

Infineon

IFX Day 2004

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Market Perspective and Customer Focus

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Never stop thinking.



Disclaimer

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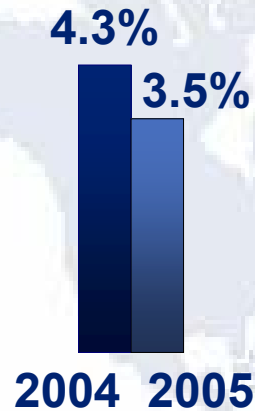
Agenda

- **Market Perspective**
- **Regional Developments**
- **Focus Region Asia and Japan**
- **Offering Application Competence**

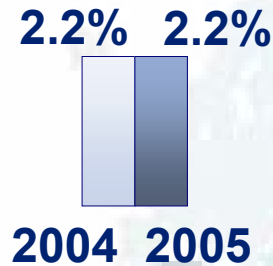
World economy - excellent growth prospects for 2004 and slightly subdued forecast for 2005

Global economy growth, prospects for 2004 and 2005

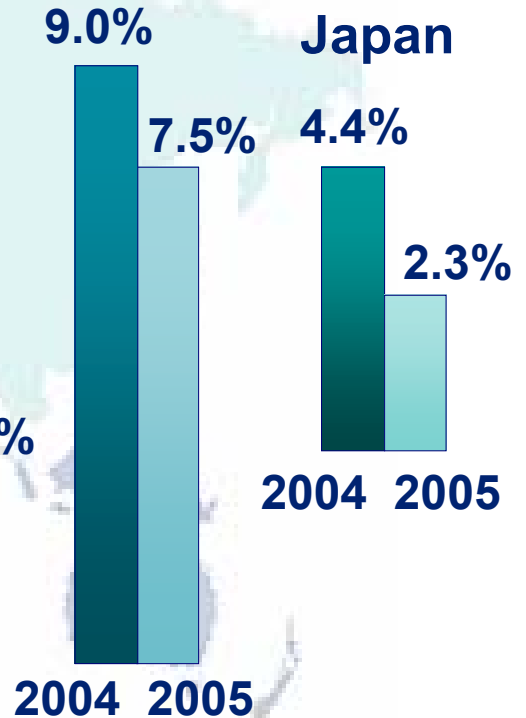
United States



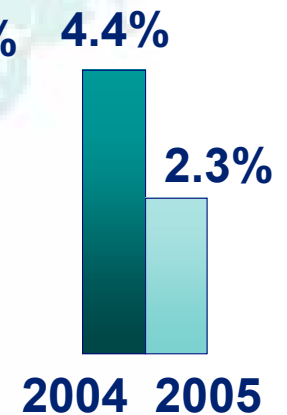
Euro Zone



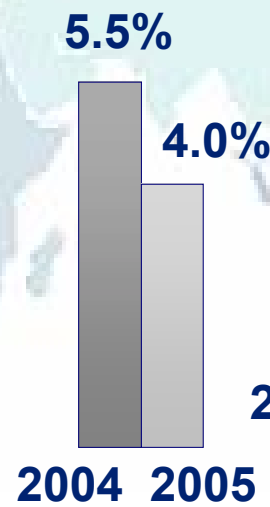
China



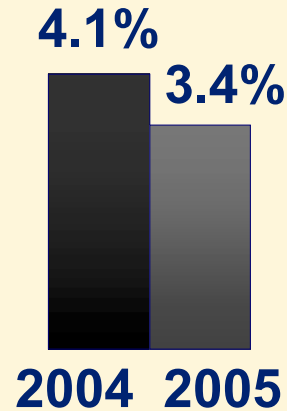
Japan



Asia*



WORLD



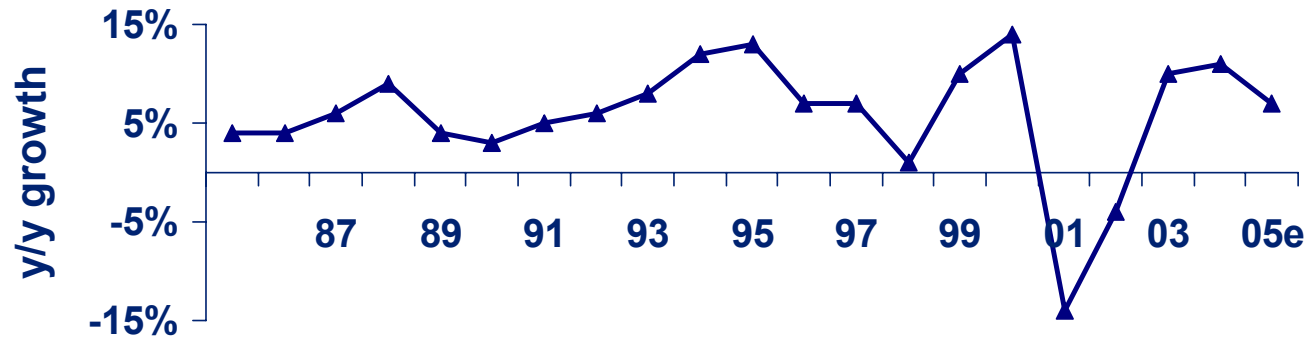
* Newly industrialized Asian countries

** At market exchange rates.

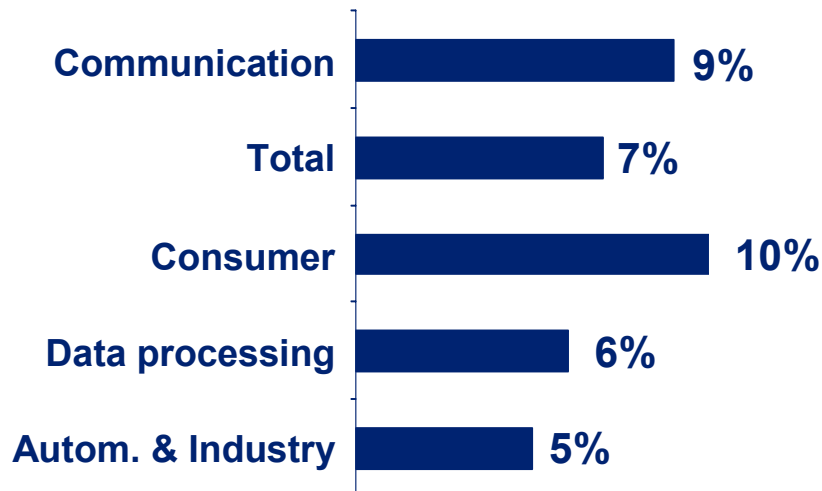
Source: International Monetary Fund, World Economic Outlook September 2004.

Macro-economic setting stimulates high demand in 2004, followed by a decline in 2005

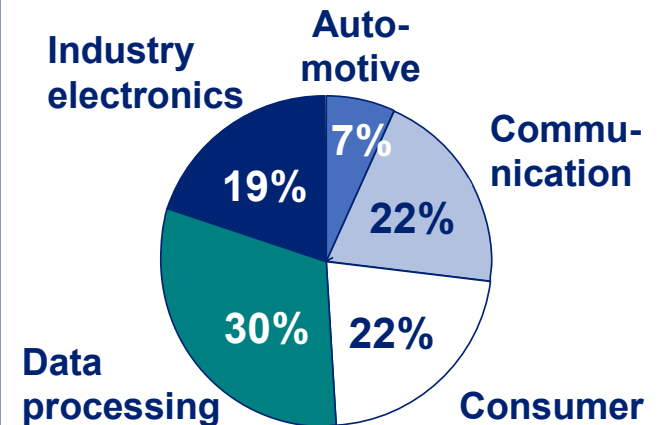
Demand for electronic end devices



Segment growth 2005e



Segment split for 2005e



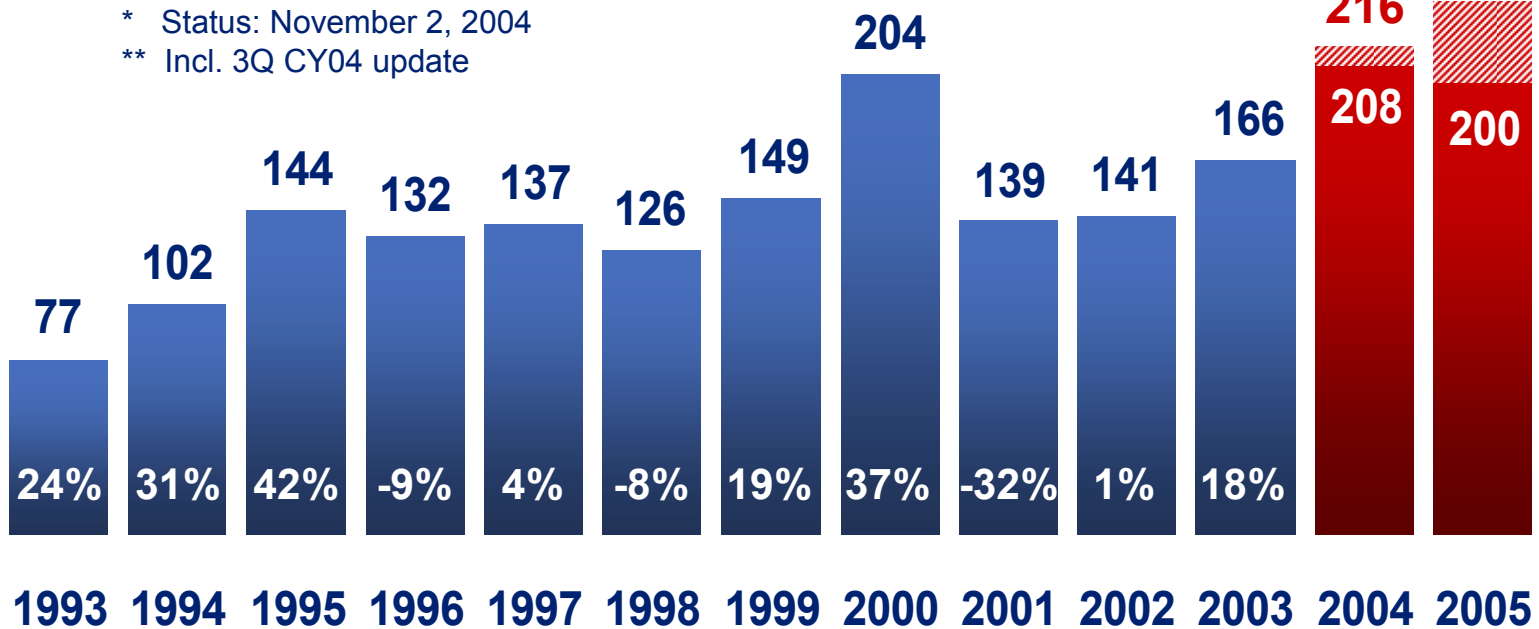
Estimated total: USD 1.233 bn

Source: IC Insights, Gartner Dataquest (08/2004).

Semiconductor market development and forecasts

Forecasts*	2004	2005
IC Insights	+28.0%	-4.0%
WSTS**	+28.5%	+1.2%
VLSI Research	+30.0%	+9.0%
Gartner	+27.4%	+9.3%
iSuppli	+25.4%	+9.7%

[USD bn]



* Status: November 2, 2004
 ** Incl. 3Q CY04 update

Source: WSTS for historical data



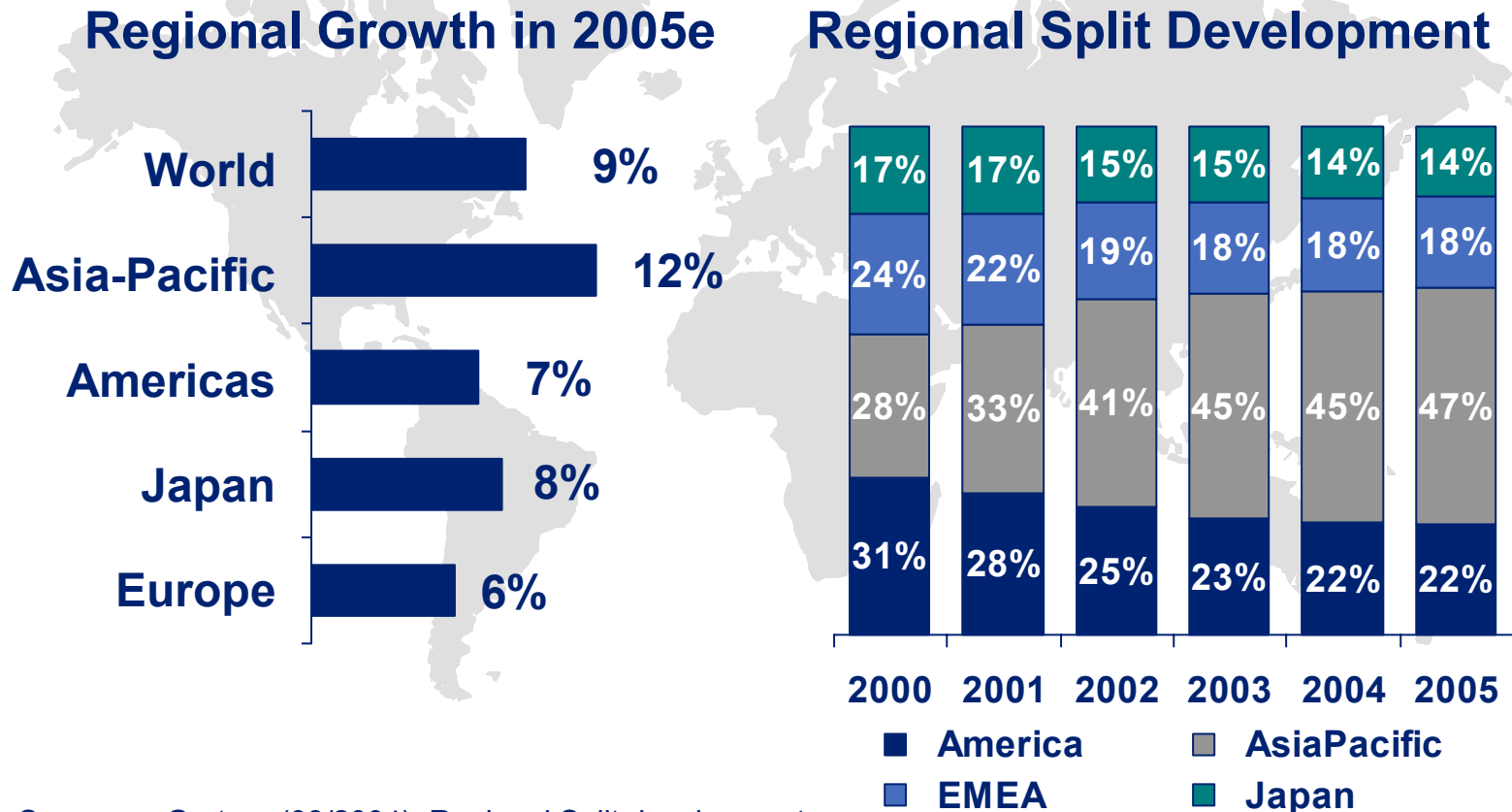
Scenario for possible semiconductor market development



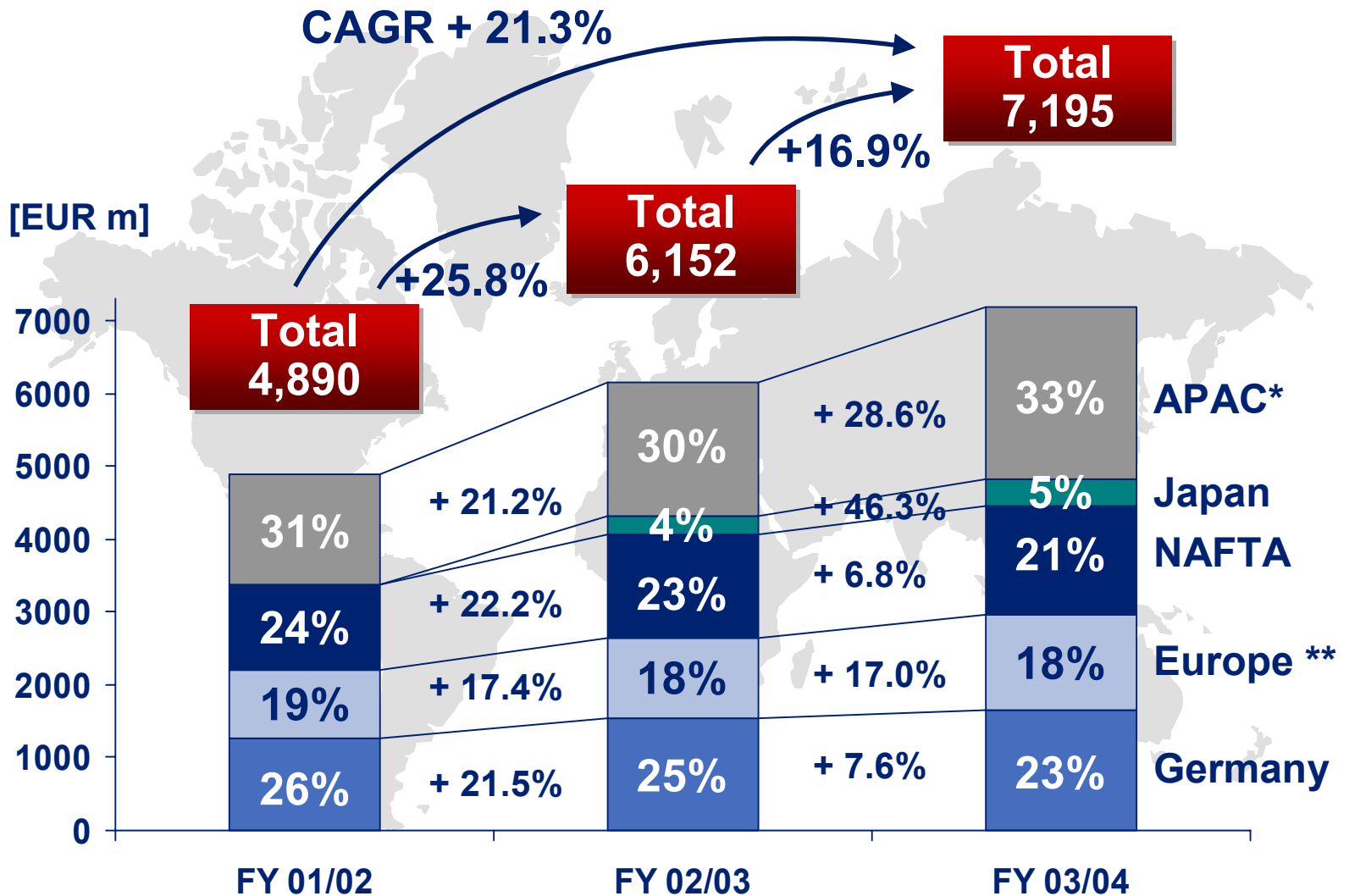
* Note: based on consensus major market research institutes

Asia-Pacific will lead global semiconductor growth in 2005

Semiconductor Consumption Market Forecast by Region



Strong growth in Asia and Japan



* Including others

** Excluding Germany

(according to US GAAP)

Infineon is gaining market share in most regions

IFX-NAFTA

- 7% revenue growth in FY 2004
- No. 3 up from No. 6 in ranking*

IFX-Europe

- 17% revenue growth in FY 2004
- No. 2 in ranking*

IFX-Asia

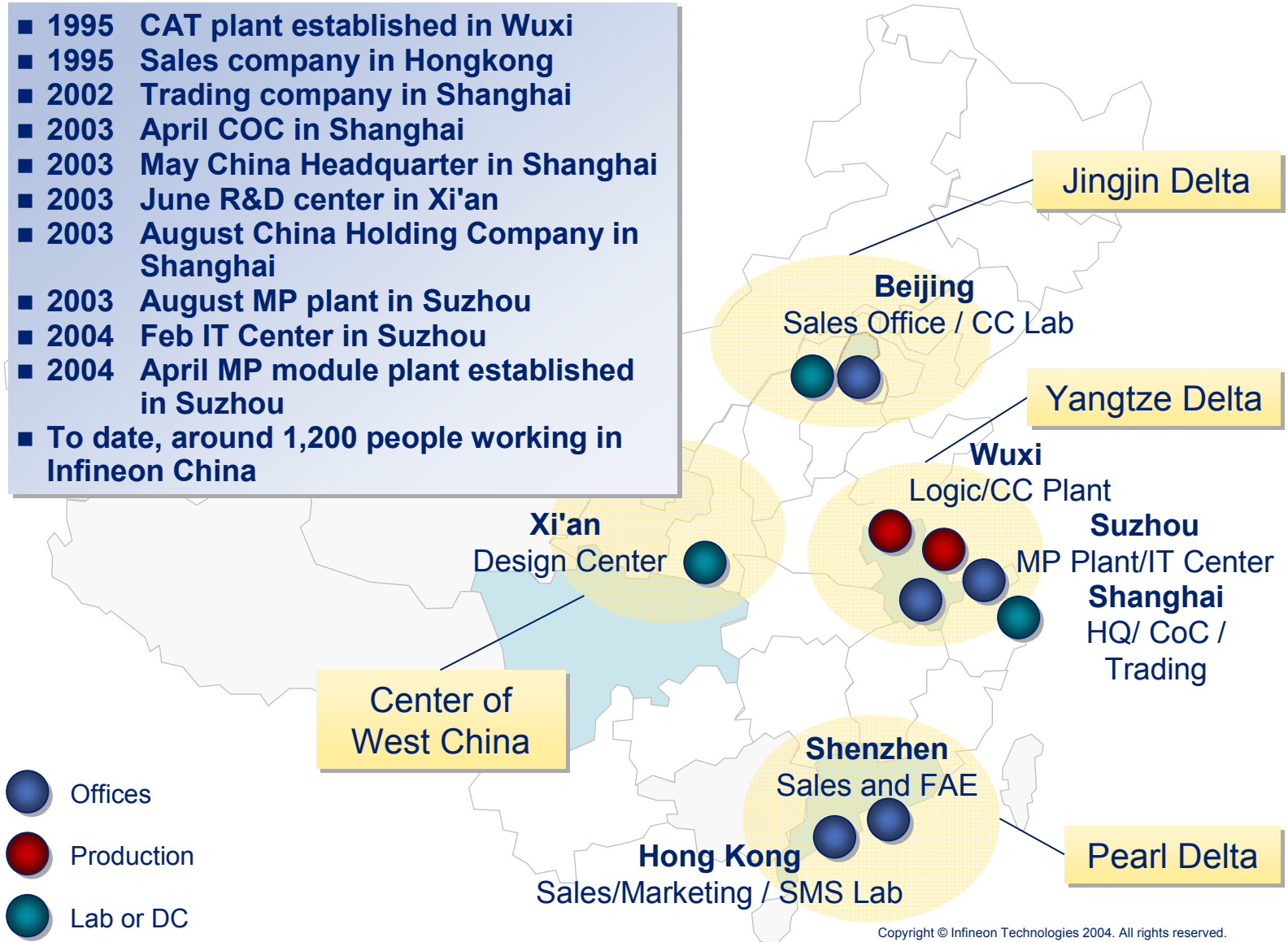
- 29% revenue growth in FY 2004
- No. 6 in ranking*

IFX-Japan

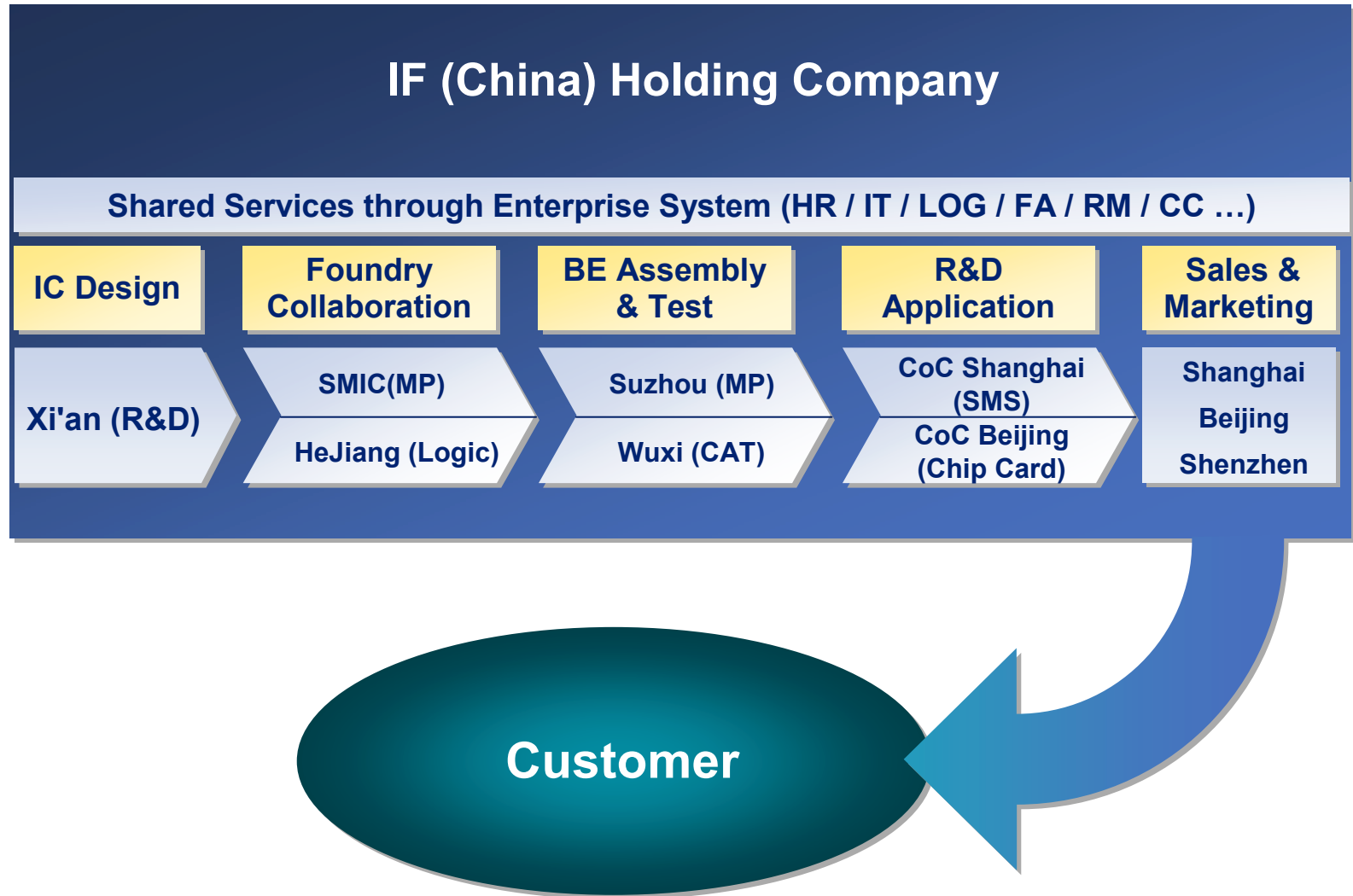
- 46% revenue growth in FY 2004
- Up from No. 51 to No. 33* (2002 - 1st half CY 2004)

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



Infineon's business chain in China



Market perspectives in Japan

Japan is a key semiconductor market with highly-innovative characteristics in many lucrative segments

- **Japan will continue to be a leading semiconductor market**
 - **Today, it directly influences about 30% of the entire global semiconductor market**
 - **9 out of 18 electronics and electronic equipment companies are based in Japan**
 - **Japan is an innovator and lead market for consumer, mobile and automotive applications, specific technologies and enabler functions – thus shaping future global market trends**
 - **Infineon sees Japan as target market in its global activities**
- 

Business Groups' strategic focus

Business Groups

Strategic Focus

COM

Wireline
Communication



- Complete broadband access solutions for both ends of the copper wire
- High-Speed-Line-Card solutions for Metro and Long-Haul optical networks

SMS

Secure
Mobile
Solutions



- Cellular system kits for 2 / 2,5 / 3G standards and products for base stations from baseband processing to power amplifier modules
- Market leader for chip card ICs and silicon-based security - Trusted Platform Module (TPM)

AI

Automotive &
Industrial



- Complete product coverage for automotive applications, with sensors, microcontrollers and power ICs
- Broad spectrum of power semiconductor technologies for all kinds of voltages

MP

Memory
Products



- Strategic supplier to major OEMs on a worldwide basis
- Extension of portfolio to offer "One-stop-shopping" to customers with various memory needs



Infineon has the technical competencies to target converging markets of the future

Infineon's exposure to product and industry segments

		Application Segments					
		Auto-motive	Consumer	Data Processing	Industrial	Wireless	Wireline
Infineon Product & Application Competencies	DRAM		●	●		●	
	Flash	●	●	●	●	●	
	Security / Chipcard	●	●	●	●	●	
	Cellular Phone ICs	●	●			●	
	RF and Wireless I/O	●	●	●	●	●	●
	DSL Products / IP telephony		●				●
	Ethernet over SONET			●			●
	Discretes and Tuner ICs	●	●	●	●	●	●
	Power Management	●	●	●	●	●	●
	Microcontroller	●	●	●	●	●	●
	Sensors	●			●	●	
	ASICs	●	●	●	●	●	

Cross-divisional business

Example: Motherboard

AI

- Variety of discrete & IC products for voltage supplies of CPU, DIMM, USB, monitor
- Gate driver IC & PWM IC for motherboard

SMS

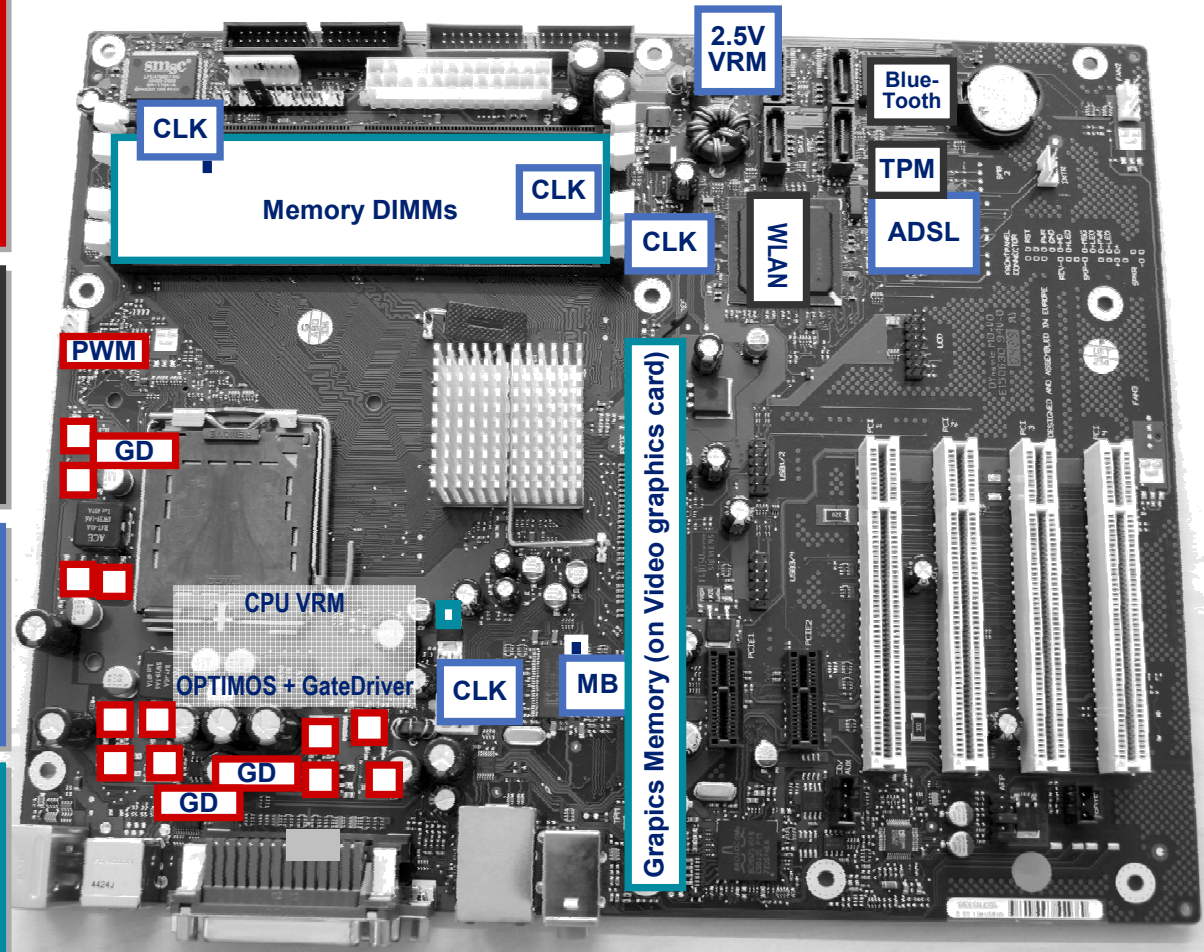
- TPM chip
- Portfolio of single devices (silicon discr.)
- Bluetooth & WLAN

COM

- Memory buffer chip
- CLK generator
- ADSL on board

MP

- Memory DIMMS for PC & notebook
- Graphics memory for video cards



AI SMS COM MP

Mobile phone platforms

Example: UMTS, EDGE and GPRS mobile phone solution

Multimedia support

- Megapixel camera
- Video recording
- Video playback
- Video streaming
- Video conferencing

Additional connectivity

- Bluetooth



Platform can be configured as

- UMTS/EDGE/GPRS
- UMTS/GPRS
- EDGE/GPRS
- GPRS

APOXI application framework

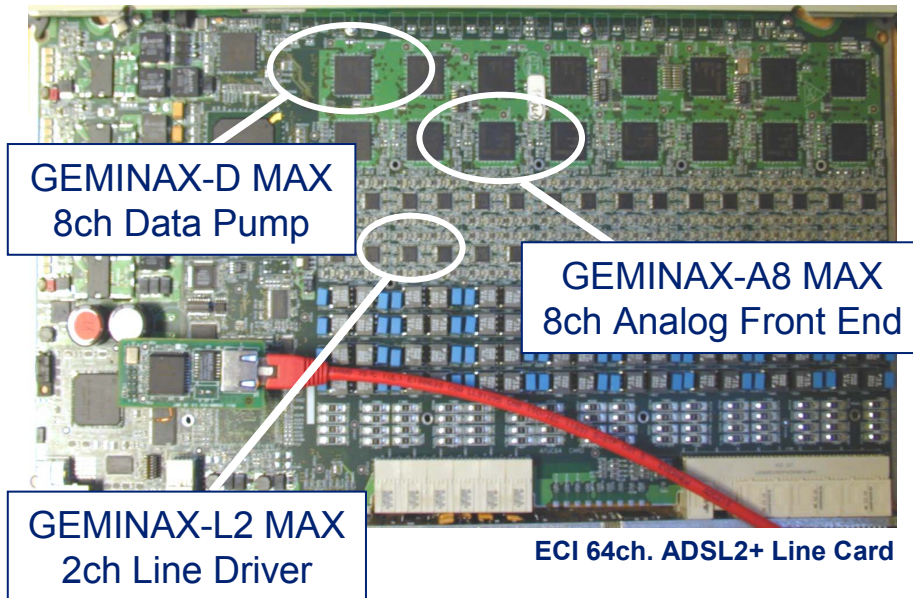
- Hardware independent
- Supports standard applications (WAP, MMS, Java, ...)

A-GPS (assisted GPS)

- Can be configured as optional enhancement
- Indoor localization support
- Continuous navigation possible

Line Cards for COM applications

Example: ADSL2+



Infineon offering for ADSL2+ Line Cards

- Complete ADSL2+ chipset
- Application-specific reference designs
- Design support for hardware and software
- Design implementation and customization services

Example customer projects

SIEMENS

64 Channel ADSL2/ADSL2+ Line Card

ALCATEL

24 Channel Litespan Integrated Voice Data

ADSL Linecard for Alcatel Digital Loop Carrier Platform

eci TELECOM

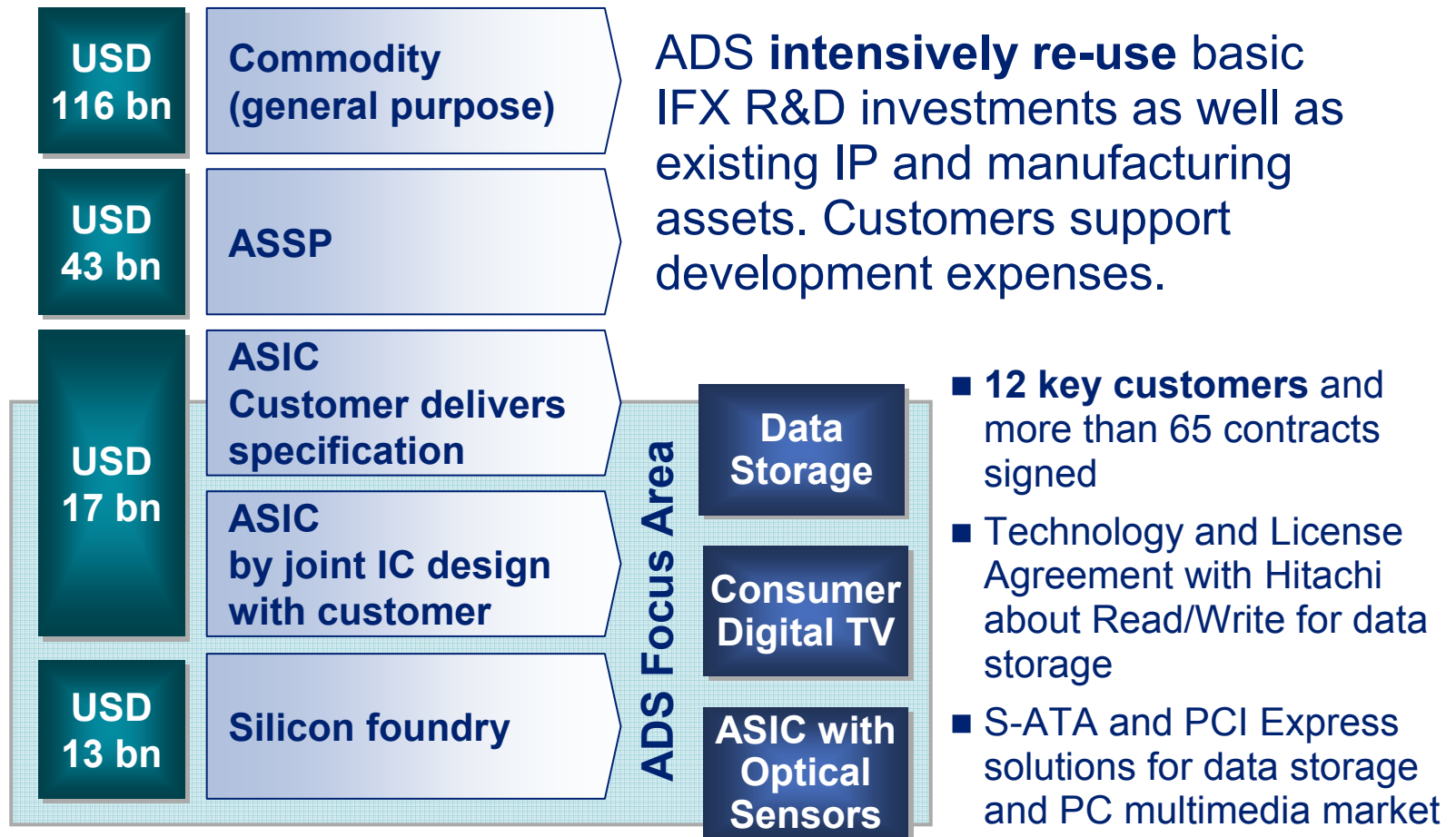
64 Channel ADSL2/ADSL2+ Line Card

ZTE中兴

16 channel Integrated Voice Data Linecard

ADS

ASIC & Design solutions

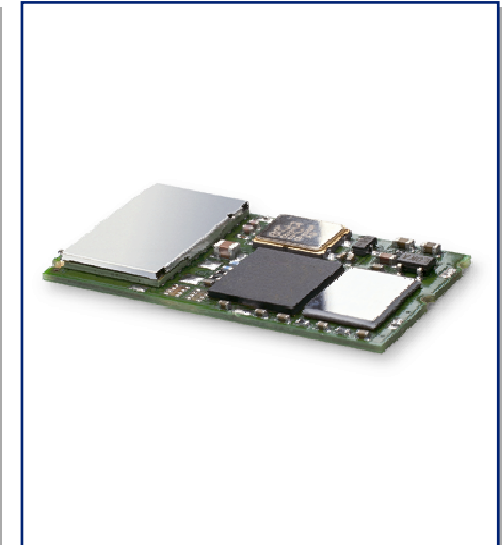
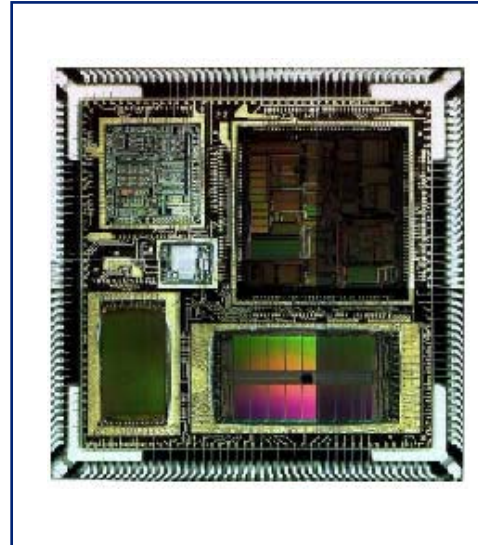
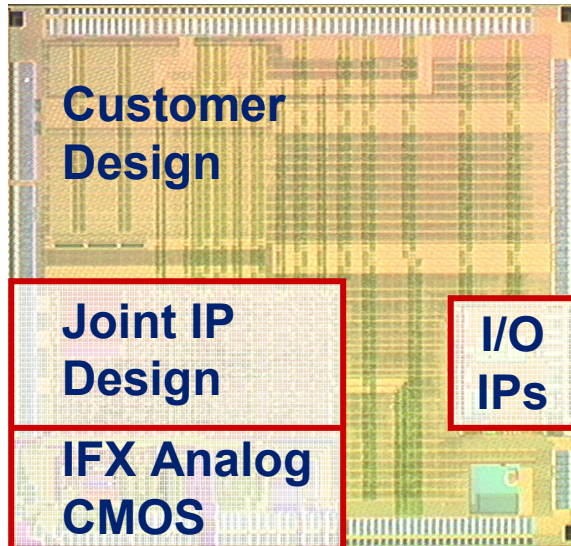


Infineon's capabilities for customer-specific solutions

ASIC / SOC

**System-in-Package
with DRAM & FLASH**

System-on-Board



**Silicon foundry and
customer's own
tooling design**

**Competitive
Manufacturing
& Business Model**





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