Investor Presentation

July 25, 2019



Cautionary Note Regarding Forward-Looking Statements

This presentation contains statements that are not historical in nature, but are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The matters discussed in these statements involve risks and uncertainties that could cause actual results to differ materially from those anticipated by the forward-looking statements. Forward-looking statements include, but are not limited to: all statements regarding potential developments with respect to the Agreement and Plan of Merger (the "Merger Agreement") dated June 3, 2019, by and among Infineon Technologies AG, a stock corporation (*Aktiengesellschaft*) organized under the laws of the Federal Republic of Germany ("Infineon"), IFX Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Infineon ("Merger Sub") and the Company, which provides for Merger Sub to merge with and into the Company (the "Merger"), with the Company continuing as the surviving corporation in the Merger and as a wholly owned subsidiary of Infineon; and all statements regarding expected growth in IoT and automotive sales; expectations that new product cycles will drive growth at favorable margins; expected operating margin and cash flow expansion; expectations that our Auto and IoT focus will improve our quality of earnings (including with respect to the predictability and stability of our revenues and cash flows); the percentage of R&D to be directed towards Auto and IoT; and all other statements regarding our future strategic and operational plans, future financial expectations and objectives, and future predictions for the markets in which we compete. Except as otherwise noted, the forward-looking statements in this presentation are made as of the date of this presentation, July 25, 2019, and are based on our current expectations, beliefs and intentions regarding future events or our financial performance and the information available to management as of the date hereof. Readers are cautioned not to place undue reliance on these forward-looking statements, which are not guarantees of future performance. We assume no responsibility to update any such forward-looking statements. Our actual results could differ materially from those expected or projected in the forward-looking statements made in this presentation for any number of reasons, including, but not limited to: the inability to complete the Merger due to the failure to obtain stockholder approval for the Merger or the failure to satisfy other conditions to completion of the Merger, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the Merger; risks related to disruption of management's attention from our ongoing business operations due to the Merger; the effect of the announcement of the Merger on our relationships with our customers, operating results and business generally; the risk that certain approvals or consents will not be received in a timely manner or that the Merger will not be consummated in a timely manner; the impact of the Merger on our ability to retain key employees; the outcome of any legal proceedings related to the Merger; and the materialization of one or more of the risks and uncertainties described in the Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operation, and Quantitative and Qualitative Disclosure about Market Risk sections of the Annual Report on Form 10-K we filed with the SEC on February 27, 2019 and in our subsequent quarterly SEC filings. Our target model describes long-term financial objectives Cypress hopes to achieve over several years and is inherently speculative and uncertain. Cypress's long-term objectives are subject to business, economic, competitive, industry, regulatory, market, and financial uncertainties, many of which are beyond Cypress's control. We cannot assure you that the estimates and assumptions made in preparing the long-term objectives will prove accurate; and our target model might not be achieved or sustained.

Use of Non-GAAP Financial Measures and Where to Find Reconciliations to GAAP

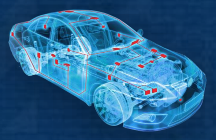
This presentation includes financial measures that were not prepared in accordance with GAAP. Reconciliations of our non-GAAP measures to the most comparable GAAP measures can be found in the Appendix to this presentation or in our earnings press release dated July 25, 2019, which are posted on our investor relations website at *investors.cypress.com*. There are limitations in using non-GAAP financial measures, including those discussed in the Appendix.

Cypress 3.0: Profile At-a-Glance

Overview

Products	Semiconductors
Founded	1982
Listed	NASDAQ (CY)
Headquarters	San Jose, California
2018 Revenue	$2,483.8 million

Products



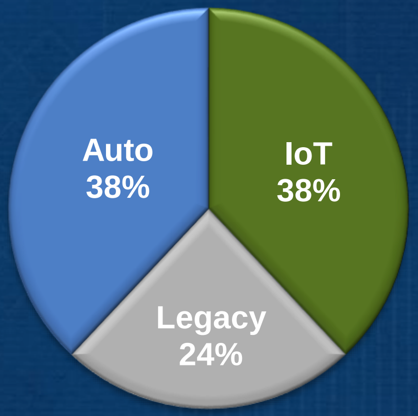
Auto

IoT

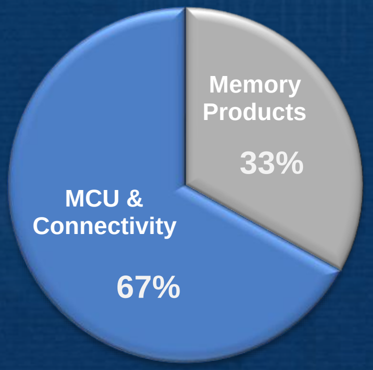
Connect	Wi-Fi/Bluetooth USB/USB-C
Compute	MCU Human Interface Fail-Safe Storage

Q2 2019 Revenue

By End Use[1]



By Business Segment



Cypress 3.0 Focus

- Cypress 3.0 = Connect and Compute for IoT and Auto
- Focused on Markets Growing Faster than the Overall Semi Market
- New Product Cycles Drive Growth at Favorable Margins
- Operating Margin and Cash Flow Expansion
- Auto and IoT Focus Improves Quality of Earnings
- Track Record of Strong Execution and Alignment with Shareholders

[1] End-use product categories are described in detail on slide 6.

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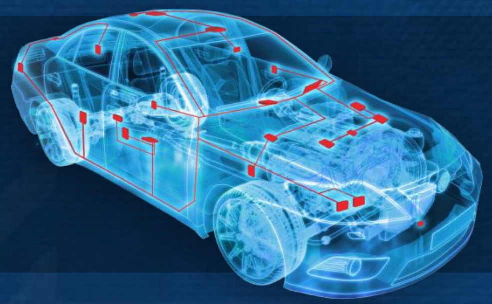
Focused Investments in Two Major Growth Opportunities



Enabling the Car of the Future

- Storage solutions for ADAS
- Industry-Leading Cluster Solutions
- Next Generation Body Electronics
- Auto HMI
- High-Performance Storage Solutions

Connecting Everything Everywhere

- Wi-Fi/Bluetooth Combos
- IoT Compute Portfolio
- IoT HMI (Touch, See, Talk)
- IoT Platform: SoCs, SW, Services
- Ecosystem and Broad Market Friendly

85% of R&D is Directed Towards Auto and IoT

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Historical Financial Data

US$ in millions	ANNUAL 2017	ANNUAL 2018	QUARTERLY Q2'18	Q3'18	Q4'18	Q1'19	Q2'19[1]
Revenue	$2,327.8	$2,483.8	$624.1	$673.0	$604.5	$539.0	$532.2
Non-GAAP Gross Profit	982.8	1,162.0	289.3	316.2	289.2	255.7	250.0
Non-GAAP R&D	317.5	328.4	82.4	82.3	77.7	79.7	79.3
Non-GAAP SG&A	273.5	266.3	67.5	67.7	63.3	62.3	62.3
Non-GAAP Operating Income	391.8	567.3	139.4	166.2	148.1	113.8	108.4
Non-GAAP Diluted EPS	$0.89	$1.36	$0.33	$0.40	$0.35	$0.27	$0.25
Adjusted EBITDA	$459.4	$633.6	$155.6	$182.6	$164.6	$133.3	$127.8
Free Cash Flow	$351.5	$408.6	$85.1	$171.6	$137.1	$50.7	$111.4
Non-GAAP Gross Margin %	42.2%	46.8%	46.3%	47.0%	47.8%	47.4%	47.0%
Non-GAAP R&D %	13.6%	13.2%	13.2%	12.2%	12.9%	14.8%	14.9%
Non-GAAP SG&A %	11.7%	10.7%	10.8%	10.1%	10.5%	11.6%	11.7%
Non-GAAP Operating Margin %	16.8%	22.8%	22.3%	24.7%	24.5%	21.1%	20.4%

[1] Q2'19 reflects divestment of our NAND business to a newly formed joint venture, which was completed on April 1, 2019.

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Historical Revenue Trends

END-USE[1]	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
	TRENDED REVENUE							
IoT	35%	35%	32%	34%	37%	32%	28%	38%
Automotive	31%	30%	34%	31%	31%	35%	37%	38%
Legacy	34%	35%	34%	35%	32%	33%	35%	24%
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

BUSINESS SEGMENT	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
MCD	62%	60%	58%	59%	61%	59%	58%	67%
MPD[2]	38%	40%	42%	41%	39%	41%	42%	33%
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

[1] End-Use components
IoT: MCUs (PSoC); Wireless Connectivity (Wi-Fi / BT); Wired Connectivity (USB, USB-C); Software (Cirrent, SDK)
Automotive: MCUs (PSoC, Traveo), Wireless Connectivity (Wi-Fi / BT), Wired Connectivity (USB-C), Storage (NOR Flash), Touch
Legacy: Non-auto Storage (NOR, RAM), Legacy USB, Agiga, IP Licensing, Clocks, Legacy Analog, SLC NAND (through Q1 2019)
[2] Q2'19 reflects divestment of our NAND business to a newly formed joint venture, which was completed on April 1, 2019.

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Thank You



Non-GAAP Financial Measures

To supplement its condensed consolidated unaudited financial results presented in accordance with GAAP, Cypress uses the non-GAAP financial measures listed below, which are adjusted from the most directly comparable GAAP financial measures to exclude certain items, as described in more detail below.

- Non-GAAP gross profit;
- Non-GAAP gross margin;
- Non-GAAP cost of revenues;
- Non-GAAP interest and other expense, net;
- Non-GAAP research and development expenses;
- Non-GAAP selling, general and administrative expenses;
- Non-GAAP operating expenses;
- Non-GAAP operating expenses as a percentage of revenue;
- Adjusted EBITDA;
- Adjusted EBITDA margin;
- Non-GAAP income tax provision (benefit);
- Non-GAAP pre-tax profit;
- Non-GAAP operating income (loss);
- Non-GAAP operating margin;
- Non-GAAP net income (loss);
- Non-GAAP diluted earnings (loss) per share; and
- Free cash flow;
- Free cash flow margin.

Management believes that these non-GAAP financial measures reflect an additional and useful way of viewing aspects of the Company's operations which, when viewed in conjunction with Cypress' GAAP results, provide a more comprehensive understanding of the various factors and trends affecting the Company's business and operations.

The Company presents non-GAAP financial measures because management uses these measures to analyze and assess the Company's financial results and to manage the business.

There are limitations in using non-GAAP financial measures including those discussed below. Moreover, the Company's non-GAAP measures may be calculated differently than the non-GAAP financial measures used by other companies. The presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for the most directly comparable GAAP financial measures. The non-GAAP financial measures supplement and should be viewed in conjunction with GAAP financial measures.

NON-GAAP EXCLUSIONS: Each non-GAAP financial measure (other than free cash flow) excludes one or more of the following items:

Acquisition-related charges: Acquisition-related charges are not factored into management's evaluation of Cypress' long-term performance after the completion of acquisitions. However, a limitation of non-GAAP measures that exclude acquisition-related charges is that these charges may represent payments that reduce the cash available to the Company for other purposes. Acquisition-related expenses primarily include:

- Amortization of purchased intangibles, including purchased technology, patents, customer relationships, trademarks, backlog and non-compete agreements;
- Amortization of step-up in value of inventory recorded as part of purchase price accounting; and
- One-time charges associated with the completion of an acquisition including items such as contract termination costs, severance and other acquisition-related restructuring costs; costs incurred in connection with integration activities; and legal and accounting costs.

Stock-based compensation expense: Stock-based compensation expense relates primarily to employee stock options, restricted stock units, performance stock units and the employee stock purchase plan. Stock-based compensation expense is a non-cash expense that is affected by changes in market factors including the price of Cypress' common shares, which are not within the control of management. In addition, the valuation of stock-based compensation is subjective, and the expense recognized by Cypress may be significantly different than the expense recognized by other companies for similar equity awards, which makes it difficult to assess Cypress' results compared to its competitors. Accordingly, management excludes this item from its internal operating forecasts and models. However, a limitation of non-GAAP measures that exclude stock-based compensation expense is that they do not reflect the full costs of compensating employees.

Other adjustments: Other items are excluded from non-GAAP financial measures because management does not consider them to be related to the core operating activities and ongoing operating performance of Cypress. Excluding these items, which can vary significantly from quarter to quarter, allows management to better compare Cypress' period-over-period performance. However, limitations of non-GAAP measures that exclude these items include that these adjustments are often subjective and such non-GAAP measures may not be comparable to similarly titled non-GAAP financial measures used by other companies. Other adjustments primarily include:

- Costs incurred in connection with the proposed Merger;
- Impairments of equity-method investments;
- Changes in value of deferred compensation plan assets and liabilities;
- Investment-related gains or losses, including equity method investments;
- Restructuring and related costs;
- Loss on extinguishment of debt;
- Amortization of debt issuance costs, discounts and imputed interest related to the equity component of convertible debt,
- Asset impairments;
- Tax effects of non-GAAP adjustments;
- Income tax adjustment related to the use of the net operating loss, non-cash impact of not asserting indefinite reinvestment on earnings of our foreign subsidiaries, deferred tax expense not affecting taxes payable (i.e. release of valuation allowance), and non-cash expense (benefit) related to uncertain tax positions;
- Certain other expenses and benefits; and
- Diluted weighted average shares non-GAAP adjustment - for purposes of calculating non-GAAP diluted earnings per share, the GAAP diluted weighted average shares outstanding is adjusted to include the impact of non-GAAP adjustments on the number of diluted shares underlying stock-based compensation awards and the impact of the capped call transactions related to the convertible notes.

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Non-GAAP Financial Measures

<u>ADJUSTED EBITDA</u>: Adjusted EBITDA is calculated by adjusting net income (loss) attributable to Cypress to exclude (without duplication): interest expense, income tax (provision), depreciation, amortization, equity in net loss of equity method investees, and the non-GAAP adjustments described above (acquisition related charges, stock-based compensation expense, and other adjustments). Such calculation is equivalent to non-GAAP operating income less depreciation. Adjusted EBITDA may be useful to management, investors and other users of our financial information because the exclusion of certain gains, losses, and expenses facilitates comparisons of Cypress' operating performance on a period to period basis. Adjusted EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of the business. In addition, adjusted EBITDA should not be considered as a substitute for, or superior to net income attributable to Cypress, operating income, or diluted earnings per share, or other financial measures prepared in accordance with GAAP.

<u>FREE CASH FLOW</u>: Free cash flow is calculated as net cash provided by (used in) operating activities, less acquisition of property, plant and equipment, net (i.e., acquisition of property, plant and equipment less proceeds received from disposition of property, plant and equipment). We consider free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by business operations, after deducting our net payments for acquisitions and dispositions of property and equipment, which cash can then be used for strategic opportunities or other business purposes including, among others, investing in the Company's business, repurchasing stock, making strategic acquisitions, repayment of debt, and strengthening the balance sheet. A limitation of free cash flow is that it does not represent the total increase or decrease in the cash balance for the period. Management compensates for this limitation by also relying on the net increase in cash and cash equivalents and restricted cash as presented in the Company’s condensed consolidated statements of cash flows prepared in accordance with GAAP which incorporates all cash movements during the period.

Reconciliation of GAAP Measures to Non-GAAP Measures

(in thousands except percentages and per share data)

	FY'17	FY'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
GAAP gross profit	$781,935	$931,455	$234,138	$259,715	$225,210	$202,409	$198,758
GAAP gross margin %	33.6%	37.5%	37.5%	38.6%	37.2%	37.6%	37.3%
Stock-based compensation	15,605	16,531	3,986	5,120	3,842	2,684	2,817
Amortization of Intangibles and other	174,981	200,024	49,438	51,565	49,583	48,217	47,293
Restructuring costs, including severance	548	3,271	1,589	(340)	135	(49)	1,018
Loss on assets held for sale[1]	—	10,869	—	—	10,869	2,017	—
Changes in value of deferred compensation plan	603	(169)	102	136	(468)	471	130
Merger, integration and related costs, and adjustments related to assets held for sale	9,090	—	—	—	—	—	—
Non-GAAP gross profit	$982,762	$1,161,981	$289,253	$316,196	$289,171	$255,749	$250,016
Non-GAAP gross margin %	42.2%	46.8%	46.3%	47.0%	47.8%	47.4%	47.0%

	FY'17	FY'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
GAAP operating income	$78,093	$164,428	$50,846	$75,081	$2,740	$31,816	$13,486
GAAP operating margin %	3.4%	6.6%	8.1%	11.2%	0.5%	5.9%	2.5%
Stock-based compensation	91,582	95,963	33,907	24,195	19,403	20,395	30,480
Changes in value of deferred compensation plan	7,367	(2,176)	1,141	1,571	(5,571)	4,934	1,389
Merger, integration and related costs, and adjustments related to assets held for sale	4,204	—	—	—	—	—	8,409
Inventory step-up related to acquisition accounting	3,735	—	—	—	—		
Amortization of acquisition-related intangible assets / other	195,256	218,149	53,793	55,875	53,893	52,527	51,597
Restructuring charges	9,087	16,842	1,239	9,991	1,516	49	3,021
Gain on sale of cost method investment	—	(1,521)	(1,521)	—	—	—	—
Acquisition costs	—	119	—	119	—	—	—
Loss on assets held for sale[1]	—	76,591	—	—	76,591	3,532	—
Settlement charges	2,500	(1,073)	—	(605)	(468)	—	—
Other income and expenses	—	—	—	—	—	505	32
Non-GAAP operating income	$391,821	$567,323	$139,405	$166,227	$148,104	$113,758	$108,414
Non-GAAP operating margin %	16.8%	22.8%	22.3%	24.7%	24.5%	21.1%	20.4%
Depreciation	67,577	66,299	16,239	16,393	16,527	19,512	19,394
Adjusted EBITDA	$459,398	$633,622	$155,644	$182,620	$164,631	$133,270	$127,808

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Reconciliation of GAAP Measures to Non-GAAP Measures

(in thousands except percentages and per share data)

	FY'17	FY'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
GAAP net income (loss) attributable to Cypress	$ (80,915)	$354,592	$27,706	$50,695	$267,114	$19,714	(12,729)
Stock-based compensation	91,582	95,963	33,907	24,195	19,403	20,395	30,480
Changes in value of deferred compensation plan	1,277	728	18	463	(170)	600	244
Merger, integration and related costs, and adjustments related to assets held for sale	4,214	—	—	—	—	—	8,409
Inventory step-up related to acquisition accounting	3,736	—	—	—	—	—	—
Loss on assets held for sale[1]	—	76,591	—	—	76,591	3,532	—
Share in net loss and impairment of equity method investees[2]	71,772	57,369	3,755	3,657	46,496	3,590	32,405
Imputed interest on convertible debt and other	20,537	21,672	4,415	6,782	4,246	4,297	4,205
Settlement charges	2,500	(2,184)	(377)	(1,892)	(309)	—	—
Amortization of Intangibles and other	195,255	218,149	53,793	55,875	53,893	52,527	51,597
Restructuring costs, including severance	9,932	16,842	1,239	9,991	1,516	49	3,021
Gain on sale of cost method investment	—	(1,521)	(1,521)	—	—	—	—
Loss on extinguishment of debt	4,250	1,533	—	—	—	—	—
Acquisition costs	—	119	—	119	—	—	—
Other income and expenses	—	—	—	—	—	808	(71)
Tax impact of above non-GAAP adjustments	(141,476)	(102,274)	(20,078)	(21,201)	(42,350)	(18,018)	(32,603)
Uncertain tax provisions	6,228	8,815	1,348	2,159	3,945	(297)	2,621
Valuation allowance release, utilization of NOLs including excess tax benefit, and other items	135,365	(237,420)	20,759	21,882	(299,385)	14,907	9,662
Non-GAAP net income	$324,257	$508,974	$124,964	$152,725	$130,990	$102,104	$97,241

	FY'17	FY'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
GAAP weighted-average common shares outstanding, diluted	333,451	372,178	371,967	374,266	369,638	373,131	365,600
Impact of non-GAAP adjustments on number of diluted shares underlying stock-based compensation awards	14,838	5,565	6,554	5,372	5,227	4,153	13,937
Adjustment to include the impact of the capped call transactions related to the convertible notes	16,851	(2,395)	(2,483)	(2,305)	-	(1,454)	5,187
Non-GAAP weighted-average common shares outstanding, diluted	365,140	375,348	376,038	377,333	374,865	375,830	384,724

	FY'17	FY'18	Q2'18		Q4'18	Q1'19	Q2'19
GAAP earnings (loss) per share - diluted	(0.24)	$0.95	$0.07	$0.14	$0.72	$0.05	(0.03)
Per share impact of non-GAAP adjustments listed in net income table above	1.13	0.41	0.26	0.26	(0.37)	0.22	$0.28
Non-GAAP earnings (loss) per share - diluted	$0.89	$1.36	$0.33	$0.40	$0.35	$0.27	$0.25

	FY'17	FY'18	Q2'18		Q4'18	Q1'19	Q2'19
GAAP net cash provided by operating activities	$403,487	$471,700	$110,734	$187,097	$142,215	$61,248	$118,923
GAAP net cash provided by operating activities as a percentage of revenue	17.3%	19.0%	17.7%	27.8%	23.5%	11.4%	22.3%
Acquisition of property, plant and equipment, net	(51,944)	(63,130)	(25,590)	(15,448)	(5,069)	(10,534)	(7,490)
Free cash flow	351,543	408,570	85,144	171,649	137,146	50,714	111,433
Free cash flow margin	15.1%	16.4%	13.6%	25.5%	22.7%	9.4%	20.9%

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Reconciliation of GAAP Measures to Non-GAAP Measures

(in thousands except percentages and per share data)

	FY'17	FY'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
GAAP R&D	$362,931	$363,996	$96,693	$91,691	$82,379	$88,606	$93,639
GAAP R&D % of revenue	15.6%	14.7%	15.5%	13.6%	13.6%	16.4%	17.6%
Stock based compensation	36,804	35,114	13,800	8,206	6,395	6,680	12,304
Changes in value of deferred compensation plan	2,826	(971)	467	667	(2,377)	2,204	632
Merger, integration and related costs and adjustments related to assets held for sale	(96)	—	—	—	—	—	—
Restructuring charges	5,915	1,785	33	516	944	—	1,362
Settlement charges	—	(309)	—	—	(309)	—	—
Other income and expenses	—	—	—	—	—	57	—
Non-GAAP R&D	$317,482	$328,377	$82,393	$82,302	$77,726	$79,665	$79,341
Non-GAAP R&D % of revenue	13.6%	13.2%	13.2%	12.2%	12.9%	14.8%	14.9%

	FY'17	FY'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
GAAP SG&A	$340,910	$403,030	$86,599	$92,943	$140,091	$81,987	$91,633
GAAP SG&A % of revenue	14.6%	16.2%	13.9%	13.8%	23.2%	15.2%	17.2%
Stock based compensation	39,172	44,317	16,121	10,869	9,166	11,031	15,359
Changes in value of deferred compensation plan	3,936	(1,036)	572	768	(2,726)	2,259	627
Merger, integration and related costs and adjustments related to assets held for sale	(1,057)	—	—	—	—	—	8,409
Loss on assets held for sale[1]	—	65,722	—	—	65,722	1,515	—
Amortization of acquisition-related intangible assets	20,274	18,125	4,355	4,310	4,310	4,310	4,304
Acquisition costs	—	119	—	—	—	—	—
Gain on sale of cost method investment	—	(1,521)	(1,521)	—	—	—	—
Restructuring charges	2,625	11,786	(383)	9,815	437	98	641
Settlement charges	2,500	(764)	—	(486)	(159)	—	—
Other income and expenses	—	—	—	—	—	448	32
Non-GAAP SG&A	273,460	$266,282	$67,455	$67,667	$63,341	$62,326	$62,261
Non-GAAP SG&A % of revenue	11.7%	10.7%	10.8%	10.1%	10.5%	11.6%	11.7%

Footnotes:

1. Q4'18 and FY'18 relate to our entry into a definitive agreement to divest the NAND business.
2. Q2'19 includes a $29.5 million impairment charge recorded for the equity-method investment in Deca Technologies, Inc. Q4'18 and FY'18 include a $41.5 million impairment charge recorded for the equity-method investment in Deca Technologies, Inc. FY'17 includes a $51.2 million impairment charge recorded for the equity-method investment in Enovix Corporation.

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