First Quarter FY 2019 Quarterly Update

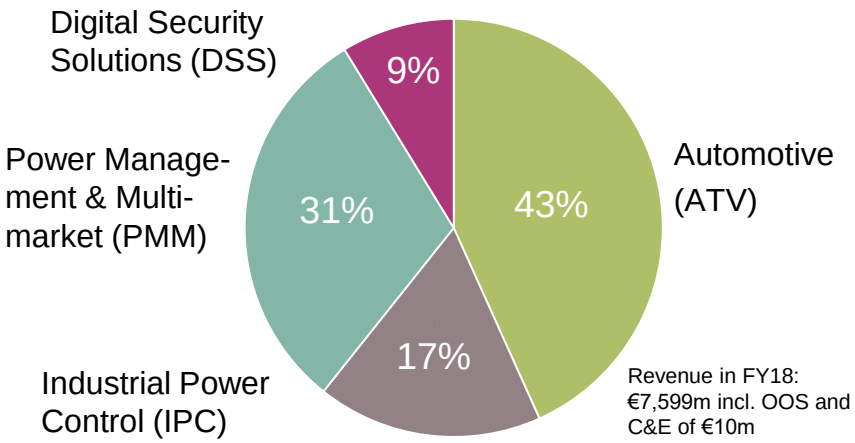
Infineon Technologies AG
Investor Relations

Agenda

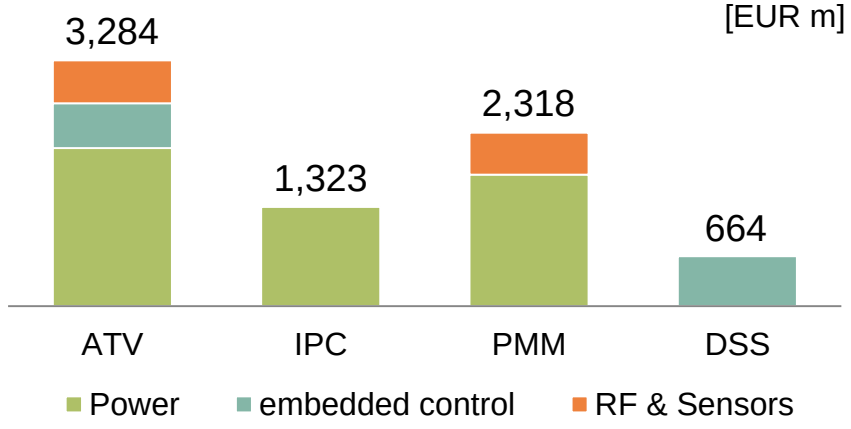
1. Infineon at a glance
2. Quarterly highlights
3. Automotive
4. Industrial Power Control
5. Power Management & Multimarket
6. Digital Security Solutions
7. Selected financial figures

Infineon at a glance: strong financials, leading market positions

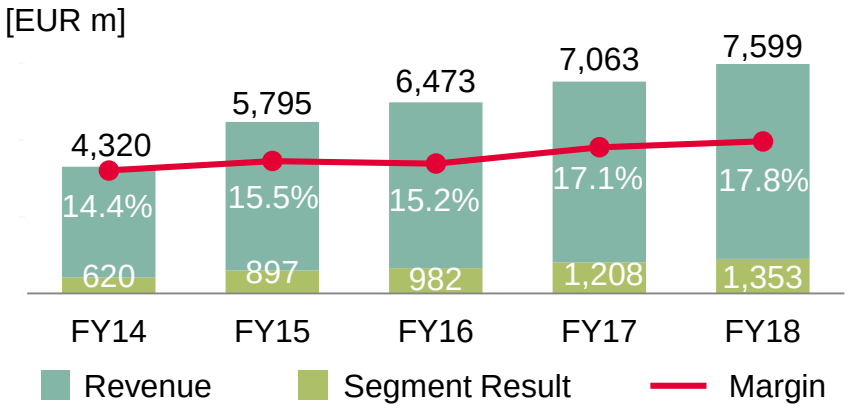
FY18 revenues by segment



FY18 revenues by product category



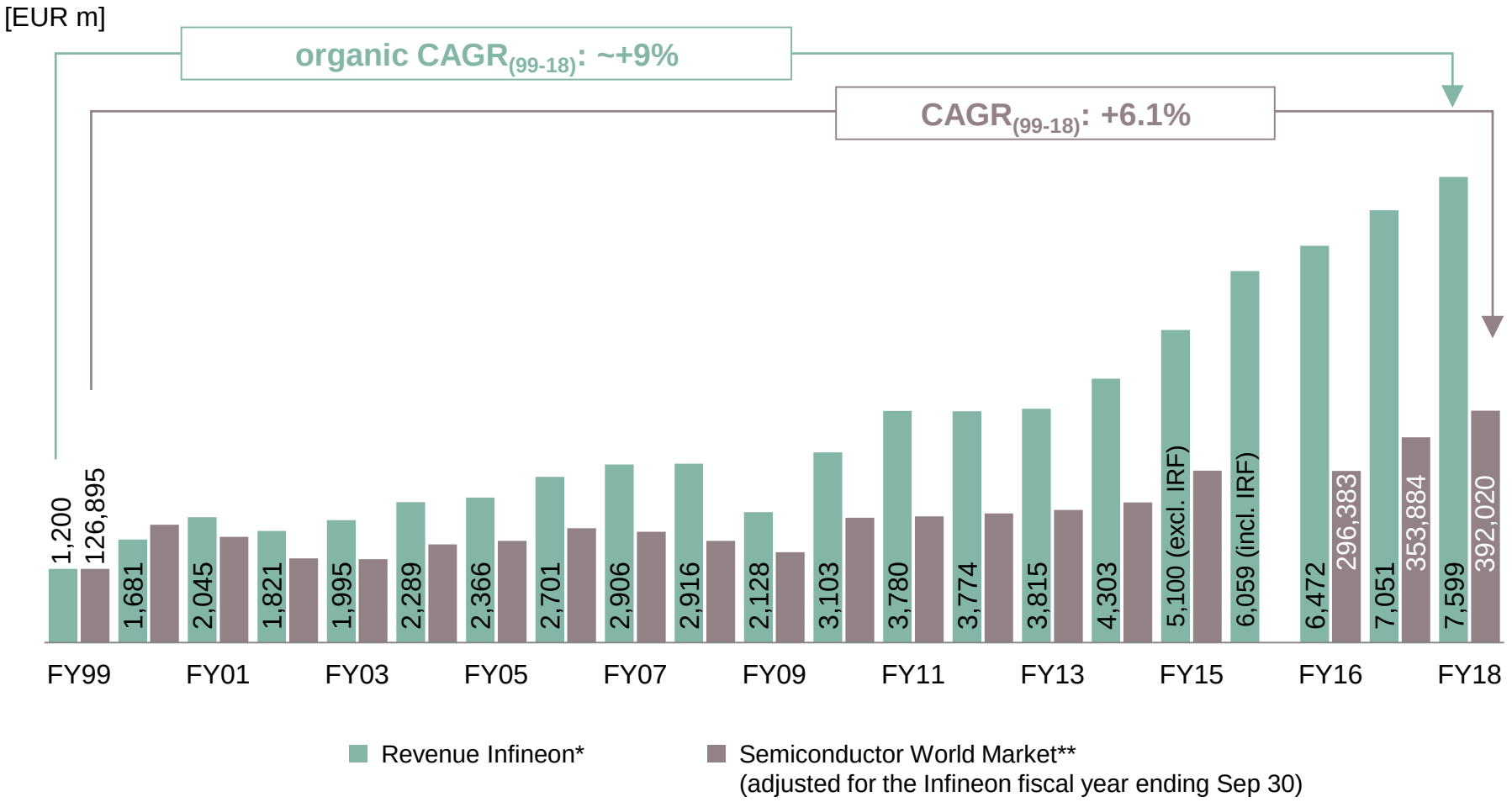
Financials



Market Position

Automotive	Power	Security ICs
		
# 2	**# 1**	**# 1**
Strategy Analytics, April 2018	IHS Markit, Technology Group, September 2018	ABI Research, October 2018

Infineon's organic revenue development clearly outperformed the total semi market



* Based on Infineon's portfolio (excl. Other Operating Segments and Corporate & Eliminations) per end of FY18.

** Source: WSTS (World Semiconductor Trade Statistics) in EUR, October 2018.

Our strategy is targeted at value creation through sustainable organic growth

Focus	Technology leadership	System understanding
› Focus on fastest growing segments of semi market › Tackle global megatrends	› Leverage core competencies in different end markets to maximize ROI	› Create value for customers through system under-standing

Auto	Power	RF & Sensors	Security
System leader in automotive	#1; system and technology leader	Broad RF and sensor technology portfolio	#1 in Security Solutions

Target operating model: average-cycle targets

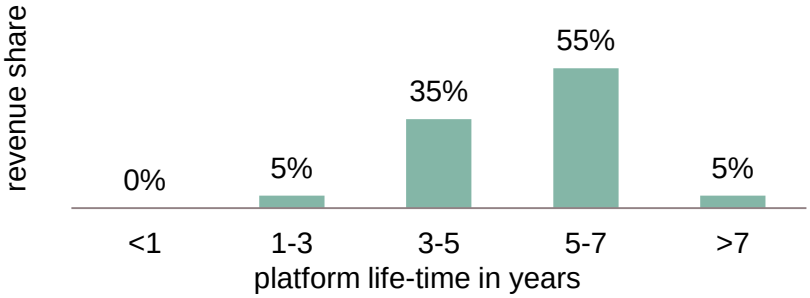
Revenue growth	Segment Result margin	Investment-to-sales
9%	17%+	15%

Continued value creation for shareholders

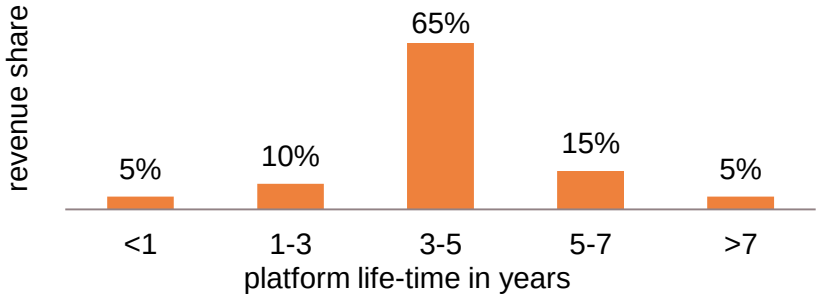
- Organic RoCE ≙ ~2x WACC
- Paying out at least a constant dividend even in periods of slower growth
- continuous EPS increase

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

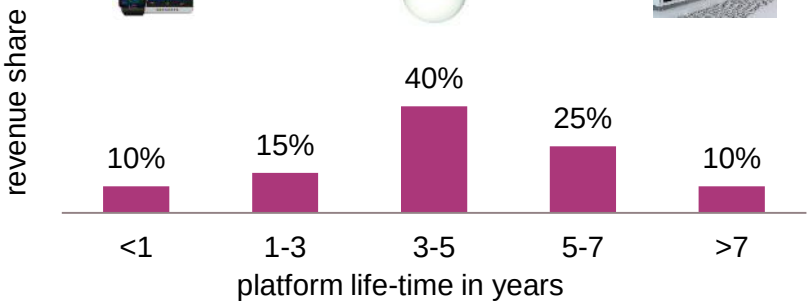
ATV – average platform life-time: **~6 years**



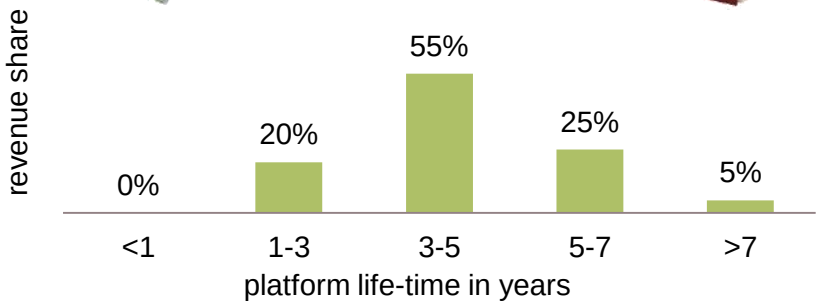
IPC – average platform life-time: **~5 years**



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

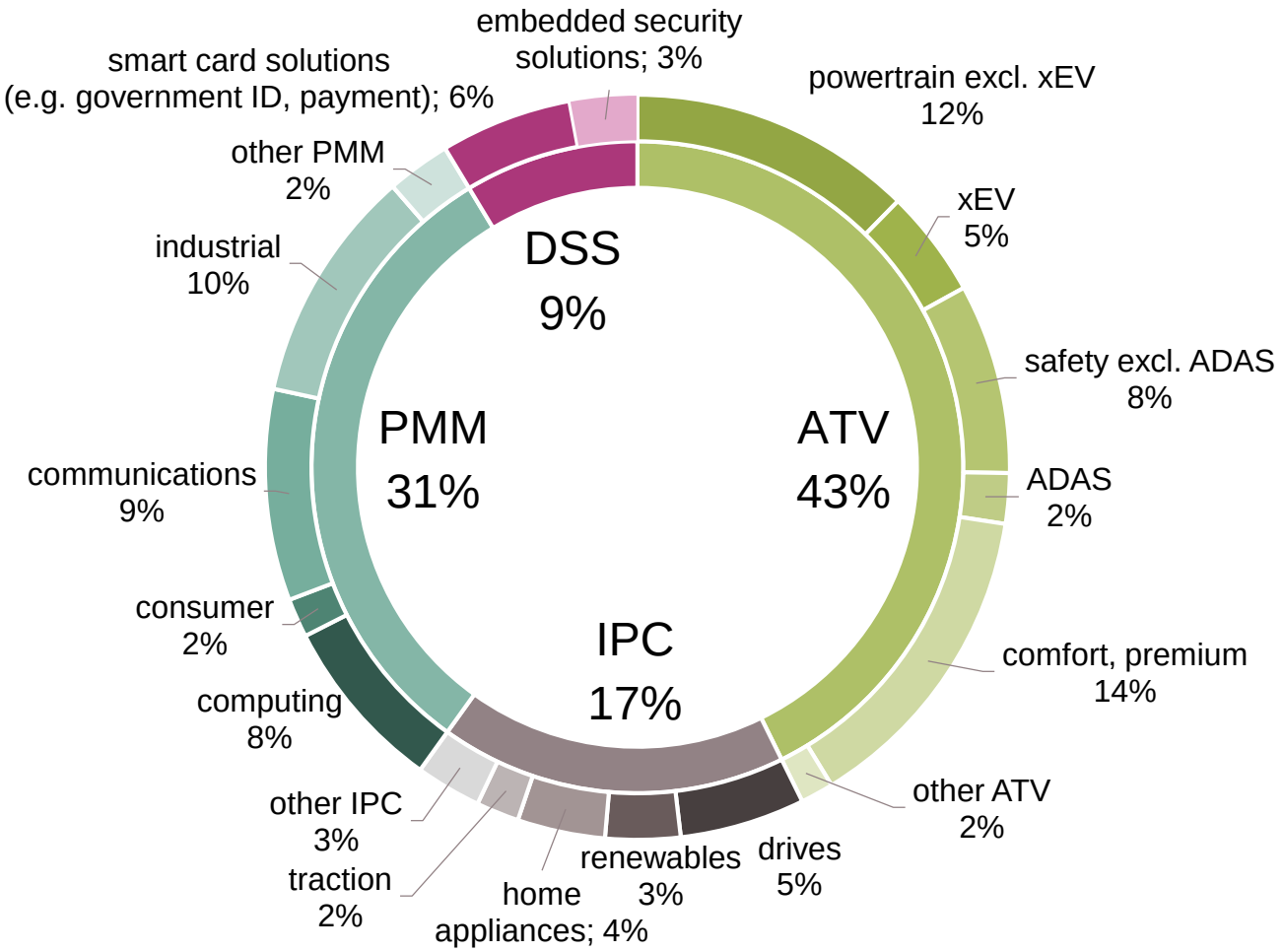


DSS – average platform life-time: **~4 years**



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

FY18 revenue of €7,599m by target application



Tight customer relationships, based on system know-how and application understanding

ATV

APTIV, Autoliv, BOSCH, BYD, DENSO, Continental, HITACHI Inspire the Next, HELLA, LEAR CORPORATION, HYUNDAI, KEIHIN, MITSUBISHI ELECTRIC, Mando, preh, OMRON, Valeo, ZF

IPC

ABB, ALSTOM, BOMBARDIER, 中国中车 CRRC, Danfoss, EATON, GOLDWIND, Midea, Inovance, Nidec, Rockwell Automation, Schneider Electric, SEMIKRON innovation + service, SIEMENS, TOSHIBA, SUNGROW, Vestas, YASKAWA

PMM

阿里巴巴 Alibaba.com, amazon, ARTESYN EMBEDDED TECHNOLOGIES, Baidu 百度, BOEING, cisco, DELL, DELTA, ERICSSON, Google, Hewlett Packard Enterprise, HUAWEI, LG Life's Good, LITEON, makita, NOKIA, OSRAM, SAMSUNG, ZTE

DSS

gemalto security to be free, GPO, hp, IDEMIA augmented identity, Lenovo, Microsoft, SAMSUNG, Watchdata

EMS partners

flex, FOXCONN

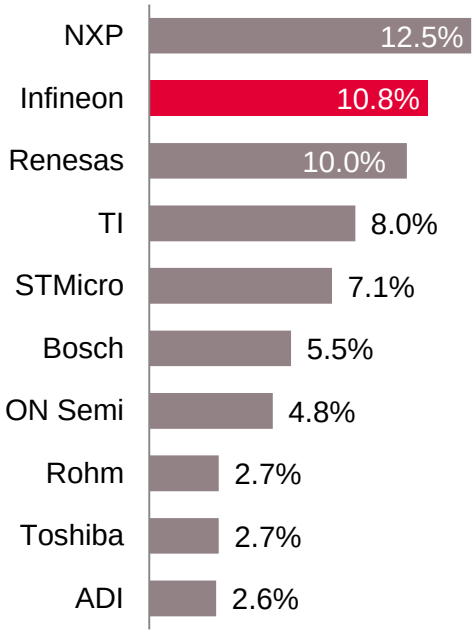
Distribution partners

ARROW, AVNET Reach Further, intron 英恒, JCET, MACNICA, NEXTY Electronics, RUTRONIK ELECTRONICS WORLDWIDE, SAC, 威健 WEIKENG

Infineon holds a leading position in its target markets

Automotive semiconductors

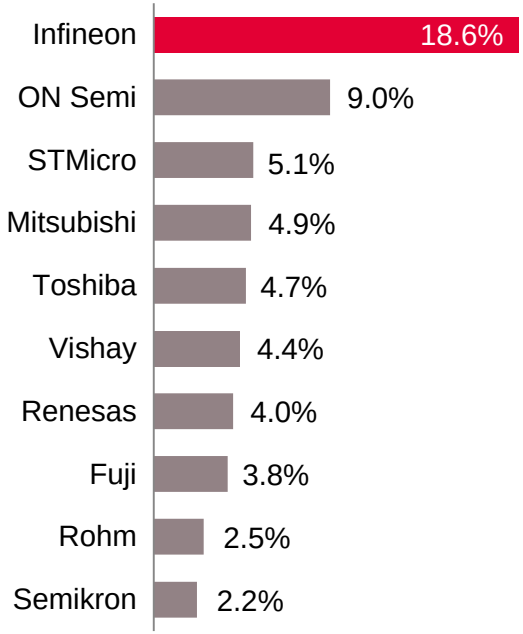
total market in 2017: $34.5bn



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

Power discretes and modules

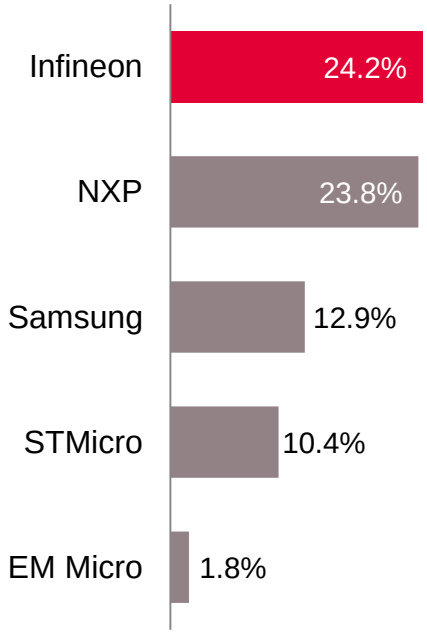
total market in 2017: $18.5bn



Source: Based on or includes content supplied by IHS Markit, Technology Group, "Power Semiconductor Market Share Database 2017", September 2018

Security ICs

total market in 2017: $3.3bn

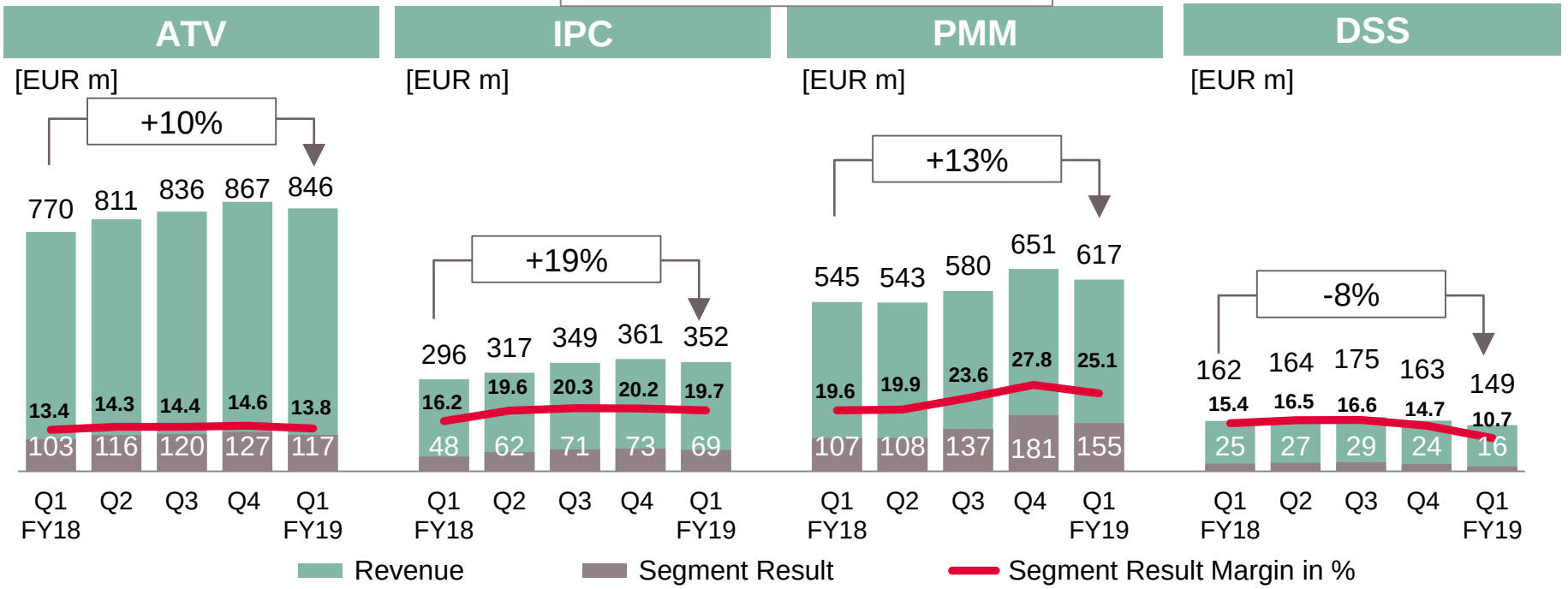


Source: ABI Research, "Smart card & secure ICs", October 2018

Q1 FY19 Group and Division Performance

IFX

Revenue: €1,970m (+11% y-y)	Segment Result: €359m (+27% y-y)	Segment Result Margin: 18.2%



- Q1 FY19: revenue down q-q due to seasonality caused by inventory level adjustments at the end of the calendar year.
- Q1 FY19: revenue down q-q due to seasonality in industrial drives and home appliances. Wind stable, photovoltaics and traction increased.
- Q1 FY19: revenue decreased q-q due to lower demand in DC-DC and normal seasonal decline in mobile devices. AC-DC increased slightly.
- Q1 FY19: revenue decreased q-q due to normal seasonality in authentication and slight decline in payment. GovID slightly increased.

Outlook for Q2 FY19 and FY19

	Outlook Q2 FY19* (compared to Q1 FY19)	Outlook FY19* (compared to FY18)
Revenue	Stable +/- 2%-points	Increase of ~9% (prev.: Increase of 11% +/- 2%-points)
Segment Result Margin	At the mid-point of the revenue guidance: ~16%	~17.5% (prev.: ~18%)
Investments in FY19		~€1.5bn (prev.: ~€1.6bn – €1.7bn)
D&A in FY19		~€1.0bn**

* Based on an assumed average exchange rate of $1.15 for €1.00

** Including D&A on tangible and intangible assets from purchase price allocation of about €90m

Outlook for FY19 fully in line with long-term target operating model (TOM)

	Outlook FY19	Long-term (TOM)
Revenue growth	~9%	~9%
Segment result margin	~17.5%	~17%+
Investment-to-sales	Investments ~€1.5bn	~15%*

› Includes ~€250m for cleanroom, office buildings and structural changes

* Thereof ~2%-points capitalized R&D according to IFRS reporting standards. The balance of ~13% corresponds to capex, of which ~6%pt is fixed, ~7% related to capacity expansion.

New Villach 300 mm module will add significant capacity in power semiconductors

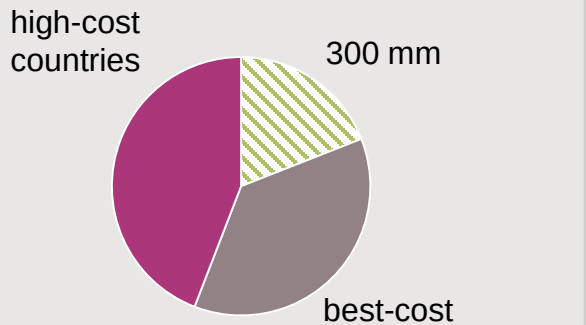
Key criteria for site selection

- Economies of scale
- Time to revenue
- Geographic diversification

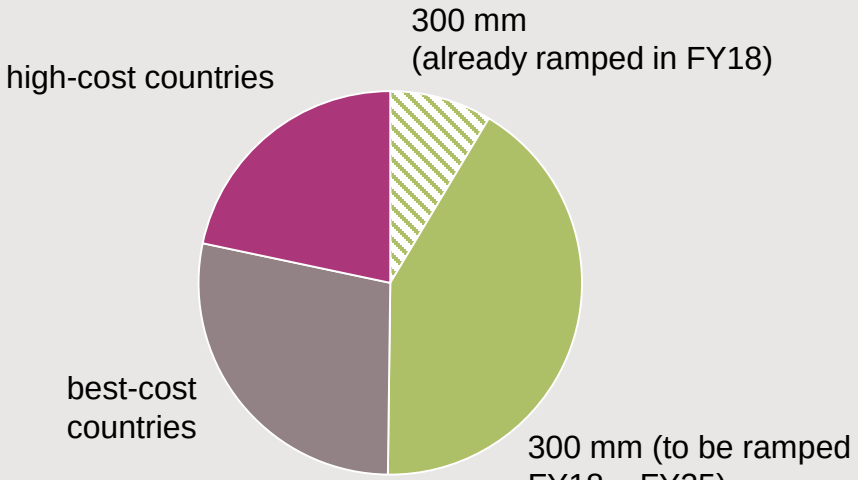
Building space	~60,000 m²
Total frontend investment	> €1.6bn over 6 years
Revenue potential	> €1.8bn per year
Start of construction	early 2019
Ready-for-equipment	mid 2020
Ready-for-production	early 2021
Technologies	IGBT and MOSFET for all end markets

Gross margin potential driven by 300 mm manufacturing for power and sensors

FY18's frontend set-up



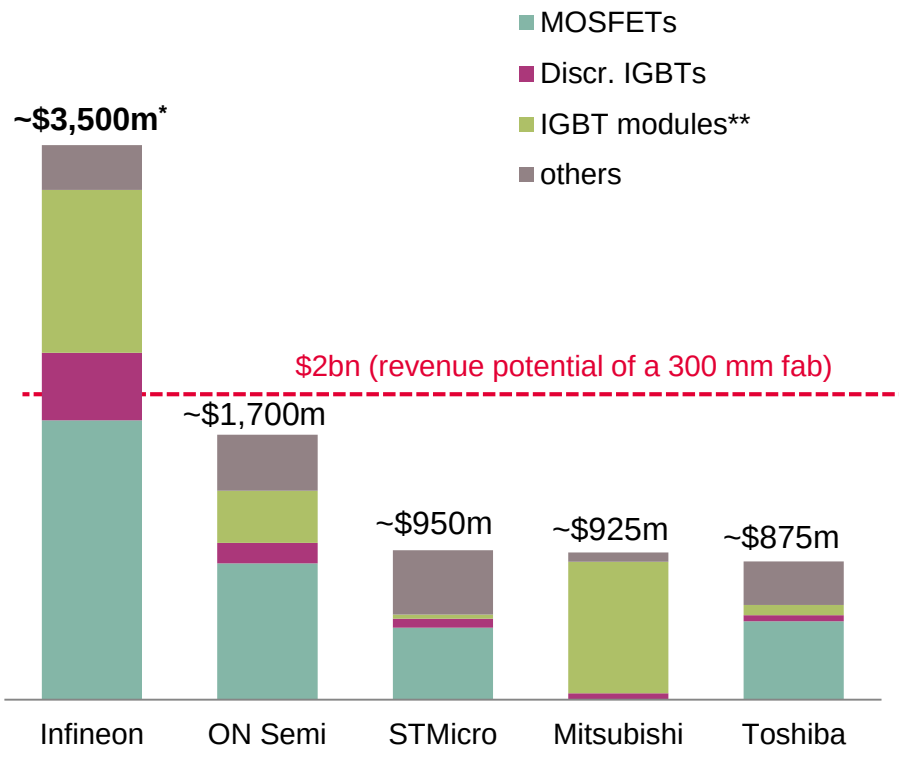
FY25's frontend set-up



- 300 mm vs. 200 mm: 20% - 30% cost advantage when fully loaded
- ~6% cost advantage on frontend level
- ~2.25%-points gross margin improvement excluding counter effects

Unique position allows to fill a 300 mm module in a commercially viable timeframe

2017 revenues with products feasible for 300 mm manufacturing



of years to fully load a cost competitive 300 mm module

annual rev in power semis	growth per annum: 6%	growth per annum: 9%
$4bn	7 yrs	5 yrs
$3bn	9 yrs	6 yrs
$2bn	12 yrs	8 yrs
$1bn	19 yrs	13 yrs

Infineon's territory

Competitors' territory

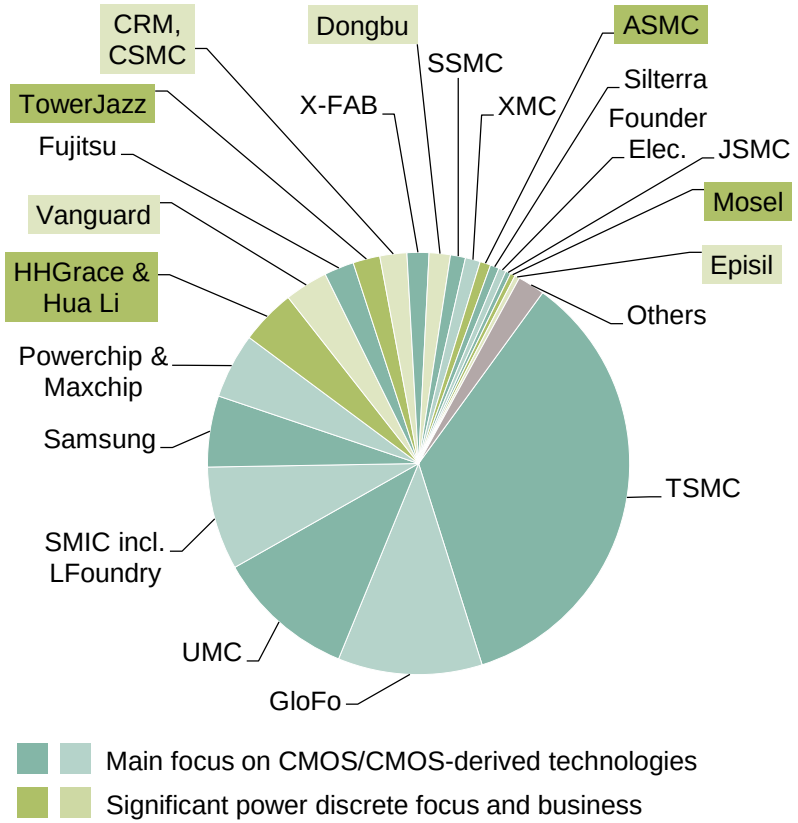
* rounded figures.

** including standard IGBT modules, IPMs (IGBT + MOSFET), PIM/CIBs.

Sources: Based on or includes content supplied by IHS Markit, Technology Group, "Power Semiconductor Market Share Database 2017", September 2018.

Only limited outsourcing options for high-volume discrete power semiconductors available

Power-focused foundries represent only ~15% of total foundry capacity



Infineon's outsourcing target structure

In the next five years, the Infineon **frontend outsourcing** share will increase from ~22% to ~30%; of that

- **CMOS:** from ~50% to ~70%
- **Power:** up to ~15%
  Outsourcing share is restricted by limited capacity of most of the power-focused foundries

Backend outsourcing share will increase from 23% to 32%

Source: Infineon analysis based on Semi.Org, "Semi World Fab Forecast", August 2018 edition

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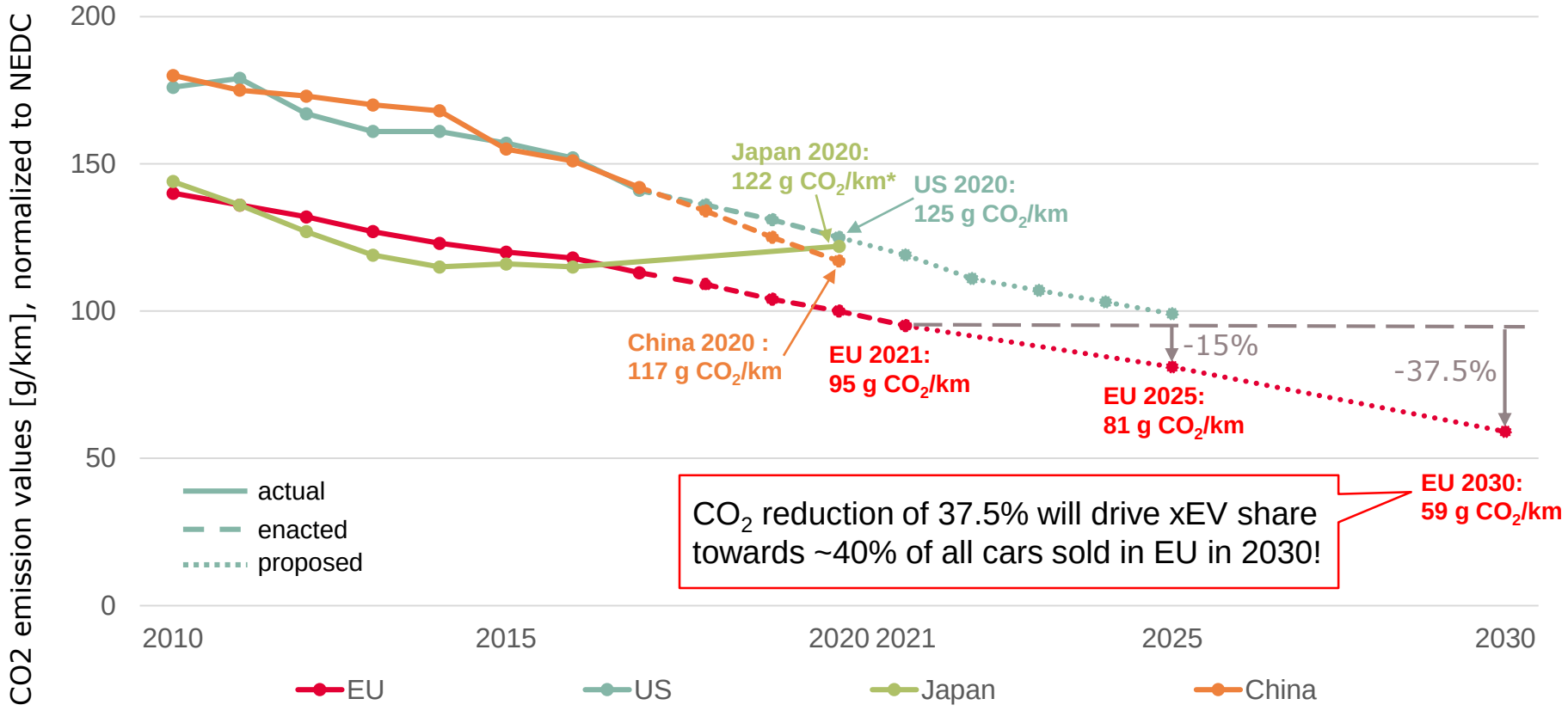
xEV growth driven by emission regulation; EU about to force CO_2 reduction to -37.5% by 2030 vs 2021

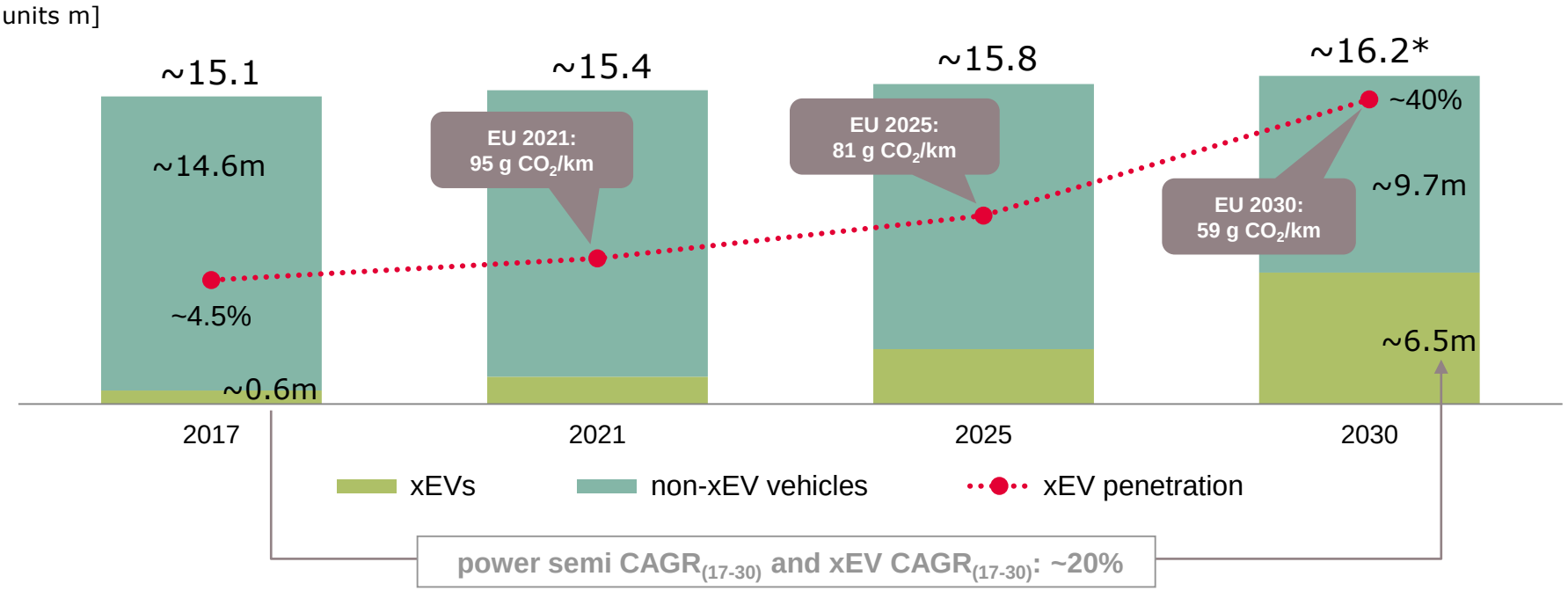
CO_2 emission development and regulations for main regions



* Japan has already met its 2020 statutory target as of 2013
Source: ICCT (www.theicct.org), April 2018

CO_2 reduction of 37.5% by 2030 implies a growth of power semi for electric vehicles of ~20% p.a.

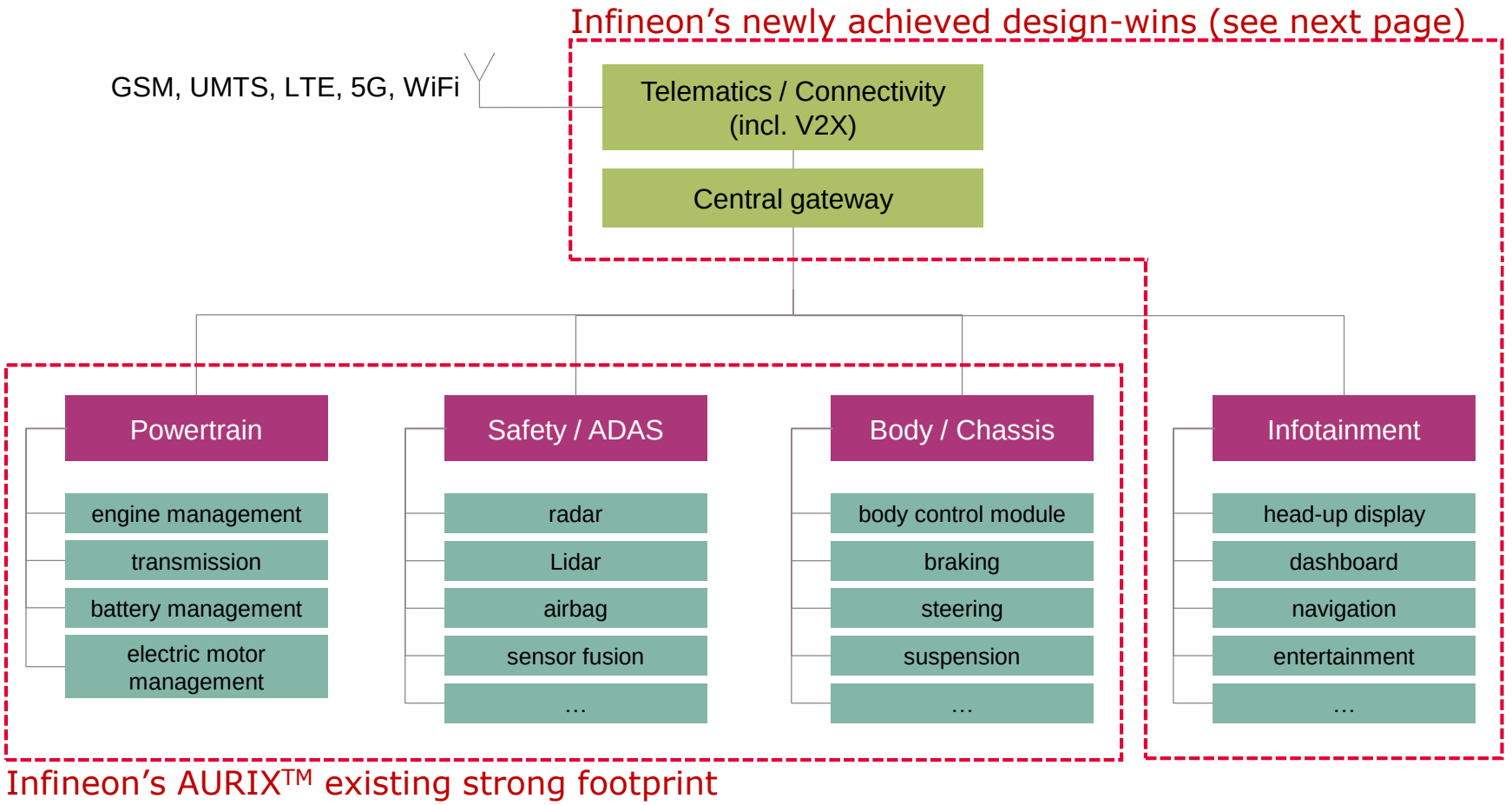
EU car registrations: standard passenger vehicles (non-xEVs) versus xEVs



- In 2017, ~4.5% of all cars registered in the EU were electrified (MHEV+FHEV+PHEV+BEV)
- OEMs claim ~40% of all cars sold by 2030 need to be electrified to reach target of 59 g CO_2/km
- From 2017 to 2030, number of electric vehicles rise by 10x from ~0.6m to ~6.5m resulting in ~20% p.a.
- In 2017, power semiconductor content for drivetrain per FHEV / PHEV / BEV was ~$317

Source: ACEA (European Automobile Manufacturers Association), "The Automobile Industry Pocket Guide", May 2018; Infineon
* EU car registration assumed to grow from 2017 to 2030 by $CAGR_{(17-30)}$ = 0.5%

AURIX™ family makes significant inroads into infotainment and in-vehicle communication controller



Significant design-wins confirm AURIX™ 1G/2G as attractive choice for the connected car

AURIX™ stands out due to superior high computing performance on Infineon's safe and secure microcontroller architecture

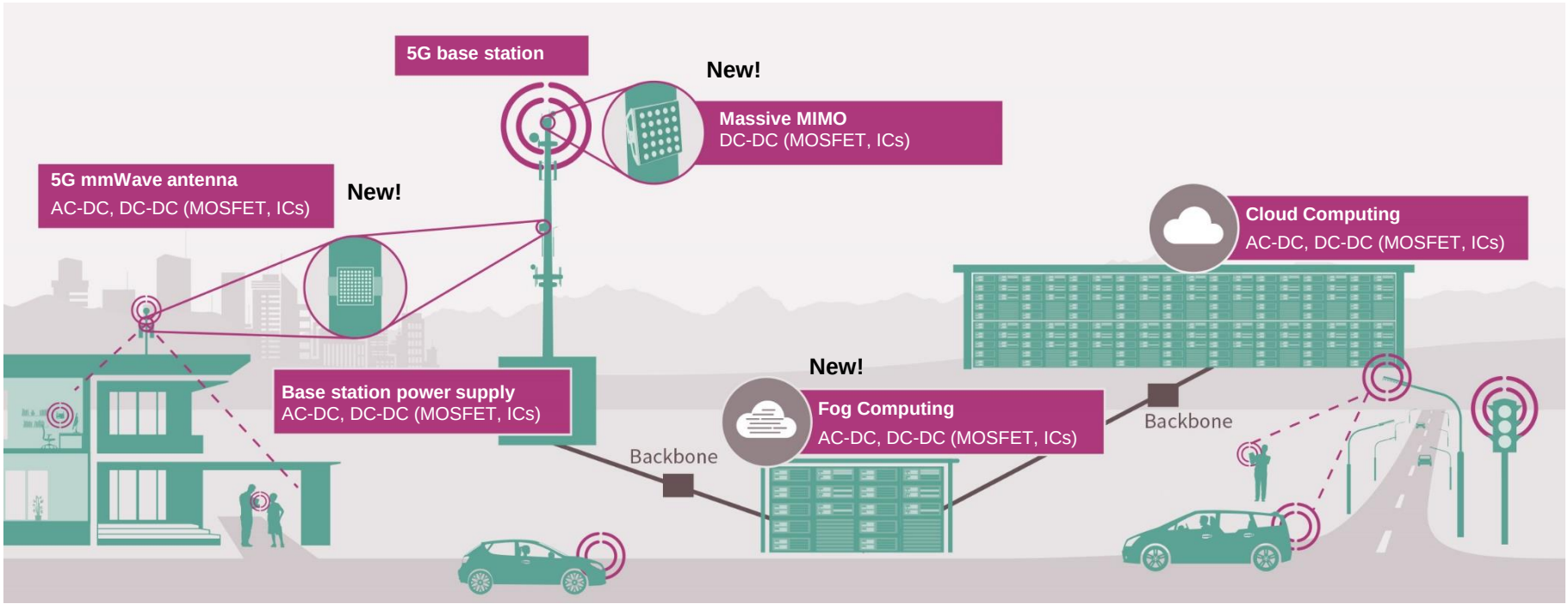
AURIX™ 1G

AURIX™ 2G

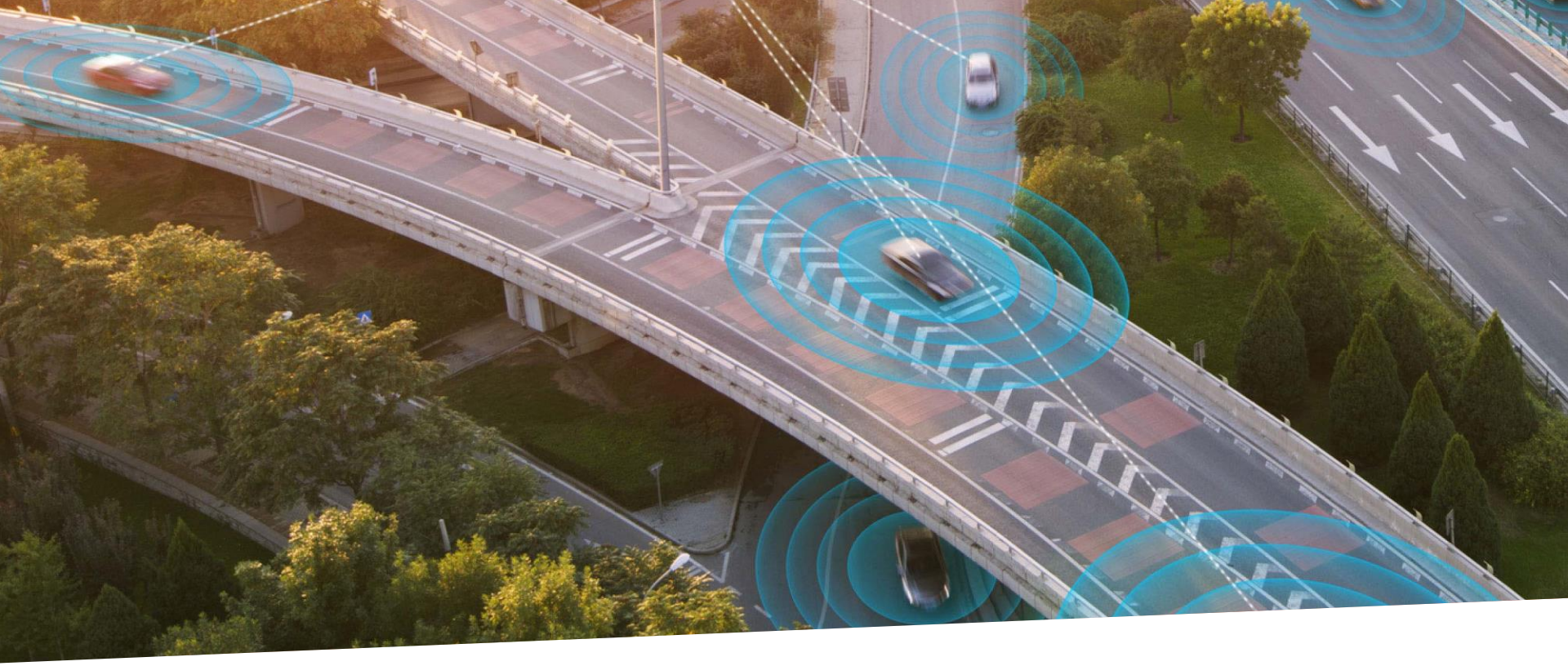
- Asian OEM selected AURIX™ 1G for gateway module
- Major European OEM selected AURIX™ 2G for telematics module for all its brands
- Design-win for AURIX™ 2G for gateway platform at leading European tier-1 for American OEM
- Major European OEM selected AURIX™ 2G as safe and secure host controller for infotainment platform

- AURIX™ family penetrates upcoming car architectures very broadly: ADAS, chassis, safety, powertrain, and connectivity!
- significant revenue contribution starting 2021

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



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

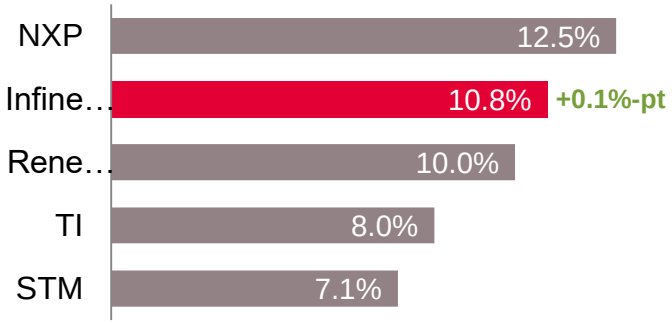


Automotive

Infineon's position in the automotive semiconductor universe

Automotive semiconductors

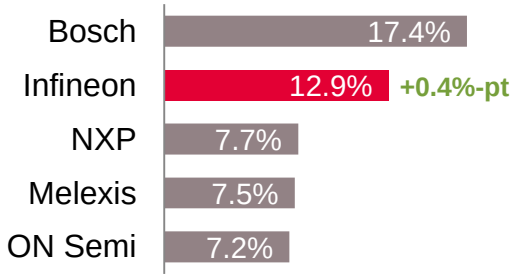
total market in 2017: $34.5bn



Market share trend: Infineon benefits disproportionately from the two mega trends

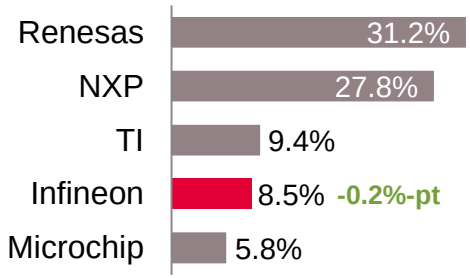
- electro-mobility: power, drivers, µC
- automated driving: radar, lidar, µC

Sensors



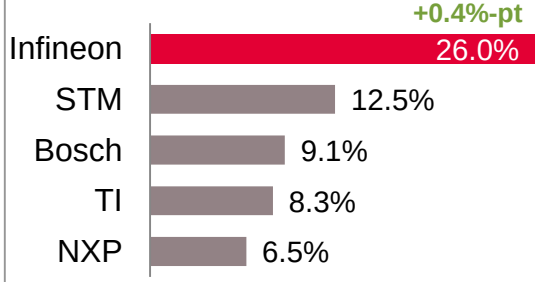
long-term drivers:
- 24 / 77 GHz radar
- lidar

Microcontrollers



long-term drivers:
- ADAS/AD
- Powertrain

Power

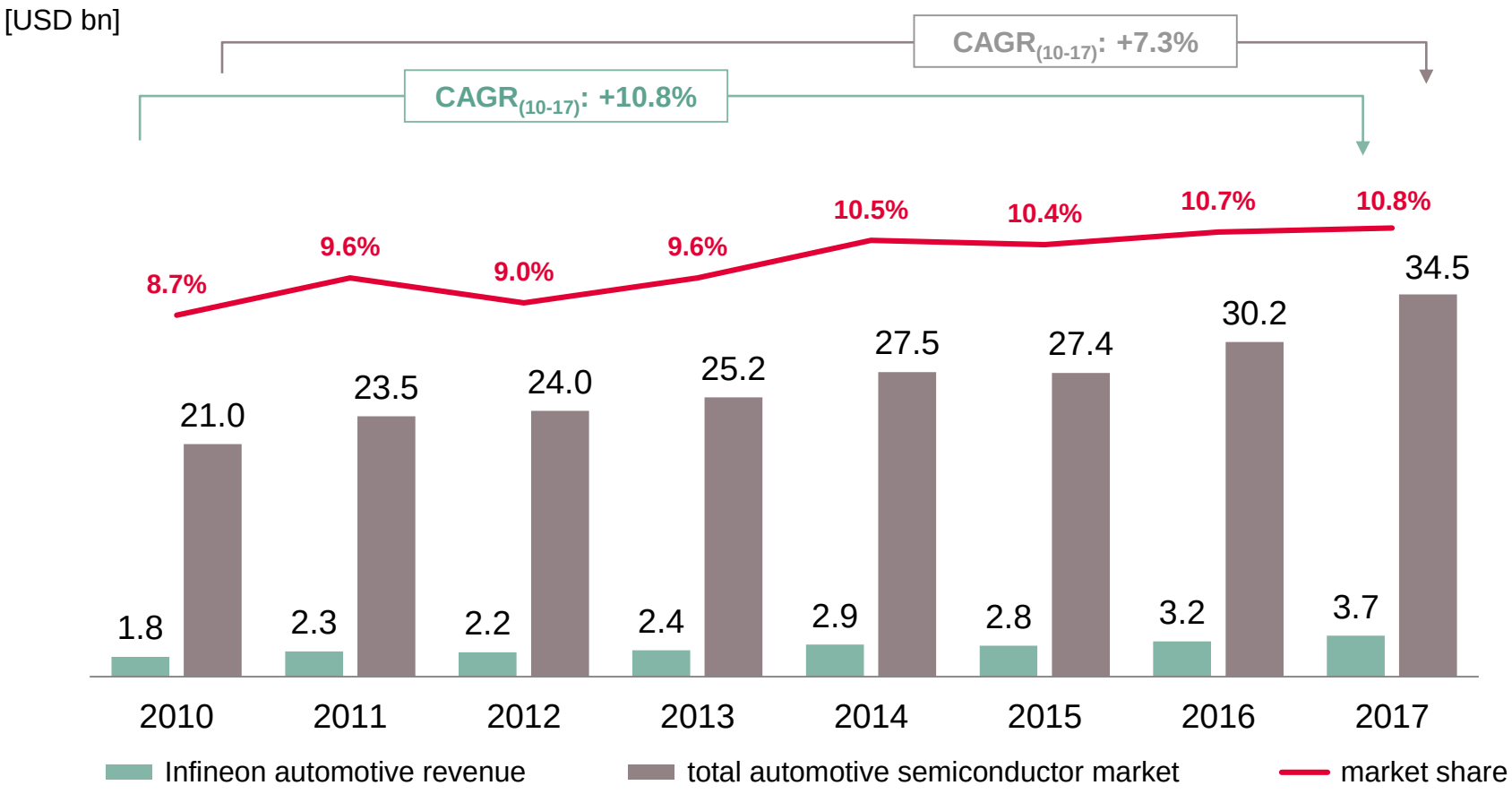


long-term drivers:
- xEV penetration
- EPS
- Lighting

Source: Strategy Analytics, "Automotive Semiconductor Vendor Market Shares", April 2018

Infineon is continuously outgrowing the market since 2010

Infineon automotive market share development*



* Infineon automotive revenue as reported to Strategy Analytics incl. revenue from ATV, IPC and PMM. Adjusted to calendar year.
Source: Strategy Analytics, "Automotive Semiconductor Vendor 2017 Market Share", April 2018.

Clean cars, ADAS/AD, and adoption of premium features drive growth

Vehicle production	Drivers for semiconductor content per car		
	Electro-mobility	Automated Driving	Comfort, premium
			
› ~2% growth p.a.	› Legislation › Improvements of ICE › Higher efficiency of all electric consumers › Adoption of xEV	**Today** › crash avoidance › ADAS **Tomorrow** › Autonomous Driving	› Premium cars are early adopters of high-end comfort and safety features › Trickling down to mid-range

~10% p.a. through-cycle growth

Electro-mobility

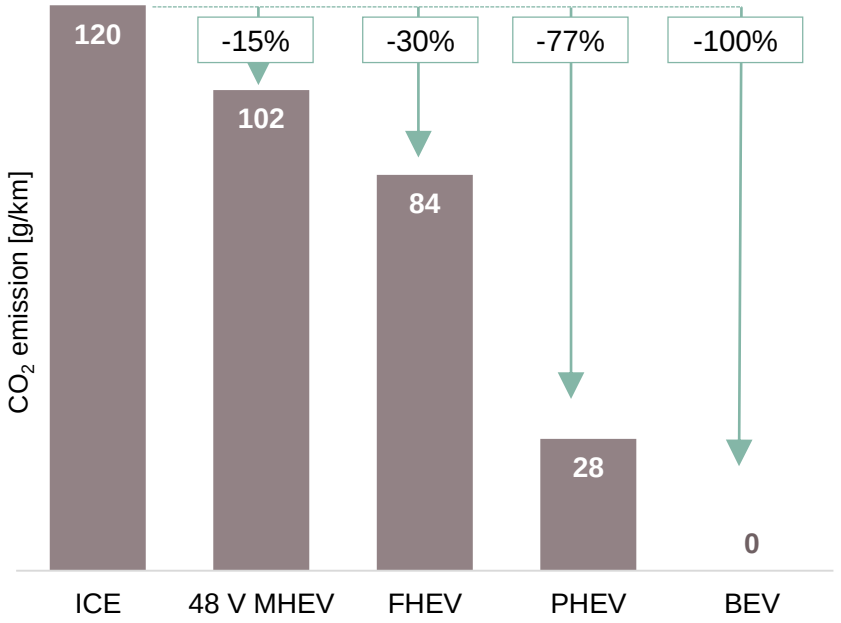
Short-term, MHEV/FHEV/PHEVs are first choice; mid-term BEVs are preferred solution

Growth drivers of electro-mobility

- \+ Regulation
- \+ Incentives; China industry politics
- \+ Decreasing Diesel share
- \+ Increasing SUV share

- − Cost and range vs. ICE
- − Limited charging infrastructure
- − Further ICE improvements
- − Attractive oil price

CO_2 emission reduction by powertrain system



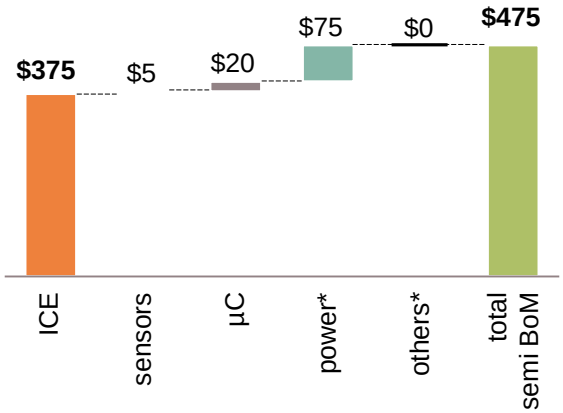
Source: Infineon estimates

- Due to absence of improvements in CO_2 reduction in the past years, OEMs have to switch to "catch-up" mode until 2021
- OEMs expected to push 48 V MHEV, FHEV, PHEV systems near-term to meet CO_2 targets
- Mid- to long-term, BEVs will become the preferred solution

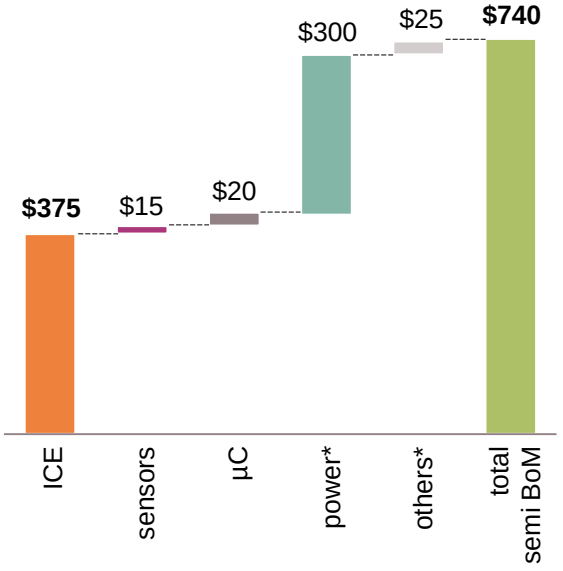
The incremental demand of power semi-conductors is a significant opportunity

2018 average xEV semiconductor content by degree of electrification

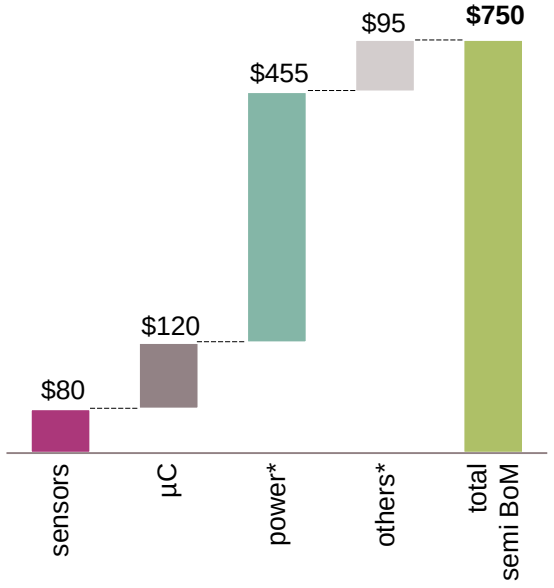
48 V / MHEV (in 2018)



FHEV / PHEV (in 2018)



BEV (in 2018)



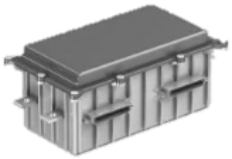
2018	~2m vehicles	~2.5m vehicles	~1m vehicles
2020	~3.5m vehicles	~6m vehicles	~2.5m vehicles
2025	~17m vehicles	~13m vehicles	~8m vehicles

Source: Strategy Analytics, "Automotive Semiconductor Content", May 2018; Infineon
* "power" includes linear and ASIC; "others" include opto, small signal discrete, memory

Sense | Compute | Actuate

System cost reduction can justify the higher SiC component price

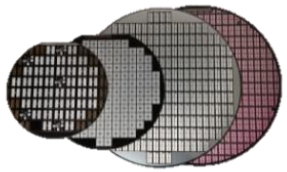
SiC is characterized by	Leading to	Benefits on system level
lower losses [$R_{DS(on)}$; Ω]	higher efficiency [W]	**battery size, battery cost** › smaller battery capacity [kWh] → lower battery costs [$] › lower cooling efforts › extended range [km/kWh]
higher ampacity [A]	higher power density [W/m³]	**system size, system cost** › cost reduction of passive components [$] › size reduction of passive components [m³]
faster switching [s]	higher switching frequency [Hz]	**scalability** › increased scalability → compact main inverter feasible even for high-power cars › broad HybridPACK™ family product portfolio to support OEM's platform strategy



ampacity = current carrying capability

Infineon has unparalleled expertise and portfolio for high-power xEV applications

Bare dies



SiC Si

Discretes

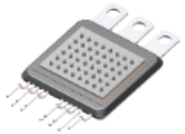
Diodes

MOSFETs

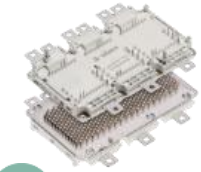
SiC Si

Modules

molded



frame-based

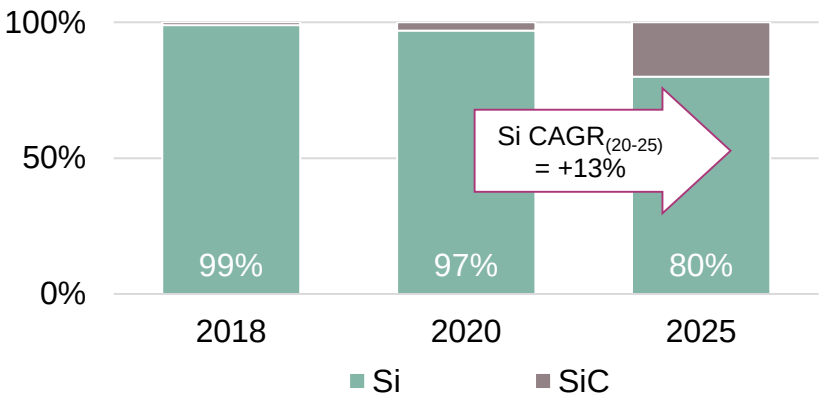


SiC Si

Si will dominate the xEV market throughout next decade*

Si

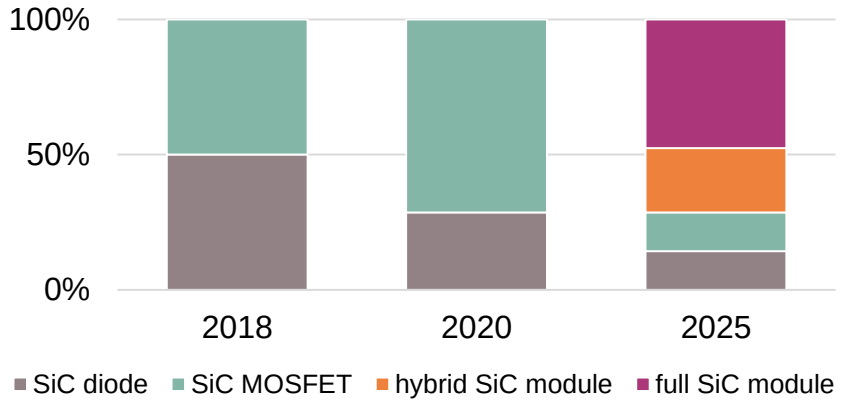
[by $ value]



Modules will be preferred form factor in SiC mass market*

SiC

[by $ value]



* Source: Infineon

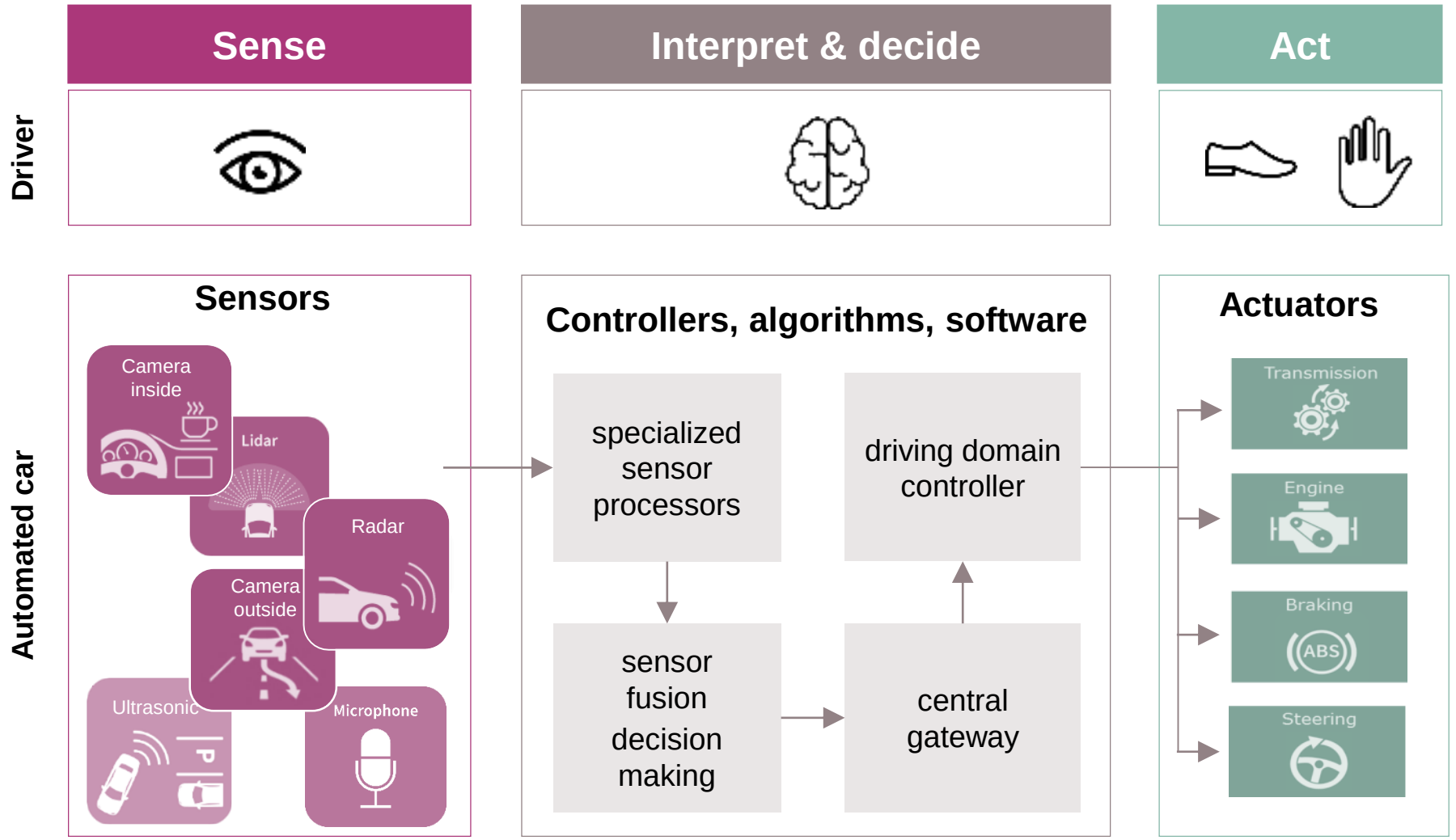
Infineon offers the complete automotive-grade portfolio of SiC components

CoolSiC™ Automotive Schottky diode	CoolSiC™ Automotive MOSFET	Full SiC module HybridPACK™ Drive CoolSiC™
on-board charger	on-board charger	main inverter
		
ramped in 2018!	to ramp in 2019!	to ramp in 2020!

- More than 20 leading OEMs and tier-1s are evaluating Infineon's SiC solutions for automotive
- Customer feedback clearly shows that Infineon has deepest understanding of technical quality threats
- Infineon's internal quality test procedures exceed common industry norm; test results proof that Infineon's SiC products reach that quality level
- Industry's broadest portfolio allows customer to "pick what they need" rather than to "take what we have"

Automated Driving

For Automated Driving more compute power but also a higher security and safety is needed



Increased sensor requirements drive the content in the next 5 years and beyond

More sensors required for any next level of automation

	NCAP 5 Star, AD L2	AD L3	AD L4/L5
Application*	Automatic emergency brake/ forward collision warning Parking assist Lane keep assist	Highway assist	Valet parking Highway and urban chauffeur
Radar # of modules**	Corner, MRR/LRR ≥ 3 (New: Corner starting 2020)	MRR/LRR ≥ 6 (Corner)	Imaging ≥ 10 (Surround)
Camera # of modules**	≥ 1	≥ 4	≥ 8
Lidar # of modules**	0	≤ 1	≥ 1
Others	› Ultrasonic	› Ultrasonic › Interior camera	› Ultrasonic › Interior camera › V2X

* Source: VDA (German Association of the Automotive Industry); Society of Automotive Engineers
** Market assumption

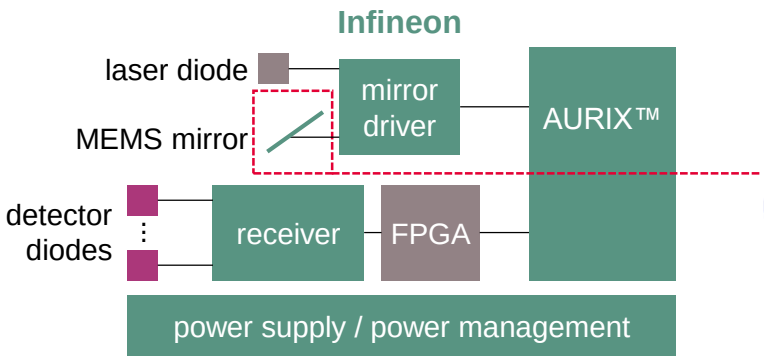
Infineon opens the door for mass-deployable lidar systems for Automated Driving

Classification of long-range lidar systems

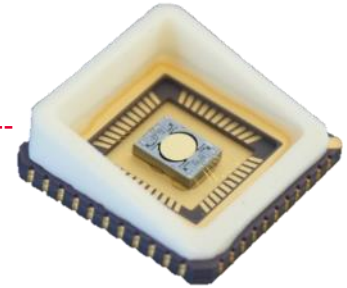
mechanically moving mirror	solid state optical system		
	scanning optical phased array	flash lidar	scanning MEMS-based mirror
⊕ proven concept	⊕ allows optical beam forming	⊕ no moving parts	⊕ robust signal path
⊖ bulky	⊖ high demand of laser power, especially for long-range	⊖ more complex laser system (more expensive, higher power demand)	⊕ more compact
⊖ expensive			⊕ more cost-effective
			⊕ roadmap for higher level of integration

- Lidar is Infineon's AD portfolio expansion adjacent to radar
- Infineon intends to repeat its radar success story
- In addition to MEMS, room to increase BoM by receiver, micro-controller, power management ICs

1st System reference design



MEMS mirror

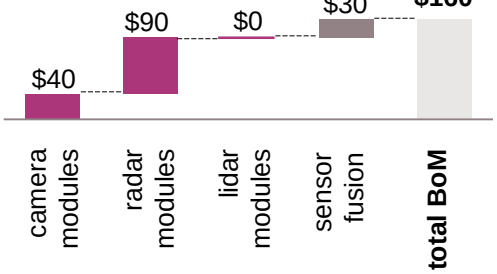


ADAS/AD semi growth driven by radar and camera sensor modules over the next 5 years

Average semi content per car by level of automation at the given years

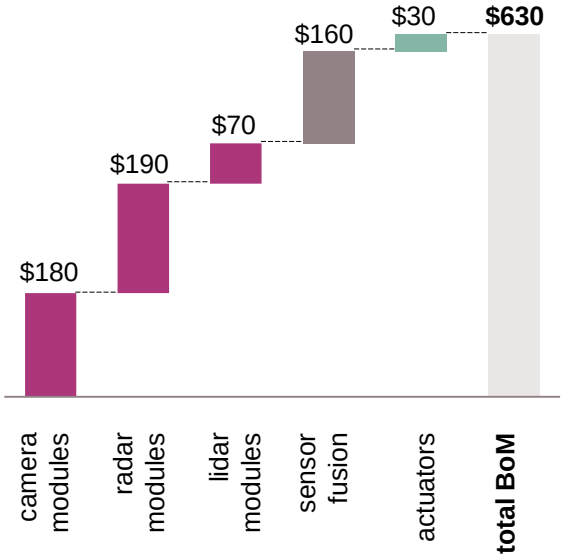
NCAP 5 Star/AD L2 (~2020)

L2 vehicles in 2020: ~6m



AD L3 (~2025)

L3 vehicles in 2025: ~3m



AD L4/L5 (~2030)

L4/L5 vehicles in 2030: ~4m

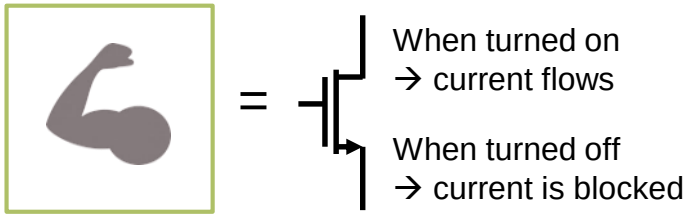
Source: Strategy Analytics; Infineon.
BoM contains all type of semiconductors (e.g. radar modules include µC); sensor fusion does not include memory.
BoM are projected figures for the respective time frame.

Sense | Compute | Actuate

Infineon’s Power Strategy

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

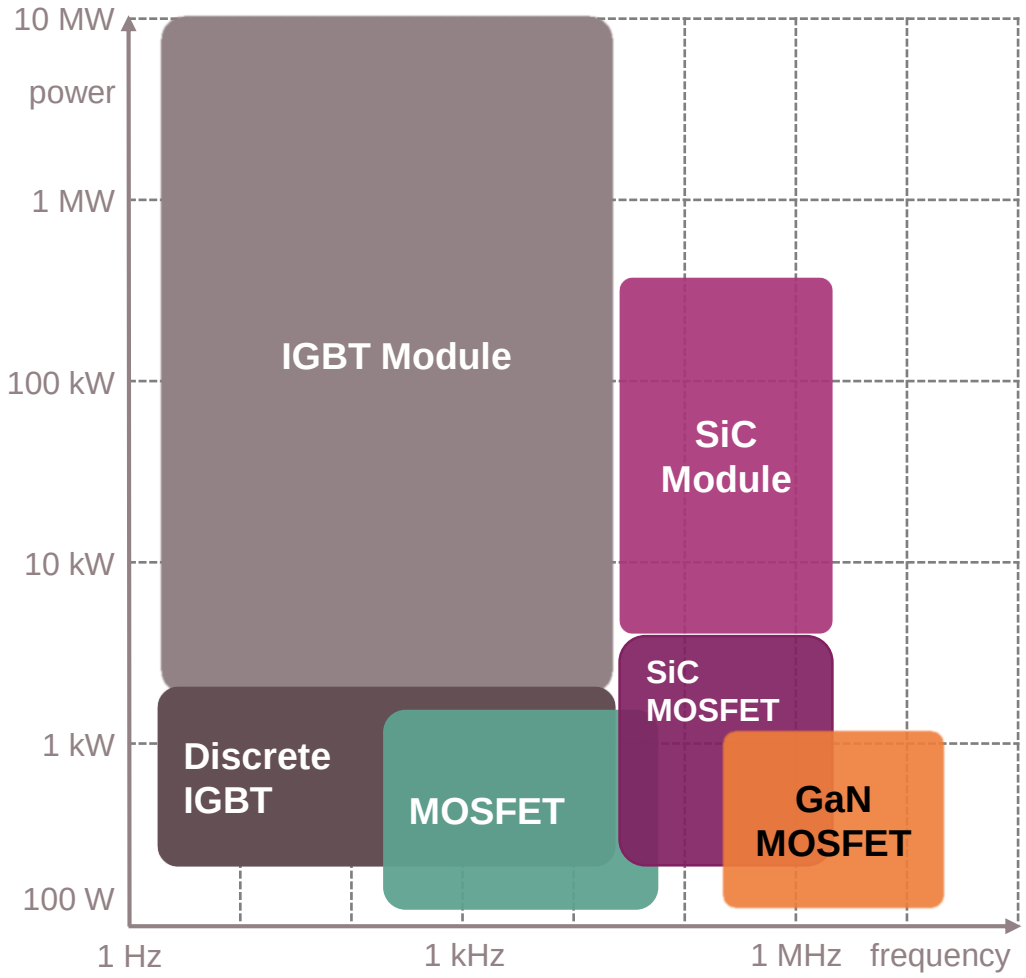
What is a power switch?



What counts?

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

How are power switches categorized?

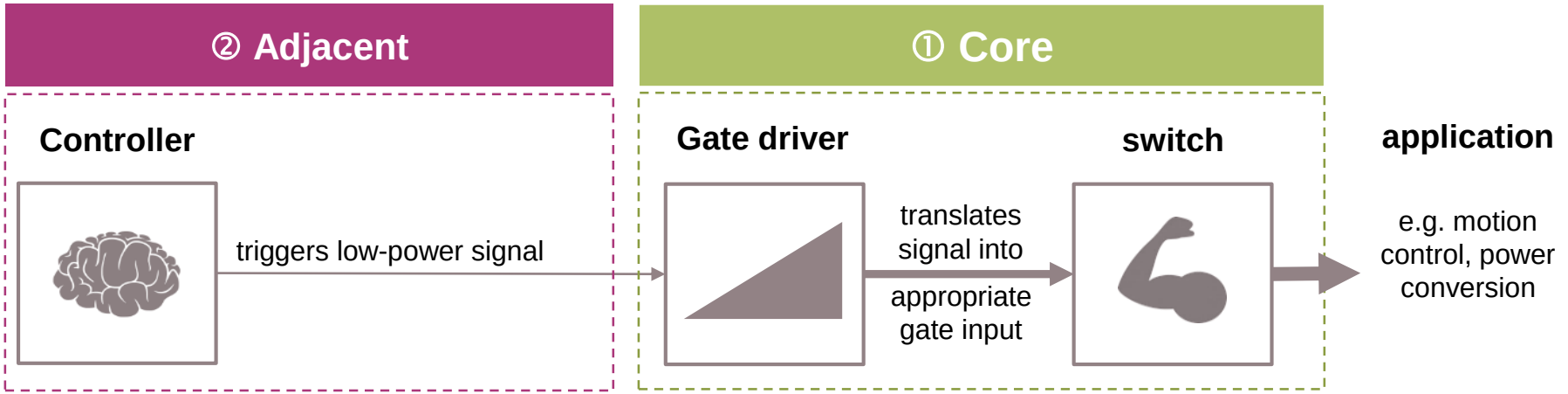


IPC's and PMM's discrete power portfolio* is basically separated by voltage classes

	silicon-based power semiconductors			compound semiconductors
IPC territory	IGBT modules	discrete IGBTs	6,500 V 4,500 V 3,300 V 1,700 V 1,200 V	SiC MOSFET roadmap SiC MOSFET today
PMM territory	high-voltage MOSFETs (CoolMOS™) mid-voltage MOSFETs (OptiMOS™) low-voltage MOSFETs (OptiMOS™)		900 V 600 V 400 V 150 V 100 V 80 V 40 V 20 V	GaN MOSFET today GaN MOSFET roadmap

* excluding drivers and control ICs

Three strategic levers to outgrow the power semi market: "core – adjacent – new"



② Grow in adjacent fields

› Invest into products for digital control loop including algorithms for drives

① Strengthen core

› Complement leadership in today's discrete power and module portfolio with SiC and GaN

③ New

③ Broaden scope to new applications

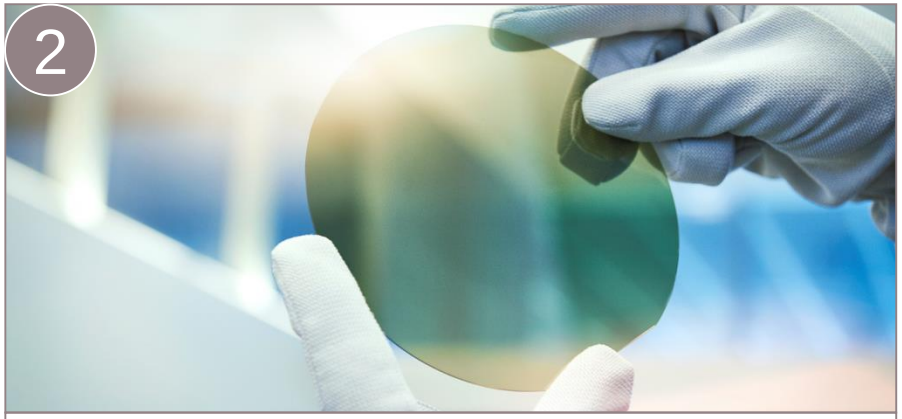
› System understanding and strong R&D force allow us to enter emerging power applications

Clear #1 position in power allows driving four key areas of differentiation and innovation

1

Unique 300 mm thin wafer power semiconductor manufacturing

2

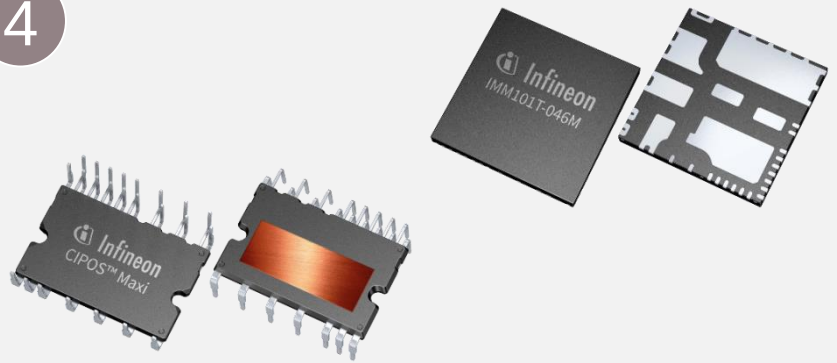


Compound semiconductors SiC and GaN

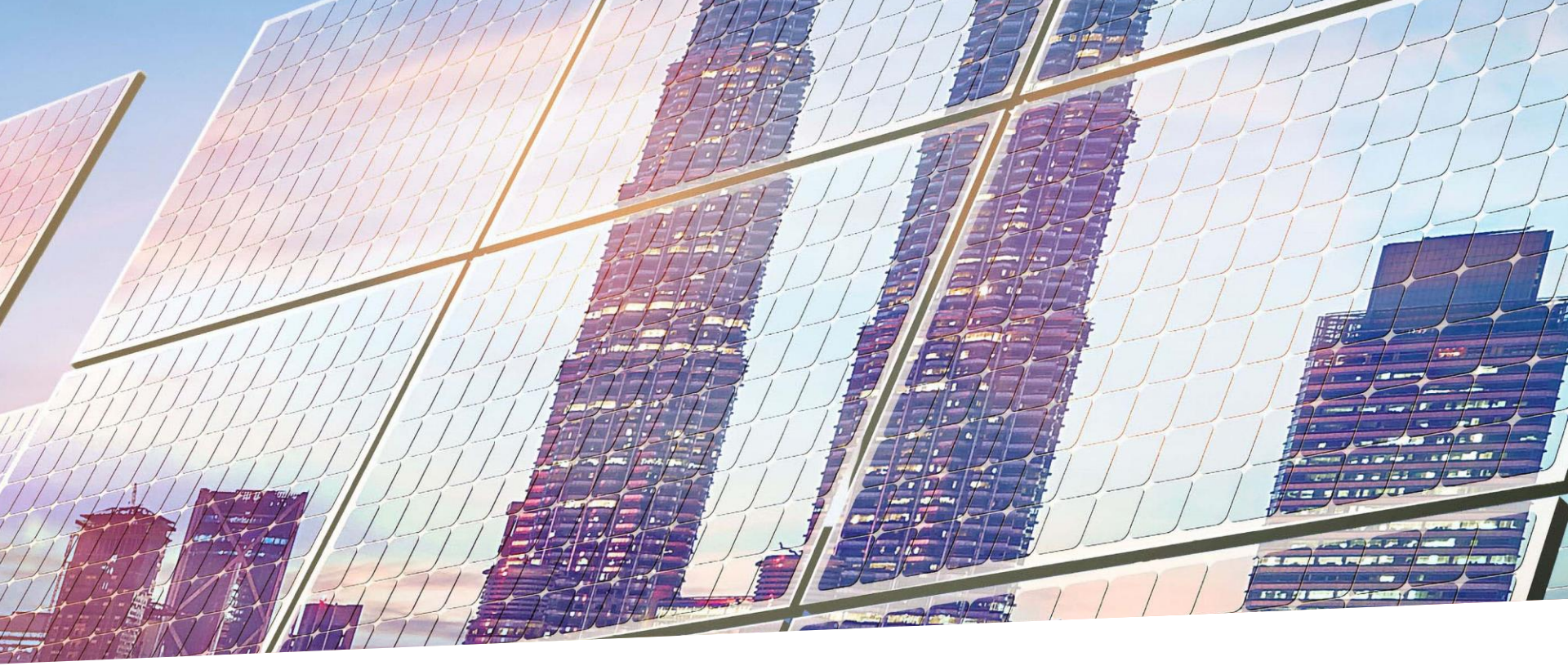
3

Digitalization of the power control loop

4



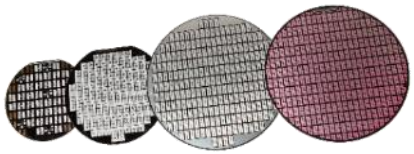
Functional integration



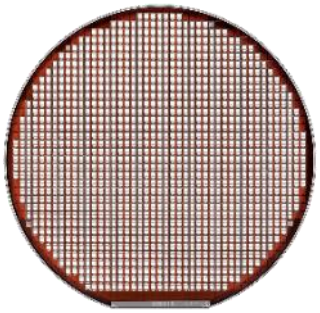
Industrial Power Control

To empower this variety of applications we rely on the most comprehensive power portfolio

Bare Die

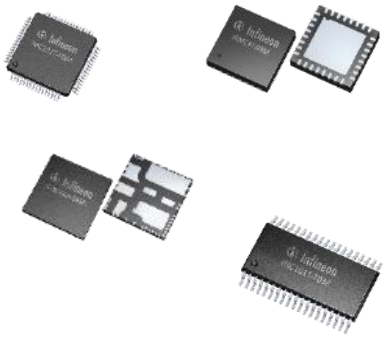


IGBTs and Si diodes

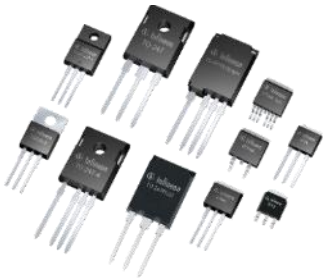


SiC MOSFET
SiC diodes

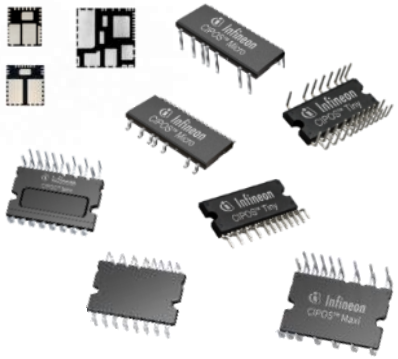
Controllers



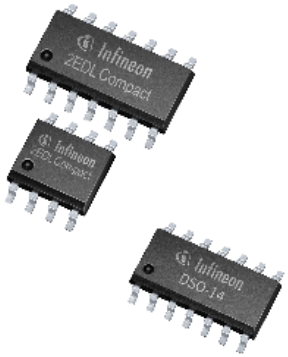
Discretes



IPMs



Driver



Modules

Solutions

IPC business in China rather robust due to considerable amount of infrastructure projects

FY18 revenue by application

Key insights

- Inverterization trend ongoing – backed by regional regulations
- As follower in IPMs we gain sockets from competition

- "Made in China 2025" causes stable demand for industrial drives to upgrade factory automation

- PV is a key instrument for China to balance increasing electricity demand with environmental pollution
- China with strong industry in PV

- eBus deployment in cities is a key measure to limit pollution levels

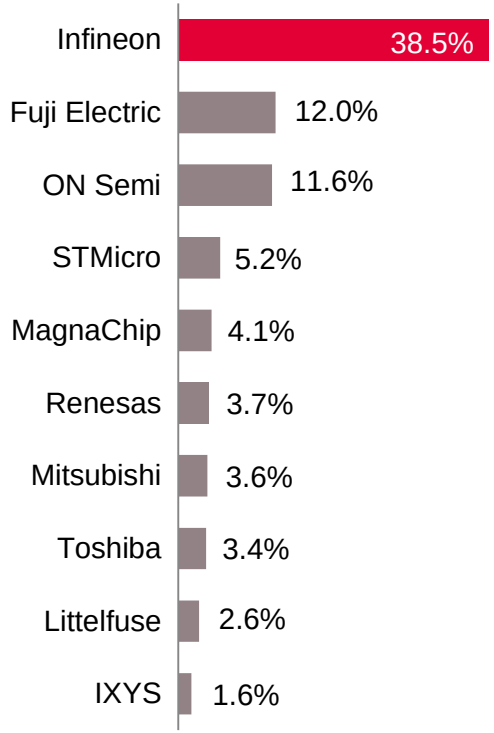
- Growth expected on moderate level for onshore, offshore accelerating

- Governmental decisions focus on large projects
- Chinese top OEM increasingly grow outside of China

Clear leader in discrete IGBTs and IGBT modules; IPMs improved from #4 to #3

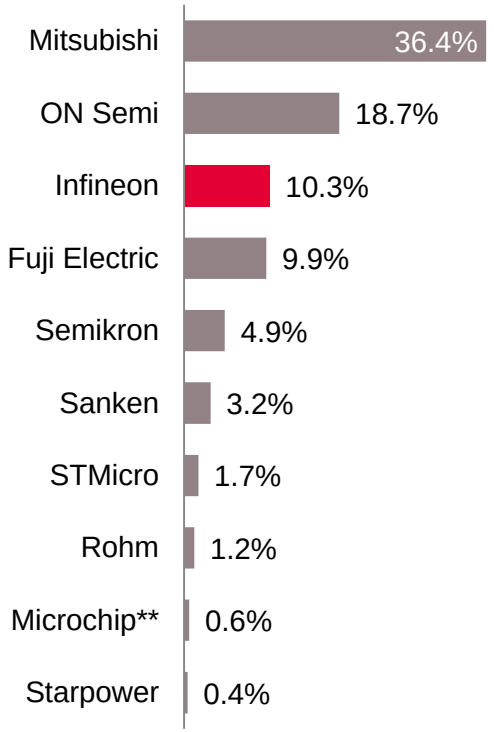
Discrete IGBTs

total market in 2017: $1.10bn



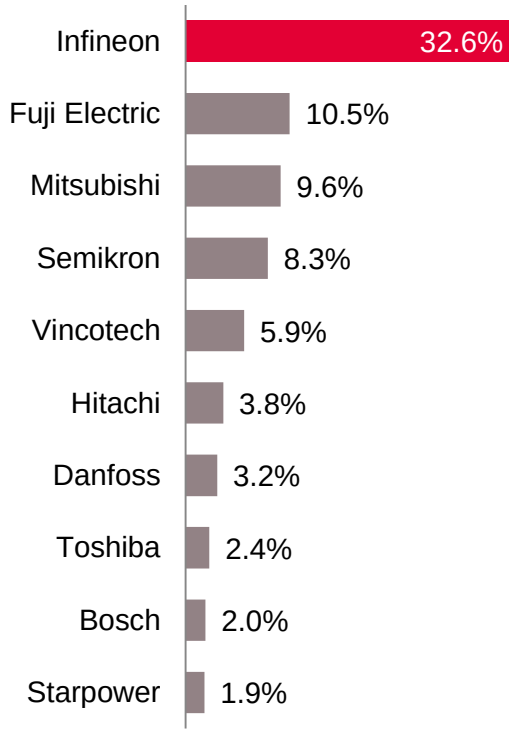
IPMs

total market in 2017: $1.57bn



IGBT modules*

total market in 2017: $2.63bn



* Including standard (non-integrated) IGBT modules and power integrated modules (PIMs) / converter inverter brake (CIB) modules.
** On 29 May 2018, Microchip closed the acquisition of Microsemi. The 2017 revenue depicted here was contributed entirely by Microsemi.

Source: Based on or includes content supplied by IHS Markit, Technology Group, "Power Semiconductor Market Share Database 2017", September 2018.

IPC's biggest application "drives" segmented by end applications in the industry

Industrial drives

Servo drives

Examples

- robotics
- material handling
- machine tools

General purpose drives

Examples

- pumps & fans
- process automation
- cranes
- marine drives

High-power drives

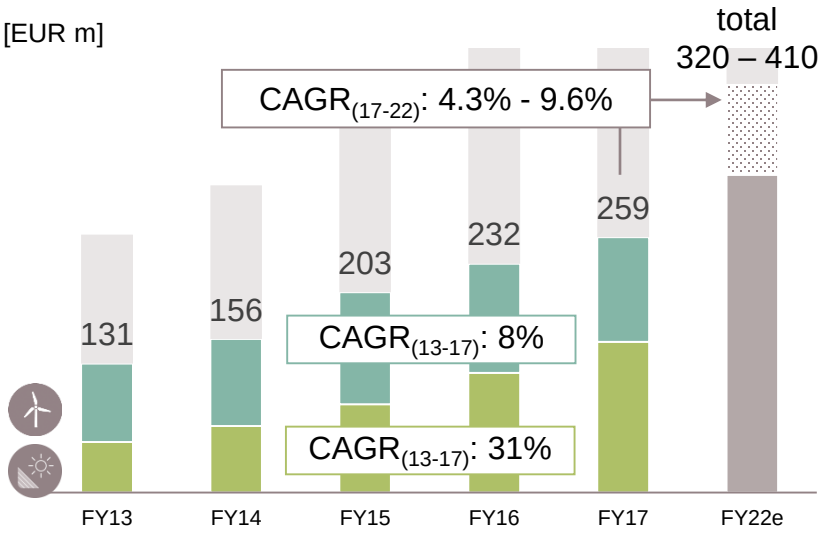
Examples

- oil & gas industry
- chemical industry (e.g. air compressors)
- cement mills

Source: Based on or includes content supplied by IHS Markit, Technology Group, "Industrial Motor Controls Source Book", December 2017; share by revenue.

Infineon serves all major players for PV inverters and wind turbines

IPC revenue in renewables



Installed wind capacity[3] CAGR(13-17) +7%	IPC wind revenue CAGR(13-17) +8%
Installed PV capacity[1] CAGR(13-17) +25%	IPC PV revenue CAGR(13-17) +31%

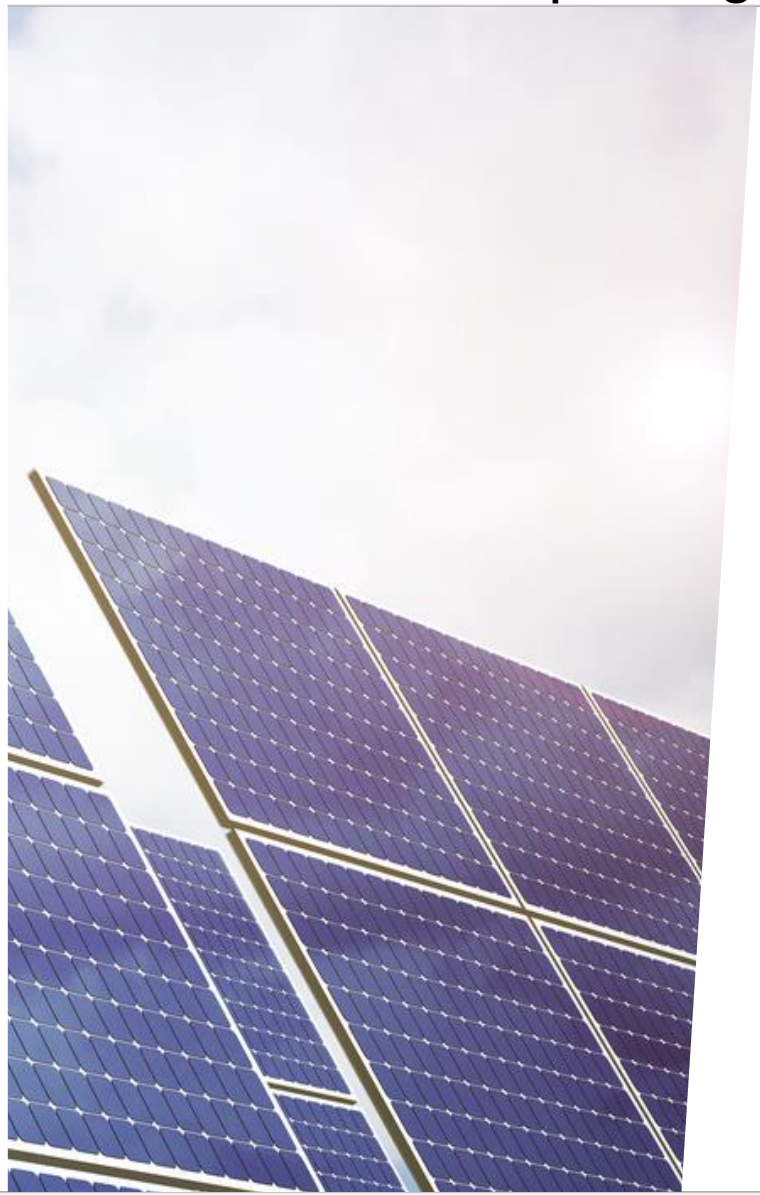
Infineon is powering all leading renewable energy players*

PV inverter[2]		Wind[4]	
1 | Huawei	✓	1 | Siemens/Gamesa	✓
2 | Sungrow	✓	2 | Vestas	✓
3 | SMA	✓	3 | Goldwind	✓
4 | TBEA Sunoasis	✓	4 | GE	✓
5 | Wuxi Sineng	✓	5 | Enercon	✓
6 | ABB	✓	6 | Envision	✓
7 | Kstar	✓	7 | Nordex	✓
8 | Goodwe	✓	8 | Senvion	✓
9 | Growatt	✓	9 | United Power	✓
10 | Power Electr.	✓	10 | Mingyang	✓

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

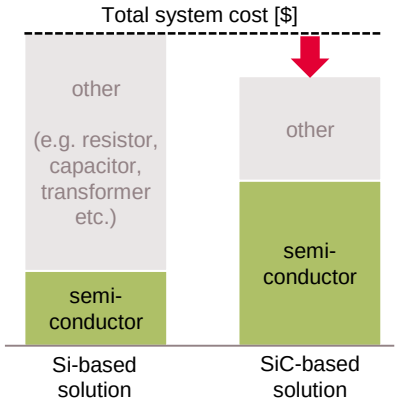
Source: 1) based on or includes content supplied by IHS Markit, Technology Group, "PV Installations Tracker – Q1 2018"; March 2018; including off-grid
2) by shipped capacity in MW: based on or includes content supplied by IHS Markit, Technology Group, "PV Inverter Market Tracker – Q1 2018 – v4"; June 2018
3) MAKE Consulting – Market Outlook Update Q1 2018; March 2018
4) by shipped/installed capacity (in MW): MAKE Consulting – Historical Wind Turbine OEM Market Share; April 2018

SiC MOSFETs bring down system cost and size of PV inverters despite higher component cost



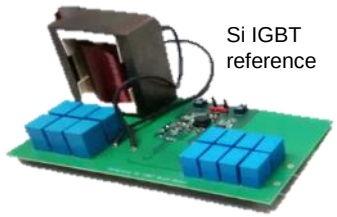
Reduction of system cost, higher semi-value

- 15-20% lower bill of material for inverter manufacturer
- 2-3x higher semiconductor value as compared to Si-based design



Reduction of system size

- Simpler topologies with less control effort
- Higher switching frequency with smaller transformers
- Same power in smaller box size results in significant system cost reduction



SiC MOSFET demonstrator

Inverterization of home appliances is a key driver for our business

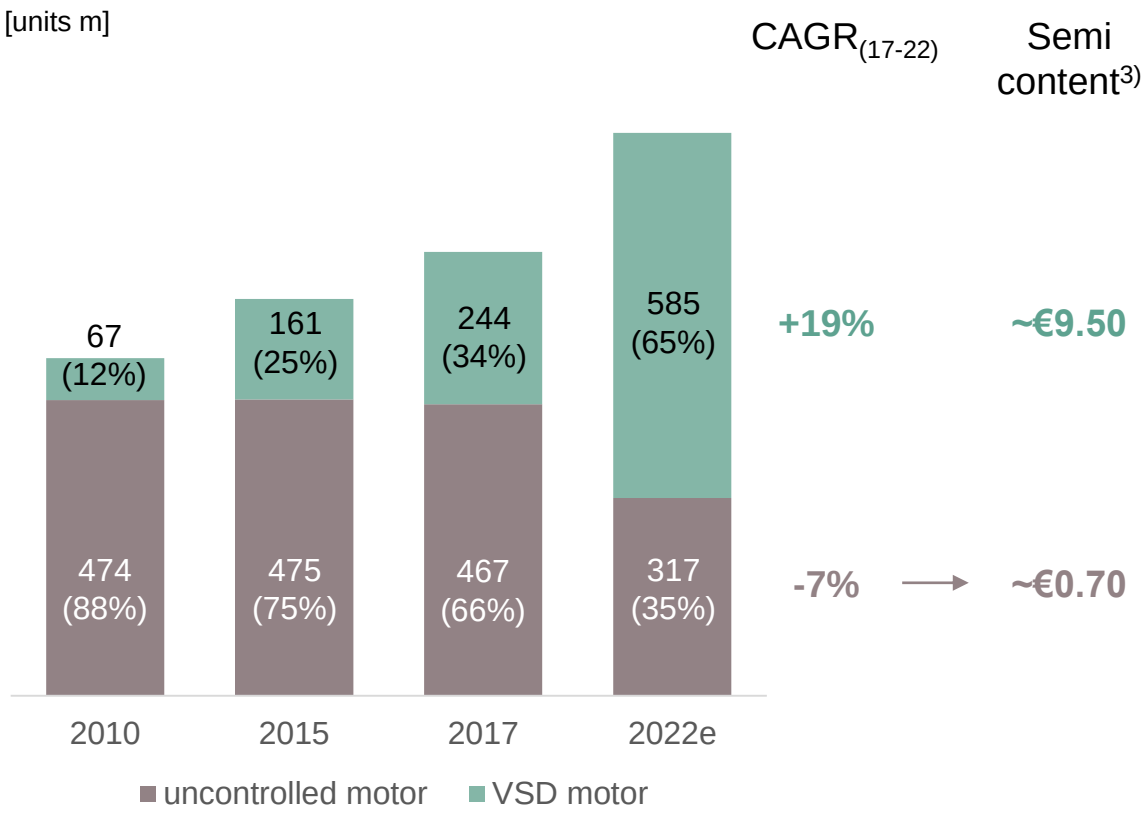
Uncontrolled motor	Variable speed drive

Extended lifetime

Less noise

Up to 40% less energy[1)]

Number of home appliances by motor type[2)]

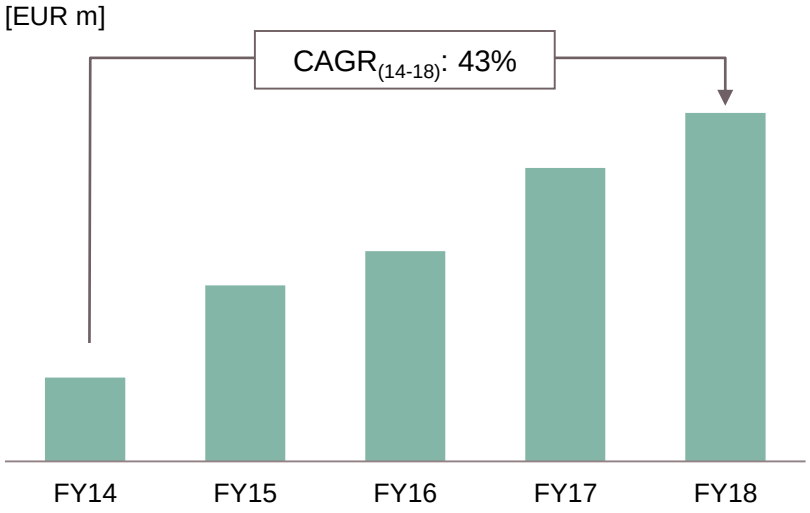


Source:
1) Compared to devices without inverter
2) Source: based on or includes content supplied by IHS Markit, Technology Group, "Home Appliance Database: All Devices and Associated Electronics", May 2018
3) Infineon estimate for a typical aircon

IPC's business success in home appliances is based on several success factors

- ✓ Early identification of trend for **inverterization**
- ✓ **Market access** through inorganic growth (acquisit. of LSPS and IRF)
- ✓ Improved delivery capability through **capacity increase**
- ✓ Extension of portfolio of **integrated products** to gather higher semiconductor share at customers

IPC revenue in home appliances is showing outstanding growth



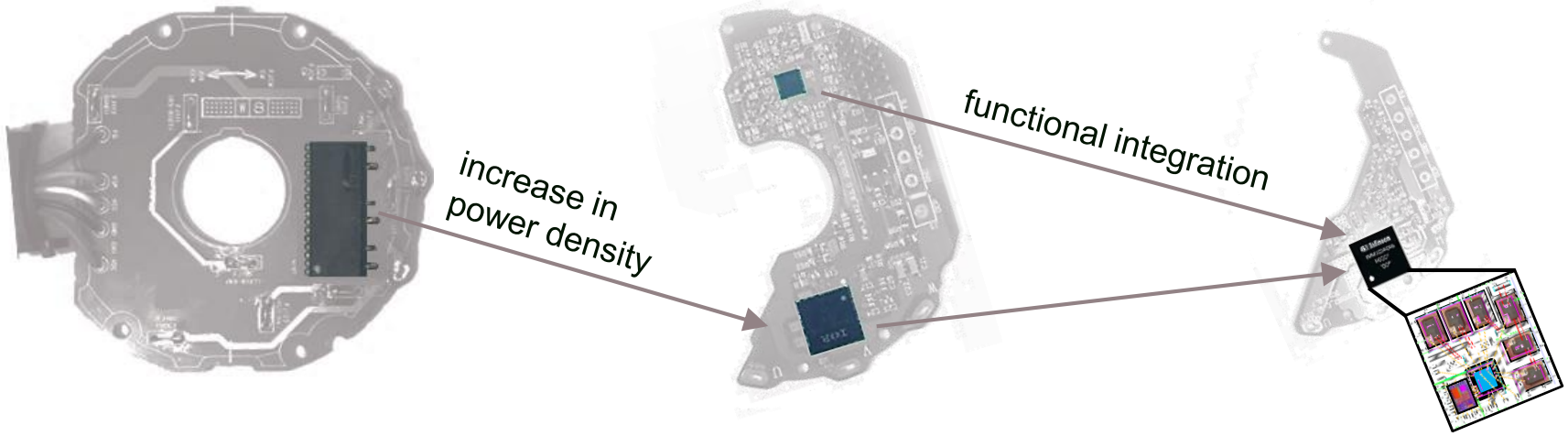
IPC's digital control strategy enables customers to shrink their system

Example: motor control solution for aircon indoor fan

Solution based on **standard IPM**

Solution based on **CIPOS™ Nano**

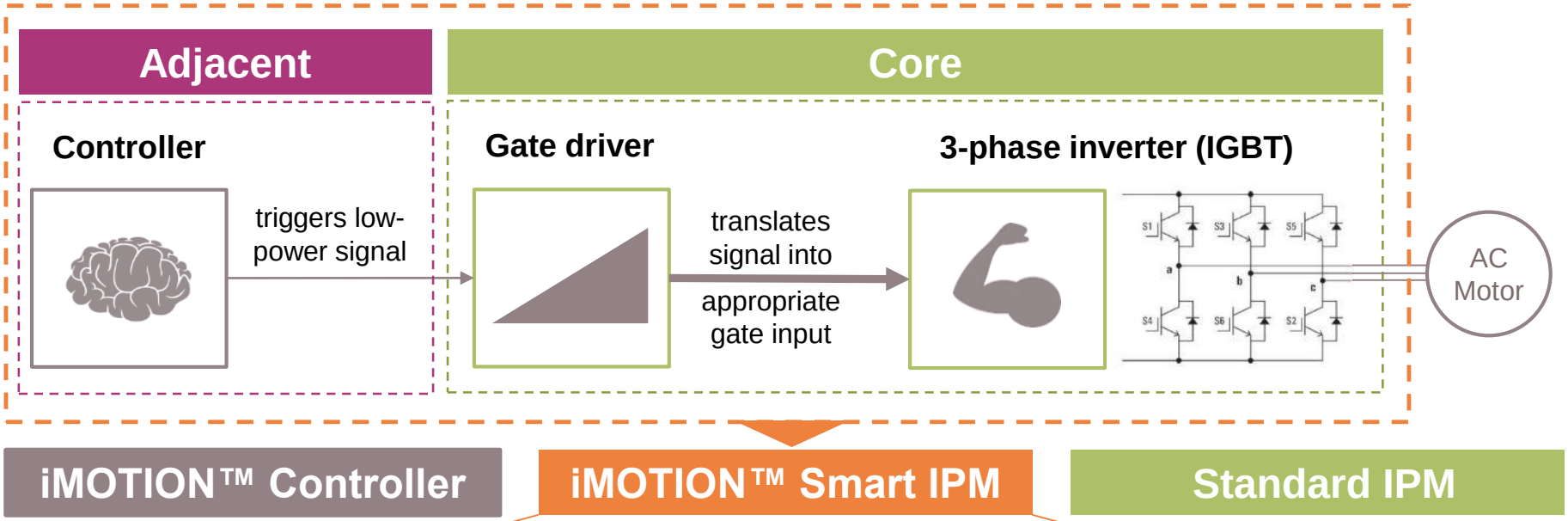
Solution based on **iMOTION™ Smart IPM**



Customer benefits of highly integrated power ICs

- Significant system cost reduction with BoM savings of ~30%
- Reduction in engineering efforts
- Reduction in time-to-market

Digitalization: motor control platform with scalable integration of HW and SW



Key benefits

- System improvement
- Time-to-market
- System cost reduction
- Flexibility

HMI and AI are driving the penetration of collaborative robots (cobots)

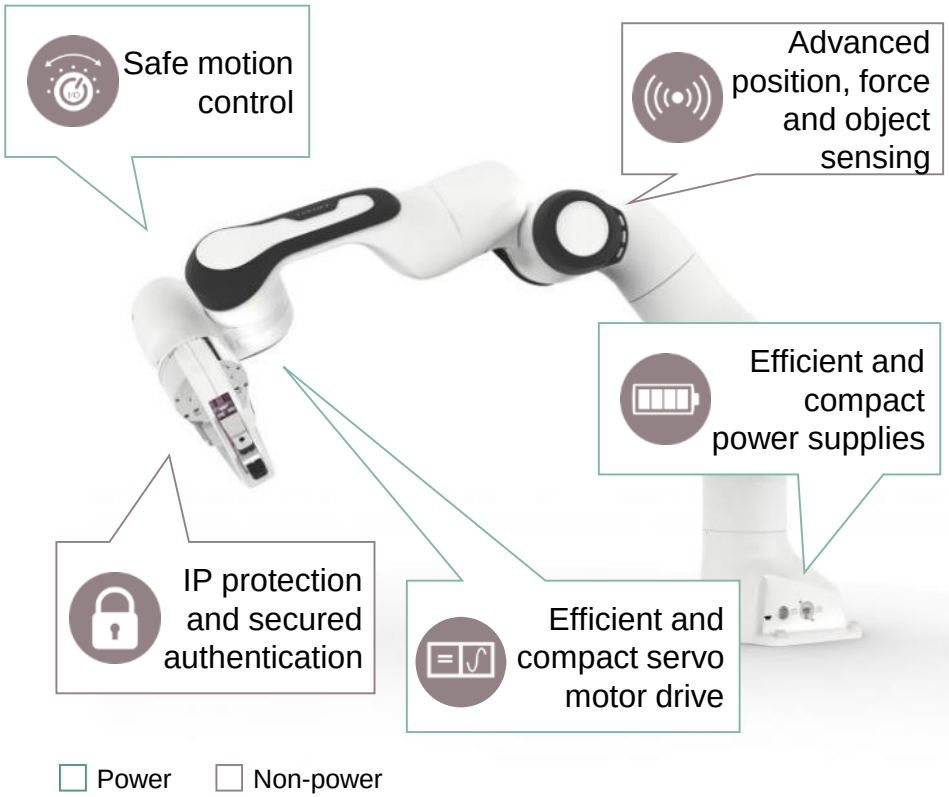
700,000 new cobots by 2025[1)]

~€350 semiconductor content[2)] per cobot, thereof

- **~€200** for power semiconductors[2)]
- **~€150** for sensors, µC, and security controllers[2)]


Courtesy: Franka Emika

System understanding and extended product portfolio allow for growth in adjacent markets



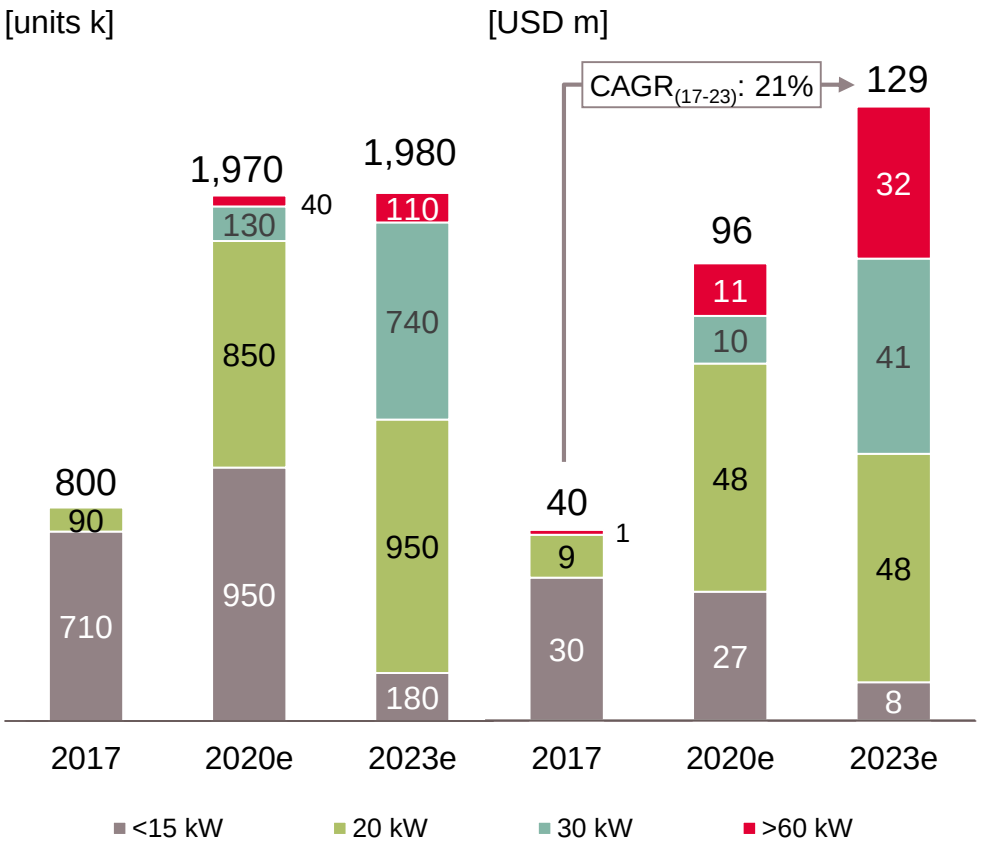
Source:
1) Barclays Equity Research, "The rise of co-bots: Sizing the market", 2016
2) Infineon; excl. tools

Growing penetration of electric vehicles will drive roll-out of charging infrastructure

DC charging system	charging time[1)]	power semi content
350 kW (6 racks of 60 kW each)	7 min	~$3,500 SiC-based
150 kW (5 racks of 30 kW each)	16 min	~$300 Si-based
50 kW (3 racks of 20 kW each)	48 min	~$100 Si-based
20 kW[2)] (2 racks of 10 kW each)	120 min	~$40 Si-based

1) to charge for a reach of 200 km
2) incl. DC wall boxes

Charging infrastructure market; roll-out by rack performance[3)]



3) Source: Infineon

Electrification of trains is accelerating and Infineon is part of two subsystems

Locomotive	Metro	HST/ EMU
 Courtesy: Toshiba		
Trends in traction		
Electrification of freight transport	Urbanization and new mobility concepts	Strong governmental investment programs
Market size		
~500 units/a	~700 units/a	~600 units/a
Power semiconductor content per unit		
~$70,000	~$50,000	~$100,000

Subsystem 1: Auxiliary inverter

Air conditioning, power sockets, air brake, control stand, etc.

SiC

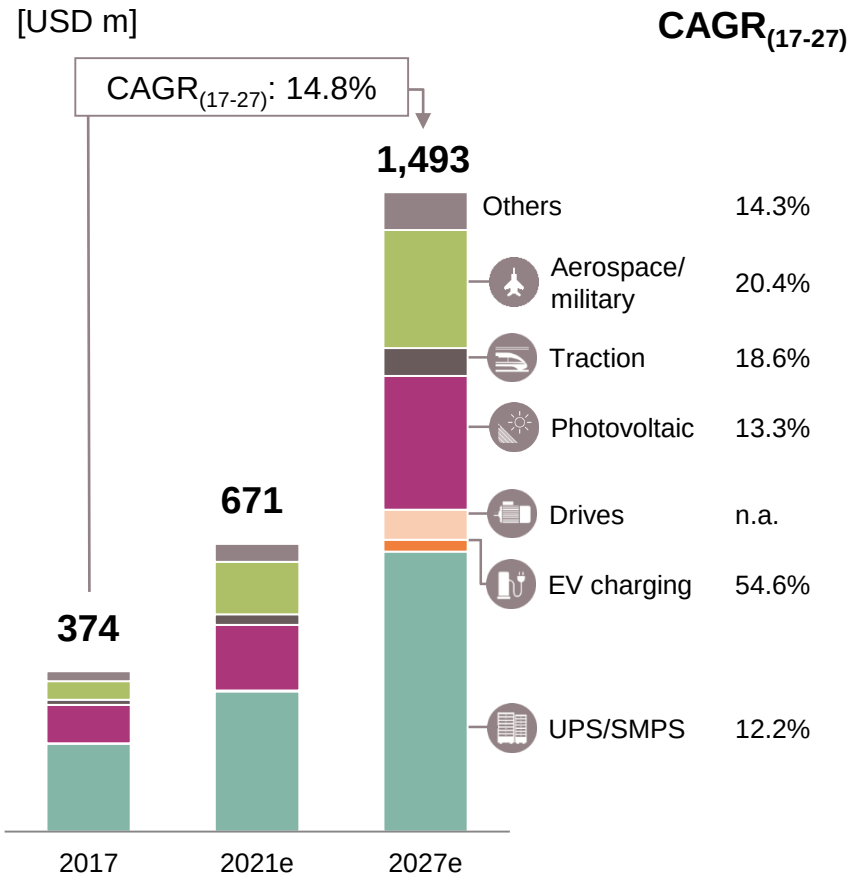
Subsystem 2: Propulsion inverter

Motor and motor traction converter

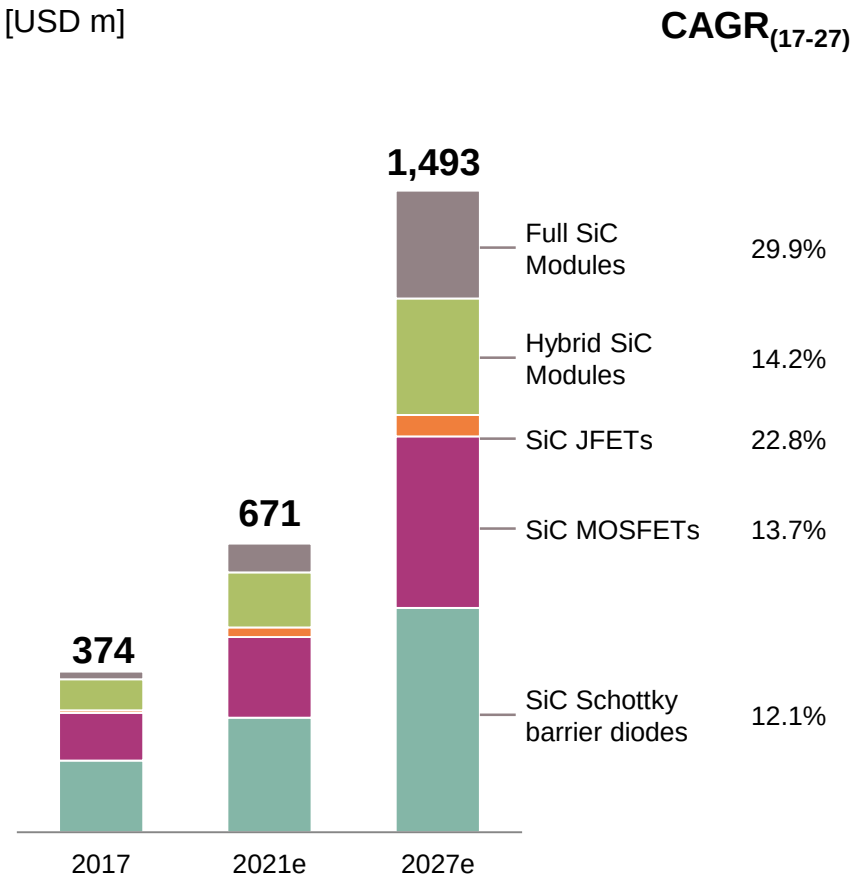
Source: Infineon

With an increasing number of applications, particularly module players will win in SiC

SiC power semiconductors **by application** excl. xEV



SiC power semiconductors **by product type** excl. xEV



Sources: based on or includes content supplied by IHS Markit, Technology Group, "SiC and GaN Power Semiconductors Report - 2018", April 2018, mid case

What comes next? Mid- to long-term structural growth opportunities

Core

+SiC Silicon Carbide

new material

EV charging

collaborative robots

Adjacent

solar pumps

energy storage

eDelivery vehicles

New area

fuel cell

eMarine

eAviation

Power Management & Multimarket

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

Computing

- Data Center
- PC, Notebook
- Peripherals

Industrial

- Power supplies
- EV on-board charger
- PV inverter
- Power tools
- Lighting
- Industry 4.0
- Internet of Things

Consumer / Misc

- eBikes
- Multicopter
- Aviation
- LSEV
- Space
- Gaming
- Smart home

Communications

- Handsets
- Wearables
- 5G massive MIMO

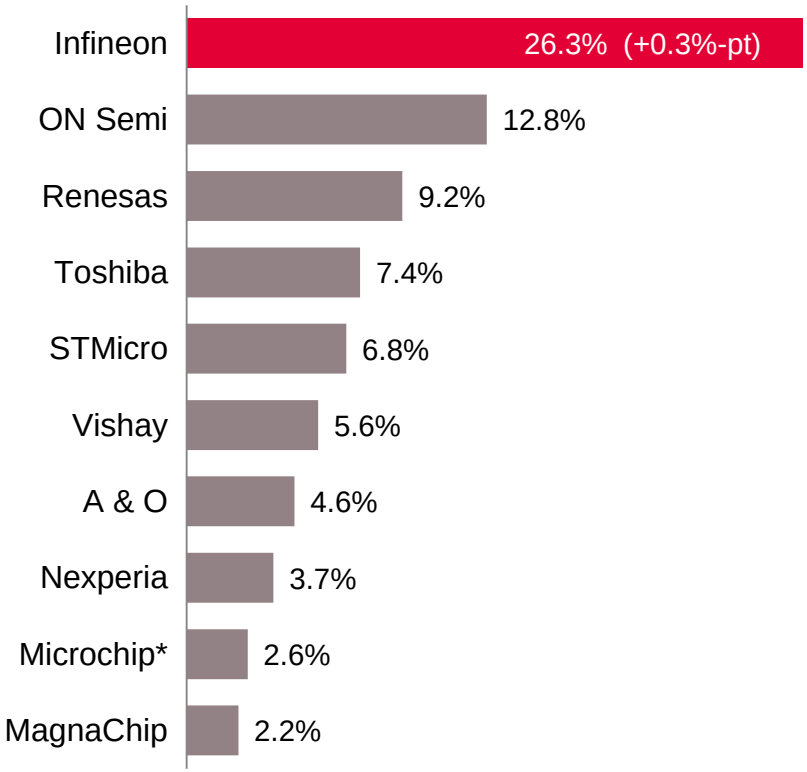
AC-DC (power) DC-DC (power) RF and sensors (non-power)

PMM – Power

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

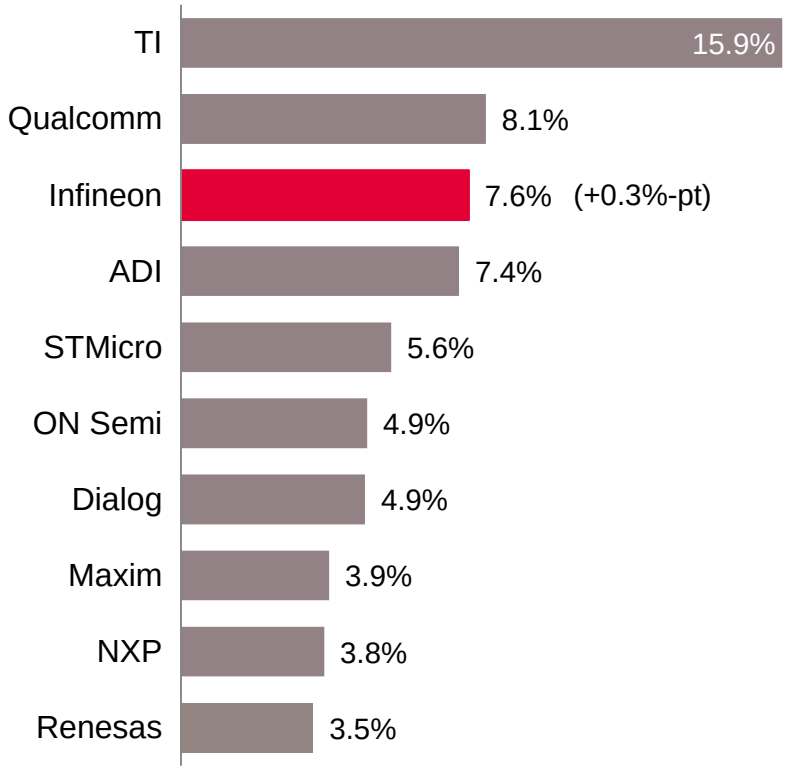
Discrete Power MOSFET market

total market in 2017: $6.65bn



Power IC market

total market in 2017: $23.6bn



* On 29 May 2018, Microchip closed the acquisition of Microsemi. The 2017 revenue depicted here was contributed entirely by Microsemi.
Source: Based on or includes content supplied by IHS Markit, Technology Group, "Power Semiconductor Market Share Database 2017", September 2018.
Discrete Power MOSFET market incl. automotive MOSFETs. Power IC market incl. automotive power ICs.

Technology leadership in MOSFETs and digital power: highest efficiency and power density

Adjacent

Controller

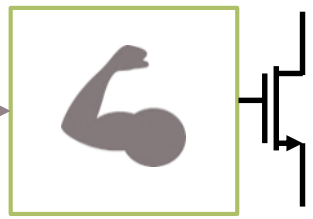
triggers low-power signal to switch on

Core

Driver IC

translates signal into high-current gate input

MOSFET

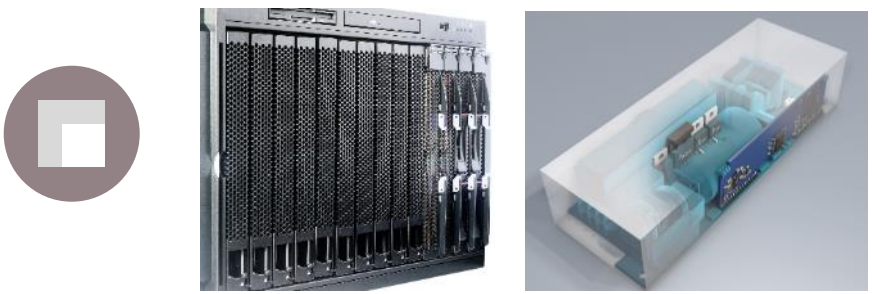


switches on, current flows

Power management solutions reduce TCO

More efficient semiconductors

- lower power consumption
- lower opex



Higher power-density

- more compact system designs
- lower capex

Highly differentiating solution for data centers enables significant opex and capex reduction

Structural trends for data center

- Higher memory content; higher computing power
- Diversified processor supplier base:
- Data center operators invest in proprietary processor designs

Data center power flow optimized by Infineon

AC-DC

CoolMOS™ and **CoolGaN™** enable 2x the output power in a given slot size

DC-DC

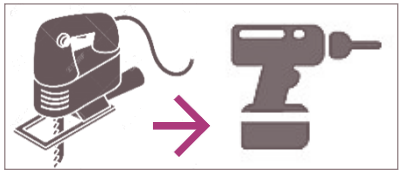
Digital power solutions based on **OptiMOS™**, **driver** and **control ICs** supporting latest processor technologies

Customer benefit

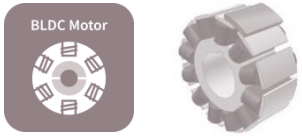
- **Capex reduction**: doubling computing power per server rack
- **Opex savings**: higher efficiency of power conversion reduces electricity cost (computing & cooling)

Four interrelated trends drive power semiconductor BoM in battery-powered applications

Interrelated trends for battery-powered applications



1. From corded to **cordless** power tools



2. From brushed DC to **brushless** DC motors

3. Trend towards **higher power** and **higher battery** voltage

4. **New applications** with trend towards "batteryfication"

BoM increase:

power semiconductor content increase up to 4x for DIY tools

Premium products:

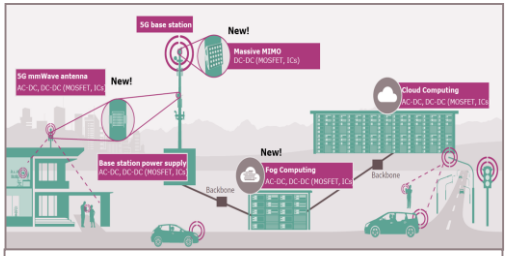
~15% higher ASP for MOSFETs and drivers

significant volume increase

In total battery-powered applications are a significant growth driver for PMM's power business

What comes next? Mid- to long-term structural growth opportunities

Core



5G infrastructure

hyperscale AI data center

new material

Adjacent


Courtesy: Nissan

on-board charger

wireless charging

battery main switch

New area

collaborative robots

smart speaker

class D audio

PMM – RF and Sensing

RF and Sensing devices enable new services and will shape the way we live and work

Augmented Reality


Voice-controlled devices

Smart streetlights

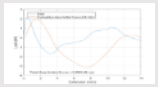
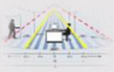
Various use cases are enabled by a small set of versatile core technologies


Commercial and consumer multicopters


Gesture control


Industrial robotics

We focus on MEMS sensors and target to become the leader in 3D sensing and radar

Microphone	Pressure	Enviromental	3D radar	3D ToF
 No distortions	 Best-in-class resolution	 6x6mm² World smallest form factor	 Highest energy efficiency	 Best-in-class resolution
 Receive clear audio signals	 Measure height	 Measure CO2	 Biometrics	 3D mapping

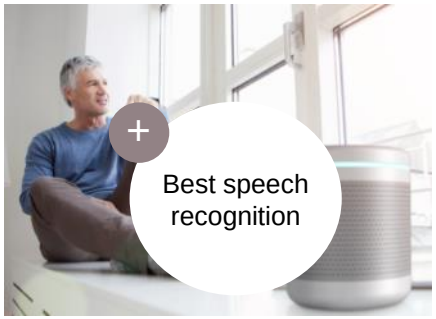
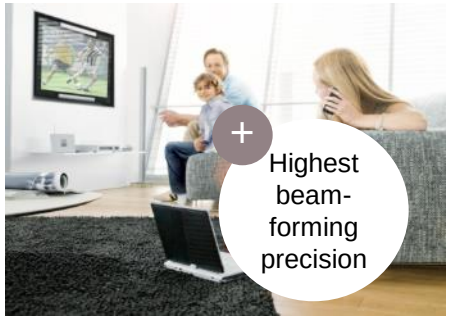
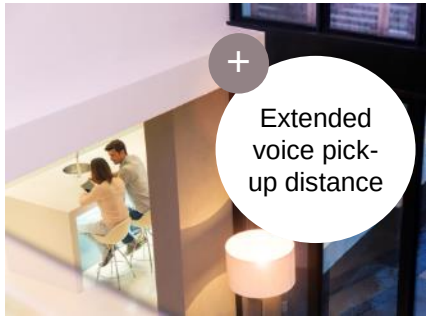
Smart Ears, Smart Feeling, Smart Nose

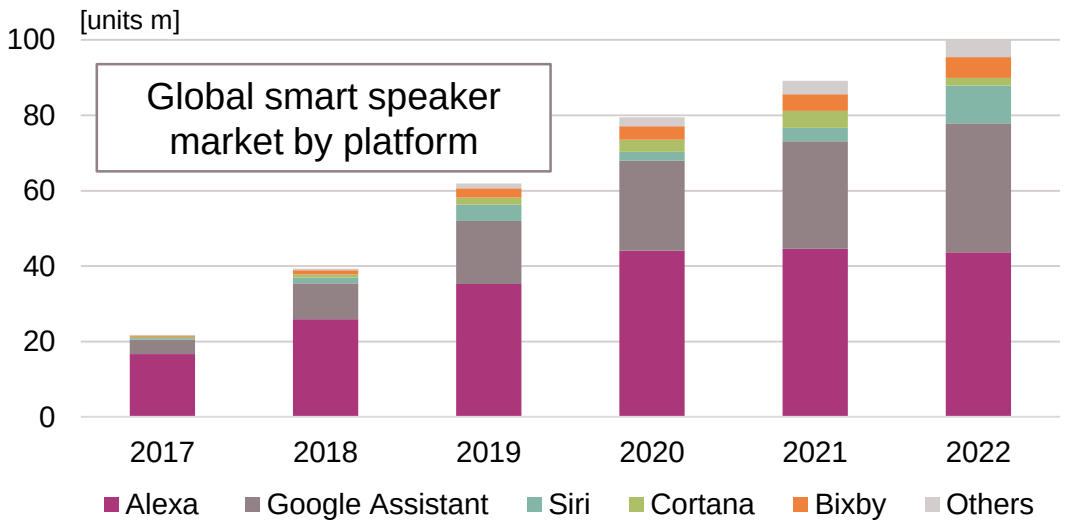
Smart Eyes & Sixth Sense

Key Use Cases – Examples

Voice authentication	Advanced fitness tracking	Smog alarm	Gesture sensing	3D AR gaming
			Face recognition & biometric identification	
Human Machine Interface				

XENSIV™ silicon microphones have plenty of growth opportunities beyond smartphones

Smart speaker	Robotics	TV, laptop and set-top box	Smart home (appliances)
			



Market snapshot:

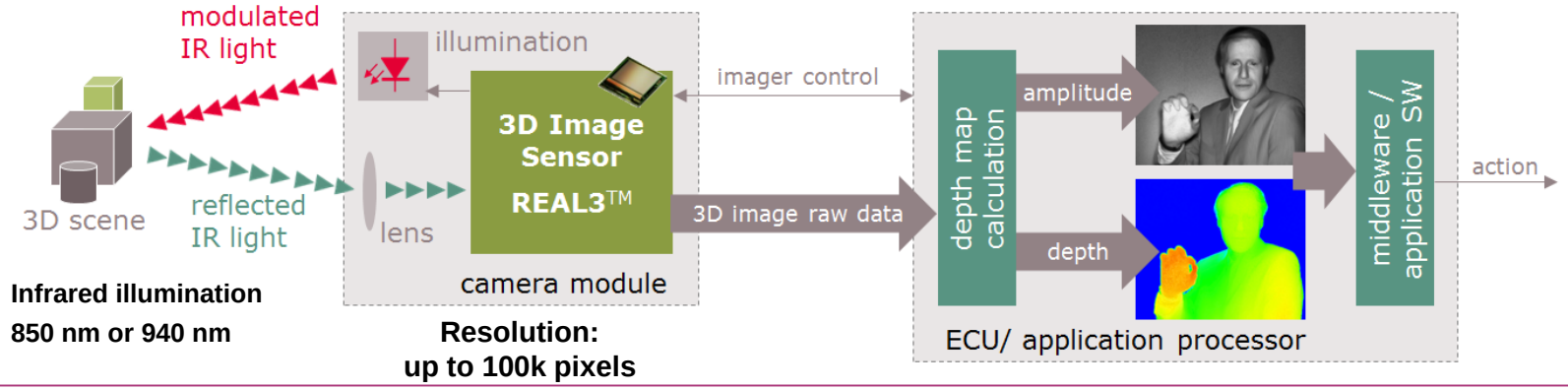
- Global market for smart speakers expected to reach 100m units in 2022
- Platform developers drive unit growth via licensing models to other hardware manufacturers
- Average number of silicon microphones per devices by 2022: ~5

Source: SAR Insight & Consulting, Smart Speaker Market Growth, March 2018

Leading base technologies for sensor solutions: Time-of-Flight

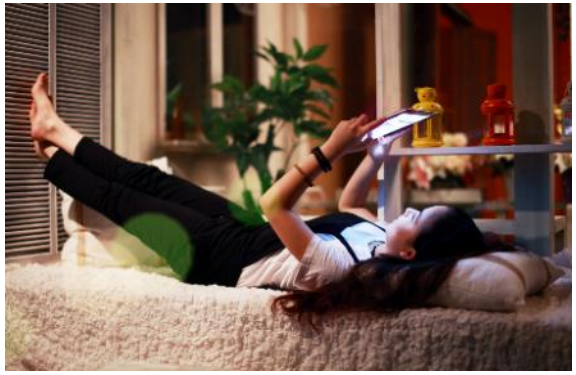
Time-of-Flight

Time-of-Flight: Modulated infrared-light is emitted and reflected by objects.
Phase-shift of returned light is measured in each pixel of the image sensor.



Examples of uses cases enabled by Time-of-Flight technology

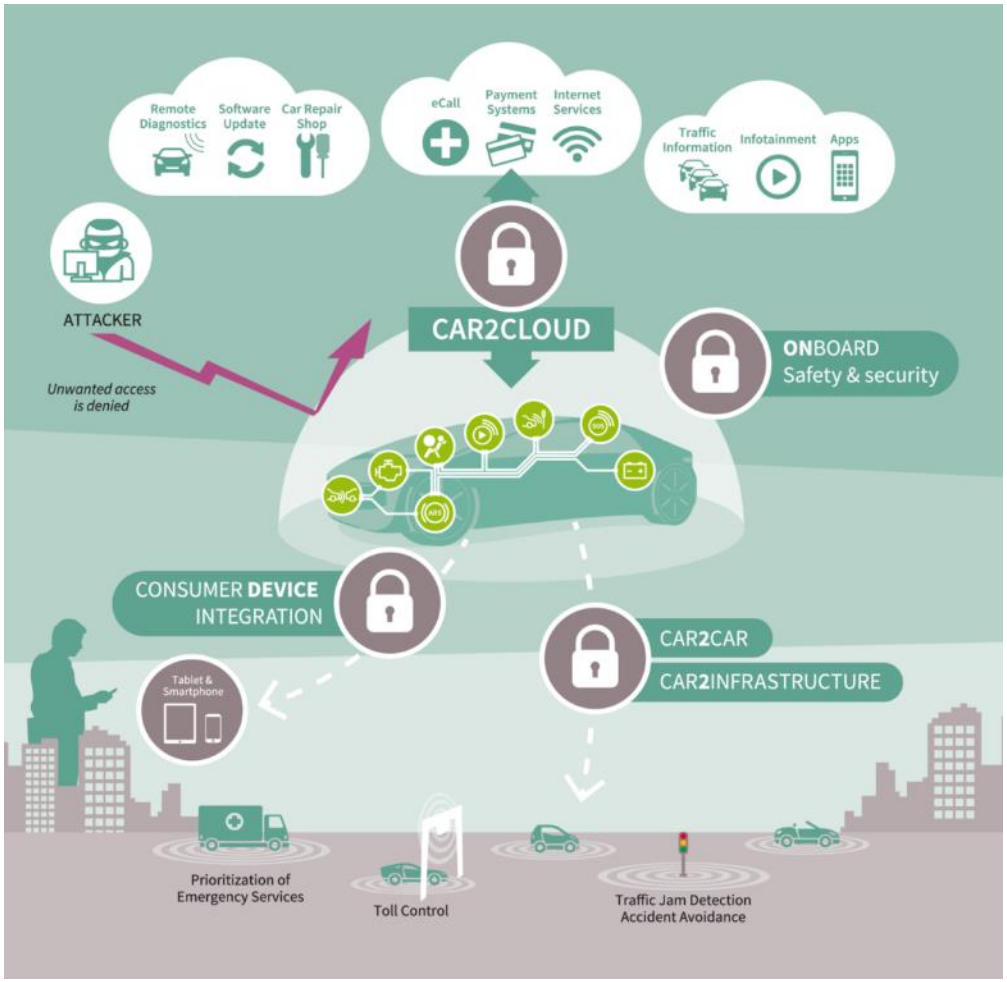
3D scanning	AR / VR / gaming	Secure face recognition



Digital Security Solutions

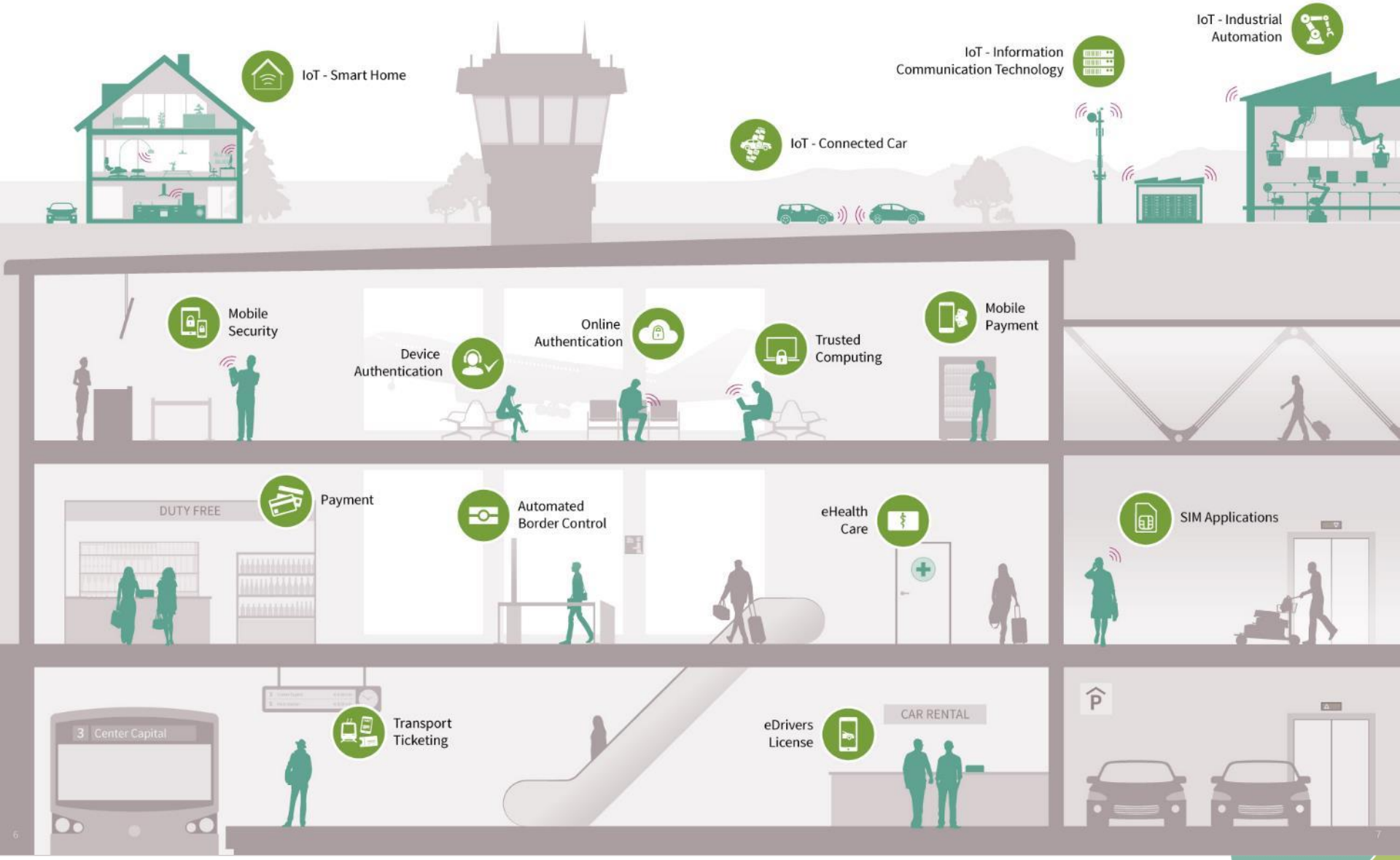
Security is a system approach

Example: Automotive Security

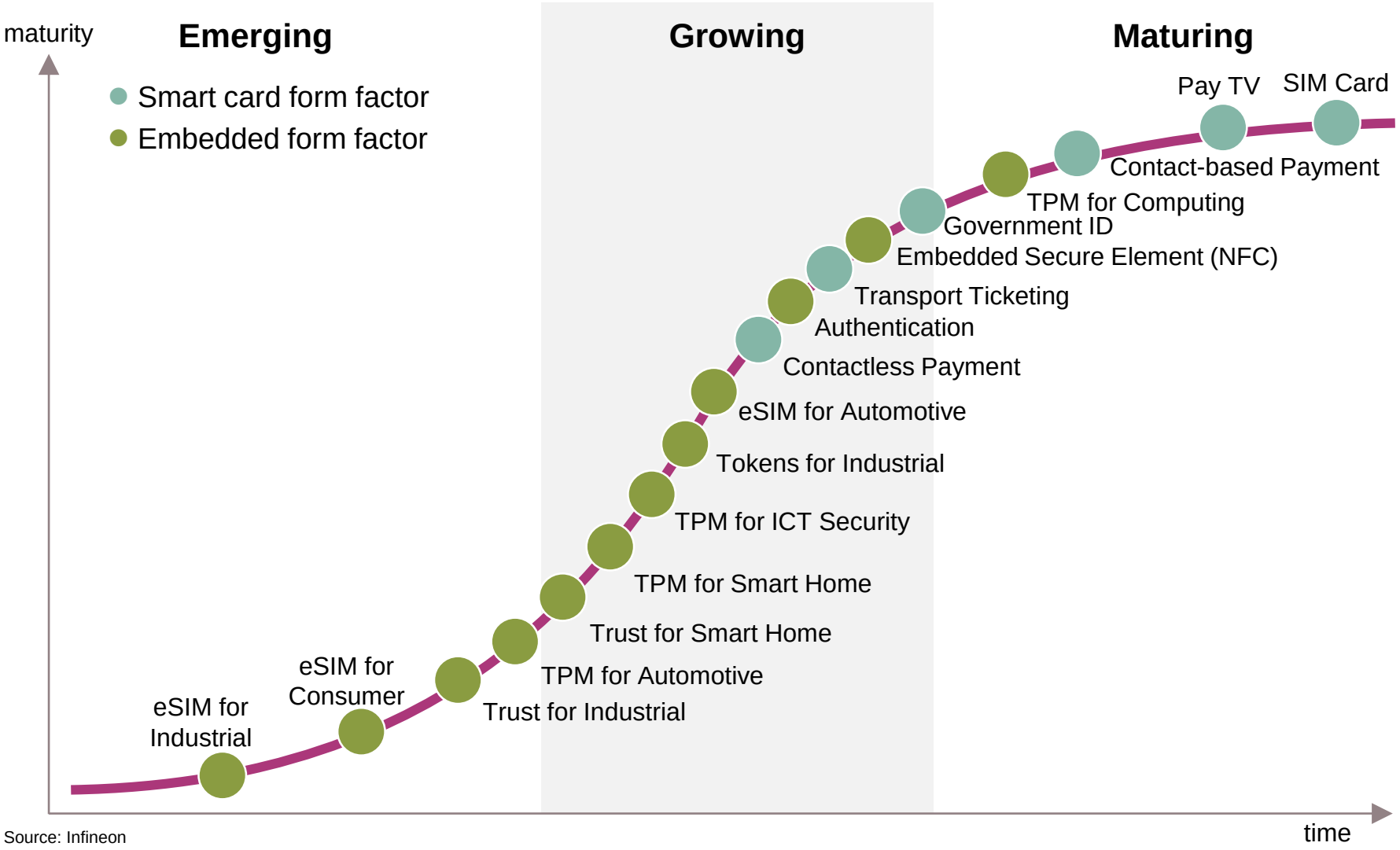


- As humans, machines, 'things' are getting connected, the risks of security attacks increase strongly as attack paths increase
- Accordingly, there is a greater need for security in fields like smart home, connected cars, information and communication technologies, Industry 4.0
- Many manufacturers of devices and systems do not have the necessary security know-how

Infineon offers security for the connected world



Continuous stream of new topics aging and exiting



Source: Infineon

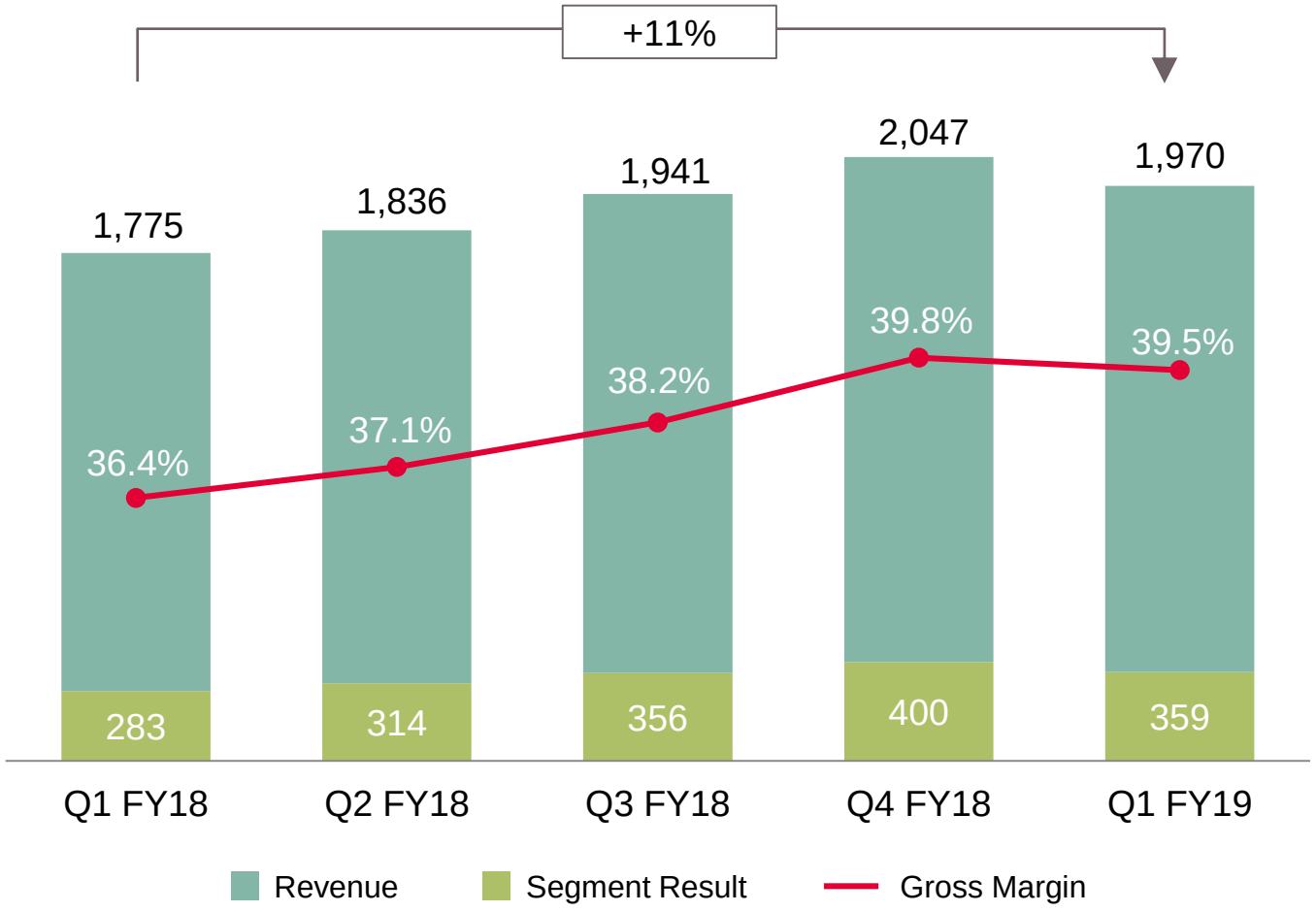
Agenda

1. Infineon at a glance
2. Target operating model (TOM)
3. Quarterly highlights
4. Automotive
5. Industrial Power Control
6. Power Management & Multimarket
7. Digital Security Solutions
8. Selected financial figures

Seasonal revenue decline in Q1 FY19, strong revenue growth + 11% y-y

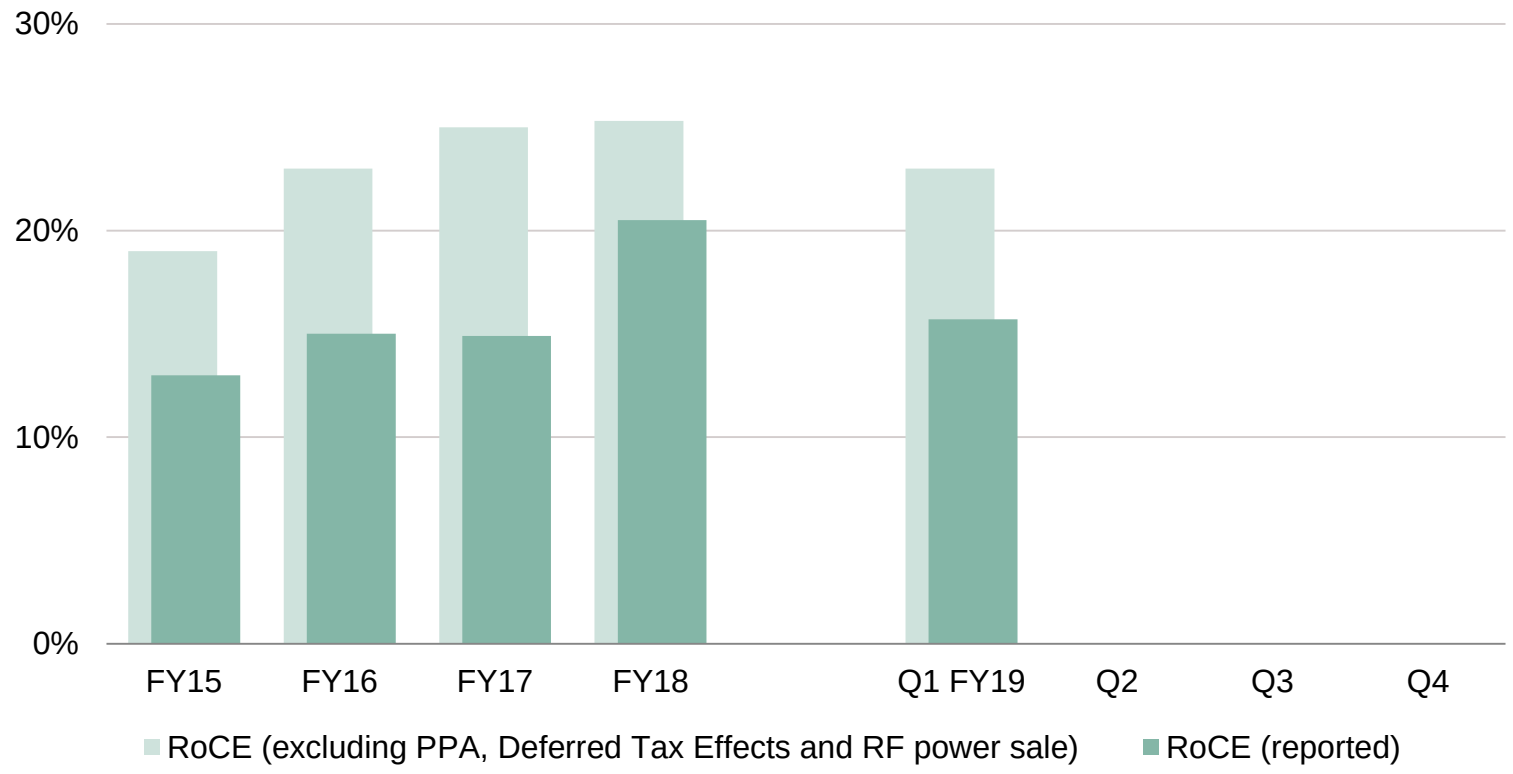
Revenue development

[EUR m]



Organic RoCE as the key value metric typically amounts to ~2x WACC

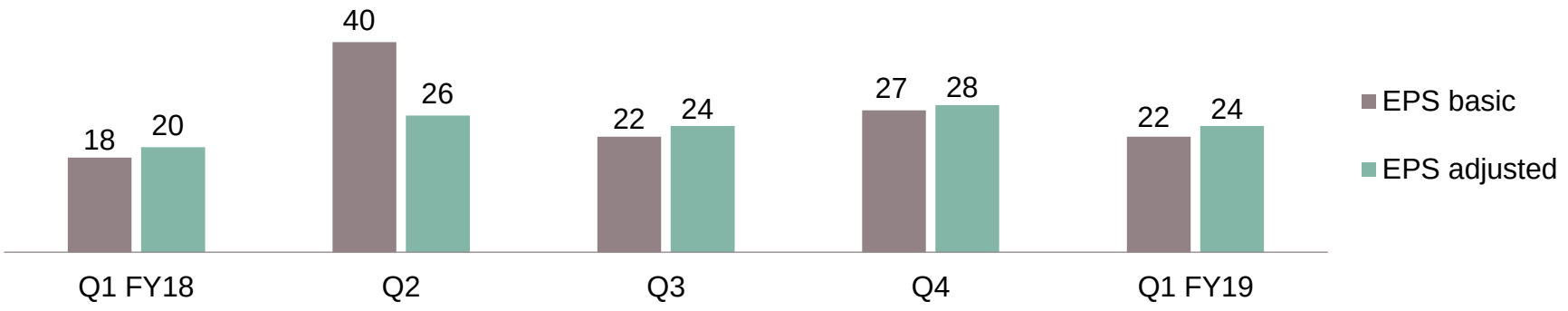
RoCE and adjusted RoCE



Our commitment to investors: Continued value creation through growth

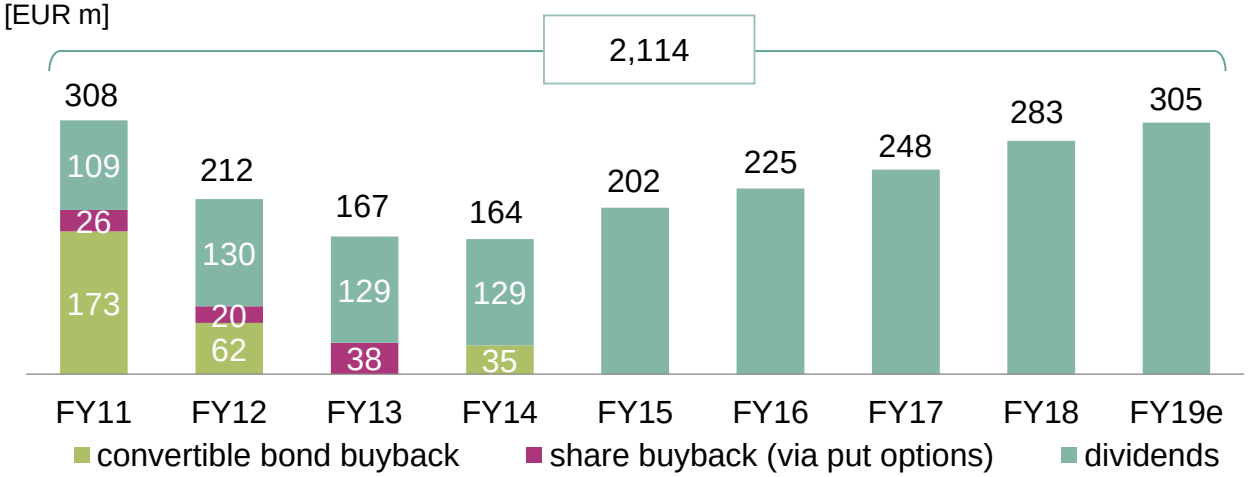
Development of earnings-per-share (EPS) from continuing operations

[EUR cent]



Total cash return to shareholders

[EUR m]



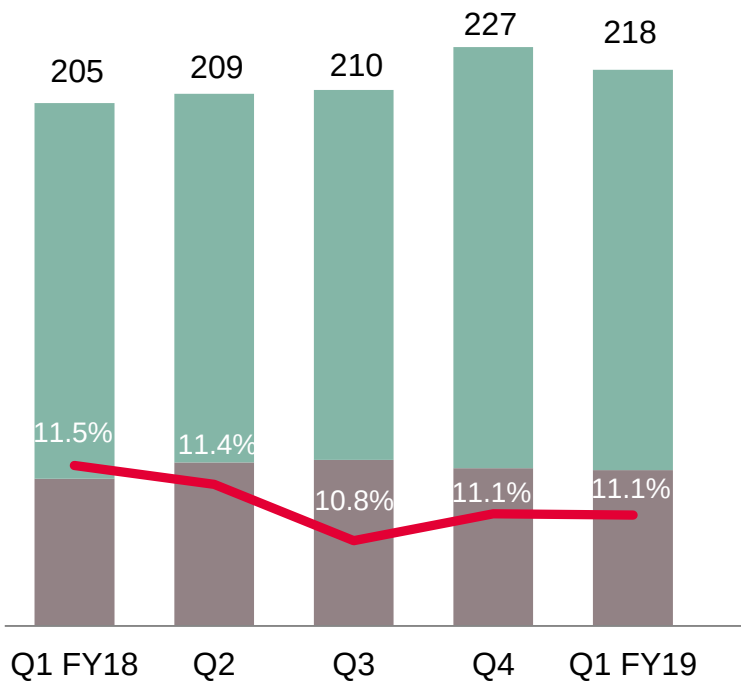
- Policy of sustainable dividend payout
- Increase of dividend from €0.25 to €0.27*
- Payment of €305m*

* Proposal to the AGM to be held on 21 February 2019

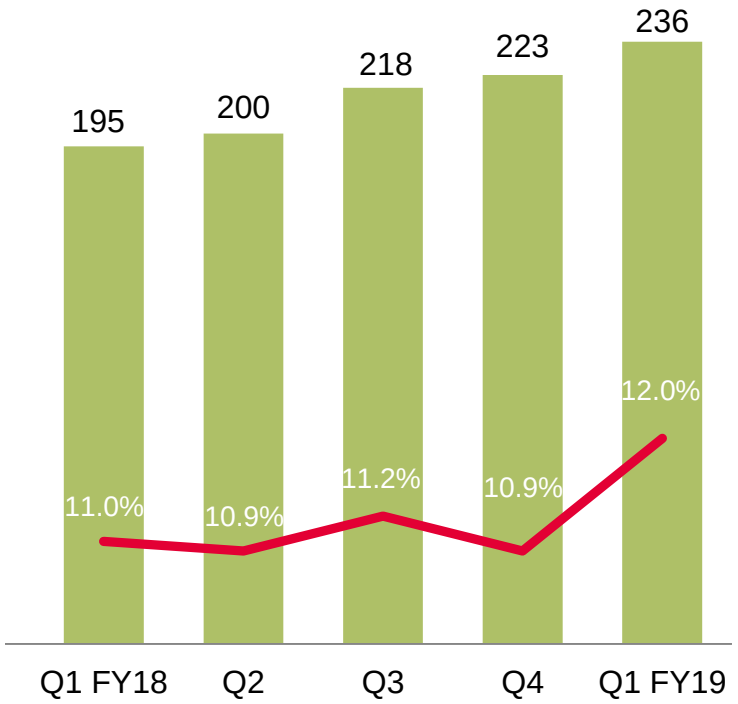
Opex within target range

Selling, General & Administration*

[EUR m]



Research & Development**



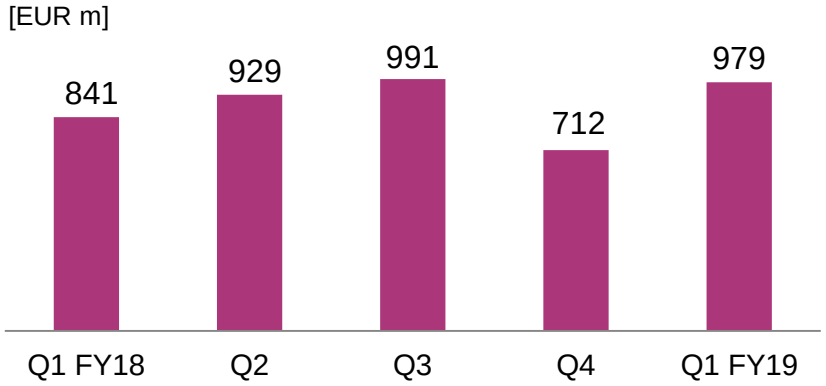
General & Administration | Selling | R&D | % of sales [rhs]

* Target range for SG&A: "Low teens percentage of sales".

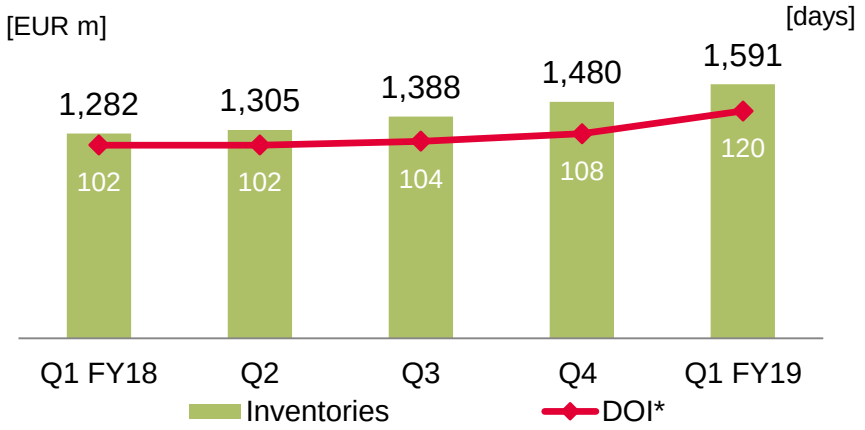
** Target range for R&D: "Low to mid teens percentage of sales". In FY18, reported R&D expenses amounted to €836m, net of €86m of grants received and net of €143m of capitalized development costs.

Inventories main driver for Working Capital increase

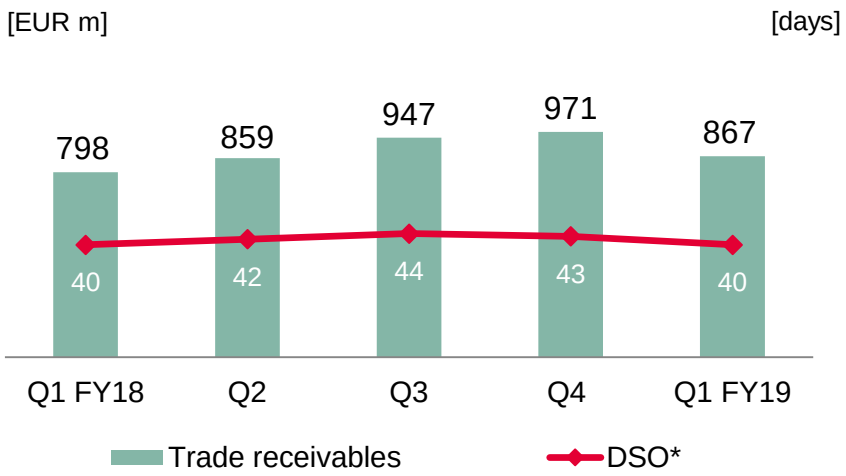
Working capital*



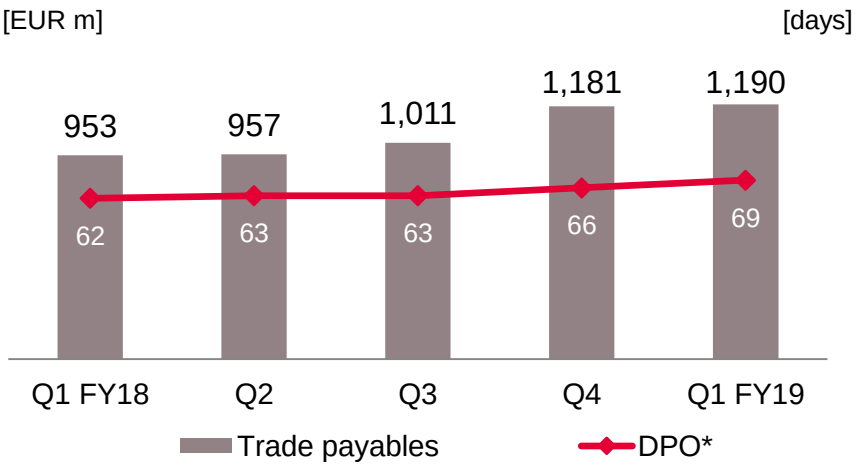
Inventories



Trade receivables



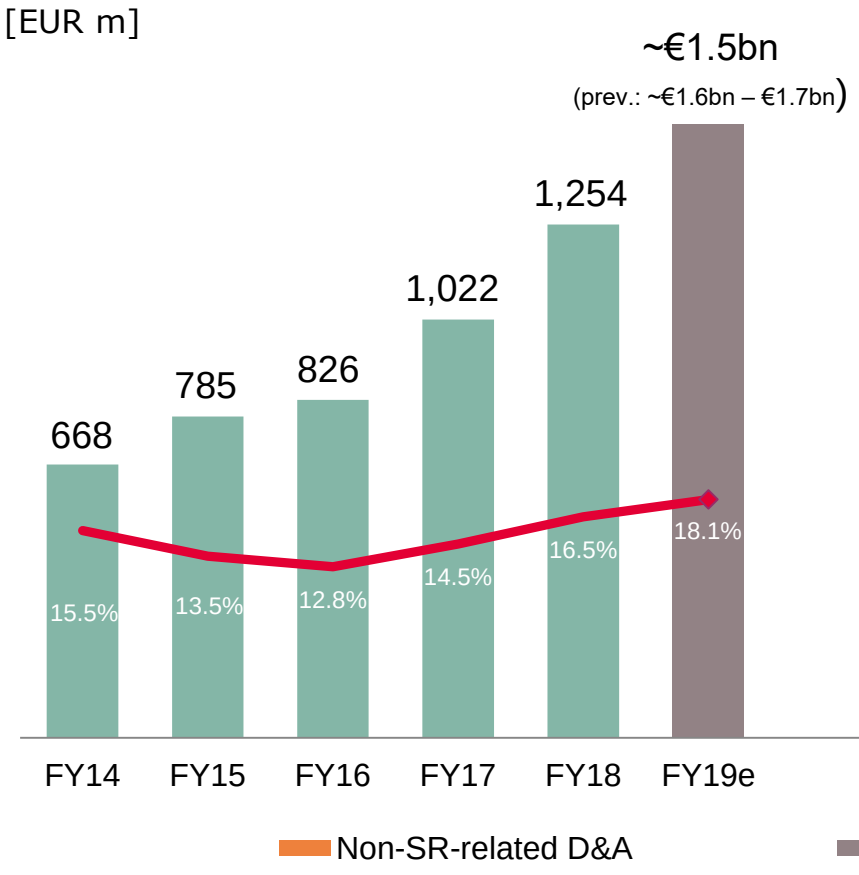
Trade payables



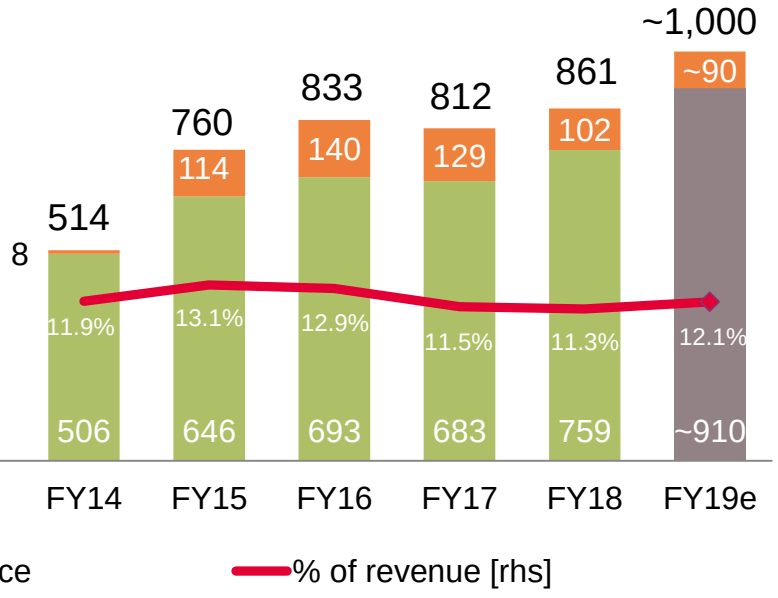
* For definition please see page "Notes".

Investments and D&A trending up due to strong growth

Investments*



Depreciation & Amortization

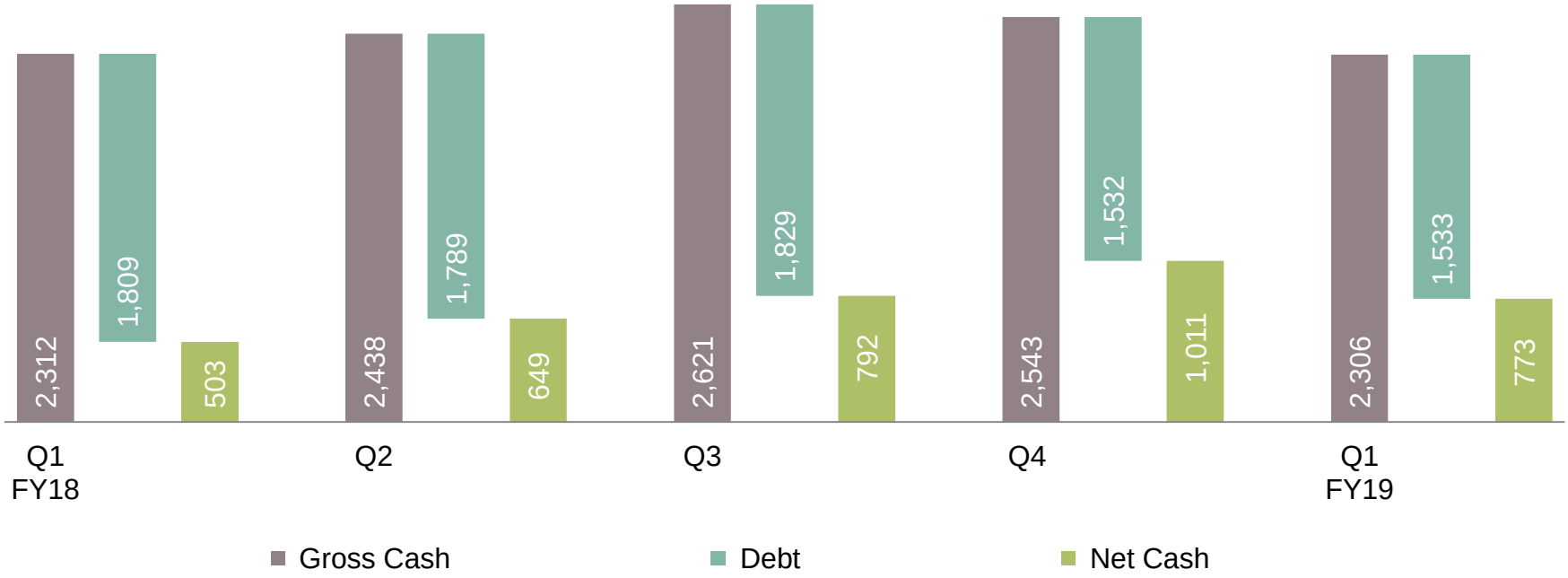


* For definition please see page „Notes“.

Healthy gross cash and net cash position

Liquidity development

[EUR m]

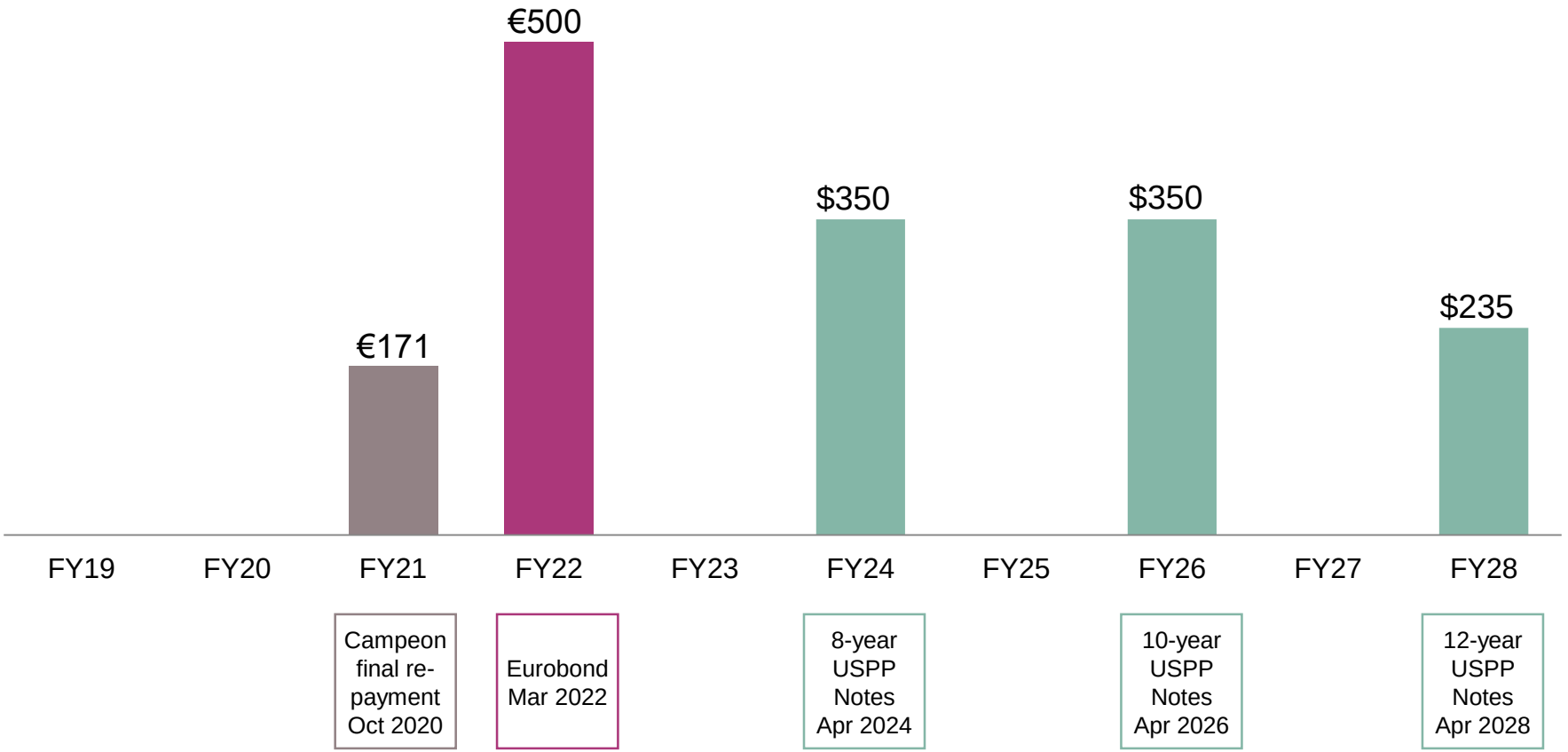


- Operating cash flow from continuing operations was €310m in Q1 FY 2019
- Free Cash Flow from continuing operations was minus €221m

Infineon has a balanced maturity profile and a solid investment grade rating (BBB) from S&P

Maturity profile

[EUR m; US$ m; nominal values]



Note: Additional debt with maturities between 2019 and 2023 totaling €47m of which €21m repayments related to Campeon.

Glossary (1 of 2)

AC	alternating current
AC-DC	alternating current - direct current
AD	automated driving
ADAS	advanced driver assistance system
AEB	automatic emergency braking
AI	artificial intelligence
AR	augmented reality
BEV	battery electric vehicle
BGA	ball grid array
BoM	bill of material
CPU	central processing unit
DC	direct current
DC-DC	direct current - direct current
DPM	digital power management
eCall	emergency call
ECU	electronic control unit
ECU	electronic control unit
EMU	electric multiple unit
EPS	electric power steering
eSIM	embedded subscriber identity module
eSIM	embedded SIM
EV	electric vehicle
FPGA	field programmable gate array
GPU	graphics processing unit
HEV	mild and full hybrid electric vehicle
HMI	human machine interaction
HSM	hardware security module
HST	high-speed train
HW	hardware
ICE	internal combustion engine
INV	in-vehicle networking

Glossary (2 of 2)

IPM	intelligent power module
iPoI	image processing line
IRF	International Rectifier
LSEV	low-speed electric vehicle
LSPS	LS Power Semitech Co. Ltd.
µC	microcontroller
MEMS	micro electro-mechanical systems
MHA	major home appliances
MIMO	multiple input, multiple output
micro-hybrid	vehicles using start-stop systems and limited recuperation
mild-hybrid	vehicles using start-stop systems, recuperation, DC-DC conversion, e-motor
MOSFET	metal-oxide silicon field-effect transistor
OBC	on-board charger
OEM	original equipment manufacturer
PHEV	plug-in hybrid electric vehicle
PoI	point-of-load
PV	photovoltaic
RF	radio frequency
rhs	right-hand scale
Si	silicon
SiC	silicon carbide
SiGe	silicon germanium
SMPS	switch-mode power supply
SOTA	software over-the-air
SW	software
ToF	time-of-flight
TPM	trusted platform module
UPS	uninterruptible power supply
V2X	vehicle-to-everything communication
VR	virtual reality
VSD	variable speed drive
xEV	all degrees of vehicle electrification (EV, HEV, PHEV)

Disclaimer

Disclaimer

This presentation contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

These statements are based on assumptions and projections resting upon currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected.

Beyond disclosure requirements stipulated by law, Infineon does not undertake any obligation to update forward-looking statements.

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Infineon is a long-standing member of Europe's leading sustainability indices

Infineon's most recent achievements

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

- Jan 2018: Infineon is listed in the Sustainability Yearbook for the 8th consecutive year and has received the Bronze Class distinction for its excellent sustainability performance.
- Sep 2018: Infineon is listed in the Dow Jones Sustainability Europe Index (as the only semiconductor company) for the 9th consecutive year and in the World Index for the 4th time

FTSE4Good

- Infineon was added to the FTSE4Good Index Series in 2001 and has been confirmed as a member since then
- Jul 2018: Most recent review

- Since 2014, Infineon has been publishing information on opportunities and risks due to climate change through the "Carbon Disclosure Project" (CDP).
- For 2017, Infineon has earned a spot among the three best companies in the "Information Technology" sector in the Germany, Austria and Switzerland region.

CDP
DRIVING SUSTAINABLE ECONOMIES

ETHIBEL SUSTAINABILITY INDEX EXCELLENCE Europe

- Sep 2018: Infineon has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe

Financial calendar

Date	Location	Event
21 Feb 2019	Munich	Annual General Meeting
25 – 27 Feb 2019	Barcelona	Mobile World Congress
14 Mar 2019	Paris	Bryan, Garnier & Co. 4th Annual Technology Conference
5 Apr 2019	Baden-Baden	Bankhaus Lampe Conference
7 May 2019*		Q2 FY19 Results
8 May 2019	Nuremberg	PCIM trade show; IPC Business Update by Dr. Peter Wawer, Division President IPC and Dr. Peter Friedrichs, Technology Development Silicon Carbide
4 Jun 2019	Milan	Equita 14th European Conference
4 Jun 2019	Zurich	Berenberg Innovation Conference
5 Jun 2019	Berlin	Deutsche Bank German, Swiss & Austrian Conference
11 Jun 2019	Paris	Exane 21st European CEO Conference
1 Aug 2019*		Q3 FY19 Results
29 Aug 2019	Frankfurt	Commerzbank Sector Conference
23 Sep 2019	Unterschleißheim (nearby Munich)	Berenberg Goldman Sachs German Corporate Conference
24 Sep 2019	Munich	Baader Investment Conference
7 - 8 Oct 2019	London	ATV Presentation by Peter Schiefer, Division President ATV
12 Nov 2019*		Q4 FY19 Results

* preliminary

Notes

Investments = 'Purchase of property, plant and equipment' + 'Purchase of intangible assets and other assets' incl. capitalization of R&D expenses

Capital Employed = 'Total assets' – 'Cash and cash equivalents' – 'Financial investments' – 'Assets classified as held for sale – ('Total Current liabilities' – 'Short-term debt and current maturities of long-term debt' – 'Liabilities classified as held for sale')

RoCE = NOPAT / Capital Employed
= ('Income from continuing operations' – 'financial income' – 'financial expense') / Capital Employed

Working Capital = ('Total current assets' – 'Cash and cash equivalents' – 'Financial investment' – 'Assets classified as held for sale') – ('Total current liabilities' – 'Short term debt and current maturities of long-term debt' – 'Liabilities classified as held for sale')

DOI (days of inventory; quarter-to-date) = ('Net Inventories' / 'Cost of goods sold') * 90

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

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

Please note: All positions in ' ' refer to the respective accounting position and therefore should be applied with the positive or negative sign used in the relevant accounting table.

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