

IFX Day 2008

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COM

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Never stop thinking

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Agenda

- Introduction

- Wireless

- Wireline

- Outlook

COM Essentials

■ **We have the right products**

■ **We have the right customers**

■ **Ramp-up of platforms continues**

■ **Realize revenue potential**

■ **Cost down by „IFX 10-Plus“**

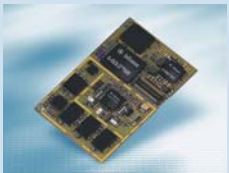
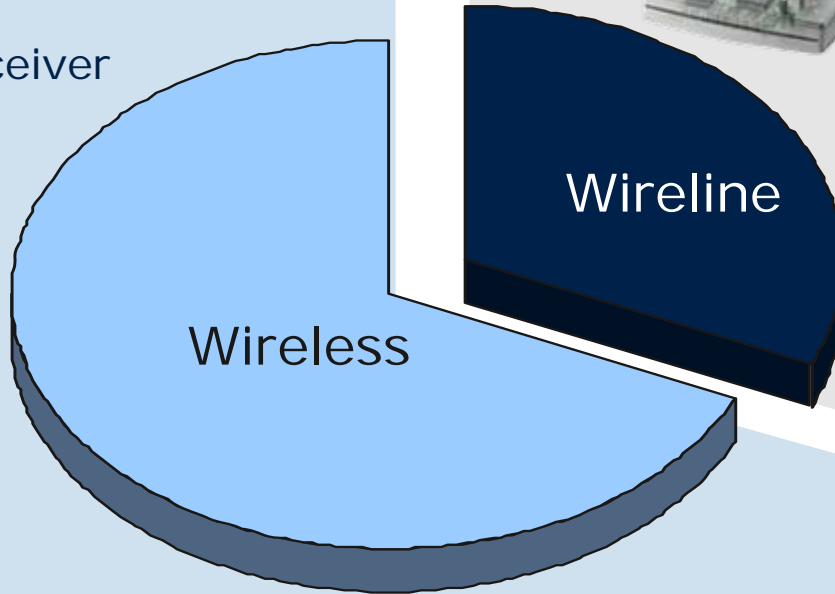
Communication Solutions Revenue Split and Areas of Activities



H1 FY08 Revenue: EUR 658 m

- Mobile Phone Platforms
- Mobile Software
- RF Solutions
- Tuner and Receiver
- RF Power

- Broadband CPE
- Carrier Access
- Infrastructure
- DECT



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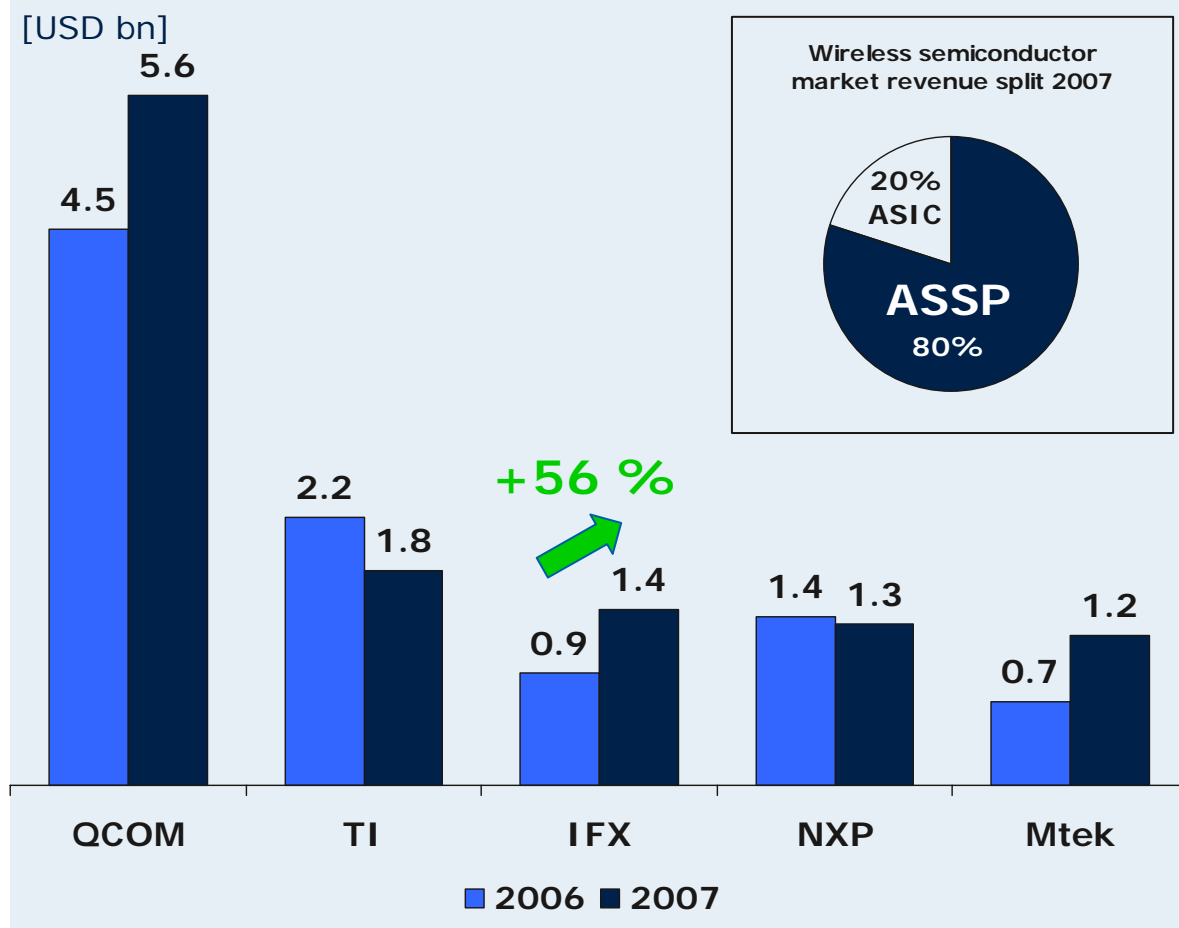
- Wireline

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Infineon Achieved No. 3 Position in the Wireless ASSP Market



Wireless ASSP revenue development



- Share of ASSP market is expected to grow as established OEMs expand use of ASSPs and network operators, and new players edge into the market with their own mobile phones requiring platform solutions
- Infineon has a leading position in the wireless ASSP market
- Key growth drivers for Infineon:
 - Ramp-up of single-chip, EDGE and 3G platform solutions
 - Acquisition of LSI MPG (Mobility Products Group)

Source: iSuppli Q2 2008, Wireless Communications: MCU, DSP ASSP, Logic ASSP, Analog ASSP

Our Core Strength in Wireless

RF/mixed-signal integration into baseband

- Shipped > 50 million X-GOLD™101 (E-GOLDvoice) in the first year of volume production
- World's first to ship EDGE single-chip in volumes



Mobile phone platform solutions

- Complete HW/SW platform solutions from GSM to HSDPA in volume production
- Strong system and software competence



RF CMOS transceivers

- Complete portfolio from GPRS to HSxPA, LTE and WiMax RF transceivers
- Shipped 1 billion RF transceivers by Nov. 2007



Infineon Serves the Top 5 Mobile Phone OEMs



OEM/Market share ¹⁾		IFX platforms	IFX RF transceiver	
Nokia	41.0%	<ul style="list-style-type: none"> ■ Design win with single-chip platform XMM™1010 (expect ramp end of Q4 FY08) 	<ul style="list-style-type: none"> ■ Major RF supplier 	✓
Samsung	16.4%	<ul style="list-style-type: none"> ■ Major supplier of GSM/GPRS and EDGE platforms ■ HSDPA ramping 	<ul style="list-style-type: none"> ■ Supplier of EDGE RF and 3G RF 	✓
Motorola	9.7%		<ul style="list-style-type: none"> ■ Customized development of 3G (HSxPA) RF transceiver based on SMARTi UE 	✓
LG Electronics	8.7%	<ul style="list-style-type: none"> ■ Major supplier of GSM single-chip and EDGE platforms ■ EDGE single-chip ramping 	<ul style="list-style-type: none"> ■ Major supplier of EDGE RF (through IFX platforms) 	✓
Sony Ericsson	7.9%		<ul style="list-style-type: none"> ■ Supplier of SMARTi™ 3G selected by Ericsson Mobile Platforms (EMP) 	✓

1) Source: Q1 CY08 market shares from Strategy Analytics, April 2008

Key Wireless Semiconductor Market Trends

Single-chip solutions migrating from ULC to feature phones

Single-chip phone 2007



- Voice & SMS
- BW/Colour display
- Polyphonic ringtones

Vodafone 125/225 based on X-GOLD™101 (E-GOLDvoice)

Single-chip phone 2009

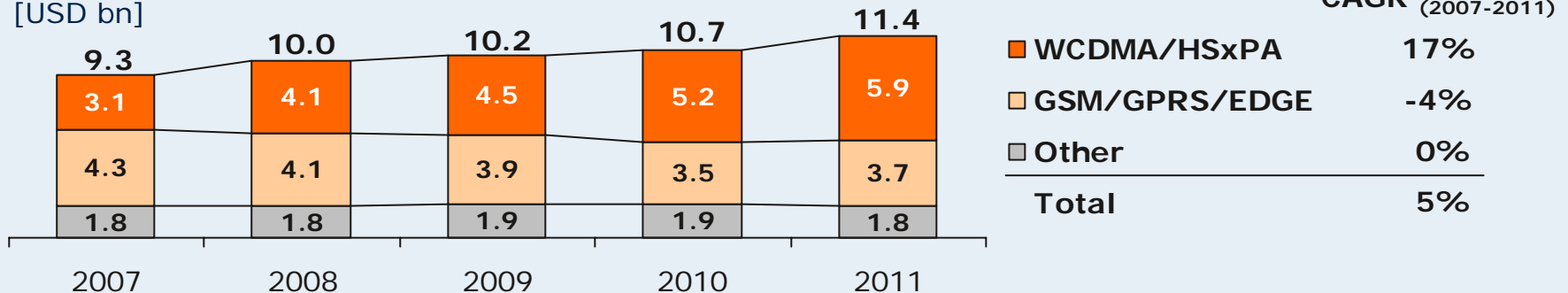
- Bring mobile internet to emerging markets
- Provide education and entertainment with the mobile phone (FM radio, MP3)



3G/3.5G is key growth driver

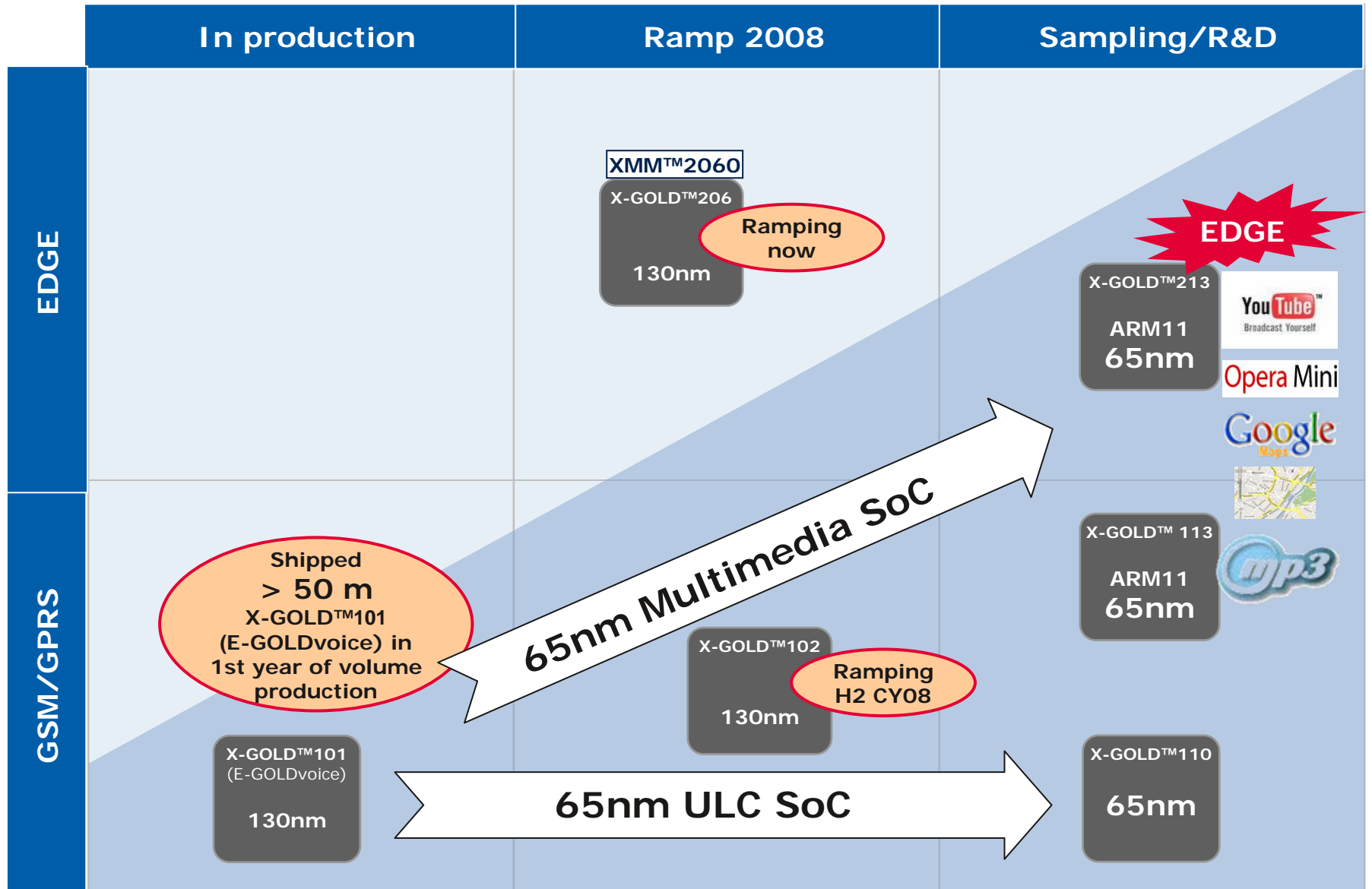
Worldwide mobile phone baseband revenue development

[USD bn]

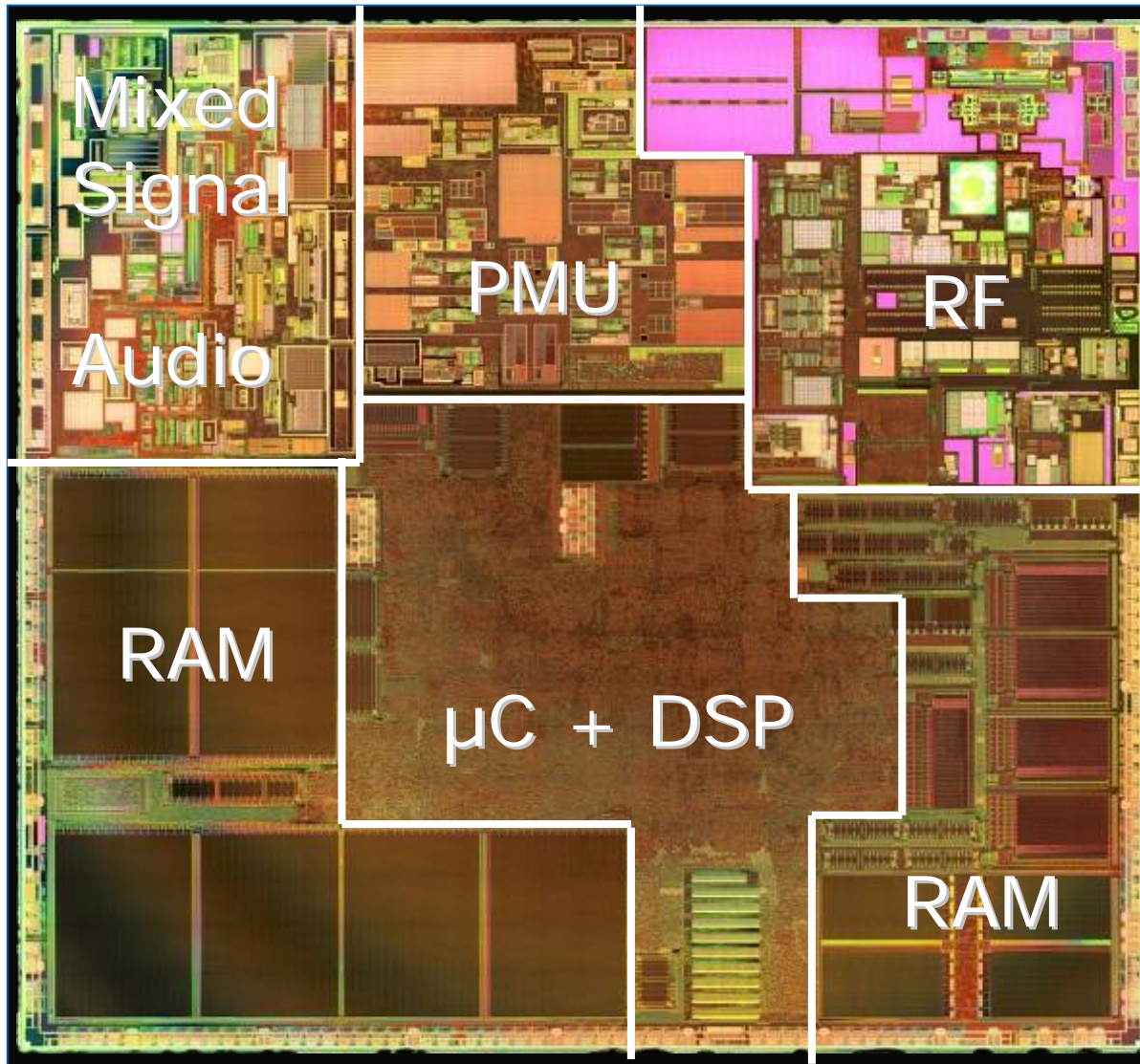


Source: Forward Concepts, June 2007

Building on Our Strengths in System-on-Chip (SoC) Solutions



What Does System-on-Chip Mean? X-GOLD™ 101 (E-GOLDvoice) in 130-nm Technology



Infineon Has a Broad Customer Base for GSM/GPRS and EDGE Platforms



Samsung
U300, U600, C260, F500, J600, X467, U100

Vodafone/ZTE
227, 228, 226, 125, 225, KM330

LG
Venus KF600, Shine KE970, MG160a, KP105, KG288

Sagem
my150x, my220x, my226x

Huawei
T128, T156, T206, T208

Nokia Design win with single-chip platform XMM™1010 (expected ramp end of Q4 FY08)

Bird
F200, F300, S701, S757, S758

EDGE SoC inside

How We Win in 3.5G/HSxPA Platforms

■ **System and software competence**

■ **Leading-edge performance of our HSDPA platform**

■ **Leading customer base**

■ **Leverage HSDPA footprint into HSUPA**

Infineon Offers Complete HW/SW System Solutions for HSDPA Mobile Phones



Integrated HW and SW, system design, IOT and GCF testing

HW Components

Baseband

HSDPA/EDGE baseband
PMU and analog

RF

HSDPA/EDGE RF
BAW filter

Connectivity/Location

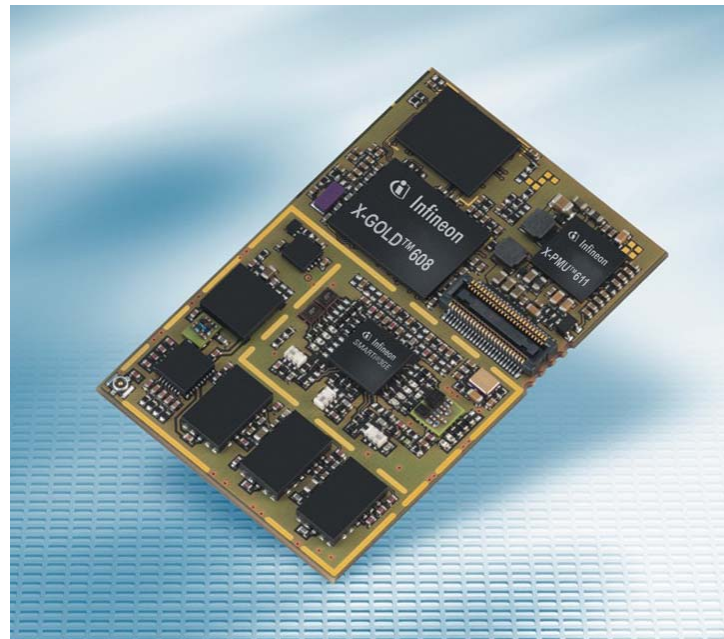
Bluetooth™
A-GPS

TV RF/BB

DVB-H

Discretres

Silicon Discretres
(LNAs, ...)



HSDPA mobile phone platform
XMM™6080

SW Components

Protocol Stack

2G – GSM, GPRS, EDGE
3.5G – UMTS, HSDPA
3GPP R5 compliant

Pre-GCF

Automated testing:
24 hours a day
7 days a week

Pre-IOT

With all major
infrastructure vendors

IOT = inter-operability test
GCF = global certification forum

Ownership of each platform component simplifies completing lab tests, field tests, and operator approvals, significantly accelerating phone projects

Infineon Ramps its HSDPA Platform at Samsung and Another Customer in Q2 CY08



HSDPA platform customer success

1 Samsung:

- Infineon is 2nd supplier to ramp HSDPA platform at Samsung
- Selected for a new family of HSDPA/EDGE phones
- First models are SGH-L770 and SGH-i200



IFX content:

HSDPA/EDGE
baseband ✓

Power
management ✓

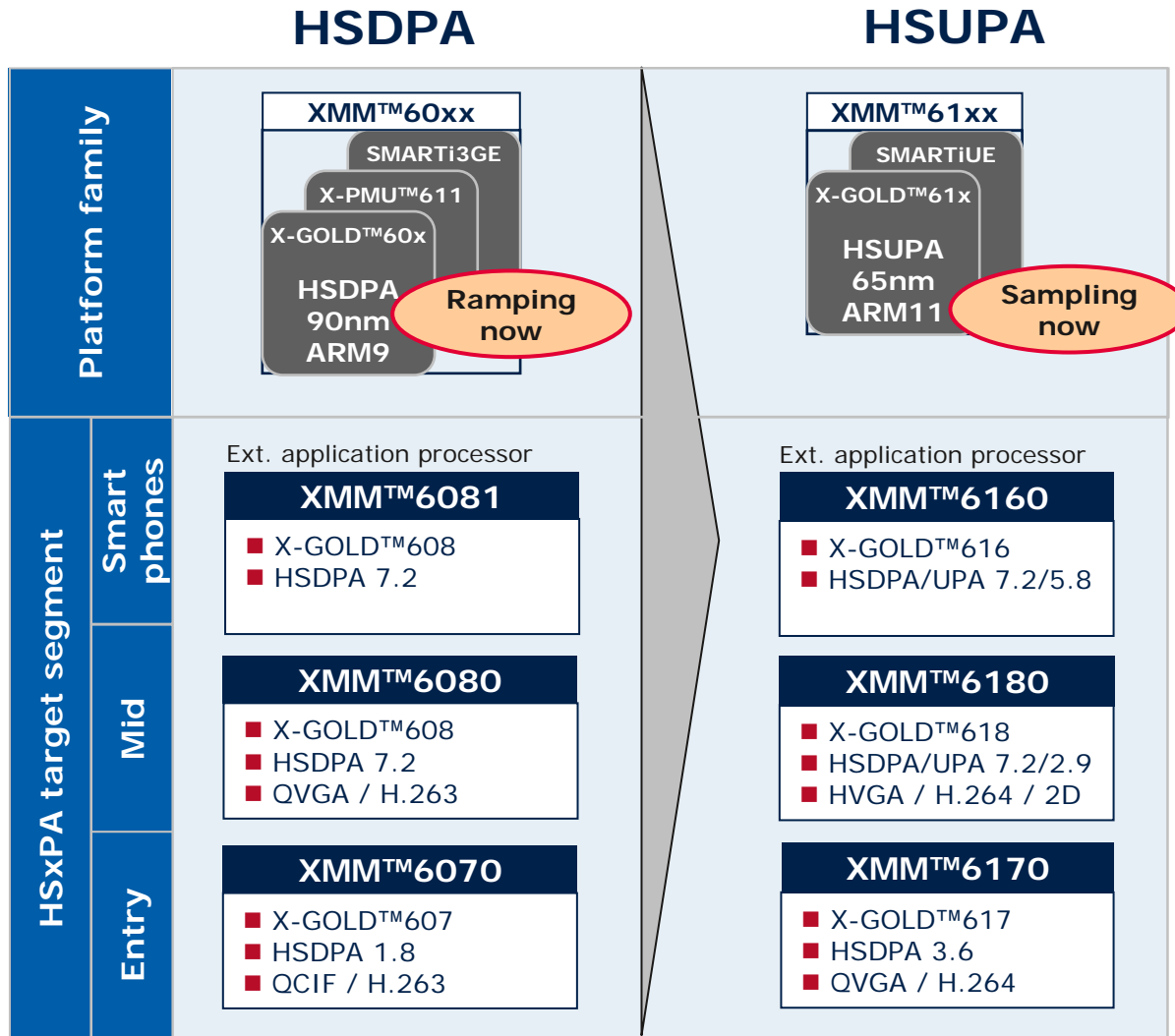
HSDPA/EDGE
RF CMOS
transceiver ✓

HSDPA/EDGE
protocol stack ✓

2 HSDPA platform **ramping at another customer in Q2 CY08**

3 **DW at another customer** ramping end of CY08

Leverage Success in HSDPA into HSUPA





HSUPA highlights:

- Enables customers to reuse HW and SW development
- Full system solution incl. protocol stack
- Small footprint through 2-chip modem solution
 - Single-die 65 nm HSUPA/EDGE baseband and PMU
 - Single-die HSUPA/EDGE RF transceiver
- Supports state-of-the-art video and audio features

Comprehensive RF Product Portfolio to Benefit from Strong Growth in 3G/4G and EDGE



	In production	Sampling
3G/4G	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid gray; padding: 5px; text-align: center;">SMARTi 3G HSDPA</div> <div style="border: 1px solid gray; padding: 5px; text-align: center;">SMARTi 3GE HSDPA/ EDGE</div> </div>	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; justify-content: space-around; width: 100%;"> <div style="border: 1px solid gray; padding: 5px; text-align: center;">SMARTi WiMAX</div> <div style="border: 1px solid gray; padding: 5px; text-align: center;">SMARTi LTE</div> </div> <div style="display: flex; justify-content: space-around; width: 100%; margin-top: 10px;"> <div style="border: 1px solid gray; padding: 5px; text-align: center;">SMARTi UE HSxPA/ EDGE</div> <div style="border: 1px solid gray; padding: 5px; text-align: center;">SMARTi UE+ HSxPA/ EDGE Rx Div.</div> </div> </div>
EDGE	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid gray; padding: 5px; text-align: center;">SMARTi PM</div> <div style="border: 1px solid gray; padding: 5px; text-align: center;">SMARTi PM+ 3 x 3 mm² WLB</div> </div>	<div style="display: flex; align-items: center; justify-content: center;"> <div style="border: 1px solid gray; padding: 5px; text-align: center;">SMARTi PM2 DigRF</div> <div style="margin-left: 10px;">  65 nm RF macro </div> </div>
GSM/ GPRS	<div style="border: 1px solid gray; padding: 5px; text-align: center; width: 100px; margin: 0 auto;">SMARTi SD2</div>	<div style="text-align: center;">  65 nm RF macro </div>

world's smallest EDGE RF TRx

RF highlights:

- 15 years of cellular RF design competence
- Shipped 1 bn RF transceivers by Nov. 2007
- First-to-market RF CMOS track record:
 - 1st in GPRS
 - 1st in EDGE
 - 1st in WCDMA
 - 1st in WEDGE
 - 1st in DigRF HEDGE

Major design wins in EDGE and HSxPA RF ramping in 2008/2009

In RF, Infineon Has Business or Design Wins With All Tier 1 OEMs



Infineon RF transceiver customers



OEMs / platform vendors

- Long-standing relation as a major RF supplier to **Nokia**
- **EMP** selected IFX as a 3G RF supplier
- Customized development of HSxPA RF for **Motorola**
- EDGE and 3G RF supplier to **Samsung**



Nokia 2630
„Barracuda“



Samsung
J700



Sony Ericsson
K850



Sony Ericsson
PC300 PC Card

IFX platform customers

- IFX RF used in all IFX platforms at e.g.:

- **Samsung**
- **LG**
- **Panasonic**
- **Others**



Samsung
SGH-L770



Panasonic
820P



LG
Venus
KF600



LG
Shine
KE970

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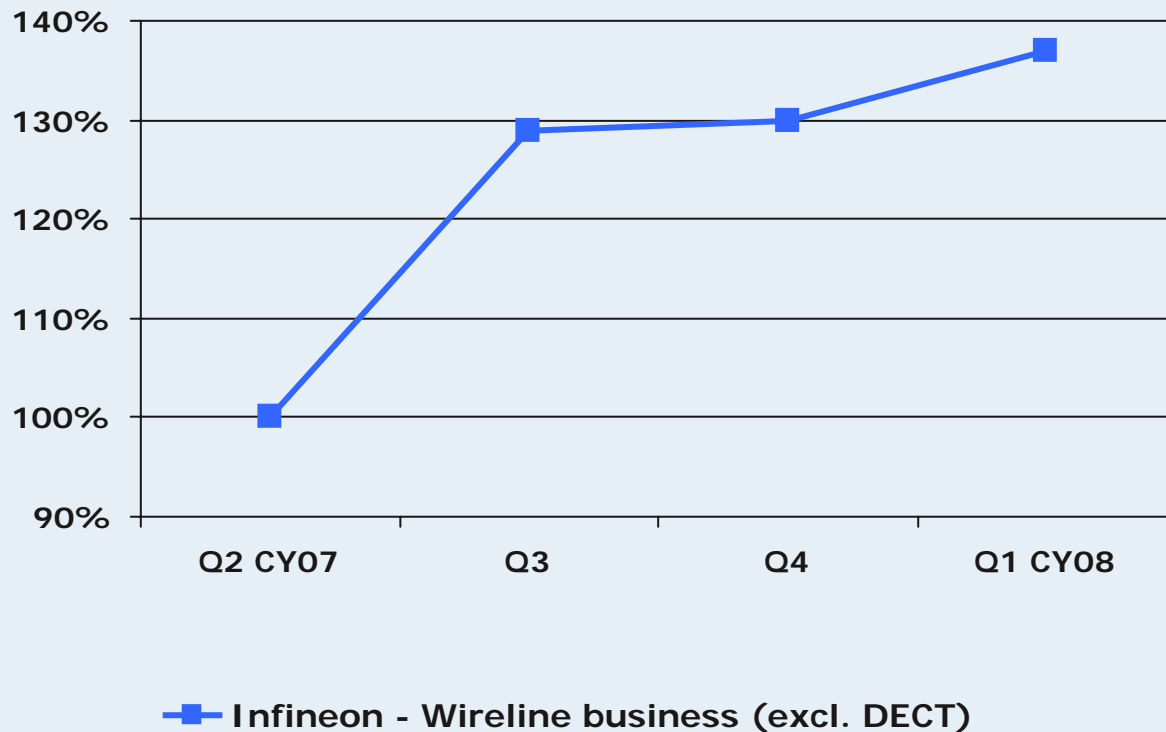
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Consolidating the Wireline Market

Revenue development of Infineon's Wireline business

[\$ based,
Q2 CY07 rev. = 100%]

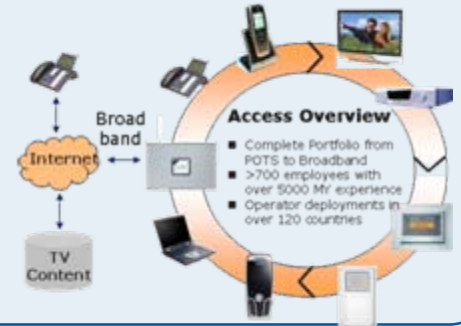


- Business grew above market average
- Further improving our market share
- Major contribution coming from DSL, overcompensating other declining traditional businesses
- TI DSL CPE acquisition was a major step to move the market consolidation forward

Our Core Strength in Wireline

Comprehensive product portfolio

- Leading-edge solutions for all applications connected to twisted pair, e.g. ADSL2+, SHDSL, VDSL2, VoIP, DECT including all mixed-signal line interfaces (Line Drivers, SLICs, PA..)



Large deployment base at major carriers worldwide

- Serving more than 150 customers
- Strategic relationship with all major players
- Strong world wide support infrastructure



Strong engagement in standards bodies and for carrier support

- Major contributor to the ITU-T standardization process
- Accepted technology partner for major carriers
- Strong wireline IPR portfolio



Key Growth Drivers and Innovations

IPTV, VoIP, CAT-Iq

- IPTV deployment has started at many carriers and will facilitate the migration from ADSL2+ to VDSL2
- The new “wideband” DECT Standard CAT-Iq is a perfect extension for VoIP in DSL gateways



Migration to IP-based networks, NGNs

- Major carriers are in advanced planning stage to start the migration to DSL/VoIP based NGNs
- Our unique integrated DSL-VoIP solutions including sophisticated line testing are widely designed in

Next Generation Networks

The Challenge
The smooth transition of the traditional TDM voice network to a converged data and voice based Next Generation Network.

The Solution

- In-service, carrier's IP architecture with slim digital interfaces for voice and flexibility
- Efficient processing power to support additional features beyond current requirements (e.g. mobility)
- Full integration to all IP network components due to unique, carrier's integrated, integrated controller
- Full network support
- All services integrated for making soft real-time, real-time, real-time
- 100% compatible to legacy EOTN and carrier's services
- One system concept for all Next Access technologies (DSL, VDSL, ...)

Boost your Next Generation Network with VINETIC™-SVIP

HomeGrid

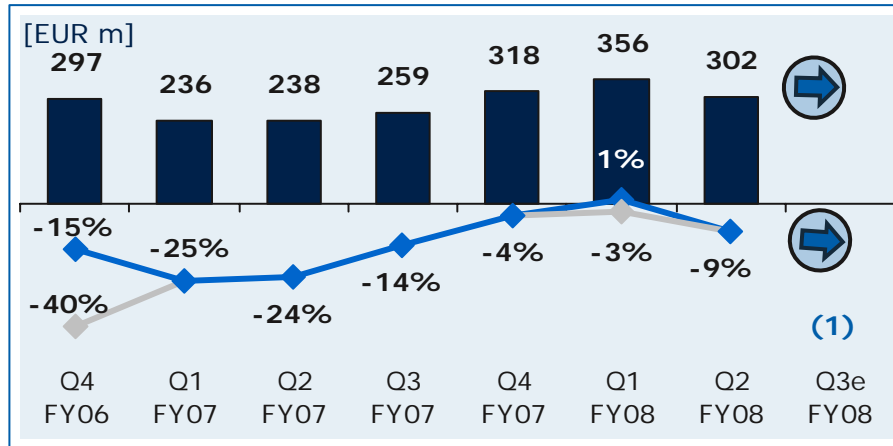
- A solid and reliable high-speed Home Networking solution is still missing
- Intel, TI, Panasonic and Infineon have jointly founded the HomeGrid™ Forum to push a new related G.HN standard.



Agenda

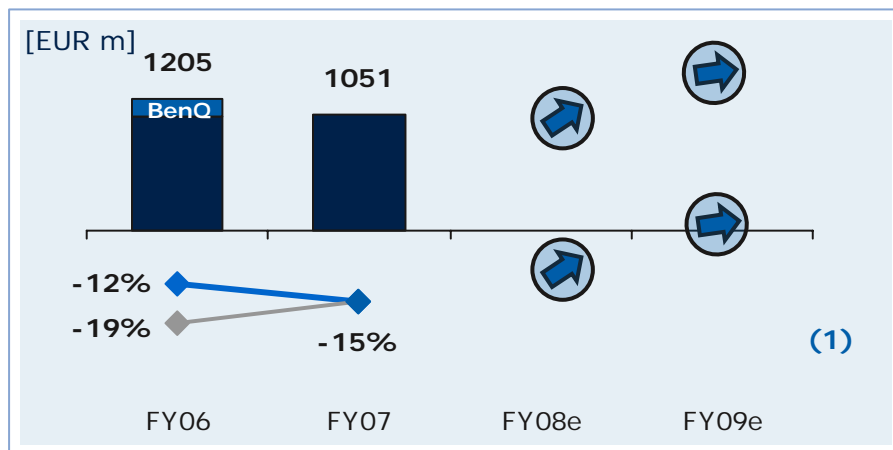
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COM Guidance Q3 FY08



- Q3 revenues to be about flat from the previous quarter; revised revenue outlook in combination with customization expenses associated with the ramp of new platforms should lead to a decline in EBIT excluding net gains and charges from Q2.
- Q4 revenues and EBIT excluding net gains and charges to improve compared to Q3.

COM Outlook FY 2009



- FY 2009: Revenue should grow from FY08 levels; cost savings to come from program "IFX 10-Plus"

(1) EBIT before special effects



We commit.
We innovate.
We partner.
We create value.



Never stop thinking