



Q4 2014 Investor Presentation

Svenn-Tore Larsen, CEO

Pål Elstad, CFO

Summary – Q4 2014:

- Revenue of MUSD 45.2, a 27% increase from Q4 2013, with growth across all key market areas
- BT Smart sales of MUSD 22.9, a 24.5% increase from last quarter
- 2014 Total Revenue of MUSD 167.0 with Bluetooth Smart revenue of MUSD 62.9. First year with total revenue in excess of NOK 1 Billion
- Successfully launched operations in Finland
- Design activity for Bluetooth Smart will continue to drive high growth



Financial Highlights

Pål Elstad, CFO

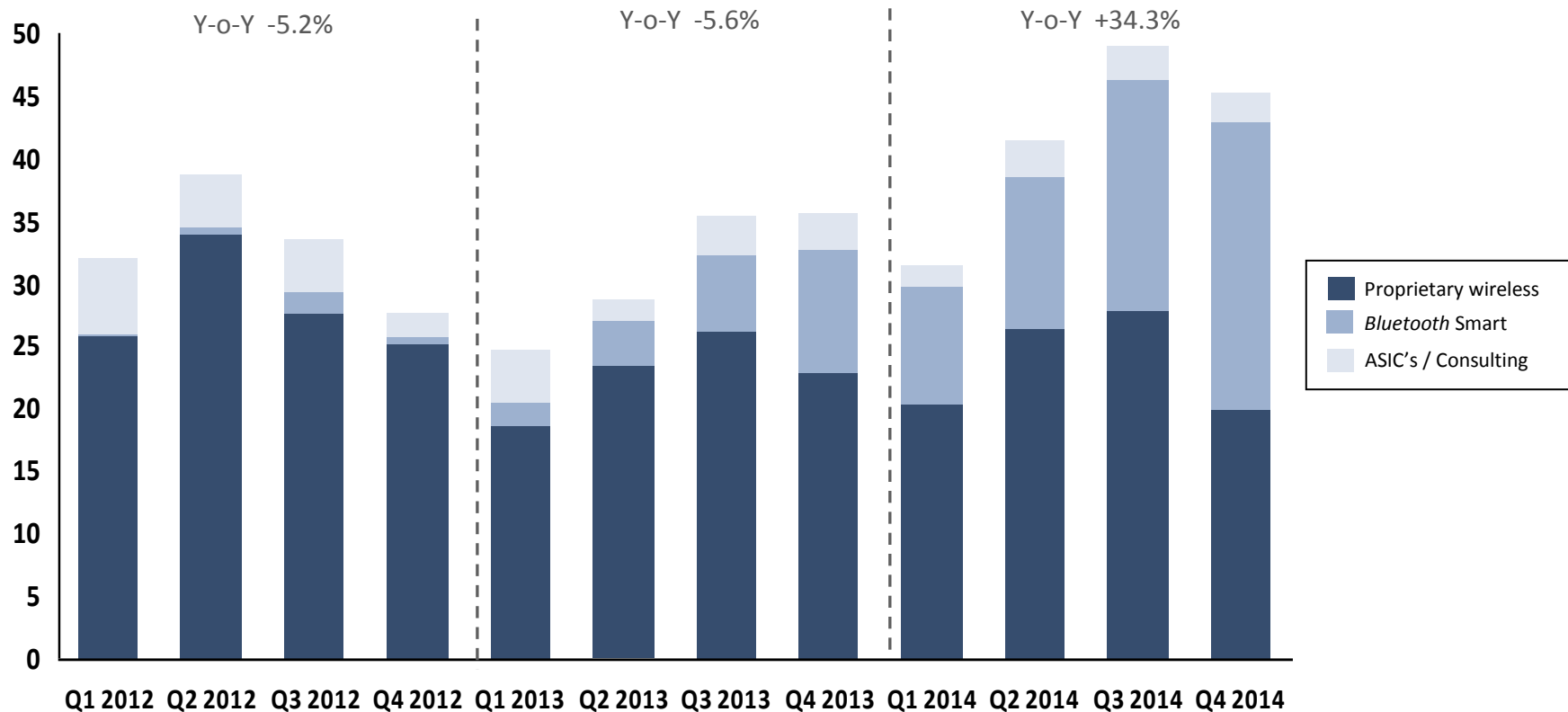
Q4 2014 Financial Highlights (MUSD)

MUSD				
<u>Financial objectives</u>	<u>Q4 2014</u>	<u>Q3 2014</u>	<u>Q4 2013</u>	<u>Comments</u>
Growth				
Revenue	45,2	49,0	35,6	Exceptionally strong growth within BT Smart. Q4 2014 > 2013
Order Inflow	32,9	43,7	27,7	
Profitability				
Gross Margin %	52,4 %	50,8 %	53,4 %	Higher BT Smart revenue increase gross margin.
Operating Profit (EBIT)	6,3	9,8	4,6	Higher revenue drives EBIT growth
EBIT Margin %	13,9 %	20,1 %	13,0 %	Opex increases with higher R&D and sales activity
Net Profit after tax	6,7	7,0	3,3	
Cash Flow				
Free Cash Flow	9,7	13,9	-2,4	Strong cashflow
Cash Balance	34,1	24,4	26,1	
Accounts Receivable	39,3	41,1	30,0	Strong sales
Inventory	27,9	20,6	22,2	Inventory normalized after Q3, however still low

Group Revenues

- Q4 2014 Revenue of MUSD 45.2 (27% increase from prior year)
- First year with total revenue in excess of NOK 1 Billion (MUSD 167)

Revenue split by technology, 2012 – Q4 2014 (MUSD)



Market segments – Q4 2014 (Q4 2013)

PC / Tablet Accessories

Wireless PC mouse and keyboard, tablet accessories

Q4 Revenue: MUSD 18.4 (MUSD 17.5)

- Sales of PC accessories stabilize
- First contribution from Tablets



Mobile / Wearable devices

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

Q4 Revenue: MUSD 18.1 (MUSD 10.5)

- New product launches from main customers

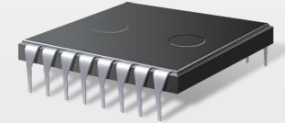


ASICs (application specific IC's)

Wide sector span

Q4 Revenue: MUSD 2.0 (MUSD 2.9)

- 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

Q4 Revenue: MUSD 2.6 (MUSD 1.0)

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

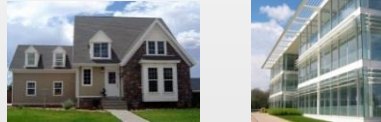


Installed Sensor networks

RFID systems, building sensors, industrial automation, automotive

Q4 Revenue: MUSD 3.7 (MUSD 3.6)

- Strong growth in Beacons and stable sales to large RFID customer



Consulting services

Custom electronics design

Q4 Revenue: MUSD 0.3 (MUSD 0.1)

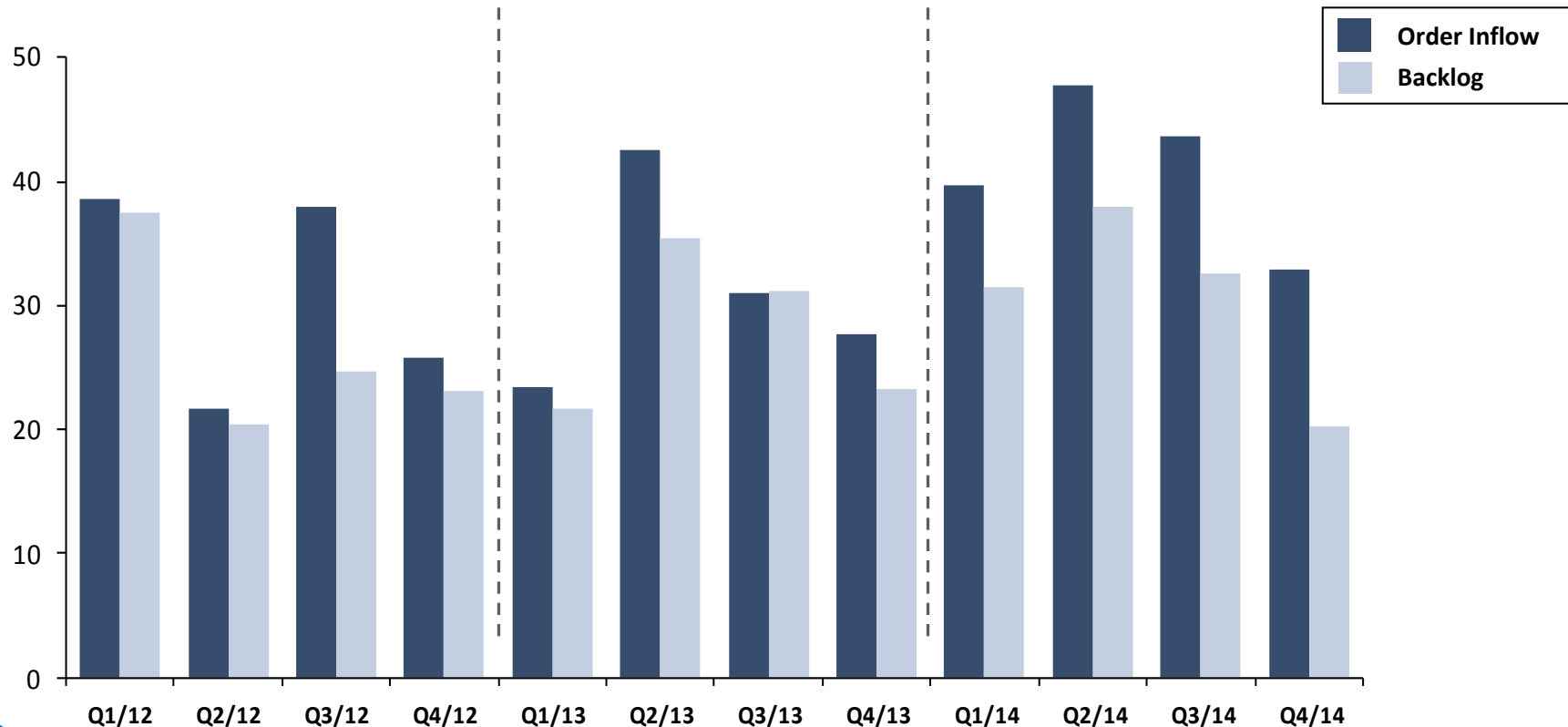
- Project services for existing ASIC customers



Order inflow / order backlog

- Order inflow of MUSD 32.9 in Q4 2014
- Order backlog of MUSD 20.3 at quarter-end
 - Order cycle remains short as BLE Revenue drives new revenue streams
 - Mid-life update on nRF-51 to XLR3 – managed transition closely

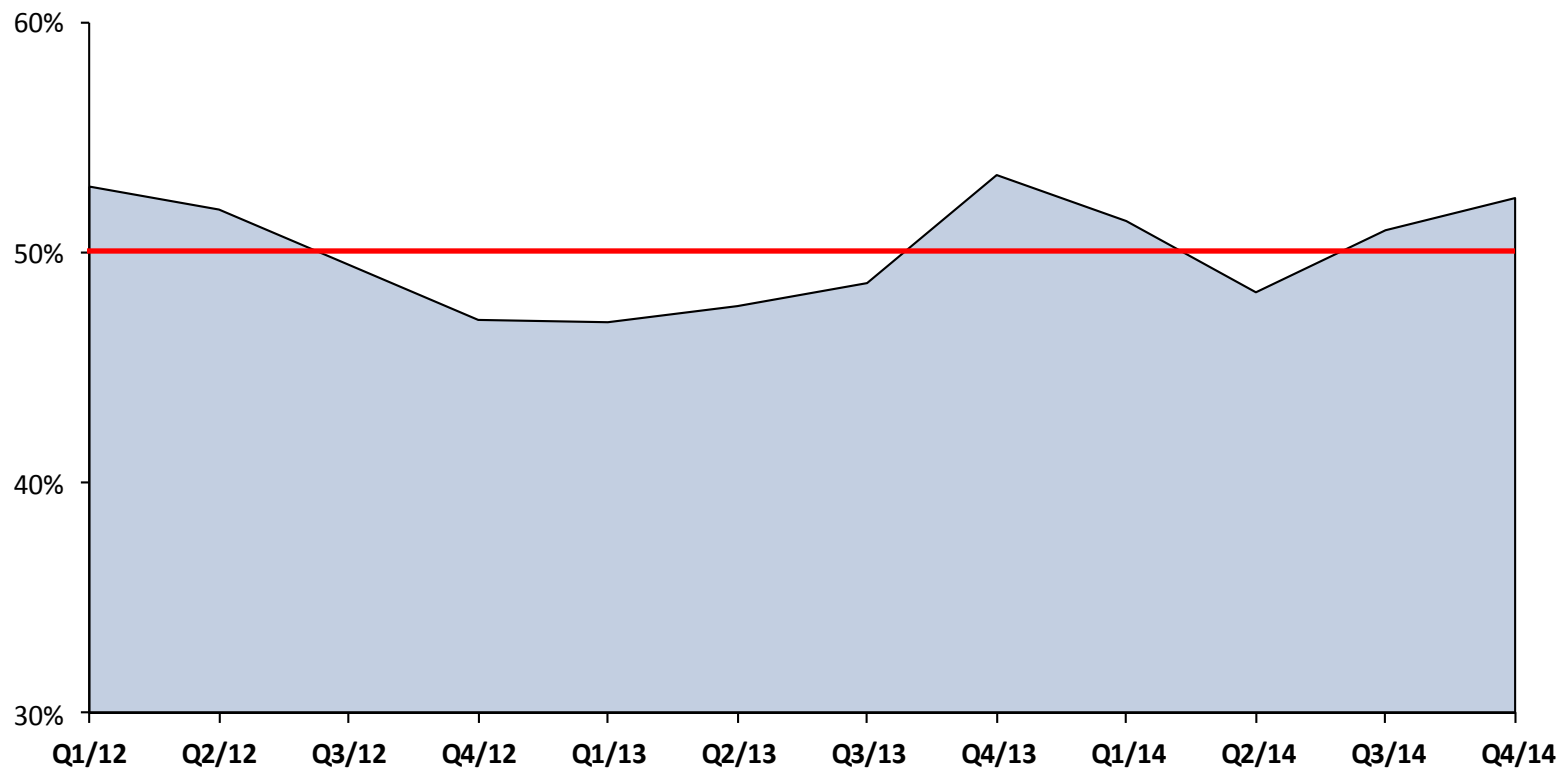
Order Inflow and Backlog 2012 – Q4 2014 (MUSD)



Gross margin

- Gross margin of 52.4 % in Q4 2014
 - Gross margin increases from prior quarters, due to product mix within BT Smart

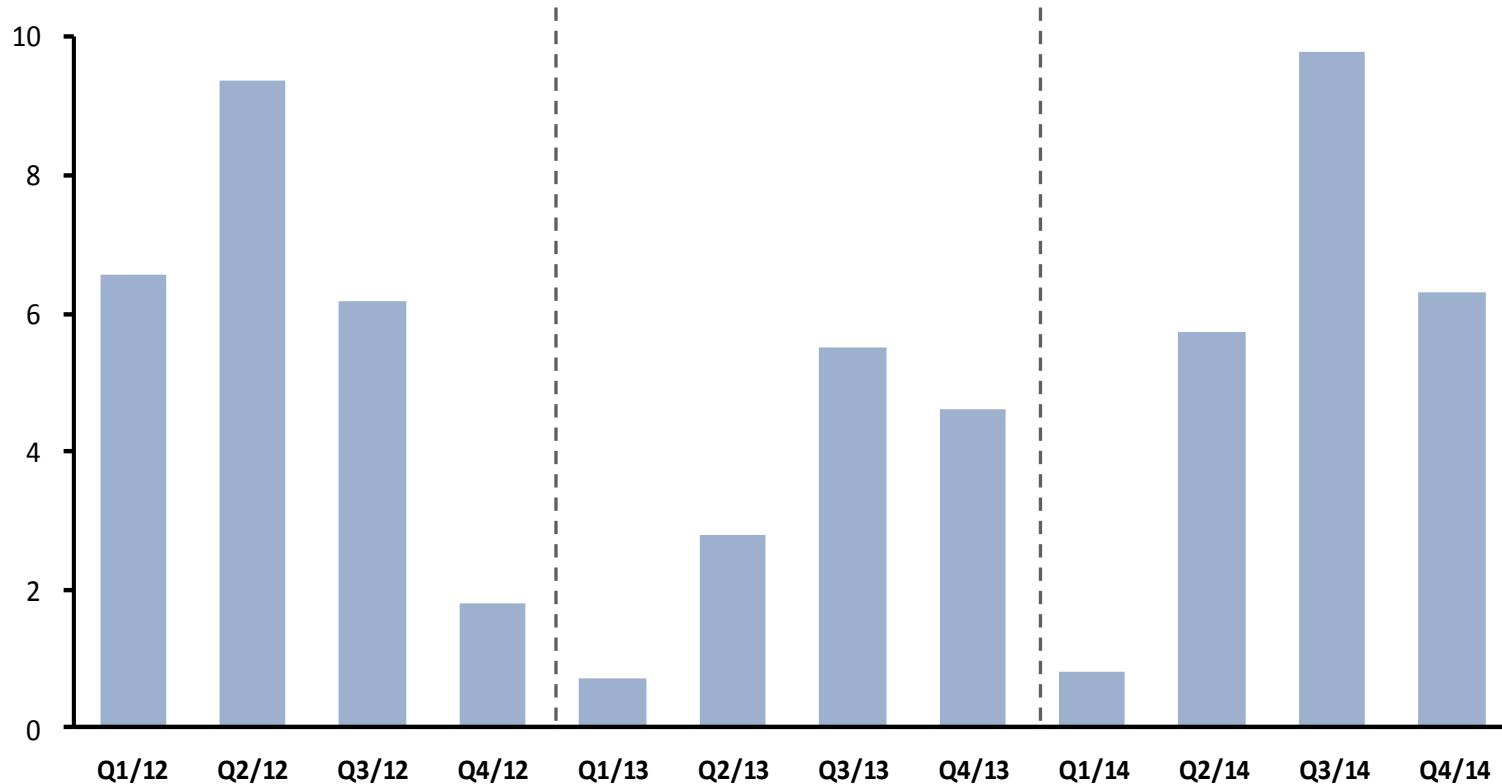
Gross Margin % of revenue 2012 – Q4 2014



Operating profit (EBIT)

- Operating profit in Q4 2014 of MUSD 6.3 (36.5% growth from prior year)
 - Higher revenue offset by increased operating expenses

Operating Profit by quarter 2012 – Q4 2014 (MUSD)



Operating Expenses

- Operating expenses (incl. depreciation) of MUSD 17.4 in Q4 2014
 - Growth in expenses is driven by higher staffing and activity in R&D and Sales, plus IFRS accounting impact of options and capitalized R&D. Currency adjusted increase is 17%
 - Increased growth in operating expenses is projected from 2015 with the establishment of team in Finland

<u>USD '000</u>	<u>Q4 2014</u>	<u>Q3 2014</u>	<u>Q4 2013</u>	<u>Growth Y-o-Y</u>
Total Operating Expense (non-IFRS), excluding Depreciation*	13 673	12 129	13 085	4 %
Add: Options expense**	2 071	1 337	853	
Less: Capitalized R&D***	(206)	(185)	(1 009)	
Total Operating Expense (IFRS), excluding Depreciation	15 538	13 281	12 930	20 %

* Non-IFRS Operating expense is adjusted for options, capitalized R&D and related depreciation costs

** IFRS accounting expense from grant of options, plus related payroll taxes

*** Net Opex impact of Capitalized R&D and related depreciation costs

Q4 2014 Financial Summary

- Strong revenue growth across all targeted product segments

Revenue growth

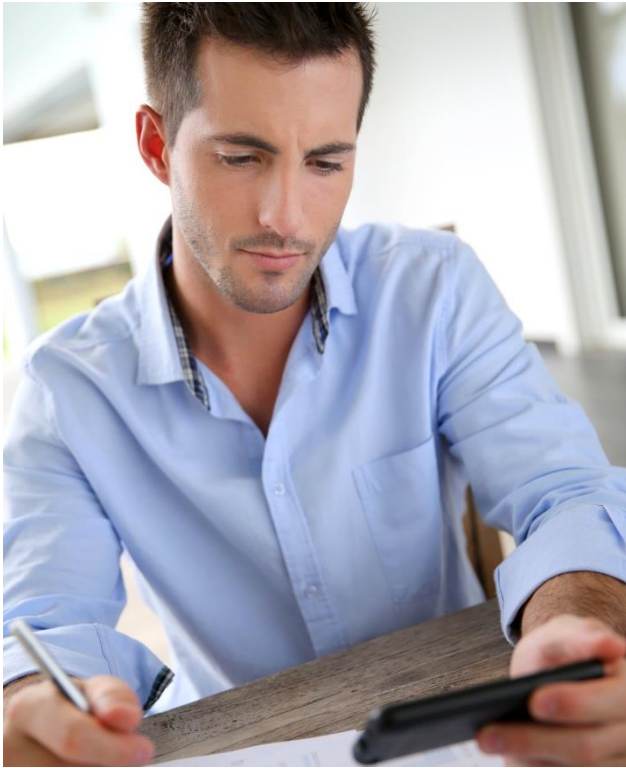
- Group revenue of MUSD 45.2 (MUSD 35.6)
 - *Bluetooth* Smart sales grow to MUSD 22.9 , or 50.7% of revenue (from 27% in Q4 2013)
 - Exceptionally strong growth in Bluetooth Smart
- Order inflow of MUSD 32.9 (MUSD 27.7)

Profitability

- EBIT of MUSD 6.3 (MUSD 4.6)
 - Higher revenue drives EBIT growth
 - Higher gross margins

Cash Flow

- Free cash flow of MUSD 9.7 (MUSD -2.7)
 - Growth will increase working capital requirements during 2015
 - Ending cash balance of MUSD 34.1



Business Outlook

Svenn-Tore Larsen, CEO

CES – 2015

Great Interest for Nordic

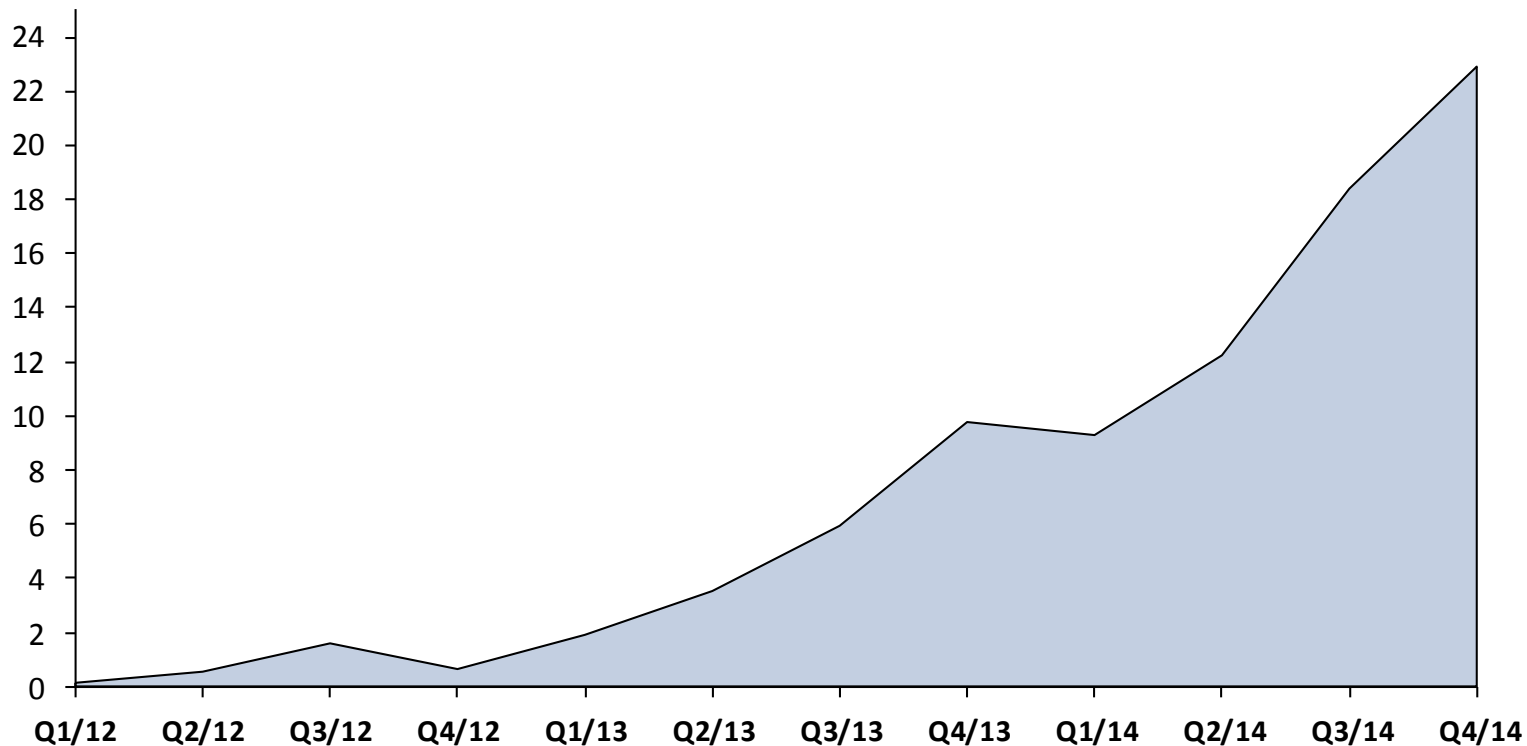
- IPV6 – More than 3 500 downloads since release
- 15 unique vendors of Rezenze Charges with Nordic inside
- Major players displays wearable Bluetooth Smart Modules
- Major players display remote controls with Bluetooth Smart
- Massive publicity in Media in connection with CES



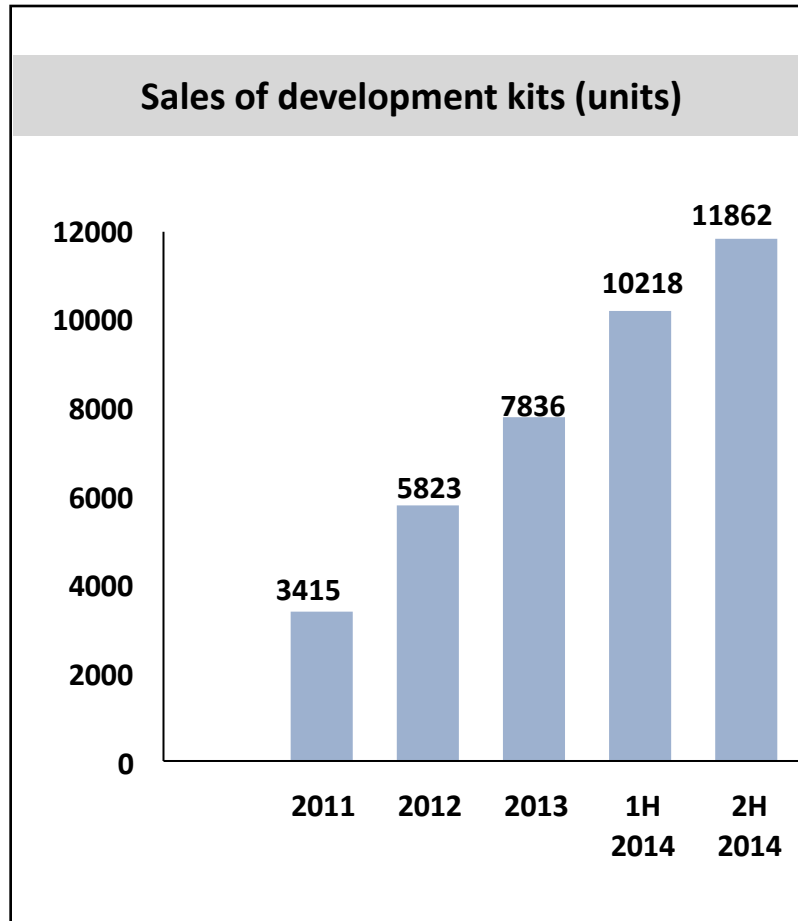
Record sales of Bluetooth Smart solutions

- Sales of Bluetooth Smart solutions increase to MUSD 22.9 in Q4 2014, as demand for «Internet of Things» applications grows

Total Nordic revenue from Bluetooth Smart, 2012 – Q4 2014 (MUSD)



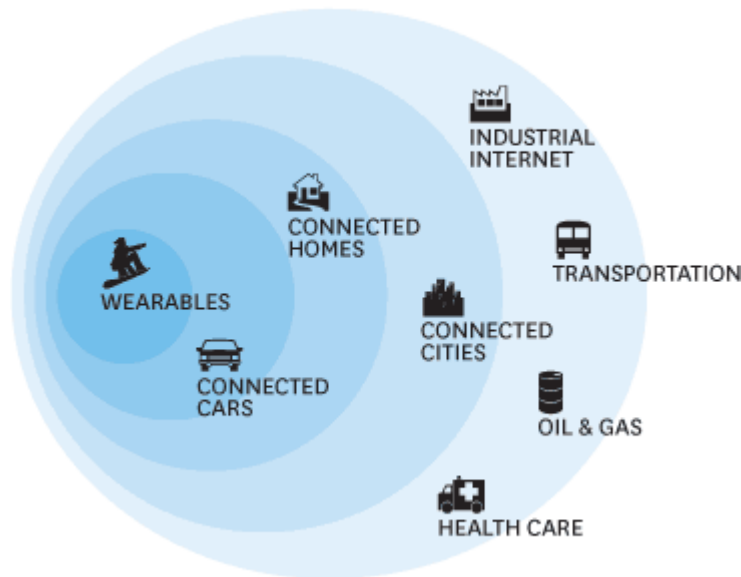
Exploding interest in the «IoT» is driving record sales of Nordic's development kits



- Record high 11862 development kits sold in 2H 2014
- Close to a tripling compared to 2013
- Huge growth in demand for *Bluetooth Smart* development kits

Massive opportunity in IoT for Nordic

THE INTERNET OF THINGS LANDSCAPE



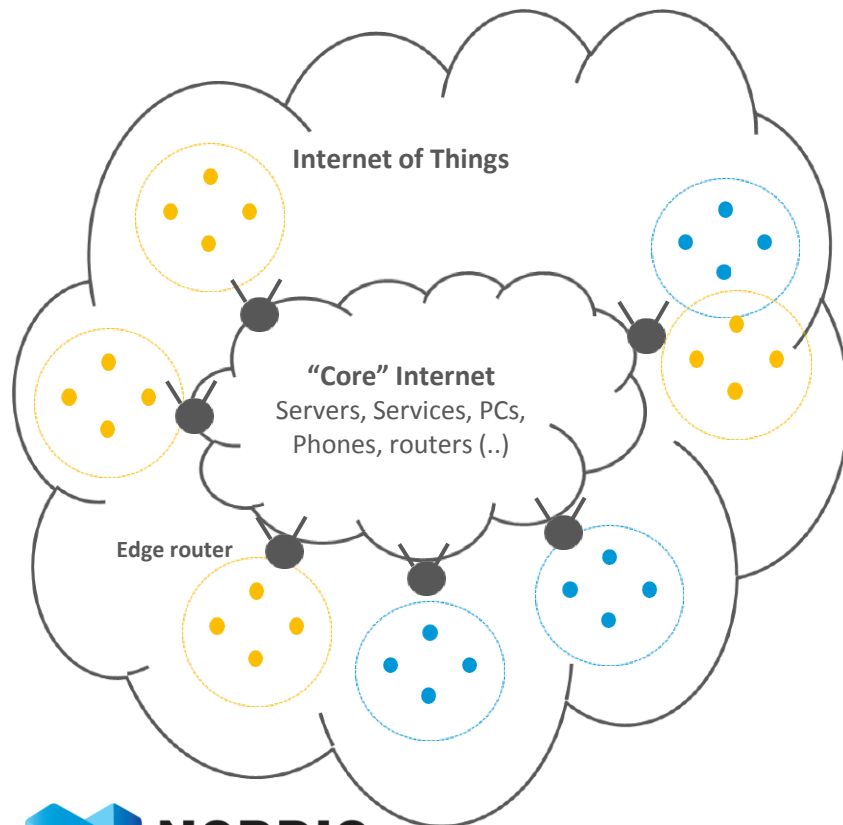
SOURCE GOLDMAN SACHS GLOBAL INVESTMENT RESEARCH

HBR.ORG

28 billion
internet connected things
in 2020
(Source: hbr.org)

Nordic's IoT vision

A large scale heterogeneous network



- Ultimately bigger than the "core" internet
- Not a single technology to rule the IoT
- Some will be more relevant
- ... wireless is key
- ... open standard is key
- ... interoperability is key
- ... infrastructure / adoption is key
- ... native IP support is key
- Different technologies for different things
- Range, throughput, infrastructure, power, cost etc.

Wireless Charging Vendors are ready to «Take-Off»

- Witricity - Massachusetts based company that are holders of patented technology for resonance spaced products
- From CES2015 Kaynam Hedayat : VP Product Management & Marketing at Witricity
 - «Our products are smart because A4WP are smart with Bluetooth»
 - «Nordic had the most mature bluetooth chip with A4WP stack»



A major leap forward for Nordic

R&D Finland up & running

- Recent years have proven the importance of technological leadership. Nordic is now starting to see results of being an innovator in BLE
- Nordic has taken advantage of a large pool of available talents in Oulu, Finland to set up a R & D center and invest in a related field with enormous market potential
- In fierce competition with other tech giants Nordic secured the best talent available due to:
 - Culture
 - Speed of execution
 - Reputation
 - Reliable road map to success



Core information regarding Finland

- 100 employees
- USD 5 million/quarter expected cost going forward
- Will be reported as a separate item
- 3-4 years of development until revenue can be expected
- Product to be developed is within LTE
- The project is based on Nordic's existing technology platform coupled with the unique experience and skill within LTE of the Finnish engineers

Business Outlook

- Strong growth in revenues, driven by Bluetooth Smart sales
- Gross margin of approximately 50% in 2015
- Higher OPEX in 2015 as a result of higher R&D spending in order to take advantage of upcoming complementary standards
- Change in reporting format from 2015
 - No revenue guidance
 - Further development of market reporting

Mobile World Congress 2-5 March 2015

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Q4 2014 Investor
Presentation

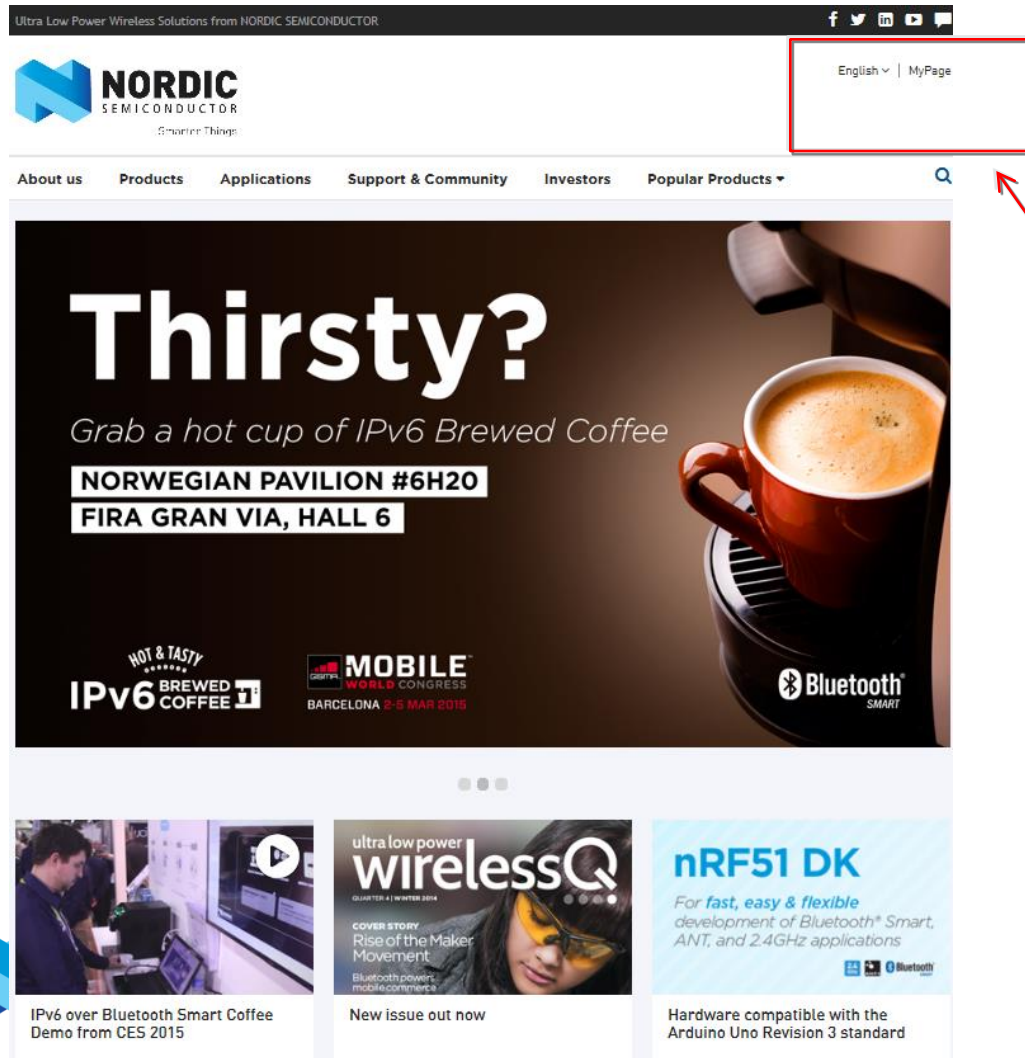
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WORLD CONGRESS
BARCELONA 2-5 MAR 2015

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FIRA GRAN VIA, HALL 6
NORWEGIAN PAVILION STAND #6H20

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Provides latest company and investor news directly to your Email address

- Wireless Quarterly magazine – learn more about Nordic's products and markets
- Direct links to Nordic content on YouTube, Facebook, LinkedIn, Twitter
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