



October 21, 2014
Infineon Supplier Day

Hans-Martin Schweizer
Corporate Vice President Purchasing



Welcome to the Infineon Supplier Day





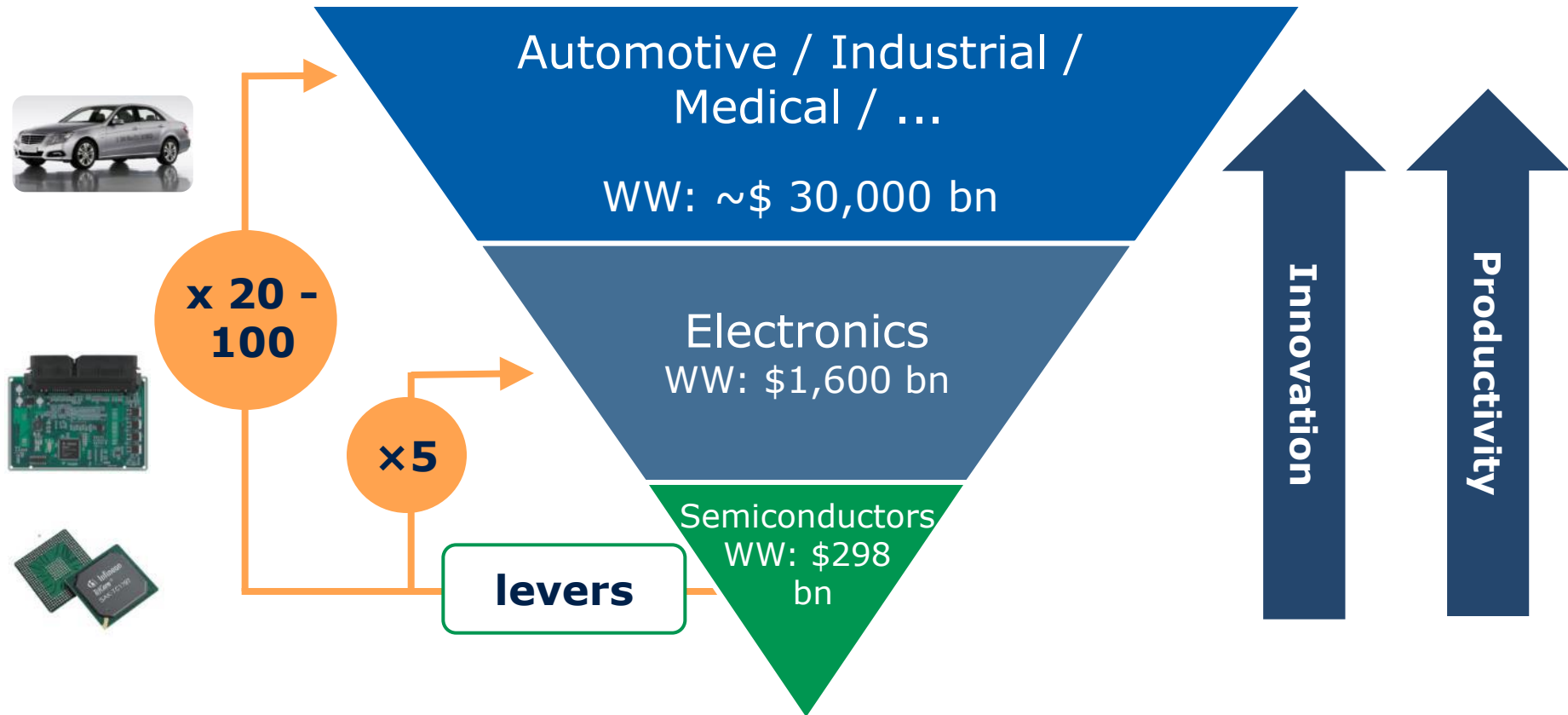
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Arunjai Mittal
Member of Management Board



What is the Big Picture?

Semiconductors are Key Source of Innovation, Productivity and Economic Growth



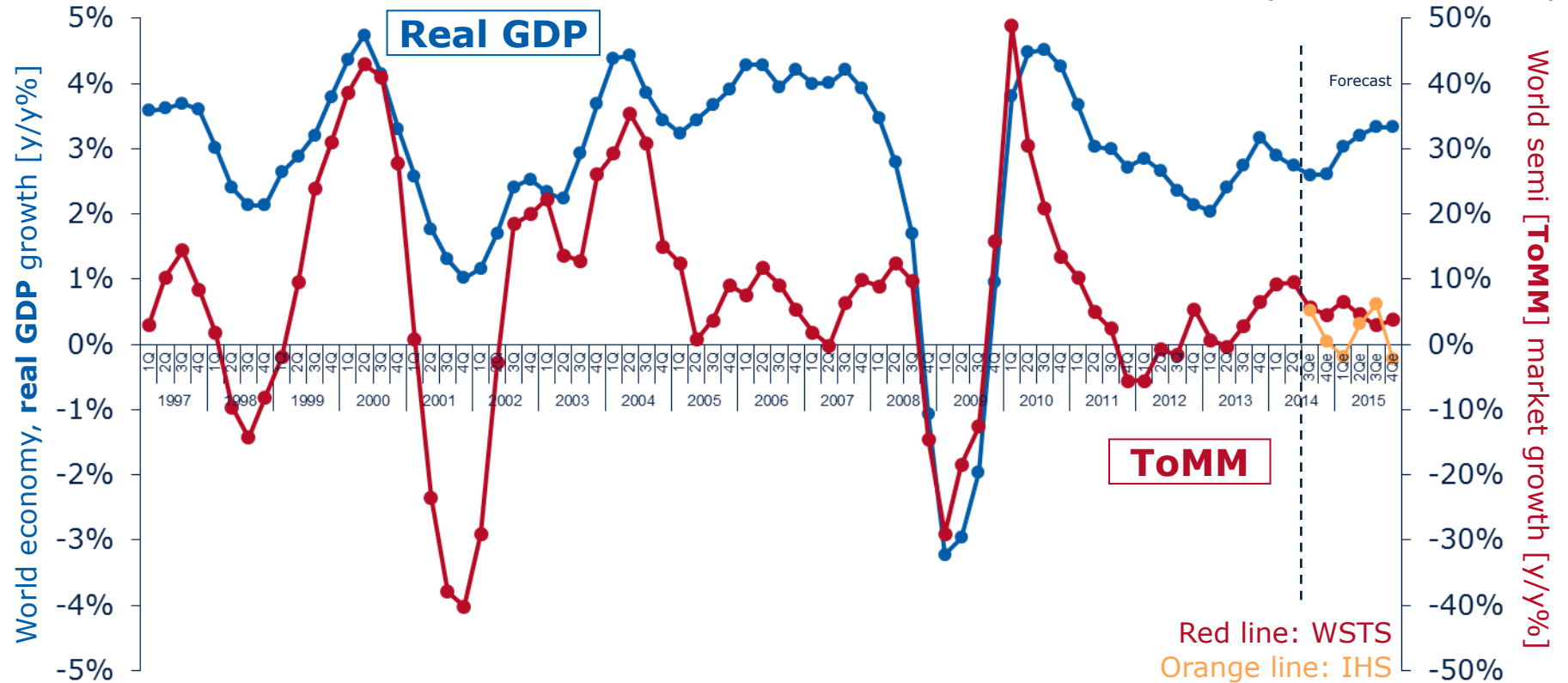
About 45% of the OECD economic growth since 1985 comes from increased productivity; electronics is a key driver for this growth. Up to 80% of innovation in automotive is enabled by semiconductors, even more when it comes to Hybrid and EV.

Source: DECISION, ESIA, Future Horizons, IMF, WSTS 2010, AUDI, OECD Factbook 2013

The ToMM Market and World Economic Outlook are (still) Positive, despite Geopolitical Risks

Growth rates y/y: 1997:1Q – 2015:4Qe

CAGR GDP: 2.8%
(1997-2015e)



Real GDP = Inflation adjusted (real) Gross Domestic Product of all countries of the world; total of local values converted with in each case current US-\$ exchange rates. World real GDP is from chain-weighted index. **ToMM**: Total semiconductor US-Dollar based revenues w/o Memory, w/o MPU.

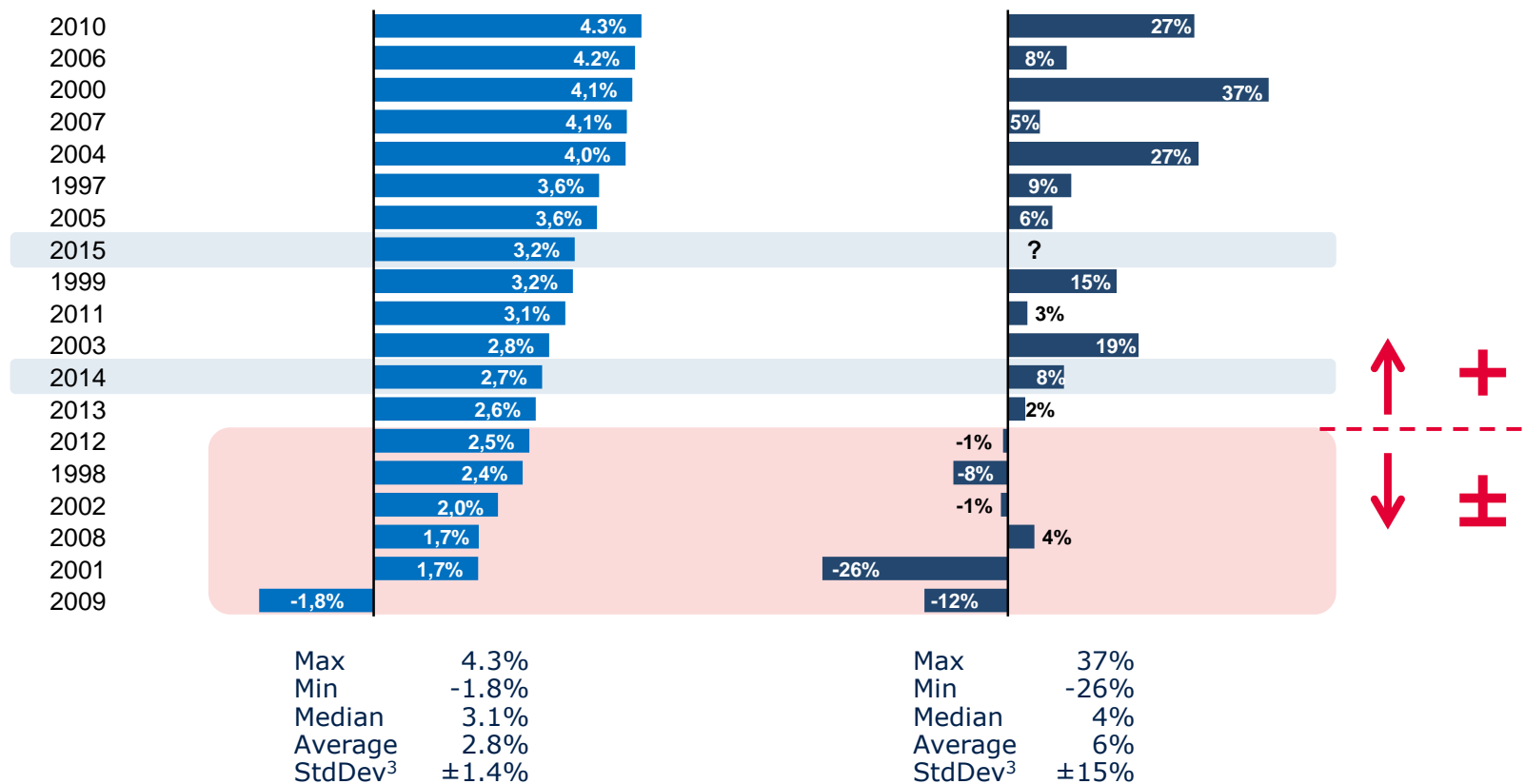
Source: IHS Global Insight (15 October 2014); World Semiconductor Trade Statistics (3 October 2014); IHS, Worldwide Semiconductor Shipment Forecast, Application Market Forecast Tool (AMFT), Q3 2014 (9 October 2014).

Could there be a Co-relation between GDP Growth and Semiconductor Market Growth ?

**Calendar
Years**

Real GDP¹
(y/y%, CY, \$)

ToMM²
(y/y%, CY, \$)



¹ Real Gross Domestic Product at market exchange rates, US-Dollar based, from chain-weighted index. – ² ToMM = Total Semiconductor Market w/o Memory & w/o MPU; US-Dollar based revenues. – ³ Standard Deviation.

Sources: IHS Global Insight, Comparative World Overview Tables, 15 October 2014; World Semiconductor Trade Statistics (WSTS), 3 October 2014.

We Invite You to Join Us in Addressing the Societal Challenges



Big Data

2013: >2 sextillion* bytes were stored



Population explosion, aging societies

Every day: 220,000 people more on the planet



Growing megacities

2030: 5bn people live in cities



Dwindling fossil energy resources

2035: Half of today's known global oil resources used up



Climate change, global warming limitation

2050: Greenhouse gas emissions to be halved

*) Sextillion: 10^{36}
2014-10-21

Infineon Today

We Focus on Three Central Needs of Modern Society



Energy Efficiency



Mobility



Security



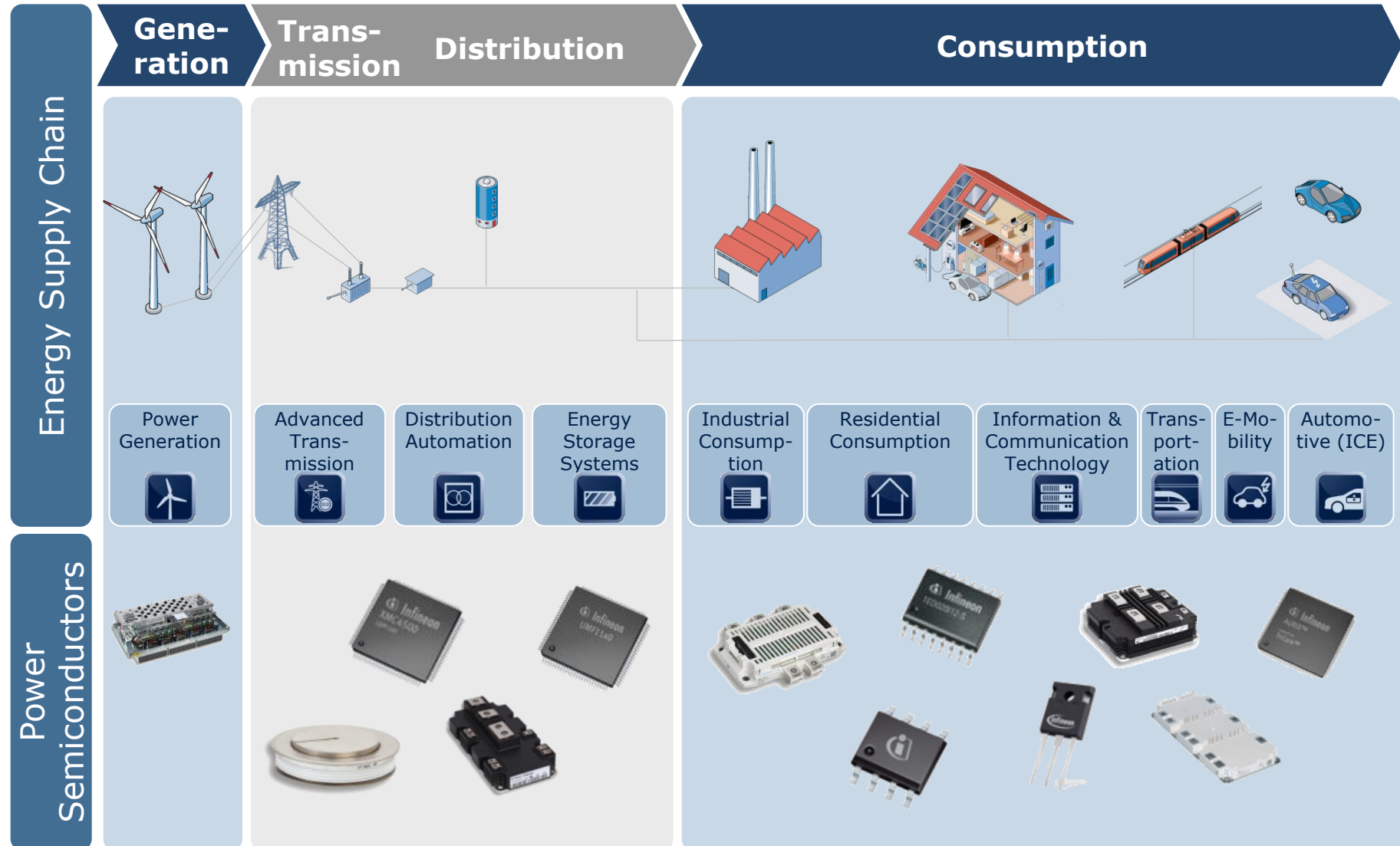
Automotive

Industrial Power Control

Power Management & Multimarket

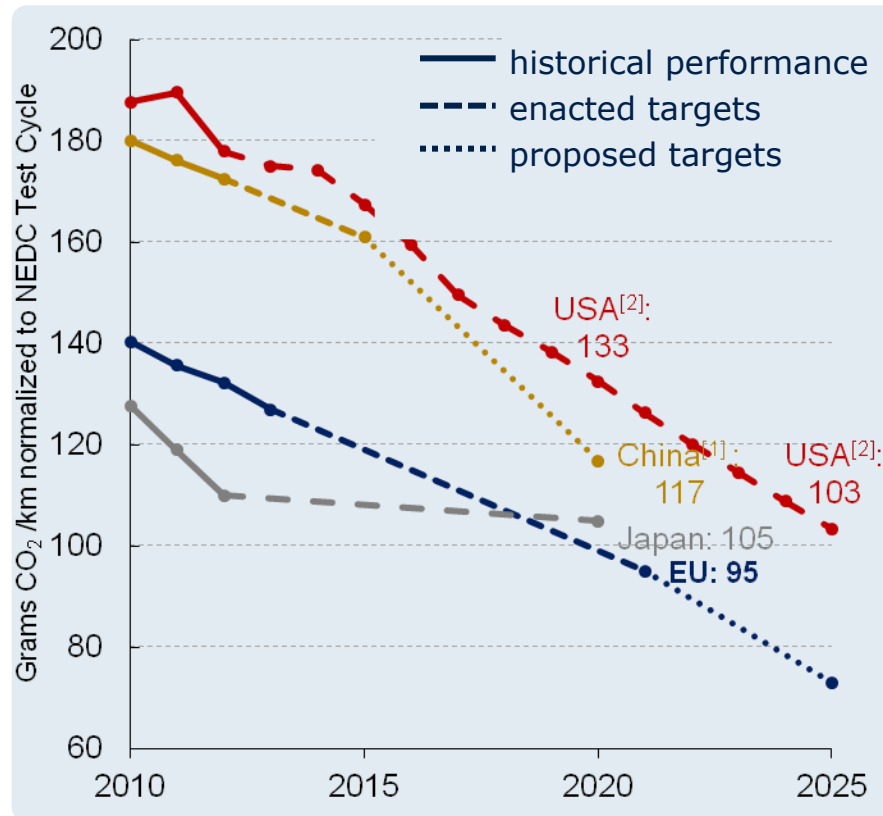
Chip Card & Security

Semiconductors Play a very Important Role along the Complete Electric Supply Chain



Semiconductors Are Indispensable in Reaching CO₂ Emissions Targets

Historical national fleet emissions performance and future targets



- [1] China's target reflects gasoline vehicles only. The target may be higher after new energy vehicles are considered.
- [2] US fuel economy standards set by NHTSA reflecting tailpipe GHG emission (i.e. exclude low-GWP refrigerant credits).
- Source: The International Council for Clean Transportation.

Penetration rate, semiconductor content and CO₂ savings of various applications in European cars



Penetration 2020 **28%**
rate in EU: 2010 **5%**

Semi content per system: \$16
CO₂ savings: 4 g/km



Penetration 2020 **38%**
rate in EU: 2010 **18%**

Semi content per system: \$11
CO₂ savings: 1.5 g/km

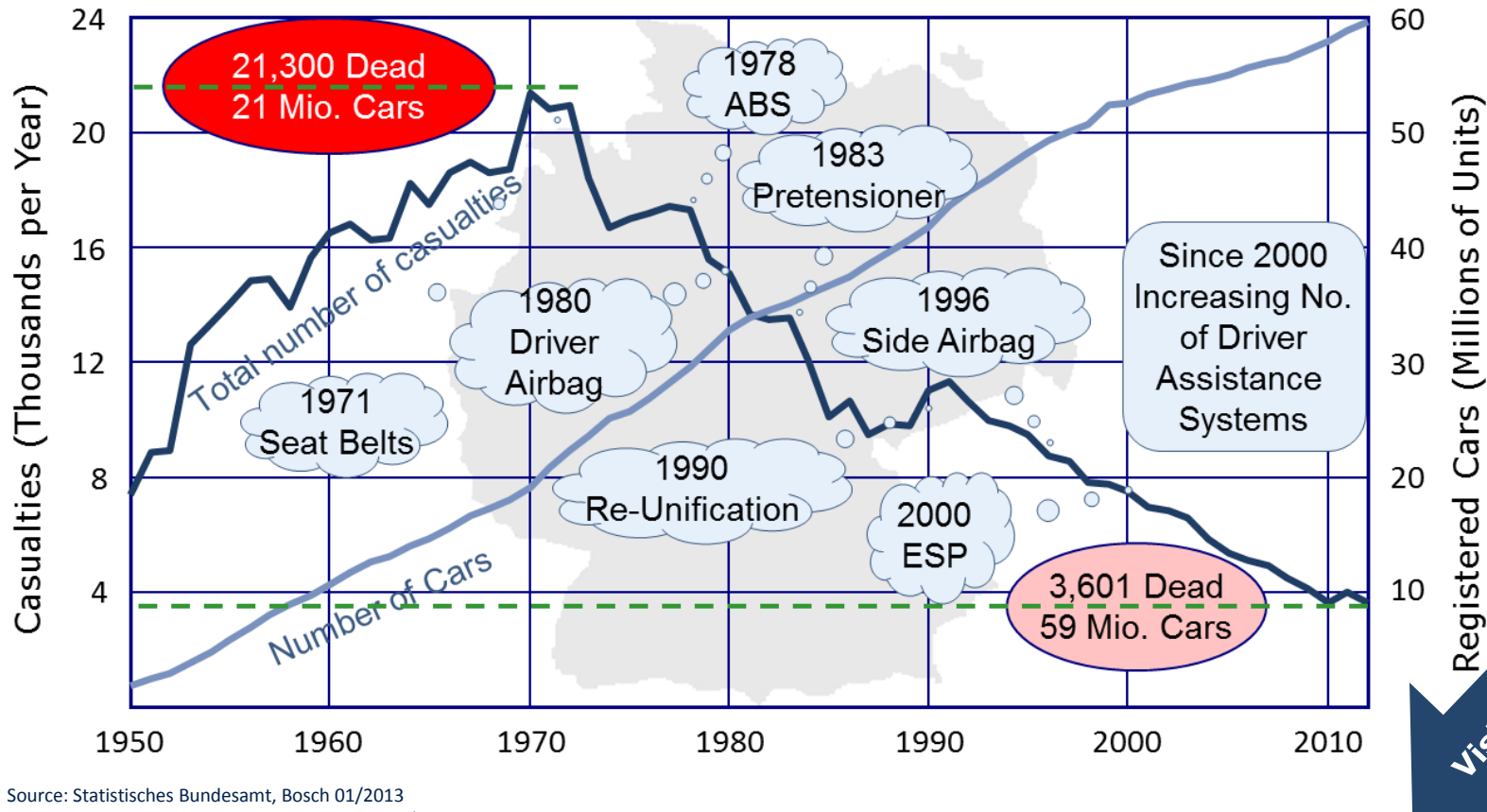


Penetration 2020 **74%**
rate in EU: 2010 **15%**

Semi content per system: \$17
CO₂ savings: 5 g/km

Sources: Infineon; Strategy Analytics: "Automotive Semiconductor Demand Forecast 2012-2021", May 2014; including semiconductor sensors. All figures based on European production.

Reduction of Casualties by Introduction of Passive and Active Safety Systems



Source: Statistisches Bundesamt, Bosch 01/2013
Presented in WSC, Market Committee Report 05/2013

- Political initiatives imply increasing safety standards in cars
- Euro NCAP 5-star rating will require Autonomous Emergency Braking for Pedestrian, City and Inter-Urban Safety systems.



Adding International Rectifier

International Rectifier: Well Established Global Presence



Global footprint



Key facts

- Founded in 1947
- Rev. of \$1,107m in FY14
- Approx. 4,160 employees

Exemplary customers



Infineon to Acquire International Rectifier: Multiple Strategic Benefits



Adding to scope

- Rounding-out the product portfolio
- Increasing breadth and depth of application understanding

Adding to scale

- Broader market access
- Selling breadth
- Operations synergies (e.g. 300mm)
- Exploiting overhead synergies
- Capability to drive R&D

Adding technology

- GaN product and IP portfolio
- Multi-chip packages and IPMs/ μ IPMTMs
- HiRel capability

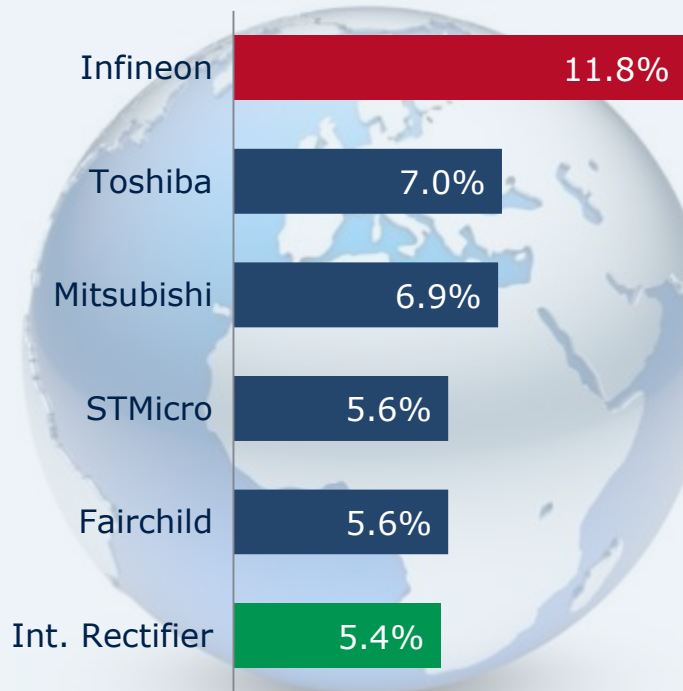
Adding market presence

- Improved regional footprint in particular the US and APAC
- Increased presence in distribution channel

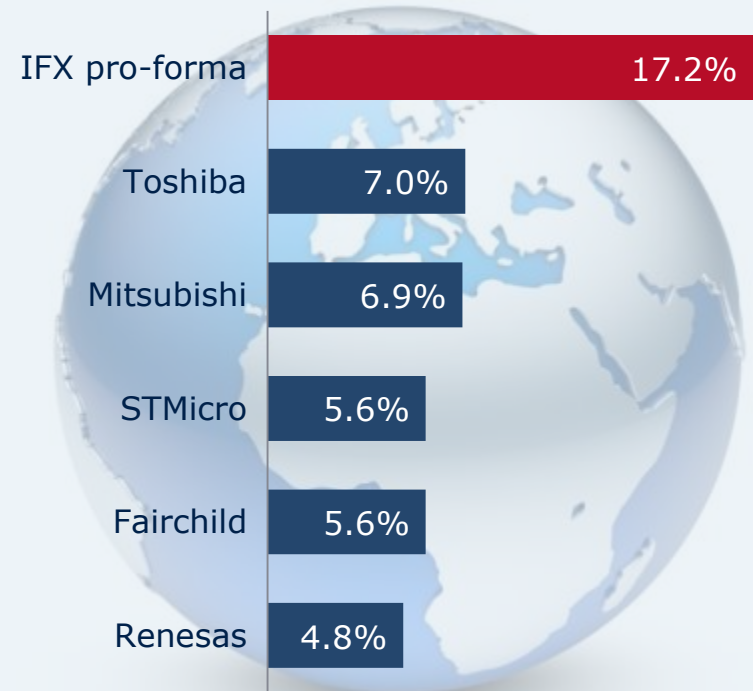
Strengthening Our Leading Position in a Fragmented Power Semiconductor Market

2012 Total Power Semiconductor market total market size: \$15bn

Prior to the deal



Pro-forma post deal



Source: IHS, "Power Semiconductor Discretes and Modules – World – 2013", December 2013.

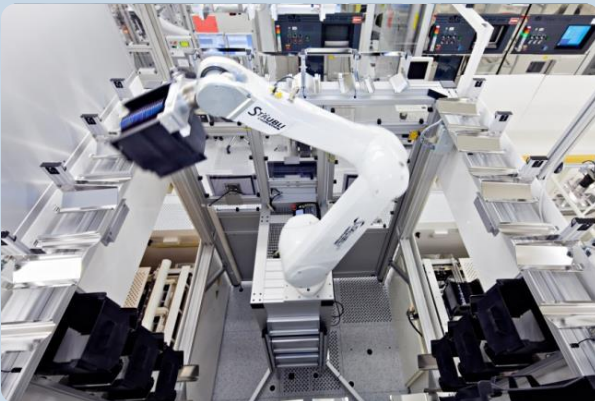
To sum up...

We Create Value in and with Manufacturing

Highly automated 200mm Fab
with modern tools



First 300mm high-volume fab for
power semiconductors worldwide



We also Care about Environmental Sustainability at Infineon



Our Manufacturing...



...is constantly improving in efficiency

...saved electricity equal to the annual consumption of a city with more than 2 million inhabitants

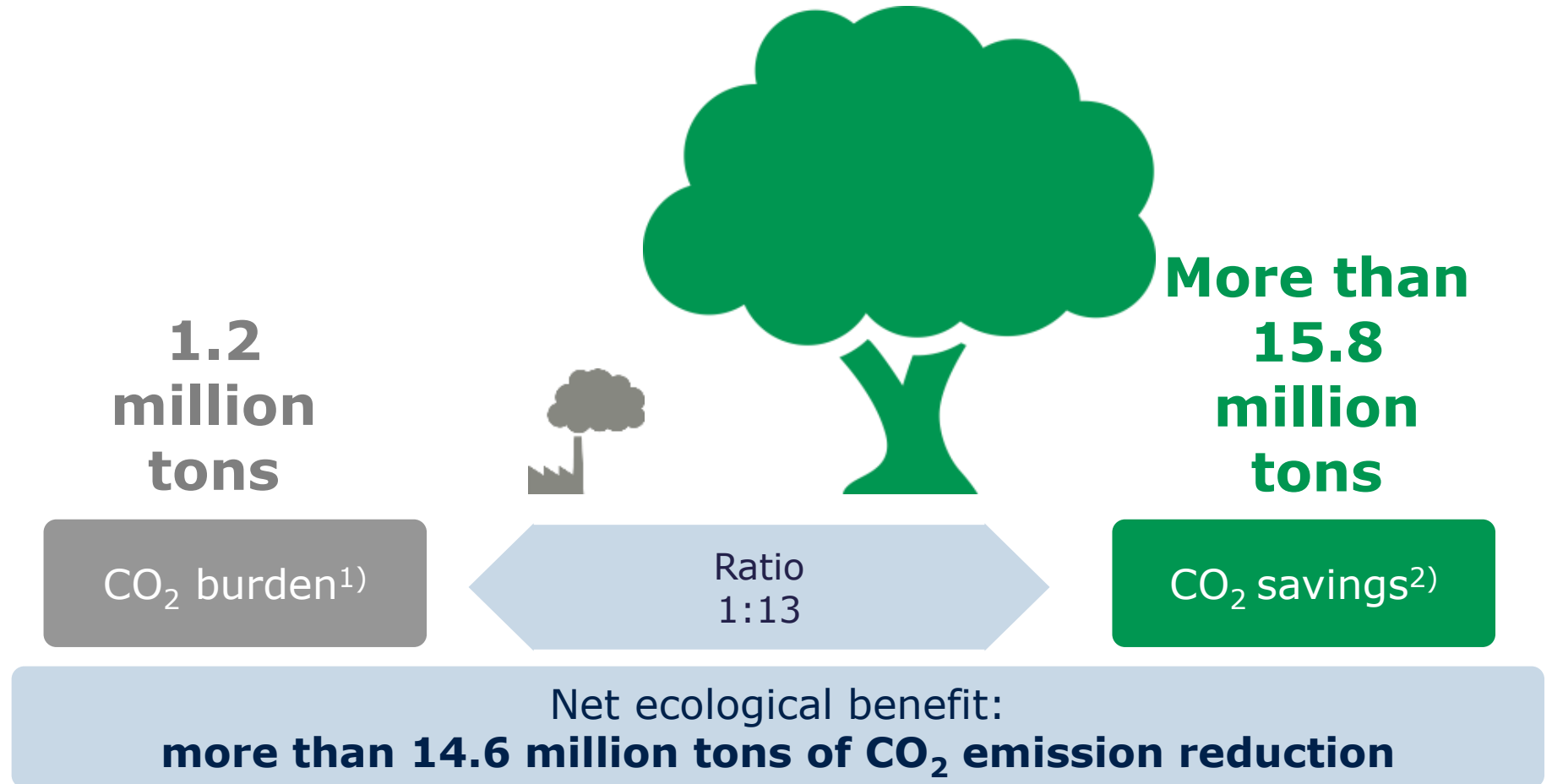
...decreased in 2013 by **7% its PFC-emissions** compared to 2012, despite production increase

...consumed around **33% less water** per sqcm manufactured wafer than the global benchmark average

...generated around **50% less waste** per sqcm manufactured wafer than the global benchmark average

...consumed around **42% less energy** per sqcm manufactured wafer than the global benchmark average

Our CO₂ Balance: Emission Reduction Enabled by our Products and Solutions



1) including manufacturing, transport, material, chemistry, emissions, water, waste and waste water, energy consumption; values are based on internal figures as well as official data for one year.

2) considering only automotive products, lighting, PC power supply, regenerative energy production (photovoltaic, wind) and drives, calculation based on average lifetime and Infineon market-share.



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Corporate Vice President Purchasing



We have a strong manufacturing footprint across the globe

Worldwide Manufacturing Sites





IFX Operations creates competitive advantage for IFX through quality, innovation and cost performance.

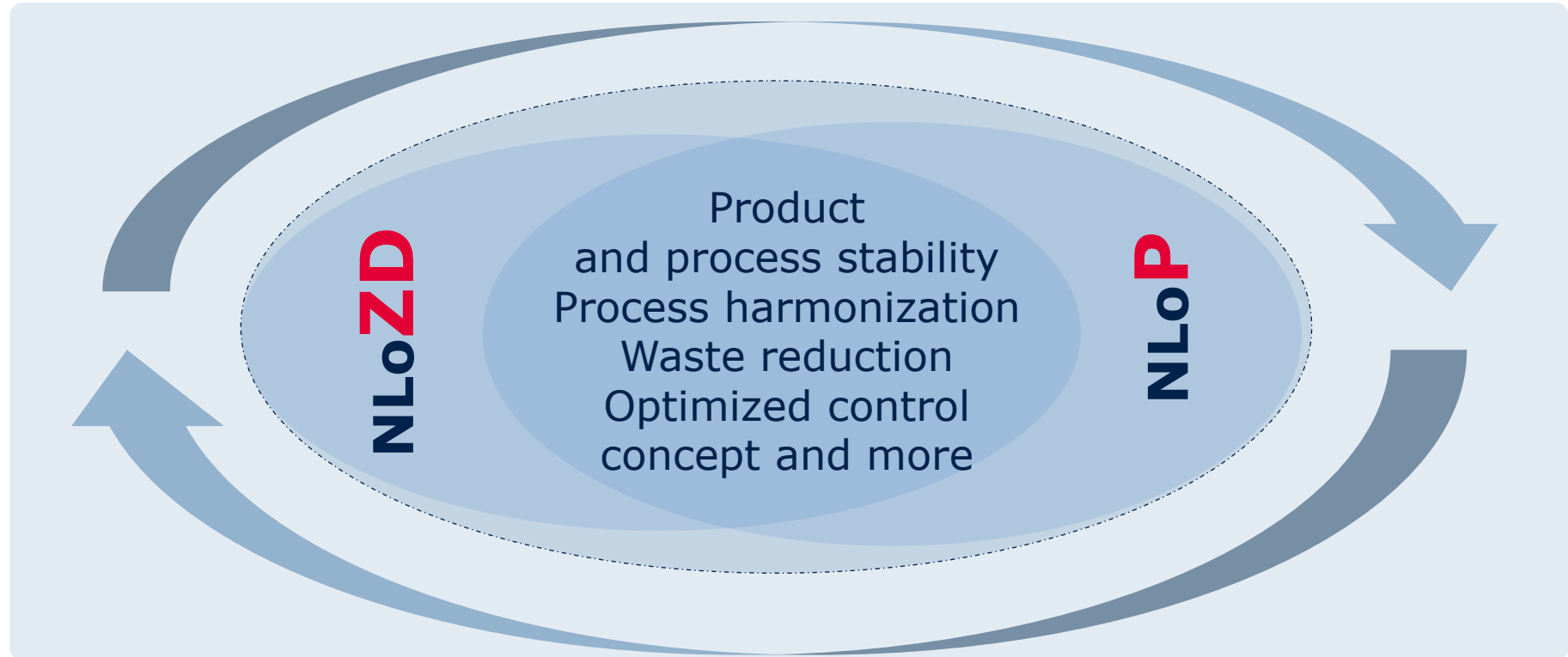
Together with our Suppliers and based on stable Operations we aim for Operations Excellence!

Stability: The key to reliable delivery, customer satisfaction and business success



With Our Initiatives NLoP & NLoZD we complement Quality With Productivity

Next Level of Productivity (NLoP) complements Next Level of Zero Defect (NLoZD)



- Stability: The key to reliable delivery, customer satisfaction and business success

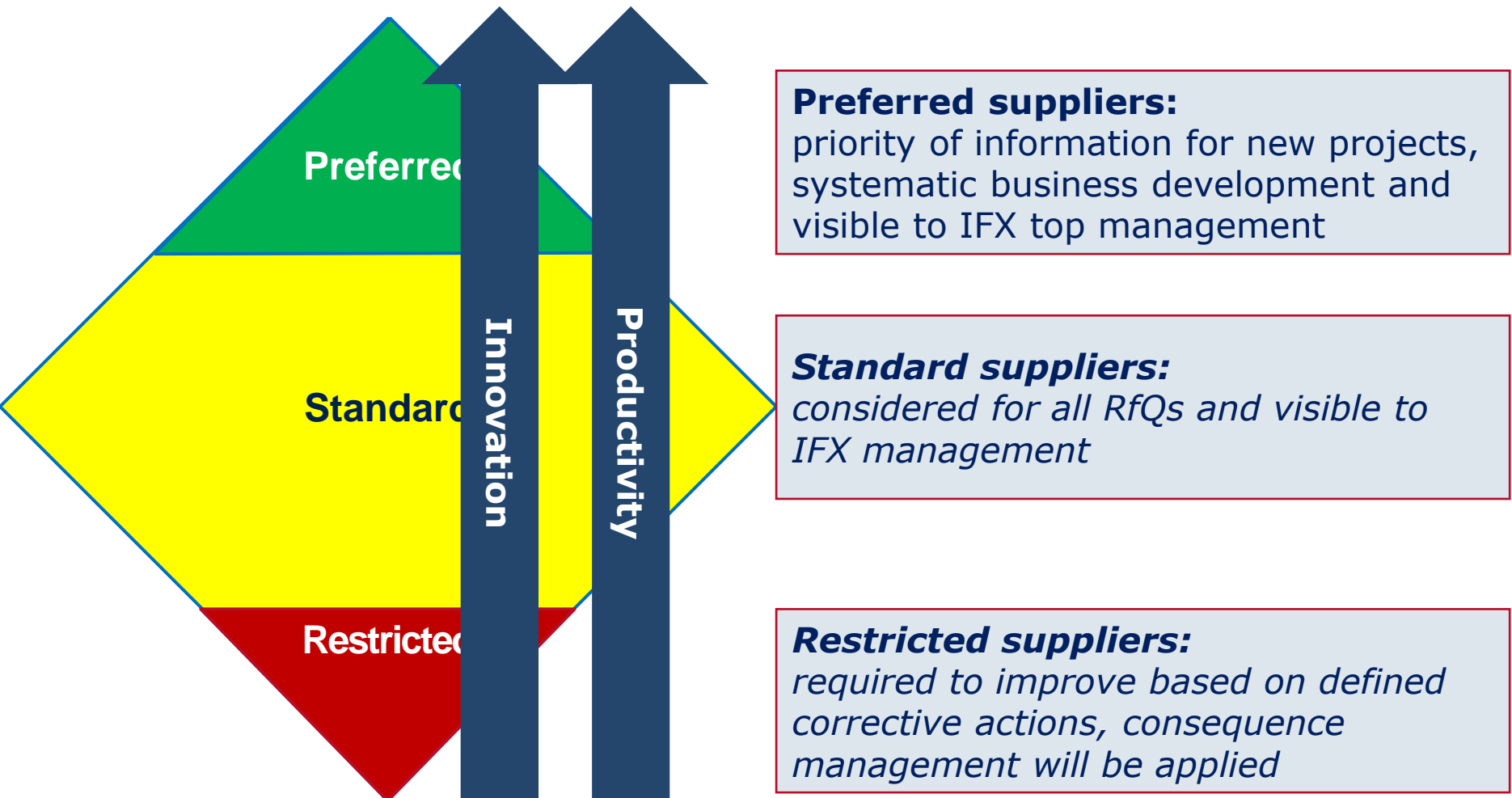
A blurred background image of a man and a woman in business attire. The man is pointing at a document held by the woman, and they appear to be in a meeting. The text is overlaid on this image.

Every second Dollar we make
as revenue, we have spend
earlier on our suppliers!

€ 2.3bn every year!

We spend our money on suppliers that perform well ...

Supplier Classification



.. the criteria for supplier evaluation are transparent

Supplier Evaluation Criteria

Operational Performance

Logistics

Supplier Delivery Performance
Supplier Delivery Reliability
Supplier meets IFX lead time requirements
...

Quality

Incoming quality and reliability in process /field
Responsiveness & cooperation in case of quality problems
Quality program in place (e.g. TQM)
...

Cooperation

Cooperation of sales staff
Corrective action (CAP) fulfillment
...

Roadmap Fit

Technology

Current Technology Performance
Future Technology Position
R&D Spending
...

Strategy

Current pricing & cost transparency
Future price development / roadmaps (competitiveness)
Senior Management Commitment
...



productivity

process

problem solving

new technologies

quality improvements

vision

original

ideas

innovation

success

streamline portfolio

concepts

creativity

solutions

brainstorming

research

new materials

partnership

Together with our suppliers we ...

... team up for Productivity and Quality



... are thought leaders in terms of innovation



**We count on strong
and innovative
suppliers!**

