Baader Investment Conference

Munich, 21 September 2016

Holger Schmidt
Manager Investor Relations

Table of Contents

1 Infineon at a Glance

2 Planned acquisition of Wolfspeed

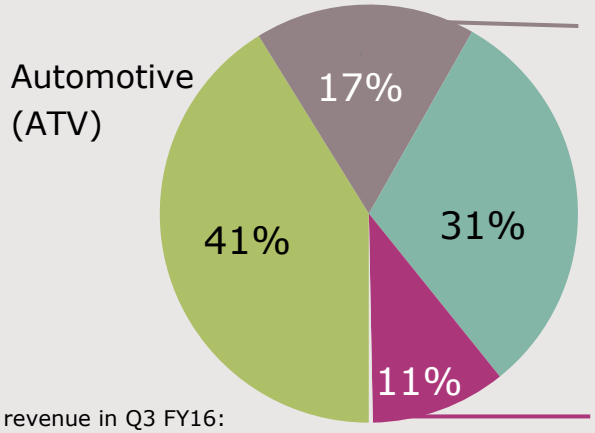
3 Growth Drivers

4 Results and Outlook

Copyright © Infineon Technologies AG 2016. All rights reserved.

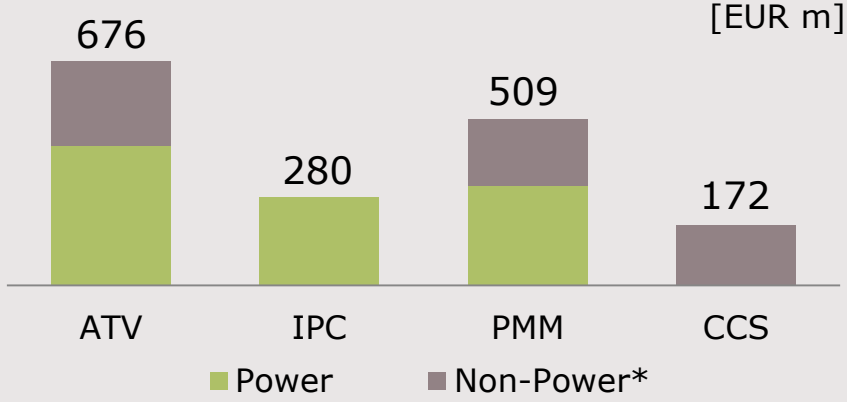
Infineon at a glance

Business Segments



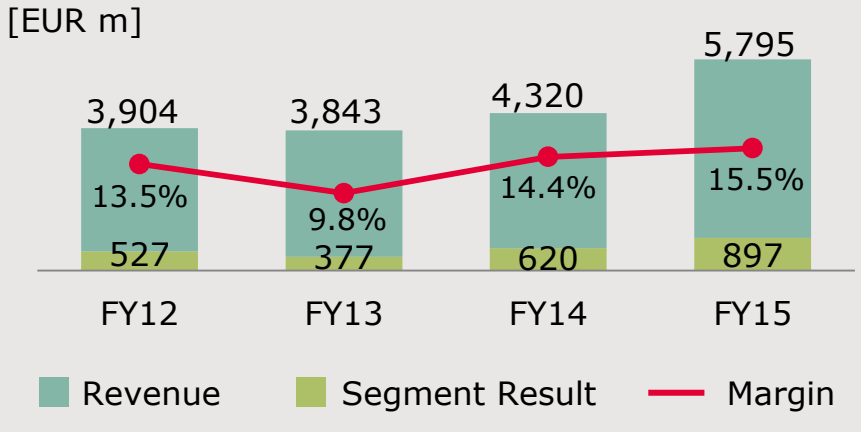
revenue in Q3 FY16:
€1,632m incl. OOS & C&E of -€5m

Power represents ~60% of revenue



*embedded control, sensors, RF

Financials



Market Position

Automotive	Power	Smart card ICs
		
# 2	**# 1**	**# 2**
Strategy Analytics, April 2016	IHS Markit, July 2016	IHS Markit, July 2016

Copyright © Infineon Technologies AG 2016. All rights reserved.

Technology leadership and system understanding fosters growth and profitability

Competitive advantages	
Auto	system leader in automotive
Power	#1, system and technology leader
RF	broadest technology portfolio;#1 in SiGe; become #1 in base stations by 2020
Security	Leader in security solutions

Average-cycle financial targets

Revenue Growth:

~8%

Segment Result Margin:

~15%

Investment-to-Sales:

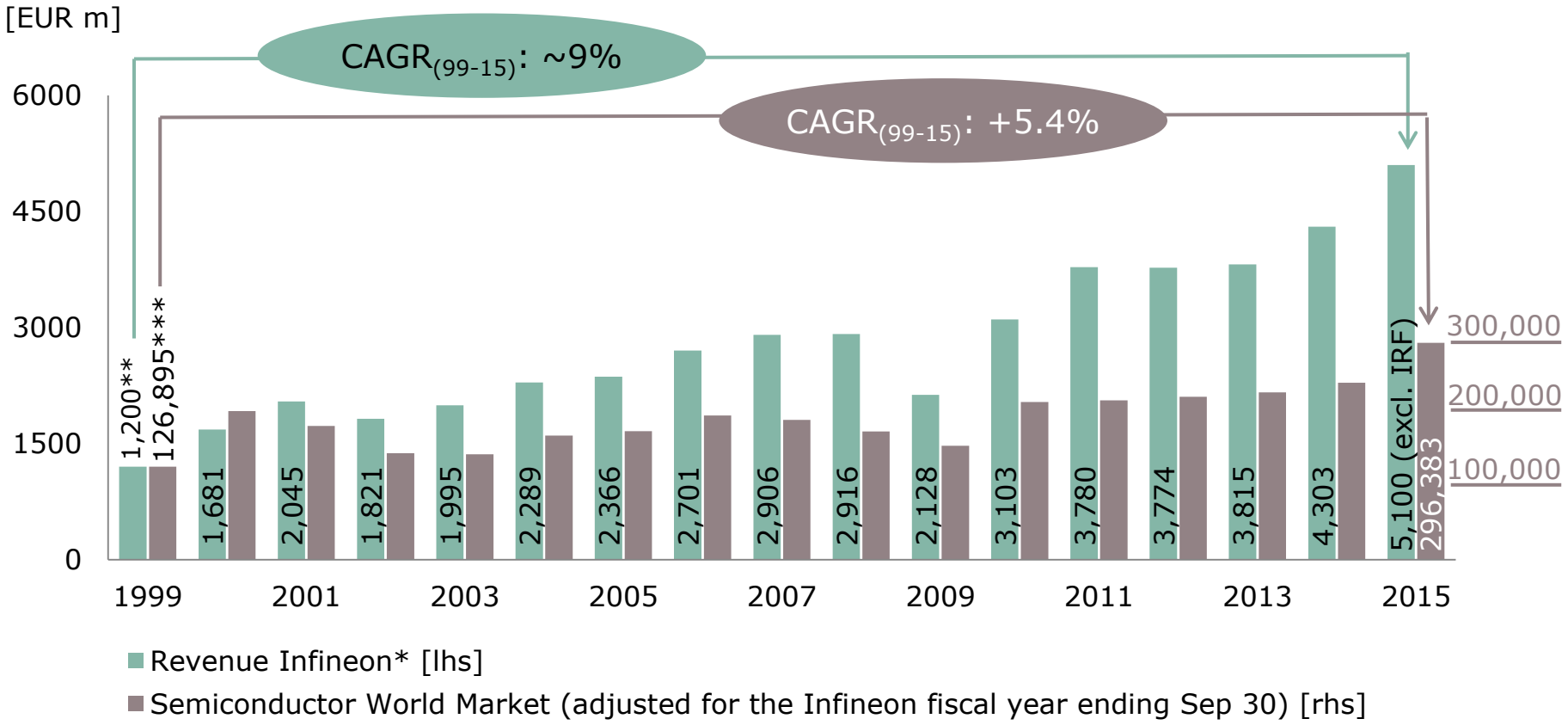
~13%

(Capex*: ~11%; capital. R&D*: ~2%)

* Infineon reports under IRFS

Copyright © Infineon Technologies AG 2016. All rights reserved.

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.

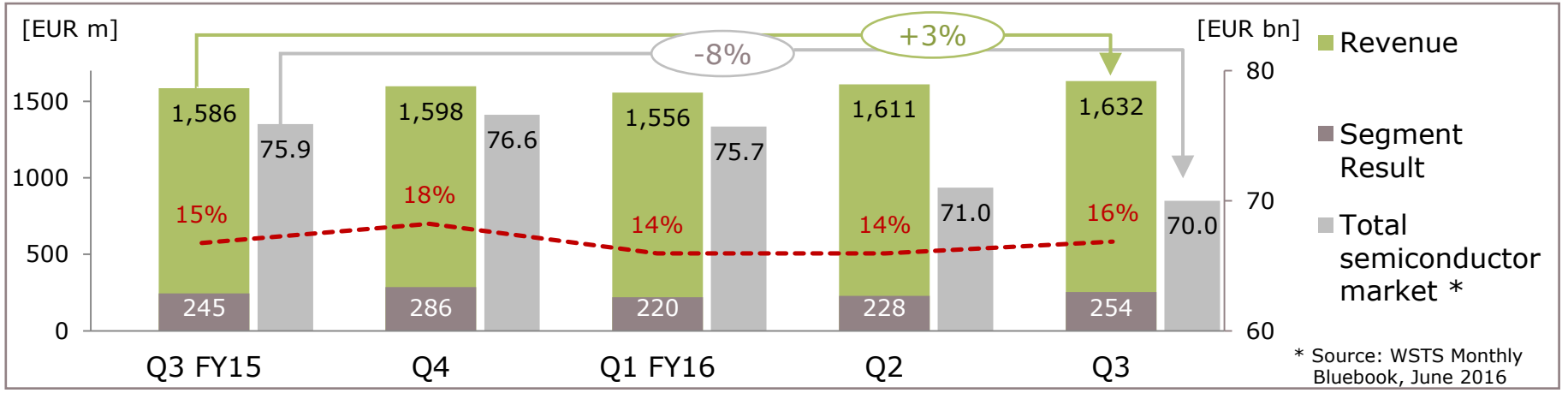
*** Scale indexed to the Infineon FY99 revenue.

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

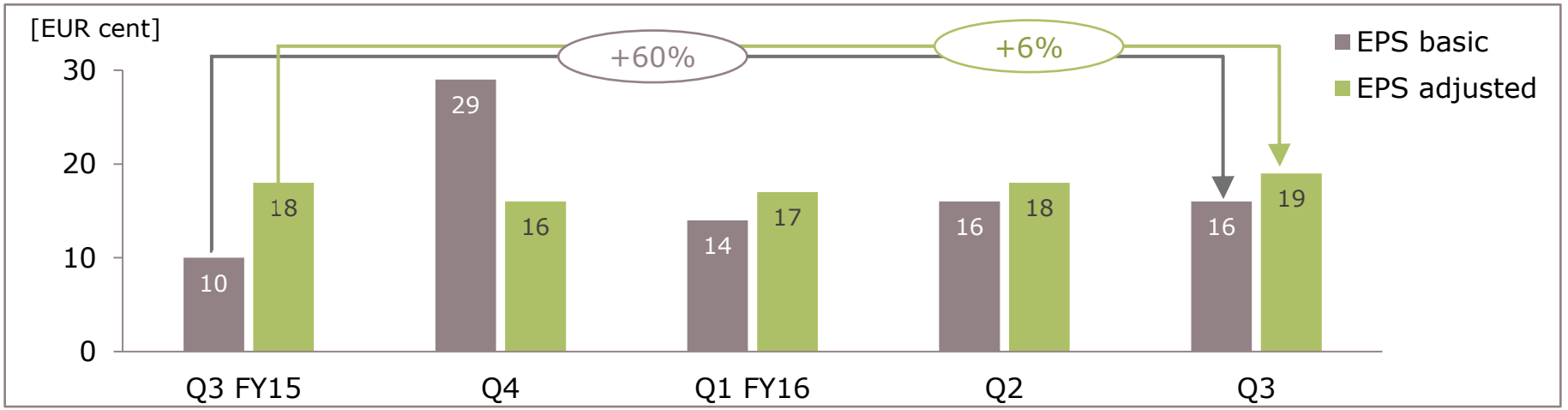
Copyright © Infineon Technologies AG 2016. All rights reserved.

Our promise to investors: Continued value creation through growth (I)

Q3 FY16 revenue y-y growth ~3%, despite shrinking market



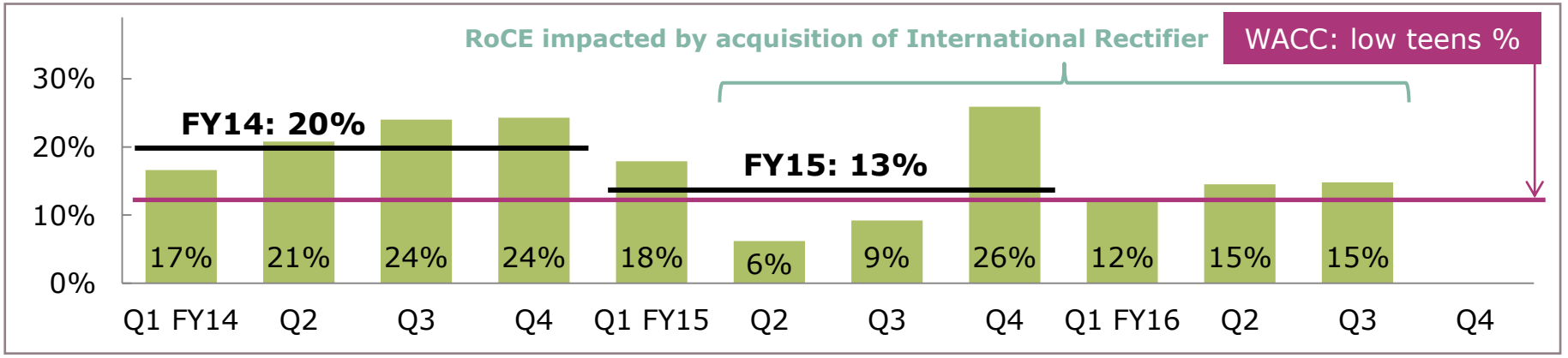
Earnings-per-share growth



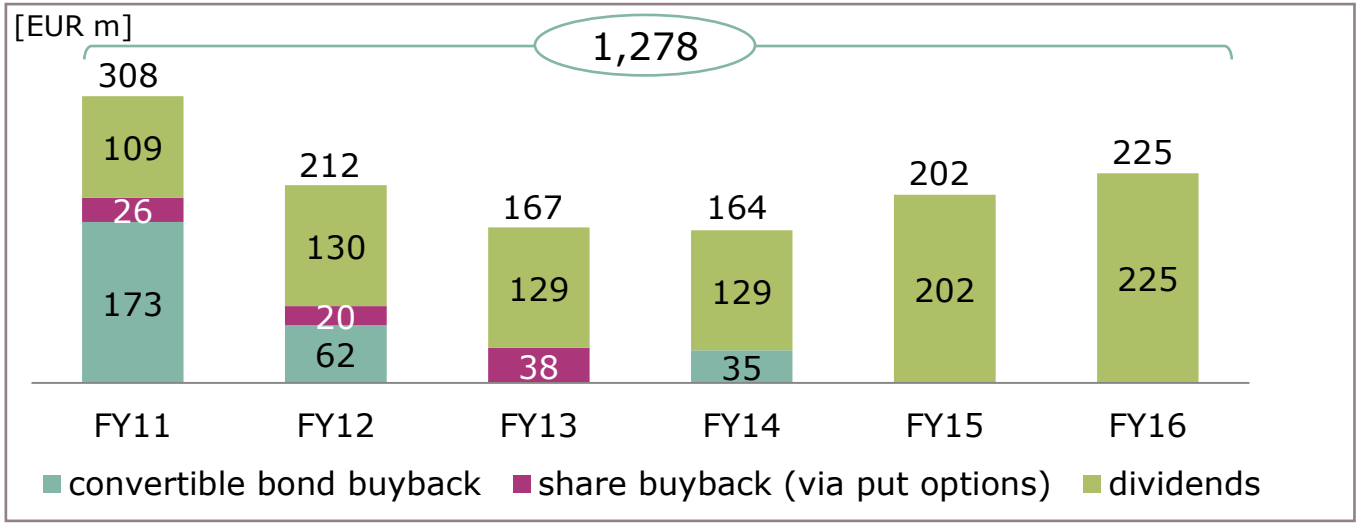
Copyright © Infineon Technologies AG 2016. All rights reserved.

Our promise to investors: Continued value creation through growth (II)

RoCE as key value metric



Total cash return to shareholders



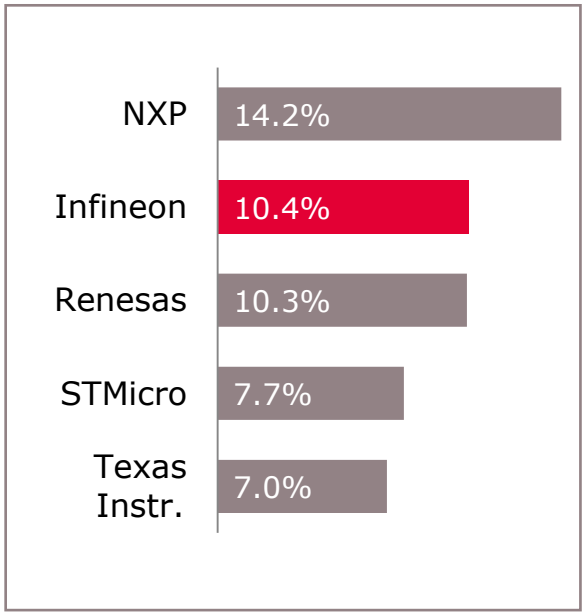
- Policy of sustainable dividend payout.
- Increase of dividend from €0.18 to €0.20.
- Payout of €225m on 19 Feb 2016.

Copyright © Infineon Technologies AG 2016. All rights reserved.

Infineon increased relative market share in power and outperformed chip card market

Automotive semiconductors

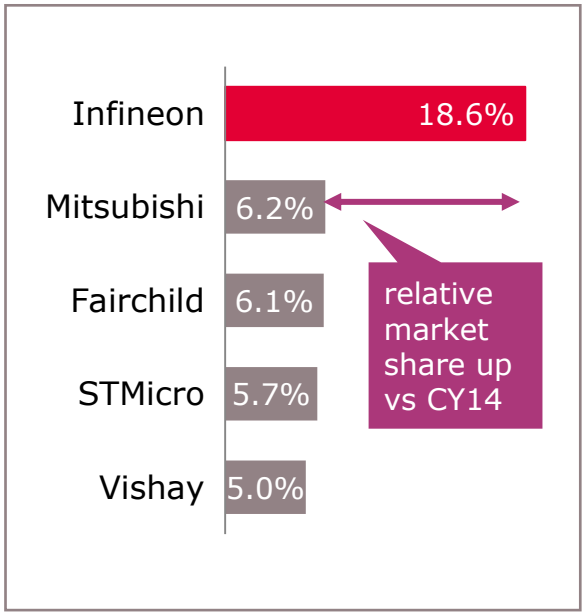
total market in 2015: $27.4bn



Source: Strategy Analytics, April 2016

Power discretes and modules

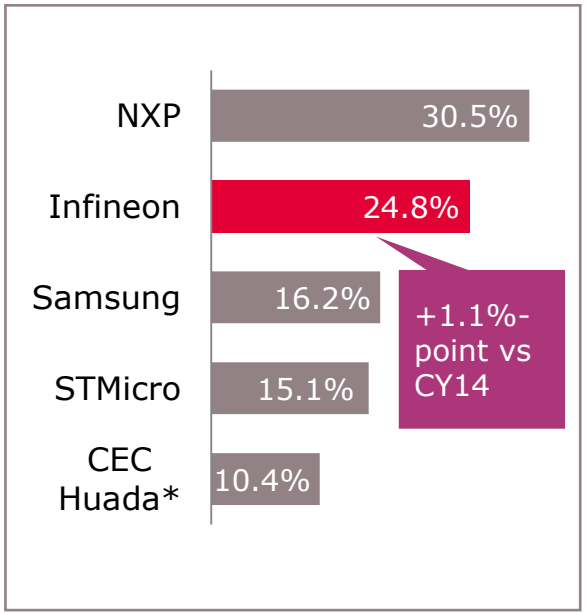
total market in 2015: $14.8bn



Source: IHS Markit, July 2016

Smart Card ICs

total market in 2015: $2.72bn

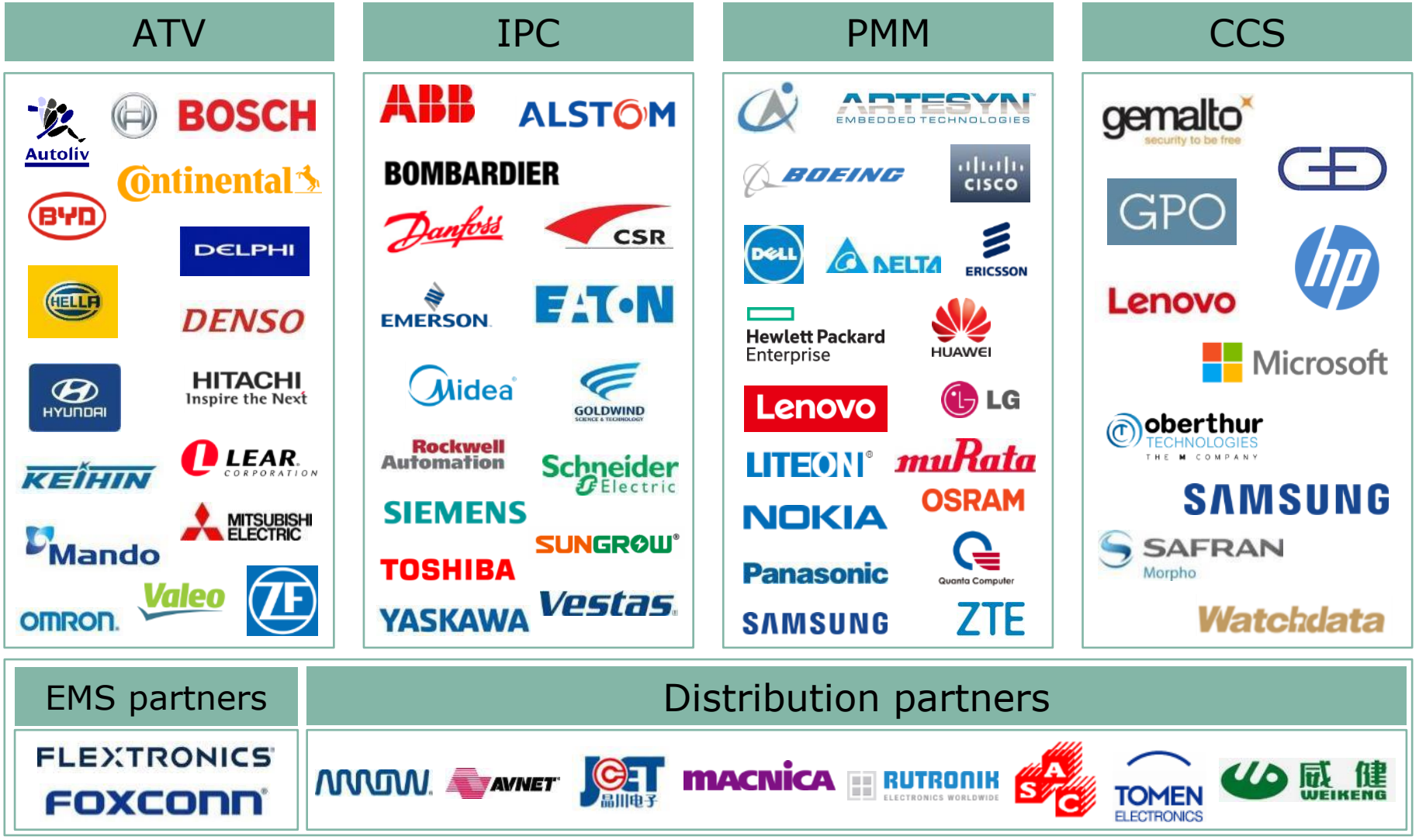


Source: IHS Markit, July 2016

* including SHHIC (in 2015, SHHIC was acquired by CEC Huada.)

Copyright © Infineon Technologies AG 2016. All rights reserved.

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



Copyright © Infineon Technologies AG 2016. All rights reserved.

Table of Contents

1 Infineon at a Glance

2 Planned acquisition of Wolfspeed

3 Growth Drivers

4 Results and Outlook

Copyright © Infineon Technologies AG 2016. All rights reserved.

Key facts of the deal

- Transaction perimeter:

Wolfspeed
A CREE COMPANY

CREE's SiC wafer substrate business (excluding LED)

- Revenues of US$173m in LTM* ending 27 March 2016
- Purchase price: US$ 850m
- Transaction type: cash and debt free
- Financing: US$ 720m bank loans
  US$ 130m cash-on-hand
- Expected closing date: ~ end of calendar year 2016

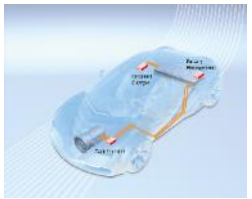
* LTM = last twelve months

Copyright © Infineon Technologies AG 2016. All rights reserved.

Deal rationale at a glance







GM 55%*

CAGR 20%

- Become #1 in RF power amplifier market by ~2020 with most complete technology portfolio by capitalizing on technology disruption in cellular infrastructure
- #1 in silicon carbide for power, strengthen automotive and industrial and accelerate market introduction with cutting-edge products as cost-performance leader and create thereby a higher addressable market for Infineon
- Deal is margin and adjusted EPS accretive from day 1 with expected 55% incremental gross margin* and 20% incremental revenue growth of the acquired businesses

- For detailed information on the deal rational please refer to the web call and the corresponding investor presentation at http://www.infineon.com/poweringthefuture

* According to US GAAP, excluding effects from purchase price accounting

Copyright © Infineon Technologies AG 2016. All rights reserved.

Table of Contents

1 Infineon at a Glance

2 Planned acquisition of Wolfspeed

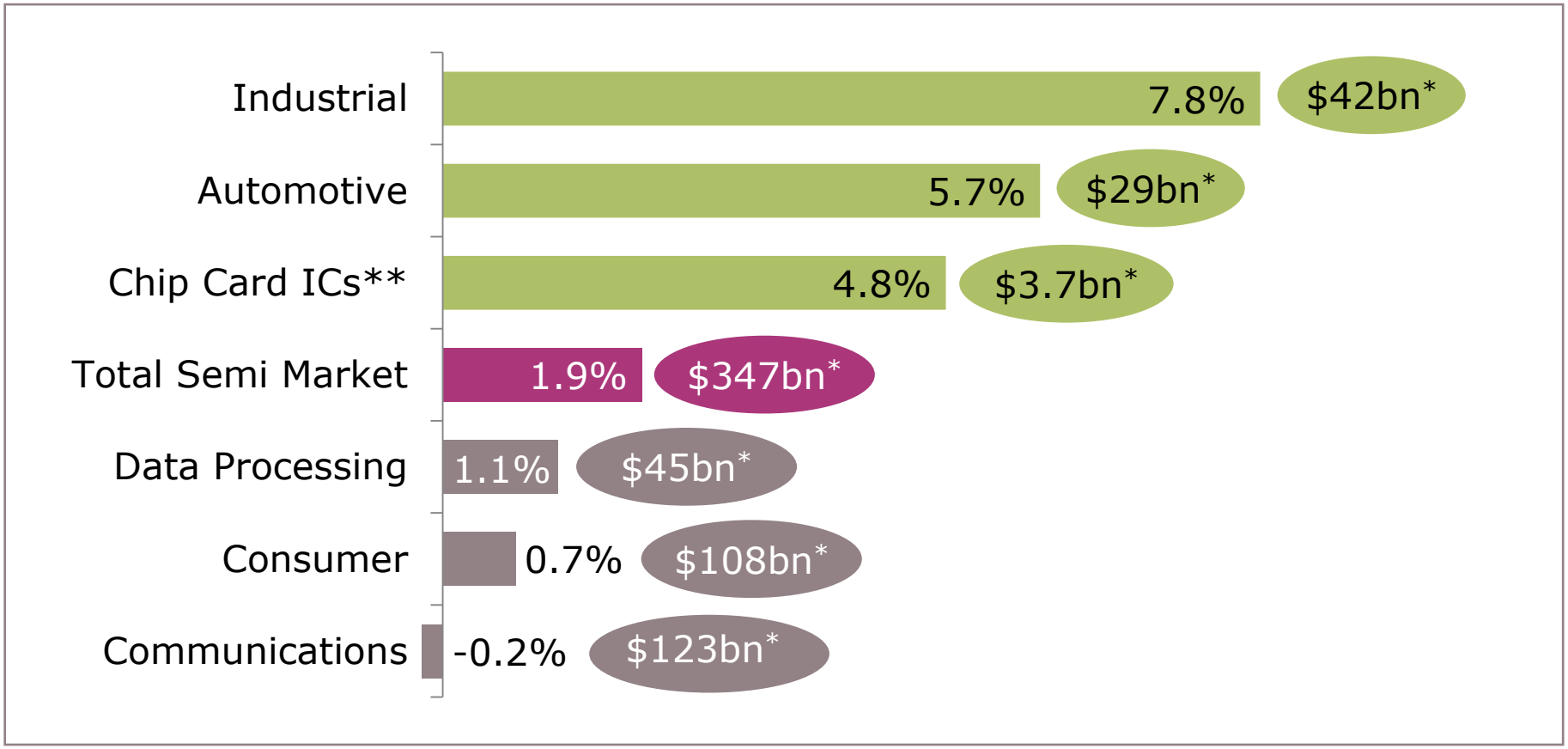
3 Growth Drivers

4 Results and Outlook

Copyright © Infineon Technologies AG 2016. All rights reserved.

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

CAGR 2015 – 2020 by Semiconductor Industry Segment



Source: IHS Markit, Worldwide Semiconductor Shipment Forecast, June 2016
* In calendar year 2015
** source: ABI Research, "Secure Smart Card & Embedded Security IC Technologies", January 2016; microcontroller ICs

Copyright © Infineon Technologies AG 2016. All rights reserved.

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

#2 with market share gains in power and sensors:
- #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

for more information see presentation at: www.infineon.com/auto-slides

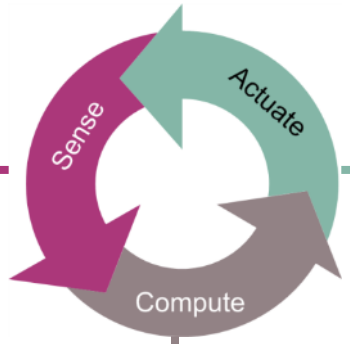
* Source: Strategy Analytics, April 2016

** own estimate.

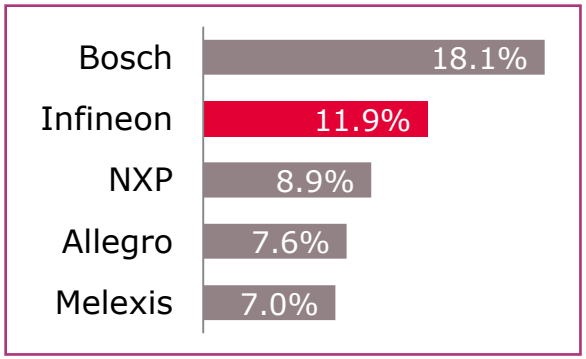
Copyright © Infineon Technologies AG 2016. All rights reserved.

Infineon is system leader with most balanced portfolio in the market

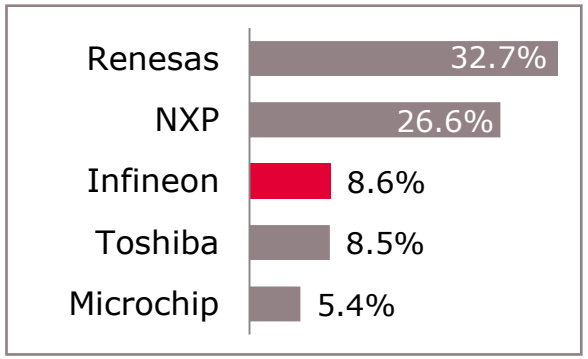
Infineon covers the entire control loop in powertrain, safety/ADAS, and comfort/body



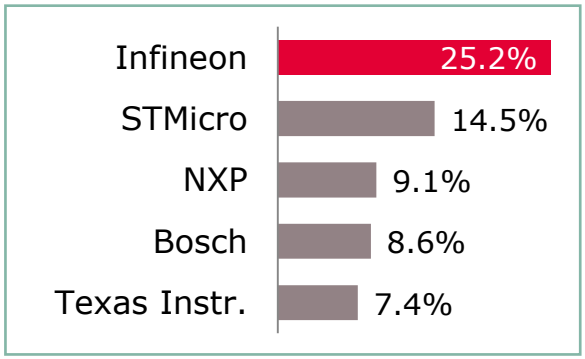
sensors
total market in 2015: $4.2bn



microcontrollers
total market in 2015: $6.5bn



power
total market in 2015: $7.1bn



Source: Strategy Analytics, "Automotive Semiconductor Vendor Market Shares", April 2016

Copyright © Infineon Technologies AG 2016. All rights reserved.

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



Connectivity

- Advanced connectivity is driven by making the car part of the Internet
- The car will be fully connected (V2I, V2V, in-vehicle)



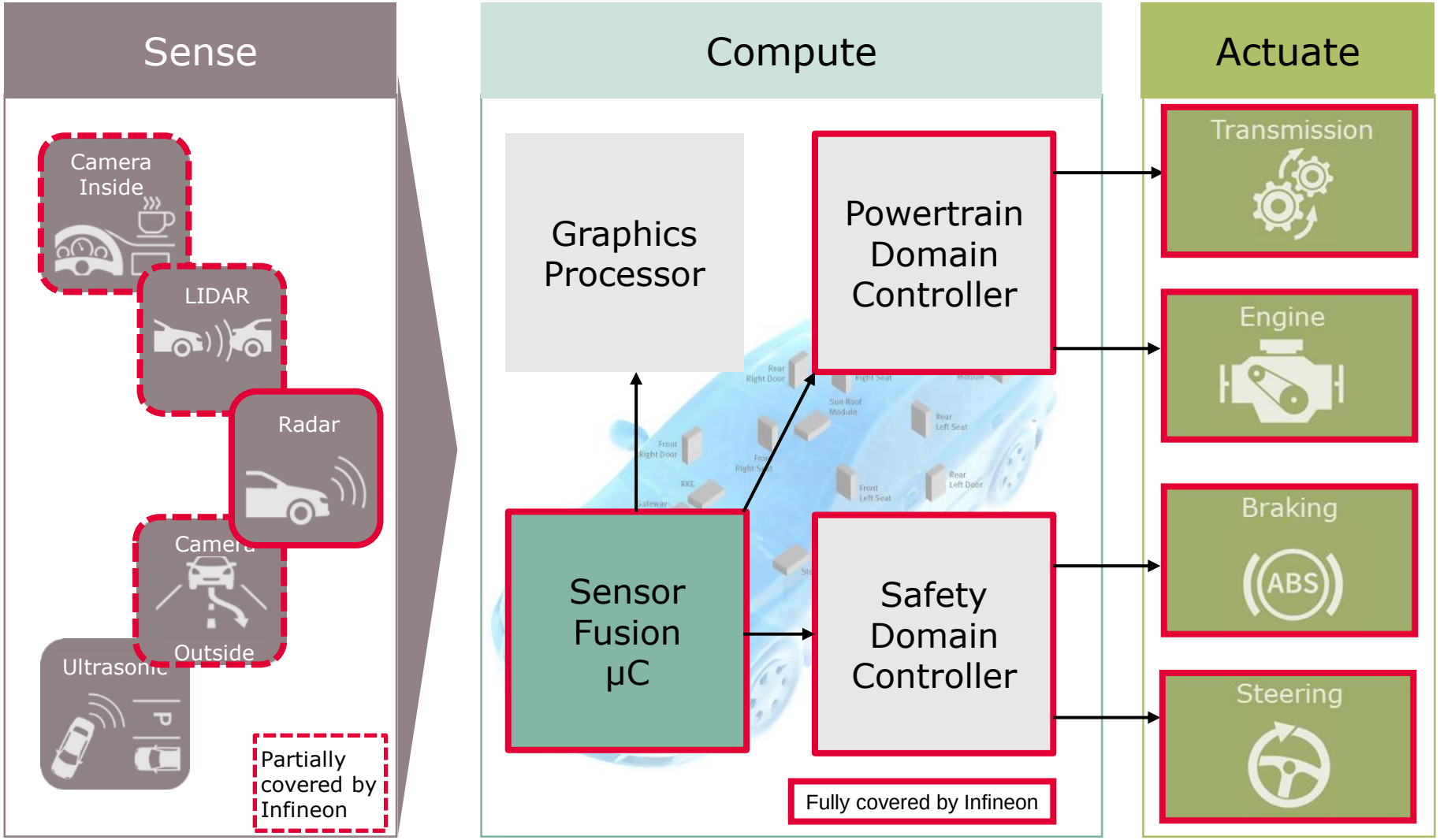
Advanced security



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

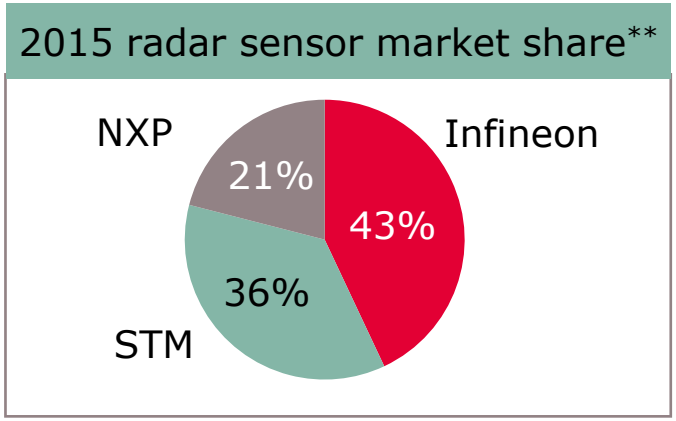
Copyright © Infineon Technologies AG 2016. All rights reserved.

ADAS system chipset coverage by Infineon



Copyright © Infineon Technologies AG 2016. All rights reserved.

Infineon market leader in radar; 20m sensor chips sold; ~50% $CAGR_{16-21}$ based on design wins*



Innovation for performance

Innovation for cost

Vision Zero
+ Autonomous Driving

ACC radar
1st SiGe 77 GHz transceiver



mid-range radar
1st radar product
eWLB package



Blind Spot Detection
(24 GHz)

mid- & long-range radar
Dual Chip System solution +
power supply



next gen. of mid- and long-range radar
AURIX™ 3rd gen., power supply
SiGe

short- to mid-range radar
CMOS solution
CMOS

2009 Today Tomorrow

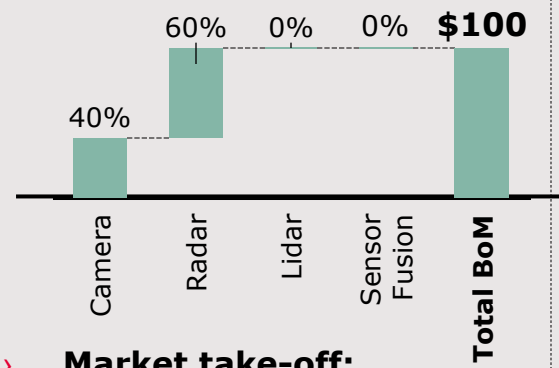
* Refers to 77 GHz radar sensor chip market
** Source: IHS Markit, "Advanced Driver Assistance Applications Sensor Market Database – H2 2015", February 2016

Copyright © Infineon Technologies AG 2016. All rights reserved.

ADAS semi growth driven by radar and camera sensor modules

Average ADAS semiconductor content per level of automation

Level 2



- **Market take-off:** 2015-2020 (up to 30m vehicles p.a.)
- **Key market driver:** NCAP, Automatic Emergency Brake, Blindspot Detection

Level 3



- **Market take-off:** 2020-2025 (up to 10m vehicles p.a.)
- **Key market driver:** Automated Driving in specific situations (e.g. parking, highway)

Level 4



- **Market take-off:** 2025-2030 (up to 5m vehicles p.a.)
- **Key market driver:** Autonomous Driving

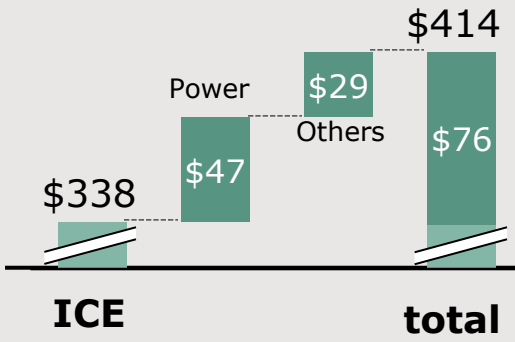
Copyright © Infineon Technologies AG 2016. All rights reserved.

xEV growth driven by power semis

Average xEV semiconductor content by degree of electrification

48 V

Adder for DC-DC and starter/generator

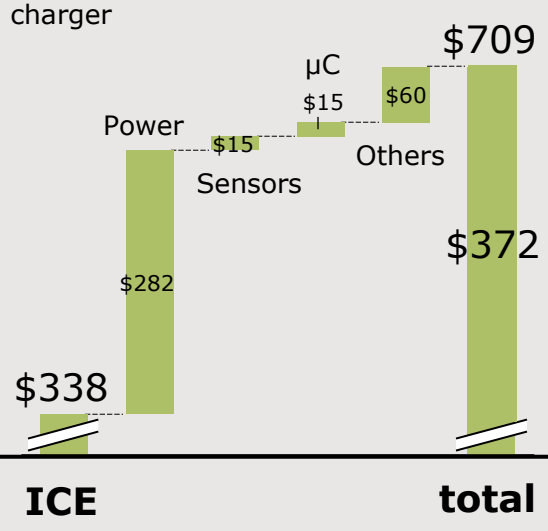


2020: 1.6m*

› high growth for 48 V (not even including 48 V auxiliaries nor mild hybrid)

HEV / PHEV

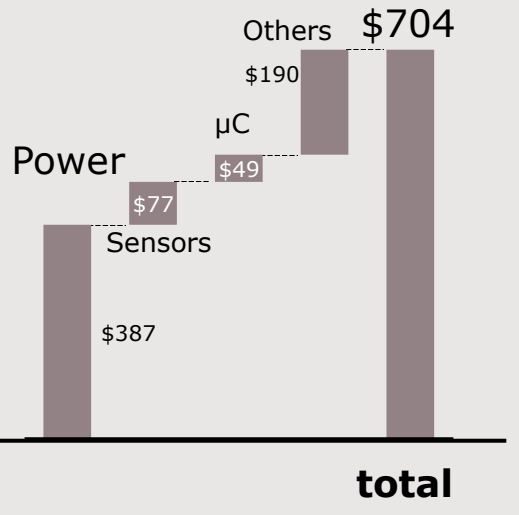
Adder for DC-DC, inverter, onboard charger



2020: 3.5m HEVs* 1.9m PEHs*

› PHEV to overtake HEV after 2020, especially in Europe

EV



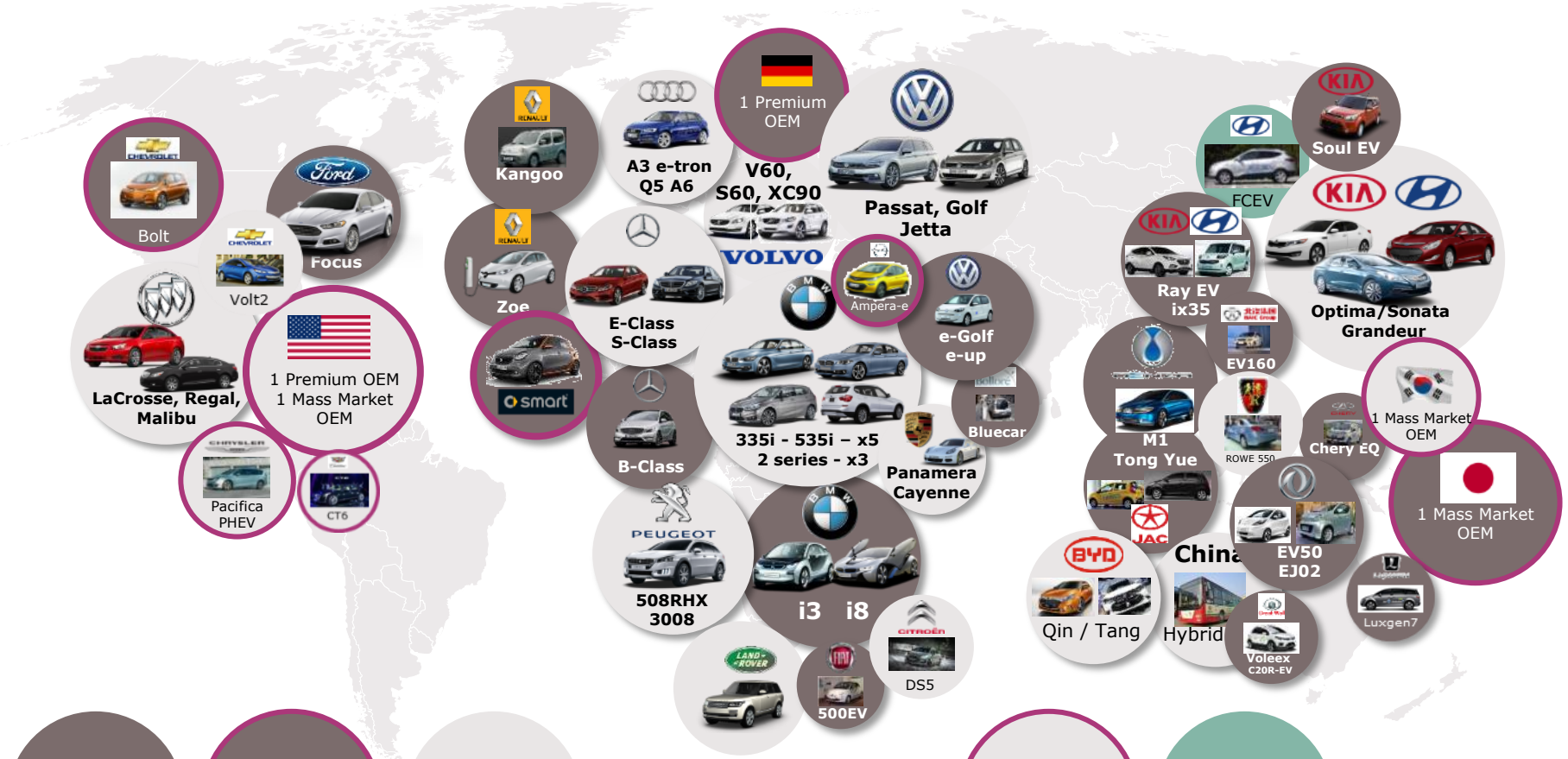
2020: 1.4m EVs*

› strong growth driven by Chinese OEMs

*Source: IHS Markit, "Alternative Propulsion Forecast", January 2016, expected number of vehicles

Copyright © Infineon Technologies AG 2016. All rights reserved.

Infineon is well positioned globally to benefit disproportionally from xEV boom



EV in production

EV future SOP

HEV in production

HEV future SOP

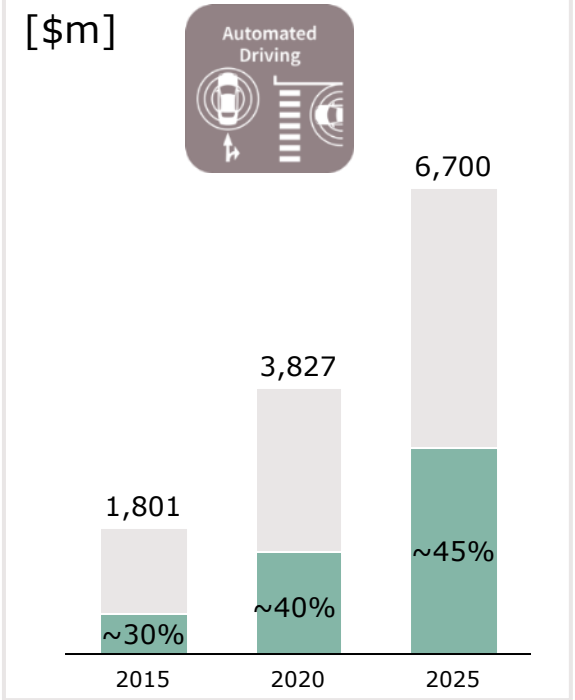
Fuel Cell in production

SOP = Start of production

Copyright © Infineon Technologies AG 2016. All rights reserved.

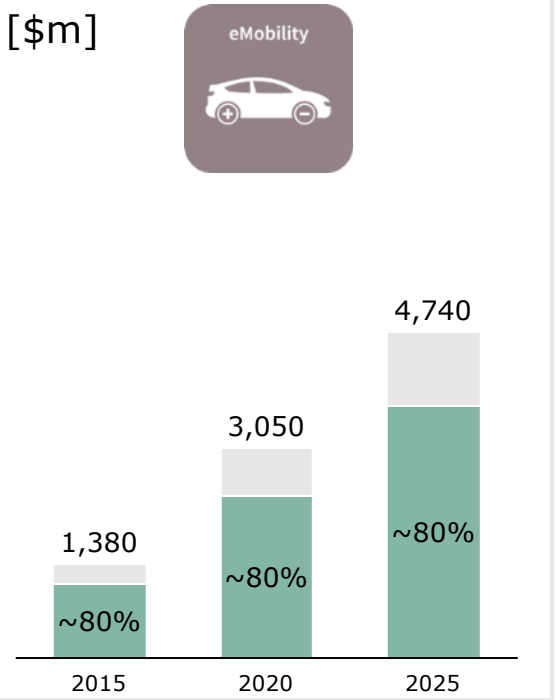
Infineon is ideally positioned to benefit most from megatrends ADAS, xEV, and security

ADAS/autonomous driving semi market



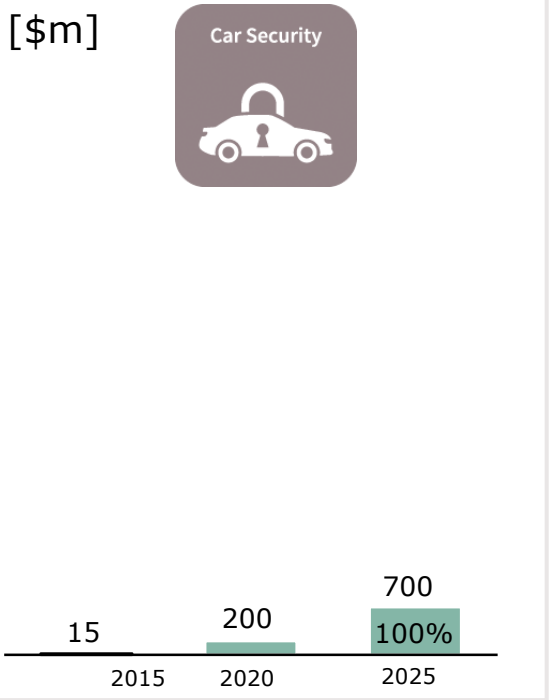
Higher market coverage driven by radar penetration, AURIX™ penetration and actuators

xEV/e-mobility semi market



High market coverage already in 2015 will be kept with ramp-up of new power products

Security semi market



Key enabler for secure connectivity

Source: IHS Markit, Strategy Analytics, Infineon estimations

Addressed by Infineon | Not addressed by Infineon

Copyright © Infineon Technologies AG 2016. All rights reserved.

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 p.a. › Further growth in Western Europe, US, Korea and China › 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

Copyright © Infineon Technologies AG 2016. All rights reserved.

Infineon is #1 and technology leader in power semiconductors

- #1 in the market*
- Broadest product and technology portfolio
- Addressing broadest range of applications
- 300 mm 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

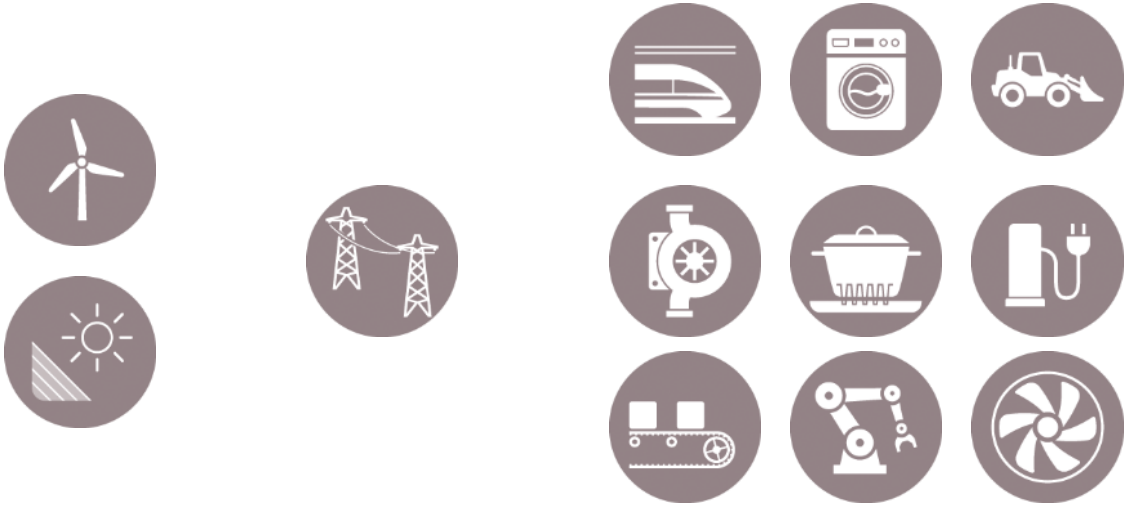
* Source: IHS Markit, "Power Semiconductor Discretes & Modules Report", July 2016

Copyright © Infineon Technologies AG 2016. All rights reserved.

As system leader in power, Infineon has broadest application and technology reach

Covering the entire power chain

Generation **Transmission** **Consumption**



Main IPC markets



Main PMM power markets

System competence for highest reliability and highest efficiency

Stacks	Modules	MOSFETs/IGBTs	Drivers	Controllers











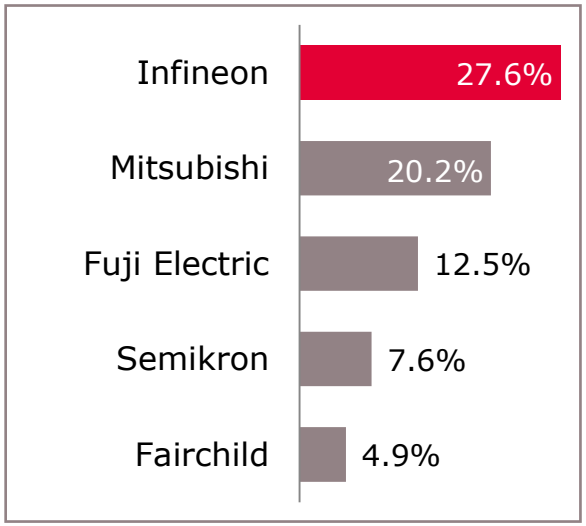
Copyright © Infineon Technologies AG 2016. All rights reserved.

Infineon further strengthened its market positions

IGBT components* (discretes and modules)

total market in 2015: $3.94bn

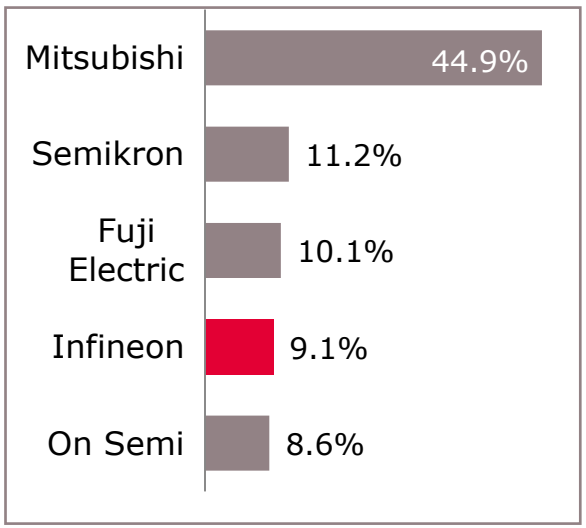
Stronger #1 position



therein: IPMs

total market in 2015: $1.10bn

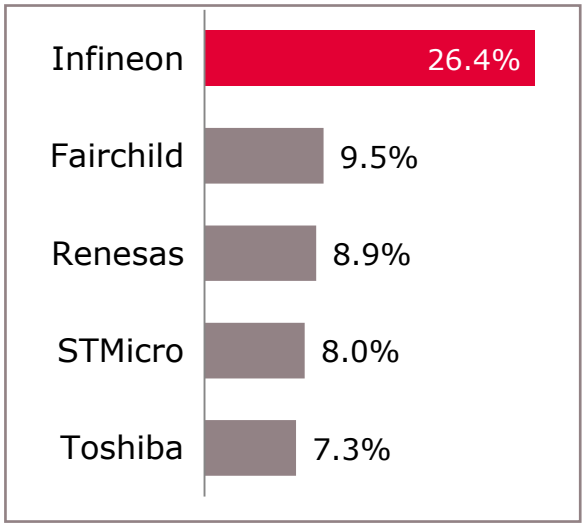
New #4 position



Discrete standard MOSFETs

total market in 2015: $5.48bn

rms** unchanged

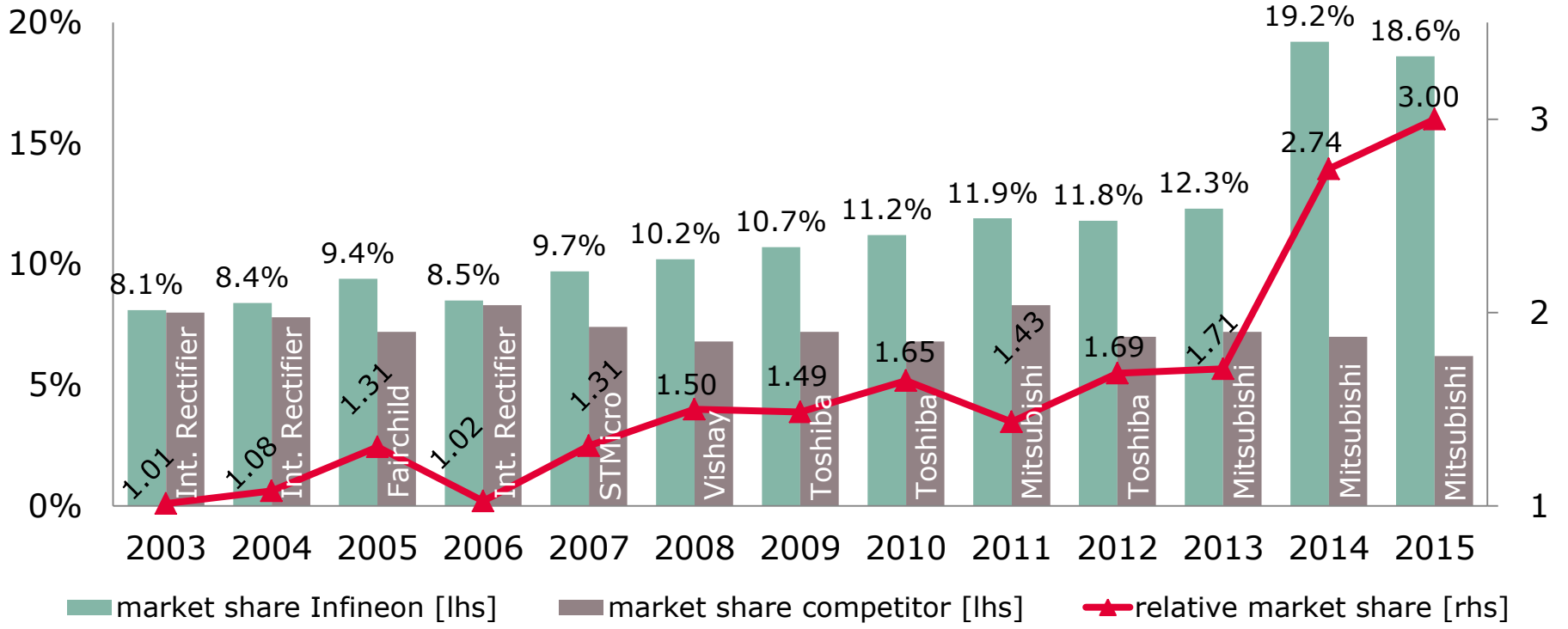


* The market for IGBT components ($3,944m) includes discrete IGBTs ($853m), Standard IGBT modules ($1,692m), CIB/PIM ($299m), and IPMs ($1,101m).
** relative market share
Source: IHS Markit, "Power Semiconductor Discretes & Modules Report", July 2016

Copyright © Infineon Technologies AG 2016. All rights reserved.

Infineon continuously improved relative market share in power

Relative market share* of 3 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.

Source: IHS Markit, several reports from 2004 through 2016

Copyright © Infineon Technologies AG 2016. All rights reserved.

Strong #1 position in power allows driving of key areas of differentiation and innovation

Unique 300 mm thin wafer power semiconductor manufacturing

Compound semiconductors GaN and SiC

Digitalization of the power control loop

Functional integration of IGBT modules

Copyright © Infineon Technologies AG 2016. All rights reserved.

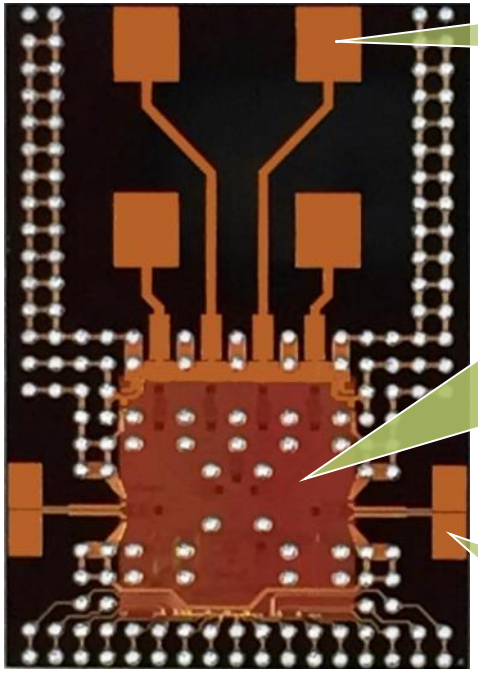
Efficiency and digitalization are main market drivers for power applications

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

Copyright © Infineon Technologies AG 2016. All rights reserved.

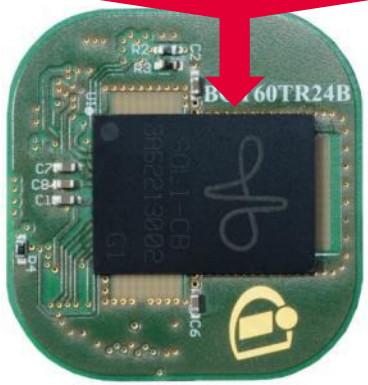
Sensors drive multimarket segment in PMM: 60 GHz radar transceiver for gesture sensing



4 receive antennas

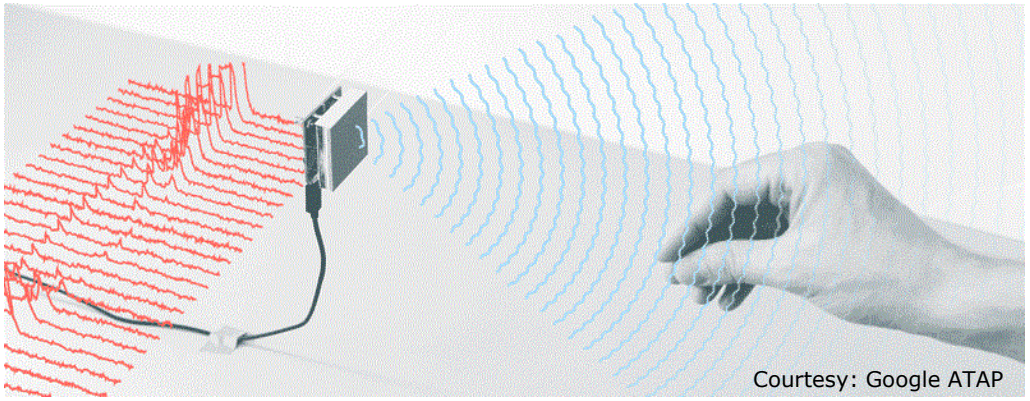
RF frontend, baseband, ADC, state machine, memory

2 transmit antennas





Presented at "Google I/O 2016"*



- 1.8 V for the complete chip set
- 54 mW power consumption in sensing mode
- supports > 1,000 frames per second





* See YouTube: https://www.youtube.com/watch?v=8LO59eN9om4

Copyright © Infineon Technologies AG 2016. All rights reserved.

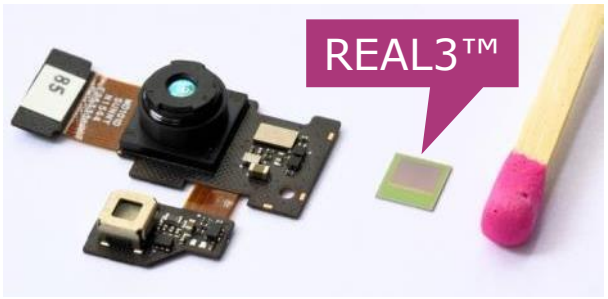
Infineon REAL3™ image sensor is first to meet Google Tango specification

Lenovo PHAB2 Pro first smartphone based on Google Tango

- depth perception of the surrounding in real-time
- motion tracking which responds to physical movements
- area learning capability which enables the device to recall the data recorded from previously visited locations



Courtesy: Lenovo





REAL3™ will drive multiple new applications

- automotive: driver monitoring
- consumer: indoor navigation, education
- gaming: Pokémon Go is a remarkable AR technology demonstrator; leading game developers will incorporate AR technology in new games
- AR seems to have scored over VR by ease of accessibility: AR games can be used on mobile phones, whereas VR needs rather expensive headsets and tremendous computing power

Copyright © Infineon Technologies AG 2016. All rights reserved.

Infineon is the leader in security solutions for the connected world

#2 in microcontroller-based smart card ICs*

#1 in embedded digital security**

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

Leading in growth segments payment, government ID, connected car security, IoT, and Information and Communications Technology security

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

* Source: IHS Markit, July 2016
** Source: IHS Markit, December 2015

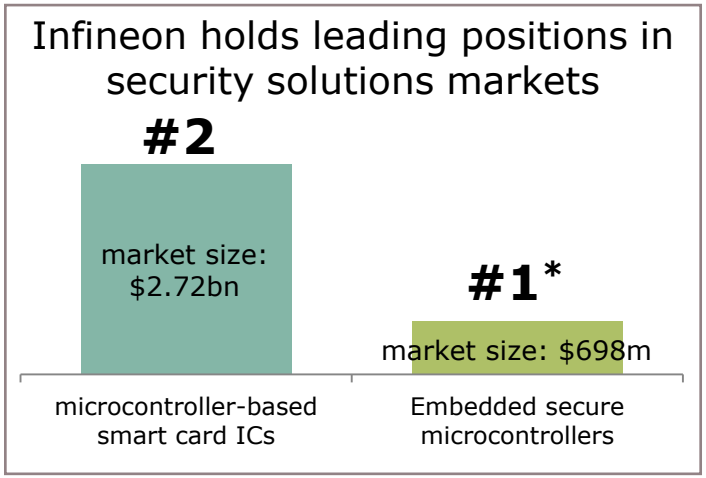
Copyright © Infineon Technologies AG 2016. All rights reserved.

CCS is enabling security for the connected world

Smart card applications



- Smart card payment
- Electronic passports and ID documents
- Mobile communication
- Transport ticketing



Embedded security applications



- Mobile device security and payment
- Information and Communications Technology security
- Industrial and automotive security
- IoT connected device security



Source: IHS Markit, Dec 2015, July 2016; * based on units; USD-ranking not provided

Copyright © Infineon Technologies AG 2016. All rights reserved.

Recent design-wins underline Infineon's #1 position* in embedded digital security

Recent design-wins for OPTIGA™ family products

- Servers and gateways
- Notebooks,
  e.g. Lenovo ThinkPad
- Industry PCs
- Tablets,
  e.g. Microsoft Surface Pro 4
- Smart home hub,
  e.g. Google OnHub



Courtesy: Lenovo



Courtesy: Google

* Infineon is market leader in embedded secure microcontrollers with 31% market share (ranking based on units).
Source: IHS Markit, „Embedded Digital Security Report", January 2016

Copyright © Infineon Technologies AG 2016. All rights reserved.

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

Copyright © Infineon Technologies AG 2016. All rights reserved.

Table of Contents

1 Infineon at a Glance

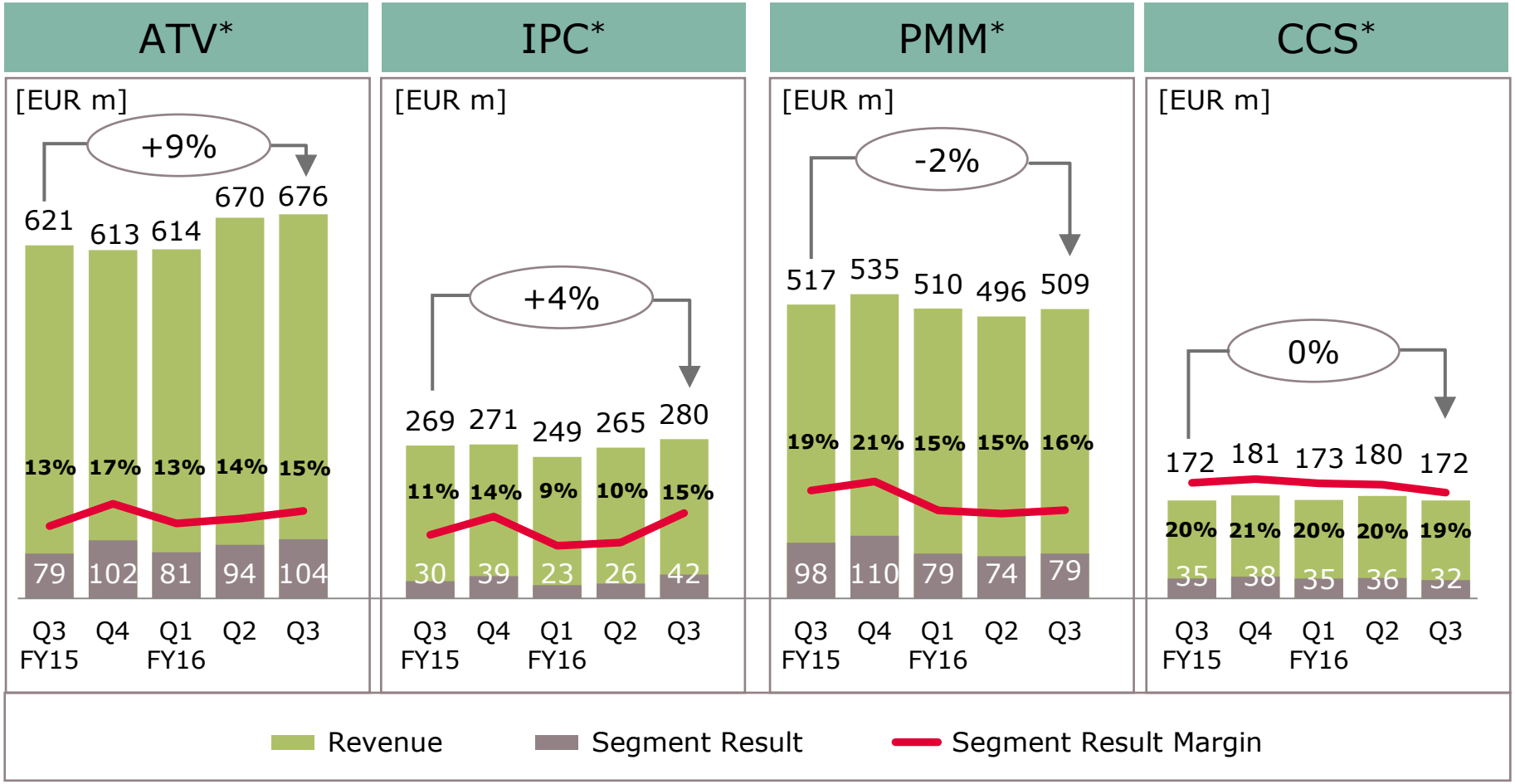
2 Planned acquisition of Wolfspeed

3 Growth Drivers

4 Results and Outlook

Copyright © Infineon Technologies AG 2016. All rights reserved.

Strong growth in ATV due to ADAS and electro-mobility



* 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.

Copyright © Infineon Technologies AG 2016. All rights reserved.

Guidance for Q4 FY16 and total FY16

	Outlook Q4 FY16* (compared to Q3 FY16)	Outlook FY16 (compared to FY15)
Revenue	Increase of 3% +/- 2%-points	Based on the outlook for Q4 FY16, revenue growth and Segment Result Margin for FY16 are expected to finish within the range forecast in the preceding quarters**.
Segment Result Margin	At the mid-point of the revenue guidance: 17%	
Investments in FY16		About €850m
D&A in FY16		About €850m***

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

** On 02 February 2016 based on an exchange rate of $1.10 for €1.00: "Revenue to increase by 13% +/- 2%-points; SR margin to come in at 16% at the mid-point of the revenue guidance".
On 03 May 2016 based on an exchange rate of $1.15 for €1.00: "Revenue to increase by 12% +/- 2%-points; SR margin to come in between 15% and 16% at the mid-point of the revenue guidance".

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

Copyright © Infineon Technologies AG 2016. All rights reserved.



Part of your life. Part of tomorrow.

Infineon

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

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

S&P Global Ratings

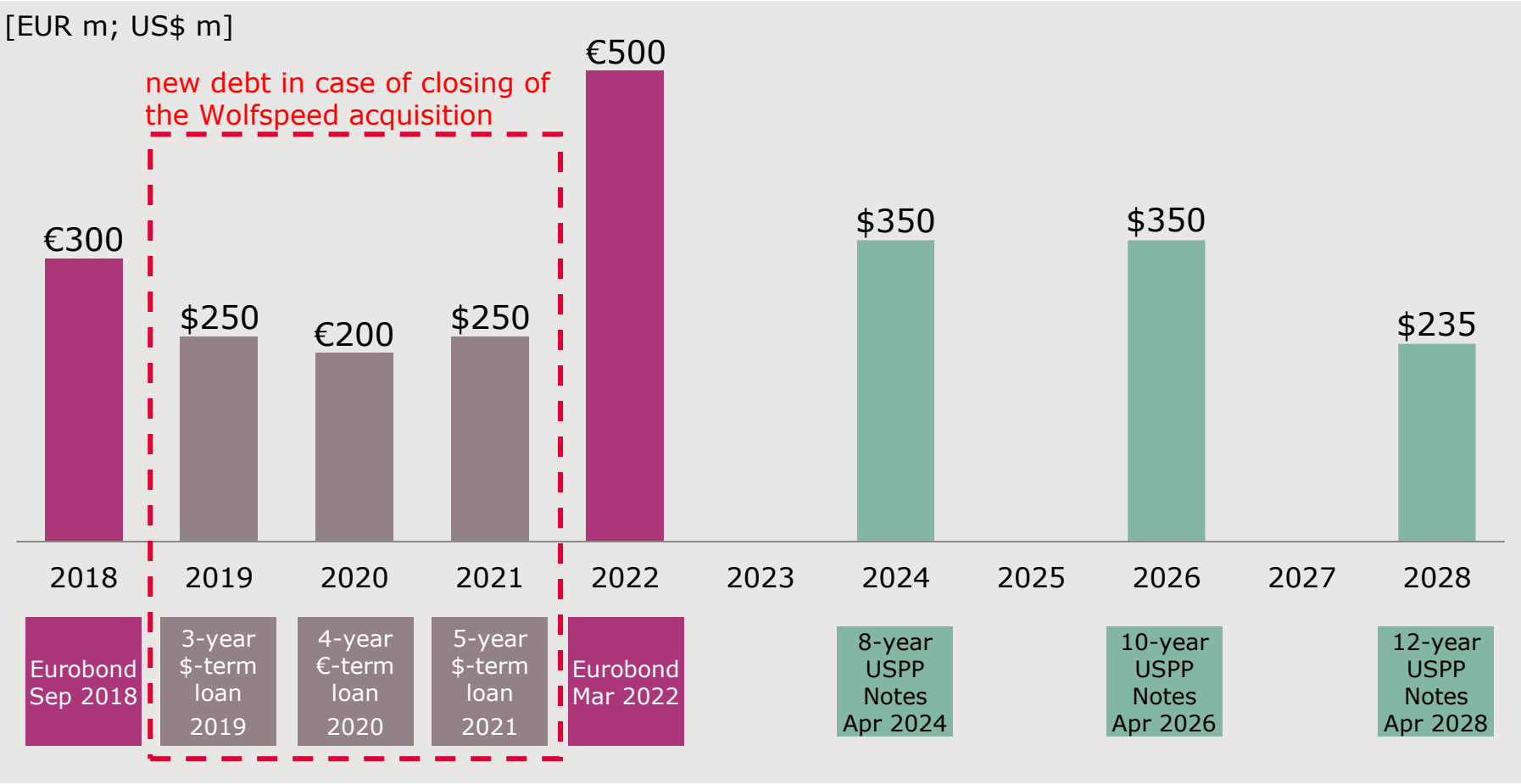
Infineon's revised capital structure targets are reflected in the Corporate Credit Rating of **BBB** (outlook: „stable") assigned by S&P in February 2016.

› Rating not changed after announcement of planned Wolfspeed acquisition

Copyright © Infineon Technologies AG 2016. All rights reserved.

Infineon has a well balanced maturity profile

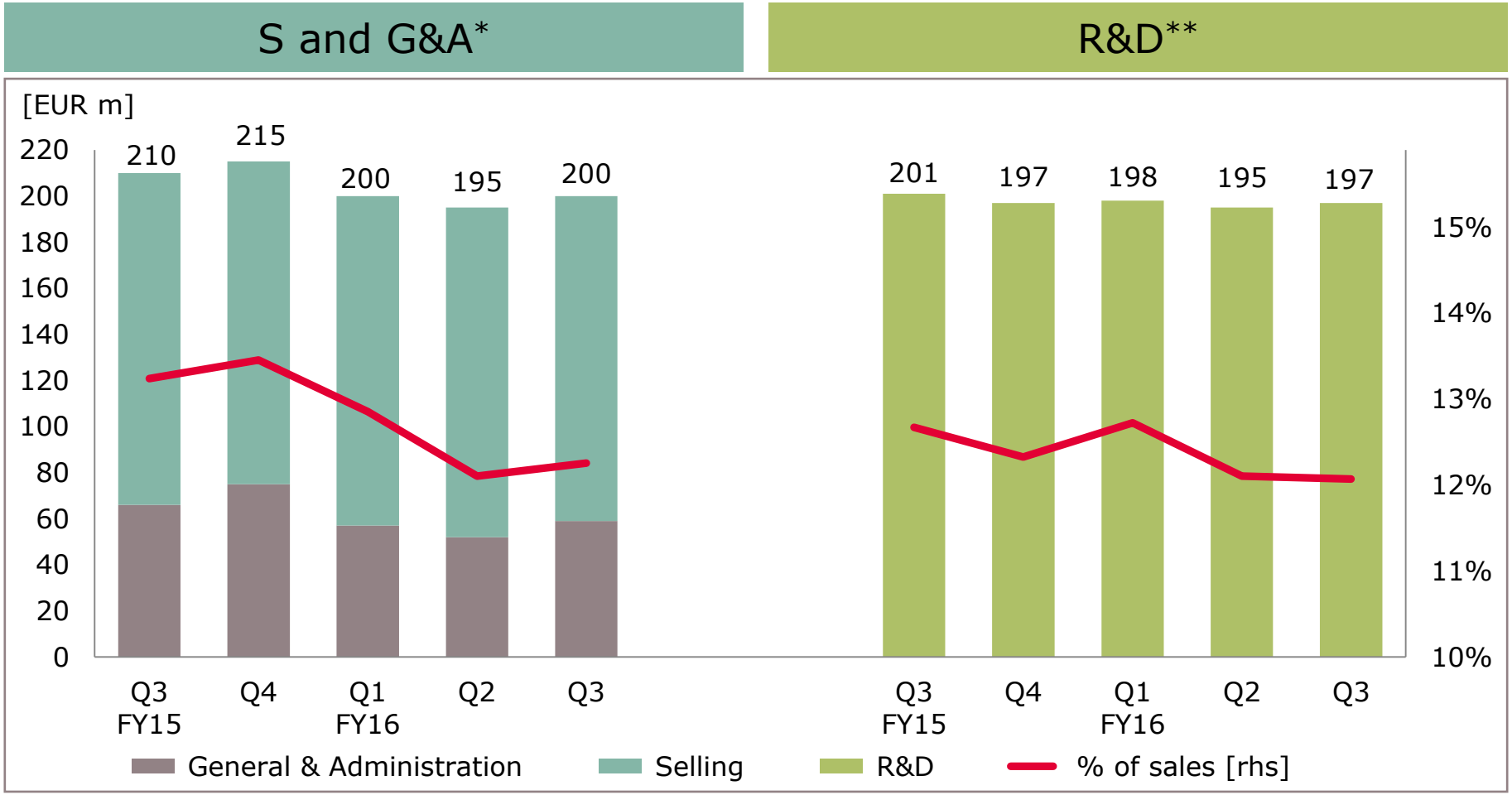
Maturity profile



Note: Other debt with maturities between 2017 and 2023 totaling €149m.

Copyright © Infineon Technologies AG 2016. All rights reserved.

SG&A still includes noticeable acquisition-related costs that are incrementaly declining

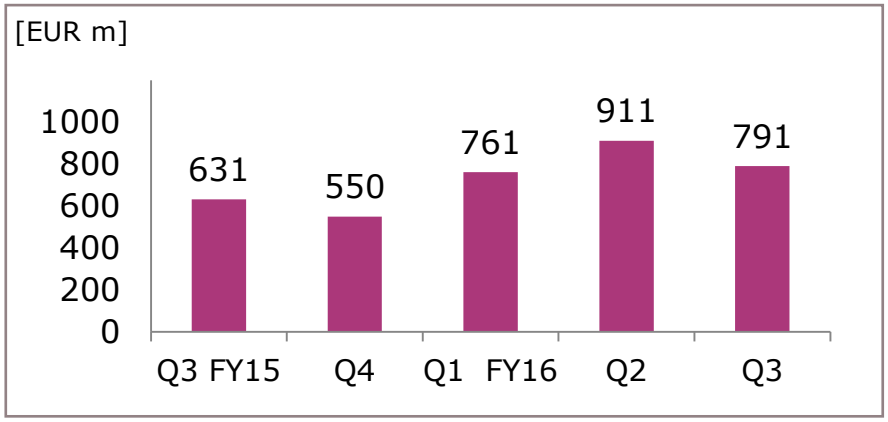


* Target range for SG&A: „Low teens percentage of sales".
** Target range for R&D: „Low to mid teens percentage of sales".

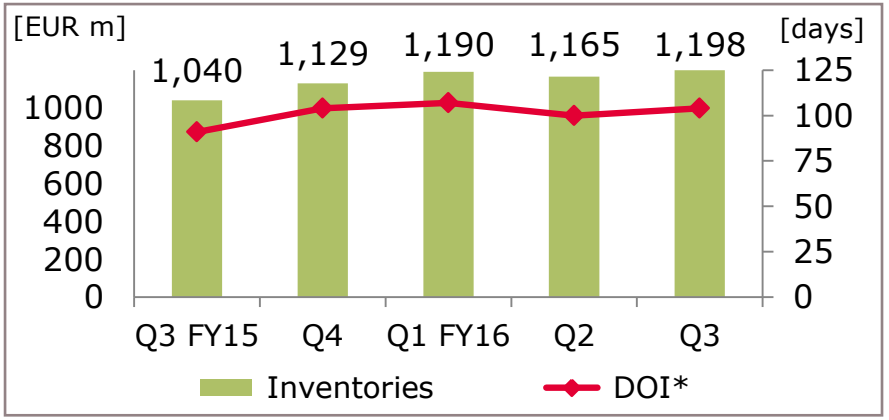
Copyright © Infineon Technologies AG 2016. All rights reserved.

Improved working capital due to increased payables

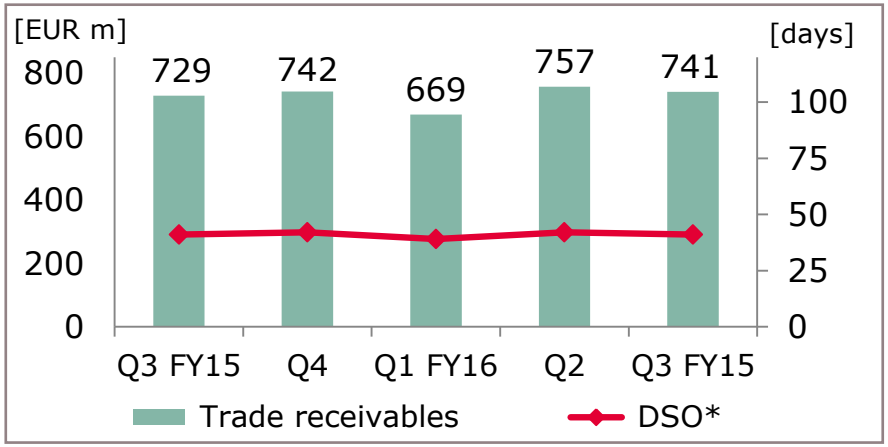
Working capital



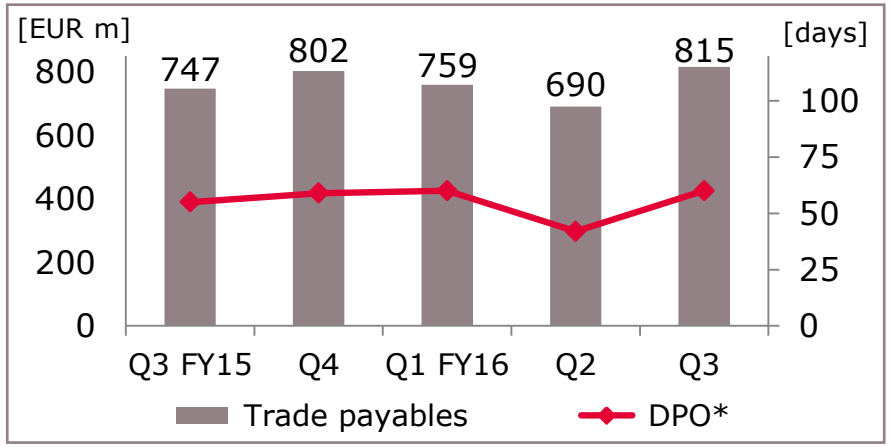
Inventories



Trade receivables



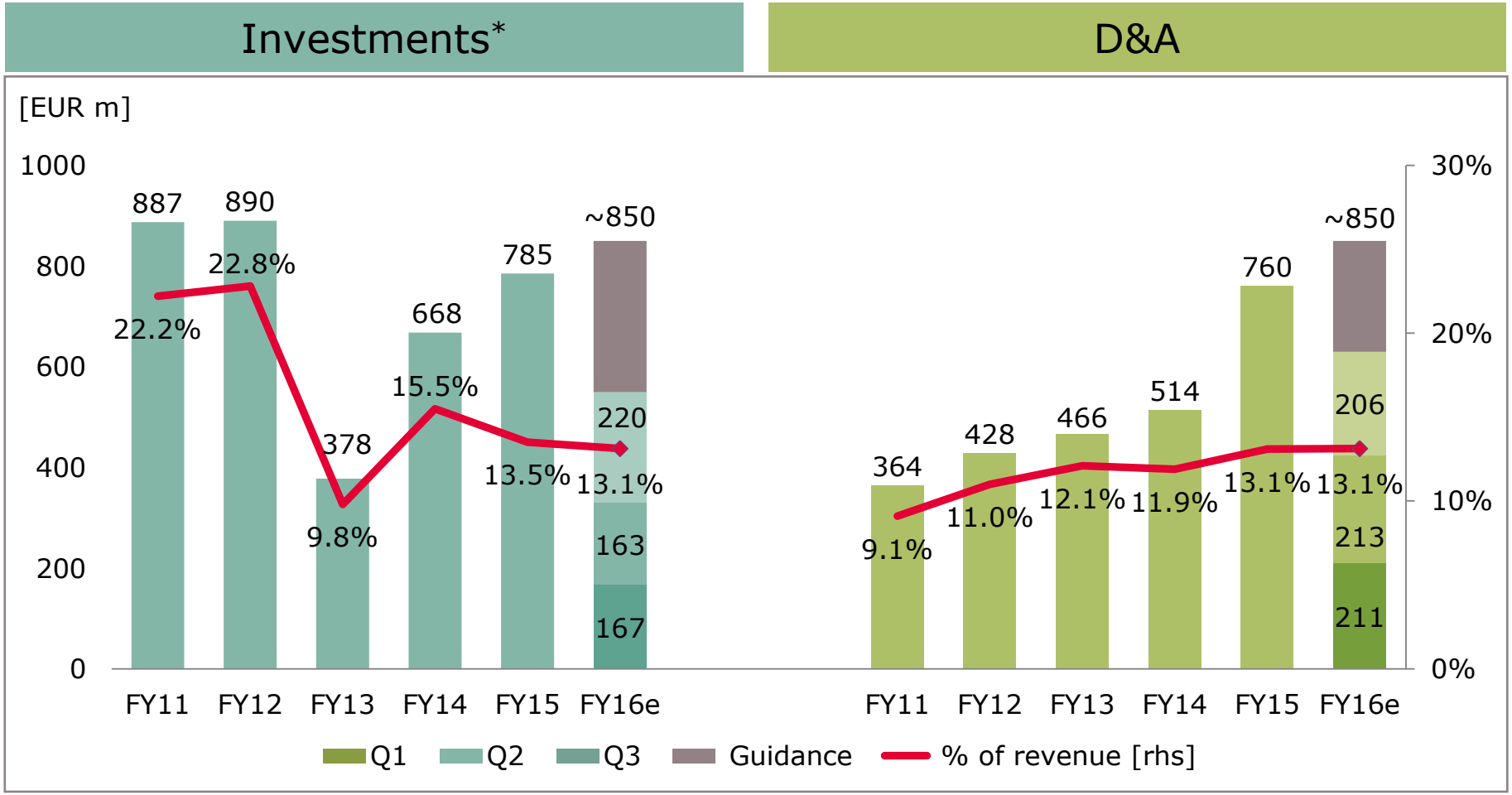
Trade payables



* For definition please see page 48.

Copyright © Infineon Technologies AG 2016. All rights reserved.

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

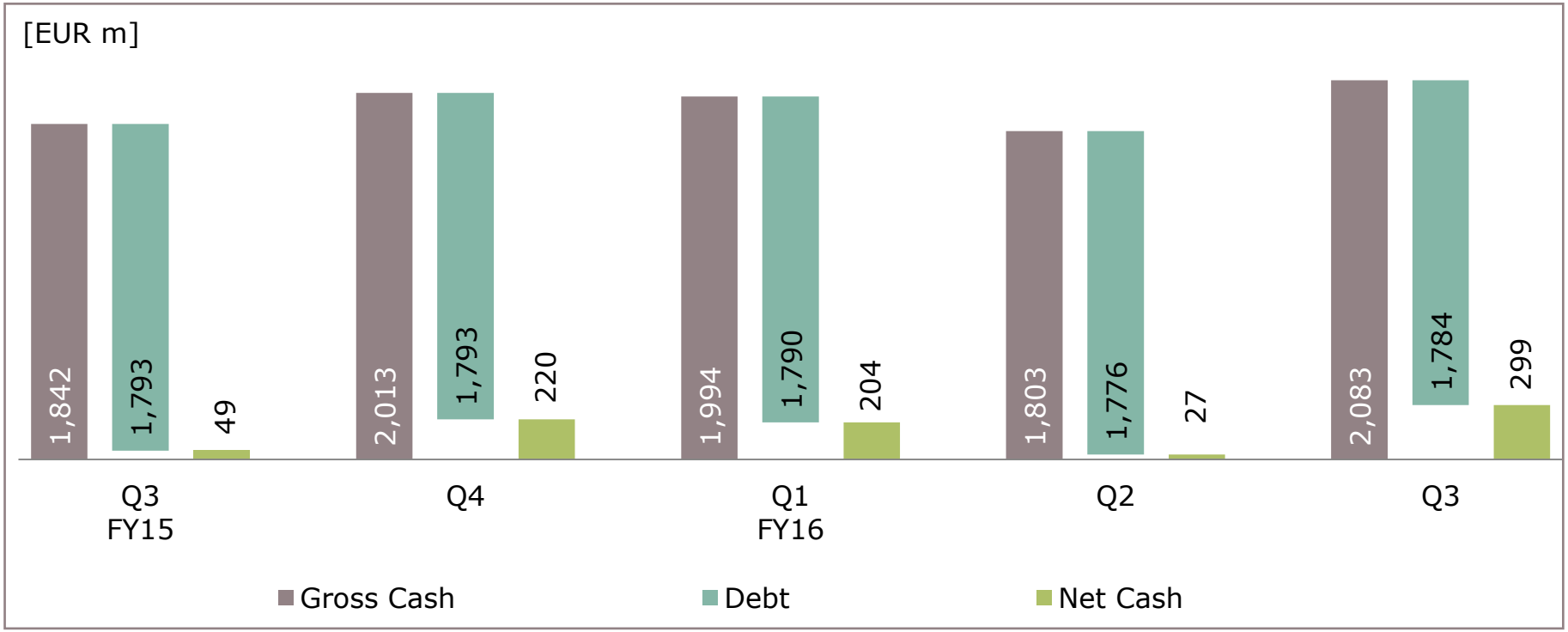


* For definition please see page 48.

Copyright © Infineon Technologies AG 2016. All rights reserved.

Net cash increased due to €277m Free Cash Flow

Liquidity development

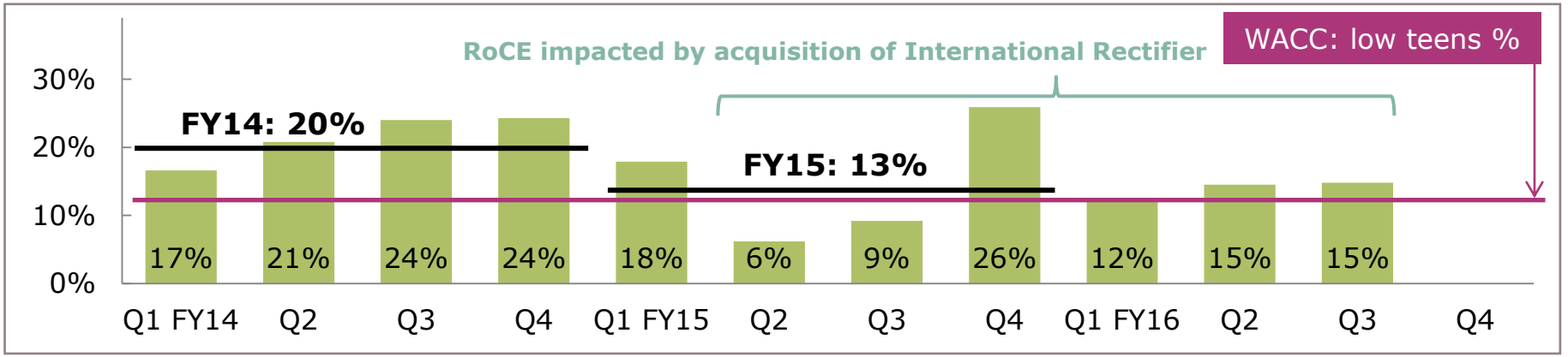


› Free Cash Flow from continuing operations was €277m, significantly up from €45m in Q2. This is basically a timing effect in terms of certain trade payables

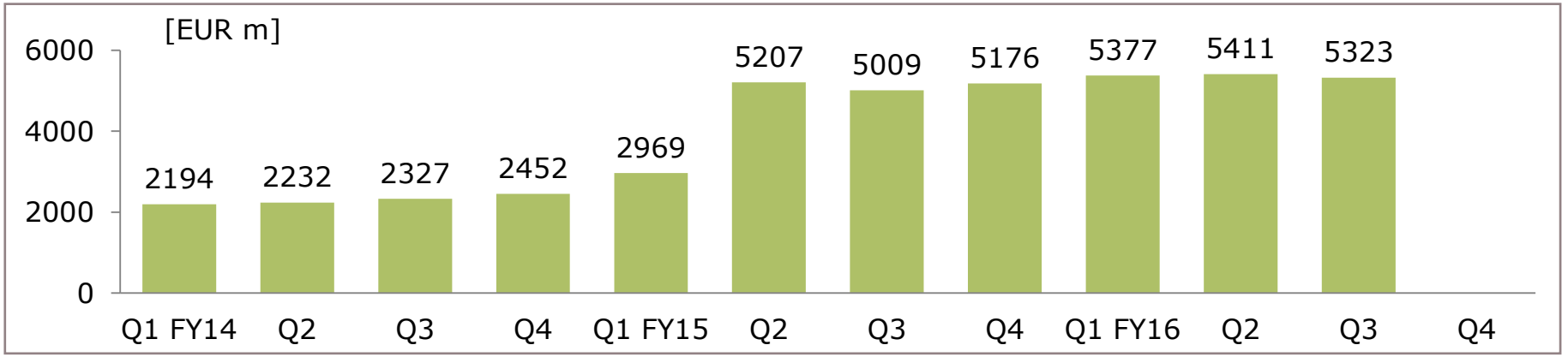
Copyright © Infineon Technologies AG 2016. All rights reserved.

RoCE expected to increase in FY16 vs FY15

RoCE* history



Capital Employed* history



* For definition please see page 48.

Copyright © Infineon Technologies AG 2016. All rights reserved.

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

Copyright © Infineon Technologies AG 2016. All rights reserved.

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 2016: Infineon is listed in the Dow Jones Sustainability Europe Index for the 7th consecutive year and in the World Index for the 2nd time – both achievements this year as the only European semicon-ductor company.

- Sep 2015: Infineon is 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.
- Jul 2016: Most recent review.

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

CDP
DRIVING SUSTAINABLE ECONOMIES

Copyright © Infineon Technologies AG 2016. All rights reserved.

Financial calendar

Date	Location	Event
11 Oct 2016		ATV Conference Call by Peter Schiefer, Division President
16 – 17 Nov 2016	Barcelona	Morgan Stanley TMT Conference
23 Nov 2016*		Q4 FY16 and FY 2016 Results
29 – 30 Nov 2016	Scottsdale, AZ	Credit Suisse TMT Conference
02 Feb 2017*		Q1 FY17 Results
16 Feb 2017	Munich	Annual General Meeting
04 May 2017*		Q2 FY17 Results
01 Aug 2017*		Q3 FY17 Results
14 Nov 2017*		Q4 FY17 and FY 2017 Results

* preliminary

Copyright © Infineon Technologies AG 2016. All rights reserved.

Institutional Investor Relations contacts



Dr. Jürgen Rebel

Corporate Vice President
Investor Relations

+49 89 234-21626
juergen.rebel@infineon.com



Joachim Binder

Senior Director
Investor Relations

+49 89 234-25649
joachim.binder@infineon.com



Holger Schmidt

Manager
Investor Relations

+49 89 234-22332
holger.schmidt@infineon.com



Tillmann Geneuss

Manager
Investor Relations

+49 89 234-83346
tillmann.geneuss@infineon.com

Copyright © Infineon Technologies AG 2016. All rights reserved.