

Semiconductors key to e-car costs reductions, Infineon predicts

April 20, 2010 | Christoph Hammerschmidt | 222900777

High costs are- and probably will be for a while - the most important factor to slow down the acceptance for electric vehicles. A poll in Germany has highlighted customers' reluctance to pay premium prices for e-cars. At the Hannover trade fair however, Infineon CEO Peter Bauer predicted steep price declines.

While e-cars have a very good image among customers, they still are too costly for many of them. A poll conducted by the Center for Automotive Management of the Duisburg-Essen University shows that most customers are willing to pay up to 25.000 euros for such a vehicle. Among the persons interviewed, the maximum price they would pay varied between 10.000 euros and 25.000 euros. The average accepted price was about 15.000 euros. Only very few potential buyers would spend more than 25.000 euros. Current market prices however are significantly higher; according to the authors of the study, customers currently should expect at least 10.000 euros more.

The semiconductor industry could contribute significantly to price reductions. At the Hannover trade fair, Infineon CEO Peter Bauer predicted that e-cars soon will be much cheaper thanks to electronics. In a press interview, Bauer said he believes that the costs for the electronic building blocks and components in e-cars could be reduced by at least 40 percent. "In order to give a chance to this future technology, costs will have to be cut massively," Bauer said with respect to e-cars.

He compared the e-car price curve to the development in the mobile phone market. "You certainly remember the time when cell phones were clumsy and expensive," he said. "Today they fit into every waistcoat pocket and are very affordable. The industry can get the problems under control much the same way, if car OEMs develop innovative solutions along with the semiconductor industry."

Bauer also pointed out that the semiconductor industry sees a huge growth potential in the electric vehicle market. While cars with conventional drive contain semiconductors worth some \$300, the semiconductor content of electric and hybrid vehicles will amount to \$900.

These vehicles will contribute a double-digit million euro amount to Infineon's sales already in 2013, Bauer predicted in the same context. "Within five to ten years, we can achieve sales in the high triple-digit range," he predicted.