

Financial and technology glossary

Financial glossary

ADS: American Depositary Shares – ADS are U.S.-traded stock certificates for non-U.S. stocks. These certificates simplify access to U.S. capital markets for non-U.S.-based companies, and in turn provide U.S. investors with investment opportunities in non-U.S.-based companies. Infineon's ADS are listed on the New York Stock Exchange (NYSE) at a 1:1 ratio.

Cash flow: The cash-effective balance arising from inflows and outflows of funds over the financial year. The cash flow statement is part of the consolidated financial statements and shows how the company generated cash during the period and where it spent cash, in terms of operating activities (cash the company made by purchasing/selling goods and services), investing activities (cash the company spent for investment, or cash it raised from divestitures), and financing activities (cash the company raised by selling stocks, bonds and loans or spent for the redemption of stocks or bonds).

Dax: Deutscher Aktienindex – The German Blue Chip Index tracking the 30 major German companies traded on the Frankfurt Stock Exchange, in terms of order volume or market capitalization.

Debt-equity ratio: An indicator of the company's financing structure, representing the total short- and long-term debt as a percentage of shareholders' equity.

Deferred taxes: Since tax laws often differ from the recognition and measurement requirements of financial accounting standards, differences can arise between (a) the amount of taxable income and pretax financial income for a year and (b) the tax bases of assets or liabilities and their reported amounts in financial statements. A deferred tax liability and corresponding expense results from income that has already been earned for accounting purposes but not for tax purposes. Conversely, a deferred tax asset and corresponding benefit results from amounts deductible in future years for tax purposes but that have already been recognized for accounting purposes.

EBIT: Infineon defines EBIT as "Earnings Before Interest and Taxes". This is the measure that Infineon uses to evaluate the operating performance of its business groups.

EBIT margin: An indicator of operating performance, calculated as the percentage of EBIT in relation to net sales.

Equity-to-assets ratio: An indicator of the proportion of equity capital in the company's financial structure, calculated as the ratio of shareholders' equity capital to total assets.

EPS: Earnings (loss) Per Share – Basic earnings (loss) per share ("EPS") is calculated by dividing net income (loss) by the weighted average number of ordinary shares outstanding during the reporting period (financial quarter or year). Diluted EPS is calculated by dividing net income by the sum of the weighted average number of ordinary shares outstanding plus all additional ordinary shares that would have been outstanding if potentially dilutive securities or ordinary share equivalents had been issued.

Free cash flow: Inflow and outflow of cash from operating and investing activities excluding purchases or sales of marketable securities.

Goodwill: An intangible asset of the company that results from a business acquisition, representing the excess of the acquired entity's purchase price (cost) over the fair value of the net assets acquired and liabilities assumed. Under U.S. GAAP, goodwill is not reduced through regularly scheduled amortization, but rather written down to its fair value if impaired. An impairment assessment is done at least once a year.

Gross cash position: Total of cash and cash equivalents and marketable securities.

Gross profit or margin: Net sales less cost of goods sold.

Minority interest: Proportional share in net income not ascribed to the consolidated group but to outside shareholders that hold a minority share in the equity of the company's subsidiaries.

Net cash position: Gross cash position less long- and short-term debt.

Registered shares: Shares registered in the name of a certain person. This person's details and number of shares are registered in the company's share ledger in accordance with securities regulations. Only individuals registered in the company's stock ledger are considered shareholders of the company and are, for example, able to exercise their rights at the annual general meeting of shareholders.

Risk management: Systematic procedures employed to identify and evaluate potential risks facing the company, and to identify and implement measures to address and mitigate those risks.

ROE: Return On Equity – An indicator of the company’s financial performance, representing net income/loss as a percentage of the average amount of shareholders’ equity capital employed during the period.

ROTA: Return On Total Assets – An indicator of the company’s financial success, representing net income/loss as a percentage of the average total assets employed during the period.

U.S. GAAP: Accounting principles generally accepted in the United States of America. Infineon prepares its consolidated financial statements according to U.S. GAAP.

Technology glossary

2G: Second generation, digital mobile telephony. Subsequent to the first generation (analog), 2G digital signals offer improved sound quality and numerous data services. In Europe: GSM standard.

2.5G: Current mobile communications infrastructure. In Europe: GPRS standard.

3G: Third generation of mobile communications: voice and data, both broadband, with considerably higher capacity. In Europe: UMTS standard.

300-millimeter technology: Comprehensive term for the manufacture and processing of wafers with a diameter of 300 millimeters. At Infineon, the term is used as a synonym for the manufacture of memory chips on a 300-millimeter wafer.

ASIC: Application-Specific Integrated Circuit. Logic IC constructed for a specific application and a specific customer, and implemented on an integrated circuit.

ASSP: Application-Specific Standard Product. Standard product constructed for a specific use that can be used by several customers, and implemented on an integrated circuit.

Back-end manufacturing: Part of semiconductor manufacturing process that happens after the wafer has left the cleanroom (front-end manufacturing). This includes testing the chips at wafer level, repairing the chips if necessary, dicing the wafers and putting the individual chips into packages. There is a growing trend among semiconductor manufacturers to outsource the assembly, and even the testing too, to independent assembly houses. Much of the assembly capacity is based in the Pacific Rim countries.

Baseband IC: A baseband IC processes the digital signals received and those to be sent. This complex component usually comprises a digital signal processor, microcontroller, memory and analog circuits. It essentially forms the core of a wireless communications system.

Bit: Information or computing unit; can take one of two values: “true” / “false” or “0” / “1”.

Bluetooth: Technology for wireless voice and data transmission over short distances.

Broadband applications: Any network technology to provide high-bandwidth data transmission, i.e. bandwidths in the range of several hundreds of Kilobits per second or higher.

Byte: Data unit equivalent to 8 bits.

Carbon nanotubes: CNT, microscopically small tubular-shaped bodies of carbon, the walls of which have an hexagonal, honeycomb structure. The diameter of the tubes is mostly between 1 and 50 nanometers; the length can be as much as 20 centimeters.

CDMA: Code Division Multiple Access. Process used in mobile communications systems, allowing several users simultaneous access to a transmission channel. Advantage: optimal utilization of available transmission bandwidth.

Chip card: Plastic card with built-in memory chip or microprocessor, can be combined with Personal Identification Number (PIN).

CMOS: Complementary Metal Oxide Substrate. Technology used to produce microchips with low power usage and high level of integration.

Customer Premise Equipment: The part of the telephone network that constitutes the link from the provider’s local exchange to the subscriber’s telephone terminal in his house.

DECT: Digital Enhanced Cordless Telecommunications. Uniform European standard for wireless digital communications systems.

DRAM: Dynamic Random Access Memory. Widely-used low-cost memory chip technology based on high-level integration. Examples of DRAM chips: SDRAM, DDR DRAM, RDRAM, SGRAM. (See “RAM”).

Ethernet: Network standard for high-speed communications for applications limited to local areas (covering up to 10 km).

Flash memory: A type of non-volatile memory. Its contents are preserved, even when the power supply is switched off.

Front-end manufacturing: Wafer processing that takes place in the cleanroom, as opposed to processing that happens after the wafer has been essentially finished. Once the wafer is done with its cleanroom processing, it moves into the back-end manufacturing, which involves test and assembly (packaging). See also: back-end manufacturing.

Giga: In information technology, prefix denoting a multiple of 2^{30} as in Gigabit (Gbit), Gigabyte (GByte).

GPRS: General Packet Radio Service. New generation of mobile communications (2.5 group) for higher data transmission capacities (up to 115 Kbits/s) in GSM networks.

GPS: Global Positioning System. Satellite and radio-based location identification and positioning process based on the transit-time differences of received signals.

GSM: Global System for mobile communications. Currently the most widely used digital mobile communications standard in the world.

Home gateway: This allows high-speed bi-directional data access into the home. Home gateways deliver digital information around the home. They can be considered as the next evolutionary step following the set-top box (decoder).

IC: Integrated Circuit. Electronic component parts composed of semiconductor materials, such as silicon; numerous components, such as transistors, resistors, capacitors and diodes can be integrated into ICs and interconnected.

ISDN: Integrated Services Digital Network. On-line type of connections, integrating telecommunications services, such as telephone, fax or data transmissions into one single network.

Kilo: In information technology, prefix denoting a multiple of 2^{10} as in Kilobit (Kbit), Kilobyte (KByte).

LAN: Local Area Network (local network). Data communications network in an extremely limited physical space, such as the confines of one building.

Logic segment: Combination of the three Infineon business groups Automotive & Industrial, Wireline Communications and Secure Mobile Solutions.

MAN: Metropolitan Area Network. Data communications network for a relatively limited area, for example a city.

Mega: In information technology, prefix denoting a multiple of 2^{20} as in Megabit (Mbit), Megabyte (MByte).

Microcontroller: A microprocessor integrated into a single IC combined with memory and interfaces, functioning as an embedded system. Logical integrated circuits of the highest complexity can be designed in a microcontroller and controlled by software.

Micron (micrometer): Metric linear measure, corresponding to the millionth part of a meter (10^{-6}). Symbol: μm . Example: the diameter of a single hair of a person is 100 μm or 0.1 mm.

Mobile RAM: Low-power DRAM designed for mobile applications like PDAs and smart phones.

MRAM: Magneto-resistive Random Access Memory is a non-volatile storage technology which has developed since the 1990s. Unlike conventional storage technologies such as DRAM and SRAM, which use electrically-charged elements to store information, this technology uses magnetically-charged elements – i.e. it exploits the characteristics of particular materials whose electrical resistances change under the influence of magnetic fields. In principle a variety of different mechanisms can be applied: Anisotropic Magneto Resistance, Giant Magneto Resistance and Tunneling Magneto Resistance. The last-mentioned of these is currently the technology of choice for the development of magneto-resistive RAMs.

Non-volatile memory: Memory that does not lose its stored information even when the power supply is switched off.

PDA: Personal Digital Assistant. An electronic address book, appointment calendar and notebook; in general synchronized with the PC.

Power semiconductor: In the last 30 years, power semiconductors have largely replaced electro-mechanical solutions in the fields of drive technology and in power transmission and distribution since they enable high energy flows to be managed almost at will. The advantage of the components is the speed with which they can alternate between the 'open' and 'closed' states, usually within a few millionths of a second. By exploiting the rapid sequence of on/off pulses, it is possible to simulate almost any kind of energy flow, e.g. even a sinus wave.

Radio Frequency Identification: RFID – This refers to a technology which permits wireless exchange of data with transmitter and receiver units. Reading and writing are done within a fraction of a second. Such identification systems are used, for example, for labeling products and goods.

RAM: Random Access Memory. Semiconductor memory that can be accessed in any order. The name is derived from, and is in contrast to, the sequential access memory of a tape storage medium. Data memory, known as main memory, contains programs and data. Examples: SRAM and SDRAM. (See “DRAM”).

RF transceiver: The term “transceiver”, created from the words “transmitter” and “receiver”, is used to describe a combination of transmitter and receiver in a single package used in wireline and wireless communications. Radio Frequency (RF) transceivers are used in wireless communications, for example, in cell phones and cordless telephones.

ROM: Read-Only Memory. Digital, non-volatile data memory, in which data can be permanently stored regardless of the power supply. The most recent developments are in the form of Flash memories (NAND and NOR).

Semiconductor: Crystalline material that demonstrates electrical conductivity upon warming, increasing the level of conductivity with rising temperature. Semiconductors include silicon or germanium. The term is also applied to ICs made of these materials. The electrical conductivity of semiconductors can be changed as desired by the application of doping materials (as a rule boron or phosphorous).

Silicon: A material with semi-conducting characteristics. Silicon is widely-used in the semiconductor industry as a basic raw material (silicon wafers).

Smart card: A plastic card, usually about the size of a credit card, with an embedded microcontroller. In contrast to a memory-based card, this type of card is equipped with a microprocessor which permits extremely secure processing of large volumes of data.

Telematics: The combination of telecommunications and the suffix “matic”.

Tire Pressure Monitoring System (TPMS): A system that monitors the pressure inside a tire and alerts the driver when the pressure is insufficient.

UMTS: Universal Mobile Telecommunications System. Designed to be the future global digital standard for mobile communications. UMTS enables data transmission of up to 2 Mbit/s.

Voice over IP: IP telephony, also known as Voice over IP (VoIP), is the ability to telephone via a computer network and based on the Internet Protocol. When IP telephony is used to conduct conversations over the Internet, one talks of Internet telephony. The essential difference to conventional telephony is that voice data is not transmitted via a switched connection through a telephone network, but rather it is split up into IP packages which travel through the network on an unspecified route to their destination. IP telephony can share the infrastructure, i.e. the network, with other communications services.

Volatile memory: Memory that loses stored information when the power supply is switched off.

Wafer: Disc made of a semiconductor material, such as silicon, with a diameter of up to 300 millimeters.

WAN: Wide Area Network. Data communications network for a large geographic area, such as a country.

WDCT: Worldwide Digital Cordless Technology. Unified standard for wireless digital communications systems in North America. An adaptation of the DECT standard.

xDSL: xDigital Subscriber Line. Generic term for various technical designs for broadband, digital data transmission via existing copper telephone lines. Depending on the configuration, the “x” stands for Asymmetric (A), High bit-rate (H), Single line (S), Symmetric High bit-rate (SH) or Very high bit-rate (V).