London Roadshow
hosted by Liberum Capital
18 – 19 November 2013



Ulrich Pelzer
Corporate Vice President
Finance, Treasury & Investor Relations

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- Infineon Group Update
- PMM Presentation by Andreas Urschitz

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.

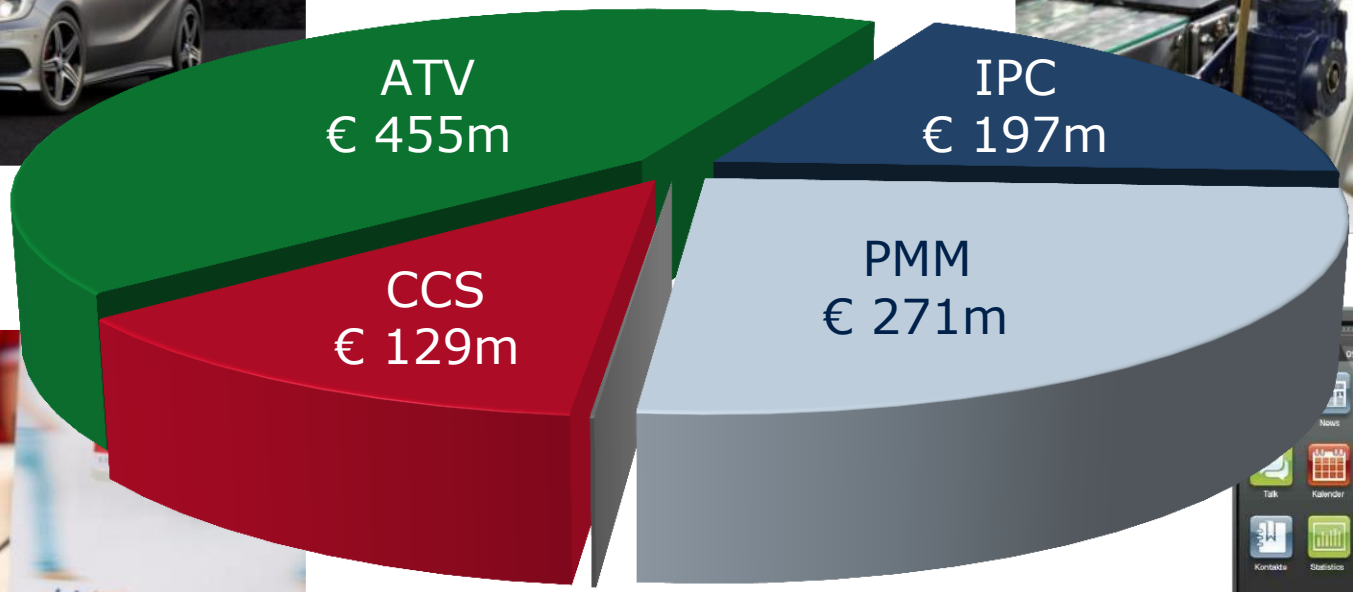
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Revenue Split by Division

Q4 FY 2013 revenue: EUR 1,053m











OOS+C&E*
€ 1m

*Other Operating Segments; Corporate and Eliminations.

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

ATV

Autoliv, HELLA, Mitsubishi, BOSCH, Continental, DELPHI, DENSO, LEAR CORPORATION, OMRON, MAGNETI MARELLI, HYUNDAI, TRW, Valeo

IPC

ABB, ALSTOM, BOMBARDIER, Danfoss, Rockwell Automation, ENERCON ENERGY FOR THE WORLD, GOLDWIND SCIENCE & TECHNOLOGY, Schneider Electric, SEMIKRON innovation+service, SMA, SIEMENS, SUNGROW, TOSHIBA, YASKAWA

PMM

AAC Acoustic Technologies, DELL, hp, DELTA, GoerTek have sound, will travel, EMERSON, ERICSSON TAKING YOU FORWARD, LITEON, HUAWEI, LG Life's Good, IBM, OSRAM, muRata, Quanta Computer, SAMSUNG

CCS

hp, gemalto security to be free, GPO, OBERTHUR TECHNOLOGIES, SAFRAN Morpho, Watchdata

Distributors

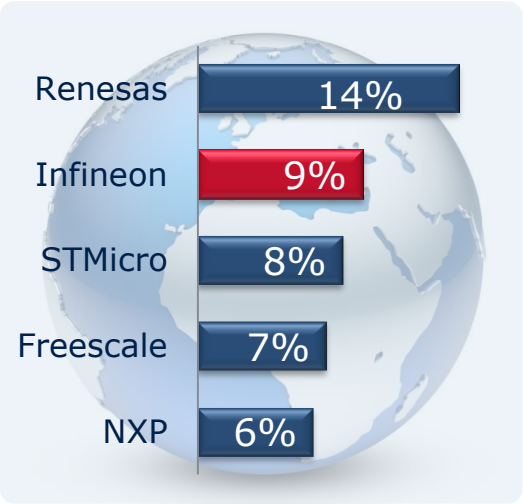
ARROW, AVNET, 北京晶川电子技术发展有限责任公司 Beijing Jingchuan Electronic Technology Development Co.,Ltd, RUTRONIK ELECTRONICS WORLDWIDE

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Infineon Holds Top Positions in All Target Markets

Automotive

#2

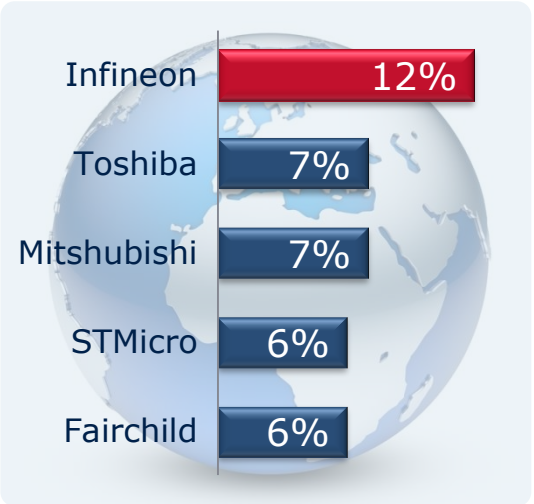


Automotive semiconductors in calendar year 2012.

Source: Strategy Analytics, April 2013.

Power

#1

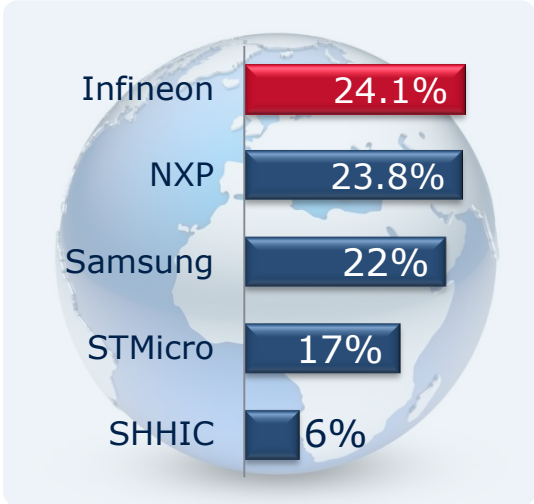


Power semiconductors and modules in calendar year 2012.

Source: IHS, September 2013.

Chip Card

#1



Microcontroller-based smart card ICs in calendar year 2012.

Source: IHS, September 2013.

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Expected Growth Broadly In Line With Historical Averages

ATV	IPC	PMM	CCS
 Courtesy: Daimler AG			
~7% p.a.	>10% p.a.	>10% p.a.	~5% p.a.

Infineon: ~ 8% p.a.

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

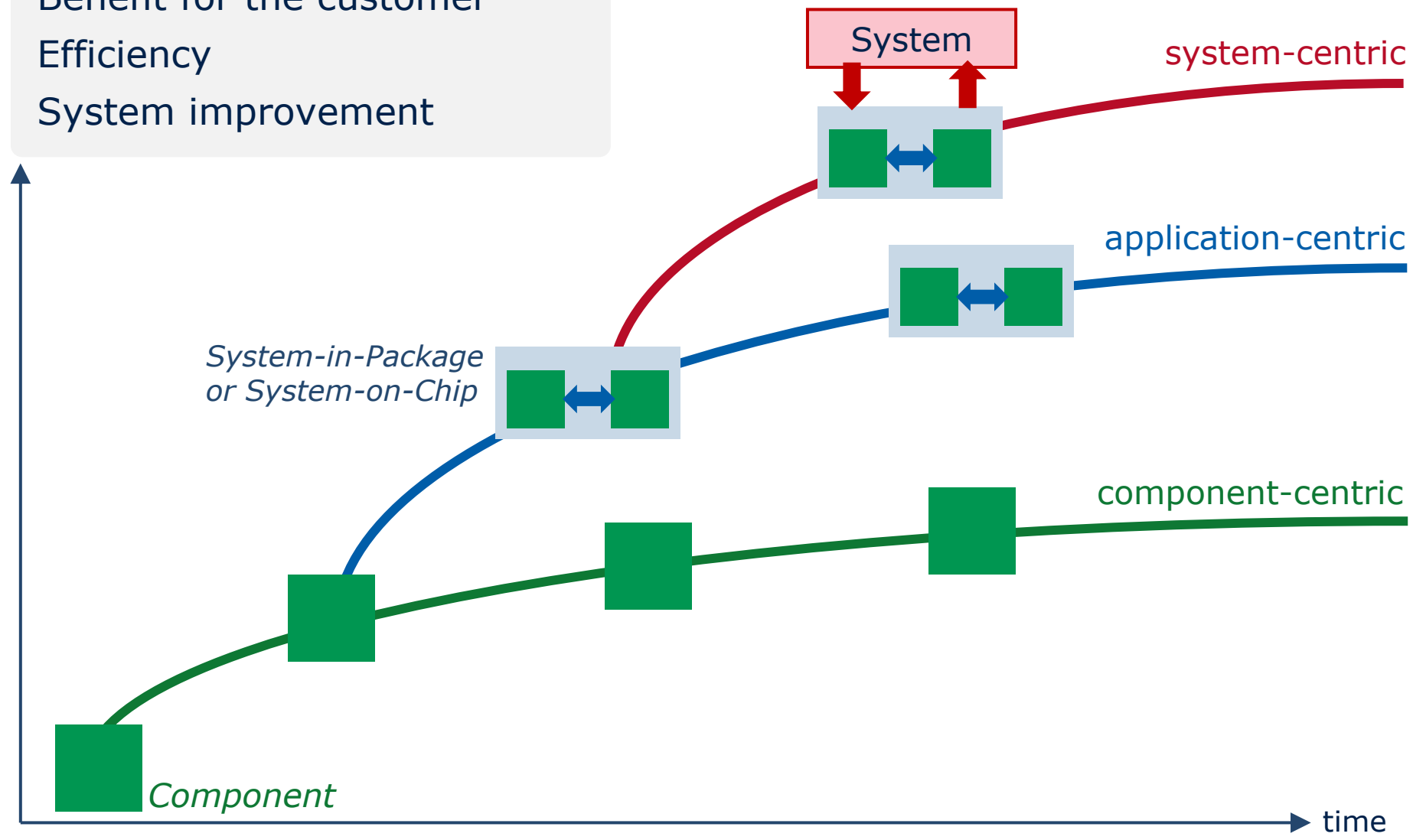
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New Strategic Approach: „Product to System“

Benefit for the customer

Efficiency

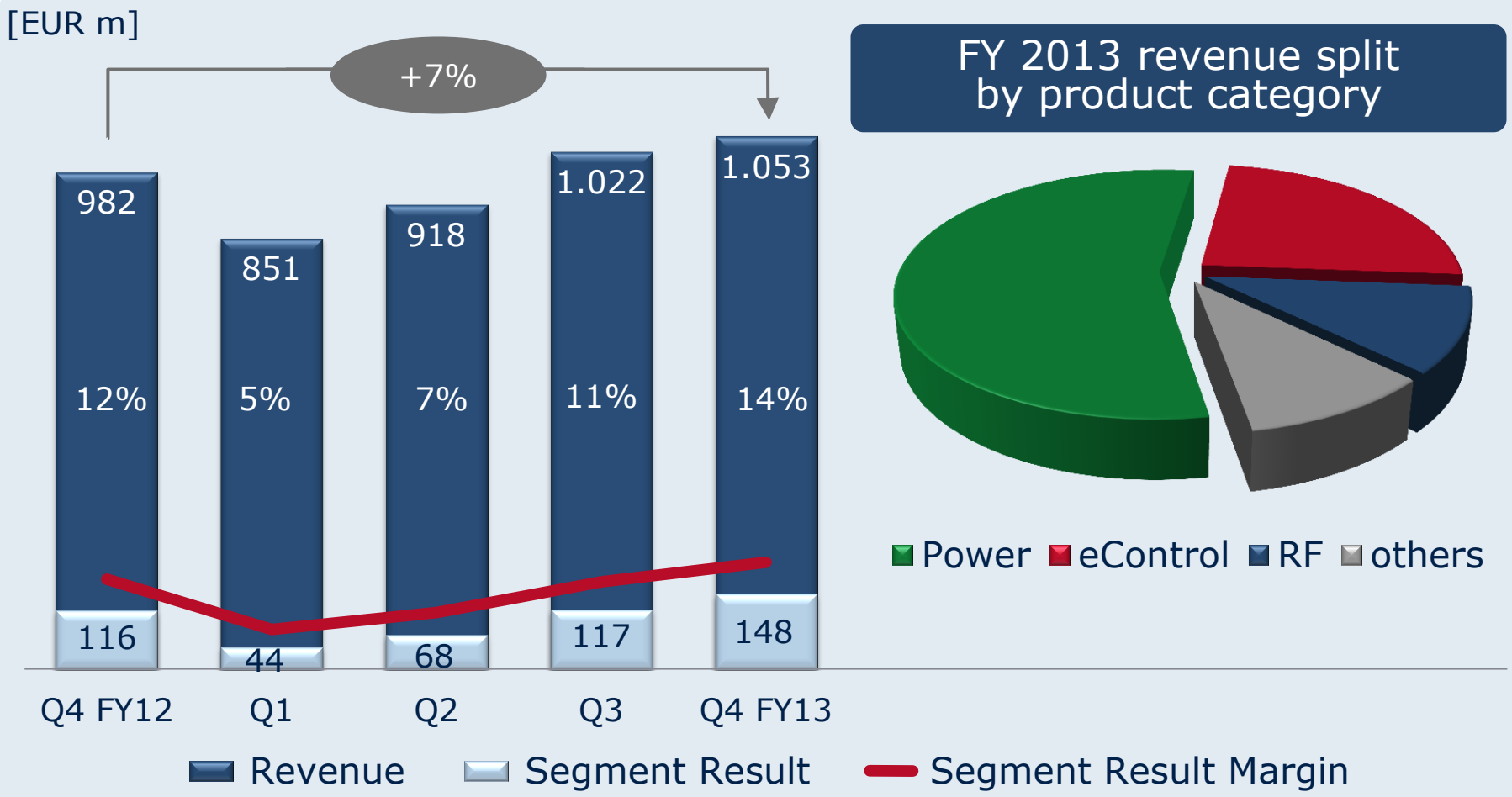
System improvement



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Segment Result Margin in FY13: 9.8%; Remained Profitable Even in Q1 FY13

Revenue and Segment Result



FY 2013 revenue split by product category

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Guidance for Q1 FY14 and FY 2014

	Outlook Q1 FY14	Outlook FY 2014 (compared to FY 2013)
Revenue	Between €960m and €1bn.	Increase between 7% and 11%.
Segment Result Margin	Between 8% and 10%.	Between 11% and 14%.

Investments in FY 2014	About €650m.
D&A in FY 2014	€500m or slightly above.

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Investor and Analyst Presentation

18 November 2013



Andreas Urschitz
Division President
Power Management & Multimarket (PMM)

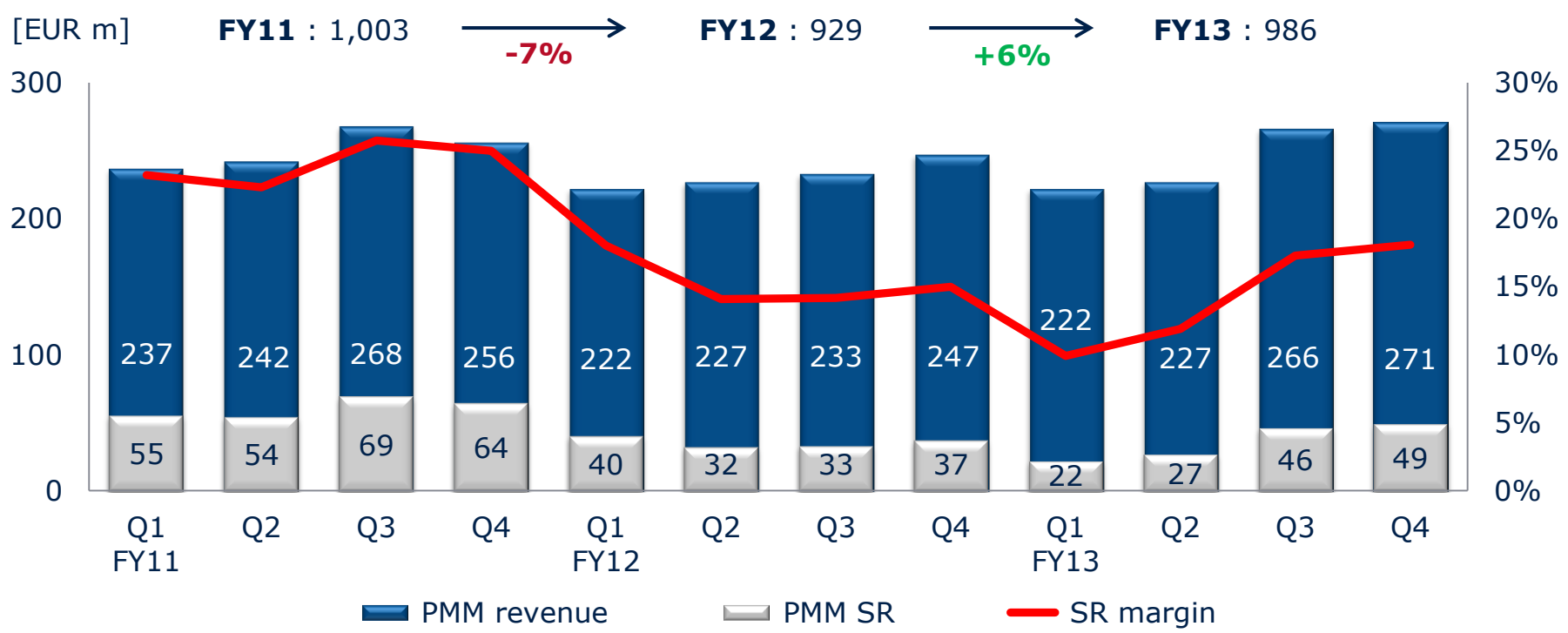
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Power Management & Multimarket (PMM) Financial Snapshot

Revenue and Segment Result development



- Revenue rebound in FY13 due to end of inventory correction and strong sales of products used in mobile devices.
- Margin compression driven by cost of investment in capacity and higher OpEx.

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Top Customers and Distributors and Revenue Split By Region

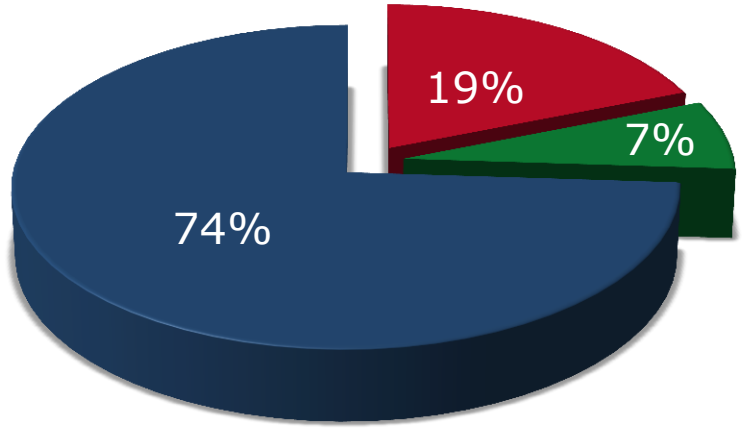
Major customers

EMERSON, DELTA, LITEON, LG, OSRAM, muRata, SIEMENS, ERICSSON, DELL, hp, SAMSUNG, IBM, AAC Acoustic Technologies, GoerTek, HUAWEI, Quanta Computer, HOSIDEN, BSE

Major distributors

ARROW, AVNET, WPG World Peace Group

Revenue split by region*

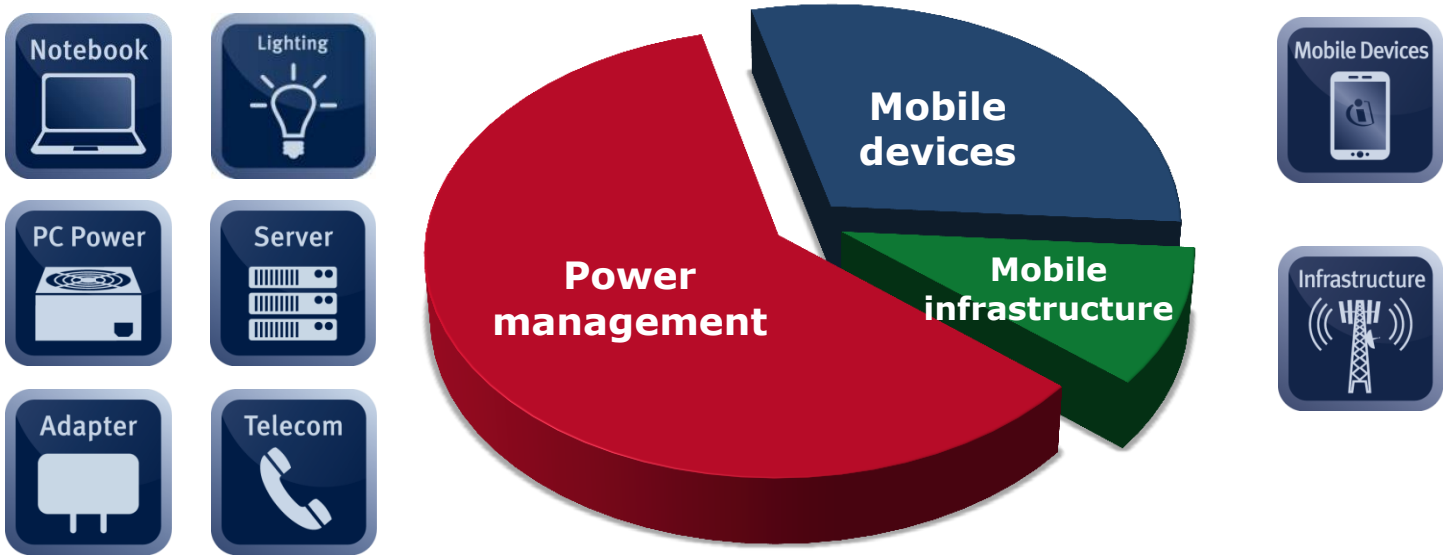


* Based on revenues by fulfillment region for FY 2013.

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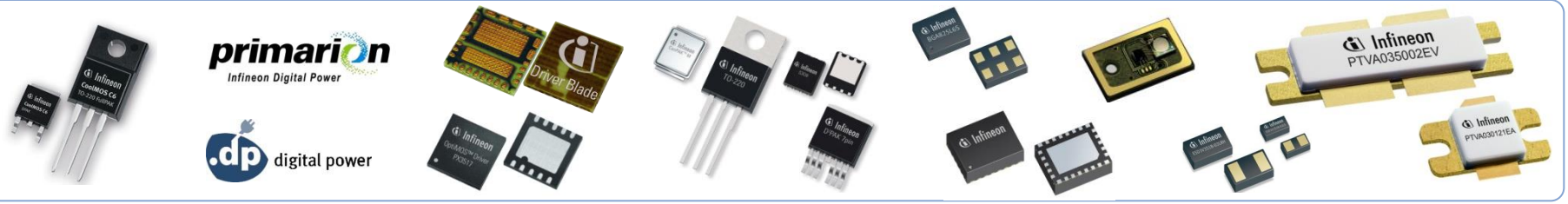
PMM's Broad Product Portfolio Covers a Diverse Range of Applications

Revenue split* by application



* Based on revenues from FY13.

Portfolio: MOSFETs, Power ICs, RF switches, LNAs, Si-Mics, TVS diodes, RF power



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PMM Holds Leading Positions in Its Main Product Segments

Competitive ranking and market share development

Standard Power MOSFETs

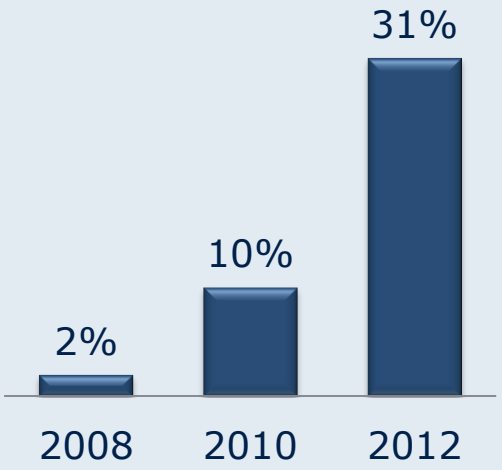
1.	Int'l Rect.	12.8%
2.	**Infineon**	**12.7%**
3.	Toshiba	11%
4.	Fairchild	10%
5.	STM	9%



Source: IHS, "Power Semiconductor Discretes & Modules – 2013", Sept 2013.

Silicon Microphones

1.	Knowles	58%
2.	**Infineon**	**31%**
3.	ADI	5%
4.	Omron	3%
5.	Bosch	1%



Source: IHS, "MEMS Microphones go Mainstream", 2012.

RF Power

1.	Freescale	50%
2.	NXP	23%
3.	**Infineon**	**16%**
4.	SEDI[1)]	7%
5.	Cree	3%



Source: ABI Research, "RF Power Amplifiers", 2012.

1) Sumitomo Electric Device Innovations

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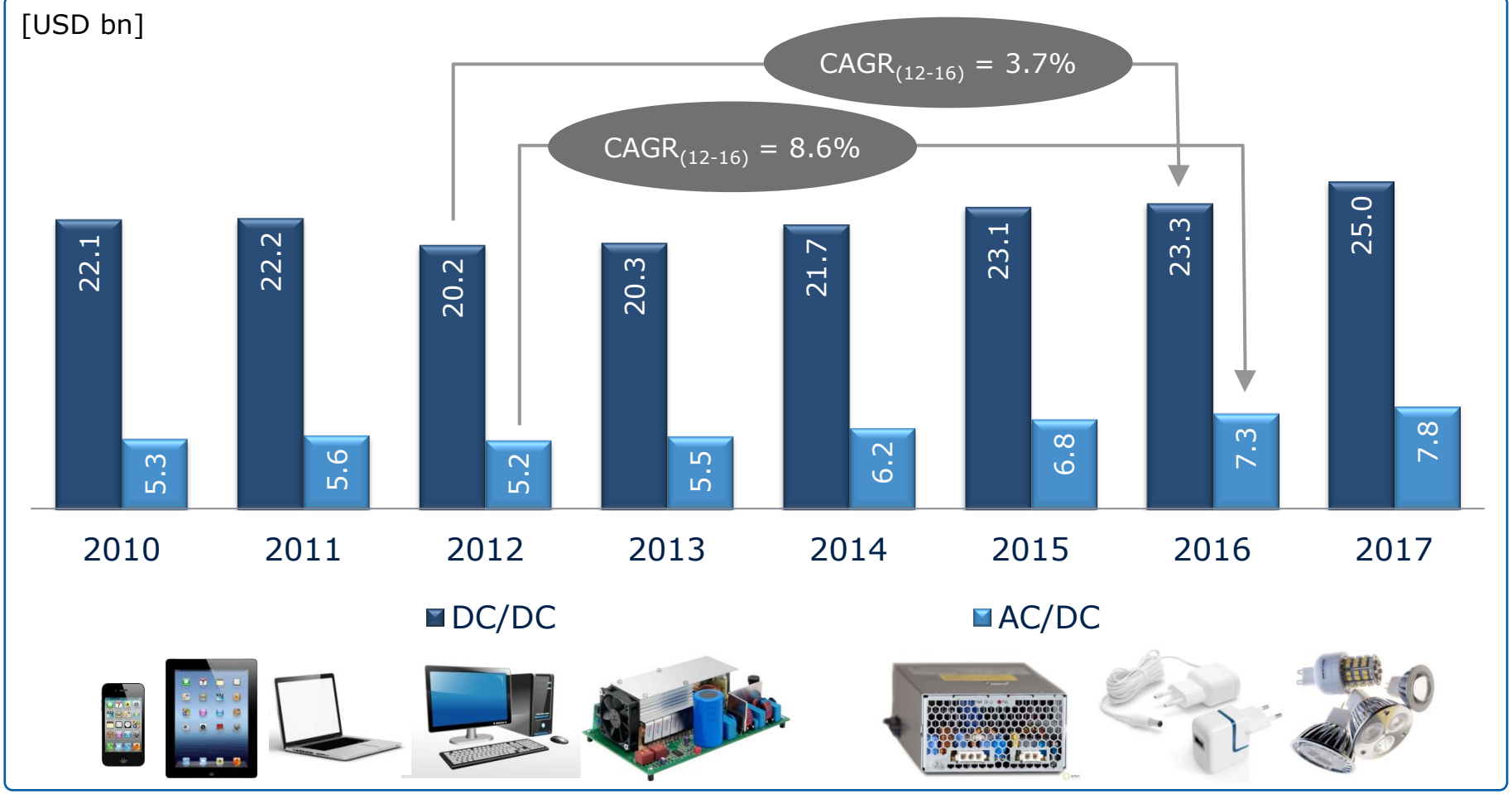
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Despite Dip in 2012, Long-Term Market Outlook Is Healthy, Especially for AC/DC

Power management market forecast by application



Source: IHS: "Power Management Market Tracker – Q3 2013

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Power Management Shifting From Components to Smart System Solutions

Evolution of power management requirements

Components





Smart system solution

digital power





Focus on cost/performance

- Customers focus on performance of individual components and component standardization to reduce costs.
- Supplier balances cost/performance through chip shrink and package innovation.

Analog control

- Analog controllers offer sufficient performance at attractive prices, but without programmability.

Focus on smart system solutions

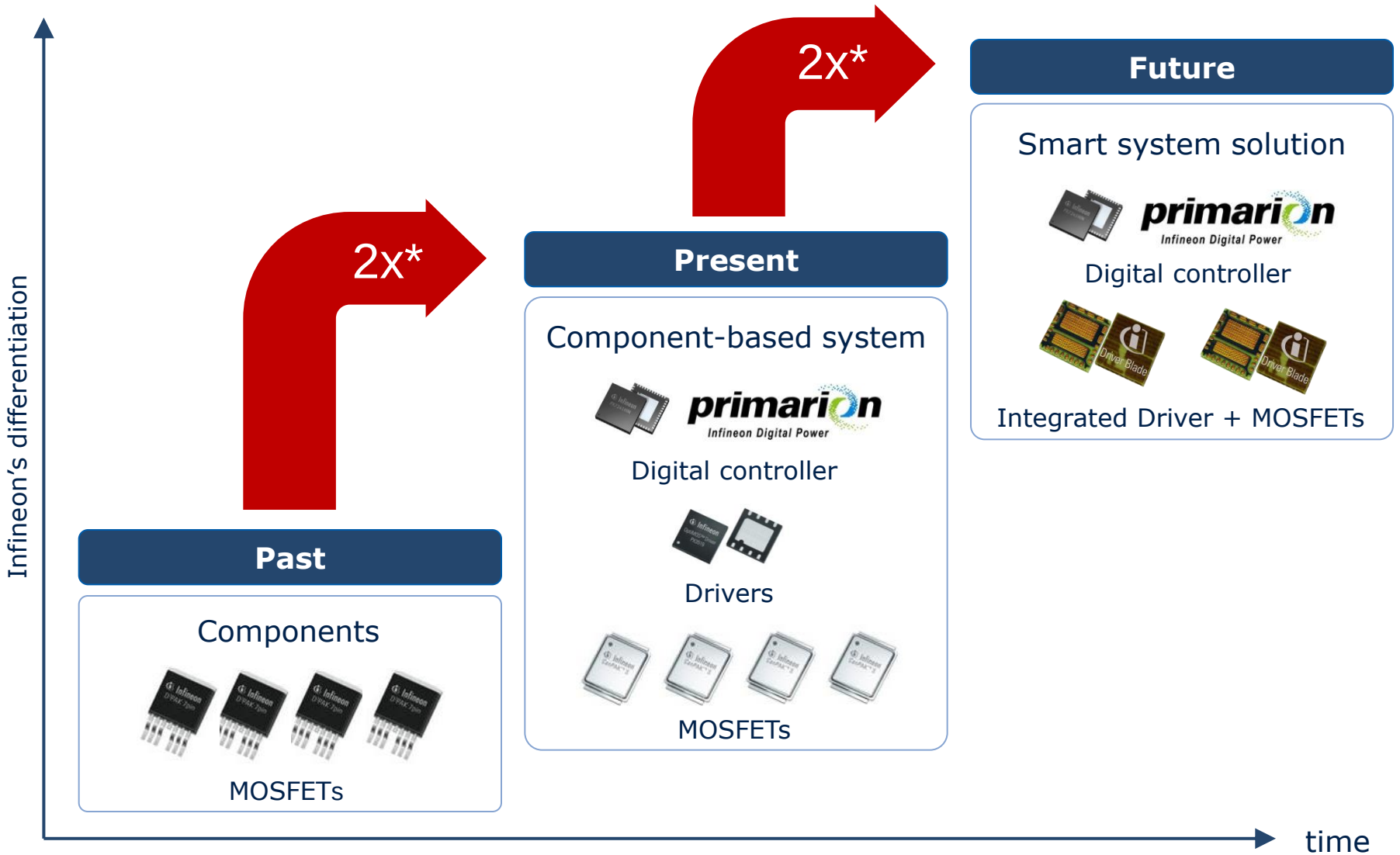
- Customers focus on total cost of ownership, flexibility of system architecture and time to market.
- Supplier offers smart system solutions by optimizing combination of IC and switch.

Digital control

- Programmable digital controllers enable differentiation, better performance and faster development cycles.

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DC/DC Example Shows That Smart System Solution Drives Higher Content

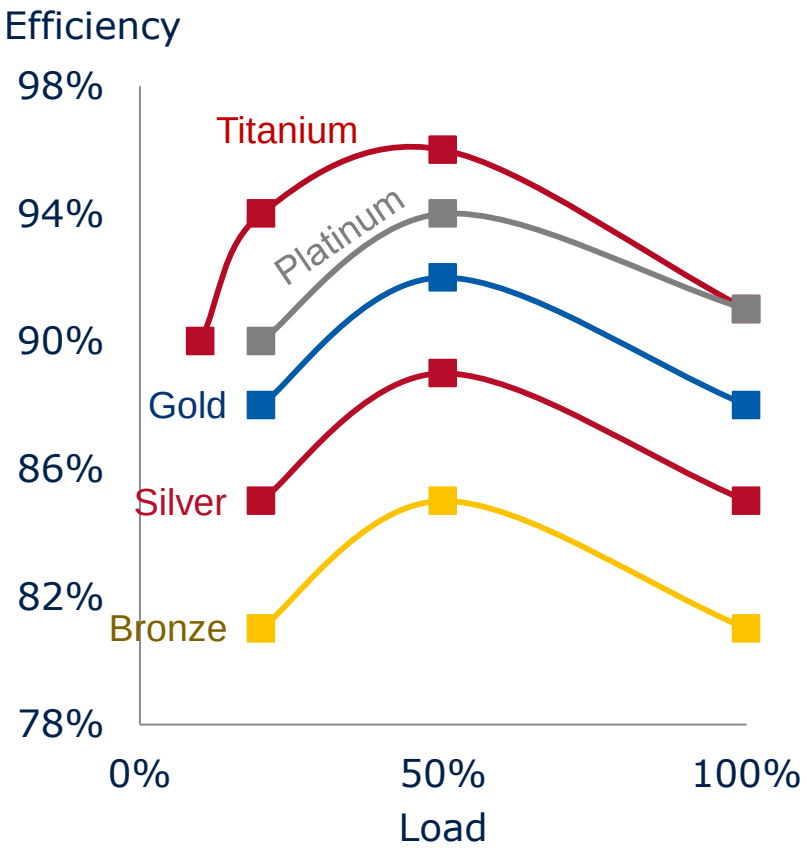


* Estimated increase in Infineon-addressable BOM value for typical system.

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Smart System Solution Drives Higher Content Also In AC/DC

Efficiency ratings for power supplies according to "80 PLUS" Initiative



Source: 80 PLUS program. www.plugloadsolutions.com
Data points represent actual efficiency requirements as defined by the 80 PLUS program. Curves are for illustrative purposes only.

Content required to meet "80 PLUS" efficiency ratings



BOM value*



* Estimated increase in Infineon-addressable BOM value for typical system

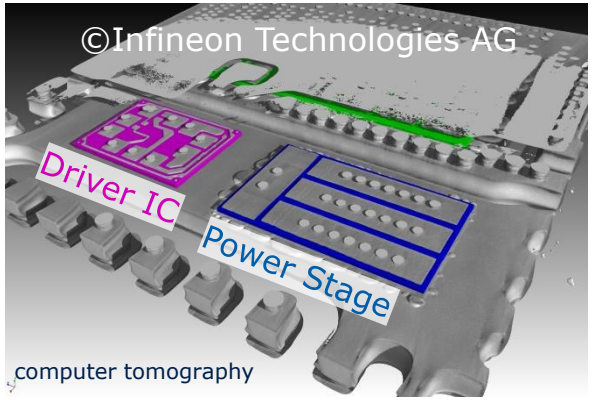
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DrBlade: Innovative Packaging Enables Higher Levels of System Integration

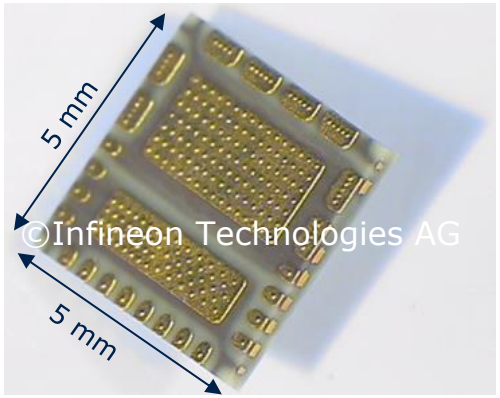
DrBlade: the revolutionary chip-embedding technology

- Design-wins for DrBlade, in combination with our digital power management ICs.
- Based on Infineon's outstanding manufacturing technology: thin wafer, galvanic electroplating, laser-drilling, die-attach by diffusion-soldering.

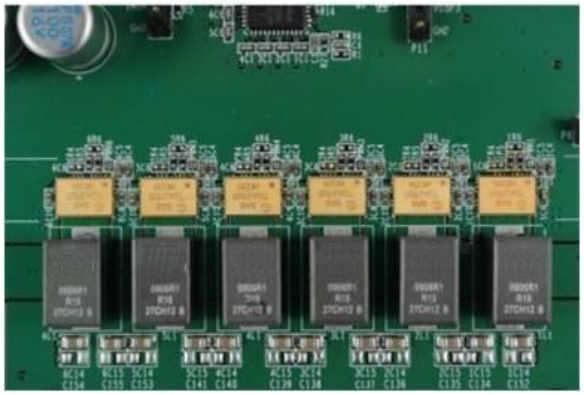
Top view



Bottom view



System view



- Target applications: DC/DC voltage regulation for computing and telecom.
- Contains driver IC and OptiMOS™ MOSFET half-bridge.
- Small package size, low profile (0.6 mm), high power density, RoHS[1)] 2016 compliant.

1) RoHS = Restriction of Hazardous Substances.

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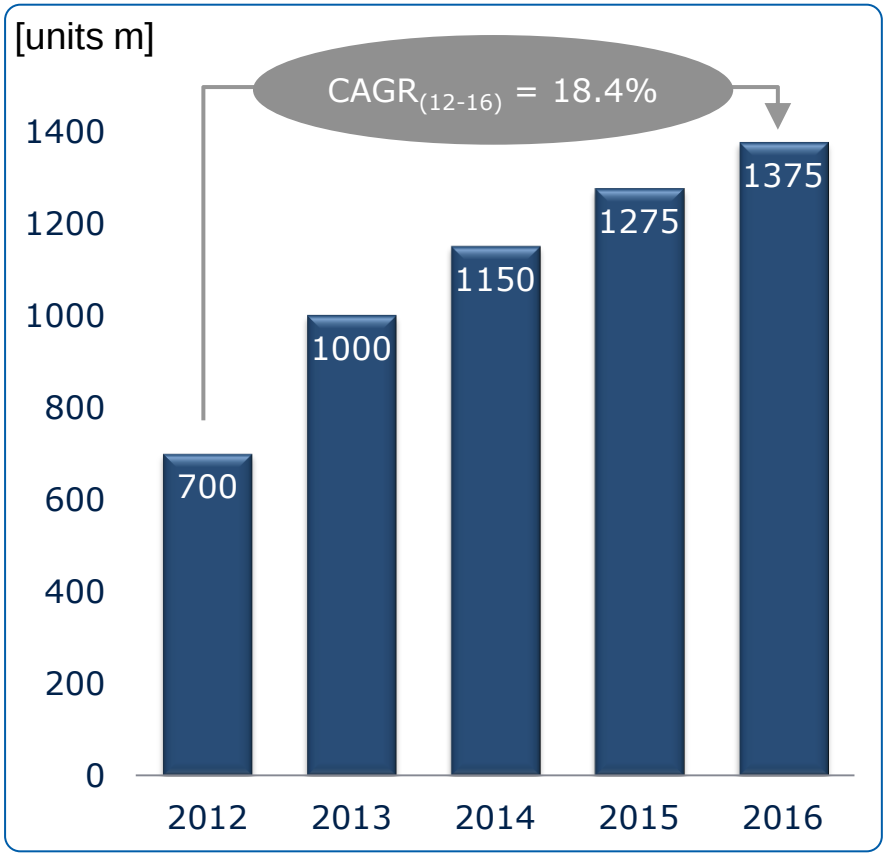
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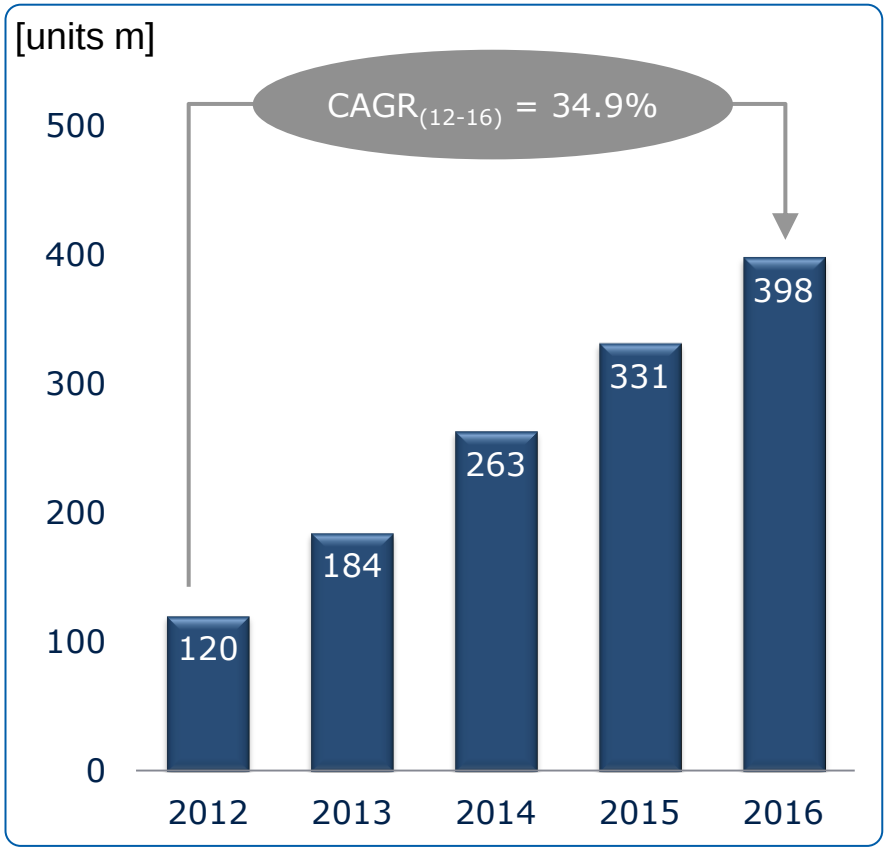
Our Business With RF Components, Si-Mics and Power Semis Fueled by Mobile Devices

Smartphones



Source: Strategy Analytics: "Global Smartphone Sales Forecast for 88 Countries: 2007 to 2017", September 2013.

Tablets*

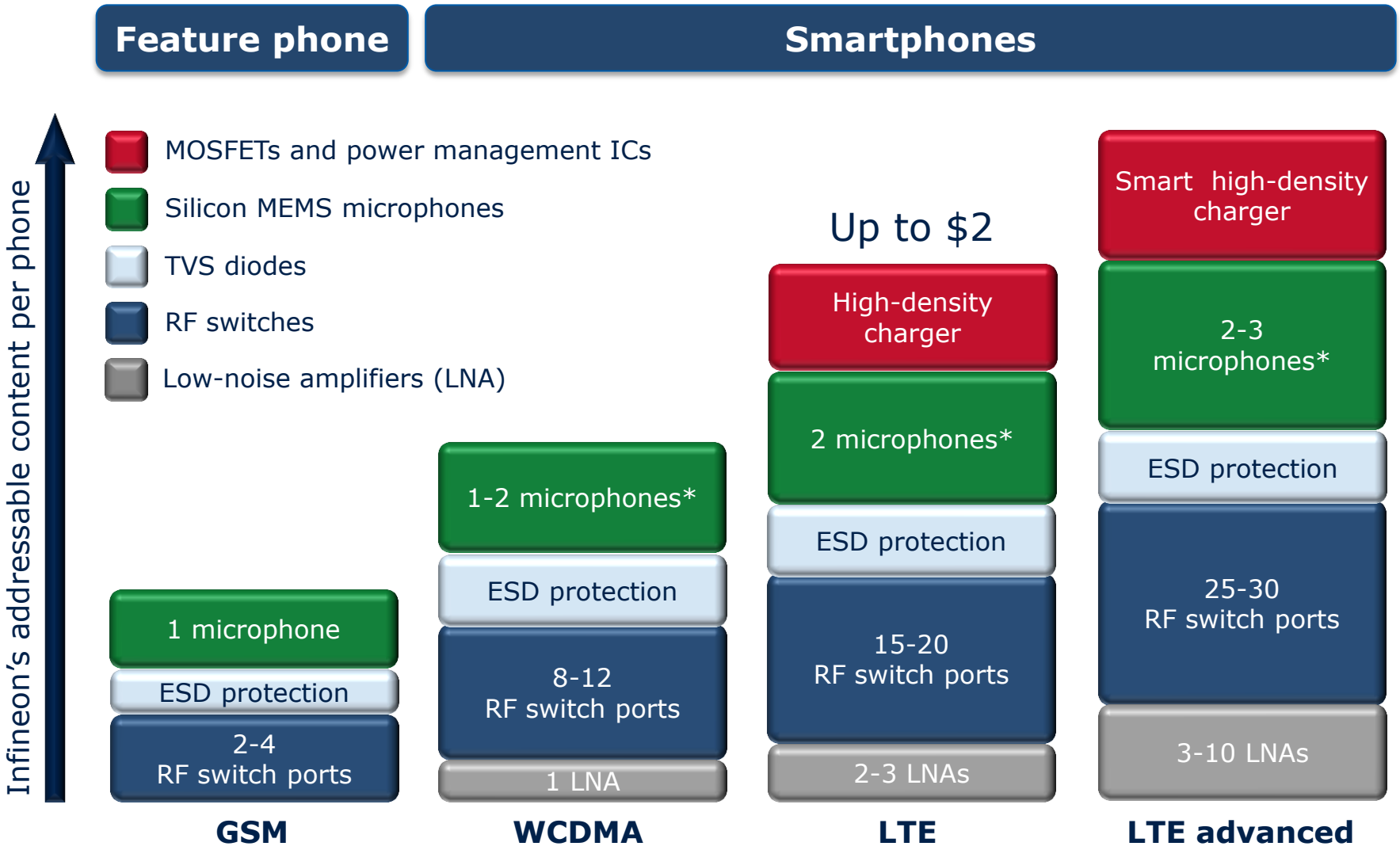


The chart was created by Infineon based on Gartner research.
Source: Gartner: "Forecast: Desk-based PCs, Notebooks, Ultramobiles, and Tablets, Worldwide, 2011 – 2017", 3Q13 Update, September 2013.

* Including Utility Tablets, Basic Tablets and Premium Tablets.

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Higher Functionality in Mobile Devices Requires Additional Infineon Components



* Does not include headsets, which typically require an additional microphone.

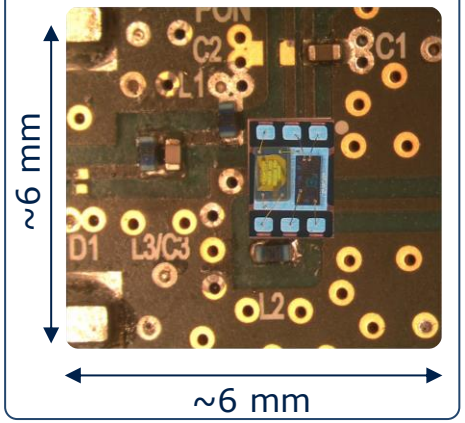
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Space-constrained Mobile Devices Require Components With Smaller Footprints

High-density packaging for Low Noise Amplifiers

Past

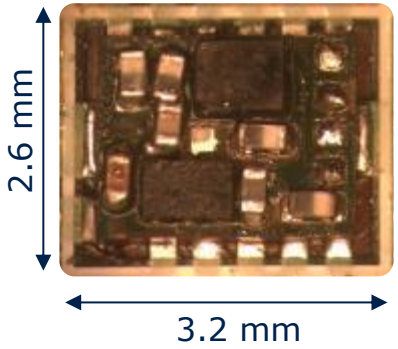
Printed circuit board



-75%*

Present

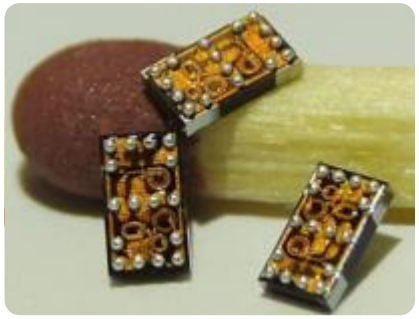
Laminate



-50%*

Future

eWLB package



1.6 mm x 3.2 mm

* Reduction in complete LNA footprint per successive package generation

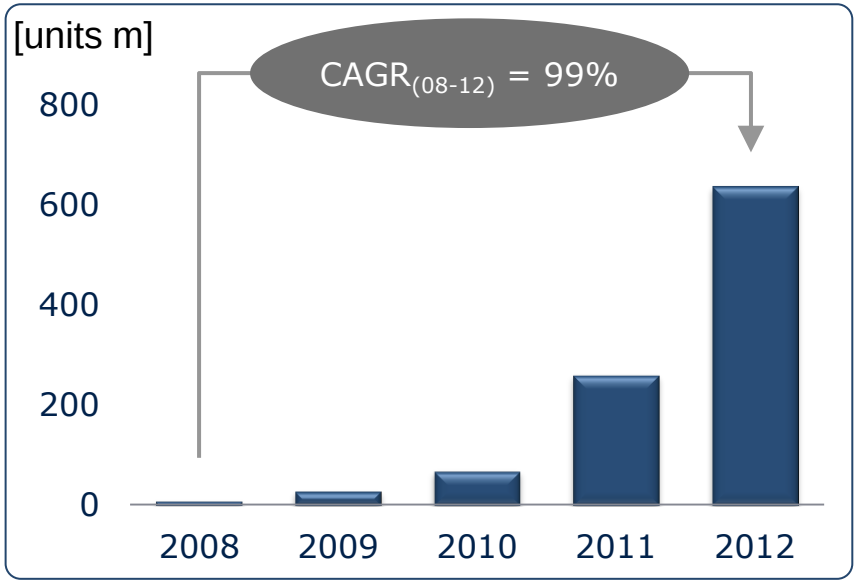
Comments

- Future mobile devices are expected to require up to 8 LNAs to handle global LTE Advanced requirements. LNAs are also used for GPS and WiFi.
- eWLB package integrates both LNA and associated discretes.

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Fast Growth of Silicon Microphone Business Via Partnerships with Microphone Vendors

Units shipped by Infineon



Source: IHS, "MEMS Microphones go Mainstream", 2012.

Business model

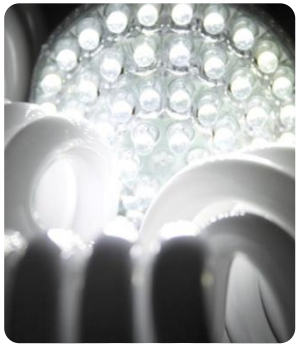


Comments

- Over 1 billion units shipped since 2008.
- From 2008 to 2012, market share increased from 2% to 31%.
- Innovative business model of enabling microphone companies to serve mobile device OEMs.

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PMM Aims to Outgrow Its Core Markets

Power Management			Mobile Communications	
Computing	Lighting	Charger	Mobile devices	Cellular infrastructure
				
TAM: > 7% p.a.			**TAM: > 7% p.a.**	

PMM: > 10% p.a.

Source: IHS, ABI Research, Infineon.

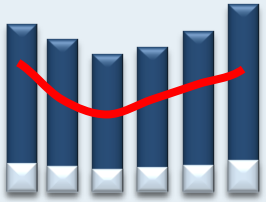
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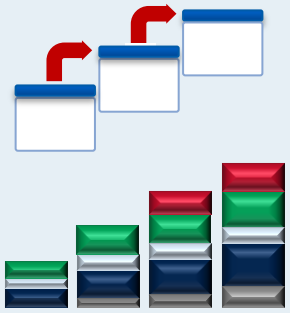
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Summary



Revenue and Earnings Power

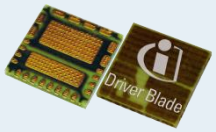
- Revenue growth back on track, Segment Result margin again between 15 and 20 percent.
- Diverse customer base, balanced end-market exposure.



Growth drivers

- Increasing requirements for power management driving content growth per successive generation.
- Higher functionality in mobile devices requires additional Infineon components.





Differentiators

- Smart system solutions combining digital control (Primarion, .dp) with leading discretes portfolio.
- High-integration packaging technologies (DrBlade, eWLB).
- Innovative business models (silicon microphone).

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ENERGY EFFICIENCY
MOBILITY
SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.



