

NXP SEMICONDUCTORS

Investor Presentation | July 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 combined business of NXP since its merger with Freescale as well as 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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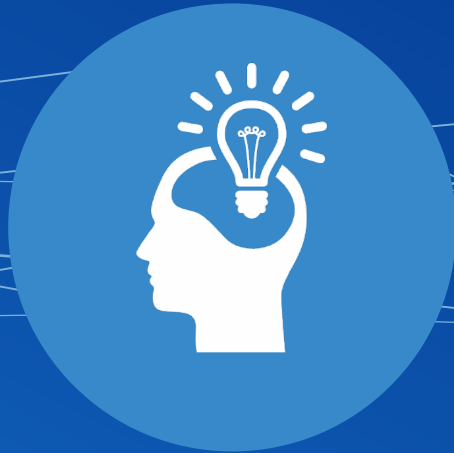
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Secure Connections for the Smarter World

Everything
Smart



40B+ devices with
intelligence shipped in 2020

Processing

Automotive

Everything
Connected



1B+ additional consumers online,
30B+ connected devices

Connectivity

Industrial

Everything
Secure



Potential economy savings
up to half trillion dollars

Security

Connected Devices

IoT

The NXP – Strategically and Financially Compelling



Solutions leadership

- Broad and diverse customer base
- Compelling cross-sell opportunity
- Complementary market reach



Growth in excess of market

- Accelerates “Secure Connections for a Smarter World” strategy
- Leader in automotive semiconductor
- Leader in broad-based MCU



Far superior earnings growth

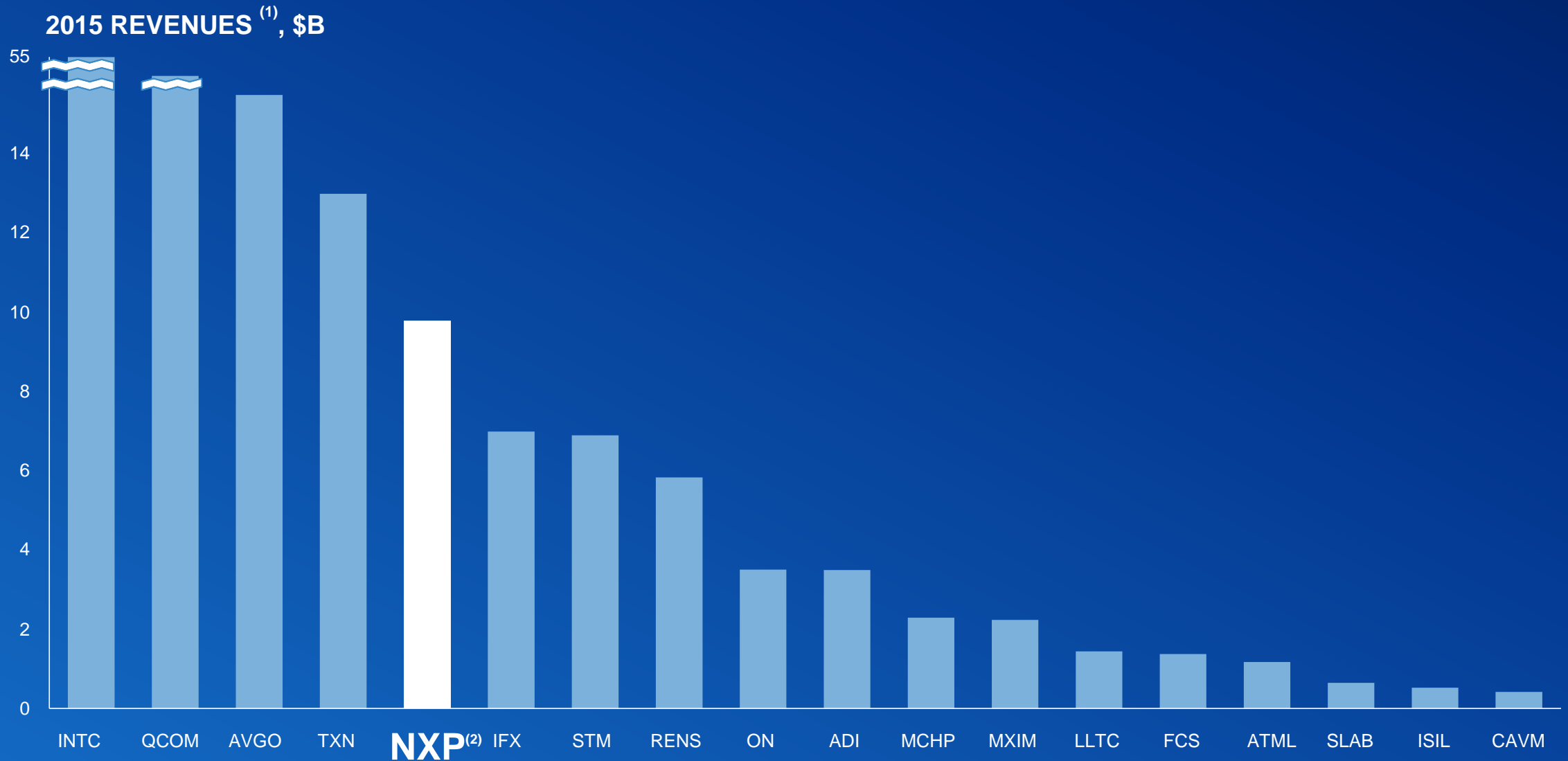
- RMS focused growth
- Margin expansion driven by
 - Portfolio optimization
 - Cost synergy realization



Shareholder value creation

- Focus on optimal capital structure
- Achieve 2x leverage
- Return excess free cash flow to shareholders

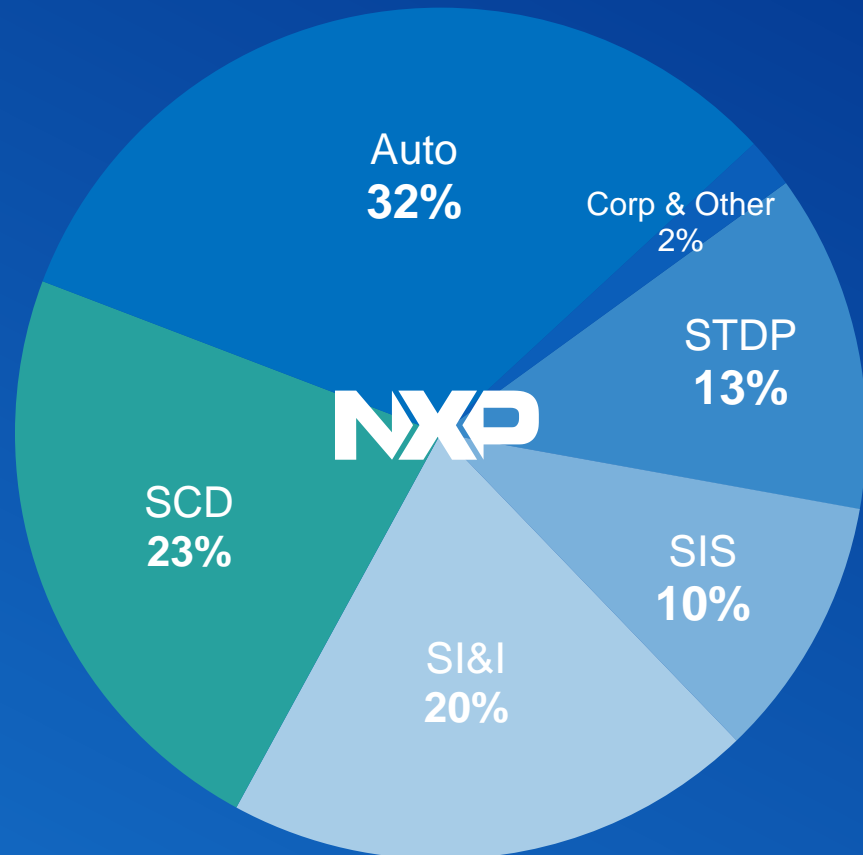
NXP – Top 5 Semiconductor Company



(1) Source: public filings (2) For NXP, reference is made to the Combined Non-GAAP Adjusted Revenue which is the combined consolidated revenue of NXP and Freescale. The information excludes the divestment of previously announced businesses and the creation of joint-ventures. Please refer to the NXP Historic Financial Model file found on the Financial Information page of the Investor Relations section of our website at www.nxp.com/investor for additional information relative to our Non-GAAP Financial Measures.

HPMS Market Leader with Sharper Focus, Broader Reach

NXP Non-GAAP 2015 Adjusted Revenue
by Operating Segment



NXP: the HPMS leader

- Deliver growth >1.5x market
- #5 global non-memory semi supplier
- #1 global auto semi supplier
- #1 non-auto MCU
- #1 secure identification

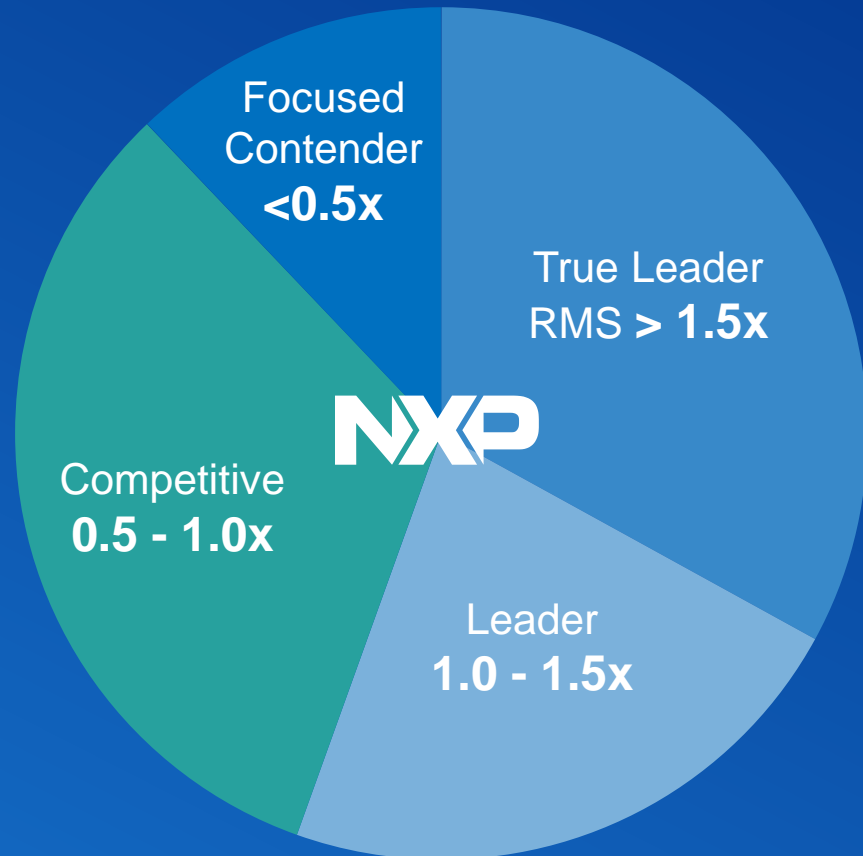
Focused on 2x the serviceable market

- Complimentary portfolios and customers
- Opportunities to cross sell
- Ability to deliver complete solutions

Deliver >1.5x market growth

RMS Philosophy – Focus on Product and Application Leadership

**NXP Non-GAAP 2015 Adjusted Revenue
by RMS Concentration**



Market Focus – achieve RMS > 1.5x

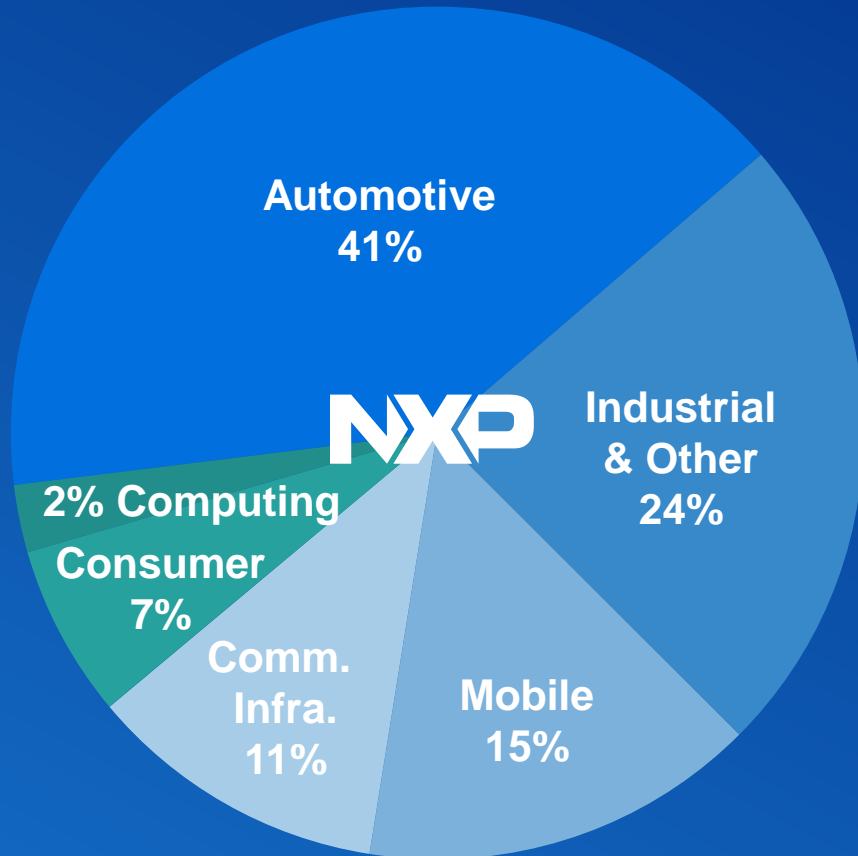
- Focus on large, faster growing markets
- Engage market leaders early
- Deliver product and application leadership
- Focused execution

Benefits of RMS leadership

- First mover advantage
- Out-grow, out-invest competition
- Drive disproportionate profit
- Thought leadership for OEMs
- Sustainable barriers to entry

Focused Leadership – End Markets

NXP Non-GAAP 2015 Adjusted Product Revenue by End-market Exposure



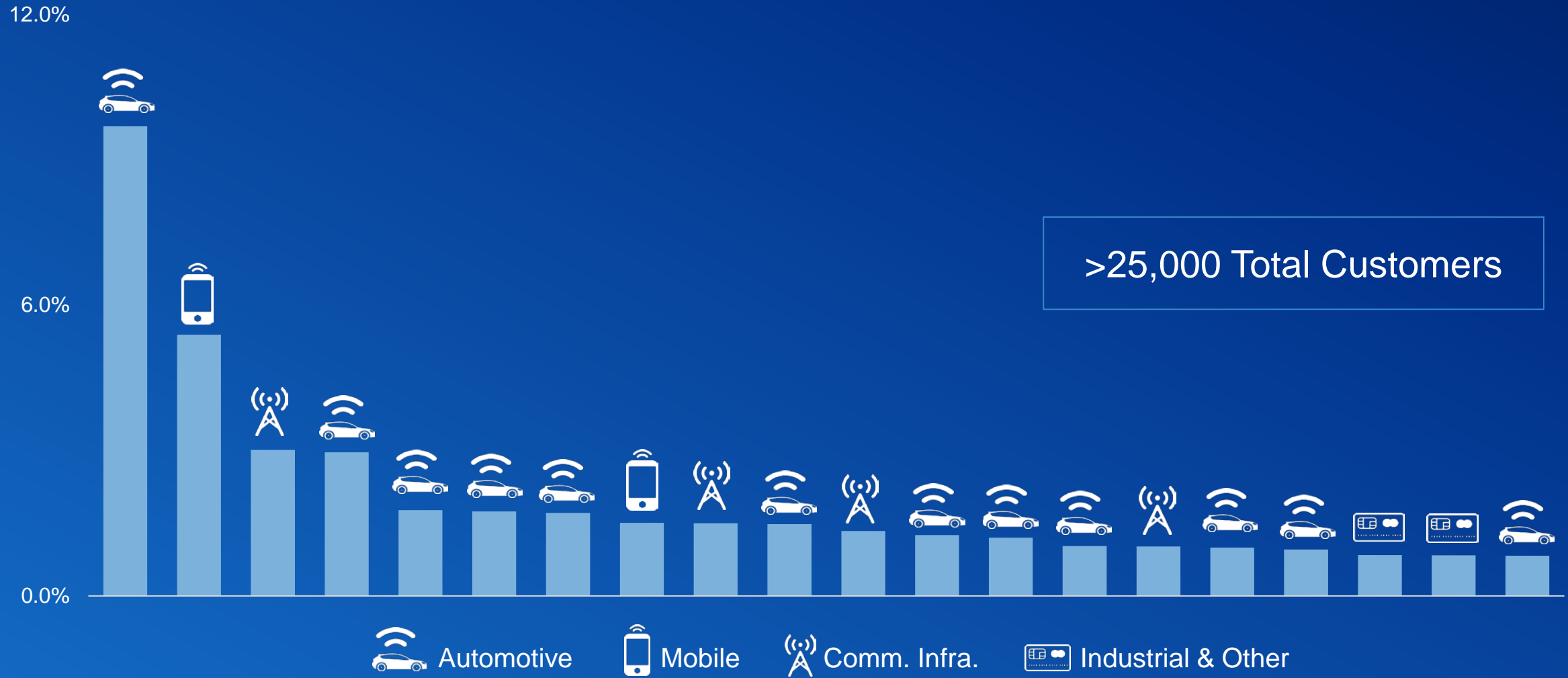
Broad end market exposure

- Long life cycles
- High barriers to entry
- Application expertise

Product leadership positions

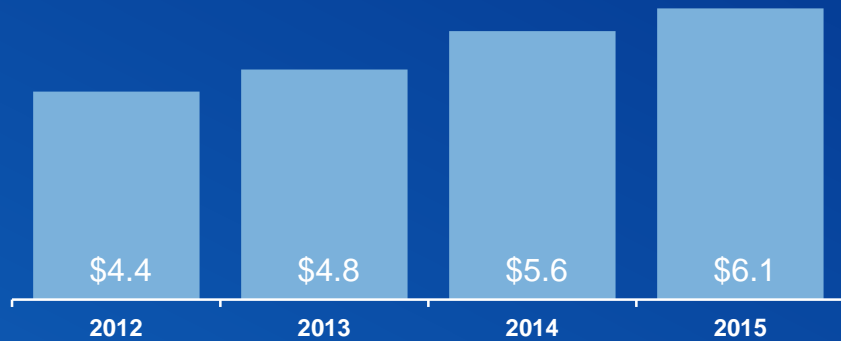
- #1 Automotive
- #1 Non-auto MCU
- #1 Secure identification
- #1 Mobile transactions

Top 20 Customers ~40% of 2016E Revenue ⁽¹⁾

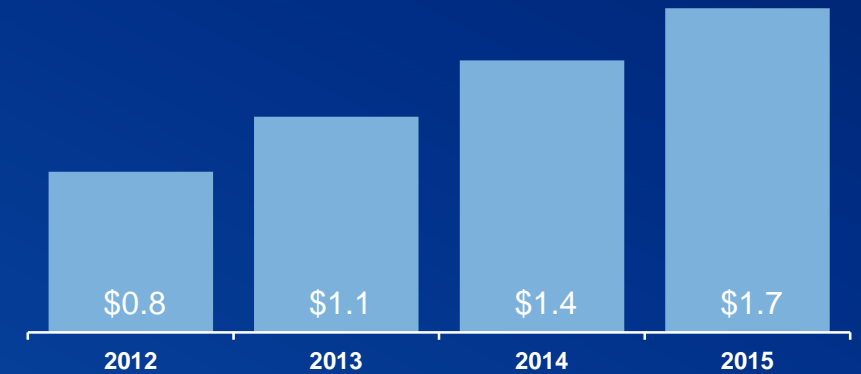


Driving Profitable Growth in Excess of Addressable Market

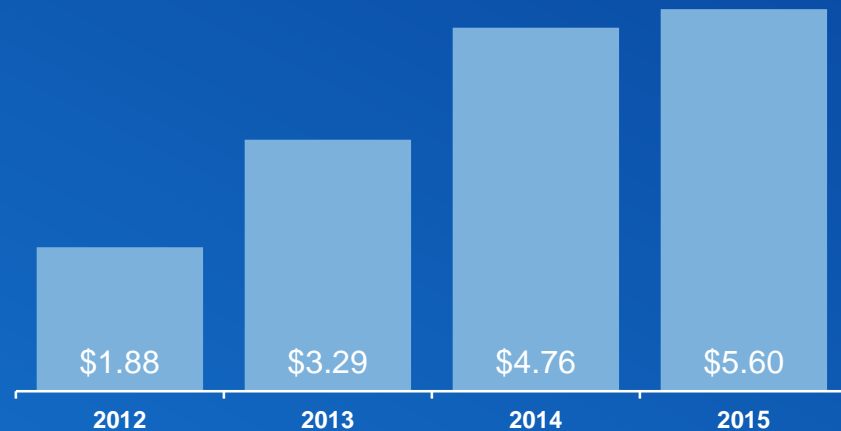
As Reported Revenue Up 12% 3-yr. CAGR (\$B)¹



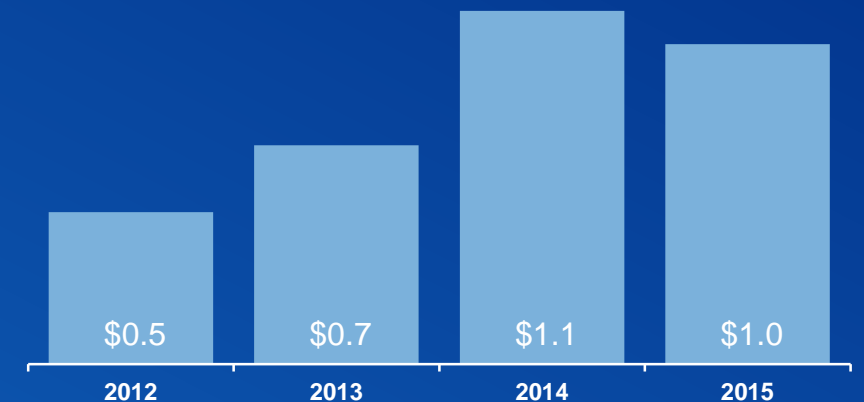
EBIT¹ Profit up 26% 3-yr. CAGR (\$B)



EPS¹ up 44% 3-yr. CAGR

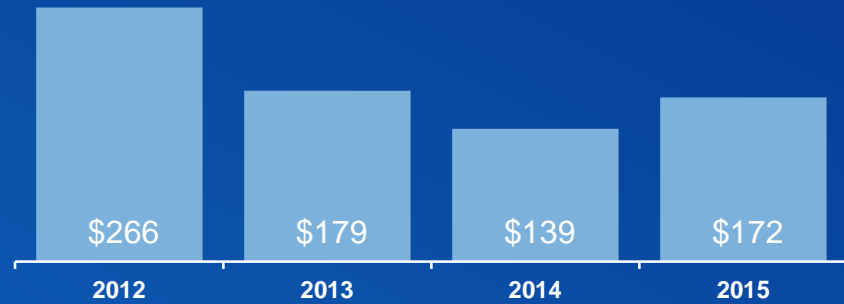


Free Cash Flow up 28% 3-yr. CAGR (\$B)¹

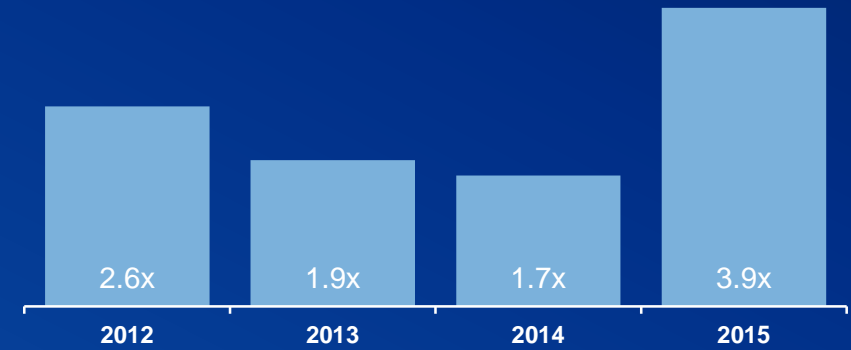


Focused on Generating Cash

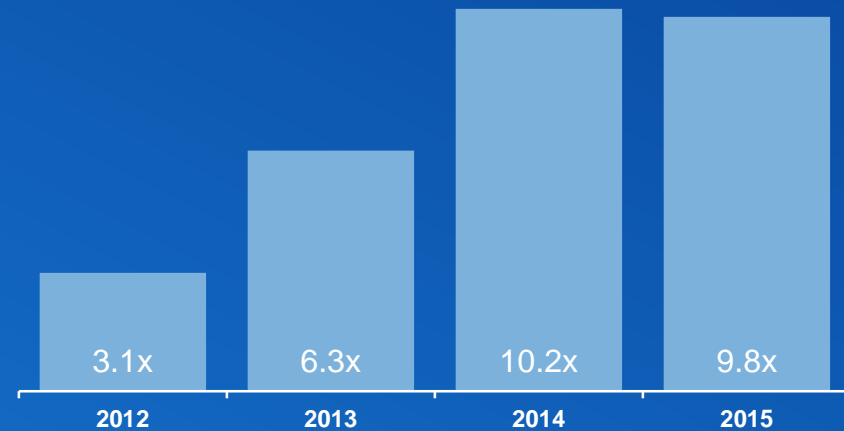
Cash Interest Expense Declined 14% 3-yr. CAGR (\$M)¹



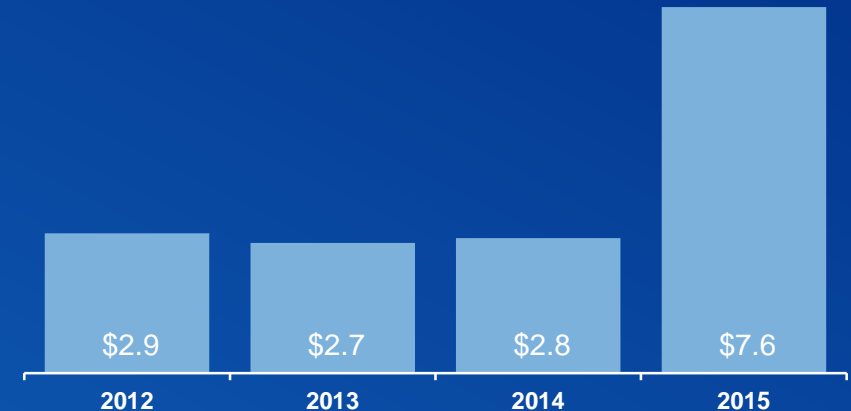
Leverage¹



Interest Coverage¹

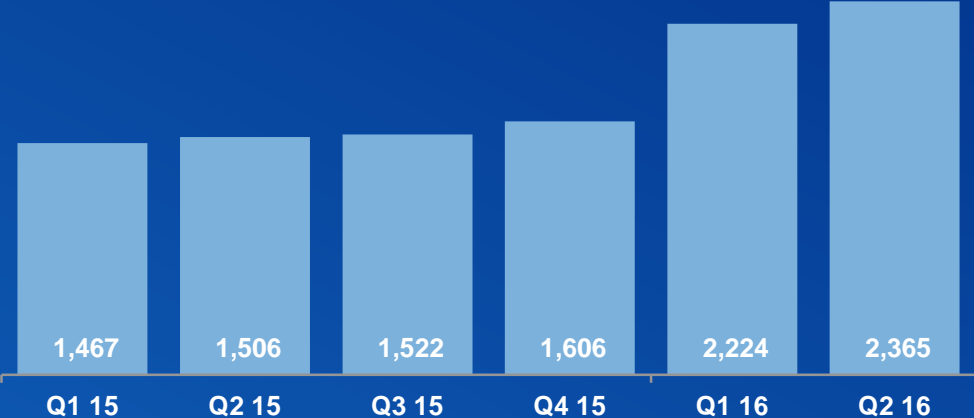


Net Debt (\$B)

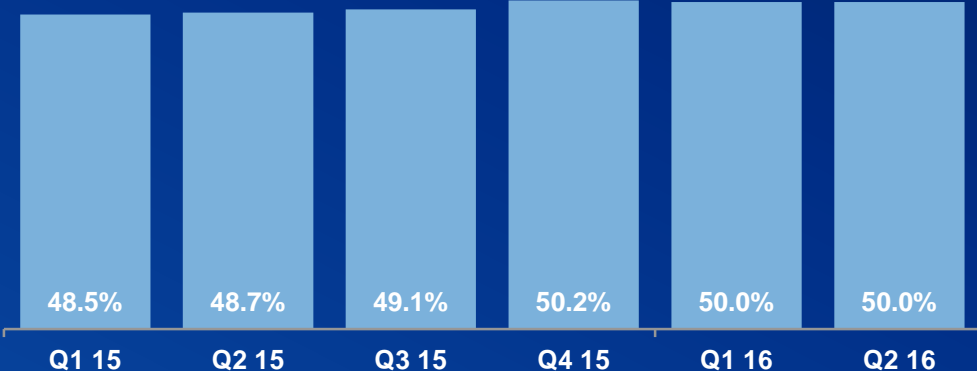


Recent Quarterly Business Trends

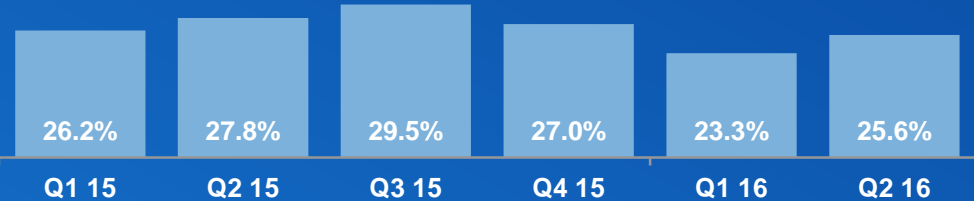
Revenue (\$M)



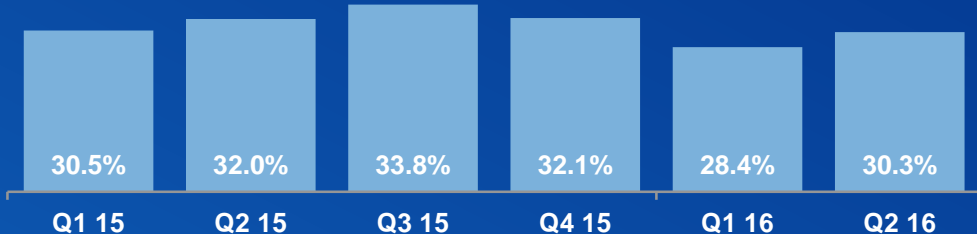
Non-GAAP Gross Margin



Non-GAAP Operating Margin



Adj. EBITDA Margin

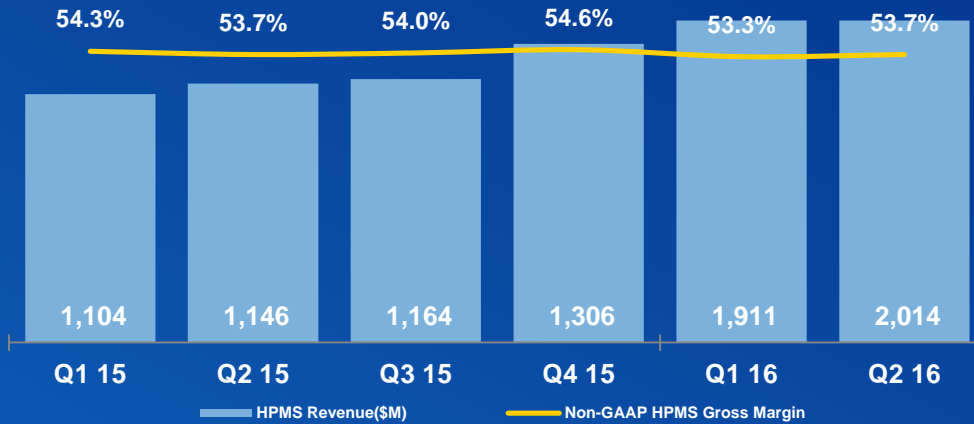


Note:
 1. GM, EBIT, EPS, Interest Expense, Free Cash Flow(FCF), Leverage, Adj. EBITDA, Interest Coverage, are all non-GAAP figures, 3-yr. CAGR reflect the period 2012 - 2015

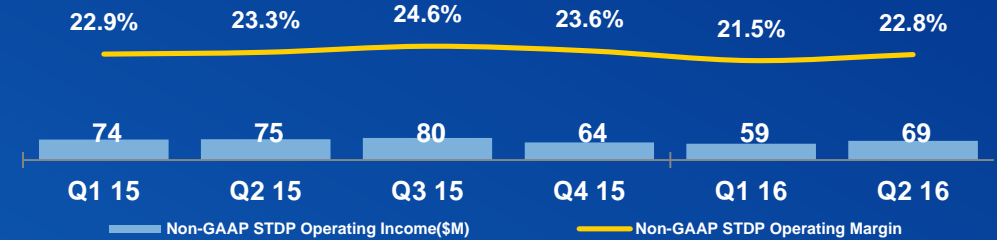
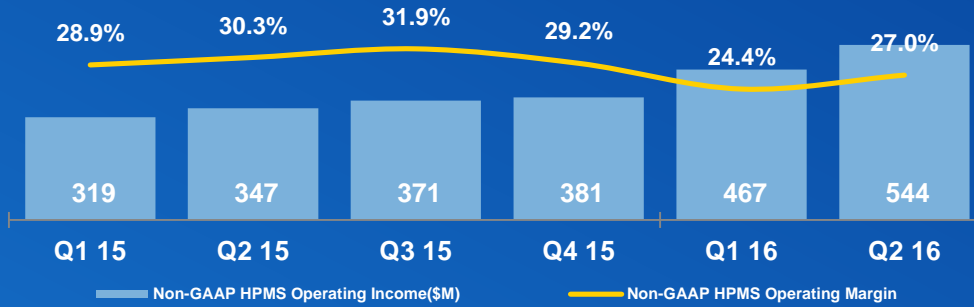
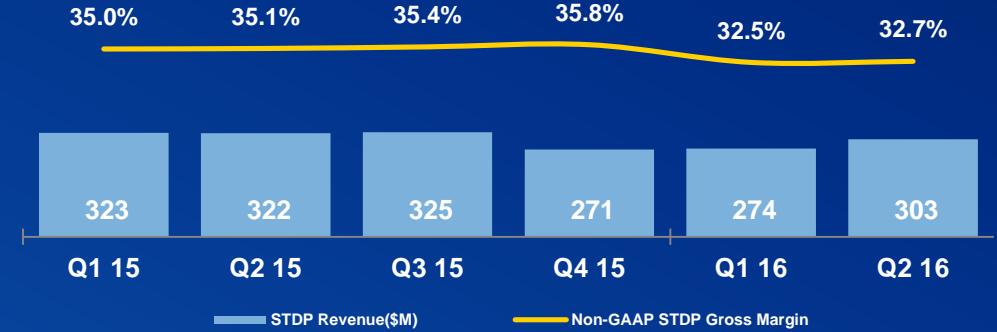


Business Segment Revenue and Non-GAAP Margin Trends

HPMS Segment



Standard Product Segment

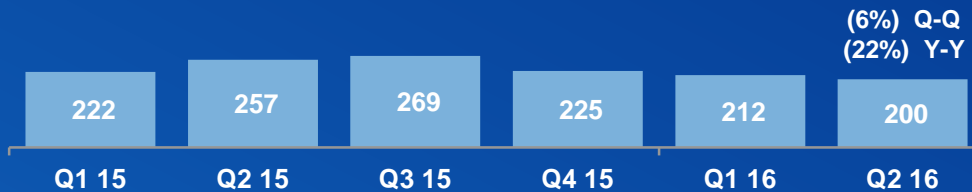


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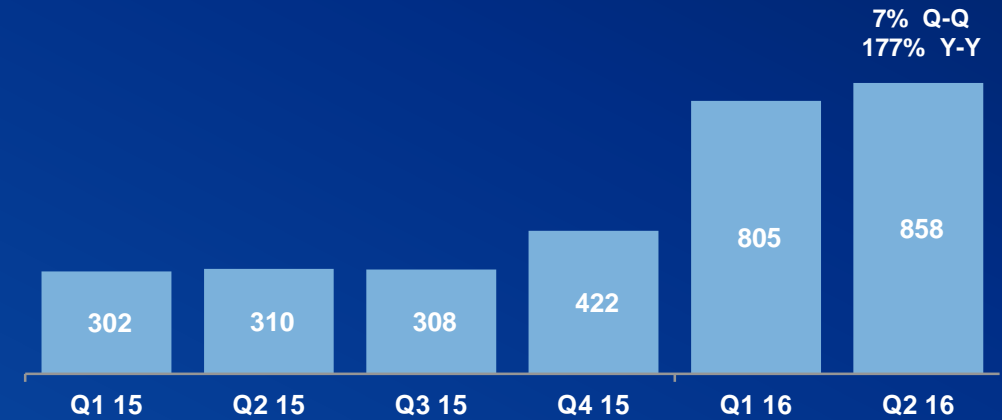


HPMS Segment Revenue Business Trends(\$M)⁽¹⁾

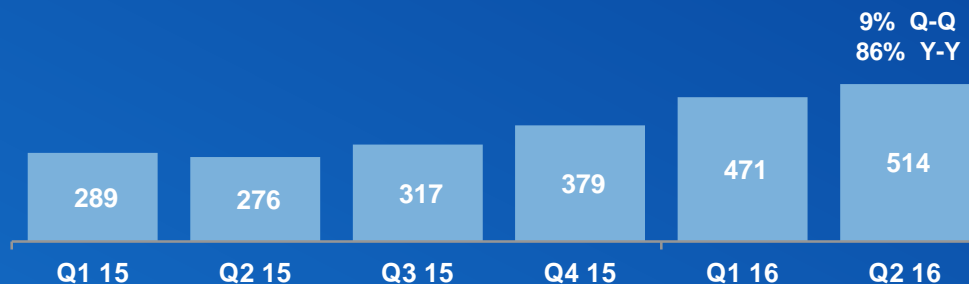
Secure Identification Solutions



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 NXPs prior product and revenue classification approach, this included product-functionality alignment as well intellectual property (IP) sales and licensing revenue.

Note:

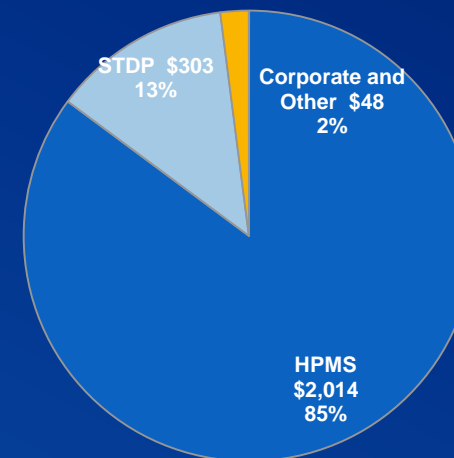
1. GM, EBIT, EPS, Interest Expense, Free Cash Flow(FCF), Leverage, Adj. EBITDA, Interest Coverage, are all non-GAAP figures, 3-yr. CAGR reflect the period 2012 - 2015

Quarterly Revenue and Operating Income

GAAP Financial Summary

(\$ in millions)	Q2 2016	Q1 2016	Q2 2015	Q-Q	Y-Y
Product Revenue	2,317	2,185	1,468	132	849
All Other	48	39	38	9	10
Total Revenue	2,365	2,224	1,506	141	859
Gross Profit	1,099	597	724	502	375
Percent of total revenue	46.5%	26.8%	48.1%	19.7pts	(1.6pts)
Operating income	(26)	(471)	332	445	(358)
Percent of total revenue	(1.1%)	(21.2%)	22.0%	20.1pts	(23.1pts)

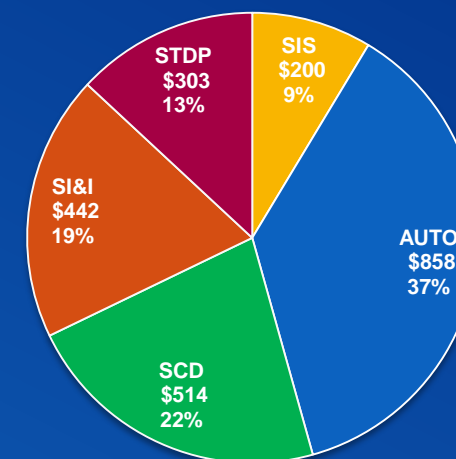
Quarterly Segment Revenue (\$M):



Non-GAAP Financial Summary

(\$ in millions)	Q2 2016	Q1 2016	Q2 2015	Q-Q	Y-Y
Gross Profit	1,183	1,112	734	71	449
Percent of total revenue	50.0%	50.0%	48.7%	-	1.3pts
Operating income	606	519	418	87	188
Percent of total revenue	25.6%	23.3%	27.8%	2.3pts	(2.2pts)

Quarterly Product Revenue (% of Product Revenue):



Business Segment Performance

GAAP Financial Summary

HPMS (\$ in millions)	Q2 2016	Q1 2016	Q2 2015	Q-Q	Y-Y
Revenue	2,014	1,911	1,146	103	868
Gross Profit	998	510	610	488	388
Gross Margin	49.6%	26.7%	53.2%	22.9pts	(3.6pts)
Operating income	(56)	(486)	293	430	(349)
Operating Margin	(2.8%)	(25.4%)	25.6%	22.6pts	(28.4pts)

STDP (\$ in millions)	Q2 2016	Q1 2016	Q2 2015	Q-Q	Y-Y
Revenue	303	274	322	29	(19)
Gross Profit	97	87	109	10	(12)
Gross Margin	32.0%	31.8%	33.9%	0.2pts	(1.9pts)
Operating income	52	39	53	13	(1)
Operating Margin	17.2%	14.2%	16.5%	3.0pts	0.7pts

Non-GAAP Financial Summary

HPMS (\$ in millions)	Q2 2016	Q1 2016	Q2 2015	Q-Q	Y-Y
Gross Profit	1,081	1,019	615	62	466
Gross Margin	53.7%	53.3%	53.7%	0.4pts	-
Operating income	544	467	347	77	197
Operating Margin	27.0%	24.4%	30.3%	2.6pts	(3.3pts)

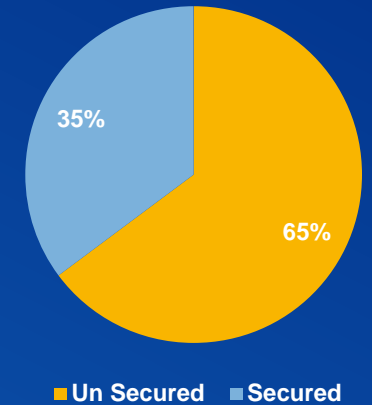
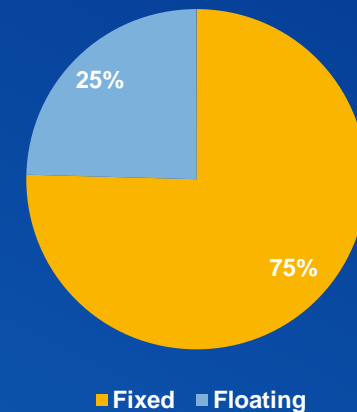
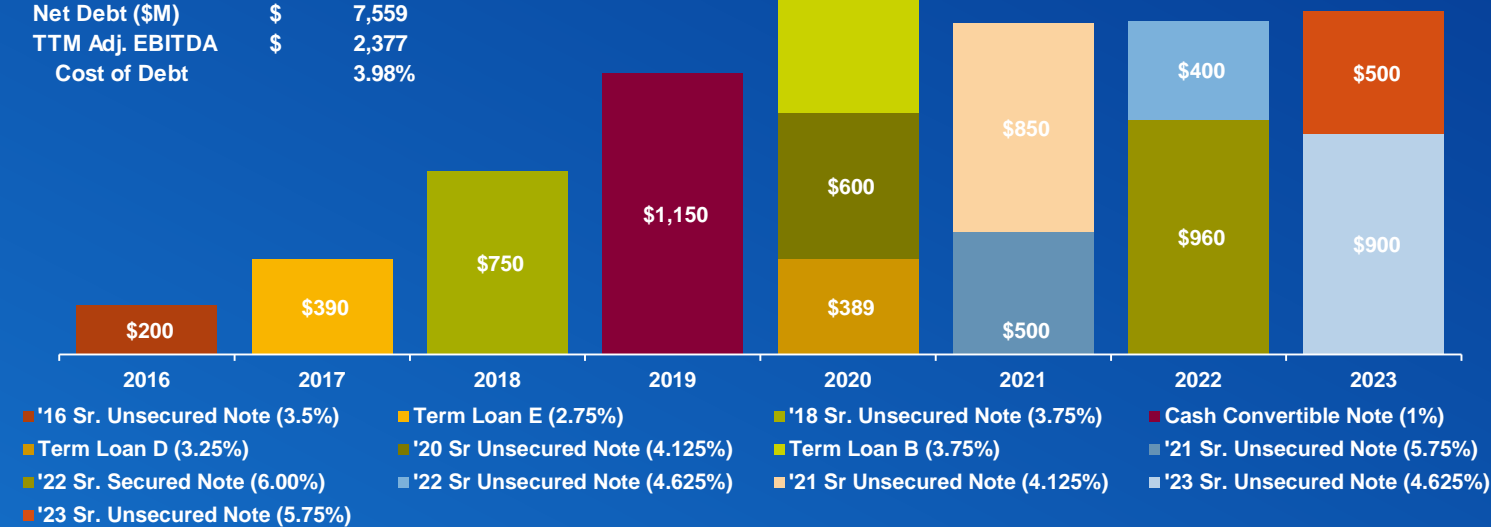
STDP (\$ in millions)	Q2 2016	Q1 2016	Q2 2015	Q-Q	Y-Y
Gross Profit	99	89	113	10	(14)
Gross Margin	32.7%	32.5%	35.1%	0.2pts	(2.4pts)
Operating income	69	59	75	10	(6)
Operating Margin	22.8%	21.5%	23.3%	1.3pts	(0.5pts)

Debt Summary at the End of Second Quarter 2016

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. Unsecured Notes	Sr. Secured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Revolving Credit Facility
Issue Date	24-Sep-13	04-Mar-14	20-May-13	24-Nov-14	10-Dec-13	09-Jun-15	07-Nov-15	14-Feb-13	23-May-16	01-Nov-13	09-Jun-15	12-Mar-13	23-May-16	07-Dec-15
Maturity Date	15-Sep-16	04-Mar-17	01-Jun-18	02-Dec-19	11-Jan-20	15-Jun-20	07-Dec-20	15-Feb-21	01-Jun-21	15-Jan-22	15-Jun-22	15-Mar-23	01-Jun-23	07-Dec-20
Issued Amount (M)	\$ 500	\$ 400	\$ 750	\$ 1,150	\$ 400	\$ 600	\$ 2,700	\$ 500	\$ 850	\$ 400	\$ 500	\$ 900	\$ 600	\$ 600
Book Value (M)	\$ 200	\$ 389	\$ 747	\$ 993	\$ 385	\$ 595	\$ 1,420	\$ 497	\$ 844	\$ 1,018	\$ 396	\$ 496	\$ 893	\$ -
Nominal Amount (M)	\$ 200	\$ 390	\$ 750	\$ 1,150	\$ 389	\$ 600	\$ 1,440	\$ 500	\$ 850	\$ 960	\$ 400	\$ 500	\$ 900	\$ -
Coupon	3.50%	Libor + 200 bps	3.75%	1.00%	Libor + 250 bps	4.125%	Libor + 300 bps	5.75%	4.125%	6.0%	4.625%	5.75%	4.625%	Libor + 200 bps
Floor	NA	75 bps	NA	NA	75 bps	NA	75 bps	NA	NA	NA	NA	NA	NA	NA
Rating														
Moody's	Ba2	Baa2	Ba2	Ba2	Baa2	Ba2	Baa2	Ba2	Ba2	Baa2	Ba2	Ba2	Ba2	Ba2
Standard & Poor's	BB+	BBB-	BB+	BB+	BBB-	BB+	BBB-	BB+	BB+	BBB-	BB+	BB+	BB+	BBB-

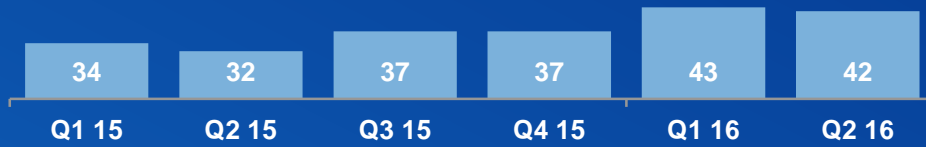
Total Leverage

Total Debt (\$M)	\$ 8,894
Total Cash (\$M)	\$ 1,335
Net Debt (\$M)	\$ 7,559
TTM Adj. EBITDA	\$ 2,377
Cost of Debt	3.98%

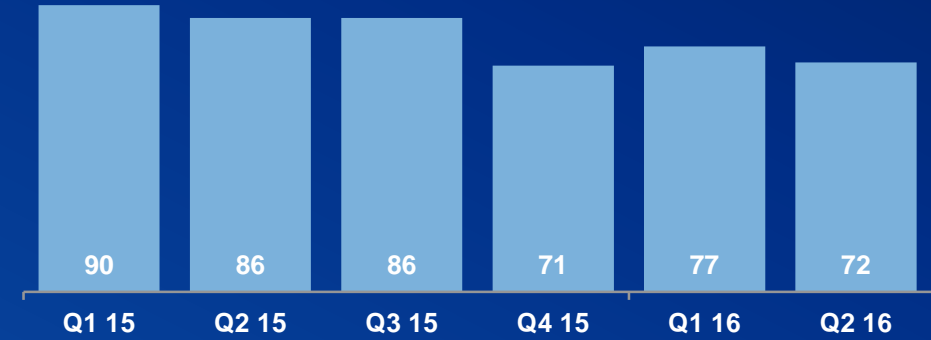


Working Capital Ratios^(1,2,3)

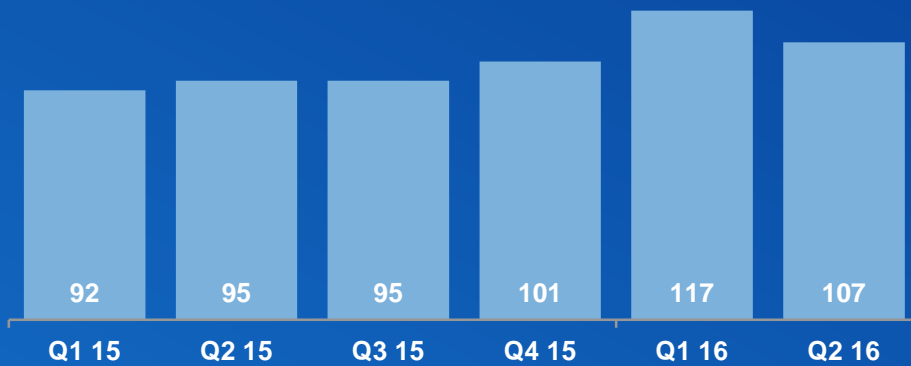
DSO



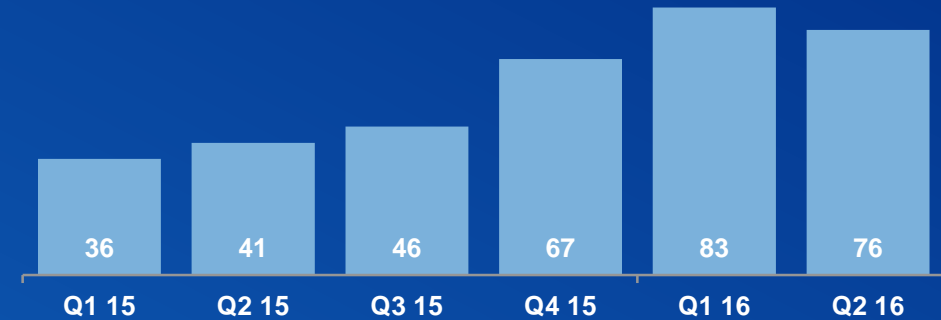
DPO



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. Working capital ratios exclude the effect of (1) assets and liabilities held for sale associated with the divestment of the Standard Products segment; (2) the effect of 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

Guidance for the Third Quarter of 2016⁽¹⁾

Revenue range is expected to be:

- Auto is expected to be flat to slightly down, in the low single digit range;
- Secure Connected Devices is expected to be up, in the range of mid-teens to about 20 percent;
- Secure Interface & Infrastructure is expected to be up, in a range of low to high single digits;
- Secure Identification Solutions, is expected to be down, in the range of high single to low double digits;
- Standard Products is expected to be up, in the range of low to mid single digits;
- Corporate & Other is expected to be approximately \$48 million.

	Guidance Range								
	GAAP			Reconciliation			non-GAAP		
	Low	Mid	High		Low	Mid	High		
Product Revenue	\$ 2,368	\$ 2,417	\$ 2,466	\$ -	\$ 2,368	\$ 2,417	\$ 2,466		
Q-Q	2%	4%	6%		2%	4%	6%		
Other Revenue	\$ 47	\$ 48	\$ 49	\$ -	\$ 47	\$ 48	\$ 49		
Total Revenue	\$ 2,415	\$ 2,465	\$ 2,515	\$ -	\$ 2,415	\$ 2,465	\$ 2,515		
Q-Q	2%	4%	6%		2%	4%	6%		
Gross Profit	\$ 1,147	\$ 1,185	\$ 1,221	\$ (54)	\$ 1,201	\$ 1,239	\$ 1,275		
Gross Margin	47.5%	48.0%	48.5%		49.7%	50.2%	50.7%		
Operating Income (loss)	\$ 132	\$ 158	\$ 184	\$ (521)	\$ 653	\$ 679	\$ 705		
Operating Margin	5.4%	6.4%	7.3%		27.0%	27.5%	28.0%		
Financial income (expense)	\$ (100)	\$ (100)	\$ (100)	\$ (12)	\$ (88)	\$ (88)	\$ (88)		

Note (1) Additional Information:

1. GAAP Gross Profit includes Purchase Price Accounting ("PPA") effects, (\$58 million); Stock Based Compensation, (\$12 million); Other Incidentals, \$16 million;
2. GAAP Operating Profit includes PPA effects, (\$407 million); Restructuring, (\$25 million); Stock Based Compensation, (\$80 million); Merger related costs (\$25 million); Other Incidentals, \$16 million;
3. GAAP Financial Income (expense) includes PPA effects \$3 million; Non-cash interest expense on convertible notes, (\$10 million); Other financial expense (\$5 million);
4. Net cash paid for income taxes is expected to be between (\$17 million) and (\$19 million);
5. Non-controlling interest is expected to be between (\$14 million) and (\$16 million);

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 "Non-GAAP Financial Measures" below. 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.

Quarterly Financial Reconciliation (GAAP to non-GAAP)

(\$ in millions, unless otherwise stated)	Q2 2016	Q1 2016	Q2 2015
Total Revenue	2,365	2,224	1,506
GAAP Gross Profit	1,099	597	724
Gross profit adjustments	(84)	(515)	(10)
Non - GAAP Gross Profit	1,183	1,112	734
GAAP Gross Margin	46.5%	26.8%	48.1%
Non-GAAP Gross Margin	50.0%	50.0%	48.7%
GAAP Operating income (loss)	(26)	(471)	332
Operating income adjustments	(632)	(990)	(86)
Non - GAAP Operating income (loss)	606	519	418
GAAP Operating Margin	(1.1%)	(21.2%)	22.0%
Non-GAAP Operating Margin	25.6%	23.3%	27.8%
GAAP Financial income (expense)	(126)	(116)	2
Financial income adjustments	(38)	(23)	38
Non - GAAP Financial income (expense)	(88)	(93)	(36)
GAAP Income tax benefit (provision)	152	199	(14)
Other Adjustments	170	213	(4)
Non - GAAP Cash tax (expense)⁽¹⁾	(18)	(14)	(10)
GAAP Net income (loss) attributable to shareholders	(13)	(398)	300
Net income (loss) adjustments	(499)	(799)	(51)
Non - GAAP Net income (loss) attributable to shareholders	486⁽²⁾	401	351
GAAP Diluted net income (loss) per share attributable to shareholders	(0.04)	(1.16)	1.23
Non - GAAP Diluted net income (loss) per share attributable to shareholders	1.39	1.14	1.44

1. Cash income taxes paid during the period
2. Excludes:
 - PPA effects: (\$511M);
 - Restructuring: (\$40M) ;
 - Stock-based compensation: (\$80M);
 - Merger-related costs: (\$11M)
 - Other incidentals: \$13M;
 - Non-cash interest expense on convertible Notes (\$10M);
 - Foreign exchange loss: (\$2M);
 - Extinguishment of debt: (\$23M)
 - Other financial expense: (\$6M);
 - Results relating to equity-accounted investees: \$1M;
 - Difference between book and cash income taxes: \$170M.

Quarterly Cash Flow Overview (\$M)

	Q2 2016	Q1 2016	Q2 2015
Net cash provided by (used for) operating activities	434	414	351
Net cash provided by (used for) investing activities	(59)	(106)	(94)
Net cash provided by (used for) financing activities	(514)	(441)	828
Effects of changes in exchange rates on cash position	(14)	7	(5)
Increase (decrease) in cash and cash equivalents	(153)	(126)	1,080
Cash and cash equivalents at beginning of the period	1,488	1,614	1,355
Cash and cash equivalents at end of period	1,335	1,488	2,435
Net cash provided by (used for) operating activities	434	414	351
Net capital expenditures on property, plant and equipment	(71)	(88)	(89)
Non-GAAP free cash flow	363	326	262
Non-GAAP free cash flow as a percentage of Revenue	15%	15%	17%

Quarterly Adjusted EBITDA (\$M)

	Q2 2016	Q1 2016	Q2 2015
Net income (loss)	1	(387)	321
Reconciling items to EBITDA			
Financial (income) expense	126	116	(2)
(Benefit) provision for income taxes	(152)	(199)	14
Depreciation	165	149	57
Amortization	455	380	41
EBITDA	595	59	431
Results of equity-accounted investees	(1)	(1)	(1)
Purchase accounting effect on inventory	-	448	-
Restructuring ¹	39	20	9
Stock-based compensation	80	99	36
Merger-related costs	11	5	4
Other incidental items ¹	(8)	2	3
Adjusted EBITDA	716	632	482
Trailing 12-month Adjusted EBITDA	2,377	2,143	1,831
1. Excluding depreciation PP&E , amortization of software related to restructuring and Other incidental items	(4)	-	(2)

NXP Value Proposition



True Leadership Driving RMS

FOCUSED ON RMS > 1.5x



Multiple High Growth Markets

PROFITABLE GROWTH



World-Class Expertise and Team

CUSTOMER-FOCUSED PASSION TO WIN



Operational Excellence + Benchmark Cost Structure

STRONG CASH GENERATION

MAXIMIZE SHAREHOLDER VALUE

The NXP logo is rendered in a bold, white, sans-serif font. The letters 'N', 'X', and 'P' are interconnected, with the 'X' having a distinctive shape where the two vertical strokes are slightly offset. The background is a solid dark blue.

SECURE CONNECTIONS
FOR A SMARTER WORLD

A photograph of a modern office building with a glass facade, viewed from a low angle. The building is partially obscured by a dark blue overlay. On the right side, a sign on the building's facade displays the NXP logo in green.

NXP