



# NXP Semiconductors N.V. Q1 2012 Financial Results April 30, 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**



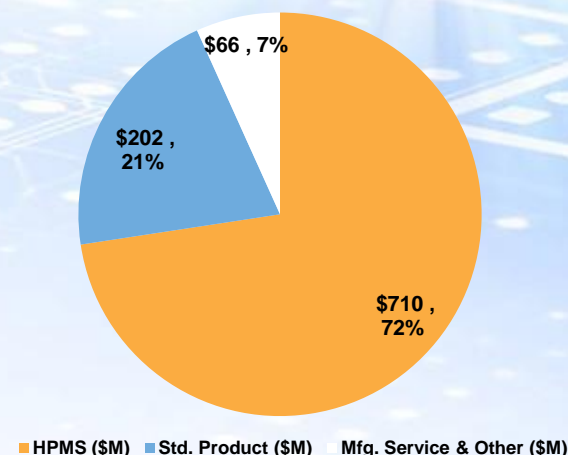
# Q1 2012 Quarterly Revenue and Operating Income



## GAAP Financial Summary

(\$ in millions)	Q1 2011	Q4 2011	Q1 2012	Y-Y Variance Q1 '11 – Q1 '12	Q-Q Variance Q4 '11 – Q1 '12
<b>Product Revenue</b>	<b>979</b>	<b>857</b>	<b>912</b>	<b>(67)</b>	<b>55</b>
<b>All Other</b>	<b><u>103</u></b>	<b><u>74</u></b>	<b><u>66</u></b>	<b><u>(37)</u></b>	<b><u>(8)</u></b>
<b>Total Revenue</b>	<b>1,082</b>	<b>931</b>	<b>978</b>	<b>(104)</b>	<b>47</b>
<b>Gross Profit</b>	<b>506</b>	<b>389</b>	<b>424</b>	<b>(82)</b>	<b>35</b>
Percent of total revenue	46.8%	41.8%	43.4%	(3.4pts.)	1.6pts.
<b>Operating income</b>	<b>108</b>	<b>7</b>	<b>55</b>	<b>(53)</b>	<b>48</b>
Percent of total revenue	10.0%	0.8%	5.6%	(4.4pts.)	4.8pts.

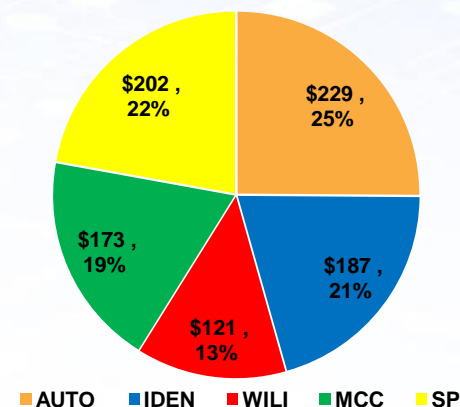
## Quarterly Segment Revenue:



## Non-GAAP Financial Summary

(\$ in millions)	Q1 2011	Q4 2011	Q1 2012	Y-Y Variance Q1 '11 – Q1 '12	Q-Q Variance Q4 '11 – Q1 '12
<b>Gross Profit</b>	<b>517</b>	<b>423</b>	<b>433</b>	<b>(84)</b>	<b>10</b>
Percent of total revenue	47.8%	45.4%	44.3%	(3.5pts.)	(1.1pts.)
<b>Operating income</b>	<b>223</b>	<b>148</b>	<b>141</b>	<b>(82)</b>	<b>(7)</b>
Percent of total revenue	20.6%	15.9%	14.4%	(6.2pts.)	(1.5pts.)

## Quarterly Business Revenue:



# Q1 2012 Financial Reconciliation (GAAP to non-GAAP)



(\$ in millions, unless otherwise stated)	Q1 2011 GAAP	Q4 2011 GAAP	Q1 2012		
			GAAP	Reconciling items	Non-GAAP
<b>Total Revenue</b>	<b>1,082</b>	<b>931</b>	<b>978</b>	<b>-</b>	<b>978</b>
<b>Gross Profit</b>	<b>506</b>	<b>389</b>	<b>424</b>	<b>(9)</b>	<b>433</b>
Percent of total revenue	46.8%	41.8%	43.4%		44.3%
Research and Development	154	151	148	(2)	146
Percent of total revenue	14.2%	16.2%	15.1%		14.9%
SG&A	234	236	222	(75)	147
Percent of total revenue	21.6%	25.3%	22.7%		15.0%
Other income (expense)	(10)	5	1	-	1
<b>Operating income (loss)</b>	<b>108</b>	<b>7</b>	<b>55</b>	<b>(86)</b>	<b>141</b>
Percent of total revenue	10.0%	0.8%	5.6%		14.4%
Interest income (expense) net	(81)	(74)	(76)		(76)
Benefit (provision) for income tax	1	(2)	5		<b>(4)<sup>(1)</sup></b>
<b>Income (loss) from continuing operations</b>	<b>188</b>	<b>(175)</b>	<b>(12)</b>	<b>(73)<sup>(2)</sup></b>	<b>61</b>
Income (loss) from discontinued operations, net of tax	13	2	1	1	-
Net (income) loss attributable to non-controlling interests	(14)	(9)	(13)	-	(13)
<b>Net income (loss) attributable to stockholders</b>	<b>187</b>	<b>(182)</b>	<b>(24)</b>	<b>(72)</b>	<b>48<sup>(3)</sup></b>
<b>EPS (diluted)</b>	<b>0.73</b>	<b>(0.73)</b>	<b>(0.10)</b>		<b>0.19</b>

1. Cash income taxes paid during the period

2. Includes: Foreign exchange gain on debt: \$53M; Loss on extinguishment of long-term debt: (\$36M); Other financial expense: (\$14M); Results relating to equity-accounted investees: \$1M; and the difference between book and cash income tax: \$9M

5 3. Includes stock-based compensation expense: \$9M



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

# Q1 2012 Business Segment Performance



## GAAP Financial Summary

HPMS (\$ in millions)	Q1 2011	Q4 2011	Q1 2012	Y-Y	Q-Q
Revenue	742	659	710	(32)	51
Gross Profit	422	321	364	(58)	43
Percent of total revenue	56.9%	48.7%	51.3%	(5.6pts.)	2.6pts.
Operating income	121	20	71	(50)	51
Percent of total revenue	16.3%	3.0%	10.0%	(6.3pts.)	7.0pts.

STDP (\$ in millions)	Q1 2011	Q4 2011	Q1 2012	Y-Y	Q-Q
Revenue	237	198	202	(35)	4
Gross Profit	87	67	58	(29)	(9)
Percent of total revenue	36.7%	33.8%	28.7%	(8.0pts.)	(5.1pts.)
Operating income	35	17	9	(27)	8
Percent of total revenue	14.8%	8.6%	4.5%	(10.3pts.)	4.1pts.

## Non-GAAP Financial Summary

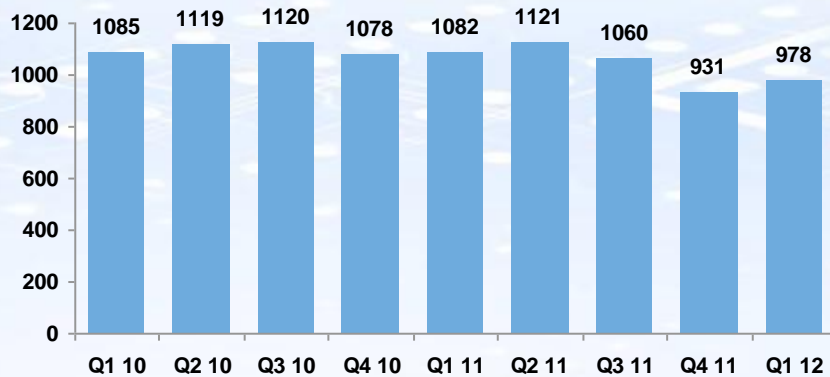
HPMS (\$ in millions)	Q1 2011	Q4 2011	Q1 2012	Y-Y	Q-Q
Gross Profit	423	345	366	(57)	21
Percent of total revenue	57.0%	52.4%	51.5%	(5.5pts.)	(0.9pts.)
Operating income	175	111	123	(52)	12
Percent of total revenue	23.6%	16.8%	17.3%	(6.3pts.)	0.5pts.

STDP (\$ in millions)	Q1 2011	Q4 2011	Q1 2012	Y-Y	Q-Q
Gross Profit	87	72	59	(28)	(13)
Percent of total revenue	36.7%	36.4%	29.2%	(7.5pts.)	(7.2pts.)
Operating income	49	37	22	(27)	15
Percent of total revenue	20.7%	18.7%	10.9%	(9.8pts.)	(7.8pts.)

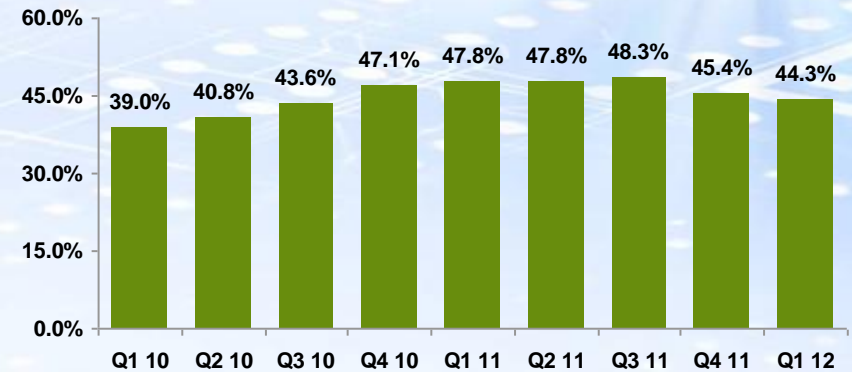
# NXP Business Trends



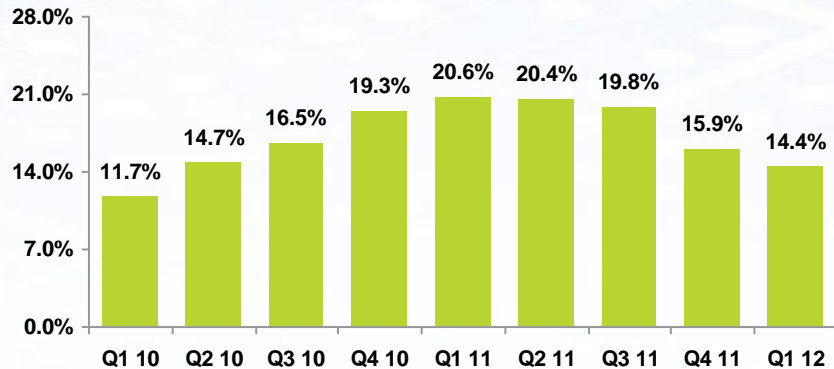
## Revenue



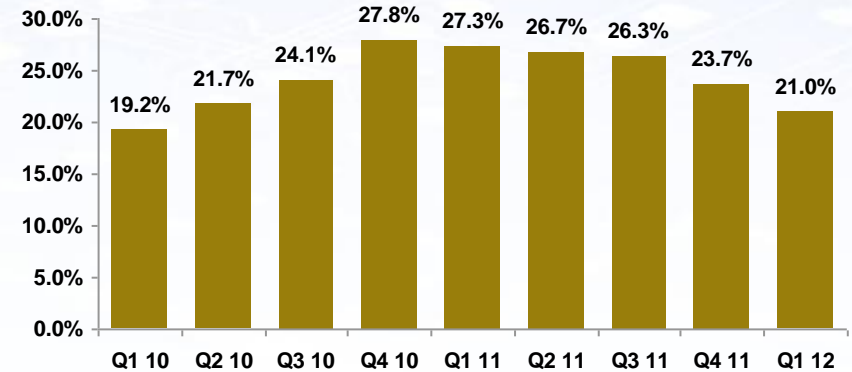
## Non-GAAP Gross Margin



## Non-GAAP Operating Margin



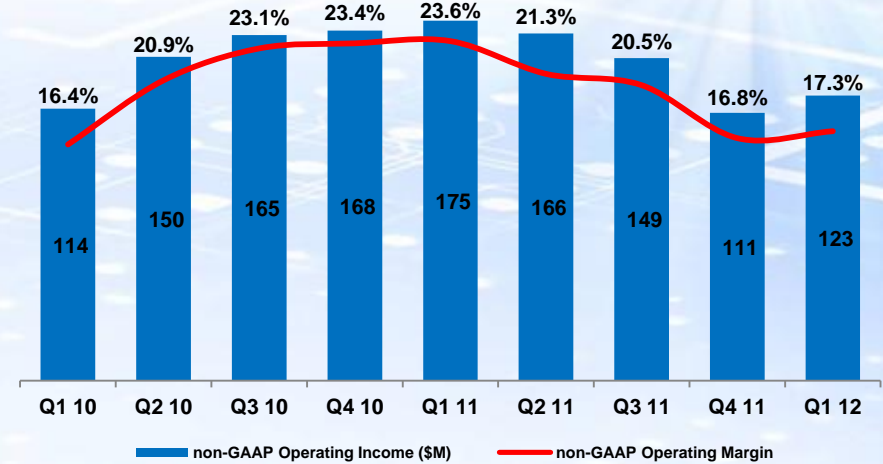
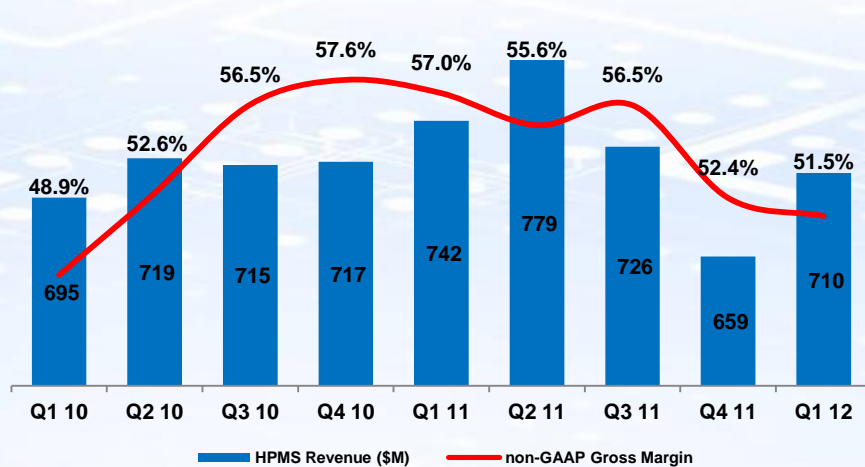
## Adj. EBITDA Margin



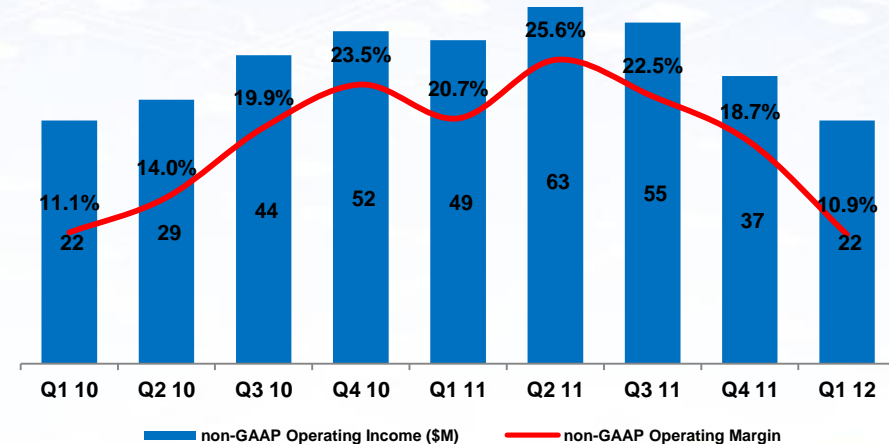
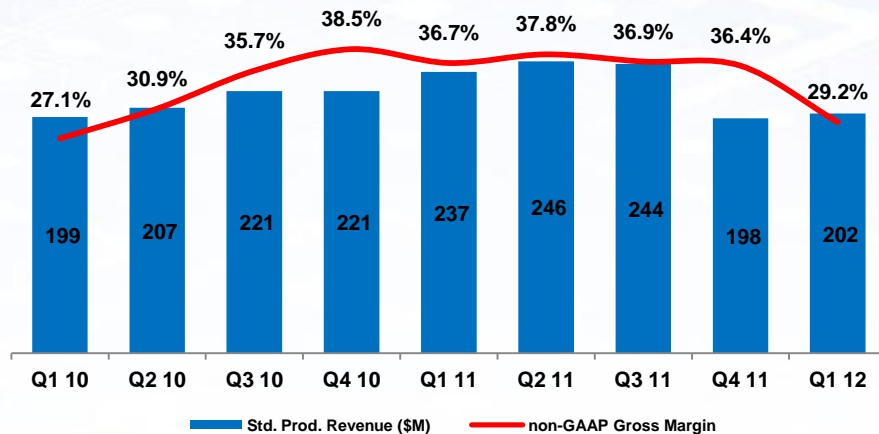
# Business Segment Revenue and Margin Trends



## HPMS Products



## STD Products

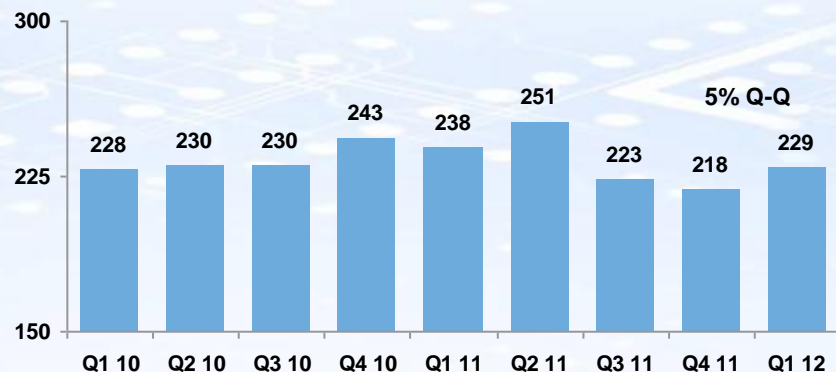




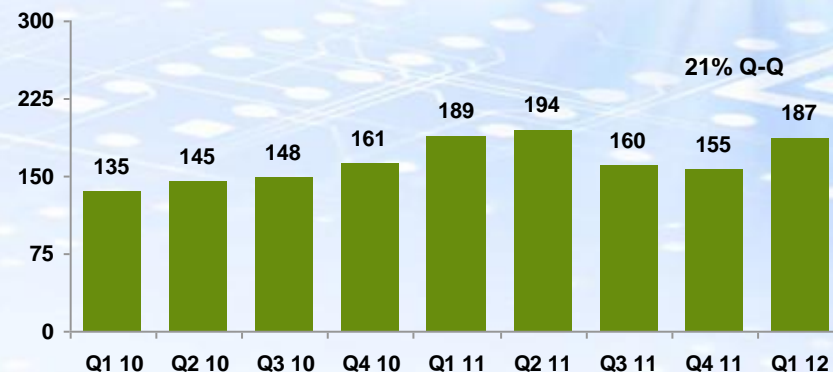
# HPMS Revenue Business Trends<sup>(1)</sup> (\$M)



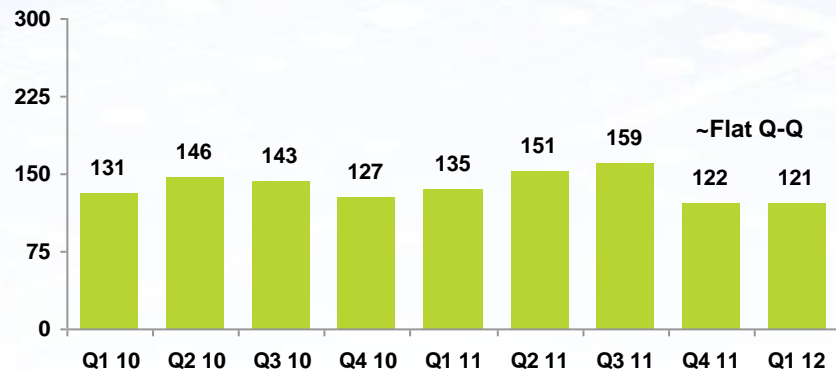
## Automotive



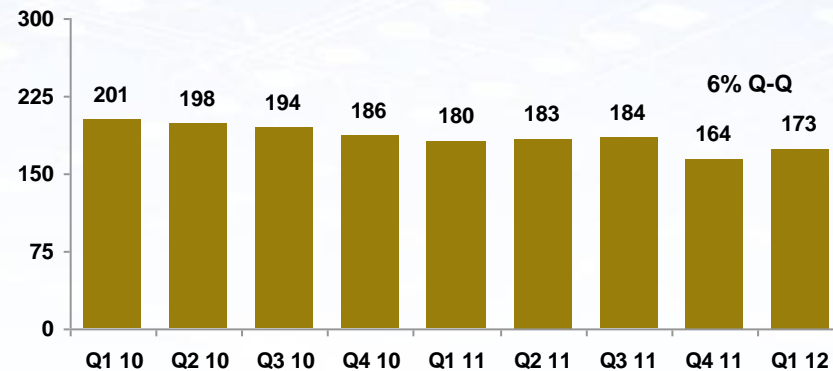
## Identification



## Wireless Infrastructure, Lighting and Industrial Applications



## Mobile, Consumer and Computing Applications



Note:

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

# Cash Flow Overview

(\$ in millions)



	Q1 2011	Q4 2011	Q1 2012
<b>Net cash provided by (used for) operating activities</b>	<b>(3)</b>	<b>(34)</b>	<b>97</b>
<b>Net cash provided by (used for) investing activities</b>	<b>(54)</b>	<b>(33)</b>	<b>(45)</b>
<b>Net cash provided by (used for) financing activities</b>	<b>8</b>	<b>(12)</b>	<b>(28)</b>
<b>Net cash provided by (used for) continuing operations</b>	<b>(49)</b>	<b>(79)</b>	<b>24</b>
Net cash provided by (used for) discontinued operations	6	(31)	-
Effects of changes in exchange rates on cash position	30	(12)	15
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(13)</b>	<b>(122)</b>	<b>39</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>908</b>	<b>865</b>	<b>743</b>
<b>Cash and cash equivalents at end of period</b>	<b>895</b>	<b>743</b>	<b>782</b>
Less cash – discontinued operations	16	-	-
<b>Cash and cash equivalents at end of period – continuing operations</b>	<b>879</b>	<b>743</b>	<b>782</b>

**Note:**

- Dividends paid to non-controlling interests have been reclassified from operating activities to financing activities to align with the guidance provided by ASC Topic 810 that classifies non-controlling interests within equity.

# Adjusted EBITDA

(\$ in millions)

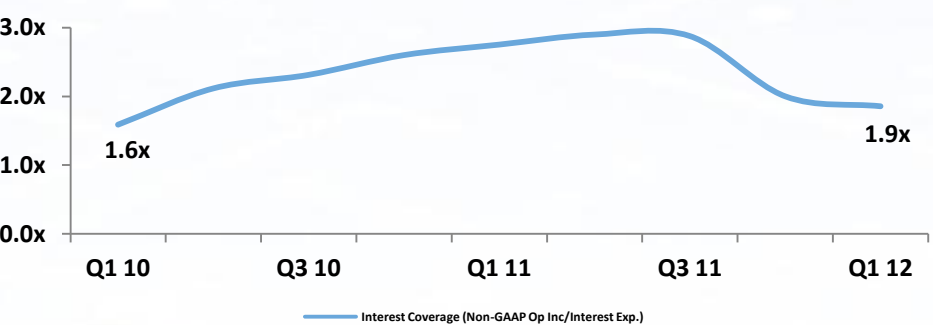
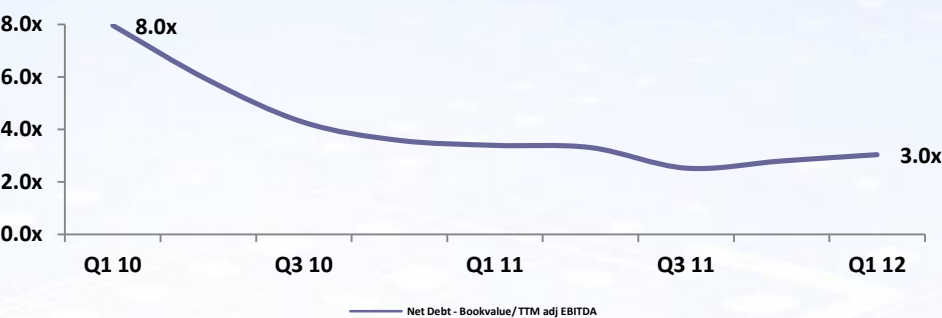


	Q1 2011	Q4 2011	Q1 2012
<b>Net income (loss)</b>	<b>201</b>	<b>(173)</b>	<b>(11)</b>
Income (loss) on discontinued operations	13	2	1
<b>Income (loss) on continuing operations</b>	<b>188</b>	<b>(175)</b>	<b>(12)</b>
Reconciling items to EBITDA			
Financial (income) expense	(101)	165	73
(Benefit) provision for income taxes	(1)	2	(5)
Depreciation	72	78	63
Amortization	73	73	71
<b>EBITDA</b>	<b>231</b>	<b>143</b>	<b>190</b>
Results of equity-accounted investees	22	15	(1)
Restructuring <sup>1</sup>	16	55	7
Other incidental items <sup>1</sup>	26	8	9
<b>Adjusted EBITDA</b>	<b>295</b>	<b>221</b>	<b>205</b>
<b>Trailing 12-month Adjusted EBITDA</b>	<b>1,108</b>	<b>1,094</b>	<b>1,004</b>
1. Excluding depreciation PP&E related to			
Restructuring	-	4	1
Other incidental items	-	1	-

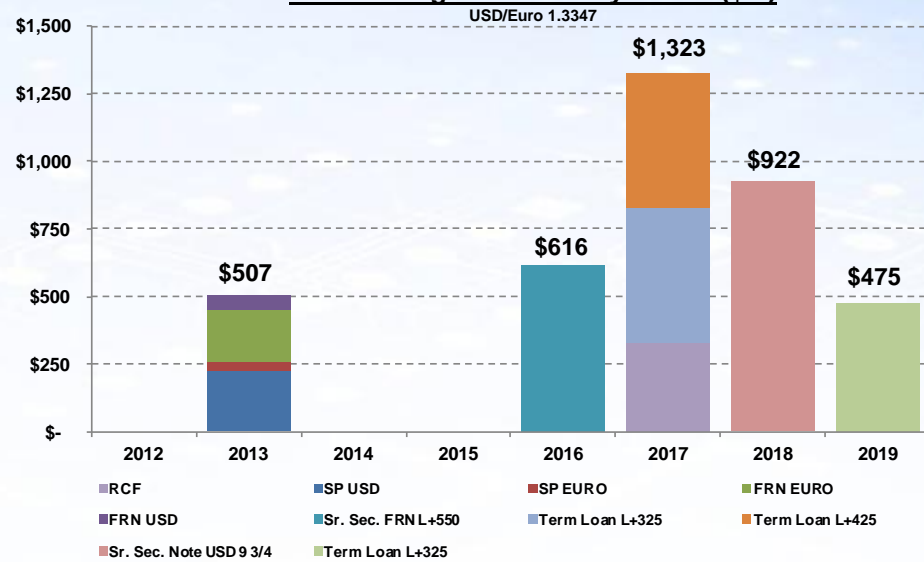
# Debt Summary April 30, 2012<sup>(1)</sup>



Debt Instrument	Sr. Secured FRN	Sr. Secured FRN	Super Priority Notes	Super Priority Notes	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	02-Apr-09	04-Feb-09	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	15-Jul-13	15-Jul-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	\$221	€ 29	\$615	\$500	\$500	\$1,000	\$475	€ 500
Book Value (M)	€ 142	\$58	\$197	€ 23	\$607	\$493	\$478	\$922	\$468	€ 247
Outstanding Amount (M)	€ 142	\$58	\$221	€ 29	\$616	\$495	\$498	\$922	\$475	€ 247
Coupon	Libor + 275 bps	Libor + 275 bps	10%	10%	Libor + 550 bps	Libor + 325 bps	Libor + 425 bps	9.75%	Libor + 400 bps	Libor + 250 bps
Rating										
Moody's	B3	B3	B2	B2	B3	B3	B3	B3	B3	B2
Standard & Poor's	B+	B+	BB	BB	B+	B+	B+	B+	B+	BB



**Outstanding Debt Maturity Profile (\$M)**



Note:  
1. Reflects Revolving Credit Facility concluded April 27, 2012

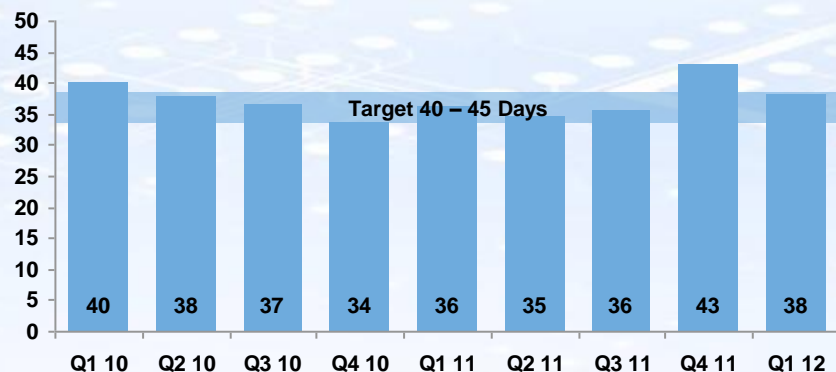




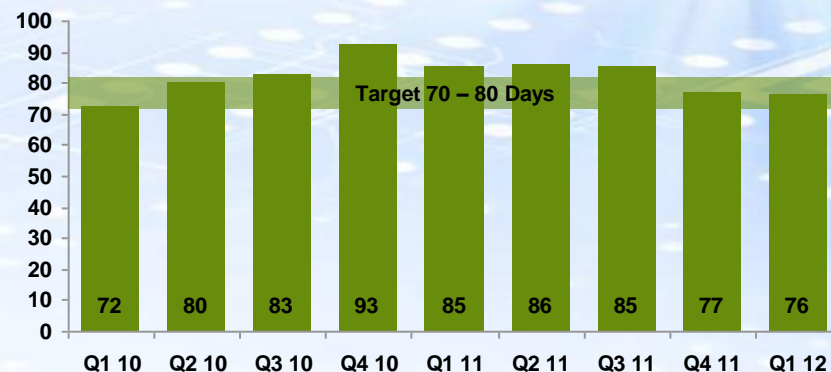
# Working Capital Ratios



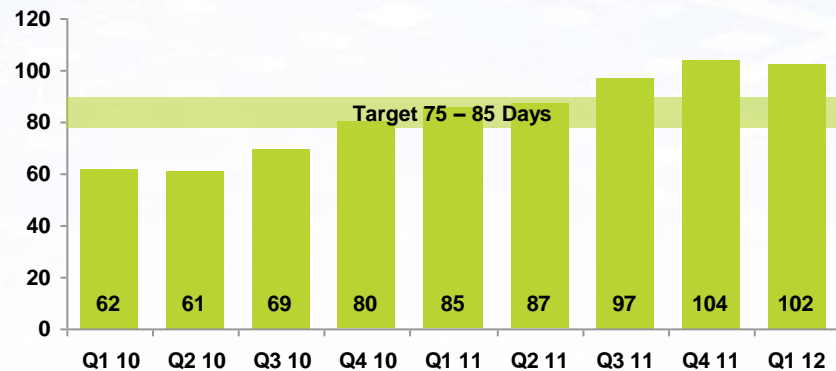
## DSO



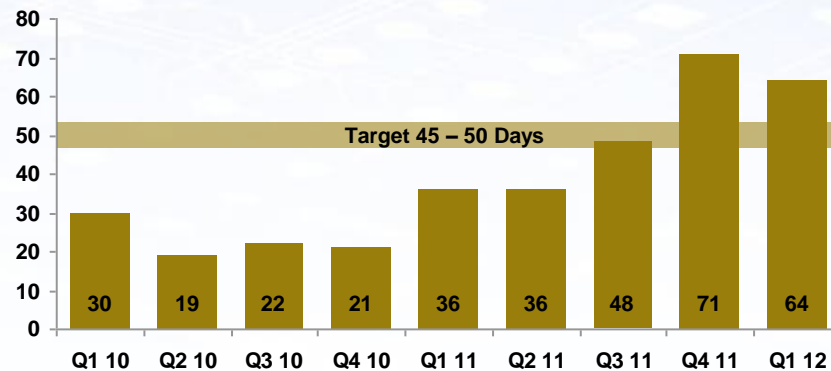
## DPO



## 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

# 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**



**ALPINE**  
Mobile Media Solutions



**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) – HPMS Leader

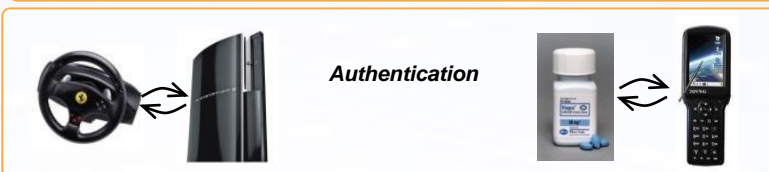
2011 Revenue = \$698M, 18% Product Revenue, Up 19% Y-Y



## Key Positions



## Emerging Growth Engines

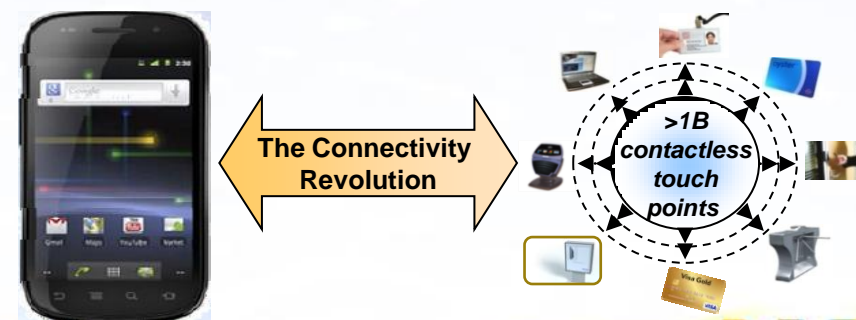


## Aligned with Market Leaders



## 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...





# Wireless Infrastructure, Lighting and Industrial (WILI) – Emerging Leader

2011 Revenue = \$567M, 15% Product Revenue, Up 4% Y-Y



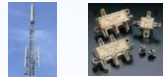
## Key Positions



Lighting Driver ICs:



32-bit ARM MCU



High Performance RF

## Emerging Growth Engines



802.15

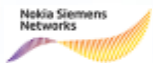


CFL



LED

## Aligned with Market Leaders



## Highlights

### ■ Secular market trends

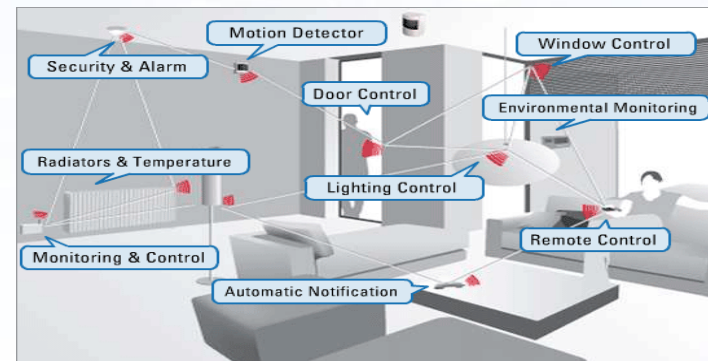
- Increased demand for energy efficient lighting
- Emerging market for centralized smart grid control
- Mobile data usage driving cellular base-station

### ■ Market leader

- Innovator in ultra-low power intelligent networked environmental control
  - Lighting control (CFL and LED)
  - LP Wireless access (IEEE 802.15)
  - System knowledge and firmware
- Multi-market 32-bit ARM MCU leader

### ■ Recent innovations to drive growth

- Intelligent networked lighting
- Smart home connectivity





# Mobile, Consumer and Computing (MCC) – Focused HPMS Leader

2011 Revenue = \$711M, 19% Product Revenue, Down 9% Y-Y



## Key Positions



*Notebook AC/DC*



*Interface ICs:*

*I<sup>2</sup>C*

*LP RTC*

*Bridge ICs & UARTS*



*STV/STB  
Silicon Tuners*

## Emerging Growth Engines

*LED controllers*



*DisplayPort*

*Low power adapter*



## Aligned with Market Leaders



## ■ Secular market trends

- Increased demand for energy efficiency
- Low power mixed-signal integration
- Transition to Si tuners in DTV/STB

## ■ Market leader

- Innovator of GreenChip notebook power supply
- Leader in silicon tuners for STV/STB
- Multi-market interface and general purpose logic

## ■ Recent innovations to drive growth

- GreenChip for low power adapters
- High-speed interface product portfolio
- Personal Health portfolio

# 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 Second Quarter of 2012



	Guidance Range		
	<u>Low</u>	<u>Mid</u>	<u>High</u>
Product Revenue	\$ 976	\$ 994	\$ 1,012
Q-Q	7%	9%	11%
Mfg. & Other Revenue	\$ 59	\$ 59	\$ 59
Total Revenue	\$ 1,035	\$ 1,053	\$ 1,071
Q-Q	6%	8%	10%
Non-GAAP Gross Profit	\$ 490	\$ 499	\$ 509
Gross Margin	47.3%	47.4%	47.5%
Non-GAAP Operating Income	\$ 191	\$ 196	\$ 202
Operating Margin	18.5%	18.6%	18.9%
Interest Expense	\$ 71	\$ 71	\$ 71
Cash Taxes	\$ 10	\$ 9	\$ 8
Non-controlling Interest	\$ 13	\$ 14	\$ 15
Non-GAAP Net Income	\$ 97	\$ 102	\$ 108
Ave. Diluted Shares	254	254	254
Non - GAAP EPS	\$ 0.38	\$ 0.40	\$ 0.43

## Product Revenue trends at the mid-point of 2Q12 guidance:

1. Automotive is expected to be up in the low single digit percentage point range;
2. Identification is expected to be up in the high-teens digit percentage point range;
3. Wireless Infrastructure, Lighting and Industrial is expected to be up in the high single digit percentage point range;
4. Mobile, Consumer and Computing are expected to be up in the mid single digit percentage point range;
5. Standard Products is expected to be up in the high single digit percentage point range;

# 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%	
Fixed COGS	~50%	~50%	~50%
<b>Non-GAAP Gross Margin</b>	58 - 63%	33 - 39%	52 - 56%
Operating Expenses	31 - 34%	14 - 18%	28 - 31%
<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





NXP

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series