Deutsche Bank European TMT Conference

3 September 2015

Dominik Asam, CFO

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1 Infineon at a Glance

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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.

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Leadership in system understanding will foster future growth and profitability

Competitive advantages	Average-cycle financial targets
System leader in Automotive	Revenue Growth: **~8%**
#1 and technology leader in Power	Segment Result Margin: **~15%**
Leader in Security Solutions	Investment-to-Sales: **~13%**

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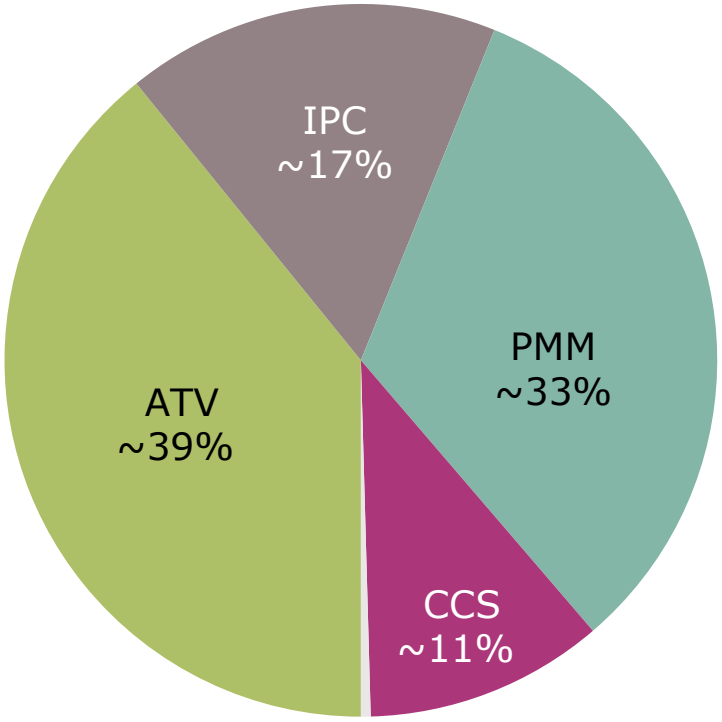
Automotive and power are the two major pillars of Infineon's businesses

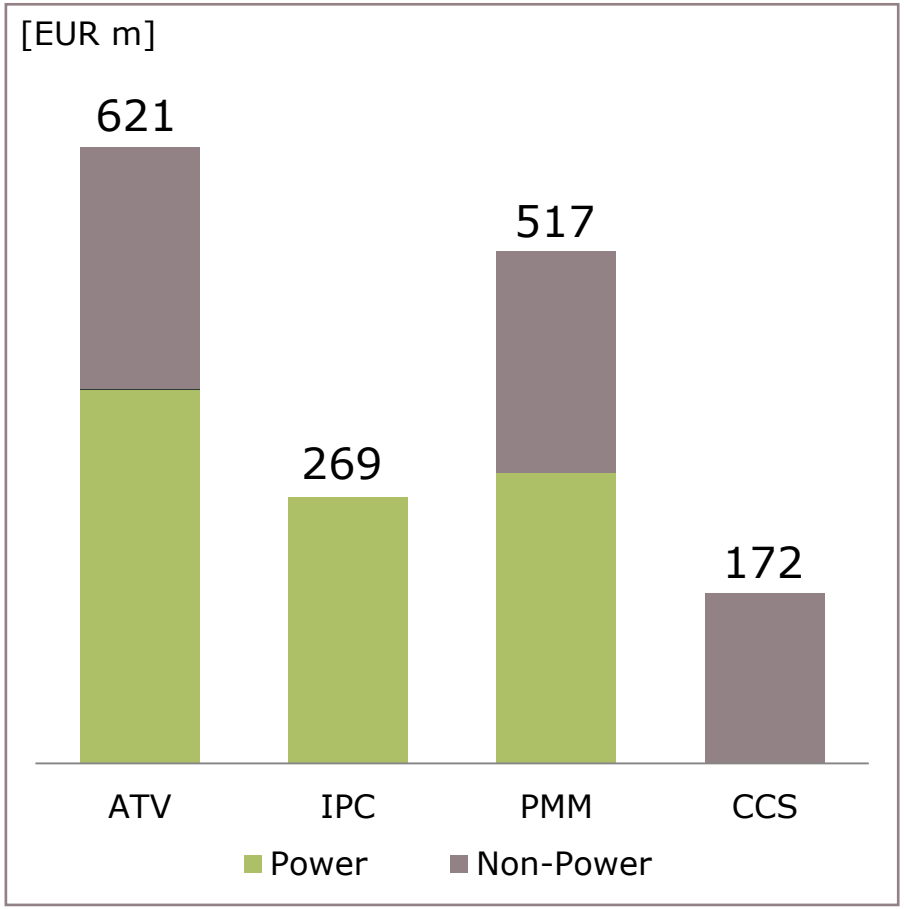
Q3 FY15 revenue: EUR 1,586m

Revenue split by Segment



OOS + C&E
~0.4%

Power represents ~60% of revenue



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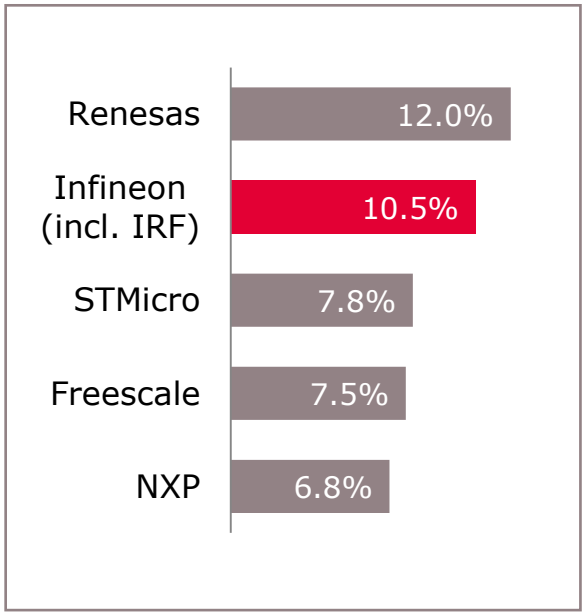
Infineon is growing faster than the market in automotive and is clear leader in power

Automotive semiconductors

total market in 2014: $27.5bn

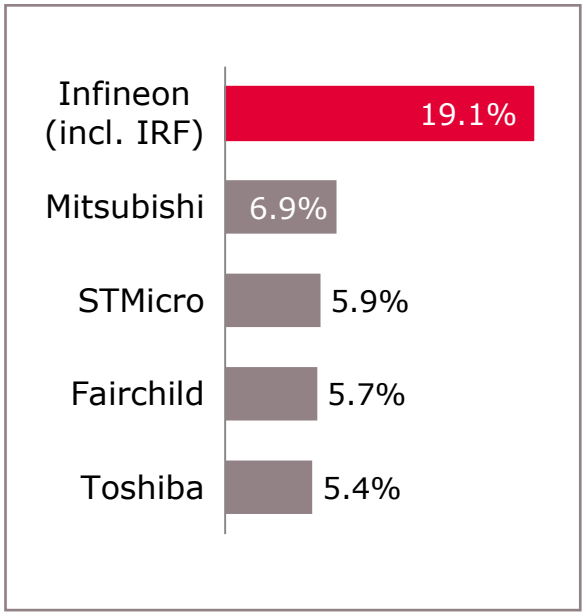


Automotive semiconductors incl. semiconductor sensors.

Source: Strategy Analytics, April 2015

Power semiconductors

total market in 2014: $16.4bn

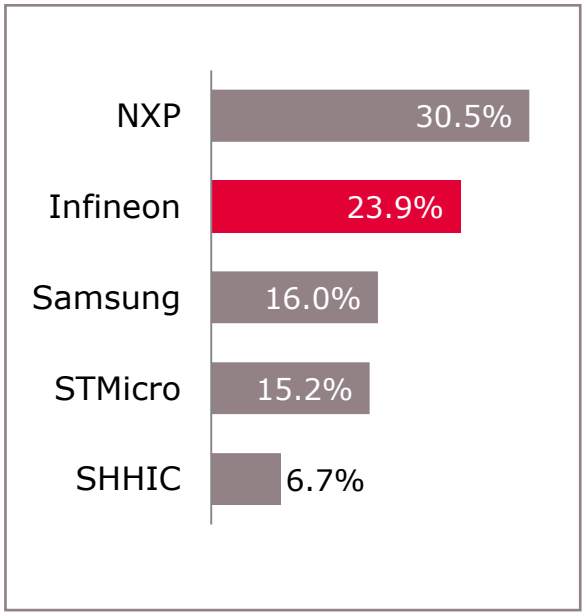


Discrete power semiconductors and power modules.

Source: IHS Inc., August 2015

Smart Card ICs

total market in 2014: $2.63bn



Microcontroller-based smart card ICs.

Source: IHS Inc., July 2015

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Integration of International Rectifier on track – next steps completed

Major achievements in Q3 FY15

- Organizational integration progressing fast; in many areas completed
- Executing the discontinuation of manufacturing operation at Techview in Singapore; completed by end of CY15
- Full commitment: International Rectifier's margin contribution will at least be in line with Infineon's target of 15% Segment Result margin at the latest by FY17



Q3 FY15 adjusted EPS: €0.18

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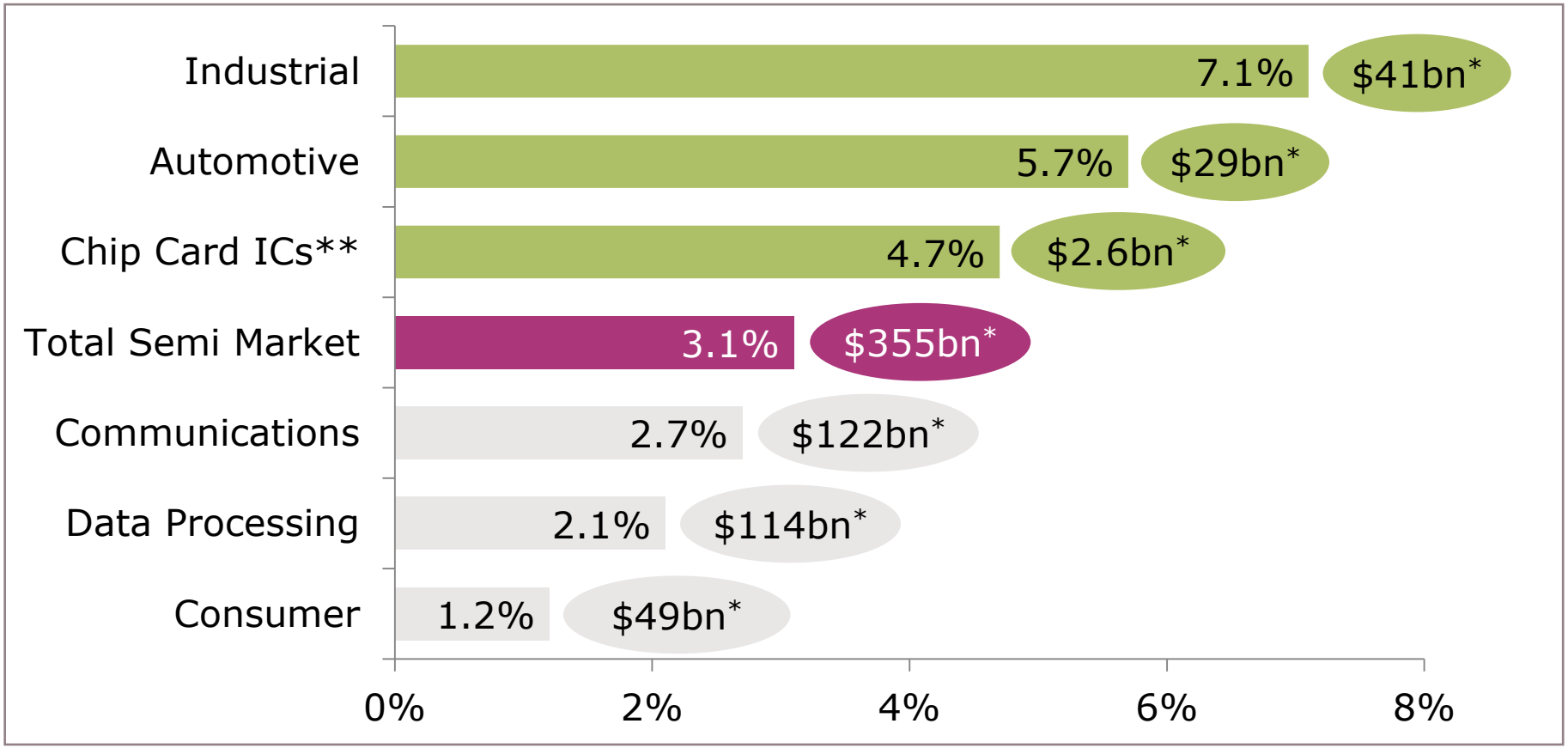
Infineon benefits from auto and industrial, the by far fastest growing semiconductor sectors

CAGR 2014 – 2019 by Industry Segment



Source: IHS, Worldwide Semiconductor Shipment Forecast, AMFT Q2 2015, July 2015
* In calendar year 2014
** Source: IHS, "Smart Cards Semiconductors", July 2015

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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*)

* Source: own estimate

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

Leader in electric drivetrain and CO_2 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

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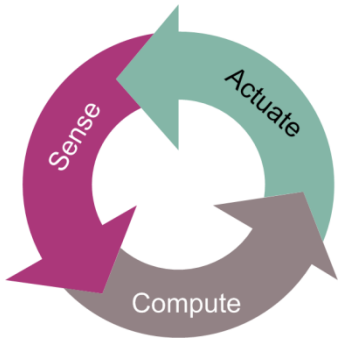
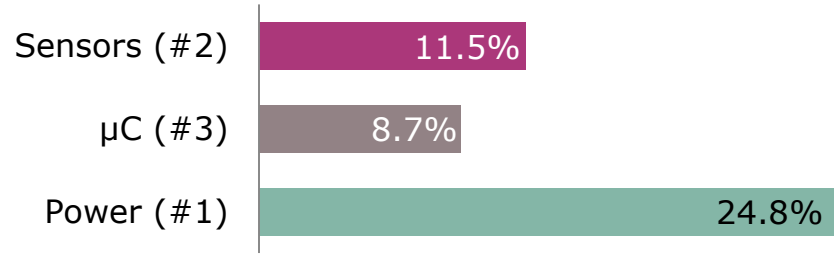
Infineon holds leading positions in system-crucial automotive product categories

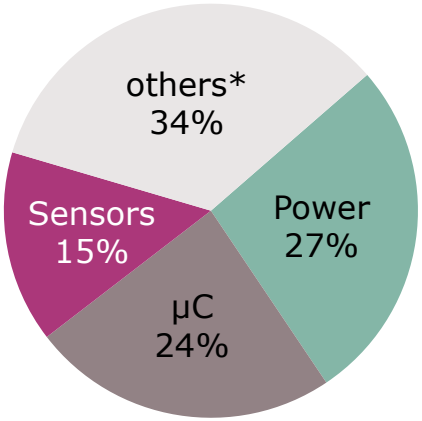
Infineon covers the entire control loop



Infineon's position 2014



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.

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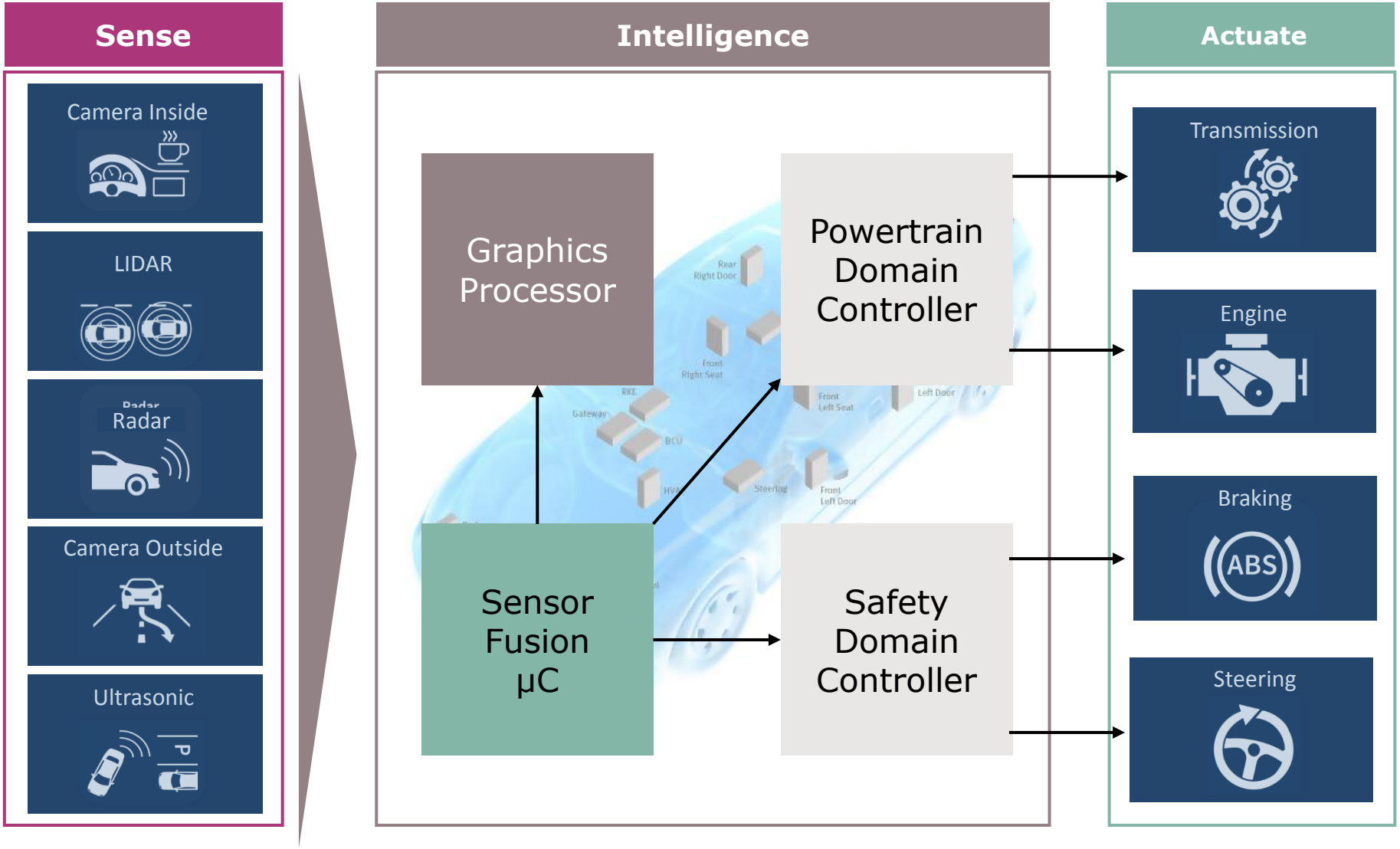
Critical elements for (semi-) autonomous driving



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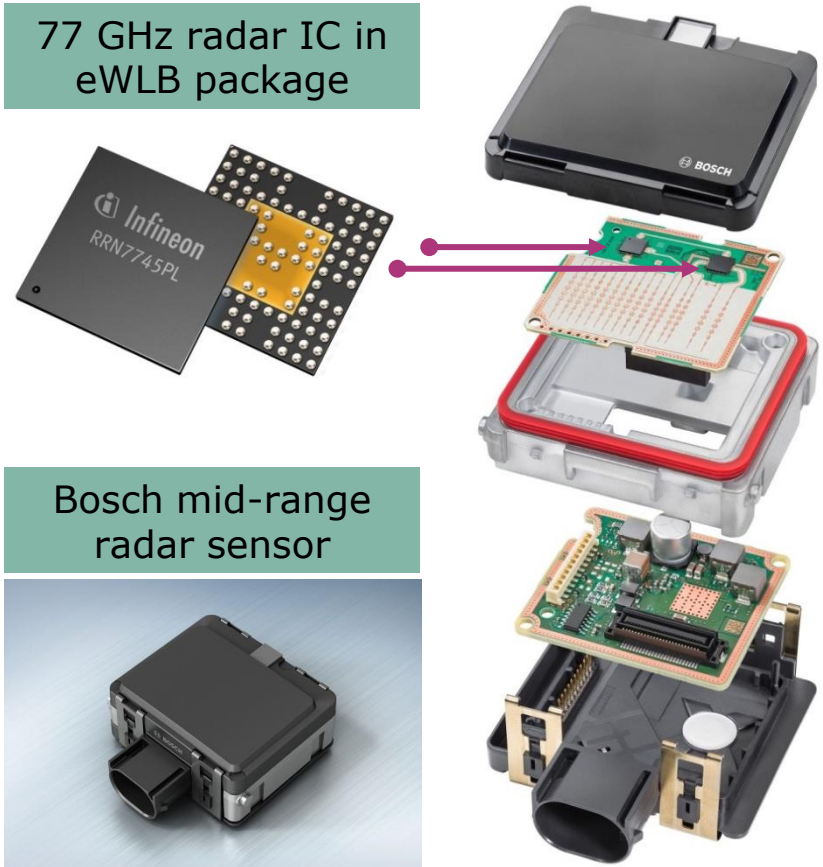
Receiving Bosch „Global Supplier Award“ for Infineon‘s 77 GHz radar chip family

Award-winning RASIC chips

- On 16 July 2015, Infineon received the “Bosch Global Supplier Award” for innovation in recognition of its radar product family.
- Innovative eWLB package reduces system cost and makes radar-based safety features affordable for compact vehicles
- Infineon is #1 in SiGe-based radar ICs for ADAS applications*
- 10m radar chips shipped in past six years; next 10m chips expected to be shipped within next 12 months
- From 2016 onwards, radar or camera are required for pedestrian recognition and autonomous emergency braking to achieve maximum Euro NCAP 5-star safety rating

77 GHz radar IC in eWLB package



Bosch mid-range radar sensor

Courtesy: Bosch

* Source: IHS Inc., “ADAS Sensor Market Shares – H2 2014”.

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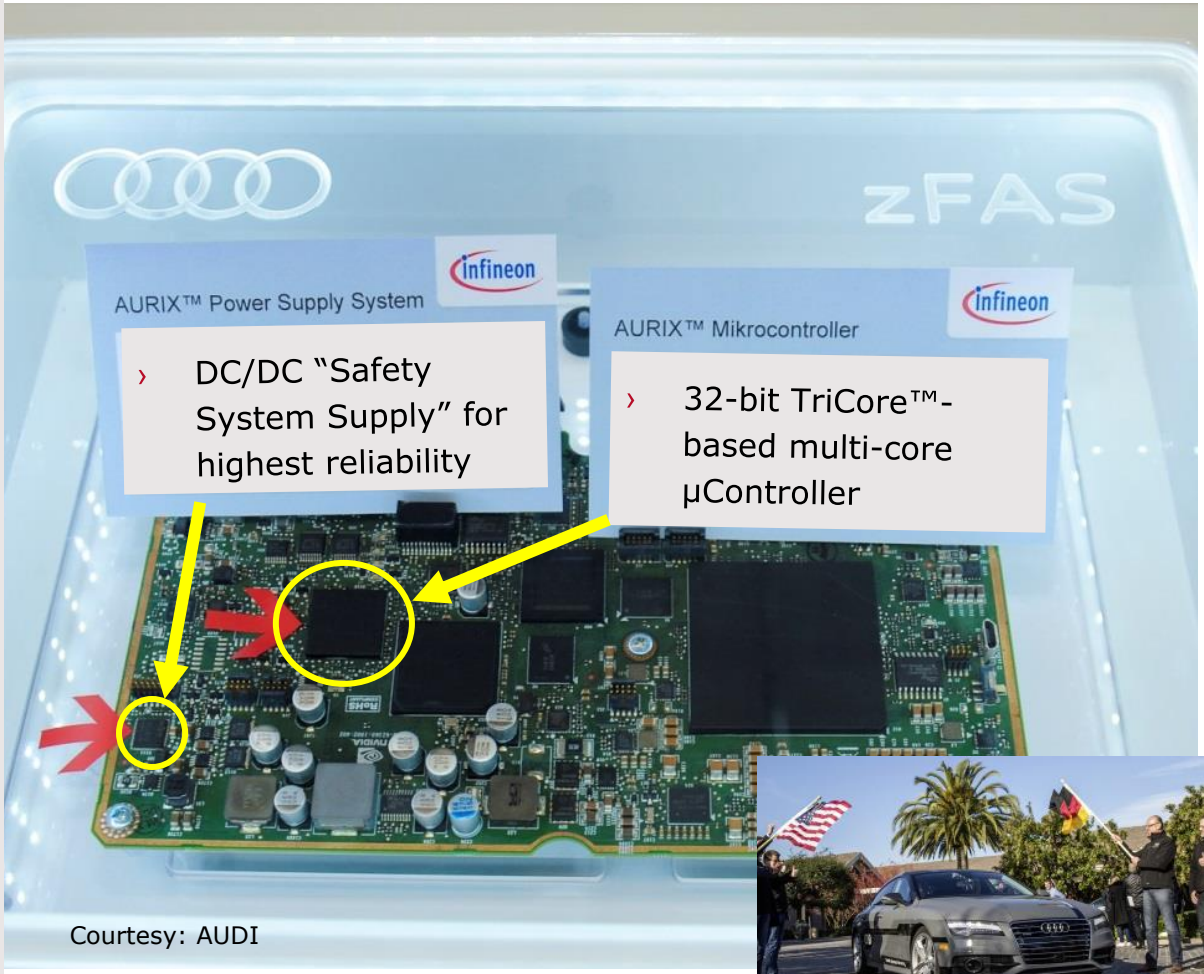
Infineon AURIX™ microcontrollers make autonomous driving reliable

During the CES 2015, Audi demonstrated their autonomous driving capabilities. Audi's piloted driving concept car "Jack", an Audi A7 Sportback, completed a 550 mile piloted drive from Silicon Valley to Las Vegas.

The central driver assistance ECU ("zFAS") is the core of future systems for piloted driving for Audi.

Within zFAS Infineon's AURIX™ is the interface to the car architecture, hosts different functions and acts as safety monitor.



* zFAS = zentrales Fahrerassistenzsystem = German term for central driver assistance ECU.

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New 3D Hall sensor family – expanding Infineon's sensor target markets

Features

- extremely low power consumption
- highly accurate
- industry's smallest 3D Hall sensor
- for three-dimensional, linear and rotation movements
- targeting automotive, consumer and industrial applications

Applications

- control elements
- gear sticks
- steering columns
- multi-function knobs
- joy sticks
- smart meters

Package











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Wide adoption of premium features, ADAS and CO_2 reduction drive ATV's growth

Vehicle production	Drivers for semiconductor content per car		
	CO_2 reduction	Advanced safety	Comfort, Premium
	 Courtesy: BMW Group	 Courtesy: AUDI	
› ~ 4% growth per annum › highest growth in emerging markets › Western Europe recovering; the US on high level	› driven by legislation › improvements of ICE (e.g. electric steering, electric pumps and motors) › adoption of EV/HEV	› current: crash avoidance › next: assisted driving › future: autonomous driving	› premium cars are early adopters of high-end comfort and safety features › trickling down to mid-range

Advanced Safety: safety, ADAS, autonomous driving
ICE: Internal Combustion Engine

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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

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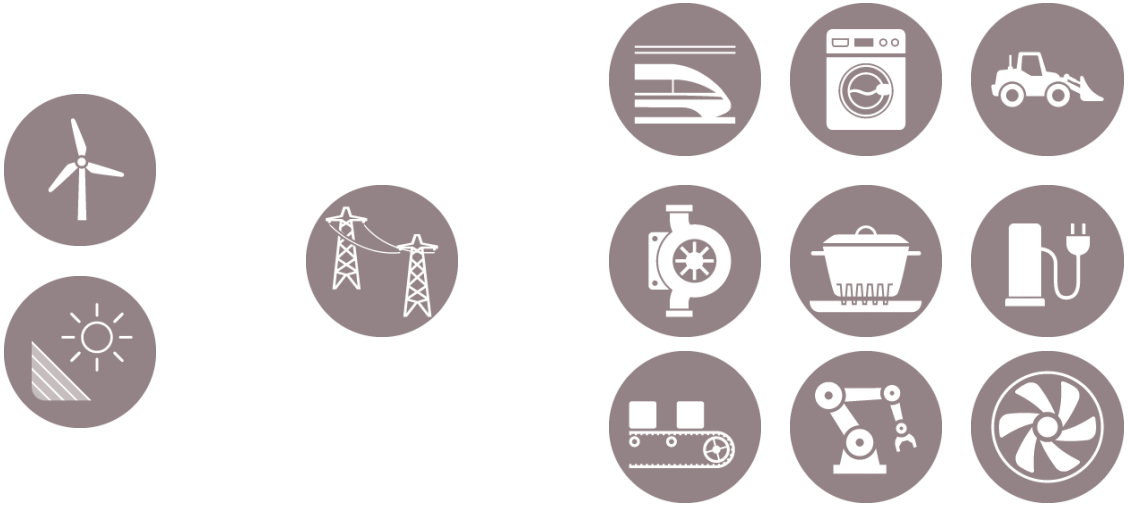
As system leader in power Infineon offers solutions to a wide spectrum of applications

Covering the entire power chain

Generation **Transmission** **Consumption**



Main IPC markets



Main PMM power markets

System competence for highest reliability and highest efficiency

Controllers	Drivers	MOSFETs/IGBTs	Modules	Stacks
› Primarion, CHiL › .dp › Power ICs › XMC™ µC family	› MOSFET driver › IGBT driver › galvanic isolation	› low-voltage MOSFETs › med-voltage MOSFETs › high-voltage MOSFETs › discrete IGBTs	› low-power › mid-power › high-power	› IGBT stacks

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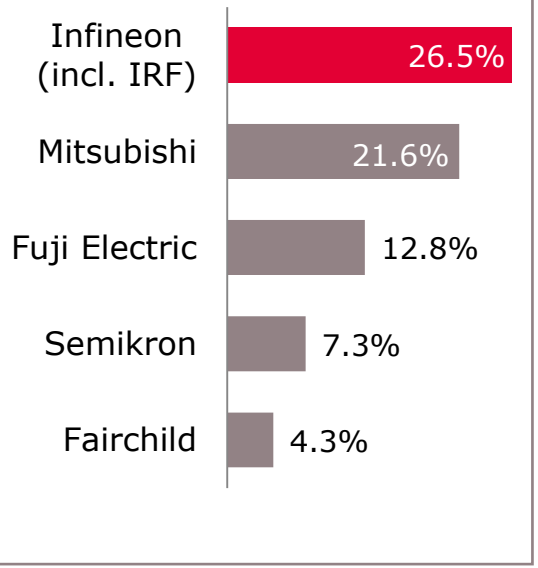
Infineon holds top positions in both IGBT markets and MOSFETs

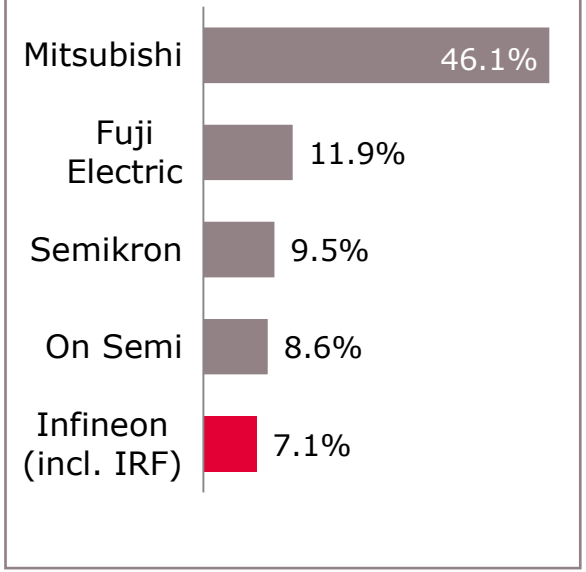
IGBT Components (discretes and modules)

total market in 2014: $4.45bn



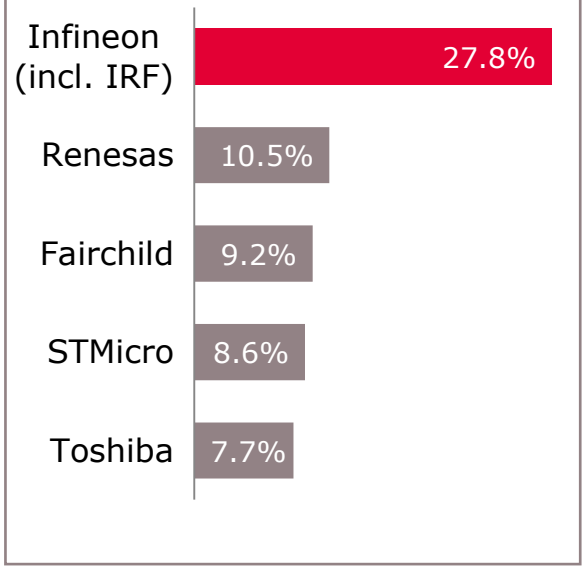
IPMs

total market in 2014: $1.26bn



Discrete Standard MOSFETs

total market in 2014: $5.83bn



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

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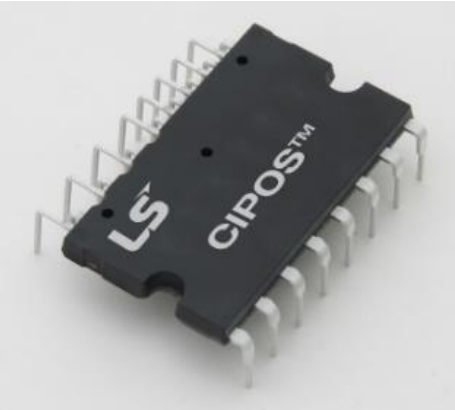
Infineon's path to expand its market share for MHA and light industrial applications

Strategic steps

- 1st step: Increase of shareholding in the Korean joint venture LS Power Semitech (LSPS) from 46% to 66%, thereby benefitting from the close cooperation with Samsung and LG who go for 100% VSD motor control.
- 2nd step: Acquisition of International Rectifier.
  Major product families for MHA: IRAM and iMOTION.
- 3rd step: Acquisition of the remaining shares outstanding of LSPS, thereby increasing Infineon's footprint in the growing market segment of IPMs.
- Profitable growth achieved by very competitive manufacturing cost position.

LS Power Semitech



CIPOS™-Mini

Major market developments

- Demand for higher efficiency increases VSD penetration in home appliances.
- In the US, a decent share of MHA are overaged; no refurbishment since economic crisis.
- In the US, new energy efficiency legislation for refrigerators and freezers drives VSD penetration for compressors and fans.

MHA = Major Home Appliances.
VSD = Variable Speed Drive.

IPM = Intelligent Power Module; modules that combine IGBTs with control and protection circuitry in a single housing.

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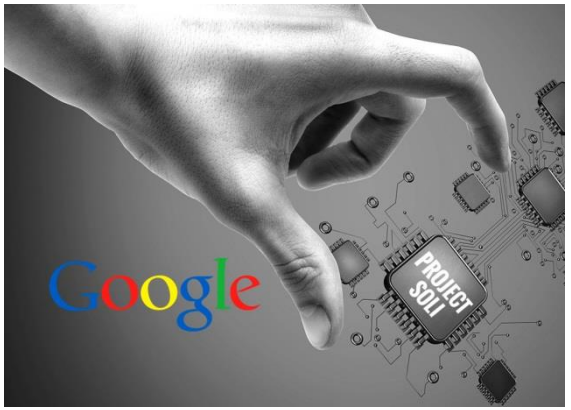
Infineon and Google to jointly develop advanced radar chip for gesture recognition

Infineon is a recognized leader in radar-based sensor IC with both components and system-level solutions

- Infineon and Google's Advanced Technology and Projects (ATAP) group jointly develop radar-based sensing solution
  (https://www.youtube.com/watch?v=0QNiZfSsPc0)
- Potential applications:
  - wearables
  - Internet of Things
  - automotive
- On 30 May 2015, first implementations demonstrated at Google I/O Developers Conference in San Francisco.



Google „Project Soli"



Infineon's advanced 60 GHz radar sensor IC



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Efficiency and digitalization are main market drivers for power applications

IPC				PMM	
Drives	Renewables	Traction	MHA	AC/DC	DC/DC
					
› Energy efficiency › Automation › productivity increase	› Legislation › Growing share of renewable energies as part of the energy generation mix	› Growing population in metro-politan areas › Fast and efficient mass trans-port system	› Energy efficiency › Growing VSD penetration	› Energy efficiency › charging time › Compact-ness (power density) › DPM	› Energy efficiency › Compact-ness (power density) › DPM

DPM = Digital Power Management.
MHA = Major Home Appliances.
VSD = Variable Speed Drive.

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

High-end Mobile Communications



- Greater adoption of NFC technologies
- Larger memory (1.5 Megabyte)
- Multi-application cards

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.)
- Larger memory

IoT Security



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

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

ATV	IPC	PMM	CCS
 Courtesy: BMW Group	 Courtesy: Siemens AG		
› CO_2 reduction › Advanced Driver Assistance Systems	› Energy efficiency › Automation › Productivity increase	› Energy efficiency › Power density › Mobile device and LTE growth	› Security › Mobile payments › Authentication › M2M commu-nications

~8% p.a. through-cycle growth

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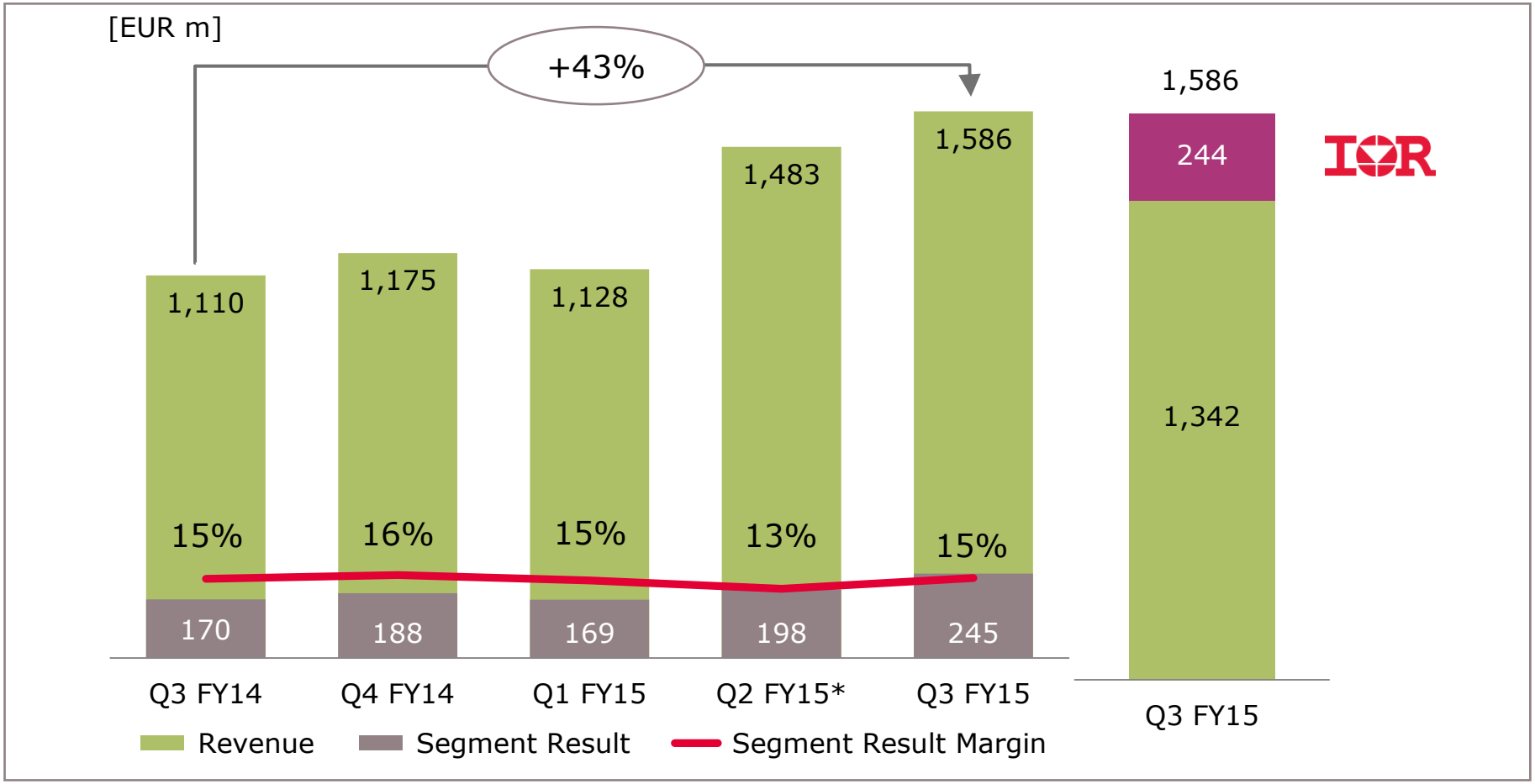
Strong y-y growth due to organic growth and integration of International Rectifier

Revenue and Segment Result



* Including revenues of €199m from International Rectifier from 13 January to 31 March 2015.

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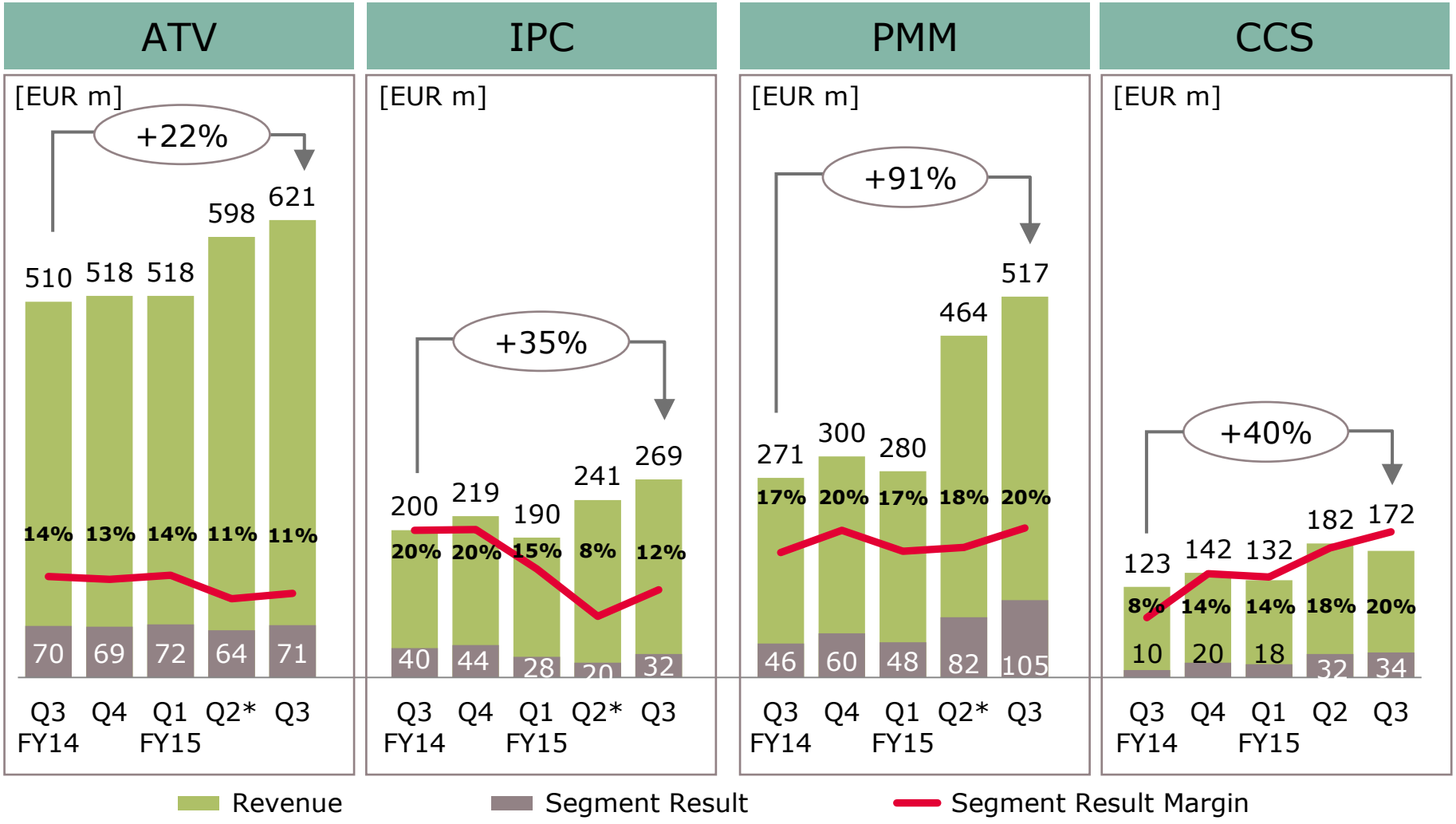
ATV, IPC, PMM boosted by International Rectifier business; CCS growth solely organic



* Including International Rectifier from 13 January to 31 March 2015.

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Guidance for Q4 FY15 and total FY15

	Outlook Q4 FY15 (compared to Q3 FY15)	Outlook FY15 (compared to FY14)
Revenue	Increase by 1% +/- 2%-points	Increase of ~34% (prev.: Increase of 36% +/- 2%-points)
Segment Result Margin	At the mid-point of the revenue guidance: 16%	15% (prev.: 15% at the mid-point of the revenue guidance of 36% +/- 2%-points)

Investments in FY15	About €800m*
D&A in FY15	About €750m**

* Including International Rectifier and €60m to €70m for Kulim 2 and €21m for Qimonda IP.
** Including D&A on tangible and intangible assets from purchase price allocation of International Rectifier.

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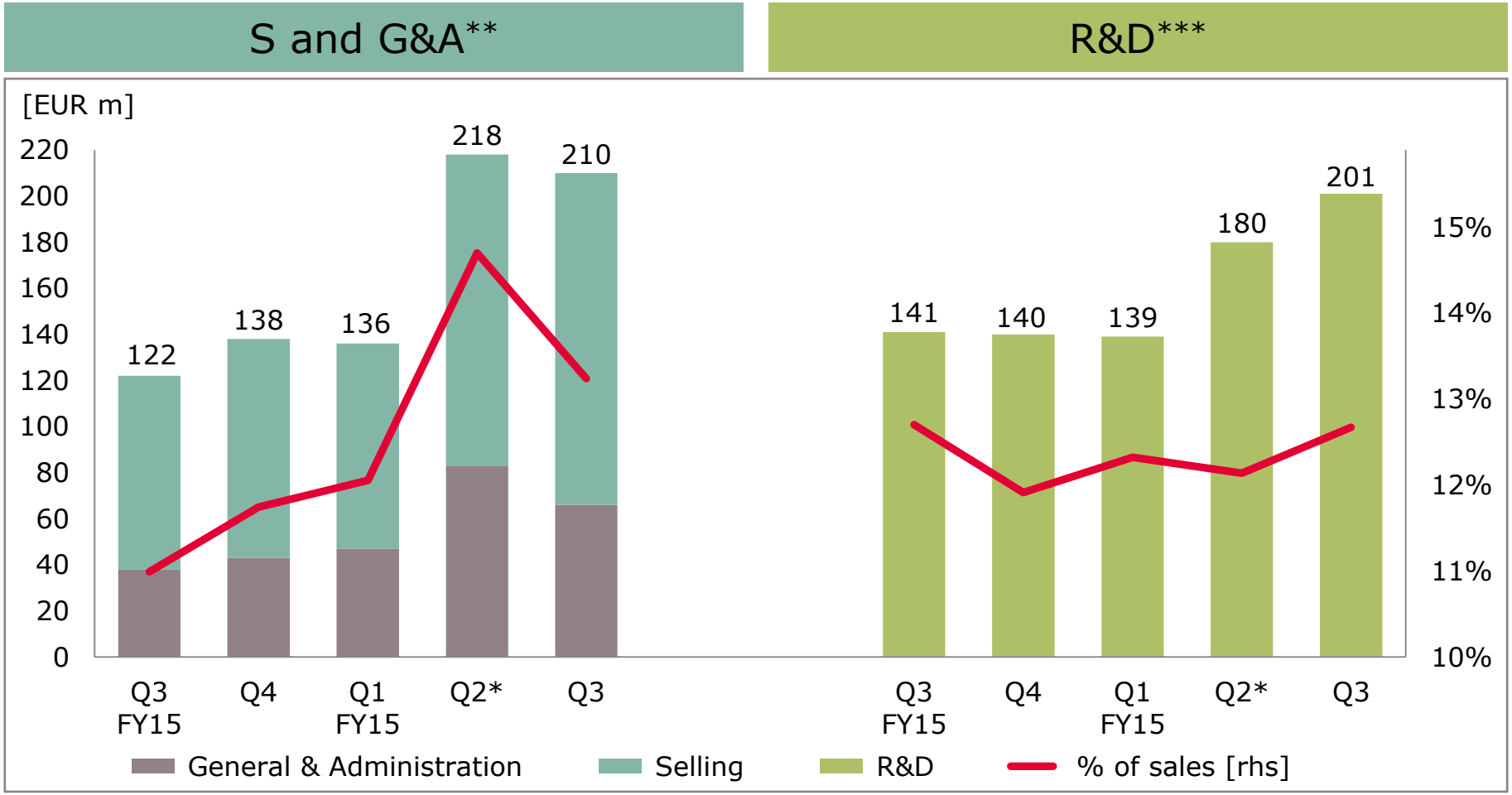
Since Q2 FY15 R&D and SG&A are containing acquisition-related expenses



* Including International Rectifier from 13 January to 31 March 2015.
** Target range for SG&A: „Low teens percentage of sales".
*** Target range for R&D: „Low to mid teens percentage of sales".

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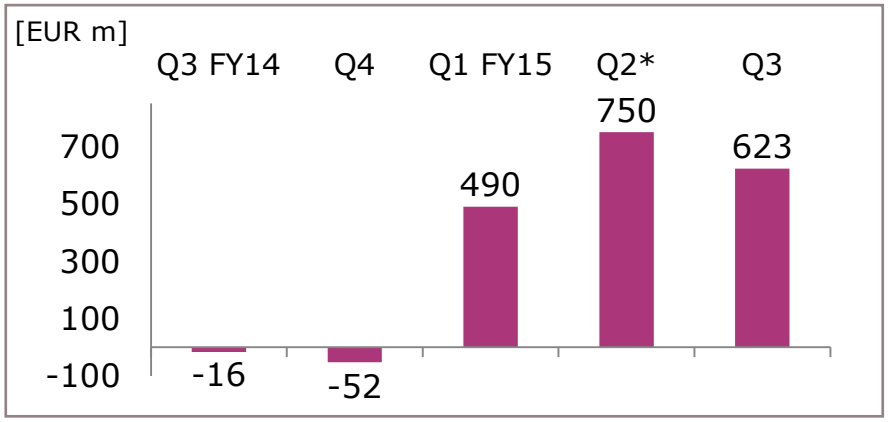
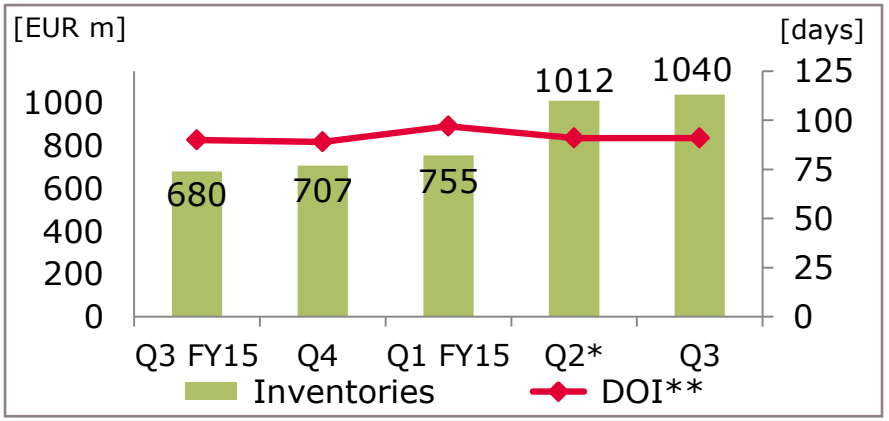
Working capital leveling off after acquisition of International Rectifier and Qimonda settlement

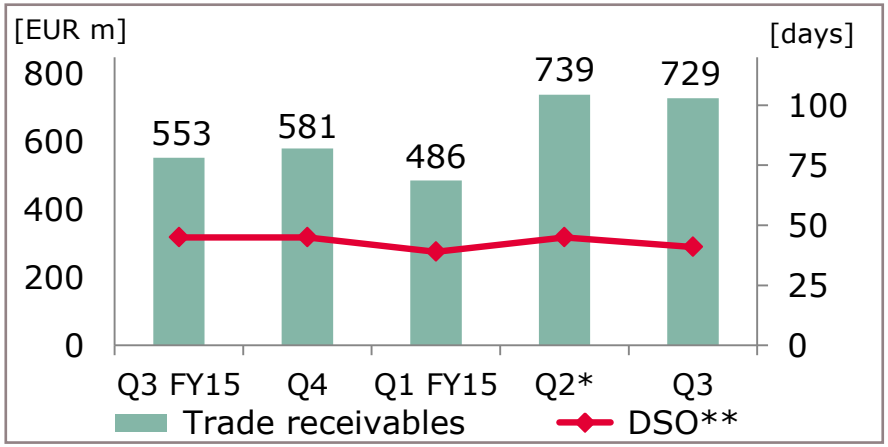
Working capital**



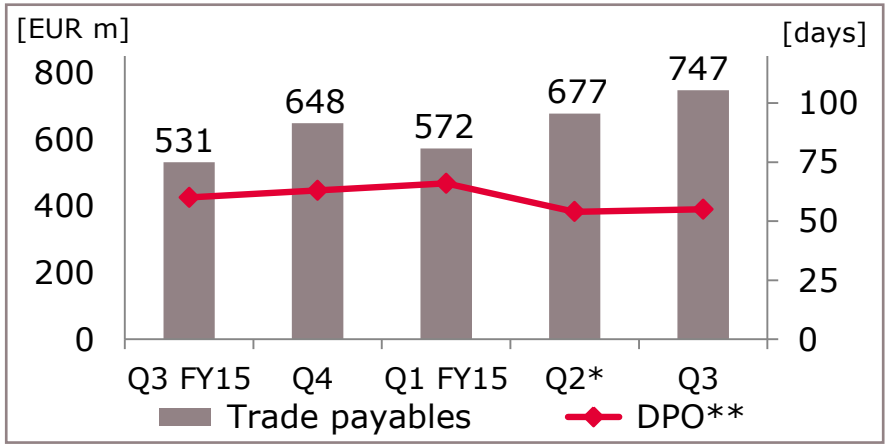
Inventories



Trade receivables



Trade payables



* Including International Rectifier from 13 January to 31 March 2015.

** For definition please see page 35.

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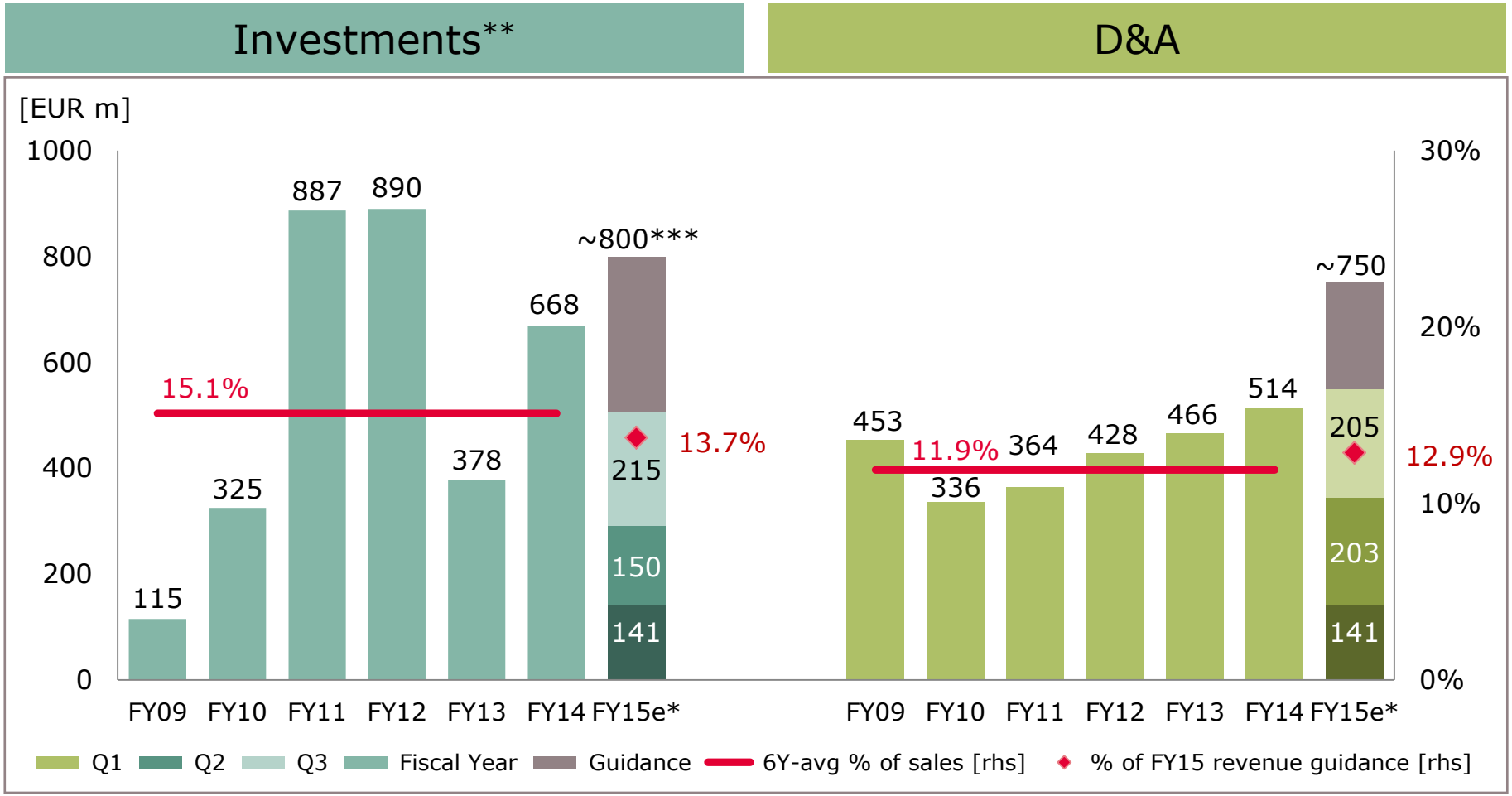
FY15 investment ratio (including International Rectifier) is decreasing towards 13%



* Including International Rectifier from 13 January to 31 March 2015.
** For definition please see page 35.
*** Including International Rectifier, €60m to €70m for Kulim 2, and €21m for Qimonda IP.

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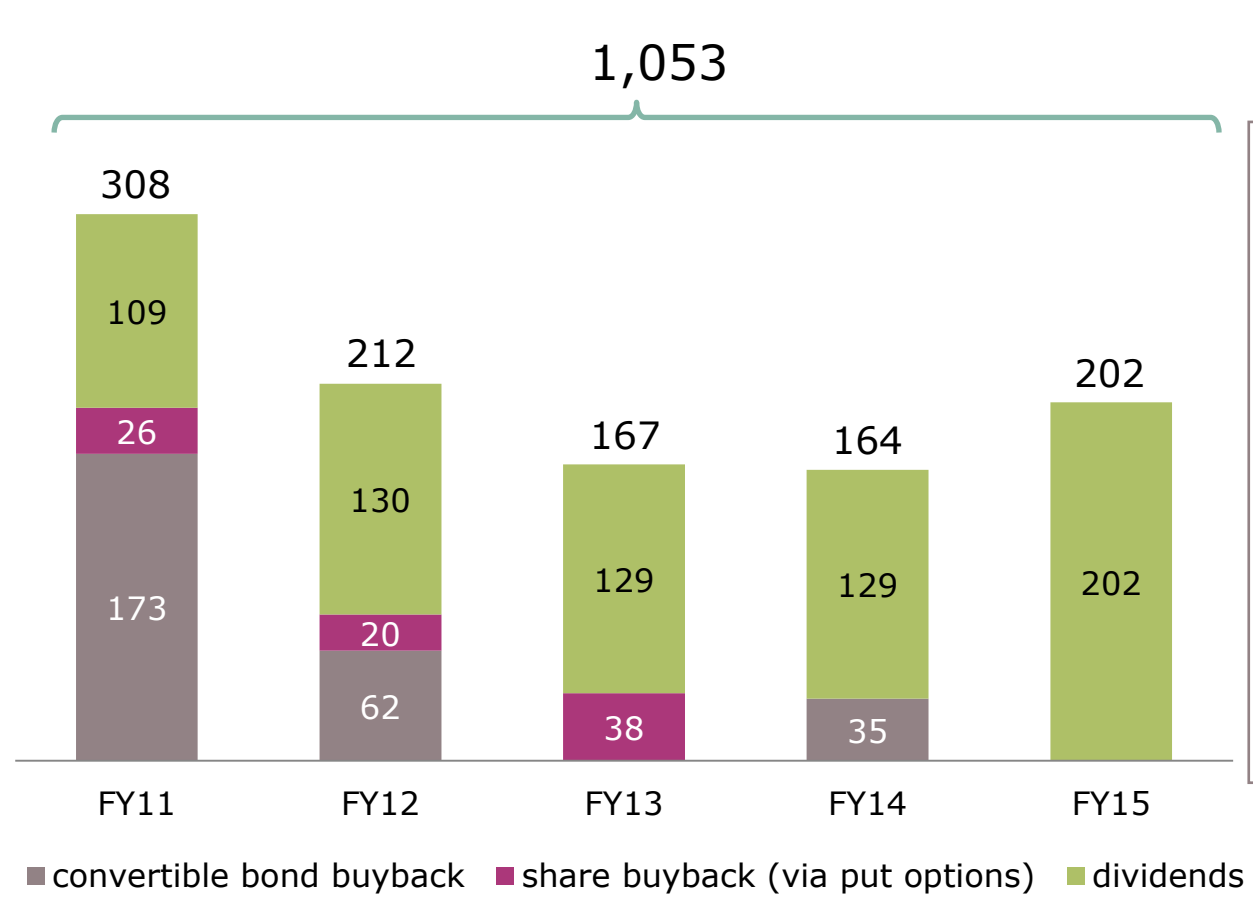
Dividend of €0.18 has increased capital returns by €202m in February 2015

Total gross capital returns history



- In November 2013, a new €300m capital returns program with a maturity until Sep 2015 was started.
- Per 31 Mar 2015, no put options for buyback outstanding.
- After acquisition of International Rectifier, currently no intention to issue new options or to buy back shares.

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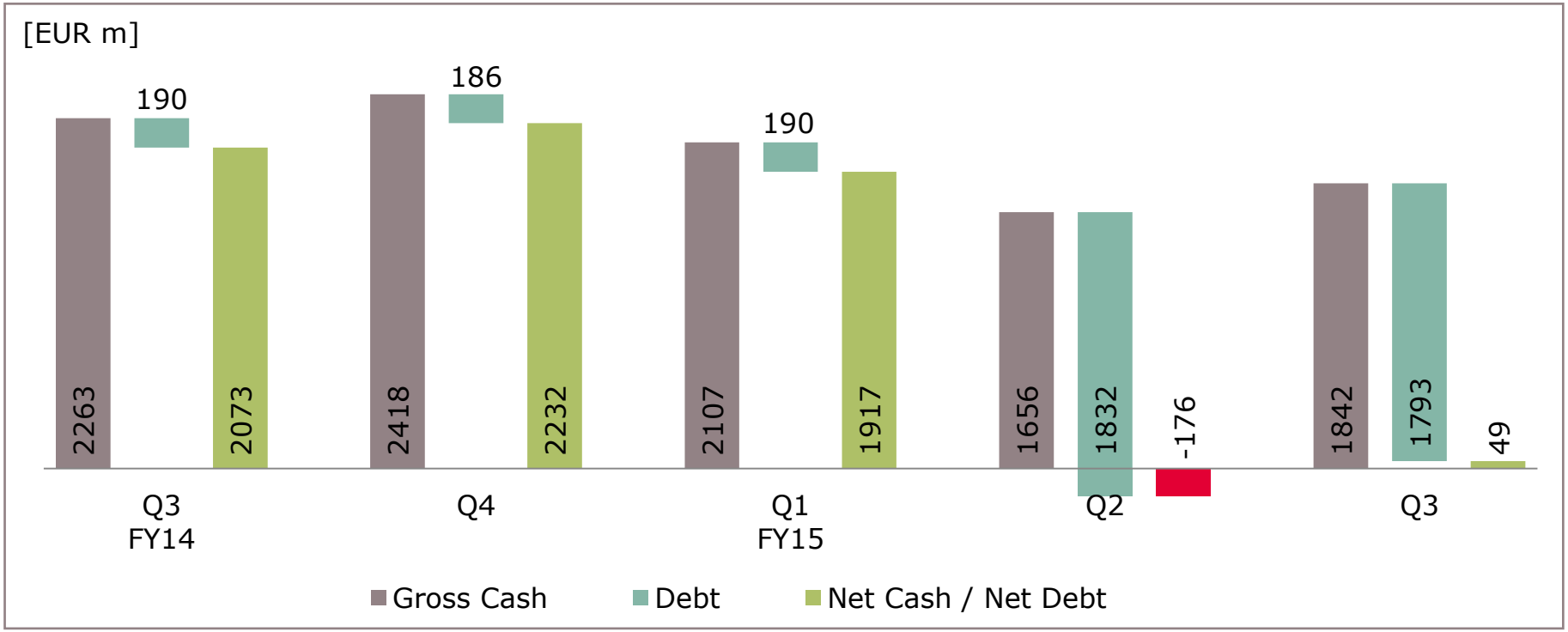
Net cash already returned to positive level in second quarter after acquisition

Liquidity development



› In Q3, gross cash and net cash increased due to:
  - positive Free Cash Flow of €220m and
  - reduction in debt by €39m, thereof repayment of €13m.

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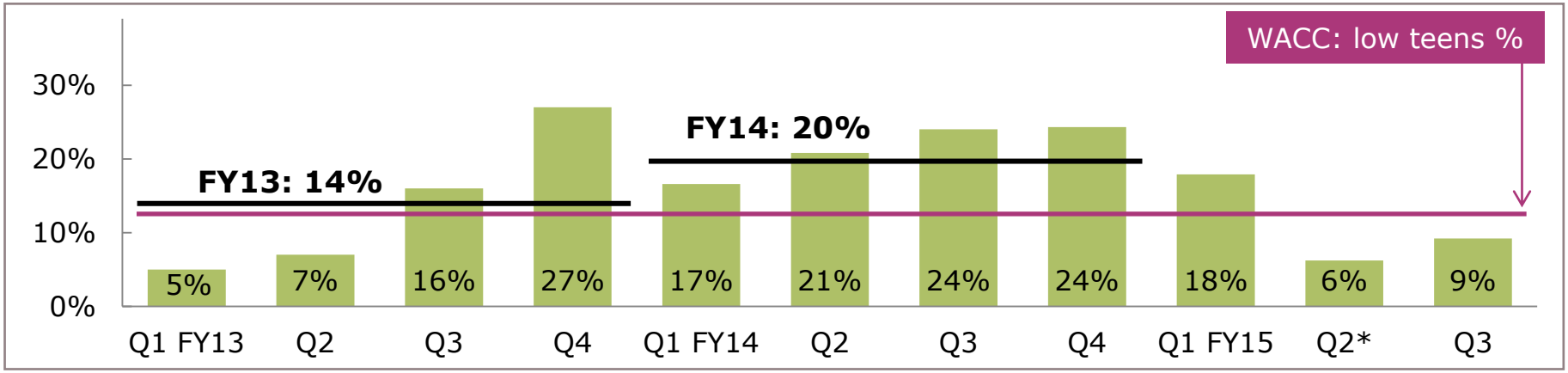
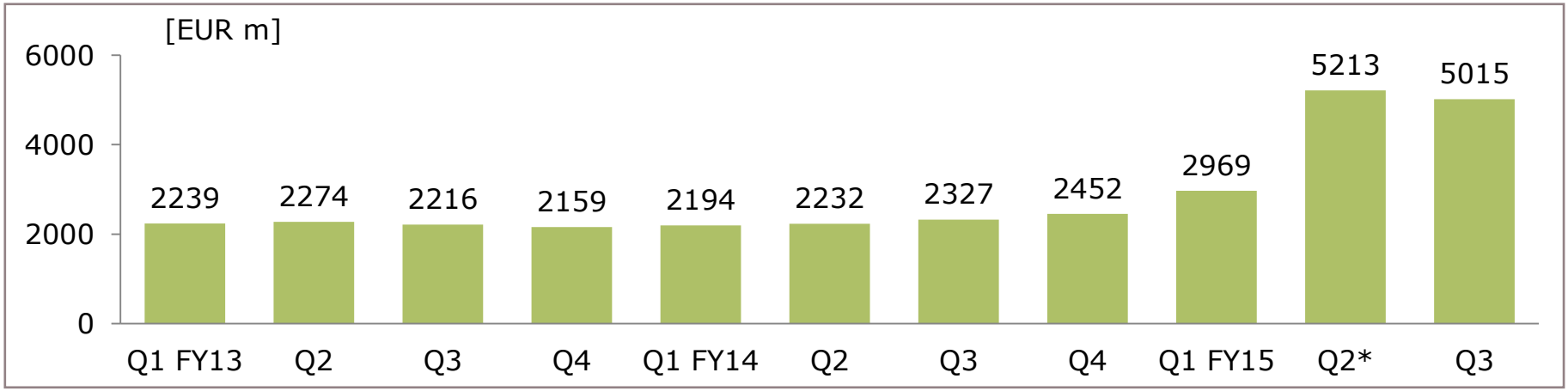
NOPAT increased in Q3 FY15 – target: 'RoCE above WACC' over the cycle

RoCE** history



Capital Employed** history



* Including International Rectifier from 13 January to 31 March 2015. ** For definition please see page 35.

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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

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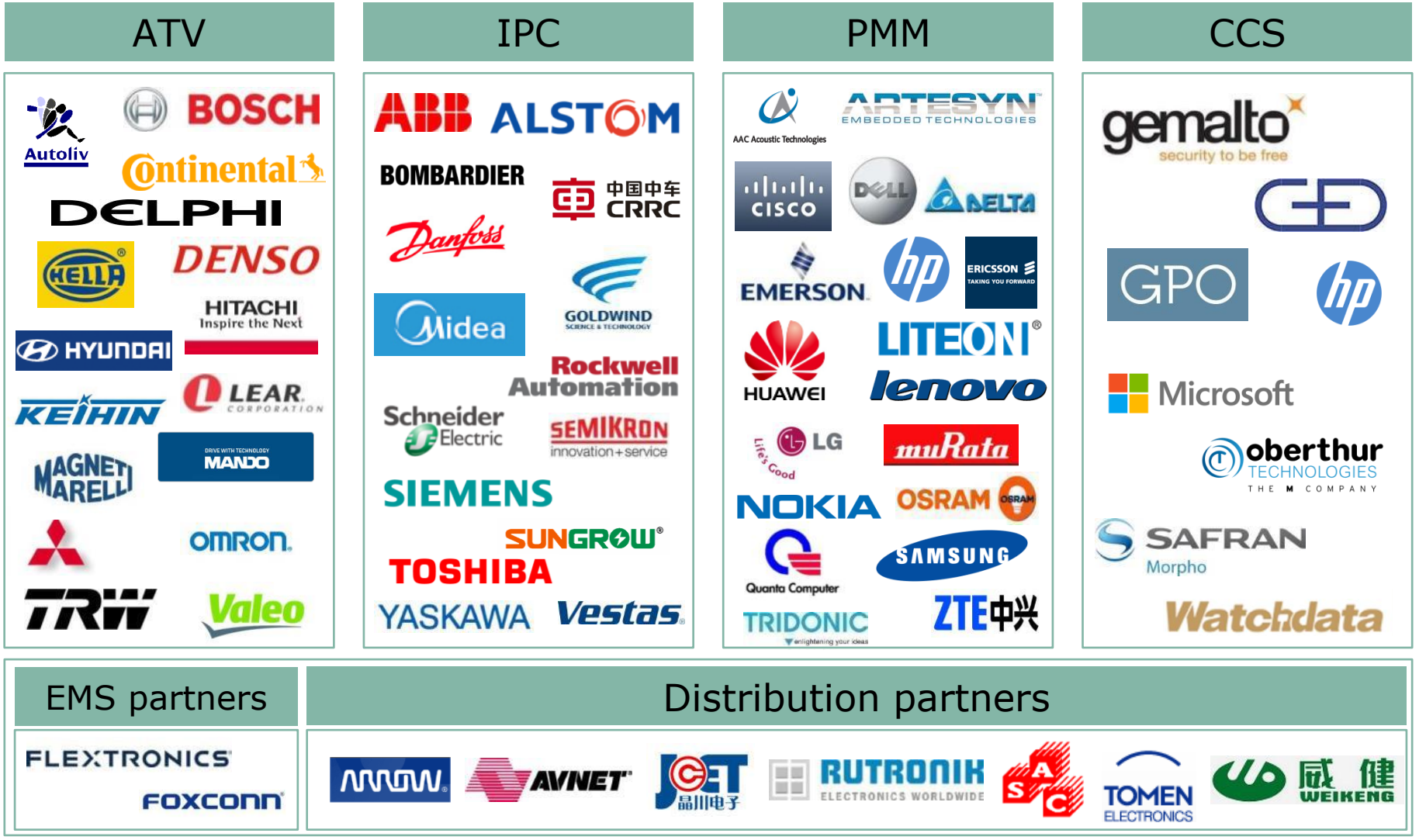
Tight customer relationships are based on system know-how and app understanding



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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).

Member 2014/2015
STOXX
ESG LEADERS INDICES

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).

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Financial calendar

Date	Location	Event
22 - 23 Sep 2015	Munich	Baader Investment Conference
23 Sep 2015	Munich	Berenberg Bank and Goldman Sachs German Corporate Conference
28 Sep 2015	London	ATV Presentation by Jochen Hanebeck, Division President Automotive
11 – 12 Nov 2015	Barcelona	Morgan Stanley TMT Conference
26 Nov 2015*		Q4 FY15 and FY 2015 Results
01 – 02 Dec 2015	Phoenix, AZ	Credit Suisse TMT Conference
02 Feb 2016*		Q1 FY16 Results
18 Feb 2016	Munich	Annual General Meeting

* preliminary

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