



Press Release

Big revenue jump on the back of strong demand and integration of International Rectifier

- **Integration of International Rectifier well on track**
- **Q2 FY 2015: Revenue up by €355 million from €1,128 million to €1,483 million due to consolidation of International Rectifier, increased demand for Chip Card & Security products and positive currency development; Segment Result up from €169 million to €198 million; Segment Result Margin down quarter-on-quarter from 15.0 percent to 13.4 percent**
- **Net income and earnings per share lower as a result of acquisition-related charges; adjusted earnings per share stable**
- **Outlook for Q3 FY 2015: Quarter-on-quarter revenue growth of between 7 and 11 percent and Segment Result Margin of 15 percent at the mid-point of the growth range**
- **Outlook for FY 2015: Based on an assumed exchange rate of US\$ 1.10 to the euro, revenue growth of 36 percent, plus or minus 2 percentage points and Segment Result Margin of 15 percent expected at the mid-point of the growth range**

Neubiberg, Germany, May 5, 2015 – Infineon Technologies AG today reports its results for the second quarter of the 2015 fiscal year ended March 31, 2015.

“Infineon has recorded a big revenue jump in the second quarter. Business was running very well, with additional tailwinds provided by the acquisition of International Rectifier and the strong dollar”, stated Dr. Reinhard Ploss, CEO of Infineon Technologies AG.

“The signals we are receiving from our markets are generally positive. We are making good progress with the integration of International Rectifier. Our strategy is paying off and Infineon remains on a growth path.”

For the Business and Trade Press: INFXX201505-052e

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€ in millions	3 months ended	sequential	3 months ended	year-on-year	3 months ended
	Mar 31, 15	+/- in %	Dec 31, 14	+/- in %	Mar 31, 14
Revenue	1,483	31	1,128	41	1,051
Segment Result	198	17	169	36	146
Segment Result Margin [in %]	13.4%		15.0%		13.9%
Income from continuing operations	69	(47)	130	(39)	114
Income from discontinued operations, net of income taxes	–	---	6	---	10
Net income	69	(49)	136	(44)	124
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG ¹ :					
Basic earnings per share (in euro) from continuing operations	0.06	(50)	0.12	(40)	0.10
Basic earnings per share (in euro) from discontinued operations	–	–	–	---	0.01
Basic earnings per share (in euro)	0.06	(50)	0.12	(45)	0.11
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG ¹ :					
Diluted earnings per share (in euro) from continuing operations	0.06	(50)	0.12	(40)	0.10
Diluted earnings per share (in euro) from discontinued operations	–	–	–	---	0.01
Diluted earnings per share (in euro)	0.06	(50)	0.12	(45)	0.11
Adjusted earnings per share (in euro) - diluted²	0.13	–	0.13	18	0.11

¹ The calculation for earnings per share and for adjusted earnings per share is based on unrounded figures.

² The reconciliation of net income to adjusted net income and adjusted earnings per share is presented on page 10.

Scope of reporting

Infineon's acquisition of 100 percent of the shares of (and related voting rights in) International Rectifier Corporation ("International Rectifier"), based in El Segundo, California (USA), announced on August 20, 2014, was closed on January 13, 2015. This press release therefore includes the results, assets, liabilities and cash flows of International Rectifier with effect from the acquisition date. International Rectifier's various lines of business have been fully integrated with Infineon's existing Automotive, Industrial Power Control and Power Management & Multimarket segments, whereby by far the largest proportion has been allocated to the Power Management & Multimarket segment. The figures presented for prior periods have not been adjusted.

Review of Group financials for the second quarter of the 2015 fiscal year

Second-quarter revenue of the Infineon Group grew by 31 percent to €1,483 million, compared to the €1,128 million reported one quarter earlier. The €355 million jump in revenue was attributable to the first-time consolidation of International Rectifier, strong organic revenue growth in the Chip Card & Security segment and the continued strengthening of the US dollar against the euro. Group revenue includes revenue of €199 million generated by International Rectifier from closing of the acquisition on January 13, 2015 up to the end of the quarter on March 31, 2015.

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Segment Result improved by 17 percent from €169 million in the first quarter to €198 million in the second quarter of the current fiscal year. The first-time consolidation of International Rectifier as well as currency effects had a positive impact on Segment Result, whereas the normal round of selling price reductions partly offset the positive impact of the step-up in revenue. The previous quarter's Segment Result had also benefitted from the one-time positive impact arising from reduction in future rental expenses for the Group's Campeon headquarters. The Segment Result Margin came in at 13.4 percent, down from the first quarter's 15.0 percent. In addition to the factors stated above, the decrease in Segment Result margin was also a consequence of the first-time consolidation of International Rectifier.

Non-Segment Result decreased to a negative amount of €113 million due to additional acquisition-related depreciation and amortization and other expenses totaling €102 million following the acquisition of International Rectifier. Therefore, operating income declined quarter-on-quarter from €153 million to €85 million. Income from continuing operations fell on a similar scale from €130 million to €69 million in the second quarter of the 2015 fiscal year. Income from discontinued operations, after rounding, was €0 million, as a result of which second-quarter net income also amounted to €69 million. In the first quarter, Infineon reported income from discontinued operations amounting to €6 million and net income of €136 million.

Earnings per share declined quarter-on-quarter from €0.12 to €0.06 (basic and diluted). Second-quarter adjusted earnings per share¹ (diluted) amounted to €0.13. Acquisition-related depreciation and amortization and other expenses, net of tax, were eliminated for the purposes of calculating adjusted earnings per share (diluted).

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized development assets – amounted to €150 million in the second quarter 2015, compared to the €141 million in the preceding quarter. Depreciation and amortization rose quarter-on-quarter from €141 million to €199 million, mainly due to the first-time inclusion of depreciation and amortization arising from the consolidation of International Rectifier. This figure includes an expense of €33 million recorded on assets recognized or revalued in conjunction with the purchase price allocation.

¹ Adjusted net income and adjusted earnings per share (diluted) should not be seen as a replacement or superior performance indicator, but rather as additional information to the net income and earnings per share (diluted) determined in accordance with IFRS. The calculation of earnings per share pursuant to IFRS is presented in detail on page 10.

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Free cash flow² from cash flow from continuing operations deteriorated to a negative amount of €1,880 million in the second quarter, of which €1,864 million (after deduction of cash acquired) are related to the acquisition of International Rectifier. The equivalent figure for the free cash flow for the first quarter of the 2015 fiscal year was a negative €171 million. Net cash provided by operating activities from continuing operations was positive in the second quarter of the current fiscal year and amounted to €135 million.

As a result of the purchase price payment for International Rectifier and the distribution of a dividend totaling €202 million in February, the gross cash position decreased from €2,107 million at December 31, 2014 to €1,656 million at March 31, 2015. Since part of the purchase price for International Rectifier has been financed with outside capital, short-term debt and long-term debt increased during the three-month period to €1,832 million. Reflecting these changes, the net cash position at the end of the second quarter was a negative €176 million, compared to a positive €1,917 million at December 31, 2014.

Integration of International Rectifier

The integration of International Rectifier into the Infineon Group is proceeding according to plan. At the latest in fiscal year 2017, International Rectifier's margin contribution is expected to be at least in line with Infineon's target of 15 percent Segment Result margin over the cycle.

Sales has been integrated into one joint team since March. In addition, many key organizational changes have already been completed. Infineon has also started the optimization of the product portfolio. In March, the combined range of gallium nitride products was presented at the US trade fair for power electronics - APEC 2015, for example. Additionally, a comprehensive concept for the combined production network has been drawn up. We will be discontinuing manufacturing operations at Techview in Singapore by the end of the year. Production in Newport, Wales, will be running at full capacity until the end of calendar year 2016 and will then be phased out in 2017. In parallel, we are looking for a buyer to take over and continue to operate the factory.

Outlook for the third quarter of the 2015 fiscal year

Based on an assumed exchange rate of US\$ 1.10 to the euro, Infineon expects quarter-on-quarter revenue growth of between 7 and 11 percent in the third quarter of the 2015 fiscal year. All segments are forecast to make a contribution to the expected revenue

² For definitions and the calculation of free cash flow and of the gross and net cash position, please see page 14.

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growth. At the mid-point of the growth range, the Segment Result Margin is expected to be about 15 percent.

Outlook for the 2015 fiscal year

Based on an assumed exchange rate of US\$ 1.10 (previously US\$ 1.20) to the euro, Infineon forecasts year-on-year growth in revenue of 36 percent, plus or minus 2 percentage points. At the mid-point of the growth range, the Segment Result Margin is expected to be about 15 percent. All four operating segments will contribute to revenue growth. This outlook also includes International Rectifier's expected contribution to revenue in the period from January 13, 2015 to September 30, 2015.

Investments during the 2015 fiscal year are expected to be in the region of €800 million. This figure includes investments in plant and equipment at existing factories and in intangible assets including capitalized development assets. Specifically included in these investments are €60 to €70 million for readying the second shell in Kulim, Malaysia, for volume production and €21 million for the purchase of Qimonda patents in conjunction with the settlement reached with the insolvency administrator of Qimonda AG. Depreciation and amortization will increase to around €750 million, mostly as a result of acquisition-related depreciation and amortization.

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Segment earnings in the second quarter of the 2015 fiscal year

€ in millions	in % of total revenue	3 months ended Mar 31, 15	sequential +/- in %	3 months ended Dec 31, 14	year-on-year +/- in %	3 months ended Mar 31, 14
Infineon						
Revenue	100	1,483	31	1,128	41	1,051
Segment Result		198	17	169	36	146
Segment Result Margin [in %]		13.4%		15.0%		13.9%
Automotive (ATV)						
Segment Revenues	41	598	15	518	24	484
Segment Result		64	(11)	72	(3)	66
Segment Result Margin [in %]		10.7%		13.9%		13.6%
Industrial Power Control (IPC)						
Segment Revenues	16	241	27	190	30	185
Segment Result		20	(29)	28	(39)	33
Segment Result Margin [in %]		8.3%		14.7%		17.8%
Power Management & Multimarket (PMM)						
Segment Revenues	31	464	66	280	84	252
Segment Result		82	71	48	+++	37
Segment Result Margin [in %]		17.7%		17.1%		14.7%
Chip Card & Security (CCS)						
Segment Revenues	12	182	38	132	50	121
Segment Result		32	78	18	+++	8
Segment Result Margin [in %]		17.6%		13.6%		6.6%
Other Operating Segments (OOS)						
Segment Revenues	0	4	-	4	(33)	6
Segment Result		2	-	2	-	2
Corporate and Eliminations (C&E)						
Segment Revenues	0	(6)	---	4	---	3
Segment Result		(2)	---	1	---	-

ATV segment revenue climbed quarter-on-quarter from €518 million to €598 million, partly due to the inclusion of International Rectifier and partly due to increasing seasonal demand and favorable currency effects. Recovering demand for new vehicles in Western Europe, adding to the already strong markets in China and North America, also had a positive impact. Segment Result fell from €72 million to €64 million. The second-quarter Segment Result Margin of 10.7 percent compares with the previous quarter's 13.9 percent.

The IPC segment recorded revenue of €241 million in the second quarter of the 2015 fiscal year, 27 percent higher than the €190 million achieved one quarter earlier. Revenue increased in all fields of application, with renewable energy experiencing particularly pronounced rises in demand. The substantial increase in revenue generated with major home appliances was partly due to the consolidation of International Rectifier, but also to some extent to increasing demand from customers. Segment Result fell from €28 million in the first quarter to €20 million in the second quarter of the current fiscal year. The Segment Result Margin amounted to 8.3 percent, compared with 14.7 percent in the previous quarter.

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PMM segment revenue increased quarter-on-quarter by 66 percent from €280 million to €464 million, primarily as a result of the integration of International Rectifier. Demand for power supply products also grew due to seasonal factors. Business with products for mobile devices and cellular network infrastructure – which were not affected by the addition of International Rectifier’s business – recorded good growth. The Segment Result increased quarter-on-quarter from €48 million to €82 million. The Segment Result Margin improved from 17.1 percent to 17.7 percent.

CCS segment revenue increased sharply from €132 million in the first quarter to €182 million in the second quarter of the 2015 fiscal year. The 38 percent increase was achieved entirely through organic growth, including significantly higher demand for payment cards on the one hand and good contributions from mobile communication, government ID and mobile security fields of application on the other. Segment Result rose in the second quarter to €32 million, compared to €18 million in the preceding quarter, while the Segment Result Margin improved from 13.6 percent to 17.6 percent.

Analyst and press telephone conference

Infineon will host a telephone conference call for analysts and investors (in English only) on May 5, 2015 at 9:30 am (CEST), 3:30 am (EST). During the call, the Infineon Management Board will present the Company’s results for the second quarter of the 2015 fiscal year. In addition, the Management Board will host a live telephone conference with the media at 11:00 am (CEST), 5:00 am (EST). It can be followed over the Internet in both English and German. Both conferences will also be available live and for download on Infineon’s website at www.infineon.com/investor.

The **Q2 Investor Presentation** is available (in English only) at:

<http://www.infineon.com/cms/en/corporate/investor/reporting/index.html>

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Infineon Financial Calendar (*preliminary)

- May 28, 2015 CCS Analyst Call by Stefan Hofschen, Division President
Chip Card & Security
- May 28, 2015 J.P. Morgan Cazenove Investor Forum, Amsterdam
- Jun 2, 2015 DZ Bank Sustainable Technologies Conference, Zurich
- Jun 3, 2015 Danske Bank German Corporate Day, Copenhagen
- Jun 17, 2015 Deutsche Bank German, Swiss & Austrian Conference, Berlin
- Jul 30, 2015* Earnings Release for the Third Quarter of the 2015 Fiscal
Year
- Sep 16, 2015 ATV Analyst Call by Jochen Hanebeck, Division President
Automotive
- Sep 22, 2015 Baader Investment Conference, Munich
- Sep 23, 2015 Berenberg Bank and Goldman Sachs German Corporate
Conference, Munich
- Nov 11 – 13, 2015 Morgan Stanley TMT Conference, Barcelona
- Nov 26, 2015* Earnings Release for the Fourth Quarter and Full 2015 Fiscal
Year
- Nov 30 – Dec 3, 2015 Credit Suisse TMT Conference, Scottsdale/Arizona

About Infineon

Infineon Technologies AG is a world leader in semiconductors. Infineon offers products and system solutions addressing three central challenges to modern society: energy efficiency, mobility, and security. In the 2014 fiscal year (ending September 30), the Company reported sales of euro 4.3 billion with about 29,800 employees worldwide. In January 2015, Infineon acquired US-based International Rectifier Corporation, a leading provider of power management technology, with revenues of US\$1.1 billion (fiscal year 2014 ending June 29) and approximately 4,200 employees.

Infineon is listed on the Frankfurt Stock Exchange (ticker symbol: IFX) and in the USA on the over-the-counter market OTCQX International Premier (ticker symbol: IFNNY).

Further information is available at www.infineon.com

This press release is available online at www.infineon.com/press

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FINANCIAL INFORMATION

According to IFRS – Preliminary and Unaudited

Consolidated Statement of Operations

€ in millions; except for the per share data	3 months ended			6 months ended	
	Mar 31, 15	Dec 31, 14	Mar 31, 14	Mar 31, 15	Mar 31, 14
Revenue	1,483	1,128	1,051	2,611	2,035
Cost of goods sold	(1,003)	(701)	(653)	(1,704)	(1,276)
Gross profit	480	427	398	907	759
Research and development expenses	(180)	(139)	(136)	(319)	(268)
Selling, general and administrative expenses	(214)	(136)	(121)	(350)	(236)
Other operating income	4	6	6	10	11
Other operating expenses	(5)	(5)	(12)	(10)	(23)
Operating income	85	153	135	238	243
Financial income	2	6	2	7	4
Financial expenses	(18)	(5)	(4)	(22)	(13)
Gain (loss) from investments accounted for using the equity method	2	-	-	2	-
Income from continuing operations before income taxes	71	154	133	225	234
Income tax	(2)	(24)	(19)	(26)	(36)
Income from continuing operations	69	130	114	199	198
Income (loss) from discontinued operations, net of income taxes	-	6	10	6	13
Net income	69	136	124	205	211
Attributable to:					
Non-controlling interests	1	-	-	1	-
Shareholders of Infineon Technologies AG	68	136	124	204	211
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG ¹ :					
Weighted average shares outstanding (in million) – basic	1,122	1,122	1,117	1,122	1,100
Basic earnings per share (in euro) from continuing operations	0.06	0.12	0.10	0.18	0.18
Basic earnings per share (in euro) from discontinued operations	-	-	0.01	-	0.01
Basic earnings per share (in euro)	0.06	0.12	0.11	0.18	0.19
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG ¹ :					
Weighted average shares outstanding (in million) – diluted	1,124	1,123	1,123	1,123	1,124
Diluted earnings per share (in euro) from continuing operations	0.06	0.12	0.10	0.18	0.18
Diluted earnings per share (in euro) from discontinued operations	-	-	0.01	-	0.01
Diluted earnings per share (in euro)	0.06	0.12	0.11	0.18	0.19

¹ The calculation for earnings per share is based on unrounded figures.

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Segment Revenues and Segment Results

Infineon defines Segment Result as operating income (loss) excluding asset impairments (net of reversals); impact on earnings of restructuring measures and closures (net); share-based compensation expense; acquisition-related depreciation/amortization and other expenses; gains (losses) on sales of assets, businesses, or interests in subsidiaries, and other income (expense), including litigation settlement costs.

Reconciliation of Total Segment Result to Operating Income

€ in millions	3 months ended			6 months ended	
	Mar 31, 15	Dec 31, 14	Mar 31, 14	Mar 31, 15	Mar 31, 14
Segment Result	198	169	146	366	262
Plus/minus:					
Impairment on assets including assets classified as held for sale, net of reversals	-	(2)	-	(2)	-
Impact on earnings of restructuring measures and closures, net	(1)	-	(3)	(2)	(7)
Share-based compensation expenses	(2)	(2)	(1)	(3)	(3)
Acquisition-related depreciation/amortization and other expenses	(102)	(8)	-	(110)	-
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	-	-	2	-	2
Other income and expenses, net	(8)	(4)	(9)	(11)	(11)
Operating income	85	153	135	238	243

Reconciliation to adjusted earnings and adjusted earnings per share – diluted

Earnings per share in accordance with IFRS is influenced by amounts relating to purchase price allocations for acquisitions (in particular International Rectifier) as well as by other exceptional items. In order to enable better comparability of operating performance over time, Infineon computes adjusted earnings per share (diluted) as follows:

€ in millions (unless otherwise stated)	3 months ended			6 months ended	
	Mar 31, 15	Dec 31, 14	Mar 31, 14	Mar 31, 15	Mar 31, 14
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	68	130	114	198	202
Plus/minus:					
+Impairments on assets including assets classified as held for sale, net of reversals	-	2	-	2	-
+Impact on earnings of restructuring measures and closures, net	1	-	3	2	7
+Share-based compensation expense	2	2	1	3	3
+Acquisition-related depreciation/amortization and other expenses	102	8	-	110	-
+Losses on sales of assets, businesses, or interests in subsidiaries, net	-	-	(2)	-	(2)
+Other income and expenses, net	8	4	9	11	11
- Tax effects on adjustments	(32)	(2)	(1)	(34)	(2)
Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	149	144	124	292	219
Weighted-average number of shares outstanding – diluted	1,124	1,123	1,123	1,123	1,124
Adjusted earnings per share (in euro) – diluted¹	0.13	0.13	0.11	0.26	0.19

¹ The calculation of the adjusted earnings per share is based on unrounded figures.

Adjusted net income and adjusted earnings per share (diluted) should not be seen as a replacement or superior performance indicator, but rather as additional information over and above the net income and earnings per share (diluted) determined in accordance with IFRS.

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Revenues and Segment Result for the three and six months ended March 31, 2015 and 2014

Revenue € in millions	3 months ended			6 months ended		
	Mar 31, 15	Mar 31, 14	+/- in %	Mar 31, 15	Mar 31, 14	+/- in %
Automotive	598	484	24	1,116	936	19
Industrial Power Control	241	185	30	431	364	18
Power Management & Multimeter	464	252	84	743	490	52
Chip Card & Security	182	121	50	314	229	37
Other Operating Segments	4	6	(33)	9	11	(18)
Corporate and Eliminations	(6)	3	---	(2)	5	---
Total	1,483	1,051	41	2,611	2,035	28

Segment Result € in millions	3 months ended			6 months ended		
	Mar 31, 15	Mar 31, 14	+/- in %	Mar 31, 15	Mar 31, 14	+/- in %
Automotive	64	66	(3)	136	121	12
Industrial Power Control	20	33	(39)	49	60	(18)
Power Management & Multimeter	82	37	+++	129	66	95
Chip Card & Security	32	8	+++	50	14	+++
Other Operating Segments	2	2	-	4	3	33
Corporate and Eliminations	(2)	-	---	(2)	(2)	-
Total	198	146	36	366	262	40

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Revenues and Segment Result for the three months ended March 31, 2015 and December 31, 2014

Revenue € in millions	3 months ended		
	Mar 31, 15	Dec 31, 14	+/- in %
Automotive	598	518	15
Industrial Power Control	241	190	27
Power Management & Multimarket	464	280	66
Chip Card & Security	182	132	38
Other Operating Segments	4	4	-
Corporate and Eliminations	(6)	4	---
Total	1,483	1,128	31

Segment Result € in millions	3 months ended		
	Mar 31, 15	Dec 31, 14	+/- in %
Automotive	64	72	(11)
Industrial Power Control	20	28	(29)
Power Management & Multimarket	82	48	71
Chip Card & Security	32	18	78
Other Operating Segments	2	2	-
Corporate and Eliminations	(2)	1	---
Total	198	169	17

Employees

	Mar 31, 15	Dec 31, 14	Mar 31, 14
Infineon	34,928	30,493	28,096
Thereof: Research and development	5,652	4,978	4,653

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Consolidated Statement of Financial Position

€ in millions	Mar 31, 15	Dec 31, 14	Sep 30, 14
ASSETS:			
Cash and cash equivalents	738	1,393	1,058
Financial investments	918	714	1,360
Trade receivable	739	486	581
Inventories	1,013	755	707
Income tax receivable	10	9	7
Other current assets	228	337	221
Assets classified as held for sale	21	21	-
Total current assets	3,667	3,715	3,934
Property, plant and equipment	2,028	1,653	1,700
Goodwill and other intangible assets	1,827	277	250
Investments accounted for using the equity method	36	35	35
Deferred tax assets	395	378	378
Other non-current assets	165	136	141
Total non-current assets	4,451	2,479	2,504
Total assets	8,118	6,194	6,438
LIABILITIES AND EQUITY:			
Short-term debt and current maturities of long-term debt	39	35	35
Trade payables	677	572	648
Short-term provisions	315	259	590
Income tax payable	60	68	69
Other current liabilities	187	198	261
Total current liabilities	1,278	1,132	1,603
Long-term debt	1,793	155	151
Pension plans and similar commitments	537	383	379
Deferred tax liabilities	167	5	5
Long-term provisions	75	69	70
Other non-current liabilities	84	58	72
Total non-current liabilities	2,656	670	677
Total liabilities	3,934	1,802	2,280
Shareholders' equity:			
Ordinary share capital	2,258	2,255	2,255
Additional paid-in capital	5,222	5,415	5,414
Accumulated deficit	(3,447)	(3,366)	(3,502)
Other reserves	182	129	64
Own shares	(37)	(37)	(37)
Put options on own shares	-	(9)	(40)
Equity attributable to shareholders of Infineon Technologies AG	4,178	4,387	4,154
Non-controlling interests	6	5	4
Total equity	4,184	4,392	4,158
Total liabilities and equity	8,118	6,194	6,438

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Regional Sales Development

in %	3 months ended			6 months ended	
	Mar 31, 15	Dec 31, 14	Mar 31, 14	Mar 31, 15	Mar 31, 14
Revenue:					
Europe, Middle East, Africa	36%	37%	42%	37%	40%
Therein: Germany	16%	18%	21%	17%	20%
Asia-Pacific (w/o Japan)	45%	46%	40%	45%	42%
Therein: China	22%	23%	19%	22%	20%
Japan	6%	6%	7%	6%	6%
Americas	13%	11%	11%	12%	12%
Total	100%	100%	100%	100%	100%

Consolidated Statement of Cash Flows

Gross and Net Cash Position

The following table reconciles the gross cash position and net cash position (i.e. after deduction of debt). Since some liquid funds are held in the form of financial investments, which for IFRS purposes are not considered to be “cash and cash equivalents”, Infineon reports on its gross and net cash position in order to provide investors with a better understanding of its overall liquidity. The gross and net cash position is determined as follows from the Consolidated Statement of Financial Position:

€ in millions	Mar 31, 15	Dec 31, 14	Mar 31, 14
Cash and cash equivalents	738	1,393	327
Financial investments	918	714	1,871
Gross cash position	1,656	2,107	2,198
Less:			
Short-term debt and current maturities of long-term debt	39	35	21
Long-term debt	1,793	155	167
Net cash position	-176	1,917	2,010

Free Cash Flow

Infineon reports the free cash flow figure (defined as net cash provided by or used in operating activities and net cash used in or provided by investing activities – in both cases from continuing operations) after adjusting for cash flows related to the purchase and sale of financial investments. Free cash flow serves as an additional performance indicator, since Infineon holds part of its liquidity in the form of financial investments. This does not mean that the free cash flow calculated in this way is available to cover other disbursements, since dividend, debt-servicing obligations and other fixed disbursements are not deducted. Free cash flow should not be seen as a replacement or superior performance indicator, but rather as an additional useful piece of information over and above the disclosure of the cash flow reported in the Consolidated Statement of Cash Flows, and as a supplementary disclosure to other liquidity performance indicators and other performance indicators derived from the IFRS figures. Free cash flow includes only amounts from continuing operations, and is derived as follows from the Consolidated Statement of Cash Flows:

€ in millions	3 months ended			6 months ended	
	Mar 31, 15	Dec 31, 14	Mar 31, 14	Mar 31, 15	Mar 31, 14
Net cash provided by (used in) operating activities from continuing operations	135	(39)	203	96	361
Net cash provided by (used in) investing activities from continuing operations	(2,220)	513	(216)	(1,707)	(392)
Purchases of (proceeds from sales of) financial investments, net	205	(645)	64	(440)	112
Free Cash Flow from continuing operations	(1,880)	(171)	51	(2,051)	81

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Consolidated Statement of Cash Flows

€ in millions	3 months ended		
	Mar 31, 15	Dec 31, 14	Mar 31, 14
Net income	69	136	124
Plus/minus: loss (income) from discontinued operations, net of income taxes	-	(6)	(10)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	199	141	126
Income tax	2	24	19
Net interest result	16	3	2
Losses (gains) on disposals of property, plant and equipment	-	-	(2)
Dividends received from associated companies	1	-	-
Impairment charges	-	2	-
Other non-cash result	-	(3)	2
Change in trade receivables	(147)	92	(78)
Change in inventories	37	(46)	(21)
Change in trade payables	(4)	(74)	46
Change in provisions	36	(191)	43
Change in other assets and liabilities	(36)	(95)	(39)
Interest received	2	3	2
Interest paid	(2)	(1)	(1)
Income tax paid	(38)	(24)	(10)
Net cash provided by (used in) operating activities from continuing operations	135	(39)	203
Net cash provided by (used in) in operating activities from discontinued operations	4	(140)	(6)
Net cash provided by (used in) operating activities	139	(179)	197
Purchases of financial investments	(495)	(135)	(535)
Proceeds from sales of financial investments	290	780	471
Purchases of other equity investments	(7)	(7)	-
Acquisition of businesses, net of cash acquired	(1,864)	-	-
Purchases of intangible assets and other assets	(24)	(60)	(24)
Purchases of property, plant and equipment	(126)	(81)	(130)
Proceeds from sales of property, plant and equipment and other assets	6	16	2
Net cash provided by (used in) investing activities from continuing operations	(2,220)	513	(216)
Net cash used in investing activities from discontinued operations	-	-	-
Net cash provided by (used in) investing activities	(2,220)	513	(216)
Net change in short-term debt	2	(1)	-
Net change in related party financial receivables and payables	-	-	(1)
Proceeds from issuance of long-term debt	2,385	9	1
Repayments of long-term debt	(807)	(5)	(6)
Change in cash deposited as collateral	-	(1)	7
Proceeds from issuance of ordinary shares	8	-	1
Proceeds from the issuance of put options on own shares	-	-	1
Dividend payments	(202)	-	(129)
Net cash provided by (used in) financing activities from continuing operations	1,386	2	(126)
Net cash used in financing activities from discontinued operations	-	-	-
Net cash provided by (used in) financing activities	1,386	2	(126)
Net increase (decrease) in cash and cash equivalents	(695)	336	(145)
Effect of foreign exchange rate changes on cash and cash equivalents	40	(1)	-
Cash and cash equivalents at beginning of period	1,393	1,058	472
Cash and cash equivalents at end of period	738	1,393	327

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DISCLAIMER

This press release contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

These statements are based on assumptions and projections resting upon currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected.

Beyond disclosure requirements stipulated by law, Infineon does not undertake any obligation to update forward-looking statements.

Due to rounding, numbers presented throughout this press release and other reports may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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