

NXP SEMICONDUCTORS

Investor Presentation | February 2018



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) Amortization of acquisition-related intangible assets, (vi) Other income, (vii) Operating income (loss), (viii) Operating margin, (ix) Financial Income (expense), (x) EBITDA, adjusted EBITDA and trailing 12 month adjusted EBITDA, and (xi) non-GAAP free cash flow and free cash flow as a percent of Revenue. 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, non-cash interest expense on convertible notes, extinguishment of debt, changes in the fair value of the warrant liability prior to January 1, 2016, and foreign exchange gains and losses.

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, our ability to complete merger and acquisition related activity and the acquisition of NXP by Qualcomm, Incorporated; 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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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

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

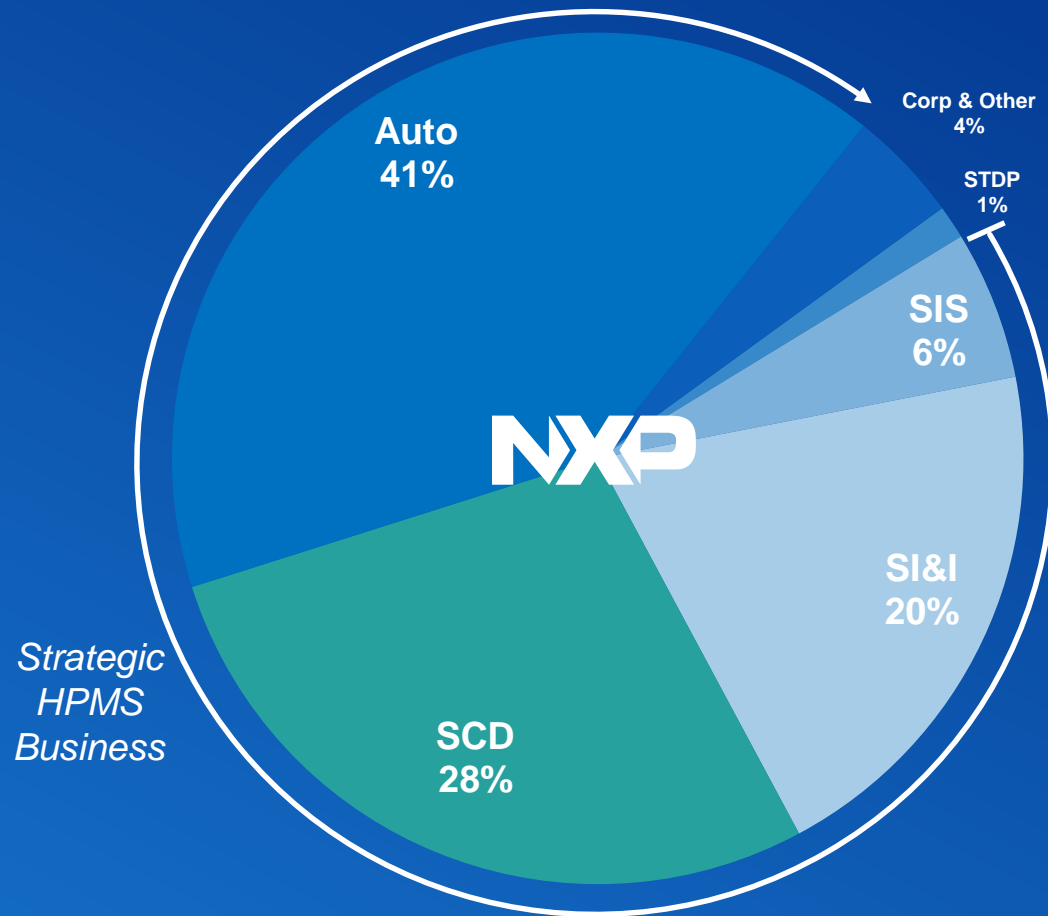


Shareholder value creation

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

HPMS Market Leader with Sharp Focus, Broad Reach^{1,2,3}

NXP 2017 Revenue
by Operating Segment



NXP: the HPMS leader

- #7 global non-memory semi supplier
- #1 global auto semi supplier
- #1 non-auto MCU supplier
- #1 secure identification

Deliver >1.5x market growth

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

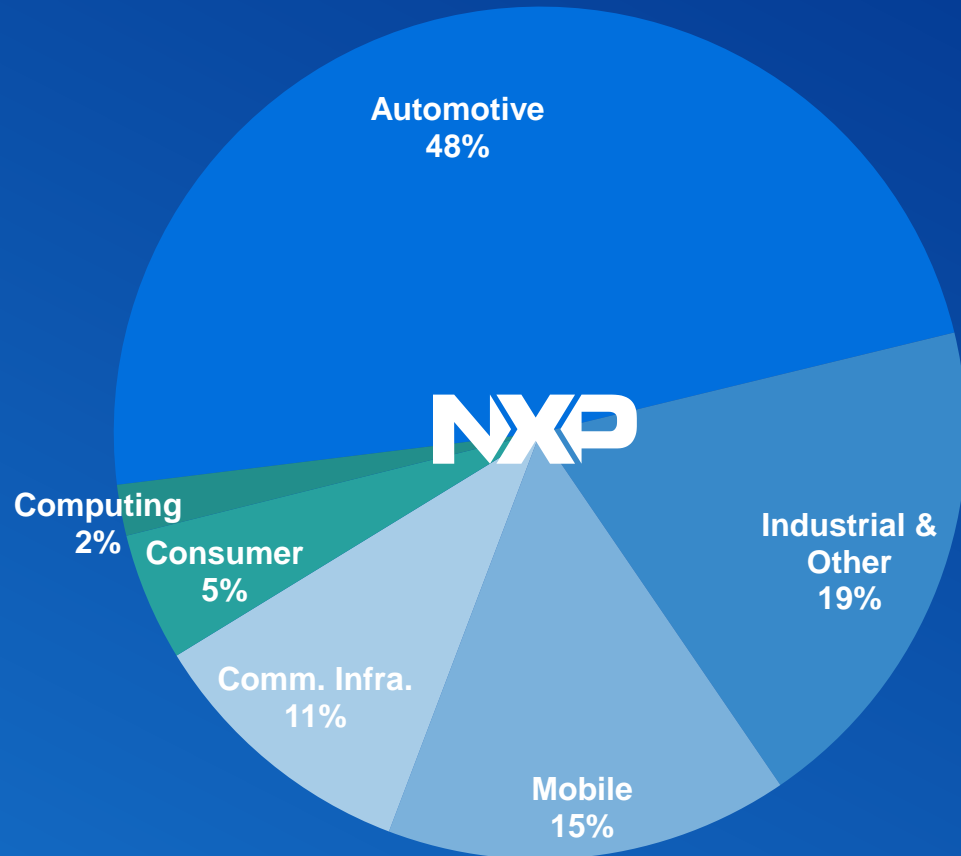
1. NXP completed the divestment of its Standard Products segment on Feb 7, 2017.

2. Based on 2017 estimated revenue ranking of non-memory semiconductor suppliers

3. Market positions based on IHS and ABI market research reports.

Focused Leadership – End Markets^{1,2,3}

**NXP 2017 HPMS Revenue
by End-market Exposure**



Broad end market exposure

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

Product leadership positions

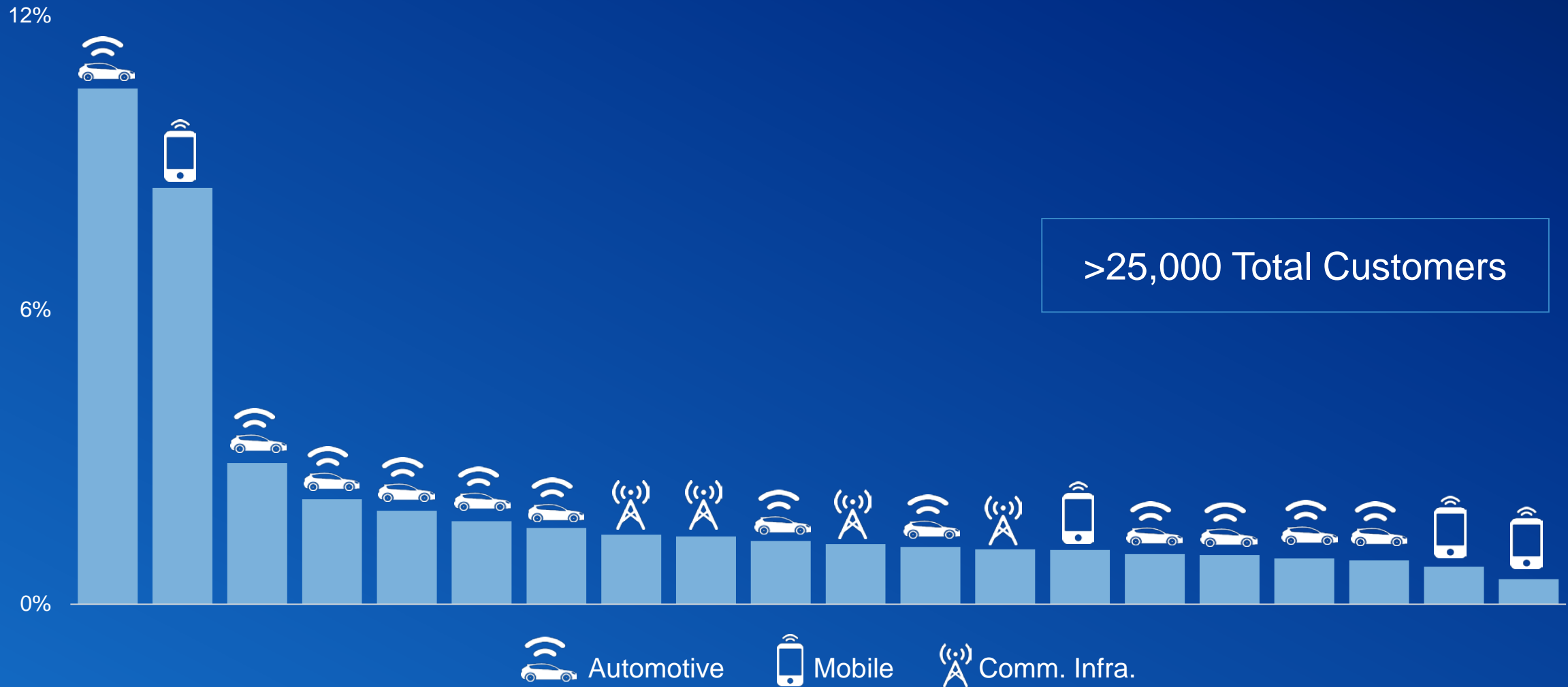
- #1 Automotive
- #1 Non-auto MCU
- #1 Secure identification
- #1 Mobile transactions

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3. Market positions based on IHS and ABI market research reports.

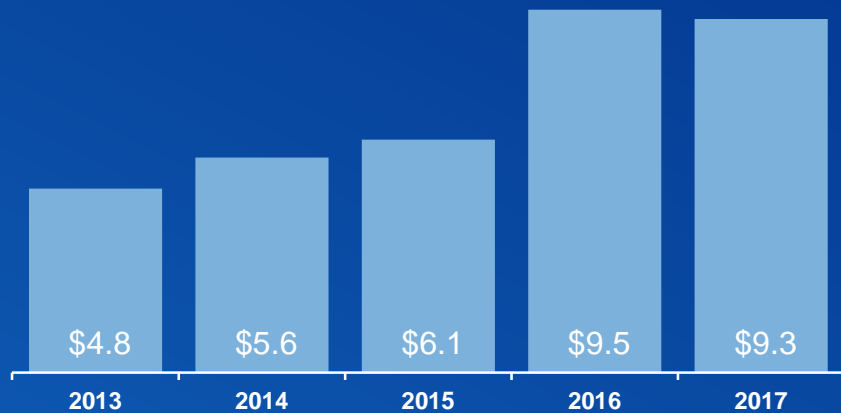
Top 20 HPMS Customers > 40% of 2017 Revenue ^(1,2)



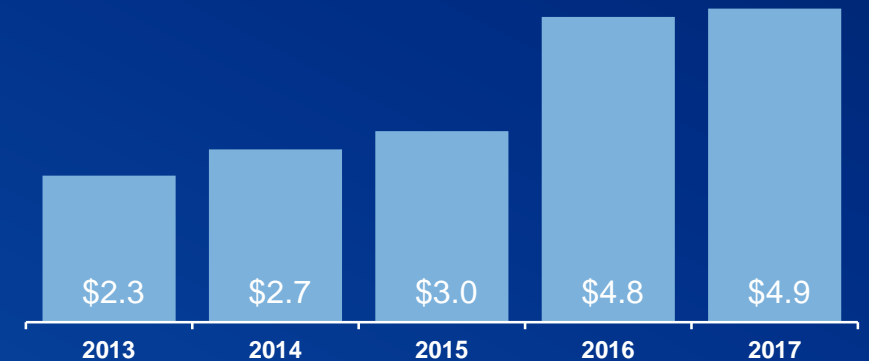
1. Reflects sales through all channels
 2. NXP completed the divestment of its Standard Products segment on Feb 7, 2017.

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

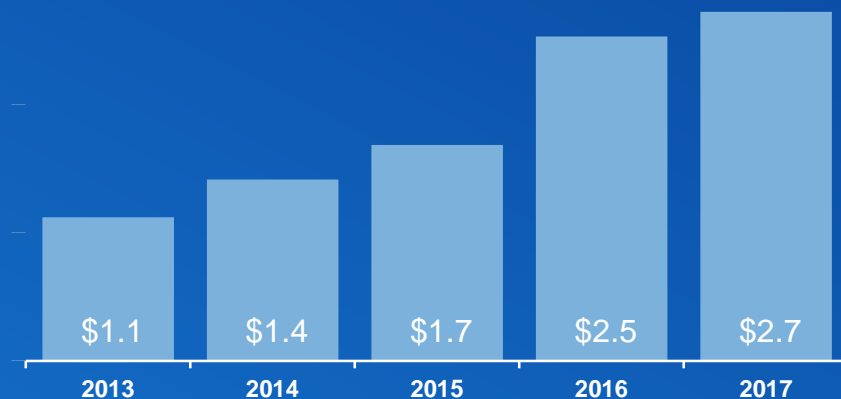
As Reported Revenue Up 18% 3-yr. CAGR (\$B)



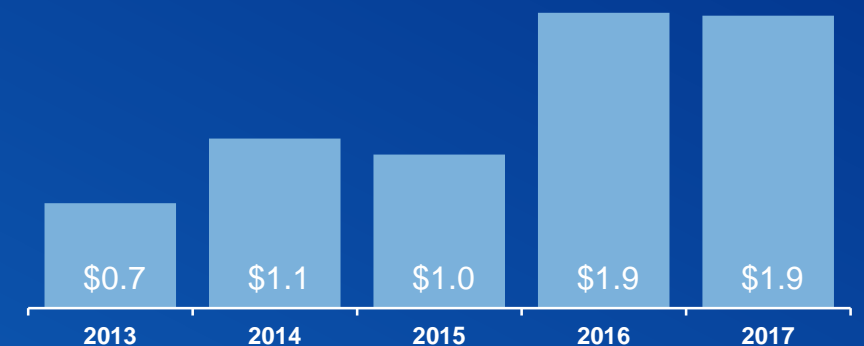
Non-GAAP Gross Profit² up 22% 3-yr. CAGR (\$B)



Non-GAAP EBIT² Profit up 24% 3-yr. CAGR (\$B)



Non-GAAP Free Cash Flow² up 18% 3-yr. CAGR (\$B)

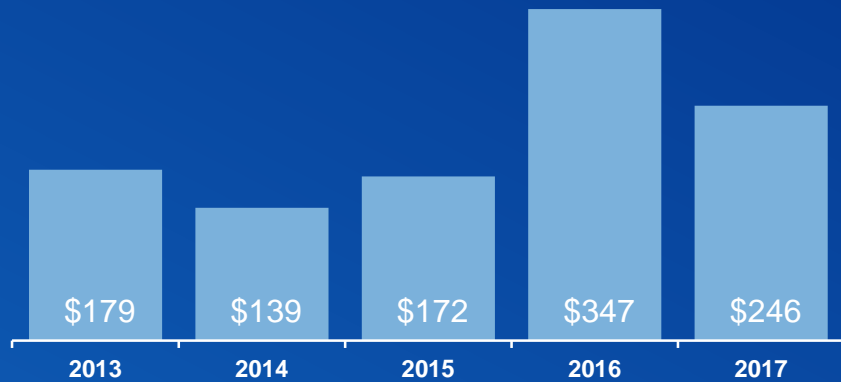


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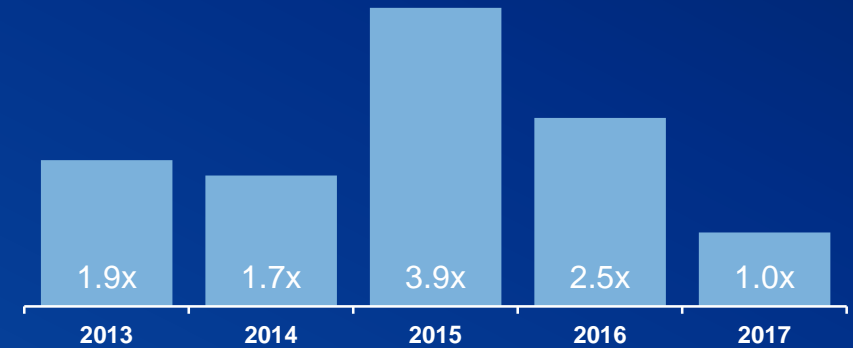
1. Please refer to the NXP Historic Financial Model file found on the Financial Information page of the Investor Relations section of our website at www.nxp.com/investor for additional information relative to our Non-GAAP Financial Measures
2. Gross Profit, EBIT Profit, Free Cash Flow(FCF), are all non-GAAP figures, 3-yr. CAGR reflect the period 2014 – 2017
3. NXP completed the divestment of its Standard Products segment on Feb 7, 2017.

Focused on Generating Cash^(1,2,3)

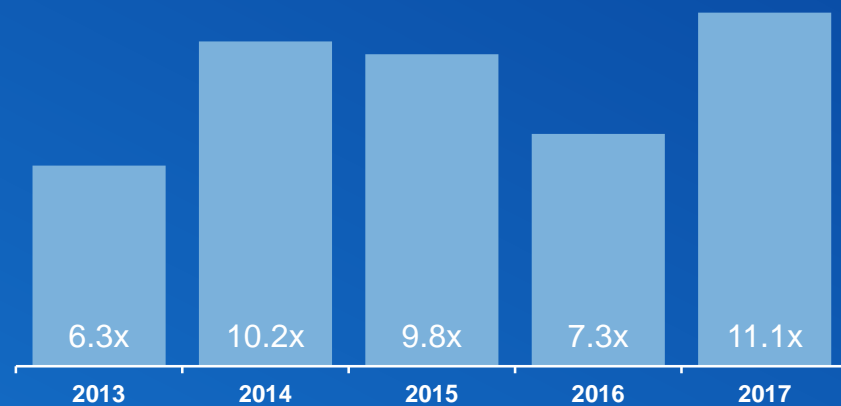
Interest Expense² (\$M)



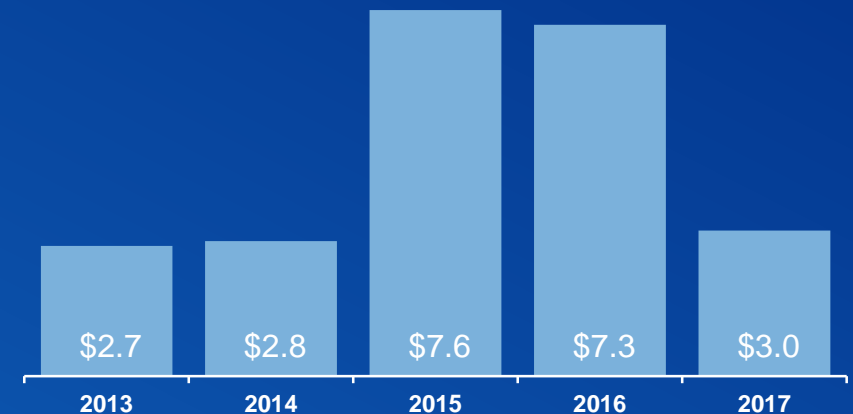
Leverage²



Interest Coverage²



Net Debt (\$B)



Note:
 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. Cash Interest Expense, Leverage, Interest Coverage are all non-GAAP figures
 3. NXP completed the divestment of its Standard Products segment on Feb 7, 2017.

Quarterly Revenue and Operating Income^(1,2)

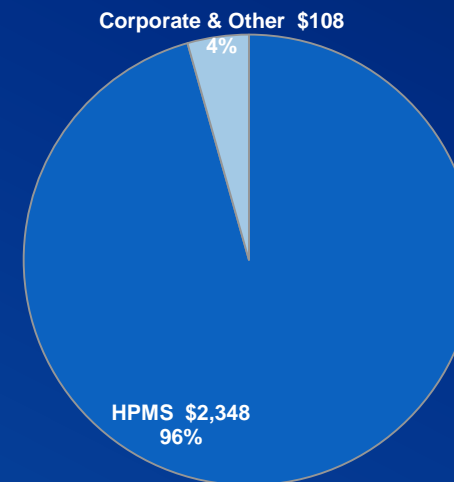
GAAP Financial Summary

(\$ in millions)	Q4 2017	Q3 2017	Q4 2016	Q-Q	Y-Y
Product Revenue	2,348	2,288	2,385	60	(37)
All Other	108	99	55	9	53
Total Revenue	2,456	2,387	2,440	69	16
Gross Profit	1,242	1,215	1,189	27	53
Percent of total revenue	50.6%	50.9%	48.7%	(0.3pts.)	1.9pts.
Operating income	210	163	173	47	37
Percent of total revenue	8.6%	6.8%	7.1%	1.8pts.	1.5pts.

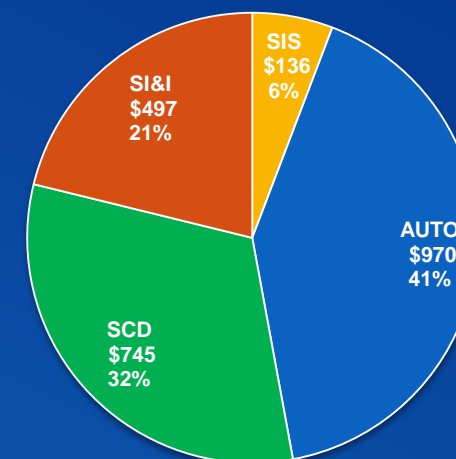
Non-GAAP Financial Summary

(\$ in millions)	Q4 2017	Q3 2017	Q4 2016	Q-Q	Y-Y
Gross Profit	1,331	1,283	1,248	48	83
Percent of total revenue	54.2%	53.7%	51.1%	0.5pts.	3.1pts.
Operating income	763	735	715	28	48
Percent of total revenue	31.1%	30.8%	29.3%	0.3pts.	1.8pts.

Quarterly Segment Revenue (\$M):



Quarterly Product Revenue (% of Product Revenue):



Note:

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Business Segment Performance^(1,2)

GAAP Financial Summary

HPMS (\$ in millions)	Q4 2017	Q3 2017	Q4 2016	Q-Q	Y-Y
Revenue	2,348	2,288	2,062	60	286
Gross Profit	1,228	1,203	1,058	25	170
Gross Margin	52.3%	52.6%	51.3%	(0.3pts)	1.0pts
Operating income	246	235	124	11	122
Operating Margin	10.5%	10.3%	6.0%	0.2pts.	4.5pts

STDP (\$ in millions)	Q4 2017	Q3 2017	Q4 2016	Q-Q	Y-Y
Revenue	-	-	323	-	(323)
Gross Profit	-	-	130	-	(130)
Gross Margin	-	-	40.2%	-	NA
Operating income	-	-	92	-	(92)
Operating Margin	-	-	28.5%	-	NA

Non-GAAP Financial Summary

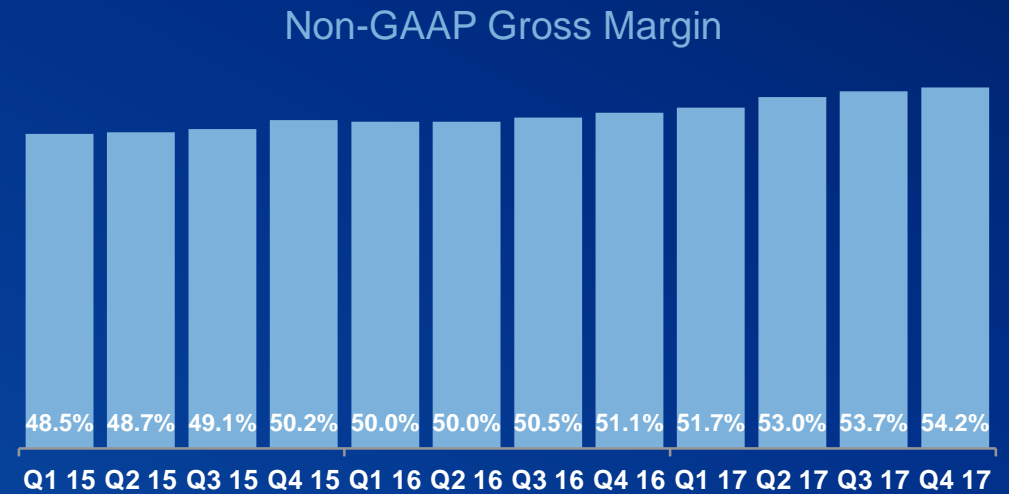
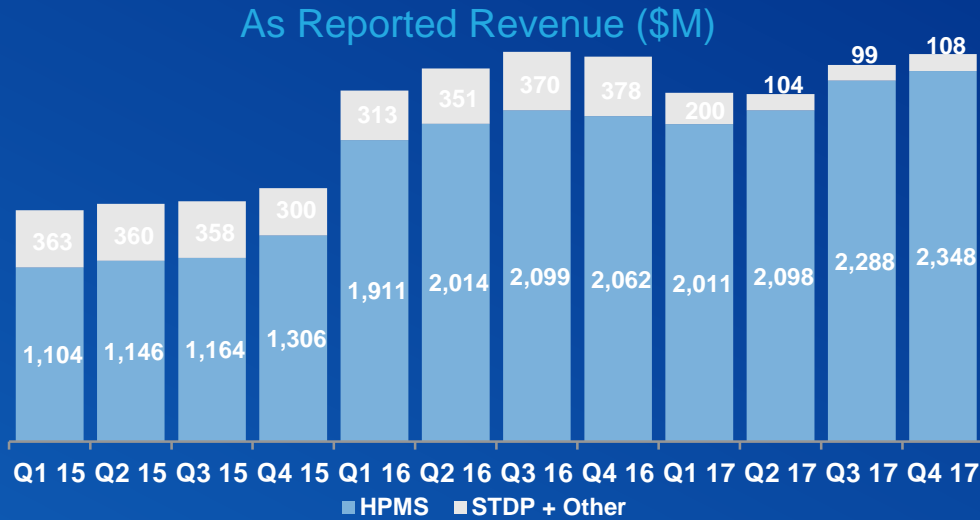
HPMS (\$ in millions)	Q4 2017	Q3 2017	Q4 2016	Q-Q	Y-Y
Gross Profit	1,316	1,269	1,126	47	190
Gross Margin	56.0%	55.5%	54.6%	0.5pts.	1.4pts.
Operating income	756	730	626	26	130
Operating Margin	32.2%	31.9%	30.4%	0.3pts.	1.8pts.

STDP (\$ in millions)	Q4 2017	Q3 2017	Q4 2016	Q-Q	Y-Y
Gross Profit	-	-	119	-	(119)
Gross Margin	-	-	36.8%	-	NA
Operating income	-	-	88	-	(88)
Operating Margin	-	-	27.2%	-	NA

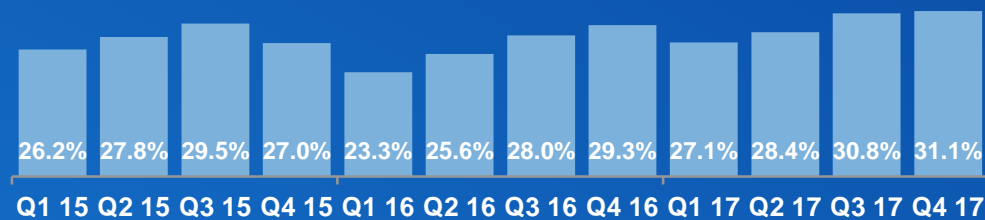
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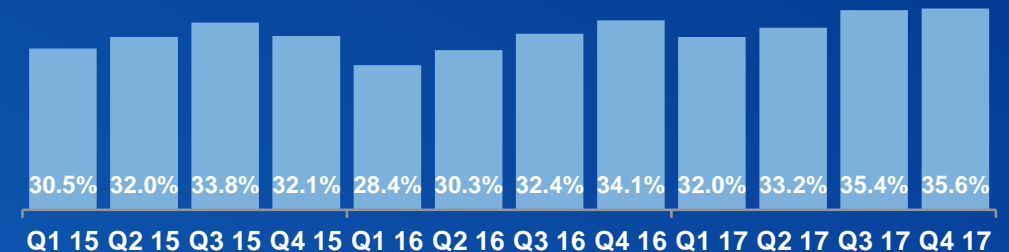
Recent Quarterly Business Trends ^(1,2,3)



Non-GAAP Operating Margin



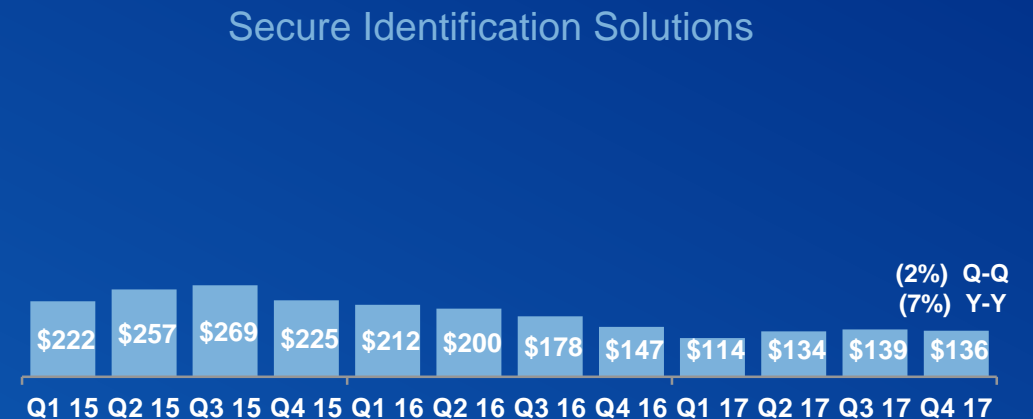
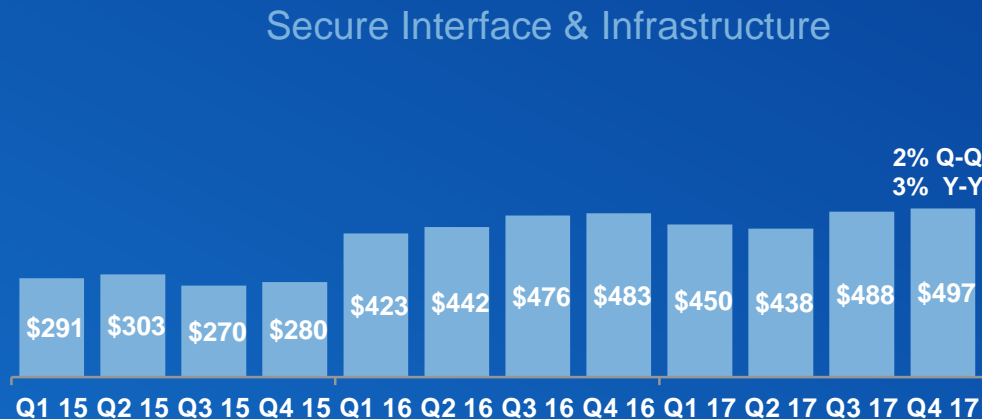
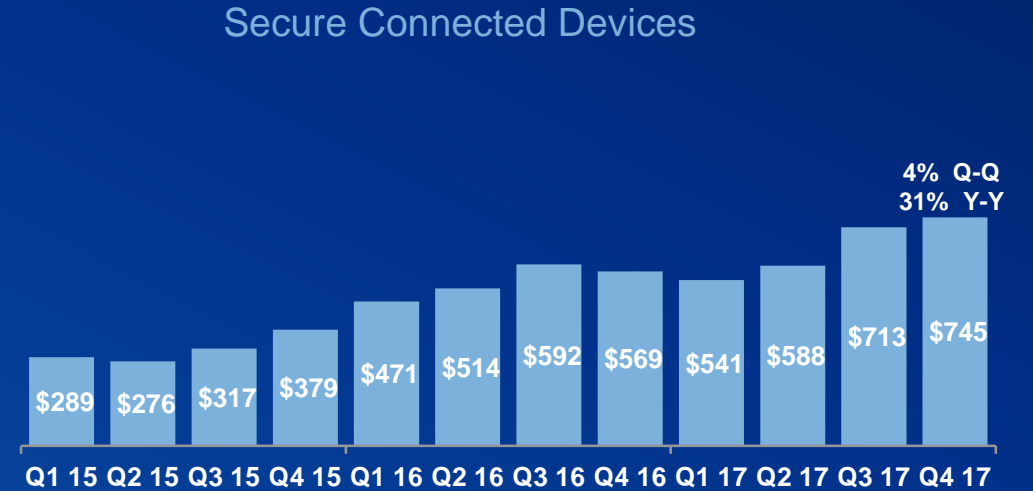
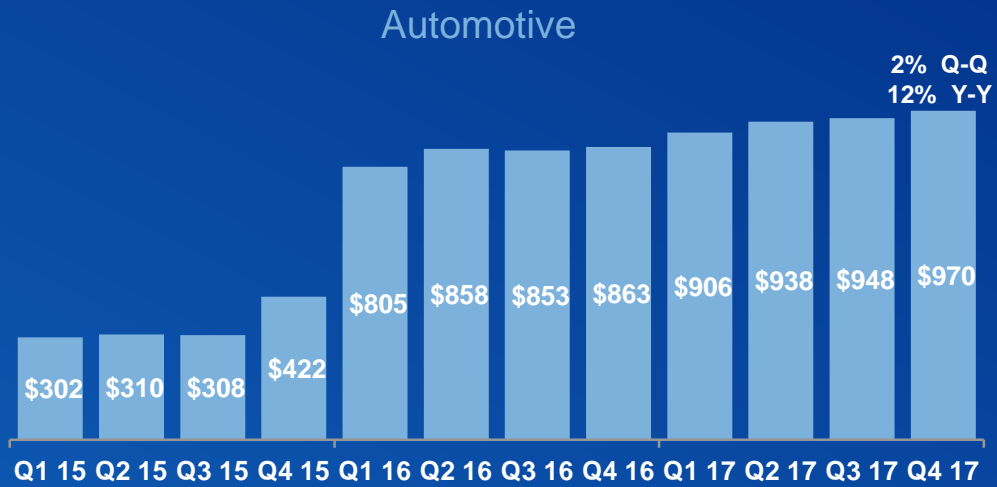
Non-GAAP Adj. EBITDA Margin



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 2. Gross Margin, Operating Margin, Adj. EBITDA are all non-GAAP figures.
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HPMS Segment Revenue Business Trends(\$M)⁽¹⁾

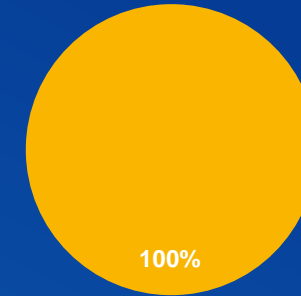
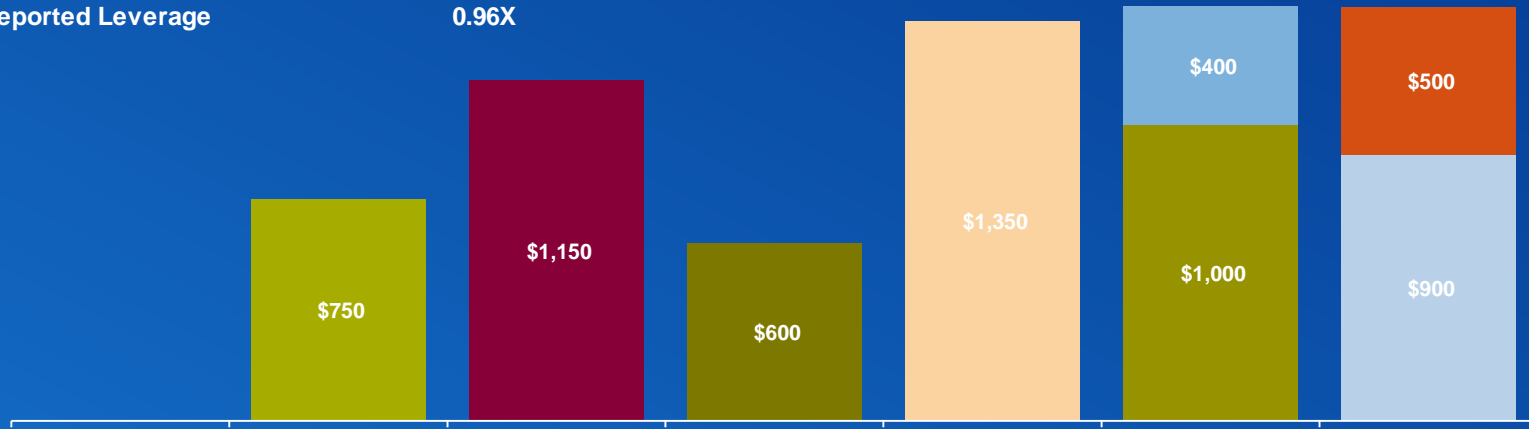


Debt Summary End of 4Q17⁽¹⁾

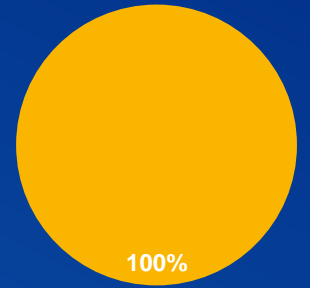
Debt Instrument	Sr. Unsecured Notes	Cash Convertible Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Sr. Unsecured Notes	Revolving Credit Facility
Maturity Date	01-Jun-18	02-Dec-19	15-Jun-20	01-Jun-21	15-Jun-22	01-Sep-22	15-Mar-23	01-Jun-23	07-Dec-20
Amount (M)	\$ 750	\$ 1,150	\$ 600	\$ 1,350	\$ 400	\$ 1,000	\$ 500	\$ 900	\$ -
Coupon	3.75%	1.00%	4.125%	4.125%	4.625%	3.875%	5.75%	4.625%	Libor + 200 bps
Rating									
Moody's	Ba1	Ba2	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	
Standard & Poor's	BBB-	BB+	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-

Total Leverage

Total Debt (\$M)	\$ 6,565
Total Cash (\$M)	\$ 3,547
Net Debt (\$M)	\$ 3,018
TTM Adj. EBITDA	\$ 3,157
Cost of Debt	3.72%
Reported Leverage	0.96X



Fixed

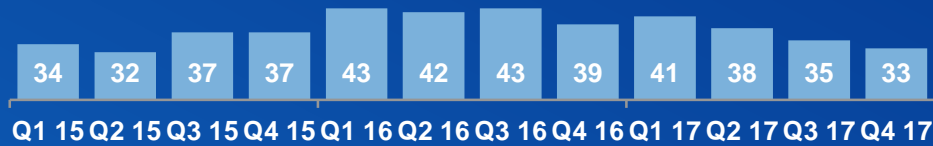


Un Secured

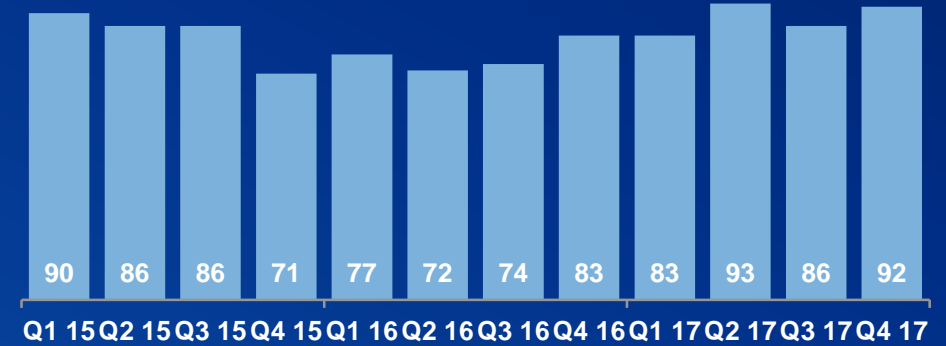
■ '18 Sr. Unsecured Note (3.75%)
 ■ Cash Convertible Note (1%)
 ■ '20 Sr Unsecured Note (4.125%)
 ■ '22 Sr. Unsecured Note (3.875%)
■ '22 Sr Unsecured Note (4.625%)
 ■ '21 Sr Unsecured Note (4.125%)
 ■ '23 Sr. Unsecured Note (4.625%)
 ■ '23 Sr. Unsecured Note (5.75%)

Working Capital Ratios^(1,2,3)

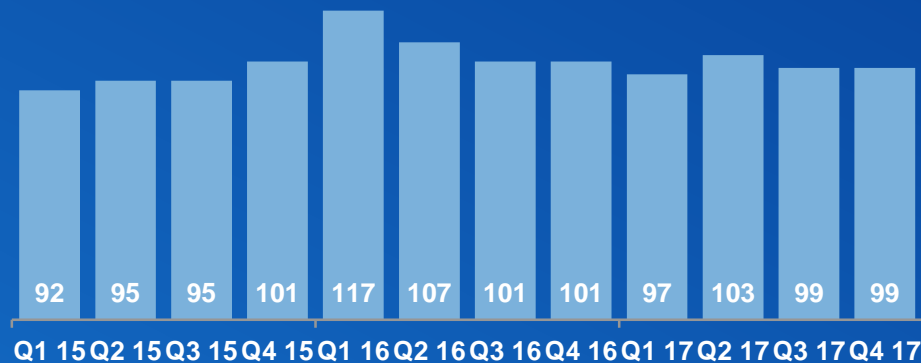
DSO



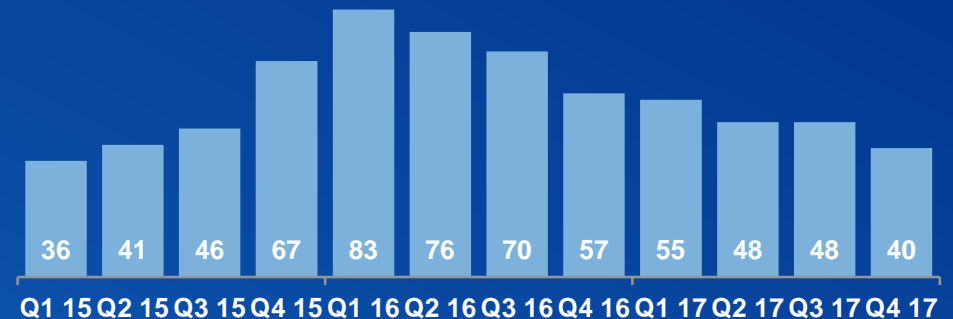
DPO



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:

- 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
- 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
- NXP completed the divestment of its Standard Products segment on Feb 7, 2017.



Quarterly Financial Reconciliation (GAAP to non-GAAP)^(1,2)

(\$ in millions, unless otherwise stated)	Q4 2017	Q3 2017	Q4 2016
Total Revenue	2,456	2,387	2,440
GAAP Gross Profit	1,242	1,215	1,189
Gross profit adjustments	(89)	(68)	(59)
Non - GAAP Gross Profit	1,331	1,283	1,248
GAAP Gross Margin	50.6%	50.9%	48.7%
Non-GAAP Gross Margin	54.2%	53.7%	51.1%
GAAP Operating income (loss)	210	163	173
Operating income adjustments	(553)	(572)	(542)
Non - GAAP Operating income (loss)	763	735	715
GAAP Operating Margin	8.6%	6.8%	7.1%
Non-GAAP Operating Margin	31.1%	30.8%	29.3%
GAAP Financial income (expense)	(79)	(76)	(96)
Financial income adjustments	(24)	(19)	(17)
Non - GAAP Financial income (expense)	(55)	(57)	(79)

Other Information

- PPA effects: (\$431M);
- Stock-based compensation: (\$78M);
- Merger-related costs: (\$32M);
- Other incidentals: (\$12M);
- Non-cash interest expense on convertible notes: (\$10M);
- Foreign exchange loss: (\$4M);
- Other financial expense: (\$11M).

Note:

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Quarterly Cash Flow Overview (\$M)^(1,2)

	Q4 2017	Q3 2017	Q4 2016
Net cash provided by (used for) operating activities	738	643	737
Net cash provided by (used for) investing activities	(135)	(163)	(157)
Net cash provided by (used for) financing activities	(123)	(59)	(246)
Effects of changes in exchange rates on cash position	2	2	(9)
Increase (decrease) in cash and cash equivalents	482	423	325
Cash and cash equivalents at beginning of the period	3,065	2,642	1,569
Cash and cash equivalents at end of period	3,547	3,065	1,894
Net cash provided by (used for) operating activities	738	643	737
Net capital expenditures on property, plant and equipment	(132)	(161)	(131)
Non-GAAP free cash flow	606	482	606
Non-GAAP free cash flow as a percentage of Revenue	25%	20%	25%

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Quarterly Adjusted EBITDA (\$M)^(1,2)

	Q4 2017	Q3 2017	Q4 2016
Net income (loss)	768	123	537
Reconciling items to EBITDA			
Financial (income) expense	79	76	96
(Benefit) provision for income taxes	(629)	(30)	(456)
Depreciation	145	157	149
Amortization	397	380	381
EBITDA	760	706	707
Results of equity-accounted investees	(8)	(6)	(4)
Restructuring ¹		7	5
Stock-based compensation	78	68	82
Merger-related costs	32	42	37
Other incidental items ¹	12	29	6
Adjusted EBITDA	874	846	833
Trailing 12-month Adjusted EBITDA	3,157	3,116	2,981
1. Excluding depreciation PP&E , amortization of software related to restructuring and Other incidental items	-	-	(15)

Note:

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. NXP completed the divestment of its Standard Products segment on Feb 7, 2017.

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 low-angle photograph of a modern glass skyscraper, tinted in a dark blue color. The building's grid of windows is visible. On the right side, a sign on the building's facade displays the 'NXP' logo in a lighter blue color.

NXP