

# Second Quarter FY 2009

## Quarterly Update

Infineon Technologies AG  
Investor Relations



Never stop thinking

# Disclaimer

This presentation was prepared as of April 30, 2009 and is current only as of that date.

This presentation includes forward-looking statements about the future of Infineon's business and the industry in which we operate. These include statements relating to general economic conditions, future developments in the world semiconductor market, our ability to manage our costs and to achieve our savings and 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, the continuing transitioning of our production processes to smaller structure sizes, and our continuing ability to offer commercially viable products.

These forward-looking statements are subject to a number of uncertainties, including broader economic developments, including the duration and depth of the current economic downturn; trends in demand and prices for semiconductors generally and for our products in particular, as well as for the end-products, such as automobiles 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 availability of funds, including for the re-financing of our indebtedness; 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 described in the "Risk Factors" section of the annual report of Infineon on Form 20-F filed with the U.S. Securities and Exchange Commission on December 29th, 2008. As a result, Infineon's actual results could differ materially from those contained in these forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements.

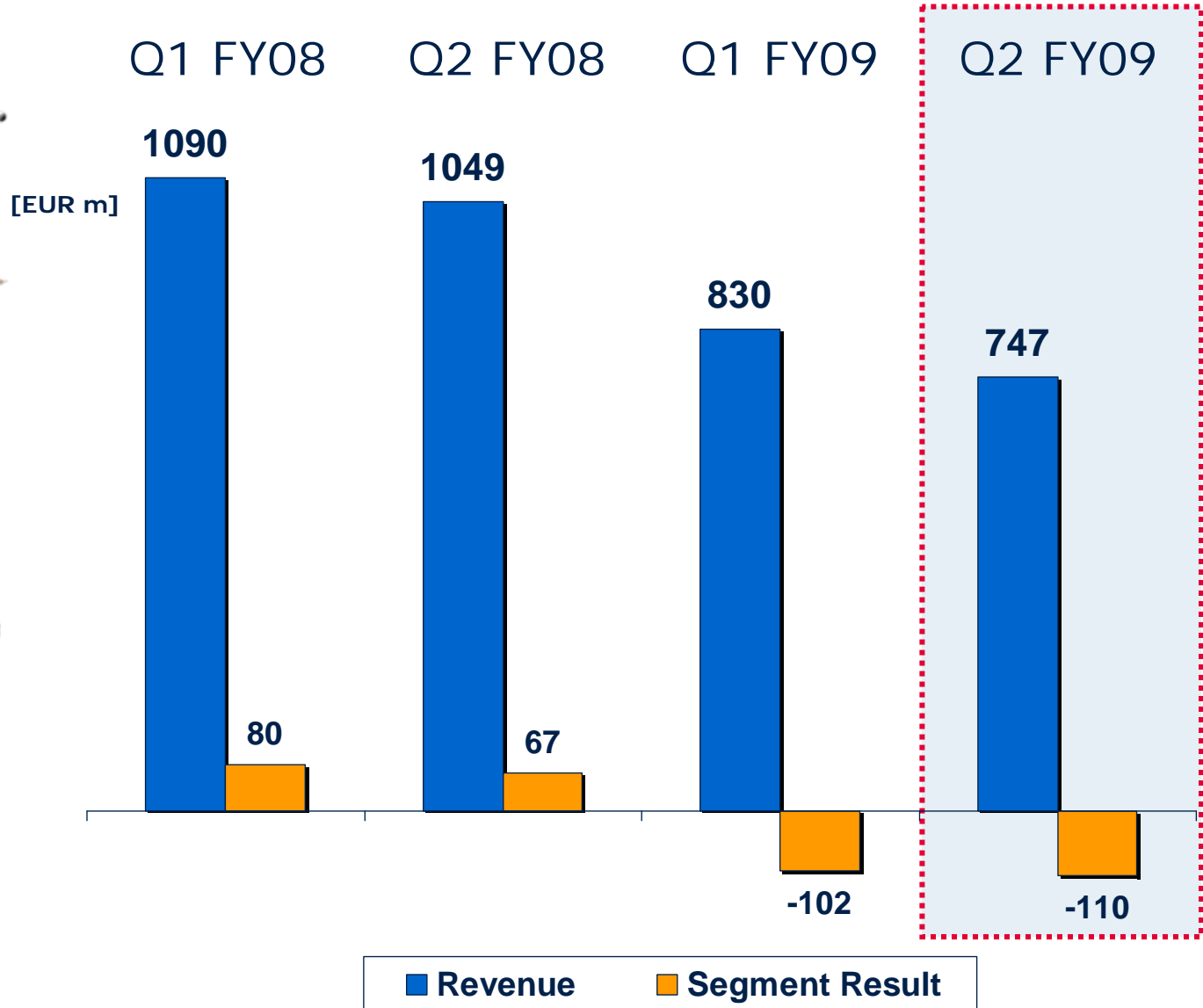
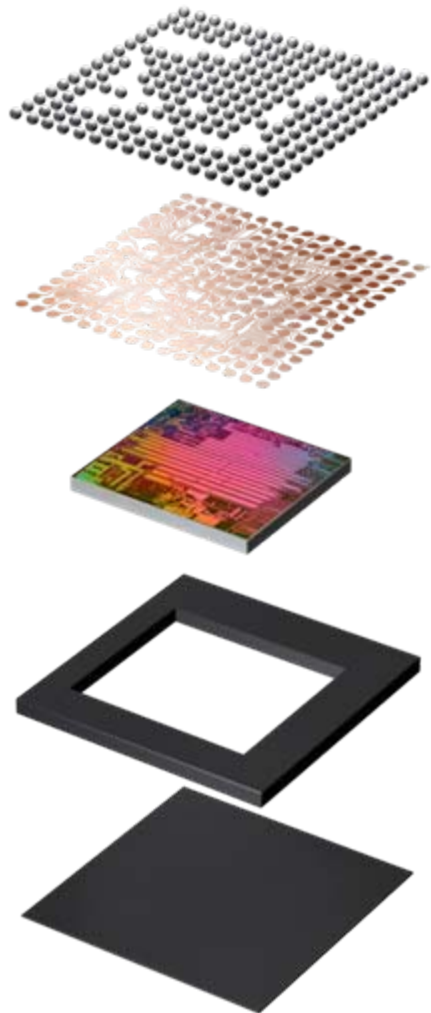
Infineon does not undertake any obligation to publicly update or revise any forward-looking statements in light of developments which differ from those anticipated.

→ Infineon Results and Outlook

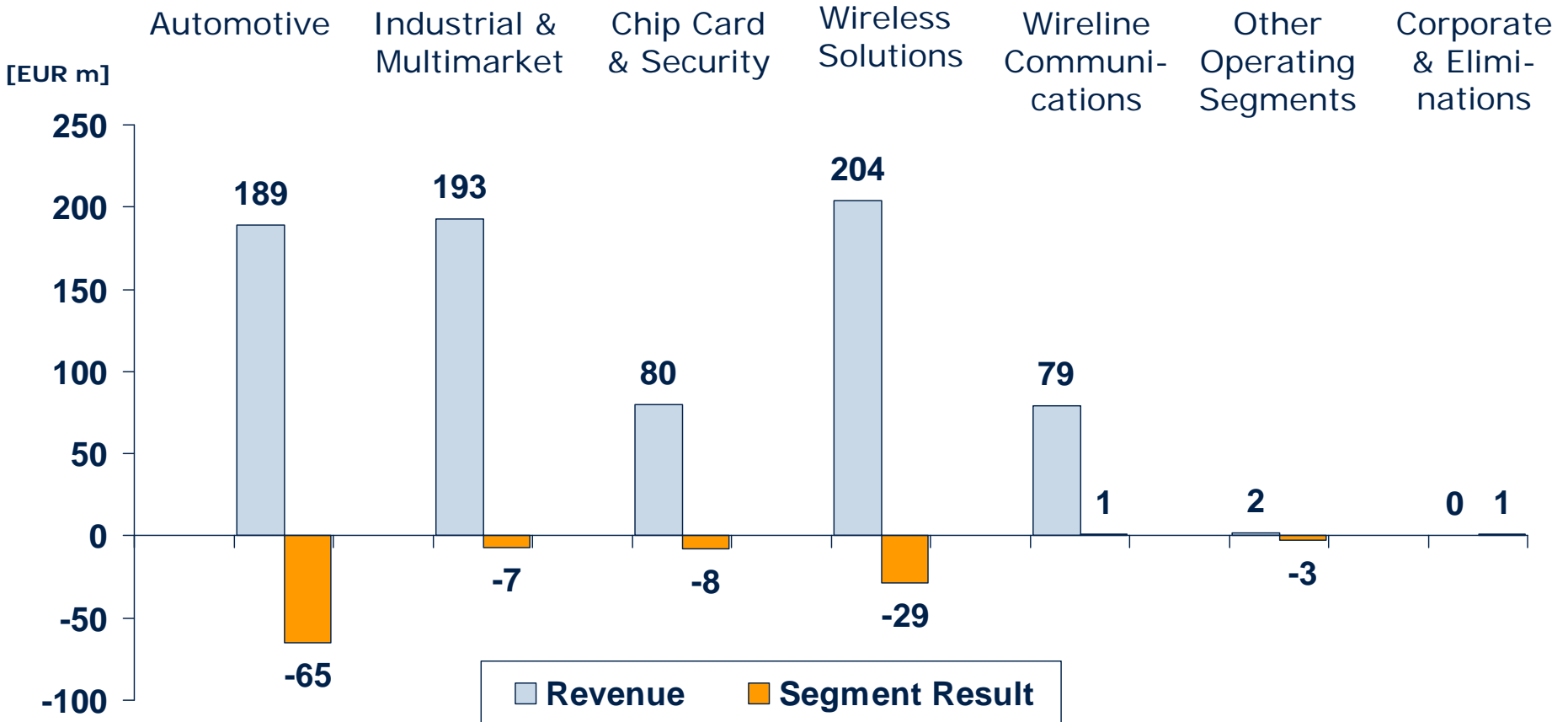
→ Qimonda Update

→ Business Highlights

# Q2 FY09 Revenue EUR 747m, Segment Result EUR -110m

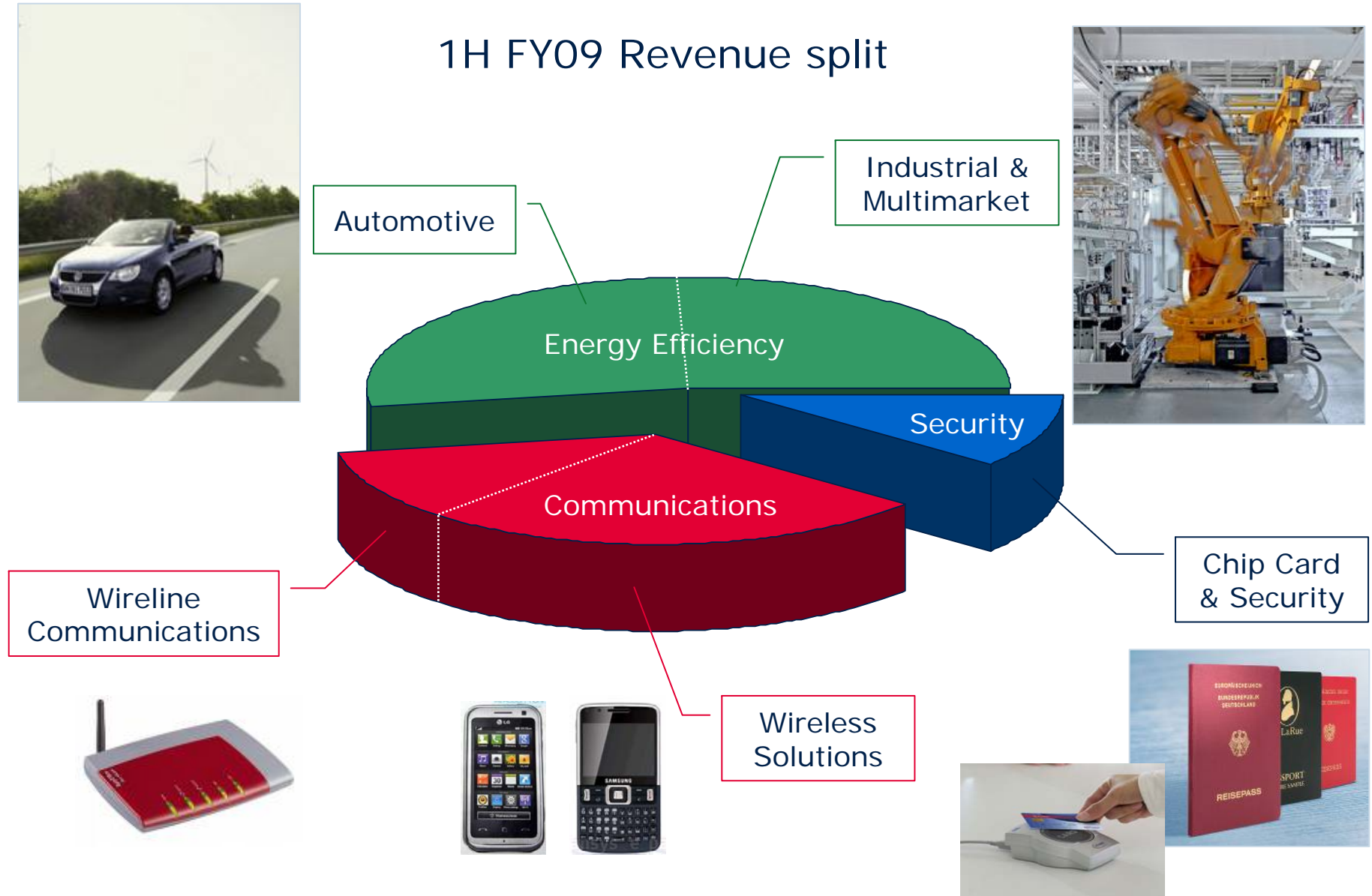


# Q2 FY09 Revenue and Segment Result by Segment



# Focus Areas and Target Markets

## 1H FY09 Revenue split



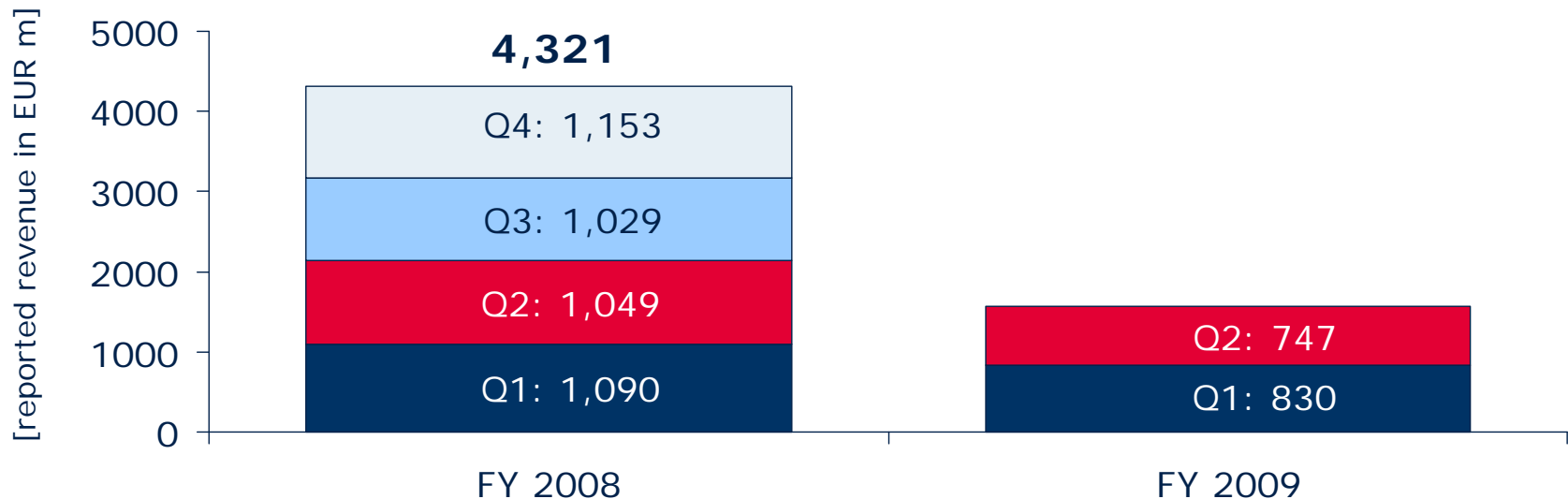
# Organic Growth of Infineon on Constant Currency Basis



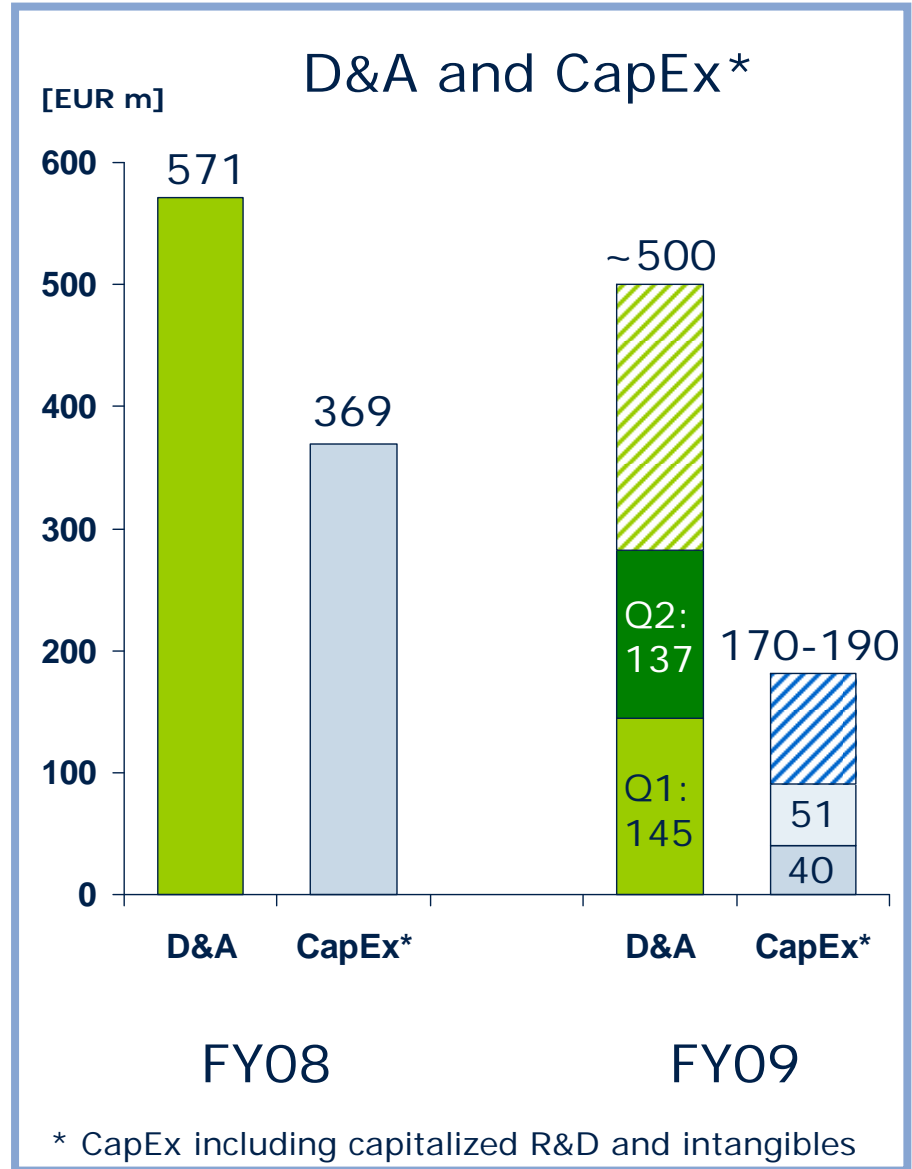
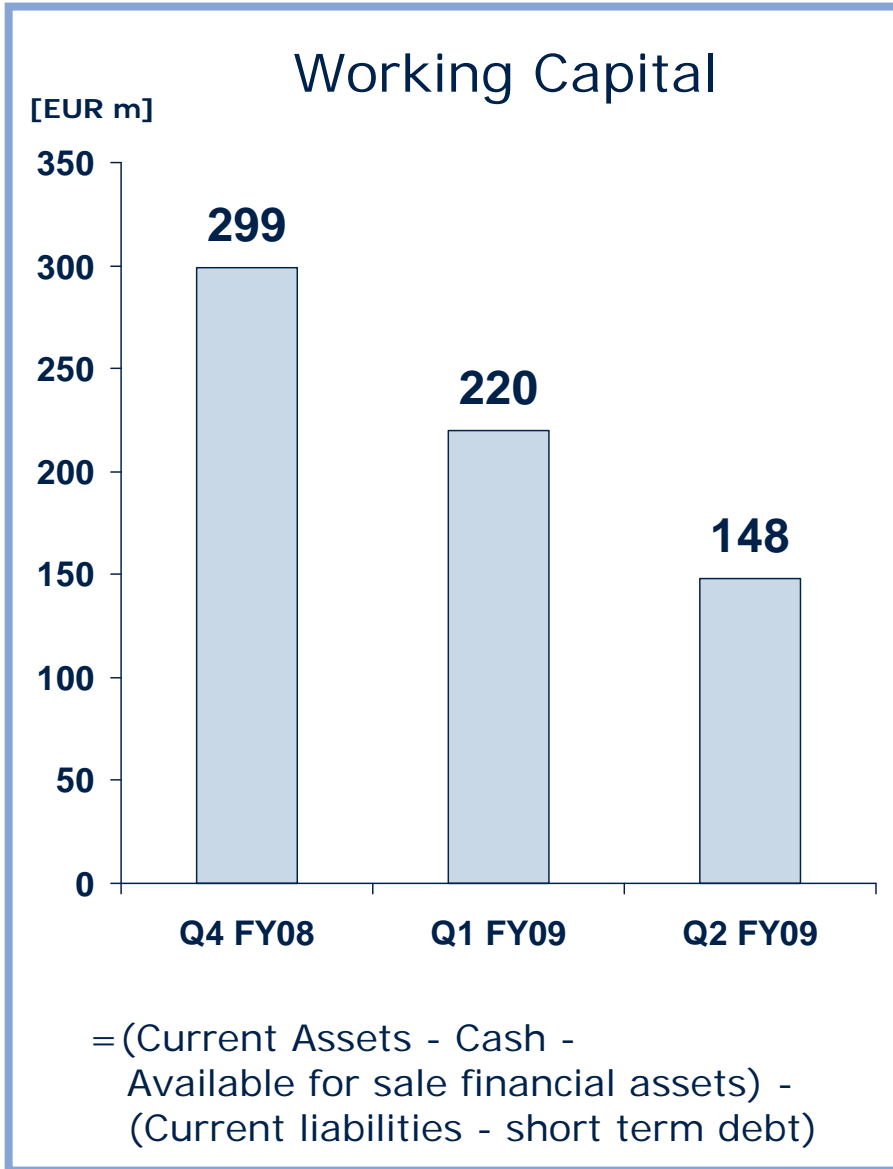
## Growth Rate

- excluding acquisitions, divestitures
- calculated on constant Q2 FY09 FX rates

	q-o-q	y-o-y
<b>Infineon Technologies</b>	-11%	-32%
Automotive	-9%	-44%
Industrial & Multimarket	-18%	-30%
Chip Card & Security	-12%	-38%
Wireless Solutions	2%	-6%
Wireline Communications	-12%	-31%



# Managing Cash: Working Capital, D&A and CapEx (IFRS)

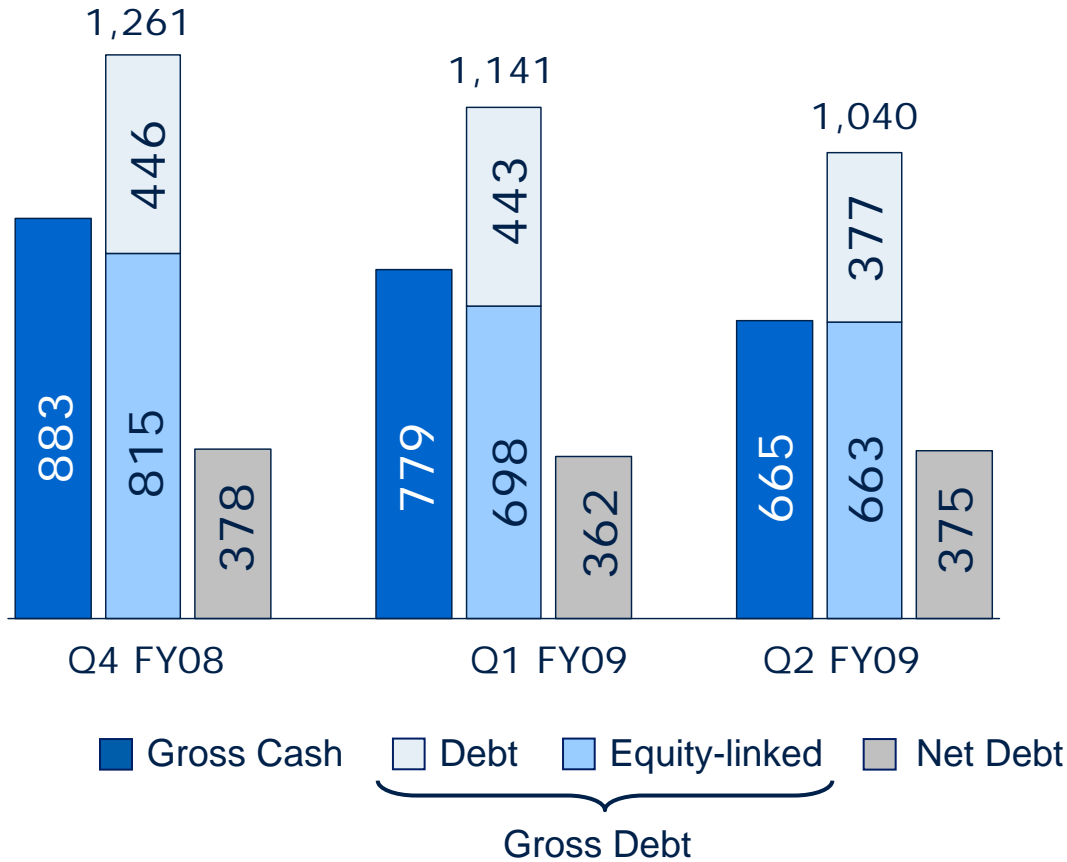




# Gross Cash, Gross Debt and Net Debt (Nominal Values)



[EUR m]



## Debt Repurchase:

In the March quarter 2009, Infineon repurchased a total nominal amount of EUR 35m of its exchangeable bond for about EUR 20m in cash.

Infineon made scheduled repayments of EUR 41m of its syndicated loan facility.

# Third Quarter Outlook and Update on Full Year FY 2009 Outlook (IFRS)



## Revenues

- Although visibility still remains limited, Infineon expects group revenues for the third quarter to increase by approximately 10% compared to Q2.
- The increase in revenues will be across all segments, but driven in particular by the WLS segment.
- Considerable uncertainties remain for Q4 FY09.
- As such, Infineon feels unable to provide explicit guidance for the full FY 2009 but expects revenues for FY09 to decrease by more than 20% vs FY08.

## Segment Result

- Infineon expects combined Segment Result to improve significantly in Q3 FY09 due to higher sales levels and further cost reduction.
- Combined Segment Result margin for Q3 FY09 is expected to be a negative mid-to-high single-digit percentage.
- Combined Segment Result for FY09 to decrease significantly and to be negative.

# IFX10+ Savings

## Implemented savings in Q2 FY09

- Cost savings of approx. EUR 60m in OpEx vs. Q4 FY08.
- Positive impact from reduced working hours in Regensburg, Dresden, and Warstein.
- Reduced working hours extended in April to sites Munich and Villach.
- Benefit from unpaid leave also materializing.
- Very good progress with respect to planned workforce reduction.
- EUR 56m cash outflow for IFX10+ in Q2 FY09.

## Additional savings measures

- Non-recurring savings of EUR 33m from the reduction of accruals for bonuses and incentives in Q2 FY09.
- CapEx budget for FY 2009 further reduced to EUR 170m – 190m.

→ Infineon Results and Outlook

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# Qimonda

- On January 23, Qimonda AG and its wholly owned Qimonda Dresden GmbH & Co. oHG filed an application to open insolvency proceedings.
- On April 1, insolvency proceedings for Qimonda AG and Qimonda Dresden GmbH & Co. oHG opened.



- Infineon recognized a loss of ~EUR 100m in Q2 FY09 primarily resulting from the recognition of accumulated currency translation effects.
- The recognition of such losses did not have any impact on Infineon's shareholders' equity.
- Deconsolidation of Qimonda after the application to open insolvency proceedings on January 23, 2009.

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# Automotive Segment Cooperation with Bosch started on April 20, 2009



## Infineon and Bosch are entering a cooperation for power semiconductors

Leading-edge low-voltage MOSFET technology:

- lowest power dissipation
- highest frequency
- smallest die size
- outstanding quality
- robustness



# BOSCH

License agreement for

- power semiconductor manufacturing processes,
- design environment,
- products.

### Infineon Power Fabs



### Bosch Fab, Reutlingen

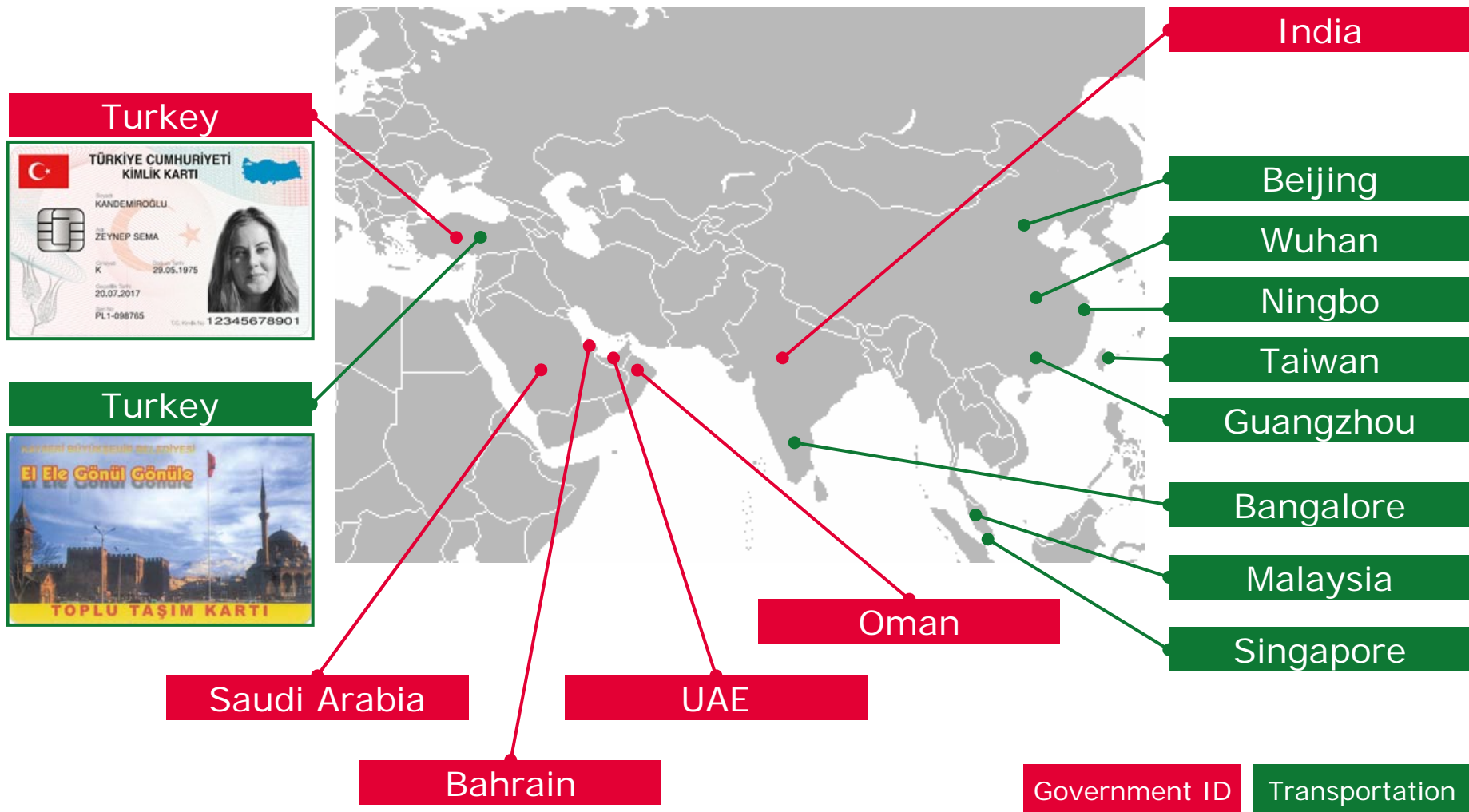


SFET Second-source agreement for Bosch's manufacturing in Reutlingen.

# Chip Card & Security Segment Recent Design-Wins in Near and Far East



Infineon recently won projects, e.g. in Eastern Europe, Near and Far East





# Wireless Solutions Segment

## Examples of Recent Phones Launched



Smart Phones



**Samsung  
C6620  
XMM™6080**



**Samsung  
C6625  
XMM™6080**



**LG  
KM900 „Arena“  
XMM™6080**



**LG  
KF900  
XMM™6080**

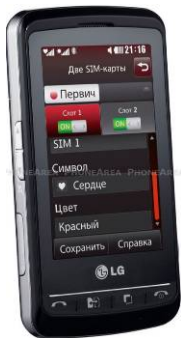


**LG  
KP270  
XMM™6070**



**Panasonic  
831P  
XMM™6080**

Entry Phones



**LG  
KS660  
XMM™2060/2080**



**LG  
GB110  
XMM™1020**



**Samsung  
E1410  
Vision X121b**



**Samsung  
S3030  
Vision X113**



**Samsung  
C3110  
Vision X113E**



**Samsung  
S3500  
Vision X115a**

# Single-Chip Design-wins at Nokia for XMM™1100 and XMM™2130 Platforms



## NOKIA

Connecting People

### XMM™1010



- GSM/GPRS
- 130nm
- C166 core
- 1.75 Mbit internal SRAM
- > 100m units sold

since 4Q CY08

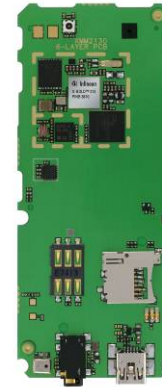
### XMM™1100



- GSM/GPRS
- 65nm
- C166 core
- 2.5 Mbit internal SRAM
- MP3
- FM radio
- color display support
- USB charging
- Dual-SIM

ramp in 4Q CY09

### XMM™2130



- EDGE
- 65nm
- ARM1176 core
- 3 Mbit internal SRAM
- stereo RDS FM radio
- USB 2.0 interface
- up to 3 Mpixel camera for picture and video taking
- integrated JPEG decoder

ramp in 2H CY10

# Low-Cost 3G, Smartphones and Convergence of Internet Devices Fuel Demand For RF Transceivers



## Low Cost 3G

### 3G Roll-Out in China and India



- China Unicom to invest 15bn USD for WCDMA network.
- 200 Chinese cities covered with WCDMA network by end of 2009.



- India to issue WCDMA licenses mid 2009.
- More than 11 India cities covered with WCDMA until end 2009.

Cost, cost, cost



**XMM™6130**

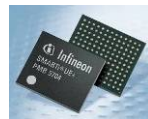


**SMARTi™ UEmicro**

## Demand for Smartphones



Advanced 3G  
modem solutions



**SMARTi™ UE / UE+**



**SMARTi™ 3GE/3GE2**

## Mobile Internet Devices



Multimode;  
highest bandwidth



**SMARTi™ UE2**



**SMARTi™ LU**

# Wireline Communications Segment Announced Leading ADSL IAD and UTA Solution



## **XWAY™ ARX188 for High Performance IAD:**

- ✓ IPTV over ADSL2/2+ enhancements
- ✓ All telephony standards: POTS, ISDN and DECT / CAT-iq
- ✓ WLAN 802.11n throughput >150Mbit/s
- ✓ Gigabit Ethernet LAN
- ✓ 2x USB 2.0

## **XWAY™ ARX182 for DSL-UTA:**

- ✓ IPTV over ADSL2/2+ enhancements
- ✓ All telephony standards: POTS, ISDN and DECT / CAT-iq
- ✓ Gigabit Ethernet LAN

### **Infineon's platform concept addresses the entire residential gateway market:**

- Dedicated solution for High Performance IAD and emerging segment of Universal Terminal Adaptor (UTA)
- Support of EU Code of Conduct on Energy Consumption of Broadband Equipment
- IPv6 ready





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



Never stop thinking

# Infineon Condensed Consolidated Statements of Operations (IFRS)



in Euro million	3 months ended			6 months ended	
	Mar 31, 08	Dec 31, 08	Mar 31, 09	Mar 31, 08	Mar 31, 09
Revenue	1,049	830	747	2,139	1,577
Cost of goods sold	(685)	(678)	(634)	(1,390)	(1,312)
<b>Gross profit</b>	<b>364</b>	<b>152</b>	<b>113</b>	<b>749</b>	<b>265</b>
Research and development expenses	(170)	(149)	(122)	(351)	(271)
Selling, general and administrative expenses	(134)	(112)	(110)	(270)	(222)
Other operating income	15	3	15	48	18
Other operating expense	(20)	(11)	(39)	(39)	(50)
<b>Operating income (loss)</b>	<b>55</b>	<b>(117)</b>	<b>(143)</b>	<b>137</b>	<b>(260)</b>
Financial income	13	60	21	31	81
Financial expense	(48)	(56)	(32)	(88)	(88)
Income from investments accounted for using the equity method, net	2	1	2	2	3
<b>Income (loss) from continuing operations before income taxes</b>	<b>22</b>	<b>(112)</b>	<b>(152)</b>	<b>82</b>	<b>(264)</b>
Income tax benefit (expense)	(11)	(4)	2	(23)	(2)
<b>Income (loss) from continuing operations</b>	<b>11</b>	<b>(116)</b>	<b>(150)</b>	<b>59</b>	<b>(266)</b>
Loss from discontinued operations, net of income taxes	(1,966)	(288)	(108)	(2,543)	(396)
<b>Net loss</b>	<b>(1,955)</b>	<b>(404)</b>	<b>(258)</b>	<b>(2,484)</b>	<b>(662)</b>
Attributable to:					
Minority interests	(432)	(30)	(19)	(552)	(49)
Shareholders of Infineon Technologies AG	(1,523)	(374)	(239)	(1,932)	(613)

## Basic and diluted earnings (loss) per share attributable to shareholders of Infineon Technologies AG (in Euro)\*:

Weighted average shares outstanding (in million) – basic and diluted	750	750	750	750	750
Basic and diluted earnings (loss) per share from continuing operations	0.01	(0.16)	(0.20)	0.06	(0.36)
Basic and diluted loss per share from discontinued operations	(2.04)	(0.34)	(0.12)	(2.64)	(0.46)
<b>Basic and diluted loss per share</b>	<b>(2.03)</b>	<b>(0.50)</b>	<b>(0.32)</b>	<b>(2.58)</b>	<b>(0.82)</b>

# Infineon consolidated Balance Sheet (IFRS)

in Euro million	Sep 30, 08	Mar 31, 09
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	749	532
Available-for-sale financial assets	134	133
Trade and other receivables	799	518
Inventories	665	543
Income tax receivable	29	12
Other current financial assets	19	38
Other current assets	124	101
Assets classified as held for disposal	2,129	6
<b>Total current assets</b>	<b>4,648</b>	<b>1,883</b>
Property, plant and equipment	1,310	1,115
Goodwill and other intangible assets	443	425
Investments accounted for using the equity method	20	23
Deferred tax assets	400	403
Other financial assets	133	108
Other assets	28	20
<b>Total assets</b>	<b>6,982</b>	<b>3,977</b>
<b>Liabilities and equity</b>		
Current liabilities:		
Short-term debt and current maturities of long-term debt	207	170
Trade and other payables	506	302
Current provisions	424	418
Income tax payable	87	94
Other current financial liabilities	63	73
Other current liabilities	263	183
Liabilities associated with assets classified as held for disposal	2,123	-
<b>Total current liabilities</b>	<b>3,673</b>	<b>1,240</b>
Long-term debt	963	816
Pension plans and similar commitments	43	37
Deferred tax liabilities	19	15
Long-term provisions	27	90
Other financial liabilities	20	3
Other liabilities	76	73
<b>Total liabilities</b>	<b>4,821</b>	<b>2,274</b>
Shareholders' equity:		
Ordinary share capital	1,499	1,499
Additional paid-in capital	6,008	6,009
Accumulated deficit	(5,252)	(5,865)
Other components of equity	(164)	5
<b>Total equity attributable to shareholders of Infineon Technologies AG</b>	<b>2,091</b>	<b>1,648</b>
<b>Minority interests</b>	<b>70</b>	<b>55</b>
<b>Total equity</b>	<b>2,161</b>	<b>1,703</b>
<b>Total liabilities and equity</b>	<b>6,982</b>	<b>3,977</b>

# Infineon Condensed Consolidated Statements of Cash Flows (IFRS)



in EUR m	3 months ended		
	Mar 31, 08	Dec 31, 08	Mar 31, 09
Net loss	(1,955)	(404)	(258)
Less: net loss from discontinued operations	1,966	288	108
Adjustments to reconcile net loss to cash provided by (used in) operating activities:			
Net cash provided by (used in) operating activities			
Depreciation and amortization	140	145	137
Provision for (recovery of) doubtful accounts	(1)	1	(2)
(Losses) gains on sales of businesses and interests in subsidiaries	-	(1)	17
(Losses) gains on disposals of property, plant, and equipment	1	-	-
Income from investments accounted for using the equity method	(2)	(1)	(2)
Impairment charges	-	-	1
Stock-based compensation	2	-	1
Deferred income taxes	7	3	(4)
Changes in operating assets and liabilities:			
Trade and other receivables	(61)	250	(89)
Inventories	(3)	5	119
Other current assets	(21)	(46)	25
Trade and other payables	(48)	(179)	(17)
Provisions	(27)	(66)	(47)
Other current liabilities	22	(5)	(63)
Other assets and liabilities	9	(8)	4
Interest received	6	9	6
Interest paid	(4)	(7)	(4)
Income tax received (paid)	-	21	(2)
<b>Net cash provided by (used in) operating activities from continuing operations</b>	<b>31</b>	<b>5</b>	<b>(70)</b>
Cash flows from investing activities:			
Purchases of available-for-sale financial assets	(173)	-	-
Proceeds from sales of available-for-sale financial assets	80	5	5
Proceeds from sales of businesses and interests in subsidiaries	-	-	4
Business acquisitions, net of cash acquired	(5)	13	-
Purchases of intangible assets, and other assets	(13)	(11)	(11)
Purchases of property, plant and equipment	(72)	(29)	(40)
Proceeds from sales of property, plant and equipment, and other assets	1	-	95
<b>Net cash provided by (used in) investing activities from continuing operations</b>	<b>(182)</b>	<b>(22)</b>	<b>53</b>
Cash flows from financing activities:			
Net change in short-term debt	(68)	10	3
Net change in related party financial receivables and payables	(5)	(2)	1
Proceeds from issuance of long-term debt	5	1	-
Principal repayments of long-term debt	(43)	(84)	(98)
Change in restricted cash	-	(1)	1
Dividend payments to minority interests	(11)	-	(6)
Capital contribution	-	(5)	-
<b>Net cash used in financing activities from continuing operations</b>	<b>(122)</b>	<b>(81)</b>	<b>(99)</b>
Net decrease in cash and cash equivalents from continuing operations	(273)	(98)	(116)
Net decrease in cash and cash equivalents from discontinued operations	32	(28)	(389)
Effect of foreign exchange rate changes on cash and cash equivalents	(6)	(8)	1
Cash and cash equivalents at beginning of period	1,003	1,170	1,036
Cash and cash equivalents at end of period	756	1,036	532
Less: Cash and cash equivalents at end of period from discontinued operations	529	389	-
<b>Cash and cash equivalents at end of period from continuing operations</b>	<b>227</b>	<b>647</b>	<b>532</b>



# Financial Calendar

■ Jul 29, 2009      **Q3 FY09 results**

■ Nov 19, 2009\*    **Q4 FY09 and full year results**

\* = Preliminary Date