



## Annual General Meeting 2022

### Key points speech Dr. Sven Schneider, Chief Financial Officer

- **Infineon closes a challenging fiscal year with an excellent result:** Infineon has a robust business model and is continuing to develop. The corporate strategy is consistently focused on the key trends of electrification and digitalization. In the 2021 fiscal year, we achieved record revenues of 11.060 billion euros and increased profitability significantly further. The strong revenue performance also reflects the economic recovery and our leading position in many markets driven by long-term growth drivers. The Greater China and EMEA regions remain the most important sales regions. Segment Result was 2.072 billion euros. This corresponds to a Segment Result Margin of 18.7 percent. Our earnings per share were 87 euro cents, significantly higher than the prior-year figure of 26 euro cents. Adjusted earnings per share increased from 64 euro cents to 1.20 euros.
- **Against the background of the coronavirus pandemic and the chip shortage, the development of our four segments varies:** (1) The Automotive segment continued to have the highest revenue at 4.841 billion euros. Segment Result Margin increased significantly to 16.4 percent. (2) Revenue in the Industrial Power Control segment amounted to 1.542 billion euros.

Segment Result Margin decreased slightly to 17.8 percent. (3) The Power & Sensor Systems segment achieved revenues of 3.268 billion euros. Segment Result Margin was 25.2 percent and therefore above the previous year's level. (4) Revenue of the Connected Secure Systems segment amounted to 1.397 billion euros. Segment Result Margin decreased slightly to 13.0 percent.

- **The key financial figures in the challenging 2021 fiscal year demonstrate Infineon's resilience:** Free Cash Flow amounted to 1.574 billion euros in the reporting year, mainly due to the positive business development. We adjusted our capital expenditures to the stronger market environment and therefore increased them to 1.497 billion euros. Return on Capital Employed (RoCE) was 8.4 percent in the 2021 fiscal year.
- **Infineon is implementing its conservative financing concept consistently:** (1) Core objective is to maintain an investment grade rating, which gives us access to all relevant capital markets and financing sources at all times at low cost and good terms. With the acquisition of Cypress, S&P Global Ratings had lowered Infineon's rating by one notch to "BBB-". Due to our positive business development and the successful refinancing measures, it was now raised again to the original level of "BBB", less than two years after the nine-billion-euro transaction. (2) We have consistently and rapidly implemented the conservative financing strategy that we communicated when we signed the purchase agreement for Cypress. Following various equity and debt measures in 2019 and 2020, we completed a US private placement of 1.3 billion US dollars in the 2021 fiscal year. We will continue to take advantage of favorable market windows to refinance where it makes sense for us to do so. (3) We have systematically reduced our higher acquisition-related debt and thus already achieved our strategic leverage target again, at the beginning of the current 2022 fiscal year – one year earlier than planned.
- **The strong development of our share price shows the great confidence investors have in Infineon's long-term success:** Due to the high cyclical as well as structural demand, all semiconductor stocks performed strongly in the reporting year. The performance of the Infineon share since 1 October 2020 was below the development of the Philadelphia Semiconductor Index (SOX), but significantly above the increase of the German share index DAX. The strong development of our share price demonstrates the confidence placed by the market in our long-term success. On 22 March 2021, Infineon was included in the EURO STOXX 50.
- **The Management Board and the Supervisory Board propose a dividend of 27 euro cents per share:** Our dividend policy is aimed at letting Infineon's shareholders adequately participate in the company's economic development. In principle, we want to pay out at least a constant dividend even if earnings stagnate or decline. In the previous fiscal year, however, the dividend was reduced to 22 euro cents per share due to the negative economic impact of the coronavirus pandemic, even though a higher absolute amount was distributed due to the higher number of

shares entitled to dividends. Due to the good economic development of the company in the 2021 fiscal year and the positive outlook for the 2022 fiscal year, an increase to the 2019 level seems adequate. The Management Board and the Supervisory Board therefore propose a dividend of 27 euro cents per share for the 2021 fiscal year, five euro cents higher than in the previous year. The expected total dividend payout would therefore be 351 million euros, compared with 286 million euros in the previous year.

- **Following a good start to the new fiscal year, Infineon has slightly raised its full-year guidance:** (1) We expect revenue for the 2022 fiscal year to be around 13.0 billion euros, plus or minus 500 million euros, at an assumed EUR/USD exchange rate of 1.15. This takes into account the capacity constraints which continue to exist. (2) At the midpoint of the revenue guidance, we expect a Segment Result Margin of around 22 percent. (3) Capital expenditures for property, plant and equipment and other intangible assets, including capitalized development costs, are planned at around 2.4 billion euros. Free Cash Flow is expected to be around 1.0 billion euros.
- **Infineon's financial targets apply over the cycle:** At our Capital Markets Day in October 2021, we confirmed our corporate strategy focused on long-term profitable growth as well as our financial targets. We continue to target revenue growth of more than 9 percent per year over the cycle. We aim to achieve a Segment Result Margin of 19 percent and an investment ratio of 13 percent of revenue – both also over the cycle. Revenue and cost synergies from the Cypress acquisition will make a sustainable contribution to achieving these targets.