

First Quarter FY 2021 Quarterly Update

Infineon Technologies AG
Investor Relations



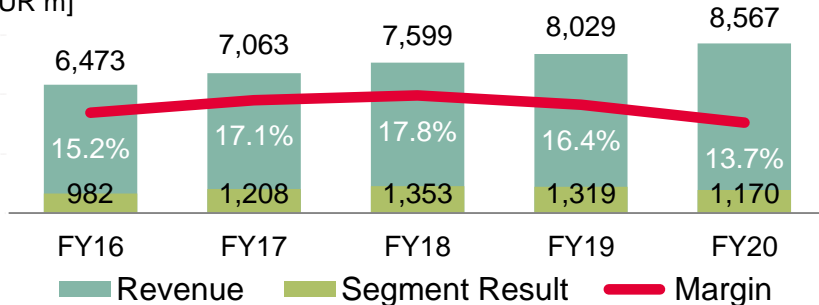
Infineon at a glance

Addressing long-term high-growth trends

- IoT (edge comp., data center, 5G, sensing, connectivity)
- electro-mobility
- assisted driving, autonomous driving
- energy efficiency, renewables, EV infrastructure
- security

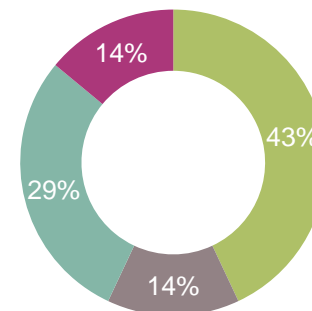
Financials

[EUR m]

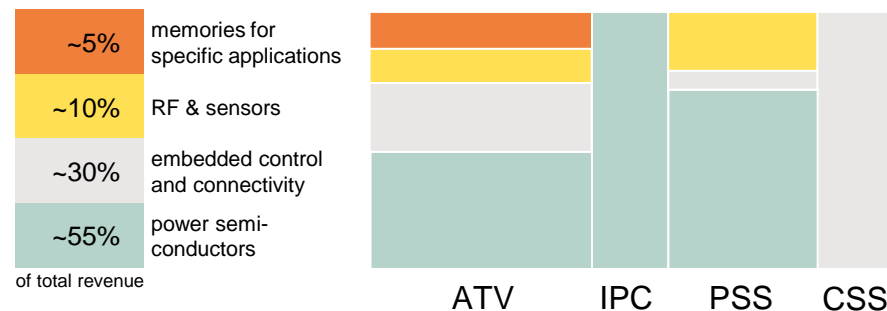


Illustrative aggregated FY20 revenue by segment

- Automotive (ATV)
- Industrial Power Control (IPC)
- Power & Sensor Systems (PSS)
- Connected Secure Systems (CSS)

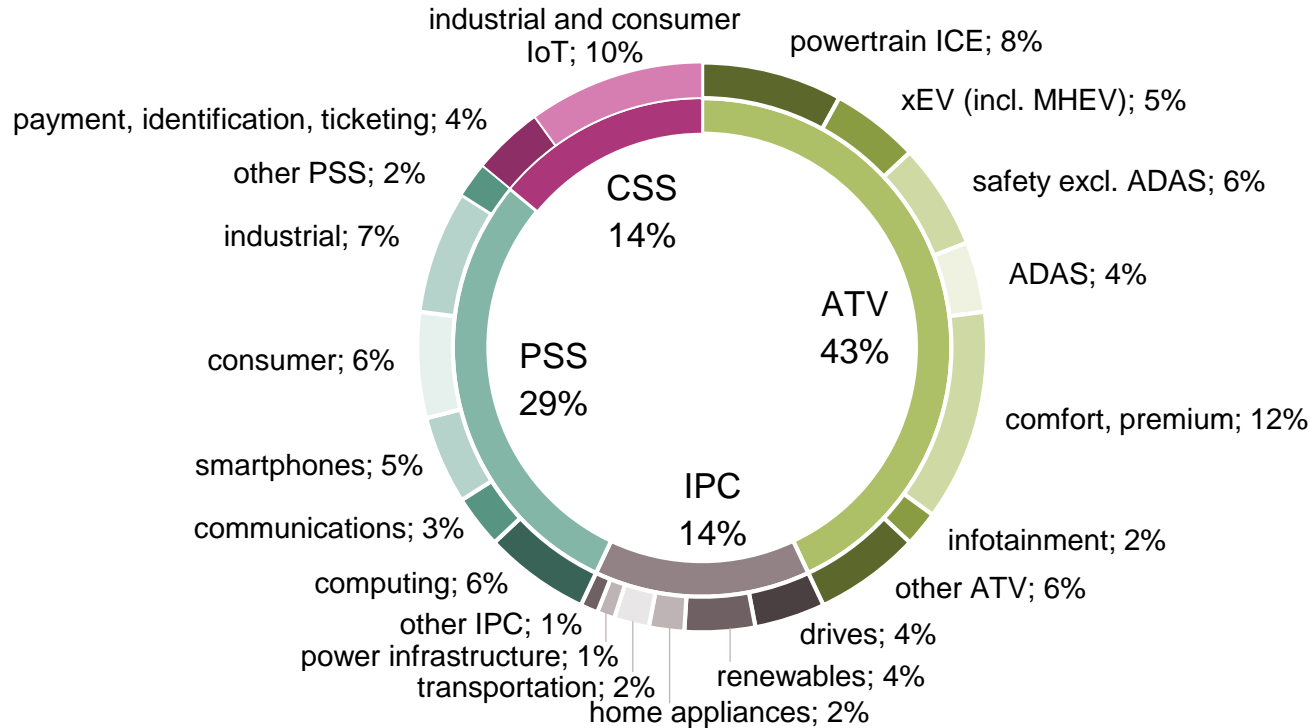


Illustrative aggregated FY20 revenue by product category



Illustrative aggregated FY20 revenue including contribution from Cypress of ~€1,900m from 1 Oct 2019 through 30 Sep 2020

Illustrative aggregated FY20 revenue of ~€9,600m by target application

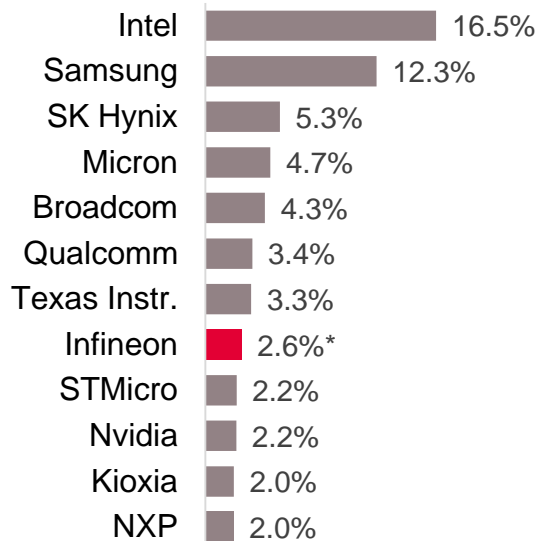


Infinion is a global top-10 player, #1 in power semiconductors, and ranked #3 in the overall microcontroller market



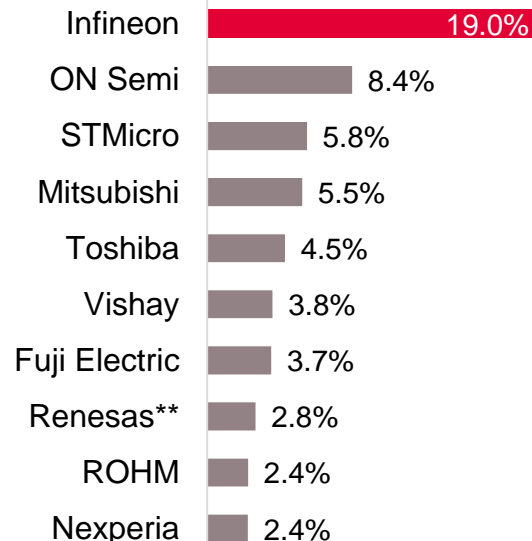
Semiconductor suppliers

2019 total market: \$428bn¹⁾



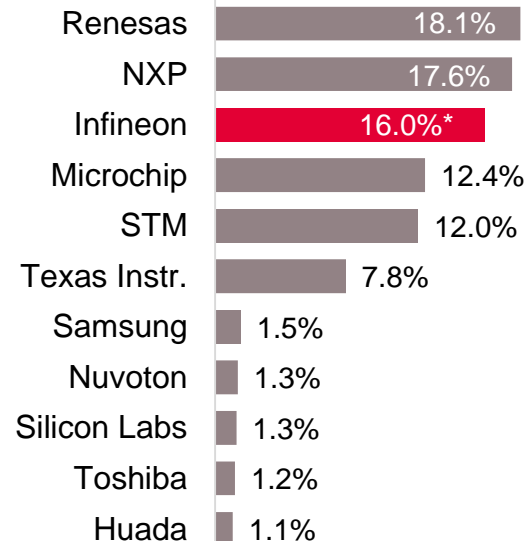
Power discretes and modules

2019 total market: \$21.0bn²⁾



MCU suppliers

2019 total market: \$17.5bn¹⁾



* including contribution from Cypress

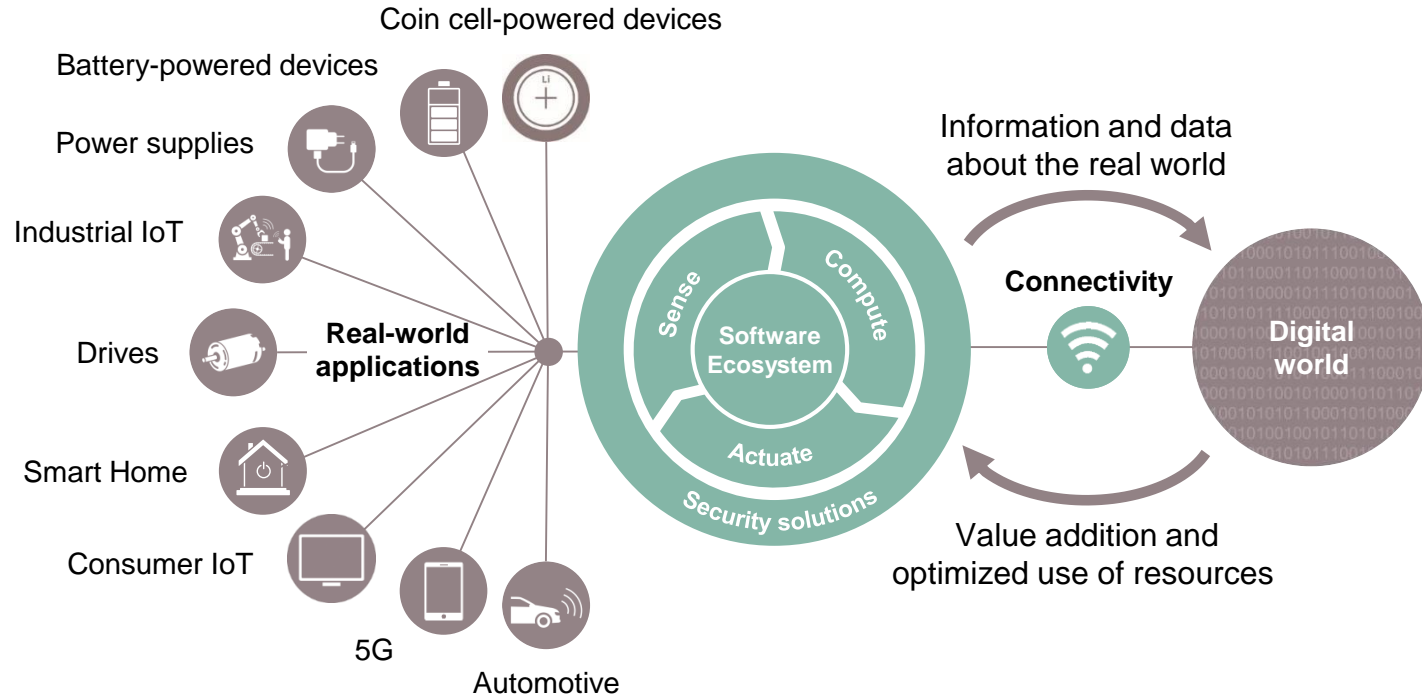
** Renesas acquired Integrated Device Technology in March 2019. Both companies were combined as Renesas in the 2019 ranking.

1) Based on or includes research from Omdia: *Annual 2001-2019 Semiconductor Market Share Competitive Landscaping Tool – Q4 2019 v2*. March 2020

2) Based on or includes research from Omdia: *Power Semiconductor Market Share Database – 2020*. September 2020

Results are not an endorsement of Infineon Technologies AG. Any reliance on these results is at the third party's own risk.

Infinion offers a unique portfolio that links the real and the digital world



Sense: sensors

Compute: microcontrollers, memories

Actuate: power semiconductors

Connectivity: Wi-Fi, Bluetooth, USB

Outlook for Q2 FY21 and FY21

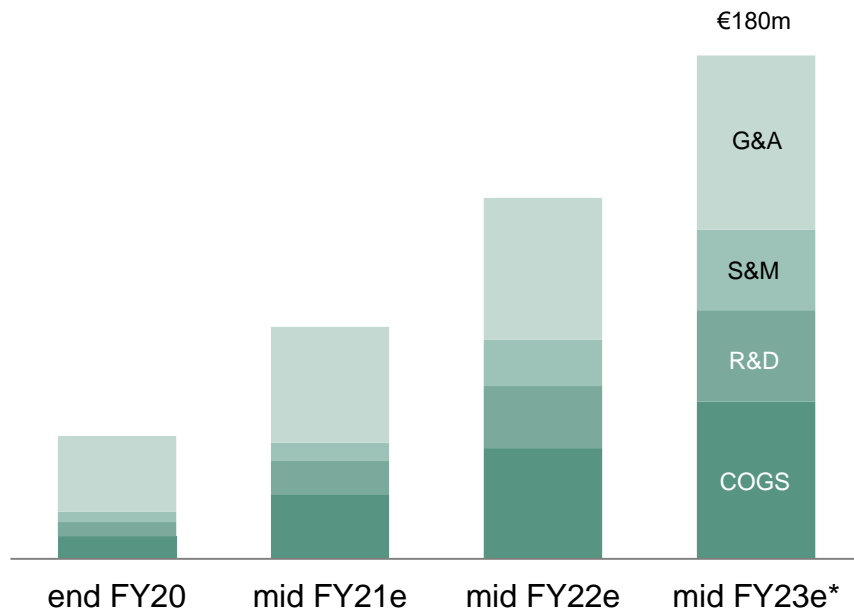
| | Outlook Q2 FY21* | Outlook FY21* |
|------------------------|---|---|
| Revenue | €2.5bn – €2.8bn | ~ €10.8bn +/- 5% (prev.: ~ €10.5bn +/- 5%) |
| Segment Result Margin | At the mid-point of the revenue guidance: ~16.5% | At the mid-point of the revenue guidance: ~17.5% (prev.: ~16.5%) |
| Investments in FY21 | | ~€1.6bn (prev.: €1.4bn – €1.5bn) |
| D&A in FY21 | | €1.5bn – €1.6bn** |
| Free cash flow in FY21 | | > €800m (prev.: > €700m) |

* Based on an assumed average exchange rate of \$1.20 for €1.00; previously \$1.15 for €1.00

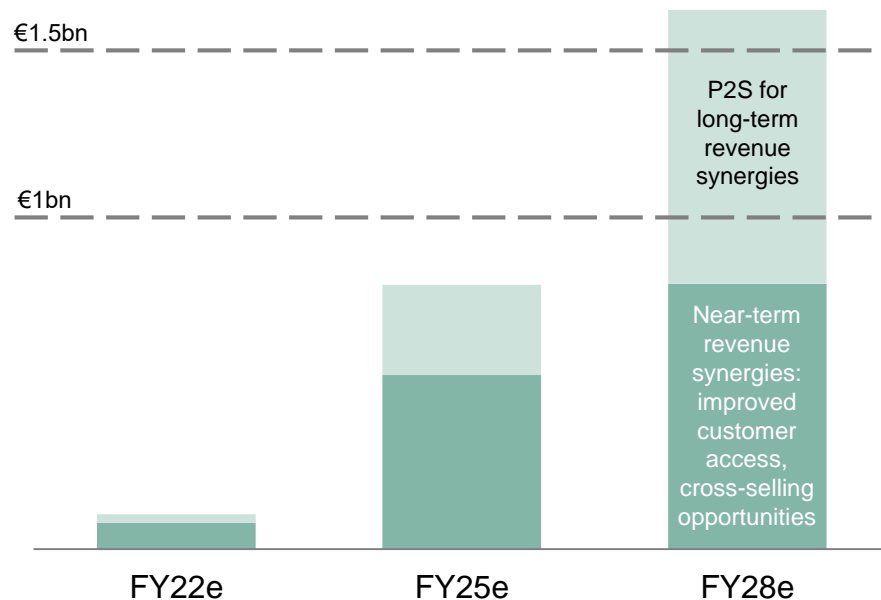
** Including the effects of the purchase price allocation for Cypress and, to a lesser extent, International Rectifier

Reaping of synergies on track

Planned ramp-up of cost synergies






Planned ramp-up of revenue synergies



Expected integration and restructuring costs equivalent to ~1x cost synergies one-off over time.

* Expected cost synergies of €180m p.a. gradually ramping up over approximately three years after closing (16 April 2020).

Infineon's through-cycle target operating model

| | | Target Operating Model |
|-----------------------|---|--|
| | | Infineon financial performance to approach targets as Cypress integration progresses |
| Revenue growth |  | 9%+ |
| Segment Result Margin |  | 19% |
| Investment-to-sales |  | 13% |

Infiniteon XENSIV™ PAS CO₂ sensor enables highly-precise CO₂ measuring and will ramp-up for mass market in mid 2021

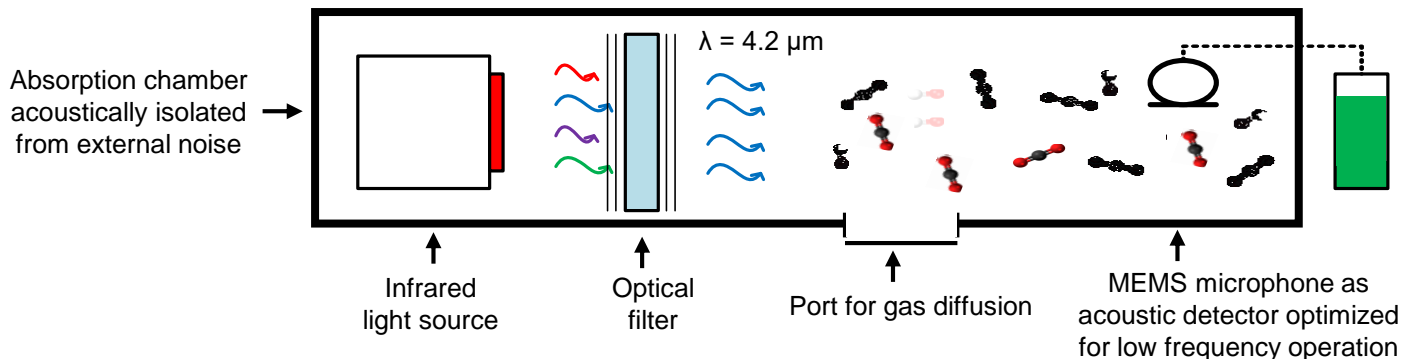


Photoacoustic spectroscopy (PAS) technology based on Infineon's high-sensitivity MEMS microphone

- › Infineon XENSIV™ PAS CO₂ sensor enables highly-precise, cost-effective and space saving CO₂ measuring
- › The technology offers an exceptionally small form factor (14 mm x 13.8 mm x 7.5 mm) that is 4x smaller and 3x lighter (2 grams) than the typical NDIR (non-dispersive infrared) sensor, allowing for more than 75% space savings in customer systems
- › The SMD package ensures compatibility with high-volume manufacturing standards, enabling cost-effective, fast assembly and system integration
- › Advanced compensation and configuration algorithms enable a plug-&-play sensor and fast design-to-market



All XENSIV™ PAS CO₂ sensor components are developed in-house, enabling full control of the system





ESG: targets and achievements



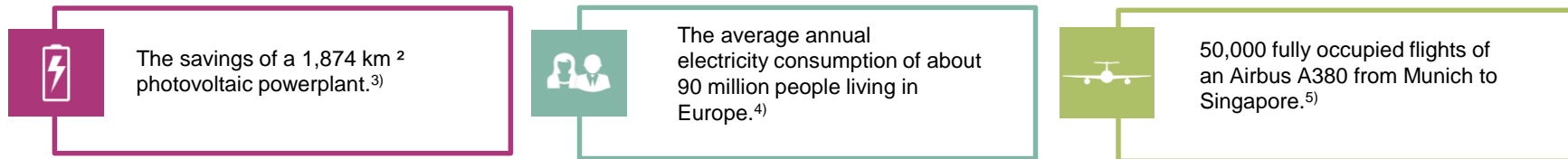
Our products and innovations together with an efficient production are key elements to deal with climate change

We contribute a CO₂ reduction of more than 54 million tons



* The increase in the burden of CO₂ equivalents can mainly be explained by including manufacturing service providers for the first time into the calculation

Our net ecologic CO₂ benefit is equal to...



For explanatory notes see appendix

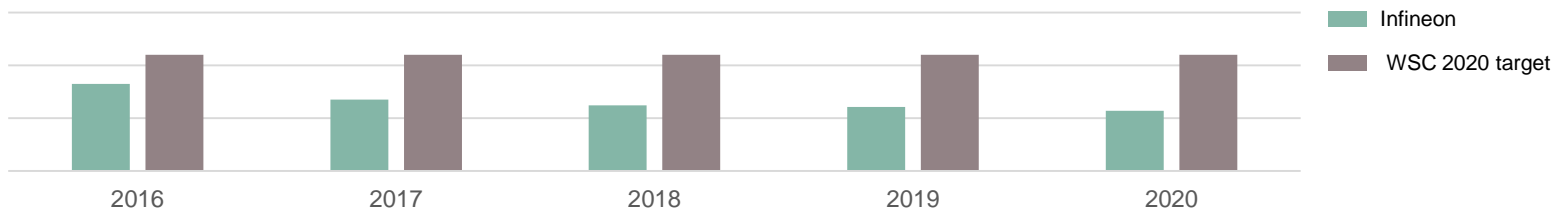
Infineon will become carbon-neutral by 2030

70% CO₂ emissions reduction target in 2025 (Scope 1 and 2 emissions)

1. Avoiding direct emissions and further reducing energy consumption
2. Purchasing green electricity with guarantees of origin for unavoidable emissions
3. Compensate the smallest part by certificates that combine development support and CO₂ abatement

Abatement of Perfluorinated Compounds (PFC's)¹⁾ is one of the most important measures avoiding direct emissions.










Normalized PFC emissions rate in tons of CO₂ equivalent per square meter wafer



Historically, Infineon's normalized emission rate has been below WSC 2020 target of 2.2 in tons of CO₂ per square wafer

¹⁾ Namely perfluorinated and polyfluorinated carbon compounds, sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃)

External recognitions confirm our engagement in contributing to a sustainable society

| | | Rating/Score | Scale | Date |
|---|--|---|------------|---------|
|  | MSCI ESG | AA | CCC to AAA | 02/2020 |
|  | CDP | B climate scoring B water scoring | F to A | 12/2020 |
|  | Ecovadis | 98 th percentile “Gold” award | 0 to 100 | 11/2020 |
|  | Dow Jones Sustainability Index | 81 Dow Jones Sustainability™ World and Europe Index listing | 0 to 100 | 11/2020 |
|  | Ethibel Sustainability Index Excelece Europe” | Index member | - | 05/2020 |
|  | ISS ESG Corporate Rating | B- Prime Status | D- to A+ | 01/2021 |
|  | FTSE4Good Index | Index member | - | 07/2020 |
|  | Euronext Vigeo Eurozone 120 Index Euronext Vigeo Europe 120 Index | Indices member | - | 06/2020 |
|  | Sustainalytics | 77 “Outperformer” level | 0 to 100 | 06/2020 |

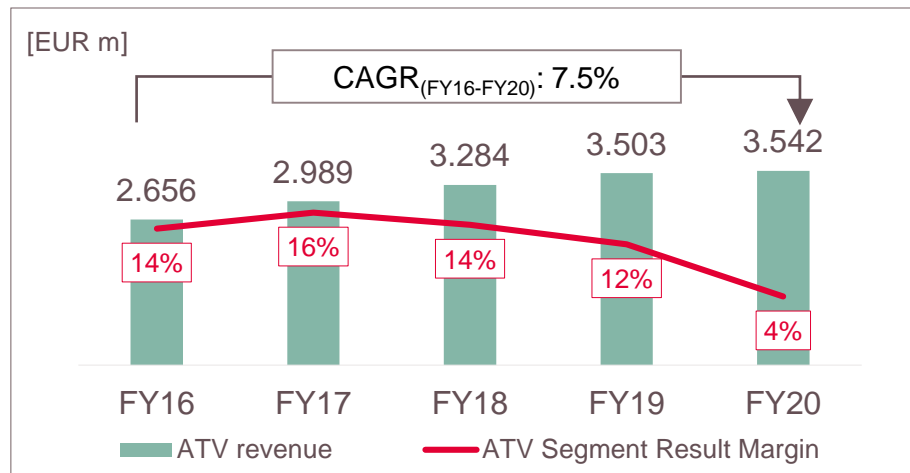


Automotive

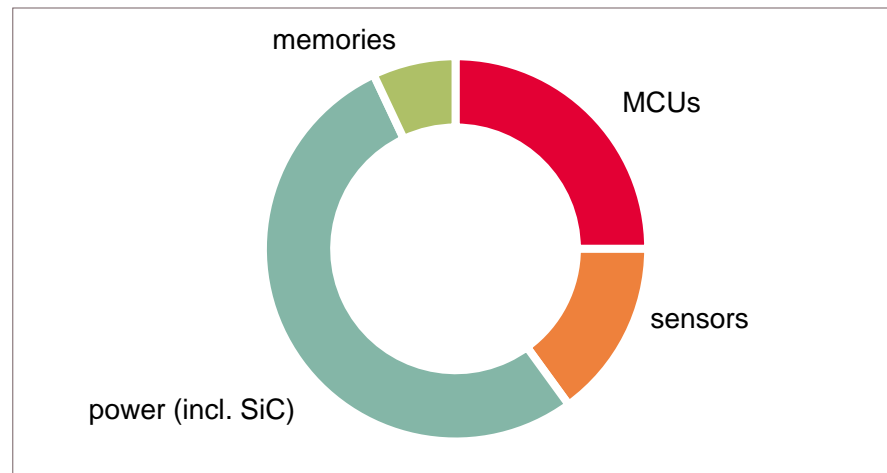


ATV at a glance

ATV revenue and Segment Result Margin



FY20 revenue split by product group



Key customers



Market outlook for ATV division's target applications

Applications

Market Outlook for CY21



- › Y-Y recovery with unit growth at mid-teens %
- › Unit growth momentum could be limited near-term by shortage in semiconductors but could be compensated in H2 CY21; however, further upside is limited
- › Continued uncertainties related to market development mainly due to COVID-19 pandemic



- › Incentives and CO₂ regulations should keep demand high; especially in Europe
- › Improving consumer sentiment around sustainability theme
- › Steady investments in EV charging infrastructure further lowers reservation towards EVs

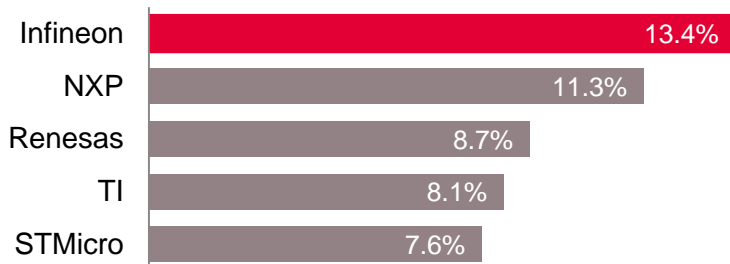


- › Further increase in L1 and L2 penetration expected
- › L2+ shipments still at the initial phase

Infiniteon's top market position is built on system competence based on an industry-leading product portfolio

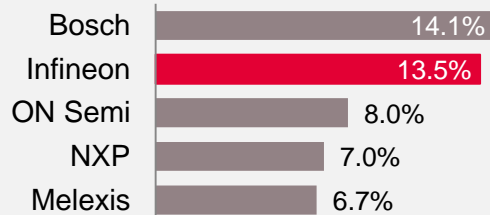


Automotive semiconductors (2019 total market: \$37.2bn)

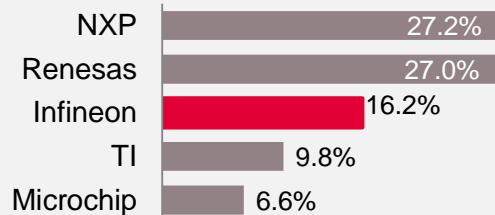


- › New #1 in the total market post acquisition of Cypress
- › Solid #1 in power despite xEV subsidies cut in China in H2 CY19
- › Undisputed #1 in automotive NOR Flash memory
- › Fostering #2 in sensors (from 10.4%_{CY12} to 13.5%_{CY19})
- › Significant market share gain in microcontroller – both organically (strong demand for AURIX™) and via Cypress acquisition

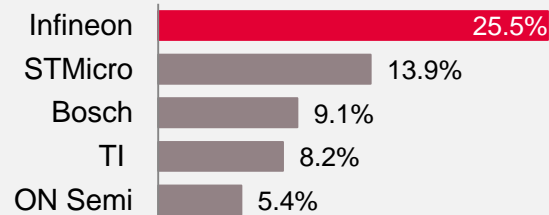
Sensors



Microcontrollers



Power semiconductors



Source: Strategy Analytics: *Automotive Semiconductor Vendor Market Shares v2*. May 2020. The market shares shown here are the combined market shares of Infineon and Cypress based on their individual figures.

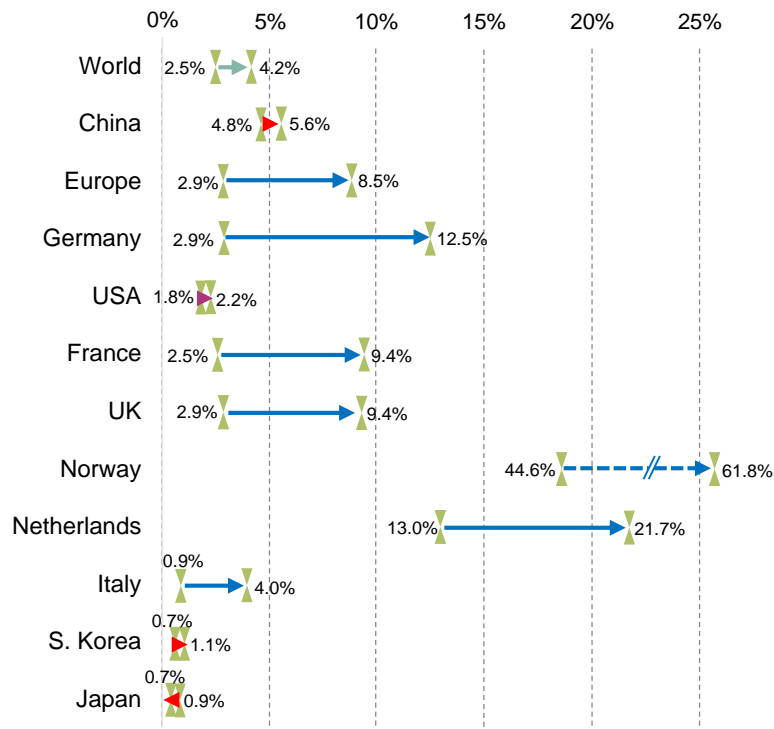


Electro-mobility



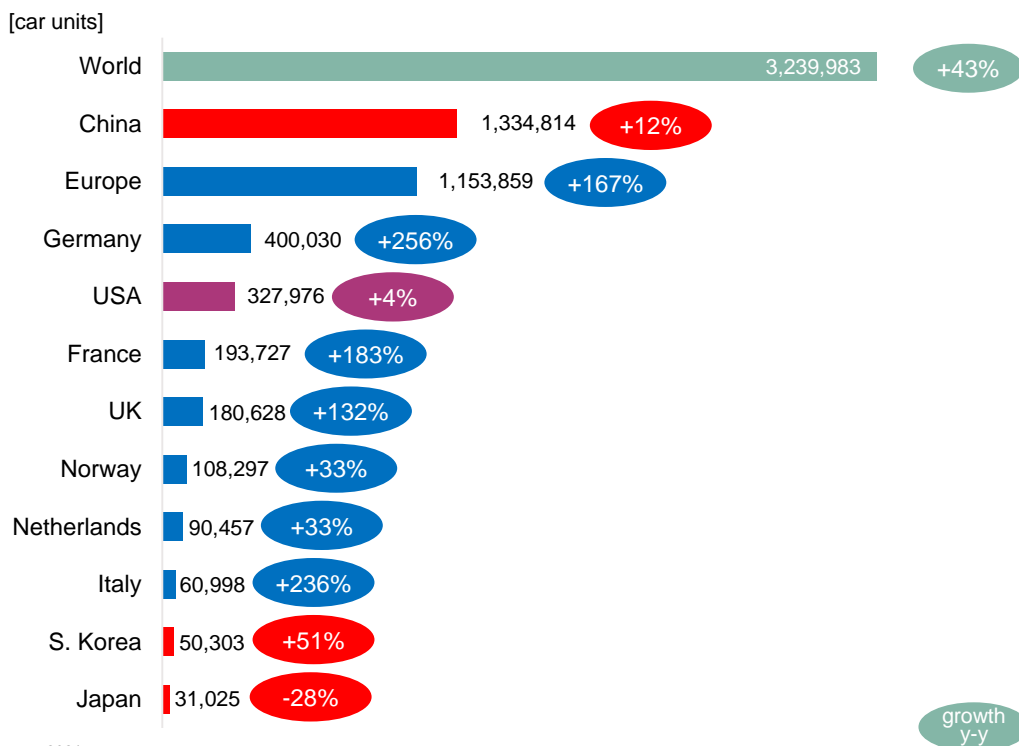
Driven by triple-digit y-y growth in most countries, xEV penetration rate tripled from 2019 to 2020 – years earlier than prev. expected

xEV penetration rate change from 2019 to 2020



Source: EV Volume: BEV & PHEV Final December Sales. January 2021. IHS Markit: LV Sales Base Global. January 2021.

2020 xEV sales



growth
y-y

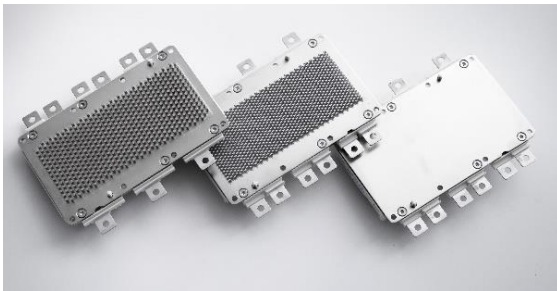
Infiniteon provides leading-edge power module technology to top-selling Chinese NEV models



Li Auto: LiXiang One



Scalable Infineon HybridPACK™ Drive portfolio



XPeng: P7



Nio: ES8, ES6, EC6



- › > 20 BEV platforms in production with Infineon HybridPACK™ Drive
- › > 1m pieces shipped with an unparalleled quality performance
- › Available with Si and SiC chips
- › Scalable module portfolio meets cost-performance sweet spots between 120 kW and 250 kW
- › Optimized versions for 400 V and 800V battery voltage

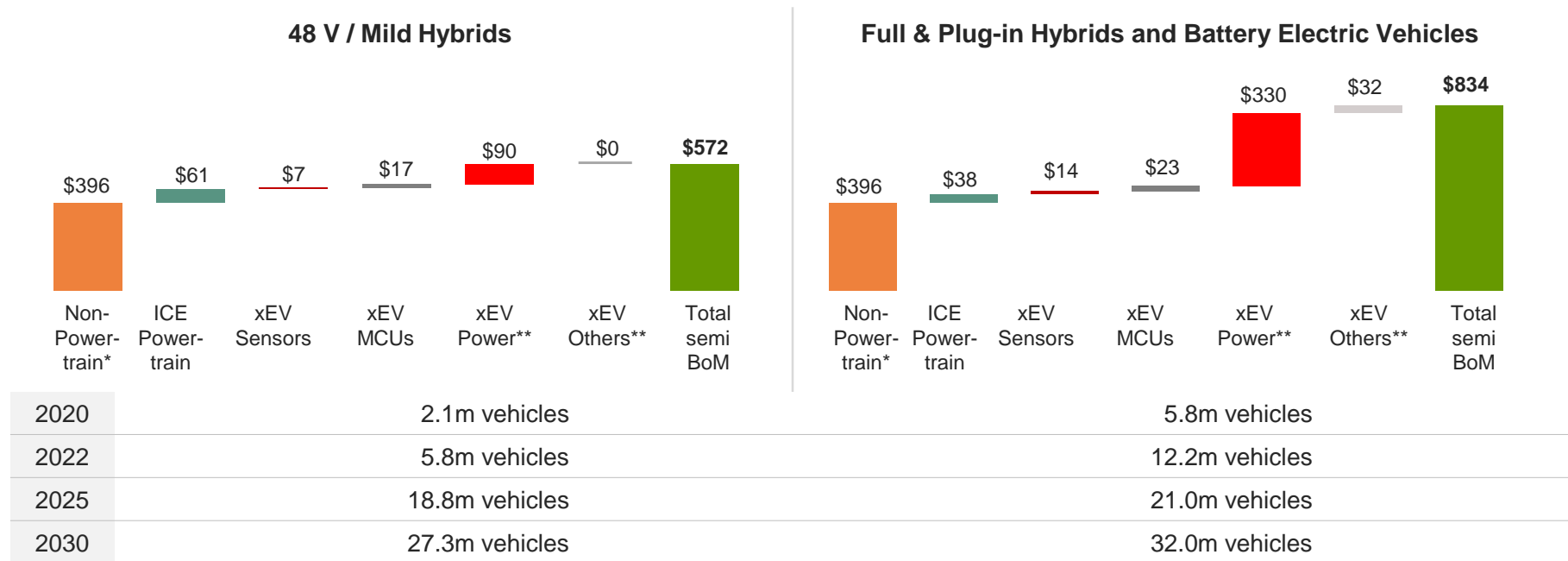
Weltmeister: EX5



The incremental content of power semiconductors in xEV is a significant opportunity for Infineon



2020 average xEV semiconductor content by degree of electrification



* Non-Powertrain: average semiconductor content in body, chassis, safety and infotainment application segments

** "power" includes voltage regulators and ASIC; "others" include opto, small signal discretes, memory

Source: Infineon; based on or includes content supplied by IHS Markit, Automotive Group: *Alternative Propulsion Forecast*. July 2020;

Strategy Analytics: *Automotive Semiconductor Demand Forecast 2018-2027* and *Automotive Sensor Demand 2018-2027*. July 2020

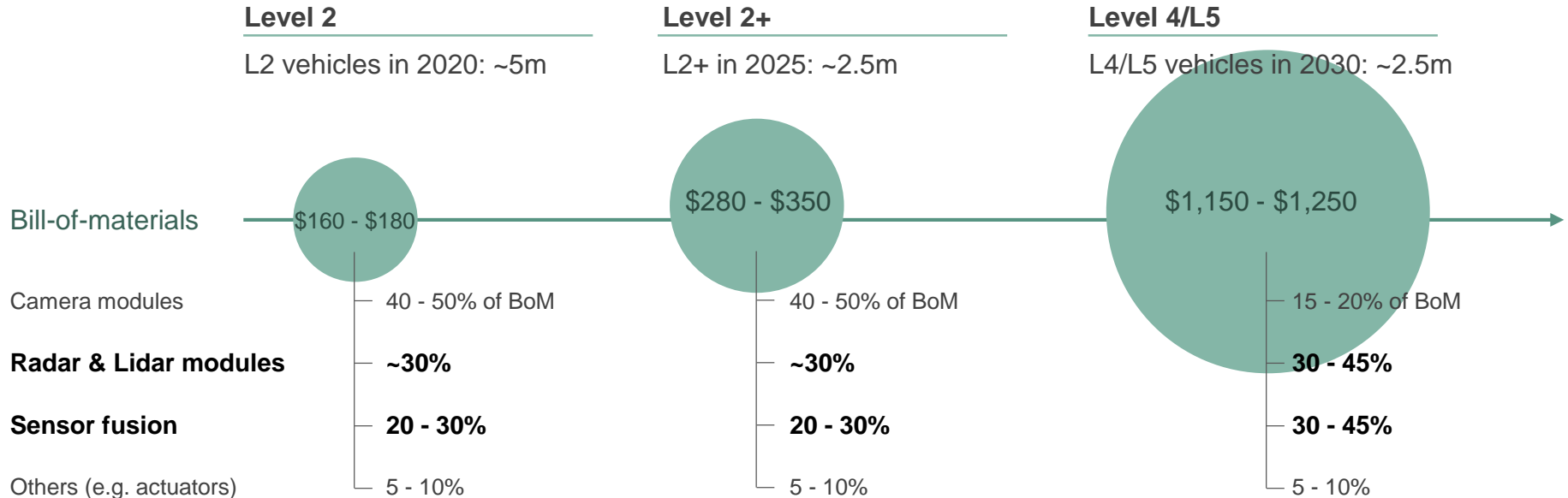


Automated Driving



Radar/Lidar modules and sensor fusion will grab the lion's share of semiconductor BoM in ADAS/AD-equipped cars

Incremental average semiconductor content per car by level of automation at the given years

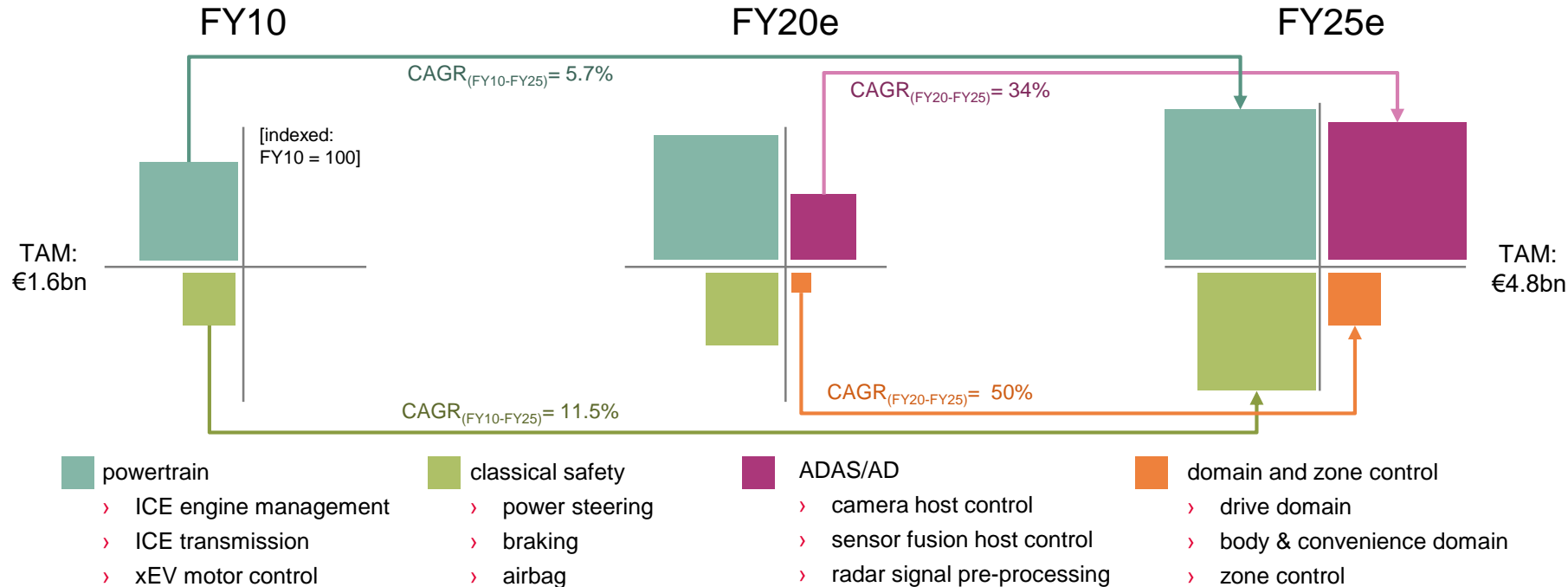


Source: Strategy Analytics: *Automated Driving Semiconductor Market Estimate*. August 2020; Infineon
BoM contains all type of semiconductors (e.g. radar modules include μ C); sensor fusion does not include memory.
BoM are projected figures for the respective time frame.

The Infineon AURIX™ μ C family has become the first-choice automotive architecture for high-growth and safety-critical applications



Infineon AURIX™ revenue development over time



Source: Infineon; Strategy Analytics: *Automotive Semiconductor Demand Forecast*. February 2020. Covering Infineon target markets; excl. body, comfort, infotainment.

Strong microcontroller footprint in next-generation high-volume platforms



OEM platform #1:

- › 14 MCUs (+ NOR Flash + Wi-Fi)
- › start of production: end of CY20

| | | | |
|---|---|--|---|
| Engine control module AURIX™ TC38x | Braking AURIX™ TC39x | AD fusion standard AURIX™ TC39x | Instrument cluster NOR Flash S26KS512 |
| Drivetrain control module AURIX™ TC23x | Airbag AURIX™ TC23x | AD fusion high-end AURIX™ TC39x | Infotainment module 89359 (Wi-Fi / Bluetooth) |
| Transmission control module AURIX™ TC27x | Electric power steering AURIX™ TC27x | Central AD decision module AURIX™ TC39x | Central AD module NOR Flash S70FL01G S25FL512 S25FS512 |
| Automatic gear shifter module AURIX™ TC23x | Automatic sway bar AURIX™ TC23x | Secure gateway module AURIX™ TC39x | |
| Electronic slip differential AURIX™ TC23x | Map driver assistance AURIX™ TC39x | | |

Infineon heritage

Cypress heritage

OEM platform #2:

- › 20 MCUs
- › start of production: CY22

| | | | |
|---|---|---|---|
| Engine management AURIX™ TC38x | Braking AURIX™ TC38x | AD fusion standard AURIX™ TC39x | Cluster TFT module FCR4 MB9DF125 |
| Diesel engine management AURIX™ TC39x | Airbag AURIX™ TC37x | AD fusion high-end AURIX™ TC39x | 8" rear-seat entertainment TrueTouch TMA78 |
| Transmission control module AURIX™ TC38x | Electric power steering AURIX™ TC36x | Front camera AURIX™ TC37x | 10" navigation module TrueTouch TMA1036 |
| Inverter PHEV AURIX™ TC38x | Suspension CVC AURIX™ TC38x | Radar domain processing AURIX™ TC39x | Climate, gearshift MMI FR CY91xxx |
| Door module FR MB91520 | Alarm system module FR MB91F520 | Digital instrument cluster Traveo I S6J332 | Head light module FR MB91F525 |




Infineon's Power Strategy



Infineon's portfolio covers the entire range of power and frequency

What is a power switch?

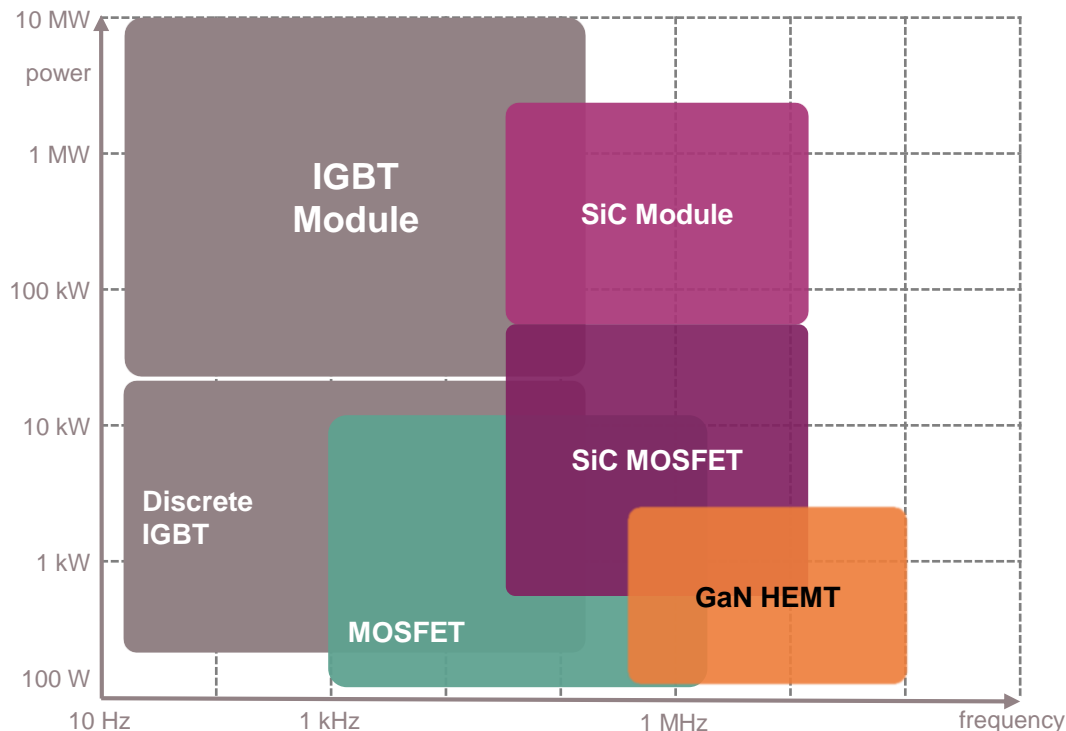



 When turned on
 → current flows
 When turned off
 → current is blocked

What counts?

- > Losses in on-state ($R_{DS(on)}$)
- > Heat dissipation
- > Max. switching frequency
- > Die size
- > Package size (form factor)

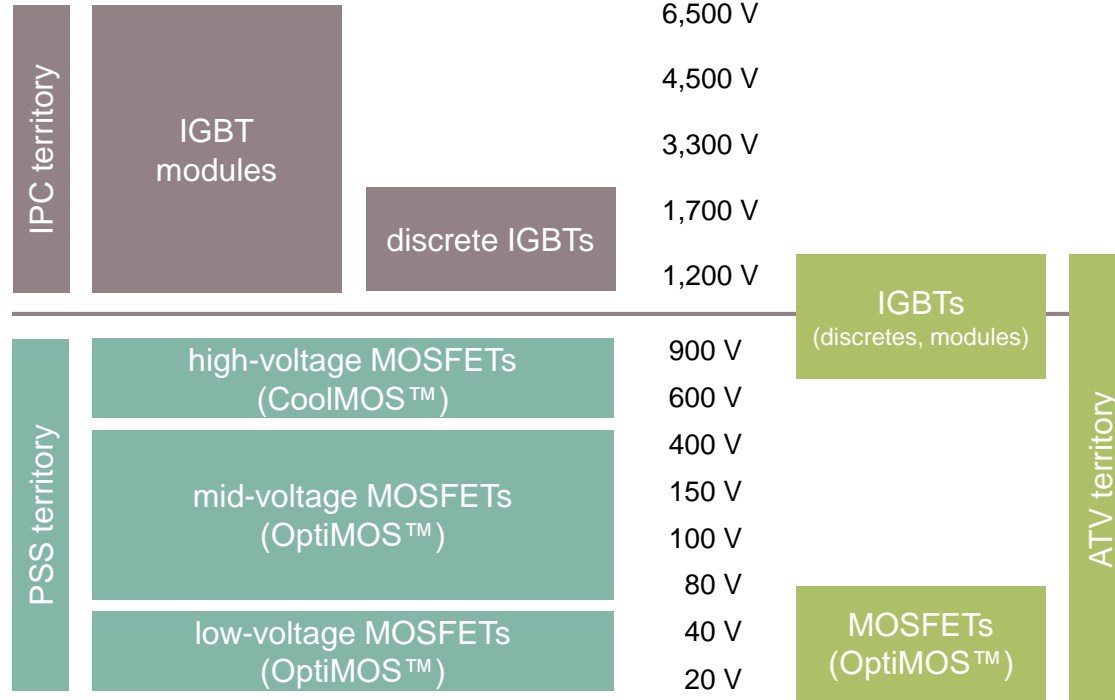
How are power switches categorized?



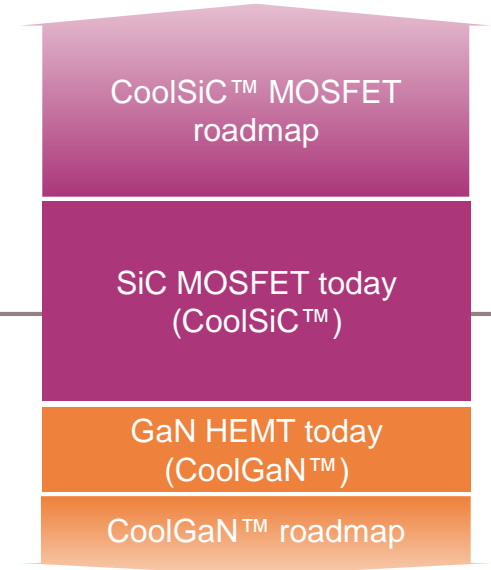
Infiniteon's discrete power portfolio* is basically separated by voltage classes



Silicon-based power switches



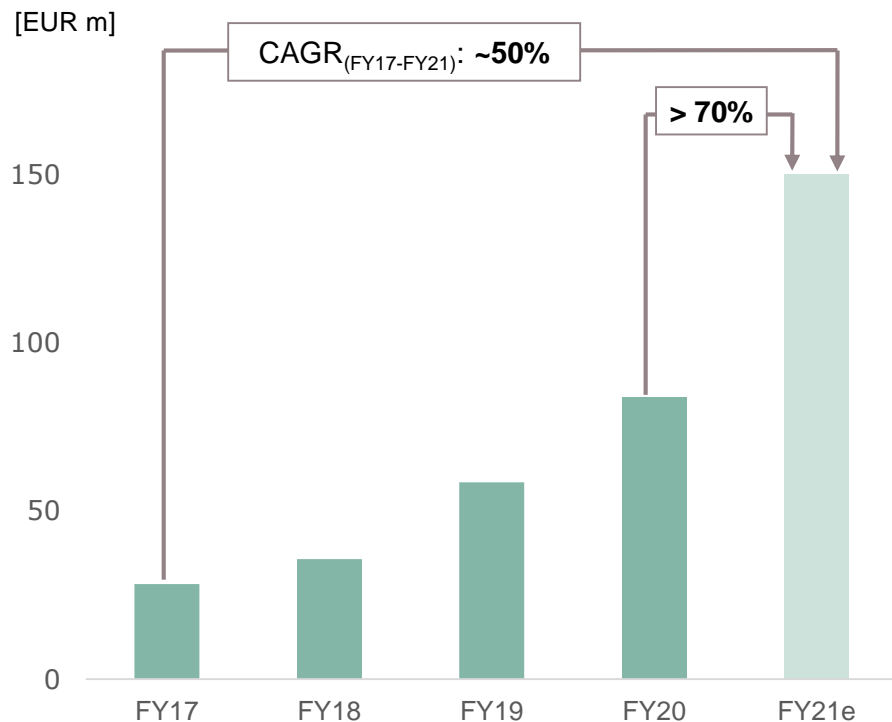
Compound semiconductors



* excluding drivers and control ICs

SiC is switching gears: industrial still holds the biggest share, but about half of the incremental revenue contributed by automotive

Industrial and automotive applications driving the growth



~150 different CoolSiC™ products

~60 different customers with more than €10k revenue

>2,500 total active customers including distribution



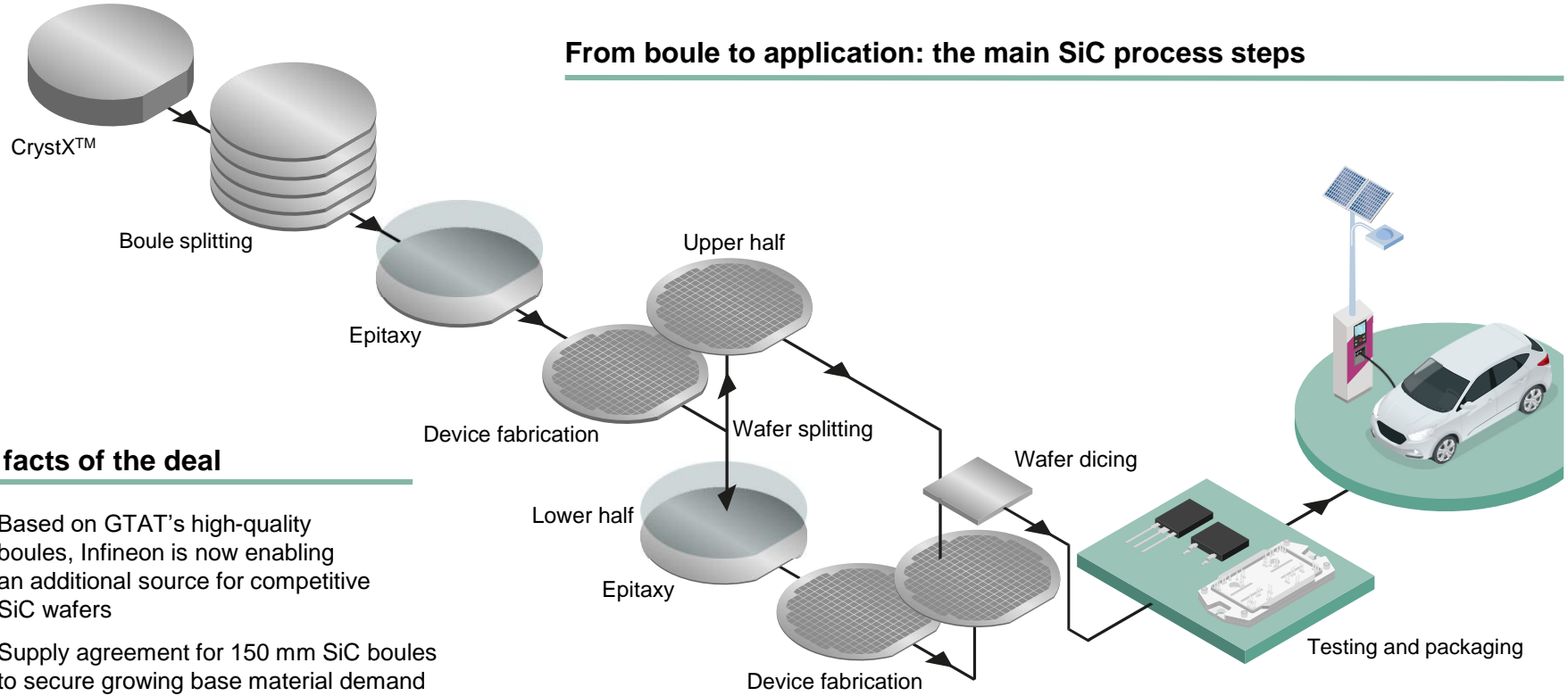
Strong CoolSiC™ portfolio expansion: by packages and by voltages

Broadest and best-in-class SiC portfolio

| | | Industrial | | | | | Automotive grade | | | |
|-----------------------------------|----------------|-----------------|--------|-----------------|-----|--------|------------------|------------------|-----------------|--------------|
| package options voltages | CoolSiC™ Diode | CoolSiC™ Hybrid | | CoolSiC™ MOSFET | | | CoolSiC™ Diode | CoolSiC™ Hybrid | CoolSiC™ MOSFET | |
| | Discrete | Discrete | Module | Discrete | IPM | Module | Discrete | Discrete | Discrete | Module |
| | | | | | | | | | | |
| 600 V | | | | | | | | | | |
| 650 V | | | | | | | | Expected in 2021 | | |
| 1200 V | | | | | | | | | | Exp. in 2021 |
| 1700 V | | | | | | | | | | |
| Continuous expansion of portfolio | | | | | | | | | | |

Infinion expands supply base for SiC boules with GT Advanced Technologies

From boule to application: the main SiC process steps

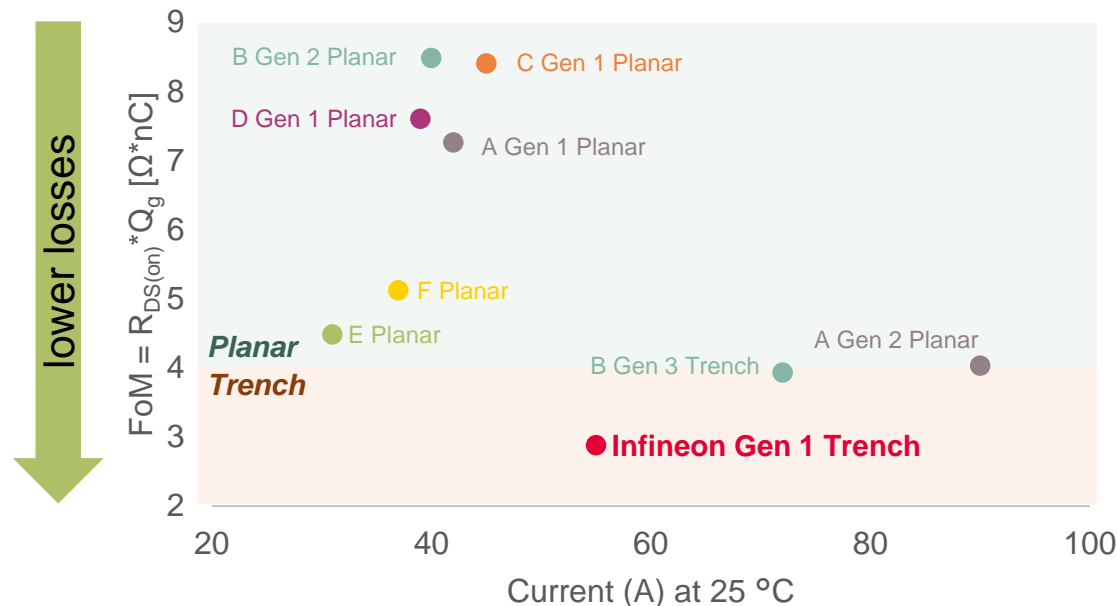


Key facts of the deal

- › Based on GTAT's high-quality boules, Infineon is now enabling an additional source for competitive SiC wafers
- › Supply agreement for 150 mm SiC boules to secure growing base material demand
- › Contract has an initial term of five years

Second generation (2nd Gen.) CoolSiC™ Trench MOSFET will increase the addressable market

1st Gen. with lowest losses is the leading technology today



Source: SystemPlus Consulting: SiC Transistor Comparison 2020. November 2020

2nd Gen. will expand the lead

- › 2nd Gen. CoolSiC™ Trench MOSFET is in advanced development phase
- › Enhanced power handling capability by 25% – 30%
- › Enhanced safe operating area without compromising quality
- › Enabling SiC in further high volume applications

2nd Gen. CoolSiC™ Trench MOSFET will significantly enlarge the market size for SiC MOSFETs

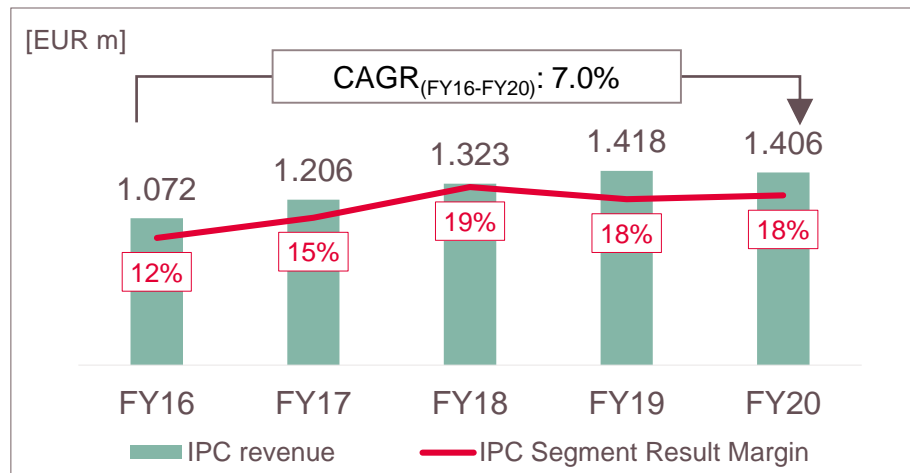


Industrial Power Control

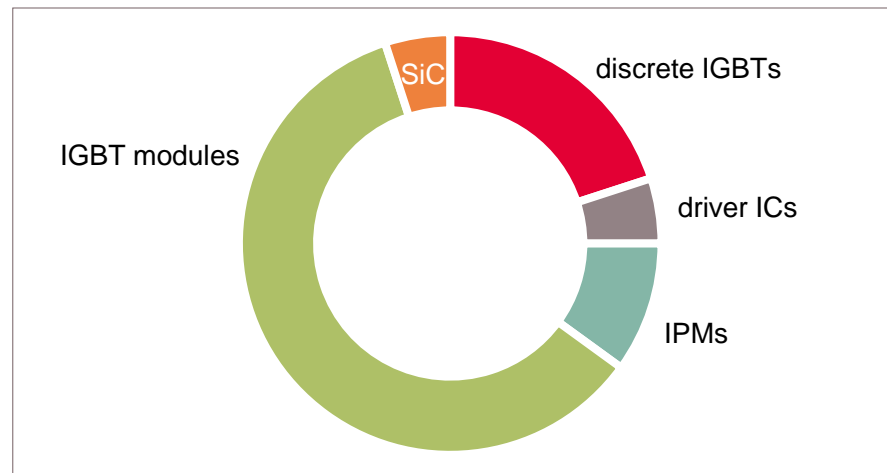


IPC at a glance

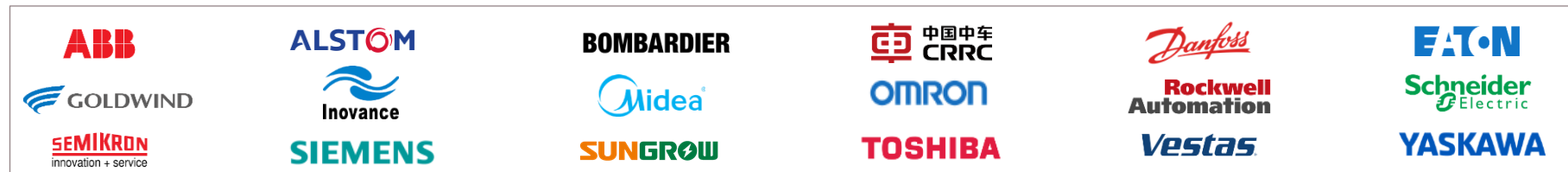
IPC revenue and Segment Result Margin















FY20 revenue split by product group



Key customers



Market outlook for IPC division's target applications

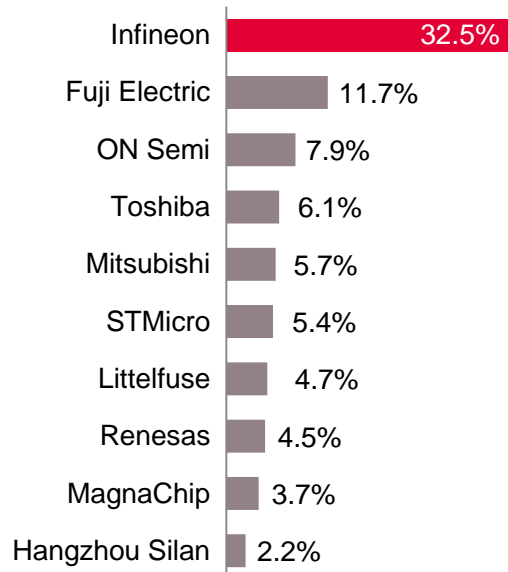
| Applications (% of FY20 segment revenue) | Market Outlook for CY21 | |
|---|---|---|
|  Automation and Drives ~30% |  | › Industrial Drives expected to recover in low-single-digits with some upside potential from pent-up demand |
|  Renewables ~24% |  | › Wind: installations forecasted to increase to all-time-high › PV: installations to stabilize on high level |
|  Home appliance ~16% |  | › Catch-up of delayed purchases and energy efficiency incentive programs will drive growth |
|  Transportation ~13% |  | › Diminished COVID-related travel activities caused pushed-out of construction of passenger trains and e-Busses |
|  Power Infrastructure ~9% |  | › Growing demand in EV charging infrastructure, Industrial UPS and energy storage systems › Delays in Transmission & Distribution projects |
|  Others 8% |  | › Growth driven by general market recovery |

Clear leader in discrete IGBTs and IGBT modules; fostering position in IPMs



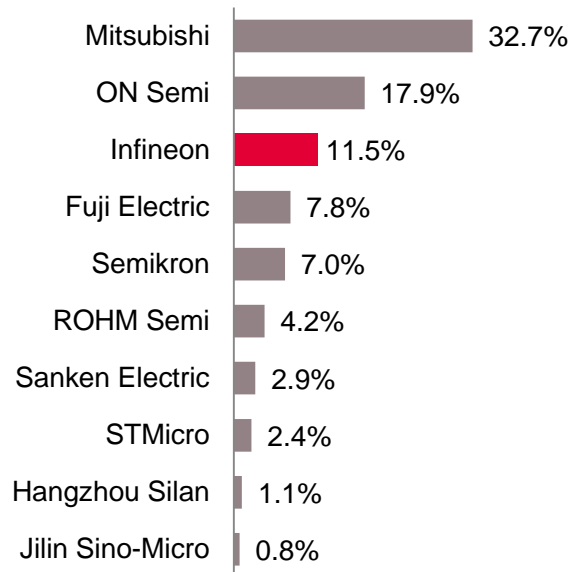
Discrete IGBTs

2019 total market: \$1.44bn



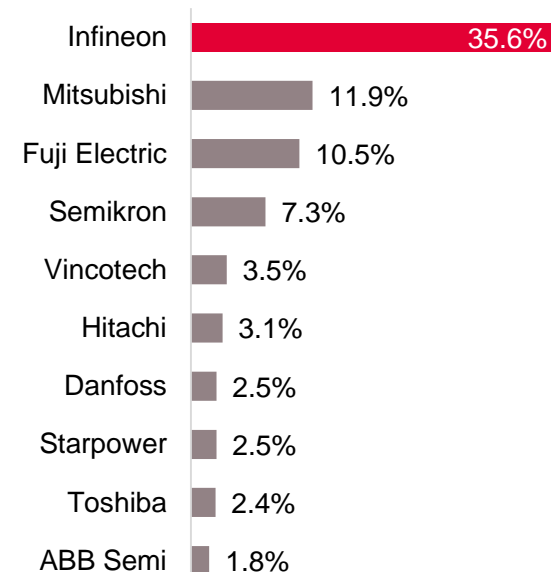
IPMs

2019 total market: \$1.59bn



IGBT modules¹⁾

2019 total market: \$3.31bn

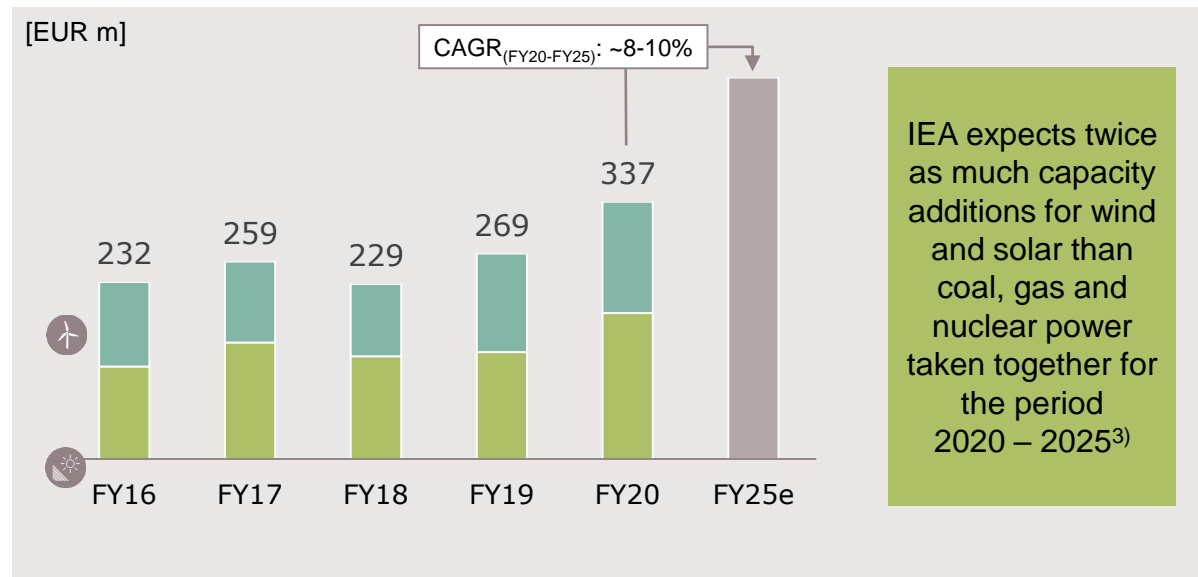


¹⁾ Including standard (non-integrated) IGBT modules and power integrated modules (PIMs) / converter inverter brake (CIB) modules

Source: Based on or includes research from Omdia: *Power Semiconductor Market Share Database 2020*. September 2020

Infineon serves all major players for PV inverters and wind turbines

IPC revenue in renewables



Infineon is powering all leading renewable energy players*

| PV inverter ¹⁾ | | Wind ²⁾ | |
|---------------------------|---|--------------------|---|
| 1 Huawei | ✓ | 1 Vestas | ✓ |
| 2 Sungrow | ✓ | 2 SGRE | ✓ |
| 3 SMA | ✓ | 3 GE | ✓ |
| 4 Power Electr. | ✓ | 4 Goldwind | ✓ |
| 5 Solar Edge | ✓ | 5 Enercon | ✓ |
| 6 ABB | ✓ | 6 Nordex Group | ✓ |
| 7 TMEIC | ✓ | 7 Envision | ✓ |
| 8 Sineng Electric | ✓ | 8 Mingyang | ✓ |
| 9 Growatt | ✓ | 9 United Power | ✓ |
| 10 Ginlong | ✓ | 10 Suzlon | ✓ |

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

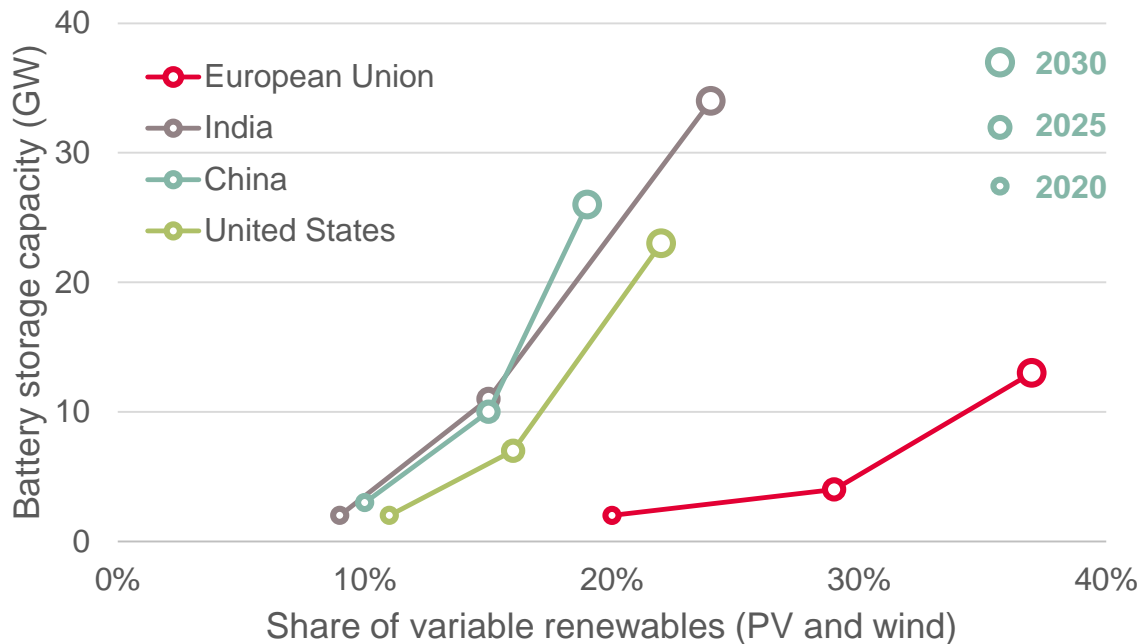
Source: 1) by shipped capacity in MW: based on or includes content supplied by IHS Markit, Technology Group: *PV Inverter Market Tracker* – Q3 2020. October 2020.

2) WoodmacKenzie: *Wind Turbine OEM Market Share*. November 2020.

3) International Energy Agency: *World Energy Outlook 2020*, p. 224.

Energy storage is essential to further deploy decentral and renewable energy generation

Battery storage capacity and share of variable renewables¹⁾



Key drivers

- › **Decentralization** of power generation
- › **Peak shaving** of energy generation and energy consumption
- › **Limited capacity** and flexibility of today's grids
- › **Reduction of standby cost** of fossil power plants

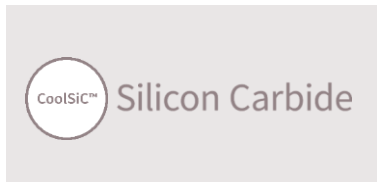
~€3,200 of power semiconductor content per MW of installed energy storage capacity²⁾

Source: 1) International Energy Agency: *World Energy Outlook 2020*, p. 248; variable renewables consist of solar and wind energy.
2) Infineon estimate

What comes next?

Mid- to long-term structural growth opportunities

Core



new material



EV charging



collaborative robots

Adjacent



Courtesy:
Shakti pumps

solar pumps



Courtesy: McKinsey

energy storage



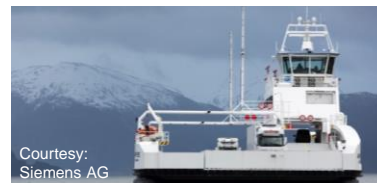
eDelivery vehicles

New area



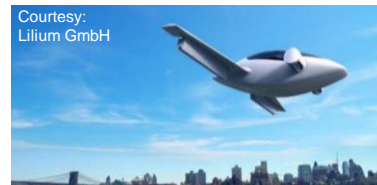
Courtesy: Alstom

fuel cell



Courtesy:
Siemens AG

eMarine



Courtesy:
Lilium GmbH

eAviation

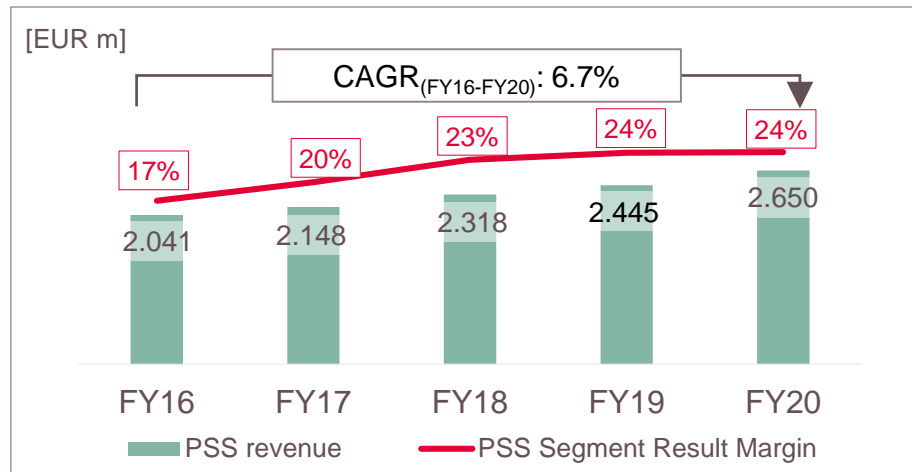


Power & Sensor Systems

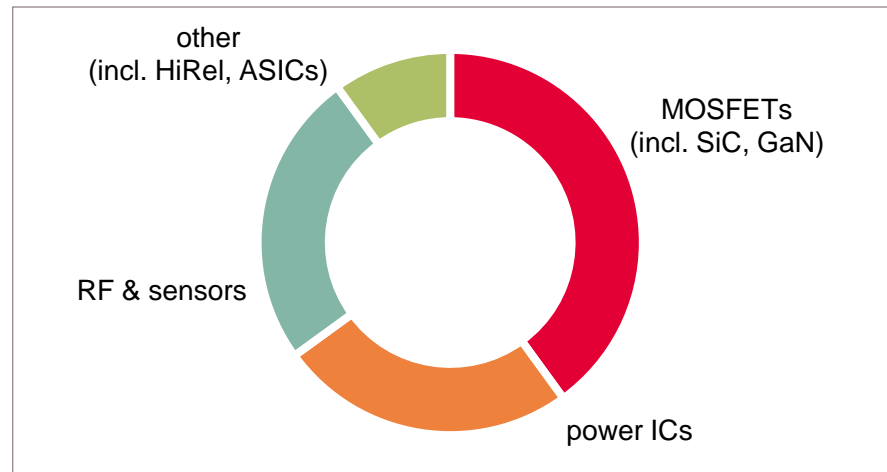


PSS at a glance

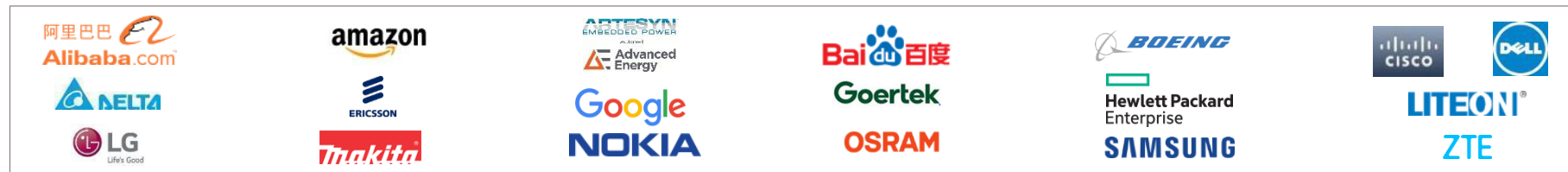
PSS revenue and Segment Result Margin













FY20 revenue split by product group



Key customers



Market outlook for PSS division's target applications

| Applications (% of FY20 segment revenue) | Market Outlook for CY21 | |
|---|---|---|
| <div>Computing</div>  <div>~20%</div> |  | <ul style="list-style-type: none"> › Acceleration towards cloud computing to continue › Pandemic-driven stay-at-home and WFH effects continue to favor notebook sales |
| <div>Communication</div>  <div>~9%</div> |  | <ul style="list-style-type: none"> › In general, long-term drivers due to 5G still intact › However, trade tensions generate some uncertainty around speed of roll-out in China and other regions |
| <div>Smartphones</div>  <div>~19%</div> |  | <ul style="list-style-type: none"> › Strong rebound expected driven mainly by economic recovery and migration towards 5G phones |
| <div>Consumer</div>  <div>~20%</div> |  | <ul style="list-style-type: none"> › Catch-up of delayed purchases could lead to market pick-up › However, new lock-downs could dampen consumer confidence › Game consoles clear beneficiaries from stay-at-home |
| <div>Industrial</div>  <div>~23%</div> |  | <ul style="list-style-type: none"> › Automotive and other industrial segments show signs of recovery › Battery-powered tools continue to show strong momentum |

* does not sum up to 100% due to other applications not shown here

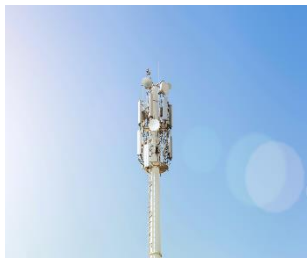
PSS's growth is built on many applications from different sectors in power and non-power

Computing



- › data center
- › enterprise server
- › PC, notebook
- › peripherals
- › chargers and adapters

Communications



- › base stations
- › backhaul cellular infrastructure
- › 5G massive MIMO
- › telecommunication servers

Smartphones



- › smartphones
- › mobile devices
- › wearables
- › USB Type-C, USB Type-C PD

Consumer



- › eBikes, eScooter
- › multicopter
- › LSEV
- › gaming
- › TV sets
- › smart home

Industrial



- › power supplies
- › EV on-board charger
- › charging infrastructure
- › PV inverter
- › power tools
- › lighting
- › Industry 4.0
- › space



PSS – Power

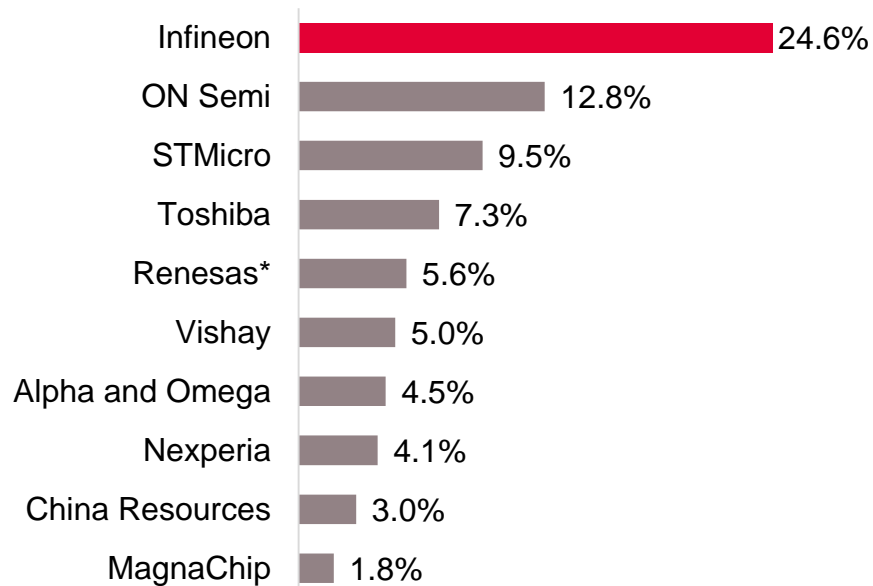


Infiniteon is the clear leader in MOSFETs; growth potential in power ICs



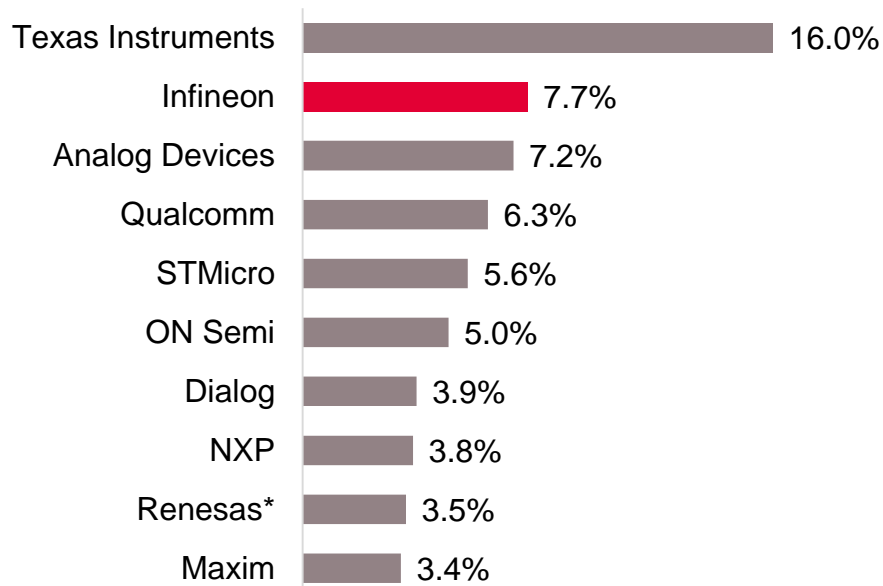
Discrete Power MOSFETs

2019 total market: \$8.10bn



Power ICs

2019 total market: \$24.4bn



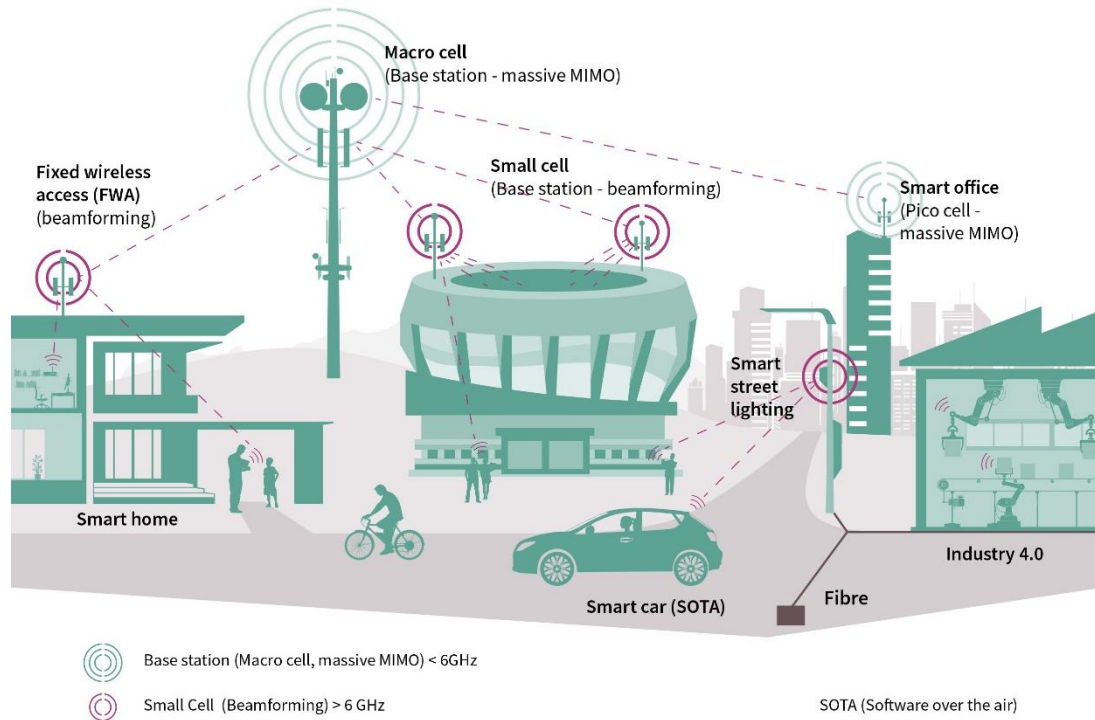
* Renesas acquired Integrated Device Technology in March 2019. Both companies were combined as Renesas in 2019.

Discrete Power MOSFET market includes automotive MOSFETs, protected MOSFETs, SiC MOSFETs and GaN power transistors. Power IC market includes automotive power ICs.

Source: Based on or includes research from Omdia: *Power Semiconductor Market Share Database 2020*. September 2020.

Transition from 3G/4G to 5G drives demand in power semis for antennas and power supplies

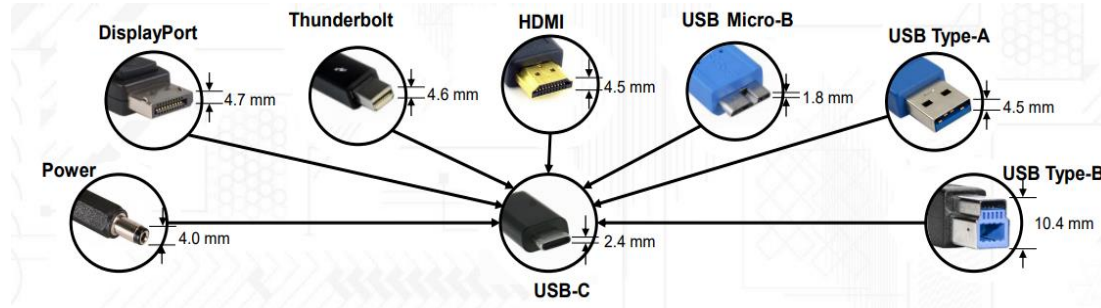
Smart and connected - the communication of tomorrow with 5G



- **driver #1:** massive growth of data and computing power
- **driver #2:** higher number of base stations due to dense network
- **driver #3:** ~4x higher power semi content per radio board: from ~\$25 for MIMO antenna to ~\$100 for massive MIMO antenna array
- **driver #4:** fog computing data center as a completely new market

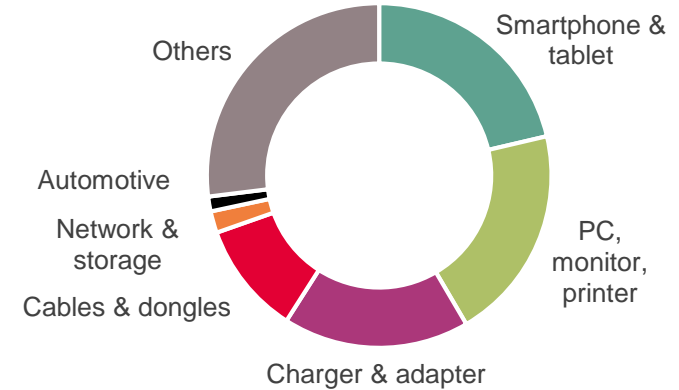
Infinion is well positioned to benefit from the conversion to the de-facto standard USB Type-C

USB Type-C becomes de-facto interface form factor



Infinion USB business split by appl.

[FY20]

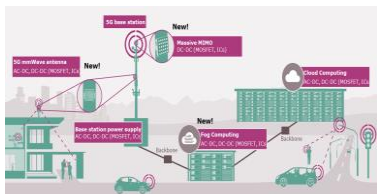


- › Infineon USB business dominated by USB Type-C and USB Type-C PD
- › USB Type-C PD in automotive is a nascent segment with good growth opportunities
- › USB Type-C PD offers revenue synergies for Infineon in AC-DC chargers and adapters

What comes next?

Mid- to long-term structural growth opportunities

Core



5G infrastructure



hyperscale AI data center



new material

Adjacent



smart building



wireless charging



on-board charger

New area



smart speaker



health & lifestyle





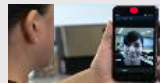


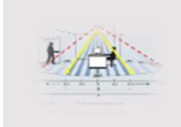


environmental sensor solutions



PSS – RF and Sensing



Main applications addressed by PSS sensors portfolio

| MEMS microphone | 3D radar (24/60 GHz) | 3D ToF image sensor | Environmental |
|--|---|---|---|
|  |  |  |  |
| Best audio performance | Ultra-low power consumption | Best price / performance | High precision and small form factor |
|  |  |  |  |
| Low power consumption | Presence detection | VR/AR, biometrics | Measure CO ₂ |

Main applications

- › Smartphone
- › True wireless stereo headsets and earbuds
- › Smart speaker
- › Tablet

- › Automotive
- › Smart home
- › TV
- › Security camera
- › Smart building

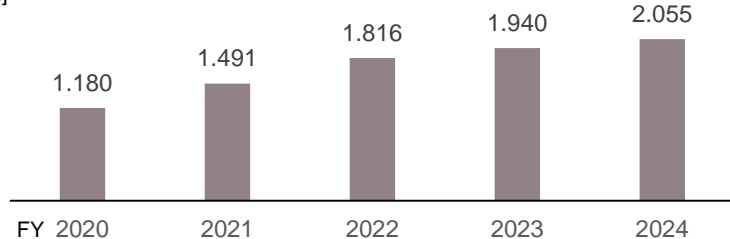
- › Smartphone: world-facing and user-facing
- › Robotics
- › Automotive in-cabin sensing
- › Payment terminals

- › Heating, ventilation, air conditioning (HVAC)
- › Air purifier
- › Smart thermostat
- › CO₂/virus detection

Sensor markets targeted by PSS

MEMS microphone market

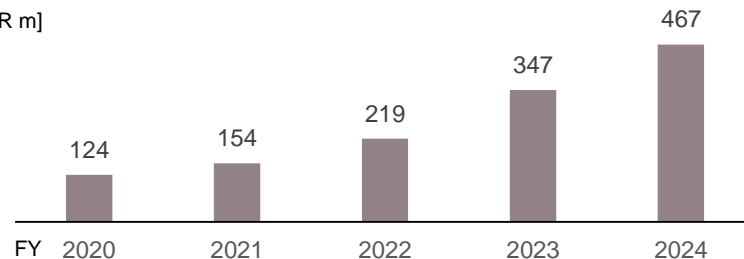
[US\$ m]



Source: Infineon estimates

Radar IC market (24 GHz and 60 GHz only)

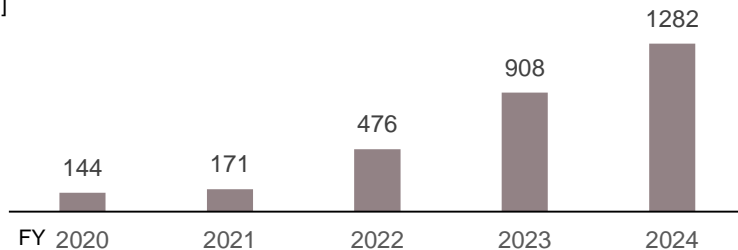
[EUR m]



Source: Infineon estimates

3D ToF image sensor market

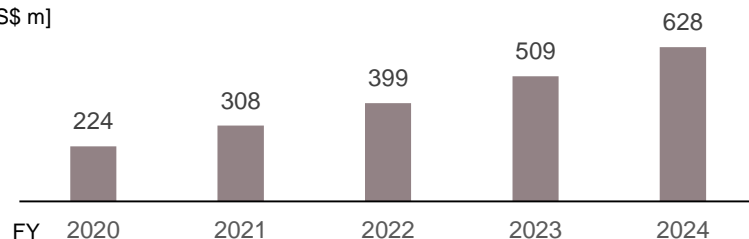
[EUR m]



Source: Infineon estimates

Environmental sensor market*

[US\$ m]



* Infineon is addressing smart building, smart home, smart appliances, consumer IoT devices and automotive.

Source: Infineon estimates

Different market dynamics of selected PSS sensors

MEMS microphone

- › New headset features like active noise cancellation or transparent hearing require 4 to 9 microphones. Traditional wired headsets had only one microphone.
- › Global smartphone MEMS microphone market rebounded in Q3 CY20. Upward track expected to maintain in coming quarters.

3D ToF image sensor

- › 3D ToF image sensor enables newest generation of vacuum cleaning robots like Xiaomi Mijia 1T smart vacuum cleaner with “smart eyes” capabilities to accurately realize and avoid obstacles in all three dimensions.

Radar ICs (24 GHz and 60 GHz only)

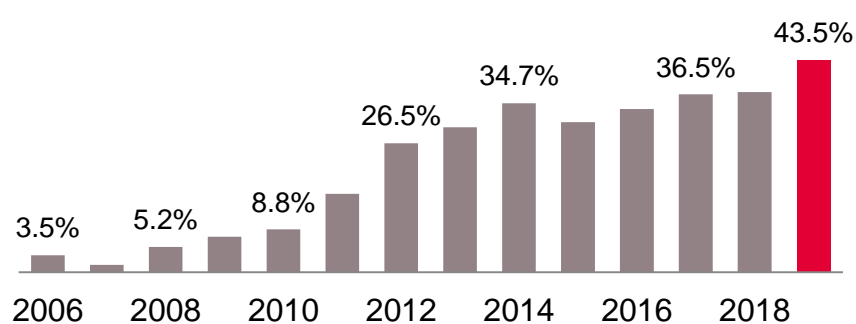
- › Home appliance will drive 60 GHz radar growth in the consumer market (thermostats, speakers a.o.)
- › 60 GHz radar successfully launched as replacement for passive-infrared approach getting traction in the market
- › New applications like In-cabin-monitoring systems and smart trunk opener will fuel strong growth in auto segment

Environmental sensors

- › Market entry in CO₂ sensor market with first revenues expected in FY21.
- › XENSIV™ PAS CO₂ sensors support reducing the risk of virus transmission by enabling better and clean indoor air quality.

Sweeping success of our XENSIV™ MEMS microphones driven by unparalleled audio characteristics catapulted Infineon to new #1

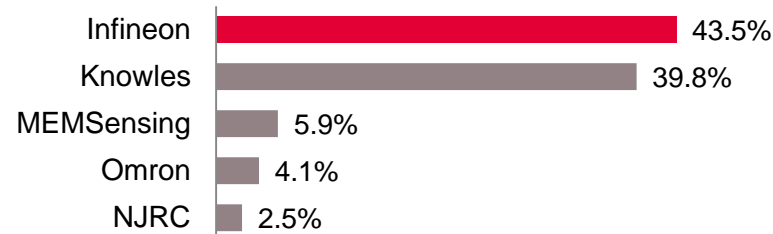
Infineon's market share development in MEMS microphones (by units)



Based on or includes research from Omdia: *MEMS Microphones Dice Market Shares 2020*. October 2020

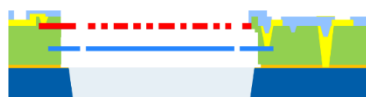
2019 MEMS die market share

total market: 5.4bn units



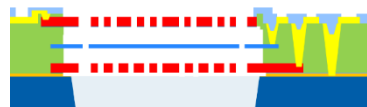
Technological progression of Infineon XENSIV™ MEMS microphones

1 Single-back plate



SNR = 62 – 65 dB(A)

2 Dual-back plate



SNR = 65 – 69 dB(A)

2014

3 Sealed dual-membrane



SNR = 68 – 75 dB(A)

2019

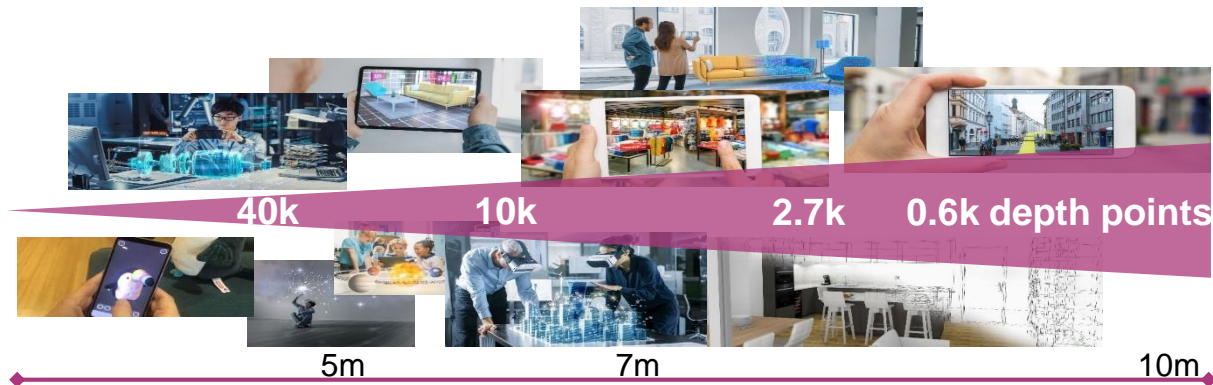
New 3D ToF image sensor with improved long range to be launched in Q3 FY21

- › Enables functionalities like real-time augmented reality, long range scanning, small object reconstruction, fast low-power autofocus and picture segmentation.
- › Serves applications like gaming, virtual e-Commerce, 3D online education, facial recognition.

Characteristics:

- › Long range up to 10 meters
- › High resolution up to 40k depth points
- › Lowest power, reduction of 40% at the imager
- › Accurate and robust depth data under all light conditions
- › Smallest 3D camera; 35% smaller footprint
- › Lowest system BoM due to high integrated CMOS image sensor and Infineon VCSEL driver component

Adaptive resolution depending on distance



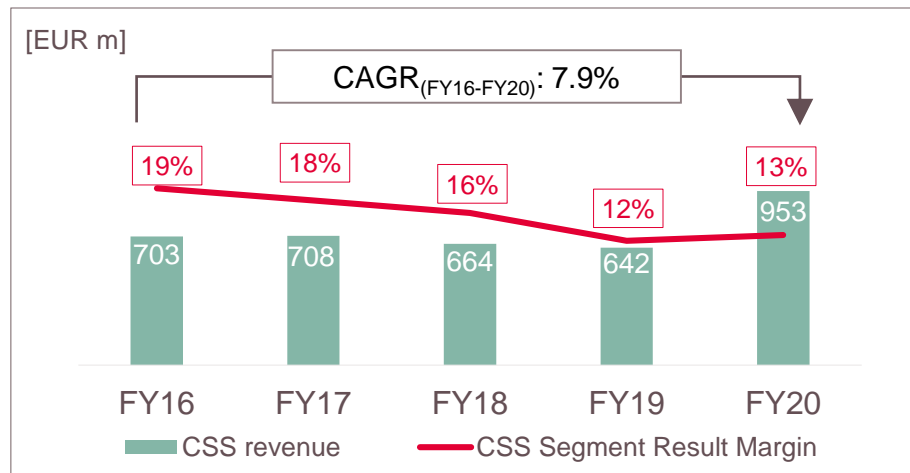


Connected Secure Systems

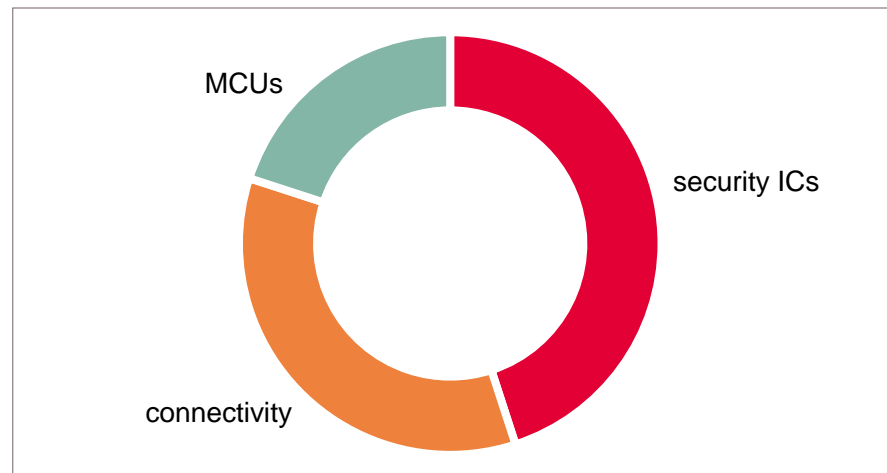


CSS at a glance

CSS revenue and Segment Result Margin










FY20 revenue split by product group



Key customers



Market outlook for CSS division's target applications

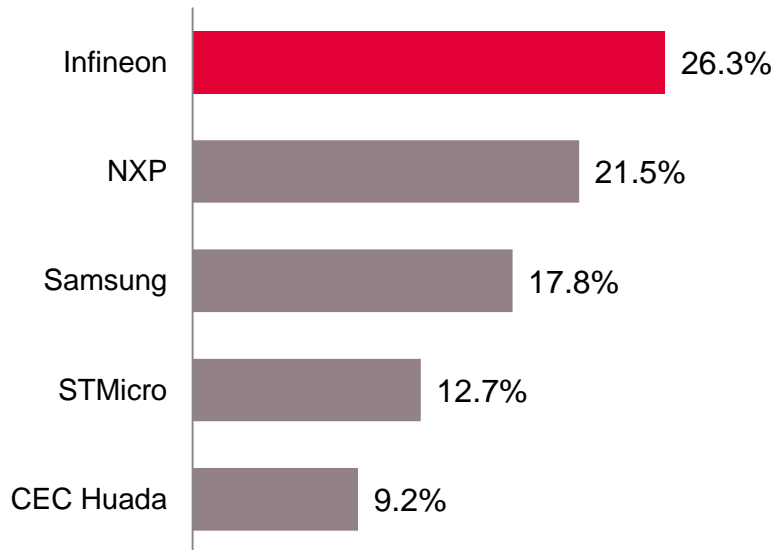
| Applications (% of FY20 segment revenue) | Market Outlook for CY21 | |
|---|---|--|
| Payment, ID, Ticketing ~30% |  | › High demand for contactless payment solutions expected to continue |
|  |  | › Prolonged restrictions on international travel expected to further affect especially the issuance of passports |
| Industrial and Consumer IoT ~70% |  | › Return to growth, however lower level than previously expected › New features and technologies enter production and proliferate across models |
| |  | › Increasing penetration rate of eSIM Automotive driven by increasing connectivity requirements › Connectivity technologies to improve in-car user experience |
| |  | › Market growth driven by launch of new console models |
| |  | › New product launches expected to boost demand › Further implementation of low-power processing and connectivity technologies across new models |

Infineon remains top player in its target markets: security ICs, Wi-Fi standalone ICs



Security ICs (excl. NFC controller; excl. NFC eSE)

2019 total market: \$2.8bn

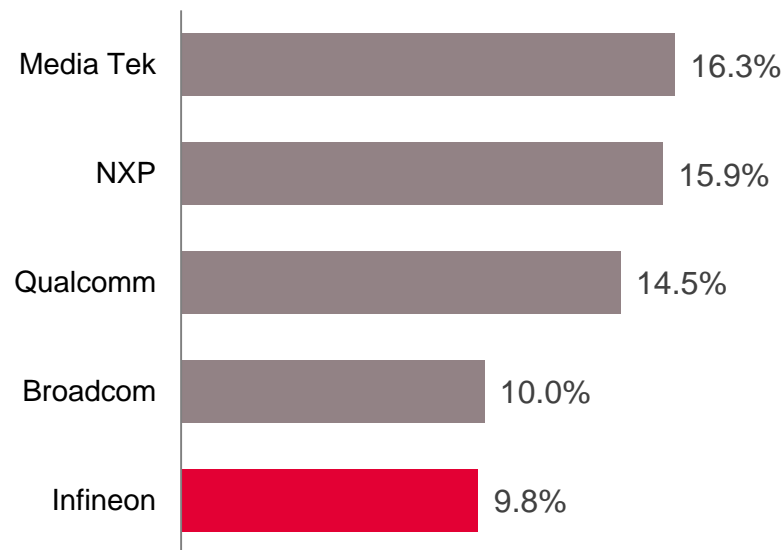


ABI Research: *Smart Card and Embedded Security IC Technologies*. October 2020

Wi-Fi standalone ICs

2019 total market: 978m units

Infineon is focusing on wearables and IoT but not addressing routers, PCs, notebooks, tablets.



ABI Research: *Wireless Connectivity Technology Segmentation and Addressable Markets – Q3 2020 Update*. July 2020

Connected Secure Systems – comprehensive systems for a secure, connected world

Positioned to benefit from major growth trends

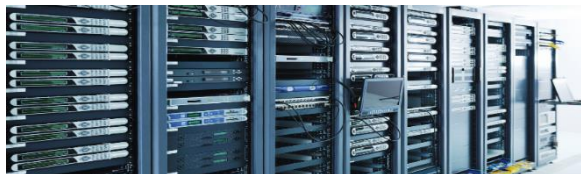
- › Security, connectivity and compute are the essential ingredients for IoT
- › Digitalization unlocks new opportunities
- › CSS supports other divisions with the integration of security, connectivity, and compute

Payment, identification, ticketing



- › Payment (credit and debit cards)
- › Electronic passports & ID cards
- › Transport tickets
- › Access cards

Industrial and consumer IoT



- › Industrial application
- › Infrastructure
- › Mobility and connected cars
- › Home appliances



- › Consumer electronics, e.g. games consoles, audio entertainment
- › Notebooks, PCs and servers
- › Smartphones and accessories

Top player in key markets

1 in security ICs^{1,2}

5 in Wi-Fi standalone ICs³

1 in payment¹

3 in Bluetooth Standalone³

1) ABI Research: *Smart Card and Embedded Security IC Technologies*. October 2020.

2) excl. NFC Controllers; excl. NFC embedded Secure Element

3) ABI Research: *Wireless Connectivity Technology Segmentation and Addressable Markets*. November 2019.

CSS owns the key ingredients to address the high-growth IoT market: security solutions, wireless connectivity and processing



Applications

Payment



Identification



Industrial IoT



Consumer IoT



Connected Cars



Smart Watch



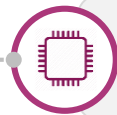
Security solutions

SECORA™ family, OPTIGA™ family, CL / DIF and embedded security controllers



Wireless Connectivity

Wi-Fi / Bluetooth combos, Wi-Fi standalone, BT/BLE standalone

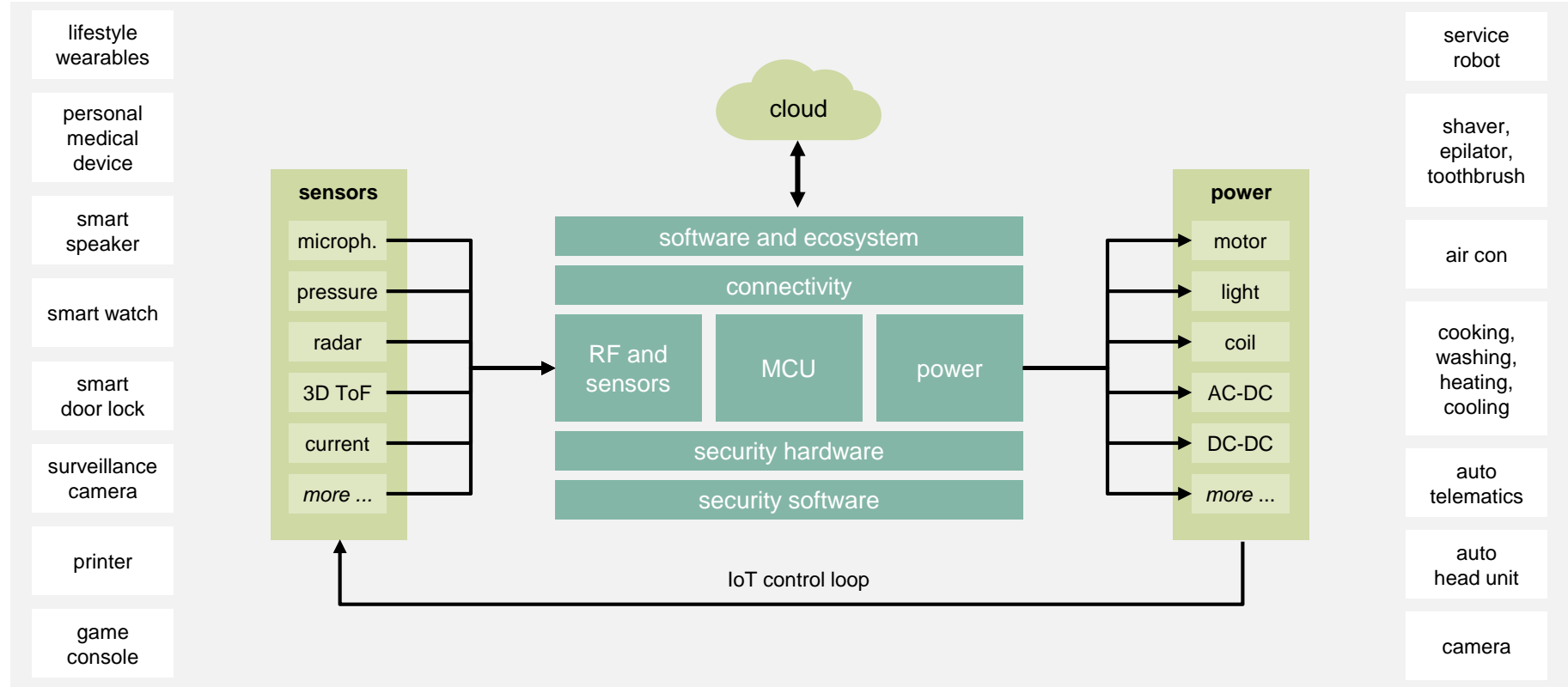


Processing

PSoC™ family, XMC™ family, general-purpose MCUs

CSS portfolio

Infinion offers the entire system for IoT – unlocking new markets and applications



| | | | | | | |
|------|--------|------|--------|---------|--------|---------|
| 8140 | 57.230 | 0.57 | +0.83▲ | 587.451 | 0.007% | 250,000 |
| 4NA5 | 81.053 | 4.35 | -2.09▼ | 158.037 | 1.581% | 375,000 |
| 3V17 | 62.985 | 2.07 | +1.17▲ | 916.598 | 5.032% | 621,000 |
| 7RE3 | 37.278 | 1.14 | +0.72▲ | 634.270 | 3.984% | 369,000 |
| S421 | 94.107 | 0.73 | -0.51▼ | 538.014 | 2.416% | 743,000 |
| YT64 | 21.744 | 5.63 | +3.16▲ | 692.360 | 0.657% | 405,000 |
| 1857 | 13.361 | 1.82 | -1.23▼ | 237.981 | 0.103% | 882,000 |

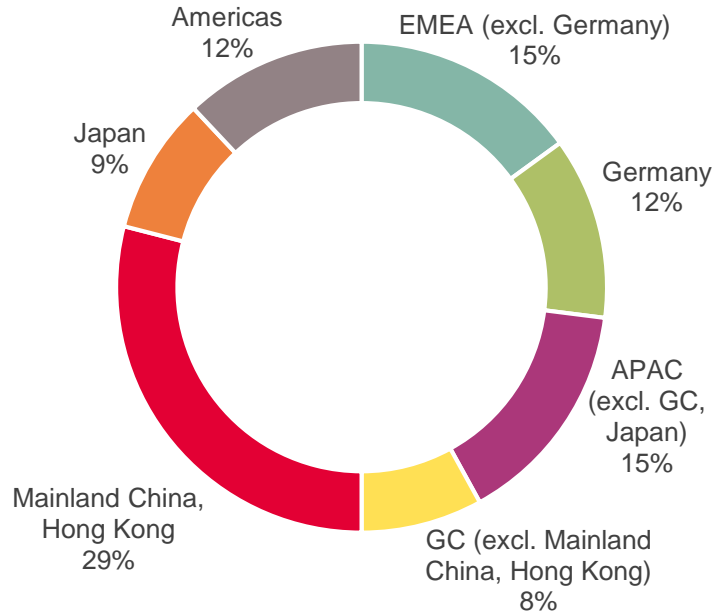


Selected financial figures



Strong presence in all regions; well-balanced customer portfolio;
no customer represents more than 10% of total sales

FY20 revenue by region



Revenue by sales channel*

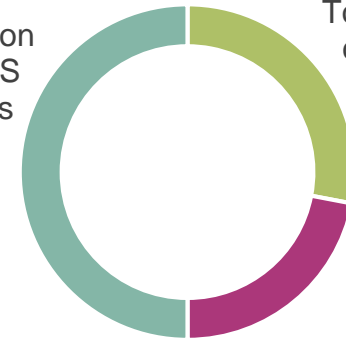
Distribution and EMS partners



Top-10 direct customers



Distribution and EMS partners



Top-10 direct customers

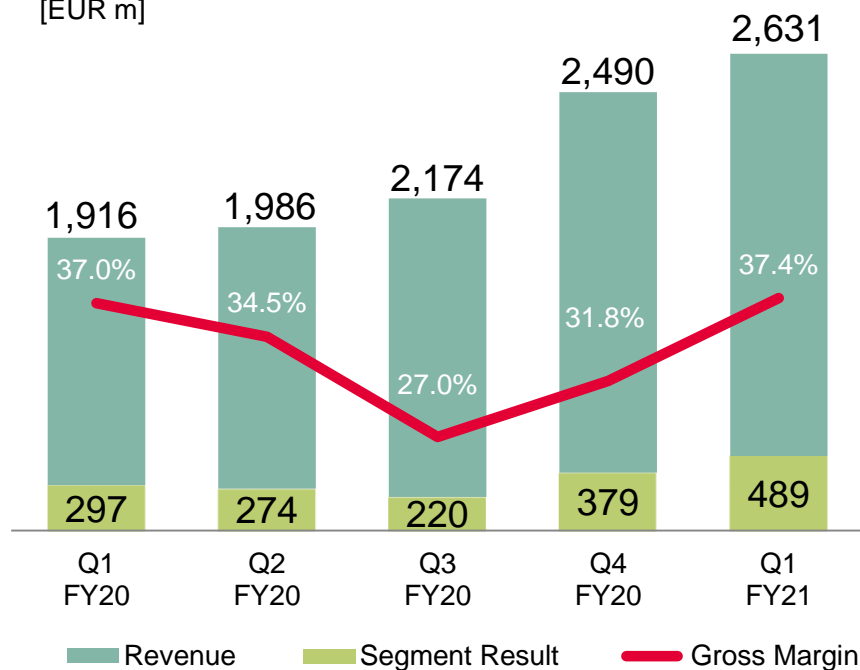
other direct customers

* assuming 12-months revenue contribution of Cypress

Group financial performance

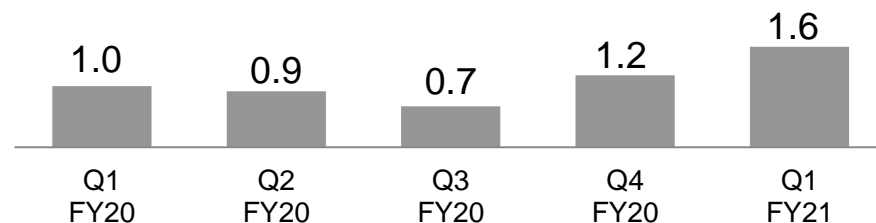
Revenue* and gross margin development

[EUR m]



- > Strong start into FY21
- > Demand in several areas, most notably microcontrollers and IoT products, is outstripping supply
- > Covid and trade tensions remain significant uncertainties
- > Accelerating adoption rates for structural drivers like electro-mobility and IoT
- > Integration of Cypress is progressing

Book-to-bill**

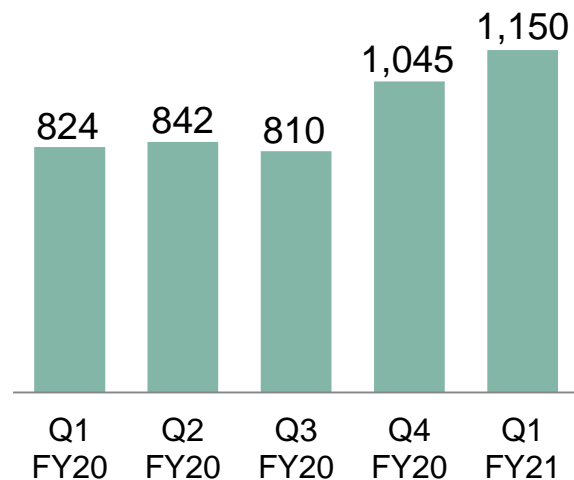


* Consolidation of Cypress revenue as of 16 April 2020. ** For definition see notes

Automotive (ATV)

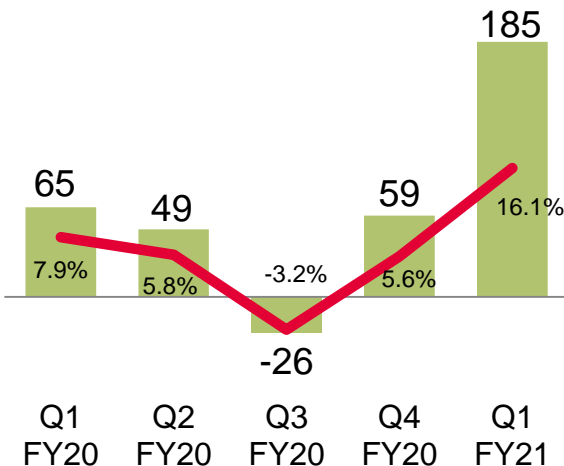
Revenues*

[EUR m]

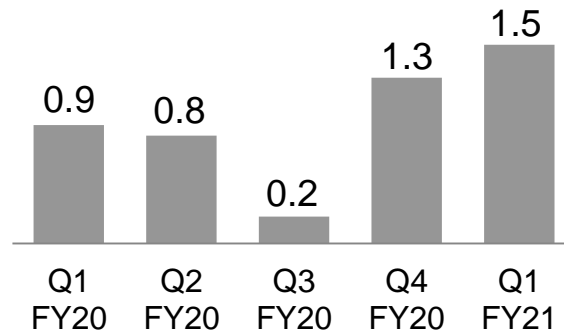


Segment Result*

[EUR m]



Book-to-bill



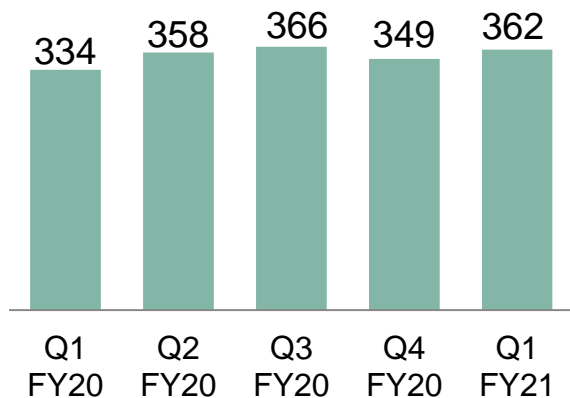
- › Global car markets continue to rebound, particular strength in components for electric vehicles
- › Current semiconductor shortage: foundry capacity, especially for microcontrollers is a limiting factor
- › Significant reduction in underutilization charges and non-recurring effects drive strong margin improvement

* With effect from 1 Oct 2020, we transitioned a group of industrial microcontrollers with an annual sales volume of a low-double-digit million Euros from ATV to CSS. Historical figures have been retroactively adjusted.

Industrial Power Control (IPC)

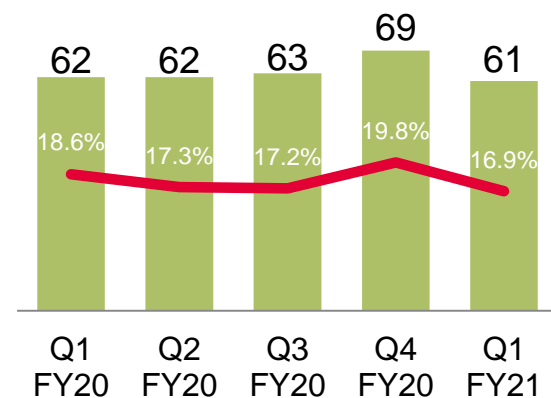
Revenues

[EUR m]

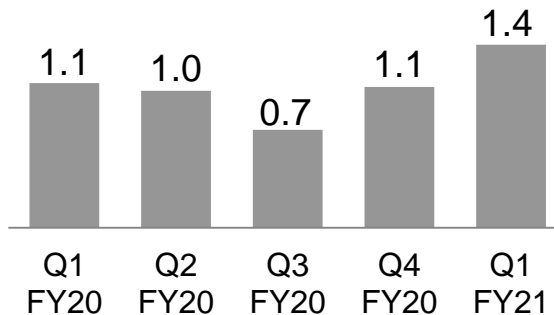


Segment Result

[EUR m]



Book-to-bill

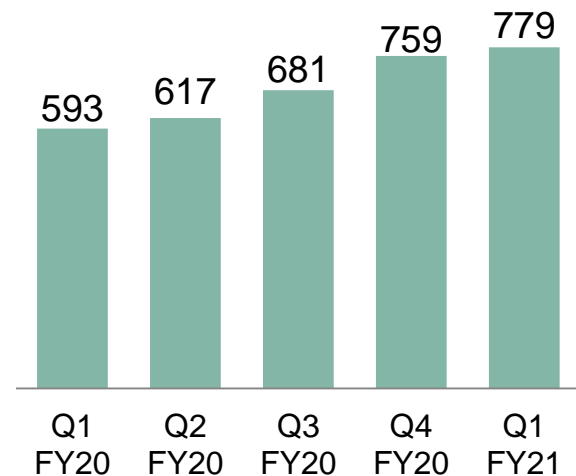


- › Renewables - positive momentum continues
- › Home appliances remain strong, driven by pent-up demand and energy-saving regulations
- › Industrial drives moved sideways, transportation continues to be hampered by low travel activities
- › Segment Result Margin decline reflects adverse currency movements and unfavorable product mix

Power & Sensor Systems (PSS)

Revenues

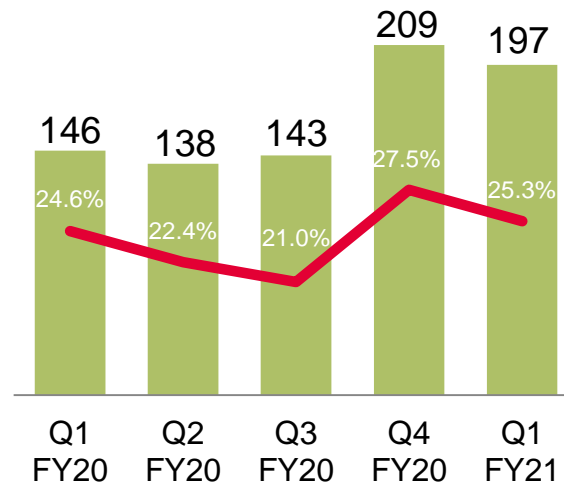
[EUR m]



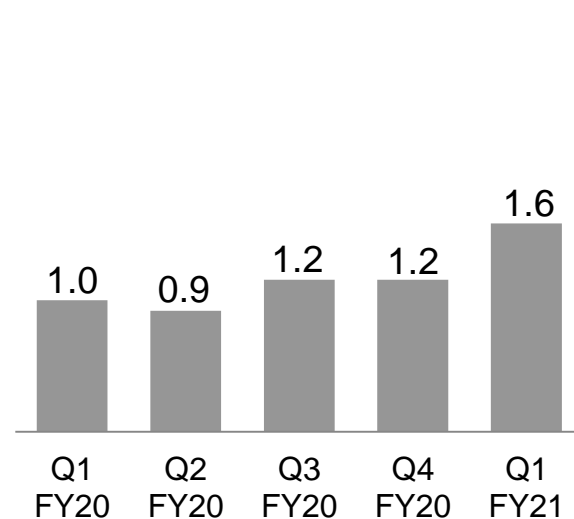
Segment Result

Margin

[EUR m]



Book-to-bill

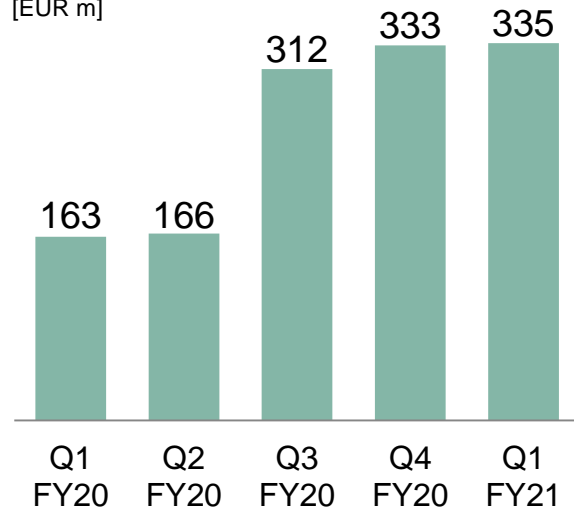


- › Remote workforce and stay-at-home regulations continue to boost demand
- › Strong demand for low-voltage switches (power tools) and MEMS microphones (smartphones & accessories)
- › Demand for the server components remains flat, but at high levels

Connected Secure Systems (CSS)

Revenues*

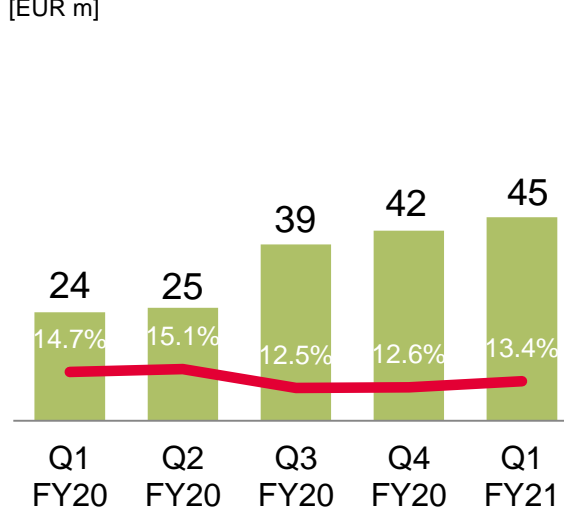
[EUR m]



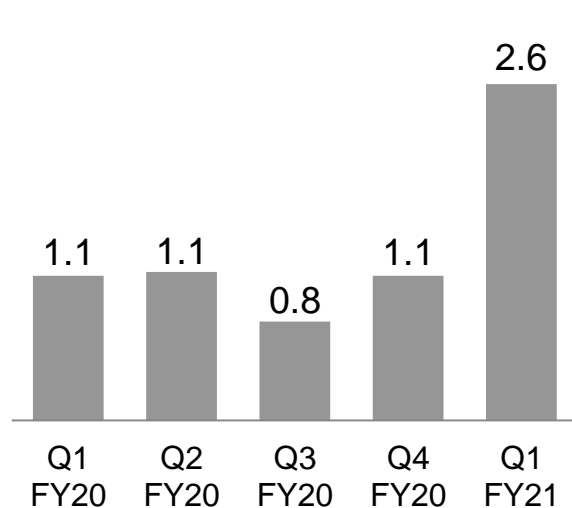
Segment Result*

Margin

[EUR m]



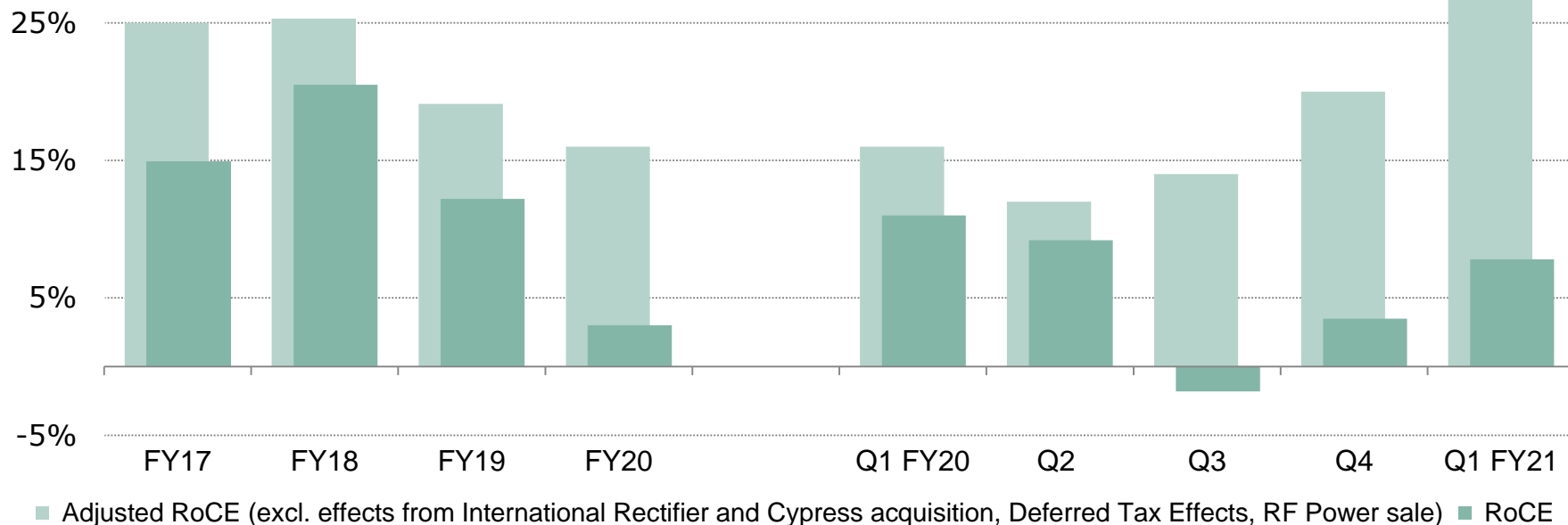
Book-to-bill



- › CSS affected by supply constraints on the foundry side
- › Vibrant demand especially for general-purpose microcontrollers and Wi-Fi components
- › Secular trend towards connected devices continues to be unabated

* With effect from 1 Oct 2020, we transitioned a group of industrial microcontrollers with an annual sales volume of a low-double-digit million Euros from ATV to CSS. Historical figures have been retroactively adjusted.

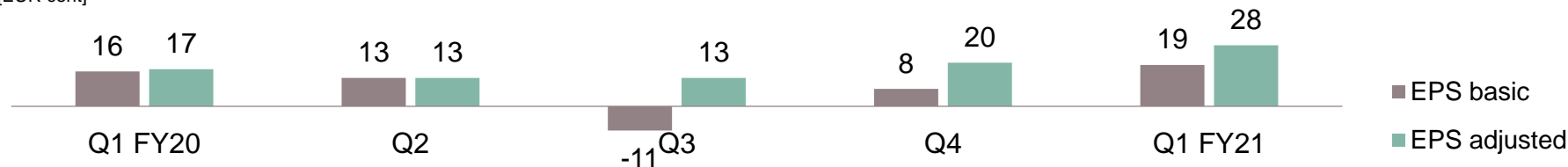
RoCE and adjusted RoCE



Earnings-per-share and total cash return

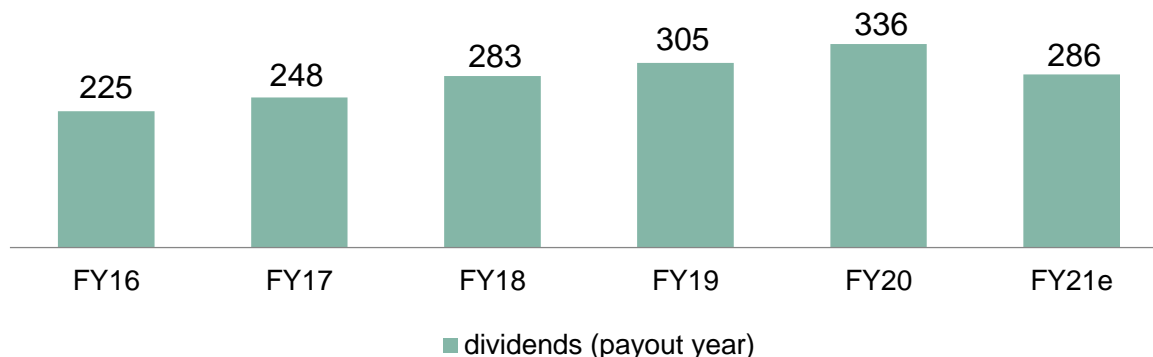
Development of earnings-per-share (EPS) from continuing operations

[EUR cent]



Total cash return to shareholders

[EUR m]



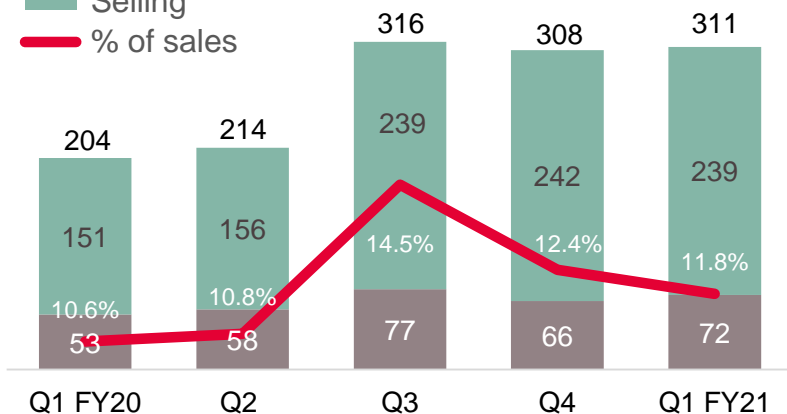
- › Dividend proposal for FY20: €0.22 per share
- › Proposed total dividend payout of €286m for FY20

Opex development

Selling, General & Administration

[EUR m]

General & Administration
Selling
% of sales



Therein non-segment result charges

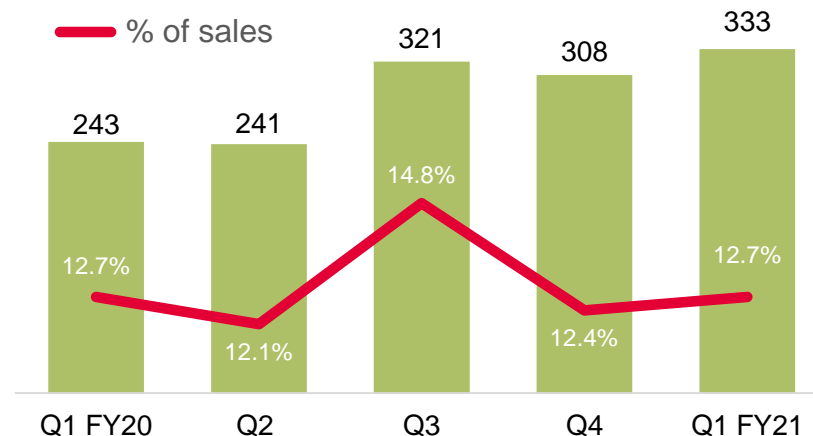
[EUR m]

| | | | | |
|----|----|----|----|----|
| 13 | 18 | 79 | 68 | 60 |
|----|----|----|----|----|

Research & Development

[EUR m]

R&D
% of sales



Therein non-segment result charges

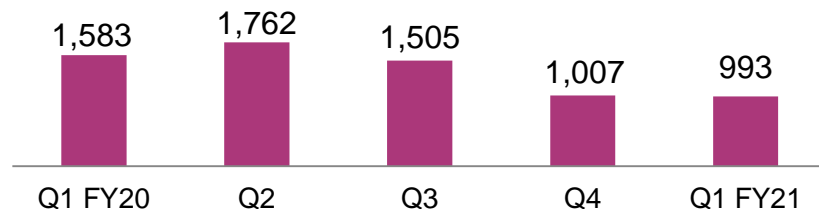
[EUR m]

| | | | | |
|---|---|---|----|---|
| 1 | 2 | 8 | 11 | 8 |
|---|---|---|----|---|

Trade working capital components

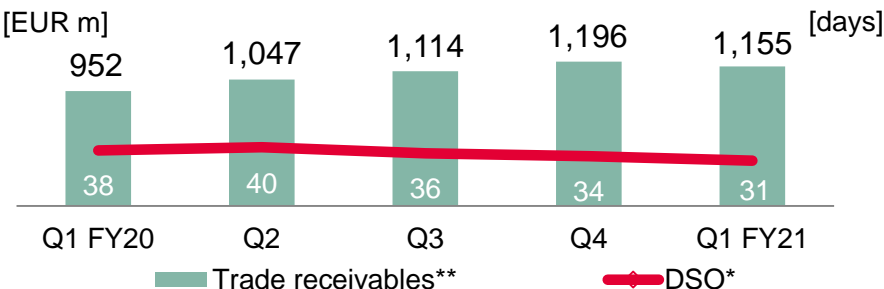
Working capital*

[EUR m]



Trade receivables

[EUR m]

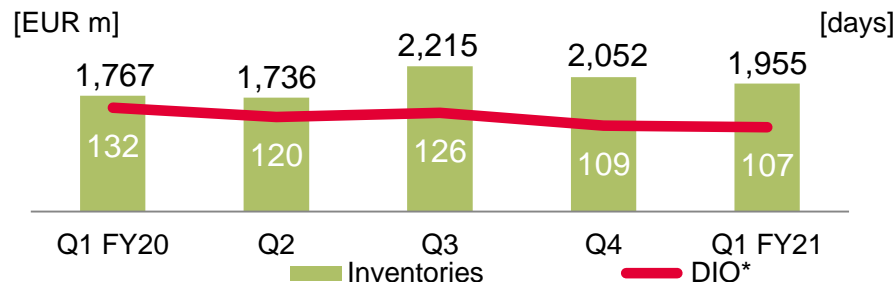


* For definition please see page "Notes".

** Along with the integration of Cypress refund liabilities to customers are presented under "other current liabilities" instead of "trade receivables". Prior quarters' figures were adjusted accordingly for better comparability.

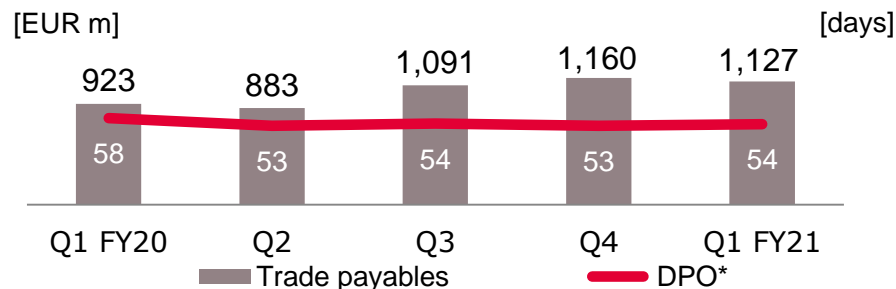
Inventories

[EUR m]



Trade payables

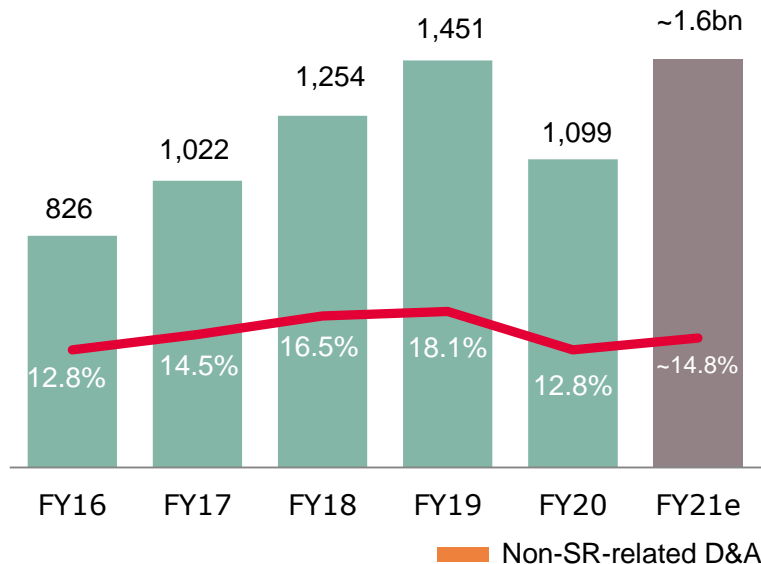
[EUR m]



D&A impacted by Cypress consolidation and PPA

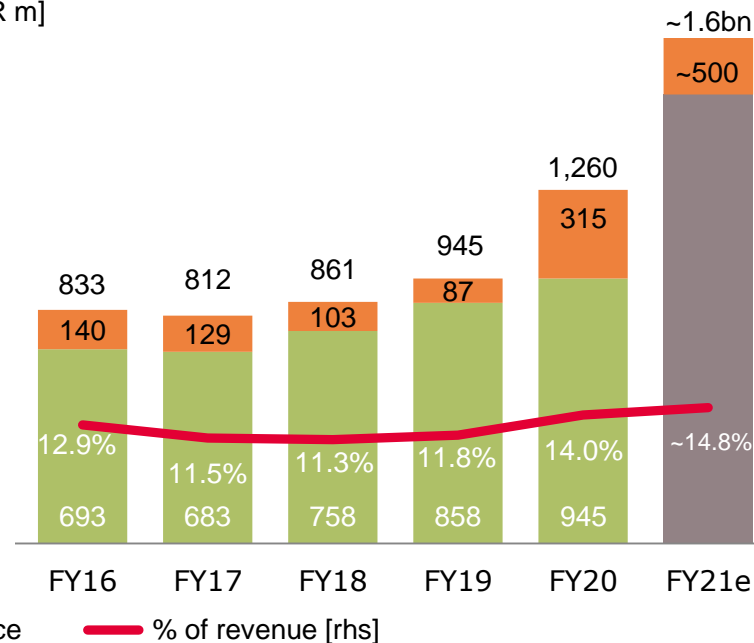
Investments*

[EUR m]



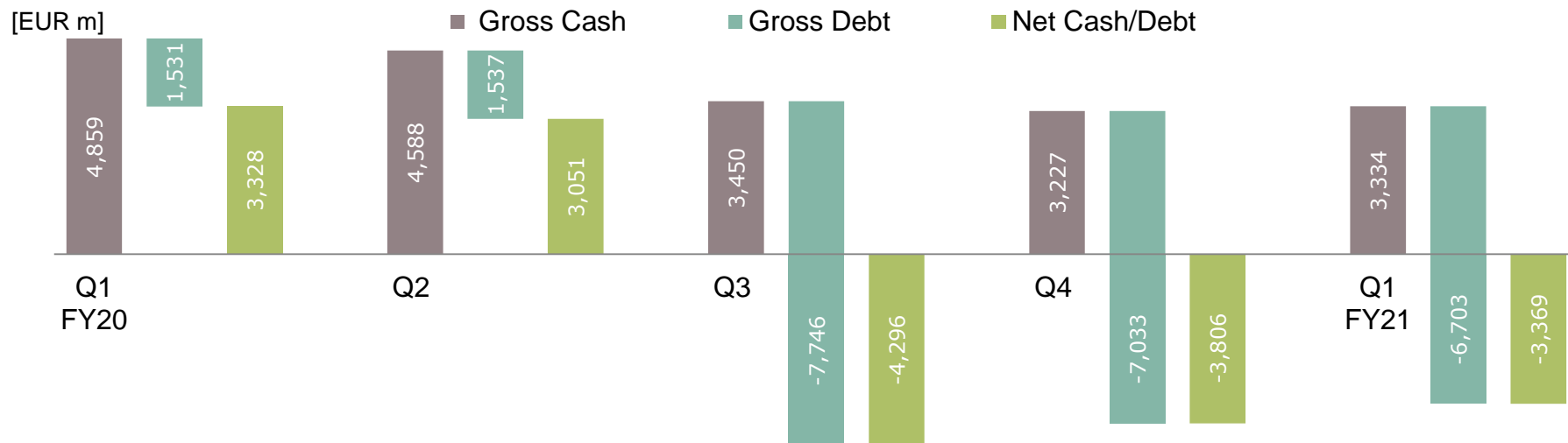
Depreciation & Amortization

[EUR m]



* For definition please see page "Notes".

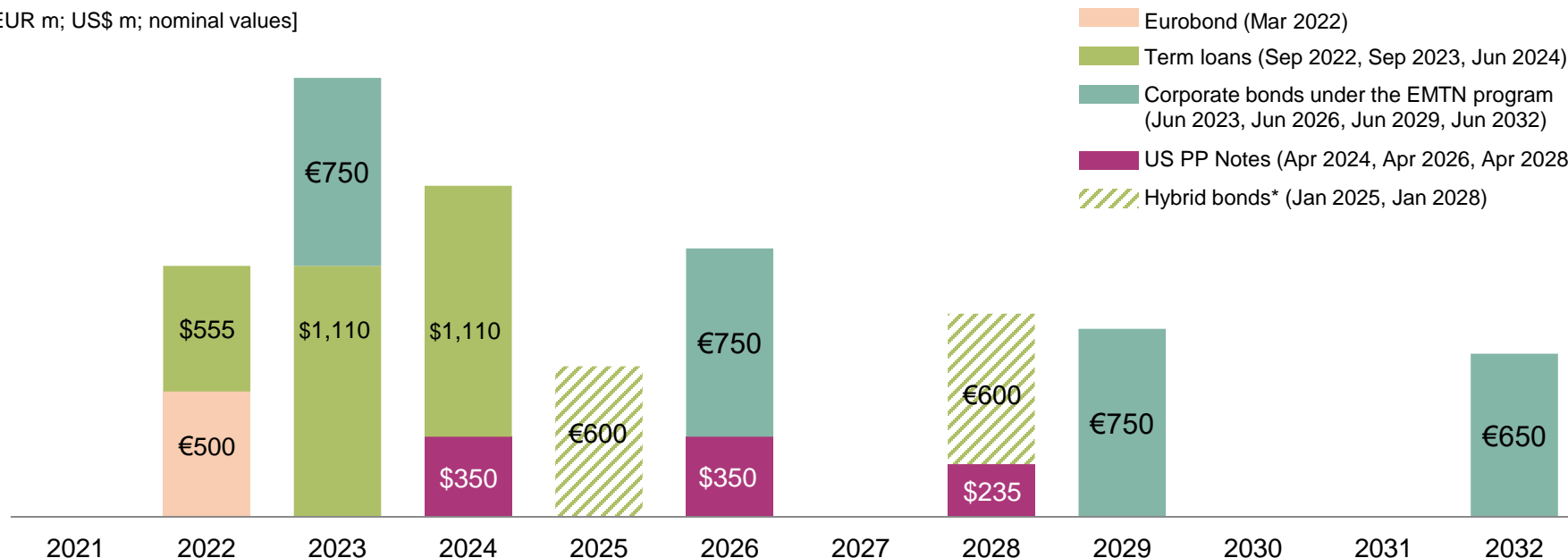
Liquidity development



- › Q4 FY20: early repayment of one half of the first term loan (USD 555m).
- › Q1 FY21: Gross debt – reduced by 174m EUR repayment and impact of weaker US-dollar on USD-denominated debt.
Net debt: improvement driven by strong free cash flow and, to some extent, currency effects.

Maturity profile

[EUR m; US\$ m; nominal values]



Note: Graph excludes pre-existing Cypress convertibles of ~\$382m repayment value, maturing latest 2022, and additional debt with maturities between 2021 and 2023 totaling €9m.

* On 1 Oct 2019, Infineon issued a perpetual hybrid bond with two tranches: €600m with first call date in 2025 and €600m with first call date in 2028; both are accounted as equity under IFRS.



Part of your life. Part of tomorrow.

Glossary (1 of 2)

| | |
|-------|--|
| ABB | accelerated book building |
| AC | alternating current |
| AC-DC | alternating current - direct current |
| AD | automated driving |
| ADAS | advanced driver assistance system |
| AEB | automatic emergency braking |
| AFS | advanced frontlight system |
| AI | artificial intelligence |
| AR | augmented reality |
| ASP | average selling price |
| BEV | battery electric vehicle |
| BGA | ball grid array |
| BLE | Bluetooth Low Energy |
| BoM | bill of material |
| BT | Bluetooth |
| CL | contactless |
| CPU | central processing unit |
| CRC | cyclical redundancy check |
| DC | direct current |
| DC-DC | direct current - direct current |
| DIF | dual-interface (contact-based and contactless) |
| DIY | do it yourself |
| DPM | digital power management |
| eCall | emergency call |

| | |
|------|--|
| ECC | error correction code |
| ECU | electronic control unit |
| EPS | electric power steering |
| eSIM | embedded subscriber identity module |
| ESS | energy storage system |
| EV | electric vehicle |
| FHEV | full hybrid electric vehicle |
| FPGA | field programmable gate array |
| G2M | go-to-market |
| GaN | gallium nitride |
| GPS | global positioning system |
| GPU | graphics processing unit |
| HEV | mild and full hybrid electric vehicle |
| HMI | human machine interaction |
| HSM | hardware security module |
| HST | high-speed train |
| HVAC | heating, ventilation, air conditioning |
| HW | hardware |
| IC | integrated circuit |
| ICE | internal combustion engine |
| IGBT | insulated gate bipolar transistor |
| IoT | Internet of Things |
| IPM | intelligent power module |
| IVN | in-vehicle networking |
| iPol | image processing line |

Glossary (2 of 2)

| | |
|--------------|--|
| IRFPoP | International Rectifier |
| IVN | in-vehicle networking |
| LCD | liquid crystal display |
| LDO | low dropout voltage regulator |
| LED | light-emitting diode |
| LSEV | low-speed electric vehicle |
| LSPS | LS Power Semitech Co. Ltd. |
| μC | microcontroller |
| Mb | megabit |
| MCU | microcontroller unit |
| MEMS | micro electro-mechanical systems |
| MHA | major home appliances |
| MHEV | mild hybrid electric vehicle |
| MIMO | multiple input, multiple output |
| 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 |
| MPU | microprocessor unit |
| OBC | on-board charger |
| OEM | original equipment manufacturer |
| P2S | Infineon's strategic product-to-system approach |
| PAS | photo-acoustic spectroscopy |
| PFC | power factor correction |
| PHEV | plug-in hybrid electric vehicle |
| PMIC | power management IC |
| Pol | point-of-load |

| | |
|-------|--|
| PSoC | programmable system-on-chip |
| PV | photovoltaic |
| RF | radio frequency |
| rhs | right-hand scale |
| Si | silicon |
| SiC | silicon carbide |
| SiGe | silicon germanium |
| SMD | surface mounted device |
| SMPS | switch-mode power supply |
| SNR | signal-to-noise ratio |
| SoC | system-on-chip |
| SOTA | software over-the-air |
| SPI | serial peripheral interface |
| SRAM | static random access memory |
| SW | software |
| TAM | total addressable memory |
| TCO | total cost of ownership |
| ToF | time-of-flight |
| TPM | trusted platform module |
| UPS | uninterruptible power supply |
| USB | universal serial bus |
| V2X | vehicle-to-everything communication |
| VR | virtual reality |
| VSD | variable speed drive |
| Wi-Fi | wireless fidelity |
| 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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Financial calendar

| Date | Location | Event |
|------------------|-------------------------|--|
| 10 – 11 Feb 2021 | New York → virtual | Goldman Sachs Technology & Internet Conference |
| 25 Feb 2021 | Neuberg → virtual | Annual General Meeting |
| 1 Mar 2021 | virtual | dbAccess Global ESG Conference |
| 3 Mar 2021 | Nuremberg → virtual | CSS Call along with embedded World trade show |
| 9 – 10 Mar 2021 | London → virtual | UBS Technology One-on-One Virtual Conference |
| 11 Mar 2021 | virtual | ODDO BHF 5 th Digital TMT Forum |
| 24 Mar 2021 | virtual | JPMorgan Fireside Chat |
| 4 May 2021* | | Q2 FY21 Results |
| 6 May 2021 | Nuremberg → virtual | IPC Call along with PCIM trade show |
| 27 May 2021 | London → virtual | JPMorgan European TMT Conference |
| 8 – 9 Jun 2021 | Paris → virtual | 23 rd Exane BNP Paribas European CEO Conference |
| 10 Jun 2021 | San Francisco → virtual | Bank of America Global Technology Conference |
| 17 Jun 2021 | virtual | GS European Digital Economy Conference |
| 1 Jul 2021 | Barcelona → virtual | PSS Call along with MWC trade show |
| 3 Aug 2021* | | Q3 FY21 Results |
| 4/5 Oct 2021 | to be defined | Infineon Capital Markets Day “IFX Day 2021” |

* preliminary

ESG footnotes

- 1) This figure considers manufacturing, transportation, function cars, flights, materials, chemicals, water/waste water, direct emissions, energy consumption, waste, etc. and is based on internally collected data and externally available conversion factors. All data relate to the 2020 fiscal year. Manufacturing service providers are not included.
- 2) This figure is based on internally established criteria, which are explained in the explanatory notes. The figure relates to the calendar year 2019 and considers the following fields of application: automotive, LED, induction cookers, server, renewable energy (wind, photovoltaic), mobile phone chargers as well as drives. CO₂ savings are calculated on the basis of potential savings of technologies in which semiconductors are used. The CO₂ savings are allocated on the basis of Infineon market share, semiconductor content and lifetime of the technologies concerned, based on internal and external experts' estimations.
- 3) Calculation based on average polycrystalline photovoltaic cells and the average yearly solar radiation of central Germany.
- 4) Based on the average electricity consumption of private households in Germany and official energy conversion factors.
- 5) Calculation based on average passenger capacity and direct flight route using externally available data and conversion factors.

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')

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')

DIO (days inventory outstanding; quarter-to-date) = ('Net Inventories' / 'Cost of goods sold') x 90

DPO (days payables outstanding; quarter-to-date) = ('Trade payables' / ['Cost of goods sold' + 'Purchase of property, plant and equipment']) x 90

DSO (days sales outstanding; quarter-to-date) = ('Trade receivables' - 'reimbursement obligations')* / 'revenue'* x 90

*without debtors with credit balances

Notes

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

For further reading

Power Semiconductor Business Update Call
Dr. Peter Wawer, Andreas Urschitz
30 Nov 2020



<https://www.infineon.com/2020powercall>

ATV Call
Peter Schiefer
5 October 2020



<https://www.infineon.com/2020atvcall>

Sustainability Report 2020
23 November 2020



https://www.infineon.com/sustainability_report

IFX Day 2018
Capital Markets Day
London, 12 June 2018



https://www.infineon.com/ifxday_2018

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