

**Infineon**

**Deutsche Bank  
Access China Conference 2005**

March 1st, 2005 – Beijing

**Infineon on the Move to Asia**

**Kin-Wah Loh**  
Member of the Management Board  
Infineon Technologies



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## Disclaimer

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Please note that while you are reviewing this information, this presentation was created as of the date listed, and reflected management views as of that date.

This presentation contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to the Risk Factors noted in the Company's Earnings Releases and the Company's filings with the Securities and Exchange Commission.

## Asia on the Move

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Current :

- Asia Pacific (Singapore/Hong Kong)
- Japan (Tokyo)

## Asia on the Move



## Asia on the Move

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Going Forward (3 – 5 years)

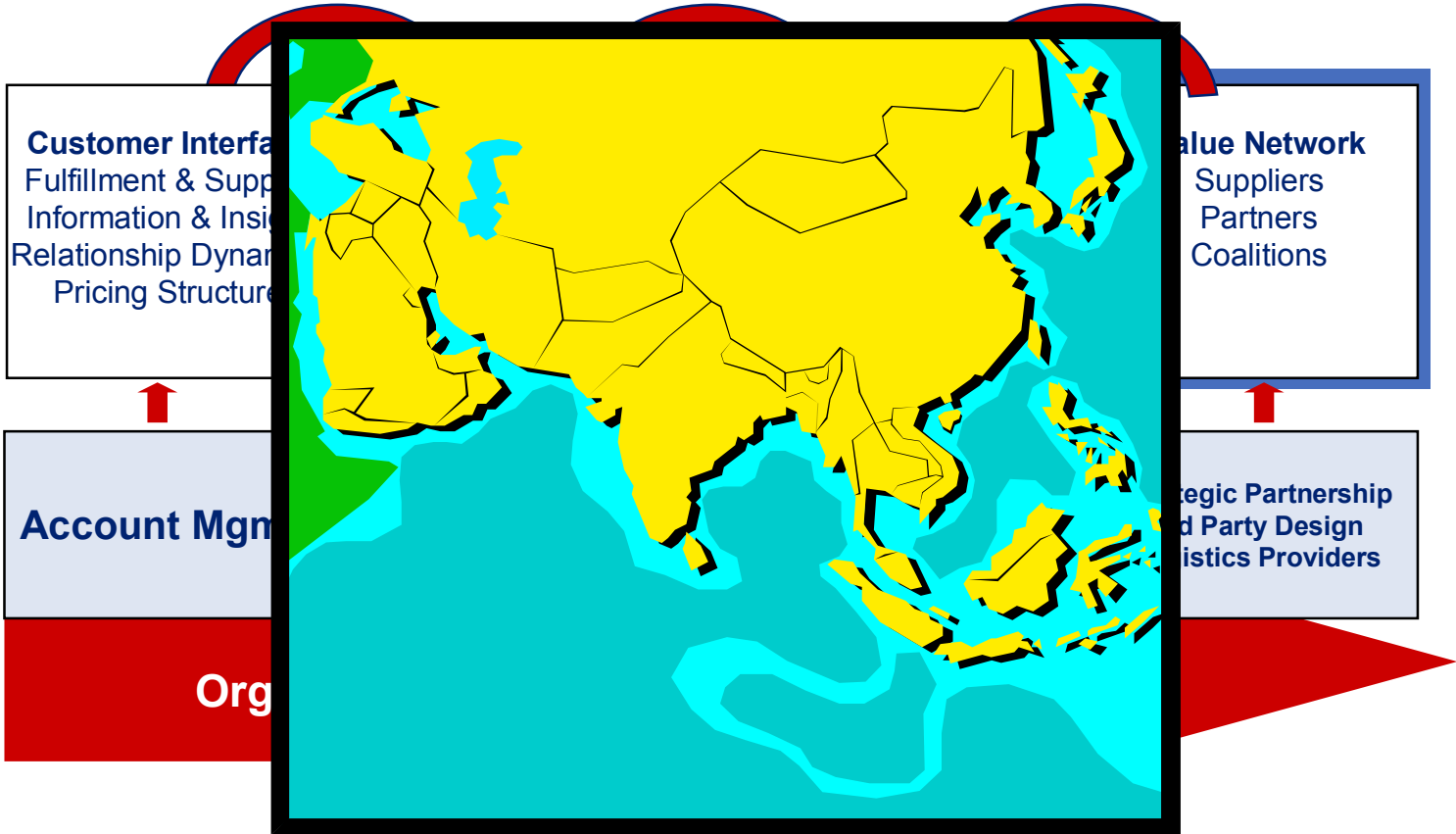
- **Japan** (Tokyo)
- **China** (Shanghai)
- **South Asia** (Bangalore ?)
- **Rest of Asia Pacific** (Singapore)

# Strategic projects - Asia as a lead market

Customer Benefits

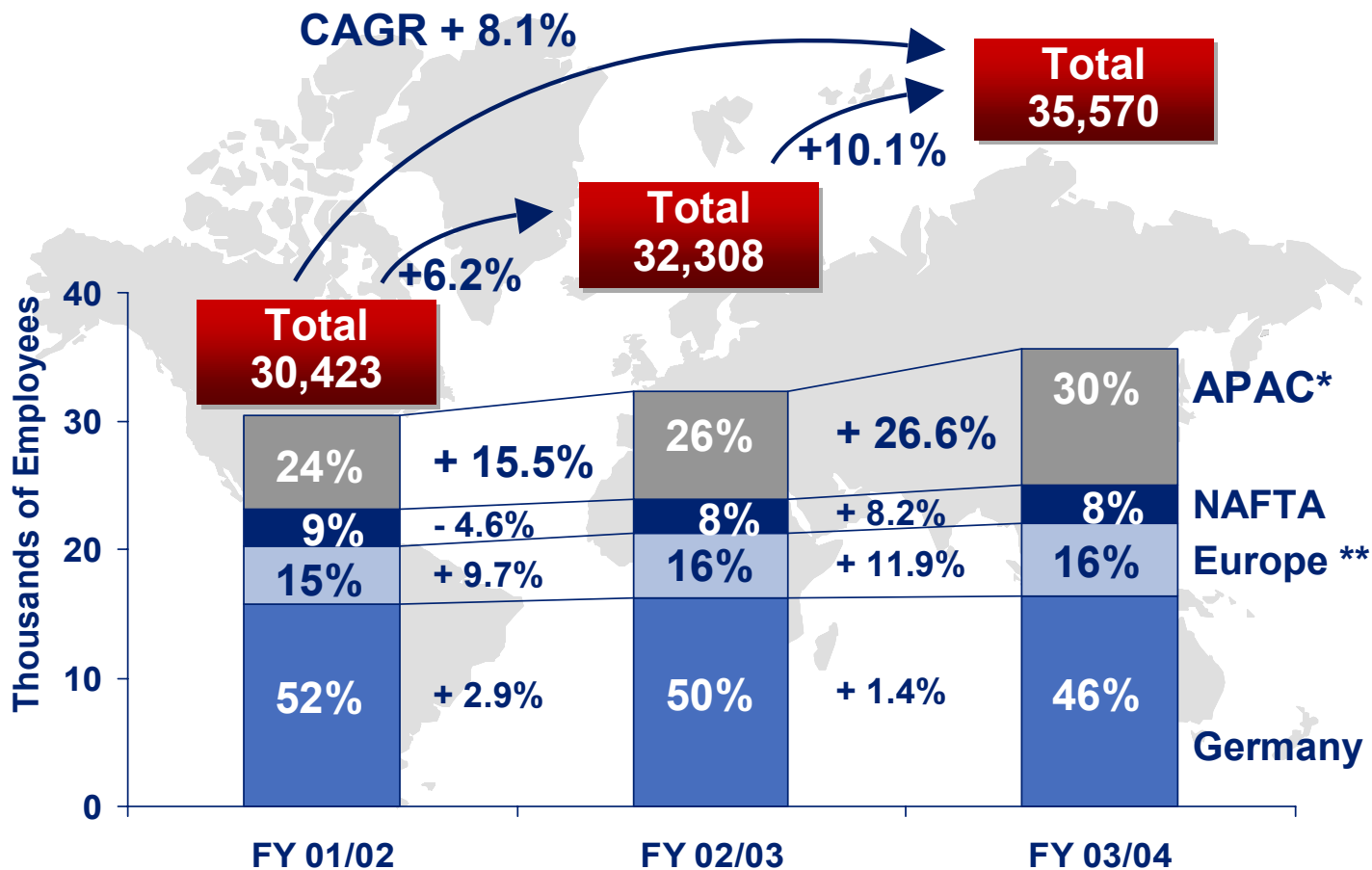
Configurations

Company Boundaries



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## Infineon's shift of headcount towards Asia Pacific



## The Chinese market offers a unique opportunity

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### Attractiveness based upon ...

(1) The Compound Annual Growth Rate (CAGR) from 2001 through 2004 for ...

|                         |     |
|-------------------------|-----|
| ... Americas IC Market* | 14% |
| ... China's IC Market   | 46% |

(2) The worldwide IC industry is expected to face a 2% decline in 2005. China's IC market, however, is expected to grow 11% to \$34.3 billion in 2005.

Therewith China is forecast to represent 20% of the world's 2005 \$175.4 billion in IC consumption.

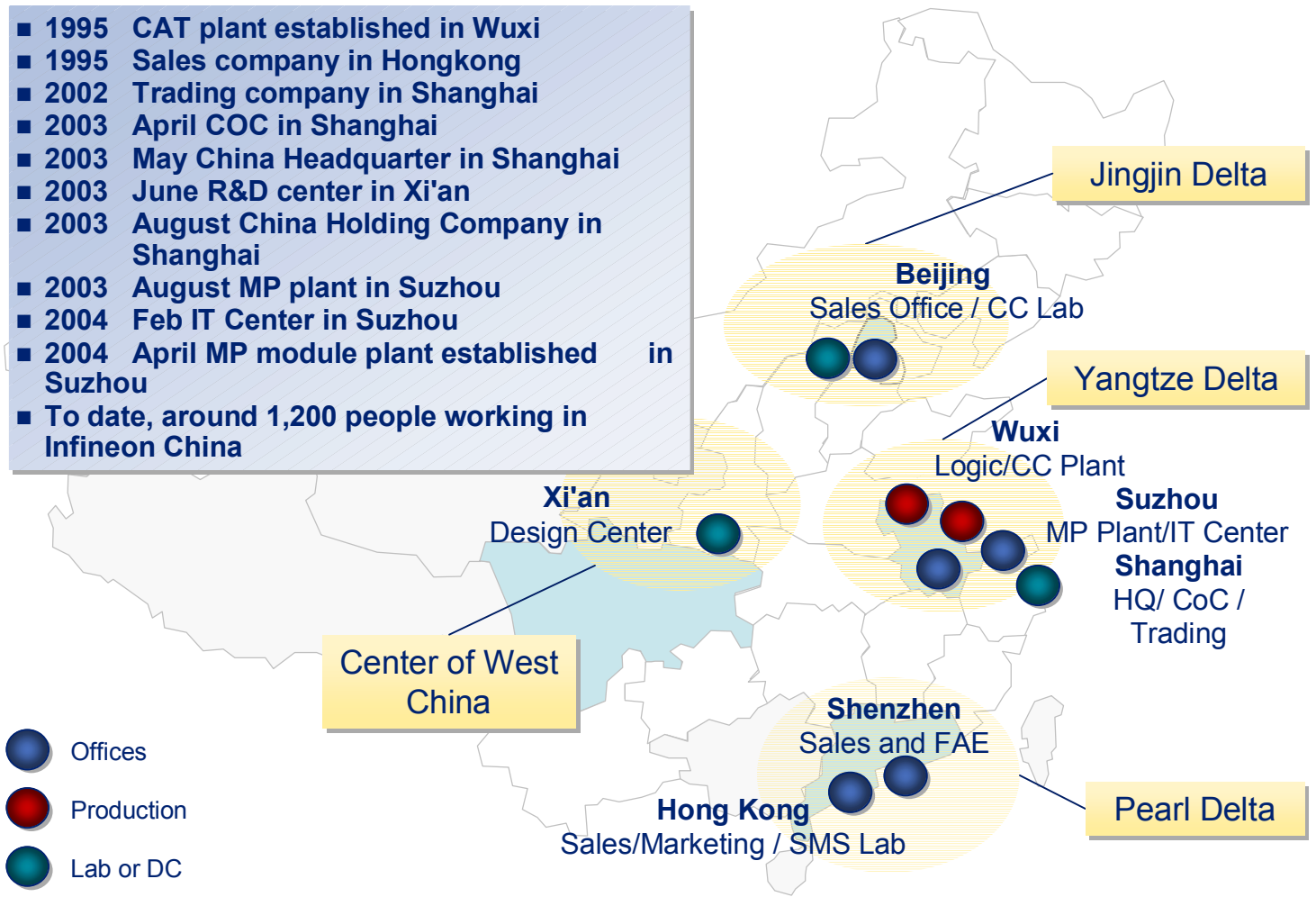
(3) The Chinese IC market forecast for 2010 is \$95 billion.



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# Infineon's business development in China

- 1995 CAT plant established in Wuxi
- 1995 Sales company in Hongkong
- 2002 Trading company in Shanghai
- 2003 April COC in Shanghai
- 2003 May China Headquarter in Shanghai
- 2003 June R&D center in Xi'an
- 2003 August China Holding Company in Shanghai
- 2003 August MP plant in Suzhou
- 2004 Feb IT Center in Suzhou
- 2004 April MP module plant established in Suzhou
- To date, around 1,200 people working in Infineon China



## Case study: R&D

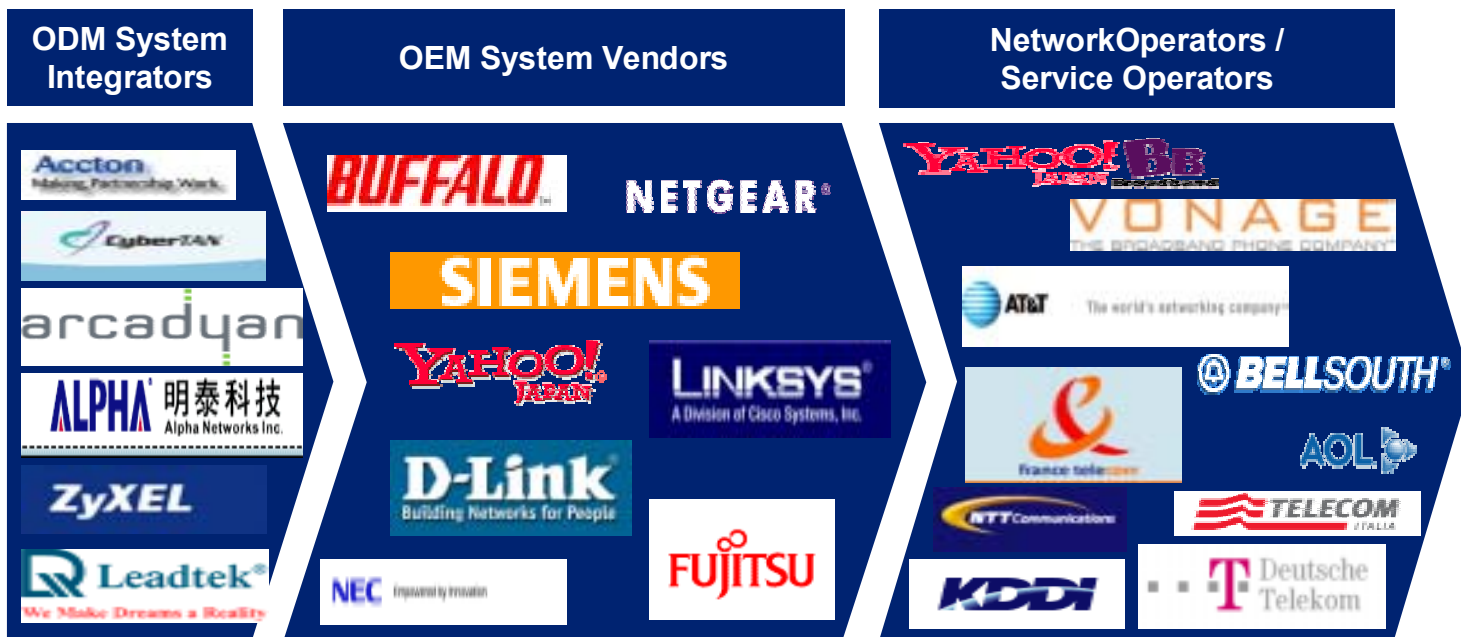
### Infineon's decision for development center in Xi'an

- Based upon **thorough analysis** and **rating criteria**, clear pro's and con's could be identified for all different options.
- One of the main reasons for Infineon Technologies to choose Xi'an was its **IC industrial and software base**.
- In addition to this, Xi'an has a **large IC talent pool** offering an extremely high number of **highly qualified students**.
- Furthermore, both **turn over rate** and **labor costs** are **relatively low**.
- Finally, Xi'an, as an **amazing city rich of history and culture**, would offer IFX staff both attractive work- and life conditions.
- More than **1,000 engineers** planned by 2007.
- First product development activities started for **memory products**.



## Case study: following the supply chain Global project management for CPE business

- Acquisition of Taiwan-based AMDtek in 2004 due to strong local technical competence.
- Majority of all CPE boxes worldwide manufactured in Taiwan.
- Infineon serves the whole value chain: from innovations at local ODMs via OEM system vendors through global service operators.



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## Case study: roll-out of digital terrestrial TV for mobile phones in South Korea

- Infineon is market leader in the fast growing digital terrestrial tuner market (DVB-T standard).
- Our tuner IC products are used in most digital terrestrial standard TV sets, Set-Top-Boxes and world's first PCMCIA card for TV reception.
- We intend to leverage this strong position into a complete DVB-H / T-DMB front-end solution.
- Infineon to participate in the world's first roll-out of mobile TV in South Korea in 2005 with a tuner IC in a DMB-receiving mobile phone from LG Electronics.



World's first terrestrial DMB-receiving mobile phone from LG Electronics\*

T-DMB (Terrestrial-Digital Mobile Broadcasting, Mobile TV standard in Korea)

\* Source: [www.lge.com](http://www.lge.com), Nov. 15, 2004

## Case study: power logic manufacturing Why a new logic fab for AIM?

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- Power semiconductors face a strong and stable long-term growth.
- In-house capacity increase is required for AIM due to volume growth and lack of vital external partnership model.
- Power semiconductors cannot be shrunk as fast as memory or standard logic technologies. Therefore, output increase per fab is almost not possible.
- Low cost site is favorable over mid-term due to much lower labor costs.
- Kulim High-Tech Park in Malaysia is chosen as the new fab's location resulting out of a thorough site selection process.

# Case study: power logic manufacturing

## Key figures of Malaysia fab for power semiconductors

|   |   |                   |          |                   |          |   |          |                             |          |
|---|---|-------------------|----------|-------------------|----------|---|----------|-----------------------------|----------|
| <b>Technology</b>                         | <ul style="list-style-type: none"> <li>■ feature sizes of 0.35µm, 0.5µm, 0.7µm and 1.0µm</li> </ul>   |                   |          |                   |          |   |          |                             |          |
| <b>Capacity &amp; Facility</b>            | <ul style="list-style-type: none"> <li>■ Capacity of about 100k WSPM on 8-inch wafers</li> <li>■ 2 modules, each 5.000 m<sup>2</sup> clean-room (class 10, Litho class 1)</li> <li>■ 1700 employees (1170 direct functions, 530 engineers/admin.)</li> </ul>                                  |                   |          |                   |          |   |          |                             |          |
| <b>Site</b>                               | <ul style="list-style-type: none"> <li>■ Kulim High-Tech Park, Kedah Malaysia</li> <li>■ Size of land plot 200.000 m<sup>2</sup></li> </ul>   |                   |          |                   |          |   |          |                             |          |
| <b>Investment</b>                         | <ul style="list-style-type: none"> <li>■ Total investment of about € 1bn</li> </ul>   |                   |          |                   |          |   |          |                             |          |
| <b>Timeline</b>                           | <table border="0"> <tr> <td>■ Decision making</td> <td>Nov 2004</td> </tr> <tr> <td>■ Ground breaking</td> <td>Feb 2005</td> </tr> <tr> <td>■ Equipment move-in and start of transfer</td> <td>Feb 2006</td> </tr> <tr> <td>■ Full fab capacity reached</td> <td>end 2009</td> </tr> </table> | ■ Decision making | Nov 2004 | ■ Ground breaking | Feb 2005 | ■ Equipment move-in and start of transfer | Feb 2006 | ■ Full fab capacity reached | end 2009 |
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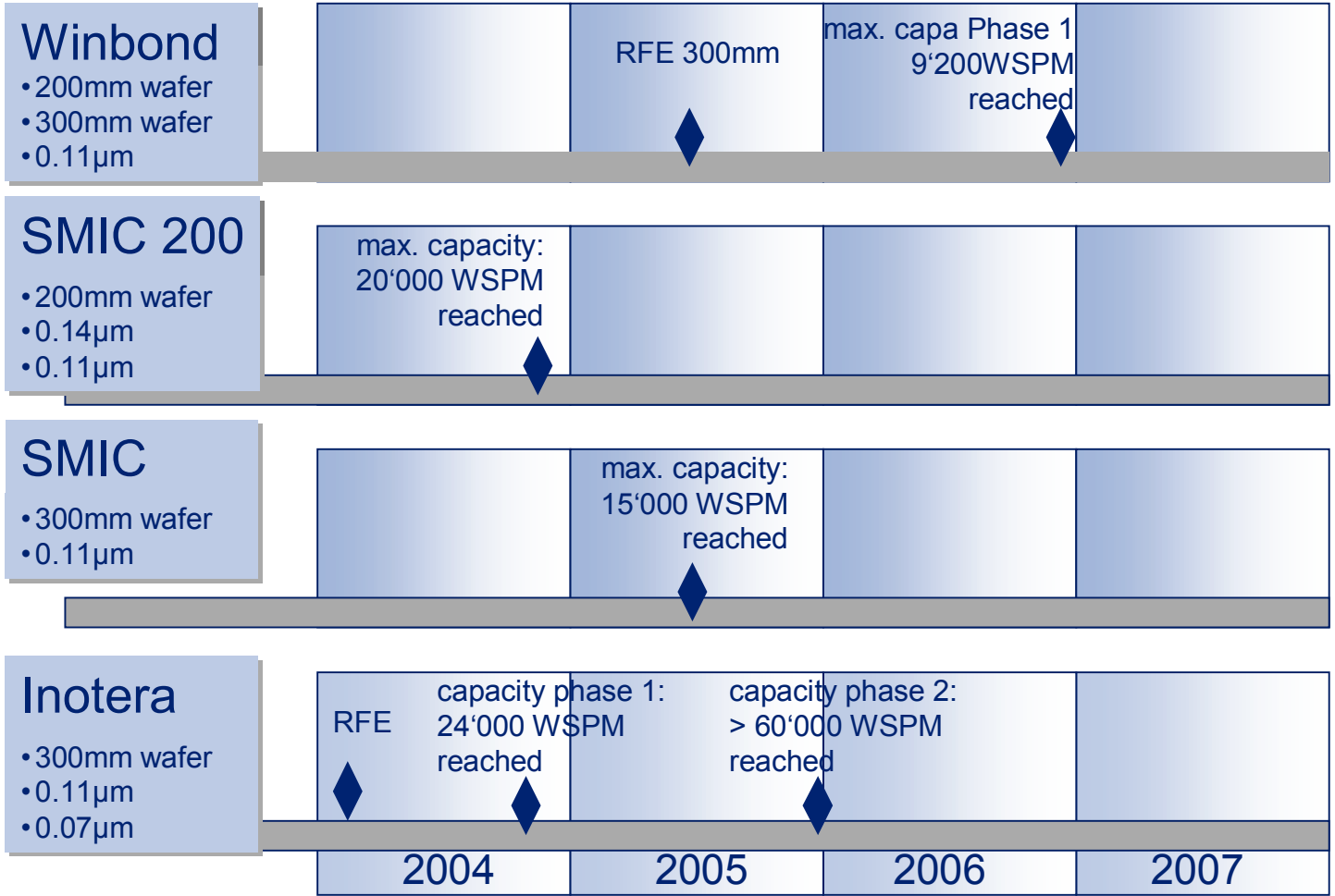
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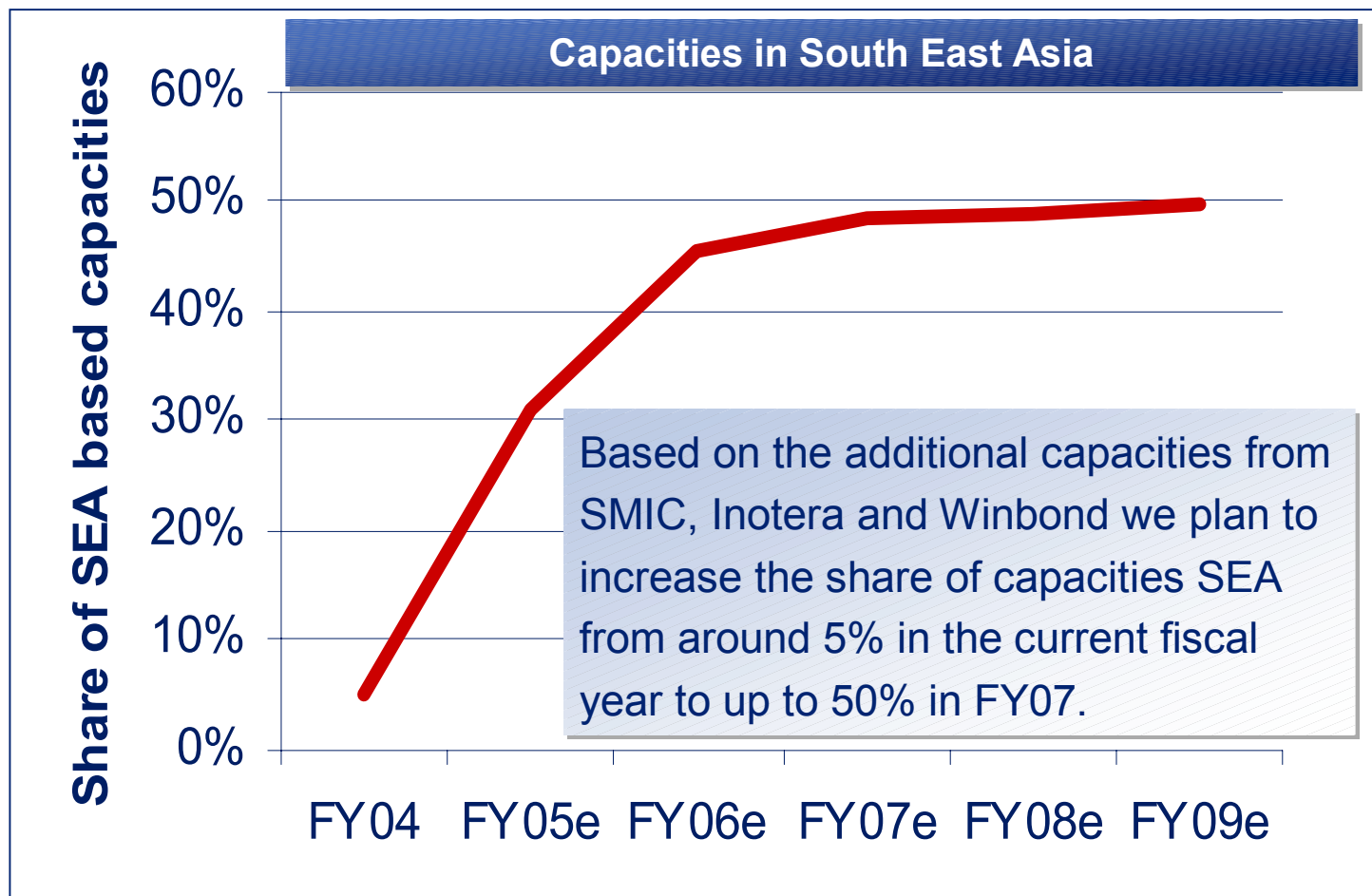
# Case study: DRAM frontend manufacturing partners

## Milestones at DRAM cooperation partners in Asia

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## Case study: DRAM frontend manufacturing partners DRAM manufacturing shift towards Asia Pacific





## Case study: DRAM frontend manufacturing partners Alliances with Inotera and NanYa



- Investment of about USD 2.2 bn
- Capacity of 24,000 WSPM reached 2 months ahead of schedule in October 2004
- 300mm capacity of > 60,000 WSPM by early 2006
- First products: 256M DDR and 512M DDR2 in 110nm technology
- Largest DRAM manufacturing module worldwide when completed early 2006

### Memory development center in Dresden

- Approximately 400 employees including 50 from NanYa
- Technology: DRAM 90nm and 70nm
- Focusing development in 300mm line



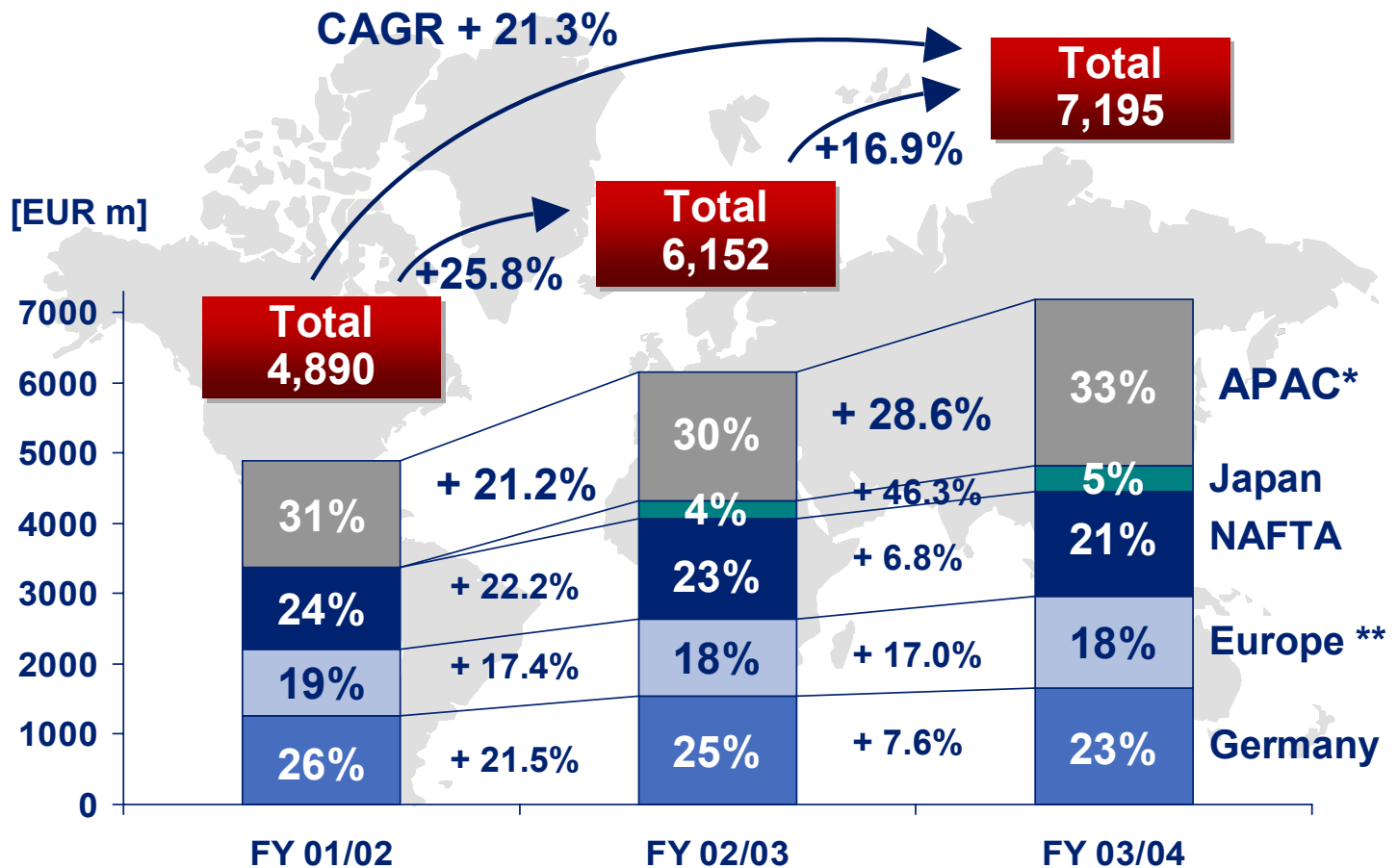
## Case study: DRAM backend manufacturing partner Backend manufacturing in China: Suzhou

### Backend in Suzhou, China



- Investment of about US\$ 1 billion planned in total
- Official opening in September 2004
- Shipment qualification for components and modules achieved by end 2004
- Maximum capacity planned of up to 1 billion chips per year
- More than 1,000 employees planned when completely ramped
- First products: 256M DDR in BGA packages and related modules

# APAC activities major driver of Infineon growth story



\* Including others

\*\* Excluding Germany

(according to US GAAP)

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# Globalisation

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## Globalisation

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***Think Global . . . . Trust Local***

***Trust Global . . . . Act Local***



**Never stop thinking.**

