

## Press Release

### Strong growth in revenue and earnings

- **Q3 FY 2015: Revenue of € 1,586 million; Segment Result € 245 million; Segment Result Margin 15.4 percent**
- **Outlook Q4 FY 2015: Quarter-on-quarter revenue growth of 1 percent (plus or minus 2 percentage points) and Segment Result Margin of 16 percent at mid-point of growth range**
- **Outlook for FY 2015: Based on an assumed exchange rate of US\$ 1.10 to the euro, year-on-year revenue growth of 34 percent and a Segment Result Margin of 15 percent expected**

Neubiberg, Germany, July 30, 2015 – Infineon Technologies AG today reported its results for the third quarter of the 2015 fiscal year, ended June 30, 2015.

€ in millions	3 months ended	sequential	3 months ended	year-on-year	3 months ended
	Jun 30, 15	+/- in %	Mar 31, 15	+/- in %	Jun 30, 14
Revenue	1,586	7	1,483	43	1,110
Segment Result	245	24	198	44	170
Segment Result Margin [in %]	15.4%		13.4%		15.3%
Income from continuing operations	105	62	65	(27)	143
Income from discontinued operations, net of income taxes	4	+++	-	+++	-
<b>Net income</b>	<b>109</b>	<b>68</b>	<b>65</b>	<b>(24)</b>	<b>143</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	0.10	67	0.06	(23)	0.13
Basic earnings per share (in euro) from discontinued operations	-	-	-	-	-
<b>Basic earnings per share (in euro)</b>	<b>0.10</b>	<b>67</b>	<b>0.06</b>	<b>(23)</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	0.10	67	0.06	(23)	0.13
Diluted earnings per share (in euro) from discontinued operations	-	-	-	-	-
<b>Diluted earnings per share (in euro)</b>	<b>0.10</b>	<b>67</b>	<b>0.06</b>	<b>(23)</b>	<b>0.13</b>
<b>Adjusted earnings per share (in euro) – diluted<sup>2</sup></b>	<b>0.18</b>	<b>38</b>	<b>0.13</b>	<b>-</b>	<b>0.13</b>

The opening balance sheet values, and with them the comparative information for the previous period have been adjusted as a result of the continuing analysis and valuation of the assets and liabilities acquired as part of the preliminary purchase price allocation for International Rectifier.

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

<sup>2</sup> The reconciliation of net income to adjusted net income and adjusted earnings per share is presented on page 9.

“Revenue, earnings and margin rose significantly in the third quarter, despite an increasingly difficult business environment. For the full fiscal year, we therefore continue

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to forecast revenue and a Segment Result Margin within the ranges previously predicted", stated Dr. Reinhard Ploss, CEO of Infineon Technologies AG. "The integration of International Rectifier is progressing according to plan. Leading technologies and an excellent system understanding differentiate us from the competition, to the benefit of our customers. Therefore we are ideally equipped to take on the challenges of the future."

### **Review of Group financials for the third quarter of the 2015 fiscal year**

Third-quarter revenue for the Infineon Group grew by 7 percent to € 1,586 million, compared to the € 1,483 million reported in the second quarter, corresponding to a rise of € 103 million.

A combination of higher revenue and positive cost effects drove the Segment Result up by 24 percent from € 198 million in the second quarter to € 245 million in the third quarter of the current fiscal year. The Segment Result Margin improved to 15.4 percent, compared with 13.4 percent in the previous quarter.

The negative non-segment result decreased quarter-on-quarter from negative € 119 million to negative € 126 million. In addition to the acquisition-related depreciation and amortization charges and other expenses already reported in the second quarter, expenses were also recognized in the third quarter in connection with the closure of the Singapore Techview manufacturing facility announced in May.

Operating income improved from € 79 million in the second quarter of the 2015 fiscal year to € 119 million in the third quarter. Income from continuing operations rose from € 65 million to € 105 million quarter-on-quarter. Income from discontinued operations amounted to € 4 million, compared with € 0 million (rounded) in the preceding quarter. Net income for the third quarter came in at € 109 million, well ahead of the previous quarter's € 65 million.

Earnings per share (basic and diluted) increased from € 0.06 in the second quarter to € 0.10 in the third. Adjusted earnings per share<sup>1</sup> (diluted) improved to € 0.18, compared to € 0.13 in the second quarter. For the purposes of calculating adjusted earnings per share (diluted), a number of items were eliminated, most notably acquisition-related

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<sup>1</sup> 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 over and above the net income and earnings per share (diluted) determined in accordance with IFRS. The calculation of the adjusted earnings per share is presented in detail on page 9.

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depreciation and amortization and other expenses as well as expenses related to the closing of Singapore Techview (net of tax).

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized development assets – increased to € 215 million in the third quarter of the current fiscal year, compared with € 150 million in the preceding quarter. Depreciation and amortization edged up quarter-on-quarter from € 203 million to € 205 million.

Free Cash Flow<sup>2</sup> from continuing operations in the third quarter totaled € 220 million. Payment of the purchase price for International Rectifier had given rise to a negative Free Cash Flow of € 1,880 million in the second quarter. Net cash provided by operating activities from continuing operations rose from € 135 million to € 432 million.

The gross cash position went up from € 1,656 million on March 31, 2015 to € 1,842 million at the end of the third quarter. The net cash position improved over the same period from a negative amount of € 176 million to stand at a positive amount of € 49 million at June 30, 2015. With these figures, Infineon is now back within the target range for its three capital management objectives<sup>3</sup>, namely gross cash of between 30 and 40 percent of revenue, a positive net cash position, and a moderate level of debt.

### **Outlook for the fourth quarter of the 2015 fiscal year**

Based on an assumed exchange rate of US\$ 1.10 to the euro, Infineon expects quarter-on-quarter revenue growth of 1 percent (plus or minus 2 percentage points) in the fourth quarter of the 2015 fiscal year. At the mid-point of the growth range, the Segment Result Margin is expected to come in at about 16 percent.

### **Outlook for the 2015 fiscal year**

For the 2015 fiscal year, based on an assumed exchange rate of US\$ 1.10 to the euro, Infineon forecasts a year-on-year rise in revenue of 34 percent and the Segment Result Margin is expected to be about 15 percent. All four operating segments will contribute to revenue growth. This forecast also includes International Rectifier's expected contribution to revenue in the period from January 13, 2015 to September 30, 2015.

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<sup>2</sup> For definitions and the calculation of free cash flow and of the gross and net cash position, please see page 13.

<sup>3</sup> See page 149 of the Annual Report 2014.

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Investments during the 2015 fiscal year are expected to be in the region of € 800 million. This figure includes investments in plant and equipment at existing factories and in intangible assets including capitalized development costs. Specifically included in these investments are € 60 to € 70 million for readying the second shell in Kulim, Malaysia, for volume production and € 21 million for the purchase of Qimonda patents in conjunction with the settlement reached with the insolvency administrator of Qimonda AG.

Depreciation and amortization will increase to around € 750 million, mostly as a result of acquisition-related charges.

### Segment earnings in the third quarter of the 2015 fiscal year

€ in millions	in % of total revenue	3 months ended Jun 30, 15	sequential +/- in %	3 months ended Mar 31, 15	year-on- year +/- in %	3 months ended Jun 30, 14
<b>Infineon</b>						
Revenue	100	1,586	7	1,483	43	1,110
Segment Result		245	24	198	44	170
Segment Result Margin [in %]		15.4%		13.4%		15.3%
<b>Automotive (ATV)</b>						
Segment Revenues	39	621	4	598	22	510
Segment Result		71	11	64	1	70
Segment Result Margin [in %]		11.4%		10.7%		13.7%
<b>Industrial Power Control (IPC)</b>						
Segment Revenues	17	269	12	241	35	200
Segment Result		32	60	20	(20)	40
Segment Result Margin [in %]		11.9%		8.3%		20.0%
<b>Power Management &amp; Multimarket (PMM)</b>						
Segment Revenues	33	517	11	464	91	271
Segment Result		105	28	82	+++	46
Segment Result Margin [in %]		20.3%		17.7%		17.0%
<b>Chip Card &amp; Security (CCS)</b>						
Segment Revenues	11	172	(5)	182	40	123
Segment Result		34	6	32	+++	10
Segment Result Margin [in %]		19.8%		17.6%		8.1%
<b>Other Operating Segments (OOS)</b>						
Segment Revenues	0	3	(25)	4	(40)	5
Segment Result		1	(50)	2	(75)	4
<b>Corporate and Eliminations (C&amp;E)</b>						
Segment Revenues	0	4	+++	(6)	+++	1
Segment Result		2	+++	(2)	+++	-

ATV Segment revenue increased from € 598 million to € 621 million, a 4 percent quarter-on-quarter rise, mainly reflecting increased seasonal demand as well as higher revenue generated with components for electric and hybrid vehicles. Segment Result increased from € 64 million in the second quarter to € 71 million in the third quarter of the current fiscal year, while the Segment Result Margin improved from 10.7 percent to 11.4 percent.

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IPC segment revenue rose by 12 percent in the third quarter to € 269 million, compared with € 241 million in the preceding quarter, with most of the increase attributable to seasonally higher demand for products in applications relating to electrical drives, renewable energy and major home appliances. Segment Result improved from € 20 million in the second quarter to € 32 million in the third quarter of the current fiscal year, with the Segment Result Margin rising from 8.3 percent to 11.9 percent.

PMM segment revenue grew quarter-on-quarter by 11 percent from € 464 million to € 517 million, mainly due to seasonally higher demand for products built into mobile devices and servers. Segment Result for the third quarter totaled € 105 million, compared with € 82 million in the preceding quarter. The Segment Result Margin rose from 17.7 percent to 20.3 percent.

After recording a 38 percent jump in the second quarter of the 2015 fiscal year, CCS segment revenue fell slightly in the third quarter to € 172 million, compared with € 182 million in the second quarter, reflecting fluctuations in demand and inventory level corrections on the part of customers. Compared on a year on year basis revenue jumped from € 123 million up by 40 percent. Segment Result improved from € 32 million in the second quarter to € 34 million in the third quarter of the current fiscal year. The Segment Result Margin improved quarter-on-quarter from 17.6 percent to 19.8 percent.

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

Infineon will host a telephone conference call for analysts and investors (in English only) on July 30, 2015 at 9:30 am (CEST), 3:30 am (EST). During the call, the Infineon Management Board will present the Company's results for the third quarter of the 2015 fiscal year. In addition, the Management Board will host a live telephone conference with the media at 11:00 am (CEST), 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 **Q3 Investor Presentation** is available (in English only) at:

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

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

- Sep 3, 2015 Deutsche Bank European TMT Conference, London
- Sep 22 – 23, 2015 Baader Investment Conference, Munich
- Sep 23, 2015 Berenberg Bank and Goldman Sachs German Corporate Conference, Munich
- Sep 28, 2015 Presentation by Jochen Hanebeck, Division President Automotive, London
- Nov 11 – 13, 2015 Morgan Stanley TMT Conference, Barcelona
- Nov 26, 2015\* Earnings Release for the Fourth Quarter and Full 2015 Fiscal Year
- Dec 1 – 2, 2015 Credit Suisse TMT Conference, Scottsdale/Arizona
- Feb 2, 2016 Earnings Release for the First Quarter of the 2016 Fiscal Year
- Feb 18, 2016 Annual General Meeting 2016, Munich

### **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 2014 fiscal year (ending September 30), the company reported sales of Euro 4.3 billion with about 29,800 employees worldwide. In January 2015, Infineon acquired US-based International Rectifier Corporation with revenues of USD 1.1 billion (fiscal year 2014 ending June 29) and approximately 4,200 employees.

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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](http://www.infineon.com)

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## FINANCIAL INFORMATION

According to IFRS – Preliminary and Unaudited

The opening balance sheet values, and with them the comparative information for the previous period have been adjusted as a result of the continuing analysis and valuation of the assets and liabilities acquired as part of the preliminary purchase price allocation for International Rectifier.

### Consolidated Statement of Operations

€ in millions; except for the per share data	3 months ended			9 months ended	
	Jun 30, 15	Mar 31, 15	Jun 30, 14	Jun 30, 15	Jun 30, 14
Revenue	1,586	1,483	1,110	4,197	3,145
Cost of goods sold	(1,034)	(1,005)	(680)	(2,741)	(1,956)
<b>Gross profit</b>	<b>552</b>	<b>478</b>	<b>430</b>	<b>1,456</b>	<b>1,189</b>
Research and development expenses	(201)	(180)	(141)	(520)	(410)
Selling, general and administrative expenses	(210)	(218)	(122)	(563)	(358)
Other operating income	3	4	6	13	18
Other operating expenses	(25)	(5)	(8)	(34)	(31)
<b>Operating income</b>	<b>119</b>	<b>79</b>	<b>165</b>	<b>352</b>	<b>408</b>
Financial income	2	2	3	8	7
Financial expenses	(12)	(18)	(2)	(34)	(15)
Gain from investments accounted for using the equity method	1	2	-	3	1
<b>Income from continuing operations before income taxes</b>	<b>110</b>	<b>65</b>	<b>166</b>	<b>329</b>	<b>401</b>
Income tax	(5)	-	(23)	(29)	(60)
<b>Income from continuing operations</b>	<b>105</b>	<b>65</b>	<b>143</b>	<b>300</b>	<b>341</b>
Income (loss) from discontinued operations, net of income taxes	4	-	-	9	13
<b>Net income</b>	<b>109</b>	<b>65</b>	<b>143</b>	<b>309</b>	<b>354</b>
Attributable to:					
Non-controlling interests	-	1	-	2	-
Shareholders of Infineon Technologies AG	109	64	143	307	354
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG <sup>1</sup> :					
Weighted average shares outstanding (in million) – basic	1,123	1,122	1,122	1,122	1,107
Basic earnings per share (in euro) from continuing operations	0.10	0.06	0.13	0.26	0.31
Basic earnings (loss) per share (in euro) from discontinued operations	-	-	-	0.01	0.01
<b>Basic earnings per share (in euro)</b>	<b>0.10</b>	<b>0.06</b>	<b>0.13</b>	<b>0.27</b>	<b>0.32</b>
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG <sup>1</sup> :					
Weighted average shares outstanding (in million) – diluted	1,126	1,124	1,122	1,125	1,123
Diluted earnings per share (in euro) from continuing operations	0.10	0.06	0.13	0.26	0.31
Diluted earnings (loss) per share (in euro) from discontinued operations	-	-	-	0.01	0.01
<b>Diluted earnings per share (in euro)</b>	<b>0.10</b>	<b>0.06</b>	<b>0.13</b>	<b>0.27</b>	<b>0.32</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 other expenses; gains (losses) on sales of assets, businesses, or interests in subsidiaries, and other income (expense), including litigation settlement costs.

## Reconciliation of Total Segment Result to Operating Income

€ in millions	3 months ended			9 months ended	
	Jun 30, 15	Mar 31, 15	Jun 30, 14	Jun 30, 15	Jun 30, 14
Segment Result	245	198	170	611	431
Plus / Minus:					
Impairment on assets including assets classified as held for sale, net of reversals	(13)	-	(1)	(14)	(1)
Impact on earnings of restructuring and closures, net	(10)	(1)	(1)	(12)	(7)
Share-based compensation expenses	(2)	(2)	(2)	(5)	(4)
Acquisition-related depreciation / amortization and other expenses	(97)	(108)	-	(213)	-
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	-	-	-	-	2
Other income and expenses, net	(4)	(8)	(1)	(15)	(13)
<b>Operating income</b>	<b>119</b>	<b>79</b>	<b>165</b>	<b>352</b>	<b>408</b>

## Reconciliation to adjusted earnings and adjusted earnings per share – diluted

Earnings per share in accordance with IFRS is influenced by amounts relating to purchase price allocations for acquisitions (in particular International Rectifier) as well as by other exceptional items. In order 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			9 months ended	
	Jun 30, 15	Mar 31, 15	Jun 30, 14	Jun 30, 15	Jun 30, 14
<b>Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted</b>	105	64	143	298	344
Plus/minus:					
+ Impairments on assets including assets classified as held for sale, net of reversals	13	-	1	14	1
+ Impact on earnings of restructuring and closures, net	10	1	1	12	7
+ Share-based compensation expense	2	2	2	5	4
+ Acquisition-related depreciation/amortization and other expenses	97	108	-	213	-
+ Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	-	-	-	-	(2)
+ Other income and expenses, net	4	8	1	15	13
- Tax effects on adjustments	(28)	(33)	(1)	(63)	(2)
<b>Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted</b>	<b>203</b>	<b>150</b>	<b>147</b>	<b>494</b>	<b>365</b>
Weighted-average number of shares outstanding – diluted	1,126	1,124	1,122	1,125	1,123
<b>Adjusted earnings per share (in euro) – diluted<sup>1</sup></b>	<b>0.18</b>	<b>0.13</b>	<b>0.13</b>	<b>0.44</b>	<b>0.32</b>

<sup>1</sup> 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 over and above 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 nine months ended June 30, 2015 and 2014

Revenue € in millions	3 months ended			9 months ended		
	Jun 30, 15	Jun 30, 14	+/- in %	Jun 30, 15	Jun 30, 14	+/- in %
Automotive	621	510	22	1,737	1,446	20
Industrial Power Control	269	200	35	701	565	24
Power Management & Multimarket	517	271	91	1,260	761	66
Chip Card & Security	172	123	40	486	352	38
Other Operating Segments	3	5	(40)	12	17	(29)
Corporate and Eliminations	4	1	+++	1	4	(75)
<b>Total</b>	<b>1,586</b>	<b>1,110</b>	<b>43</b>	<b>4,197</b>	<b>3,145</b>	<b>33</b>

Segment Result € in millions	3 months ended			9 months ended		
	Jun 30, 15	Jun 30, 14	+/- in %	Jun 30, 15	Jun 30, 14	+/- in %
Automotive	71	70	1	207	191	8
Industrial Power Control	32	40	(20)	81	100	(19)
Power Management & Multimarket	105	46	+++	234	112	+++
Chip Card & Security	34	10	+++	84	24	+++
Other Operating Segments	1	4	(75)	4	6	(33)
Corporate and Eliminations	2	-	+++	1	(2)	+++
<b>Total</b>	<b>245</b>	<b>170</b>	<b>44</b>	<b>611</b>	<b>431</b>	<b>42</b>

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## Revenues and Segment Result for the three months ended June 30, 2015 and March 31, 2015

Revenue € in millions	3 months ended		
	Jun 30, 15	Mar 31, 15	+/- in %
Automotive	621	598	4
Industrial Power Control	269	241	12
Power Management & Multimarket	517	464	11
Chip Card & Security	172	182	(5)
Other Operating Segments	3	4	(25)
Corporate and Eliminations	4	(6)	+++
<b>Total</b>	<b>1,586</b>	<b>1,483</b>	<b>7</b>

Segment Result € in millions	3 months ended		
	Jun 30, 15	Mar 31, 15	+/- in %
Automotive	71	64	11
Industrial Power Control	32	20	60
Power Management & Multimarket	105	82	28
Chip Card & Security	34	32	6
Other Operating Segments	1	2	(50)
Corporate and Eliminations	2	(2)	+++
<b>Total</b>	<b>245</b>	<b>198</b>	<b>24</b>

## Employees

	Jun 30, 15	Mar 31, 15	Jun 30, 14
Infineon	35,039	34,928	28,954
Thereof: Research and development	5,670	5,652	4,747

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## Consolidated Statement of Financial Position

€ in millions	Jun 30, 15	Mar 31, 15	Sep 30, 14
<b>Assets:</b>			
Cash and cash equivalents	700	738	1,058
Financial investments	1,142	918	1,360
Trade receivables	729	739	581
Inventories	1,040	1,012	707
Income tax receivable	9	10	7
Other current assets	259	228	221
Assets classified as held for sale	21	21	-
<b>Total current assets</b>	<b>3,900</b>	<b>3,666</b>	<b>3,934</b>
Property, plant and equipment	2,025	2,028	1,700
Goodwill and other intangible assets	1,776	1,840	250
Investments accounted for using the equity method	33	36	35
Deferred tax assets	396	394	378
Other non-current assets	162	165	141
<b>Total non-current assets</b>	<b>4,392</b>	<b>4,463</b>	<b>2,504</b>
<b>Total assets</b>	<b>8,292</b>	<b>8,129</b>	<b>6,438</b>
<b>Liabilities and equity:</b>			
Short-term debt and current maturities of long-term debt	26	39	35
Trade payables	747	677	648
Short-term provisions	381	315	590
Income tax payable	76	60	69
Other current liabilities	210	187	261
<b>Total current liabilities</b>	<b>1,440</b>	<b>1,278</b>	<b>1,603</b>
Long-term debt	1,767	1,793	151
Pension plans and similar commitments	362	537	379
Deferred tax liabilities	156	182	5
Long-term provisions	74	75	70
Other non-current liabilities	86	84	72
<b>Total non-current liabilities</b>	<b>2,445</b>	<b>2,671</b>	<b>677</b>
<b>Total liabilities</b>	<b>3,885</b>	<b>3,949</b>	<b>2,280</b>
Shareholders' equity:			
Ordinary share capital	2,259	2,258	2,255
Additional paid-in capital	5,216	5,222	5,414
Accumulated deficit	(3,166)	(3,451)	(3,502)
Other reserves	134	182	64
Own shares	(37)	(37)	(37)
Put options on own shares	-	-	(40)
<b>Equity attributable to shareholders of Infineon Technologies AG</b>	<b>4,406</b>	<b>4,174</b>	<b>4,154</b>
Non-controlling interests	1	6	4
<b>Total equity</b>	<b>4,407</b>	<b>4,180</b>	<b>4,158</b>
<b>Total liabilities and equity</b>	<b>8,292</b>	<b>8,129</b>	<b>6,438</b>

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## Regional Sales Development

in %	3 months ended			9 months ended	
	Jun 30, 15	Mar 31, 15	Jun 30, 14	Jun 30, 15	Jun 30, 14
<b>Revenue:</b>					
Europe, Middle East, Africa	34%	36%	39%	36%	40%
Therein: Germany	16%	16%	20%	16%	20%
Asia-Pacific (w/o Japan)	47%	45%	43%	46%	42%
Therein: China	24%	22%	19%	23%	20%
Japan	7%	6%	7%	6%	7%
Americas	12%	13%	11%	12%	11%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## 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 position is determined as follows from the Consolidated Statement of Financial Position:

€ in millions	Jun 30, 15	Mar 31, 15	Jun 30, 14
Cash and cash equivalents	700	738	291
Financial investments	1,142	918	1,972
<b>Gross cash position</b>	<b>1,842</b>	<b>1,656</b>	<b>2,263</b>
Less:			
Short-term debt and current maturities of long-term debt	26	39	25
Long-term debt	1,767	1,793	165
<b>Net cash position</b>	<b>49</b>	<b>-176</b>	<b>2,073</b>

### Free Cash Flow

Infineon reports the free cash flow figure (defined as net cash provided by or used in operating activities and net cash used in or provided by investing activities – in both cases 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			9 months ended	
	Jun 30, 15	Mar 31, 15	Jun 30, 14	Jun 30, 15	Jun 30, 14
Net cash provided by operating activities from continuing operations	432	135	228	528	589
Net cash used in investing activities from continuing operations	(437)	(2,220)	(250)	(2,143)	(642)
Purchases of (proceeds from sales of) financial investments, net	225	205	100	(216)	212
<b>Free Cash Flow from continuing operations</b>	<b>220</b>	<b>(1,880)</b>	<b>78</b>	<b>(1,831)</b>	<b>159</b>

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## Consolidated Statement of Cash Flows

€ in millions	3 months ended		
	Jun 30, 15	Mar 31, 15	Jun 30, 14
<b>Net income</b>	<b>109</b>	<b>65</b>	<b>143</b>
Minus: loss (income) from discontinued operations, net of income taxes	(4)	-	-
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	205	203	131
Income tax	5	-	23
Net interest result	10	16	(1)
Gains on disposals of property, plant and equipment	-	-	-
Dividends received from associated companies	-	1	1
Impairment charges	13	-	1
Other non-cash result	1	-	(3)
Change in trade receivables	2	(147)	(20)
Change in inventories	(37)	38	(2)
Change in trade payables	73	(4)	(33)
Change in provisions	72	36	18
Change in other assets and liabilities	(2)	(35)	(17)
Interest received	1	2	2
Interest paid	(5)	(2)	(1)
Income tax paid	(11)	(38)	(14)
<b>Net cash provided by operating activities from continuing operations</b>	<b>432</b>	<b>135</b>	<b>228</b>
<b>Net cash provided by (used in) in operating activities from discontinued operations</b>	<b>(2)</b>	<b>4</b>	<b>(1)</b>
<b>Net cash provided by operating activities</b>	<b>430</b>	<b>139</b>	<b>227</b>
Purchases of financial investments	(550)	(495)	(340)
Proceeds from sales of financial investments	325	290	240
Purchases of other equity investments	-	(7)	-
Acquisitions of businesses, net of cash acquired	(2)	(1,864)	(7)
Purchases of intangible assets and other assets	(32)	(24)	(27)
Purchases of property, plant and equipment	(183)	(126)	(117)
Proceeds from sales of property, plant and equipment and other assets	5	6	1
<b>Net cash used in investing activities from continuing operations</b>	<b>(437)</b>	<b>(2,220)</b>	<b>(250)</b>
<b>Net cash used in investing activities from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash used in investing activities</b>	<b>(437)</b>	<b>(2,220)</b>	<b>(250)</b>
Net change in short-term debt	-	2	-
Proceeds from issuance of long-term debt	1	2,385	-
Repayments of long-term debt	(13)	(807)	(13)
Proceeds from issuance of ordinary shares	3	8	-
Cash outflows due to changes of non-controlling interests	(15)	-	-
Dividend payments	-	(202)	-
<b>Net cash provided by (used in) financing activities from continuing operations</b>	<b>(24)</b>	<b>1,386</b>	<b>(13)</b>
<b>Net cash used in financing activities from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash provided by (used in) financing activities</b>	<b>(24)</b>	<b>1,386</b>	<b>(13)</b>
Net decrease in cash and cash equivalents	(31)	(695)	(36)
Effect of foreign exchange rate changes on cash and cash equivalents	(7)	40	-
Cash and cash equivalents at beginning of period	738	1,393	327
<b>Cash and cash equivalents at end of period</b>	<b>700</b>	<b>738</b>	<b>291</b>

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## DISCLAIMER

This press release contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

These statements are based on assumptions and projections resting upon currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected.

Beyond disclosure requirements stipulated by law, Infineon does not undertake any obligation to update forward-looking statements.

Due to rounding, numbers presented throughout this press release and other reports may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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