



Press Release

Above-average seasonal revenue growth and higher earnings driven by strong demand in Automotive, Industrial and Power Supply

- **Q2 FY 2017: Revenue €1,767 million; Segment Result €296 million; Segment Result Margin 16.8 percent; earnings per share €0.18 (basic and diluted); adjusted earnings per share €0.21 (diluted); gross margin 36.5 percent, adjusted gross margin 38.0 percent**
- **Outlook for Q3 FY 2017: Quarter-on-quarter revenue growth of 3 percent (plus or minus 2 percentage points), with Segment Result Margin of 17.5 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 8 to 11 percent, with Segment Result Margin of 17 percent at mid-point of revenue guidance**

Neubiberg, Germany, 4 May 2017 – Infineon Technologies AG today reported results for the second quarter of its 2017 fiscal year (period ended 31 March 2017).

“The favorable market development we saw in the first quarter of the fiscal year has continued into the second three-month period. Current order situation gives us good reason for optimism and we have raised our forecast for the full year,” said Dr. Reinhard Ploss, CEO of Infineon. “Apart from a continuation of our outstanding performance in the automotive sector, demand for solutions for industrial applications, power supplies and homeappliances is also gathering pace. We are particularly pleased with the positive customer feedback on our silicon carbide MOSFET. This is a clear sign that we are pursuing the right strategy concerning compound semiconductors.”

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

In the second quarter of the 2017 fiscal year, revenue grew by 7 percent from €1,645 million to €1,767 million quarter-on-quarter. The Automotive (ATV), Industrial Power Control (IPC) and Power Management & Multimarket (PMM) segments all contributed to revenue growth, whereas revenue reported by the Chip Card & Security segment (CCS) was down slightly.

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| € in millions | 3 months ended | sequential | 3 months ended | year-on-year | 3 months ended |
|---|----------------|------------|----------------|--------------|----------------|
| | 31 Mar 17 | +/- in % | 31 Dec 16 | +/- in % | 31 Mar 16 |
| Revenue | 1,767 | 7 | 1,645 | 10 | 1,611 |
| Segment Result | 296 | 20 | 246 | 30 | 228 |
| Segment Result Margin [in %] | 16.8% | | 15.0% | | 14.2% |
| Income from continuing operations | 198 | 20 | 165 | 12 | 177 |
| Income from discontinued operations, net of income taxes | 1 | +++ | (4) | (67) | 3 |
| Net income | 199 | 24 | 161 | 11 | 180 |
| Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹ | | | | | |
| Basic earnings per share (in euro) from continuing operations | 0.18 | 20 | 0.15 | 13 | 0.16 |
| Basic earnings per share (in euro) from discontinued operations | - | +++ | (0.01) | - | - |
| Basic earnings per share (in euro) | 0.18 | 29 | 0.14 | 13 | 0.16 |
| Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹ | | | | | |
| Diluted earnings per share (in euro) from continuing operations | 0.18 | 20 | 0.15 | 13 | 0.16 |
| Diluted earnings per share (in euro) from discontinued operations | - | +++ | (0.01) | - | - |
| Diluted earnings per share (in euro) | 0.18 | 29 | 0.14 | 13 | 0.16 |
| Adjusted earnings per share (in euro) - diluted² | 0.21 | 24 | 0.17 | 17 | 0.18 |
| Gross margin [in %] | 36.5% | | 36.0% | | 35.1% |
| Adjusted gross margin³ [in %] | 38.0% | | 37.6% | | 36.6% |

¹ The calculation for earnings per share and for adjusted earnings per share is based on unrounded figures.

² The reconciliation of net income to adjusted net income and adjusted earnings per share is presented on page 10.

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

The second-quarter gross margin was 36.5 percent, compared with 36.0 percent in the previous quarter. These figures include acquisition-related depreciation and amortization as well as other expenses attributable to the International Rectifier acquisition totaling €25 million. The adjusted gross margin came in at 38.0 percent, up from 37.6 percent one quarter earlier.

Segment Result increased by 20 percent from €246 million to €296 million quarter-on-quarter. The Segment Result Margin improved to 16.8 percent, compared with 15.0 percent in the previous quarter.

The non-segment result was a net loss of €67 million, compared with a net loss of €62 million in the previous quarter. Of the second-quarter figure, €26 million related to the cost of goods sold, €24 million to selling, general and administrative expenses and €0 million to research and development expenses. In addition, other operating income and other operating expenses amounted to a net expense of €17 million, which includes primarily expenses arising in conjunction with the termination of the planned acquisition of Wolfspeed.

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The non-segment result includes €43 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 in the second quarter of the current fiscal year increased to €229 million, compared with €184 million in the previous quarter. Income from continuing operations improved from €165 million to €198 million quarter-on-quarter. Income from discontinued operations amounted to €1 million, compared with a loss of €4 million in the preceding quarter. Net income for the three-month period improved from €161 million to €199 million. The amount reported for the second quarter is stated after an income tax expense of €20 million, compared with a tax expense of €2 million in the first quarter.

Earnings per share for the second quarter of the current fiscal year increased to €0.18, up from €0.14 one quarter earlier (basic and diluted). Adjusted earnings per share¹ (diluted) amounted to €0.21, compared with €0.17 in the previous quarter. For the purpose of calculating adjusted earnings per share (diluted), a number of items are eliminated, most notably acquisition-related depreciation/amortization and other expenses (net of tax) as well as valuation allowances on deferred tax assets.

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized development assets – totaled €219 million in the second quarter, compared with €204 million in the first quarter. The depreciation and amortization expense increased slightly to €205 million, compared to a first-quarter expense of €200 million.

Free cash flow² from continuing operations in the second quarter improved to a positive amount of €82 million. The corresponding figure for the previous quarter was a negative amount of €39 million. Free cash flow for the first quarter includes a net cash outflow of €112 million arising in conjunction with the acquisition of 93 percent of the shares of MoTo Objekt Campeon GmbH & Co. KG. Net cash provided by operating activities from continuing operations improved to €300 million, compared with the previous quarter's €282 million.

¹ Adjusted net income and adjusted earnings per share (diluted) should not be seen as a replacement or superior performance indicator, but rather as additional information to the net income and earnings per share (diluted) determined in accordance with IFRS. The detailed calculation of adjusted earnings per share is presented on page 10.

² 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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As a result of the dividend payment in February 2017 amounting to €248 million, the gross cash position decreased from €2,209 million at the end of the first quarter to €2,049 million at 31 March 2017. The net cash position fell to €32 million, compared with €166 million at the end of the first quarter.

Provisions relating to Qimonda decreased slightly from €31 million at 31 December 2016 to €27 million at 31 March 2017. The provisions were originally recognized for litigation costs in conjunction with claims made by the Qimonda insolvency administrator and for residual liabilities related to Qimonda Dresden GmbH & Co. OHG.

Outlook for the third quarter of the 2017 fiscal year

In the third quarter of the 2017 fiscal year, Infineon expects quarter-on-quarter revenue growth of 3 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 revenue guidance, the Segment Result Margin is expected to come in at 17.5 percent.

Outlook for the 2017 fiscal year

In line with the ad hoc notification made on 24 March 2017 of an increased outlook for the 2017 fiscal year, Infineon expects year-on-year revenue growth of 8 to 11 percent, with a Segment Result Margin of approximately 17 percent at the mid-point of the revenue guidance. The outlook is based on an assumed EUR/USD exchange rate of 1.10. ATV segment revenue is expected to grow faster than the Group average. Growth in the IPC segment is forecast to be roughly in line with or slightly lower than the Group average. The PMM and CCS segments are both expected to report growth rates below the Group average.

In light of the better than expected development in revenue and orders received, the outlook for investments in property, plant and equipment and intangible assets, including capitalized development costs, has also been raised. It is now forecast that €1,050 million will be invested during the 2017 fiscal year. The figure includes approximately €35 million for the new office building at Infineon's headquarters in Neubiberg near Munich. Depreciation and amortization is still expected to be in the region of €830 million.

Early market acceptance of silicon carbide MOSFET

The 1,200-volt silicon carbide MOSFET will soon be ready for its market launch. Infineon already provided samples of the innovative, trench-based architecture to customers.

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Their feedback was quite positive: customers have already placed their first firm orders, which are expected to translate into revenue still in the course of the current fiscal year. Already in this early stage, customer projects with potential revenue of a low triple-digit million Euro amount over the coming years are planned across all industrial applications. These include solar inverters for plants and rooftop systems, charging stations for electric vehicles, uninterruptible power supplies, air conditioning and discrete factory automation.

Automotive segment increases market share

In April, the market research company Strategy Analytics published new estimates for the automotive semiconductor market. According to the analysts, the market for automotive semiconductors expanded by 10.4 percent from US\$ 27.4 billion to US\$ 30.2 billion in the 2016 calendar year. Automobile production grew by around 4 percent during that year, implying an increase in semiconductor content per vehicle to around 6 percent.

With a market share increase from 10.4 percent in the 2015 calendar year to 10.7 percent in 2016 Infineon cemented its position as number two on the market. In the Automotive power semiconductors sector, the fastest growing of all, Infineon has improved its market position by 0.4 percentage points to 25.6 percent. Infineon recorded its largest gain in the field of sensors, picking up 0.6 percentage points to reach a market share of 12.5 percent in the 2016 calendar year. In microcontrollers, Infineon's market share increased slightly from 8.6 percent to 8.7 percent in 2016.

On a regional basis, Infineon's highest market share gain was 2.2 percentage points in China. The market share increase from 8.7 percent in the 2015 calendar year to 10.9 percent in 2016 has improved Infineon's ranking by one place and it is now also the second-largest supplier on the Chinese market.

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Segment earnings in the second quarter of the 2017 fiscal year

| €in millions | | in % of total revenue | 3 months ended 31 Mar 17 | sequential +/- in % | 3 months ended 31 Dec 16 | year-on-year +/- in % | 3 months ended 31 Mar 16 |
|---|--|-----------------------|-----------------------------|------------------------|-----------------------------|--------------------------|-----------------------------|
| Infineon | | | | | | | |
| Revenue | | 100 | 1,767 | 7 | 1,645 | 10 | 1,611 |
| Segment Result | | | 296 | 20 | 246 | 30 | 228 |
| Segment Result Margin [in %] | | | 16.8% | | 15.0% | | 14.2% |
| Automotive (ATV)¹ | | | | | | | |
| Segment Revenues | | 44 | 783 | 11 | 705 | 17 | 671 |
| Segment Result | | | 131 | 15 | 114 | 56 | 84 |
| Segment Result Margin [in %] | | | 16.7% | | 16.2% | | 12.5% |
| Industrial Power Control (IPC)¹ | | | | | | | |
| Segment Revenues | | 17 | 293 | 11 | 264 | 11 | 265 |
| Segment Result | | | 44 | 83 | 24 | 57 | 28 |
| Segment Result Margin [in %] | | | 15.0% | | 9.1% | | 10.6% |
| Power Management & Multimarket (PMM)¹ | | | | | | | |
| Segment Revenues | | 29 | 520 | 5 | 497 | 5 | 494 |
| Segment Result | | | 91 | 12 | 81 | 11 | 82 |
| Segment Result Margin [in %] | | | 17.5% | | 16.3% | | 16.6% |
| Chip Card & Security (CCS)¹ | | | | | | | |
| Segment Revenues | | 10 | 169 | (3) | 174 | (7) | 181 |
| Segment Result | | | 29 | - | 29 | (19) | 36 |
| Segment Result Margin [in %] | | | 17.2% | | 16.7% | | 19.9% |
| Other Operating Segments (OOS) | | | | | | | |
| Segment Revenues | | 0 | 2 | - | 2 | - | 2 |
| Segment Result | | | - | - | - | - | - |
| Corporate and Eliminations (C&E) | | | | | | | |
| Segment Revenues | | 0 | - | --- | 3 | +++ | (2) |
| Segment Result | | | 1 | +++ | (2) | +++ | (2) |

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

ATV segment revenue grew by 11 percent to €783 million in the second quarter of the 2017 fiscal year, compared with €705 million in the previous three-month period. The increase was attributable to growing demand in all product areas, particularly also for components installed in driver assistance systems as well as hybrid and electric vehicles. Segment Result improved from €114 million in the first quarter to €131 million in the second quarter of the current fiscal year. The Segment Result Margin came in at 16.7 percent, compared with 16.2 percent one quarter earlier.

IPC segment revenue increased by 11 percent to €293 million in the second quarter of the current fiscal year. The equivalent figure for the previous three-month period was €264 million. Demand was particularly strong in the area of home appliances. Revenue also grew in the fields of traction, electric drives, photovoltaics and wind power. Segment Result grew from €24 million in the first quarter to €44 million in the second quarter of the 2017 fiscal year. The Segment Result Margin improved to 15.0 percent compared with 9.1 percent in the previous quarter.

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PMM segment revenue improved from €497 million to €520 million quarter-on-quarter. Strong demand resulted in a 5 percent revenue increase in the fields of AC/DC conversion and DC/DC conversion. Segment Result grew from €81 million in the first quarter to €91 million in the second quarter of the 2017 fiscal year, while the Segment Result Margin increased from 16.3 percent to 17.5 percent.

CCS segment revenue fell by 3 percent to €169 million in the second quarter, compared with €174 million in the previous quarter. Whereas demand was down for conventional SIM cards, it was up for embedded SIM and Trusted Platform Modules. Payment cards business also generated a slight increase, while revenue in the area of government IDs remained more or less unchanged. Segment Result amounted to €29 million, unchanged compared to the previous quarter. The Segment Result Margin improved from 16.7 percent in the first quarter to 17.2 percent in the second.

Analyst and press telephone conference

Infineon will host a telephone conference call for analysts and investors (in English only) on 4 May 2017 at 9:30 am (CEST), 3:30 am (EDT). During the call, the Infineon Management Board will present the Company's results for the second quarter of the 2017 fiscal year. In addition, the Management Board will host a telephone conference with the media at 11:00 am (CEST), 5:00 am (EDT). It can be followed over the Internet in both English and German. Both conferences will also be available live and for download on Infineon's website at www.infineon.com/investor.

The **Q2 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)

- 11 May 2017 Deutsche Bank AutoTech Conference, San Francisco
- 22 May 2017 Berenberg European Conference USA, Tarrytown, NY
- 23 – 24 May 2017 JP Morgan TMT Conference, Boston
- 24 May 2017 Equita European Conference, Milan
- 30 May 2017 German Corporate Day by Danske Bank Markets, Copenhagen

- 31 May – 1 Jun 2017 Bernstein Strategic Decision Conference, New York
- 1 Jun 2017 Berenberg TMT Conference, Zurich
- 6 – 7 Jun 2017 BoAML Global Technology Conference, San Francisco
- 13 – 14 Jun 2017 Exane European Conference, Paris
- 20 Jun 2017 JP Morgan CEO Conference, London
- 21 – 22 Jun 2017 Deutsche Bank German, Swiss & Austrian Conference, Berlin
- 29 Jun 2017 PMM Presentation by Andreas Urschitz, Division President PMM

- 1 Aug 2017* Earnings Release for the Third Quarter of the 2017 Fiscal Year

- 31 Aug 2017 Commerzbank Sector Conference, Frankfurt
- 6 – 7 Sep 2017 Citi Global Technology Conference, New York
- 18 Sep 2017 Berenberg Bank and Goldman Sachs German Corporate Conference, Munich

- 20 Sep 2017 Baader Investment Conference, Munich
- 10 Oct 2017 ATV Presentation by Peter Schiefer, Division President
- 14 Nov 2017* Earnings Release for the Fourth Quarter and the 2017 Fiscal Year

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 30 September), 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

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FINANCIAL INFORMATION

According to IFRS – Preliminary and Unaudited

Consolidated Statement of Operations

| € in millions; except for the per share data | 3 months ended | | | 6 months ended | |
|---|----------------|-------------|-------------|----------------|--------------|
| | 31 Mar 17 | 31 Dec 16 | 31 Mar 16 | 31 Mar 17 | 31 Mar 16 |
| Revenue | 1,767 | 1,645 | 1,611 | 3,413 | 3,166 |
| Cost of goods sold | (1,122) | (1,053) | (1,045) | (2,176) | (2,042) |
| Gross profit | 645 | 592 | 566 | 1,237 | 1,124 |
| Research and development expenses | (192) | (200) | (195) | (392) | (393) |
| Selling, general and administrative expenses | (208) | (196) | (195) | (404) | (395) |
| Other operating income | 3 | 3 | 4 | 6 | 8 |
| Other operating expenses | (19) | (15) | (6) | (34) | (4) |
| Operating income | 229 | 184 | 174 | 413 | 340 |
| Financial income | 2 | 2 | 1 | 4 | 2 |
| Financial expenses | (14) | (19) | (20) | (33) | (33) |
| Gain from investments accounted for using the equity method | 1 | - | 1 | 1 | 1 |
| Income from continuing operations before income taxes | 218 | 167 | 156 | 385 | 310 |
| Income tax | (20) | (2) | 21 | (21) | 19 |
| Income from continuing operations | 198 | 165 | 177 | 364 | 329 |
| Income (loss) from discontinued operations, net of income taxes | 1 | (4) | 3 | (3) | 3 |
| Net income | 199 | 161 | 180 | 361 | 332 |
| Attributable to: | | | | | |
| Non-controlling interests | - | - | - | - | (1) |
| Shareholders of Infineon Technologies AG | 199 | 161 | 180 | 361 | 333 |
| Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹ | | | | | |
| Weighted average shares outstanding (in million) – basic | 1,128 | 1,127 | 1,125 | 1,128 | 1,124 |
| Basic earnings per share (in euro) from continuing operations | 0.18 | 0.15 | 0.16 | 0.32 | 0.30 |
| Basic earnings per share (in euro) from discontinued operations | - | (0.01) | - | - | - |
| Basic earnings per share (in euro) | 0.18 | 0.14 | 0.16 | 0.32 | 0.30 |
| Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹ | | | | | |
| Weighted average shares outstanding (in million) – diluted | 1,134 | 1,133 | 1,130 | 1,132 | 1,129 |
| Diluted earnings per share (in euro) from continuing operations | 0.18 | 0.15 | 0.16 | 0.32 | 0.30 |
| Diluted earnings per share (in euro) from discontinued operations | - | (0.01) | - | - | - |
| Diluted earnings per share (in euro) | 0.18 | 0.14 | 0.16 | 0.32 | 0.30 |

¹ The calculation of earnings per share is based on unrounded figures.

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Segment Revenues and Segment Results

Segment Result is defined as the operating income (loss) excluding: asset impairments (net of reversals); impact on earnings of restructuring measures and closures; 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 the costs of legal proceedings.

Reconciliation of Segment Result to Operating Income

| € in millions | 3 months ended | | | 6 months ended | |
|---|----------------|------------|------------|----------------|------------|
| | 31 Mar 17 | 31 Dec 16 | 31 Mar 16 | 31 Mar 17 | 31 Mar 16 |
| Segment Result | 296 | 246 | 228 | 542 | 448 |
| Plus/minus: | | | | | |
| Impairment on assets including assets classified as held for sale, net of reversals | (3) | (1) | (3) | (4) | (8) |
| Impact on earnings of restructuring and closures, net | (1) | (1) | (1) | (2) | 9 |
| Share-based compensation expense | (3) | (3) | (2) | (5) | (4) |
| Acquisition-related depreciation/amortization and other expenses | (41) | (44) | (47) | (85) | (103) |
| Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net | (1) | (1) | - | (1) | (1) |
| Other income and expense, net | (18) | (12) | (1) | (32) | (1) |
| Operating income | 229 | 184 | 174 | 413 | 340 |

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 | | | 6 months ended | |
|--|----------------|-------------|-------------|----------------|-------------|
| | 31 Mar 17 | 31 Dec 16 | 31 Mar 16 | 31 Mar 17 | 31 Mar 16 |
| Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted | 198 | 165 | 177 | 364 | 330 |
| Plus/minus: | | | | | |
| Impairments on assets including assets classified as held for sale, net of reversals | 3 | 1 | 3 | 4 | 8 |
| Impact on earnings of restructuring and closures, net | 1 | 1 | 1 | 2 | (9) |
| Share-based compensation expense | 3 | 3 | 2 | 5 | 4 |
| Acquisition-related depreciation/amortization and other expenses | 41 | 44 | 47 | 85 | 103 |
| Losses (gains) on sales of assets, businesses, or interests in subsidiaries, net | 1 | 1 | - | 1 | 1 |
| Other income and expense, net | 18 | 12 | 1 | 32 | 1 |
| Tax effects on adjustments | (15) | (14) | (14) | (30) | (20) |
| Revaluation of deferred tax assets resulting from the earnings forecast | (11) | (17) | (10) | (28) | (17) |
| Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted | 239 | 196 | 207 | 435 | 401 |
| Weighted-average number of shares outstanding – diluted | 1,134 | 1,133 | 1,130 | 1,132 | 1,129 |
| Adjusted earnings per share (in euro) – diluted¹ | 0.21 | 0.17 | 0.18 | 0.38 | 0.36 |

¹ The calculation of the adjusted earnings per share is based on unrounded figures.

Adjusted net income and adjusted earnings per share (diluted) should not be seen as a replacement or superior performance indicator, but rather as additional information to the net income and earnings per share (diluted) determined in accordance with IFRS.

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Reconciliation to adjusted cost of goods sold and gross margin

The cost of goods sold and the gross margin in accordance with IFRS are influenced by amounts relating to purchase price allocations for acquisitions (in particular International Rectifier) as well as by other exceptional items. To enable better comparability of operating performance over time, Infineon computes the adjusted gross margin as follows:

| €in millions | 3 months ended | | | 6 months ended | |
|--|----------------|--------------|--------------|----------------|--------------|
| | 31 Mar 17 | 31 Dec 16 | 31 Mar 16 | 31 Mar 17 | 31 Mar 16 |
| Cost of goods sold | 1,122 | 1,053 | 1,045 | 2,176 | 2,042 |
| Plus/minus: | | | | | |
| Share-based compensation expense | (1) | (1) | (1) | (1) | (1) |
| Acquisition-related depreciation/amortization and other expenses | (25) | (25) | (22) | (49) | (49) |
| Other income and expense, net | - | - | (1) | - | (2) |
| Adjusted cost of goods sold | 1,096 | 1,027 | 1,021 | 2,126 | 1,990 |
| Adjusted gross margin | 38.0% | 37.6% | 36.6% | 37.7% | 37.1% |

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 six months ended 31 March 2017 and 2016

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

| Revenue €in millions | 3 months ended | | | 6 months ended | | |
|--------------------------------|----------------|--------------|-----------|----------------|--------------|----------|
| | 31 Mar 17 | 31 Mar 16 | +/- in % | 31 Mar 17 | 31 Mar 16 | +/- in % |
| Automotive | 783 | 671 | 17 | 1,488 | 1,286 | 16 |
| Industrial Power Control | 293 | 265 | 11 | 557 | 513 | 9 |
| Power Management & Multimarket | 520 | 494 | 5 | 1,018 | 1,002 | 2 |
| Chip Card & Security | 169 | 181 | (7) | 343 | 356 | (4) |
| Other Operating Segments | 2 | 2 | - | 4 | 4 | - |
| Corporate and Eliminations | - | (2) | +++ | 3 | 5 | -40 |
| Total | 1,767 | 1,611 | 10 | 3,413 | 3,166 | 8 |

| Segment Result €in millions | 3 months ended | | | 6 months ended | | |
|--------------------------------|----------------|------------|-----------|----------------|------------|-----------|
| | 31 Mar 17 | 31 Mar 16 | +/- in % | 31 Mar 17 | 31 Mar 16 | +/- in % |
| Automotive | 131 | 84 | 56 | 245 | 155 | 58 |
| Industrial Power Control | 44 | 28 | 57 | 68 | 52 | 31 |
| Power Management & Multimarket | 91 | 82 | 11 | 172 | 168 | 2 |
| Chip Card & Security | 29 | 36 | (19) | 57 | 70 | (19) |
| Other Operating Segments | - | - | - | - | 1 | --- |
| Corporate and Eliminations | 1 | (2) | +++ | - | 2 | --- |
| Total | 296 | 228 | 30 | 542 | 448 | 21 |
| Segment Result Margin [in %] | 16.8% | 14.2% | | 15.9% | 14.2% | |

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Revenues and Segment Result for the three months ended 31 March 2017 and 31 December 2016

| Revenue € in millions | 3 months ended | | |
|--------------------------------|----------------|--------------|----------|
| | 31 Mar 17 | 31 Dec 16 | +/- in % |
| Automotive | 783 | 705 | 11 |
| Industrial Power Control | 293 | 264 | 11 |
| Power Management & Multimarket | 520 | 497 | 5 |
| Chip Card & Security | 169 | 174 | (3) |
| Other Operating Segments | 2 | 2 | - |
| Corporate and Eliminations | - | 3 | --- |
| Total | 1,767 | 1,645 | 7 |

| Segment Result € in millions | 3 months ended | | |
|--------------------------------|----------------|------------|-----------|
| | 31 Mar 17 | 31 Dec 16 | +/- in % |
| Automotive | 131 | 114 | 15 |
| Industrial Power Control | 44 | 24 | 83 |
| Power Management & Multimarket | 91 | 81 | 12 |
| Chip Card & Security | 29 | 29 | - |
| Other Operating Segments | - | - | - |
| Corporate and Eliminations | 1 | (2) | +++ |
| Total | 296 | 246 | 20 |
| Segment Result Margin [in %] | 16.8% | 15.0% | |

Employees

| | 31 Mar 17 | 31 Dec 16 | 31 Mar 16 |
|-----------------------------------|-----------|-----------|-----------|
| Infineon | 36,791 | 36,447 | 35,978 |
| Thereof: Research and development | 6,151 | 6,104 | 5,993 |

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Consolidated Statement of Financial Position

| € in millions | 31 Mar 17 | 31 Dec 16 | 30 Sep 16 |
|--|--------------|--------------|--------------|
| ASSETS: | | | |
| Cash and cash equivalents | 721 | 634 | 625 |
| Financial investments | 1,328 | 1,575 | 1,615 |
| Trade receivables | 820 | 735 | 774 |
| Inventories | 1,228 | 1,249 | 1,191 |
| Income tax receivable | 7 | 7 | 6 |
| Other current assets | 287 | 297 | 281 |
| Total current assets | 4,391 | 4,497 | 4,492 |
| Property, plant and equipment | 2,534 | 2,519 | 2,119 |
| Goodwill and other intangible assets | 1,695 | 1,726 | 1,656 |
| Investments accounted for using the equity method | 33 | 32 | 32 |
| Non-current income tax receivable | 3 | 3 | 3 |
| Deferred tax assets | 655 | 646 | 623 |
| Other non-current assets | 164 | 161 | 162 |
| Total non-current assets | 5,084 | 5,087 | 4,595 |
| Total assets | 9,475 | 9,584 | 9,087 |
| LIABILITIES AND EQUITY: | | | |
| Short-term debt and current maturities of long-term debt | 121 | 29 | 17 |
| Trade payables | 828 | 816 | 857 |
| Short-term provisions | 292 | 233 | 327 |
| Income tax payable | 125 | 121 | 120 |
| Other current liabilities | 175 | 253 | 209 |
| Total current liabilities | 1,541 | 1,452 | 1,530 |
| Long-term debt | 1,896 | 2,014 | 1,752 |
| Pension plans and similar commitments | 499 | 609 | 604 |
| Deferred tax liabilities | 9 | 12 | 10 |
| Long-term provisions | 68 | 74 | 76 |
| Other non-current liabilities | 123 | 124 | 92 |
| Total non-current liabilities | 2,595 | 2,833 | 2,534 |
| Total liabilities | 4,136 | 4,285 | 4,064 |
| Shareholders' equity: | | | |
| Ordinary share capital | 2,270 | 2,268 | 2,265 |
| Additional paid-in capital | 4,787 | 5,025 | 5,016 |
| Accumulated deficit | (1,839) | (2,151) | (2,312) |
| Other reserves | 158 | 194 | 91 |
| Own shares | (37) | (37) | (37) |
| Equity attributable to shareholders of Infineon Technologies AG | 5,339 | 5,299 | 5,023 |
| Total liabilities and equity | 9,475 | 9,584 | 9,087 |

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Regional Revenue Development

| €m millions | 3 months ended | | | | | | 6 months ended | | | |
|-----------------------------|----------------|-------------|--------------|-------------|--------------|-------------|----------------|-------------|--------------|-------------|
| | 31 Mar 17 | | 31 Dec 16 | | 31 Mar 16 | | 31 Mar 17 | | 31 Mar 16 | |
| Revenue: | | | | | | | | | | |
| Europe, Middle East, Africa | 591 | 33% | 506 | 31% | 562 | 35% | 1,097 | 32% | 1,052 | 33% |
| Therein: Germany | 291 | 16% | 232 | 14% | 261 | 16% | 523 | 15% | 494 | 16% |
| Asia-Pacific (w/o Japan) | 843 | 48% | 815 | 50% | 748 | 46% | 1,659 | 49% | 1,510 | 48% |
| Therein: China | 404 | 23% | 408 | 25% | 377 | 23% | 812 | 24% | 772 | 24% |
| Japan | 115 | 7% | 106 | 6% | 91 | 6% | 221 | 6% | 206 | 6% |
| Americas | 218 | 12% | 218 | 13% | 210 | 13% | 436 | 13% | 398 | 13% |
| Therein: USA | 177 | 10% | 175 | 11% | 169 | 10% | 352 | 10% | 320 | 10% |
| Total | 1,767 | 100% | 1,645 | 100% | 1,611 | 100% | 3,413 | 100% | 3,166 | 100% |

Consolidated Statement of Cash Flows

Gross and Net Cash Position

The following table reconciles the gross cash position and net cash position (i.e. after deduction of debt). Since some liquid funds are held in the form of financial investments, which, for IFRS purposes, are not considered to be “cash and cash equivalents”, Infineon reports on its gross and net cash positions in order to provide investors with a better understanding of Infineon’s overall liquidity. The gross and net cash positions are determined as follows from the Consolidated Statement of Financial Position:

| €m millions | 31 Mar 17 | 31 Dec 16 | 31 Mar 16 |
|--|--------------|--------------|--------------|
| Cash and cash equivalents | 721 | 634 | 606 |
| Financial investments | 1,328 | 1,575 | 1,197 |
| Gross cash position | 2,049 | 2,209 | 1,803 |
| Less: | | | |
| Short-term debt and current maturities of long-term debt | 121 | 29 | 848 |
| Long-term debt | 1,896 | 2,014 | 928 |
| Total debt | 2,017 | 2,043 | 1,776 |
| Net cash position | 32 | 166 | 27 |

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:

| €m millions | 3 months ended | | | 6 months ended | |
|--|----------------|-------------|-----------|----------------|-----------|
| | 31 Mar 17 | 31 Dec 16 | 31 Mar 16 | 31 Mar 17 | 31 Mar 16 |
| Net cash provided by operating activities from continuing operations | 300 | 282 | 195 | 581 | 370 |
| Net cash provided by (used in) investing activities from continuing operations | 25 | (268) | (5) | (243) | (183) |
| Purchases of (proceeds from sales of) financial investments, net | (243) | (53) | (145) | (295) | (142) |
| Free Cash Flow | 82 | (39) | 45 | 43 | 45 |

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Consolidated Statement of Cash Flows

| € in millions | 3 months ended | | |
|---|----------------|--------------|--------------|
| | 31 Mar 17 | 31 Dec 16 | 31 Mar 16 |
| Net income | 199 | 161 | 180 |
| Plus/minus: income from discontinued operations, net of income taxes | (1) | 4 | (3) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 205 | 200 | 213 |
| Income tax | 20 | 2 | (21) |
| Net interest result | 17 | 15 | 19 |
| Losses on disposals of property, plant and equipment | 1 | 1 | - |
| Impairment charges | 3 | 1 | 3 |
| Other non-cash result | (6) | 3 | 2 |
| Change in trade receivables | (86) | 40 | (90) |
| Change in inventories | 17 | (45) | 17 |
| Change in trade payables | 14 | (48) | (66) |
| Change in provisions | 56 | (94) | 54 |
| Change in other assets and liabilities | (104) | 85 | (76) |
| Interest received | 2 | 2 | 1 |
| Interest paid | (9) | (18) | (13) |
| Income tax paid | (28) | (27) | (25) |
| Net cash provided by operating activities from continuing operations | 300 | 282 | 195 |
| Net cash used in operating activities from discontinued operations | (3) | - | (1) |
| Net cash provided by operating activities | 297 | 282 | 194 |
| Purchases of financial investments | (563) | (905) | (1,011) |
| Proceeds from sales of financial investments | 806 | 958 | 1,156 |
| Acquisitions of businesses, net of cash acquired | - | (5) | - |
| Acquisition of shares in MoTo ¹ , net of cash acquired | - | (112) | - |
| Purchases of intangible assets and other assets | (36) | (23) | (28) |
| Purchases of property, plant and equipment | (183) | (181) | (135) |
| Proceeds from sales of property, plant and equipment and other assets | 1 | - | 13 |
| Net cash provided by (used in) investing activities from continuing operations | 25 | (268) | (5) |
| Net cash used in investing activities from discontinued operations | - | - | - |
| Net cash provided by (used in) investing activities | 25 | (268) | (5) |
| Net change in short-term debt | - | (1) | - |
| Proceeds from issuance of long-term debt | - | 1 | 1 |
| Repayments of long-term debt | (11) | - | (5) |
| Change in cash deposited as collateral | - | - | 1 |
| Proceeds from issuance of ordinary shares | 10 | 9 | 3 |
| Dividend payments | (248) | - | (225) |
| Net cash provided by (used in) financing activities from continuing operations | (249) | 9 | (225) |
| Net cash used in financing activities from discontinued operations | - | - | - |
| Net cash provided by (used in) financing activities | (249) | 9 | (225) |
| Net change in cash and cash equivalents | 73 | 23 | (36) |
| Effect of foreign exchange rate changes on cash and cash equivalents | 14 | (14) | (9) |
| Cash and cash equivalents at beginning of period | 634 | 625 | 651 |
| Cash and cash equivalents at end of period | 721 | 634 | 606 |

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

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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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