



# **Citi European Credit Conference November 19, 2009**

**Albert Hollema, SVP & Group Treasurer / Investor Relations**



# 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 or raise sufficient capital 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.

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 update forward-looking statements after we distribute this document. In addition, this document contains information concerning the semiconductor industry, our market segments and business units 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.



# **Our Company**

# NXP Semiconductors

- ▶ **President & CEO:** Rick Clemmer
- ▶ **Fully owned by** Private Equity Consortium (Kohlberg Kravis Roberts (KKR), Silver Lake Partners, Alpinvest, Bain Capital and Apax Partners) and Koninklijke Philips Electronics
- ▶ **Headquarters:** Eindhoven, The Netherlands
- ▶ **Net sales:** \$5.4 billion in 2008
- ▶ Established in 2006 (formerly a division of Philips)
- ▶ 50+ years of experience in semiconductors  
*NXP provides engineers and designers with semiconductors, system solutions and software that deliver better sensory experiences*
- ▶ **Businesses:**
  - Automotive
  - Identification
  - Home
  - Multimarket Semiconductors
- ▶ Owner of NXP Software, a fully independent software solutions company



# NXP Semiconductors leadership team



**Rick Clemmer**

President and Chief Executive Officer;  
ad interim Automotive Business



**Chris Belden**

Senior Vice President Operations



**Karl-Henrik Sundström**

Executive Vice President  
and Chief Financial Officer



**Guido Dierick**

Senior Vice President and  
General Counsel



**Mike Noonan**

Senior Vice President Global Sales



**Christos Lagomichos**

Executive Vice President and  
General Manager Home Business  
Unit



**Alexander Everke**

Executive Vice President and  
General Manager MMS Business Unit;  
ad interim Identification Business



**Mark Hamersma**

Senior Vice President Business  
Development



**Peter Kleij**

Senior Vice President,  
Human Resource Management



**Rene Penning de Vries**

Senior Vice President  
and Chief Technology Officer



**Rudy Stroh**

General Manager Identification  
Business

# Strong customer base

## Strategic Accounts



### Identification

**gemalto**

**Oberthur**  
Card Systems

**Sagem**  
SAFRAN Group

**SPSL**

**SMARTTRAC**  
TECHNOLOGY

**GED** Giesecke & Devrient

**ASSA ABLOY**

### Automotive

**DELPHI**

**Visteon**

**HARMAN/BECKER**  
AUTOMOTIVE SYSTEMS

**Valeo**

**Clarion**

**ALPINE**  
Mobile Media Solutions

### MMS

**Sony Ericsson**  
**ERICSSON**

**ASUS**

**hp**

**HUAWEI**

**M**

**ZTE** 中兴

### Home

**TCL**

**HUMAX**

**Pace**

**SHARP**

**M**

**THOMSON**

**Sagem**  
SAFRAN Group

**ECHOSTAR**

### Channel

#### Distis

**MW**

**AVNET**

**FUTURE**  
ELECTRONICS

**WPG**  
World Peace Group

#### EMS

**FLEXTRONICS**

**JABIL**

**FOXCONN**

# **Our financials**

# Q3 2009 highlights

- ▶ Q3 sales at USD 1,034\* M versus USD 1,216\* M in Q3 2008 (excl. wireless activities) and USD 857\* M in Q2 2009
- ▶ Nominal QoQ sales (excluding wafer sales) increased by 20.7% and comparable QoQ sales increased by 19.2%. The increase in sales was visible across all business segments and regions
- ▶ Q3 adjusted EBITDA (excluding effects of Purchase Price Accounting and incidental items) was a profit of USD 147 M, compared to a profit of USD 147\*\* M in Q3 2008 and USD 89 M in Q2 2009
- ▶ Q3 adjusted EBITA improved to a profit of USD 55 M compared to a profit of USD 15 M in Q3 2008 and a loss of USD 18 M in Q2 2009
- ▶ Q3 net income amounted to profit of USD 412 M compared to loss of USD 2,540 M in Q3 2008 and a profit in Q2 2009 of USD 344 M
- ▶ Cash position of USD 1,061 M at the end of Q3 compared to USD 1,373 M at the end of Q2 2009
- ▶ Factory loading of 69% in Q3 compared to 68% in Q3 2008 and 53% in Q2 2009
- ▶ Book to bill ratio at 1.11 in Q3 2009 compared to 1.20 in Q2 2009

\*) Excluding USD 43 M in Q3 2009, USD 38 M in Q3 2008 and USD 46 M in Q2 2009 wafer sales to ST-E Wireless

\*\*\*) Including a loss of USD 22 M Adjusted EBITDA related to the divested Wireless activities

# NXP P&L (all amounts in USD millions)

Excl. PPA, incidental items and impairment charge	Q3 2008	Q3 2009	Q2 2009	Q3 2009
Sales	1,336	1,034	857	1,034
Wafer sales	38	43	46	43
<b>Total group sales</b>	<b>1,374</b>	<b>1,077</b>	<b>903</b>	<b>1,077</b>
% comparable growth	(4.2)	(14.7)	26.2*	19.2*
<b>Gross margin</b>	<b>414</b>	<b>370</b>	<b>277</b>	<b>370</b>
<b>As % of sales (excl wafer sales)</b>	<b>31.0</b>	<b>35.8</b>	<b>32.3</b>	<b>35.8</b>
Selling, general & administrative	(200)	(153)	(127)	(153)
Research & development	(235)	(170)	(174)	(170)
Other business income	28	2	-	2
<b>Adjusted EBIT</b>	<b>7</b>	<b>49</b>	<b>(24)</b>	<b>49</b>
<b>Adjusted EBITA</b>	<b>15</b>	<b>55</b>	<b>(18)</b>	<b>55</b>
<b>Adjusted EBITDA</b>	<b>147</b>	<b>147</b>	<b>89</b>	<b>147</b>
<b>As % of sales (excl wafer sales)</b>	<b>11.0</b>	<b>14.2</b>	<b>10.4</b>	<b>14.2</b>

\* Excluding wafer sales to ST-E Wireless

# Cash flow (all amounts in USD millions)

	Q3 2008	Q3 2009	Q2 2009	Q3 2009
<b>EBITDA</b>	<b>(869)</b>	<b>73</b>	<b>36</b>	<b>73</b>
Changes in Working Capital	534	(28)	(221)	(28)
<b>Net cash provided/ (used) by operating activities</b>	<b>107</b>	<b>(51)</b>	<b>(349)</b>	<b>(51)</b>
Net cash provided/ (used) for investing activities	1,299	(9)	2	(9)
<b>Cash and cash equivalents at end of period</b>	<b>1,535</b>	<b>1,061</b>	<b>1,373</b>	<b>1,061</b>

# Update on debt restructuring transactions 2009

	Bonds Exchanged (par)		New bonds issued (par)		Cash amount paid	
	USD	EUR	USD	EUR	USD	EUR
<b>2<sup>nd</sup> quarter 2009</b>	420	131	90	29		
<b>3<sup>rd</sup> quarter 2009</b>	557	254	131		191	67
	<b>977</b>	<b>385</b>	<b>221</b>	<b>29</b>	<b>191</b>	<b>67</b>

1. All amounts in millions
2. Cash amounts paid exclude accrued interest
3. New bonds issued are shown at nominal values, in the books they are recorded at a discount

- Total debt reduced by USD 1,331M
- Cash spent USD 286M

# Trident and NXP to combine Digital TV and Set-Top Box business to create Industry Leader in the Digital Home Market

- ▶ Transaction creates Global Leader in Digital Home
- ▶ This is all about gaining Scale, Leadership, Innovation, and Cost Competitiveness
- ▶ It combines industry-leading consumer semiconductor IP, patents, and technology from NXP with Trident's innovations in picture quality, cost effective R&D and engineering



# Additional Q4 announcements

- ▶ NXP and Virage Logic Strategic Alliance accelerates NXP's move to High Performance Mixed Signal Leadership and further establishes Virage Logic as an IP Power House
- ▶ Audi drives forward in-car entertainment with NXP HD radio technology
- ▶ Cochlear Ltd and NXP Semiconductors collaborate to enable Cochlear's next generation Hearing Implant products
- ▶ NXP Wins Supply Contract for Chinese ePassport chips
- ▶ NXP Strengthens Management Team



**NXP going forward**

# Important Steps in our strategy

- ▶ Divest our Wireless business
- ▶ Start Redesign Process
- ▶ Address Capital Structure
- ▶ Find a new capital structure for DTV-STB
- ▶ HP MMS strategy supported by standard products

# Outlook

- ▶ Although we have recently experienced improvements across all business segments and all regions we are yet to see signs that this represents a fundamental and sustainable improvement of the global semiconductor industry
- ▶ Considering the current business development and the unusual characteristics of this fourth quarter, we expect a flat to mid single digit sequential sales increase in the fourth quarter of 2009 on a business and currency comparable basis (excluding wafer sales to ST-Ericsson)
- ▶ Visibility beyond the fourth quarter is still limited



