



Capital Markets Day

October 22, 2019

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Market leader in IoT

CEO, Sverre-Tore Larsen

Agenda

- 12:00-12:10 Q3 2019 Highlights – Svenn-Tore Larsen, CEO
- 12:10-12:30 A market leader in IoT – Svenn-Tore Larsen, CEO
- 12:30-13:05 Go-to-market strategy - Geir Langeland, Sales Director
- 13:05-13:30 FedEx – Delivering the future – Ole Petter Skaaksrud, FedEx
- 13:30-13:45 Break
- 13:45-14:10 Short-range update – Kjetil Holstad, Director Product Management
- 14:10-14:35 Cellular IOT – Svein-Egil Nielsen, CTO
- 14:35-14:55 Financials – Pål Elstad, CFO
- 14:55-15:00 Summary & Outlook – Svenn-Tore Larsen, CEO
- 15:00 - Q&A

An aerial view of a city, likely New York City, with a network of white lines and glowing nodes overlaid on the image. Several teal location pins are scattered across the cityscape. A white banner with a right-pointing arrow shape is positioned in the lower-left quadrant, containing the text 'Q3 2019 highlights'.

Q3 2019 highlights

Q3 as guided – solid growth outlook for Q4

Q3 2019

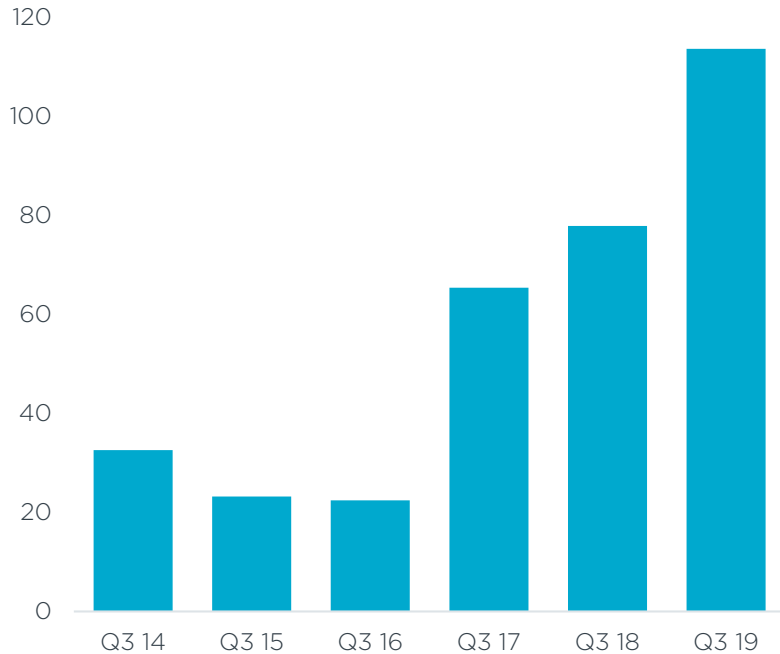
Revenue		Gross margin	
USDm 82.2		49.8%	
+4.4% y-o-y	+16.5% q-o-q	-0.5p y-o-y	-1.5p q-o-q

Q4 2019 guidance

Revenue		Gross margin	
USDm 75-79		~50%	
+23%-29% y-o-y	-4%-9% q-o-q	-1p y-o-y	Flat q-o-q

Customer wins fuel backlog development

Backlog, USDm



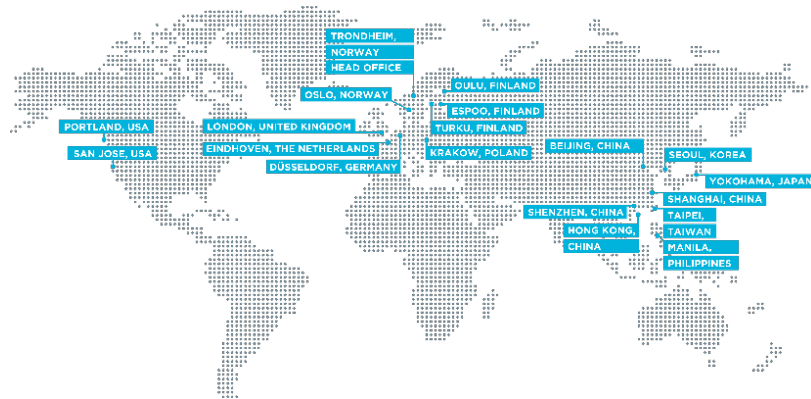
- Stronger customer inroads have turned around the backlog development
- Q3'19 +45% compared to end of Q3'18
- Seeing volume orders coming in from new tier-1 customers



A market leader in IoT

Nordic Semiconductor at a glance

A market leader in the IoT space

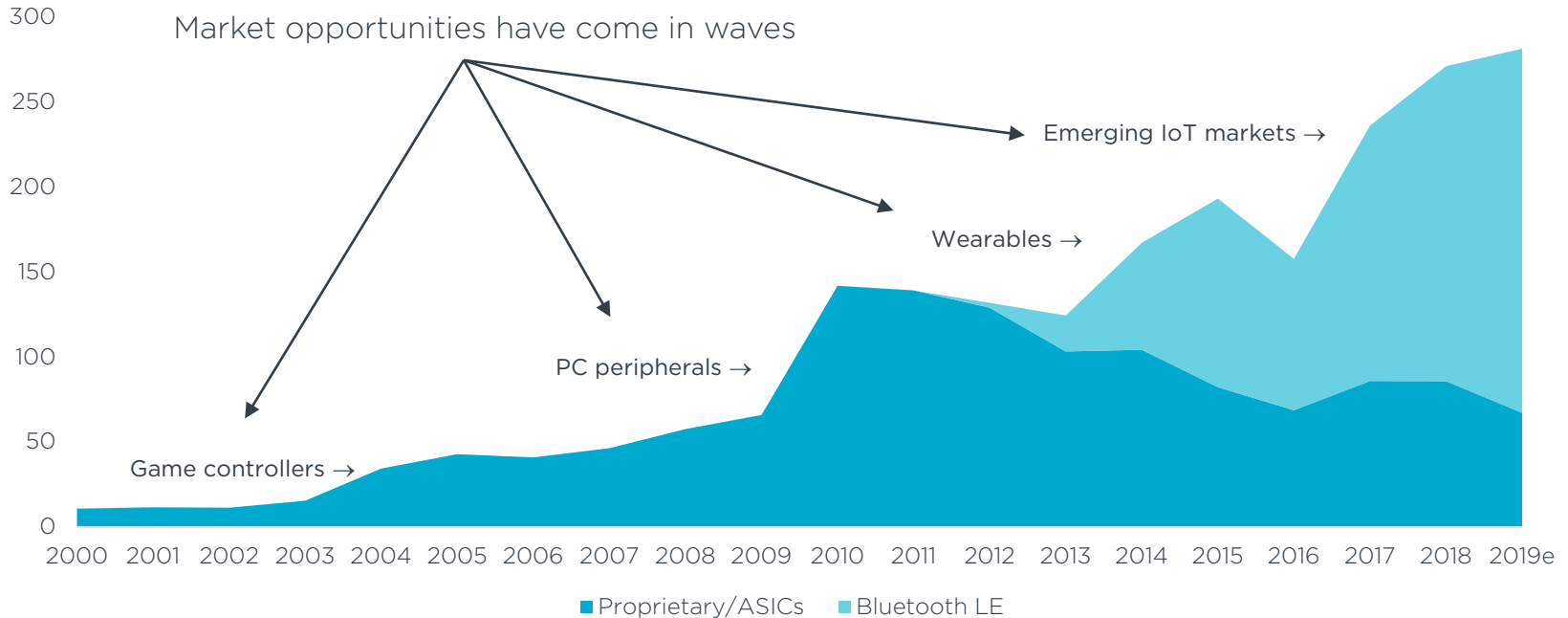


- Founded in 1982, Headquartered in Norway
- 750+ employees
- R&D in Norway, Finland, Poland and the US
- Publicly listed in Norway under the ticker OBX:NOD
- Key partners: TSMC, AMKOR, ASE

- Fabless semiconductor company - specialized in low power wireless connectivity and embedded processing for IoT
- Market leader in Bluetooth Low Energy - expanding into 802.15.4/Thread and Zigbee
- Entering low power cellular IoT with LTE-M and NB-IoT technologies

A long-lasting growth journey

Revenue, USDm

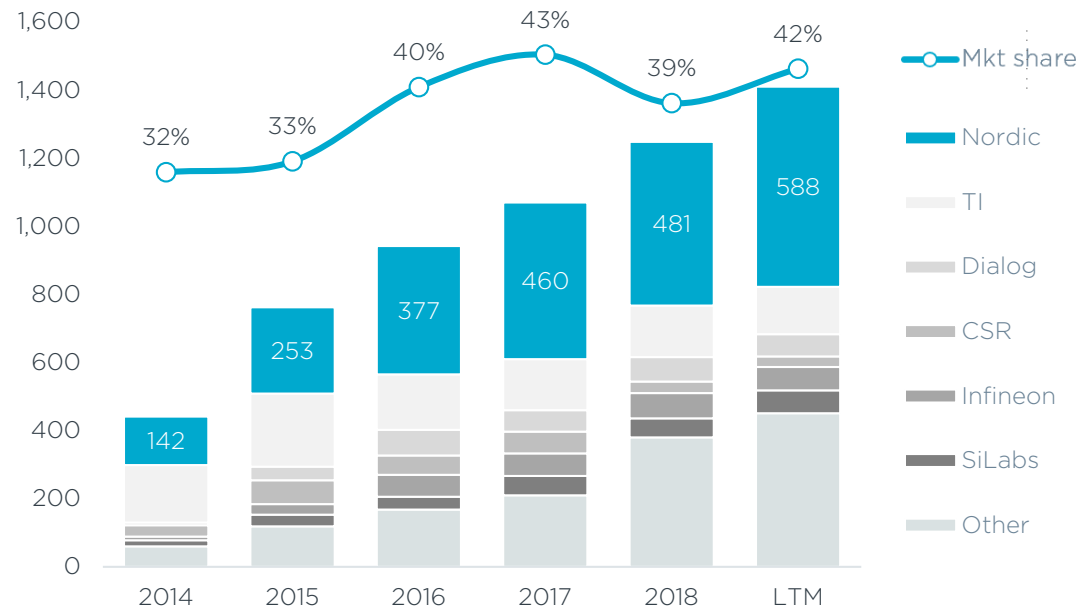


*2019e based on mid-point of Q4 guidance

Clear market leader in Bluetooth Low Energy

- Consistent leader in terms of end-product certifications
- 44% market share in Q3
- Nordic technology inside >2,100 Bluetooth LE products certified since 2014
- More than twice as many as #2 and 7-8 times as many as #3-6

Bluetooth Low Energy end-product certifications, number of products*



*Source: DNB Markets

Our success is built on 6 strategic pillars

1	Lead on connectivity	Low power, high performance, feature-rich, reliable and robust
2	Excite developers	Ease-of-use, value-add integration and solutions
3	Customer engagement	Combined broad market and tier-1 customer engagement model
4	Scalability	Scalability across technologies, markets and customers
5	Investing early	Investing early and growing with high-growth markets
6	High financial ambitions	Strong long-term profitable growth and value generation

Lead on connectivity

Low power, high performance, feature-rich, reliable and robust

Lead on connectivity

Strong low power wireless connectivity and applications offering

Low power short-range IoT

Bluetooth, 802.15.4/Thread, Zigbee and 2.4GHz RF SoCs
Decades of low power connectivity experience

Low power cellular IoT

Multimode LTE-M / NB-IoT connected SiPs
Entering commercial phase after 4 years of R&D

Integrated circuits (ICs)



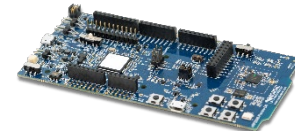
- Shipped >2bn ICs
- Broad platform
- Advanced multiprotocol solutions

Embedded software



- Nordic application framework
- System-in-Package (SiPs)
- System-on-Chip (SoCs) with on-chip MCU

Development tools



- Software development kits (SDKs)
- Excellent tech support
- Nordic DevZone

Award winning technologies and solutions

- *“Nordic Semiconductor low power cellular IoT solution named as 2019 CES Innovation Awards Honoree”*
- *“The nRF52840 wins RF/Microwave category of Electronic Products magazine’s “Product of the Year” awards”*
- *“nRF9160 cellular IoT module shortlisted for ‘Best IoT Connectivity Solution’ in 2019 Awards of IoT World”*
- *“nRF Connect for Cloud wins ‘Most Competitive Development Tool in China’ category of China Electronic Market Editor’s Choice Awards”*
- *“Nordic Semiconductor Bluetooth Low Energy development tools reap top German design award”*

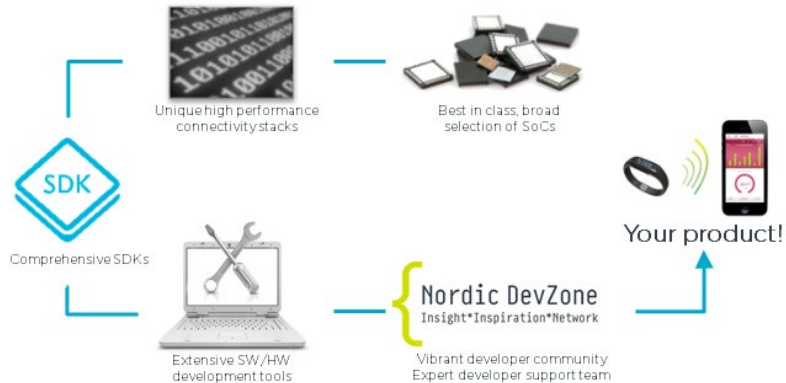


Excite developers

Ease-of-use, value-add integration and solutions

Excite developers and drive engagement

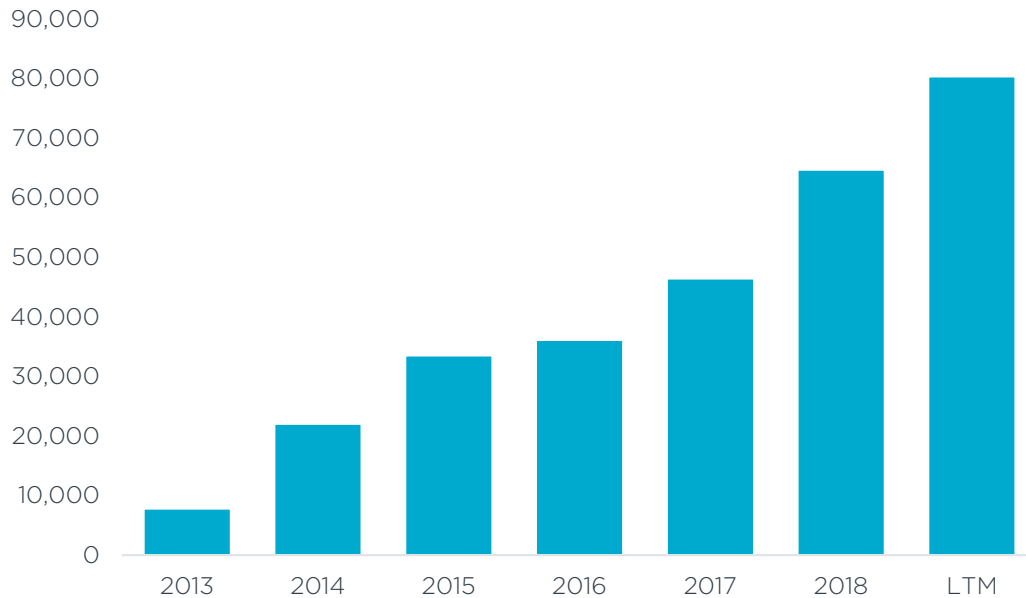
Leading the developer experience from A - Z



- devzone.nordicsemi.com is the leading community in the industry
- >80,000 developers and 2.4m annual site visits
- Strong tech support team
- Nordic Tech Tours
- Tutorials and webinars
- Blogs, guides, Wireless Quarter

Strong growth in development kit shipments

Developer kit shipments, units



- Cellular development kits and Thingy: 91 account for ~10% of total development kit shipments YTD

Customer engagement

Combined broad market and tier-1 customer engagement model

Customer engagement

Combining broad market and Tier 1 customer engagement

- Engaging the broad market through active engineering community and distributors
- Working closely with vertical market leaders and key accounts – aligning roadmaps
- Increased focus on platforms and their large and growing ecosystems

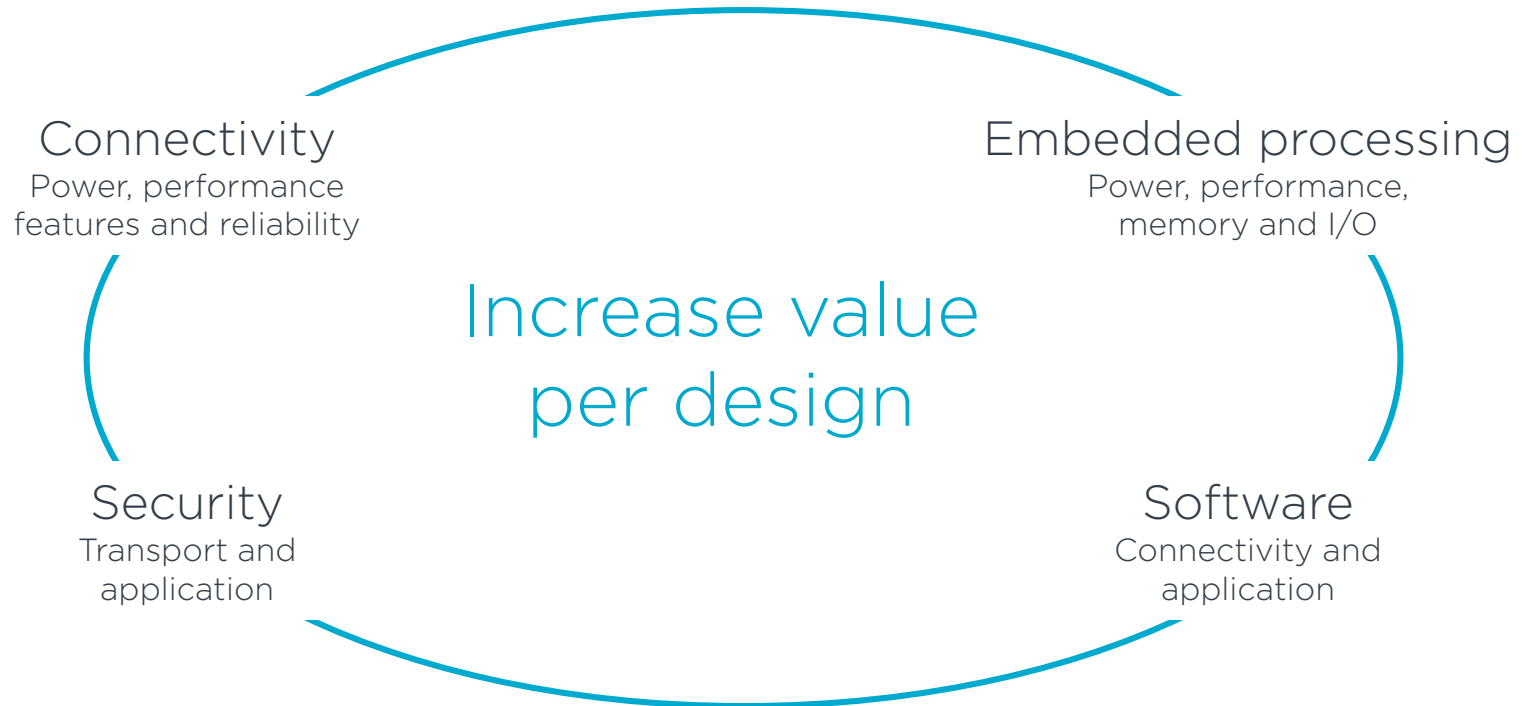


Scalability

Scalability across technologies, markets and customers

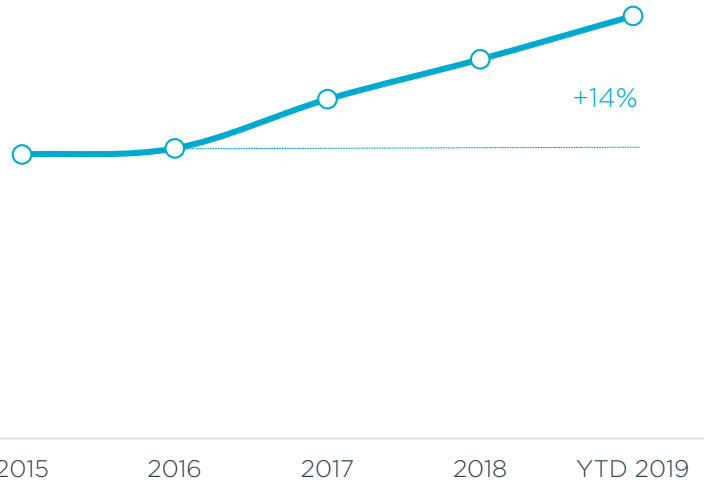
Scalability

across technologies, markets and customers



Increased ASP in a declining ASP market

ASP development, illustration



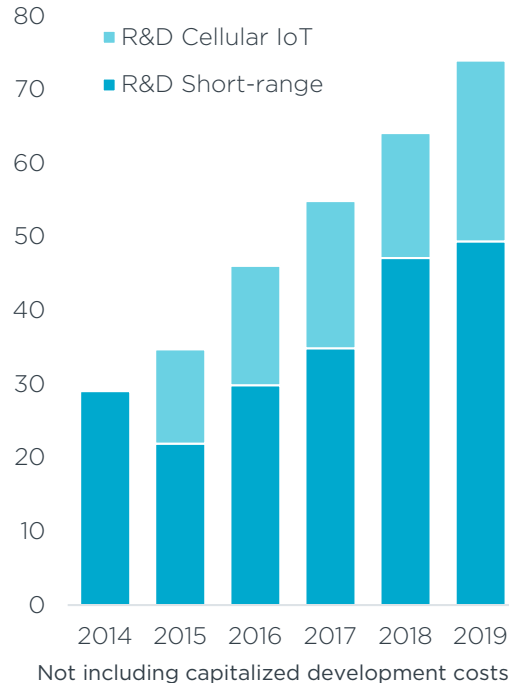
- Overall short-range ASP increasing with higher share of Bluetooth LE revenue
- Bluetooth ASP turned around in 2018-2019, in a market with declining prices
- Outlook going forward:
 - More complex applications will require higher value SoCs
 - Tier-1s volumes set to increase, ASP will depend on their product mix

Investing early

Investing early and growing with high-growth markets

Investing early! – in high growth markets

R&D expenses by technology, USDm



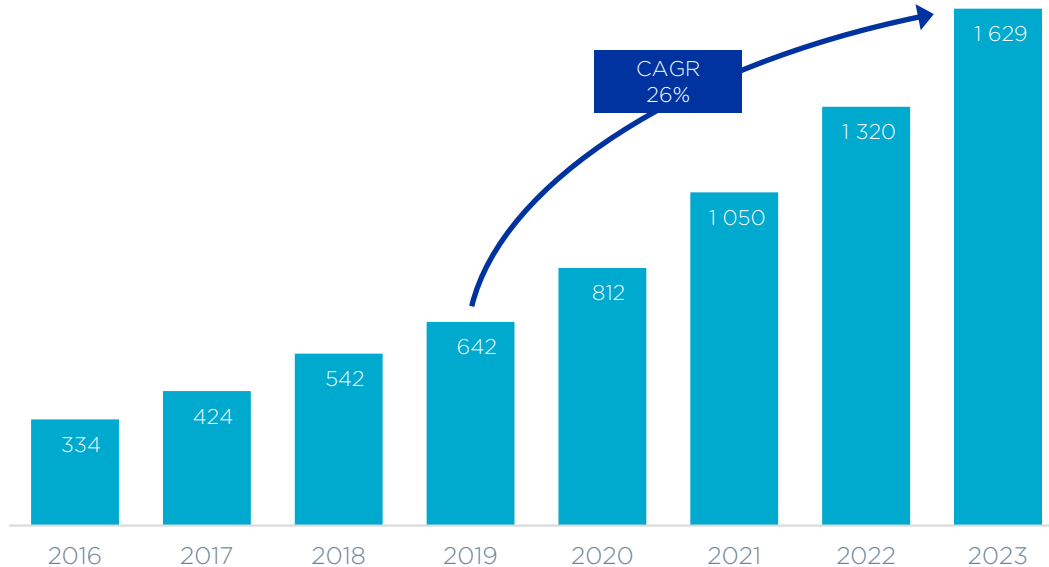
Investing into a massive long-term market opportunity



- GSMA (Feb 2019): 25.2bn IoT connections by 2025
- IDC (June, 2019): 41.6bn IoT devices by 2025
- Business Insider (Jan 2019): >64bn IoT devices by 2025
- ARM (Sept 2019): “...as we progress toward 1 trillion connected devices by 2035”

Strong outlook for Bluetooth

IHS: Bluetooth LE market outlook, million units

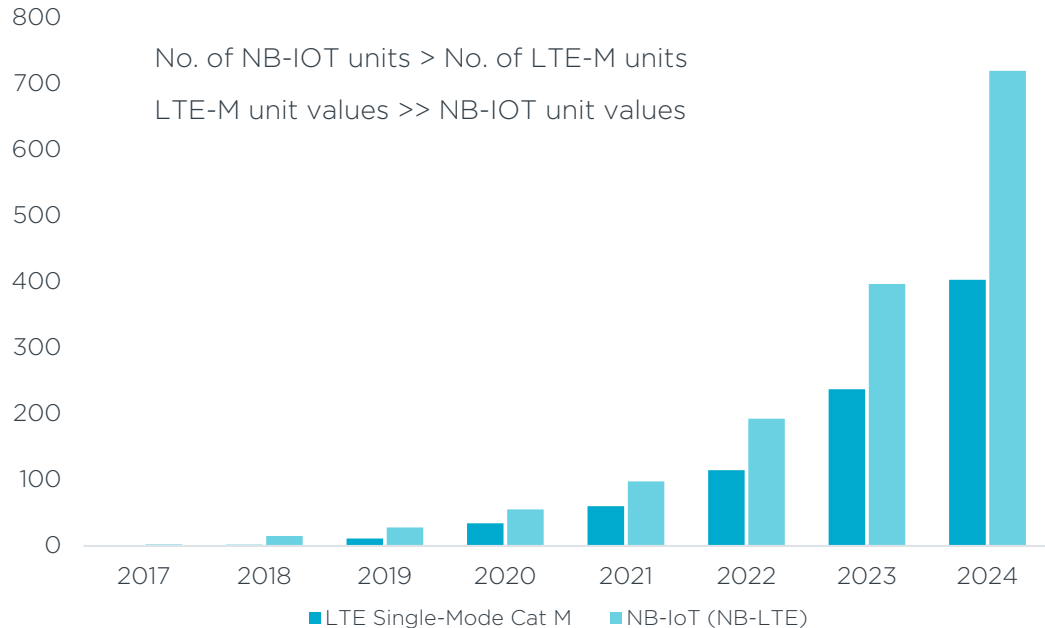


- Solid organic growth in many established verticals
- Potentially disruptive growth in several areas
 - Smart homes
 - Smart lighting
 - Medical devices
 - Logistics/asset tracking

Confident in long-term cellular IoT outlook

- Volumes and revenues pushed out in time
 - Carrier and industry ecosystem maturation
 - Software development
 - Certification processes
 - Customer development cycles
- Unchanged confidence in market opportunity - withdrawing the timing of cellular IoT break-even in 2020

ABI: Cellular M2M shipments, million units



Source: ABI Research, August 2019

Our aspiration: Building a USD 1bn company within 5 years

- Growth of 20%-30% for Bluetooth and multi-protocol products
- Gradual build-up of the cellular IoT business to a similar size as the short-range business in 5 years