



NXP Semiconductors N.V. Q3 - 2010 Financial Results November 2, 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.

Non-GAAP Reporting - Certain information referred to in this presentation, including “non-GAAP gross margin”, “non-GAAP operating margin”, and “adjusted EBITDA”, has not been derived in accordance with generally accepted accounting principles (“GAAP”). Reconciliations of these non-GAAP measures to the most comparable measure calculated in accordance with GAAP can be found on the company’s website at <http://investors.nxp.com>.



Highlights Q3 2010

- ▶ Year-on-year comparable revenue growth 25% for NXP, 36% for High Performance Mixed Signal
- ▶ GAAP gross margin increased to 41.8 percent; non-GAAP gross margin rose to 42.8 percent
- ▶ GAAP operating margin increased to 10.7 percent; non-GAAP operating margin rose to 17.4 percent
- ▶ 12-month trailing adjusted EBITDA \$972 million
- ▶ Net debt reduced \$555 million this year to \$3,687 million; \$1 billion in maturities extended to 2018
- ▶ Completed IPO in August; \$450 million net proceeds to strengthen the balance sheet



NXP Summary Revenue and Operating Income

GAAP Financial Summary

(millions of USD)	Q3 2009	Q2 2010	Q3 2010	Variance Q3 '10 – Q3 '09	Variance Q3 '10 – Q2 '10
Revenue	1,077	1,201	1,213	136	12
Gross Profit	322	472	507	185	35
As % of revenue	29.9%	39.3%	41.8%	11.9%	2.5%
Operating income	(129)	93	130	259	37
As % of revenue	(12.0)%	7.7%	10.7%	22.7%	3.0%

Non-GAAP Financial Summary

(millions of USD)	Q3 2009	Q2 2010	Q3 2010	Variance Q3 '10 – Q3 '09	Variance Q3 '10 – Q2 '10
Revenue	1,077	1,201	1,213	136	12
Gross Profit	370	482	519	149	37
As % of revenue	34.4%	40.1%	42.8%	8.4%	2.7%
Operating income	49	185	211	162	26
As % of revenue	4.5%	15.4%	17.4%	12.9%	2.0%

- ▶ Q3 YoY comparable revenue growth:
 - 25% NXP Total
 - 36% HPMS Segment
- ▶ Segment High Performance Mixed Signal (HPMS): 70% of NXP total Product Revenue



Segment HPMS Revenue and Operating Income

GAAP Financial Summary

(millions of USD)	Q3 2009	Q2 2010	Q3 2010	Variance Q3 '10 – Q3 '09	Variance Q3 '10 – Q2 '10
Revenue	547	719	715	168	(4)
Gross Profit	242	379	403	161	24
As % of revenue	44.2%	52.7%	56.4%	12.2%	3.7%
Operating income	7	97	120	113	23
As % of revenue	1.3%	13.5%	16.8%	15.5%	3.3%

Non-GAAP Financial Summary

(millions of USD)	Q3 2009	Q2 2010	Q3 2010	Variance Q3 '10 – Q3 '09	Variance Q3 '10 – Q2 '10
Revenue	547	719	715	168	(4)
Gross Profit	251	378	404	153	26
As % of revenue	45.9%	52.6%	56.5%	10.6%	3.9%
Operating income	74	150	165	91	15
As % of revenue	13.5%	20.9%	23.1%	9.6%	2.2%



Segment Standard Products: Revenue and Operating Income

GAAP Financial Summary

(millions of USD)	Q3 2009	Q2 2010	Q3 2010	Variance Q3 '10 – Q3 '09	Variance Q3 '10 – Q2 '10
Revenue	256	289	314	58	25
Gross Profit	50	89	109	59	20
As % of revenue	19.5%	30.8%	34.7%	15.2%	3.9%
Operating income	(4)	29	55	59	26
As % of revenue	(1.6)%	10.0%	17.5%	19.1%	7.5%

Non-GAAP Financial Summary

(millions of USD)	Q3 2009	Q2 2010	Q3 2010	Variance Q3 '10 – Q3 '09	Variance Q3 '10 – Q2 '10
Revenue	256	289	314	58	25
Gross Profit	57	90	110	53	20
As % of revenue	22.3%	31.1%	35.0%	12.7%	3.9%
Operating income	21	49	70	49	21
As % of revenue	8.2%	17.0%	22.3%	14.1%	5.3%



Financial Reconciliation (GAAP to non-GAAP)

(millions of USD except EPS data)	Q3 2009 GAAP	Q2 2010 GAAP	Q3 2010		
			GAAP	Reconciling items	Non-GAAP
Revenue	1,077	1,201	1,213	-	1,213
Gross Profit	322	472	507	(12)	519
As % of revenue	29.9%	39.3%	41.8%	-	42.8%
Research and Development	(172)	(137)	(149)	6	(155)
As % of revenue	(16.0%)	(11.4%)	(12.3%)	-	(12.8%)
SG&A	(242)	(241)	(230)	(80)	(150)
Other income (expense)	(37)	(1)	2	5	(3)
Operating income	(129)	93	130	(81)	211
As % of revenue	(12.0%)	7.7%	10.7%	-	17.4%
Financial income (expense)	570	(413)	279	359 (*)	(80)
Income taxes	(13)	(1)	(28)	(21)	(7) (***)
Results relating to equity-accounted	-	(29)	(5)	(5)	-
Minority interest	(10)	(12)	(7)	-	(7)
Net income (loss) (**)	418	(362)	369	252	117
EPS (basic)	1.94	(1.68)	1.56	-	0.49
EPS (diluted)	1.93	(1.68)	1.55	-	0.49



(*) Includes \$323M foreign exchange gain on debt and \$55M gain on extinguishment of debt

(**) Includes stock based compensation: Q3 2009 \$5M; Q2 2010 \$7M; Q3 2010 \$7M

(***) Cash taxes

Adjusted EBITDA

(millions of USD)	Q3 2009	Q2 2010	Q3 2010
Net income	428	(350)	376
- Financial income (expense)	(570)	413	(279)
- Provision for income taxes	13	1	28
- Depreciation	113	83	91
- Amortization	89	86	71
EBITDA	73	233	287
- Results relating to equity-accounted	-	29	5
- Restructuring (1)	6	(11)	-
- Other incidental items (1)	68	18	9
Adjusted EBITDA	147	269	301
Adjusted EBITDA – Last 12 months	206	818	972



(1) Excluding depreciation property, plant and equipment related to restructuring cost and other incidental items (Q3 2009: restructuring minus \$8 million, other incidental items \$26 million; Q2 2010: restructuring \$1 million; Q3 2010: restructuring \$1 million).

Cash Flow Overview

(all amounts in USD millions)

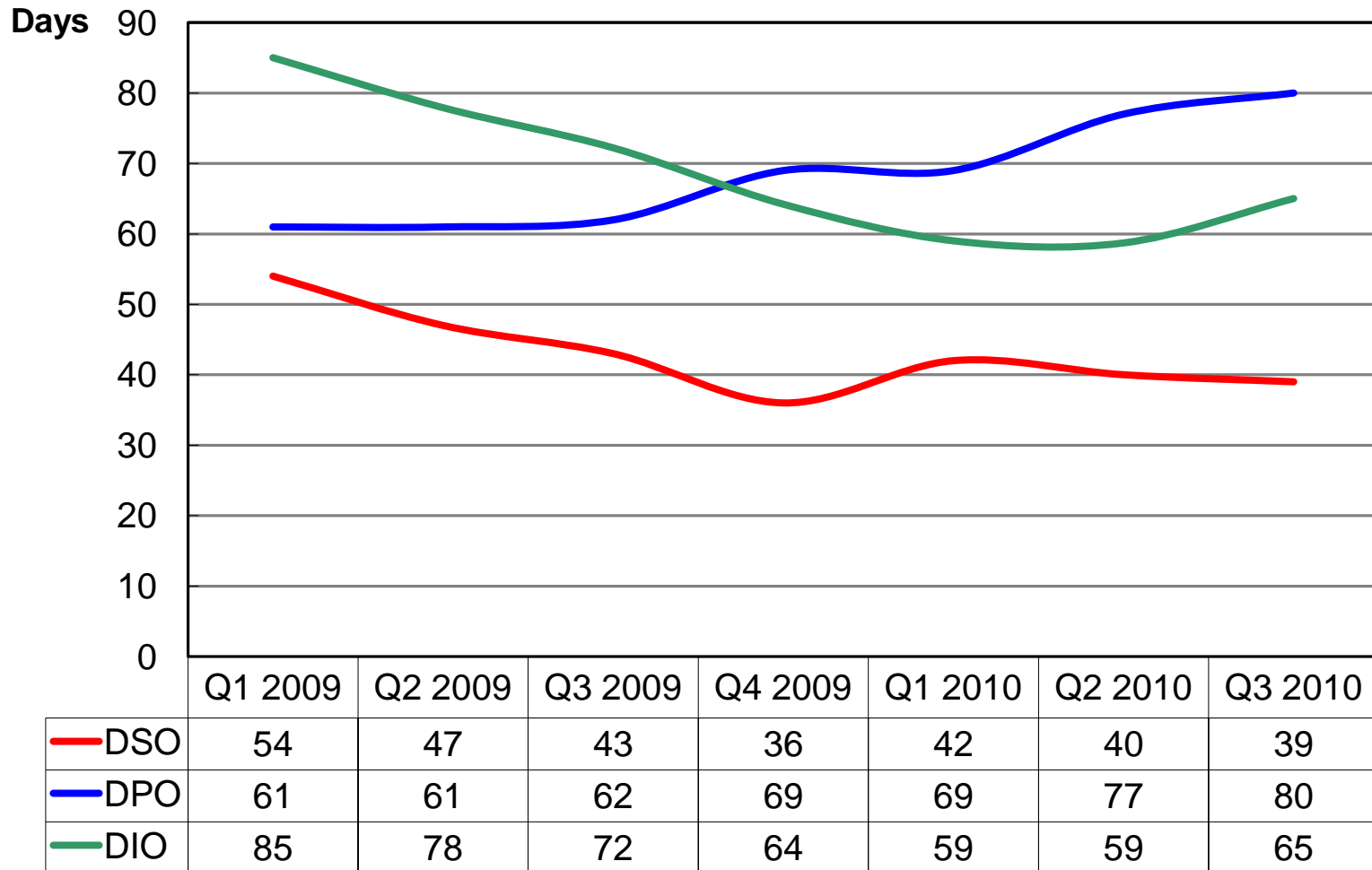
	Q3 2009	Q2 2010	Q3 2010
Cash flow from operating activities	(51)	81	158
Net cash provided by (used for) investing activities	(9)	(53)	(51)
Net Cash provided by (used for) financing activities	(284)	(3)	(47)
Effects of changes in FX rates on cash position	32	(53)	60
Increase (decrease) in cash and cash equivalents	(312)	(28)	120
Cash and cash equivalents at begin of the period	1,373	870	842
Cash and cash equivalents at end of period	1,061	842	962

Cash Flow Indicators

(all amounts in USD millions)

	Q3 2009	Q2 2010	Q3 2010
Adjusted EBITDA	147	269	301
Changes in trade working capital	18	48	(1)
Changes in other working capital	(58)	(186)	49
Net cash used for Redesign	(125)	(35)	(60)
Net interest payments	(52)	(110)	(56)
Income Taxes paid	(9)	(2)	(7)
Net capital expenditure	(9)	(52)	(67)
Financing Activities	(284)	(3)	(47)
All Others (cash and non-cash)	28	96	(52)
Effects of changes in FX rates on cash	32	(53)	60
Cash Flow	(312)	(28)	120

Working Capital Ratios



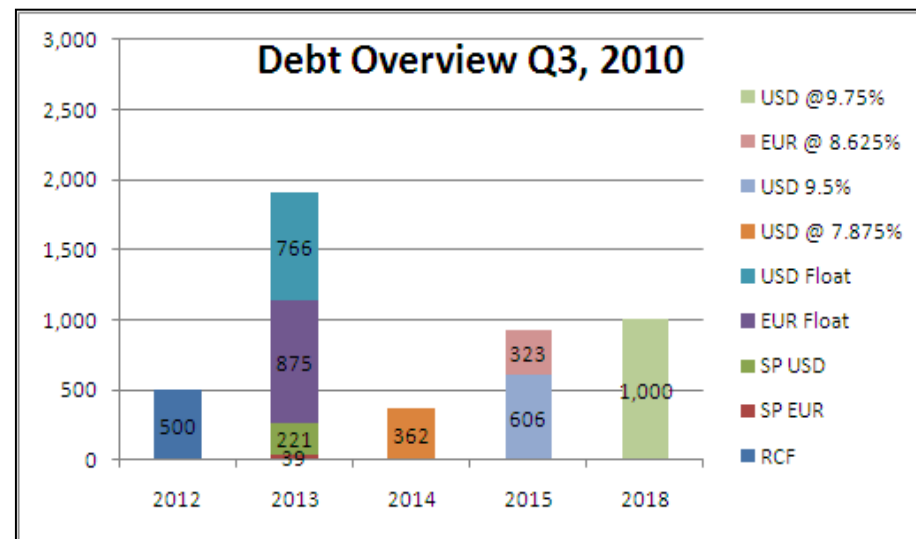
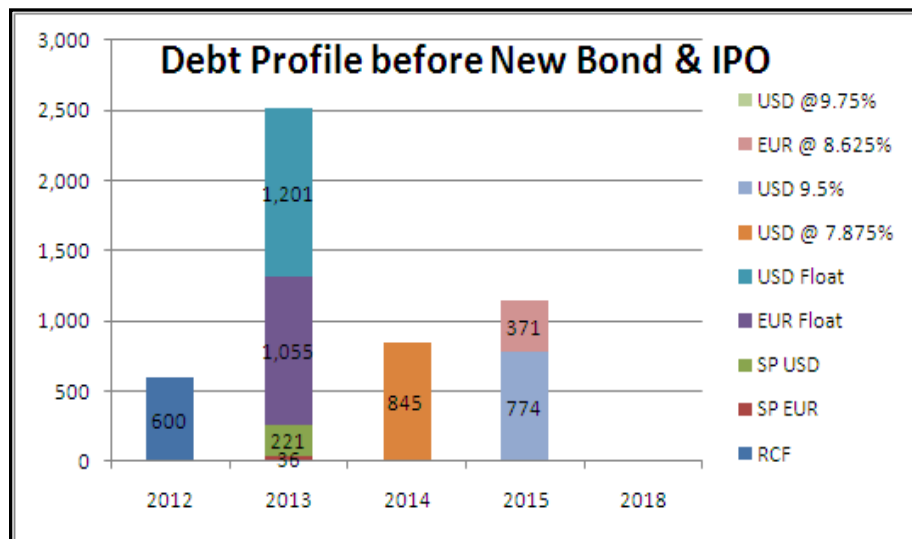
DSO: $(AR / Revenue) \times 91$

DPO: $(AP / COGS) \times 91$

DIO: $(Inventory / COGS) \times 91$

Net Debt movements

Q2 – Q3 2010



Net Debt Overview	Q2 2010	Q3 2010
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Short-term debt	609	509
Long-term debt	4,447	4,140
Cash	842	962
Net debt	4,214	3,687

High Performance Mixed Signal (HPMS)

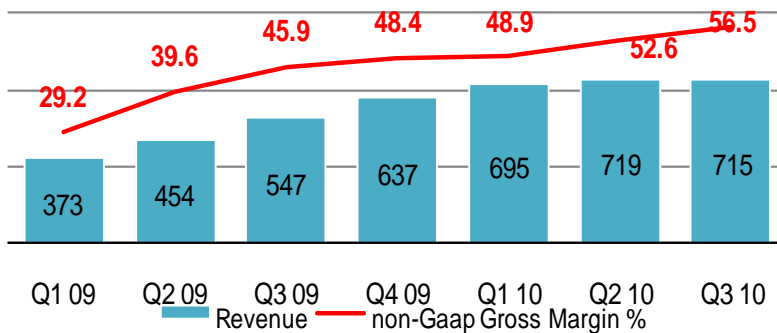
Key figures

(millions of USD)	Q3 2009	Q2 2010	Q3 2010
Revenue	547	719	715
% nominal growth (YoY)	(15.6)	58.4	30.7
% comparable growth YoY	(13.2)	61.6	35.7
Non-GAAP Gross profit	251	378	404
As % of revenue	45.9	52.6	56.5
Non-GAAP Operating income	74	150	165
As % of revenue	13.5	20.9	23.1

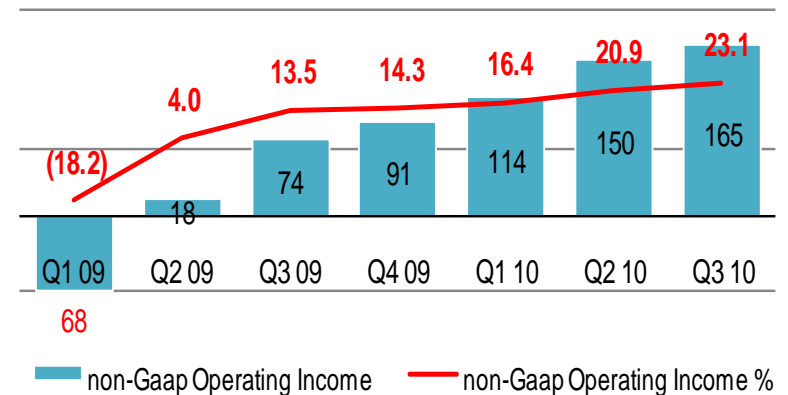
Q3 Market highlights

- ▶ NXP continues to win in eGovernment secure MCU solutions: Awarded a contract to supply the German government.
- ▶ Shipped over 1Mpcs NFC chipsets integrated in smart phones of leading global manufacturers
- ▶ First silicon on RFSS base station, 2 new design wins for LTE
- ▶ First full functional silicon for mobile chargers sampled with GreenChip
- ▶ ClassD High Efficiency Audio Amplifiers design win at Hyundai and strategic alliance with leading EU/US Car Audio manufacturer
- ▶ Closed first high volume CFL driver IC deal in the US and ramping in Q4

HPMS Revenue & non-GAAP Gross Margin

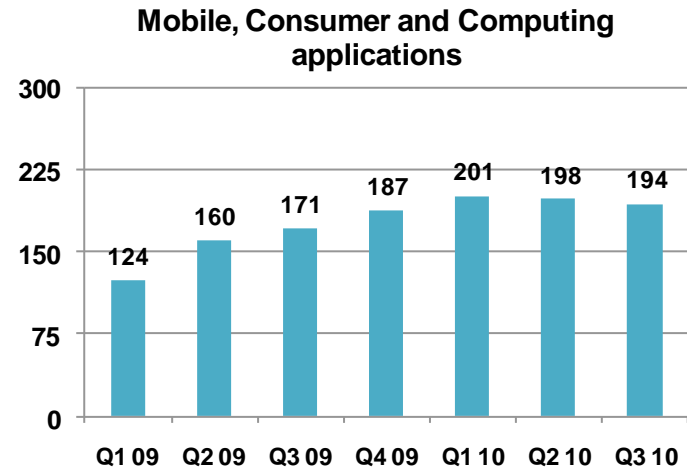
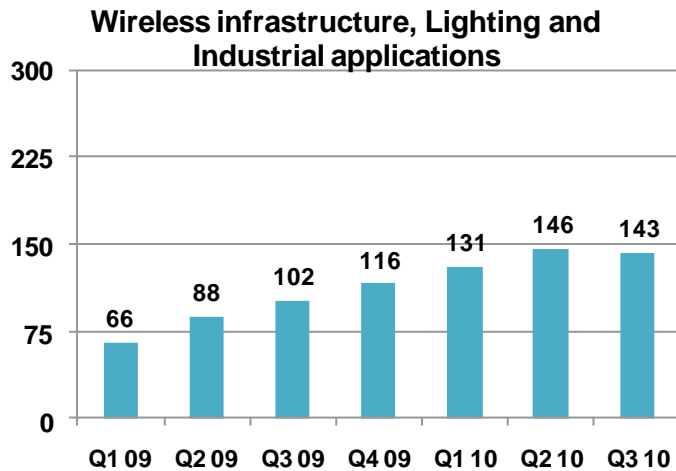
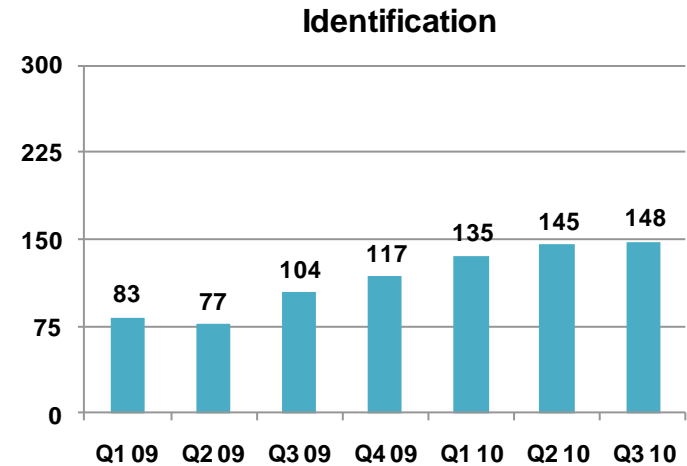
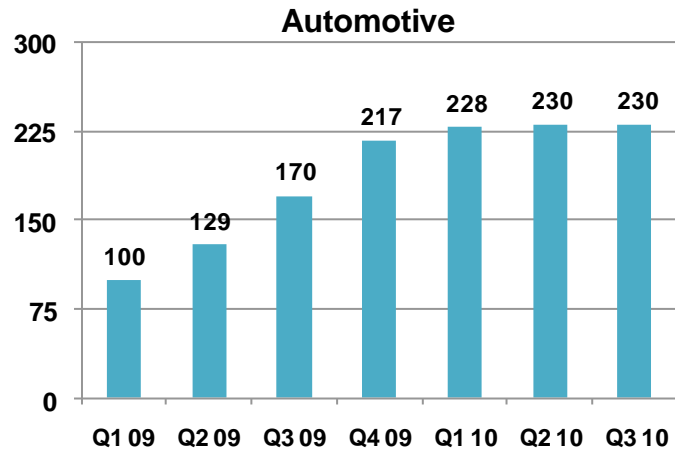


HPMS non-GAAP Operating Income and Margin



HPMS – Revenue by business

(all amounts in USD millions)



Standard Products (SP)

Key figures

(millions of USD)	Q3 2009	Q2 2010	Q3 2010
Revenue	256	289	314
% nominal growth (YoY)	(20.0)	39.6	22.7
% comparable growth YoY	(18.1)	42.0	26.6
Non-GAAP Gross Profit	57	90	110
As % of revenue	22.3	31.1	35.0
Non-GAAP operating income	21	49	70
As % of revenue	8.2	17.0	22.3

Q3 Market highlights

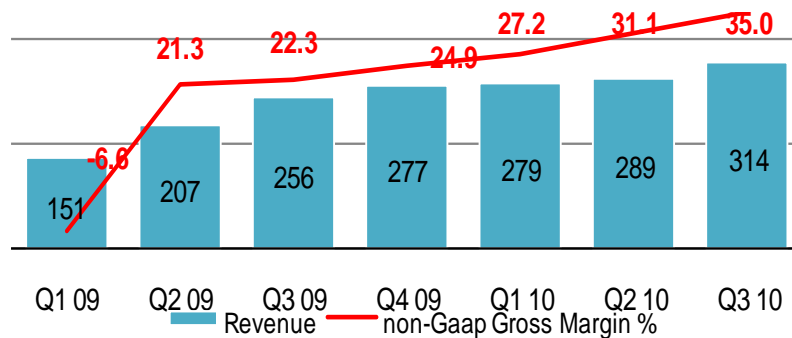
▶ Differentiating solutions in energy efficiency, integration, packaging, and protection:

- New range of high-performance MOSFETs rated from 30V to 100V in the QFN3333 package. Measuring only 3.3 mm x 3.3 mm x 1 mm, the devices share the same great switching performance as our Trench 6 LPAK types but with a 60% smaller footprint

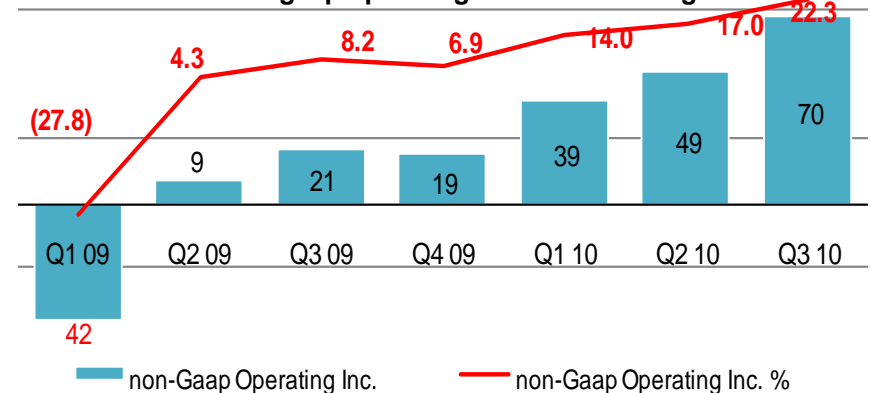
▶ Successful design activity as result of new products:

- ESD protection for smart phone docking connector at leading smart phone manufacturer worth \$4.8M
- Hearing Aid Compatible receiver and 11x15mm speaker were selected by a mobile phone Chinese manufacturer for their new Android smart phone.

SP Revenue & non-GAAP Gross Margin



SP non-gaap operating income and margin



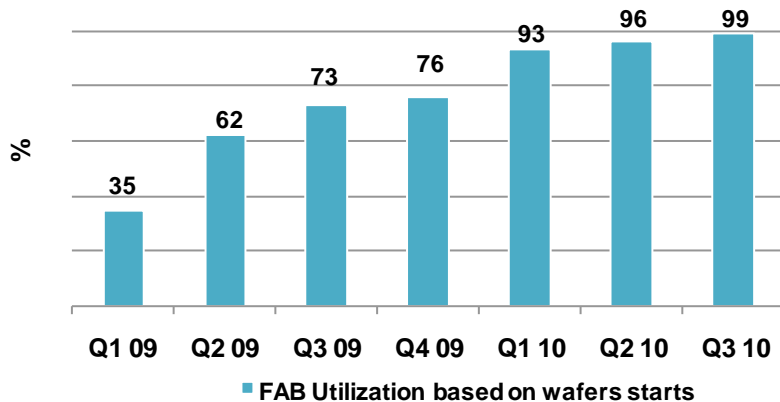
Manufacturing Operations

Key figures

(millions of USD)	Q3 2009	Q2 2010	Q3 2010
Revenue	96	154	148
Non-GAAP Operating income	8	0	7
FAB utilization % (starts)	73	96	99

Q3 Operational Highlights

- ▶ Capacity utilization increased to 99%.
- ▶ Capital equipment to increase internal capacity has been received, installed and is ramping.
- ▶ Additional process and product qualifications at external manufacturing partners are progressing to increase capacity.
- ▶ Lead times are being systematically reduced as fab, assembly, and test capacity increases.



Q4 2010 Outlook:

During the quarter, as lead times continued to move toward more normal levels for most of our products, and customers gained more confidence in their ability to obtain product, we began to see adjustments in order patterns. While demand in our large Identification and Automotive businesses remains strong, we are seeing some mixed signals in certain consumer, PC and industrial markets. We believe the signs we are seeing, point to a semiconductor market that is transitioning to more normal seasonal growth patterns.

We expect Product Revenue in the fourth quarter to be relatively flat sequentially, on a comparable basis. Non-GAAP operating income is expected to be up 3 percent to 7 percent sequentially as our margins continue to benefit from the results of our Redesign Program.

A portion of NXP's Product Revenue is denominated in currencies other than its U.S. dollar reporting currency. Due to the difficulty of forecasting fluctuations in foreign currency exchange rates relative to the U.S. dollar, primarily the Euro, NXP provides revenue guidance only on a "comparable basis". With respect to the Euro, these fluctuations tend to be offset by fluctuations in Euro based cost such that there is minimal impact on operating income.



