Credit Suisse Technology Conference

Scottsdale, 04 December 2013



Dominik Asam
Chief Financial Officer

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- Infineon at a Glance
- Growth Drivers – ATV, PMM, IFX
- Product to System
- Results and Outlook

Disclaimer:

This presentation contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

These statements are based on assumptions and projections resting upon currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected.

Beyond disclosure requirements stipulated by law, Infineon does not undertake any obligation to update forward-looking statements.

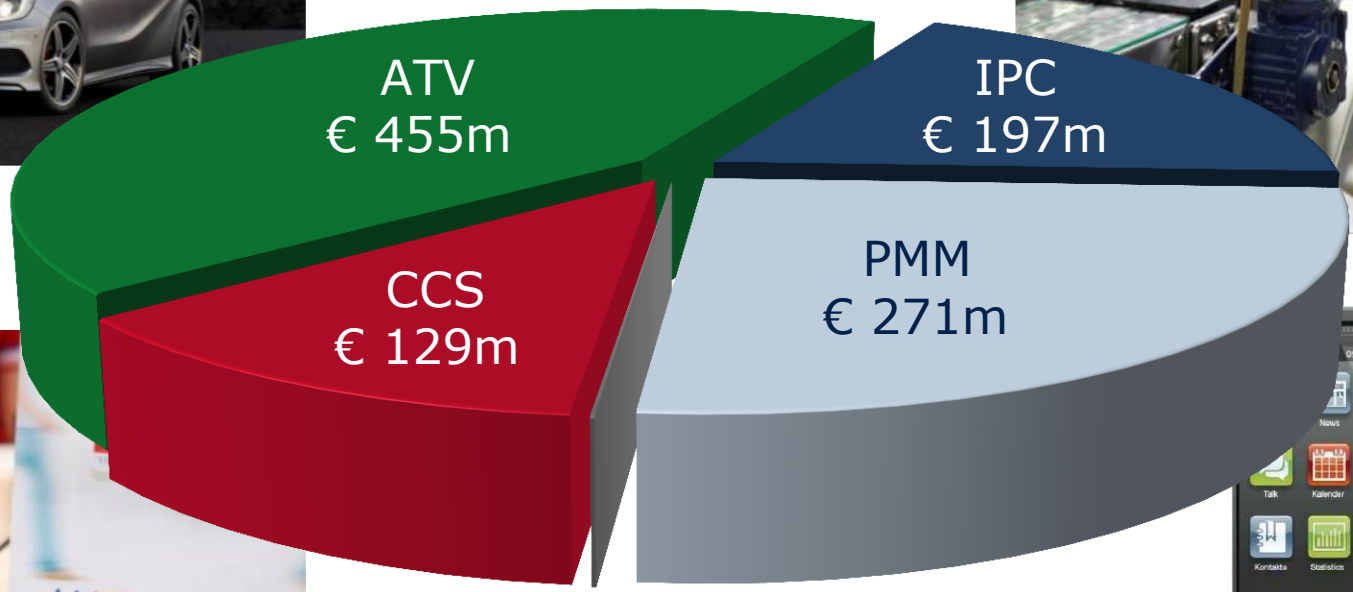
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Revenue Split by Division

Q4 FY 2013 revenue: EUR 1,053m











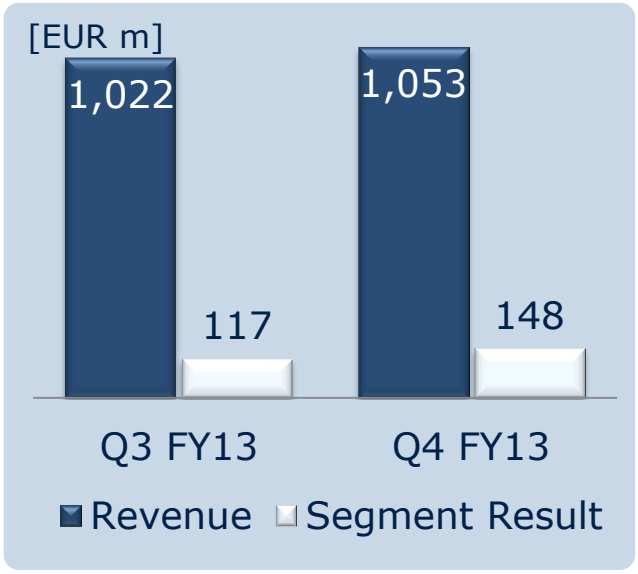
OOS+C&E*
€ 1m

*Other Operating Segments;
Corporate and Eliminations.

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Q4 FY13 Segment Result Margin Excluding Non-Recurring Items Approximately 13%





[EUR m]	Q3 FY13	Q4 FY13	FY 2013
Revenue	1,022	1,053	3,843
Segment Result	117	148	377
SR Margin	11.4%	14.1%	9.8%
Net Income*	77	142	272
Investment	71	155	378
FCF from cont. operations	135	156	235
Gross Cash	2,137	2,286	2,286
Net Cash	1,832	1,983	1,983

* Net Income includes "income/loss from discontinued operations, net of income taxes" in Q3 FY13 -5m in Q4 FY13 3m and in FY 2013 -11m.

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

ATV

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

IPC

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

PMM

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

CCS

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

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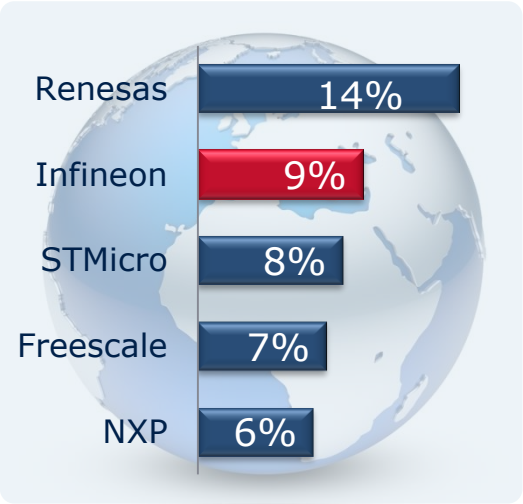
ARROW, AVNET, JCET 晶川电子, RUTRONIK ELECTRONICS WORLDWIDE, ASC, TOMEN ELECTRONICS, wpg

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Infineon Holds Top Positions in All Target Markets

Automotive

#2

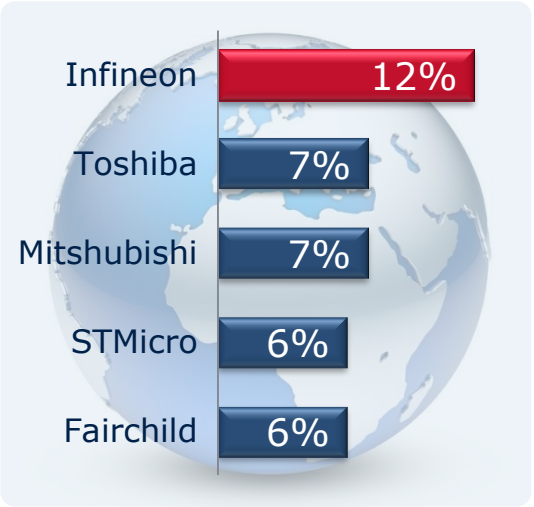


Automotive semiconductors in calendar year 2012.

Source: Strategy Analytics, April 2013.

Power

#1

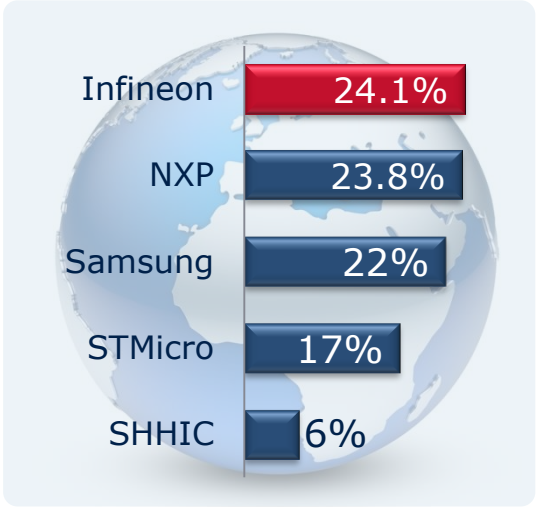


Power semiconductors and modules in calendar year 2012.

Source: IHS, September 2013.

Chip Card

#1



Microcontroller-based smart card ICs in calendar year 2012.

Source: IHS, September 2013.

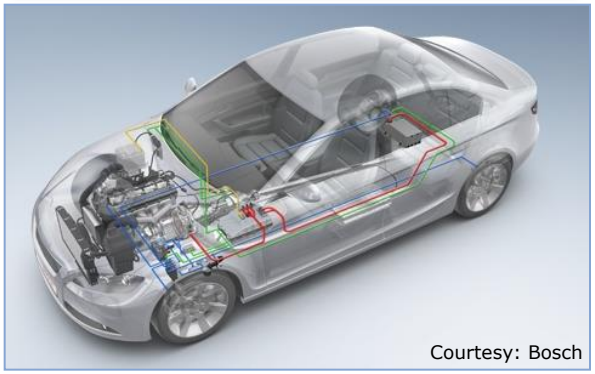
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ATV: ICEs Still Bread-and-Butter Business; New Opportunities with HEV/EV

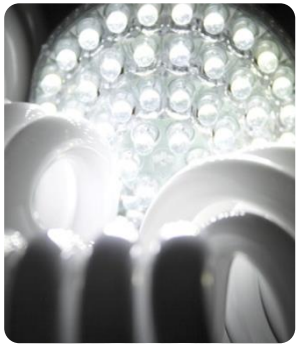
Classical car market		Electromobility
Vehicle production	Semi content per car	HEV / EV
	 Courtesy: Bosch	 Courtesy: Volvo
~4% p.a.	1-2% p.a.	> 25% p.a.
		small units but high growth
TAM: 5-6% p.a.		2%-pt p.a.

ATV: ~7% p.a.

Sources: IHS, Strategy Analytics, Infineon.

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PMM Aims to Outgrow Its Core Markets

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

PMM: > 10% p.a.

Sources: IHS, ABI Research, Infineon.

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Expected Growth Broadly In Line With Historical Averages

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

Infineon: ~ 8% p.a.

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

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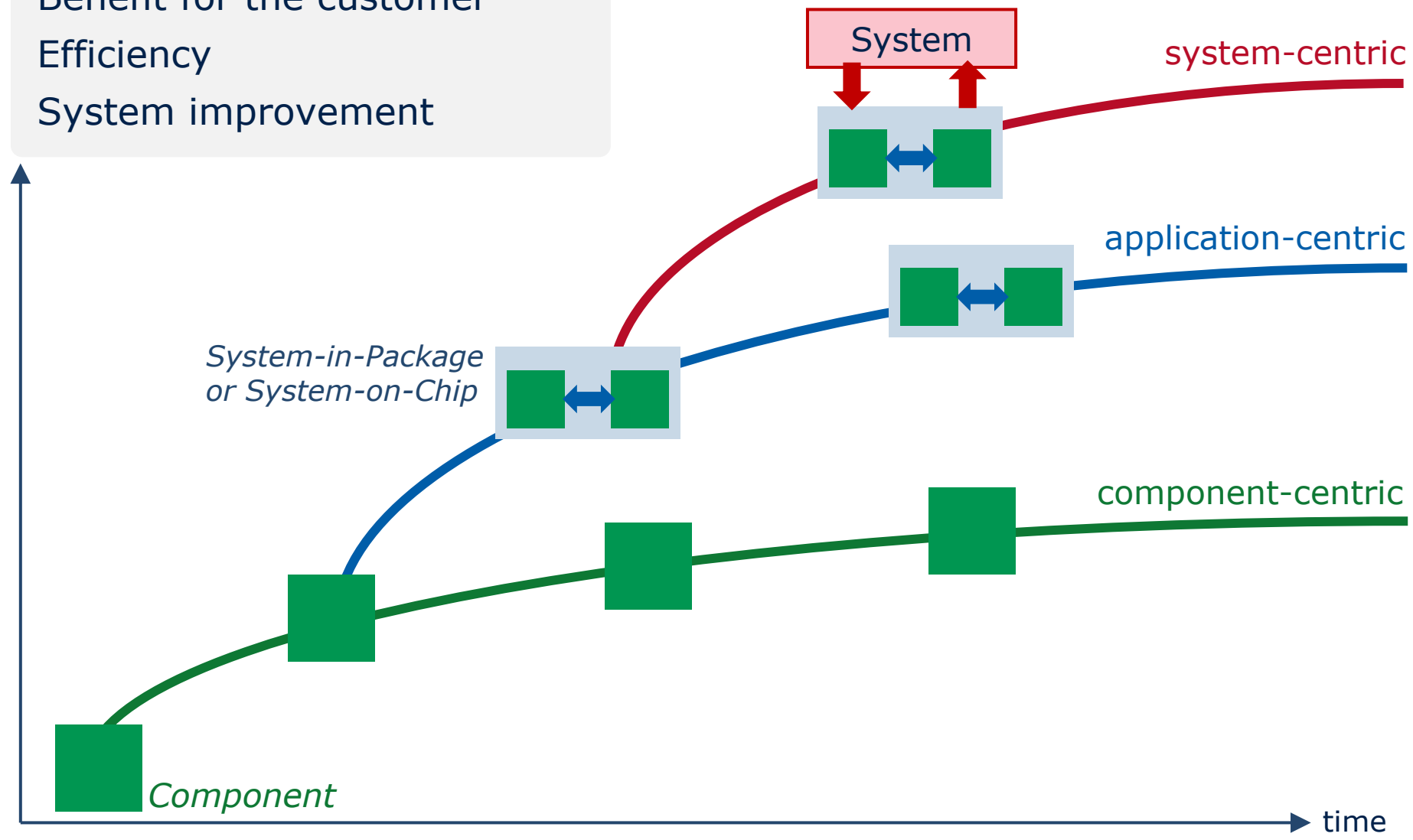
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New Strategic Approach: „Product to System“

Benefit for the customer

Efficiency

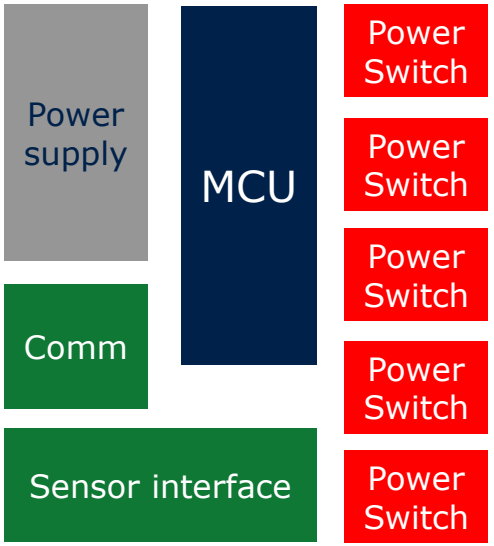
System improvement

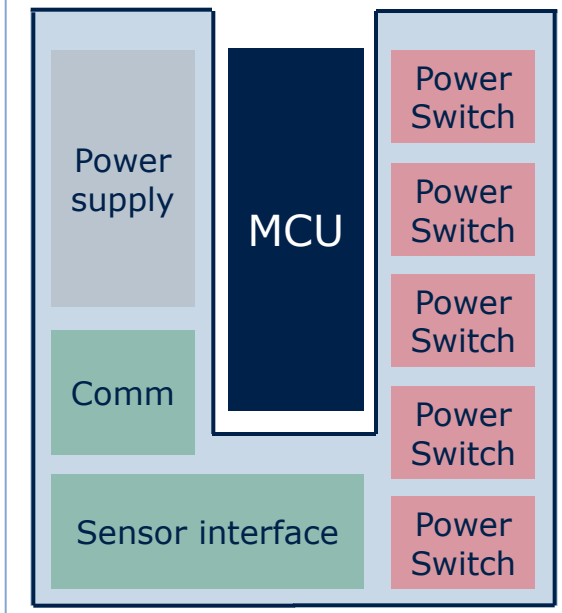


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Integrated Engine Management Solution Based on Deep System Understanding

From multi-chip to single chip integrated solution





- Up to 8 separate devices needed for supply, communication and actuation.

- Single TLE8080EM provides optimized electronic power interface of a simple combustion engine.

Target applications



Motorcycles / Motorbikes



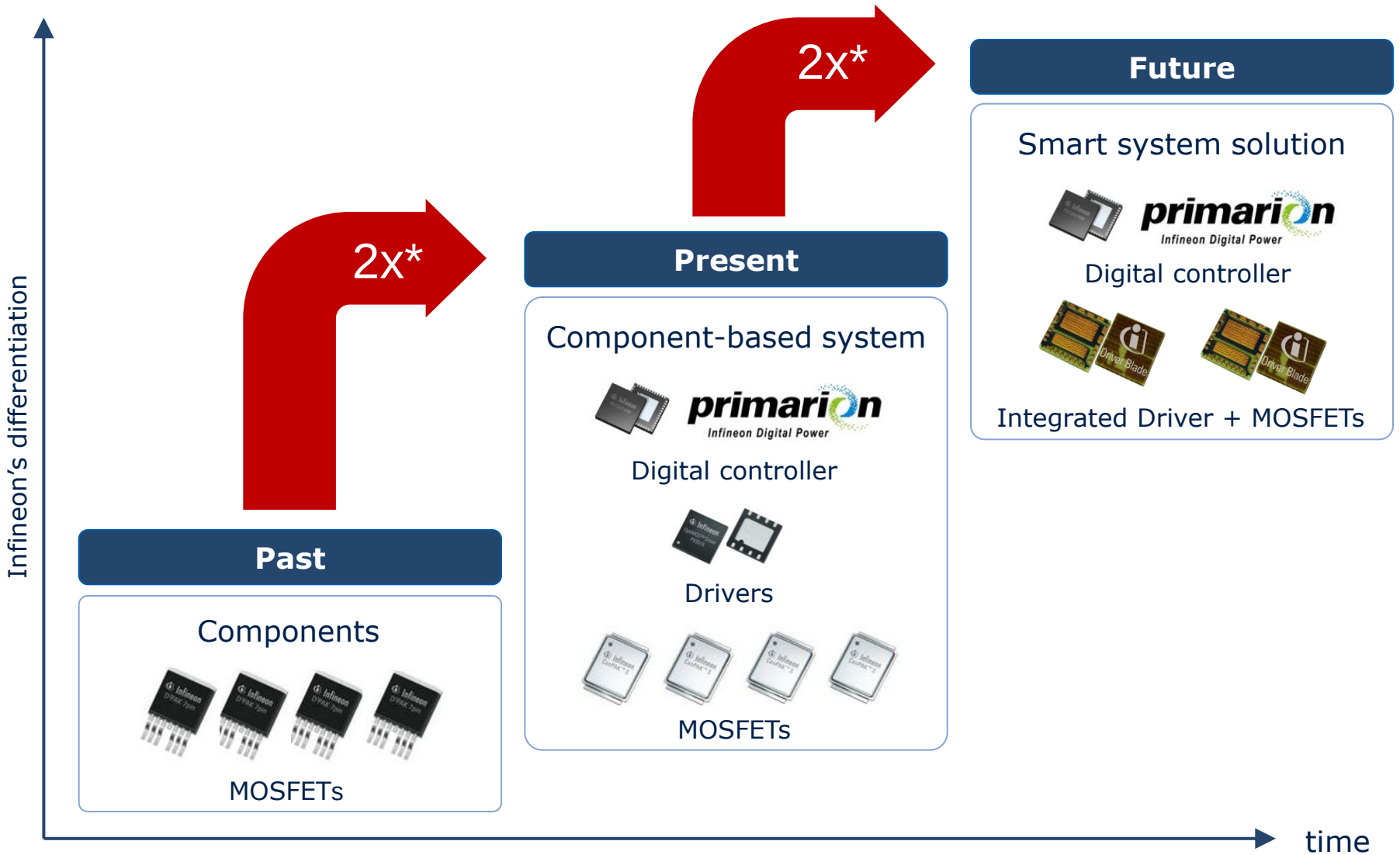
Low-cost cars
for emerging markets



Other engine-driven vehicles

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



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

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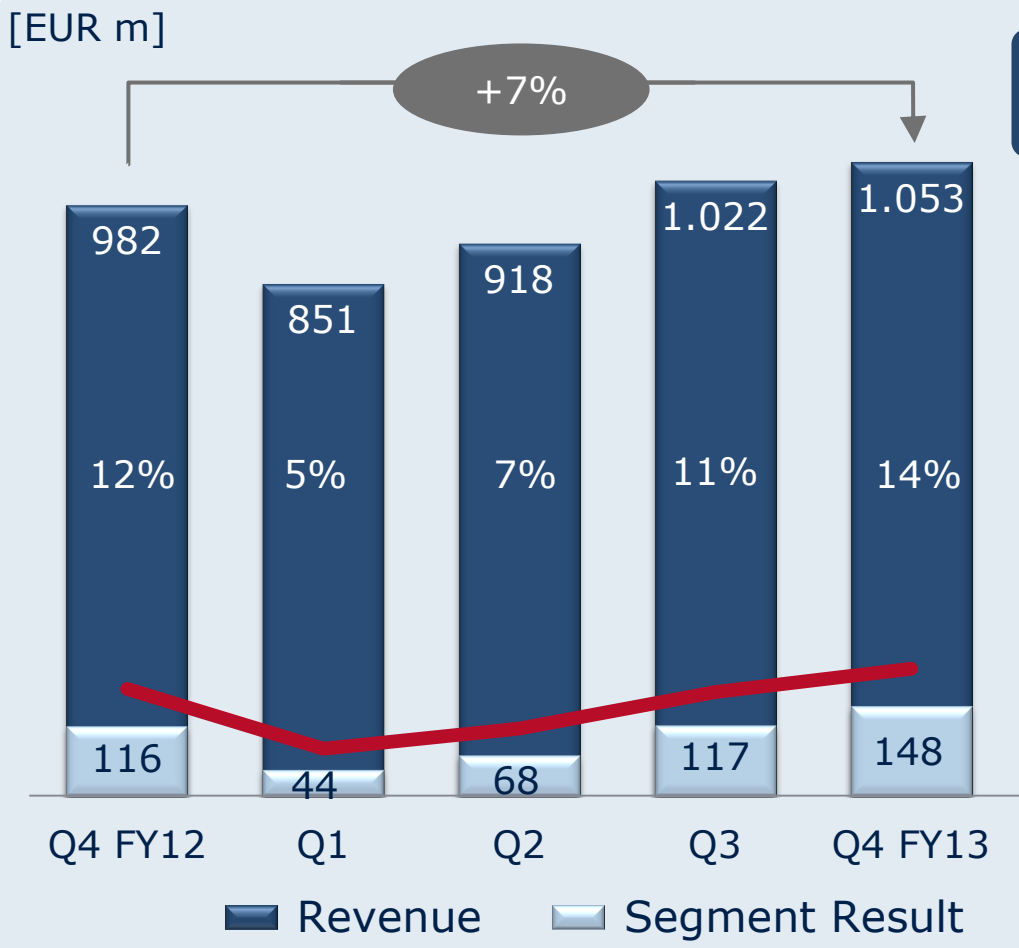
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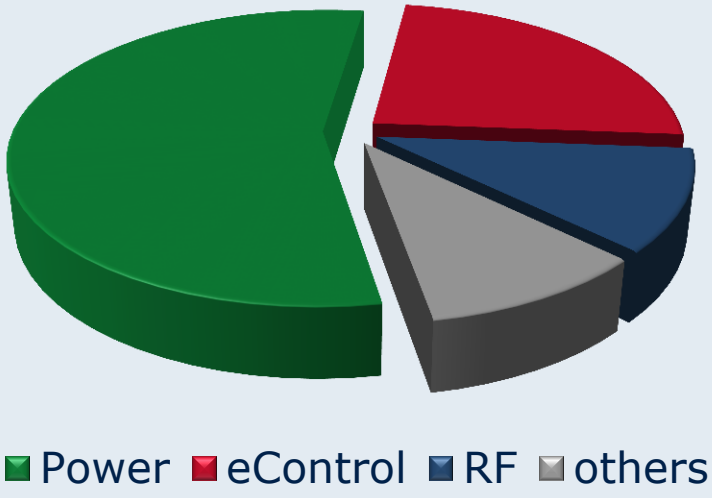
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Segment Result Margin in FY13: 9.8%; Remained Profitable Even in Q1 FY13

Revenue and Segment Result



FY 2013 revenue split by product category



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Guidance for Q1 FY14 and FY 2014

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

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

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ENERGY EFFICIENCY
MOBILITY
SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.





Opex-to-Sales-Ratio Well Within Target Range

S and G&A[1)] | **R&D[2)]**

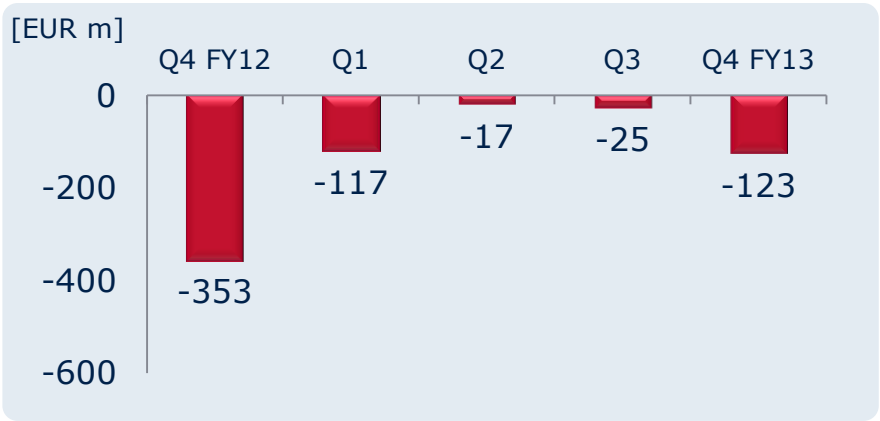


1) Target range for SG&A: ‚Low teens percentage of sales'.
2) Target range for R&D: ‚Low to mid teens percentage of sales'.

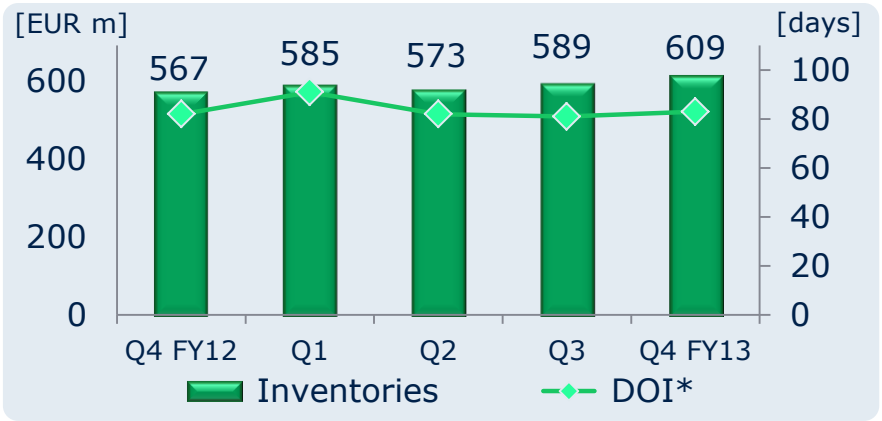
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DOI, DSO and DPO in Line With Our Targets

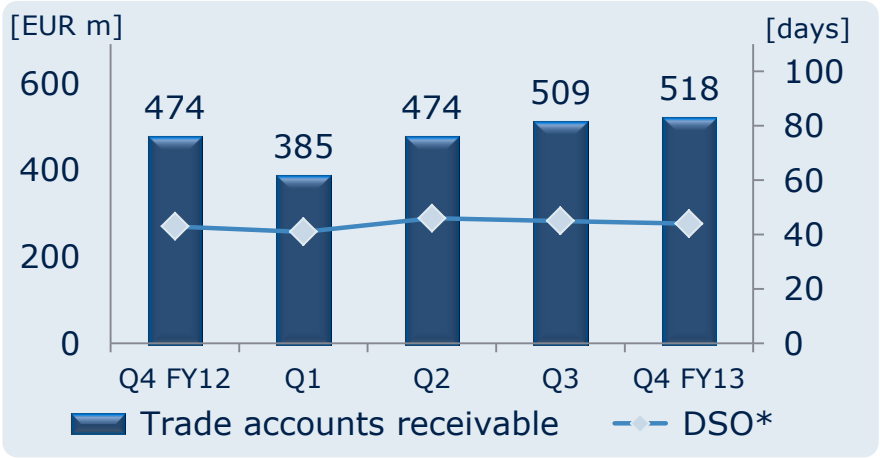
Working capital*



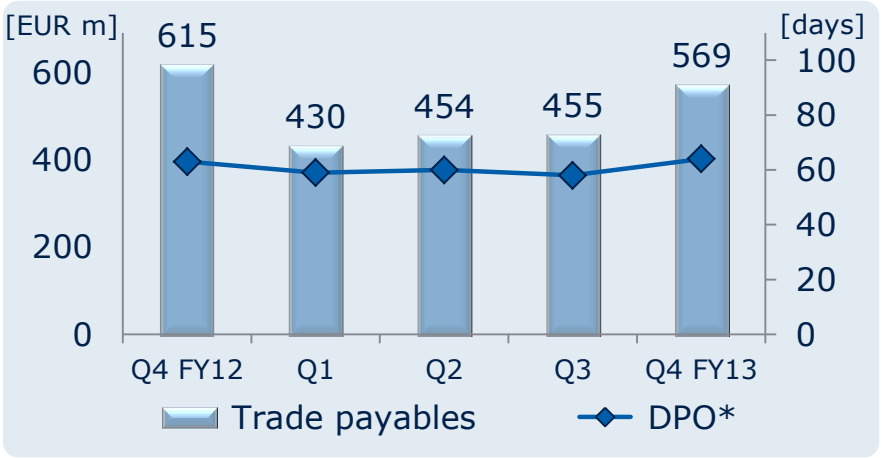
Inventories



Trade accounts receivable



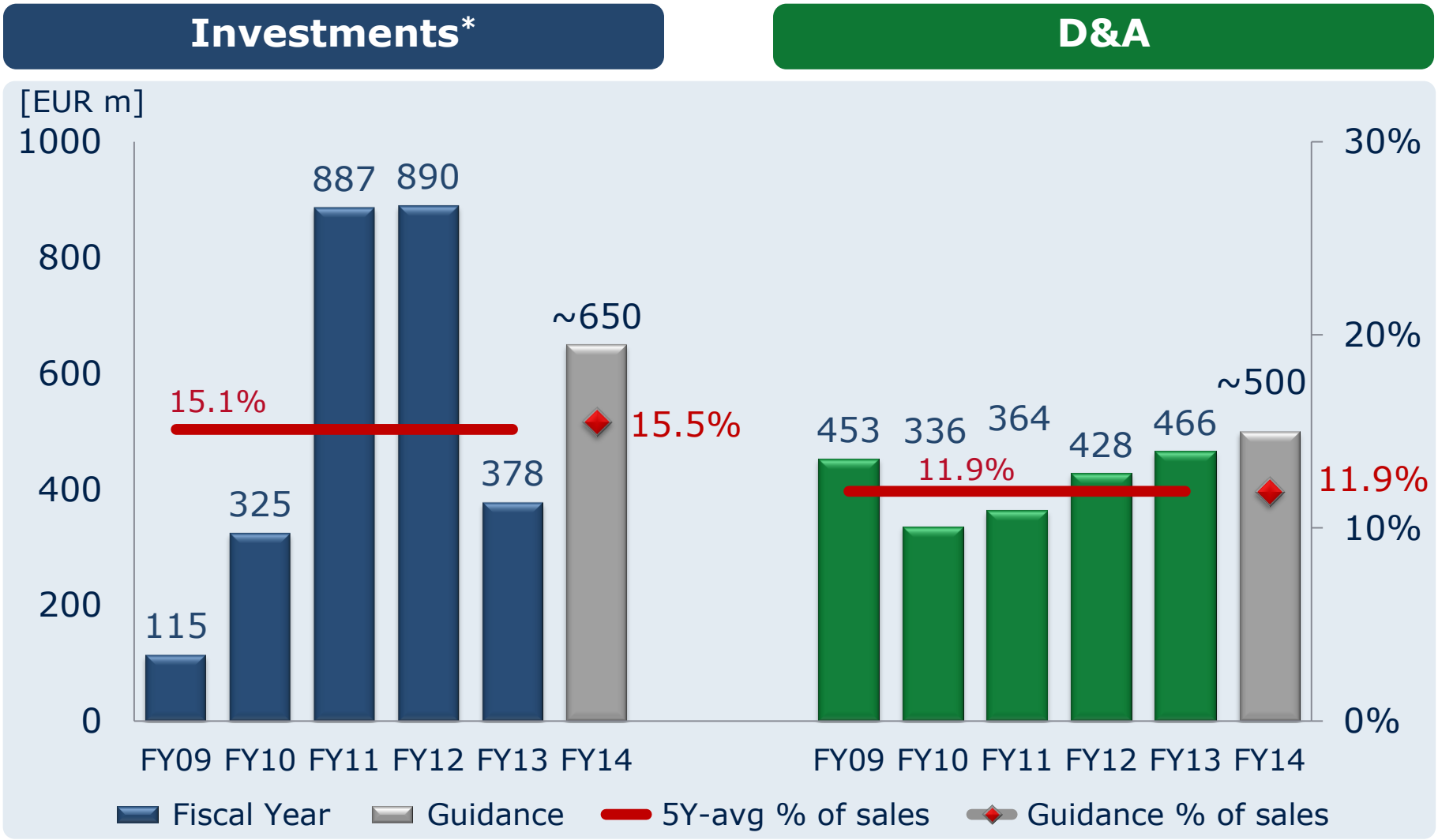
Trade payables



* For definition please see page 24.

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Future Investments Expected to Be About 15% of Sales

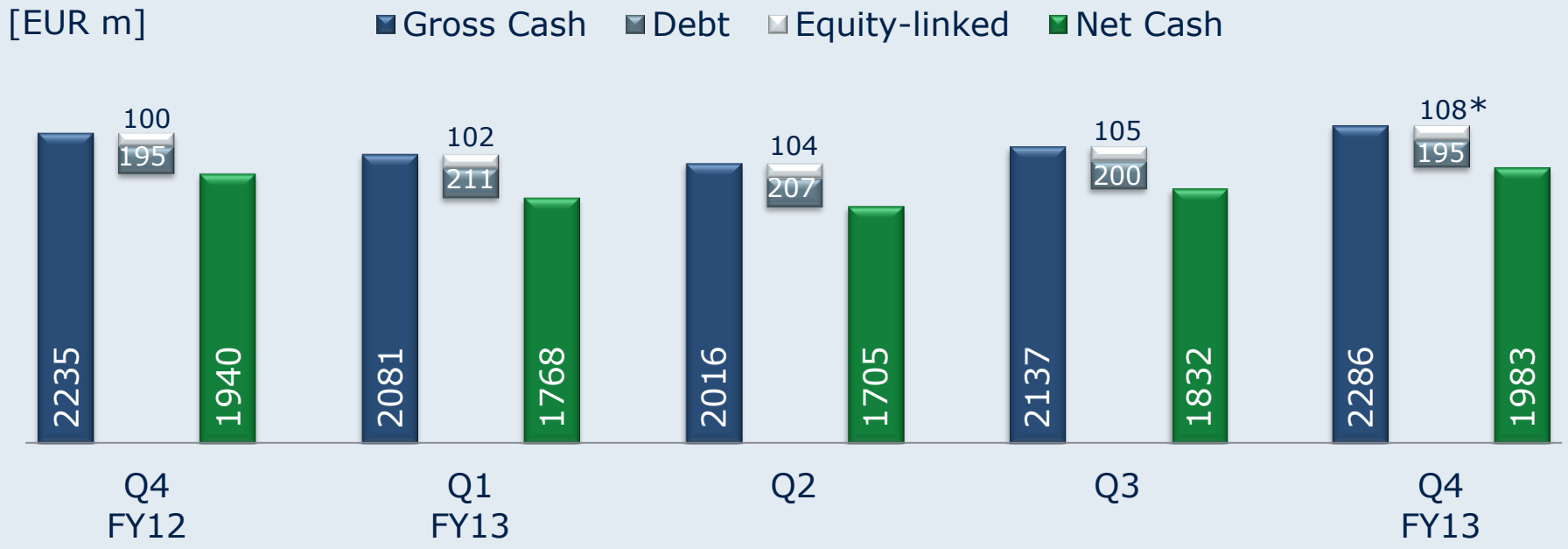


* For definition please see page 24.

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Gross Cash and Net Cash Increased Due to Positive Free Cash Flow

Liquidity Development



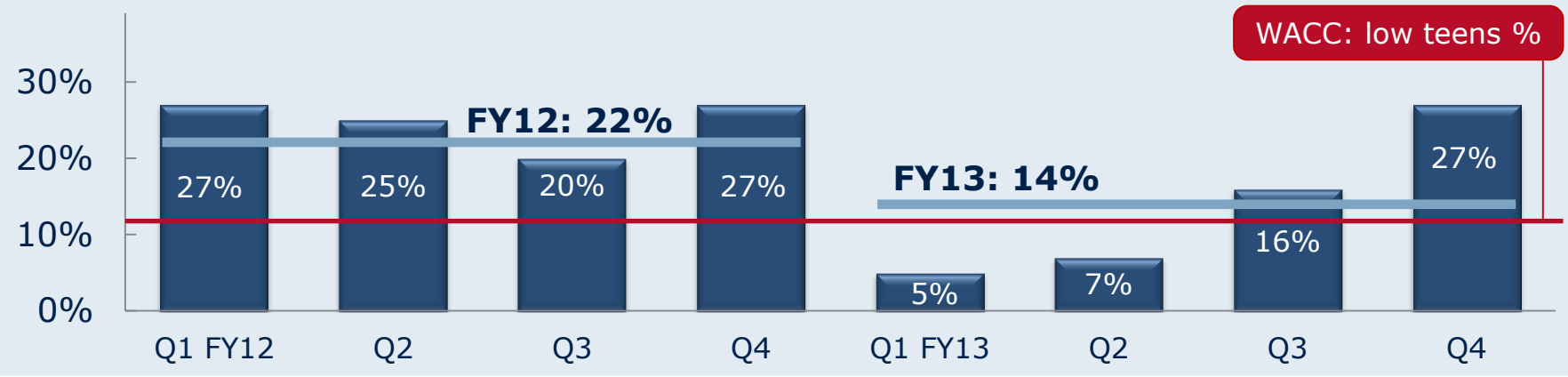
* Consists of convertible bond (nominal value EUR 113m; book value EUR 108m).

- Increase in gross cash due to positive Free Cash Flow of EUR 156m reduced by a reduction of debt of EUR 2m. Net cash effect correspondingly higher.
- Convertible bond due in May 2014.

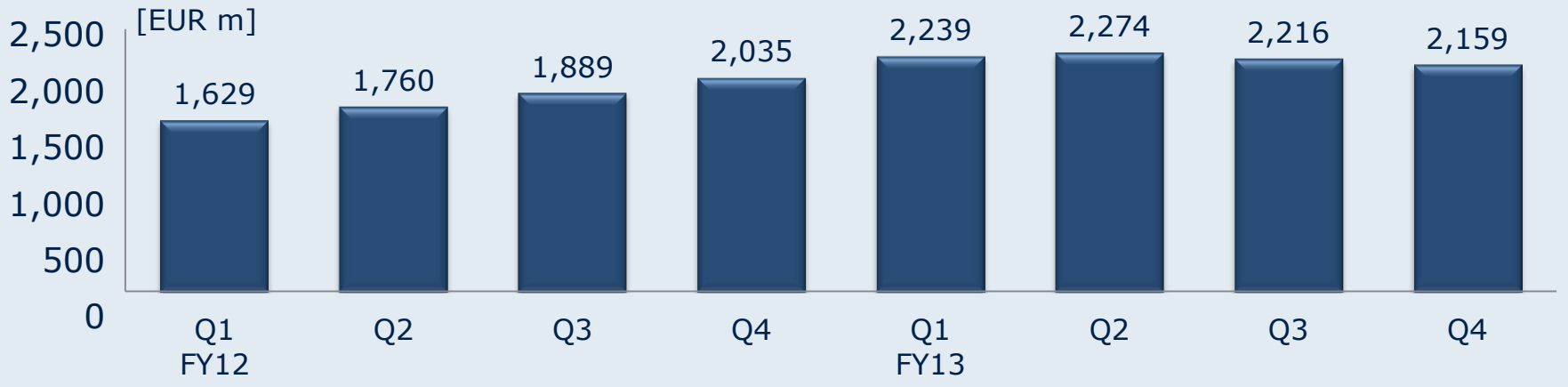
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Target: 'RoCE above WACC' over the cycle

RoCE* history



Capital Employed* history



* For definition please see page 24.

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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')

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 (inventory days; quarter-to-date) =
('Net Inventories' / 'Cost of goods sold') * 90

DSO (days sales outstanding; quarter-to-date) =
('Trade accounts receivable (net)' / 'revenue') * 90

DPO (days payables outstanding; quarter-to-date) =
('Trade payables' / ['Cost of goods sold' + 'Purchase of property, plant and equipment']) * 90

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.

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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

- February 2013: Infineon is listed in the Sustainable Yearbook for the third consecutive year and according to RobecoSAM, listed among the top 15% most sustainable companies worldwide.
- September 2013: Infineon was listed in the Dow Jones Sustainability Index for the fourth consecutive year.

- October 2013: oekom research has classified Infineon as „Prime", which serves as an indicator of the quality of Infineon's performance in the social and environmental areas.

Corporate Responsibility Prime
rated by oekom research

FTSE4Good

- Infineon was added to the FTSE4Good Index Series in 2001.
- March 2013: Infineon was confirmed as member of this index for the 12th consecutive year.

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Financial Calendar

Date	Location	Event
30 Jan 2014*		Q1 FY14 Results
13 Feb 2014	Munich	Annual General Meeting
29 Apr 2014*		Q2 FY14 Results
30 Jul 2014*		Q3 FY13 Results
18 Nov 2014*		Q4 FY14 and FY 2014 Results

* provisional

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