

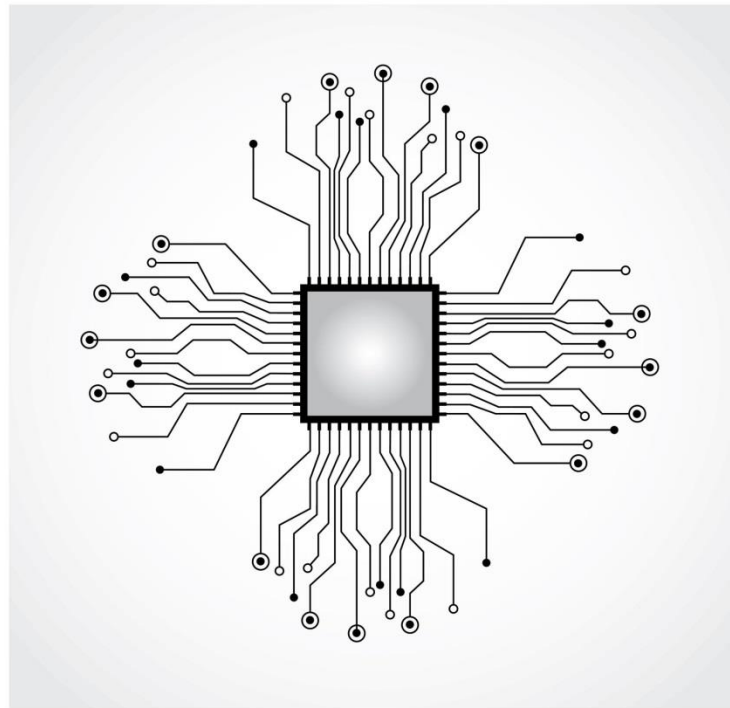
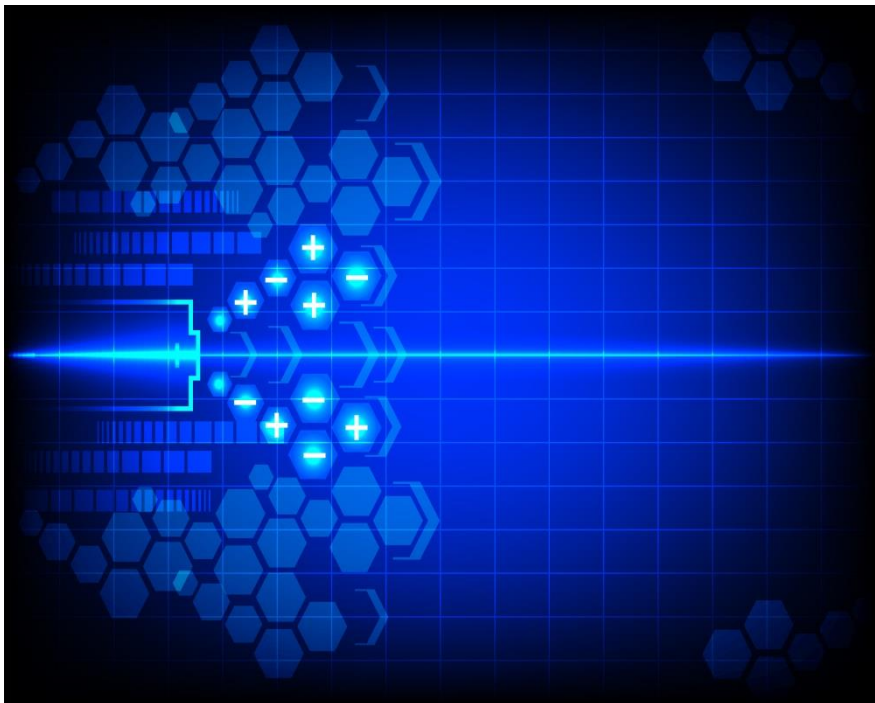


Q3 2015 Investor Presentation

Svenn-Tore Larsen, CEO
Pål Elstad, CFO

Summary – Q3 2015:

- Record MUSD 53.9 revenue in quarter despite the previously announced guidance
- Strong Bluetooth Smart Sales at MUSD 34.2
- Improvements in manufacturing drives margins above 50%
- nRF 52 progresses as planned with volume shipments expected in Q4
- Strong design wins in Bluetooth Smart continues to drive growth



Financial Highlights

Pål Elstad, CFO

Q3 2015 Financial Highlights

MUSD

Financial objectives

Growth

	<u>Q3 2015</u>	<u>Q2 2015</u>	<u>Q3 2014</u>	<u>Comments</u>
Revenue	53,9	52,6	49,0	Record high revenue despite lower proprietary sales
Order Inflow	43,1	60,2	43,7	Seasonal reduction in orders

Profitability

Gross Margin %	50,2 %	49,5 %	50,8 %	Improved manufacturing improves margins
Operating Profit (EBIT)	10,9	10,6	9,8	Higher revenue drives EBIT growth
EBIT Margin %	20,2 %	20,2 %	20,1 %	Capitalization of devel. cost reduces OPEX
Net Profit after tax	8,8	7,5	7,0	

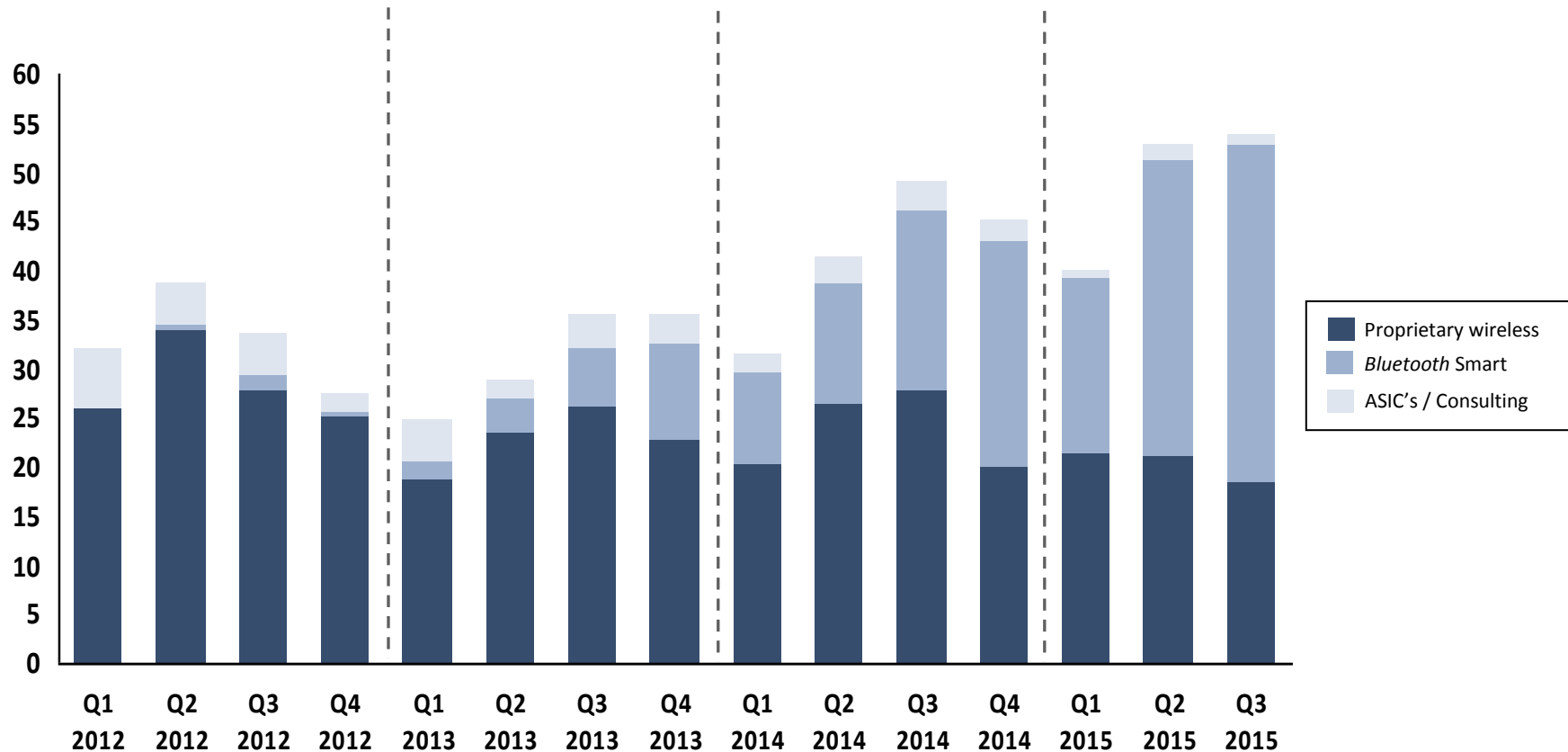
Cash Flow

Free Cash Flow	6,3	-9,4	13,9	Improved DSO and profits improve cash flow Improved WC
Cash Balance	29,2	25,4	24,4	
Accounts Receivable	52,5	54,4	41,1	Higher revenues offset by improved DSO
Inventory	51,0	45,6	20,6	Lower proprietary sales increase inventories

Group Revenues

- Q3 2015 Revenue of MUSD 53.9 (10% increase from prior year)
- BT Smart Revenue of MUSD 34.2 (63.4% of total revenue)

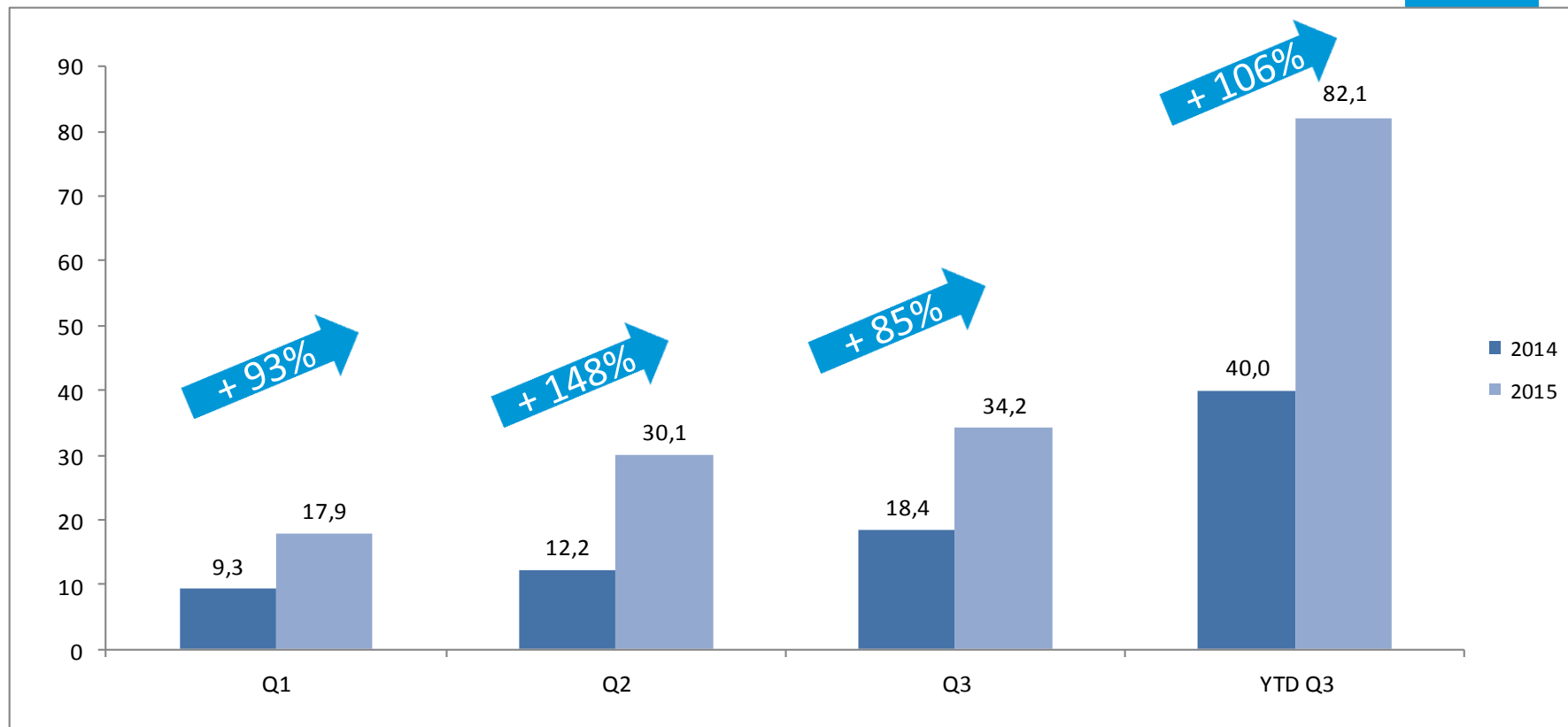
Revenue split by technology, 2012 – Q3 2015 (MUSD)



Bluetooth Smart Revenues – Drives Growth

2014-2015 More than 100% Year over Year

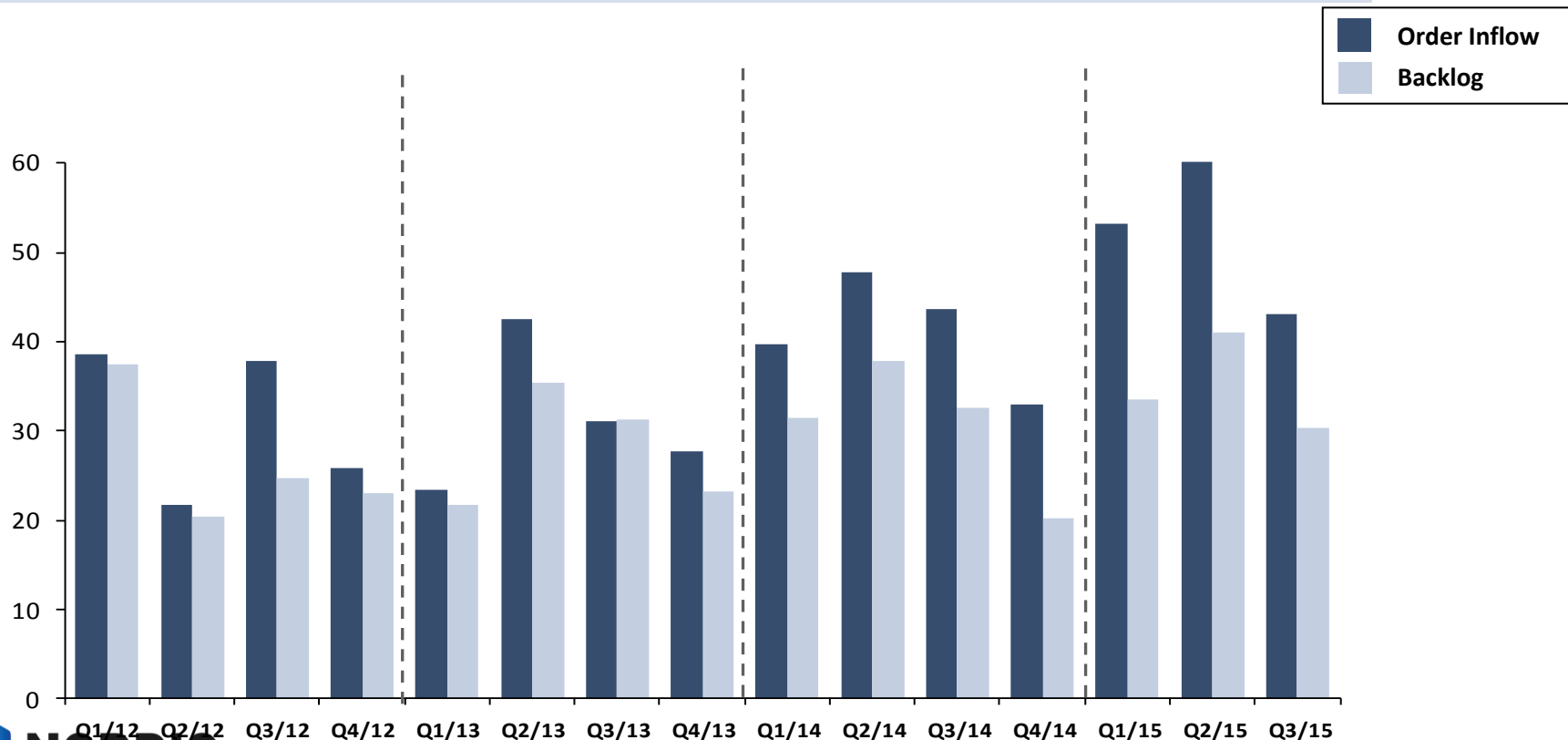
Total Nordic revenue from Bluetooth Smart Quarterly comparison 2014/2015 (MUSD)



Order inflow / order backlog

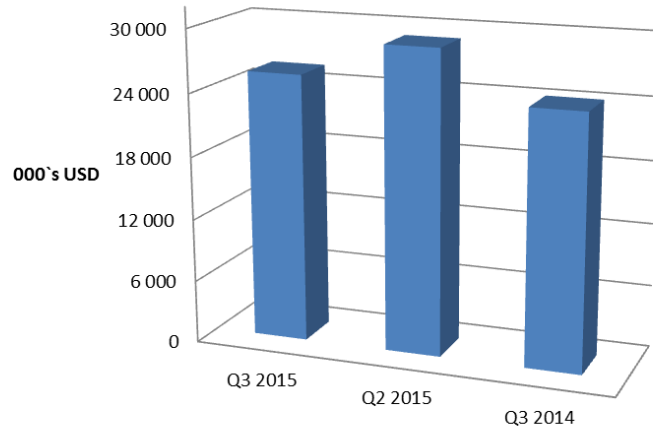
- Order inflow of MUSD 43.1 in Q3 2015
- Order backlog of MUSD 30.3 at quarter-end
- Nordic will effective from December 31, 2015 cease to report orders and only report backlog at end of Quarter

Order Inflow and Backlog 2012 – Q3 2015 (MUSD)



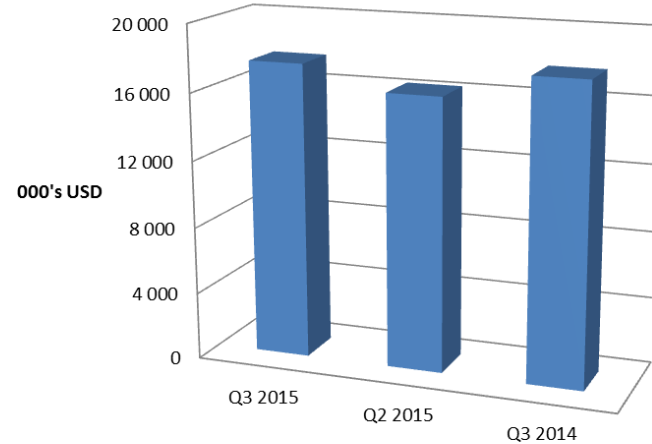
Growth Markets

Consumer Electronics



	Q3 2015	Q2 2015	Q3 2014
Consumer Electronics	25 654	28 954	24 208

Wearables

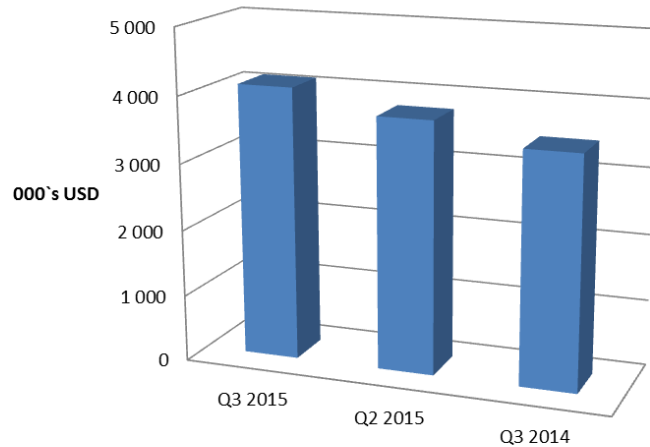


	Q3 2015	Q2 2015	Q3 2014
Wearables	17 642	16 296	17 794

- Growth of 6 % compared to Q3 last year.
- Decline of 11.4% compared to last quarter
- Growth compared to last year driven by design wins within Home Entertainment and Mobile offset by decline in PC Peripherals
- Decline from last quarter explained by PC Peripherals and large gaming and toys sales in Q2
- Marginal decline compared to Q3 last year
- Growth of 8.2 % compared to last quarter
- Accelerated sales momentum observed after a moderate start of 2015

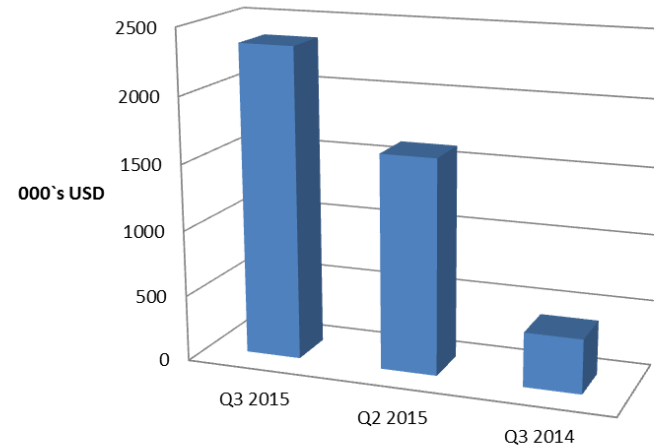
Emerging Markets

Building/Retail



	Q3 2015	Q2 2015	Q3 2014
■ Building/Retail	4 110	3 784	3 481

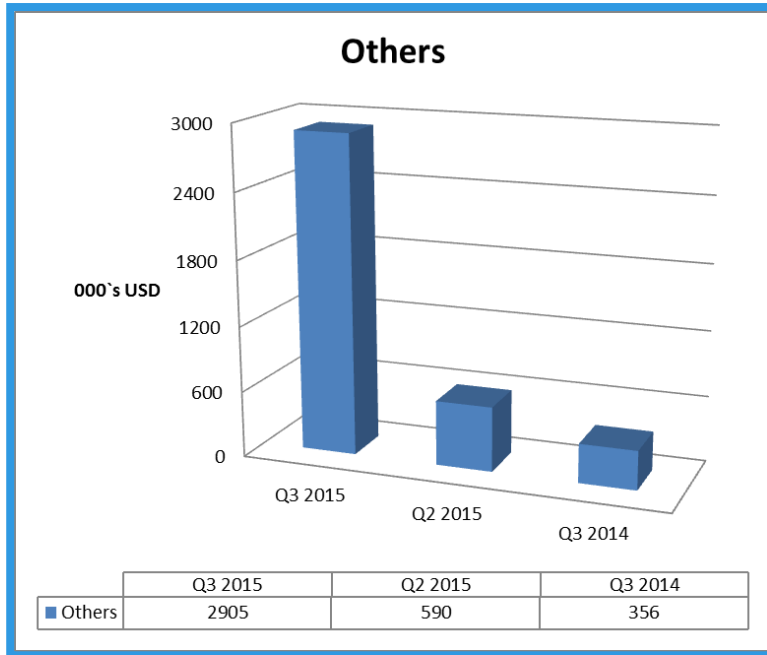
Healthcare



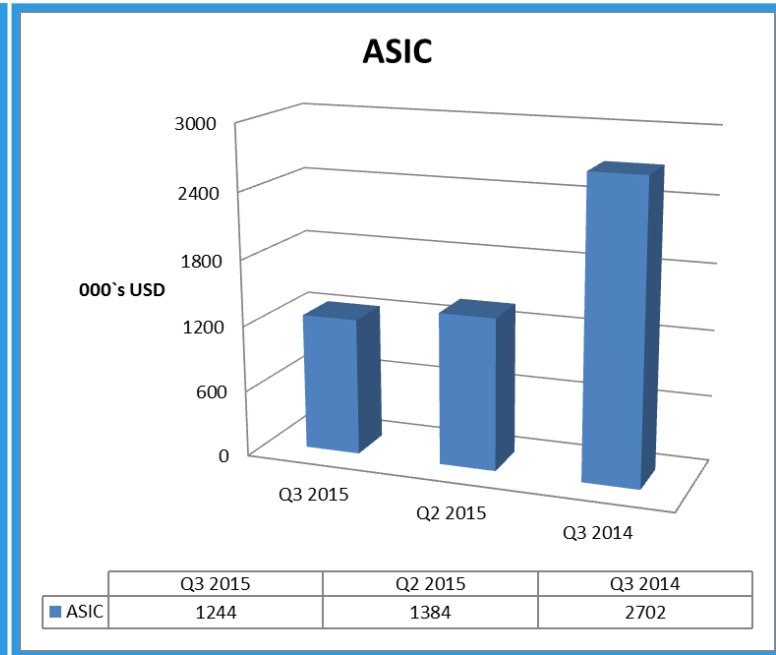
	Q3 2015	Q2 2015	Q3 2014
■ Healthcare	2 357	1 623	411

- Growth of 18.1 % revenues compared to Q3 2014. Shift from RFID to Beacons and Home Automation
- Growth of 8.6 % 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
- Strong growth from previous periods (45.2 % compared to last quarter)
- Strong sales compared to Q3 2014 is driven by a handful of existing customers gaining volume, plus a mix of new customer design wins

Other Markets



- Others reflects products which do not map into our four main markets, hence revenues generated here will fluctuate on a regular basis. Modules is the largest product group within this market

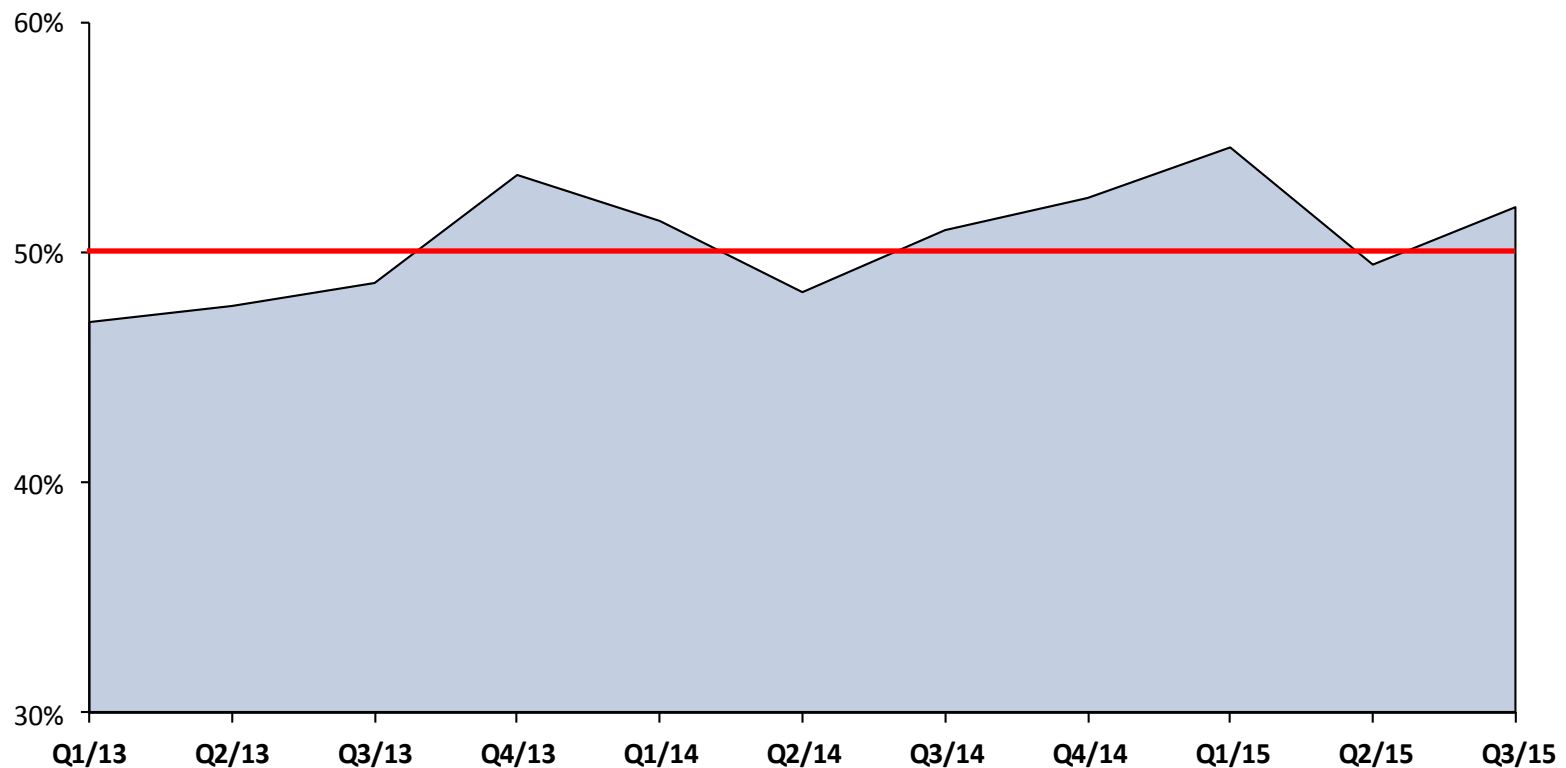


- Decline of 54 % compared to Q3 last year.
- Decline of 10.1 % compared to last quarter.
- Nordic are not investing in this segment anymore. All revenues are from existing projects and will fluctuate from quarter to quarter based on project deliveries

Gross Margin

- Gross margin of 50.2 % in Q3 2015
 - Gross margin improved from last quarter, due to improved manufacturing
 - Expected to stabilize around 50% in 2H-2015

Gross Margin % of revenue 2013 – Q3 2015



Operating Expenses

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Q3 2015 Investor
Presentation

- Operating expenses (incl. depreciation) of MUSD 16.2 in Q3 2015
- Total operating expenses excluding depreciation and adjusted for options and capitalized R&D increased from MUSD 15.9 in Q2 2015 to MUSD 17.0 in Q3 2015 – higher number of employees and marketing expenses – offset by favourable FX
- Finland Q3 2015 operating expenses at MUSD 3.4.

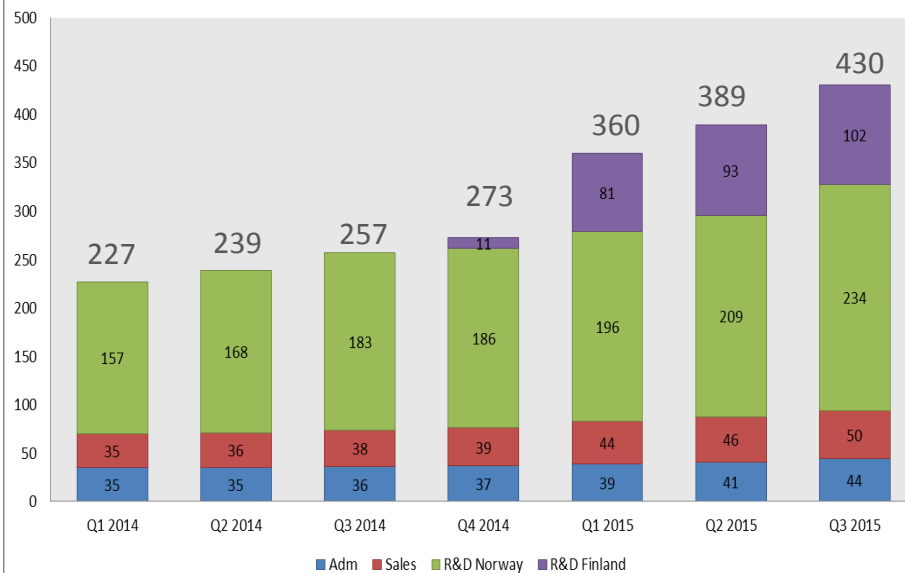
<u>USD '000</u>	<u>Q3 2015</u>	<u>Q2 2015</u>	<u>Q3 2014</u>	<u>Growth Y-o-Y</u>
Total Cash Operating Expenses , excluding Depreciation*	17 010	15 846	12 258	39 %
Add: Options expense**	(763)	197	1 323	
Less: Capitalized R&D***	(2 400)	(2 644)	(300)	
Total Reported Operating Expenses, excluding Depreciation	13 847	13 399	13 281	4 %

Group Employees

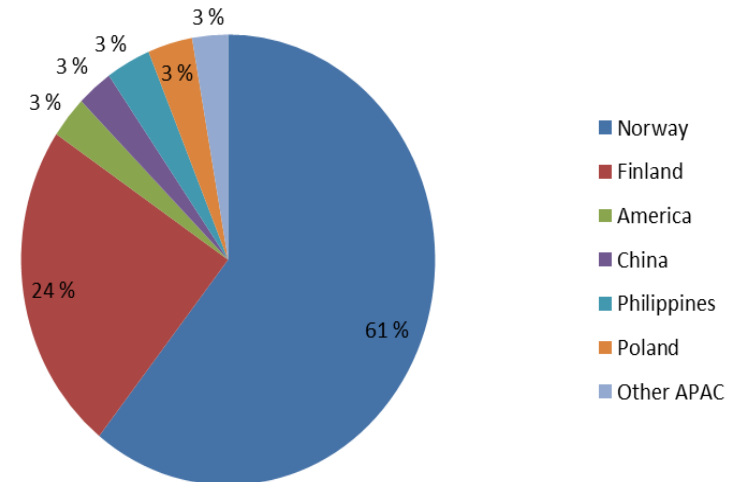
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Headcount Development



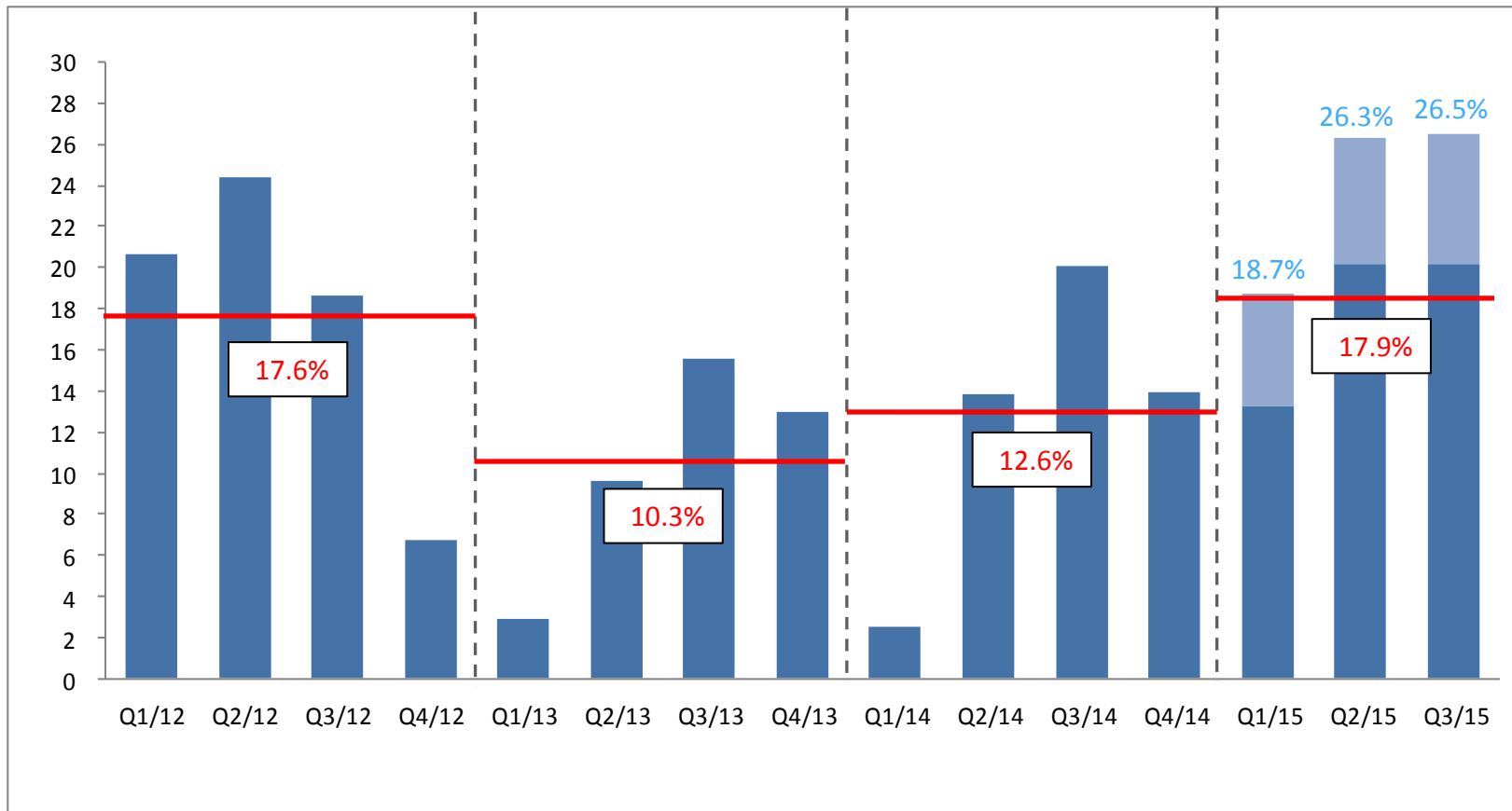
Geographic Distribution



Operating profit (EBIT %)

- Operating profit in Q3 2015 of MUSD 10.9
 - Q3 2015 Margin excluding Finland at 26.5%

Operating Profit Margin (%) by quarter 2012 – Q3 2015 (MUSD)



- Grey area represents effects of Finland operations on EBIT
- Blue % indicate ex-finland EBIT margin
- Red lines and % indicates equal weight average per year. 2015 line and % includes finland.

Q3 2015 Financial Summary

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Revenue growth

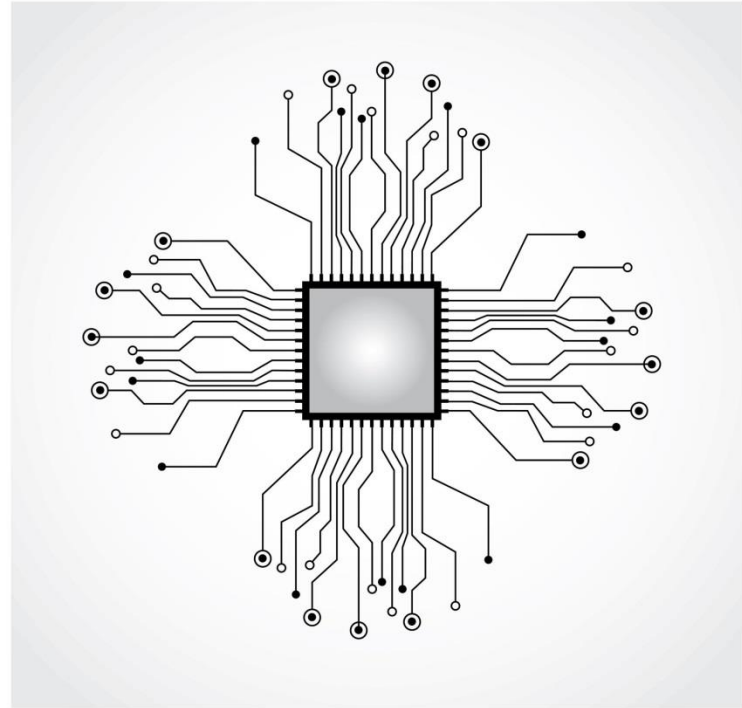
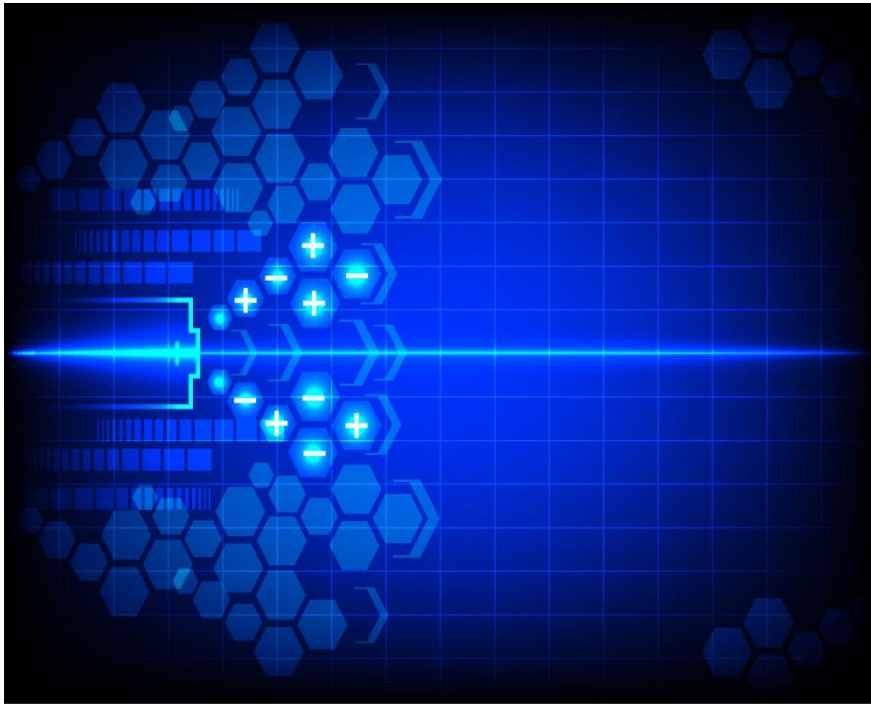
- Group revenue of MUSD 53.9 (MUSD 49.0)
 - *Bluetooth* Smart sales grow to MUSD 34.2 , or 63.4%
- Strong diversification in Bluetooth Smart customers

Profitability

- EBIT of MUSD 10.9 (MUSD 9.8)
 - Higher revenues and gross margin drives EBIT growth
 - Capitalized development cost and FX lowering OPEX

Cash Flow

- Free cash flow of MUSD 6.3 (MUSD 13.9)
 - Increased inventory build offset by lower receivables
 - Ending cash balance of MUSD 29.2



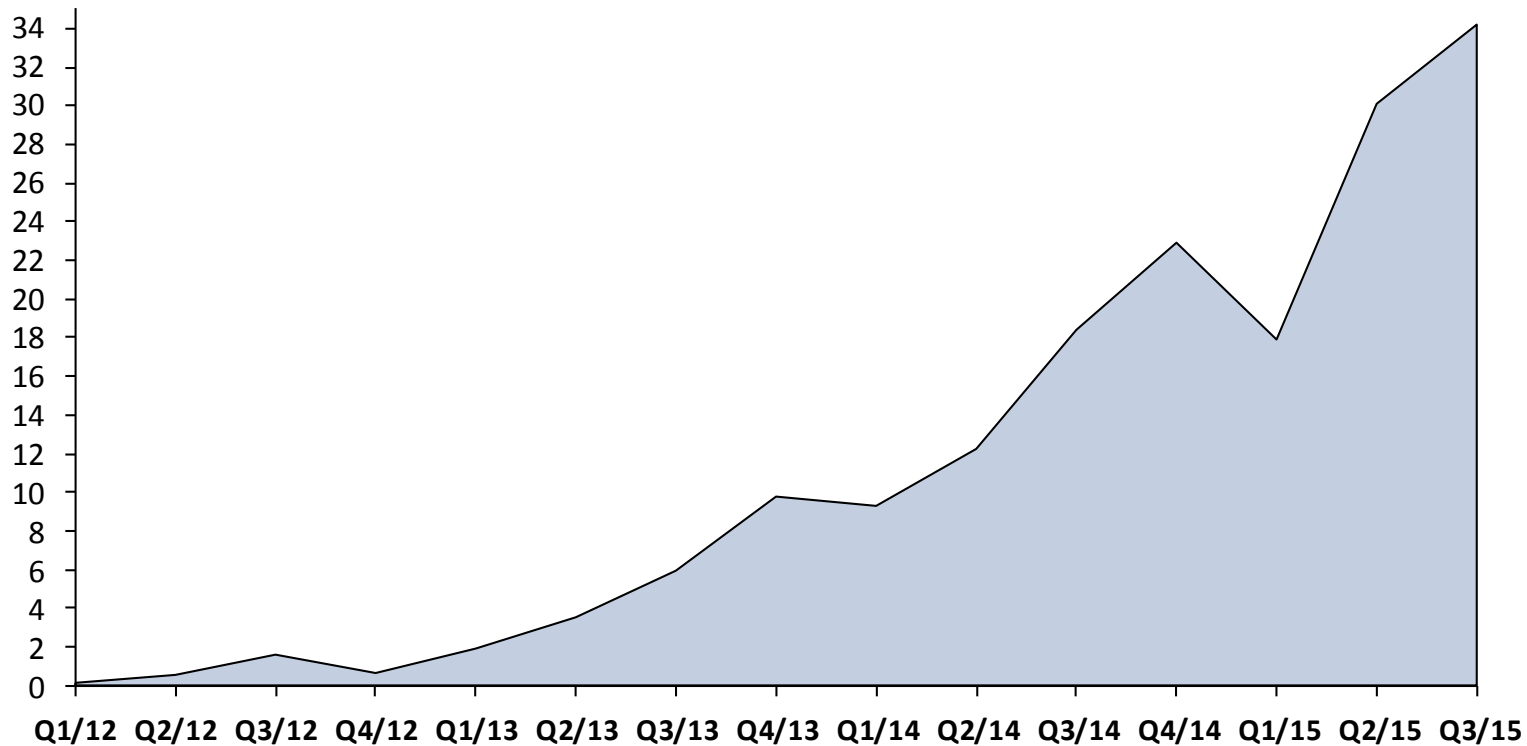
Business Outlook

Svenn-Tore Larsen, CEO

High Sales of Bluetooth Smart

- Q3 Bluetooth Smart revenues of 34.2 MUSD, taking the total for Q3 YTD to MUSD 82.1

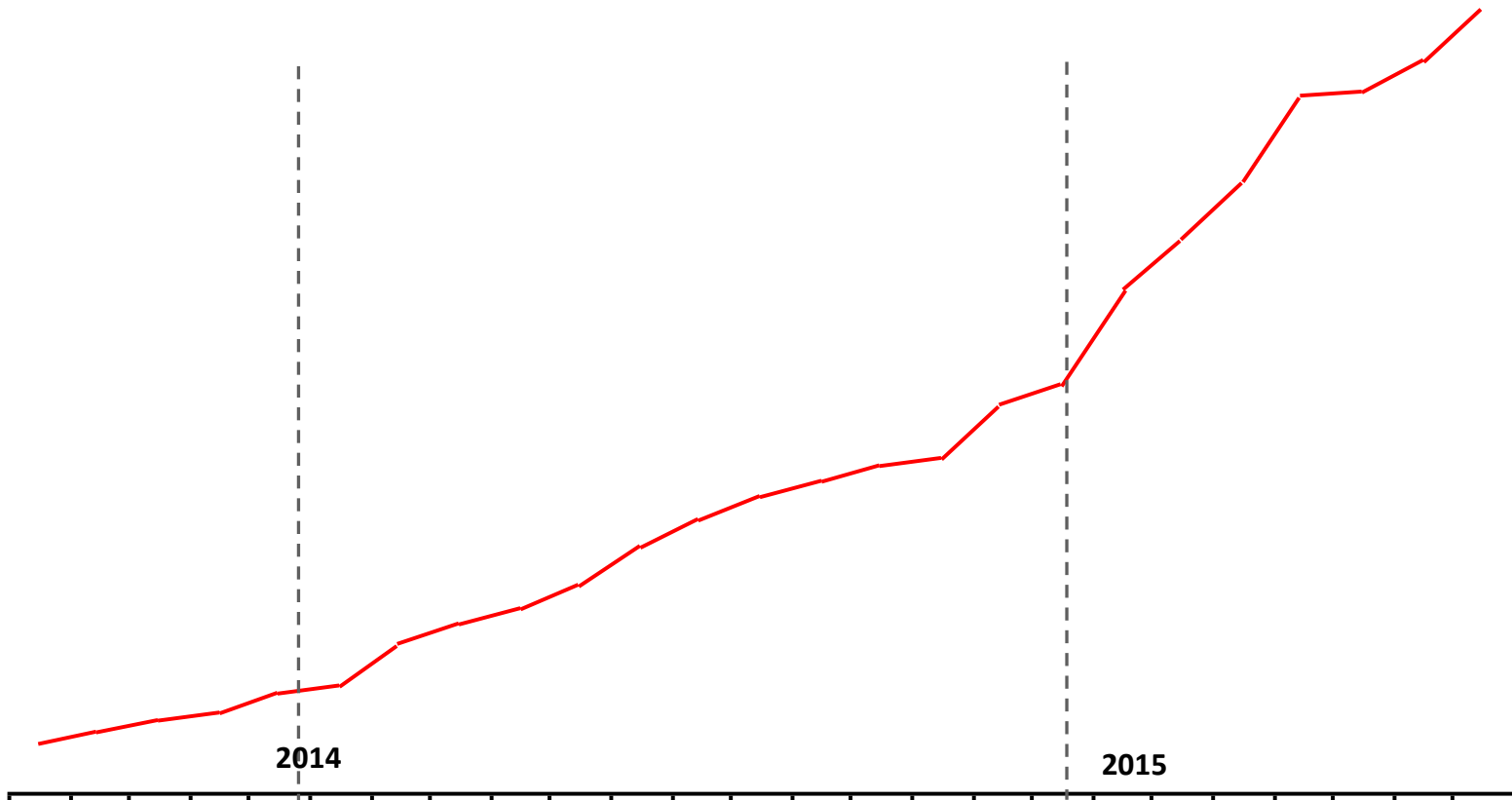
Total Nordic revenue from Bluetooth Smart, 2012 – Q3 2015 (MUSD)



Bluetooth Smart Active Customers

- Number of active BT Smart customers continues to grow
 - More than 100% growth in active customers in 2015

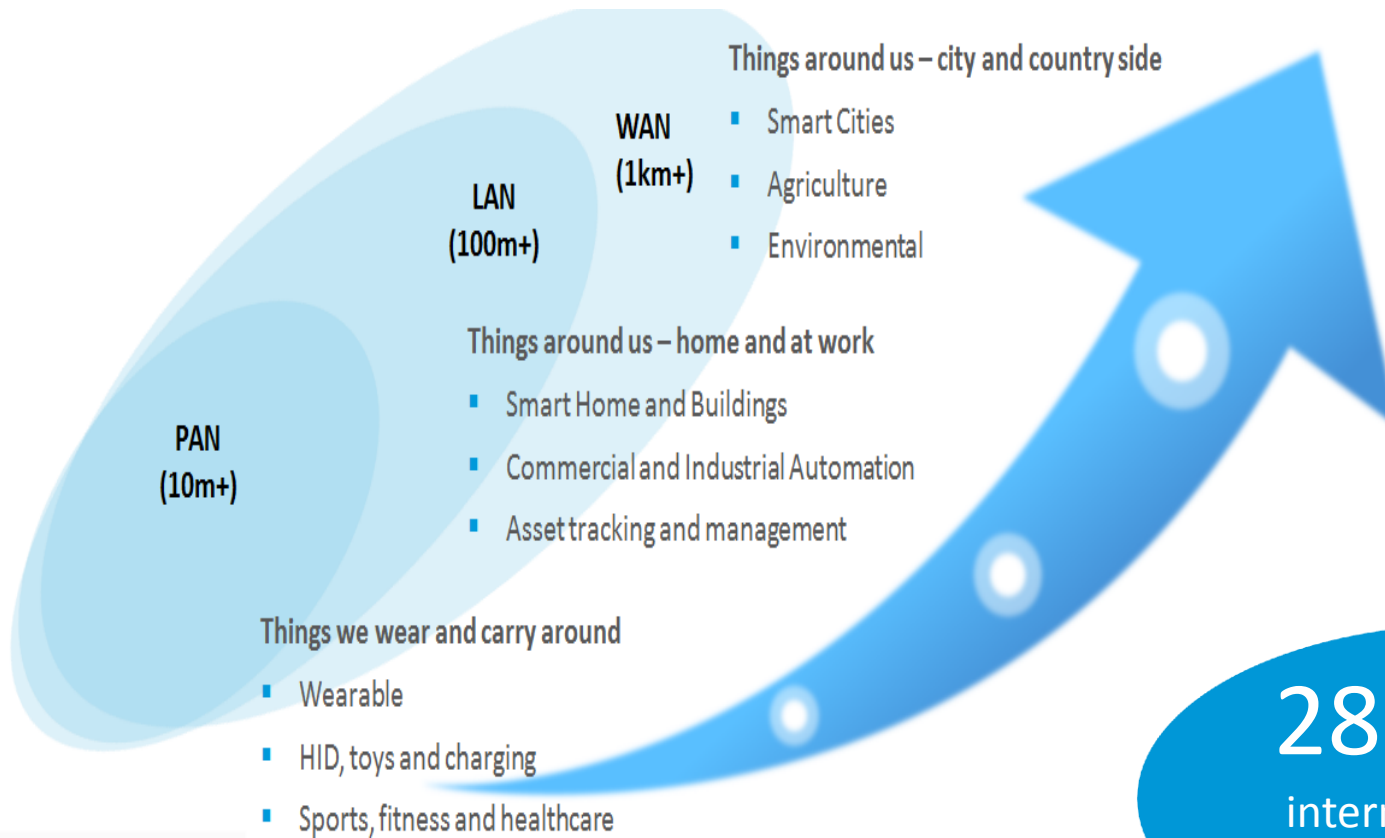
Number of “Active” Bluetooth Smart customers*, 2013 – 2015



* 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)

Addressing a bigger market

More things around us than we wear and carry

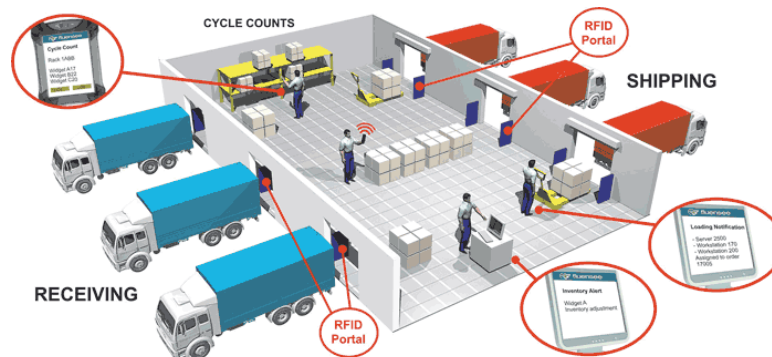


28 billion
internet connected
things in 2020
(Source: hbr.org)

Emerging Markets

Asset Tracking- Development driven by cheap sensors and low battery consumption

- Hospitals – locate equipment/persons
- Inventory – Inventory Optimization
- Shipments – BLE combined with GPS/GSM
- Tools/materials – where is it when we need it? Construction sites
- Agriculture – monitoring livestock



Emerging Markets

Wireless Charger – Cutting the last wire

Massive Market Opportunity

- Mobile Devices
- Chargers
- Covers / Battery Packs
- Rechargeable Devices

Success factors for Nordic

- Broad adoption of wireless charging
- Success of Rezence
- Maintain and strengthen our lead



Nordic Semiconductor Finland operations progressing great and according to plan

Nine months since Finland office kicked off

- Teams fully staffed in Oulu and Turku

Finland teams highly integrated with Norway operations

- Also contributed to the nRF52 Tape-Out early this year

Projects are progressing as planned

- Customer and partner discussions ongoing
- Key IP licenses in place
- Lab facilities and lab equipment in place
- Architecture and design well underway

First test chip in production – record fast development



nRF52 World Tour



*OCTOBER - DECEMBER 2015
NORTH AMERICA, EUROPE, ASIA*

JOIN A SEMINAR NEAR YOU

Learn all there is about the nRF52 Series
- free of charge.



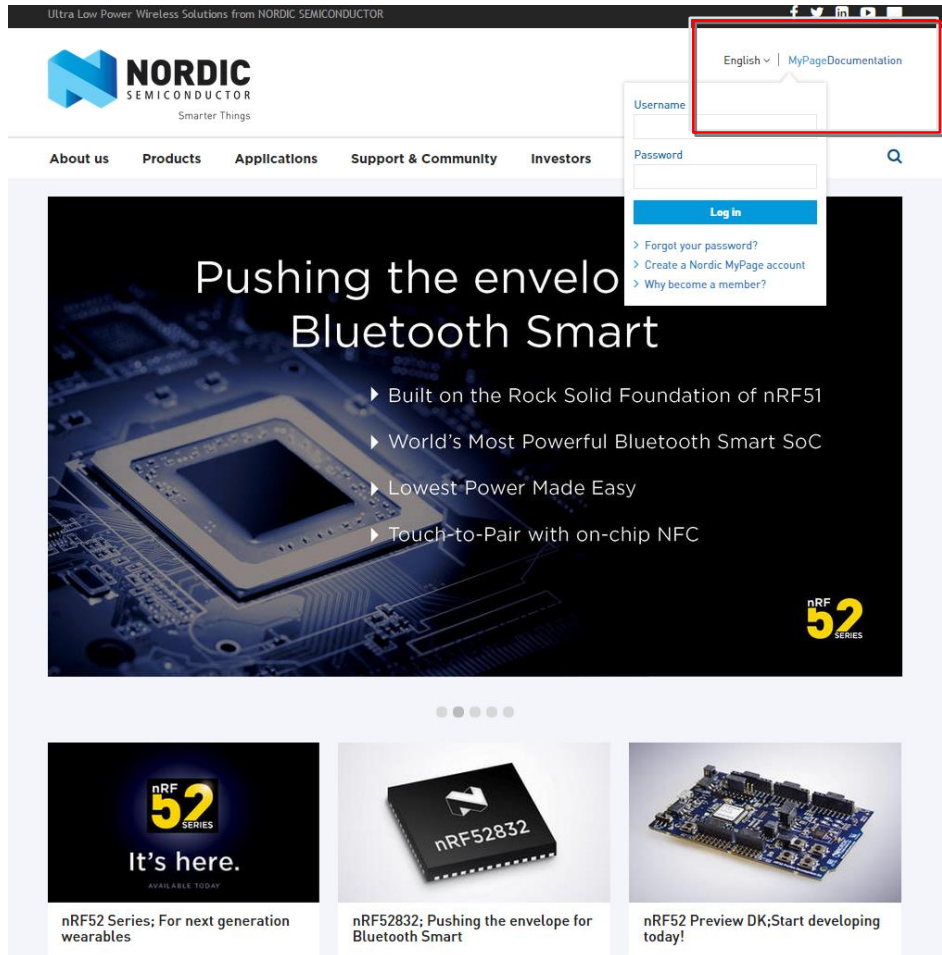
Bluetooth
SMART

Business Outlook

- Growth in revenues driven by Bluetooth Smart sales
- nRF 52 family will contribute from Q4
- Gross margin of approximately 50%
- We see new products in other segments growing with a broader diversity of customers
- Expanding operations into mainland China by establishing local sales offices

For more information on Nordic

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