

## Press Release

**After a successful fiscal year, Infineon raises its through-cycle target for the Segment Result Margin to 17 percent**

- **Q4 FY 2016: Revenue €1,675 million; Segment Result €280 million; Segment Result Margin 16.7 percent; earnings per share €0.20 (basic and diluted); adjusted earnings per share €0.21 (diluted)**
- **Outlook for Q1 FY 2017: Quarter-on-quarter revenue decrease of 4 percent (plus or minus 2 percentage points) due to seasonality, with Segment Result Margin of 14 percent at mid-point of revenue guidance**
- **Outlook for FY 2017: 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, November 23, 2016 – Infineon Technologies AG today reported results for the fourth quarter and the 2016 fiscal year, both ended September 30, 2016.

“Infineon has completed another successful fiscal year – with above-average revenue growth and a respectable improvement in earnings”, stated Dr. Reinhard Ploss, CEO of Infineon. “We are strategically well positioned with our solutions for electro-mobility, autonomous driving, renewable energy generation and the efficient use of electric power. Infineon will again grow faster than the market in the current fiscal year.”

Infineon is the market leader in power semiconductors and benefiting particularly from the growing need for solutions that help reduce CO<sub>2</sub> emissions. Dr. Reinhard Ploss: “Due to growing demand for power semiconductors, we will have reached a level of capacity utilization in our 300-millimeter manufacturing facilities by the end of 2017 that will allow us to begin to reap the benefits of our investment in this future-oriented technology. In light of improved productivity, efficiency benefits accruing from the integration of International Rectifier and a strong US dollar, we are raising our target for the Segment Result Margin to 17 percent over the economic cycle.”

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€ in millions	3 months ended		3 months ended		3 months ended
	Sep 30, 16	sequential +/- in %	Jun 30, 16	year-on-year +/- in %	
Revenue	1,675	3	1,632	5	1,598
Segment Result	280	10	254	(2)	286
Segment Result Margin [in %]	16.7%		15.6%		17.9%
Income from continuing operations	228	24	184	(29)	322
Income from discontinued operations, net of income taxes	(3)	---	2	---	3
<b>Net income</b>	<b>225</b>	<b>21</b>	<b>186</b>	<b>(31)</b>	<b>325</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	0.20	25	0.16	(31)	0.29
Basic earnings per share (in euro) from discontinued operations	—	—	—	—	—
<b>Basic earnings per share (in euro)</b>	<b>0.20</b>	<b>25</b>	<b>0.16</b>	<b>(31)</b>	<b>0.29</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	0.20	25	0.16	(31)	0.29
Diluted earnings per share (in euro) from discontinued operations	—	—	—	—	—
<b>Diluted earnings per share (in euro)</b>	<b>0.20</b>	<b>25</b>	<b>0.16</b>	<b>(31)</b>	<b>0.29</b>
<b>Adjusted earnings per share (in euro) – diluted<sup>2</sup></b>	<b>0.21</b>	<b>11</b>	<b>0.19</b>	<b>31</b>	<b>0.16</b>
<b>Gross margin</b>	<b>36.3%</b>		<b>36.6%</b>		<b>39.0%</b>
<b>Adjusted gross margin<sup>3</sup></b>	<b>37.7%</b>		<b>38.1%</b>		<b>40.8%</b>

<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 10.

<sup>3</sup> The reconciliation of cost of goods sold to adjusted cost of goods sold and adjusted gross margin is presented on page 11.

## Review of Group financials for the fourth quarter of the 2016 fiscal year

Infineon Group revenue grew from €1,632 million to €1,675 million quarter-on-quarter. Contributions to this 3 percent revenue growth were made by the Automotive (ATV) and Power Management & Multimarket (PMM) segments. Revenue recorded by the Industrial Power Control (IPC) and Chip Card & Security (CCS) segments was virtually unchanged.

The gross margin in the fourth quarter was 36.3 percent, compared with 36.6 percent in the preceding quarter. The fourth-quarter figures include acquisition-related depreciation and amortization and other expenses attributable to the International Rectifier acquisition totaling €23 million. The adjusted gross margin came in at 37.7 percent, down from 38.1 percent one quarter earlier.

Segment Result increased by 10 percent from €254 million to €280 million quarter-on-quarter, as a result of which the Segment Result Margin improved from 15.6 percent to 16.7 percent.

The non-segment result for the three-month period was a net loss of €51 million, compared with a net loss of €61 million in the previous quarter. Of the fourth-quarter figure, €23 million related to the cost of goods sold, €2 million to research and

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development expenses and €22 million to selling, general and administrative expenses. Other operating income and other operating expenses amounted to a net expense of €4 million.

The non-segment result includes €40 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 increased from €193 million in the third quarter of the 2016 fiscal year to €229 million in the fourth quarter. Income from continuing operations totaled €228 million, compared with €184 million in the previous three-month period. The loss from discontinued operations amounted to €3 million, compared with income of €2 million in the preceding quarter. Net income improved from €186 million to €225 million in the fourth quarter of the 2016 fiscal year. The figure for the fourth quarter includes €15 million of tax income, compared with €3 million of tax income recorded in the third quarter. Tax income primarily results from the reduction of deferred tax liabilities relating to the acquisition of International Rectifier and from the revaluation of deferred tax assets relating to German and foreign entities.

Earnings per share improved quarter-on-quarter from €0.16 to €0.20 (basic and diluted). Adjusted earnings per share<sup>1</sup> (diluted) improved from €0.19 to €0.21. 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 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 costs – increased from €220 million in the third quarter to €277 million in the fourth quarter. Depreciation and amortization decreased marginally from €206 million in the third quarter to €203 million.

Free cash flow<sup>2</sup> from continuing operations totalled €169 million in the fourth quarter, down from €277 million one quarter earlier. Net cash provided by operating activities

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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 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 10

<sup>2</sup> For definitions and the calculation of free cash flow and of the gross and net cash position, please see page 14.

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from continuing operations amounted to €447 million, compared with the previous quarter's €496 million.

The gross cash position increased to €2,240 million at the end of the fourth quarter, up from €2,083 billion at June 30, 2016. The net cash position rose accordingly from €299 million to €471 million over the three-month period.

Provisions and liabilities relating to Qimonda amounted to €32 million at September 30, 2016 and were therefore unchanged compared to the amount reported at June 30, 2016. Provisions included in this amount were recognized primarily for litigation costs in conjunction with claims made by the Qimonda insolvency administrator and for residual liabilities related to Qimonda Dresden GmbH & Co. OHG.

### **Through-cycle target for the Segment Result Margin raised**

Infineon's Management Board has decided to raise the target for the Segment Result Margin throughout the cycle from 15 to 17 percent in light of the positive impact on future earnings expected to be generated by the further ramp and higher utilization of the 300-millimeter plant in Dresden as well as by cost benefits resulting from integrating International Rectifier's manufacturing landscape. Moreover, Infineon's revenue and earnings are positively impacted from the EUR/US\$ exchange rate at the current level, compared to the exchange rate when the previous target was set.

### **Acquisition of 93 percent of the shares of MoTo Objekt Campeon GmbH & Co. KG**

On November 17, 2016, Infineon signed a purchase agreement to acquire 93 percent of the shares of MoTo Objekt Campeon GmbH & Co. KG (MoTo). MoTo is the owner and lessor of the existing Campeon office complex in Neubiberg, near Munich, the location of Infineon's headquarters. A lease agreement relating to the office complex, with a lease term of 20 years, has been in place with MoTo since October 2005. After a period of 15 years, Infineon has the right to acquire the property or lease it for an additional five-year period.

The shares are being sold by Geneba RE 3 B.V. The purchase price amounts to €113 million and will be financed by Infineon out of cash on hand. The acquisition will earn a rate of return well above Infineon's borrowing cost and, as from the beginning of the 2017 fiscal year, is accretive to the Segment Result by a low-double digit million euro amount. Free cash flow for the 2017 fiscal year will decrease as a result of the payment of the €113 million purchase consideration. In subsequent years, the

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transaction will result in an increase in free cash flow of between €20 million and €30 million per year. The purchase requires the approval of the responsible regulatory authorities.

### **Dividend for the 2016 fiscal year: €0.22 per share**

In alignment with the Supervisory Board, the Management Board resolved to propose to the shareholders at the Annual General Meeting on February 16, 2017 that the dividend be raised by €0.02 (10 percent) to €0.22. During the preceding fiscal years, the dividend had already been increased in two steps from €0.12 for the 2013 fiscal year to €0.20 for the 2015 fiscal year. Infineon's dividend policy is to let participate shareholders appropriately in growing earnings or, in times of flat or declining earnings, to at least keep the dividend at a constant level.

### **Outlook for first quarter of the 2017 fiscal year**

In the first quarter of the 2017 fiscal year, Infineon expects a quarter-on-quarter revenue decrease of 4 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 the forecast revenue range, the Segment Result Margin is expected to be 14 percent.

### **Outlook for the 2017 fiscal year**

Based on an assumed exchange rate of US\$1.10 to the euro, Infineon expects revenue growth in 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 the forecast revenue range. The Automotive segment is expected to grow at a substantially faster rate than the Group average. Growth in the Industrial Power Control segment is forecast to be roughly in line with or slightly above the Group average. The Power Management & Multimarket and Chip Card & Security 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. This figure includes approximately €35 million for a new building at Infineon's headquarters in Neubiberg near Munich. The ratio for investments as a percentage of revenue (at the mid-point of the planned revenue range for the 2017 fiscal year) excluding expenditure on the new office building is approximately 13 percent. Depreciation and amortization are expected to be about €830 million.

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## Segment earnings in the fourth quarter of the 2016 fiscal year

€ in millions	in % of total revenue	3 months ended Sep 30, 16	sequential +/- in %	3 months ended Jun 30, 16	year-on- year +/- in %	3 months ended Sep 30, 15
<b>Infineon</b>						
Revenue	100	1,675	3	1,632	5	1,598
Segment Result		280	10	254	(2)	286
Segment Result Margin [in %]		16.7%		15.6%		17.9%
<b>Automotive (ATV)<sup>1</sup></b>						
Segment Revenues	41	690	2	676	13	613
Segment Result		118	13	104	16	102
Segment Result Margin [in %]		17.1%		15.4%		16.6%
<b>Industrial Power Control (IPC)<sup>1</sup></b>						
Segment Revenues	17	279	-	280	3	271
Segment Result		36	(14)	42	(8)	39
Segment Result Margin [in %]		12.9%		15.0%		14.4%
<b>Power Management &amp; Multimarket (PMM)<sup>1</sup></b>						
Segment Revenues	32	535	5	509	-	535
Segment Result		95	20	79	(14)	110
Segment Result Margin [in %]		17.8%		15.5%		20.6%
<b>Chip Card &amp; Security (CCS)<sup>1</sup></b>						
Segment Revenues	10	173	1	172	(4)	181
Segment Result		33	3	32	(13)	38
Segment Result Margin [in %]		19.1%		18.6%		21.0%
<b>Other Operating Segments (OOS)</b>						
Segment Revenue	0	1	(50)	2	(50)	2
Segment Result		-	-	-	---	1
<b>Corporate and Eliminations (C&amp;E)</b>						
Segment Revenue	0	(3)	57	(7)	25	(4)
Segment Result		(2)	33	(3)	50	(4)

<sup>1</sup> The business with XMC industrial microcontrollers developed by Automotive and Chip Card & Security was transferred to Power Management & Multimarket and Industrial Power Control with effect from October 1, 2015. The previous year's figures have been adjusted accordingly.

ATV segment revenue went up by 2 percent from €676 million in the third quarter to €690 million in the fourth quarter, reflecting higher global vehicle production and, particularly, continued strong demand in the premium segment. Radar-based solutions for driver assistance systems and products deployed in hybrid and electric vehicles also continued to sell well. The Segment Result increased from €104 million in the third quarter to €118 million in the fourth quarter. The Segment Result Margin improved to 17.1 percent, compared with 15.4 percent in the previous quarter.

IPC segment revenue amounted to €279 million in the fourth quarter, practically unchanged from the previous quarter's €280 million. Good demand for products used in renewable energy and home appliances did not fully compensate the effect of slight decreases in revenue at the electrical drives and traction business to the normal seasonal revenue increase. The Segment Result declined from €42 million to €36 million quarter-on-quarter. The Segment Result Margin came in at 12.9 percent, down from 15.0 percent one quarter earlier.

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PMM segment revenue grew to €535 million in the fourth quarter, 5 percent up on the previous quarter's figure of €509 million, mostly due to the seasonal increase in demand for mobile communications components. Demand for products for AC-DC conversion grew slightly, whereas sales of products for DC-DC conversion were more or less unchanged. The Segment Result increased from €79 million to €95 million quarter-on-quarter. The Segment Result Margin improved to 17.8 percent, compared with 15.5 percent one quarter earlier.

CCS segment revenue grew by 1 percent to €173 million in the fourth quarter, mainly reflecting a slightly increasing demand in Payment. The equivalent figure for the previous three-month period was €172 million. The Segment Result improved by €1 million to €33 million in the fourth quarter of the 2016 fiscal year. The Segment Result Margin amounted to 19.1 percent, up from 18.6 percent in the preceding quarter.

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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 23, 2016 at 9:30 am (CET), 3:30 am (ET). During the call, the Infineon Management Board will present the Company's results for the fourth quarter of the 2016 fiscal year. In addition, the Management Board will host a live press 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](http://www.infineon.com/investor).

The **Q4 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)

- Nov 29 – 30, 2016 Credit Suisse TMT Conference, Scottsdale (AZ)
- Dec 8, 2016 Berenberg European Conference, Pennyhill Park, Surrey, London
- Feb 2, 2017\* Earnings Release for the First Quarter of the 2017 Fiscal Year
- Feb 16, 2017 Annual General Meeting 2017, Munich
- Feb 27 – Mar 2, 2017 Mobile World Congress, Barcelona
- 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
- 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](http://www.infineon.com)

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## FINANCIAL INFORMATION

According to IFRS

### Consolidated Statement of Operations

€ in millions; except for the per share data	3 months ended			12 months ended	
	Sep 30, 16	Jun 30, 16	Sep 30, 15	Sep 30, 16	Sep 30, 15
	(unaudited)	(unaudited)	(unaudited)		
Revenue	1,675	1,632	1,598	6,473	5,795
Cost of goods sold	(1,067)	(1,034)	(974)	(4,143)	(3,715)
<b>Gross profit</b>	<b>608</b>	<b>598</b>	<b>624</b>	<b>2,330</b>	<b>2,080</b>
Research and development expenses	(180)	(197)	(197)	(770)	(717)
Selling, general and administrative expenses	(196)	(200)	(215)	(791)	(778)
Other operating income	7	2	14	17	28
Other operating expenses	(10)	(10)	(23)	(23)	(58)
<b>Operating income</b>	<b>229</b>	<b>193</b>	<b>203</b>	<b>763</b>	<b>555</b>
Financial income	2	2	2	6	10
Financial expenses	(19)	(15)	(15)	(67)	(49)
Gain from investments accounted for using the equity method	1	1	1	3	4
<b>Income from continuing operations before income taxes</b>	<b>213</b>	<b>181</b>	<b>191</b>	<b>705</b>	<b>520</b>
Income tax	15	3	131	36	102
<b>Income from continuing operations</b>	<b>228</b>	<b>184</b>	<b>322</b>	<b>741</b>	<b>622</b>
Income from discontinued operations, net of income taxes	(3)	2	3	2	12
<b>Net income</b>	<b>225</b>	<b>186</b>	<b>325</b>	<b>743</b>	<b>634</b>
Attributable to:					
Non-controlling interests	-	-	-	(1)	2
Shareholders of Infineon Technologies AG	225	186	325	744	632
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: <sup>1</sup>					
Weighted average shares outstanding (in million) – basic	1,126	1,126	1,123	1,125	1,123
Basic earnings per share (in euro) from continuing operations	0.20	0.16	0.29	0.66	0.55
Basic earnings per share (in euro) from discontinued operations	-	-	-	-	0.01
<b>Basic earnings per share (in euro)</b>	<b>0.20</b>	<b>0.16</b>	<b>0.29</b>	<b>0.66</b>	<b>0.56</b>
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: <sup>1</sup>					
Weighted average shares outstanding (in million) – diluted	1,131	1,131	1,126	1,129	1,125
Diluted earnings per share (in euro) from continuing operations	0.20	0.16	0.29	0.66	0.55
Diluted earnings per share (in euro) from discontinued operations	-	-	-	-	0.01
<b>Diluted earnings per share (in euro)</b>	<b>0.20</b>	<b>0.16</b>	<b>0.29</b>	<b>0.66</b>	<b>0.56</b>

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

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## Segment Revenues and Segment Results

Infineon defines Segment Result as operating income (loss) excluding the following: the net amount of asset impairments and reversals thereof; impact on earnings of restructuring and closures; share-based compensation expense; acquisition-related depreciation/amortization and other expenses; gains (losses) on sales of assets, businesses, or interests in subsidiaries, as well as other income (expense), including litigation costs.

## Reconciliation of Total Segment Result to Operating Income

€in millions	3 months ended			12 months ended	
	Sep 30, 16 (unaudited)	Jun 30, 16 (unaudited)	Sep 30, 15 (unaudited)	Sep 30, 16	Sep 30, 15
Segment Result	280	254	286	982	897
Plus/minus:					
Impairment on assets including assets classified as held for sale, net of reversals	(2)	(6)	(17)	(16)	(31)
Impact on earnings of restructuring and closures, net	(1)	-	(1)	7	(13)
Share-based compensation expenses	(2)	(2)	(2)	(9)	(6)
Acquisition-related depreciation/amortization and other expenses	(41)	(47)	(62)	(191)	(274)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	(1)	(3)	(2)	(4)	(2)
Other income and expenses, net <sup>1</sup>	(4)	(3)	1	(6)	(16)
<b>Operating income</b>	<b>229</b>	<b>193</b>	<b>203</b>	<b>763</b>	<b>555</b>

## 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			12 months ended	
	Sep 30, 16 (unaudited)	Jun 30, 16 (unaudited)	Sep 30, 15 (unaudited)	Sep 30, 16	Sep 30, 15
<b>Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted</b>	<b>228</b>	<b>184</b>	<b>322</b>	<b>742</b>	<b>620</b>
Plus/minus:					
Impairments on assets including assets classified as held for sale, net of reversals	2	6	17	16	31
Impact on earnings of restructuring and closures, net	1	-	1	(7)	13
Share-based compensation expense	2	2	2	9	6
Acquisition-related depreciation/amortization and other expenses	41	47	62	191	274
Losses (gains) on sales of assets, businesses, or interests in subsidiaries, net	1	3	2	4	2
Other income and expense, net	4	3	(1)	6	16
Tax effects on adjustments	(14)	(16)	(11)	(49)	(73)
Revaluation of deferred tax assets resulting from the annually updated earnings forecast	(26)	(15)	(209)	(59)	(209)
<b>Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted</b>	<b>239</b>	<b>214</b>	<b>185</b>	<b>853</b>	<b>680</b>
Weighted-average number of shares outstanding – diluted	1,131	1,131	1,126	1,129	1,125
Adjusted earnings per share (in euro) – diluted <sup>1</sup>	0.21	0.19	0.16	0.76	0.60

<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 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 gross margin 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. To enable better comparability of operating performance over time, Infineon computes the adjusted gross margin as follows:

€ in millions	3 months ended			12 months ended	
	Sep 30, 16 (unaudited)	Jun 30, 16 (unaudited)	Sep 30, 15 (unaudited)	Sep 30, 16	Sep 30, 15
Cost of goods sold	1,067	1,034	974	4,143	3,715
Plus/minus:					
Share-based compensation expense	-	-	-	(2)	(1)
Acquisition-related depreciation/amortization and other expenses	(23)	(24)	(27)	(96)	(143)
Other income and expense, net	-	-	(1)	(2)	(6)
<b>Adjusted cost of goods sold</b>	<b>1,044</b>	<b>1,010</b>	<b>946</b>	<b>4,043</b>	<b>3,565</b>
<b>Adjusted gross margin</b>	<b>37.7%</b>	<b>38.1%</b>	<b>40.8%</b>	<b>37.5%</b>	<b>38.5%</b>

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 and twelve months ended September 30, 2016 and 2015

The business with XMC industrial microcontrollers developed by Automotive and Chip Card & Security was transferred to Power Management & Multimarket and Industrial Power Control with effect from October 1, 2015. The previous year's figures have been adjusted accordingly.

Revenue € in millions	3 months ended			12 months ended		
	Sep 30, 16 (unaudited)	Sep 30, 15 (unaudited)	+/- in %	Sep 30, 16	Sep 30, 15	+/- in %
Automotive	690	613	13	2,651	2,350	13
Industrial Power Control	279	271	3	1,073	971	11
Power Management & Multimarket	535	535	-	2,050	1,796	14
Chip Card & Security	173	181	(4)	698	665	5
Other Operating Segments	1	2	(50)	8	14	(43)
Corporate and Eliminations	(3)	(4)	25	(7)	(1)	---
<b>Total</b>	<b>1,675</b>	<b>1,598</b>	<b>5</b>	<b>6,473</b>	<b>5,795</b>	<b>12</b>

Segment Result € in millions	3 months ended			12 months ended		
	Sep 30, 16 (unaudited)	Sep 30, 15 (unaudited)	+/- in %	Sep 30, 16	Sep 30, 15	+/- in %
Automotive	118	102	16	396	331	20
Industrial Power Control	36	39	(8)	126	115	10
Power Management & Multimarket	95	110	(14)	328	323	2
Chip Card & Security	33	38	(13)	135	126	7
Other Operating Segments	-	1	---	1	5	(80)
Corporate and Eliminations	(2)	(4)	50	(4)	(3)	(33)
<b>Total</b>	<b>280</b>	<b>286</b>	<b>(2)</b>	<b>982</b>	<b>897</b>	<b>9</b>
Segment Result Margin [in %]	16.7%	17.9%		15.2%	15.5%	

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## Revenues and Segment Result for the three months ended September 30, 2016 and June 30, 2016

Revenue € in millions	3 months ended		
	Sep 30, 16	Jun 30, 16	+/- in %
	(unaudited)	(unaudited)	
Automotive	690	676	2
Industrial Power Control	279	280	-
Power Management & Multimarket	535	509	5
Chip Card & Security	173	172	1
Other Operating Segments	1	2	(50)
Corporate and Eliminations	(3)	(7)	57
<b>Total</b>	<b>1,675</b>	<b>1,632</b>	<b>3</b>

Segment Result € in millions	3 months ended		
	Sep 30, 16	Jun 30, 16	+/- in %
	(unaudited)	(unaudited)	
Automotive	118	104	13
Industrial Power Control	36	42	(14)
Power Management & Multimarket	95	79	20
Chip Card & Security	33	32	3
Other Operating Segments	-	-	---
Corporate and Eliminations	(2)	(3)	33
<b>Total</b>	<b>280</b>	<b>254</b>	<b>10</b>
Segment Result Margin [in %]	16.7%	15.6%	

## Employees

Employees	Sep 30, 16	Jun 30, 16	Sep 30, 15
		(unaudited)	
Infineon	36,299	36,141	35,424
Thereof: Research and development	6,057	5,994	5,778

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## Consolidated Statement of Financial Position

€ in millions	Sep 30, 16	Jun 30, 16	Sep 30, 15
		(unaudited)	
<b>ASSETS:</b>			
Cash and cash equivalents	625	610	673
Financial investments	1,615	1,473	1,340
Trade receivables	774	741	742
Inventories	1,191	1,198	1,129
Income tax receivable	6	4	2
Other current assets	281	297	229
<b>Total current assets</b>	<b>4,492</b>	<b>4,323</b>	<b>4,115</b>
Property, plant and equipment	2,119	2,033	2,093
Goodwill and other intangible assets	1,656	1,693	1,738
Investments accounted for using the equity method	32	33	33
Non-current income tax receivable	3	3	3
Deferred tax assets	623	613	604
Other non-current assets	162	157	155
<b>Total non-current assets</b>	<b>4,595</b>	<b>4,532</b>	<b>4,626</b>
<b>Total assets</b>	<b>9,087</b>	<b>8,855</b>	<b>8,741</b>
<b>LIABILITIES AND EQUITY:</b>			
Short-term debt and current maturities of long-term debt	17	17	33
Trade payables	857	815	802
Short-term provisions	327	311	402
Income tax payable	120	122	123
Other current liabilities	209	201	225
<b>Total current liabilities</b>	<b>1,530</b>	<b>1,466</b>	<b>1,585</b>
Long-term debt	1,752	1,767	1,760
Pension plans and similar commitments	604	579	426
Deferred tax liabilities	10	47	147
Long-term provisions	76	73	72
Other non-current liabilities	92	83	86
<b>Total non-current liabilities</b>	<b>2,534</b>	<b>2,549</b>	<b>2,491</b>
<b>Total liabilities</b>	<b>4,064</b>	<b>4,015</b>	<b>4,076</b>
Shareholders' equity:			
Ordinary share capital	2,265	2,264	2,259
Additional paid-in capital	5,016	5,011	5,213
Accumulated deficit	(2,312)	(2,518)	(2,897)
Other reserves	91	120	126
Own shares	(37)	(37)	(37)
<b>Equity attributable to shareholders of Infineon Technologies AG</b>	<b>5,023</b>	<b>4,840</b>	<b>4,664</b>
Non-controlling interests	-	-	1
<b>Total equity</b>	<b>5,023</b>	<b>4,840</b>	<b>4,665</b>
<b>Total liabilities and equity</b>	<b>9,087</b>	<b>8,855</b>	<b>8,741</b>

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## Regional Revenue Development

€in millions	3 months ended						12 months ended			
	Sep 30, 16		Jun 30, 16		Sep 30, 15		Sep 30, 16		Sep 30, 15	
	(unaudited)		(unaudited)		(unaudited)					
<b>Revenue:</b>										
Europe, Middle East, Africa	539	32%	557	34%	529	33%	2,147	33%	2,020	35%
Therein: Germany	244	15%	262	16%	250	16%	1,000	15%	942	16%
Asia-Pacific (w/o Japan)	814	49%	758	46%	745	47%	3,083	48%	2,666	46%
Therein: China	423	25%	379	23%	379	24%	1,574	24%	1,337	23%
Japan	110	7%	107	7%	123	8%	424	6%	399	7%
Americas	212	12%	210	13%	201	12%	819	13%	710	12%
Therein: USA	170	10%	171	10%	163	10%	661	10%	568	10%
<b>Total</b>	<b>1,675</b>	<b>100%</b>	<b>1,632</b>	<b>100%</b>	<b>1,598</b>	<b>100%</b>	<b>6,473</b>	<b>100%</b>	<b>5,795</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	Sep 30, 16	Jun 30, 16	Sep 30, 15
		(unaudited)	
Cash and cash equivalents	625	610	673
Financial investments	1,615	1,473	1,340
<b>Gross cash position</b>	<b>2,240</b>	<b>2,083</b>	<b>2,013</b>
Less:			
Short-term debt and current maturities of long-term debt	17	17	33
Long-term debt	1,752	1,767	1,760
<b>Total debt</b>	<b>1,769</b>	<b>1,784</b>	<b>1,793</b>
<b>Net cash position</b>	<b>471</b>	<b>299</b>	<b>220</b>

### Free Cash Flow

Infineon reports the free cash flow figure defined as net cash provided by and/or used in operating activities and net cash provided by and/or used in investing activities, both from continuing operations, after adjusting for cash flows related to the purchase and sale of financial investments. Free cash flow serves as an additional performance indicator, since Infineon holds part of its liquidity in the form of financial investments. This does not mean that the free cash flow calculated in this way is available to cover other disbursements, since dividend, debt-servicing obligations and other fixed disbursements are not deducted. Free cash flow should not be seen as a replacement or superior performance indicator, but rather as an additional useful piece of information over and above the disclosure of the cash flow reported in the Consolidated Statement of Cash Flows, and as a supplementary disclosure to other liquidity performance indicators and other performance indicators derived from the IFRS figures. Free cash flow includes only amounts from continuing operations, and is derived as follows from the Consolidated Statement of Cash Flows:

€in millions	3 months ended			12 months ended	
	Sep 30, 16	Jun 30, 16	Sep 30, 15	Sep 30, 16	Sep 30, 15
	(unaudited)	(unaudited)	(unaudited)		
Net cash provided by operating activities from continuing operations	447	496	429	1,313	957
Net cash used in investing activities from continuing operations	(422)	(493)	(450)	(1,098)	(2,593)
Purchases of (proceeds from sales of) financial investments, net	144	274	198	275	(18)
<b>Free Cash Flow</b>	<b>169</b>	<b>277</b>	<b>177</b>	<b>490</b>	<b>(1,654)</b>

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## Consolidated Statement of Cash Flows

€ in millions	3 months ended			12 months ended	
	Sep 30, 16	Jun 30, 16	Sep 30, 15	Sep 30, 16	Sep 30, 15
	(unaudited)	(unaudited)	(unaudited)		
<b>Net income</b>	<b>225</b>	<b>186</b>	<b>325</b>	<b>743</b>	<b>634</b>
Plus/Minus: net income from discontinued operations, net of income taxes	3	(2)	(3)	(2)	(12)
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	203	206	211	833	760
Income tax	(15)	(3)	(131)	(36)	(102)
Net interest result	15	13	13	58	42
Losses (gains) on disposals of property, plant and equipment	1	3	(7)	5	(7)
Dividends received from joint ventures	-	2	-	2	1
Impairment charges	2	6	17	16	31
Other non-cash result	2	1	1	6	-
Change in trade receivables	(33)	22	(11)	(25)	(65)
Change in inventories	4	(31)	(88)	(66)	(133)
Change in trade payables	43	126	55	57	50
Change in provisions	10	46	35	(72)	(48)
Change in other assets and liabilities	24	(33)	36	(60)	(95)
Interest received	1	2	2	6	8
Interest paid	(2)	(6)	(6)	(26)	(14)
Income tax paid	(36)	(42)	(20)	(126)	(93)
<b>Net cash provided by operating activities from continuing operations</b>	<b>447</b>	<b>496</b>	<b>429</b>	<b>1,313</b>	<b>957</b>
<b>Net cash used in operating activities from discontinued operations</b>	<b>(4)</b>	<b>(1)</b>	<b>(2)</b>	<b>(22)</b>	<b>(140)</b>
<b>Net cash provided by operating activities</b>	<b>443</b>	<b>495</b>	<b>427</b>	<b>1,291</b>	<b>817</b>
Purchases of financial investments	(1,291)	(935)	(298)	(4,130)	(1,478)
Proceeds from sales of financial investments	1,147	661	100	3,855	1,496
Purchases of other equity investments	-	-	-	-	(14)
Acquisitions of businesses, net of cash acquired	(3)	-	(3)	(11)	(1,869)
Purchases of intangible assets and other assets	(25)	(28)	(23)	(110)	(139)
Purchases of property, plant and equipment	(252)	(192)	(256)	(716)	(646)
Proceeds from sales of property, plant and equipment and other assets	2	1	30	14	57
<b>Net cash used in investing activities from continuing operations</b>	<b>(422)</b>	<b>(493)</b>	<b>(450)</b>	<b>(1,098)</b>	<b>(2,593)</b>
<b>Net cash used in investing activities from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash used in investing activities</b>	<b>(422)</b>	<b>(493)</b>	<b>(450)</b>	<b>(1,098)</b>	<b>(2,593)</b>

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€ in millions	3 months ended			12 months ended	
	Sep 30, 16	Jun 30, 16	Sep 30, 15	Sep 30, 16	Sep 30, 15
	(unaudited)	(unaudited)	(unaudited)		
Net change in short-term debt	-	-	1	(8)	2
Net change in related party financial receivables and payables	-	-	-	(1)	-
Proceeds from issuance of long-term debt	-	819	3	824	2,398
Repayments of long-term debt	(5)	(820)	(7)	(846)	(831)
Change in cash deposited as collateral	-	-	1	1	-
Proceeds from the issuance of ordinary shares	4	6	-	26	11
Cash outflows due to changes of non-controlling interests	-	-	-	-	(15)
Dividend payments	-	-	-	(225)	(202)
<b>Net cash provided by (used in) financing activities from continuing operations</b>	<b>(1)</b>	<b>5</b>	<b>(2)</b>	<b>(229)</b>	<b>1,363</b>
<b>Net cash used in 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>(1)</b>	<b>5</b>	<b>(2)</b>	<b>(229)</b>	<b>1,363</b>
Net change in cash and cash equivalents	20	7	(25)	(36)	(413)
Effect of foreign exchange rate changes on cash and cash equivalents	(5)	(3)	(2)	(12)	28
Cash and cash equivalents at beginning of period	610	606	700	673	1,058
<b>Cash and cash equivalents at end of period</b>	<b>625</b>	<b>610</b>	<b>673</b>	<b>625</b>	<b>673</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.

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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