News Release / Presseinformation

## Solid start into 2016 fiscal year

- **Q1 FY 2016: Revenue of €1,556 million; Segment Result €220 million; Segment Result Margin 14.1 percent**
- **Outlook for Q2 FY 2016: Quarter-on-quarter revenue increase of 3 percent (plus or minus 2 percentage points), with Segment Result Margin of 13 percent at mid-point of revenue range**
- **Outlook for Financial Year 2016 confirmed**

Neubiberg, Germany, February 2, 2016 – Infineon Technologies AG today reported results for the first quarter of the 2016 fiscal year (period ended December 31, 2015).

| € in millions | 3 months ended Dec 31, 15 | sequential +/- in % | 3 months ended Sep 30, 15 | year-on-year +/- in % | 3 months ended Dec 31, 14 |
|---|---|---|---|---|---|
| Revenue | 1,556 | (3) | 1,598 | 38 | 1,128 |
| Segment Result | 220 | (23) | 286 | 30 | 169 |
| Segment Result Margin [in %] | 14.1% | | 17.9% | | 15.0% |
| Income from continuing operations | 152 | (53) | 322 | 17 | 130 |
| Income from discontinued operations, net of income taxes | – | --- | 3 | --- | 6 |
| **Net income** | **152** | **(53)** | **325** | **12** | **136** |
| Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG[1]: | | | | | |
| Basic earnings per share (in euro) from continuing operations | 0.14 | (52) | 0.29 | 17 | 0.12 |
| Basic earnings per share (in euro) from discontinued operations | - | - | - | - | - |
| **Basic earnings per share (in euro)** | **0.14** | **(52)** | **0.29** | **17** | **0.12** |
| Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG[1]: | | | | | |
| Diluted earnings per share (in euro) from continuing operations | 0.14 | (52) | 0.29 | 17 | 0.12 |
| Diluted earnings per share (in euro) from discontinued operations | - | - | - | - | - |
| **Diluted earnings per share (in euro)** | **0.14** | **(52)** | **0.29** | **17** | **0.12** |
| **Adjusted earnings per share (in euro) – diluted[2]** | **0.17** | **6** | **0.16** | **31** | **0.13** |

[1] The calculation for 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 9.

"Our business performed better than expected in the past quarter. Infineon's broad diversification in terms of customers, markets and regions is paying off," stated Dr. Reinhard Ploss, CEO of Infineon Technologies AG. "We are doing particularly well in the automotive business, where Infineon's leading expertise is prevailing. Our solutions for driver assistance systems continue to generate growth. Electromobility is gaining momentum as well."

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**Review of Group financials for the first quarter of the 2016 fiscal year**

At €1,556 million, the Infineon Group's revenue totaled €42 million or 3 percent lower in the first quarter of the current fiscal year due to seasonal factors, down from €1,598 million in the fourth quarter of the 2015 fiscal year. The Industrial Power Control (IPC), Power Management & Multimarket (PMM) and Chip Card & Security (CCS) segments all reported decreases, whereas the Automotive segment (ATV) recorded revenue essentially flat compared to the previous quarter.

The revenue decrease caused the gross margin to decline from 39.0 percent to 35.9 percent quarter-on-quarter. Acquisition-related depreciation, amortization and other with the acquisition of International Rectifier related expenses totaling €27 million were recorded in the first quarter.

The first-quarter Segment Result amounted to €220 million, 23 percent down on the €286 million reported for the preceding three-month period. The Segment Result Margin came in at 14.1 percent, in line with guidance, compared with the previous quarter's 17.9 percent. The decreases in Segment Result and Segment Result Margin were primarily attributable to the seasonal drop in revenue, a less favorable product mix and currency effects on the cost side.

The negative non-segment result continued to improve, from negative €83 million in the fourth quarter 2015 to negative €54 million in the first quarter of the current fiscal year. Of the first-quarter figure, €29 million related to cost of goods sold, €4 million to research and development expenses and €26 million to selling, general and administrative expenses. Other operating income respectively expenses net amounted to positive €5 million. The non-segment result includes a balanced amount of €45 million of depreciation and amortization arising in conjunction with the purchase price allocation and other expenses related to the acquisition of International Rectifier.

Operating income decreased from €203 million in the fourth quarter to €166 million in the first quarter of the 2016 fiscal year. Income from continuing operations fell to €152 million, partly reflecting the fact that the fourth quarter figure of €322 million had included a net income tax benefit of €131 million. Income from discontinued operations amounted to €0 million, compared to €3 million in the preceding quarter. Net income was €152 million, compared with €325 million in the fourth quarter.

Earnings per share (basic and diluted) fell from €0.29 to €0.14 quarter-on-quarter.




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Adjusted earnings per share[1] (diluted) increased from €0.16 in the fourth quarter of the 2015 fiscal year to €0.17 in the first quarter of the current year. For the purpose of calculating adjusted earnings per share (diluted), a number of items were eliminated, most notably acquisition-related depreciation/amortization and other expenses (net of tax) as well as reversals of valuation allowances on deferred tax assets.

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized development costs – totaled €167 million, compared to €279 million in the fourth quarter of the previous fiscal year. At €211 million, depreciation and amortization remained unchanged compared to the fourth quarter.

Free cash flow[2] from continuing operations declined to break-even for the first quarter, in line with forecast. The equivalent figure for the previous three-month period was €177 million. Net cash provided by operating activities from continuing operations amounted to €175 million, compared to the previous quarter's €429 million.

The gross cash position stood at €1,994 million at December 31, 2015, slightly down on the €2,013 million reported at the end of the fourth quarter. Similarly, the net cash position was also lower, falling from €220 million at September 30, 2015 to €204 million at December 31, 2015.

**Outlook for the second quarter of the 2016 fiscal year**

In the second quarter of the 2016 fiscal year, Infineon expects a quarter-on-quarter revenue increase of 3 percent (plus or minus 2 percentage points). This forecast is based on an assumed exchange rate of US$1.10 to the euro. At the mid-point of the revenue range, the Segment Result Margin is expected to come in at approximately 13 percent.

**Outlook for the 2016 fiscal year**

Based on an assumed average exchange rate of US$1.10 to the euro, Infineon expects an unchanged year-on-year revenue growth of around 13 percent (plus or minus 2 percentage points) for the 2016 fiscal year and a Segment Result Margin of 16 percent at the mid-point of the range for the forecast revenue growth.

[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 9.
[2] For definitions and the calculation of free cash flow and of the gross and net cash position, please see page 12.

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The Power Management & Multimarket segment is expected to grow faster than the Group average. Revenue growth in the Industrial Power Control segment is forecast to be roughly in line with the Group average. The Automotive and Chip Card & Security segments are both expected to report growth below the Group average. The forecast includes the financial figures of International Rectifier for the full fiscal year. The results of operations for the 2015 fiscal year included figures for International Rectifier with effect from the closing of the acquisition on January 13, 2015.

Investments in property, plant and equipment, intangible assets and capitalized development costs in the region of €850 million are planned for the 2016 fiscal year. The ratio for investments as a percentage of revenue (at the mid-point of the forecast range) is forecast at 13 percent. Depreciation and amortization are also expected to be in the region of €850 million.




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## Segment earnings in the first quarter of the 2016 fiscal year

| € in millions | in % of total revenue | 3 months ended Dec 31, 15 | sequential +/- in % | 3 months ended Sep 30, 15 | year-on-year +/- in % | 3 months ended Dec 31, 14 |
|---|---|---|---|---|---|---|
| **Infineon** | | | | | | |
| Revenue | 100 | 1,556 | (3) | 1,598 | 38 | 1,128 |
| Segment Result | | 220 | (23) | 286 | 30 | 169 |
| Segment Result Margin [in %] | | 14.1% | | 17.9% | | 15.0% |
| **Automotive (ATV)** [1] | | | | | | |
| Segment Revenues | 40 | 614 | 0 | 613 | 19 | 518 |
| Segment Result | | 81 | (21) | 102 | 3 | 79 |
| Segment Result Margin [in %] | | 13.2% | | 16.6% | | 15.3% |
| **Industrial Power Control (IPC)** [1] | | | | | | |
| Segment Revenues | 16 | 249 | (8) | 271 | 31 | 190 |
| Segment Result | | 23 | (41) | 39 | (12) | 26 |
| Segment Result Margin [in %] | | 9.2% | | 14.4% | | 13.7% |
| **Power Management & Multimarket (PMM)** [1] | | | | | | |
| Segment Revenues | 33 | 510 | (5) | 535 | 82 | 280 |
| Segment Result | | 79 | (28) | 110 | 93 | 41 |
| Segment Result Margin [in %] | | 15.5% | | 20.6% | | 14.6% |
| **Chip Card & Security (CCS)** [1] | | | | | | |
| Segment Revenues | 11 | 173 | (4) | 181 | 31 | 132 |
| Segment Result | | 35 | (8) | 38 | 75 | 20 |
| Segment Result Margin [in %] | | 20.2% | | 21.0% | | 15.2% |
| **Other Operating Segments (OOS)** | | | | | | |
| Segment Revenues | 0 | 3 | 50 | 2 | (25) | 4 |
| Segment Result | | - | --- | 1 | --- | 2 |
| **Corporate and Eliminations (C&E)** | | | | | | |
| Segment Revenues | 0 | 7 | +++ | (4) | 75 | 4 |
| Segment Result | | 2 | +++ | (4) | +++ | 1 |

[1] The business with XMC industrial microcontrollers developed by Automotive and Chip Card & Security was transferred to Power Management & Multimarket and Industrial Power Control with effect from October 1, 2015. The previous year's figures have been adjusted accordingly.

Contrary to the expected usual seasonal dip, at €614 million, ATV segment revenue remained practically unchanged in the first quarter. Demand for vehicles in Europe and North America remained high, while markets in China saw a sharp rise. Demand for hybrid and electric vehicles in China was also buoyant in the first quarter, reflecting the fact that China is gradually becoming the world's largest market for electromobility. Segment Result decreased from €102 million in the fourth quarter of the previous fiscal year to €81 million in the first quarter of the current fiscal year. The Segment Result Margin of 13.2 percent was down compared with the previous quarter's 16.6 percent.

IPC segment revenue declined by 8 percent from €271 million to €249 million quarter-on-quarter, in line with lower demand in all fields of application due to seasonal factors. Segment Result decreased from €39 million in the fourth quarter of the previous fiscal year to €23 million in the first quarter of the current fiscal year. The Segment Result Margin came in at 9.2 percent, compared to 14.4 percent one quarter earlier. Resolutions taken at the UN Climate Conference in Paris are expected to have a positive effect and should strengthen long-term growth prospects in the field of




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renewable energy as well as energy efficiency for industrial machines and consumer appliances.

Seasonal factors also resulted in a quarter-on-quarter reduction in PMM segment revenue from €535 million to €510 million. While revenue with mobile devices declined at a more pronounced rate than expected, revenue from power management products and in particular power amplifiers for base stations performed better than usual for this time of the year. Segment Result for the first quarter totaled €79 million, compared with €110 million in the preceding quarter, causing the Segment Result Margin to decline from 20.6 percent to 15.5 percent.

CCS segment revenue decreased by only 4 percent quarter-on-quarter to €173 million, and thus at a less pronounced rate than the normal seasonal trend. Revenue one quarter earlier had amounted to €181 million. However compared to the previous year's first-quarter figure of €132 million, revenue was up by 31 percent. While payment, government ID and authentication recorded slight seasonal revenue declines, demand for SIM cards and security for mobile devices went up slightly. Segment Result decreased from €38 million in the fourth quarter to €35 million in the first quarter. The Segment Result Margin came in at 20.2 percent, compared to the previous quarter’s 21.0 percent.

**Analyst and press telephone conference**

Infineon will host a telephone conference call for analysts and investors (in English only) on February 2, 2016 at 9:30 am (CET), 3:30 am (EST). During the call, the Infineon Management Board will present the Company’s results for the first quarter of the 2016 fiscal year. In addition, the Management Board will host a telephone conference 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 **Q1 Investor Presentation** is available (in English only) at:
www.infineon.com/cms/en/about-infineon/investor/reporting/

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**Infineon Financial Calendar** (*preliminary)

| | |
|---|---|
| ➢ Feb 18, 2016 | Annual General Meeting 2016, Munich |
| ➢ Feb 23, 2016 | Meetings at Mobile World Congress, Barcelona |
| ➢ Mar 1 – 2, 2016 | Morgan Stanley TMT Conference, San Francisco |
| ➢ Mar 9, 2016 | UBS European Technology Conference, London |
| ➢ May 3, 2016* | Earnings Release for the Second Quarter of the 2016 Fiscal Year |
| ➢ May 30, 2016 | Danske Bank German Corporate Day, Copenhagen |
| ➢ Jun 8 – 9, 2016 | Deutsche Bank German, Suisse & Austrian Conference, Berlin |
| ➢ Jun 20, 2016 | JPMorgan CEO Conference, London |
| ➢ Aug 2, 2016* | Earnings Release for the Third Quarter of the 2016 Fiscal Year |
| ➢ Nov 30, 2016* | Earnings Release for the Fourth Quarter and 2016 Fiscal Year |

**About Infineon**

Infineon Technologies AG is a world leader in semiconductor solutions that make life easier, safer and greener. Microelectronics from Infineon is the key to a better future. In the 2015 fiscal year (ending September 30), the Company reported sales of about Euro 5.8 billion with some 35,400 employees worldwide. 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
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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 | | |
|---|---|---|---|
| | Dec 31, 15 | Sep 30, 15 | Dec 31, 14 |
| Revenue | 1,556 | 1,598 | 1,128 |
| Cost of goods sold | (998) | (974) | (701) |
| **Gross profit** | **558** | **624** | **427** |
| Research and development expenses | (198) | (197) | (139) |
| Selling, general and administrative expenses | (200) | (215) | (136) |
| Other operating income | 4 | 14 | 6 |
| Other operating expenses | 2 | (23) | (5) |
| **Operating income** | **166** | **203** | **153** |
| Financial income | 1 | 2 | 6 |
| Financial expenses | (13) | (15) | (5) |
| Gain from investments accounted for using the equity method | - | 1 | - |
| **Income from continuing operations before income taxes** | **154** | **191** | **154** |
| Income tax | (2) | 131 | (24) |
| **Income from continuing operations** | **152** | **322** | **130** |
| Income from discontinued operations, net of income taxes | - | 3 | 6 |
| **Net income** | **152** | **325** | **136** |
| Attributable to: | | | |
| Non-controlling interests | (1) | - | - |
| Shareholders of Infineon Technologies AG | 153 | 325 | 136 |
| Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG[1]: | | | |
| Weighted average shares outstanding (in million) – basic | 1,124 | 1,123 | 1,122 |
| Basic earnings per share (in euro) from continuing operations | 0.14 | 0.29 | 0.12 |
| Basic earnings per share (in euro) from discontinued operations | - | - | - |
| **Basic earnings per share (in euro)** | **0.14** | **0.29** | **0.12** |
| Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG[1]: | | | |
| Weighted average shares outstanding (in million) – diluted | 1,129 | 1,126 | 1,123 |
| Diluted earnings per share (in euro) from continuing operations | 0.14 | 0.29 | 0.12 |
| Diluted earnings per share (in euro) from discontinued operations | - | - | - |
| **Diluted earnings per share (in euro)** | **0.14** | **0.29** | **0.12** |

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

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## Segment Revenue and Segment Results

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

## Reconciliation of Total Segment Result to Operating Income

| € in millions | 3 months ended | | |
|---|---|---|---|
| | Dec 31, 15 | Sep 30, 15 | Dec 31, 14 |
| **Segment Result** | 220 | 286 | 169 |
| Plus/minus: | | | |
| Impairment on assets including asstes classified as held for sale, net of reversals | (4) | (17) | (2) |
| Impact on earnings of restructuring and closures, net | 9 | (1) | - |
| Share-based compensation expense | (2) | (2) | (2) |
| Acquisition-related depreciation/amortization and other expenses | (56) | (62) | (8) |
| Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net | (1) | (2) | - |
| Other income and expense, net | - | 1 | (4) |
| **Operating income** | **166** | **203** | **153** |

## 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 International Rectifier) 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 | | |
|---|---|---|---|
| | Dec 31, 15 | Sep 30, 15 | Dec 31, 14 |
| **Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted** | 153 | 322 | 130 |
| Plus/minus: | | | |
| Impairments on assets including assets classified as held for sale, net of reversals | 4 | 17 | 2 |
| Impact on earnings of restructuring and closures, net | (9) | 1 | - |
| Share-based compensation expense | 2 | 2 | 2 |
| Acquisition-related depreciation/amortization and other expenses | 56 | 62 | 8 |
| Losses (gains) on sales of assets, businesses, or interests in subsidiaries, net | 1 | 2 | - |
| Other income and expense, net | - | (1) | 4 |
| Tax effects on adjustments | (6) | (11) | (2) |
| Revaluation of deferred tax assets resulting from the earnings forecast | (7) | (209) | - |
| **Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted** | **194** | **185** | **144** |
| Weighted-average number of shares outstanding – diluted | 1,129 | 1,126 | 1,123 |
| Adjusted earnings per share (in euro) – diluted[1] | 0.17 | 0.16 | 0.13 |

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

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## Revenue and Segment Result
## for the three months ended December 31, 2015 and 2014 and September 30, 2015

The business with XMC industrial microcontrollers developed by Automotive and Chip Card & Security was transferred to Power Management & Multimarket and Industrial Power Control with effect from October 1, 2015. The previous year's figures have been adjusted accordingly.

| Revenue € in millions | 3 months ended | | | 3 months ended | | |
|---|---|---|---|---|---|---|
| | Dec 31, 15 | Dec 31, 14 | +/- in % | Dec 31, 15 | Sep 30, 15 | +/- in % |
| Automotive | 614 | 518 | 19 | 614 | 613 | - |
| Industrial Power Control | 249 | 190 | 31 | 249 | 271 | (8) |
| Power Management & Multimarket | 510 | 280 | 82 | 510 | 535 | (5) |
| Chip Card & Security | 173 | 132 | 31 | 173 | 181 | (4) |
| Other Operating Segments | 3 | 4 | (25) | 3 | 2 | 50 |
| Corporate and Eliminations | 7 | 4 | 75 | 7 | (4) | +++ |
| **Total** | **1,556** | **1,128** | **38** | **1,556** | **1,598** | **(3)** |

| Segment Result € in millions | 3 months ended | | | 3 months ended | | |
|---|---|---|---|---|---|---|
| | Dec 31, 15 | Dec 31, 14 | +/- in % | Dec 31, 15 | Sep 30, 15 | +/- in % |
| Automotive | 81 | 79 | 3 | 81 | 102 | (21) |
| Industrial Power Control | 23 | 26 | (12) | 23 | 39 | (41) |
| Power Management & Multimarket | 79 | 41 | 93 | 79 | 110 | (28) |
| Chip Card & Security | 35 | 20 | 75 | 35 | 38 | (8) |
| Other Operating Segments | - | 2 | --- | - | 1 | --- |
| Corporate and Eliminations | 2 | 1 | +++ | 2 | (4) | +++ |
| **Total** | **220** | **169** | **30** | **220** | **286** | **(23)** |

## Employees

| | Dec 31, 15 | Sep 30, 15 | Dec 31, 14 |
|---|---|---|---|
| Infineon | 35,565 | 35,424 | 30,493 |
| Thereof: Research and development | 5,867 | 5,778 | 4,978 |

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## Consolidated Statement of Financial Position

| € in millions | Dec 31, 15 | Sep 30, 15 |
|---|---|---|
| **ASSETS:** | | |
| Cash and cash equivalents | 651 | 673 |
| Financial investments | 1,343 | 1,340 |
| Trade receivables | 669 | 742 |
| Inventories | 1,190 | 1,129 |
| Income tax receivable | 2 | 2 |
| Other current assets | 277 | 229 |
| Assets classified as held for sale | 3 | - |
| **Total current assets** | **4,135** | **4,115** |
| Property, plant and equipment | 2,063 | 2,093 |
| Goodwill and other intangible assets | 1,750 | 1,738 |
| Investments accounted for using the equity method | 33 | 33 |
| Non-current income tax receivable | 3 | 3 |
| Deferred tax assets | 610 | 604 |
| Other non-current assets | 157 | 155 |
| **Total non-current assets** | **4,616** | **4,626** |
| **Total assets** | **8,751** | **8,741** |
| | | |
| **LIABILITIES AND EQUITY:** | | |
| Short-term debt and current maturities of long-term debt | 11 | 33 |
| Trade payables | 759 | 802 |
| Short-term provisions | 220 | 402 |
| Income tax payable | 124 | 123 |
| Other current liabilities | 274 | 225 |
| **Total current liabilities** | **1,388** | **1,585** |
| Long-term debt | 1,779 | 1,760 |
| Pension plans and similar commitments | 432 | 426 |
| Deferred tax liabilities | 133 | 147 |
| Long-term provisions | 73 | 72 |
| Other non-current liabilities | 86 | 86 |
| **Total non-current liabilities** | **2,503** | **2,491** |
| **Total liabilities** | **3,891** | **4,076** |
| Shareholders' equity: | | |
| Ordinary share capital | 2,262 | 2,259 |
| Additional paid-in capital | 5,225 | 5,213 |
| Accumulated deficit | (2,743) | (2,897) |
| Other reserves | 153 | 126 |
| Own shares | (37) | (37) |
| **Equity attributable to shareholders of Infineon Technologies AG** | **4,860** | **4,664** |
| Non-controlling interests | - | 1 |
| **Total equity** | **4,860** | **4,665** |
| **Total liabilities and equity** | **8,751** | **8,741** |

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## Regional Revenue Development

| in % | 3 months ended | | |
|---|---|---|---|
| | Dec 31, 15 | Sep 30, 15 | Dec 31, 14 |
| **Revenue:** | | | |
| Europe, Middle East, Africa | 32% | 33% | 37% |
| Therein: Germany | 15% | 16% | 18% |
| Asia-Pacific (w/o Japan) | 49% | 47% | 46% |
| Therein: China | 25% | 24% | 23% |
| Japan | 7% | 8% | 6% |
| Americas | 12% | 12% | 11% |
| Therein: USA | 10% | 10% | 8% |
| **Total** | **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 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 | Dec 31, 15 | Sep 30, 15 | Dec 31, 14 |
|---|---|---|---|
| Cash and cash equivalents | 651 | 673 | 1,393 |
| Financial investments | 1,343 | 1,340 | 714 |
| **Gross cash position** | **1,994** | **2,013** | **2,107** |
| Less: | | | |
| Short-term debt and current maturities of long-term debt | 11 | 33 | 35 |
| Long-term debt | 1,779 | 1,760 | 155 |
| **Net cash position** | **204** | **220** | **1,917** |

### 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 million | 3 months ended | | |
|---|---|---|---|
| | Dec 31, 15 | Sep 30, 15 | Dec 31, 14 |
| Net cash provided by (used in) operating activities from continuing operations | 175 | 429 | (39) |
| Net cash provided by (used in) investing activities from continuing operations | (178) | (450) | 513 |
| Purchases of (proceeds from sales of) financial investments, net | 3 | 198 | (645) |
| **Free Cash Flow** | **0** | **177** | **(171)** |

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## Consolidated Statement of Cash Flows

| € in millions | 3 months ended | | |
|---|---|---|---|
| | Dec 31, 15 | Sep 30, 15 | Dec 31, 14 |
| **Net income** | **152** | **325** | **136** |
| Minus: income from discontinued operations, net of income taxes | - | (3) | (6) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 211 | 211 | 141 |
| Income tax | 2 | (131) | 24 |
| Net interest result | 11 | 13 | 3 |
| Losses (gains) on disposals of property, plant and equipment | 1 | (7) | - |
| Impairment charges | 4 | 17 | 2 |
| Other non-cash result | 1 | 1 | (3) |
| Change in trade receivables | 77 | (11) | 92 |
| Change in inventories | (56) | (88) | (46) |
| Change in trade payables | (45) | 55 | (74) |
| Change in provisions | (182) | 35 | (191) |
| Change in other assets and liabilities | 26 | 36 | (95) |
| Interest received | 1 | 2 | 3 |
| Interest paid | (5) | (6) | (1) |
| Income tax paid | (23) | (20) | (24) |
| **Net cash provided by (used in) operating activities from continuing operations** | **175** | **429** | **(39)** |
| **Net cash used in in operating activities from discontinued operations** | **(15)** | **(2)** | **(140)** |
| **Net cash provided by (used in) operating activities** | **160** | **427** | **(179)** |
| Purchases of financial investments | (894) | (298) | (135) |
| Proceeds from sales of financial investments | 891 | 100 | 780 |
| Purchases of other equity investments | - | - | (7) |
| Acquisitions of businesses, net of cash acquired | (8) | (3) | - |
| Purchases of intangible assets and other assets | (29) | (23) | (60) |
| Purchases of property, plant and equipment | (138) | (256) | (81) |
| Proceeds from sales of property, plant and equipment and other assets | - | 30 | 16 |
| **Net cash provided by (used in) investing activities from continuing operations** | **(178)** | **(450)** | **513** |
| **Net cash used in investing activities from discontinued operations** | **-** | **-** | **-** |
| **Net cash provided by (used in) investing activities** | **(178)** | **(450)** | **513** |
| Net change in short-term debt | (8) | 1 | (1) |
| Proceeds from issuance of long-term debt | 3 | 3 | 9 |
| Repayments of long-term debt | (16) | (7) | (5) |
| Change in cash deposited as collateral | - | 1 | (1) |
| Proceeds from issuance of ordinary shares | 12 | - | - |
| **Net cash provided by (used in) financing activities from continuing operations** | **(9)** | **(2)** | **2** |
| **Net cash used in financing activities from discontinued operations** | **-** | **-** | **-** |
| **Net cash provided by (used in) financing activities** | **(9)** | **(2)** | **2** |
| Net chang in cash and cash equivalents | (27) | (25) | 336 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 5 | (2) | (1) |
| Cash and cash equivalents at beginning of period | 673 | 700 | 1,058 |
| **Cash and cash equivalents at end of period** | **651** | **673** | **1,393** |

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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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