

# Fourth Quarter FY 2013 Quarterly Update

Infineon Technologies AG  
Investor Relations



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## ■ Infineon at a Glance

### ■ Growth Drivers – ATV, PMM, IFX

### ■ Product to System

### ■ Results and Outlook

#### **Disclaimer:**

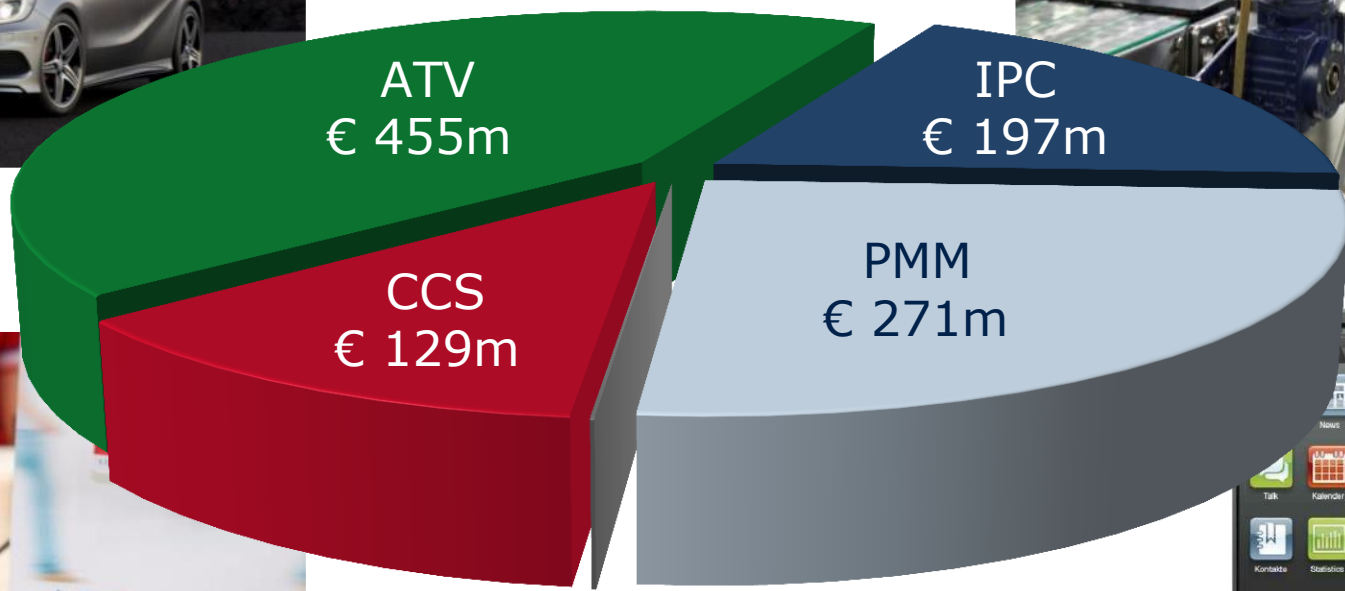
This presentation contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

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.

# Revenue Split by Division

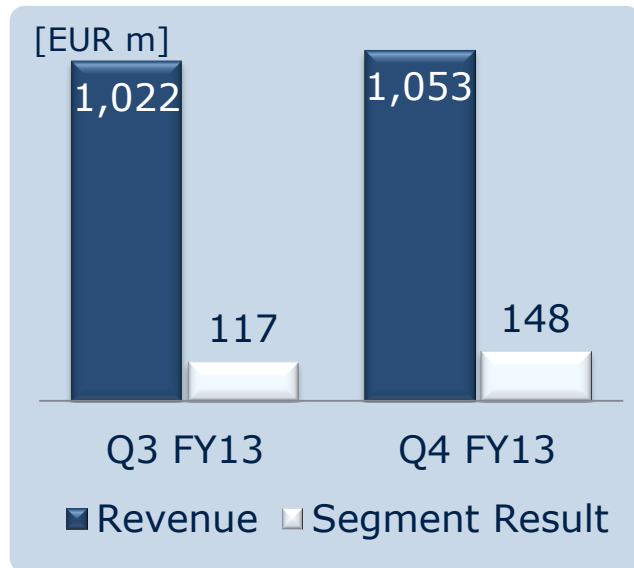
**Q4 FY 2013 revenue: EUR 1,053m**



OOS+C&E\*  
€ 1m

\*Other Operating Segments;  
Corporate and Eliminations.

# Q4 FY13 Segment Result Margin Excluding Non-Recurring Items Approximately 13%



[EUR m]	Q3 FY13	Q4 FY13	FY 2013
Revenue	1,022	1,053	3,843
Segment Result	117	148	377
SR Margin	11.4%	14.1%	9.8%
Net Income*	77	142	272
Investment	71	155	378
FCF from cont. operations	135	156	235
Gross Cash	2,137	2,286	2,286
Net Cash	1,832	1,983	1,983

\* Net Income includes "income/loss from discontinued operations, net of income taxes" in Q3 FY13 -5m in Q4 FY13 3m and in FY 2013 -11m.

# Tight Customer Relationships are Based on System Know-how and App Understanding



## ATV



## IPC



## PMM



## CCS



## Distributors

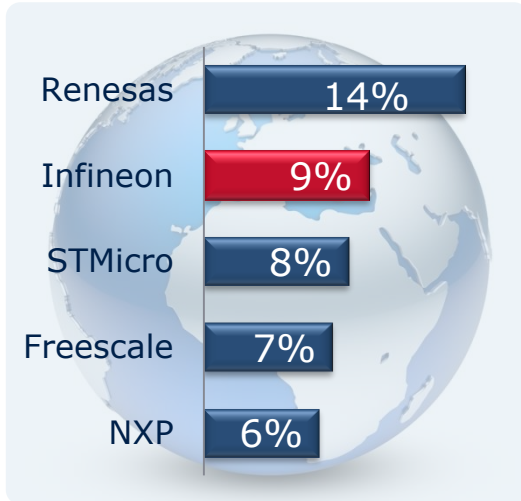


# Infineon Holds Top Positions in All Target Markets



## Automotive

#2

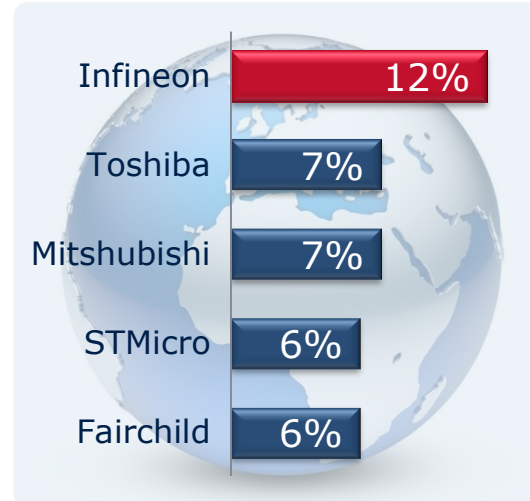


Automotive semiconductors in calendar year 2012.

Source: Strategy Analytics, April 2013.

## Power

#1

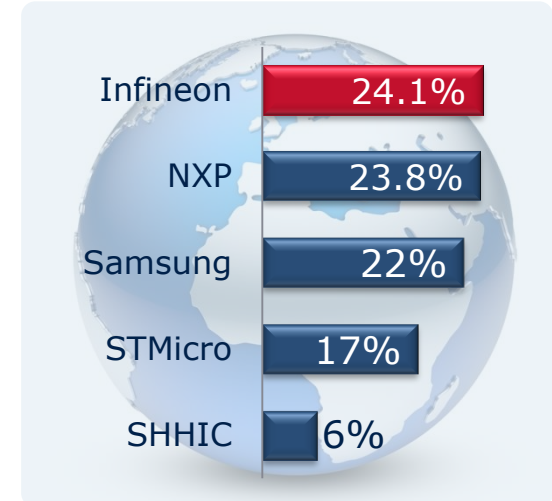


Power semiconductors and modules in calendar year 2012.

Source: IHS, September 2013.

## Chip Card

#1



Microcontroller-based smart card ICs in calendar year 2012.

Source: IHS, September 2013.

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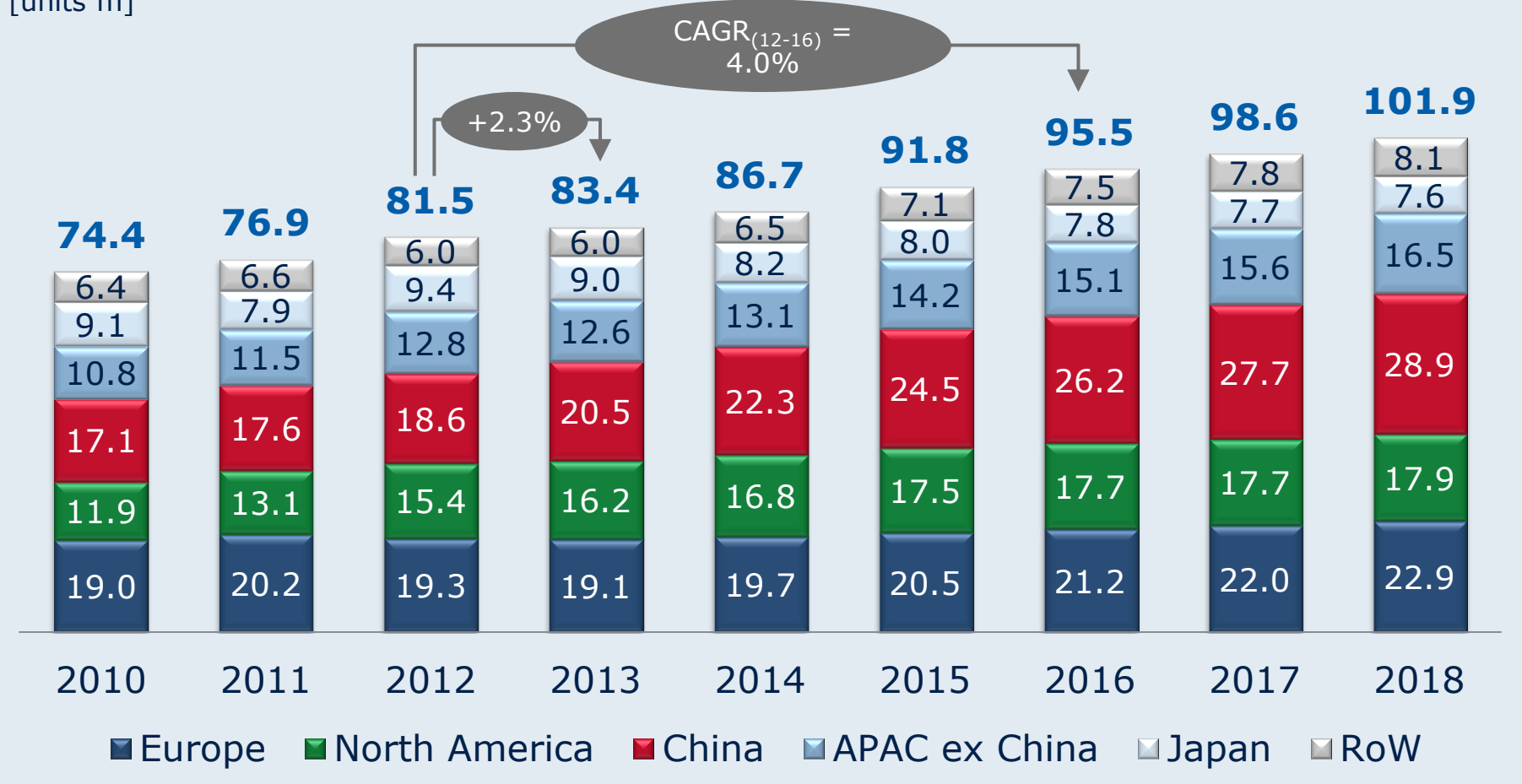
■ Product to System

■ Results and Outlook

# Despite Europe, Global Car Production Up in 2013; Long-term Prospects Still Healthy

## Global car production (cars ≤ 6t)

[units m]



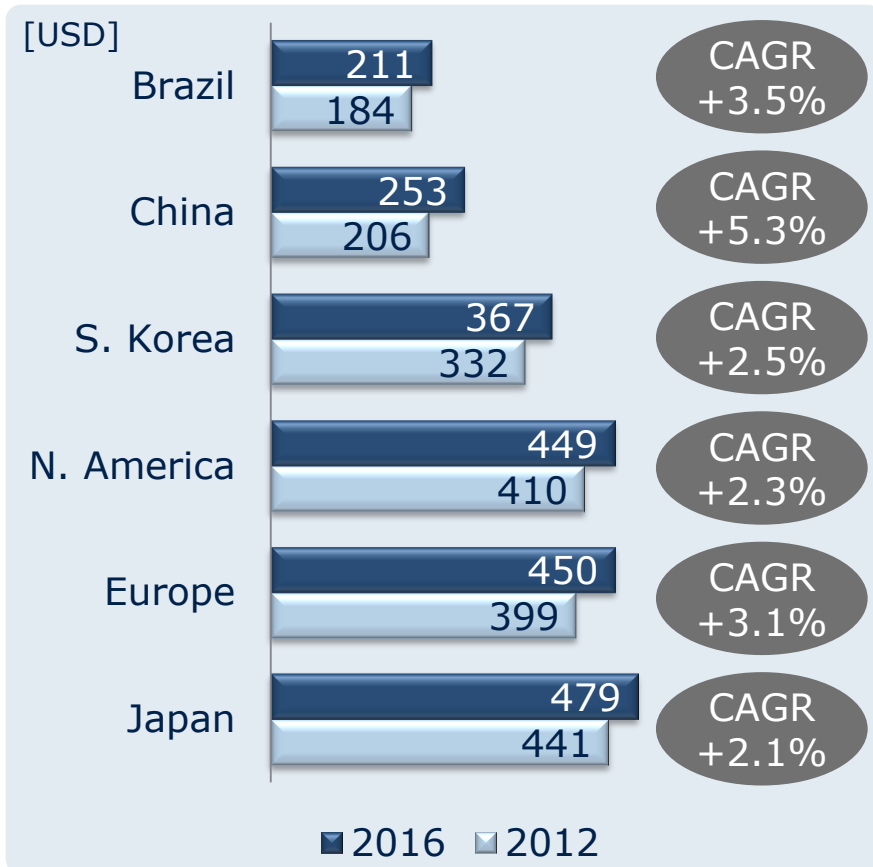
Source: IHS, October 2013.



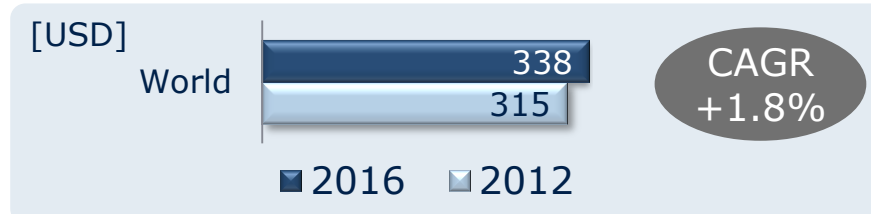
# Semiconductor Value-Per-Car Continues to Increase



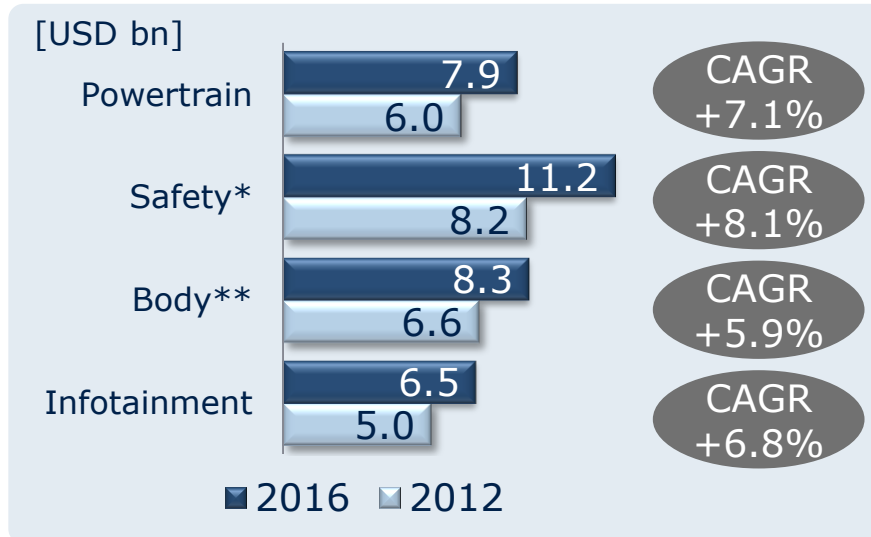
## Semiconductor value per car by region



## Semiconductor value per car



## Semiconductor market by segment



Source: Strategy Analytics, "Automotive Semiconductor Demand Forecast 2011 – 2020", Oct. 2013; incl. semiconductor sensors.

\* Safety = "Safety" + "Chassis" according to Strategy Analytics definition.

\*\* Body = "Body" + "Security" according to Strategy Analytics definition.

# ATV: ICEs Still Bread-and-Butter Business; New Opportunities with HEV/EV

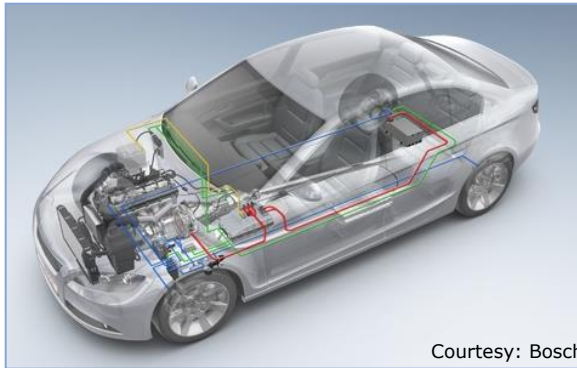
## Classical car market

## Electromobility

### Vehicle production

### Semi content

### HEV / EV



TAM: ~4% p.a.

TAM: 1-2% p.a.

TAM: > 25% p.a.

small units but high growth

TAM: 5-6% p.a.

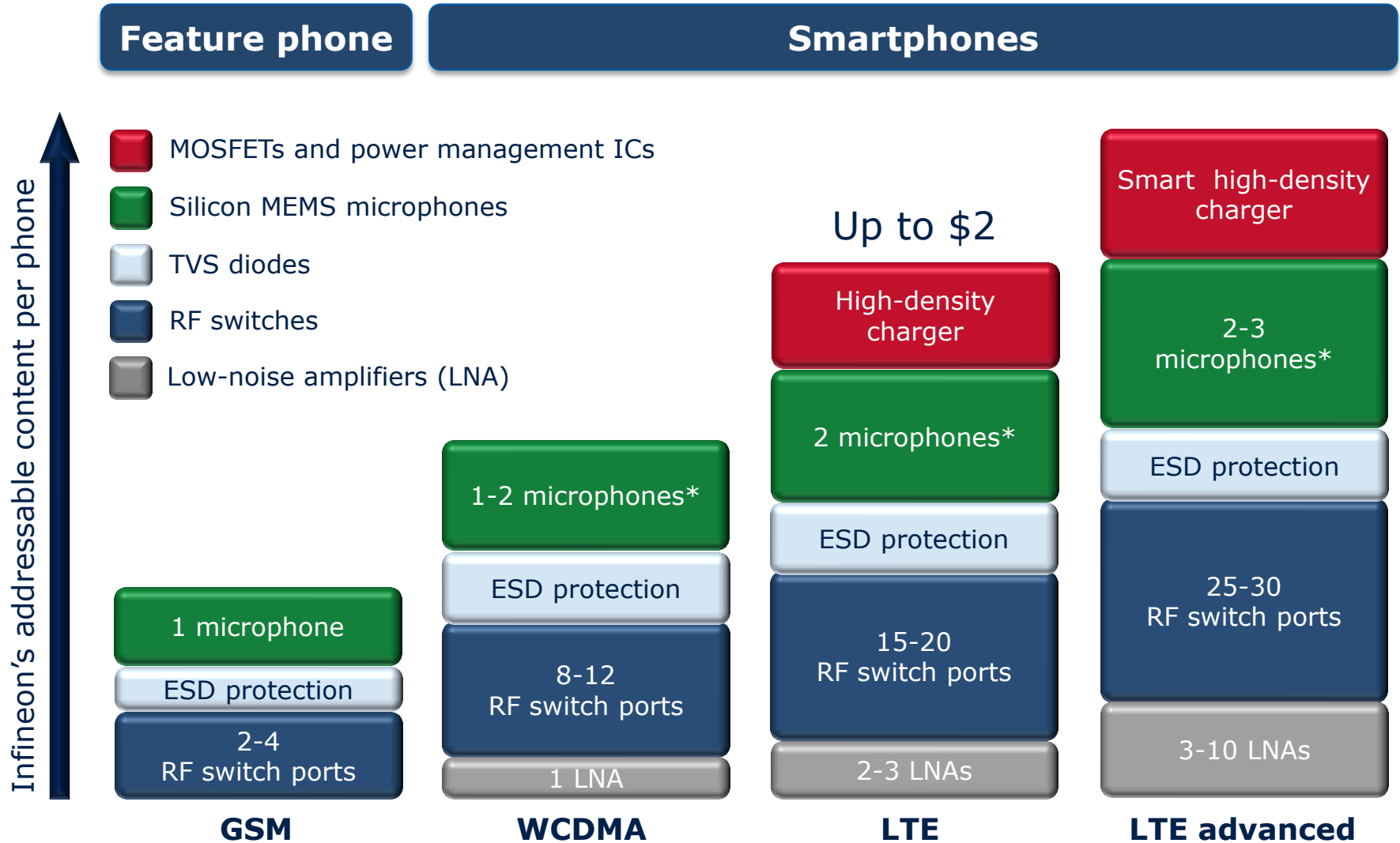
2%-pt p.a.

# ATV:

# ~7% p.a.

Sources: IHS, Strategy Analytics (October 2013)

# Higher Functionality in Mobile Devices Requires Additional Infineon Components



\* Does not include headsets, which typically require an additional microphone.

# PMM Aims to Outgrow Its Core Markets

## Power Management

Computing

Lighting

Charger



TAM: > 7% p.a.

## Mobile Communications

Mobile devices

Cellular infrastructure



TAM: > 7% p.a.

**PMM: > 10% p.a.**

# Expected Growth Broadly In Line With Historical Averages



**ATV**



Courtesy: Daimler AG

**IPC**



**PMM**



**CCS**



**~7% p.a.**

**>10% p.a.**

**>10% p.a.**

**~5% p.a.**

**Infineon:**

**~ 8% p.a.**

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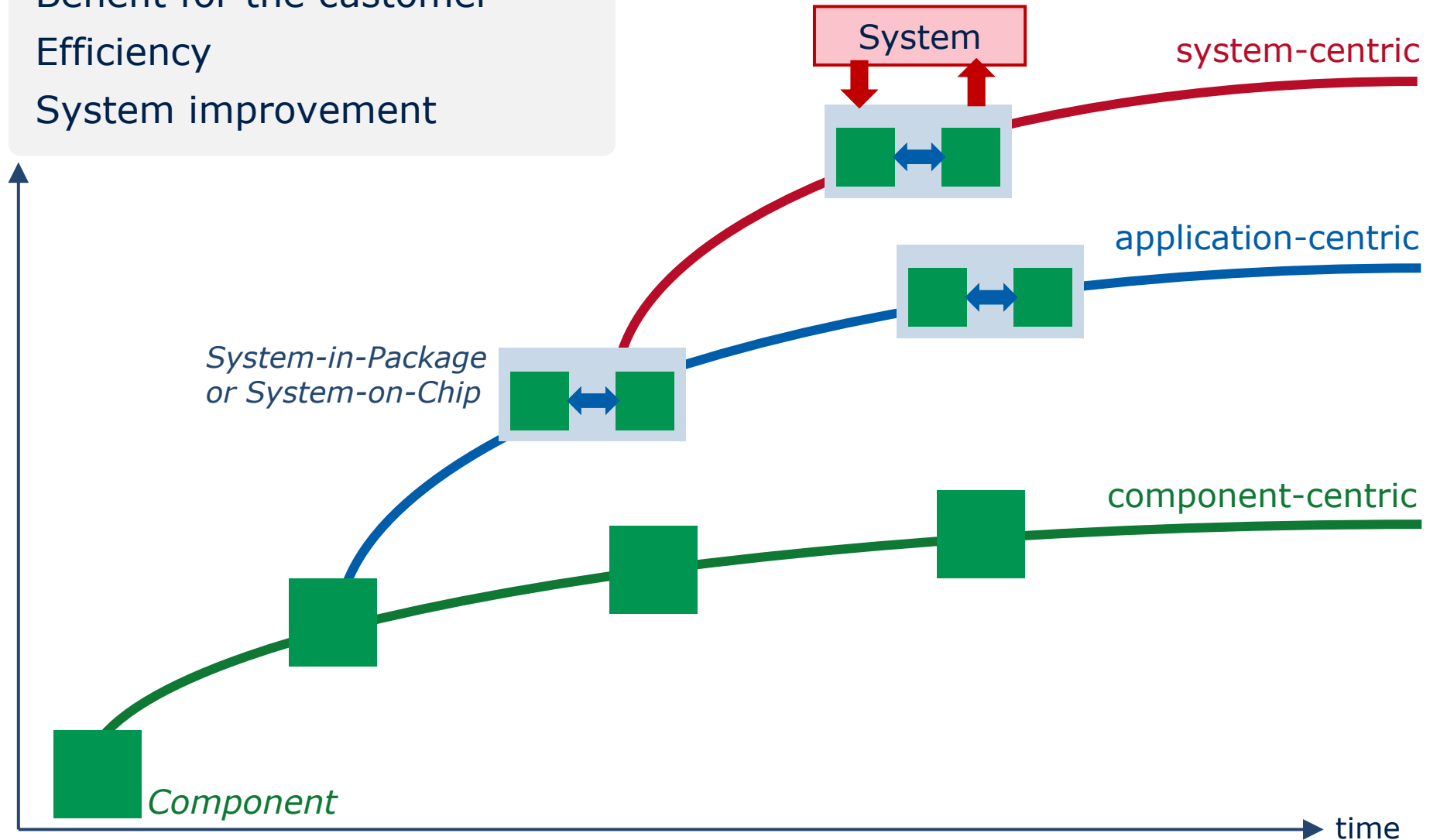
■ Growth Drivers – ATV, PMM, IFX

■ **Product to System**

■ Results and Outlook

# New Strategic Approach: „Product to System“

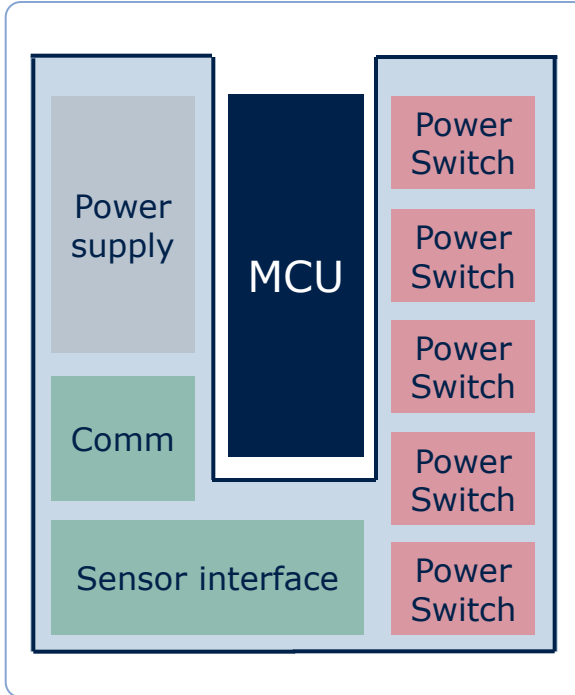
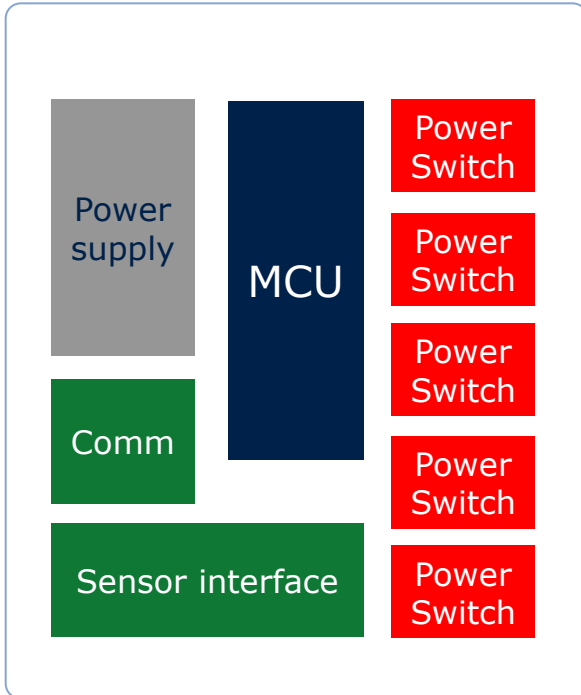
Benefit for the customer  
Efficiency  
System improvement



# Integrated Engine Management Solution Based on Deep System Understanding



## From multi-chip to single chip integrated solution



- Up to 8 separate devices needed for supply, communication and actuation.

- Single TLE8080EM provides optimized electronic power interface of a simple combustion engine.

## Target applications



Motorcycles / Motorbikes



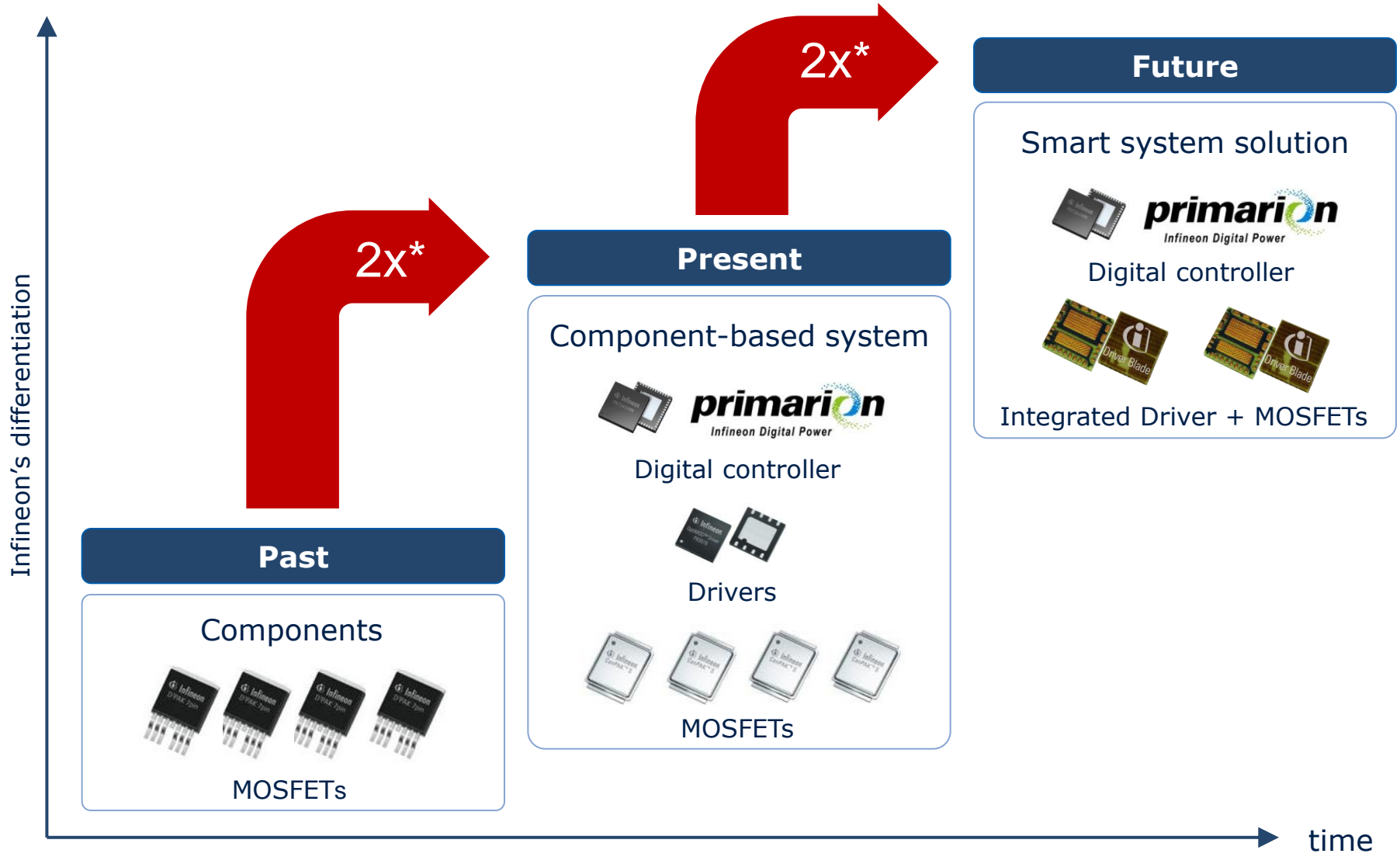
Low-cost cars  
for emerging markets



Other engine-driven vehicles



# DC/DC Example Shows That Smart System Solution Drives Higher Content



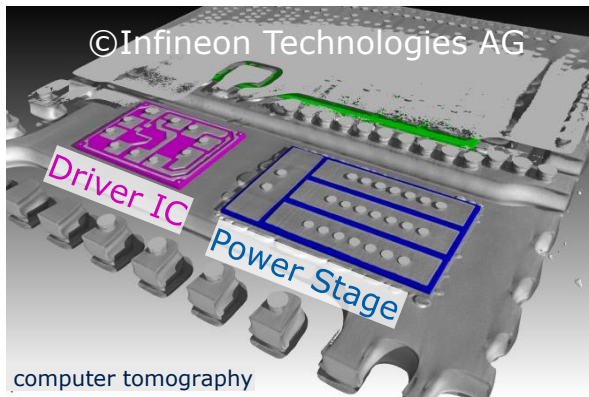
\* Estimated increase in Infineon-addressable BOM value for typical system.

# DrBlade: Innovative Packaging Enables Higher Levels of System Integration

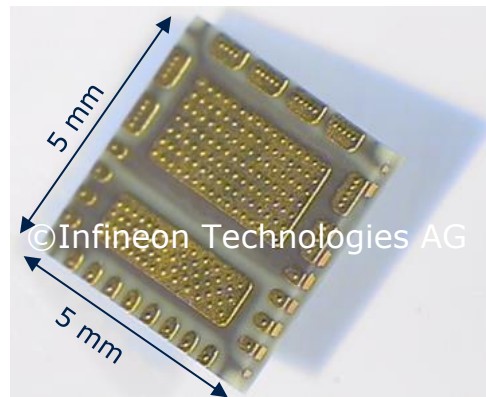
## DrBlade: the revolutionary chip-embedding technology

- Design-wins for DrBlade, in combination with our digital power management ICs.
- Based on Infineon's outstanding manufacturing technology: thin wafer, galvanic electroplating, laser-drilling, die-attach by diffusion-soldering.

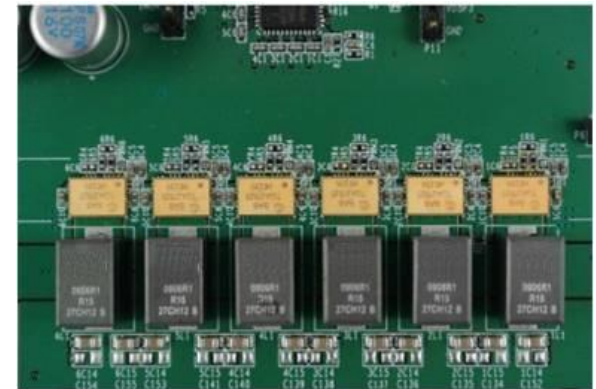
Top view



Bottom view



System view



- Target applications: DC/DC voltage regulation for computing and telecom.
- Contains driver IC and OptiMOS™ MOSFET half-bridge.
- Small package size, low profile (0.6 mm), high power density, RoHS<sup>1)</sup> 2016 compliant.

1) RoHS = Restriction of Hazardous Substances.

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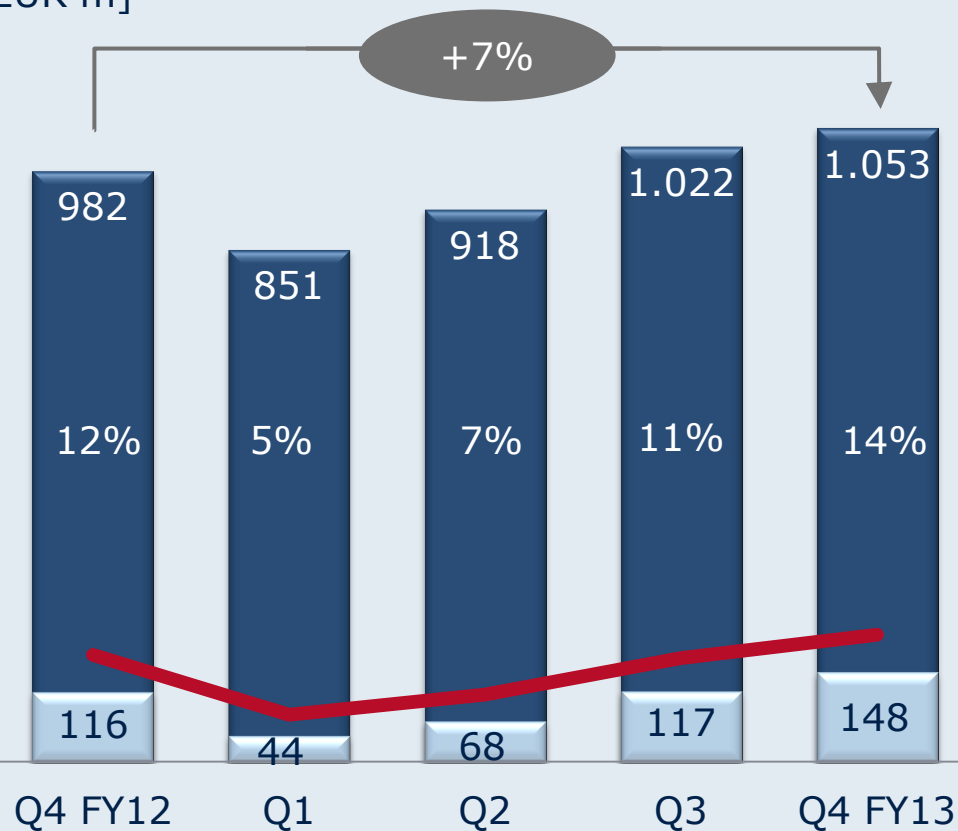
■ Product to System

■ Results and Outlook

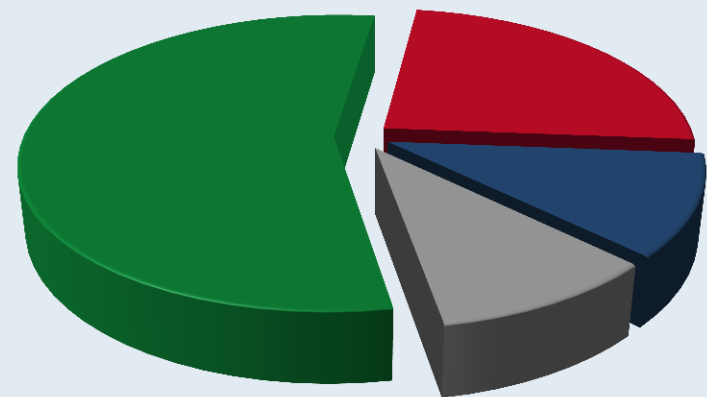
# Segment Result Margin in FY13: 9.8%; Remained Profitable Even in Q1 FY13

## Revenue and Segment Result

[EUR m]



FY 2013 revenue split by product category



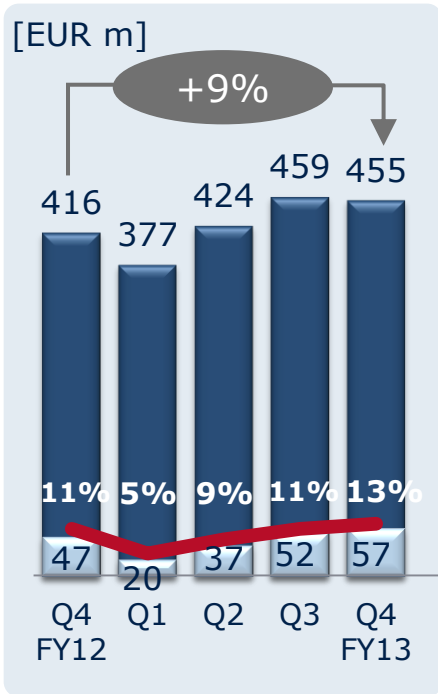
■ Power ■ eControl ■ RF ■ others

■ Revenue    ■ Segment Result    — Segment Result Margin

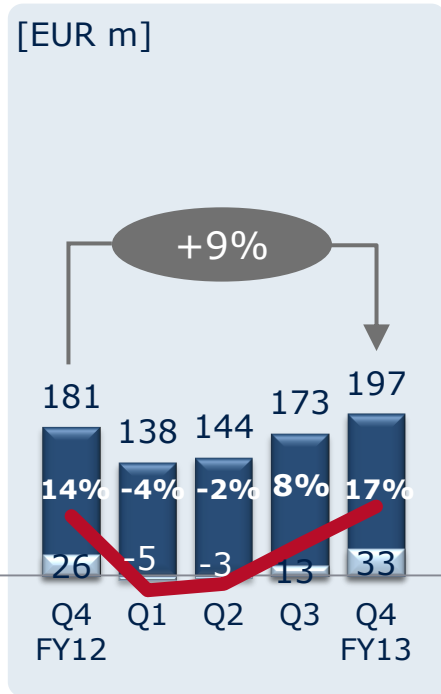
# ATV Still on Peak Level; Nice Recovery in IPC; PMM Lifted by Growth Markets



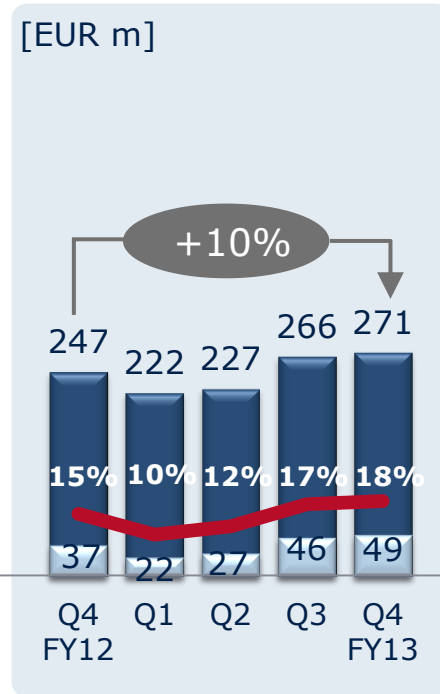
## ATV



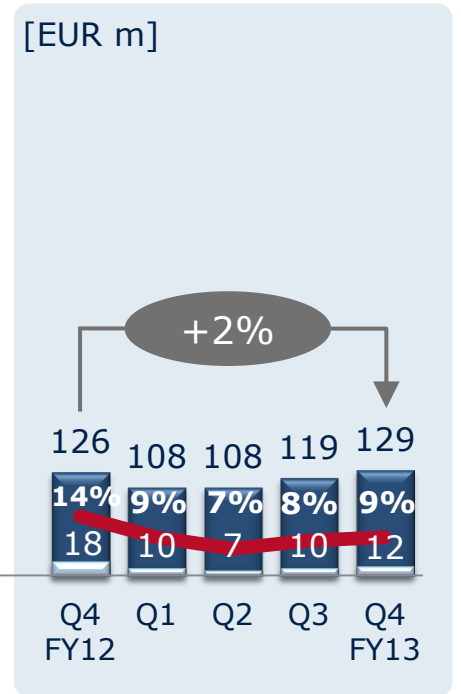
## IPC



## PMM



## CCS



■ Revenue

■ Segment Result

— Segment Result Margin

# Guidance for Q1 FY14 and FY 2014

Outlook Q1 FY14



Outlook FY 2014  
(compared to FY 2013)



Revenue

Between  
€960m and €1bn.

Increase between  
7% and 11%.

Segment  
Result  
Margin

Between  
8% and 10%.

Between  
11% and 14%.

Investments in FY 2014

About €650m.

D&A in FY 2014

€500m or slightly above.



# ENERGY EFFICIENCY MOBILITY SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.

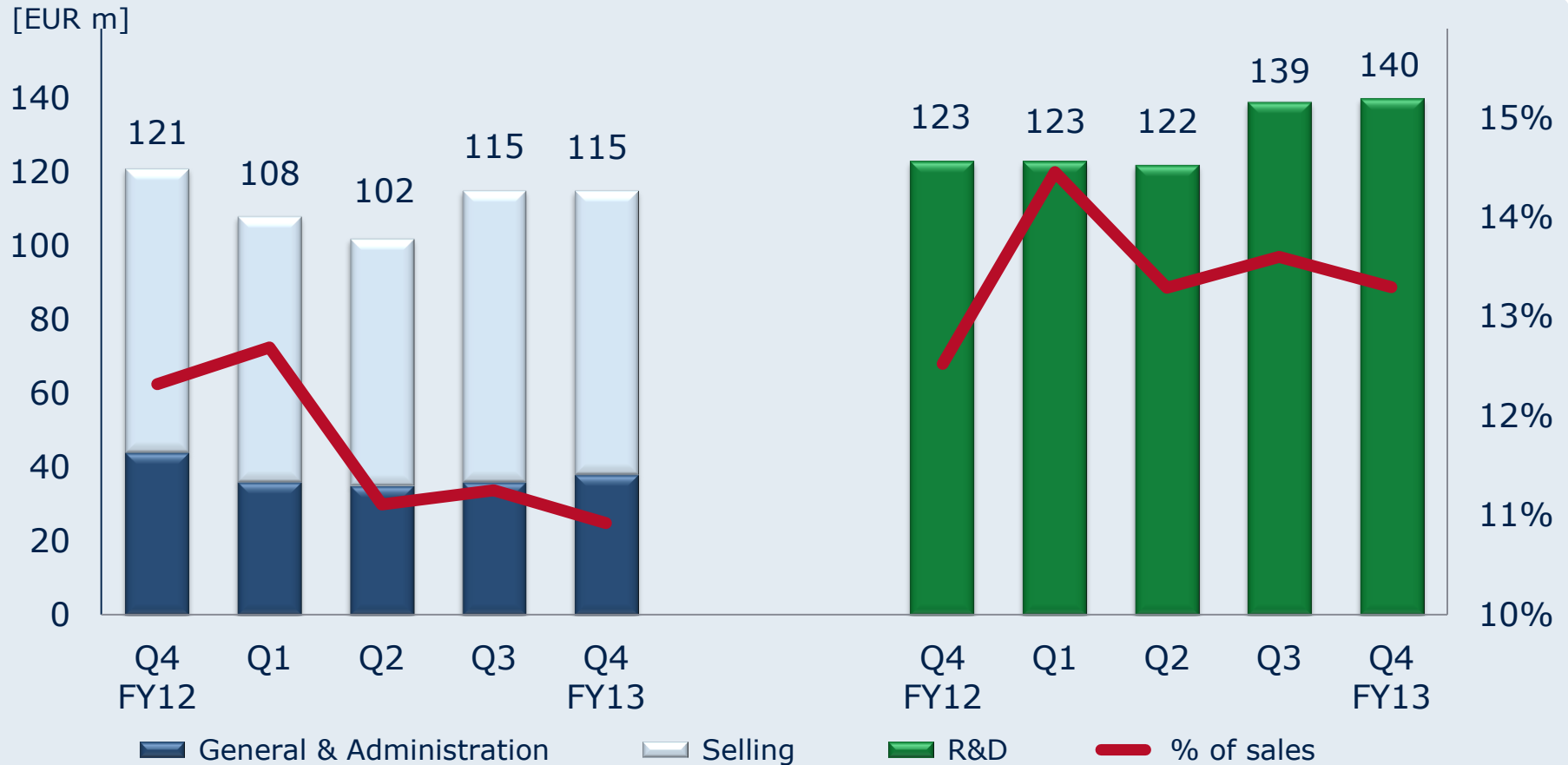


# Opex-to-Sales-Ratio Well Within Target Range



## S and G&A<sup>1)</sup>

## R&D<sup>2)</sup>



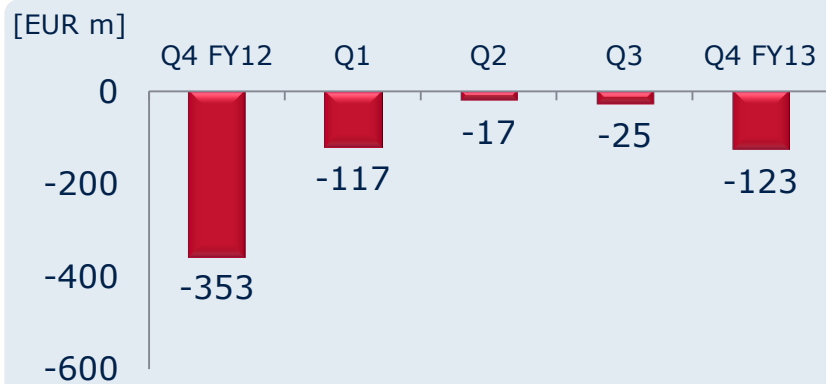
1) Target range for SG&A: ‚Low teens percentage of sales‘.

2) Target range for R&D: ‚Low to mid teens percentage of sales‘.

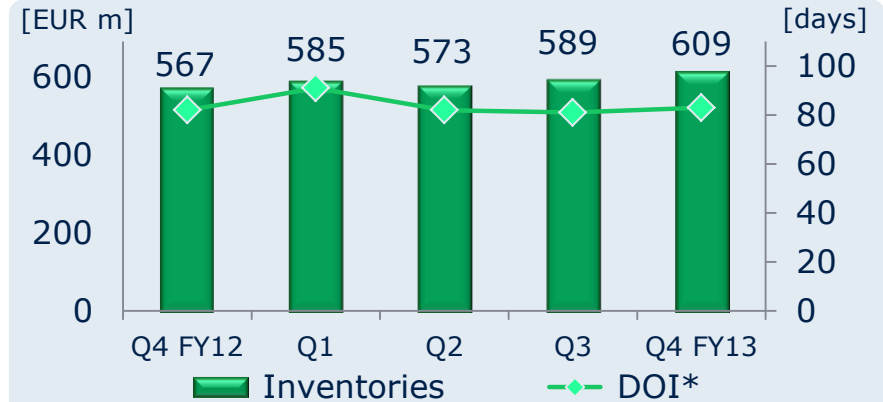


# DOI, DSO and DPO in Line With Our Targets

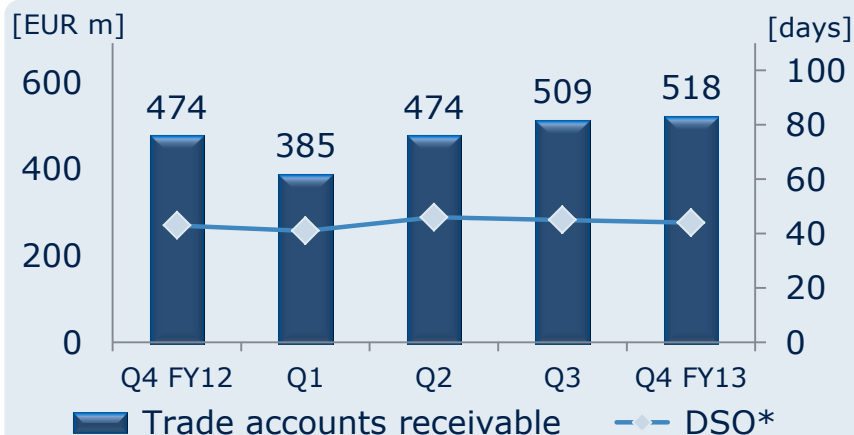
## Working capital\*



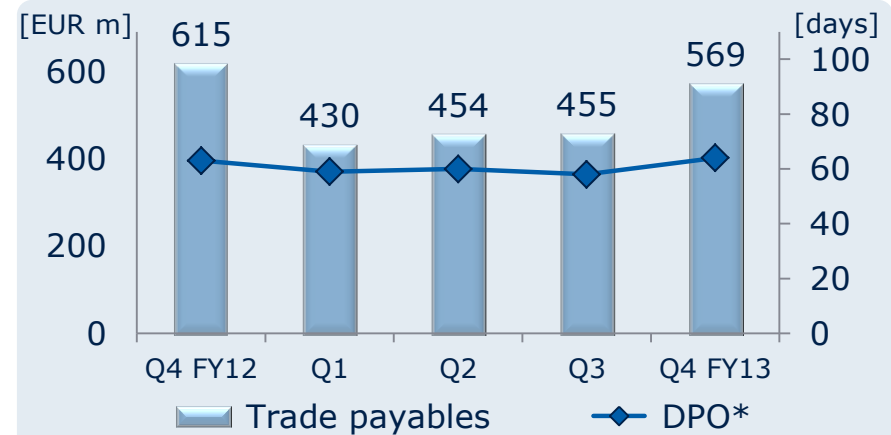
## Inventories



## Trade accounts receivable



## Trade payables



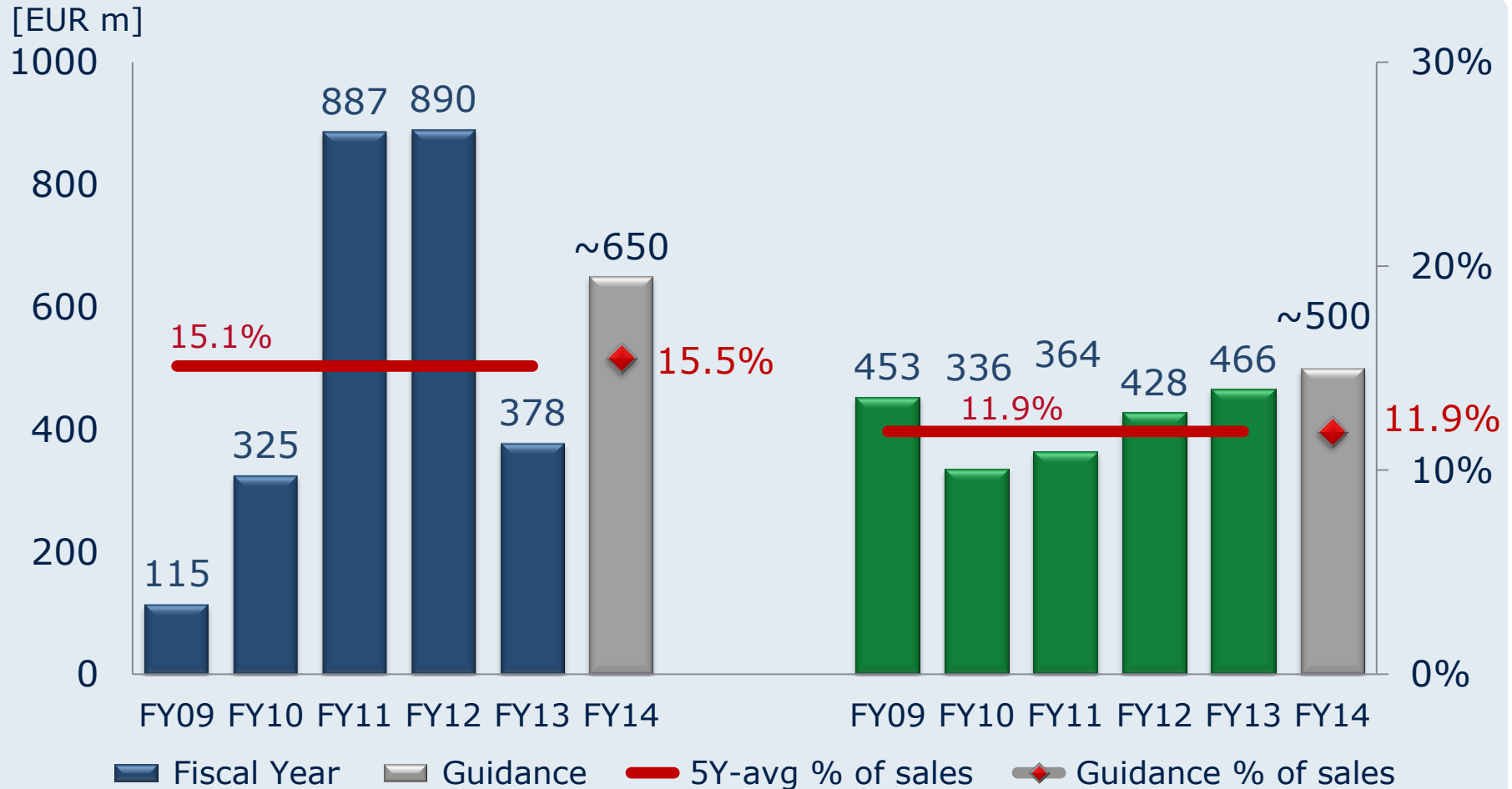
\* For definition please see page 29.

# Future Investments Expected to Be About 15% of Sales



## Investments\*

## D&A



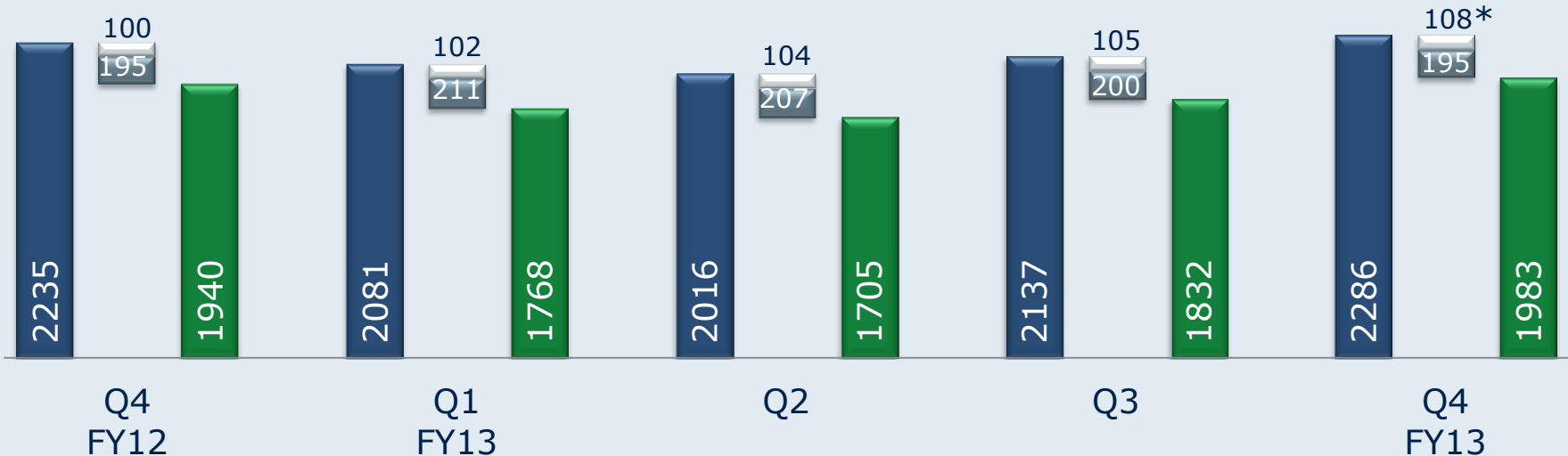
\* For definition please see page 29.

# Gross Cash and Net Cash Increased Due to Positive Free Cash Flow

## Liquidity Development

[EUR m]

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

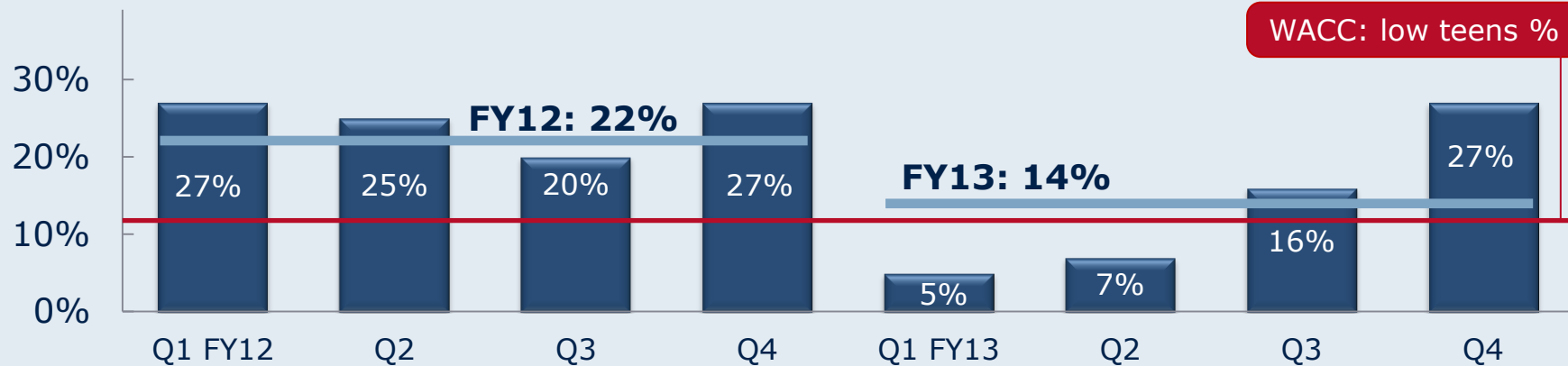


\* Consists of convertible bond (nominal value EUR 113m; book value EUR 108m).

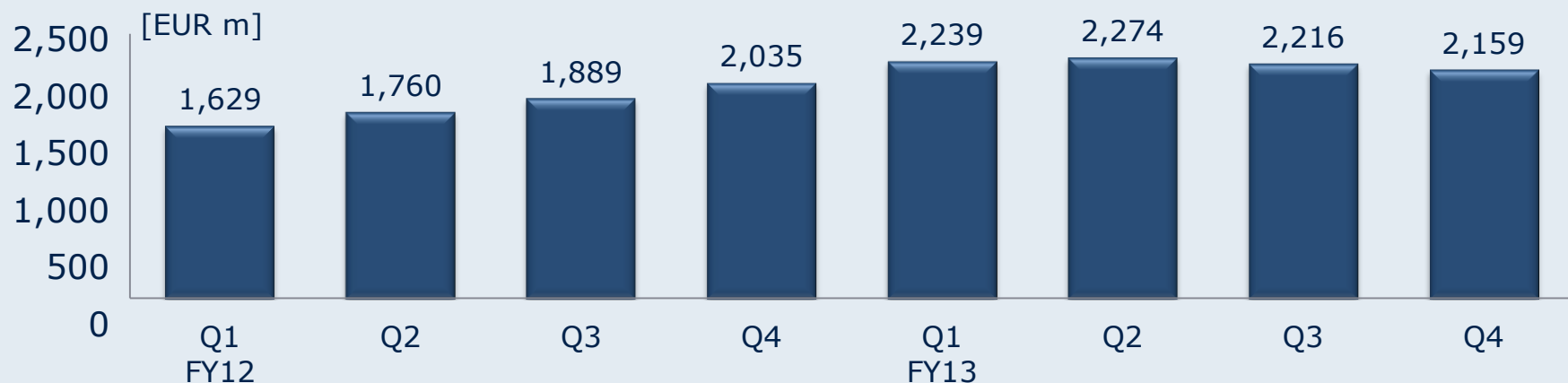
- Increase in gross cash due to positive Free Cash Flow of EUR 156m reduced by a reduction of debt of EUR 2m. Net cash effect correspondingly higher.
- Convertible bond due in May 2014.

# Target: 'RoCE above WACC' over the cycle

## RoCE\* history



## Capital Employed\* history



\* For definition please see page 29.

# 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 receivable (net)' / 'revenue') \* 90

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

# 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

- February 2013: Infineon is listed in the Sustainable Yearbook for the third consecutive year and according to RobecoSAM, listed among the top 15% most sustainable companies worldwide.
- September 2013: Infineon was listed in the Dow Jones Sustainability Index for the fourth consecutive year.

- October 2013: oekom research has classified Infineon as „Prime“, which serves as an indicator of the quality of Infineon's performance in the social and environmental areas.



FTSE4Good

- Infineon was added to the FTSE4Good Index Series in 2001.
- March 2013: Infineon was confirmed as member of this index for the 12<sup>th</sup> consecutive year.

# Financial Calendar

Date	Location	Event
18 – 19 Nov 2013	London	Company Roadshow including presentation by Andreas Urschitz, Division President, Power Management & Multimarket
20 – 21 Nov 2013	Barcelona	Morgan Stanley TMT Conference
03 – 04 Dec 2013	Scottsdale, AZ	Credit Suisse Technology Conference
30 Jan 2014*		Q1 FY14 Results
13 Feb 2014	Munich	Annual General Meeting
29 Apr 2014*		Q2 FY14 Results
30 Jul 2014*		Q3 FY13 Results
18 Nov 2014*		Q4 FY14 and FY 2014 Results



\* provisional

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