

Mobility:

The next mobile communication generations will further develop the interaction of cellular phones, laptops and PDAs – and serve as a catalyst unleashing a run on demand for advanced semiconductor platforms. Infineon has developed the required technologies.



Due to a significant decline in demand for cellular phones, accompanied by a sharp drop in prices for high-frequency and baseband semiconductors, total revenues of the Wireless Solutions Business Group fell to 997 million Euro in the 2001 fiscal year, 18 percent lower than the year before. EBIT was at a loss of 178 million Euro in the 2001 fiscal year, compared to a positive EBIT of 261 million Euro in the 2000 fiscal year.

Infineon continues to maintain a good competitive standing in the field of chip solutions for wireless communications, and is in an outstanding starting position to benefit from the expected market upswing.

Outstanding Positioning

In the market for mobile communications solutions, Infineon is one of the few providers able to offer the entire range of both high-frequency and baseband semiconductors required for wireless applications. For example, we supply complete systems platforms including software for modern-day GSM and GPRS cellular phones used in 2G and 2.5G mobile communications networks. At present, we are developing chipsets for the UMTS standard. Within a few years, UMTS will emerge as the third mobile communications generation (“3G”) around the world and make mobile communications even speedier and more flexible. Moreover, with a market share of approximately 70 percent, we have become the leading supplier of chipsets built into wireless DECT telephones in Europe and WDCT telephones in the USA. Our experience and innovative strength in these fields have brought Infineon to the optimal starting point for the promising new mass markets for Bluetooth, wireless LAN and GPS-enabled applications.

Exposed Market Position for GSM Chipsets

Nevertheless, global demand for GSM baseband chipsets continues to remain strong. Up until the end of September 2001, Infineon had already sold more than 125 million chipsets. In addition, we further increased our sales potential in Southeast Asia in the 2001 fiscal year on the basis of our GSM/GPRS systems solutions. The official licensing of our GSM platform in China was of particular importance.

Focusing on Future Issues

We have consolidated our technological leadership in regards to third-generation technologies, one of the main future-oriented issues impacting the mobile world of communications. In connection with another future-oriented issue, namely “Short Range

FROM CHIP PRODUCER TO SYSTEM PROVIDERS.

Wireless”, it should be noted that with its introduction of the new BlueMoon chipsets to the market, Infineon is supporting an up and coming systems standard for the wireless data transmission among electronic devices located within short distances of each other. Bluetooth modules developed by Infineon are already integrated into products from market leaders such as Sony and Nokia.

Fit for 2.5G and 3G Applications

To date, cellular phones are primarily used to handle simple telephone calls and send SMS messages. Due to the overly slow transmission of data, consumers rarely take advantage of the possibility to access Internet services on cellular phones with integrated WAP functionality. However, the market launch of 2.5G and 3G-enabled cellular phones will lead to a massive increase in mobile data communications on the Internet. The new generations of mobile communications technologies will transmit data at a speed up to 40 times higher than on a WAP-based network and up to 16 times higher than in ISDN fixed line systems. They will also provide the basis for video broadcasts. Attractive fee rates, based not on time spent on-line, but only on the data volume which has been downloaded and transmitted, will serve to further promote the utilization of GPRS, EDGE (both 2.5G) and UMTS (3G) applications. We are talking about a type of mobile leased line, which will only be billed when the user utilizes m-banking, Internet shopping or added value services in connection with a given location.

We expect the upcoming revolution in cellular phone applications to proceed in two phases because GPRS systems are comparatively less efficient than UMTS systems. However, the main advantage GPRS systems offer is that they can be integrated into an existing GSM infrastructure with a relatively moderate level of investments. UMTS requires that the telecommunications companies create a new infrastructure – and this entails extensive roll-out expenditures and longer lead time until comprehensive geographical coverage is achieved.



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- Born 1955.
- Married, 2 children.
- Studied electrical engineering.
- Certified engineer.

**WIRELESS SOLUTIONS
IN EURO MILLIONS**

