



# Dr. Reinhard Ploss

## Annual General Meeting 2022

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Chief Executive Officer

# Dr. Reinhard Ploss



- The spoken word applies -

Dear Shareholders,  
Dear Broadcast Viewers,  
Welcome to Infineon's Annual General Meeting.  
A warm welcome. It is good to have you with us!

Let me start by briefly commenting on the upcoming changes on the Infineon Management Board, which Dr. Eder has already explained to you.

I have known Jochen Hanebeck for many years and value him as a competent and reliable colleague. He is an expert on our industry and its challenges. I am therefore very pleased that he will succeed me. I am proud that Infineon's course will continue to be determined by a member of the current management team in the coming years. The Supervisory Board has made an excellent decision in choosing Jochen Hanebeck for the future leadership of Infineon.

I also very much welcome the Supervisory Board's decision to appoint Rutger Wijburg as new Chief Operations Officer. He has many years of management experience at top companies in our industry and is very familiar with semiconductor manufacturing. In his three and a half years at Infineon, he has been instrumental in putting our manufacturing strategy into action.

Infineon has a great leadership team. The new Management Board is very well positioned to successfully shape Infineon's future.

Of course, it won't be easy for me to say goodbye to the current team. Since joining Siemens in 1986, I have always enjoyed working for the company. We have always worked together in an open and appreciative fashion. Our collaboration has always been constructive and pragmatic. That's why we've also successfully navigated through more difficult times for the company well. I am proud of what we have created and achieved together in recent years. Infineon is a great company. I will miss the people and the exciting topics we work on.

I would like to thank you, Dr. Eder, and the entire Supervisory Board for your many years of trust and your appreciation of my work.

## **Introduction**

Dear Shareholders,  
Dear Viewers,

Semiconductors are needed today more than ever. They are key elements in creating a better future:

- › Climate protection through electrification
- › Careful use of resources through digitalization
- › Improving our daily lives and work by connecting devices with useful functions.

Semiconductors are the only way to achieve this. We don't notice them in our everyday lives, but they're everywhere – in smartphones, refrigerators and cars. Semiconductors make these devices more efficient and powerful. Semiconductors are also used in the infrastructure that keeps our lives in motion: in data centers, in transmission masts, in wind and solar power plants. Every device that generates or consumes electricity, that sends and receives data, needs semiconductors. In short, the electrified and digitalized world is built with and is built on semiconductors.

Electrification and digitalization are shaping the world far beyond this decade. Infineon has evolved systematically in recent years and is in an excellent position to help shape these two relevant trends over the long term. Our solutions contribute to a better future. That is why, dear shareholders, your company Infineon is successful.

## **Infineon is part of the solution to the climate crisis. We drive electrification forward**

The climate crisis is acute. More and more people are feeling it directly. Droughts, heat, forest fires, heavy rainfall, and flooding are already having a major impact on life in many regions of the world. And if temperatures continue to rise, climate change will accelerate significantly.

It is still in our own hands. We can limit global warming to 1.5 degrees or at least keep it below 2 degrees if we begin to do everything we can starting now. This means that we need to reduce global CO<sub>2</sub> emissions quickly and decisively. The goal is clear: climate neutrality by 2050. Achieving it is a huge challenge. The world's population is growing. The demand for energy is rising. An unrestricted energy supply is essential to enable a good life in the future for as many people as possible.

CO<sub>2</sub> reduction on the one hand, rising energy demand on the other – our societies are facing a dilemma. But there is a solution to the dilemma. The solution is electrical energy. It is the key to an energy supply that simultaneously enables climate neutrality and a high quality of life. We have the technology to generate electrical energy directly from wind, sun and water. Electrical energy is the highest quality and most flexible form of energy, because we can easily convert electricity into light, motion and heat.

The electrification push is taking us into a new energy era. This brings great opportunities and it brings challenges. The electrical energy system must encompass the entire energy chain – from generation to consumption: The electricity must be green, that is, it has to come from renewable sources. We must be able to transmit it as efficiently as possible and store it intelligently. And we must use it as efficiently as possible, of course.

The electrification of core industries is a crucial prerequisite for achieving the goal of climate neutrality by 2050. This will require enormous efforts and investments. One example: The International Energy Agency has projected a net-zero emissions scenario. By as early as 2030, the capacity of installed solar plants will have to increase fivefold compared to the 2020 baseline to realize this scenario. By 2050, almost 70 percent of electricity will have to come from sun and wind.

Infineon is committed to solving the climate crisis. We are shaping the future. We are accelerating the energy transition, for example, with power semiconductors for solar and wind power plants. We supply energy-saving chips for all stages of the energy chain.

Electrification shows how technology on the one hand and a challenge on the other hand can stimulate one another. I find that fascinating. We develop a new technology that makes it possible to do what we have to in order to solve the challenge. And while we are using the technology, we are already thinking about the next useful application. We continue to develop the technology at an ever-increasing pace. I'm very impressed by the speed with which Infineon is now developing new solutions to drive electrification.

A good example is electromobility. Market analysts estimate that the number of electric cars built worldwide each year will increase ninefold within ten years to 36 million new vehicles in 2030. That is almost half of all registered passenger cars. In the Net Zero scenario, the International Energy Agency assumes that by the mid-2030s almost all new cars sold worldwide will be fully or at least partially electric.

The good news is that things are moving forward. Electromobility is gaining momentum. The share of electric vehicles among new cars is increasing significantly. Most recently, it more than doubled worldwide within a year. In China, it has even almost tripled. In 2021, around 6.7 million battery-powered electric and plug-in hybrid vehicles were sold worldwide. The great news for Infineon is: Around half of these vehicles are equipped with our power electronics. Infineon is on board in many new and particularly energy-efficient models from leading car manufacturers.

[Electromobility: Product presentation by Dr. Ploss in free speech]

The market for silicon carbide is growing strongly. Initially, demand came mainly from industrial applications, for inverters in solar and wind power systems, for example. Now it is increasingly being surpassed by the high demand for automotive applications. Infineon offers its customers a leading silicon carbide portfolio for both industrial and automotive applications. We are very well positioned, not least because customers can already look to us and find a complete portfolio of silicon-based solutions.

I am confident that Infineon will secure a large share of the silicon carbide market in the coming years. By the middle of the decade, we aim to generate around 1 billion US dollars in revenues with silicon carbide solutions.

Another promising semiconductor material is gallium nitride. Its strengths are evident, for example, in the field of compact, powerful and very efficient chargers. Have you ever held the power supply unit of a switched-on notebook in your hand? That's right, it's warm. That means energy is being lost. The advantage of gallium nitride is that it can minimize such losses, referred to as switching losses. In the application, this enables faster switching of the semiconductors. Faster switching means higher efficiency and smaller size. The practical advantage for you as a user: You can charge your laptop faster with a smaller charger. And hardly any energy is lost in the process. Gallium nitride is a key technology for devices that need a compact, powerful power supply.

Chargers for laptops, tablets, and smartphones are not the only area of application. The advantages of gallium nitride stand out wherever high dynamics and small size are important – in the motor control of robots, for example, or in high-performance data centers with the highest demands on energy efficiency and power density. In view of the many possible applications, analysts expect the market for solutions based on gallium nitride to grow by leaps and bounds. In addition to the growing market for silicon-based products, Infineon is thus tapping into a new high-growth market.

For Infineon, silicon carbide and gallium nitride open up great opportunities in our key markets. That is why we have been investing more heavily in the development of these two technologies for several years. We are convinced that if we properly exploit the opportunities in industrial and automotive applications now, we will also benefit from them in other markets later on.

**Infineon is excellently positioned to shape digitalization. We make transformative IoT applications possible**

Dear Viewers,

The green transformation and the digital transformation go hand in hand. Digital technologies are essential in the transformation to a sustainable society and industry. The coronavirus pandemic has given an enormous boost to digitalization in all areas of life. Many companies, as well as government institutions, are driving digitalization with significantly more determination.

But we are still at the beginning of the development. The digital transformation has only just begun. The Internet of Things – IoT for short – is opening up entirely new opportunities for both industrial and consumer applications. In the first half of this decade, the number of IoT connections is expected to more than triple. Faster communications, new and more powerful technologies as well as new services in the cloud will accelerate one another. They will make our lives more convenient, with better use of resources.

Smart devices, edge computing, 5G networks and data centers are driving the digital transformation. Sensors, microcontrollers, power semiconductors, connectivity and security solutions, and the right software are the building blocks that make these applications work. Infineon provides all these building blocks. We make transformative IoT applications possible.

A good example is our CO<sub>2</sub> sensor. I presented a prototype to you at our last Annual General Meeting. We all spend a lot of time indoors every day. The CO<sub>2</sub> level in the air around us is constantly increasing. The CO<sub>2</sub> concentration can rise especially fast indoors, where there is less ventilation. Even a slightly elevated CO<sub>2</sub> level in the air can lead to fatigue or poor concentration. A higher level can even lead to headaches and dizziness. The CO<sub>2</sub> level is also a good indicator of other aspects of air quality, the viral load, for example, which has been of particular concern to us for some time.

The demand for good indoor air quality is increasing. On the one hand, because of people's desire for a pleasant indoor climate. On the other hand, on account of legal requirements, especially in Asia, Europe, and North America. The need for sensors that can precisely measure the CO<sub>2</sub> concentration in the air is increasing. Infineon serves this growing market with its innovative CO<sub>2</sub> sensor. I am pleased that we have been delivering it to our customers since the beginning of this year.

One of the first applications on the market is the mobile CO<sub>2</sub> sensor co2go. It is now available online. The Munich-based technology company eesy-innovation developed the device in partnership with Infineon. It allows you to measure CO<sub>2</sub> levels in the air anytime, anywhere – in the office, at school, or at home. A traffic light system informs you about the CO<sub>2</sub> content in the air and thus helps to prevent health risks. If the light glows red, you know it's time to open a window. You can also connect the device to a laptop or PC. The app then shows you an overview with analyses of the indoor air. I find the device very practical, because it is light and handy. That's why I like to use it myself. Our CO<sub>2</sub> sensor makes this solution possible. It is one of the most compact CO<sub>2</sub> sensors on the market.

Also built into the device is our microcontroller that was specially developed for IoT applications. It is the control center in IoT devices like this one. In our example, it controls the traffic lights in the device and ensures that the sensor data is transmitted to the app. Depending on the application, it can control many other functions. Extensive functionality with low power consumption. These properties make the microcontroller ideally suited for battery-powered IoT devices. Companies in the Internet of Things rely on integrated solutions like this one. Infineon delivers them.

We expect great demand for our CO<sub>2</sub> sensor in residential and office buildings. Because here it can make a significant contribution to protecting health and saving energy at the same time. Did you know that buildings account for more than 55 percent of global electricity consumption? The electricity is mainly used for heating, cooling, and lighting. Intelligent air conditioning and ventilation systems can significantly reduce electricity consumption. The CO<sub>2</sub> sensor can measure the air quality in each room individually and provides reliable data in real time. Ventilation in individual rooms can then be controlled according to demand. If there are many people, more ventilation is provided. If the room is empty, the system is shut down. This saves electricity and increases the energy efficiency of buildings.

Intelligent air conditioning has enormous potential. In view of rising temperatures, the power consumption of air conditioning systems is growing, especially in metropolitan areas. We need more energy-efficient solutions urgently. Infineon supplies those solutions both for the smart home and for entire buildings. We expect high demand for adaptive ventilation systems in the coming years. That's good to reduce energy consumption, good for the climate, and good for Infineon.

Dear Viewers,

Infineon is excellently positioned to shape digitalization – just as we are already shaping electrification. This is based on our strategic guideline “From Product Thinking to System Understanding”, in short “From Product to System”. We have been pursuing this guideline consistently for years.

As CEO, I have regularly presented the steady progress we have made along this path at Annual General Meetings over the past ten years. During this time, we have succeeded in broadening our basis for success. In the early years, our technological expertise carried us forward. In the meantime, we have added many key elements and further developed Infineon into a solution provider.

“Innovation for customer success” – is the guiding principle that drives us:

- › What problems do our customers want to solve?
- › Where are they heading?
- › How can we make them more successful with new technologies and services?
- › And: How can we learn together?

“From product to system” has been the basis of Infineon’s success in the past. And it is the basis of Infineon’s success in the future. Technological expertise is and remains an important success factor. Our great curiosity and our ability to constantly develop our competencies are just as important.

Cypress has significantly strengthened our solution expertise. Cypress’ many years of experience in the fields of software development and system know-how enable us to develop reference designs for our customers even more quickly – turnkey solutions, tailored to the respective customer requirements. We see that the acquisition was the right step. It delivers what we promised. The synergies from the combined portfolio are becoming more and more apparent in our key markets.

In this way, Infineon is strengthening its role as a link between the real world and the digital world. Our products and solutions put us “at the core” of the Internet of Things, so to speak. We provide all the necessary semiconductor components and the software required to control them for many applications from a single source. We are therefore convinced that Infineon will benefit greatly from the growth of the Internet of Things in the coming years.

### **Infineon is more powerful today than ever before**

Dear Shareholders,

Since 1999 – the year of the spin-off from Siemens – Infineon, as it is aligned today, has grown on average by more than 10 percent every year, significantly stronger than the semiconductor market. The latter grew by an average of less than 6 percent per year over the same period. In the past decade, we have also been able to steadily increase profitability.

2021 was Infineon’s first fiscal year at a new level:

- › We cracked the 10 billion euro mark for the first time
- › We significantly increased profitability. The Segment Result Margin reached 18.7 percent.
- › And Free Cash Flow was also at a record level.

Infineon is now one of the world’s top 10 semiconductor companies. We have achieved leading positions in many long-term high-growth markets. More than 50,000 people now work at Infineon worldwide. We are more powerful than ever before.



If there was one thing that particularly impressed me at Infineon in the past fiscal year, it was this: How our teams overcame the challenges resulting from the coronavirus pandemic and from the high demand for semiconductors; and how we at Infineon managed to become one company after the acquisition and continue on our strategic path together. There are not many companies that can succeed in all this at the same time. Infineon did it, despite the extraordinary operational challenges. This is a special achievement of our employees. On behalf of the Management Board, I would like to thank them for their outstanding commitment.

We want you, our shareholders, to participate appropriately in the successful fiscal year 2021. We will propose a dividend of 27 euro cents per share to the Annual General Meeting. My colleague Sven Schneider will later explain to you Infineon's business and dividend development in detail.

### **Infineon has made a successful start to the 2022 fiscal year. Demand in our target markets remains high**

Infineon has followed up seamlessly on the excellent 2021 fiscal year. After a flying start to the 2022 fiscal year, we were able to further increase revenues and Segment Result significantly in the first quarter.

Demand for semiconductors remains high. In many markets, their availability remains a critical factor. The chip shortage continues. The semiconductor industry is building up additional manufacturing capacity, but the continuing cyclical and structural demand is still significantly higher than the supply. Of course, the dynamics in the various submarkets differ. The supply situation will ease earlier in some than in others. However, we do not expect this to happen in the near future for our target applications automotive, industrial, data centers, Internet of Things, and other areas. Supply restrictions, particularly on the part of contract manufacturers, will remain in place until well into 2022.

In most product categories, every semiconductor we deliver to our customers is immediately assembled into a final product and sold. Although we are currently unable to fully serve our customers' high demand, they nevertheless still show us their appreciation. Our customers recognize the fact that we do everything in our power to support them in the best possible way.

We expect strong demand in virtually all our markets to continue for longer as many applications are further electrified and digitalized. Our outlook for the 2022 fiscal year will therefore be determined primarily by the supply side. In other words, by the extent to which both we and our manufacturing partners can expand capacities.

We are significantly increasing our investments. After 1.5 billion euros in the 2021 fiscal year, we are planning investments of around 2.4 billion euros in the current fiscal year. We are taking things up a notch!

For fiscal 2022, we expect revenues of 13.0 billion euros plus or minus 500 million euros. In the middle of the range, this would represent revenue growth of 17.5 percent compared to the previous fiscal year. We also expect to make further gains in profitability. We anticipate a Segment Result Margin of around 22 percent in the midpoint of the revenue range. Our outlook assumes that there will be no major supply chain disruptions or other new bottlenecks. Currently, things are looking good. However, uncertainties remain with the rising number of COVID-19 cases and the rapid spread of the Omicron variant.

No matter how the pandemic develops, our company has repeatedly proven its ability to adapt quickly to new situations. Infineon can be successful even under difficult conditions. We expect Infineon to benefit from structural growth opportunities and the expansion of our own manufacturing capacities.

## **Infineon prepares to continue creating sustainable value**

We want to exploit great market potentials and have set ourselves ambitious targets. As soon as in the 2025 fiscal year, we want to generate at least 5 billion euros more in revenues than in 2021. And we have set ourselves a target of 19 percent Segment Result Margin over the cycle.

Today, Infineon is in a very good position to achieve these goals. But we are not stopping there. We are not resting on what we achieved yesterday, but rather we are looking ahead. We are preparing Infineon for tomorrow and the day after tomorrow. Infineon continues to develop. My successor Jochen Hanebeck will now explain to you what will be important in the coming months and what concrete steps we are planning next. Jochen – the floor is yours!

[Speech Jochen Hanebeck, Chief Operations Officer and designated Chief Executive Officer]

Thank you, Jochen!

## Summary

Dear Shareholders,

Let me summarize:

Infineon is on the move and Infineon is moving something. Your company is contributing significantly to solving the major challenges of this decade. We provide the essential building blocks for the global energy transition. We develop innovative applications for the digital world. This is how we make people's lives easier, safer, and greener. That is why Infineon is successful.

Today, Infineon is more powerful than ever before. In the 2021 fiscal year, we reached a new level in terms of revenue and profitability. Your company is very well positioned.

We are building on this. In the coming years, Infineon will continue to develop, grow, and create sustainable value. We are ready. We are moving forward. We get things done. With courage, with intelligence and with enthusiasm.

Your trust, dear shareholders, makes us stronger. A strong management team will ensure that Infineon continues on its successful path. Thank you for your support. Stay loyal to your company.



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