

**Infineon**

# Half Year Roadshow

April / May 2006

Dr. Wolfgang Ziebart  
President and CEO

Peter J. Fischl  
Executive Vice President and CFO



**Never stop thinking**



## 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.



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stop thinking  
Never

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- Financials and Outlook**

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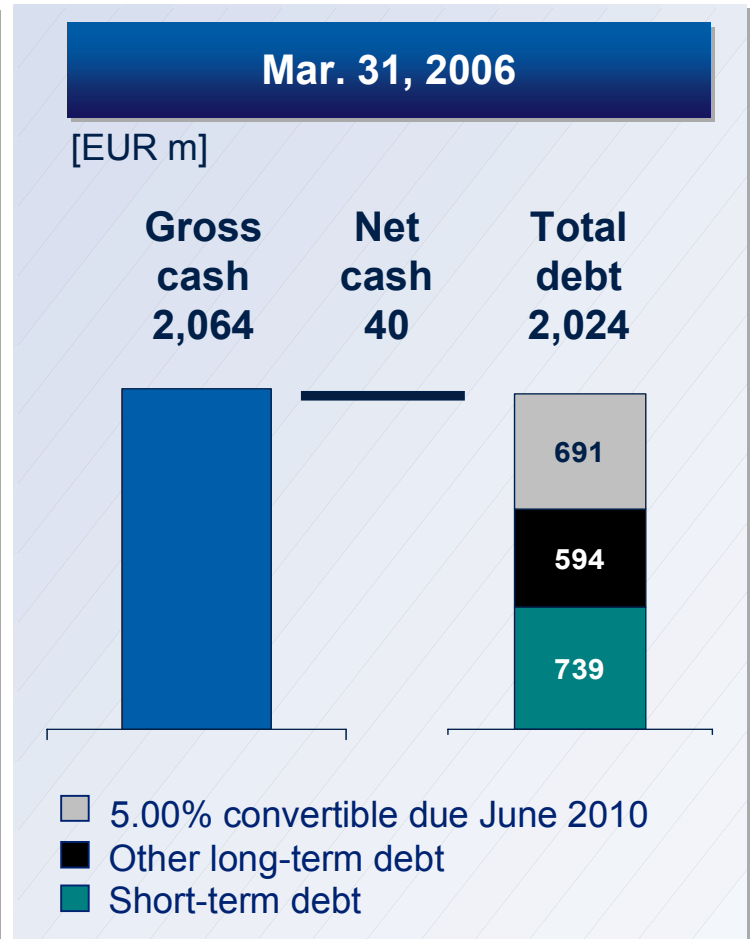
# Results Overview

[EUR m]	Q2 FY06	Q1 FY06	Q2 FY05
<b>Net sales</b>	<b>1993</b>	<b>1,674</b>	<b>1606</b>
<b>Gross margin</b>	<b>26%</b>	<b>19%</b>	<b>27%</b>
<b>R&amp;D expenses</b>	<b>306</b>	<b>311</b>	<b>355</b>
in % of sales	15%	19%	22%
<b>SG&amp;A expenses</b>	<b>179</b>	<b>173</b>	<b>164</b>
in % of sales	9%	10%	10%
<b>EBIT</b>	<b>28</b>	<b>(122)</b>	<b>(117)</b>
<b>EBIT excluding one-off's</b>	<b>28</b>	<b>(122)</b>	<b>(44)</b>
in % of sales	1%	(7%)	(3%)

# Maintaining a Net Cash Position

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[EUR m]	Q2 FY06
<b>Operating cash flow</b>	<b>194</b>
<b>Capex</b>	<b>(314)</b>
<b>Other investments <sup>(1)</sup></b>	<b>7</b>
<b>Free cash flow</b>	<b>(113)</b>



(1) Excluding purchase / sale of marketable securities.

# Infineon Business Group Q3 FY06 Outlook as of April 26th

## AIM

- AIM revenues to remain broadly unchanged qoq with automotive and industrial flat and an expected normalization in chipcard sales from very high Q2 FY06 levels.
- AIM EBIT to be driven by top line prior to inclusion of certain corporate overhead expenses that will remain with logic segments after Qimonda carve-out.

## COM

- COM revenues to decline qoq due to loss of Fiber Optics revenue as a result of divestiture and due to normalization of sales levels in broadband access.
- COM EBIT to be driven by top line prior to inclusion of certain corporate overhead expenses that will remain with logic segments after Qimonda carve-out.



- Bit production expected to grow approximately 10% quarter over quarter.
- EBIT to be influenced by benefit from certain corporate overhead expenses that will remain with logic segments after Qimonda carve-out, offset in part by build of Qimonda proprietary corporate infrastructure.

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Financials and Outlook

**AIM Review**

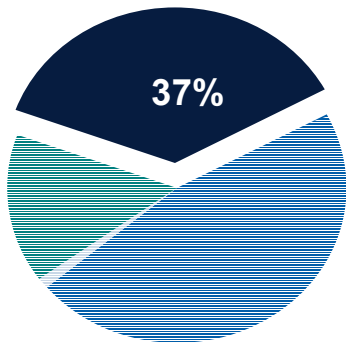
COM Review

Qimonda Review

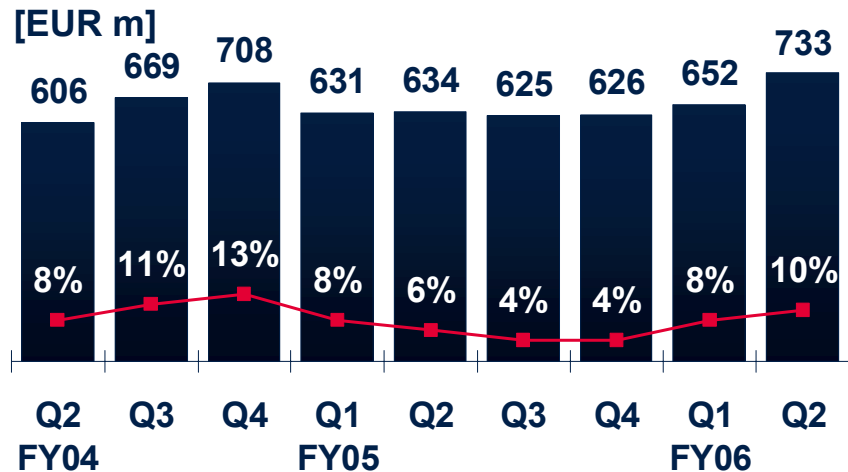


# Business Group Automotive, Industrial & Multimarket Q2 FY06 Update

### Revenue share Q2 FY06



### Revenues and EBIT margin



- Revenue +12% qoq. Main drivers: power semiconductors for consumer applications, ICs for computer peripherals and strong demand and improved product mix in chipcard.
- EBIT driven by top-line; significant reduction in chipcard losses. 10% margin despite ongoing expenses for Perlach and Kulim fabs.



# Infineon Technologies: 2 Business Groups and 14 Business Units

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**Automotive, Industrial  
& Multimarket**

**Microcontroller**

**Automotive Power**

**Sense & Control**

**Power Management & Drive**

**Chipcard & Security ICs**

**Discrete Semiconductors**

**ASIC & Design Solutions**

**Communication  
Solutions**

**Feature Phones**

**Entry Phones**

**Mobile Software**

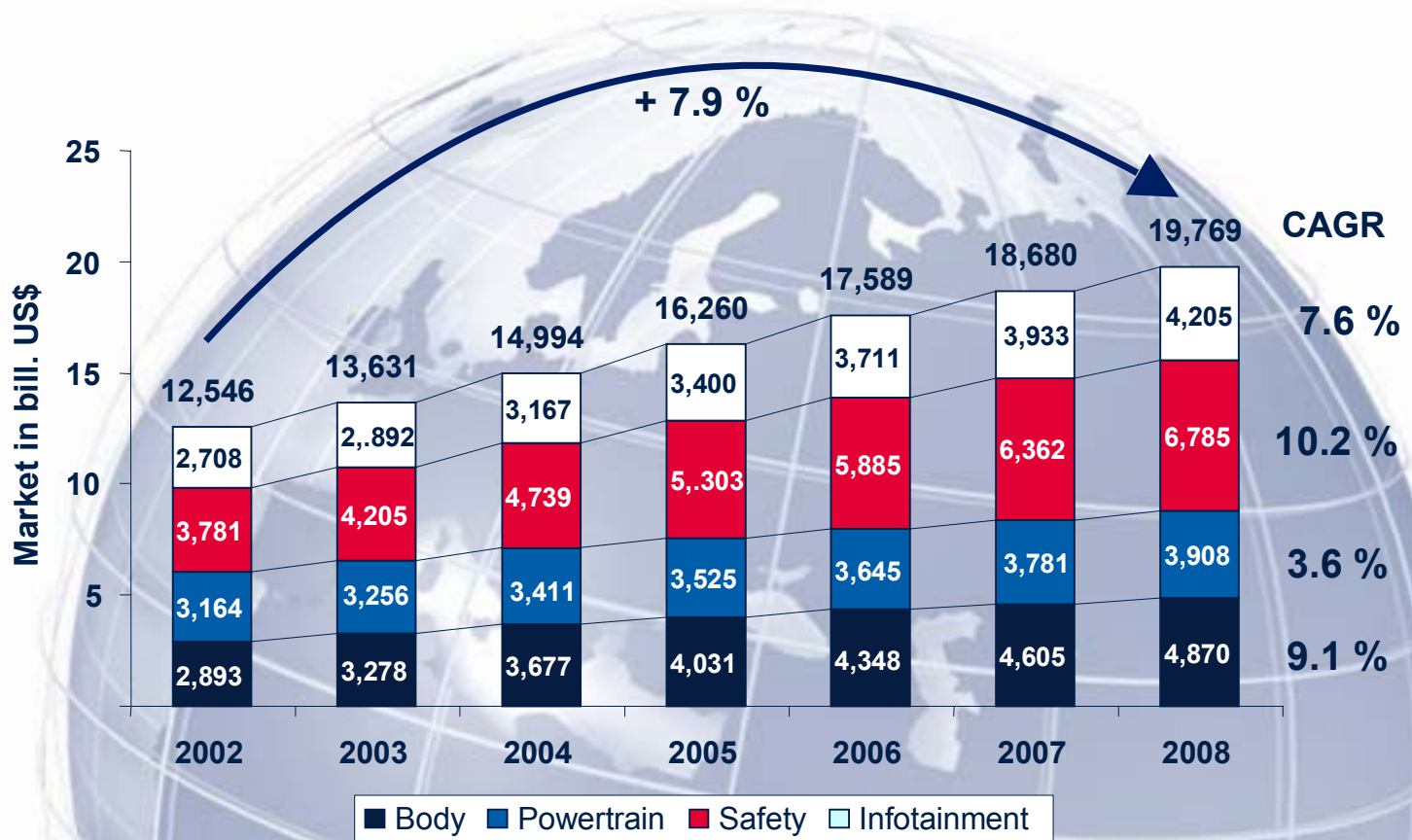
**RF Engine**

**Access**

**Tuner Systems**

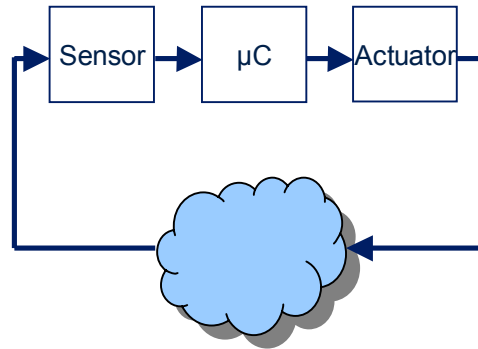
**Connectivity**

# Ww Automotive Semiconductor Market by Applications; Safety is the Largest and the Fastest Growing Segment



# Automotive Electronics Need Full Spectrum of Semiconductor Technologies

## Silicon Sensors

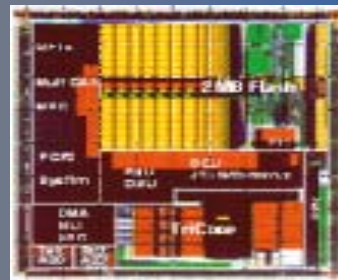


## Power Semis



- Special processes
- High precision
- Great robustness

## Microcontrollers



- 50 mio transistors
- Non-volatile memory

- High current
- High voltage
- High temperatures

# Automotive Semiconductor Product Segments



## Compute

- 8 bit  $\mu$ Cs
- 16 bit  $\mu$ Cs
- 32 bit TriCore® ( $\mu$ C + DSP)

## Actuate

- Transistors
- MOSFETs
- IGBTs
- Transceivers
- System ICs

## Sense

- Pressure
- Tire Pressure
- Temperature
- Hall Sensors
- Inertia

### Powertrain

- engine managemt.
- transmission

- vehicle networks
- switches
- power supplies

- position
- speed

### Body & Convenience

- air condition
- window lifter
- sliding roof

- air condition
- light & illumination
- dashboard

- BLDC motor control
- position
- remote keyl. entry

### Safety

- ABS
- airbag
- power steering

- ABS
- power steering

- wheel speed (ABS)
- tire pressure
- roll-over

### Infotainment

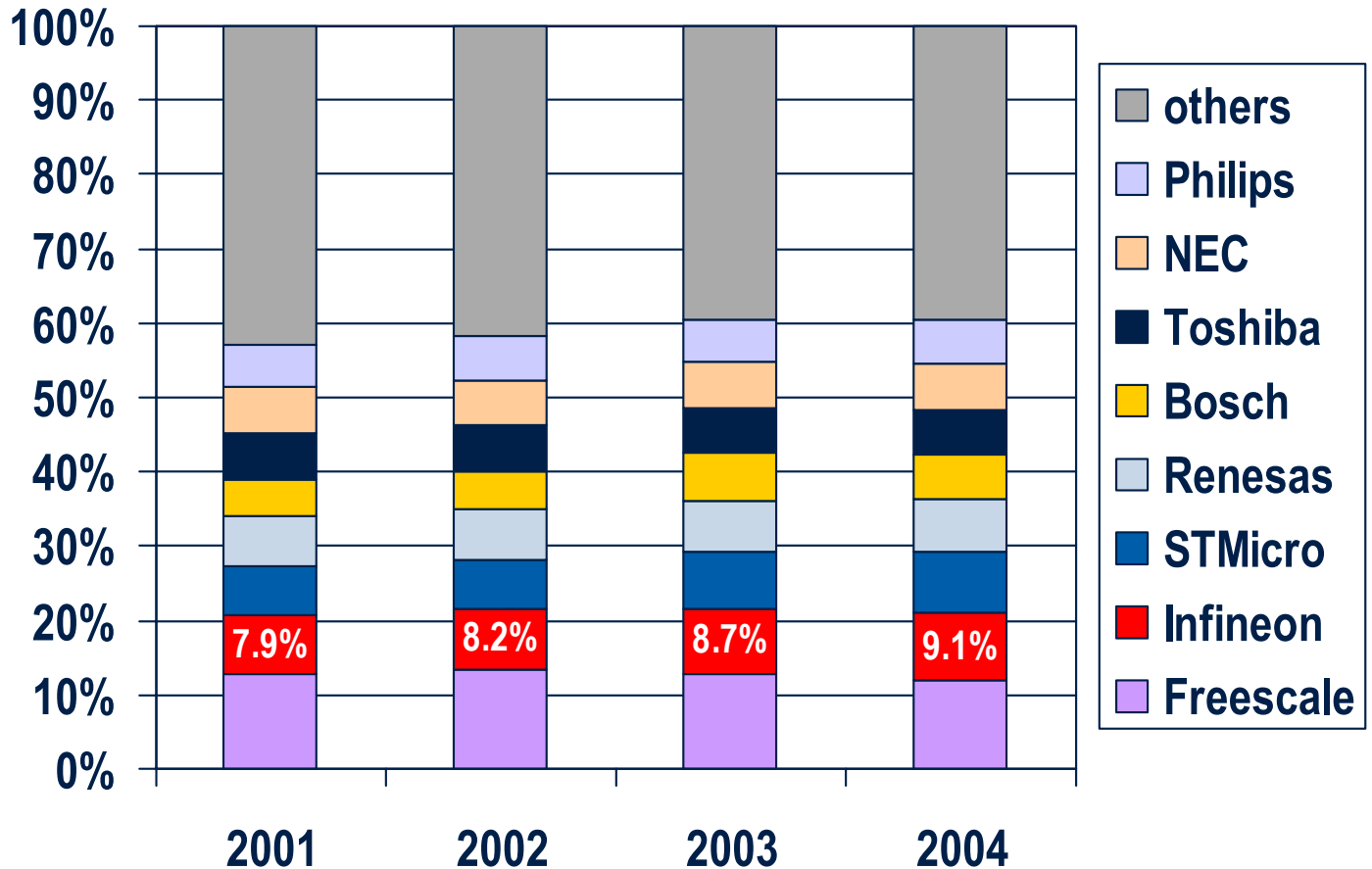
- navigation
- car radio
- telecommunication

- power supply for rad radio, navigation, etc.

- navigation

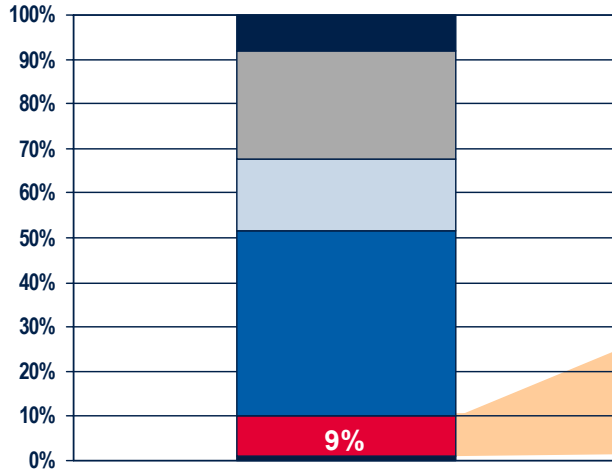
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# Market Share of Automotive Semiconductor Supplier



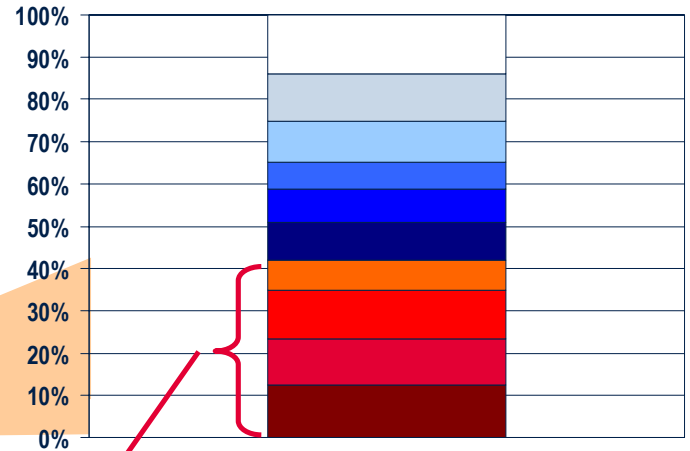
# The Industrial Market is Very Fragmented, Regarding Market Players, Applications and Requirements

## World Semiconductor Market 2004



- Automotive
- Communications
- Consumer Electronics
- Data Processing
- Industrial
- Military / Space

## Industrial Semiconductor Market 2004



Addressed by Infineon

- other Industrial
- Transportation
- Medical
- Instrumentation, Test and Measurement
- Fire and Security
- EPOS, EFT and Automatic ID
- Power and Energy
- Environment, Building Control and HVAC
- Drives
- Automation

# Infineon Strengthened Market Leadership in Power Semis

## Power Semiconductor Market

2003 Rank	2004 Rank	Company Name	2003	2004	Change
<b>1</b>	<b>1</b>	<b>Infineon</b>	<b>8.1%</b>	<b>8.4%</b>	<b>0.3%</b>
2	2	IR	8.0%	7.8%	-0.2%
4	3	Fairchild	7.6%	7.7%	0.1%
3	4	STM	6.7%	7.2%	0.5%
5	5	Toshiba	7.4%	6.7%	-0.7%
6	6	Vishay	5.8%	5.9%	0.1%
7	7	Mitsubishi	5.1%	5.4%	0.3%
9	8	Fuji Electric	4.5%	4.7%	0.2%
8	=8	Renesas	4.7%	4.7%	0.0%
10	10	ON	3.9%	4.1%	0.2%



# The Industry Business Segmentation



## Power Management

- power supplies and voltage regulators for PC, DVD, flat screen, ...

- energy efficiency
- environment protection
- natural resources



## Power Conversion

- trains
- power distribution

- increasing energy consumption
- growth in APAC



## Industrial Drives

- consumer drives
- general-purpose drives

- inductive cooking
- wind / solar energy
- industry automation



## Others

- lighting and lamp ballast
- medical

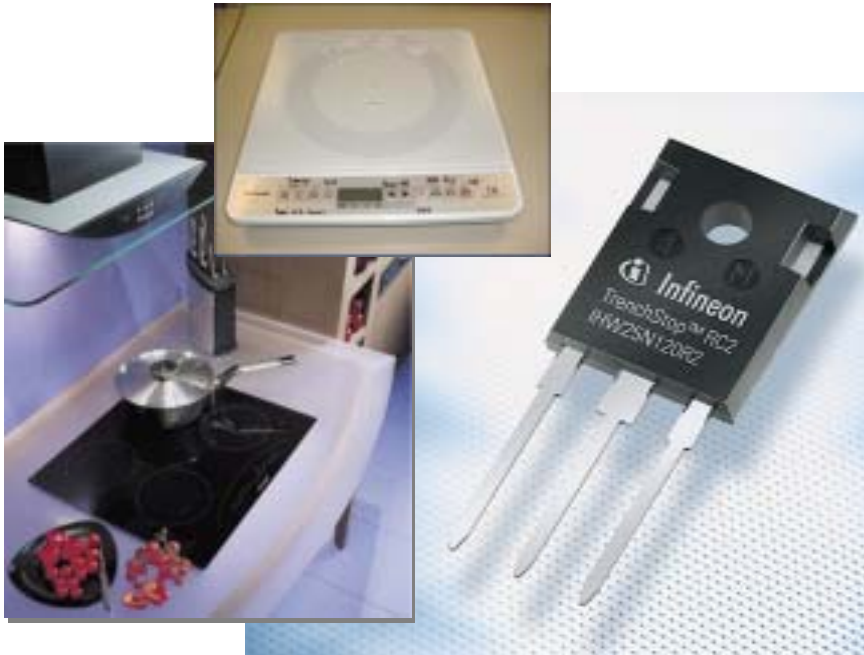
- aging of population
- increasing health care spending



## Key Innovation:

# Induction Heating with Reverse Conducting IGBT

- IGBT's based on Infineon TrenchStop™ technology with integrated backside diode lead to highest efficiency in induction applications.
- 600 / 900 / 200V families cover all used line voltages in the world.
- Market leader in the big market for 1-plate induction heating.



# Chip Card and Security Applications

## Contact-based chip cards

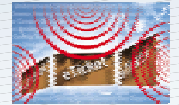
## Contactless chip cards, RFID



**Communications**  
Prepaid  
Mobile



**Payment**  
Credit / Debit, e-purse  
**Transport, Ticketing**



**Identification**  
ePassport, national ID  
Social, Access  
RFID, e-Government



**Entertainment**  
Pay-TV, Gaming  
Video/Audio



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Financials and Outlook

AIM Review

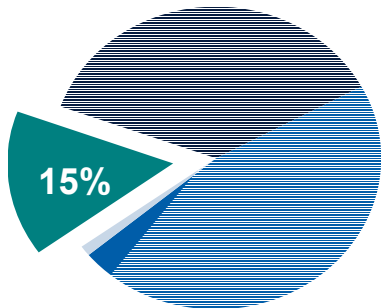
**COM Review**

Qimonda Review

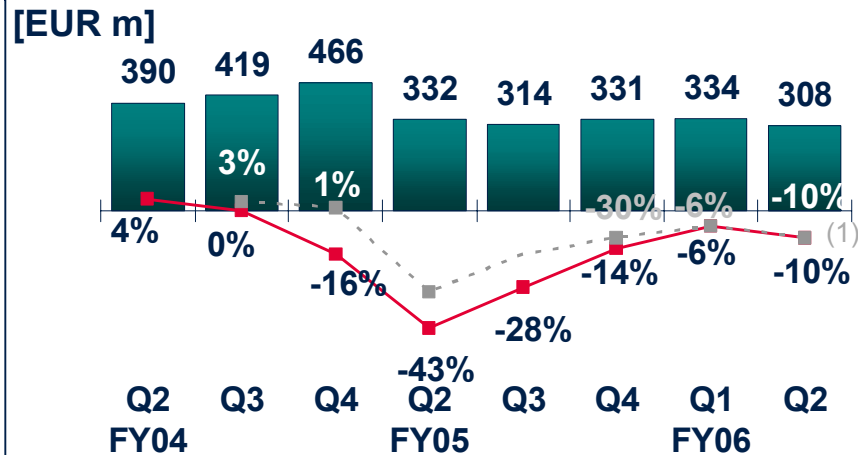
# Business Group Communication Solutions

## Q2 FY06 Update

### Revenue share Q2 FY06



### Revenues and EBIT margin



- COM revenue declined qoq despite strong broadband access sales (espec. VDSL2) due to seasonality and lower broadband demand.
- COM EBIT was lower qoq due to top line development in spite of further improvement in profitability in broadband access.



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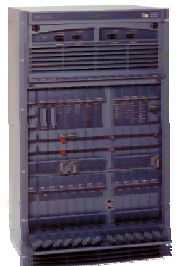
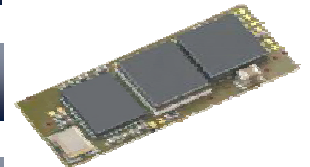
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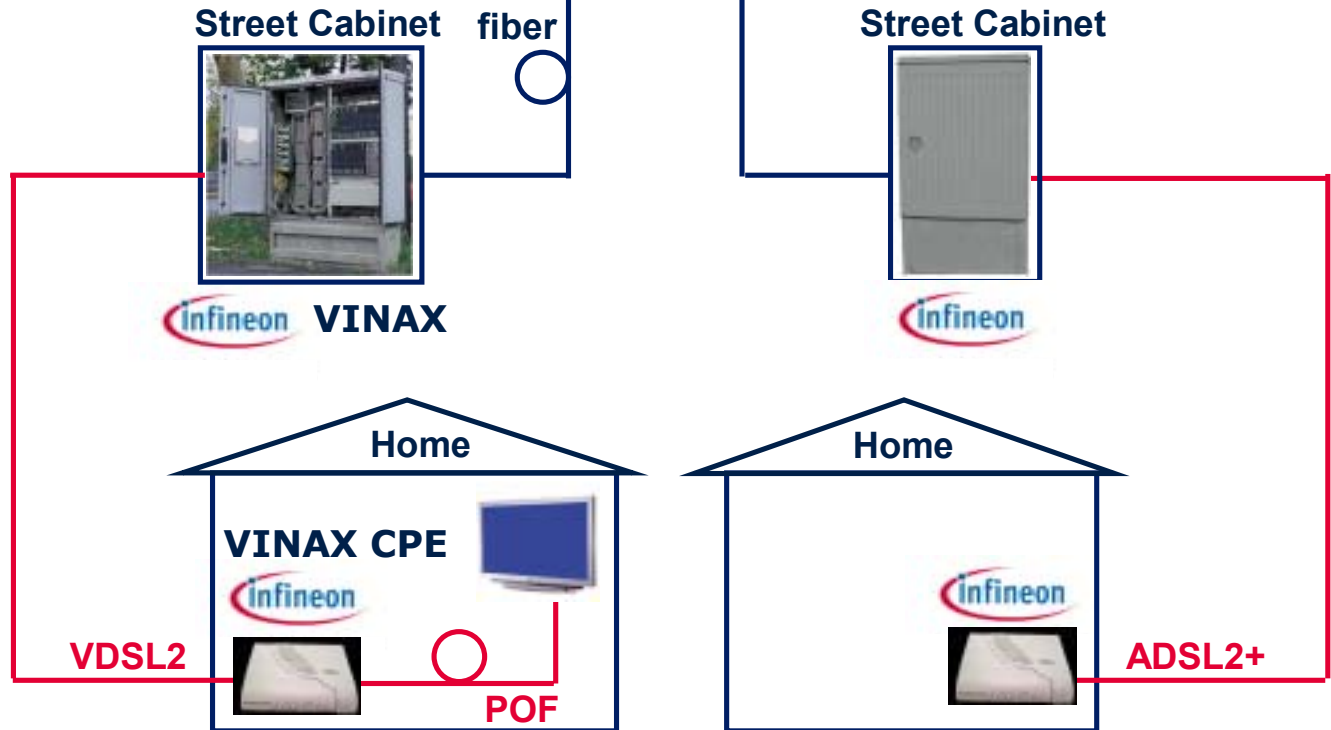
## Design Win at Deutsche Telekom for ADSL2+ and VDSL2 Rollout

T-COM's VDSL2 network rollout is entirely based on Infineon's VINAX chip-set. More than 500K VDSL2 lines shipped in FQ2.

### Central Office



Deutsche Telekom introduced „T-DSL 16000“ based on ADSL2+. Infineon is the major supplier.



## Expanding RF Customer Base Through RF CMOS Leadership

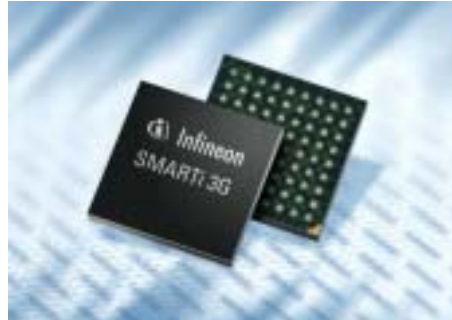
- No. 1 in RF with approximately 200 million RF chips sold in CY05
- Design-win for EDGE (SMARTi PM) at Samsung; ramp-up in FQ3.
- Two further design-wins for other RF transceivers at two other major customers.

### SMARTi 3GE HSDPA / WCDMA / EDGE



**World's first CMOS one-chip 6-band WCDMA and 4-band EDGE transceiver**

### SMARTi 3G HSDPA / WCDMA



**World's first CMOS single-chip 6-band transceiver**

### SMARTi PM EDGE





**World's first CMOS EDGE single-chip transceiver**





## Competitive Mobile Phone Platforms Offering Leads to Several Design Wins

Customer	Platform		Ramp-up	Spezification
<b>OEM</b>	GSM ULC		<b>Now !</b>	<b>BB + RF:</b> E-GOLDRadio
<b>ODM</b>	GSM ULC		2H CY06	<b>BB + RF:</b> E-GOLDRadio
<b>ODM</b>	GSM ULC		2H CY06	<b>BB + RF:</b> E-GOLDRadio
<b>BenQ</b>	GSM/GPRS Entry phone		2H CY06	<b>BB + RF:</b> E-GOLDRadio BlueMoon Universal (2.0 + EDR)
<b>BenQ</b>	EDGE Multimedia		2H CY06	<b>BB:</b> S-GOLD2; <b>RF:</b> SMARTi PM
<b>OEM</b>	2x EDGE Multimedia		2H CY06	<b>BB:</b> S-GOLD2, <b>RF:</b> SMARTi PM BlueMoon Universal (2.0 + EDR)
<b>OEM</b>	EDGE Multimedia		1H CY07	<b>BB:</b> S-GOLD2; <b>RF:</b> SMARTi PM BlueMoon Universal (2.0 + EDR)
<b>Panasonic</b>	3G Multimedia		2H CY06	<b>BB:</b> S-GOLD2 + co-proc. <b>RF:</b> SMARTi PM + SMARTi 3G BlueMoon Universal (2.0 EDR)

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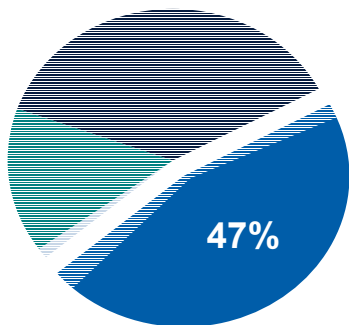
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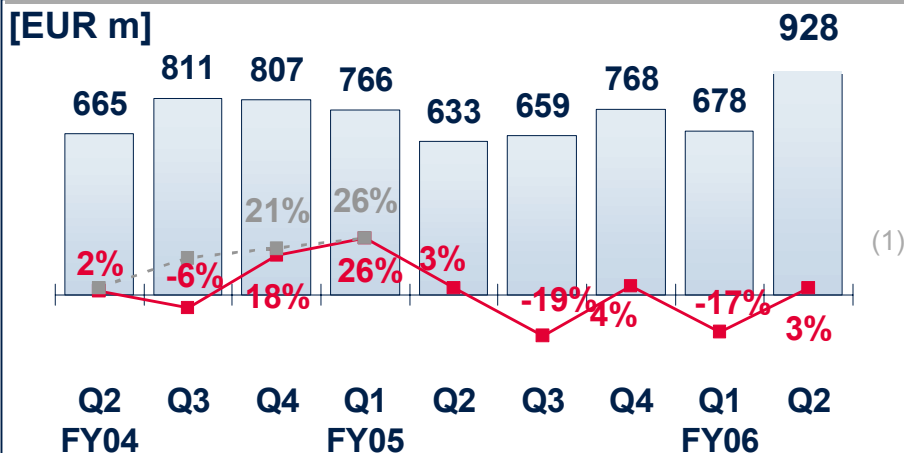
COM Review

**Qimonda Review**

## Revenue share Q2 FY06



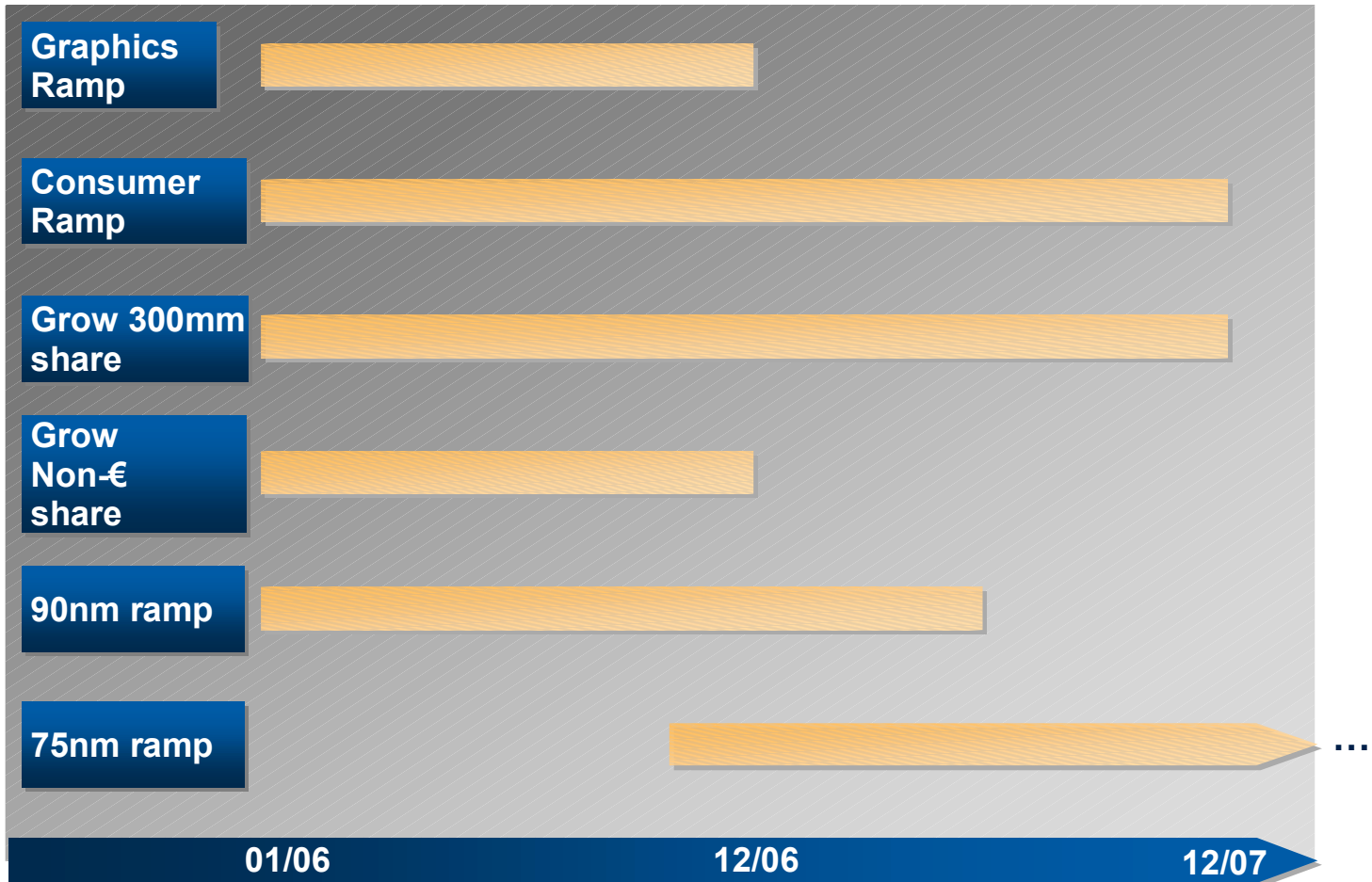
## Revenues and EBIT margin



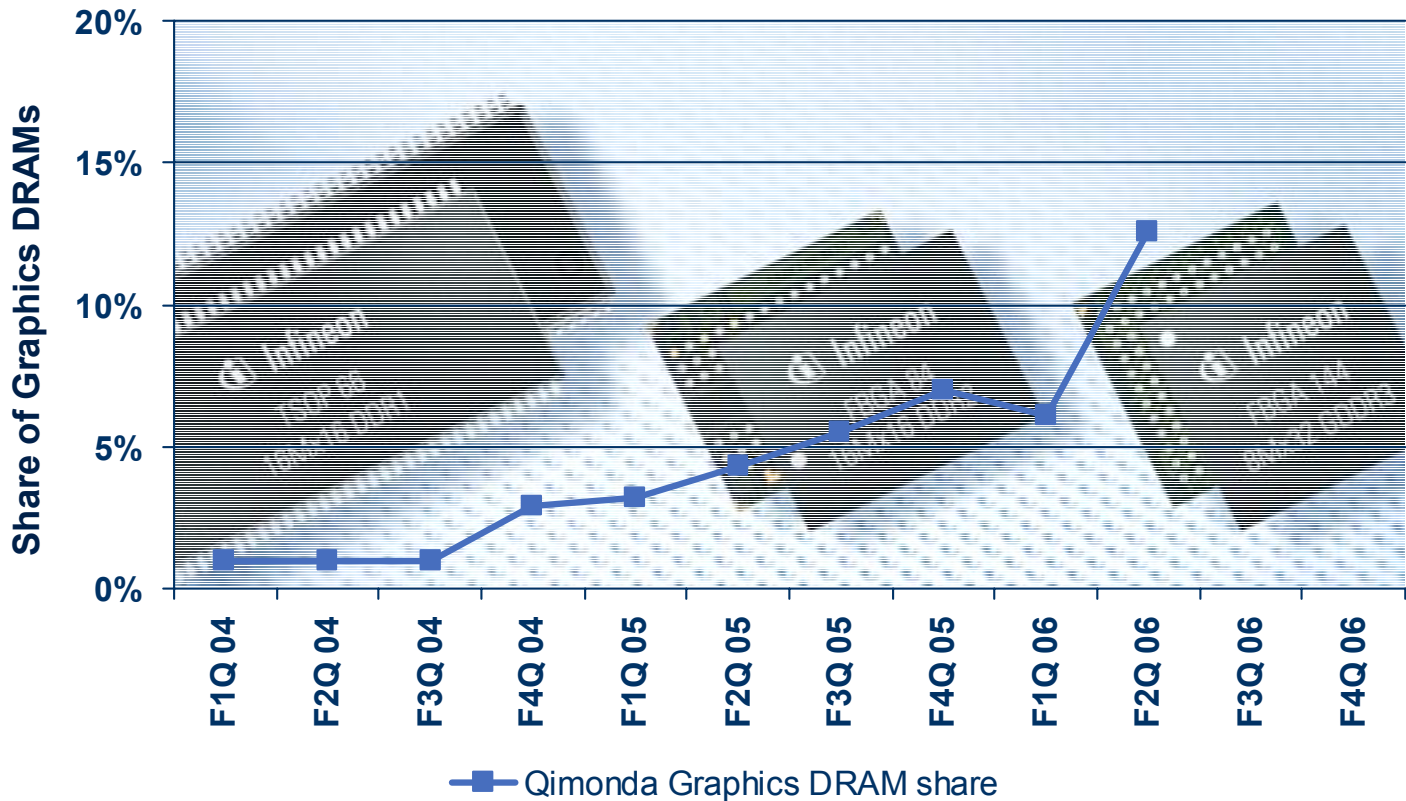
- Strong top line growth to second highest quarterly level since foundation of Infineon.
- Significant shipment growth. DDR2 price recovery coupled with higher specialty share also led to slight ASP increase.
- Back to positive EBIT thanks to shipment and ASP increase and fully loaded cost reduction. Inventory range 2-6 weeks, down 2 weeks.

(1) Excluding antitrust-related charges

## FY05/06 and FY 06/07: Planned Measures



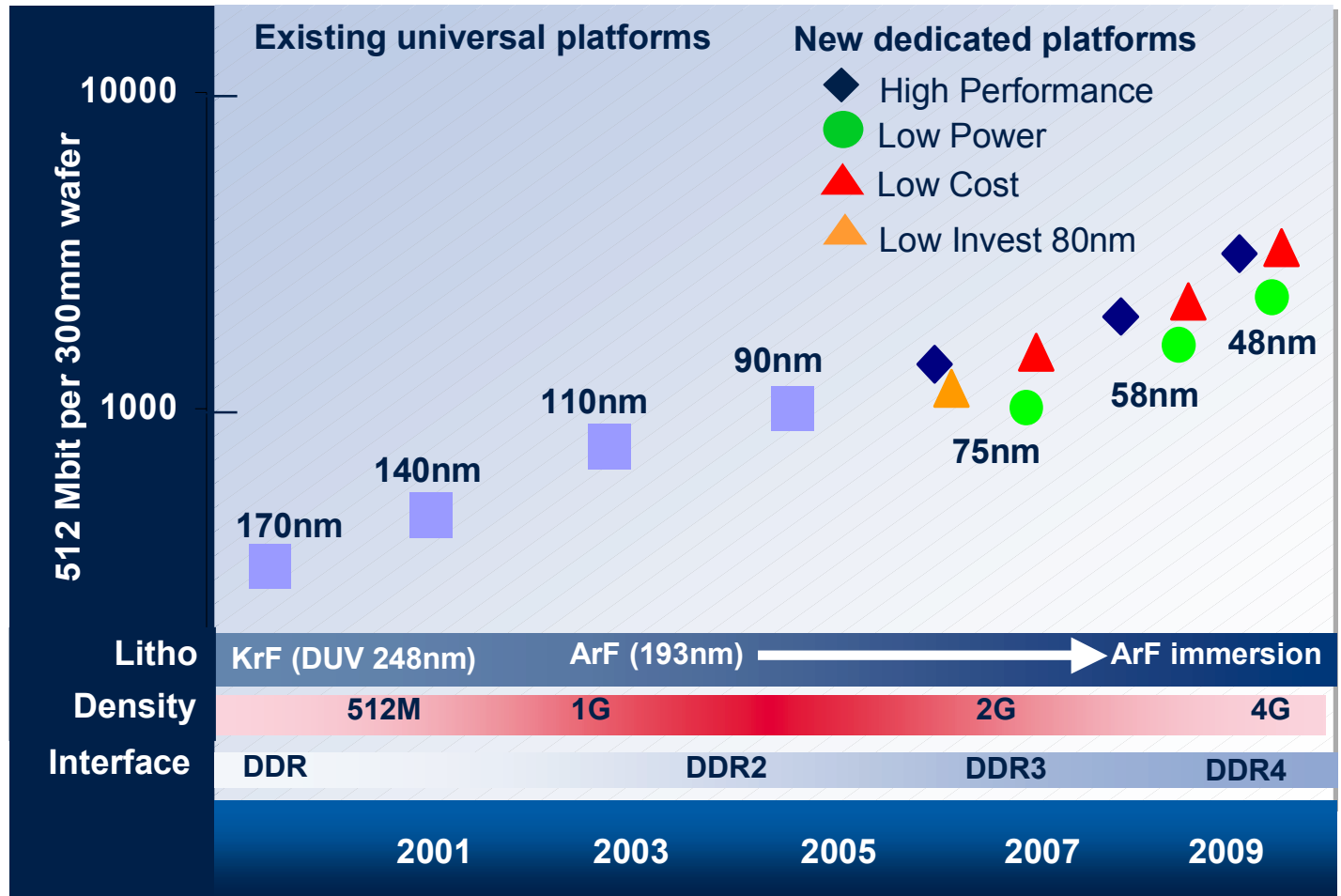
# Share of Graphics RAMs as of Total DRAM Bit Shipments





# DRAM Trench Technology Roadmap

## Optimizing for Performance, Power and Cost





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