

Brutal cost cutting at Infineon

BERLIN, GERMANY: German chip maker Infineon on Wednesday (14 November) announced a brutal series of cost-cutting measures, including putting some workers on reduced hours, as it unveiled a disappointing set of results.

"Macroeconomic headwinds are getting stronger and we do not see this changing in the near term. We are forecasting a drop in revenue for the 2013 fiscal year," Infineon boss Reinhard Ploss said in a statement.

Cost-cutting measures include "temporarily switching off under-utilised equipment, reducing the temporary workforce and the selective use of short-time work," the firm announced.

In addition, investments for next year would be slashed from €500m to €400m and certain development projects would be shelved.

Infineon said it planned to freeze hiring and maintain its staff at current levels and postpone some salary increases.

For its fiscal year 2012-2013, Infineon said it expected earnings to fall by between 5% and 10%.

Group earnings dropped two percent to €3.9bn in the fiscal year that has just ended. Operating profit fell by 42% to €432.

The firm put the poor figures down to "global economic uncertainties caused by high public-sector debts in Europe".

The eurozone debt crisis "caused customers to be increasingly cautious in their willingness to spend as the 2012 fiscal year took its toll," the company complained.

Despite the poor news, investors appeared buoyed by the announcement of the cost-cutting measures.

Source: *AFP* via I-Net Bridge