

STMICROELECTRONICS NV
Form 6-K
August 20, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

Report on Form 6-K dated August 20, 2015

Commission File Number: 1-13546

STMicroelectronics N.V.
(Name of Registrant)

WTC Schiphol Airport
Schiphol Boulevard 265
1118 BH Schiphol Airport
The Netherlands

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Q

Form 40-F £

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes £

No Q

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Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Enclosure: A press release dated August 20, 2015 announcing that STMicroelectronics has posted its IFRS 2015 Semi Annual Accounts, and the STMicroelectronics N.V. Semi Annual IFRS Report 2015.

PR No.C2787C

STMicroelectronics Publishes its IFRS 2015 Semi Annual Accounts

Geneva, August 20, 2015 – STMicroelectronics NV (NYSE: STM), a global semiconductor leader serving customers across the spectrum of electronics applications, published today its IFRS 2015 Semi Annual Accounts for the six-month period ended June 27, 2015, on its website and filed them with the Netherlands Authority for the Financial Markets.

The Company's Semi Annual Accounts, prepared in accordance with International Financial Reporting Standards (IFRS) can be found at www.st.com.

About STMicroelectronics

ST is a global leader in the semiconductor market serving customers across the spectrum of sense and power and automotive products and embedded processing solutions. From energy management and savings to trust and data security, from healthcare and wellness to smart consumer devices, in the home, car and office, at work and at play, ST is found everywhere microelectronics make a positive and innovative contribution to people's life. By getting more from technology to get more from life, ST stands for life.augmented.

In 2014, the Company's net revenues were \$7.40 billion. Further information on ST can be found at www.st.com.

For further information, please contact:

INVESTOR RELATIONS:

Tait Sorensen
Group VP, Investor Relations
Tel: +1 602 485 2064
tait.sorensen@st.com

MEDIA RELATIONS:

Nelly Dimey
Director, Corporate Media and Public Relations
Tel: + 33 1 58 07 77 85
nelly.dimey@st.com

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1. Corporate overview

1.1. History and development of STMicroelectronics

STMicroelectronics N.V. (“STMicroelectronics”, “ST” or “the Company”) is a global leader in the semiconductor market serving customers across the spectrum of Sense & Power and Automotive products and Embedded Processing Solutions. From energy management and savings to trust and data security, from healthcare and wellness to smart consumer devices, in the home, car and office, at work and at play, ST is found everywhere microelectronics make a positive and innovative contribution to people’s life. By getting more from technology to get more from life, ST stands for life.augmented.

STMicroelectronics N.V. was formed and incorporated in 1987 and resulted from the combination of the semiconductor business of SGS Microelettronica (then owned by Società Finanziaria Telefonica (S.T.E.T.), an Italian corporation) and the non-military business of Thomson Semiconducteurs (then owned by the former Thomson-CSF, now Thales, a French corporation). We completed our initial public offering in December 1994 with simultaneous listings on the Bourse de Paris (now known as “Euronext Paris”) and the New York Stock Exchange (“NYSE”). In 1998, we also listed our shares on the Borsa Italiana S.p.A. (“Borsa Italiana”).

1.2. Strategy & objectives

ST focuses its product strategy on sense & power technologies and automotive products, and embedded-processing solutions. The Sense and Power segment encompasses MEMS and sensors, power discrete, and advanced analog products. The Automotive portfolio covers all key application areas from powertrain and safety to car body and infotainment. The Embedded Processing Solutions include microcontrollers, digital consumer and imaging products, and digital ASICs.

1.3. Organizational structure

We are organized in a matrix structure with geographic regions interacting with product lines, both supported by shared technology and manufacturing operations and by central functions, designed to enable us to be closer to our customers and to facilitate communication among the R&D, production, marketing and sales organizations.

While STMicroelectronics N.V. is the parent company, we also conduct our operations through service activities from our subsidiaries. We provide certain administrative, human resources, legal, treasury, strategy, manufacturing, marketing and other overhead services to our consolidated subsidiaries pursuant to service agreements for which we recover the cost.

1.4. Products and activities

We are a global independent semiconductor company that designs, develops, manufactures and markets a broad range of semiconductor products. Our key products categories include automotive, microcontrollers, smart power, digital consumer and MEMS sensors.

We offer a broad and diversified product portfolio and develop products for a wide range of market applications to reduce our dependence on any single customer, product, application or end market. Our product families are comprised of discrete and standard commodity components and differentiated application-specific products (defined as dedicated analog, mixed-signal and digital application-specific integrated circuits (“ASIC”) and application-specific standard products (“ASSP”) offerings and semi-custom devices) that are organized under our two product segments, SP&A and EPS.

Our diversified product portfolio is built upon a unique, strong foundation of proprietary and differentiated leading-edge technologies. We use all of the prevalent function-oriented process technologies, including CMOS, bipolar and non-volatile memory technologies. In addition, by combining basic processes, we have developed advanced systems-oriented technologies that enable us to produce differentiated and application-specific products, including our pioneering fully depleted silicon-on-insulator (“FD-SOI”) technology offering superior performance and power efficiency compared to bulk CMOS, bipolar CMOS technologies (“Bi-CMOS”) and radio frequency silicon-on-insulator (“RF-SOI”) for mixed-signal and high-frequency applications, and diffused metal-on silicon oxide semiconductor (“DMOS”) technology and bipolar, CMOS and DMOS (“BCD”) technologies for intelligent power applications, MEMS and embedded memory technologies. This broad technology portfolio, a cornerstone of our strategy, enables us to meet the increasing demand for System-on-Chip (“SoC”) and System-in-Package (“SiP”) solutions. Complementing this depth and diversity of process and design technology is our broad IP portfolio that we also use to enter into broad patent cross-licensing agreements with other major semiconductor companies.

Our principal investment and resource allocation decisions in the semiconductor business area are for expenditures on technology R&D as well as capital investments in front-end and back-end manufacturing facilities, which are planned at the corporate level; therefore, our product segments share common R&D for process technology and manufacturing capacity for some of their products.

1.5. Sales, Marketing and Distribution

Our Sales & Marketing organization is organized with the primary objectives of accelerating sales growth and gaining market share, particularly with regards to: strengthening the effectiveness of the development of our global accounts; boosting demand creation through an enhanced focus on geographical coverage; and establishing marketing organizations in our regional sales organizations that are fully aligned with the product lines. The Sales & Marketing organization is organized by a combination of country/area coverage and key accounts coverage.

We have four regional sales organizations with a similar structure to enhance coordination in the go-to-market activities: (1) EMEA, (2) Americas, (3) Greater China - South Asia, (4) Japan - Korea.

The sales and marketing activities performed by our regional sales organizations are supported by product marketing that is carried out by each product line, which also includes product development functions. This matrix system reinforces our sales and marketing activities and our broader strategic objectives. An important component of our regional sales and marketing efforts is to expand our customer base, which we seek to do by adding sales representatives, regional competence centers and new generations of electronic tools for customer support.

During 2014, we created a new division, Mass Market and Online Marketing Programs, designed to help provide consistency and coordination of key activities associated with mass market development by working in close co-operation with the regions and product lines.

1.6. Research & Development

We believe that market driven research and development (“R&D”) founded on leading edge products and technologies is critical to our success. The main R&D challenge we face is continually increasing the functionality, speed and cost-effectiveness of our semiconductor devices, while ensuring that technological developments translate into profitable commercial products as quickly as possible.

We combine front-end manufacturing and technology R&D under the same organization for our product segments, SP&A and EPS, to ensure a smooth flow of information between the R&D and manufacturing organizations. We leverage significant synergies and shared activities between the two segments to cross-fertilize both businesses. We

manage our R&D projects by technology and by product segment. The relevant technology R&D expenses are allocated to the product segments on the basis of the estimated efforts.

Our R&D design centers offer a significant advantage for us in quickly and cost effectively introducing products. In addition, we have advanced R&D centers strategically located around the world, including in France, Italy, China, India, Singapore, the United Kingdom and the United States. Our R&D center in Greater Noida, India provides necessary support to the Group's design activities worldwide and hosts R&D activities focused on software development and core libraries development, with a strong emphasis on system solutions.

We participate in partnerships with other semiconductor industry manufacturers. We have participated in the IBM Technology Development Alliance led by IBM, with Samsung and GlobalFoundries as core members and have ended our participation at the end of Q2 2015.

We currently own approximately 15,000 patents and pending patent applications, corresponding to over 9,000 patent families (each patent family containing all patents originating from the same invention), including more than 500 original new patent applications filed in 2014.

1.7.

Sustainability

STMicroelectronics was one of the first global industrial companies to recognize the importance of environmental responsibility, our initial efforts beginning in the early 1990s. Our approach to sustainability is expressed at a high level in our code of conduct and policies and, in a more operational way, in our Sustainability strategy, which is deployed across all our sites in relation to the local context. In 2014, ST's Sustainability Council decided to refresh our Sustainability strategy to ensure the Company remains focused on the most material topics for our business and stakeholders, and to define our sustainability initiatives for the coming years. Today our approach to sustainability is aligned with our business priorities with programs and objectives related to people, business, environment and our operations.

Over the years, thanks to our many programs and initiatives, we have made outstanding progress in the area of Environment, Health and Safety. We are among the industry leaders in safety with a 17% decrease in our recordable cases rate in 2014 versus 2013 and an 82% decrease since 2002. Since 1994, when we first started our environmental programs, we have decreased our energy consumption, per unit of production, by over 50%. In addition, 20% of our energy was purchased from renewable sources in 2014.

Since the early 2000s, we have adopted the highest international standards, such as the Electronic Industry Citizenship Coalition (EICC) Code of Conduct, and we have conducted stringent risk assessments of all our manufacturing sites, regardless of their location. Based on these results, we then conduct 3rd party audits in regions where human rights risks are higher. In 2014 we continued to reduce our global risk level through sustainable corrective actions, and with an average EICC score of 91.2%, ST's performance is above the industry average.

STMicroelectronics is included in some of the main Sustainability indices (DJSI Europe, FTSE4Good, Euronext Vigeo and Carbon Disclosure Leadership Index — Italy).

Further information on ST Sustainability reports can be found at:
http://www.st.com/web/en/about_st/company_reports_st.html

2.

Report of the Managing Board

2.1.

Business overview

The total available market is defined as the “TAM”, while the serviceable available market, the “SAM”, is defined as the market for products produced by us (which consists of the TAM and excludes major devices such as Microprocessors (“MPUs”), DRAMs, optoelectronics devices, Flash Memories and the Wireless Application Specific market such as Broadband and Application Processor).

Based on the industry data published by World Semiconductor Trade Statistics (WSTS), semiconductor industry revenues increased in the first half of 2015 on a year-over-year basis by approximately 4% for the TAM and 1% for the SAM to reach approximately \$167 billion and \$74 billion, respectively.

Our effective average exchange rate for the first half of 2015 was \$1.20 for €1.00 compared to \$1.36 for €1.00 for the first half of 2014.

Our first half 2015 revenues amounted to \$3,465 million, a 6% decrease on a year-over-year basis. This year-over-year revenues decrease is mainly due to a decline in average selling prices, partially offset by an increase in volume. Excluding negative currency effects and mobile legacy products, net revenues decreased by approximately 1.5%. SP&A revenues decreased by approximately 5% with all product groups contributing to the decrease. EPS revenues declined by approximately 8% mostly due to a decrease in DPG revenues of approximately 23%, partially offset by an increase in MMS revenues.

Our first half 2015 gross margin reached 28.8% of revenues, representing a decrease of 150 basis points compared to the prior year period, primarily due to higher impairment and amortization of capitalized development costs, also associated with the impairment of capitalized development costs for certain products within our DPG product line, decreasing selling prices, less favorable product mix and higher unused capacity charges, which were partially offset by favorable currency effects, net of losses on our existing hedging contracts, and improved manufacturing efficiencies.

Combined selling, general and administrative (SG&A) and research and development (R&D) expenses decreased to \$1,031 million for the first half of 2015, compared to \$1,072 million in the prior year period, mainly due to the favorable impact of exchange rates and the initial results of the EPS saving initiatives, partially offset by salary and variable incentive increases, lower capitalized development costs, as well as a higher impairment, restructuring charges and other related closure costs allocated to SG&A and R&D.

In the first half of 2015, our combined other income and expenses significantly decreased to \$40 million, compared to \$119 million in the prior year period, mainly due to higher losses on hedging contracts as well as the Nano2017 R&D grants prior periods' catch-up recognized in the first half of 2014.

Operating profit declined to \$5 million in the first half of 2015 compared to \$163 million in prior year. This decline is mainly due to the Nano2017 R&D grants prior periods' catch-up of \$97 million recognized in the year-ago period, a lower level of revenues and a margin decrease, partially offset by the favorable impact of exchange rates.

In first half of 2015, our free cash flow (a non GAAP measure) amounted to \$94 million, improving \$244 million compared to the first half of 2014.

2.2.

Segment information

We operate in two business areas: Semiconductors and Subsystems.