Press Release

Infineon reports strong fourth quarter. Outlook for the new fiscal year cautiously optimistic. Integration of Cypress remains on track

- **Q4 FY 2020: Revenue of €2,490 million; Segment Result €379 million; Segment Result Margin 15.2 percent**
- **FY 2020: Revenue of €8,567 million, up 7 percent year-on-year; Segment Result €1,170 million; Segment Result Margin 13.7 percent, organic free cash flow €911 million**
- **Outlook for Q1 FY 2021: Based on an assumed exchange rate of US$ 1.15 to the euro, revenue between €2.4 billion and €2.7 billion predicted. At the mid-point of the guided revenue range, Segment Result Margin expected to come in at around 16 percent**
- **Outlook for FY 2021: Based on an assumed exchange rate of US$ 1.15 to the euro, revenue of around €10.5 billion (plus or minus 5 percent) expected. At the mid-point of the guided revenue range, Segment Result Margin expected to come in at around 16.5 percent. Investments between €1.4 and 1.5 billion are planned. Free cash flow is expected to exceed €700 million**
- **Proposed dividend for FY 2020: €0.22 per share (FY 2019: €0.27); reduction due to impact of corona pandemic and ongoing risks**

Neubiberg, Germany, 9 November 2020 – Today, Infineon Technologies AG is reporting results for the fourth quarter and for the full 2020 fiscal year, both ended on 30 September 2020.

"Infineon has successfully completed an exceptional and difficult fiscal year with a very respectable fourth quarter. We have proven that our company has a robust business model and continues to develop steadily, even in uncertain times," said Dr. Reinhard Ploss, CEO of Infineon. "Some of our target markets, especially the automotive sector, have recovered better than expected since the summer. In addition, the structural transformation towards electro mobility is accelerating, particularly in Europe. Other markets are showing weakness, like traction or government identification, or are still a long way from recovery, such as factory

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automation. All in all, we are cautiously optimistic for the fiscal year that has just begun. However, the coronavirus pandemic, the geopolitical situation and prevailing macroeconomic conditions all remain challenging. The combination of a strengthened team and a broader technology and product portfolio – especially through connectivity for the IoT and other digital applications – enables us to address an even greater number of markets. We are in an excellent position to master future challenges."

€ in millions (unless otherwise stated)	**3 months ended 30 Sep 20**	sequential +/- in %	**3 months ended 30 Jun 20**	year-on-year +/- in %	**3 months ended 30 Sep 19**
Revenue	2,490	15	2,174	21	2,062
Segment Result	379	72	220	22	311
Segment Result Margin (in %)	15.2%		10.1%		15.1%
Income from continuing operations	112	+++	(128)	(31)	163
Income from discontinued operations, net of income taxes	(3)	---	-	(50)	(2)
Net income (loss)	**109**	**+++**	**(128)**	**(32)**	**161**
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1]					
Basic earnings (loss) per share (in euro) from continuing operations	0.08	+++	(0.11)	(38)	0.13
Basic earnings per share (in euro) from discontinued operations	–	-	–	-	–
Basic earnings (loss) per share (in euro)	**0.08**	**+++**	**(0.11)**	**(38)**	**0.13**
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1]					
Diluted earnings (loss) per share (in euro) from continuing operations	0.08	+++	(0.11)	(38)	0.13
Diluted earnings per share (in euro) from discontinued operations	–	-	–	-	–
Diluted earnings (loss) per share (in euro)	**0.08**	**+++**	**(0.11)**	**(38)**	**0.13**
Adjusted earnings per share (in euro) – diluted[1,2]	**0.20**	**54**	**0.13**	**5**	**0.19**
Gross margin (in %)	**31.8%**		**27.0%**		**35.5%**
Adjusted gross margin[3] (in %)	**36.6%**		**35.9%**		**36.3%**

1 The calculation for earnings per share and 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 14.
3 The reconciliation of cost of goods sold to adjusted cost of goods sold and adjusted gross margin is presented on page 12.

With effect from the beginning of the 2020 fiscal year, Infineon began is applying IFRS 16 (Leases) using the modified retrospective approach. In addition, Cypress Semiconductor Corporation has been fully consolidated since 16 April 2020. For theise reasons, comparability with prior-year periods is restricted.

Group performance in the fourth quarter of the 2020 fiscal year

Revenue for the three-month period increased from €2,174 million to €2,490 million quarter-on-quarter. For the first time, the figure includes a full quarter's contribution from Cypress Semiconductor Corporation, which Infineon

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acquired in April. The Automotive (ATV) and Power & Sensor Systems (PSS) segments were the main contributors to the 15 percent quarter-on-quarter growth in Group revenue. Revenue in the Connected Secure Systems (CSS) segment also increased slightly. The Industrial Power Control (IPC) segment recorded lower revenue than in the preceding three-month period.

Infineon's gross margin improved from 27.0 percent in the third quarter to 31.8 percent in the fourth. The adjusted gross margin rose from 35.9 percent to 36.6 percent quarter-on-quarter. The Segment Result improved from €220 million in the third quarter to €379 million in the final quarter of the fiscal year, with the Segment Result Margin rising significantly from 10.1 percent to 15.2 percent.

The non-segment result for the fourth quarter was a net loss of €197 million, compared to a net loss of €313 million in the previous three-month period. The negative effects from the acquisition and consolidation of Cypress, which are primarily related to the purchase price allocation, were lower than in the third quarter. The non-segment result for the fourth quarter contained €118 million of cost of goods sold, €68 million of selling, general and administrative expenses and €11 million of research and development expenses. Net other operating income and expenses amounting to €0 million were also recorded in the fourth quarter.

Operating income increased to €182 million in the fourth quarter, compared to an operating loss of €93 million in the previous three-month period.

The financial result improved to a negative amount of €28 million in the last three months of the fiscal year compared with negative €79 million in the third quarter, which had included one-off expenses relating to the financings incurred for the acquisition of Cypress.

The tax expense amounted to €33 million for the fourth quarter. The purchase price allocation undertaken in connection with the first-time consolidation of Cypress and the related reversal of deferred tax liabilities had given rise to tax income of €44 million in the third quarter.

Income from continuing operations increased to €112 million in the fourth quarter, compared to a loss of €128 million in the third quarter. The loss from discontinued operations amounted to €3 million in the fourth quarter, compared to nil for the

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previous three-month period. Net income totaled €109 million in the fourth quarter, compared to a net loss of €128 million in the third quarter.

Earnings per share from continuing operations for the fourth quarter of the 2020 fiscal year amounted to €0.08 (basic and diluted), compared to a negative amount of €0.11 for the previous quarter. Adjusted earnings per share[1] (diluted) also improved, amounting to €0.20 for the three-month period, compared to €0.13 one quarter earlier.

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of other intangible assets and capitalized development costs – increased to €332 million in the fourth quarter of the 2020 fiscal year, compared with €266 million in the preceding three-month period. At €379 million, depreciation and amortization remained practically unchanged compared to the €381 million recorded one quarter earlier.

Free cash flow[2] turned around to a positive amount of €387 million in the fourth quarter, excluding cash outflows in connection with the Cypress acquisition free cash flow would have amounted to positive €431 million. The figure for the previous three-month period was a negative amount of €7,137 million, due to the acquisition of Cypress. Excluding cash outflows used in connection with the acquisition of Cypress and adjusted for acquired cash, the third-quarter figure would have been a positive amount of €439 million. Net cash provided by operating activities from continuing operations increased from €533 million in the third quarter to €747 million in the fourth quarter.

At the end of the 2020 fiscal year, the gross cash position amounted to €3,227 million, compared to €3,450 million at 30 June 2020. The main reason for the lower figure, despite the positive free cash flow, was the early partial repayment of borrowings amounting to €476 million taken out in connection with the acquisition of Cypress. The net cash position amounted to a negative amount of €3,806 million, as compared with negative €4,296 million three months earlier. Financial debt amounted to €7,033 million as of 30 September 2020, compared with €7,746 million at the end of the third quarter.

[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 detailed calculation of adjusted earnings per share is presented on page 14.

[2] For definitions and the calculation of free cash flow and the gross and net cash position, please see page 16.

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Outlook for first quarter of 2021 fiscal year

Based on an assumed exchange rate of US$ 1.15 to the euro, Infineon expects to generate revenue between €2.4 and 2.7 billion in the first quarter of the 2021 fiscal year. ATV segment revenue is forecast to increase by a mid-double-digit million euro amount quarter-on-quarter. Revenue generated by the IPC, PSS and CSS segments is in each case expected to remain at a similar level to the previous quarter. At the mid-point of the guided revenue range, the Segment Result Margin is expected to come in at about 16 percent.

Outlook for the 2021 fiscal year

Based on an assumed exchange rate of US$ 1.15 to the euro, Infineon expects to generate revenue of around €10.5 billion (plus or minus 5 percent) in the 2021 fiscal year. The forecast includes Cypress figures for the first time for a full fiscal year. At the mid-point of the guided revenue range, year-on-year revenue would then increase by around €2 billion. The ATV segment is expected to contribute more than 50 percent to this revenue growth. The PSS and CSS segments are forecast to contribute the remaining part of the additional revenue growth with an equal share each. IPC revenue is expected to increase slightly. At the mid-point of the guided revenue range the Segment Result Margin is expected to come in at about 16.5 percent.

Investments in property, plant and equipment and other intangible assets, including capitalized development costs, are planned between €1.4 billion and €1.5 billion for the 2021 fiscal year. Depreciation and amortization is expected to amount to between €1.5 billion and €1.6 billion, of which approximately €500 million is attributable to depreciation and amortization from purchase price allocations arising mainly in connection with the acquisition of Cypress and to a lesser extent still with the acquisition of International Rectifier. Free cash flow is expected to exceed €700 million.

Besides geopolitical and macroeconomic factors, the economic disruption caused by the coronavirus pandemic makes accurate prediction difficult. Key factors influencing the expected development of revenue and earnings during the pandemic will be the progression of global infection rates over time, possible restrictions on economic activities, and the level and effectiveness of governmental stimulus programs.

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Proposed dividend for the 2020 fiscal year: €0.22 per share

Our dividend policy is aimed at letting shareholders adequately participate in Infineon's economic development and, in general, at paying out at least an unchanged dividend even in periods of slower growth. However, the serious economic impact of and the ongoing risks posed by the coronavirus pandemic need to be taken into account and appropriate financial headroom should be maintained. In addition, the number of shares entitled to receive a dividend has increased by around 4 percent as a result of the capital increase undertaken in May 2020. A proposal will therefore be put forward to the forthcoming Annual General Meeting to distribute a dividend of €0.22 per share for the 2020 fiscal year, €0.05 less than for the previous year. The 55 million new shares issued in May 2020 are fully entitled to receive a dividend. The total dividend amount would therefore sum up to €286 million, compared with €336 million for 2019. Hence, the percentage decline of the total dividend amount is lower compared with the percentage reduction of the dividend per share.

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Segment earnings for the fourth quarter of the 2020 fiscal year

€ in millions (unless otherwise stated)	in % of total revenue	**3 months ended 30 Sep 20**	sequential +/- in %	**3 months ended 30 Jun 20**	year-on-year +/- in %	**3 months ended 30 Sep 19**
Infineon						
Revenue	100	2,490	15	2,174	21	2,062
Segment Result		379	72	220	22	311
Segment Result Margin (in %)		15.2%		10.1%		15.1%
Automotive (ATV)						
Segment Revenues	42	1,052	29	815	18	893
Segment Result		62	+++	(24)	(21)	78
Segment Result Margin (in %)		5.9%		(2.9)%		8.7%
Industrial Power Control (IPC)						
Segment Revenues	14	349	(5)	366	(4)	362
Segment Result		69	10	63	17	59
Segment Result Margin (in %)		19.8%		17.2%		16.3%
Power & Sensor Systems (PSS)[1]						
Segment Revenues	31	759	11	681	19	639
Segment Result		209	46	143	37	153
Segment Result Margin (in %)		27.5%		21.0%		23.9%
Connected Secure Systems (CSS)[2]						
Segment Revenues	13	326	6	307	+++	162
Segment Result		39	5	37	77	22
Segment Result Margin (in %)		12.0%		12.1%		13.6%
Other Operating Segments (OOS)						
Segment Revenue	0	4	(20)	5	(33)	6
Segment Result		1	-	1	+++	-
Corporate and Eliminations (C&E)						
Segment Revenue	0	-	-	-	-	-
Segment Result		(1)	---	-	-	(1)

1 Effective 1 April 2020, the "Power Management & Multimarktet" segment changed its name to "Power & Sensor Systems". The change in name has no impact on Infineon's organizational structure, strategy or scope of business.
2 The "Digital Security Solutions" segment changed its name to "Connected Secure Systems" with effect from 1 August 2020. The name change reflects the integration of Cypress' "IoT, Compute & Wireless" line of business and the related expansion of the segment's product portfolio and scope of business.

Revenue generated by the ATV segment for the three-month period ending September increased from €815 million to €1,052 million quarter-on-quarter. The 29 percent revenue jump was the joint result of a significant recovery in operating business and the first-time consolidation of the former Cypress businesses for a complete quarter. Revenue grew across all areas. The upturn in demand was particularly noticeable in the field of electric vehicles and microcontrollers for classical vehicle applications and driver assistance systems. Higher revenue drove the Segment Result upwards from a negative amount of €24 million in the third quarter to positive €62 million in the fourth quarter. The Segment Result Margin for the fourth quarter came in at 5.9 percent, compared with negative 2.9 percent for the preceding three-month period.

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In the IPC segment, revenue decreased from €366 million to €349 million quarter-on-quarter. The 5 percent decline was the result of weaker demand for wind power turbines, home appliances and trains. Revenue from photovoltaic applications declined only minimally, while revenue generated with industrial drives increased noticably from a low level. The Segment Result improved from €63 million to €69 million quarter-on-quarter, while the Segment Result Margin rose from 17.2 percent to 19.8 percent during the same period.

PSS segment revenue grew by 11 percent to €759 million in the fourth quarter, up from €681 million in the preceding three-month period. The DC-DC power supply, mobile devices and USB controllers product areas all recorded significant revenue growth, whereas demand was somewhat weaker for AC-DC power supplies and revenue was lower accordingly. The Segment Result rose from €143 million to €209 million quarter-on-quarter. The Segment Result Margin came in at 27.5 percent, up from 21.0 percent in the preceding three-month period.

CSS segment revenue grew by 6 percent from €307 million to €326 million quarter-on-quarter. Whereas revenue for industrial microcontrollers, connectivity, IoT security and authentication was higher than in the previous quarter, demand for government identification products continued to decline. The Segment Result amounted to €39 million, compared with €37 million in the previous three-month period. The Segment Result Margin came in at 12.0 percent, compared to 12.1 percent in the third quarter.

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Analyst telephone conference and telephone press conference
The Management Board of Infineon will host a telephone conference call including a webcast for analysts and investors (in English only) on 9 November 2020 at 9:30 am (CET), 3:30 am (EST). During the call, the Infineon Management Board will present the Company's results for the fourth quarter of the 2020 fiscal year as well as the outlook for the first quarter and the 2021 fiscal year. In addition, the Management Board will host a telephone press conference (also including a webcast) with the media at 11:00 am (CET), 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 **Q4 Investor Presentation** is available (in English only) at: https://www.infineon.com/cms/en/about-infineon/investor/reports-and-presentations/

Infineon Financial Calendar (* preliminary)

➢ 10 Nov 2020	UBS European Conference, London (virtual)
➢ 17 Nov 2020	JPM Global TMT Conference, Hong Kong (virtual)
➢ 17 Nov 2020	Cowen Virtual Silicon Valley Bus Tour, (virtual)
➢ 18 – 19 Nov 2020	Morgan Stanley TMT Conference, Barcelona (virtual)
➢ 23 Nov 2020	DZ Bank 11th Equity Conference, Frankfurt (virtual)
➢ 30 Nov – 1 Dec 2020	Infineon Power Roadshow and Call (30 Nov) with Peter Wawer, Division President IPC and Andreas Urschitz, Division President PSS, London (virtual)
➢ 2 Dec 2020	Morgan Stanley Sustainability Call
➢ 2 – 3 Dec 2020	Credit Suisse 24th Annual Technology Conference, Scottsdale (virtual)
➢ 3 Dec 2020	Société Générale Virtual Premium Review 2020, Paris (virtual)
➢ 7 – 8 Dec 2020	UBS Global TMT Conference, New York (virtual)
➢ 7 Jan 2021	Oddo BHF Forum 24th Edition, Lyon (virtual)
➢ 4 Feb 2021*	Earnings Release for the First Quarter of the 2021 Fiscal Year
➢ 25 Feb 2021	Annual General Meeting (virtual)

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About Infineon

Infineon Technologies AG is a world leader in semiconductor solutions that make life easier, safer and greener. Microelectronics from Infineon are the key to a better future. In the 2020 fiscal year (ending 30 September), Infineon reported revenue of more than €8.5 billion with a workforce of some 46,700 people worldwide. Following the acquisition of the US company Cypress Semiconductor Corporation in April 2020, Infineon is now a global top 10 semiconductor company.

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

With effect from the beginning of the 2020 fiscal year, Infineon is applying IFRS 16 (Leases) using the modified retrospective approach. In addition, Cypress Semiconductor Corporation has been fully consolidated since 16 April 2020. For these reasons, comparability with prior-year periods is restricted.

Consolidated Statement of Profit or Loss

€ in millions (unless otherwise stated)	3 months ended			12 months ended	
	30 Sep 20	30 Jun 20	30 Sep 19	30 Sep 20	30 Sep 19
Revenue	2,490	2,174	2,062	8,567	8,029
Cost of goods sold	(1,697)	(1,587)	(1,331)	(5,791)	(5,035)
Gross profit	**793**	**587**	**731**	**2,776**	**2,994**
Research and development expenses	(308)	(321)	(230)	(1,113)	(945)
Selling, general and administrative expenses	(308)	(316)	(222)	(1,042)	(865)
Other operating income	24	9	14	76	56
Other operating expenses	(19)	(52)	(47)	(116)	(79)
Operating income (loss)	**182**	**(93)**	**246**	**581**	**1,161**
Financial income	17	3	9	29	26
Financial expenses	(45)	(82)	(27)	(177)	(98)
Gain from investments accounted for using the equity method	(9)	-	(1)	(9)	(6)
Income (loss) from continuing operations before income taxes	**145**	**(172)**	**227**	**424**	**1,083**
Income tax	(33)	44	(64)	(52)	(194)
Income (loss) from continuing operations	**112**	**(128)**	**163**	**372**	**889**
Loss from discontinued operations, net of income taxes	(3)	-	(2)	(4)	(19)
Net income (loss)	**109**	**(128)**	**161**	**368**	**870**
Attributable to:					
Shareholders of Infineon Technologies AG	109	(128)	161	368	870
Basic earnings per share (in euro) attributable to shareholders and hybrid capital investors of Infineon Technologies AG:[1]					
Weighted average shares outstanding (in million) – basic	1,301	1,266	1,244	1,265	1,163
Weighted average shares outstanding (in million) – diluted	1,302	1,266	1,246	1,266	1,165
Earnings (loss) per share (in euro) from continuing operations - basic/diluted	0.08	(0.11)	0.13	0.26	0.77
Earnings (loss) per share (in euro) from discontinued operations - basic/diluted	-	-	-	-	(0.02)
Earnings per share (in euro) - basic/diluted	**0.08**	**(0.11)**	**0.13**	**0.26**	**0.75**

1 The calculation of earnings per share is based on unrounded figures. For the consideration of the compensation entitlement of hybrid capital investors when determining earnings per share, see “Reconciliation to adjusted earnings and adjusted earnings per share” on page 14.

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Reconciliation to adjusted cost of goods sold and gross margin

The cost of goods sold and the gross margin in accordance with IFRS are influenced by amounts relating to purchase price allocations for acquisitions (in particular Cypress and International Rectifier) as well as by other exceptional items. To enable better comparability of operating performance over time, Infineon computes the adjusted gross margin as follows:

€ in millions (unless otherwise stated)	3 months ended			12 months ended	
	30 Sep 20	30 Jun 20	30 Sep 19	30 Sep 20	30 Sep 19
Cost of goods sold	1,697	1,587	1,331	5,791	5,035
Plus/minus:					
Share-based compensation expense	-	(1)	(1)	(2)	(2)
Acquisition-related depreciation/amortization and other expenses	(111)	(183)	(13)	(316)	(56)
Other income and expense, net	(7)	(9)	(3)	(32)	(4)
Adjusted cost of goods sold	1,579	1,394	1,314	5,441	4,973
Adjusted gross margin (in %)	36.6%	35.9%	36.3%	36.5%	38.1%

Adjusted cost of goods sold and the adjusted gross margin should not be seen as a replacement or superior performance indicator, but rather as additional information to cost of goods sold and the gross margin determined in accordance with IFRS.

Employees

	30 Sep 20	30 Jun 20	30 Sep 19
Infineon	46,665	46,730	41,418
Thereof: Research and development	9,262	9,494	7,755

Regional Revenue Development

€ in millions, except percentages	3 months ended						12 months ended			
	30 Sep 20		30 Jun 20		30 Sep 19		30 Sep 20		30 Sep 19	
Revenue:										
Europe, Middle East, Africa	640	26%	488	22%	611	30%	2,322	27%	2,430	30%
Therein: Germany	283	11%	225	10%	296	14%	1,056	12%	1,169	15%
Asia-Pacific (excluding Japan, Greater China)	384	15%	318	15%	289	14%	1,291	15%	1,187	15%
Greater China[1]	935	37%	882	41%	748	36%	3,174	37%	2,769	35%
Therein: Mainland China, Hong Kong	726	29%	689	32%	585	28%	2,472	29%	2,159	27%
Japan	243	10%	269	12%	147	7%	765	9%	593	7%
Americas	288	12%	217	10%	267	13%	1,015	12%	1,050	13%
Therein: USA	237	10%	187	9%	217	11%	845	10%	862	11%
Total	**2,490**	**100%**	**2,174**	**100%**	**2,062**	**100%**	**8,567**	**100%**	**8,029**	**100%**

1 Greater China comprises Mainland China, Hong Kong and Taiwan.

In the course of the 2020 fiscal year, Infineon adapted its reporting to the usual geographical designations for the subregions of China. Accordingly, the term "Mainland China, Hong Kong" is now used instead of the former term "China". When reporting the quarterly figures for the second and third quarters of the 2020 fiscal year, only the term "Mainland China" was erroneously used. However, the figures also included the revenue contribution from Hong Kong.

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Segment Revenues and Segment Results

Segment Result is defined as operating income (loss) excluding certain impairment losses (such as in particular impairment losses on goodwill), impact on earnings of restructuring and closures, share-based compensation, acquisition-related depreciation/amortization and other expenses, gains (losses) on sales of businesses, or interests in subsidiaries and other income (expense), including litigation costs.

Revenues and Segment Result for the three and twelve months ended 30 September 2020 and 2019

Effective 1 April 2020, the " Power Management & Multimarket" segment changed its name to " Power & Sensor Systems". The change in name has no impact on Infineon's organizational structure, strategy or scope of business.
The "Digital Security Solutions" segment changed its name to "Connected Secure Systems" with effect from 1 August 2020. The name change reflects the integration of Cypress' “IoT, Compute & Wireless” line of business and the related expansion of the segment’s product portfolio and scope of business.

Revenue, € in millions (unless otherwise stated)	**3 months ended**			**12 months ended**		
	30 Sep 20	**30 Sep 19**	**+/- in %**	**30 Sep 20**	**30 Sep 19**	**+/- in %**
Automotive	1,052	893	18	3,542	3,503	1
Industrial Power Control	349	362	(4)	1,406	1,418	(1)
Power & Sensor Systems	759	639	19	2,650	2,445	8
Connected Secure Systems	326	162	+++	953	642	48
Other Operating Segments	4	6	(33)	16	21	(24)
Corporate and Eliminations	-	-	-	-	-	-
Total	**2,490**	**2,062**	**21**	**8,567**	**8,029**	**7**

Segment Result, € in millions (unless otherwise stated)	**3 months ended**			**12 months ended**		
	30 Sep 20	**30 Sep 19**	**+/- in %**	**30 Sep 20**	**30 Sep 19**	**+/- in %**
Automotive	62	78	(21)	155	404	(62)
Industrial Power Control	69	59	17	256	251	2
Power & Sensor Systems	209	153	37	636	585	9
Connected Secure Systems	39	22	77	122	77	58
Other Operating Segments	1	-	+++	3	4	(25)
Corporate and Eliminations	(1)	(1)	-	(2)	(2)	-
Total	**379**	**311**	**22**	**1,170**	**1,319**	**(11)**
Segment Result Margin (in %)	15.2%	15.1%		13.7%	16.4%	

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Reconciliation of Segment Result to Operating Income

€ in millions	3 months ended			12 months ended	
	30 Sep 20	30 Jun 20	30 Sep 19	30 Sep 20	30 Sep 19
Segment Result	379	220	311	1,170	1,319
Plus/minus:					
Impairments (in particular on goodwill), net of reversals	11	-	-	11	-
Impact on earnings of restructuring and closures, net	(20)	-	-	(20)	-
Share-based compensation	(4)	(4)	(3)	(14)	(11)
Acquisition-related depreciation/amortization and other expenses	(182)	(299)	(31)	(540)	(114)
Gains (losses) on sales of businesses, or interests in subsidiaries, net	-	-	-	1	(1)
Other income and expenses, net	(2)	(10)	(31)	(27)	(32)
Operating income	**182**	**(93)**	**246**	**581**	**1,161**

Reconciliation to adjusted earnings and adjusted earnings per share – diluted

Earnings per share in accordance with IFRS are influenced by amounts relating to purchase price allocations for acquisitions (in particular Cypress and International Rectifier), one-time effects in the financial result in connection with the acquisition of Cypress as well as by other exceptional items. 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			12 months ended	
	30 Sep 20	30 Jun 20	30 Sep 19	30 Sep 20	30 Sep 19
Income (loss) from continuing operations – diluted	**112**	**(128)**	**163**	**372**	**889**
Compensation claims of hybrid capital investors[1]	(8)	(10)	-	(35)	-
Income (loss) from continuing operations, attributable to shareholders of Infineon Technologies AG – diluted	**104**	**(138)**	**163**	**337**	**889**
Plus/minus:					
Impairments (in particular on goodwill), net of reversals	(11)	-	-	(11)	-
Impact on earnings of restructuring and closures, net	20	-	-	20	-
Share-based compensation	4	4	3	14	11
Acquisition-related depreciation/amortization and other expenses	182	299	31	540	114
Losses (gains) on sales of businesses, or interests in subsidiaries, net	-	-	-	(1)	1
Other income and expense, net	2	10	31	27	32
Acquisition-related expenses within financial result	22	17	2	49	27
Tax effects on adjustments	(48)	(62)	(5)	(126)	(30)
Revaluation of deferred tax assets resulting from the annually updated earnings forecast	(13)	39	7	(35)	(3)
Adjusted net income from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	**262**	**169**	**232**	**814**	**1,041**
Weighted-average number of shares outstanding (in million) – diluted	1,302	1,266	1,246	1,266	1,165
Adjusted earnings per share (in euro) – diluted[2]	0.20	0.13	0.19	0.64	0.89

1 Including the cumulative tax effects.

2 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 to the net income and earnings per share (diluted) determined in accordance with IFRS.

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Consolidated Statement of Financial Position

€ in millions	30 Sep 2020	30 Jun 2020	30 Sep 2019
ASSETS			
Cash and cash equivalents	1,851	2,449	1,021
Financial investments	1,376	1,001	2,758
Trade receivables	1,196	1,114	1,057
Inventories	2,052	2,215	1,701
Current income tax receivables	77	64	83
Contract assets	97	100	91
Other current assets	530	635	770
Assets classified as held for sale	-	-	12
Total current assets	**7,179**	**7,578**	**7,493**
Property, plant and equipment	4,110	4,083	3,510
Goodwill	5,897	6,195	909
Other intangible assets	3,621	3,802	896
Right-of-use assets	286	263	-
Investments accounted for using the equity method	87	97	29
Non-current income tax receivables	1	12	-
Deferred tax assets	627	638	599
Other non-current assets	191	206	145
Total non-current assets	**14,820**	**15,296**	**6,088**
Total assets	**21,999**	**22,874**	**13,581**
LIABILITIES AND EQUITY			
Short-term financial debt and current portion of long-term financial debt	505	586	22
Trade payables	1,160	1,091	1,089
Current provisions	436	395	383
Current income tax payables	340	170	144
Current leasing liabilites	59	61	-
Other current liabilities	950	906	575
Total current liabilities	**3,450**	**3,209**	**2,213**
Long-term financial debt	6,528	7,160	1,534
Pension plans and similar commitments	739	682	733
Non-current income tax payables	-	203	-
Deferred tax liabilities	293	325	20
Non-current provisions	313	292	283
Non-current leasing liabilites	235	222	-
Other non-current liabilities	222	322	165
Total non-current liabilities	**8,330**	**9,206**	**2,735**
Total liabilities	**11,780**	**12,415**	**4,948**
Equity:			
Ordinary share capital	2,612	2,612	2,501
Additional paid-in capital	6,462	6,442	5,494
Hybrid capital	1,203	1,193	-
Retained earnings	435	389	421
Other reserves	(460)	(144)	254
Own shares	(33)	(33)	(37)
Total equity	**10,219**	**10,459**	**8,633**
Total liabilities and equity	**21,999**	**22,874**	**13,581**

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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 financial 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 positions in order to provide investors with a better understanding of Infineon’s overall liquidity. The gross and net cash positions are determined as follows from the Consolidated Statement of Financial Position:

€ in millions	30 Sep 20	30 Jun 20	30 Sep 19
Cash and cash equivalents	1,851	2,449	1,021
Financial investments	1,376	1,001	2,758
Gross cash position	**3,227**	**3,450**	**3,779**
Less:			
Short-term financial debt and current portion of long-term financial debt	505	586	22
Long-term financial debt	6,528	7,160	1,534
Total financial debt	**7,033**	**7,746**	**1,556**
Net cash position	**(3,806)**	**(4,296)**	**2,223**

Free Cash Flow

Infineon reports the free cash flow figure defined as net cash provided by and/or used in operating activities and net cash provided by and/or used in investing activities, both 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			12 months ended	
	30 Sep 20	30 Jun 20	30 Sep 19	30 Sep 20	30 Sep 19
Net cash provided by operating activities from continuing operations	747	533	682	1,817	1,603
Net cash used in investing activities from continuing operations	(735)	(5,208)	(377)	(7,172)	(2,488)
Purchases of (proceeds from sales of) financial investments, net	375	(2,462)	29	(1,372)	924
Free Cash Flow	**387**	**(7,137)**	**334**	**(6,727)**	**39**

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Condensed Consolidated Statement of Cash Flows

€ in millions	3 months ended			12 months ended	
	30 Sep 20	30 Jun 20	30 Sep 19	30 Sep 20	30 Sep 19
Income (loss) from continuing operations	**112**	**(128)**	**163**	**372**	**889**
Adjustments to reconcile to net cash provided by operating activities:					
Depreciation and amortization	379	381	244	1,260	945
Other expenses and income	68	42	71	201	242
Change in assets, liabilities and equity	250	248	205	164	(306)
Interest received and paid	(22)	(71)	(1)	(112)	(42)
Income tax paid	(40)	61	-	(68)	(125)
Net cash provided by operating activities from continuing operations	**747**	**533**	**682**	**1,817**	**1,603**
Net cash provided by (used in) operating activities from discontinued operations	(1)	(1)	2	(6)	(2)
Net cash provided by operating activities	**746**	**532**	**684**	**1,811**	**1,601**
Proceeds from sales/purchases of financial investments	(375)	2,462	(29)	1,372	(924)
Acquisitions of businesses, net of cash acquired	(29)	(7,404)	-	(7,433)	(123)
Purchases of other intangible assets and other assets	(57)	(49)	(44)	(184)	(156)
Purchases of property, plant and equipment	(275)	(217)	(306)	(915)	(1,295)
Other investing activities	1	-	2	(12)	10
Net cash used in investing activities	**(735)**	**(5,208)**	**(377)**	**(7,172)**	**(2,488)**
Proceeds from issuance/repayment of short-/long-term financial debt	(539)	4,996	(11)	4,443	(22)
Proceeds from hybrid capital/cash outflow to hybrid capital investors	-	(20)	-	1,164	-
Proceeds from issuance of ordinary shares	(1)	1,042	2	1,043	1,530
Dividend payments	-	-	-	(336)	(305)
Other financing activities	(26)	12	-	(40)	(36)
Net cash provided by (used in) financing activities	**(566)**	**6,030**	**(9)**	**6,274**	**1,167**
Net change in cash and cash equivalents	(555)	1,354	298	913	280
Effect of foreign exchange rate changes on cash and cash equivalents	(43)	(34)	1	(83)	9
Cash and cash equivalents at beginning of period	2,449	1,129	722	1,021	732
Cash and cash equivalents at end of period	**1,851**	**2,449**	**1,021**	**1,851**	**1,021**

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.

All figures mentioned in this press release are preliminary and unaudited.

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