STMICROELECTRONICS NV
Form 6-K
April 23, 2013

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 23, 2013

Commission File Number: 1-13546

STMicroelectronics N.V.
(Name of Registrant)

WTC Schiphol Airport
Schiphol Boulevard 265
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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 £

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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Yes £ No Q

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 Q

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 April 22, 2013, announcing STMicroelectronics' 2013 first quarter financial results.

PR No. C2714C

# STMicroelectronics
# Reports 2013 First Quarter Financial Results

- First quarter net revenues $2.01 billion, gross margin 31.3%; in line with guidance
- ST revenues excluding ST-Ericsson decreased 3% sequentially, better than normal seasonality
- Signed agreement with Ericsson to exit the ST-Ericsson joint venture

Geneva, April 22, 2013 - STMicroelectronics (NYSE: STM), a global semiconductor leader serving customers across the spectrum of electronics applications, reported financial results for the first quarter ending March 30, 2013.

Effective January 1, 2013, the segment reporting of ST's results reflects the new strategy announced on December 10, 2012: Sense & Power and Automotive Products (SPA) and Embedded Processing Solutions (EPS).

First quarter net revenues totaled $2.01 billion and gross margin was 31.3%. Net loss attributable to ST was $171 million, mainly due to the 50% share in ST-Ericsson operating loss and restructuring costs.

"First quarter sales and gross margin results were in line with the mid-point of our guidance," said ST President and CEO Carlo Bozotti. "Importantly, excluding ST-Ericsson, our businesses delivered revenues better than normal seasonality despite the ongoing soft macro-economic environment, due to the strong performance of Microcontrollers, Power and Smart Power for industrial and automotive. We also achieved key design wins with leading customers for 28nm FD-SOI technology products and home-gateway applications.

"We continued to maintain a strong net financial position in the quarter, while using some of our available cash to repay at maturity our outstanding 2013 Senior bonds. We have signed an agreement with Ericsson to split up the ST-Ericsson joint venture. We have also begun to advance towards our first quarter 2014 net operating expense goal, significantly reducing operating costs in the quarter."

Summary Financial Highlights

| U.S. GAAP (Million US$) | Q1 2013 | Q4 2012 | Q1 2012 |
|---|---|---|---|
| Net Revenues (a) | 2,009 | 2,162 | 2,017 |
| Gross Margin | 31.3% | 32.3% | 29.6% |
| Operating Income (Loss), as reported | (281) | (730) | (352) |
| Net Income (Loss) attributable to parent company | (171) | (428) | (176) |

(a) Net revenues include sales recorded by ST-Ericsson as consolidated by ST

| Non-U.S. GAAP* Before impairment, restructuring and one-time items (Million US$) | Q1 2013 | Q4 2012 | Q1 2012 |
|---|---|---|---|
| Operating Income (Loss) | (180) | (142) | (280) |
| Operating Margin | (8.9%) | (6.5%) | (13.9%) |
| Operating Margin – Attributable to ST | (5.3%) | (3.3%) | (6.5%) |

ST-Ericsson Information

As announced on March 18, 2013, ST and Ericsson have agreed to the transfer of certain ST-Ericsson employees and assets to the respective parent companies and to the wind-down of the remaining joint venture. The formal transfer of the relevant parts of ST-Ericsson to the parent companies is expected to be completed during the third quarter of 2013, subject to regulatory approvals. As agreed, from March 2, 2013 and until completion of the wind-down, Ericsson is assuming the funding of the LTE Modem business, and ST is assuming the funding of the existing products and related business as well as certain assembly and test facilities. Both shareholders are assuming equal funding of the wind-down related activities.

As previously disclosed, ST has estimated its total cash costs, including covering ST-Ericsson's ongoing operations during the transition period and restructuring costs related to the ST-Ericsson wind-down, at between $350 million and $450 million of which, during the 2013 first quarter, ST funded $83 million under the ST-Ericsson parent facility.

ST-Ericsson's net revenues in the first quarter of 2013 decreased 28% sequentially to $256 million reflecting, as anticipated, the drop of sales of legacy products to its prior larger customer, seasonal factors, no revenues from licensing and softer market conditions. ST-Ericsson's operating loss, excluding amortization of acquisition-related intangibles and restructuring charges was $158 million in the first quarter of 2013, compared to a loss of $133 million and $297 million in the prior and year ago quarter, respectively

First Quarter Review

ST's first quarter revenues, excluding the Wireless product line, increased 1.3% year-over-year, and decreased 3.4% on a sequential basis, reflecting better than normal seasonality. Overall, net revenues decreased 0.4% and 7.1% on a year-over-year and sequential basis, respectively.

EMEA led all regions with 0.2% sequential revenue growth while the Americas decreased by 3.3% and Japan & Korea were lower by 5.1%. Greater China & South Asia revenues decreased 13.2% driven by business dynamics at certain key global accounts.

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(*)Operating income (loss) before impairment, restructuring and one-time items, operating margin before impairment, restructuring and one-time items and operating margin before impairment, restructuring and one-time items attributable to ST are non-U.S. GAAP measures. Please refer to Attachment A for additional information explaining why the Company believes these measures are important and reconciliation to U.S. GAAP.

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First quarter gross profit was $628 million and gross margin was 31.3%. On a year-over-year basis, gross profit increased 5.4% and gross margin improved 170 basis points. On a sequential basis, gross margin declined 100 basis points and was in line with expectations, reflecting no revenues from licensing at ST-Ericsson and the usual negative price pressure we experience at the beginning of the year, offset in part by lower unsaturation charges.

R&D expenses were $533 million and declined by 16% on a year over year basis period. On a sequential basis, R&D expenses decreased $52 million or 9% compared to the prior quarter, benefiting principally from the ongoing restructuring initiatives at ST-Ericsson as well as, starting March 2, 2013, the charge back to Ericsson of the LTE Modem expenses of $29 million.

SG&A expenses totaled $279 million in the first quarter, a reduction of 10% compared to the year-ago period mainly due to cost reduction initiatives. On a sequential basis, SG&A expenses decreased by 4% mainly due to seasonality.

Impairment, restructuring and other related closure costs for the first quarter were $101 million, of which $87 million were related to ST-Ericsson. Furthermore, ST recorded a charge of $8 million as loss on equity-method investments related to ST-Ericsson JVD, which is accounted for under the equity-method, primarily due to additional restructuring charges.

Operating margin before impairment, restructuring and one-time items attributable to ST was a negative 5.3% in the 2013 first quarter compared to negative 3.3% in the prior quarter.*

In the first quarter of 2013, net loss attributable to non-controlling interest was $126 million, which mainly included the 50% owned by Ericsson in the ST-Ericsson joint venture, as consolidated by ST. In the fourth quarter of 2012, the corresponding amount was $361 million.

First quarter net loss was $171 million or $(0.19) per share, compared to a net loss of $(0.48) and $(0.20) per share in the prior and year-ago quarters, respectively. On an adjusted basis, net of related taxes, ST reported non-U.S. GAAP net loss per share of $(0.13) in the first quarter, excluding impairment and restructuring charges and one-time items, compared to a net loss of $(0.11) and $(0.14) per share in the prior and year-ago quarters, respectively.*

For the first quarter of 2013, the effective average exchange rate for the Company was approximately $1.31 to €1.00 compared to $1.30 to €1.00 for the fourth quarter of 2012 and $1.33 to €1.00 for the first quarter of 2012.

Net Revenues by Market Channel

| Net Revenues By Market Channel (%) | Q1 2013 | Q4 2012 | Q1 2012 |
|---|---|---|---|
| Total OEM | 75% | 77% | 79% |
| Distribution | 25% | 23% | 21% |

Revenues and Operating Results by ST Product Segment

Effective January 1, 2013, the segment reporting of ST’s results reflects the new strategy announced on December 10, 2012:

- Sense & Power and Automotive Products (SPA), including Analog and MEMS (AMS), Automotive (APG), Industrial and Power Discrete (IPD) and Other SPA; and
- Embedded Processing Solutions (EPS), comprised of Digital Convergence Group (DCG), Microcontrollers, Memory and Security (MMS), Imaging, Bi-CMOS ASIC and Silicon Photonics (IBP), Wireless (WPS) and Other EPS.

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(*)Operating margin before impairment, restructuring and one-time items attributable to ST and adjusted net earnings (loss) per share are non-U.S. GAAP measures. For additional information and reconciliation to U.S. GAAP, please refer to Attachment A.

As a result of the transition to the new strategy, Wireless, which is largely related to ST-Ericsson as consolidated by ST, is included in ST's new Embedded Processing Solutions product segment. ST has provided historical quarterly information by Product Segment on page 6 of this press release.

| Operating Segment (Million US$) | Q1 2013 Net Revenues | Q1 2013 Operating Income (Loss) | Q4 2012 Net Revenues | Q4 2012 Operating Income (Loss) | Q1 2012 Net Revenues | Q1 2012 Operating Income (Loss) |
|---|---|---|---|---|---|---|
| Sense & Power and Automotive Products (SPA) | 1,127 | 58 | 1,184 | 106 | 1,107 | 93 |
| Embedded Processing Solutions including Wireless (EPS)(a) | 867 | (210) | 964 | (182) | 901 | (294) |
| Others (b)(c) | 15 | (129) | 14 | (654) | 9 | (151) |
| TOTAL | 2,009 | (281) | 2,162 | (730) | 2,017 | (352) |

(a) Embedded Processing Solutions includes the Wireless product line which includes a portion of sales and operating results of ST-Ericsson as consolidated in the Company's revenues and operating results, as well as other items affecting operating results related to the wireless business.
(b) Net revenues of "Others" includes revenues from sales of Subsystems, assembly services and other revenues.
(c) Operating income (loss) of "Others" includes items such as unused capacity charges, impairment, restructuring charges and other related closure costs, phase out and start-up costs, NXP arbitration award and other unallocated 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 the Subsystems and Other Products Group. "Others" includes $24 million, $66 million and $71 million of unused capacity charges in the first quarter of 2013 and fourth and first quarters of 2012, respectively; and $101 million, $588 million and $18 million of impairment, restructuring charges and other related closure costs in the first quarter of 2013 and fourth and first quarters of 2012, respectively.

Sense & Power and Automotive Products (SPA) first quarter net revenues decreased 4.8% sequentially, mainly due to, as expected, lower sales of MEMS products partially offset by growth in Automotive and Industrial & Power Discrete products. SPA revenues increased 1.8% compared to the year-ago quarter driven by growth in MEMS and Industrial & Power Discrete products partially offset by a decrease in Automotive. SPA operating margin was 5.1% in the 2013 first quarter compared to 9.0% and 8.4% in the prior and year-ago quarter, respectively.

Embedded Processing Solutions (EPS) first quarter net revenues decreased 10.0% sequentially due to a significant decrease in Wireless and Imaging revenues related to the usual seasonal effect partially offset by growth of Microcontrollers and Digital Convergence products. EPS segment revenues decreased 3.8% compared to the year-ago quarter due to a decrease in Wireless and Imaging related to certain wireless customers partially offset by growth in Microcontrollers and Digital Convergence products. EPS segment operating margin was negative 24.2% in the 2013 first quarter, compared to negative 18.9% and negative 32.6% in the prior and year-ago quarter, respectively.

Cash Flow and Balance Sheet Highlights

Free cash flow was negative $65 million in the first quarter, principally related to ST-Ericsson, compared to positive

$145 million in the prior quarter.*

Capital expenditure payments, net of proceeds from sales, were $111 million during the first quarter of 2013 compared to $78 million in the prior quarter.

Inventory decreased by $47 million to $1.31 billion at quarter end. Inventory in the first quarter of 2013 was at 4.2 turns or 86 days, compared to the year-ago period of 3.8 turns or 95 days.

In the first quarter, the Company paid $455 million to redeem the entire residual outstanding 2013 Senior bonds at maturity and paid to shareholders quarterly cash dividends of $89 million.

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(*)Free cash flow is a non-U.S. GAAP measure. For additional information and reconciliation to U.S. GAAP, please refer to Attachment A.

ST continued to maintain a strong net financial position* with a net cash position of $1.10 billion, as adjusted taking into account the $83 million of ST-Ericsson's debt to our joint venture partner, at March 30, 2013 compared to $1.19 billion at December 31, 2012. ST's financial resources equaled $1.91 billion and total debt was $0.90 billion at March 30, 2013.* During the first quarter 2013, ST signed a new Euro 350 million loan, multi-currency agreement with the European Investment Bank which was undrawn as at March 30, 2013.

Total equity, including non-controlling interest, was $5.95 billion at quarter end.

Second Quarter 2013 Business Outlook

Mr. Bozotti stated, "While there is still a high level of market volatility and macro-economic uncertainties, bookings excluding Wireless, have continued to improve during the course of the first quarter. We are encouraged by this trend although we believe it is too early to assume this improvement is sustainable. In any case, we believe we are well positioned to outperform the market based on our new products within our five key growth drivers.

"Turning to the second quarter, in terms of revenue we expect broad-based growth in our businesses, excluding Wireless, driven by Imaging, Microcontrollers, Analog & MEMS products and leading again to better than seasonal revenue performance, with a sequential increase of about 7% at the midpoint. Including Wireless, we expect an overall revenue increase of about 3% at the midpoint of our guidance.

"We again expect significant reductions in operating expenses to be visible in the second quarter as we make continued progress towards the completion of the exit of the ST-Ericsson joint venture. In addition, we anticipate gross margin to benefit from improved fab loading and manufacturing performance during the second quarter."

The Company expects second quarter 2013 revenues to grow sequentially in the range of about +3%, plus or minus 3.5 percentage points. Gross margin in the second quarter is expected to be about 32.7%, plus or minus 2.0 percentage points, and assumes an improvement from the first quarter amount from fab loading and manufacturing performance.

This outlook is based on an assumed effective currency exchange rate of approximately $1.29 = €1.00 for the 2013 second quarter and includes the impact of existing hedging contracts. The second quarter will close on June 29, 2013.

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(*)Net financial position is a non-U.S. GAAP measure. For additional information and reconciliation to U.S. GAAP, please refer to Attachment A.

Key Summary Financial Information

| Revenues (Million US$) | Q112 | Q212 | Q312 | Q412 | FY12 | Q113 |
|---|---|---|---|---|---|---|
| AMS | 301 | 297 | 324 | 396 | 1,320 | 313 |
| APG | 391 | 404 | 391 | 368 | 1,554 | 385 |
| IPD | 415 | 455 | 459 | 420 | 1,747 | 429 |
| Other SPA | - | - | 1 | - | 1 | - |
| SPA | 1,107 | 1,156 | 1,175 | 1,184 | 4,622 | 1,127 |
| DCG | 208 | 229 | 234 | 217 | 888 | 225 |
| IBP | 128 | 124 | 85 | 100 | 437 | 83 |
| MMS | 275 | 284 | 296 | 293 | 1,147 | 299 |
| WPS | 290 | 344 | 359 | 351 | 1,345 | 260 |
| Other EPS | - | - | 6 | 3 | 9 | - |
| EPS | 901 | 981 | 980 | 964 | 3,826 | 867 |
| Others | 9 | 11 | 11 | 14 | 45 | 15 |
| Total ST | 2,017 | 2,148 | 2,166 | 2,162 | 8,493 | 2,009 |

| Operating Income (Loss): (Million US$) | Q112 | Q212 | Q312 | Q412 | FY12 | Q113 |
|---|---|---|---|---|---|---|
| SPA | 93 | 97 | 114 | 106 | 409 | 58 |
| EPS | (294) | (233) | (175) | (182) | (883) | (210) |
| Others | (151) | (71) | (731) | (654) | (1,607) | (129) |
| Total ST | (352) | (207) | (792) | (730) | (2,081) | |