Press Release

Revenue and earnings slightly better than expected

- **Q2 FY 2016: Revenue of €1,611 million; Segment Result €228 million; Segment Result Margin 14.2 percent**
- **Outlook for Q3 FY 2016: Quarter-on-quarter revenue increase of 2 percent (plus or minus 2 percentage points), Segment Result Margin 16 percent at mid-point of the revenue guidance**
- **Outlook for FY 2016: In spite of a now assumed exchange rate of US$ 1.15 to the euro, year-on-year revenue growth of around 12 percent (plus or minus 2 percentage points) and Segment Result Margin between 15 and 16 percent at mid-point of the revenue guidance**

Neubiberg, Germany, May 3, 2016 – Infineon Technologies AG today reported results for the second quarter of its 2016 fiscal year (period ended March 31, 2016).

€ in millions	3 months ended Mar 31, 16	sequential +/- in %	3 months ended Dec 31, 15	year-on-year +/- in %	3 months ended Mar 31, 15
Revenue	1,611	4	1,556	9	1,483
Segment Result	228	4	220	15	198
Segment Result Margin [in %]	14.2%		14.1%		13.4%
Income from continuing operations	177	16	152	+++	65
Income from discontinued operations, net of income taxes	3	+++	–	+++	–
Net income	**180**	**18**	**152**	**+++**	**65**
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG[1]:					
Basic earnings per share (in euro) from continuing operations	0.16	14	0.14	+++	0.06
Basic earnings per share (in euro) from discontinued operations	–	–	–	–	–
Basic earnings per share (in euro)	**0.16**	**14**	**0.14**	**+++**	**0.06**
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG[1]:					
Diluted earnings per share (in euro) from continuing operations	0.16	14	0.14	+++	0.06
Diluted earnings per share (in euro) from discontinued operations	–	–	–	–	–
Diluted earnings per share (in euro)	**0.16**	**14**	**0.14**	**+++**	**0.06**
Adjusted earnings per share (in euro) - diluted[2]	**0.18**	**6**	**0.17**	**38**	**0.13**

[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 9.

"We have come through a difficult quarter quite well. Revenue and earnings were both slightly better than expected," stated Dr. Reinhard Ploss, CEO of Infineon Technologies AG. "Infineon is performing very well in next-generation technology areas with high

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growth rates: electromobility, advanced driver assistance systems and renewable energy. In spite of a weaker US dollar and a rather flat semiconductor market we are going to show double-digit growth in revenues in the current fiscal year."

Review of Group financials for the second quarter of the 2016 fiscal year

Revenue of the Infineon Group increased from €1,556 million to €1,611 million quarter-on-quarter. The 4 percent increase was driven in particular by good revenue figures posted by the Automotive (ATV) segment. The Industrial Power Control (IPC) and Chip Card & Security (CCS) segments also recorded revenue growth, whereas Power Management & Multimarket (PMM) segment revenue was slightly down on the preceding quarter.

The gross margin for the three-month period came in at 35.1 percent, compared with 35.9 percent in the previous quarter. The second-quarter figures include acquisition-related depreciation and amortization and other expenses attributable to the acquisition of International Rectifier amounting to €22 million.

Segment Result increased slightly by 4 percent from €220 million to €228 million quarter-on-quarter, while the Segment Result Margin was 14.2 percent after 14.1 percent in the previous quarter.

The negative non-segment result for the second quarter amounted to €54 million, unchanged from the preceding quarter. Of this result, €24 million related to the cost of goods sold, €3 million to research and development expenses and €24 million to selling, general and administrative expenses. Other operating income and other operating expenses amounted to a net expense of €3 million. The non-segment result includes €49 million of depreciation and amortization arising in conjunction with the purchase price allocation and other expenses for post-merger integration measures in conjunction with the acquisition of International Rectifier.

Operating income improved from €166 million in the first quarter to €174 million in the second quarter of the current fiscal year. Income from continuing operations increased to €177 million, compared with €152 million in the first quarter. Income from discontinued operations amounted to €3 million, compared with a break-even amount of €0 million in the preceding quarter. Net income rose from €152 million in the first quarter to €180 million in the second quarter, largely as a result of the positive impact of tax income amounting to €21 million, resulting primarily from the reduction of deferred tax

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liabilities relating to the acquisition of International Rectifier and from the reversal of allowances on deferred tax assets relating to German and foreign entities.

Earnings per share (basic and diluted) increased from €0.14 to €0.16 quarter-on-quarter.

Adjusted earnings per share[1] (diluted) improved from €0.17 in the first quarter of the current fiscal year to €0.18 in the second. 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 assets – totaled €163 million, compared to €167 million in the first quarter of the current fiscal year. Depreciation and amortization were practically unchanged in the second quarter at €213 million, compared to the €211 million reported for the first quarter.

Free cash flow[2] from continuing operations increased to €45 million in the second quarter of the 2016 fiscal year, compared to the break-even figure reported for the previous three-month period. Net cash provided by operating activities from continuing operations increased quarter-on-quarter from €175 million to €195 million.

As a result of the dividend payment amounting to €225 million in February, the gross cash position decreased to €1,803 million at March 31, 2016, compared with €1,994 million at the end of the first quarter. The net cash position declined accordingly over the three-month period from €204 million to €27 million.

Outlook for the third quarter of the 2016 fiscal year

In the third quarter of the 2016 fiscal year, Infineon expects a quarter-on-quarter revenue increase of 2 percent (plus or minus 2 percentage points). This forecast is now based on an assumed exchange rate of US$1.15 to the euro for the second half of the 2016 fiscal year. At the mid-point of the forecast revenue range, the Segment Result Margin is expected to come in at about 16 percent.

[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 13.

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Outlook for the 2016 fiscal year

Based again on an assumed exchange rate of US$1.15 to the euro, Infineon expects year-on-year revenue growth of around 12 percent (plus or minus 2 percentage points) and a Segment Result Margin of between 15 and 16 percent at the mid-point of the forecast revenue range.

The Power Management & Multimarket segment is expected to grow faster than the Group average. Revenue growth in the Industrial Power Control segment, and now also in the Automotive segment, is forecast to be roughly in line with the Group average. The Chip Card & Security segment is expected to report growth at a somewhat lower rate than the Group average.

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. Consequently, the ratio for investments as a percentage of revenue (at the mid-point of the forecast range) comes in at 13 percent. Depreciation and amortization are expected to be in the region of €850 million.

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Segment earnings in the second quarter of the 2016 fiscal year

€ in millions	in % of total revenue	3 months ended Mar 31, 16	sequential +/- in %	3 months ended Dec 31, 15	year-on-year +/- in %	3 months ended Mar 31, 15
Infineon						
Revenue	100	1,611	4	1,556	9	1,483
Segment Result		228	4	220	15	198
Segment Result Margin [in %]		14.2%		14.1%		13.4%
Automotive (ATV) [1]						
Segment Revenues	42	670	9	614	12	598
Segment Result		94	16	81	31	72
Segment Result Margin [in %]		14.0%		13.2%		12.0%
Industrial Power Control (IPC) [1]						
Segment Revenues	16	265	6	249	10	241
Segment Result		26	13	23	44	18
Segment Result Margin [in %]		9.8%		9.2%		7.5%
Power Management & Multimarket (PMM) [1]						
Segment Revenues	31	496	(3)	510	7	464
Segment Result		74	(6)	79	(1)	75
Segment Result Margin [in %]		14.9%		15.5%		16.2%
Chip Card & Security (CCS) [1]						
Segment Revenues	11	180	4	173	(1)	182
Segment Result		36	3	35	9	33
Segment Result Margin [in %]		20.0%		20.2%		18.1%
Other Operating Segments (OOS)						
Segment Revenues	0	2	(33)	3	(50)	4
Segment Result		-	-	-	---	2
Corporate and Eliminations (C&E)						
Segment Revenues	0	(2)	---	7	67	(6)
Segment Result		(2)	---	2	-	(2)

[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.

ATV segment revenue increased by 9 percent to €670 million in the second quarter of the 2016 fiscal year, driven by strong demand. The equivalent figure for the preceding quarter was €614 million. Vehicle sales in Europe, North America and China – key markets for Infineon – grew at above-average rates compared to other regions. Segment Result improved from €81 million in the first quarter to €94 million in the second quarter of the current fiscal year. The Segment Result Margin came in at 14.0 percent, compared with 13.2 percent in the preceding three-month period.

IPC segment revenue increased by 6 percent from €249 million in the first quarter to €265 million in the second quarter of the 2016 fiscal year, driven by stronger demand in traction, major home appliances and renewable energy. Revenue from products for electric drives remained flat. Segment Result improved from €23 million to €26 million quarter-on-quarter. The Segment Result Margin finished at 9.8 percent, compared with 9.2 percent one quarter earlier.

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PMM segment revenue declined by 3 percent to €496 million in the second quarter. The equivalent figure for the preceding quarter was €510 million, driven by strong demand for products for DC-DC conversion. In the second quarter, this demand softened. Likewise, the demand for components for mobile devices was lower due to seasonal factors. A sharp increase in revenue from cellular network infrastructure and a modest improvement in AC-DC conversion driven by the installation of charging stations for electromobility in China could not fully compensate this decline. Segment Result amounted to €74 million in the second quarter compared to €79 million in the previous quarter. The Segment Result Margin decreased from 15.5 percent to 14.9 percent.

CCS segment revenue grew by 4 percent to €180 million, compared to €173 million in the preceding quarter. Lower revenue from authentication business due to seasonal factors contrasted with increased demand in payment, government ID and security for mobile devices. Segment Result increased from €35 million in the first quarter to €36 million in the second quarter of the current fiscal year. The Segment Result Margin amounted to 20.0 percent, compared with 20.2 percent in the first quarter.

Analyst and press telephone conference

Infineon will host a telephone conference call for analysts and investors (in English only) on May 3, 2016 at 9:30 am (CEST), 3:30 am (EDT). During the call, the Infineon Management Board will present the Company's results for the second quarter of the 2016 fiscal year. In addition, the Management Board will host a live telephone conference with the media at 11:00 am (CEST), 5:00 am (EDT). 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 23 – 24, 2016 JPMorgan Global TMT Conference, Boston
- May 25, 2016 Berenberg European Conference USA, Tarrytown (NY)
- May 26, 2016 Equita European Conference, Milan
- May 30, 2016 Danske Bank German Corporate Day, Copenhagen
- Jun 1, 2016 Berenberg TMT Conference, Zurich
- Jun 8 – 9, 2016 Deutsche Bank German, Suisse & Austrian Conference, Berlin
- Jun 15 – 16, 2016 Exane European CEO Conference, Paris
- Jun 20, 2016 JPMorgan CEO Conference, London
- Aug 2, 2016* Earnings Release for the Third Quarter of the 2016 Fiscal Year
- Sep 1, 2016 Commerzbank Sector Week, Frankfurt
- Sep 21, 2016 Baader Investment Conference, Munich
- Nov 16 – 17, 2016 Morgan Stanley TMT Conference, Barcelona
- Nov 23, 2016* Earnings Release for the Fourth Quarter and 2016 Fiscal Year
- Nov 29 – 30, 2016 Credit Suisse TMT Conference Scottsdale (AZ)

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 €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
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, 16	Dec 31, 15	Mar 31, 15	Mar 31, 16	Mar 31, 15
Revenue	1,611	1,556	1,483	3,166	2,611
Cost of goods sold	(1,045)	(998)	(1,005)	(2,042)	(1,706)
Gross profit	**566**	**558**	**478**	**1,124**	**905**
Research and development expenses	(195)	(198)	(180)	(393)	(319)
Selling, general and administrative expenses	(195)	(200)	(218)	(395)	(354)
Other operating income	4	4	4	8	10
Other operating expenses	(6)	2	(5)	(4)	(10)
Operating income	**174**	**166**	**79**	**340**	**232**
Financial income	1	1	2	2	7
Financial expenses	(20)	(13)	(18)	(33)	(22)
Gain from investments accounted for using the equity method	1	-	2	1	2
Income from continuing operations before income taxes	**156**	**154**	**65**	**310**	**219**
Income tax	21	(2)	-	19	(24)
Income from continuing operations	**177**	**152**	**65**	**329**	**195**
Income from discontinued operations, net of income taxes	3	-	-	3	6
Net income	**180**	**152**	**65**	**332**	**201**
Attributable to:					
Non-controlling interests	-	(1)	1	(1)	1
Shareholders of Infineon Technologies AG	180	153	64	333	200
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1]					
Weighted average shares outstanding (in million) – basic	1,125	1,124	1,122	1,124	1,122
Basic earnings per share (in euro) from continuing operations	0.16	0.14	0.06	0.30	0.18
Basic earnings per share (in euro) from discontinued operations	-	-	-	-	-
Basic earnings per share (in euro)	**0.16**	**0.14**	**0.06**	**0.30**	**0.18**
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1]					
Weighted average shares outstanding (in million) – diluted	1,130	1,129	1,124	1,129	1,123
Diluted earnings per share (in euro) from continuing operations	0.16	0.14	0.06	0.30	0.18
Diluted earnings per share (in euro) from discontinued operations	-	-	-	-	-
Diluted earnings per share (in euro)	**0.16**	**0.14**	**0.06**	**0.30**	**0.18**

[1] The calculation of 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 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			6 months ended	
	Mar 31, 16	Dec 31, 15	Mar 31, 15	Mar 31, 16	Mar 31, 15
Segment Result	228	220	198	448	366
Plus/minus:					
Impairment on assets including assets classified as held for sale, net of reversals	(3)	(4)	-	(8)	(2)
Impact on earnings of restructuring and closures, net	(1)	9	(1)	9	(2)
Share-based compensation expense	(2)	(2)	(2)	(4)	(3)
Acquisition-related depreciation/amortization and other expenses	(47)	(56)	(108)	(103)	(116)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	-	(1)	-	(1)	-
Other income and expense, net	(1)	-	(8)	(1)	(11)
Operating income	**174**	**166**	**79**	**340**	**232**

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			6 months ended	
	Mar 31, 16	Dec 31, 15	Mar 31, 15	Mar 31, 16	Mar 31, 15
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	177	153	64	330	194
Plus/minus:					
Impairments on assets including assets classified as held for sale, net of reversals	3	4	-	8	2
Impact on earnings of restructuring and closures, net	1	(9)	1	(9)	2
Share-based compensation expense	2	2	2	4	3
Acquisition-related depreciation/amortization and other expenses	47	56	108	103	116
Losses (gains) on sales of assets, businesses, or interests in subsidiaries, net	-	1	-	1	-
Other income and expense, net	1	-	8	1	11
Tax effects on adjustments	(14)	(6)	(33)	(20)	(35)
Revaluation of deferred tax assets resulting from the earnings forecast	(10)	(7)	-	(17)	-
Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	**207**	**194**	**150**	**401**	**293**
Weighted-average number of shares outstanding – diluted	1,130	1,129	1,124	1,129	1,123
Adjusted earnings per share (in euro) – diluted[1]	0.18	0.17	0.13	0.36	0.26

[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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Revenues and Segment Result
for the three and six months ended March 31, 2016 and 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			6 months ended		
	Mar 31, 16	Mar 31, 15	+/- in %	Mar 31, 16	Mar 31, 15	+/- in %
Automotive	670	598	12	1,285	1,115	15
Industrial Power Control	265	241	10	513	431	19
Power Management & Multimarket	496	464	7	1,006	744	35
Chip Card & Security	180	182	(1)	353	314	12
Other Operating Segments	2	4	(50)	4	9	(56)
Corporate and Eliminations	(2)	(6)	67	5	(2)	+++
Total	**1,611**	**1,483**	**9**	**3,166**	**2,611**	**21**

Segment Result € in millions	3 months ended			6 months ended		
	Mar 31, 16	Mar 31, 15	+/- in %	Mar 31, 16	Mar 31, 15	+/- in %
Automotive	94	72	31	174	151	15
Industrial Power Control	26	18	44	48	45	7
Power Management & Multimarket	74	75	(1)	153	115	33
Chip Card & Security	36	33	9	70	53	32
Other Operating Segments	-	2	---	1	4	(75)
Corporate and Eliminations	(2)	(2)	-	2	(2)	+++
Total	**228**	**198**	**15**	**448**	**366**	**22**
Segment Result Margin [in %]	14.2%	13.4%		14.2%	14.0%	

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Revenues and Segment Result
for the three months ended March 31, 2016 and December 31, 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		
	Mar 31, 16	Dec 31, 15	+/- in %
Automotive	670	614	9
Industrial Power Control	265	249	6
Power Management & Multimarket	496	510	(3)
Chip Card & Security	180	173	4
Other Operating Segments	2	3	(33)
Corporate and Eliminations	(2)	7	---
Total	**1,611**	**1,556**	**4**

Segment Result € in millions	3 months ended		
	Mar 31, 16	Dec 31, 15	+/- in %
Automotive	94	81	16
Industrial Power Control	26	23	13
Power Management & Multimarket	74	79	(6)
Chip Card & Security	36	35	3
Other Operating Segments	-	-	-
Corporate and Eliminations	(2)	2	---
Total	**228**	**220**	**4**
Segment Result Margin [in %]	14.2%	14.1%	

Employees

	Mar 31, 16	Dec 31, 15	Mar 31, 15
Infineon	35,978	35,565	34,928
Thereof: Research and development	5,993	5,867	5,652

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Consolidated Statement of Financial Position

€ in millions	Mar 31, 16	Dec 31, 15	Sep 30, 15
ASSETS:			
Cash and cash equivalents	606	651	673
Financial investments	1,197	1,343	1,340
Trade receivables	757	669	742
Inventories	1,165	1,190	1,129
Income tax receivable	2	2	2
Other current assets	243	277	229
Assets classified as held for sale	-	3	-
Total current assets	**3,970**	**4,135**	**4,115**
Property, plant and equipment	2,014	2,063	2,093
Goodwill and other intangible assets	1,694	1,750	1,738
Investments accounted for using the equity method	34	33	33
Non-current income tax receivable	3	3	3
Deferred tax assets	600	610	604
Other non-current assets	155	157	155
Total non-current assets	**4,500**	**4,616**	**4,626**
Total assets	**8,470**	**8,751**	**8,741**
LIABILITIES AND EQUITY:			
Short-term debt and current maturities of long-term debt	848	11	33
Trade payables	690	759	802
Short-term provisions	269	220	402
Income tax payable	131	124	123
Other current liabilities	166	274	225
Total current liabilities	**2,104**	**1,388**	**1,585**
Long-term debt	928	1,779	1,760
Pension plans and similar commitments	433	432	426
Deferred tax liabilities	70	133	147
Long-term provisions	73	73	72
Other non-current liabilities	81	86	86
Total non-current liabilities	**1,585**	**2,503**	**2,491**
Total liabilities	**3,689**	**3,891**	**4,076**
Shareholders' equity:			
Ordinary share capital	2,263	2,262	2,259
Additional paid-in capital	5,004	5,225	5,213
Accumulated deficit	(2,563)	(2,743)	(2,897)
Other reserves	114	153	126
Own shares	(37)	(37)	(37)
Equity attributable to shareholders of Infineon Technologies AG	**4,781**	**4,860**	**4,664**
Non-controlling interests	-	-	1
Total equity	**4,781**	**4,860**	**4,665**
Total liabilities and equity	**8,470**	**8,751**	**8,741**

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Regional Revenue Development

in %	3 months ended			6 months ended	
	Mar 31, 16	Dec 31, 15	Mar 31, 15	Mar 31, 16	Mar 31, 15
Revenue:					
Europe, Middle East, Africa	35%	32%	36%	33%	37%
Therein: Germany	16%	15%	16%	16%	17%
Asia-Pacific (w/o Japan)	46%	49%	45%	48%	45%
Therein: China	23%	25%	22%	24%	22%
Japan	6%	7%	6%	6%	6%
Americas	13%	12%	13%	13%	12%
Therein: USA	10%	10%	11%	10%	10%
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 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	Mar 31, 16	Dec 31, 15	Mar 31, 15
Cash and cash equivalents	606	651	738
Financial investments	1,197	1,343	918
Gross cash position	**1,803**	**1,994**	**1,656**
Less:			
Short-term debt and current maturities of long-term debt	848	11	39
Long-term debt	928	1,779	1,793
Total debt	**1,776**	**1,790**	**1,832**
Net cash position	**27**	**204**	**(176)**

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			6 months ended	
	Mar 31, 16	Dec 31, 15	Mar 31, 15	Mar 31, 16	Mar 31, 15
Net cash provided by operating activities from continuing operations	195	175	135	370	96
Net cash used in investing activities from continuing operations	(5)	(178)	(2,220)	(183)	(1,707)
Purchases of (proceeds from sales of) financial investments, net	(145)	3	205	(142)	(440)
Free Cash Flow	**45**	**0**	**(1,880)**	**45**	**(2,051)**

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Consolidated Statement of Cash Flows

€ in millions	3 months ended		
	Mar 31, 16	Dec 31, 15	Mar 31, 15
Net income	**180**	**152**	**65**
Minus: income from discontinued operations, net of income taxes	(3)	-	-
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	213	211	203
Income tax	(21)	2	-
Net interest result	19	11	16
Losses on disposals of property, plant and equipment	-	1	-
Dividends received from associated companies	-	-	1
Impairment charges	3	4	-
Other non-cash result	2	1	-
Change in trade receivables	(90)	77	(147)
Change in inventories	17	(56)	38
Change in trade payables	(66)	(45)	(4)
Change in provisions	54	(182)	36
Change in other assets and liabilities	(76)	26	(35)
Interest received	1	1	2
Interest paid	(13)	(5)	(2)
Income tax paid	(25)	(23)	(38)
Net cash provided by operating activities from continuing operations	**195**	**175**	**135**
Net cash provided by (used in) in operating activities from discontinued operations	**(1)**	**(15)**	**4**
Net cash provided by operating activities	**194**	**160**	**139**
Purchases of financial investments	(1,011)	(894)	(495)
Proceeds from sales of financial investments	1,156	891	290
Purchases of other equity investments	-	-	(7)
Acquisitions of businesses, net of cash acquired	-	(8)	(1,864)
Purchases of intangible assets and other assets	(28)	(29)	(24)
Purchases of property, plant and equipment	(135)	(138)	(126)
Proceeds from sales of property, plant and equipment and other assets	13	-	6
Net cash used in investing activities from continuing operations	**(5)**	**(178)**	**(2,220)**
Net cash used in investing activities from discontinued operations	**-**	**-**	**-**
Net cash used in investing activities	**(5)**	**(178)**	**(2,220)**
Net change in short-term debt	-	(8)	2
Proceeds from issuance of long-term debt	1	3	2,385
Repayments of long-term debt	(5)	(16)	(807)
Change in cash deposited as collateral	1	-	-
Proceeds from issuance of ordinary shares	3	12	8
Dividend payments	(225)	-	(202)
Net cash provided by (used in) financing activities from continuing operations	**(225)**	**(9)**	**1,386**
Net cash used in financing activities from discontinued operations	**-**	**-**	**-**
Net cash provided by (used in) financing activities	**(225)**	**(9)**	**1,386**
Net change in cash and cash equivalents	(36)	(27)	(695)
Effect of foreign exchange rate changes on cash and cash equivalents	(9)	5	40
Cash and cash equivalents at beginning of period	651	673	1,393
Cash and cash equivalents at end of period	**606**	**651**	**738**

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D I S C L A I M E R

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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