

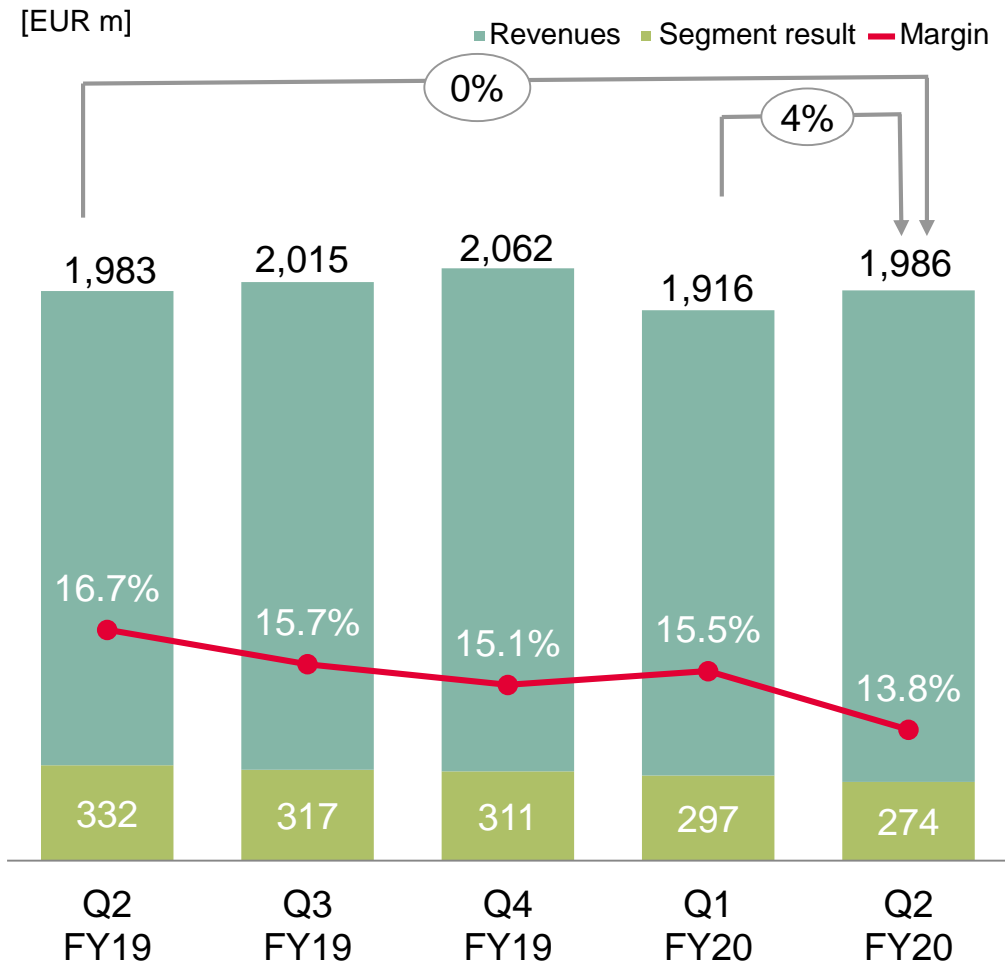
# Second Quarter FY 2020 Analyst Call

Infineon Technologies AG  
Investor Relations



# Group financial performance

## Revenues and segment result



\*See appendix for definition

## USD impact on revenue

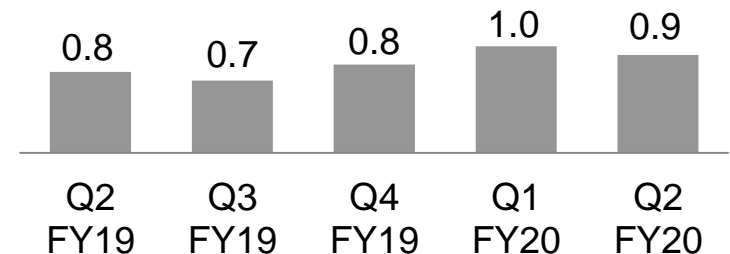
### Average exchange rate

	Q2 FY19	Q1 FY20	Q2 FY20
∅ USD/EUR	1.14	1.11	1.10

### Revenue development

	q-q	y-y
As reported	4%	0%
At const. USD/EUR	3%	-2%

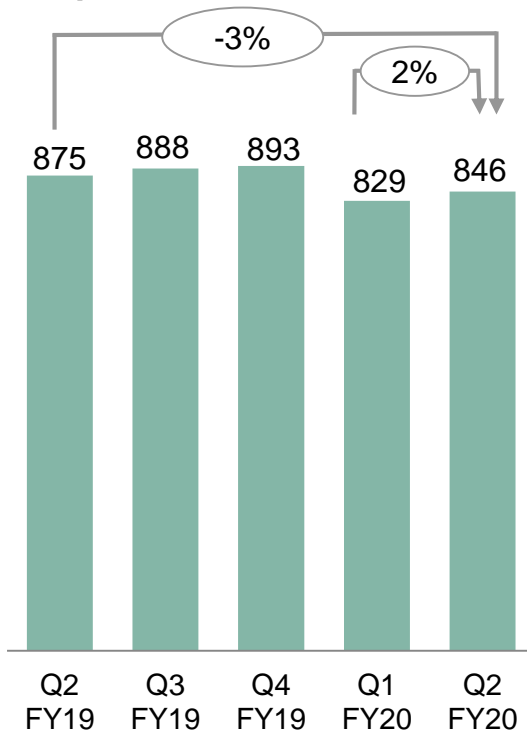
## Book-to-bill\*



# Automotive (ATV)

## Revenues

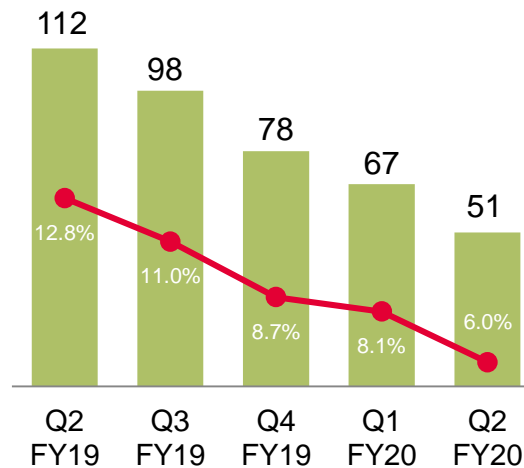
[EUR m]



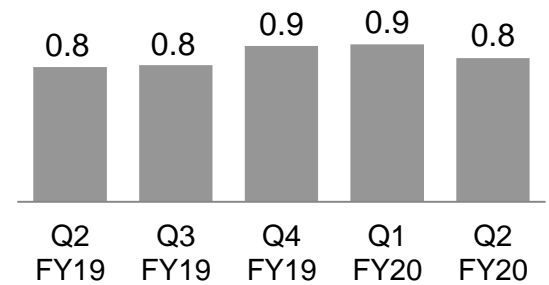
## Segment Result

[EUR m]

— Margin



## Book-to-bill

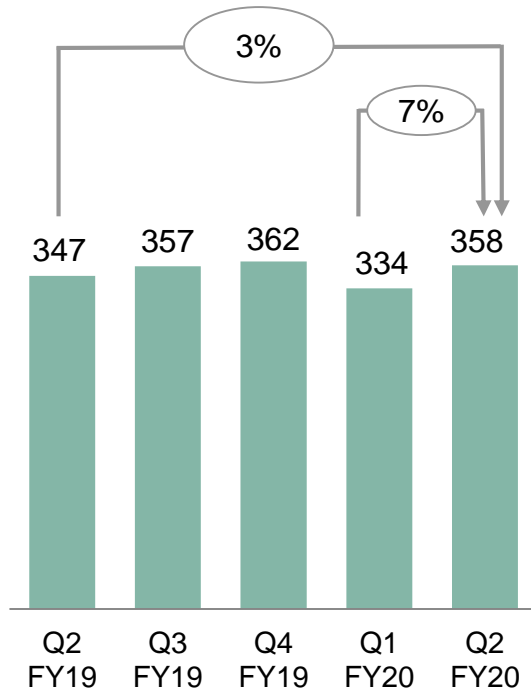


- > Quarterly revenue increase mainly driven by microcontrollers and body power components
- > Future revenues will be negatively affected by the drop in global car production triggered by the coronavirus pandemic
- > Visibility into timing and shape of a recovery remains relatively low

# Industrial Power Control (IPC)

## Revenues

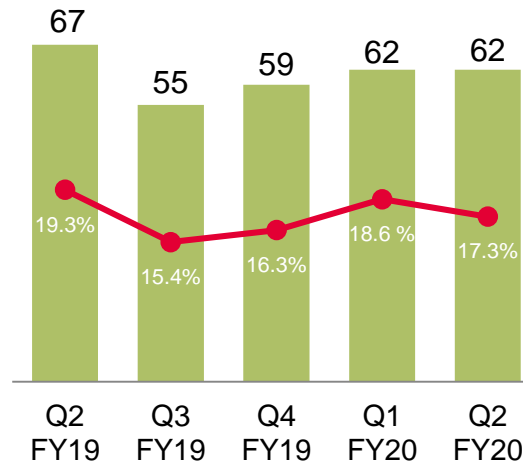
[EUR m]



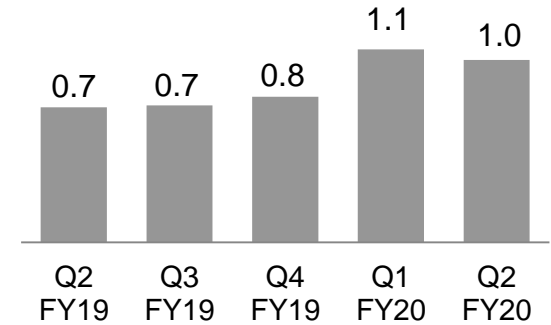
## Segment Result

[EUR m]

— Margin



## Book-to-bill

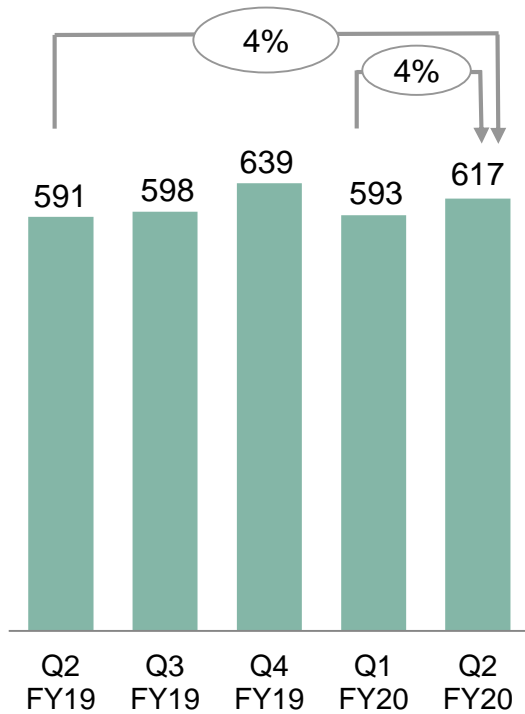


- › Wind power at all-time quarterly high, home appliances and drives saw seasonal upswings
- › Coronavirus pandemic is weighing on most industrial markets, however,...
- › ...reasonably stable outlook – diverse set of target applications, strong market position and exposure to markets with resilient demand patterns (wind power, traction)

# Power & Sensor Systems\* (PSS)

## Revenues

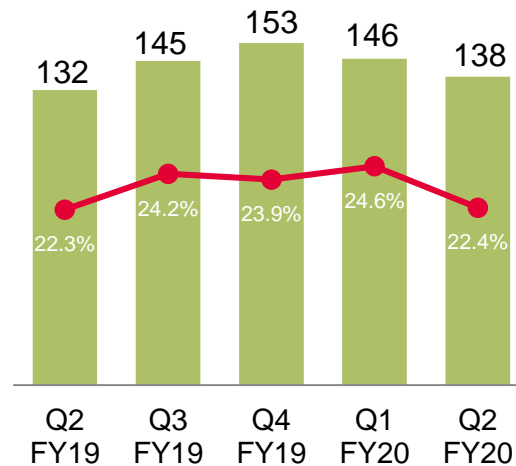
[EUR m]



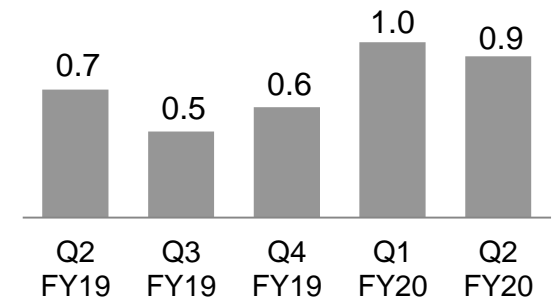
## Segment Result

[EUR m]

— Margin



## Book-to-bill



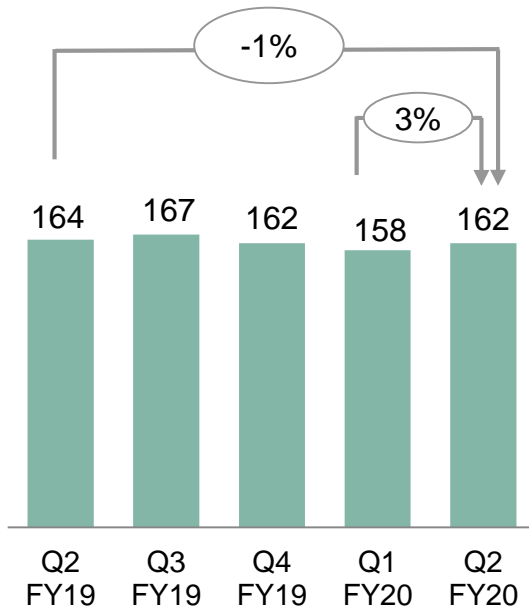
- › Growth driven by strong demand for server, datacenter and communications products
- › Near-term positive revenue trajectory expected with a delayed impact of macro weakness
  - › Continuing demand for data centers and telecoms infrastructure products
  - › Momentum for industry-leading MEMS microphones expected to continue

\* Until 31 March 2020:  
Power Management & Multimarket

# Digital Security Solutions (DSS)

## Revenues

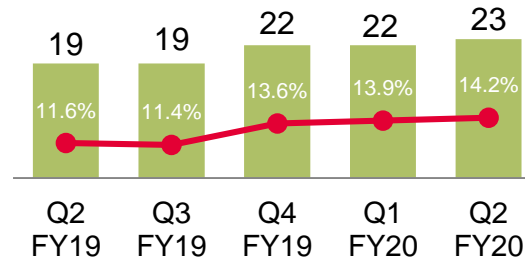
[EUR m]



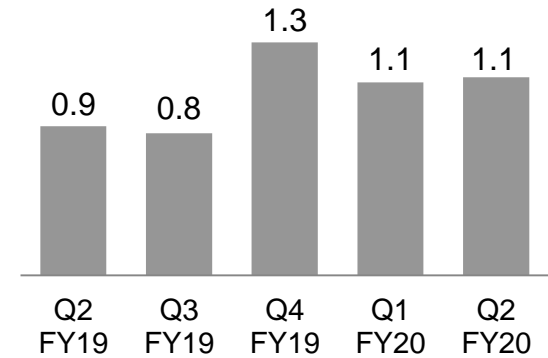
## Segment Result

[EUR m]

— Margin



## Book-to-bill

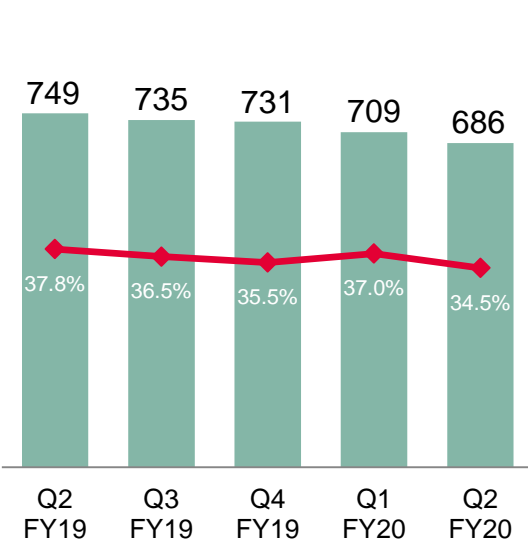


- > All product areas contributed to the quarterly revenue increase
- > Trajectory of business development supported by relative stability in key application fields
  - > Resilient demand for payment solutions and government ID
  - > Working-from-home requirements provide some tailwind for cybersecurity solutions

# Gross margin and Opex

## Gross profit

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



Therein non-segment result charges [EUR m]

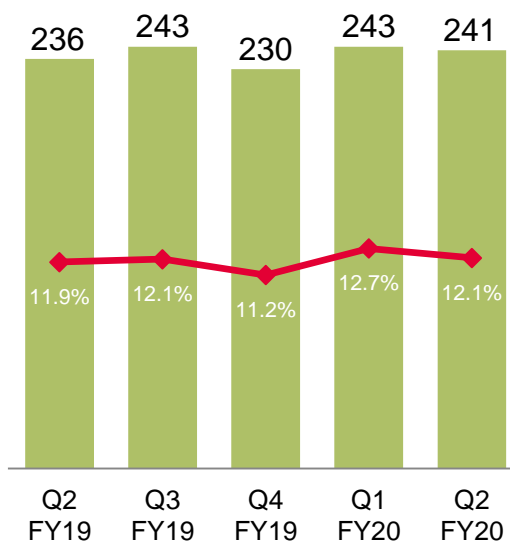
15	15	17	18	21
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Adjusted gross margin

38.5%	37.2%	36.3%	37.9%	35.6%
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## R&D

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

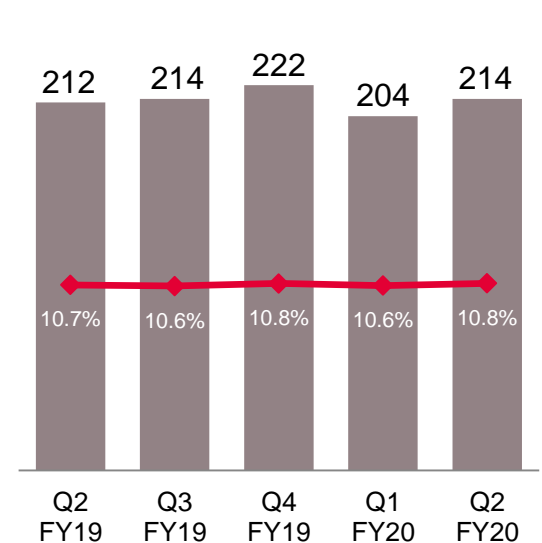


Therein non-segment result charges [EUR m]

1	1	1	1	2
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## SG&A

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



Therein non-segment result charges [EUR m]

11	12	12	13	18
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# Outlook for Q3 FY20 and FY20 including Cypress

	Outlook Q3 FY20*	Outlook FY20*
Revenue	€1.9bn to €2.3bn	~ €8.4bn +/- 5%
Segment Result Margin	At the mid-point of the revenue guidance: <b>positive mid-single digit percentage</b>	At the mid-point of the revenue guidance: <b>~12%</b>
Investments in FY20		€1.2bn – €1.3bn**
D&A in FY20		~€1.0bn***

\* Based on an assumed average exchange rate of \$1.10 for €1.00 (previously \$1.13 for €1.00).

\*\* Formerly ~€1.3bn for Infineon standalone.

\*\*\* Outlook does not yet include D&A on tangible and intangible assets from purchase price allocation of Cypress acquisition. On the other hand, outlook includes D&A on tangible and intangible assets from purchase price allocation of about €60m, primarily to International Rectifier.



# Key points

## **Q2 FY20: Solid level of profitability**

- › Revenue of €1,986m: +/-0% y-y / +4% q-q
- › Segment result margin: 13.8%

## **No playbook for coronavirus crisis**

- › Covid-19 poses unprecedented challenges, especially for auto
- › Infineon is crisis-tested
- › No loss-making quarter, double-digit annual segment result margin
- › Strong gross liquidity position (close to €3bn post Cypress closing)
- › Positive organic free cash flow generation for FY20
- › Sufficient time & flexibility to put target capital structure in place

## **Cypress makes Infineon stronger**

- › Key growth drivers electro-mobility, renewable energy, IoT intact; digital transformation accelerated by Covid-19
- › Integration of Cypress starting, enabling Infineon to emerge from crisis stronger than before

# Questions & Answers



# Appendix: Book-to-bill ratio - Definition

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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

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## **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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