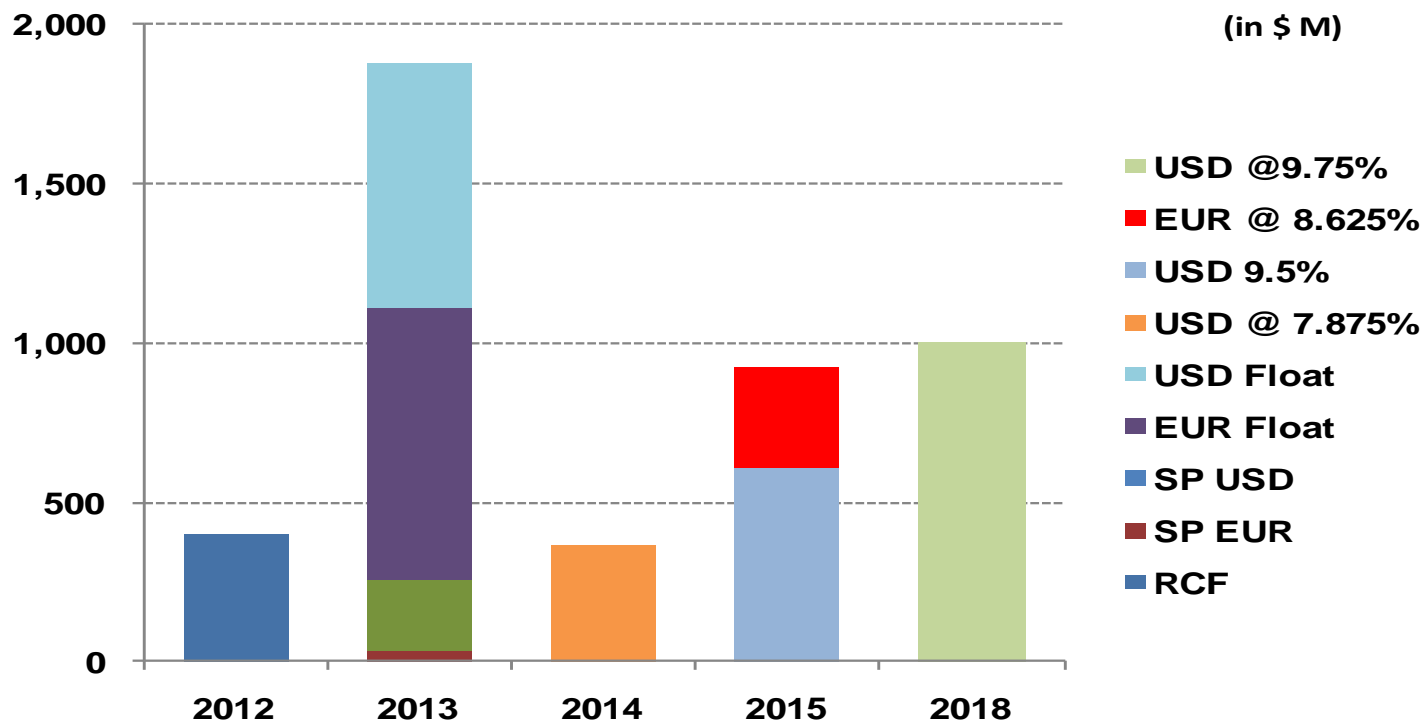
# Working Capital Ratios



$DSO = (91.25 \times AR) / \text{Revenue}$   
 $DPO = (91.25 \times AP) / \text{GAAP COGS}$   
 $DIO = (91.25 \times \text{Inventory}) / \text{GAAP GOGS}$   
 $\text{Cash Conversion Cycle} = DIO + DSO - DPO$

Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.

# Debt Maturity Profile as of end Q4 2010



	Q4 2009	Q3 2010	Q4 2010
<b>Net Debt</b>			
Short-term debt	(610)	(509)	(423)
Long-term debt	(4,673)	(4,140)	(4,128)
Cash	1,026	947	898
<b>Net debt</b>	<b>(4,257)</b>	<b>(3,702)</b>	<b>(3,653)</b>

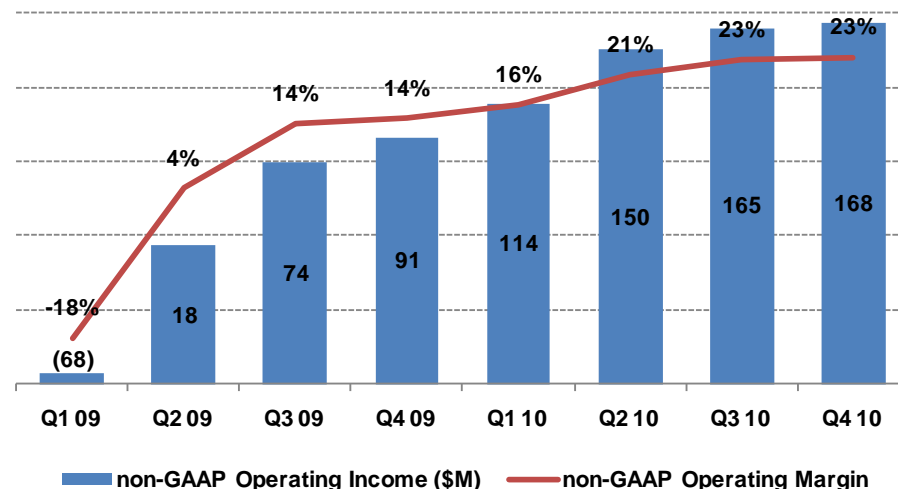
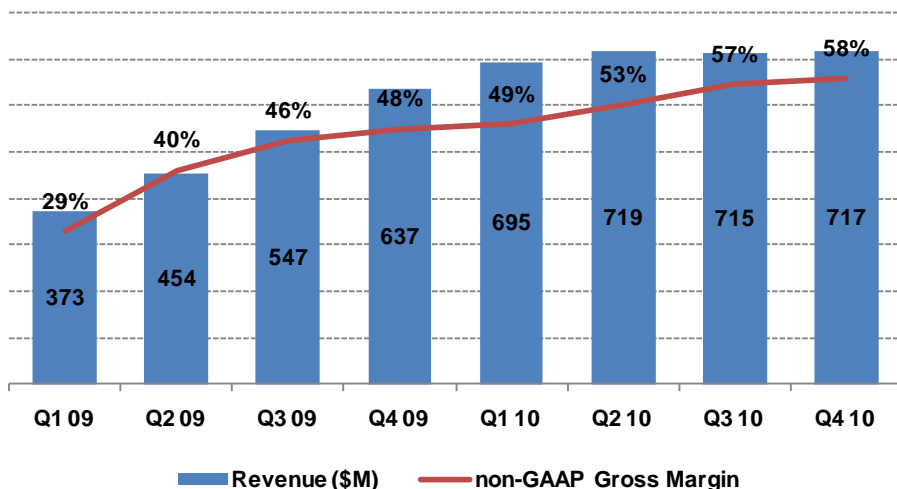
# High Performance Mixed Signal (HPMS)

## Key figures

(\$ in millions)	Q4 2009	Q3 2010	Q4 2010
<b>Revenue</b>	<b>637</b>	<b>715</b>	<b>717</b>
YoY Nominal Growth (%)	20.0	30.7	12.6
YoY Comparable Growth (%)	16.4	35.1	14.9
<b>Non-GAAP Gross Profit</b>	<b>307</b>	<b>404</b>	<b>413</b>
Percent of Revenue	48.2	56.5	57.6
<b>Non-GAAP Operating Income</b>	<b>91</b>	<b>165</b>	<b>168</b>
Percent of Revenue	14.3	23.1	23.4

## Q4 Market Highlights

- ▶ Announced strategic collaboration between Google and NXP
  - Integration of NXP's NFC protocol stack in Android "Gingerbread" mobile operating system
  - Integration of NXP's PN544 NFC chip into Nexus S™ cellular handset
- ▶ Product Introductions/Design Awards
  - Industry first multi-standard, digital software defined radio
  - Industry first single chip terrestrial AM/FM radio w/ integrated baseband and tuner.
  - Launched Smart MX2 next-gen secure microcontroller
  - Launched "au10tic" family of secure authentication devices
  - Added 3 additional E-Government projects (eID & e-passport)
- ▶ Awards
  - "Best Supplier Award", by Hyundai Mobis
  - "Supplier of the Year", by Visteon China

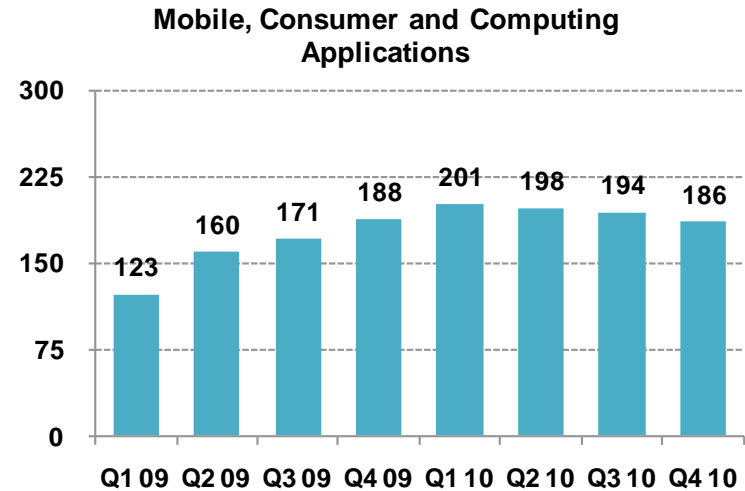
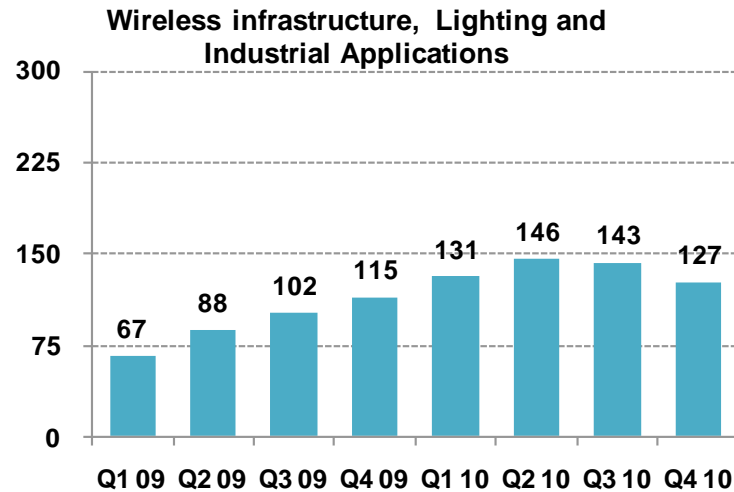
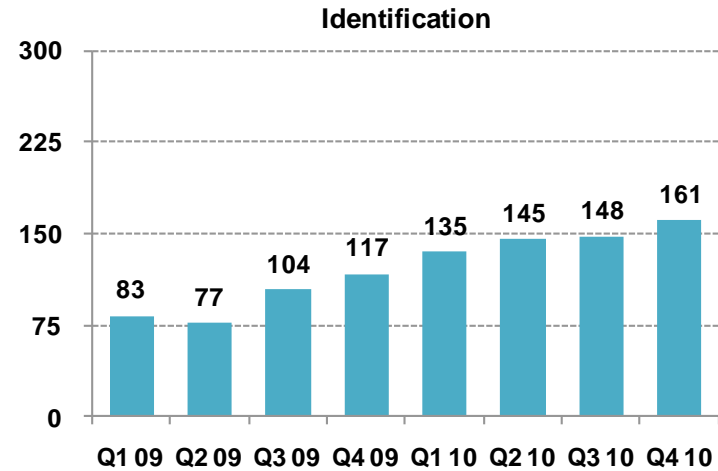
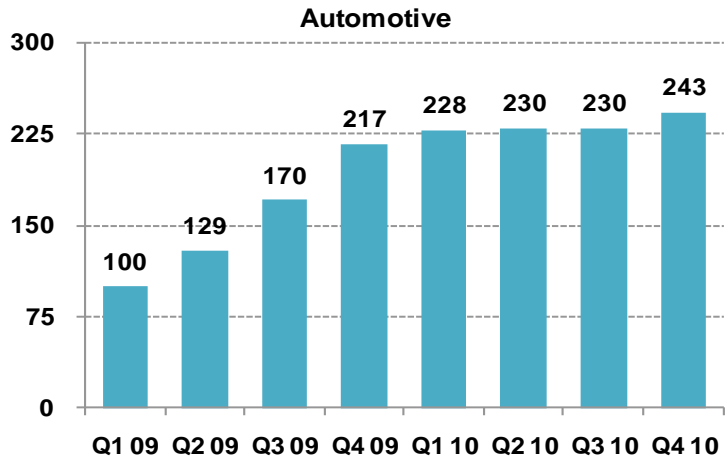


Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.



# HPMS – Revenue by Business

(\$ in millions)



Note:

- All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.
- Q4 10 amounts based on consistent approach used in prior periods

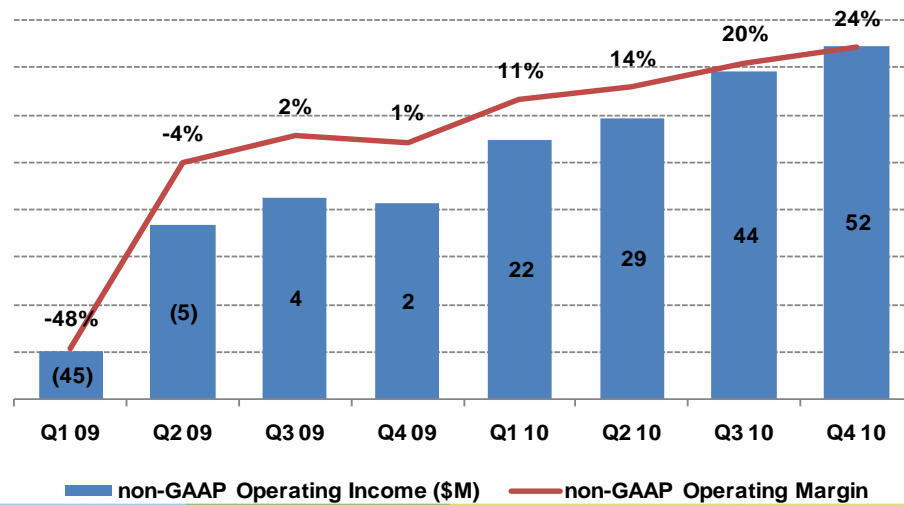
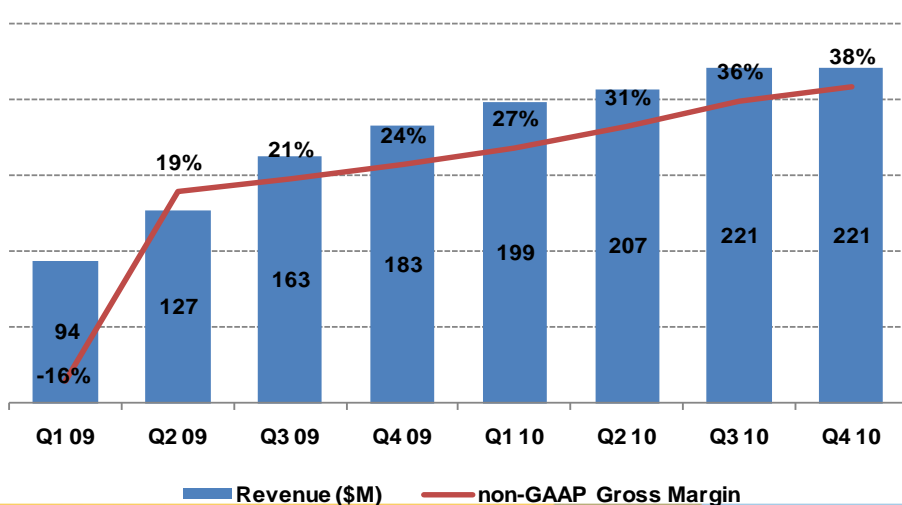
# Standard Products (SP) – excluding Sound Solutions

## Key figures

(\$ in millions)	Q4 2009	Q3 2010	Q4 2010
<b>Revenue</b>	<b>183</b>	<b>221</b>	<b>221</b>
YoY Nominal Growth (%)	27.1	35.6	20.8
YoY Comparable Growth (%)	23.8	39.9	23.8
<b>Non-GAAP Gross Profit</b>	<b>44</b>	<b>79</b>	<b>85</b>
Percent of Revenue	24.0	35.7	38.5
<b>Non-GAAP Operating Income</b>	<b>2</b>	<b>44</b>	<b>52</b>
Percent of Revenue	1.1	19.9	23.5

## Q4 Market highlights

- ▶ Record operating margin due to positive impact of Redesign Program
- ▶ Announced definitive agreement to sell Sound Solutions to Knowles Electronics for \$855 million
- ▶ Increased market share across product portfolio
- ▶ Announced 2<sup>nd</sup> generation leadless package SOD882D – industry first tin-plated solderable side pad package
- ▶ Introduced :
  - Family of low  $R_{DS-on}$  P-Channel MOSFET platform
  - HDMI companion device, IP4791 for smartphone & tablets
  - Very low capacitance ESD protection diode arrays
  - Worlds smallest (0.6 x 0.3 mm) ESD protection device



Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.

# Q1 2011 Outlook:

- **Product Revenue from continuing operations for the first quarter of 2011 is anticipated to be relatively flat as compared to the fourth quarter of 2010. Product Revenue from continuing operations is the combination of revenue from HPMS and Standard Products segments.**
- **Revenue in our Manufacturing Operations and Corporate and Other segments is anticipated to decline about \$50 million in the first quarter due to lower revenue in our breakeven manufacturing services business and, to a lesser degree, the sale of our Nutune business in the fourth quarter**
- **Non-GAAP operating income from continuing operations is anticipated to be flat to slightly up compared to the fourth quarter of 2010.**



*Note: All figures throughout this presentation reflect results from continuing operations, net of the divestiture of the Sound Solutions business.*

