

Infineon

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Never stop thinking.



Disclaimer

Please note that while you are reviewing this information, this presentation was created as of the date listed, and reflected management views as of that date.

This presentation contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to the Risk Factors noted in the Company's Earnings Releases and the Company's filings with the Securities and Exchange Commission.

Results for Q4 FY 2003 and Q4 FY 2004

[EUR m]	Q4 FY 2003	Q4 FY 2004	Change
Net sales Growth (%)	1,756	1,993	237 13%
EBIT in % of sales	67 4%	113 6%	46
Therein impairment and antitrust related charges	(46)	(132)	
Net income	49	44	(5)
Earnings per share (EUR)	0.07	0.06	(0.01)

Improvement of Operating cash flow with solid financial cash position

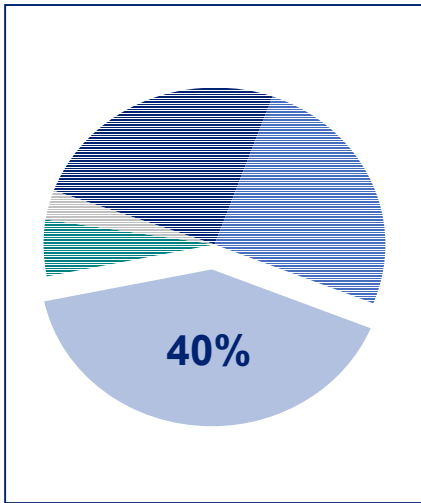
[EUR m]	FY 2003	FY 2004
Operating cash flow	730	1,857
Investments	(783)	(1,651)
Free cash flow	(53)	206



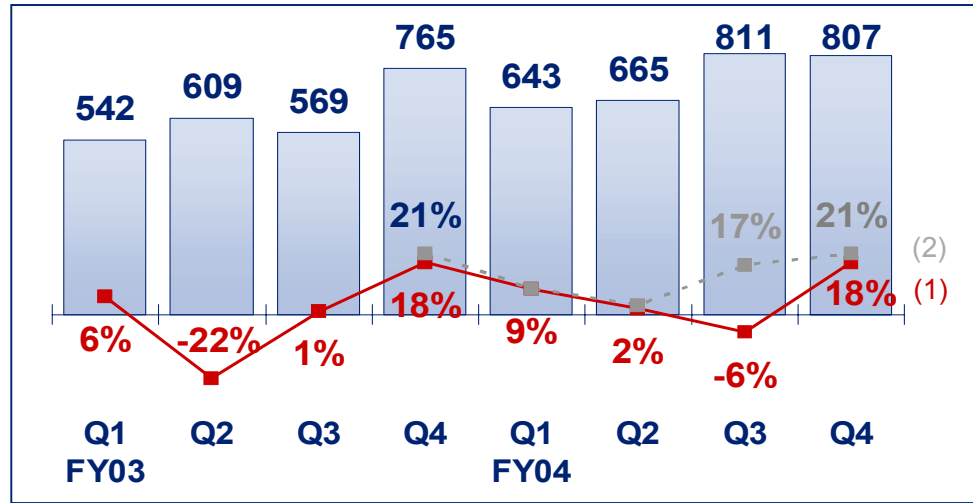
- Gross cash
- Long-term debt
- Short-term debt

Memory Products: Significant margin improvement

Revenue share Q4 FY04



Revenues and EBIT margin

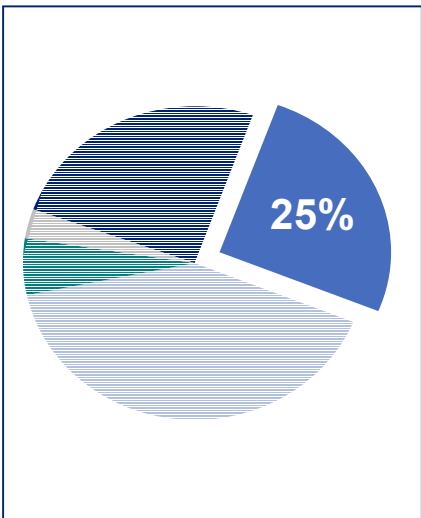


- Sequential revenue decrease was mainly caused by a lower ASP and a weakening US-Dollar, which could not be completely compensated by higher sales volumes.
- Significant sequential EBIT increase was partly driven by higher bit shipments in combination with cost reductions attributable to a higher 110nm share that exceeded the price decline during the quarter.

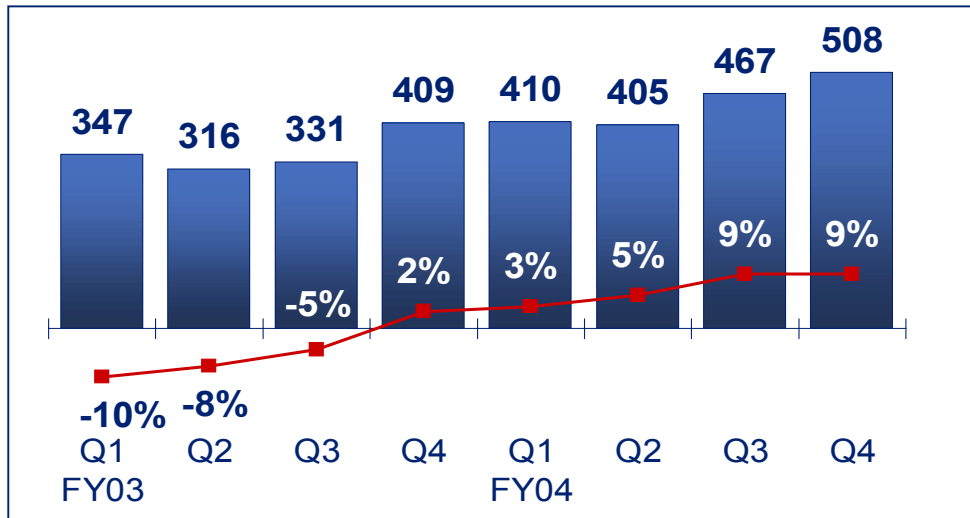
(1) Including antitrust and impairment related charges
(2) Excluding antitrust and impairment related charges

Secure Mobile Solutions: Strong revenue growth and EBIT margin improvement

**Revenue share
Q4 FY04**



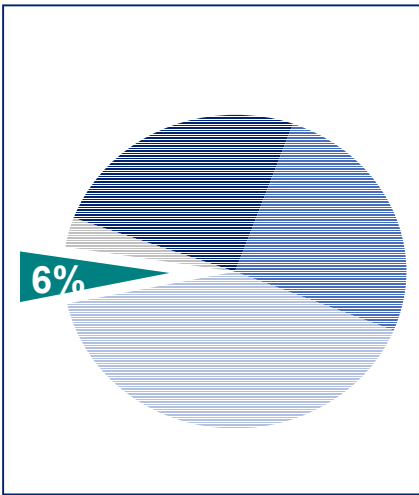
Revenues and EBIT margin



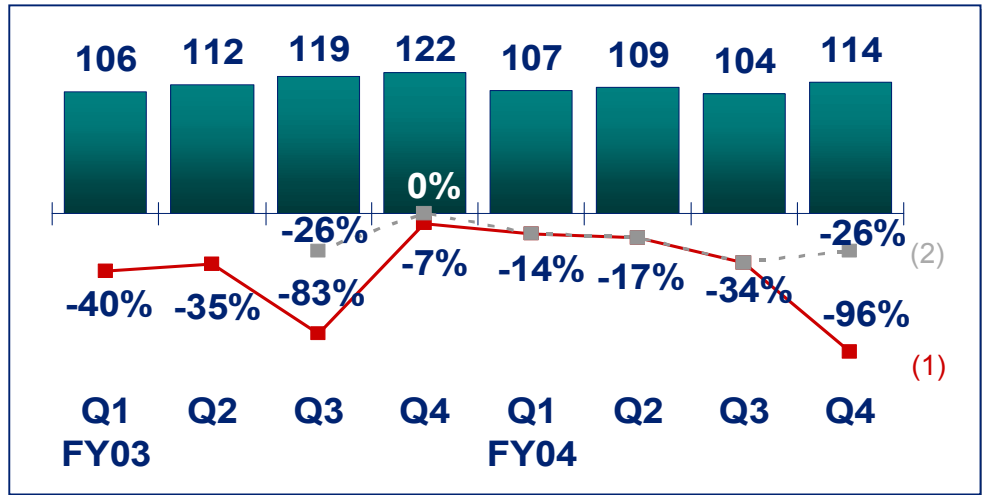
- Sequential revenue improvement was mainly driven by higher demand for mobile solutions. Mobile phone OEM manufacturers have aggressively purchased components in anticipation of a strong holiday season.

Wireline Communications: Strategic measures initiated to achieve profitability

Revenue share Q4 FY04



Revenues and EBIT margin

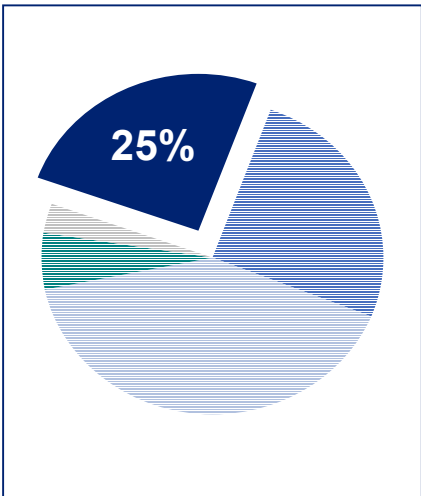


- Sequential revenue increase was mainly driven by higher sales of broadband access ADSL products.
- EBIT loss increased sequentially mainly due to impairment charges of Euro 80 mio, predominantly related to the acquisition of Catamaran Communications, Inc.

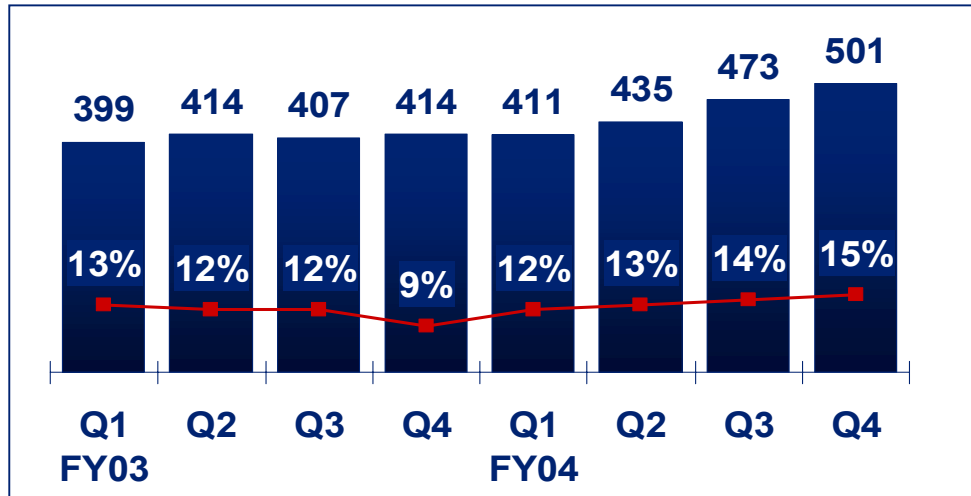
(1) Including impairment charges
(2) Excluding impairment charges

Automotive & Industrial: Record revenues and stable margins at a high level

**Revenue share
Q4 FY04**



Revenues and EBIT margin



- Sequential revenue increase was mostly due to increased sales of products for power management & supply, high-power applications and sensors

Outlook for first quarter of fiscal year 2005

- Expectations for a slowdown in several application segments due to higher inventory levels compared to the previous quarters.
- For **automotive electronics**, continuing price pressure and no major changes in demand for semiconductors expected, but weaker market for the **industrial segment**. In combination with seasonal effects, slight reduction in revenues and earnings expected.
- In **Wireline Communications** no growth expected due to continuing pricing pressure and marketplace inventory corrections. EBIT loss expected to be significantly reduced if and when sale of Fibre Optics to Finisar is closed.
- For **Secure Mobile Solutions** significant reduction in revenues anticipated, driven mainly by market slowdown and higher inventories in the Asian mobile phone market.
- For **Memory Products** business in line with normal seasonal demand expected. Based on additional capacities from Inotera joint venture, Infineon anticipates an increase of bit production.
- Non-recurring US-Dollar 153 million license income from ProMOS agreement expected to positively impact the quarter.



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