



IFX Day 2021

Capital Markets Day
virtual format, 5 October 2021



IFX Day 2021 – Agenda

UK Time	Topic	Presenters
<i>14:00 – 14:05</i>	<i>Welcome address</i>	Alexander Foltin (IR)
14:05 – 14:35	1. The Big Picture	Reinhard Ploss; Sven Schneider
14:35 – 15:20	2. Electrification	Jochen Hanebeck; Constanze Hufenbecher; Peter Schiefer; Andreas Urschitz; Peter Wawer
<i>15:20 – 15:30</i>	<i>Coffee break</i>	
15:30 – 16:15	3. Digitalization	Helmut Gassel; Constanze Hufenbecher; Thomas Rosteck; Peter Schiefer; Andreas Urschitz
16:15 – 16:45	4. Value Creation	Sven Schneider; Jochen Hanebeck; Thomas Rosteck; Peter Schiefer; Andreas Urschitz; Peter Wawer
16:45 – 17:25	Joint Q&A	Moderated by Alexander Foltin (IR)
17:25 – 17:30	Wrap-up & farewell address	Reinhard Ploss

Key messages

Semiconductors ever more pervasive – Infineon is uniquely positioned

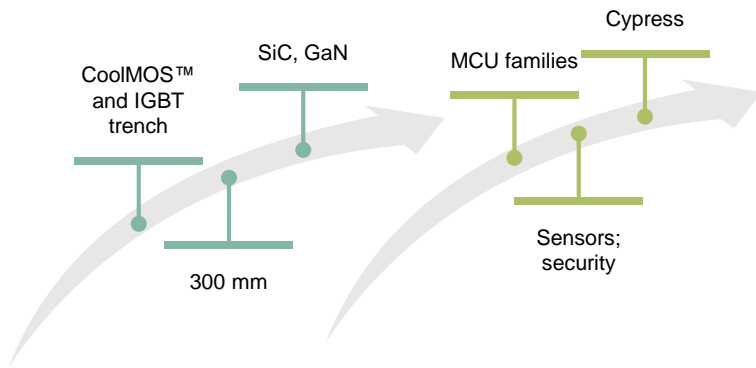
Electrification

- > CO₂ saving
- > Energy efficiency
- > Cost saving

Digitalization

- > Productivity
- > Comfort
- > New use cases

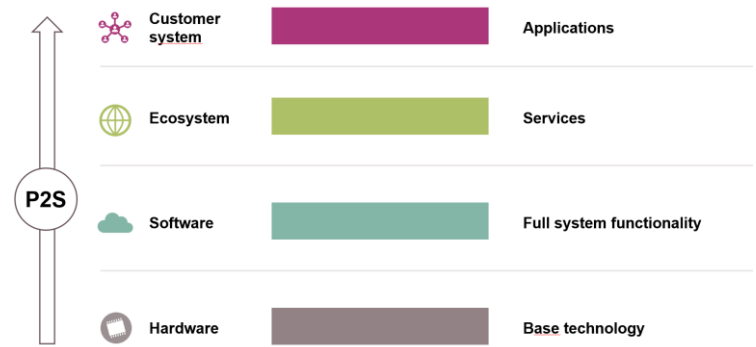
Long-term perspective paying off – capacity expansion underway, WBG focus



Cyclical and structural winner – xEV, renewables leaders; at the core of IoT



P2S guiding our journey – from technology to solution provider



ESG: part of the solution – CO₂ neutrality by 2030



Sustainable value creation – profitable growth journey continues

	TOM
Revenue growth	9%+
Segment Result Margin	19%
Investment-to-sales	13%

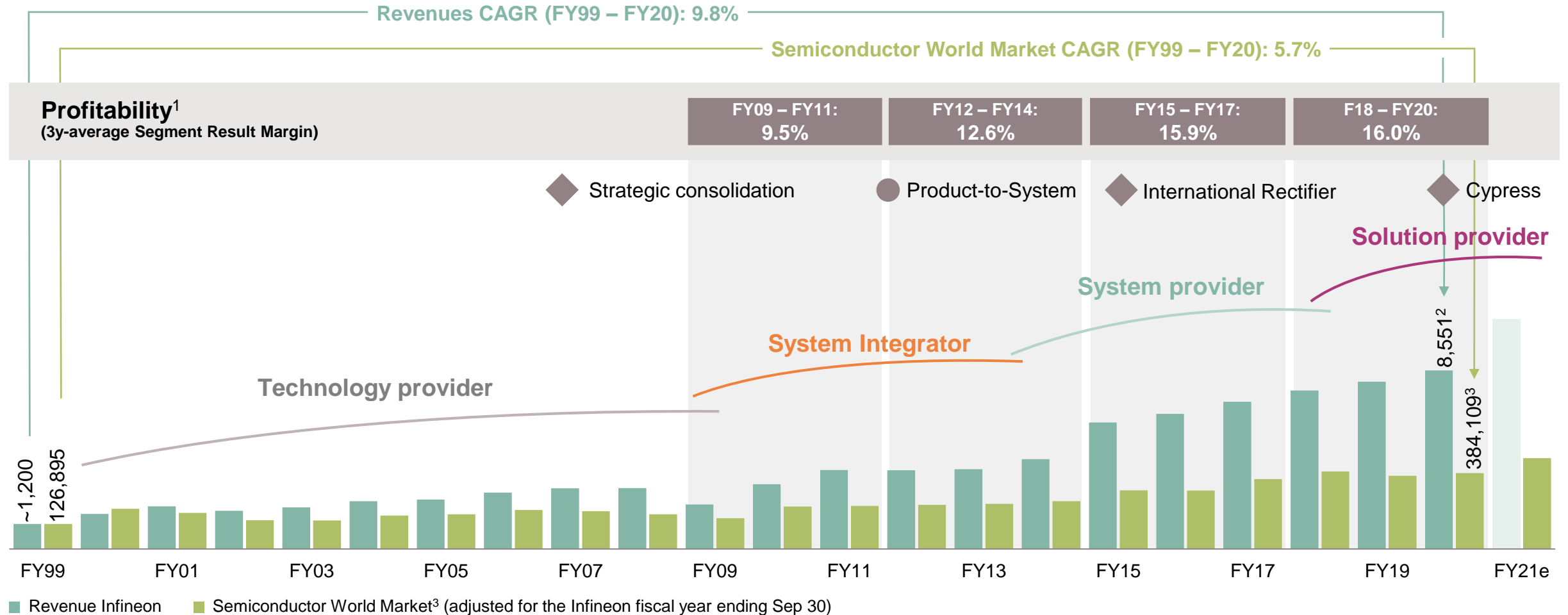


The Big Picture

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Since 1999, Infineon has grown by ~10% p.a.,
thereby consistently outperforming the semiconductor market



1 In FY09 Infineon's management changed the measure it uses to assess the operating performance of its operating segments to "Segment Result" | 2 Based on Infineon's portfolio (excl. Other Operating Segments and Corporate & Eliminations) per end of FY20 | 3 Source: WSTS (World Semiconductor Trade Statistics) in EUR adjusted for fiscal year, September 2020

Sustained market leadership based on key success factors – building the foundation of our future success

System understanding & solution expertise

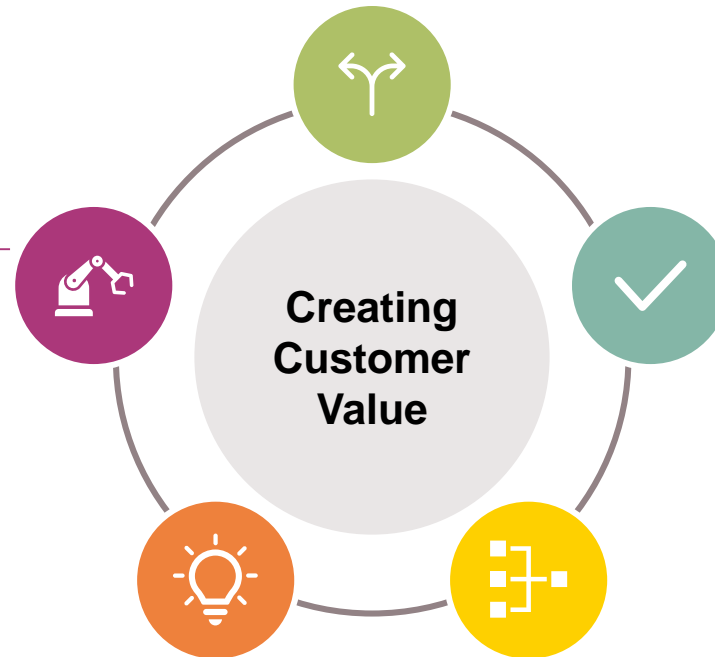
- › Early understanding of changing market demands
- › Translating what is technologically possible into marketable products according to customer needs

Differentiating inhouse manufacturing

- › Global 300 mm thin-wafer leader
- › Outstanding manufacturing expertise

Innovation drives differentiation

- › Outstanding history of turning inventions into business success
- › Market-leading scale, broad and diversified R&D roadmap



Outstanding customer relationships

- › Customer embeddedness – reach deep customer understanding
- › Stickiness of customer relationships

Quality and technology leadership

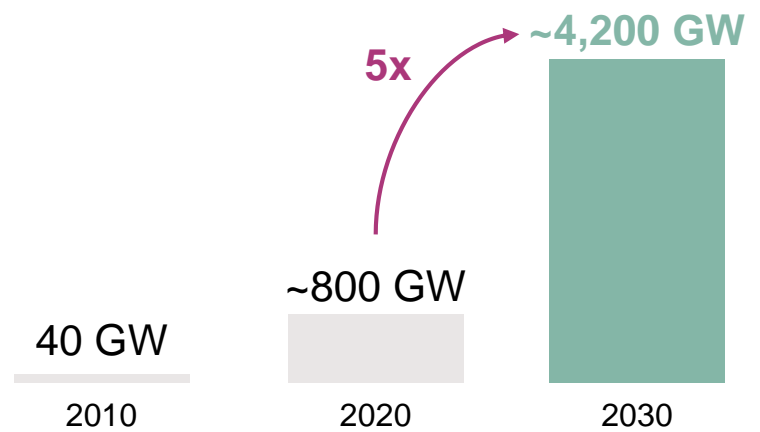
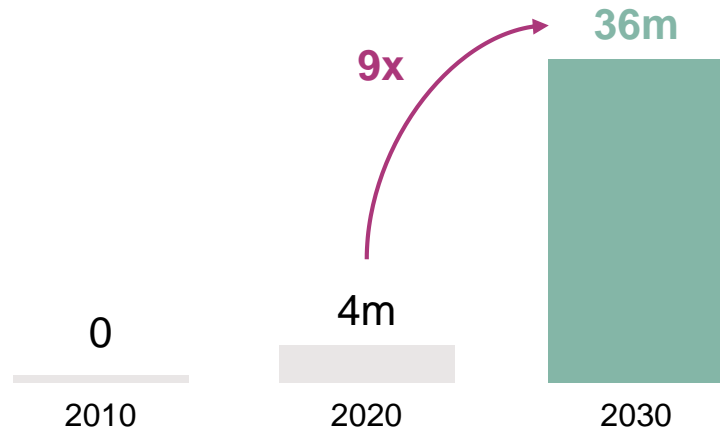
- › Track record of a diligent development process with strict quality control
- › Product portfolio with outstanding breadth and depth

Global megatrends lead to tectonic technology shifts; examples: xEV and renewable energies



Number of BEV + PHEV sales¹

Installed PV power²



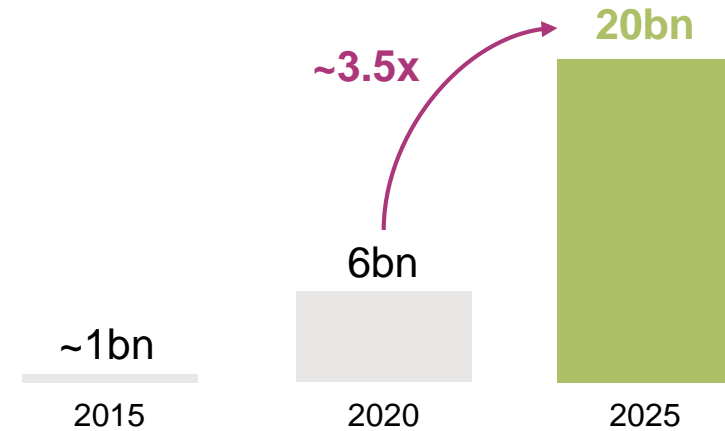
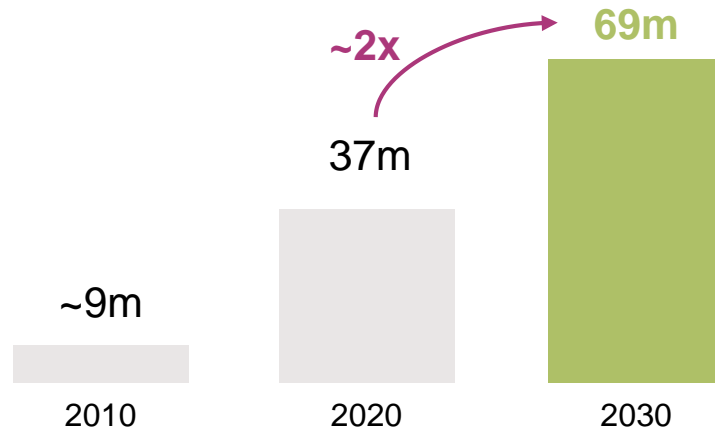
¹ Based on or includes content supplied by IHS Markit Automotive: *Light Vehicle Alternative Propulsion Forecast*. August 2021 | ² IEA: *Net Zero by 2050 - A Roadmap for the Global Energy Sector*. May 2021

Global megatrends lead to tectonic technology shifts; examples: assisted driving and IoT



Sales of cars equipped with ADAS (L1 or higher)¹

Number of new IoT connections p.a.²



¹ Based on or includes content supplied by IHS Markit Automotive: *CFA Model – Autonomy – Production*. September 2021; Infineon

² ABI Research: *IoT Market Tracker Worldwide Q3 2021 Update*. September 2021; Infineon

Two secular themes: Electrification and Digitalization

Electrification

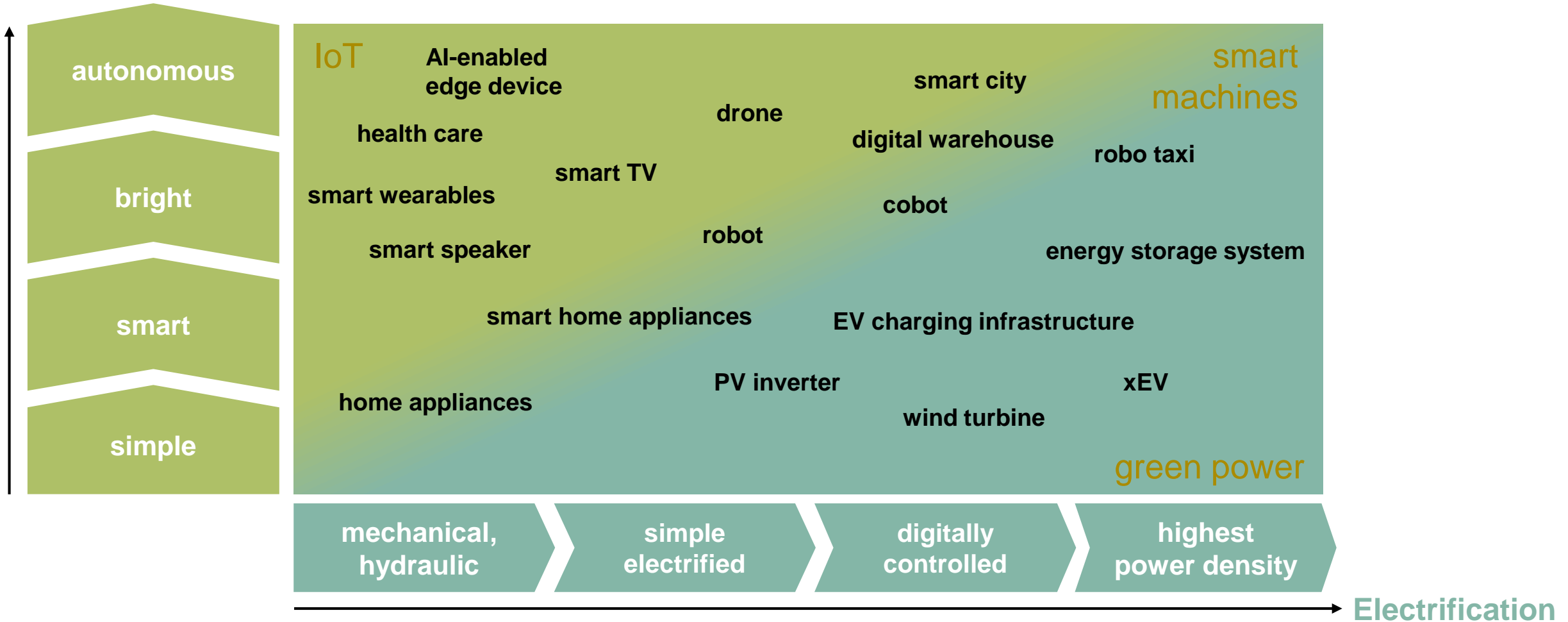
- › CO₂ saving
- › Energy efficiency
- › Cost saving

Digitalization

- › Productivity
- › Comfort
- › New use cases

Numerous applications are getting electrified and/or digitalized – creating a much bigger playing field for Infineon

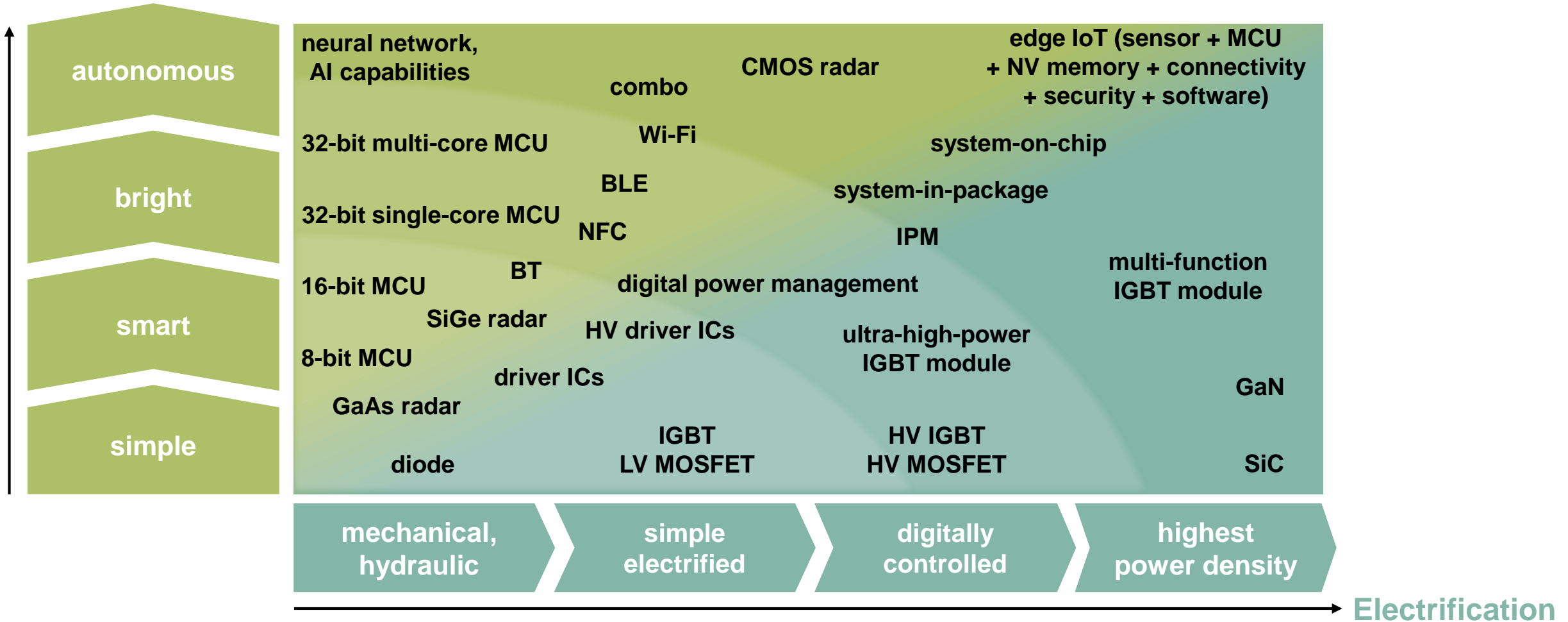
Digitalization



Infineon is shaping Electrification and Digitalization by innovative technologies enabling advanced solutions



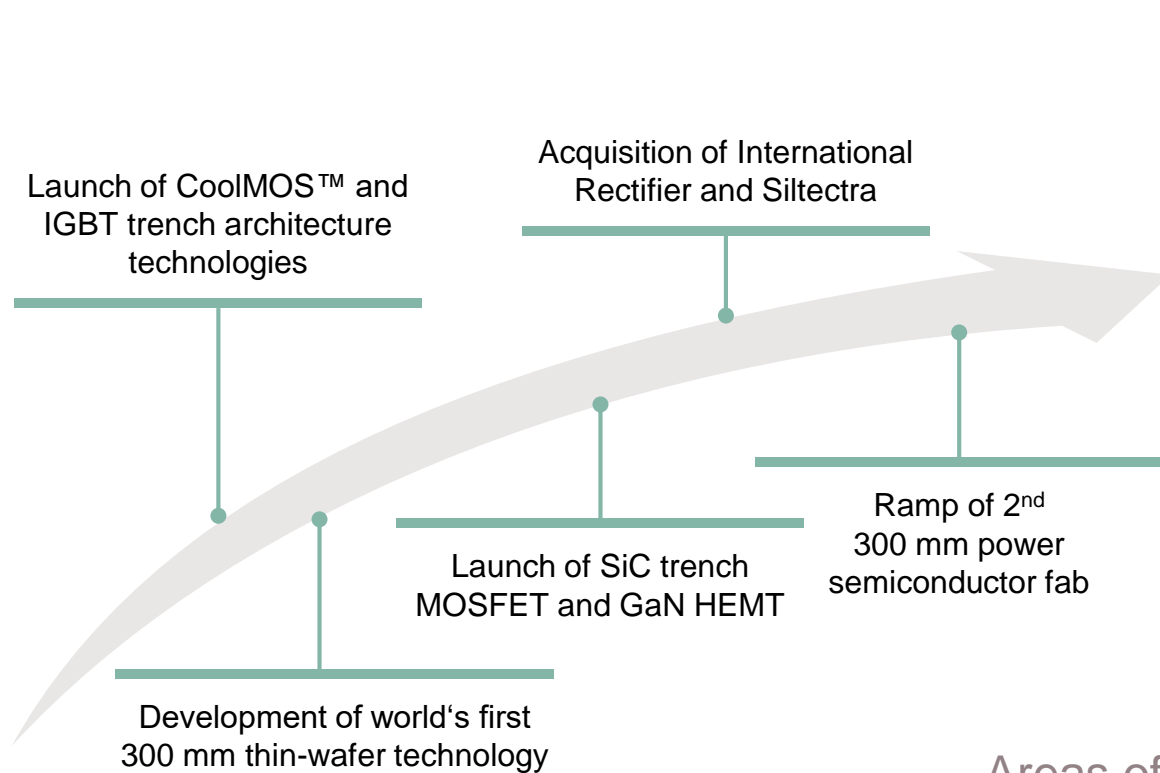
Digitalization



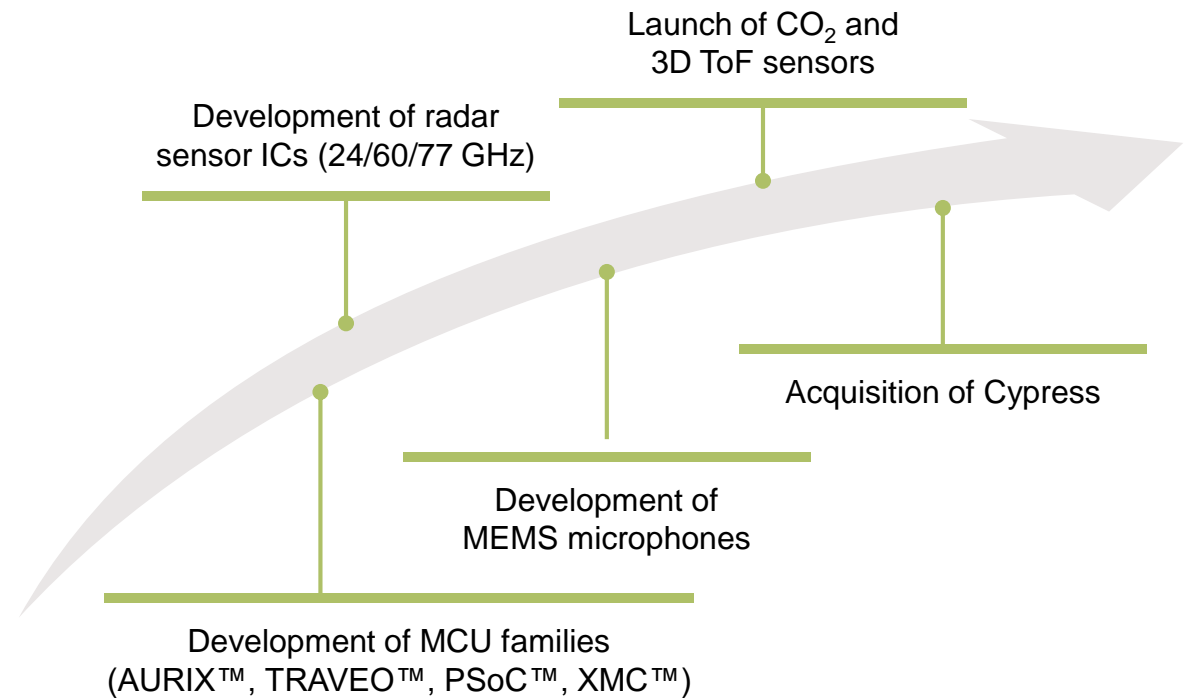
By continuously pushing technology limits, Infineon is uniquely positioned to shape Electrification and Digitalization



Major milestones in Electrification



Major milestones in Digitalization



Areas of differentiation

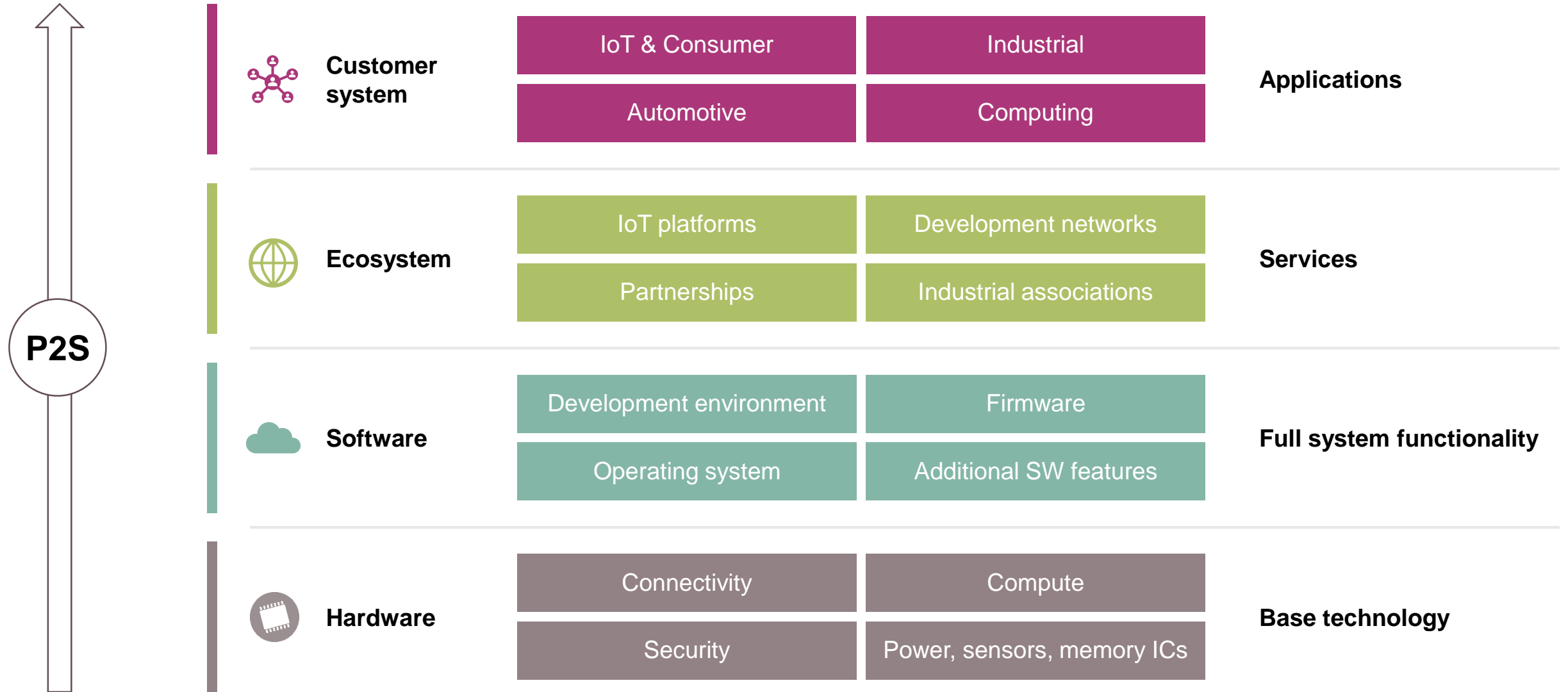


What we achieved in the past two decades in the field of power semiconductors



- › Global leader in power systems
- › 2x as big as number two in the total power semiconductor market
- › Unmatched portfolio of modules and packaging technologies
- › Quality leadership
- › Broad portfolio in innovative wide-bandgap materials

Product-to-System (P2S): our overarching strategic approach for profitable growth and for making our customers more successful



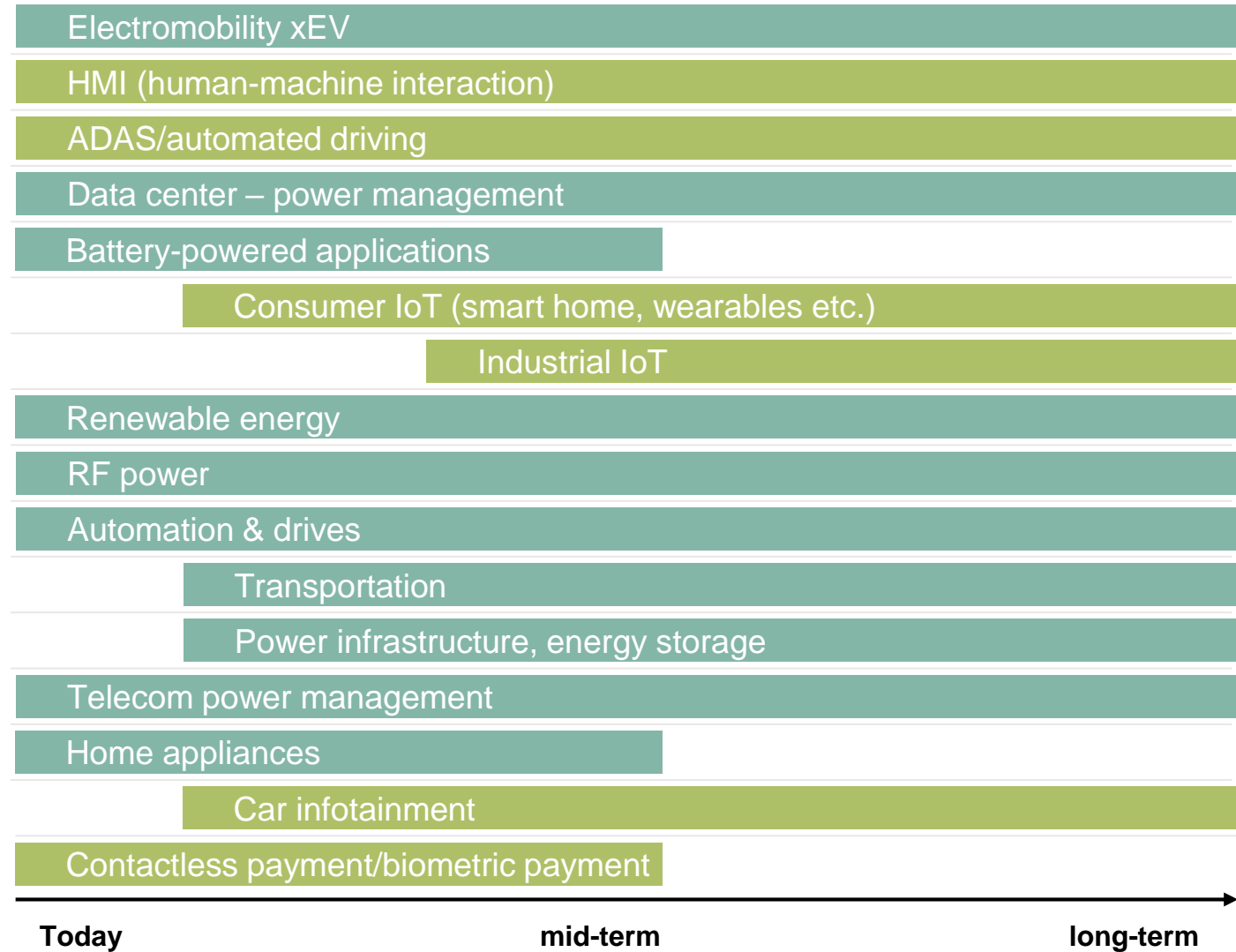
Infineon is exposed to an increasing number of structural, long-duration growth drivers for the coming decade

From IFX Day 2018

		Duration		
Relevance		short	medium	long
high	high Infineon	electro-mobility		
	high Division	automated driving		
medium	medium Infineon	battery-powered applications		
		data center – power supply / power management		
	high Division	renewable energy, energy storage, distribution		
		home appliances		
low	medium Division	collaborative robots		
		embedded security		
		powering 5G		
		contactless payment		
government ID				

Other applications in our target markets are expected to show standard growth patterns.

- Growth derived mainly from Electrification
- Growth derived mainly from Digitalization



Significance for Infineon

The intelligent world is arriving – the fusion of present, new and emerging technologies promises new possibilities and opportunities

Urban Mobility



Data Security



Human Machine Interaction



Smart and autonomous systems incl. AI



Network of green energies



Smart Health



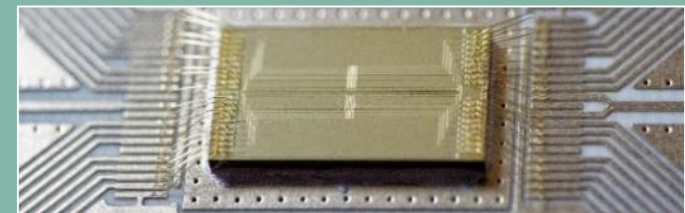
Blockchain



Ubiquitous IoT



Quantum Computing





Profitable growth journey since 1999
– from technology to solution provider



Unique position to shape
Electrification and Digitalization

- › Global leader in power systems
- › Transformational Cypress acquisition to drive IoT



Product-to-System (P2S) is the foundation of
our future success



Multitude of long-duration structural growth
drivers for the coming decade+

Infineon's value creation is crystallized in a resilient through-cycle Target Operating Model



Revenue growth



Segment Result Margin



Investment-to-sales



Target Operating Model¹

9%+

19%

13%

¹ Infineon financial performance to approach targets as Cypress integration progresses

Preliminary figures for FY21¹ and indicative outlook for FY22¹

	Preliminary FY21 ¹	Indicative outlook FY22 ²
Revenue	~ €11.0bn	mid-teens % increase
Segment Result Margin	> 18%	~ 20%
Investments	~ €1.6bn	~ €2.4bn
D&A ³	€1.5bn - €1.6bn	~ €1.7bn
Free cash flow	~ €1.5bn	~ €1.0bn

¹ Preliminary unaudited figures

² Based on an assumed average exchange rate of \$1.20 for €1.00; for FY22 based on expected supply capacity

³ Including the effects of the purchase price allocation for Cypress and, to a lesser extent, International Rectifier



Part of your life. Part of tomorrow.



Electrification

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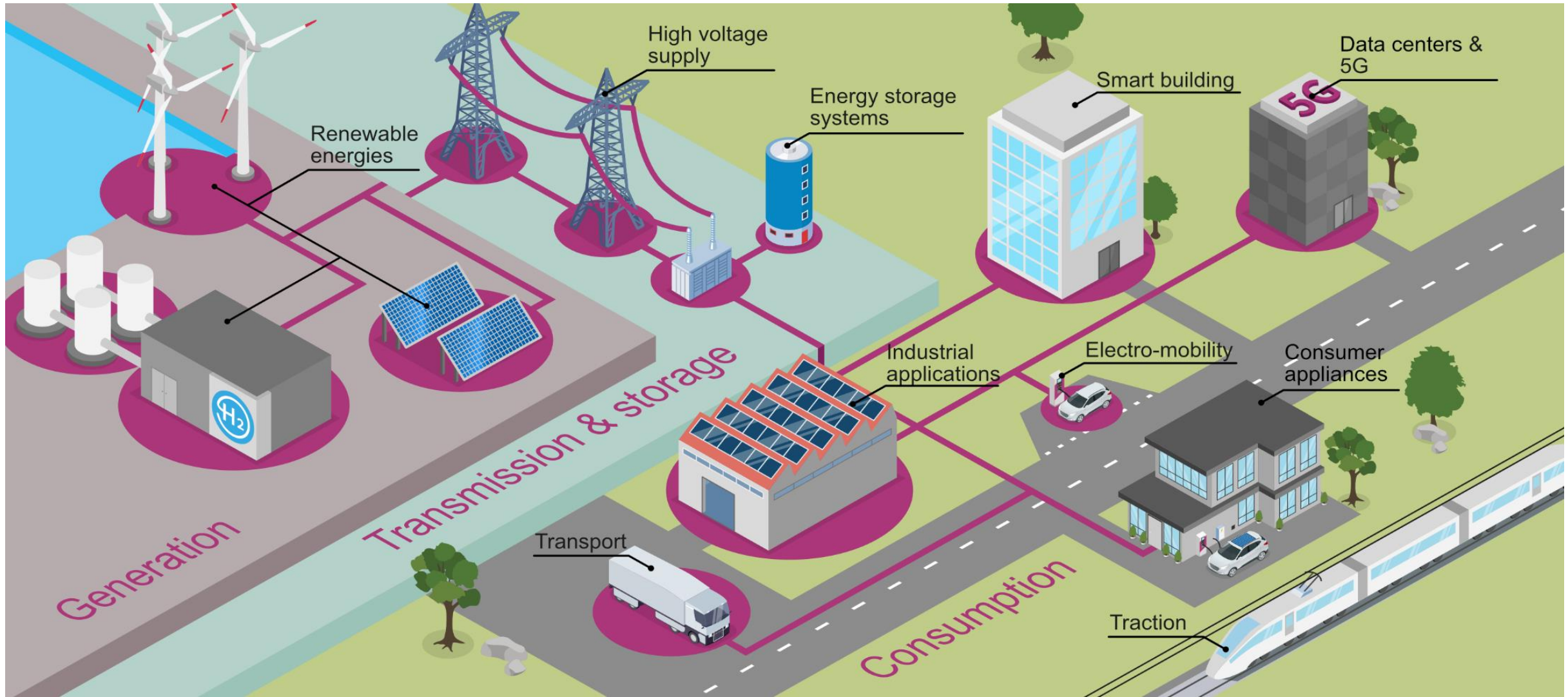
Electrification

- › CO₂ saving
- › Energy efficiency
- › Cost saving

Digitalization

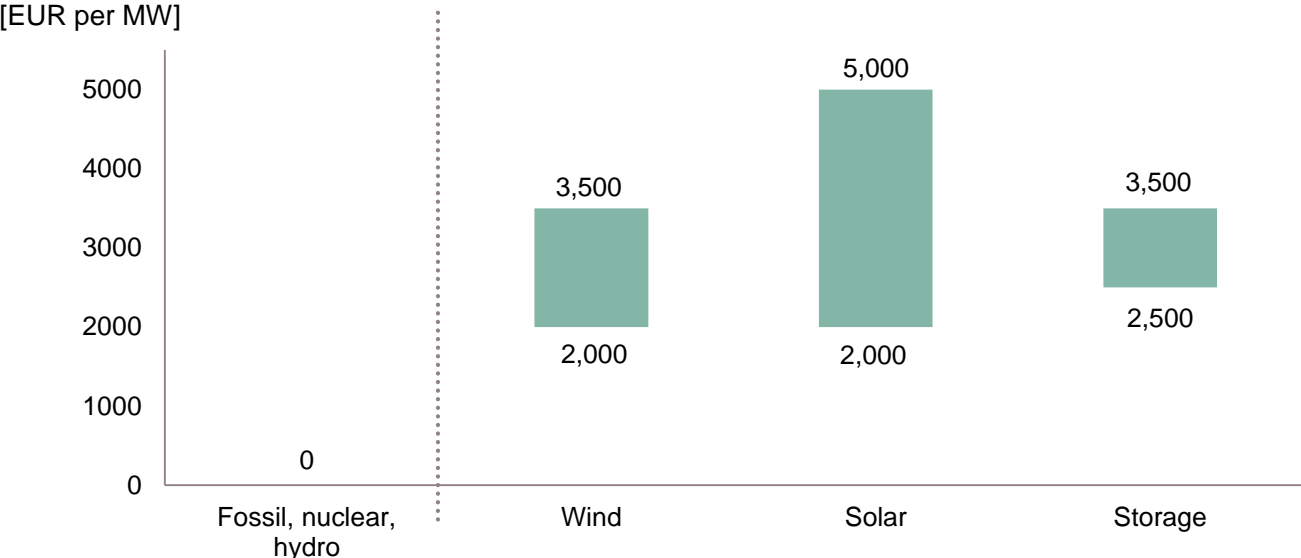
- › Productivity
- › Comfort
- › New use cases

The energy conversion chain



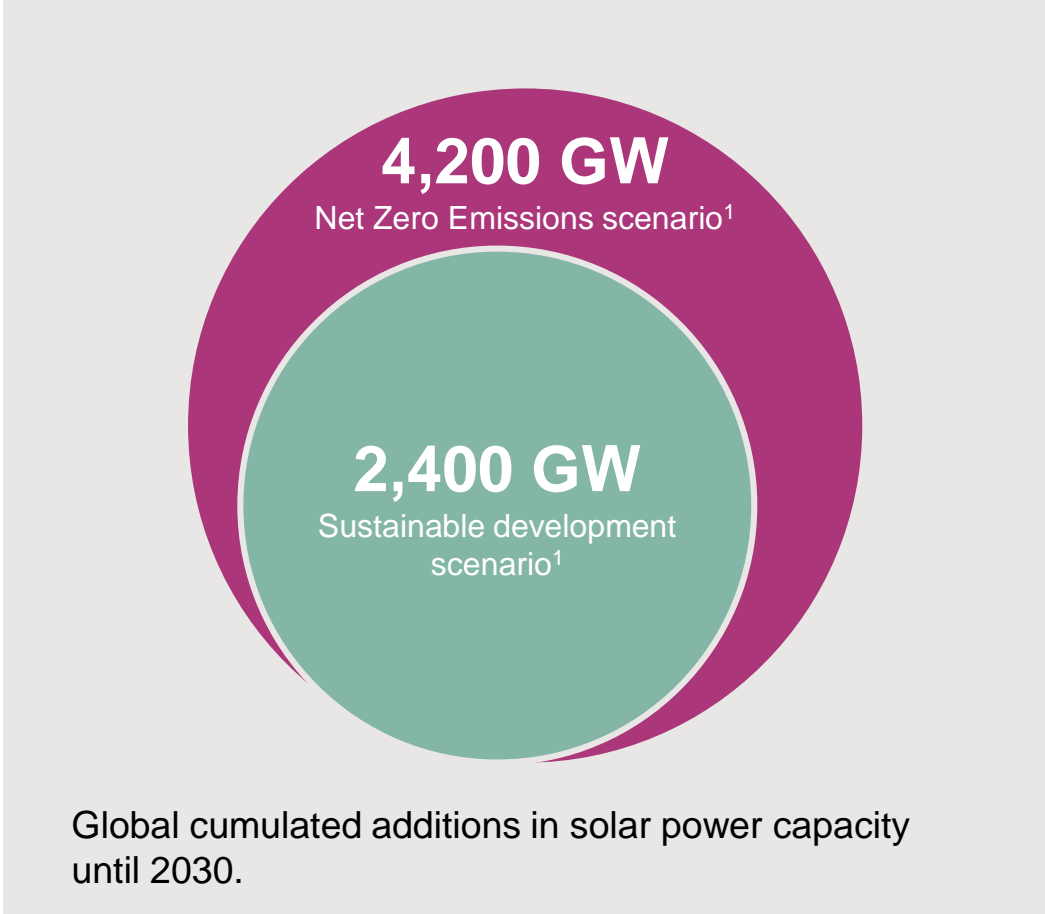
Green energy generation provides large business opportunities

Power semiconductor content by application



	[GW]		
Additions in 2020	114	134	5 ²
Ø 2021 – 2030 annual additions Sustainable development scenario ¹	110	240	22 ²
Ø 2021 – 2030 annual additions Net Zero Emissions (NZE) scenario ¹	240	420	33 ³

Upside potential: example solar power

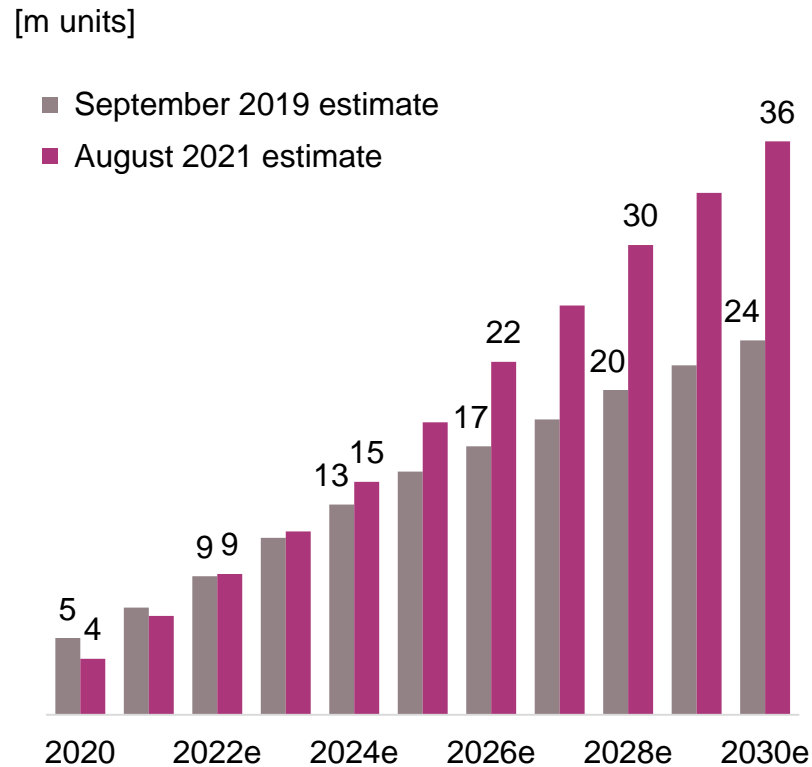


¹ IEA: *Net Zero by 2050 - A Roadmap for the Global Energy Sector*. May 2021 | ² Based on or includes content supplied by IHS Markit Climate and Sustainability Group: *Grid Connected Energy Storage Market Tracker H1 2021*. August 2021
³ Extrapolation; conservative assumption of equal ratio renewable generation to storage capacity

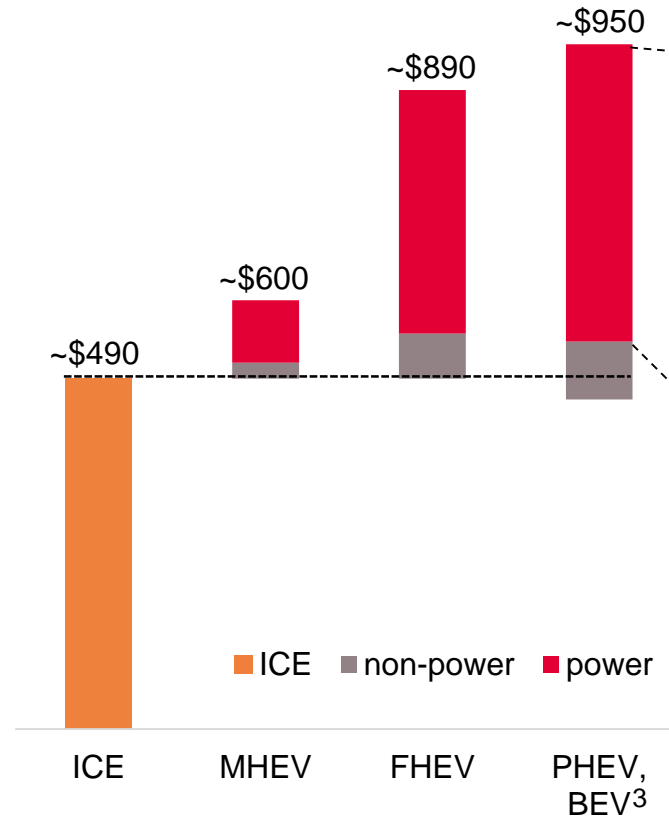
The penetration of PHEV + BEV is accelerating; the incremental content of power semis in xEV is a significant opportunity for Infineon



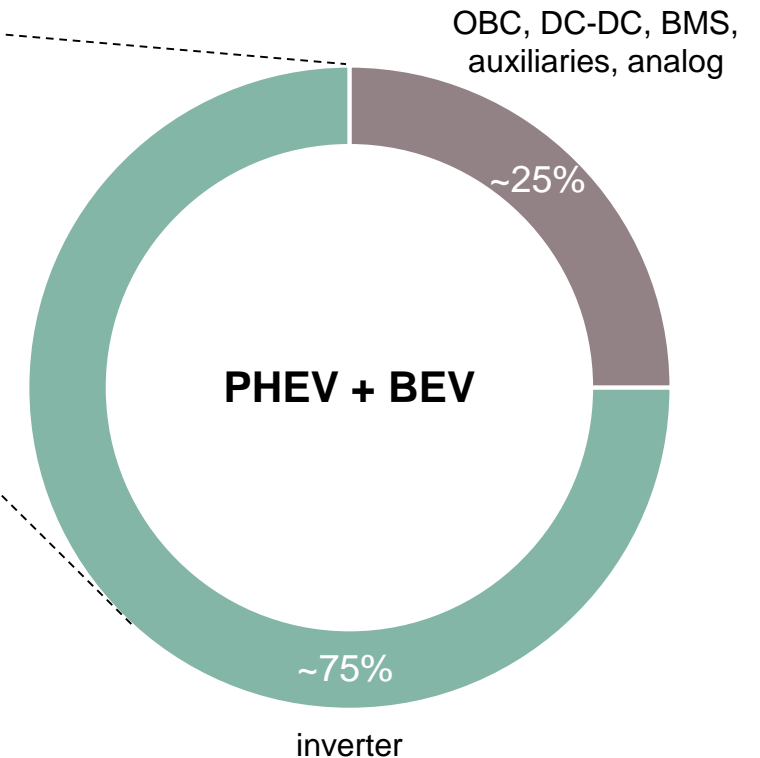
PHEV + BEV annual car production¹



2021 average xEV semi content²



Incremental power semi by application



¹ Based on or includes content supplied by IHS Markit Automotive: *Alternative Propulsion Forecast*. September 2019, August 2021.

² Strategy Analytics: *Automotive Semiconductor Demand Forecast 2019 - 2028*. July 2021; Infineon. "power" includes voltage regulators, ADCs and ASICs.

³ Due to missing ICE engine in BEV the weighted incremental semiconductor content for PHEV and BEV starts below the "~\$490" line.

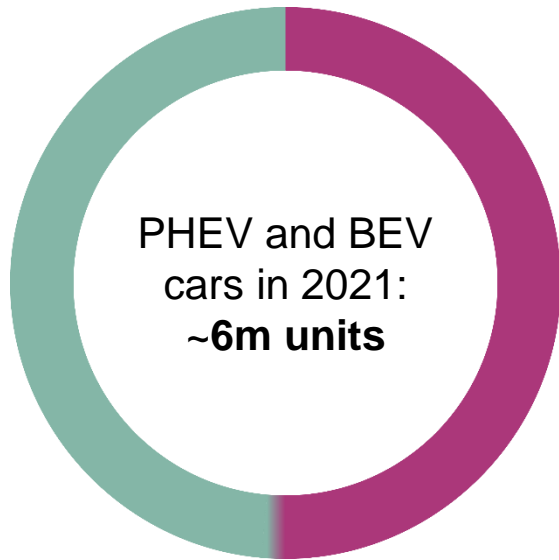
For newly produced cars in CY21, about every second inverter for a PHEV or BEV car is equipped with Infineon power semiconductors



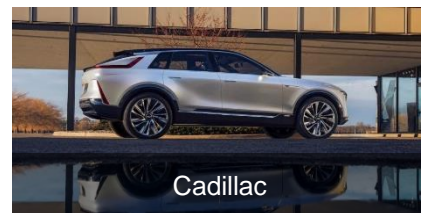
2021e PHEV + BEV inverters¹

Ex. of OEMs powered by Infineon

Examples of SiC design-wins



Share of inverters equipped with Infineon chips or modules



- > Infineon has an excellent position to win upcoming SiC-based xEV platforms:
 - leverage huge IGBT customer base with broadest portfolio and full system solution
 - seamless and cost-effective upgrade path across entire power range

¹ Based on or includes content supplied by IHS Markit Automotive: *Alternative Propulsion Forecast*. August 2021; Strategy Analytics: *Automotive Semiconductor Demand Forecast 2019 - 2028*. July 2021; Infineon

SiC – Infineon is leading the market for industrial applications

Focus applications



Tipping points reached

Growing number of industrial applications use SiC:

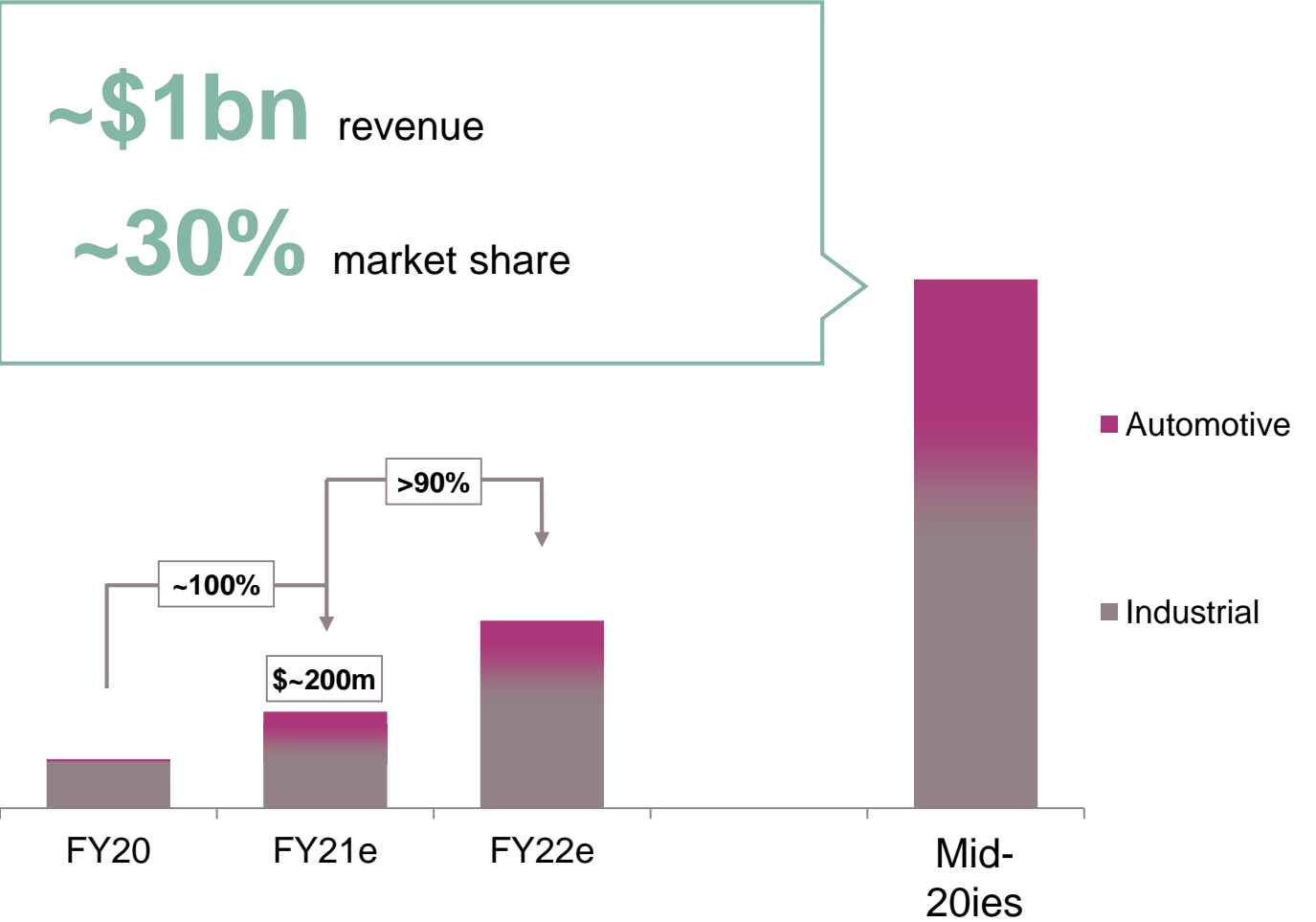
- > reduction of system cost
- > reduction of system size
- > higher efficiency and reduced total cost of ownership

Infineon serves
> 3,000
 industrial customers directly
 or via distribution

Customers

SiC – US\$ 1 billion revenue in sight

SiC revenue development

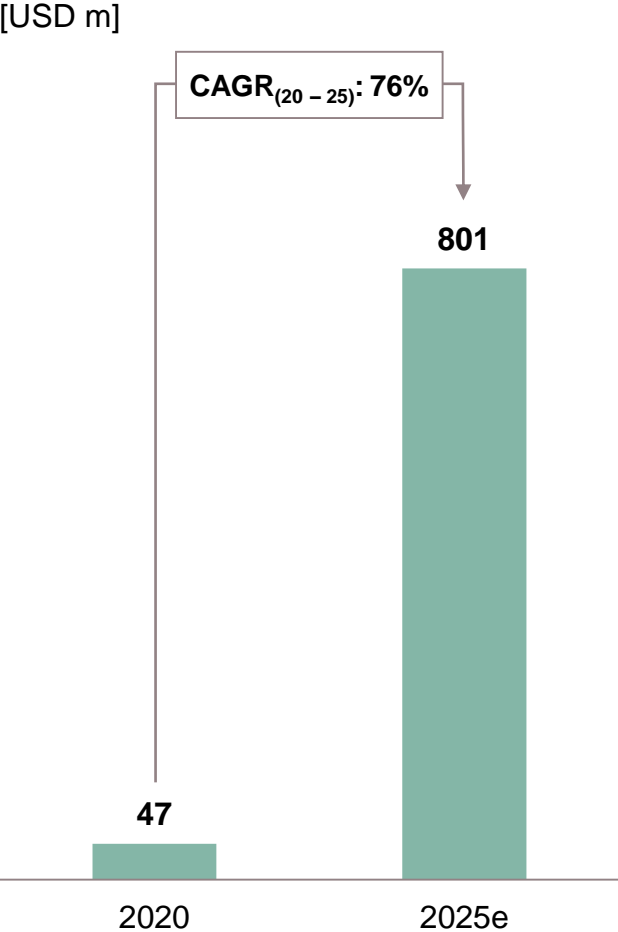


Infineon’s success factors

- > Best in class Trench MOSFET on the market
- > 2nd Gen. CoolSiC™ Trench MOSFET will be launched in FY22
- > Broadest portfolio fits customers’ individual needs
- > Scalable portfolio allows for easy and seamless upgrade from IGBT to SiC-based inverters
- > Strong module capabilities
- > System expertise and customer access

GaN technology – Infineon well positioned to address key markets

GaN market forecast¹



Key values of GaN vs Si

Higher power density in adapters and chargers

10x switching frequency	> 2% more power efficiency	20% lower System Cost	25% higher power density	3x less weight
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We combine leading-edge system and application understanding with additional strengths:

Broad GaN IP portfolio, large R&D force and best-in-class manufacturing landscape

Applications

Focus applications

- Charger
- Telecom
- Motor control
- Server
- Wireless charging
- 5G

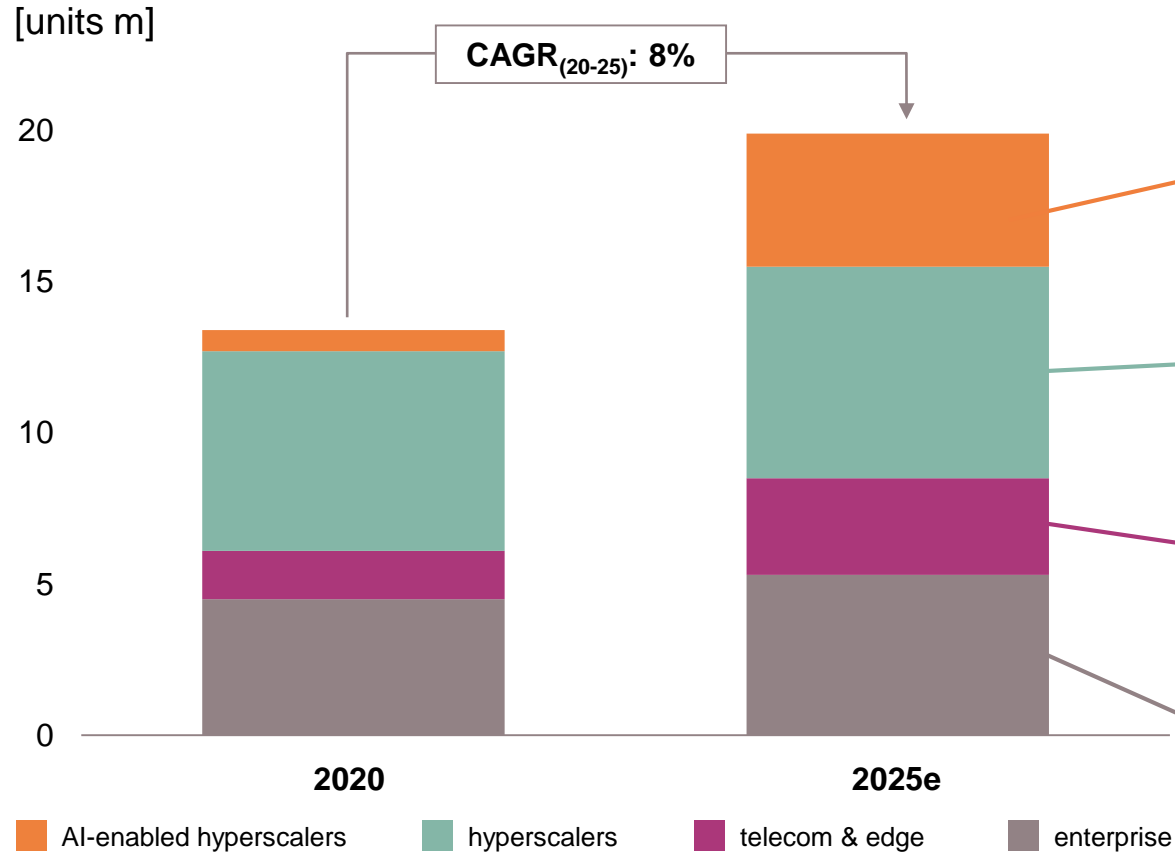
Emerging applications

- Audio amplifier
- Major home appliance
- Energy storage
- Solar
- On-board charger
- HV-LV DC-DC Converter

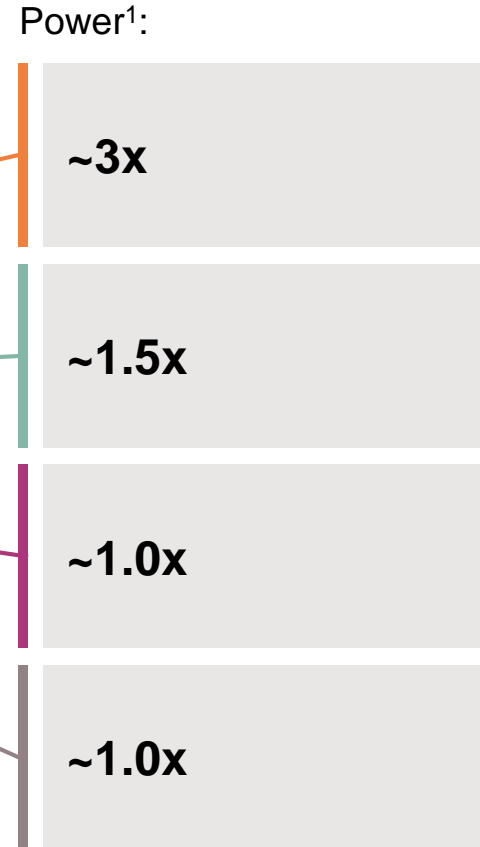
¹ GaN power devices market forecast. Yole Développement (Yole): *Compound Semiconductor Quarterly Market Monitor: From technologies to markets; Quarterly Update Module 1. Q3 2021*

Data center – AI hyperscaler and telecom/edge computing are driving the growth

Server growth



Power requirement per server



Exponential increase in AI Training & Networking (ASIC/SoC/FPGA/CPU/GPU) power level requires cutting-edge innovation in Device & Packaging technologies to solve power efficiency and density challenges

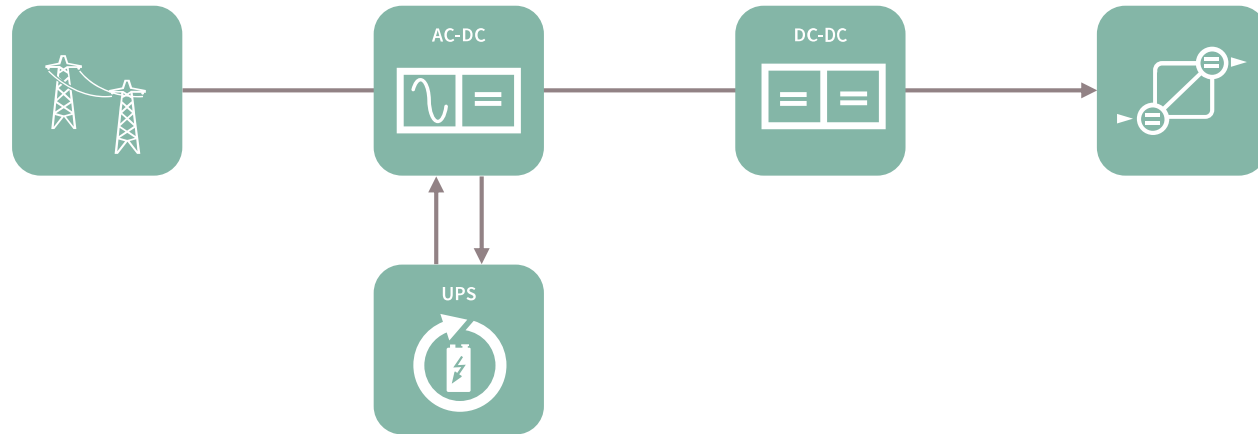
→ The bill of material is outpacing unit growth by a factor of ~1.3x.

¹ Normalized overall power requirement per server board for x-comparison
Based on or includes research from Omdia: *Data Center Server Equipment Market Tracker – 2Q21 Database*. September 2021

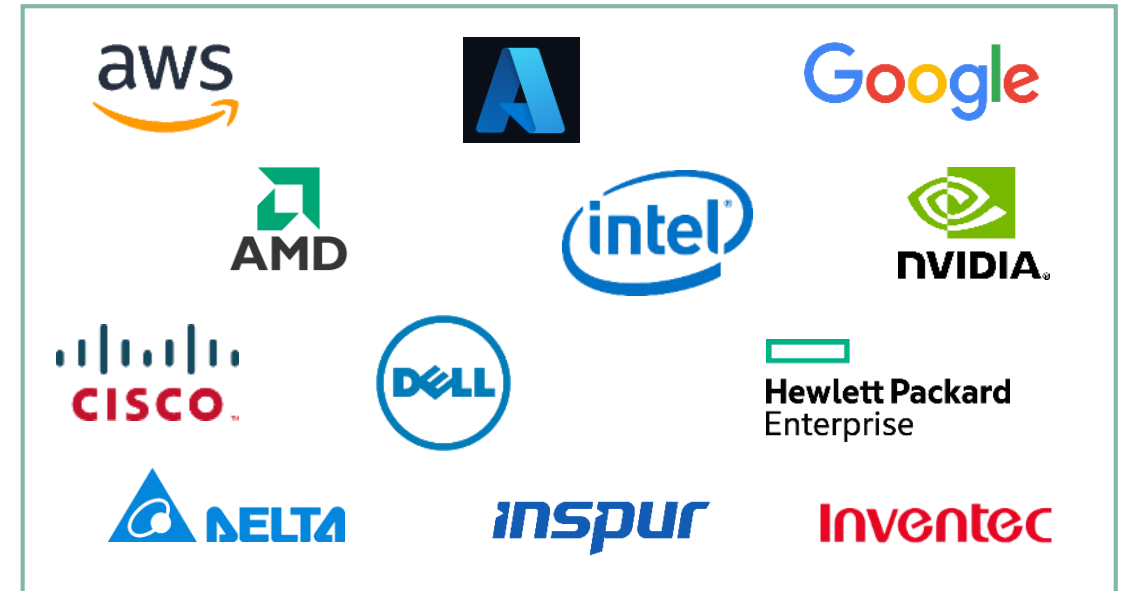
Infineon offers complete solutions for all types of data centers at constantly increasing efficiency



From the grid to the point of load



Selected customers and partners



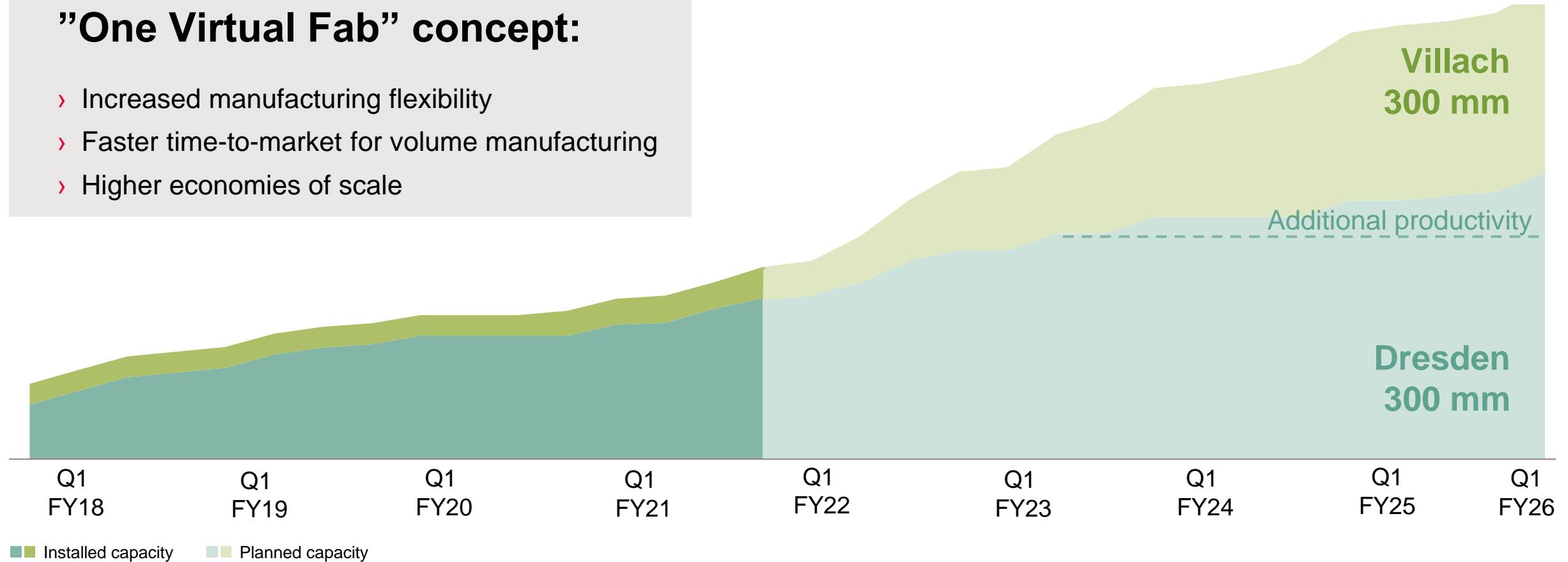
- › Complete solutions for **all types of data centers** based on full portfolio of switches, drivers and controllers
- › Significant increase in **CPU power levels (30% to 40%)** driving the need for superior efficiency and power density
- › Exponential increase in **AI training and networking (ASIC/SoC/FPGA/CPU/GPU)** power level requires cutting-edge innovation in device and packaging technologies to solve power density challenges

We can follow the market demand by accelerating the 300 mm ramp in Dresden & Villach, One Virtual fab takes us to the next level



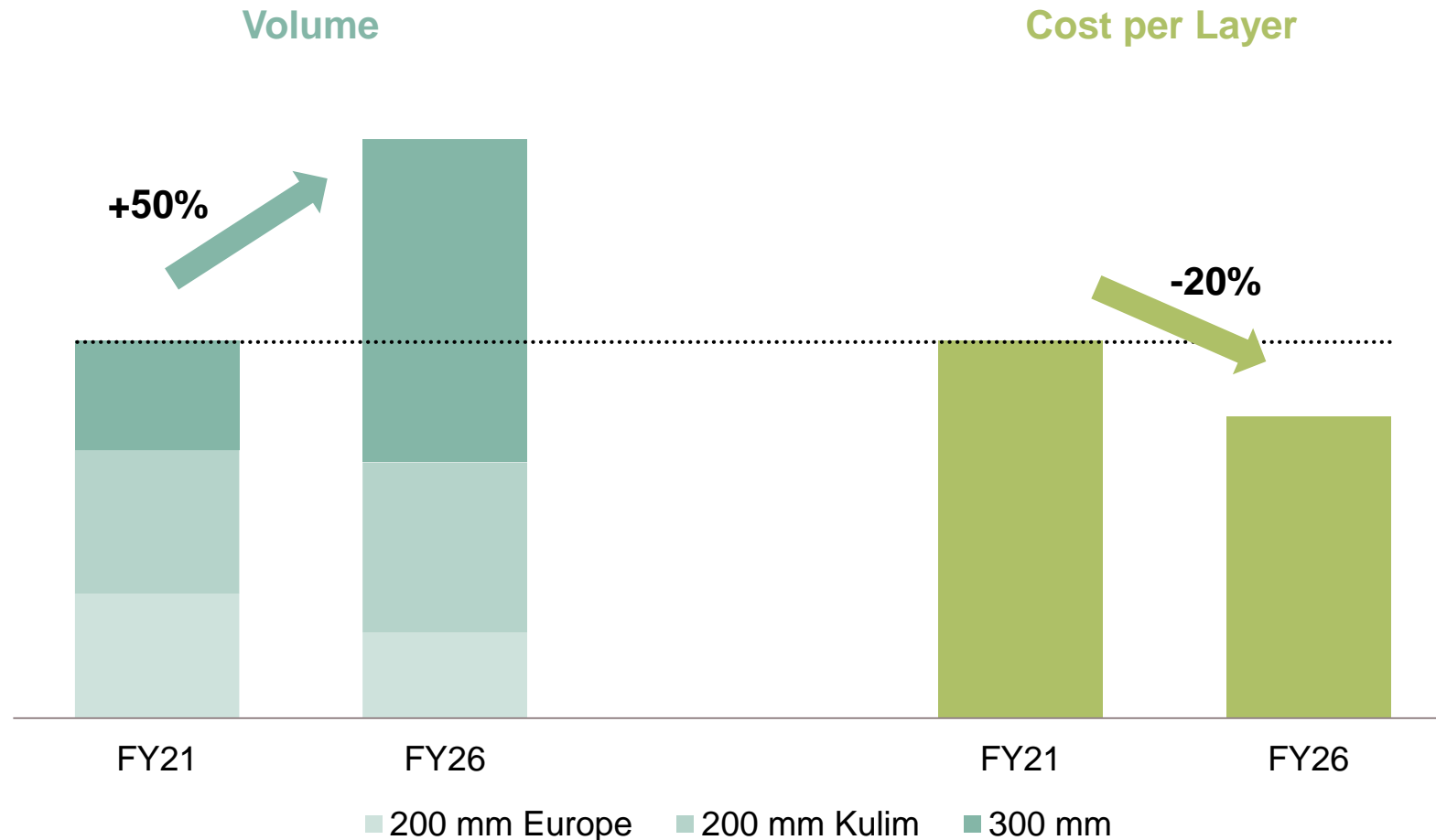
We benefit from our "One Virtual Fab" concept:

- › Increased manufacturing flexibility
- › Faster time-to-market for volume manufacturing
- › Higher economies of scale



Strong growth and excellent cost position of our target manufacturing setup improve frontend productivity for power and sensors

Advantages of 300 mm



- › Largest cost leverage through volume increase and resulting economy-of-scale effects in 300 mm
- › Excellent cost position for 200 mm Kulim
- › Share of 200 mm in Europe declining

SiC and GaN capacity expansion to respond to fast growing demand

Villach, Austria



- > 150/200 mm Si lines will be converted to SiC and GaN manufacturing while reusing non specific equipment
- > → SiC capacity secured in Villach
- > → GaN scaling-up to volume manufacturing

Further expansion in Kulim

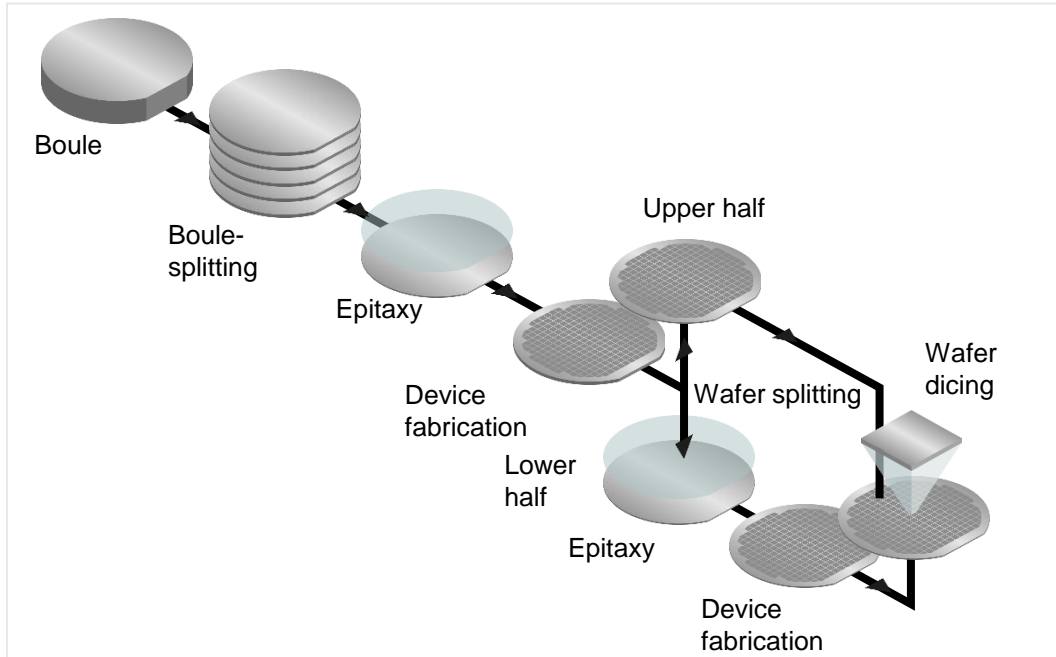
Kulim, Malaysia



- > Transfers of
 - > 200 mm Si
 - > WBG epitaxy as first step
- > Ground ready for 3rd module

Our Cold Split technology leads to significant reduction of raw material losses during SiC manufacturing

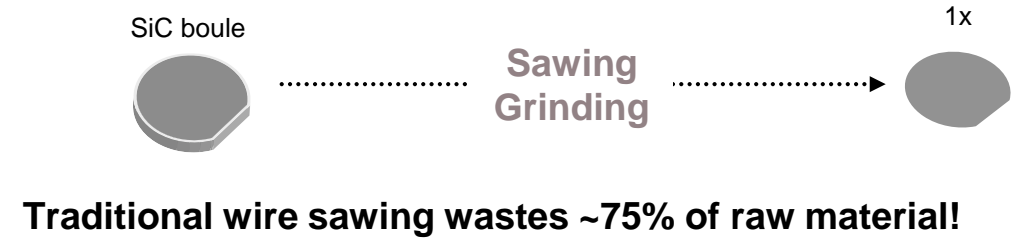
Cold Split technology



- › First product qualified on Cold Split technology
- › Ramping pilot line and prepare volume production
- › 3 supplier LTAs for boules and wafers in place

Crystal	Technology	# of wafers (indexed)
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Today



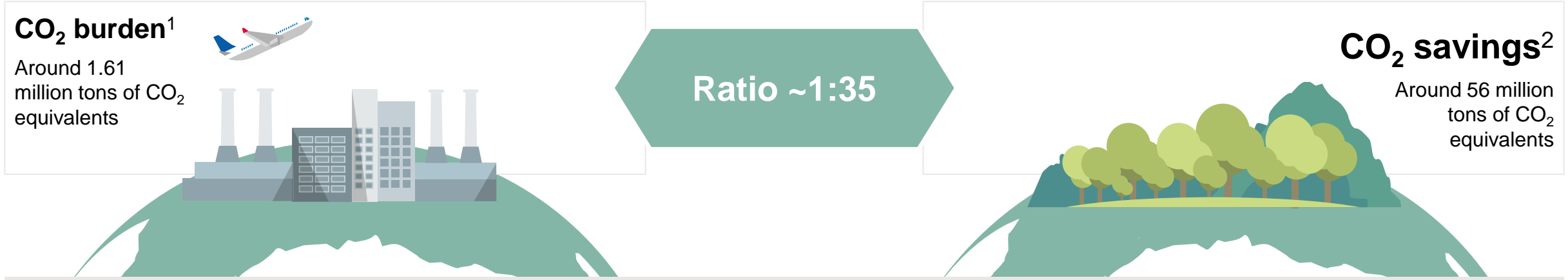
2021



Next step



We contribute a net CO₂ reduction of more than 54 million tons



Net ecological benefit: CO₂ emissions reduction of more than 54 million tons



Infineon is excellent in resource efficiency
We are committed to CO₂ neutrality by 2030
Our CO₂-saving applications are high-growth, we are part of the solution!
The 1:35 ratio is expected to further improve in the coming years



1 | 2 For explanatory notes see "ESG footnotes" in the appendix.

Infineon is excellent in resource efficiency and committed to CO₂ neutrality – sustainability is in our DNA



Infineon ranks among the 10 percent¹ most sustainable companies in the world

In CY19, we used resources in our manufacturing processes much more efficiently than the global average of the semiconductor industry¹:

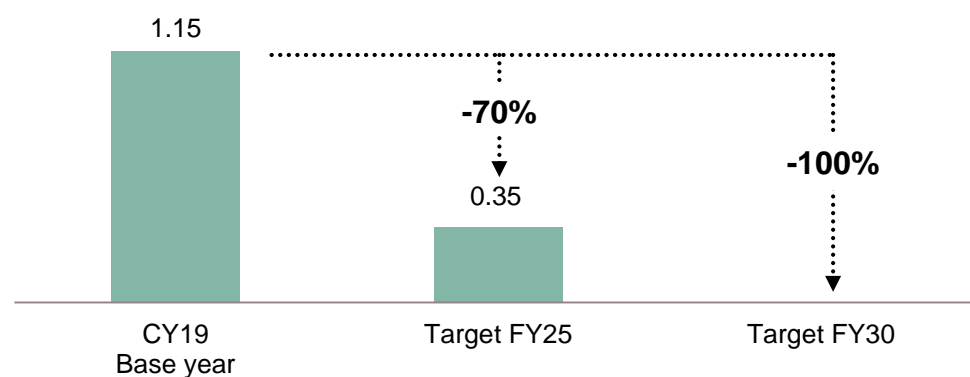
53%
less electricity consumed
per cm² manufactured wafer

31%
less water consumed
per cm² manufactured wafer

66%
less waste generated
per cm² manufactured wafer

Infineon's CO₂ target² by 2025 and 2030

Net CO₂ emissions in million tons of CO₂ equivalents²



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

¹ Based on the results of *The Sustainability Yearbook 2020* by S&P Global in cooperation with RobecoSam

² Related to Scope 1 and 2 emissions

High-growth applications offer further additional CO₂ savings potential

In CY20:

Wind energy: Annual installation capacity increased over 80%¹



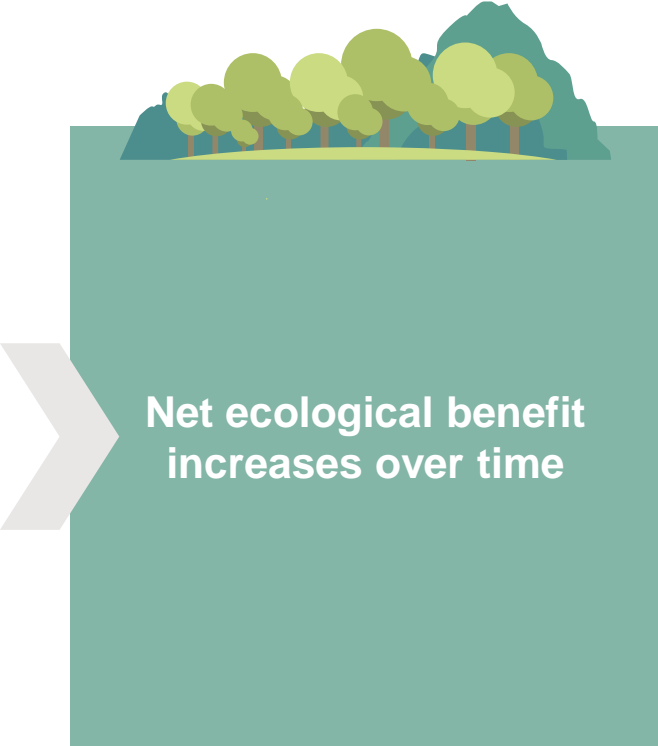
PV energy: Annual installation capacity increase of ~15%²



Drives: Increasing penetration of more efficient drives³



EVs: Increased sales contributed to an average fleet emission reduction of 14 g/km in Europe⁴



¹ Wood Mackenzie: *Global Wind Power Market Outlook, Q2 2021*. June 2021
² Based on or includes content supplied by IHS Markit Climate and Sustainability Group: *PV Installations Tracker, Q2 2021*. June 2021
³ Based on or includes research from Omdia: *Industrial Motor Control Sourcebook 2020*. December 2020
⁴ CO₂ emissions from new passenger cars in Europe: Car manufacturers' performance in 2020 - 08/2021



Infineon is making Electrification happen

- › Global leadership in powering renewables, xEV, and data center
- › Broadest solution portfolio across Si, SiC, GaN



SiC/GaN capacity expansion underway
– to meet structurally growing demand



Only player operating two large-scale
300 mm fabs for power semiconductors



Part of the solution: 1:35 net ecological
benefit – CO₂ neutrality by 2030



Digitalization

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Electrification

- › CO₂ saving
- › Energy efficiency
- › Cost saving

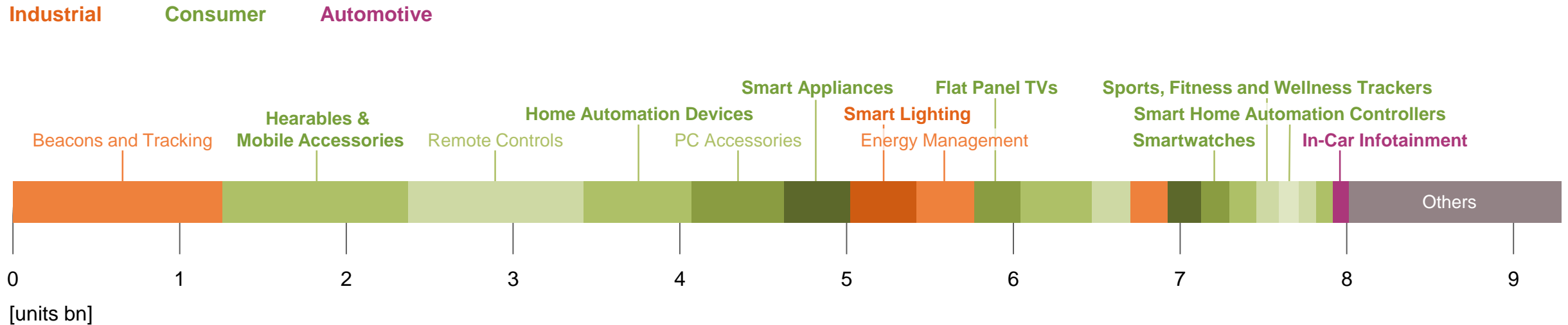
Digitalization

- › Productivity
- › Comfort
- › New use cases

The high-growth and broad IoT market offers a business opportunity of ~9bn devices



IoT applications: connected devices in billion units shipped in 2026¹



- > From 5.5bn connected devices in CY21 to more than 9.1bn devices shipped in CY26¹, CAGR₂₁₋₂₆ ~11%
- > We address **focus applications** directly with key customers
- > All applications served perfectly via excellent distribution partners with solutions that are easy-to-use and integrate

¹ ABI Research: *Wireless Connectivity Technology Segmentation and Addressable Markets*. July 2021; excluding Chromebooks, desktop PCs, feature phones, media tablets, netbooks, smartphones, white box tablets.

Our strategic P2S approach enhances profitable growth

Executing P2S



Turning **system and market understanding** into **superior solutions**



Maximize **customer value**

- › Differentiating functionality
- › Better cost/performance ratio
- › Faster time-to-market

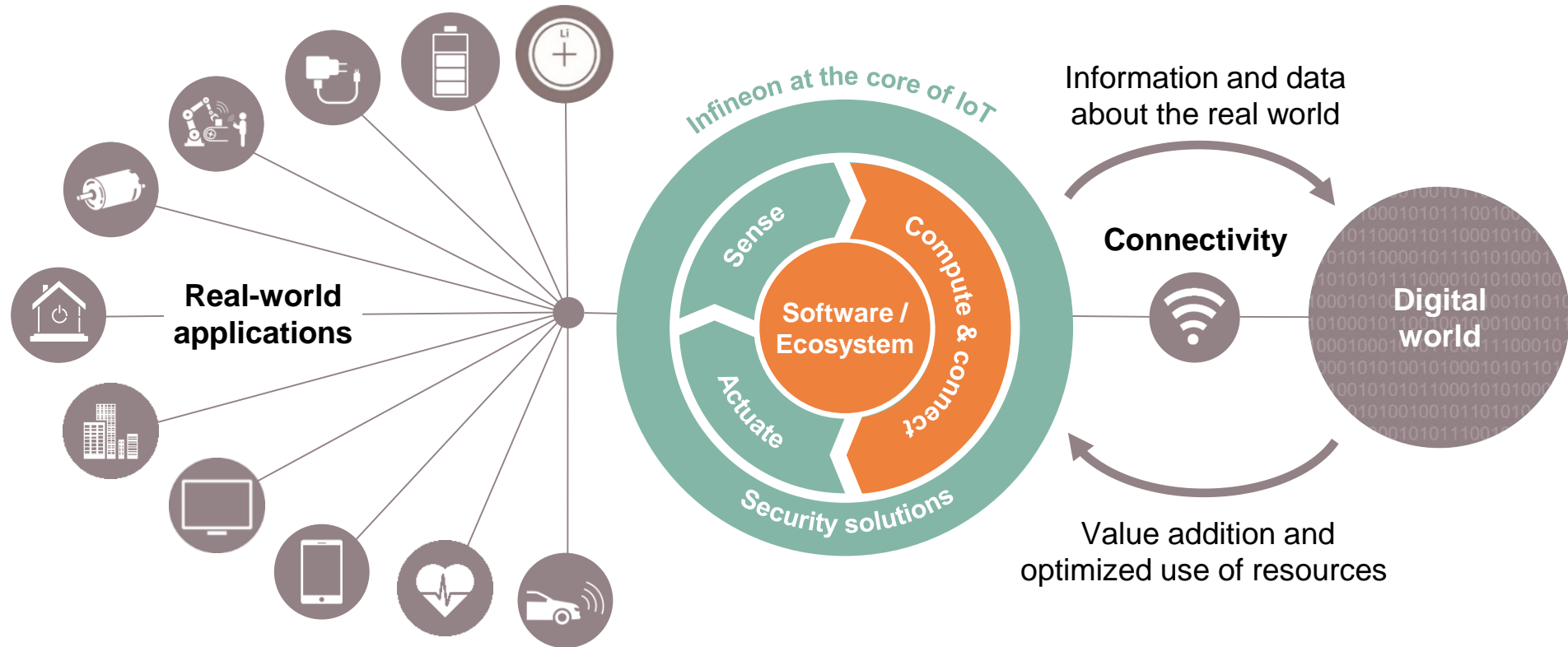


Enhance
profitable growth



With Cypress we created the most comprehensive portfolio to execute our P2S strategy at the core of the IoT space

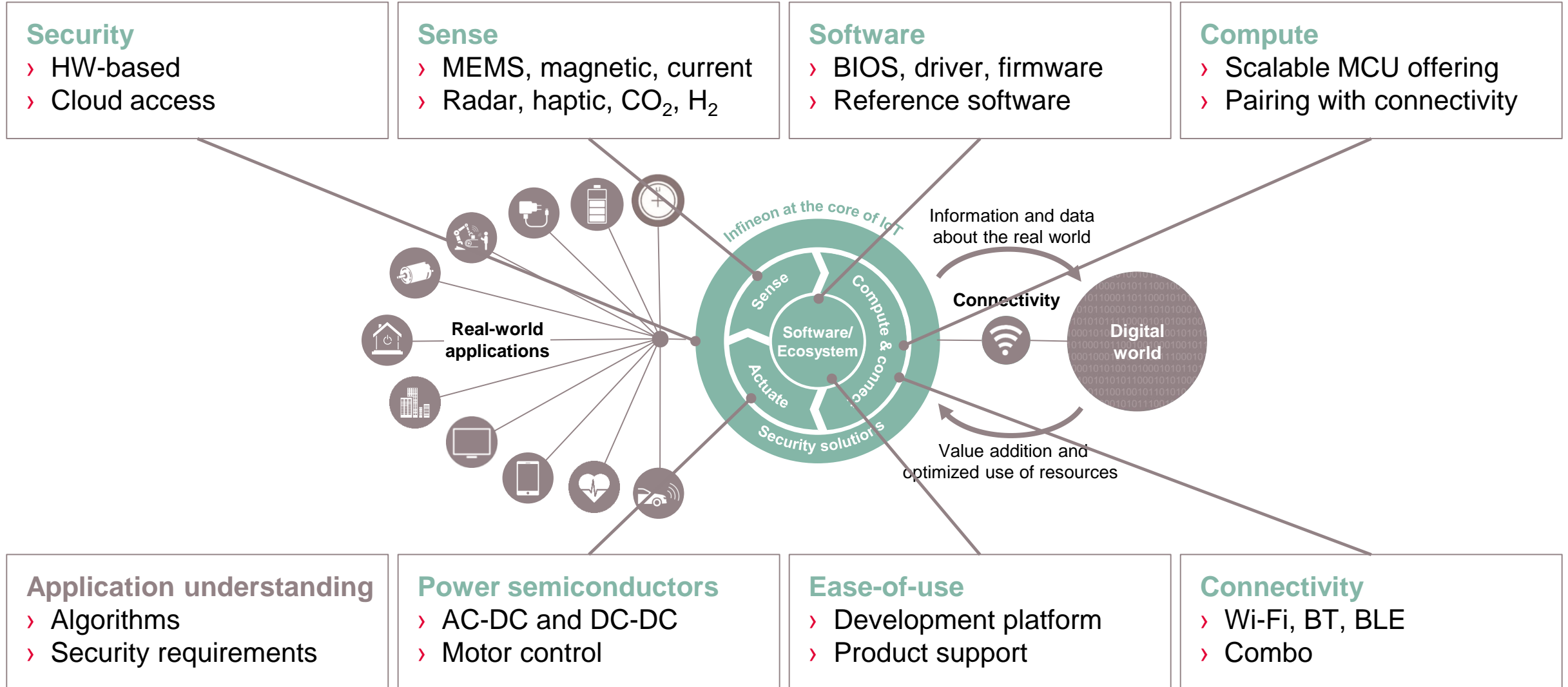
Enhanced portfolio linking the real and the digital world



Improved IoT system understanding

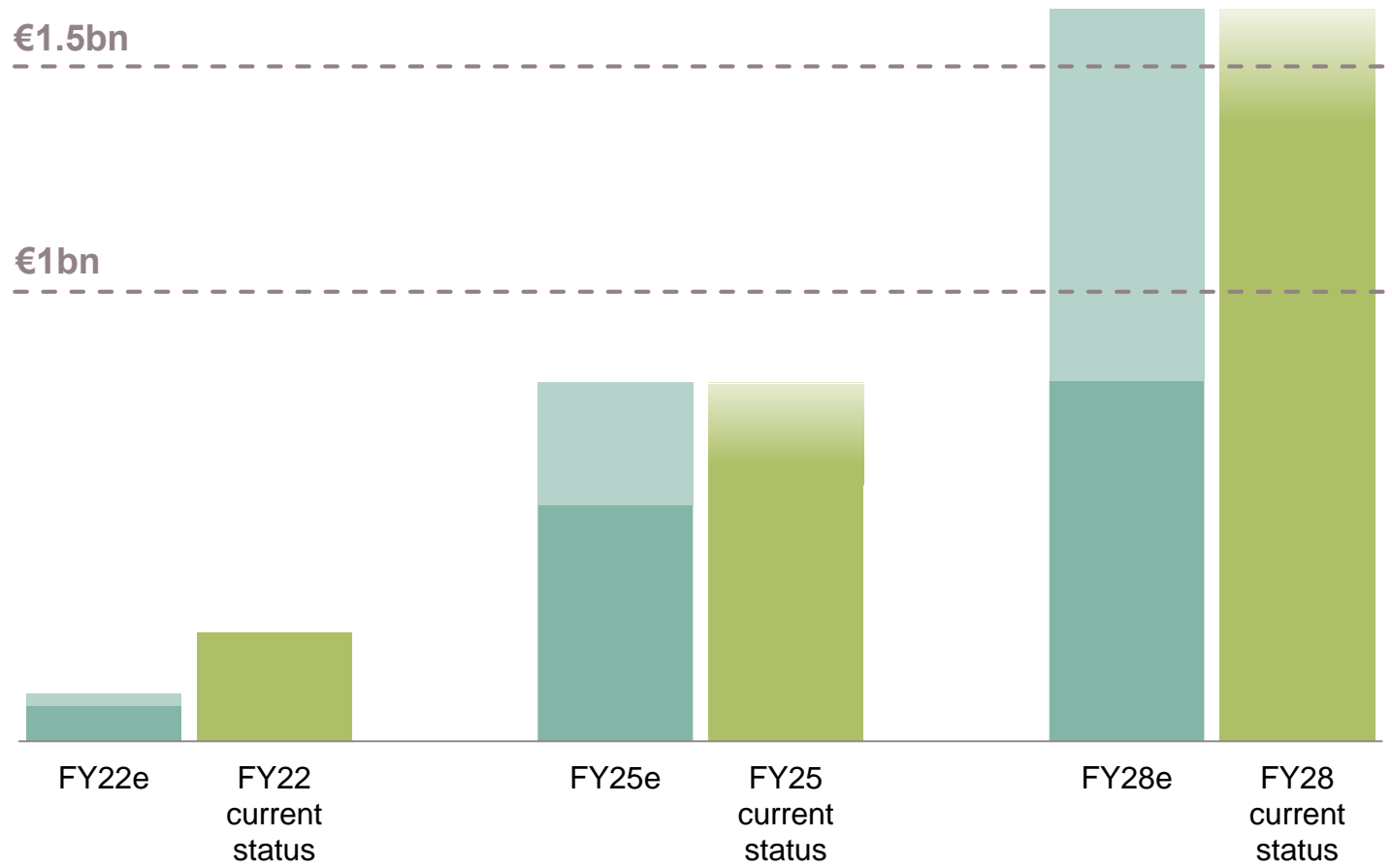
Easy-to-use IoT-solutions

Infineon makes IoT happen: through excellence in all system-defining elements we create solutions with superior customer value



Well on track to achieve announced revenue synergies

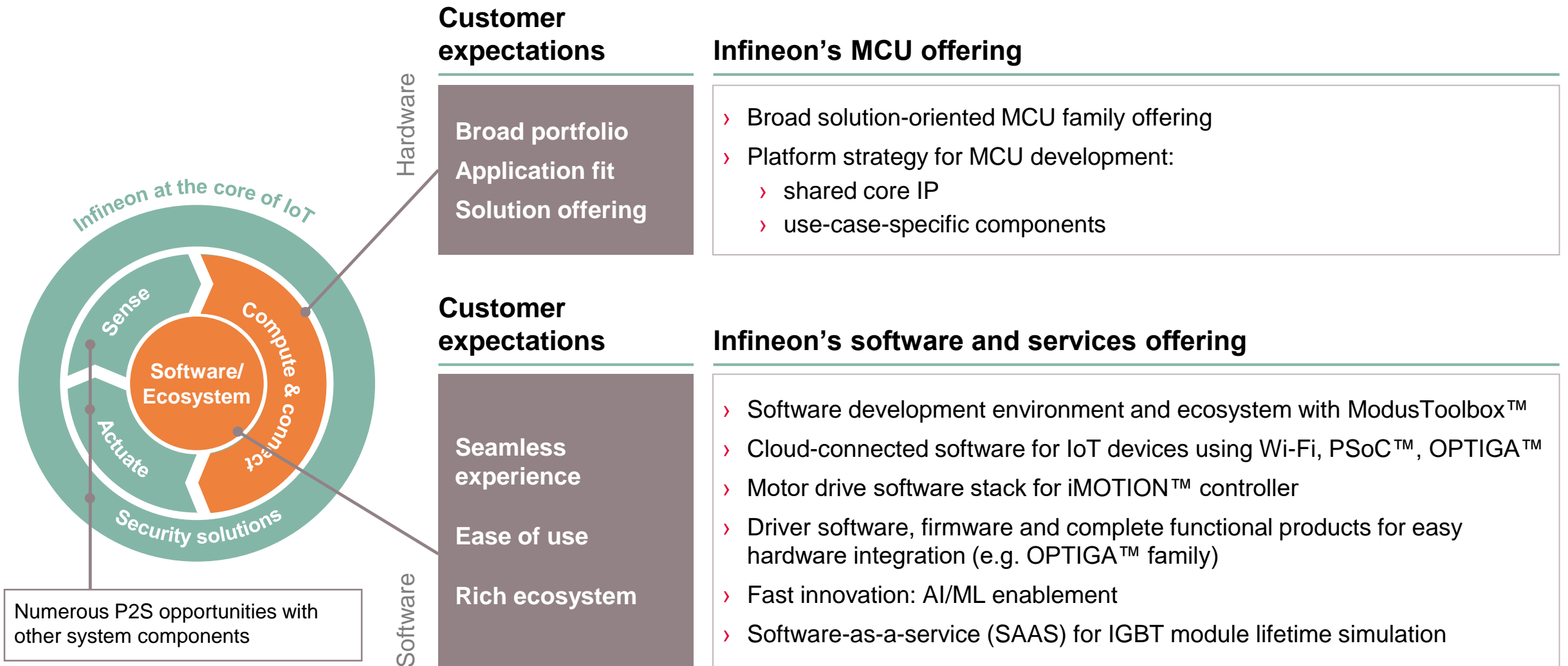
Planned ramp-up of revenue synergies



- > ~1.5 years after closing, tangible progress on synergy generation is being made in remote PMI, following a proven script for the integration.
- > We expect to overachieve our target for revenue synergies for FY22
- > We are on a good track to reach our targets for FY25 and FY28.

- P2S for long-term revenue synergies
- Near-term revenue synergies: improved customer access, cross-selling opportunities
- Design wins, open design wins and P2S initiatives

MCU and software are key for the success in IoT as they define the functionality and time-to-market of the device

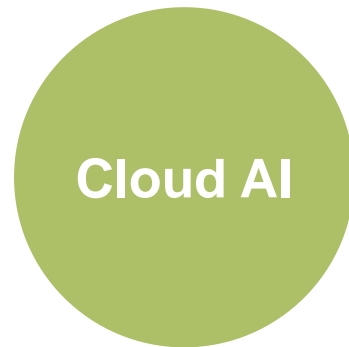


Edge AI is a fast developing market enabled by and calling for many of our core competencies

Edge AI to offer additional growth opportunities as inference workloads move to device level

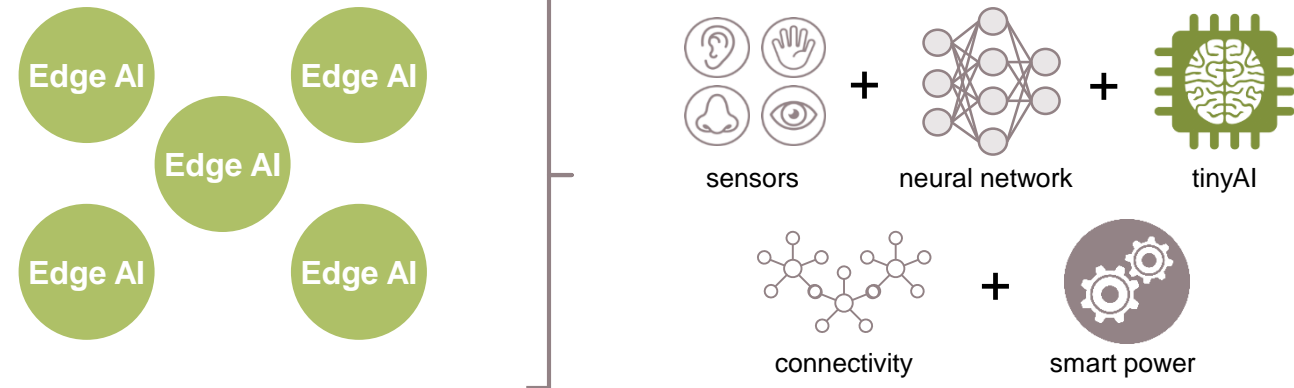
Cloud AI

- › Public and private clouds offer scalability and flexibility
- › Growing performance demand with higher power consumption (ASIC/SoC/FPGA/CPU/GPU)



Edge AI

- › Smart subsystems offer low latency, improved privacy, higher power efficiency
- › Growing solution demand for e.g. image and object recognition, autonomous material handling, predictive maintenance, and human-machine interface



Infineon:

**Power supply (AC-DC)
Power conversion (DC-DC)**

Infineon:

**Smart sensors with AI capabilities
Embedded control including connectivity and edge AI accelerators
Smart power, toolchain/ecosystem, deployment services**

For the Industrial IoT, Edge AI enables predictive maintenance and other use cases – playing right into our core competences

Predictive maintenance is a significant lever for productivity



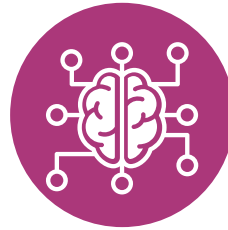
Maintenance prediction for key assets
(avoidance of fixed preventive maintenance cycles)

Advantages






- > Reduced downtime through optimized maintenance
- > Lower maintenance costs
- > Increase transparency on device usage

Edge AI enhances Industrial IoT to enable predictive maintenance, increasing production efficiency and robustness

Edge AI-enabled control and field-level devices



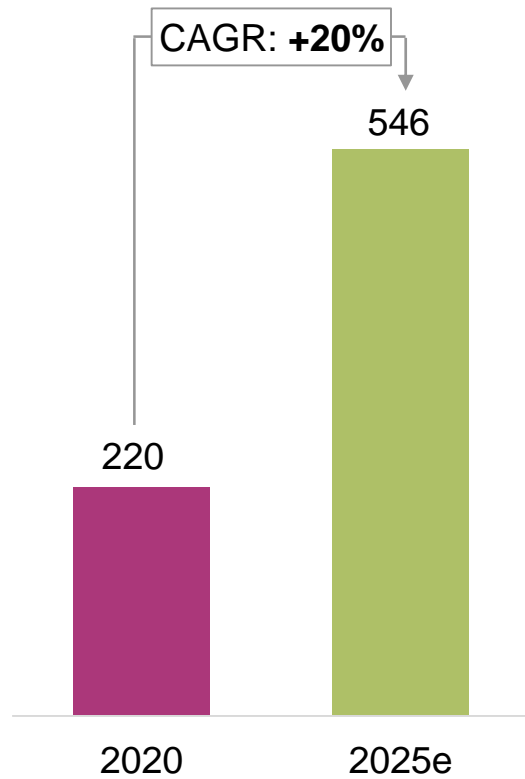
Products and services from Infineon enable safe, secure, power-efficient, dependable implementation

-  **Smart sensors**
Detect and pre-process signals through AI capabilities to recognize potential abnormal operation of equipment
-  **Edge AI processing and control**
Edge AI enabled MCUs to identify at-risk equipment, repair urgency and control adaptation
-  **Smart Actuators**
Receive and implement instructions to reduce potential impacts in production
-  **Security**
Ensure secure communication and protection of critical information
-  **Connectivity**
Enable dependable communication across devices, factory levels, cloud and secure device management

With a broad set of key enabling technologies, Infineon is well positioned to capture growth opportunities

Market: Home Automation Devices¹

[units m]



Leading competencies to provide full system solutions

- Application understanding**
- Ease-of-use**
- Software**
- Sense**
- Compute**
- Actuate**
- Security**
- Connectivity**



smart door lock



wireless smart camera

Customer ex. for wireless smart cameras and smart door locks



ASSA ABLOY



Kaadas

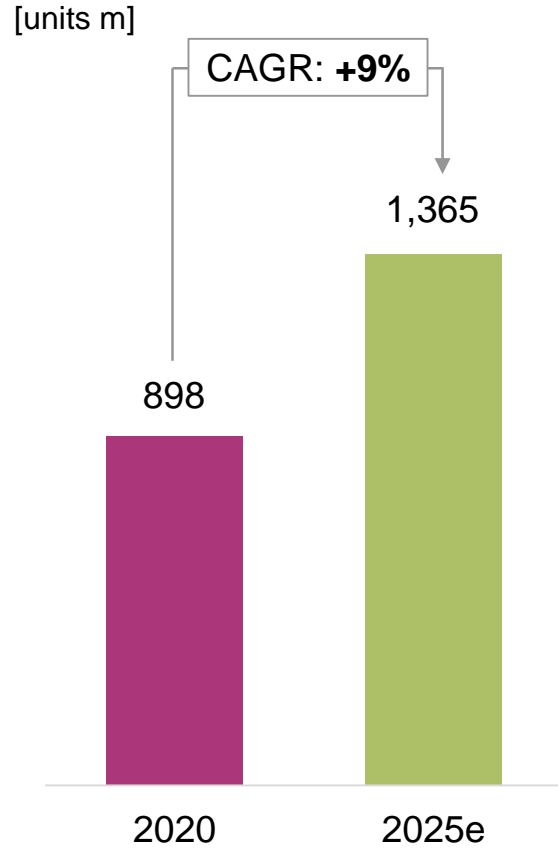


¹ ABI Research: *Wireless Connectivity Technology Segmentation and Addressable Markets*. July 2021; excluding Chromebooks, desktop PCs, feature phones, media tablets, netbooks, smartphones, white box tablets.









Infineon acts as one-stop-shop with excellent RF, sensor, connectivity, power, memory and security solutions



Market: Smartwatches, Trackers & Hearables¹



Acting as one-stop-shop with comprehensive solutions

-  **Application understanding**
-  **Ease-of-use**
-  **Software**
-  **Sense**
-  **Compute**
-  **Actuate**
-  **Security**
-  **Connectivity**



smartwatch



fitness tracker

Customer examples for smart watches and fitness trackers

GARMIN



huami

POLAR

SAMSUNG

SUUNTO

vivo

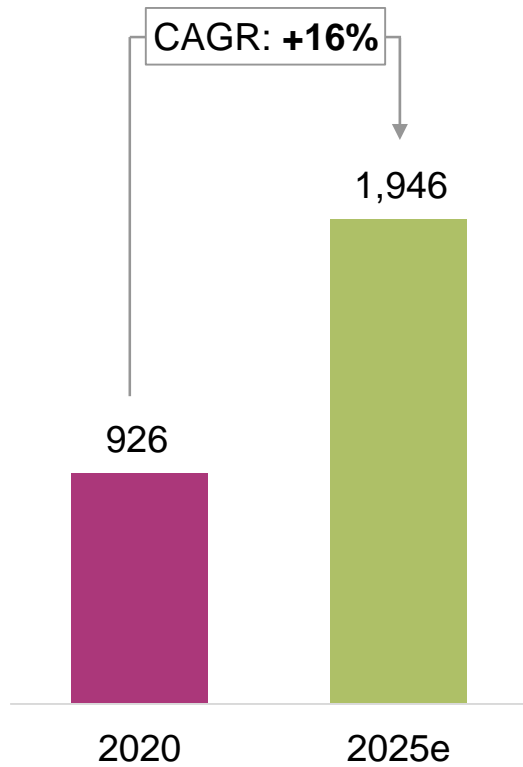
WYZE

¹ ABI Research: *Wireless Connectivity Technology Segmentation and Addressable Markets*. July 2021; excluding Chromebooks, desktop PCs, feature phones, media tablets, netbooks, smartphones, white box tablets.









We are driving the smart home opportunity together with market-shaping customers

Market: Smart home^{1,2,3}

[units m]



Combining our portfolio to create new use cases with our customers

-  **Application understanding**
-  **Ease-of-use**
-  **Software**
-  **Sense**
-  **Compute**
-  **Actuate**
-  **Security**
-  **Connectivity**



Frame TV



smart vacuum cleaner

Customer examples for smart home



¹ ABI Research: *Wireless Connectivity Technology Segmentation and Addressable Markets*. July 2021; excluding Chromebooks, desktop PCs, feature phones, media tablets, netbooks, smartphones, white box tablets.
² ABI Research: *Smart Home Hardware Market*. June 2021.
³ Incl. Smart Appliances, Smart Lighting, Flat Panel TVs, Smart Speakers & Displays, Smoke & Air Quality Sensors, Consumer Robotics, Thermostats and others.

The car of the future is driving digitalization in many aspects and Infineon provides the ingredients



ADAS/AD

- > object recognition
- > advanced spatial sensing
- > MCU (AURIX™, TRAVEO™ 2, PSoC™)
- > radar sensor



software-over-the-air

- > remote OS updates
- > secure feature upgrades
- > NOR flash memory
- > security solution



infotainment and HMI

- > seamless digital entertainment
- > always-on, secure connectivity
- > intuitive user interface (UI)
- > MCU (AURIX™, TRAVEO™ 2, PSoC™)
- > Wi-Fi, Bluetooth, USB Type C
- > touch controller with CapSense™



digital instrument cluster

- > real-time driver information
- > user-specific digital content
- > MCU (AURIX™, TRAVEO™ 2, PSoC™)
- > NOR flash and RAM memory



Car of the future



comfort / premium

- > automatic exterior and interior lighting
- > passenger-specific automatic settings
- > MCU (AURIX™, TRAVEO™ 2, PSoC™)
- > pressure and magnetic sensors
- > LED driver ICs

trends | examples of benefitting products

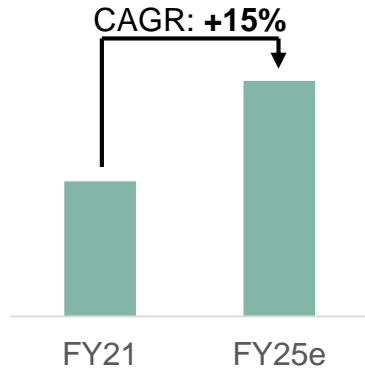
The Infineon AURIX™ MCU family has become the first-choice automotive architecture for high-growth and safety-critical applications



Infineon AURIX™ revenue development over time

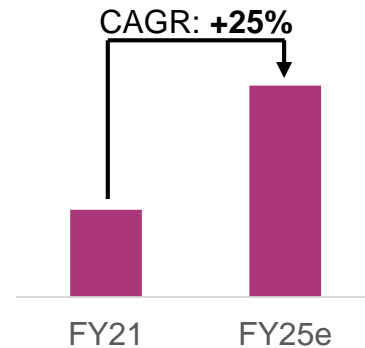
Powertrain

- > ICE engine management
- > ICE transmission
- > xEV motor control



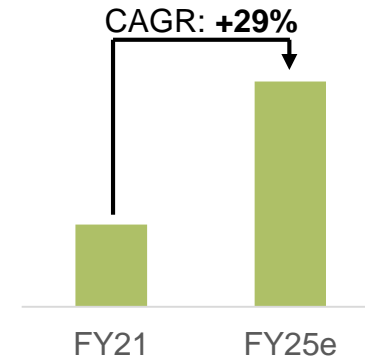
Classical safety

- > power steering
- > braking
- > airbag



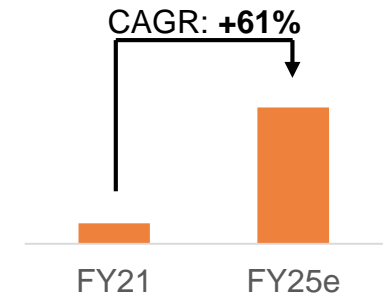
ADAS/AD

- > camera host control
- > sensor fusion host control
- > radar signal pre-processing



Domain and zone control

- > drive domain
- > body & convenience domain
- > zone control



Example of AURIX™ platform design-win



Our platform based approach makes innovative solutions developed with market-shaping customers easy-to-use for solution-oriented customers



“Market-shaping customer”

- › Differentiators via component and product
- › Strong software and integration competence
- › Often need for customized silicon
- › High skillset
- › Example: large automotive tier-1

... which facilitates their **quick adoption** by the solution-oriented customers and introduction to broad market

All solutions are **designed upfront as adoptable**, scalable and **easy-to-use ...**

Innovative solutions are jointly developed with market-shaping customers in an **intimate deeply integrated** process

“Solution-oriented customer”

- › Limited differentiation at component level; rather at product level
- › Short time-to-market
- › Limited experience
- › High expectation for usability
- › Example: Consumer IoT manufacturers

We are enhancing the customer experience along the customer journey: leveraging digital channels, increasing marketing, and sales efficiency



Customer journey – simplified

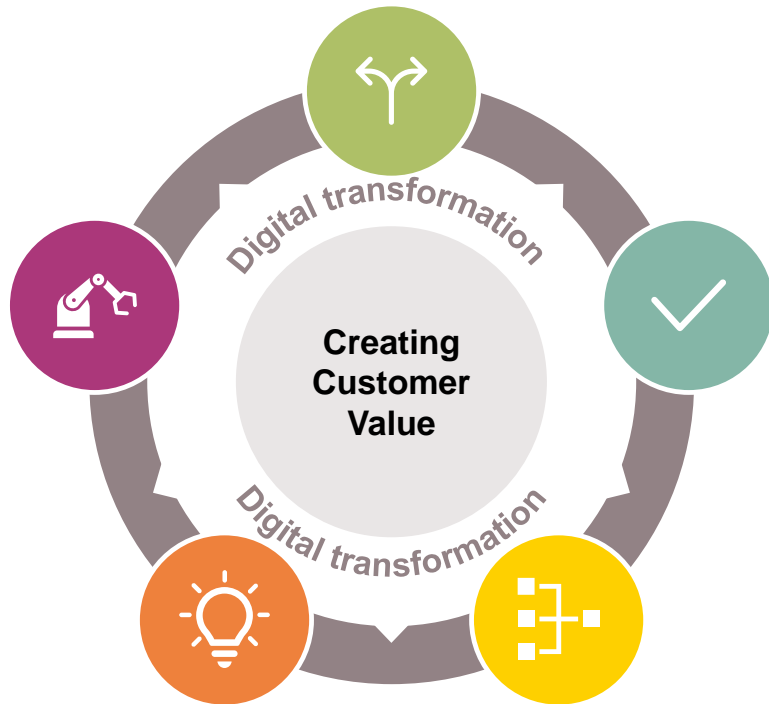


Key objective	Broader reach and more opportunities	Ease of use and deeper customer understanding	Higher conversion rate	Higher customer satisfaction and retention				
Customer touch-points	<p>Numerous employees of many customers with different backgrounds and needs to be served along their customer journey</p>							
Interfaces and channels		Mail	IFX.com	FAE	Community	Mail	FAE	AM

Broad customer access leads to an increase in marketing and sales efficiency and revenue growth

Digitalization creates substantial customer value and increases speed and efficiency in processes

Digital transformation strengthens our key success factors



Digitalization creates substantial customer value

Digital products and services increase customer value and enable us to **grow faster** than the market

Digital go-to-market to **reach more** customers, identify more sales opportunities and increase conversion rates

Digitalization of end-to-end processes for **higher speed and efficiency**



With Cypress we accelerated our P2S strategy at the core of the IoT space: industrial IoT, smart building, smart home, wearables etc.



The integration of key elements like MCU and software are well on track, synergies are unfolding as planned



Platform approach and digital interface make innovative solutions easy-to-use for many applications and customers



Digital transformation enhances Infineon's key success factors – making us stronger



Part of your life. Part of tomorrow.



Value Creation

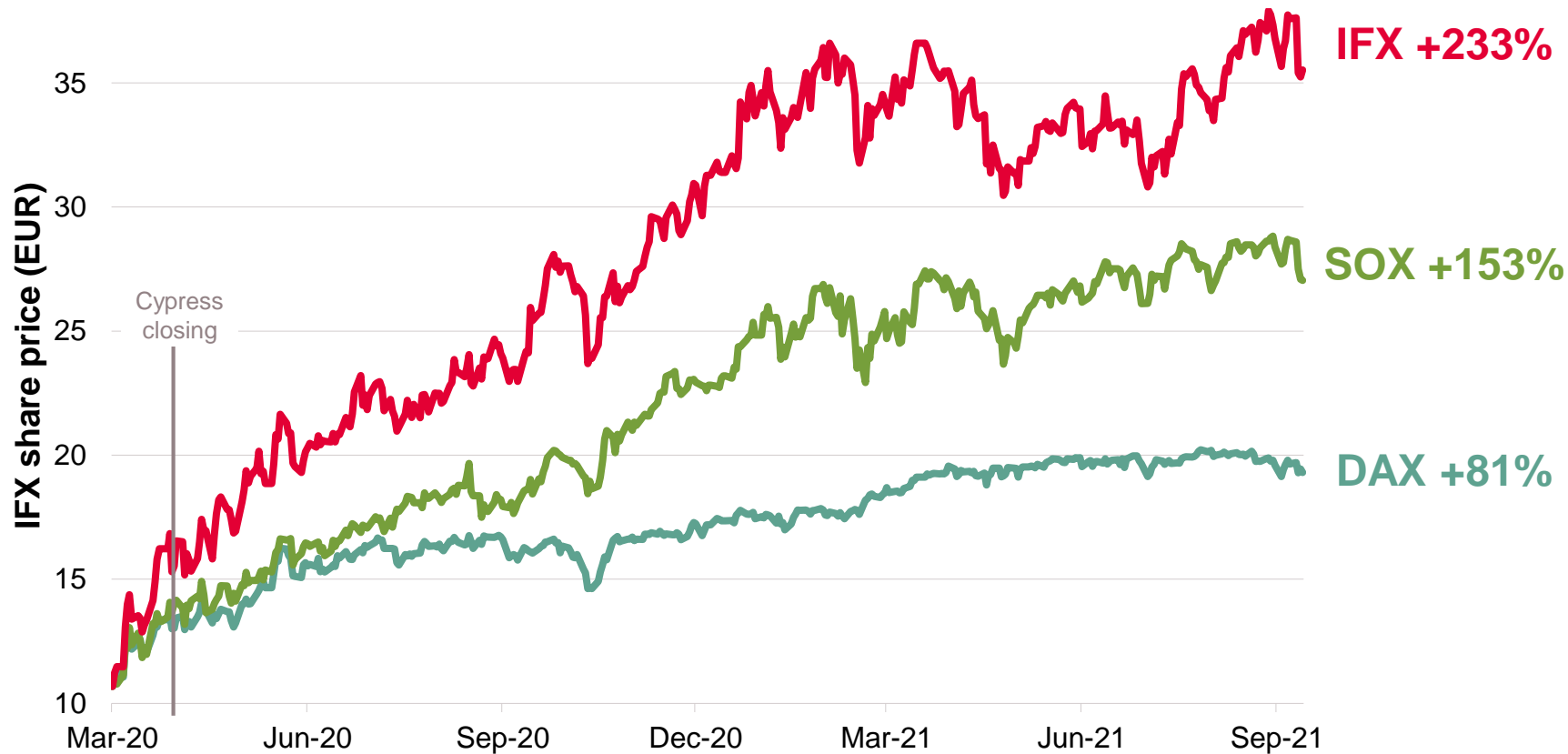
IFX Day 2021
virtual format, 5 October 2021



Significant shareholder value creation since COVID trough and Cypress closing



Infineon share price development compared to SOX and DAX¹



¹ Bloomberg, 1 October 2021



Infineon's value creation is crystallized in a resilient through-cycle Target Operating Model



Revenue growth



Segment Result Margin



Investment-to-sales



Target Operating Model¹

9%+

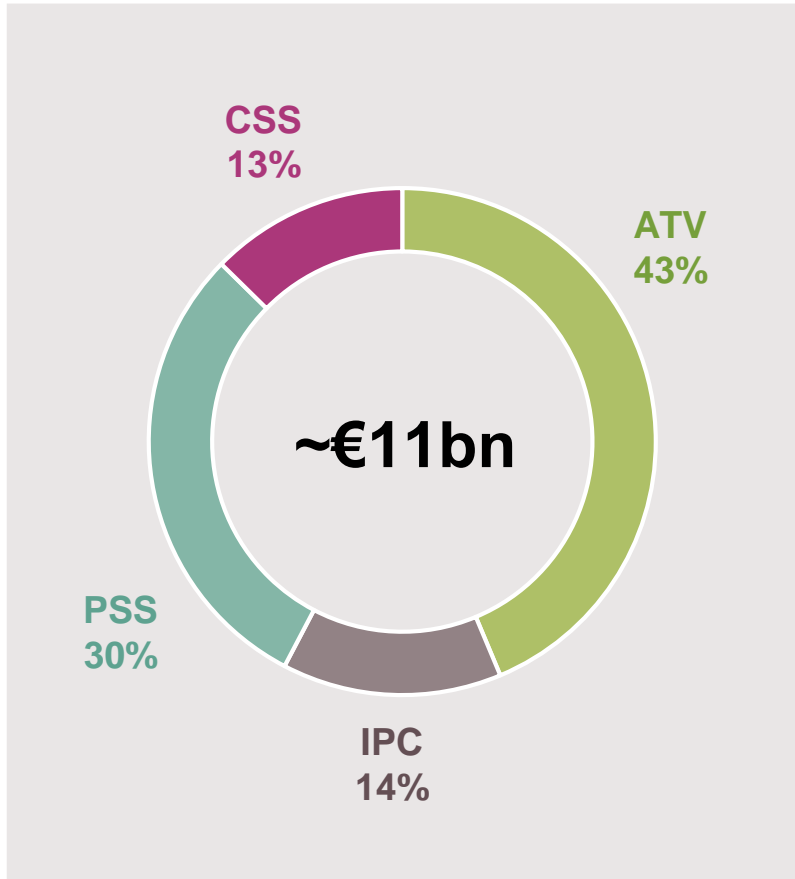
19%

13%

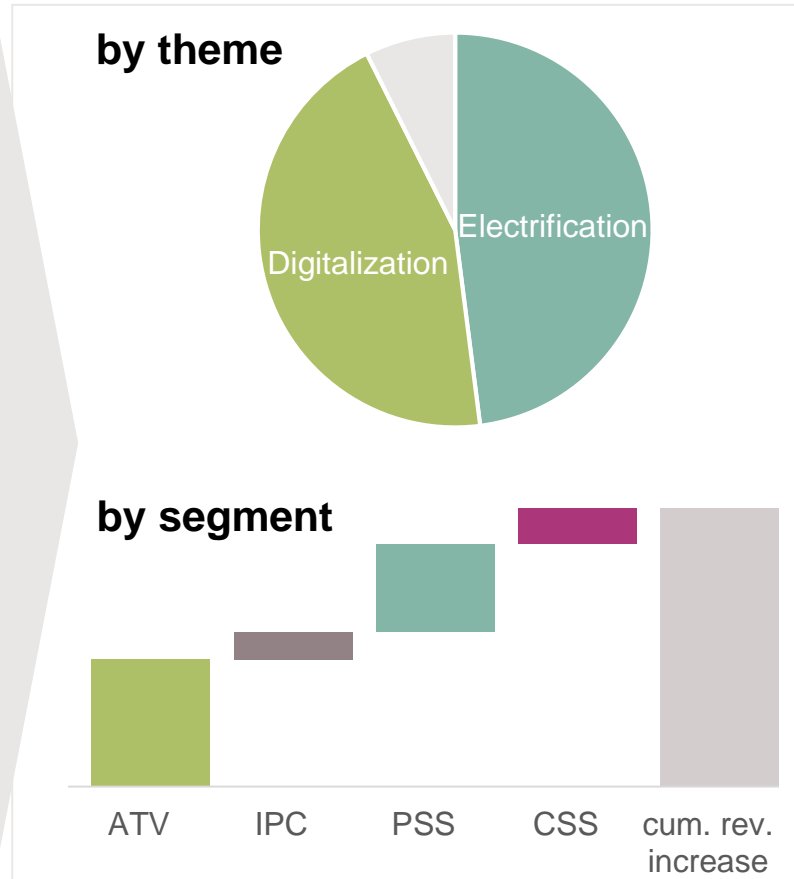
¹ Infineon financial performance to approach targets as Cypress integration progresses

Growing annual revenues by €5bn+ in FY25 – multitude of growth drivers across markets/applications; well-diversified divisional split

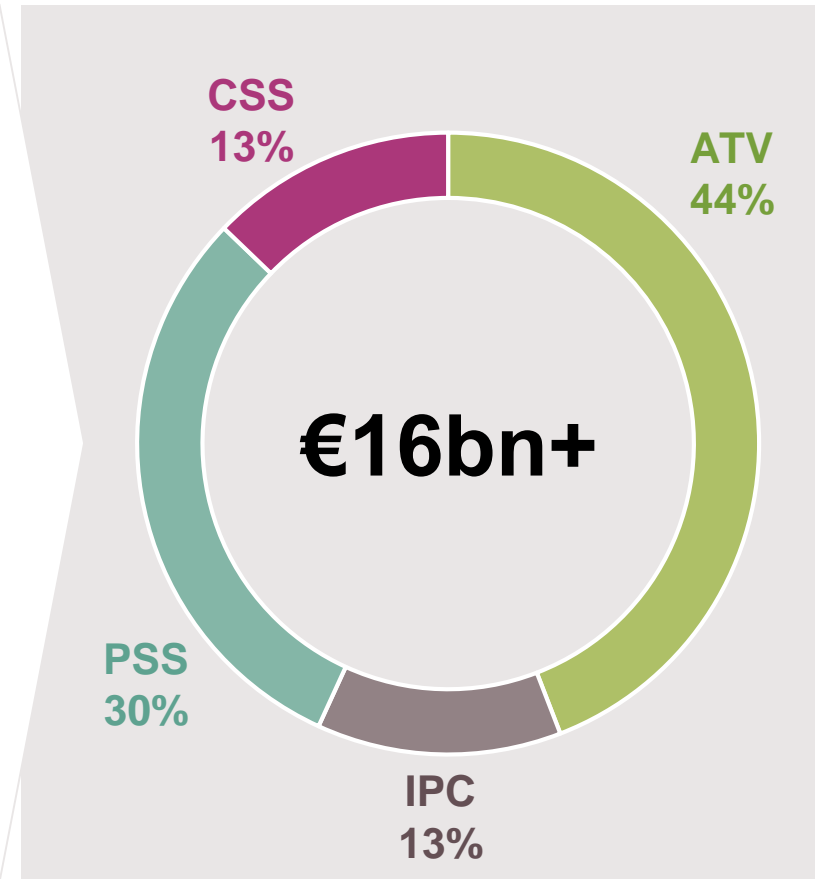
FY21 by division (indicative)



Cum. rev. growth FY21 to FY25e

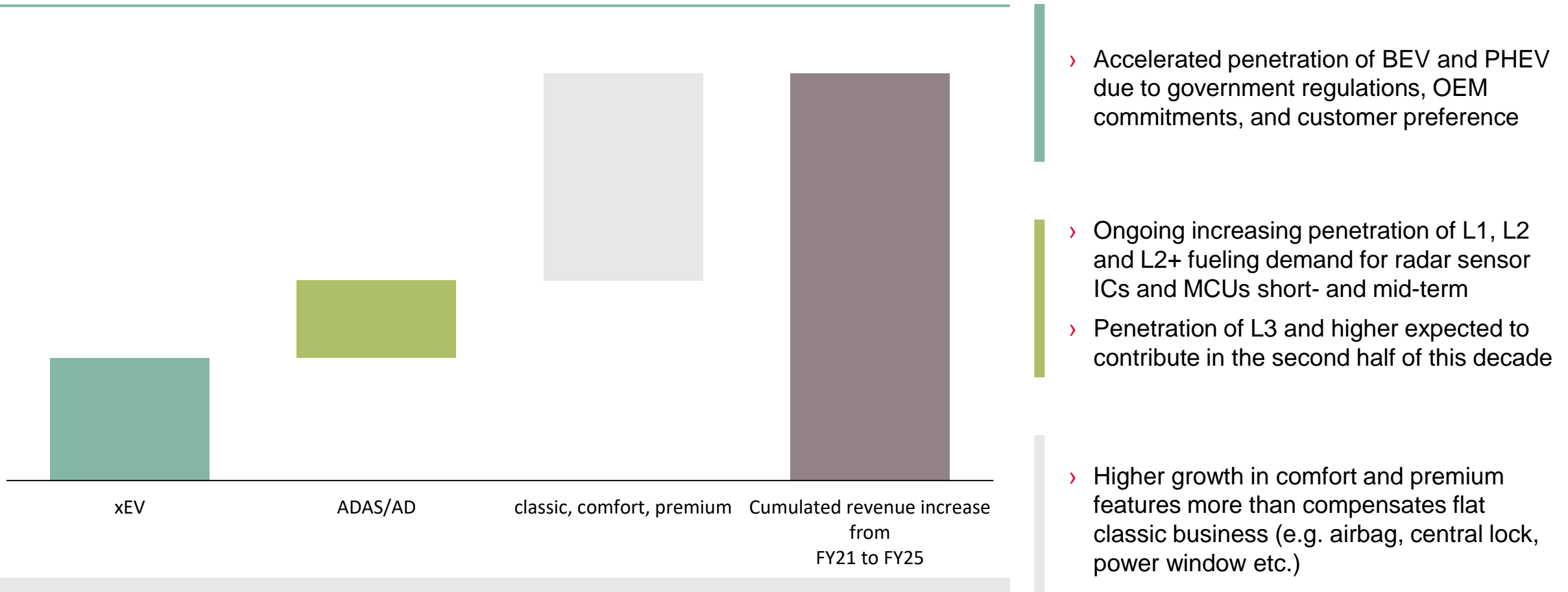


FY25e by division (indicative)



ATV – An extensive portfolio to address the two megatrends in automotive: electromobility and assisted/automated driving

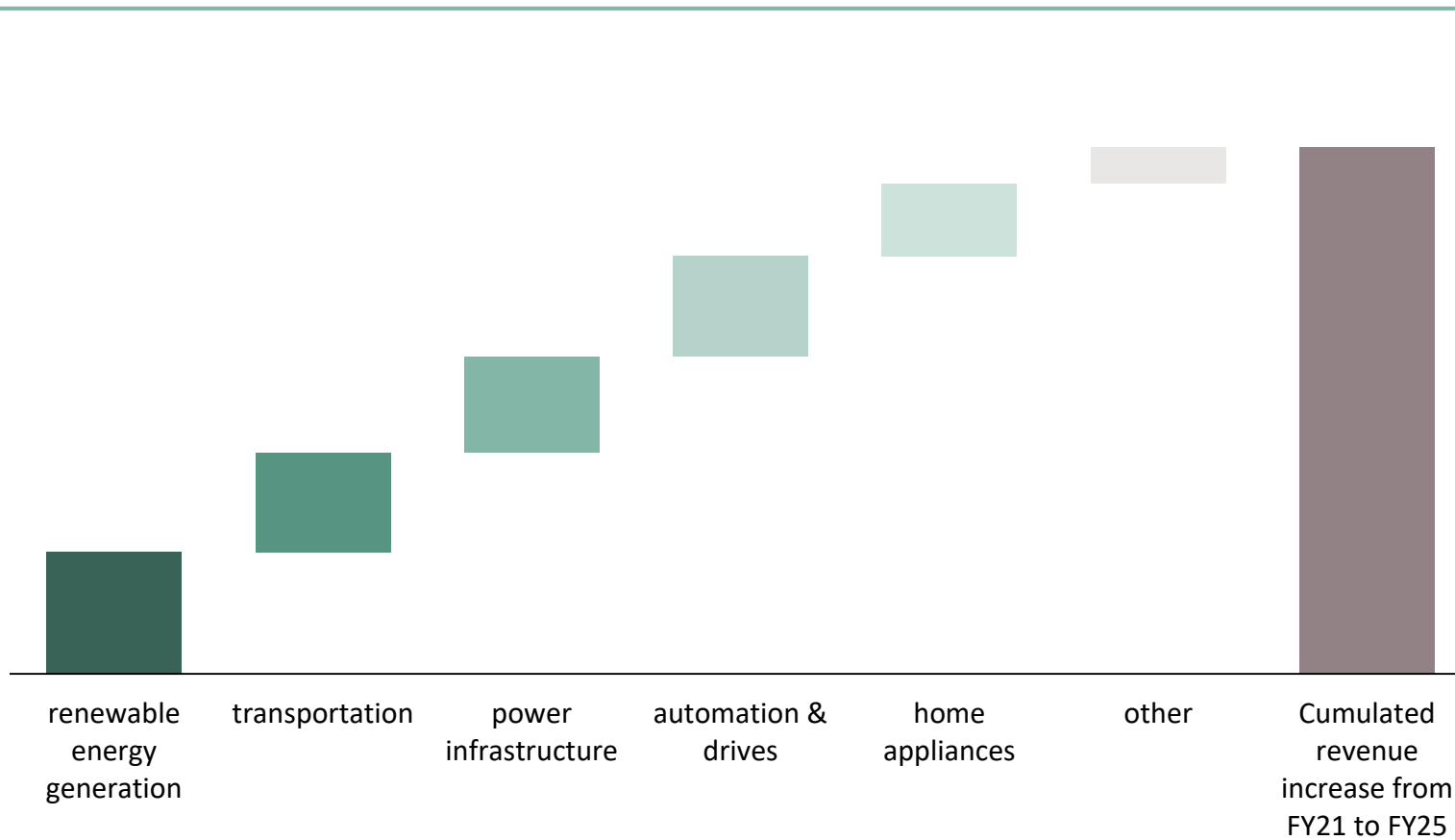
Growth contributors FY21 to FY25 cumulated values



ATV through-cycle growth rate: ~10%

IPC – Decarbonization through Electrification and energy efficiency gains are long term growth drivers

Growth contributors FY21 to FY25 cumulated values

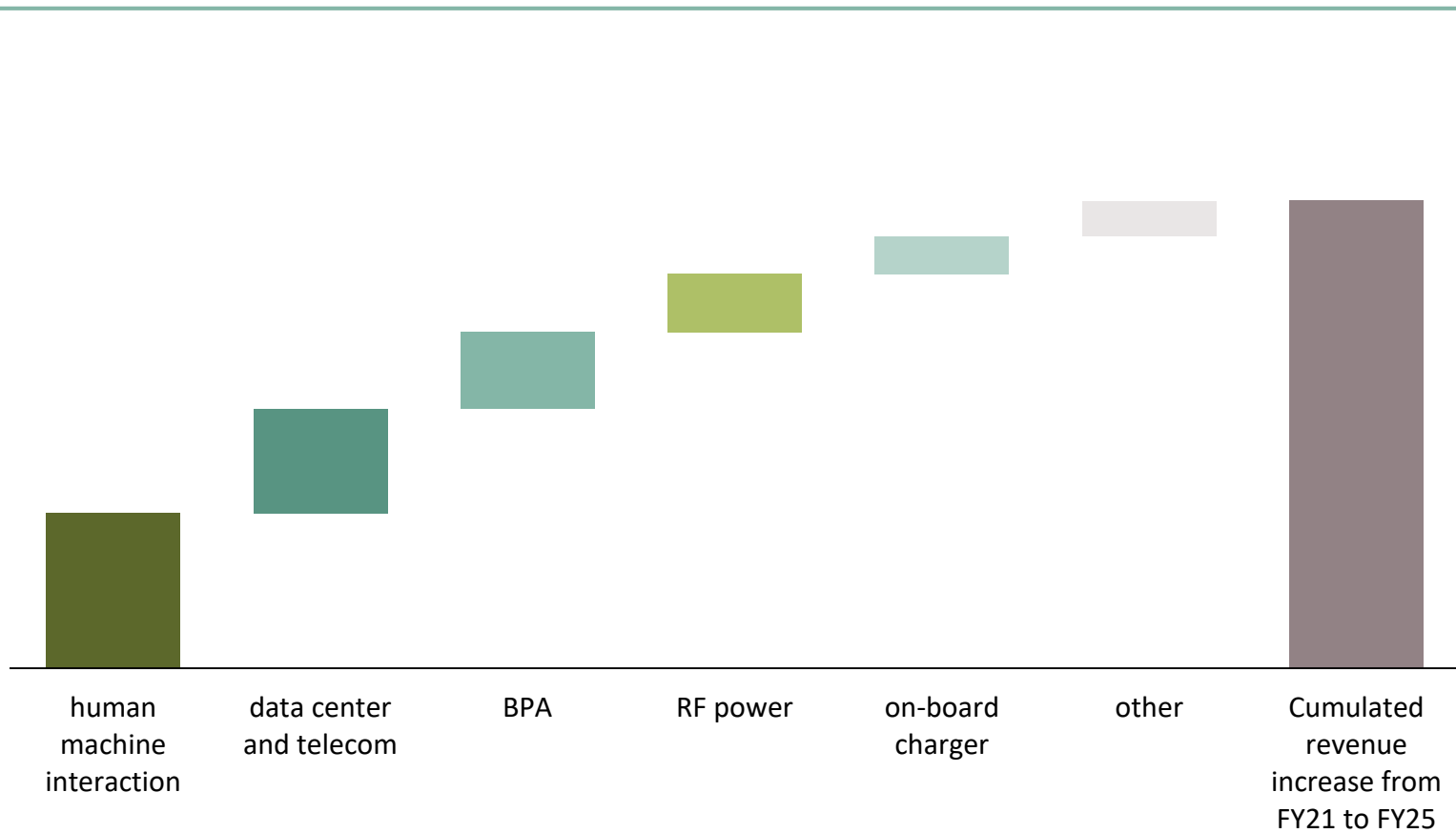


- › Decarbonization targets and cost competitiveness boost growth rates for Wind and PV installations
- › Emission free city mandates drive electrification of commercial and construction vehicles on top of railway
- › E-Mobility and higher renewable part push transmission and storage as well as EV-charging infrastructure growth
- › Ongoing automation, and energy efficiency targets in manufacturing and building technology provide long term growth
- › Energy efficiency mandates and smart connected appliances drive value growth
- › Emergence of new electrified applications in the wake of battery and hydrogen fuel cell maturity, e.g. eAviation

IPC through-cycle growth rate: ~8%

PSS – Broadly diversified growth driven by accelerating Electrification and Digitalization trends

Growth contributors FY21 to FY25 cumulated values

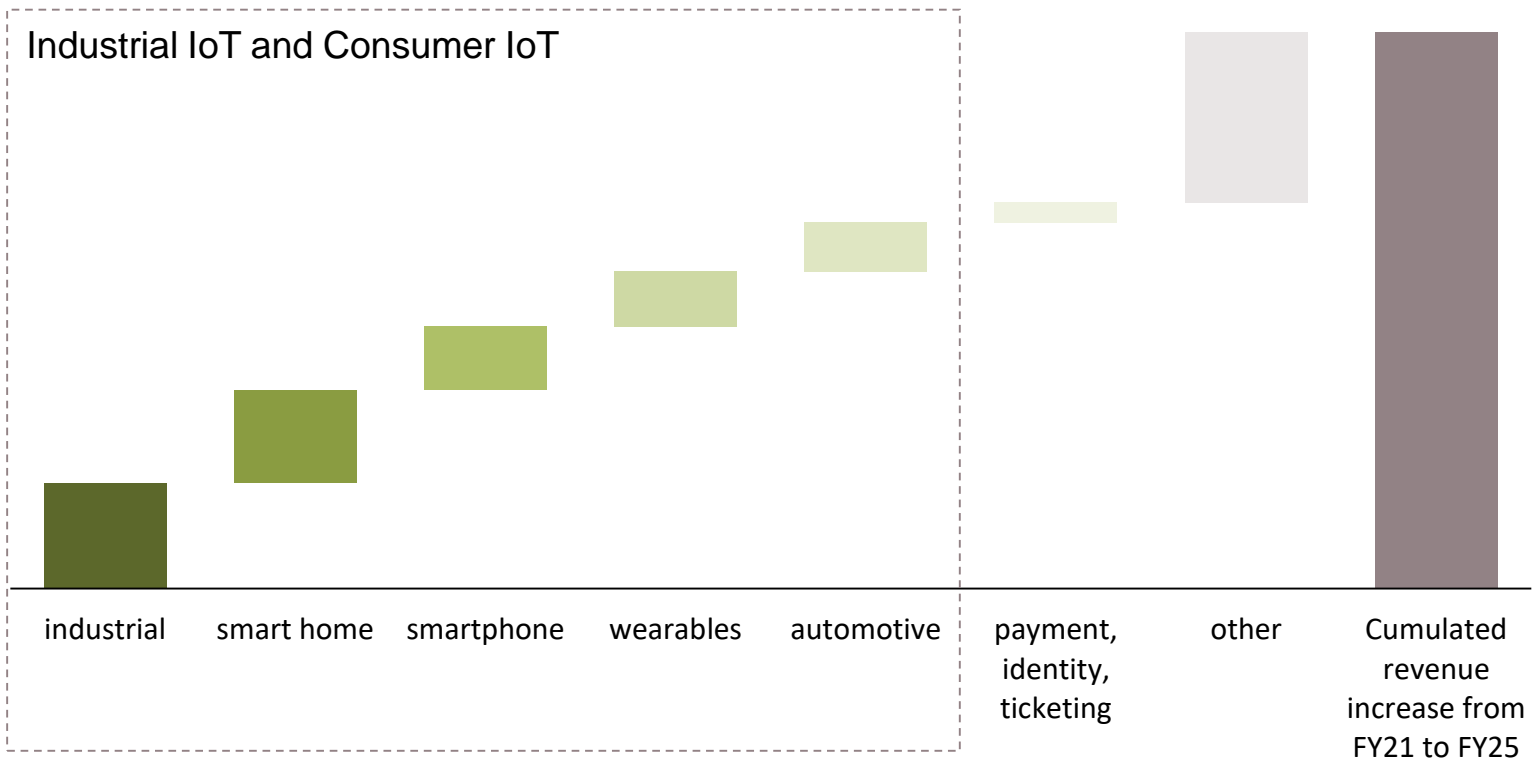


- › HMI growth mainly driven by MEMS mic.
- › Additional growth potential by 3D sensors
- › Growth in data center driven by increase in the no. of servers and higher BoM
- › 5G is driving demand for telecom servers
- › BPA growth driven by trend to cordless devices and electrification of bikes and scooters
- › 5G deployment and increasing demand for power efficient solutions addressing higher frequencies and power levels with GaN-on-silicon power amplifiers
- › Accelerating demand for xEVs leads to more on-board chargers
- › Other includes charger/adaptor, RF products for mobile devices, wireless charging, computing, USB, HiRel et al.

PSS through-cycle growth rate: ~9%

CSS – IoT applications will be main growth drivers

Growth contributors FY21 to FY25 cumulated values

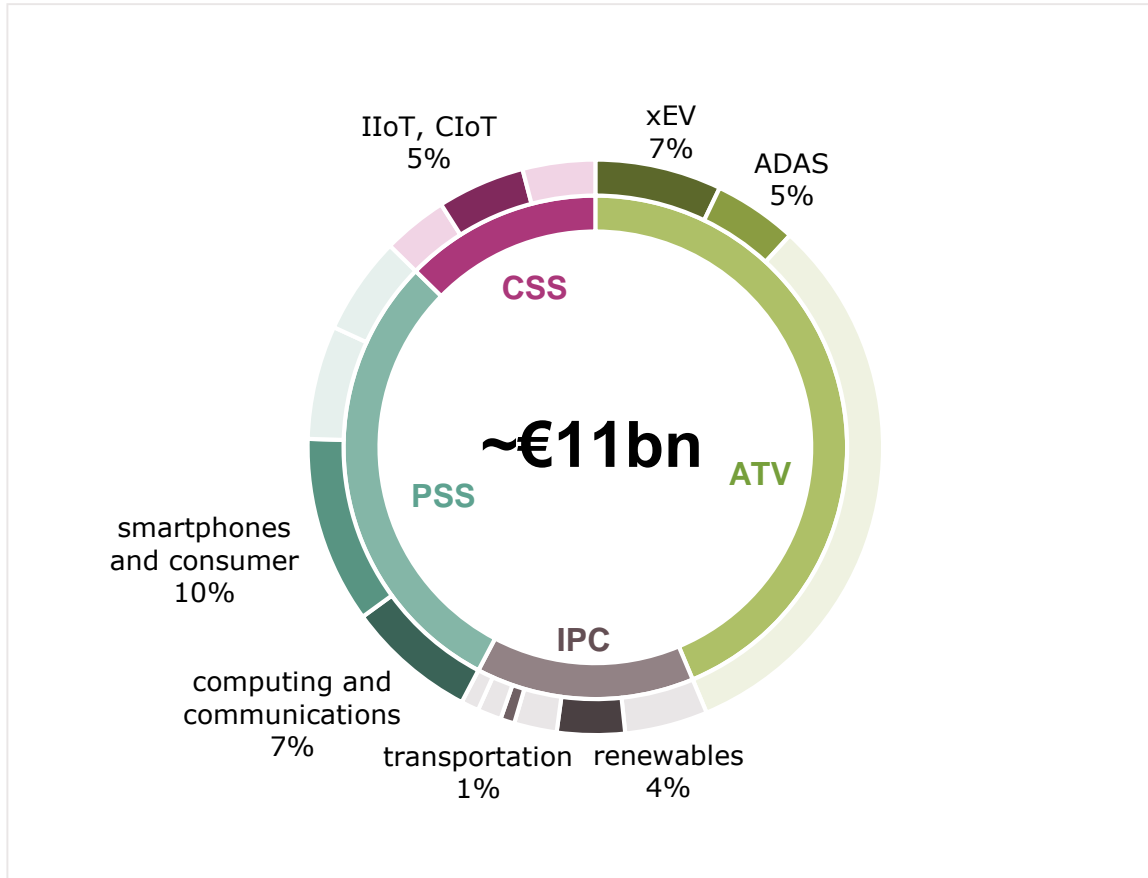


- > Enhanced MCU based industrial solutions and easy-to-use sub-systems based on Infineon building blocks
- > Increasing implementation of connectivity (Wi-Fi 6 and BLE) and security across devices; enhanced MCU capabilities
- > Increasing implementation of security solutions (eSIM, battery authentication)
- > Differentiated low-power connectivity offerings, enhanced MCU capabilities and increasing penetration of NFC payments
- > Increasing penetration of connectivity (Wi-Fi 6, BLE pairing) and security solutions (eSIM, V2X)
- > Further demand for payments, recovery of identification and ticketing markets
- > Growth of MCU, connectivity and security solutions across a broad range of consumer applications

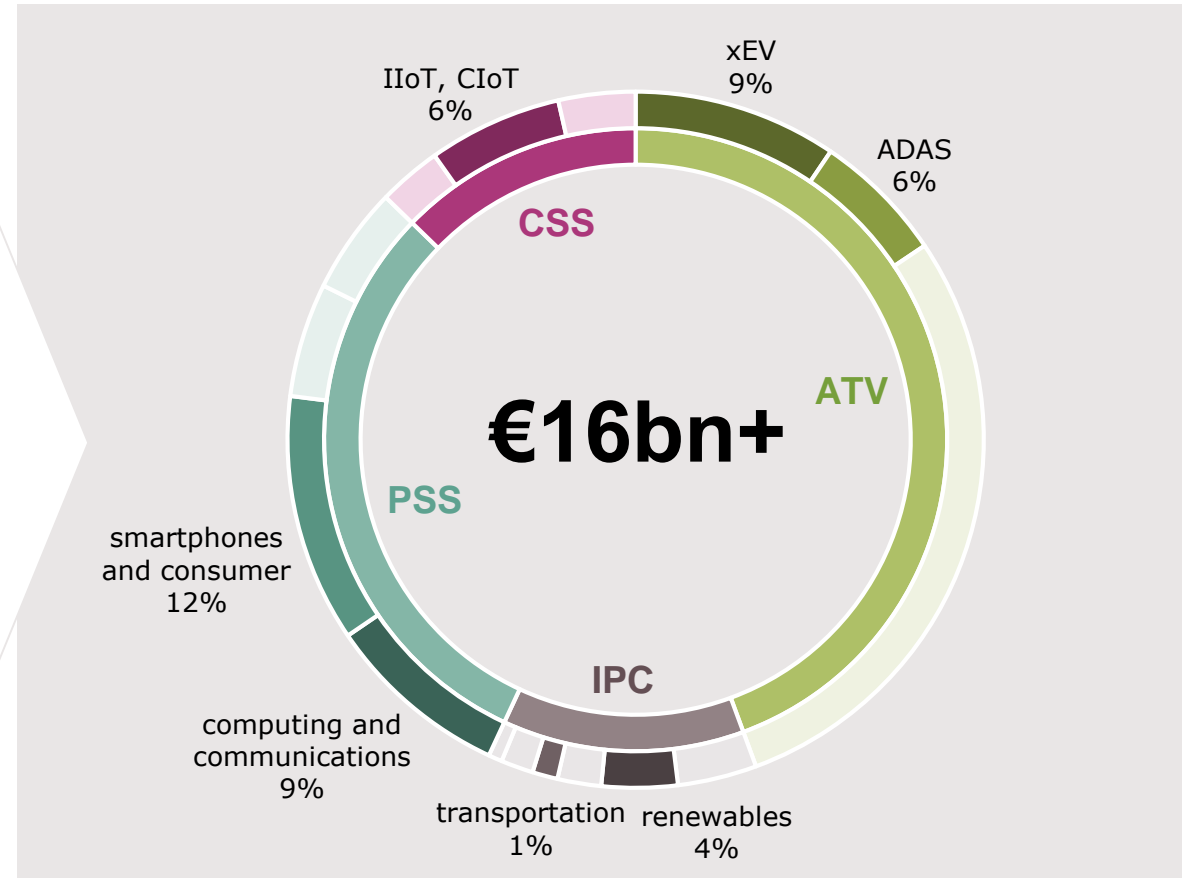
CSS through-cycle growth rate: ~12%

Well-diversified growth across applications; main drivers are xEV, ADAS, computing, communications, IoT and renewables

FY21 by division (indicative)



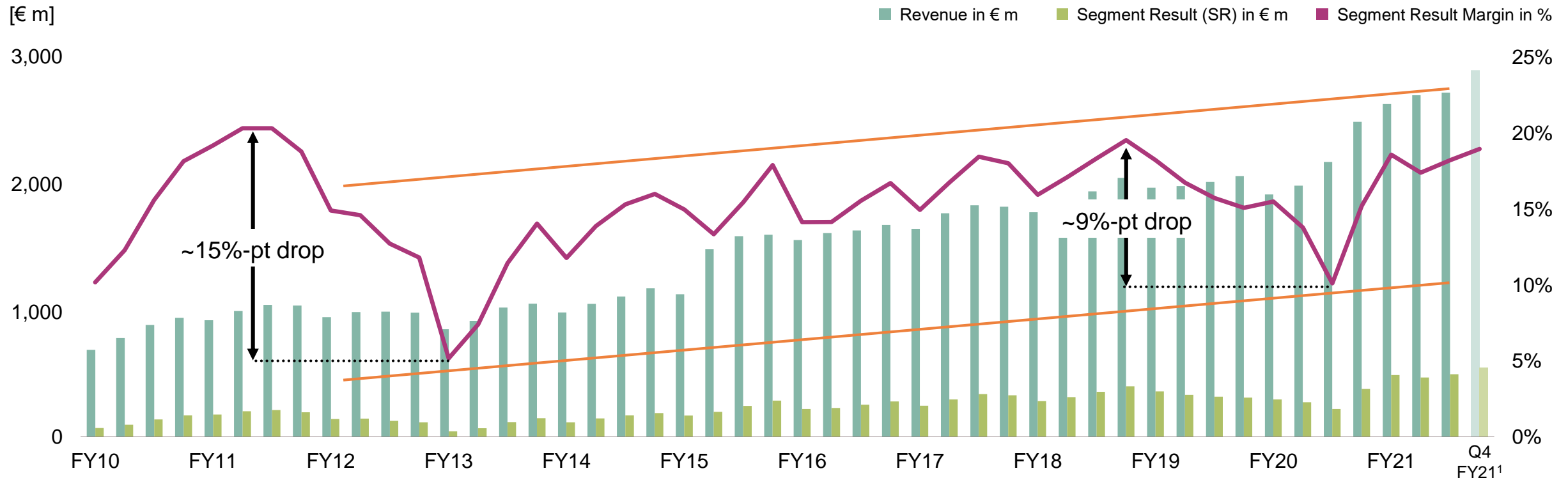
FY25 by division (indicative)



Infineon's business resilience has improved over time: steady upward trend of SR Margin, smaller drop from peak to trough, larger size



Time series of quarterly revenue, Segment Result and Segment Result Margin



FY11		
Revenue	SR	Equity
€4bn	€0.8bn	€3.4bn

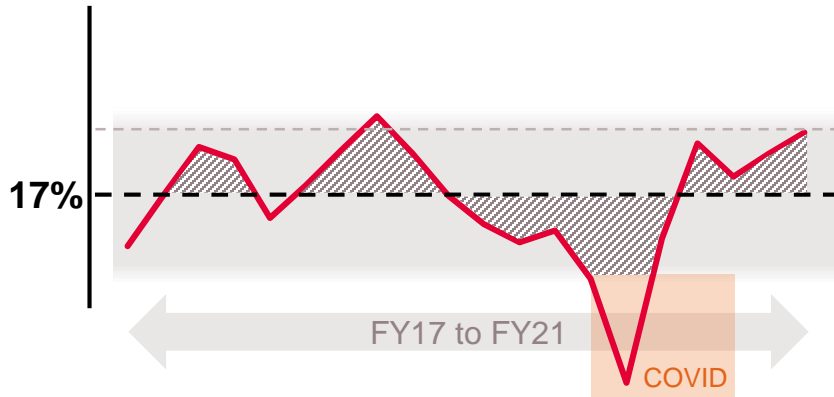
Profitable growth leads to higher resilience →

FY21e		
Revenue	SR	Equity
~€11bn	~€2bn	~€11bn

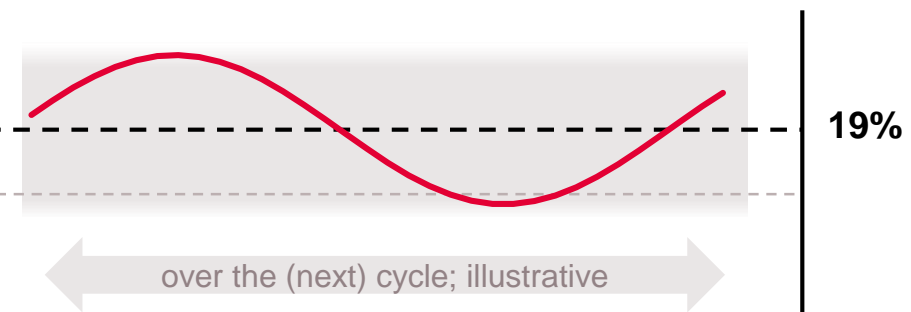
1 Q4 FY21 revenue and Segment Result taken from guidance published on 3 Aug 2021

Key levers identified to get to the target profitability flight level – 19% Segment Result Margin over the (next) cycle

Looking back: former TOM achieved



Looking ahead: all set up to reach current TOM



Assuming no pandemic, 17% Segment Result Margin target would have been achieved over the cycle



Levers for margin expansion

- › Higher value system solutions:
 - › P2S and Cypress revenue synergies
 - › Additional customer value creation
 - › Business mix
- › Manufacturing productivity and cost control:
 - › 300 mm productivity
 - › Cypress cost synergies, SG&A scaling
- › Cypress accretion for entire period

Inhibitors to margin expansion

- › Increased supplier (foundry) and materials costs
- › Pre-funding P2S synergies
- › Pre-funding SiC/GaN roadmap

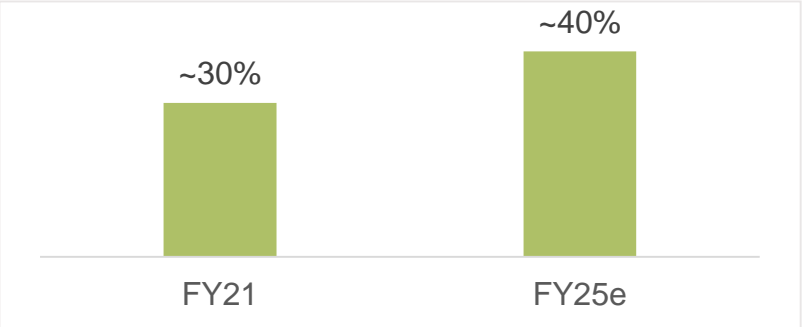
Strategic differentiation through in-house manufacturing



In-house manufacturing

- > We manufacture power and sensor technologies in-house where we can gain a strategic advantage from our leading-edge manufacturing technologies and our outstanding process expertise
- > This results in a differentiation potential in terms of cost and/or performance
- > **The current chip shortage highlights the strategic value of in-house manufacturing**

Infineon's outsourcing share

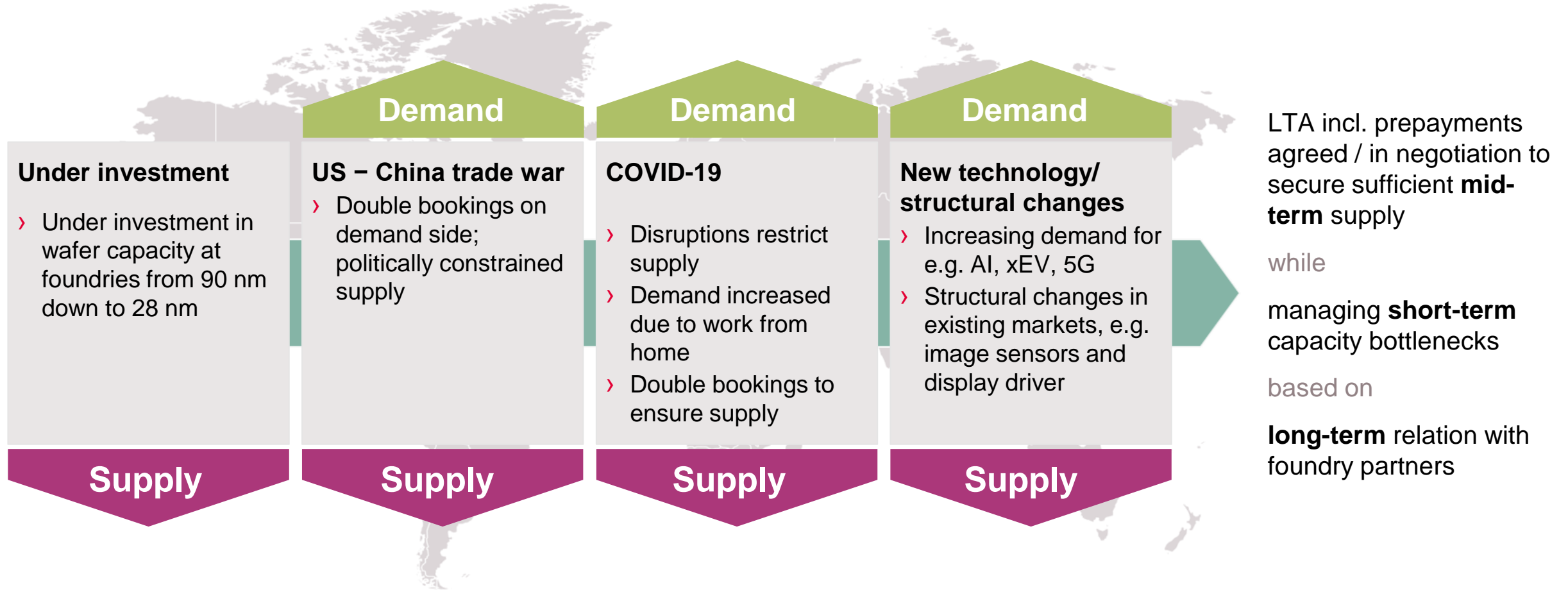


Outsourcing

- > We work with outsourcing partners where we see no or only little differentiation to optimize our capital efficiency (CMOS and derivate technologies and standard packages)
- > We cooperate with subcontractors and foundries in order to ensure adequate capacity growth and flexibility
- > Infineon's outsourcing share is expected to increase from ~30% in FY21 to ~40% in FY25

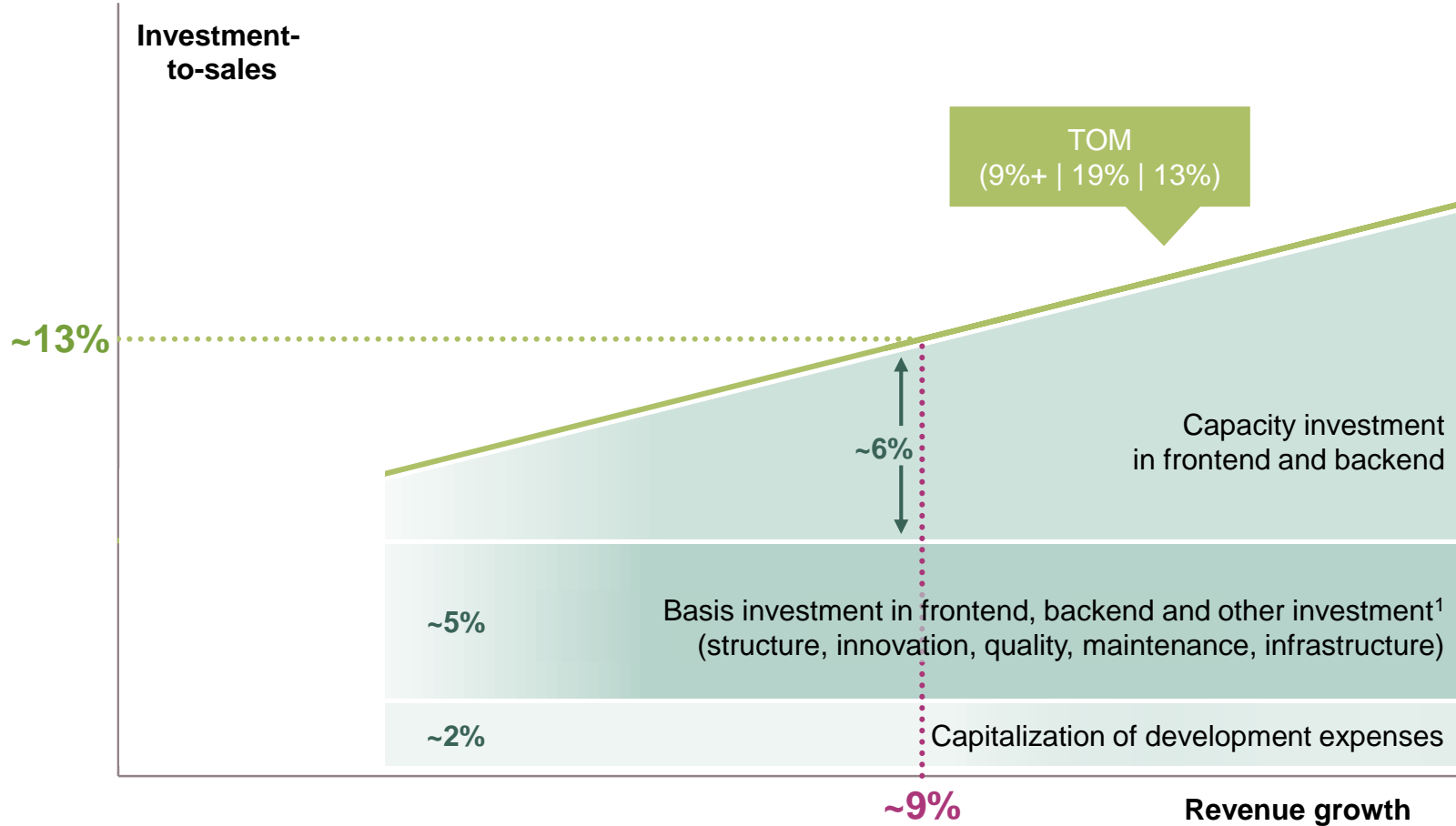
Foundry supply shortage caused by cyclical and structural elements

Several cyclical & structural developments forced the imbalance between semiconductor supply & demand



We focus our investments to those areas with highest differentiation

Split of investment-to-sales by category



Major focus topics

- > Capacity expansion for **SiC and GaN**
- > Further capacity expansion for **300 mm in Villach and Dresden**
- > Further capacity expansion for **200 mm in Kulim**
- > **Focused insourcing** from silicon foundries
- > **Clean room** for WBG / 300 mm and major office buildings (slightly above €1bn over five years)
- > **~€2.4bn** investments planned in FY22

¹ Frontend clean rooms and major office buildings are not included

Putting it all together: Target Operating Model standing on solid ground

– we are on track to reach it one year ahead of schedule

Target Operating Model¹ Drivers

Revenue growth



9%+



- › Leading position in structurally growing markets
- › Electrification
- › Digitalization
- › CY revenue synergies – fully on track

Segment Result Margin



19%



- › System solutions to create and capture higher value
- › Manufacturing productivity and cost control
- › CY accretion
- › CY cost synergies – fully on track

Investment-to-sales



13%



- › Strategic mix of in-house manufacturing vs. outsourcing
- › Driving capital efficiency:
 - › 300 mm share; CY asset-light approach
 - › partially offset by initial SiC/GaN investment

¹ Infineon financial performance to approach targets as Cypress integration progresses

Conservative financial policy and strict commitment to investment-grade rating are the basis for through-cycle flexibility



	Financial Policy Targets	Status Quo (LTM 30 September 2021 ³)
Gross Cash¹	€1bn + at least 10% of revenues → €2.1bn	€1bn + 24% of revenues → ~€4bn
Gross Debt²	≤ 2.0x EBITDA	2.2x EBITDA – target to be reached in FY22
Comfortable liquidity position	<ul style="list-style-type: none"> › Flexibility for financing operating activities and investments through the cycle › Cushion for net pension liabilities and contingent liabilities 	
Balanced debt position	<ul style="list-style-type: none"> › Gross debt target temporarily exceeded for CY acquisition, but still compatible to investment-grade rating › Public commitment to return to target level of ≤ 2.0x – to be reached one year earlier, by FY22 	
Rating	Investment grade	BBB- positive outlook (by S&P Global)

¹ Gross cash position is defined as cash and cash equivalents plus financial investments | ² Gross debt is defined as short-term debt and current maturities of long-term debt plus long-term debt. EBITDA is calculated as the total of earnings from continued operations before interest and taxes plus scheduled depreciation and amortization | ³ Based on preliminary figures for FY21

Pecking order for capital deployment shows clear priorities



Organic growth

- › Investing in R&D and manufacturing with long-term perspective
- › Funding attractive growth opportunities for a future-proof Infineon



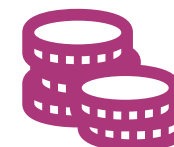
De-leveraging

- › Continuation of stringent debt reduction following Cypress acquisition
- › Target: Gross Debt \leq 2.0x EBITDA,
- › Mid-term target: “BBB” rating



M&A

- › Exploit opportunities for anorganic growth selectively, but no major transactions planned
- › Bolt-on acquisitions have to fit three criteria:
 - › strategic fit
 - › financial fit
 - › cultural fit



Shareholder returns

- › Consistent dividend policy
- › €2.7bn returned over the past decade
- › Dividend proposal for FY21: 27 cent/share



Sustainable value creation – continuing our profitable growth journey into the next decade

- › Adding €5bn+ annual revenue by FY25
– powered by Electrification and Digitalization
- › Achieving 19% Segment Result Margin
– through cycle
- › Investments focused on strategic differentiation



Prudent capital structure and clear commitment to investment grade



Capital deployment priorities:
growth, de-leveraging, M&A and shareholder returns



Part of your life. Part of tomorrow.

Dr. Reinhard Ploss



- › Reinhard Ploss has been a member of the Management Board of Infineon Technologies AG since 2007. He has been CEO since 1 October 2012.
- › Reinhard Ploss was born in 1955 in Bamberg, Germany. He studied process engineering at the Technical University of Munich and received his doctorate in 1990.
- › He has been with Infineon since 1986 (Siemens AG until 1999).

Dr. Helmut Gassel



- › Helmut Gassel has been a member of the Management Board and Chief Marketing Officer of Infineon Technologies AG since 2016.
- › Helmut Gassel was born in 1964 in Dortmund, Germany. He holds a Diploma in Physics from the Ruhr-University in Bochum, Germany. He received his PhD in Electrical Engineering from the University Duisburg, Germany.
- › He has been with Infineon since 1995 (Siemens AG until 1999).

Jochen Hanebeck



- › Jochen Hanebeck has been a member of the Management Board of Infineon Technologies AG and Chief Operations Officer since 2016.
- › Jochen Hanebeck was born in 1968 in Dortmund, Germany. He received a degree in electrical engineering from RWTH Aachen University, Germany.
- › He has been with Infineon since 1994 (Siemens AG until 1999).

Constanze Hufenbecher



- › Constanze Hufenbecher has been a member of the Management Board of Infineon Technologies AG and Chief Digital Transformation Officer since 2021.
- › Constanze Hufenbecher was born in 1970 in Albstadt, Germany. She graduated in Business Administration from the University of Tübingen, Germany.
- › Her career included positions at VIAG AG (1994 – 1997), Bertelsmann AG (1998 – 2002), Infineon Technologies AG (2004 – 2009), and Lufthansa Technik AG (2016 – 2020, CFO).

Dr. Sven Schneider



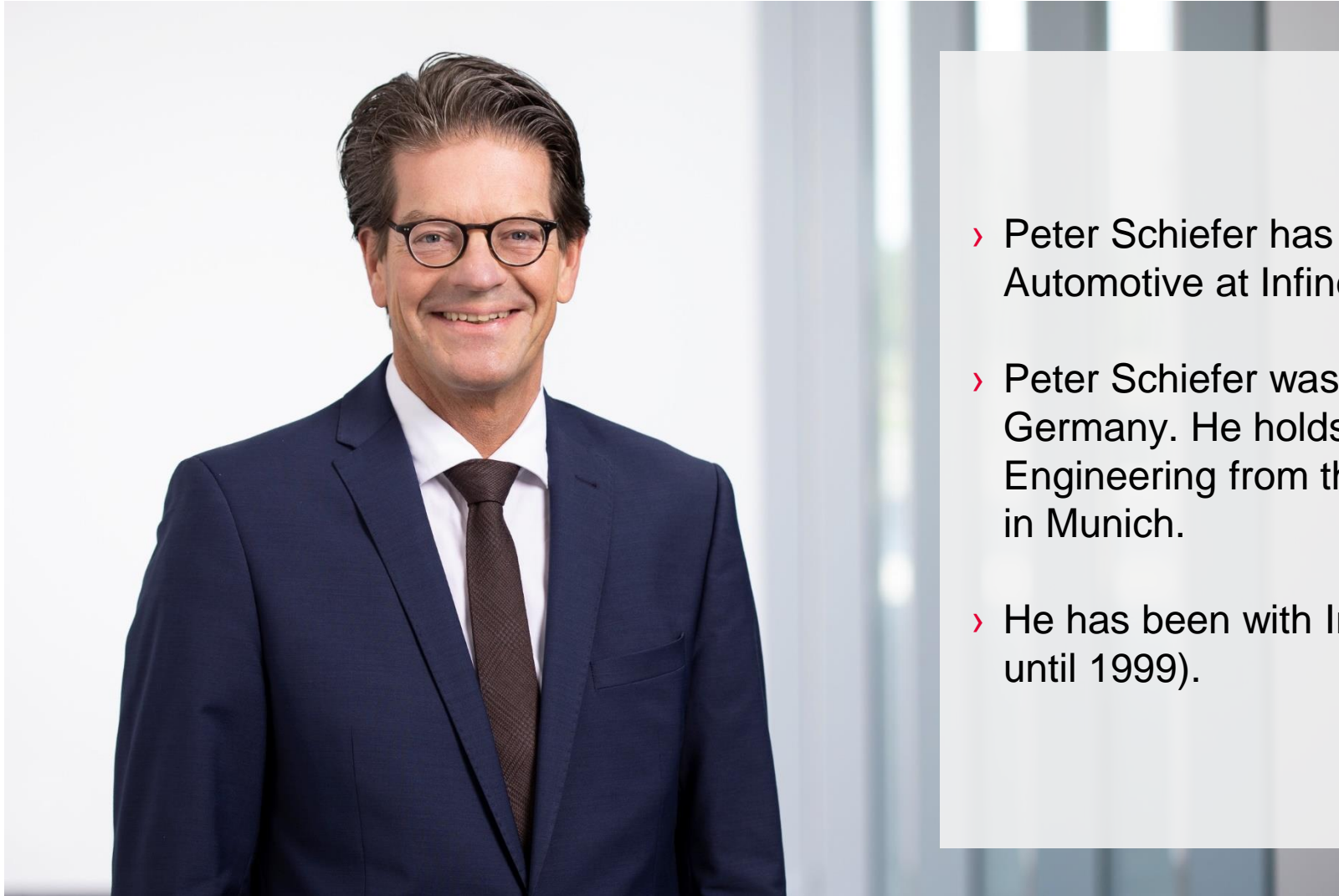
- › Sven Schneider has been a member of the Management Board of Infineon Technologies AG and Chief Financial Officer since 2019.
- › Sven Schneider was born in 1966 in Berlin. After completing his studies of Business Administration (Diplom-Kaufmann), he received his doctorate in Business Administration from the University of Trier, Germany.
- › From 1995 to 2019, he has held several positions at Linde AG, most recently as Spokesman of the Executive Board, Chief Financial Officer and Labor Director.

Thomas Rosteck



- › Thomas Rosteck has been the Division President Connected Secure Systems at Infineon Technologies AG since 2017 (Chip Card & Security at that time).
- › Thomas Rosteck was born in 1966 in Offenbach am Main, Germany. He graduated in Business Administration and Computer Science from the Technical University of Darmstadt, Germany.
- › He has been with Infineon since 1998 (Siemens AG until 1999).

Peter Schiefer



- › Peter Schiefer has been the Division President Automotive at Infineon Technologies AG since 2016.
- › Peter Schiefer was born in 1965 in Munich, Germany. He holds a Diploma in Electrical Engineering from the University of Applied Sciences in Munich.
- › He has been with Infineon since 1990 (Siemens AG until 1999).

Dr. Peter Wawer



- › Peter Wawer has been the Division President Industrial Power Control at Infineon Technologies AG since 2016.
- › Peter Wawer was born in 1967 in Berlin. He holds a Diploma in Electrical Engineering from the Technical University in Berlin where he also received his PhD.
- › He has been with Infineon since 1997 (Siemens AG until 1999).

Andreas Urschitz



- › Andreas Urschitz has been the Division President Power & Sensor Systems at Infineon Technologies AG since 2012 (Power Management & Multimarkets at that time).
- › Andreas Urschitz was born in 1972 in Klagenfurt, Austria. He holds a master's degree in Commercial Science from the Vienna University of Economics and Business, Austria.
- › He has been with Infineon since 1995 (Siemens AG until 1999).

Glossary (1 of 2)

ABS	anti-blocking system
AC	alternating current
AC-DC	alternating current - direct current
AD	automated driving
ADAS	advanced driver assistance system
AI	artificial intelligence
AM	amplitude modulation
AR	augmented reality
ASIC	application-specific integrated circuit
ATV	Automotive division
BEV	battery electric vehicle
BIOS	basic input output system
BLE	Bluetooth Low Energy
BMS	battery management system
BoM	bill of material
BPA	battery-powered applications
BT	Bluetooth
CMOS	complementary metal-oxide semiconductor
CPU	central processing unit
CSS	Connected Secure Systems division
CY	Cypress

DC	direct current
DC-DC	direct current - direct current
Edge AI	edge artificial intelligence
EPS	electric power steering
eSIM	embedded subscriber identity module
EV	electric vehicle
FAE	field application engineer
FHEV	full hybrid electric vehicle
FPGA	field programmable gate array
G2M	go-to-market
GaN	gallium nitride
GPU	graphics processing unit
HEMT	high electron mobility transistor
HEV	mild and full hybrid electric vehicle
HMI	human machine interaction
HW	hardware
IC	integrated circuit
ICE	internal combustion engine
IGBT	insulated gate bipolar transistor
IoT	Internet of Things
IPC	Industrial Power Control division

Glossary (2 of 2)

IPM	intelligent power module
IRF	International Rectifier
LTM	last twelve months
MCU	microcontroller unit
MEMS	micro electro-mechanical systems
MHEV	mild hybrid electric vehicle
mild-hybrid	vehicles using start-stop systems, recuperation, DC-DC conversion, e-motor
ML	machine learning
MOSFET	metal-oxide silicon field-effect transistor
NFC	near-field communications
NOR Flash	non-volatile memory for program storage
NZE	net zero emissions
OBC	on-board charger
OEM	original equipment manufacturer
OS	operating system
P2S	Infineon's strategic product-to-system approach
PAS	photo-acoustic spectroscopy
PHEV	plug-in hybrid electric vehicle
PLC	programmable logic control
PMIC	power management IC

PSoC	programmable system-on-chip
PSS	Power & Sensor Systems division
PV	photovoltaic
RAM	random access memory
RF	radio frequency
SAAS	software-as-a-service
Si	silicon
SiC	silicon carbide
SoC	system-on-chip
SR	segment result
SW	software
ToF	time-of-flight
TOM	target operating model
UI	user interface
USB	universal serial bus
V2X	vehicle-to-everything communication
VR	virtual reality
WBG	wideband gap
Wi-Fi	wireless fidelity
xEV	all degrees of vehicle electrification (EV, HEV, PHEV)

ESG footnotes and disclaimer

- 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.

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