

NXP Investor Presentation

Third Quarter 2022

November 2022



SECURE CONNECTIONS
FOR A SMARTER WORLD

PUBLIC

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USE OF NON-GAAP FINANCIAL MEASURES

In this presentation, we have included certain non-GAAP financial information, including (i) Gross profit, (ii) Gross margin, (iii) Research and development, (iv) Selling, general and administrative, (v) Amortization of acquisition-related intangible assets, (vi) Other income, (vii) Operating income (loss), (viii) Operating margin, (ix) Financial Income (expense), (x) Adjusted net income, adjusted EBITDA and trailing 12 month adjusted EBITDA and (xi) free cash flow and free cash flow as a percent of Revenue. Our non-GAAP results exclude, where applicable, 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, non-cash interest expense on convertible notes, extinguishment of debt and foreign exchange gains and losses. 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 appendix to the presentation. For further discussion of our use of non-GAAP measures and information on the reconciliation to most comparable measures calculated in accordance with GAAP, please refer to the NXP Historic Financial Model file found on the Financial Results page of the Investor Relations section of our website at www.nxp.com.

NXP Investment Thesis



Market leader with
strong revenue growth

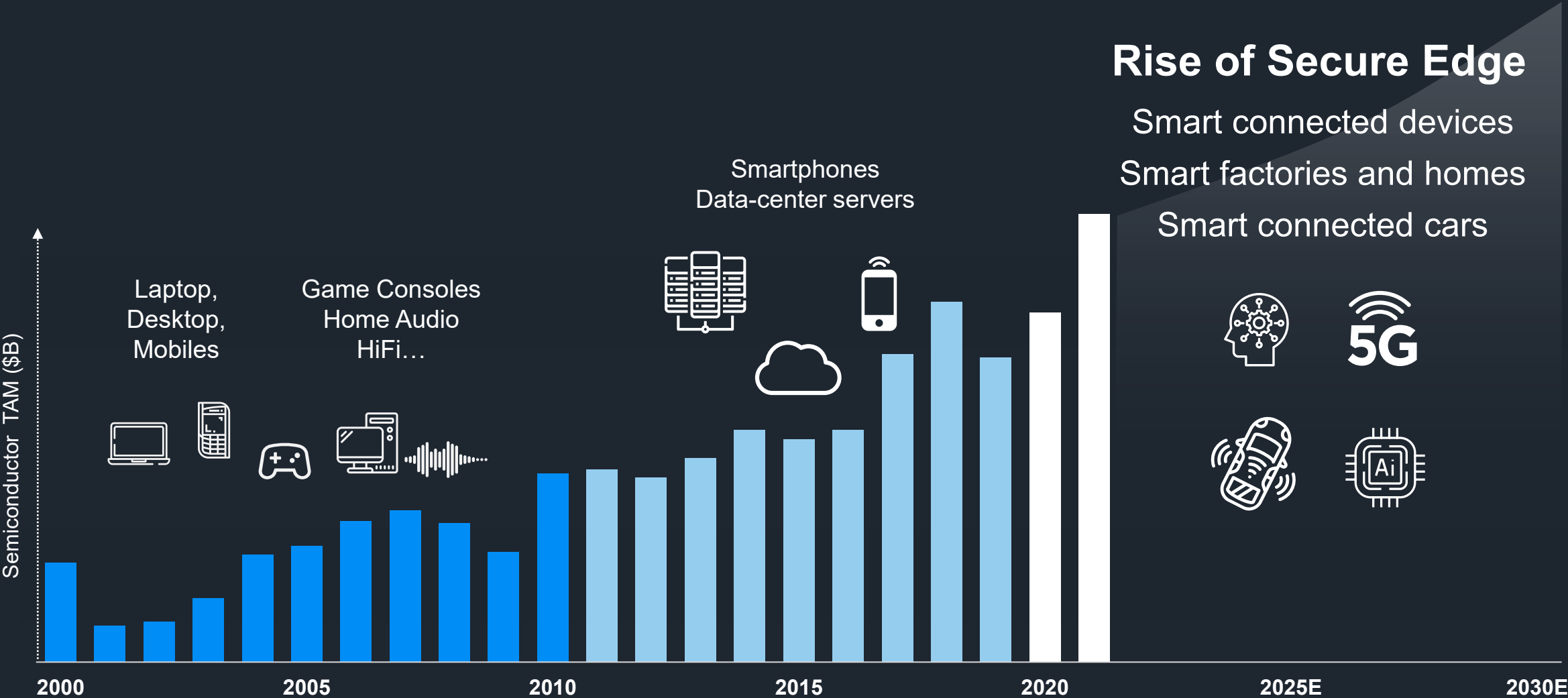


Proven financial model with
resilient profitability



Reliable capital return policy of
robust free cash flow

Macrotrends Driving Waves of Semi Growth⁽¹⁾

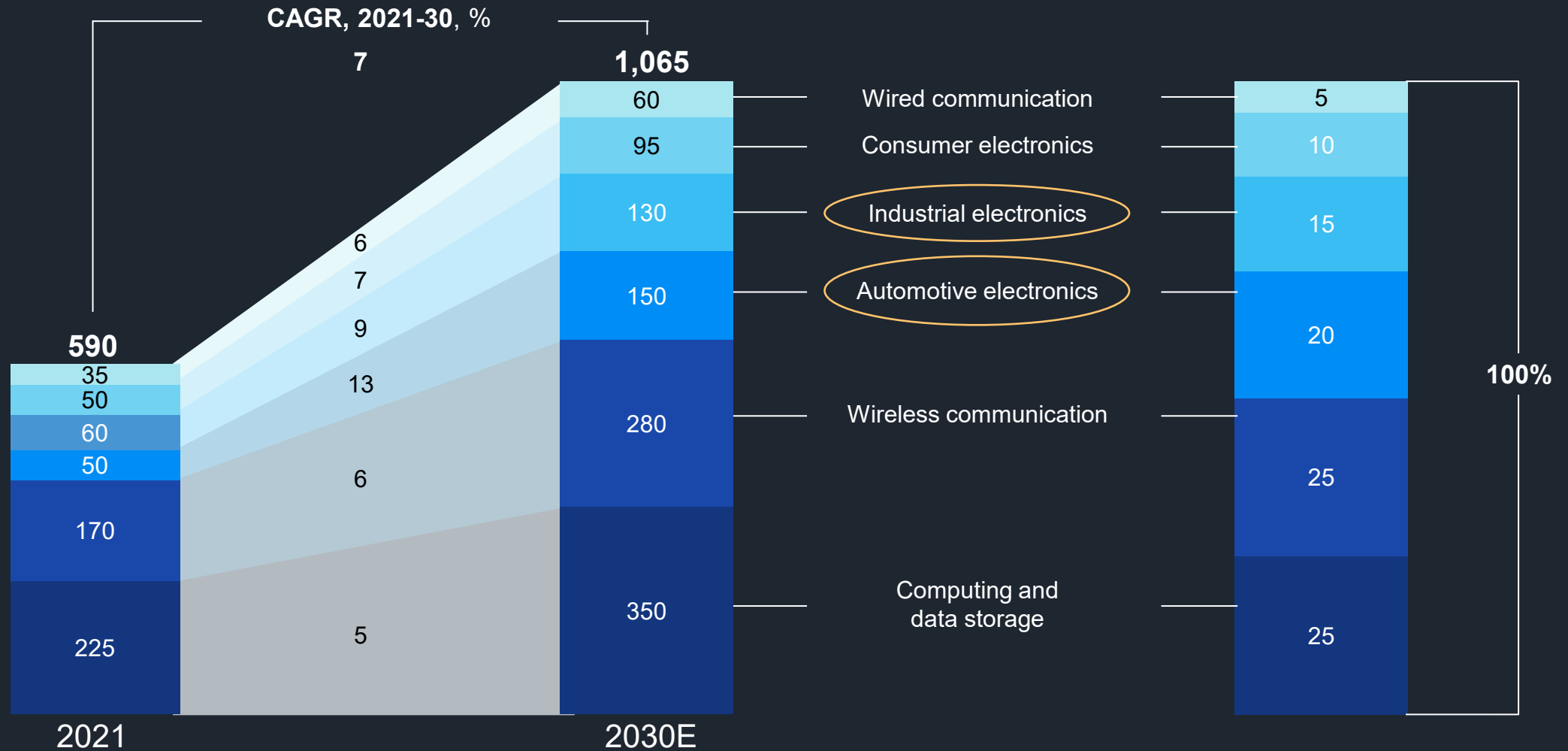


1. Omdia Application Market Forecast Tool 3Q21

Semiconductor Industry – a \$1 Trillion Opportunity in 2030

Global Semiconductor market value by vertical, indicative, \$billion

Growth contribution per vertical, 2021-30, %



NXP's Unrivaled Technology Portfolio for the Secure Edge

SENSE



Everything
Aware

THINK



Everything
Smart

CONNECT



Everything
Connected

ACT



Everything
Efficient







Everything **safe and secure**







Easy to implement **scalable system solutions**

NXP Addresses 4 Major End Markets

Automotive	Industrial & IoT	Mobile	Communications Infrastructure
 <p data-bbox="142 786 644 882">Safety, Electrification & Driver Interaction</p> <p data-bbox="208 986 575 1148">System solutions innovation drives revenue growth</p>	 <p data-bbox="726 786 1228 882">Edge Processing, Connectivity & Security</p> <p data-bbox="715 986 1235 1148">Scalable processing and solutions as a differentiator</p>	 <p data-bbox="1319 786 1821 882">Virtualized Secure Transactions & Access</p> <p data-bbox="1337 986 1803 1086">Growth driven by increased attach rate</p>	 <p data-bbox="1911 772 2412 868">Capex-driven Wireless Infrastructure Market</p> <p data-bbox="1898 986 2418 1086">Growth as result of new cellular standards</p>

Accelerating Profitable Growth of 8-12% CAGR ^(1,2,3,4)

Automotive	Industrial & IoT	Mobile	Communications Infrastructure
			
50% of Total +9 to 14% 3-yr. CAGR	22% of Total +9 to 14% 3-yr. CAGR	13% of Total +8 to 10% 3-yr. CAGR	16% of Total +2 to 6% 3-yr. CAGR
Leader in sensing, processing and control applications	Leader in connected edge processing	Leader in secure mobile wallet, access, and identification	Leader in high-power RF power

1. NXP Strategy Office

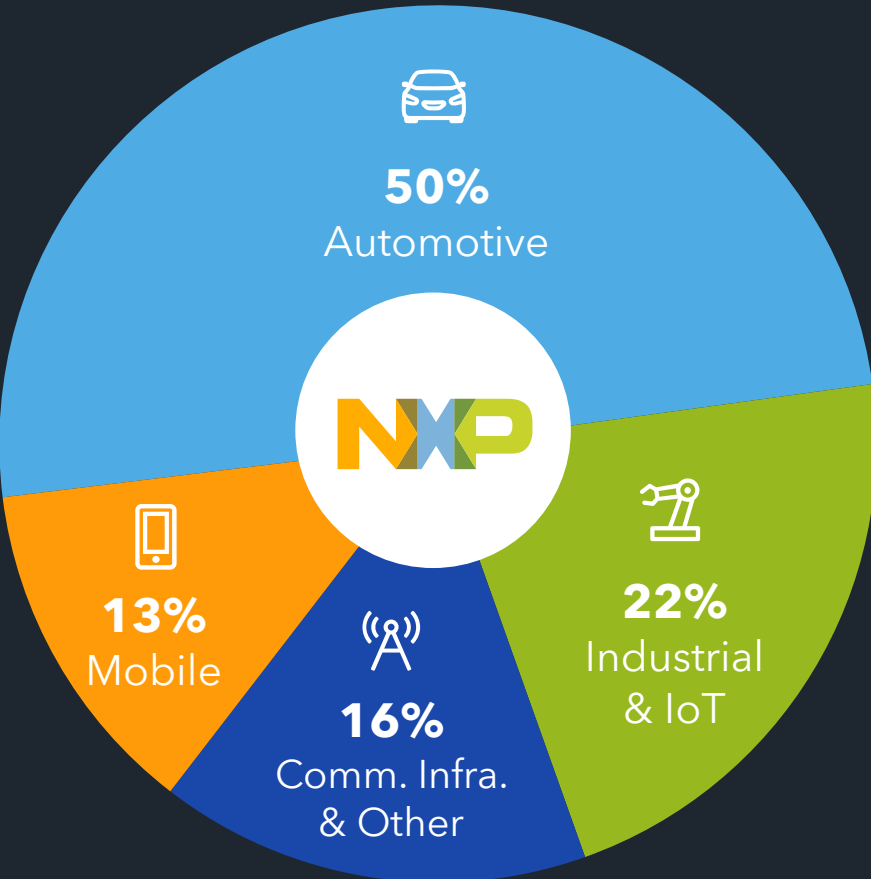
2. Communication Infrastructure includes "Other" consolidated revenue associated with NXP joint ventures

3. 2021E based on 1Q21 - 3Q21 actual results and the mid-point of 4Q21 estimated guidance as of Nov. 2, 2021

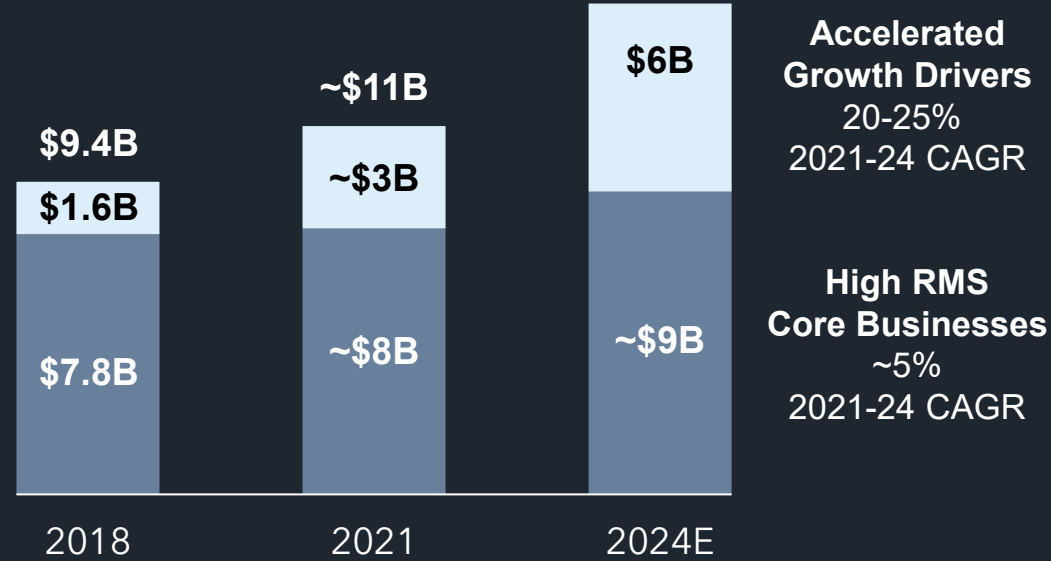
4. Reconciliations of non-GAAP measures to the most comparable measures calculated in accordance with GAAP are provided in the appendix to the presentation

Our Secular Growth Drivers Expected to Scale Rapidly ^(1,2,3,4)

2021 Revenue
by end-market exposure



Revenue
by business type

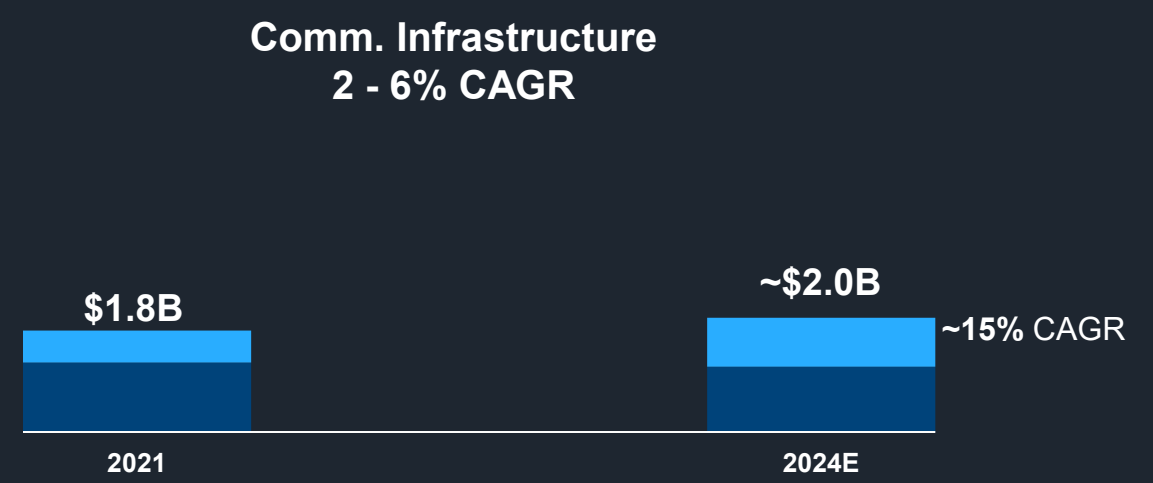
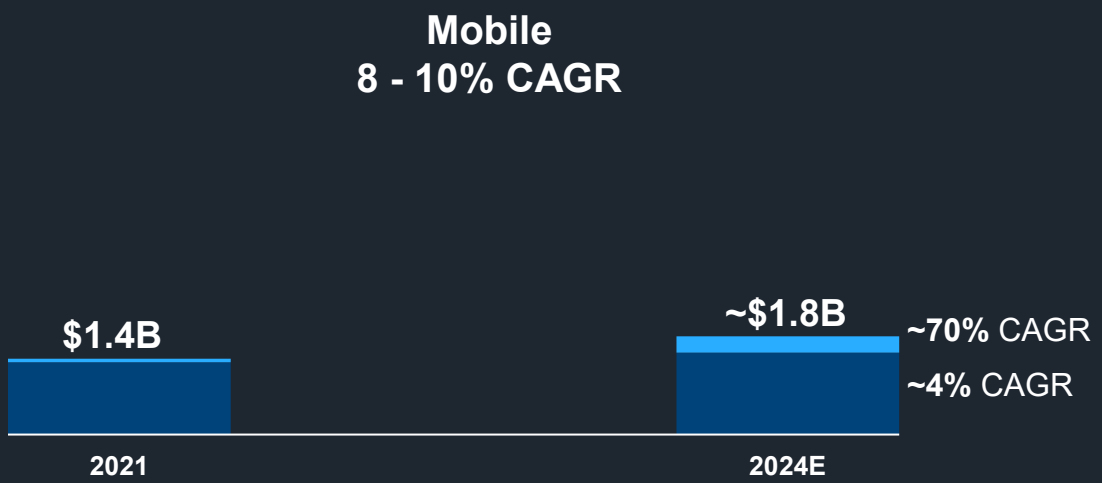
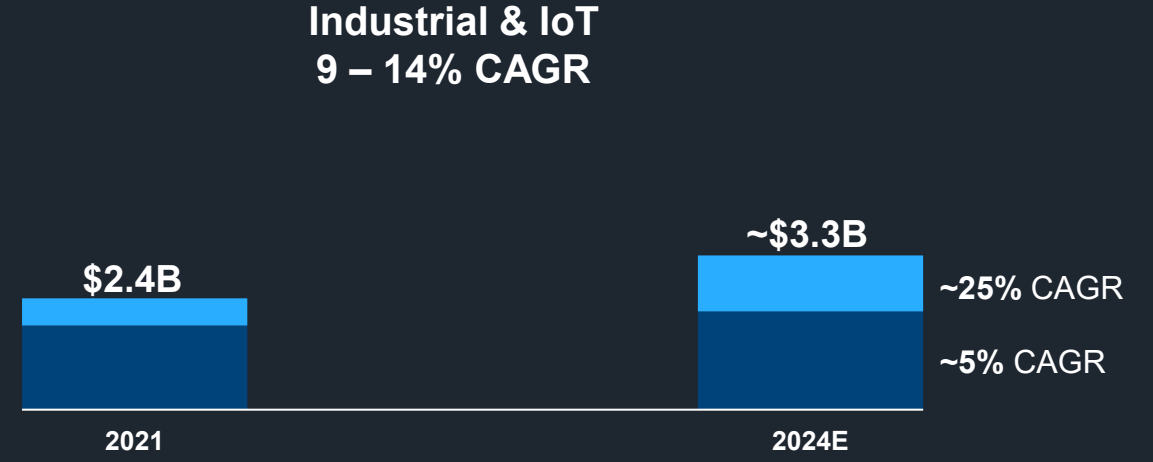
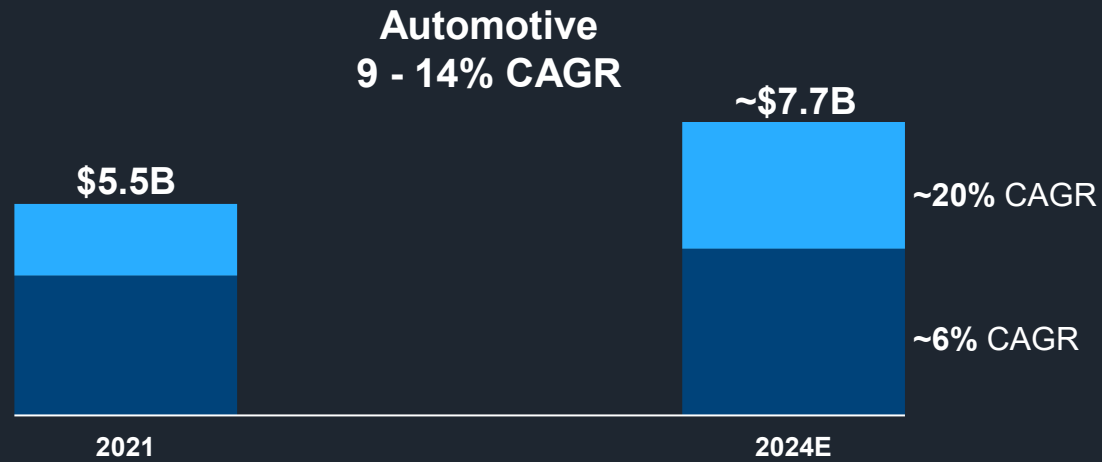


Accelerated growth drivers

- Auto radar systems
- Auto domain and zonal processors
- Auto electrification systems
- Secure connected edge solutions
- UWB secure access solutions
- RF Power for 5G Infrastructure

1. 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
 2. All growth rates are 3-year CAGR based on 2021 actuals through 2024 estimates
 3. The sum of the percentages shown may not add to 100% due to rounding
 4. NXP Strategy Office

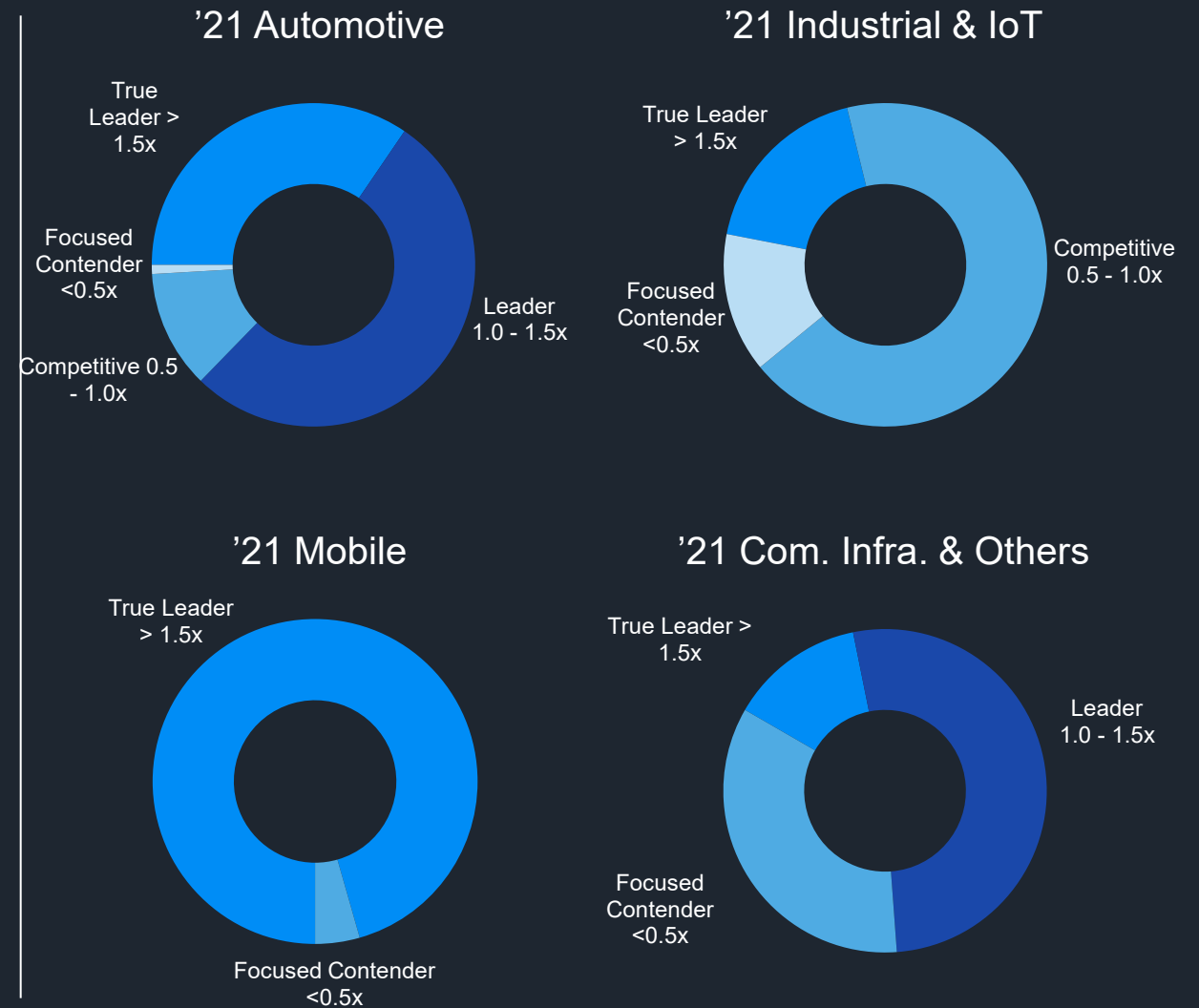
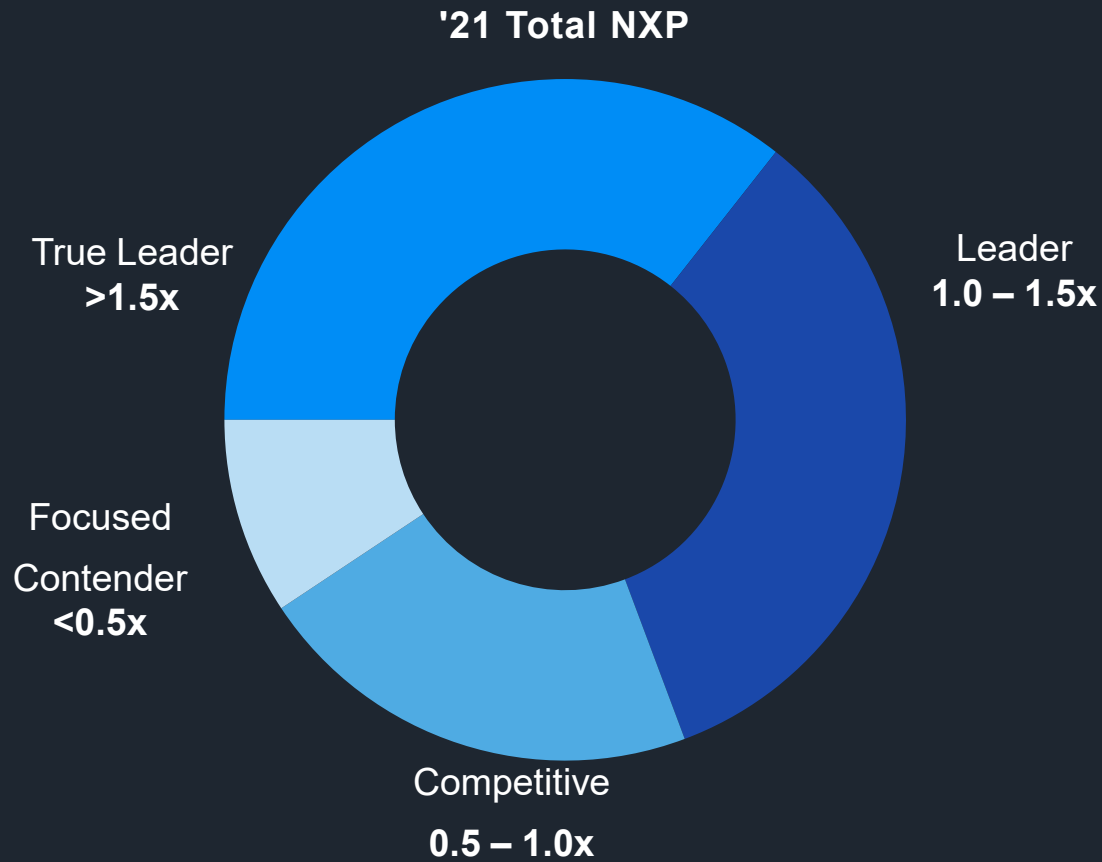
Accelerating Secular Profitable Revenue Growth ^{1,2,3,4}



High RMS Core Revenue
 Accelerated Growth Revenue Drivers

1. 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
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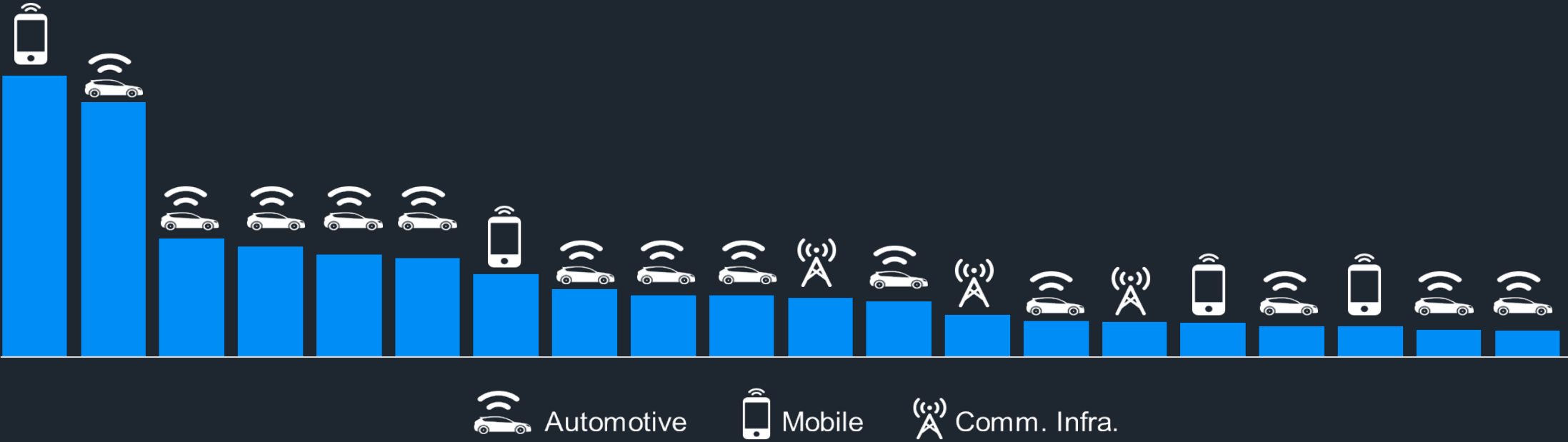
NXP End Market Relative Market Share (“RMS”) ^(1,2)



1. Source: NXP Semiconductors CMI Group, based on 2021 reported end market revenue and competitive positions; Updated Sept 2022
 2. Relative Market Share (RMS) is defined as NXP market share as a percentage of the second largest competitor market share in defined serviceable addressable markets (“SAM”)

Diverse End-Customer Base with High Barriers to Entry ^(1,2)

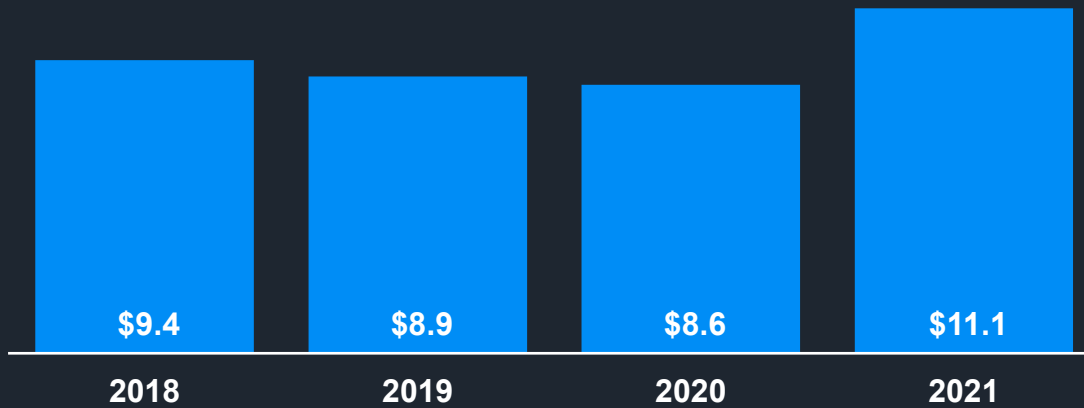
Top 20 End-customers <45% of 2021 Revenue
>25,000 Total Customers
No 10% Customers



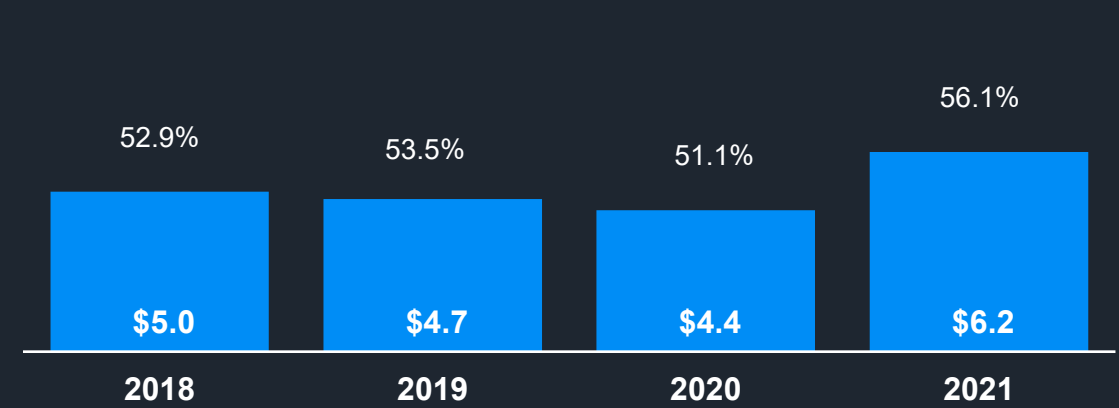
1. Reflects 2021 sales through all channels
2. Reflects spin out of Vitesco Technologies from Continental AG

Driving Profitable Growth in Excess of Addressable Market ^(1,2,3)

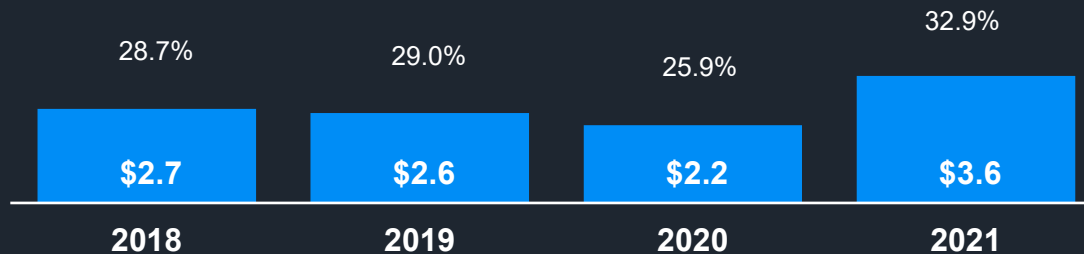
As Reported Revenue
Up 6% 3-yr. CAGR (\$B)



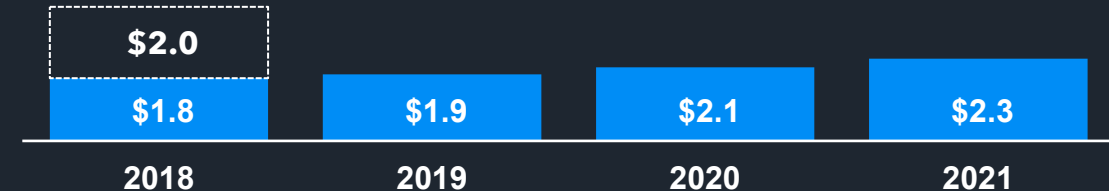
Non-GAAP Gross Profit / Non-GAAP Gross Margin
Up 8% 3-yr. CAGR (\$B)



Non-GAAP Operating Profit / Non-GAAP Operating Margin
Up 10% 3-yr. CAGR (\$B)



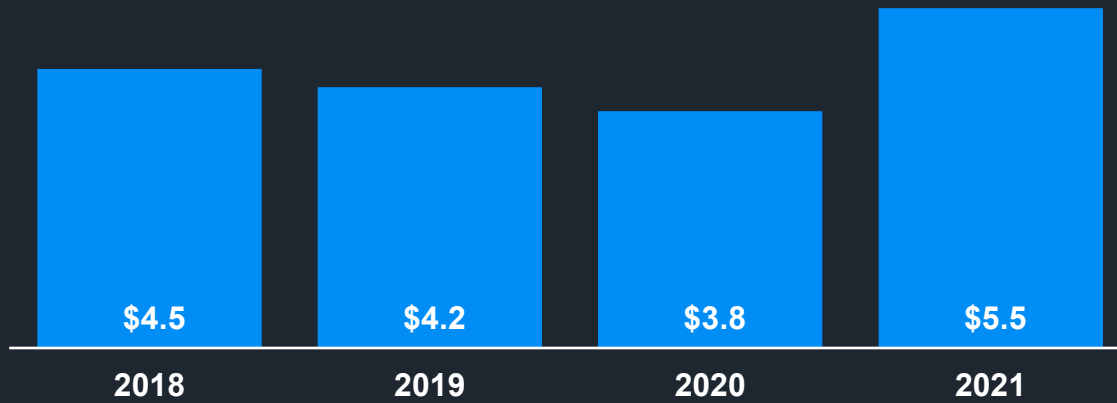
Non-GAAP Free Cash Flow
Down 15% 3-yr. CAGR (\$B)



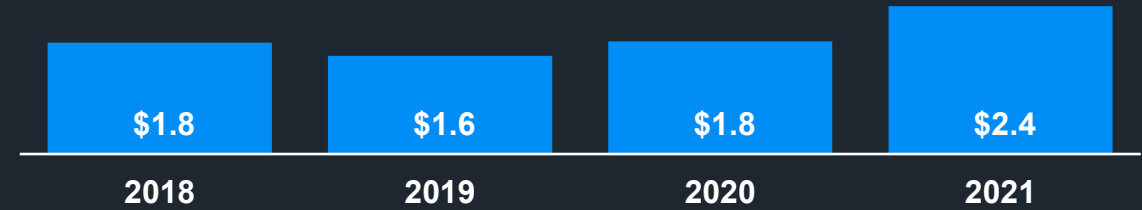
1. Please refer to the NXP Historic Financial Model file found on the Financial Information page of the Investor Relations section of our website at www.nxp.com/investor for additional information relative to our Non-GAAP Financial Measures
 2. Gross Profit, Gross Margin, Operating Profit, Operating Margin, Free Cash Flow (FCF), are all non-GAAP figures, 3-yr. CAGR reflect the period 2017 – 2020
 3. 2018 Non-GAAP Free Cash Flow reflects the receipt of \$2 billion termination fee associated with terminated Qualcomm transaction

Annual Revenue by End Market (\$B)⁽¹⁾

Automotive Up 7% 3-yr. CAGR (\$B)



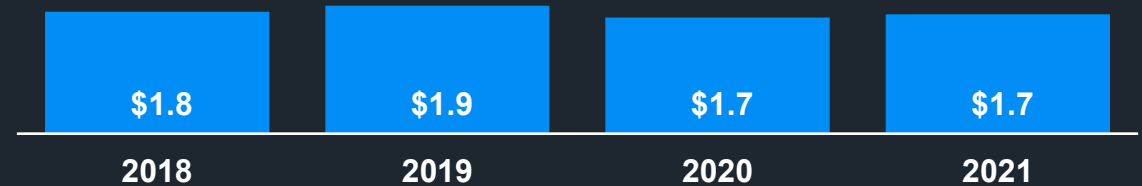
Industrial & IoT Up 10% 3-yr. CAGR (\$B)



Mobile Up 7% 3-yr. CAGR (\$B)



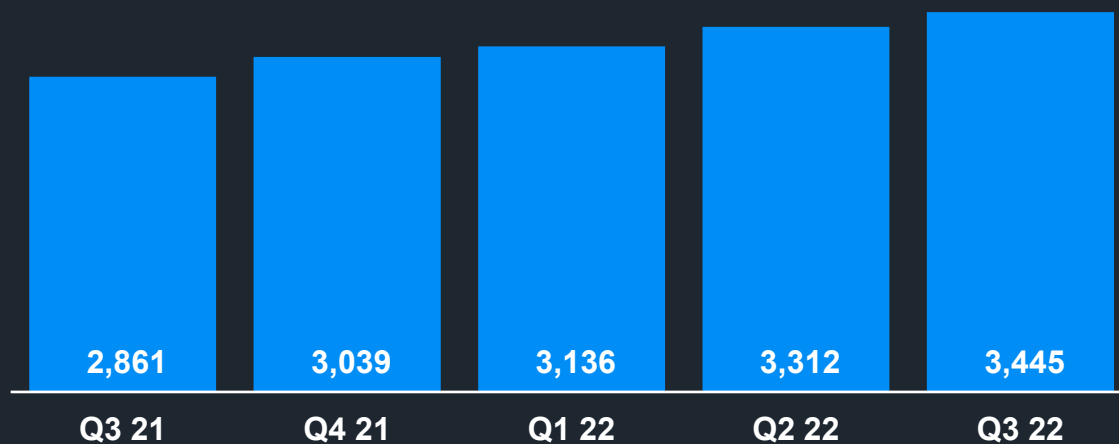
Communication Infrastructure & Other
Down 1% 3-yr. CAGR (\$B)



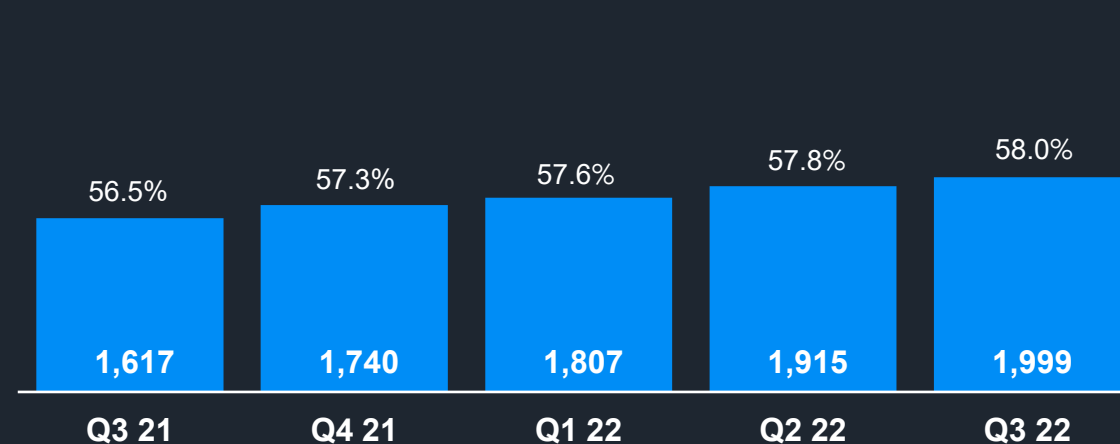
1. Please refer to the NXP Historic Financial Model file found on the Financial Information page of the Investor Relations section of our website at www.nxp.com/investor for additional information relative to our Non-GAAP Financial Measures

Recent Quarterly Business Trends^(1,2)

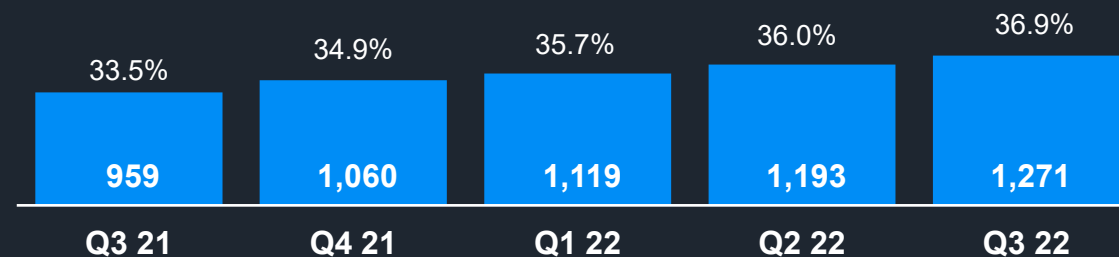
As Reported Revenue (\$M)



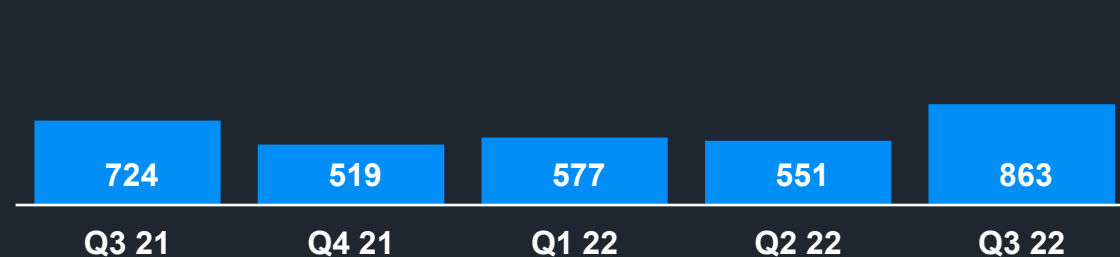
Non-GAAP Gross Profit / Non-GAAP Gross Margin



Non-GAAP Operating Profit / Non-GAAP Operating Margin



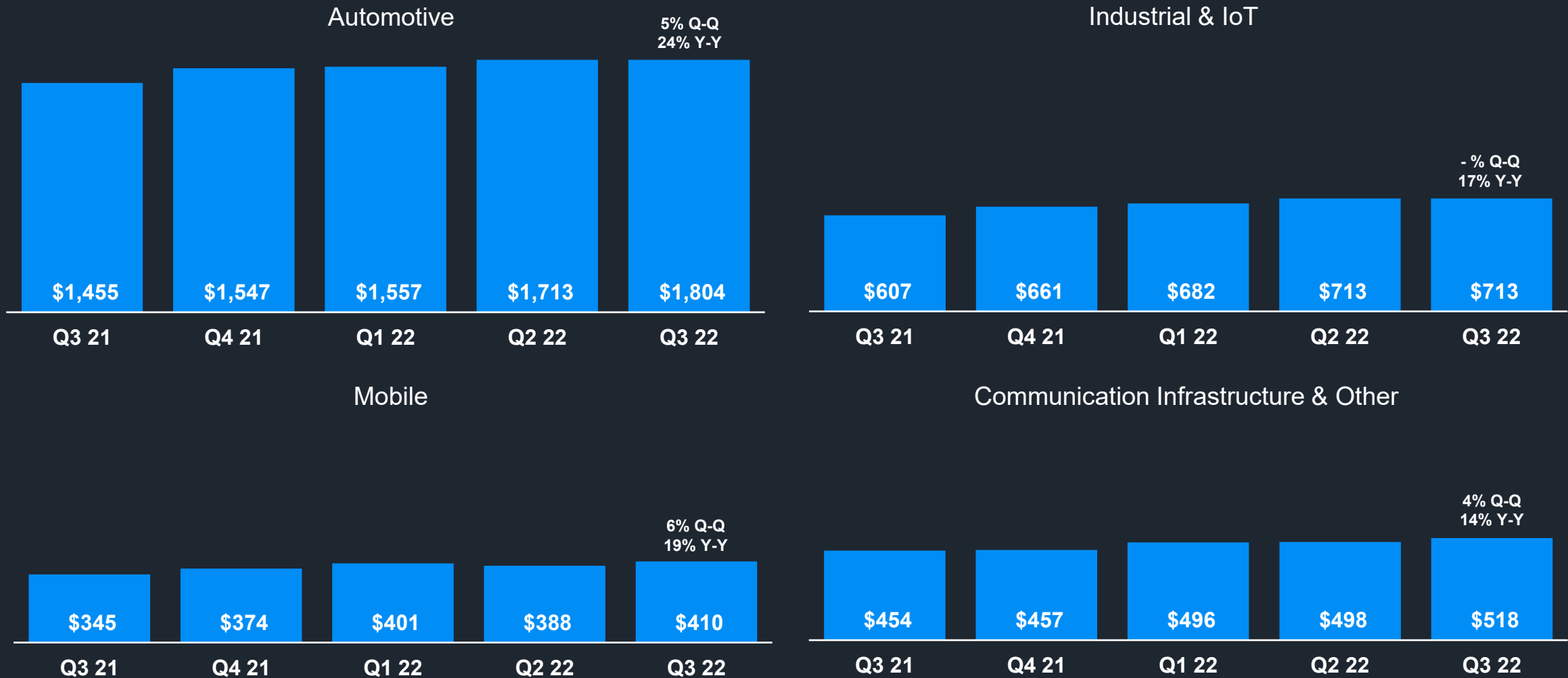
Non-GAAP Free Cash Flow



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2. Gross Profit, Gross Margin, Operating Profit, Operating Margin, Free Cash Flow are all non-GAAP figures.

Quarterly Revenue by End Market (\$M)⁽¹⁾

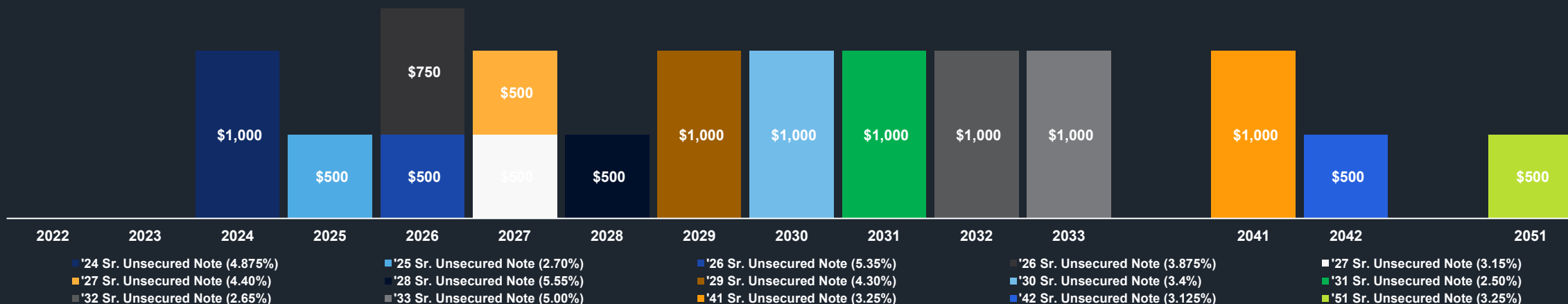


1. Please refer to the NXP Historic Financial Model file found on the Financial Information page of the Investor Relations section of our website at www.nxp.com/investor for additional information relative to our Non-GAAP Financial Measures

Debt Summary at the End of 3Q22^(1,2)

Debt Instrument	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Revolving Credit Facility
Issue Date	Dec-18	Apr-20	Dec-18	Jun-19	Apr-20	May-22	Dec-18	Jun-19	Apr-20	May-21	Nov-21	May-22	May-21	Nov-21	Nov-21	Aug-22
Maturity Date	Mar-24	May-25	Mar-26	Jun-26	May-27	Jun-27	Dec-28	Jun-29	May-30	May-31	Feb-32	Jan-33	May-41	Feb-42	Nov-51	Aug-27
Issued Amount (M)	\$ 1,000	\$ 500	\$ 500	\$ 750	\$ 500	\$ 500	\$ 500	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 500	\$ 500	\$ 2,500
Book Value (M)	\$ 998	\$ 498	\$ 498	\$ 747	\$ 497	\$ 496	\$ 497	\$ 993	\$ 993	\$ 992	\$ 993	\$ 988	\$ 988	\$ 492	\$ 491	\$ -
Coupon	4.875%	2.700%	5.350%	3.875%	3.150%	4.400%	5.550%	4.300%	3.40%	2.50%	2.65%	5.00%	3.25%	3.125%	3.250%	Adj. Fwd. SOFR + 112.5 bps
Rating																
Moody's	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	NR
Standard & Poor's	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	NR
Fitch	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	NR

Total Leverage	
Total Debt (\$M)	\$ 11,162
Total Cash (\$M)	\$ 3,759
Net Debt (\$M)	\$ 7,403
TTM Adj. EBITDA	\$ 5,299
Cost of Debt	3.79%
Reported Leverage	1.4X
TTM Adj. EBITDA/TTM net Interest	13.8x

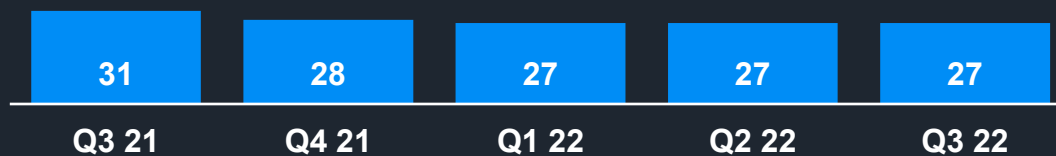


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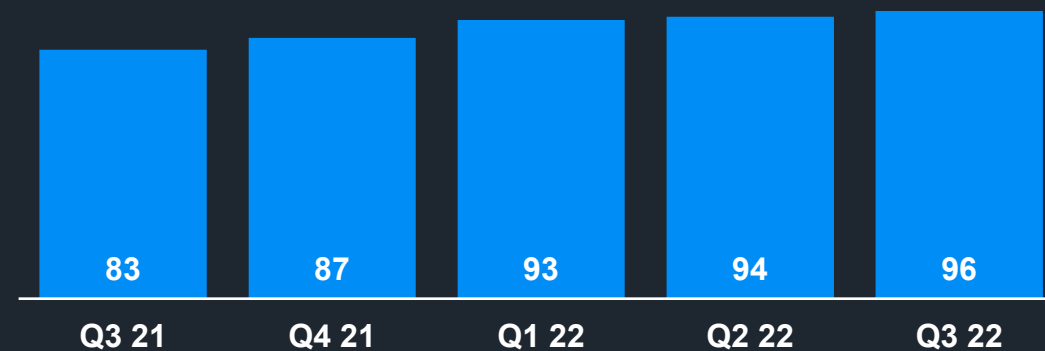
2. For the third quarter ended October 2, 2022, Interest expense, net of \$88 million is comprised of interest expense of \$109 million, less interest income of \$21 million. Interest expense, net is a component of Financial income (expense) of \$98 million as reported in the NXP Historic Financial Model file found on the Financial Information page. Historical information along with the calculation of TTM Adj. EBITDA/TTM net interest, can be found in the file referenced in footnote 1 on the P&L tab.

Working Capital Ratios^(1,2)

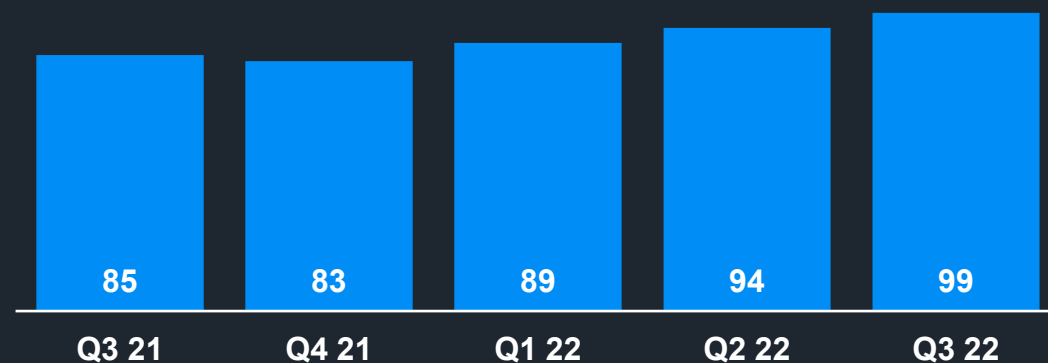
DSO



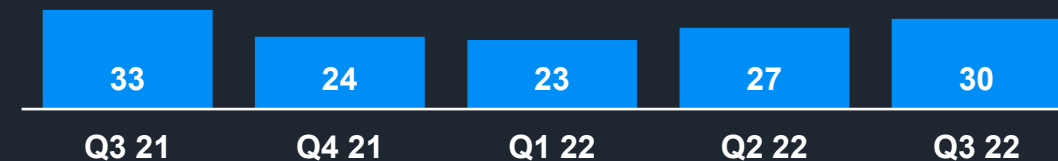
DPO



DIO



Cash Conversion Cycle



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

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

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

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

1. Working capital ratios exclude the effect of the effect of purchase price accounting amortization effects on GAAP COGS;
 2. 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

Proven, Resilient and Profitable Financial Model (1,2,3,4)

Financial Metrics	Analyst Day 2018 Forecast	Actual Performance 2018 – 2021A
Total NXP revenue growth	+5 to 7%	5.6%
Non-GAAP gross margin	53 – 57%	56.1%
<i>Non-GAAP R & D %</i>	<i>14 – 16%</i>	<i>16.0%</i>
<i>Non-GAAP SG & A %</i>	<i>6 – 8%</i>	<i>7.2%</i>
Non-GAAP operating profit growth	8 – 14%	10.5%
Non-GAAP operating margin	31 – 34%	32.9%
Non-GAAP cumulative free cash flow	\$7 - \$8B	\$10B

1. Reconciliations of non-GAAP measures to the most comparable measures calculated in accordance with GAAP are provided in the appendix to the presentation

2. 2018 - 2021 Actual Revenue growth reflects rounding

3. Non-GAAP Free Cash Flow defined as cash flow from operations less net capital expenditures on property, plant and equipment

4. Cumulative non-GAAP free cash flow includes the \$2B one-time break up fee associated with failed QCOM acquisition of NXPI received in 2018

Updated Financial Model ^(1,2,3)

Analyst Day 2021 2021 – 2024 CAGR

NXP growth	+8 to 12%
Non-GAAP gross margin	55 to 58%
<i>Non-GAAP R&D</i>	~16%
<i>Non-GAAP SG&A</i>	~7%
Non-GAAP operating margin	32 to 36%
<i>Non-GAAP cash taxes</i>	'22:~15%; '23; ~18%; '24; ~18%
<i>Non-controlling interest</i>	\$35M to \$45M
<i>Net capex</i>	6 to 8%
<i>Stock based compensation</i>	'22: \$380M; '23: \$410M; '24: \$440M
Non-GAAP free-cash flow	Target 25% of revenue
<i>DSO</i>	~30 Days
<i>DPO</i>	~75 Days
<i>DIO</i>	~95 Days

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2. Growth rates are compound annual growth rates from 2021 through 2024E; individual annual growth rates will vary across the horizon

3. All percentages are as a percent of revenue, and assume an annual value, quarter to quarter values will vary

Guidance for the Fourth Quarter of 2022 (1, 2, 3, 4, 5, 6)

	<u>GAAP</u>				<u>Reconciliation</u>			<u>Non-GAAP</u>		
	<u>Low</u>	<u>Mid</u>	<u>High</u>		<u>Low</u>	<u>Mid</u>	<u>High</u>			
Total Revenue	3,200	3,300	3,400		3,200	3,300	3,400			
Q-Q	-7%	-4%	-1%		-7%	-4%	-1%			
Y-Y	5%	9%	12%		5%	9%	12%			
Gross Profit	1,802	1,876	1,950	(32)	1,834	1,908	1,982			
Gross Margin	56.3%	56.8%	57.4%		57.3%	57.8%	58.3%			
Operating Income (loss)	894	958	1,022	(230)	1,124	1,188	1,252			
Operating Margin	27.9%	29.0%	30.1%		35.1%	36.0%	36.8%			
Financial income (expense)	(84)	(84)	(84)	(3)	(81)	(81)	(81)			

1. GAAP Gross Profit is expected to include Purchase Price Accounting ("PPA") effects, \$(15) million; Stock Based Compensation, \$(13) million; Other Incidentals, \$(4) million;
2. GAAP Operating Income (loss) is expected to include PPA effects, \$(125) million; Stock Based Compensation, \$(96) million; Restructuring and Other Incidentals, \$(9) million;
3. GAAP Financial Income (expense) is expected to include Other financial expense \$(3) million;
4. Net cash paid for income taxes related to on-going operations is expected to be approximately \$(140) million;
5. Non-controlling interest is expected to be approximately \$(12) million;
6. Weighted average diluted share count is expected to be approximately 262 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". 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.

Annual Financial Reconciliation (GAAP to non-GAAP)⁽¹⁾

(\$ in millions, unless otherwise stated)	2018	2019	2020	2021
Total Revenue	9,407	8,877	8,612	11,063
GAAP Gross Profit	4,851	4,618	4,235	6,067
Gross profit adjustments	(129)	(131)	(165)	(138)
Non - GAAP Gross Profit	4,980	4,749	4,400	6,205
GAAP Gross Margin	51.6%	52.0%	49.2%	54.8%
Non-GAAP Gross Margin	52.9%	53.5%	51.1%	56.1%
GAAP Operating income (loss)	2,710	641	418	2,583
Operating income adjustments	11	(1,932)	(1,810)	(1,058)
Non - GAAP Operating income (loss)	2,699	2,573	2,228	3,641
GAAP Operating Margin	28.8%	7.2%	4.9%	23.3%
Non-GAAP Operating Margin	28.7%	29.0%	25.9%	32.9%
GAAP Financial income (expense)	(335)	(350)	(417)	(403)
Financial income adjustments	(159)	(85)	(60)	(38)
Non - GAAP Financial income (expense)	(176)	(265)	(357)	(365)

1. 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

Annual Cash Flow Overview (\$M)⁽¹⁾

(\$ in millions, unless otherwise stated)	2018	2019	2020	2021
Net cash provided by (used for) operating activities	4,369	2,373	2,482	3,077
Net cash provided by (used for) investing activities	(522)	(2,284)	(418)	(934)
Net cash provided by (used for) financing activities	(4,597)	(1,831)	(835)	(1,585)
Effects of changes in exchange rates on cash position	(8)	(2)	1	(3)
Increase (decrease) in cash and cash equivalents	(758)	(1,744)	1,230	555
Cash and cash equivalents at beginning of the period	3,547	2,789	1,045	2,275
Cash and cash equivalents at end of period	2,789	1,045	2,275	2,830
Net cash provided by (used for) operating activities	4,369	2,373	2,482	3,077
Net capital expenditures on property, plant and equipment	(610)	(503)	(388)	(766)
Non-GAAP free cash flow	3,759	1,870	2,094	2,311
Trailing 12-month Non-GAAP free cash flow as a percentage of Revenue	40%	21%	24%	21%

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Annual Adjusted EBITDA (\$M)⁽¹⁾

(\$ in millions, unless otherwise stated)	2018	2019	2020	2021
Net income (loss)	2,258	272	80	1,906
Reconciling items to adjusted net income				
Financial (income) expense	335	350	417	403
(Benefit) provision for income taxes	176	20	(83)	272
Depreciation	478	518	547	551
Amortization	1,509	1,529	1,441	711
Adjusted net income	4,756	2,689	2,402	3,843
Reconciling items to adjusted EBITDA				
Results of equity-accounted investees	(59)	(1)	4	2
Purchase accounting effect on inventory	-	8	17	-
Restructuring	6	28	78	1
Stock-based compensation	314	346	384	353
Merger-related costs	(1,848)	33	8	-
Other incidental items	(18)	(3)	(101)	33
Trailing 12-month Adjusted EBITDA	3,151	3,100	2,792	4,232
1) Excluding amortization related to other incidental items	-	-	8	-

Quarterly Financial Reconciliation (GAAP to non-GAAP)⁽¹⁾

(\$ in millions, unless otherwise stated)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Total Revenue	2,861	3,039	3,136	3,312	3,445
GAAP Gross Profit	1,583	1,707	1,777	1,882	1,967
Gross profit adjustments	(34)	(33)	(30)	(33)	(32)
Non - GAAP Gross Profit	1,617	1,740	1,807	1,915	1,999
GAAP Gross Margin	55.3%	56.2%	56.7%	56.8%	57.1%
Non-GAAP Gross Margin	56.5%	57.3%	57.6%	57.8%	58.0%
GAAP Operating income (loss)	711	807	873	943	1,001
Operating income adjustments	(248)	(253)	(246)	(250)	(270)
Non - GAAP Operating income (loss)	959	1,060	1,119	1,193	1,271
GAAP Operating Margin	24.9%	26.6%	27.8%	28.5%	29.1%
Non-GAAP Operating Margin	33.5%	34.9%	35.7%	36.0%	36.9%
GAAP Financial income (expense)	(93)	(123)	(105)	(128)	(98)
Financial income adjustments	1	(30)	(2)	(31)	(7)
Non - GAAP Financial income (expense)	(94)	(93)	(103)	(97)	(91)

Other Information for Q3 2022:

- PPA effects: (\$148M)
- Restructuring: -
- Stock-based compensation: (\$89M)
- Other incidentals: (\$33M)
- Foreign exchange loss: (\$2M)
- Gain (loss) on extinguishment of debt: -
- Other financial expense: (\$5M)

Quarterly Cash Flow Overview (\$M)⁽¹⁾

(\$ in millions, unless otherwise stated)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net cash provided by (used for) operating activities	924	785	856	819	1,144
Net cash provided by (used for) investing activities	(248)	(316)	(329)	(288)	(360)
Net cash provided by (used for) financing activities	(1,280)	55	(674)	342	(559)
Effects of changes in exchange rates on cash position	(3)	3	-	(11)	(11)
Increase (decrease) in cash and cash equivalents	(607)	527	(147)	862	214
Cash and cash equivalents at beginning of the period	2,910	2,303	2,830	2,683	3,545
Cash and cash equivalents at end of period	2,303	2,830	2,683	3,545	3,759
Net cash provided by (used for) operating activities	924	785	856	819	1,144
Net capital expenditures on property, plant and equipment	(200)	(266)	(279)	(268)	(281)
Non-GAAP free cash flow	724	519	577	551	863
Trailing 12-month Non-GAAP free cash flow	2,718	2,311	2,306	2,371	2,510
Trailing 12-month Non-GAAP free cash flow as a percentage of Revenue	26%	21%	20%	19%	19%

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Quarterly Adjusted EBITDA (\$M)⁽¹⁾

(\$ in millions, unless otherwise stated)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net income (loss)	526	610	666	683	750
Reconciling items to adjusted net income					
Financial (income) expense	93	123	105	128	98
(Benefit) provision for income taxes	95	72	114	129	149
Depreciation	139	145	142	149	156
Amortization	167	165	168	168	165
Adjusted net income	1,020	1,115	1,195	1,257	1,318
Reconciling items to adjusted EBITDA					
Results of equity-accounted investees	(3)	2	(12)	3	4
Restructuring	-	-	(1)	(4)	-
Stock-based compensation	81	88	89	89	89
Other incidental items	8	10	8	16	33
Adjusted EBITDA	1,106	1,215	1,279	1,361	1,444
Trailing 12-month Adjusted EBITDA	3,924	4,232	4,576	4,961	5,299

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NXP Investment Thesis



Market leader with
strong revenue growth



Proven financial model with
resilient profitability



Reliable capital return policy of
robust free cash flow



SECURE CONNECTIONS
FOR A SMARTER WORLD

