

STMICROELECTRONICS NV
Form 6-K
April 04, 2016

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 April 4, 2016

Commission File Number: 1-13546

STMicroelectronics N.V.
(Name of Registrant)

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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 E

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 E

No Q

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Yes E

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Yes

No

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

Enclosure: STMicroelectronics' 2015 Dutch Statutory Annual Report, including the 2015 IFRS Statutory Accounts.

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1. Message from the President and CEO on the financial year 2015

Dear Shareholder,

2015 was a year where we made important steps, both from a strategic and financial point of view.

First, we focused our product portfolio and application strategy on two key areas: Smart Driving, enabled by digitalization and electrification of the car, and the Internet of Things, including portable and wearable systems as well as smart home, city and industry applications. Our product portfolio, our technologies and our system application capabilities are optimized to address these areas.

Second, we conducted an extensive review of external and internal options for the future of our loss-making set-top box activity within the Digital Product Group and decided in January 2016 to discontinue the development of new platforms and standard products for the set-top box and home gateway markets. Digital products are everywhere throughout the product portfolio of our company and remain key to our strategy, since they are at the core of the digitalization trend in Automotive and of all Internet of Things applications. Our general purpose and secure microcontrollers, EEPROM memories, ASICs, digital automotive ICs and specialized imaging sensors represented about \$2.8 billion of our revenues in 2015 and will provide major growth opportunities for ST moving forward. The fact that we expect to redeploy a large number of skilled employees, currently associated with the set-top-box business, in order to support our growth ambitions in digital automotive and microcontrollers is further proof of this ambition.

Third, we made progress in a number of financial metrics. Our operating profit totaled \$109 million in 2015, improving by \$59 million on a year-over-year basis excluding the catch-up of R&D funding in 2014. Our net profit for the fiscal year was \$181 million. Moreover, we generated \$327 million of free cash flow, the highest level recorded in the past five years. As a result, we ended 2015 with a solid capital structure, with a net financial position positive by \$491 million and total liquidity of \$2.1 billion.

These financial results have been achieved despite revenues not at the level we were expecting at the beginning of 2015. This was the consequence of a weak semiconductor market, particularly in the second half of the year, but also of some changes in the plans of our customers. Therefore, our revenue performance was mixed, with some businesses affected by the market conditions and specific business transitions, while other businesses performed well.

Our Microcontroller business delivered year-on-year growth of over 7%, driven by our STM32 general-purpose family. This growth was achieved thanks to the combination of a portfolio of innovative products and a strong expansion of our customer base. We broadened our product range with the new ultra low power STM32L4 series and the very high-performance STM32L7 series, so that our customers now have a choice of over 600 part numbers. We also strengthened the ecosystem with the extension of STM32Cube software tool to the complete product portfolio. Our STM32 series are at the heart of many IoT applications and over 40,000 customers worldwide now use them.

Another area of solid performance was our Automotive business, where the product group, after growing 8% in 2014, was stable year-on-year in 2015, when currency effects are excluded. Key to our results was strong progress in ADAS, where we nearly doubled our revenues year on year and where we achieved multiple design wins in vision processing and new 24 and 77GHz radar-based products. In 32-bit microcontrollers for automotive we recorded strong growth, materializing more business from our strong design-win pipeline that covers body, powertrain and engine management applications. In Smart Power, we also continued our strong momentum with our BCD9S and VIPower technologies.

Our Industrial and Power Discrete group was the most affected by the market slowdown and a resulting correction in the distribution channel, which led to a sales decrease of 6% in 2015, excluding currency effects. However, during 2015 we continued to build foundations for future growth, with the launch of many new products targeting the fastest-growing applications. For automation for smart factories and homes, we broadened our offering of smart power ICs and transistors and we further developed our ecosystem to make the design-in of the complete ST portfolio for motion control even easier. For power conversion applications, we launched new solutions for digital power & LED lighting and for server power supply, including silicon carbide-based products. In the area of energy management, we secured wins in automotive in various electric and hybrid vehicle applications and continued to develop innovative solutions for energy harvesting and energy management; we also grew our business in protection devices and introduced innovative antenna tuning solutions for portable applications.

In our Analog, MEMS and sensors business, although we continued to go through a difficult revenue transition in 2015, we made further progress in building a more diversified portfolio and broader customer base; this should ultimately allow a gradual return to growth. In Analog, our low power connectivity solutions were well received by the market, with volume sales of our Bluetooth Low energy solutions and wins with our sub-GHz RF transceiver in smart home applications. We grew our automotive MEMS business with sensors for in-car navigation and telematics and with first shipments for airbag applications, and were identified by IHS as the fastest growing automotive-sensors supplier. We also had motion MEMS wins in active safety for vehicle dynamic control applications. We grew revenues for our micro-mirrors business for Intel's Perceptual Computing initiatives as well as for our touchscreen controllers, while our piezoelectric MEMS technology helped poLight to develop a fast-focus smartphone camera lens. Our diversification also included new environmental sensors such as the smallest, most accurate pressure sensor in the industry. Smartphones continue to remain a focus for us and our latest 6-axis device and our gyroscope for optical image stabilization will be in flagship devices in 2016.

In Digital ASICs, we strengthened our position in the networking market, with record billings in optical modules and a strong ramp of ASICs in leading-edge CMOS technologies. Our strategy in Imaging is bringing results, with the good performance of our specialized image and photonic sensors. Our FlightSense technology was integrated in over 20 phones during 2015 and we passed the milestone of 50 million units shipped.

These achievements in 2015 are a solid starting point for growth in 2016. With our efforts in product development, application support and marketing for Smart Driving and Internet of Things, we are targeting the areas that are expected to grow fastest in our Serviceable Available Market of about \$150 billion: from ADAS to car digitalization and electrification; from factory automation to home and building control; from smartphones to new connected smart devices.