Deutsche Bank European TMT Conference

London, 07 September 2011

Infineon Technologies AG
Peter Bauer, CEO

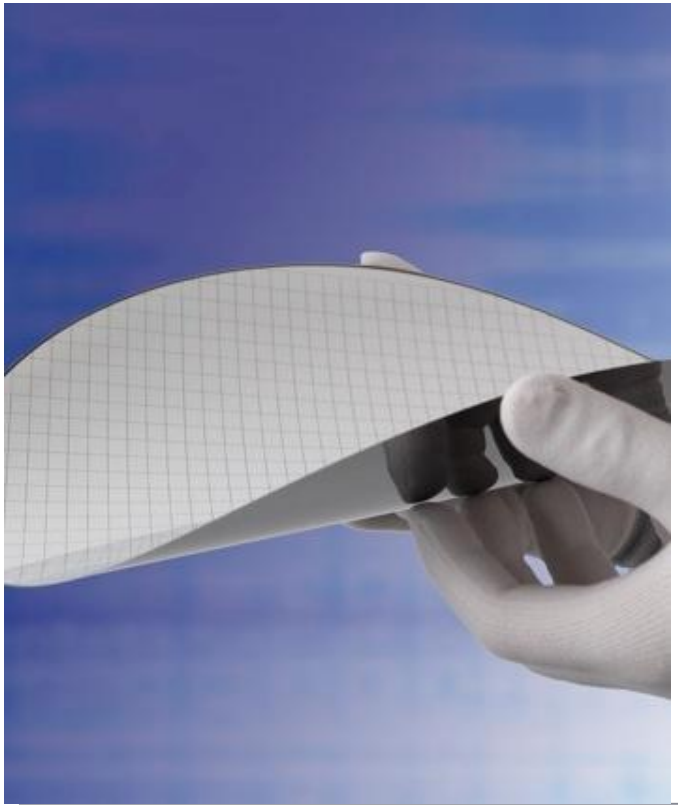
- Infineon Results and Outlook
- Business Highlights

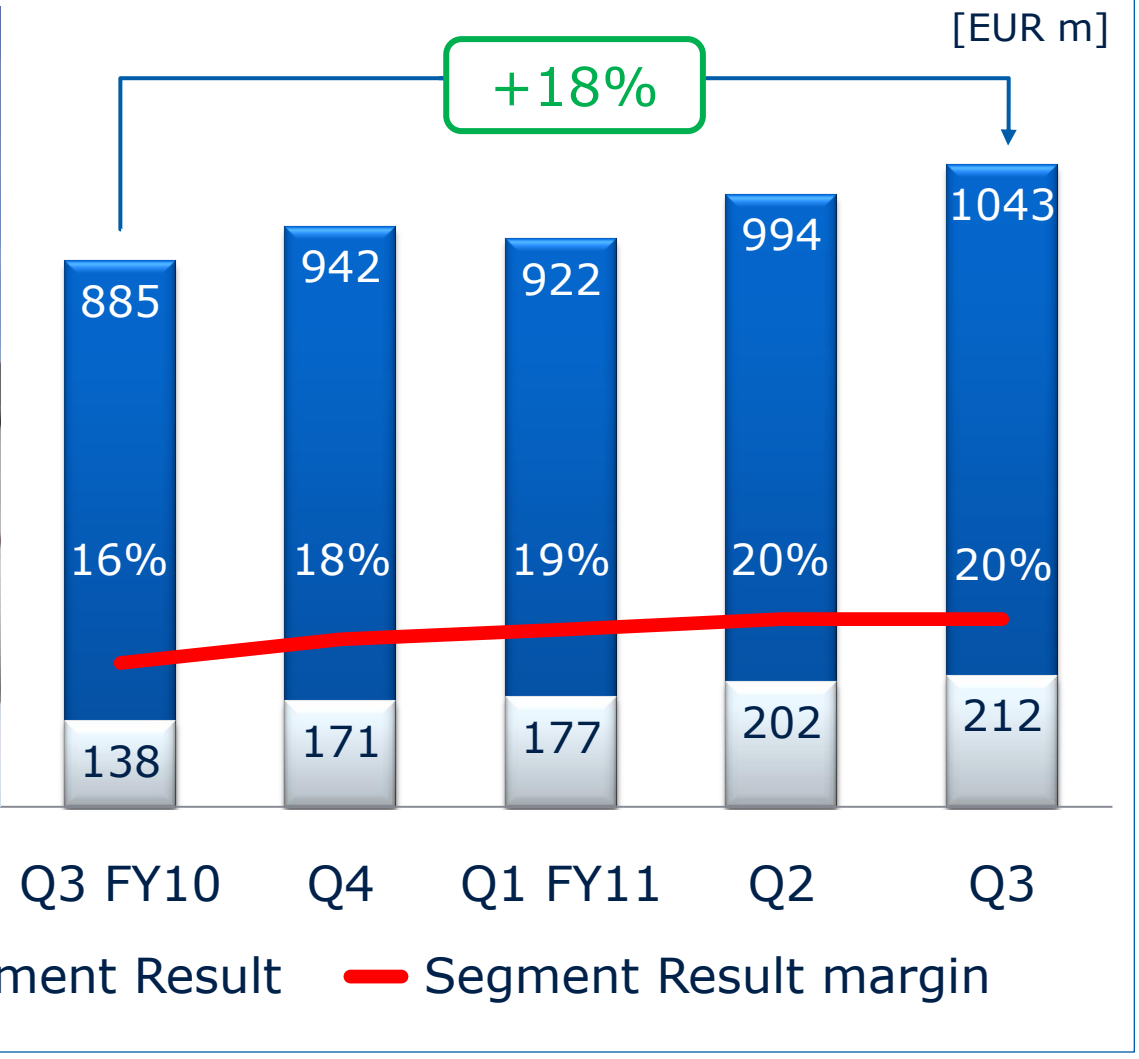
Dow Jones Sustainability Indexes
Member 2010/11

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Segment Result Margin Maintained at High Level

Revenue and Segment Result





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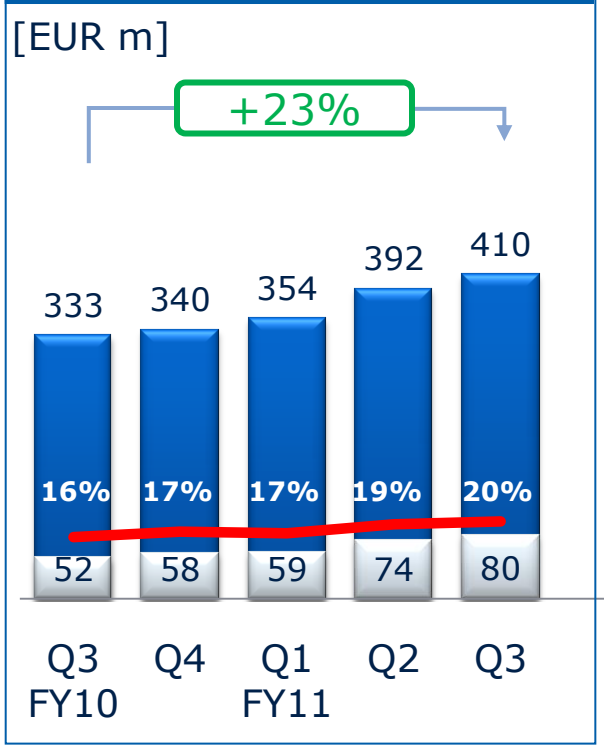
Strong Revenue Growth With High Margins in ATV and IMM



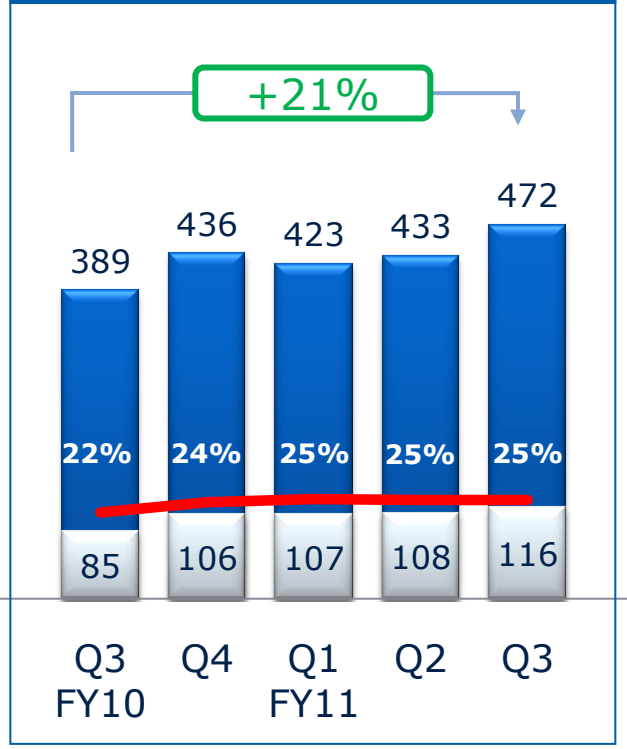




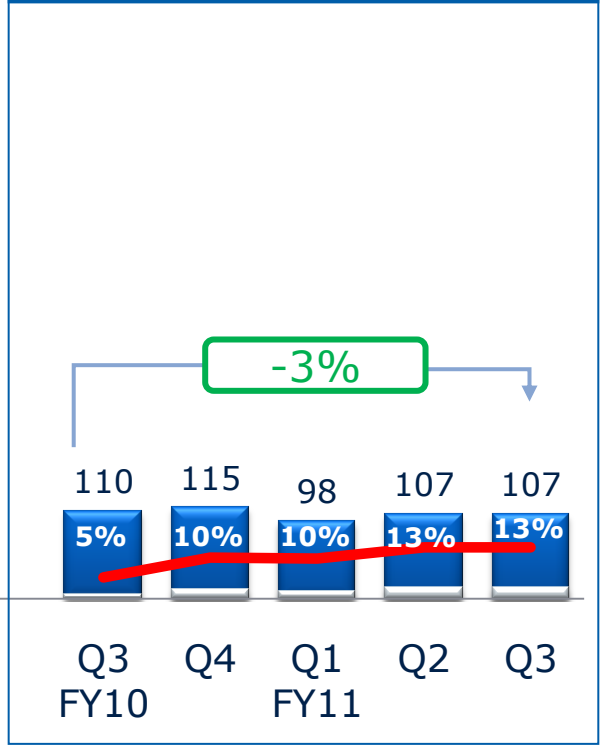
ATV



IMM



CCS

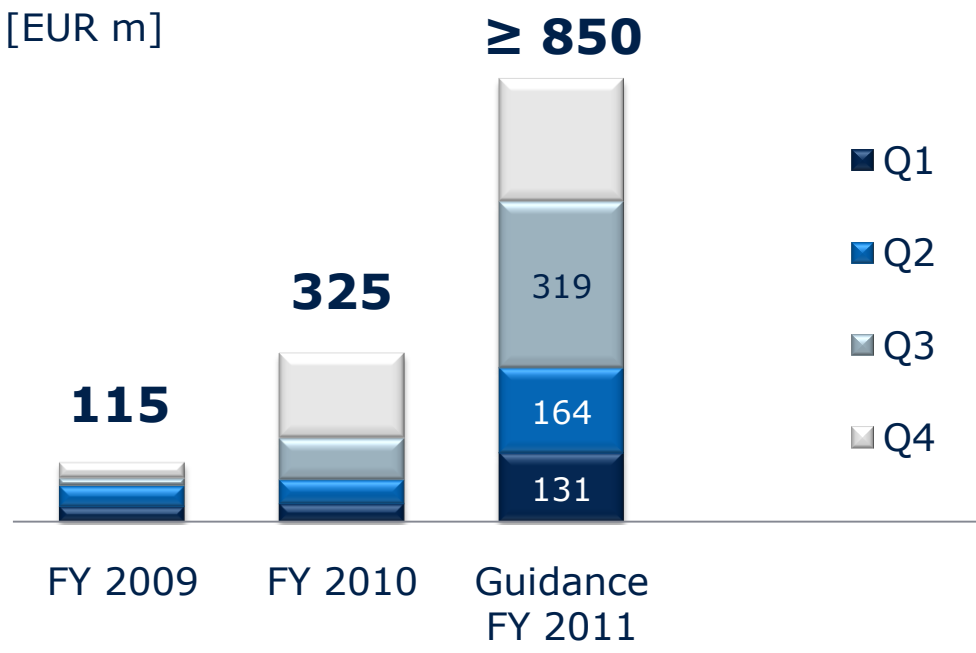


Revenue Segment Result Segment Result margin

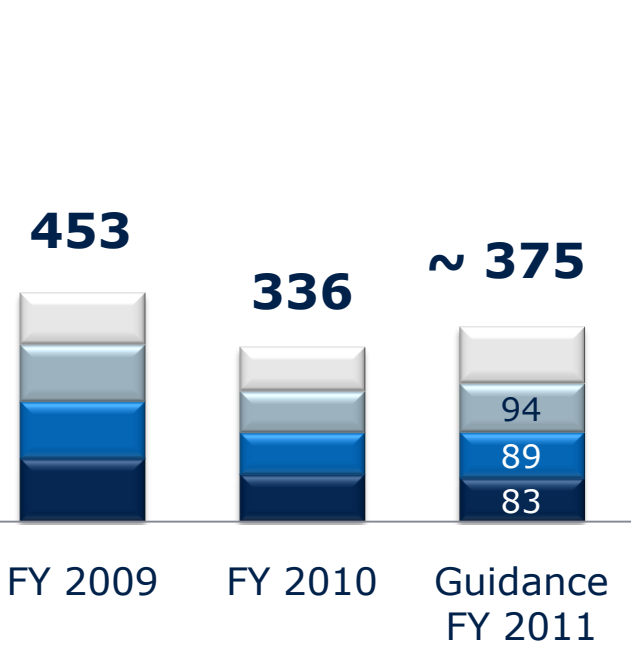
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Investments Rise Significantly to Exploit Growth Potential

Investments[1)]



D&A



Guidance for Investments:

- FY12, FY13: 15 – 25% of sales;
- beyond FY13: 10 – 15% of sales.

Guidance for D&A:

- FY12 and beyond: 10 – 15% of sales.

1) Investments =
'Purchase of property, plant and equipment' + 'Purchase of intangible assets, and other assets' incl. *capitalization of R&D expenses*.

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Expanding 200mm Capacity in Kulim; Driving 300mm Thin Wafer in Dresden

Kulim 2



- In order to fully exploit Infineon's growth potential, Infineon will expand the cost-efficient 200mm manufacturing site in Kulim, Malaysia.

Dresden 300mm



- Infineon will further extend its technology leadership by driving 300mm thin wafer manufacturing of power semiconductors out of the newly-acquired facility in Dresden.

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Guidance for Q4 and FY 2011

	Outlook Q4 FY11 (compared to Q3 FY11)	Outlook FY 2011 (compared to FY 2010)
Revenue	Revenue to be at least flat.	As implied by Q4 outlook: Revenue to grow more than 20%. previously: Revenue to grow by 20%.
Total Segment Result	Segment Result to be broadly flat.	As implied by Q4 outlook: Segment Result margin to be about 20 percent. previouly: Segment Result margin to be about in line with H1 FY11.

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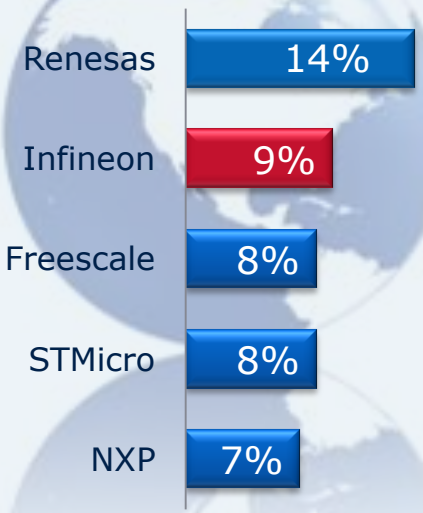
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Infineon Holds Top Positions in All Target Markets

Automotive

#2

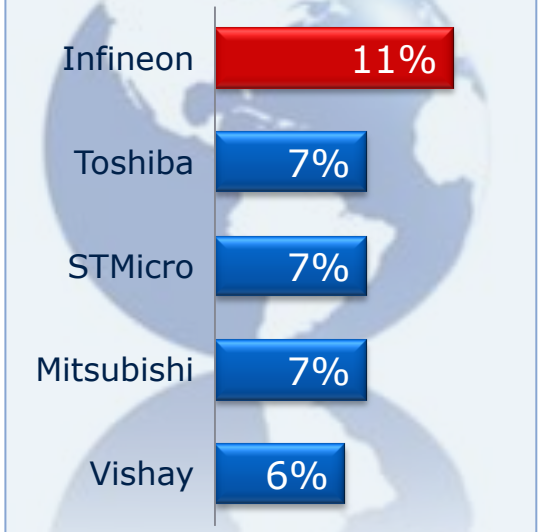


Calendar Year 2010.

Source: Strategy Analytics, April 2011.

Power

#1

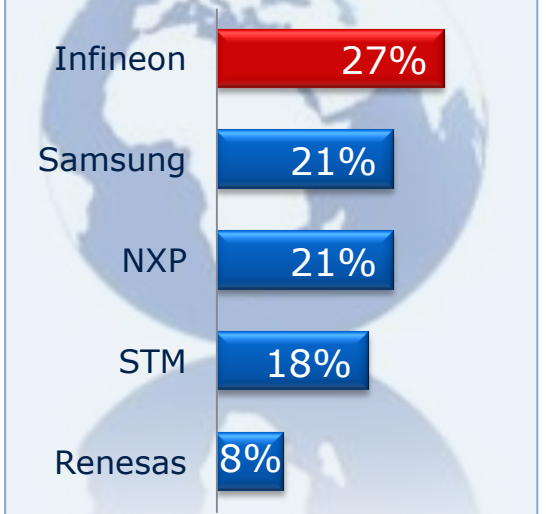


Calendar Year 2010.

Source: IMS Research, August 2011.

Chip Card

#1

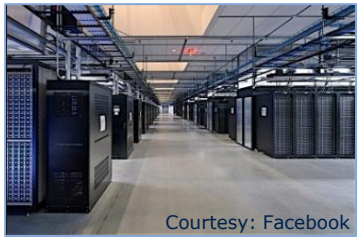


Calendar Year 2010.

Source: IMS Research, July 2011.

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New Era: Multiple Factors Driving Demand for Power Semiconductors

'90 – '10	'10 – '30	Changes
		■ Shift towards renewable energies requires orders of magnitude more high-power semis per MW of power generated.
	 Courtesy: Facebook	■ Higher efficiency in power conversion lowers CO_2, material and electricity costs.
	 Courtesy: Tesla	■ Electrification of powertrain fuels demand for high-power semis in cars and doubles silicon content.
		■ Stronger demand for goods containing power semis due to faster increase in standard of living in BRIC countries.

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10% Growth or More p.a. Expected for Infineon

ATV	IMM	CCS
 Courtesy: Tesla		
ATV: ~10% p.a.	IMM: > 10% p.a.	CCS: ~5-7% p.a.

Infineon: ≥ 10% p.a.

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Sustainable Profitability: We Will Keep High Margins

#1	#2	#3	#4
High barriers to entry	Semis enable high functio-nality	Value of semis small relative to end product	Infineon's core compe-tencies: Power and eControl

SR target margins

ATV:	IMM:	CCS:
15–20%	20–25%	10–15%


Courtesy: Tesla





Infineon:

- ~20% under normal industry conditions
- ~15% through cycle

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Target Operating Model

	FY 2010	FY 2011e	Longer term
Revenue	EUR 3.295bn	> 20% growth yoy	≥ 10% growth p.a.
Gross margin	37.5%	Low 40ies %	Low 40ies %
R&D-to-sales	12.1%	~12%	Low-to-mid teens %
SG&A-to-sales	11.7%	~12%	Low-teens %
Total Segment Result margin	14.4%	~20%	~20%

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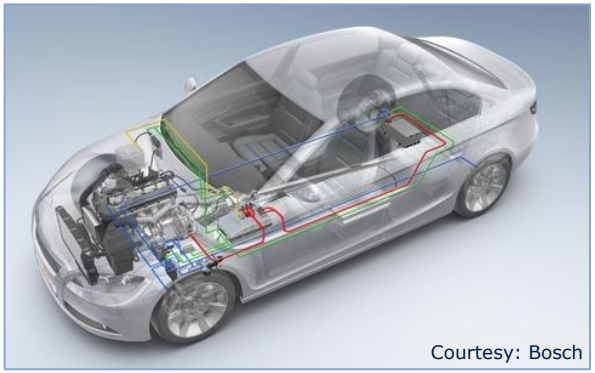
ENERGY EFFICIENCY
MOBILITY
SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.





ICEs Still Bread-and-Butter Business; New Opportunities in HEV/EV

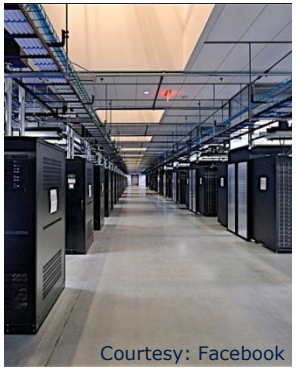
Classical car market		Electromobility
Vehicle production	**Semi content**	**HEV / EV**
	 Courtesy: Bosch	 Courtesy: Tesla
TAM: ~5% p.a.	TAM: 3-4% p.a.	TAM: > 25% p.a.
		small units but high growth
TAM: 8-9% p.a.		2%-pt p.a.

ATV: ~10% p.a.

Sources: CSM, Strategy Analytics (May 2011). TAM = total addressable market.

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Power Supplies, VSD are Main Businesses; Renewables and DPM are Growth Drivers

Energy generation	Transmission	Energy consumption		
Renewables	**HVDC**	**Traction**	**VSD**	**Conversion, DPM***
 Courtesy: Siemens			 Courtesy: Siemens		 Courtesy: Facebook
TAM: >> 10% p.a.	**TAM: >> 10% p.a.**	**TAM: > 10% p.a.**		

IMM: > 10% p.a.

Sources: EPIA 2011, Gartner 2010, IMS Research 2010, UNIFE 2010, Yole 2010, Infineon 2011.
DPM = digital power management
TAM = total addressable market

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Strong Growth in New Businesses Allows Us to Grow Above Market

MobCom + Payment		Identification		New Business			
MobCom	Payment	Transport	Government	NFC	TPM	Embedded Security	M2M
							
TAM: ~ 3% p.a.		TAM: ~10%p.a.	TAM: ~10% p.a.	TAM: ~15% p.a.			

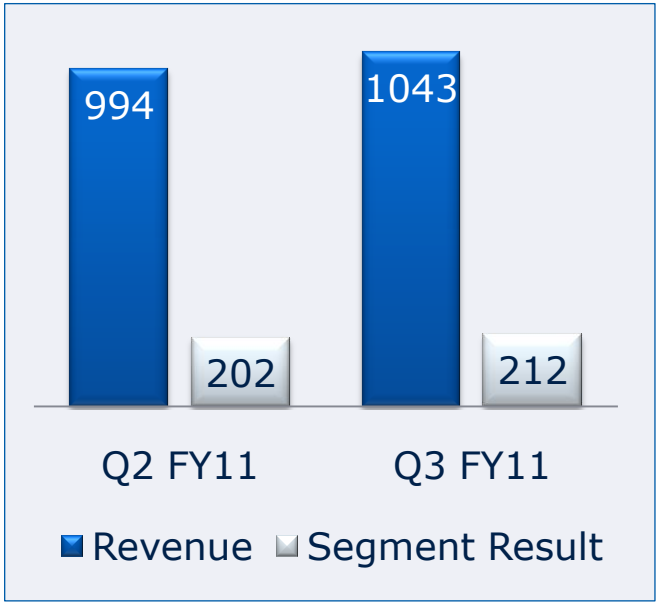
CCS: ~5-7% p.a.

Sources: IMS Research 2011, Infineon 2011.
TAM = total addressable market

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Another Quarter of Strong Financial Performance





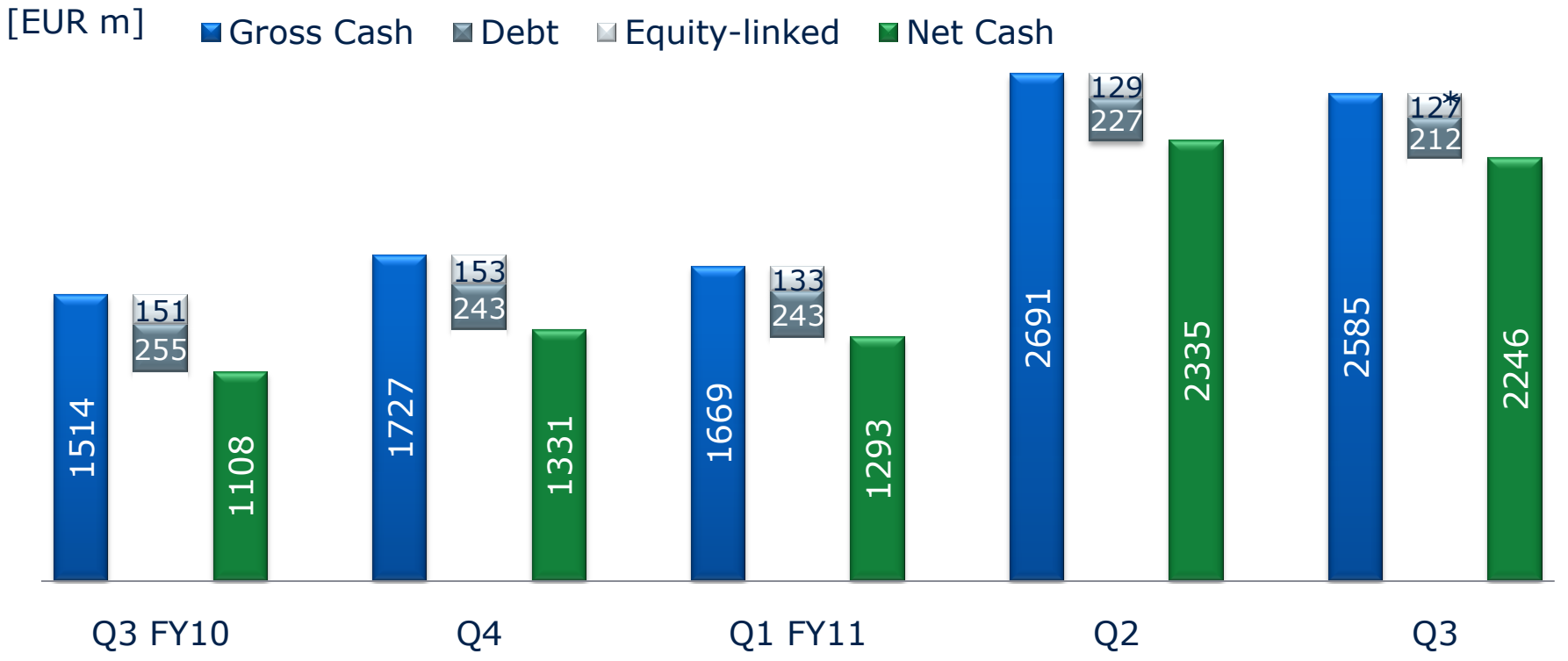
[EUR m]	FY 2010	Q2 FY11	Q3 FY11
Revenue	3,295	994	1,043
Segment Result	475	202	212
SR Margin	14%	20%	20%
Net Income*	660	572	190
Investment	325	164	319
FCF from cont'd. operations	573	13	-8
Gross Cash	1,727	2,691	2,585
Net Cash	1,331	2,335	2,246

* Net Income FY 2010 includes a book gain of EUR 93m from the sale of WLC to Lantiq. Net Income Q2 FY11 includes a book gain of EUR 378m from the sale of WLS to Intel Mobile Communications.

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High Gross Cash and Net Cash Position Maintained

Liquidity Development



* Consists of Convertible Bond 2014 (nominal value EUR 156m; book value EUR 127m).

- Gross and net cash decreased slightly.
- Repurchases of CB 2014 of EUR 16m cash (nominal EUR 4m) equivalent to roughly 2m underlying shares.

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Infineon Consolidated Statements of Operations (IFRS) (unaudited)

in Euro million; except for the per share data	3 months ended			9 months ended	
	Jun 30, 11	Mar 31, 11	Jun 30, 10	Jun 30, 11	Jun 30, 10
Revenue	1,043	994	885	2,959	2,353
Cost of goods sold	(613)	(573)	(553)	(1,724)	(1,495)
Gross profit	**430**	**421**	**332**	**1,235**	**858**
Research and development expenses	(109)	(112)	(100)	(329)	(285)
Selling, general and administrative expenses	(114)	(113)	(100)	(330)	(283)
Other operating income	2	9	2	13	11
Other operating expense	(8)	(18)	(15)	(32)	(107)
Operating income	**201**	**187**	**119**	**557**	**194**
Financial income	13	8	5	27	24
Financial expense	(14)	(11)	(11)	(43)	(79)
Income from investments accounted for using the equity method	(1)	2	4	1	7
Income from continuing operations before income taxes	**199**	**186**	**117**	**542**	**146**
Income tax expense	(24)	(13)	(14)	(45)	(27)
Income from continuing operations	**175**	**173**	**103**	**497**	**119**
Income from discontinued operations, net of income taxes	15	399	23	497	151
Net income	**190**	**572**	**126**	**994**	**270**
Attributable to:					
Non-controlling interests	-	-	-	-	1
Shareholders of Infineon Technologies AG	190	572	126	994	269
Basic earnings per share attributable to shareholders of Infineon Technologies AG (in Euro):					
Weighted average shares outstanding (in million) – basic	1,087	1,087	1,087	1,087	1,087
Basic earnings per share (in Euro) from continuing operations	0.16	0.16	0.10	0.46	0.11
Basic earnings per share (in Euro) from discontinued operations	0.01	0.37	0.02	0.45	0.14
Basic earnings per share (in Euro)	**0.17**	**0.53**	**0.12**	**0.91**	**0.25**
Diluted earnings per share attributable to shareholders of Infineon Technologies AG (in Euro):					
Weighted average shares outstanding (in million) – diluted	1,157	1,160	1,172	1,161	1,087
Diluted earnings per share (in Euro) from continuing operations	0.16	0.15	0.09	0.44	0.11
Diluted earnings per share (in Euro) from discontinued operations	0.01	0.35	0.02	0.43	0.14
Diluted earnings per share (in Euro)	**0.17**	**0.50**	**0.11**	**0.87**	**0.25**

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

in Euro million	Jun 30, 11	Mar 31, 11	Sep 30, 10
Assets:			
Current assets:			
Cash and cash equivalents	822	1,162	1,667
Financial investments	1,763	1,529	60
Trade and other receivables	828	829	687
therin: Trade accounts receivables	584	593	622
Inventories	631	615	514
Income tax receivable	15	13	7
Other current financial assets	4	9	72
Other current assets	101	97	88
Assets classified as held for sale	4	-	495
Total current assets	**4,168**	**4,254**	**3,590**
Property, plant and equipment	1,185	962	838
Goodwill and other intangible assets	103	97	87
Investments accounted for using the equity method	31	37	35
Deferred tax assets	221	223	308
Other financial assets	124	126	119
Other assets	31	25	16
Total assets	**5,863**	**5,724**	**4,993**
Liabilities and equity:			
Current liabilities:			
Short-term debt and current maturities of long-term debt	83	130	133
Trade and other payables	760	779	665
therin: Trade accounts payables	718	685	659
Current provisions	619	582	553
Income tax payable	113	142	111
Other current financial liabilities	121	11	16
Other current liabilities	315	323	153
Liabilities classified as held for sale	-	-	177
Total current liabilities	**2,011**	**1,967**	**1,808**
Long-term debt	256	226	263
Pension plans and similar commitments	147	147	146
Deferred tax liabilities	9	11	11
Long-term provisions	45	42	55
Other financial liabilities	6	5	6
Other liabilities	69	77	79
Total liabilities	**2,543**	**2,475**	**2,368**
Shareholders' equity:			
Ordinary share capital	2,173	2,173	2,173
Additional paid-in capital	5,875	5,880	6,048
Accumulated deficit	(4,619)	(4,809)	(5,613)
Other reserves	4	5	17
Put options on treasury shares	(113)	-	-
Total equity	**3,320**	**3,249**	**2,625**
Total liabilities and equity	**5,863**	**5,724**	**4,993**

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

in Euro million	3 months ended Jun 30, 11	Mar 31, 11	Jun 30, 10
Net income	**190**	**572**	**126**
Less: net income from discontinued operations, net of income taxes	(15)	(399)	(23)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	94	89	80
Income tax	24	13	14
Interest result	4	3	12
Provision for (recovery of) doubtful accounts	(2)	3	1
Losses (gains) on sales of businesses and interests in subsidiaries	(2)	-	-
Losses in connection with the deconsolidation of ALTIS	-	-	(4)
Losses (gains) on disposals of property, plant and equipment	-	-	(1)
Income from investments accounted for using the equity method	1	(2)	(4)
Dividends received from associated companies	5	-	3
Impairment charges	-	(3)	5
Share-based compensation	-	1	-
Changes in operating assets and liabilities:			
Trade and other receivables	(5)	(72)	(82)
Inventories	(20)	13	(18)
Other current assets	1	2	(3)
Trade and other payables	31	13	83
Provisions	50	20	(46)
Other current liabilities	(10)	(39)	142
Other assets and liabilities	(13)	(21)	(6)
Interest received	6	6	5
Interest paid	(12)	-	(25)
Income tax paid	(16)	(22)	(8)
Net cash provided by operating activities from continuing operations	**311**	**177**	**251**
Net cash provided by (used in) operating activities from discontinued	**(32)**	**84**	**(11)**
Net cash provided by operating activities	**279**	**261**	**240**
Cash flows from investing activities:			
Purchases of financial investments	(550)	(1,468)	-
Proceeds from sales of financial investments	321	-	376
Purchases of intangible assets and other assets	(11)	(9)	(9)
Purchases of property, plant and equipment	(308)	(155)	(72)
Proceeds from sales of property, plant and equipment and other assets	-	-	3
Net cash provided by (used in) investing activities from continuing operations	**(548)**	**(1,632)**	**298**
Net cash provided by (used in) investing activities from discontinued	**(43)**	**1,077**	**(35)**
Net cash provided by (used in) investing activities	**(591)**	**(555)**	**263**
Cash flows from financing activities:			
Net change in short-term debt	-	-	(8)
Proceeds from issuance of long-term debt	2	-	2
Repayments of long-term debt	(17)	(16)	(264)
Repurchase of convertible subordinated notes	(16)	(27)	(3)
Change in restricted cash	(1)	-	(1)
Proceeds from the issuance of put options for own shares	4	-	-
Dividend payments	-	(109)	-
Net cash used in financing activities from continuing operations	**(28)**	**(152)**	**(274)**
Net cash provided by financing activities from discontinued operations	**-**	**1**	**-**
Net cash used in financing activities	**(28)**	**(151)**	**(274)**
Net increase (decrease) in cash and cash equivalents	(340)	(445)	229
Effect of foreign exchange rate changes on cash and cash equivalents	-	(3)	(5)
Cash and cash equivalents at beginning of period	1,162	1,610	1,228
Cash and cash equivalents at end of period	**822**	**1,162**	**1,452**

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Financial Calendar

Date * preliminary date	Location	Event
28 Sep 2011	Munich	UniCredit German Investment Conference
16 Nov 2011*		Q4 FY11 Results
17-18 Nov 2011	Barcelona	Morgan Stanley TMT Conference
01 Feb 2012*		Q1 FY12 Results
08 Mar 2012*	Munich	Annual General Meeting
03 May 2012*		Q2 FY12 Results
28 Jun 2012	Munich	IFX Day (Capital Markets Day)
31 Jul 2012*		Q3 FY12 Results
13 Nov 2012		Q4 FY12 Results

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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 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, drives, renewable energies 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.

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