



PR No: C3210C

STMicroelectronics Reports 2023 Third Quarter Financial Results

- Q3 net revenues \$4.43 billion; gross margin 47.6%; operating margin 28.0%; net income \$1.09 billion
- YTD net revenues \$13.00 billion; gross margin 48.7%; operating margin 27.6%; net income \$3.14 billion
- Business outlook at mid-point: Q4 net revenues of \$4.30 billion and gross margin of 46%

Geneva, October 26, 2023 – STMicroelectronics N.V. (“ST”) (NYSE: STM), a global semiconductor leader serving customers across the spectrum of electronics applications, reported U.S. GAAP financial results for the third quarter ended September 30, 2023. This press release also contains non-U.S. GAAP measures (see Appendix for additional information).

ST reported third quarter net revenues of \$4.43 billion, gross margin of 47.6%, operating margin of 28.0%, and net income of \$1.09 billion or \$1.16 diluted earnings per share.

Jean-Marc Chery, ST President & CEO, commented:

- “Q3 net revenues of \$4.43 billion came in above the midpoint of our business outlook range, and Q3 gross margin of 47.6% was slightly above guidance.”
- “Q3 net revenues increased 2.5% year-over-year. As expected, the revenue performance was driven mainly by continued growth in Automotive, partially offset by lower revenues in Personal Electronics.”
- “On a year-over-year basis, gross margin remained stable at 47.6%, while, as expected, operating margin decreased to 28.0% from 29.4% and net income was stable at \$1.09 billion.”
- “First nine months net revenues increased 11.1% year-over-year, driven by growth in ADG and MDG Product Groups, partially offset by a decline of AMS Product Group. Operating margin was 27.6% and net income was \$3.14 billion.”
- “Our fourth quarter business outlook, at the mid-point, is for net revenues of \$4.30 billion, declining year-over-year and sequentially by about 3%; gross margin is expected to be about 46%.”
- “The midpoint of this outlook translates into full year 2023 revenues of about \$17.3 billion, representing 7.3% year-over-year growth and a gross margin of about 48.1%.”

Quarterly Financial Summary (U.S. GAAP)

(US\$ m, except per share data)	Q3 2023	Q2 2023	Q3 2022	Q/Q	Y/Y
Net Revenues	\$4,431	\$4,326	\$4,321	2.4%	2.5%
Gross Profit	\$2,109	\$2,119	\$2,059	-0.5%	2.4%
Gross Margin	47.6%	49.0%	47.6%	-140 bps	-
Operating Income	\$1,241	\$1,146	\$1,272	8.2%	-2.4%
Operating Margin	28.0%	26.5%	29.4%	150 bps	-140 bps
Net Income	\$1,090	\$1,001	\$1,099	8.9%	-0.8%
Diluted Earnings Per Share	\$1.16	\$1.06	\$1.16	9.4%	-

Third Quarter 2023 Summary Review

Net Revenues By Product Group (US\$ m)	Q3 2023	Q2 2023	Q3 2022	Q/Q	Y/Y
Automotive and Discrete Group (ADG)	2,025	1,955	1,563	3.6%	29.6%
Analog, MEMS and Sensors Group (AMS)	990	940	1,380	5.3%	-28.3%
Microcontrollers and Digital ICs Group (MDG)	1,412	1,427	1,374	-1.0%	2.8%
Others	4	4	4	-	-
Total Net Revenues	4,431	4,326	4,321	2.4%	2.5%

Net revenues totaled \$4.43 billion, representing a year-over-year increase of 2.5%. On a year-over-year basis, ADG and MDG revenues increased 29.6% and 2.8% respectively, while AMS decreased 28.3%. Year-over-year net sales to OEMs and Distribution increased 2.1% and 3.4%, respectively. On a sequential basis, net revenues increased 2.4%, 130 basis points better than the mid-point of ST's guidance. ADG and AMS both reported an increase in net revenues on a sequential basis, and MDG slightly decreased, as expected.

Gross profit totaled \$2.11 billion, representing a year-over-year increase of 2.4%. **Gross margin** of 47.6% was stable year-over-year, as improved product mix was offset by higher manufacturing costs and unused capacity charges.

Operating income decreased 2.4% to \$1.24 billion, compared to \$1.27 billion in the year-ago quarter. ST's **operating margin** decreased 140 basis points on a year-over-year basis to 28.0% of net revenues, compared to 29.4% in the 2022 third quarter.

By **product group**, compared with the year-ago quarter:

Automotive and Discrete Group (ADG):

- Revenue increased for both Automotive and Power Discrete.
- Operating profit increased by 57.9% to \$638 million. Operating margin was 31.5% compared to 25.9%.

Analog, MEMS and Sensors Group (AMS):

- Revenue decreased in Analog, in Imaging and in MEMS.
- Operating profit decreased by 50.6% to \$186 million. Operating margin was 18.8% compared to 27.2%.

Microcontrollers and Digital ICs Group (MDG):

- Revenue increased for RF Communications while Microcontrollers were stable.
- Operating profit decreased by 1.6% to \$496 million. Operating margin was 35.1% compared to 36.7%.

Net income was stable at \$1.09 billion compared to \$1.10 billion in the year-ago quarter, and **diluted earnings per share** remained stable at \$1.16.

Cash Flow and Balance Sheet Highlights

(US\$ m)	Q3 2023	Q2 2023	Q3 2022	Trailing 12 Months		
				Q3 2023	Q3 2022	TTM Change
Net cash from operating activities	1,881	1,311	1,651	6,062	4,533	33.7%
Free cash flow (non-U.S. GAAP) ¹	707	209	676	1,725	1,302	32.5%

Net cash from operating activities was \$1.88 billion in the third quarter compared to \$1.65 billion in the year-ago quarter.

Capital expenditure payments, net of proceeds from sales, capital grants and other contributions, were \$1.15 billion in the third quarter. In the year-ago period, capital expenditures, net, were \$0.96 billion.

¹ Non-U.S. GAAP. See Appendix for reconciliation to U.S. GAAP and information explaining why ST believes these measures are important.

Free cash flow (non-U.S. GAAP) was \$707 million compared to \$676 million in the year-ago quarter.

Inventory at the end of the third quarter was \$2.87 billion, compared to \$2.38 billion in the year-ago quarter. Days sales of inventory at quarter-end was 114 days compared to 126 days in the previous quarter and 96 days in the year-ago quarter.

In the third quarter, ST paid cash dividends to its stockholders totaling \$58 million and executed a \$87 million share buy-back as part of its current share repurchase program.

ST's net financial position (non-U.S. GAAP) was \$2.46 billion as of September 30, 2023, compared to \$1.91 billion as of July 1, 2023 and reflected total liquidity of \$5.05 billion and total financial debt of \$2.59 billion.

Corporate developments

On September 19, 2023, the ST Supervisory Board announced that it would propose for shareholder approval at ST's 2024 Annual General Meeting of Shareholders, the reappointment of Jean-Marc Chery for a three-year mandate as the sole member of the Company's Managing Board and its President and Chief Executive Officer, and that Mr. Chery had accepted the proposal.

Business Outlook

ST's guidance, at the mid-point, for the 2023 fourth quarter is:

- Net revenues are expected to be \$4.30 billion, a decrease of about 3% sequentially, plus or minus 350 basis points.
- Gross margin of 46%, plus or minus 200 basis points.
- This outlook is based on an assumed effective currency exchange rate of approximately \$1.08 = €1.00 for the 2023 fourth quarter and includes the impact of existing hedging contracts.
- The fourth quarter will close on December 31, 2023.

Conference Call and Webcast Information

ST will conduct a conference call with analysts, investors and reporters to discuss its third quarter 2023 financial results and current business outlook today at 9:30 a.m. Central European Time (CET) / 3:30 a.m. U.S. Eastern Time (ET). A live webcast (listen-only mode) of the conference call will be accessible at ST's website, <https://investors.st.com>, and will be available for replay until November 10, 2023.

Use of Supplemental Non-U.S. GAAP Financial Information

This press release contains supplemental non-U.S. GAAP financial information.

Readers are cautioned that these measures are unaudited and not prepared in accordance with U.S. GAAP and should not be considered as a substitute for U.S. GAAP financial measures. In addition, such non-U.S. GAAP financial measures may not be comparable to similarly titled information from other companies. To compensate for these limitations, the supplemental non-U.S. GAAP financial information should not be read in isolation, but only in conjunction with ST's consolidated financial statements prepared in accordance with U.S. GAAP.

See the Appendix of this press release for a reconciliation of ST's non-U.S. GAAP financial measures to their corresponding U.S. GAAP financial measures.

Forward-looking Information

Some of the statements contained in this release that are not historical facts are statements of future expectations and other forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934, each as amended) that are based on management's current views and assumptions, and are conditioned upon and also involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those anticipated by such statements, due to, among other factors:

- *changes in global trade policies, including the adoption and expansion of tariffs and trade barriers, that could affect the macro-economic environment and adversely impact the demand for our products;*
- *uncertain macro-economic and industry trends (such as inflation and fluctuations in supply chains), which may impact production capacity and end-market demand for our products;*
- *customer demand that differs from projections;*

- *the ability to design, manufacture and sell innovative products in a rapidly changing technological environment;*
- *changes in economic, social, public health, labor, political, or infrastructure conditions in the locations where we, our customers, or our suppliers operate, including as a result of macroeconomic or regional events, geopolitical and military conflicts (including the ongoing conflict between Russia and Ukraine), social unrest, labor actions, or terrorist activities;*
- *unanticipated events or circumstances, which may impact our ability to execute our plans and/or meet the objectives of our R&D and manufacturing programs, which benefit from public funding;*
- *financial difficulties with any of our major distributors or significant curtailment of purchases by key customers;*
- *the loading, product mix, and manufacturing performance of our production facilities and/or our required volume to fulfill capacity reserved with suppliers or third-party manufacturing providers;*
- *availability and costs of equipment, raw materials, utilities, third-party manufacturing services and technology, or other supplies required by our operations (including increasing costs resulting from inflation);*
- *the functionalities and performance of our information technology (“IT”) systems, which are subject to cybersecurity threats and which support our critical operational activities including manufacturing, finance and sales, and any breaches of our IT systems or those of our customers, suppliers, partners and providers of third-party licensed technology;*
- *theft, loss, or misuse of personal data about our employees, customers, or other third parties, and breaches of data privacy legislation;*
- *the impact of intellectual property claims by our competitors or other third parties, and our ability to obtain required licenses on reasonable terms and conditions;*
- *changes in our overall tax position as a result of changes in tax rules, new or revised legislation, the outcome of tax audits or changes in international tax treaties which may impact our results of operations as well as our ability to accurately estimate tax credits, benefits, deductions and provisions and to realize deferred tax assets;*
- *variations in the foreign exchange markets and, more particularly, the U.S. dollar exchange rate as compared to the Euro and the other major currencies we use for our operations;*
- *the outcome of ongoing litigation as well as the impact of any new litigation to which we may become a defendant;*
- *product liability or warranty claims, claims based on epidemic or delivery failure, or other claims relating to our products, or recalls by our customers for products containing our parts;*
- *natural events such as severe weather, earthquakes, tsunamis, volcano eruptions or other acts of nature, the effects of climate change, health risks and epidemics or pandemics such as the COVID-19 pandemic in locations where we, our customers or our suppliers operate;*
- *increased regulation and initiatives in our industry, including those concerning climate change and sustainability matters and our goal to become carbon neutral on scope 1 and 2 and partially scope 3 by 2027;*
- *potential loss of key employees and potential inability to recruit and retain qualified employees as a result of epidemics or pandemics such as the COVID-19 pandemic, remote-working arrangements and the corresponding limitation on social and professional interaction;*
- *the duration and the severity of the global outbreak of COVID-19 may continue to negatively impact the global economy in a significant manner for an extended period of time, and also could materially adversely affect our business and operating results;*
- *industry changes resulting from vertical and horizontal consolidation among our suppliers, competitors, and customers;*
and
- *the ability to successfully ramp up new programs that could be impacted by factors beyond our control, including the availability of critical third-party components and performance of subcontractors in line with our expectations.*

Such forward-looking statements are subject to various risks and uncertainties, which may cause actual results and performance of our business to differ materially and adversely from the forward-looking statements. Certain forward-looking statements can be identified by the use of forward looking terminology, such as “believes,” “expects,” “may,” “are expected to,” “should,” “would be,” “seeks” or “anticipates” or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions.

Some of these risks are set forth and are discussed in more detail in “Item 3. Key Information — Risk Factors” included in our Annual Report on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission (“SEC”) on February 23, 2023. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this press release as anticipated, believed, or expected. We do not intend, and do not assume any obligation, to update any industry information or forward-looking statements set forth in this release to reflect subsequent events or circumstances.

Unfavorable changes in the above or other risks or uncertainties listed under “Item 3. Key Information — Risk Factors” from time to time in our SEC filings, could have a material adverse effect on our business and/or financial condition.

About STMicroelectronics

At ST, we are over 50,000 creators and makers of semiconductor technologies mastering the semiconductor supply chain with state-of-the-art manufacturing facilities. An integrated device manufacturer, we work with more than 200,000 customers and thousands of partners to design and build products, solutions, and ecosystems that address their challenges and opportunities, and the need to support a more sustainable world. Our technologies enable smarter mobility, more efficient power and energy management, and the wide-scale deployment of the Internet of Things and connectivity. We are committed to achieving our goal to become carbon neutral on scope 1 and 2 and partially scope 3 by 2027. Further information can be found at www.st.com.

For further information, please contact:

INVESTOR RELATIONS:

Céline Berthier
Group VP, Investor Relations
Tel: +41 22 929 58 12
celine.berthier@st.com

MEDIA RELATIONS:

Alexis Breton
Corporate External Communications
Tel: + 33 6 59 16 79 08
alexis.breton@st.com

STMicroelectronics N.V.

CONSOLIDATED STATEMENTS OF INCOME

(in millions of U.S. dollars, except per share data (\$))

	Three months ended	
	September 30,	October 1,
	2023	2022
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Net sales	4,416	4,305
Other revenues	15	16
NET REVENUES	4,431	4,321
Cost of sales	(2,322)	(2,262)
GROSS PROFIT	2,109	2,059
Selling, general and administrative	(407)	(352)
Research and development	(519)	(463)
Other income and expenses, net	58	28
Total operating expenses	(868)	(787)
OPERATING INCOME	1,241	1,272
Interest income, net	44	16
Other components of pension benefit costs	(5)	(2)
INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTEREST	1,280	1,286
Income tax expense	(188)	(185)
NET INCOME	1,092	1,101
Net income attributable to noncontrolling interest	(2)	(2)
NET INCOME ATTRIBUTABLE TO PARENT COMPANY STOCKHOLDERS	1,090	1,099
EARNINGS PER SHARE (BASIC) ATTRIBUTABLE TO PARENT COMPANY STOCKHOLDERS	1.20	1.21
EARNINGS PER SHARE (DILUTED) ATTRIBUTABLE TO PARENT COMPANY STOCKHOLDERS	1.16	1.16
NUMBER OF WEIGHTED AVERAGE SHARES USED IN CALCULATING DILUTED EPS	943.8	945.5

STMicroelectronics N.V.

CONSOLIDATED STATEMENTS OF INCOME

(in millions of U.S. dollars, except per share data (\$))

	Nine months ended	
	September 30, 2023	October 1, 2022
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Net sales	12,977	11,675
Other revenues	27	29
NET REVENUES	13,004	11,704
Cost of sales	(6,666)	(6,171)
GROSS PROFIT	6,338	5,533
Selling, general and administrative	(1,215)	(1,076)
Research and development	(1,579)	(1,429)
Other income and expenses, net	44	125
Total operating expenses	(2,750)	(2,380)
OPERATING INCOME	3,588	3,153
Interest income, net	114	24
Other components of pension benefit costs	(14)	(7)
INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTEREST	3,688	3,170
Income tax expense	(547)	(454)
NET INCOME	3,141	2,716
Net income attributable to noncontrolling interest	(6)	(3)
NET INCOME ATTRIBUTABLE TO PARENT COMPANY STOCKHOLDERS	3,135	2,713
EARNINGS PER SHARE (BASIC) ATTRIBUTABLE TO PARENT COMPANY STOCKHOLDERS	3.47	2.99
EARNINGS PER SHARE (DILUTED) ATTRIBUTABLE TO PARENT COMPANY STOCKHOLDERS	3.32	2.87
NUMBER OF WEIGHTED AVERAGE SHARES USED IN CALCULATING DILUTED EPS	944.7	946.9

STMicroelectronics N.V.
CONSOLIDATED BALANCE SHEETS

As at
In millions of U.S. dollars

	September 30, 2023	July 1, 2023	December 31, 2022
	(Unaudited)	(Unaudited)	(Audited)
ASSETS			
Current assets:			
Cash and cash equivalents	3,011	3,111	3,258
Short-term deposits	506	106	581
Marketable securities	1,537	1,346	679
Trade accounts receivable, net	1,837	1,984	1,970
Inventories	2,870	3,045	2,583
Other current assets	1,230	1,215	734
Total current assets	10,991	10,807	9,805
Goodwill	294	297	297
Other intangible assets, net	353	356	405
Property, plant and equipment, net	9,672	9,303	8,201
Non-current deferred tax assets	510	545	602
Long-term investments	21	21	11
Other non-current assets	721	572	661
Total assets	22,562	21,901	19,982
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term debt	173	176	175
Trade accounts payable	1,555	1,990	2,122
Other payables and accrued liabilities	1,517	1,454	1,385
Dividends payable to stockholders	115	173	60
Accrued income tax	377	248	95
Total current liabilities	3,737	4,041	3,837
Long-term debt	2,418	2,473	2,542
Post-employment benefit obligations	338	340	331
Long-term deferred tax liabilities	55	56	60
Other long-term liabilities	507	418	454
Total liabilities	7,055	7,328	7,224
Commitment and contingencies			
Equity			
Parent company stockholders' equity			
Common stock (preferred stock: 540,000,000 shares authorized, not issued; common stock: Euro 1.04 nominal value, 1,200,000,000 shares authorized, 911,281,920 shares issued, 904,706,324 shares outstanding as of September 30, 2023)	1,157	1,157	1,157
Additional Paid-in Capital	2,800	2,743	2,631
Retained earnings	11,395	10,340	8,713
Accumulated other comprehensive income	376	505	460
Treasury stock	(293)	(241)	(268)
Total parent company stockholders' equity	15,435	14,504	12,693
Noncontrolling interest	72	69	65
Total equity	15,507	14,573	12,758
Total liabilities and equity	22,562	21,901	19,982

STMicroelectronics N.V.**SELECTED CASH FLOW DATA**

Cash Flow Data (in US\$ millions)	Q3 2023	Q2 2023	Q3 2022
Net Cash from operating activities	1,881	1,311	1,651
Net Cash used in investing activities	(1,756)	(1,615)	(1,851)
Net Cash used in financing activities	(223)	(158)	(5)
Net Cash decrease	(100)	(461)	(216)
Selected Cash Flow Data (in US\$ millions)	Q3 2023	Q2 2023	Q3 2022
Depreciation & amortization	396	383	312
Net payment for Capital expenditures	(1,152)	(1,072)	(955)
Dividends paid to stockholders	(58)	(50)	(55)
Change in inventories, net	147	(175)	(126)

**Appendix
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Supplemental Financial Information**

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Net Revenues By Market Channel (%)					
Total OEM	67%	64%	64%	68%	67%
Distribution	33%	36%	36%	32%	33%
€/€ Effective Rate	1.09	1.08	1.06	1.04	1.08
Product Group Data (US\$ m)					
Automotive & Discrete Group (ADG)					
- Net Revenues	2,025	1,955	1,807	1,696	1,563
- Operating Income	638	624	577	470	404
Analog, MEMS & Sensors Group (AMS)					
- Net Revenues	990	940	1,068	1,339	1,380
- Operating Income	186	139	218	346	376
Microcontrollers & Digital ICs Group (MDG)					
- Net Revenues	1,412	1,427	1,368	1,383	1,374
- Operating Income	496	505	495	495	504
Others ^(a)					
- Net Revenues	4	4	4	6	4
- Operating Income (Loss)	(79)	(122)	(89)	(24)	(12)
Total					
- Net Revenues	4,431	4,326	4,247	4,424	4,321
- Operating Income	1,241	1,146	1,201	1,287	1,272

^(a) Net revenues of Others include revenues from sales assembly services and other revenues. Operating income (loss) of Others includes items such as unused capacity charges, including reduced manufacturing activity due to COVID-19 and incidents leading to power outage, impairment, restructuring charges and other related closure costs, management reorganization costs, start-up and phase-out costs of certain manufacturing facilities, and other unallocated income (expenses) such as: strategic or special research and development programs, certain corporate-level operating expenses, patent claims and litigations, and other costs that are not allocated to product groups, as well as operating earnings of other products. Others includes:

(US\$ m)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Unused capacity charges	46	15	1	-	-

(Appendix – continued)
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Supplemental Non-U.S. GAAP Financial Information
U. S. GAAP – Non-U.S. GAAP Reconciliation

The supplemental non-U.S. GAAP information presented in this press release is unaudited and subject to inherent limitations. Such non-U.S. GAAP information is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for U.S. GAAP measurements. Also, our supplemental non-U.S. GAAP financial information may not be comparable to similarly titled non-U.S. GAAP measures used by other companies. Further, specific limitations for individual non-U.S. GAAP measures, and the reasons for presenting non-U.S. GAAP financial information, are set forth in the paragraphs below. To compensate for these limitations, the supplemental non-U.S. GAAP financial information should not be read in isolation, but only in conjunction with our consolidated financial statements prepared in accordance with U.S. GAAP.

ST believes that these non-U.S. GAAP financial measures provide useful information for investors and management because they offer, when read in conjunction with ST's U.S. GAAP financials, (i) the ability to make more meaningful period-to-period comparisons of ST's on-going operating results, (ii) the ability to better identify trends in ST's business and perform related trend analysis, and (iii) to facilitate a comparison of ST's results of operations against investor and analyst financial models and valuations, which may exclude these items.

Net Financial Position (non-U.S. GAAP measure)

Net Financial Position, a non-U.S. GAAP measure, represents the difference between our total liquidity and our total financial debt. Our total liquidity includes cash and cash equivalents, restricted cash, if any, short-term deposits, and marketable securities, and our total financial debt includes short-term debt and long-term debt, as reported in our Consolidated Balance Sheets.

ST believes our Net Financial Position provides useful information for investors and management because it gives evidence of our global position either in terms of net indebtedness or net cash by measuring our capital resources based on cash and cash equivalents, restricted cash, if any, short-term deposits and marketable securities and the total level of our financial debt. Our definition of Net Financial Position may differ from definitions used by other companies, and therefore, comparability may be limited.

(US\$ m)	Sep 30 2023	July 1 2023	Apr 1 2023	Dec 31 2022	Oct 1 2022
Cash and cash equivalents	3,011	3,111	3,572	3,258	2,812
Short term deposits	506	106	106	581	780
Marketable securities	1,537	1,346	841	679	496
Total liquidity	5,054	4,563	4,519	4,518	4,088
Short-term debt	(173)	(176)	(176)	(175)	(155)
Long-term debt ^(a)	(2,418)	(2,473)	(2,488)	(2,542)	(2,476)
Total financial debt	(2,591)	(2,649)	(2,664)	(2,717)	(2,631)
Net Financial Position	2,463	1,914	1,855	1,801	1,457

^(a) Long-term debt contains standard conditions but does not impose minimum financial ratios. Committed credit facilities for \$1.3 billion equivalent, are currently undrawn.

(Appendix – continued)
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Free Cash Flow (non-U.S. GAAP measure)

Free Cash Flow, which is a non-U.S. GAAP measure, is defined as (i) net cash from operating activities plus (ii) net cash used in investing activities, excluding payment for purchases of (and proceeds from matured) marketable securities and net investment in (and proceeds from) short-term deposits, which are considered as temporary financial investments. This definition ultimately results in net cash from operating activities plus payment for purchase (and proceeds from sale) of tangible, intangible and financial assets, proceeds from capital grants and other contributions, and net cash paid for business acquisitions, if any.

ST believes Free Cash Flow provides useful information for investors and management because it measures our capacity to generate cash from our operating and investing activities to sustain our operations. Free Cash Flow does not represent total cash flow since it does not include the cash flows from, or used in, financing activities.

Free Cash Flow reconciles with the total cash flow and the net cash increase (decrease) by including the payment for purchases of (and proceeds from matured) marketable securities and net investment in (and proceeds from) short-term deposits, the net cash from (used in) financing activities and the effect of changes in exchange rates. Our definition of Free Cash Flow may differ from definitions used by other companies.

(US\$ m)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Net cash from operating activities	1,881	1,311	1,320	1,550	1,651
Payment for purchase of tangible assets, net of proceeds from sale and proceeds from capital grants and other contributions	(1,152)	(1,072)	(1,090)	(920)	(955)
Payment for purchase of intangible assets, net of proceeds from sale	(22)	(22)	(24)	(27)	(20)
Payment for purchase of financial assets, net of proceeds from sale	-	(8)	-	-	-
Free Cash Flow ^(a)	707	209	206	603	676

^(a) Free Cash Flow can also be expressed as net cash from operating and investing activities, excluding cash from (used in) marketable securities and short-term deposits.