

Third Quarter FY 2020 Analyst Call

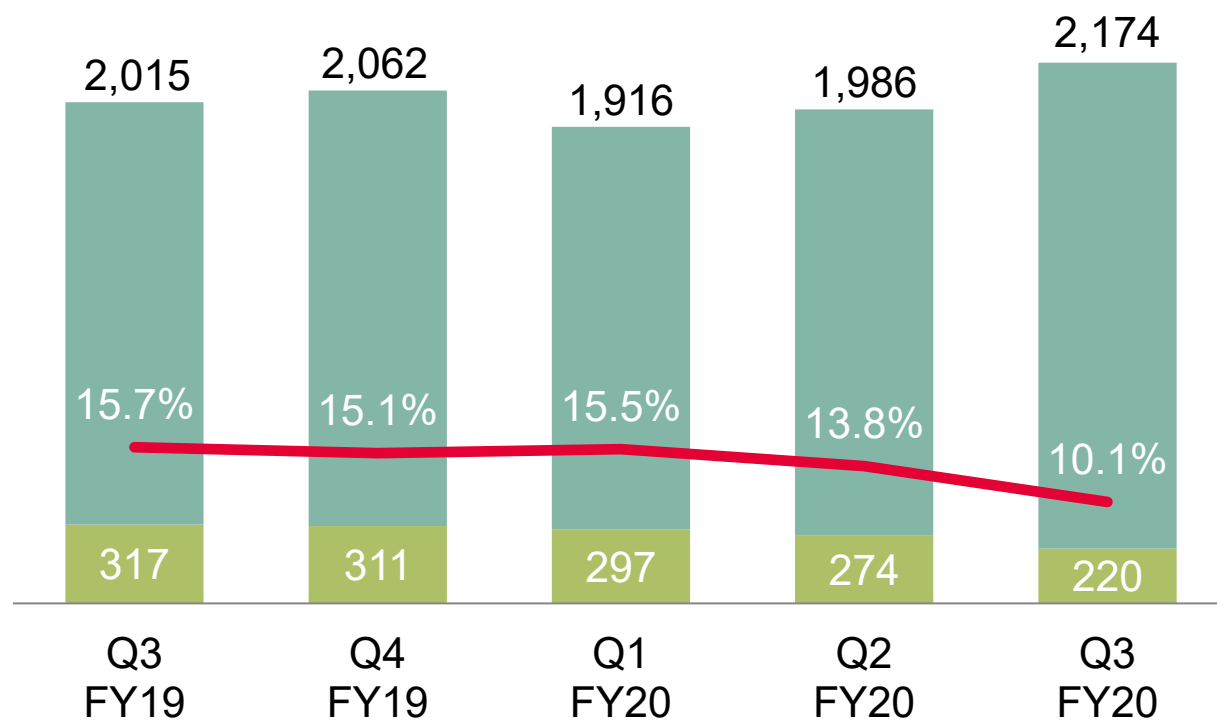
Infineon Technologies AG
Investor Relations



Group financial performance

Revenues and segment result

[EUR m]



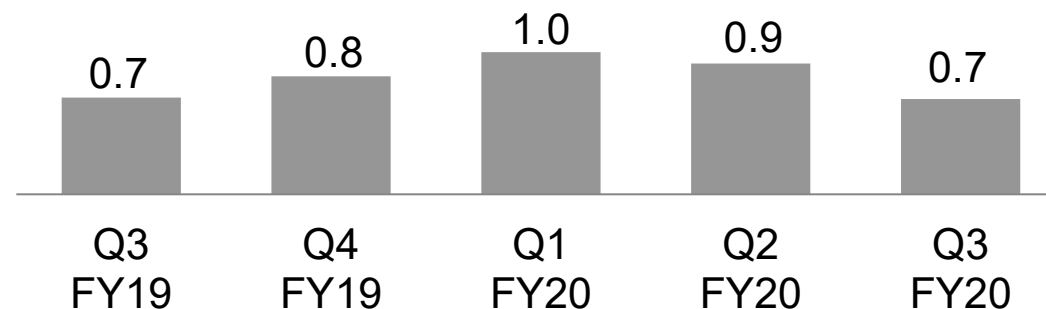
USD exchange rate

Average exchange rate

| | <u>Q3</u> <u>FY19</u> | <u>Q2</u> <u>FY20</u> | <u>Q3</u> <u>FY20</u> |
|-----------|--------------------------|--------------------------|--------------------------|
| ∅ USD/EUR | 1.12 | 1.10 | 1.10 |

Book-to-bill*

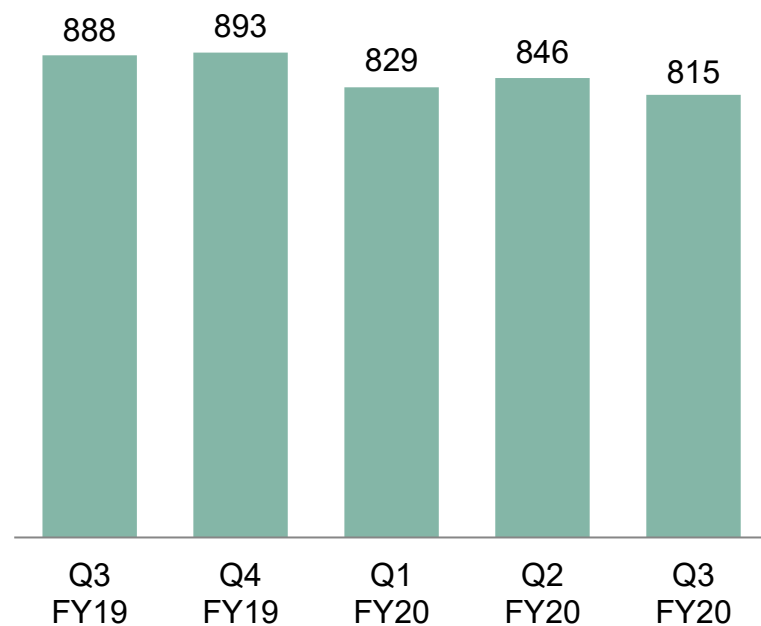
*See appendix for definition



Automotive (ATV)

Revenues

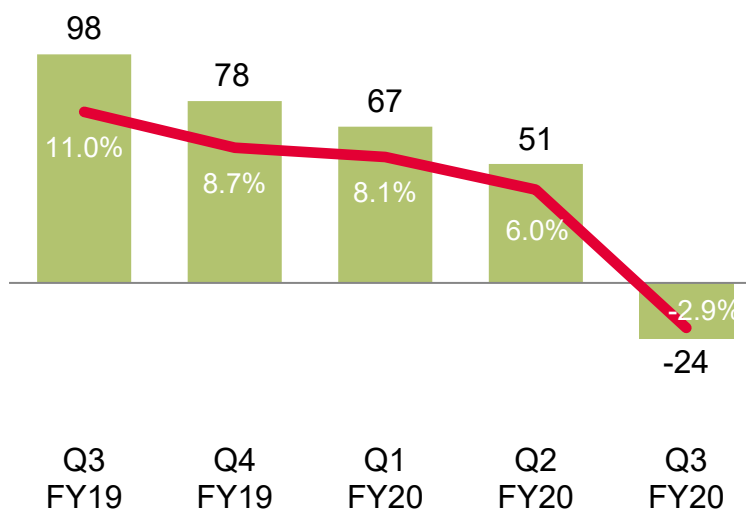
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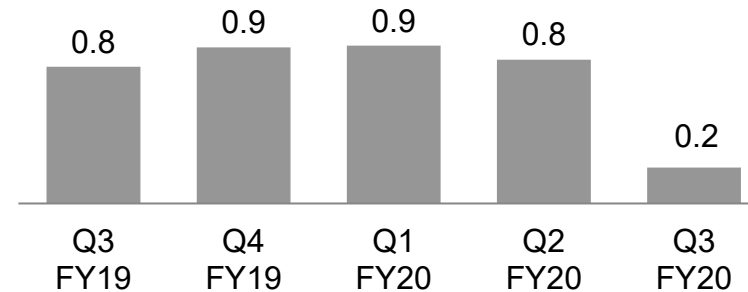
Segment Result

[EUR m]

— Margin



Book-to-bill

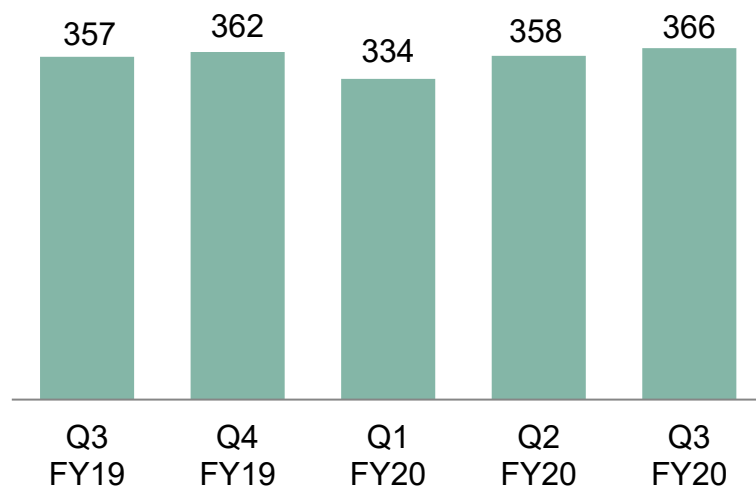


- › Nearly one fourth of revenue contributed by former Cypress businesses of automotive microcontrollers and memory solutions
- › All product areas are impacted by the contraction in car markets worldwide caused by the coronavirus pandemic
- › Undiminished content opportunity driven by rising EV and ADAS penetration

Industrial Power Control (IPC)

Revenues

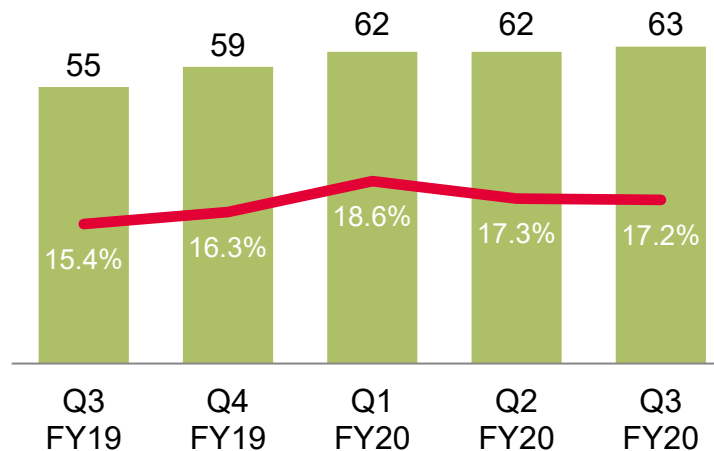
[EUR m]



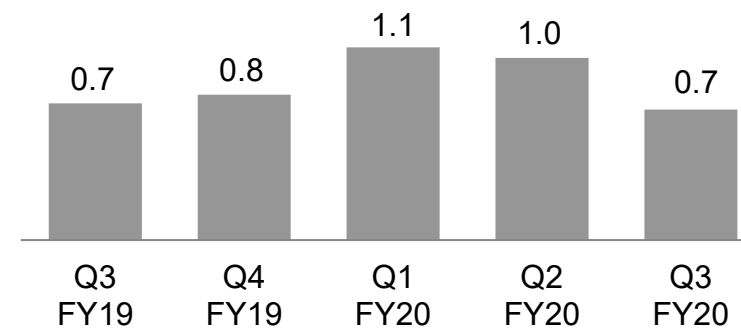
Segment Result

[EUR m]

— Margin



Book-to-bill

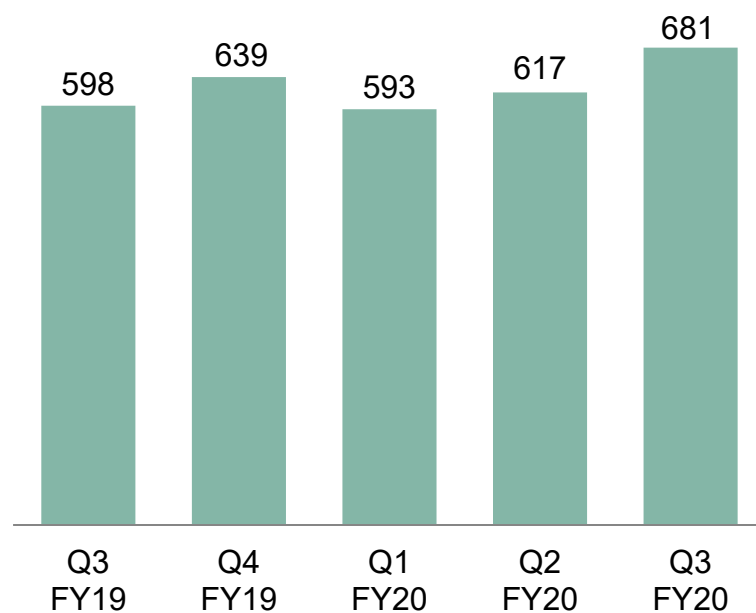


- › No revenue allocation from former Cypress
- › Stable revenue and margin development on the back of a strong market position across a broad set of applications
- › GDP decline caused by coronavirus pandemic is impacting end-markets, partly offset by resilience in areas like wind power

Power & Sensor Systems (PSS)

Revenues

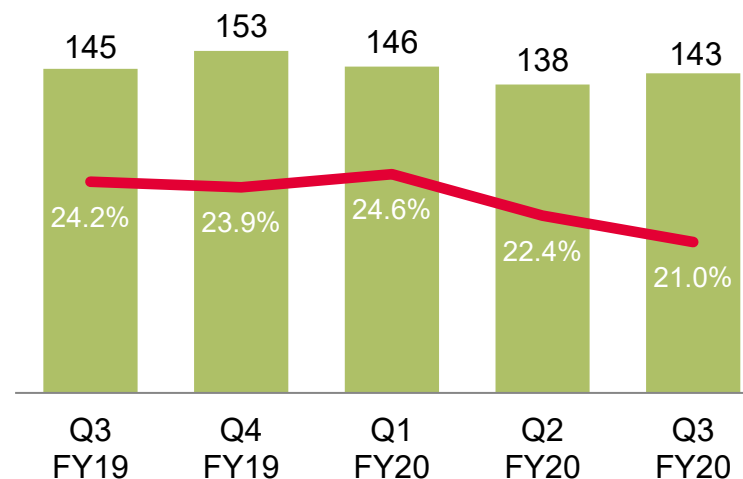
[EUR m]



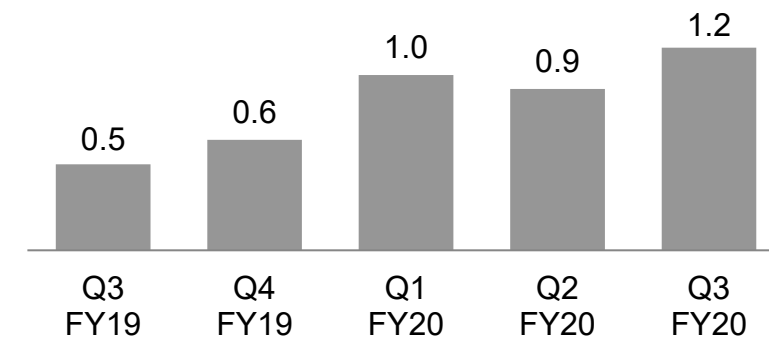
Segment Result

[EUR m]

— Margin



Book-to-bill

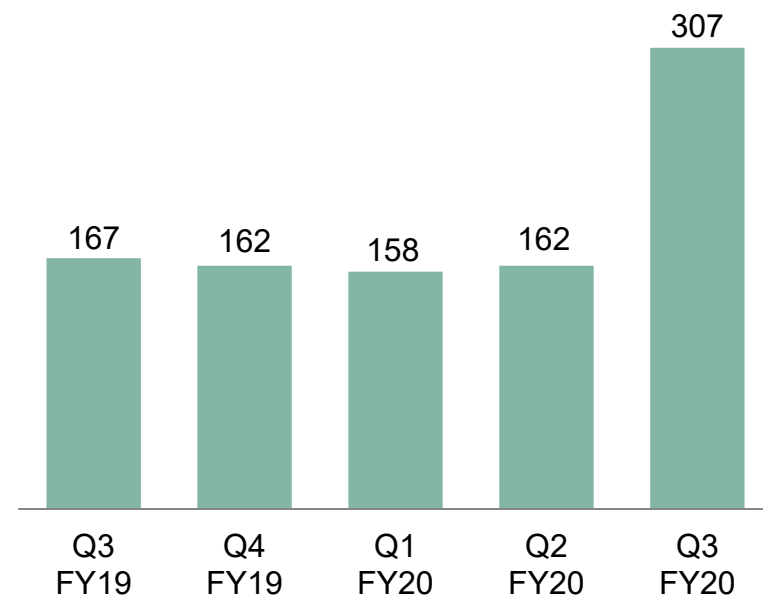


- > Less than one tenth of revenue was contributed by the former Cypress business of USB connectivity solutions
- > PSS is benefiting from digitalization, healthy demand e.g. for both AC-DC power supplies and DC-DC power stages for servers
- > 5G networks are being ramped at increasing speed; automotive and lighting applications negatively affected by economic situation

Connected Secure Systems (CSS)*

Revenues

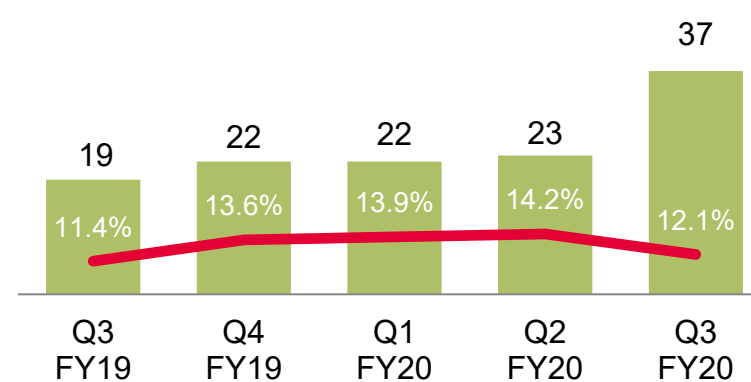
[EUR m]



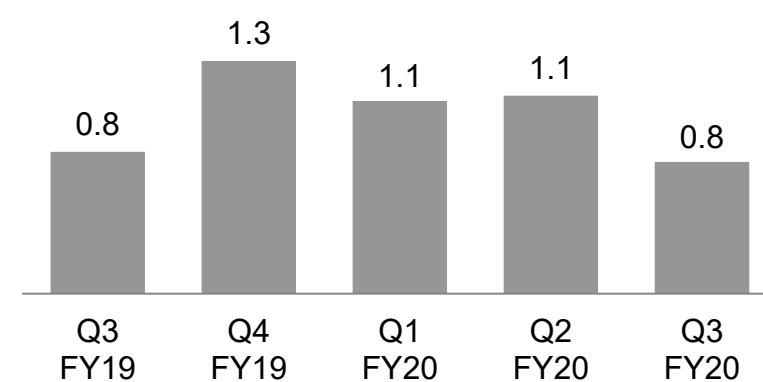
Segment Result

[EUR m]

— Margin



Book-to-bill



- > One half of revenue coming from former Cypress general-purpose microcontrollers and wireless connectivity business
- > Connectivity solutions with good design-win traction across several applications at leading OEMs
- > Accelerated adoption of contactless payment solutions; international travel restrictions weigh on identity documents

* Until 01 August 2020 Digital Security Systems. Division was renamed to better reflect the addressed business growth in markets like the IoT.

Well-defined roadmap how to capture the value of the deal

16 Apr 2020

FY21

FY23

FY25

FY28

- > generate sustainable procurement effects
- > establish one interface to the customer (OITC)
- > streamlining global shared service center set-up

- ✓ > harvest one-time cost synergies (e.g. delisting) and overhead savings (e.g. streamlining top management)
- ✓ > share existing IP and R&D roadmaps to cancel/avoid redundant development efforts
- ✓ > launch customer portfolio management and kick-off G2M push programs
- ✓ > excellent progress even during difficult corona-pandemic environment

- > have aligned and prioritized product roadmap with joint P2S concepts in place

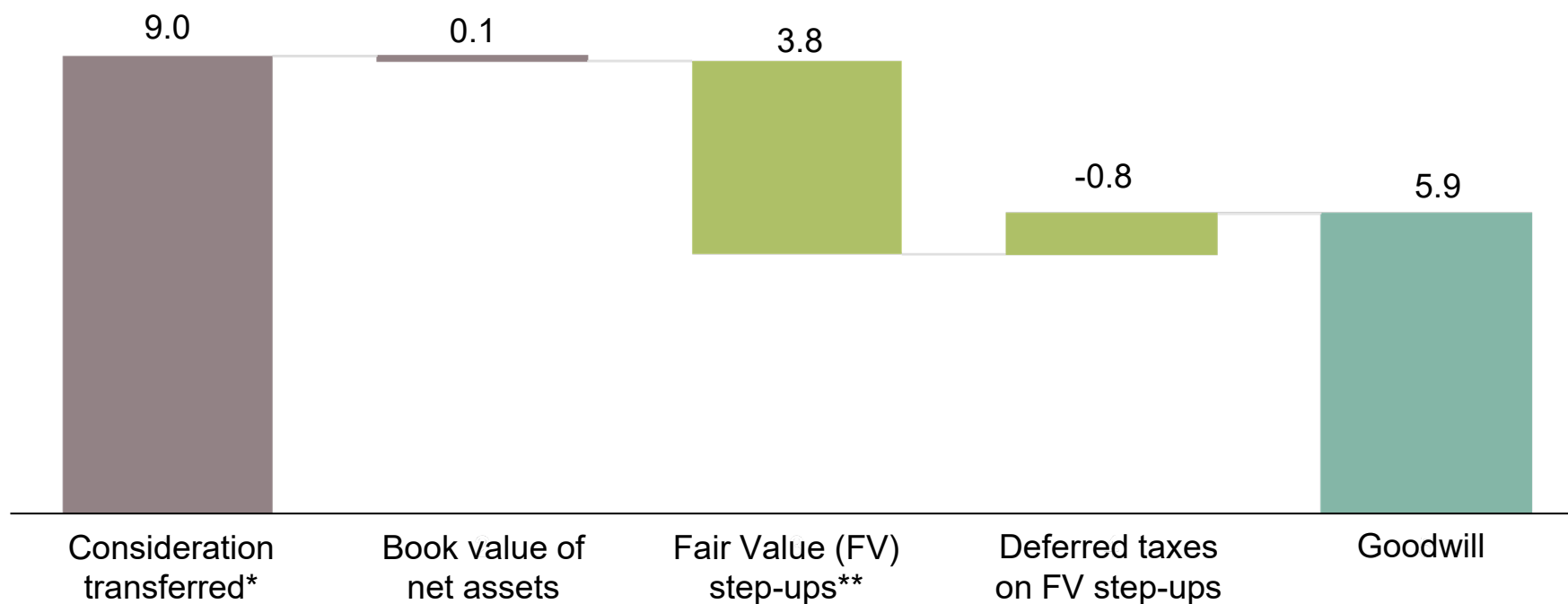
- > build on full leverage of revenue synergies
- > launch new wave of P2S products
- > identify additional adjacent and completely new target applications to fuel longer-term growth

- > Several tools in place to track and measure the progress of the integration, e.g. the planned cost and revenue synergies
- > Full commitment to new target operating model

Preliminary PPA for Cypress leads to goodwill of ~\$6bn

Results of preliminary purchase price allocation (PPA) for Cypress

[USD bn]



Will be converted to EUR at each quarter end; corresponded to €5.5bn at time of PPA

* Includes payment for common stock, assumed liabilities for stock-based awards and fx hedging gain

** On intangible assets (mainly technology, customer relationships), on inventories and PP&E

Equity part of refinancing completed; successful bond issue to repay acquisition-related bridge facility



2019

- › Arranging and syndication of acquisition facility
- › Initial equity de-risking in two steps:
 - › €1.5bn via ABB
 - › €1.2bn via dual-tranche hybrid bond



2020

- › Drawdown of acquisition facility and usage of raised funds
- › Investment grade rating of BBB- by Standard & Poor's
- › Completion of equity part via €1.0bn ABB
- › €2.9bn bond issued, with maturities up to 12 years; bridge facility completely repaid



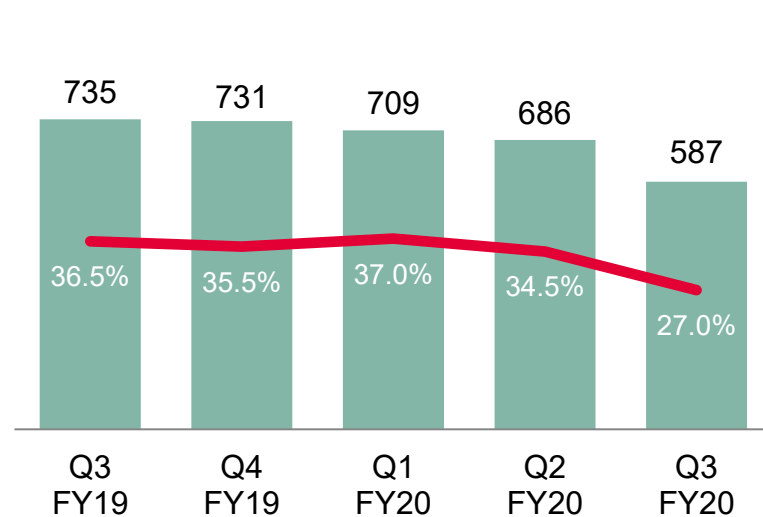
NEXT

- › Refinancing of remaining term loans (~€3.0bn) with maturities from Sep 2022 to Jun 2024 through debt capital markets
- › Deleveraging: return to target level $\leq 2x$ gross debt / EBITDA over mid-term

Gross margin and Opex

Gross profit

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



Therein non-segment result charges

[EUR m]

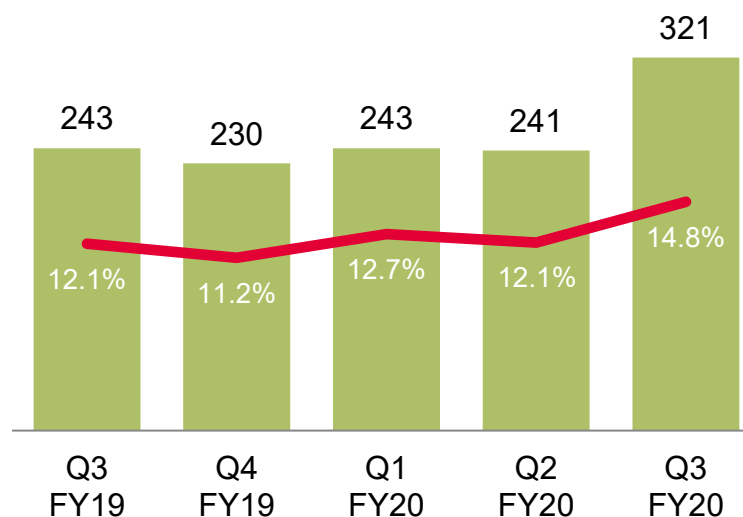


Adjusted gross margin



R&D

[EUR m] ■ R&D expenses



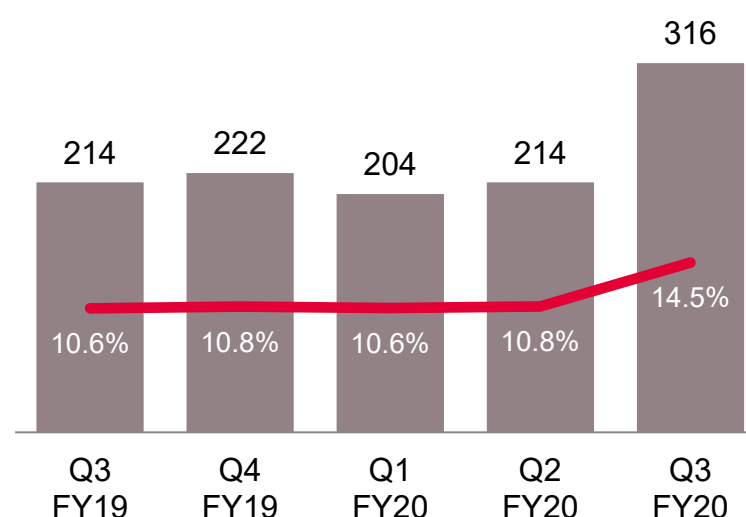
Therein non-segment result charges

[EUR m]



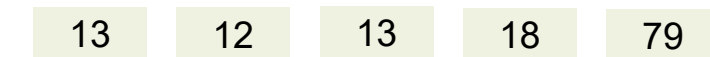
SG&A

[EUR m] ■ SG&A expenses



Therein non-segment result charges

[EUR m]



Outlook for Q4 FY20 and FY20, including Cypress since 16 April 2020

| | Outlook Q4 FY20* | Outlook FY20* |
|-----------------------|---|---------------|
| Revenue | between €2.3bn and €2.6bn | ~€8.5bn |
| Segment Result Margin | At the mid-point of the revenue guidance: ~14% | ~13% |
| Investments in FY20 | | ~€1.2bn |
| D&A in FY20 | | ~€1.3bn** |

* Based on an assumed average exchange rate of \$1.15 for €1.00 (previously \$1.10 for €1.00).

** Including the effects of the preliminary purchase price allocation for Cypress

Key points

Q3 FY20: Solid level of profitability

- › Revenue of €2,174m; Segment Result margin: 10.1%
- › Quarter likely marking the trough

Successful adoption of a task force mode for challenging market conditions

- › Resilient business model
- › With operations running, we continue to meet our customer demand
- › Underutilization charges are partly offset by cost containment measures
- › Key growth drivers electro-mobility, renewable energy, IoT intact; digital transformation will be accelerated by Covid-19 crisis

First quarter Cypress being part of Infineon

- › Promising first steps of integrating Cypress
- › Strategic benefits and envisaged synergies beginning to unfold
- › Two major refinancing transactions successfully completed

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

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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