UBS European Technology Conference

London, 09 March 2016

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Corp. Vice President 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.

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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%

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Solid Investment Grade rating assigned by S&P's in connection with revised capital structure targets

Revised capital structure targets announced by Infineon in February 2016:	
a.) Gross Cash	b.) Debt
› "€1bn plus 10% to 20% of revenue"	› "less than 2.0x EBITDA"

Financial flexibility based on a solid capital structure, adjusted to reflect the current scale of Infineon:

- comfortable liquidity level for financing operating activities and planned investments throughout the cycle
- moderate leverage combined with maturity profile which secures repayment of debt even if capital markets are not available (such as in financial crisis 2008/2009)

STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

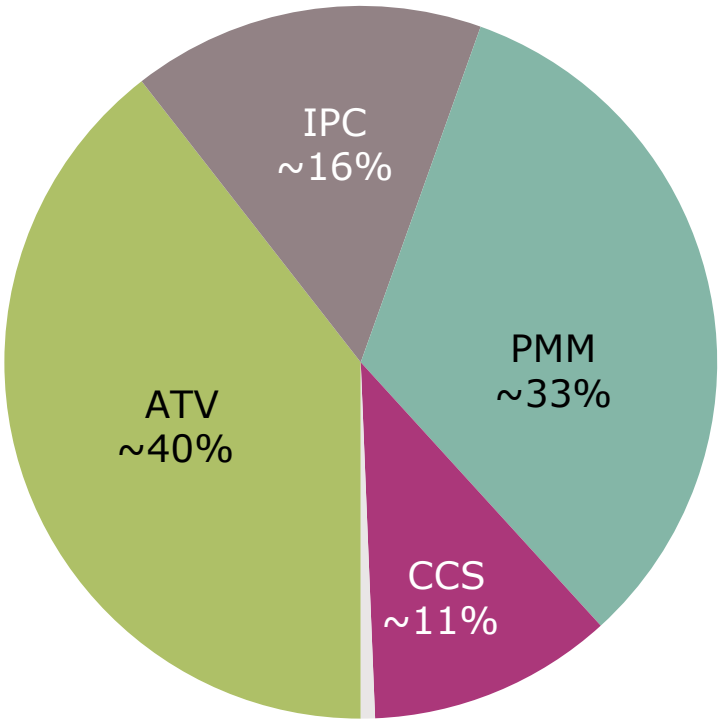
Infineon's revised capital structure targets are reflected in the Corporate Credit Rating of **BBB** (outlook: „stable") assigned by S&P's in February 2016.

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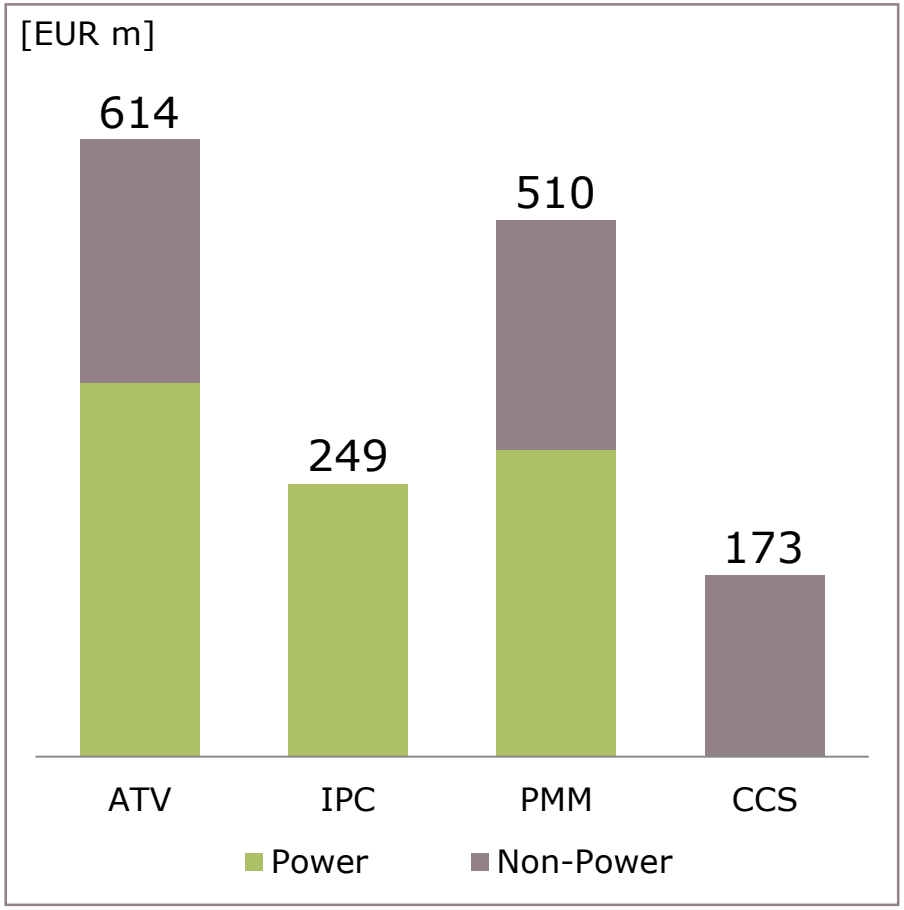
Automotive and power are the two major pillars of Infineon's businesses

Q1 FY16 revenue: EUR 1,556m

Revenue split by Segment



Power represents ~60% of revenue

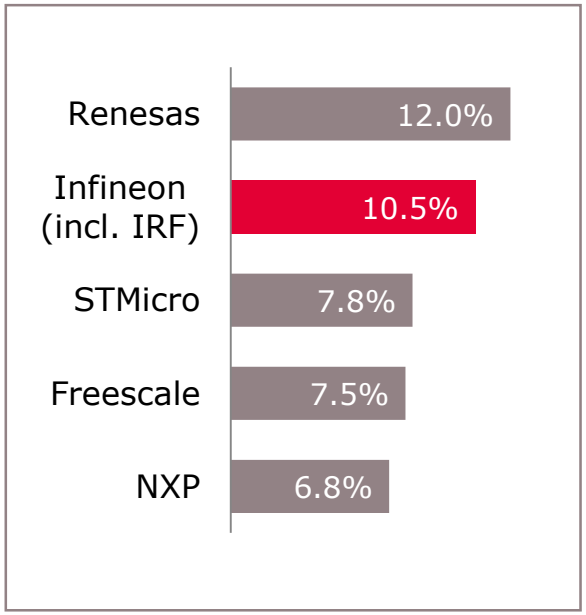


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Infineon is growing faster than the market in automotive and is clear leader in power

Automotive semiconductors

total market in 2014: $27.5bn

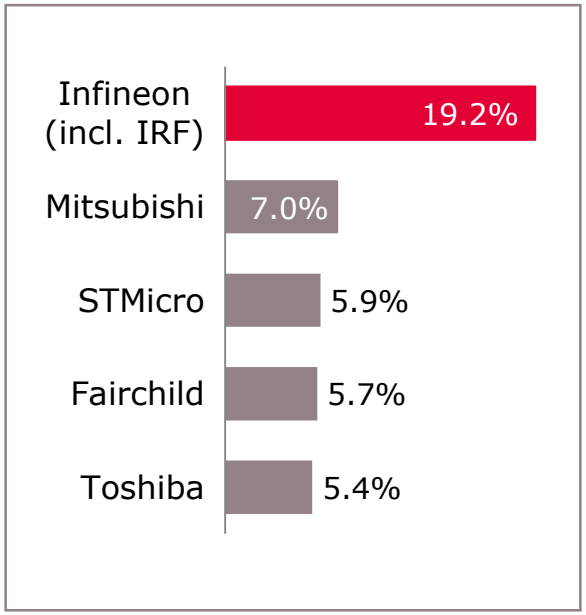


Automotive semiconductors incl. semiconductor sensors.

Source: Strategy Analytics, April 2015

Power semiconductors

total market in 2014: $16.2bn

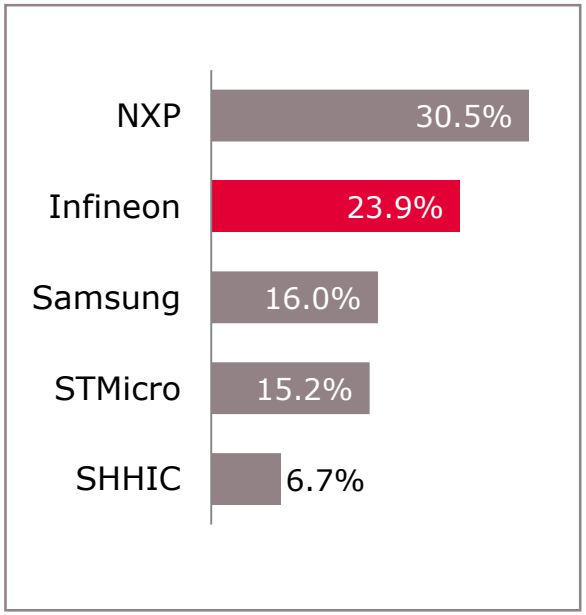


Discrete power semiconductors and power modules.

Source: IHS Inc., September 2015

Smart Card ICs

total market in 2014: $2.63bn



Microcontroller-based smart card ICs.

Source: IHS Inc., July 2015

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



ATV

Autoliv, BOSCH, Continental, BYD, DELPHI, HELLA, DENSO, HYUNDAI, HITACHI Inspire the Next, KEIHIN, LEAR CORPORATION, MITSUBISHI ELECTRIC, Mando, OMRON, Valeo, ZF

IPC

ABB, ALSTOM, BOMBARDIER, Danfoss, CSR, EMERSON, EATON, Midea, GOLDWIND SCIENCE & TECHNOLOGY, Rockwell Automation, Schneider Electric, SIEMENS, SUNGROW, TOSHIBA, YASKAWA, Vestas

PMM

ARTESYN EMBEDDED TECHNOLOGIES, BOEING, CISCO, DELL, DELTA, ERICSSON, Hewlett Packard Enterprise, HUAWEI, Lenovo, LG, LITEON, muRata, NOKIA, OSRAM, Panasonic, Quanta Computer, SAMSUNG, ZTE

CCS

gemalto security to be free, GPO, hp, Lenovo, Microsoft, oberthur TECHNOLOGIES THE M COMPANY, SAMSUNG, SAFRAN Morpho, Watchdata

EMS partners

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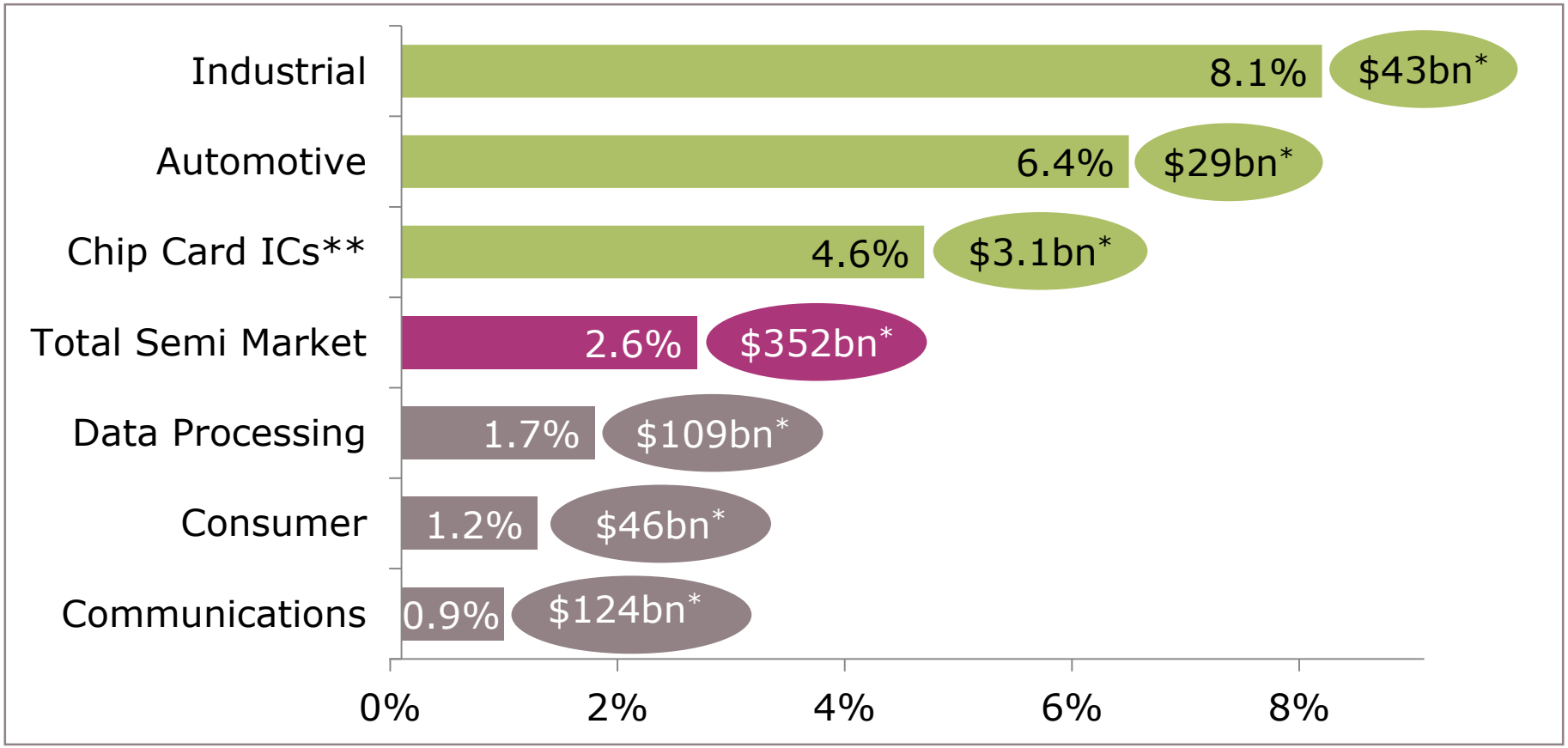
2 Growth Drivers

3 Results and Outlook

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

CAGR 2015 – 2019 by Semiconductor Industry Segment



Source: IHS Inc., Worldwide Semiconductor Shipment Forecast, December 2015
* In calendar year 2015
** Source: IHS, "Smart Cards Semiconductors", August 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**)

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 to gain further market share in Automotive

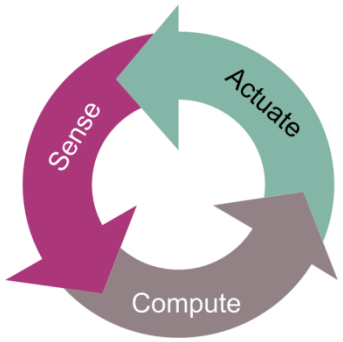
* Source: Strategy Analytics, April 2015.

** own estimate.

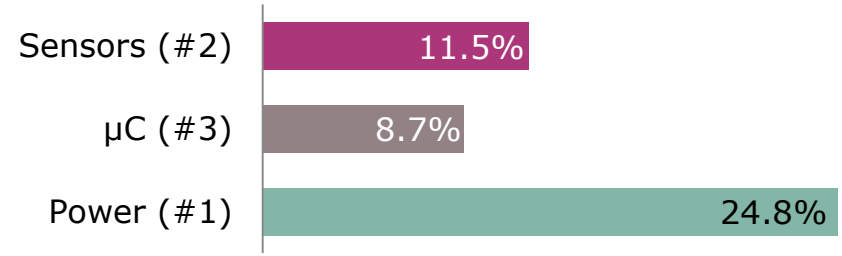
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Infineon holds leading positions in system-crucial automotive product categories

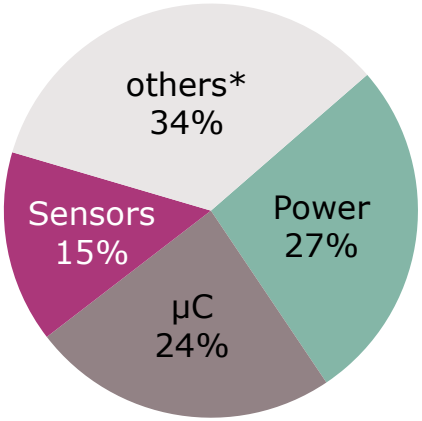
Infineon covers the entire control loop



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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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 CO_2 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

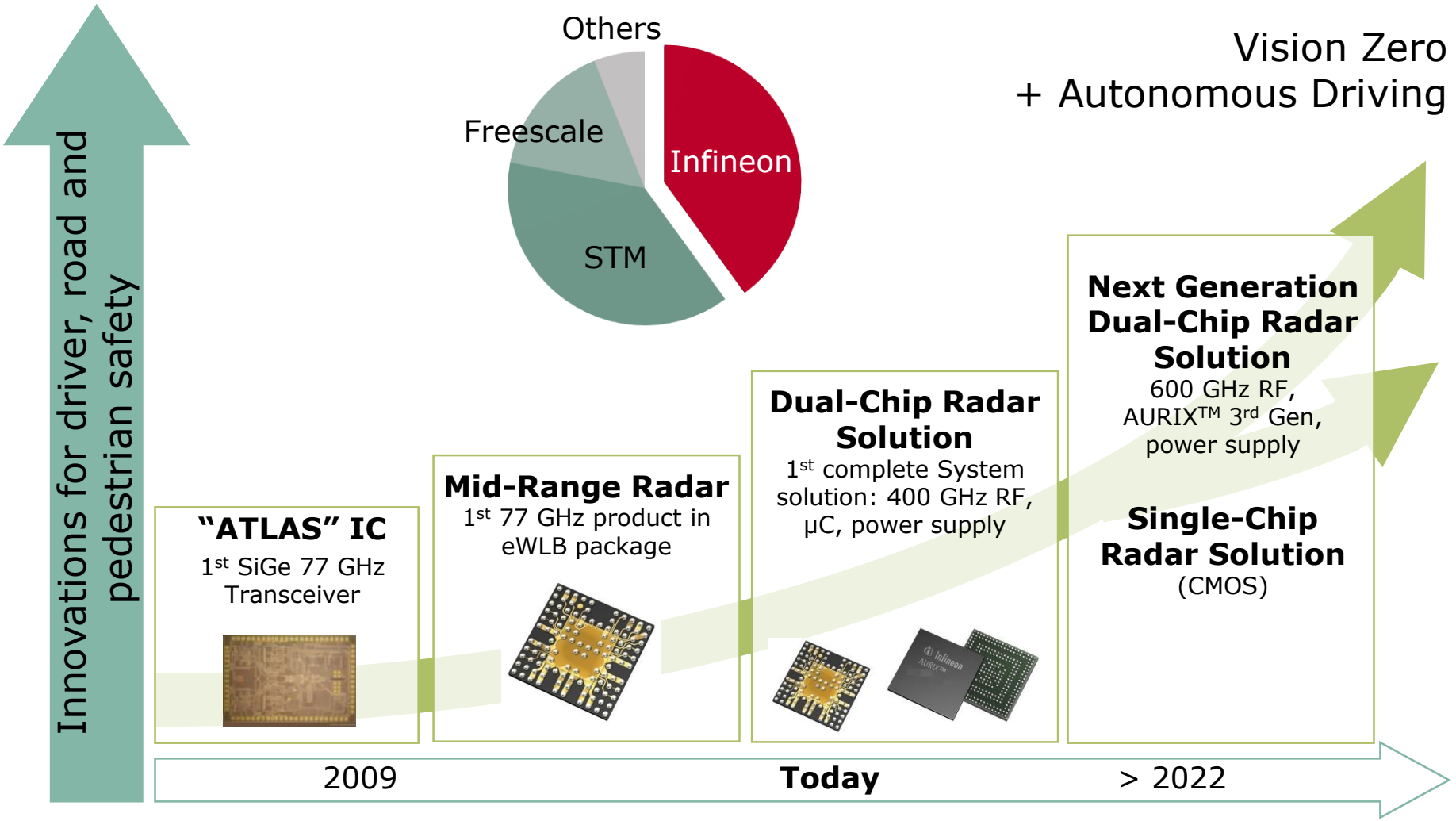


- Increased connectivity and software content increase risk exposure to hackers
- Internal/external connectivity must be secured

Advanced security

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

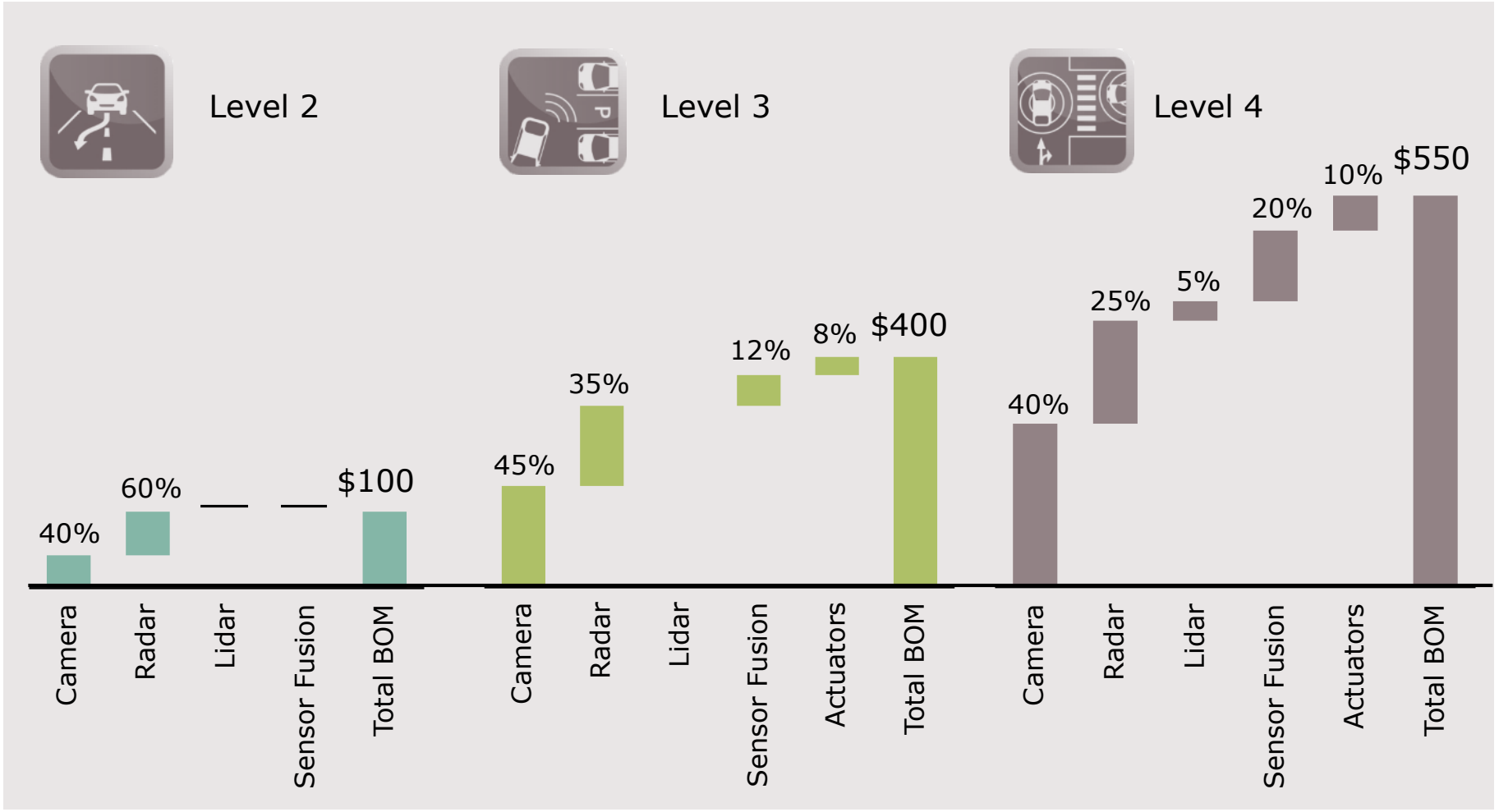


* Source: IHS Inc., ADAS Sensor Market Shares – 2014

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Semiconductor content itemized to automation levels

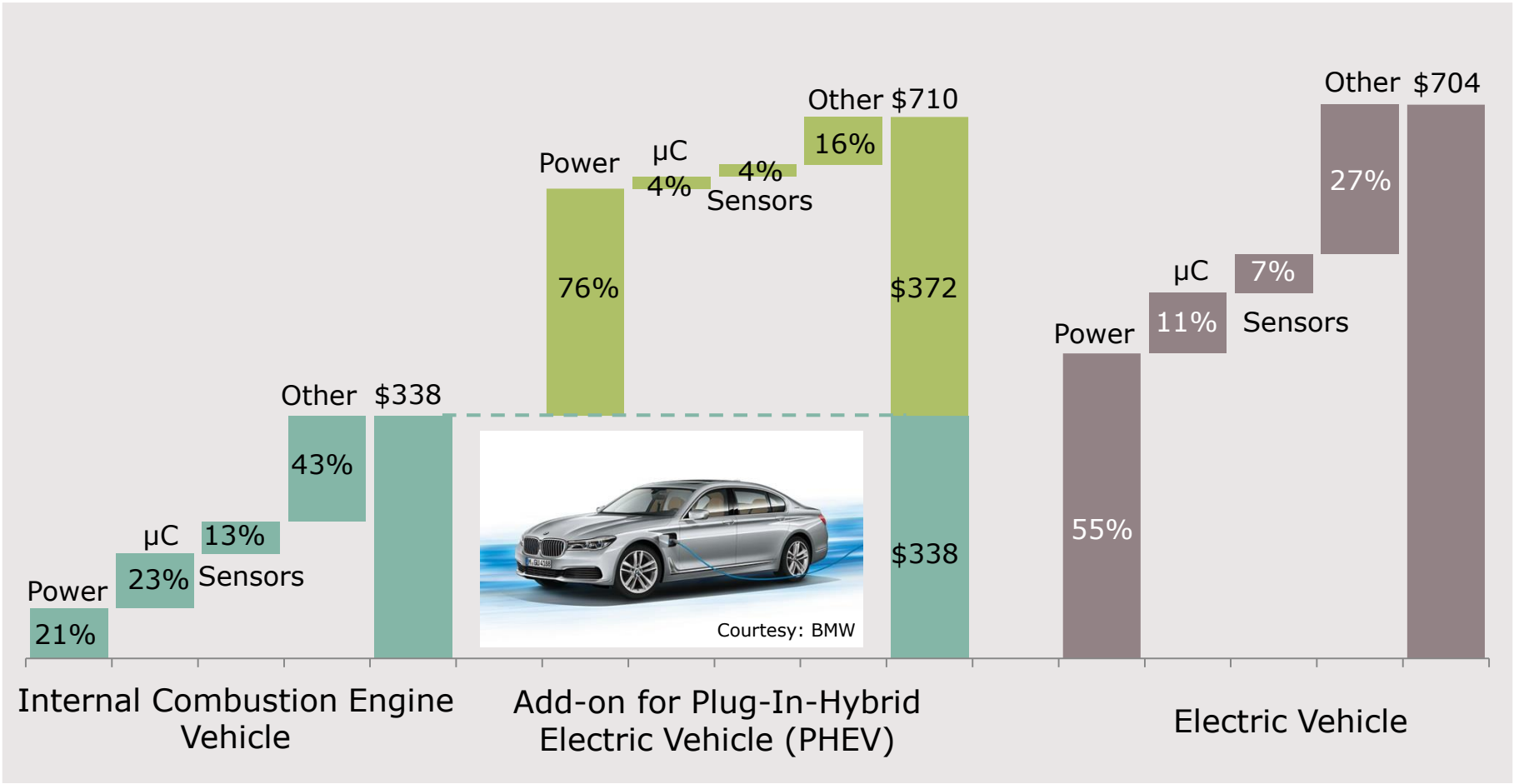
Average ADAS semiconductor content per level of automation



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

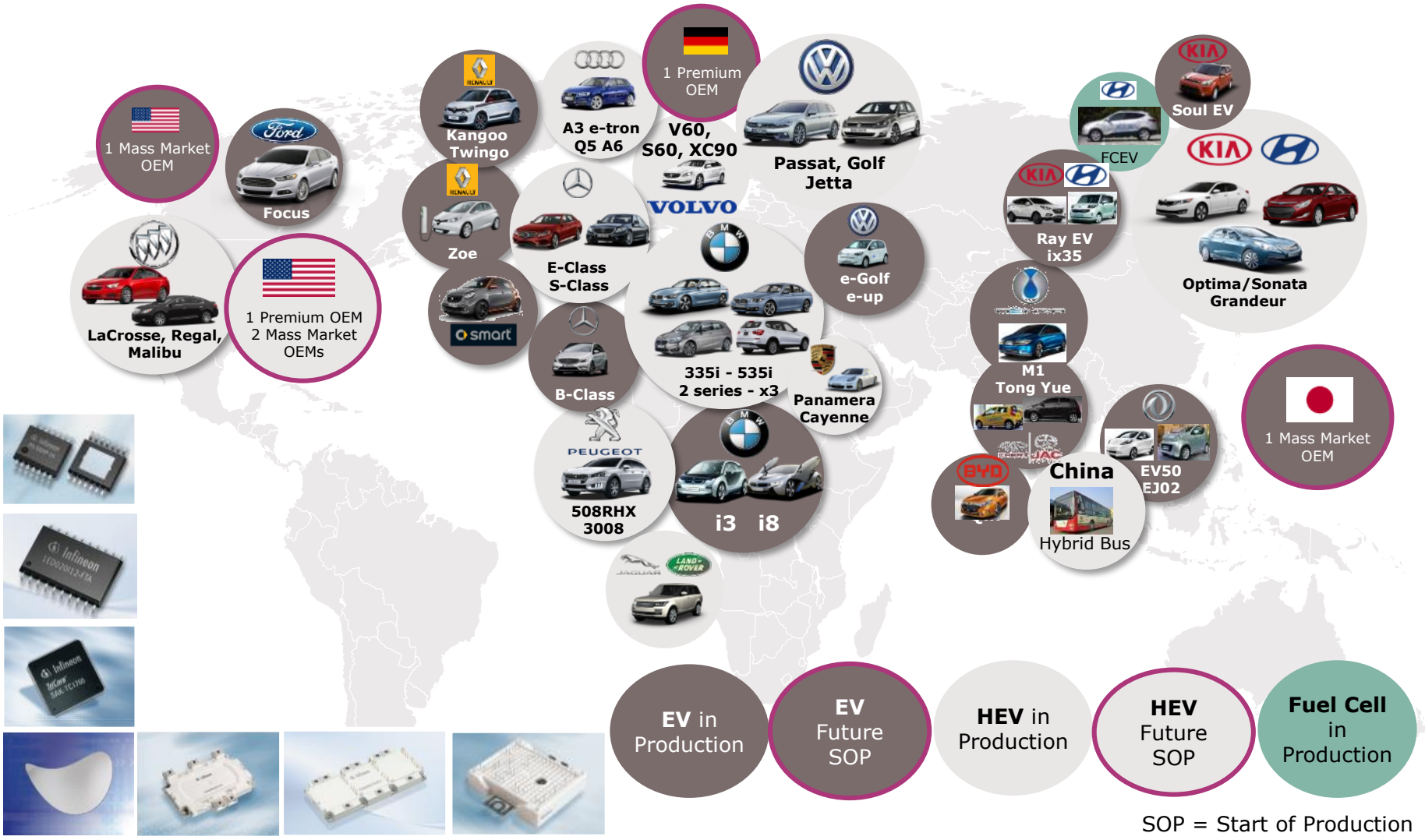
Average semiconductor content



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

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EV/HEV: China shows strong momentum; Infineon is well positioned globally



SOP = Start of Production

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ADAS, CO_2 reduction and adoption of premium features drive Infineon growth

Vehicle production	Drivers for semiconductor content per car		
	CO_2 reduction	Advanced safety	Comfort, premium
	 Courtesy: BMW	 Courtesy: Audi	
› ~2% growth per annum › Further growth in Western Europe › Electro-mobility gaining momentum, especially in China	› 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

~8% p.a. through-cycle growth

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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

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

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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

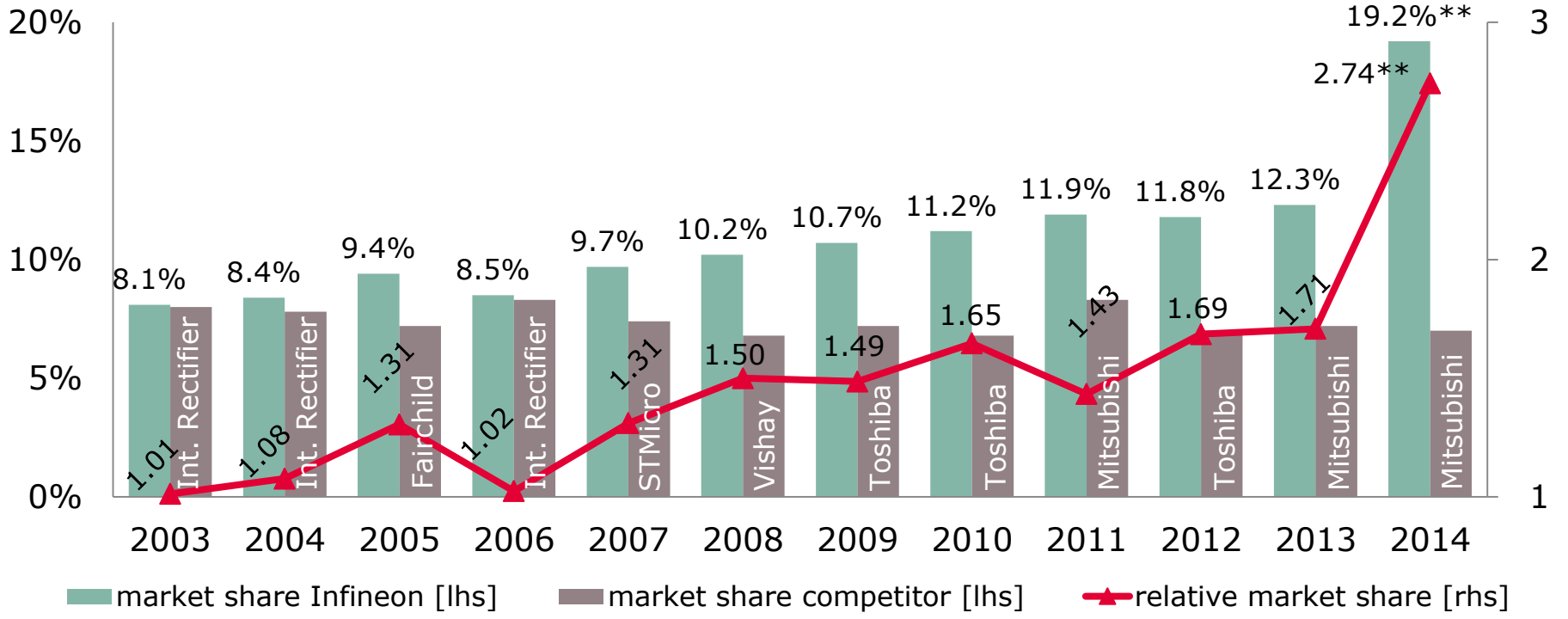
System competence for highest reliability and highest efficiency

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

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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.

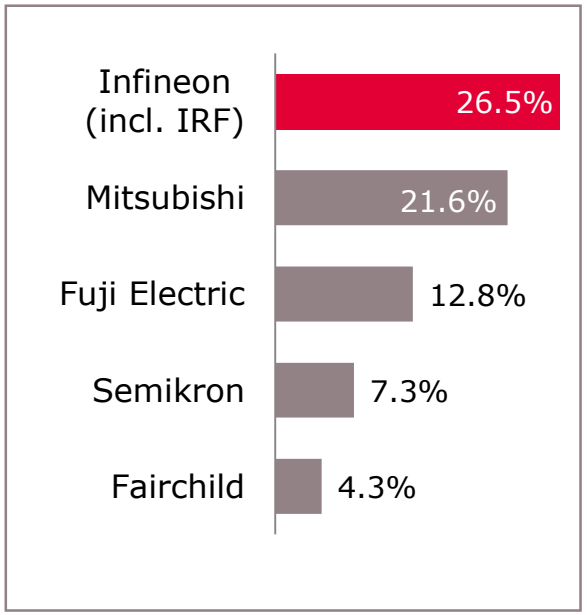
Source: IHS Inc., several reports from 2004 through 2015

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

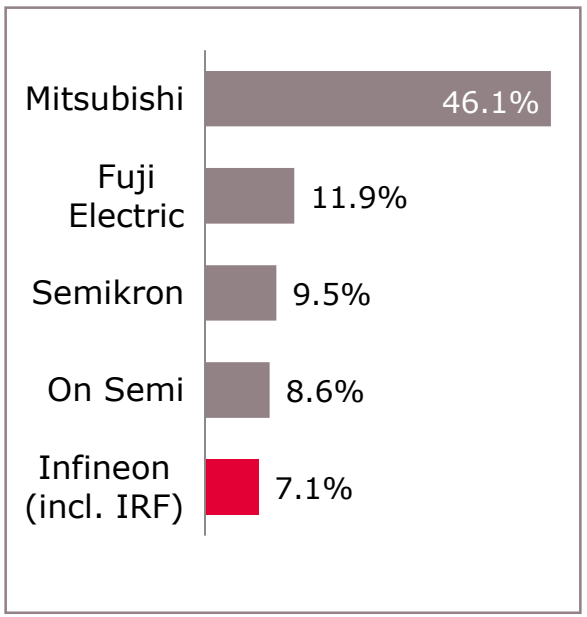
IGBT components* (discretes and modules)

total market in 2014: $4.45bn



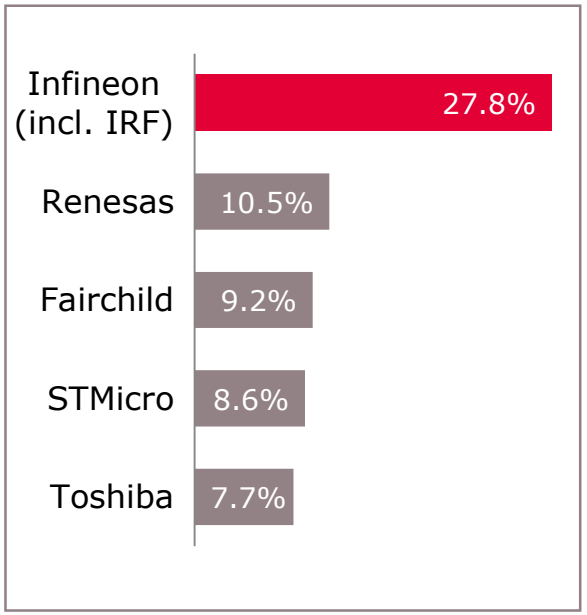
therein: IPMs

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

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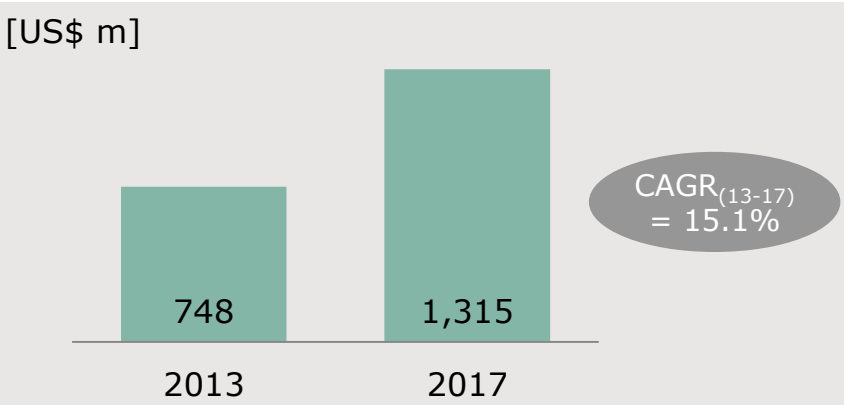
IPC: Increasing Inverterization Drives Power Semiconductors in Home Appliances






- 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



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

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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 metropolitan areas › Fast and efficient mass transport system	› Energy efficiency › Growing VSD penetration	› Energy efficiency › Charging time › Compact-ness (power density) › DPM	› Energy efficiency › Compact-ness (power density) › DPM › Brushless DC motors

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

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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

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Barcelona Improves Smart Mobility System with CIPURSE™-based Security Solutions

Infineon supplies security chips for „T-Mobilitat“ infrastructure in Barcelona

- The metropolitan transportation authority ATM will switch the electronic ticketing system of the metropolitan region of Barcelona from magnetic stripe cards to chip-based tickets
- The "T-Mobilitat" ticket is issued as a transport app or an all-in-one ticket in the form of a smart card
- Infineon is the first certified supplier to ATM for the “T-Mobilitat” project
- The decision by the ATM in Barcelona marks an important milestone in the global launch of the CIPURSE™ security standard of the OSPT Alliance

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eSE design-win at Lenovo strengthening IFX's position in APAC mobile payment market

Lenovo

Lenovo Vibe P1



Courtesy: Lenovo

Lenovo Vibe X3



Courtesy: Lenovo

Embedded Secure Element (eSE)



- Infineon supplies its SLE 97 eSE for
  - latest Lenovo smartphone models Vibe P1, Vibe X3
  - all Samsung Gear S2 smart watch models
  - Samsung Galaxy smartphone models

Samsung



Courtesy: Samsung



Courtesy: Samsung

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Strong momentum in TPM continues with design-wins at notebook makers and Microsoft

Notebooks



› Infineon has been selected as the sole supplier of TPM in all most recent projects at two leading note-book manufacturers

Trusted Platform Module (TPM)



› Microsoft uses OPTIGA™ TPMs for its latest personal computing devices:
  › Surface Book, the first Microsoft-branded laptop
  › New Surface Pro 4 tablet

Microsoft

Microsoft Surface Book



Courtesy: Microsoft

Microsoft Surface Pro 4



Courtesy: Microsoft

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

Payment	Government Identification	IoT Security	High-end Mobile Communications
			
› Transition to chip-based payment cards in China and the US › Growth of mobile payment	› Adoption of electronic governmental documents (national ID cards, passports, health cards, etc.) › Emergence of multi-application cards	› Rise of smart homes, connected cars, automated industries etc. › Increasing need for IT security › Growth of M2M communication › Authentication	› Greater adoption of NFC technologies for mobile payment and other applications

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

ATV	IPC	PMM	CCS
 Courtesy: BMW Group			
› CO_2 reduction › Advanced Driver Assistance Systems	› Energy efficiency › Automation › Productivity increase	› Energy efficiency › Power density › BLDC motors › Mobile device and LTE growth	› Security as a function › Mobile payments › Authentication › Internet of Things

~8% p.a. through-cycle growth

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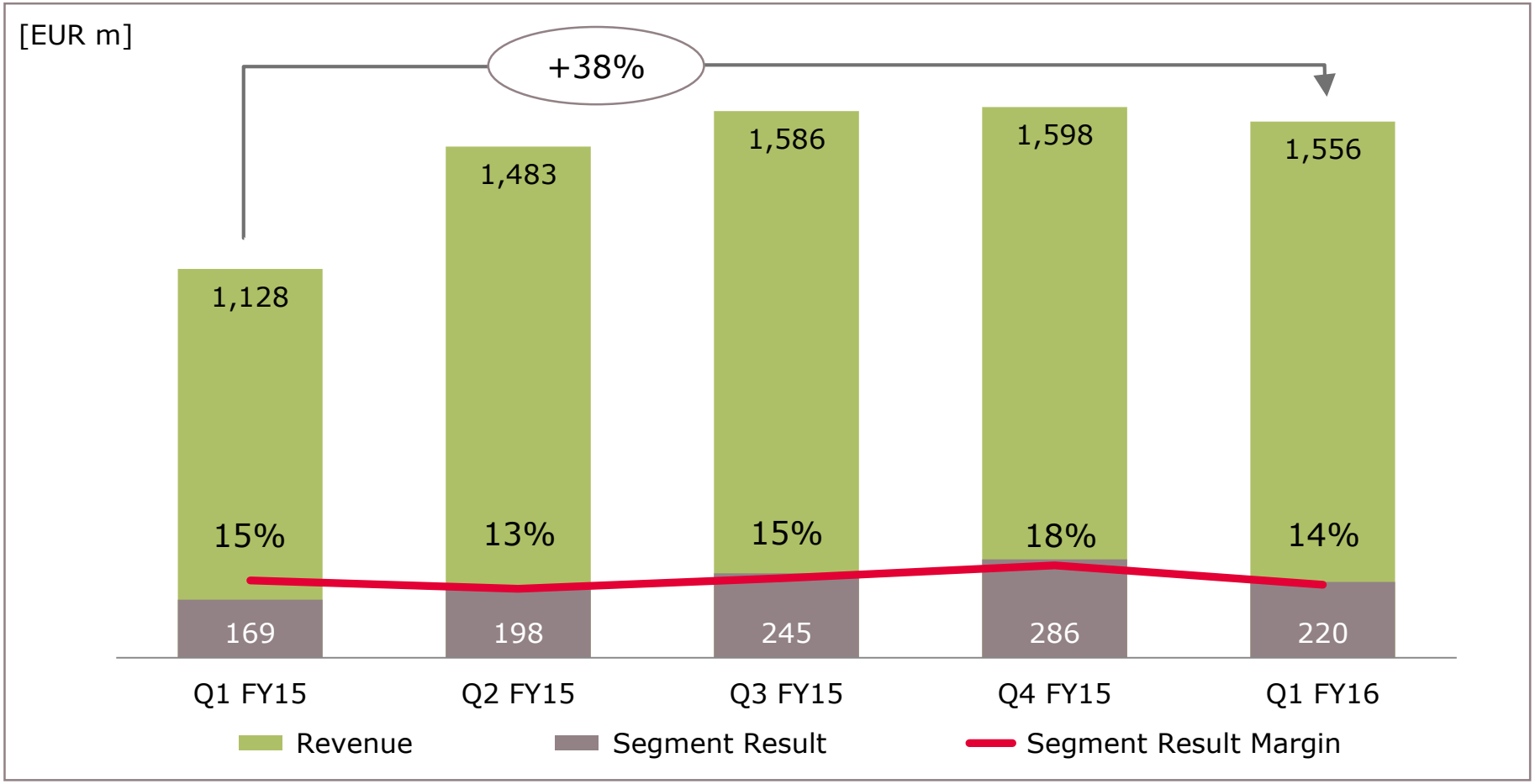
2 Growth Drivers

3 Results and Outlook

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

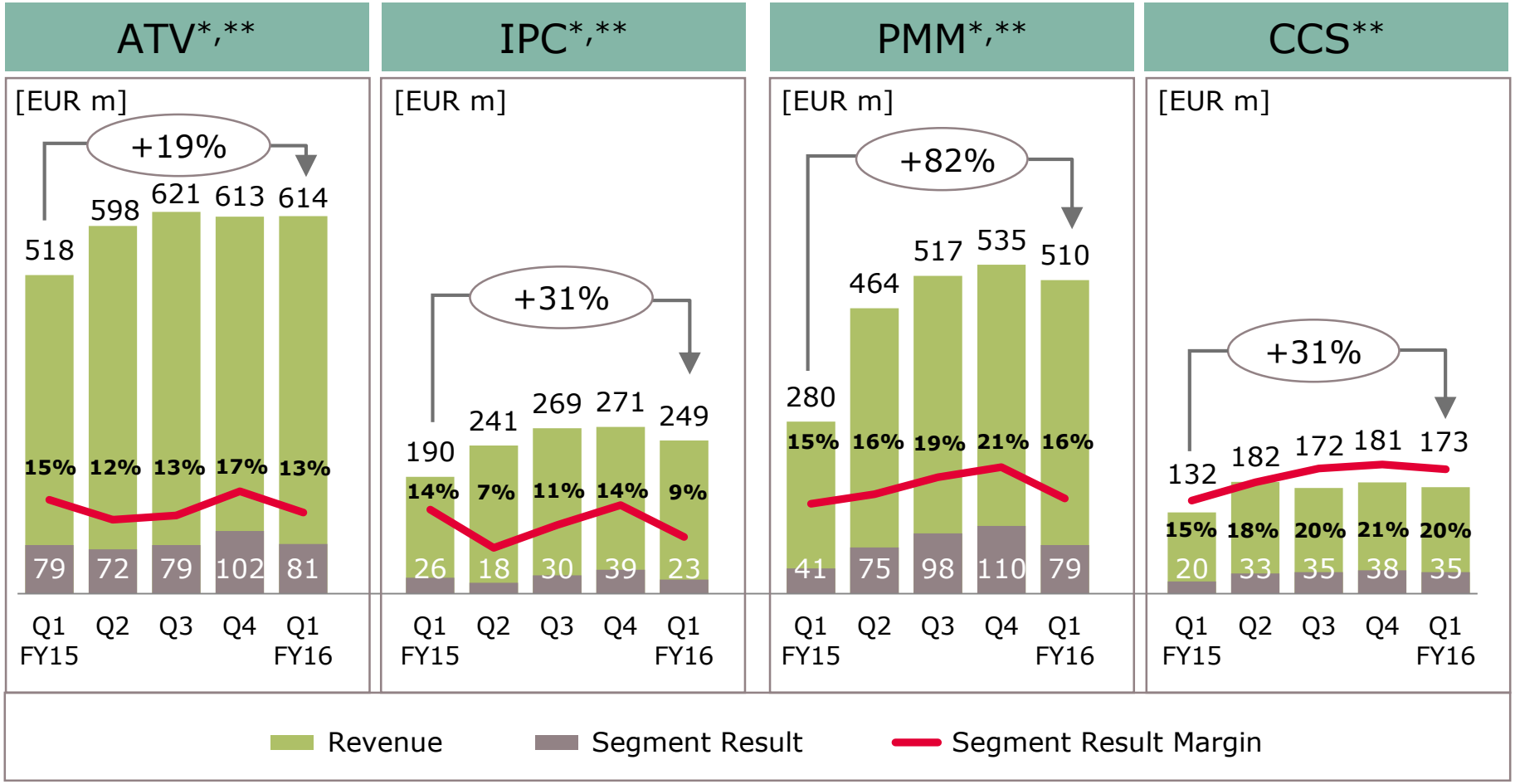
Revenue and Segment Result*



* Including International Rectifier from 13 January 2015.

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



* Including International Rectifier from 13 January 2015.

** The business with XMC industrial microcontrollers developed by ATV and CCS was transferred to PMM and IPC with effect from 1 October 2015. The previous year's figures have been adjusted accordingly.

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Guidance for Q2 FY16 and total FY16

	Outlook Q2 FY16* (compared to Q1 FY16)	Outlook FY16* (compared to FY15)
Revenue	Increase of 3% +/- 2%-points	Increase of 13% +/- 2%-points
Segment Result Margin	At the mid-point of the revenue guidance: 13%	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.

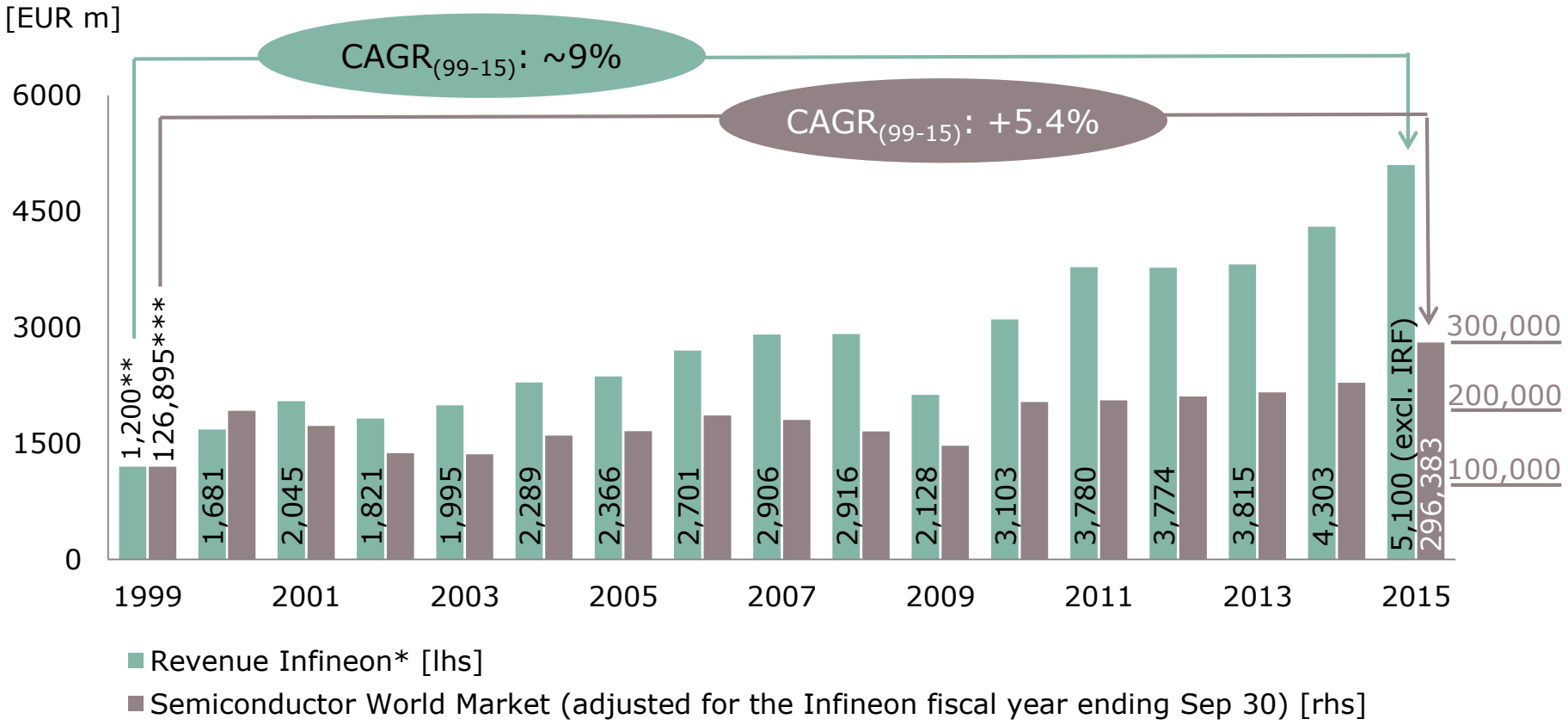
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Part of your life. Part of tomorrow.

Infineon

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.

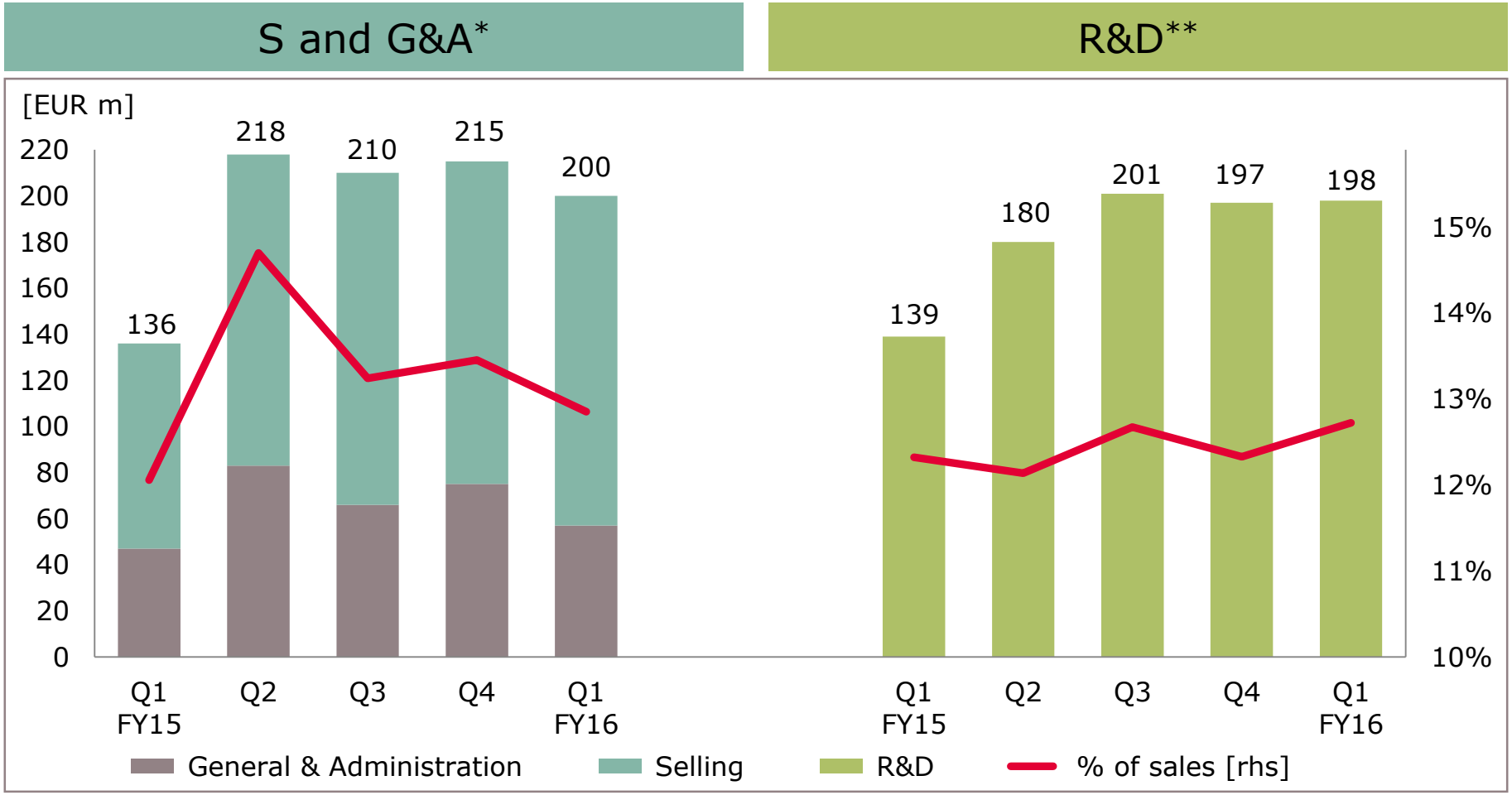
** Based on market development assumptions FY99's revenue figures for some smaller product categories have been derived from the FY00's revenue figures.

*** Scale indexed to the Infineon FY99 revenue.

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

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Opex stable in target range; SG&A still including noticeable acquisition-related costs

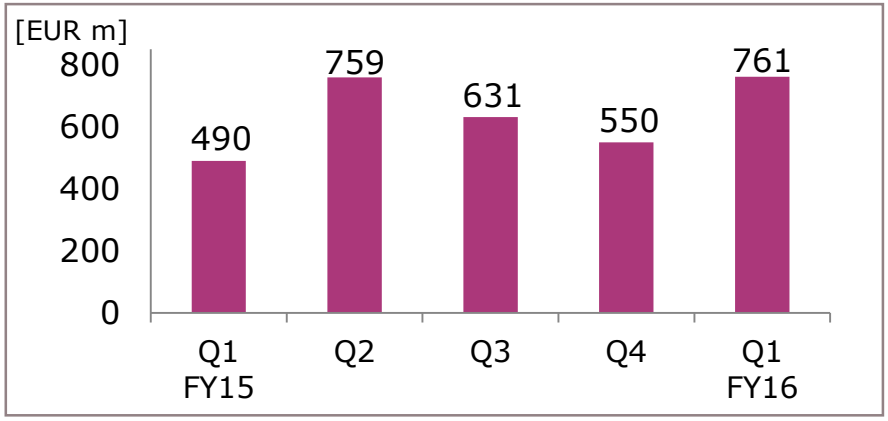


* Target range for SG&A: „Low teens percentage of sales".
** Target range for R&D: „Low to mid teens percentage of sales".

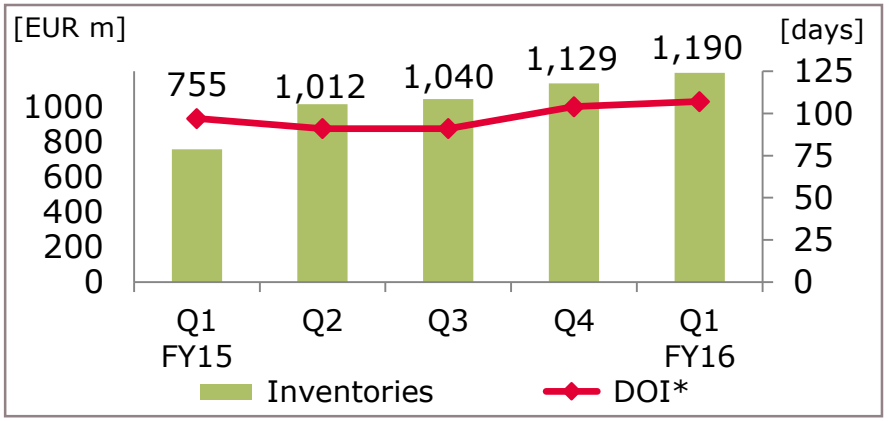
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Increase in inventories in light of expected growth in Q2 FY16

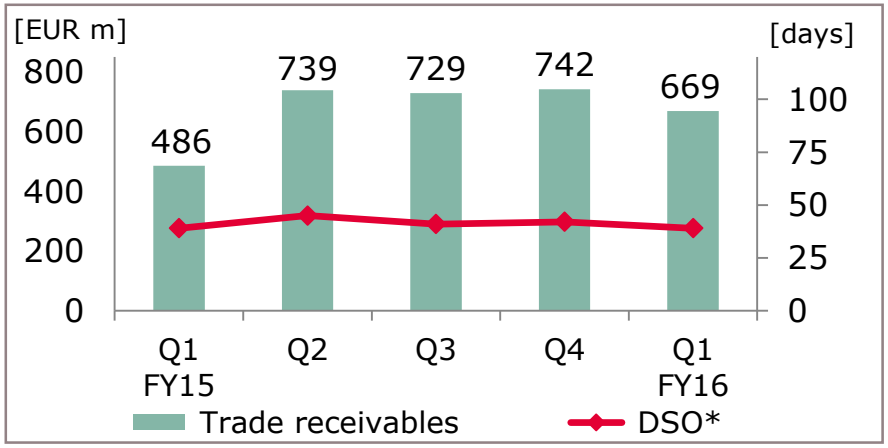
Working capital*



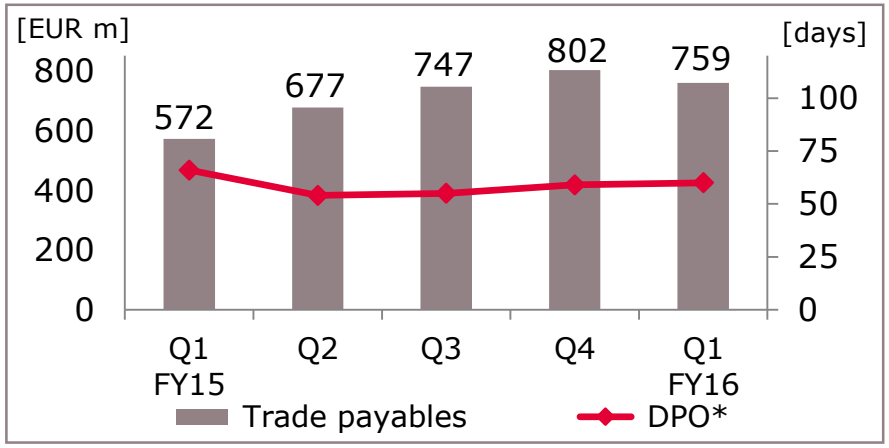
Inventories*



Trade receivables*



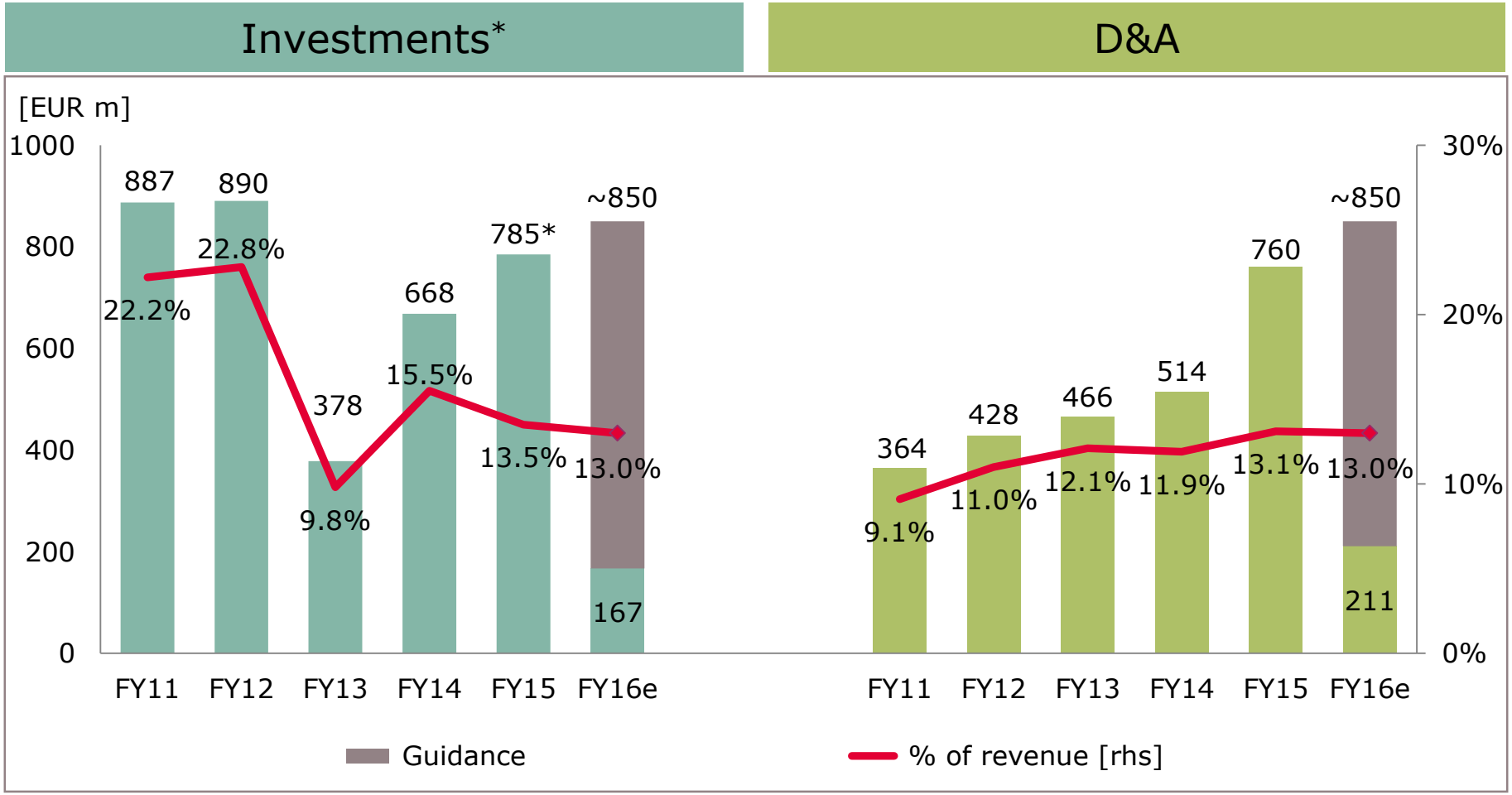
Trade payables*



* For definition please see page 41.

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

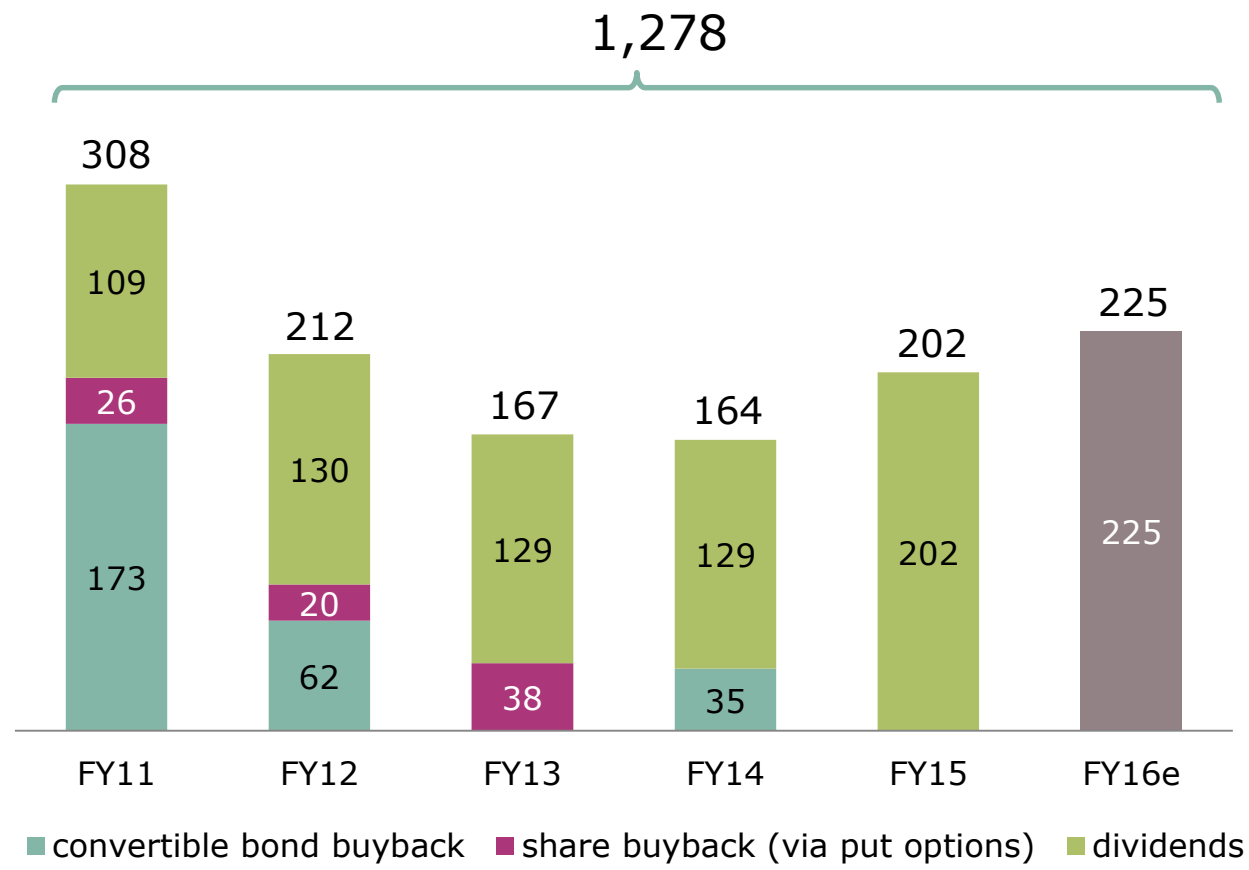


* For definition please see page 41.

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

Total gross capital returns history

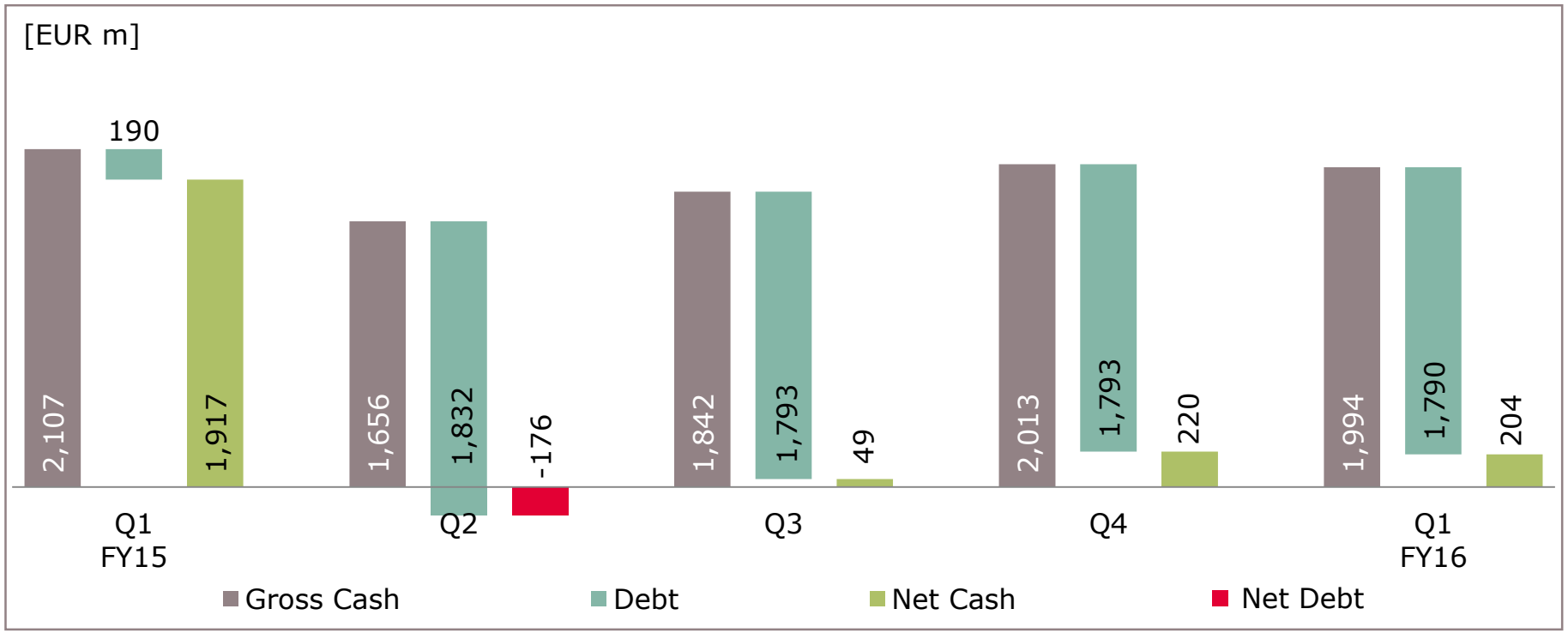


- Increase of dividend from €0.18 to €0.20 will be proposed to AGM on 18 Feb 2016.
- Payout of ~€225m will follow on 19 Feb 2016.

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Net cash expected to grow in coming quarters; in Q2 FY16 ~€225m cash out due to dividend

Liquidity development

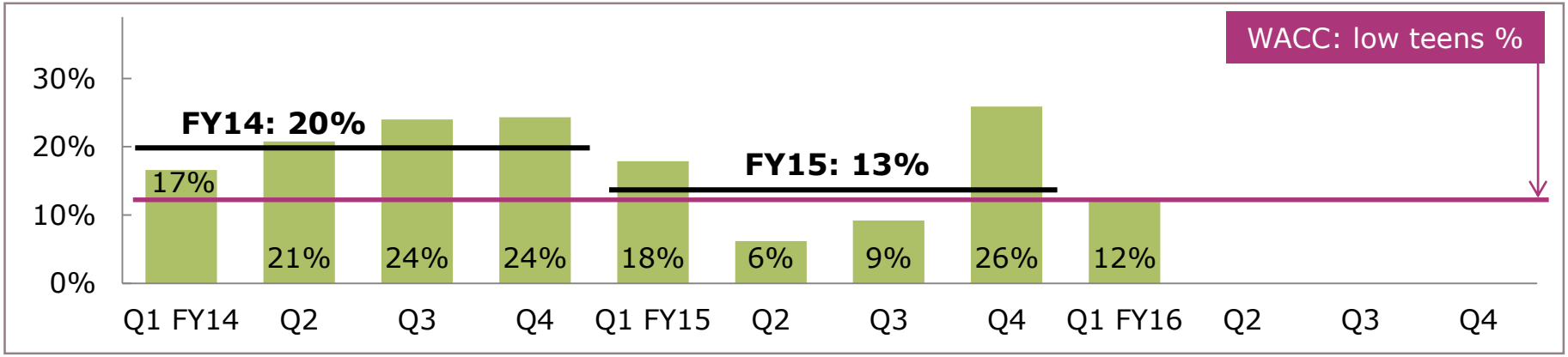


- In Q1 FY16, no significant changes on cash and debt positions.
- Free Cash Flow from continuing operations was €0m.

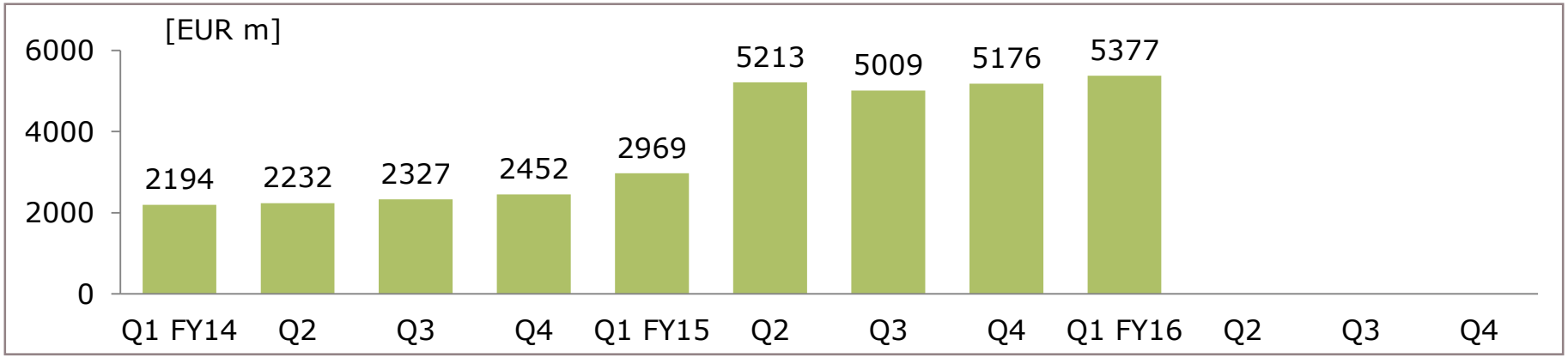
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RoCE expected to increase in FY16 vs FY15

RoCE* history



Capital Employed* history



* For definition please see page 41.

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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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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

- Jan 2016: Infineon is listed in the Sustainability Yearbook for the sixth consecutive year and, according to RobecoSAM, among the top 15% most sustainable companies worldwide.
- Sep 2015: Infineon was listed in the Dow Jones Sustainability Index for the sixth consecutive year. Additionally, Infineon was accepted into the World Index for the first time and as the only European semiconductor company.

- Sep 2015: 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.
- Jun 2015: most recent review.

- In the 2015's Carbon Disclosure Project (CDP) climate change report, Infineon achieved a placing among the best companies in the Information Technology sector.

CDP
DRIVING SUSTAINABLE ECONOMIES

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Financial calendar

Date	Location	Event
03 May 2016*		Q2 FY16 Results
30 May 2016	Copenhagen	Danske Bank German Corporate Day
08 – 09 June 2016	Berlin	Deutsche Bank German, Suisse & Austrian Conference
15 – 16 June 2016	Paris	Exane European CEO Conference
20 Jun 2016	London	JPMorgan CEO Conference
02 Aug 2016*		Q3 FY16 Results
30 Nov 2016*		Q4 FY16 and FY 2016 Results

* preliminary

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