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INFORMATION TECHNOLOGY · XETRA: IFX **TOP GROWTH**

IFX: Infineon Technologies AG

Multiple Compression · Earnings Reversal · Structural Tailwinds

Trailing Multiple	Fwd Multiple Compression	Exp. 2-Yr Avg. EPS Growth	Near-Term EPS Growth
High (trough)	**>60% compression**	**~36%**	**>65%**
Trailing trough	Steep forward compression	Reversal ahead	Near-term inflection

INFINEON TECHNOLOGIES — AN EARNINGS REVERSAL PLAY

A high trailing valuation multiple on a mature European semiconductor stock usually screams “overvalued” to basic retail screeners. But quantitative models and institutional capital don’t trade in the rearview mirror. Looking at the forward estimates for Infineon Technologies (IFX), we are witnessing a textbook example of massive multiple compression driven by an operational turnaround — which explains the explosive **+160.1% price return** over the last 12 months. With a **Growth Rank of 99/100** and a Value Rank of 5/100, IFX qualifies as an absolute **Top Growth** name in our European universe.

Value Rank	Growth Rank	Mom 12M	Leverage Profile
5/100	**99/100**	**+160.1%**	**>25% reduction**
Bottom decile	TOP GROWTH	Price return	Deleveraging trend

1 · The Earnings Reversal

The critical insight for IFX is understanding the transition from cyclical trough to structural recovery. The historical multi-year negative earnings trend reflects the severe semiconductor down-cycle driven by inventory corrections across the automotive and industrial segments. That cycle has now turned.

- **EPS Acceleration:** Next two-year average EPS growth of approximately **~36%** — a massive turnaround from the negative historical trajectory.
- **Front-Loaded Inflection:** Expected EPS growth in the near term **above 65%** — the acceleration is violent and concentrated in the near term.
- **Multiple Re-Rating:** The trailing valuation multiple expected to compress by more than **60%** looking at forward estimates — not overvaluation, but earnings rapidly catching up to price.

2 · Structural Tailwinds — Not a Cyclical Trade

IFX is not a pure cyclical recovery play. Two structural megatrends underpin the long-term thesis independently of the near-term earnings inflection.

- **Green Industrial Power:** IFX is the global leader in silicon carbide (SiC) power semiconductors — the critical component in EV inverters, solar inverters, and industrial motor drives. The SiC market is projected to grow at an aggressive double-digit annual rate through 2030.
- **Automotive Electrification:** Every BEV requires a significant multiple of the semiconductor content found in a traditional ICE vehicle. IFX captures this content increase directly through its ADAS, battery management, and powertrain chip portfolio.

3 · Capital Efficiency — Financing Growth Safely

A key concern with high-growth semiconductor companies is balance sheet discipline. IFX is addressing this proactively while continuing to invest in structural growth.

- ■ **Deleveraging on Track:** The leverage ratio actively declining, with a projected reduction of more than **25%** in the near term — actively reducing leverage while funding the SiC capacity ramp.
- ■ **Quality Turnaround Signal:** The combination of aggressive earnings growth and simultaneous balance sheet improvement is the hallmark of a high-quality operational recovery — not financial engineering.

The Bottom Line

True alpha is found in the transition. Trailing metrics mask forward-looking structural growth. A valuation multiple expected to compress by more than 60% on forward earnings, combined with a strong ~36% average annual EPS growth outlook, a deleveraging balance sheet, and two structural megatrends acting as long-term demand drivers — the institutional case is compelling. A **Growth Rank of 99/100** confirms Top Growth status in our European universe. The key risks to monitor are execution on the SiC capacity ramp and any renewed inventory correction in the automotive supply chain.
