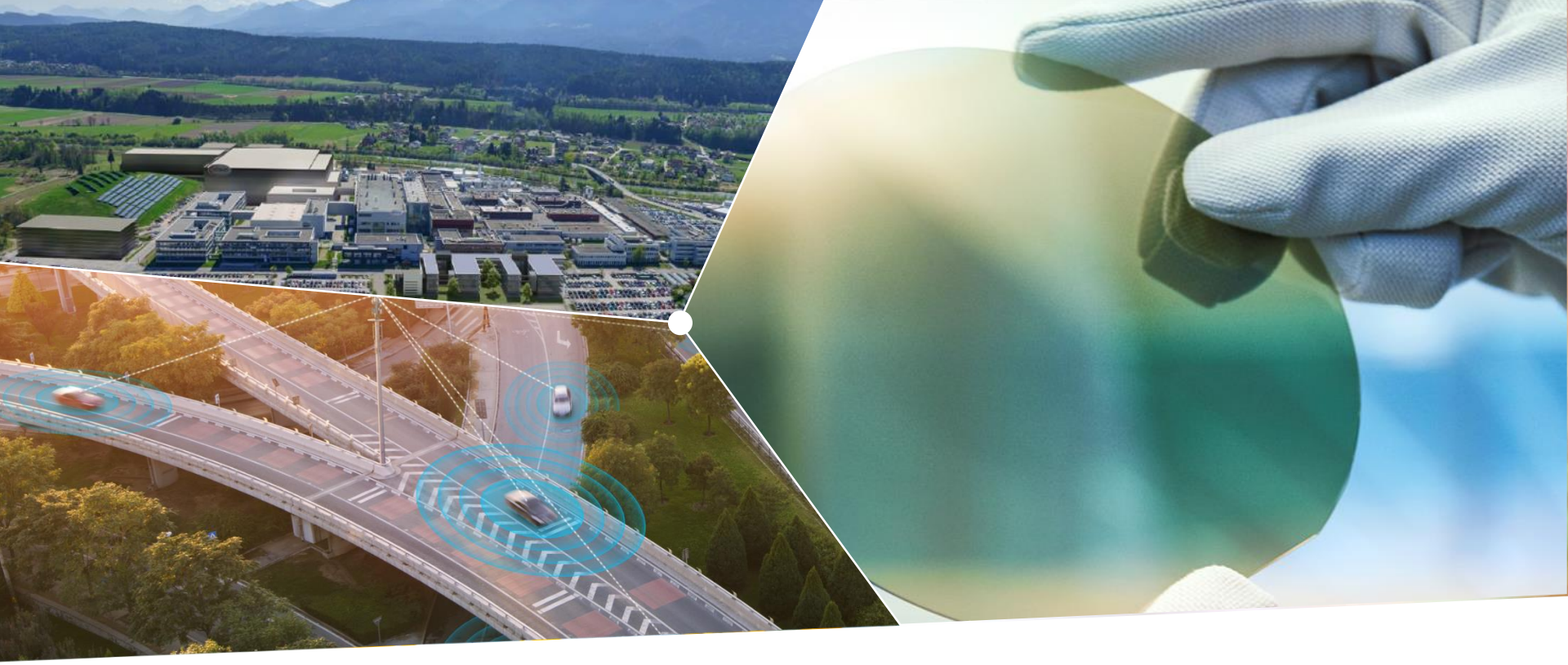


Third Quarter FY 2018 Quarterly Update

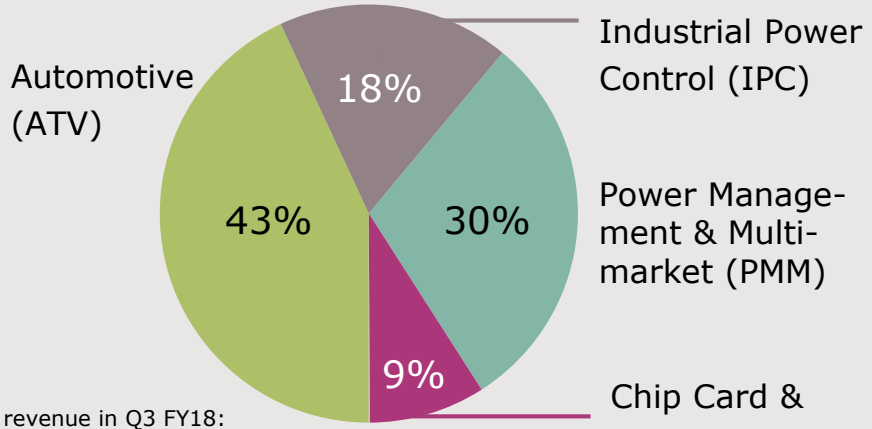
Infineon Technologies AG
Investor Relations

Agenda

1. Infineon at a glance
2. Updated target operating model (TOM)
3. Quarterly highlights
4. Automotive
5. Industrial Power Control
6. Power Management & Multimarket
7. Chip Card & Security
8. Selected financial figures

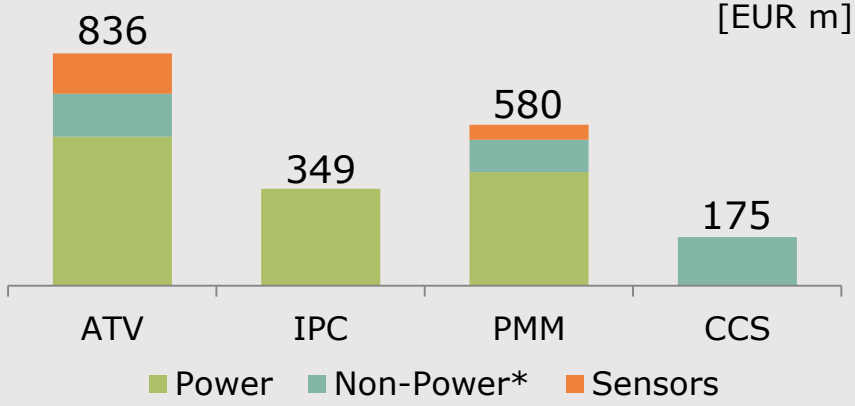
Infineon at a glance; Q3 FY18 figures

Business Segments



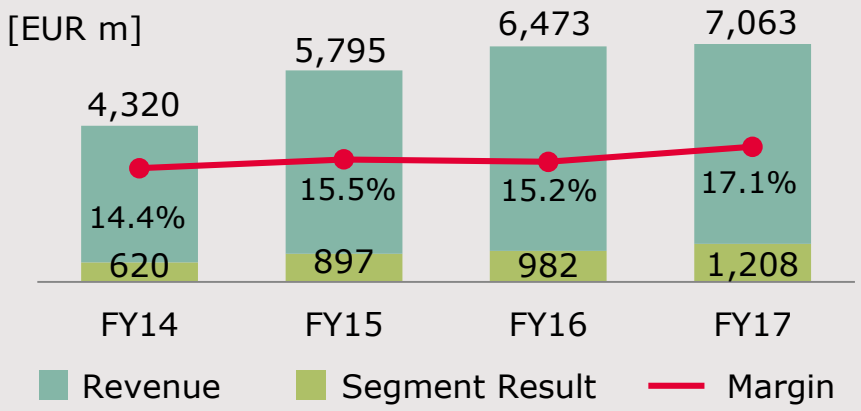
revenue in Q3 FY18:
€1,941 incl. OOS and C&E of €1m

Power represents ~65% of revenue



* includes embedded control, RF

Financials



Market Position

Automotive	Power	Smart card ICs
		
# 2	**# 1**	**# 1**
Strategy Analytics, April 2018	IHS Markit, Technology Group, August 2018	IHS Markit, Technology Group, July 2017

Our strategy is targeted at value creation through sustainable organic growth

Focus	Technology leadership	System understanding
› Focus on fastest growing segments of semi market › Tackle global megatrends	› Leverage core competencies in different end markets to maximize ROI	› Create value for customers through system under-standing

Auto	Power	RF & Sensors	Security
System leader in automotive	#1; system and technology leader	Broad RF and sensor technology portfolio	#1 in Security Solutions

Average-cycle financial targets

Revenue growth | Segment Result margin | Investment-to-sales

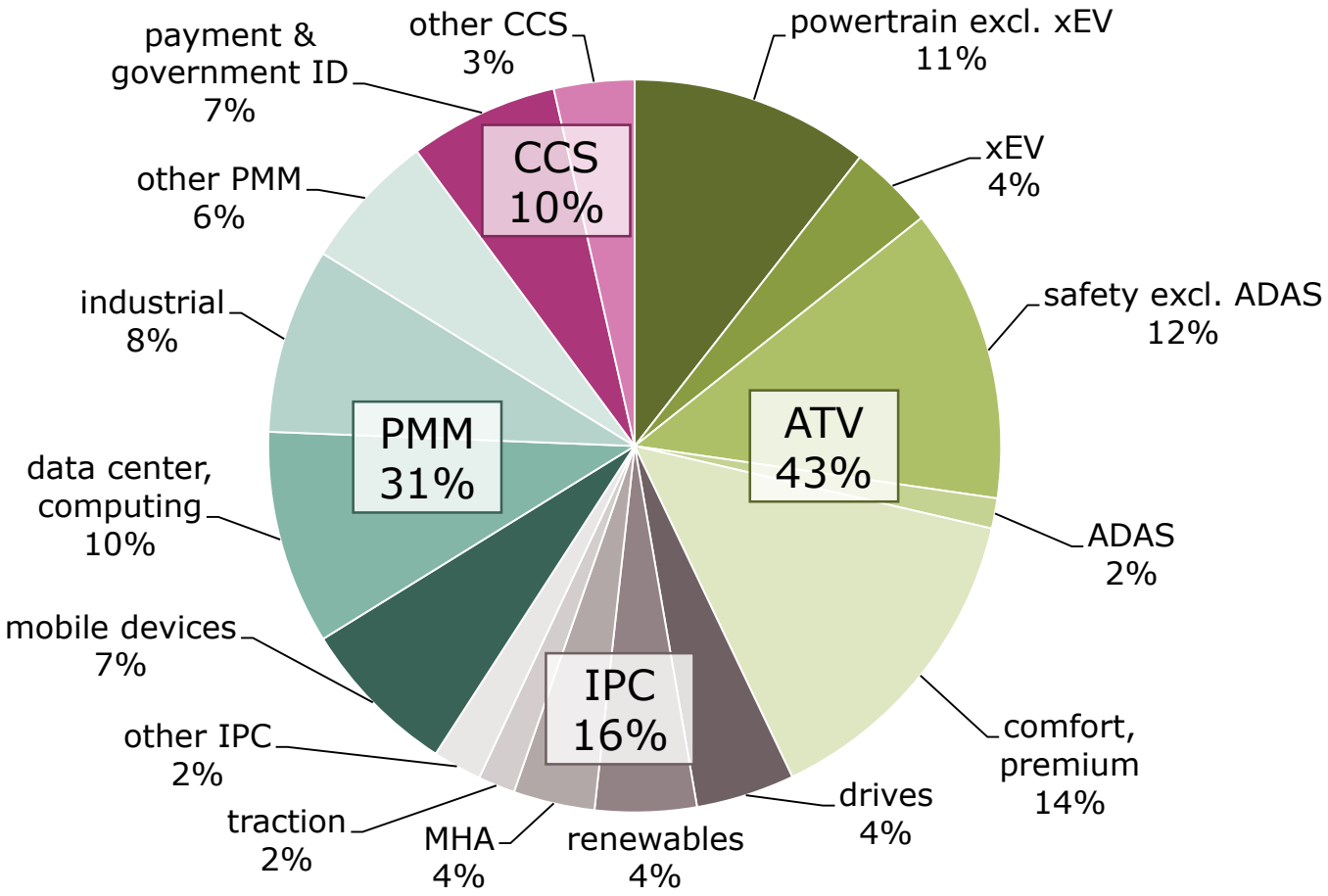
updated targets please see on page 16

Continued value creation for shareholders

› Organic RoCE ≙ ~2x WACC; paying out at least a constant dividend even in periods of slower growth
› continuous EPS increase

Well diversified exposure to end-markets and applications provide resilient growth model

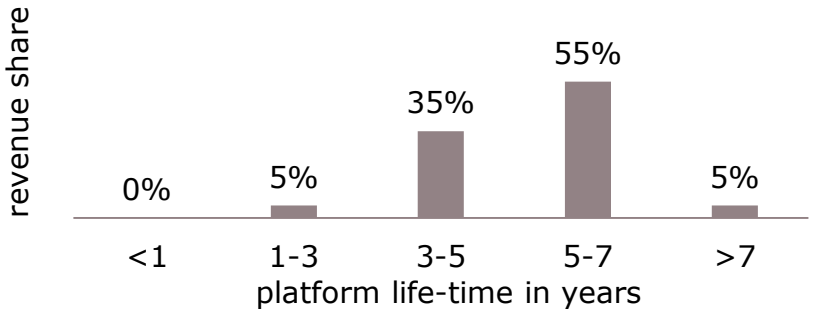
FY17 revenue by target application*



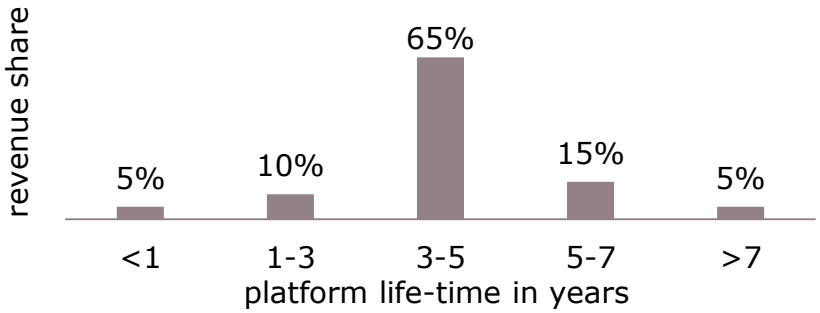
* based on revenue of €7,051m in FY17, without OOS and Corporate & Eliminations.

Long platform life-times in majority of our businesses provide stickiness and visibility

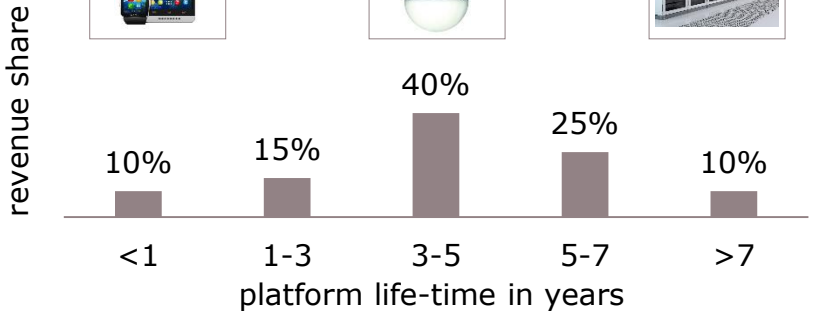
ATV – average platform life-time: **~6 years**



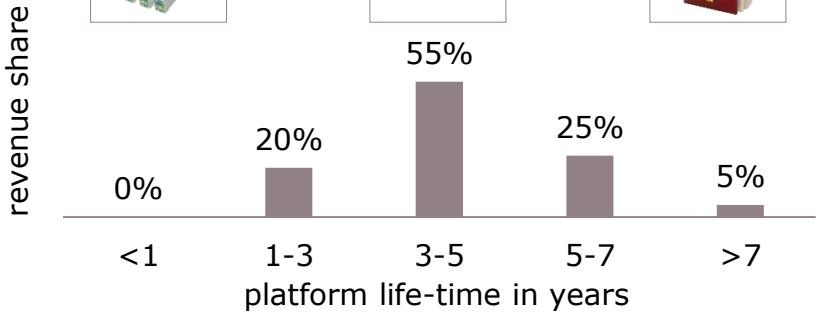
IPC – average platform life-time: **~5 years**



PMM – average platform life-time: **~4 years**



CCS – average platform life-time: **~4 years**



Tight customer relationships, based on system know-how and application understanding

ATV

APTIV, Autoliv, BOSCH, BYD, DENSO, Continental, HITACHI Inspire the Next, HELLA, LEAR CORPORATION, HYUNDAI, KEIHIN, MITSUBISHI ELECTRIC, Mando, preh, OMRON, Valeo, ZF

IPC

ABB, ALSTOM, BOMBARDIER, Danfoss, 中国中车 CRRC, EATON, GOLDWIND SCIENCE & TECHNOLOGY, Midea, Nidec, Rockwell Automation, Schneider Electric, SIEMENS, SUNGROW, TOSHIBA, Vestas, YASKAWA

PMM

阿里巴巴 Alibaba.com, amazon, ARTESYN EMBEDDED TECHNOLOGIES, Baidu 百度, BOEING, cisco, DELL, DELTA, ERICSSON, Google, Hewlett Packard Enterprise, HUAWEI, LITEON, NOKIA, makita, OSRAM, SAMSUNG, ZTE

CCS

gemalto security to be free, GPO, hp, IDEMIA augmented identity, Lenovo, Microsoft, SAMSUNG, Watchdata

EMS partners

flex, FOXCONN

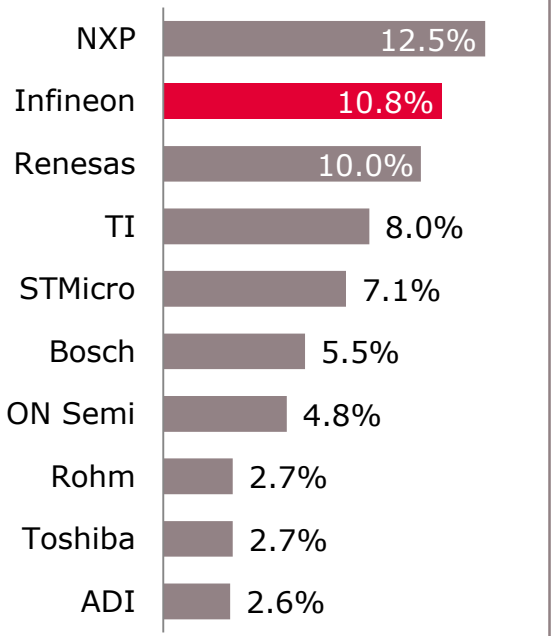
Distribution partners

arrow, AVNET Reach Further, intron 英恒, JCET 晶川电子, MACNICA, NEXTY Electronics Corporation, RUTRONIK ELECTRONICS WORLDWIDE, ASC, 威健 WEIKENG

Infineon holds a leading position in its target markets

Automotive semiconductors

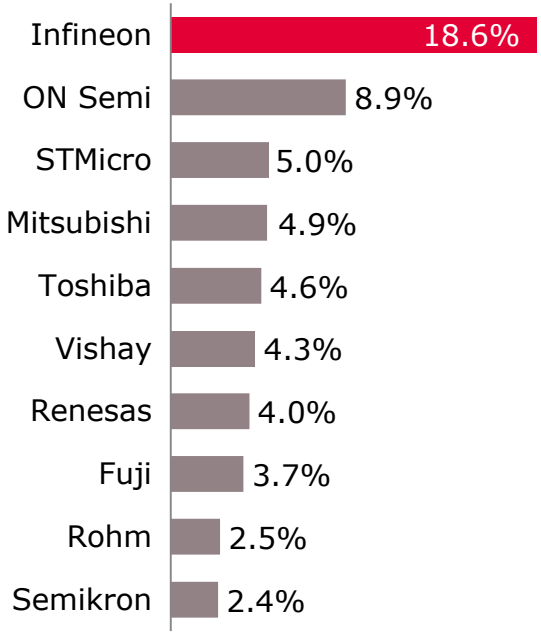
total market in 2017: $34.5bn



Source: Strategy Analytics, "2017 Automotive Semiconductor Vendor Share", April 2018

Power discretes and modules

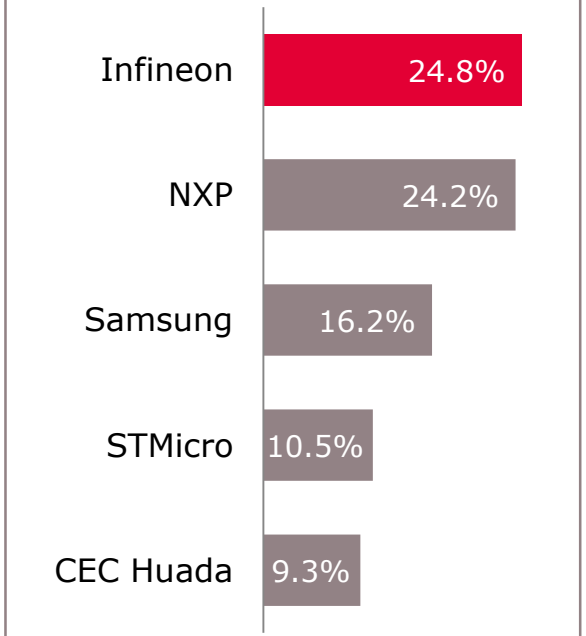
total market in 2017: $18.7bn



Source: Based on or includes content supplied by IHS Markit, Technology Group, "Power Semiconductor Market Share Database 2017", August 2018

microcontroller-based Smart Card ICs

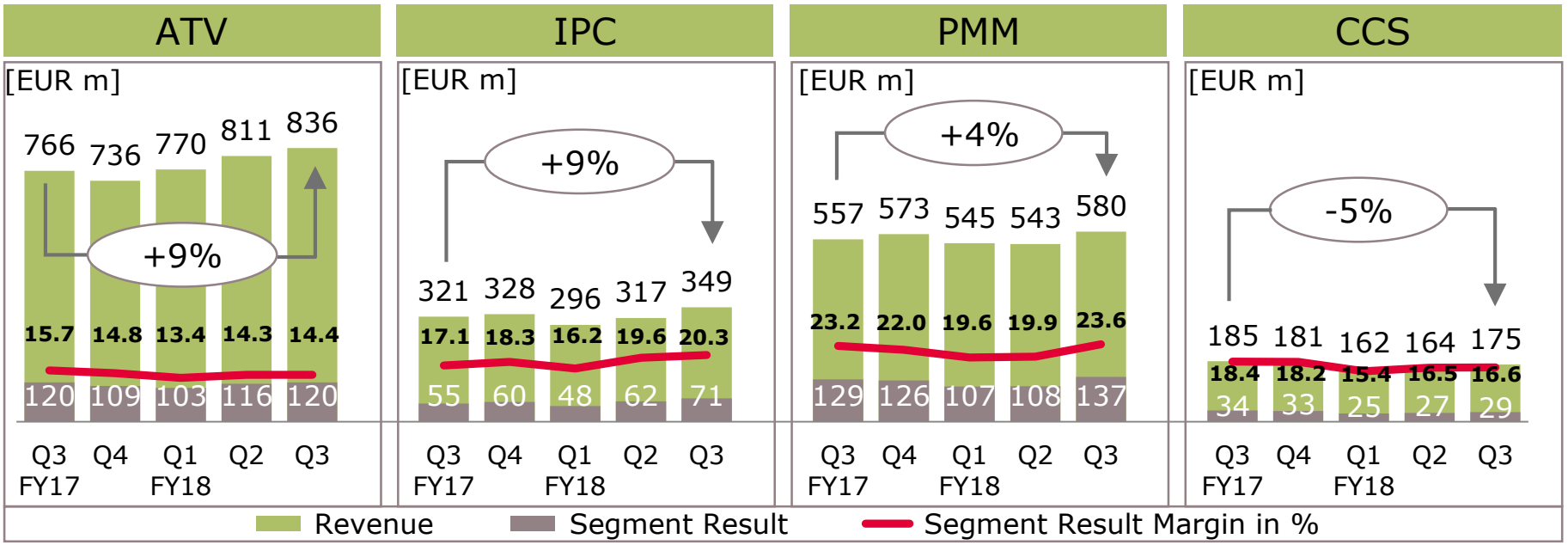
total market in 2016: $2.79bn



Source: Based on or includes content supplied by IHS Markit, Technology Group, "Smart Card Semiconductors Report", July 2017

Q3 FY18 Group and Division Performance

IFX	Revenue: €1,941m (+6% y-y)	Segment Result: €356m (+5% y-y)	Segment Result Margin: 18.3%



- Q3 FY18: q-q revenue increase mainly from products for electric drivetrain
- Q3 FY18: q-q revenue increase mainly driven by wind, home appliances and drives
- Q3 FY18: q-q revenue increase due to multi-tude of applications: e.g. server, power tools, eScooter and integrated solutions for mobile devices
- Q3 FY18: all business areas mainly Payment, TPMs and Authenti-cation contributed to the q-q revenue increase

Outlook for Q4 FY18 and FY18

	Outlook Q4 FY18*	Outlook FY18* (compared to FY17)
Revenue	Increase of 3% +/- 2%-points	Q4 FY18 outlook leads to an increase between 6.4% and 7.4% (prev.: "Increase between 4 and 7%")
Segment Result Margin	At the mid-point of the revenue guidance: ~19%	At the mid-point of the revenue guidance: ~17.5% (previously: 17.0%)
Investments in FY18		~€1.2bn
D&A in FY18		~€850m**

* Based on an assumed average exchange rate of $1.20 for €1.00.

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

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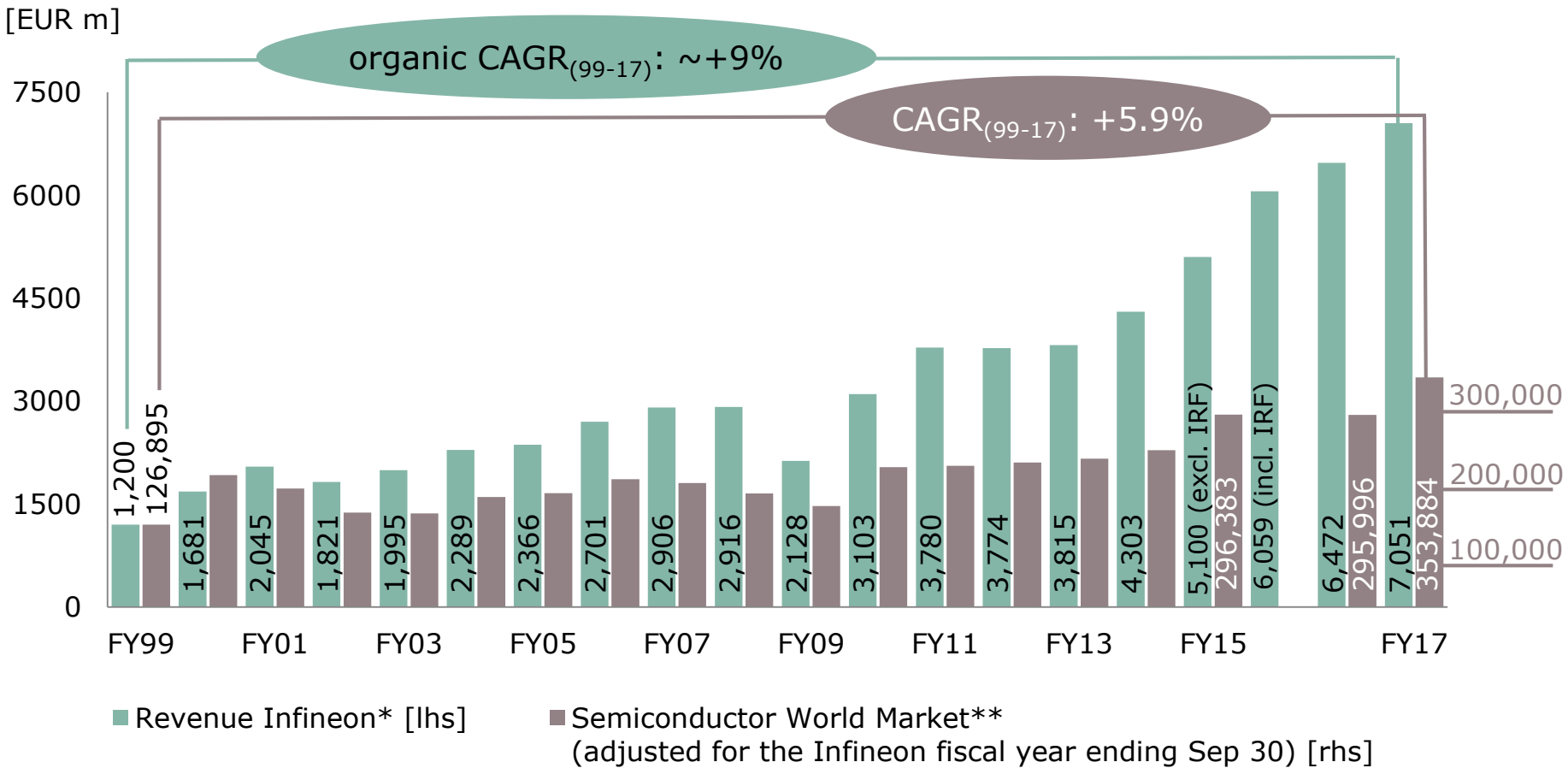
Infineon's organic revenue development clearly outperformed the total semi market

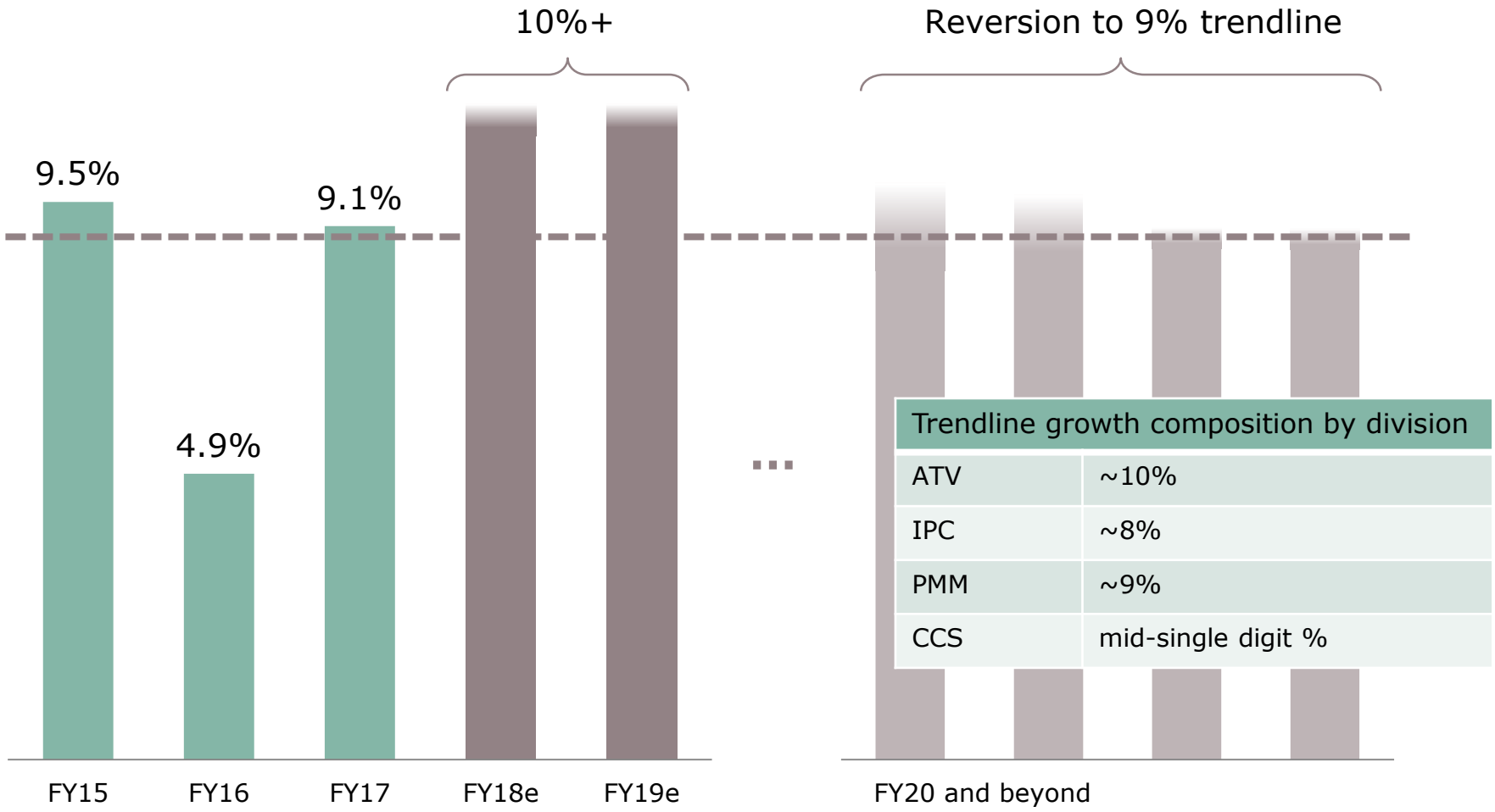


* Based on Infineon's portfolio (excl. Other Operating Segments and Corporate & Eliminations) per end of FY17.

** Source: WSTS (World Semiconductor Trade Statistics) in EUR, October 2017

After temporary growth acceleration, revised TOM assumes reversion to 9% trendline

Organic revenue growth projection at constant currencies



Trendline growth composition by division	
ATV	~10%
IPC	~8%
PMM	~9%
CCS	mid-single digit %

Increased average-cycle investment-to-sales model is necessary to fuel growth

Previous investment-to-sales model

~8% p.a. revenue growth → ~13% investment-to-sales

Thereof 11% capex*, thereof:

- 6%-pt fixed
- **5%-pt capacity expansion**

New investment-to-sales model

~9% p.a. revenue growth → **~15%** investment-to-sales

thereof 13% capex*, thereof:

- 6%-pt fixed
- **7%-pt capacity expansion**

growth-driven

Various effects:

- automotive growth
- higher equipment prices
- structural investments for SiC and GaN

Additional investments beyond model:

- FY19 – FY23: ~€700m for major fab and office buildings

* Infineon reports under IFRS and has therefore to capitalize development costs which represents currently ~2% of sales

Segment result margin target of 17% gradually improving due to economies of scale in opex

- We want to continuously drive the "virtuous circle" of market share gains by offering our customers competitive pricing while achieving above-cost-of-capital returns on our growth investments
- Increased investment level drives further economic value added, but results in P&L headwind in particular from roll-on of depreciation
- Productivity gains from increasing 300 mm and Kulim share expected to offset depreciation roll-on and other ramp-up costs resulting in a stable gross margin
- Opex to scale at the following percentages of revenue growth:

R&D:	S&M:	G&A:
100%	90%	60%

Even with high investments fueling our strong growth,
we expect to gradually increase 17% Segment Result Margin

Period of accelerated growth with correspondingly higher investments will precede long-term TOM

	Current	Near-term (FY19+)	Long-term
Revenue growth	~8%	~10%+	~9%
Segment result margin	~17%	~17%+ opex economies of scale	
Investment-to-sales	~13%*	~15%++*	~15%*

- Period of accelerated growth with correspondingly higher investment needs according to linear formula
- Additional investments to be prepared for potential revenue upside and for potential structural changes

- Investments into cleanrooms and office buildings

* Thereof ~2%-points capitalized R&D according to IFRS reporting standards.

Reference to IFX Day presentations

[IFX Day 2018]

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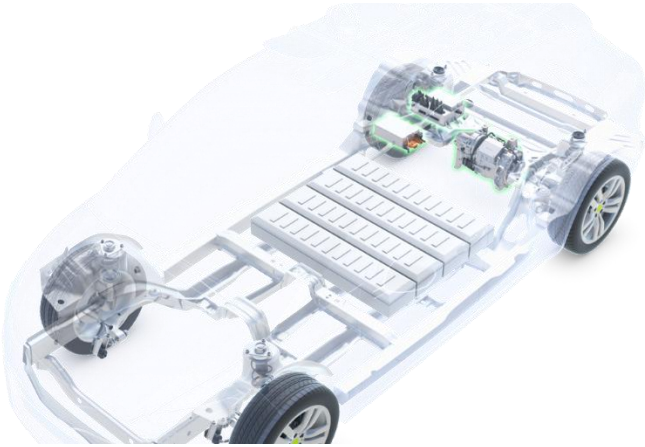
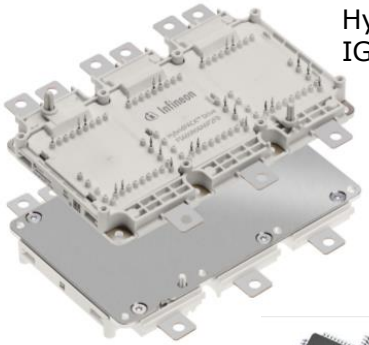
Design-win for drivetrain platform proves Infineon's strength in xEV system solutions

Key facts

- design-win at a North American tier-1 for a BEV drivetrain platform of a major European OEM
- strategic platform as a base for future BEV developments
- set of components for inverter solution:
  - HybridPACK™ Drive IGBT module
  - IGBT driver IC
  - AURIX™ 32-bit µC
  - power management IC
  - Schottky diode
  - small signal MOSFET
- start of production: 2020





HybridPACK™ Drive IGBT module

IGBT driver IC

AURIX™ 32-bit µC

power management IC

First major 3D ToF sensor design-win for gesture camera and in-cabin sensing

Key facts

- major European OEM selected Infineon 3D ToF sensor XENSIV™ REAL3™ for current and next-generation platforms
- two platforms to be served:

1st platform: gesture camera

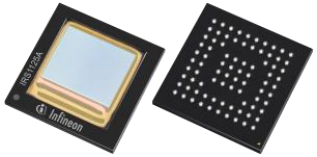
  - outstanding performance at 50% reduced illumination power
  - 50% reduced system BoM
  - state-of-the-art optical BGA package
  - used in facelifts for all OEM car models from lower mid class to premium class

2nd platform: in-cabin sensing

  - unique sensor features enable extended use-cases covering driver and passenger
  - used in future car platforms

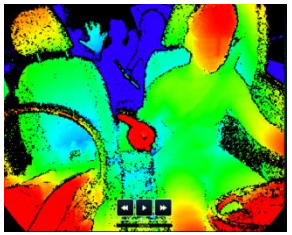
- start of production: 2020

About 3D in-cabin sensing



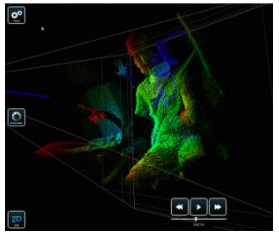
Infineon automotive-grade 3D ToF sensor XENSIV™ REAL3™ (IRS1125A) in optical BGA package

ToF provides depth and amplitude simultaneously



depth picture

amplitude picture



rotated 3D point cloud

Examples of use-cases:

- hand gestures: pointing direction, touch prediction
- occupant detection
- body position
- smart airbag
- object in hand: eating, reading, using phone

New Villach 300 mm module will add significant capacity in power semiconductors

Key criteria for site selection

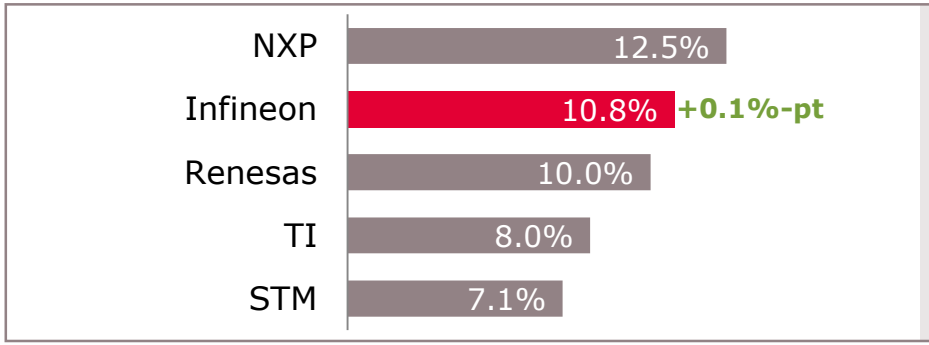
- Economies of scale
- Time to revenue
- Geographic diversification

Building space	~60,000 m²
Total frontend investment	> €1.6bn over 6 years
Revenue potential	> €1.8bn per year
Start of construction	early 2019
Ready-for-equipment	mid 2020
Ready-for-production	early 2021
Technologies	IGBT and MOSFET for all end markets

Automotive

Infineon's position in the automotive semiconductor universe

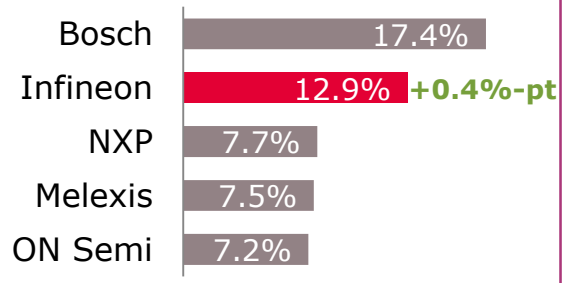
Automotive semiconductors
2017 total market size: $34.5bn



Market share trend

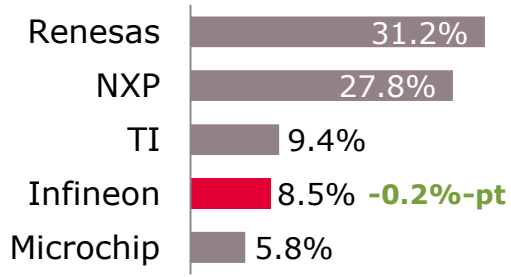
- Infineon benefits disproportionately from the two mega trends
  - ADAS/AD
  - clean cars

Sensors



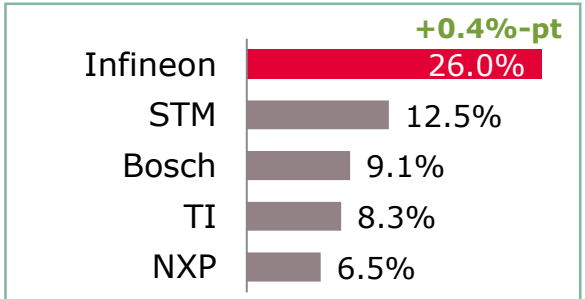
long-term drivers:
- 24 / 77 GHz radar
- lidar

Microcontrollers



long-term drivers:
- ADAS/AD
- Powertrain

Power

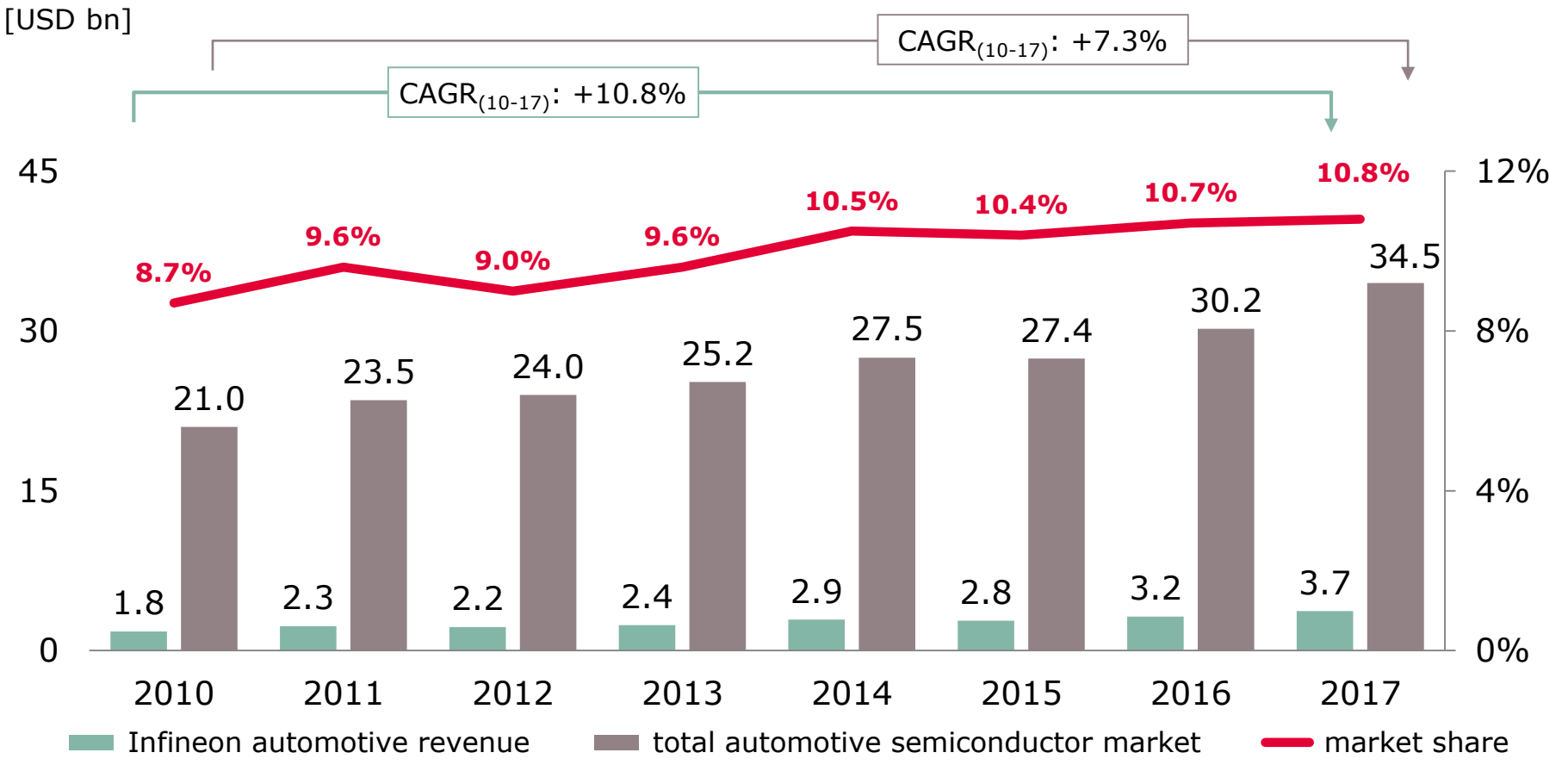


long-term drivers:
- xEV penetration
- EPS
- Lighting

Source: Strategy Analytics, "Automotive Semiconductor Vendor Market Shares", April 2018

Infineon is continuously outgrowing the market since 2010

Infineon automotive market share development*



* Infineon automotive revenue as reported to Strategy Analytics incl. revenue from ATV, IPC and PMM. Adjusted to calendar year.
Source: Strategy Analytics, "Automotive Semiconductor Vendor 2017 Market Share", April 2018.

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

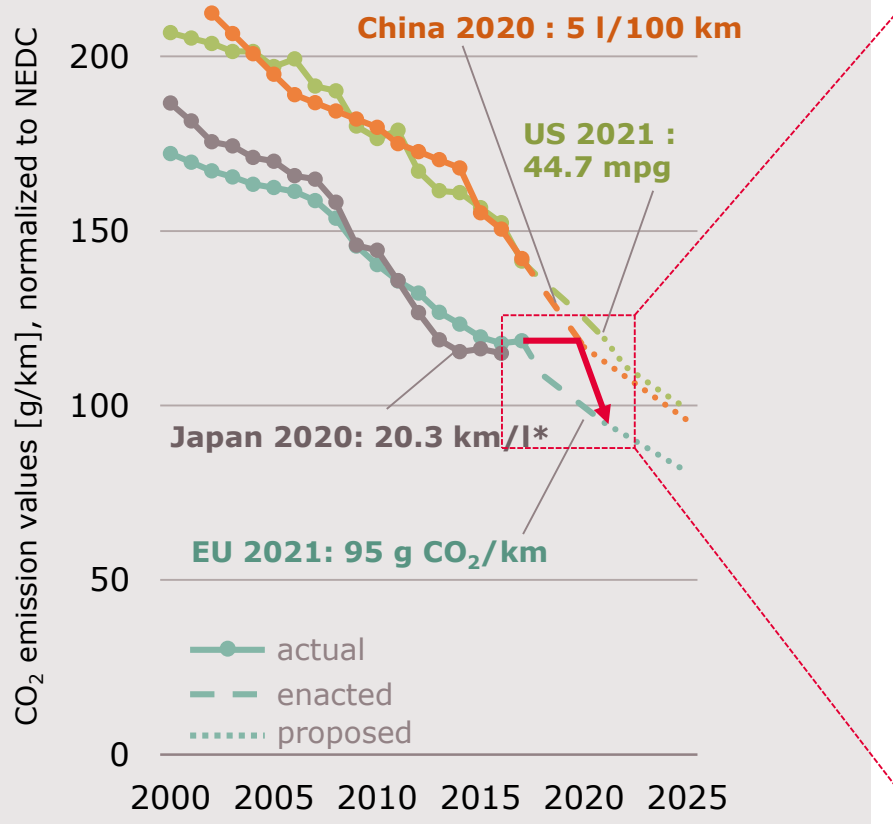
Vehicle production	Drivers for semiconductor content per car		
	Electro-mobility	Automated Driving	Comfort, premium
			
› ~2% growth p.a.	› Legislation › Improvements of ICE › Higher efficiency of all electric consumers › Adoption of xEV	**Today** › crash avoidance › ADAS **Tomorrow** › Autonomous Driving	› Premium cars are early adopters of high-end comfort and safety features › Trickling down to mid-range

~10% p.a. through-cycle growth

Electro-mobility

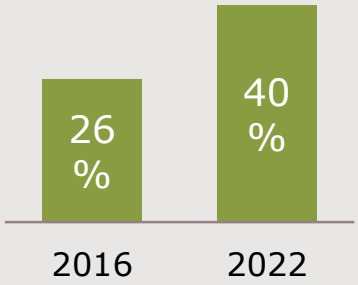
xEV growth driven by emission regulation; but consumer preferences thwart CO_2 reduction

CO_2 emission development and regulations for main regions



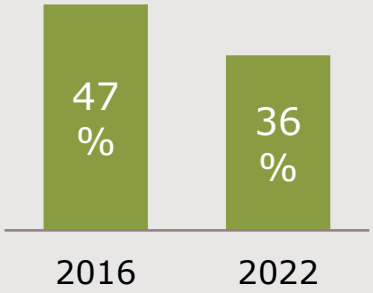
Two consumer trends countervail CO_2 reduction

(1) SUV share of registered cars in Europe[1)]



› constantly increasing share of heavy ICE SUVs (~150 g CO_2/km) prevents fleet average to come down

(2) Diesel share of registered cars in Europe[2)]



› Lower positive contribution of Diesel (~15% less CO_2 emissions than gasoline) due to reduced acceptance

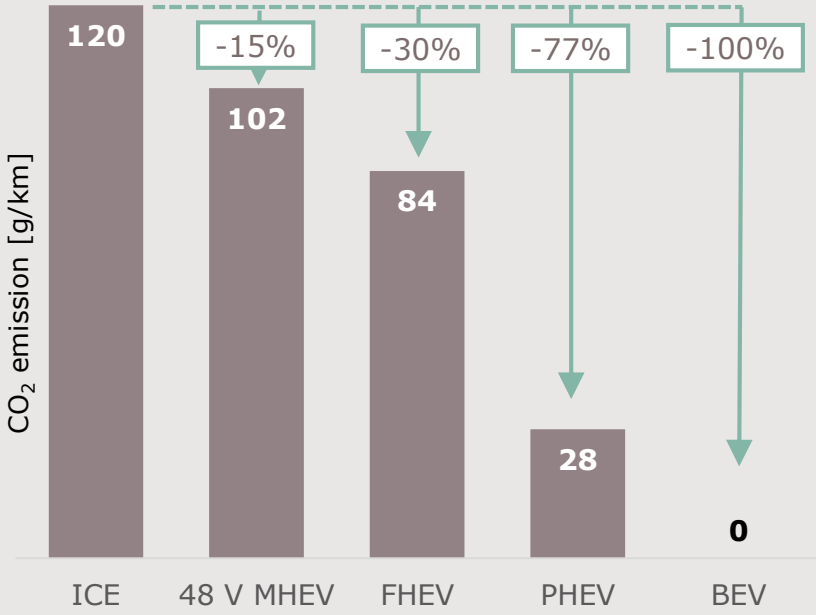
*Note: Japan has already met its 2020 statutory target as of 2013
Source: 1) IHS Markit, Automotive Group, Report "SUV-B segment to drive crossover growth in Europe", January 2018
2) based on or includes content supplied by IHS Markit, Automotive Group, "Light Vehicle Alternative Propulsion Forecast", March 2018

Short-term, MHEV/FHEV/PHEVs are first choice; mid-term BEVs are preferred solution

Growth drivers of electro-mobility

- \+ Regulation
- \+ Incentives; China industry politics
- \+ Decreasing Diesel share
- \+ Increasing SUV share
- − Cost and range vs. ICE
- − Limited charging infrastructure
- − Further ICE improvements
- − Attractive oil price

CO_2 emission reduction by powertrain system



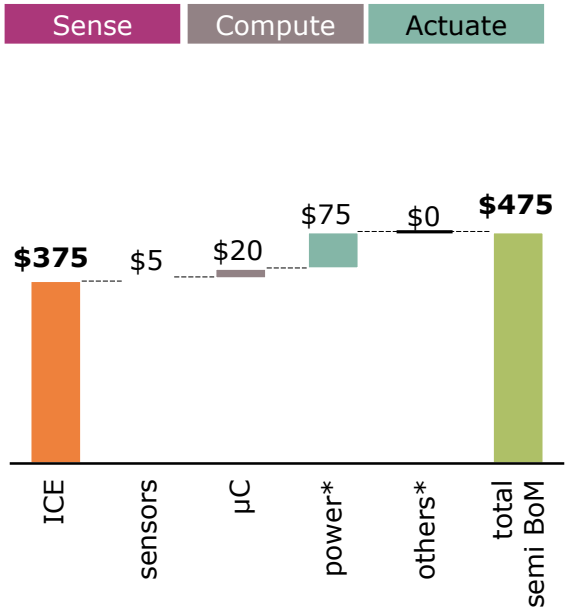
Source: Infineon estimates

- Due to absence of improvements in CO_2 reduction in the past years, OEMs have to switch to "catch-up" mode until 2021
- OEMs expected to push 48 V MHEV, FHEV, PHEV systems near-term to meet CO_2 targets
- Mid- to long-term, BEVs will become the preferred solution

The incremental demand of power semi-conductors is a significant opportunity

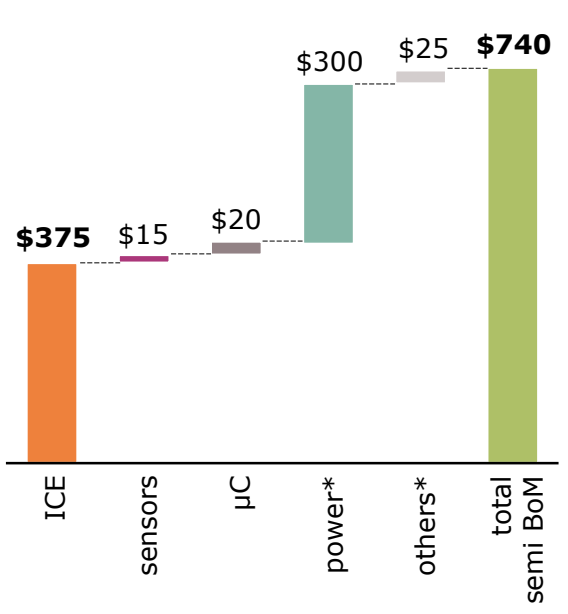
2018 average xEV semiconductor content by degree of electrification

48 V / MHEV (in 2018)



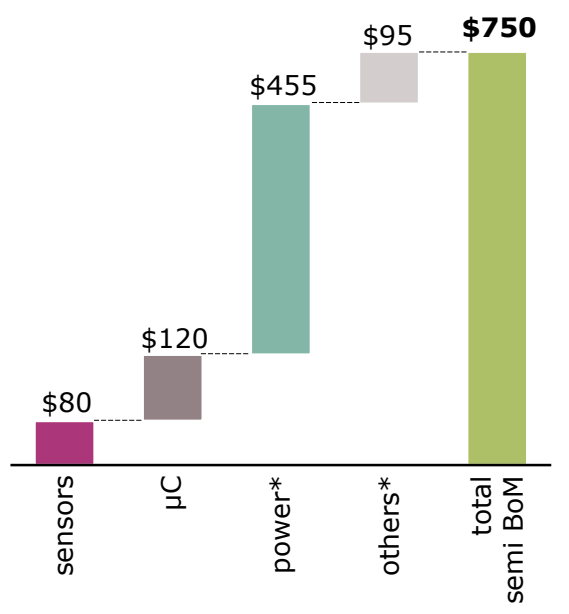
2018	~2m vehicles
2020	~3.5m vehicles
2025	~17m vehicles

FHEV / PHEV (in 2018)



2018	~2.5m vehicles
2020	~6m vehicles
2025	~13m vehicles

BEV (in 2018)

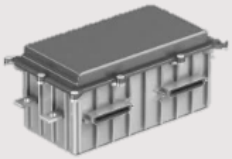


2018	~1m vehicles
2020	~2.5m vehicles
2025	~8m vehicles

Source: Strategy Analytics, "Automotive Semiconductor Content", May 2018; Infineon estimates
* "power" includes linear and ASIC; "others" include opto, small signal discrete, memory

System cost reduction can justify the higher SiC component price

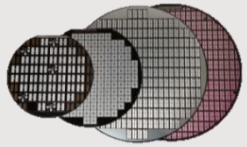
SiC is characterized by	Leading to	Benefits on system level
lower losses [$R_{DS(on)}$; Ω]	higher efficiency [W]	**battery size, battery cost** › smaller battery capacity [kWh] → lower battery costs [$] › lower cooling efforts › extended range [km/kWh]
higher ampacity [A]	higher power density [W/m³]	**system size, system cost** › cost reduction of passive components [$] › size reduction of passive components [m³]
faster switching [s]	higher switching frequency [Hz]	**scalability** › increased scalability → compact main inverter feasible even for high-power cars › broad HybridPACK™ family product portfolio to support OEM's platform strategy



ampacity = current carrying capability

Infineon has unparalleled expertise and portfolio for high-power xEV applications

Bare dies



SiC Si

Discretes

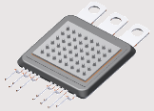
Diodes

MOSFETs

SiC Si

Modules

molded

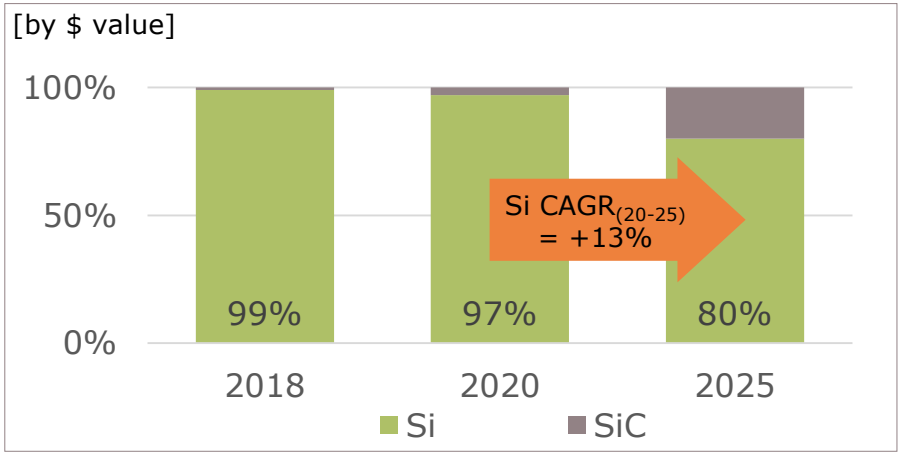


frame-based

SiC Si

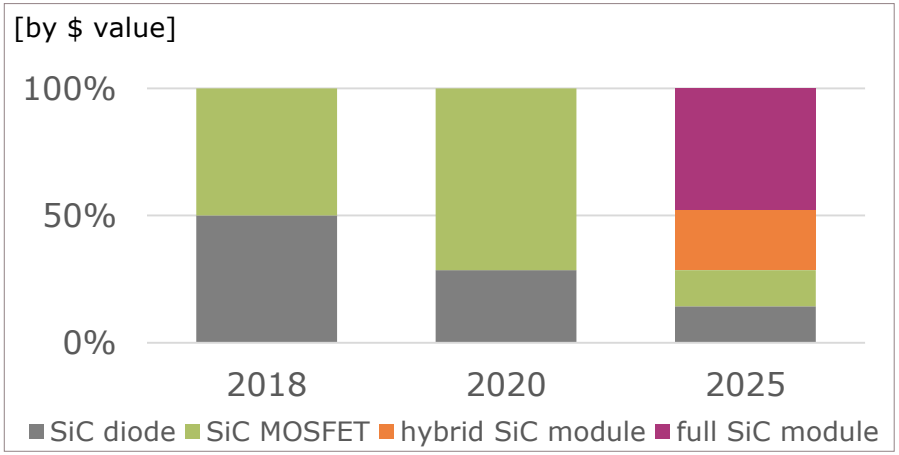
Si will dominate the xEV market throughout next decade*

Si



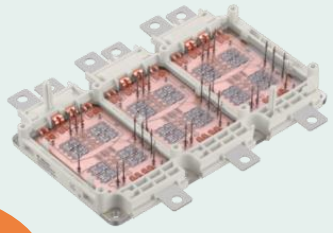
Modules will be preferred form factor in SiC mass market*

SiC



* Source: Infineon estimates

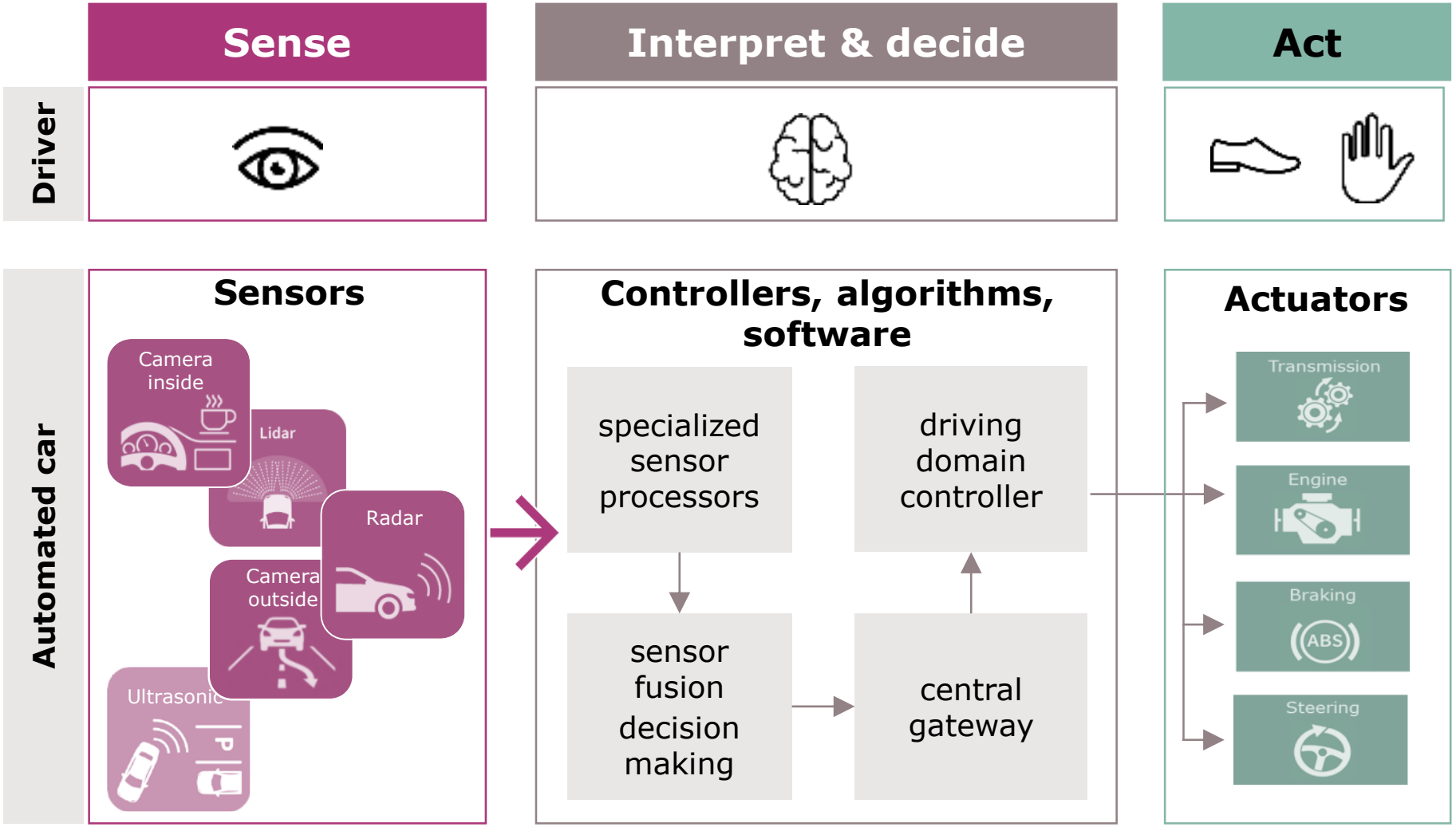
Infineon offers the complete automotive-grade portfolio of SiC components

CoolSiC™ Automotive Schottky diode	CoolSiC™ Automotive MOSFET	Full SiC module HybridPACK™ Drive CoolSiC™
on-board charger	on-board charger	main inverter
		
ramp in 2018!	ramp in 2019!	ramp in 2020!

- More than 20 leading OEMs and tier-1s are evaluating Infineon's SiC solutions for automotive
- Customer feedback clearly shows that Infineon has deepest understanding of technical quality threats
- Infineon’s internal quality test procedures exceed common industry norm; test results proof that Infineon's SiC products reach that quality level
- Industry’s broadest portfolio allows customer to "pick what they need" rather than to "take what we have"

Automated Driving

For Automated Driving more compute power but also a higher security and safety is needed



Increased sensor requirements drive the content in the next 5 years and beyond

More sensors required for any next level of automation

	NCAP 5 Star, AD L2	AD L3	AD L4/L5
Application*	Automatic emergency brake/ forward collision warning Parking assist Lane keep assist	Highway assist	Valet parking Highway and urban chauffeur
Radar # of modules**	Corner, MRR/LRR ≥ 3 New: Corner starting 2020	MRR/LRR ≥ 6 Corner	Imaging ≥ 10 Surround
Camera # of modules**	≥ 1	≥ 4	≥ 8
Lidar # of modules**	0	≤ 1	≥ 1
Others	› Ultrasonic	› Ultrasonic › Interior camera	› Ultrasonic › Interior camera › V2X

* Source: VDA (German Association of the Automotive Industry); Society of Automotive Engineers
** Market assumption

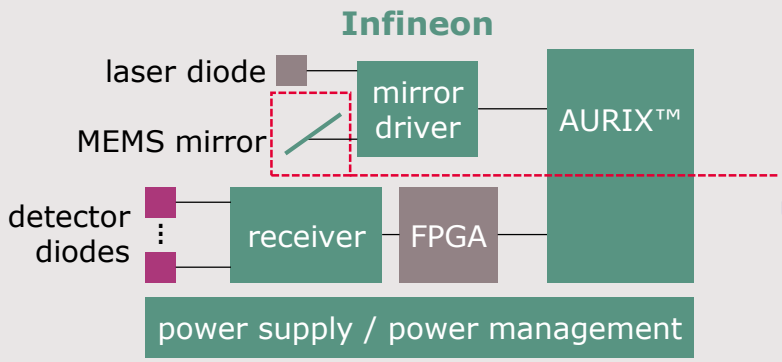
Infineon opens the door for mass-deployable lidar systems for Automated Driving

Classification of long-range lidar systems

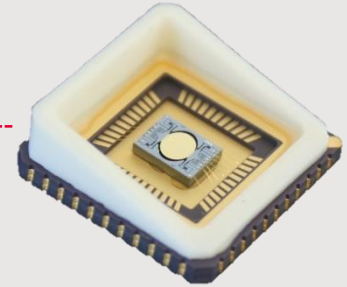
mechanically moving mirror	solid state optical system		
	scanning optical phased array	flash lidar	scanning MEMS-based mirror
⊕ proven concept	⊕ allows optical beam forming	⊕ no moving parts	⊕ robust signal path
⊖ bulky	⊖ high demand of laser power, especially for long-range	⊖ more complex laser system (more expensive, higher power demand)	⊕ more compact
⊖ expensive			⊕ more cost-effective
			⊕ roadmap for higher level of integration

- Lidar is Infineon's AD portfolio expansion adjacent to radar
- Infineon intends to repeat its radar success story
- In addition to MEMS, room to increase BoM by receiver, microcontroller, power management ICs

1st System reference design

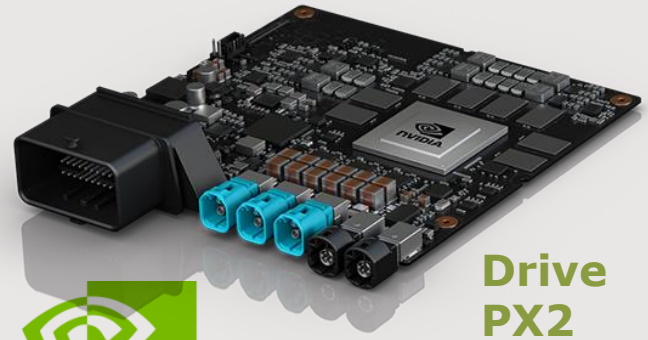


MEMS mirror



Outstanding characteristics make AURIX™ first-choice µC in the AD platform market

AURIX™ is the market reference as host controller in central computing platforms complementing CPU/GPU to make central computer robust and fail operational



Drive PX2

NVIDIA

Go™ Automated Driving Platform with AURIX™

TTTech MotionWise

Elektrobit

EB robinos

Baidu 百度

Apollo 2.0 Self Driving Platform

AURIX™

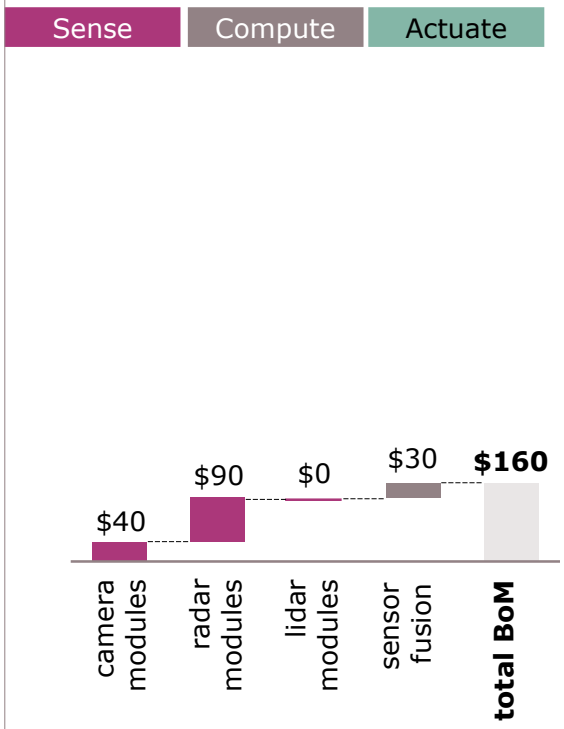
- Safety host monitoring the operation of the data fusion ECU enables ISO 26262 ASIL-D
- Safe and secure gateway to the vehicle network
- Fallback operation in case of a GPU/CPU fail
- Safe communication to actuator control units

- Awareness for safety and security aspects of AD is increasing rapidly
- Infineon is cooperating with the leading AD platform providers

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

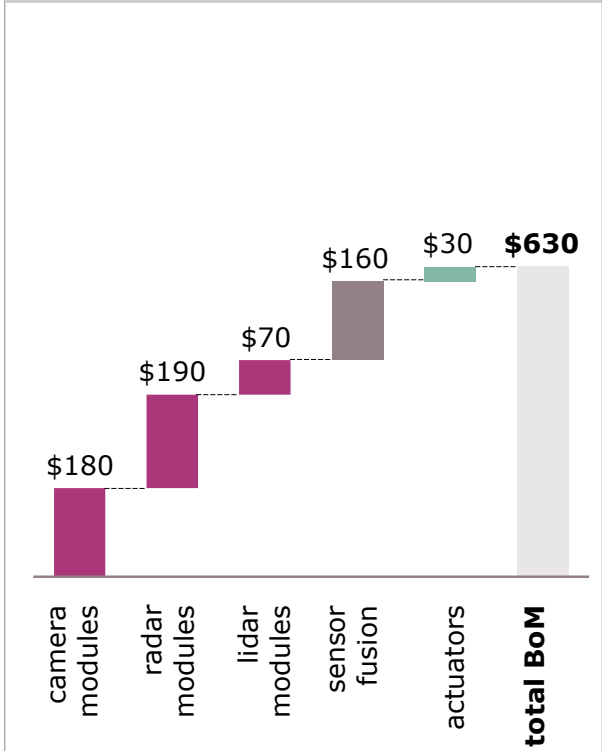
Average semi content per car by level of automation at the given years

NCAP 5 Star/AD L2 (~2020)



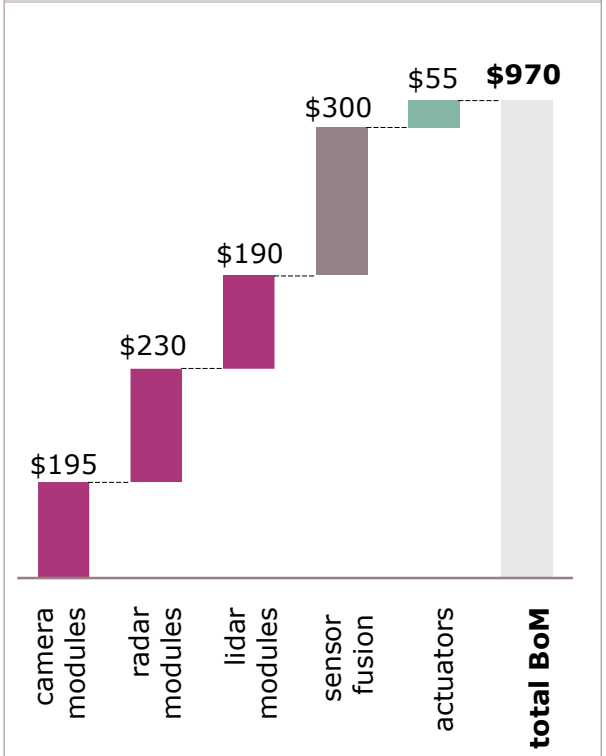
L2 vehicles in 2020: ~6m

AD L3 (~2025)



L3 vehicles in 2025: ~3m

AD L4/L5 (~2030)



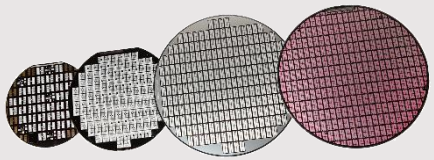
L4/L5 vehicles in 2030: ~4m

Source: Strategy Analytics; Infineon.
BoM contains all type of semiconductors (e.g. radar modules include µC); sensor fusion does not include memory.
BoM are projected figures for the respective time frame.

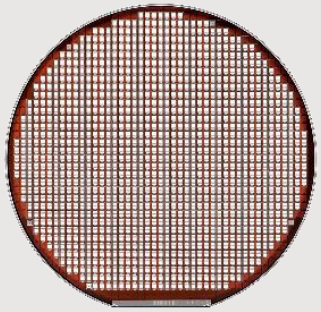
Industrial Power Control

To empower this variety of applications we rely on the most comprehensive power portfolio

Bare Die

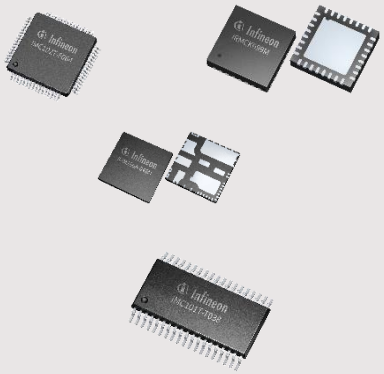


IGBTs and Si diodes

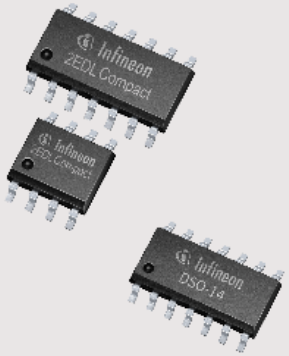


SiC MOSFET
SiC diodes

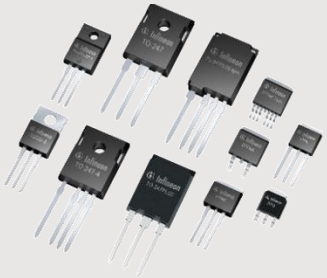
Controllers



Driver

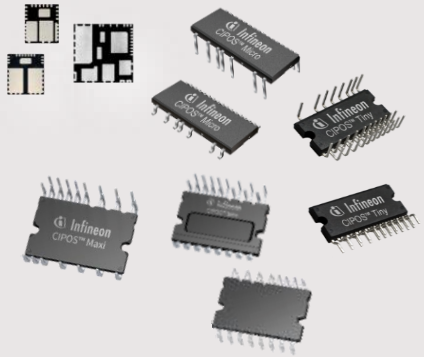


Discretes

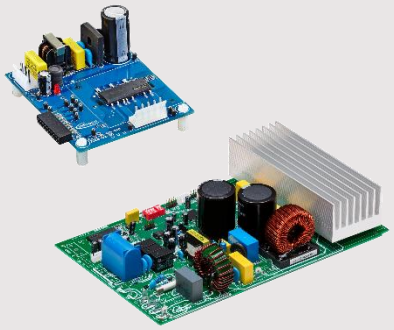


Modules

IPMs



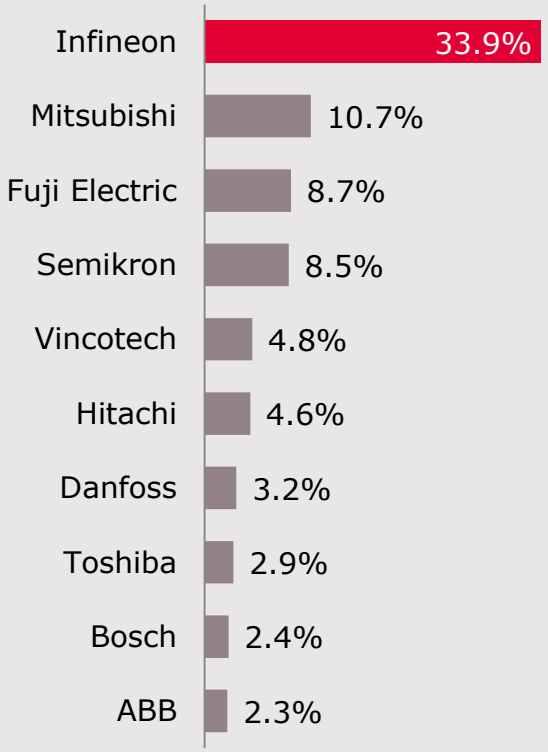
Solutions



Clear leader in IGBT standard modules and discrete IGBTs; IPMs improved from #4 to #3

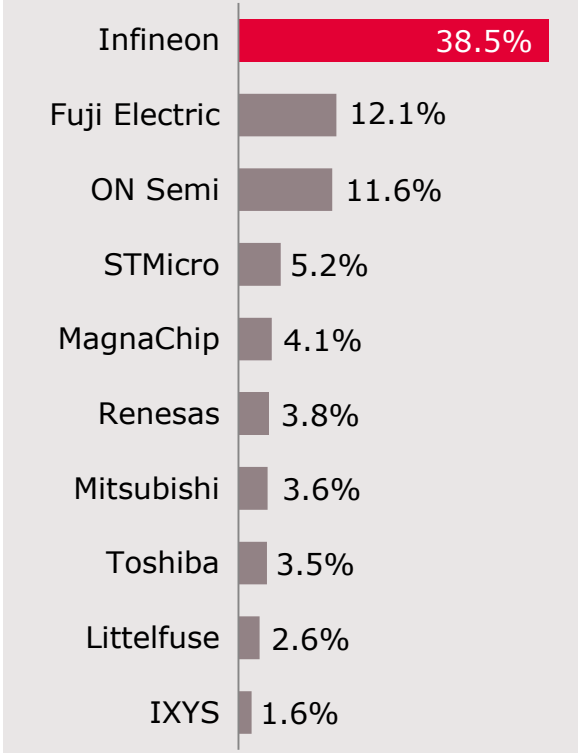
IGBT std. modules

total market in 2017: $2.16bn



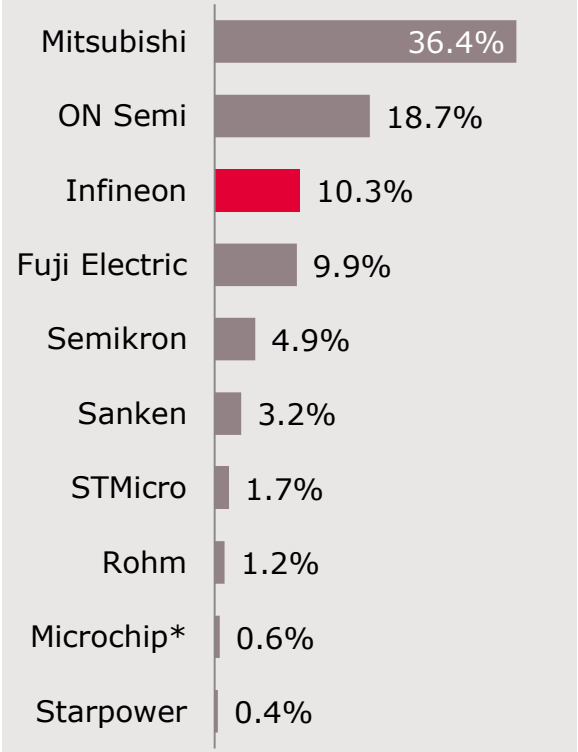
Discrete IGBTs

total market in 2017: $1.10bn



IPMs

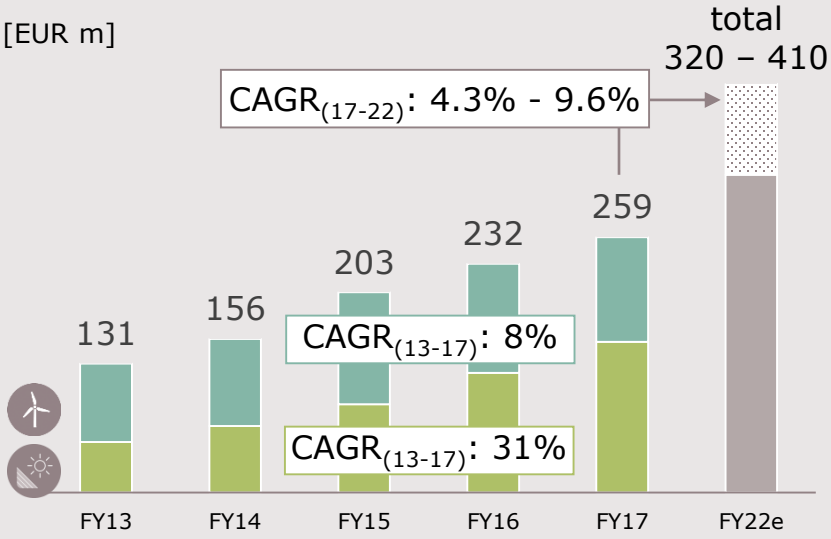
total market in 2017: $1.57bn



* On 29 May 2018, Microchip closed the acquisition of Microsemi. The 2017 revenue depicted here was contributed entirely by Microsemi.
Source: Based on or includes content supplied by IHS Markit, Technology Group, "Power Semiconductor Market Share Database 2017", August 2018.

Infineon serves all major players for PV inverters and wind turbines

IPC revenue in renewables



Installed wind capacity[3] CAGR(13-17) **+7%**	IPC wind revenue CAGR(13-17) **+8%**
Installed PV capacity[1] CAGR(13-17) **+25%**	IPC PV revenue CAGR(13-17) **+31%**

Infineon is powering all leading renewable energy players*

PV inverter[2]	Wind[4]
1 | Huawei ✓	1 | Siemens/Gamesa ✓
2 | Sungrow ✓	2 | Vestas ✓
3 | SMA ✓	3 | Goldwind ✓
4 | TBEA Sunoasis ✓	4 | GE ✓
5 | Wuxi Sineng ✓	5 | Enercon ✓
6 | ABB ✓	6 | Envision ✓
7 | Kstar ✓	7 | Nordex ✓
8 | Goodwe ✓	8 | Senvion ✓
9 | Growatt ✓	9 | United Power ✓
10 | Power Electr. ✓	10 | Mingyang ✓

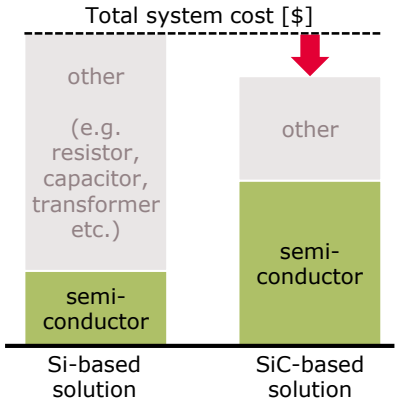
* Infineon is serving the top-10 of each category but not necessarily as a sole supplier.

Source: 1) based on or includes content supplied by IHS Markit, Technology Group, "PV Installations Tracker – Q1 2018"; March 2018; including off-grid
2) by shipped capacity in MW: based on or includes content supplied by IHS Markit, Technology Group, "PV Inverter Market Tracker – Q1 2018 – v4"; June 2018
3) MAKE Consulting – Market Outlook Update Q1 2018; March 2018
4) by shipped/installed capacity (in MW): MAKE Consulting – Historical Wind Turbine OEM Market Share; April 2018

SiC MOSFETs bring down system cost and size of PV inverters despite higher component cost

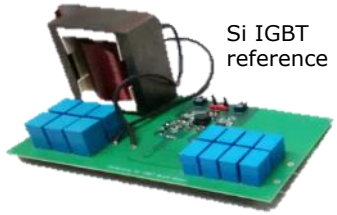
Reduction of system cost, higher semi-value

- 15-20% lower bill of material for inverter manufacturer
- 2-3x higher semiconductor value as compared to Si-based design



Reduction of system size

- Simpler topologies with less control effort
- Higher switching frequency with smaller transformers
- Same power in smaller box size results in significant system cost reduction



SiC MOSFET demonstrator

Inverterization of home appliances is a key driver for our business

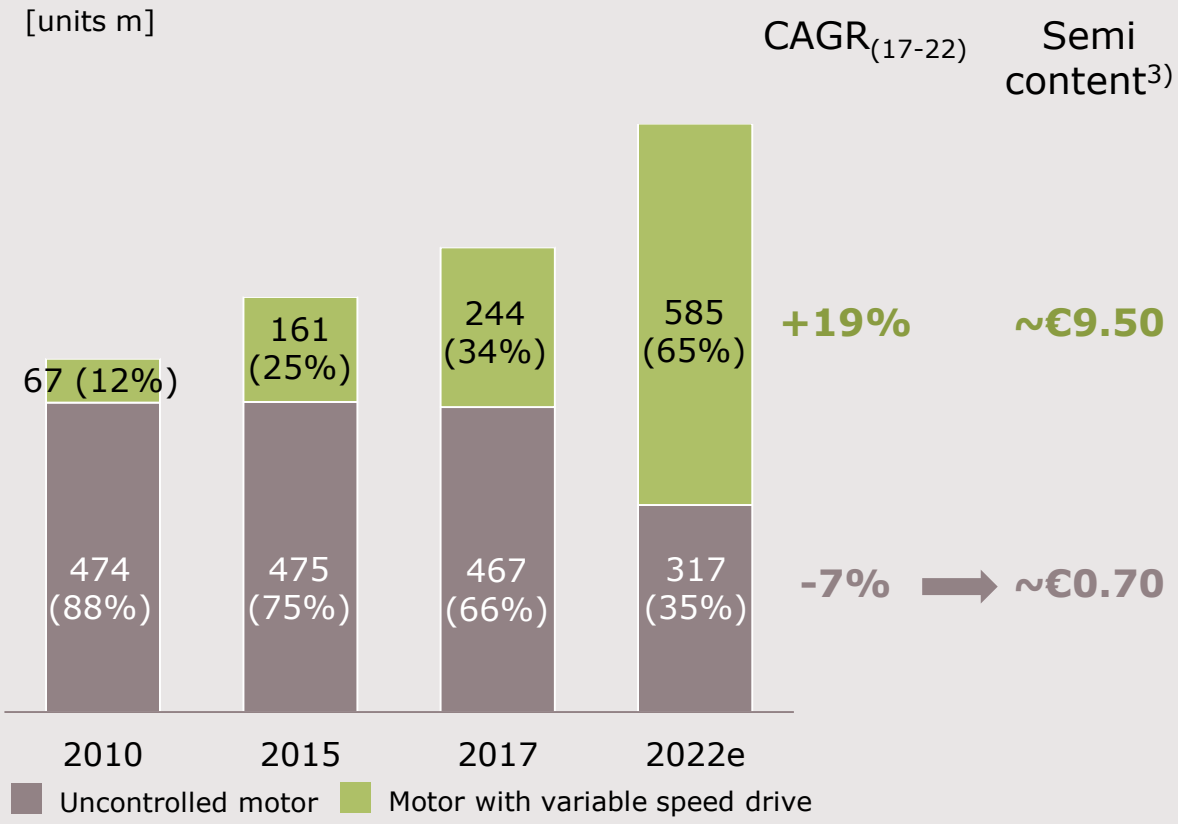
Uncontrolled motor	Variable speed drive

Extended lifetime

Less noise

Up to 40% less energy[1)]

Number of home appliances by motor type[2)]



Source:
1) Compared to devices without inverter
2) Source: based on or includes content supplied by IHS Markit, Technology Group, "Home Appliance Database: All Devices and Associated Electronics", May 2018
3) Infineon estimate for a typical aircon

IPC's business success in home appliances is based on several success factors

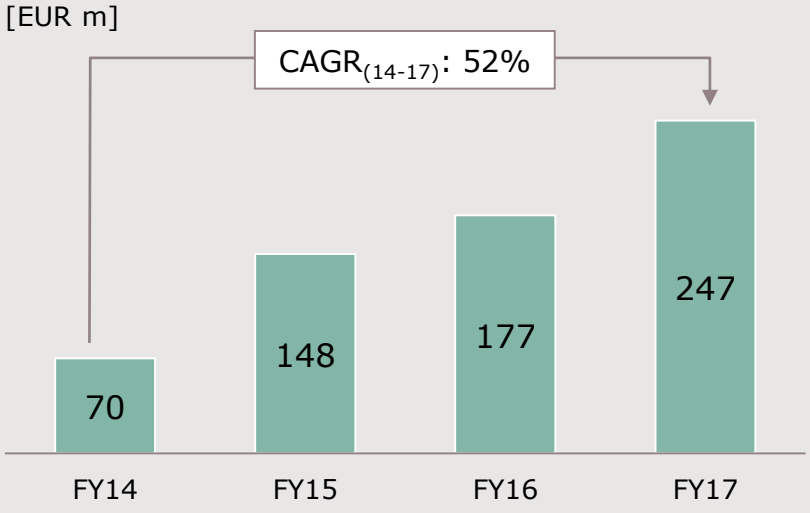
Early identification of trend for **inverterization**

Market access through inorganic growth (acquisit. of LSPS and IRF)

Improved delivery capability through **capacity increase**

Extension of portfolio of **integrated products** to gather higher semiconductor share at customers

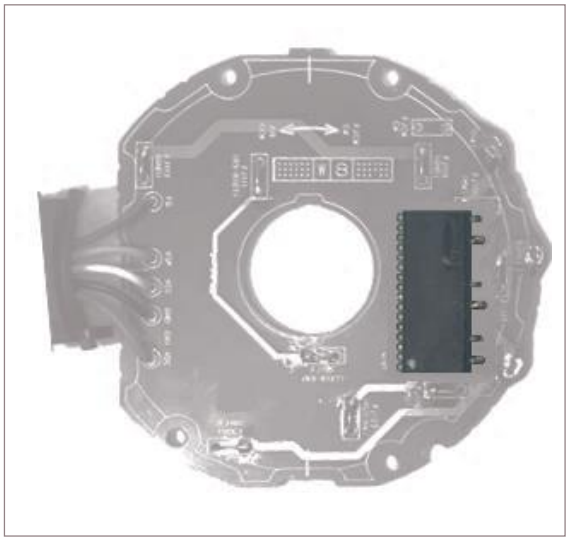
IPC revenue in home appliances is showing outstanding growth



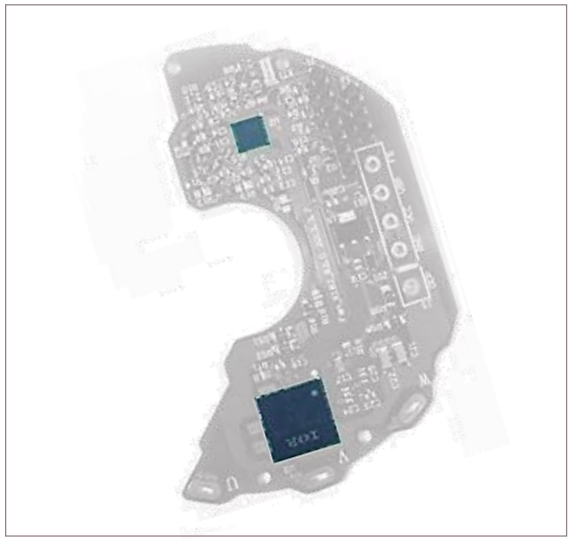
IPC's digital control strategy enables customers to shrink their system

Example: motor control solution for aircon indoor fan

Solution based on standard IPM



Solution based on CIPOS™ Nano

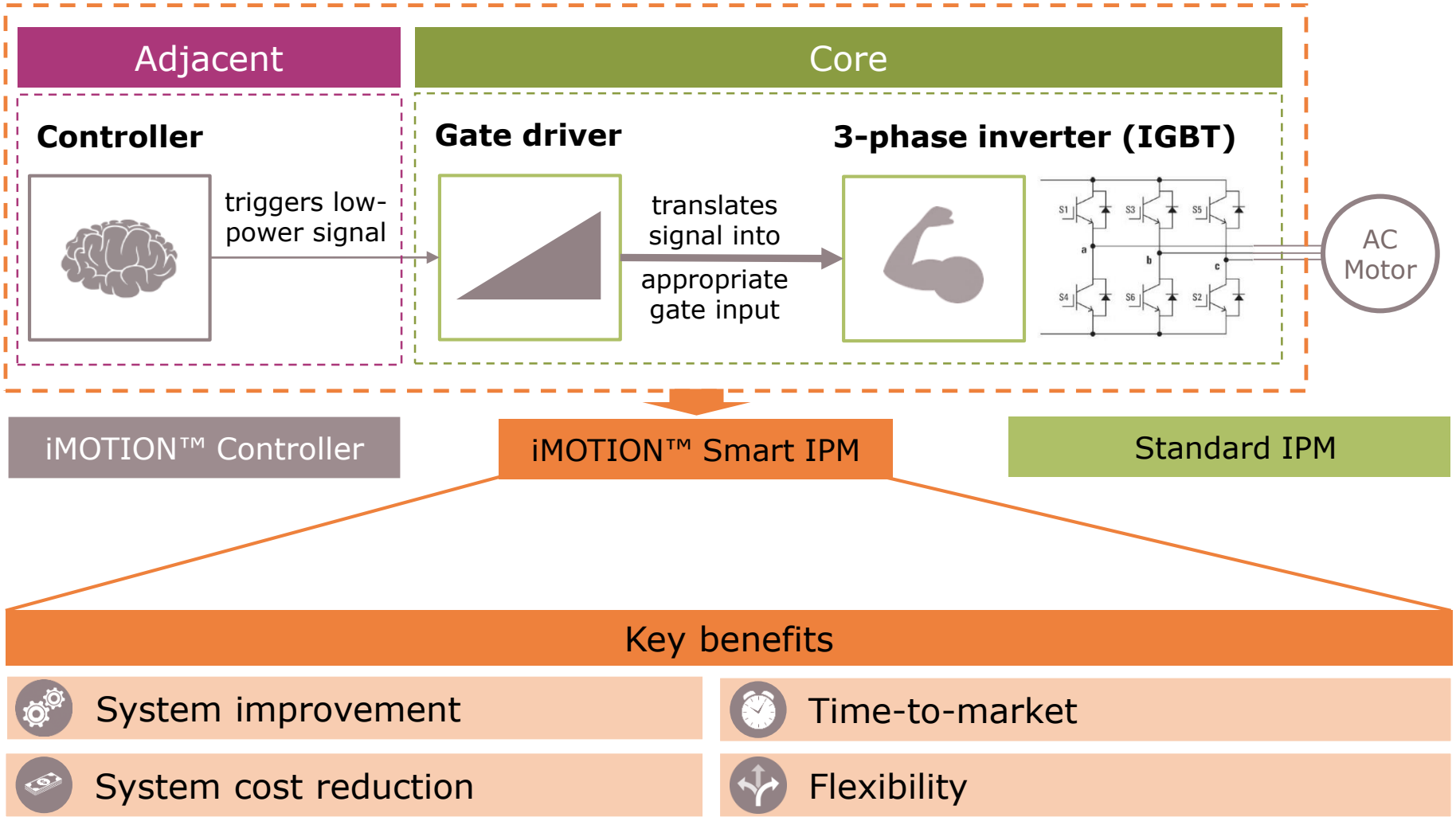


Solution based on iMOTION™ Smart IPM

Customer benefits of highly integrated power ICs

- Significant system cost reduction with BoM savings of ~30%
- Reduction in engineering efforts
- Reduction in time-to-market

Digitalization: motor control platform with scalable integration of HW and SW



HMI and AI are driving the penetration of collaborative robots (cobots)

700,000 new cobots by 2025[1)]

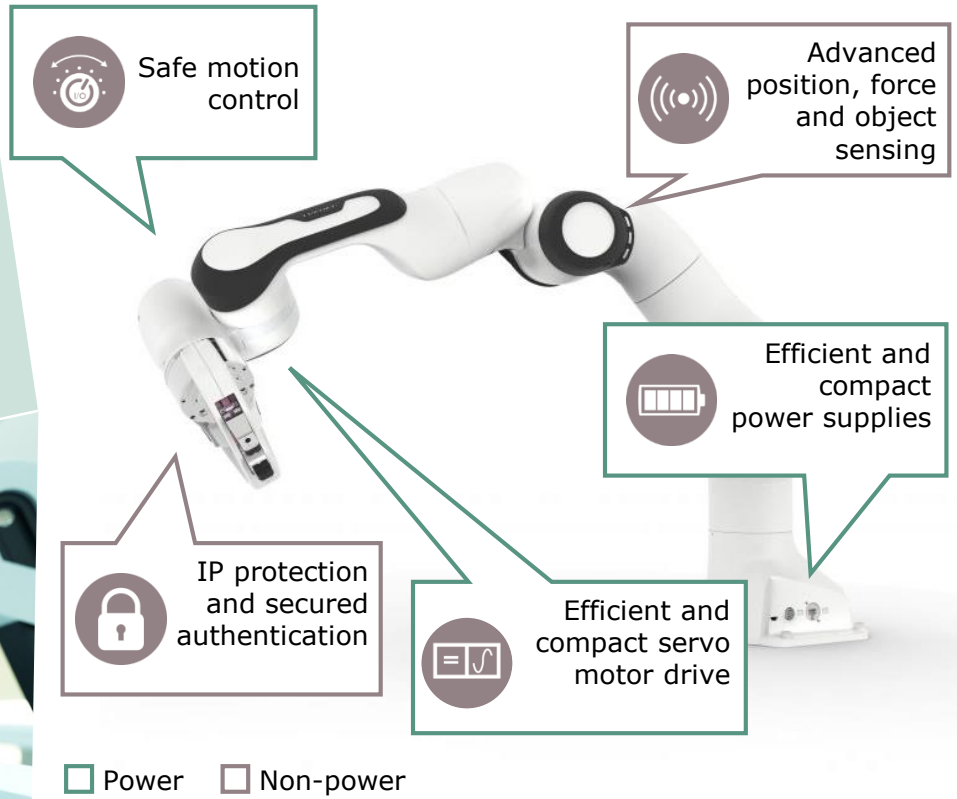
~€350 semiconductor content[2)] per cobot of which

~€200 for power semiconductors[2)]

~€150 for sensors, µC, and security controllers


Courtesy: Franka Emika

System understanding and extended product portfolio allow for growth in adjacent markets

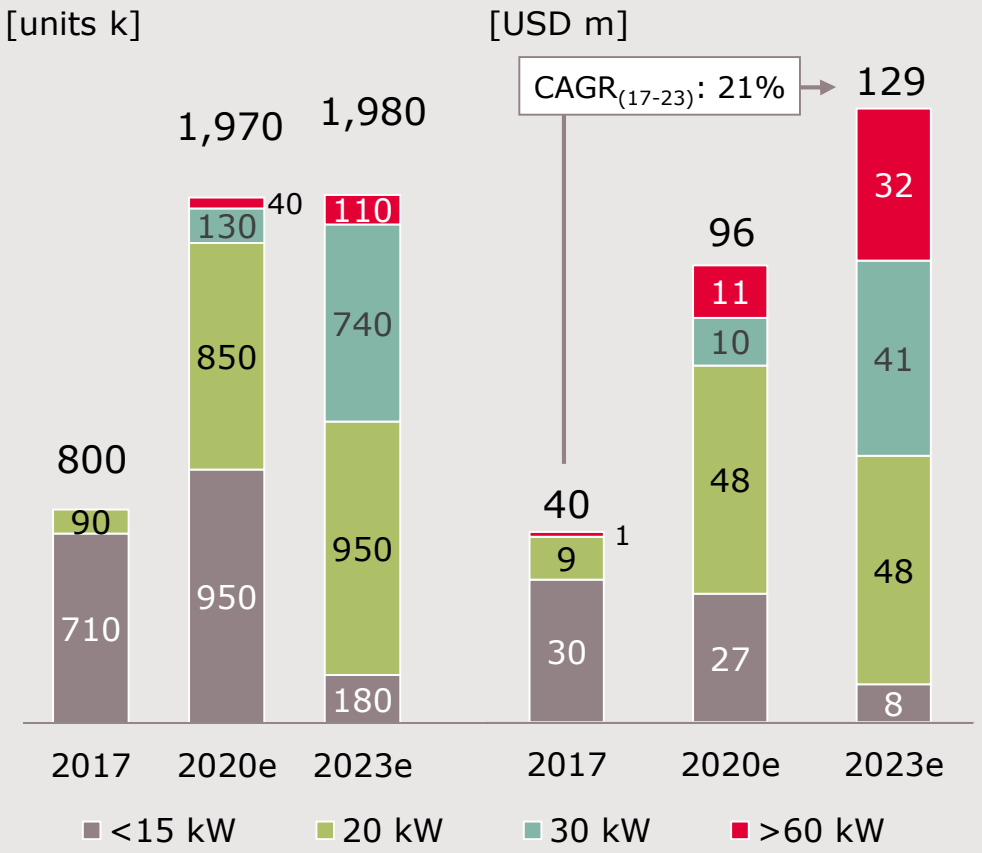


Source:
1) Barclays Equity Research, "The rise of co-bots: Sizing the market", 2016
2) Infineon estimate; excl. tools

Growing penetration of electric vehicles will drive roll-out of charging infrastructure

DC charging system	charging time[1)]	power semi content
350 kW (6 racks of 60 kW each)	7 min	~$3,500 SiC-based
150 kW (5 racks of 30 kW each)	16 min	~$300 Si-based
50 kW (3 racks of 20 kW each)	48 min	~$100 Si-based
20 kW[2)] (2 racks of 10 kW each)	120 min	~$40 Si-based

Charging infrastructure market; roll-out by rack performance[3)]



1) to charge for a reach of 200 km
2) incl. DC wall boxes

3) Source: Infineon estimate

Electrification of trains is accelerating and Infineon is part of two subsystems

Locomotive	Metro	HST/ EMU
 Courtesy: Toshiba		
Trends in traction		
Electrification of freight transport	Urbanization and new mobility concepts	Strong governmental investment programs
Market size		
~500 units/a	~700 units/a	~600 units/a
Power semiconductor content per unit		
~$70,000	~$50,000	~$100,000

Subsystem 1: Auxiliary inverter

Air conditioning, power sockets, air brake, control stand, etc.

SiC

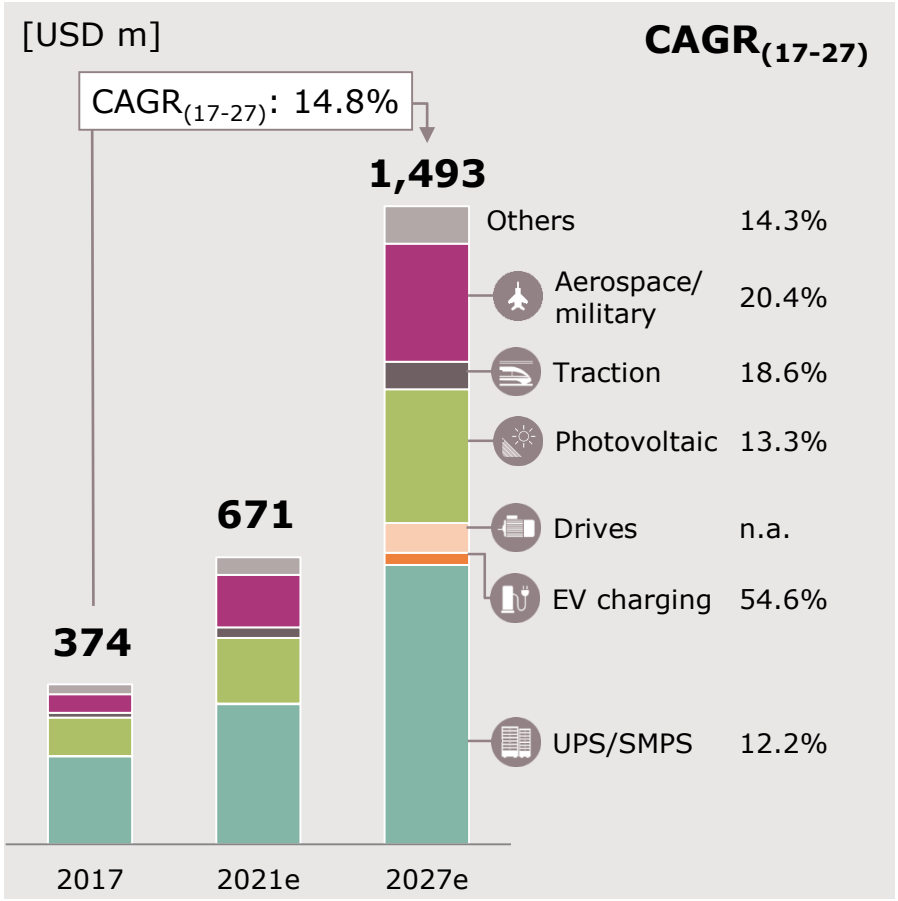
Subsystem 2: Propulsion inverter

Motor and motor traction converter

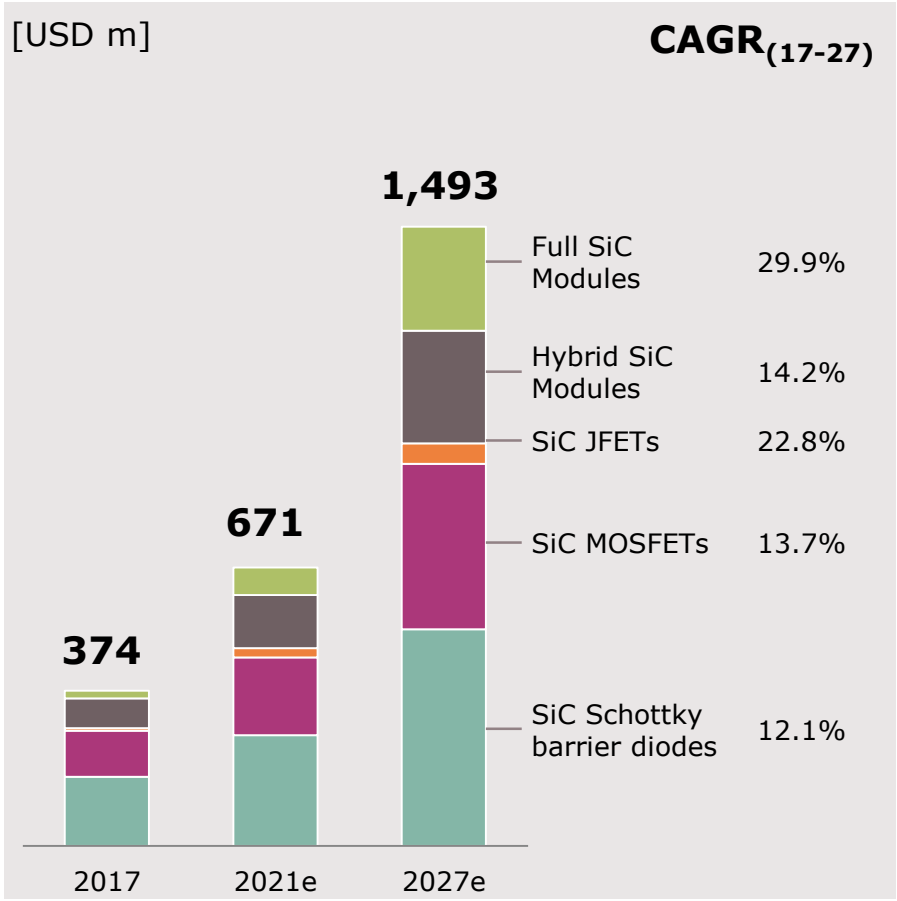
Source: Infineon estimate

With an increasing number of applications, particularly module players will win in SiC

SiC power semiconductors **by application** excl. xEV



SiC power semiconductors **by product type** excl. xEV



Sources: based on or includes content supplied by IHS Markit, Technology Group, "SiC and GaN Power Semiconductors Report - 2018", April 2018, mid case

Power Management & Multimarket

PMM's growth is built on many applications from different sectors in power and non-power

PMM

Computing

- Data Center
- PC, Notebook
- Peripherals

Industrial

- Power supplies
- EV on-board charger
- PV inverter
- Power tools
- Lighting
- Industry 4.0
- Internet of Things

Consumer / Misc

- eBikes
- Multicopter
- Aviation
- LSEV
- Space
- Gaming
- Smart home

Communications

- Handsets
- Wearables
- 5G massive MIMO

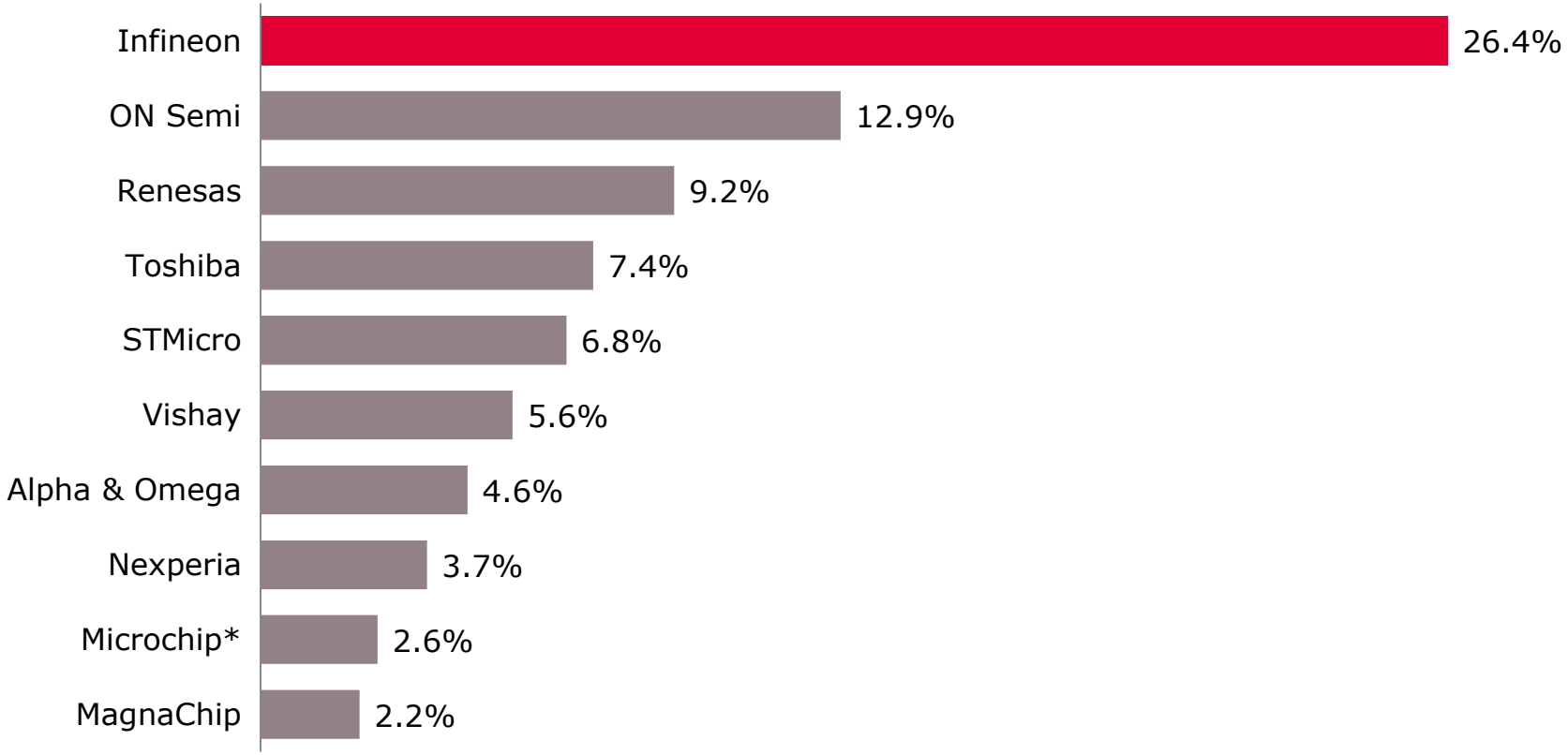
AC-DC DC-DC RF and sensors (non-power)

PMM – Power

In 2017, PMM grew by 15.1% vs market of 13.5%; now more than 2x as big as #2

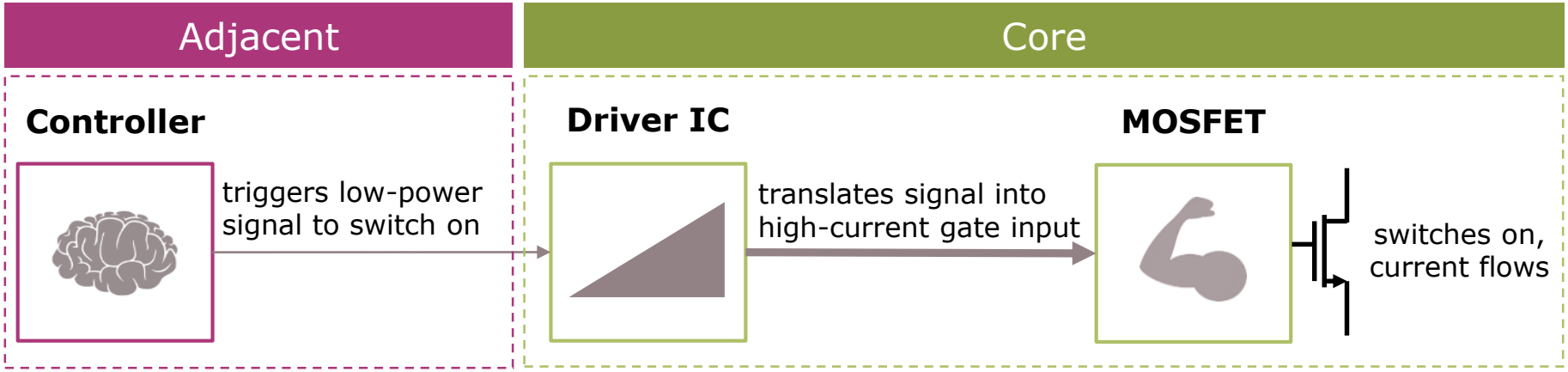
Discrete power MOSFETs market shares

total market in 2017: $6.65bn

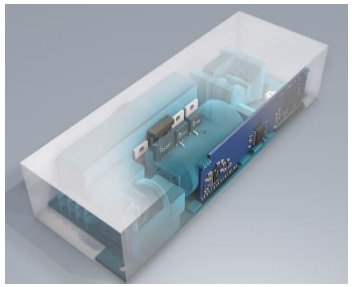


* On 29 May 2018, Microchip closed the acquisition of Microsemi. The 2017 revenue depicted here was contributed entirely by Microsemi.
Source: Based on or includes content supplied by IHS Markit, Technology Group, "Power Semiconductor Market Share Database 2017", August 2018; incl. automotive MOSFETs.

Technology leadership in MOSFETs and digital power: highest efficiency and power density



Power management solutions reduce TCO

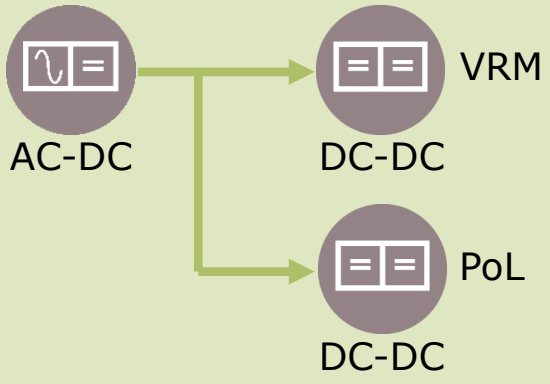


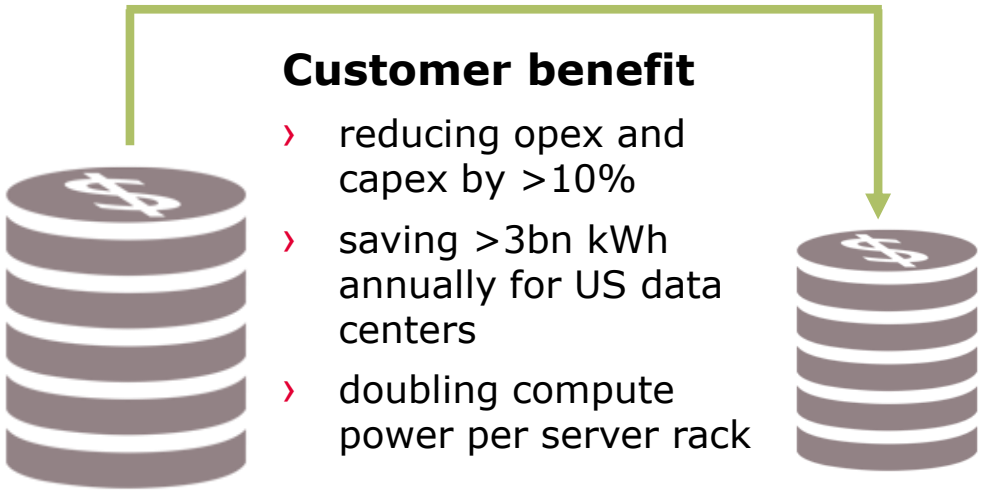
More efficient semiconductors
- lower power consumption
- lower opex

Higher power-density
- more compact system designs
- lower capex

Highly differentiating solution for data center enables significant opex and capex reduction

Powerflow (schematic)

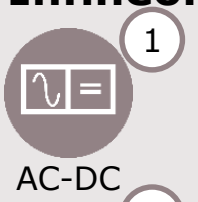




Customer benefit

- reducing opex and capex by >10%
- saving >3bn kWh annually for US data centers
- doubling compute power per server rack

Infineon-enabled optimization of data center powerflow – examples:



CoolGaN™ allows for 2x output power in a given slot size and thus frees up space for the backup battery in more efficient architecture.

Benchmark **digital power solutions** including fully integrated PoL devices: highest efficiency, highest power density; supporting latest processor technologies.

AC-DC power supply by Eltek using CoolGaN™

Eltek "Flatpack2 SHE"

- 3 kW / 48 V
- Fixed and wireless telecom applications
- Size: 4.25 x 1.61 x 13 inch³
- Weight: 4.5 lbs
- High power density: 33 W/inch³

98%	efficiency
-50%	reduction in power loss
> -6%	proven operational cost reduction

Infineon content per device

- 2x **CoolGaN™** 600 V
- 2x **CoolMOS™** C7
- 2x **CoolMOS™** CFD7
- 4x **OptiMOS™** 150 V
- Gate driver

~ US$30

Server eco-system is supported by PMM's various DC-DC solutions

2

Data center market trends

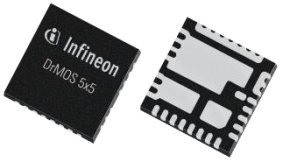
- Increasing memory and processing power
- Adoption of AI drives high-end analytics and data management
- Expanding CPU supplier base: AMD, IBM, NVIDIA, ARM, Intel etc.
- Hyper-scale users invest in proprietary processor designs (e.g. Google)

Saving space is a key requirement and a focus of product development

Digital controllers
with flexible communications interface

x 3-6*

Integrated power stages and iPoL
for high power density



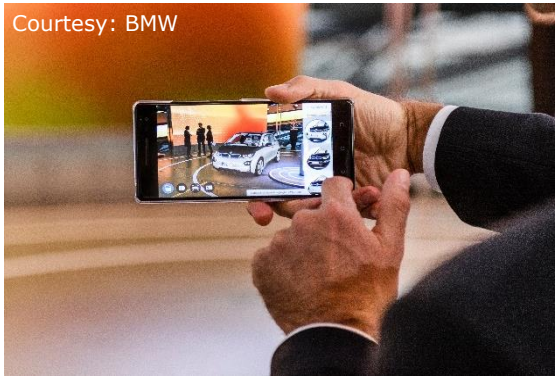
x 10-20*

x 5-10*

* devices per server

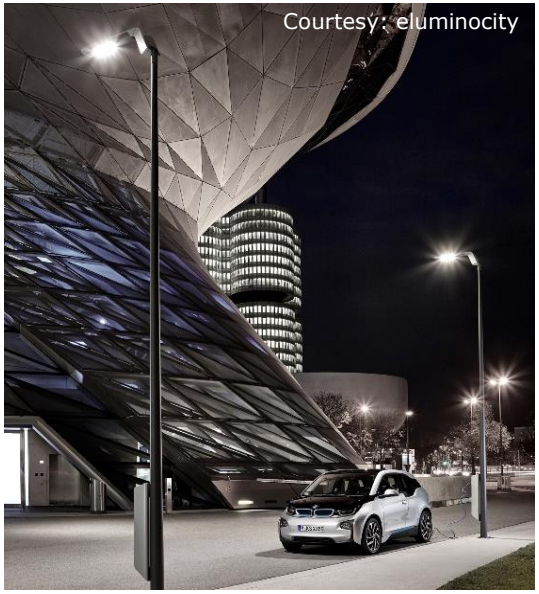
PMM – RF and Sensing

RF and Sensing devices enable new services and will shape the way we live and work



Augmented Reality


Voice-controlled devices



Smart streetlights

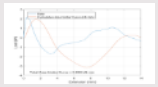
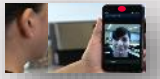
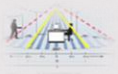
Various use cases are enabled by a small set of versatile core technologies

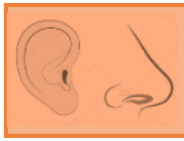

Commercial and consumer multicopters


Gesture control


Industrial robotics

We focus on MEMS sensors and target to become the leader in 3D Imaging and Radar

Microphone	Pressure	Enviromental	3D Radar	3D ToF
 No distortions	 Best-in-class resolution	 6x6mm² World smallest form factor	 Highest Energy Efficiency	 Best-in class resolution
 Receive clear audio signals	 Measure Height	 Measure CO2	 Biometrics	 3D Mapping



Smart Ears, Smart Feeling, Smart Nose

Smart Eyes & Sixth Sense

Key Use Cases - Examples

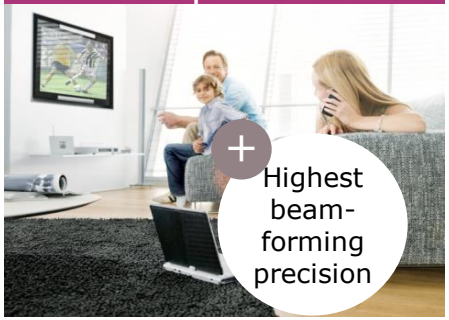
Voice Authentication	Advanced Fitness Tracking	Smog Alarm	Gesture Sensing	3D AR Gaming
			Face Recognition & Biometric identification	
Human Machine Interface				

XENSIV™ Si microphones have plenty of growth opportunities beyond smartphones

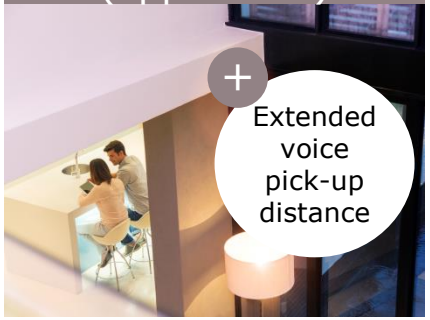
Smart speaker

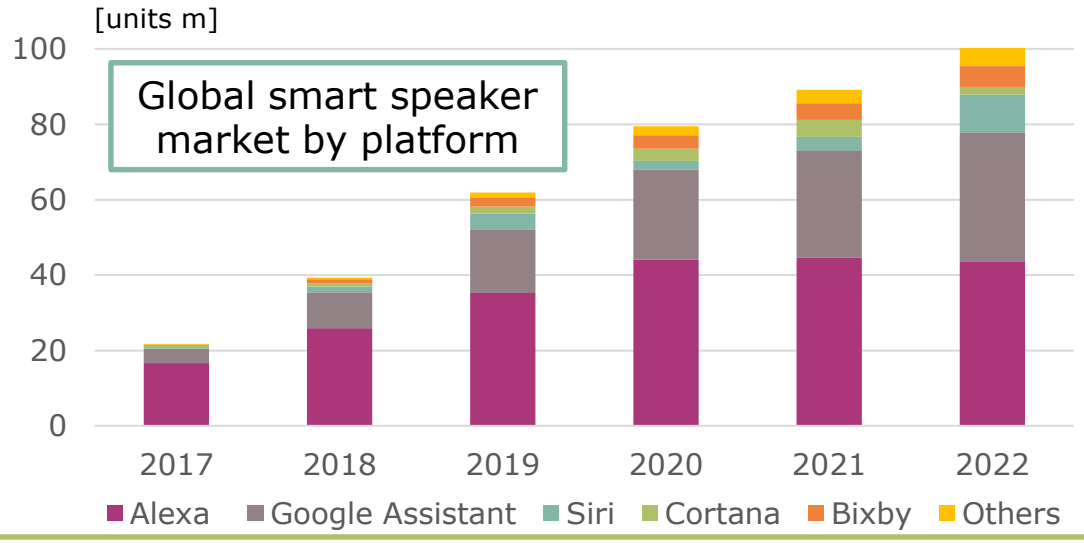
Robotics

TV, laptop and set-top box



Smart home (appliances)





Market snapshot:

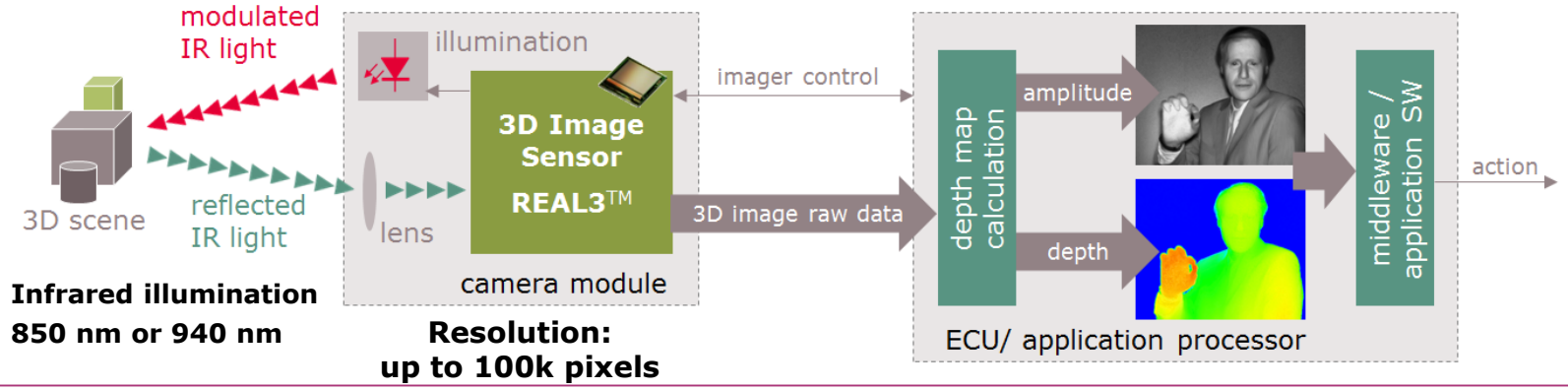
- Global market for smart speakers expected to reach 100m units in 2022
- Platform developers drive unit growth via licensing models to other hardware manufacturers
- Average number of silicon microphones per devices by 2022: ~5

Source: SAR Insight & Consulting, Smart Speaker Market Growth, March 2018

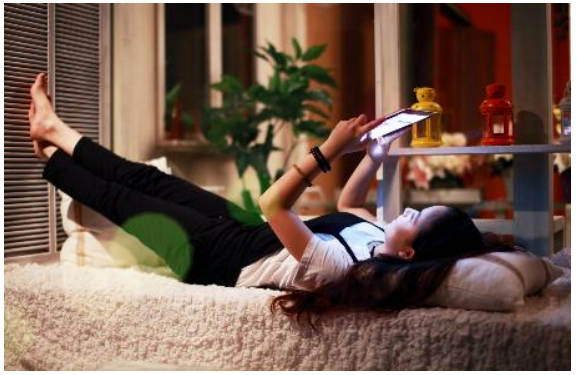
Leading base technologies for sensor solutions: Time-of-Flight

Time-of-Flight

Time-of-Flight: Modulated infrared-light is emitted and reflected by objects.
Phase-shift of returned light is measured in each pixel of the image sensor.



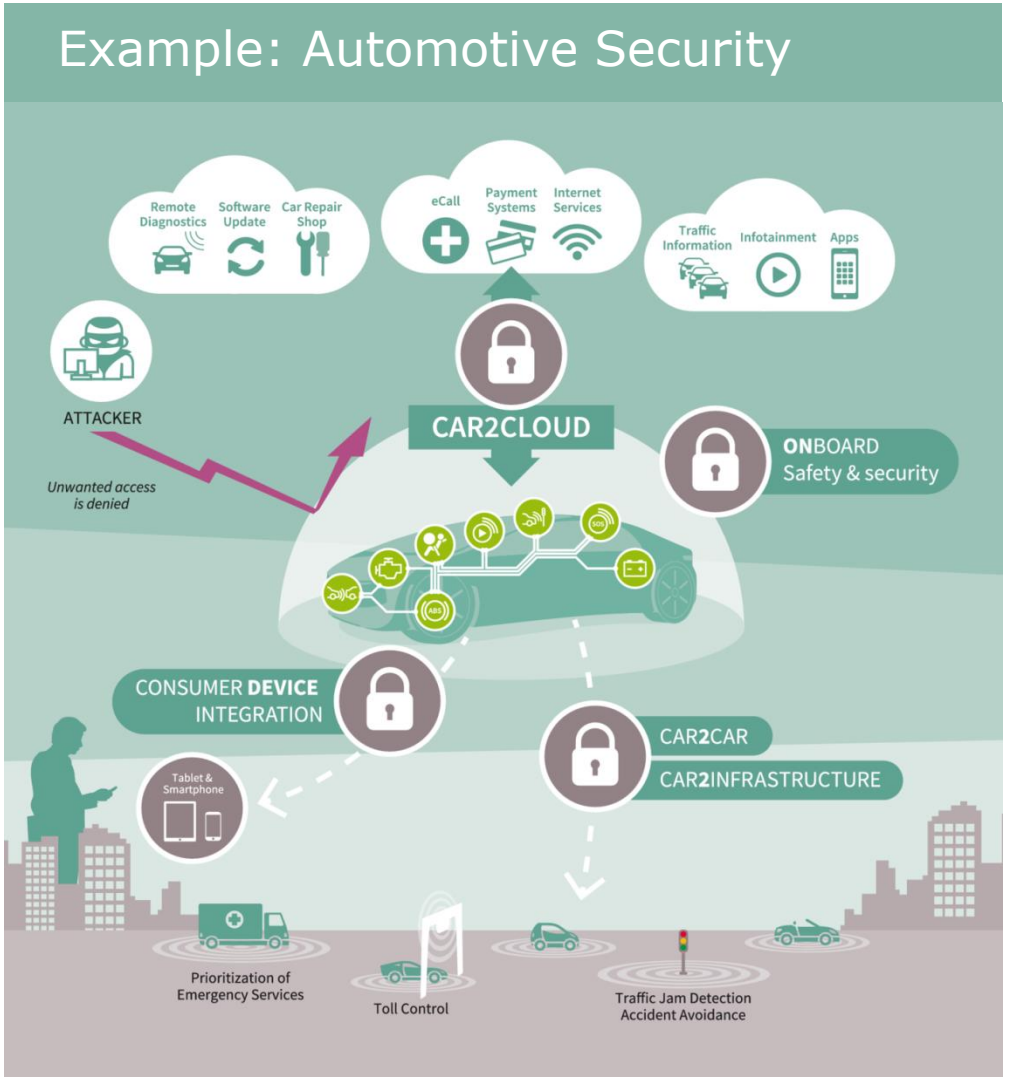
Examples of uses cases enabled by Time-of-Flight technology

3D scanning	AR / VR / gaming	Secure face recognition
		

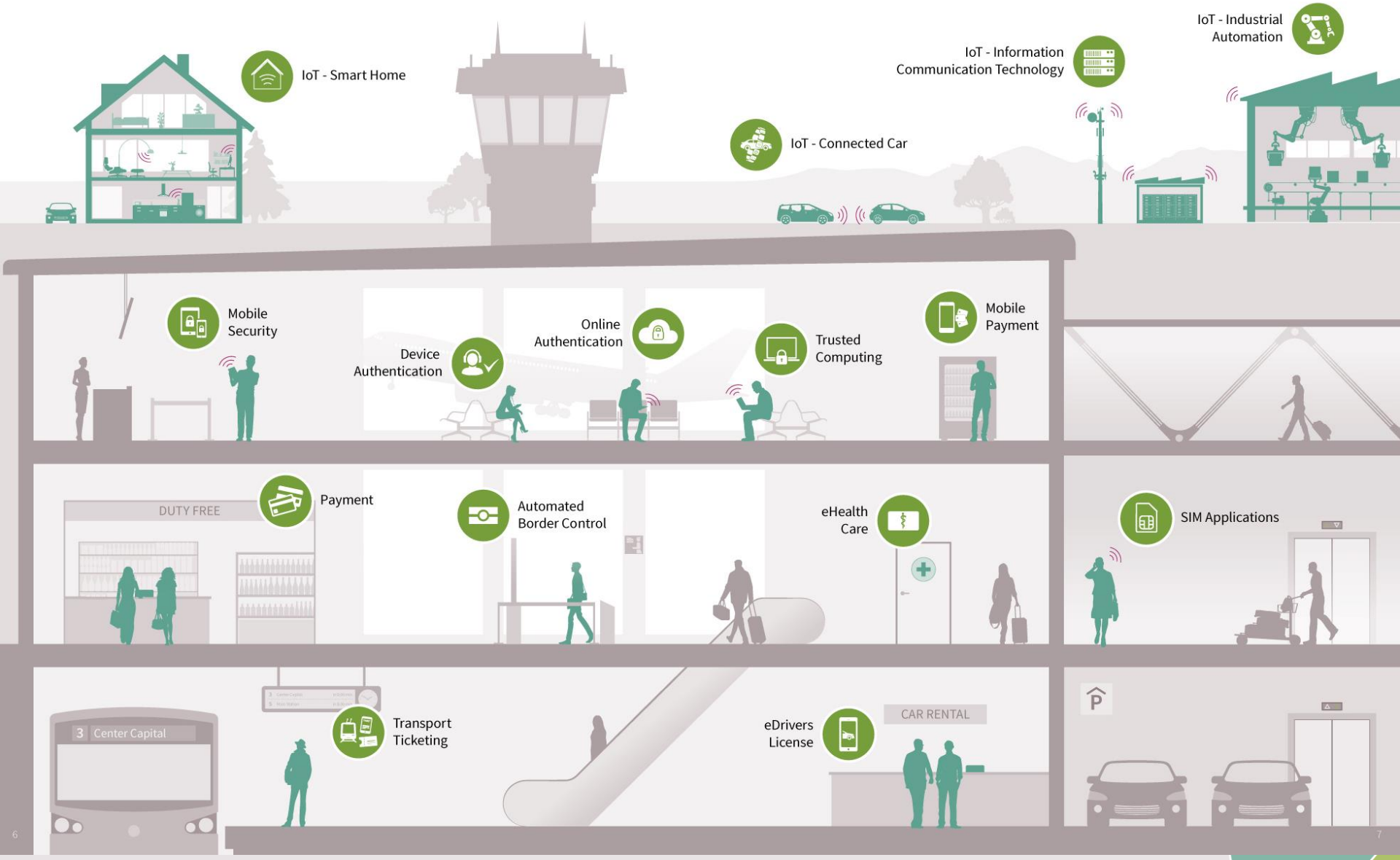
Chip Card & Security

Security is a system approach

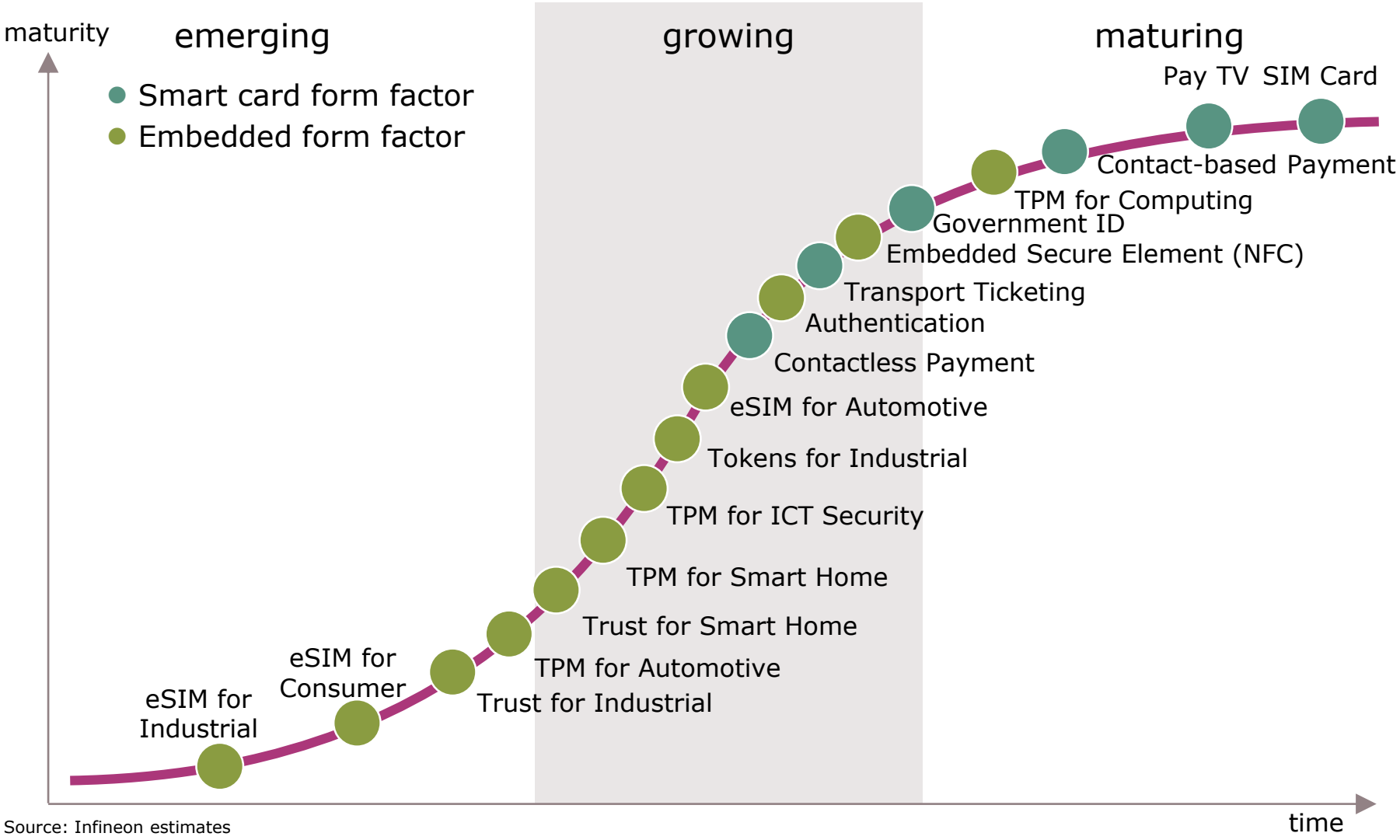
- As humans, machines, 'things' are getting connected, the risks of security attacks increase strongly as attack paths increase
- Accordingly, there is a greater need for security in fields like smart home, connected cars, information and communication technologies, Industry 4.0
- Many manufacturers of devices and systems do not have the necessary security know-how



Infineon offers security for the connected world



Continuous stream of new topics aging and exiting



Source: Infineon estimates

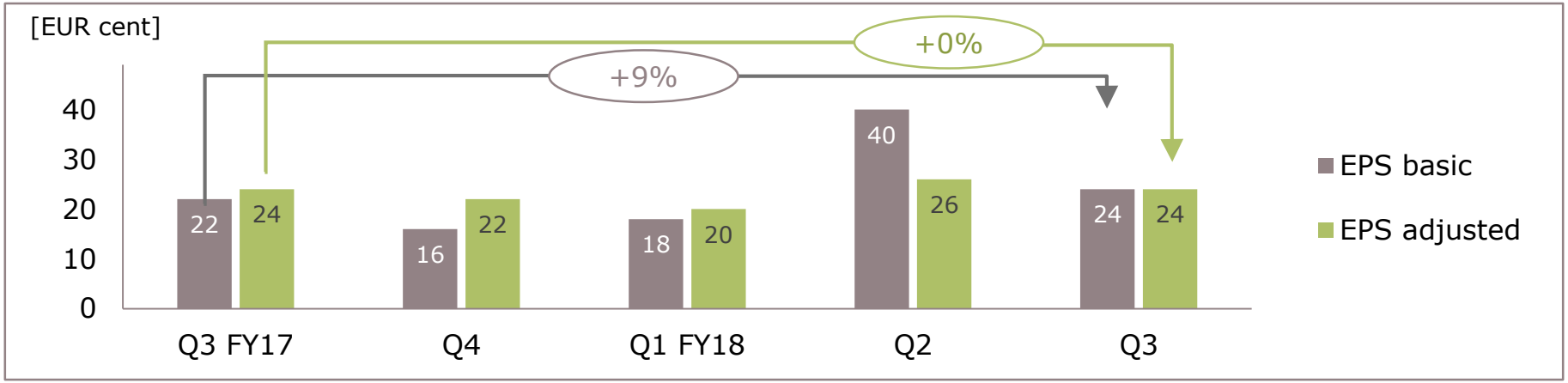
Agenda

1. Infineon at a glance
2. Updated target operating model (TOM)
3. Quarterly highlights
4. Automotive
5. Industrial Power Control
6. Power Management & Multimarket
7. Chip Card & Security
8. Selected financial figures

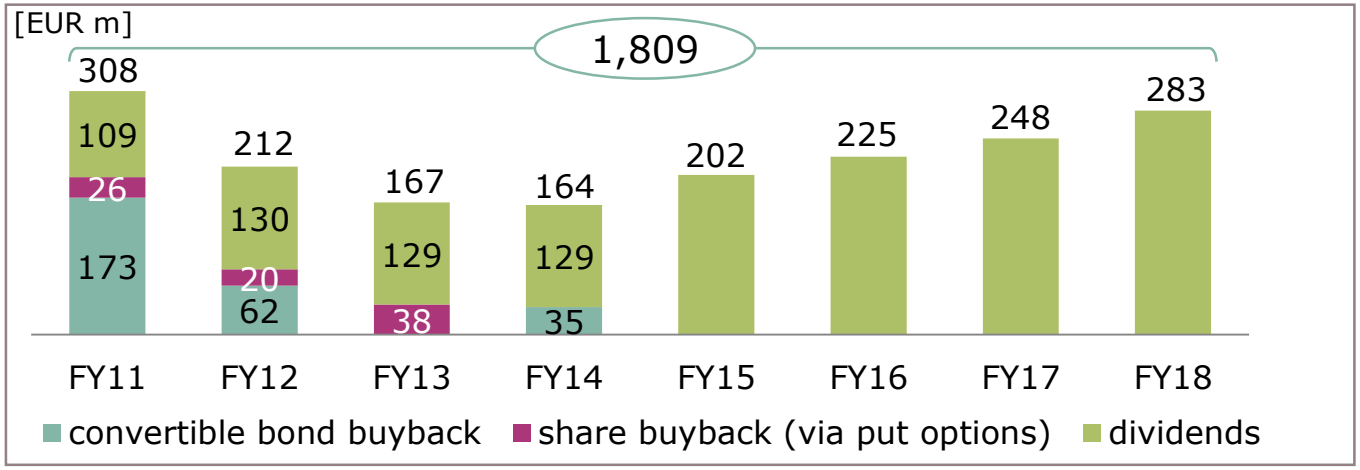
Organic RoCE as the key value metric typically amounts to ~2x WACC

Our commitment to investors: Continued value creation through growth

Earnings-per-share (EPS) development

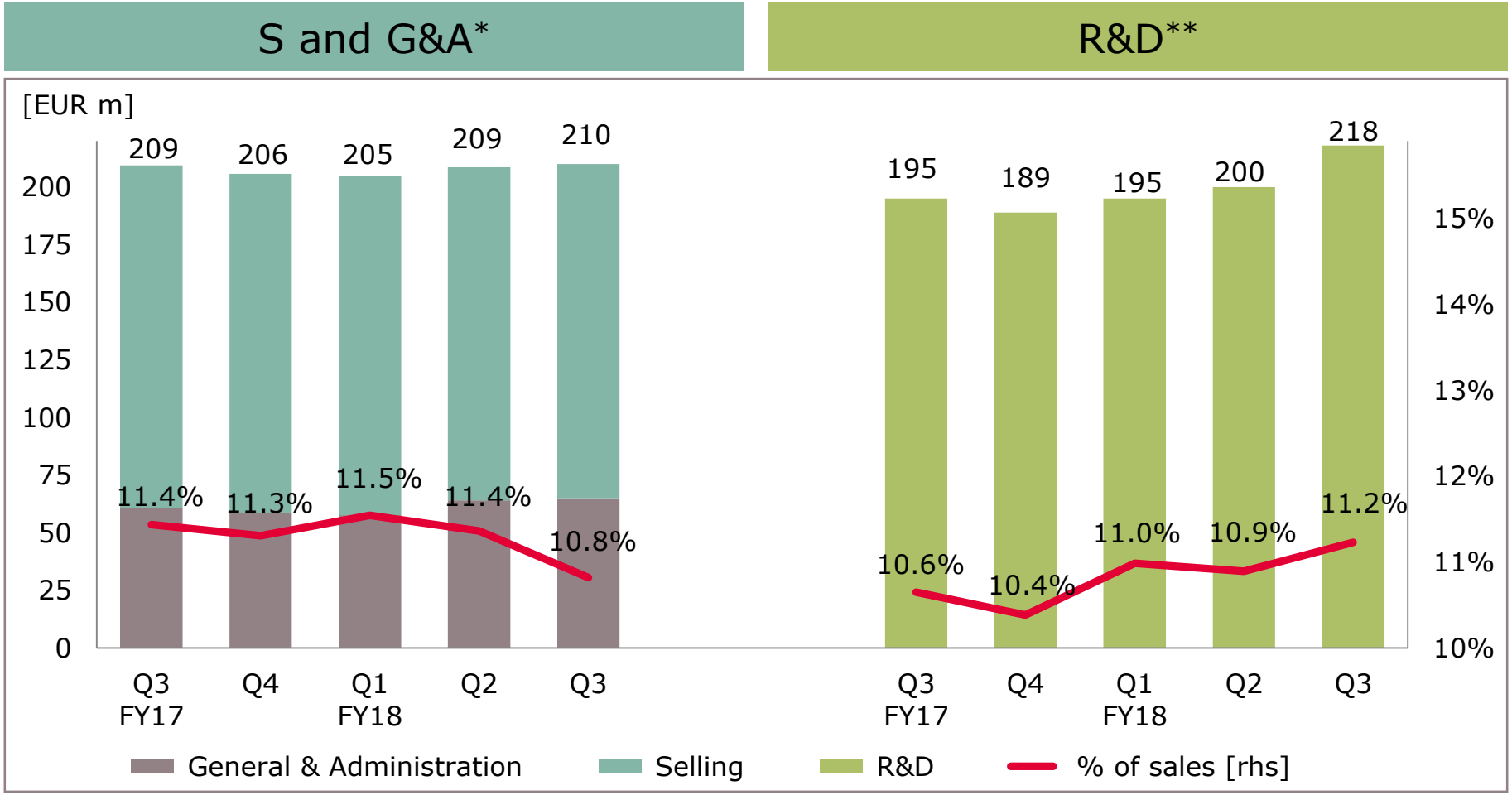


Total cash return to shareholders



- Policy of sustainable dividend payout
- Increase of dividend from €0.22 in FY17 to €0.25 in FY18
- Dividend of €283m payed end of February 2018

SG&A - still including noticeable acquisition-related costs - on healthy level

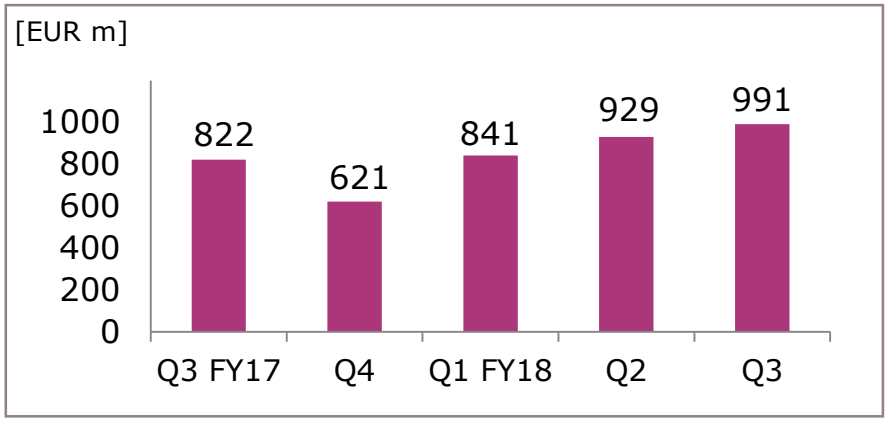


* Target range for SG&A: „Low teens percentage of sales".

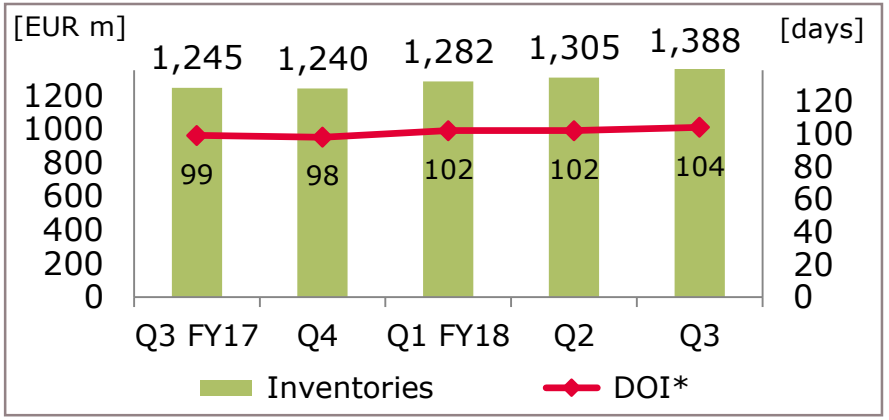
** Target range for R&D: „Low to mid teens percentage of sales". In FY17, reported R&D expenses amounted to €776m, net of €68m of grants received and net of €129m of capitalized development costs.

Inventory increased due to increase of work in progress and more raw material

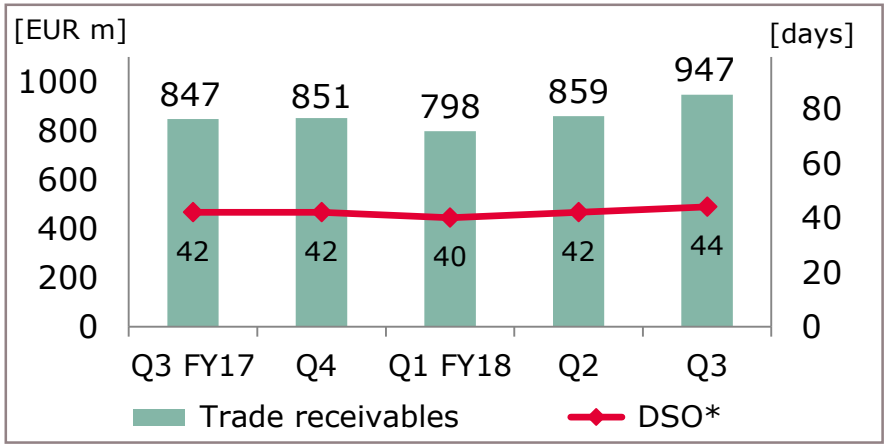
Working capital*



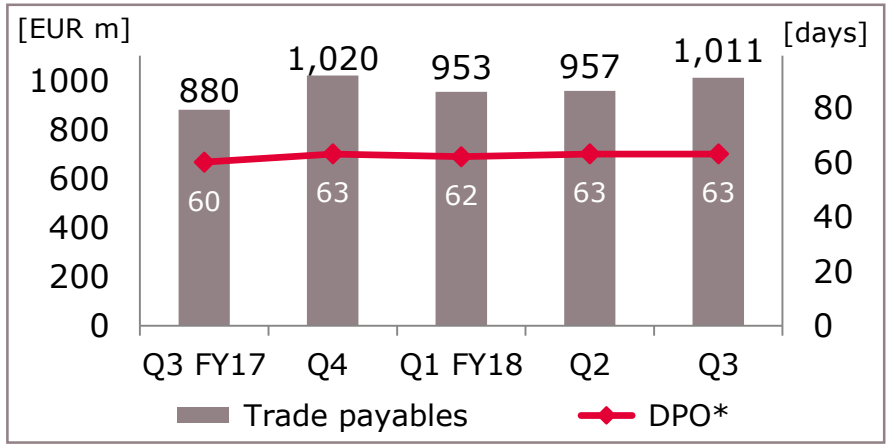
Inventories



Trade receivables



Trade payables

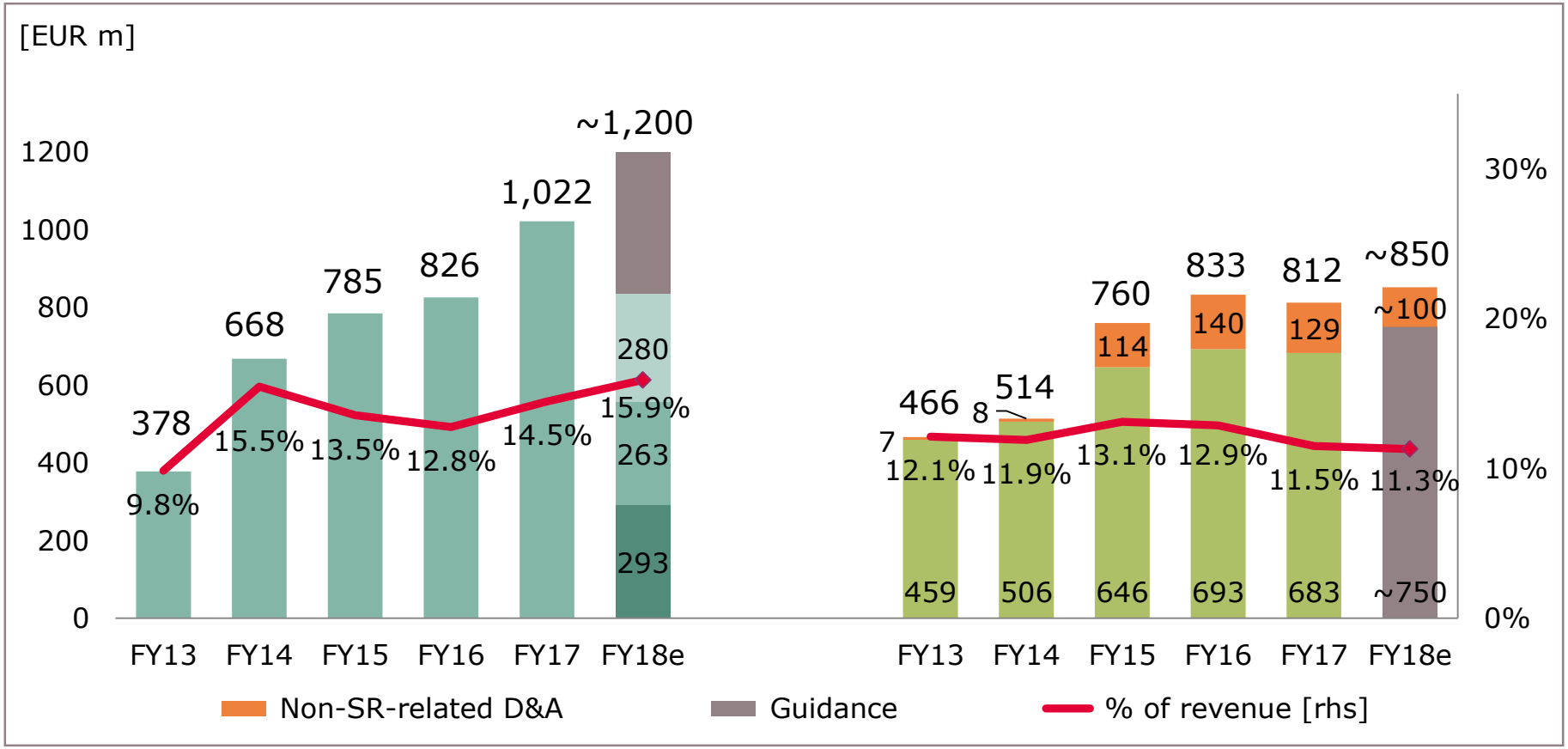


* For definition please see page "Notes".

Investments of ~€1.2bn due to strong order intake

Investments*

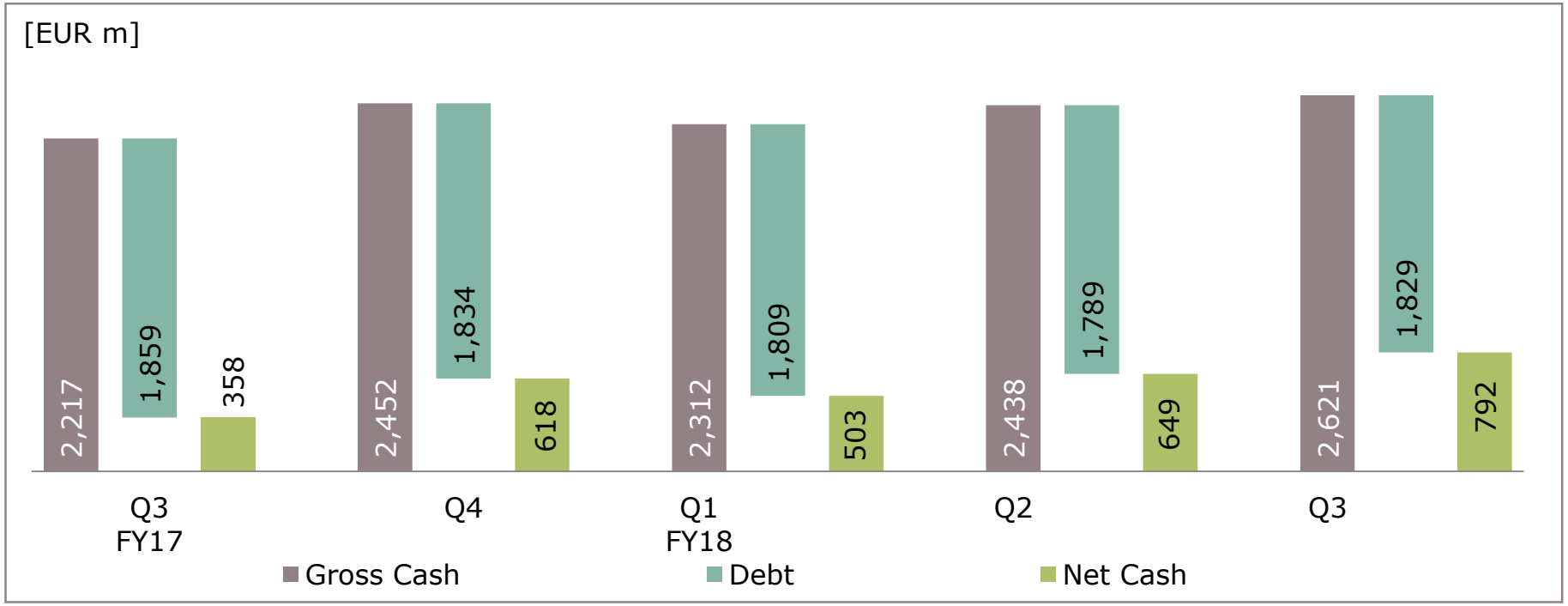
D&A



* For definition please see page „Notes".

Healthy gross cash and net cash position

Liquidity development

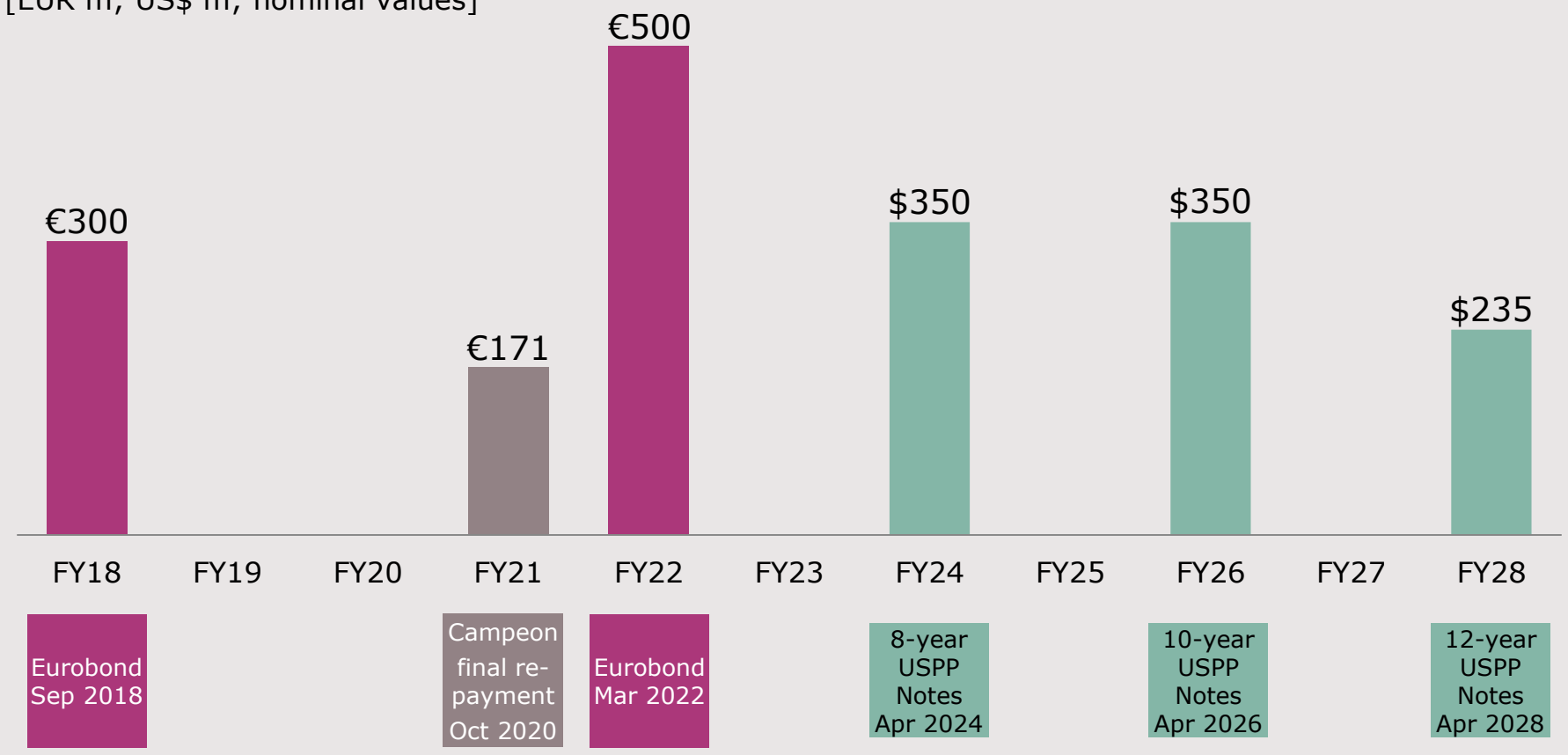


- Operating cash flow from continuing operations was €462m
- Free Cash Flow from continuing operations was €192m
- Debt increased by €40m due to a change in the FX-rate used for valuing US$-denominated debt.

Infineon has a balanced maturity profile and a solid investment grade rating (BBB) from S&P

Maturity profile

[EUR m; US$ m; nominal values]



Note: Additional debt with maturities between 2018 and 2023 totaling €56m of which €27m repayments related to Campeon.

Part of your life. Part of tomorrow.

Infineon

Glossary (1 of 2)

AC	alternating current
AC-DC	alternating current - direct current
AD	automated driving
ADAS	advanced driver assistance system
AEB	automatic emergency braking
AI	artificial intelligence
AR	augmented reality
BEV	battery electric vehicle
BGA	ball grid array
BoM	bill of material
CPU	central processing unit
DC	direct current
DC-DC	direct current - direct current
DPM	digital power management
eCall	emergency call

ECU	electronic control unit
ECU	electronic control unit
EMU	electric multiple unit
EPS	electric power steering
eSIM	embedded subscriber identity module
eSIM	embedded SIM
EV	electric vehicle
FPGA	field programmable gate array
GPU	graphics processing unit
HEV	mild and full hybrid electric vehicle
HMI	human machine interaction
HSM	hardware security module
HST	high-speed train
HW	hardware
ICE	internal combustion engine

Glossary (2 of 2)

IPM	intelligent power module
iPoI	image processing line
IRF	International Rectifier
LSPS	LS Power Semitech Co. Ltd.
µC	microcontroller
MEMS	micro electro-mechanical systems
MHA	major home appliances
micro-hybrid	vehicles using start-stop systems and limited recuperation
mild-hybrid	vehicles using start-stop systems, recuperation, DC-DC conversion, e-motor
MOSFET	metal-oxide silicon field-effect transistor
OBC	on-board charger
OEM	original equipment manufacturer
PHEV	plug-in hybrid electric vehicle
PoI	point-of-load
PV	photovoltaic

RF	radio frequency
rhs	right-hand scale
Si	silicon
SiC	silicon carbide
SiGe	silicon germanium
SMPS	switch-mode power supply
SOTA	software over-the-air
SW	software
ToF	time-of-flight
TPM	trusted platform module
UPS	uninterruptible power supply
V2X	vehicle-to-everything communication
VR	virtual reality
VSD	variable speed drive
xEV	all degrees of vehicle electrification (EV, HEV, PHEV)

Disclaimer

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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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 2018: Infineon is listed in the Sustainability Yearbook for the 8th consecutive year and has received the Bronze Class distinction for its excellent sustainability performance.
- Sep 2017: Infineon is listed in the Dow Jones Sustainability Europe Index (as the only semiconductor company) for the 8th consecutive year and in the World Index for the 3rd time

- Sep 2017: 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 2016/2017 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 2017: Most recent review

- Since 2014, Infineon has been publishing information on opportunities and risks due to climate change through the "Carbon Disclosure Project" (CDP).
- For 2017, Infineon has earned a spot among the three best companies in the "Information Technology" sector in the Germany, Austria and Switzerland region.

CDP DRIVING SUSTAINABLE ECONOMIES

- Mar 2018: Infineon has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe

Financial calendar

Date	Location	Event
30 Aug 2018	Frankfurt	Commerzbank Sector Conference
24 Sep 2018	Unterschleißheim nearby Munich	Berenberg and Goldman Sachs German Corporate Conference
25 Sep 2018	Munich	Baader Investment Conference
02 Oct 2018	London	ATV Presentation by Peter Schiefer, Division President
12 Nov 2018*		Q4 FY18 and FY 2018 Results
14 – 15 Nov 2018	Barcelona	Morgan Stanley TMT Conference
27 – 28 Nov 2018	Scottsdale, AZ	Credit Suisse TMT Conference
28 Nov 2018	Milan	Equita European Conference
28 Nov 2018	Munich	UBS German Senior Investor Day
10 or 11 Dec 2018	London	Power Presentation (IPC + PMM) by Division Presidents Peter Wawer and Andreas Urschitz

* 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')

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

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