

# First Quarter FY 2011 Quarterly Update

Infineon Technologies AG  
Investor Relations



## ■ Infineon Results and Outlook

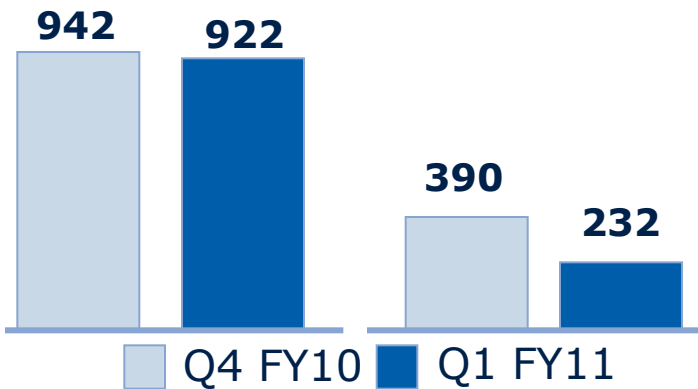
## ■ Business Highlights



# Segment Result and Margin Up; Sales Down Due to FX and Seasonality

## Revenue

## Net Income\*



[EUR m]	Q4 FY10	Q1 FY11
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Revenue	942	922
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Segment Result	171	177
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Segm. Result Margin	18%	19%
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Net Income*	390	232
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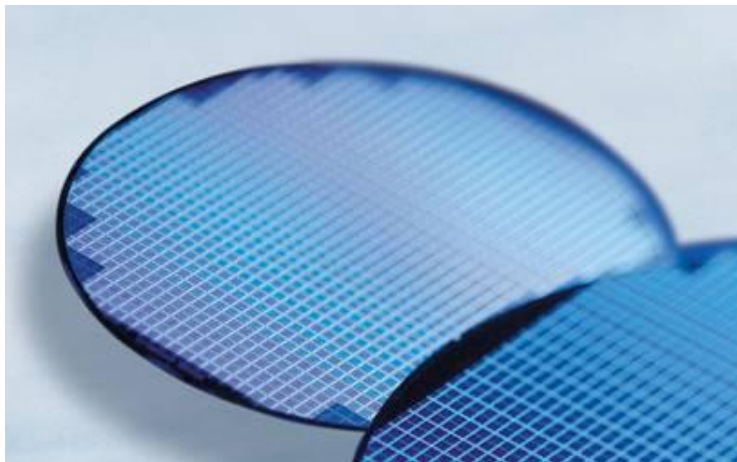
FCF from cont. ops	236	4
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Gross Cash Position	1,727	1,669
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Net Cash	1,331	1,293
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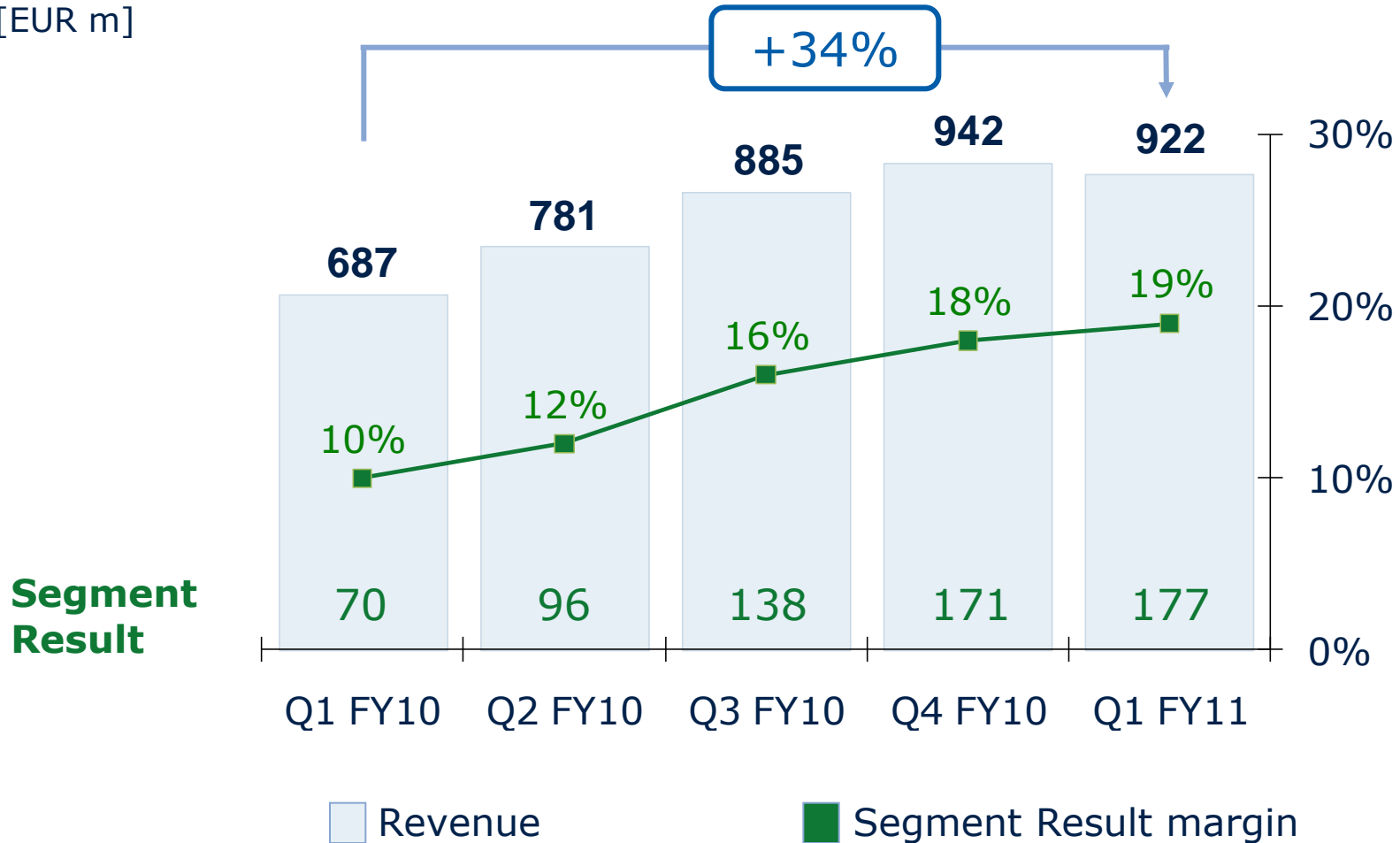
\* Includes discontinued operations (WLS)

# Segment Result Margin Improved Continuously Since Last Year

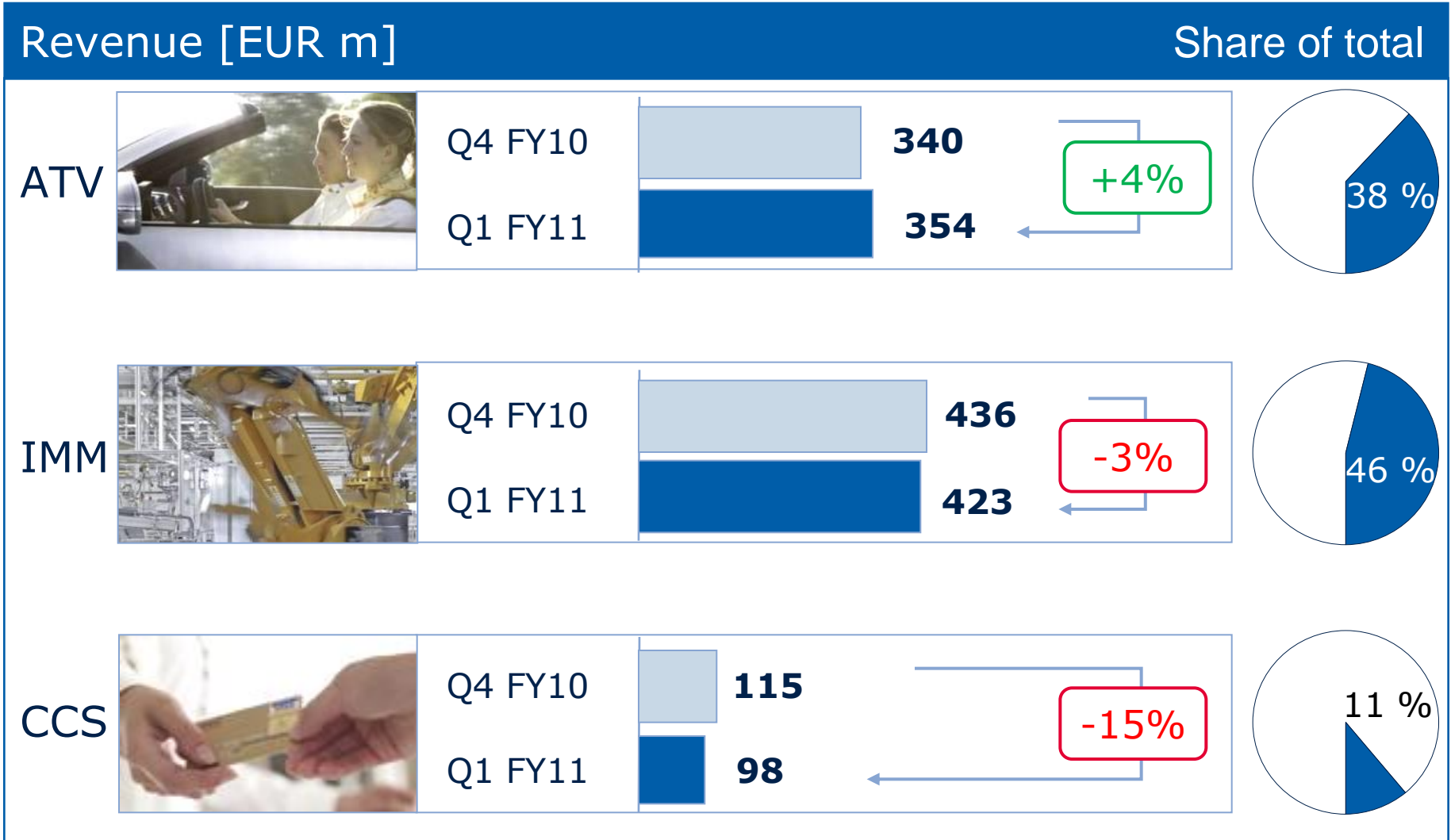


## Revenue and segment result; Q1 FY10 to Q1 FY11

[EUR m]












# ATV Recorded All-time-high in Revenue; IMM and CCS Down Due to Seasonality, FX



Note: Other Operating Segments and Corporate & Eliminations represent 5% of total revenues (EUR 47m).

# All-time-high for IMM SR Margin; CCS Stayed With Double-digit SR Margin

Segment Result [EUR m]		Segment Result Margin	
ATV	 Q4 FY10	 <b>58</b>	<b>17%</b>
	Q1 FY11	 <b>59</b>	<b>17%</b>
IMM	 Q4 FY10	 <b>106</b>	<b>24%</b>
	Q1 FY11	 <b>107</b>	<b>25%</b>
CCS	 Q4 FY10	 <b>12</b>	<b>10%</b>
	Q1 FY11	 <b>10</b>	<b>10%</b>

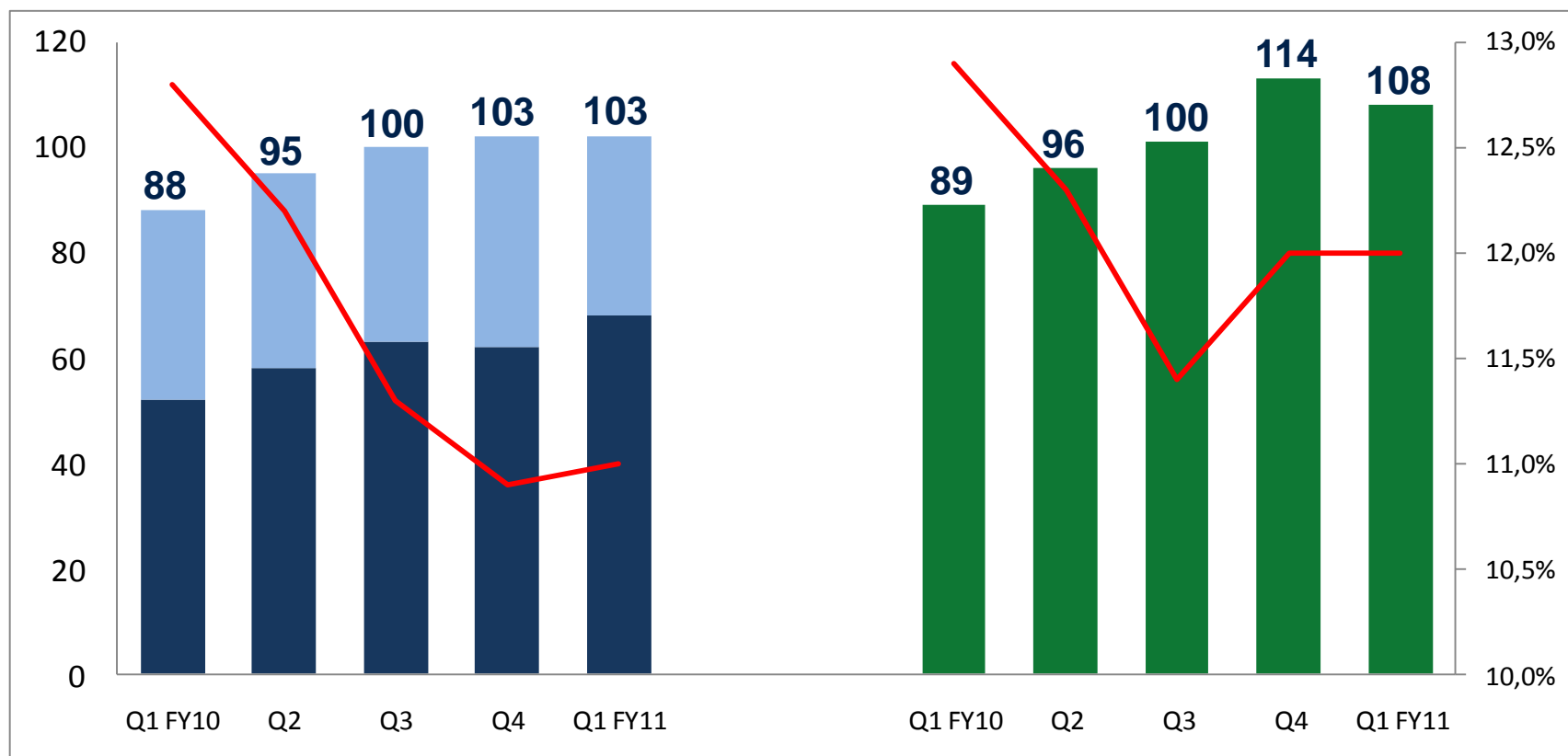
Note: Segment result for Other Operating Segments and Corporate & Eliminations: EUR 1m.

# OpEx In-line With Target Operating Model

## S and G&A

## R&D

[EUR m]



■ Selling

■ General & Administration

■ R&D

— % of Sales

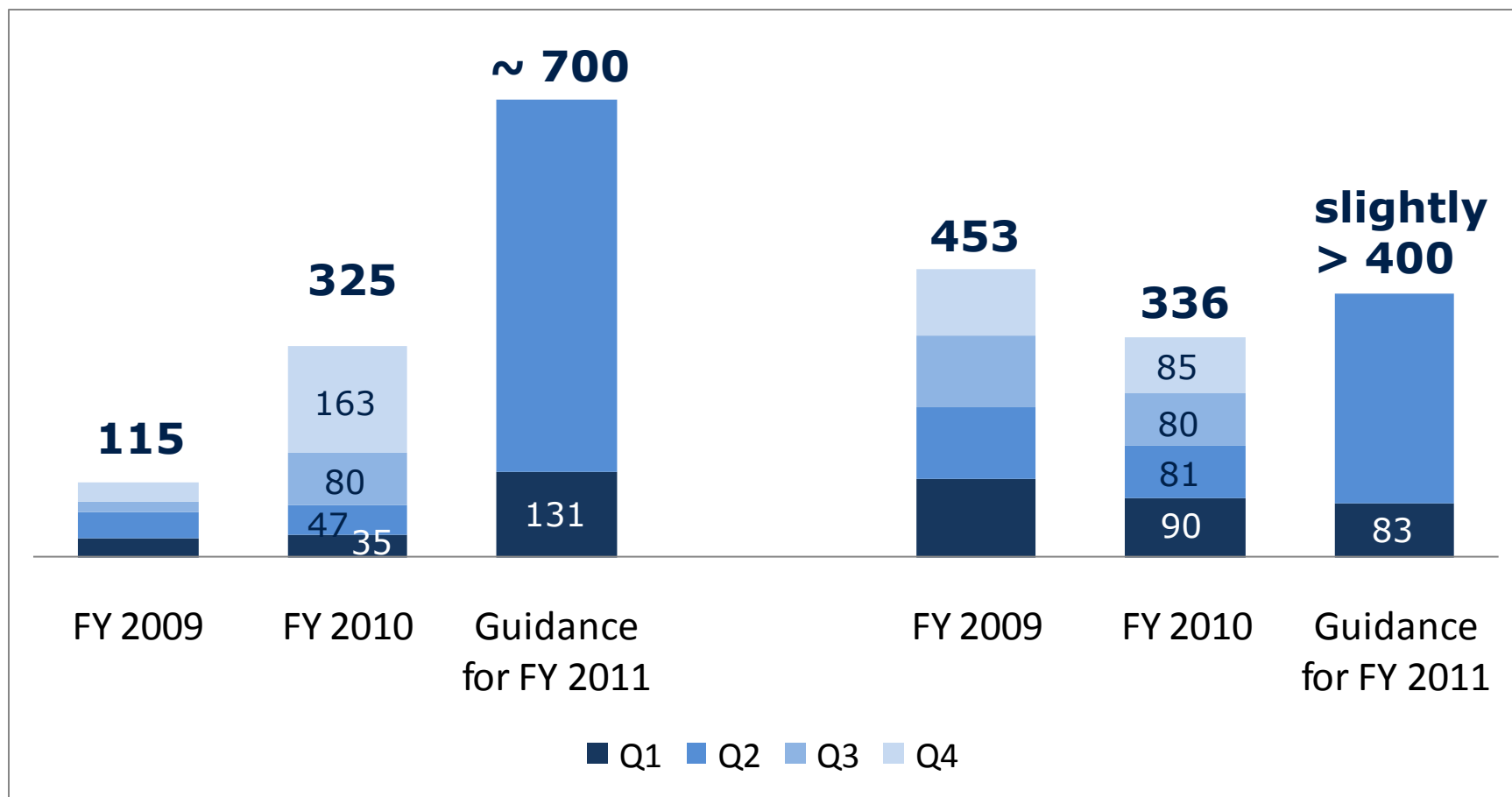
# Higher Investments to Fully Exploit Our Growth Potential



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

## D&A

[EUR m]



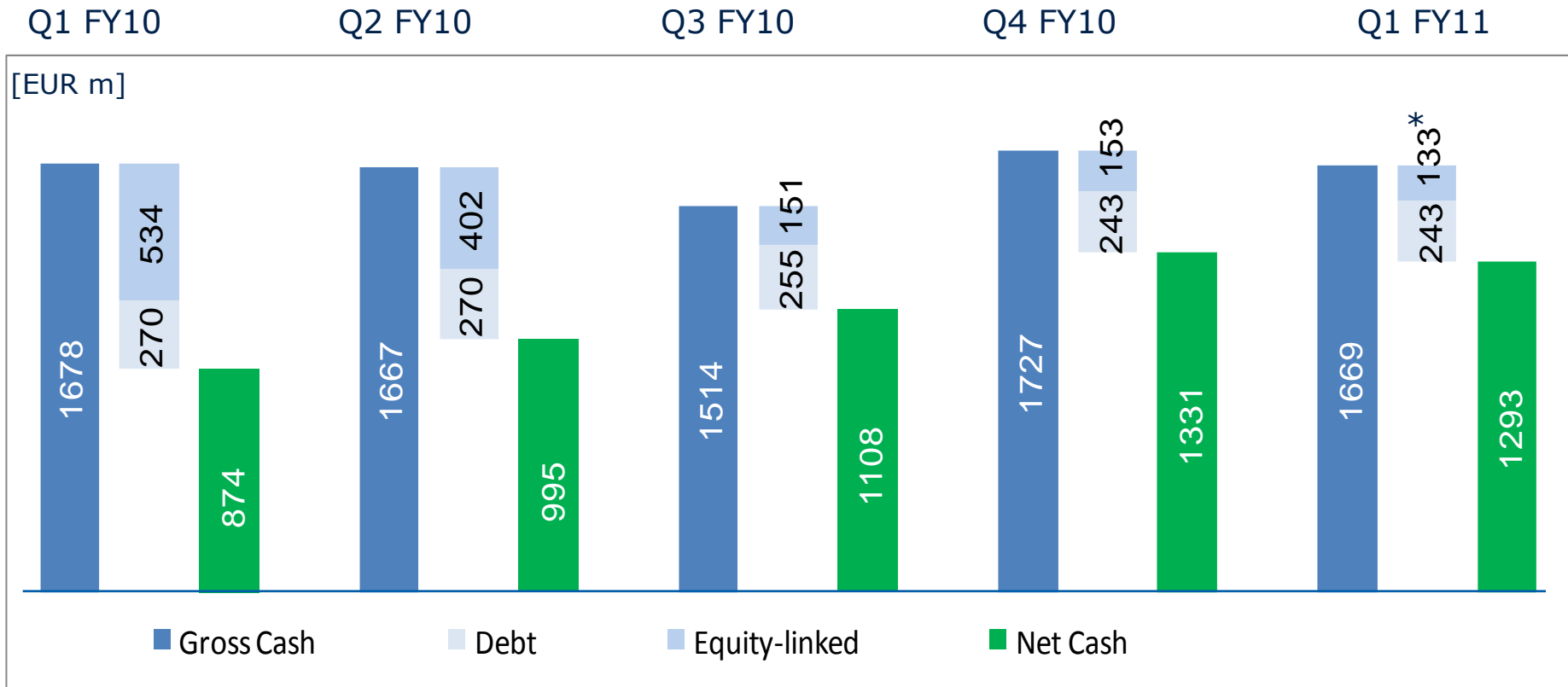
1) For definition please see slide 25 in appendix.



# Net Cash on a Continued High Level of About EUR 1.3bn



## Liquidity Development



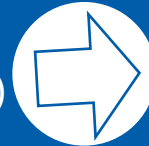
\* Consists of Convertible Bond 2014 (nominal value EUR 168m; book value EUR 133m).

- Strong net cash position despite CB 2014 repurchases of EUR 80m cash (nominal EUR 28m) equivalent to 11.8m underlying shares.
- Low leverage including in-the-money convertible bond 2014.

# Guidance for FY 2011 Increased; Continuing Strong Operat. Performance



Outlook Q2 FY11  
(compared to Q1 FY11)



Outlook FY 2011  
(compared to FY 2010)



Infineon  
Revenue

Revenue to be  
up slightly.

Revenue to grow by  
mid-teens percentage.

Combined  
Segment  
Result  
Margin

Segment Result Margin  
to be 18 – 20%.

Margin to be a  
high teens percentage.

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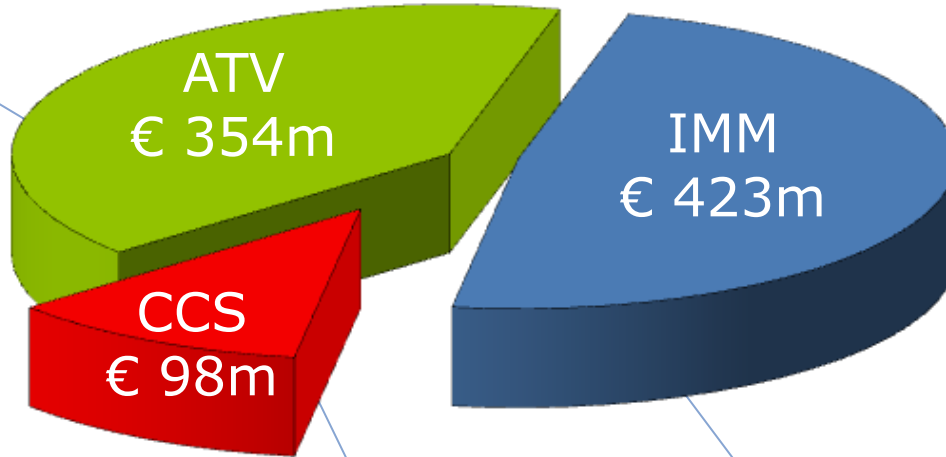


# Revenue Split by Division

## 3-months FY11 revenue split



Automotive



Chip Card & Security

Industrial & Multimarket

# Infineon Holds #1 Positions in All Target Markets



## Auto- motive

**#1**

Market  
share

9%

Calendar Year 2009  
Source: Strategy Analytics,  
May 2010

## Power

**#1**

Market  
share

11%

Calendar Year 2009  
Source: IMS Research,  
July 2010

## Chip Card

**#1**

Market  
share

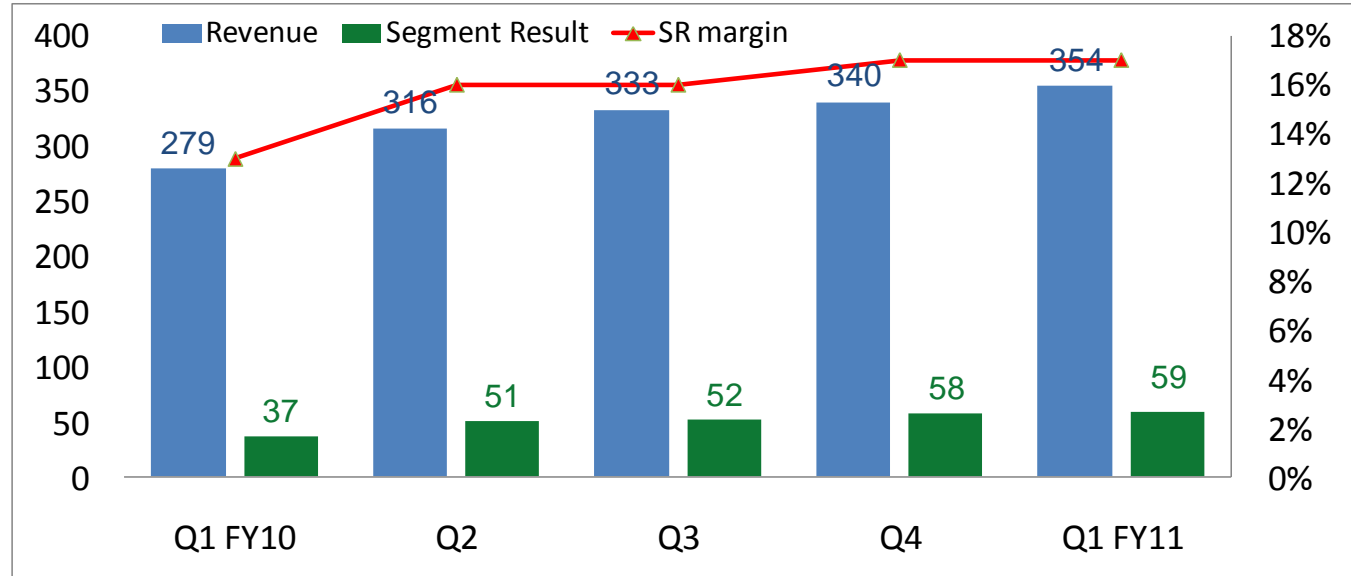
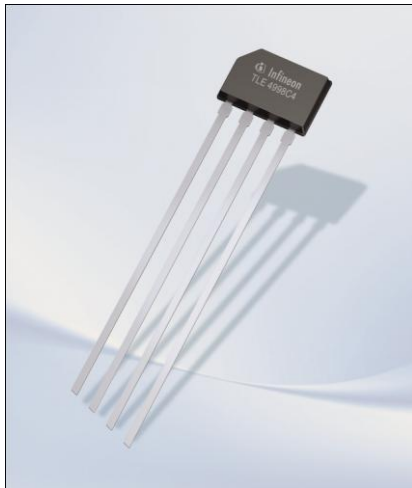
27%

Calendar Year 2009  
Source: Frost & Sullivan,  
October 2010

# Automotive Segment (ATV)

## Revenue and Segment Result from Q1 FY10 to Q1 FY11

[EUR m]

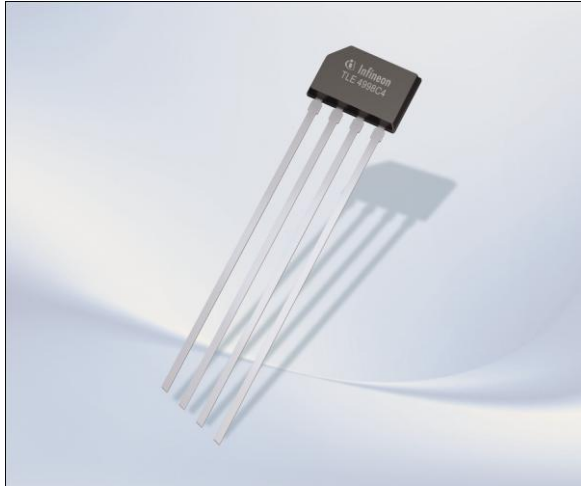


- Revenue driven by continued strong global demand, especially in APAC, US and worldwide the premium segment.
- Global car production in 2010 higher than pre-crisis level (2007); also average semiconductor content per car is up.
- Export rate for German car manufacturers at about 75%. (Source: VDA)

# Programmable Linear Hall Sensor TLE4998 in Volkswagen Group's EPS Systems



**Infineon**



**Tier 1**



**OEM**



**TLE4998**

- Used for accurate rotation and position detection:
  - pedal detection
  - throttle detection
  - gear stick position
  - suspension control
  - torque sensing for EPS

**Sensor module**

- Hall sensors are used in electric power steering (EPS) systems (e.g. in Valeo sensor module) for accurate steering torque sensing.

**Power steering system**

- Among others car manufacturers, the Volkswagen AG will use the TLE4998 for various models ranges.

# Target Applications for Electric Drive Train Product Portfolio



Power	Application	Product
100 kW	Inverter and generator for full hybrids and electric vehicles	<b>HybridPACK™ 2</b>
90 kW		
80 kW		
70 kW		
60 kW		
50 kW	Inverter and generator for mild HEVs, battery charger	<b>HybridPACK™ 1 Pin-Fin</b>
40 kW		<b>HybridPACK™ 1</b>
30 kW		
20 kW	Auxiliary drives, aux. DC/DC, charger	<b>Easy Modules</b>
10 kW		

Bare die IGBTs, discrete IGBTs,  
Driver ICs for IGBTs, diodes, MOSFETs



# Target Applications for Automotive Easy Modules

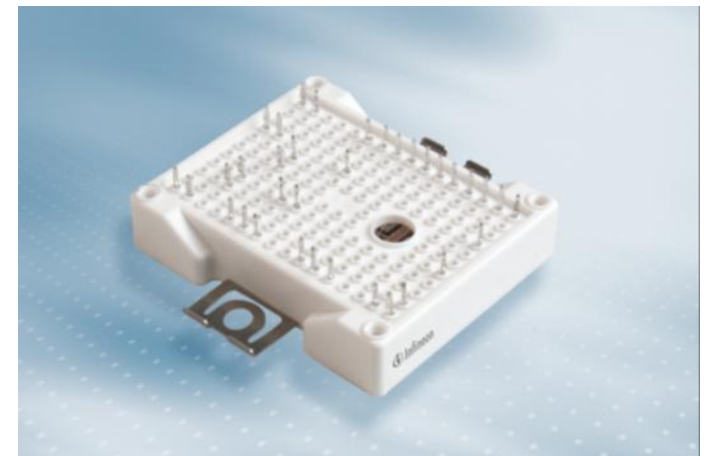
## Overview aux. drives and converters



## Easy 1B



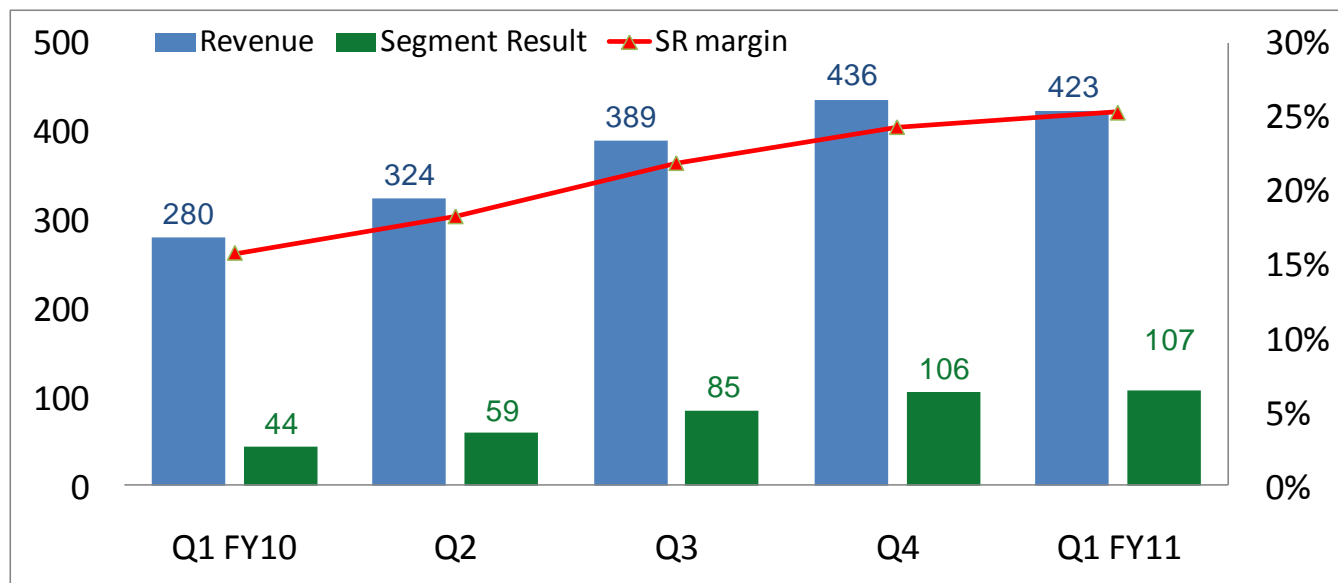
## Easy 2B



# Industrial & Multimarket Segment (IMM)

## Revenue and Segment Result from Q1 FY10 to Q1 FY11

[EUR m]



- Strong demand from high-power drives for industrial applications: VDMA November bookings increased by 43% y-y.
- Strong demand from Chinese renewable energies; mainly wind.
- Seasonality in consumer electronics, computing and communications.

# Successful Integration of RF Power into IMM

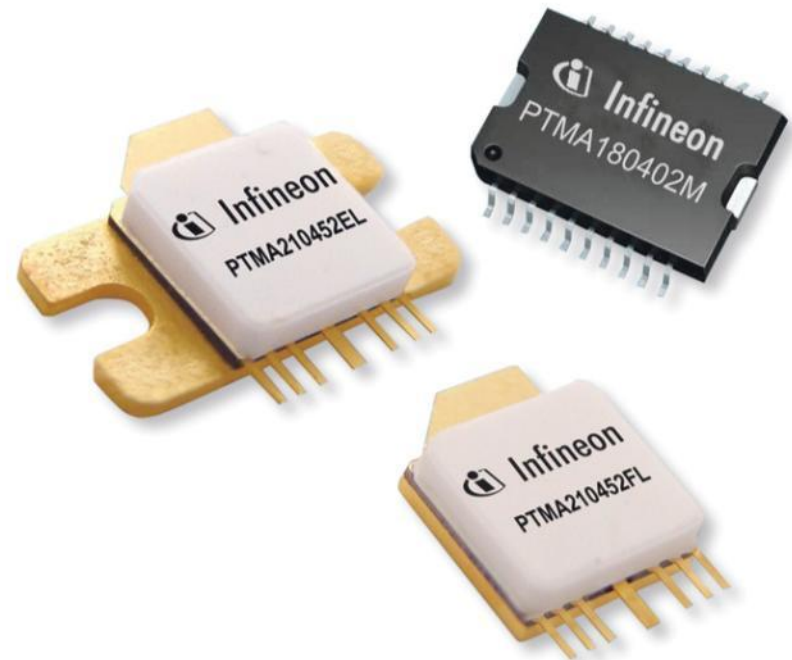
## Morgan Hill, CA, USA



- Morgan Hill is the backend location for RF power products.
- 130 employees.

## RF power products

- RF power products are used in mobile phone infrastructure.
- Main customers Ericsson and Huawei.



# Mobility: Infineon's Power Components for Drive Controls for Train Systems



## High-speed trains



- Power: 5 to 10 MW per train.
- 80 to 120 IGBT modules per train.
- Semiconductor content:  
~EUR 100k per train.



## Underground trains



- Power: 0.5 to 1 MW per train.
- 25 to 50 IGBT modules per train
- Semiconductor content:  
~EUR 10k per train.

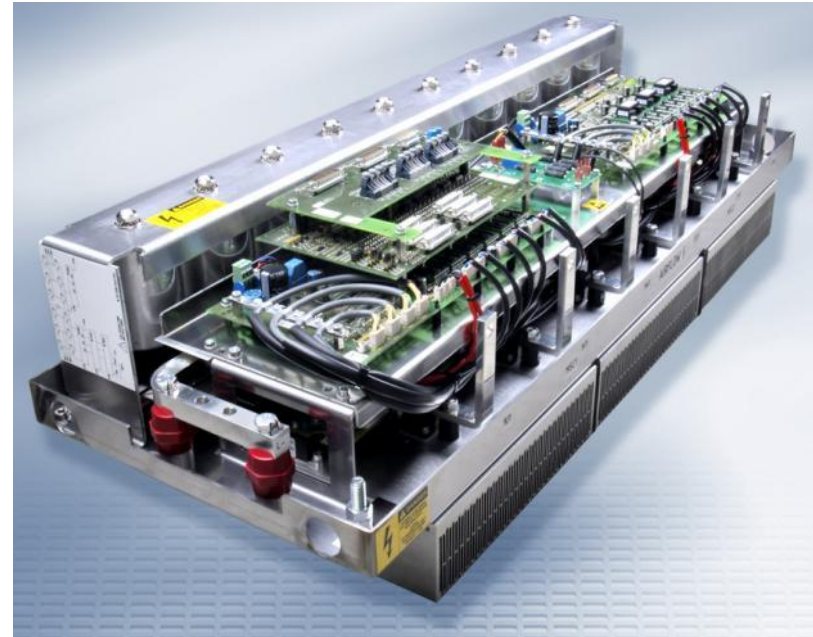
# Infineon and Goldwind Sign a License Agreement on IGBT Stack Technology



## Agreement with Goldwind

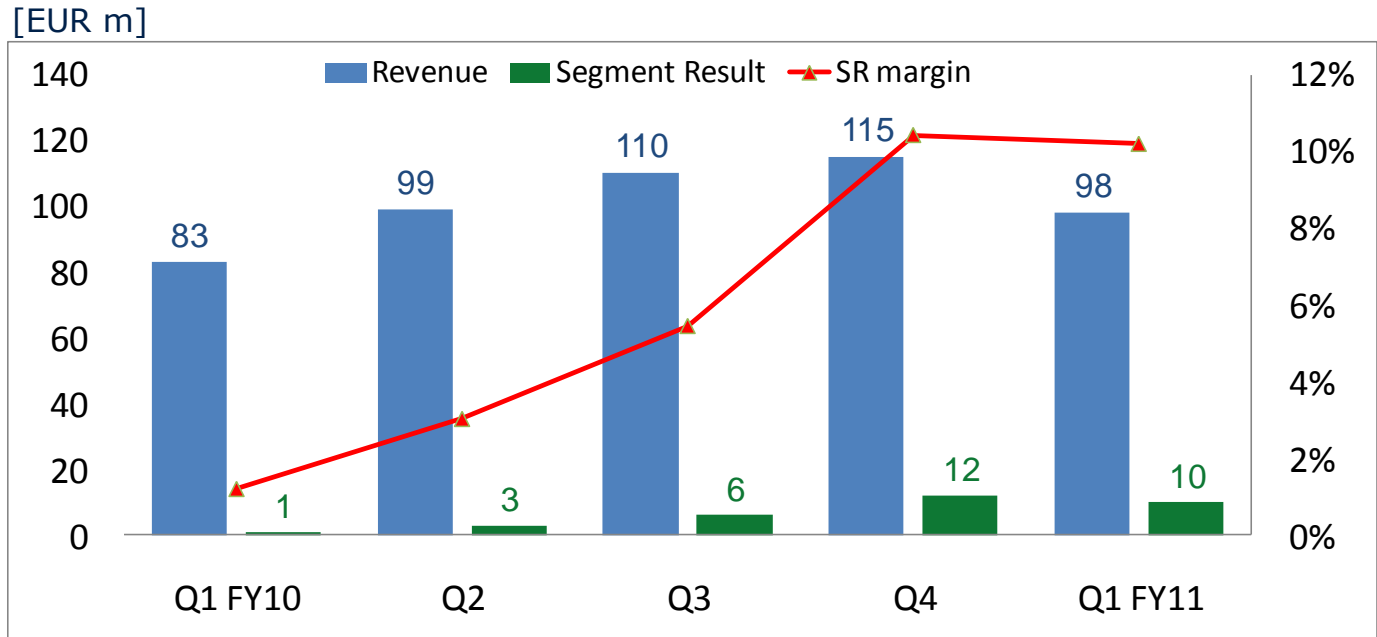
- Goldwind gains the license to produce Infineon IGBT stacks used in converters of MW-grade wind turbines.
- Furthermore, Infineon will supply IGBT stacks to Goldwind.
- Having applied the IGBT stacks in its 1.5 MW wind turbines, Goldwind plans to extend it to its 2.5 MW and further to 3.0 MW units.

## Infineon IGBT stacks



# Chip Card & Security Segment (CCS)

## Revenue and Segment Result from Q1 FY10 to Q1 FY11



- Seasonal reduction after two consecutive record quarters in Payment business; also more normalized volumes in Government ID business.
- Infineon selected as volume supplier for the German national ID card “nPA” with its SLE 78 using Integrity Guard security technology.

# Infineon's SLE 78 Security Controller for the New German National e-ID Card (nPA)



## German national electronic ID card

- Project start in Nov 2010.
- Europe's biggest ID project.
- Currently, about 60m e-ID card holders in Germany.
- About 6.5m ID cards are issued each year in Germany.
- Infineon is providing a significant share of the total volume.
- The new German national e-ID (nPA) is attracting significant attention ww as it is one of the most advanced approaches regarding security in ID projects.
- ~ 80% of e-ID cards in Europe contain Infineon security  $\mu$ C.



- nPA is the first major project for the 16-bit SLE 78 family.
- SLE 78 is based on "Integrity Guard" security technology.



INTEGRITY GUARD



**Dow Jones  
Sustainability Indexes**  
Member 2010/11



# ENERGY EFFICIENCY MOBILITY SECURITY

Innovative semiconductor solutions for energy efficiency, mobility 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		
	Dec 31, 10	Sep 30, 10	Dec 31, 09
Revenue	922	942	687
Cost of goods sold	(538)	(563)	(446)
<b>Gross profit</b>	<b>384</b>	<b>379</b>	<b>241</b>
Research and development expenses	(108)	(114)	(89)
Selling, general and administrative expenses	(103)	(103)	(88)
Other operating income	2	7	6
Other operating expense	(6)	(15)	(96)
<b>Operating income (loss)</b>	<b>169</b>	<b>154</b>	<b>(26)</b>
Financial income	6	5	11
Financial expense	(18)	(16)	(38)
Income from investments accounted for using the equity method	-	1	1
<b>Income (loss) from continuing operations before income taxes</b>	<b>157</b>	<b>144</b>	<b>(52)</b>
Income tax benefit (expense)	(8)	49	(7)
<b>Income (loss) from continuing operations</b>	<b>149</b>	<b>193</b>	<b>(59)</b>
Income from discontinued operations, net of income taxes	83	197	124
<b>Net income</b>	<b>232</b>	<b>390</b>	<b>65</b>
Attributable to:			
Non-controlling interests	-	-	1
Shareholders of Infineon Technologies AG	232	390	64

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

Weighted average shares outstanding (in million) – basic	1,087	1,087	1,087
Weighted average shares outstanding – diluted	1,167	1,172	1,087

Basic earnings (loss) per share from continuing operations	0.14	0.18	(0.06)
Basic earnings (loss) per share from discontinued operations	0.07	0.18	0.12
<b>Basic earnings (loss) per share</b>	<b>0.21</b>	<b>0.36</b>	<b>0.06</b>

Diluted earnings (loss) per share from continuing operations	0.13	0.16	(0.06)
Diluted earnings (loss) per share from discontinued operations	0.07	0.17	0.12
<b>Diluted earnings (loss) per share</b>	<b>0.20</b>	<b>0.33</b>	<b>0.06</b>

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



in Euro million	Dec 31, 10	Sep 30, 10
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	1.610	1.667
Available-for-sale financial assets	59	60
Trade and other receivables	685	687
therein: Trade accounts receivables	630	622
Inventories	573	514
Income tax receivable	12	7
Other current financial assets	22	72
Other current assets	109	88
Assets classified as held for sale	567	495
<b>Total current assets</b>	<b>3.637</b>	<b>3.590</b>
Property, plant and equipment	890	838
Goodwill and other intangible assets	91	87
Investments accounted for using the equity method	35	35
Deferred tax assets	308	308
Other financial assets	120	119
Other assets	23	16
<b>Total assets</b>	<b>5.104</b>	<b>4.993</b>

in Euro million	Dec 31, 10	Sep 30, 10
<b>Liabilities and equity</b>		
Current liabilities:		
Short-term debt and current maturities of long-term debt	129	133
Trade and other payables	716	665
therein: Trade accounts payables	706	659
Current provisions	489	553
Income tax payable	101	111
Other current financial liabilities	12	16
Other current liabilities	154	153
Liabilities classified as held for sale	152	177
<b>Total current liabilities</b>	<b>1.753</b>	<b>1.808</b>
Long-term debt	247	263
Pension plans and similar commitments	154	146
Deferred tax liabilities	10	11
Long-term provisions	54	55
Other financial liabilities	5	6
Other liabilities	73	79
<b>Total liabilities</b>	<b>2.296</b>	<b>2.368</b>
<b>Shareholders' equity:</b>		
Ordinary share capital	2.173	2.173
Additional paid-in capital	6.004	6.048
Accumulated deficit	(5.381)	(5.613)
Other reserves	12	17
<b>Total equity attributable to shareholders of Infineon Technologies AG</b>	<b>2.808</b>	<b>2.625</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>2.808</b>	<b>2.625</b>
<b>Total liabilities and equity</b>	<b>5.104</b>	<b>4.993</b>

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



in Euro Million	3 months ended		
	Dec 31, 10	Sep 30, 10	Dec 31, 09
Net income	232	390	65
Less: net loss from discontinued operations	(83)	(197)	(124)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:			
Depreciation and amortization	83	85	90
Provision for (recovery of) doubtful accounts	-	-	1
Losses (gains) on sales of available-for-sale financial assets	-	-	(2)
Losses (gains) on sales of businesses and interests in subsidiaries	-	-	(3)
Losses in connection with the deconsolidation of ALTIS	-	(14)	81
Income from investments accounted for using the equity method	-	(1)	(1)
Dividends received from associated companies	-	4	-
Impairment charges	(2)	-	6
Deferred income taxes	1	(55)	(1)
Changes in operating assets and liabilities:			
Trade and other receivables	(9)	6	(15)
Inventories	(50)	(8)	(2)
Other current assets	(20)	34	4
Trade and other payables	44	92	17
Provisions	(52)	114	(4)
Other current liabilities	33	(70)	(19)
Other assets and liabilities	(9)	25	25
Interest received	4	3	1
Interest paid	(10)	(1)	(10)
Income tax received (paid)	(28)	(8)	(8)
<b>Net cash provided by operating activities from continuing operations</b>	<b>134</b>	<b>399</b>	<b>101</b>
<b>Net cash provided by (used in) operating activities from discontinued operations</b>	<b>76</b>	<b>(12)</b>	<b>46</b>
<b>Net cash provided by operating activities</b>	<b>210</b>	<b>387</b>	<b>147</b>
Cash flows from investing activities:			
Proceeds from sales of available-for-sale financial assets	-	2	2
Proceeds from sales of businesses and interests in subsidiaries	-	1	1
Cash decrease from the deconsolidation of ALTIS	-	-	(88)
Purchases of intangible assets, and other assets	(9)	(8)	(6)
Purchases of property, plant and equipment	(122)	(155)	(29)
Proceeds from sales of property, plant and equipment, and other assets	1	(1)	-
<b>Net cash used in investing activities from continuing operations</b>	<b>(130)</b>	<b>(161)</b>	<b>(120)</b>
<b>Net cash provided by (used in) investing activities from discontinued operations</b>	<b>(55)</b>	<b>(8)</b>	<b>207</b>
<b>Net cash provided by (used in) investing activities</b>	<b>(185)</b>	<b>(169)</b>	<b>87</b>
Cash flows from financing activities:			
Net change in related party financial receivables and payables	-	2	(2)
Proceeds from issuance of long-term debt	27	2	-
Principal repayments of long-term debt	(27)	(13)	(10)
Repurchase of convertible subordinated notes	(80)	-	(48)
Change in restricted cash	-	1	-
<b>Net cash used in financing activities from continuing operations</b>	<b>(80)</b>	<b>(8)</b>	<b>(60)</b>
<b>Net cash used in financing activities from discontinued operations</b>	<b>(4)</b>	<b>-</b>	<b>-</b>
<b>Net cash used in financing activities</b>	<b>(84)</b>	<b>(8)</b>	<b>(60)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(59)</b>	<b>210</b>	<b>174</b>
Effect of foreign exchange rate changes on cash and cash equivalents	2	5	1
Cash and cash equivalents at beginning of period	1,667	1,452	1,414
Cash and cash equivalents at end of period	1,610	1,667	1,589

# Financial Calendar and IR Contacts

## Financial Calendar

- Feb 17, 2011  
**Annual Shareholder Meeting**
- May 03, 2011\*  
**Q2 FY11 Results**
- June 07, 2011\*  
**IFX Day**
- Jul 28, 2011\*  
**Q3 FY11 Results**
- Nov 17, 2011\*  
**Q4 FY11 Results**

\* Preliminary Date

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# Disclaimer

This presentation was prepared as of February 01, 2011 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 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 disclosed at other occasions.

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.