



Q1 2015 Investor Presentation

Svenn-Tore Larsen, CEO

Pål Elstad, CFO

Summary – Q1 2015:

- Revenue of MUSD 40.0 (27% increase from Q1 2014), with growth across all strategic markets
- BT Smart sales of MUSD 17.9, close to doubling compared to Q1 2014
- 35% increase in new large Bluetooth Smart customers during the quarter, improving Nordic's customer mix
- Significant orders from new customers within gaming
- Commenced operations in Finland with 80 employees at March 31, 2015
- Launch date for nRF52 set to June 17th



Financial Highlights

Pål Elstad, CFO

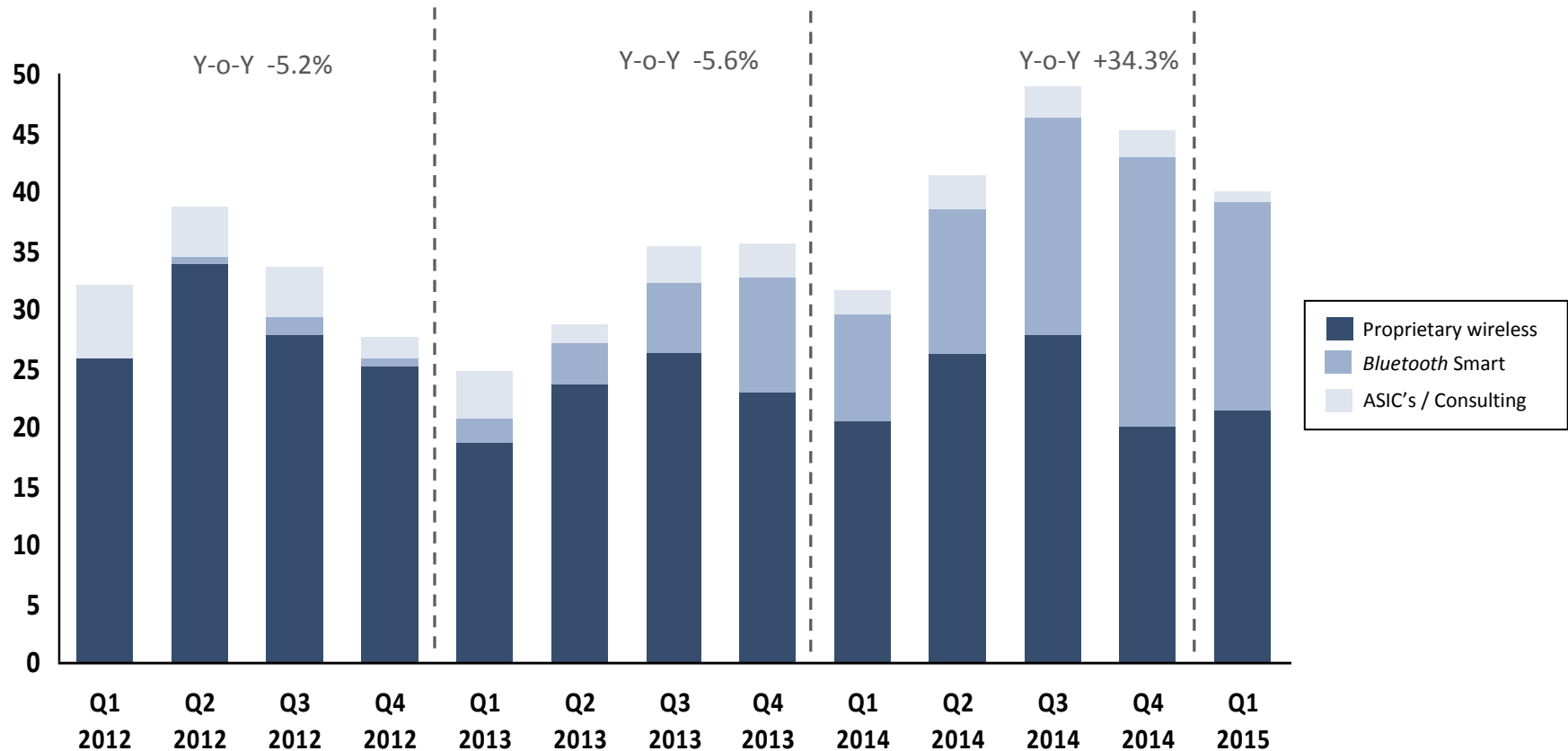
Q1 2015 Financial Highlights

MUSD				
<u>Financial objectives</u>	<u>Q1 2015</u>	<u>Q4 2014</u>	<u>Q1 2014</u>	<u>Comments</u>
Growth				
Revenue	40,0	45,2	31,5	Revenue from wireless components increased 32% compared to last year
Order Inflow	53,3	32,9	39,7	Strong order inflow reflecting midlife update
Profitability				
Gross Margin %	54,6 %	52,4 %	51,4 %	Favourable product and customer mix
Operating Profit (EBIT)	5,3	6,3	0,8	Higher revenue drives EBIT growth
EBIT Margin %	13,2 %	13,9 %	2,5 %	Capitalization of devl. cost reduces opex
Net Profit after tax	4,1	6,7	0,7	
Cash Flow				
Free Cash Flow	-14,8	9,7	1,3	Build up of inventories
Cash Balance	25,3	34,1	33,6	Increased WC and capex reduces cash
Accounts Receivable	40,3	39,3	27,1	
Inventory	42,0	27,9	24,3	Seasonal build up of inventories

Group Revenues

- Q1 2015 Revenue of MUSD 40.0 (27% increase from prior year)
- Q1LTM Revenue increase of 34%

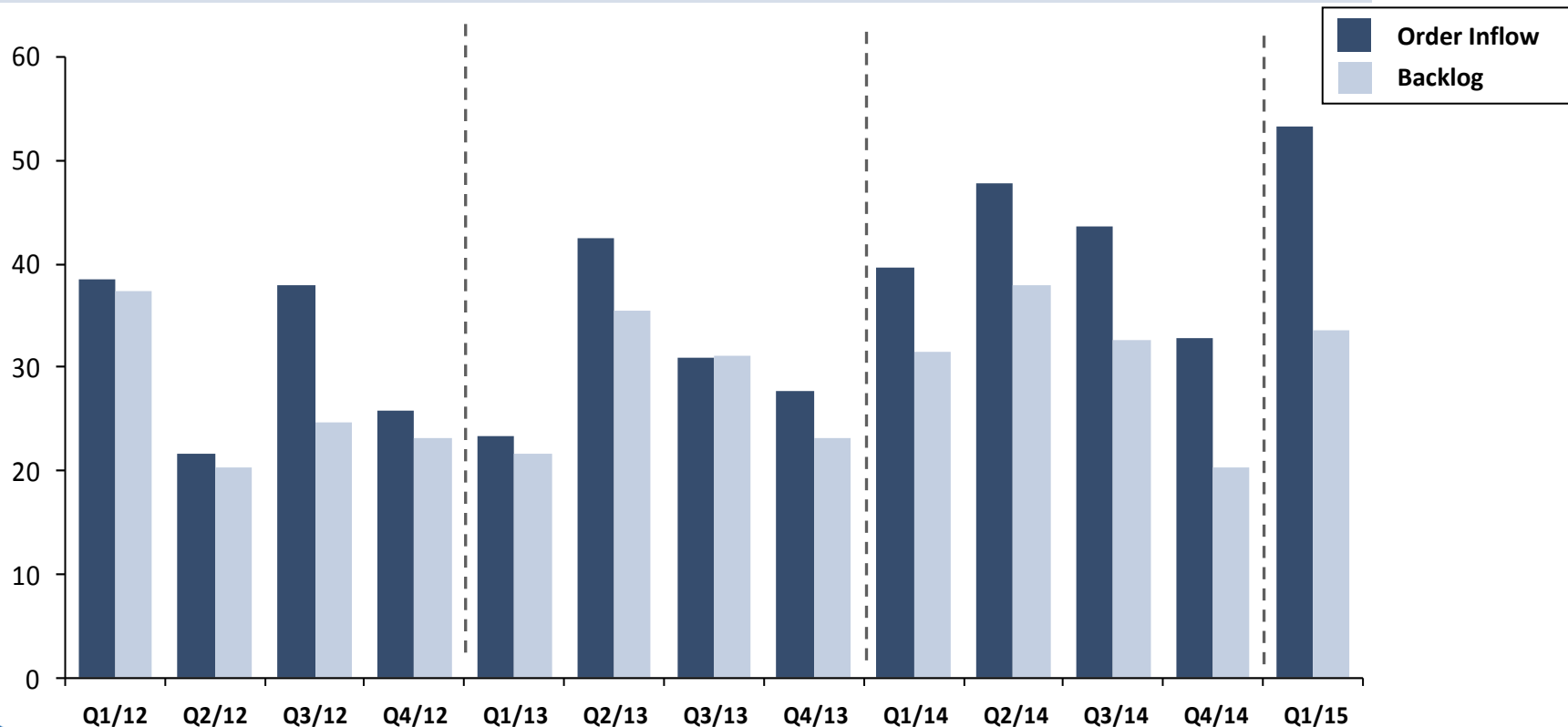
Revenue split by technology, 2012 – Q1 2015 (MUSD)



Order inflow / order backlog

- Record high order inflow of MUSD 53.3 in Q1 2015
- Order backlog of MUSD 33.6 at quarter-end
 - Order backlog improved after Q4 reduction, although shorter cycle than Q1 2014

Order Inflow and Backlog 2012 – Q1 2015 (MUSD)



Revenue Markets in 2015

7

Consumer Electronics

Toys, Home Entertainment devices and PC accessories.



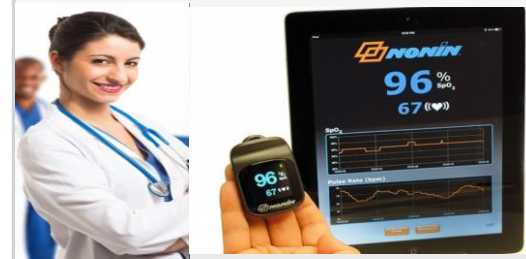
Wearables

Activity trackers and sport watches.



Healthcare

Blood glucos monitors and blood pressure monitors.



Building/Retail

Beacons, RFID and various automation applications.



Others

Consists of products which are being used in other applications not relevant to the 4 main target areas.

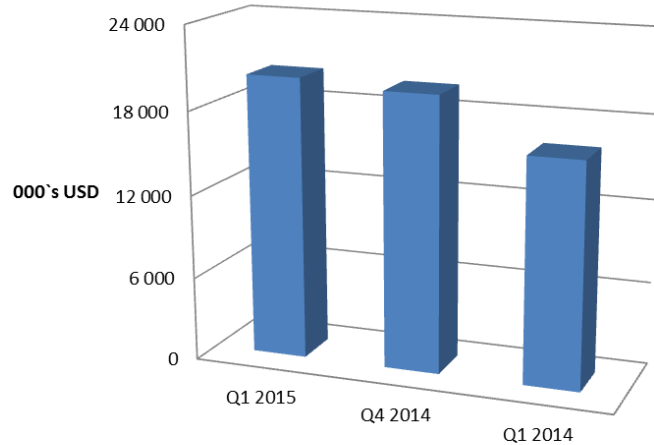
ASIC-Consulting

Remains unchanged.



Growth Markets

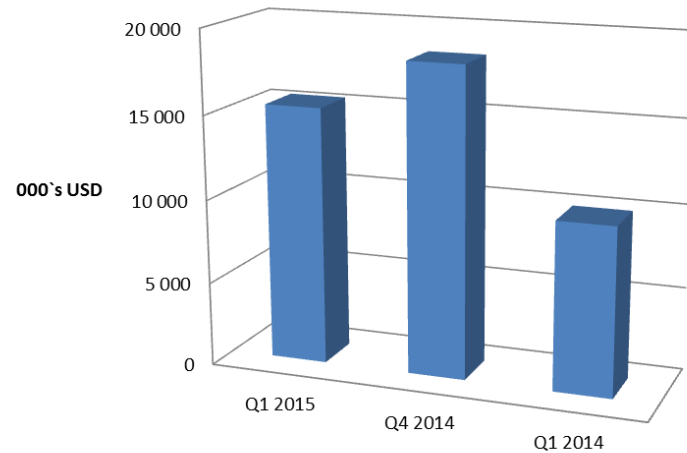
Consumer Electronics



	Q1 2015	Q4 2014	Q1 2014
Consumer Electronics	20 262	19 751	16 100

- Growth of 25.9% compared to Q1 last year.
- Growth of 2.6% compared to last quarter.
- Strong PC Accessories sales drives growth compared to Q1 2014
- Gaming driving near term growth
- High design wins momentum post CES with focus on Wireless Charging

Wearables

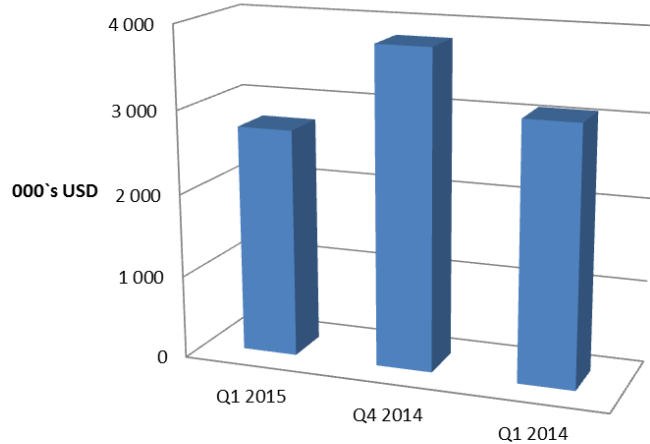


	Q1 2015	Q4 2014	Q1 2014
Wearables	15 360	18 399	10 024

- Growth of 53.2% compared to Q1 last year.
- Decline of 16.5% compared to last quarter.
- Strong sales compared to Q1 2014 indicating a large interest in wearable technology.

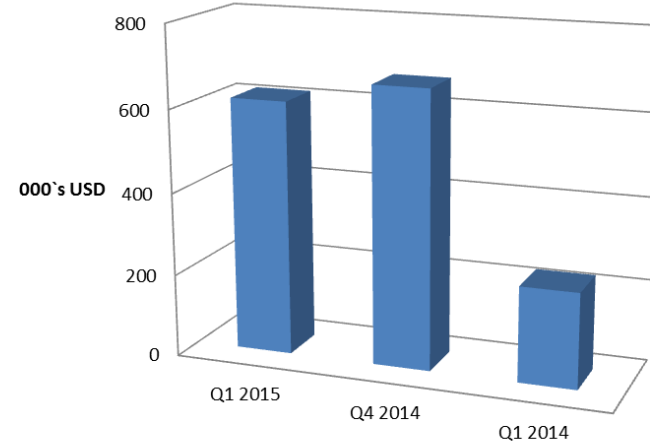
Emerging Markets

Building/Retail



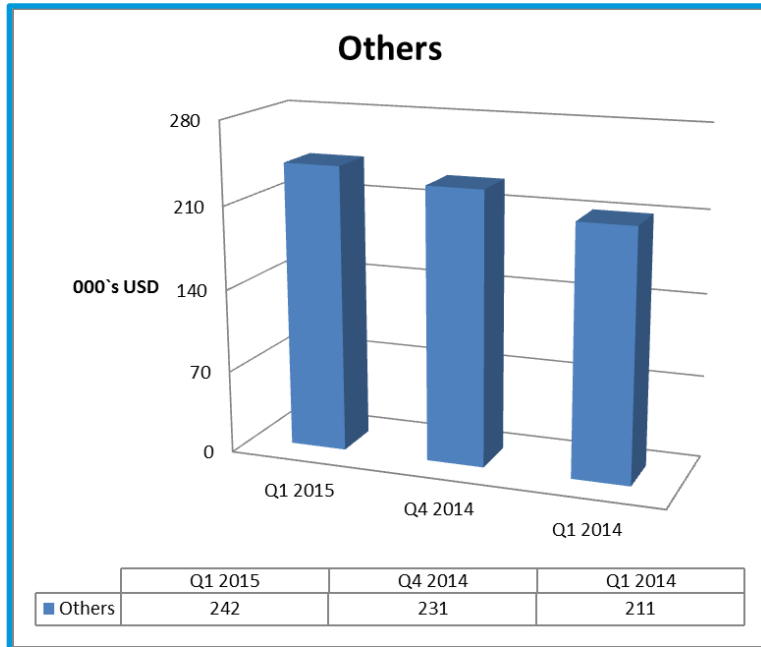
- Decline of 11.1% compared to Q1 last year.
- Decline of 28.1% compared to last quarter.
- The market for beacons and RFID are still in the early stages of adoption, it has been identified by Nordic as a market with large potential.

Healthcare

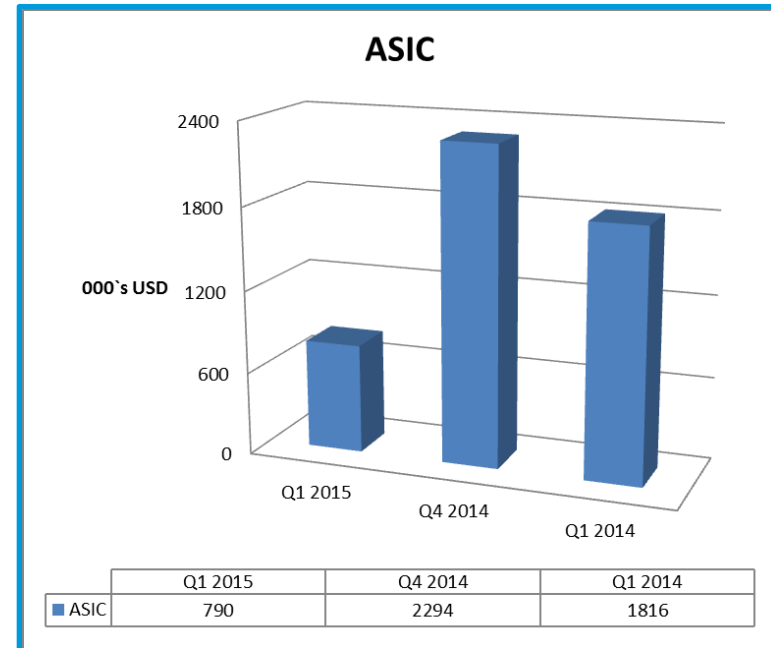


- Growth of 166.7% compared to Q1 last year.
- Decline of 8.1% compared to last quarter.
- Strong sales compared to Q1 2014. We are seeing a positiv trend in high tech health monitors using bluetooth smart to enable easy monitoring for the user.

Other Markets



- Growth of 14.7% compared to Q1 last year.
- Growth of 4.8% compared to last quarter.

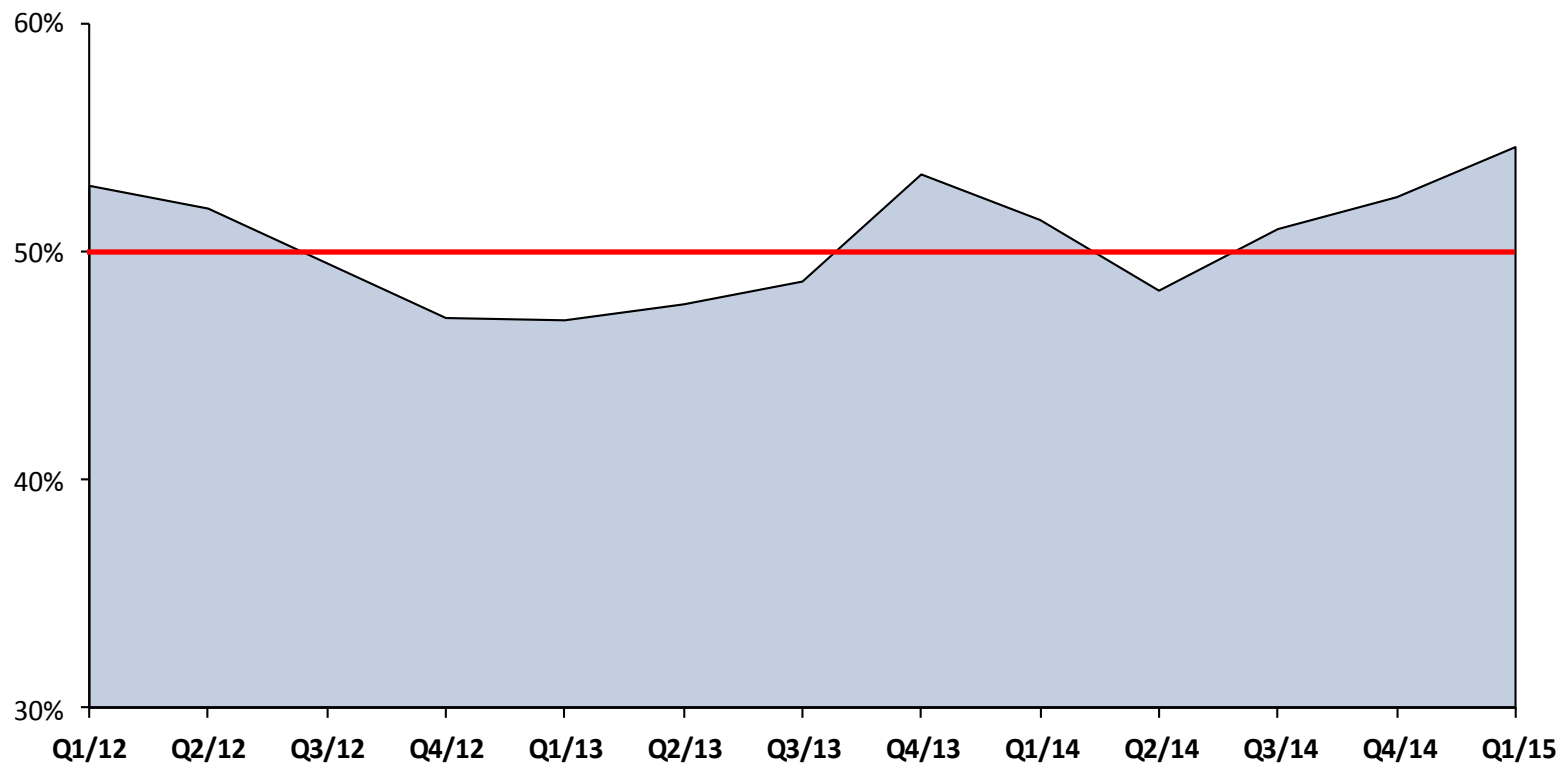


- Decline of 56.5% compared to Q1 last year.
- Decline of 65.6% compared to last quarter.
- Nordic are not investing in this segment anymore.
All revenues are from existing projects and will fluctuate based on project deliveries.

Gross margin

- Gross margin of 54.6 % in Q1 2015
 - Gross margin increases from prior quarters, due to product and customer mix
 - Expected to normalize at 50% in Q2

Gross Margin % of revenue 2012 – Q1 2015



Operating Expenses

12

Q1 2015 Investor
Presentation

- Operating expenses (incl. depreciation) of MUSD 16.6 in Q1 2015
 - Growth in expenses is driven by higher staffing and activity in R&D and Sales, plus IFRS accounting impact of options
 - Currency Adjusted total operating expenses excluding depreciation increased from MUSD 13.7 in Q4 2014 to MUSD 17.2, or MUSD 3.5
 - Finland Q1 2015 operating expenses at MUSD 2.2.

<u>USD '000</u>	<u>Q1 2015</u>	<u>Q4 2014</u>	<u>Q1 2014</u>	<u>Growth Y-o-Y</u>
Total Operating Expense (non-IFRS), excluding Depreciation*	15 734	13 673	12 255	28 %
Add: Options expense**	959	2 071	1 704	
Less: Capitalized R&D***	(1 998)	(206)	(161)	
Total Operating Expense (IFRS), excluding Depreciation	14 696	15 538	13 798	7 %

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

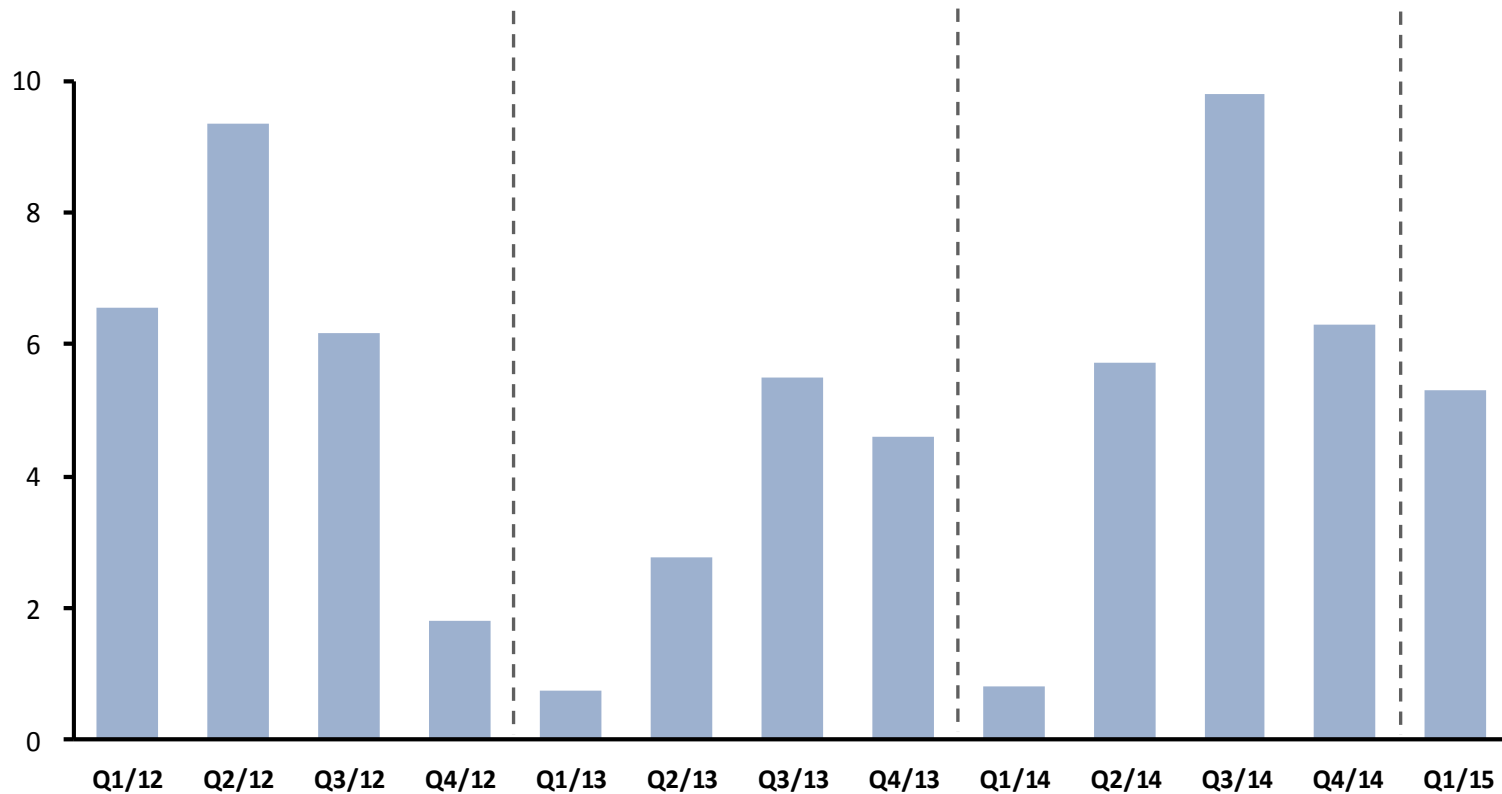
** IFRS accounting expense from grant of options, plus related payroll taxes

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

Operating profit (EBIT)

- Operating profit in Q1 2015 of MUSD 5.3
 - Higher revenue offset by increased operating expenses
 - Q1LTM EBIT increase of 100%

Operating Profit by quarter 2012 – Q1 2015 (MUSD)



Q1 2015 Financial Summary

14

Q1 2015 Investor
Presentation

Revenue growth

- Group revenue of MUSD 40.0 (MUSD 31.5)
 - *Bluetooth* Smart sales grow to MUSD 17.9 , or 44.7% of revenue (from 29.5% in Q1 2014)
- Order inflow of MUSD 53.3 (MUSD 39.7)
 - Strong order inflow from new revenue markets

Profitability

- EBIT of MUSD 5.3 (MUSD 0.8)
 - Higher revenues and gross margin drives EBIT growth
 - Capitalized development cost and FX lowering OPEX

Cash Flow

- Free cash flow of MUSD -14.8 (MUSD 1.3)
 - Outflow primarily due to build up of wafer inventory.
 - Ending cash balance of MUSD 25.3



Business Outlook

Svenn-Tore Larsen, CEO

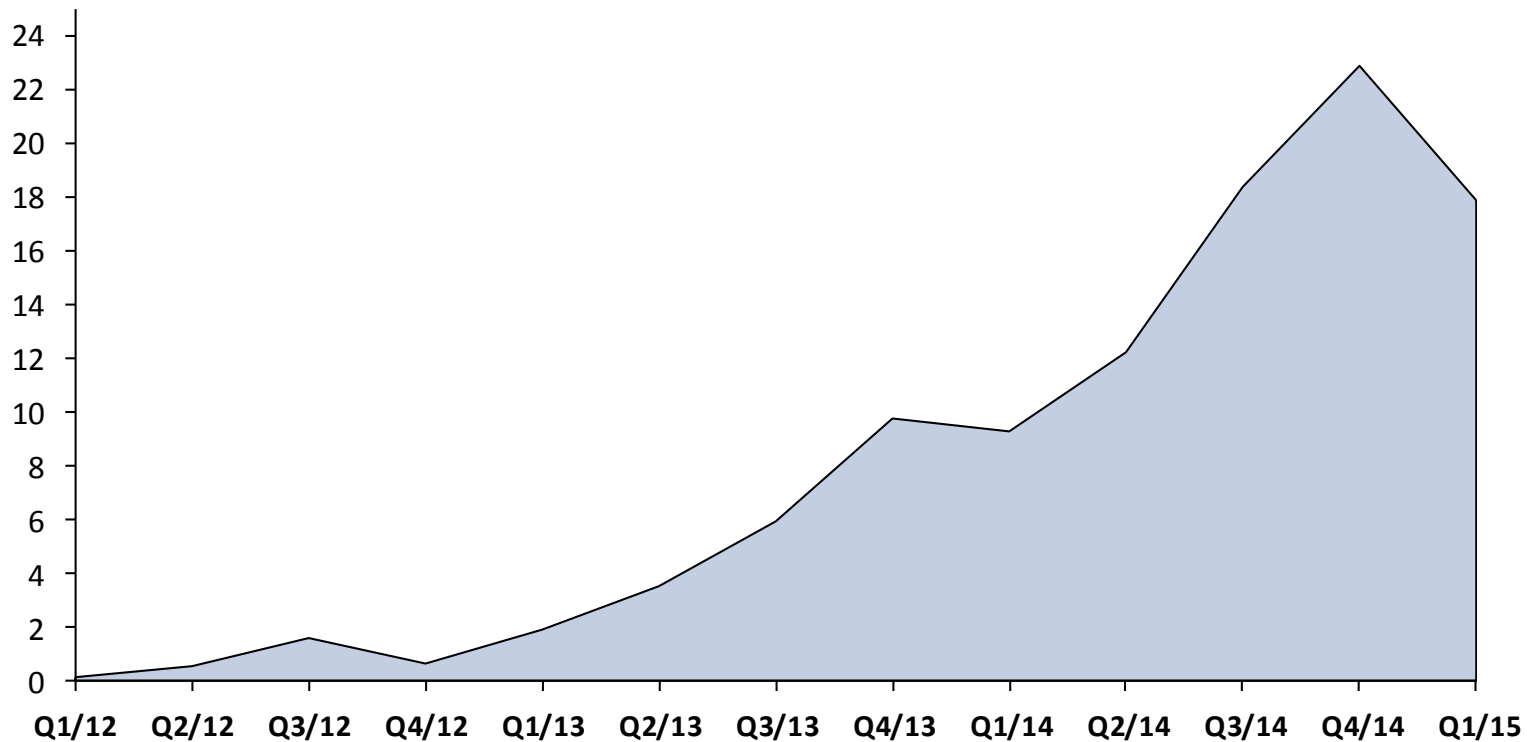
High Sales of Bluetooth Smart

- Seasonal reduction of sales

16

Q1 2015 Investor
Presentation

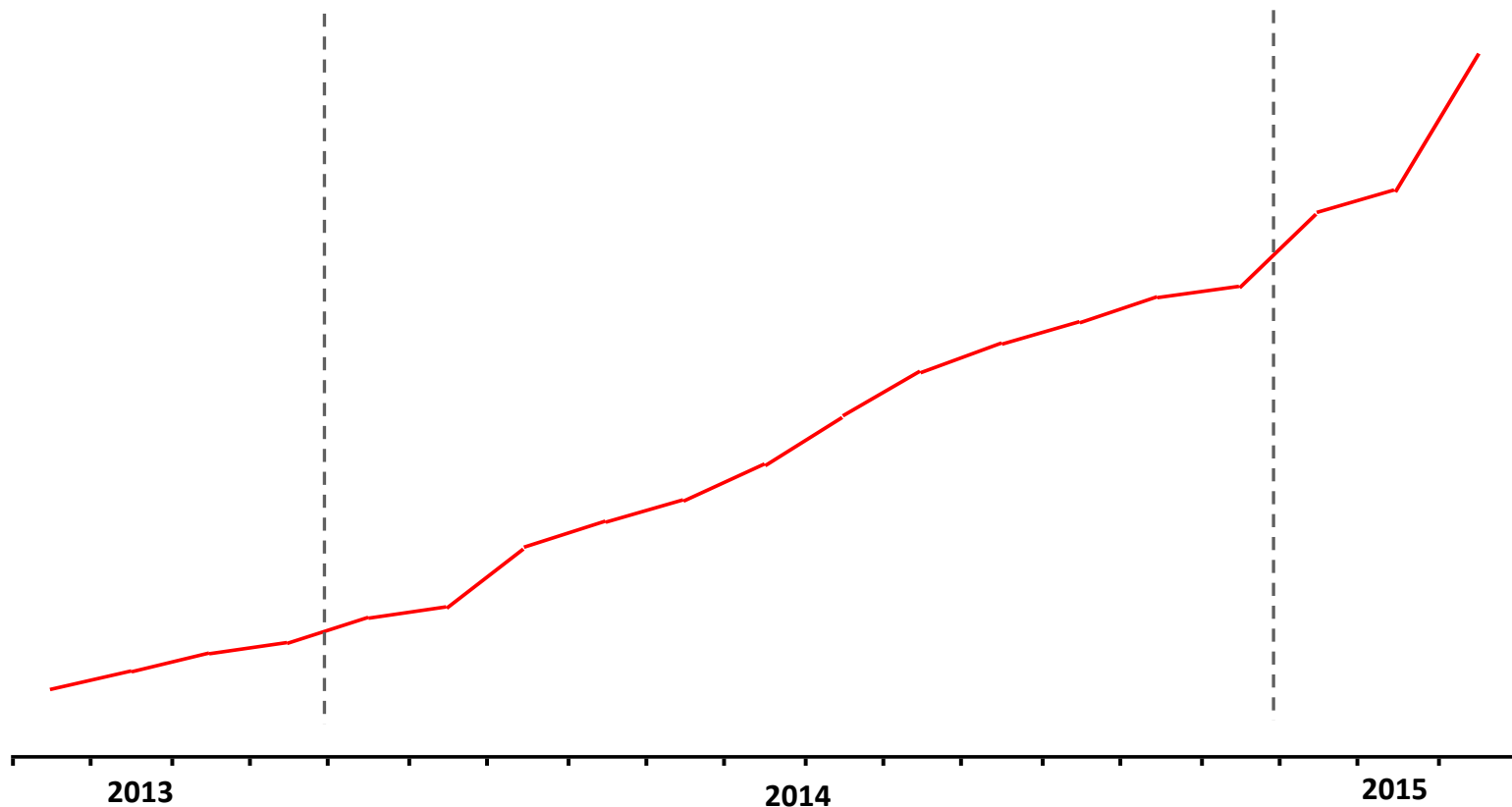
Total Nordic revenue from Bluetooth Smart, 2012 – Q1 2015 (MUSD)



Bluetooth Smart Active Customers

- Number of active BT Smart customers continues to grow
 - Doubling in a year

Number of “Active” Bluetooth Smart customers*, 2013 – 2015



* Definition of “Active” Customer: An end customer which has purchased a larger volume during prior six months (i.e., a customer actively selling product to end customers or preparing a high volume prototype)

New Large Customers in new Markets

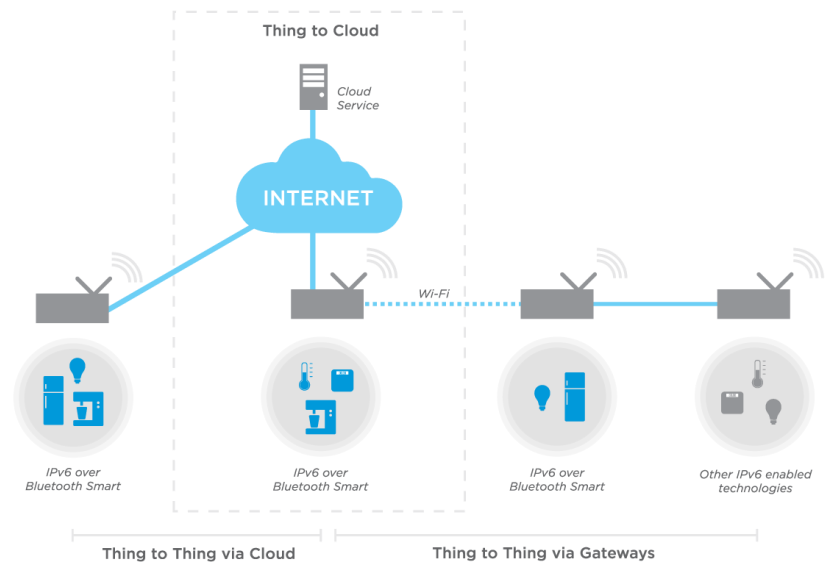
- Customer within gaming placing Q2 order of MUSD 6,7
- Independent company, not part of established giant or conglomerate
- Started designing with Nordic chip in 2013



Establishing Relations for next growth

- Nordic engineering teams working closely with world's leading tech companies to be part of their next offerings
- These companies are expected to set the standards which will drive revenues the coming decades
- These industrial relations pave the road for the next wave of growth

IoT with IPv6 over Bluetooth Smart



The Game Changer - The release of nRF52 System-on-Chip



- Radio Performance
- Compute Power
- Power Consumption
- Advanced Connectivity for IoT
- Advanced 55nm Embedded Flash Process
- Size and level of Integration
- Ease of Use
- Best in class Software and Tools
- Smooth Migration from nRF51
- Simplicity and Flexibility

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



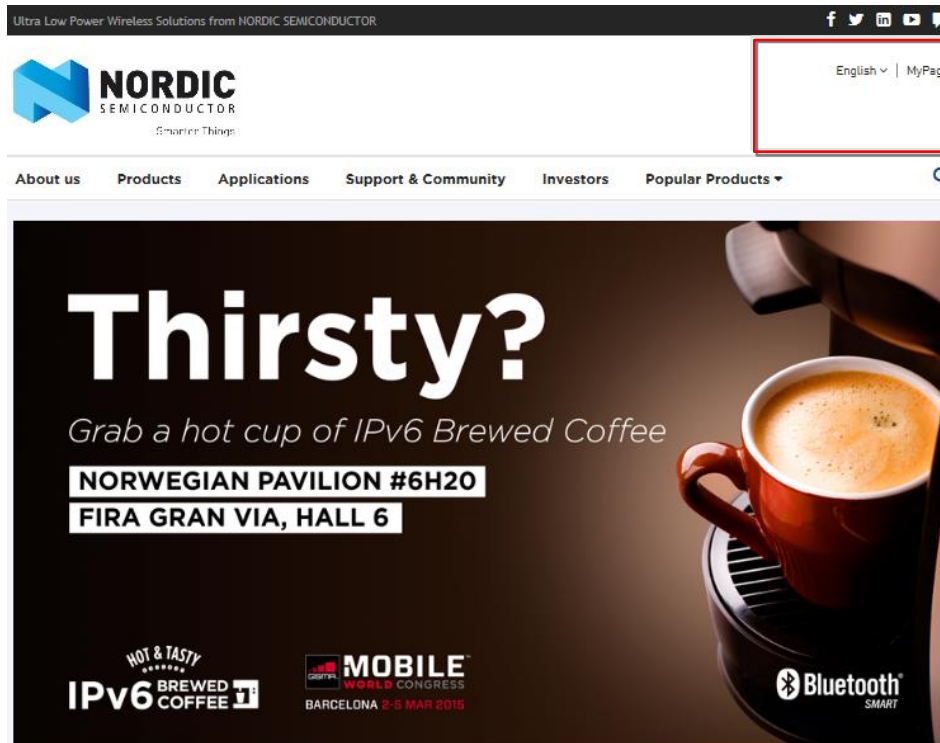
Prepare to meet

The Game Changer

JUNE 17, 2015 / 5PM CEST

For more information on Nordic

- Sign up for a Nordic MyPage account on our website - www.nordicsemi.com



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
- Press releases
- Stock exchange notices



IPv6 over Bluetooth Smart Coffee Demo from CES 2015



New issue out now



Hardware compatible with the Arduino Uno Revision 3 standard