



NXP Semiconductors

Investor Presentation | February 2015

SECURE CONNECTIONS
FOR A SMARTER WORLD



Forward Looking Statement

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.

Focused on Profitable Growth from Smarter World Opportunity

Our innovative solutions are used in a wide range of applications

Connected Car



- Car entertainment
- In-vehicle networking
- Secure car access
- Secure V2X Comm.
- Radar

Security



- Mobile transactions
- E-Government
- Smart bank cards
- User authentication
- Embedded security

Portable and Wearable



- Mobile audio
- High-speed Interfaces
- Gaming
- Personal health & fitness
- Healthcare

Internet of Things



- Smart home and buildings
- Smart cities - smart grid
- M2M - Industry 4.0
- Intelligent logistics

We Provide Secure Connections for a Smarter World



- Enhanced security
- Mesh connectivity
- Sensors
- Smart LED lighting
- Gateway & cyber security
- Access



- Car entertainment
- In-vehicle networking
- Car access
- Car2X and Radar



- Secure bank cards
- Mobile transactions
- Loyalty- reward
- RFID tags - labels
- Supply chain monitoring
- NFC readers



- e-passport
- Smart eID
- Health card



- Contactless transport card
- Access solutions
- Micro-payments



NXP Value Proposition



Multiple High Growth Markets + RMS of at Least 1.5x
→ Profitable Growth



Operational Excellence + Benchmark Cost Structure
→ Strong Cash Generation

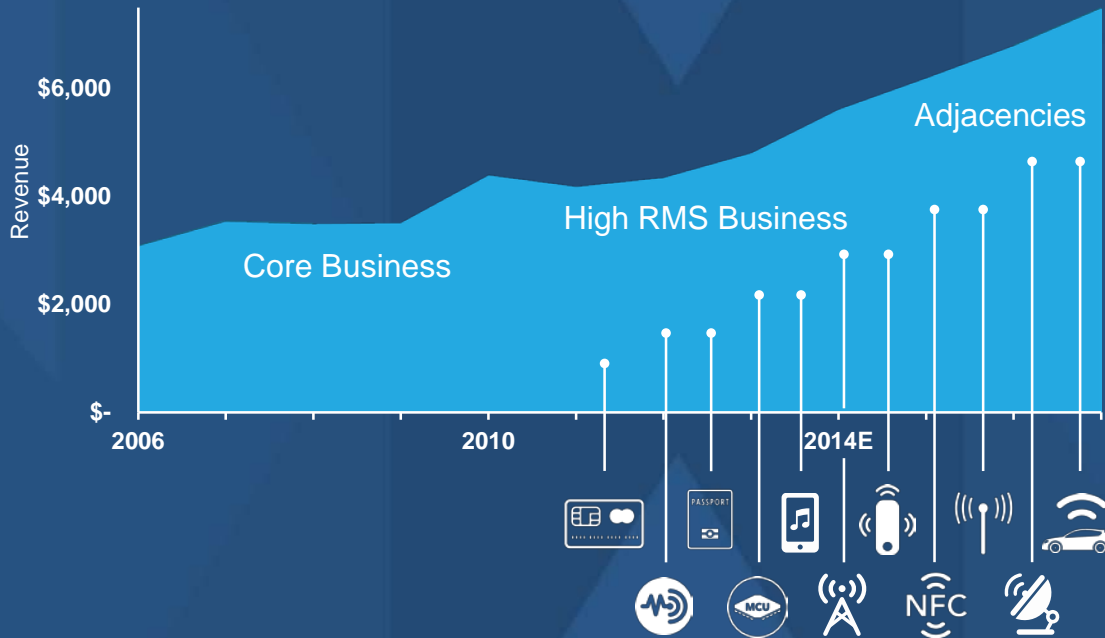


Industry Leading Management Team and People
→ Customer-Focused Passion to WIN



MAXIMIZE SHAREHOLDER VALUE

Growth Driven by High RMS Businesses and Adjacent Markets



Focused on

- High growth markets
- Deliver unique NXP capabilities
- Driving operating margin
- Optimized capital structure

Broad sustainable leadership as we

- Invest in Core & High RMS business'
- Thought leadership in Adjacent markets
- NXP positioned to outperform peers

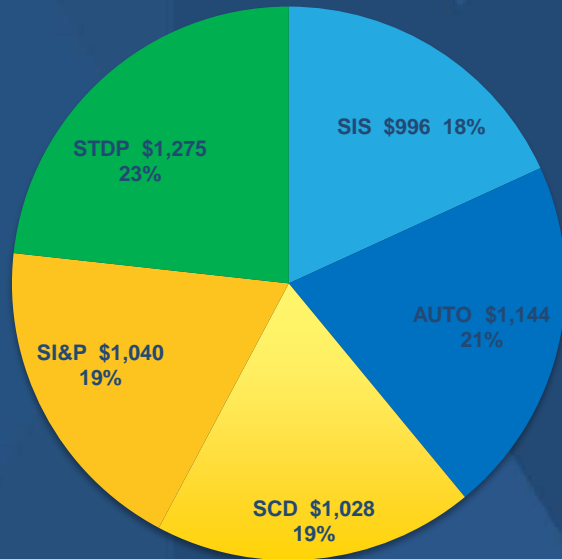
Note:

1. GM, EBIT, EPS, Interest Expense, Free Cash Flow (FCF), Leverage, Adj. EBITDA are all non-GAAP figures
2. Based on normalized NXP revenue growth, versus normalized, aggregate HPMS Peer revenue

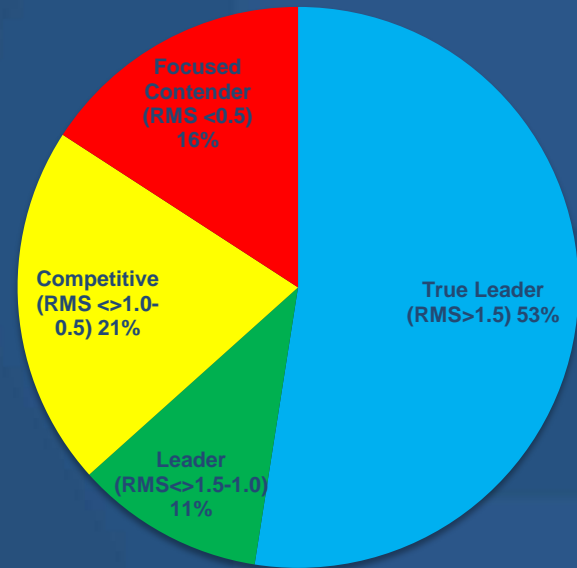
Revenue Contribution and Relative Market Share (RMS)

2014 Product Revenue = \$5.5B, up 17% Y-Y⁽¹⁾

Business Line Contribution⁽¹⁾ (\$M)



Overall Relative Market Share (RMS)



Note:

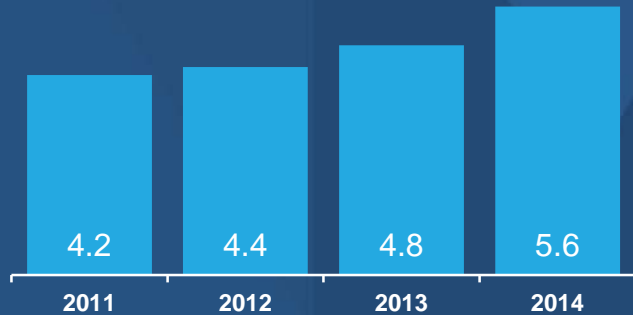
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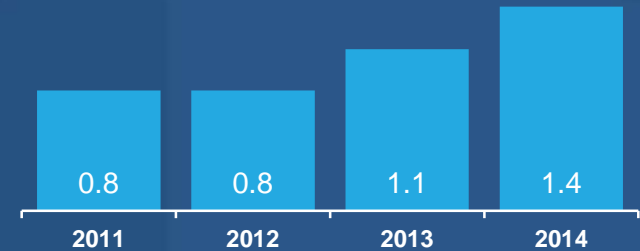


Driving Profitable Growth in Excess of Addressable Market

Revenue Up 10% 3-yr. CAGR (\$B)¹



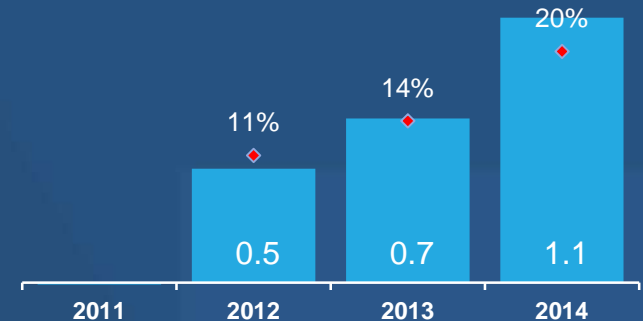
EBIT¹ Profit up 19% 3-yr. CAGR (\$B)



EPS¹ up 38% 3-yr. CAGR



Strong FCF (\$B) and FCF Margin (%)¹



Note:

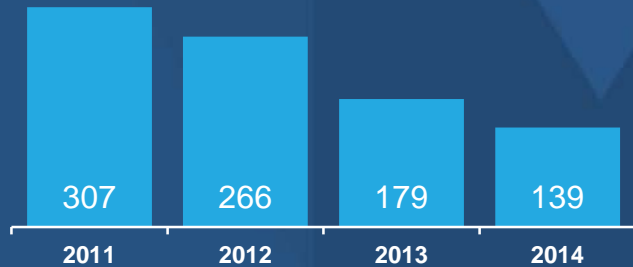
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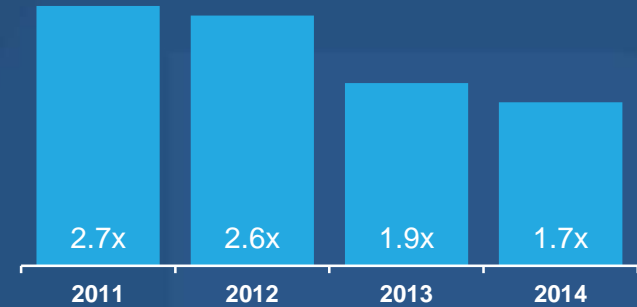


Focused on Generating Cash

Cash Interest Expense Declined 23% 3-yr. CAGR (\$M)¹



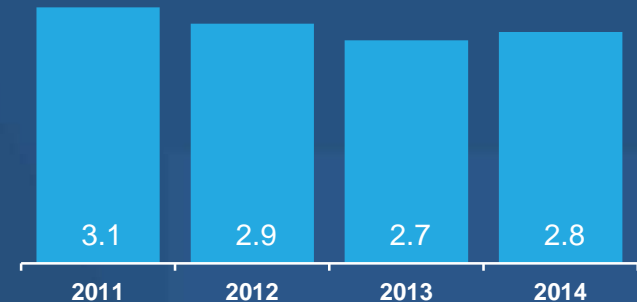
Lower Leverage



Higher Interest Coverage¹



Lower Net Debt (\$B)¹



Note:

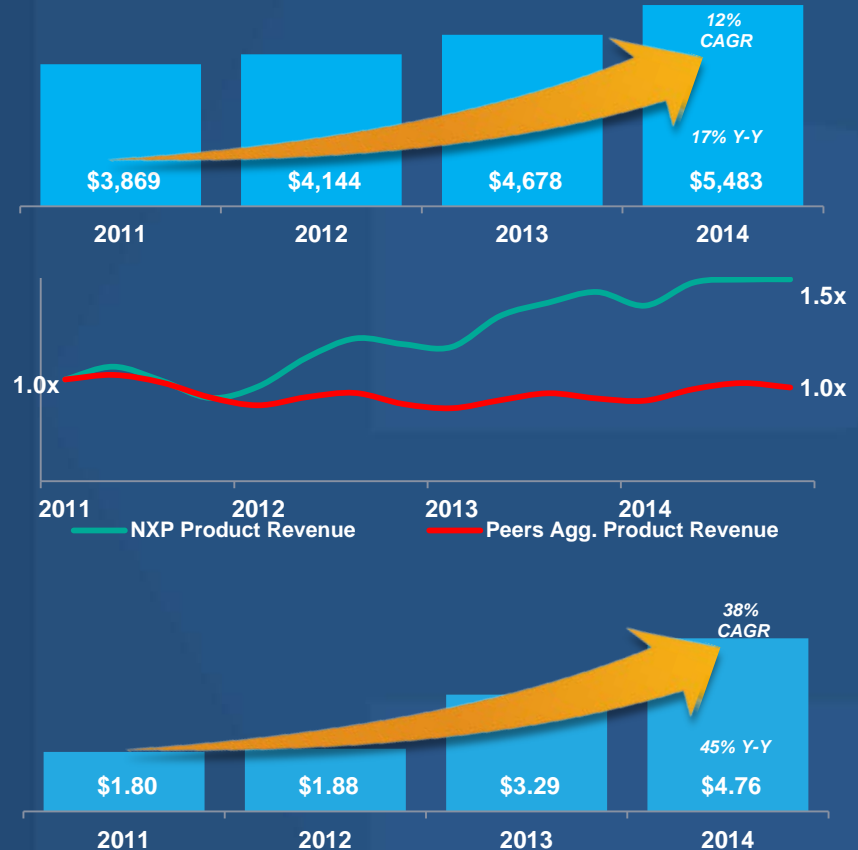
1. GM, EBIT, EPS, Interest Expense, Free Cash Flow (FCF), Leverage, Adj. EBITDA are all non-GAAP figures

Results Reflect Execution to Strategic Plan

Strong Product Revenue Growth Driven by Company Specific Design Opportunities

Leading to Consistent Revenue Growth in Excess of Peers ^(1,2)

World-class Earnings Growth Driven by Revenue Growth, Improving Margin and Reduced Leverage



Note

(1)

Market size, historic and future growth rates based on NXP CMI internal research of applicable peers; all growth rates are 3-year CAGR;

(2)

Peer Index based on aggregate revenue of HPMS and STDP Peers

Our Financial Model¹

	HPMS	STDP	NXP
GM %	53% - 56%	30% - 33%	47% - 50%
R&D %	15% - 16%	4% - 5%	13% - 14%
SG&A %	11% - 12%	9% - 10%	9% - 11%
EBIT %	26% - 29%	15% - 20%	23% - 27%

- Continued priority is HPMS:
 - Diverse customer base with multiple expanding opportunities
 - A strong gross and operating profit profile
 - EBIT margin which has expanded to 28% from 21%
 - Faster HPMS growth will continue to have a positive mix effect at the corporate level
- STDP is a great operational business

Note:

1. GM, EBIT, EPS, Interest Expense, Free Cash Flow (FCF), Leverage, Adj. EBITDA are all non-GAAP figures

Leveraging Secular Trends and Unique Capabilities

Secular Trends and Demands Driving Growth

- Security
- Connectivity
- Mobility
- Energy efficiency

Characteristics of HPMS Focused Markets

- Large markets with long life cycles
- Growth in excess of overall market
- Broad and diverse customer base
- High barrier to entry
- Sticky customer relationships

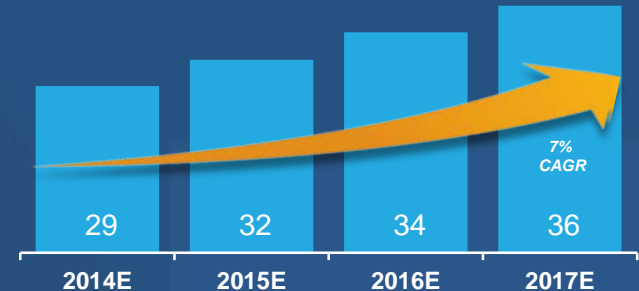
NXP Competitive Advantages

- Strong IP and patent portfolio position
- Broad mixed signal product portfolio
- Differentiated process technology
- Acknowledged leader in cryptography; low-power RF; high-speed interface and mixed - signal MCU system design

Addressable Market Growth (\$B)¹



Potential Future Market Growth (\$B)¹



Source:

(1) Market size, historic and future growth rates based on NXP CMI internal research of applicable peers; all growth rates are 3-year CAGR;

Secure Identification Solutions (SIS)

18% Product Revenue in 2014

Secular Trends Driving Growth

- Digitization of government documents
- Global roll-out of chip-based bank cards
- Unified transit and retail payment platforms
- Authentication of products & people

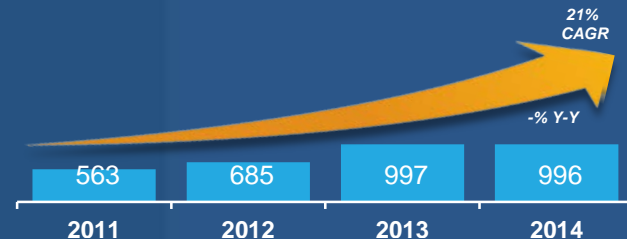
Products

- SmartMX secure microcontroller
- Secure Java-card operating system
- Zero and low-power RF interfaces
- MiFare ticketing and access solutions
- Low-power RFID tagging solutions

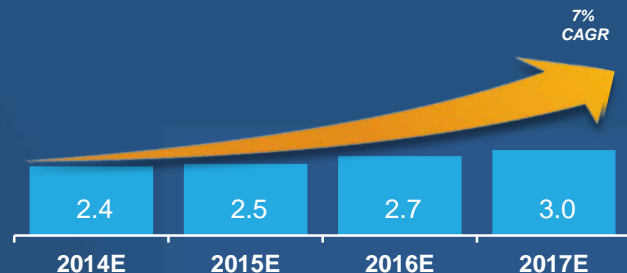
Market Position

- #1 eGovernment documents
- #1 Chip-based banking cards
- #1 Transit system products
- #1 RFID tags and labels

SIS Group Growth (\$M)¹



Potential Future SIS Market Growth (\$B)¹



Source:

(1) Market size, historic and future growth rates based on NXP CMI internal research of applicable peers; all growth rates are 3-year CAGR;

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Secure Connected Devices (SCD)

19% Product Revenue in 2014

Secular Trends Driving Growth

- Demand for contactless mobile payments
- Adoption of contactless payment infrastructure
- Demand for improved mobile audio
- Market shift toward 32-bit ARM MCU
- Secure monitoring & control solutions for IoT

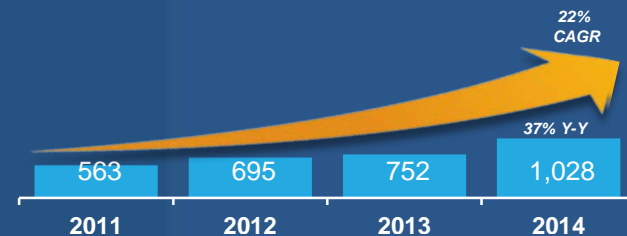
Products

- Complete mobile transaction solutions
- Point of sales infrastructure solutions
- 32-bit ARM MCU solutions
- DSP-based mobile audio solutions
- Emerging business in monitoring & control

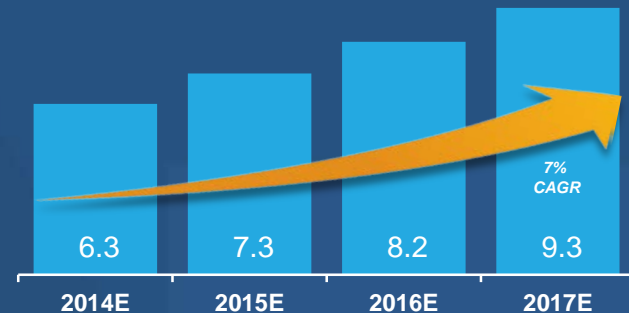
Market Position

- #1 Mobile transactions solutions
- #1 POS infrastructure solutions
- Top-five supplier of 32-bit ARM MCU

SCD Group Growth (\$M)¹



Potential Future SCD Market Growth (\$B)¹



Source:

(1) Market size, historic and future growth rates based on NXP CMI internal research of applicable peers; all growth rates are 3-year CAGR;

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Secure Interface & Power (SI&P)

19% Product Revenue in 2014

Secular Trends Driving Growth

- Increased cellular data consumption
- High performance interface (USB Type C)
- Adoption of energy efficient lighting
- Low-Power RF- Connectivity (“IoT”)
- Increased demand for mobile charging

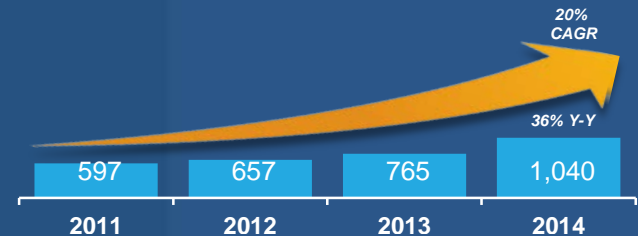
Products

- High performance RF power amplifiers (HPRF)
- High speed interfaces combining data & power
- Small signal RF LNA and RF discrete
- AD/DC power controllers and regulators
- LED lighting drivers
- IoT ultra-low power RF-connectivity (Zigbee)

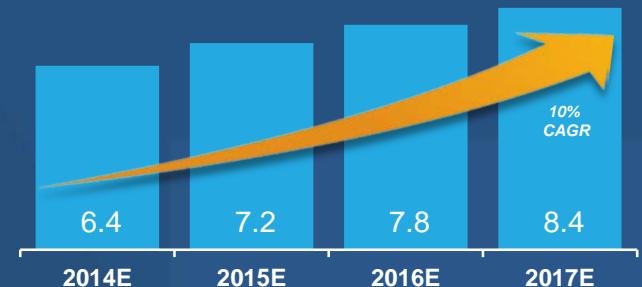
Market Position

- #1 LED lighting drivers
- #1 Small-signal RF
- #2 HPRF power amplifiers
- #3 Small signal (mobile FEM)

SI&P Group Growth (\$M)¹



Potential Future SI&P Market Growth (\$B)¹



Source:

(1) Market size, historic and future growth rates based on NXP CMI internal research of applicable peers; all growth rates are 3-year CAGR;

Automotive

21% Product Revenue in 2014

Secular Trends Driving Growth

- Secure connected car
- Demand for increased safety (ADAS)
- Adoption of global digital broadcast
- Increased data-flow throughout the car
- Increased intelligence to key
- Complexity and long-life cycle demands

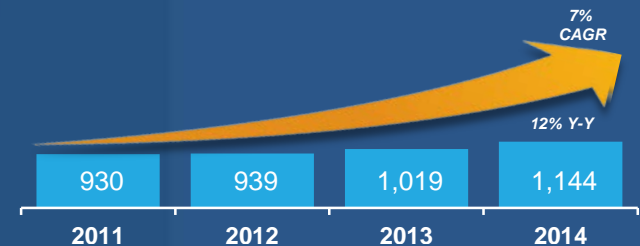
Products

- Broad range of auto entertainment solutions
- CAN, LIN, FlexRay and Ethernet PHY
- RF passive keyless and proximity entry
- ABS, angular and temperature sensors
- V2X and CMOS Radar communication systems

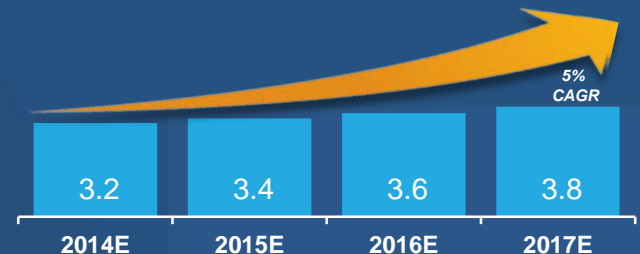
Market Position

- #1 Auto infotainment systems
- #1 In-vehicle networking
- #1 Auto access - immobilizers
- #3 Magnetic sensors

Automotive Group Growth (\$M)¹



Potential Future Market Growth (\$B)¹



Source:

(1) Market size, historic and future growth rates based on NXP CMI internal research of applicable peers; all growth rates are 3-year CAGR;

Standard Products

23% Product Revenue in 2014

Benefits to Customers of Standard Products

- Operational Scale:
 - 70B units/yr. manufactured
- Customer Reach
 - #2 supplier in WW distribution
- Quality:
 - Automotive qualified

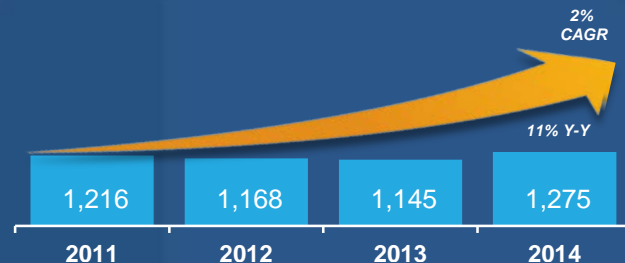
Products

- General purpose logic (“GPL”)
- Small signal transistor & diode discretes
- Signal conditioning and protection
- Low-voltage power MOSFET

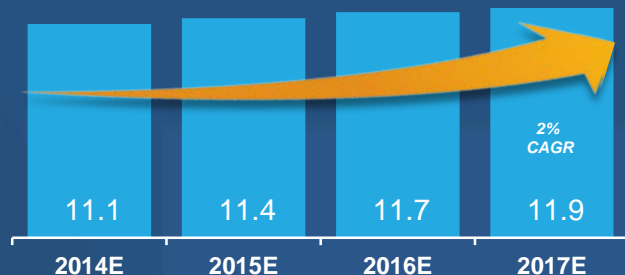
Market Position

- #1 Standard products (overall)
- #1 Small signal discrete
- #2 General purpose logic
- #2 Signal conditioning

Addressable Market Growth (\$M)¹



Potential Future Market Growth (\$B)¹



Source:

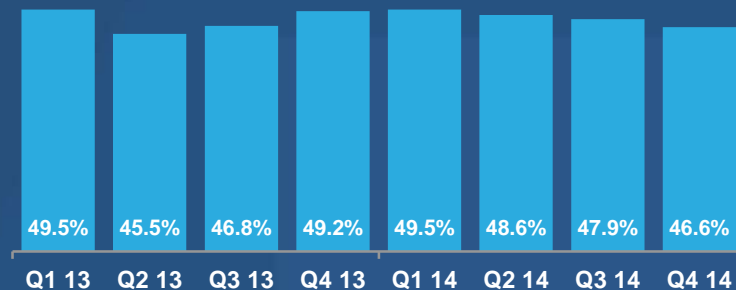
(1) Market size, historic and future growth rates based on NXP CMI internal research of applicable peers; all growth rates are 3-year CAGR;

Recent Quarterly Business Trends

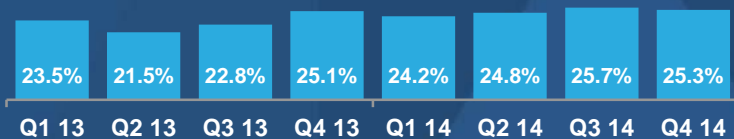
Revenue (\$M)



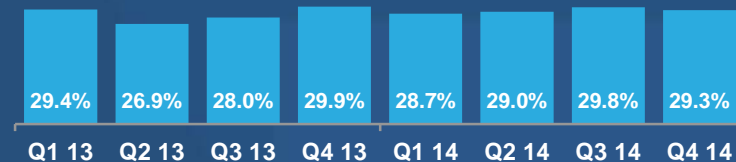
Non-GAAP Gross Margin



Non-GAAP Operating Margin

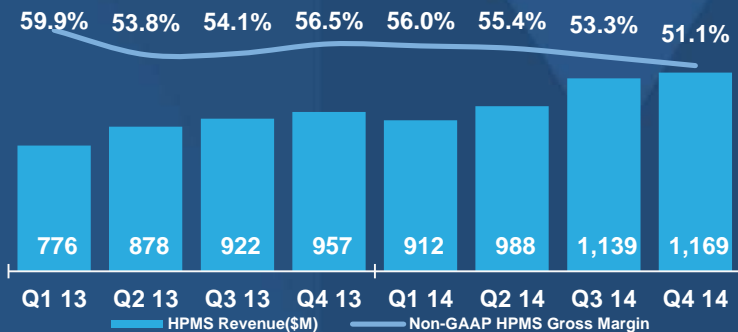


Adj. EBITDA Margin

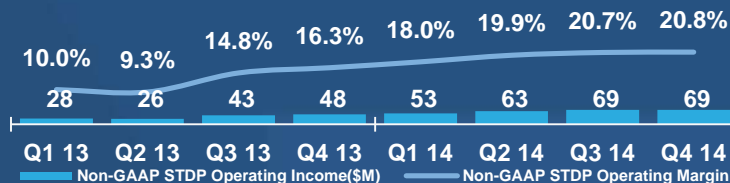
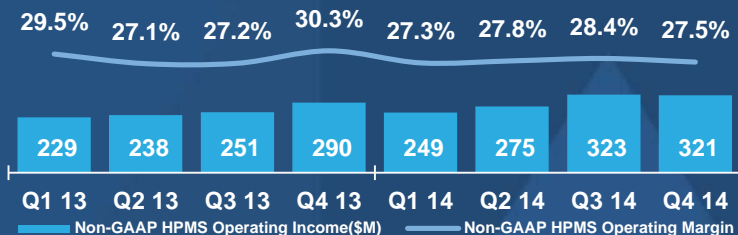
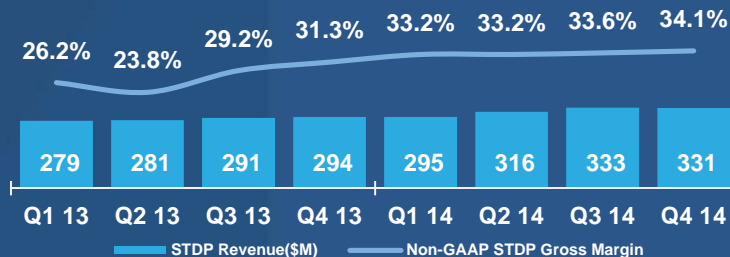


Business Segment Revenue and Non-GAAP Margin Trends

HPMS Segment

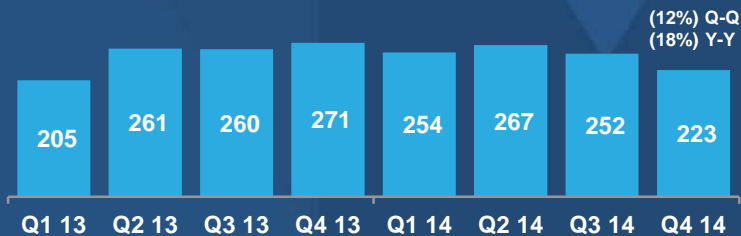


Standard Product Segment



HPMS Segment Revenue Business Trends(\$M)

Secure Identification Solutions



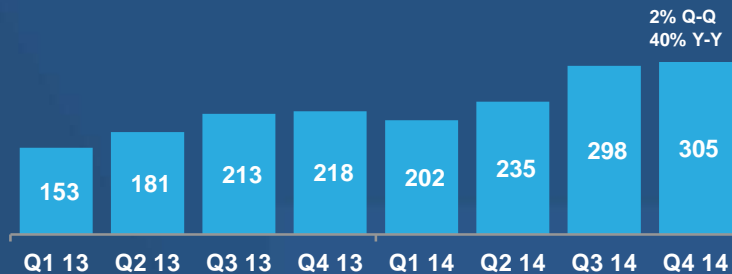
Automotive



Secure Connected Devices



Secure Interface & Power



Quarterly Revenue and Operating Income

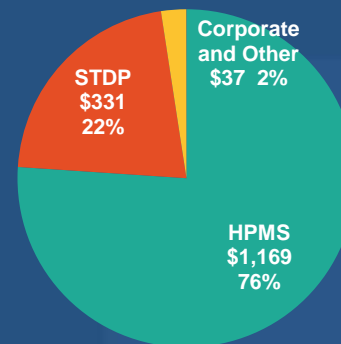
GAAP Financial Summary

(\$ in millions)	Q4 2014	Q3 2014	Q4 2013	Q-Q	Y-Y
Product Revenue	1,500	1,472	1,251	28	249
All Other	<u>37</u>	<u>43</u>	<u>42</u>	<u>(6)</u>	<u>(5)</u>
Total Revenue	1,537	1,515	1,293	22	244
Gross Profit	704	713	589	(9)	115
Percent of total revenue	45.8%	47.1%	45.6%	(1.3pts)	0.2pts
Operating income	310	307	198	3	112
Percent of total revenue	20.2%	20.3%	15.3%	(0.1pts)	4.9pts

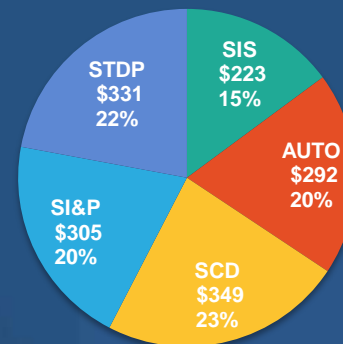
Non-GAAP Financial Summary

(\$ in millions)	Q4 2014	Q3 2014	Q4 2013	Q-Q	Y-Y
Gross Profit	716	725	636	(9)	80
Percent of total revenue	46.6%	47.9%	49.2%	(1.3pts)	(2.6pts)
Operating income	389	390	324	(1)	65
Percent of total revenue	25.3%	25.7%	25.1%	(0.4pts)	0.3pts

Quarterly Segment Revenue (\$M):



Quarterly Product Revenue (% of Product Revenue):



Business Segment Performance

GAAP Financial Summary

HPMS (\$ in millions)	Q4 2014	Q3 2014	Q4 2013	Q-Q	Y-Y
Revenue	1,169	1,139	957	30	212
Gross Profit	595	605	523	(10)	72
Gross Margin	50.9%	53.1%	54.6%	(2.2pts)	(3.7pts)
Operating income	277	274	227	3	50
Operating Margin	23.7%	24.1%	23.7%	(0.4pts)	-

STDP (\$ in millions)	Q4 2014	Q3 2014	Q4 2013	Q-Q	Y-Y
Revenue	331	333	294	(2)	37
Gross Profit	103	103	66	-	37
Gross Margin	31.1%	30.9%	22.4%	0.2pts	8.7pts
Operating income	41	38	2	3	39
Operating Margin	12.4%	11.4%	0.7%	1pts	11.7pts

Non-GAAP Financial Summary

HPMS (\$ in millions)	Q4 2014	Q3 2014	Q4 2013	Q-Q	Y-Y
Gross Profit	597	607	541	(10)	56
Gross Margin	51.1%	53.3%	56.5%	(2.2pts)	(5.4pts)
Operating income	321	323	290	(2)	31
Operating Margin	27.5%	28.4%	30.3%	(0.9pts)	(2.8pts)

STDP (\$ in millions)	Q4 2014	Q3 2014	Q4 2013	Q-Q	Y-Y
Gross Profit	113	112	92	1	21
Gross Margin	34.1	33.6%	31.3%	0.5pts	2.8pts
Operating income	69	69	48	-	21
Operating Margin	20.8%	20.7%	16.3%	0.1pts	4.5pts

2014 Annual Revenue and Operating Income

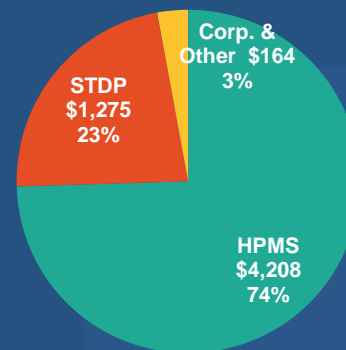
GAAP Financial Summary

(\$ in millions)	2014	2013	Y-Y
Product Revenue	5,483	4,678	17.2%
All Other	<u>164</u>	<u>137</u>	<u>19.7%</u>
Total Revenue	5,647	4,815	17.3%
Gross Profit	2,640	2,177	21.3%
Percent of total revenue	46.8%	45.2%	1.6pts
Operating income	1,049	651	61.1%
Percent of total revenue	18.6%	13.5%	5.1pts

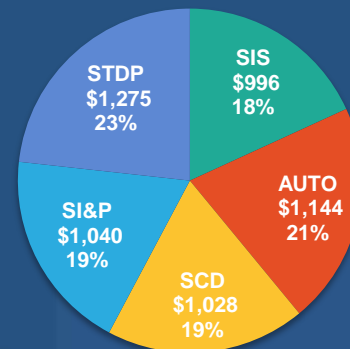
Non-GAAP Financial Summary

(\$ in millions)	2014	2013	Y-Y
Gross Profit	2,713	2,298	18.1%
Percent of total revenue	48.0%	47.7%	0.3pts
Operating income	1,414	1,120	26.3%
Percent of total revenue	25.0%	23.3%	1.7pts

Annual Segment Revenue:



Annual Product Revenue (% of Product Revenue):



2014 Annual Business Segment Performance

GAAP Financial Summary

HPMS (\$ in millions)	2014	2013	Y-Y
Revenue	4,208	3,533	675
Gross Profit	2,253	1,905	348
Gross Margin	53.5%	53.9%	(0.4pts)
Operating income	983	712	271
Operating Margin	23.4%	20.2%	3.2pts

STDP (\$ in millions)	2014	2013	Y-Y
Revenue	1,275	1,145	130
Gross Profit	382	285	97
Gross Margin	30.0%	24.9%	5.1pts
Operating income	120	39	81
Operating Margin	9.4%	3.4%	6.0pts

Non-GAAP Financial Summary

HPMS (\$ in millions)	2014	2013	Y-Y
Gross Profit	2,262	1,977	285
Gross Margin	53.8%	56.0%	(2.2pts)
Operating income	1,168	1,008	160
Operating Margin	27.8%	28.5%	(0.7pts)

STDP (\$ in millions)	2014	2013	Y-Y
Gross Profit	428	317	111
Gross Margin	33.6%	27.7%	5.9pts
Operating income	254	145	109
Operating Margin	19.9%	12.7%	7.2pts

Annual HPMS Revenue Business Trends(\$M)

Secure Identification Solutions



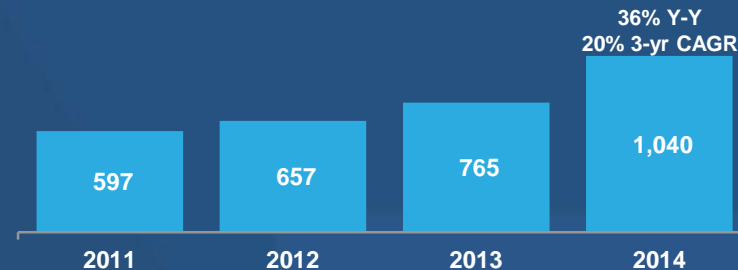
Automotive



Secure Connected Devices



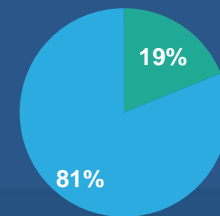
Secure Interface & Power



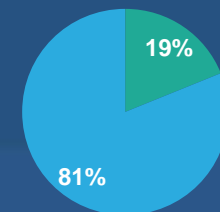
Debt Summary

Debt Instrument	Sr. Unsecured Notes	Term Loan E	Sr. Unsecured Notes	Cash Convertible Notes	Term Loan D	Sr. Unsecured Notes	Sr. Unsecured Notes	Revolving Credit Facility
Issue Date	24-Sep-13	04-Mar-14	20-May-13	01-Dec-14	10-Dec-13	14-Feb-13	12-Mar-13	27-Apr-12
Maturity Date	15-Sep-16	04-Mar-17	01-Jun-18	02-Dec-19	11-Jan-20	15-Feb-21	15-Mar-23	01-Mar-17
Outstanding Amount (M)	\$ 500	\$ 396	\$ 750	\$ 1,150	\$ 395	\$ 500	\$ 500	\$ -
Coupon	3.50%	Libor + 200 bps	3.75%	1.00%	Libor + 250 bps	5.75%	5.75%	Libor + 200 bps
Floor	NA	75 bps	NA	NA	75 bps	NA	NA	
Next Call	NC-Life	6mo. soft call	NC-Life	NC-Life	N/A	15-Feb-17	15-Mar-18	
Price		101			101	103	103	
Future Call Price	NC-Life	N/A	NC-Life	NC-Life	N/A	15-Feb-18 101	15-Mar-19 102	
Rating								
Moody's	B1	Ba2	B1	B1	Ba2	B1	B1	
Standard & Poor's	BB-	BB+	BB-	BB-	BB+	BB-	BB-	BBB-

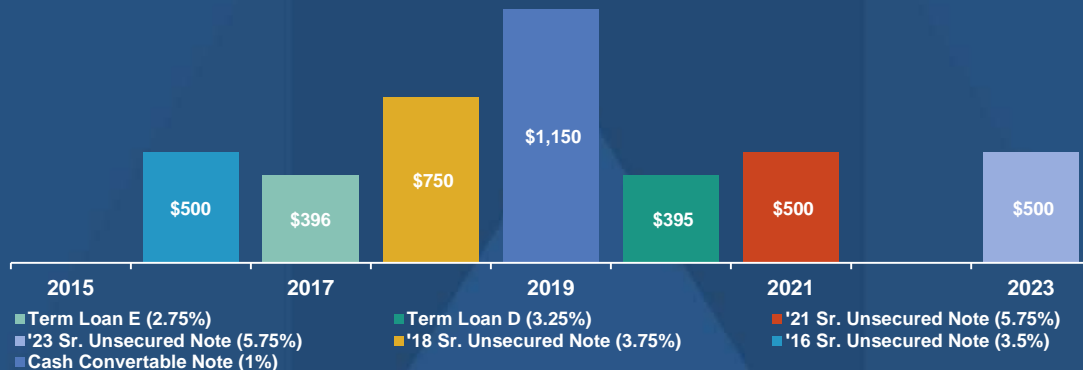
Total Leverage	
Total Debt (\$M)	\$ 3,999
Total Cash (\$M)	\$ 1,185
Net Debt (\$M)	\$ 2,814
TTM Adj. EBITDA	\$ 1,650
Net Debt / Adj. EBITDA	1.7X
Cost of Debt	3.30%



■ Float ■ Fixed



■ Secured ■ Unsecured

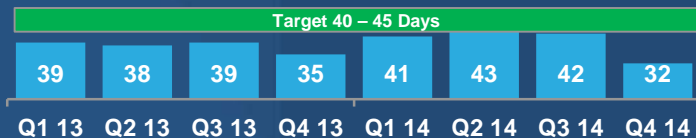


Return of Capital to Shareholders Through Active Repurchase

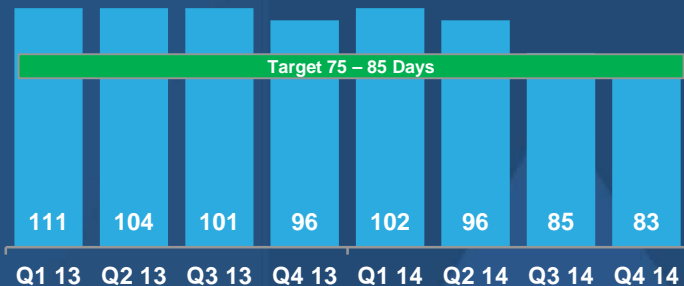


Working Capital Ratios

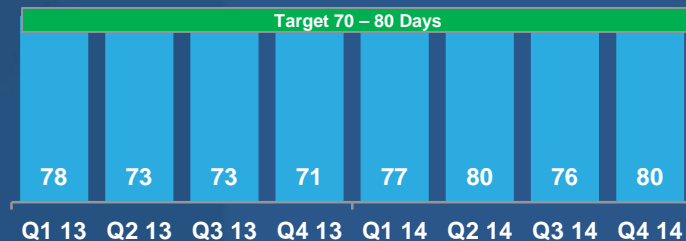
DSO



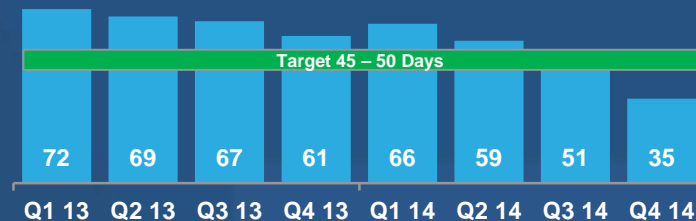
DIO



DPO



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

Guidance for the First Quarter of 2015⁽¹⁾

	Guidance Range		
	Low	Mid	High
Product Revenue	\$ 1,410	\$ 1,437	\$ 1,470
Q-Q	-6%	-4%	-2%
Other Revenue	\$ 35	\$ 35	\$ 35
Total Revenue	\$ 1,445	\$ 1,472	\$ 1,505
Q-Q	-6%	-4%	-2%
Non-GAAP Gross Profit	\$ 688	\$ 702	\$ 717
Non-GAAP Gross Margin	48%	48%	48%
Non-GAAP Operating Income	\$ 361	\$ 373	\$ 385
Non-GAAP Operating Margin	25%	25%	26%
Interest Expense	\$ (36)	\$ (36)	\$ (36)
Cash Taxes	\$ (6)	\$ (6)	\$ (6)
Non-controlling Interest	\$ (16)	\$ (16)	\$ (16)
Non-GAAP Net Income	\$ 303	\$ 315	\$ 327
Ave. Diluted Shares	243	243	243
Non - GAAP EPS	\$ 1.25	\$ 1.30	\$ 1.35

Product Revenue trends on a sequential percentage point basis at the mid-point of 1Q15 guidance are expected to trend as:

1. Secure Identification Solutions is expected to be flat to slightly down in the low single digit range;
2. Automotive is expected to be up low single digit;
3. Secure Connected Devices is expected to be down in the mid-to-upper teens range;
4. Secure Interfaces and Power is expected to be flat to slightly down in the low single digit range;
5. Standard Products is expected to be down in the low single digit range.

Note (1): NXP has based the guidance included in our earnings press release issued on February 6, 2015 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 earnings press release. 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 provided in our earnings press release issued on February 6, 2015. In relation to the use of non-GAAP financial information see the note regarding "Use of Non-GAAP Financial Information" included in our earnings press release issued on February 6, 2015. 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 in our earnings press release issued on February 6, 2015, to reflect future events or circumstances. Considering the uncertain magnitude and variability of the foreign exchange consequences upon "PPA effects", "restructuring costs", "other incidental items" and any interest expense or taxes in future periods, management believes that GAAP financial measures are not available for NXP without unreasonable efforts on a forward looking basis

Quarterly Financial Reconciliation (GAAP to non-GAAP)

(\$ in millions, unless otherwise stated)	Q4 2014	Q3 2014	Q4 2013
Total Revenue	1,537	1,515	1,293
GAAP Gross Profit	704	713	589
Gross profit adjustments	(12)	(12)	(47)
Non - GAAP Gross Profit	716	725	636
GAAP Gross Margin	45.8%	47.1%	45.6%
Non-GAAP Gross Margin	46.6%	47.9%	49.2%
GAAP Operating income (loss)	310	307	198
Operating income adjustments	(79)	(83)	(126)
Non - GAAP Operating income (loss)	389	390	324
GAAP Operating Margin	20.2%	20.3%	15.3%
Non-GAAP Operating Margin	25.3%	25.7%	25.1%
GAAP Financial income (expense)	(137)	(168)	(79)
Financial income adjustments	(100)	(134)	(40)
Non - GAAP Financial income (expense)	(37)	(34)	(39)
GAAP Income tax benefit (provision)	(9)	(4)	(10)
Other Adjustments	(2)	1	3
Non - GAAP Cash tax (expense)⁽¹⁾	(7)	(5)	(13)
GAAP Net income (loss) attributable to shareholders	149	121	96
Net income (loss) adjustments	(178)	(213)	(157)
Non - GAAP Net income (loss) attributable to shareholders	327 ⁽²⁾	334	253
GAAP Diluted net income (loss) per share attributable to shareholders	0.61	0.49	0.37
Non - GAAP Diluted net income (loss) per share attributable to shareholders	1.35	1.35	0.99

1. Cash income taxes paid during the period
2. Includes:
 - PPA effects: (\$34M);
 - Restructuring: (\$12M) ;
 - Stock-based compensation: (\$34M);
 - Other incidentals: \$1M;
 - Non-cash interest expense on convertible Notes (\$3M);
 - Foreign exchange loss on debt: (\$91M) ;
 - Changes in fair value of warrant liability: (\$2M)
 - Other financial expense: (\$4M);
 - Results relating to equity-accounted investees: \$3M;
 - Difference between book and cash income taxes: (\$2M).

Quarterly Cash Flow Overview (\$M)

	Q4 2014	Q3 2014	Q4 2013
Net cash provided by (used for) operating activities	556	397	314
Net cash provided by (used for) investing activities	(132)	(90)	(75)
Net cash provided by (used for) financing activities	173	(371)	(511)
Effects of changes in exchange rates on cash position	(6)	(3)	1
Increase (decrease) in cash and cash equivalents	591	(67)	(271)
Cash and cash equivalents at beginning of the period	594	661	941
Cash and cash equivalents at end of period	1,185	594	670
Net cash provided by (used for) operating activities	556	397	314
Net capital expenditures on property, plant and equipment	(105)	(81)	(70)
Non-GAAP free cash flow	451	316	244
Non-GAAP free cash flow as a percentage of Revenue	29%	21%	19%

Quarterly Adjusted EBITDA (\$M)

	Q4 2014	Q3 2014	Q4 2013
Net income (loss)	167	138	115
Reconciling items to EBITDA			
Financial (income) expense	137	168	79
(Benefit) provision for income taxes	9	4	10
Depreciation	58	55	61
Amortization	39	48	52
EBITDA	410	413	317
Results of equity-accounted investees	(3)	(3)	(6)
Restructuring ¹	11	6	21
Stock-based compensation	34	34	31
Other incidental items ¹	(1)	1	24
Adjusted EBITDA	451	451	387
Trailing 12-month Adjusted EBITDA	1,650	1,586	1,376
1. Excluding depreciation PP&E and amortization of software related to			
Restructuring	1	-	2
Other incidental items	-	-	1

2014 Annual Financial Reconciliation (GAAP to non-GAAP)

(\$ in millions, unless otherwise stated)	2014	2013
Total Revenue	5,647	4,815
GAAP Gross Profit	2,640	2,177
Gross profit adjustments	(73)	(121)
Non - GAAP Gross Profit	2,713	2,298
GAAP Gross Margin	46.8%	45.2%
Non-GAAP Gross Margin	48.0%	47.7%
GAAP Operating income (loss)	1,049	651
Operating income adjustments	(365)	(469)
Non - GAAP Operating income (loss)	1,414	1,120
GAAP Operating Margin	18.6%	13.5%
Non-GAAP Operating Margin	25.0%	23.3%
GAAP Financial income (expense)	(410)	(274)
Financial income adjustments	(271)	(95)
Non - GAAP Financial income (expense)	(139)	(179)
GAAP Income tax benefit (expense)	(40)	(20)
Adjustments	(16)	14
Non - GAAP Cash tax (expense)⁽¹⁾	(24)	(34)
GAAP Net income (loss) attributable to shareholders	539	348
Net income (loss) adjustments	(644) ⁽²⁾	(492)
Non - GAAP Net income (loss) attributable to shareholders	1,183	840
GAAP Diluted net income (loss) per share attributable to shareholders	2.17	1.36
Non - GAAP Diluted net income (loss) per share attributable to shareholders	4.76	3.29

1. Cash income taxes paid during the period
2. Includes:
 - PPA effects: (\$167M);
 - Restructuring: (\$57M);
 - Stock based compensation: (\$133M);
 - Other incidentals: (\$8M);
 - Non-cash interest on convertible Notes: (\$3M)
 - Foreign exchange gain (loss) on debt: (\$246M);
 - Loss on extinguishment of LT debt: (\$3M)
 - Changes in fair value of warrant liability: (\$2M)
 - Other financial expense: (\$17M);
 - Results relating to equity-accounted investees: \$8M;
 - Difference between book and cash income taxes: (\$16M)

Annual Cash Flow Overview (\$M)

	2014	2013
Net cash provided by (used for) operating activities	1,468	891
Net cash provided by (used for) investing activities	(387)	(240)
Net cash provided by (used for) financing activities	(554)	(598)
Effects of changes in exchange rates on cash position	(12)	-
Increase (decrease) in cash and cash equivalents	515	53
Cash and cash equivalents at beginning of the period	670	617
Cash and cash equivalents at end of period	1,185	670
Net cash provided by (used for) operating activities	1,468	891
Net capital expenditures on property, plant and equipment	(325)	(209)
Non-GAAP free cash flow	1,143	682
Non-GAAP free cash flow as a percentage of Revenue	20%	14%

Annual Adjusted EBITDA (\$M)

	2014	2013
Net income (loss)	607	415
Reconciling items to EBITDA		
Financial (income) expense	410	274
(Benefit) provision for income taxes	40	20
Depreciation	219	246
Amortization	186	268
EBITDA	1,462	1,223
Results of equity-accounted investees	(8)	(58)
Restructuring ¹	56	31
Stock-based compensation	133	88
Other incidental items ¹	7	46
Other adjustments	-	46
Adjusted EBITDA	1,650	1,376
Trailing 12-month Adjusted EBITDA	1,650	1,376
1. Excluding depreciation PP&E related to		
Restructuring	1	9
Other incidental items	1	3

HPMS Segment Revenue Business Trends(\$M)

Identification



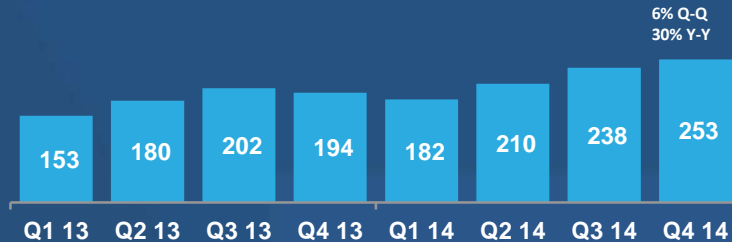
Automotive



Portable & Computing



Infrastructure & Industrial



Annual HPMS Revenue Business Trends(\$M)

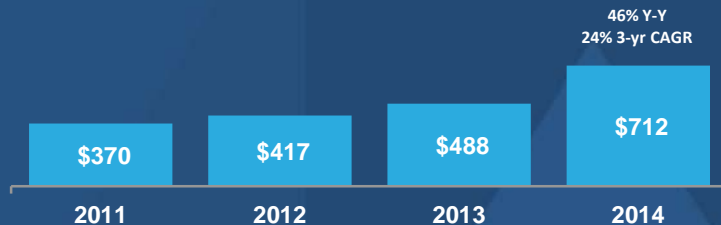
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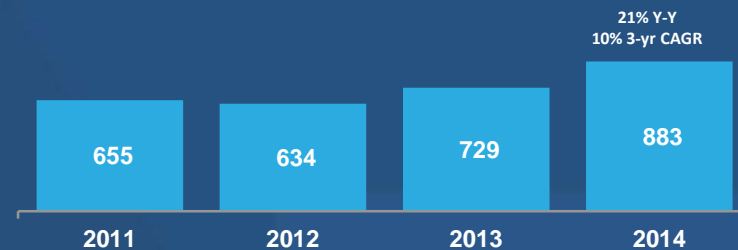
Automotive



Portable and Computing



Infrastructure and Industrial



NXP: Secure Connections for the Smarter World

Drive Profitable
Growth



Drive Earnings
Per Share



Drive Cash
Flow



Drive Significant
Value for Our
Owners

