

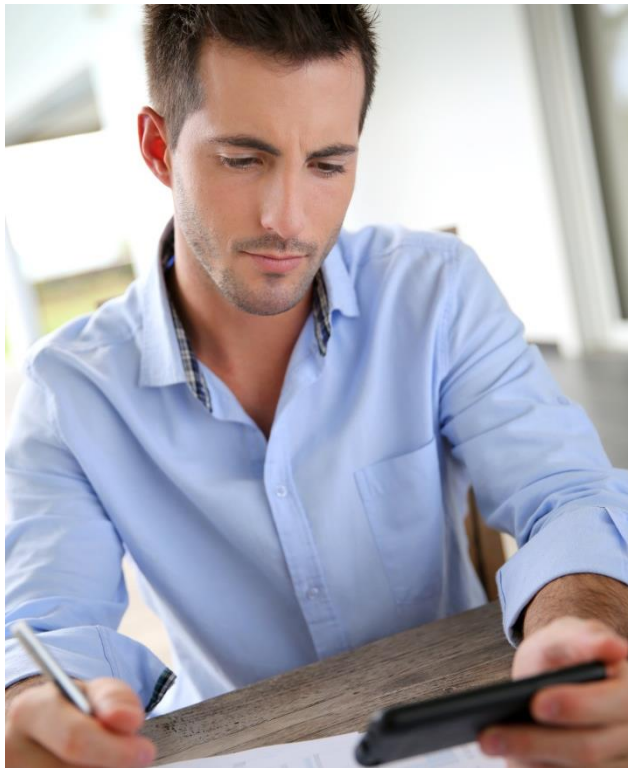
Q3 2014 Investor Presentation

Svenn-Tore Larsen, CEO

Pål Elstad, CFO

Summary – Q3 2014: Record High Revenue

- Revenue increases by 38% to a record high MUS\$ 49.0, with growth across all focus segments. EBIT increases by 79% to MUS\$ 9.8.
- Order inflows grow to MUS\$ 43.7. Backlog at MUS\$ 32.6.
- Demand for Bluetooth Smart wireless solutions accelerates
- BT Smart sales increases to MUS\$ 18.4 (vs. MUS\$ 5.9 in Q3 2013 and MUS\$ 12.2 in Q2 2014)
- New design wins enables tripling of Bluetooth sales in 2014.



Financial Highlights

Pål Elstad, CFO

Q3 2014 Financial Highlights (MUSD)

MUSD

Financial objectives

Growth

	<u>Q3 2014</u>	<u>Q2 2014</u>	<u>Q3 2013</u>	<u>Comments</u>
Revenue	49,0	41,4	35,4	Strong sales growth across all targeted segments. Exceptionally strong growth within BT Smart.
Order Inflow	43,7	47,8	31,0	

Profitability

Gross Margin %	51 %	48 %	49 %	Higher BT Smart revenue increase gross margin.
Operating Profit (EBIT)	9,8	5,7	5,5	Higher revenue drives EBIT growth
EBIT Margin %	20 %	14 %	16 %	Opex increases with higher R&D and sales activity
Net Profit after tax	7,0	4,1	4,0	

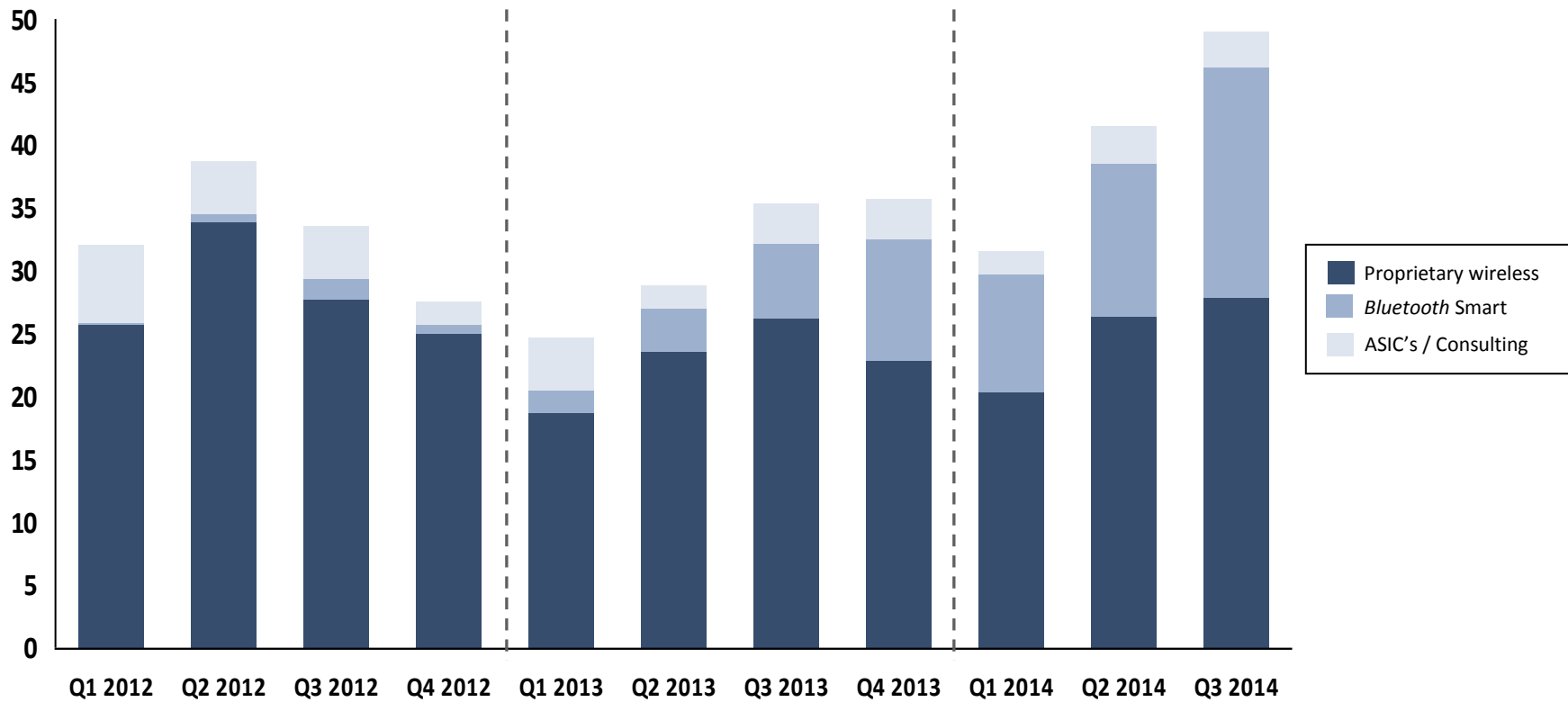
Cash Flow

Free Cash Flow	13,9	-12,1	9,6	Seasonal factors drives strong Q3 cash flow.
Cash Balance	24,4	19,4	28,5	Cash impacted by options and share buyback
Accounts Receivable	41,1	39,0	24,2	Strong sales in Q3
Inventory	20,6	24,5	19,3	Increased production capacity reduces inventory

Group Revenues

- Q3 2014 Revenue of MUSD 49.0 (38% increase from prior year)

Revenue split by technology, 2012 – Q3 2014 (MUSD)



Market segments – Q3 2014

PC / Tablet Accessories

Wireless PC mouse and keyboard, tablet accessories

Q3 Revenue: MUSD 21.5 (MUSD 19.1)

- Sales of PC accessories stabilize/grows



Mobile / Wearable devices

Sports, medical monitors, mobile accessories, proximity tags, watches

Q3 Revenue: MUSD 19.0 (MUSD 7.5)

- Rapid revenue growth driven by demand for *Bluetooth* Smart in wearable electronics

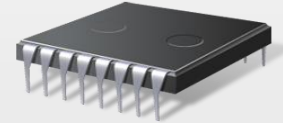


ASICs (application specific IC's)

Wide sector span

Q3 Revenue: MUSD 2.5 (MUSD 3.2)

- Supporting existing customers only, not a focus area for growth. Sales fluctuates based on few designs.



Home electronics devices

TV / appliance remotes, game controls, wireless charging, toys

Q3 Revenue: MUSD 2.4 (MUSD 1.9)

- New *Bluetooth* Smart toy and home media designs drive growth

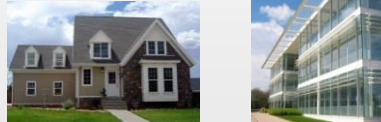


Installed Sensor networks

RFID systems, building sensors, industrial automation, automotive

Q3 Revenue: MUSD 3.3 (MUSD 3.6)

- Driven by slower rollout from one of our customers



Consulting services

Custom electronics design

Q3 Revenue: MUSD 0.2 (MUSD 0.0)

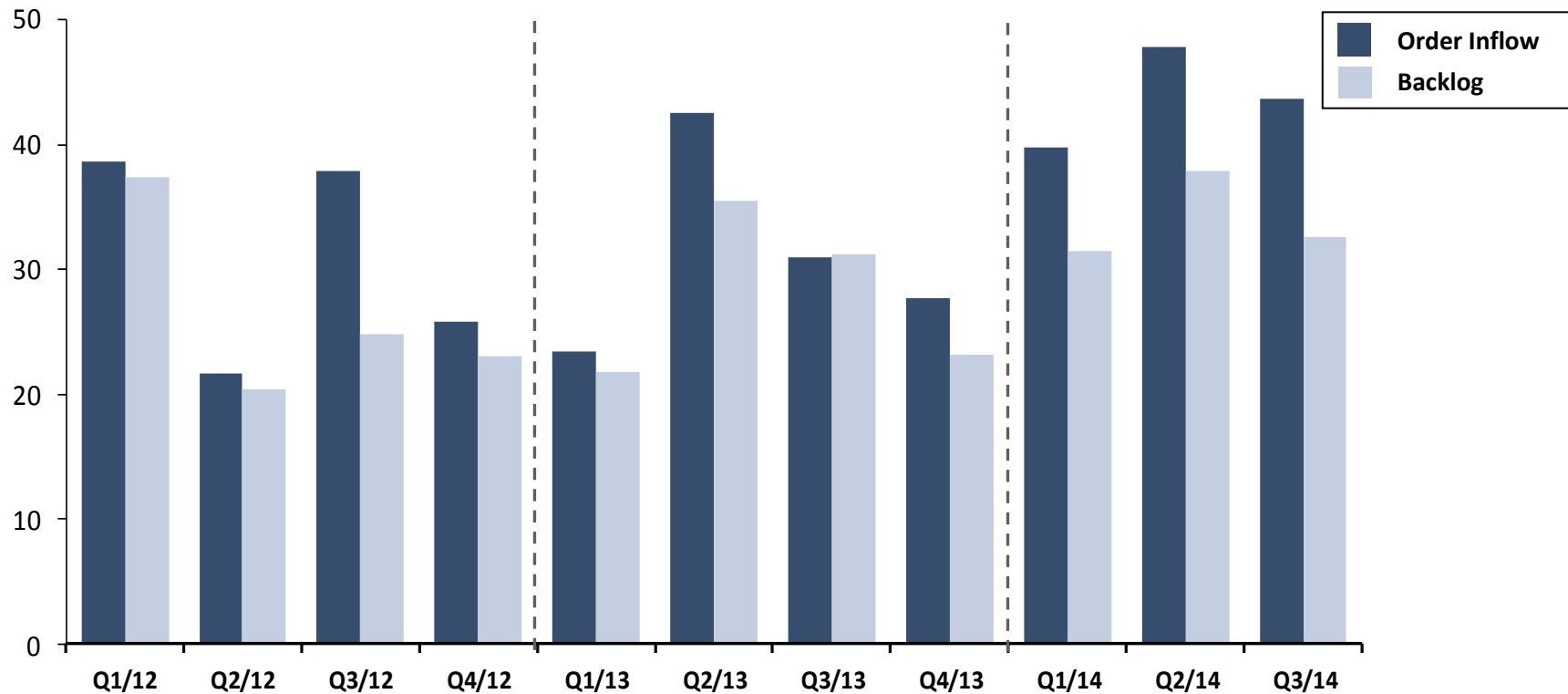
- Project services for existing ASIC customers



Order inflow / order backlog

- Order inflow of MUSD 43.7 in Q3 2014
- Order backlog of MUSD 32.6 at quarter-end
 - Order cycle remains short as BLE Revenue drives new revenue streams

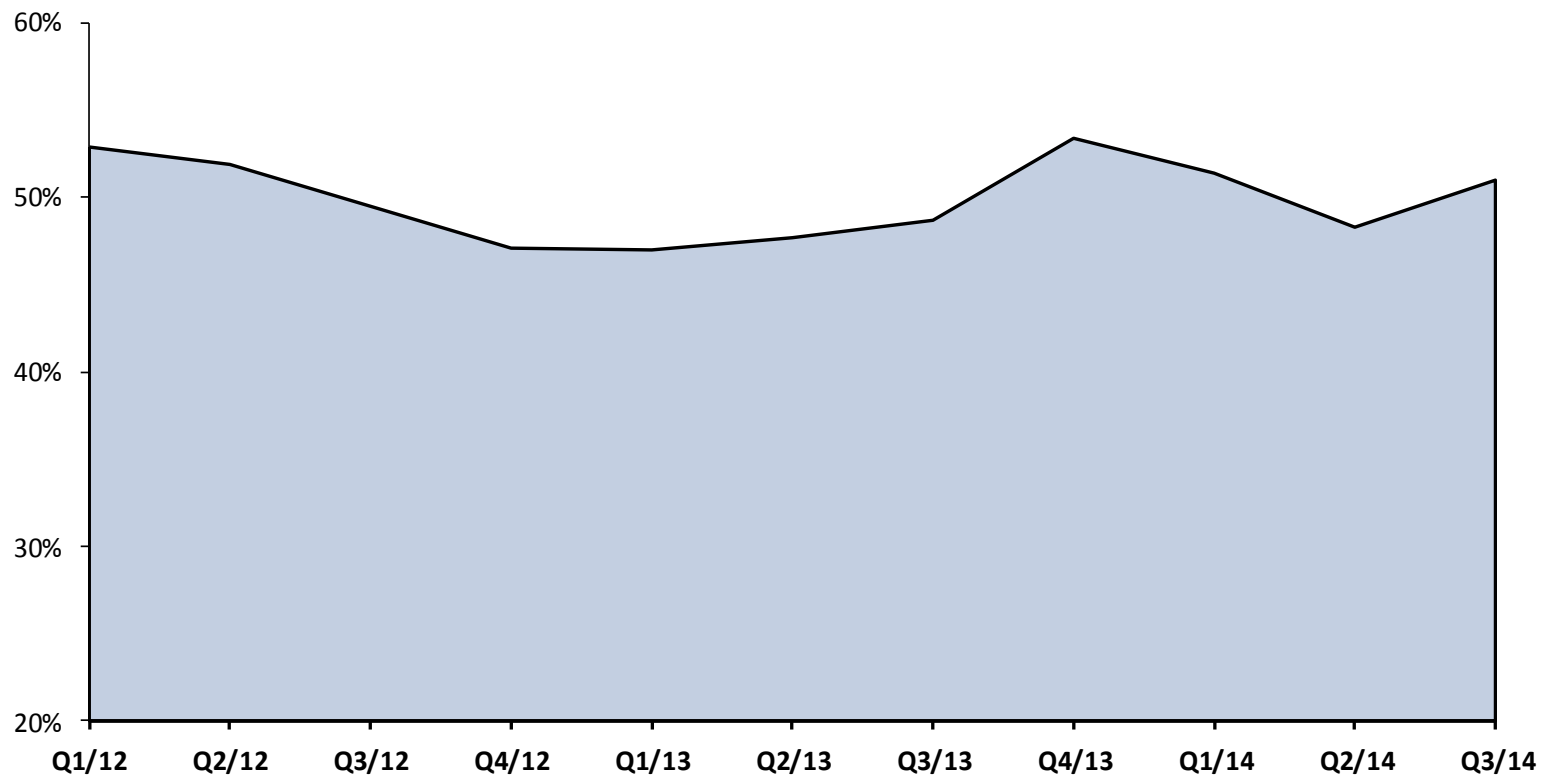
Order Inflow and Backlog 2012 – Q3 2014 (MUSD)



Gross margin

- Gross margin of 51 % in Q3 2014
 - Gross margin increases from prior quarters, due to product mix within BT Smart

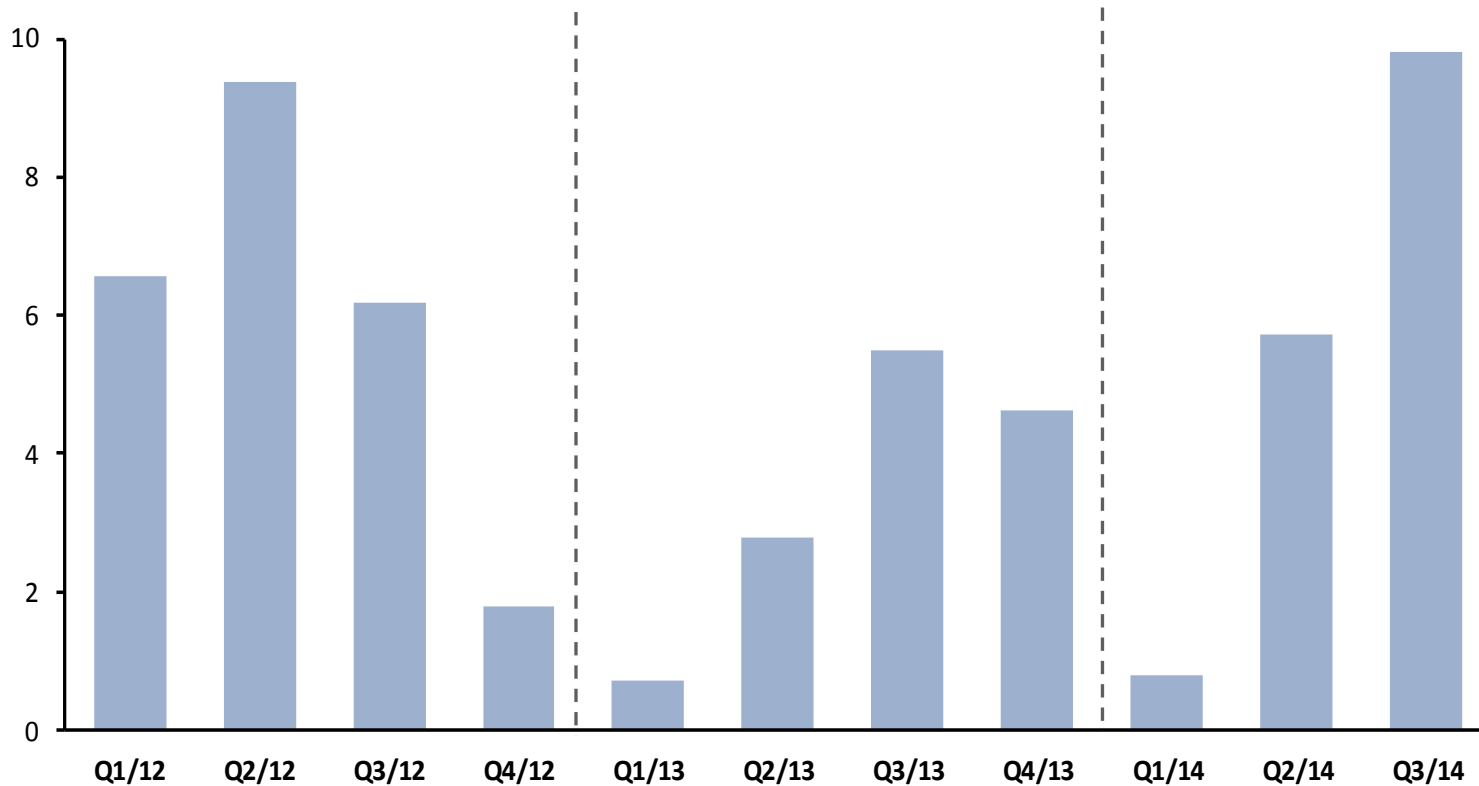
Gross Margin % of revenue 2012 – Q3 2014



Operating profit (EBIT)

- Operating profit in Q3 2014 of MUSD 9.8 (79% growth from prior year)
 - Higher revenue muted by increased operating expenses

Operating Profit by quarter 2012 – Q3 2014 (MUSD)



Q3 2014 Financial Summary

- Strong revenue growth across all targeted product segments

Revenue growth

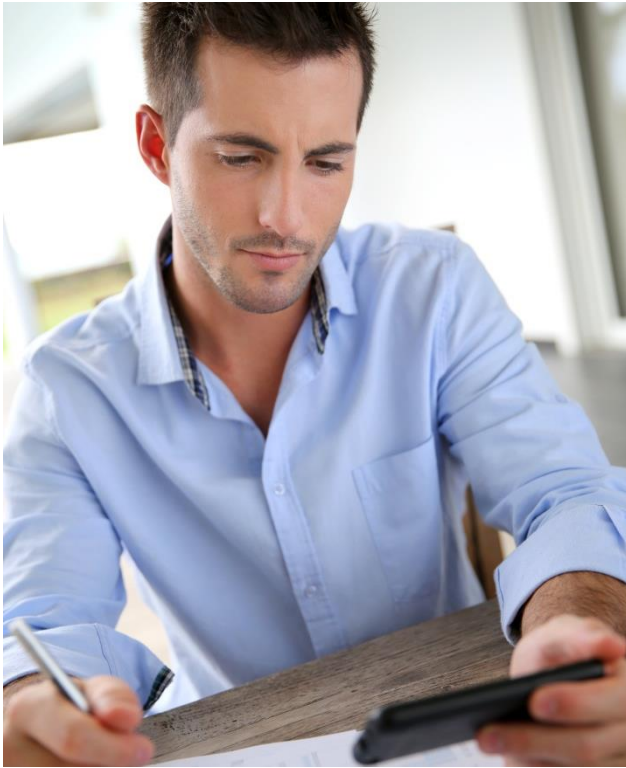
- Group revenue of MUSD 49.0 (MUSD 35.4)
 - *Bluetooth* Smart sales grow to MUSD 18.4, or 38% of revenue (from 17% in Q3 2013)
 - Dramatic growth in Mobile/Wearable segment
- Order inflow of MUSD 43.7 (MUSD 31.0)

Profitability

- EBIT of MUSD 9.8 (MUSD 5.5)
 - Higher revenue drives EBIT growth
 - Higher gross margins

Cash Flow

- Free cash flow of MUSD 13.9 (MUSD 9.6)
 - Seasonal factors drive strong Q3 cash flow
 - Strong free cash flow expected for remainder of year
 - Ending cash balance of MUSD 24.4



Business Outlook

Svenn-Tore Larsen, CEO

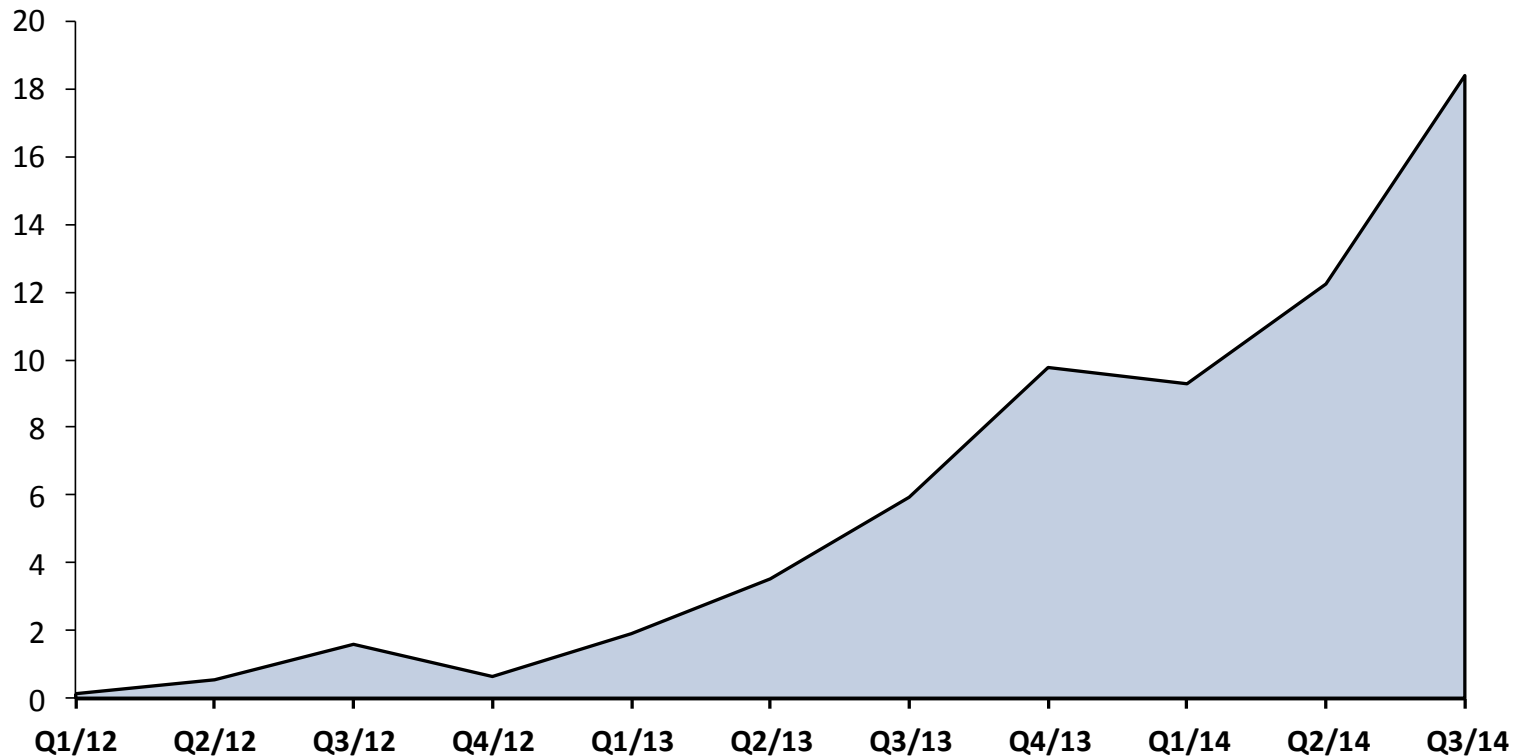
The «Internet of Things» creates an era of vast growth opportunities for Nordic

- The «Internet of Things» transforms the market for low power wireless solutions, and creates new room to innovate and grow
- Bluetooth Smart is a core technology for the «IoT», as the leading low power wireless standard compatible with a huge installed base of smartphones, tablets, and other devices.
- New “Machine to Machine” standards are emerging, further accelerating growth
- Interest in developing «IoT» applications are driving record growth for Nordic’s Bluetooth Smart components.

Record sales of Bluetooth Smart solutions

- Sales of Bluetooth Smart solutions increase to MUSD 18.4 in Q3 2014, as demand for «Internet of Things» applications grows

Total Nordic revenue from Bluetooth Smart, 2012 – Q3 2014 (MUSD)



Diversified Revenue Streams in BT Smart

Reducing Dependency on Sports Segment

Interactive Toys

- First large shipment of more than 1 million units/quarter to producer of interactive toys connected to the internet
- In total close to 2 million units shipped in Q3



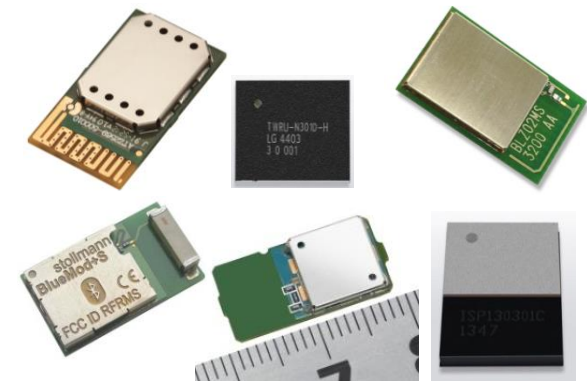
BTLE HID (Human Interface Device)

- Contributed with more than 1 million units in Q3 mainly to tablets and PC
- Expect significant growth in TVs, set top boxes and game consoles



BTLE Modules

- BTLE modules created for the first time significant revenue and solid growth potential
- Modules are used for various applications as part of prototyping or volume production of end products



APPLICATION: REMOTE CONTROL

SMK improves battery life and accelerates response of 'voice' capable remote control using Nordic Semiconductor Bluetooth Smart technology



- Introduced by leading Japanese IT developer, SMK, 'SSR-RF11B' remote control for home entertainment product features 'voice' Internet search capability, and advanced navigation functions with motion sensors powered by Bluetooth Smart wireless technology
- On October 9, Nordic announced SMK has specified Nordic's nRF51822 System-on-Chip (SoC) to provide the Bluetooth® Smart wireless connectivity for its "voice" navigation capable remote control.

Industrial market expected to outgrow personal area sensors

- Several technologies will co-exist in industrial internet, such as Bluetooth Smart, Wifi, Zigbee, LTE and Radio Frequency Identification
- We believe Bluetooth Smart is the wireless standard of choice for the Internet of Things, especially for personal applications (Morgan Stanley Research September 2013)
- Industrial internet will contribute USD 70 trillion to world GDP (General Electric)
- Smart factories, smart buildings and smart grid will be the most prominent (Cisco, 2013)



Logistics



Production and manufacturing



Indoor location



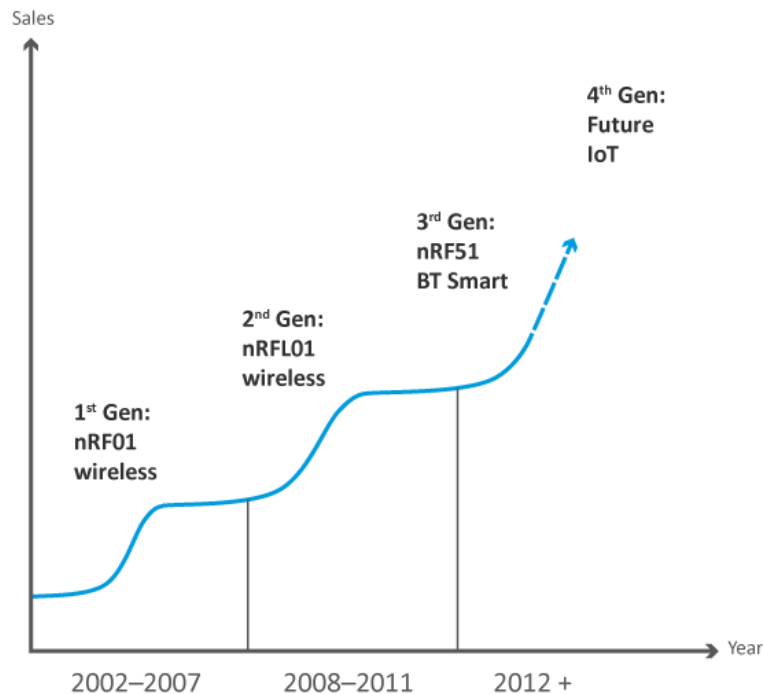
Payment systems



Agriculture

Preparing for the next billion(s) of units

The «Internet of Things» presents a vast long-term growth opportunity



- Current growth wave will be driven by *Bluetooth Smart* technology, where Nordic has been investing since 2006
- Future growth wave will be driven by Bluetooth Smart and complementary technologies within the «Internet of Things»
- M2M
- Nordic creating new programs for the next generation of opportunities
 - Technology portfolio
 - Strategic partnerships / acquisitions
 - Intellectual property
 - Staffing
 - Incentive programs

Nordic Opens R&D Office in Oulu, Finland

- Nordic announced on September 26, 2014 that it will open a R&D office in Oulu, Finland
- Nordic take advantage of the layoffs recently announced by several large technology companies in Oulu
- The size of the company will depend on the availability talents identified in Oulu
- Team in Oulu will work closely with R&D teams in Trondheim, Oslo and Krakow to Strengthen Nordic's leadership position as a "The leading Connectivity Company" in the next decade

**JOIN A
WORLD-CLASS
TEAM**



*When we come to **Oulu**,
it's not from a world apart.
We come from the nordic,
we share the nordic culture,
the nordic spirit,
we are born under the nordic light,
we work the nordic way.
Come work with us.*



“Establishing an office in Oulu is a major leap forward for Nordic Semiconductor. We will build a significant R&D center here, to maintain and strengthen our position as the world's leading company in ultra-low power wireless devices for the Internet of Things (IoT). The IoT industry is at the start of an explosive growth that will reshape people's daily lives as well as the way companies work. Oulu and Finland, with lots of talented and experienced people within our field, is the right choice for Nordic to aggressively grow our IoT business.”

Stein Egil Nielsen, CEO

OPEN POSITIONS:

- Project Managers and Team Managers
- System Architects
- RF and Analog IC Design Engineers
- Algorithm Engineers
- Digital and Mixed Signal IC Design Engineers
- HW Verification Engineers
- Embedded SW Engineers
- SW Verification Engineers
- Technical Writers

► www.nordicsemi.com/career





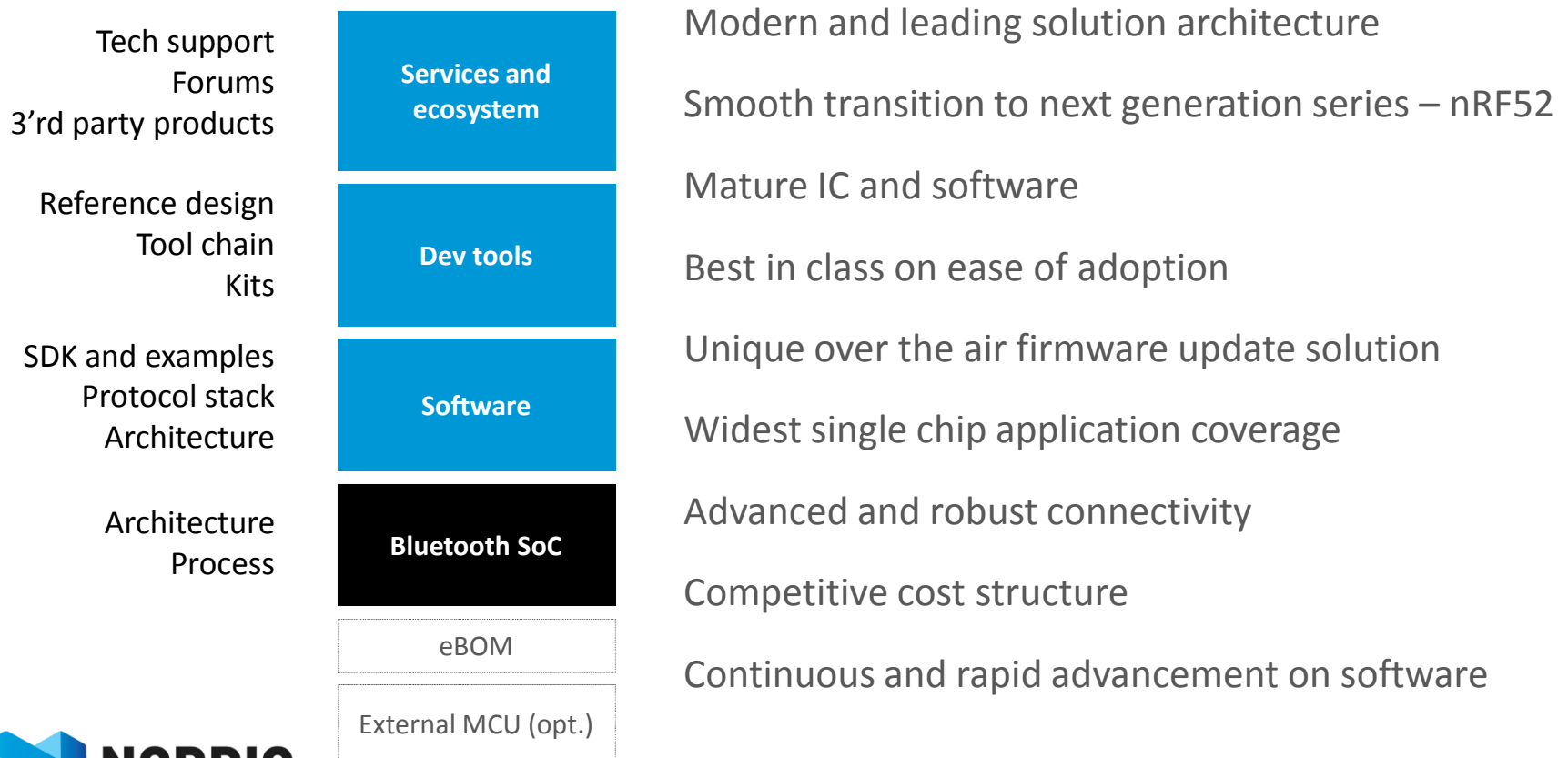
ABOUT NORDIC SEMICONDUCTOR The future of electronics is wireless and wearable due to a consumer demand for ever greater levels of freedom and flexibility. Nordic Semiconductor is playing a key role in realizing that future by specializing in ultra-low power short-range wireless communication supporting Bluetooth® Smart, ANT+, and ZigBee. The company's award-winning devices are employed by some of the world's leading brands in a variety of applications like wireless keyboard and mouse, game controllers, sports, toys, beacons, medical and smart home.

Nordic was established in 1993 and is a Norwegian company listed on the Oslo Stock Exchange with more than 260 employees. 180 employees are working in R&D in Trondheim and Oslo, Norway, and Krakow, Poland. The company's engineers are central in the development of the Bluetooth Smart technology standard, which is now being adopted by all major tech companies worldwide.

► www.nordicsemi.com



Market leadership with nRF51

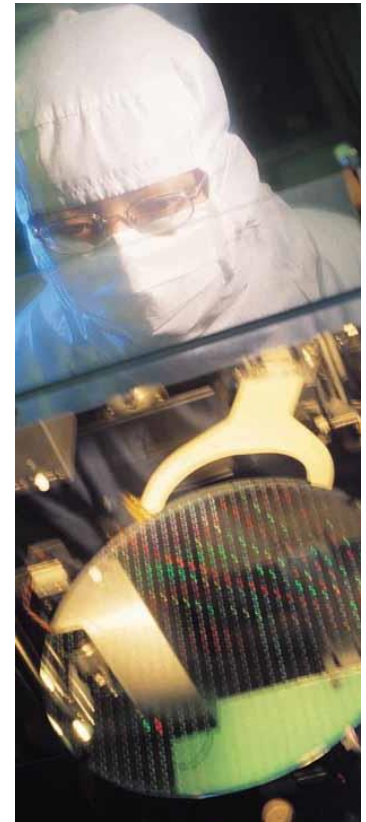


Nordic partners with TSMC for The Leading IOT Wafer Process

“We have been collaborating closely with TSMC on the selection of process technology for our upcoming nRF52 Series of ultra-low power RF SoCs. I am happy to announce that we have selected the TSMC 55ULP platform. This process is a key enabler for us to push the envelope on power consumption, performance and level of integration of the nRF52 Series to meet the future requirements of Wearable and Internet of Things applications.” : Sverre-Tore Larsen

TSMC Press Release 2014/09/29

- TSMC 55nm ULP platform, ideal choice for Bluetooth Smart solution
 - Superior feature set
 - Embedded Flash availability
 - Perfect balance of cost and performance

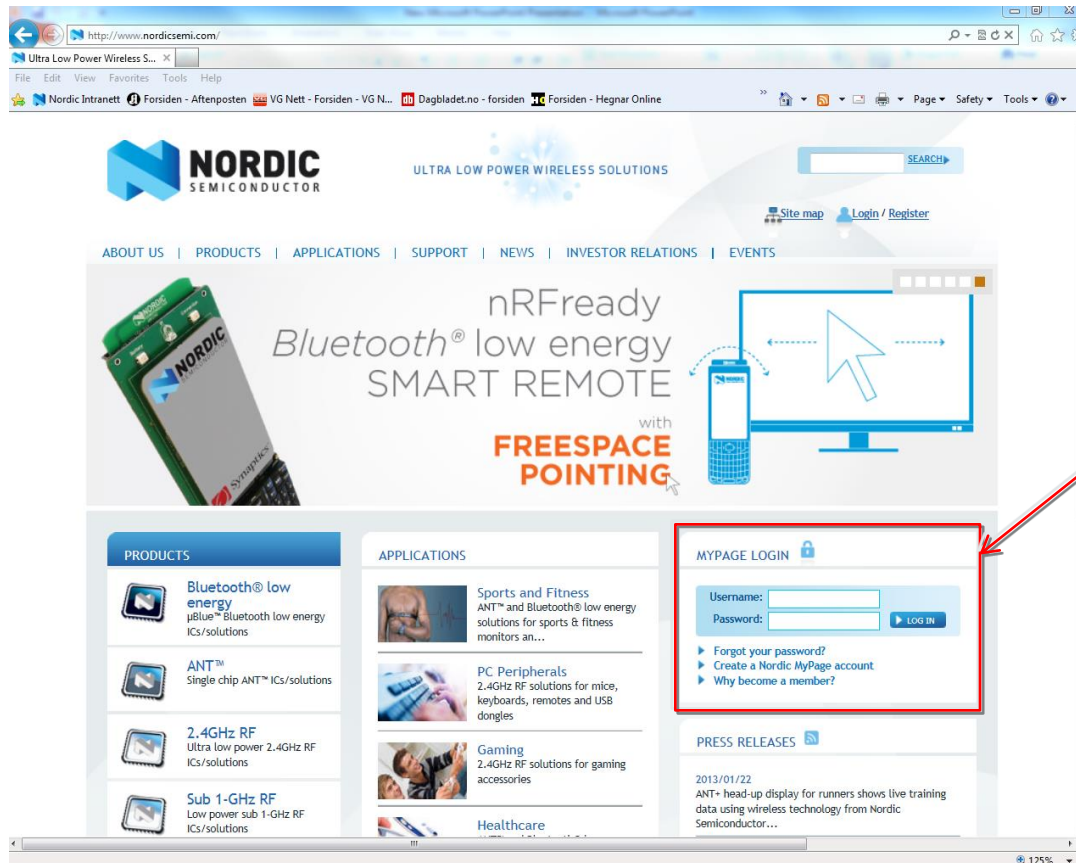


Business Outlook

- Strong growth in revenues, driven by Bluetooth Smart sales
 - Sales of BT Smart to triple in 2014 (i.e., MUSD 63+ in Bluetooth Smart sales)
 - Continued growth in wearable fitness monitors, plus many new designs in emerging product categories
 - Stabilized/improved PC accessories revenue
- Gross margin of approximately 50% in 2014
- Higher OPEX in 2015 as a result of higher R&D spending in order to take advantage of upcoming complementary standards

For more information on Nordic

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