

# US Roadshow

## 19 – 22 May 2014

Infineon Technologies AG



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## ■ Infineon at a Glance

## ■ Growth Drivers

## ■ Results and Outlook

### **Disclaimer:**

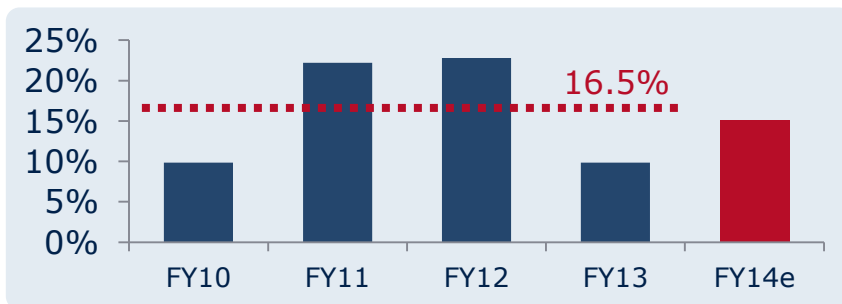
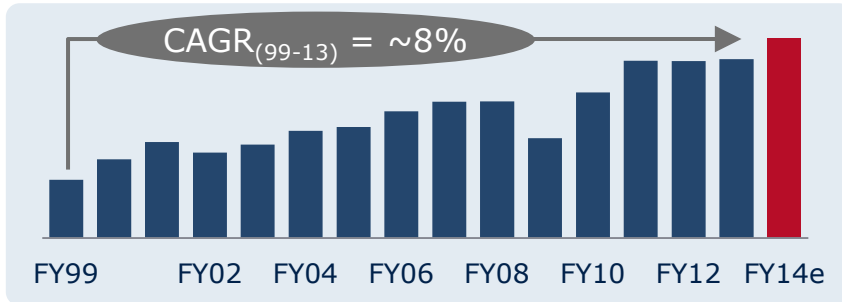
This presentation contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

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.

# Average Cycle Financial Targets

## Historical



## Going forward

Revenue Growth:  
**~8%**

Segment Result Margin:  
**~15%**

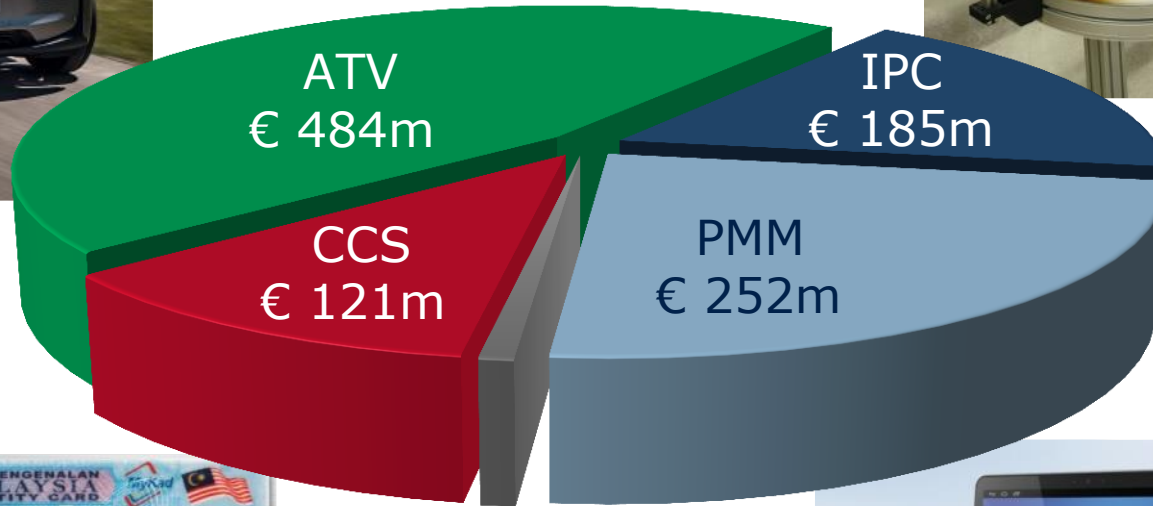
Investment-to-Sales:  
**~13%**

# Revenue Split by Division

**Q2 FY 2014 revenue: EUR 1,051m**



Courtesy: BMW Group



OOS+C&E\*  
€ 9m

\*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

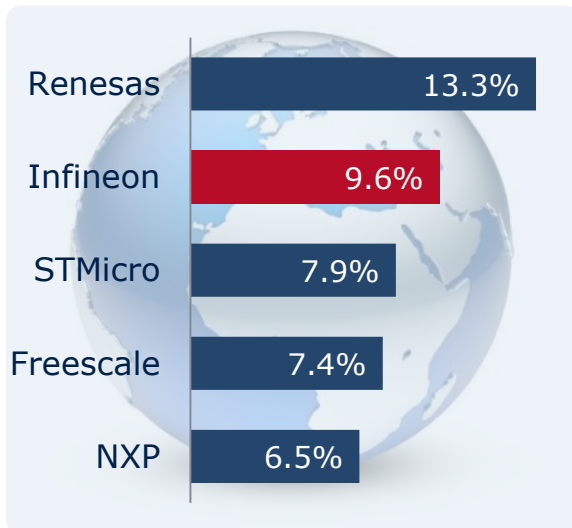


# Infineon Holds Top Positions in All Major Product Categories



## Automotive semiconductors

total market in 2013:  
\$25.1bn

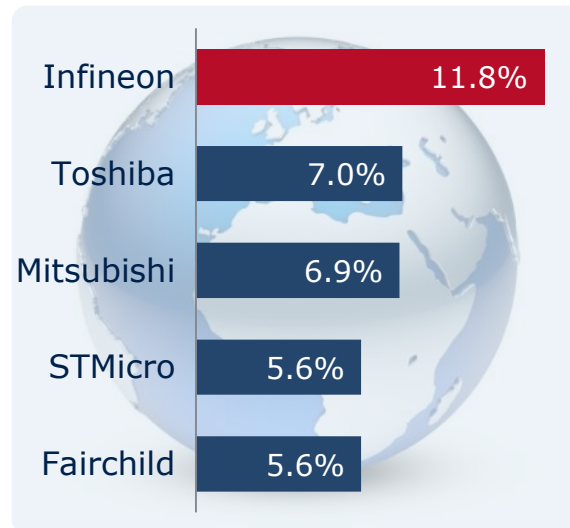


Automotive semiconductors incl. semiconductor sensors.

Source: Strategy Analytics, April 2014.

## Power semiconductors

total market in 2012:  
\$15.0bn

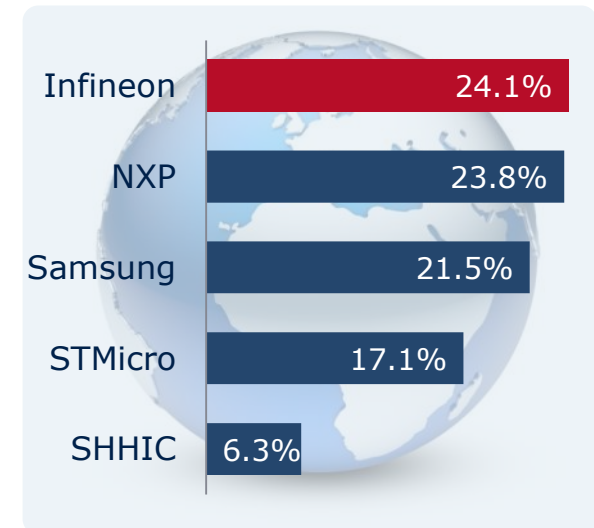


Discrete power semiconductors and power modules.

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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■ Infineon at a Glance

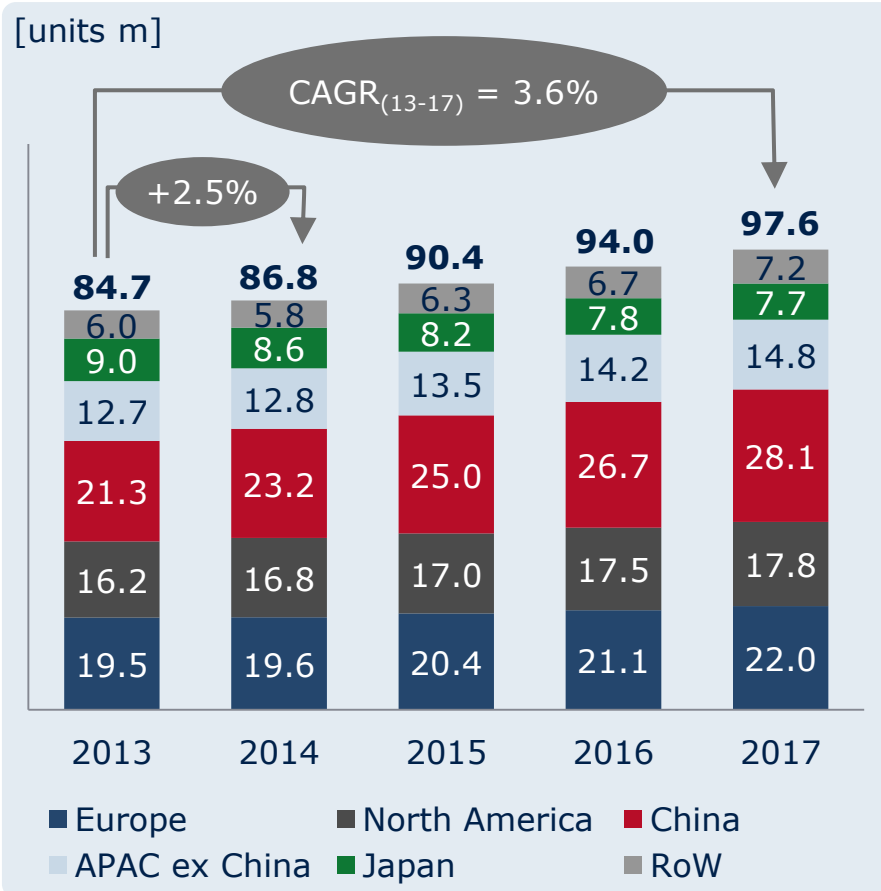
■ Growth Drivers

■ Results and Outlook

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

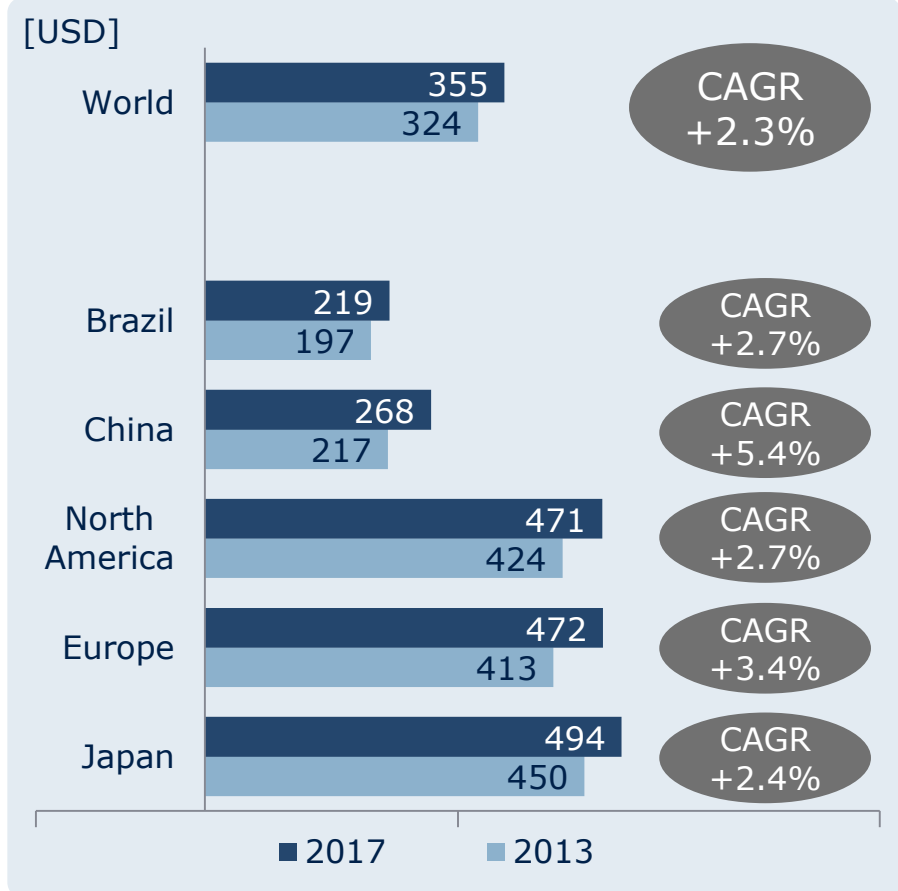


## Global car production (cars ≤ 6t)



Source: IHS, "Annual Light Vehicle Production and Sales 2007 - 2019", April 2014 update.

## Semiconductor value per car



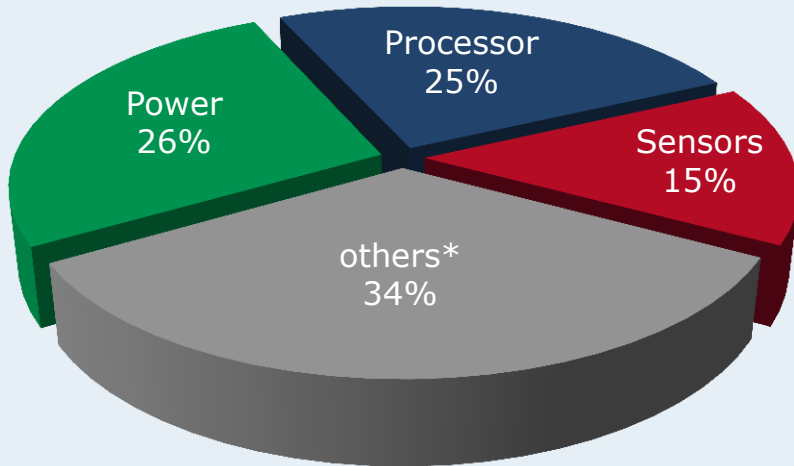
Source: Strategy Analytics, "Automotive Semiconductor Demand Forecast 2012 - 2021", incl. semiconductor sensors, May 2014.



# In 2013, Infineon Gained Market Share in All Addressed Product Categories



## 2013 automotive semiconductor market by product category (\$25.1bn)

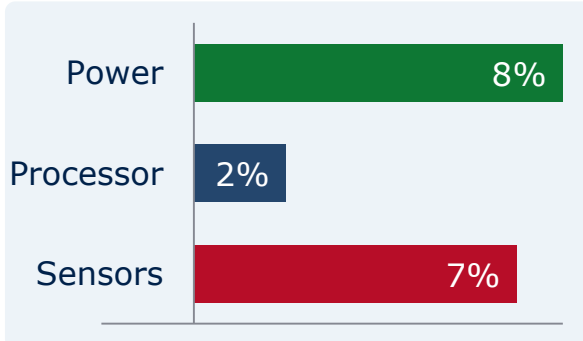


- "Power" and "Sensors" were the fastest growing product categories with 8% and 7% growth y-y, respectively.
- Infineon remained market leader in "Power" with 21.3% market share.
- Strong product portfolio in pressure and Hall sensors led to significant market share gain in "Sensors" of 1.0%-point.

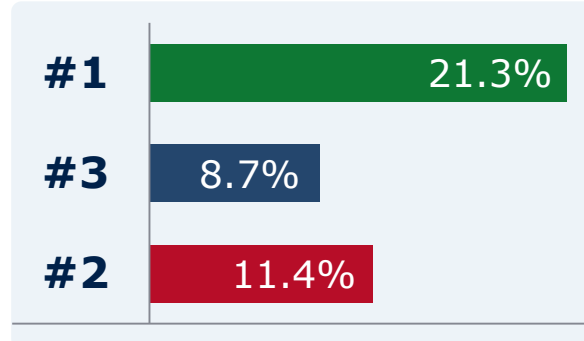
Source: Strategy Analytics, April 2014.

\* "others" include: opto, small-signal discretes, logic ICs, non-power analog, memory, and other.

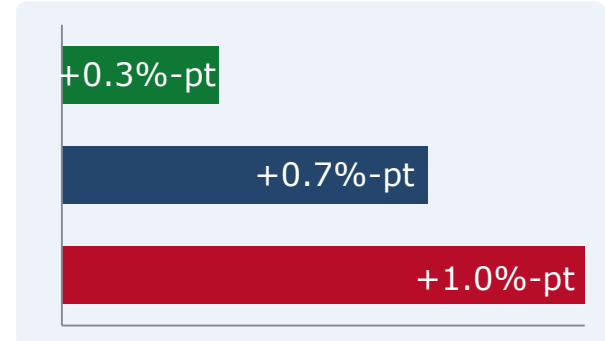
## Market growth y-y



## Infineon's position 2013



## Infineon's change y-y



# Drives, Home Appliances and Others Show Strongest Growth Rates

**Drives**

**Renewables**

**Traction**

**Home Appliances**

**Others**



**~10% p.a.**

**> 5% p.a.**

**~5% p.a.**

**> 10% p.a.**

**> 10% p.a.**

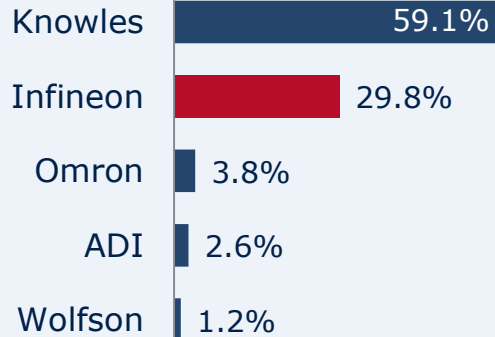
**IPC:**

**~10% p.a.**

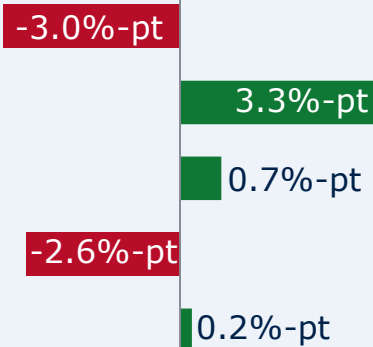
# Share Gains in Chips for Silicon Microphones; 785m Units Shipped in 2013



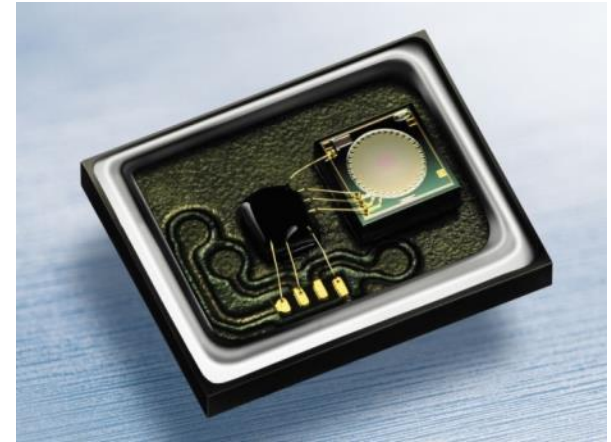
## Ranking 2013



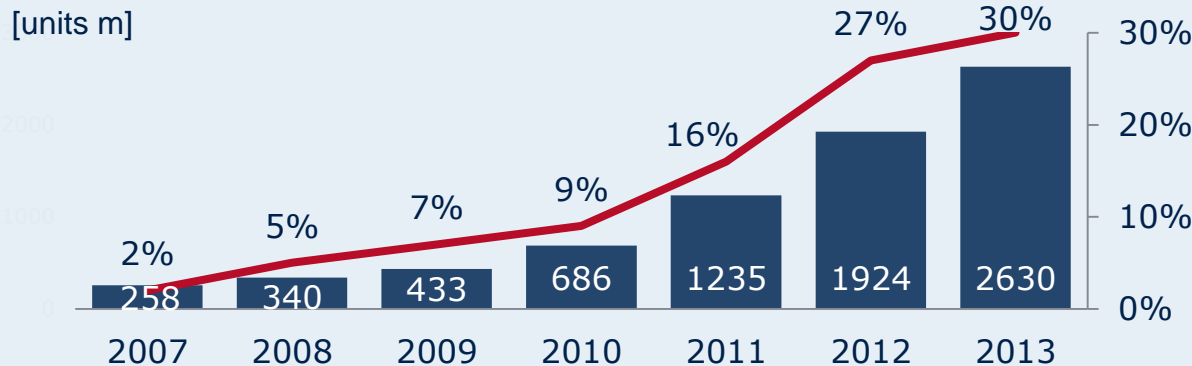
## Change y-y



## Silicon microphone

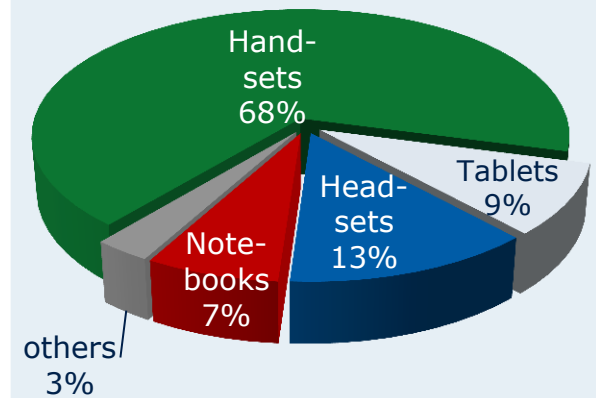


## Market development; Infineon's market share



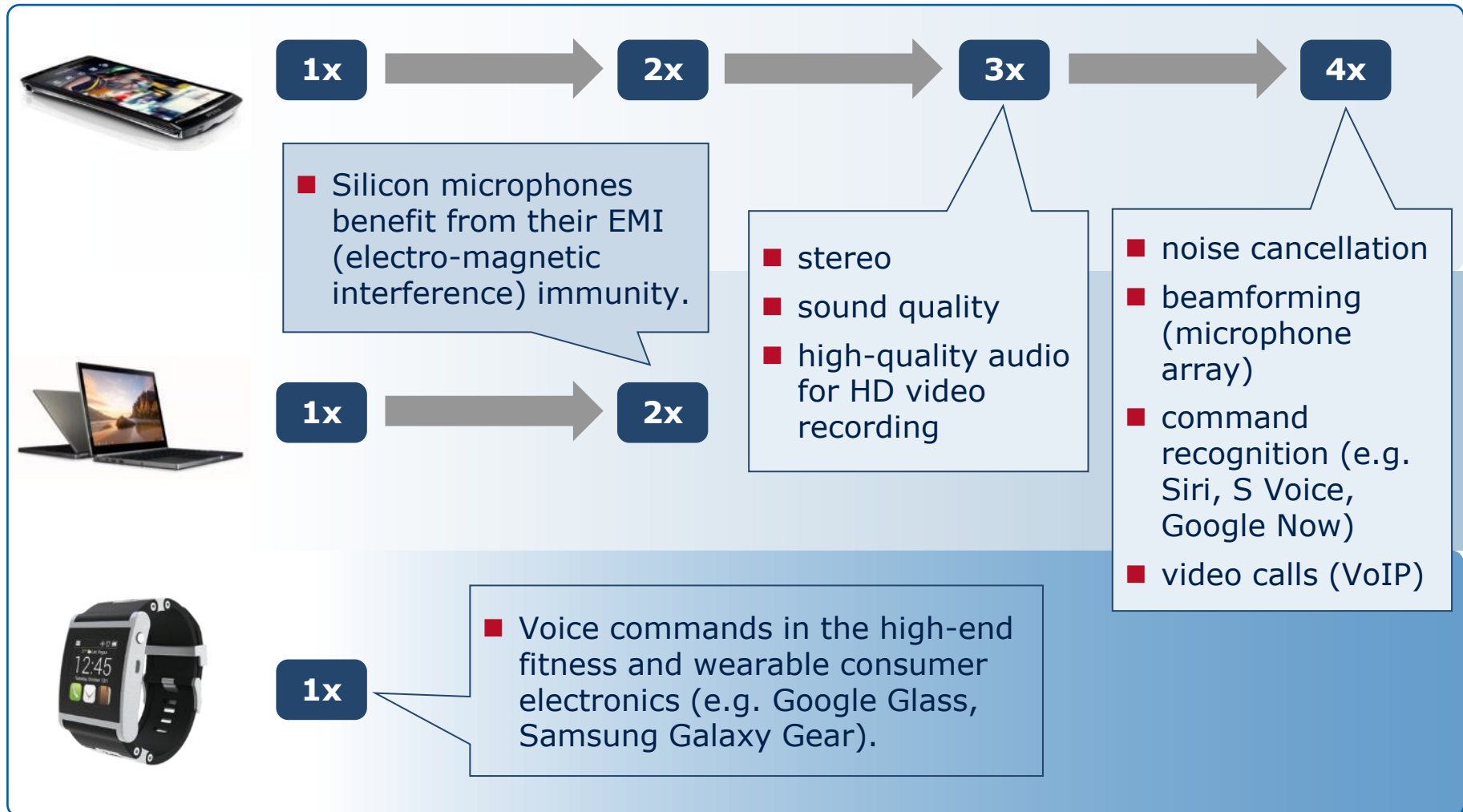
Source: IHS, "MEMS Microphone Report - 2014", April 2014. All data refer to units of silicon MEMS microphones excluding ASICs for signal conversion.

## Target applications



# Acoustic Performance Becomes Differentiator and Enabler for New Capabilities

## Trends for higher number of microphones per device



# Strong Growth in Payment Business and also in Multiple Implementations of NFC

## Strong momentum for Infineon's payment business

- Successful introduction and ramp of SLE 77-based products in 90nm technology.
- Payment business grew by > 60% year-on-year in Q2 FY14.
- Payment business remains well positioned for further growth driven by
  - ongoing and accelerated roll out of China UnionPay chip cards, mainly dual-interface cards;
  - conversion of US magnetic stripe-based cards to EMV\* cards, underway in H2 2014 / early 2015;
  - general trend towards dual-interface cards (e.g. "girogo" in Germany).

\* EMV = Europay MasterCard Visa, a global standard for interoperability of chip-based cards and chip card capable point-of-sale terminals and ATMs.

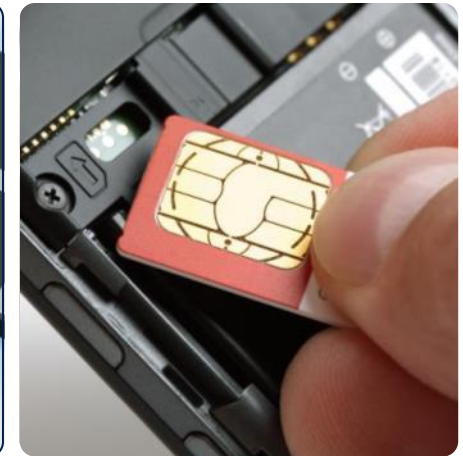
## Infineon's main NFC offerings on the rise

### embedded SE



- Design wins at various smartphone manufacturers for embedded Secure Element using 32-bit security controller.

### in SIM card



- Strong presence in NFC SIM cards, especially in planned China's LTE rollout combined with mobile payment/transport.

# Growth in CCS Driven by All Application Segments

**High-end Mobile Communication**



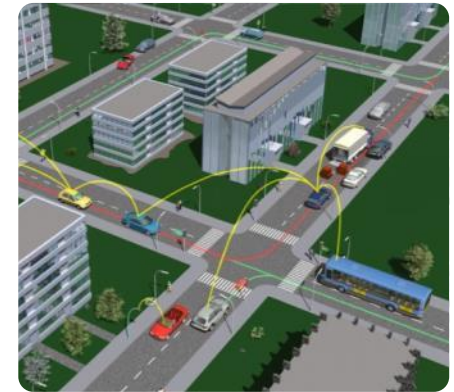
**Payment**



**Government Identification**



**Embedded Security**



**Expected growth [pieces]**

**~30%**

**~15%**

**~15%**

**~20%**

**CCS:**

**6-9% p.a.**

# Expected Growth Broadly In Line With Historical Averages



**ATV**



**IPC**



**PMM**



**CCS**



**~7% p.a.**

**~10% p.a.**

**>10% p.a.**

**6-9% p.a.**



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

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

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■ Infineon at a Glance

■ Growth Drivers

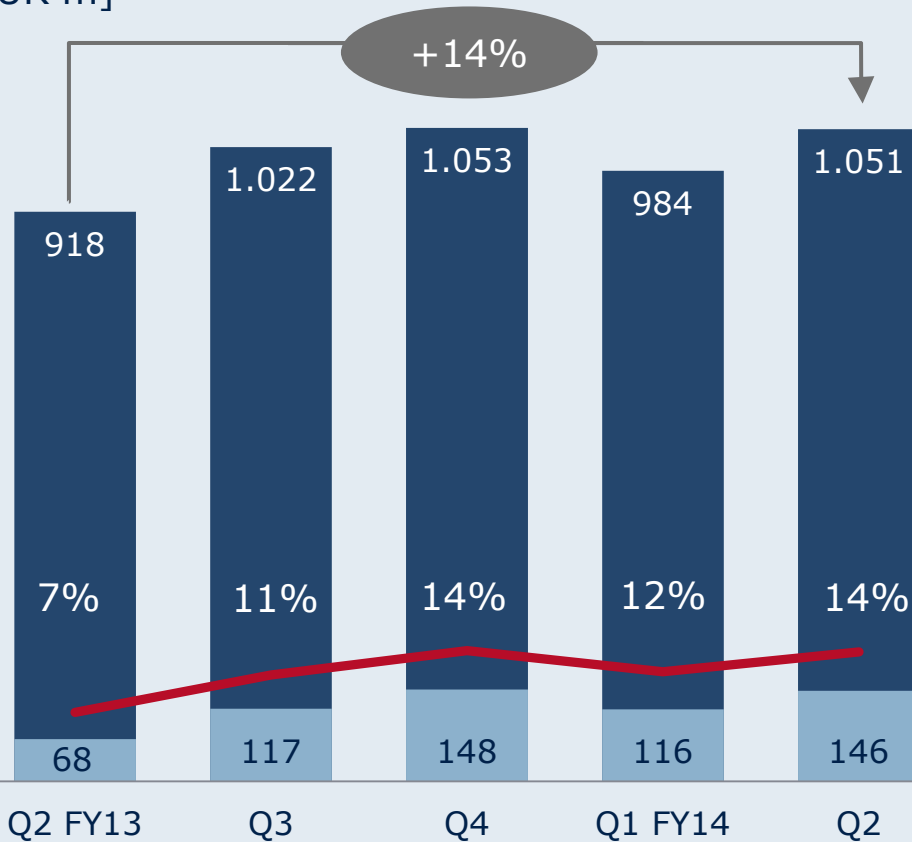
■ Results and Outlook



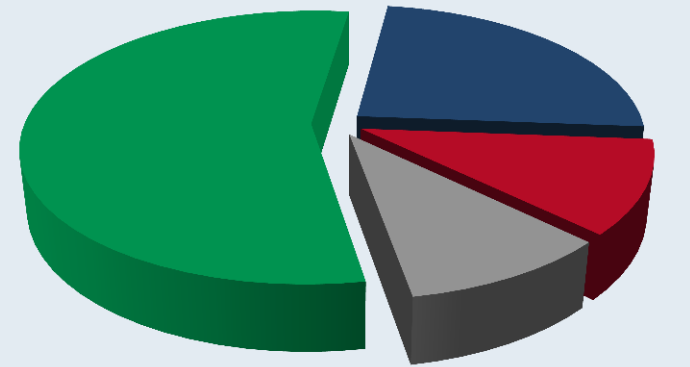
# Growth Expected to Continue in Second Half FY 2014

## Revenue and Segment Result

[EUR m]



FY 2013 revenue split by product category



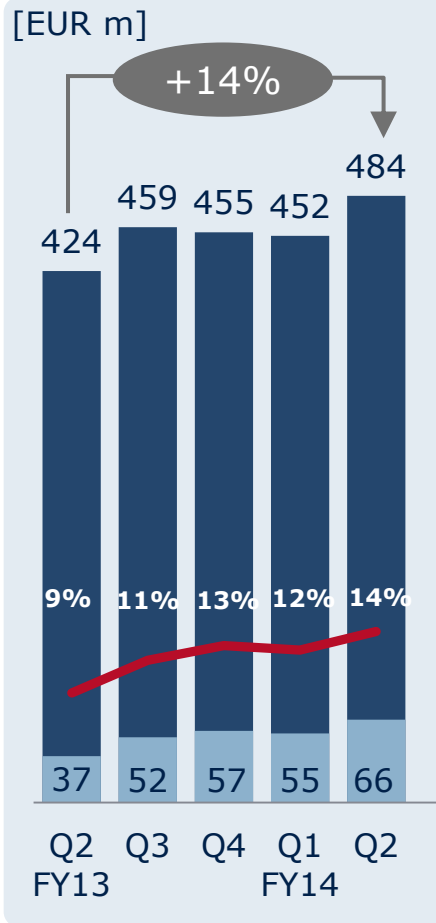
- Power
- embed. Control
- RF
- others

■ Revenue    ■ Segment Result    — Segment Result Margin

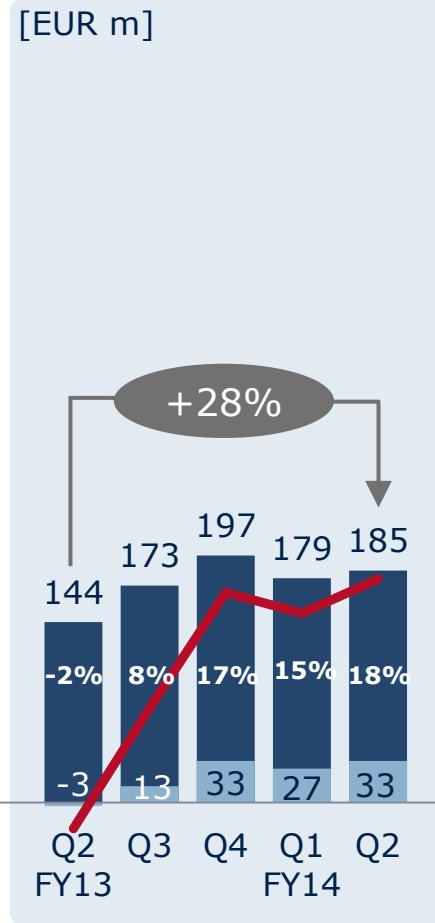
# Good Year-on-Year Growth Achieved in All Segments



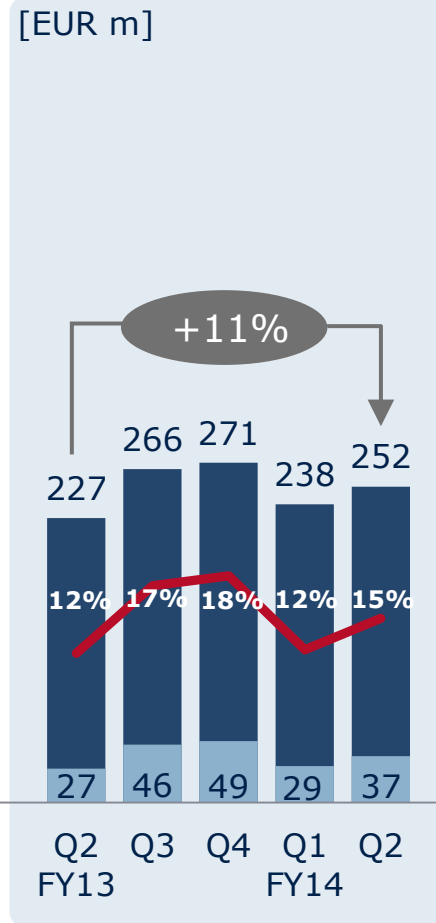
## ATV



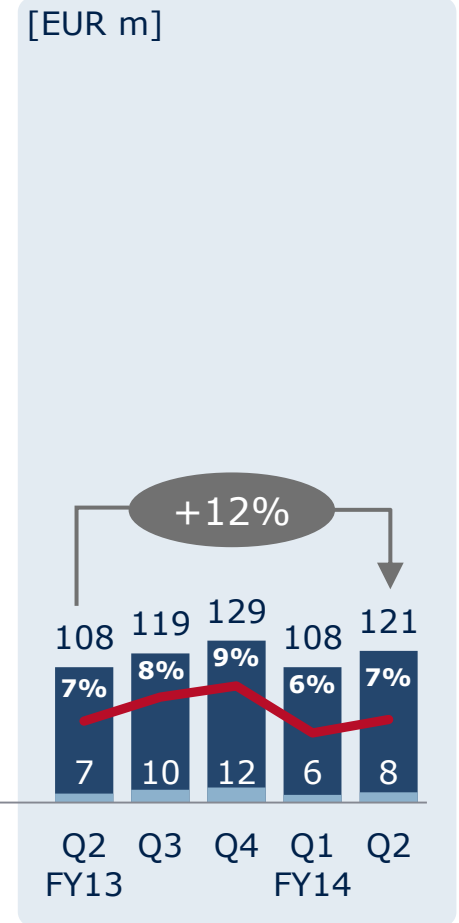
## IPC



## PMM



## CCS



■ Revenue

■ Segment Result

— Segment Result Margin

# Guidance for Q3 FY14 and FY 2014

Outlook Q3 FY14  
(compared to Q2 FY14)



Outlook FY 2014  
(compared to FY 2013)



Revenue

Increase between  
4% and 8%.

At least 11%.  
(previously: "Between 7% and 11%.")

Segment  
Result  
Margin

Between  
14% and 16%.

At least 14%.  
(previously: "Between 11% and 14%.")

Investments in FY 2014

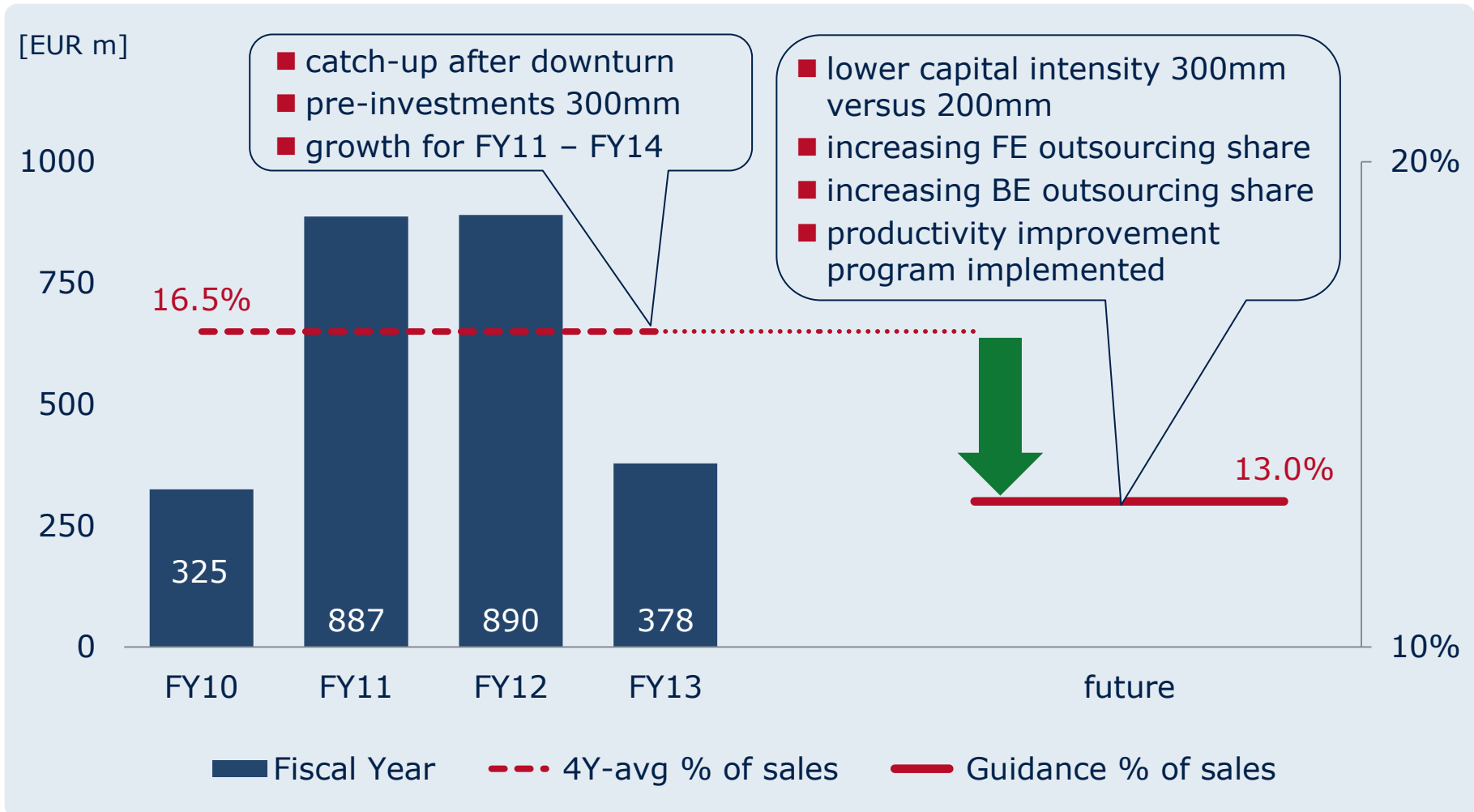
About €650m.

D&A in FY 2014

€500m or slightly above.

# Investment-to-Sales Ratio Will Drop From ~16% in the Past to ~13% in the Future

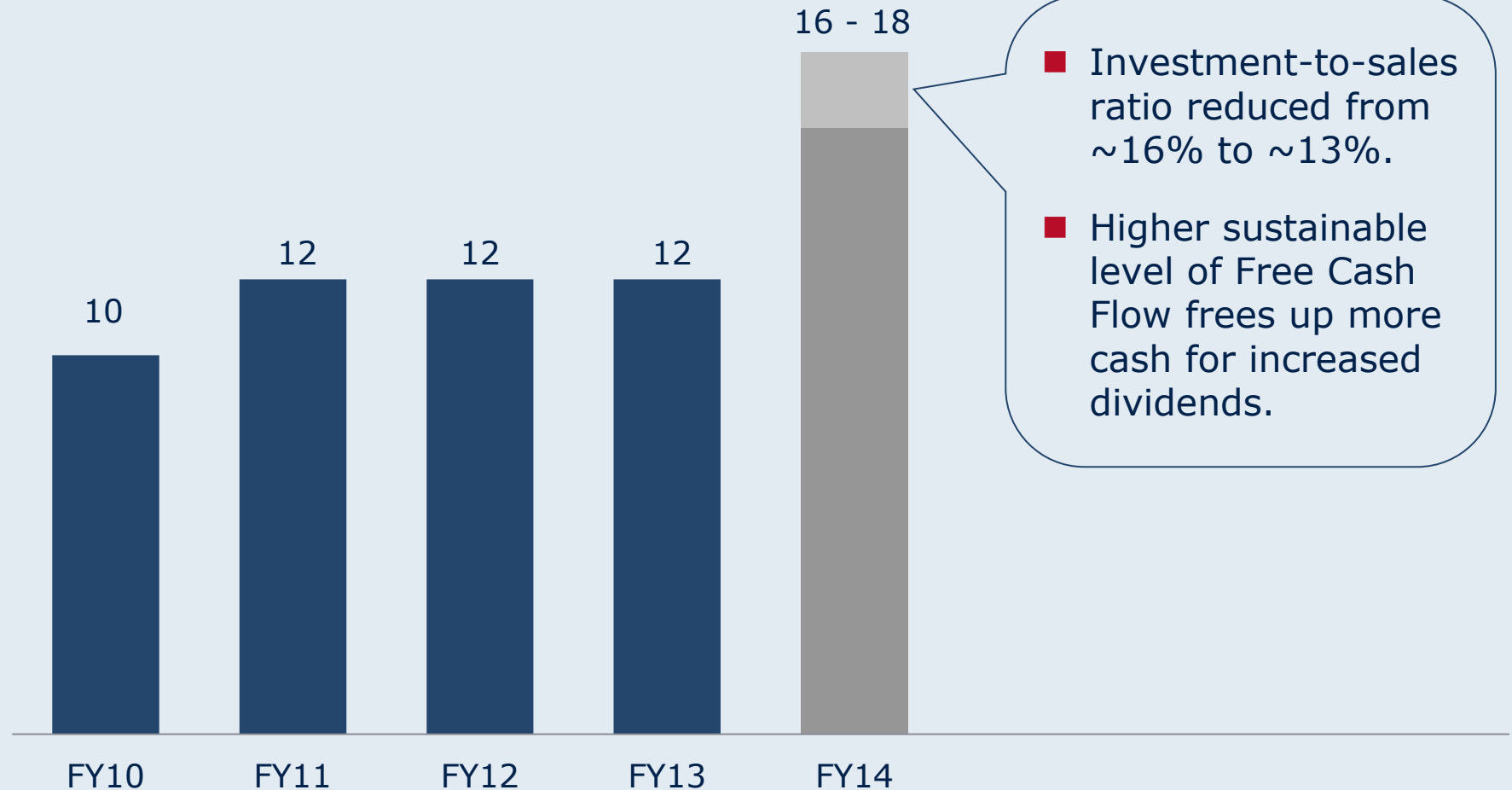
## Investments and Investment-to-Sales Ratio



# Dividend Payments Will Rise by 4 to 6 €-Cents as Early as FY14

## Dividend payments

[€-Cents]



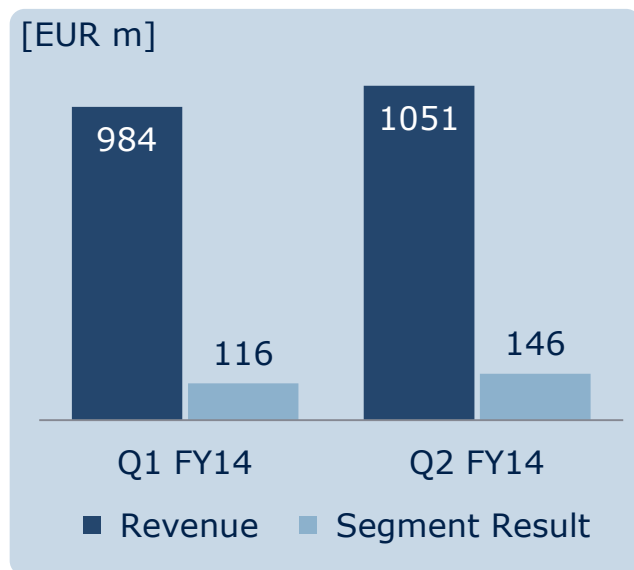


# ENERGY EFFICIENCY MOBILITY SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.



# Significant Year-on-Year Improvement in Financial Performance



[EUR m]	Q2 FY13	Q1 FY14	Q2 FY14
Revenue	918	984	1,051
Segment Result	68	116	146
SR Margin	7.4%	11.8%	13.9%
Net Income*	33	87	124
Investment	65	129	154
FCF from cont. operations	73	30	51
Gross Cash	2,016	2,279	2,198
Net Cash	1,705	2,048	2,010

\* Net Income includes "income/loss from discontinued operations, net of income taxes" in Q2 FY13 EUR -3m, in Q1 FY14 EUR 2m and in Q2 FY14 EUR 10m.

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



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

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



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

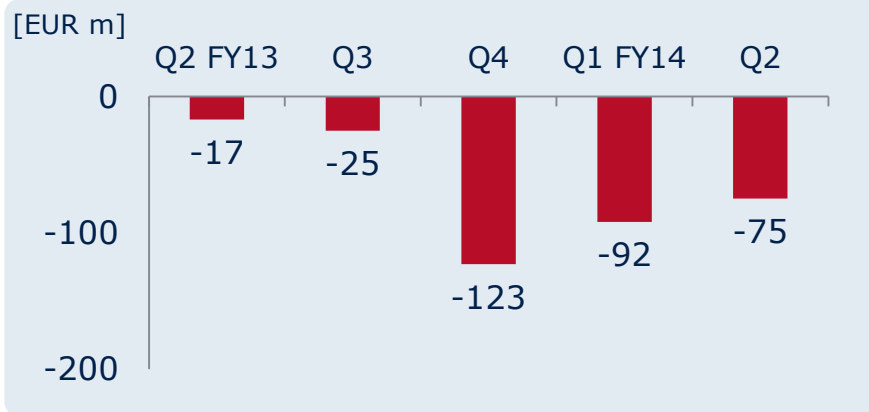
2) Target range for R&D: „Low to mid teens percentage of sales“.



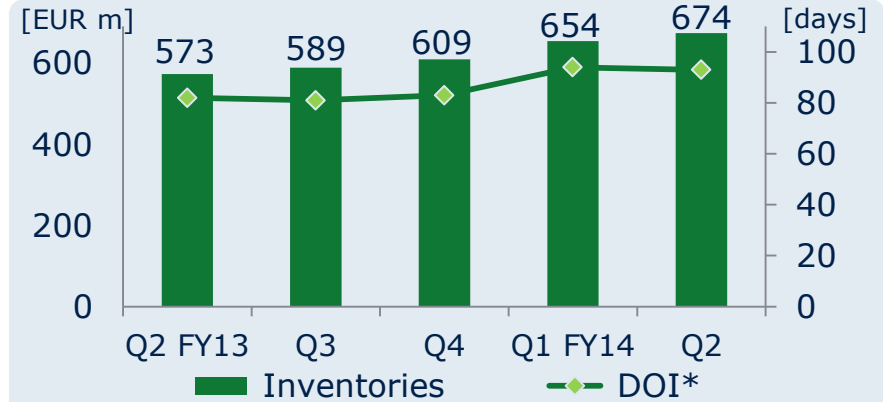
# DOI, DSO and DPO in Line With Our Targets



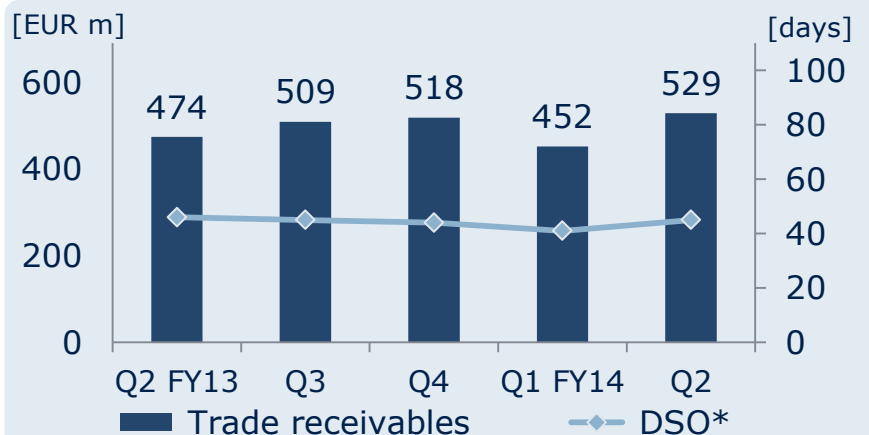
## Working capital\*



## Inventories



## Trade receivables



## Trade payables



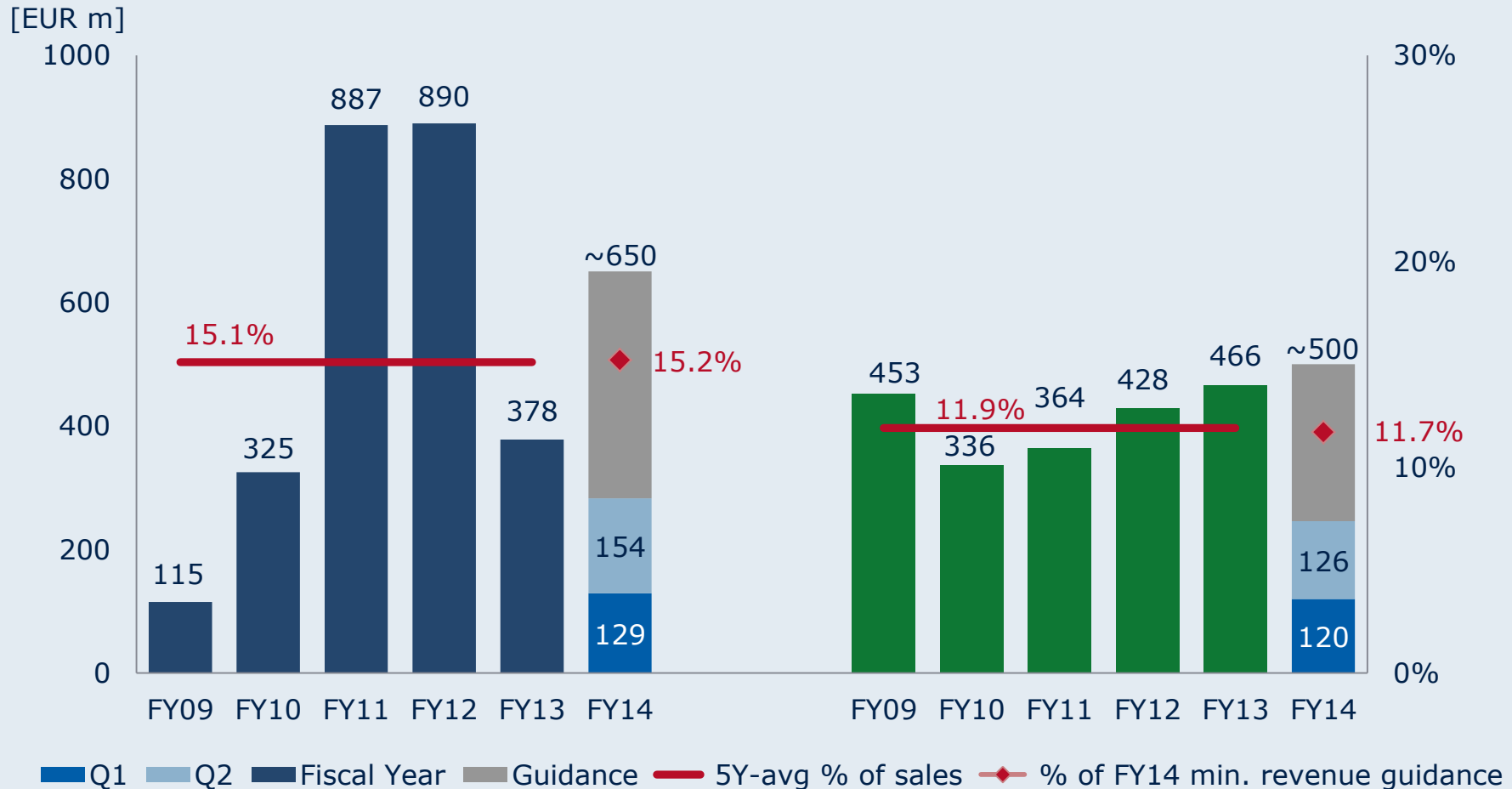
\* For definition please see page 30.

# Investments Peaked in FY12, D&A Still Increasing



## Investments\*

## D&A



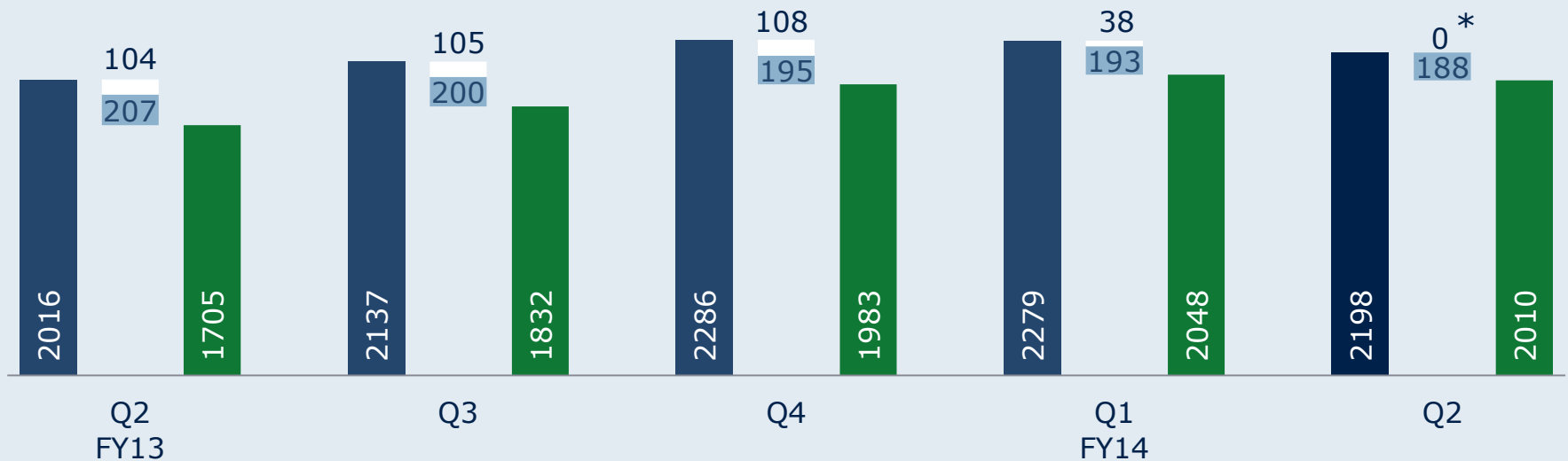
\* For definition please see page 30.

# Lower Gross Cash and Net Cash Due to Dividend Payment

## Liquidity Development

[EUR m]

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



\* The remaining outstanding convertible bonds were converted by the end of January 2014.

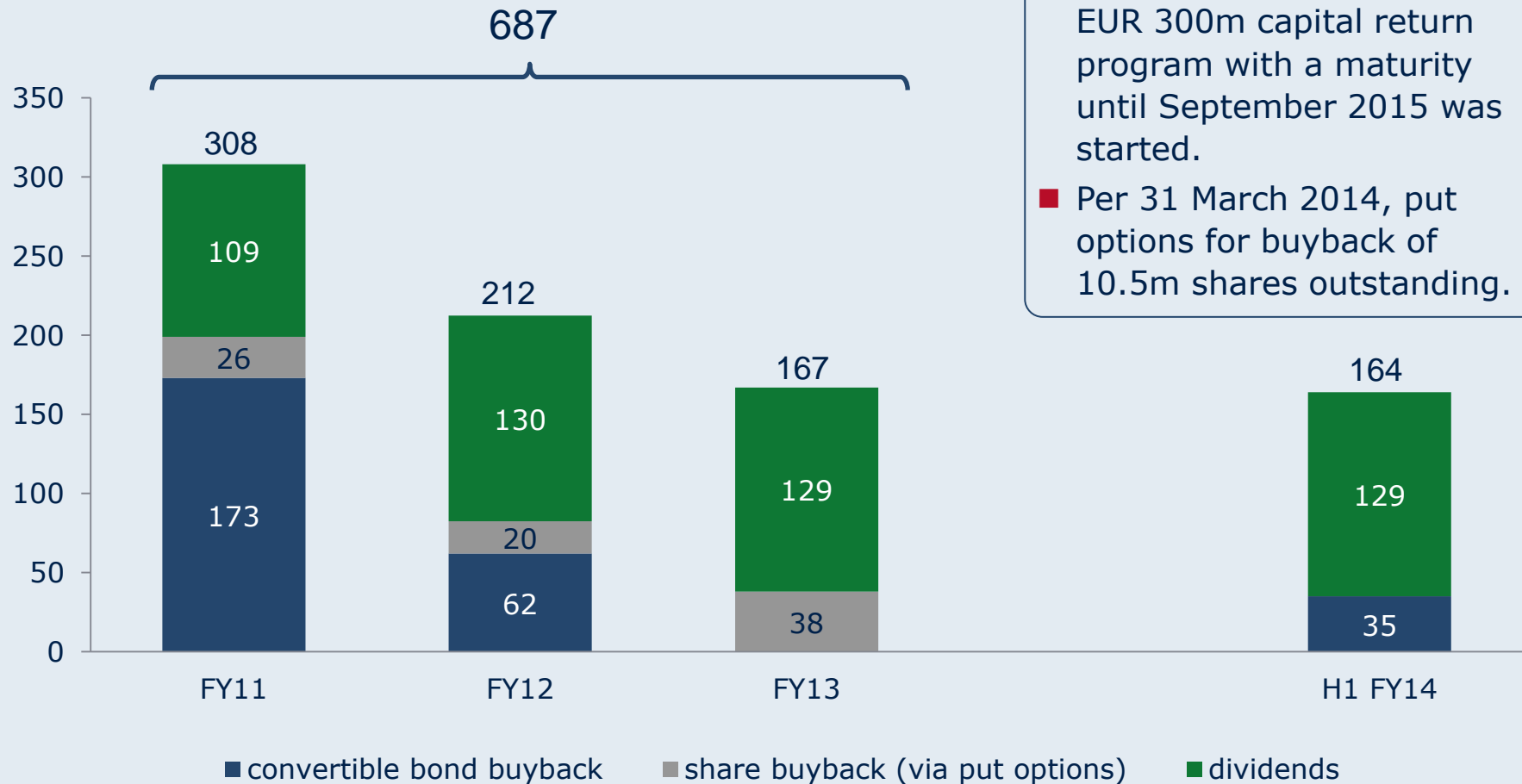
- Increase in Gross Cash and Net Cash due to Free Cash Flow of EUR 51m more than offset by dividend payment of EUR 129m.
- Lower negative effect on Net Cash due to conversion of convertible bond of EUR 38m.

# Total Gross Capital Returns of EUR 851m Between FY 2011 and FY 2014



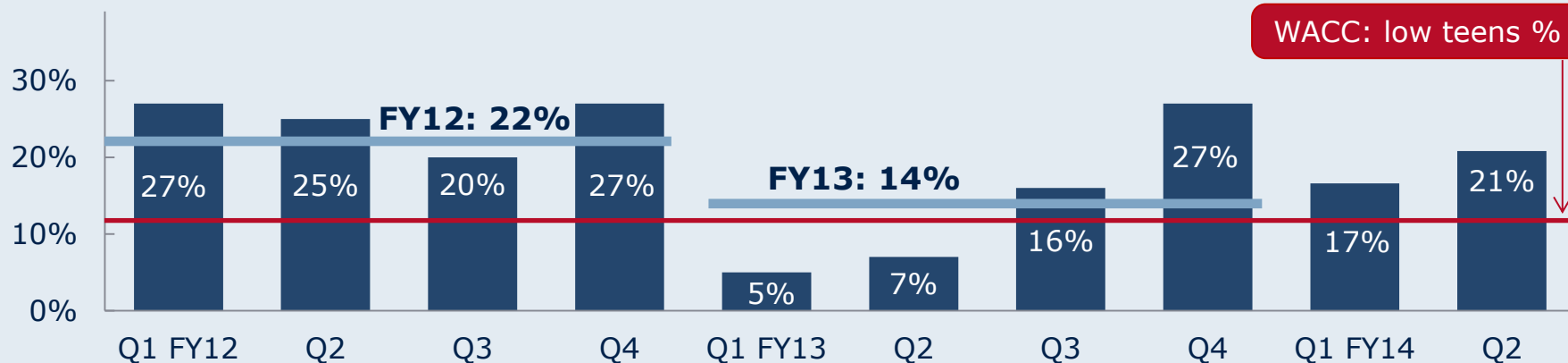
## Total gross capital returns history

[EUR m]

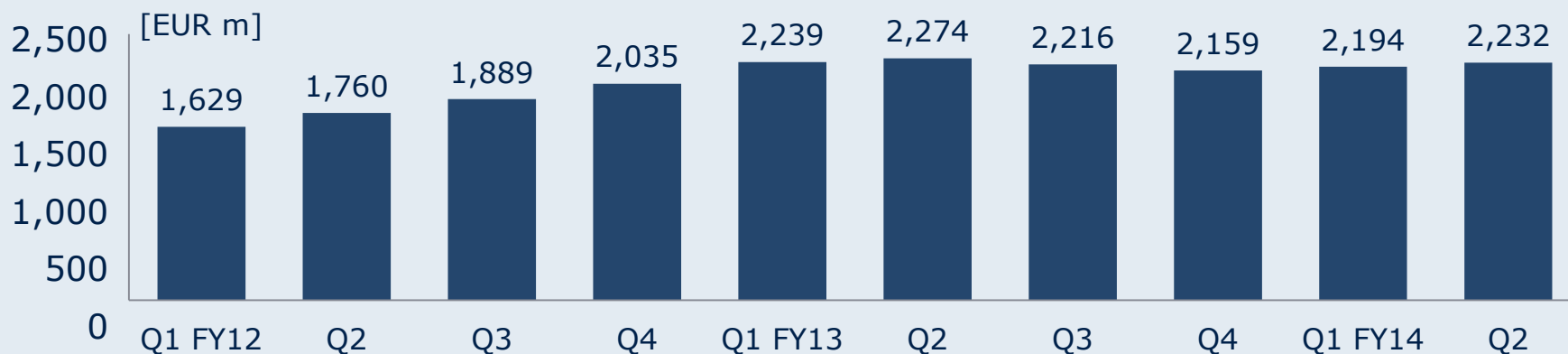


# Target: 'RoCE Above WACC' Over the Cycle

## RoCE\* history



## Capital Employed\* history



\* For definition please see page 30.

# 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')

### 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.

## RoCE =

$$\frac{\text{NOPAT} / \text{Capital Employed} = \text{'Income from continuing operations' - 'financial income' - 'financial expense'}}{\text{Capital Employed}}$$

## Working Capital =

$$\text{'Total current assets' - 'Cash and cash equivalents' - 'Financial investment' - 'Assets classified as held for sale' - ('Total current liabilities' - 'Short term debt and current maturities of long-term debt' - 'Liabilities classified as held for sale')}$$

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

$$\text{DSO (days sales outstanding; quarter-to-date) = ('Trade receivables' / 'revenue') * 90}$$

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

# 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

- 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

<b>Date</b>	<b>Location</b>	<b>Event</b>
20 – 21 May 2014	Boston	JPMorgan Global Tech, Media and Telecom Conf.
05 Jun 2014	Zurich	DZ Bank Sustainable Technologies Conference
11 – 12 Jun 2014	Berlin	Dt. Bank German, Swiss & Austrian Conference
17 – 18 Jun 2014	London	JPMorgan Technology CEO Conference
30 Jul 2014*		Q3 FY13 Results
09 Sep 2014	Frankfurt	Commerzbank Sector Week
17 Sep 2014*		Conference Call by Jochen Hanebeck, Division President Automotive
23 Sep 2014	Munich	Baader Investment Conference
24 Sep 2014	Munich	Berenberg Bank and Goldman Sachs German Corporate Conference
19 – 20 Nov 2014	Barcelona	Morgan Stanley TMT Conference
27 Nov 2014*		Q4 FY14 and FY 2014 Results
02 – 03 Dec 2014	Scottsdale, AZ	Credit Suisse TMT Conference

\* preliminary



# Institutional Investor Relations Contact



## **Ulrich Pelzer**

Corporate Vice President  
Finance, Treasury &  
Investor Relations

☎ +49 89 234-26153  
✉ [ulrich.pelzer@infineon.com](mailto:ulrich.pelzer@infineon.com)



## **Joachim Binder**

Senior Director  
Investor Relations

☎ +49 89 234-25649  
✉ [joachim.binder@infineon.com](mailto:joachim.binder@infineon.com)



## **Holger Schmidt**

Manager  
Investor Relations

☎ +49 89 234-22332  
✉ [holger.schmidt@infineon.com](mailto:holger.schmidt@infineon.com)



## **Bernard Wang**

Senior Manager  
Investor Relations

☎ +49 89 234-22669  
✉ [bernard.wang@infineon.com](mailto:bernard.wang@infineon.com)