

Fourth Quarter FY 2015 Quarterly Update

Infineon Technologies AG
Investor Relations



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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.

The opening balance sheet values, and with them the comparative information for the previous period have been adjusted as a result of the continuing analysis and valuation of the assets and liabilities acquired as part of the preliminary purchase price allocation for International Rectifier.

Leadership in system understanding will foster future growth and profitability



Competitive advantages

System leader in
Automotive

#1 and technology
leader in Power

Leader in Security
Solutions

Average-cycle financial targets

Revenue Growth:

~8%

Segment Result Margin:

~15%

Investment-to-Sales:

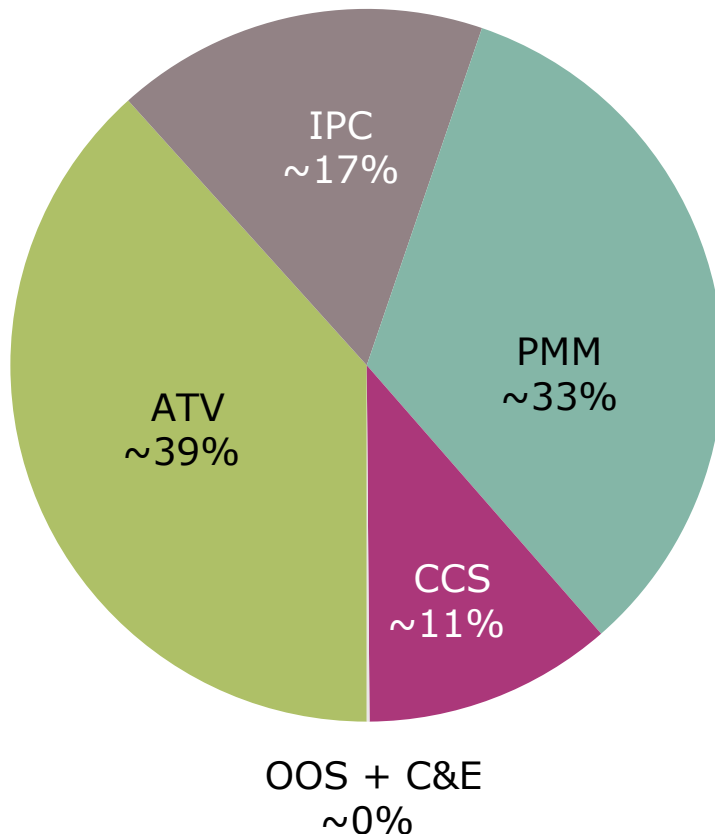
~13%

Automotive and power are the two major pillars of Infineon's businesses



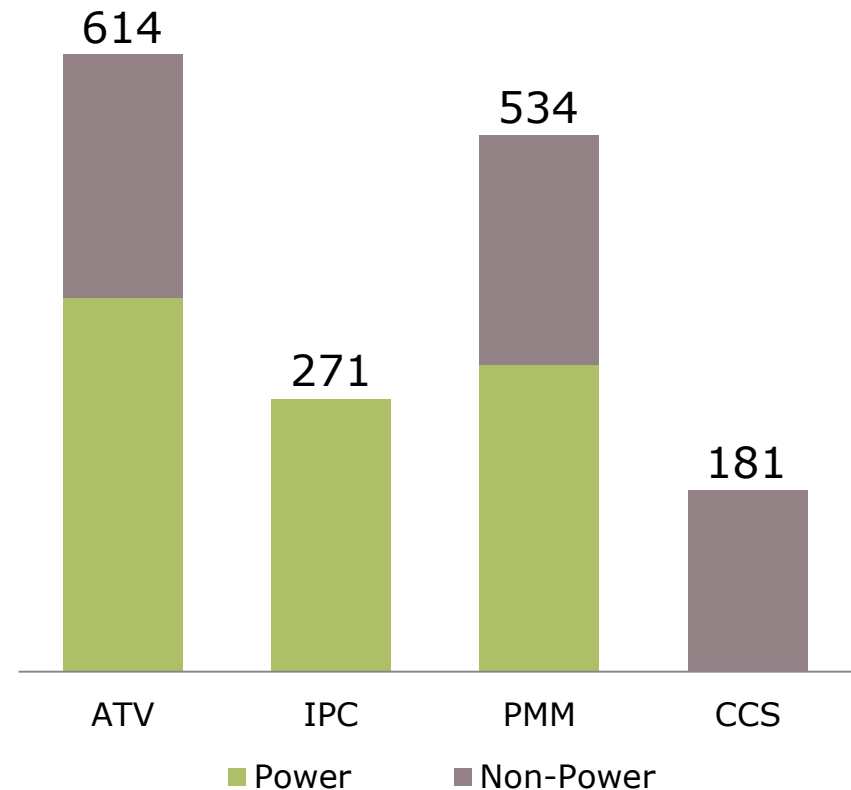
Q4 FY15 revenue: EUR 1,598m

Revenue split by Segment



Power represents ~60% of revenue

[EUR m]

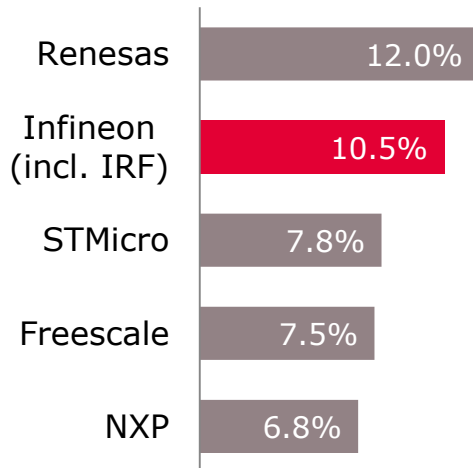


Infineon is growing faster than the market in automotive and is clear leader in power



Automotive semiconductors

total market in 2014:
\$27.5bn

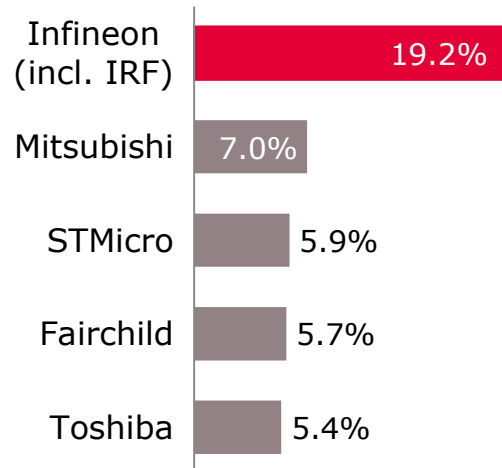


Automotive semiconductors incl. semiconductor sensors.

Source: Strategy Analytics, April 2015

Power semiconductors

total market in 2014:
\$16.2bn

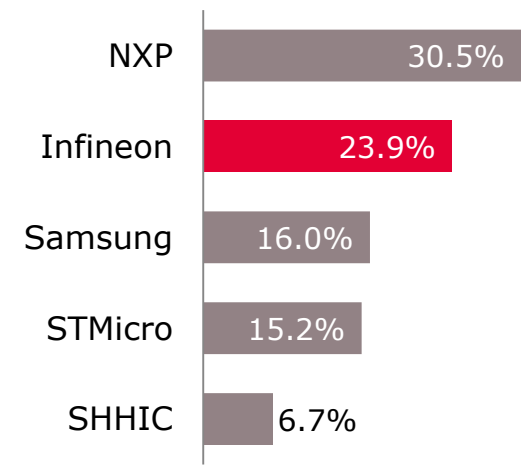


Discrete power semiconductors and power modules.

Source: IHS Inc., September 2015

Smart Card ICs

total market in 2014:
\$2.63bn



Microcontroller-based smart card ICs.

Source: IHS Inc., July 2015

Strategic rationale of the International Rectifier deal has proven true



Adding to scope

- › Rounding out the product portfolio
- › Increasing breadth and depth of application understanding



Adding to scale

- › Exploiting overhead synergies
- › Selling breadth
- › Operational synergies
- › Capability to drive R&D



Adding technology

- › GaN product and IP portfolio
- › Multi-chip packages and IPMs/ μ IPMTMs
- › HiRel capability



Adding market presence

- › Improved regional footprint in particular in the US and APAC
- › Increased presence in distribution channel



- › In Q4 FY15, International Rectifier's businesses already met the 15% target for the Group's Segment Result margin over the economic cycle

Tight customer relationships are based on system know-how and app understanding

ATV	IPC	PMM	CCS
EMS partners	Distribution partners		

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Growth Drivers

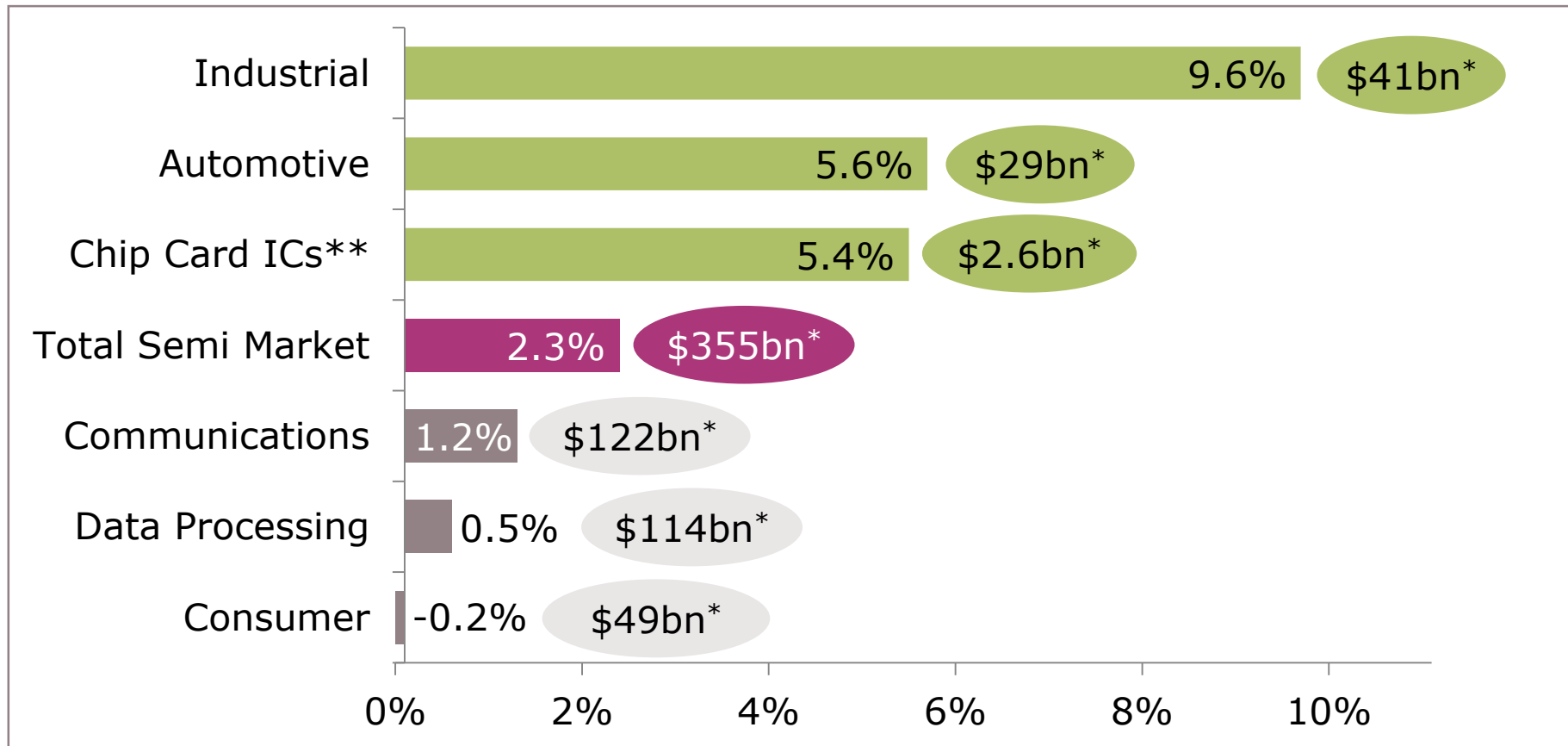
3

Results and Outlook

Infineon benefits from auto, industrial and security, the by far fastest growing segments



CAGR 2014 – 2019 by Semiconductor Industry Segment



Source: IHS, Worldwide Semiconductor Shipment Forecast, September 2015

* In calendar year 2014

** Source: IHS, "Smart Cards Semiconductors", August 2015

Infineon is system leader in automotive; making cars clean, safe and smart



#2 with strongest market share gains in 2014:

- › #1 in power semiconductors*
- › #2 in sensors*
- › #3 in microcontrollers* (#1 in powertrain**)

Most balanced portfolio with sensors, micro-controllers and power for system approach

Leader in electric drivetrain and CO₂ reduction
- *making cars clean*

Leader in ADAS
- *making autonomous driving safe and reliable*

Leading product portfolio of sensors and security ICs for individual convenience and connectivity
- *making cars smart*

Focus on sustainable high-bill-of-material areas: powertrain, safety/ADAS/autonomous cars, body

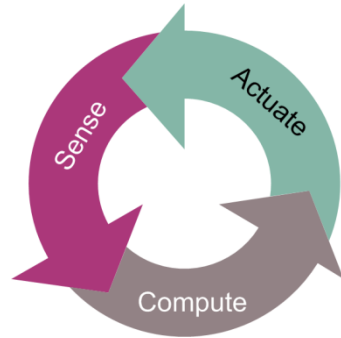
Infineon is ideally positioned to benefit from megatrends and gain further market share in Automotive

* Source: Strategy Analytics, April 2015. ** own estimate.

Infineon holds leading positions in system-crucial automotive product categories



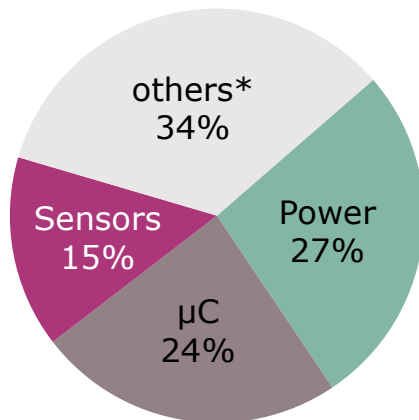
Infineon covers
the entire
control loop



Infineon's position 2014

Sensors (#2)	11.5%
µC (#3)	8.7%
Power (#1)	24.8%

2014 automotive semiconductor market by product category (\$27.5bn)



Source: Strategy Analytics, April 2015.

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

- › "Power" and "Sensors" are among the fastest growing product categories with 11% growth y-y each.
- › Infineon increased market share in "Power" by 3.5%-points resulting in market share of 24.8%.
- › Infineon's share in "Sensors" driven by pressure and magnetic sensors.

Four megatrends are shaping the automotive market, significantly increasing the semi content per vehicle

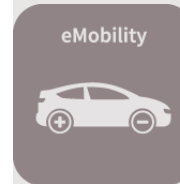
ADAS/Autonomous driving

- › From ADAS to semi-automated and finally autonomous driving
- › Every world region is striving for “0-accident”



xEV/eMobility

- › Mandated CO₂ reductions make electrification of powertrain inevitable



- › Advanced connectivity is driven by making the car part of the Internet



- › The car will be fully connected (V2I, V2V, in-vehicle)

Connectivity

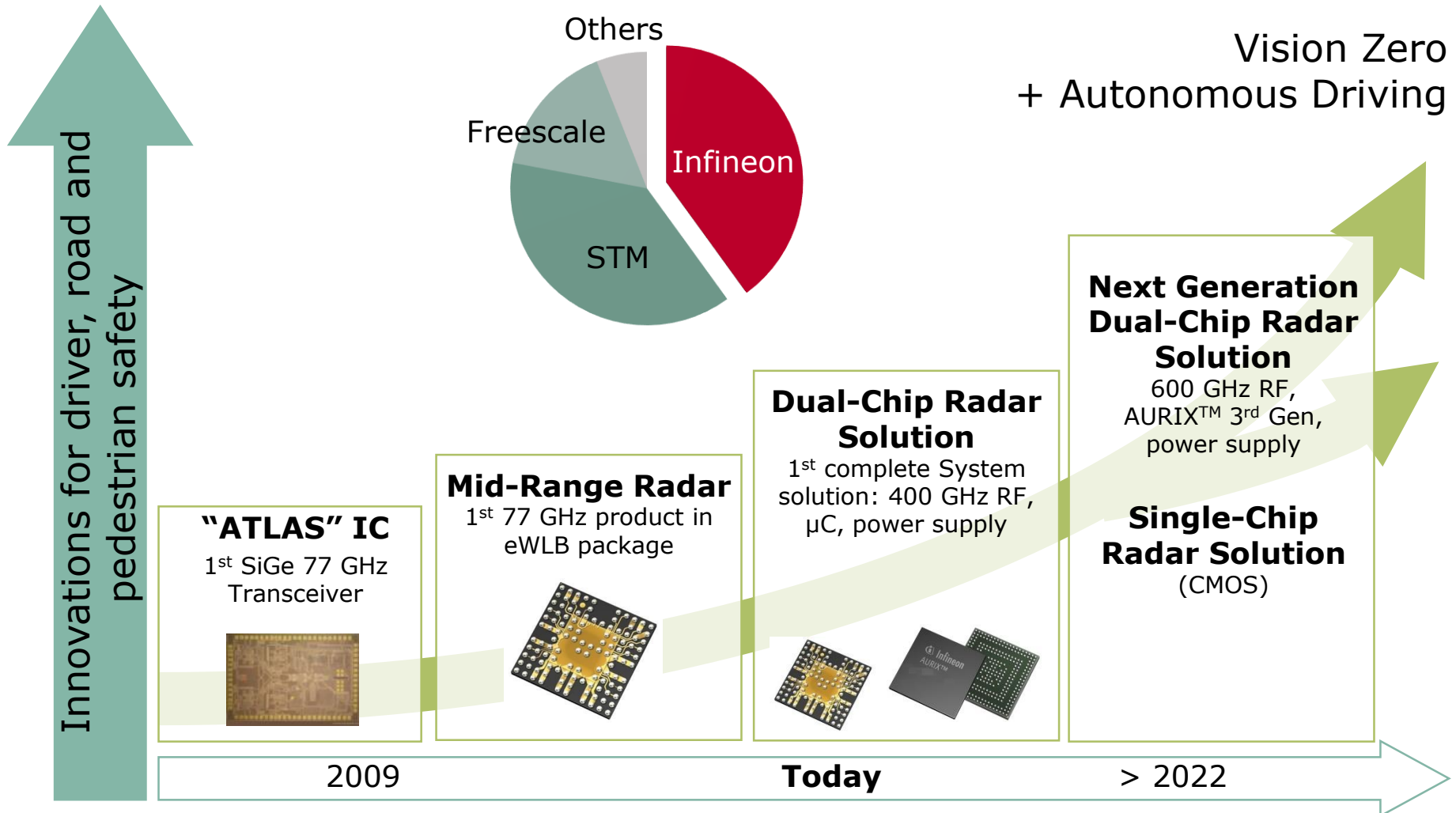
Car Security



- › Increased connectivity and software content increase risk exposure to hackers
- › Internal/external connectivity must be secured

Advanced security

Infineon is the market leader in Radar, 10 millions chips shipped already



* Source: IHS Inc., ADAS Sensor Market Shares – 2014

Infineon REAL3™ 3D image sensor elementary for driver assistance systems



Infineon REAL3™ – 3D depth sensing based on time-of-flight

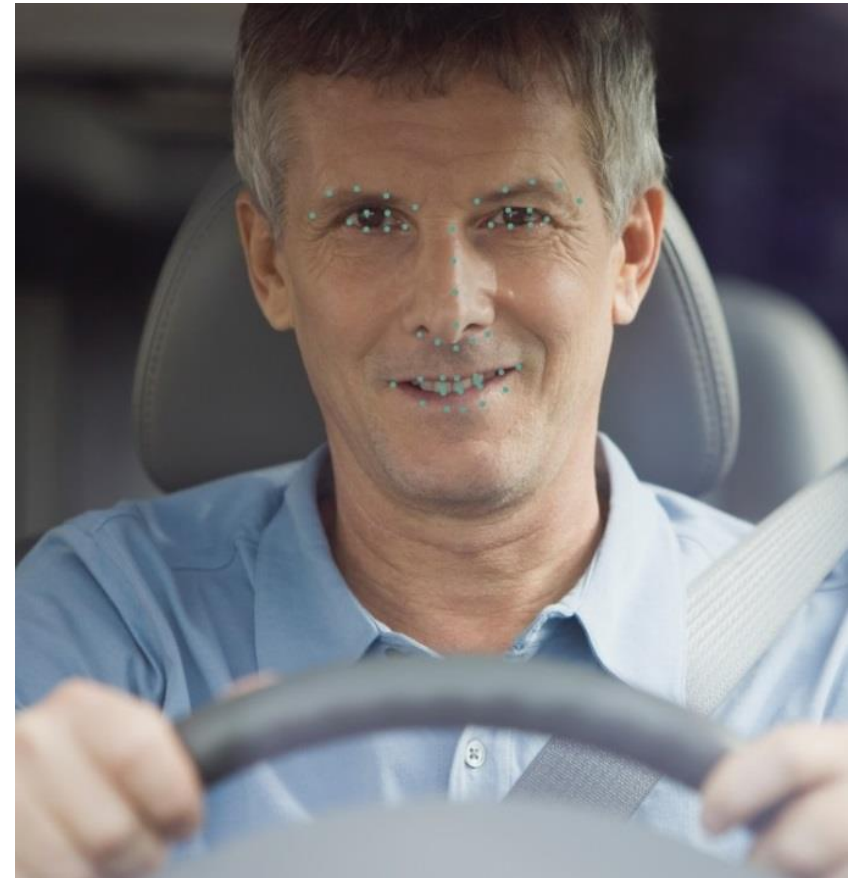
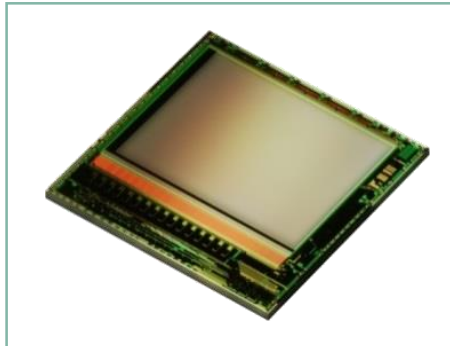
- › Most robust detection of head position, head orientation and eye closure
- › Observe the state of the driver and passengers
- › Optimize head-up displays and augmented reality to driver's head position

Kostal camera system



Courtesy: Kostal

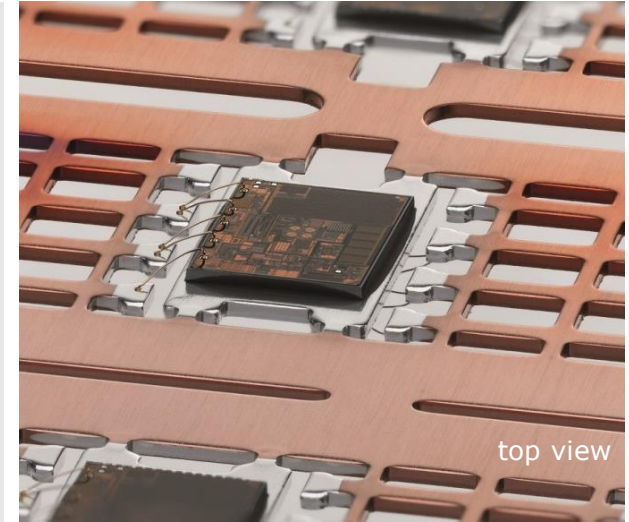
REAL3™ sensor



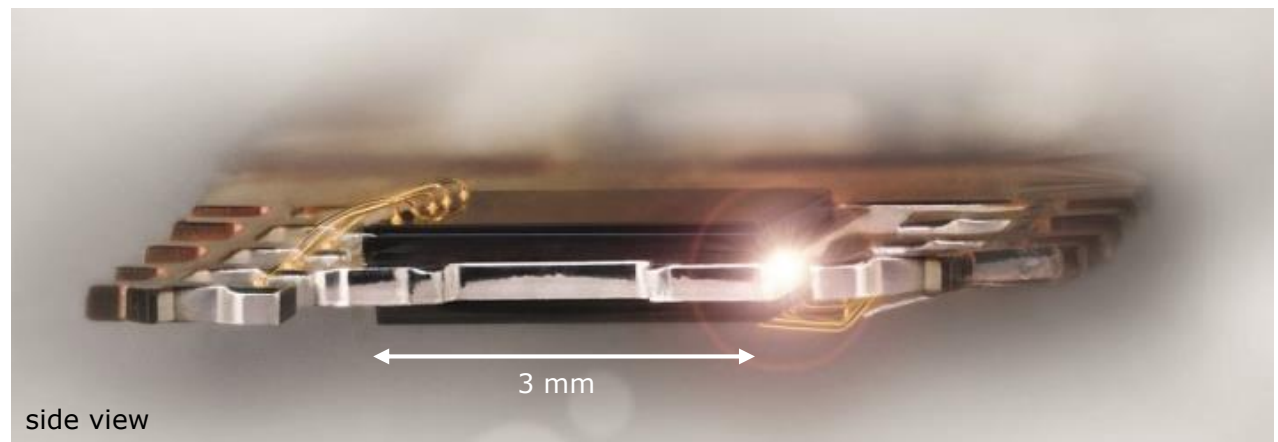
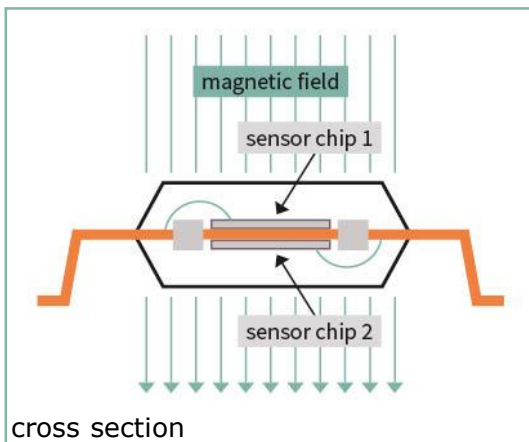
The position of the 49 reference points is determined using the image recognition software of Kostal.

Redundancy in safety-critical applications drives semiconductor demand

- › ADAS/semi-autonomous driving is forcing requirements for safety-critical applications (e.g. electric power steering):
 - › safety, availability, reliability, security
- › A common solution is redundancy, e.g. multiple sensors
- › Infineon provides a smart solution to implement redundancy, e.g. the new dual Hall sensor

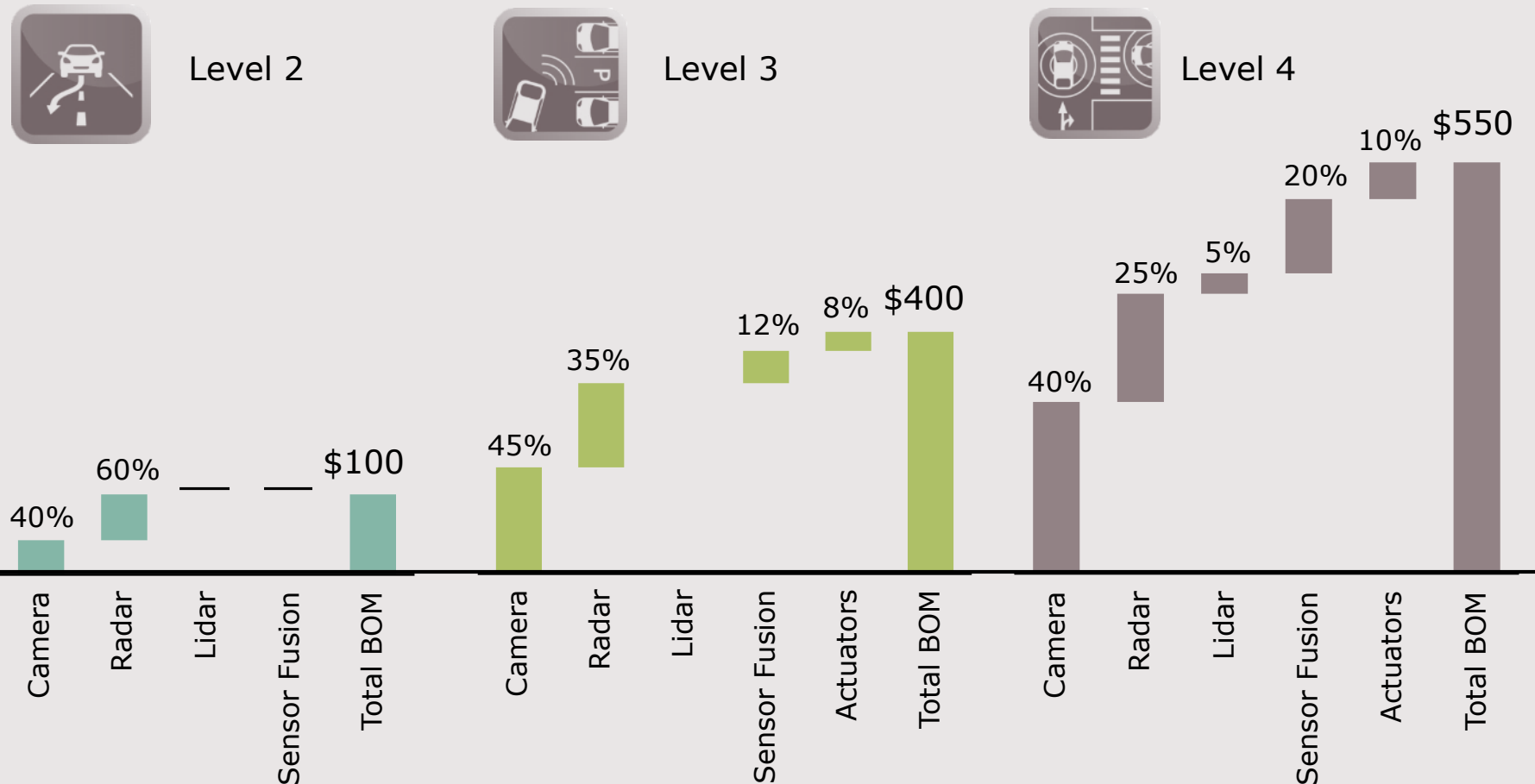


Dual Hall sensor – two sensor chips are placed on top of each other



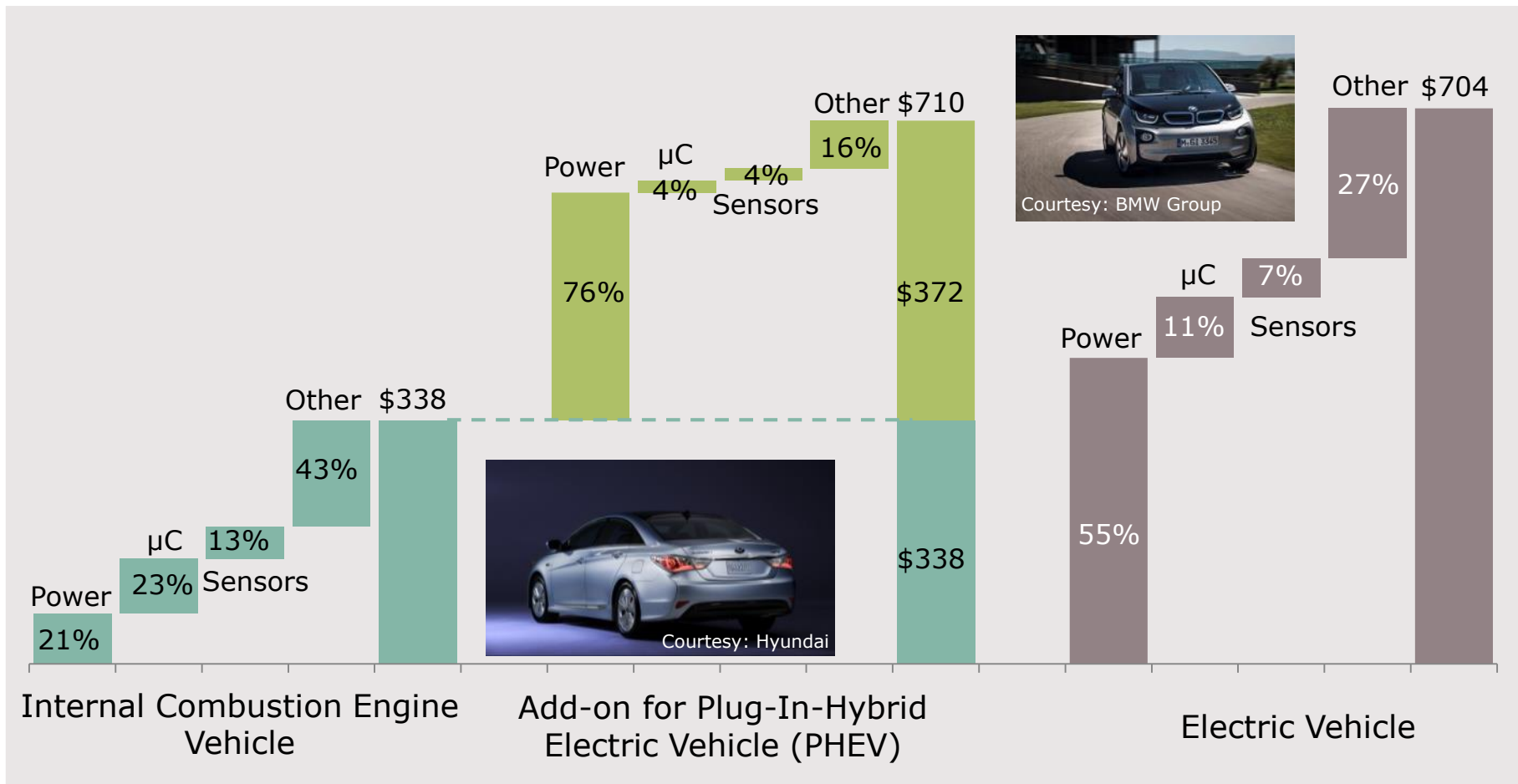
Semiconductor content itemized to automation levels

Average ADAS semiconductor content per level of automation



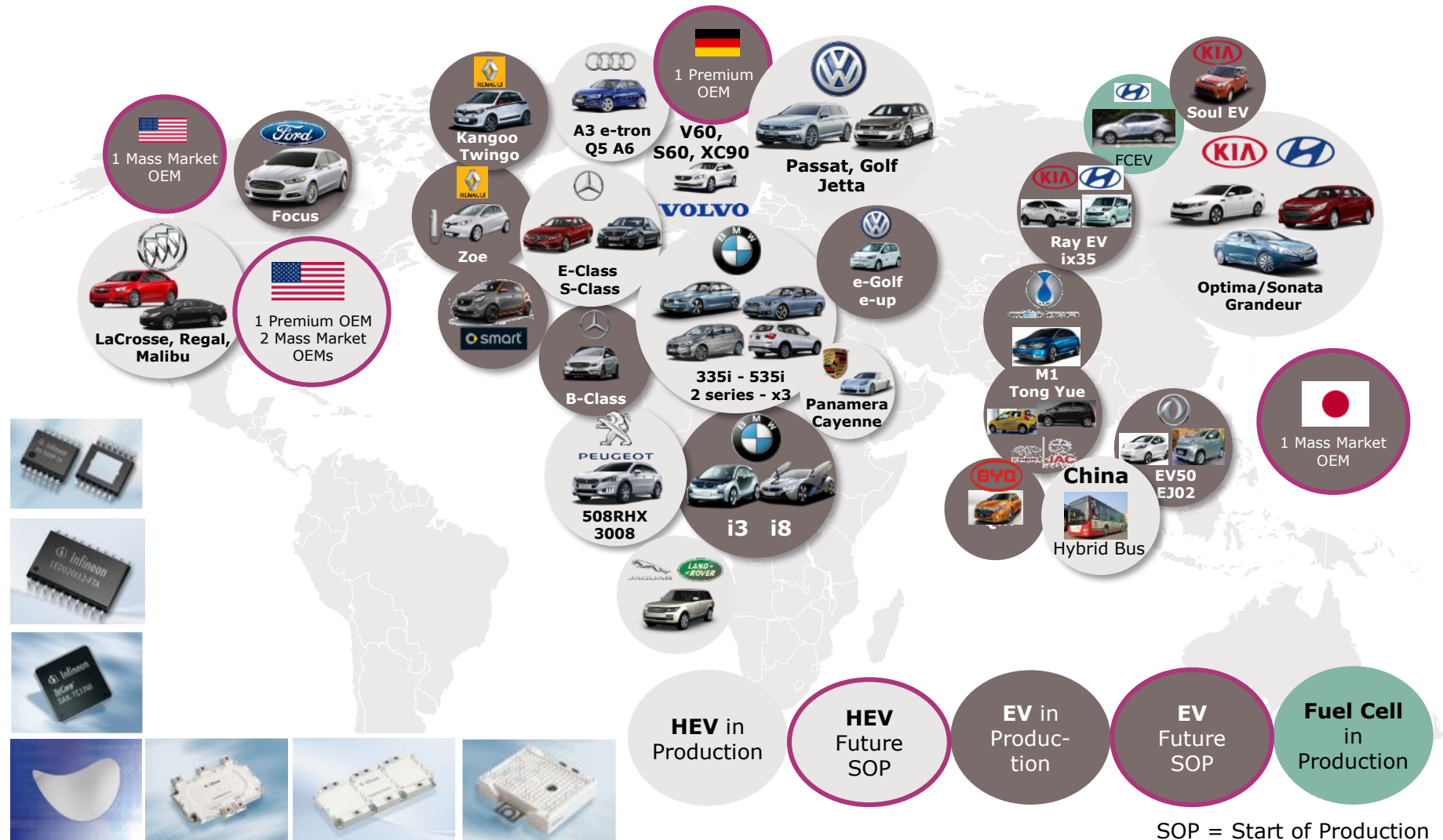
Semiconductor content of EV/HEV vehicles falls right into Infineon's core competence

Average semiconductor content



Source: Strategy Analytics, "Automotive Semiconductor Demand Forecast 2013 – 2022", June 2015

Infineon is best positioned to benefit from EV/HEV car ramp



SOP = Start of Production

ADAS, CO₂ reduction and adoption of premium features drive Infineon growth

Vehicle production



- › ~2% growth per annum
- › Highest growth in emerging markets
- › Western Europe recovering, the US on high level

Drivers for semiconductor content per car

CO₂ reduction



- › Driven by legislation
- › Improvements of ICE (e.g. electric steering, electric pumps and motors)
- › Adoption of EV/HEV

Advanced safety



- › Current: crash avoidance
- › Next: assisted Driving
- › Future: autonomous driving

Comfort, premium



- › Premium cars are early adopters of high-end comfort and safety features
- › Trickle down to mid-range

~8% p.a. through-cycle growth

Infineon is #1 and technology leader in power semiconductors



#1 in the market*

Broadest product and technology portfolio

Addressing broadest range of applications

300mm thin-wafer manufacturing for power semiconductors

System leader with digitalization of the control loop and functional integration

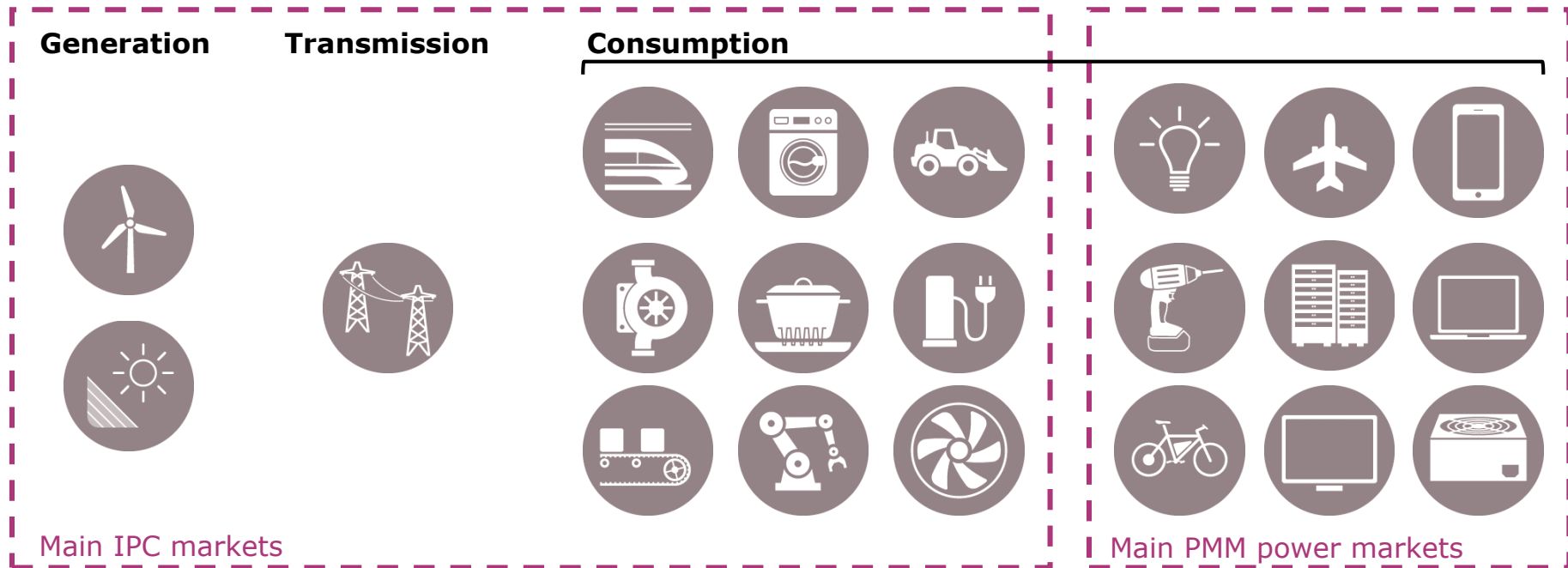
Leader in next-generation power semiconductor materials GaN and SiC

Infineon is ideally positioned to gain further market share and earn superior margins in power semiconductors

* Source: IHS Inc., "Power Semiconductor Discretes & Modules Report – 2015", September 2015

As system leader in power Infineon offers solutions to a wide spectrum of applications

Covering the entire power chain



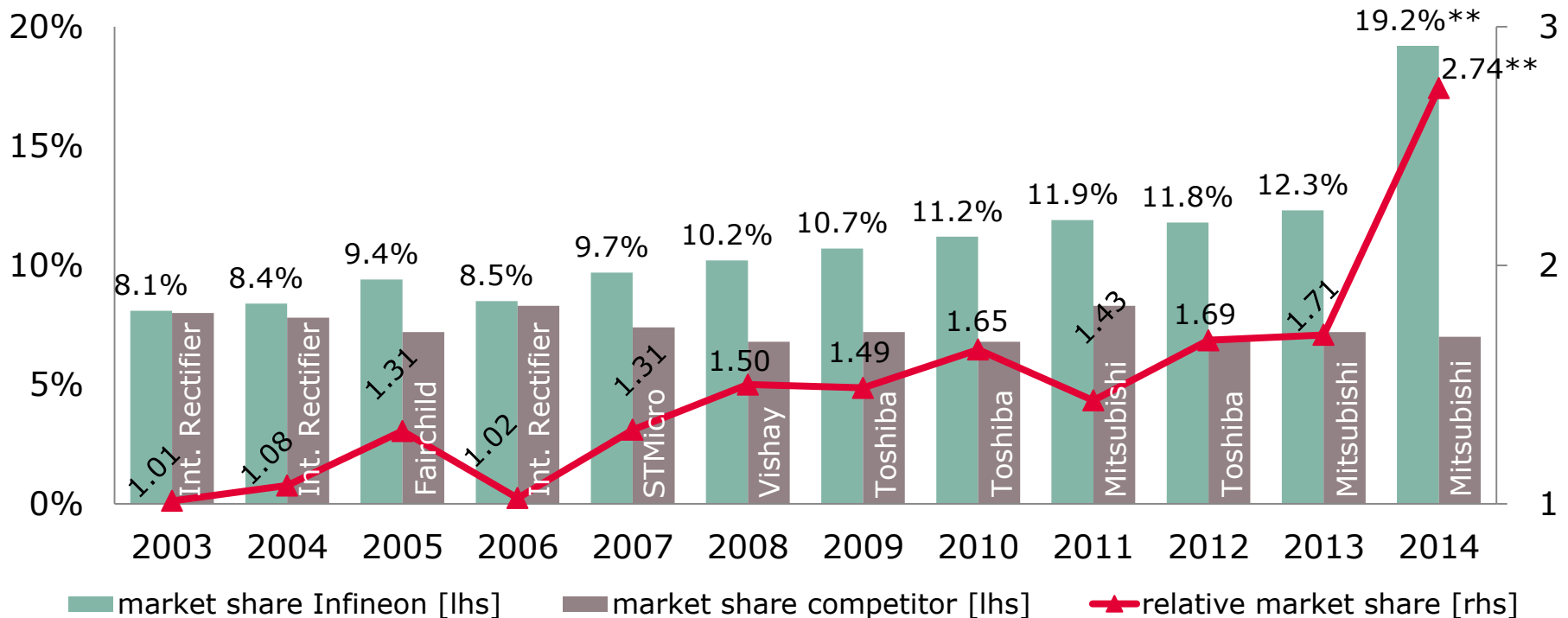
System competence for highest reliability and highest efficiency

Controllers	Drivers	MOSFETs/IGBTs	Modules	Stacks
<ul style="list-style-type: none"> › Primarion, CHiL › .dp › Power ICs › XMC™ μC family 	<ul style="list-style-type: none"> › MOSFET driver › IGBT driver › galvanic isolation 	<ul style="list-style-type: none"> › low-voltage MOSFETs › med-voltage MOSFETs › high-voltage MOSFETs › discrete IGBTs 	<ul style="list-style-type: none"> › low-power › mid-power › high-power 	<ul style="list-style-type: none"> › IGBT stacks

Infineon continuously improved market share in power while competitors remained flat



Development on Infineon's market share and relative market share* in the total power semiconductor market



* The relative market share is defined as the proportion of the market share held by the market leader (in all years presented for Infineon) compared to the market share of the second largest competitor in the relevant year.

** Including International Rectifier.

Source: IHS Inc., several reports from 2004 through 2015

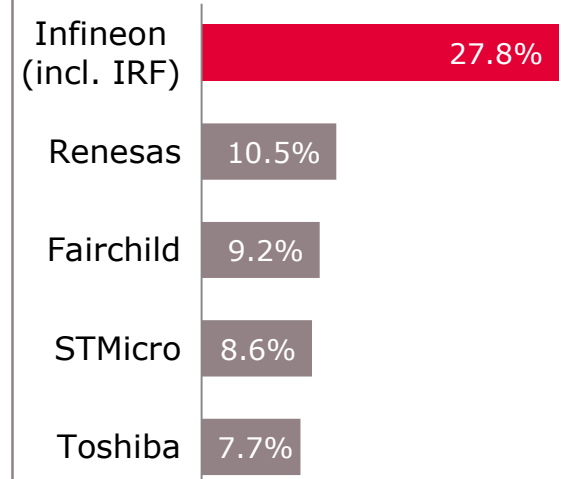
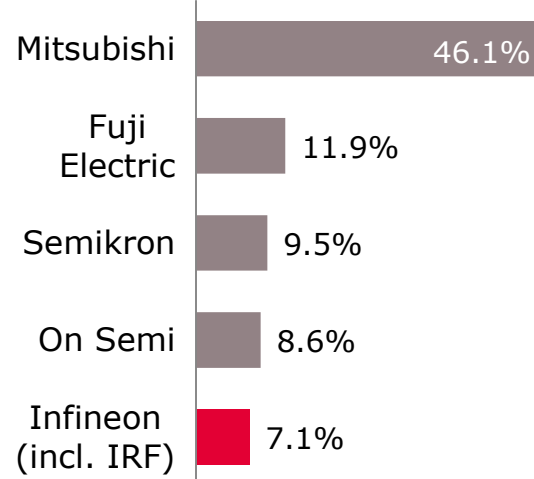
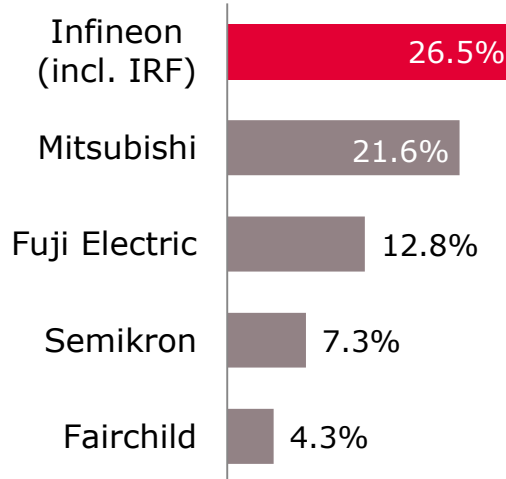
IRF and LSPS lift Infineon to top-5 position in fast-growing IPM market for the first time



IGBT components*
(discretes and modules)
total market in 2014: \$4.45bn

therein: IPMs
total market in 2014: \$1.26bn







Discrete standard
MOSFETs
total market in 2014: \$5.83bn



* The market for IGBT components (\$4,448m) includes discrete IGBTs (\$947m), Standard IGBT modules (\$1,908m), CIB/PIM (\$333m), and IPMs (\$1,260m).

Source: IHS Inc., "Power Semiconductor Discretes & Modules Report – 2015", September 2015

Efficiency and digitalization are main market drivers for power applications

IPC				PMM	
Drives	Renewables	Traction	MHA	AC/DC	DC/DC
					
<ul style="list-style-type: none">› Energy efficiency› Automation› Productivity increase	<ul style="list-style-type: none">› Legislation› Growing share of renewable energies as part of the energy generation mix	<ul style="list-style-type: none">› Growing population in metropolitan areas› Fast and efficient mass transport system	<ul style="list-style-type: none">› Energy efficiency› Growing VSD penetration	<ul style="list-style-type: none">› Energy efficiency› Charging time› Compactness (power density)› DPM	<ul style="list-style-type: none">› Energy efficiency› Compactness (power density)› DPM

DPM = Digital Power Management.

MHA = Major Home Appliances.

VSD = Variable Speed Drive.

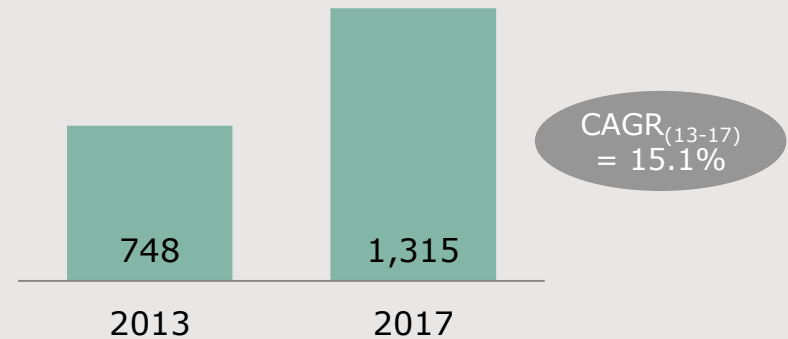
IPC: Increasing Inverterization Drives Power Semiconductors in Home Appliances



- › Biggest home appliances market for IGBT modules is room air conditioning
- › Efficiency programs led and still lead to higher variable speed drive (VSD) penetration rate
- › Increasing VSD penetration is the key driver for semi growth in MHA

IGBT modules in home appliances

[US\$ m]



Penetration of VSD

[units m]

	2011	2016	CAGR
electric motor-based home appliances	420	514	4.1%
VSD penetration	~20%	~40%	
total VSD appliances	86	205	19.0%

Source: IHS Inc., "Major Home Appliances – World 2013", October 2013

IPC: Chinese government promotes electric busses to reduce air pollution

- › To reduce air pollution Chinese government announced to increase number of electric busses in use by factor of 20: from today's 10k to 200k in 2020
- › Infineon EconoDual IGBT modules are qualified for CAV* applications
- › Several EconoDual IGBT modules are used per electric bus resulting in a semiconductor content of about €600 per vehicle

Infineon EconoDual IGBT module



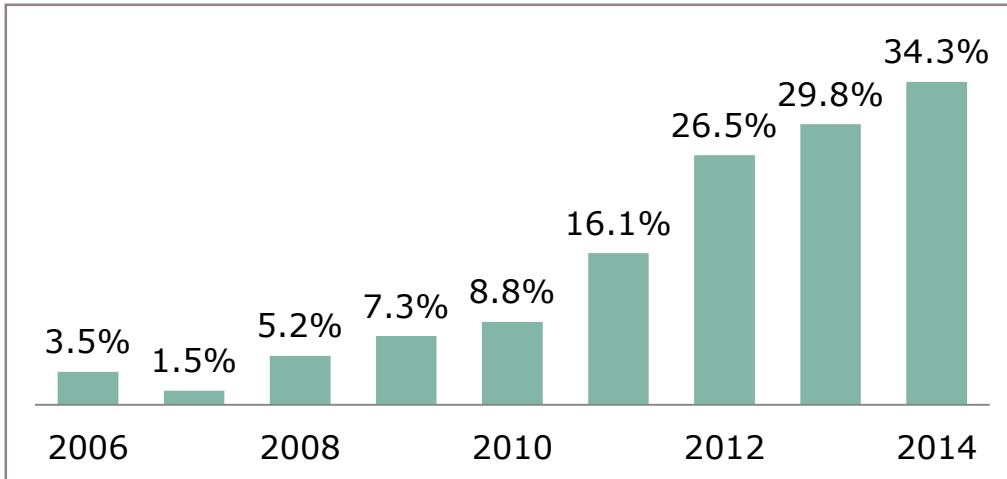
Example of Chinese electric bus



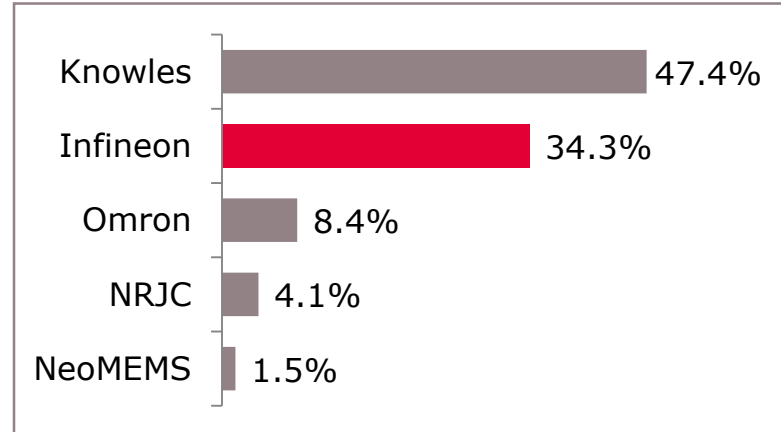
* CAV = Construction and agricultural vehicles

PMM: Silicon microphone: strong market success due to outstanding characteristics

Continued market share gains

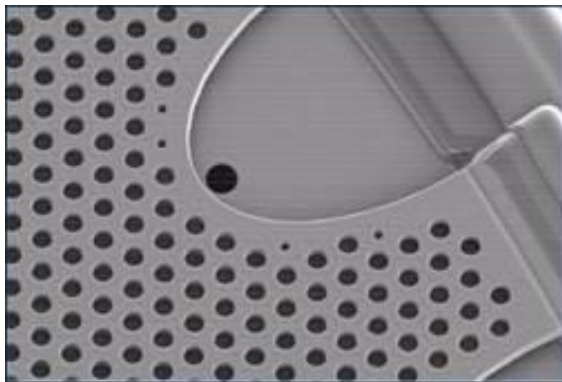


2014 market share

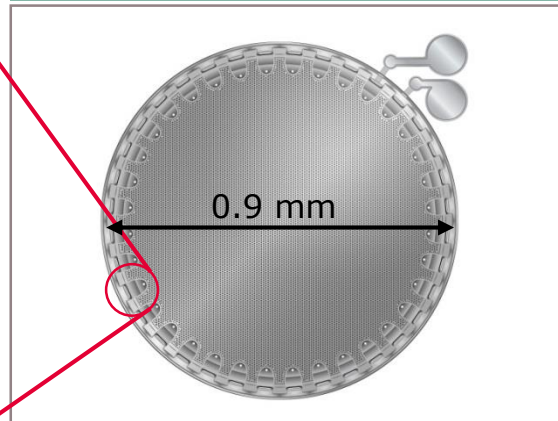


Source: IHS Inc., "MEMS Microphones Data", Oct. 2015

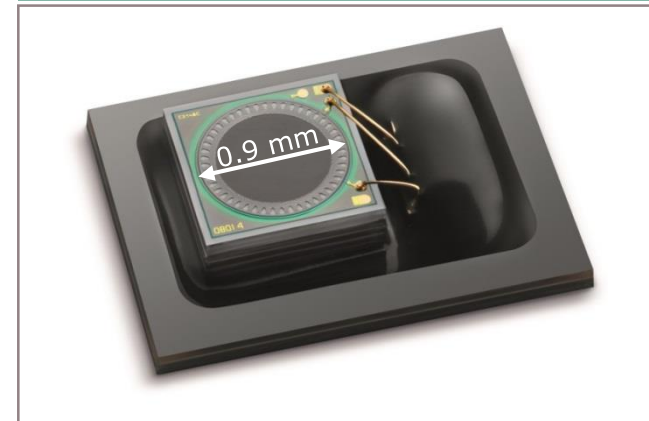
Highly sophisticated MEMS-based manufacturing process



Membrane



Silicon microphone



Infineon is the leader in security solutions for the connected world



#2 in microcontroller-based smart card ICs*

Complete portfolio of hardware, software, services and turn-key solutions

Infineon Security Partner Network (ISPN)
⇒ easy implementation of proven semiconductor-based security for manufacturers of connected devices and systems

Leading in growth segments payment, government ID, connected car, and IoT

Infineon is ideally positioned to benefit from the growth trends in the security controller market

*Source: IHS Inc., July 2015

Infineon supplies embedded Secure Element for all Samsung Gear S2 smart watch models



- › Infineon embedded Secure Element (eSE) safeguards users' sensitive data and supports secured contactless payment transactions based on Near Field Communications (NFC) technology
- › Infineon eSE chips are easy to integrate and a perfect match for convenient, secure transactions with wearable devices
- › Infineon eSE securely stores encryption keys, users' payment credentials and biometric information for convenient fingerprint authentication and other applications

Infineon eSE



Infineon confirms its leading role in Internet of Things (IoT) security



Infineon OPTIGA™ TPM in Google's OnHub router and smart home hub



- › Smart home devices will fuel demand for hardware-based security
- › OPTIGA™ TPM (based on latest TPM 2.0 standard) is first to comply with internationally recognized computer security requirements

CCS is well positioned to grow faster than the market as leader in security solutions



Payment



- › Transition to chip-based payment cards in China and the US
- › Growth of mobile payment

Government Identification



- › Adoption of electronic governmental documents (national ID cards, passports, health cards, etc.)
- › Emergence of multi-application cards

IoT Security



- › Rise of smart homes, connected cars, automated industries etc.
- › Increasing need for IT security
- › Growth of M2M communication

High-end Mobile Communications



- › Greater adoption of NFC technologies for mobile payment and other applications

Infineon's long-term growth is based on sustainable growth drivers

ATV



- › CO₂ reduction
- › Advanced Driver Assistance Systems

IPC



- › Energy efficiency
- › Automation
- › Productivity increase

PMM



- › Energy efficiency
- › Power density
- › Mobile device and LTE growth

CCS



- › Security as a function
- › Mobile payments
- › Authentication
- › Internet of Things

~8% p.a. through-cycle growth

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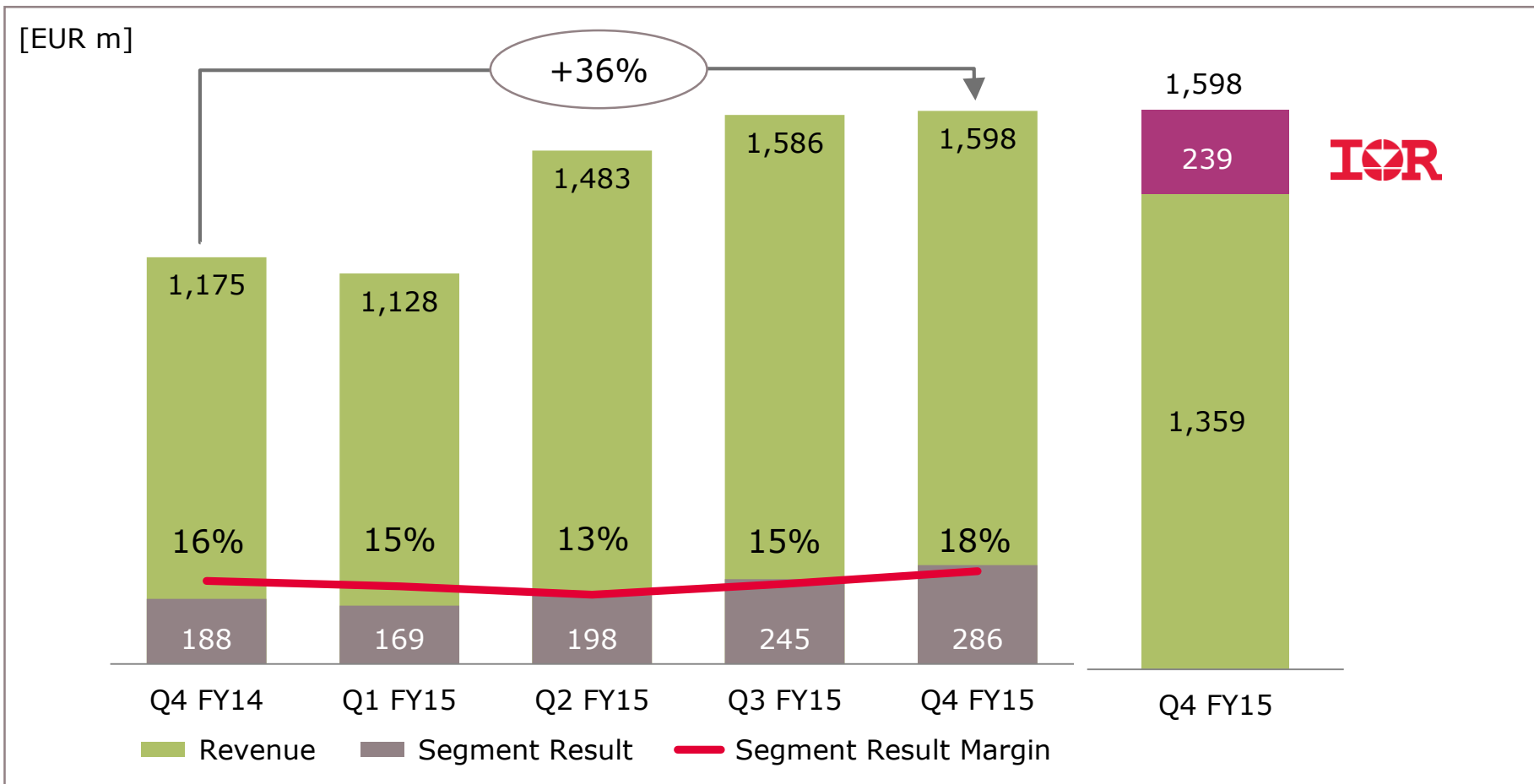
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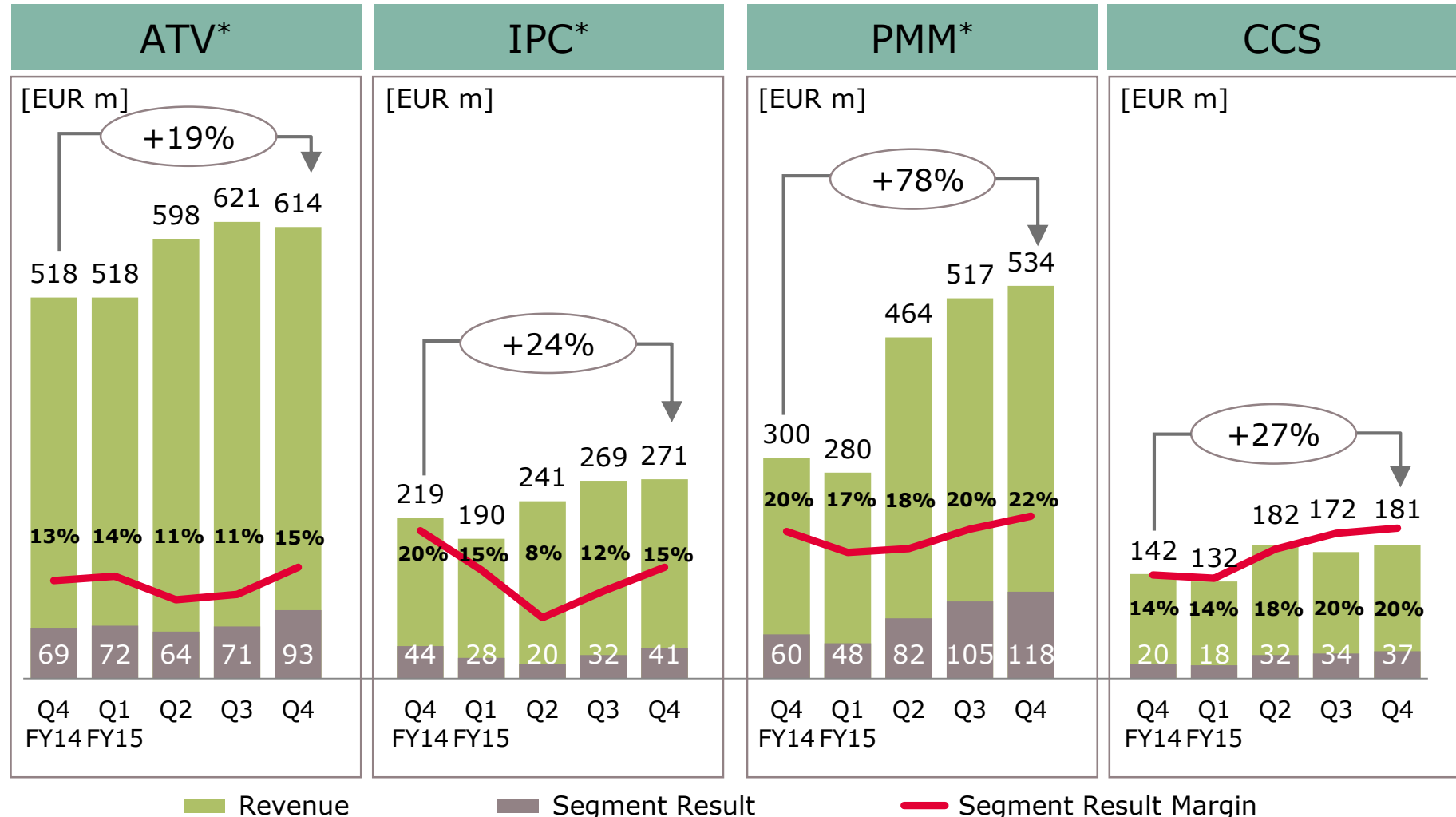
Strong y-y growth due to organic growth and integration of International Rectifier

Revenue and Segment Result*



* Including International Rectifier from 13 January 2015.

ATV, IPC, PMM boosted by Int. Rectifier business; CCS growth solely organically



* Including International Rectifier from 13 January 2015.

Guidance for Q1 FY16 and total FY16

	Outlook Q1 FY16* (compared to Q4 FY15)	Outlook FY16* (compared to FY15)
Revenue	Decrease of 6% +/- 2%-points	Increase of 13% +/- 2%-points
Segment Result Margin	At the mid-point of the revenue guidance: 14%	At the mid-point of the revenue guidance: 16%
Investments in FY16		About €850m
D&A in FY16		About €850m**

* Based on an assumed average exchange rate of \$1.10 for €1.00.

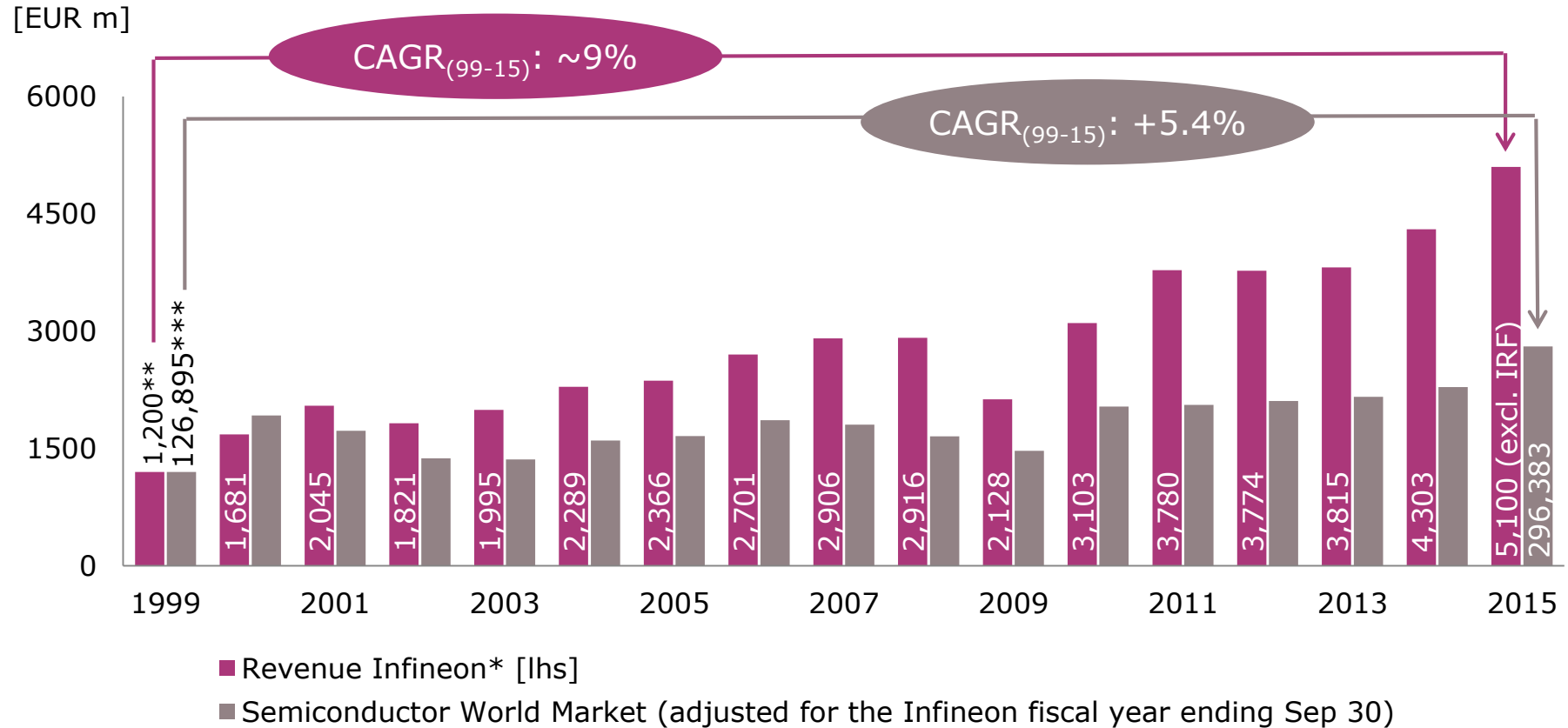
** Including D&A on tangible and intangible assets from purchase price allocation of International Rectifier.



Part of your life. Part of tomorrow.



Infineon's Revenue Development (excl. IRF) Outperformed Total Semi Market



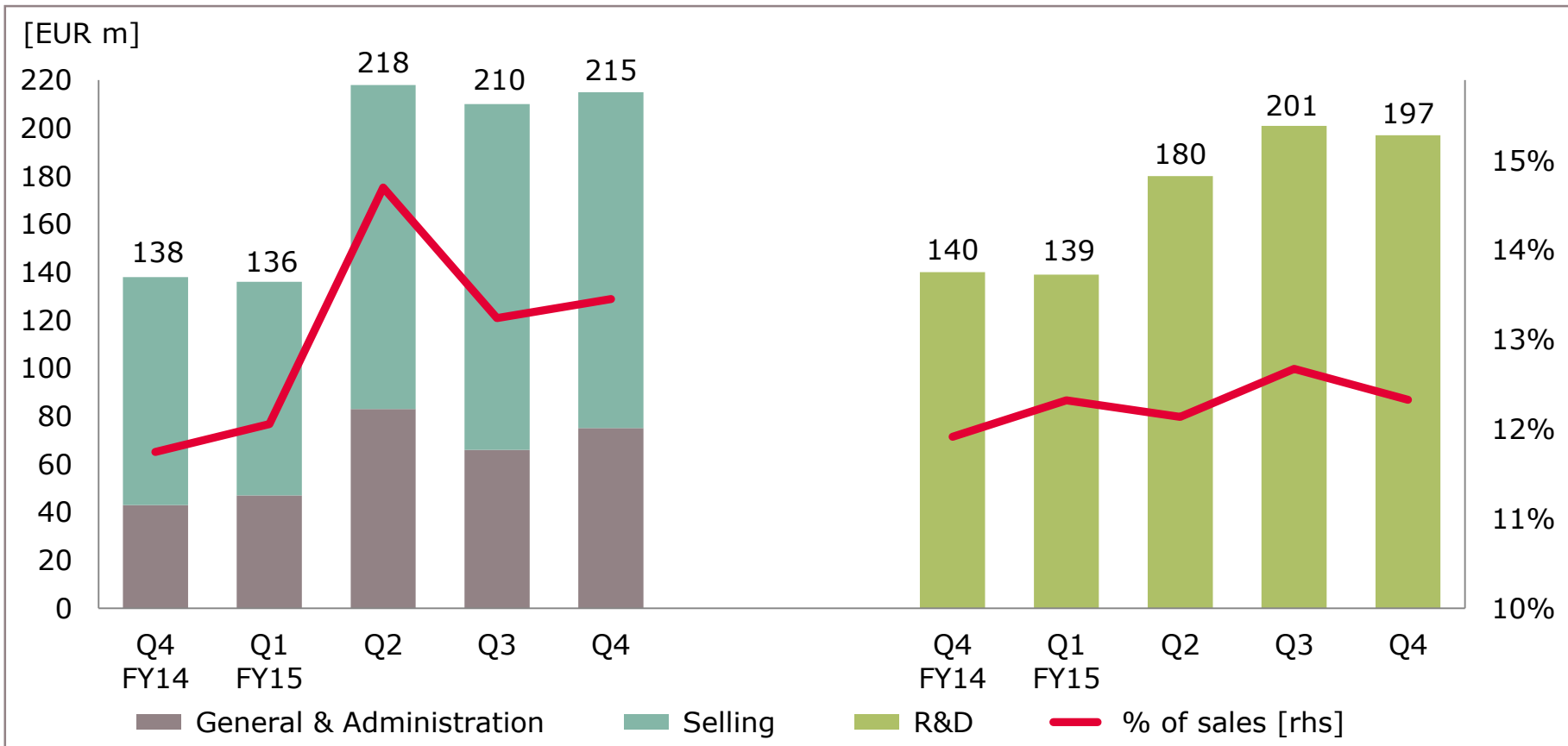
- * Based on Infineon's portfolio (excl. Other Operating Segments and Corporate & Eliminations) per end of 2015 fiscal year.
- ** Based on market development assumptions FY99's revenue figures for some smaller product categories have been derived from the FY00's revenue figures.
- *** Scale indexed to the Infineon FY99 revenue.

Source: Infineon; WSTS (World Semiconductor Trade Statistics), November 2015

Integration of International Rectifier digested; R&D and SG&A stable in target range

S and G&A^{*,**}

R&D^{*,***}



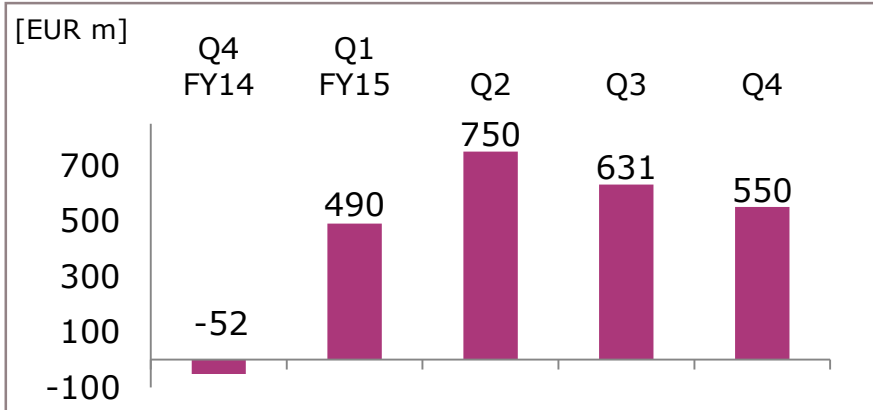
* Including International Rectifier from 13 January 2015.

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

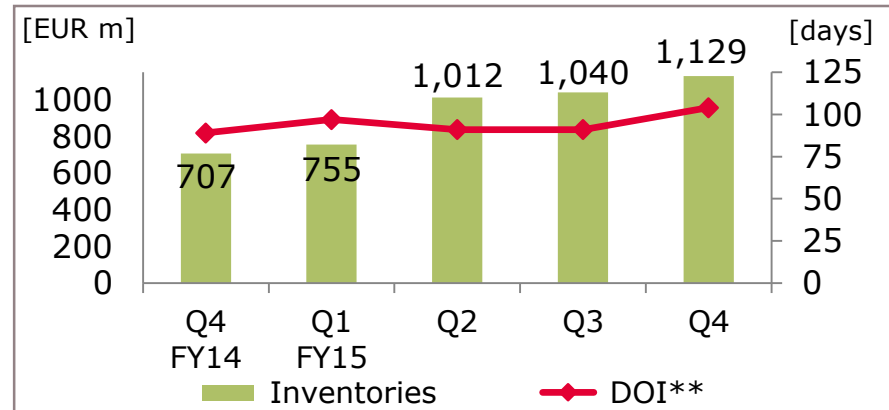
*** Target range for R&D: „Low to mid teens percentage of sales“.

Increase in inventories in light of expected growth in Q2 FY16

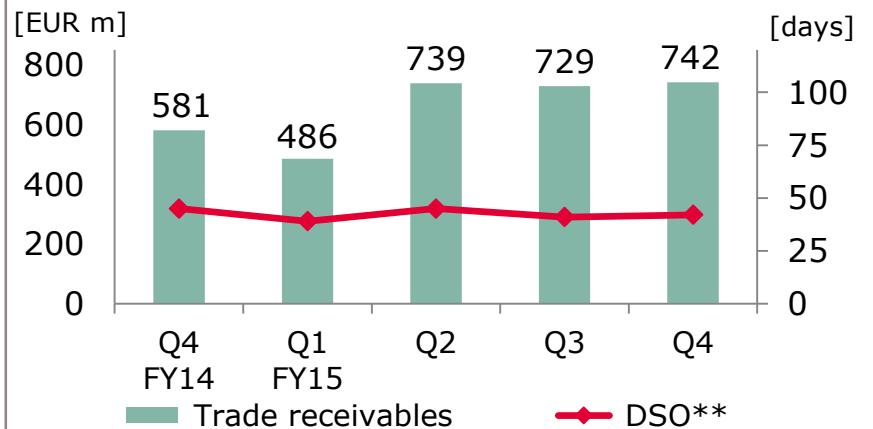
Working capital*,**



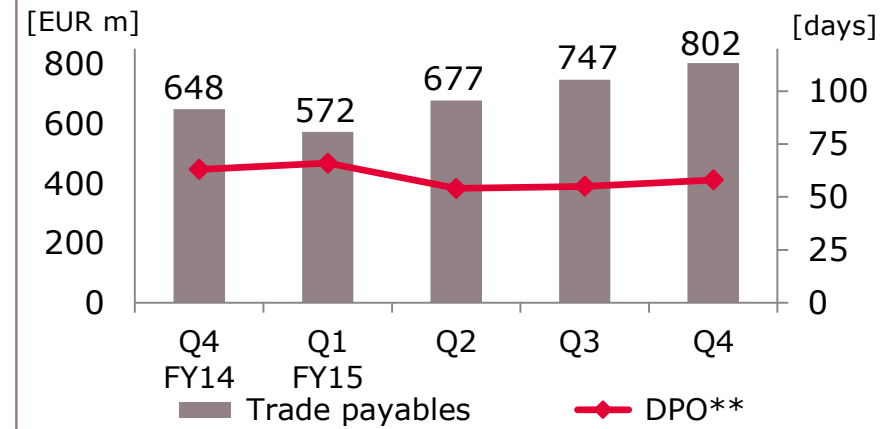
Inventories*



Trade receivables*



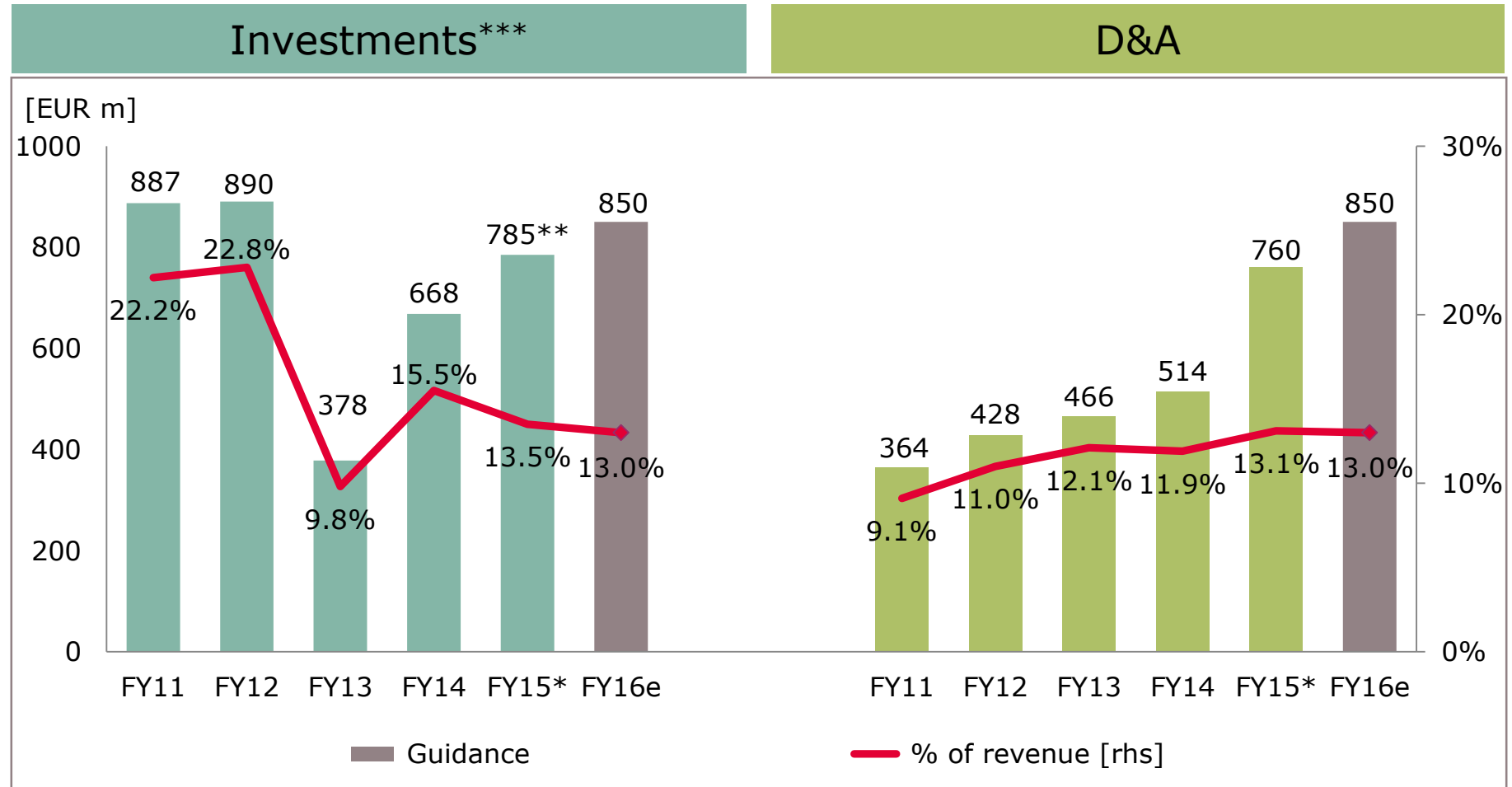
Trade payables*



* Including International Rectifier from 13 January 2015.

** For definition please see page 45.

Investments on target of 13% of sales; D&A stable at 13% of sales



* Including International Rectifier from 13 January 2015.

** Including €54m for Kulim 2, and €21m for Qimonda IP.

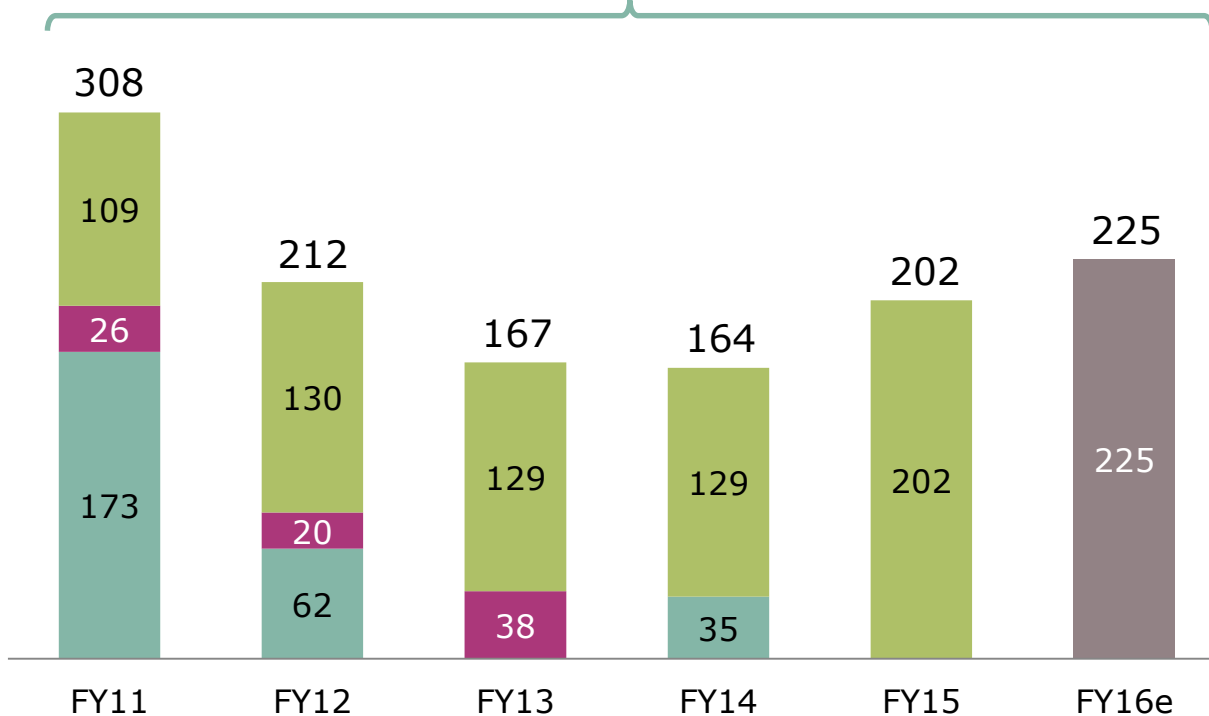
*** For definition please see page 45.

Dividend increase of €0.02 expected in February 2016 after increase of €0.06 in 2015

Total gross capital returns history

[EUR m]

1,278

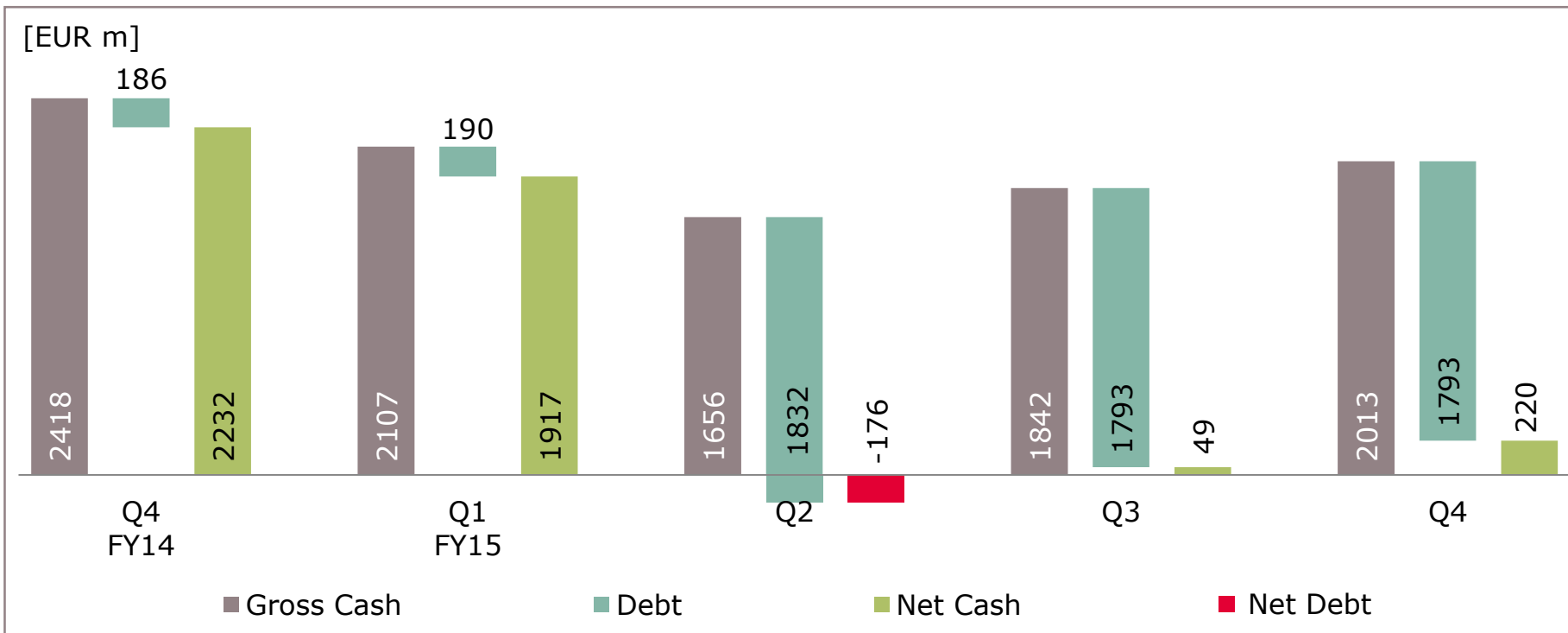


- › Increase of dividend from €0.18 to €0.20 will be proposed to AGM on 18 February 2016.
- › Payout of ~€225m will follow on 19 February 2016.

■ convertible bond buyback ■ share buyback (via put options) ■ dividends

Acquisition of International Rectifier completed; growing net cash position

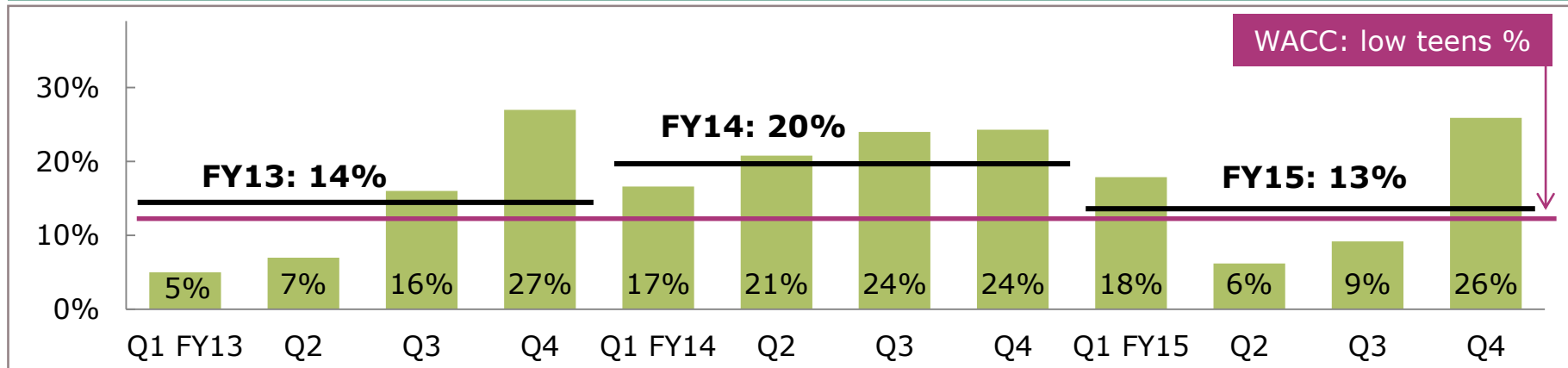
Liquidity development



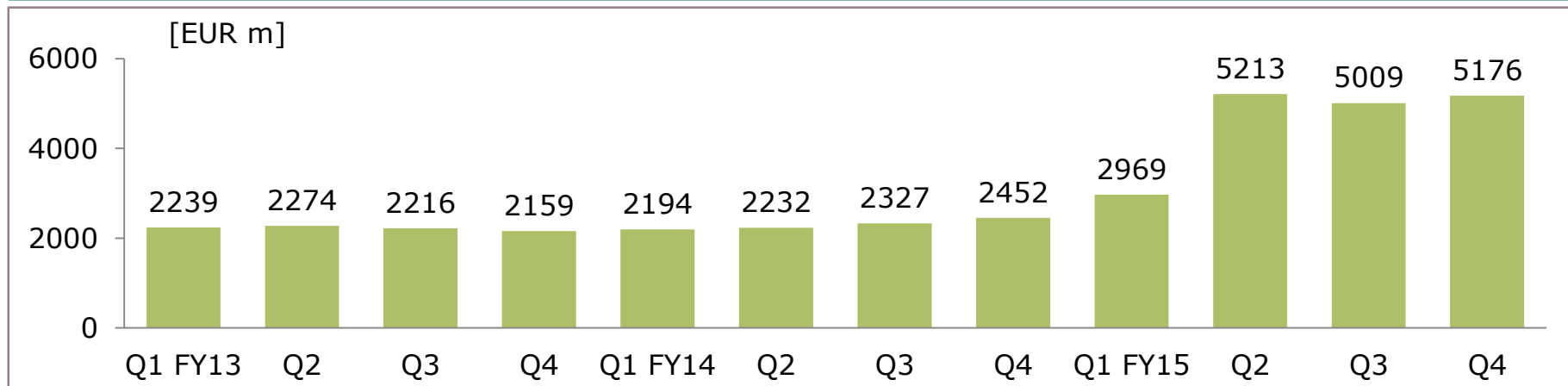
- › In Q4 FY15, gross cash and net cash increased due to
 - positive Free Cash Flow of €177m

Strong increase in RoCE in Q4 FY15 exceeding target: 'RoCE above WACC' over the cycle

RoCE* history



Capital Employed* history



* Including International Rectifier from 13 January 2015. For definition please see page 45.

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 =

- NOPAT / Capital Employed =
- ('Income from continuing operations'
 - 'financial income'
 - 'financial expense')
- / Capital Employed

Working Capital =

- ('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')

DOI (days of inventory; quarter-to-date) =

('Net Inventories' / 'Cost of goods sold') * 90

DSO (days sales outstanding; quarter-to-date) =

('Trade receivables' / 'revenue') * 90

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 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.
- › 10 September 2015: Infineon was listed in the Dow Jones Sustainability Index for the sixth 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 (most recent review: June 2015).

Financial calendar

Date	Location	Event
01 – 02 Dec 2015	Phoenix, AZ	Credit Suisse TMT Conference
02 Feb 2016*		Q1 FY16 Results
18 Feb 2016	Munich	Annual General Meeting
03 May 2016*		Q2 FY16 Results
02 Aug 2016*		Q3 FY16 Results
30 Nov 2016*		Q4 FY16 and FY 2016 Results

* preliminary

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