

# First Quarter FY 2014 Quarterly Update

Infineon Technologies AG  
Investor Relations



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## ■ Infineon at a Glance

## ■ Growth Drivers

## ■ Results and Outlook

### **Disclaimer:**

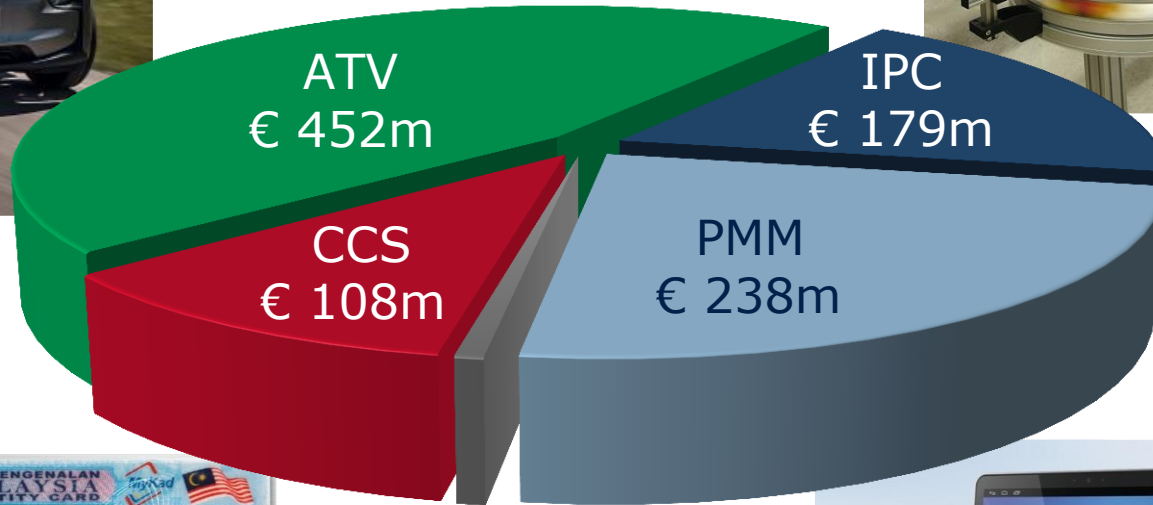
This presentation contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

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

**Q1 FY 2014 revenue: EUR 984m**



OOS+C&E\*  
€ 7m

\*Other Operating Segments;  
Corporate and Eliminations.



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



## ATV



## IPC



## PMM



## CCS



## EMS partners



## Distribution partners

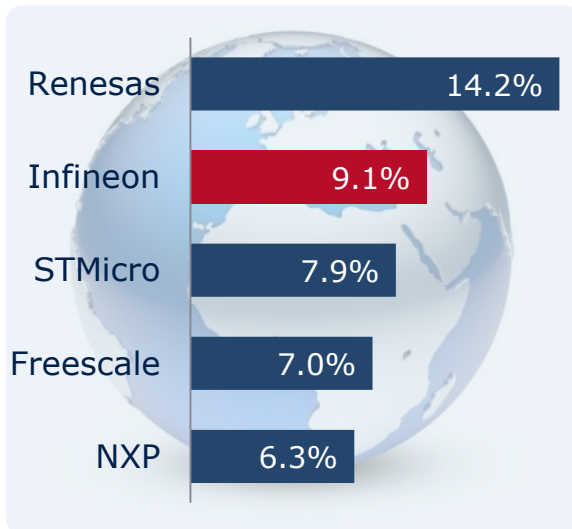


# Infineon Holds Top Positions in All Major Product Categories



## Automotive semiconductors

total market in 2012:  
\$23.9bn

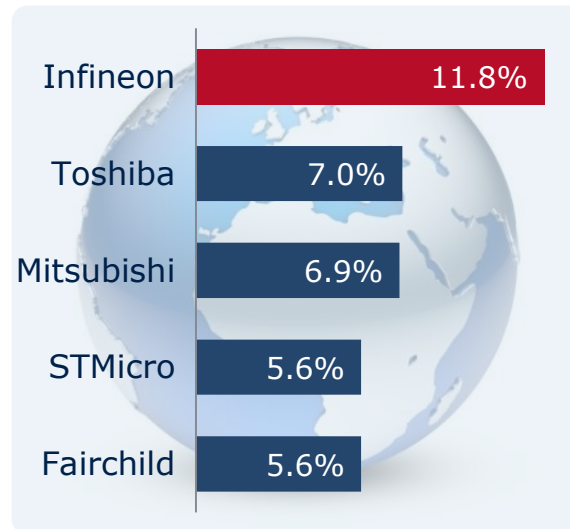


Automotive semiconductors incl. semiconductor sensors.

Source: Strategy Analytics, April 2013.

## Power semiconductors

total market in 2012:  
\$15.0bn

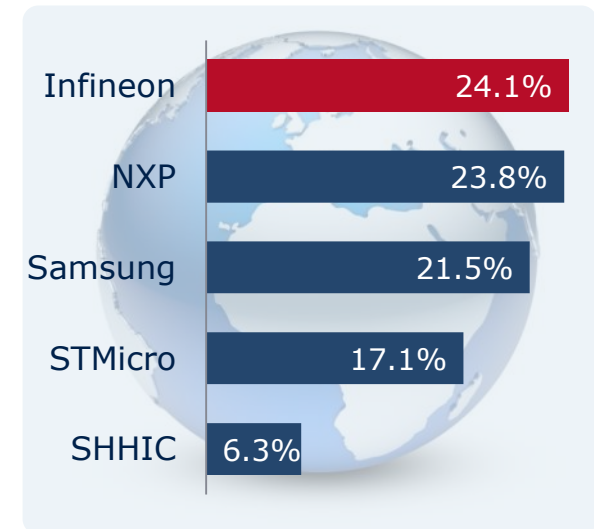


Discrete power semiconductors and power modules.

Source: IHS, December 2013.

## Smart card ICs

total market in 2012:  
\$2.24bn



Microcontroller-based smart card ICs.

Source: IHS, September 2013.

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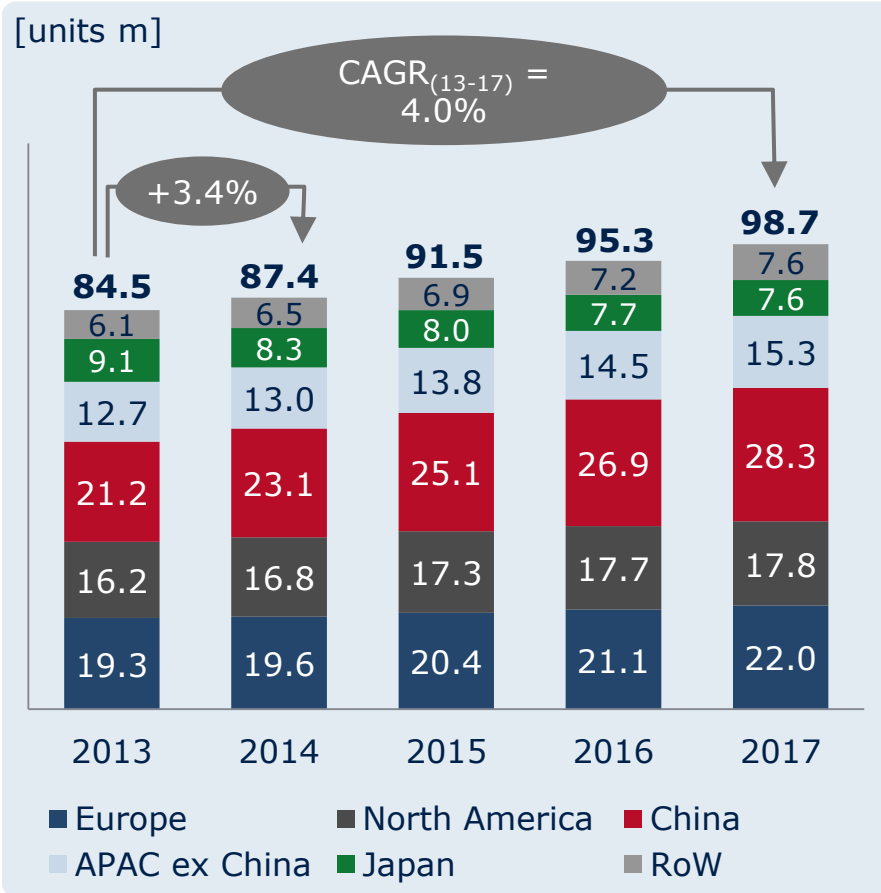
■ Growth Drivers

■ Results and Outlook

# Growth in Car Production and Content-per-Car Continues Unabated

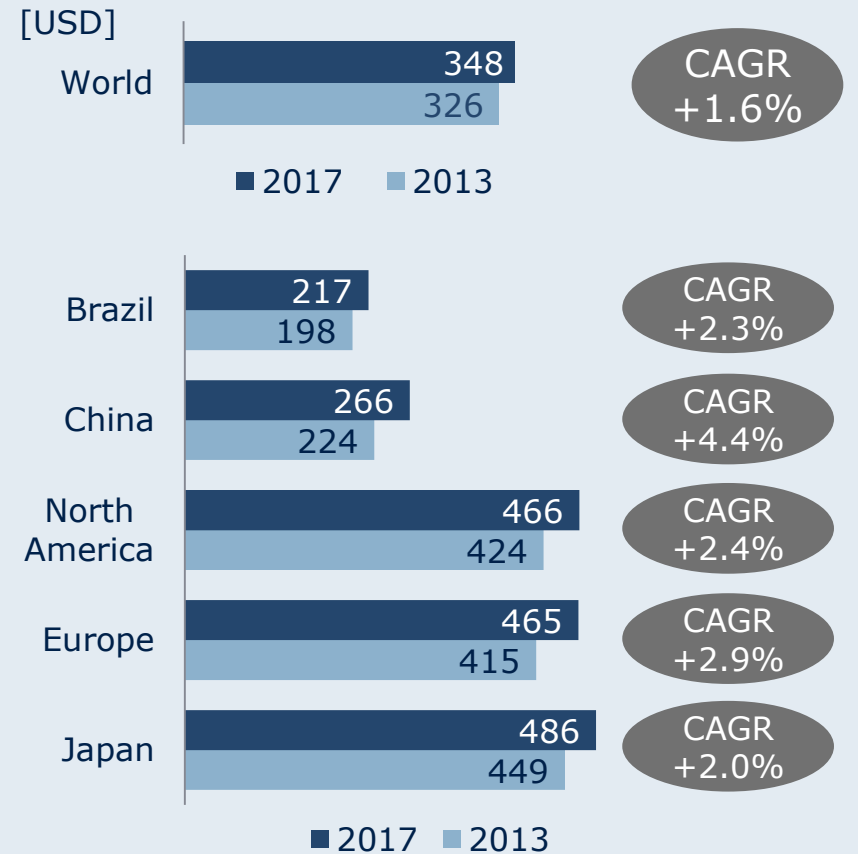


## Global car production (cars ≤ 6t)



Source: IHS, "Annual Light Vehicle Production 2007 - 2019", January 2014.

## Semiconductor value per car

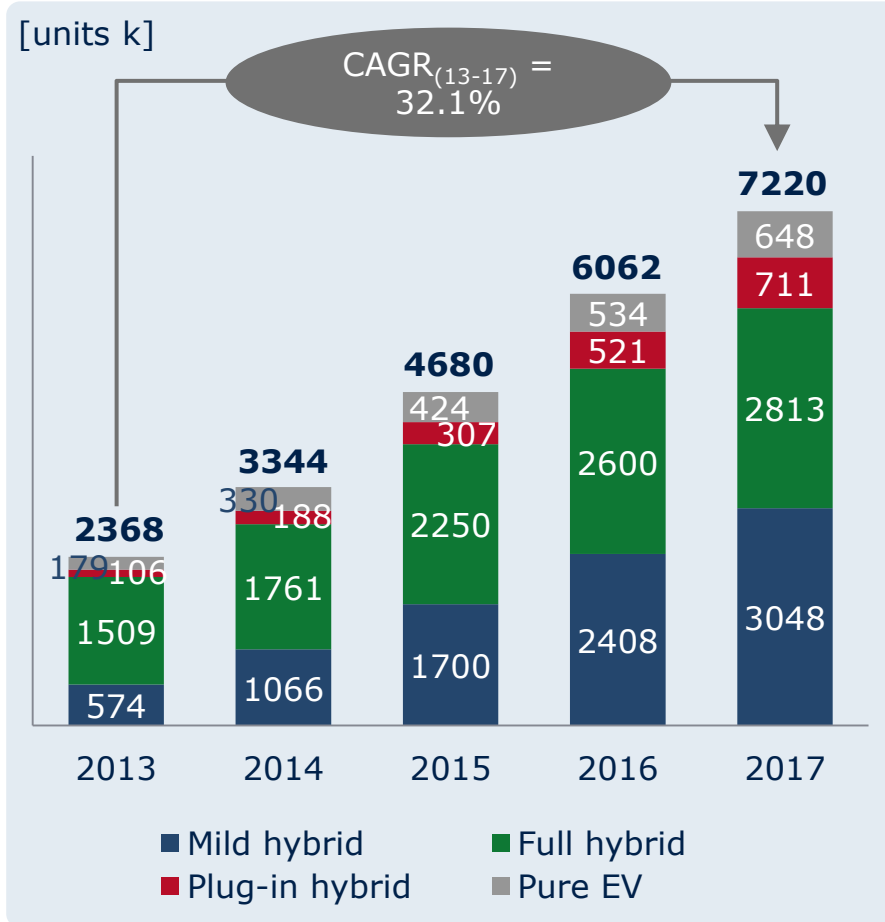


Source: Strategy Analytics, "Automotive Semiconductor Demand Forecast 2011 - 2020", incl. semiconductor sensors, January 2014.

# EV/HEV Powertrain Contains \$300 More Semi Content-per-Car vs Conventional Car

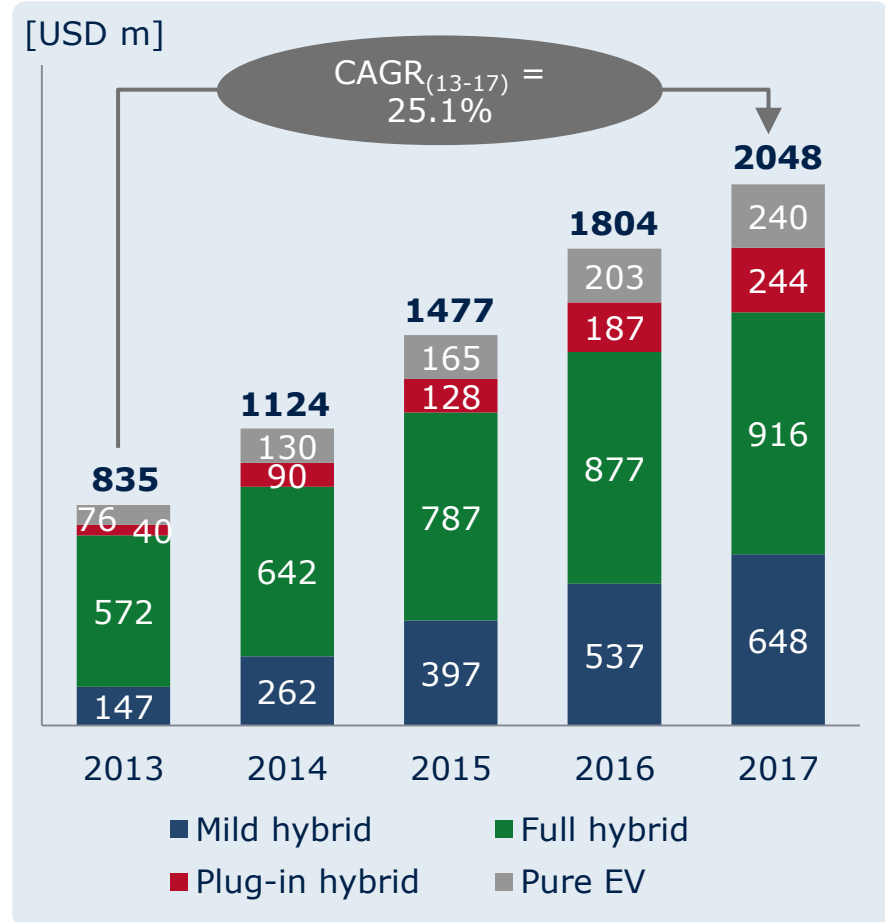


## EV/HEV car production



Source: Strategy Analytics, "Hybrid & Electric Vehicle Systems Demand Forecast 2007 to 2020", November 2013.

## EV/HEV powertrain semi market



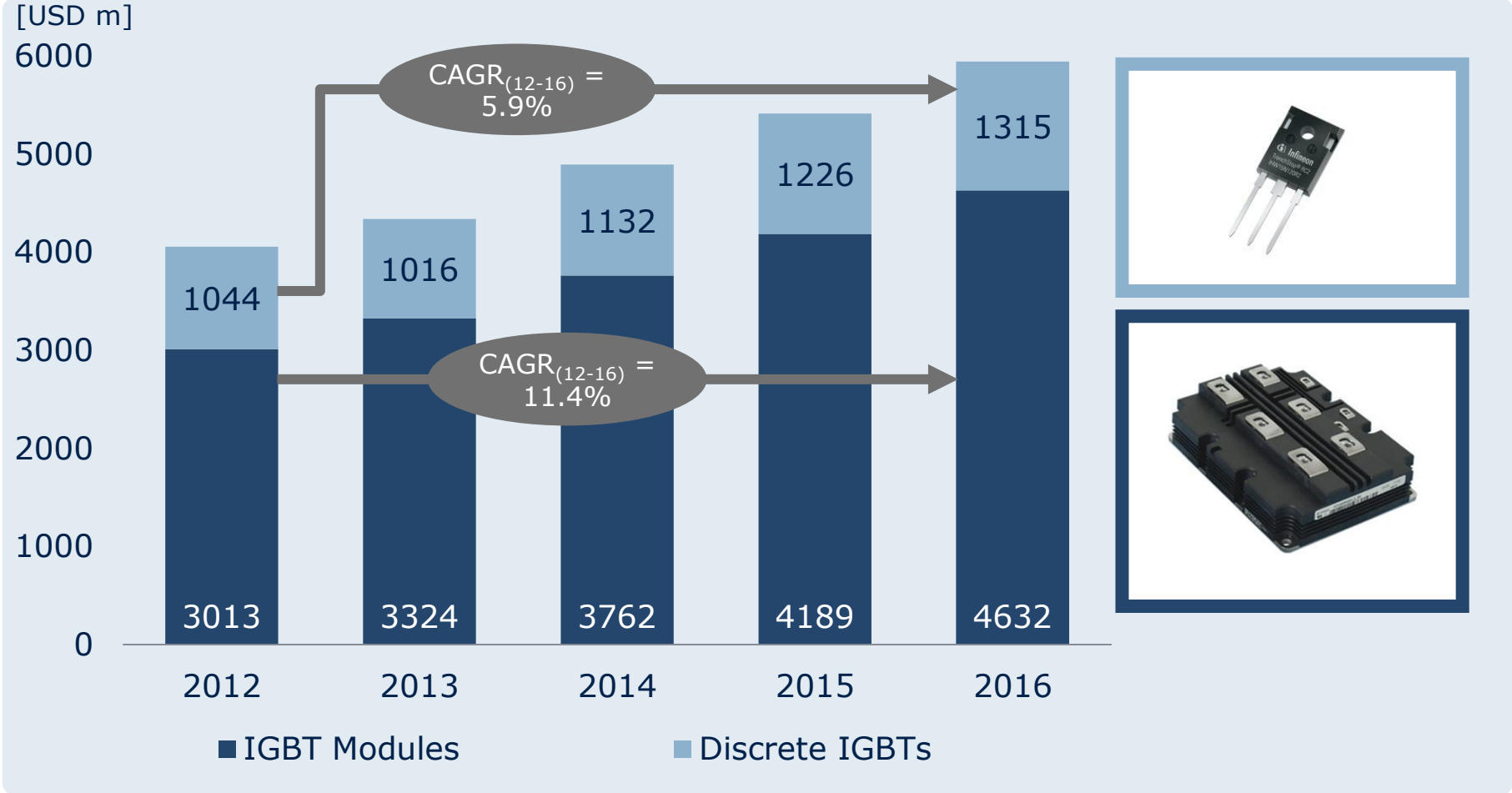
Source: Strategy Analytics, "Automotive Semiconductor Demand Forecast 2011 - 2020", January 2014.



# IGBTs: Double-Digit Growth For Modules; Discretes to Resume Growth After 2013 Dip

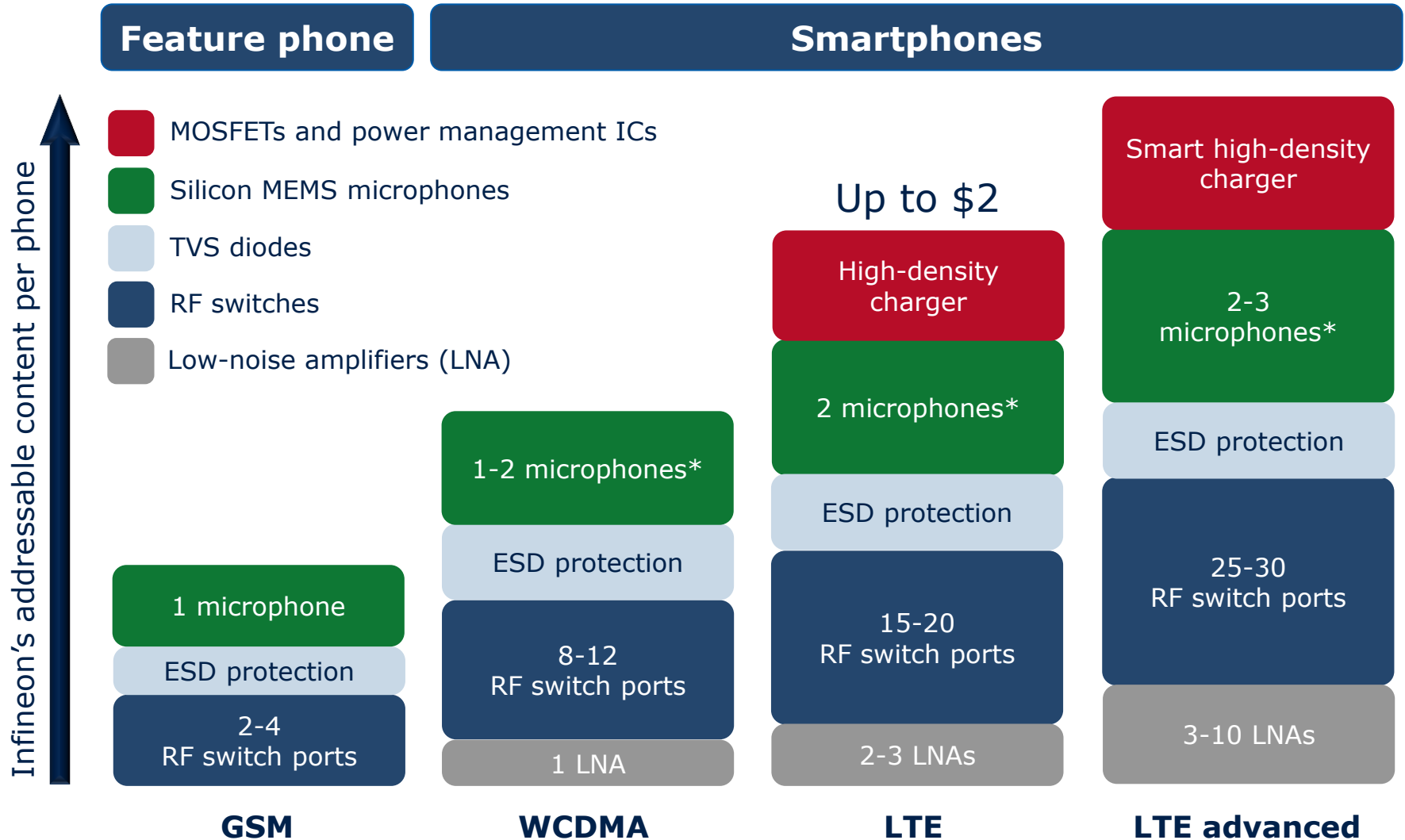


## Market development for discrete IGBTs and IGBT modules



Source: IHS, "The World Market for Power Semiconductor Discretes and Modules", December 2013.

# Higher Functionality in Mobile Devices Requires Additional Infineon Components



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

# Expected Growth Broadly In Line With Historical Averages



**ATV**



Courtesy: BMW AG

**IPC**



Courtesy: Bosch Rexroth

**PMM**



**CCS**



**~7% p.a.**

**>10% p.a.**

**>10% p.a.**

**~5% p.a.**

**Infineon: 8% p.a.**

Sources: IHS, Strategy Analytics, ABI Research, Infineon.

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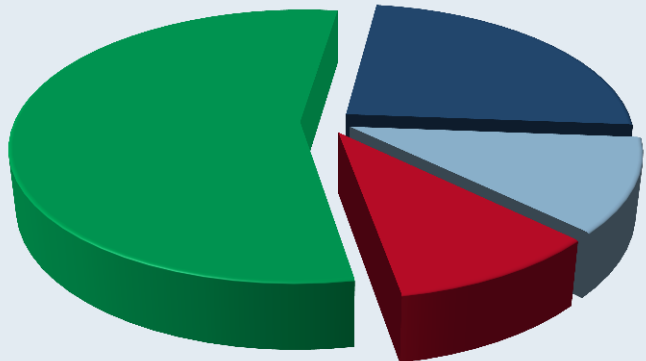
# Profitability Better Than Expected in Q1 FY14



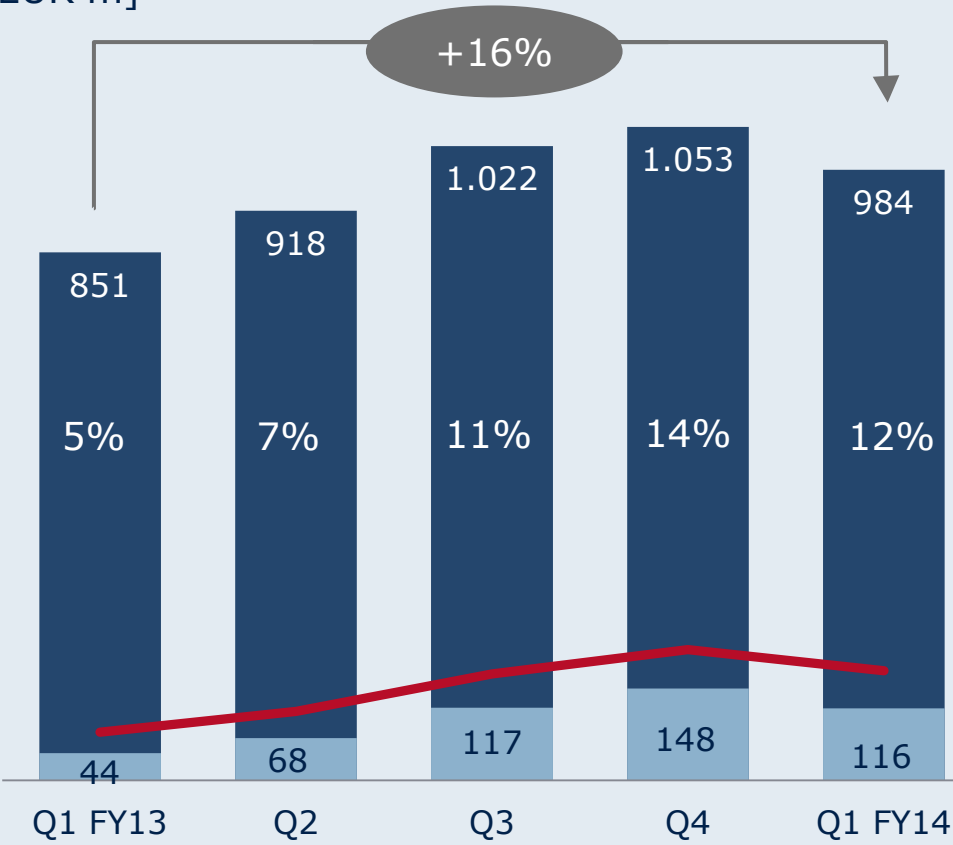
## Revenue and Segment Result

[EUR m]

FY 2013 revenue split by product category



- Power
- embed. Control
- RF
- others

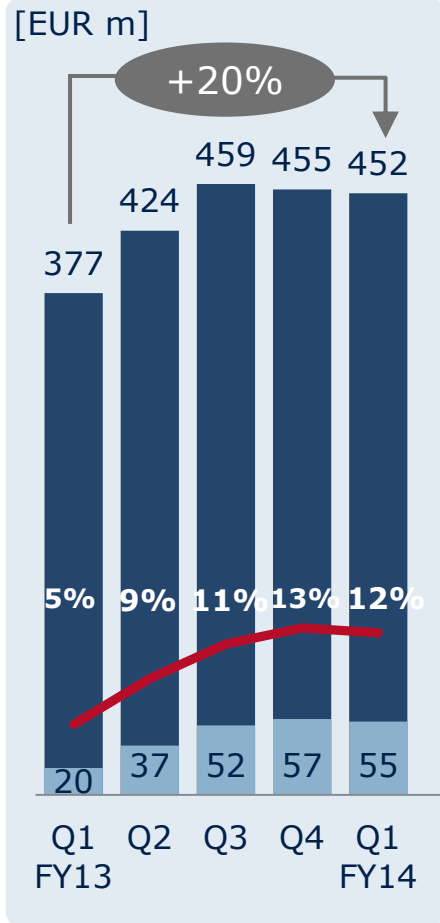


■ Revenue    ■ Segment Result    — Segment Result Margin

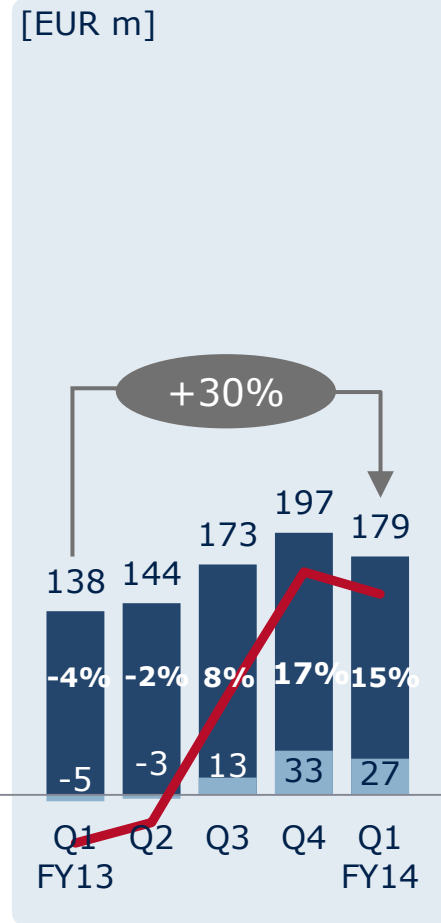
# ATV, IPC and PMM Recorded High Year-on-Year Growth



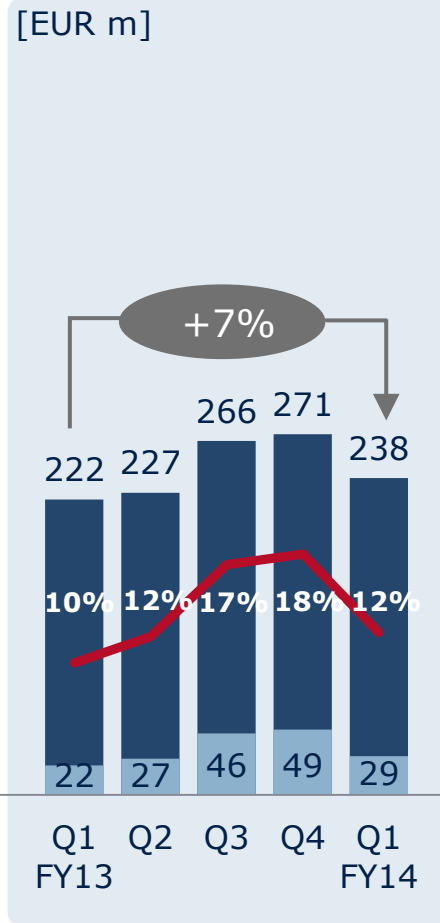
## ATV



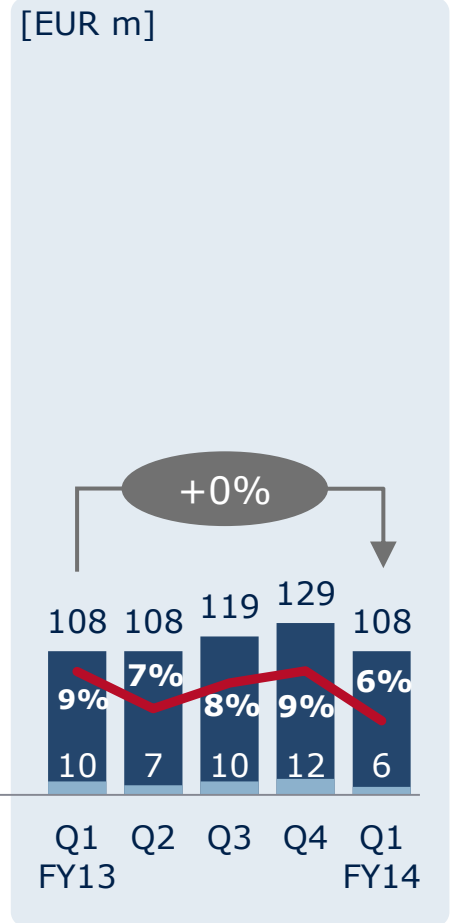
## IPC



## PMM



## CCS



■ Revenue

■ Segment Result

— Segment Result Margin

# Guidance for Q2 FY14 and FY 2014

Outlook Q2 FY14  
(compared to Q1 FY14)



Outlook FY 2014  
(compared to FY 2013)



Revenue

Mid single-digit  
percentage increase.

Increase between  
7% and 11%.

Segment  
Result  
Margin

Between  
10% and 13%.

Between  
11% and 14%.

Investments in FY 2014

About €650m.

D&A in FY 2014

€500m or slightly above.



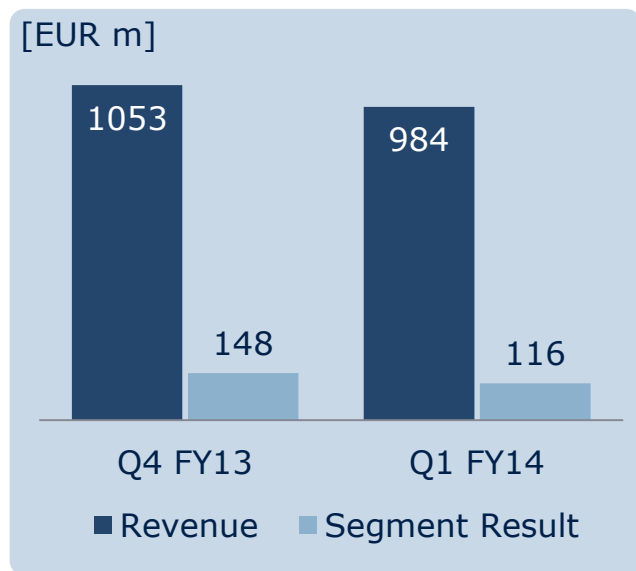
# ENERGY EFFICIENCY MOBILITY SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.





# Significant Year-on-Year Improvement in Financial Performance



[EUR m]	Q1 FY13	Q4 FY13	Q1 FY14
Revenue	851	1,053	984
Segment Result	44	148	116
SR Margin	5.2%	14.1%	11.8%
Net Income*	19	142	87
Investment	88	155	129
FCF from cont. operations	-128	156	30
Gross Cash	2,081	2,286	2,279
Net Cash	1,768	1,983	2,048

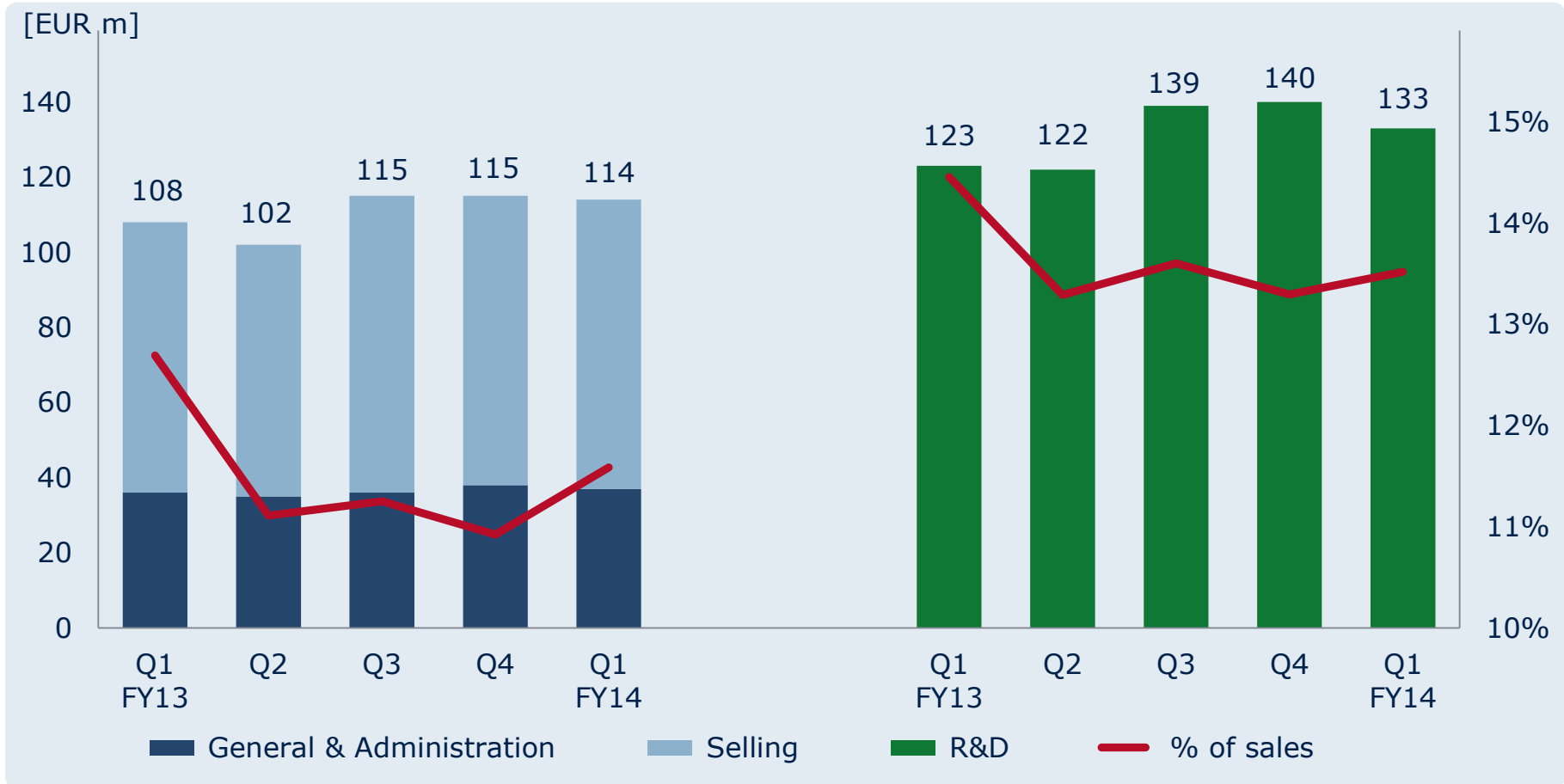
\* Net Income includes "income/loss from discontinued operations, net of income taxes" in Q1 FY13 EUR -7m, in Q4 FY13 EUR 3m and in Q1 FY14 EUR 2m.

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



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

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

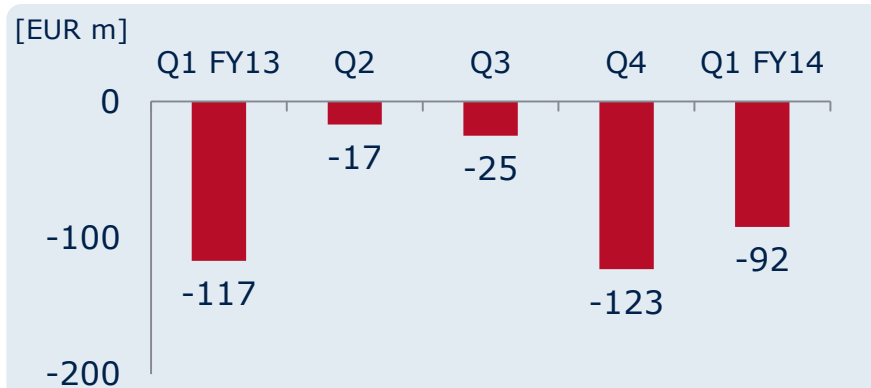


1) Target range for SG&A: „Low teens percentage of sales“.

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

# Inventories Up due to High Productivity, DSO and DPO in Line With Our Targets

## Working capital\*



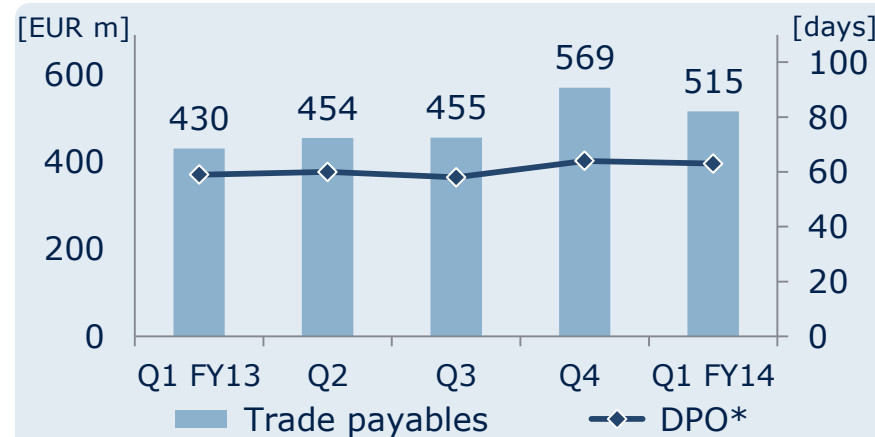
## Inventories



## Trade receivables



## Trade payables



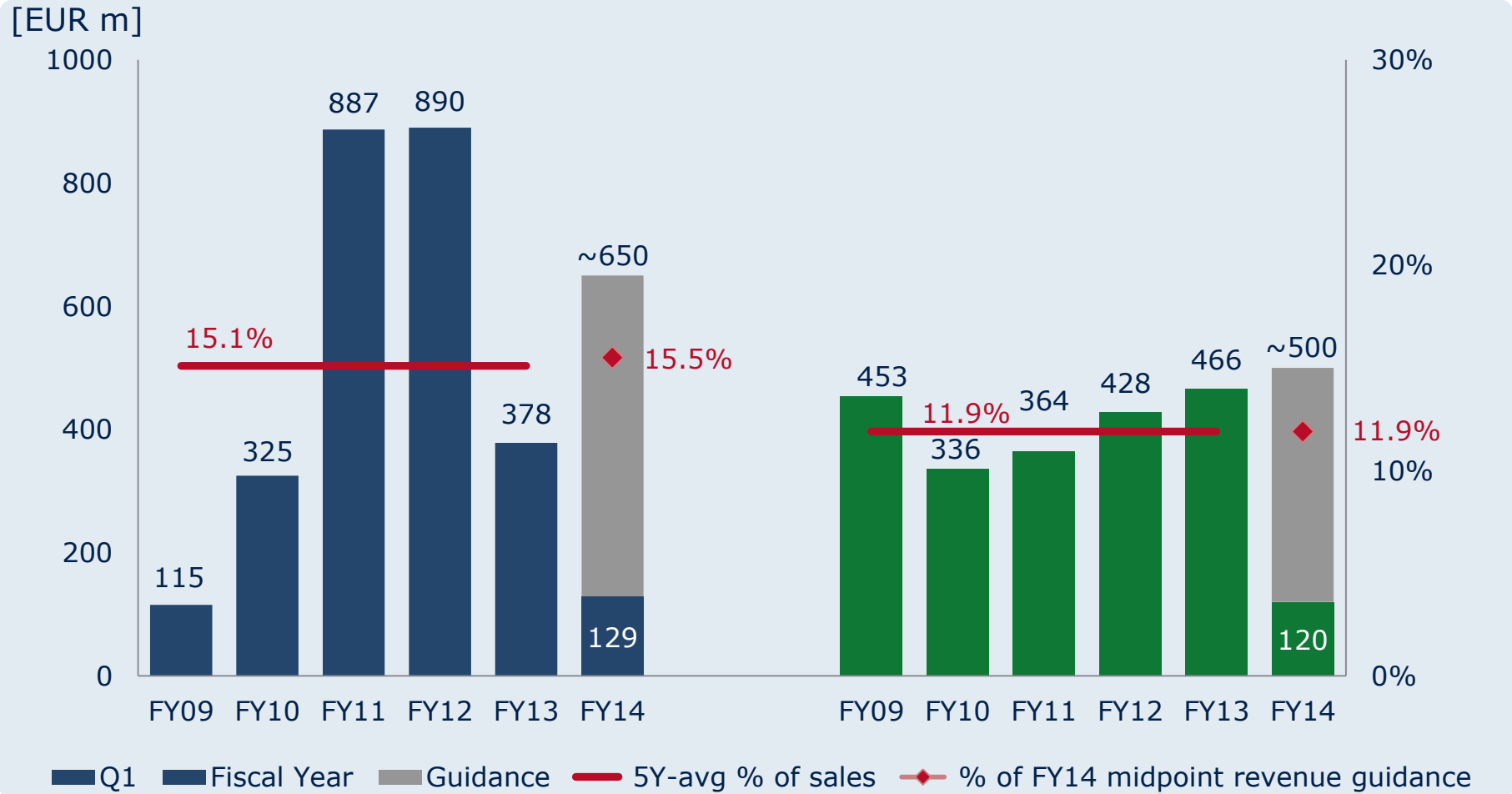
\* For definition please see page 24.

# Future Investments Expected to Be About 15% of Sales



## Investments\*

## D&A



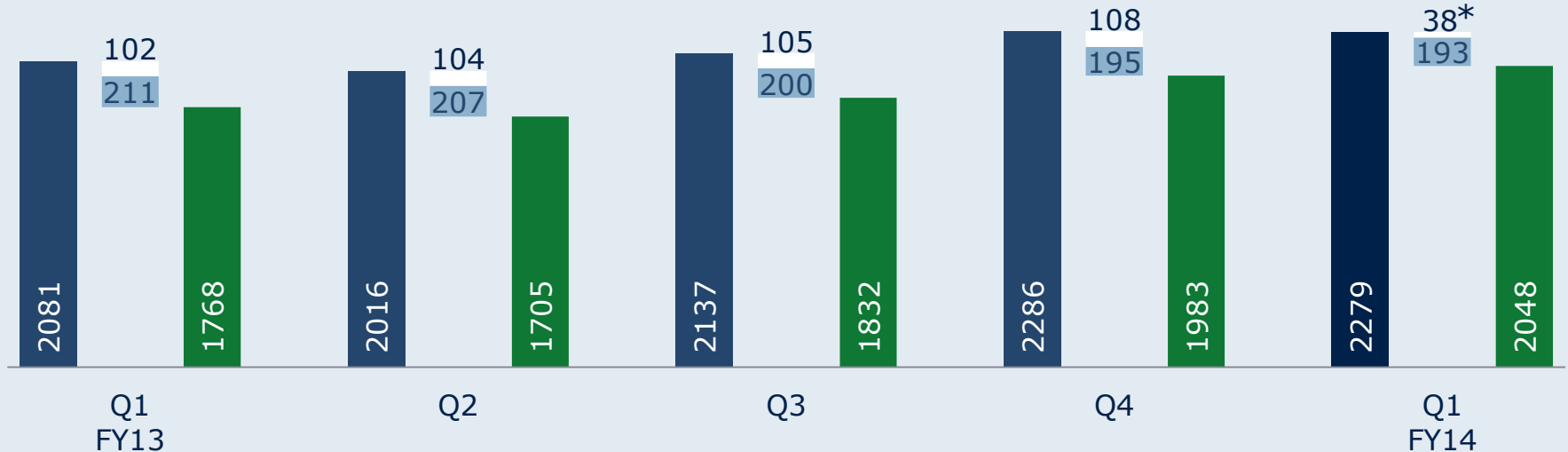
\* For definition please see page 24.

# Gross Cash Stable; Net Cash Increased Due to Conversion of Convertible

## Liquidity Development

[EUR m]

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



\* Consists of convertible bond (nominal value EUR 39m; book value EUR 38m).

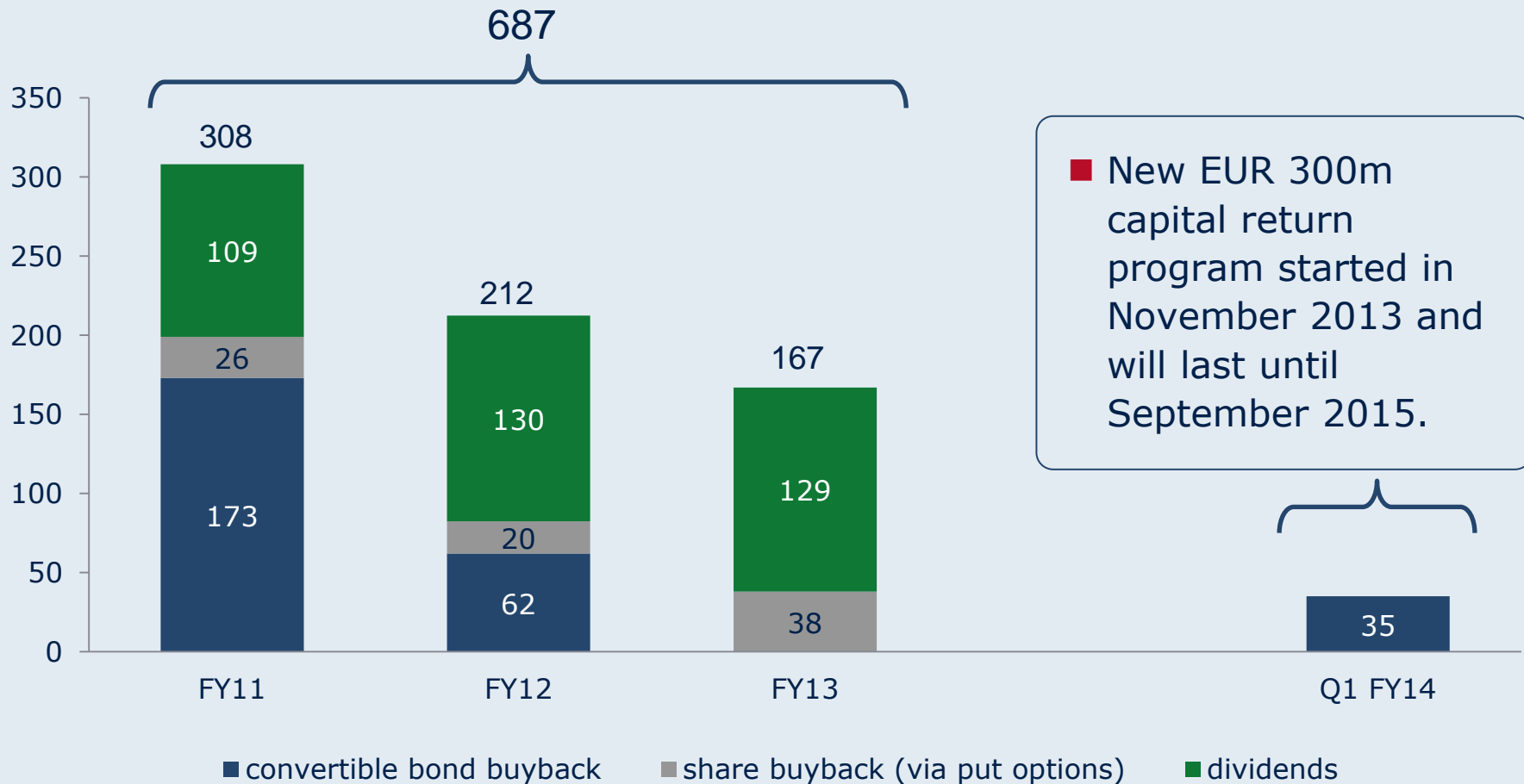
- Increase in gross cash offset by repurchase of convertible bonds for EUR 35m. Net cash increased due to conversion of convertible bonds with nominal value of EUR 64m.
- Convertible bond: early redemption on 7 February 2014.

# Total Gross Capital Returns of EUR 722m Between FY 2011 and Q1 FY14



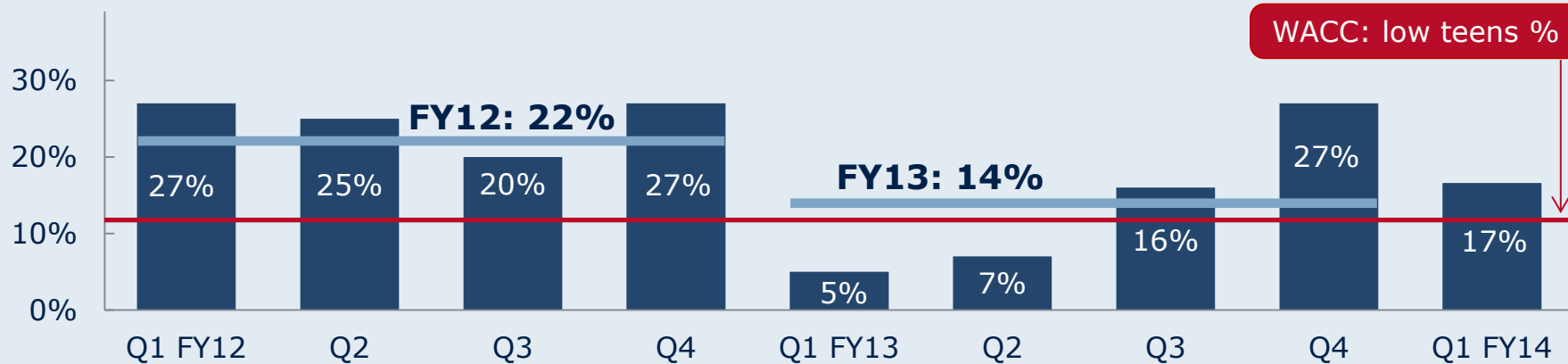
## Total gross capital returns history

[EUR m]



# Target: 'RoCE above WACC' over the cycle

## RoCE\* history



## Capital Employed\* history



\* For definition please see page 24.

# 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 receivables' / '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

New!

- January 2014: Infineon is listed in the Sustainability Yearbook for the fourth 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
13 Feb 2014	Munich	Annual General Meeting
29 Apr 2014*		Q2 FY14 Results
11 Jun 2014	Berlin	Dt. Bank German, Swiss & Austrian Conference
17 Jun 2014	London	JPMorgan Technology CEO Conference
30 Jul 2014*		Q3 FY13 Results
09 Sep 2014	Frankfurt	Commerzbank Sector Week
18 Nov 2014*		Q4 FY14 and FY 2014 Results
19 – 20 Nov 2014	Barcelona	Morgan Stanley TMT Conference
02 – 03 Dec 2014	Scottsdale, AZ	Credit Suisse TMT Conference

\* provisional

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