



## Press Release

### Infineon completes 2013 fiscal year with a strong fourth quarter

- **Q4 FY2013: Revenue at €1,053 million as expected; Segment Result of €148 million, Segment Result Margin of 14.1 percent; excluding non-recurring items, Segment Result Margin would have been approximately 13 percent thus in line with expectations**
- **Outlook for Q1 FY2014: Revenue between €960 million and €1 billion; Segment Result Margin between 8 and 10 percent**
- **Outlook for FY2014: Revenue increase between 7 and 11 percent; Segment Result Margin between 11 and 14 percent**
- **Management Board proposes dividend of €0.12 per share for 2013 fiscal year**

Neubiberg, Germany – November 12, 2013 Infineon Technologies AG today is reporting results for the fourth quarter and the 2013 fiscal year, both ended September 30, 2013.

€ in million	3 months ended	sequential	3 months ended	year-on-year	3 months ended
	Sep 30, 13	+/- in %	Jun 30, 13	+/- in %	Sep 30, 12
Revenue	1,053	3	1,022	7	982
Segment Result	148	26	117	28	116
Segment Result Margin [in %]	14.1%		11.4%		11.8%
Income from continuing operations	139	70	82	8	129
Income (loss) from discontinued operations, net of income taxes	3	160	(5)	(67)	9
<b>Net income</b>	<b>142</b>	<b>84</b>	<b>77</b>	<b>3</b>	<b>138</b>
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG <sup>1</sup> :					
Basic earnings per share (in euro) from continuing operations	0.13	63	0.08	8	0.12
Basic earnings per share (in euro) from discontinued operations	–	100	(0.01)	(100)	0.01
<b>Basic earnings per share (in euro)</b>	<b>0.13</b>	<b>86</b>	<b>0.07</b>	<b>–</b>	<b>0.13</b>
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG <sup>1</sup> :					
Diluted earnings per share (in euro) from continuing operations	0.13	63	0.08	8	0.12
Diluted earnings per share (in euro) from discontinued operations	–	100	(0.01)	(100)	0.01
<b>Diluted earnings per share (in euro)</b>	<b>0.13</b>	<b>86</b>	<b>0.07</b>	<b>–</b>	<b>0.13</b>

<sup>1</sup> The calculation for earnings per share is based on unrounded figures.

"In the fourth quarter revenue, result and margin increased for the third time in succession. The 2013 fiscal year has therefore turned out to be better than expected one year ago", stated Dr. Reinhard Ploss, CEO of Infineon Technologies AG. "We reacted quickly to market developments. Thanks to forward-looking cost management,

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Infineon remained profitable even when demand was at its lowest. When the market picked up again, we were able to ramp up production quickly and gain market share."

### **Group earnings in fourth quarter of 2013 fiscal year**

Fourth-quarter revenue of the Infineon Group increased by 3 percent to €1,053 million and was thus in line with the outlook at the beginning of the quarter. This positive development was primarily driven by the Industrial Power Control (IPC) and Chip Card & Security (CCS) segments. Revenue of the Power Management & Multimarket (PMM) segment increased slightly, while that of the Automotive (ATV) segment decreased marginally.

Segment Result increased by 26 percent to €148 million, compared to €117 million achieved in the previous quarter. The Segment Result Margin in the fourth quarter was 14.1 percent, up from the 11.4 percent recorded in the preceding quarter. The Segment Result for the fourth quarter of the fiscal year did, however, contain the impact of certain non-recurring items. Most significant was the positive effect from a reduction in risk allowances for inventories, which was only partly offset by higher expenses for variable compensation. Excluding non-recurring items, the Segment Result Margin would have been in line with the level of approximately 13 percent forecasted at the beginning of the quarter.

Income from continuing operations in the fourth quarter amounted to €139 million, compared with €82 million in the previous quarter. The income from discontinued operations improved quarter-on-quarter from negative €5 million to positive €3 million.

Net income increased from €77 million in the third quarter to €142 million in the fourth quarter of the 2013 fiscal year. Earnings per share (basic and diluted) improved from €0.07 to €0.13.

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized development cost – increased from €71 million the third quarter to €155 million in the fourth quarters of the 2013 fiscal year. Depreciation and amortization amounted to €119 million in the fourth quarter, compared to €115 million in the third quarter.

Free cash flow<sup>1</sup> from continuing operations saw a continuation of the upward trend in recent quarters and increased to €156 million. The figure for the third quarter had been €135 million.

The gross cash position improved from €2.137 billion at the end of June 2013 to €2.286 billion at September 30, 2013. The net cash position at the end of the fourth

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<sup>1</sup>For definitions and the calculation of free cash flow and of gross and net cash position, please see page 12.

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quarter was €1.983 billion, compared to €1.832 billion at the end of the preceding quarter.

### **Group result for the 2013 fiscal year**

Infineon recorded Group revenue of €3,843 million for the full year, compared to the previous year's figure of €3,904 million. The decrease was therefore only 2 percent, reflecting an outcome for the 2013 fiscal year that was better than expected in autumn 2012. From the second quarter onwards, demand picked up at a significantly faster pace than expected, which more than compensated for the negative impact of a weaker-than-budgeted exchange rate of the US dollar against the euro (average of 1.31 compared to the budgeted rate of 1.25).

Group revenue excluding Other Operating Segments and Corporate and Eliminations was 1 percent higher than in the previous fiscal year, with revenue increases in the ATV, PMM and CCS segments more than offsetting the decrease in the IPC segment. The biggest increase (6 percent) was recorded by the PMM segment, which benefited from rising demand for mobile devices, such as smartphones and tablets. The ATV segment achieved a 3 percent increase in revenue, influenced by still weak automobile markets in Europe which was more than offset by good sales figures in the USA and China. The demand for German premium-cars remained strong. Revenue grew by 1 percent in the CCS segment. IPC's revenue dropped by 11 percent compared to the 2012 fiscal year, mostly reflecting weak worldwide demand for capital goods.

The reported decrease in total Group revenue was primarily due to the scheduled reduction in revenue generated by Other Operating Segments. The phase out of deliveries of products and services to the previously sold Wireline Communications and Wireless mobile phone businesses caused revenue to decrease by €99 million compared to the previous year.

Segment Result for the 2013 fiscal year amounted to €377 million, compared to the previous year's figure of €527 million, and the Segment Result Margin fell year-on-year from 13.5 percent to 9.8 percent. The decrease in Segment Result is attributable primarily to the 13 percent quarter-on-quarter reduction in revenue recorded in the first quarter of the 2013 fiscal year. Nonetheless Infineon remained solidly profitable in the first quarter with a Segment Result Margin of 5.2 percent. Subsequently, Infineon experienced revenue growth of approximately 24 percent from the first to the fourth quarter, with the Segment Result Margin rising to 14.1 percent.

In line with the change in Segment Result, Group income fell from €427 million in the 2012 fiscal year to €272 million in the 2013 fiscal year. Earnings per share amounted to

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€0.25 (basic and diluted), compared to €0.40 (basic) and €0.39 (diluted) in the previous fiscal year.

Free cash flow recovered from a negative amount of €219 million in the 2012 fiscal year to a positive amount of €235 million in the 2013 fiscal year, with lower investments having a positive impact.

The gross cash position increased marginally, finishing the fiscal year at €2.286 billion compared to €2.235 billion one year earlier. The net cash position increased over the same period from €1.940 billion to €1.983 billion.

### **Dividend for the 2013 fiscal year**

The Management Board will propose the payment of an unchanged dividend of €0.12 per share for the 2013 fiscal year. This proposal is based on a policy of offering an appropriate participation in growing earnings via the dividend to shareholders. At the same time, Infineon is intending to at least maintain the dividend at a constant level, even in times of flat or declining earnings or negative free cash flows.

### **Outlook for the first quarter of 2014 fiscal year**

Due to the seasonal decline in demand towards the end of the calendar year, Infineon forecasts that revenue will decrease to between €960 million and €1 billion in the first quarter of the 2014 fiscal year, with quarter-on-quarter decreases expected in all four segments. In percentage terms, the decrease is likely to be significantly more pronounced for the PMM and CCS segments than for the ATV and IPC segments. In line with the expected decline in revenue, the Segment Result Margin is forecast to decrease to between 8 to 10 percent.

### **Outlook for the 2014 fiscal year**

For the 2014 fiscal year, based on an assumed exchange rate of the US dollar against the euro of 1.35, Infineon forecasts an increase in revenue of between 7 and 11 percent compared to the previous year and a Segment Result Margin of between 11 and 14 percent.

The expected increase in revenue for the IPC segment should be well above the average for the Group. The growth rates for the PMM and CCS segments are forecast to be roughly in line with the expected average. The ATV segment is likely to grow at a slightly lower rate than the Group average. Revenue generated by Other Operating Segments has decreased continuously in each of the last two fiscal years and only

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amounted to €26 million in the 2013 fiscal year. The figure for the 2014 fiscal year is expected to be similar or slightly lower.

In the light of the high levels of capacity utilization seen towards the end of the 2013 fiscal year, expected changes in the production mix and continued expansion of 200-millimeter and 300-millimeter thin wafer capacities, Infineon is planning investments of approximately €650 million for the 2014 fiscal year. Depreciation and amortization will continue to increase in the 2014 fiscal year and amount to €500 million or slightly above. Free cash flow in the 2014 fiscal year should be at least at a similar level to that achieved in the 2013 fiscal year.

### Segment earnings in fourth quarter of the 2013 fiscal year

in euro million	in % of total revenue	3 months ended Sep 30, 13	sequential +/- in %	3 months ended Jun 30, 13	year-on- year +/- in %	3 months ended Sep 30, 12
<b>Infineon</b>						
Revenue	100	1,053	3	1,022	7	982
Segment Result		148	26	117	28	116
Segment Result Margin [in %]		14.1%		11.4%		11.8%
<b>Automotive (ATV)</b>						
Segment Revenue	43	455	(1)	459	9	416
Segment Result		57	10	52	21	47
Segment Result Margin [in %]		12.5%		11.3%		11.3%
<b>Industrial Power Control (IPC)</b>						
Segment Revenue	19	197	14	173	9	181
Segment Result		33	154	13	27	26
Segment Result Margin [in %]		16.8%		7.5%		14.4%
<b>Power Management &amp; Multimarket (PMM)</b>						
Segment Revenue	26	271	2	266	10	247
Segment Result		49	7	46	32	37
Segment Result Margin [in %]		18.1%		17.3%		15.0%
<b>Chip Card &amp; Security (CCS)</b>						
Segment Revenue	12	129	8	119	2	126
Segment Result		12	20	10	(33)	18
Segment Result Margin [in %]		9.3%		8.4%		14.3%
<b>Other Operating Segments (OOS)</b>						
Segment Revenue	0	5	(17)	6	(64)	14
Segment Result		(1)	50	(2)	83	(6)
<b>Corporate and Eliminations (C&amp;E)</b>						
Segment Revenue	0	(4)	(300)	(1)	(100)	(2)
Segment Result		(2)	-	(2)	67	(6)

At €455 million, fourth-quarter revenue of the ATV segment was virtually unchanged from the preceding quarter's figure of €459 million. Revenues during the summer months remained at a high level in what would normally be expected to be a seasonally weaker quarter. Segment Result improved from €52 million in the third quarter of the 2013 fiscal year to €57 million in the fourth quarter, while the Segment Result Margin improved from 11.3 percent to 12.5 percent.

The performance of the IPC segment continued to improve in the fourth quarter of the 2013 fiscal year, with revenue up 14 percent quarter-on-quarter from €173 million to

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€197 million. Increases were recorded both for IGBT chips and for IGBT modules. Demand increased in all applications, in particular for renewable energy and industrial drives. Segment Result increased from €13 million in the third quarter to €33 million in the fourth quarter. Segment Result Margin increased from 7.5 percent to 16.8 percent.

PMM segment revenue increased slightly quarter-on-quarter by 2 percent from €266 million to €271 million. Business in most application areas was more or less flat, while revenues from the sale of products for smartphones and power supplies increased slightly compared to the preceding quarter. Segment Result increased by 7 percent from €46 million in the third quarter to €49 million in the fourth quarter. The Segment Result Margin improved quarter-on-quarter from 17.3 percent to 18.1 percent.

Revenue of the CCS segment increased from €119 million in the third quarter to €129 million in the fourth quarter of the 2013 fiscal year. This 8 percent increase was the result of increased demand in the areas of authentication, government ID and payment. Segment Result increased from €10 million in the third quarter to €12 million in the fourth quarter of the 2013 fiscal year, while the Segment Result Margin increased from 8.4 percent to 9.3 percent.

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## **Analyst telephone conference and press conference**

Infineon will host a telephone conference call for analysts and investors (in English only) on November 12, 2013 at 9:30 am (CET), 3:30 am (EST). During the call, the Infineon Management Board will present the Company's results from the fourth quarter and 2013 fiscal year. In addition, the Management Board will host a live press conference 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](http://www.infineon.com/investor) .

The **Q4 Investor Presentation** is available (in English only) at:

<http://www.infineon.com/cms/en/corporate/investor/reporting/index.html>

## **Infineon Financial Calendar** (\*preliminary)

- Nov 18–19, 2013 Company roadshow – including presentation by Andreas Urschitz, Division President, Power Management & Multimarket (PMM), London
- Nov 20–21, 2013 Morgan Stanley TMT Conference, Barcelona
- Dec 3–4, 2013 Credit Suisse Technology Conference, Scottsdale/Arizona
- Jan 30, 2014\* Earnings Release for the First Quarter of the 2014 Fiscal Year
- Feb 13, 2014 Annual General Meeting 2014, Munich, Germany
- Apr 29, 2014\* Earnings Release for the Second Quarter of the 2014 Fiscal Year
- Jul 30, 2014\* Earnings Release for the Third Quarter of the 2014 Fiscal Year
- Nov 18, 2014\* Earnings Release for the Fourth Quarter and Full 2014 Fiscal Year

## **About Infineon**

Infineon Technologies AG, Neubiberg, Germany, offers semiconductor and system solutions addressing three central challenges to modern society: energy efficiency, mobility, and security. In the 2013 fiscal year (ending September 30), the Company reported sales of €3.84 billion with around 26,700 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).

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## FINANCIAL INFORMATION

According to IFRS – Preliminary and Unaudited

### Consolidated Statements of Operations

in euro million; except for the per share data	3 months ended			12 months ended	
	Sep 30, 13	Jun 30, 13	Sep 30, 12	Sep 30, 13	Sep 30, 12
Revenue	1,053	1,022	982	3,843	3,904
Cost of goods sold	(657)	(656)	(638)	(2,520)	(2,477)
<b>Gross profit</b>	<b>396</b>	<b>366</b>	<b>344</b>	<b>1,323</b>	<b>1,427</b>
Research and development expenses	(140)	(139)	(123)	(525)	(455)
Selling, general and administrative expenses	(115)	(115)	(121)	(440)	(475)
Other operating income	7	4	5	19	25
Other operating expense	(1)	(22)	(18)	(52)	(67)
<b>Operating income</b>	<b>147</b>	<b>94</b>	<b>87</b>	<b>325</b>	<b>455</b>
Financial income	7	6	7	30	38
Financial expense	(13)	(13)	(16)	(51)	(61)
Gain (loss) from investments accounted for using the equity method	2	-	(1)	2	(1)
<b>Income from continuing operations before income taxes</b>	<b>143</b>	<b>87</b>	<b>77</b>	<b>306</b>	<b>431</b>
Income tax	(4)	(5)	52	(23)	1
<b>Income from continuing operations</b>	<b>139</b>	<b>82</b>	<b>129</b>	<b>283</b>	<b>432</b>
Income (loss) from discontinued operations, net of income taxes	3	(5)	9	(11)	(5)
<b>Net income</b>	<b>142</b>	<b>77</b>	<b>138</b>	<b>272</b>	<b>427</b>
Attributable to:					
Non-controlling interests	-	-	-	-	-
Shareholders of Infineon Technologies AG	142	77	138	272	427
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG <sup>1</sup> :					
Weighted average shares outstanding (in million) – basic	1,075	1,075	1,080	1,075	1,080
Basic earnings per share (in euro) from continuing operations	0.13	0.08	0.12	0.26	0.40
Basic earnings per share (in euro) from discontinued operations	-	(0.01)	0.01	(0.01)	-
<b>Basic earnings per share (in euro)</b>	<b>0.13</b>	<b>0.07</b>	<b>0.13</b>	<b>0.25</b>	<b>0.40</b>
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG <sup>1</sup> :					
Weighted average shares outstanding (in million) – diluted	1,127	1,126	1,132	1,076	1,134
Diluted earnings per share (in euro) from continuing operations	0.13	0.08	0.12	0.26	0.39
Diluted earnings per share (in euro) from discontinued operations	-	(0.01)	0.01	(0.01)	-
<b>Diluted earnings per share (in euro)</b>	<b>0.13</b>	<b>0.07</b>	<b>0.13</b>	<b>0.25</b>	<b>0.39</b>

<sup>1</sup> The calculation for 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 asset impairments, net of reversals, impact on earnings of restructuring measures and closures, net, share-based compensation expense, acquisition-related depreciation/amortization and gains (losses), gains (losses) on sales of assets, businesses, or interests in subsidiaries, and other income (expense), including litigation settlement costs.

### Reconciliation of Segment Result to Operating Income

in euro million	3 months ended			12 months ended	
	Sep 30, 13	Jun 30, 13	Sep 30, 12	Sep 30, 13	Sep 30, 12
Segment Result	148	117	116	377	527
plus/minus:					
Impairment on assets including assets classified as held for sale, net of reversals	(1)	(10)	(10)	(19)	(28)
Impact on earnings of restructuring measures and closures, net	(11)	(4)	(1)	(18)	(1)
Share-based compensation expense	(1)	(1)	-	(3)	(2)
Acquisition-related depreciation/amortization and losses	-	-	-	(2)	(3)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	-	-	(1)	1	(1)
Other income (expenses)	12	(8)	(17)	(11)	(37)
<b>Operating income</b>	<b>147</b>	<b>94</b>	<b>87</b>	<b>325</b>	<b>455</b>

### Revenues and Segment Result for the three and twelve months ended September 30, 2013 and 2012

Revenue in euro million	3 months ended			12 months ended		
	Sep 30, 13	Sep 30, 12	+/- in %	Sep 30, 13	Sep 30, 12	+/- in %
Automotive	455	416	9	1,714	1,660	3
Industrial Power Control	197	181	9	651	728	(11)
Power Management & Multimarket	271	247	10	987	929	6
Chip Card & Security	129	126	2	463	457	1
Other Operating Segments	5	14	(64)	26	125	(79)
Corporate and Eliminations	(4)	(2)	(100)	2	5	(60)
<b>Total</b>	<b>1,053</b>	<b>982</b>	<b>7</b>	<b>3,843</b>	<b>3,904</b>	<b>(2)</b>

Segment Result in euro million	3 months ended			12 months ended		
	Sep 30, 13	Sep 30, 12	+/- in %	Sep 30, 13	Sep 30, 12	+/- in %
Automotive	57	47	21	167	219	(24)
Industrial Power Control	33	26	27	38	118	(68)
Power Management & Multimarket	49	37	32	144	142	1
Chip Card & Security	12	18	(33)	39	56	(30)
Other Operating Segments	(1)	(6)	83	(9)	5	(280)
Corporate and Eliminations	(2)	(6)	67	(2)	(13)	85
<b>Total</b>	<b>148</b>	<b>116</b>	<b>28</b>	<b>377</b>	<b>527</b>	<b>(28)</b>

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## Revenues and Segment Result for the three months ended September 30, 2013 and June 30, 2013

Revenue in euro million	3 months ended		
	Sep 30, 13	Jun 30, 13	+/- in %
Automotive	455	459	(1)
Industrial Power Control	197	173	14
Power Management & Multimarket	271	266	2
Chip Card & Security	129	119	8
Other Operating Segments	5	6	(17)
Corporate and Eliminations	(4)	(1)	(300)
<b>Total</b>	<b>1,053</b>	<b>1,022</b>	<b>3</b>

Segment Result in euro million	3 months ended		
	Sep 30, 13	Jun 30, 13	+/- in %
Automotive	57	52	10
Industrial Power Control	33	13	154
Power Management & Multimarket	49	46	7
Chip Card & Security	12	10	20
Other Operating Segments	(1)	(2)	50
Corporate and Eliminations	(2)	(2)	-
<b>Total</b>	<b>148</b>	<b>117</b>	<b>26</b>

## Employees

	Sep 30, 13	Jun 30, 13	Sep 30, 12
Infineon <sup>1</sup>	26,725	26,210	26,658

<sup>1</sup> As of September 30, 2013, June 30, 2013 and September 30, 2012, 4,472, 4,418 and 4,289 Infineon employees, respectively, were engaged in research and development.

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## Consolidated Statement of Financial Position

in euro million	Sep 30, 13	Jun 30, 13	Sep 30, 12
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	527	437	425
Financial investments	1,759	1,700	1,810
Trade and other receivables	571	568	539
Therein: Trade accounts receivables	518	509	474
Inventories	609	589	567
Income tax receivable	12	12	6
Other current financial assets	9	3	9
Other current assets	136	148	149
Assets classified as held for sale	-	1	5
<b>Total current assets</b>	<b>3,623</b>	<b>3,458</b>	<b>3,510</b>
Property, plant and equipment	1,600	1,574	1,731
Goodwill and other intangible assets	170	162	146
Investments accounted for using the equity method	34	32	32
Deferred tax assets	325	314	315
Other financial assets	116	122	124
Other assets	37	37	40
<b>Total non-current assets</b>	<b>2,282</b>	<b>2,241</b>	<b>2,388</b>
<b>Total assets</b>	<b>5,905</b>	<b>5,699</b>	<b>5,898</b>
<b>Liabilities and equity:</b>			
Current liabilities:			
Short-term debt and current maturities of long-term debt	134	139	55
Trade and other payables	574	460	622
Therein: Trade payables	569	455	615
Current provisions	675	661	710
Income tax payable	62	47	69
Other current financial liabilities	12	20	100
Other current liabilities	137	157	122
<b>Total current liabilities</b>	<b>1,594</b>	<b>1,484</b>	<b>1,678</b>
Long-term debt	169	166	240
Pension plans and similar commitments	246	294	293
Deferred tax liabilities	4	4	4
Long-term provisions	46	63	30
Other financial liabilities	7	9	8
Other liabilities	63	67	70
<b>Total non-current liabilities</b>	<b>535</b>	<b>603</b>	<b>645</b>
<b>Total liabilities</b>	<b>2,129</b>	<b>2,087</b>	<b>2,323</b>
Shareholders' equity:			
Ordinary share capital	2,162	2,162	2,160
Additional paid-in capital	5,549	5,548	5,674
Accumulated deficit	(3,907)	(4,069)	(4,199)
Other reserves	9	8	28
Own shares	(37)	(37)	-
Put options on own shares	-	-	(88)
<b>Equity attributable to shareholders of Infineon Technologies AG</b>	<b>3,776</b>	<b>3,612</b>	<b>3,575</b>
<b>Total liabilities and equity</b>	<b>5,905</b>	<b>5,699</b>	<b>5,898</b>

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## Regional Sales Development

in %	3 months ended			12 months ended	
	Sep 30, 13	Jun 30, 13	Sep 30, 12	Sep 30, 13	Sep 30, 12
<b>Revenue:</b>					
Europe, Middle East, Africa	40%	40%	41%	41%	44%
Therein: Germany	21%	20%	21%	21%	23%
Asia-Pacific (w/o Japan)	42%	40%	40%	40%	38%
Therein: China	20%	18%	19%	18%	16%
Japan	6%	6%	7%	6%	6%
Americas	12%	14%	12%	13%	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Consolidated Statements of Cash Flows

### Gross and Net Cash Position

Infineon defines gross cash position as cash and cash equivalents and financial investments, and net cash position as gross cash position less short-term debt and long-term debt. Since Infineon holds some of its liquid funds in the form of financial investments, which for IFRS purposes are not considered to be "cash and cash equivalents", it reports its gross and net cash positions to provide investors with an understanding of the Company's liquidity. The gross and net cash position is derived as follows from the corresponding amounts in the consolidated statement of financial position:

in euro million	Sep 30, 13	Jun 30, 13	Sep 30, 12
Cash and cash equivalents	527	437	425
Financial investments	1,759	1,700	1,810
<b>Gross cash position</b>	<b>2,286</b>	<b>2,137</b>	<b>2,235</b>
Less:			
Short-term debt and current maturities of long-term debt	134	139	55
Long-term debt	169	166	240
<b>Net cash position</b>	<b>1,983</b>	<b>1,832</b>	<b>1,940</b>

### Free Cash Flow

Infineon defines free cash flow as cash flow from operating and investing activities from continuing operations excluding purchases or sales of financial investments. The presentation of free cash flow provides useful information to investors because this measure gives an indication of the cash-generating ability of Infineon. Free cash flow is an additional measure, since Infineon holds a portion of its liquid resources in form of financial investments and it eliminates changes of financial investments from the cash generated from Infineon's business. Free cash flow is not intended to represent the residual cash flow available for discretionary expenditures, since dividends, debt service requirements or other non-discretionary expenditures are not deducted. Free cash flow includes only amounts from continuing operations, and is determined as follows from the consolidated statement of cash flows:

in euro million	3 months ended			12 months ended	
	Sep 30, 13	Jun 30, 13	Sep 30, 12	Sep 30, 13	Sep 30, 12
Net cash provided by operating activities from continuing operations	309	205	291	610	667
Net cash used in investing activities from continuing operations	(213)	(165)	(344)	(328)	(1,013)
Purchases (Proceeds from sales) of financial investments, net	60	95	100	(47)	127
<b>Free Cash Flow from continuing operations</b>	<b>156</b>	<b>135</b>	<b>47</b>	<b>235</b>	<b>(219)</b>

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## Consolidated Statements of Cash Flows

in euro million	3 months ended			12 months ended	
	Sep 30, 13	Jun 30, 13	Sep 30, 12	Sep 30, 13	Sep 30, 12
<b>Net income</b>	<b>142</b>	<b>77</b>	<b>138</b>	<b>272</b>	<b>427</b>
Plus/Minus : net loss (income) from discontinued operations, net of income taxes	(3)	5	(9)	11	5
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	119	115	115	466	428
Income tax expense (benefit)	4	5	(52)	23	(1)
Net interest result	6	7	10	21	22
Provision for doubtful accounts	(1)	3	-	(8)	5
Losses (gains) on disposals of property, plant and equipment	(1)	-	1	(1)	1
Loss (gain) from investments accounted for using the equity	(2)	-	1	(2)	1
Impairment charges	1	10	10	19	28
Share-based compensation	1	1	-	3	2
Change in trade and other receivables	(5)	(40)	39	(34)	51
Change in inventories	(22)	(16)	(23)	(44)	(62)
Change in other current assets	12	(13)	(8)	21	(14)
Change in trade and other payables	113	7	98	(45)	(96)
Change in provisions	8	32	26	(19)	(78)
Change in other current liabilities	(29)	29	(61)	15	(20)
Change in other assets and liabilities	(27)	(7)	9	(37)	(34)
Interest received	2	2	6	14	36
Interest paid	(2)	(5)	(2)	(12)	(15)
Income tax paid	(7)	(7)	(7)	(53)	(19)
<b>Net cash provided by operating activities from continuing operations</b>	<b>309</b>	<b>205</b>	<b>291</b>	<b>610</b>	<b>667</b>
<b>Net cash used in operating activities from discontinued operations</b>	<b>-</b>	<b>(6)</b>	<b>(1)</b>	<b>(9)</b>	<b>(28)</b>
<b>Net cash provided by operating activities</b>	<b>309</b>	<b>199</b>	<b>290</b>	<b>601</b>	<b>639</b>
Purchases of financial investments	(185)	(285)	(500)	(1,340)	(2,369)
Proceeds from sales of financial investments	125	190	400	1,387	2,242
Purchases of intangible assets and other assets	(16)	(18)	(12)	(63)	(58)
Purchases of property, plant and equipment	(139)	(53)	(234)	(315)	(832)
Proceeds from sales of property, plant and equipment and other assets	2	1	2	3	4
<b>Net cash used in investing activities from continuing operations</b>	<b>(213)</b>	<b>(165)</b>	<b>(344)</b>	<b>(328)</b>	<b>(1,013)</b>
<b>Net cash used in investing activities from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>(1)</b>	<b>(12)</b>
<b>Net cash used in investing activities</b>	<b>(213)</b>	<b>(165)</b>	<b>(346)</b>	<b>(329)</b>	<b>(1,025)</b>

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in euro million	3 months ended			12 months ended	
	Sep 30, 13	Jun 30, 13	Sep 30, 12	Sep 30, 13	Sep 30, 12
Net change in related party financial receivables and payables	-	-	-	(1)	-
Proceeds from issuance of long-term debt	8	2	60	52	70
Repayments of long-term debt	(12)	(9)	(6)	(51)	(67)
Repurchase of convertible subordinated bonds	-	-	(12)	-	(62)
Proceeds from issuance of ordinary shares	-	1	1	2	2
Purchase of own shares	-	-	-	(38)	(20)
Proceeds from issuance of put options on own shares	-	-	-	-	8
Dividend payments	-	-	-	(129)	(130)
<b>Net cash provided by (used in) financing activities from continuing operations</b>	<b>(4)</b>	<b>(6)</b>	<b>43</b>	<b>(165)</b>	<b>(199)</b>
<b>Net cash provided by financing activities from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash provided by (used in) financing activities</b>	<b>(4)</b>	<b>(6)</b>	<b>43</b>	<b>(165)</b>	<b>(199)</b>
Net increase (decrease) in cash and cash equivalents	92	28	(13)	107	(585)
Effect of foreign exchange rate changes on cash and cash equivalents	(2)	(1)	(2)	(5)	3
Cash and cash equivalents at beginning of period	437	410	440	425	1,007
<b>Cash and cash equivalents at end of period</b>	<b>527</b>	<b>437</b>	<b>425</b>	<b>527</b>	<b>425</b>

## 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.

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