

Baader Investment Conference

Munich, 26 September 2012

Peter Bauer
CEO



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■ Infineon at a Glance

■ Results and Outlook

■ Growth Outlook

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.

We Focus on Three Areas with Highly Attractive Future Perspectives



Energy Efficiency



Mobility



Security



Automotive (ATV)

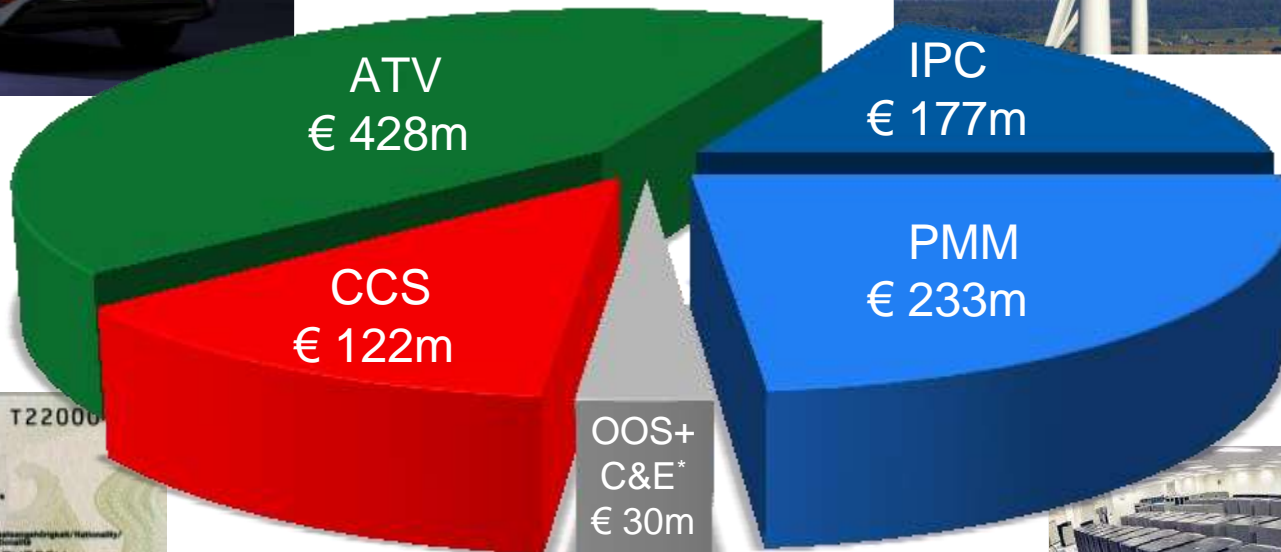
Industrial Power Control (IPC)

Power Management & Multimarket (PMM)

Chip Card & Security (CCS)

Revenue Split by Division

Q3 FY 2012 revenue: EUR 990m



* Other Operating Segments;
Corporate & Eliminations.

New Era: Multiple Factors Driving Demand for Power Semiconductors

'90 – '10



'10 – '30



Changes

- Electrification of powertrain fuels demand for high-power semis in cars and doubles silicon content.



- Shift towards renewable energies requires orders of magnitude more high-power semis per MW of power generated.

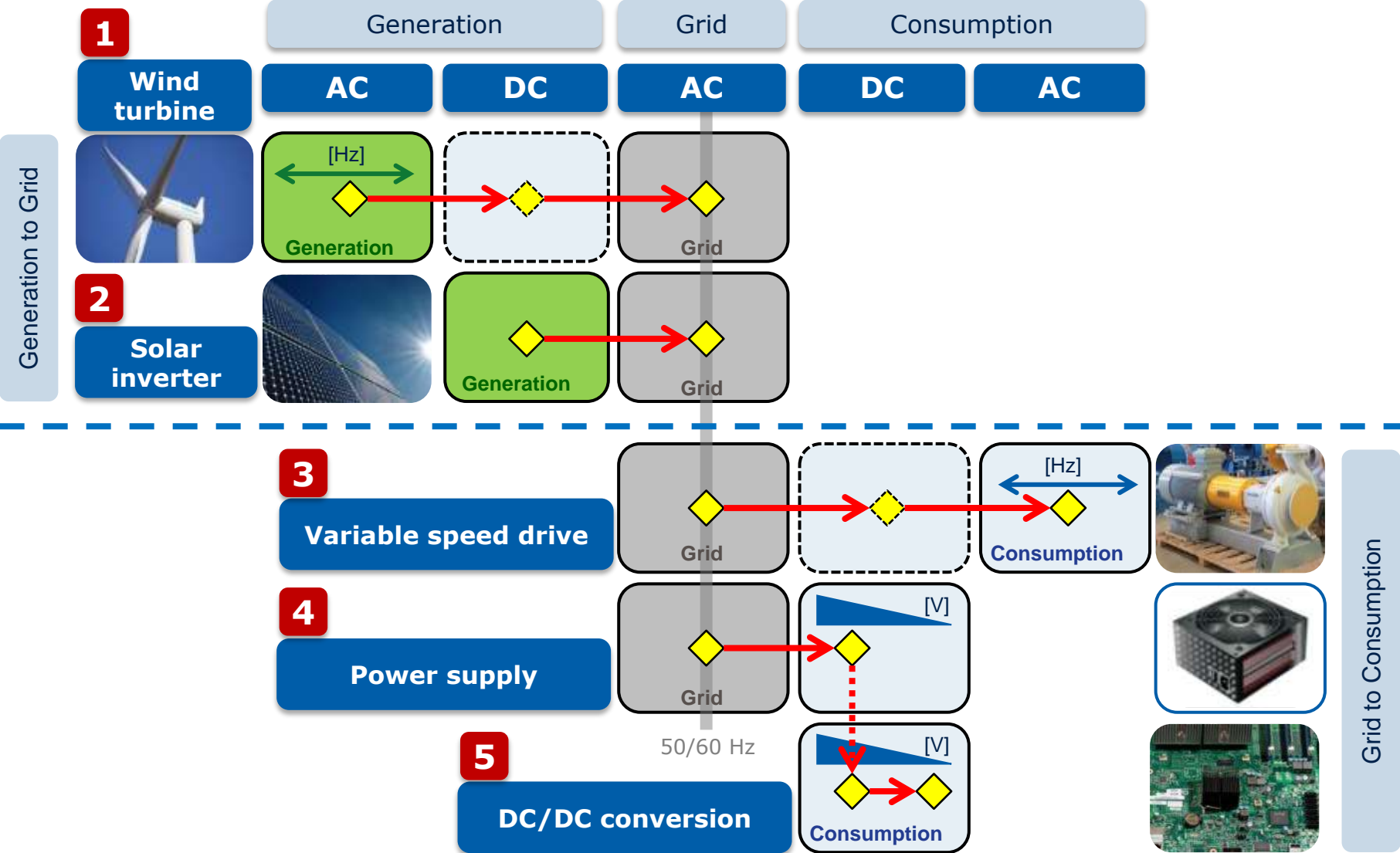


- Higher efficiency in power conversion lowers CO₂, material and electricity costs.



- Stronger demand for goods containing power semis due to faster increase in standard of living in BRIC countries.

Every Electricity Conversion Step Requires Infineon Components



Tight Customer Relationships are Based on System Knowhow and Appl. Understanding



ATV



IPC



PMM



CCS



Distributors

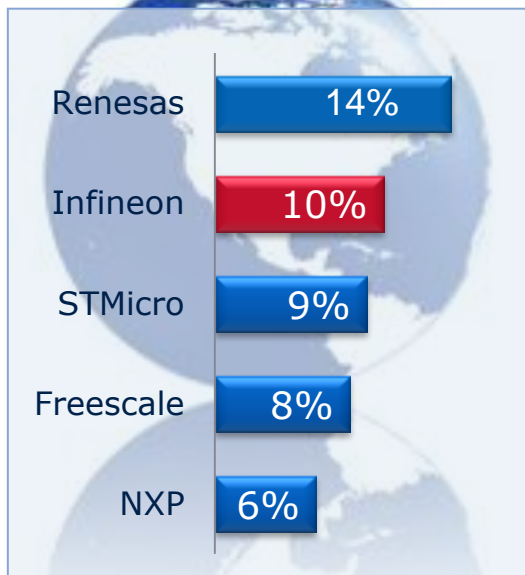


Infineon Holds Top Positions in All Target Markets



Automotive

#2

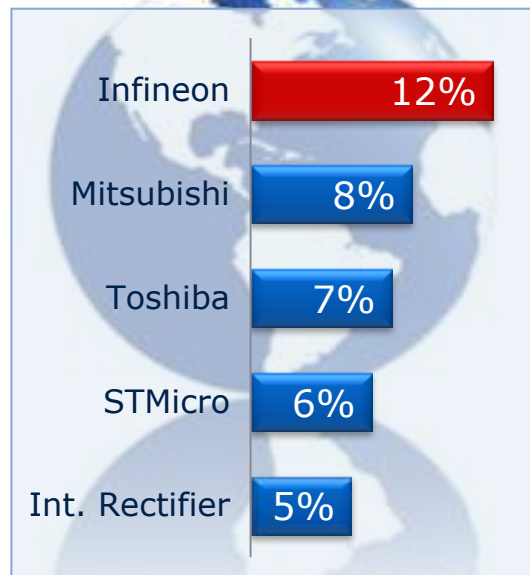


Calendar Year 2011.

Source: Strategy Analytics, April 2012.

Power

#1

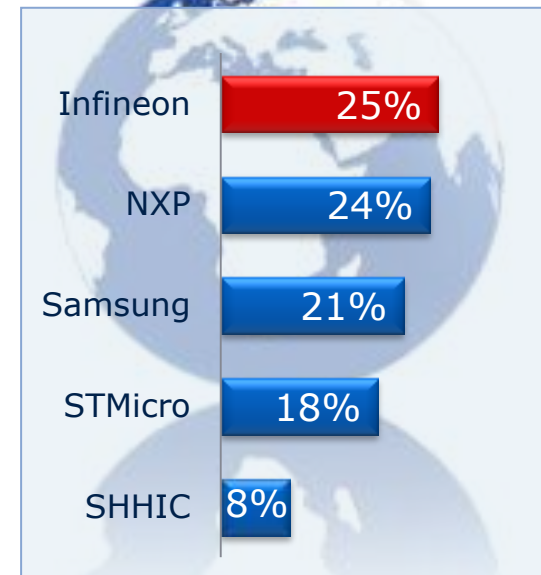


Calendar Year 2011.

Source: IMS Research (an IHS company), July 2012.

Chip Card

#1



Calendar Year 2011.

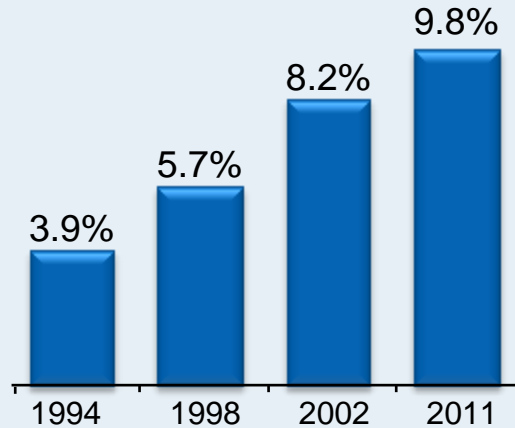
Source: IMS Research (an IHS company), August 2012.

Automotive: Infineon Biggest Market Share Gainer Amongst All Players in 2011



Worldwide Automotive Semiconductor Ranking for 2011

1. Renesas	13.8%	↘	-0.3%-pt
2. Infineon	9.8%	↗	+1.0%-pt
3. STM	8.7%	↗	+0.4%-pt
4. Freescale	7.9%	↘	-0.5%-pt
5. NXP	6.4%	↘	-0.4%-pt
6. Bosch	5.8%	↗	+0.2%-pt
7. TI (incl. NSM)	4.7%	→	0%-pt



Infineon
■ strengthened world's #2 position;
■ rose from #8 to #4 position in Japan.

Europe

1. Infineon	14.7%
2. STM	11.3%
3. Bosch	9.4%
4. Freescale	8.7%
5. NXP	8.2%
6. Renesas	8.0%
7. TI	6.8%
8. ON Semi	3.0%

APAC & others*

1. STM	10.1%
2. Infineon	9.0%
3. Renesas	7.5%
4. Freescale	7.4%
5. NXP	7.3%
6. Bosch	5.7%
7. Toshiba	2.9%
8. TI	2.6%

North America

1. Freescale	13.8%
2. Infineon	8.5%
3. STM	8.0%
4. Renesas	7.5%
5. NXP	6.7%
6. TI	6.0%
7. Bosch	3.7%
8. ON	3.3%

Japan

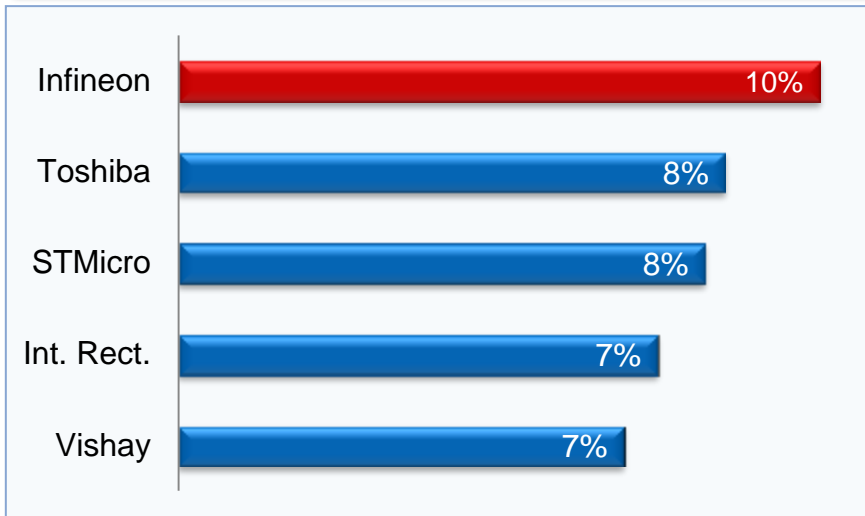
1. Renesas	35.1%
2. Toshiba	13.0%
3. Fujitsu	3.9%
4. Infineon	3.8%
5. Rohm	3.6%
6. STM	3.6%
7. ON	3.1%
8. Sanken	2.9%

Source: Strategy Analytics, April 2012 * According to Strategy Analytics this ranking also includes Russia, South America, Australia and further countries.

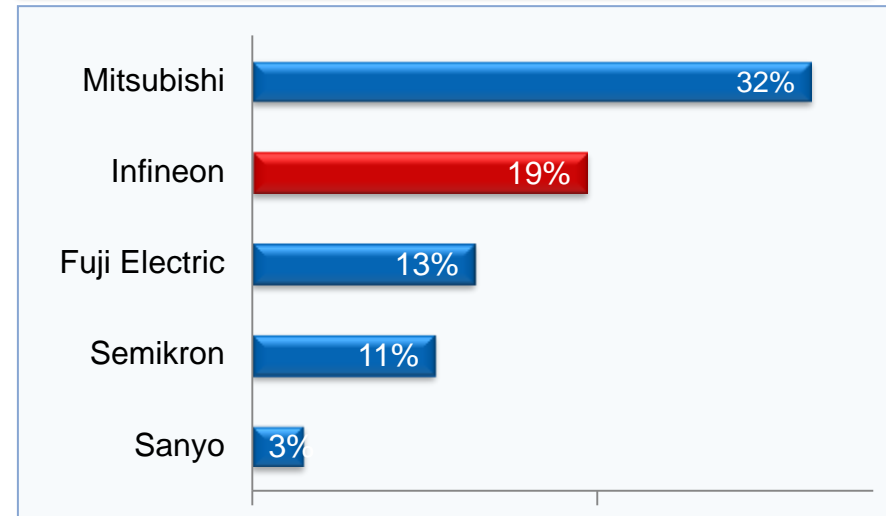
Infineon's Market Share for Power Discretets and Modules



Power discretets 2011*



IGBT modules 2011*



Highlights

- Innovative and optimized chip process technologies.
- Tailored assembly and module technology.
- Leading-edge manufacturing, e.g. 300mm power.

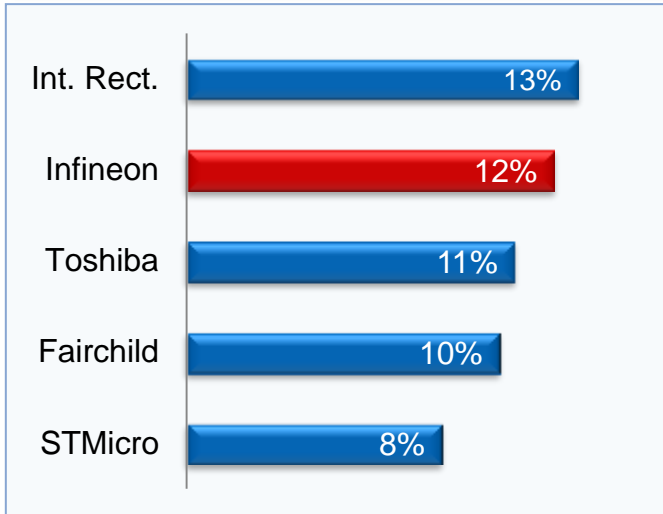
* Source: IMS Research (an IHS company) „Power Semiconductor Discretets & Modules – Edition 2012“, August 2012.

Market Share Gain Track Record

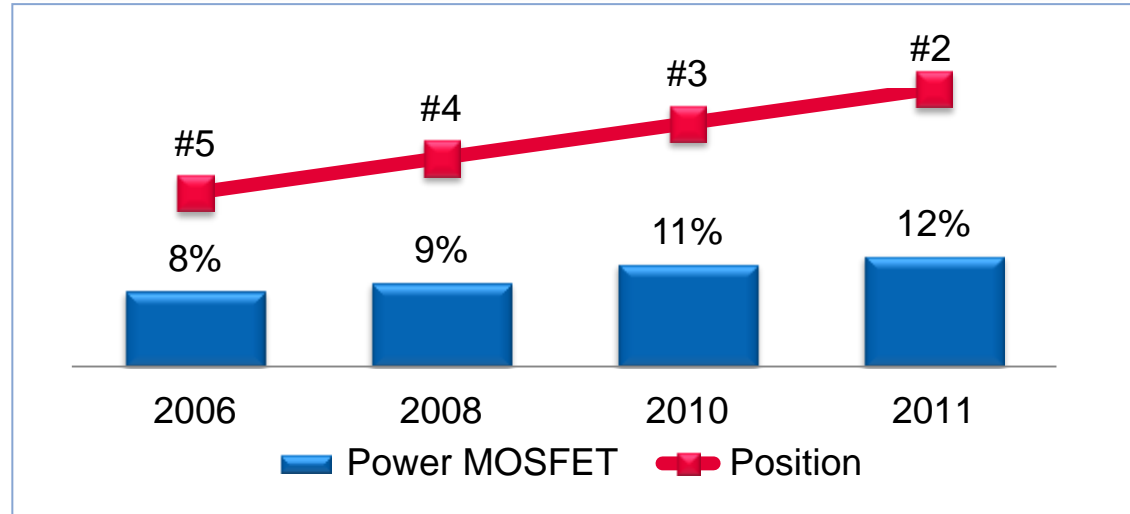
Discrete Power MOSFETS



Power MOSFETs 2011*



Market share track record and ranking**



Highlights

- Market share gains over the last several years expected to continue via increased bundling of power discretes with power ICs.
- Strong product portfolio and technology leadership is creating success in high margin markets, enabling reduction in gap to #1.

* Source: IMS Research (an IHS company) „World Market for Power Semicond. Discretes & Modules – Edition 2012“, August 2012.

** Source: IMS Research (an IHS company) „World Market for Power Semiconductor Discretes & Modules – Edition 2008/2010“.

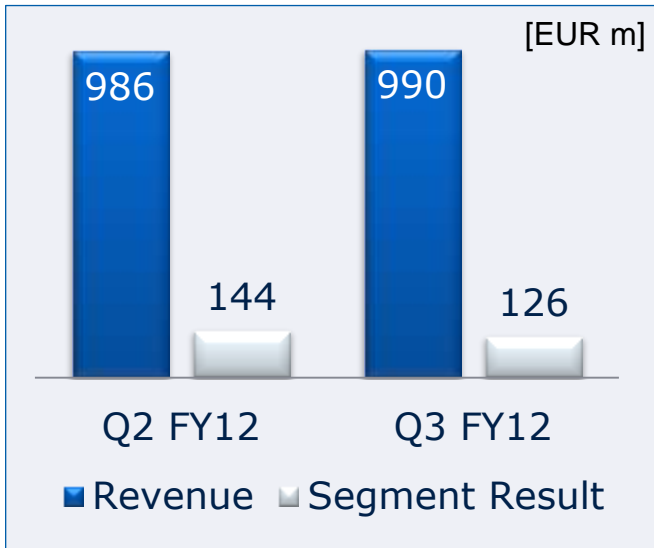
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■ Infineon at a Glance

■ **Results and Outlook**

■ Growth Outlook

Decreasing Segment Result Margin due to High Investment



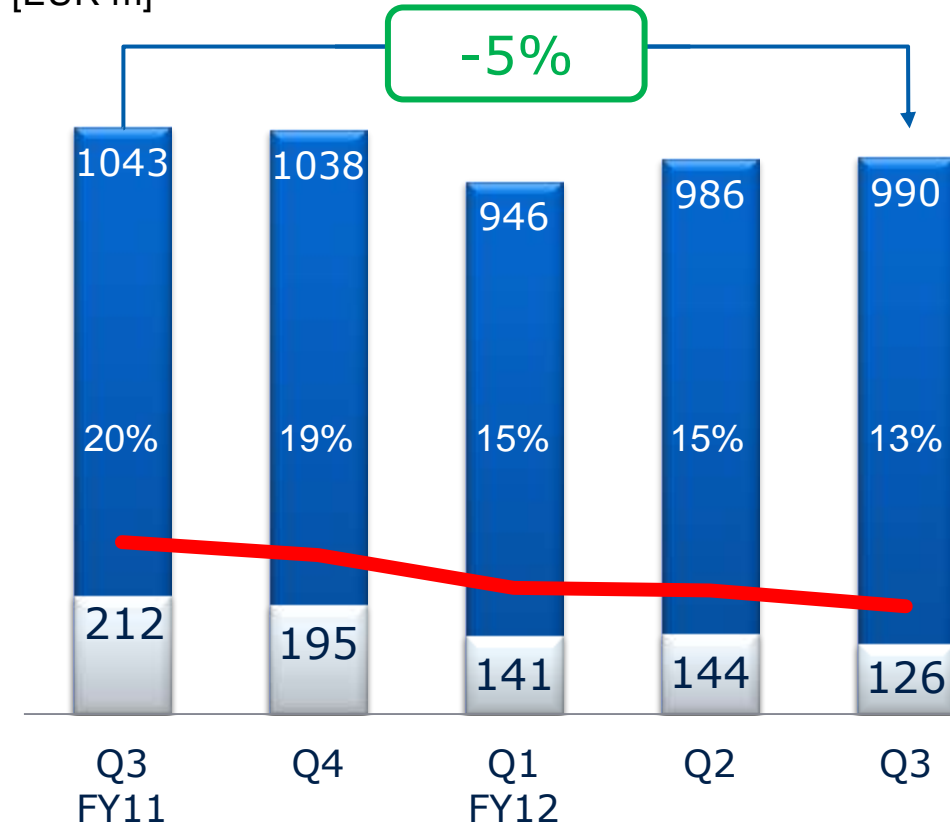
[EUR m]	Q3 FY11	Q2 FY12	Q3 FY12
Revenue	1,043	986	990
Segment Result	212	144	126
SR Margin	20.3%	14.6%	12.7%
Net Income*	190	111	82
Investment	319	192	158
FCF from cont. operations	-8	-10	-22
Gross Cash	2,585	2,190	2,150
Net Cash	2,246	1,927	1,907

* Net Income includes „income from discontinued operations, net of income taxes“ in Q3 FY11 EUR 15m, in Q2 FY12 EUR 2m and in Q3 FY12 EUR -8m.

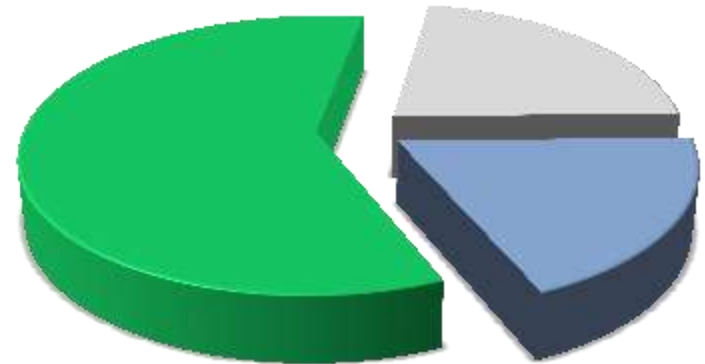
After Record Revenues in 2011, Sales in 2012 Are Almost Flat

Revenue and Segment Result

[EUR m]



FY 2011 revenue split by product category



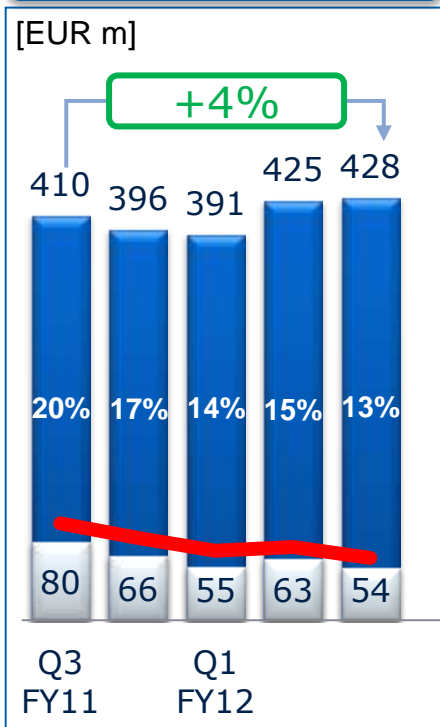
■ Power ■ eControl ■ others

■ Revenue ■ Segment Result — Segment Result margin

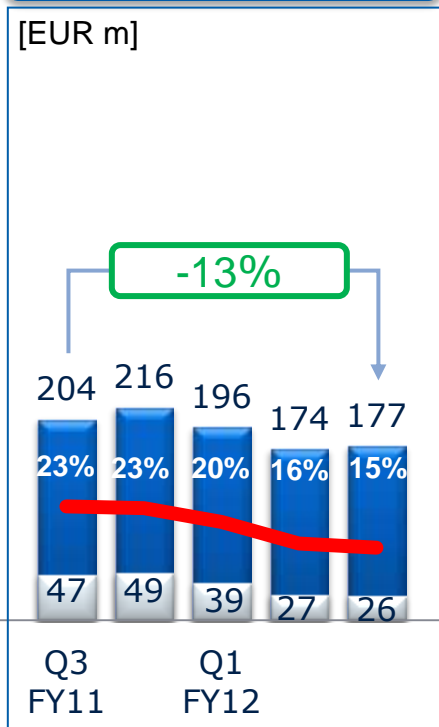
All-Time-High in Revenues in ATV; Slight Recovery in PMM



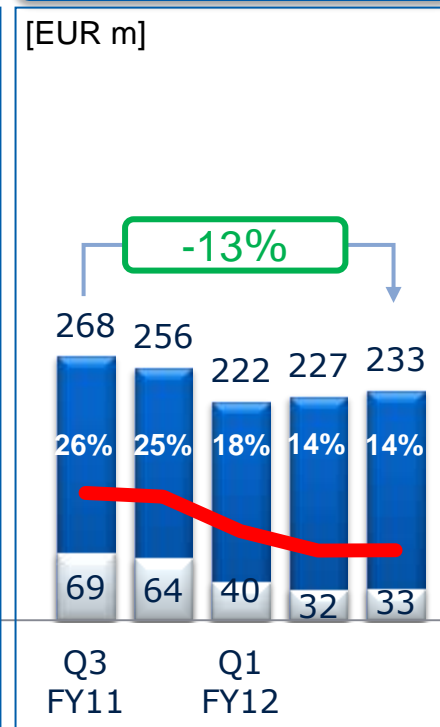
ATV



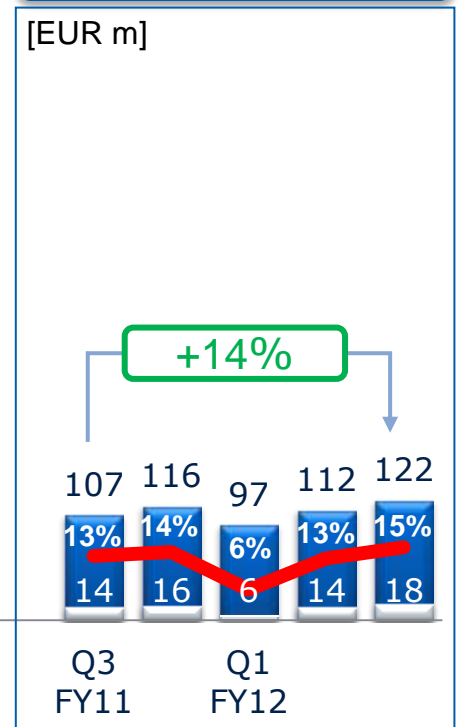
IPC



PMM



CCS



Revenue


Segment Result


Segment Result margin

Guidance for Q4 and FY 2012

Outlook as per
31 July 2012.

Updated outlook as per
yesterday's ad-hoc release.

Outlook Q4 FY12*
(compared to Q3 FY12) 

Outlook Q4 FY12*
(compared to Q3 FY12) 

Revenue

Revenue flat
to down slightly.

Revenue down slightly.

Segment
Result
Margin

Approximately
12 percent.

Close to 12 percent.

Investments in FY 2013

Significantly lower than in FY 2012.

* This outlook is based on an assumed Euro/US Dollar exchange rate of 1.25 for Q4 FY12.

Guidance for Q1 FY13

Outlook as per
yesterday's ad-hoc release.

Outlook Q1 FY13
(compared to Q4 FY12)



Revenue

Revenue to decline
up to 10 percent.

Segment
Result
Margin

Approximately
5 - 7 percent.

Management Board
will define and
implement measures
to improve profitability
beyond Q1 FY13.

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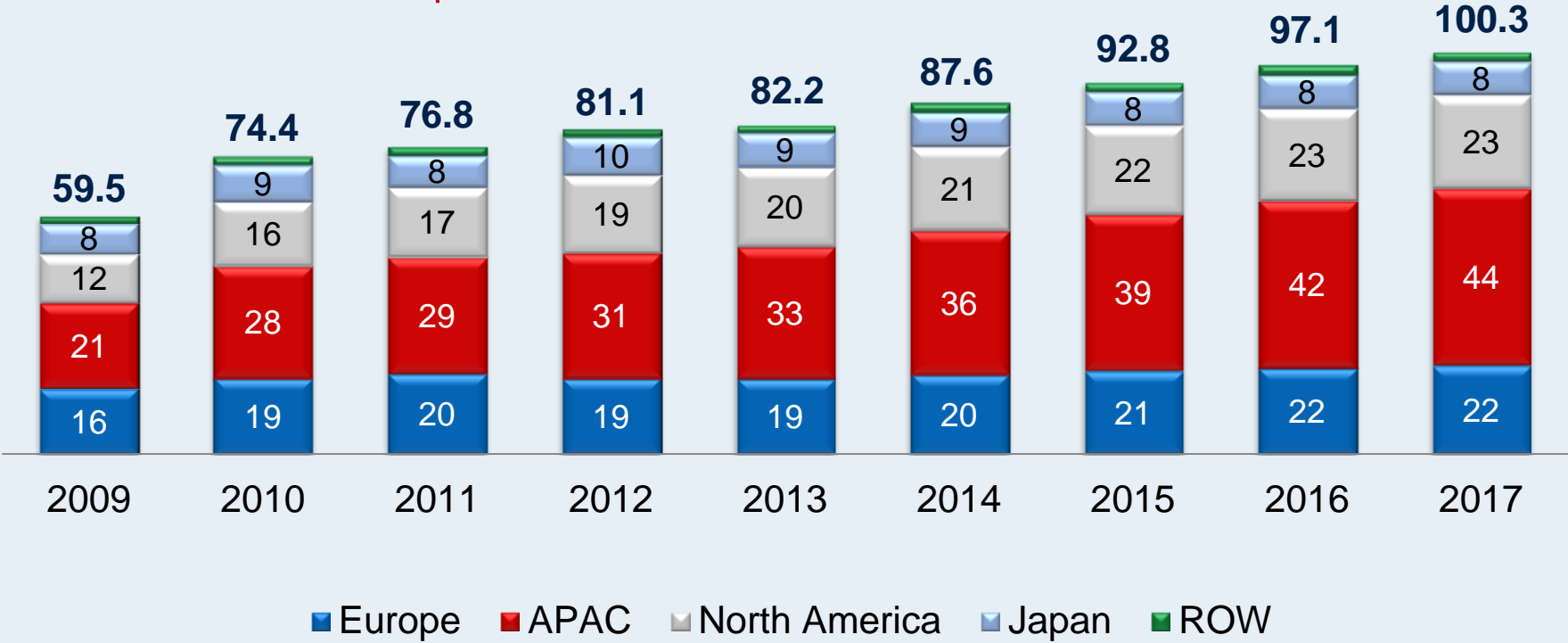
Despite Near-Term Outlook Cuts, Long-Term Prospect Still Healthy



Global car production (cars ≤ 6t)

[units m]

CAGR₍₁₁₋₁₅₎ = 4.8%

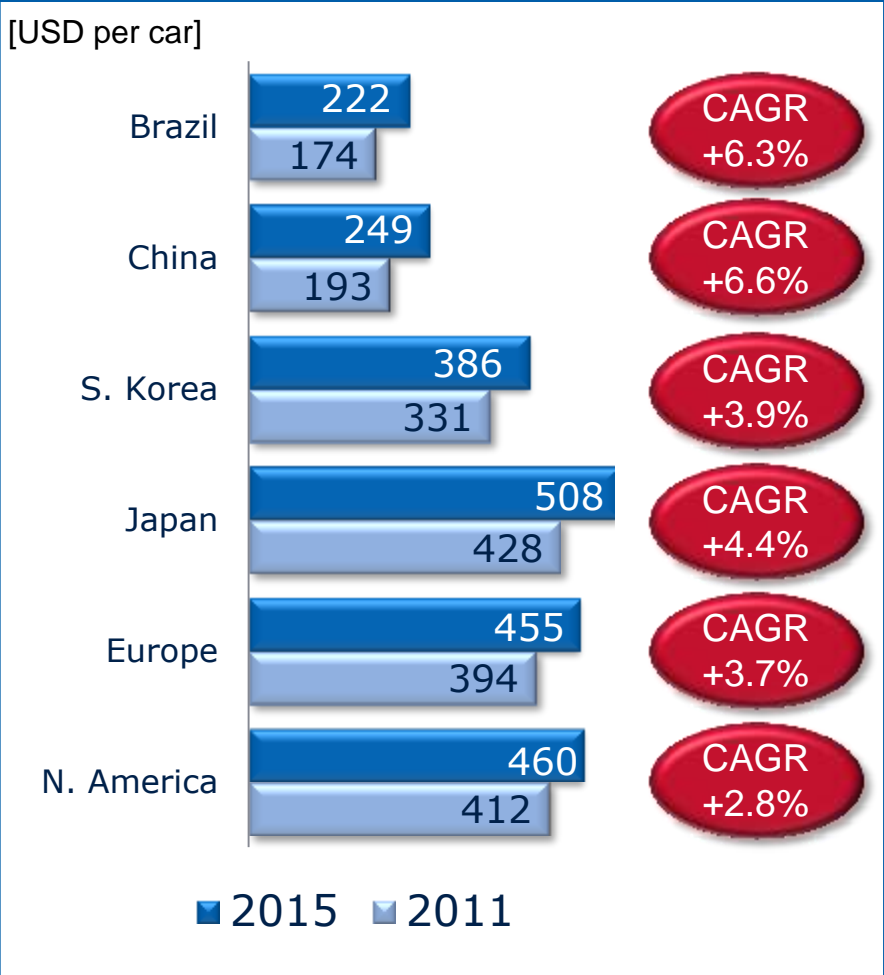


Source: IHS, September 2012.

Rising Semiconductor Value Per Car Drives Market

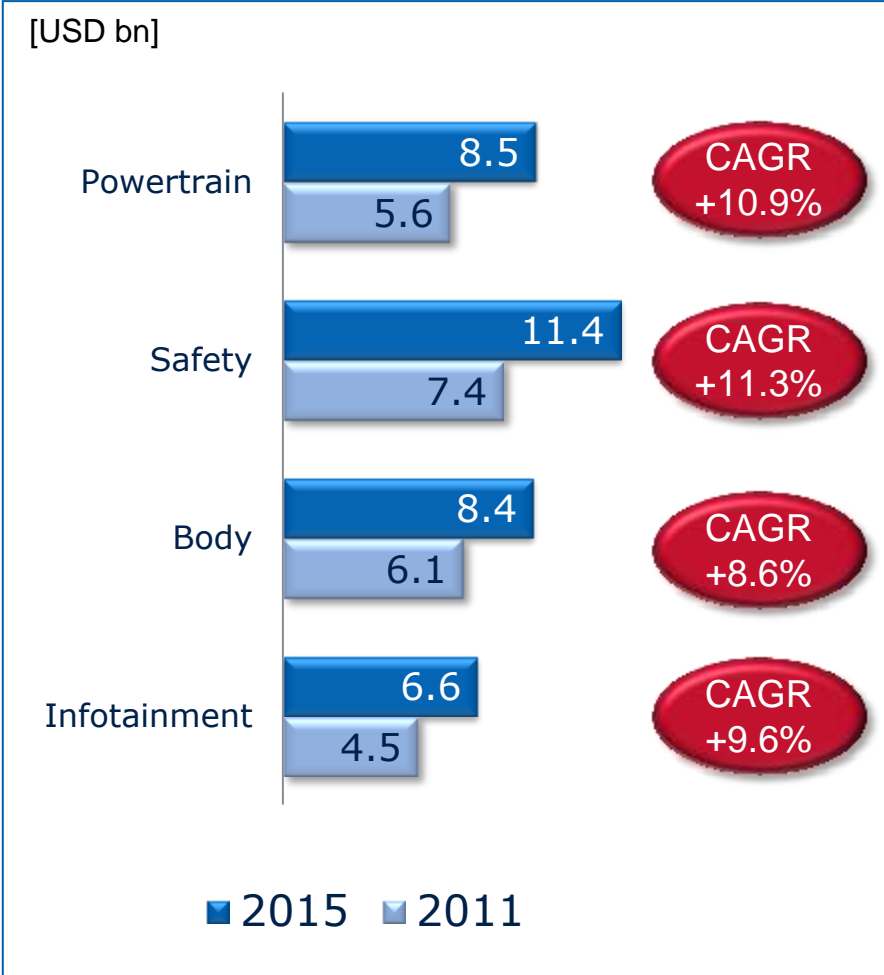


Semiconductor value per car



Source: Strategy Analytics, July 2012; including semiconductor sensors.

Semiconductor market by segment



Source: Strategy Analytics, July 2012.

About 10% Growth p.a. for Cycle Average Expected for Infineon



ATV



Courtesy: Hyundai

IPC + PMM



CCS



**ATV growth:
~10% p.a.**

**IPC + PMM growth:
> 10% p.a.**

**CCS growth:
~5-7% p.a.**

Growth target

Infineon: ~10% growth p.a. cycle average

Infineon is Europe's Most Sustainable Semiconductor Company



Dow Jones Sustainability Index (DJSI)



- Sept. 2012: Inclusion in the DJSI for the 3rd time in a row.
- Infineon is currently Europe's one and only semiconductor company member in the DJSI.

FTSE4Good Index



FTSE4Good

- September 2012: Infineon has met stringent environmental, social and governance criteria, and has been included in the FTSE4Good index again.



ENERGY EFFICIENCY MOBILITY SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.



Superior Growth and Profitability Allow Sustained Investments Over the Cycle



Superior growth and profitability

- Focus on secular growth drivers, e.g. renewables, e-mobility, energy efficiency.
- Leading market share and competitive strengths.
- Financial targets (on average over the cycle):
 - 10% growth p. a. and
 - 15% Segment Result margin.

Sustained investments for future success

- Counter-cyclical investments, selling and R&D to enable further share gains.
- Investments secure capacity for future growth and competitive advantage.
- 300mm power discretetes; 200mm, quality, innovation, automation etc.

Strong returns; Value creation

- RoCE well in excess of our capital cost with 27% in Q1 FY12, 25% in Q2 FY12, and 20% in Q3 FY12.
- Capital returns through dividend payments, share buyback, and CB 2014 buyback.
- Aggregate capital returns since Q1 FY11 amount to more than EUR 500m.

London Hybrid Buses Powered by Infineon's EconoDUAL™3 and PrimePACK™ IGBT Module



London hybrid-electrical buses

- Transport is responsible for ~20% of London's CO₂ emission.
- London has been building up a fleet of environmentally-friendly hybrid-electrical buses.
- Olympic athletes and visitors are shuttled around the city.
- Fuel saving of 30%; reduction in NO_x of 20%.



Courtesy: Siemens



Powered by
EconoDUAL™3



Powered by
PrimePACK™



Infineon's CoolSiC™ And SiC JFET Driver Lift Inverter Efficiency to > 99%



Infineon entering the Japanese photovoltaic market with SiC products



- Japan formally implemented new feed-in-tariffs for the PV industry in July 2012 as part of the new clean energy policy.
- Infineon's Japanese customer built a prototype of a 10kW inverter using SiC products in Easy modules.
- CoolSiC™ (SiC JFET transistors) successfully entered the market of efficiency-critical applications such as solar inverters.
- In contrast to Si-based MOSFETs, SiC JFETs require dedicated control circuitry, drivers and design know-how allowing Infineon to increase value and Si-content in customer applications.

CoolSiC™



Easy module



Social Networks and Cloud Computing Driving Demand for Highest Efficient Power Supplies

Digital power management (DPM) gaining traction in server market

amazon.com.

Google™




Picasa



Microsoft®

You Tube


- Globally, we see one new data center per week with up to 100 MW of power consumption.
- Efficiency of power supply (AC/DC, DC/DC) of utmost importance.
- DPM  best solution for flexible load dynamics.
- Change in value chain: servers no longer from the shelf but designed by ODMs according to specification of data center operator.

CoolMOS™

OptiMOS™

Driver IC

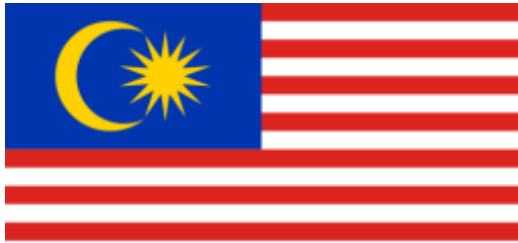


- DPM  opens the door for bundling with other products.
- Recent design win: IFX offers DPM controllers along with driver ICs and MOSFETs to Taiwanese ODM.

Infineon Supplies Security Chips to Malaysia and South Africa



Malaysia's national ID card "MyKad"



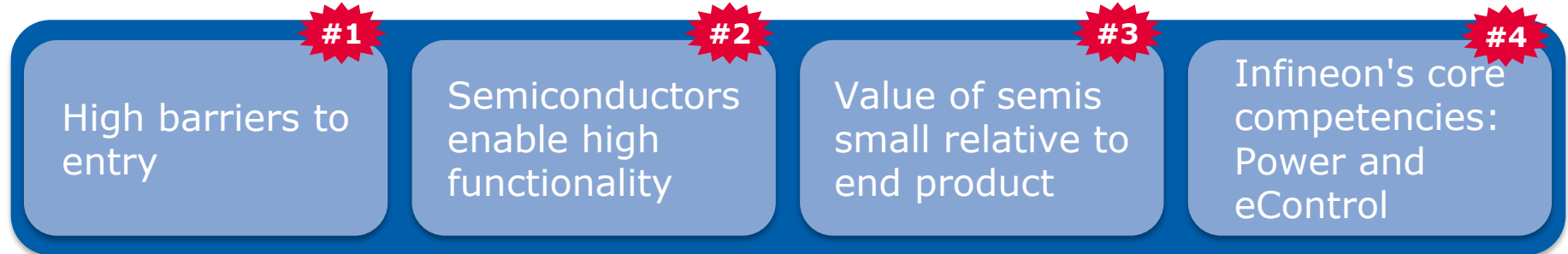
- MyKad is one of first multi-application national electronic ID card projects implemented worldwide.
- Multi-application cards allow implementation of numerous additional functions such as eGovernment, eDriving license, eHealth, eSignature, ePurse and transport.

South Africa's smart card project



- Largest chip-based Government smart card project in South Africa.
Start of issuance in April 2012.
- Government smart card for 10m South African recipients of social grants.
- Enables South African citizens to securely receive their social grants on the chip cards.

Target to Sustain 15% Cycle-Average Segment Result Margin



Total profitability target

Infineon: ~15% operating margin cycle-average

4 Reasons for Sustainable Profitability –

#1

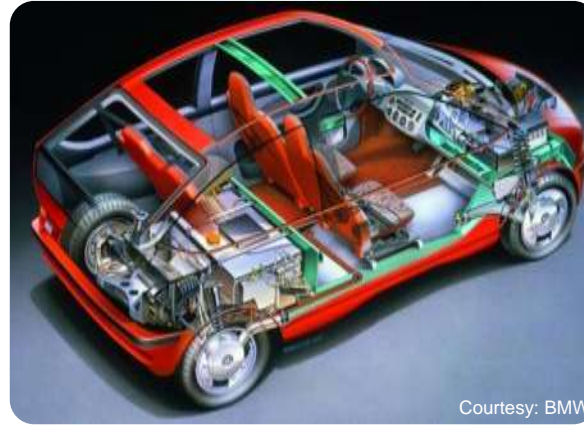
High Barriers to Entry

Long product life cycles



- For many markets we address, deliveries of semis need to be ensured for very long periods of time:
 - for car industry: 7 to 24 years;
 - for train industry: about 15 years.

System knowhow and understanding



- Both deep and wide know-how and understanding of our customers' applications needed for making best in class solutions:
 - e.g. HEV/EV needs both automotive and industrial expertise.

Strong quality and reliability req's



- Products need to reliably perform well in the field over longer periods of time:
 - airbag reliability required as long as the car is in use;
 - wind turbines should function 30 years.

#2 Semiconductors – Core Enablers of Innovation and Higher Functionality



Energy Efficiency



- **Power supplies**
More advanced power semiconductors allow smaller, denser, lighter and more efficient power supplies.
- **VSD**
More precise and efficient RPM-control versus mechanical transmission.

Mobility



- **Recuperation**
Implemented in trains for years; brought to cars by the advent of HEV/EVs.
- **Power steering**
EPS is replacing hydraulic-mechanical power steering allowing more flexibility in car design and less power consumption.

Security



- **Identification**
Chip-based passports and national ID cards allow much higher level of security compared with paper-only ID cards.
- **Brand protection**
Chip-based authentication of accessories, e.g. batteries, cartridges.

#3 Semis Represent a Negligible Part of the Value of the End Product

Example 1: mid-range car



Example 2: high-speed train



€25,000

Semi BoM:
€250

1.0%
of
product
value

€10,000,000

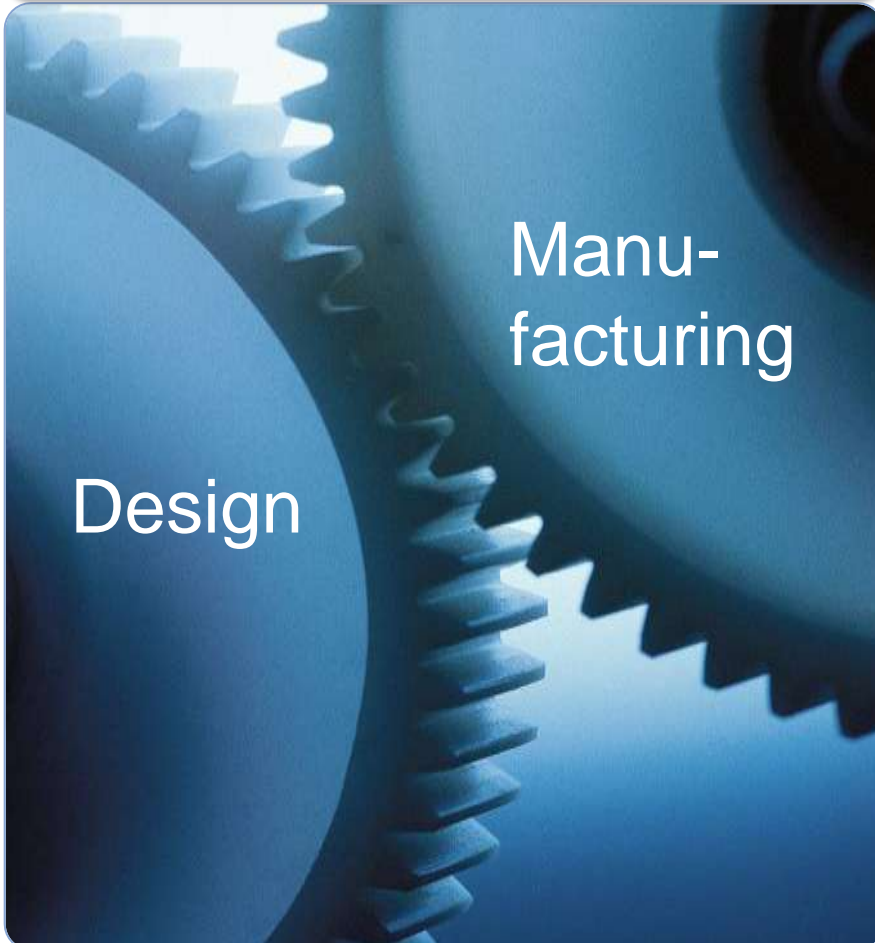
Semi BoM:
€100,000

1.0%
of
product
value

#4 Infineon's Core Competencies – Power Semiconductors and eControl



Design and manufacturing of power semis tightly coupled



Core competence power

- Thin-wafer technology
- Super-junction MOSFETs
- Silicon-Carbide (SiC)
- IGBT module packaging

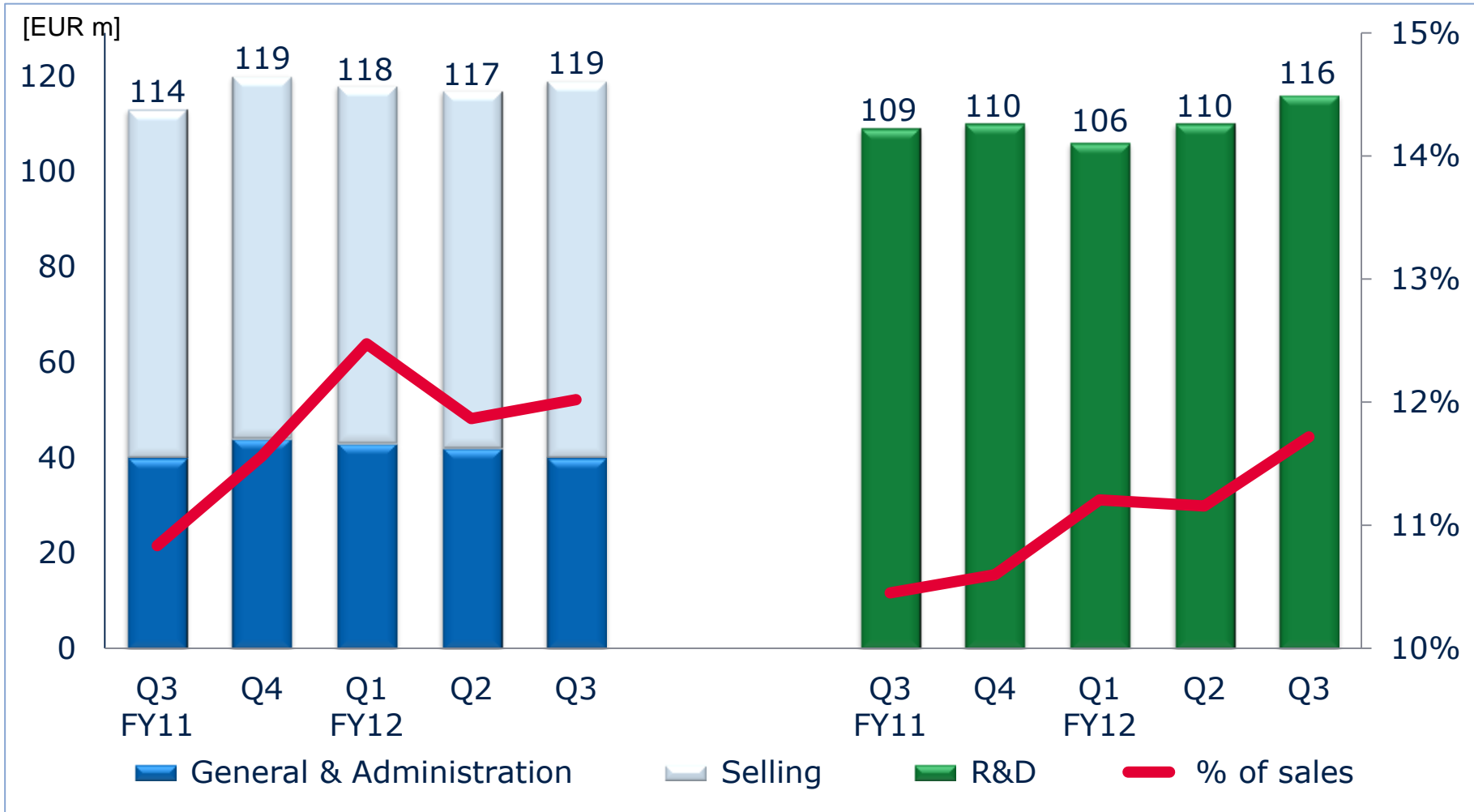
Core competence eControl

- Automotive real-time 32-bit microcontroller (TriCore™) and multi-core design (AURIX™).
- Industry microcontroller with premium peripheral functions (XMC4000 family).
- Low-power security controller.

OpEx In-line With Target Operating Model

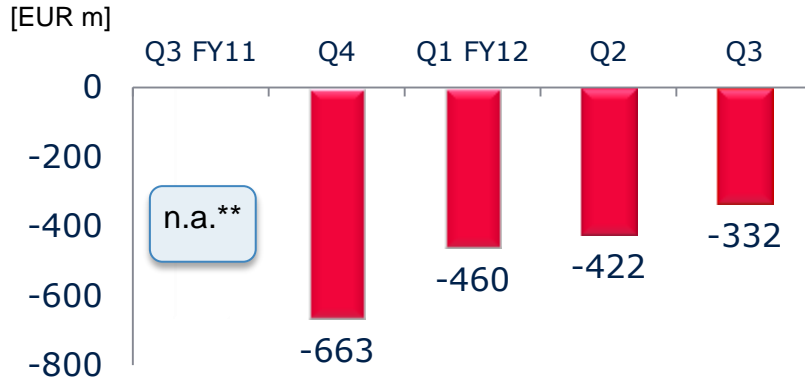
S and G&A

R&D

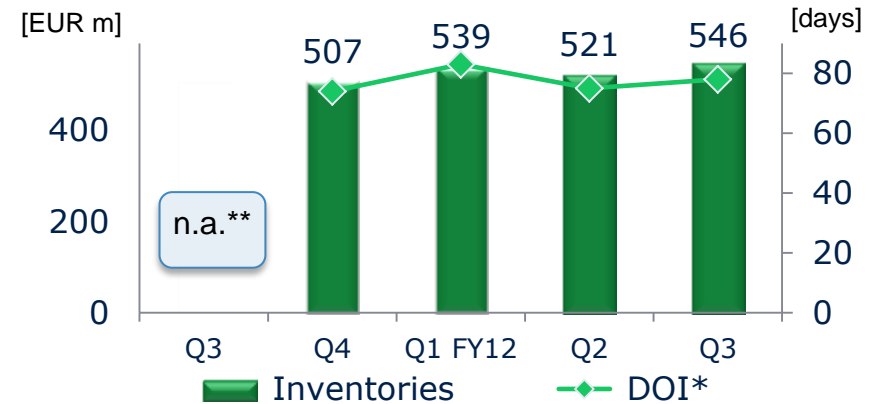


Working Capital

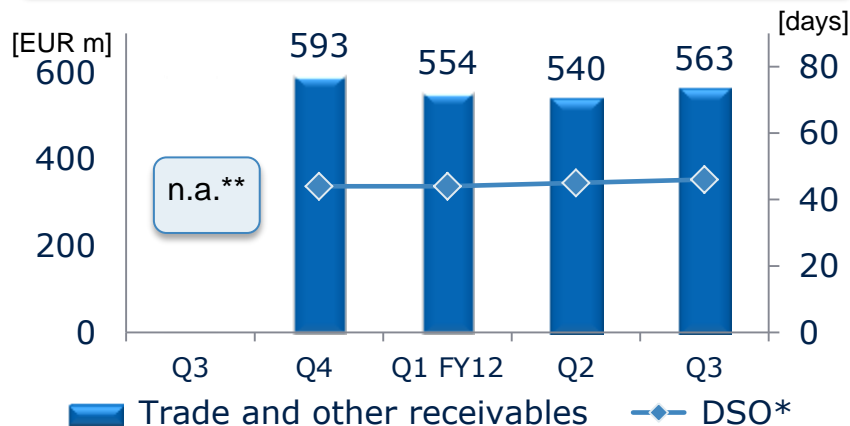
Working capital*



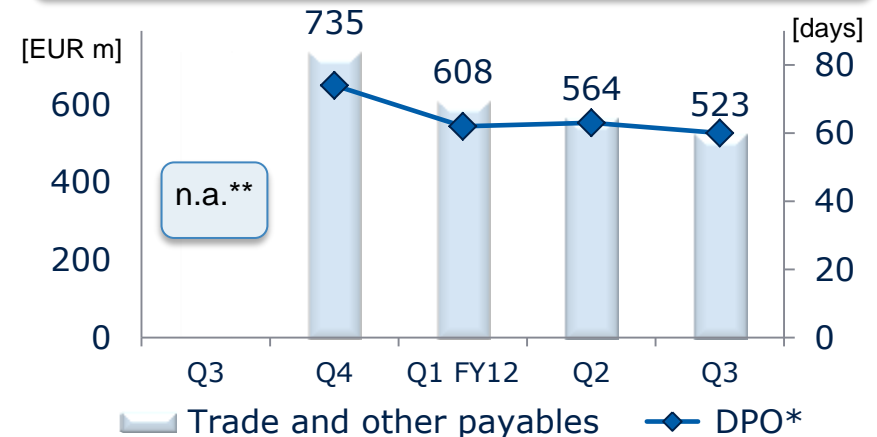
Inventories



Trade and other receivables



Trade and other payables



* For definition please see page 41 in appendix.

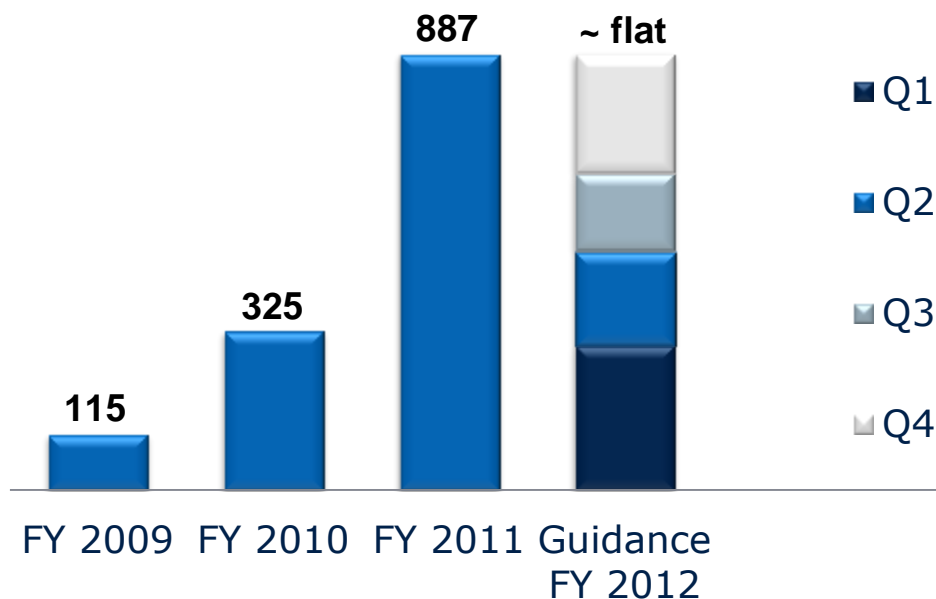
** Comparable historical figures not available.

Investments Remain High to Exploit Growth Potential



Investments*

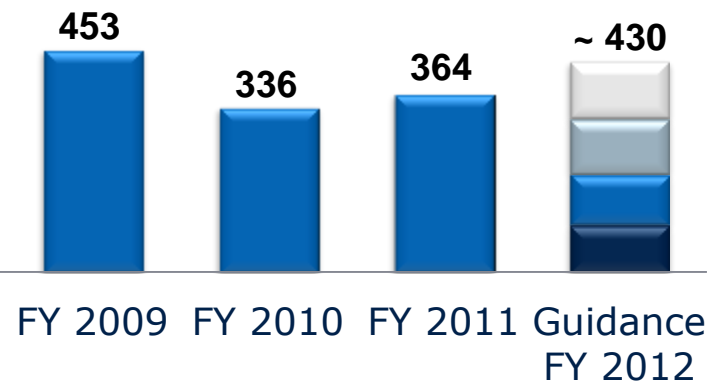
[EUR m]



Guidance for investments:

■ FY13: significantly lower than in FY12.

D&A



Guidance for D&A:

■ FY13: increase compared to FY12.

* For definition please see page 41 in appendix.

High Gross Cash and Net Cash Position Maintained

Liquidity Development

[EUR m]

■ Gross Cash ■ Debt ■ Equity-linked ■ Net Cash



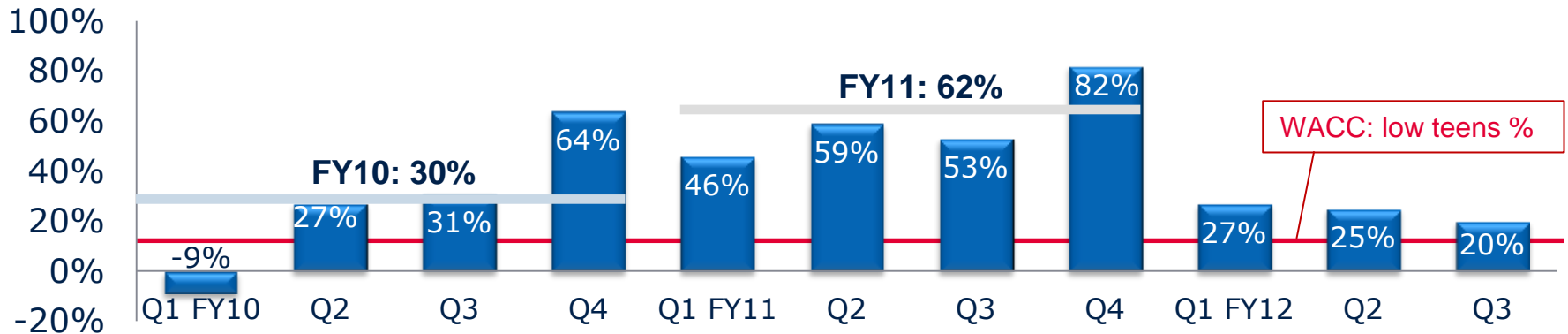
* Consists of convertible bond (nominal value EUR 118m; book value EUR 103m).

- Gross cash decreased due to negative Free Cash Flow and debt reduction of EUR 20m. Net cash impact correspondingly lower.
- Bought back another EUR 5m nominal of convertible bond for EUR 12m.
- No buyback of shares during the quarter. But put options for 9.6m shares lapsed with EUR 3.6m premium received.

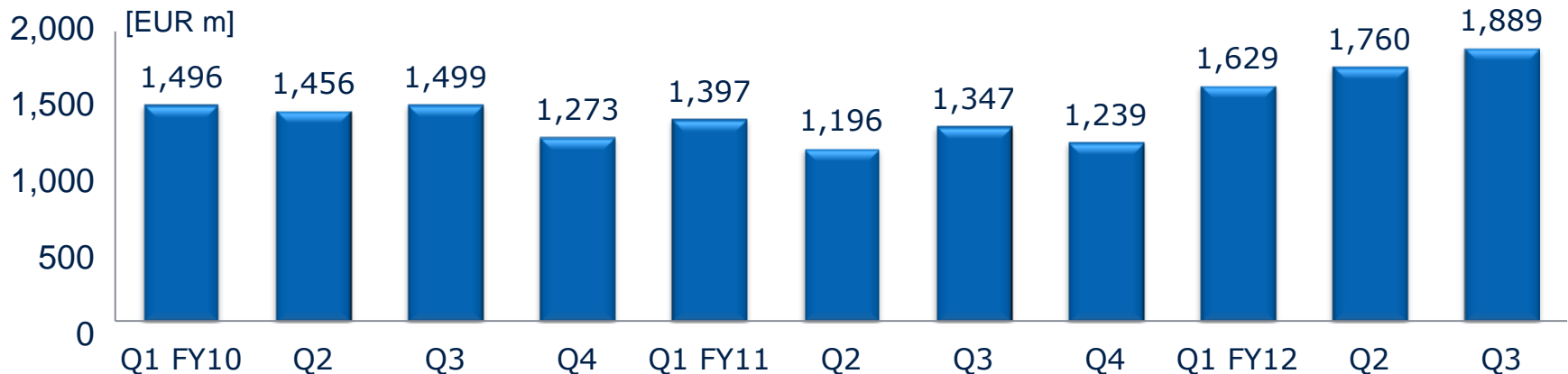
Value Creation of Infineon by Sustainably High RoCE Above WACC



RoCE* history



Capital Employed* history

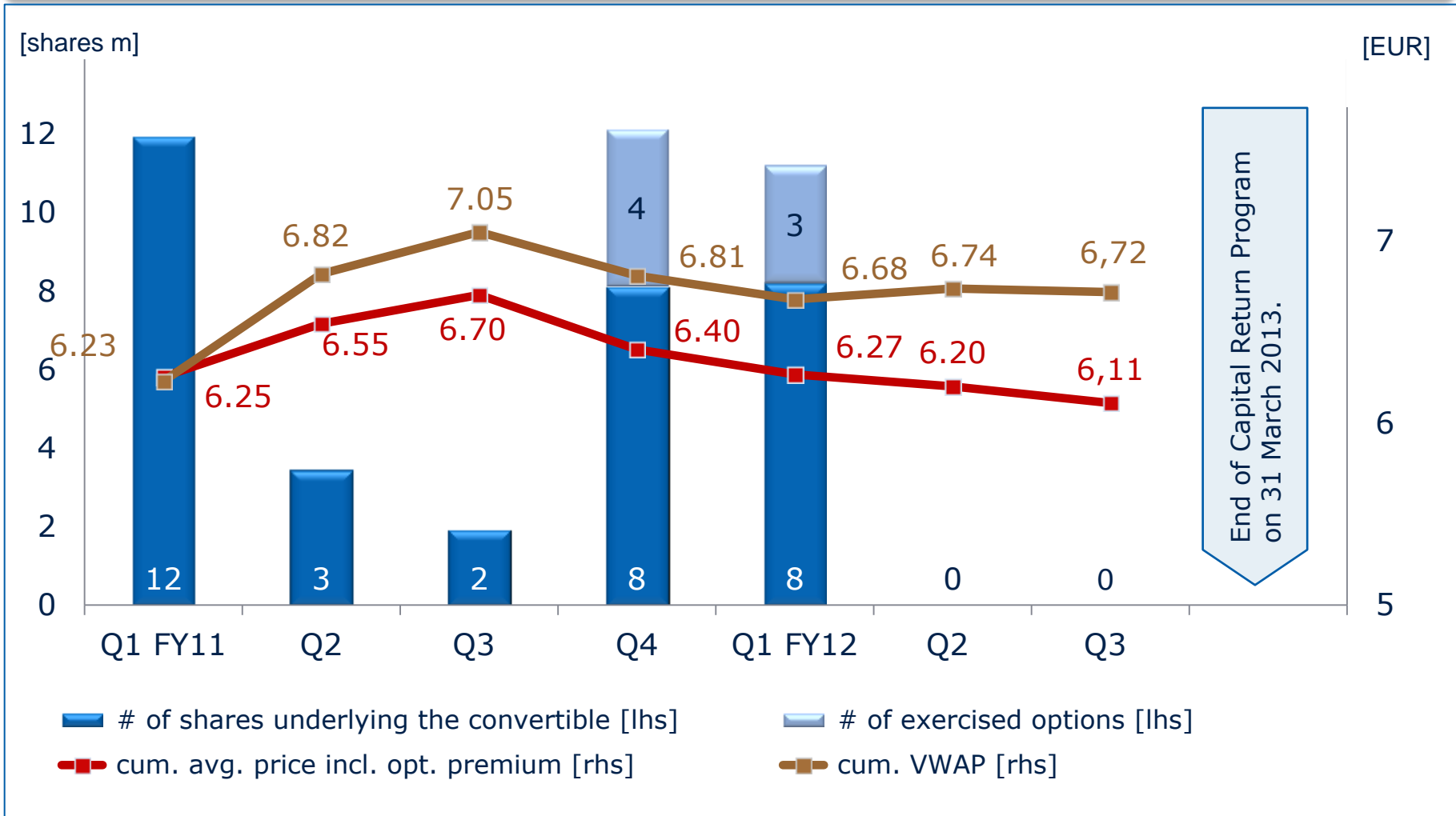


* For definition please see page 41 in appendix.

Average Price Per Underlying Share Below Volume Weighted Average Share Price

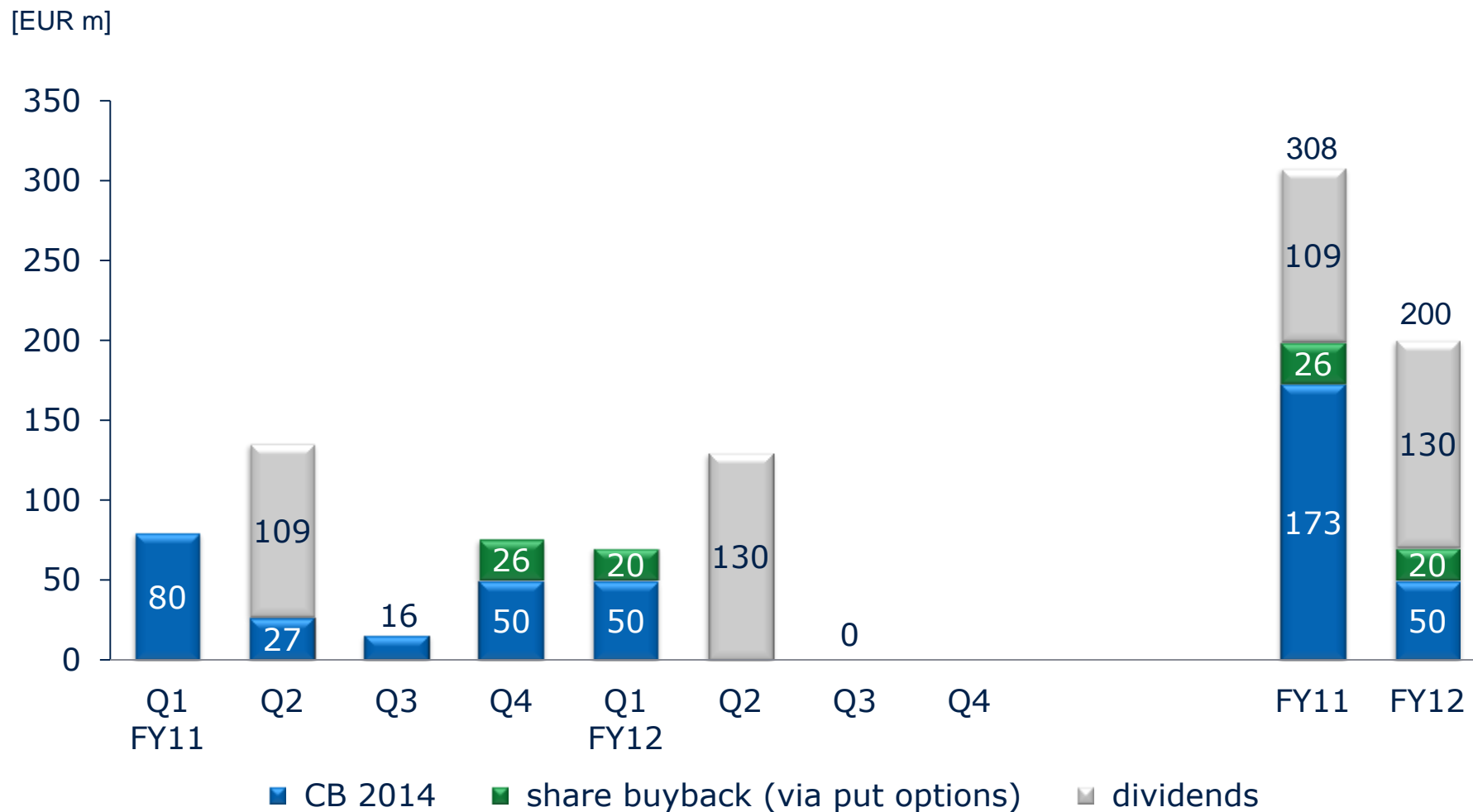


Total share buyback history via convertible bond and put options



Total Gross Capital Returns

Total gross capital returns history



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

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

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

Infineon Has a Long Track Record in Responsibility and Sustainability



UN Global Compact Initiative

- As one of the first semiconductor companies worldwide, Infineon joined the Global Compact Initiative of the United Nations in 2004.

Dow Jones Sustainability Index



- Infineon is currently Europe's one and only semiconductor company member in the Dow Jones Sustainability Indexes.

Certifications



- Based on our efforts for resources management, safety and health standards, Infineon received the EN ISO 14001 and OHSAS 18001 multi-site certification.

Financial Calendar

Date	Location	Event
14 Nov 2012*		Q4 FY12 Results
15-16 Nov 2012	Barcelona	Morgan Stanley TMT Conference
20 – 21 Nov 2012	London	Company Roadshow including presentation by Dr. Helmut Gassel Division President, Industrial Power Control (IPC)
27-28 Nov 2012	Scottsdale, AZ	Credit Suisse Technology Conference

* provisional

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