Capital Market Themes 12/2022:

Current Discussion Points

Vienna, 16 December 2022

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C·I·R·A
CERCLE INVESTOR RELATIONS AUSTRIA

Themes of Specific Investor Interest

- **Long-term Megatrends vs ECONOMIC DECOUPLING**:
  - Electrification, digitalisation, demographics, etc.
  - Industrial scale of Russian military aggression in Ukraine
  - US Chips Act: fragmenting/doubling of supply chains, Taiwan?

- **ENERGY CRISIS & Climate Change**
  - Deindustrialisation of Europe? US Inflation Reduction Act
  - Green energy transition into reverse? Failure of COP27
  - Growing importance of Middle Powers (India, Brazil, Turkey)

- **INFLATION DEBATE: Wage-Price-Spiral & Recessionary Fears?**
  - Tight labour market, accelerating wage growth and indexation
  - Deeply entrenched inflation changing consumer behaviour?
  - Downtrading & demand destruction (Retail & Apparels)

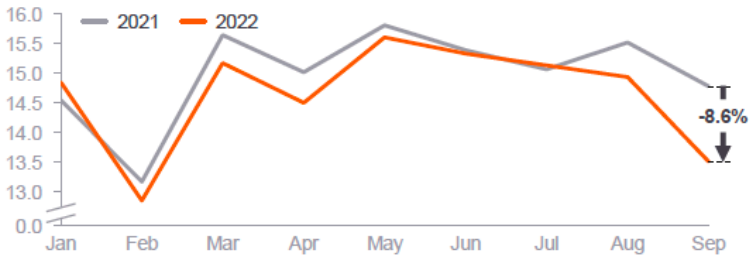
Weak Demand & China Slowdown

2 Market Update

Spot freight rates from China dropped clearly since August reflecting weakening demand and easing of port congestion

GLOBAL CONTAINER VOLUMES

[TEU m]



TRANSPACIFIC CONTAINER VOLUMES

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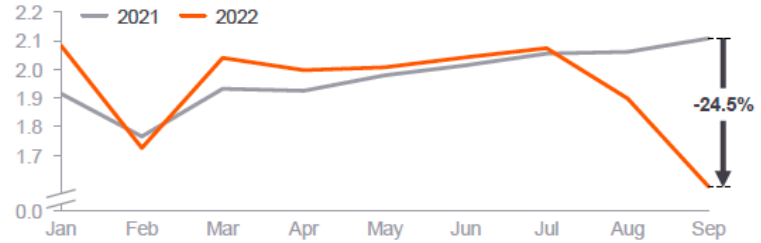
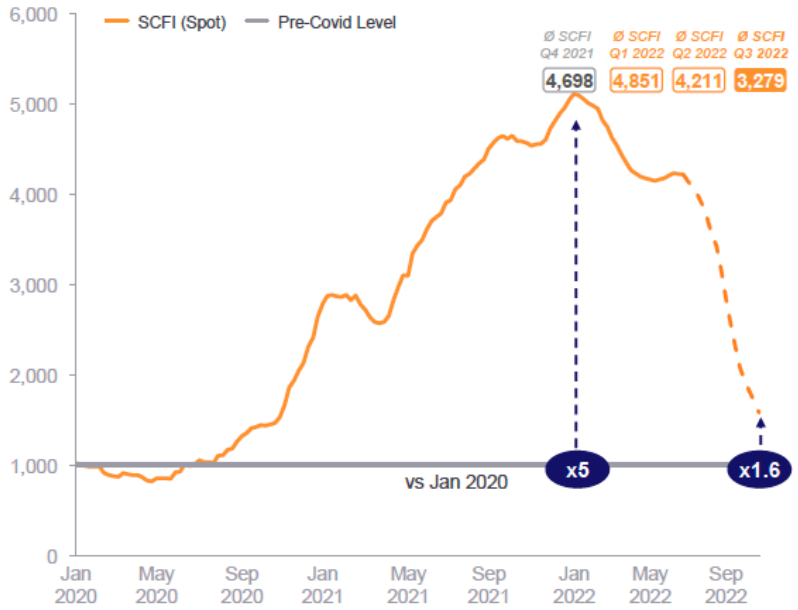


SHANGHAI CONTAINERIZED FREIGHT INDEX

[USD/TEU][1)]



7 Source: CTS (November 2022), SSE (4 November 2022)

Hapag-Lloyd

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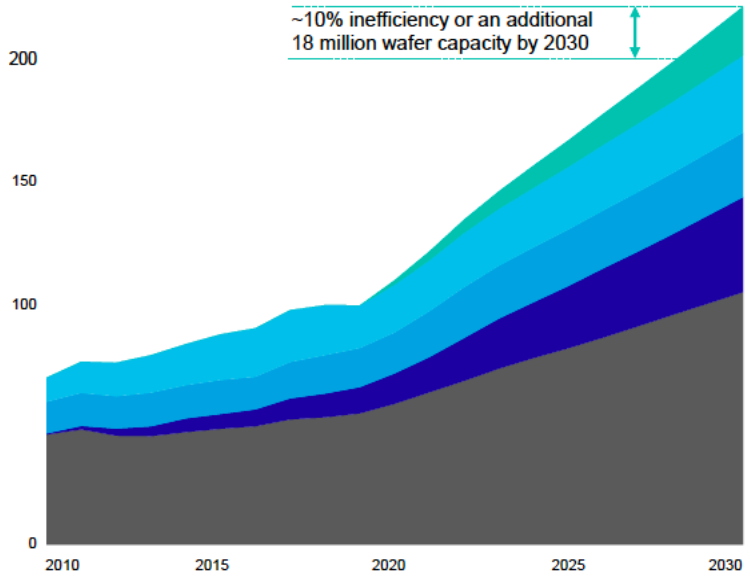
Technological & Economic Decoupling

Technological sovereignty and foundry competition create additional capacity

Resulting in ~10% inefficiency of the total wafer installed capacity by 2030

Capacity (million wafer/year) 300 mm equivalent



Source: ASML analysis, advanced Logic ≤28 nm, mature >28 nm

Cost-effective innovations

- Tech sovereignty leading to less efficient use of the installed capacity as countries/regions aim to (re)gain fab footprint.
- Fab base becomes more spread in ownership and geography and load balancing will become more difficult
- Intensified foundry competition could lead to period with overcapacity as players try to capture market share

	kwspm/yr CMD 2021 2020-2025	kwspm/yr Growth 2020-2030	Percentage CAGR 2020-2030
NAND	+100	+100	4.9%
DRAM	+80	+80	4.7%
Advanced Logic	+125	+220	12.0%
Mature	+200	+380	6.0%
Total	+505	+780	6.5%
+ Technological Sovereignty & Competition		+150	
Total capacity	+505	+930	7.4%

Mature Logic DRAM NAND

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Energy Crisis and Climate Change

- **STRUCTURAL DISADVANTAGE of European companies**
  - Scope of dependency from cheap Russian gas became clear
  - Switch to alternative energy sources, significant energy savings
  - Often step backwards from green energy ambition (fuel oil, coal)

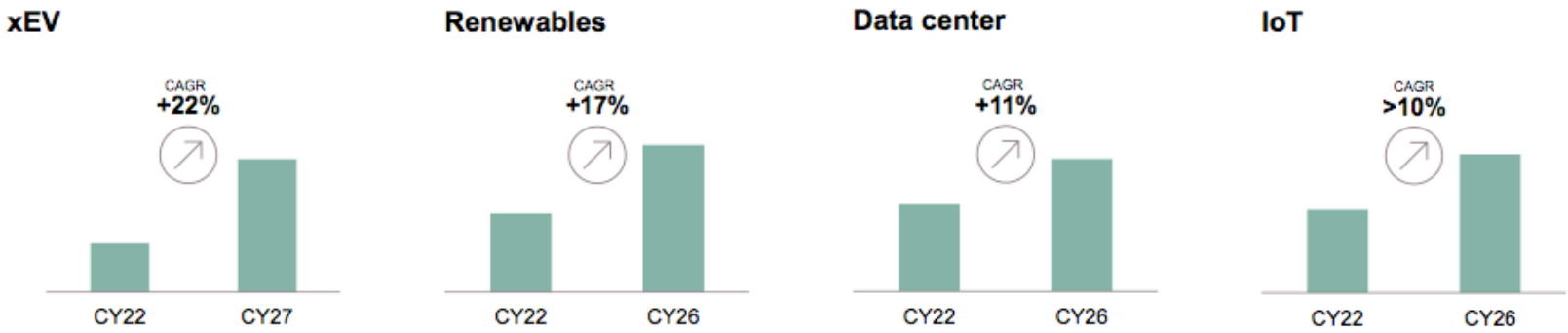
- **SHORT-TERM: speeding up efforts in transition to clean energy**
  - Getting enough gas into storage for 2023-24, LNG not covering gap?
  - Energy transition targets undermined, climate change irreversible?
  - Growing demand for energy efficiency, accelerated electrification

- **LONG-TERM: re-think about energy overhaul, overdue investments**
  - Mobilising existing (RePowerEU, RRF) and new investments (TLTROs)
  - US seeking to extend its energy advantage, wooing European co.'s
  - Growing importance of Middle Powers, emerging markets (COP27)

Accelerated Energy Transition

… are accelerating structural growth of Infineon's target markets

Total addressable market for semiconductors (TAM)



Sources: Based on or includes content supplied by S&P Global Mobility, Automotive Semiconductor Market Tracker, July 2022.
Based on or includes research from Omdia, Industrial Semiconductor Market Tracker – 1Q22 Database, July 2022 and Application Market Forecast Tool – 3Q22, September 2022. Infineon market model.

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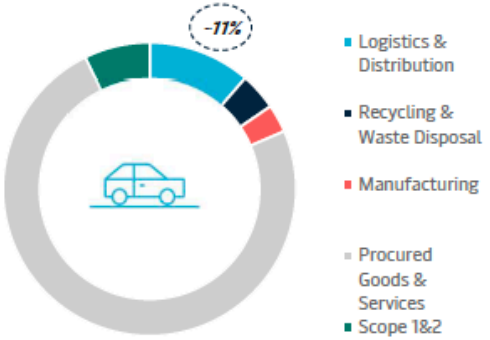
Scope 3 Emission Reduction

Solving the Scope 3 challenge for our customers

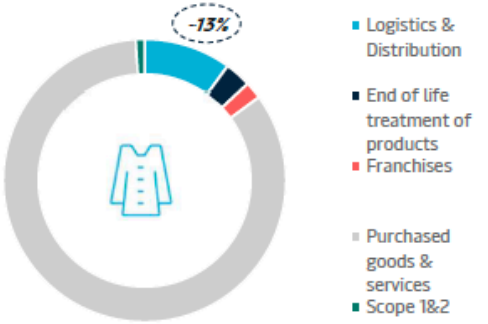
Select customer emission scopes and characteristics

Scope 1+2 emissions | Logistics share of scope 3 emissions | Other scope 3 emissions

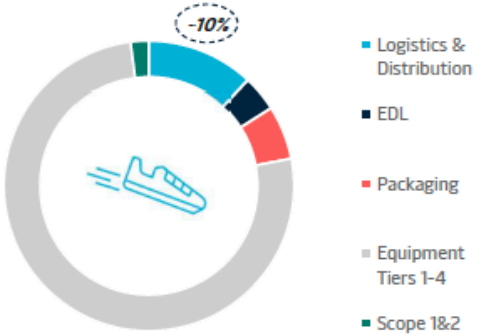
Automotive Customer



Apparel Customer



Sporting Goods Customer



The ECO Delivery product is an attractive and proven value proposition for customers

MAERSK

Classification: Public

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Inflation Entrenched Through Wage-Price-Spiral

- **Costs of energy, raw materials and transport in decline**
  - "Normalisation" of Corona-related economic dislocation
  - Easing of supply chain disruption and component shortages
  - Massive destocking as raw materials prices have fallen

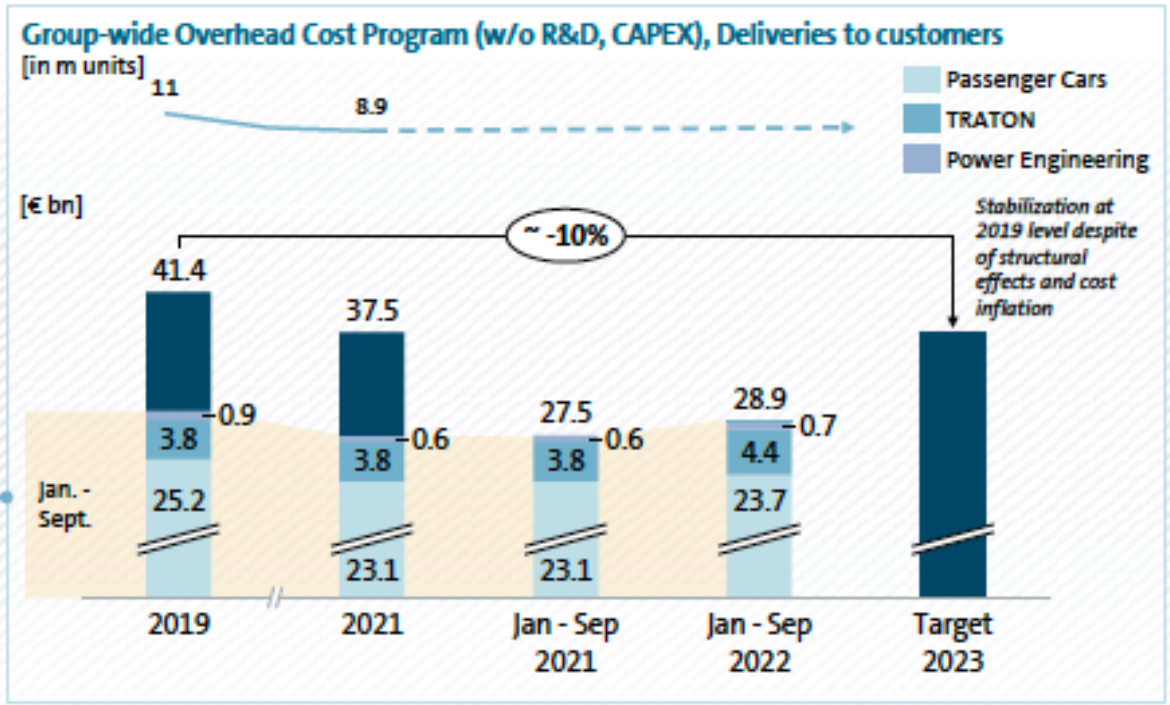
- **Inflation getting sticky through WAGE PRESSURE**
  - Tightness of labour markets – distributional power struggles
  - Real income squeezed by current food and energy price shocks
  - Shrinking workforce (demographics) and deglobalisation

- **Bigger pay rises could PROLONG high inflation**
  - 11% eurozone inflation vs 4-5% wage growth, 11/2022
  - Enquiries about labour flexibility, subcontracting & outsourcing
  - Higher personnel costs in Europe vs first mass lay-offs in the US

Overhead Cost Containment

Financing the Transformation: Overhead Cost Program on Track;
so far allowing for compensation of Fix Cost increase despite Inflation Headwinds[1]

- Plant program (Productivity & Overhead)
- Working capital management / cashflow orientation
- Purchasing program
- **Overhead cost (w/o R&D, Capex)**
- Pricing & other sales costs optimization



1 All figures shown are rounded, minor discrepancies may arise from addition of these amounts

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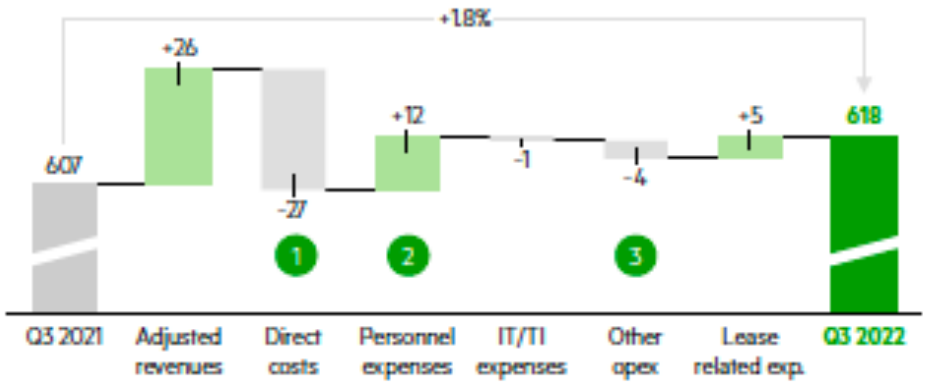
Wage Inflation

Sustainable adjusted EBITDA AL growth

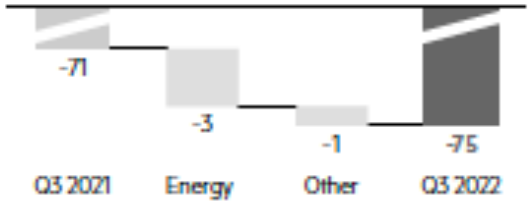
Adjusted EBITDA AL (€ m)



1. Higher direct costs y-on-y
   - Higher non-service revenues
   - Glaspoort & other access costs
   - B2B service revenue mix

2. Personnel expenses lower y-on-y

3. Other opex higher y-on-y driven by energy



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Case Study: Retail & Apparels

- **Strong signs of changing CONSUMER SENTIMENT**
  - Declining retail sales volumes, first profit warnings
  - Downtrading and more money spent at home (M&S, Mondelez)
  - Pricing has “timing issue“, price elasticity in diary & food (Nestle)

- **Seeking COST, BRAND & NETWORK advantages**
  - Focus on dense networks, own brands, omnichannel (AholdDel)
  - Cutting number of low-rotation, underperforming SKUs (Nestle)
  - Special food baskets (Walmart), value packs (Coca-Cola)

- **Towards RETAIL MEDIA & Energy Transition**
  - Digital omnichannel, e-commerce & services (AholdDel)
  - Climate & food transition, producer of solar energy (Carrefour)
  - Consumer data: pricing, packaging, promotion, “on-shelf visibility“

Megatrends in Retail

Six emerging trends boosted and confirmed post COVID

Food as 1st Medicine

E-commerce / digital acceleration

Affordable / premium polarization

Local for local

Sustained in-home / reinvented OOH

Sustainability

Costs, Brands & Networks

New Cost Savings

Weathering the Storm?

- **Adjusting to the NEW NORMAL in 2023 and beyond?**
  - Geostrategic business decision-making in decoupling world
  - Bifurcation of consumer vs renewables applications (Infineon)
  - Desire for energy autarky, efficiency & security

- **Containing INFLATIONARY PRESSURE**
  - Fragmenting/doubling of supply chains with costs & inefficiencies
  - Wage-price-spiral might entrench and prolong inflation
  - Central Bank policy tightening, recessionary scenarios

- **DEFENCE & SECURITY in a connected but increasingly fragile world**
  - Disruption: Corona pandemic, climate change, Russian war
  - Transformation of products, industries, ecosystems & employees
  - Accelerated megatrends: climate change, connectivity/security

End-Market Assumptions

2023 Eaton End Market Initial Assumptions

Electrical Sector

	% of Total Eaton Sales 2022 FY Estimate
Data Centers & Distributed IT	16%
Industrial Facilities	13%
Utility	10%
Commercial & Institutional	19%
Machinery / MOEM	5%
Residential	7%

Electrical Total: 70%

Industrial Sector

	% of Total Eaton Sales 2022 FY Estimate
Electric Vehicles	3%
Commercial Aerospace	8%
ICE Light Vehicles	6%
Military Aerospace	7%
Commercial Vehicles	6%

Industrial Total: 30%

Declining | Flat | Modest Growth | Solid Growth | Strong/Double Digit Growth

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Framing 2023 Guidance

OUTLOOK 2023

CHALLENGING, BUT MANAGEABLE ENVIRONMENT IN 2023

wienerberger

ENERGY	COST INFLATION	MARKET EXPECTATIONS
Forward buying strategy in place	Strong pricing power	2023 to remain challenging
› **Availability** Energy volumes ensured	› Proven track record in **covering cost inflation** by pricing to continue	› **New build** -15%
› **Pricing** High share of volumes at fixed prices	› Ongoing portfolio upgrade towards **innovation** & **system solutions** will further support pricing power	› **Renovation** stable
› Increasing **transformation** to **renewable energy resources**	› Continuous **Self help program**	› **Infrastructure** -5%

WE WILL CONTINUE TO OUTPERFORM OUR MARKETS: > GDP + 2%

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Defence & Security in ESG

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Strategic Advisory. Capital Markets. Investor Relations

Kirkow Consulting GmbH & Co KG

Tel: **+43 664 5426098**

E-mail: **peter@kirkow-consulting.com**

irina@kirkow-consulting.com

Web: **www.kirkow-consulting.com**

Kirkow CONSULTING GmbH & Co KG