Deutsche Bank “German, Suisse & Austrian Conference”

11 June 2014, Berlin

Dr. Reinhard Ploss
CEO

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- Infineon at a Glance
- Growth Drivers
- 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.

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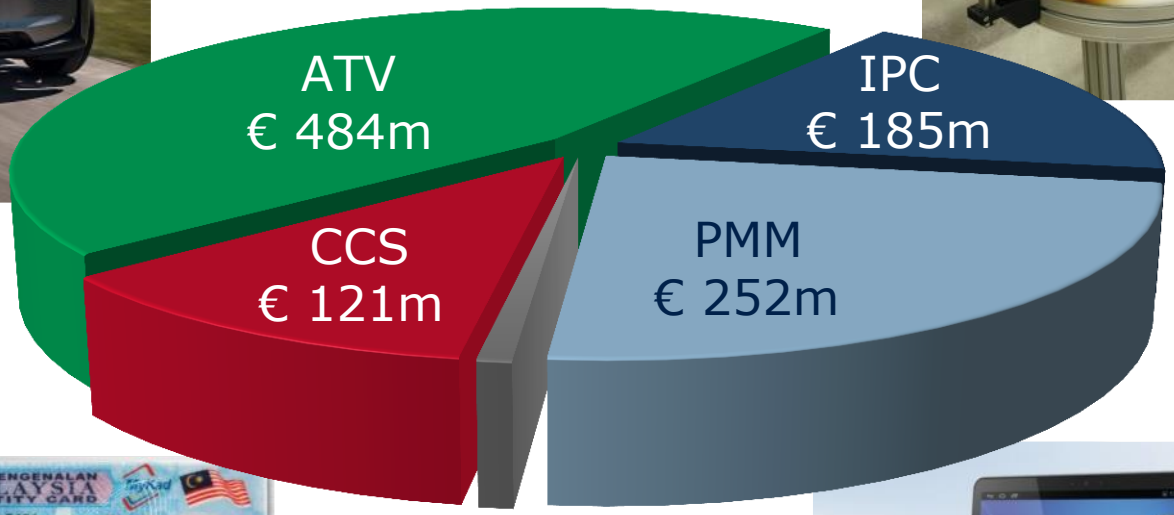
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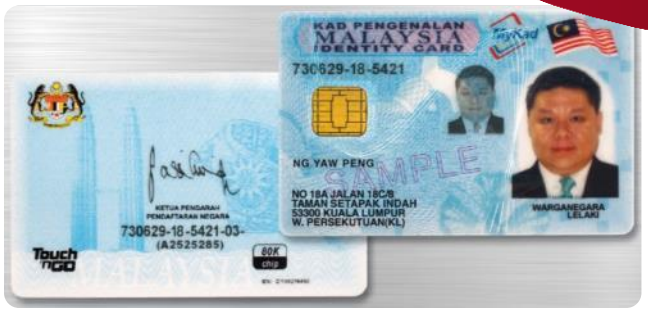
Revenue Split by Division

Q2 FY 2014 revenue: EUR 1,051m









OOS+C&E*
€ 9m

*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, Honda, BOSCH, Continental, DELPHI, DENSO, HITACHI Inspire the Next, 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

EMS partners

FLEXTRONICS, FOXCONN

Distribution partners

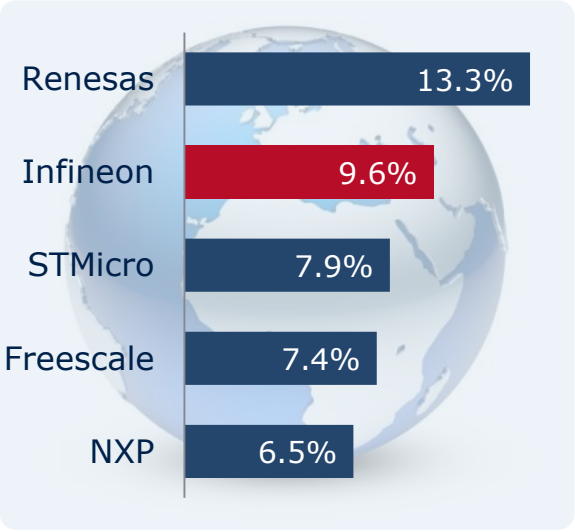
arrow, AVNET, JCET 晶川电子, RUTRONIK ELECTRONICS WORLDWIDE, SAC, TOMEN ELECTRONICS

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Infineon Holds Top Positions in All Major Product Categories

Automotive semiconductors

total market in 2013: $25.1bn

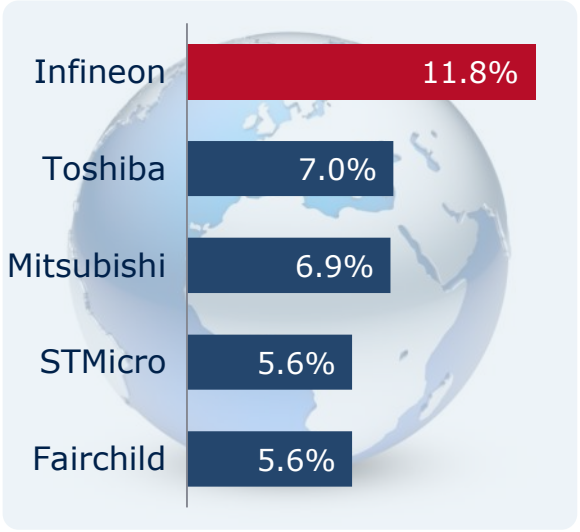


Automotive semiconductors incl. semiconductor sensors.

Source: Strategy Analytics, April 2014.

Power semiconductors

total market in 2012: $15.0bn

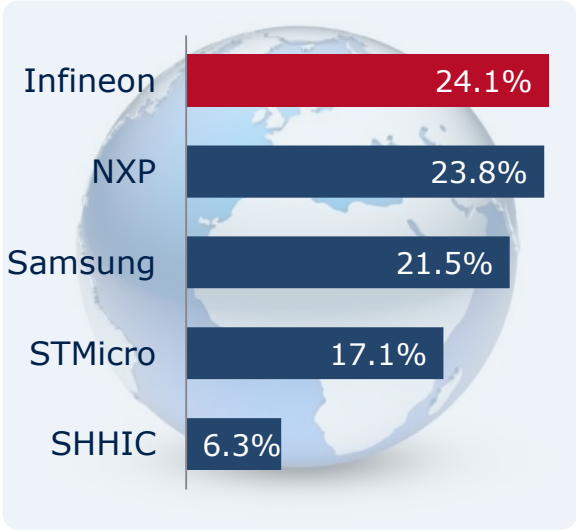


Discrete power semiconductors and power modules.

Source: IHS, December 2013.

Smart card ICs

total market in 2012: $2.24bn



Microcontroller-based smart card ICs.

Source: IHS, September 2013.

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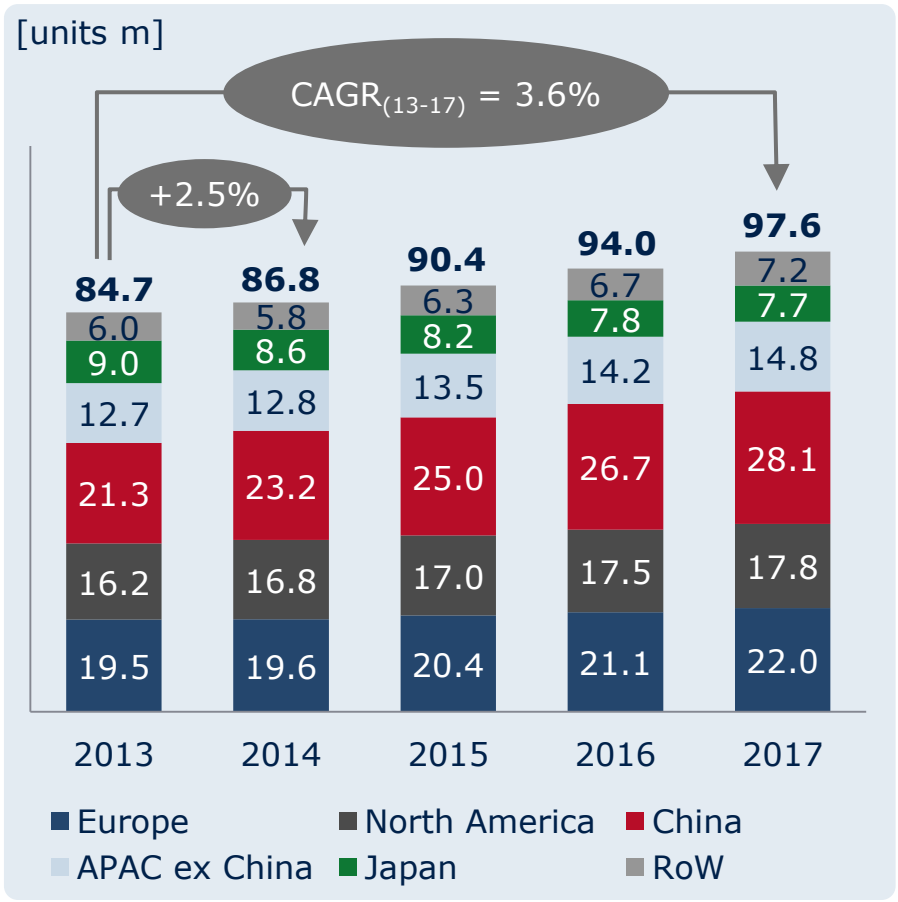
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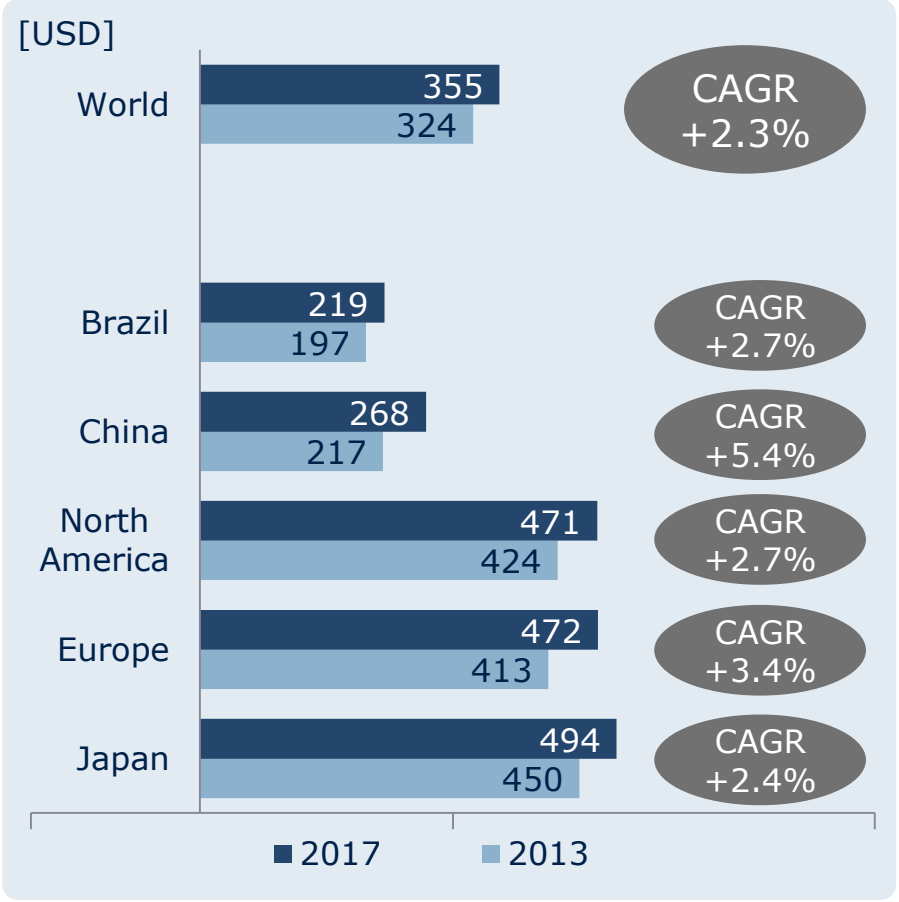
Growth in Car Production and Content-per-Car Continues Unabated

Global car production (cars ≤ 6t)



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

Semiconductor value per car

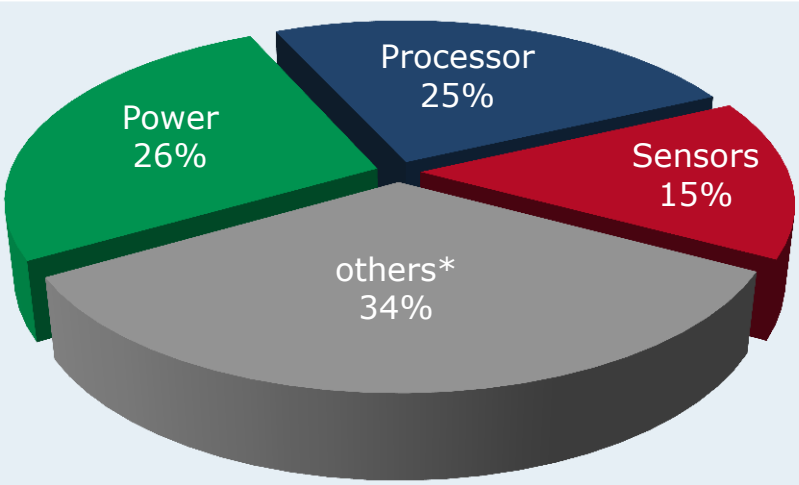


Source: Strategy Analytics, "Automotive Semiconductor Demand Forecast 2012 – 2021", incl. semiconductor sensors, May 2014.

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

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

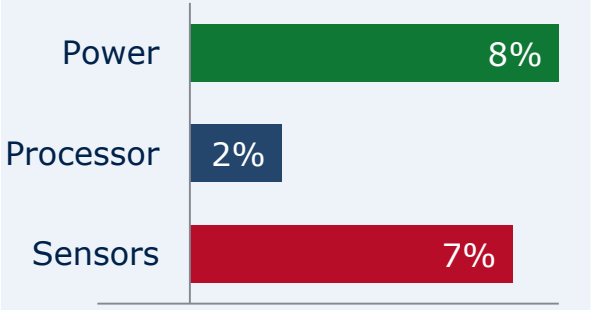


- "Power" and "Sensors" were the fastest growing product categories with 8% and 7% growth y-y, respectively.
- Infineon remained market leader in "Power" with 21.3% market share.
- Strong product portfolio in pressure and Hall sensors led to significant market share gain in "Sensors" of 1.0%-point.

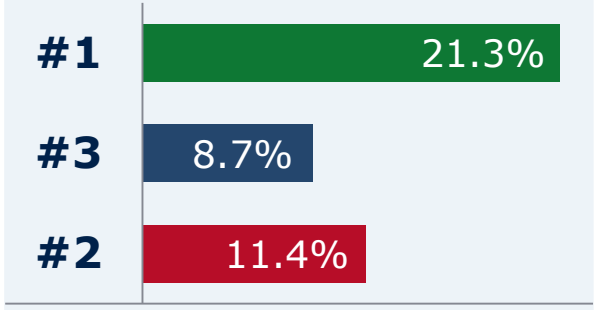
Source: Strategy Analytics, April 2014.

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

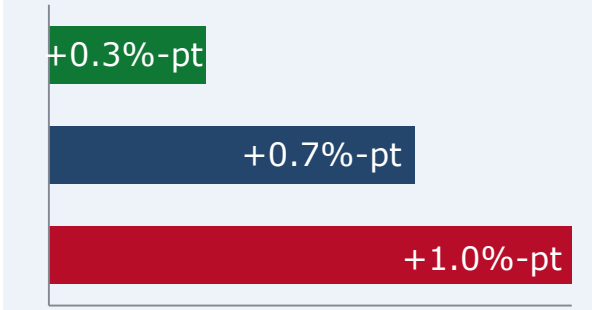
Market growth y-y



Infineon's position 2013

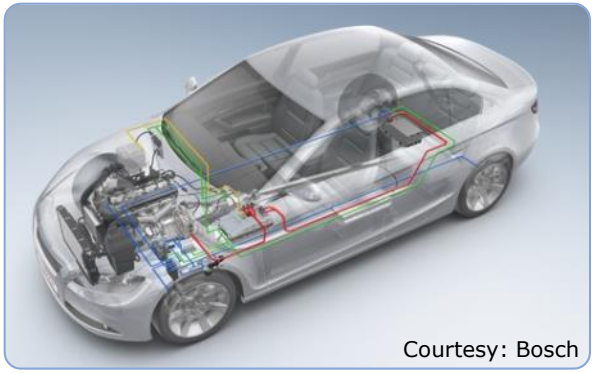
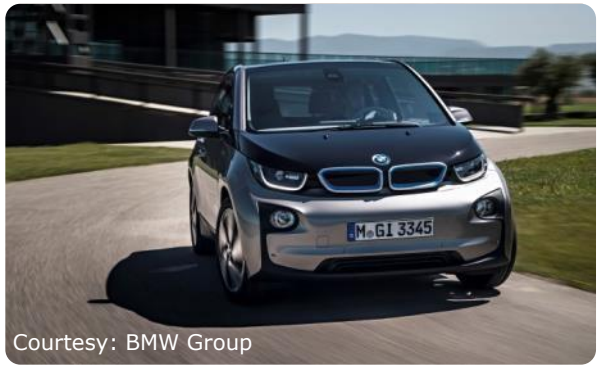


Infineon's change y-y



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ICEs Still Bread-and-Butter Business; New Opportunities with HEV/EV

Vehicle production	Semiconductor content per car	
	ICE	Electromobility
	 Courtesy: Bosch	 Courtesy: BMW Group
~4% p.a.	2 – 4% p.a.	

ATV: ~7% p.a.

Sources: IHS, Strategy Analytics, Infineon.
ICE: Internal Combustion Engine.

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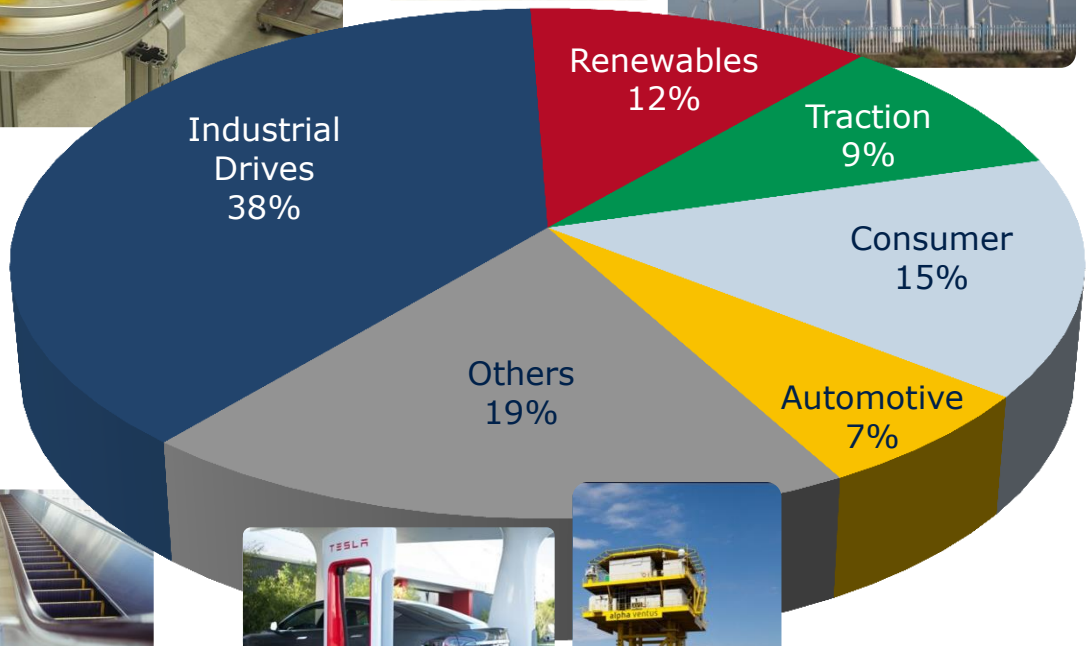
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Drives (incl. Pumps, Fans, Compressors) by Far Biggest Application Segment

2012 IGBT market by application ($4.06bn)













Source: IHS, "Power Semiconductor Discretes and Modules – World – 2013", December 2013.

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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.

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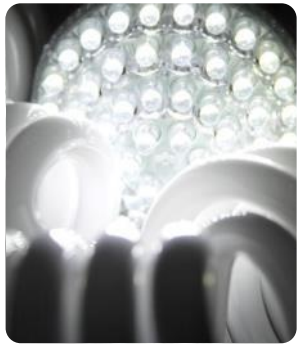
PMM Aims to Outgrow Its Core Markets

Power Management

Computing | **Charger** | **Lighting**







TAM: > 7% p.a.

Mobile Communications

Mobile devices | **Cell. infrastructure**





TAM: > 7% p.a.

PMM: ~10% p.a.

Sources: IHS, ABI Research, Infineon.

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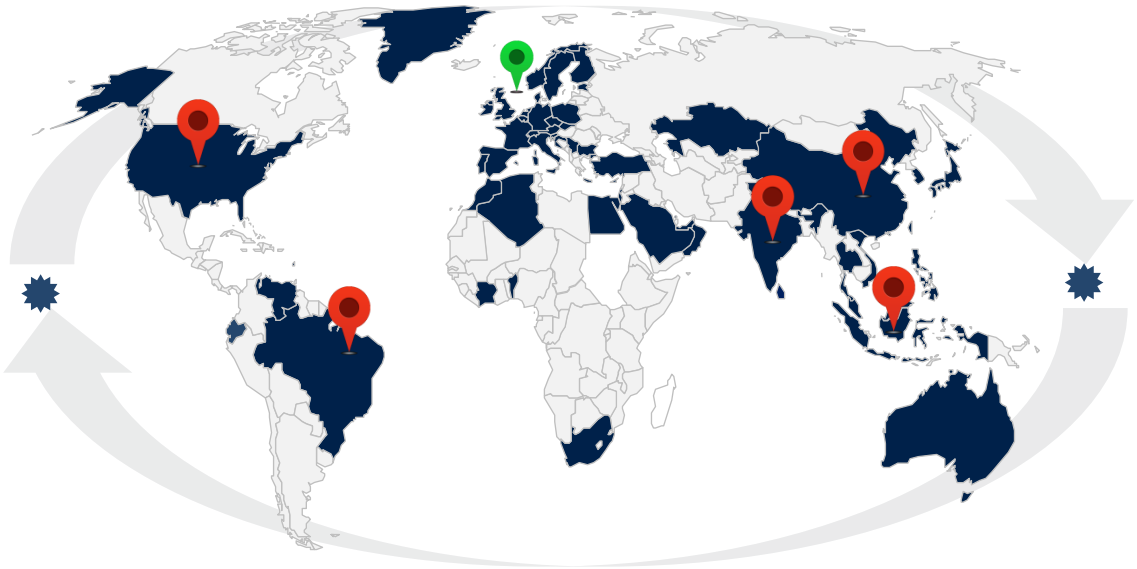
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Infineon is Market Leader for Secure Hardware in Government ID

- More than 120 reference projects across all Government ID applications[1] in ~60 countries representing 2/3 of the world's population.
- Infineon is the only IC company shipping to the ePassport projects of the world's five biggest countries in 2012.
- Infineon is shipping to more than 70% of all eID projects in Europe.



eID projects in Europe

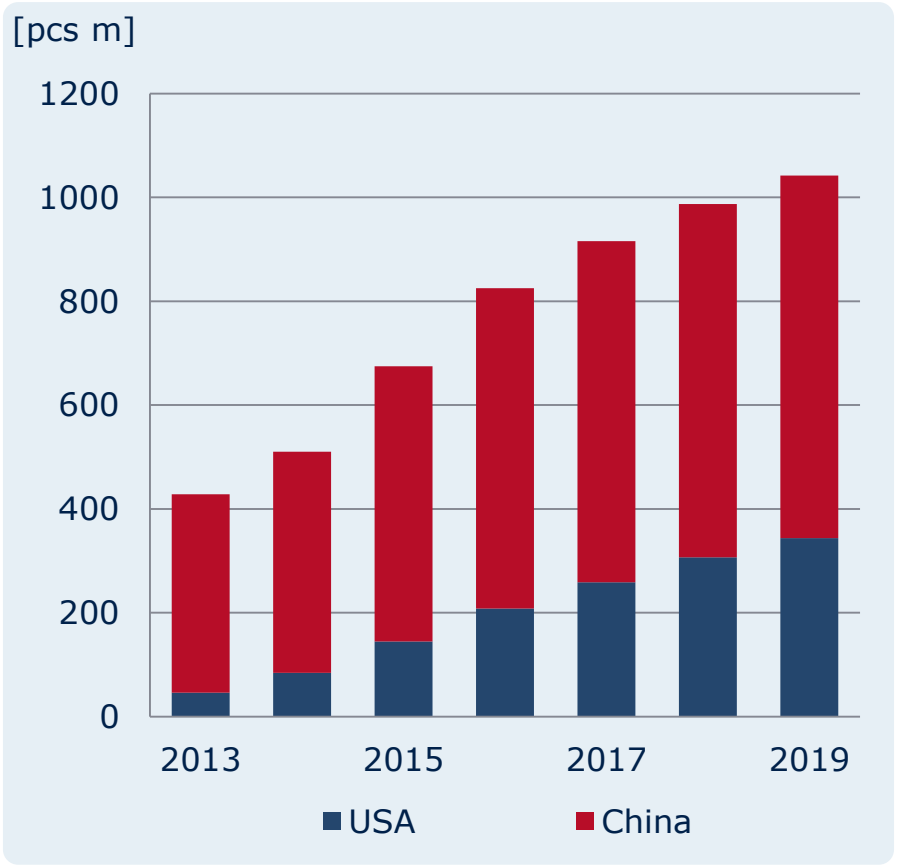
Austria	Belgium
Bulgaria	Croatia
Cyprus	Czech Republic
Denmark	Estonia
Finland	France
Germany	Ireland
Italy	Kosovo
Luxembourg	The Netherlands
Norway	Poland
Portugal	Serbia
Slovakia	Slovenia
Spain	Sweden
Switzerland	Turkey
UK	

[1] ePassport, National eID, eHealth card, eResidence Permit, eDriving Licence, road toll.

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Infineon Is Well Positioned for the EMV (Europay MasterCard Visa) Roll-out

Payment and banking smart cards



Source: IHS, "Payment & Banking Cards", 2014.

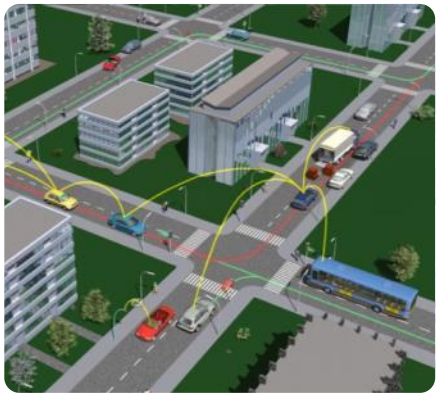
* VISA official websites (available on 2014-06-03):
https://technologypartner.visa.com/Download.aspx?id=247
https://technologypartner.visa.com/Download.aspx?id=244

Market developments

- China and the US are currently the two largest market opportunities in payment.
- From 2014 - 2019, shipments of 3.6bn cards are projected for China and 1.4bn cards for the US, respect.
- Infineon's refined go-to-market approach is gaining traction in China.
- Excellent relations to payment net-works as well as a broad and modern product range have lead to design-ins at nearly all major card integrators delivering to the US.
- From 2013 onwards, the vast majority of the new platforms that global card manufactures enlisted for Visa and MasterCard certification are based on Infineon SLE 7x products*.

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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.

Sources: IHS, ABI Research, Infineon.

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Expected Growth Broadly In Line With Historical Averages

ATV	IPC	PMM	CCS
 Courtesy: BMW Group	 Courtesy: Bosch Rexroth		
~7% p.a.	~10% p.a.	>10% p.a.	6-9% p.a.

Infineon: ~8% p.a.

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

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Guidance for Q3 FY14 and FY 2014

	Outlook Q3 FY14 (compared to Q2 FY14)	Outlook FY 2014 (compared to FY 2013)
Revenue	Increase between 4% and 8%.	At least 11%. (previously: "Between 7% and 11%")
Segment Result Margin	Between 14% and 16%.	At least 14%. (previously: "Between 11% and 14%")

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

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ENERGY EFFICIENCY
MOBILITY
SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.



