

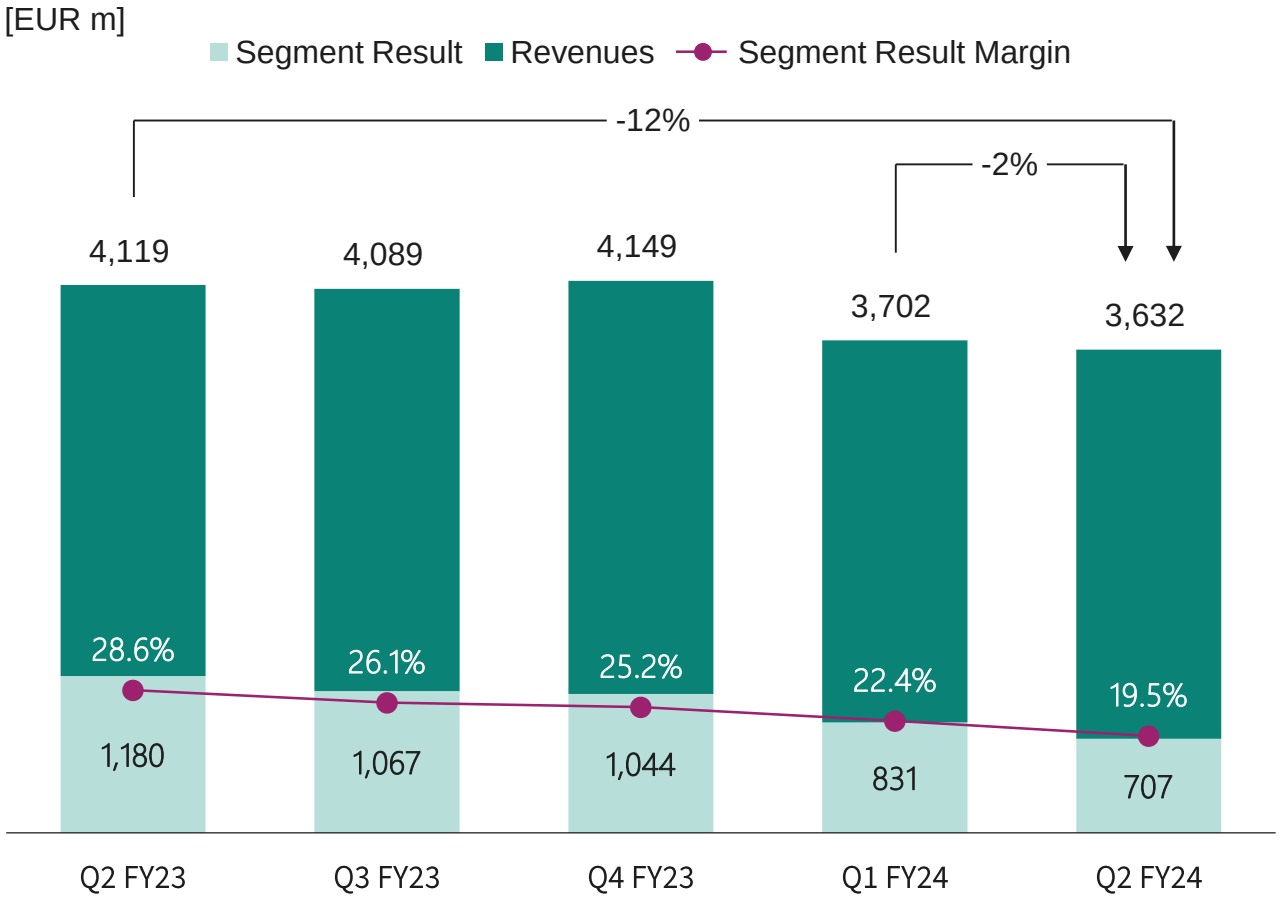
Second Quarter FY 2024 Analyst Call

Infineon Technologies AG

Investor Relations

Group financial performance

Revenues and Segment Result

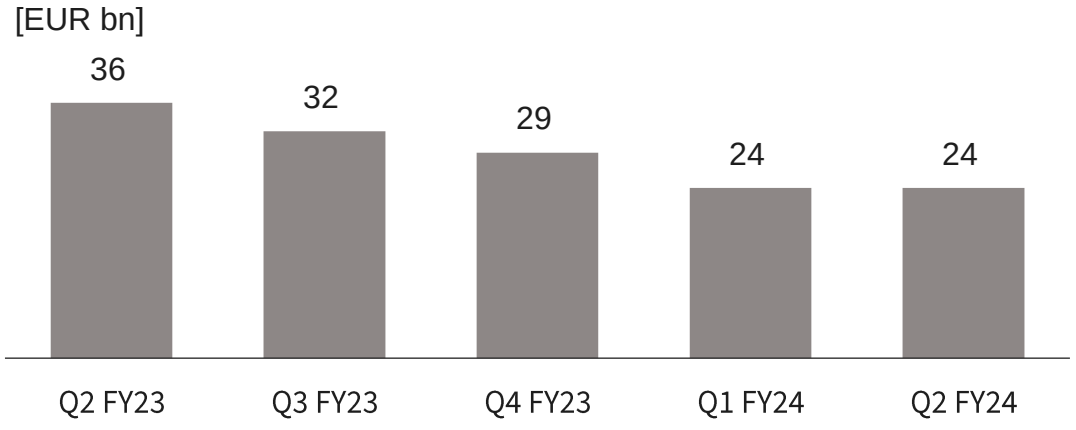


USD exchange rate

Average revenue exchange rate

	Q2 FY23	Q1 FY24	Q2 FY24
ø USD/EUR	1.08	1.08	1.09

Order backlog[1]



[1] See notes for definition

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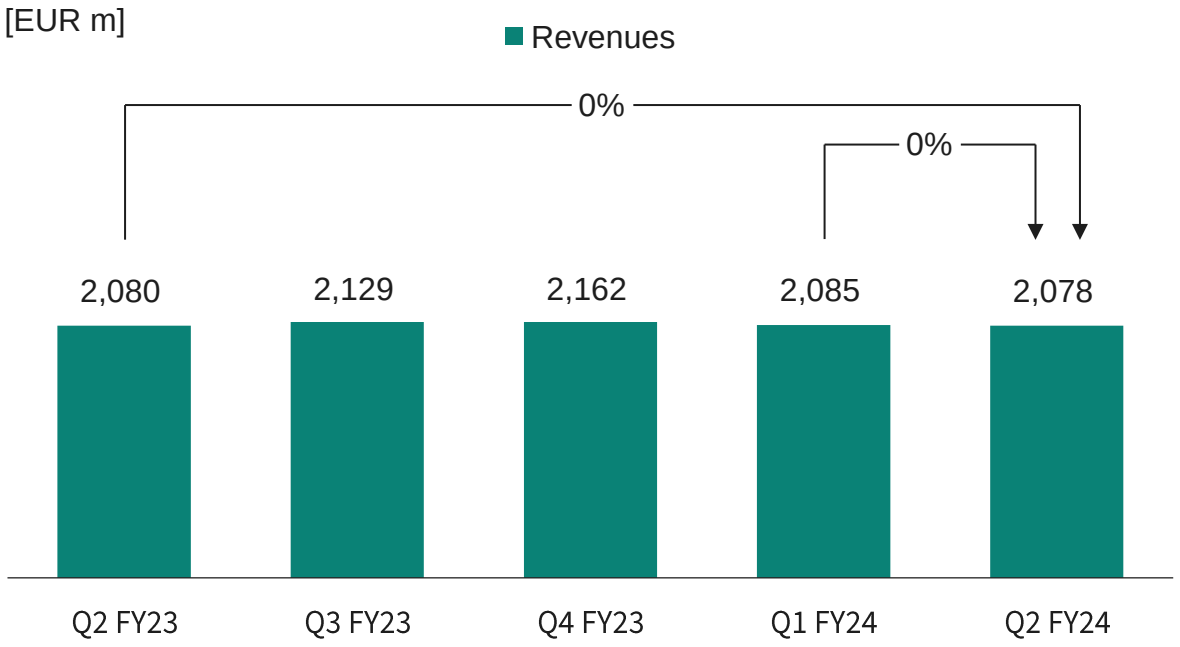
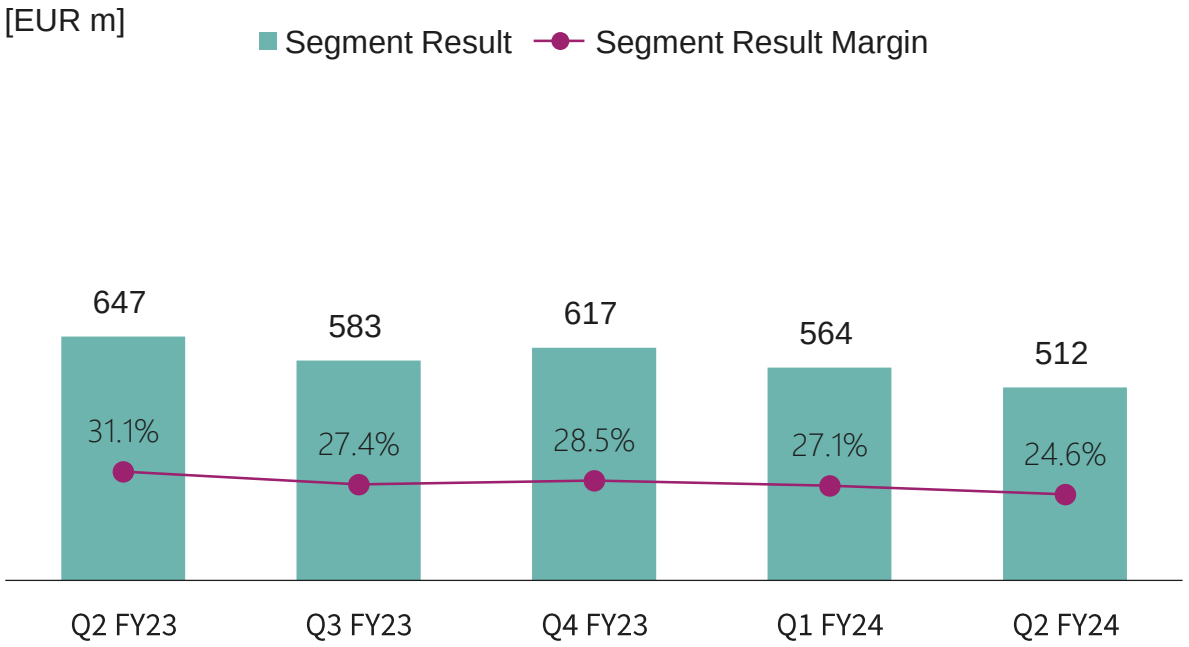
Automotive (ATV)

Revenues



Segment Result



- Stable revenue development – moderate inventory correction, and annual price declines compensated by structural drivers and volume gains
- In 2023, Infineon expanded its global leadership in automotive semiconductors, including the number one position in MCUs
- For FY24, Infineon expects revenue growth by a low to mid-single digit percentage, despite adverse market conditions (EV growth slowing; modest inventory digestion), with an anticipated SR at the lower end of the aforementioned range of between 25 and 28 percent.

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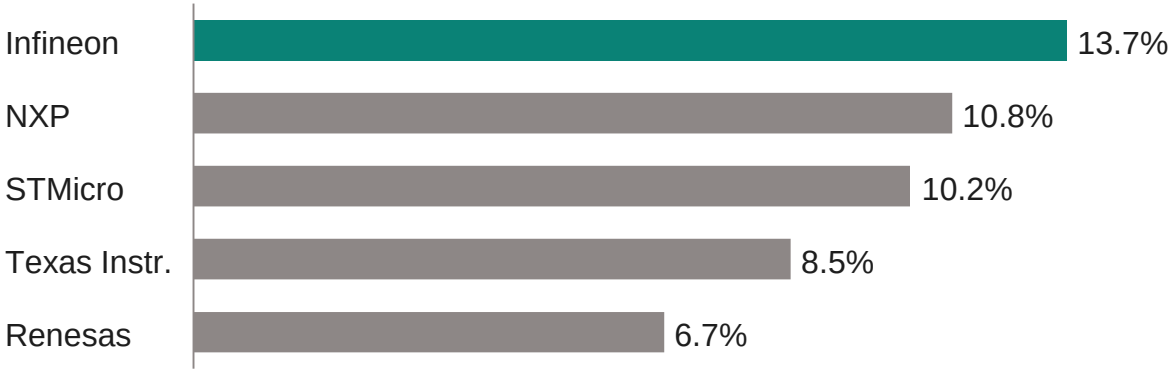
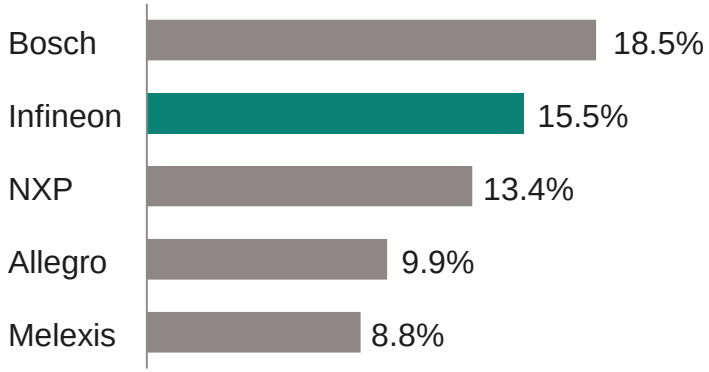
Infineon's top market position is built on system competence based on an industry-leading product portfolio

Automotive semiconductors (2023 total market: $69,200n; +16.5% y-y)

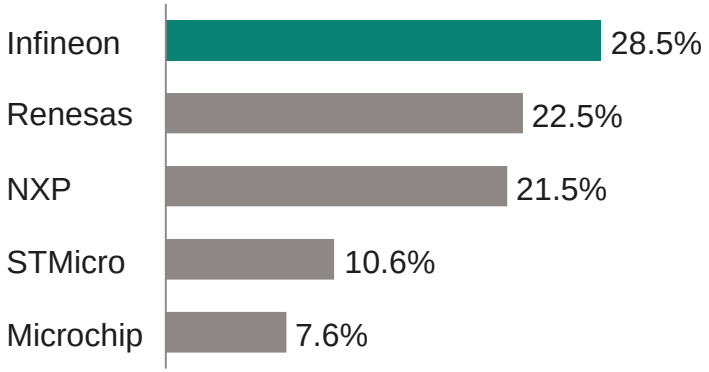


- Infineon grew by 26% y-y, gaining 1.0%-pts of market share to 13.7%, the highest level ever
- Infineon outgrew the market in all regions
- In MCUs, Infineon grew by 44% y-y (about twice as fast as the market), becoming the new #1
- Continuing #1 position in power semiconductors based on industry's broadest product portfolio
- Undisputed #1 in automotive NOR Flash memory ICs

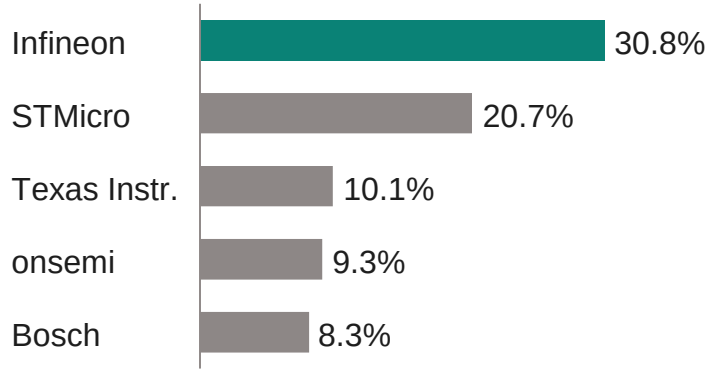
Sensors



MCUs



Power semiconductors



TechInsights: *Automotive Semiconductor Vendor Market Shares*. March 2024. Sensors: S&P Global: *Automotive Semiconductor Market Share Database*. April 2024.

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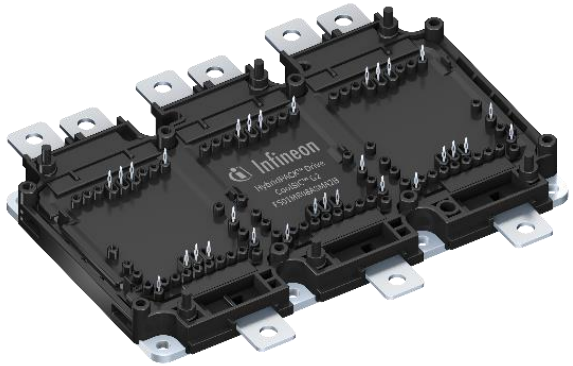
Xiaomi SU7 Max: Infineon contributes > 60 different components, incl. 2x HybridPACK™ Drive G2 CoolSiC™ 1200 V power modules

Infineon provides system solutions with > 60 different components for more than 10 applications

- **MCUs, PMICs:** AURIX™ TC3, TRAVEO™ T2G, and PSoC™ for zone controller, ADAS, xEV drivetrain, and suspension
- **2x HybridPACK™ Drive G2 CoolSiC™ 1200 V** power modules or bare dies and gate drivers for traction inverter in Xiaomi SU7 Max
- **PROFET™** for E/E architecture
- **MOSFET**s, system basis chips, others







Courtesy of Xiaomi

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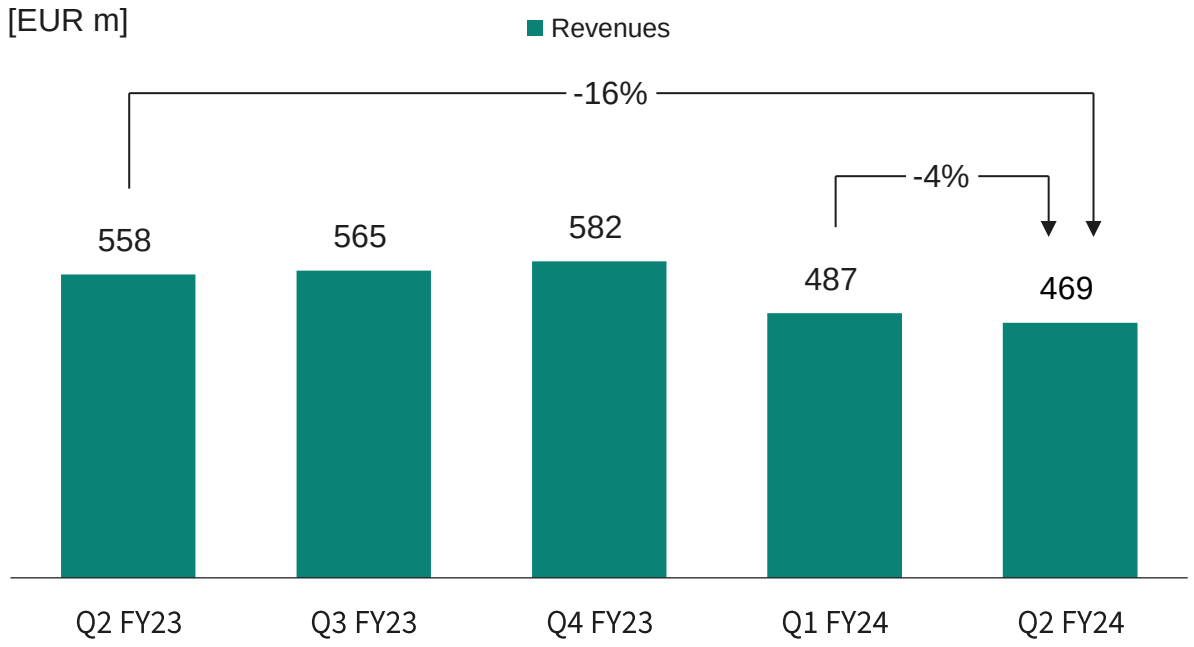
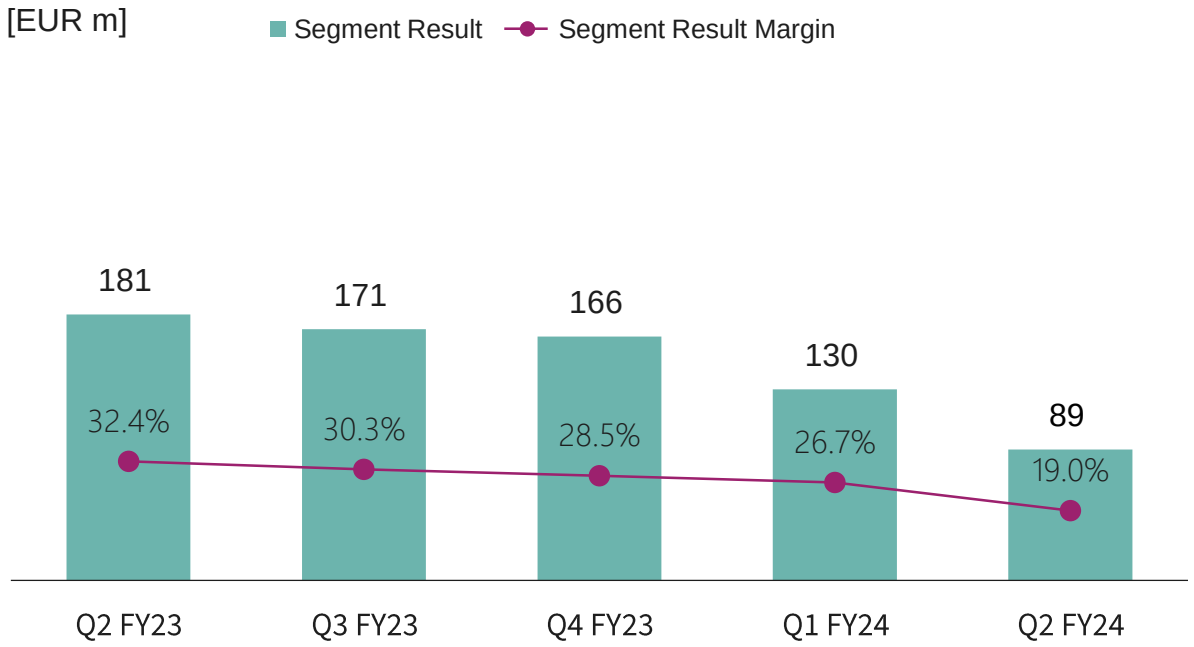
Green Industrial Power (GIP)

Revenues



Segment Result



- Challenging business environment for industrial applications
- Weak corporate investing and low consumer confidence result in low demand for industrial drives and home appliances
- Robust underlying demand for decarbonization-related applications, but dampening impact of high inventory levels persisting

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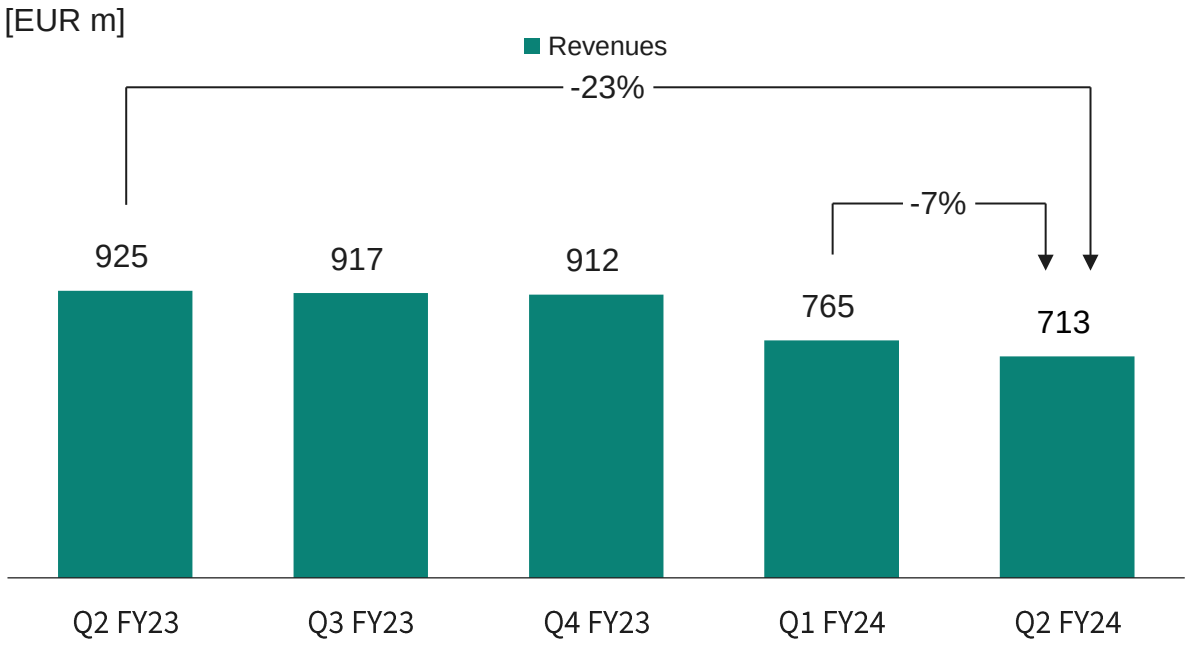
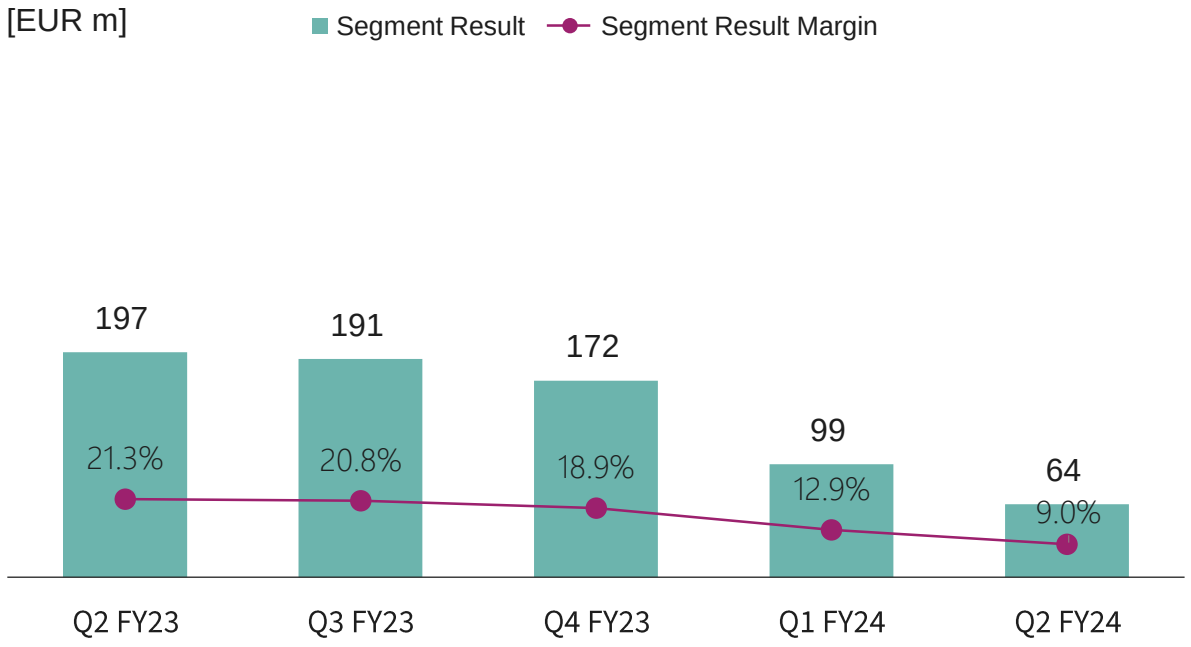
Power & Sensor Systems (PSS)

Revenues



Segment Result



- MOSFETs and ICs for consumer-facing applications remained weak; revenue uptick in servers and smartphones
- Following six quarters of sequential decline, indicators point to March quarter being the trough
- Mid-term growth prospects remain promising – notably driven by Infineon's leading AI power management solutions

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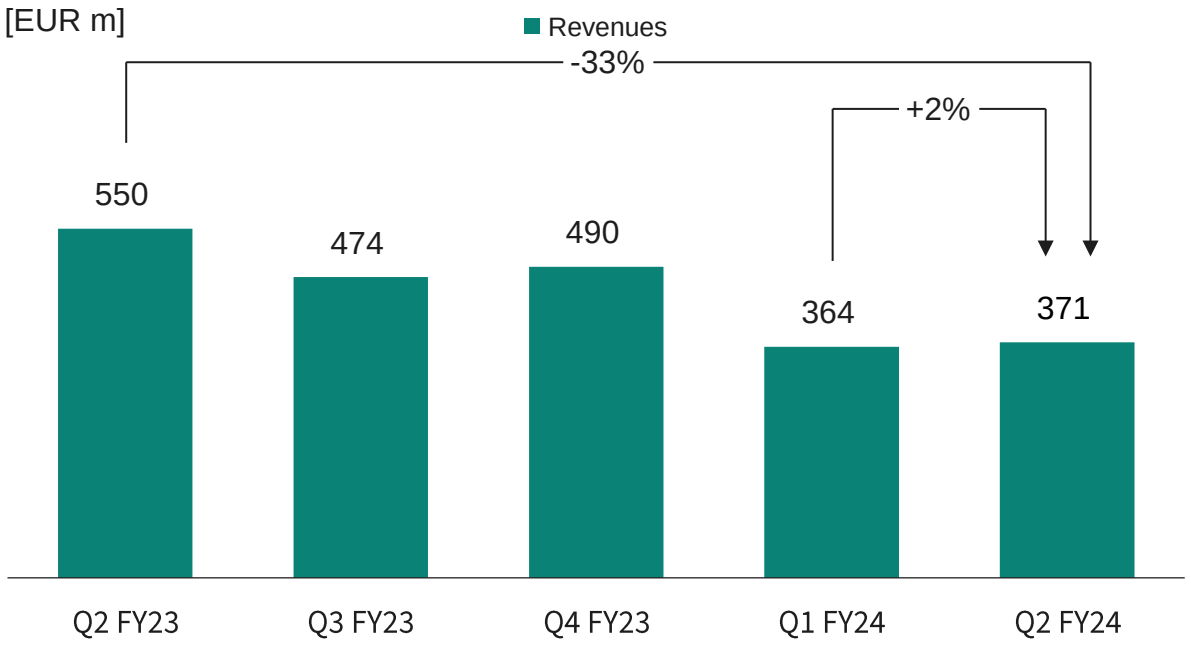
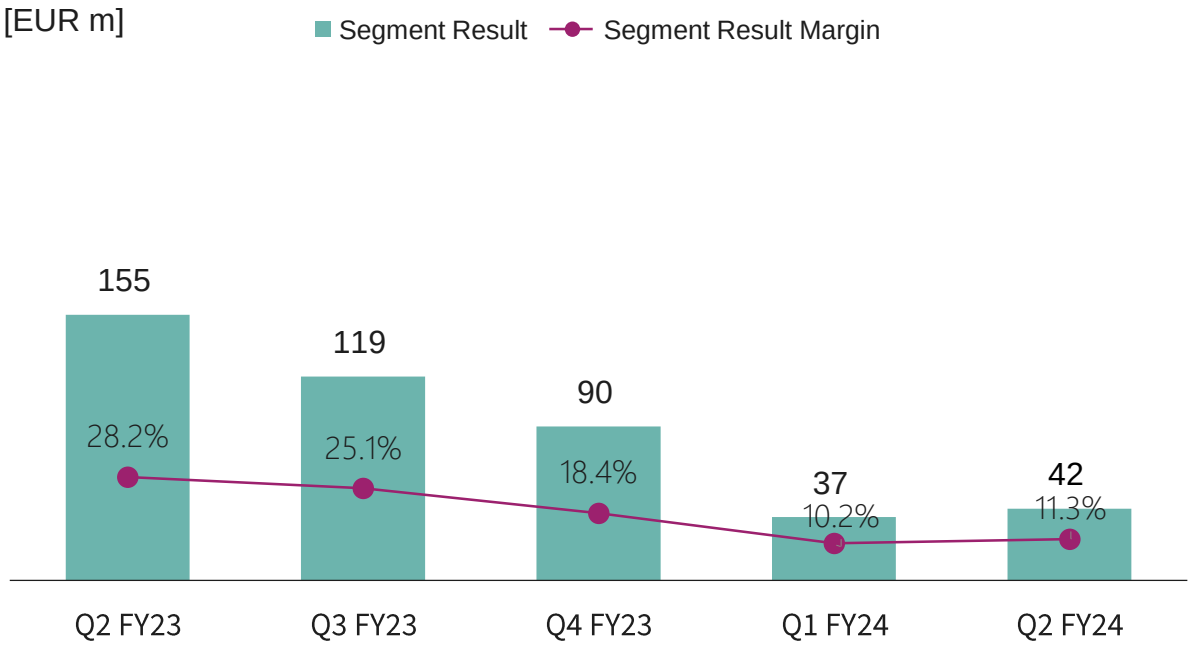
Connected Secure Systems (CSS)

Revenues



Segment Result



- Stabilizing demand for consumer IoT and smart card products drove bottoming revenue
- Pace of inventory correction slowing, some restocking by distributors in Wi-Fi
- Moderate demand recovery expected in the second half of CY24

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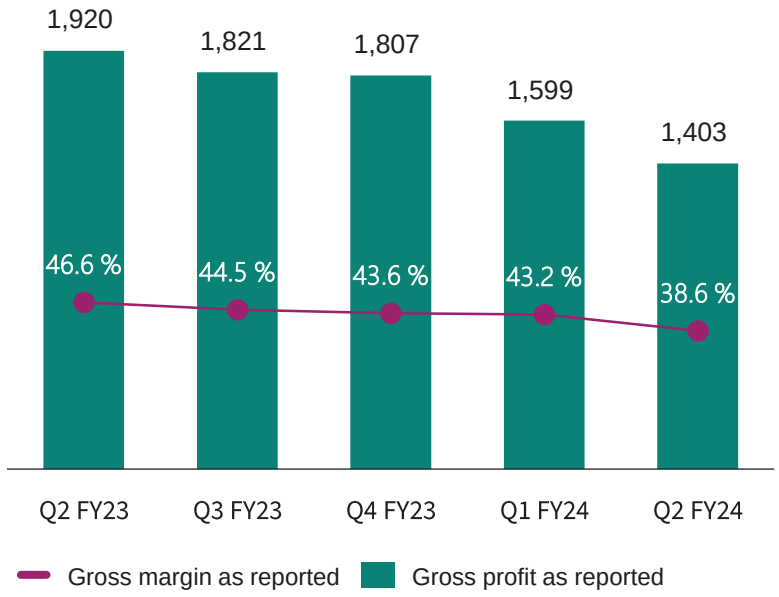
Gross margin and Opex

Gross profit

[EUR m]



Therein Non-Segment Result charges
[EUR m]

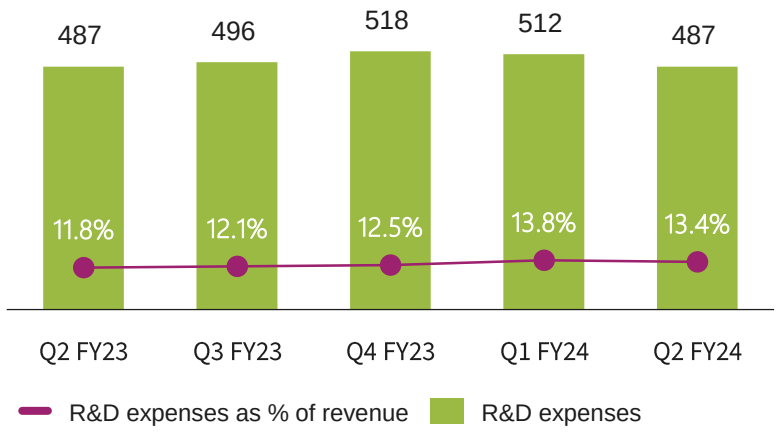
81	67	79	65	91

Adjusted gross margin

48.6%	46.2%	45.5%	44.9%	41.1%

R&D

[EUR m]

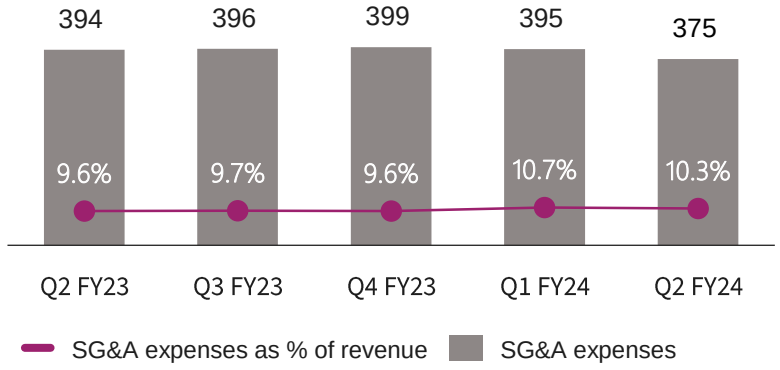


Therein Non-Segment Result charges
[EUR m]

8	12	12	16	18

SG&A

[EUR m]



Therein Non-Segment Result charges
[EUR m]

54	55	57	54	54

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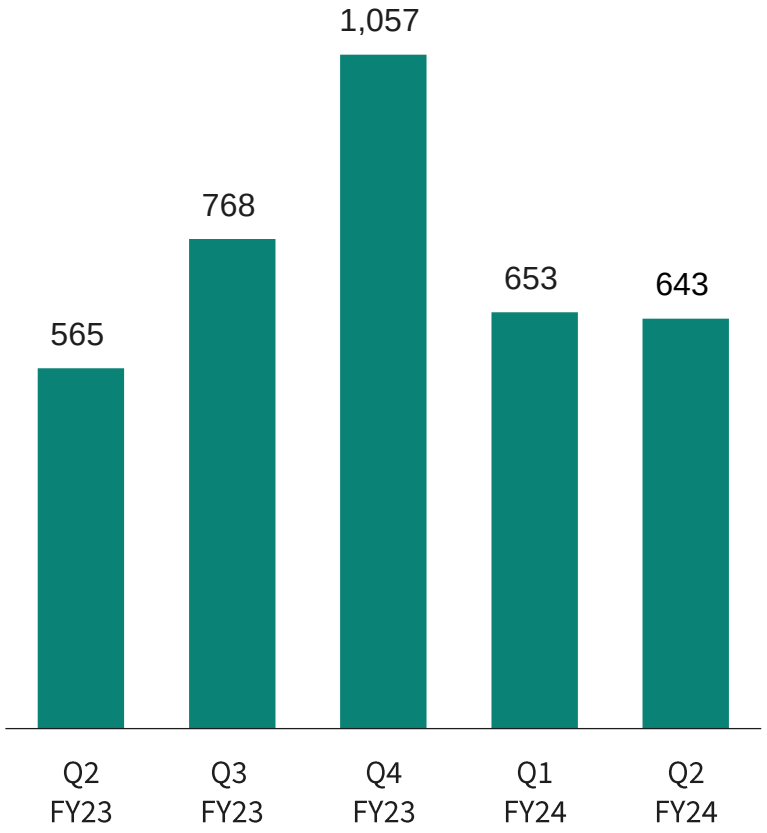
Investments, Depreciation & Amortization and Free Cash Flow

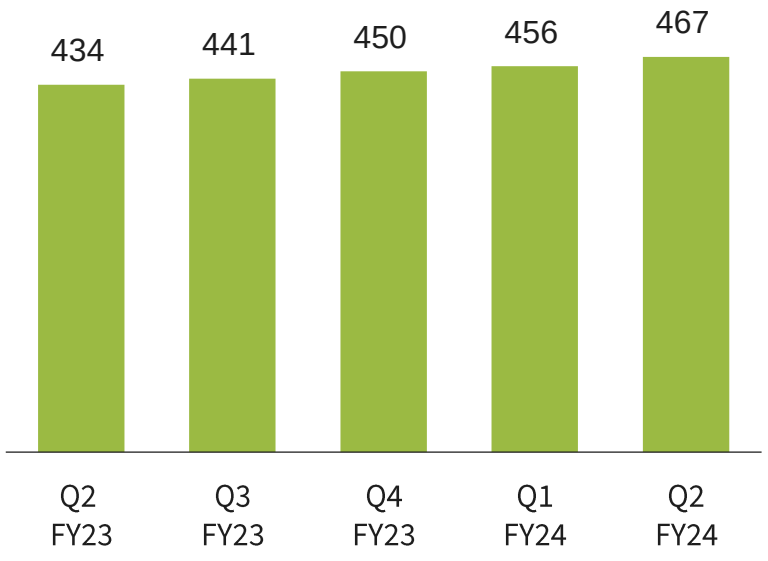
Investments

[EUR m]



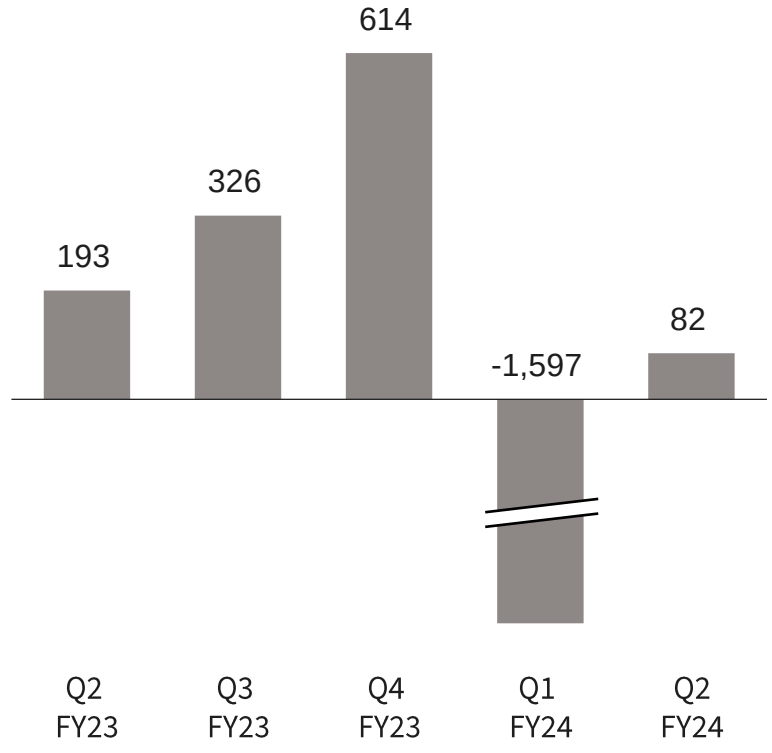
Depreciation & Amortization

[EUR m]



Free Cash Flow

[EUR m]



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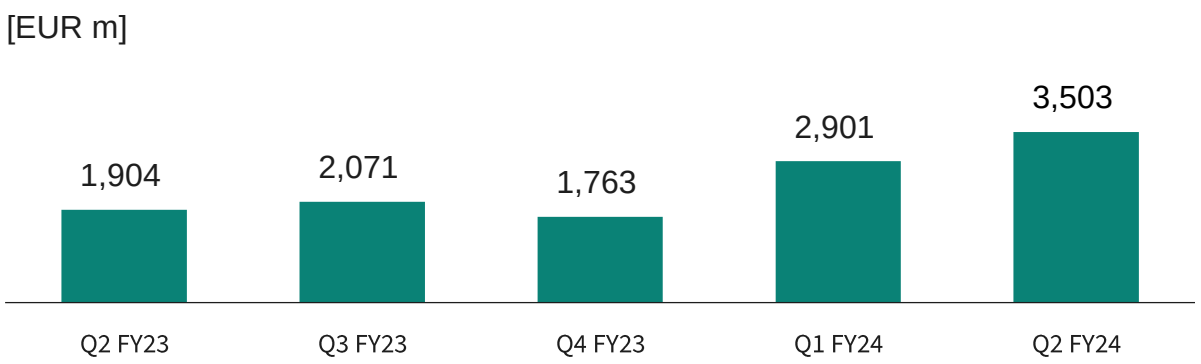
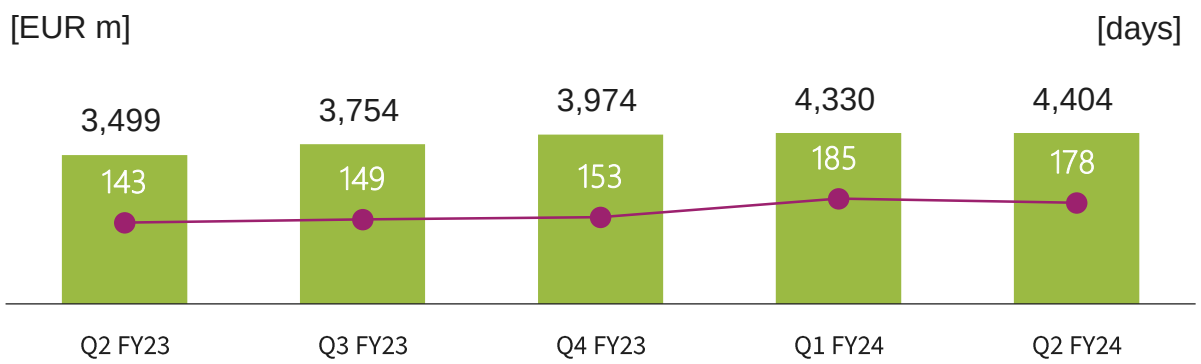
Working capital, in particular trade working capital components

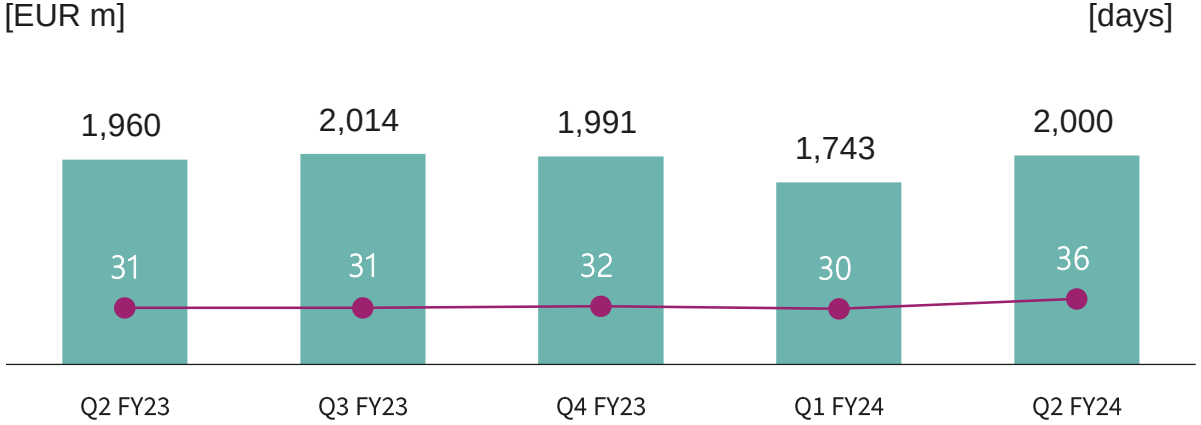
Working capital[1]



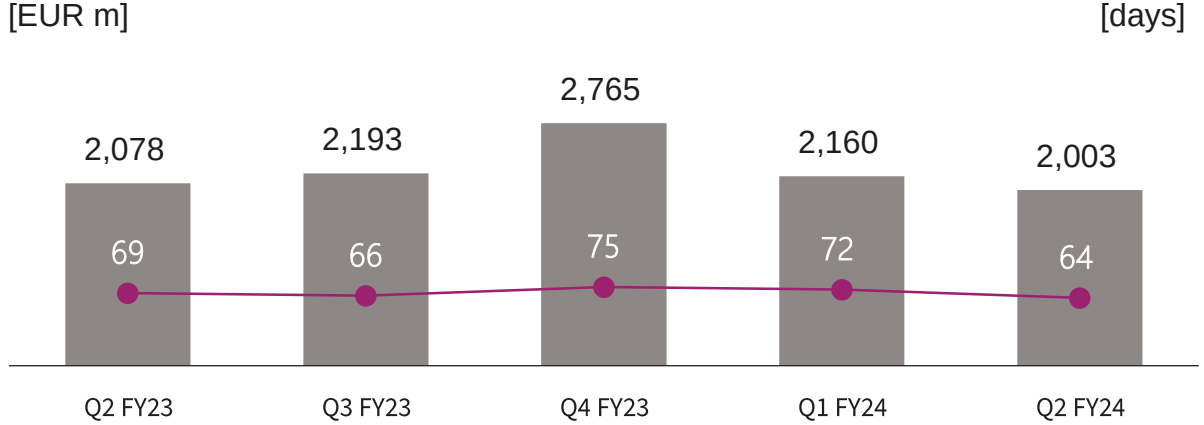
Inventories



Trade receivables



Trade payables



[1] See notes for definition

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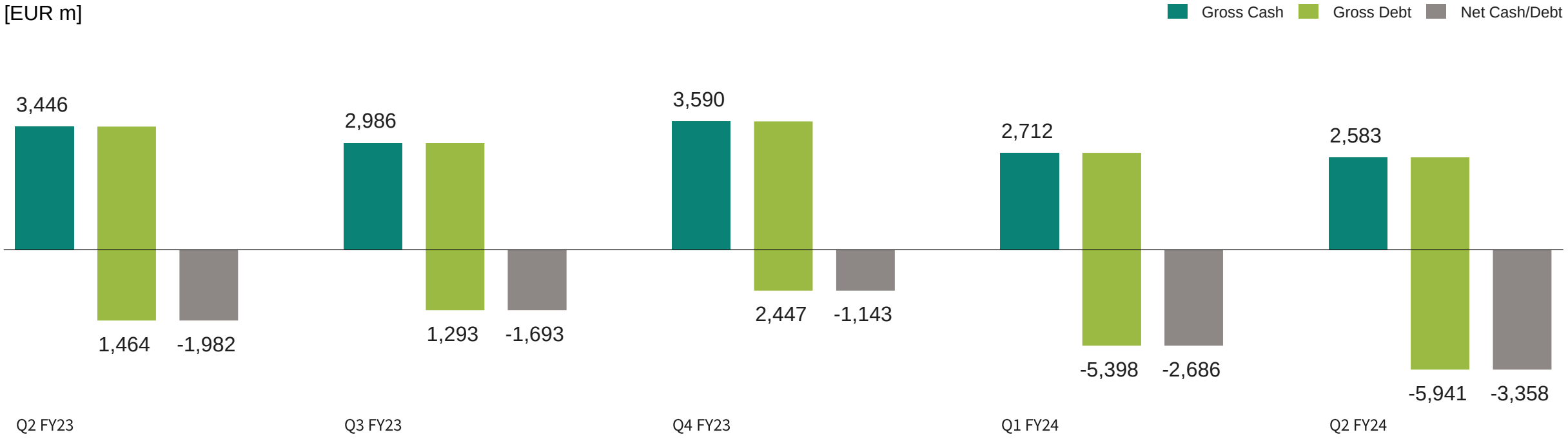
Development of liquidity and debt

Capital structure



Dividend payout: - 456 EUR m

Share buyback: - 233 EUR m

Eurobond: + 500 EUR m

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Outlook for Q3 FY24 and FY24

	Outlook Q3 FY24[1]	Outlook FY24[1]
Revenue	~€3.8bn	€15.1bn +/-400m
Adj. Gross Margin		low-forties
Segment Result Margin	high-teens	~20%
FCF/adj. FCF		~€0m/~€1.6bn
Investments		~€2.8bn
D&A		~€1.9bn[2]

[1] Based on an assumed average exchange rate of $1.10 for €1.00
[2] Including the amortization of around 400 million Euros from purchase price allocations

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STEP UP



Cycle management:

Operational measures affecting FY24 (examples: reduced fab loadings; curbed investment budget; slowed hiring)

Aim: to fundamentally strengthen our competitiveness

Structural measures targeting high triple-digit million € savings; full effect by H1 FY27

Well-targeted measures instead of a broad-scale haircut across all functions

Key points

Robust first half of FY24 concluded

Q2 FY24 – €3.6bn revenue, 19.5% Segment Result Margin

Market environment remains weak

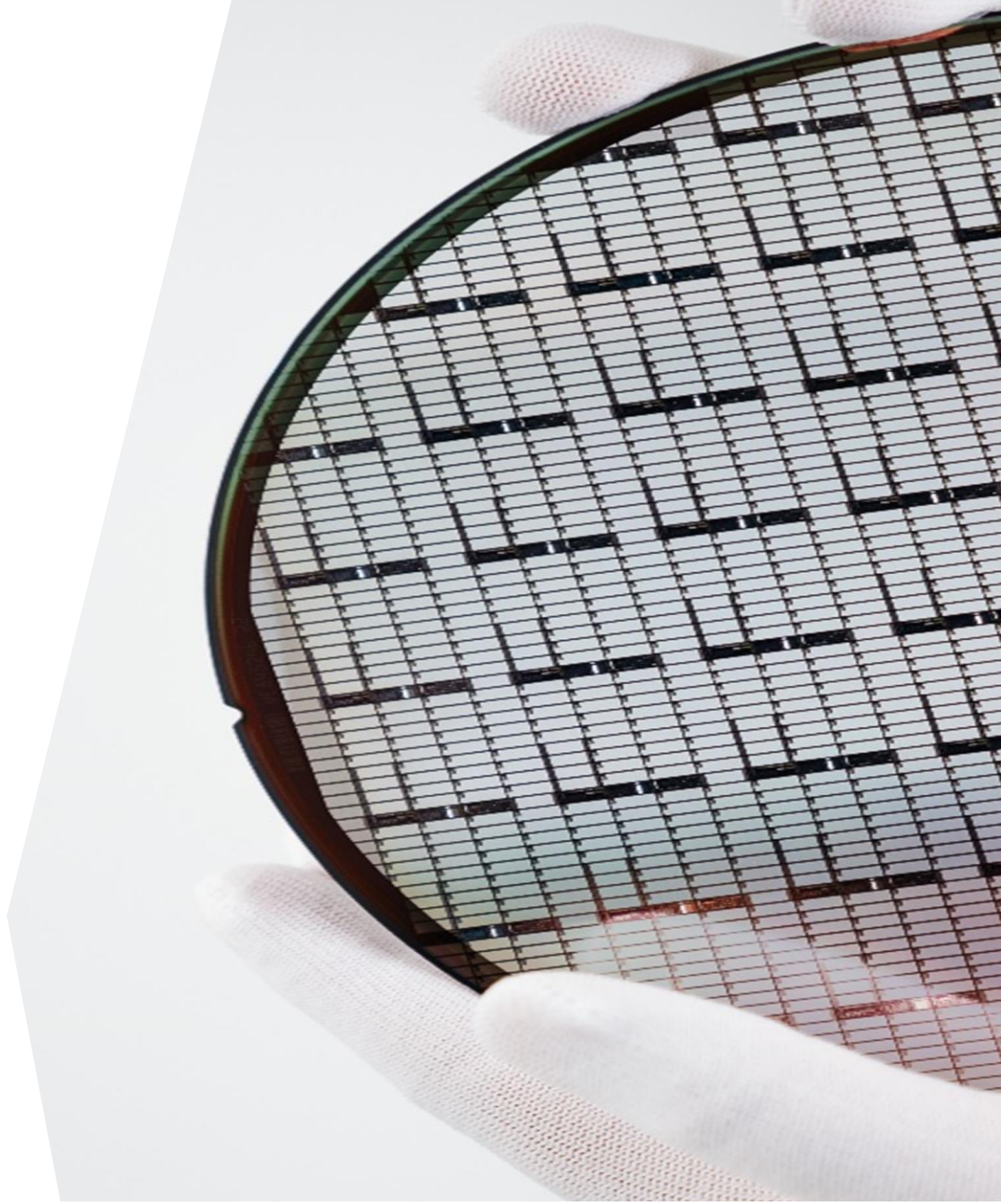
- Challenging macro-economic and geopolitical environment
- De-risked the outlook for the remaining FY
- We continue to manage the cycle, adjusting loading levels further down, while retaining delivery capability for our customers

Outlook FY24

- Revenue €15.1bn +/-400m
- Segment Result Margin ~20%
- Adj. Free Cash Flow ~ €1.6bn

Step Up

- Decarbonization and digitalization provide ample opportunities
- Structural improvements to strengthen our competitiveness



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Questions & Answers




Infineon

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Beyond disclosure requirements stipulated by law, Infineon does not undertake any obligation to update forward-looking statements.

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Notes

Order backlog = The total amount of orders received regardless of their current status

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')

DIO (days inventory outstanding; quarter-to-date) = ('Net Inventories' / 'Cost of goods sold') x 90

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

DSO (days sales outstanding; quarter-to-date) = ('Trade receivables' / 'revenue')[1] x 90

1 without debtors with credit balances

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