

Annual General Meeting 2024

Key points speech Dr. Sven Schneider, Chief Financial Officer

- **Infineon has completed a very strong 2023 fiscal year and achieved new records in terms of revenue and profitability.**

Infineon achieved revenue of 16.309 billion euros in the 2023 fiscal year. The Segment Result of 4.399 billion euros and the corresponding Segment Result Margin of 27.0 percent show a clear, positive profitability trend. The Segment Result Margin improved over 3 percentage points compared to the previous year's figure of 23.8 percent. A year ago, we raised our long-term financial targets through the semiconductor cycle. These results are a clear confirmation of the more ambitious course we are pursuing as a company. Our consistent focus on the long-term structural growth drivers decarbonization and digitalization is proving to be a successful strategy for profitable growth.

Greater China and EMEA remain the most important revenue regions.

The strong business performance is also reflected in earnings per share, which at 2.38 euros is significantly higher than the previous year's figure of 1.65 euros. Adjusted earnings per share rose from 1.97 euros to 2.65 euros.

- **Infineon's four segments developed positively for the most part, despite increasingly challenging market conditions in some areas over the course of the fiscal year.**

(1) The Automotive segment continued to generate the highest revenue, with 8.242 billion euros. The Segment Result Margin increased significantly to 28.9 percent. Electromobility, driver assistance systems, software-defined vehicle architecture and the trend towards higher levels of electronic features in vehicles continued to be the main drivers of the segment's growth in the

2023 fiscal year.

(2) The Power & Sensor Systems segment achieved revenue of 3.798 billion euros, a slight decline compared to the previous year. The Segment Result Margin of 22.7 percent was also below the previous year's level. The decline in revenue and in Segment Result Margin was due to continued low demand for semiconductors in consumer, communications, computing and IoT applications.

(3) Revenue in the Green Industrial Power segment amounted to 2.205 billion euros. The Segment Result Margin increased significantly to 30.0 percent. Demand for renewable energies and energy infrastructure remained high. The generation of clean energy is an essential prerequisite for the achievement of global carbon emission targets. Infineon was able to benefit directly from this megatrend due to its strong market position in the field of renewable energy.

(4) In the Connected Secure Systems segment, revenue amounted to 2.046 billion euros. The Segment Result Margin increased to 23.9 percent. On the back of a stabilization of the supply situation demand for security applications increased, especially for payment and identification solutions. However, demand for connectivity solutions and microcontrollers was negatively impacted by a worsening macroeconomic climate, which had a dampening effect on consumer spending.

- **Key financial figures reflect consistent focus on medium and long-term profitable growth.** Reported Free Cash Flow amounted to 1.158 billion euros in 2023 fiscal year. Adjusted Free Cash Flow, which excludes investments in large frontend buildings, amounted to 1.638 billion euros. This figure equals around 10 percent of annual revenue and is therefore within the target operating model. With investments of 2.994 billion euros in the 2023 fiscal year, the forecast value of around 3.0 billion euros was achieved. The Return on Capital Employed (RoCE) has increased to 16.6 percent.
- **Infineon is continuing to consistently implement its conservative financing concept.** The core objective is to maintain an investment grade rating, which gives us access to all relevant capital markets and financing sources at low cost with good terms at all times. Our conservative financial policy, adherence to or exceeding our strategic liquidity and debt targets, good operating results and successful cash generation are key to maintaining our rating.
- **The Management Board and Supervisory Board propose a dividend of 35 euro cents per share.**

The goal of our dividend policy is to enable Infineon's shareholders to participate appropriately in the company's economic development. At the same time, we want to maintain the financial leeway necessary to further develop the company. The Management Board and Supervisory Board are therefore proposing a dividend of 35 euro cents per share for the 2023 fiscal year, an

increase of 3 euro cents compared to the previous year. This would result in an expected total dividend payment of 456 million euros, compared to 417 million euros in the previous year.

- **After a robust start to the 2024 fiscal year, weak markets outside of automotive and currency factors are leading Infineon to adjust its outlook.**

(1) For the 2024 fiscal year, at an assumed EUR/USD exchange rate of 1.10 (previously 1.05), we expect a revenue of 16 billion euros, plus or minus 500 million euros (previously 17 billion euros, plus or minus 500 million euros). This represents a decline in revenue of around 2 percent compared to the previous year.

(2) At the midpoint of our revenue guidance, we expect a Segment Result Margin in the low to mid 20 percent range (previously 24 percent).

(3) Investments in property, plant and equipment and other intangible assets including capitalized development costs have been adjusted from around 3.3 billion euros to around 2.9 billion euros. Reported Free Cash Flow is expected to amount to around 200 million euros (previously 400 million euros). Adjusted Free Cash Flow, adjusted for investments in large frontend buildings and the purchase of GaN Systems, is now expected to be 1.8 billion euros (previously 2.2 billion euros).