Fourth Quarter FY 2014
Quarterly Update
Infineon Technologies AG
Investor Relations
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- Infineon at a Glance
- Growth Drivers
- 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.
Average Cycle Financial Targets

**Historical**

- **Revenue Growth:** \(~8\%\)
- **Segment Result Margin:** \(~15\%\)
- **Investment-to-Sales:** \(~13\%\)

**Going forward**

- **Revenue Growth:** \(~8\%\)
- **Segment Result Margin:** \(~15\%\)
- **Investment-to-Sales:** \(~13\%\)
Q4 FY 2014 revenue: EUR 1,175m

- ATV: €518m
- CCS: €142m
- IPC: €219m
- PMM: €300m
- OOS+C&E*: €-4m

*Other Operating Segments; Corporate and Eliminations.
Tight Customer Relationships are Based on System Know-how and App Understanding

- **ATV**
  - Autoliv
  - Bosch
  - Continental
  - Delphi
  - Denso
  - Hitachi
  - HELLA
  - Lear
  - Magneti Marelli
  - Hyundai
  - Mando
  - Omron
  - Valeo
  - TRW

- **IPC**
  - ABB
  - Alstom
  - Bombardier
  - Goldwind
  - CSR
  - Schneider Electric
  - Rockwell Automation
  - Siemens
  - SunGrown
  - SMA
  - Toshiba
  - Yaskawa
  - Vestas

- **PMM**
  - AAC Acoustic Technologies
  - Delta
  - Emerson
  - LiteOn
  - LG
  - Huawei
  - IBM
  - Samsung
  - Osram
  - Quanta Computer
  - TRIDONIC
  - ZTE

- **CCS**
  - Gemalto
  - GPO
  - HP
  - Microsoft
  - Oberthur Technologies
  - Morpho
  - Watchdata

**EMS partners**

- Flextronics
- Foxconn

**Distribution partners**

- Arrow
- Avnet
- JST
- Rutronik
- SAC
- Tomen Electronics
Infineon Holds Top Positions in All Major Product Categories

**Automotive semiconductors**
- Total market in 2013: $25.1bn

- **Renesas**: 13.3%
- **Infineon**: 9.6%
- **STMicro**: 7.9%
- **Freescale**: 7.4%
- **NXP**: 6.5%

Source: Strategy Analytics, April 2014

**Power semiconductors**
- Total market in 2013: $15.4bn

- **Infineon**: 12.3%
- **Mitsubishi**: 7.2%
- **Toshiba**: 6.0%
- **STMicro**: 5.8%
- **Fairchild**: 5.5%

**Smart card ICs**
- Total market in 2013: $2.48bn

- **NXP**: 32.3%
- **Infineon**: 21.7%
- **STMicro**: 17.9%
- **Samsung**: 16.5%
- **SHHIC**: 6.4%

Discrete power semiconductors and power modules.
Source: IHS Inc., September 2014

Microcontroller-based smart card ICs.
Source: IHS Inc., July 2014

Automotive semiconductors incl. semiconductor sensors.

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

Global car production (cars ≤ 6t)


Semiconductor value per car

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

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

- **Power** 26%
- Processor 25%
- Sensors 15%
- others* 34%

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

Source: Strategy Analytics, April 2014.

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

#### Market growth y-y

- Power: 8%
- Processor: 2%
- Sensors: 7%

#### Infineon’s position 2013

- #1: 21.3%
- #3: 8.7%
- #2: 11.4%

#### Infineon’s change y-y

- +0.3%-pt
- +0.7%-pt
- +1.0%-pt
In Addition to Powertrain, AURIX™ Is Gaining Traction in Safety Applications

- Increasingly complex applications and more stringent requirements on functional safety fuel transition from 16-bit to 32-bit microcontrollers.

- AURIX™ continues TriCore™-based success story in powertrain applications: design-win for next-generation AURIX™ for powertrain and transmission applications at leading European Tier-1.

- AURIX™ enters area of safety applications: About half of all AURIX™ design-wins in FY14 already related to safety applications.

- Volume production of 65nm-based AURIX™ devices started at TSMC end of FY14.

**AURIX™ design-wins in safety applications**

- Electric power steering (EPS).
- Electronic stability control (ESC).
- “Classical” braking, autonomous emergency braking (AEB).
- Camera-based object recognition.
- Radar-based distance warning.

Courtesy: Bosch
Wide Adoption of Premium Features, ADAS and CO₂ Reduction Drive ATV's Growth

Vehicle production

Semiconductor content per car

CO₂ reduction

ADAS*

Comfort, Premium

~4% p.a.

2 – 4% p.a.

ATV:

~8% p.a.

* ADAS: Advanced Driver Assistance Systems.
Sources: IHS Inc., Strategy Analytics, Infineon. All figures refer to mid-term compound annual growth rate of the respective market.
Increasing Inverterization Drives Demand for Power Semis in Home Appliances

- Biggest home appliances market for IGBT modules is air conditioning.
- Efficiency programs led and still lead to higher VSD* penetration rate.
- “Energy efficiency” labeling is key differentiator vs competition.

Penetration of VSD*

<table>
<thead>
<tr>
<th>[units m]</th>
<th>2011</th>
<th>2016</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>electric motor-based home appliances</td>
<td>420</td>
<td>514</td>
<td>4%</td>
</tr>
<tr>
<td>VSD* penetration</td>
<td>~20%</td>
<td>~40%</td>
<td></td>
</tr>
<tr>
<td>total VSD* appliances</td>
<td>86</td>
<td>205</td>
<td>19%</td>
</tr>
</tbody>
</table>

* VSD: variable speed drive.
Drives, Home Appliances and Others Show Strongest Growth Rates

**Expected growth of market segments**

- **Drives**: ~10% p.a.
- **Renewables**: > 5% p.a.
- **Traction**: ~5% p.a.
- **Home Appliances**: > 10% p.a.
- **Others**: > 10% p.a.

**IPC:** ~10% p.a.

Sources: IHS Inc., Infineon. All figures refer to mid-term compound annual growth rate of the respective market.
System Understanding Becomes Key Success Factor for Next-Gen Si-Mic Design

**Trends for higher number of silicon microphones**

- Acoustic performance becomes differentiator and enabler for new capabilities, e.g. command recognition, driving number of microphones per device (up to four in today’s smartphones to improve signal quality).
- New applications using microphones on the rise: tablets, smart watches, wearables, etc.

**Track record of IFX’s market share**

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rank</td>
<td>1.5%</td>
<td>5.2%</td>
<td>7.3%</td>
<td>8.8%</td>
<td>16.1%</td>
<td>26.5%</td>
<td>29.8%</td>
</tr>
</tbody>
</table>

**Ranking 2013**

- Knowles: 59.1%
- Infineon: 29.8%
- Omron: 3.8%
- ADI: 2.6%
- Wolfson: 1.2%

All data refer to units of silicon MEMS microphones excluding ASICs for signal conversion.
PMM Aims to Outgrow Its Core Markets

Expected growth of market segments

- Mobile devices, Cell. infrastructure: > 7% p.a.

PMM: ~10% p.a.

Sources: IHS Inc., ABI Research, Infineon. All figures refer to mid-term compound annual growth rate of the respective market.
Strong Growth in Payment Business; Design-wins in Government ID Projects

Strong momentum for Infineon’s payment business

- Payment business grew by ~50% year-on-year in FY14.
- Roll-out of chip-based banking cards in China and the US will fuel further growth of this business.

Worldwide government ID projects in all major applications

- Infineon won contracts for government ID projects in several European as well as Asian, African and Latin American countries in Q4 FY14.
- With this, Infineon provides chips to more than 75% of all eID projects in Europe and to more than 70% of all ePassport projects in APAC.
- Infineon is present in more than 130 reference projects across all Government ID applications* in 61 countries representing 75% of the world's population.


* ePassport, National eID, eHealth Card, eResidence Permit, eDriving Licence, MilitaryID and Road Toll.
CCS is Well Positioned to Grow Faster Than the Market

- **High-end Mobile Communications**
- **Payment**
- **Government Identification**
- **IoT Security**

**Expected growth of market segments**

- ~0% p.a.
- ~5% p.a.
- ~10% p.a.
- ~20 - 25% p.a.

**CCS:** 6 – 9% p.a.

All figures refer to security microcontrollers. Sources: IHS Inc., Infineon. All figures refer to mid-term compound annual growth rate of the respective market.
Expected Growth Broadly In Line With Historical Averages

<table>
<thead>
<tr>
<th>ATV</th>
<th>IPC</th>
<th>PMM</th>
<th>CCS</th>
</tr>
</thead>
<tbody>
<tr>
<td>~8% p.a.</td>
<td>~10% p.a.</td>
<td>~10% p.a.</td>
<td>6-9% p.a.</td>
</tr>
</tbody>
</table>

Infineon: ~8% p.a.

Sources: IHS Inc., Strategy Analytics, ABI Research, Infineon. All figures refer to mid-term compound annual growth rate of the respective market.
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Q4 FY14 Was Sixth Consecutive Quarter of Year-On-Year Growth

Revenue and Segment Result

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue [EUR m]</th>
<th>Segment Result [EUR m]</th>
<th>Segment Result Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 FY13</td>
<td>1.053</td>
<td>148</td>
<td>14%</td>
</tr>
<tr>
<td>Q1 FY14</td>
<td>984</td>
<td>116</td>
<td>12%</td>
</tr>
<tr>
<td>Q2</td>
<td>1.051</td>
<td>146</td>
<td>14%</td>
</tr>
<tr>
<td>Q3</td>
<td>1.110</td>
<td>170</td>
<td>15%</td>
</tr>
<tr>
<td>Q4 FY14</td>
<td>1.175</td>
<td>188</td>
<td>16%</td>
</tr>
</tbody>
</table>

FY 2014 revenue split by product category:
- Power
- embed. Control
- RF
- others

Revenue and Segment Result Margin:
Strong Q-Q-Growth in IPC, PMM and CCS; ATV Stable Q-Q on High Revenue Level

### ATV
- Revenue: 455, 452, 510, 518
- Segment Result: 57, 55, 66, 70, 69
- Segment Result Margin: 13%, 12%, 14%, 14%, 13%

### IPC
- Revenue: 197, 179, 185, 200, 219
- Segment Result: 33, 27, 33, 40, 44
- Segment Result Margin: 17%, 15%, 18%, 20%, 20%

### PMM
- Revenue: 271, 238, 252, 271, 300
- Segment Result: 49, 29, 37, 46, 60
- Segment Result Margin: 18%, 12%, 15%, 17%, 20%

### CCS
- Revenue: 129, 108, 121, 123, 142
- Segment Result: 12, 6, 8, 10, 20
- Segment Result Margin: 9%, 6%, 7%, 8%, 14%
## Guidance for Q1 FY15 and FY 2015

<table>
<thead>
<tr>
<th>Segment Result Margin</th>
<th>Outlook Q1 FY15 (compared to Q4 FY14)</th>
<th>Outlook FY 2015 (compared to FY 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Decline between 5% and 9%</td>
<td>Increase of 8% +/- 2%-points</td>
</tr>
<tr>
<td></td>
<td>Between 10% and 13%</td>
<td>About 14% (At the mid-point of the revenue guidance)</td>
</tr>
</tbody>
</table>

**Revenue**

- **Outlook Q1 FY15 (compared to Q4 FY14)**: Decline between 5% and 9%
- **Outlook FY 2015 (compared to FY 2014)**: Increase of 8% +/- 2%-points

**Investments in FY 2015**

- About €700m
  (Including €60m to €70m for Kulim 2 and €20m for Qimonda IP.)

**D&A in FY 2015**

- About €600m
Increase of Dividend by 6 €-Cents Will Be Proposed by Management at Coming AGM

**Dividend payments**

<table>
<thead>
<tr>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>18</td>
</tr>
</tbody>
</table>

- Investment-to-sales ratio reduced from ~15% towards ~13%.
- Higher sustainable level of Free Cash Flow frees up more cash for increased dividends.

Coming AGM takes place on 12 February 2015.
ENERGY EFFICIENCY MOBILITY SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.
Opex-to-Sales-Ratio Well Within Target Range

S, G&A\(^1\)

1) Target range for SG&A: „Low teens percentage of sales“.

R&D\(^2\)

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*

<table>
<thead>
<tr>
<th>Q4 FY13</th>
<th>Q1 FY14</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4 FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR m</td>
<td>-123</td>
<td>-92</td>
<td>-75</td>
<td>-16</td>
</tr>
</tbody>
</table>

* For definition please see page 31.

### Inventories

<table>
<thead>
<tr>
<th>Q4 FY13</th>
<th>Q1 FY14</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4 FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR m</td>
<td>609</td>
<td>654</td>
<td>674</td>
<td>680</td>
</tr>
</tbody>
</table>

[days]

### Trade receivables

<table>
<thead>
<tr>
<th>Q4 FY13</th>
<th>Q1 FY14</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4 FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR m</td>
<td>518</td>
<td>452</td>
<td>529</td>
<td>553</td>
</tr>
</tbody>
</table>

[days]

### Trade payables

<table>
<thead>
<tr>
<th>Q4 FY13</th>
<th>Q1 FY14</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4 FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR m</td>
<td>569</td>
<td>515</td>
<td>560</td>
<td>531</td>
</tr>
</tbody>
</table>

[days]
The remaining outstanding convertible bonds were converted by the end of January 2014.

Pro forma calculation incl. gross cash and net cash of International Rectifier.

Payment of €83m due to the antitrust fine and €260m for the settlement with Qimonda insolvency administrator will have negative effect on Gross Cash and Net Cash of €343m in the December quarter.
Proposal of Dividend of €0.18 Will Increase Capital Returns by €202m in February

Total gross capital returns history

- In November 2013, a new €300m capital returns program with a maturity until Sep 2015 was started.
- Per 30 Sep 2014, put options for buyback of 6m shares outstanding.
- After acquisition of International Rectifier no intention to continue to issue new options or to buyback shares.

<table>
<thead>
<tr>
<th>Year</th>
<th>Convertible Bond Buyback</th>
<th>Share Buyback (via Put Options)</th>
<th>Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>173</td>
<td>62</td>
<td>129</td>
</tr>
<tr>
<td>FY13</td>
<td>308</td>
<td>130</td>
<td>167</td>
</tr>
<tr>
<td>FY14</td>
<td>109</td>
<td>38</td>
<td>129</td>
</tr>
<tr>
<td>FY15e</td>
<td>167</td>
<td>26</td>
<td>202</td>
</tr>
</tbody>
</table>

In February, the proposal of a dividend of €0.18 per share will increase capital returns by €202m.
Target: 'RoCE Above WACC' Over the Cycle

RoCE* history

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY12</td>
<td>27%</td>
<td>5%</td>
<td>17%</td>
</tr>
<tr>
<td>Q2</td>
<td>25%</td>
<td>7%</td>
<td>21%</td>
</tr>
<tr>
<td>Q3</td>
<td>20%</td>
<td>16%</td>
<td>24%</td>
</tr>
<tr>
<td>Q4</td>
<td>27%</td>
<td>27%</td>
<td>24%</td>
</tr>
</tbody>
</table>

WACC: low teens %

Capital Employed* history

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY12</td>
<td>1,629</td>
<td>2,239</td>
<td>2,194</td>
</tr>
<tr>
<td>Q2</td>
<td>1,760</td>
<td>2,274</td>
<td>2,232</td>
</tr>
<tr>
<td>Q3</td>
<td>1,889</td>
<td>2,216</td>
<td>2,327</td>
</tr>
<tr>
<td>Q4</td>
<td>2,035</td>
<td>2,159</td>
<td>2,452</td>
</tr>
</tbody>
</table>

* For definition please see page 31.
FY15 Investments Ratio excl. Kulim 2 and Qimonda IP Would Be Down to ~13%

For definition please see page 31.

** Includes €60m to €70m for Kulim 2 and €20m for Qimonda IP.
**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 (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

**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.
Infineon is a Long-standing Member of Europe's Leading Sustainability Indices

**Infineon’s most recent achievements**

- **January 2014:** Infineon is listed in the Sustainability Yearbook for the fourth consecutive year and according to RobecoSAM, listed 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).

- **Infineon** was added to the FTSE4Good Index Series in 2001 and has been confirmed as a member since then.
<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>02 – 03 Dec 2014</td>
<td>Scottsdale, AZ</td>
<td>Credit Suisse TMT Conference</td>
</tr>
<tr>
<td>29 Jan 2015*</td>
<td></td>
<td>Q1 FY15 Results</td>
</tr>
<tr>
<td>12 Feb 2015</td>
<td>Munich</td>
<td>Annual General Meeting</td>
</tr>
<tr>
<td>05 May 2015*</td>
<td></td>
<td>Q2 FY15 Results</td>
</tr>
<tr>
<td>30 Jul 2015*</td>
<td></td>
<td>Q3 FY15 Results</td>
</tr>
<tr>
<td>26 Nov 2015*</td>
<td></td>
<td>Q4 FY15 and FY 2015 Results</td>
</tr>
</tbody>
</table>

* preliminary
## Institutional Investor Relations Contact

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ulrich Pelzer</td>
<td>Corporate Vice President</td>
<td>☎️ +49 89 234-26153  ✉️ <a href="mailto:ulrich.pelzer@infineon.com">ulrich.pelzer@infineon.com</a></td>
</tr>
<tr>
<td></td>
<td>Finance, Treasury &amp;</td>
<td></td>
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<tr>
<td></td>
<td>Investor Relations</td>
<td></td>
</tr>
<tr>
<td>Joachim Binder</td>
<td>Senior Director</td>
<td>☎️ +49 89 234-25649  ✉️ <a href="mailto:joachim.binder@infineon.com">joachim.binder@infineon.com</a></td>
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<tr>
<td>Holger Schmidt</td>
<td>Manager</td>
<td>☎️ +49 89 234-22332  ✉️ <a href="mailto:holger.schmidt@infineon.com">holger.schmidt@infineon.com</a></td>
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