

Infineon Austria Fiscal Year 2019: Good results in a challenging environment

- Annual revenue tops EUR 3.1 bn, revenue up 5 percent
- High investment in production and R&D secures competitiveness
- Construction of new chip factory is progressing; SoP at the end of 2021
- Headcount increased by 10 percent to 4,609 employees
- R&D expenditure of EUR 525 million mean a new peak
- Outlook: Difficult market conditions also expected for the 2020 fiscal year

Villach, 3 December 2019 – The Infineon Technologies Austria Group (Infineon Austria) continued its growth pattern in the fiscal year 2019 ending on 30 September (accounting reference date) despite the challenging market environment. The Austrian subsidiary of the German semiconductor group achieved a **revenue of EUR 3,114 million**, exceeding the previous year's figure (revenue 2018: EUR 2,961 m) by EUR 153 million or 5 percent. The **earnings before tax** were **EUR 306 million**, an increase of around EUR 12 million or 4 percent compared to the previous year (result before tax 2018: EUR 294 m). Until the second quarter of this fiscal year, sales were driven by the high demand for power electronics for automotive, industrial and consumer applications. The economic downturn and the negative effects of global economic policy developments were particularly noticeable in the last two quarters of the 2019 fiscal year.

Sabine Herlitschka, CEO of Infineon Technologies Austria AG: "The past fiscal year can be compared to a roller coaster ride: from booming markets we plunged into a cycle of sharply declining demand and a slowdown in the global economy. We mastered the challenges despite the headwind and held our ground in the global market during the past fiscal year. Our long-term, structural growth drivers of energy efficiency, security, the Internet of Things and sustainable mobility remain intact. The global economic situation remains tense, and we do not expect a recovery before the second half of the business year 2020."

Significant increase in investment in strategic, future-oriented areas

Investment increased significantly by 72 percent in the 2019 fiscal year and amounted to **EUR 308 million** (previous year: EUR 179 m). The major part of investments, i.e. **EUR 307 million** was dedicated to fixed assets, including in

particular the preliminary work for the new, fully automated chip factory for 300-millimeter power semiconductors at the Villach production site as well as the expansion of research and development facilities in Villach. Further funds have been invested in production infrastructure for 300-millimeter thin wafers and new semiconductor materials (silicon carbide, gallium nitride). The additions to fixed assets include the acquisition of all shares in the Infineon Development Center DICE (Danube Integrated Circuit Engineering) in Linz, which makes Infineon Austria the 100% owner of the site in Upper Austria. DICE is Infineon's global center of competence for high-frequency technologies with world-leading expertise in radar chips for driver assistance systems.

Oliver Heinrich, CFO Infineon Technologies Austria AG: "We continue to make major investments to boost the future viability and competitiveness of Infineon and Austria as a business location. We succeeded in achieving a solid economic performance in 2019 despite the difficult market environment. The entire company has adapted well and quickly to the changing market conditions in terms of organization and processes".

Purchasing volume still at high level

The purchasing volume of Infineon Austria in the past fiscal year was **EUR 561 million** (previous year: EUR 559 m), with procurement in Austria accounting for some 35 percent or EUR 196 million. The share of Carinthian suppliers was 121 million.

Expansion activities lead to increase in personnel

Infineon Austria employed **4,609 people** as per the accounting reference date, i.e. 408 people more than in 2018 (4,201 staff). The increase by some 10 percent compared to the previous fiscal year corresponds to last year's growth and is mainly due to the expansion activities at all Austrian sites.

400 new, highly-qualified jobs will be created in the new chip factory. The increase in headcount began in the past business year, especially in the areas of maintenance engineering, process engineering, automation and IT. The focus in all of this is on the development of state-of-the-art and fully automated production and the integration of the new factory into the existing infrastructure. **1,977 people work in research and development**, which once again represents an increase by 9 percent compared to the previous year (1,813 people). Infineon Austria thus employs nearly a quarter of the entire R&D workforce in our group.

Around 56 percent of employees have an academic background. Infineon employs people from 68 nations.

Construction of chip factory is progressing

11.44 billion chips were produced in Villach in the 2019 fiscal year. The construction of the new, fully automated chip factory for the production of 300-millimeter thin wafers in Villach is progressing according to schedule. The construction companies we have contracted currently have over 500 people at work on our site. The schedule for the completion of the new cleanroom has been adapted to dovetail with market developments. Start of production is expected at the end of calendar year 2021. At 1.6 billion euros, the expansion of production at the Villach site is the largest private investment in Austria and a signal for reindustrialization in Europe that has received much international attention. This is currently the largest single project in the Infineon Group.

Thomas Reisinger, Director Operations of Infineon Technologies Austria AG: "The expansion of our production areas will provide for our long-term competitiveness. The Group makes all its expansion decisions with a clear eye on the future, even if demand for our products is currently lower. When the market picks up again, rapidly available production capacities together with the comprehensive know-how of our employees at the Villach production site and the intensive training and qualification measures will be our key to success".

R&D continues to thrive

Infineon Austria spent **EUR 525 million** on **research, development and innovation** in the 2019 fiscal year, which means a new record high. This was EUR 27 million or 5 percent more than in the previous fiscal year and corresponds to a research quota of 17 percent of the total revenue, making Infineon the best industrial research performers in Austria at the moment. The expansion of R&D activities in Villach, Graz and Linz is proceeding according to plan. All three new buildings currently under construction at these three sites are scheduled for occupation in the course of the next year.

R&D focus on artificial intelligence

As a major cooperation partner, Infineon Austria initiated and promoted the establishment of the Fraunhofer Innovation Center for Artificial Intelligence (KI4LIFE) in 2019. Since 1 October 2019, experts have been working at KI4LIFE on developing concrete solutions with a view to supporting companies in the challenges of digitization and to advance the globally important key topic of artificial intelligence. Other partners include the Austrian and Carinthian Economic Chambers, the State of Carinthia, the Federation of Carinthian Industry and Klagenfurt University.

Key figures for the 2019 fiscal year (accounting reference date: 30 Sept. 2019)

Infineon Technologies Austria Group incl. Austrian affiliates	FY 2018	FY 2019	Change
Revenue in € m	2,960.8	3,113.8	+ 5 %
Earnings before tax in € m	294.1	306.4	+ 4 %
Employees	4,201	4,609	+ 10 %
Total investments in € m in intangible assets	178.7 8.5	301,1 1.0	+ 72 %
in property, plant and equipment	170.2	307.1	+ 80 %
R&D expenditure in € m (in % of Revenue)	498 (17%)	525 (17%)	+ 5 %
Overall purchasing volume in € m thereof in Austria and thereof in Carinthia	559 193 117	561 196 121	+ 0.4 %

About Infineon Austria

Infineon Technologies Austria AG is a group subsidiary of Infineon Technologies AG, a world-leading provider of semiconductor solutions that make life easier, safer and greener. Microelectronics from Infineon reduce the energy consumption of consumer electronics, domestic appliances and industrial facilities. They make a major contribution to the convenience, security and sustainability of vehicles, and enable secure transactions in the Internet of Things.

Besides Germany, Infineon Austria is the only subsidiary within the group that pools competencies for research and development, production as well as global business responsibility. The head office is in Villach, with further branches in Graz, Klagenfurt, Linz and Vienna. With 4,609 employees from around 68 countries (including 1,977 in research and development), in the financial year 2019 (ending in September) the company achieved a turnover of € 3.1 billion. An R&D expense rate of €525 million makes Infineon Austria one of the strongest industrial research companies in Austria.

Further information at www.infineon.com/austria

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