

Decarbonization + Digitalization = More Sustainable Value!

Infineon Technologies AG
15 November 2022



Agenda

01 **FY22 and Q4 highlights**

02 **Upgraded Target Operating Model**

Strategy & Value Creation

03 **FY23 and Q1 outlook**

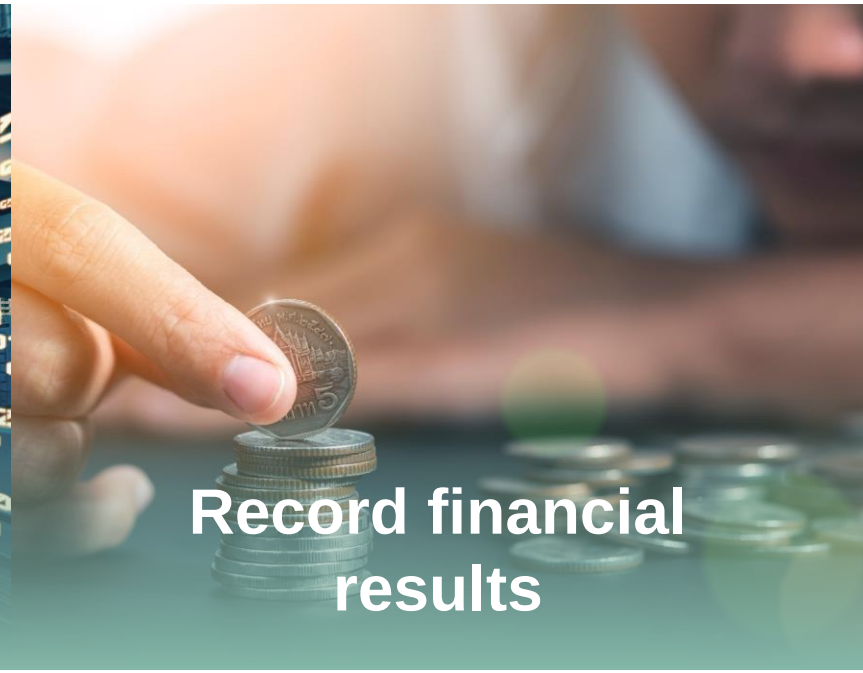
04 **Q&A**

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FY22 was a record year
building the base for an upgraded Target Operating Model







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FY22 was a record year
building the base for an upgraded Target Operating Model



New management board



Accelerating business momentum

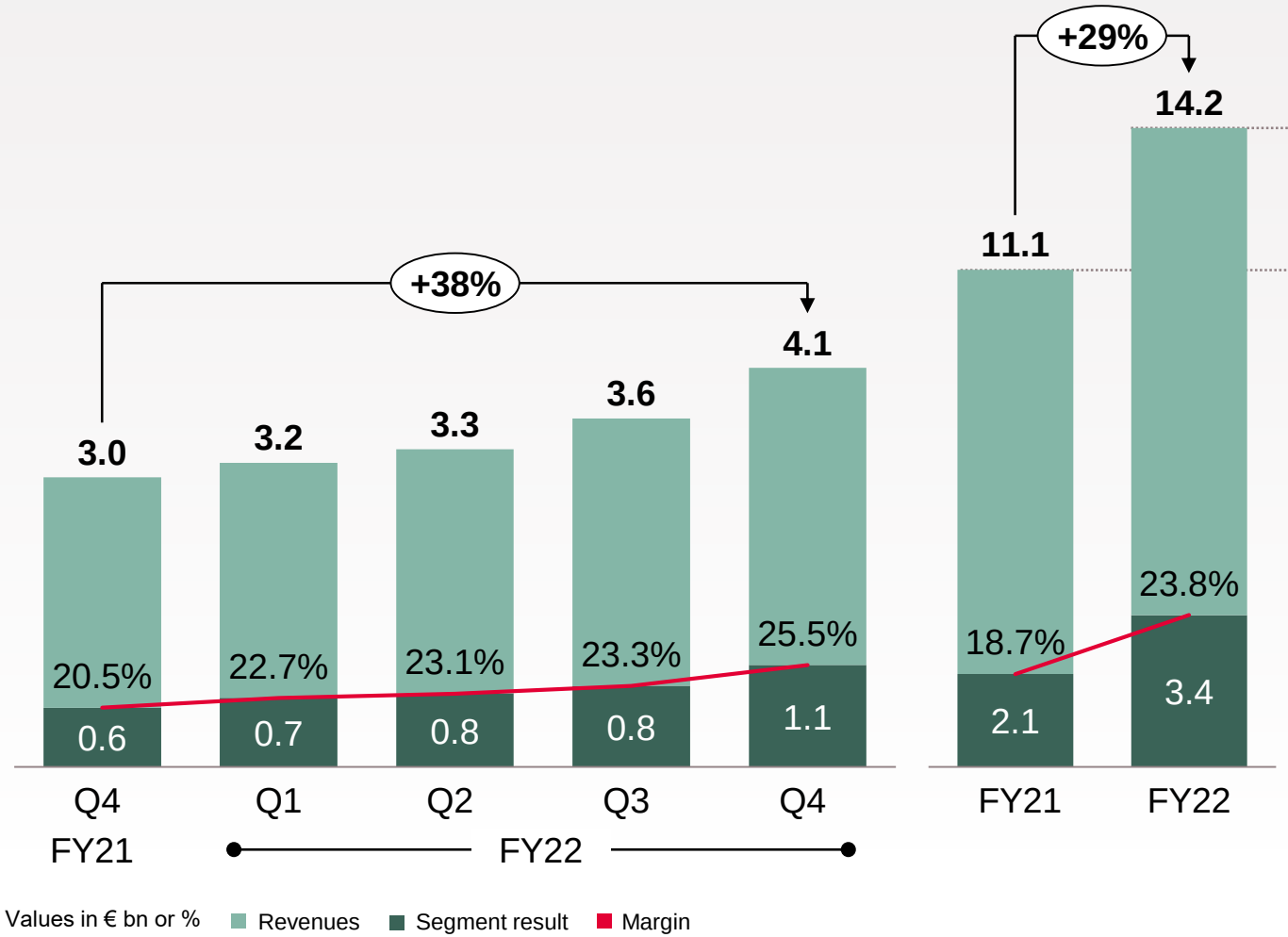
Record financial results

Revenue	**€14.2bn** (+29% y-o-y)
SRM	**23.8%** (+510bps y-o-y)
Free Cash Flow	**€1.6bn** (+5% y-o-y)

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Group financial performance: four consecutive quarters of revenue growth and margin expansion leading to record FY22

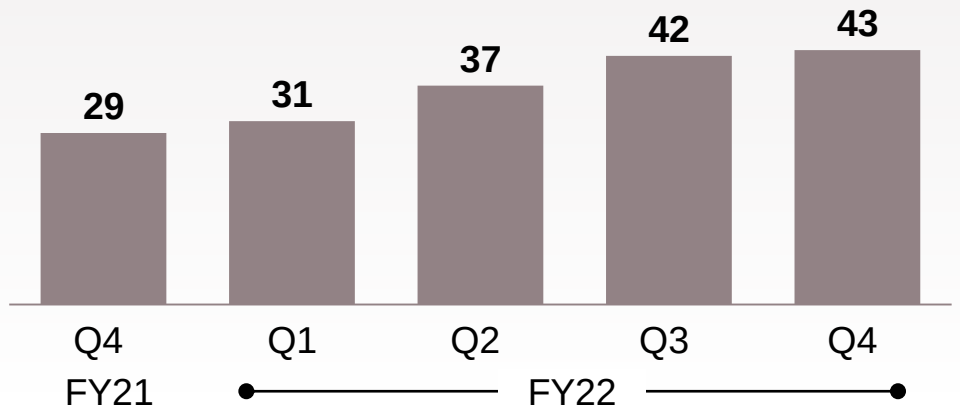
Revenues and segment result



Y-o-y revenue increase supported by



Order backlog

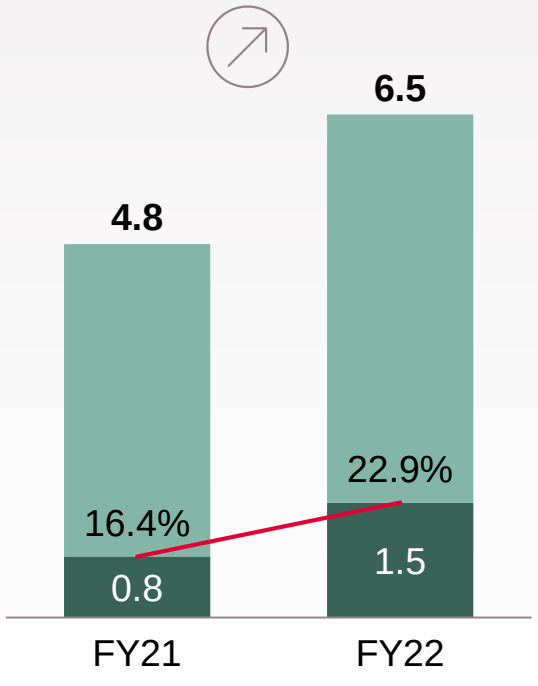


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All four segments: Growth and noticeable margin expansion

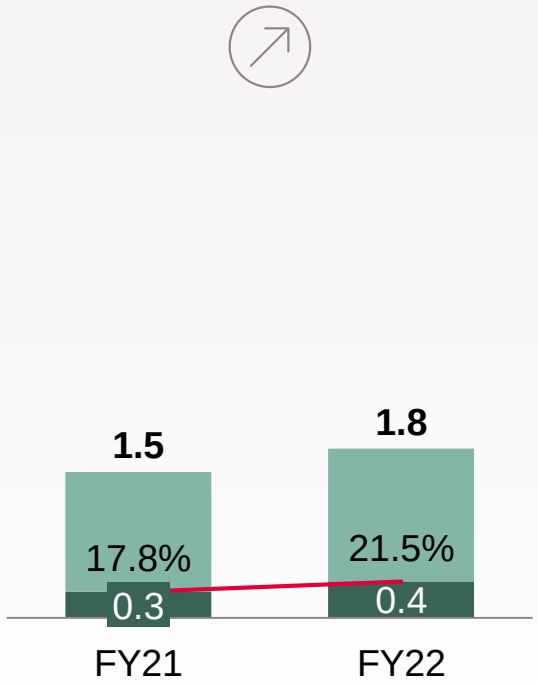
Automotive
(ATV)

Rev **+35%**
SRM **+650bps**



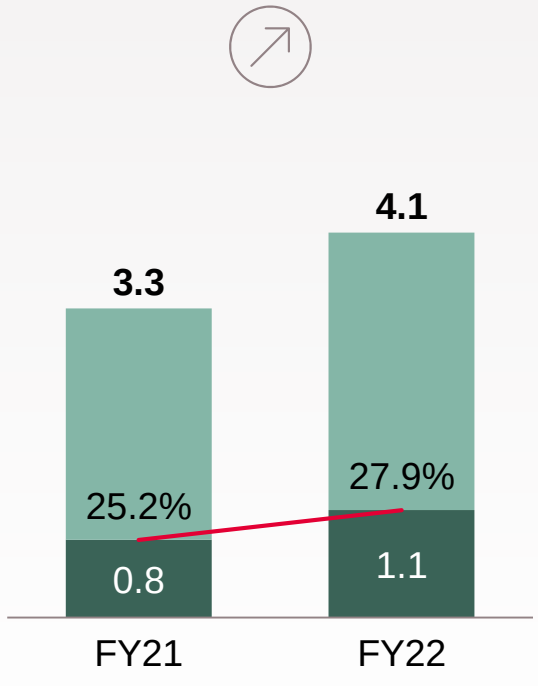
Industrial Power Control
(IPC)

Rev **+16%**
SRM **+370bps**



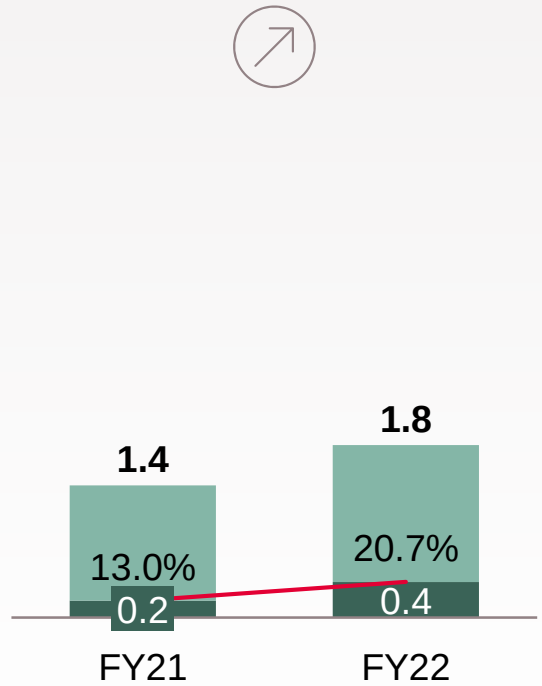
Power & Sensor Systems
(PSS)

Rev **+25%**
SRM **+270bps**



Connected Secure Systems
(CSS)

Rev **+30%**
SRM **+770bps**



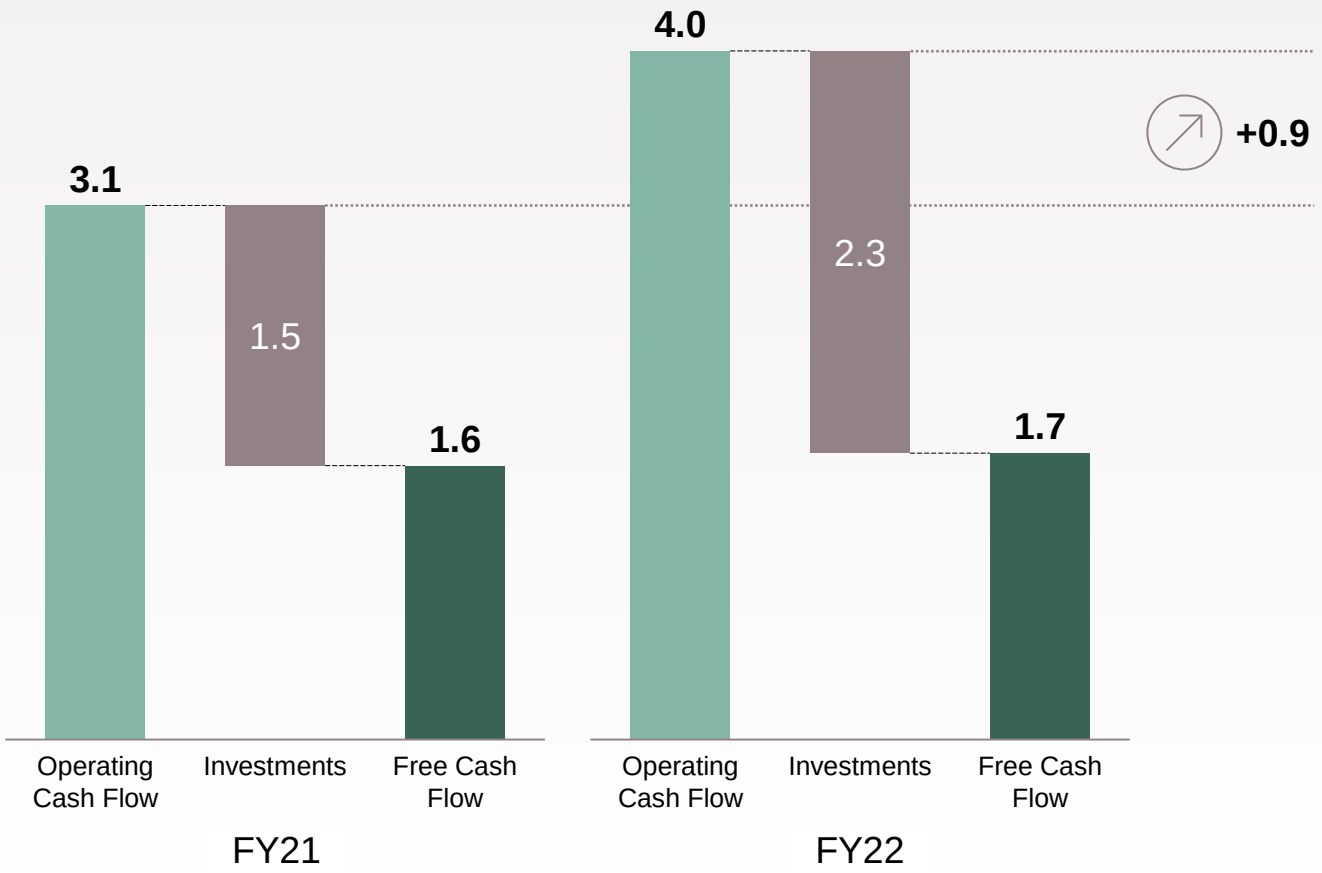
Values in € bn or % ■ Revenues ■ Segment result ■ Margin

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Strong operating cash flow improvement enabling high organic investment and deleveraging

[€ bn]

Free Cash Flow



Liquidity profile

Gross Cash	€3.7bn
Gross Debt	€5.7bn
Net Debt	€2.0bn

Leverage profile

Gross Debt/ EBITDA	1.3x
Net Debt/ EBITDA	0.4x

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Upgraded Target Operating Model: committing to more ambitious financial goals and being the sustainability leader

Target Operating Model
through cycle

	Target Operating Model	Previously
Revenue growth	**>10%**	9%+
Segment Result Margin	**25%**	19%
Adj. Free Cash Flow Margin[1]	**10-15%**	Invest-to-sales 13%

Sustainability leader – CO_2 neutrality 2030



1 Excluding major frontend buildings

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… are accelerating structural growth of Infineon’s target markets

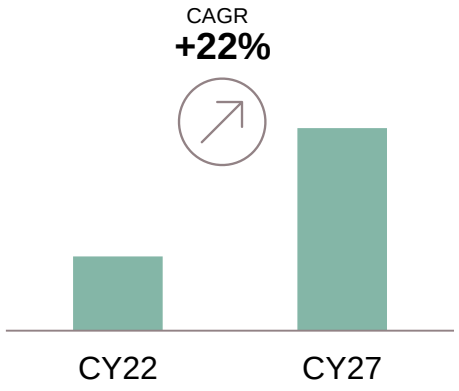
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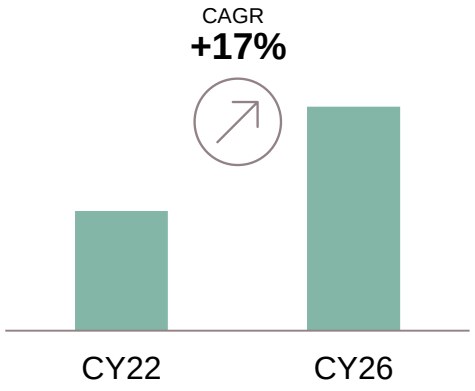
… are accelerating structural growth of Infineon's target markets

Total addressable market for semiconductors (TAM)

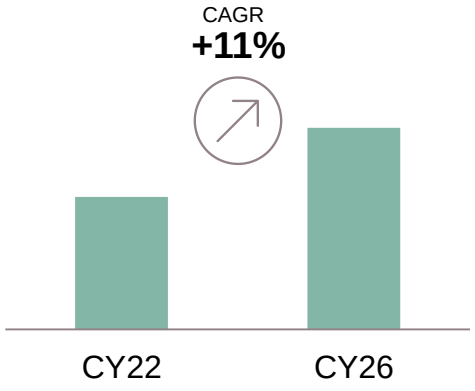
xEV



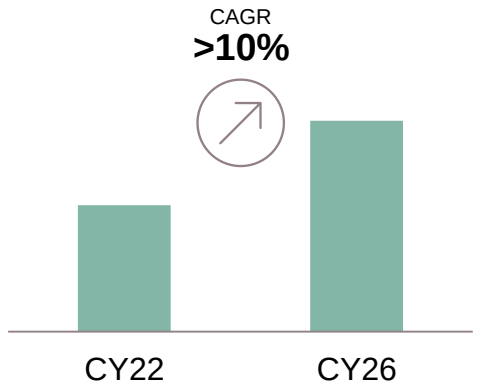
Renewables



Data center



IoT



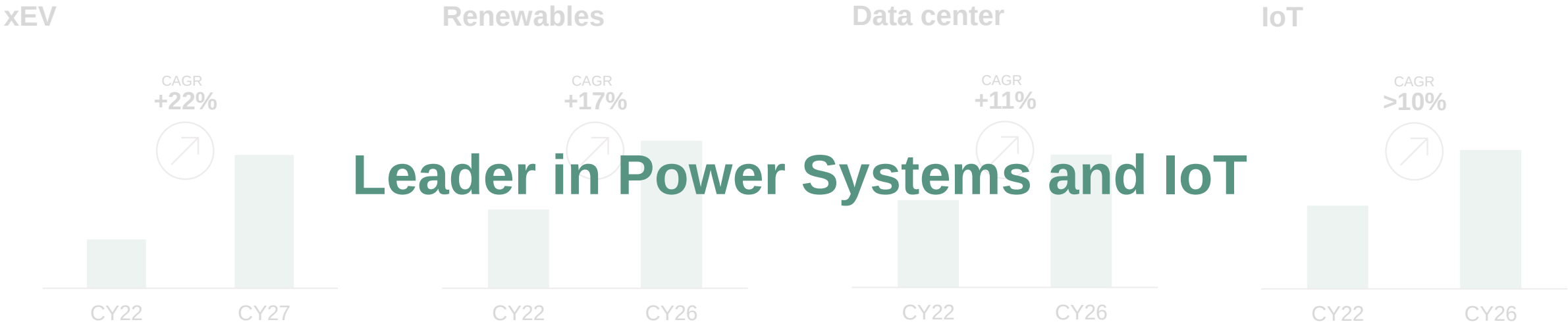
Based on or includes content supplied by S&P Global Mobility, *Automotive Semiconductor Market Tracker*. July 2022.
Based on or includes research from Omdia, *Industrial Semiconductor Market Tracker – 1Q22 Database*. July 2022 and *Application Market Forecast Tool – 3Q22*. September 2022. Infineon market model.

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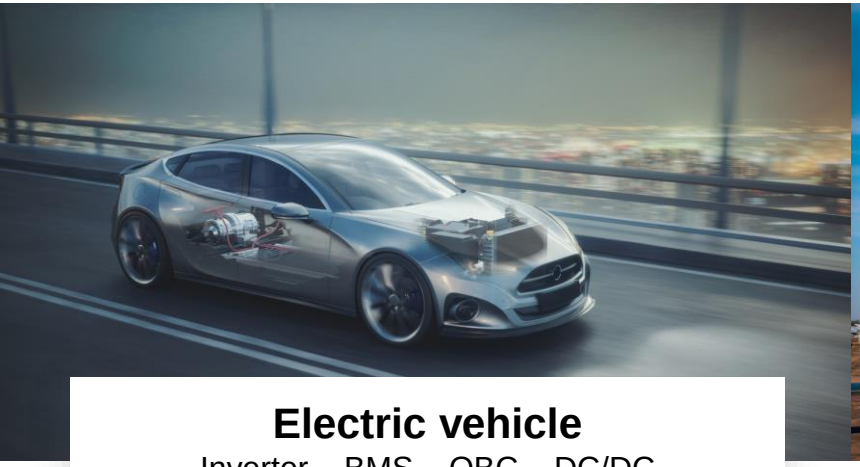


Leader in Power Systems and IoT

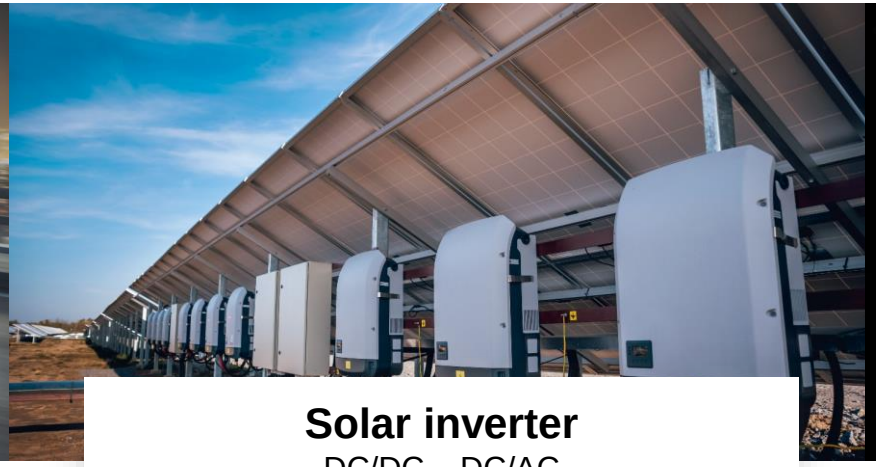
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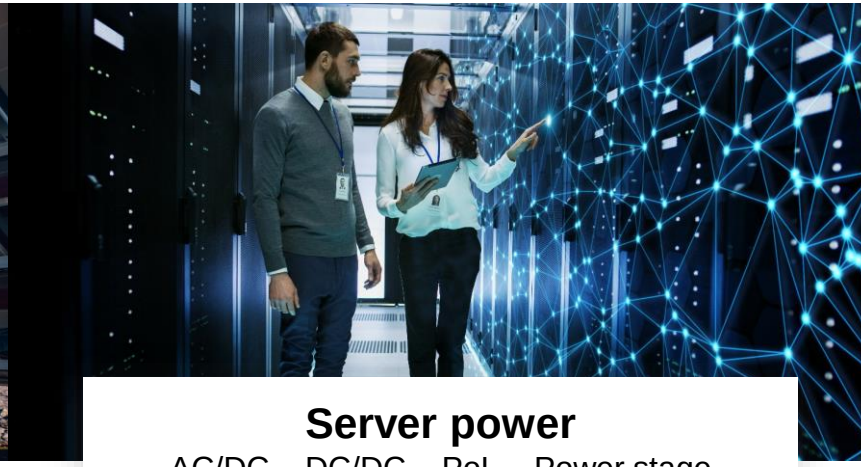
Leader in Power Systems: Infineon enabling decarbonization by delivering maximum value to customers with holistic system approach



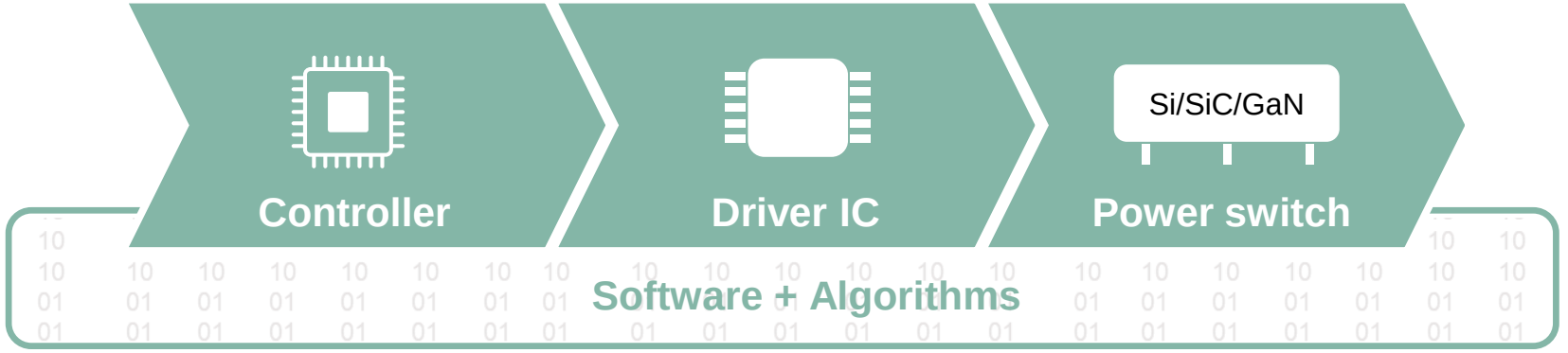
Electric vehicle
Inverter – BMS – OBC – DC/DC



Solar inverter
DC/DC – DC/AC



Server power
AC/DC – DC/DC – PoL – Power stage



PoL (point of load): PMIC + Driver IC + MOSFETs | Power stage: Driver IC + MOSFETs

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Infineon is the key enabler for Power Systems that are needed at every step of the entire power transformation chain

Renewable energy generation

#1 semi enabler

powering ~50% of currently installed wind/solar capacity

Energy infrastructure

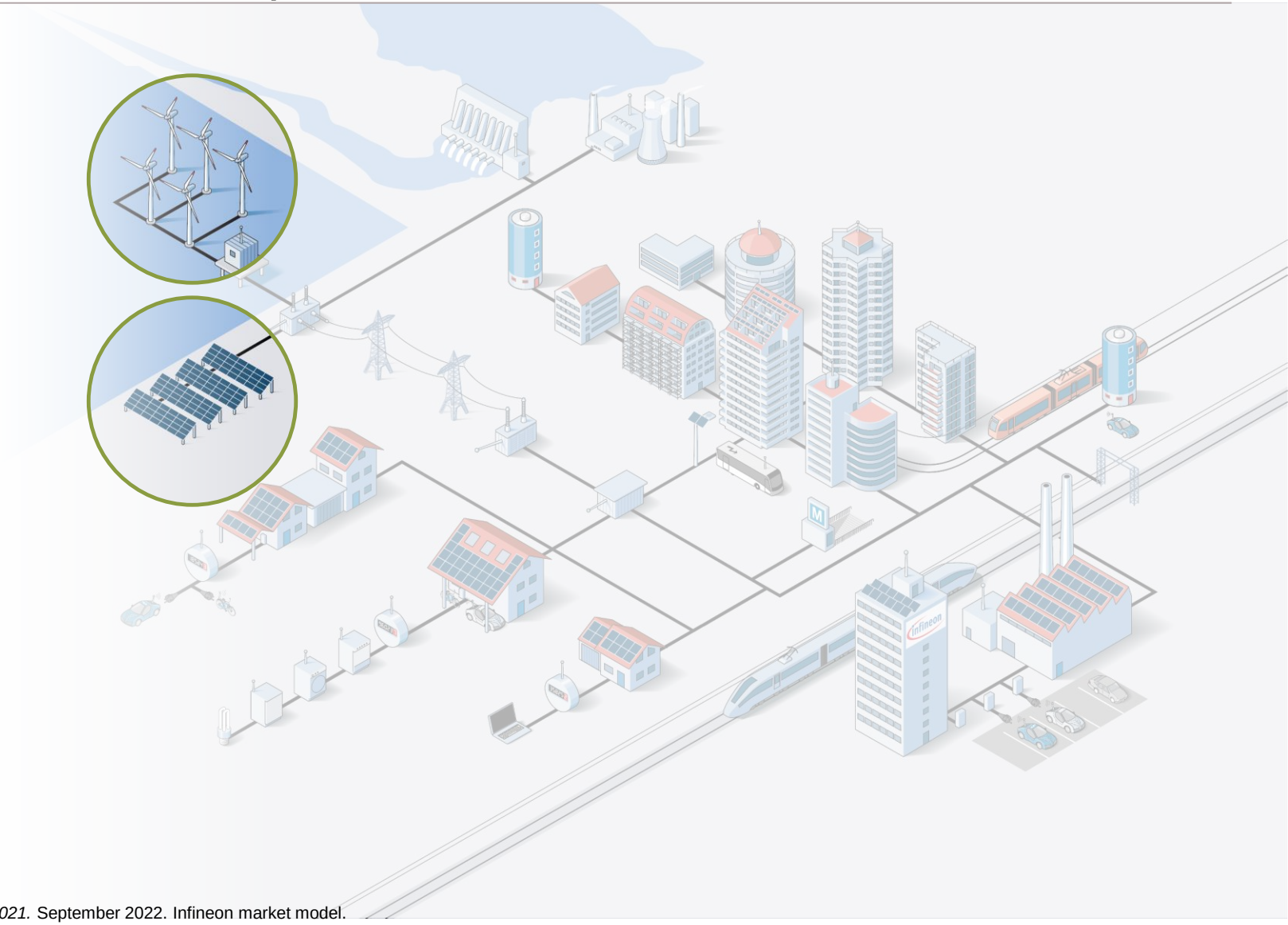
#1 semi enabler

for ~2/3 of grid infrastructure incl. EV charging

Energy conversion and usage

#1 semi enabler

broadest portfolio covering all verticals
leader in power density and efficiency
#1 in vehicle electrification



Based on or includes research from Omdia: *Power Discrete and Module Market Tracker – 2021.* September 2022. Infineon market model.

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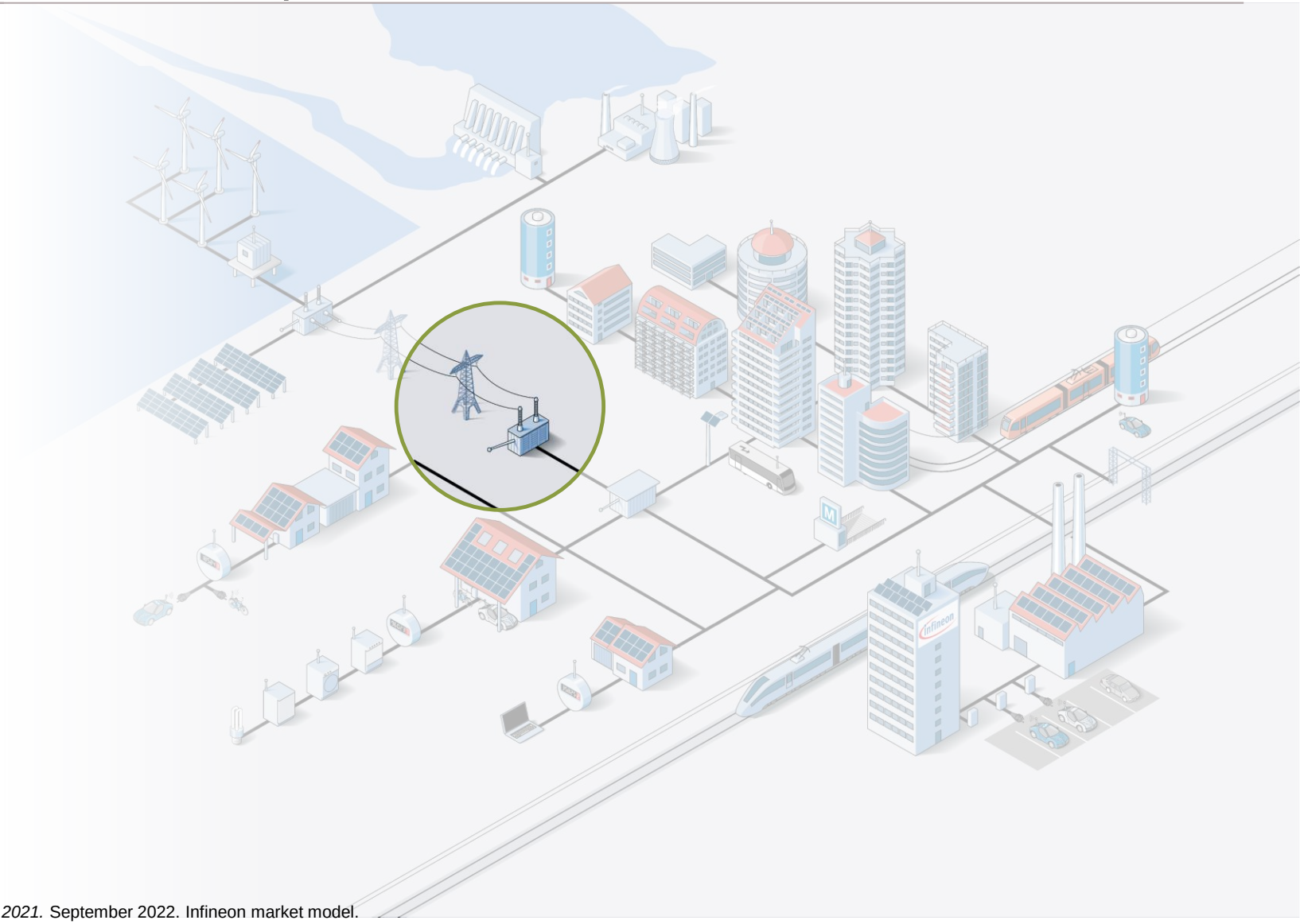
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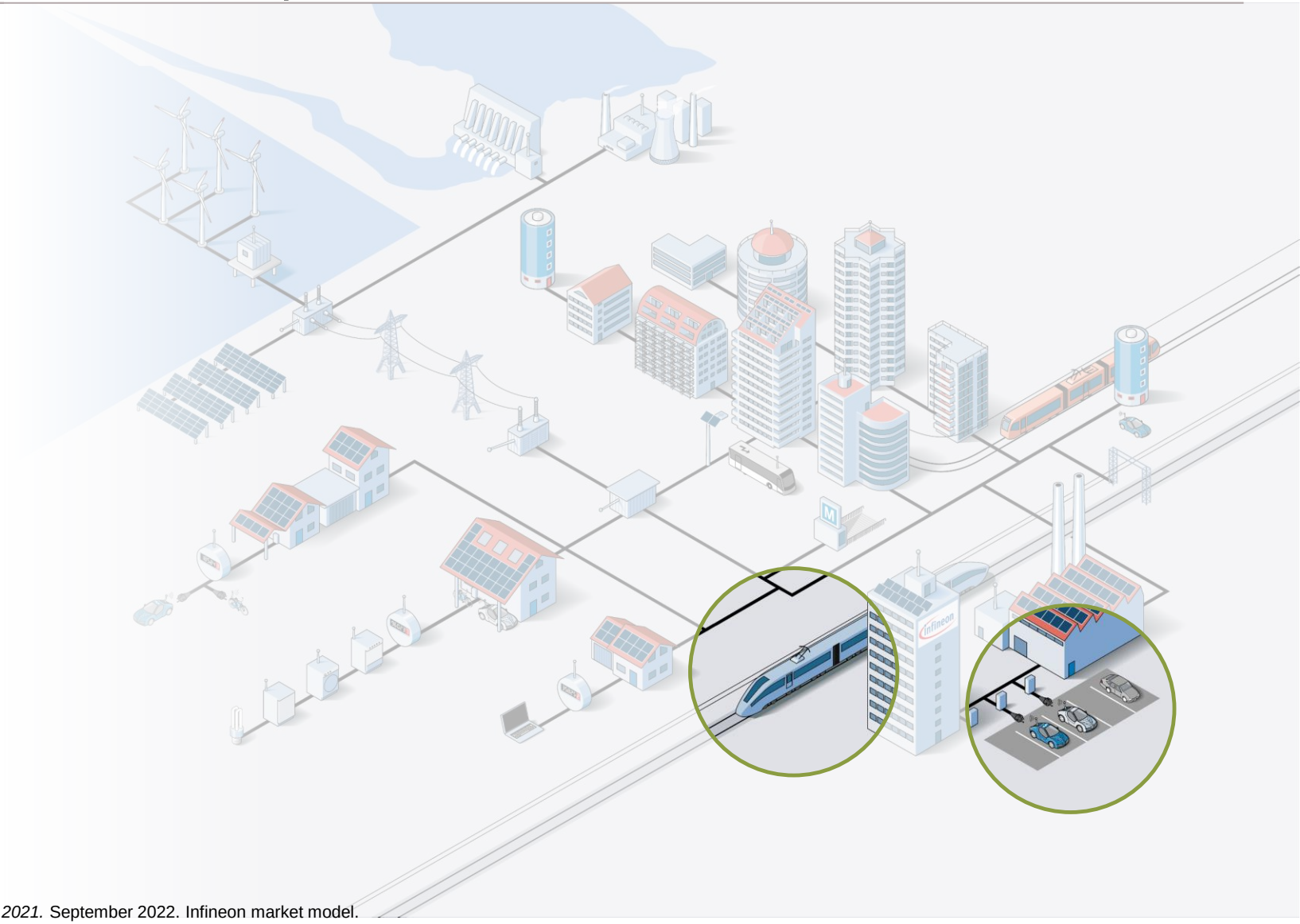
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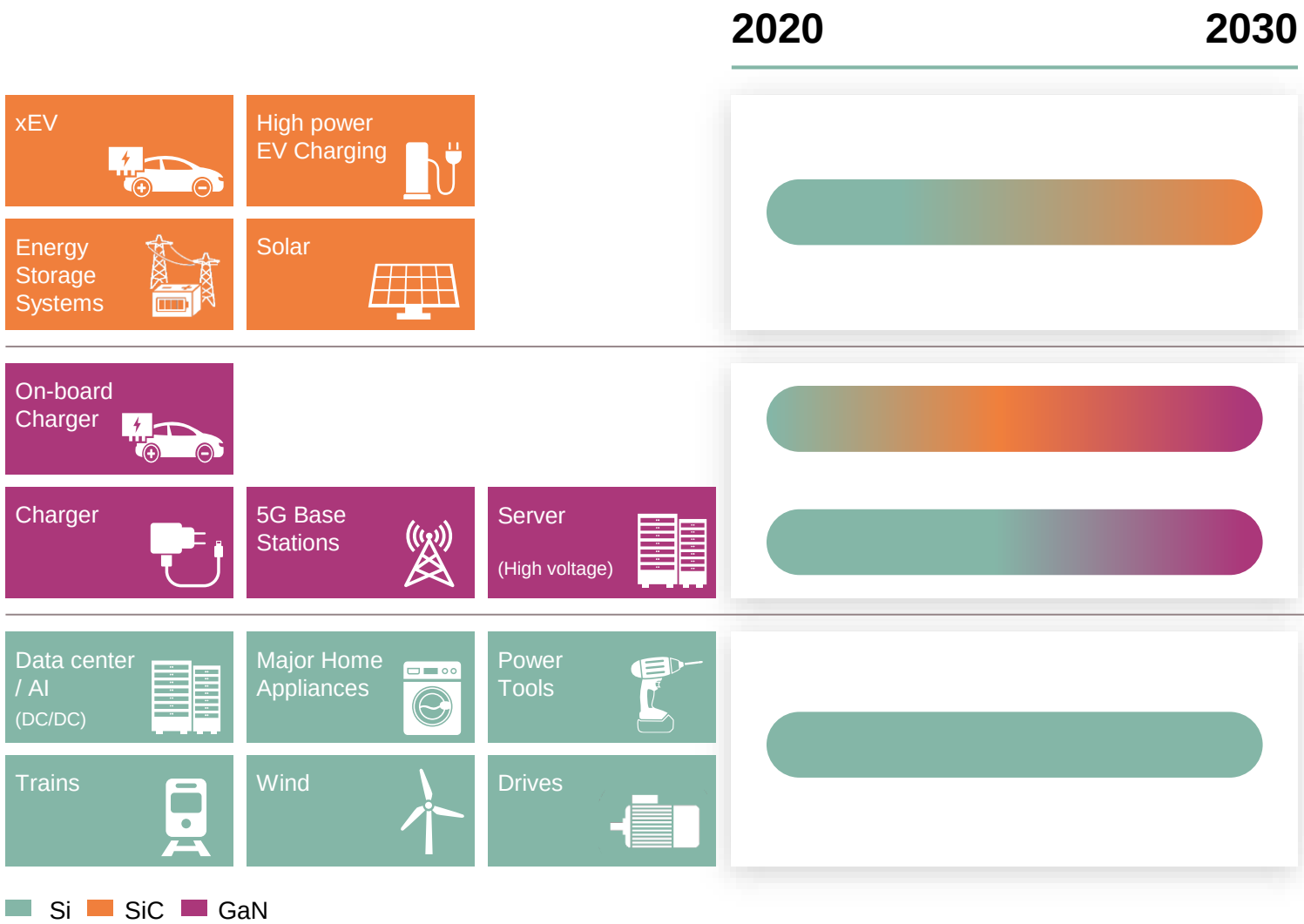
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Transition to WBG will vastly differ by application with Si expected to remain technology of choice for many of them



SiC
with advantage in **high power** switching performance and **power density**

GaN
superior switching performance results in **higher efficiency** and **lower system cost**

Si
is 3-4 times **cheaper than WBG**, will remain competitive in many applications where top performance and form factor are secondary

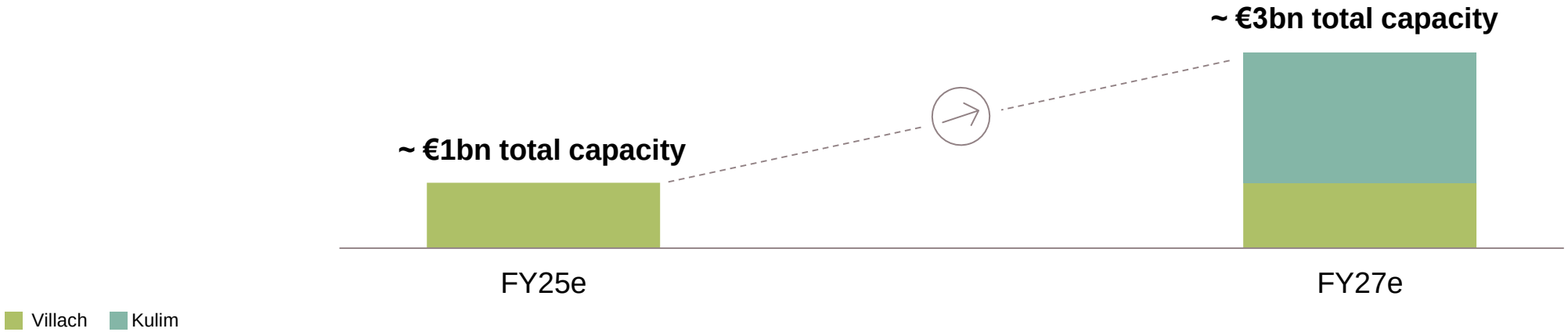
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30% market share target in SiC by end of decade underpinned by significant capacity expansion



Infineon is well positioned for strong SiC market growth

Steep ramp enables market share gains



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With its comprehensive SiC strategy Infineon is mastering all key success factors

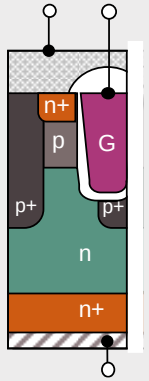
SiC raw material supply

- 4 qualified SiC wafer and boule suppliers – more to come
- Cold Split technology increases productivity, especially in 8 inch



Superior trench technology

- 1 – 2 generations ahead of competition
- 30% more chips per wafer than planar



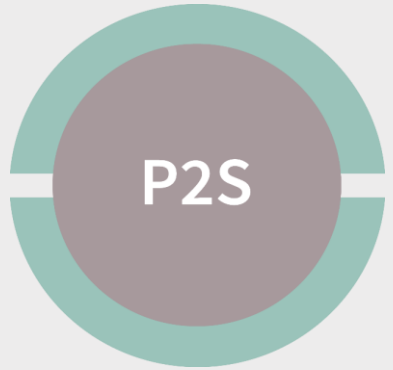
Packaging portfolio

- Best-in-class in-house packaging solutions
- New .XT technology for highest power density



Deep system understanding

- Decades of experience in automotive and industrial power
- Broadest portfolio: off-the-shelf plus customized solutions



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SiC momentum further accelerating: significant new design-wins in auto, continuous leadership in industrial applications

Most recent automotive SiC design-wins

Stellantis



STELLANTIS

US OEM





Japanese OEM





Most recent industrial SiC design-wins

alpitronic



Bloomenergy



DELTA



solaredge



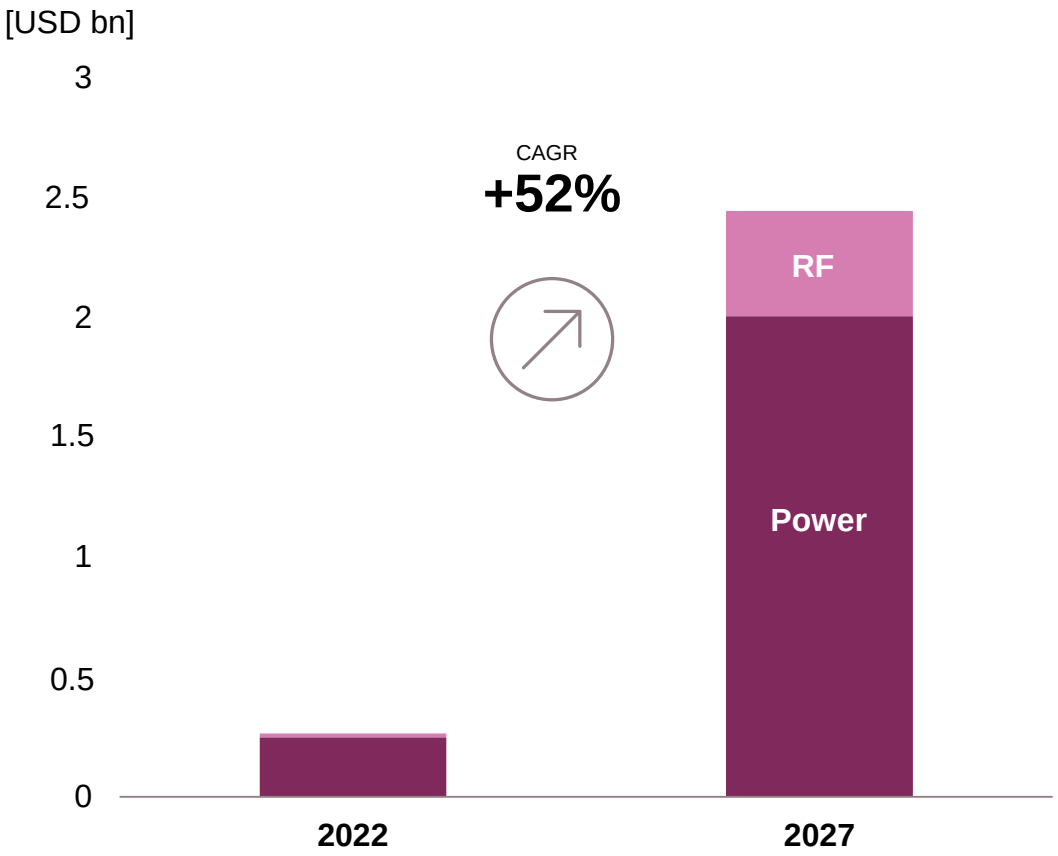
Close to **€3bn design-win** volume in last 4 months

More than **3,600 active customers** being served

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GaN: immense market opportunity with Infineon achieving significant design-wins across key power applications

GaN market overview
for power and RF (GaN-on-Si) applications



GaN design-wins of around €1.5bn

Strong design-win momentum for power and RF applications

- Charger
- Adapter
- Power antennas for 5G
- Server (High voltage)

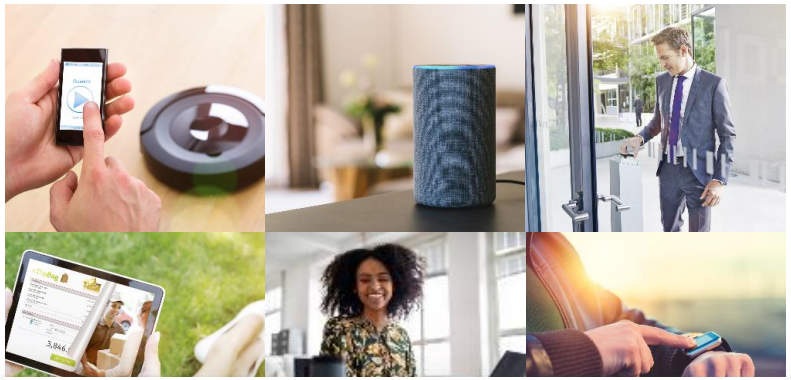
Infineon key success factors

- Integrated device manufacturer
- #1 patent portfolio for GaN – around 300 patent families
- Enable dual-site 8-inch in-house production

Yole Intelligence: *Compound Semiconductor Market Monitor-Module 1 Q3 2022*.

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Infineon at the core of IoT – driving digitalization by serving strongly growing multi-application markets



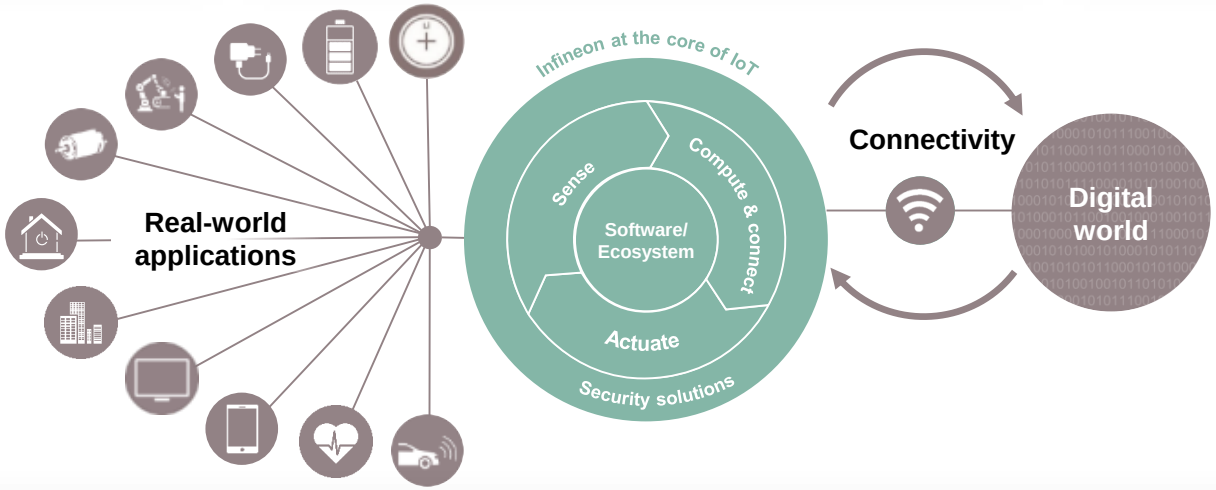
Consumer IoT



Industrial IoT



Automotive IoT



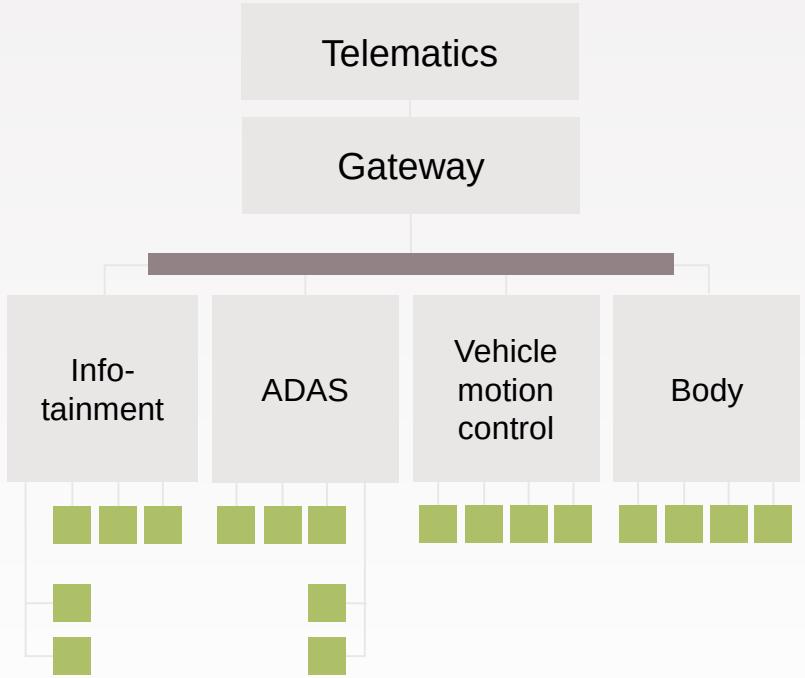
Products: MCU – Connectivity (Wi-Fi, BLE, NFC) – Sensors – Security – Power supply & switches

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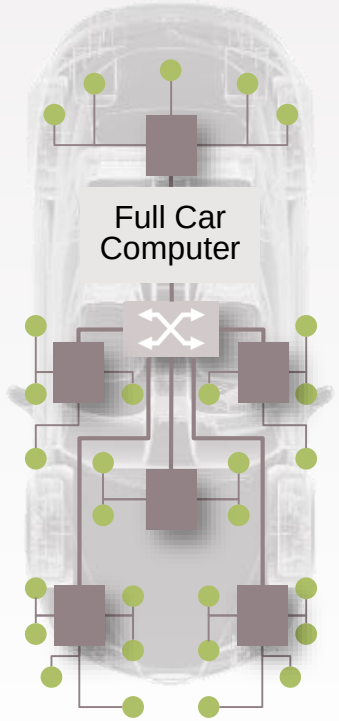
Software-defined cars will become a reality through architectural transformation accelerating our MCU growth

Infineon's MCUs to win big here

Transition from domain architecture …



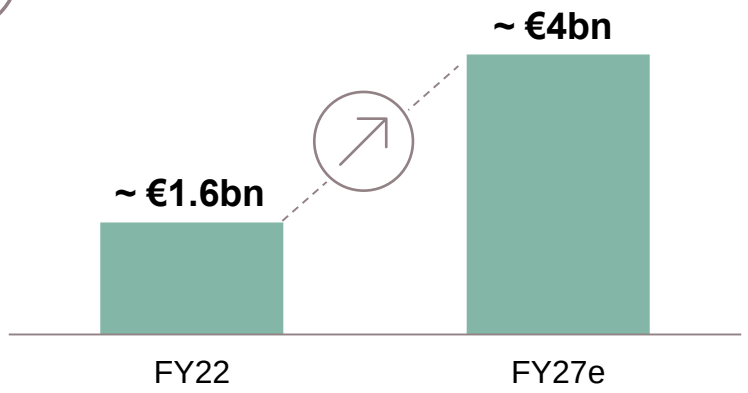
… to full car computer



Accelerated Infineon
MCU growth

~2.5x

Infineon's MCU revenue growth



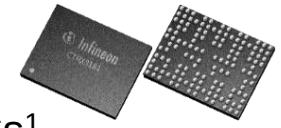
/ ECU / edge computing

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Infineon radar solutions leading the way for a broad range of automotive and IoT applications

Infineon leading the automotive radar market for over 15 years

>50%
market share today in radar ICs[1]



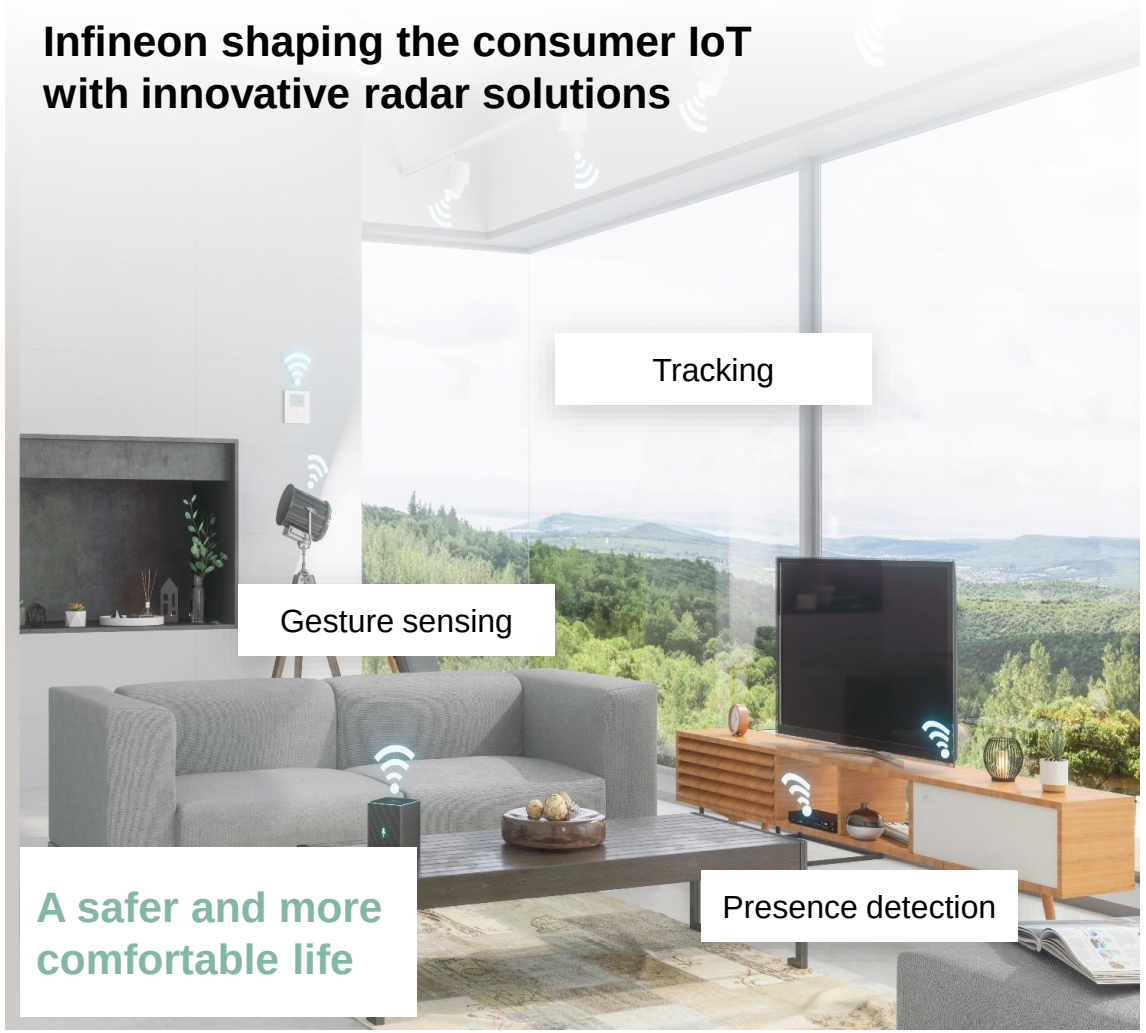
#1
in radar MCUs by 2026[2]



New 28nm CMOS transceiver available

Major OEMs decided for Infineon radar solutions

Infineon shaping the consumer IoT with innovative radar solutions



1 Yole Intelligence: *Radar for Automotive 2022*. May 2022 | **2** Infineon estimate

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Infineon is enabling the ‘IoT at a fingertip’ with robust and reliable touch solutions and reconfirming Cypress revenue synergies

Infineon as the leader[1] in Touch-HMI inherited through Cypress acquisition

>6 Billion
conventional buttons replaced

>100 Patents
filed for touch solutions

5th generation of CAPSENSE™ controller in advanced analog/mixed-signal technology available

Infineon CAPSENSE™ technology in volume production in a wide range of applications



Capacitive sense buttons



Metal proximity

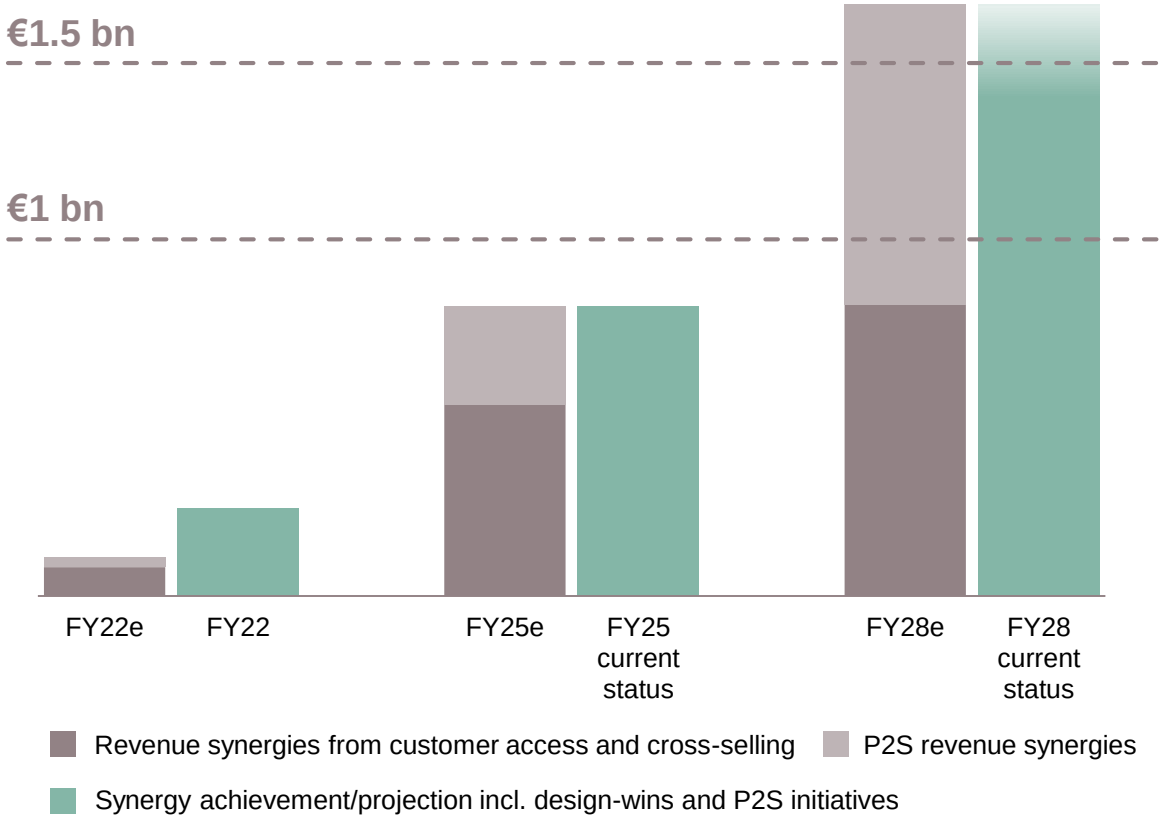


Capacitive sense slider



Touchless gesture control

We are fully on track to reach or even overachieve the announced Cypress revenue synergy targets



1 Infineon estimate

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Software allows for quick and flexible portfolio expansion and increases our profitability



Efficient portfolio extension

- Agile software development allows efficient derivates
- Additional revenue potential – 4x faster growth in software than in hardware

Higher profitability

- More complete P2S offering
- Differentiation and customer value
- Ecosystem leading to higher switching cost

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… are accelerating structural growth of Infineon's target markets

Infineon serving all target markets as
Leader in Power Systems and IoT

Supported by …

P2S

From product thinking to system understanding

Software capability

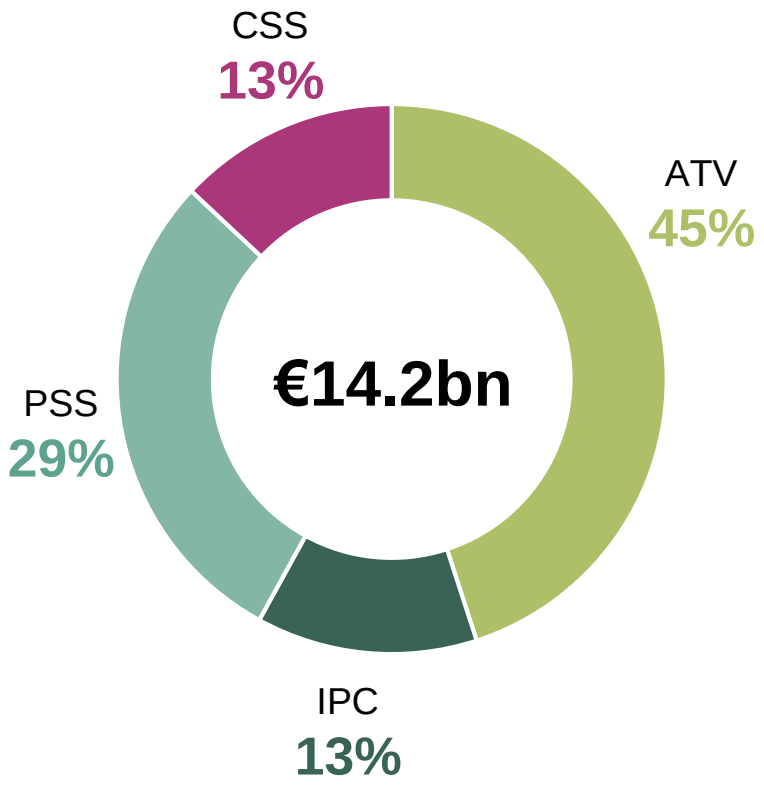
Digital marketing and sales
Eye-level strategic partnerships

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Double-digit growth ahead – five key applications account for ~60% of growth; well-diversified divisional split

FY22

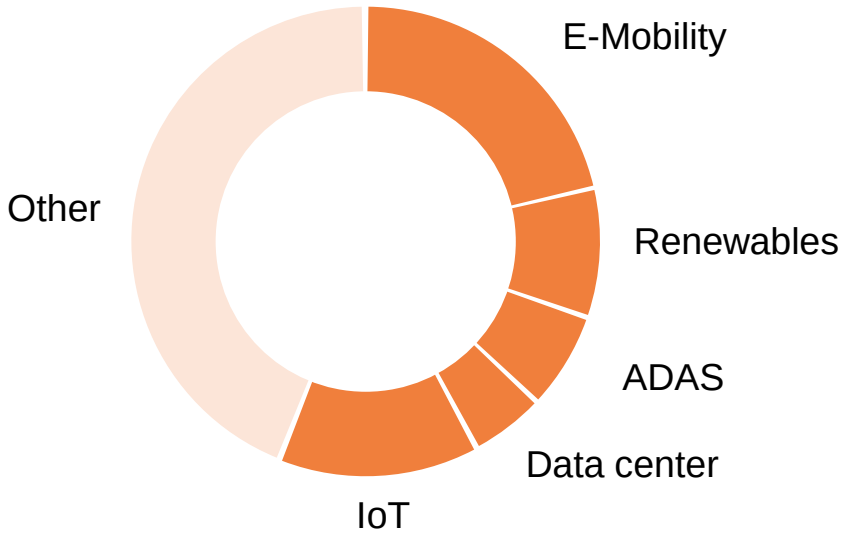
Revenue by division



>10%
CAGR

FY22-27e

Revenue growth contribution by driver



Through-cycle growth rates by division

ATV	IPC	PSS	CSS
>10%	>10%	~10%	~10%

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Key investment projects to enable our growth

Kulim 3



WBG expansion for
SiC and GaN, incl. cold split and epitaxy

Dresden 4

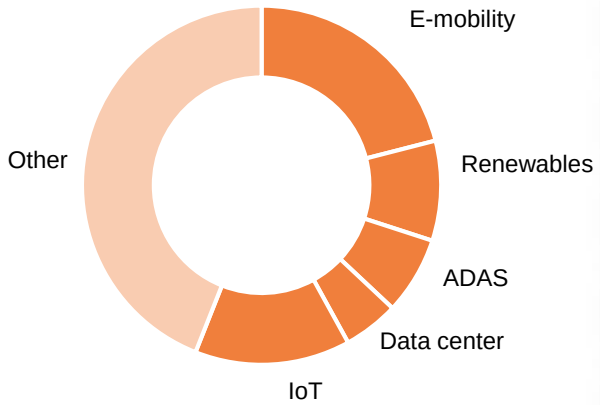


300mm analog/mixed-signal
and power switches

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Dresden 4 – a 300mm “smart power” fab for analog/mixed-signal and power switches

Investment/ Revenue potential	**~€5bn**
Planned start of construction	Autumn 2023
Assumed ready for production	Autumn 2026

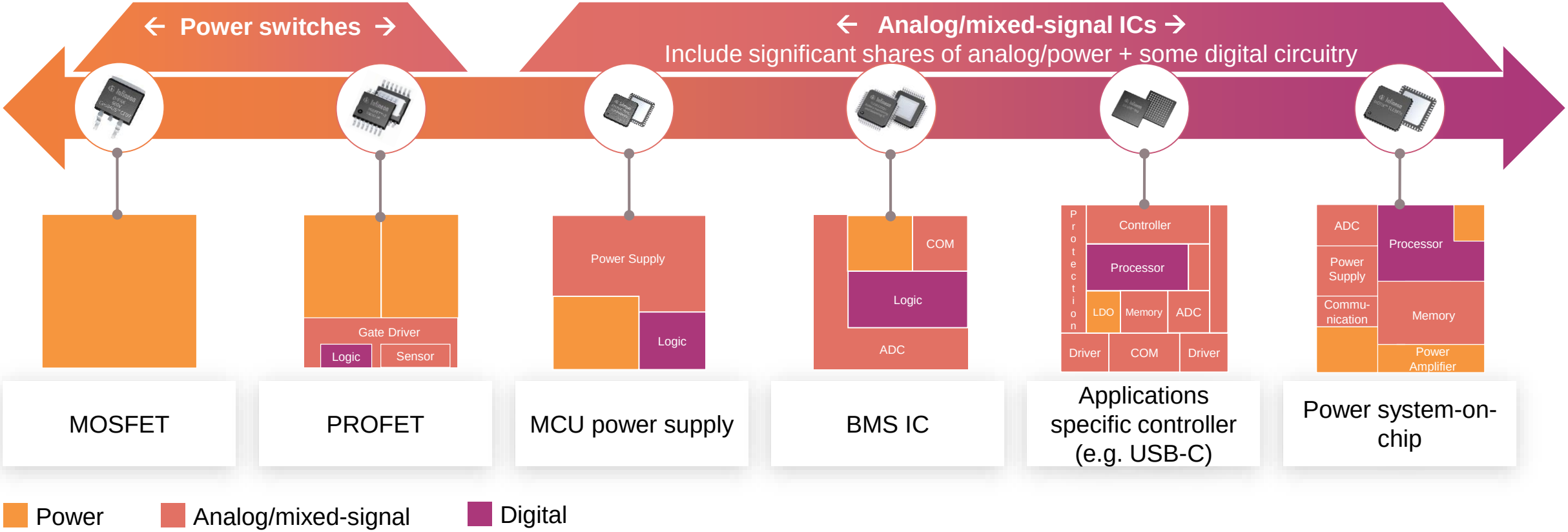


E-Mobility	BMS and MCU power supply
Renewables	Driver IC
ADAS	MCU power supply
Data center	Power stage = MOSFET + Driver IC
IoT	USB-C and small dedicated MCU



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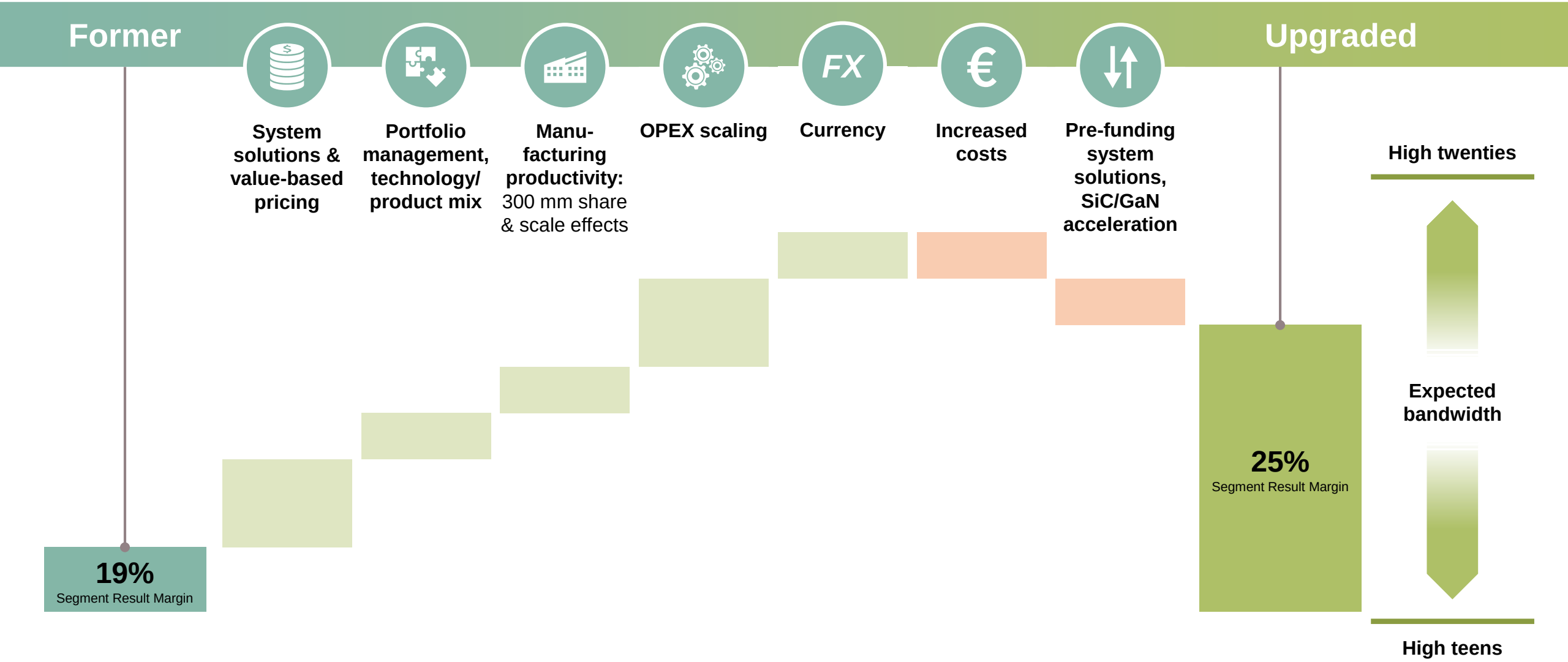
Highly differentiating and successful product portfolio for new fab planned in Dresden



Sweet spot for these analog/mixed-signal products is 130nm due to high share of analog/power functionalities

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Upgraded Target Operating Model: Significant margin expansion through the cycle

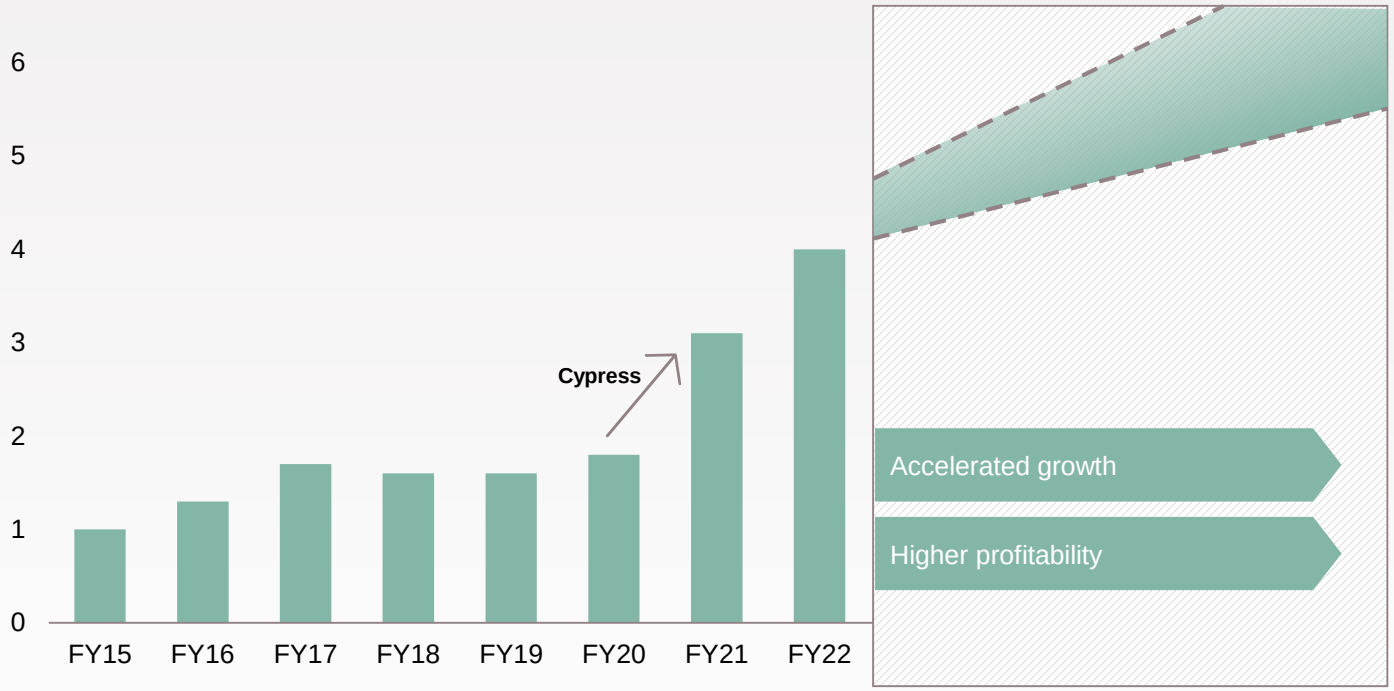


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Free Cash Flow generation increasing over the cycle, driven by profitable growth and better asset efficiency

[€ bn]

Operating cash flow strongly rising



- Accretive investments into high organic growth
- Operating cash flow expected to outgrow investments
- Differentiated in-house manufacturing complemented by ~40% outsourcing share over time
- FY23-27: ~€3.5bn cum. investments into major frontend buildings

Adj. Free Cash Flow target: 10-15% of sales, excl. major frontend buildings

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Putting it all together – Upgraded Target Operating Model leads to superior value creation

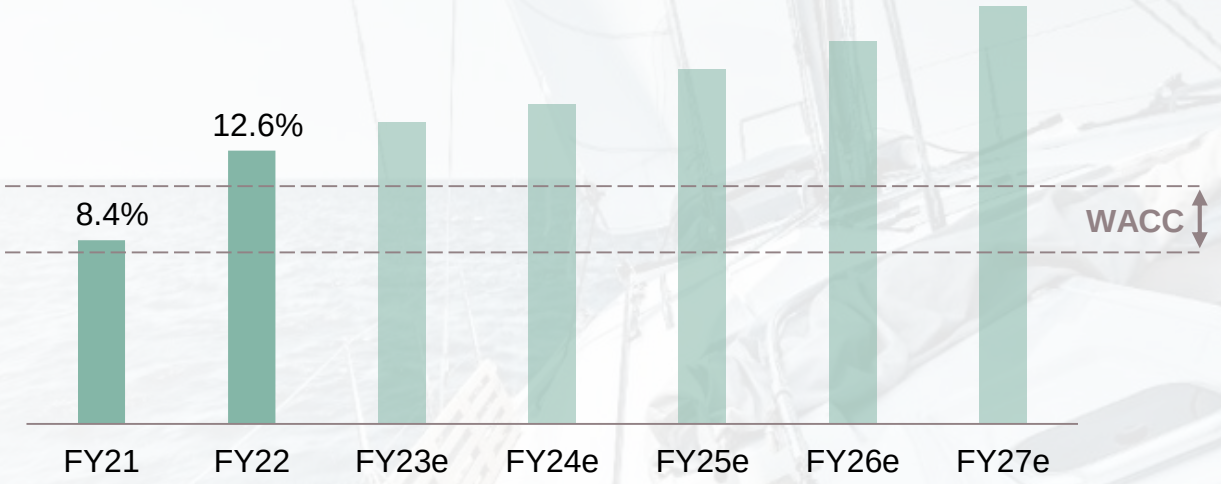
Target Operating Model
through cycle

Revenue growth
>10%

Segment Result Margin
25%

Adj. Free Cash Flow Margin[1]
10-15%

Reported RoCE to reach 2x cost-of-capital level



1 Excluding major frontend buildings

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Our 2030 carbon neutrality goal is aligned with the Paris Climate Agreement's 1.5 °C target



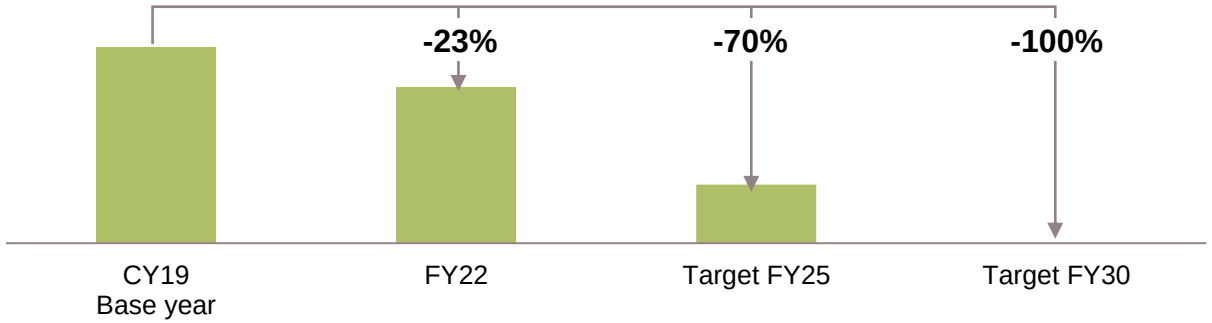
Net ecological benefit: **CO_2 emissions reduction of more than 97 million tons**

On the road to carbon neutrality[3] we achieved significant milestones by

- Using green electricity in Europe and North America
- Completing abatement system in Kulim

Infineon's CO_2 target[3] by 2025 and 2030

Net CO_2 emissions in million tons of CO_2 equivalents



For further explanation see "ESG footnotes" in the appendix

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Outlook for Q1 FY23 and FY23

	Outlook Q1 FY23[1]	Outlook FY23[1]
Revenue	~ €4.0bn	€15.5bn +/- €500m
Adj. Gross Margin		~ 45%
Segment Result Margin	~ 25%	~ 24%
FCF/adj. FCF		~ €0.8bn / ~ €1.5bn
Investments		~ €3.0bn
D&A		~ €1.9bn[2]

Proposed dividend for FY22	32 ct/share

1 Based on an assumed average exchange rate of $1.00 for €1.00
2 Including the amortization of around 450 million Euros from purchase price allocations

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More Sustainable Value!

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More Sustainable Value!

Key messages

Unique position

in key markets with double-digit TAM growth

Leadership

in Power Systems and IoT creates sustainable competitive advantage

Significant design-wins

in SiC and GaN underpin wide bandgap success

Significant investment

in analog/mixed-signal (Dresden 4 – planned) and software

More profitable growth ahead

higher value generation from upgraded Target Operating Model

“Creating outstanding customer value”

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Questions & Answers



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Appendix

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 =	Operating profit from continuing operations after tax / Capital Employed = ('Operating profit' – 'Financial result excluding interest result' – 'Share of profit (loss) of associates and joint ventures accounted for using the equity method'-'Income tax') / Capital Employed
Order backlog =	The total amount of orders received regardless of their current status

ESG footnotes:

1) Includes scope 1, scope 2 and scope 3 emissions.
2) This figure is based on internally established criteria, which are described in the explanatory notes. The figure relates to the 2021 calendar year and takes into account the following application areas: automotive, LED, induction cookers, servers, renewable energy (wind, photovoltaic) and cell phone chargers as well as drives. CO2 savings are calculated based on the potential savings generated by technologies in which semiconductors are used. The CO2 savings are allocated based on Infineon's market share, semiconductor share, and the lifetime of the technologies concerned, based on internal and external experts' estimations. Despite the fact that carbon footprint calculations are subject to imprecision due to the complex issues involved, the results are nevertheless clear.
3) Includes scope 1 and scope 2 emissions.

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