

Infineon Technologies AG

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Effects of the coronavirus pandemic weigh on the outlook for the remaining fiscal year 2020, the successful acquisition of Cypress reinforces business model in medium and long term

Neubiberg, 4 May 2020 – Infineon Technologies AG (FSE: IFX / OTCQX: IFNNY) provides a new outlook for the 2020 fiscal year. It includes the impacts of the coronavirus pandemic to the extent they can currently be assessed as well as the effects of the successful acquisition of the US-company Cypress Semiconductor Corporation.

Based on an assumed exchange rate of US\$1.10 to the euro and for the former scope of operations, i.e. excluding Cypress, Infineon expects to generate revenues of around €7.6 billion in the 2020 fiscal year. This level of revenue would represent a 5 percent decrease compared to the previous fiscal year. Cypress gets consolidated for the first time effective 16 April 2020 and is expected to generate revenue of around €0.8 billion during the remainder of the 2020 fiscal year, as a result of which Infineon's total revenue including Cypress would be around €8.4 billion, plus or minus 5 percent.

The economic upheavals caused by the coronavirus pandemic make it extremely difficult to provide a reliable forecast. The outlook is therefore subject to a high degree of uncertainty. Key factors influencing the above-mentioned revenue figures are the trajectory of global infection rates and the revamping of economic activities, particularly in the automotive industry. The level and effectiveness of government support programs will also play an important role.

Based on the forecast level of revenue of €8.4 billion for the 2020 fiscal year, Infineon expects a Segment Result Margin of around 12 percent. The respective existing businesses of Infineon and Cypress are likely to contribute roughly proportionately to this level of profitability. Benefits from synergies are not expected to have a noticeable effect in the short term.

For the combined company, investments in property, plant and equipment and intangible assets including capitalized development costs in the 2020 fiscal year are forecast at around €1.2 billion to €1.3 billion. Hence the investment level will be taken down slightly, despite the integration of Cypress, as Infineon is reducing its expenditures for its former business.

Free cash flow for the combined company will be strongly negatively impacted by the acquisition of Cypress and by the consequences of the coronavirus pandemic. Therefore, it will foreseeably turn significantly negative. Excluding cash outs in relation to the acquisition of Cypress, free cash flow is forecast to come in between a positive €100 million and €300 million.

Outlook for the third quarter of the 2020 fiscal year

Based on an assumed exchange rate of US\$1.10 to the euro in the third quarter of the 2020 fiscal year, Infineon expects revenues for the combined company to be between €1.9 billion and €2.3 billion. At the mid-point of the expected revenue range for the combined company, the Segment Result Margin is predicted to be equivalent to a positive mid-single digit percentage.

Group performance in second quarter of 2020 fiscal year

Group revenue grew in the second quarter of the 2020 fiscal year (period ended 31 March 2020) from €1.916 billion to €1.986 billion quarter-on-quarter, with all four segments – Automotive (ATV), Industrial Power Control (IPC), Power & Sensor Systems (PSS)^[1] and Digital Security Solutions (DSS) – contributing to the 4 percent increase.

The second-quarter Segment Result amounted to €274 million, compared to the previous quarter's €297 million, while the Segment Result Margin for the three-month period declined from 15.5 percent to 13.8 percent. In the first quarter, both the gross margin and the Segment Result Margin benefited from a positive nonrecurring effect of approximately €36 million arising in connection with the refined allocation of centralized, production-related overhead costs. Excluding this exceptional factor, the first-quarter Segment Result Margin would have amounted to 13.6 percent.

The full Press Release on the second quarter of 2020 fiscal year and on the outlook for the third quarter as well as on the full 2020 fiscal year will be published shortly. It will be provided on www.infineon.com/press.

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 2019 fiscal year (ending 30 September), the Company reported sales of €8.0 billion with around 41.400

employees worldwide. With the acquisition of US-based Cypress Semiconductor Corporation in April 2020, Infineon has become a global top 10 semiconductor company.

Infineon is listed on the Frankfurt Stock Exchange (ticker symbol: IFX) and in the USA on the over-the-counter market OTCQX International Premier (ticker symbol: IFNNY). Further information is available at www.infineon.com

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DISCLAIMER

This announcement 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.

[1] Effective 1 April 2020, the “Power Management & Multimarket” segment was renamed “Power & Sensor Systems”. However, the change in name has no impact on Infineon’s organizational structure, strategy or scope of business.

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