Press Release

Structural growth drives excellent start to the new fiscal year

- **Q1 FY 2017: Revenue €1,645 million; Segment Result €246 million; Segment Result Margin 15.0 percent; earnings per share €0.14 (basic and diluted); adjusted earnings per share €0.17 (diluted)**
- **Outlook for Q2 FY 2017: Quarter-on-quarter revenue increase of 5 percent, plus or minus 2 percentage points, with Segment Result Margin of 15 percent at mid-point of revenue guidance**
- **Outlook for FY 2017 unchanged: Based on an assumed exchange rate of US$1.10 to the euro, year-on-year revenue growth of around 6 percent, plus or minus 2 percentage points, and Segment Result Margin of 16 percent at mid-point of revenue guidance**

Neubiberg, Germany, February 2, 2017 – Infineon Technologies AG today reported results for the first quarter of the 2017 fiscal year (period ended December 31, 2016).

“We had a good start into the new fiscal year,” stated Dr. Reinhard Ploss, CEO of Infineon. “In the first quarter revenue and earnings were better than expected, driven in particular by strong demand for our components for automotive electronics and MOSFET power transistors. We expect to achieve further growth in our markets during the coming months and, based on the long-term trends, also remain optimistic about the future. We confirm our forecast for the current fiscal year: higher revenue, earnings and margin.”

Review of Group financials for the first quarter of the 2017 fiscal year

Compared with the preceeding three-month period, Infineon Group revenue fell by 2 percent from €1,675 million to €1,645 million in the first quarter of the 2017 fiscal year. Whereas revenue in the Power Management & Multimarket (PMM) and Industrial Power Control (IPC) segments decreased due to seasonal factors, revenue generated by the Automotive (ATV) segment continued to rise. Revenue reported by the Chip Card & Security (CCS) segment was unchanged compared with the previous quarter.

The first-quarter gross margin finished at 36.0 percent, compared with 36.3 percent three months earlier. The first-quarter figures included acquisition-related depreciation

Worldwide Headquarters:	**Name:**	**Phone:**	**Email:**
Media Relations	**Bernd Hops**	+49 89 234 23888	bernd.hops@infineon.com
Investor Relations	**EU/APAC/USA/CAN**	+49 89 234 26655	investor.relations@infineon.com

and amortization as well as other expenses attributable to the International Rectifier acquisition totaling €25 million. The adjusted gross margin came in at 37.6 percent, slightly down from 37.7 percent for the preceding three-month period.

€ in millions	3 months ended Dec 31, 16	sequential +/- in %	3 months ended Sep 30, 16	year-on-year +/- in %	3 months ended Dec 31, 15
Revenue	1,645	(2)	1,675	6	1,556
Segment Result	246	(12)	280	12	220
Segment Result Margin [in %]	15.0%		16.7%		14.1%
Income from continuing operations	165	(28)	228	9	152
Income from discontinued operations, net of income taxes	(4)	(33)	(3)	---	–
Net income	**161**	**(28)**	**225**	**6**	**152**
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG[1]:					
Basic earnings per share (in euro) from continuing operations	0.15	(25)	0.20	7	0.14
Basic loss per share (in euro) from discontinued operations	(0.01)	---	-	---	-
Basic earnings per share (in euro)	**0.14**	**(30)**	**0.20**	**–**	**0.14**
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG[1]:					
Diluted earnings per share (in euro) from continuing operations	0.15	(25)	0.20	7	0.14
Diluted loss per share (in euro) from discontinued operations	(0.01)	---	-	---	-
Diluted earnings per share (in euro)	**0.14**	**(30)**	**0.20**	**–**	**0.14**
Adjusted earnings per share (in euro) – diluted[2]	**0.17**	**(19)**	**0.21**	**–**	**0.17**
Gross margin	**36.0%**		**36.3%**		**35.9%**
Adjusted gross margin[3]	**37.6%**		**37.7%**		**37.7%**

[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.

[3] The reconciliation of cost of goods sold to adjusted cost of goods sold and adjusted gross margin is presented on page 10.

Segment Result was 12 percent lower quarter-on-quarter, decreasing from €280 million to €246 million. The Segment Result Margin for the first quarter was 15.0 percent, compared with 16.7 percent in the final quarter of the 2016 fiscal year.

The non-segment result was a net loss of €62 million, compared with a net loss of €51 million in the previous quarter. Of the first-quarter figure, €26 million related to the cost of goods sold, €1 million to research and development expenses and €22 million to selling, general and administrative expenses. In addition, other operating income and other operating expenses amounted to a net expense of €13 million.

The non-segment result includes €46 million of depreciation and amortization charges arising in conjunction with the purchase price allocation and other expenses for post-merger integration measures relating to the acquisition of International Rectifier.

Operating income fell quarter-on-quarter from €229 million to €184 million. Income from continuing operations totaled €165 million, compared with €228 million one quarter

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earlier. The loss from discontinued operations amounted to €4 million, compared with the previous quarter's loss of €3 million. Net income decreased from €225 million to €161 million, whereby the fourth quarter of the 2016 fiscal year included a tax income of €15 million and the first quarter of the current fiscal year a tax expense of €2 million.

Earnings per share for the first quarter amounted to €0.14, down from €0.20 one quarter earlier (in each case basic and diluted). Adjusted earnings per share[1] (diluted) amounted to €0.17, compared with €0.21 in the previous quarter. For the purpose of calculating adjusted earnings per share (diluted), a number of items are eliminated, most notably acquisition-related depreciation/amortization and other expenses (net of tax) as well as changes in 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 €204 million in the first quarter of the current fiscal year, compared with €277 million in the fourth quarter of the 2016 fiscal year. Depreciation and amortization decreased slightly from €203 million to €200 million.

First-quarter free cash flow[2] from continuing operations was a negative amount of €39 million, compared with a positive amount of €169 million in the preceding quarter. Free cash flow for the first quarter of the 2016 fiscal year includes a net cash outflow of €112 million arising in conjunction with the acquisition of a 93 percent equity stake in MoTo Objekt Campeon GmbH & Co. KG (MoTo), the owner and lessor of the Campeon office complex, Infineon's headquarters. Net cash provided by operating activities from continuing operations amounted to €282 million, compared with the previous quarter's €447 million.

Infineon's gross cash position stood at €2,209 million at December 31, 2016, compared with €2,240 million at September 30, 2016. The net cash position decreased over the three-month period from €471 million to €166 million, mainly reflecting the above-mentioned acquisition and consolidation of MoTo.

Provisions and payables relating to Qimonda decreased slightly from €32 million at September 30, 2016 to €31 million at December 31, 2016. Provisions included in this

[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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amount were originally recognized for litigation costs in conjunction with claims made by the Qimonda insolvency administrator and for residual liabilities related to Qimonda Dresden GmbH & Co. OHG.

Outlook for the second quarter of the 2017 fiscal year

In the second quarter of the 2017 fiscal year, Infineon expects a quarter-on-quarter revenue increase of 5 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 revenue guidance, the Segment Result Margin is expected to come in at 15 percent.

Outlook for the 2017 fiscal year reaffirmed

Based on an assumed exchange rate of US$1.10 to the euro, Infineon continues to forecast revenue growth for the 2017 fiscal year of around 6 percent, plus or minus 2 percentage points, and a Segment Result Margin of 16 percent at the mid-point of revenue guidance. The ATV segment is expected to grow at a substantially faster rate than the Group average. Growth in the IPC segment is forecast to be roughly in line with or slightly higher than the Group average. The PMM and CCS segments are both expected to report growth rates below the Group average.

Investments in property, plant and equipment, intangible assets and capitalized development costs in the region of €950 million are planned for the 2017 fiscal year. The figure includes approximately €35 million for a new office building at Infineon's headquarters in Neubiberg near Munich. Excluding investments in the new office building, the ratio for investments as a percentage of revenue (at the mid-point of revenue guidance for the 2017 fiscal year) is forecast at approximately 13 percent. Depreciation and amortization are expected to be in the region of €830 million.

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Segment earnings in the first quarter of the 2017 fiscal year

€in millions	in % of total revenue	3 months ended Dec 31, 16	sequential +/- in %	3 months ended Sep 30, 16	year-on-year +/- in %	3 months ended Dec 31, 15
Infineon						
Revenue	100	1,645	(2)	1,675	6	1,556
Segment Result		246	(12)	280	12	220
Segment Result Margin [in %]		15.0%		16.7%		14.1%
Automotive (ATV) [1]						
Segment Revenues	43	705	2	691	15	614
Segment Result		114	2	112	58	72
Segment Result Margin [in %]		16.2%		16.2%		11.7%
Industrial Power Control (IPC) [1]						
Segment Revenues	16	264	(5)	279	6	249
Segment Result		24	(35)	37	(4)	25
Segment Result Margin [in %]		9.1%		13.3%		10.0%
Power Management & Multimarket (PMM) [1]						
Segment Revenues	30	497	(7)	533	(2)	508
Segment Result		81	(19)	100	(6)	86
Segment Result Margin [in %]		16.3%		18.8%		16.9%
Chip Card & Security (CCS) [1]						
Segment Revenues	11	174	-	174	(1)	175
Segment Result		29	(12)	33	(17)	35
Segment Result Margin [in %]		16.7%		19.0%		20.0%
Other Operating Segments (OOS)						
Segment Revenues	0	2	+++	1	(33)	3
Segment Result		-	-	-	-	-
Corporate and Eliminations (C&E)						
Segment Revenues	0	3	+++	(3)	(57)	7
Segment Result		(2)	-	(2)	---	2

[1] Individual small product groups were transferred to other segments with effect from 1 October 2016. The previous year's figures have been adjusted accordingly.

ATV segment revenue increased by 2 percent to €705 million in the first quarter of the 2017 fiscal year, compared with €691 million in the preceding quarter. Continued high demand for driver assistance systems and products deployed in hybrid and electric vehicles more than offset slightly lower demand in other product lines related to the seasonal development. Segment Result increased from €112 million in the fourth quarter to €114 million in the first quarter of the current fiscal year, leading to a constant Segment Result Margin of 16.2 percent.

The IPC Segment recorded revenue totaling €264 million in the first quarter of the new fiscal year. Compared with the figure of €279 million reported for the preceding three-month period, this represented a decrease of 5 percent, mainly reflecting lower revenue from products for electric drives. Demand in the photovoltaic sector was also down due to seasonal factors, whereas revenue generated in wind power and major home appliances increased slightly. Segment result decreased from €37 million to €24 million quarter-on-quarter. The Segment Result Margin came in at 9.1 percent, compared with 13.3 percent one quarter earlier.

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PMM segment revenue decreased from €533 million to €497 million, with the 7 percent decline mainly related to the seasonal decrease in demand for components for mobile devices. Business was slightly down for AC-DC conversion and slightly up for DC-DC conversion products. Segment Result fell from €100 million to €81 million compared with the previous quarter, resulting in a quarter-on-quarter decrease in Segment Result Margin from 18.8 percent to 16.3 percent.

CCS segment revenue for the three-month period remained flat at €174 million. Whereas security chips for payment cards saw a decrease, security solutions for government identification documents and SIM cards experienced rising demand. Segment Result fell by €4 million from €33 million in the fourth quarter of the 2016 fiscal year to €29 million in the first quarter of the 2017 fiscal year. The Segment Result Margin amounted to 16.7 percent, down from 19.0 percent in the preceding quarter.

Analyst and press telephone conference

Infineon will host a telephone conference call for analysts and investors (in English only) on February 2, 2017 at 9:30 am (CET), 3:30 am (ET). During the call, the Infineon Management Board will present the Company's results for the first quarter of the 2017 fiscal year. In addition, the Management Board will host a telephone conference with the media at 11:00 am (CET), 5:00 am (ET). 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:
http://www.infineon.com/cms/en/corporate/investor/reporting/

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Infineon Financial Calendar (* preliminary)

➢ Feb 16, 2017	Annual General Meeting 2017, Munich
➢ Feb 27 – Mar 2, 2017	Mobile World Congress, Barcelona
➢ Mar 8 – 9, 2017	UBS Technology Conference, London
➢ Mar 15, 2017	Bernstein Electric Vehicle & Battery Revolution Conference, London
➢ May 4, 2017*	Earnings Release for the Second Quarter of the 2017 Fiscal Year
➢ May 30, 2017	German Corporate Day by Danske Bank Markets, Copenhagen
➢ May 31 – Jun 1, 2017	Bernstein Strategic Decision Conference, New York
➢ Jun 21 – 22, 2017	Deutsche Bank German, Swiss & Austrian Conference, Berlin
➢ Aug 1, 2017*	Earnings Release for the Third Quarter of the 2017 Fiscal Year
➢ Aug 31, 2017	Commerzbank Sector Conference, Frankfurt
➢ Sep 19, 2017	Berenberg Bank and Goldman Sachs German Corporate Conference, Munich
➢ Sep 20, 2017	Baader Investment Conference, Munich
➢ Nov 14, 2017*	Earnings Release for the Fourth Quarter and the 2017 Fiscal Year
➢ Nov 15 – 16, 2017	Morgan Stanley TMT Conference, Barcelona

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 2016 fiscal year (ending September 30), the Company reported sales of about €6.5 billion with some 36,300 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		
	Dec 31, 16	Sep 30, 16	Dec 31, 15
Revenue	1,645	1,675	1,556
Cost of goods sold	(1,053)	(1,067)	(998)
Gross profit	**592**	**608**	**558**
Research and development expenses	(200)	(180)	(198)
Selling, general and administrative expenses	(196)	(196)	(200)
Other operating income	3	7	4
Other operating expenses	(15)	(10)	2
Operating income	**184**	**229**	**166**
Financial income	2	2	1
Financial expenses	(19)	(19)	(13)
Gain from investments accounted for using the equity method	-	1	-
Income from continuing operations before income taxes	**167**	**213**	**154**
Income tax	(2)	15	(2)
Income from continuing operations	**165**	**228**	**152**
Loss from discontinued operations, net of income taxes	(4)	(3)	-
Net income	**161**	**225**	**152**
Attributable to:			
Non-controlling interests	-	-	(1)
Shareholders of Infineon Technologies AG	161	225	153
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1]			
Weighted average shares outstanding (in million) – basic	1,127	1,126	1,124
Basic earnings per share (in euro) from continuing operations	0.15	0.20	0.14
Basic loss per share (in euro) from discontinued operations	(0.01)	-	-
Basic earnings per share (in euro)	**0.14**	**0.20**	**0.14**
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1]			
Weighted average shares outstanding (in million) – diluted	1,133	1,131	1,129
Diluted earnings per share (in euro) from continuing operations	0.15	0.20	0.14
Diluted loss per share (in euro) from discontinued operations	(0.01)	-	-
Diluted earnings per share (in euro)	**0.14**	**0.20**	**0.14**

[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 Segment Result to Operating Income

€ in millions	3 months ended		
	Dec 31, 16	Sep 30, 16	Dec 31, 15
Segment Result	246	280	220
Plus/minus:			
Impairment on assets including asstes classified as held for sale, net of reversals	(1)	(2)	(4)
Impact on earnings of restructuring and closures, net	(1)	(1)	9
Share-based compensation expense	(3)	(2)	(2)
Acquisition-related depreciation/amortization and other expenses	(44)	(41)	(56)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	(1)	(1)	(1)
Other income and expense, net	(12)	(4)	-
Operating income	**184**	**229**	**166**

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, 16	Sep 30, 16	Dec 31, 15
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	165	228	153
Plus/minus:			
Impairments on assets including assets classified as held for sale, net of reversals	1	2	4
Impact on earnings of restructuring and closures, net	1	1	(9)
Share-based compensation expense	3	2	2
Acquisition-related depreciation/amortization and other expenses	44	41	56
Losses (gains) on sales of assets, businesses, or interests in subsidiaries, net	1	1	1
Other income and expense, net	12	4	-
Tax effects on adjustments	(14)	(14)	(6)
Revaluation of deferred tax assets resulting from the earnings forecast	(17)	(26)	(7)
Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	**196**	**239**	**194**
Weighted-average number of shares outstanding – diluted	1,133	1,131	1,129
Adjusted earnings per share (in euro) – diluted[1]	0.17	0.21	0.17

[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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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 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	3 months ended		
	Dec 31, 16	Sep 30, 16	Dec 31, 15
Cost of goods sold	1,053	1,067	998
Plus/minus:			
Share-based compensation expense	(1)	-	(1)
Acquisition-related depreciation/amortization and other expenses	(25)	(23)	(27)
Other income and expense, net	-	-	(1)
Adjusted cost of goods sold	1,027	1,044	969
Adjusted gross margin	37.6%	37.7%	37.7%

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.

Revenues and Segment Result
for the three months ended December 31, 2016 and 2015 and September 30, 2016

Individual small product groups were transferred to other segments with effect from 1 October 2016. The previous year's figures have been adjusted accordingly.

Revenue €in millions	3 months ended			3 months ended		
	Dec 31, 16	Dec 31, 15	+/- in %	Dec 31, 16	Sep 30, 16	+/- in %
Automotive	705	614	15	705	691	2
Industrial Power Control	264	249	6	264	279	(5)
Power Management & Multimarket	497	508	(2)	497	533	(7)
Chip Card & Security	174	175	(1)	174	174	-
Other Operating Segments	2	3	(33)	2	1	+++
Corporate and Eliminations	3	7	(57)	3	(3)	+++
Total	**1,645**	**1,556**	**6**	**1,645**	**1,675**	**(2)**

Segment Result €in millions	3 months ended			3 months ended		
	Dec 31, 16	Dec 31, 15	+/- in %	Dec 31, 16	Sep 30, 16	+/- in %
Automotive	114	72	58	114	112	2
Industrial Power Control	24	25	(4)	24	37	(35)
Power Management & Multimarket	81	86	(6)	81	100	(19)
Chip Card & Security	29	35	(17)	29	33	(12)
Other Operating Segments	-	-	-	-	-	-
Corporate and Eliminations	(2)	2	---	(2)	(2)	-
Total	**246**	**220**	**12**	**246**	**280**	**(12)**

Employees

	Dec 31, 16	Sep 30, 16	Dec 31, 15
Infineon	36,447	36,299	35,565
Thereof: Research and development	6,104	6,057	5,867

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Consolidated Statement of Financial Position

€in millions	Dec 31, 16	Sep 30, 16
ASSETS:		
Cash and cash equivalents	634	625
Financial investments	1,575	1,615
Trade receivables	735	774
Inventories	1,249	1,191
Income tax receivable	7	6
Other current assets	297	281
Total current assets	**4,497**	**4,492**
Property, plant and equipment	2,519	2,119
Goodwill and other intangible assets	1,726	1,656
Investments accounted for using the equity method	32	32
Non-current income tax receivable	3	3
Deferred tax assets	646	623
Other non-current assets	161	162
Total non-current assets	**5,087**	**4,595**
Total assets	**9,584**	**9,087**
LIABILITIES AND EQUITY:		
Short-term debt and current maturities of long-term debt	29	17
Trade payables	816	857
Short-term provisions	233	327
Income tax payable	121	120
Other current liabilities	253	209
Total current liabilities	**1,452**	**1,530**
Long-term debt	2,014	1,752
Pension plans and similar commitments	609	604
Deferred tax liabilities	12	10
Long-term provisions	74	76
Other non-current liabilities	124	92
Total non-current liabilities	**2,833**	**2,534**
Total liabilities	**4,285**	**4,064**
Shareholders' equity:		
Ordinary share capital	2,268	2,265
Additional paid-in capital	5,025	5,016
Accumulated deficit	(2,151)	(2,312)
Other reserves	194	91
Own shares	(37)	(37)
Equity attributable to shareholders of Infineon Technologies AG	**5,299**	**5,023**
Total liabilities and equity	**9,584**	**9,087**

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Regional Revenue Development

€in millions	3 months ended					
	Dec 31, 16		Sep 30, 16		Dec 31, 15	
Revenue:						
Europe, Middle East, Africa	506	31%	539	32%	490	32%
Therein: Germany	232	14%	244	15%	234	15%
Asia-Pacific (w/o Japan)	815	50%	814	49%	762	49%
Therein: China	408	25%	423	25%	396	25%
Japan	106	6%	110	7%	116	7%
Americas	218	13%	212	12%	188	12%
Therein: USA	175	11%	170	10%	151	10%
Total	**1,645**	**100%**	**1,675**	**100%**	**1,556**	**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, 16	Sep 30, 16	Dec 31, 15
Cash and cash equivalents	634	625	651
Financial investments	1,575	1,615	1,343
Gross cash position	**2,209**	**2,240**	**1,994**
Less:			
Short-term debt and current maturities of long-term debt	29	17	11
Long-term debt	2,014	1,752	1,779
Total debt	**2,043**	**1,769**	**1,790**
Net cash position	**166**	**471**	**204**

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, 16	Sep 30, 16	Dec 31, 15
Net cash provided by (used in) operating activities from continuing operations	282	447	175
Net cash provided by (used in) investing activities from continuing operations	(268)	(422)	(178)
Purchases of (proceeds from sales of) financial investments, net	(53)	144	3
Free Cash Flow	**(39)**	**169**	**0**

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Worldwide Headquarters:	**Name:**	**Phone:**	**Email:**
Media Relations	**Bernd Hops**	+49 89 234 23888	bernd.hops@infineon.com
Investor Relations	**EU/APAC/USA/CAN**	+49 89 234 26655	investor.relations@infineon.com

Consolidated Statement of Cash Flows

€in millions	3 months ended		
	Dec 31, 16	Sep 30, 16	Dec 31, 15
Net income	**161**	**225**	**152**
Plus: income from discontinued operations, net of income taxes	4	3	-
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	200	203	211
Income tax	2	(15)	2
Net interest result	15	15	11
Losses (gains) on disposals of property, plant and equipment	1	1	1
Impairment charges	1	2	4
Other non-cash result	3	2	1
Change in trade receivables	40	(33)	77
Change in inventories	(45)	4	(56)
Change in trade payables	(48)	43	(45)
Change in provisions	(94)	10	(182)
Change in other assets and liabilities	85	24	26
Interest received	2	1	1
Interest paid	(18)	(2)	(5)
Income tax paid	(27)	(36)	(23)
Net cash provided by operating activities from continuing operations	**282**	**447**	**175**
Net cash used in in operating activities from discontinued operations	**-**	**(4)**	**(15)**
Net cash provided by operating activities	**282**	**443**	**160**
Purchases of financial investments	(905)	(1,291)	(894)
Proceeds from sales of financial investments	958	1,147	891
Purchases of other equity investments	-	-	-
Acquisitions of businesses, net of cash acquired	(5)	(3)	(8)
Acquisition of shares in MoTo[1], net of cash acquired	(112)	-	-
Purchases of intangible assets and other assets	(23)	(25)	(29)
Purchases of property, plant and equipment	(181)	(252)	(138)
Proceeds from sales of property, plant and equipment and other assets	-	2	-
Net cash used in investing activities from continuing operations	**(268)**	**(422)**	**(178)**
Net cash used in investing activities from discontinued operations	**-**	**-**	**-**
Net cash used in investing activities	**(268)**	**(422)**	**(178)**
Net change in short-term debt	(1)	-	(8)
Proceeds from issuance of long-term debt	1	-	3
Repayments of long-term debt	-	(5)	(16)
Proceeds from issuance of ordinary shares	9	4	12
Net cash provided by (used in) financing activities from continuing operations	**9**	**(1)**	**(9)**
Net cash used in financing activities from discontinued operations	**-**	**-**	**-**
Net cash provided by (used in) financing activities	**9**	**(1)**	**(9)**
Net change in cash and cash equivalents	23	20	(27)
Effect of foreign exchange rate changes on cash and cash equivalents	(14)	(5)	5
Cash and cash equivalents at beginning of period	625	610	673
Cash and cash equivalents at end of period	**634**	**625**	**651**

[1] As of December 30, 2016 Infineon acquired 93 percent of the shares in MoTo Objekt Campeon GmbH & Co. KG (MoTo).

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D I S C L A I M E R

This press release is a Quarterly Group Statement according the Frankfurt Stock Exchange's stock exchange regulation 51 paragraph a.

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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