



# IFX Day 2018

## Dr. Helmut Gassel

### Chief Marketing Officer

London, 12 June 2018



# Infineon's go-to-market strategy continues to drive profitable growth



We identify **high growth markets** early focusing on lasting relations with industry leaders, growing web interactions. We jointly develop solutions optimizing system cost performance.



We aim for **leading positions**, balanced across applications and regions. We prioritize businesses with long platform life-times.

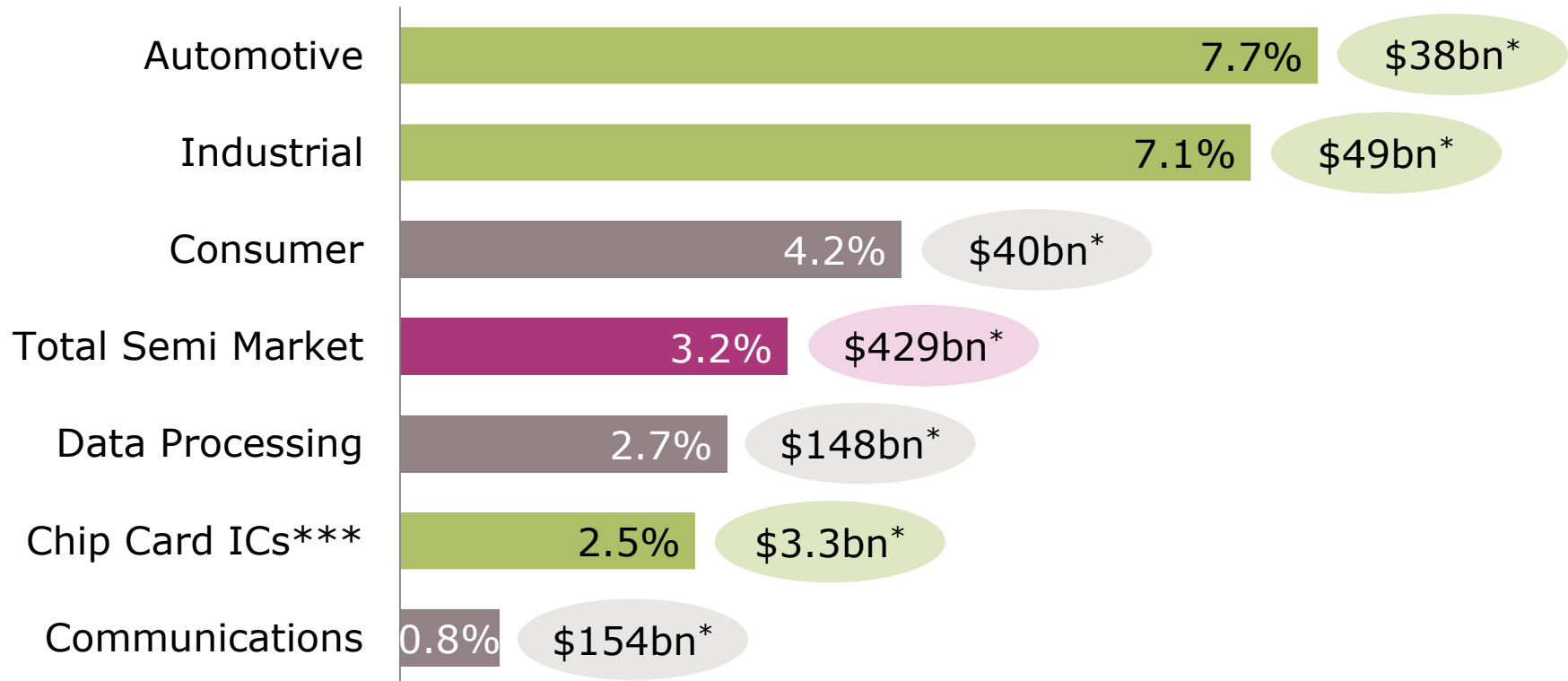


We provide comprehensive design-in and solution support to scale across **all customer segments**. We maximize reach through digital customer interface and distribution partners.

# Infineon benefits from industrial and auto, the by far fastest growing segments



## CAGR 2017 – 2022\*\* by Semiconductor Industry Segment



\* Market size in calendar year 2017

\*\* Source: Based on or includes content supplied by IHS Markit, Technology Group, "Worldwide Semiconductor Shipment Forecast", March 2018

\*\*\* Source: ABI Research, "Secure Smart Card & Embedded Security IC Technologies", February 2018; microcontroller ICs

# We deeply connect with industry leaders in all our target markets



## ATV



## IPC



## PMM



## CCS



# Product to system optimization reaches from individual products to comprehensive chip sets

## Single products

To select or adjust a single product to the individual needs of a system.

### **Example:**

Dedicated discrete IGBT for rice cookers targeting Chinese customers.

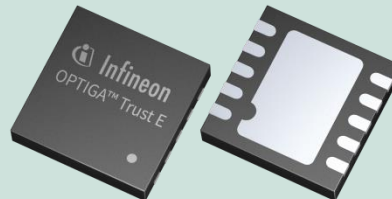


## Products combined

Products are sold in application-specific combinations.

### **Example:**

Security chips OPTIGA™ Trust or OPTIGA™ TPM for connected cars to secure all important domains.

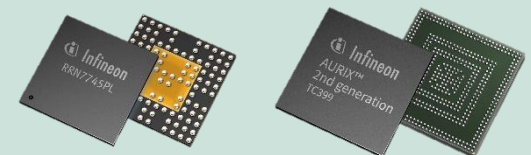


## Chip sets defined

Product combinations are defined as chip set solution.

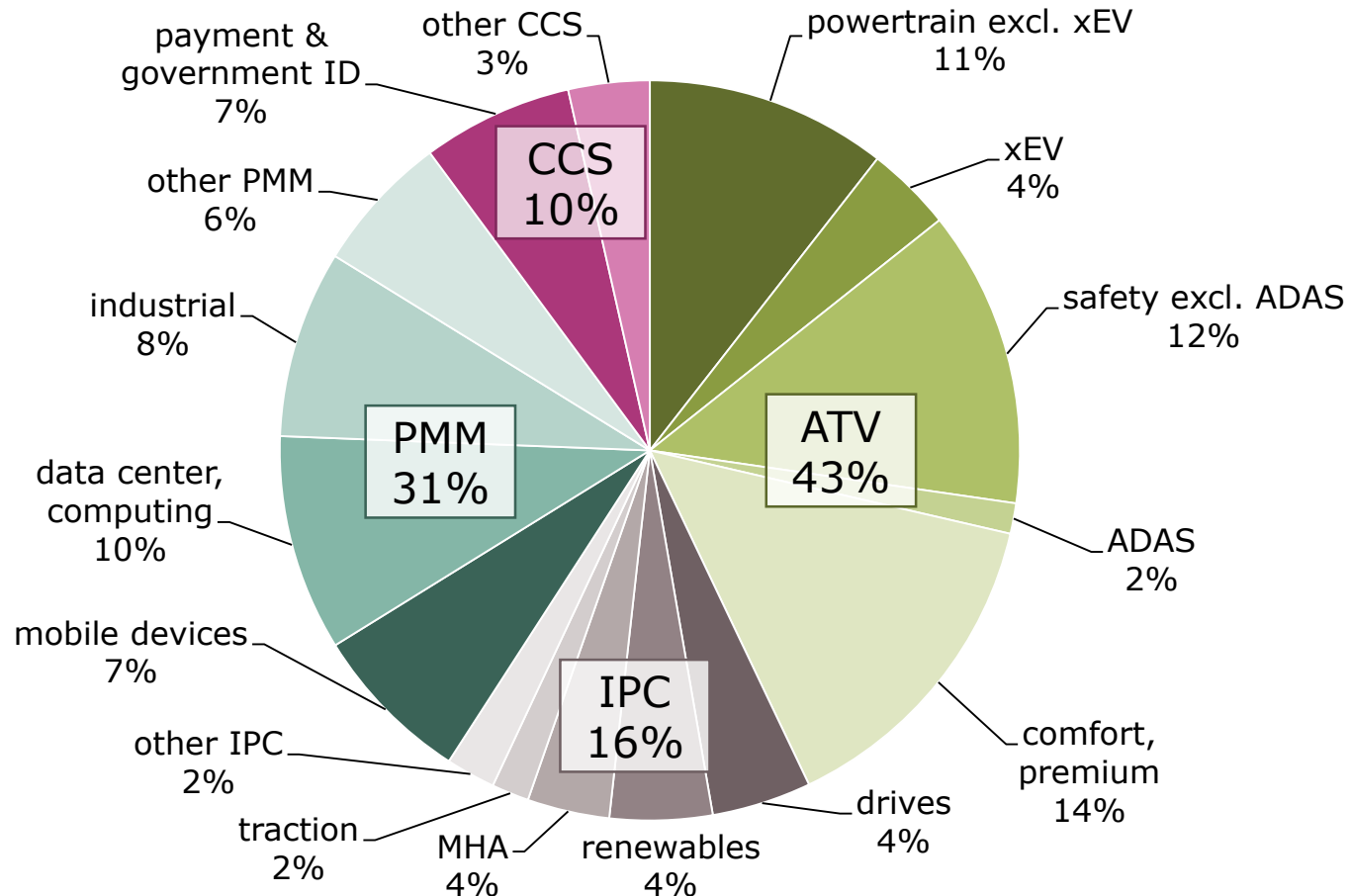
### **Example:**

Next-generation AURIX™  $\mu$ C comprises hardware accelerator for 77 GHz radar signal pre-processing.



# Well diversified exposure to end-markets and applications provide resilient growth model

## FY17 revenue by target application\*



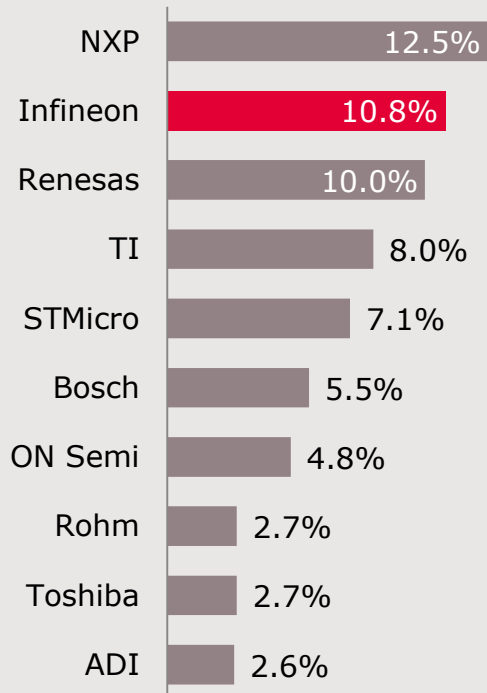
\* based on revenue of €7,051m in FY17, without OOS and Corporate & Eliminations.

# Infineon holds leading positions in its target markets



## Automotive semiconductors

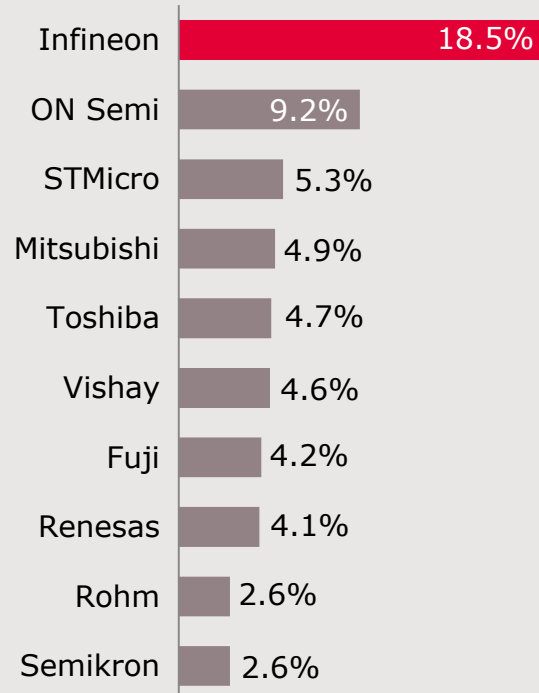
total market in 2017: \$34.5bn



Source: Strategy Analytics, "2017 Automotive Semiconductor Vendor Share", April 2018

## Power discretes and modules

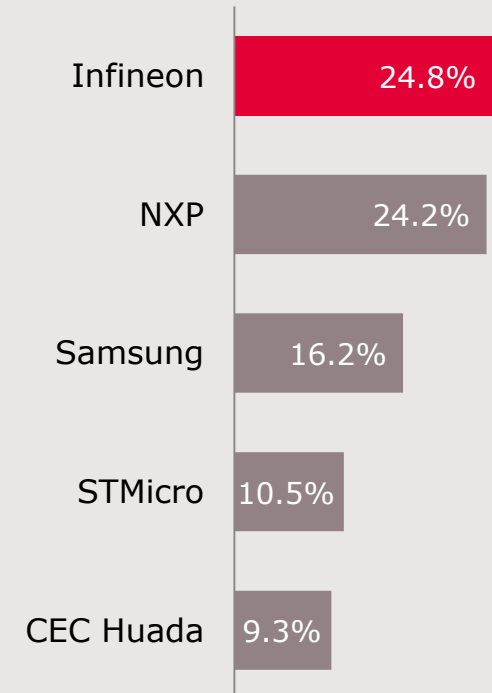
total market in 2016: \$15.9bn



Source: Based on or includes content supplied by IHS Markit, Technology Group, "Power Semiconductor Annual Market Share Report", August 2017

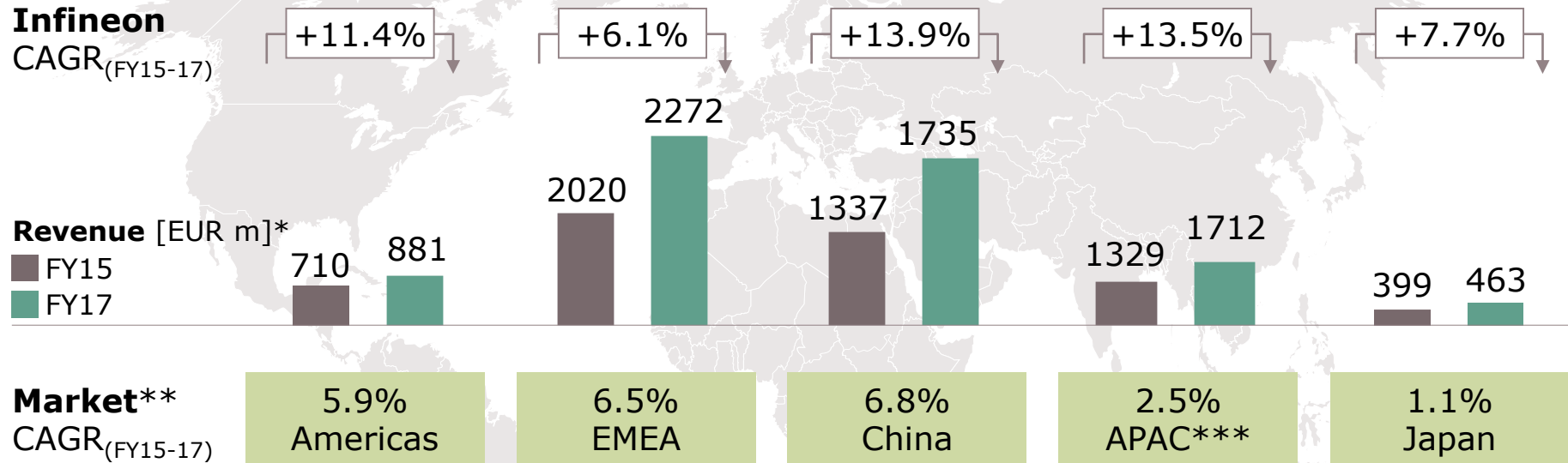
## microcontroller-based Smart Card ICs

total market in 2016: \$2.79bn



Source: Based on or includes content supplied by IHS Markit, Technology Group, "Smart Cards Semiconductors Report", July 2017

# We are growing faster than the market, especially in Asia



Infineon CAGR<sub>(FY15-FY17)</sub> Total Revenue: 10.4%

Market\*\* CAGR<sub>(FY15-FY17)</sub> World: 5.2%

\* Includes revenue from International Rectifier starting 13 January 2015.

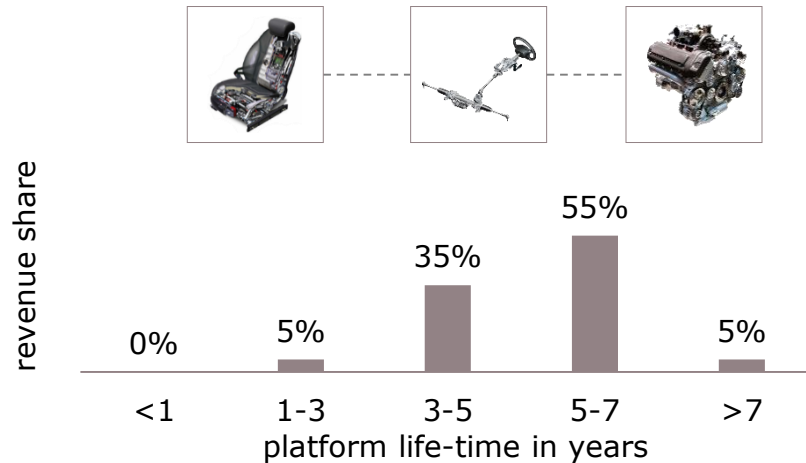
\*\* Source: Based on or includes content supplied by IHS Markit, Technology Group, "Worldwide Semiconductor Shipment Forecast", March 2018.  
Market: total semiconductor market excluding memory ICs and MPU. Euro based, adjusted to match Infineon fiscal year.

\*\*\* excl. China and Japan.

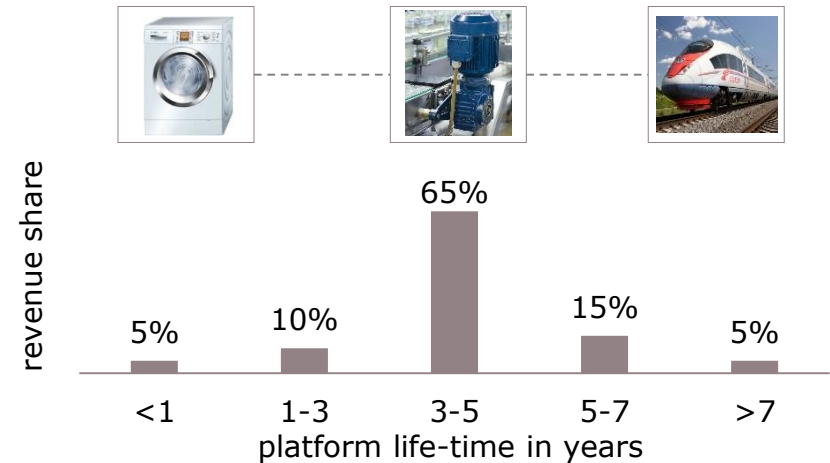


# Long platform life-times in majority of our businesses provide stickiness and visibility

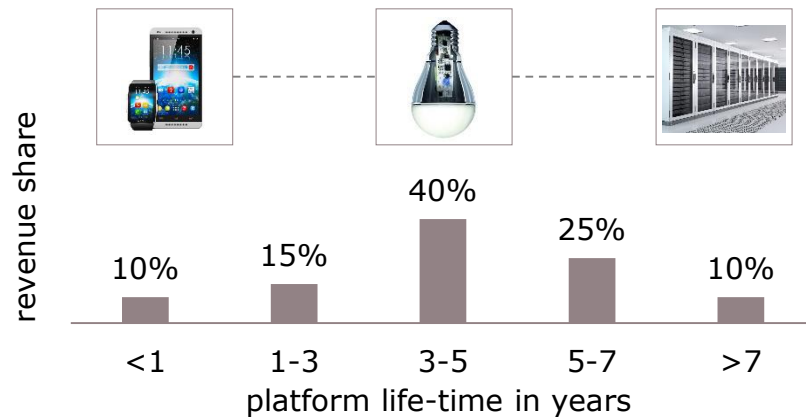
## ATV – average platform life-time: ~6 years



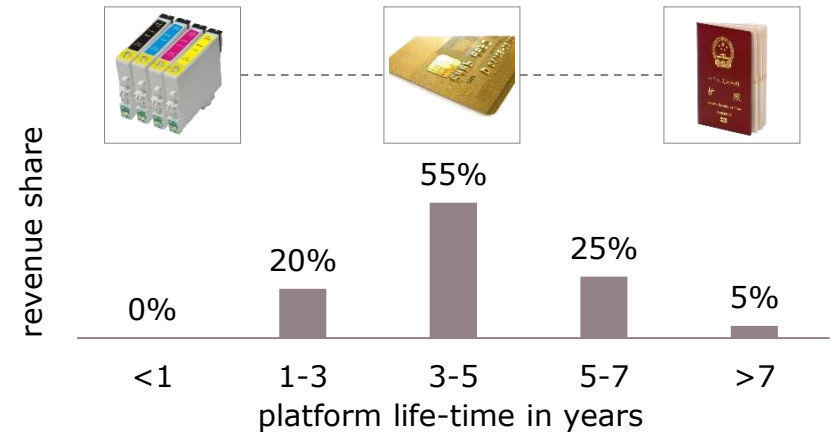
## IPC – average platform life-time: ~5 years



## PMM – average platform life-time: ~4 years



## CCS – average platform life-time: ~4 years



# Infineon's customer portfolio is well balanced, no customer represents > 10% of sales



## FY17 top-10 direct customers



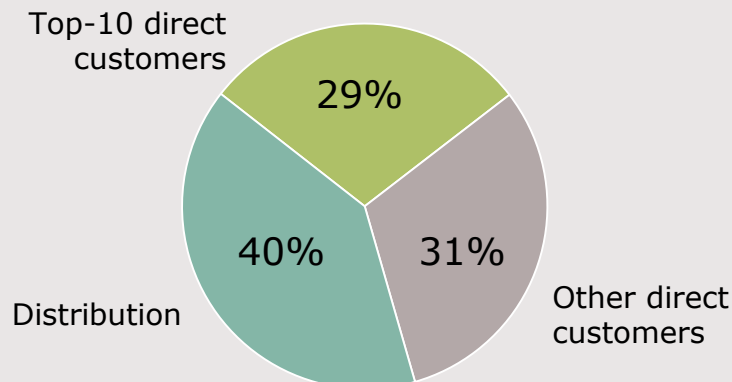
in alphabetical order

## Working with all important distributors



in alphabetical order

## FY17 revenue split by sales channel



## Total number of customers

> 100,000 customers

# Go Wide and Go Wider contribute disproportionate to Infineon's profitable growth

## Go Deep

Higher share with big accounts



Revenue trendline growth below corporate average

## Go Wide

Significantly higher share with smaller accounts



Revenue trendline growth above corporate average

## Go Wider

Grow number of customers



# Together with our distribution partners we go wide and wider and enhance our reach



## Long standing partnership with key distributors

- › Balanced network with global and local experts
- › Shared vision on strategy and close collaboration for demand creation and demand fulfillment



## Go Wide – joint resources with distribution partners

- › Seamless and transparent collaboration from first level application support to deep technical product support
- › Joint learning about new applications and new usage of our products

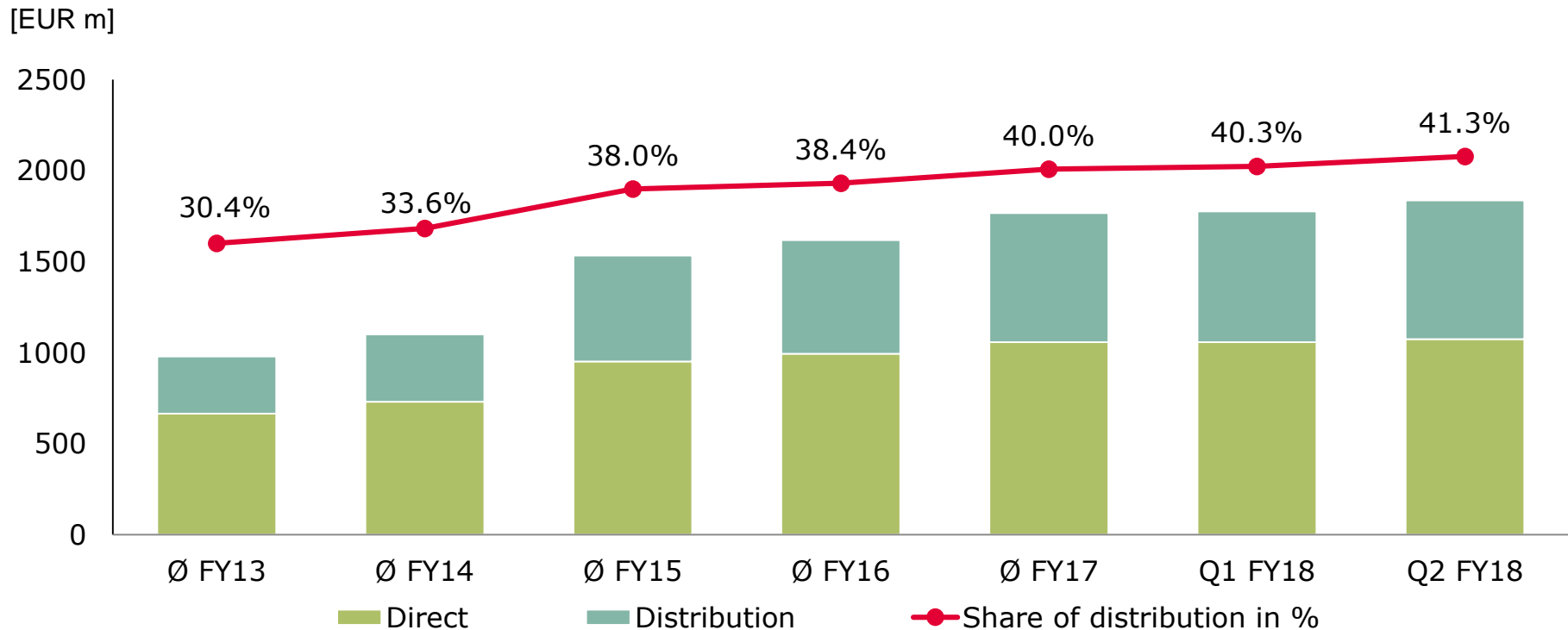


## Go Wider – enabling the web and distributors to extend customer base

- › Broad offering of technical on-site or self-serve trainings
- › Special web based tools for full solution selling, including big data based cross-selling assistant

# Higher distribution share enables additional profitable growth

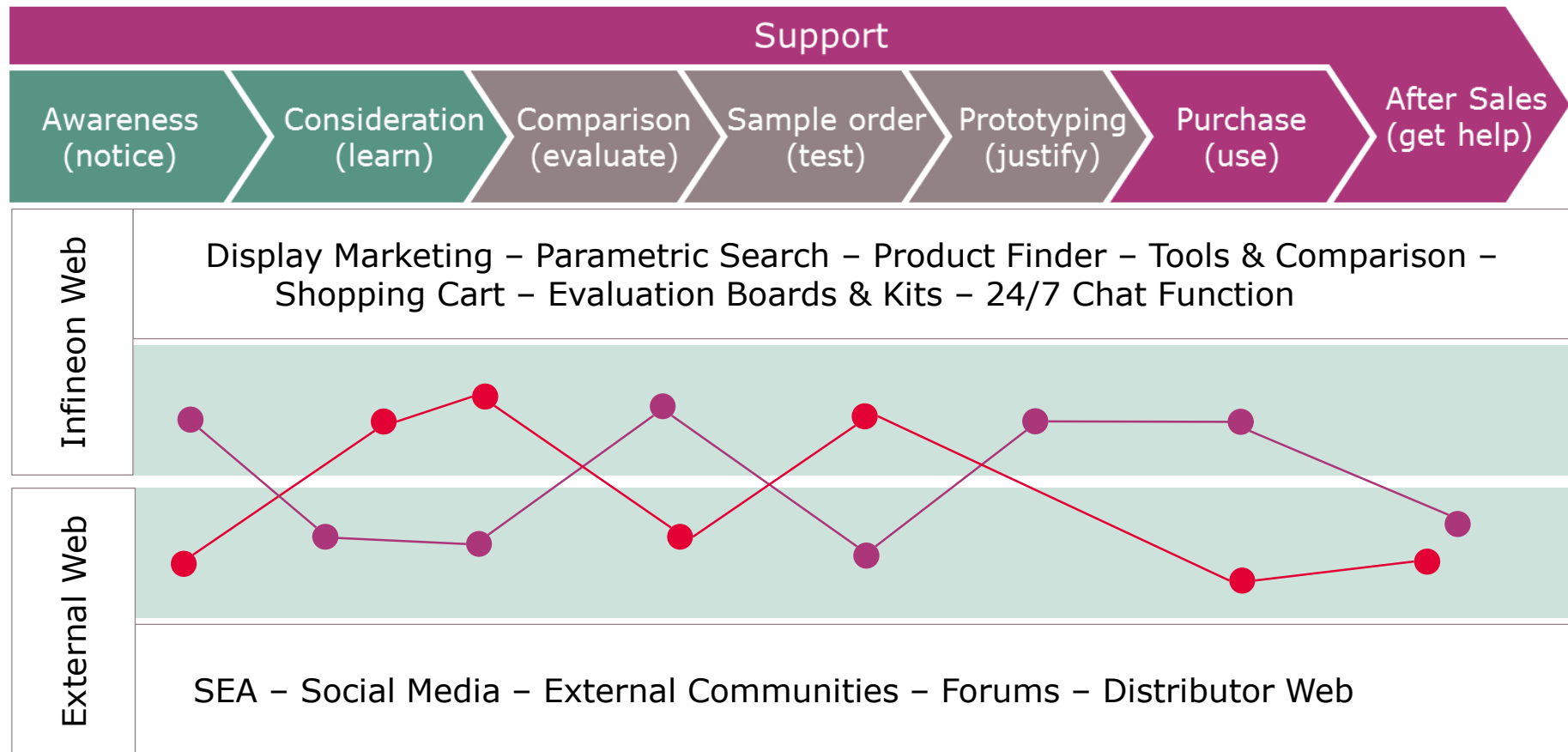
Quarterly average revenue by sales channel in the respective financial year\*



Continuous effort and acquisition of International Rectifier have supported share growth of distribution business

\* Includes revenues from International Rectifier starting with FY15.

# Web-based design support automation enabling scale for growing customer base



We support multi-channel customer journeys with relevant content via a broad set of platforms and interfaces

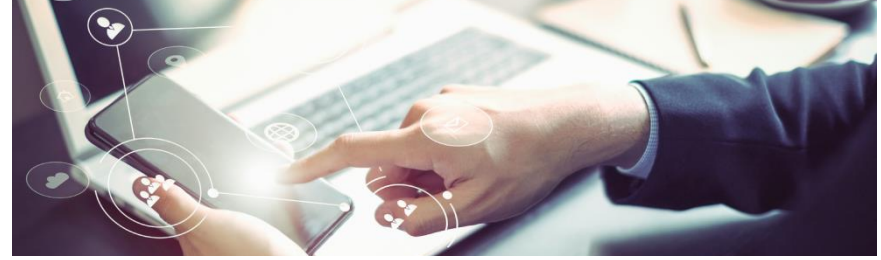
● ● Individual customer touch points

# We invest in big data-driven unique web-based support tools enriching customer experience



## **Digital cross-selling assistant**

Recommendation for technically best matching products based on big data analytics



## **myInfineon**

Single point of truth for all Sales & Marketing material, accessible for Infineon sales and distributors



## **AI knowledge data base**

Learning data base to enable customer self-service support



## **Online Simulation Tools**

Thermic and electrical validation in early phase of the buying process



# Infineon sustains a strong partner ecosystem in particular for emerging applications



Worldwide ecosystem of >140 qualified companies offering knowledge and experience to design solutions based on Infineon products.

Members benefit from privileged access to information, discount on tools, trainings and promotion.

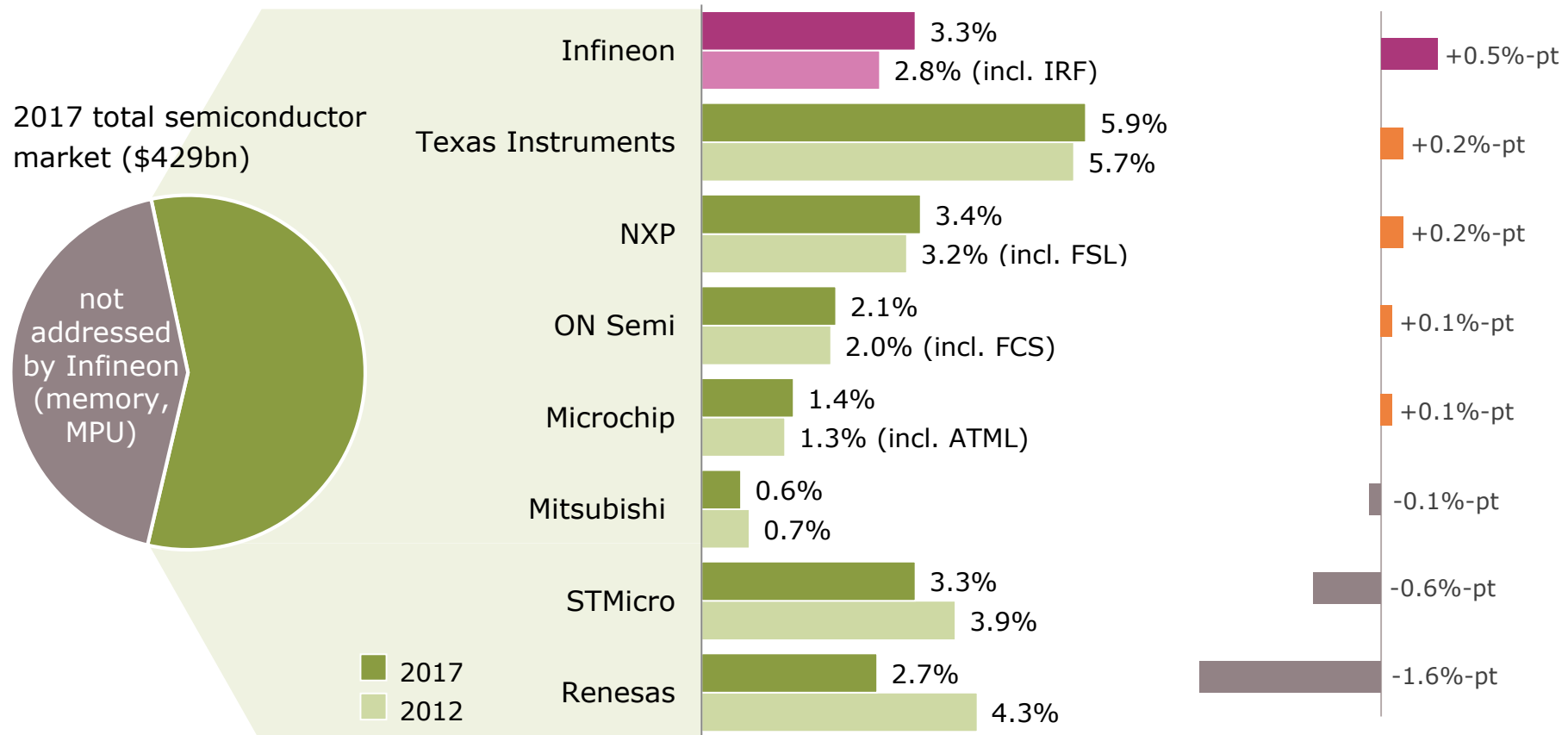
## Examples of IoT-security partners





# Infineon clearly outgrew its peer group organically in the past five years

## Peer group market share development\* 2017 vs. 2012

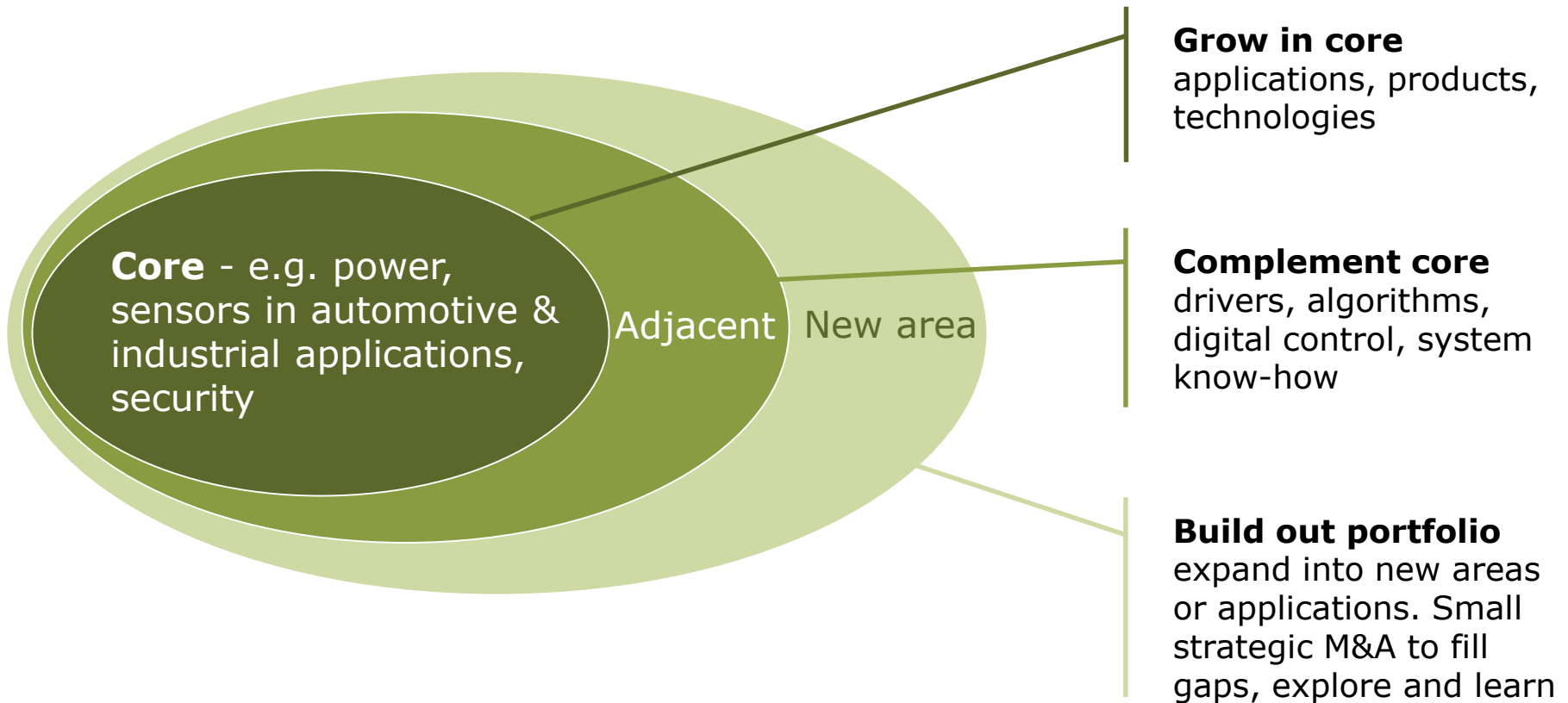


\*Shares based on Total Semiconductor Market excl. Memory IC, excl. MPU; adjustments for some of the largest transactions indicated.

Source: Based on IHS Markit, Technology Group, "Annual 2001 to 2017 Semiconductor Market Share 2017 Competitive Landscaping Tool", Q1 2018, March 2018.

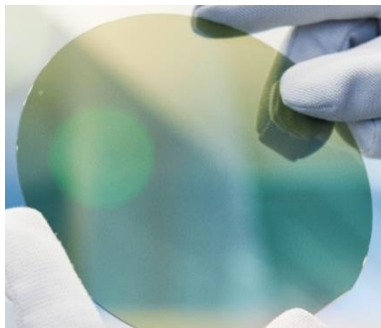
# M&A is aimed at strengthening and enhancing core as well as building out portfolio

Market valuation and M&A cycle



Regulatory environment

# Acquisitions must meet three criteria



## Strategic fit

- › Strengthen and enhance Infineon's core
- › Grow our product, application and competence portfolio
- › Selectively partner and acquire in new areas



## Cultural fit

- › Compatible with and adding to Infineon's set of values and business principles: smooth integration and fast realization of synergies



## Financial fit

- › EPS and Segment Result margin accretive
- › Positive present value
- › Investment grade credit rating maintained

# Key take-aways

Our go-to-market strategy continues to drive profitable growth.

Resilient growth model based on well-diversified exposure to customers, regions and applications with long design-cycles.

We pick the right battles and win with the winners. We jointly develop solutions optimizing system cost performance. We aim for leading positions in target markets.

We scale in all customer segments. We invest in big data driven unique web tools enriching customer experience. Higher distribution share enables additional profitable growth.

Infineon leads with organic market share gain. M&A is aimed at strengthening and enhancing core as well as building out portfolio, meeting strategic, cultural and financial requirements.



Part of your life. Part of tomorrow.





# Glossary – CMO Gassel

μC	microcontroller	LNA	low-noise amplifier
ADAS	advanced driver assistance system	M&A	merger and acquisition
APAC	Asia Pacific	μC	microcontroller
ATV	Automotive Division	MCU	microcontroller unit
CAGR	compound annual growth rate	MHA	major home appliance
CAV	commercial and agricultural vehicles	MOSFET	metal oxid semiconductor field effect transistor
CPU	central processing unit	OEM	original equipment manufacturer
CSS	Chip Card & Security division	P2S	product-to-system approach
EMEA	Europe, Middle East, Africa	PMM	Power Management & Multimarket division
GHz	gigahertz	ppt	percentage point
IC	integrated circuit	SG&A	selling, general and administrative expenses
IGBT	insulated- gate bipolar transistor	SOP	start of production
IPC	Industrial Power Control division	TAM	total addressable market
LDO	linear drop-out voltage regulators	TPM	trusted platform module
		xEV	all degrees of vehicle electrification (EV, MHEV, FHEV, PHEV)

# Dr. Helmut Gassel

## Chief Marketing Officer



- › since 2016: CMO, responsible for Sales & Marketing, Regions, Strategy Development, Mergers & Acquisitions, Intellectual Property
- › 2012: Division President Industrial Power Control
- › 2008: Division President Chip Card & Security
- › Dr. Helmut Gassel was born in Dortmund, Germany, in 1964. 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 joined Infineon (Siemens AG until 1999) in 1995.

# 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.

## **Specific disclaimer for IHS Markit reports, data and information referenced in this document:**

The IHS Markit reports, data and information referenced herein (the "IHS Markit Materials") are the copyrighted property of IHS Markit Ltd. and its subsidiaries ("IHS Markit") and represent data, research, opinions or viewpoints published by IHS Markit, and are not representations of fact. The IHS Markit Materials speak as of the original publication date thereof and not as of the date of this document. The information and opinions expressed in the IHS Markit Materials are subject to change without notice and neither IHS Markit nor, as a consequence, Infineon have a duty or responsibility to update the IHS Markit Materials or this presentation. Moreover, while the IHS Markit Materials reproduced herein are from sources considered reliable, the accuracy and completeness thereof are not warranted, nor are the opinions and analyses which are based upon it. IHS Markit and the trademarks used in the data, if any, are trademarks of IHS Markit. Other trademarks appearing in the IHS Markit Materials are the property of IHS Markit or their respective owners.