Second Quarter FY 2017 Quarterly Update
update per 6 June 2017

Infineon Technologies AG
Investor Relations
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Please regard the “Notes” and “Glossary” at the end of the presentation.

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.
Infineon at a glance

### Business Segments

- **Automotive (ATV):** 44%
- **Power Management & Multi-market (PMM):** 29%
- **Chip Card & Security (CCS):** 17%
- **Industrial Power Control (IPC):** 10%

*Revenue in Q2 FY17: €1,767 incl. OOS and C&E of €2m*

### Financials

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3,843</td>
<td>4,320</td>
<td>5,795</td>
<td>6,473</td>
</tr>
<tr>
<td>Segment Result</td>
<td>377</td>
<td>620</td>
<td>897</td>
<td>982</td>
</tr>
<tr>
<td>Margin</td>
<td>9.8%</td>
<td>14.4%</td>
<td>15.5%</td>
<td>15.2%</td>
</tr>
</tbody>
</table>

### Power

Power represents ~60% of revenue

<table>
<thead>
<tr>
<th></th>
<th>[EUR m]</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATV</td>
<td>783</td>
</tr>
<tr>
<td>IPC</td>
<td>293</td>
</tr>
<tr>
<td>PMM</td>
<td>520</td>
</tr>
<tr>
<td>CCS</td>
<td>169</td>
</tr>
</tbody>
</table>

*embedded control, RF, sensors

### Market Position

- **Automotive:** # 2
  - Strategy Analytics, April 2017
- **Power:** # 1
  - IHS Markit, October 2016
- **Smart card ICs:** # 2
  - IHS Markit, July 2016

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Our strategy is targeted at value creation through sustainable organic growth

<table>
<thead>
<tr>
<th>Focus</th>
<th>Technology leadership</th>
<th>System understanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto</td>
<td>System leader in automotive</td>
<td>#1; system and technology leader</td>
</tr>
<tr>
<td>Power</td>
<td>~17% Segment Result Margin</td>
<td>Broad RF and sensor technology portfolio</td>
</tr>
</tbody>
</table>

Average-cycle financial targets

- ~8% p.a. revenue growth
- ~17% Segment Result Margin
- ~13% investment-to-sales (thereof capex*: ~11%)

Organic RoCE ~ 2x WACC

- paying out at least a constant dividend even in periods of slower growth
- continuous EPS increase

* Infineon reports under IFRS and has therefore to capitalize development assets which represents currently ~2% of sales.
Infineon increased relative market share in power and outperformed chip card market

**Automotive semiconductors**
- Total market in 2016: $30.2bn
  - NXP: 14.0%
  - Infineon: 10.7%
  - Renesas: 9.8%
  - TI: 7.8%
  - STMicro: 7.4%
  - Bosch: 5.3%
  - On Semi: 4.5%
  - Toshiba: 2.9%
  - Rohm: 2.5%
  - Micron: 2.0%

Source: Strategy Analytics, April 2017

**Power discretes and modules**
- Total market in 2015: $14.8bn
  - Infineon: 18.7%
  - ON + FCS: 10.3%
  - Mitsubishi: 6.3%
  - STMicro: 5.7%
  - Vishay: 5.0%
  - Toshiba: 4.7%
  - Fuji: 4.1%
  - Renesas: 4.1%
  - Semikron: 2.9%
  - NXP: 2.4%

Source: IHS Markit, October 2016

**Smart Card ICs**
- Total market in 2015: $2.72bn
  - NXP: 30.5%
  - Infineon: 24.8%
  - Samsung: 16.2%
  - STMicro: 15.1%
  - CEC Huada: 10.4%

Source: IHS Markit, July 2016
Tight customer relationships are based on system know-how and app understanding

<table>
<thead>
<tr>
<th>ATV</th>
<th>IPC</th>
<th>PMM</th>
<th>CCS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autoliv</td>
<td>ABB</td>
<td>Hewlett Packard</td>
<td></td>
</tr>
<tr>
<td>BOSCH</td>
<td>ALSTOM</td>
<td>Enterprise</td>
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<tr>
<td>Continental</td>
<td>Bombardier</td>
<td>Boeing</td>
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<tr>
<td>BYD</td>
<td>Danfoss</td>
<td>Delta</td>
<td></td>
</tr>
<tr>
<td>Delphi</td>
<td>CSR</td>
<td>Ericsson</td>
<td></td>
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<tr>
<td>Hitachi</td>
<td>Emerson</td>
<td>Huawei</td>
<td></td>
</tr>
<tr>
<td>Inspire the Next</td>
<td>Midea</td>
<td>LG</td>
<td></td>
</tr>
<tr>
<td>LEAR Corporation</td>
<td>Rockwell Automation</td>
<td>MU-Rata</td>
<td></td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>Siemens</td>
<td>NOKIA</td>
<td></td>
</tr>
<tr>
<td>Electric</td>
<td>SunGrow</td>
<td>Panasonic</td>
<td></td>
</tr>
<tr>
<td>KEIHIN</td>
<td>Toshiba</td>
<td>Samsung</td>
<td></td>
</tr>
<tr>
<td>HYUNDAI</td>
<td>Yaskawa</td>
<td>ZTE</td>
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<tr>
<td>Mando</td>
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<tr>
<td>Valeo</td>
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<td>Omron</td>
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<td>ZF</td>
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</tbody>
</table>

EMS partners

flex
Foxconn

Distribution partners

AVNET
Reach Partner
intron
JCT
MACNICA
NEXTT Electronics Corporation
AUTRONIX
SAC

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Infineon’s organic revenue development clearly outperformed total semi market

- Infineon’s organic revenue development clearly outperformed total semi market.
  - Based on Infineon’s portfolio (excl. Other Operating Segments and Corporate & Eliminations) per end of FY16.
  - If International Rectifier had been consolidated since 1 Oct 2014, Infineon would have recorded revenues of €6,059m in FY15.
- CAGR<sub>(99-16)</sub>: +5.1%
- Organic CAGR<sub>(99-16)</sub>: ~+9%
- Revenue Infineon* [lhs]
- Semiconductor World Market (adjusted for the Infineon fiscal year ending Sep 30) [rhs]

Source: Infineon; WSTS (World Semiconductor Trade Statistics), November 2016
Accelerated investments in FY17 to maximize margin contribution and customer satisfaction

Incremental investments in PPE of €100m help accommodate strong order entry in major growth areas, such as xEV, ADAS and power

- Dresden: ramp of 300 mm thin-wafer power line
- Kulim: accelerated ramp of 200 mm line for ATV products
- Silicon carbide: accelerated ramp of SiC line
- Backend: HybridPACK™ family for xEV, discretes for ATV
Organic RoCE as the key value metric typically amounts to ~2x WACC.
Our promise to investors: Continued value creation through growth

Earnings-per-share (EPS) development

Total cash return to shareholders

- Policy of sustainable dividend payout.
- Increase of dividend from €0.20 to €0.22.
- Payment of €248m on 21 Feb 2017.
### Guidance for Q3 FY17 and FY17

<table>
<thead>
<tr>
<th>Segment Result Margin</th>
<th>Outlook Q3 FY17* (compared to Q2 FY17)</th>
<th>Updated Outlook FY17* (compared to FY16)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Increase of 3% +/- 2%-points</td>
<td>Increase of 8% to 11%</td>
</tr>
<tr>
<td></td>
<td>At the mid-point of the revenue guidance: ~17.5%</td>
<td>At the mid-point of the revenue guidance: ~17% (prev.: „Increase of 6% +/- 2%-points”)</td>
</tr>
</tbody>
</table>

**Revenue**

- Increase of 3% +/- 2%-points

**Segment Result Margin**

- At the mid-point of the revenue guidance: ~17.5%

**Investments in FY17**

- About €1,050m** (prev.: „About €950m**”)

**D&A in FY17**

- About €830m***

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

** Including approximately €35m for a new building at Infineon’s headquarters in Neubiberg near Munich.

*** Including D&A on tangible and intangible assets from purchase price allocation of International Rectifier.
<table>
<thead>
<tr>
<th></th>
<th>Infineon at a Glance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Quarterly Highlights</td>
</tr>
<tr>
<td>3</td>
<td>Growth Drivers</td>
</tr>
<tr>
<td>4</td>
<td>Selected financial figures</td>
</tr>
</tbody>
</table>
Q2 FY17 Group and Division Performance

Revenues: €1,767m (10% y-y)
Segment Result: €296m (30% y-y)
Segment Result Margin: 16.8%

**ATV***
- [EUR m]: 671, 677, 691, 705, 783
- Q2 FY16: 13%, 14%, 16%, 16%, 17%

**IPC***
- [EUR m]: 265, 280, 279, 264, 293
- Q2 FY16: 11%, 15%, 13%, 9%, 15%

**PMM***
- [EUR m]: 494, 507, 533, 497, 520
- Q2 FY16: 17%, 17%, 19%, 16%, 18%

**CCS***
- [EUR m]: 181, 173, 174, 174, 169
- Q2 FY16: 20%, 18%, 19%, 17%, 17%

* Individual small product groups were transferred to other segments with effect from 1 October 2016. The previous year’s figures have been adjusted accordingly.

Payment market bottomed out.

Power management strongly up y-y; RF and sensors in seasonal low.
2017 marks the market entry of Infineon with SiC MOSFETs and full SiC modules

› Infineon owns industry’s broadest power semiconductor portfolio with regard to products, packages and technology

› Infineon offers “best-fit solutions” based on Si-based and SiC-based components

› Infineon’s SiC MOSFET is based on its innovative trench concept with highest reliability

SiC manufacturing runs on standard 150 mm manufacturing lines, i.e. no capacity constraints
Infineon SiC MOSFET with revenue potential of triple-digit €m in industrial applications

- **Bare die**
  - vol. production: H2 CY17

- **Discr. MOSFET**
  - vol. production: H2 CY17

- **Full SiC module**
  - volume production: since 16 May 2017
  - vol. production: H2 CY17

### Industrial grade
- Photovoltaic
- UPS, others
- xEV charging
- Drives

### Automotive grade
- xEV (OBC)
- xEV (inverter)

More and more applications will gradually reach their tipping point
Hybrid SiC and full SiC power modules will show highest growth

Total silicon carbide market development

- **CAGR$_{16-25}$ conserv. case**
  - 2025 conservative case: +23%
    - SiC diode: +47%
    - hybrid SiC power module: +30%
    - SiC MOSFET: +22%
    - full SiC power module: +7.5%

- **CAGR$_{16-25}$ base case**
  - 2025 base case: +60%
    - SiC diode: +32%
    - hybrid SiC power module: +43%
    - SiC MOSFET: +28%
    - full SiC power module: +10%

- 2015 SiC market share
  - Wolfspeed: 27%
  - Infineon: 23%
  - Rohm: 20%
  - Mitsubishi: 11%
  - STMicro: 9%
  - Fuji: 3%
  - Toshiba: 2%
  - Microsemi: 1%
  - USCi: 1%
  - GeneSiC: 1%


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

CAGR 2016 – 2021 by Semiconductor Industry Segment

- **Industrial**: 9.1% growth, $44bn
- **Automotive**: 6.8% growth, $32bn
- **Total Semi Market**: 5.4% growth, $352bn
- **Consumer**: 5.2% growth, $36bn
- **Data Processing**: 4.5% growth, $112bn
- **Communications**: 4.4% growth, $129bn
- **Chip Card ICs**: 4.0% growth, $3.5bn

* Market size in calendar year 2016
** Source: ABI Research, “Smart Cards and Secure ICs”, February 2017; smart card and embedded secure microcontroller ICs
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*
› #4 in microcontrollers* (#1 in powertrain**)

Most balanced portfolio with sensors, microcontrollers and power for system approach

Leader in electric drivetrain and CO₂ 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

* Source: Strategy Analytics, April 2017; ** own estimate.

Infineon is ideally positioned to benefit from ADAS/AD, xEV, connected cars and to gain further market share in Automotive
Reference to web presentations

For full automotive story please refer to:

16 Mar 2017: Bernstein xEV and Energy Storage Conference by Hans Adlkofer, VP Automotive System Group
www.infineon.com/bernstein

11 Oct 2016: ATV Division Call by Peter Schiefer, Division President Automotive
www.infineon.com/atv-call

2 Aug 2016: ATV Presentation
www.infineon.com/auto-slides
Infineon first partner in Volkswagen’s “TRANSFORM 2025+” strategy program

Peter Schiefer, Division President Automotive at Infineon (left); Dr. Volkmar Tanneberger, Head of Electrical and Electronic Development at Volkswagen (Courtesy: Volkswagen AG)

“TRANSFORM 2025+”

› Volkswagen secures its position in the field of future vehicle innovations such as automated and fully electric driving cars
› The company is cooperating directly with semiconductor manufacturers to further shorten development and innovation cycles
› Infineon is Volkswagen’s first partner here

› Cooperation between automotive OEMs and semiconductor manufacturers is becoming increasingly important for further innovation
› Infineon is strengthening the bond to customers, getting involved even more deeply in the development processes
› Infineon benefits from longer planning horizon and higher stickiness of the business
### Infineon's position in the automotive semiconductor universe

**Automotive semiconductors**

2016 total market size: $30.2bn

<table>
<thead>
<tr>
<th>Sensor</th>
<th>Market Share</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bosch</td>
<td>16.3%</td>
<td></td>
</tr>
<tr>
<td>Infineon</td>
<td>12.5%</td>
<td>+0.6%-pt</td>
</tr>
<tr>
<td>NXP</td>
<td>8.3%</td>
<td></td>
</tr>
<tr>
<td>Melexis</td>
<td>7.3%</td>
<td></td>
</tr>
<tr>
<td>Allegro</td>
<td>7.3%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Microcontroller</th>
<th>Market Share</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infineon</td>
<td>30.9%</td>
<td></td>
</tr>
<tr>
<td>NXP</td>
<td>27.0%</td>
<td></td>
</tr>
<tr>
<td>Texas Instr.</td>
<td>9.7%</td>
<td></td>
</tr>
<tr>
<td>Microchip</td>
<td>5.7%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Power</th>
<th>Market Share</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infineon</td>
<td>25.6%</td>
<td>+0.4%-pt</td>
</tr>
<tr>
<td>STMicro</td>
<td>13.4%</td>
<td></td>
</tr>
<tr>
<td>NXP</td>
<td>9.2%</td>
<td></td>
</tr>
<tr>
<td>Renesas</td>
<td>8.2%</td>
<td></td>
</tr>
<tr>
<td>Bosch</td>
<td>5.7%</td>
<td></td>
</tr>
</tbody>
</table>

* Divestiture of NXP's Standard Product business ("Nexperia") closed on 16 Feb 2017; hence included in the 2016 ranking.

Source: Strategy Analytics, “Automotive Semiconductor Vendor Market Shares”, April 2017

### Market share trend

- Infineon benefits disproportionately from the two mega trends
- Clean cars
- ADAS/AD

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Key market trends significantly drive increasing semiconductor content per car

**ADAS/AD**
› ADAS and AD are critical enabler to reduce the number of fatalities and serious injuries (“Vision Zero”)

**Clean cars**
› To reach CO₂ emission goals, the automotive industry has to focus on
  – a higher efficiency of the classic ICE, and
  – the electrification of the drivetrain (xEV)

**Connectivity/security**
› Advanced connectivity is driven by making the car part of the internet
› Connectivity must be secure

ADAS/AD and clean cars will generate half of the 8% trendline growth of ATV

2017-06-06
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ADAS/AD semi growth driven by radar and camera sensor modules over the next 5 years

### Average semiconductor content per car by level of automation*

<table>
<thead>
<tr>
<th>Level 2 (today)</th>
<th>Level 3 (~2025)</th>
<th>Level 4/5 (2030+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Camera modules</td>
<td>Camera modules</td>
<td>Camera modules</td>
</tr>
<tr>
<td>$40</td>
<td>$180</td>
<td>$195</td>
</tr>
<tr>
<td>Radar modules</td>
<td>Radar modules</td>
<td>Radar modules</td>
</tr>
<tr>
<td>$60</td>
<td>$140</td>
<td>$165</td>
</tr>
<tr>
<td>Lidar modules</td>
<td>Lidar modules</td>
<td>Lidar modules</td>
</tr>
<tr>
<td>$0</td>
<td>$0</td>
<td>$110</td>
</tr>
<tr>
<td>Sensor fusion</td>
<td>Sensor fusion</td>
<td>Sensor fusion</td>
</tr>
<tr>
<td>$0</td>
<td>$50</td>
<td>$25</td>
</tr>
<tr>
<td>Actuators</td>
<td>Actuators</td>
<td>Actuators</td>
</tr>
<tr>
<td>$0</td>
<td>$30</td>
<td>$110</td>
</tr>
<tr>
<td>Total BoM</td>
<td>Total BoM</td>
<td>Total BoM</td>
</tr>
<tr>
<td><strong>$100</strong></td>
<td><strong>$400</strong></td>
<td><strong>$550</strong></td>
</tr>
</tbody>
</table>

Bill of material estimates include all type of semiconductors**

* Source: Strategy Analytics, IHS Markit, Infineon; ** e.g. radar includes µC
Infineon's product portfolio fosters revenue growth in ADAS/AD for the next decade

<table>
<thead>
<tr>
<th>Category</th>
<th>Today</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Camera</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Driver Monitoring</td>
<td>$</td>
<td>$ $</td>
<td>$ $</td>
</tr>
<tr>
<td>Front</td>
<td>$</td>
<td>$ $</td>
<td>$ $</td>
</tr>
<tr>
<td>Rear/surround</td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Radar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SiGe 77 GHz</td>
<td>$ $</td>
<td>$ $</td>
<td>$ $</td>
</tr>
<tr>
<td>SiGe 24 GHz</td>
<td>$ $</td>
<td>$ $</td>
<td>$ $</td>
</tr>
<tr>
<td>RF CMOS</td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sensor fusion</td>
<td>$ $</td>
<td>$ $</td>
<td>$ $</td>
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<tr>
<td>Lidar</td>
<td>$ $</td>
<td>$ $</td>
<td>$ $</td>
</tr>
<tr>
<td>Actuators</td>
<td>$</td>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>
All types of xEV will significantly increase power semiconductor content per car

Average xEV semiconductor content by degree of electrification

<table>
<thead>
<tr>
<th>Mild hybrid / 48 V</th>
<th>PHEV / HEV</th>
<th>EV</th>
</tr>
</thead>
<tbody>
<tr>
<td>In contrast to micro hybrid systems, these systems support aside from start-stop functionality</td>
<td>Adder for DC-DC conversion, inverter, onboard charger</td>
<td></td>
</tr>
<tr>
<td>› DC-DC conversion (12/48 V)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>› recuperation (coasting/sailing)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>› e-motor use</td>
<td></td>
<td></td>
</tr>
<tr>
<td>› auxiliary applications</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ICE**
- 2016: 0.5m units
- 2020: 5.6m units
- 2025: 10 .. 12m units

**Power**
- 2016: $352
- 2020: $29
- 2025: $47

**Others**
- 2016: $428

**Total BoM**
- 2016: $352
- 2020: $29
- 2025: $47

**PHEV / HEV**
- 2016: 2.4m units
- 2020: 5.5m units
- 2025: 9 .. 12m units

**ICE**
- 2016: $270
- 2020: $15
- 2025: $15

**Sense**
- 2016: $60
- 2020: $712

**μC**
- 2016: $60
- 2020: $15
- 2025: $15

**Others**
- 2016: $60
- 2020: $15
- 2025: $15

**Total BoM**
- 2016: $352
- 2020: $29
- 2025: $47

**EV**
- 2016: 0.6m units
- 2020: 2.1m units
- 2025: 4 .. 8m units

**Power**
- 2016: $387
- 2020: $77
- 2025: $50

**Sense**
- 2016: $77
- 2020: $50
- 2025: $704

**μC**
- 2016: $49
- 2020: $77
- 2025: $387

**Others**
- 2016: $47
- 2020: $29
- 2025: $15

Source: IHS Automotive, “Alternative Propulsion Forecast”, January 2017; Infineon
Power semiconductor demand for different levels of electrification

Incremental power semiconductor content for drive train:

- ~$300
- ~$200
- ~$100

Start-stop only

Hybrid

Mild HEV, 48 V
- start-stop
- energy recovery

Full HEV
- start-stop
- energy recovery
- coasting, sailing
- boosting (fun-to-drive)
- EV mode

Plug-in HEV
- start-stop
- energy recovery
- coasting, sailing
- boosting (fun-to-drive)
- EV mode
- onboard charger

EV, Fuel Cell EV
- energy recovery
- onboard charger

Power of xEV electric motor [kW]:

400 V .. 800 V

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Infineon has all elements and unparalleled package expertise for all xEV applications

<table>
<thead>
<tr>
<th>Bare die</th>
<th>Discretes</th>
<th>Scalable products</th>
<th>Plug-n-Play</th>
</tr>
</thead>
<tbody>
<tr>
<td>Si bare dies</td>
<td>Si IGBT</td>
<td>HybridPACK™ Double-Sided Cooling</td>
<td>HybridPACK™ solutions</td>
</tr>
<tr>
<td>SiC bare dies</td>
<td>SiC MOSFET</td>
<td></td>
<td>Easy modules</td>
</tr>
</tbody>
</table>

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ADAS/AD, clean cars, and adoption of premium features drive growth

<table>
<thead>
<tr>
<th>Vehicle production</th>
<th>Clean cars</th>
<th>ADAS/AD</th>
<th>Comfort, premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>2% - 3% growth p.a.</td>
<td>Driven by legislation</td>
<td>Today:</td>
<td>Premium cars are early adopters of high-end comfort and safety features</td>
</tr>
<tr>
<td></td>
<td>Improvements of ICE (e.g. EPS)</td>
<td>crash avoidance</td>
<td>Tomorrow:</td>
</tr>
<tr>
<td></td>
<td>Adoption of xEV</td>
<td>ADAS</td>
<td>AutonomousDriving (AD)</td>
</tr>
<tr>
<td></td>
<td>Higher efficiency of all electric consumers</td>
<td>Tomorrow:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Trickling down to mid-range</td>
</tr>
</tbody>
</table>

~8% p.a. through-cycle growth
Infineon is #1 and technology leader in power semiconductors

#1 in the market* for MOSFETs, discrete IGBTs, and total market

Broad 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 SiC and GaN


Infineon is ideally positioned to gain further market share and earn superior margins in power semiconductors
Ramp of 300 mm thin-wafer manufacturing technology on schedule

Advantages of 300 mm manufacturing of power semiconductors

› When fully loaded, frontend manufacturing cost per unit will be 20 – 30% lower than on 200 mm
› Capital intensity is 30% lower than for 200 mm

Current status of Dresden 300 mm fab

› Headwind from 300 mm-related expenses (process development, product qualification and manufacturing infrastructure) decreasing in FY17
› Cost cross over versus 200 mm expected by end of CY17 when reaching 25 – 30% area utilization
As system leader in power, Infineon has broadest application and technology reach covering the entire power chain. The diagram illustrates the main IPC markets, generation, transmission, and consumption, alongside the main PMM power markets, which include controllers, drivers, MOSFETs/IGBTs, modules, stacks, and IPMs. The text highlights Infineon's system competence for highest reliability and highest efficiency.

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Efficiency and digitalization are main market drivers for power applications

<table>
<thead>
<tr>
<th>IPC (industrial power)</th>
<th>PMM (power management)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drives</td>
<td>AC-DC</td>
</tr>
<tr>
<td>Renewables</td>
<td>DC-DC</td>
</tr>
<tr>
<td>Traction</td>
<td></td>
</tr>
<tr>
<td>MHA</td>
<td></td>
</tr>
</tbody>
</table>

- Energy efficiency
- Automation
- Productivity increase

- Legislation
- Growing share of renewable energies as part of the energy generation mix
- Fast and efficient mass transport system

- Energy efficiency
- Growing VSD penetration

- Energy efficiency
- Charging time
- Compactness (power density)
- DPM
- Energy efficiency
- Compactness (power density)
- DPM
- Brushless DC motors

2017-06-06

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IPC is perfectly positioned to outperform traditional markets and leverage emerging ones

Traditional markets with <5% p.a.
› Portfolio for automation application to compensate low demand in drives
› Strong position in stable wind market
› Broad traction portfolio enables compensation of low demand in high-speed trains through urban transportation
› Weakest level of growth in oil & gas (process automation) passed as capex slowly recovers

Emerging markets with >5% p.a.
› Comprehensive offering and expertise enable growth in SiC above average
› Ongoing inverterization of home appliances enables strong growth
› Optimal position to strongly benefit from high growth rates in PV, transmission & distribution and commercial, construction and agricultural vehicles
› Emerging applications like energy storage, EV charging and robotics offer additional growth potential

Industrial Power Control to grow ~8% p.a.
Tailored growth strategies maintain leadership position in both major segments of PMM

<table>
<thead>
<tr>
<th>PMM</th>
<th>Power</th>
<th>RF and Sensors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current position</strong></td>
<td>› Scale and technology leader in power discretes&lt;br&gt;› Broadest portfolio: 25V – 900V&lt;br&gt;› All applications&lt;br&gt;› #1 holding ~1/3 of the market</td>
<td><strong>Growth based on 3-layer-model</strong>&lt;br&gt;MEMS&lt;br&gt;SiGe and other RF</td>
</tr>
<tr>
<td><strong>Growth levers</strong></td>
<td>› Capitalize on scale and technology leadership in discretes&lt;br&gt;› Double SAM by pushing into power management ICs</td>
<td><strong>Higher added value with system understanding</strong>&lt;br&gt;› Core <strong>technologies</strong> enable broad portfolio of <strong>products</strong> for even more <strong>applications</strong></td>
</tr>
</tbody>
</table>

**Growth of ~8% p.a.**

2017-06-06

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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

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

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

Infineon holds leading positions in security solutions markets

- **#1**
  - Embedded secure microcontrollers
  - Market size: $698m

- **#2**
  - Microcontroller-based smart card ICs
  - Market size: $2.72bn

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

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

- **ATV**: CO₂ reduction, Advanced Driver Assistance Systems
- **IPC**: Energy efficiency, Automation, Productivity increase
- **PMM**: Energy efficiency, Power density, BLDC motors, Mobile device and LTE roll-out
- **CCS**: Security as a function, Mobile payments, Authentication, Internet of Things

~8% p.a. through-cycle growth
Table of Contents

1. Infineon at a Glance
2. Quarterly Highlights
3. Growth Drivers
4. Selected financial figures
SG&A includes noticeable Wolfspeed 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".

### General & Administration

<table>
<thead>
<tr>
<th>Quarter</th>
<th>General &amp; Administration</th>
<th>Selling</th>
<th>[EUR m]</th>
</tr>
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<tbody>
<tr>
<td>Q2 FY16</td>
<td>95</td>
<td>100</td>
<td>195</td>
</tr>
<tr>
<td>Q3 FY16</td>
<td>96</td>
<td>104</td>
<td>200</td>
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<tr>
<td>Q4 FY17</td>
<td>95</td>
<td>101</td>
<td>196</td>
</tr>
<tr>
<td>Q1 FY17</td>
<td>96</td>
<td>100</td>
<td>196</td>
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<tr>
<td>Q2</td>
<td>98</td>
<td>102</td>
<td>208</td>
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### R&D

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<tr>
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<th>General &amp; Administration</th>
<th>Selling</th>
<th>[EUR m]</th>
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<tbody>
<tr>
<td>Q2 FY16</td>
<td>95</td>
<td>100</td>
<td>195</td>
</tr>
<tr>
<td>Q3 FY16</td>
<td>97</td>
<td>103</td>
<td>197</td>
</tr>
<tr>
<td>Q4 FY17</td>
<td>95</td>
<td>100</td>
<td>180</td>
</tr>
<tr>
<td>Q1 FY17</td>
<td>96</td>
<td>102</td>
<td>200</td>
</tr>
<tr>
<td>Q2</td>
<td>98</td>
<td>102</td>
<td>192</td>
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</tbody>
</table>

* Copyright © Infineon Technologies AG 2017. All rights reserved.*
All figures on a healthy level

**Working capital***

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EUR m</th>
<th>[EUR m]</th>
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</thead>
<tbody>
<tr>
<td>Q2 FY16</td>
<td>911</td>
<td>1,165</td>
</tr>
<tr>
<td>Q3</td>
<td>791</td>
<td>1,198</td>
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<tr>
<td>Q4</td>
<td>739</td>
<td>1,191</td>
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<tr>
<td>Q1 FY17</td>
<td>865</td>
<td>1,249</td>
</tr>
<tr>
<td>Q2</td>
<td>922</td>
<td>1,228</td>
</tr>
</tbody>
</table>

*For definition please see page “Notes”.

**Trade receivables**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EUR m</th>
<th>DSO*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 FY16</td>
<td>757</td>
<td>53</td>
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<tr>
<td>Q3</td>
<td>741</td>
<td>60</td>
</tr>
<tr>
<td>Q4</td>
<td>774</td>
<td>58</td>
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<tr>
<td>Q1 FY17</td>
<td>735</td>
<td>60</td>
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<tr>
<td>Q2 FY16</td>
<td>820</td>
<td>57</td>
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**Inventories**

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<th>Quarter</th>
<th>Inventories</th>
<th>DOI*</th>
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<tbody>
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<td>Q2 FY16</td>
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<td>120</td>
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<tr>
<td>Q3</td>
<td>1,198</td>
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<tr>
<td>Q4</td>
<td>1,191</td>
<td>100</td>
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<tr>
<td>Q1 FY17</td>
<td>1,249</td>
<td>107</td>
</tr>
<tr>
<td>Q2</td>
<td>1,228</td>
<td>99</td>
</tr>
</tbody>
</table>

**Trade payables**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EUR m</th>
<th>DPO*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 FY16</td>
<td>690</td>
<td>41</td>
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<tr>
<td>Q3</td>
<td>815</td>
<td>53</td>
</tr>
<tr>
<td>Q4</td>
<td>857</td>
<td>58</td>
</tr>
<tr>
<td>Q1 FY17</td>
<td>816</td>
<td>60</td>
</tr>
<tr>
<td>Q2 FY16</td>
<td>828</td>
<td>57</td>
</tr>
</tbody>
</table>
Investments increase to €1,050m from €950m due to higher full-year growth above trendline

* For definition please see page „Notes“.

** The figure includes approximately €35m for a new building at Infineon’s headquarters. Excluding this amount the percentage rate is approximately 14.3%.
Net cash decreased due to dividend payment

Free Cash Flow from continuing operations was €82m.

Debt decreased by €26m due to repayment of €11m long-term debt and a change in FX-rates used for valuing US$-based debt.

Dividend payment of €248m on 21 Feb 2017.
Infineon has a balanced maturity profile and a solid investment grade rating (BBB) from S&P.
Part of your life. Part of tomorrow.
Infineon is a long-standing member of Europe's leading sustainability indices

Infineon’s most recent achievements

› Jan 2017: Infineon is listed in the Sustainability Yearbook for the 7th 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 semiconductor company.

› Sep 2016: 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).

› 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 2016: In the Carbon Disclosure Project (CDP) climate change report, Infineon achieved a placing among the best companies in the Information Technology sector.

› Mar 2017: Infineon has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe.
## Financial calendar

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 – 14 Jun 2017</td>
<td>Paris</td>
<td>Exane European CEO Conference</td>
</tr>
<tr>
<td>20 Jun 2017</td>
<td>London</td>
<td>JPMorgan Tech CEO Conference</td>
</tr>
<tr>
<td>21 – 22 Jun 2017</td>
<td>Berlin</td>
<td>Dt. Bank German, Swiss &amp; Austrian Conference</td>
</tr>
<tr>
<td>29 Jun 2017</td>
<td>London</td>
<td>PMM Presentation by Andreas Urschitz, Division President</td>
</tr>
<tr>
<td>01 Aug 2017*</td>
<td></td>
<td>Q3 FY17 Results</td>
</tr>
<tr>
<td>31 Aug 2017</td>
<td>Frankfurt</td>
<td>Commerzbank Sector Conference</td>
</tr>
<tr>
<td>6 – 7 Sep 2017</td>
<td>New York</td>
<td>Citi Global Technology Conference</td>
</tr>
<tr>
<td>18 Sep 2017</td>
<td>Munich</td>
<td>Berenberg Bank and Goldman Sachs German Corporate Conference</td>
</tr>
<tr>
<td>20 Sep 2017</td>
<td>Munich</td>
<td>Baader Investment Conference</td>
</tr>
<tr>
<td>10 Oct 2017</td>
<td>London</td>
<td>ATV Presentation by Peter Schiefer, Division President</td>
</tr>
<tr>
<td>14 Nov 2017*</td>
<td></td>
<td>Q4 FY17 and FY 2017 Results</td>
</tr>
</tbody>
</table>

* preliminary
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

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

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

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')

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.

DSO (days sales outstanding; quarter-to-date) =
('Trade receivables' / 'revenue') * 90
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACC</td>
<td>adaptive cruise control</td>
</tr>
<tr>
<td>AD</td>
<td>automated driving</td>
</tr>
<tr>
<td>ADAS</td>
<td>advanced driver assistance system</td>
</tr>
<tr>
<td>AEB</td>
<td>automatic emergency braking</td>
</tr>
<tr>
<td>BoM</td>
<td>bill of material</td>
</tr>
<tr>
<td>DPM</td>
<td>digital power management</td>
</tr>
<tr>
<td>EPS</td>
<td>electric power steering</td>
</tr>
<tr>
<td>EV</td>
<td>electric vehicle</td>
</tr>
<tr>
<td>FCW</td>
<td>forward collision warning</td>
</tr>
<tr>
<td>HEV</td>
<td>mild and full hybrid electric vehicle</td>
</tr>
<tr>
<td>ICE</td>
<td>internal combustion engine</td>
</tr>
<tr>
<td>MHA</td>
<td>major home appliances</td>
</tr>
<tr>
<td>micro-hybrid</td>
<td>vehicles using start-stop systems and limited recuperation</td>
</tr>
<tr>
<td>mild-hybrid</td>
<td>vehicles using start-stop systems, recuperation, DC-DC conversion, e-motor</td>
</tr>
<tr>
<td>OBC</td>
<td>onboard charger</td>
</tr>
<tr>
<td>PHEV</td>
<td>plug-in hybrid electric vehicle</td>
</tr>
<tr>
<td>SiC</td>
<td>silicon carbide</td>
</tr>
<tr>
<td>SiGe</td>
<td>silicon germanium</td>
</tr>
<tr>
<td>UPS</td>
<td>uninterruptible power supply</td>
</tr>
<tr>
<td>V2X</td>
<td>vehicle-to-everything communication</td>
</tr>
<tr>
<td>VSD</td>
<td>variable speed drive</td>
</tr>
<tr>
<td>xEV</td>
<td>all degrees of vehicle electrification (EV, HEV, PHEV)</td>
</tr>
</tbody>
</table>
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