

Investor and Analyst Call

17 September 2014



Jochen Hanebeck
Division President
Automotive (ATV)



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■ ATV Segment Overview

■ Market Growth Drivers

■ High-growth Applications and Infineon's Offering

■ Impact of International Rectifier Acquisition

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What Has Changed Since Last Investor Call in September 2013?



FY 2014

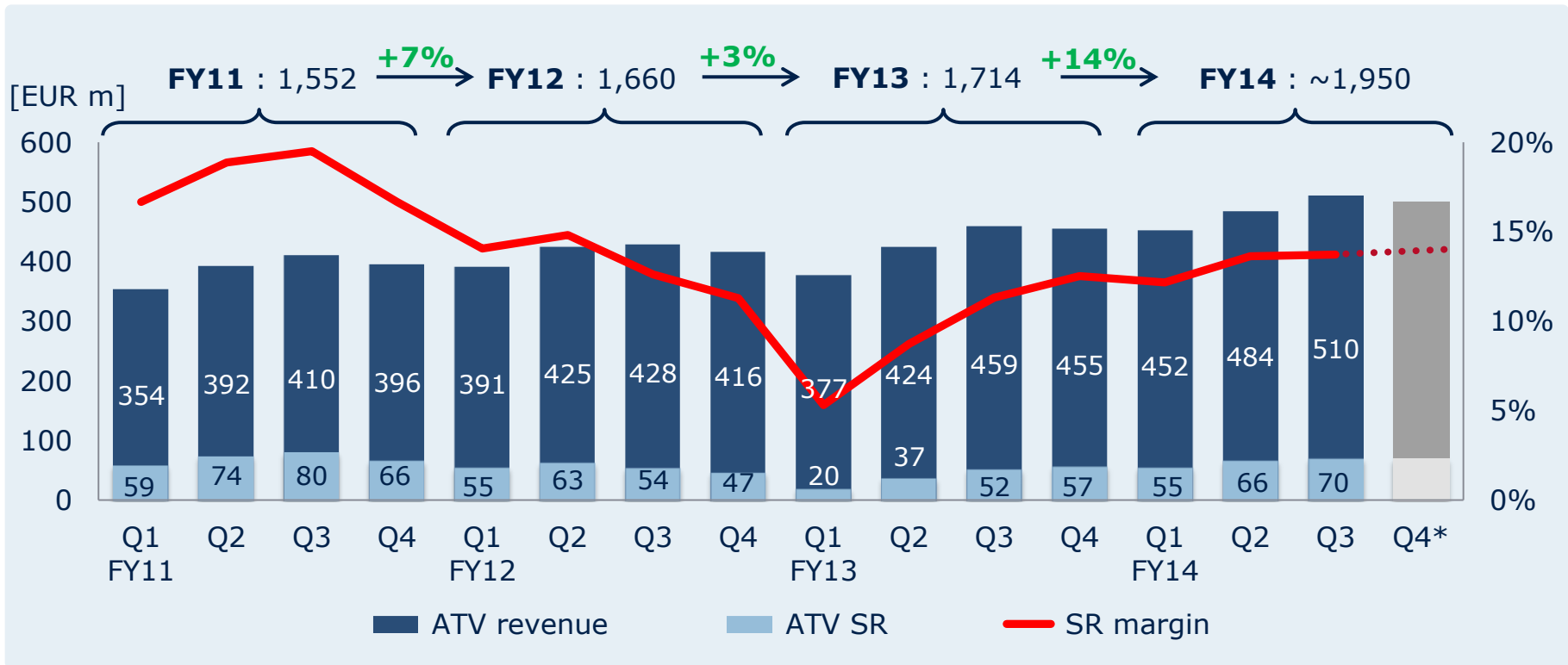
- Market share increase CY2013 continued: +0.5 percentage points to 9.6%
- Solid market growth drives more than EUR 500m of quarterly turnover with margin improvement
- Continued efforts for further CO₂ reduction led to strong growth in e. g. Electric Power Steering (EPS) and Brush-Less-DC motors
- Strong growth in comfort features
- Strong traction with RADAR in ADAS/safety applications

Expectations

- Continued demand on high level, driven by unit car production in US, China and Europe
- Growing importance of electrification of drivetrain (CO₂: ICE, EV/HEV)
- Continued democratization of safety, ADAS and comfort features in new car models drive semiconductor content further
- In case of successful acquisition of International Rectifier additional revenue in ATV of ~\$150m p.a.

Automotive (ATV) at a Glance

Revenue and Segment Result development



* Based on Q4 guidance, as of 30 July 2014.

- Annual revenue growth driven by strong demand for CO₂ reduction solutions and in general high proportion of optional features. Demand especially strong in US and China.

Top Customers and Distributors; Revenue Split by Region

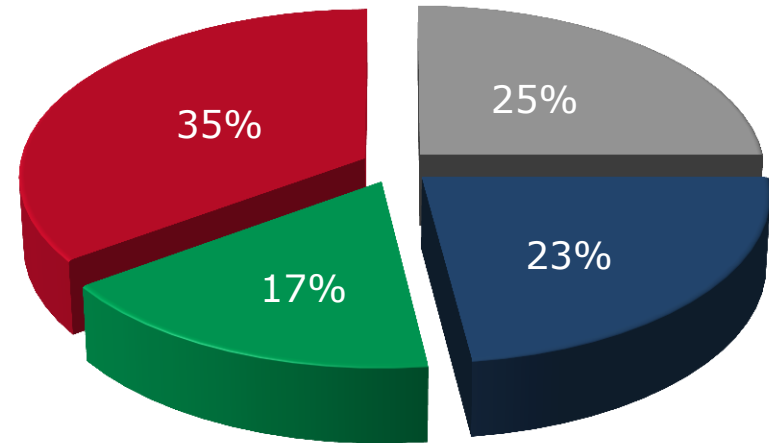
Top customers



Top distributors



Revenue split by region*



- Germany
- EMEA excl. Germany
- Americas
- APAC (incl. Japan)

* Based on revenues by fulfillment region for FY13

Infineon is the global #2, #1 in Europe and Korea, #3 in Japan and #5 in China

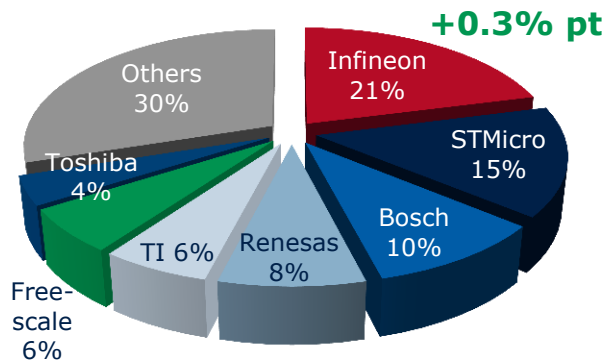


Global market shares (market: \$25.1bn; +5.1%)

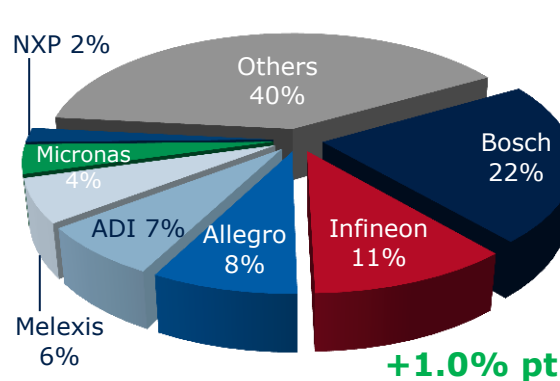
		2013	Delta	2012
1	Renesas	13.3%	-0.9%	14.2%
2	Infineon	9.6%	+0.5%	9.1%
3	STM	7.9%	+/-0%	7.9%
4	Freescale	7.4%	+0.4%	7.0%
5	NXP	6.5%	+0.2%	6.3%

Market shares by product category

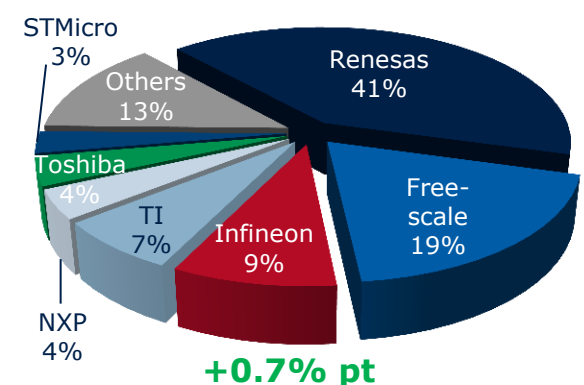
Power: #1



Sensors: #2



Microcontrollers: #3

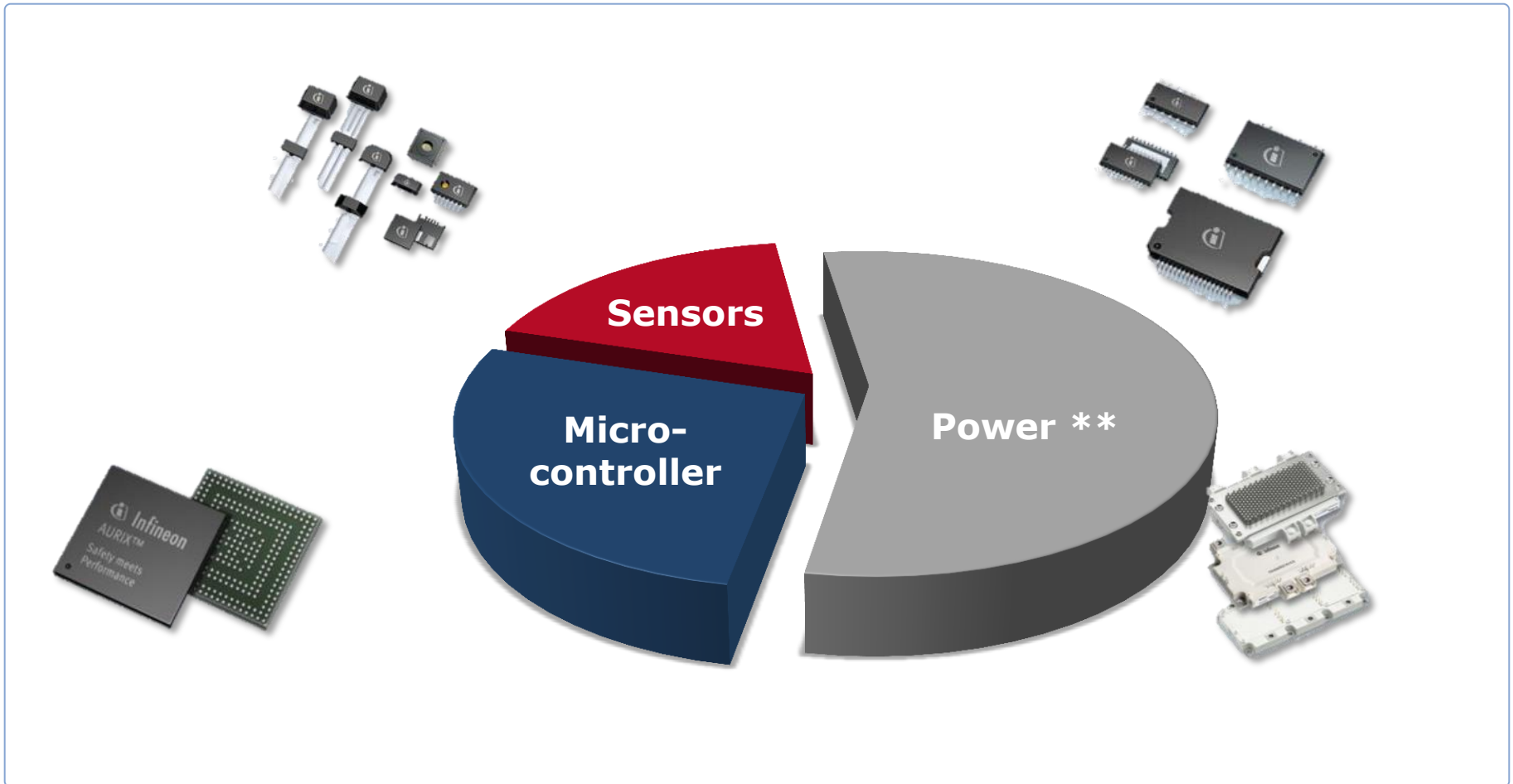


Source: Strategy Analytics, April 2014

ATV Offers a Complete Product Portfolio: Sensors, MCU and Power



Revenue split* by product category



* Based on revenues from FY13.

** Power semiconductors include discretes, power ICs and power modules.

ATV Focuses on Powertrain, Safety and Body Applications

Revenue split* by application



* Based on revenues from FY13.

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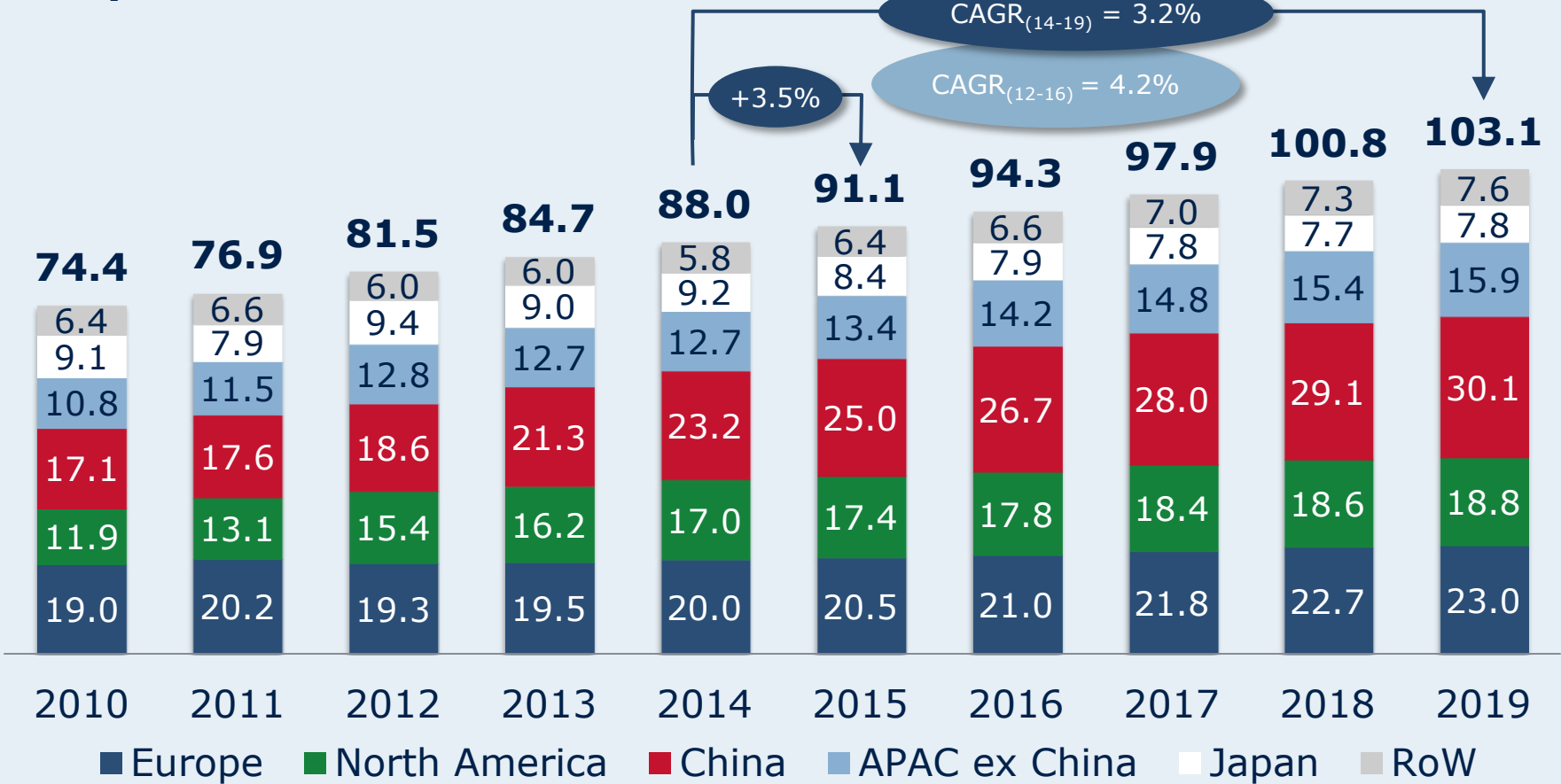
■ Glossary

China and Asia-Pacific to Account for Majority of Car Production Growth



Global car production (cars ≤ 6t)

[units m]

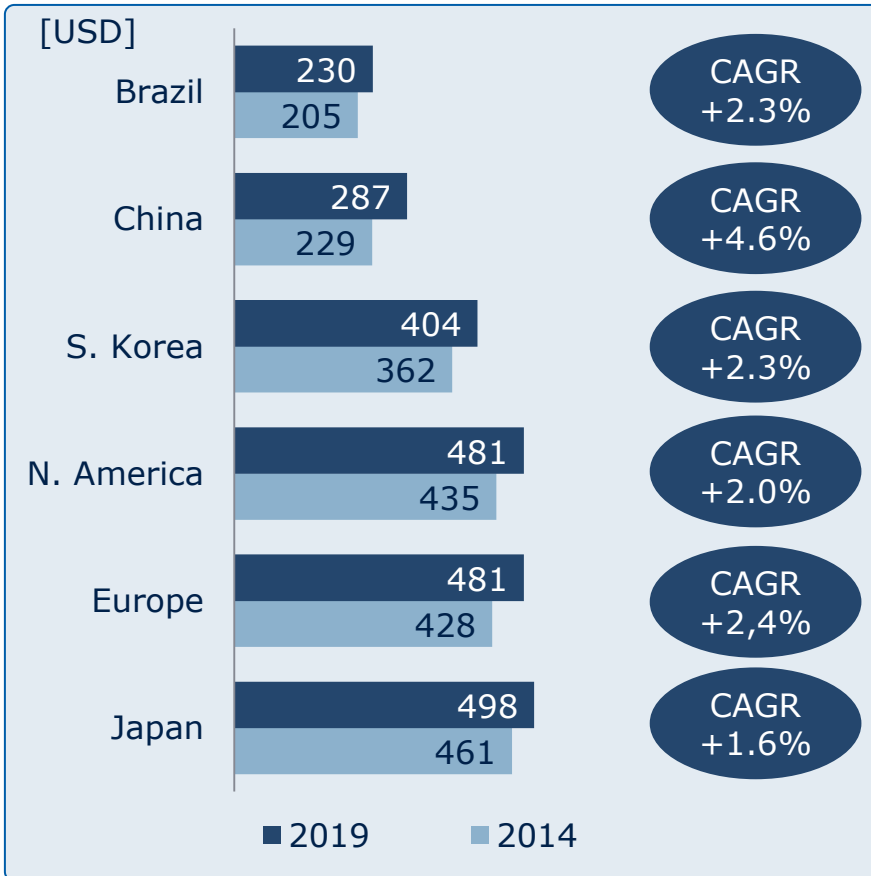


Source: IHS Inc., August 2014

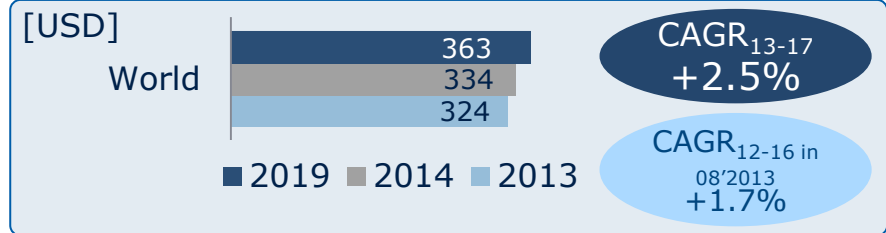
Market Growth Fuelled by Car Production Growth and Increasing Number of Features



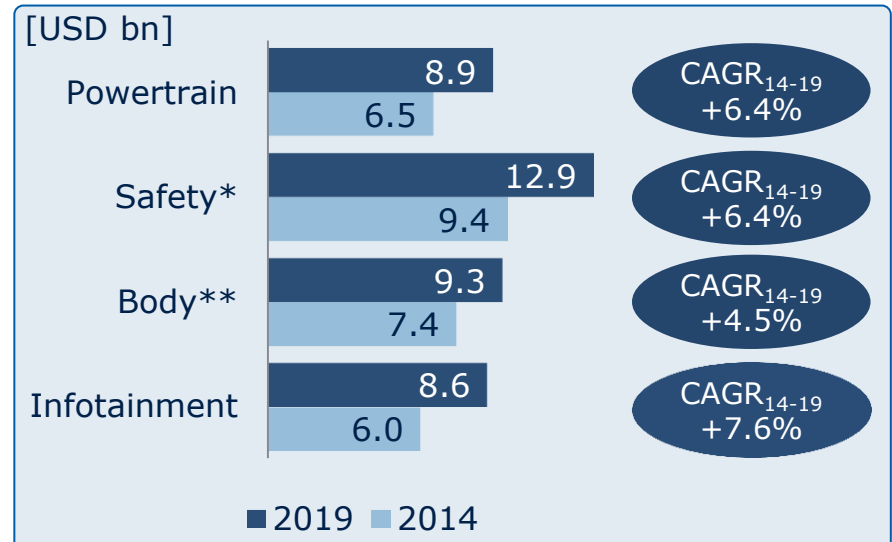
Semiconductor value per car by region



Semiconductor value per car



Semiconductor market by segment



* Safety = "Safety" + "Chassis" according to SA definition.

** Body = "Body" + "Security" according to SA definition.

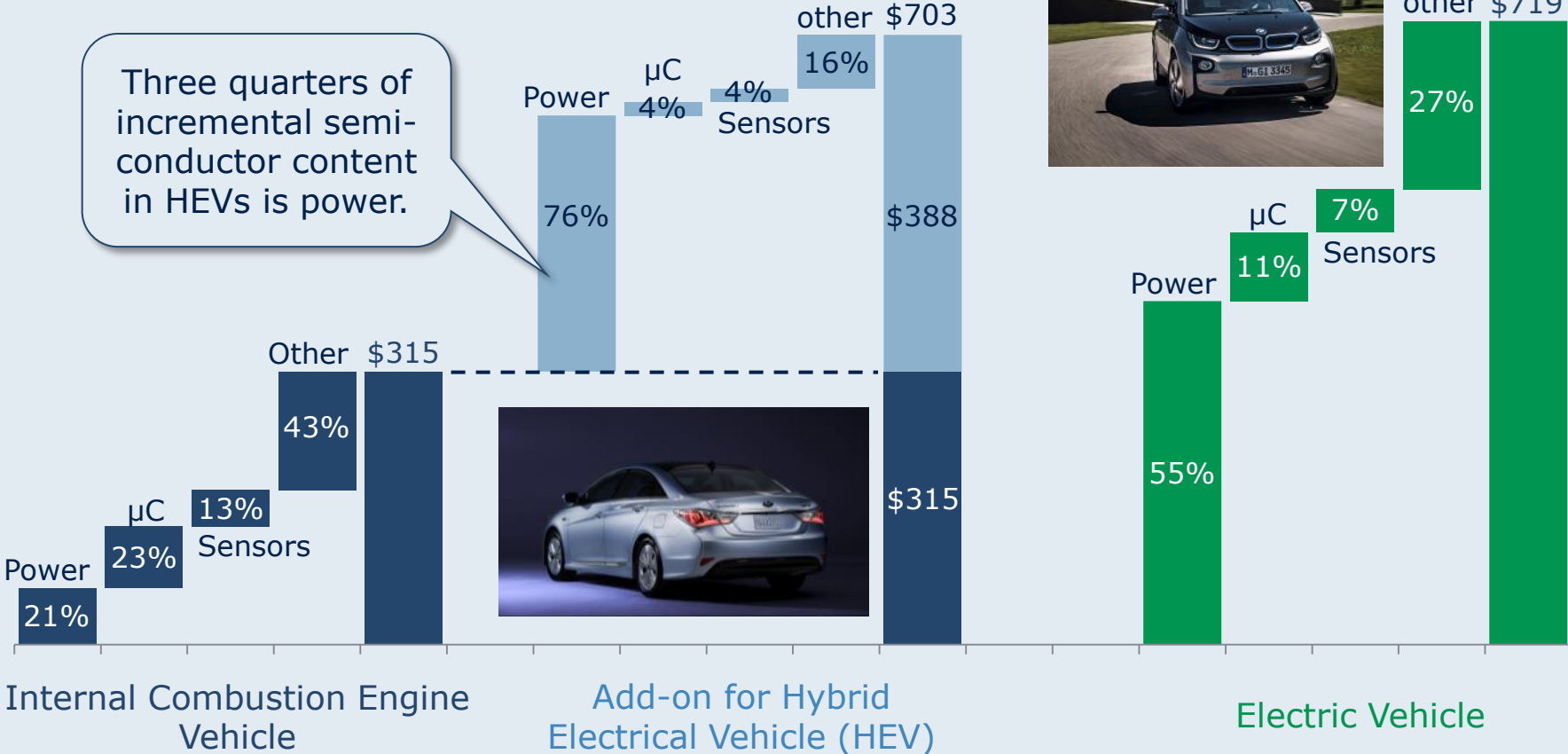
Source: Strategy Analytics, July 2014

Semi Content of EV/HEV Vehicles Falls Right Into Infineon's Core Competence



Average semiconductor content per car 2013

Three quarters of incremental semiconductor content in HEVs is power.



Source: Strategy Analytics, "Automotive Semiconductor Demand Forecast 2012 – 2021", May 2014

Wide Adoption of CO2 Reduction, ADAS and Premium Features Drive ATV's Growth



Vehicle production



~4% p.a.

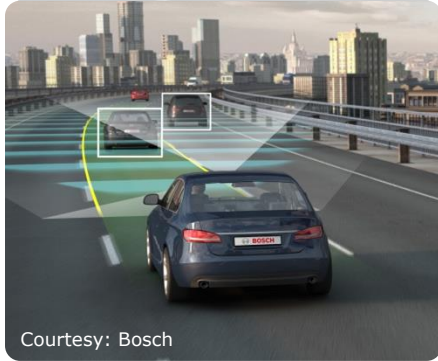
Semiconductor content per car

CO₂ reduction



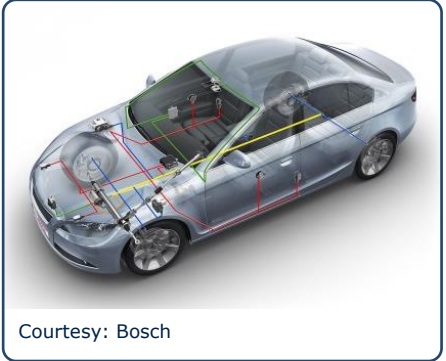
Courtesy: BMW

ADAS



Courtesy: Bosch

Comfort, Premium



Courtesy: Bosch

2 – 4% p.a.

ATV: ~8% p.a.

Sources: IHS Inc., Strategy Analytics, Infineon

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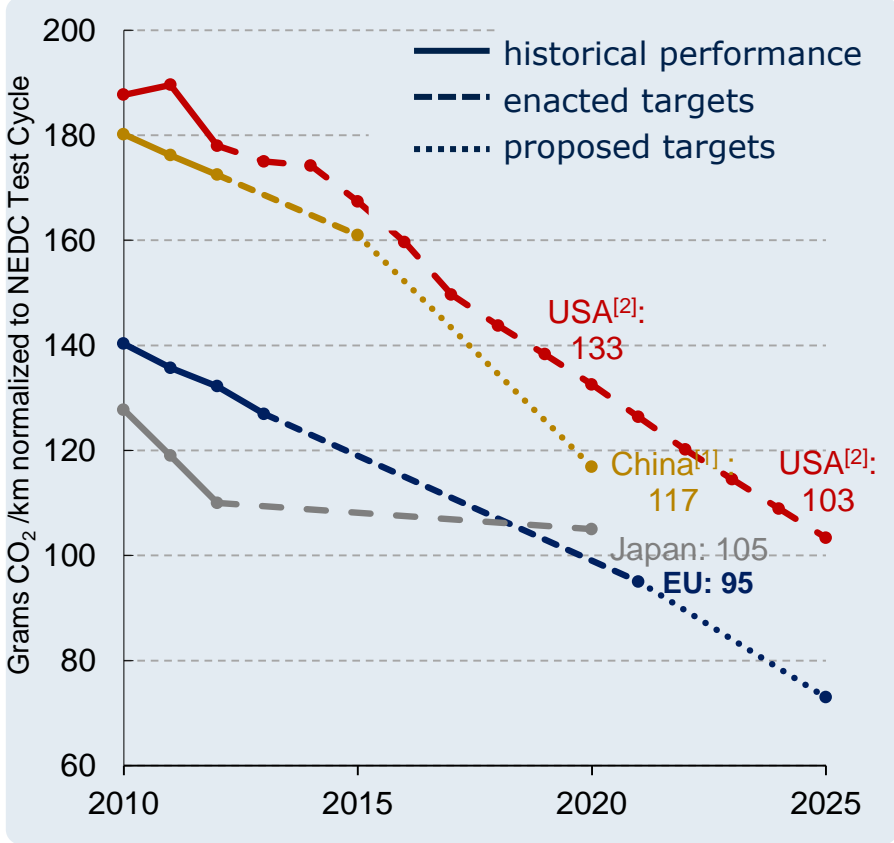
■ Summary

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Semiconductors Are Indispensable in Reaching CO₂ Emissions Targets




Historical national fleet emissions performance and future targets



Source: The International Council for Clean Transportation


Two main trends drive reaching the CO₂ emission goals – enabled by semiconductors

Higher efficiency of the 'classic' ICE:



- EPS
- TPMS
- Start-stop
- Dual Clutch
- Alternator

Electrification of the Drivetrain:



- Main Inverter
- Auxiliary Inverter
- Onboard Charger
- Battery Management

Further CO₂ Reduction Possible Through Dual Clutch Automatic Transmission

Penetration rate, semi content and CO₂ savings of dual clutch application in European cars



Penetration rate in EU:

2020	28%
2010	5%

Semi content per system: \$16.
CO₂ savings: 4 g/km.

Infineon's system offering

Estimated dual clutch content:



Microcontrollers



Solenoid Control ICs



Bridge Drivers



MOSFETs

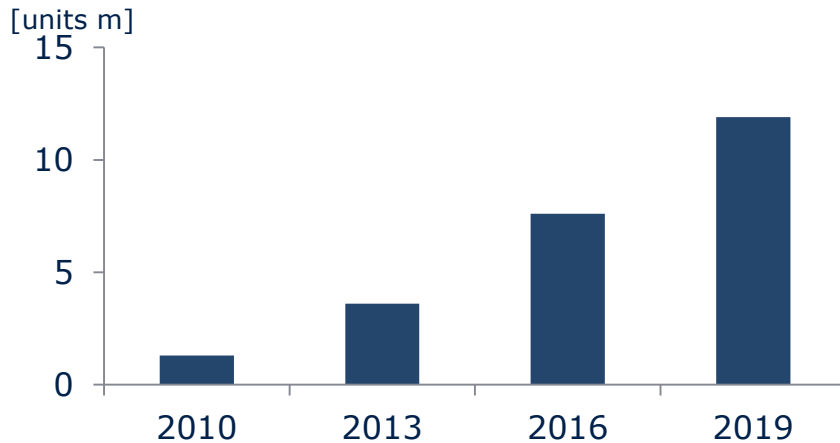


Voltage Regulators



Transceivers

Forecast for dual clutch



Source: Strategy Analytics, 2014

Comments

- Market leading position since market introduction in 2000's
- Complete product portfolio including high-temperature solutions for hydraulic and electro-mechanical actuation

CO₂ Reduction Through Innovation in Established High Volume Markets: Alternator

CO₂ Reduction Potential



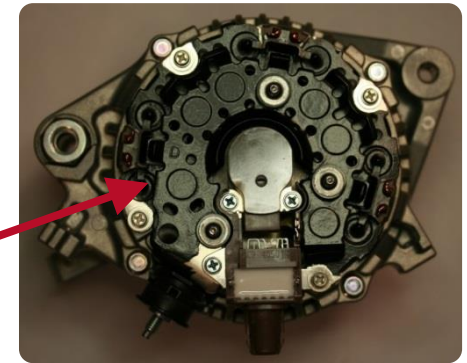
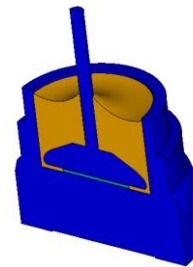
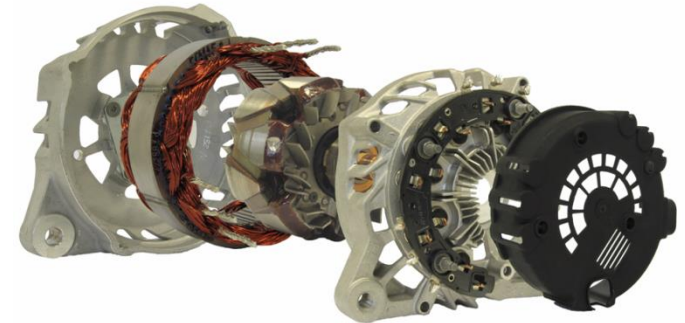
High-efficiency diode has ~ 30% less losses enabling up to 3% better system efficiency:

- i.e. -15...20W system loss
- i.e. -0.5g CO₂/km

Comments

- Infineon addresses market with a superior technology
- The biggest alternator manufacturers in the world are enthusiastic about this innovation

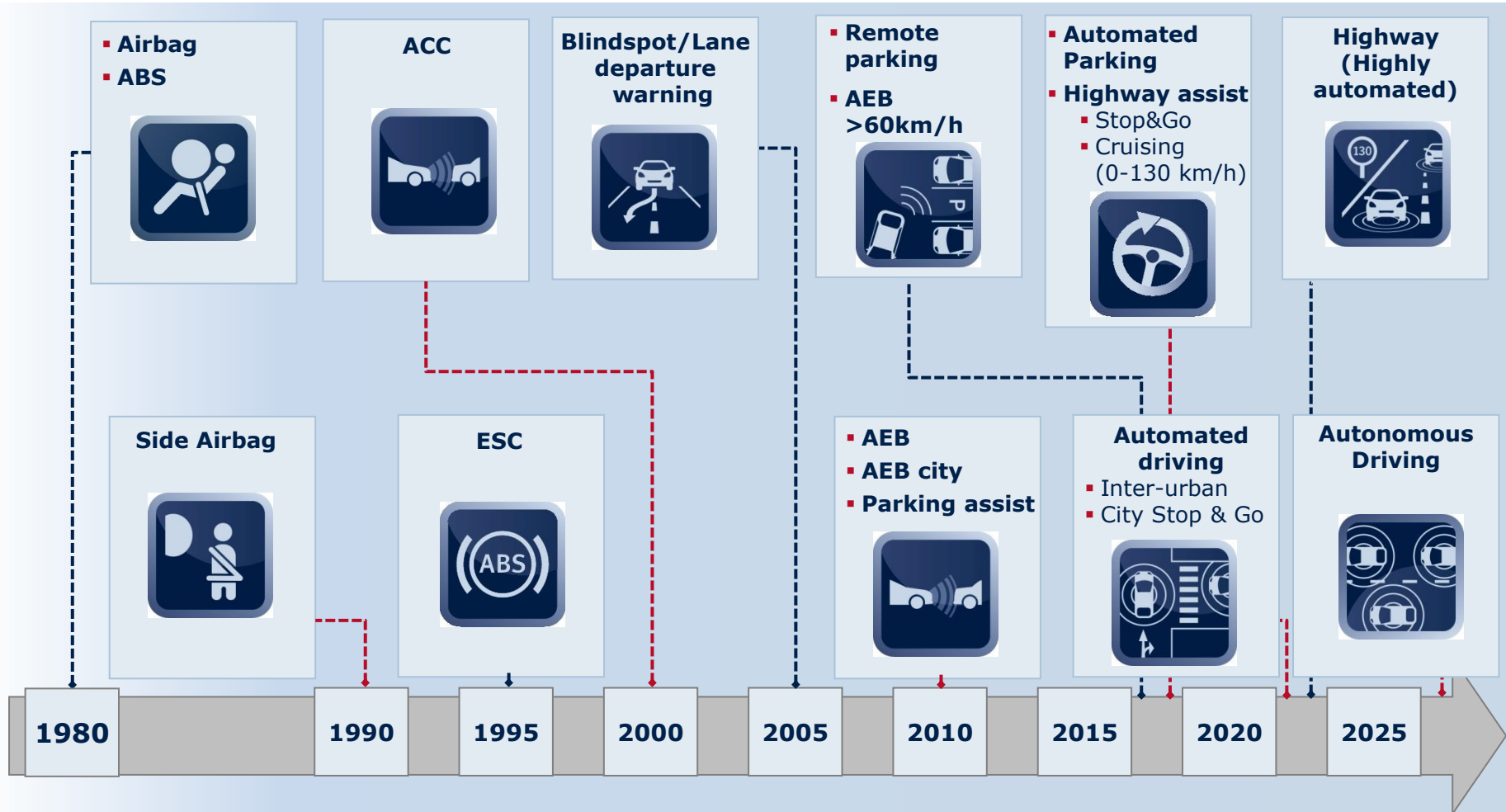
Infineon's Innovation



Alternator

Up to 12 conventional rectifier diodes are being replaced by Infineon's High-Efficiency Diode.

Safety Evolvement towards Automated and Autonomous Driving



Product to system: Complete System Solution for Radar

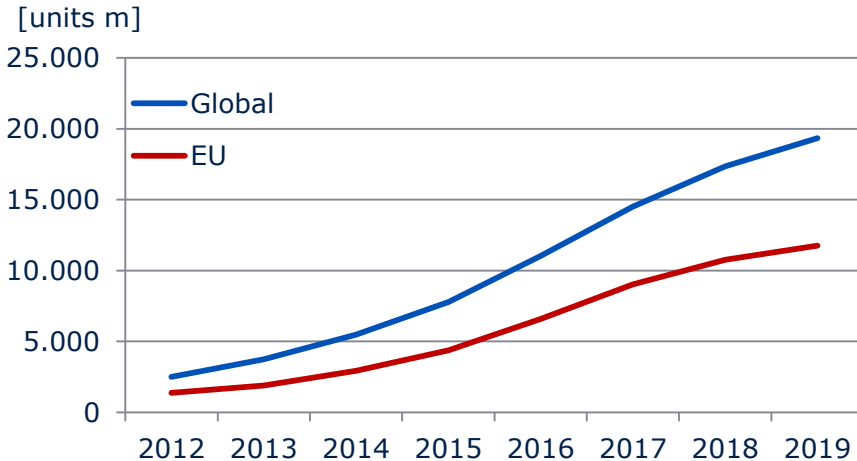


Market trends



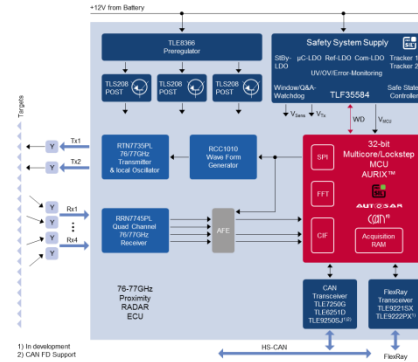
Euro NCAP 5-star rating will require Autonomous Emergency Braking for pedestrian, city and inter-urban safety systems.

Forecast for distance warning systems



Source: Strategy Analytics, 2014; incl. 24/77 GHz radar, camera, and LIDAR

Infineon's offering



Infineon System Solution for 77 GHz Radar

Comments

- Design wins in Europe, Asia and US incorporating complete chipset (Microcontroller, High Frequency Transceiver, Communication and Power Supply Devices) confirm Infineon's leading position in Driver Assistant Products.

ADAS functions represent high growth opportunities

Emerging vehicle trends

- Accident avoidance
- Autonomous driving
- Cyber-networked car



Key dependability needs

- Reliability
- High Availability
- Functional Safety (ISO26262)
- Cyber security

Infineon's solutions

Safe Sensing

- Dual sensor package available for iAMR and iGMR angle and linear Hall sensors enables high safety in power steering



Safe Computing

- AURIX™ μ C - ISO26262 compliant, safe computation and diagnosis capability
- Safe data acquisition. Redundant and diverse I/O modules



Safe Actuation

- 3-phase Bridge Driver IC enables safety barrier between μ C and high power supply \rightarrow Freedom from interference

Safe Power Supply

- Hypersonic: safe system shut down in critical cases

Optimized, High Performance MCUs for 10 Target Applications in 3 Segments



AUTOMOTIVE Powertrain with AURIX™ /AURIX™ PLUS

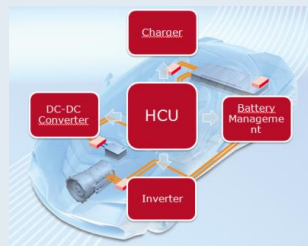
**Engine
Mgmt**



**Trans-
mission**



HEV



AUTOMOTIVE Safety with AURIX™ /AURIX™ PLUS

**Classic
Safety**



ADAS



**Factory
Automation**



**Building
Automation**



**Trans-
portation**

INDUSTRIAL
with XMC Family/DAVE™



**Power
& Energy**



**Home &
Professional**

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Infineon ATV and International Rectifier Automotive: Multiple Strategic Benefits



Adding to scope

- Complementing the product portfolio
- Broadening of application understanding

Adding to scale

- Adding automotive revenue (~\$150m p.a.)
- Manufacturing synergies

Adding technology

- Low-end high-voltage driver ICs



- Automotive package portfolio extension



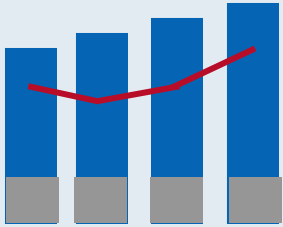
Adding market presence

- Improved regional footprint especially in the US
- Strengthening access to small customers

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Summary



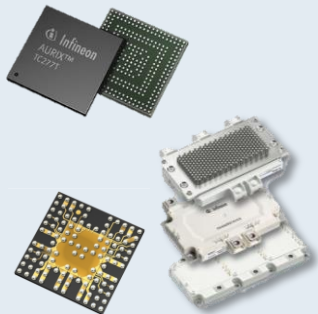
Automotive commitment:

- #2 in Automotive globally – first time #3 in Japan
- Consistent revenue growth and profitability since the 1990s



Growth drivers:

- Compound annual car production growth of ~4%
- Compound annual semiconductor content growth of 2%-4%
- CO2 reduction, Advanced Safety and Comfort



Differentiators:

- Innovative products and technologies for e.g. electric motor drives, efficient alternators, xEV and ADAS based on Product to System approach
- Application-optimized automotive and industrial MCUs
- System know-how, quality excellence and a broad customer base

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Glossary

ABS	Anti-lock braking system
ACC	Adaptive Cruise Control
AEB	Autonomous Emergency Braking
ADAS	Advanced driver assistance systems
ATV	Automotive segment
CAGR	Compound annual growth rate
DC/DC	Direct current/Direct current converter
ECU	Electronic control unit
EMS	Engine management system
EPS	Electric power steering
ESC	Electronic stability control
EV	Electric vehicle
HEV	Hybrid electric vehicle
IC	Integrated circuit
ICE	Internal combustion engine
ROW	Rest of world
TPMS	Tire-pressure monitoring system

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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