



**NXP Semiconductors N.V.  
Q2 - 2010 Financial Results  
August 17, 2010**

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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

- ▶ Significant improvements in sales, gross profit\* and income from operations\* across the business
- ▶ Second quarter sales of \$1,201M compared to \$903M in the second quarter of 2009 and \$1,165M in the first quarter of 2010
- ▶ Comparable YoY sales\* growth of 43.6%
- ▶ Adjusted gross profit\* of 40.1% compared to 30.7% in Q2 2009 and 38.2% in the first quarter of 2010
- ▶ Adjusted income from operations\* of \$185M compared to a loss of \$24 million in Q2 2009 and a profit of \$144M in the first quarter of 2010
- ▶ Cash position of \$842M, down sequentially from \$870M – Cash flow from operating activities in the quarter improved to \$81M
- ▶ Factory loading based on wafer starts of 96%, compared to 62% in Q2 2009 and 93% in Q1 2010
- ▶ In July of this year we completed bond transactions to extend maturities of approximately \$1 billion of our debt into 2018
- ▶ In our Initial Public Offering announced on August 5, 2010 we issued 34M new shares; \$476M of gross proceeds



\* For the definition of Gross profit, IFO and comparable sales refer to the registration statement as filed on F1 as of August 5 2010

# NXP by segment

(all amounts in USD millions)

	Q2 2009	Q2 2010	Q1 2010	Q2 2010
<b>Sales</b>				
HPMS	454	719	695	719
SP	207	289	279	289
Manufacturing Operations	91	154	109	154
Corporate and Other	42	39	35	39
Divested Home Activities	109	0	47	0
<b>Total Sales</b>	<b>903</b>	<b>1,201</b>	<b>1,165</b>	<b>1,201</b>
<b>Income from Operations (IFO)</b>				
HPMS	(43)	97	51	97
SP	(12)	29	24	29
Manufacturing Operations	(83)	(13)	(16)	(13)
Corporate and Other	(27)	(20)	(28)	(20)
Divested Home Activities	(52)	0	(31)	0
<b>Total IFO</b>	<b>(217)</b>	<b>93</b>	<b>0</b>	<b>93</b>

# NXP P&L – As Reported

(all amounts in USD millions)

	Q2 2009	Q2 2010	Q1 2010	Q2 2010
<b>Total Sales</b>	<b>903</b>	<b>1,201</b>	<b>1,165</b>	<b>1,201</b>
% comparable growth	(29.0)	43.6	6.7	6.5
<b>Gross Profit</b>	<b>186</b>	<b>472</b>	<b>428</b>	<b>472</b>
Selling, general & administrative	(223)	(241)	(257)	(241)
Research & development	(188)	(137)	(154)	(137)
Other income (expense)	8	(1)	(17)	(1)
<b>Income (loss) from operations</b>	<b>(217)</b>	<b>93</b>	<b>0</b>	<b>93</b>
Financial income (expense)	582	(413)	(302)	(413)
<b>Income (loss) before tax</b>	<b>365</b>	<b>(320)</b>	<b>(302)</b>	<b>(320)</b>
Income tax benefit (expense)	(2)	(1)	(8)	(1)
Result equity-accounted investees	0	(29)	(26)	(29)
<b>Net Income (loss)</b>	<b>363</b>	<b>(350)</b>	<b>(336)</b>	<b>(350)</b>

# NXP P&L – Adjusted

(all amounts in USD millions)

Excl. PPA, Restructuring and Other incidental items	Q2 2009	Q2 2010	Q1 2010	Q2 2010
<b>Total Sales</b>	<b>903</b>	<b>1,201</b>	<b>1,165</b>	<b>1,201</b>
% comparable growth	(29.0)	43.6	6.7	6.5
<b>Adjusted Gross Profit</b>	<b>277</b>	<b>482</b>	<b>445</b>	<b>482</b>
As % of sales	30.7	40.1	38.2	40.1
Selling, general & administrative	(127)	(159)	(152)	(159)
Research & development	(174)	(140)	(151)	(140)
<b>Total operating expenses</b>	<b>(301)</b>	<b>(299)</b>	<b>(303)</b>	<b>(299)</b>
Other income (expense)	0	2	2	2
<b>Adjusted IFO</b>	<b>(24)</b>	<b>185</b>	<b>144</b>	<b>185</b>
As % of sales	(2.7)	15.4	12.4	15.4
<b>Adjusted EBITDA</b>	<b>89</b>	<b>269</b>	<b>231</b>	<b>269</b>
As % of sales	9.9	22.4	19.8	22.4

# Adjusted EBITDA

(all amounts in USD millions)

	Q2 2009	Q2 2010	Q1 2010	Q2 2010
<b>Net Income</b>	<b>363</b>	<b>(350)</b>	<b>(336)</b>	<b>(350)</b>
Deduct:				
– Financial income (expense)	582	(413)	(302)	(413)
– Income tax	(2)	(1)	(8)	(1)
– Depreciation and Amortization (D&A)	(253)	(169)	(193)	(169)
<b>EBITDA</b>	<b>36</b>	<b>233</b>	<b>167</b>	<b>233</b>
Deduct:				
– Restructuring/Other incidental items	(62)	(8)	(59)	(8)
– Results of equity-accounted investees	0	(29)	(26)	(29)
– Non recurring in D&A	9	1	21	1
<b>Adjusted EBITDA</b>	<b>89</b>	<b>269</b>	<b>231</b>	<b>269</b>

# NXP IFO by segment - Q2 2009 and Q2 2010

US GAAP reconciliation

(all amounts in USD millions)

	IFO	PPA effects	Restructuring	Other incidental	Adjusted IFO
<b>Q2 2010</b>					
HPMS	97	(58)	5	0	150
SP	29	(19)	(1)	0	49
Manufacturing Operations	(13)	(7)	(2)	(4)	0
Corporate and Other	(20)	0	8	(14)	(14)
Divested Home Activities	0	0	0	0	0
<b>Total NXP</b>	<b>93</b>	<b>(84)</b>	<b>10</b>	<b>(18)</b>	<b>185</b>
	IFO	PPA effects	Restructuring	Other incidental	Adjusted IFO
<b>Q2 2009</b>					
HPMS	(43)	(55)	(3)	(3)	18
SP	(12)	(19)	(1)	(1)	9
Manufacturing Operations	(83)	(57)	0	(25)	(1)
Corporate and Other	(27)	0	(16)	(7)	(4)
Divested Home Activities	(52)	0	(6)	0	(46)
<b>Total NXP</b>	<b>(217)</b>	<b>(131)</b>	<b>(26)</b>	<b>(36)</b>	<b>(24)</b>



# NXP IFO by segment – Q1 2010 and Q2 2010

US GAAP reconciliation

(all amounts in USD millions)

	IFO	PPA effects	Restructuring	Other incidental	Adjusted IFO
<b>Q2 2010</b>					
HPMS	97	(58)	5	0	150
SP	29	(19)	(1)	0	49
Manufacturing Operations	(13)	(7)	(2)	(4)	0
Corporate and Other	(20)	0	8	(14)	(14)
Divested Home Activities	0	0	0	0	0
<b>Total NXP</b>	<b>93</b>	<b>(84)</b>	<b>10</b>	<b>(18)</b>	<b>185</b>
	IFO	PPA effects	Restructuring	Other incidental	Adjusted IFO
<b>Q1 2010</b>					
HPMS	51	(63)	1	(1)	114
SP	24	(16)	2	(1)	39
Manufacturing Operations	(16)	(6)	(2)	(6)	(2)
Corporate and Other	(28)	0	(11)	(11)	(6)
Divested Home Activities	(31)	0	(4)	(26)	(1)
<b>Total NXP</b>	<b>0</b>	<b>(85)</b>	<b>(14)</b>	<b>(45)</b>	<b>144</b>

# Cash Flow Overview

(all amounts in USD millions)

	Q2 2009	Q2 2010	Q1 2010	Q2 2010
Cash flow from operating activities	(349)	81	(15)	81
Net cash provided by (used for) investing activities	2	(53)	(95)	(53)
Net Cash provided by (used for) financing activities	(4)	(3)	(11)	(3)
Effects of changes in FX rates on cash position	18	(53)	(50)	(53)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(333)</b>	<b>(28)</b>	<b>(171)</b>	<b>(28)</b>
<b>Cash and cash equivalents at begin of the period</b>	1,706	870	1,041	870
<b>Cash and cash equivalents at end of period</b>	<b>1,373</b>	<b>842</b>	<b>870</b>	<b>842</b>

# Cash Flow Indicators

(all amounts in USD millions)

	Q2 2009	Q2 2010		Q1 2010	Q2 2010
<b>Adjusted EBITDA</b>	<b>89</b>	<b>269</b>		<b>231</b>	<b>269</b>
Changes in working capital	(221)	(170)		(109)	(170)
Net cash used for Redesign	(96)	(35)		(86)	(35)
Net interest payments	(168)	(110)		(35)	(110)
Net capital expenditure	(3)	(53)		(48)	(53)
Income Taxes paid	(27)	(2)		(3)	(2)
All Others (cash and non-cash)	75	126		(71)	126
Effects of changes in FX rates on cash	18	(53)		(50)	(53)
<b>Cash and cash equivalents at beginning of period</b>	<b>1,706</b>	<b>870</b>		<b>1,041</b>	<b>870</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,373</b>	<b>842</b>		<b>870</b>	<b>842</b>

# High Performance Mixed Signal

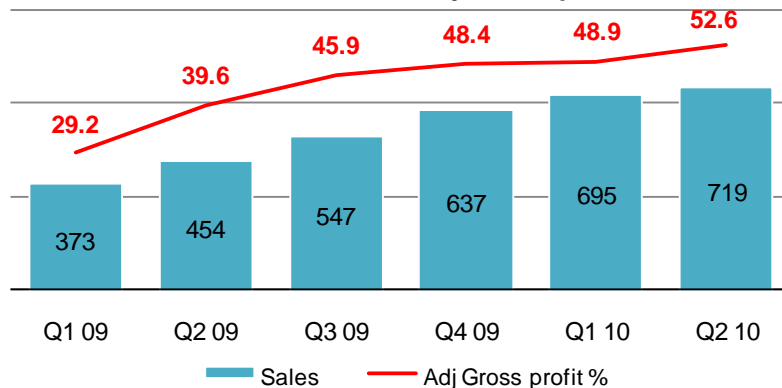
## Key figures

(millions of USD)	Q2 2009	Q2 2010	Q1 2010	Q2 2010
<b>Sales</b>	<b>454</b>	<b>719</b>	<b>695</b>	<b>719</b>
% nominal growth	(32.4)	58.4	9.1	3.5
% comparable growth	(28.9)	61.6	11.5	6.6
<b>Adjusted Gross profit</b>	<b>180</b>	<b>378</b>	<b>340</b>	<b>378</b>
As % of sales	39.6	52.6	48.9	52.6
<b>Adjusted IFO</b>	<b>18</b>	<b>150</b>	<b>114</b>	<b>150</b>
As % of sales	4.0	20.9	16.4	20.9

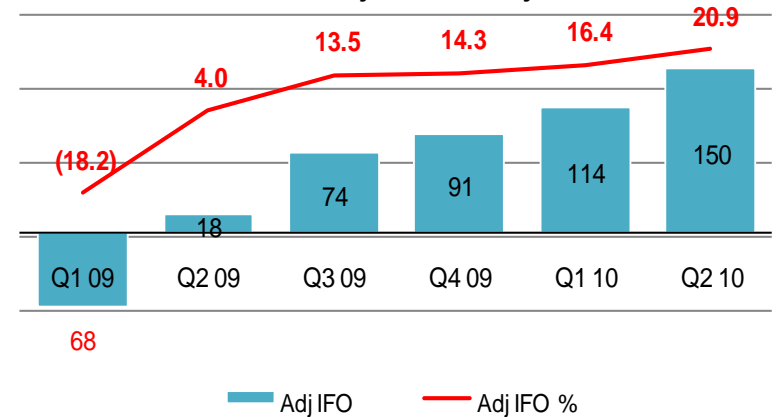
## Q2 Market highlights

- ▶ Expanding ARM MCU footprint both in power supplies and automation
- ▶ #1 in automotive infotainment chip ranking 2009 (iSuppli 2010)
- ▶ Major design win in high-speed data converters for basestations
- ▶ Car manufacturer Audi adopts NXP's FlexRay Technology for its new luxury car - the Audi A8.
- ▶ NXP's NFC (Near Field Communication) is expanding into more applications on top of smart phones

HPMS Sales & Adj. Gross profit%

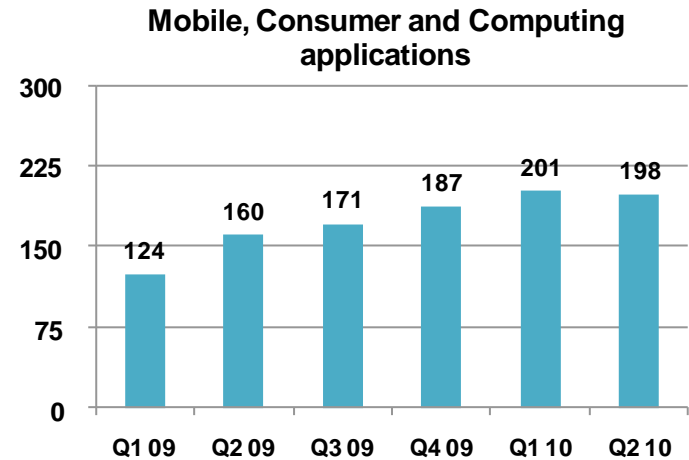
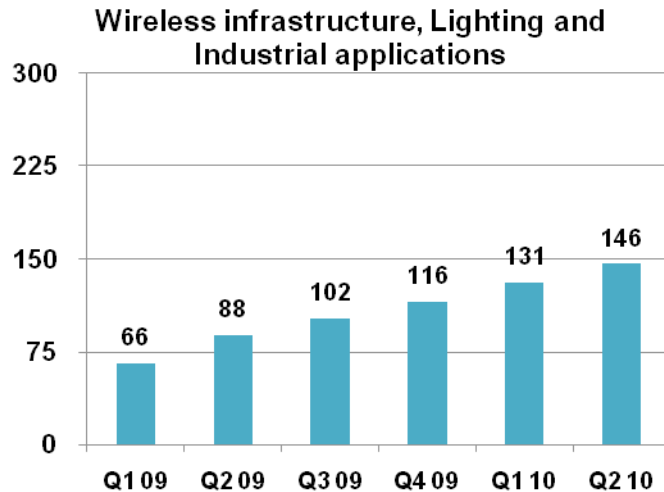
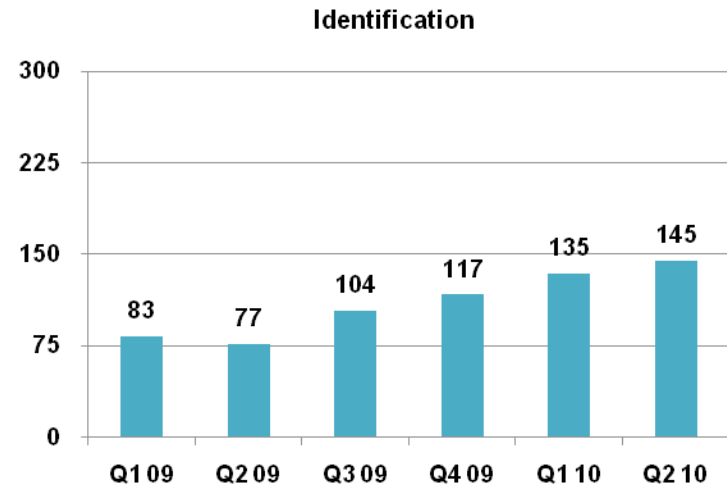
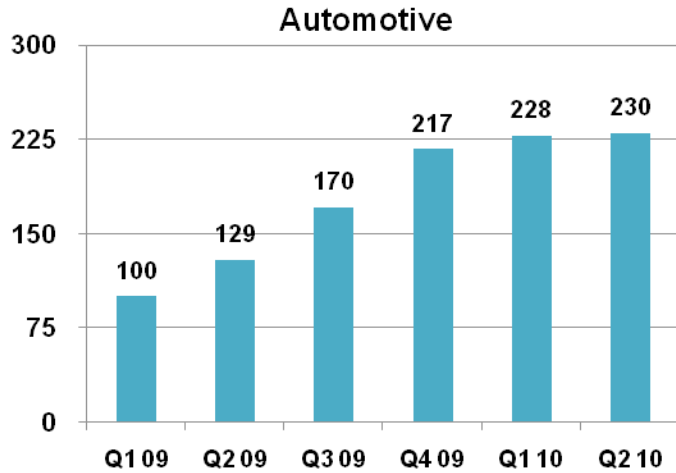


HPMS Adj. IFO and Adj. IFO %



# HPMS – Sales by business

(all amounts in USD millions)



# Standard Products

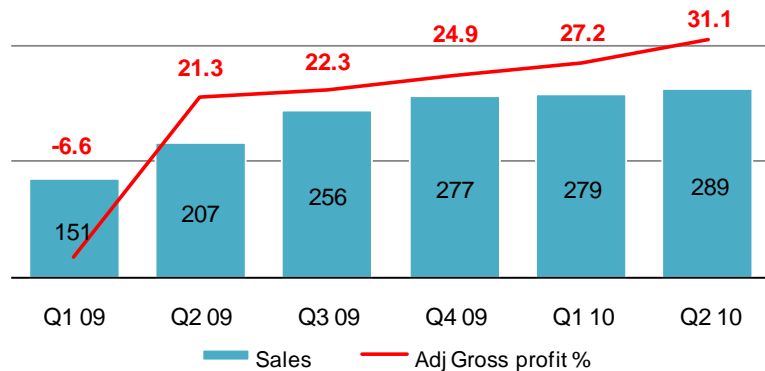
## Key figures

(millions of USD)	Q2 2009	Q2 2010	Q1 2010	Q2 2010
<b>Sales</b>	<b>207</b>	<b>289</b>	<b>279</b>	<b>289</b>
% nominal growth	(28.4)	39.6	0.7	3.6
% comparable growth	(25.1)	42.0	2.6	6.2
<b>Adjusted Gross profit</b>	<b>44</b>	<b>90</b>	<b>76</b>	<b>90</b>
As % of sales	21.3	31.1	27.2	31.1
<b>Adjusted IFO</b>	<b>9</b>	<b>49</b>	<b>39</b>	<b>49</b>
As % of sales	4.3	17.0	14.0	17.0

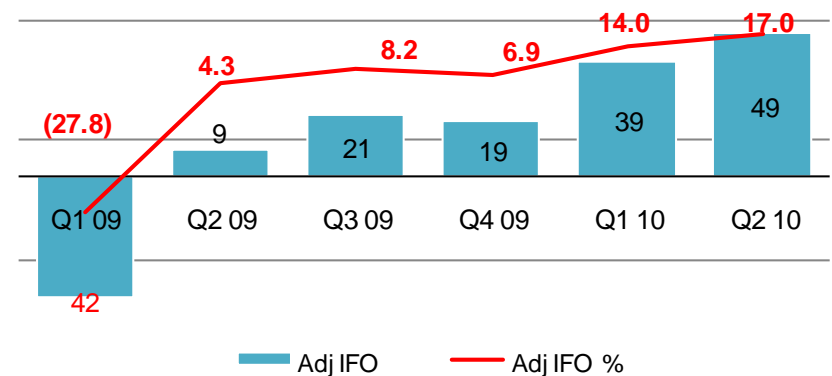
## Q2 Market highlights

- ▶ **Differentiating solutions in energy efficiency, integration, packaging, and protection:**
  - Release of new best-in-class 600 W TVS diodes
  - Ramp-up of protection device (IP4284) for USB3.0 at major computing customers
  - Ramp-up of protection diodes with smallest form factor (0201) for portable applications
- ▶ **Successful design activity as result of new products:**
  - Won major design with LPAK MOSFETs at US PC manufacturer
  - 4 speakers on new touch screen tablet PC to ensure best in class audio quality
  - Design win at a major handset supplier with Low VCEsat bipolar transistors and Schottky diodes

SP Sales & Adj. Gross profit%



SP Adj IFO and Adj IFO%



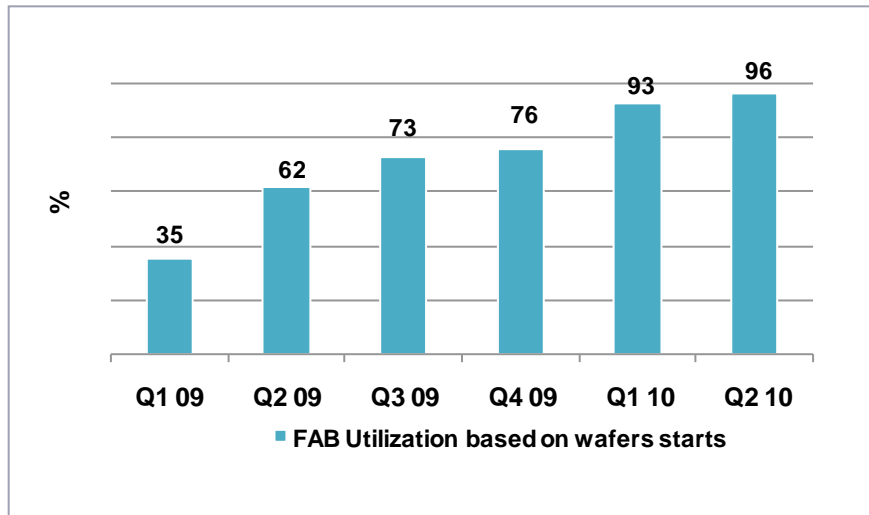
# Manufacturing Operations

## Key figures

(millions of USD)	Q2 2009	Q2 2010	Q1 2010	Q2 2010
Sales	91	154	109	154
IFO	(83)	(13)	(16)	(13)
Adjusted IFO	(1)	0	(2)	0
FAB utilization % (starts)	62	96	93	96

## Q2 operational highlights

- ▶ Further increase in capacity utilization
- ▶ Higher Capital expenditure to increase capacity from internal sources
- ▶ Additional process and product qualifications at external manufacturing partners are in progress to increase capacity



# Recent developments:

- **Initial Public Offering**

On August 5, 2010, we announced the Company's initial public offering of 34,000,000 shares of common stock priced at \$14 per share. The shares began trading on August 6, 2010, on the NASDAQ Global Select Market under the ticker symbol "NXPI". The offering's underwriters will have a 30-day option to purchase up to 5,100,000 additional shares of common stock at the initial public offering price.

- **New secured notes**

On July 20, 2010, we issued \$1,000 million aggregate principal amount of new 9¾% Senior Secured Notes due 2018 (the „New Secured Notes‰). The New Secured Notes accrue interest at the rate of 9¾% per annum and mature on August 1, 2018. We have used the proceeds from the offering of New Secured Notes to repurchase approximately \$968 million of Existing Secured Notes.

- **Jennic**

On July 26, 2010, we announced the acquisition of Jennic, a leading developer of low power RF solutions for wireless applications in smart energy, environment, logistics and consumer markets. We paid approximately \$12.2 million to acquire 100% ownership of Jennic shares, plus up to \$7.8 million in additional consideration over the next two years if Jennic meets certain performance targets.





## **Q3 2010 Outlook**

**We continue to experience healthy demand from our broad base of customers, although with a few isolated customers we are receiving recent mixed signals that indicate some slowing. Our overall demand, bolstered by our increased design wins, is greater than our current capacity.**

**Additional capacity to meet the demand is underway, however this will have only limited impact in the third quarter. Therefore our expectation is that total comparable sales will be relatively flat on a sequential basis, and will show an increase of 20%-25% on a year over year basis.**

**Primarily as a result of continuing strong progress in our redesign program, we expect adjusted income from operations to increase 7% to 13% sequentially.**



