

Fourth Quarter FY 2019 Analyst Call

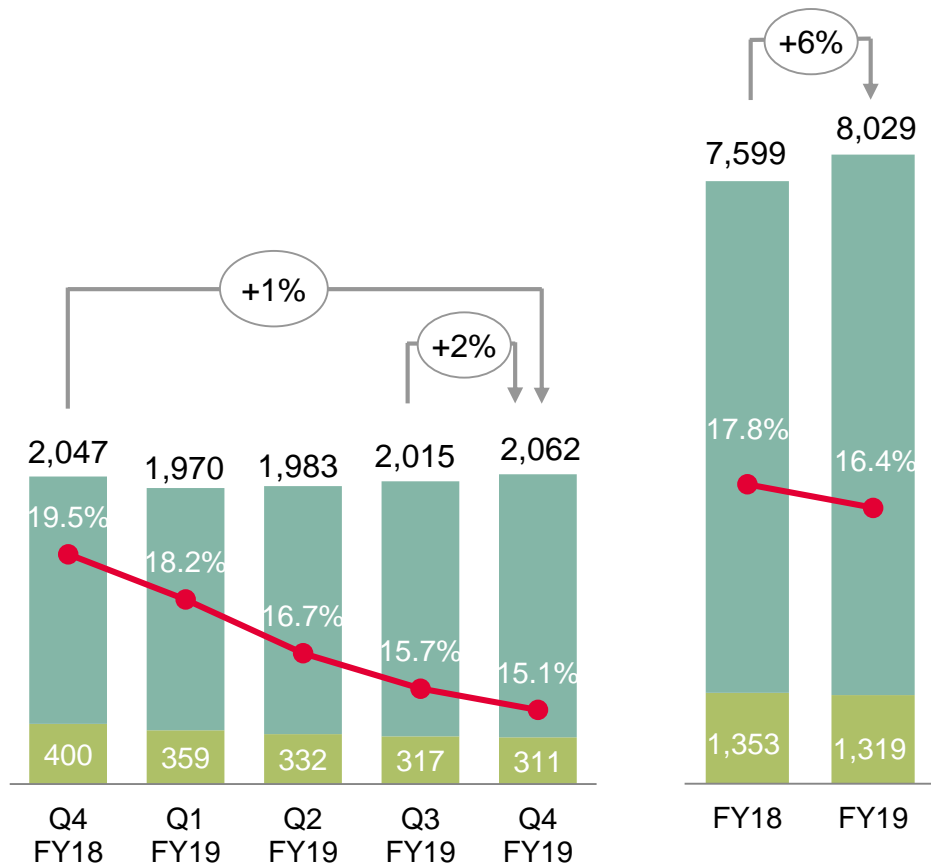
Infineon Technologies AG
Investor Relations



Group financial performance

Revenues and segment result

[EUR m] ■ Revenues ■ Segment result ■ Margin



*See appendix for definition

USD impact on revenue

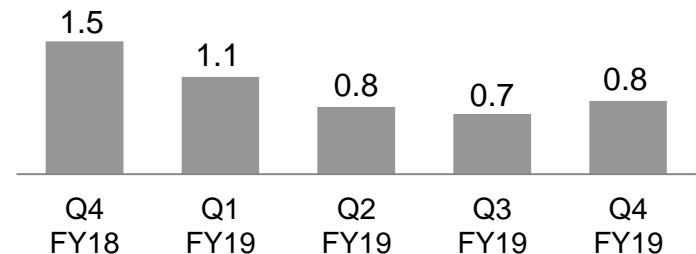
Average exchange rate

	Q4 FY18	Q3 FY19	Q4 FY19	FY19
∅ USD/EUR	1.16	1.12	1.11	1.13

Revenue development

	q-q	y-y
As reported	+2%	+1%
At const. USD/EUR	+1%	-2%

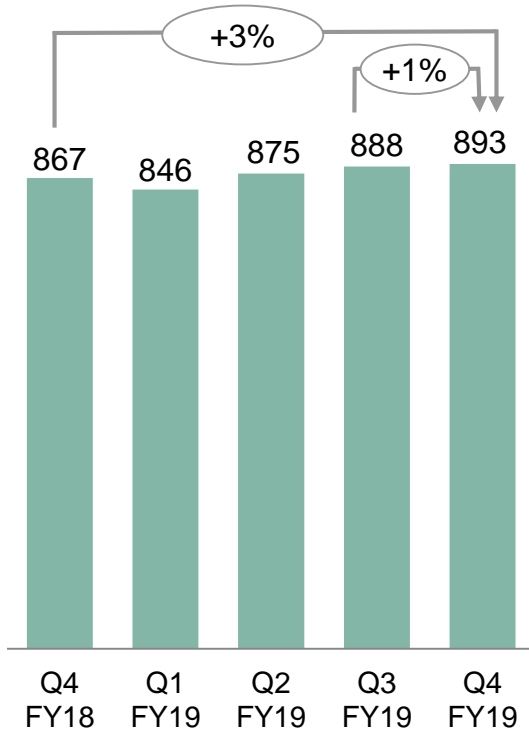
Book-to-bill*



Automotive (ATV)

Revenues

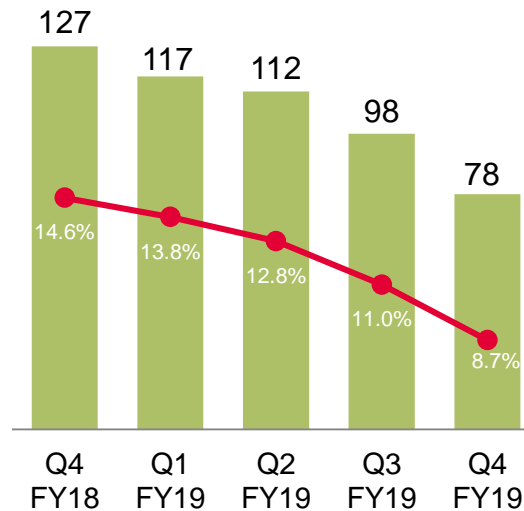
[EUR m]



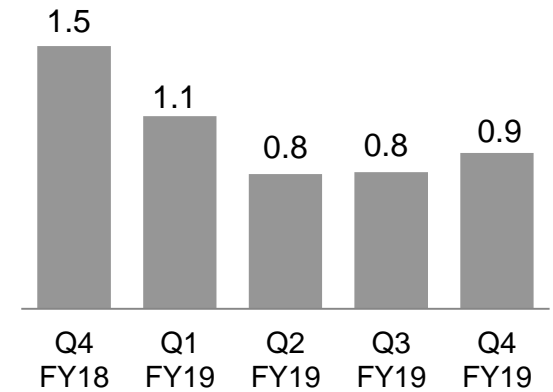
Segment Result

[EUR m]

— Margin



Book-to-bill

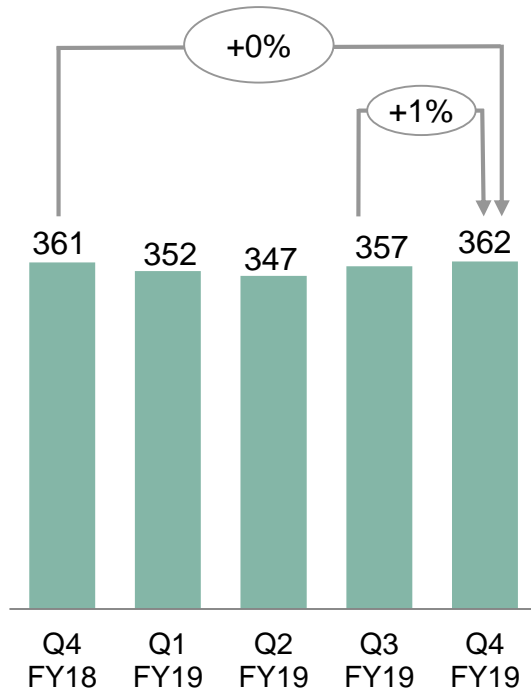


- › Global car production continued to decline; Chinese xEV market turned into reverse following subsidy cuts
- › 48 V mild hybrid vehicles and ADAS/AD L2+ gaining momentum
- › Segment Result burdened with underutilization charges

Industrial Power Control (IPC)

Revenues

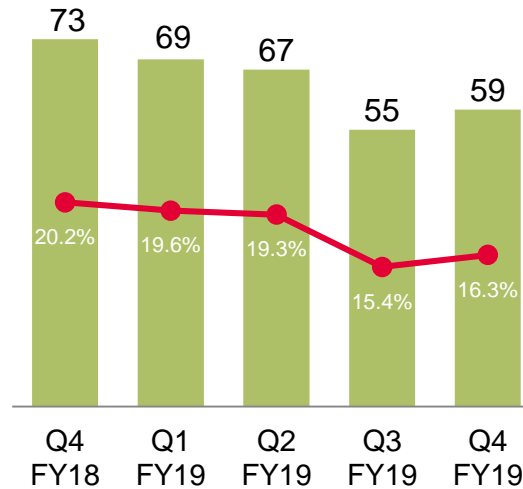
[EUR m]



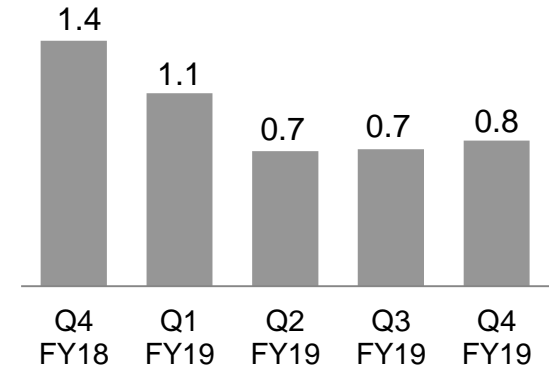
Segment Result

[EUR m]

— Margin



Book-to-bill

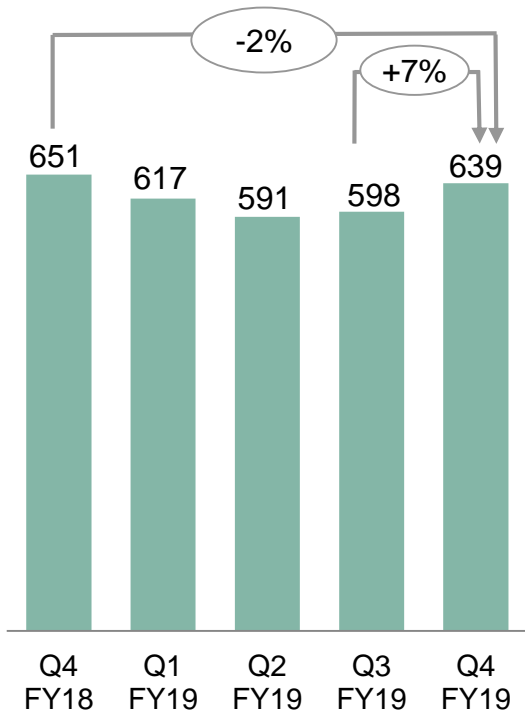


- > Wind and especially solar remained growth engines
- > Home appliances and industrial drives remained sluggish
- > Cumulated SiC design-ins increased to ~€1.8bn per end of FY19

Power Management & Multimarket (PMM)

Revenues

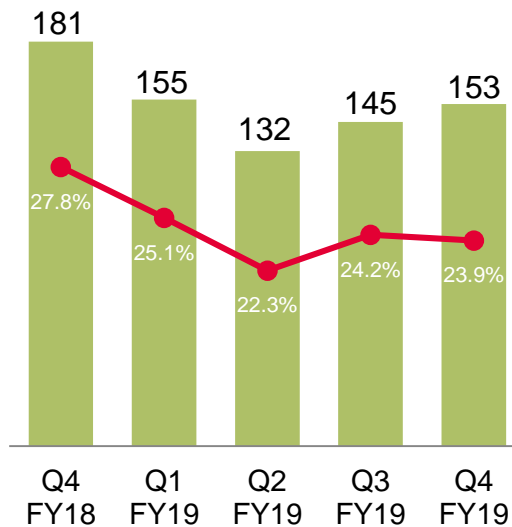
[EUR m]



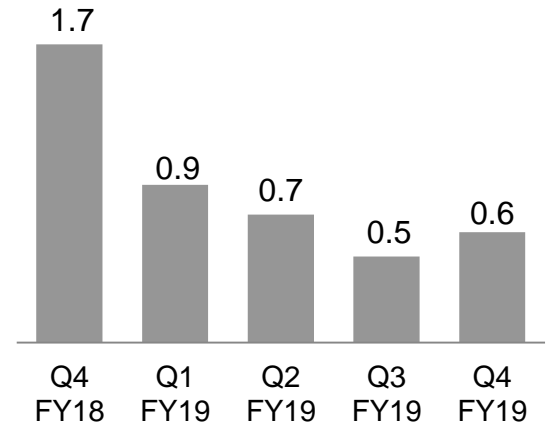
Segment Result

[EUR m]

— Margin



Book-to-bill

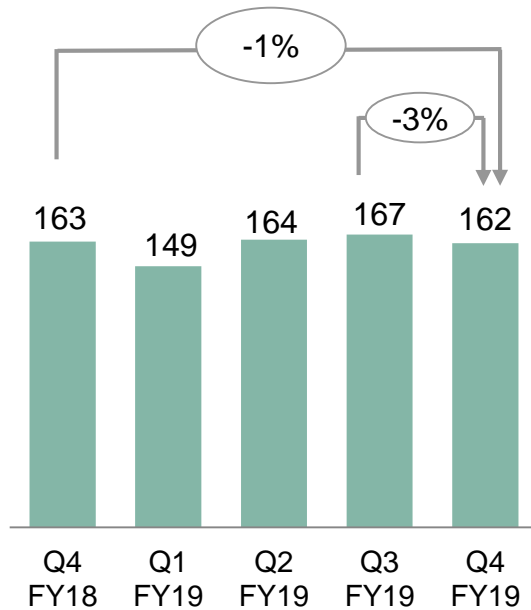


- › Smartphones doing well, driven by seasonality; healthy demand for our silicon microphones
- › Google Pixel 4 first smartphone to use our 60 GHz radar technology for motion sensing
- › Hyperscale data centers see first green shoots of improvement

Digital Security Solutions (DSS)

Revenues

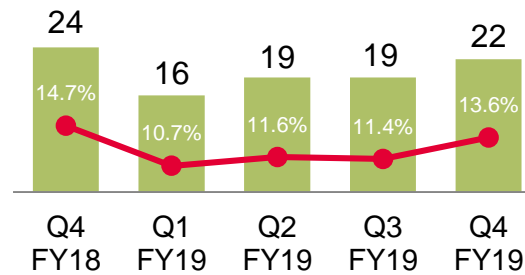
[EUR m]



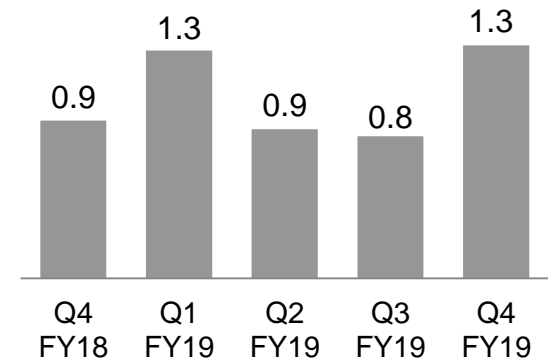
Segment Result

[EUR m]

— Margin



Book-to-bill

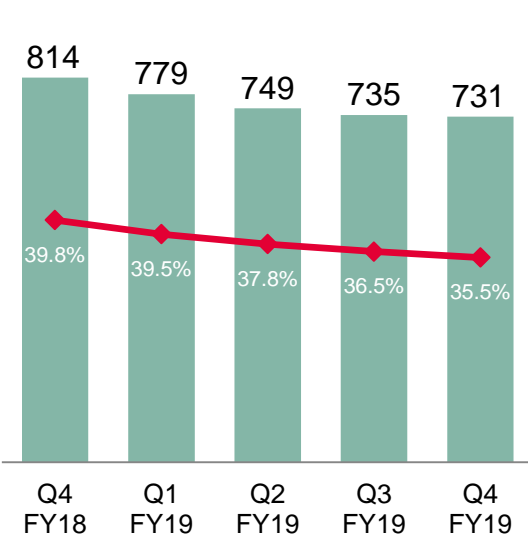


- › Continued good revenue development of payment and authentication solutions
- › In Q4 FY19, revenues negatively affected by lower revenue recognition (IFRS 15)
- › A tall order for a government ID project lifted the book-to-bill ratio

Gross margin and Opex

Gross profit

— Gross profit as reported [EUR m] — Gross margin as reported



Therein non-segment result charges [EUR m]

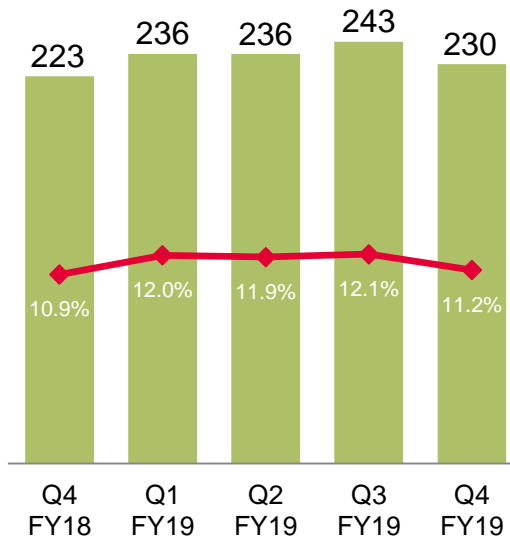
18	16	15	15	17
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Adjusted gross margin

40.6%	39.5%	38.5%	37.2%	36.3%
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R&D

— R&D expenses [EUR m] — R&D expenses as % of revenue

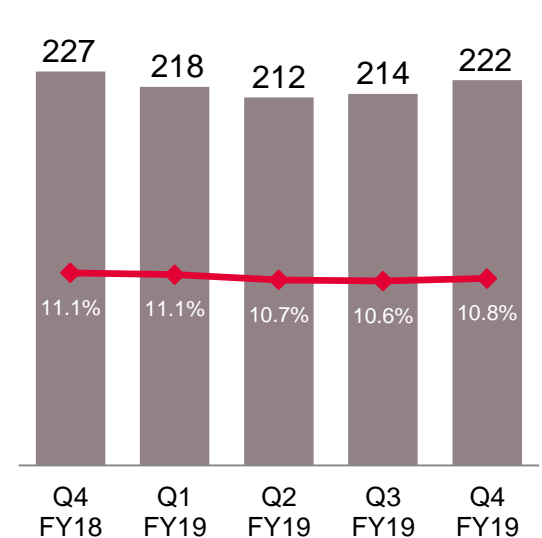


Therein non-segment result charges [EUR m]

2	1	1	1	1
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SG&A

— SG&A expenses [EUR m] — SG&A expenses as % of revenue



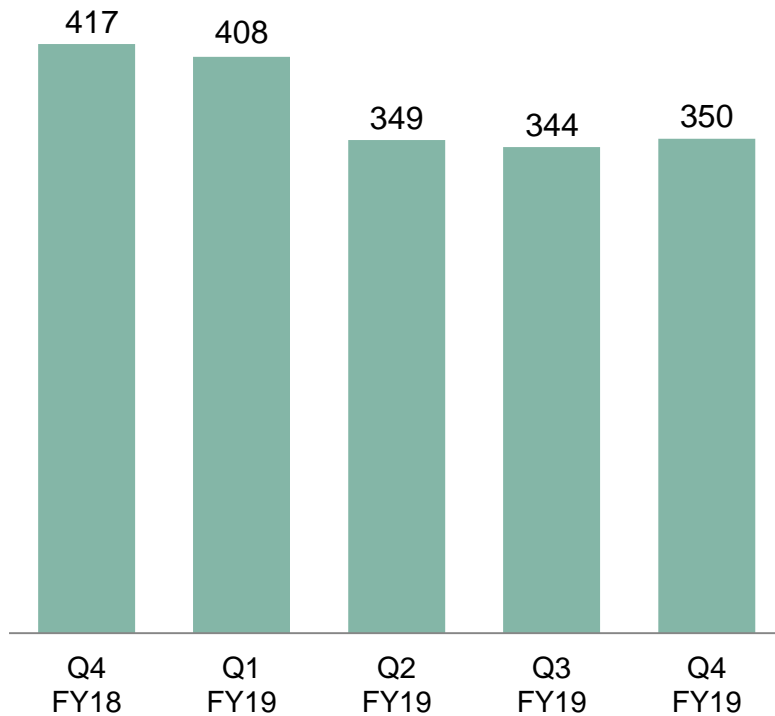
Therein non-segment result charges [EUR m]

14	15	11	12	12
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Investments and D&A

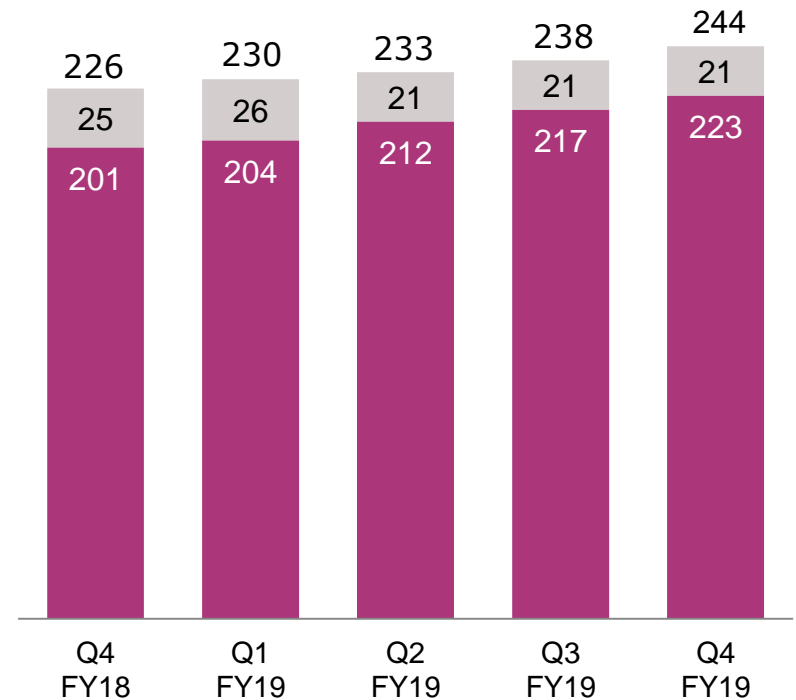
Investments

[EUR m]



D&A

■ Segment Result-related D&A [EUR m]
 ■ Non-SR-related D&A [EUR m]



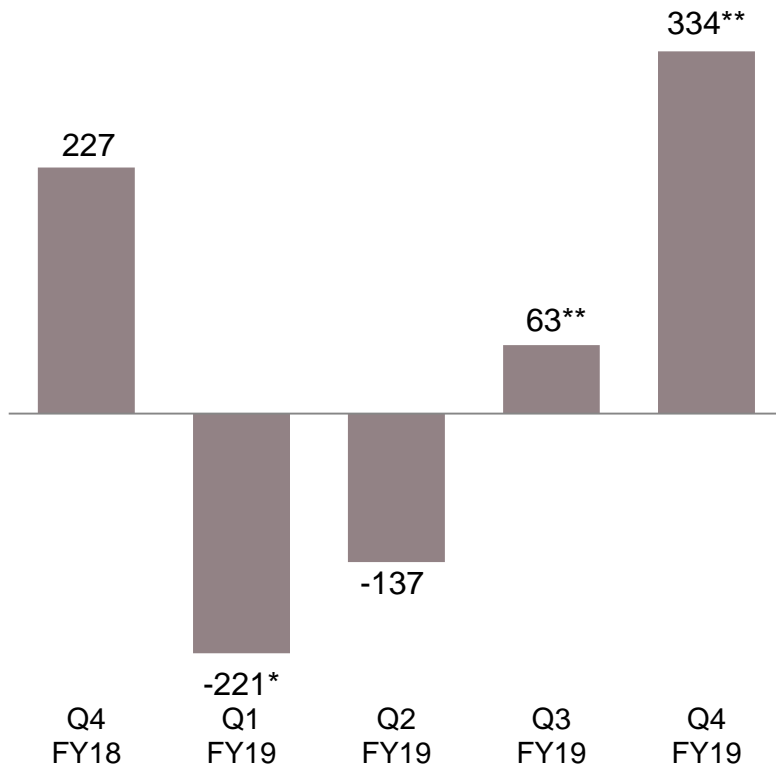
Financing: Major steps already accomplished

STEP 1	Underwriting of full acquisition amount by 3 banks	✓
STEP 2	Confirmation of investment grade rating by Standard & Poor's	✓
STEP 3	Equity de-risking: Raise of €1.5bn via ABB	✓
STEP 4	Successful syndication of acquisition facility to 20 national and international banks	✓
STEP 5	Successful launch of €1.2bn dual-tranche hybrid bond	✓
NEXT	<ul style="list-style-type: none">› Refinancing of remaining bridge and term loan through capital markets› Deleveraging: return to target level $\leq 2x$ gross debt / EBITDA in 2023	

FCF and RoCE

FCF from continued operations

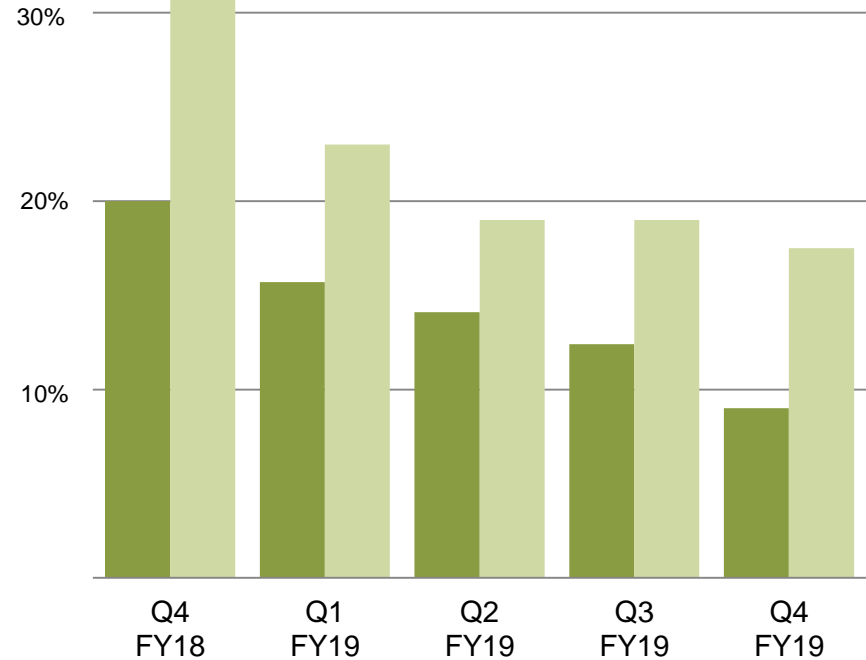
[EUR m]



RoCE

— RoCE as reported

— RoCE (excl. PPA, Deferred Tax Effects, RF Power sale, Cypress acquisition)



* Including the acquisition of Sillectra of €123m

** Including -€12m in Q3 FY19 and -€11m in Q4 FY19 related to the Cypress acquisition and its financing

Outlook for Q1 FY20 and FY20

	Outlook Q1 FY20* (compared to Q4 FY19)	Outlook FY20*
Revenue	Decline of 7% +/- 2%-points	Increase of 5% +/- 2%-points
Segment Result Margin	At the mid-point of the revenue guidance: ~13%	At the mid-point of the revenue guidance: ~16%
Investments in FY20		~€1.3bn**
D&A in FY20		~€1bn***

* Based on an assumed average exchange rate of \$1.13 for €1.00

** Includes ~€400m for cleanroom, office buildings and structural changes

*** Including D&A on tangible and intangible assets from purchase price allocation of about €60m

Key points

FY19: Showing strength in a challenging environment

- › Revenue of €8,029m: +6%
- › Segment result margin: 16.4%

FY20: In a stabilizing market...

- › Market recovery not in sight before H2 FY20
- › Structural growth drivers fully intact

... we are balancing cycle management with enabling sustainable growth

- › Dampening negative margin impacts and safeguarding profitability
- › Stable SR margin of ~16%; FCF of €500m – €700m

Questions & Answers



Appendix: Book-to-bill ratio - Definition

Book-to-bill = Orders received / Revenue in Euro per quarter

- Orders received contains order backlog and external customer forecast
External customer forecast includes consignment stock forecast by customers
Not included are internal consignment replenishment orders
- Orders received does not include unconfirmed orders received
Unconfirmed demand will be reported as orders received and in book-to-bill when it gets confirmed
- Orders received may not coincide with the IFRS 15 definition of a contract with a customer

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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