

Dr. Reinhard Ploss
CEO
Infineon Technologies AG

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- The spoken word prevails -

Welcome, Ladies and Gentlemen!

I am delighted to welcome you to today's premiere: my first press conference as CEO. I am looking forward to the upcoming discussion.

How were things during the past fiscal year?

What are we planning for the future?

Review and outlook – this is the focus of my talk today.

2011 was a boom year. It was a year of allocation and a year of production over-utilization.

The past fiscal year was influenced by a different situation: the sovereign debt crisis in Europe and slower growth in Asia have increasingly burdened the global economy.

But despite this: In fiscal year 2012, Infineon achieved what we planned on a year ago: 3.9 billion euros in sales and a segment result margin of 13.5 percent.

These are respectable results.

In the meantime, however, Infineon is feeling the overall economic climate to a greater degree – especially when it comes to our margin.

Our fourth-quarter revenue declined slightly to 982 million euros. The segment result came to 116 million euros. This corresponds to a segment result margin of 11.8 percent. A drop in revenue and margin – Infineon's business climate is getting rougher.

Let us take a look at the four segments Automotive, Industrial Power Control, Power Management & Multimarket as well as Chip Card & Security. This gives us a more differentiated picture.

Infineon's strongest pillar remains Automotive. Infineon profited from the successes of premium manufacturers and from growth in Asia. The Automotive segment achieved revenues of 1.66 billion euros in fiscal year 2012 – a plus of seven percent. The segment result amounted to 219 million euros. This corresponds to a margin of 13.2 percent. We thus grew faster than the market and were able to expand our market share in the automotive business.

In the fourth quarter of fiscal year 2012, our Automotive revenues dropped slightly to 416 million euros. After record quarters, this is the result of seasonal developments. The segment result slipped to 47 million euros.

What do we expect in the current fiscal year? The market research company IHS is forecasting a rise in worldwide automobile production of only 1.9 percent in calendar year 2013.

Infineon is not immune to the structural weaknesses in the European automobile market and slower growth in North America, India and China. For

the first quarter of the current fiscal year, we expect a slight decline in revenues in our automotive business.

This brings us to the Industrial Power Control segment. Government funds for renewable energies and strong demand for trains in Asia caused an exceptional boom during the 2010 and 2011 fiscal years. Now, however, we are feeling the effects of investment slowdowns by our industrial customers. In Industrial Power Control, revenues dropped by nine percent during the past fiscal year. They amounted to 728 million euros. The segment result was 118 million euros; the margin was 16.2 percent.

In the most recent fourth quarter, Industrial Power Control generated 181 million euros in revenues and 26 million euros in segment result.

We continue to see order shortfalls in the industry during the current quarter. These are connected with inventory corrections on the part of our Asian customers. This is why revenues will decline – and not only due to seasonal developments.

The Power Management & Multimarket segment relies heavily on communications and information technology. Infineon is feeling the shift away from classic PCs and notebooks to business with chips for smart phones, tablet computers and servers. All in all, business declined. In the preceding fiscal year, Power Management & Multimarket achieved revenues of 929 million euros – a minus of seven percent. The segment result of 142 million euros corresponds to a margin of 15.3 percent.

The preceding quarter, on the other hand, showed seasonally related growth: Power Management & Multimarket achieved 247 million euros in revenues and 37 million euros in segment result. This six-percent plus – compared to the previous quarter – was driven by the demand for game consoles, smart phones and mobile infrastructure.

During the current quarter, Infineon expects to see a decline in sales in the Power Management & Multimarket segment.

Developments in the Chip Card & Security segment were very positive. Business with official documents, payment applications and security solutions is not as dependent on economic cycles. Revenues in this segment rose during three quarters in the 2012 fiscal year. In the end, we recorded a revenue plus of seven percent on a total of 457 million euros. The segment result was 56 million euros and the margin 12.3 percent.

In the fourth quarter, Chip Card & Security increased its revenues to 126 million euros and achieved a segment result of 18 million euros.

Due to seasonal and economic factors, we expect a decline in revenues in this segment during the current quarter.

With the four segments Automotive, Industrial Power Control, Power Management & Multimarket as well as Chip Card & Security, Infineon generated nearly the same revenue in the 2012 fiscal year as in previous fiscal year.

The decline in group revenue, however, was due to lower revenues in other operating segments: manufacturing services for the divested wireline and wireless businesses dropped. Revenues in this area declined from 216 million euros to 125 million euros.

Summarizing the 2012 fiscal year:

Although we could not repeat the successes of the 2011 boom year, Infineon still handled the economic headwind well. Our figures reflect the global economic developments. Altogether, we are satisfied with the results of the 2012 fiscal year.

A look at the balance sheet confirms this.

As of the balance sheet date of September 30th, Infineon's assets totaled circa 5.9 billion euros – an increase of 25 million euros compared to the previous year. At the end of the 2012 fiscal year, the company had a net cash position of 1.94 billion euros.

Even if decisive growth impulses are currently lacking, you see, Ladies and Gentlemen, that Infineon is extremely well prepared for “economic storms”.

This solid balance sheet makes Infineon weatherproof and ensures our corporate scope. Not only are we strong enough to successfully withstand a prolonged market downturn, but our solid cash position also means that Infineon can make acquisitions at any time. A purchase will only be made, however, if the potential candidate is attractive and can be integrated. For Infineon, attractive means that the company should have IP and applications know-how.

Infineon is thus a stable and healthy company. This can be seen in our distribution to shareholders: the Management Board will recommend to the Supervisory Board and the next Annual General Meeting an unchanged dividend of twelve euro-cents per share.

Let us now take a look at the future: How will Infineon develop in the current fiscal year?

It was already clear this summer that the economic headwind is increasing and times are getting harder. Despite its strength, Infineon cannot escape this situation. Signs of further declines in revenues and especially, in our margin, are becoming clear.

We have reacted rapidly and decisively. Infineon is reducing costs. This is how we can improve our company's profitability in the short term. But this will not take place at the detriment of tomorrow's key projects.

Broadly formulated: We are shaping the future – and successfully managing our tasks here and today. We are facing these challenges.

Our company's long-term orientation could not be better. Infineon has the right products for the right topics: Energy efficiency, mobility and security. These megatrends will also support our growth in the future.

In the short term, however, the company must adjust to a weaker business environment. Wherever we can save, we are doing so now.

This is how we are reacting to underutilization in production and adapting our capacity to meet demand. In recent years, Infineon has developed a very reasonable flexibility concept together with workers' representatives. This is now paying off. We are reducing accumulated vacation days and overtime and are letting temporary work contracts expire in cases where this is necessary and useful.

At production sites that are highly underutilized, we are also applying the proven concept of short-time work. We began this in Warstein in September. This site is especially affected by the decline in demand for industrial applications.

When it is possible in the framework of lower utilization, we are shutting down systems. We call this "Cold Steel". By reducing the use of materials and energy, we likewise reduce idle costs.

Cycle management means being flexible. If demand rises, Infineon can rapidly and reliably ramp up its idled capacity again.

In addition, we are also limiting increases in personnel costs. Infineon is postponing non-tariff and individual salary increases by six months. We are also maintaining the headcount at approximately the same level as on September 30th.

The company is reducing its budget for consulting and travel costs to a minimum. Projects with low priority are also being temporarily postponed or stopped.

Altogether, this is saving over 100 million euros. By putting these measures into place, Infineon is taking the appropriate reaction of a healthy company to a weak market environment. These measures will stabilize Infineon's results.

Now, let us look at investments:

Innovative power, capacity expansion, quality assurance, infrastructure – in recent years, Infineon has spent a great deal of money on these. We had good reasons for this: first of all, we had an urgent need to catch up after the previous crisis. Then, it was important to further raise our quality level and increase productivity.

Furthermore, we invested in the Power 300 project, which will give Infineon a productivity head start in the long term. Infineon is following a clear course. We do our own manufacturing when our leading production technology allows us to differentiate ourselves on the market. It is obvious that this is a successful strategy. Infineon is the world's first company that can produce power semiconductors on 300mm wafers.

The advantages of this technology are clear: we can produce power semiconductors on wafers that have over twice the area as conventional 200mm wafers. This sounds easy – but it is actually quite complicated because manufacturing power semiconductors on 300mm thin wafers is

demanding and complex. Our competitors will need quite some time to understand these developments.

We will take advantage of this head start. As soon as Infineon sees demand, we will develop our production capacities. In the face of the weak economy, it may take some time until we can fully make use of the benefits of 300mm technology.

Infineon plans its production plants many years in advance. Our capacity expansion in Kulim, Malaysia, has shown that this strategy is correct. A large part of the success we had in the 2012 fiscal year has come from projects that the company began in 2004.

Infineon will win market share in the next upswing. Our long-term manufacturing strategy is an important factor in this.

Due to declining revenues, our investments are currently depressing our margin. In the context of cycle management, we have thus minimized all investments in capacity and reduced spending for projects without priority for the future. By doing this, Infineon is thus reducing its budgeted investment to circa 400 million euros.

To summarize, we are reacting actively – with a sense of proportion as well as vision: even when we save, Infineon is ready for the next upswing.

I now come to the outlook.

The economic headwind is growing stronger. We do not see that it will be turning again rapidly.

In the current quarter, we expect a decline in revenues of a low teens percentage and a segment result margin of between four and six percent.

For the entire 2013 fiscal year, Infineon expects revenues to decline by a mid- to-high single-digit percentage rate. We also expect to see a segment result margin at a mid-to-high single-digit percentage of revenue.

In the segments Automotive, Power Management & Multimarket as well as Chip Card & Security, revenues will presumably develop better than the Group average. The Industrial Power Control segment, on the other hand, may show a significant decrease in revenues – over the Group average.

In our calculations we are assuming a Euro to US Dollar exchange rate of 1.25.

Infineon assumes that the market environment, supported by seasonal effects, will improve during the second half of the fiscal year. Our goal for the 2013 fiscal year is profitability despite lower sales.

Ladies and Gentlemen, despite the rough economic headwind, Infineon is keeping its strategically important issues clearly in view. We know exactly where we want to go.

Our goal is that in five years, Infineon will be the leading supplier of system solutions. From product to system – we are thus writing a new chapter.

What do I mean by this?

We want our customers to be successful with our semiconductors. More successful than with semiconductors made by our competitors. To achieve this, we must perfectly tune our offers to our customers' overall systems. We can only do this when we have the corresponding system competence. We must know and understand the our customers' future requirements. Ideally, Infineon must even be one step ahead of its customers. When they are faced by a technical challenge, we must be able to immediately offer them the solution.

I'll give you an example.

We produce chips that are used in server power supplies for computer centers. Our engineers know the systems and their application. As they know, the cooling in computer centers accounts for 50 percent of all energy consumption. They also know that at any given time, only some of the servers are running at full load. This is why our engineers develop semiconductors that consume practically no electricity when idle, but that can switch to full load within microseconds. This solution no longer simply involves components, but also their control. We help the customer solve a problem: quickly and with outstanding value for the money.

When we know today what customers will want tomorrow, the company will develop increasingly from a product supplier to a competent, valued partner.

We already feel the need for this today: many customers no longer make product-related decisions without consulting us in advance. They are integrating us into design development processes more and more intensively. We are already in demand today as a supplier with leading technological competence.

Infineon is now moving from being a supplier of individual components to an expert for complete solutions. In some areas, we are already succeeding at this quite well.

And we realize that when Infineon offers added value, customers are willing to pay a good price and enter into a long-term partnership with us.

In this manner, we are proceeding resolutely and continuing to develop Infineon: in processes, in thinking and in action – but also in our organizational structure.

Ladies and Gentlemen,

- Leading technology,
- An extensive understanding of systems, and
- Innovative production processes

are three important strategic factors for Infineon's success.

They will secure our sustainable and profitable growth in the long term. They will also ensure that in the long term, we achieve our target margin of 15 percent over the cycle.

I would like to thank our company's over 26,000 employees. They are passionately committed to our common future. They are mastering the present difficulties of the economic situation. We are all driven by the idea of success for Infineon – and thus, success for each and every one of us.

For Infineon, success means long-term growth – as well as achieving good results even in difficult times.

Technological competence is a success when it manifests itself in key financial figures.

Ladies and Gentlemen, I would like to summarize.

First: The company is weatherproof and well prepared for the current challenges. Our balance sheet is solid and gives us the necessary financial leeway.

Second: Infineon is responding to the difficult economic situation with proactive, systematic and appropriate action. We are saving in areas where we can save – without putting the company's future at stake.

- Third: We are holding firmly to key projects. We are investing systematically and securing Infineon's future.
- Fourth: With energy efficiency, mobility and security, Infineon is focusing on the right themes and intact growth drivers.
- Fifth: The next upswing will come. We are extremely well prepared.
- Sixth: We are writing a new chapter in our history of success: from product to system. By ensuring added value for our customers, we are creating opportunities for growth and increasing our profitability.

Thank you for your attention!

Together with my colleagues Dominik Asam and Arunjai Mittal, I would be happy to answer your questions now.

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