



# NXP Semiconductors N.V. Q3 2012 Financial Results October 25, 2012



# 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).

# Key Objectives, Strategy and Priorities



1

Serve the highest growth application segments fueled by key mega-trends

2

Invest in unique HPMS capabilities to power new product engine

3

Multiple growth drivers across a range of target applications

4

Continued margin expansion to long-term model levels

5

Focus on capital structure de-leveraging to drive earnings growth

**Above-market  
sales growth**



**Unparalleled  
earnings leverage**



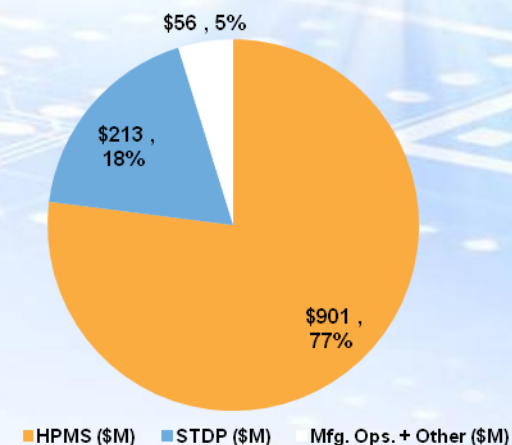
# Q3 2012 Quarterly Revenue and Operating Income



## GAAP Financial Summary

(\$ in millions)	Q3 2011	Q2 2012	Q3 2012	Y-Y Variance Q3 '11 – Q3 '12	Q-Q Variance Q2 '12 – Q3 '12
<b>Product Revenue</b>	<b>970</b>	<b>1,022</b>	<b>1,114</b>	<b>144</b>	<b>92</b>
<b>All Other</b>	<b>90</b>	<b>72</b>	<b>56</b>	<b>(34)</b>	<b>(16)</b>
<b>Total Revenue</b>	<b>1,060</b>	<b>1,094</b>	<b>1,170</b>	<b>110</b>	<b>76</b>
<b>Gross Profit</b>	<b>488</b>	<b>538</b>	<b>536</b>	<b>48</b>	<b>(2)</b>
Percent of total revenue	46.0%	49.2%	45.8%	(0.2pts.)	(3.4pts.)
<b>Operating income</b>	<b>109</b>	<b>156</b>	<b>168</b>	<b>59</b>	<b>12</b>
Percent of total revenue	10.3%	14.3%	14.4%	4.1pts.	0.1pts.

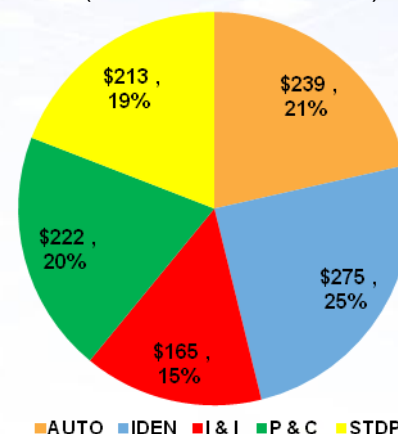
## Quarterly Segment Revenue:



## Non-GAAP Financial Summary

(\$ in millions)	Q3 2011	Q2 2012	Q3 2012	Y-Y Variance Q3 '11 – Q3 '12	Q-Q Variance Q2 '12 – Q3 '12
<b>Gross Profit</b>	<b>512</b>	<b>505</b>	<b>542</b>	<b>30</b>	<b>37</b>
Percent of total revenue	48.3%	46.2%	46.3%	(2.0pts.)	0.1pts.
<b>Operating income</b>	<b>210</b>	<b>204</b>	<b>232</b>	<b>22</b>	<b>28</b>
Percent of total revenue	19.8%	18.6%	19.8%	-	1.2pts.

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



# Q3 2012 Financial Reconciliation (GAAP to non-GAAP)



(\$ in millions, unless otherwise stated)

	Q3 2011	Q2 2012	Q3 2012
<b>Total Revenue</b>	<b>1,060</b>	<b>1,094</b>	<b>1,170</b>
<b>GAAP Gross Profit</b>	<b>488</b>	<b>538</b>	<b>536</b>
Gross profit adjustments	(24)	33	(6)
<b>Non - GAAP Gross Profit</b>	<b>512</b>	<b>505</b>	<b>542</b>
<b>GAAP Gross Margin</b>	<b>46.0%</b>	<b>49.2%</b>	<b>45.8%</b>
<b>Non-GAAP Gross Margin</b>	<b>48.3%</b>	<b>46.2%</b>	<b>46.3%</b>
<b>GAAP Operating income (loss)</b>	<b>109</b>	<b>156</b>	<b>168</b>
Operating income adjustments	(101)	(48)	(64)
<b>Non - GAAP Operating income (loss)</b>	<b>210</b>	<b>204</b>	<b>232</b>
<b>GAAP Operating Margin</b>	<b>10.3%</b>	<b>14.3%</b>	<b>14.4%</b>
<b>Non-GAAP Operating Margin</b>	<b>19.8%</b>	<b>18.6%</b>	<b>19.8%</b>
<b>GAAP Financial income (expense)</b>	<b>(174)</b>	<b>(178)</b>	<b>(33)</b>
Financial income adjustments	(101)	(108)	32
<b>Non - GAAP Financial income (expense)</b>	<b>(73)</b>	<b>(70)</b>	<b>(65)</b>
<b>GAAP Income tax benefit (expense)</b>	<b>(20)</b>	<b>(7)</b>	<b>(6)</b>
Adjustments	(19)	(2)	3
<b>Non - GAAP Cash tax (expense)<sup>(1)</sup></b>	<b>(1)</b>	<b>(5)</b>	<b>(9)</b>
<b>GAAP Net income (loss) attributable to shareholders</b>	<b>301</b>	<b>(90)</b>	<b>115</b>
Net income (loss) adjustments	175	(203)	(27) <sup>(2)</sup>
<b>Non - GAAP Net income (loss) attributable to shareholders</b>	<b>126</b>	<b>113</b>	<b>142<sup>(3)</sup></b>
<b>GAAP Diluted net income (loss) per share attributable to shareholders</b>	<b>1.21</b>	<b>(0.36)</b>	<b>0.45</b>
<b>Non - GAAP Diluted net income (loss) per share attributable to shareholders</b>	<b>0.50</b>	<b>0.45</b>	<b>0.56</b>

1. Cash income taxes paid during the period
2. Includes:
  - PPA effects: (\$65M);
  - Restructuring: (\$4M);
  - Other incidentals: \$5M;
  - Foreign exchange gain (loss) on debt: \$48M;
  - Other financial expense: (\$16M);
  - Results relating to equity-accounted investees: \$2M;
  - Difference between book and cash income taxes: \$3M
3. Includes:
  - Stock-based compensation expense: \$12M

# Q3 2012 Business Segment Performance



## GAAP Financial Summary

<b>HPMS</b> (\$ in millions)	<b>Q3 2011</b>	<b>Q2 2012</b>	<b>Q3 2012</b>	<b>Y-Y</b>	<b>Q-Q</b>
<b>Revenue</b>	<b>726</b>	<b>803</b>	<b>901</b>	<b>175</b>	<b>98</b>
<b>Gross Profit</b>	<b>397</b>	<b>465</b>	<b>463</b>	<b>66</b>	<b>(2)</b>
Gross Margin	54.7%	57.9%	51.4%	(3.3pts.)	(6.5pts.)
<b>Operating income</b>	<b>86</b>	<b>159</b>	<b>178</b>	<b>92</b>	<b>19</b>
Operating Margin	11.8%	19.8%	19.8%	8.0pts.	-

<b>STDP</b> (\$ in millions)	<b>Q3 2011</b>	<b>Q2 2012</b>	<b>Q3 2012</b>	<b>Y-Y</b>	<b>Q-Q</b>
<b>Revenue</b>	<b>244</b>	<b>219</b>	<b>213</b>	<b>(31)</b>	<b>(6)</b>
<b>Gross Profit</b>	<b>90</b>	<b>66</b>	<b>73</b>	<b>(17)</b>	<b>7</b>
Gross Margin	36.9%	30.1%	34.3%	(2.6pts.)	4.2pts.
<b>Operating income</b>	<b>42</b>	<b>18</b>	<b>22</b>	<b>(20)</b>	<b>4</b>
Operating Margin	17.2%	8.2%	10.3%	(6.9pts.)	2.1pts.

## Non-GAAP Financial Summary

<b>HPMS</b> (\$ in millions)	<b>Q3 2011</b>	<b>Q2 2012</b>	<b>Q3 2012</b>	<b>Y-Y</b>	<b>Q-Q</b>
<b>Gross Profit</b>	<b>410</b>	<b>428</b>	<b>465</b>	<b>55</b>	<b>37</b>
Gross Margin	56.5%	53.3%	51.6%	(4.9pts.)	(1.7pts.)
<b>Operating income</b>	<b>149</b>	<b>176</b>	<b>208</b>	<b>59</b>	<b>32</b>
Operating Margin	20.5%	21.9%	23.1%	2.6pts.	1.2pts.

<b>STDP</b> (\$ in millions)	<b>Q3 2011</b>	<b>Q2 2012</b>	<b>Q3 2012</b>	<b>Y-Y</b>	<b>Q-Q</b>
<b>Gross Profit</b>	<b>90</b>	<b>67</b>	<b>73</b>	<b>(17)</b>	<b>6</b>
Gross Margin	36.9%	30.6%	34.3%	(2.6pts.)	3.7pts.
<b>Operating income</b>	<b>55</b>	<b>32</b>	<b>33</b>	<b>(22)</b>	<b>1</b>
Operating Margin	22.5%	14.6%	15.5%	(7.0pts.)	0.9pts.

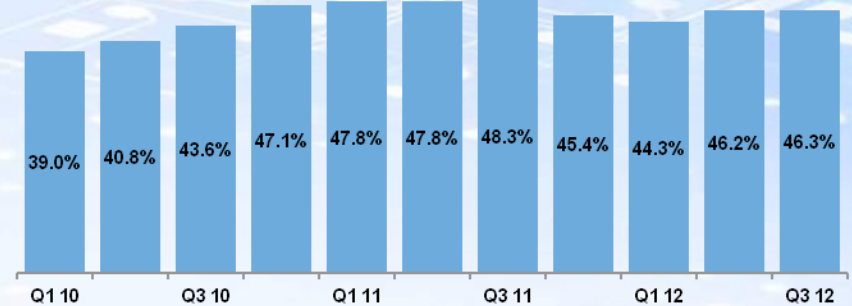
# NXP Business Trends



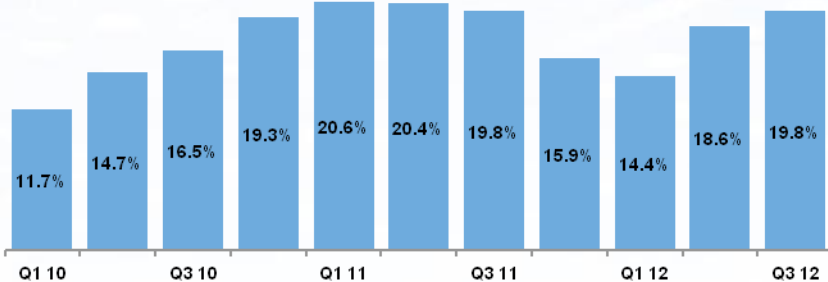
## Revenue



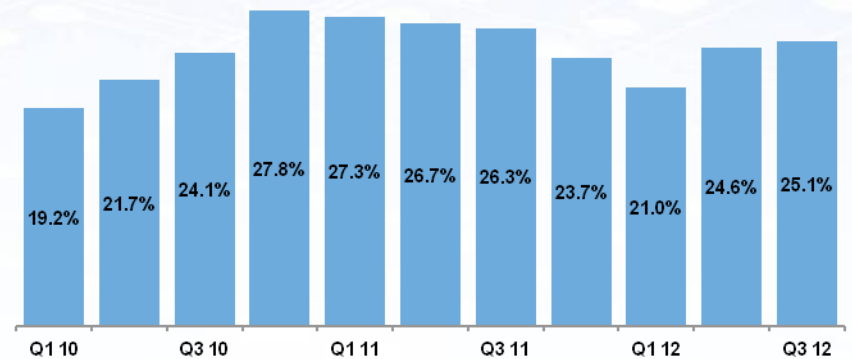
## Non-GAAP Gross Margin



## Non-GAAP Operating Margin



## Adj. EBITDA Margin

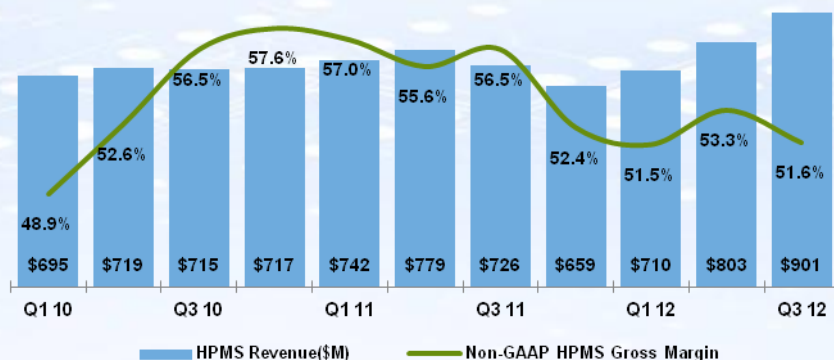




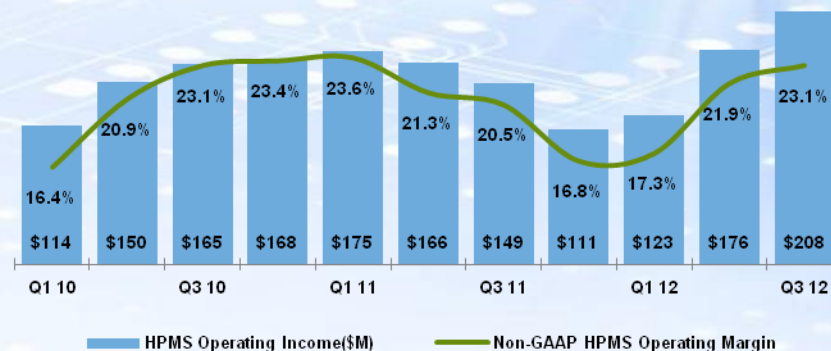
# Business Segment Revenue and Margin Trends



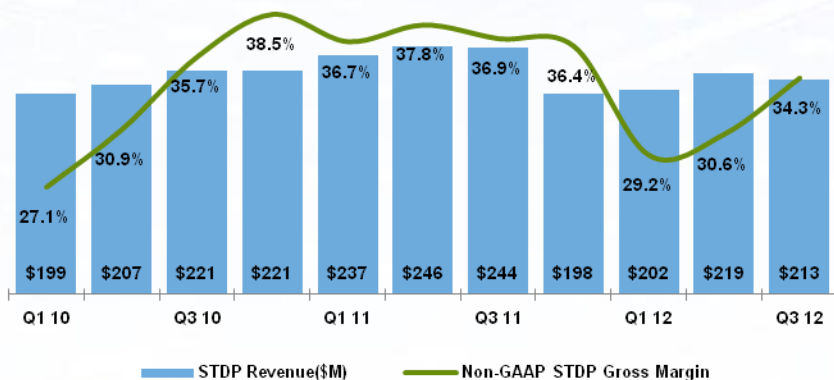
## HPMS Revenue and Gross Margin



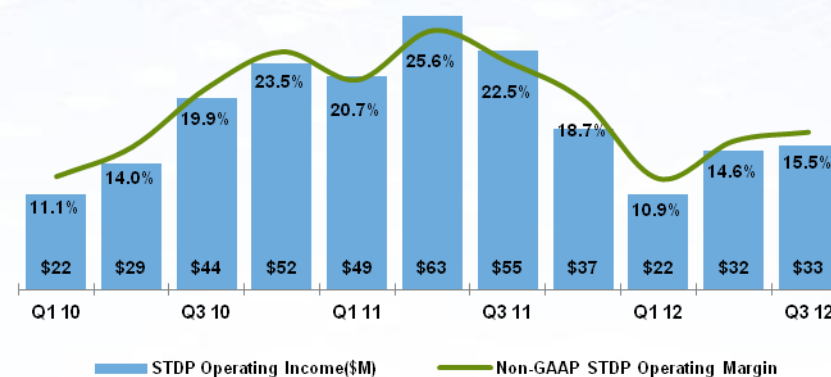
## HPMS Operating Income and Margin



## STDP Revenue and Gross Margin



## STDP Operating Income and Margin





# HPMS Revenue Business Trends<sup>(1,2)</sup> (\$M)



## Automotive



## Identification



## Infrastructure and Industrial



## Portable and Computing



Note:

1. 4Q10 numbers based on consistent approach used in prior periods

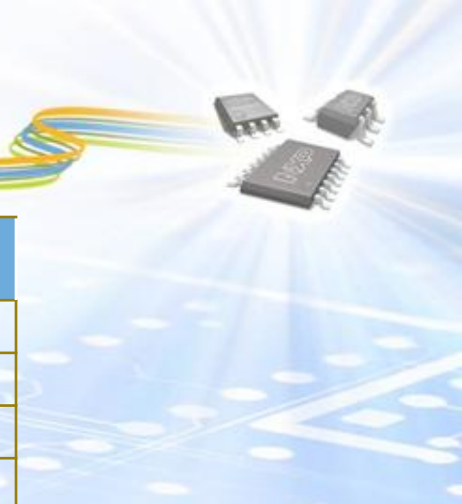
2. As of 2Q12, prior end markets definitions for "Wireless Infrastructure, Lighting and Industrial" and "Mobile, Consumer and Computing" have been redefined to align internal management organization. All prior periods have been realigned to conform with new end market definitions

# Cash Flow Overview (\$M)



	Q3 2011	Q2 2012	Q3 2012
<b>Net cash provided by (used for) operating activities</b>	<b>131</b>	<b>269</b>	<b>192</b>
<b>Net cash provided by (used for) investing activities</b>	<b>(44)</b>	<b>(82)</b>	<b>(71)</b>
<b>Net cash provided by (used for) financing activities</b>	<b>(883)</b>	<b>(79)</b>	<b>(258)</b>
<b>Net cash provided by (used for) continuing operations</b>	<b>(796)</b>	<b>108</b>	<b>(137)</b>
Net cash provided by (used for) discontinued operations	842	(45)	-
Effects of changes in exchange rates on cash position	(48)	(8)	2
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(2)</b>	<b>55</b>	<b>(135)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>867</b>	<b>782</b>	<b>837</b>
<b>Cash and cash equivalents at end of period</b>	<b>865</b>	<b>837</b>	<b>702</b>
Less cash – discontinued operations	-	-	-
<b>Cash and cash equivalents at end of period – continuing operations</b>	<b>865</b>	<b>837</b>	<b>702</b>

# Adjusted EBITDA (\$M)

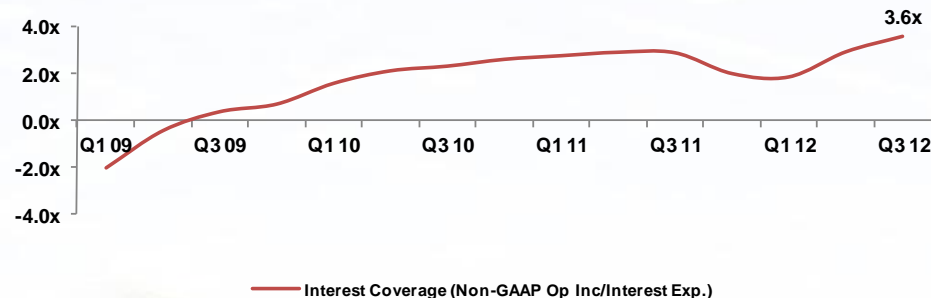
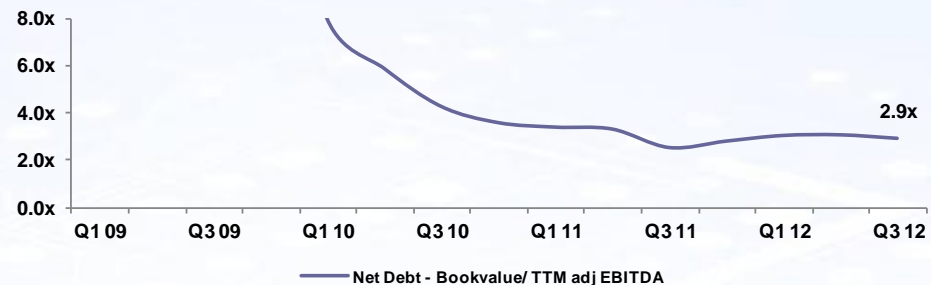


	Q3 2011	Q2 2012	Q3 2012
<b>Net income (loss)</b>	<b>311</b>	<b>(74)</b>	<b>131</b>
Income (loss) on discontinued operations	421	-	-
<b>Income (loss) on continuing operations</b>	<b>(110)</b>	<b>(74)</b>	<b>131</b>
Reconciling items to EBITDA			
Financial (income) expense	174	178	33
(Benefit) provision for income taxes	20	7	6
Depreciation	68	62	59
Amortization	84	77	69
<b>EBITDA</b>	<b>236</b>	<b>250</b>	<b>298</b>
Results of equity-accounted investees	25	45	(2)
Restructuring <sup>1</sup>	7	1	3
Other incidental items <sup>1</sup>	11	19	(5)
Other adjustments	-	(46)	-
<b>Adjusted EBITDA</b>	<b>279</b>	<b>269</b>	<b>294</b>
<b>Trailing 12-month Adjusted EBITDA</b>	<b>1,173</b>	<b>974</b>	<b>989</b>
1. Excluding depreciation PP&E related to			
Restructuring	-	-	1
Other incidental items	-	1	-

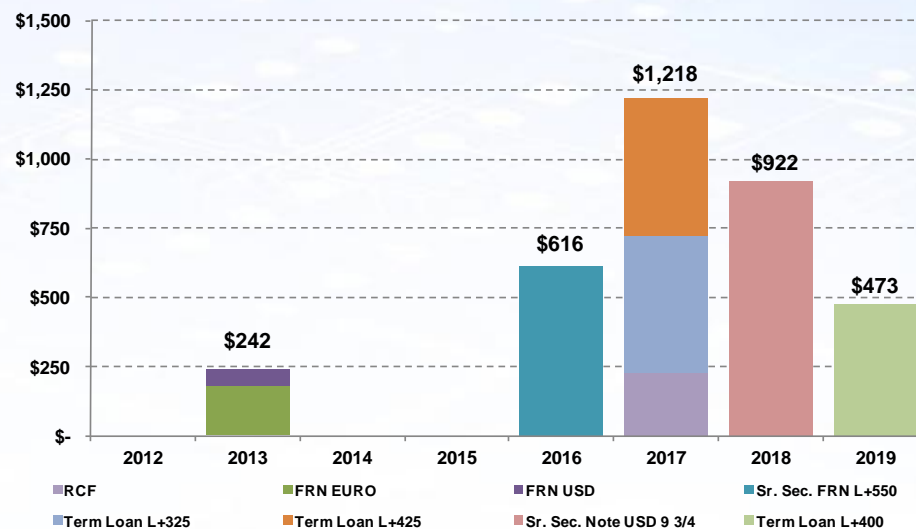
# Debt Summary October 24, 2012



Debt Instrument	Sr. Secured FRN	Sr. Secured FRN	Sr. Secured FRN	Term Loan A	Term Loan B	Sr. Secured Notes	Term Loan C	Revolving Credit Facility
Issue Date	15-Oct-06	15-Oct-06	10-Nov-11	05-Jun-11	16-Dec-11	20-Jul-10	19-Mar-12	27-Apr-12
Maturity Date	15-Oct-13	15-Oct-13	10-Nov-16	03-Apr-17	03-Apr-17	01-Aug-18	03-Apr-19	01-Mar-17
Issued Amount (M)	€ 1,000	\$1,535	\$615	\$500	\$500	\$1,000	\$475	€ 500
Book Value (M)	€ 142	\$58	\$608	\$491	\$478	\$922	\$466	€ 178
Outstanding Amount (M)	€ 142	\$58	\$616	\$493	\$495	\$922	\$473	€ 178
Coupon	Libor + 275 bps	Libor + 275 bps	Libor + 550 bps	Libor + 325 bps	Libor + 425 bps	9.75%	Libor + 400 bps	Libor + 250 bps
Rating								
Moody's	B3	B3	B3	B3	B3	B3	B3	B2
Standard & Poor's	B+	B+	B+	B+	B+	B+	B+	BB



**Outstanding Debt Maturity Profile (\$M)**  
USD/Euro 1.2941

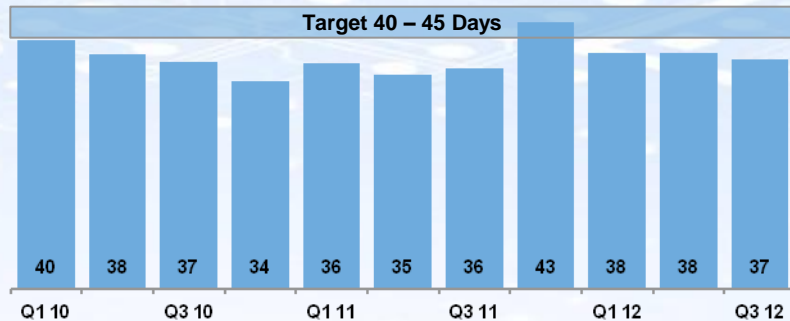




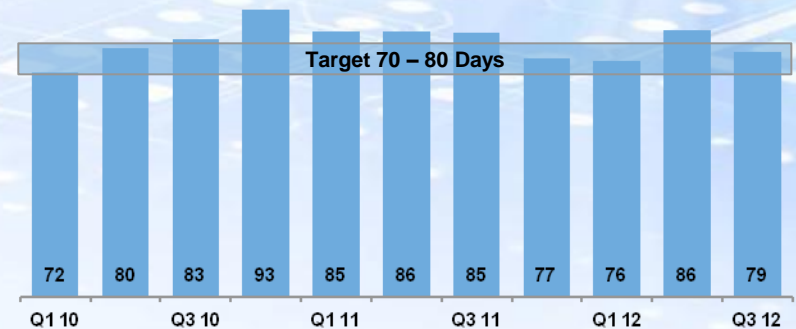
# Working Capital Ratios



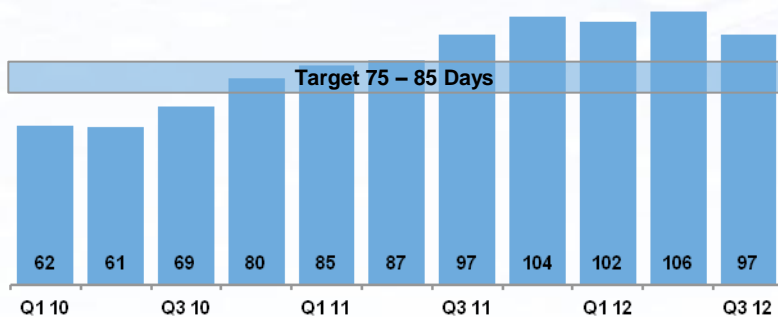
## DSO



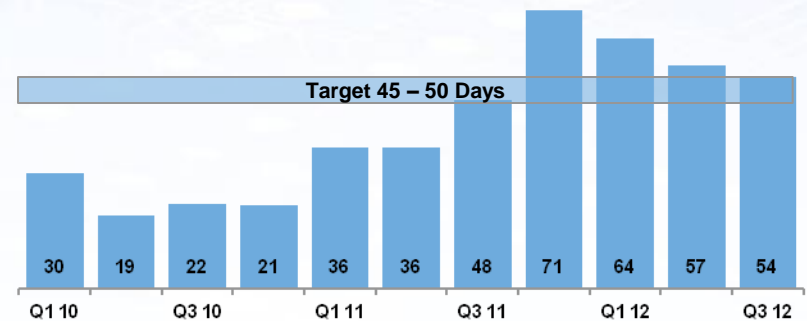
## DPO



## DIO



## Cash Conversion Cycle



$$\text{DSO} = (91.25 \times \text{AR}) / \text{Revenue}$$

$$\text{DPO} = (91.25 \times \text{AP}) / \text{GAAP COGS}$$

$$\text{DIO} = (91.25 \times \text{Inventory}) / \text{GAAP COGS}$$

$$\text{Cash Conversion Cycle} = \text{DIO} + \text{DSO} - \text{DPO}$$

# Automotive (AUTO) – HPMS Leader

2011 Revenue = \$930M, 24% Product Revenue, Flat Y-Y



## Key Positions



**#1 Passive Keyless Entry & Immobilizers)**



**#1 In-Vehicle Networking: CAN/LIN/Flexray)**



**#1 Car Radio**

## Emerging Growth Engines



**Auto LED**

## Aligned with Market Leaders



**DELPHI**

**BOSCH**

**Panasonic**

**SONY**



**FUJITSU TEN**

## Highlights

- **Secular market trends and characteristics**
  - Focus on reduced CO<sub>2</sub>, mobility and convenience
  - High barriers to entry and long product life-cycles
  - Auto electronics market to grow above market
    - High growth in BRIC countries
- **Market leader for > 80% of automotive revenue**
  - #3 in China, #5 world-wide
  - Focus on high margin segments
- **Recent innovations to drive growth**
  - First multi-standard digital software-defined radio
  - First single-chip digital radio for terrestrial radio
  - First with new “Flexray” in-car networking standard



# Identification (IDEN) – Industry Leader

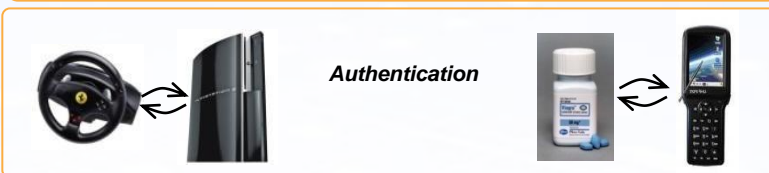
2011 Revenue = \$698M, 18% Product Revenue, Up 19% Y-Y



## Key Positions



## Emerging Growth Engines

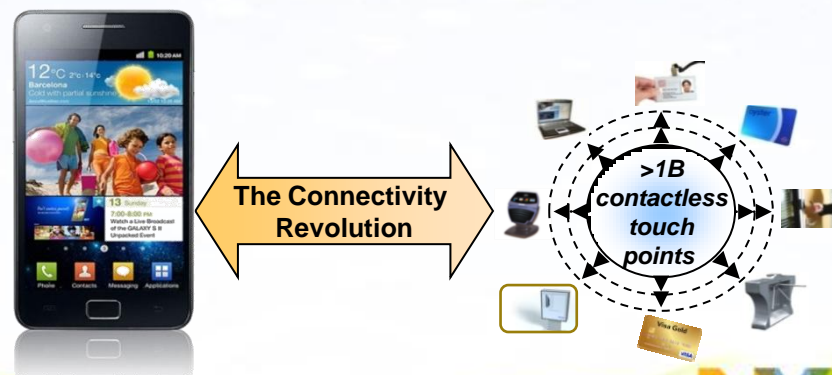


## Aligned with Market Leaders



## Highlights

- **Secular market trends and solutions**
  - Electronic Mobile Payments → SmartMX™
  - Security & Trusted Access → Smart@ID™
  - Secure Connected Mobility → MIFARE™
  - Counterfeit prevention
- **Market leader and innovator in identification market**
  - Co-inventor of NFC with broad IP patent portfolio
  - Leader in field proven contactless interoperability
  - Proven vendor with complete NFC solution
  - Strategic collaboration with Google
- **Recent innovations to drive growth**
  - NXP is driving broad-based NFC ecosystem adoption
  - Authentication / Product tagging for inventory control
  - New opportunities: e-metering, car control, telematics...





# Infrastructure and Industrial (I & I) – Focused Leader in Multi-market RF

2011 Revenue = \$617M, 16% Product Revenue, Down 3% Y-Y



## Key Positions



*High Performance RF – Cellular basestations*



*Silicon Tuners – DTV, STB, and Cable Modem*



*Power and Lighting Solutions*

*Lighting Drivers – LED and CFL*

*High Voltage Power Supply for Notebook*

*Low Voltage Power Supply for Consumer devices*

## Emerging Growth Engines



*Jennet LP  
Wireless - 802.15*



*CFL*

*LED*

## Aligned with Market Leaders



HUAWEI

**ZTE中兴**



Nokia Siemens  
Networks

**ERICSSON**

**SAMSUNG**



**LG**



**CISCO**



**LITEON**



**DELTA**



**PHILIPS**

**SHARP**

**EMERSON**

**Panasonic**

## Highlights

### ■ Secular market trends

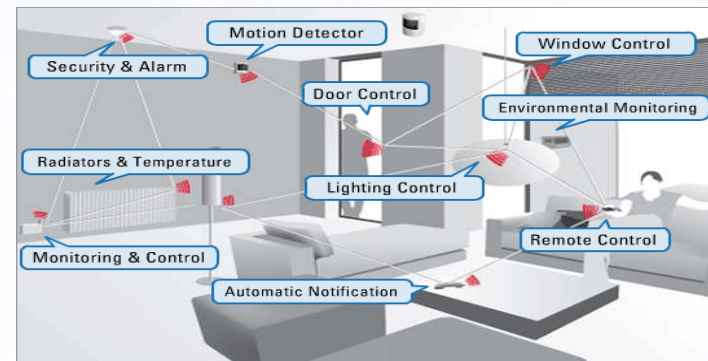
- Mobile data usage driving cellular base-station upgrade
- Increased demand for energy efficient lighting
- Emerging market for centralized smart grid control

### ■ Market leader

- Market leader in RF silicon tuners for DTV/STB/CMTS
- Innovator of *GreenChip* high voltage power supply
- Innovator in low power networked environmental control
  - Lighting control (CFL and LED)
  - Low power RF -wireless access (IEEE 802.15)

### ■ Recent innovations to drive growth

- Smart home RF connectivity
- Focus on low voltage power supply
- Personal Health portfolio based on low power RF





# Portable and Computing (P & C) – Focused on Mobile Communications

2011 Revenue = \$661M, 17% Product Revenue, Down 4% Y-Y



## Key Positions



32-bit ARM MCU



Interface ICs: I²C, Bridging ICs, UARTS, LP RTC

General Purpose Logic – Switches

## Emerging Growth Engines



## Aligned with Market Leaders



## Highlights

### ■ Secular market trends

- Increased demand for energy efficiency
- Low power mixed-signal integration
- Shift toward embedded ARM-architecture

### ■ Multi-market leader

- High-speed interface product portfolio focused on
  - Portable applications
  - Enterprise computing applications
- 32-bit ARM MCU
  - Focused on ARM M0, M3, M4 cores
  - Leverage broad analog interface IP portfolio
  - Industrial, white goods and mobile focus
- Broad general purpose logic
  - Emerging load-switching opportunities

### ■ Recent innovations to drive growth

- High-speed system management
  - Voltage level shifting
  - Mobile-LED lighting management
- Semi-custom high-speed interface products
  - Leveraging IP and applications knowledge

# Standard Products

- ▶ NXP's Standard Products portfolio provides solutions for energy efficiency and system protection leveraging expertise in component integration and packaging
- ▶ Commitment to quality – product failure rate measured in parts per billion (ppb)
- ▶ Approximately 45% of all Standard Products are “designed-in”
- ▶ Design-in margin profile better than SP average, with lower annual ASP erosion
- ▶ Benefits of Standard Products to HPMS segment
  - ▶ Strong distribution footprint: #2 supplier worldwide, providing broad customer reach
  - ▶ Vast in-house manufacturing output (>70B units/yr) results in packaging innovation and scale

## Discretes



#2 worldwide in small signal diodes & transistors, #1 in pure ESD Protection devices

## Standard Linear



Voltage regulators for the mobile, computing & consumer markets

## PowerMOS



LFPak, the toughest PowerSO8

Low voltage power MOSFETs for automotive & high speed switching applications

## Bipolar Power



China-based manufacturer of rectifiers & thyristors



# Guidance for the Fourth Quarter of 2012<sup>(1)</sup>



	Guidance Range		
	<u>Low</u>	<u>Mid</u>	<u>High</u>
<b>Product Revenue</b>	<b>\$ 1,014</b>	<b>\$ 1,048</b>	<b>\$ 1,081</b>
Q-Q	-9%	-6%	-3%
Mfg. & Other Revenue	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 45</u>
<b>Total Revenue</b>	<b>\$ 1,059</b>	<b>\$ 1,093</b>	<b>\$ 1,126</b>
Q-Q	-9%	-7%	-4%
<b>Non-GAAP Gross Profit</b>	<b>\$ 491</b>	<b>\$ 507</b>	<b>\$ 524</b>
Non-GAAP Gross Margin	46.4%	46.4%	46.5%
<b>Non-GAAP Operating Income</b>	<b>\$ 187</b>	<b>\$ 201</b>	<b>\$ 216</b>
Non-GAAP Operating Margin	17.7%	18.4%	19.2%
Interest Expense	\$ 53	\$ 53	\$ 53
Cash Taxes	\$ 11	\$ 11	\$ 11
Non-controlling Interest	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ 17</u>
<b>Non-GAAP Net Income</b>	<b>\$ 106</b>	<b>\$ 120</b>	<b>\$ 135</b>
Ave. Diluted Shares	253	253	253
<b>Non - GAAP EPS</b>	<b>\$ 0.41</b>	<b>\$ 0.47</b>	<b>\$ 0.53</b>

## Product Revenue trends at the mid-point of 3Q12 guidance:

1. Automotive is expected to be approximately down mid-single digit percentage points Q-Q;
2. Identification is expected to be approximately flat Q-Q;
3. Infrastructure and Industrial is expected to be down approximately upper single digit percentage points Q-Q;
4. Portable and Computing are expected to be down approximately 10 percentage points Q-Q;
5. Standard Products is expected to be down approximately upper single digit percentage points Q-Q

Note (1): NXP has based the guidance included in our earnings press release issued on October 24, 2012 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 October 24, 2012. 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 October 24, 2012. 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 October 24, 2012, 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 on a forward looking basis.

# Target Financial Model



	HPMS Target	SP Target <sup>(1)</sup>	NXP Target <sup>(2)</sup>
<b>Revenue</b>	> Market Growth	@ Market Growth	> Market growth
Product Revenue Mix	>80%	<20%	
<b>Non-GAAP Gross Margin</b>	58 - 63%	33 - 39%	52 - 56%
<b>Non-GAAP Operating Margin</b>	24 - 29%	18 - 23%	23 - 28%
<b>Long-term Tax Rate</b>			12% - 14% <sup>(3)</sup>
<b>Capex</b>			~5% over a cycle
<b>NWC</b>			DSO 40-45 Days DIO 75-85 Days DPO 70-80 Days
<b>Depreciation</b>			6 - 7% of sales, decreasing
<b>Net Debt / adj. EBITDA</b>			Investment grade

## Notes:

1. Reflects new target operating model for Standard Products after divestment of Sound Solutions business
2. Non-product Manufacturing, Corporate and Other business to be less than 10% total revenue at target
3. Cash taxes are expected to be \$40 - \$60 million per year for next several years as NXP utilizes tax loss carry-forwards



