

# Third Quarter FY 2010

## Quarterly Update

Infineon Technologies AG  
Investor Relations

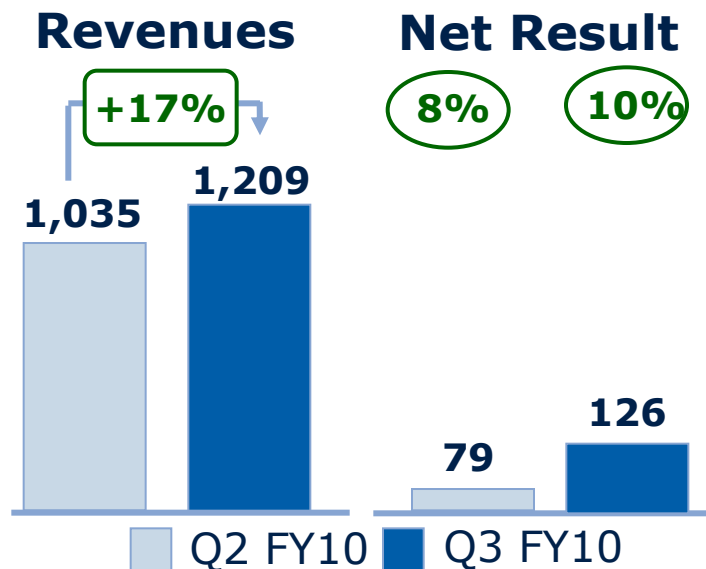


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## ■ Infineon Results and Outlook

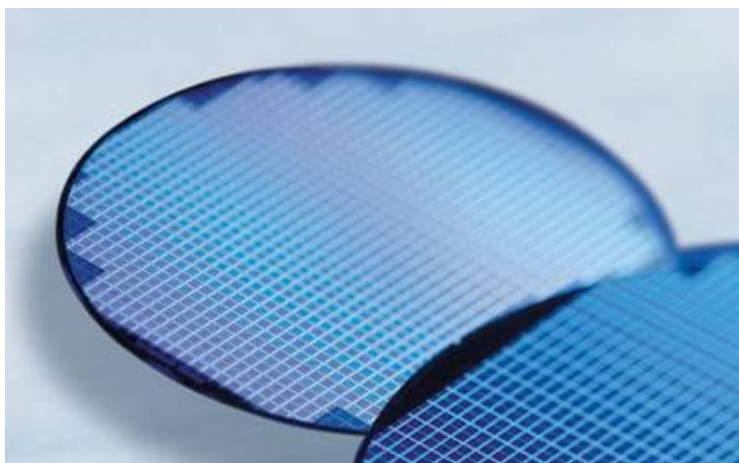
## ■ Business Highlights

# Financial Snapshot: Progress on all Counts



in EUR m	Q2 FY10	Q3 FY10
Revenues	1,035	1,209
Segment Result	110	163
Net result	79	126
Employees	25,216	25,978

Free Cash Flow	141	134
Gross Cash Position	1,667	1,514
Net cash	995	1,108
Equity ratio	52%	54%



Notes: Employees excluding temporary employees; Free Cash Flow from continuing operations.

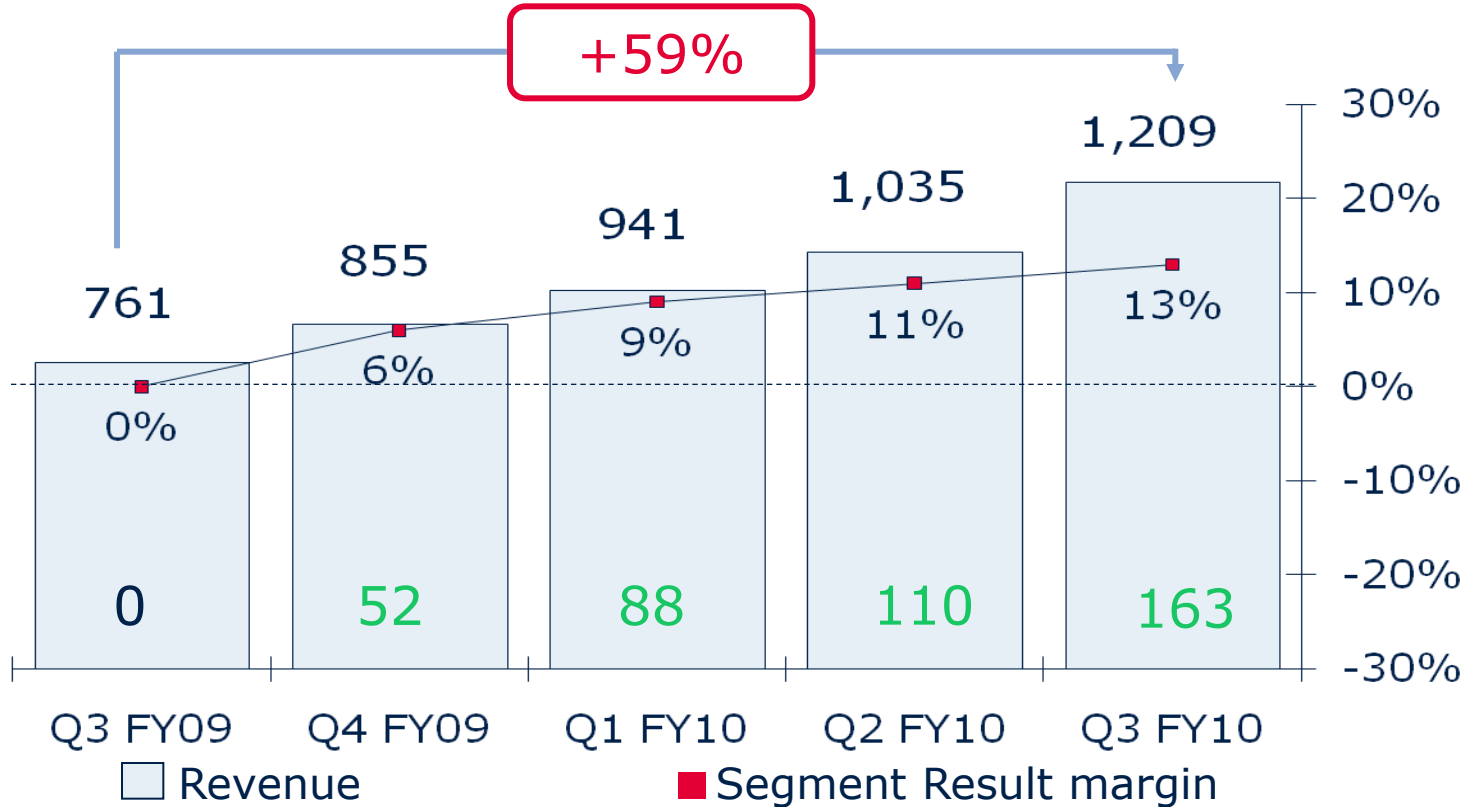
# Further Increase in Revenue and Earnings in Q3 FY10



## Q3 FY10

[EUR m]

**Segment Result**

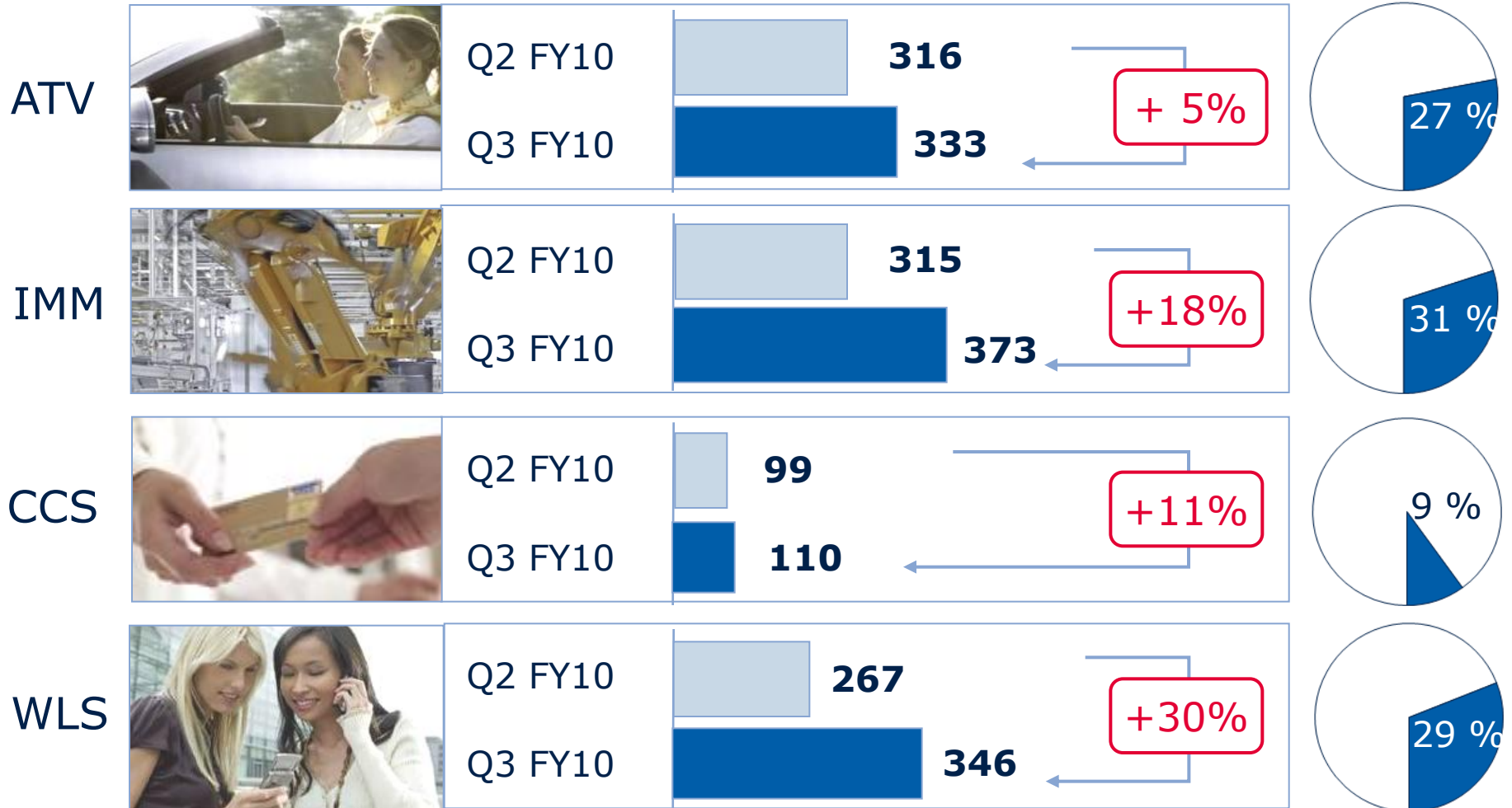


**Net Income**

# Revenue Increase in all Segments; IMM and WLS Very Strong













Revenue in EUR m

Share of total



Note: Other operating segments, central functions and eliminations represent 4% share of total revenues (€ 47m).

# All Divisions Profitable; IMM and WLS Strongly Improved

Segment Result (SR) in EUR m			SR Margin	
ATV		Q2 FY10	 <b>51</b>	16%
		Q3 FY10	 <b>52</b>	16%
IMM		Q2 FY10	 <b>59</b>	19%
		Q3 FY10	 <b>82</b>	22%
CCS		Q2 FY10	 <b>3</b>	3%
		Q3 FY10	 <b>6</b>	5%
WLS		Q2 FY10	 <b>9</b>	3%
		Q3 FY10	 <b>24</b>	7%

Note: Other operating segments, central functions and eliminations Segment Result: € -1m.

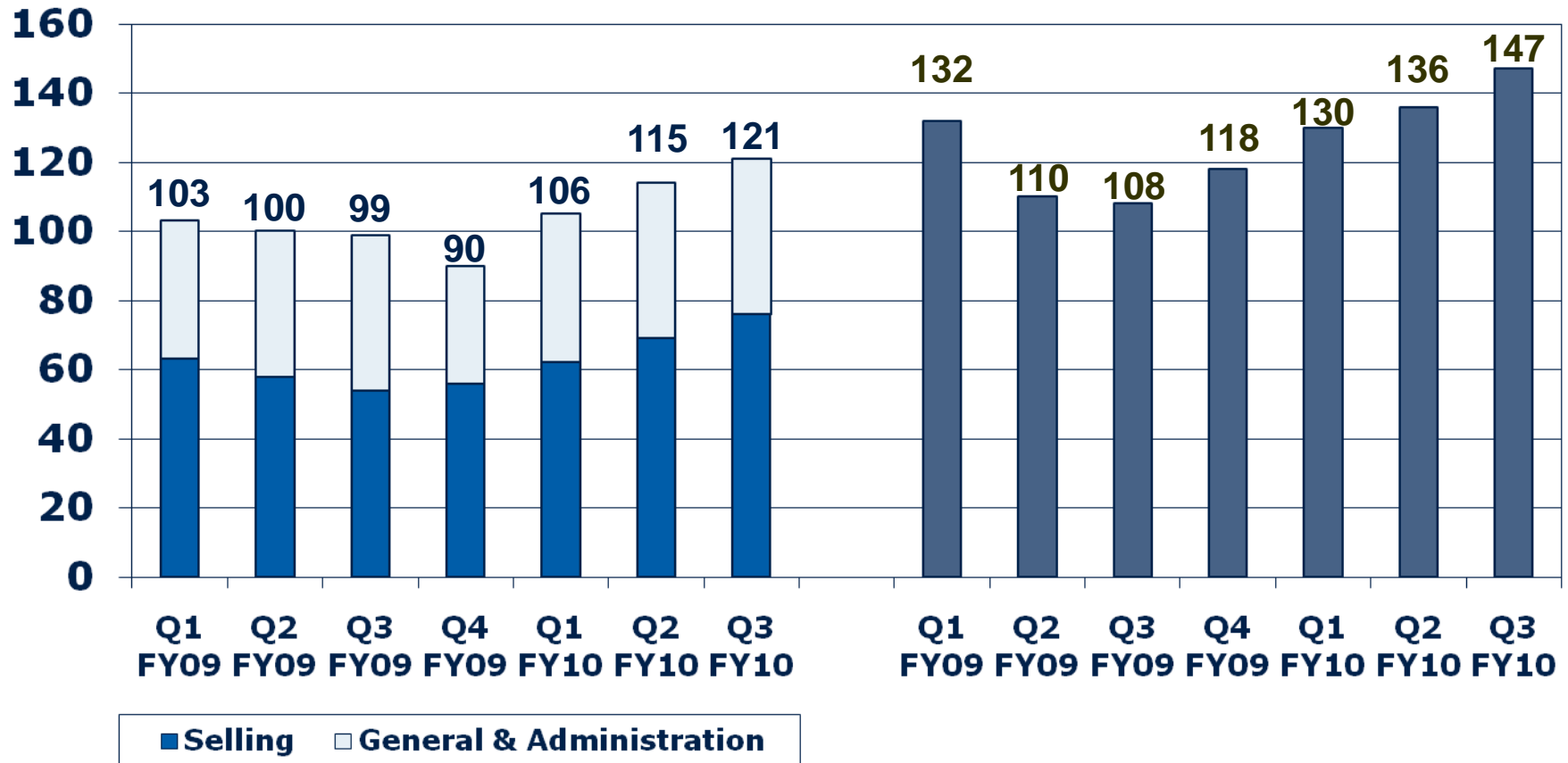
# OpEx Growth Moderate and Below Sales Growth



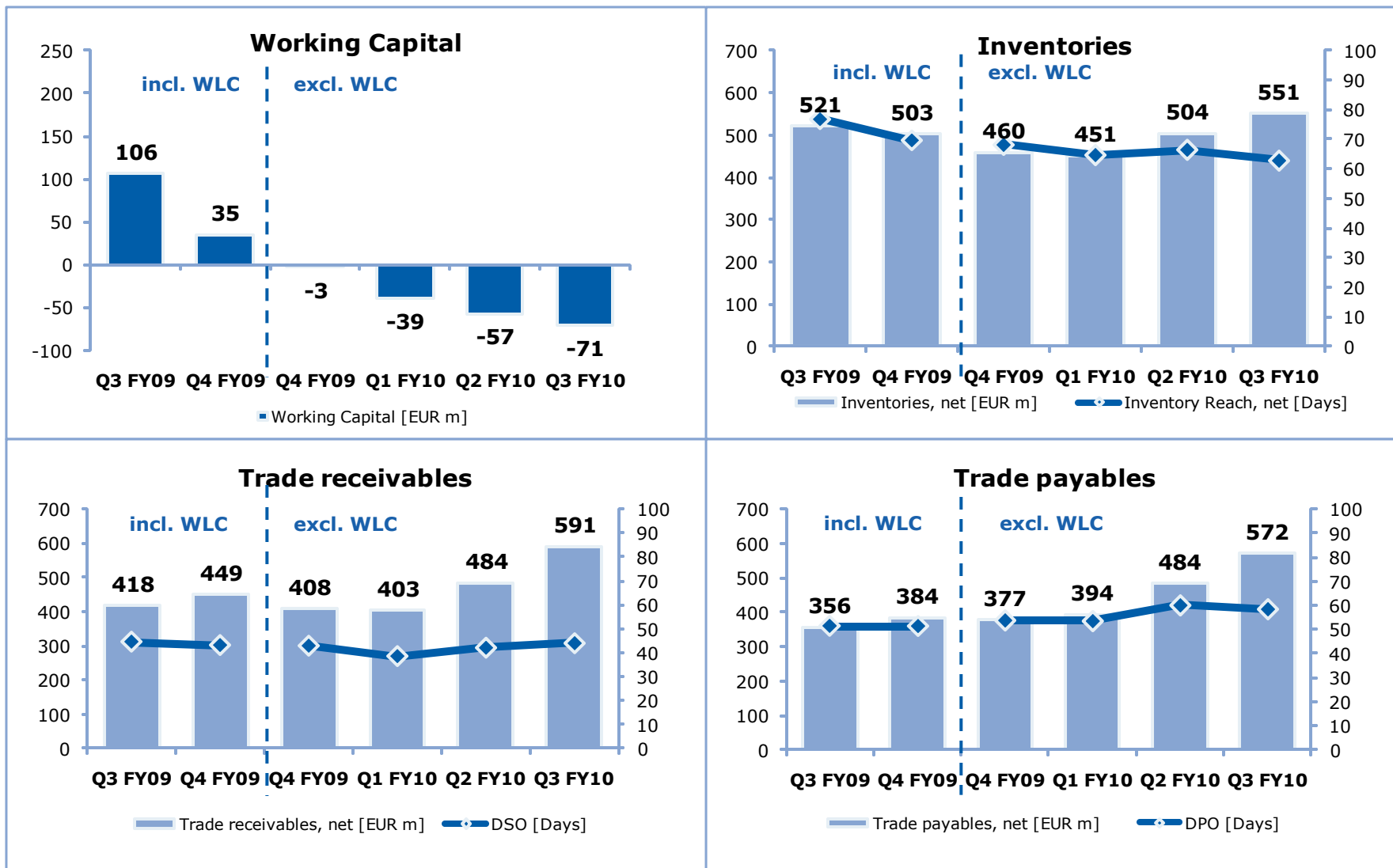
## S and G&A

## R&D

[EUR m]



# Working Capital Declined Again



For definition of working capital, inventories, trade receivables, and trade payables, please see slide 30 in appendix.

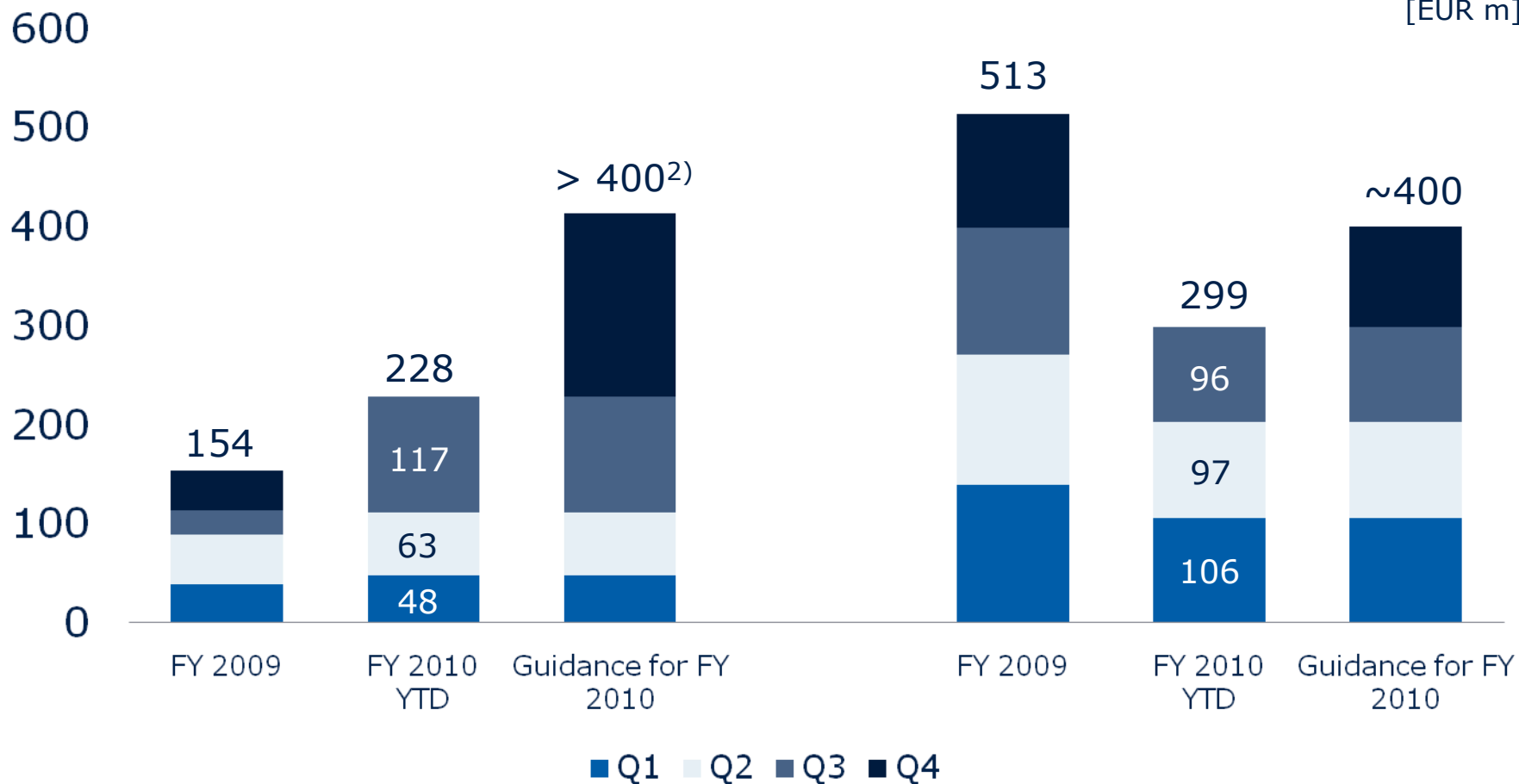


# Higher Investments in Response to Demand

## Investments<sup>1)</sup>

## D&A

[EUR m]

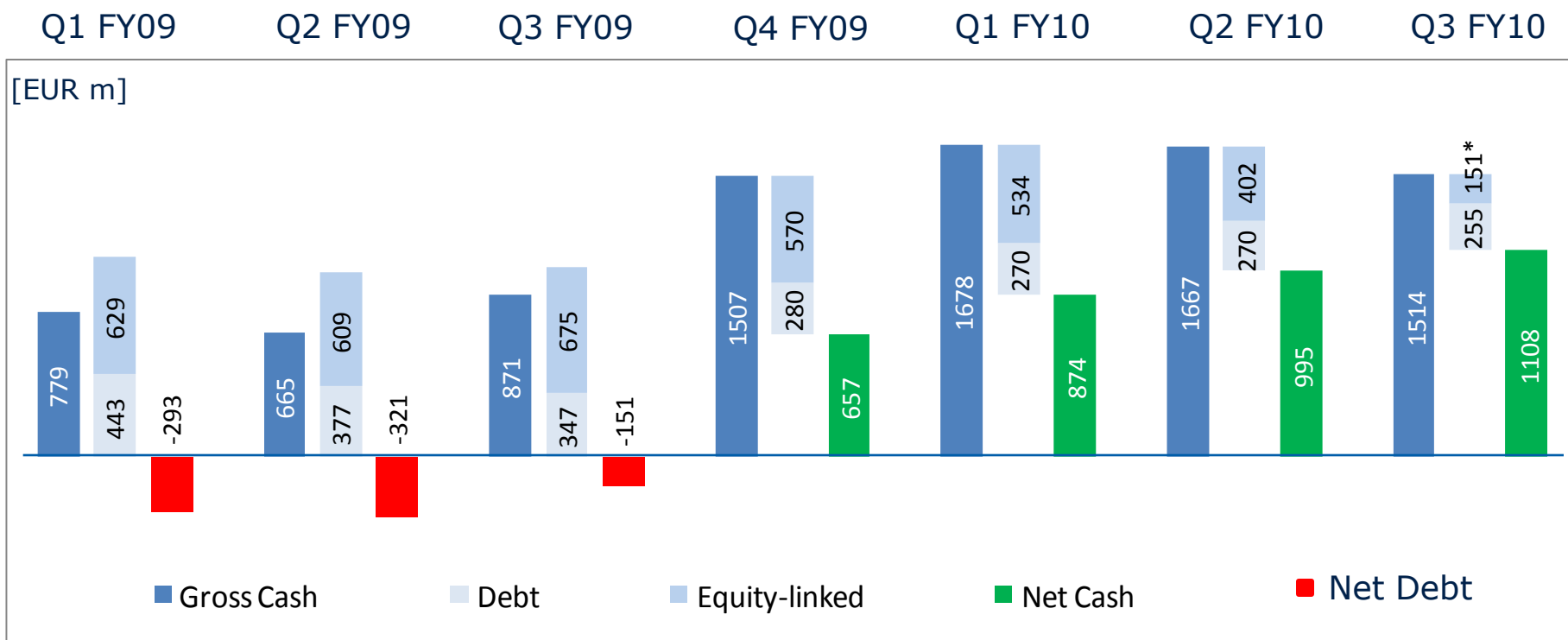


1) For definition please see slide 30 in appendix.

2) As of April 28, 2010, Infineon anticipated that investments will exceed EUR 300m compared with the prev. guidance of up to EUR 250m. As of July 28, 2010, Infineon anticipates investments to exceed EUR 400m for FY 2010.

# Gross Debt Reduced Significantly; Net Cash Position Rose to EUR 1.1bn

## Liquidity Development



\* Consists of CB 2014 (nominal value EUR 196m; book value EUR 151m).

- CB 2010 with a nominal value of EUR 255m redeemed entirely in June.
- Large part of remaining debt consists of in-the-money CB 2014.
- Strong improvement of net cash position given strong free cash flow from continuing operations of EUR 134m in Q3 FY10.

# IFX Targets for Liquidity and Capital Structure

Liquidity

and

Capital  
Structure

-  
Targets

I ) Liquidity  $\Rightarrow$  Always Net Cash

Q3 FY10:

Gross cash of EUR 1,514m  
Gross Debt of EUR 406m



EUR 1,108m Net Cash

II) Gross cash  $\Rightarrow$  > 25% of Sales

Q3 FY10:

Gross cash of EUR 1,514m



37% of Sales<sup>1)</sup>

III) Gross debt  $\Rightarrow$  < 2.0x EBITDA

Q3 FY10:

Gross debt of EUR 406m



0.6x EBITDA<sup>2)</sup>

1. Sales of last twelve months, i.e. sales Q4 FY09 through Q3 FY10 = EUR 4,040m.

2. EBITDA of last twelve months, i.e. EBITDA Q4 FY09 through Q3 FY10 = EUR 720m.

# Strong Outlook for Q4 and FY 2010 Due to Strong Operating Performance



Outlook Q4 FY10  
(compared to Q3 FY10)



Outlook FY 2010  
(compared to FY 2009)



Infineon  
Revenue

Revenue to increase by a high single-digit percentage.

Revenue to grow by a mid to high 40's percentage.  
  
(compared to "high 30's percentage" before)

Combined  
Segment  
Result  
Margin

Margin to increase by one to two percentage points.

Margin to be a low teens percentage.

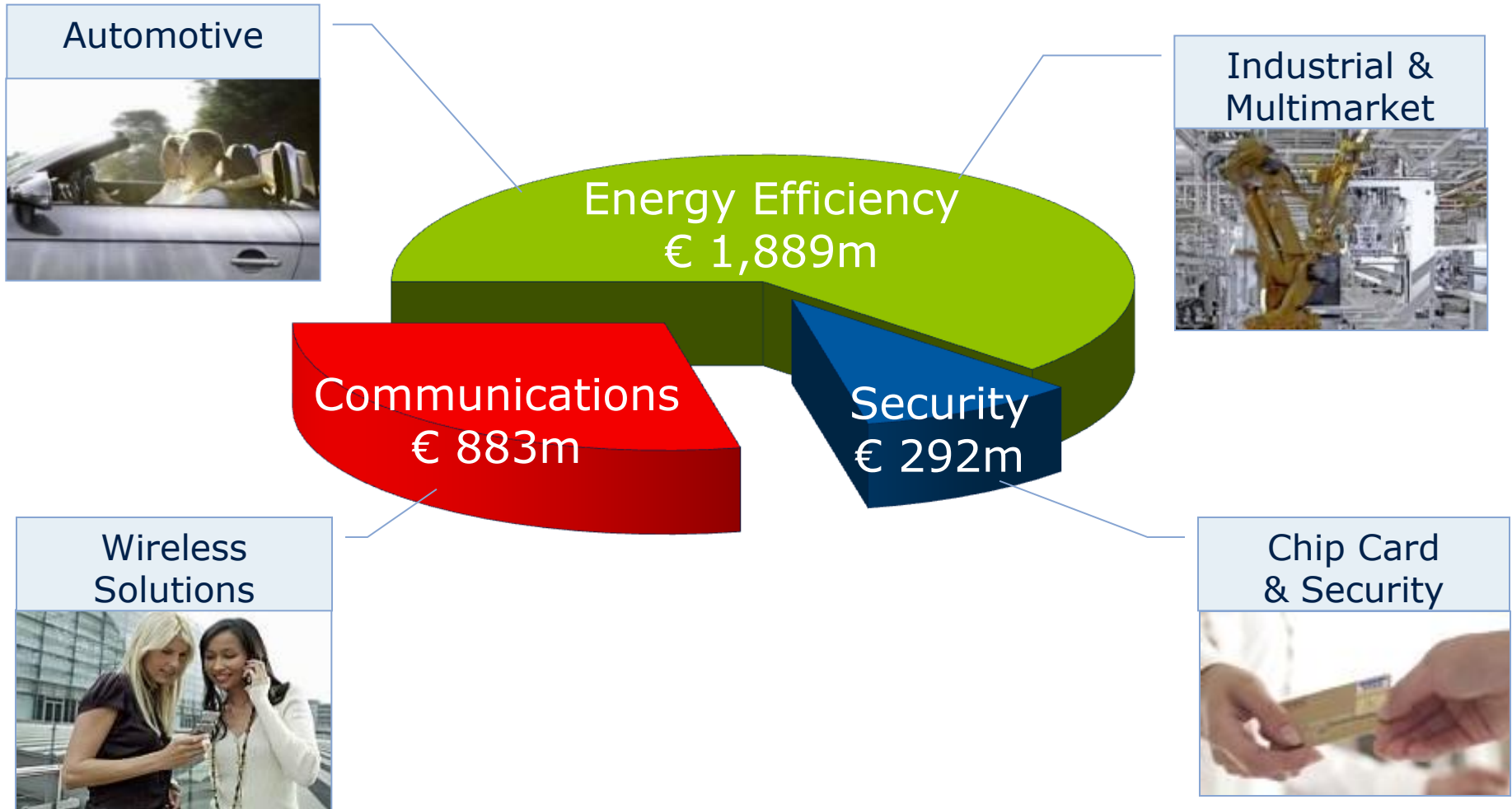
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■ Business Highlights

# Revenue Split by Focus Area

## 9-months FY10 revenue split



# Infineon Holds Leadership Positions in All Target Markets



**Auto-  
motive**

**Power**

**Chip Card**

**Wireless\***

**#1**

**#1**

**#1**

**#3**

Market  
share  
  
9%

Market  
share  
  
11%

Market  
share  
  
26%

Market  
share  
  
14%

Calendar Year 2009  
Source: Strategy Analytics  
(SA), May 2010

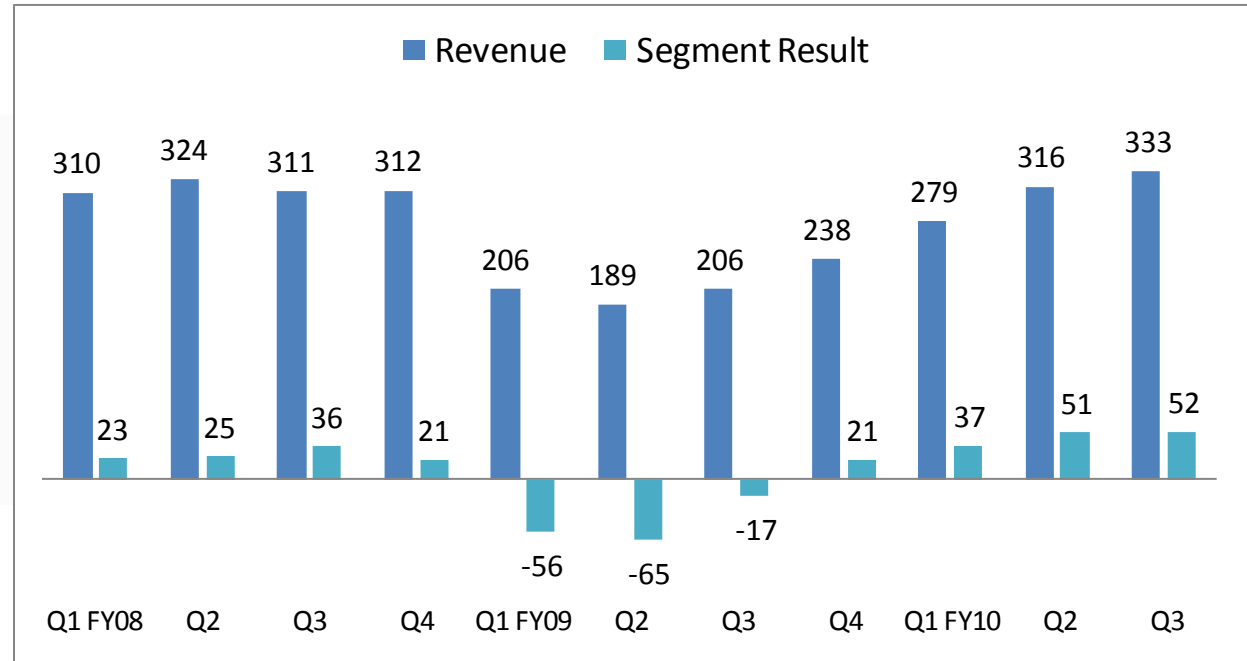
Calendar Year 2009  
Source: IMS Research,  
preliminary data July 2010

Calendar Year 2008  
Source: Frost &  
Sullivan, July 2009

Calendar Year 2009  
Source: SA, February 2010  
\* Based on GSM/GPRS/EDGE  
and UMTS/WCDMA baseband  
units.

# Automotive Segment (ATV)

## Revenue and Segment Result from Q1 FY08 to Q3 FY10

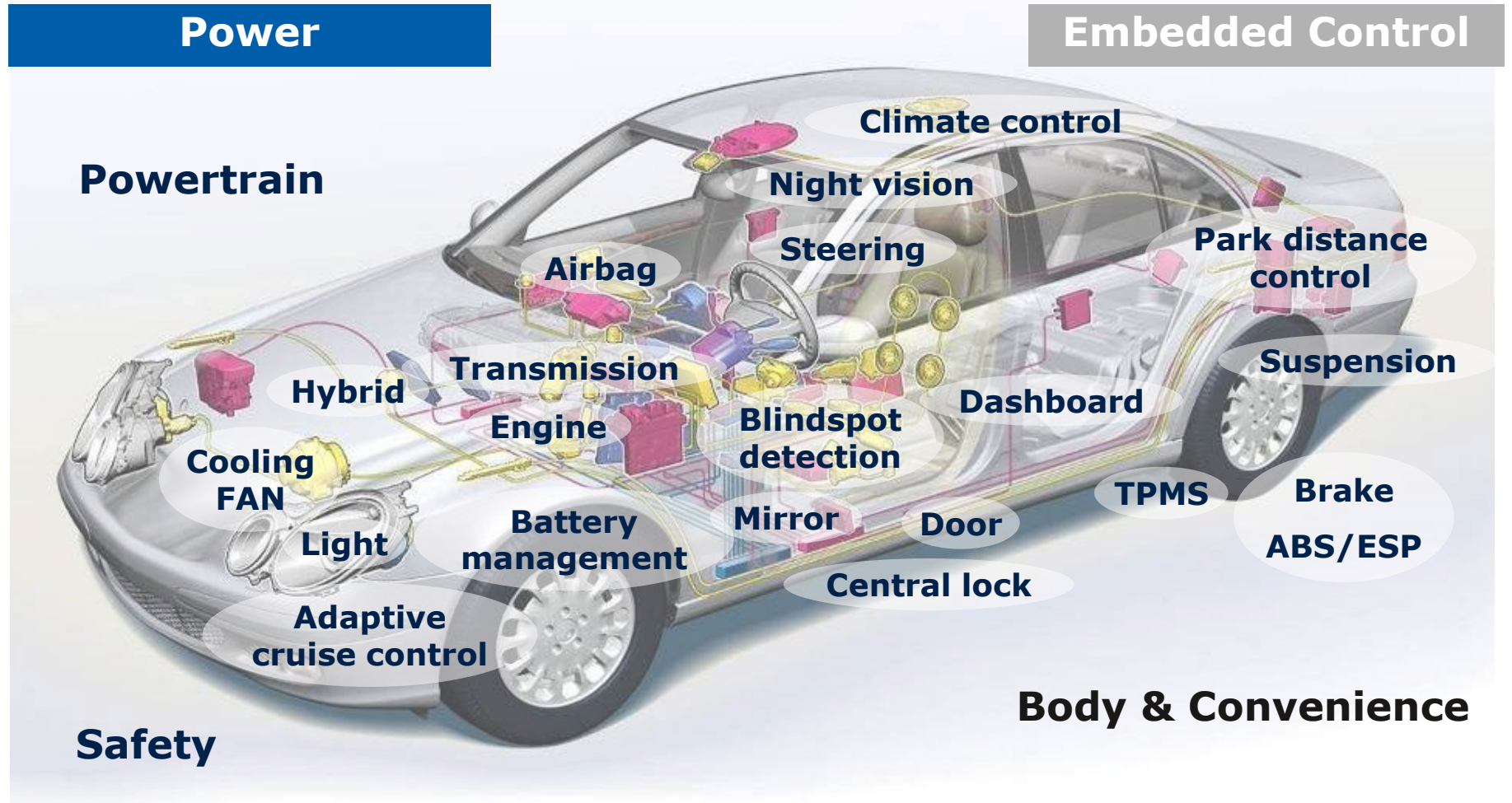


### Major recent developments

- Revenue increase driven by continued high demand in all regions. US and Chinese car production remained strong. Shift in mix to premium cars in Europe, but also worldwide.
- Exports out of Europe have risen 44% y-y in H1 CY 2010 thanks to strong demand from China, India and the U.S.
- Delivery of first samples of high-end 90nm 32-bit (TriCore-based)  $\mu$ C AUDO-MAX.



# Unparalleled Capabilities in Core Competencies and Unique System Know-how



**Analog / Mixed-signal**

**RF**

# Infineon is Best-Positioned to Capitalize on Market for Hybrid and Electric Cars



**Automotive  
semi-  
conductors**

**Perfect match for  
hybrid and electric cars**

**Power  
semi-  
conductors**

**#1**

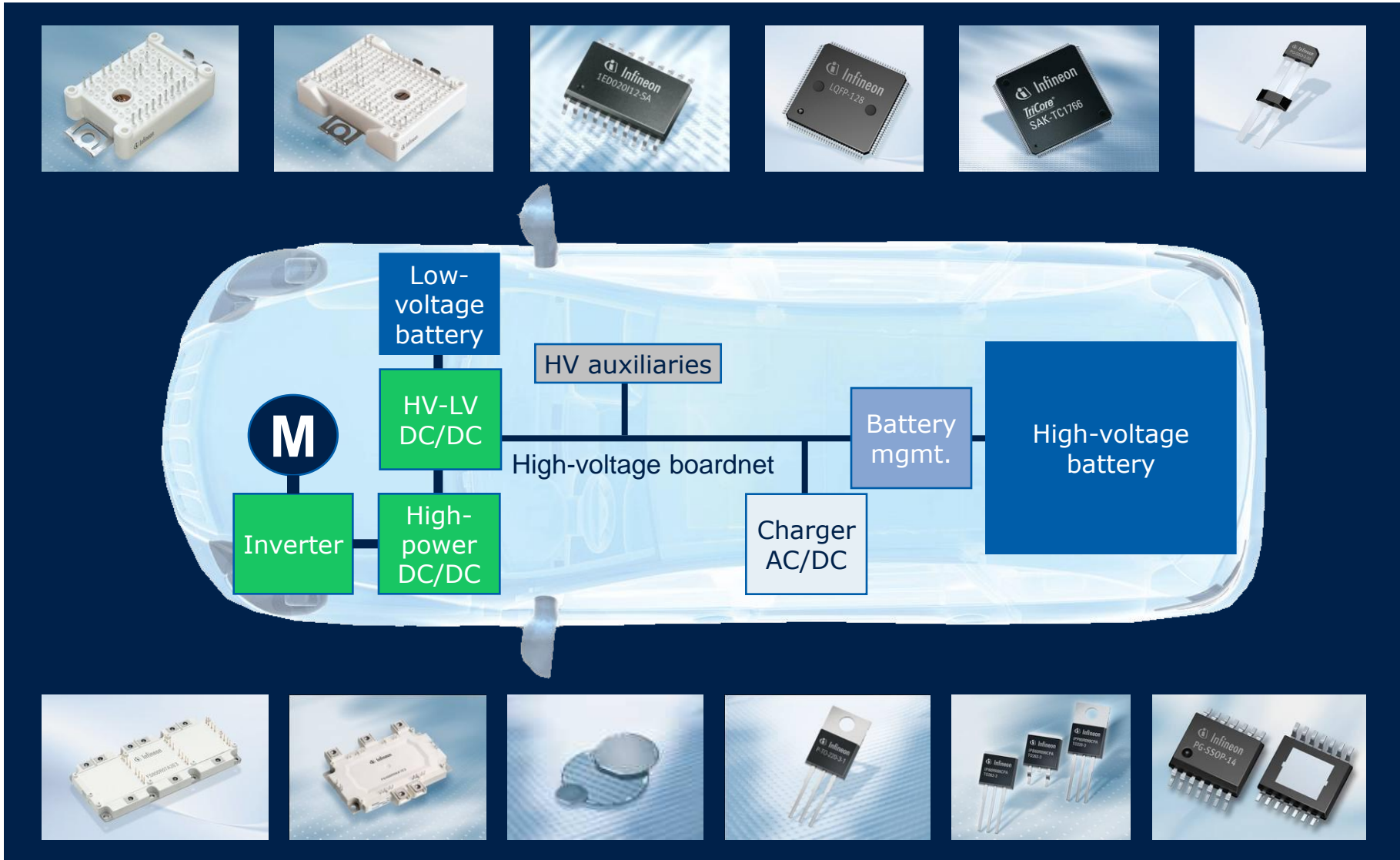
**2009**



**#1**

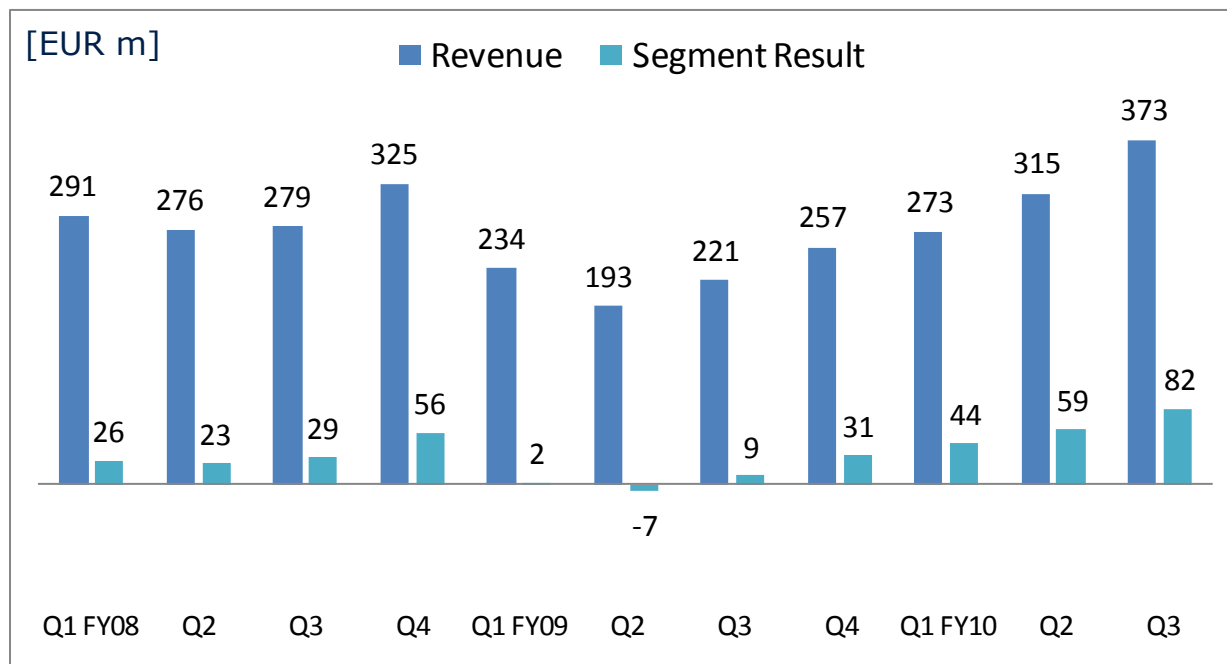
**2009**

# Infineon is Addressing All Automotive Applications of Electro-Mobility



# Industrial & Multimarket Segment (IMM)

## Revenue and Segment Result from Q1 FY08 to Q3 FY10



### Major recent developments

- Growth was driven both by power and non-power products; beginning to see pronounced increase in drives demand (i.e. pumps, elevators, escalators, all kinds of small machines/electric motors) generally.
- Renewable energies remain in boom; target: close to 10% of IMM sales in FY10.
- Power MOSFET package cooperation with Fairchild on PowerStage 3x3. Introduction of .XT technology for high-power packages.

# IMM Driven by Diverse Range of Power Electronics Growth Markets



## Variable speed drive

- Hundreds of millions of motors to be replaced
- Low penetration of VSD
- Replacement cycle to continue for decades



## Infrastructure

- Trains
- Power transmission and distribution
- Smart grid



## Renewable energies

- On-shore and off-shore wind parks
- Photovoltaic system



## Power management

- Power supplies
- Digital power management



## LED lighting

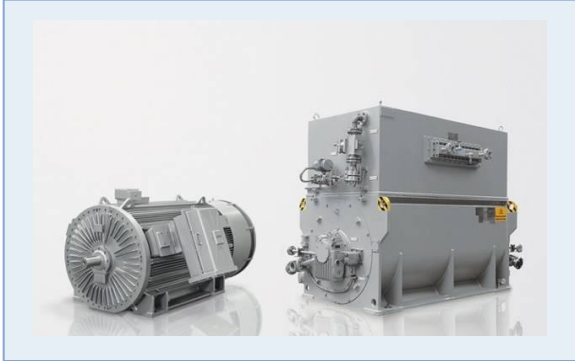
- Architectural lighting
- Street lights
- Bulb replacement
- LCD backlighting



# One Out of Four Industrial Drives is Equipped With Infineon's IGBT Technology



## Drives



## Pumps



## Fans



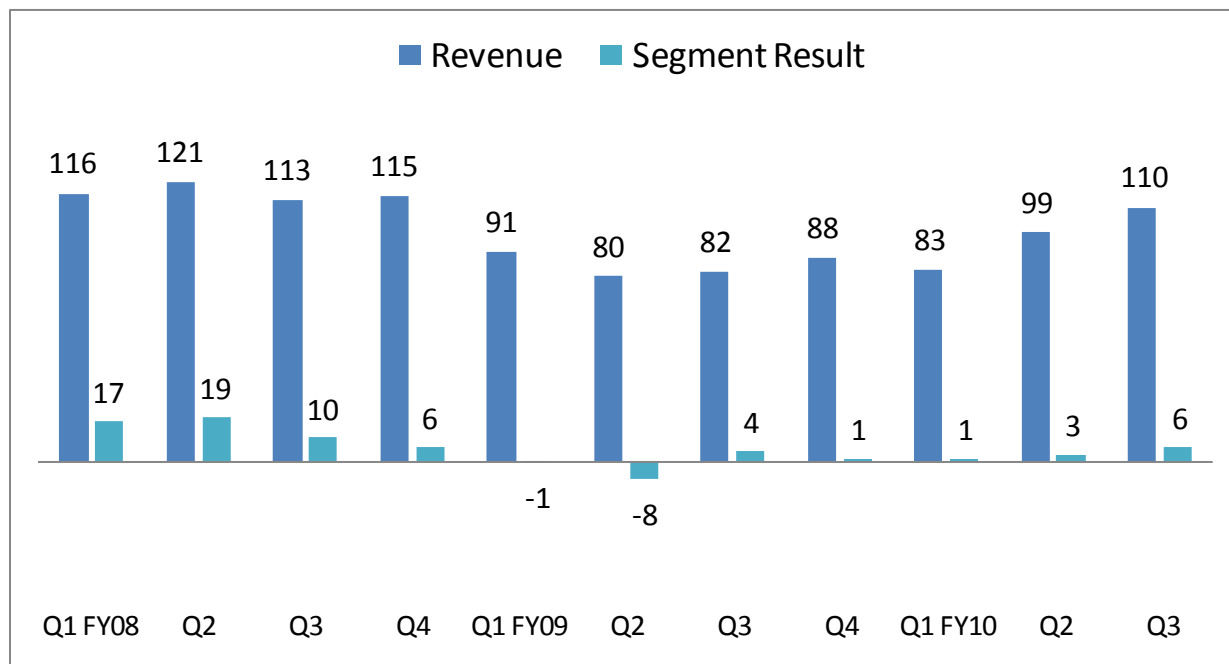
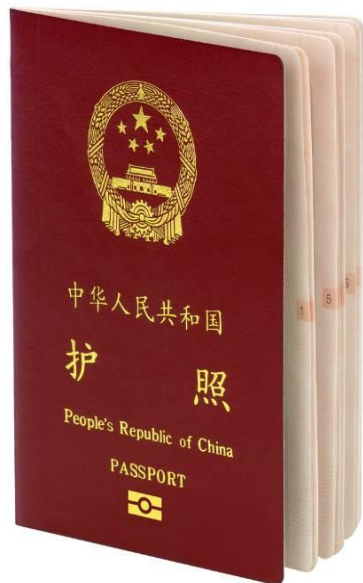
## Variable speed drives (VSD) with growth potential for decades to come

- Hundreds of millions of motors in use.
- Performance range from few watts up to megawatt.
- Huge potential, since only few motors equipped with VSD.
- Increasingly more new motors equipped with VSD.



# Chip Card & Security Segment (CCS)

## Revenue and Segment Result from Q1 FY08 to Q3 FY10



### Major recent developments

- Revenue driven by growth in payment (e.g. card replacements) and government ID applications (e.g. electronic car registration certificates and resident permits). Segment result improved due to better product mix.
- High-security SLE 78 contactless chip family received certificate from German Federal Office for Information Security for being compliant with the highest security requirements.
- Volume shipments started on 90nm process; target: 20% of unit volume by end Q4 FY10.

# Focus on New, High-Margin Applications



## Government identification

- e-passports
- National e-ID cards
- e-health care cards
- e-drivers license



## Payment

- Contactless payment
- Mobile payment / NFC
- Transport / ticketing



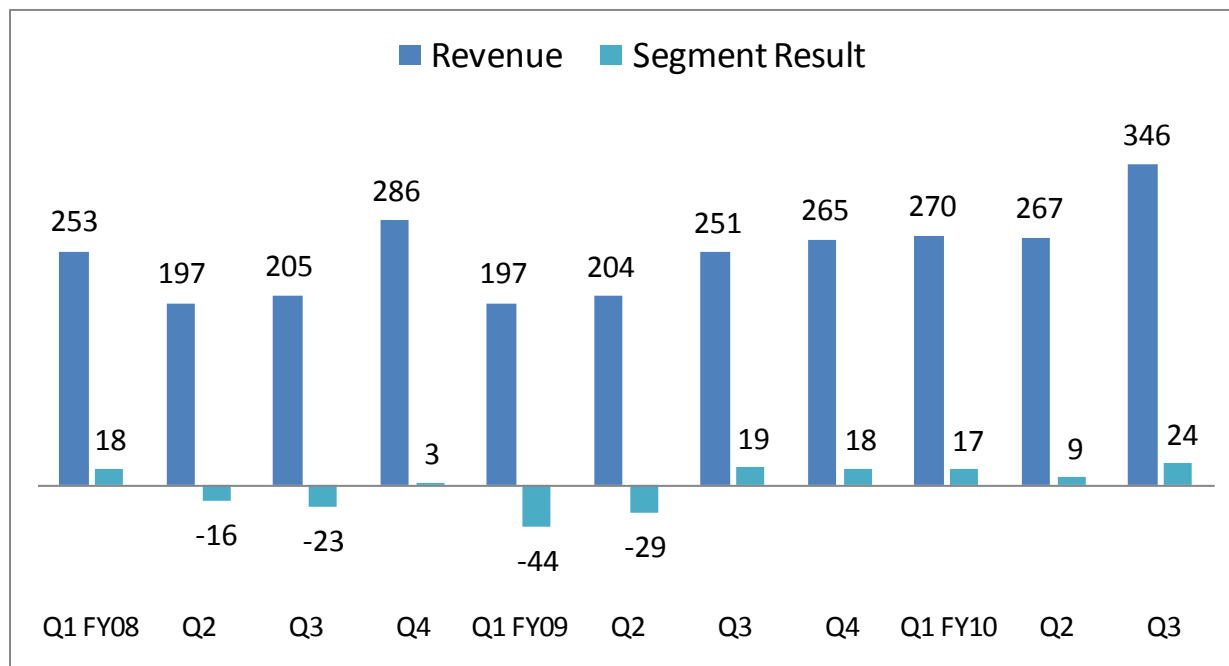
## Embedded security

- Trusted platform module
- Authentication in consumer applications
- M2M communication
- Automotive applications (e.g. digital tachograph)
- Emerging security applications (e.g. smart metering)



# Wireless Solutions Segment (WLS)

## Revenue and Segment Result from Q1 FY08 to Q3 FY10



### Major recent developments

- Revenues driven by very successful ramps of new smartphones and entry-level phone platforms at several customers.
- Successful launch of 65nm HSUPA platform XMM™6160 with a number of large OEMs.
- Roll-out of 65nm ULC platform XMM™1100 and 65nm EDGE-platform XMM™2130. Both are shipping to several large OEMs by now. Dual-SIM support of XMM™1100 helps customers address Indian and Chinese markets.



## Mobile phones

- Trend towards system-on-chip solutions.
- Ramp of single-chip platforms (XMM™ 1100/2130) at Nokia and other tier-1 OEMs.
- 3G entry and Dual-SIM platforms.
- Leading customer base.



## Smartphones

- Ramp of HSUPA platforms XMM™ 6160 and XMM™ 6180 at several tier-1 OEMs.
- Slim modems: lowest power consumption and smallest size.
- Entry-level smartphone platform.
- Leading customer base.



## Connected devices

- Strong market growth.
- Leading position in M2M.
- Slim modems with lowest power consumption and smallest size for tablet PCs and other connected devices.

# Strong Ramps at Nokia in 2010 and 2011

## Nokia mobile phones based on Infineon platforms

**Series 40**

**Dual-SIMs**

Nokia C1-01    Nokia C1-02    Nokia C2-00

**Based on XMM™ 2130**

**Series 30**

One model for one market (India)

Multiple models for the global market: China, India, MEA, Eurasia, SEAP, ...

**Dual-SIMs**

Nokia 1202    Nokia 1280    Nokia 1616    Nokia 1800    Nokia C1-00

**Based on XMM™ 1010**                      **Based on XMM™ 1100**

**2008**                                      **1H 2010**                                      **2H 2010**

# Leading Smartphone Customer Base

## Selected smartphone models using Infineon platform or RF



**Samsung  
Galaxy S**

HSUPA platform  
XMM™6160



**Undisclosed  
customer**

HSUPA platform  
XMM™6160



**Another undisclosed  
tier-1 customer**

HSPA+ platform  
XMM™6260



**RIM BlackBerry  
Bold 9700**

HSUPA RF  
SMARTi™ 3GE2



**Motorola  
Milestone**

HSUPA RF  
SMARTi™ UE+



# ENERGY EFFICIENCY COMMUNICATIONS SECURITY

Innovative semiconductor solutions for energy efficiency, communications and security.



# Notes

Investments =

- 'Purchase of property, plant and equipment'
- + 'Purchase of intangible assets, and other assets' incl. *capitalization of R&D expenses*

Working Capital =

- ('Total current assets'
  - 'Cash and cash equivalents'
  - 'Available-for-sale financial assets'
  - 'Assets classified as held for disposal')
- ('Total current liabilities'
- 'Short term debt and current maturities of long-term debt'
- 'Liabilities classified as held for sale')

Net Inventory Reach (days of inventory; quarter-to-date) =

$$('Net\ Inventories' / 'Cost\ of\ goods\ sold') * 90$$

DSO (days of sales outstanding; quarter-to-date) =

$$('Trade\ accounts\ receivables\ (net)' / 'Revenue') * 90$$

DPO (days of payables outstanding; quarter-to-date) =

$$('Trade\ accounts\ payables' / ['Cost\ of\ goods\ sold' + 'Purchase\ of\ property,\ plant\ and\ equipment']) * 90$$

# Infineon Consolidated Statements of Operations (IFRS) (unaudited)



in Euro million	3 months ended			9 months ended	
	Jun30, 09	Mar 31, 10	Jun 30, 10	Jun 30, 09	Jun 30, 10
Revenue	761	1,035	1,209	2,172	3,185
Cost of goods sold	(561)	(682)	(789)	(1,761)	(2,098)
<b>Gross profit</b>	<b>200</b>	<b>353</b>	<b>420</b>	<b>411</b>	<b>1,087</b>
Research and development expenses	(108)	(136)	(147)	(350)	(413)
Selling, general and administrative expenses	(99)	(115)	(121)	(302)	(342)
Other operating income	4	3	3	22	12
Other operating expense	(9)	4	(15)	(59)	(107)
<b>Operating income (loss)</b>	<b>(12)</b>	<b>109</b>	<b>140</b>	<b>(278)</b>	<b>237</b>
Financial income	20	8	4	100	23
Financial expense	(31)	(30)	(12)	(118)	(80)
Income from investments accounted for using the equity method	2	1	5	5	7
<b>Income (loss) from continuing operations before income taxes</b>	<b>(21)</b>	<b>88</b>	<b>137</b>	<b>(291)</b>	<b>187</b>
Income tax expense	(5)	(7)	(16)	(6)	(31)
<b>Income (loss) from continuing operations</b>	<b>(26)</b>	<b>81</b>	<b>121</b>	<b>(297)</b>	<b>156</b>
Income (loss) from discontinued operations, net of income taxes	3	(2)	5	(388)	115
<b>Net income (loss)</b>	<b>(23)</b>	<b>79</b>	<b>126</b>	<b>(685)</b>	<b>271</b>
Attributable to:					
Non-controlling interests	1	–	–	(48)	1
Shareholders of Infineon Technologies AG	(24)	79	126	(637)	270

## Basic and diluted earnings (loss) per share attributable to shareholders of Infineon Technologies AG (in Euro):

Weighted average shares outstanding (in million) – basic	813	1,087	1,087	813	1,087
Weighted average shares outstanding – diluted	813	1,171	1,172	813	1,087

Basic earnings (loss) per share from continuing operations	(0.03)	0.07	0.11	(0.36)	0.14
Basic earnings (loss) per share from discontinued operations	–	–	0.01	(0.42)	0.11
<b>Basic earnings (loss) per share</b>	<b>(0.03)</b>	<b>0.07</b>	<b>0.12</b>	<b>(0.78)</b>	<b>0.25</b>

Diluted earnings (loss) per share from continuing operations	(0.03)	0.07	0.11	(0.36)	0.14
Diluted earnings (loss) per share from discontinued operations	–	–	–	(0.42)	0.11
<b>Diluted earnings (loss) per share</b>	<b>(0.03)</b>	<b>0.07</b>	<b>0.11</b>	<b>(0.78)</b>	<b>0.25</b>

# Infineon Consolidated Statements of Financial Position (IFRS) (unaudited)



in Euro million	Sep 30, 09	Mar 31, 10	Jun 30, 10
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	1,414	1,228	1,452
Available-for-sale financial assets	93	439	62
Trade and other receivables	514	557	685
therein: Trade accounts receivables	449	484	591
Inventories	460	504	551
Income tax receivable	11	18	19
Other current financial assets	26	26	9
Other current assets	114	126	145
Assets classified as held for sale	112	21	24
<b>Total current assets</b>	<b>2,744</b>	<b>2,919</b>	<b>2,947</b>
Property, plant and equipment	928	804	808
Goodwill and other intangible assets	369	375	384
Investments accounted for using the equity method	27	36	39
Deferred tax assets	396	400	416
Other financial assets	124	121	135
Other assets	18	18	30
<b>Total assets</b>	<b>4,606</b>	<b>4,673</b>	<b>4,759</b>
<b>Liabilities and equity</b>			
Current liabilities:			
Short-term debt and current maturities of long-term debt	521	378	127
Trade and other payables	393	490	577
therein: Trade accounts payables	384	484	572
Current provisions	436	523	483
Income tax payable	102	113	119
Other current financial liabilities	50	38	54
Other current liabilities	147	124	247
Liabilities classified as held for sale	9	16	14
<b>Total current liabilities</b>	<b>1,658</b>	<b>1,682</b>	<b>1,621</b>
Long-term debt	329	294	279
Pension plans and similar commitments	94	99	103
Deferred tax liabilities	13	6	8
Long-term provisions	89	58	59
Other financial liabilities	5	4	4
Other liabilities	85	106	134
<b>Total liabilities</b>	<b>2,273</b>	<b>2,249</b>	<b>2,208</b>
<b>Shareholders' equity:</b>			
Ordinary share capital	2,173	2,173	2,173
Additional paid-in capital	6,048	6,048	6,048
Accumulated deficit	(5,940)	(5,796)	(5,670)
Other components of equity	(8)	(1)	-
<b>Total equity attributable to shareholders of Infineon Technologies AG</b>	<b>2,273</b>	<b>2,424</b>	<b>2,551</b>
<b>Non-controlling interests</b>	<b>60</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>2,333</b>	<b>2,424</b>	<b>2,551</b>
<b>Total liabilities and equity</b>	<b>4,606</b>	<b>4,673</b>	<b>4,759</b>



# Infineon Consolidated Statements of Cash Flows (IFRS) (unaudited)



(€ millions)	3 months ended		
	Jun 30, 09	Mar 31, 10	Jun 30, 10
Net income (loss)	(23)	79	126
Less: net loss (income) from discontinued operations	(3)	2	(5)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating			
Depreciation and amortization	128	97	96
Provision for (recovery of) doubtful accounts	(1)	1	3
Losses (gains) on sales of available-for-sale financial assets	2	-	1
Losses in connection with the deconsolidation of ALTIS	-	(8)	(4)
Losses (gains) on disposals of property, plant, and equipment, and other assets	1	(2)	(1)
Income from investments accounted for using the equity method	(2)	(1)	(5)
Dividends received from associated companies	-	-	3
Impairment charges	(2)	1	5
Share-based compensation	1	-	-
Deferred income taxes	-	(3)	(6)
Changes in operating assets and liabilities:			
Trade and other receivables	6	(85)	(123)
Inventories	23	(48)	(45)
Other current assets	1	(21)	(7)
Trade and other payables	68	87	85
Provisions	(4)	37	(36)
Other current liabilities	(12)	47	188
Other assets and liabilities	16	14	-
Interest received	1	4	5
Interest paid	(35)	(8)	(25)
Income tax received (paid)	(4)	(13)	(8)
Net cash provided by (used in) operating activities from continuing operations	161	180	247
Net cash provided by (used in) operating activities from discontinued operations	1	(7)	(7)
Net cash provided by (used in) operating activities	162	173	240
Cash flows from investing activities:			
Purchases of available-for-sale financial assets	(31)	(375)	-
Proceeds from sales of available-for-sale financial assets	48	25	376
Proceeds from sales of businesses and interests in subsidiaries	-	-	1
Purchases of intangible assets, and other assets	(12)	(21)	(26)
Purchases of property, plant and equipment	(13)	(42)	(91)
Proceeds from sales of property, plant and equipment, and other assets	7	24	3
Net cash provided by (used in) investing activities from continuing operations	(1)	(389)	263
Net cash provided by (used in) investing activities from discontinued operations	(1)	-	-
Net cash provided by (used in) investing activities	(2)	(389)	263
Cash flows from financing activities:			
Net change in short-term debt	(13)	8	(8)
Net change in related party financial receivables and payables	-	1	-
Proceeds from issuance of long-term debt	181	-	2
Principal repayments of long-term debt	(86)	(155)	(267)
Change in restricted cash	(7)	1	(1)
Net cash provided by (used in) financing activities from continuing operations	75	(145)	(274)
Net cash provided by (used in) financing activities from discontinued operations	-	-	-
Net cash provided by (used in) financing activities	75	(145)	(274)
Net increase (decrease) in cash and cash equivalents	235	(361)	229
Effect of foreign exchange rate changes on cash and cash equivalents	-	-	(5)
Cash and cash equivalents at beginning of period	532	1,589	1,228
Cash and cash equivalents at end of period	767	1,228	1,452

# Financial Calendar and IR Contacts

## Financial Calendar

- Nov 16, 2010\*  
**Q4 and Full Year FY10 Results**
- Feb 17, 2011  
**Annual Shareholder Meeting**
- Feb 01, 2011\*  
**Q1 FY11 Results**
- May 03, 2011\*  
**Q2 FY11 Results**
- Jul 28, 2011\*  
**Q3 FY11 Results**
- Nov 17, 2011\*  
**Q4 FY11 Results**

\* Preliminary Date

## IR Contacts

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# Disclaimer

This presentation was prepared as of July 28, 2010 and is current only as of that date.

This presentation includes forward-looking statements and assumptions about the future of Infineon's business and the industry in which we operate. These include statements and assumptions relating to general economic conditions, future developments in the world semiconductor market, our ability to manage our costs and to achieve our growth targets, the resolution of Qimonda's insolvency proceedings and the liabilities we may face as a result of Qimonda's insolvency, the potential disposition or closure of our ALTIS joint venture, the benefits of research and development alliances and activities, our planned levels of future investment, the introduction of new technology at our facilities, our continuing ability to offer commercially viable products, and our expected or projected future results.

These forward-looking statements are subject to a number of uncertainties, such as broader economic developments, including the sustainability of recent improvements in the market environment; trends in demand and prices for semiconductors generally and for our products in particular, as well as for the end-products, such as automobiles and consumer electronics, that incorporate our products; the success of our development efforts, both alone and with partners; the success of our efforts to introduce new production processes at our facilities; the actions of competitors; the continued availability of adequate funds; any mergers, acquisitions or dispositions we may undertake; the outcome of antitrust investigations and litigation matters; and the resolution of Qimonda's insolvency proceedings; as well as the other factors mentioned in this presentation and those described in the "Risk Factors" section of our most recent annual report on Form 20-F on file with the U.S. Securities and Exchange Commission.

As a result, Infineon's actual results could differ materially from those contained in or suggested by these forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements. Infineon does not undertake any obligation to publicly update or revise any forward-looking statements in light of developments which differ from those anticipated.