

Third Quarter FY 2014 Quarterly Update

Infineon Technologies AG
Investor Relations



Table of Contents

■ Infineon at a Glance

■ Growth Drivers

■ Results and Outlook

Disclaimer:

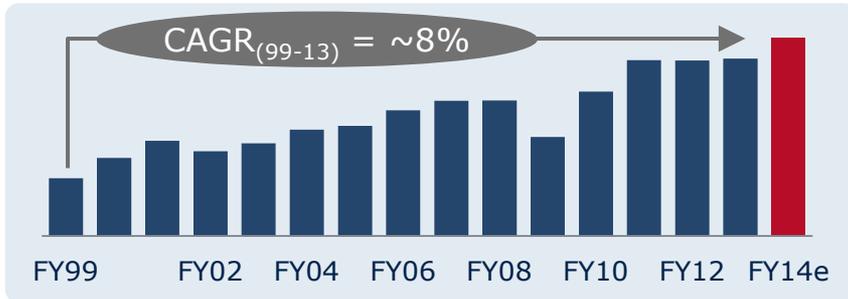
This presentation contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

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%

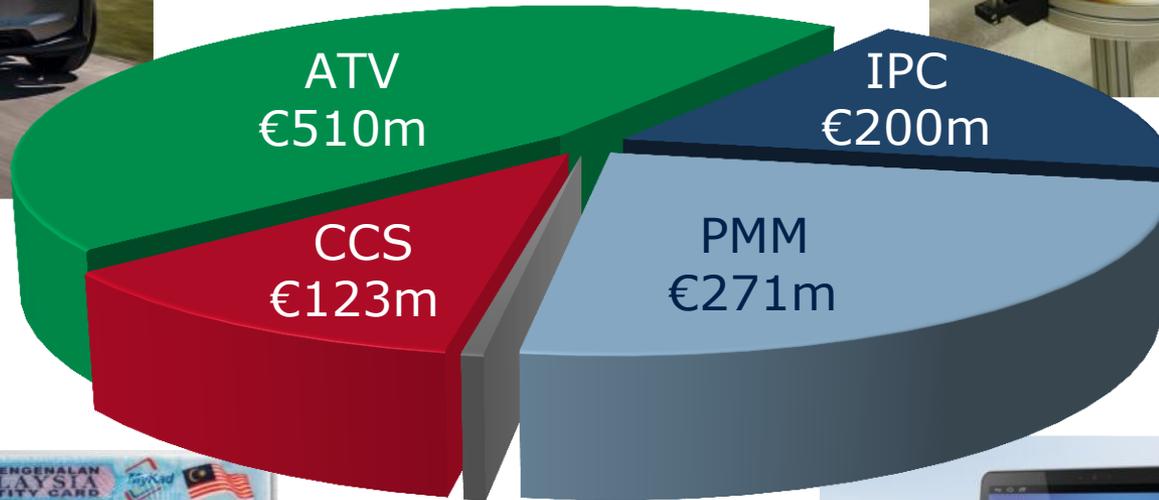
Investment-to-Sales:
~13%

Revenue Split by Division

Q3 FY 2014 revenue: EUR 1,110m



Courtesy: BMW



OOS+C&E*
€6m

*Other Operating Segments;
Corporate and Eliminations.



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



ATV



IPC



PMM



CCS



EMS partners



Distribution partners

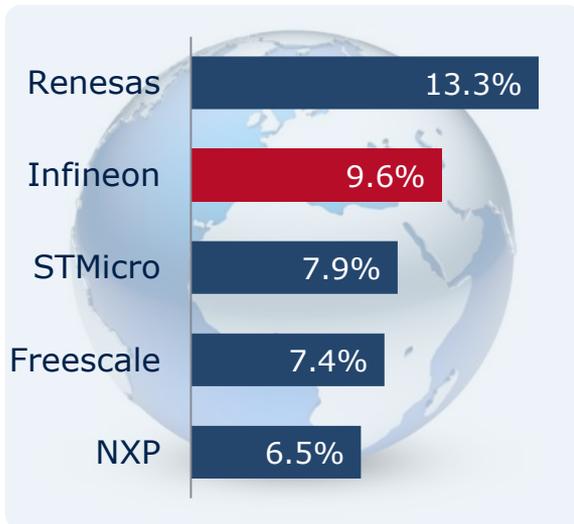


Infineon Holds Top Positions in All Major Product Categories



Automotive semiconductors

total market in 2013:
\$25.1bn

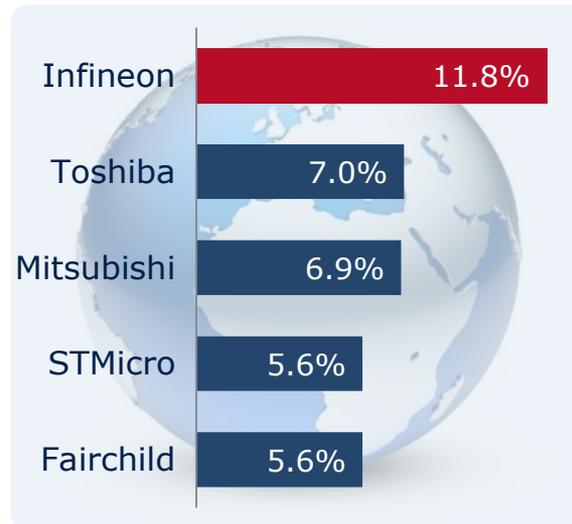


Automotive semiconductors incl. semiconductor sensors.

Source: Strategy Analytics, April 2014.

Power semiconductors

total market in 2012:
\$15.0bn

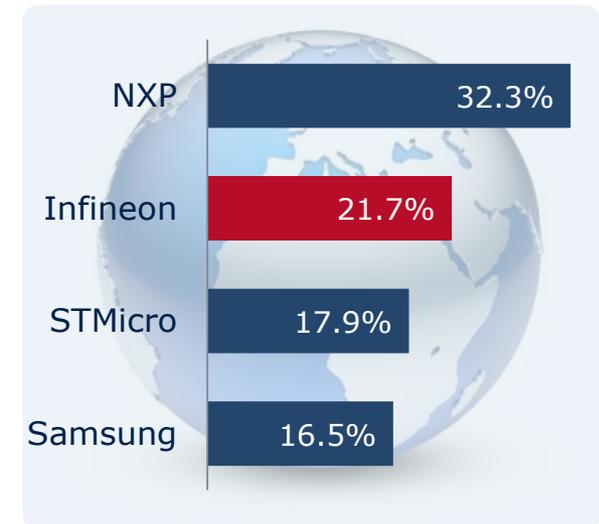


Discrete power semiconductors and power modules.

Source: IHS, December 2013.

Smart card ICs

total market in 2013:
\$2.48bn



Microcontroller-based smart card ICs.

Source: IHS, July 2014.

Table of Contents

■ Infineon at a Glance

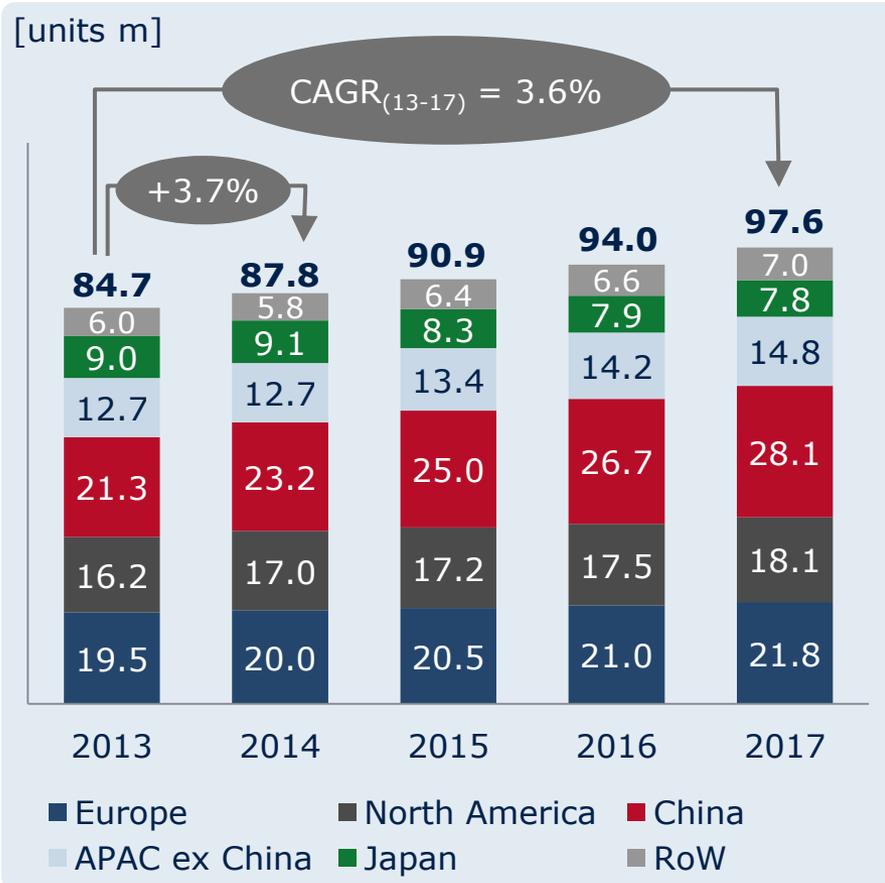
■ Growth Drivers

■ Results and Outlook

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



Global car production (cars ≤ 6t)



Source: IHS, "Annual Light Vehicle Production and Sales 2007 - 2019", July 2014 update.

Semiconductor value per car

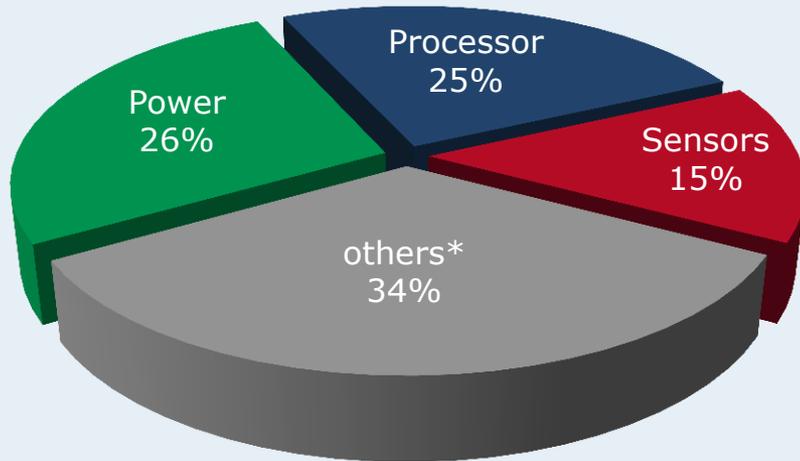


Source: Strategy Analytics, "Automotive Semiconductor Demand Forecast 2012 - 2021", incl. semiconductor sensors, update July 2014.

In 2013, Infineon Gained Market Share in All Addressed Product Categories



2013 automotive semiconductor market by product category (\$25.1bn)

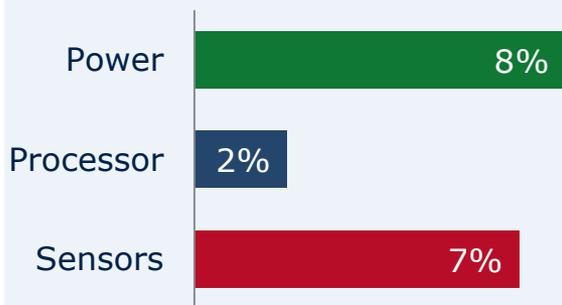


- "Power" and "Sensors" were the fastest growing product categories with 8% and 7% growth y-y, respectively.
- Infineon remained market leader in "Power" with 21.3% market share.
- Strong product portfolio in pressure and Hall sensors led to significant market share gain in "Sensors" of 1.0%-point.

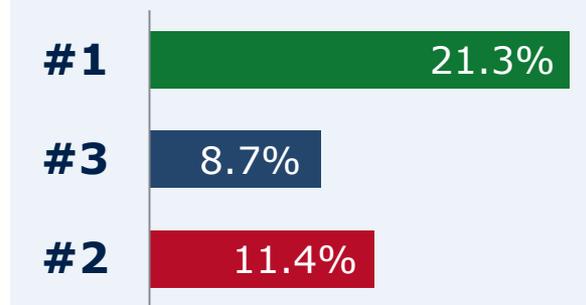
Source: Strategy Analytics, April 2014.

* "others" include: opto, small-signal discretes, logic ICs, non-power analog, memory, and other.

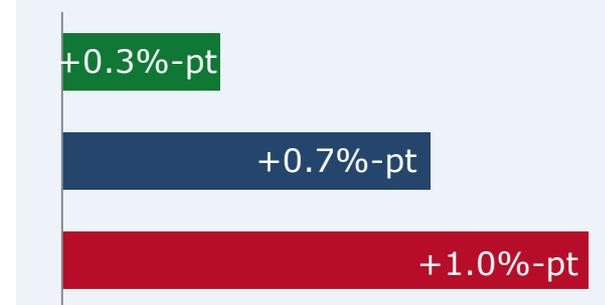
Market growth y-y



Infineon's position 2013



Infineon's change y-y



Infinon's Basic LED Driver Family Powers Rear LED Lighting of Audi S1



Courtesy: Audi

- Rear lighting solution developed as part of our long-running partnership with Audi.
- Infineon's Basic LED drivers already shipping in volume and are expected to ramp in the coming quarters as OEMs increasingly use LEDs for exterior lighting.

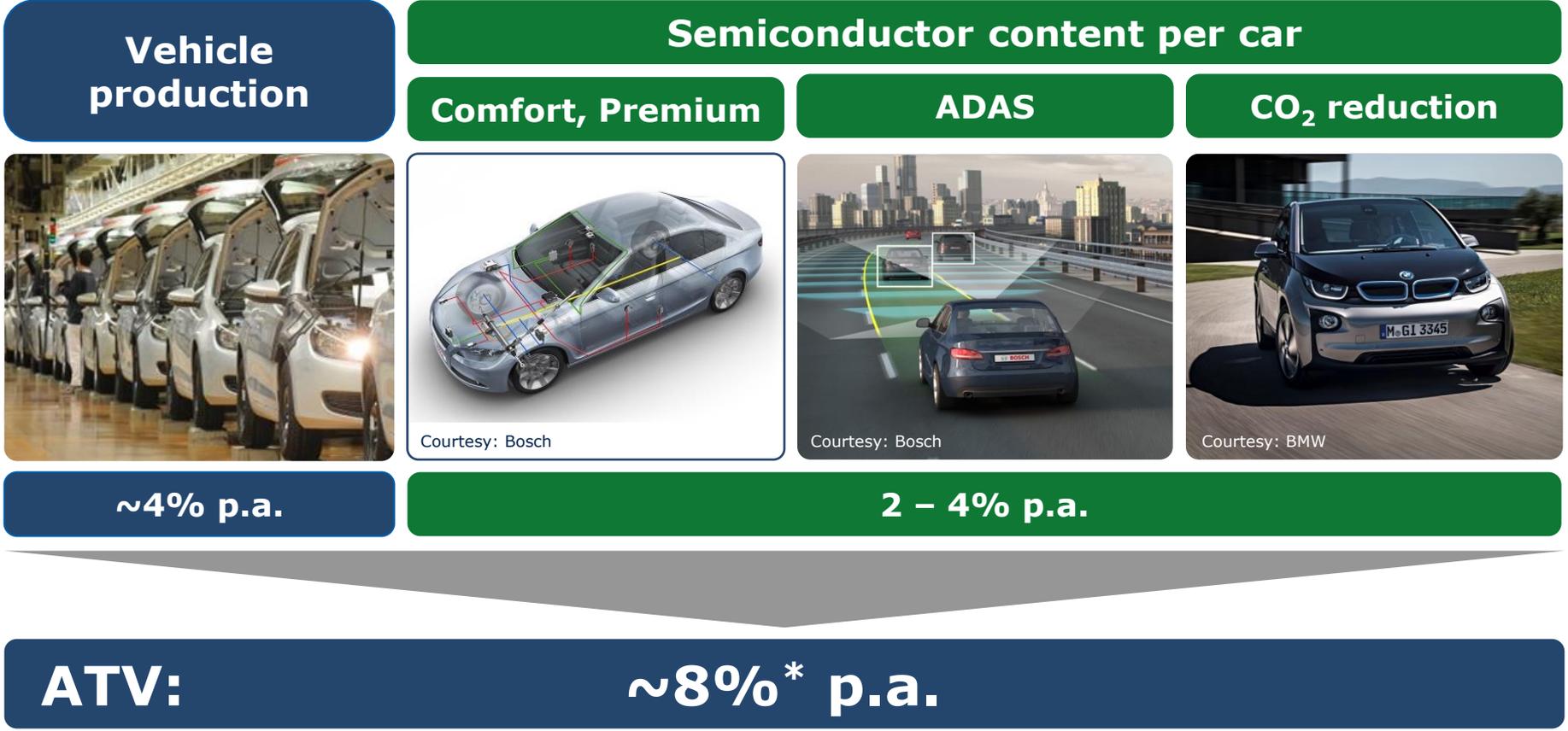


Courtesy: Audi

Advantages of Infineon's Basic LED driver

- Reduces component count and system complexity.
- Enables advanced diagnostic functionality.
- Reduces power consumption and thus CO₂.

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



* Targeted growth rate of ~8% reflects ATV's expectation that its strong competitive positioning will lead to market share gains.

Sources: IHS, Strategy Analytics, Infineon.
ADAS: Advanced Driver Assistance Systems

Drives, Home Appliances and Others Show Strongest Growth Rates

Drives

Renewables

Traction

Home Appliances

Others



~10% p.a.

> 5% p.a.

~5% p.a.

> 10% p.a.

> 10% p.a.

IPC:

~10% p.a.

Infineon is Samsung's Partner of Choice for RF Components in its Flagship Smartphone



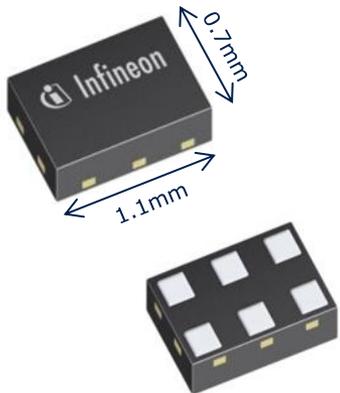
Infineon's RF components in Samsung Galaxy S5



Courtesy: Samsung

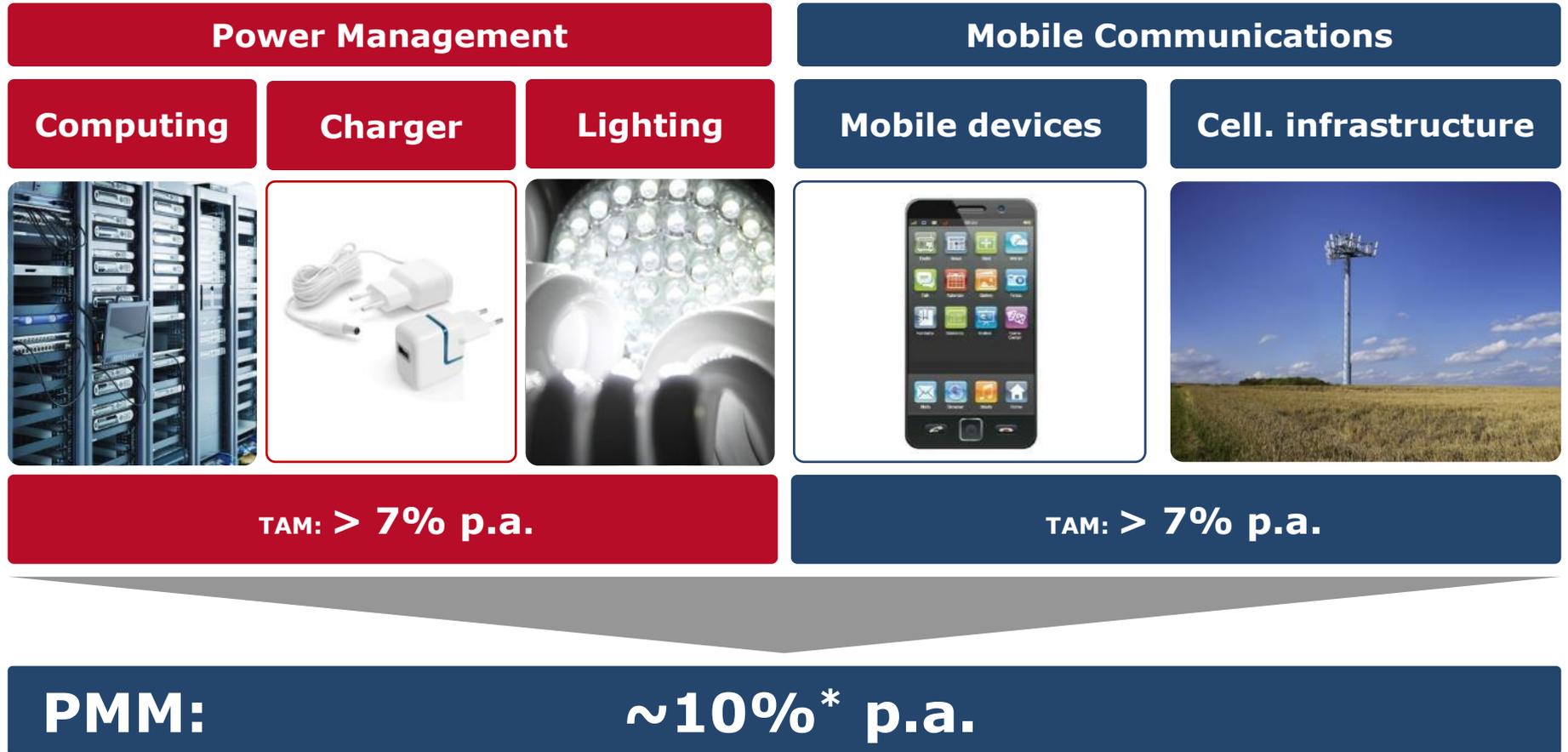
- Infineon supports Samsung's flagship smartphone model Galaxy S5 with up to eight RF components:
 - multiple SiGe low-noise amplifiers (LNAs) for boosting LTE data rates
 - SiGe LNA for Global Navigation Satellite Systems, e.g. GPS
 - multiple RF CMOS switches

Key advantages of Infineon's RF components



- High-density chip design integrates both low-noise amplifiers and associated discretes.
- LTE LNAs are specially designed to fully exploit the speed of the LTE communication standard.
- New product generations with higher integration and smaller footprint are introduced in next to no time.

PMM Aims to Outgrow Its Core Markets



* Targeted growth rate of ~10% reflects PMM's expectation that its strong competitive positioning will lead to market share gains.

Sources: IHS, ABI Research, Infineon.

Strong Growth in Payment Business and also in Multiple Implementations of NFC

Strong momentum for Infineon's payment business

- Successful introduction and ramp of SLE 77-based products in 90nm technology.
- Payment business grew by ~40% year-on-year in Q3 FY14.
- Payment business remains well positioned for further growth driven by
 - ongoing and accelerated roll out of China UnionPay chip cards, mainly dual-interface cards;
 - conversion of US magnetic stripe-based cards to EMV* cards, underway in H2 2014 / early 2015;
 - general trend towards dual-interface cards (e.g. "girogo" in Germany).

* EMV = Europay MasterCard Visa, a global standard for interoperability of chip-based cards and chip card capable point-of-sale terminals and ATMs.

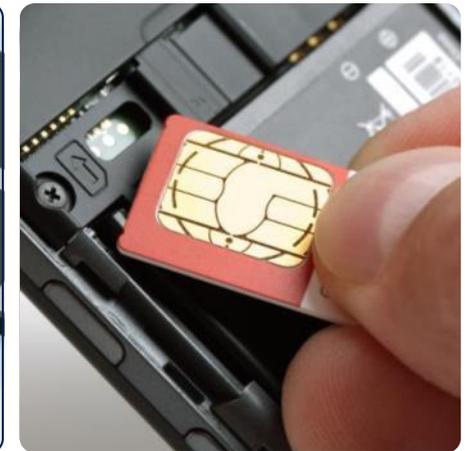
Infineon's main NFC offerings on the rise

embedded SE



- Design wins at various smartphone manufacturers for embedded Secure Element using 32-bit security controller.

in SIM card



- Strong presence in NFC SIM cards, especially in planned China's LTE rollout combined with mobile payment/transport.

Growth in CCS Driven by All Application Segments

High-end Mobile Communication



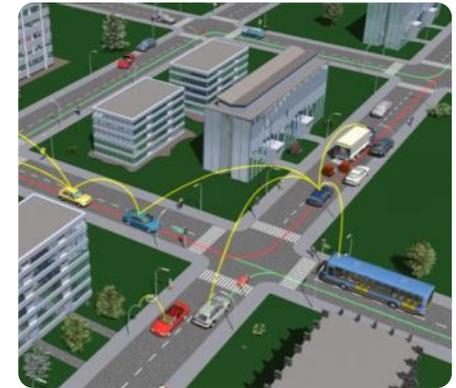
Payment



Government Identification



Embedded Security



Expected growth [pieces]

~30%

~15%

~15%

~20%

CCS:

6-9% p.a.

Expected Growth Broadly In Line With Historical Averages



ATV



Courtesy: BMW

IPC



Courtesy: Bosch Rexroth

PMM



CCS



~8% p.a.

~10% p.a.

~10% p.a.

6-9% p.a.

Infineon: ~8% p.a.

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

Table of Contents

■ Infineon at a Glance

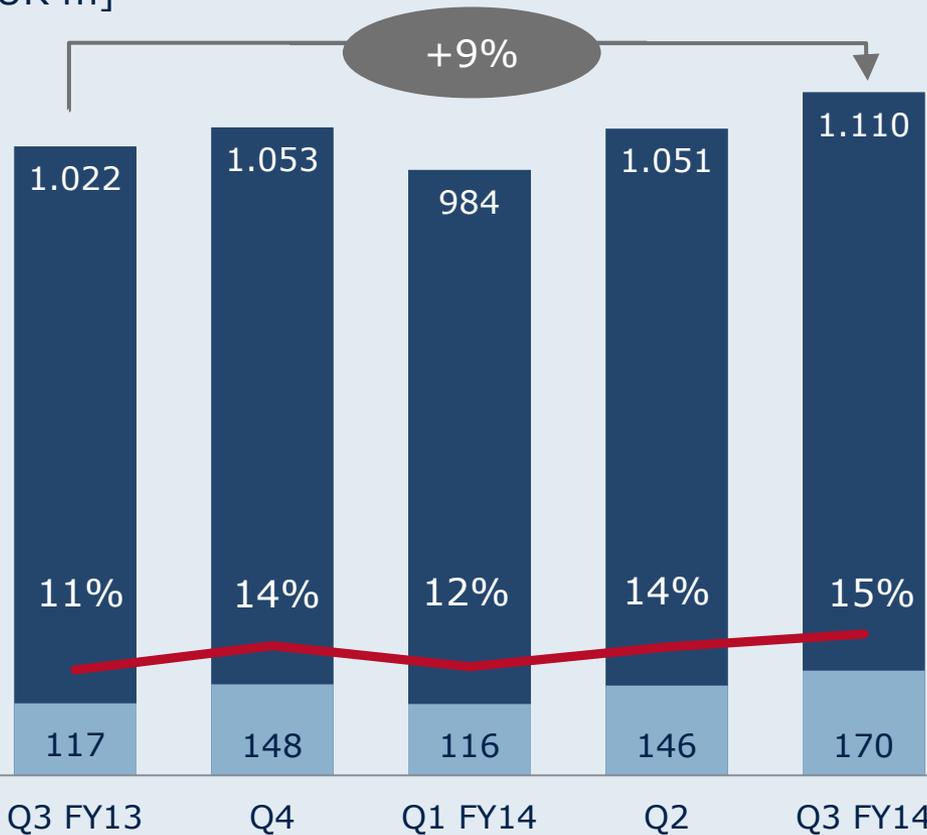
■ Growth Drivers

■ Results and Outlook

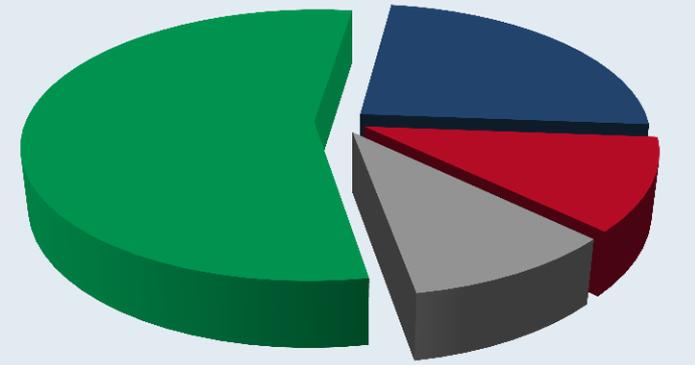
Q3 FY14 Is Fifth Consecutive Quarter of Year-On-Year Growth

Revenue and Segment Result

[EUR m]



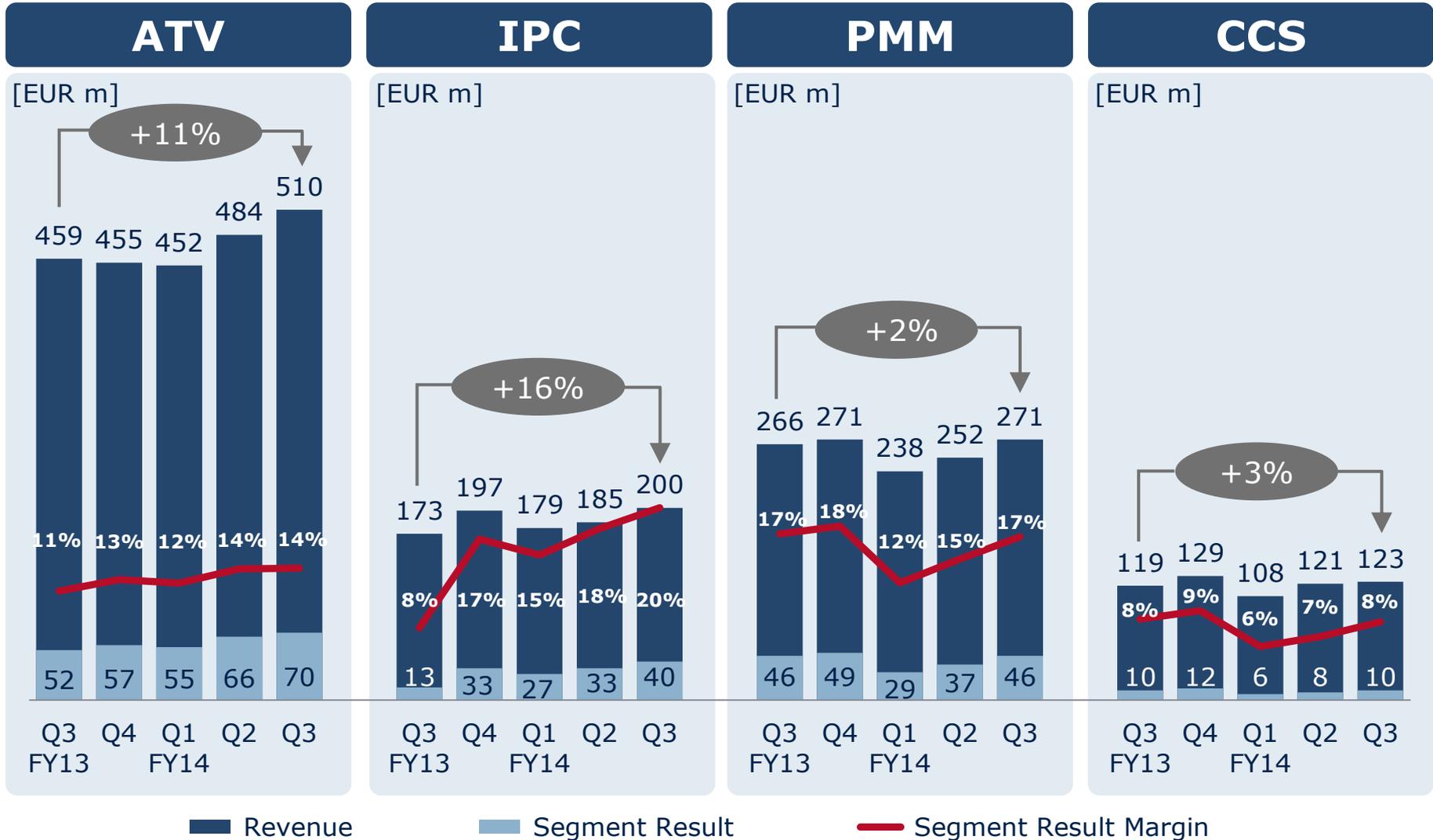
FY 2013 revenue split by product category



- Power
- embed. Control
- RF
- others

■ Revenue ■ Segment Result — Segment Result Margin

Strong Growth in ATV Margins in IPC Fully Recovered



Guidance for Q4 FY14 and FY 2014

Outlook Q4 FY14
(compared to Q3 FY14)



Outlook FY 2014
(compared to FY 2013)



Revenue

Increase between
3% and 7%.

Slightly above 11%.
(previously: "at least at
high end of 7-11% range")

**Segment
Result
Margin**

Between
15% and 17%.

Slightly above 14%.
(previously: "at least at
high end of 11-14% range")

Investments in FY 2014

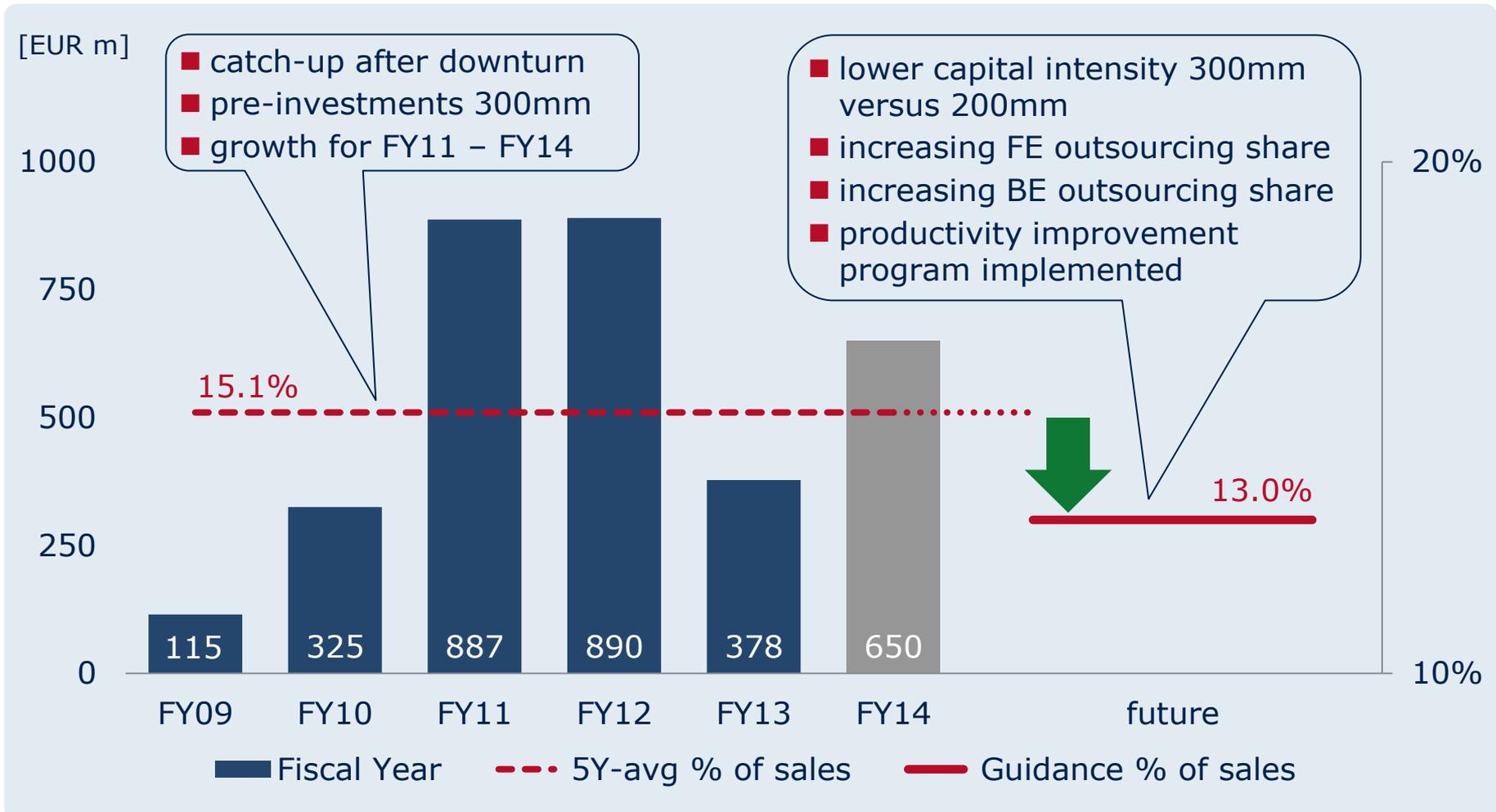
About €650m.

D&A in FY 2014

€500m or slightly above.

Investment-to-Sales Ratio Will Drop From ~15% in the Past to ~13% in the Future

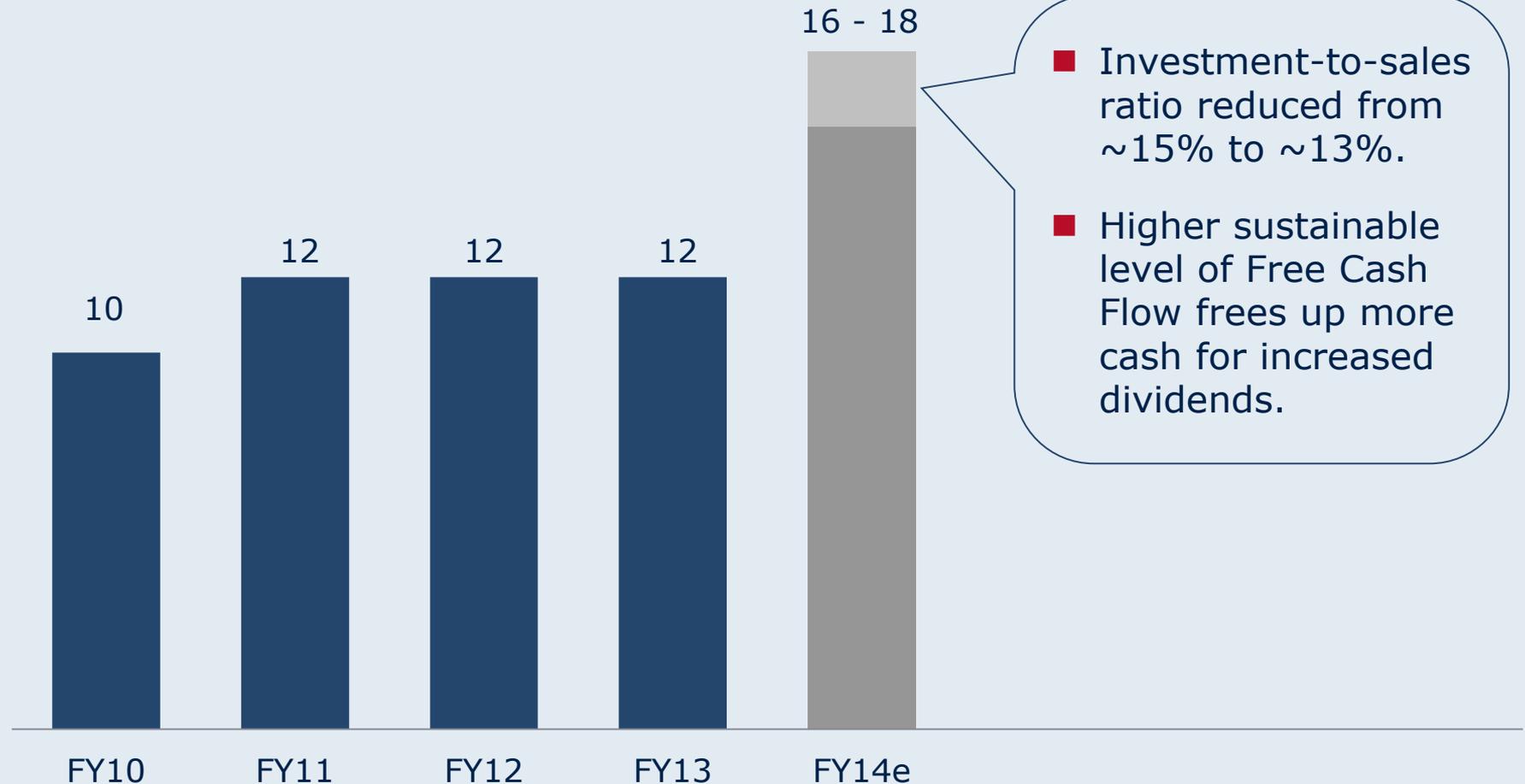
Investments and Investment-to-Sales Ratio



Dividend Payments Will Rise by 4 to 6 €-Cents as Early as FY14

Dividend payments

[€-Cents]





ENERGY EFFICIENCY MOBILITY SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.

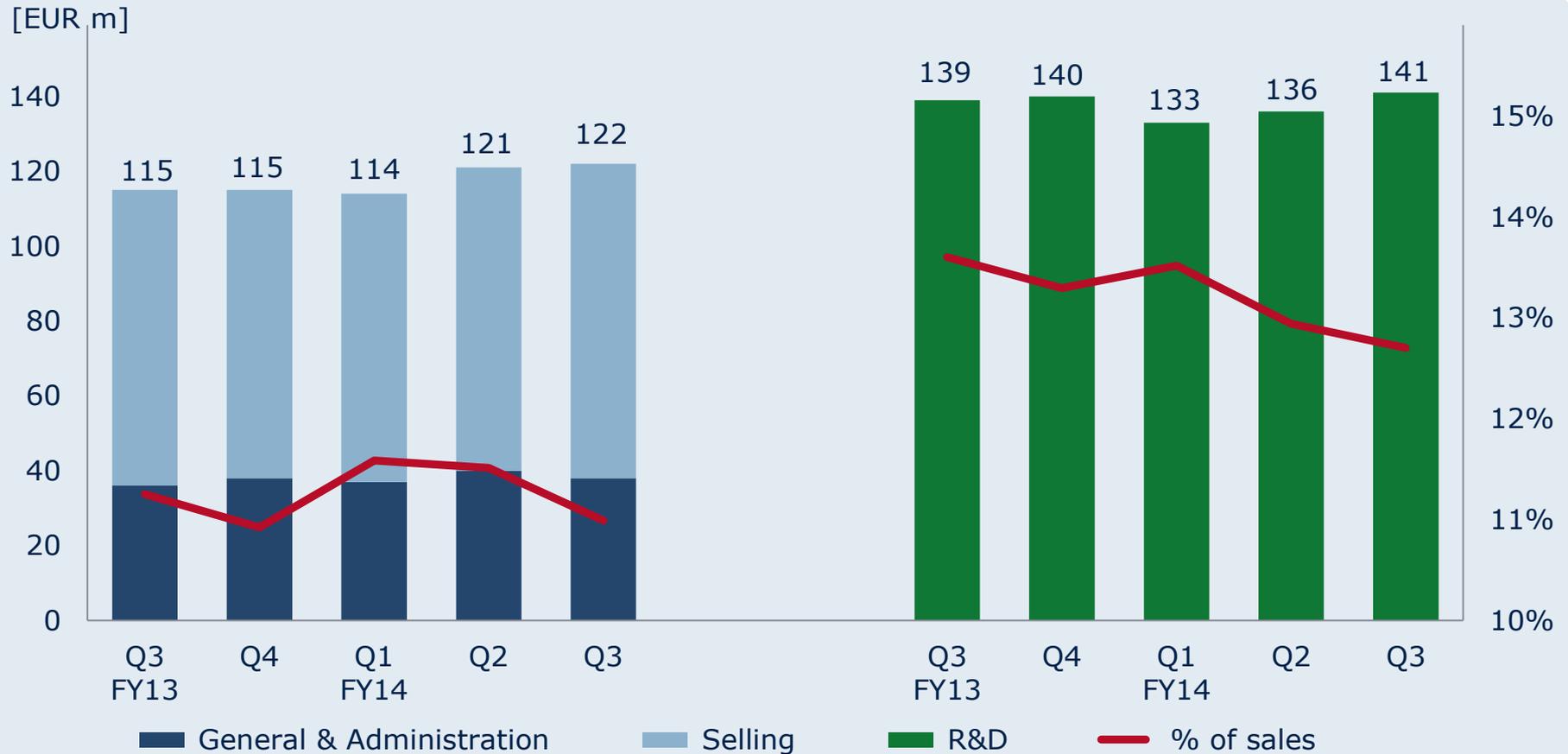


Opex-to-Sales-Ratio Well Within Target Range



S, G&A¹⁾

R&D²⁾

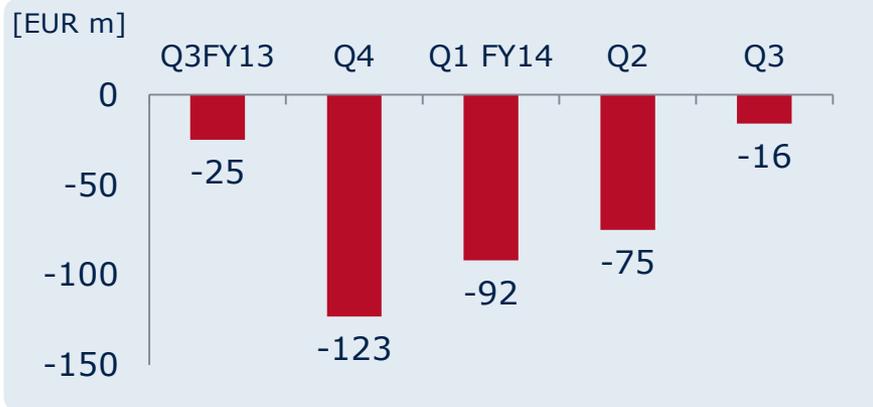


1) Target range for SG&A: „Low teens percentage of sales“.

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

DOI, DSO and DPO in Line With Our Targets

Working capital*



Inventories



Trade receivables



Trade payables

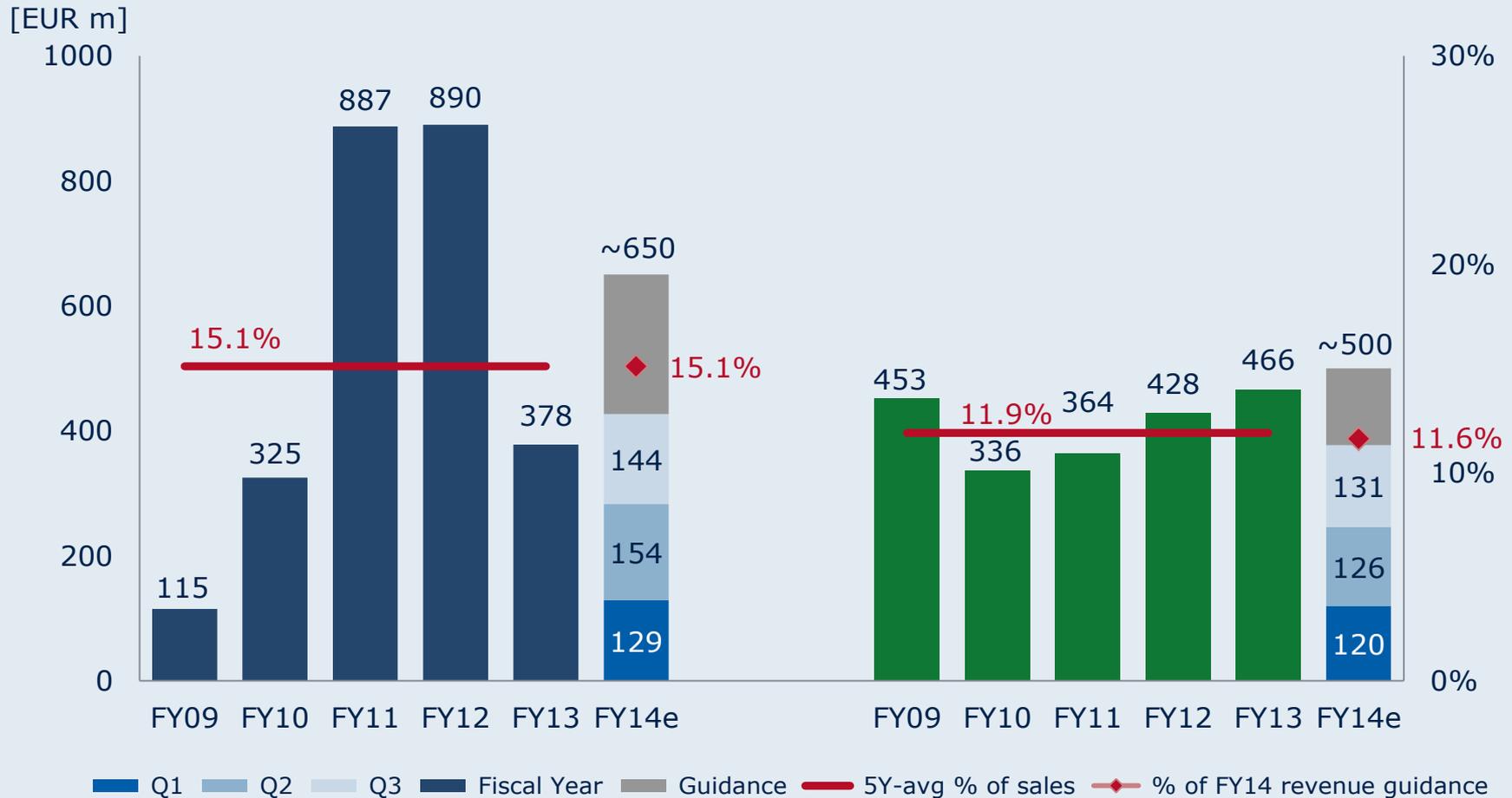


* For definition please see page 31.

Investments Peaked in FY12, D&A Still Increasing

Investments*

D&A



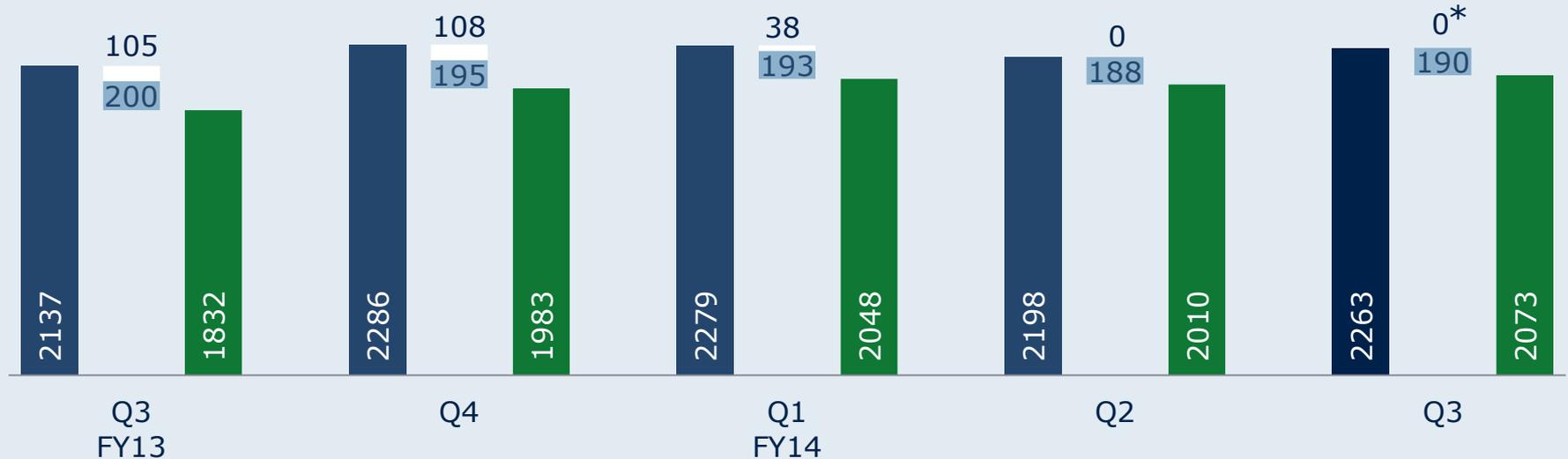
* For definition please see page 31.

Gross Cash and Net Cash Have Increased

Liquidity Development

[EUR m]

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



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

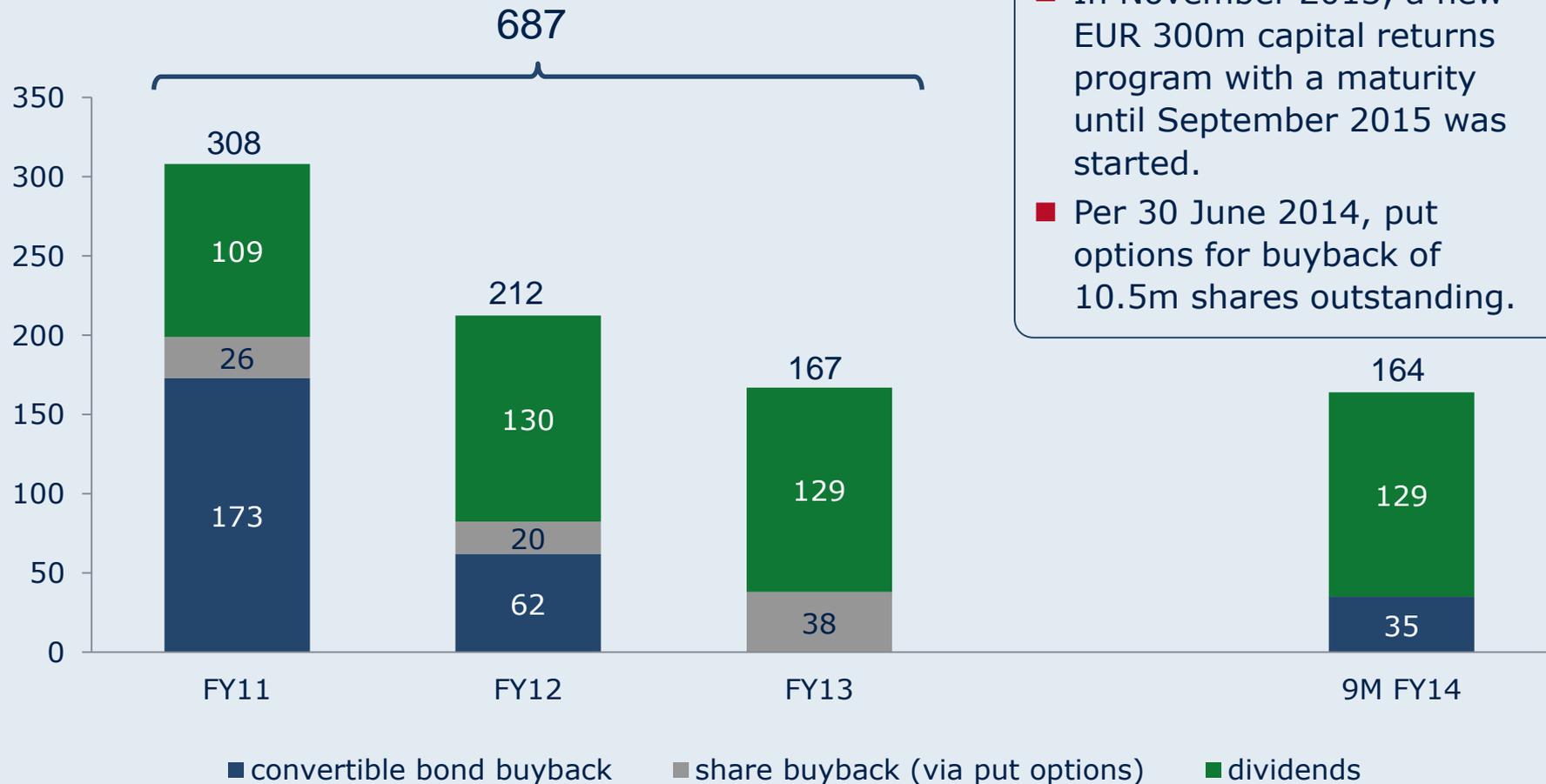
- Increase in Gross Cash and Net Cash due to higher cash from operating activities while investments were slightly lower.

Total Gross Capital Returns of EUR 851m Between FY 2011 and FY 2014



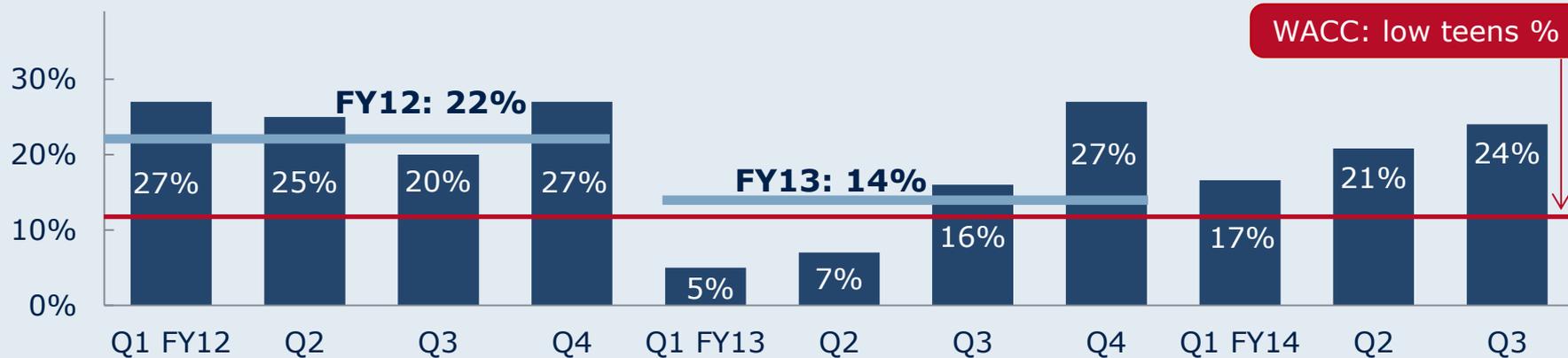
Total gross capital returns history

[EUR m]



Target: 'RoCE Above WACC' Over the Cycle

RoCE* history



Capital Employed* history



* For definition please see page 31.

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 =

$$\frac{\text{NOPAT} / \text{Capital Employed} = \text{'Income from continuing operations' - 'financial income' - 'financial expense'}}{\text{Capital Employed}}$$

Working Capital =

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

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

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

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

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 2014: Infineon is listed in the Sustainability Yearbook for the fourth consecutive year and according to RobecoSAM, listed among the top 15% most sustainable companies worldwide.
- September 2013: Infineon was listed in the Dow Jones Sustainability Index for the fourth consecutive year.

- October 2013: oekom research has classified Infineon as „Prime“, which serves as an indicator of the quality of Infineon's performance in the social and environmental areas.



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
17 Sep 2014*		Conference Call by Jochen Hanebeck, Division President Automotive
23 Sep 2014	Munich	Baader Investment Conference
24 Sep 2014	Munich	Berenberg Bank and Goldman Sachs German Corporate Conference
19 – 20 Nov 2014	Barcelona	Morgan Stanley TMT Conference
27 Nov 2014*		Q4 FY14 and FY 2014 Results
02 – 03 Dec 2014	Scottsdale, AZ	Credit Suisse TMT Conference
29 Jan 2015*		Q1 FY15 Results
12 Feb 2015	Munich	Annual General Meeting

* preliminary

Institutional Investor Relations Contact



Ulrich Pelzer

Corporate Vice President
Finance, Treasury &
Investor Relations

 +49 89 234-26153
 ulrich.pelzer@infineon.com



Joachim Binder

Senior Director
Investor Relations

 +49 89 234-25649
 joachim.binder@infineon.com



Holger Schmidt

Manager
Investor Relations

 +49 89 234-22332
 holger.schmidt@infineon.com