

Value creation through organic growth driven by secular trends



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Infineon Technologies
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Agenda

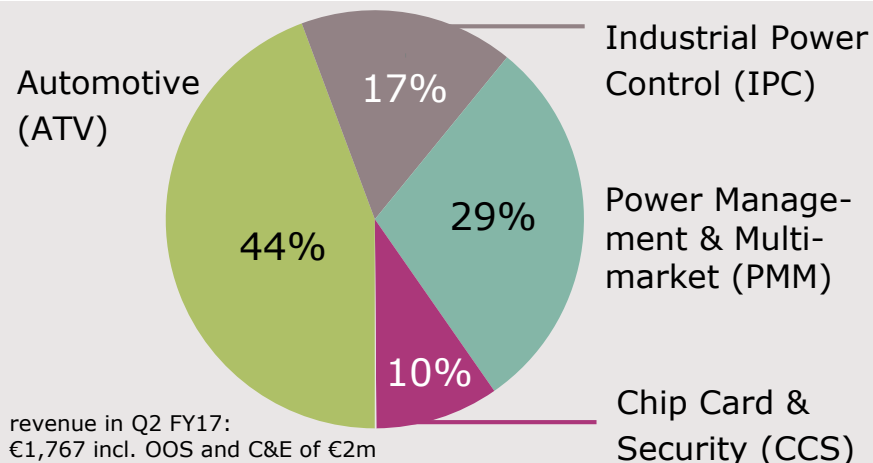
- 1 Infineon at a glance
- 2 Secular growth driven by megatrends
- 3 Strategic pillars

Agenda

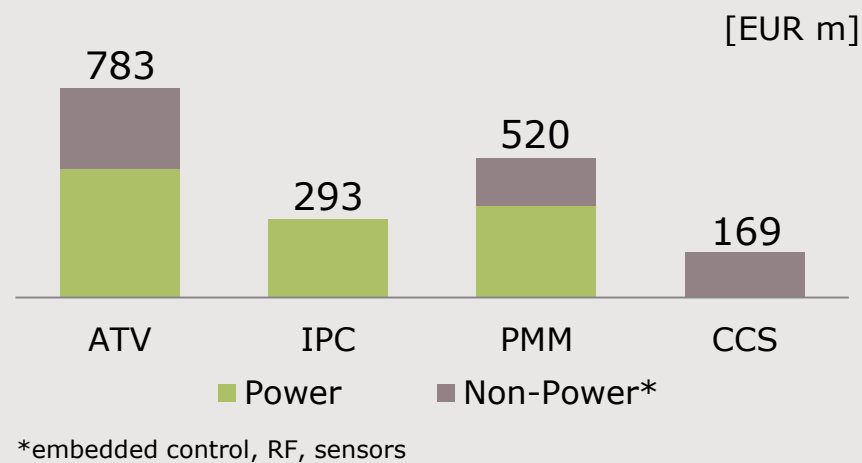
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Infineon at a glance

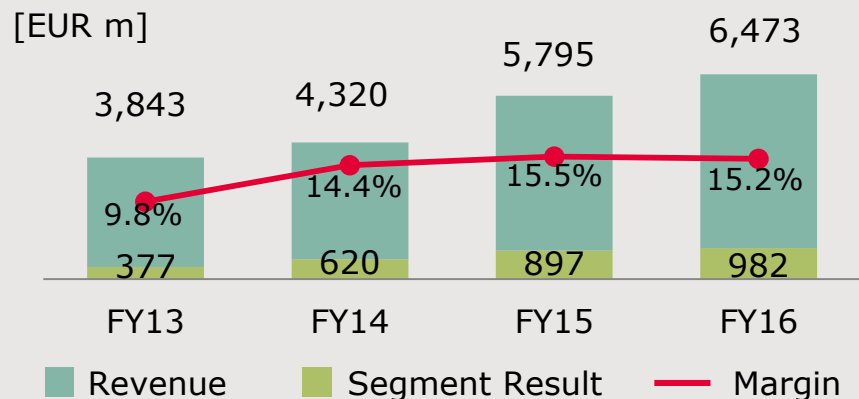
Business Segments



Power represents ~60% of revenue



Financials



Market Position



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Addressing global challenges creates new opportunities and secures long-term success



Population Growth



2050: >9bn people on the planet

Limited resources



2035: 50% of today's global oil resources used up

Aging society



2050: >2bn people are >60 years old

Megacities emerge



2030: 5bn people in cities

Digital and real world converge



2020: >30bn internet connectable devices

Long-term growth of Infineon will be driven by four key industry trends



Smart mobility

- › Today, 90% of automotive innovation is driven by electronics.
- › ADAS, automated driving and electro-mobility will continue to drive semiconductor bill-of-material in the car of the future.

Energy efficiency

- › Electricity will be the most important energy carrier of the 21st century.
- › Power semiconductors enable compact and highly efficient systems.

Internet of things / fast data

- › Sensors are located at the interface between real and digital world in consumer electronics, automotive and industrial systems.
- › RF power components enable super-fast data transfer in 5G standard.

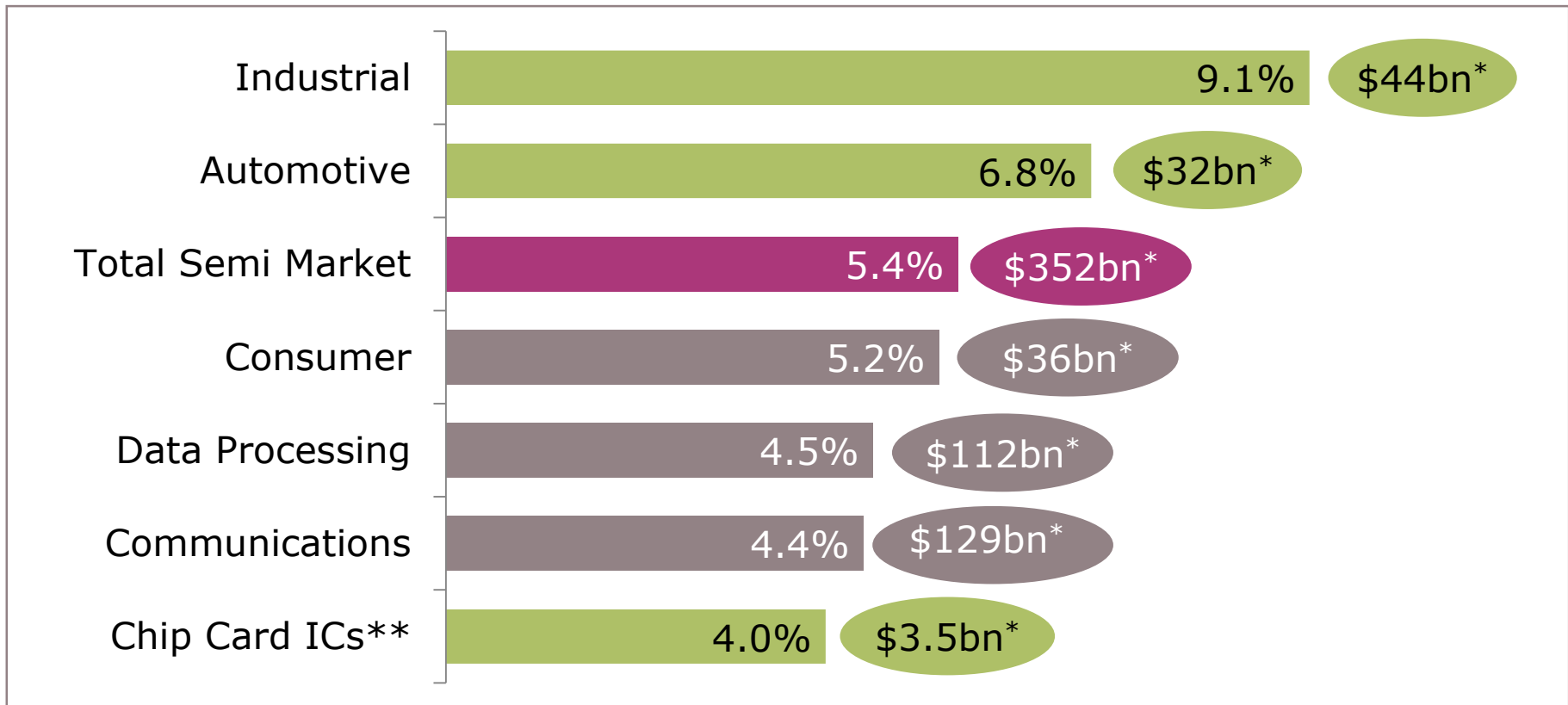
Comprehensive security

- › Security is the key requirement for traditional smart card and ID applications.
- › New applications in the area of the Internet of Things require embedded security solutions in order to succeed.

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



CAGR 2016 – 2021 by Semiconductor Industry Segment



Source: IHS Markit, "Worldwide Semiconductor Shipment Forecast", April 2017

* Market size in calendar year 2016

** Source: ABI Research, "Smart Cards and Secure ICs", February 2017; smart card and embedded secure microcontroller ICs

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Value creation through organic growth based on key strategic pillars



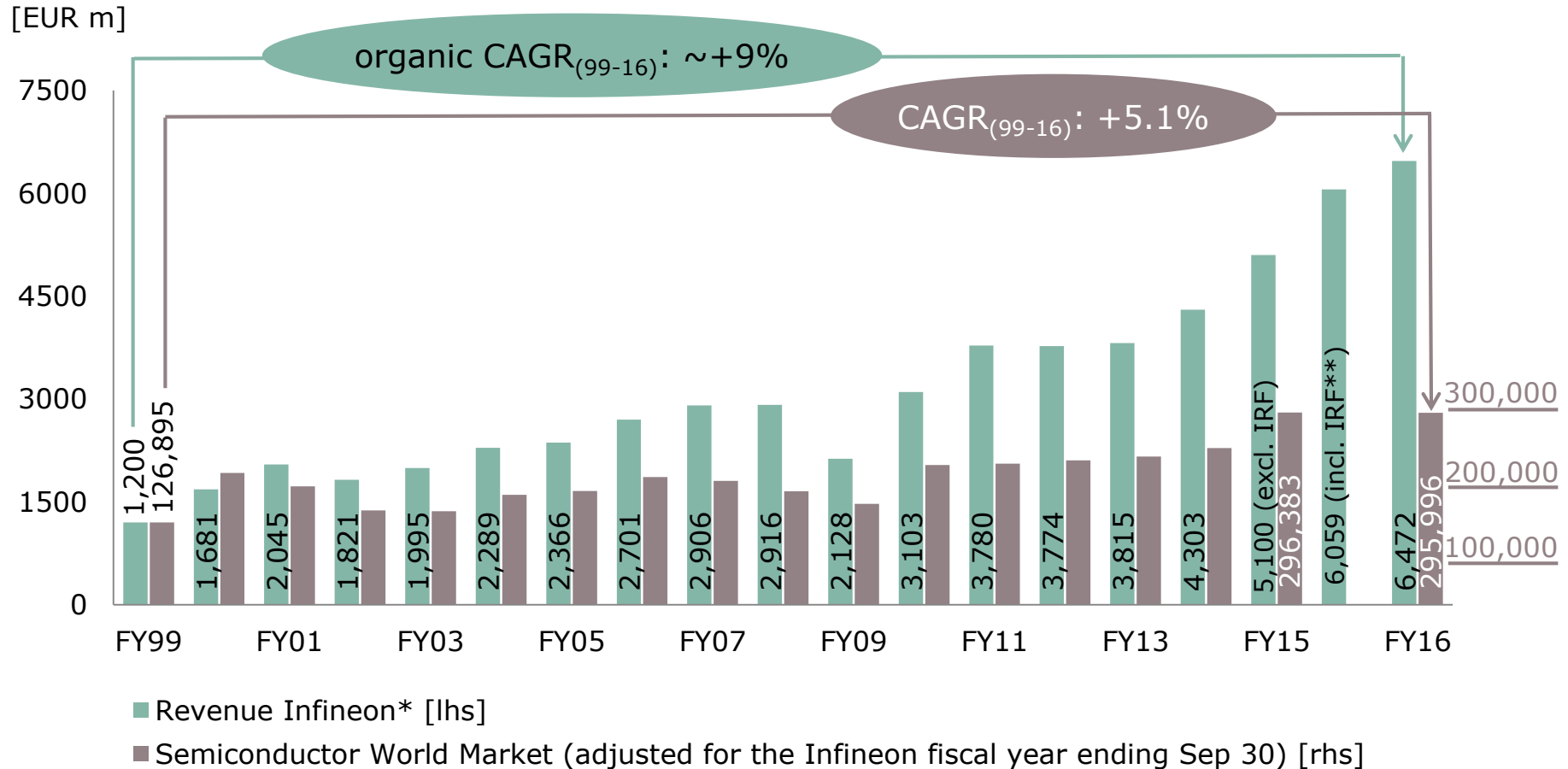
#1 Focus & Scale	#2 Technology leadership	#3 System understanding	
Auto	Power	RF and sensors	Security
System leader in automotive	#1; system and technology leader	Broad RF and sensor technology portfolio	Leader in security solutions

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

Continued value creation for shareholders	
Organic RoCE ~ 2x WACC	<ul style="list-style-type: none"> > paying out at least a constant dividend even in periods of slower growth > continuous EPS increase

* Infineon reports under IFRS

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.

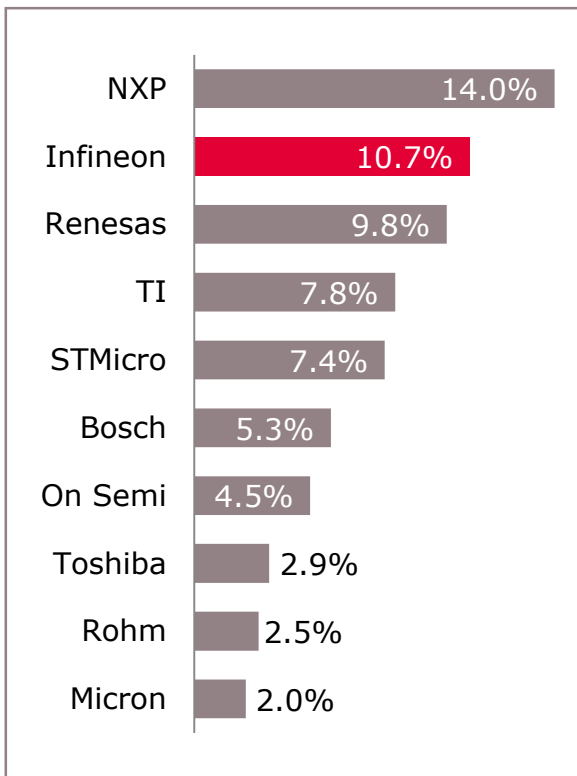
** If International Rectifier had been consolidated since 1 Oct 2014, Infineon would have recorded revenues of €6,059m in FY15.

Source: Infineon; WSTS (World Semiconductor Trade Statistics), November 2016

Strategic pillar #1: Focus & scale – leading market positions, gaining share

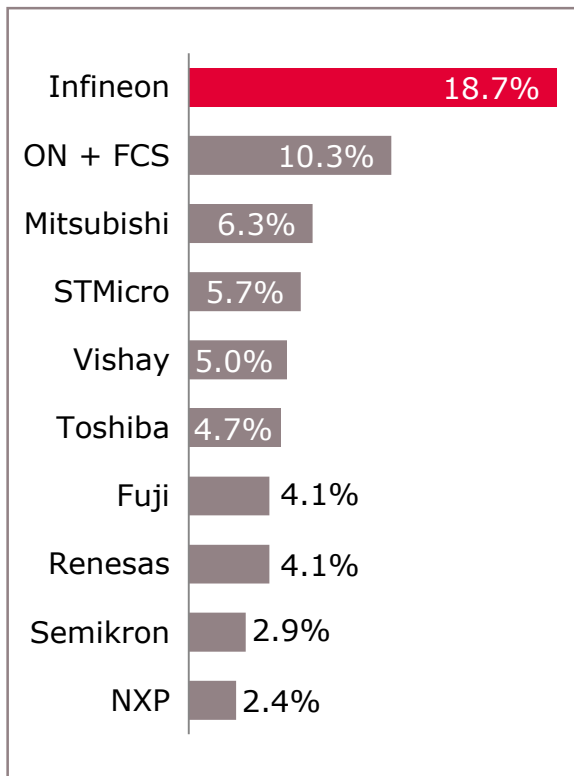


Automotive semiconductors total market in 2016: \$30.2bn



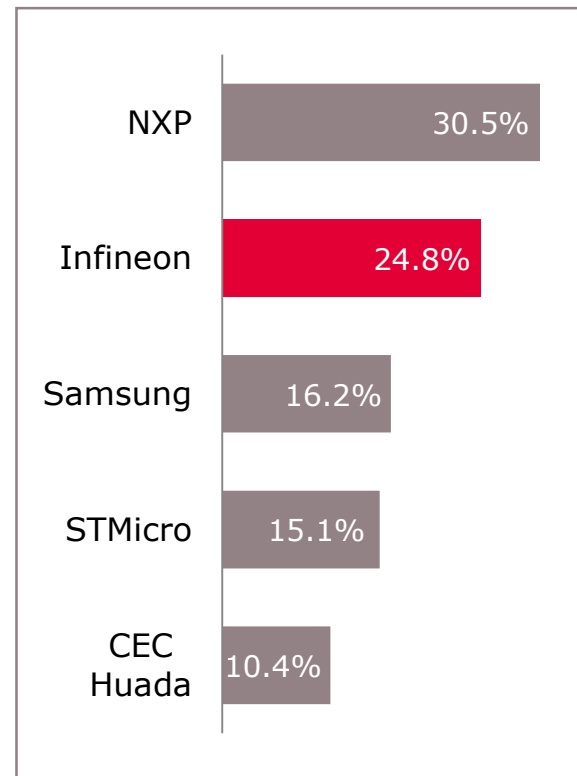
Source: Strategy Analytics, April 2017

Power discretes and modules total market in 2015: \$14.8bn



Source: IHS Markit, October 2016

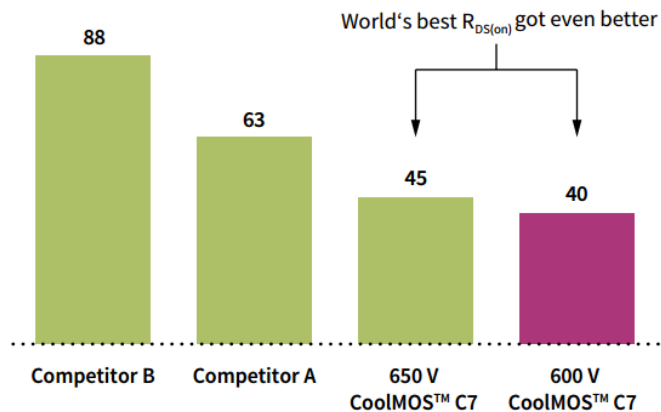
Smart Card ICs total market in 2015: \$2.72bn



Source: IHS Markit, July 2016

Strategic pillar #2: Technology leadership

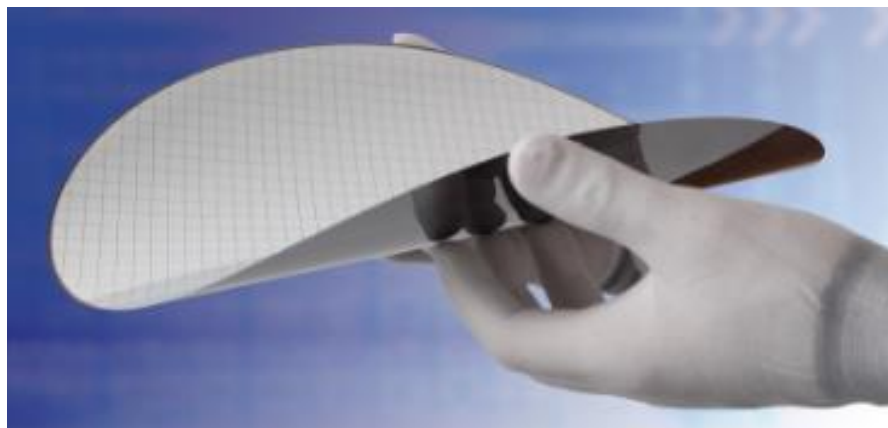
Best power semis in the market



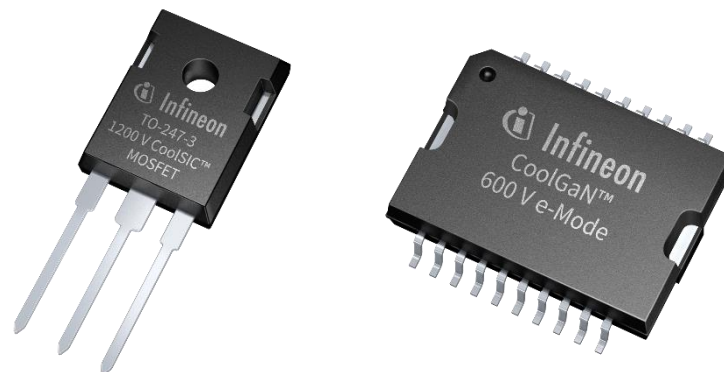
Leading module know-how



Unique 300 mm capability



Compound semiconductors



Strategy pillar #3: System-understanding leads to innovation and higher revenue opportunities

Innovation process:

Understand future requirements

System

- data center
- motor vehicle
- wind turbine



Sub-System

- SPS
- motor control
- brake system



Product

- sensors
- driver ICs
- control ICs
- switching transistors



Go-to-Market process:

Supporting the client in the design process; shorten its time-to-market



Part of your life. Part of tomorrow.

