



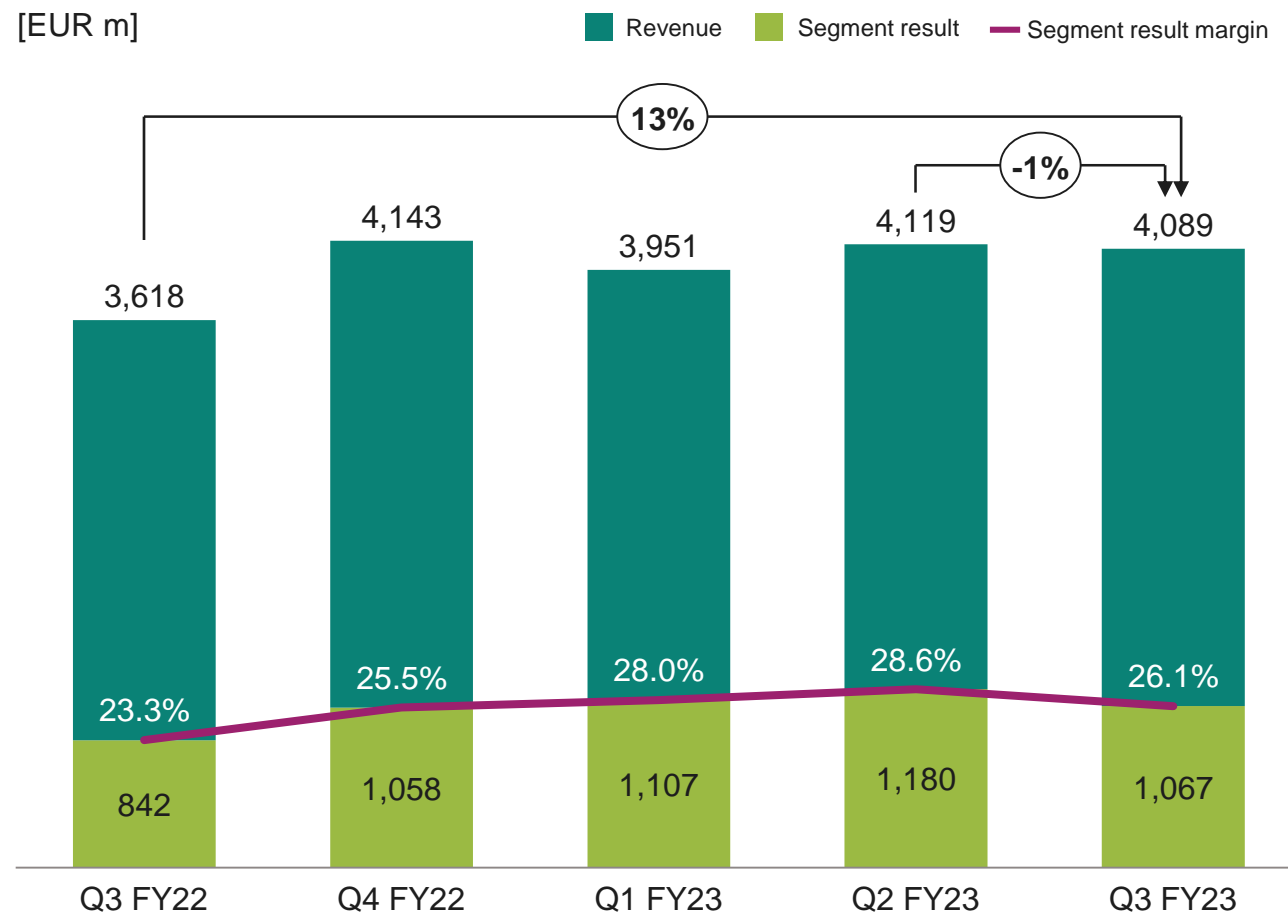
Third Quarter FY 2023 Analyst Call

Infineon Technologies AG
Investor Relations



Group financial performance

Revenues and segment result

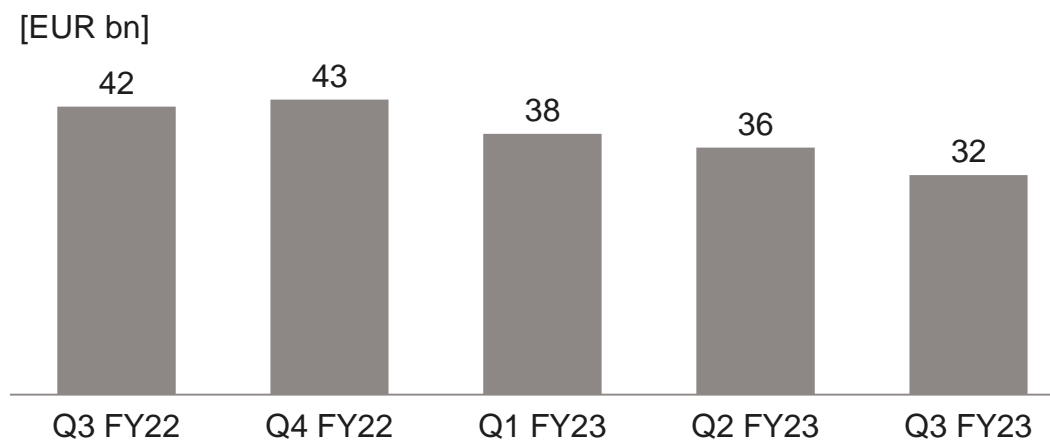


USD exchange rate

Average revenue exchange rate

	Q3 FY22	Q2 FY23	Q3 FY23
∅ USD/EUR	1.06	1.08	1.09

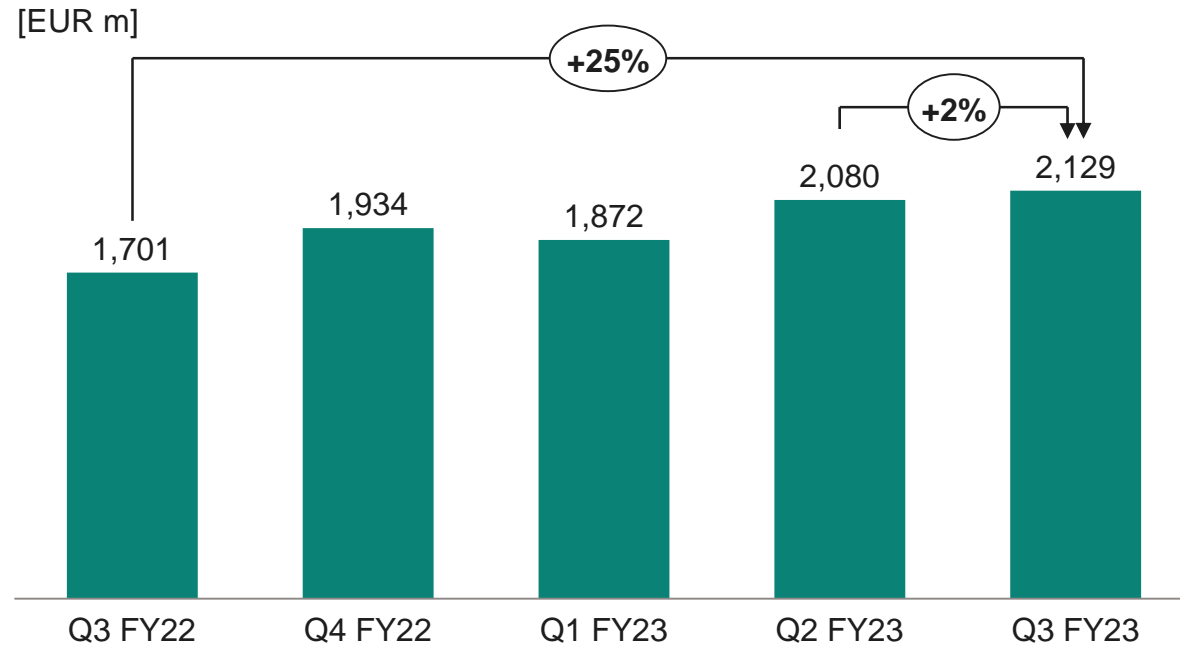
Order backlog¹



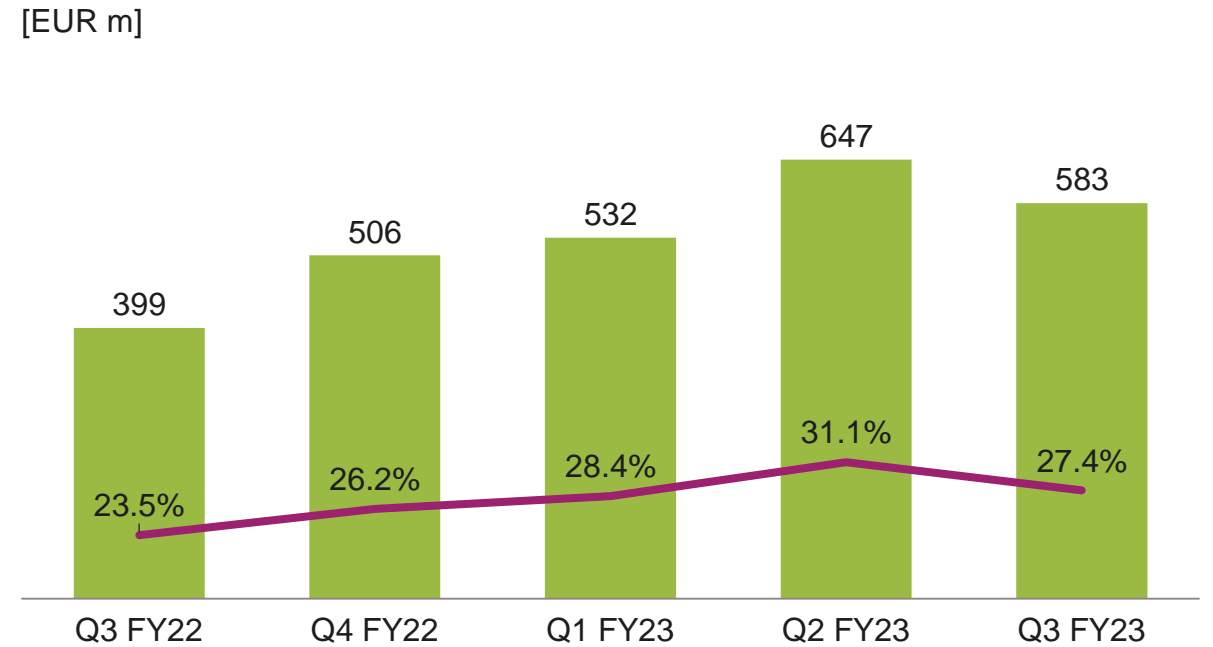
¹ See notes for definition

Automotive (ATV)

Revenues



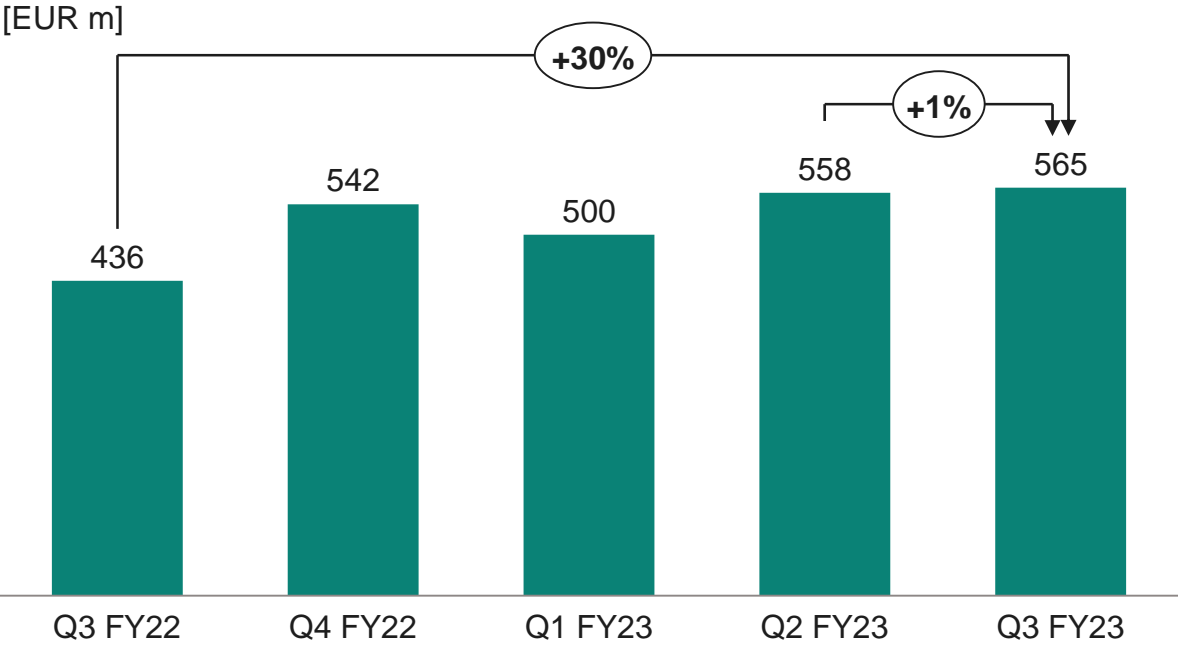
Segment Result



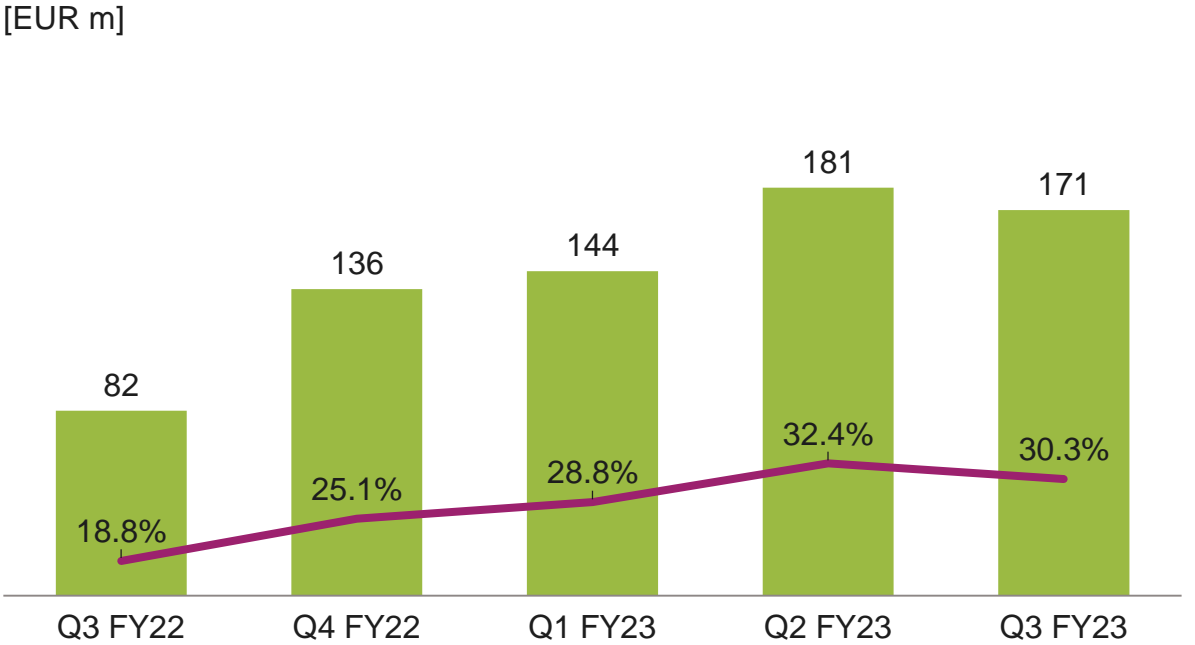
- Further revenue step-up primarily driven by microcontrollers and strong demand in e-mobility
- Incremental margin decrease due to non-reoccurrence of premium fees and higher input costs
- Product categories like MCUs and high voltage semiconductors remain rather tight, while structural growth trends are intact

Green Industrial Power (GIP)

Revenues



Segment Result

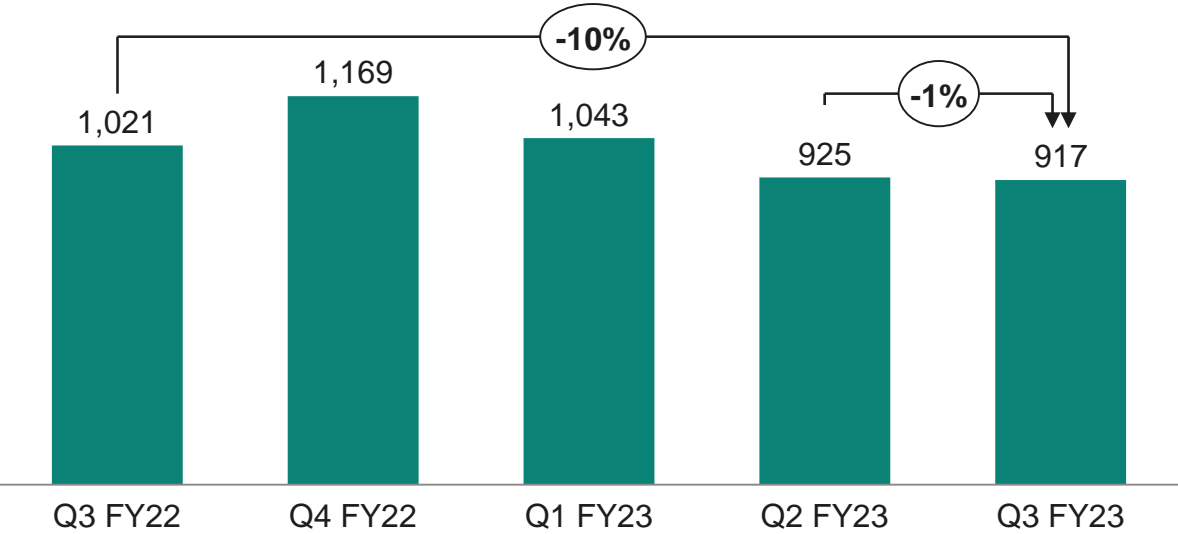


- Another record revenue driven by transportation and renewable energy and power infrastructure
- Continued strong demand in our core decarbonization-related applications, moderate growth in our automation and drives business
- Clear potential of the transportation business to recover to or above pre-pandemic levels in the near future

Power & Sensor Systems (PSS)

Revenues

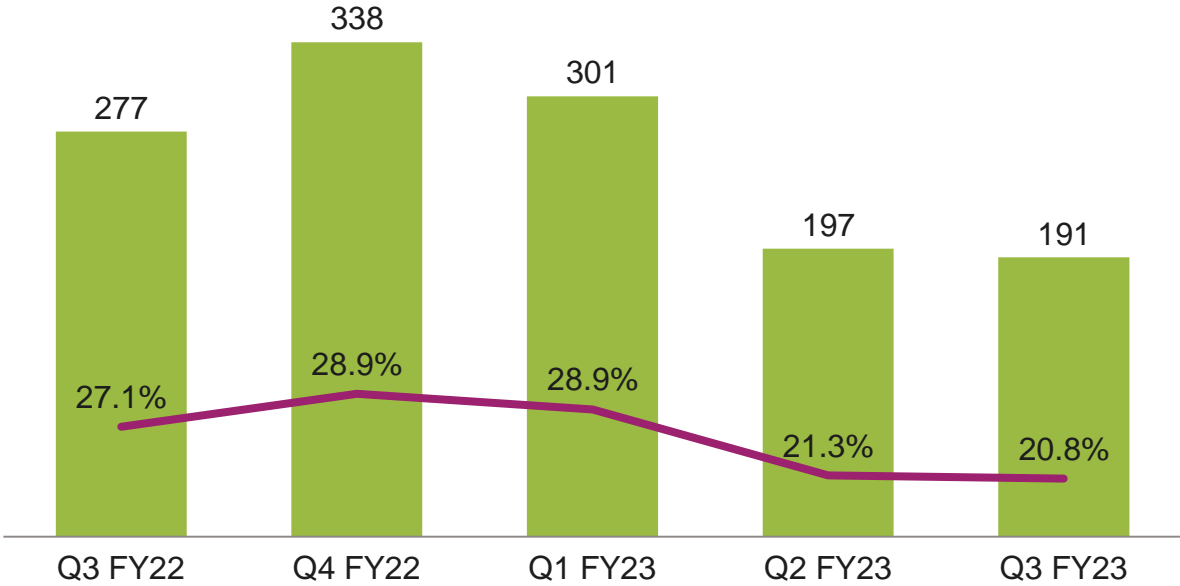
[EUR m]



Segment Result

[EUR m]

— Segment result margin

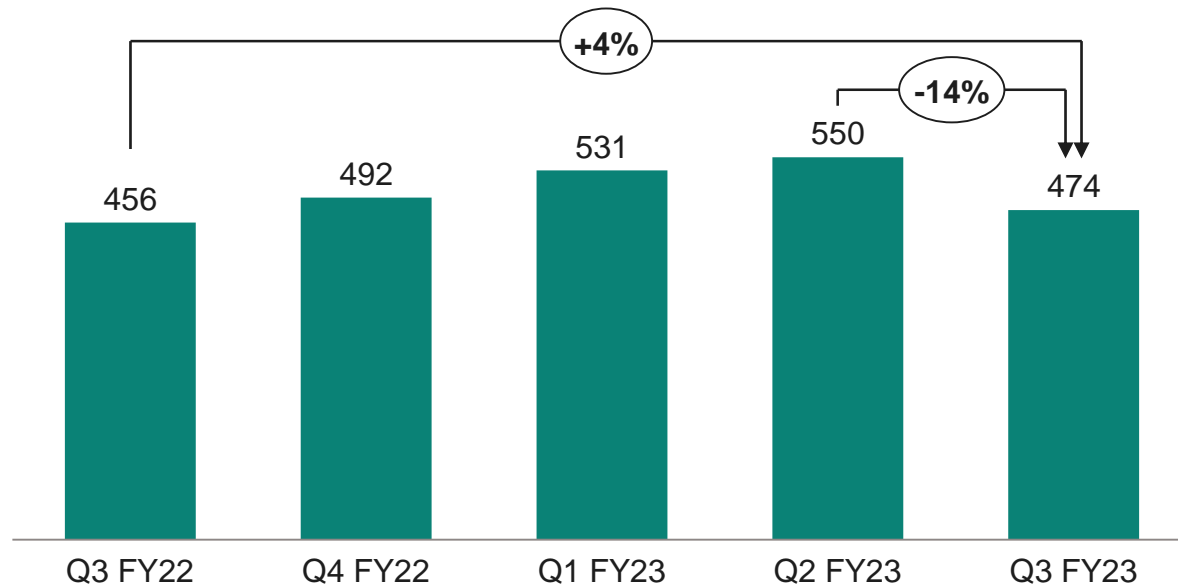


- Revenue decrease smaller than expected, our RF and sensors business has recovered from the very low previous quarter’s levels
- Stable margin development due to diligent management of production capacities, inventories and corresponding idle cost
- Underlying long-term trends remain strong, but no near-term recovery on segment level expected due to continued consumer market weakness

Connected Secure Systems (CSS)

Revenues

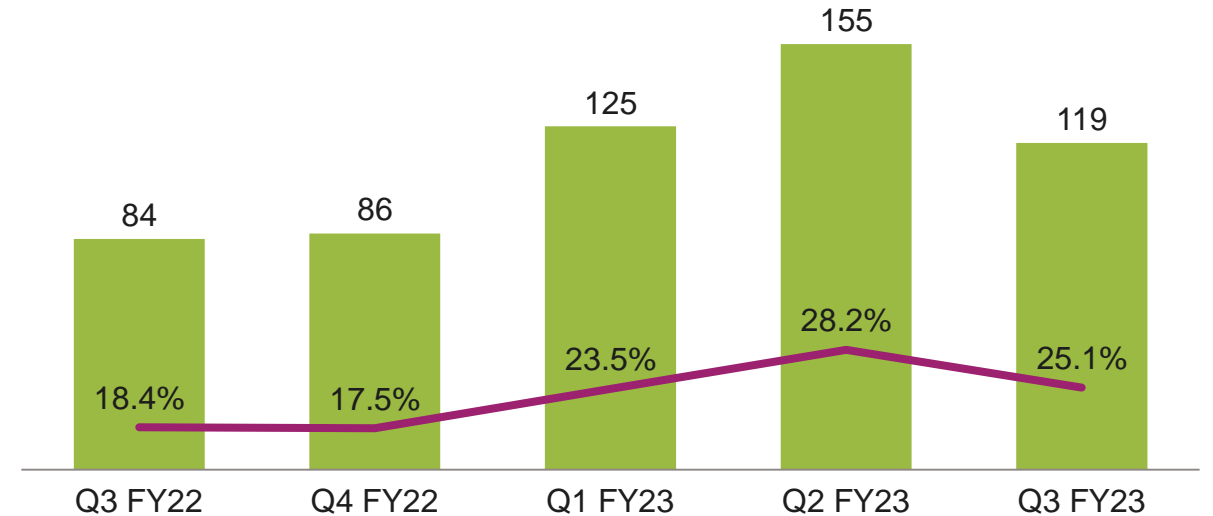
[EUR m]



Segment Result

[EUR m]

— Segment result margin

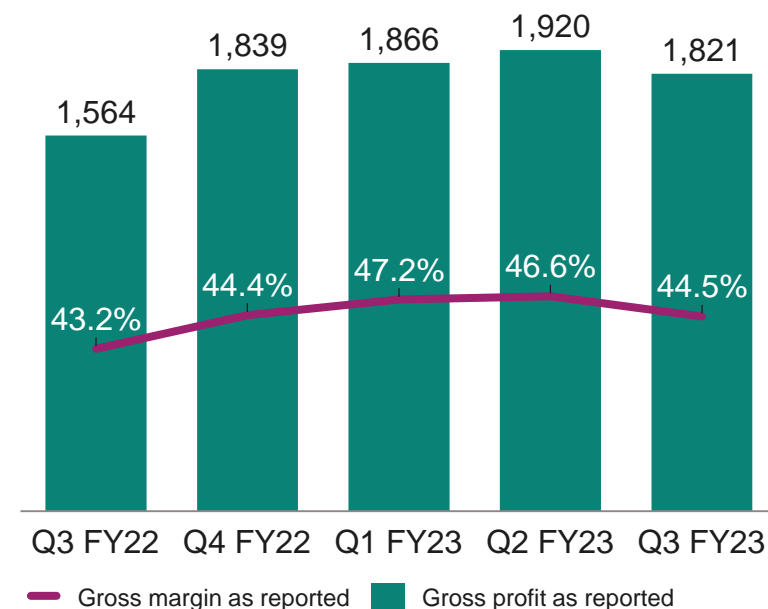


- Revenue development driven by weaker development in Wi-Fi-components and microcontrollers, ID and payment applications remained strong
- Segment result margin supported by structural improvements and efficient management of our foundry corridors
- No immediate improvement for consumer, IoT and compute applications in sight

Gross margin and Opex

Gross profit

[EUR m]



Therein non-segment result charges

[EUR m]

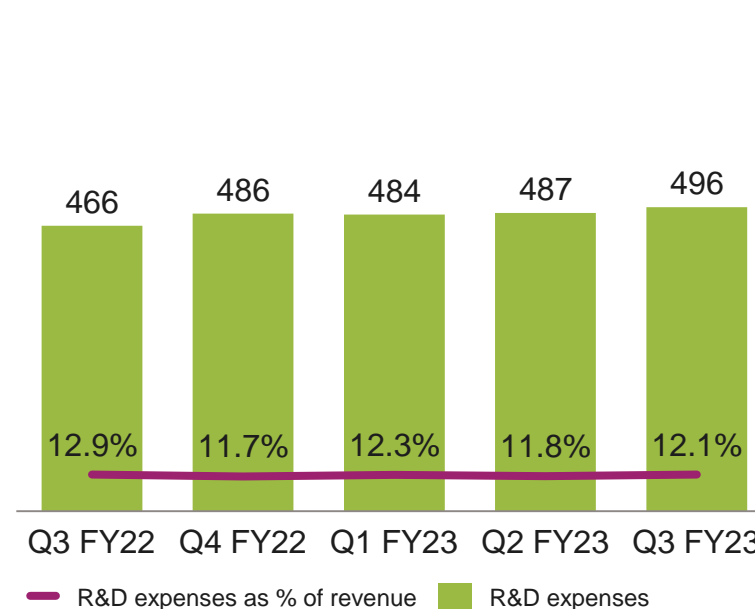
78	81	76	81	67
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Adjusted gross margin

45.4%	46.3%	49.2%	48.6%	46.2%
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R&D

[EUR m]



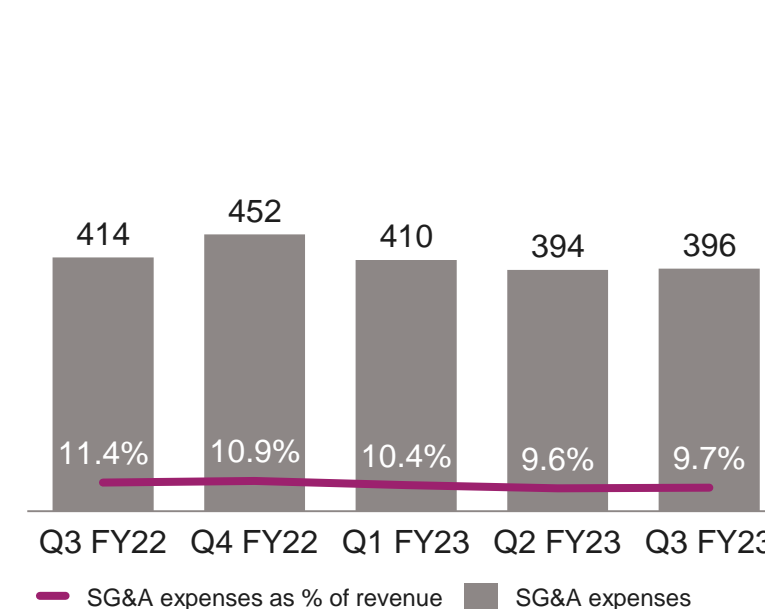
Therein non-segment result charges

[EUR m]

7	12	10	8	12
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SG&A

[EUR m]



Therein non-segment result charges

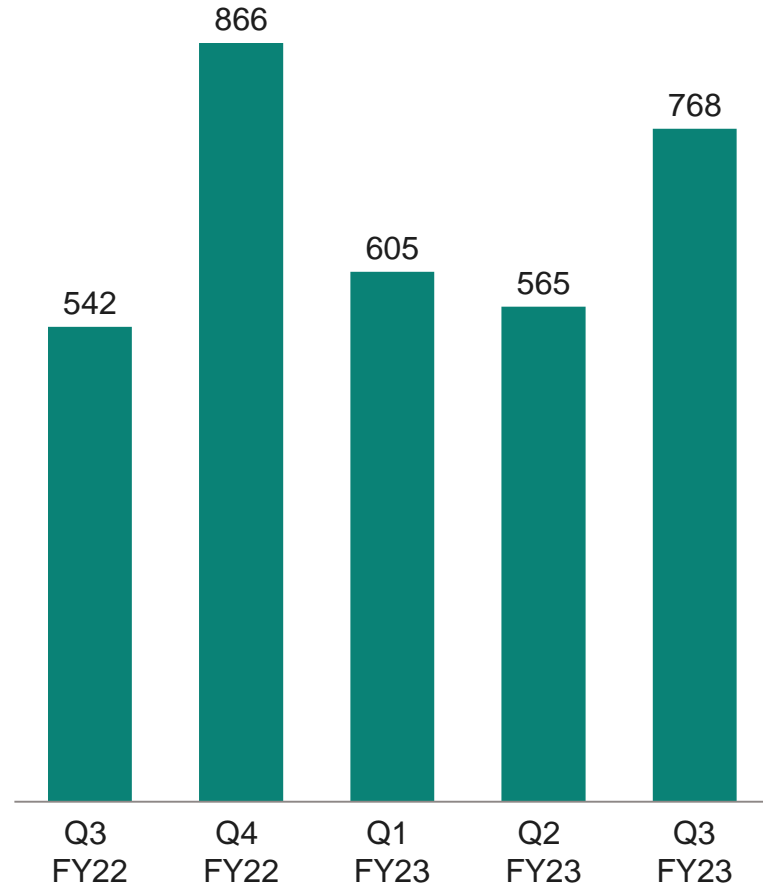
[EUR m]

62	56	53	54	55
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Investments, Depreciation & Amortization and Free Cash Flow

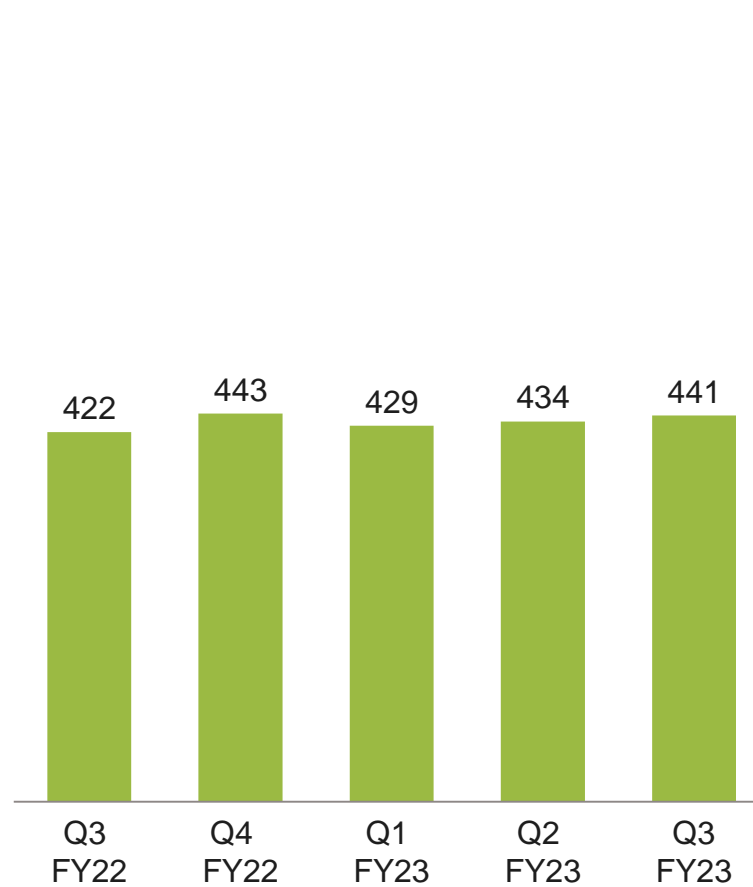
Investments

[EUR m]



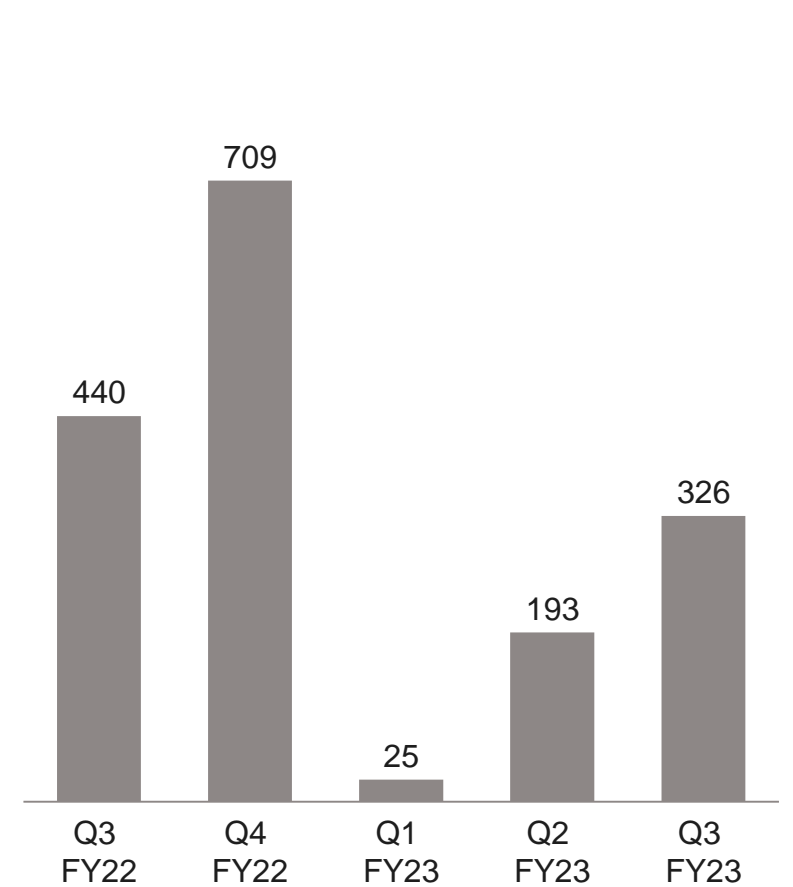
Depreciation & Amortization

[EUR m]



Free Cash Flow

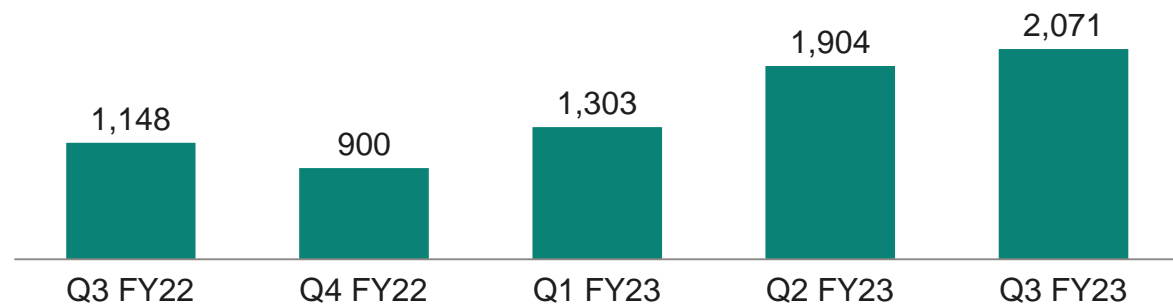
[EUR m]



Working Capital, in particular trade working capital components

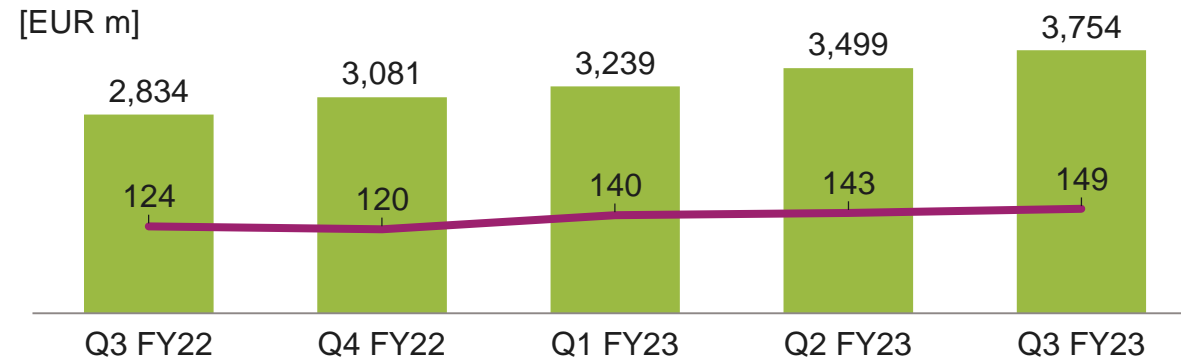
Working capital¹

[EUR m]



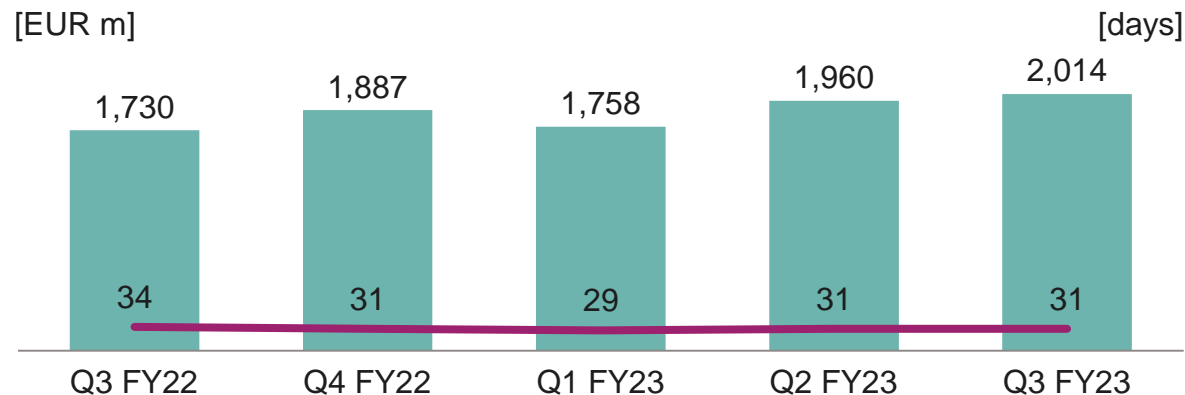
Inventories

[EUR m]



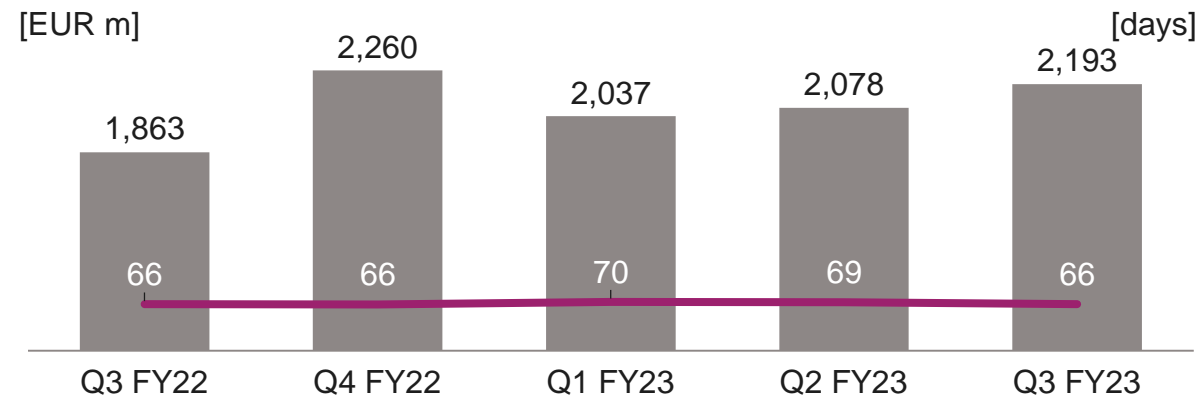
Trade receivables

[EUR m]



Trade payables

[EUR m]

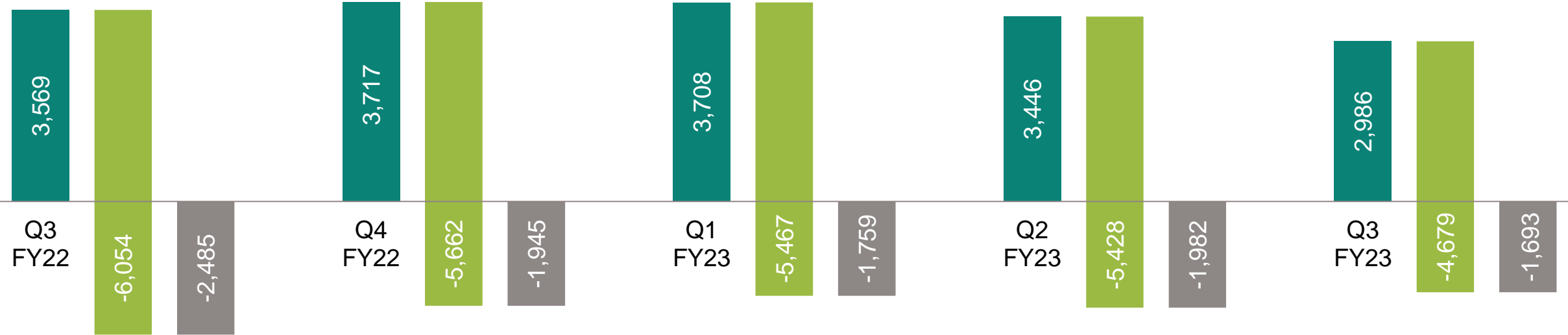


¹ For definition please see page "Notes"

Liquidity development

Historical liquidity development

[EUR m]



■ Gross Cash ■ Gross Debt ■ Net Cash/Debt

Conservative financial policy and strict commitment to investment-grade rating are the basis for through-cycle flexibility



	Financial Policy Targets	Status Quo (LTM 30 June 2023)
Gross Cash¹	€1bn + at least 10% of revenues → €2.6bn	€1bn + 12% of revenues → €3.0bn
Gross Debt²	≤ 2.0x EBITDA	0.8x EBITDA
Comfortable liquidity position	<ul style="list-style-type: none"> – Flexibility for financing operating activities and investments through the cycle – Cushion for net pension liabilities and contingent liabilities 	
Balanced debt position	<ul style="list-style-type: none"> – Gross debt target commensurate with investment-grade rating – De-leveraging and refinancing after Cypress acquisition completed ahead of schedule 	
Rating	Investment grade	BBB positive outlook (by S&P Global)

¹ Gross cash position is defined as cash and cash equivalents plus financial investments | ² Gross debt is defined as short-term debt and current maturities of long-term debt plus long-term debt. EBITDA is calculated as the total of earnings from continued operations before interest and taxes plus scheduled depreciation and amortization

Outlook for Q4 FY23 and FY23

	Outlook Q4 FY23¹	Outlook FY23¹
Revenue	~ €4bn	~ €16.2bn
Adj. Gross Margin		~47%
Segment Result Margin	~25%	~27%
FCF/adj. FCF		~€1.2bn/~€1.7bn
Investments		~€3.0bn
D&A		~€1.8bn ²

¹ Based on an assumed average exchange rate of \$1.10 for €1.00

² Including the amortization of around 450 million Euros from purchase price allocations

Building the world's largest 200-millimeter SiC power fab

Rationale

- **Undisputed leadership** position in power systems across **all materials** based on technology and scale
- Expanding the third module at the existing site in Kulim offers significant advantages – **economies of scale, competitive local cost position, implementation speed** and reliability from existing employees and infrastructure
- **Modular setup** allows for flexibility in ramp-up phase

» Kulim 3 phase 2 investment up to €5bn

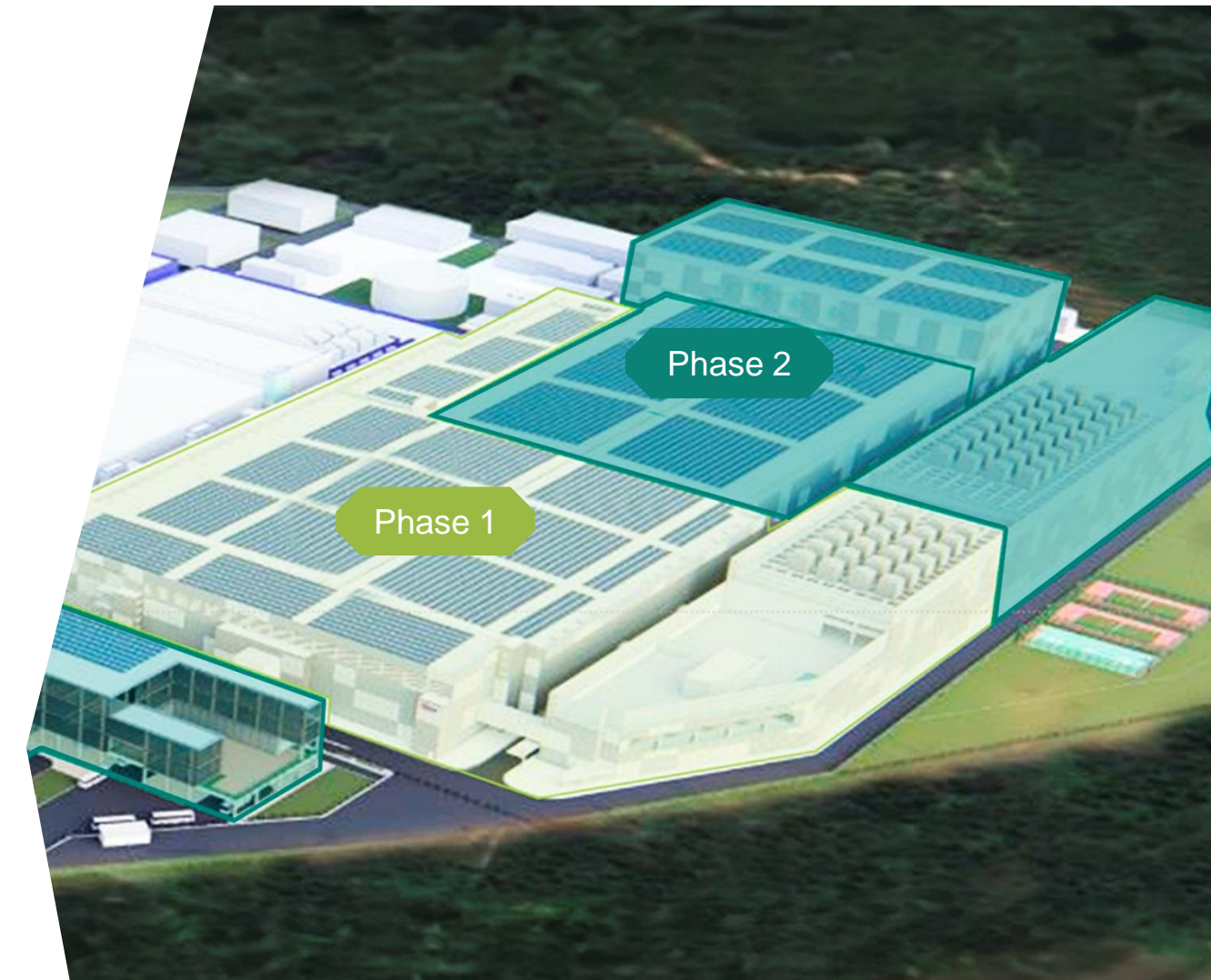
» Related design-wins ~ €5bn

» Customer pre-payments ~ €1bn

» Start of production Summer 2027

Total SiC revenue potential¹ end of decade: ~ €7bn

¹ Total revenue potential comprises Villach, Kulim 3 phase 1 and phase 2 incl. 200-millimeter conversion



Key points

Another strong quarter

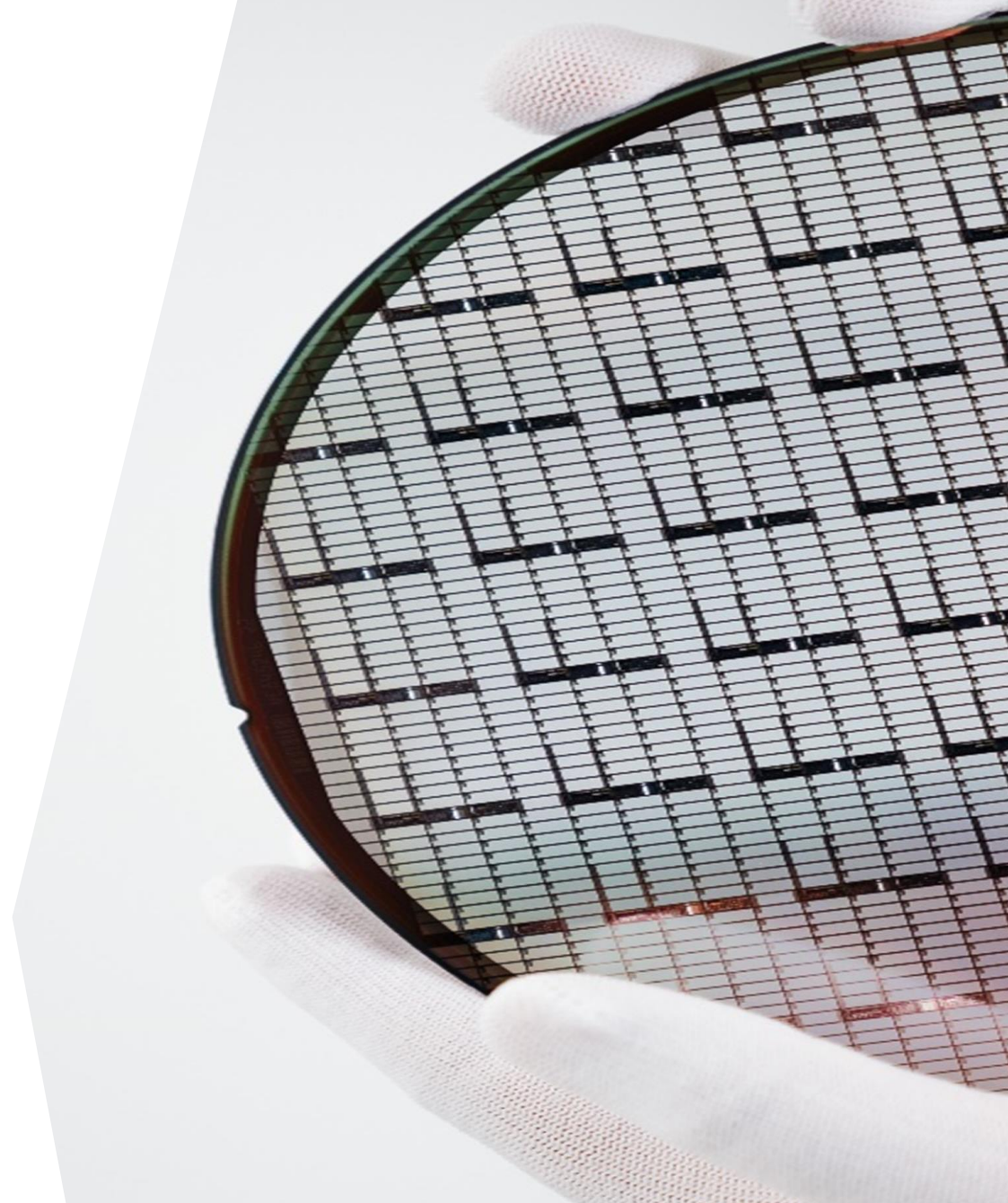
Q3 FY23 – €4.1bn revenue, 26.1% Segment Result Margin

Consistent execution

- Continued different demand patterns in the end market applications
- We reaffirm our leadership in power systems with our SiC manufacturing expansion
- With our strong portfolio geared at the long-term trends of decarbonization and digitalization, we are addressing the right structural themes

Outlook FY23 – fully on track to reach the twice upgraded guidance

- Revenue ~ €16.2bn
- Segment Result margin of ~ 27%
- Adj. Free Cash Flow ~ €1.7bn



Questions & Answers





Disclaimer

Disclaimer

This presentation contains forward-looking statements and/or assessments about the business, financial condition performance and strategy of the Infineon Group. These statements and/or assessments are based on assumptions and management expectation resting upon currently available information and present estimates. They are subject to a multitude of uncertainties and risks, many of which are partially or entirely beyond Infineon's control. Infineon's actual business development, financial condition, performance and strategy may therefore differ materially from what is discussed in this presentation. Beyond disclosure requirements stipulated by law, Infineon does not undertake any obligation to update forward-looking statements.

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