



ST-Ericsson reports fourth quarter 2012 financial results

- Net sales \$358 million, in line with outlook
- Adjusted operating loss¹⁾ \$133 million, 55% improvement since Q1 2012
- NovaThor™ shipments grew 45% sequentially

Geneva, Switzerland, January 30, 2013 – ST-Ericsson, a joint venture of STMicroelectronics (NYSE:STM) and Ericsson (NASDAQ:ERIC), reported financial results for the fourth fiscal quarter ending December 31, 2012.

Sales in the fourth quarter were approximately flat sequentially, in line with the guidance provided, reflecting growing contribution from NovaThor platform shipments as well as \$43 million revenues from IP licensing. NovaThor ModAp shipments grew by 45% sequentially to 10.7 million units.

Adjusted operating loss decreased to \$133 million as a further result of the execution of the strategic plan announced in April. Since the first quarter 2012 operating losses have been reduced by 55%, decreasing by \$164 million.

Didier Lamouche, President and CEO, commented: “The fourth quarter was again a quarter of solid execution for us with revenues coming in as expected and a major growth of the shipments of our NovaThor platform, in part thanks to the new Samsung GALAXY S III mini. We have continued to execute steadily and aggressively on our strategy and delivered on our commitments to improve our financial results, further reducing our losses and controlling expenses. However, we recognize that the level of losses and use of cash remains very high.”

Samples of ST-Ericsson’s first LTE ModAp products became available in December and the first NovaThor L8580 ModAp platform based on STMicroelectronics’ advanced 28nm FD-SOI process was demonstrated on January 7 at CES.

“We are also continuing to execute relentlessly against our committed roadmap,” continued Lamouche. “We have reached key maturity milestones with our advanced LTE modem which is in testing with customers and is anticipated to be commercialized as part of our NovaThor L8540 ModAp platform in 2013. As promised less than a year ago we also unveiled our newest chipset – the NovaThor L8580 ModAp – which is the first product to use FD-SOI technology and is the world’s fastest and lowest power integrated LTE modem and application processor platform, confirming the disruptive nature of FD-SOI technology.”



2012 fourth quarter financial summary (unaudited)

\$ million	Q4 2012	Q3 2012	Q4 2011
Income Statement*			
NET SALES	358	359	409
OPERATING INCOME/(LOSS) ADJUSTED ¹⁾ for:	(133)	(148)	(207)
– amortization of acquisition-related intangibles	(19)	(19)	(25)
– restructuring charges	(17)	(7)	(9)
OPERATING INCOME / (LOSS) as reported	(169)	(174)	(241)
NON-GAAP NET INCOME / (LOSS)	71**	(190)	(231)

* Please refer to footnote n. 4 on page 6

** Includes \$1531 million gain from shareholders' debt forgiveness and \$1060 million charges for impairment of goodwill and intangible assets

\$ million	Q4 2012	Q3 2012	Q4 2011
Additional financial data			
Net Financial Position			
Cash, cash equivalents & short-term deposits/debt, net	37	39	9
Parent companies short-term debt	0	(1390)	(807)
Net financial position ²⁾	37	(1351)	(798)
Net operating cash flow ³⁾	(152)	(146)	(204)

Additional financial information

During the fourth quarter Ericsson and ST waived their credit of \$1546 million under the parents' loan.

Non-GAAP net income in the fourth quarter 2012 was \$71 million, including gain from the debt forgiveness, impairment of intangible assets and write off of certain deferred tax assets.

The net financial position²⁾ at the end of the fourth quarter was positive \$37 million, reflecting the cancellation of the parents' loan facility.

Inventory decreased by \$33 million reaching \$147 million at the end of the fourth quarter. Net operating cash flow decreased slightly, reaching a negative \$152 million.

The fourth quarter 2012 closing is based on a going concern assumption. In the month of December 2012 ST-Ericsson shareholders issued press releases about their future intent with

respect to ST-Ericsson. Following the uncertainty resulting from these announcements we cannot exclude that the ST-Ericsson Financial Statements could be further negatively affected by ST-Ericsson's future scenario.

Outlook

For the first quarter 2013, ST-Ericsson expects a very significant sequential decline in net sales, mainly resulting, in addition to the first quarter seasonality, from a combination of no revenues from licensing expected in the quarter and further weakening of legacy product sales.

Highlights – Recent products, technology and wins

- Products
 - Samples of ST-Ericsson's first FD-SOI product became available in December and the NovaThor L8580 ModAp platform was announced on January 7, 2013. The NovaThor L8580 ModAp is a multimode LTE-enabled integrated smartphone platform which features an eQuad-powered application processor running at up to 2.5Ghz and includes a full connectivity suite.
- Customers
 - Samsung GALAXY S III mini is powered by an ST-Ericsson NovaThor ModAp, making it the fourth Samsung smartphone using the NovaThor platform.
- Partners/technology
 - With the new NovaThor L8580 ModAp ST-Ericsson introduced eQuad technology. eQuad is a CPU architecture in which each processor core can operate as an industry-leading high performance core or a very low-power core for less computing-intensive tasks running at 0.6V. This is achieved by transistor-level electrical bias switching to allow each of two physical cores to run in two different modes, creating an electrically-enabled quad core. The eQuad processor delivers both the fastest processor speed at 2.5Ghz as well as by far the industry leading power efficiency with cores running at 1Ghz at only 0.65V.
 - ST-Ericsson tested and demonstrated its VoLTE (Voice over LTE) technology with key operators during the quarter. A white paper was published discussing VoLTE battery life and the benefits to be expected in upcoming modem generations such as ST-Ericsson solutions.
 - ST-Ericsson published a white paper on IMS Fusion. Through the invention of IMS Fusion, ST-Ericsson makes it possible for mobile devices to support an arbitrary

- number of downloaded or pre-installed IMS apps. This solves the problem of multiple IMS registrations without the need for a new modem API.
- o ST-Ericsson announced that it is ready to support Jolla's Sailfish OS in its NovaThor platforms.

Financial results appendix (unaudited)

Annual financial results

\$ million	2012 ACTUAL	2011 ACTUAL
Income Statement *		
NET SALES	1351	1650
OPERATING INCOME/(LOSS) ADJUSTED ¹⁾ for:	(814)	(732)
– amortization of acquisition-related intangibles	(75)	(101)
– restructuring charges	(89)	(34)
OPERATING INCOME / (LOSS) as reported	(978)	(867)
NON-GAAP NET INCOME / (LOSS)	(749)**	(841)

2012 financial results by quarter

\$ million	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Income Statement *				
NET SALES	358	359	344	290
OPERATING INCOME/(LOSS) ADJUSTED ¹⁾ for:	(133)	(148)	(235)	(297)
– amortization of acquisition-related intangibles	(19)	(19)	(19)	(19)
– restructuring charges	(17)	(7)	(56)	(10)
OPERATING INCOME / (LOSS) as reported	(169)	(174)	(309)	(326)
NON-GAAP NET INCOME / (LOSS)	71**	(190)	(318)	(312)

* Please refer to footnote n. 4 on page 6

** Includes \$1531 million gain from shareholders' debt forgiveness and \$1060 million charges for impairment of goodwill and intangible assets



Consolidated balance sheet *

In \$ million	December 31, 2012	December 31, 2011
---------------	-------------------	-------------------

ASSETS

Current assets:

Cash and cash equivalents	37	9
Trade accounts receivable, net	35	97
Inventories, net	147	223
Deferred tax assets	1	8
Other receivables and assets	90	102
Total current assets	309	439

Goodwill	0	745
Other intangible assets, net	12	437
Property, plant and equipment, net	286	364
Long-term deferred tax assets	8	188
Other investments and other non-current assets	44	70
	349	1,804
Total assets	659	2,243

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Short-term borrowings and current portion of long-term debt	0	807
Trade accounts payable	155	175
Other payables and accrued liabilities	253	292
Deferred tax liabilities	0	0
Accrued income tax	6	8
Total current liabilities	414	1,282

Reserve for pension and termination indemnities	85	87
Long-term deferred tax liabilities	0	3
Other non-current liabilities	29	25

	114	115
Total liabilities	528	1,397
Total equity	131	846
Total equity and liabilities	659	2,243

* Please refer to footnote n. 4 on page 6

Footnotes

1) The adjusted operating income/(loss) is defined as the operating income/(loss) reported before amortization of acquisition-related intangibles and restructuring charges and is used by management to help enhance the understanding of ongoing operations and to communicate the impact of the items on the operating loss as reported.

2) Net financial position represents the balance between financial assets, which comprise cash, cash equivalents and short-term deposits, and financial debt which includes bank overdrafts and parent companies short-term bridge credit facilities.

3) Net operating cash flow is defined as net cash from operating activities, less capital expenditure and less restructuring charges.

4) The fourth quarter 2012 closing is based on a going concern assumption. The valuation of several items in the financial report is based upon our best estimate using preliminary information available to us and under this going concern assumption. In the month of December 2012 ST-Ericsson' shareholders issued press releases about their future intent with respect to ST-Ericsson, on [December 10th](#) by STMicroelectronics and on [December 20th](#) by Ericsson. Following the uncertainty resulting from these announcements, the carrying amounts of goodwill and intangible assets have been substantially impaired. We cannot exclude that the ST-Ericsson Financial Statements could be further negatively affected by ST-Ericsson's future scenario.

Notes to editors

ST-Ericsson invites journalists, analysts and investors to a conference call scheduled on January 31 at 5 p.m. CET. Call-in numbers, a live webcast of the conference call, as well as supporting slides, will be available at www.stericsson.com/investors/investors.jsp.

About ST-Ericsson

ST-Ericsson is a world leader in developing and delivering a complete portfolio of innovative mobile platforms and cutting-edge wireless semiconductor solutions across the broad spectrum of mobile technologies. ST-Ericsson was established as a 50/50 joint venture by STMicroelectronics (NYSE:STM) and Ericsson (NASDAQ:ERIC) in February 2009, with headquarters in Geneva, Switzerland.

www.stericsson.com

www.twitter.com/STEricssonForum



Press Release
January 30, 2013

FOR FURTHER INFORMATION, PLEASE CONTACT:

Global Communications & Media Relations
Claudia Levo, Geneva, Switzerland

Investor & Analyst Relations
Fabrizio Rossini, Geneva, Switzerland
Phone: +41 22 929 6973
Email: investor.relations@stericsson.com

Pamela McCracken, Santa Clara, U.S.A.
Phone: +1 408 398 8565
Email: media.relations@stericsson.com

Ericsson Investor Relations
Asa Konnbjer, Stockholm, Sweden
Phone: +46 10 713 3928
E-mail: investor.relations@ericsson.com

STMicroelectronics Investor Relations
Tait Sorensen, Phoenix AZ, US
Phone: +1 602 485 2064

Celine Berthier, Geneva, Switzerland
Phone: +41 22 929 5812
Email: investors@st.com

###

The ST-Ericsson results reported in this press release do not reflect in their entirety the results of the Wireless Segment of STMicroelectronics, which include other activities that are not part of ST-Ericsson.

###

This press release contains forward-looking statements that involve inherent risks and uncertainties. We have identified certain important factors that may cause actual results to differ materially from those contained in such forward-looking statements. For a detailed description of risk factors see STMicroelectronics' (NYSE:STM) and Ericsson's (NASDAQ:ERIC) filings with the US Securities and Exchange Commission, particularly each company's latest published Annual Report on Form 20-F.

Forward looking statements contained in this press release and the fourth quarter 2012 closing are based on a going concern assumption. In the month of December 2012 ST-Ericsson' shareholders issued press releases about their future intent with respect to ST-Ericsson, on [December 10th](#) by STMicroelectronics and on [December 20th](#) by Ericsson. Please read this press release in conjunction with this information.