

First Quarter FY 2015 Quarterly Update

Infineon Technologies AG
Investor Relations



Table of Contents

■ Infineon at a Glance

■ Growth Drivers

■ Results and Outlook

Disclaimer:

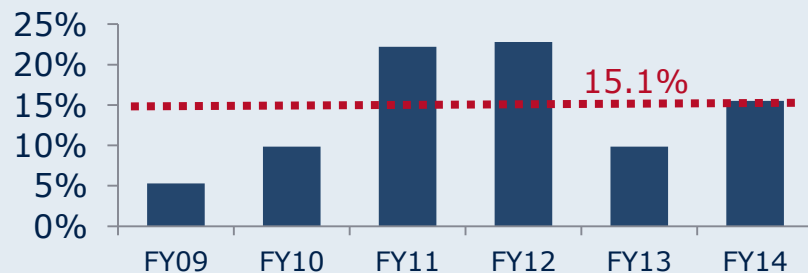
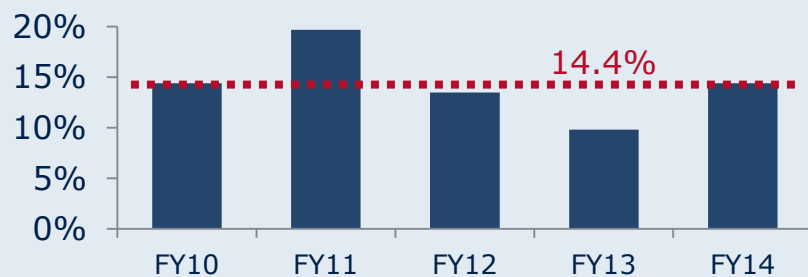
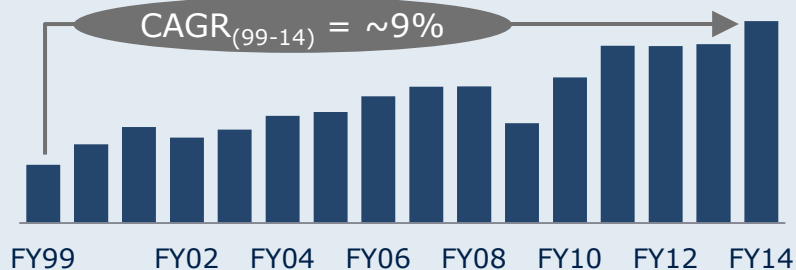
This presentation contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group (excluding International Rectifier).

These statements are based on assumptions and projections resting upon currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected.

Beyond disclosure requirements stipulated by law, Infineon does not undertake any obligation to update forward-looking statements.

Average Cycle Financial Targets

Historical



Going forward

Revenue Growth:

~8%

Segment Result Margin:

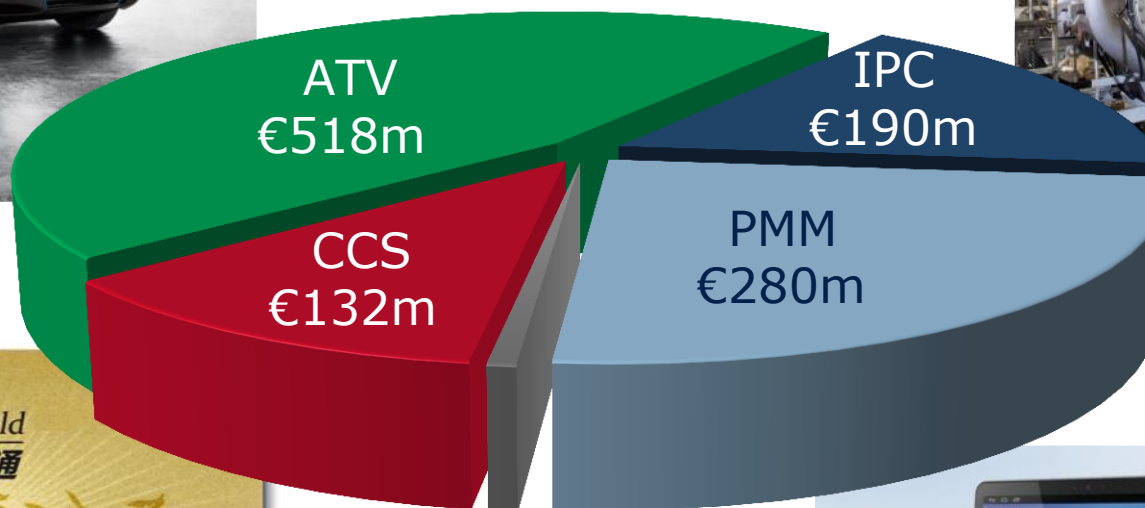
~15%

Investment-to-Sales:

~13%

Revenue Split by Segment

Q1 FY15 revenue: EUR 1,128m



OOS+C&E*
€8m

*Other Operating Segments;
Corporate and Eliminations.



Tight Customer Relationships are Based on System Know-how and App Understanding

ATV



IPC



PMM



CCS



EMS partners

FLEXTRONICS FOXCONN

Distribution partners

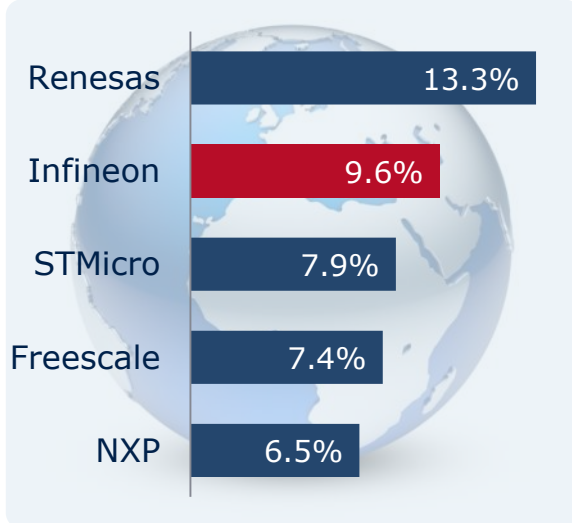


Infineon Holds Top Positions in All Major Product Categories



Automotive semiconductors

total market in 2013:
\$25.1bn

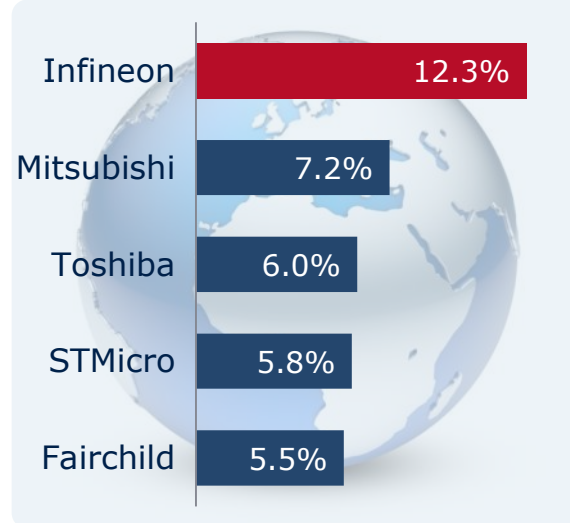


Automotive semiconductors incl. semiconductor sensors.

Source: Strategy Analytics, April 2014

Power semiconductors

total market in 2013:
\$15.4bn

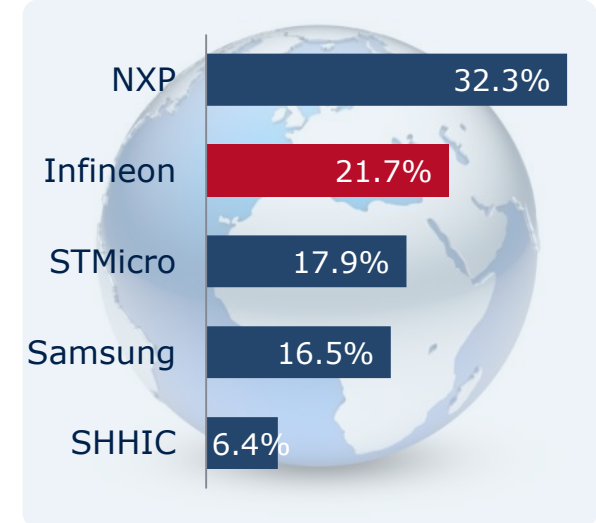


Discrete power semiconductors and power modules.

Source: IHS Inc., September 2014

Smart card ICs

total market in 2013:
\$2.48bn



Microcontroller-based smart card ICs.

Source: IHS Inc., July 2014

Table of Contents

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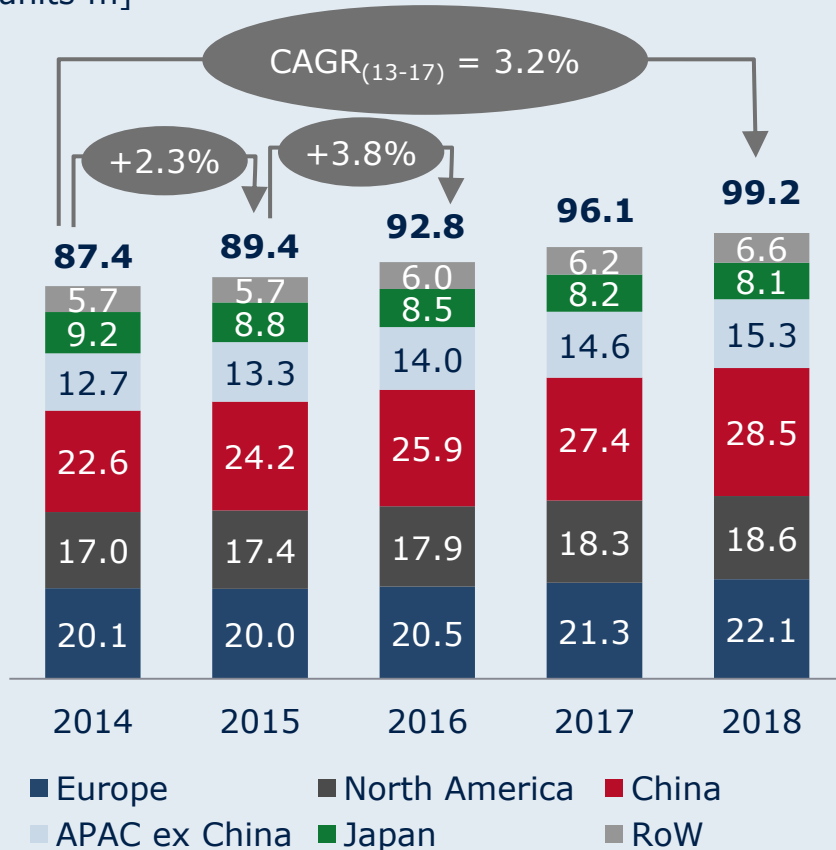
■ Growth Drivers

■ Results and Outlook

Growth in Car Production and Content-per-Car Continues Unabated

Global car production (cars \leq 6t)

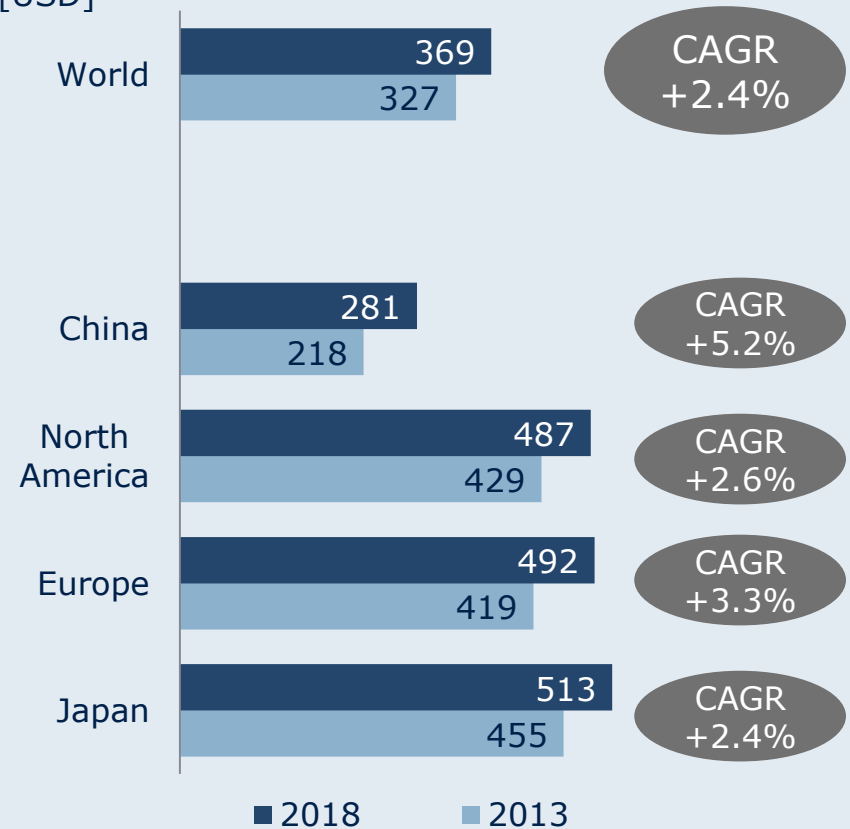
[units m]



Source: IHS Inc., "Annual Light Vehicle Production and Sales 2007 – 2020", January 2015 update

Semiconductor value per car

[USD]



Source: Strategy Analytics, "Automotive Semiconductor Demand Forecast 2012 – 2021", incl. semiconductor sensors, October 2014 update

LITIX™ Automotive LED Drivers Are Gaining Broad Traction in Exterior Lighting



LITIX™: Infineon Automotive LED drivers

LED rear lighting



- High level of integration reduces system complexity
- Increased reliability by precise current control and diagnostics

LED front lighting



- Highly efficient DC/DC controller and converter
- Broadest flexibility for DC/DC topologies in the market

Design-Wins

- Several premium and volume OEMs
- Ramping now to an annual run-rate of > 100m pieces over five years

Wide Adoption of Premium Features, ADAS and CO₂ Reduction Drive ATV's Growth

Vehicle production



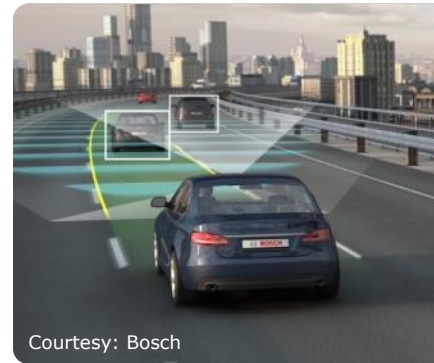
~4% p.a.

Semiconductor content per car

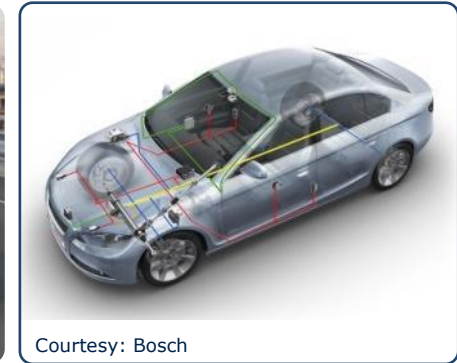
CO₂ reduction



ADAS*



Comfort, Premium



2 – 4% p.a.

ATV:

~8% p.a.

* ADAS: Advanced Driver Assistance Systems.

Sources: IHS Inc., Strategy Analytics, Infineon. All figures refer to mid-term compound annual growth rate of the respective market.

Drives, Home Appliances and Others Show Strongest Growth Rates

Drives

Renewables

Traction

**Home
Appliances**

Others



Expected growth of market segments

~10% p.a.

> 5% p.a.

~5% p.a.

> 10% p.a.

> 10% p.a.

IPC:

~10% p.a.

Sources: IHS Inc., Infineon. All figures refer to mid-term compound annual growth rate of the respective market.

PMM Aims to Outgrow Its Core Markets

Power Management

Mobile Communications

Computing

Charger

Lighting

Mobile devices

Cell. infrastructure



Expected growth of market segments

> 7% p.a.

> 7% p.a.

PMM:

~10% p.a.

Sources: IHS Inc., ABI Research, Infineon. All figures refer to mid-term compound annual growth rate of the respective market.

CCS is Well Positioned to Grow Faster Than the Market

High-end Mobile Communications



Payment



Government Identification



IoT Security



Expected growth of market segments

~0% p.a.

~5% p.a.

~10% p.a.

~20 - 25% p.a.

CCS:

6 – 9% p.a.

All figures refer to security microcontrollers.

Sources: IHS Inc., Infineon. All figures refer to mid-term compound annual growth rate of the respective market.

Expected Growth Broadly In Line With Historical Averages



ATV



Courtesy: BMW Group

IPC



Courtesy: Siemens AG

PMM



CCS



~8% p.a.

~10% p.a.

~10% p.a.

6-9% p.a.

Infineon:

~8% p.a.

Sources: IHS Inc., Strategy Analytics, ABI Research, Infineon.

All figures refer to mid-term compound annual growth rate of the respective market.

Table of Contents

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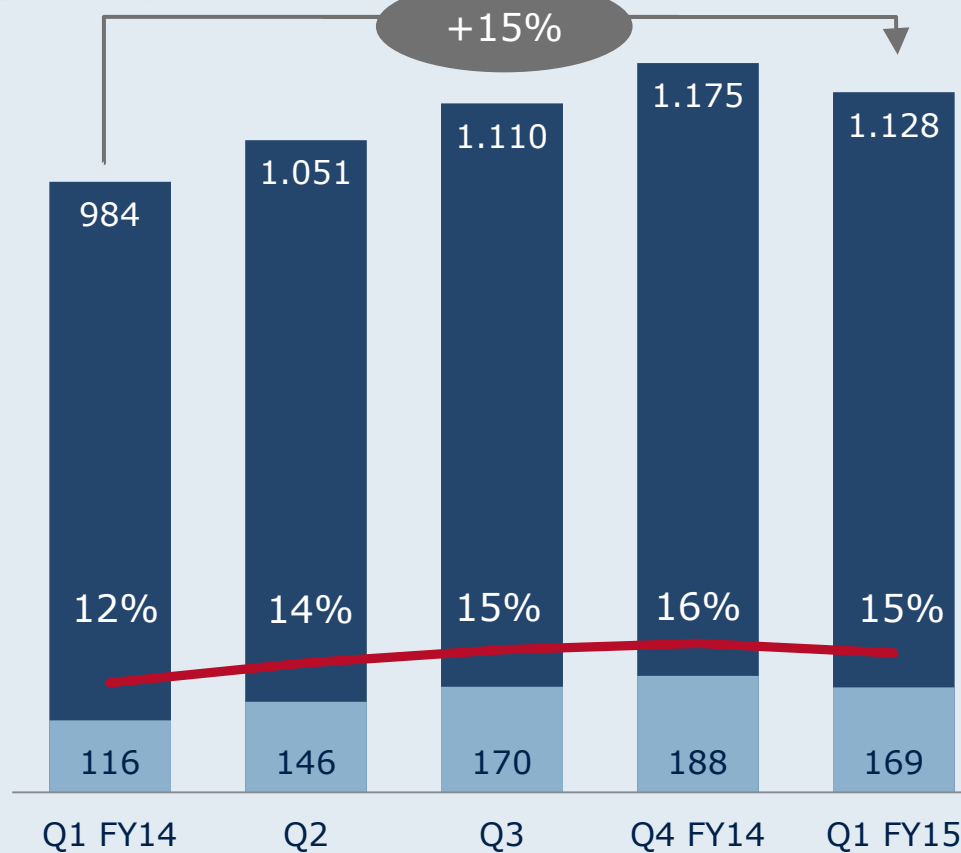
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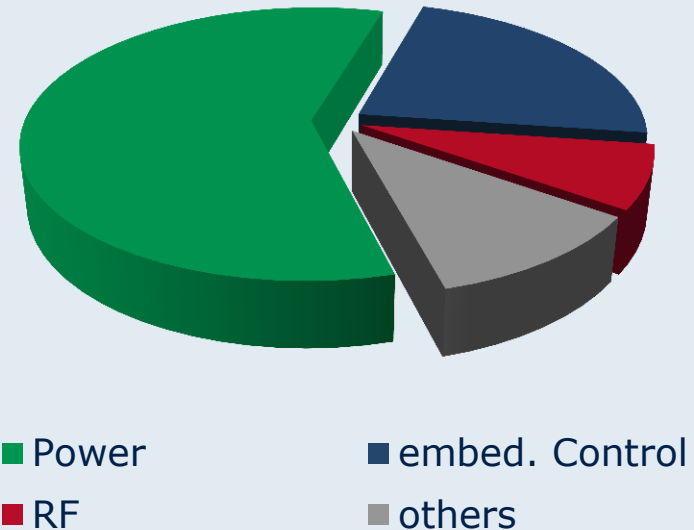
Q1 FY15 Was Seventh Consecutive Quarter of Year-On-Year Growth

Revenue and Segment Result

[EUR m]



FY14 revenue split by product category

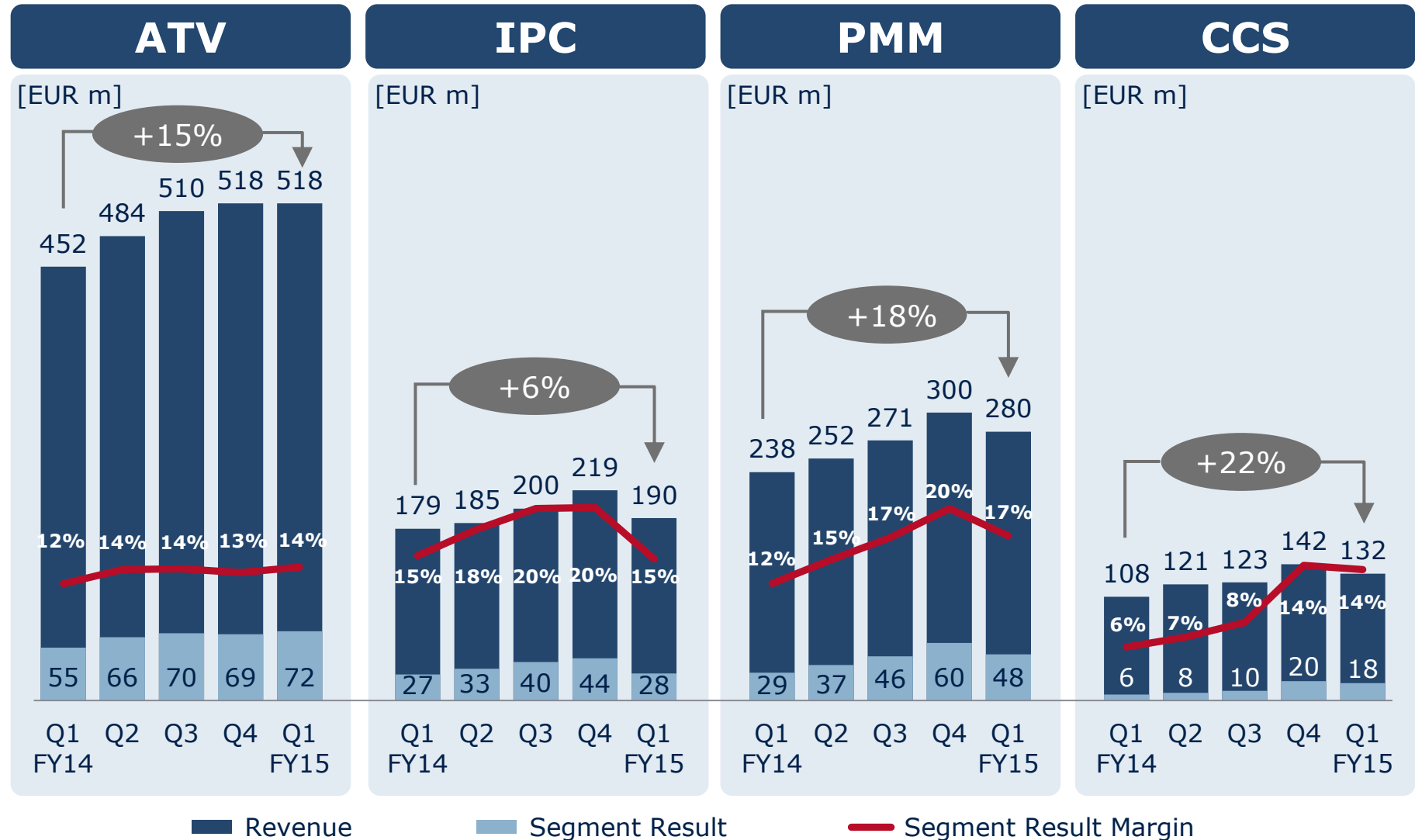


Revenue

Segment Result

Segment Result Margin

Strong Y-Y-Growth in ATV, PMM and CCS; IPC Lagging Due to Global Economy



Guidance for Q2 FY15 and Total FY15

	Outlook Q2 FY15 (compared to Q1 FY15)	Outlook FY15 (compared to FY14)
Revenue	Increase between 5% and 9%	Increase of 12% +/- 2%-points <small>(prev.: „Increase of 8% +/- 2%-points“)</small>
Segment Result Margin	Between 12% and 13%	At the mid-point of the revenue guidance: Between 14% and 15% <small>(previously: „About 14%“)</small>
Investments in FY15	About €750m* <small>(previously: „About €700m**“)</small>	
D&A in FY15	About €600m	

* Including €60m to €70m for Kulim 2 and €21m for Qimonda IP.



ENERGY EFFICIENCY MOBILITY SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.

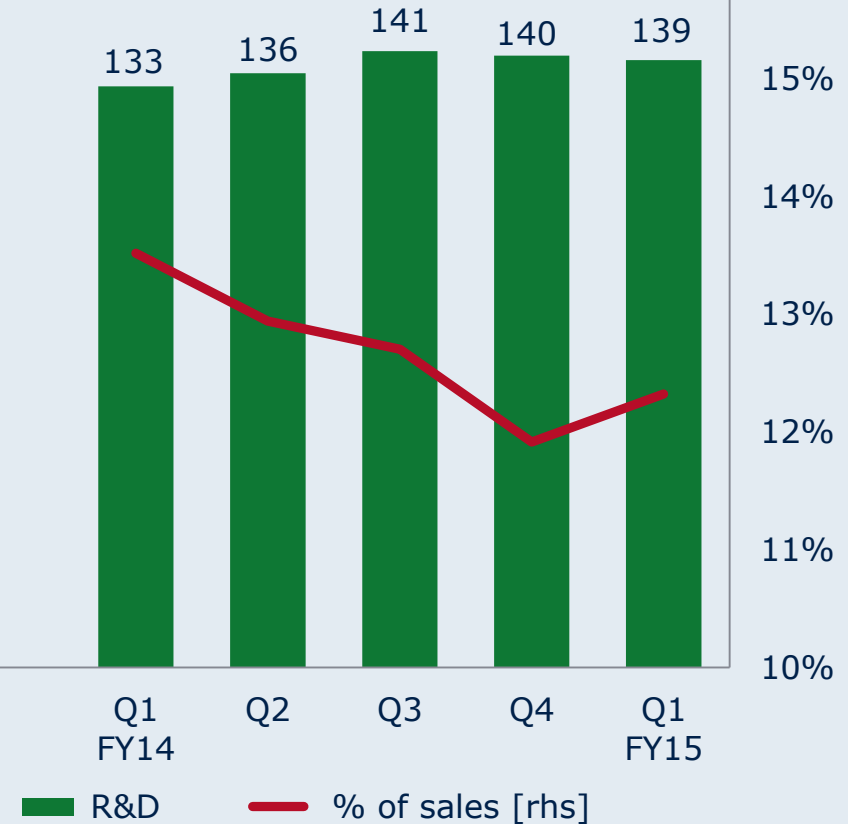


G&A Increased Due to Non-Segment Result Expenses Related to Acquisition of IRF

S, G&A¹⁾



R&D²⁾



1) Target range for SG&A: „Low teens percentage of sales“.

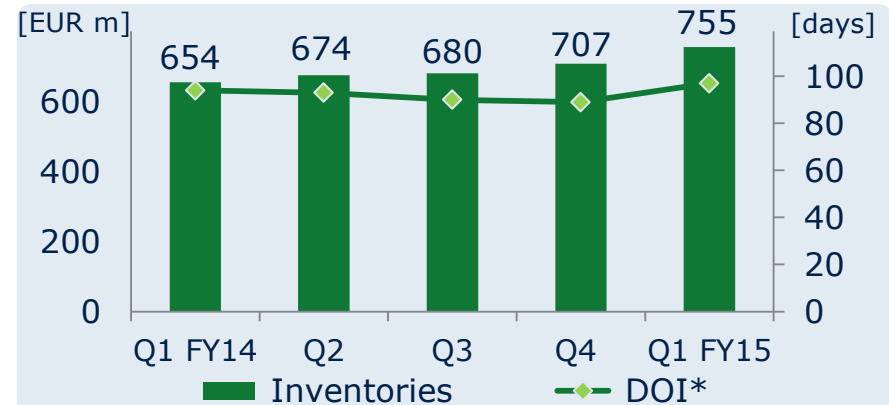
2) Target range for R&D: „Low to mid teens percentage of sales“.

Working Capital Increased Due to Qimonda Partial Settlement and EU Antitrust Payment

Working capital*



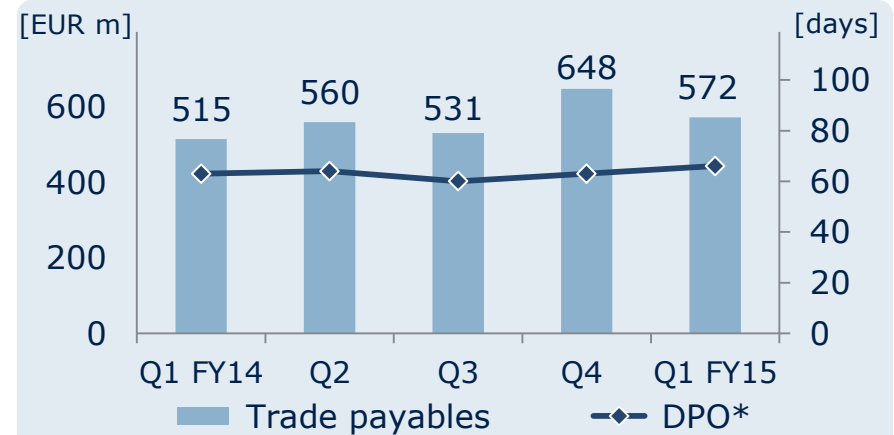
Inventories



Trade receivables



Trade payables

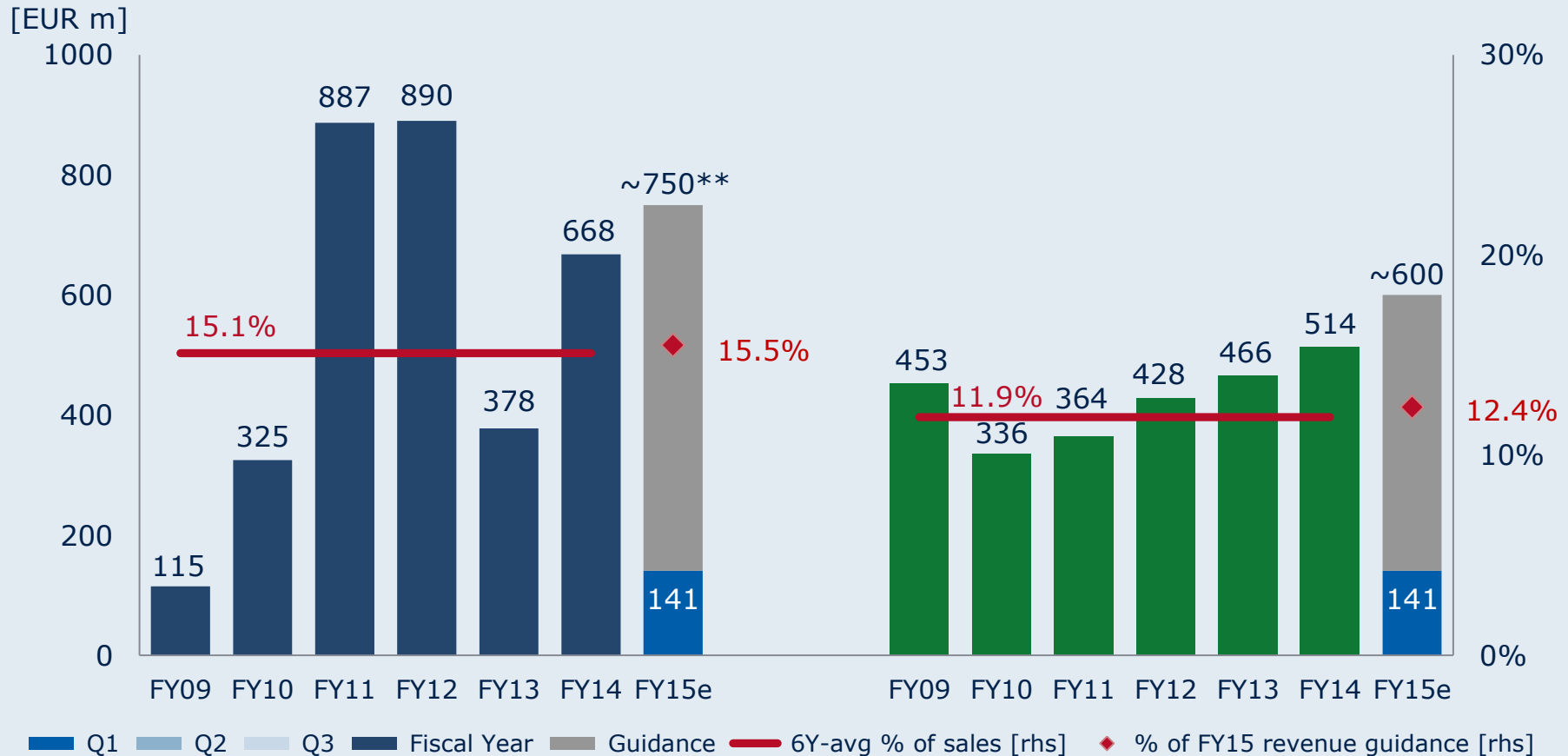


* For definition please see page 26.

FY15 Investments Ratio excl. Kulim 2 and Qimonda IP Would Be Down to ~13%

Investments*

D&A



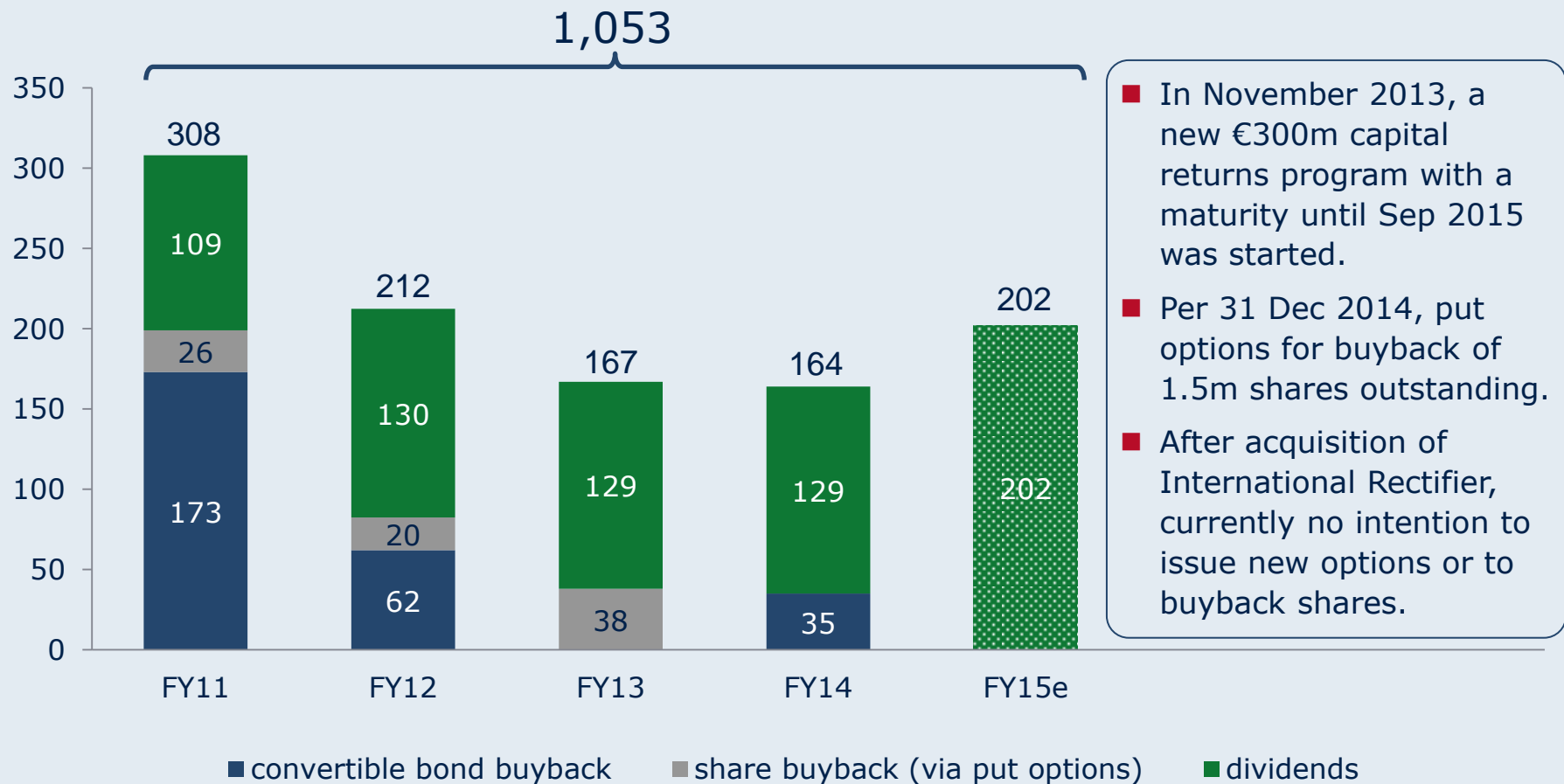
* For definition please see page 26.

** Including €60m to €70m for Kulim 2 and €21m for Qimonda IP.

Proposal of Dividend of €0.18 Will Increase Capital Returns by €202m in February 2015

Total gross capital returns history

[EUR m]

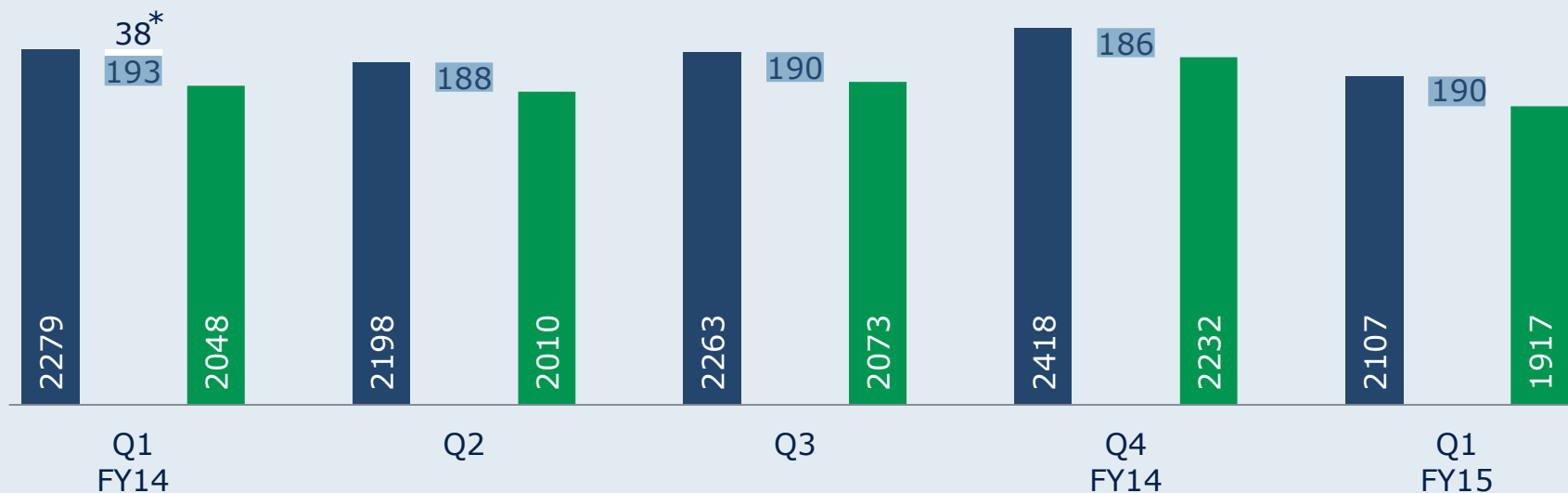


Gross Cash and Net Cash Excluding International Rectifier

Liquidity Development

[EUR m]

■ Gross Cash ■ Debt ■ Equity-linked ■ Net Cash

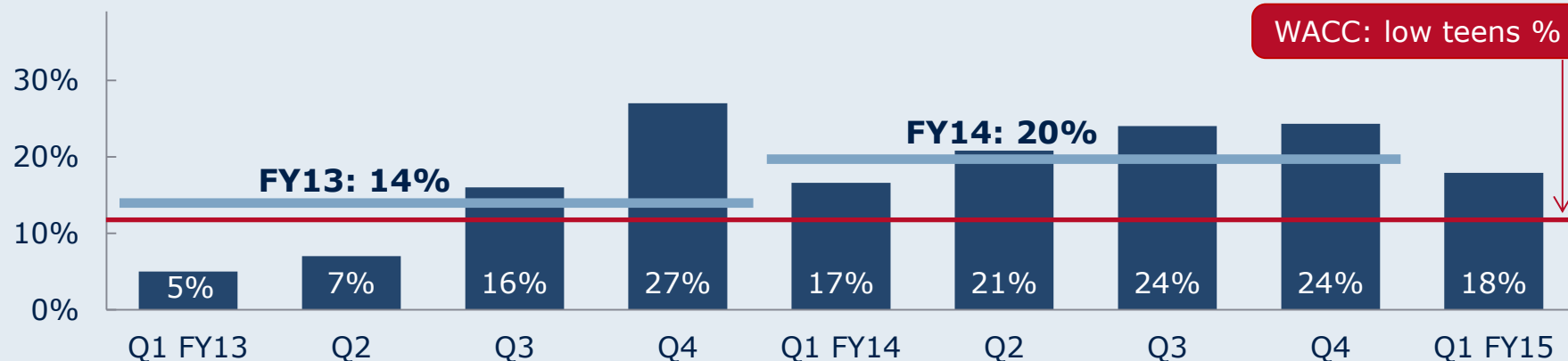


* The remaining outstanding convertible bonds were converted by the end of January 2014.

- Gross cash and Net cash negatively affected in the amount of EUR 343m in Q1 FY15 by:
 - a) payment of EUR 83m due to the EU antitrust fine, and
 - b) EUR 260m for the partial settlement with the Qimonda insolvency administrator

Target: 'RoCE Above WACC' Over the Cycle

RoCE* history



Capital Employed* history



* For definition please see page 26.

Notes

Investments =

- 'Purchase of property, plant and equipment'
- + 'Purchase of intangible assets and other assets' *incl. capitalization of R&D expenses*

Capital Employed =

- 'Total assets'
- 'Cash and cash equivalents'
- 'Financial investments'
- 'Assets classified as held for sale'
- ('Total Current liabilities'
 - 'Short-term debt and current maturities of long-term debt'
 - 'Liabilities classified as held for sale')

Please note:

All positions in ' ' refer to the respective accounting position and therefore should be applied with the positive or negative sign used in the relevant accounting table.

RoCE =

$$\begin{aligned} & \text{NOPAT} / \text{Capital Employed} = \\ & ('Income\ from\ continuing\ operations' \\ & \quad - 'financial\ income' \\ & \quad - 'financial\ expense') \\ & / \text{Capital Employed} \end{aligned}$$

Working Capital =

$$\begin{aligned} & ('Total\ current\ assets' \\ & \quad - 'Cash\ and\ cash\ equivalents' \\ & \quad - 'Financial\ investment' \\ & \quad - 'Assets\ classified\ as\ held\ for\ sale') \\ & - ('Total\ current\ liabilities' \\ & \quad - 'Short\ term\ debt\ and\ current\ maturities\ of\ long-term\ debt' \\ & \quad - 'Liabilities\ classified\ as\ held\ for\ sale') \end{aligned}$$

$$\begin{aligned} \text{DOI (days of inventory; quarter-to-date)} &= \\ & ('Net\ Inventories' / 'Cost\ of\ goods\ sold') * 90 \end{aligned}$$

$$\begin{aligned} \text{DSO (days sales outstanding; quarter-to-date)} &= \\ & ('Trade\ receivables' / 'revenue') * 90 \end{aligned}$$

$$\begin{aligned} \text{DPO (days payables outstanding; quarter-to-date)} &= \\ & ('Trade\ payables' / ['Cost\ of\ goods\ sold' + 'Purchase\ of\ property,\ plant\ and\ equipment']) * 90 \end{aligned}$$

Infineon is a Long-standing Member of Europe's Leading Sustainability Indices



Infineon's most recent achievements

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM 

- January 2015: Infineon is listed in the Sustainability Yearbook for the fifth consecutive year and, according to RobecoSAM, among the top 15% most sustainable companies worldwide.
- 11 September 2014: Infineon was listed in the Dow Jones Sustainability Index for the fifth consecutive year.

- September 2014: Infineon was listed in the STOXX® Global ESG Leaders Indices, which serves as an indicator of the quality of Infineon's performance in the governance, social and environmental areas (ESG).



FTSE4Good

- Infineon was added to the FTSE4Good Index Series in 2001 and has been confirmed as a member since then.

Financial Calendar

Date	Location	Event
12 Feb 2015	Munich	Annual General Meeting
05 May 2015*		Q2 FY15 Results
02 Jun 2015	Zurich	DZ Bank Sustainability Conference
30 Jul 2015*		Q3 FY15 Results
22 Sep 2015	Munich	Baader Investment Conference
23 Sep 2015	Munich	Berenberg Bank and Goldman Sachs German Corporate Conference
11 – 13 Nov 2015	Barcelona	Morgan Stanley TMT Conference
26 Nov 2015*		Q4 FY15 and FY 2015 Results
30 Nov – 03 Dec 2015	Scottsdale, AZ	Credit Suisse TMT Conference

* preliminary

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