

Infineon Technologies

Leading power semiconductor player

10 November 2025

Company Overview

Infineon Technologies is a Germany-based semiconductor company. The Automotive division supports applications like electromobility and automated driving. Industrial Power Control provides solutions for energy generation, transmission, storage, and use. Power & Sensor Systems provides semiconductors and power and connectivity devices like chargers, servers, and mainboards. Connected Secure Systems provides IoT technologies like wireless connectivity.

Investment Overview

Maintains market leadership in power semiconductors through technological prowess. Infineon captures 20.8% of the USD35.7bn power discretes and modules market in 2023 with a large gap in market share between runners up ON Semiconductor at 9.2% and STMicroelectronics (STM) at 8.0%. IFX's core business includes power semiconductors which amounted to c.55% of IFX's revenue in FY24. By application, IFX leads the USD69.2bn automotive semiconductor in 2023 commanding a 13.7% market share followed by NXP and STM at 10.8% and 10.2% respectively. In addition, IFX leverages its leadership in power systems and continues to enhance its competence in power systems through wide bandgap materials such as SiC and GaN which is slated to grow at a CAGR of 30% and 53% through 2028, outpacing Si's CAGR of 4%.

Decarbonisation and digitalisation key long-term drivers for IFX; automotive to lead growth. Key applications underpinning IFX's topline growth are e-mobility, renewables, assisted driving, IoT, and AI/Data centre. Consensus forecasts topline growth with CAGR of 8% between FY24-FY27, mainly driven by automotive which is IFX's largest segment at 56% of FY24 revenue. Fueling the automotive segment are several structural trends (i) growth in share of BEVs (battery electric vehicle) produced from 15% in 2023 to 45% in 2030 (ii) higher share of level 2 and above assisted driver systems from 20% in 2023 to 55% in 2030 and (iii) 54% increase in semiconductor content per BEV to USD2000 in 2030 despite flattish light vehicle production. Energy efficient power solutions across areas such as renewable energy generation and EV charging are also long-term tailwinds for Infineon.

Near term outlook a mixed bag owing to uncertainty, but market share gains should help Infineon outperform peers. Inventory correction is progressing with bottoming expected in CY25, though Trump's broadening tariffs introduces risk to global trade and expectations for a modest recovery in 2H25. At the segmental level, we continue to see softness in the automotive segment owing to macro uncertainty and rising trade tensions. GIP continues to be impacted by cyclical market weakness in 2025 although renewables demand will continue to hold up due to global power and efficiency needs. For PSS, growth in the near term continues to be affected by inventory adjustments but there are nascent signs of recovery in the consumer, computing, and communications market after bottoming. IoT and security markets within CSS are also around the bottom with inventories normalizing. Amid the soft market environment, we believe Infineon can continue to outperform peers by supplying to AI data centres and gaining market share in automotive MCUs.

Maintain BUY with higher TP EUR39.0. Our TP is based on peg of 2.9x one year forward PB, close to the historical mean. While the near-term demand environment remains challenging due to Trump's broad-based tariffs, automotive slowdown and still-elevated inventory levels, we favor IFX for its market leadership in power semiconductors, positioning it well to capitalize on long-term digitalization and decarbonization trends. Its growing market share in powering AI as well as automotive also supports its outperformance against peers.

Risks

Prolonged economic downturn and semiconductor cyclicality. While IFX is diversified across segments such as automotives, industrials, and power, the business is highly dependent on the global economy and the semiconductor cycle. Revenue exposure to the automotive segment is the highest at 56% followed by power and industrials at 21% and 13% respectively (as at FY24).

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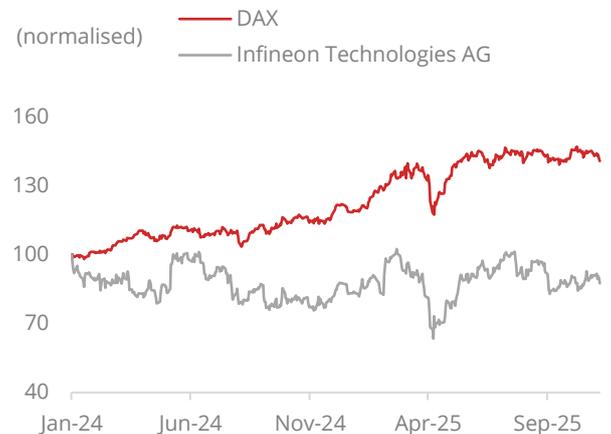
Key Financial Data

Bloomberg Ticker	IFX GR
Sector	Information Technology
Share Price (EUR)	33.08
DBS Rating	BUY
12-mth Target Price (EUR)	39.0
Market Cap (USD\$b)	50.0
Volume (m shares)	4.0
Free float (%)	93.9
Dividend yield (%)	1.1
Net Debt to Equity (%)	17.2
Fwd. P/E (x)	22.5
P/Book (x)	2.7
ROE (%)	4.3

Closing Price as of 6 Nov 2025

Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: Bloomberg

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Financial Summary

FY Dec (EURm)	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
Sales	14,218	16,308	14,955	14,645	15,767
% y/y	28.6	14.7	(8.3)	(2.1)	7.7
Gross Profit	6,448	7,717	6,372	5,974	6,705
% y/y	40.8	19.7	(17.4)	(4.6)	12.2
EBITDA	4,508	5,701	4,056	3,707	4,457
% y/y	51.1	26.5	(28.9)	(10.1)	21.0
Net Profit	2,556	3,466	1,960	1,894	2,291
% y/y	64.2	35.5	(43.4)	(5.9)	24.3
FCF	1,670	965.0	62.0	1,032	1,714
% y/y	6.5	(42.2)	(93.6)	1,499.2	95.5
CAPEX	2,053	2,740	2,432	2,011	2,193
% y/y	62.0	33.5	(11.2)	(17.6)	9.7
EBITDA Margin (%)	31.7	35.0	27.1	25.3	28.2
Net Margin (%)	18.0	21.3	13.1	12.9	14.5
ROA (%)	10.2	12.5	6.9	6.7	7.6
ROE (%)	19.4	21.7	11.4	11.2	12.9
Tax Rate (%)	21.3	20.7	20.6	21.8	22.6

Source: Visible Alpha

Valuation Metrics

FY Dec	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
P/E (x)	13.6	13.1	31.6	34.2	23.2
P/B (x)	2.2	2.4	2.4	2.6	2.5
Dividend Yield (%)	1.4	1.1	1.1	1.1	1.2
EV/EBITDA (x)	7.4	7.7	11.1	12.9	11.0
FCF Yield (%)	5.6	2.4	0.1	2.4	3.8

Source: Visible Alpha

Credit & Cashflow Metrics

FY Dec	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
Debt / Equity	37.9	27.8	27.9	32.5	28.5
Net Debt / Equity	0.1	0.1	0.2	0.2	0.1
Debt / Assets	21.0	16.6	16.8	18.5	16.9
Net Debt / Assets	0.1	0.0	0.1	0.1	0.1
EBITDA / Int Exp	26.8	36.3	25.0	19.8	28.9
ST Debt / Total Debt	0.1	0.1	0.1	0.2	0.2
Debt / EBITDA	1.3	0.8	1.2	1.4	1.2
[Cash + CFO] / ST Debt	10.2	22.9	10.0	4.2	5.9
Receivables Days	49.9	46.0	57.4	55.1	54.5
Days Payable	58.0	61.9	48.6	51.3	51.3
Inventory Days	79.1	88.9	97.4	100.3	92.7

Source: Visible Alpha

Target Price & Ratings History



#	Date of Report	Closing Price	12-m Target Price	Rating
1	13 Nov'24	29.52	36.00	BUY
2	05 Feb'25	34.31	39.00	BUY
3	09 Apr'25	24.01	34.00	BUY
4	06 Aug'25	35.33	39.00	BUY

Source: DBS

Analysts: Amanda Tan

Lee Keng Ling

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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

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