



Press Release

Revenue growth driven by industrial applications and power supplies. Growing semiconductor content per vehicle keeps Automotive business buoyant

- **Q3 FY 2017: Revenue €1,831 million; Segment Result €338 million; Segment Result Margin 18.5 percent; earnings per share €0.22 (basic and diluted); adjusted earnings per share €0.24 (diluted); gross margin 38.2 percent, adjusted gross margin 39.4 percent**
- **Outlook for Q4 FY 2017: At an assumed exchange rate of US\$1.15 to the euro expected revenue about the same level as Q3 FY 2017; Segment Result Margin at around 18 percent**
- **Unchanged outlook for FY 2017: Despite significant headwind from the weaker US dollar in the September quarter, year-on-year revenue growth of 8 to 11 percent; Segment Result Margin of 17 percent at mid-point of revenue guidance**

Neubiberg, Germany, 1 August 2017 – Infineon Technologies AG today reported results for the third quarter of its 2017 fiscal year (period ended 30 June 2017).

“Our forecast has been fully confirmed. The pace of growth in the third quarter was in line with expectations,” said Dr. Reinhard Ploss, CEO of Infineon. “Demand is particularly strong for the power semiconductors we produce for various applications ranging from renewables to data centers. The market for electro-mobility also continues to accelerate. During the nine-month period ended June 2017 we acquired almost twice as much new business in this area for the coming five to ten years as in the entire previous fiscal year. Infineon is a leader in IGBTs for hybrid and electric cars, a technology which will prevail in this application for years to come. We are further expanding our strong position in this market. Overall, we confirm our outlook for the current fiscal year, despite strong headwinds caused by the weaker US dollar.”

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

In the third quarter of the 2017 fiscal year, revenue grew by 4 percent from €1,767 million to €1,831 million quarter-on-quarter. The Industrial Power Control (IPC), Power Management & Multimarket (PMM) and Chip Card & Security (CCS) segments all

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Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Bernd Hops
worldwide

Phone:
+49 89 234 23888
+49 89 234 26655

Email:
bernd.hops@infineon.com
investor.relations@infineon.com

contributed to revenue growth, whereas revenue reported by the Automotive (ATV) segment was slightly down.

€in millions	3 months ended	sequential	3 months ended	year-on-year	3 months ended
	30 Jun 17	+/- in %	31 Mar 17	+/- in %	30 Jun 16
Revenue	1,831	4	1,767	12	1,632
Segment Result	338	14	296	33	254
Segment Result Margin [in %]	18.5%		16.8%		15.6%
Income from continuing operations	250	26	198	36	184
Income from discontinued operations, net of income taxes	3	+++	1	50	2
Net income	253	27	199	36	186
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Basic earnings per share (in euro) from continuing operations	0.22	22	0.18	38	0.16
Basic earnings per share (in euro) from discontinued operations	-	-	-	-	-
Basic earnings per share (in euro)	0.22	22	0.18	38	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	0.22	22	0.18	38	0.16
Diluted earnings per share (in euro) from discontinued operations	-	-	-	-	-
Diluted earnings per share (in euro)	0.22	22	0.18	38	0.16
Adjusted earnings per share (in euro) – diluted²	0.24	14	0.21	26	0.19
Gross margin [in %]	38.2%		36.5%		36.6%
Adjusted gross margin³ [in %]	39.4%		38.0%		38.1%

¹ The calculation for earnings per share and 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 9.

³ The reconciliation of cost of goods sold to adjusted cost of goods sold and adjusted gross margin is presented on page 10.

The third-quarter gross margin was 38.2 percent, compared with 36.5 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 €20 million. The adjusted gross margin came in at 39.4 percent, up from 38.0 percent one quarter earlier.

Segment Result increased by 14 percent from €296 million to €338 million quarter-on-quarter. The Segment Result Margin improved to 18.5 percent, compared with 16.8 percent in the previous quarter.

The non-segment result in the third quarter was a net loss of €40 million, compared with a net loss of €67 million reported for the second quarter. Of the third-quarter figure, €21 million related to the cost of goods sold, €20 million to selling, general and administrative expenses and €0 million to research and development expenses. In addition, other operating income and other operating expenses were a net positive amount of €1 million. The non-segment result for the second quarter included among others significant expenses arising in conjunction with the termination of the planned acquisition of Wolfspeed.

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Media Relations
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worldwide

Phone:
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+49 89 234 26655

Email:
bernd.hops@infineon.com
investor.relations@infineon.com

The non-segment result for the third quarter includes €35 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 third quarter of the current fiscal year increased to €298 million, compared with €229 million in the previous quarter. Income from continuing operations improved from €198 million to €250 million quarter-on-quarter. Income from discontinued operations amounted to €3 million, compared with income of €1 million in the preceding quarter. Net income for the three-month period improved from €199 million to €253 million.

Earnings per share for the third quarter of the current fiscal year increased to €0.22, up from €0.18 one quarter earlier (in both cases basic and diluted). Adjusted earnings per share¹ (diluted) amounted to €0.24, compared with €0.21 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 €231 million in the third quarter, compared with €219 million in the second quarter. The depreciation and amortization expense amounted to €202 million, compared to a second-quarter expense of €205 million.

Free cash flow² from continuing operations in the third quarter increased to €301 million, up from €82 million in the preceding quarter. Net cash provided by operating activities from continuing operations climbed from €300 million to €531 million quarter-on-quarter.

The gross cash position at the end of the third quarter amounted to €2,217 million, compared with €2,049 million at 31 March 2017. The net cash position increased to €358 million, after having stood at €32 million three months earlier.

Provisions relating to Qimonda decreased slightly from €27 million at 31 March 2017 to €24 million at 30 June 2017. They were originally recognized for litigation costs in

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 9.

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

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+49 89 234 26655**

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bernd.hops@infineon.com
investor.relations@infineon.com**

conjunction with claims made by the Qimonda insolvency administrator and for residual liabilities related to Qimonda Dresden GmbH & Co. OHG.

Outlook for the 2017 fiscal year

In line with the ad hoc notification published on 24 March 2017 regarding an improved outlook for the 2017 fiscal year, Infineon continues to expect year-on-year revenue growth of 8 to 11 percent, with a Segment Result Margin of approximately 17 percent at the mid-point of revenue guidance, despite a significant headwind from the weaker US dollar. The outlook is now based on an assumed USD/EUR exchange rate of 1.15 for the fourth quarter, compared with the previous assumption of 1.10. ATV and IPC segment revenue is expected to grow faster than the Group average, whereas the PMM and CCS segments are both predicted to report growth rates below the Group average.

Investments in property, plant and equipment, intangible assets and capitalized development assets are currently planned at around €1,050 million for the 2017 fiscal year. The figure includes approximately €35 million designated for the new office building at Infineon's headquarters in Neubiberg near Munich. Depreciation and amortization are expected to be about of €815 million.

Outlook for the fourth quarter of the 2017 fiscal year

Based on the full year outlook for the 2017 fiscal year, fourth-quarter revenue is expected to be about the same level as in the previous quarter. The reason for the only stable revenue expectation is the significantly weakening assumed exchange rate of US\$1.15 to the euro if compared to the prior quarter. The Segment Result Margin is expected to reach approximately 18 percent.

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Media Relations
Investor Relations

Name:
Bernd Hops
worldwide

Phone:
+49 89 234 23888
+49 89 234 26655

Email:
bernd.hops@infineon.com
investor.relations@infineon.com

Segment earnings in the third quarter of the 2017 fiscal year

€ in millions	in % of total revenue	3 months ended 30 Jun 17	sequential +/- in %	3 months ended 31 Mar 17	year-on- year +/- in %	3 months ended 30 Jun 16
Infineon						
Revenue	100	1,831	4	1,767	12	1,632
Segment Result		338	14	296	33	254
Segment Result Margin [in %]		18.5%		16.8%		15.6%
Automotive (ATV) ¹						
Segment Revenues	42	766	(2)	783	13	677
Segment Result		120	(8)	131	24	97
Segment Result Margin [in %]		15.7%		16.7%		14.3%
Industrial Power Control (IPC) ¹						
Segment Revenues	18	321	10	293	15	280
Segment Result		55	25	44	28	43
Segment Result Margin [in %]		17.1%		15.0%		15.4%
Power Management & Multimarket (PMM) ¹						
Segment Revenues	30	557	7	520	10	507
Segment Result		129	42	91	52	85
Segment Result Margin [in %]		23.2%		17.5%		16.8%
Chip Card & Security (CCS) ¹						
Segment Revenues	10	185	9	169	7	173
Segment Result		34	17	29	6	32
Segment Result Margin [in %]		18.4%		17.2%		18.5%
Other Operating Segments (OOS)						
Segment Revenues	0	2	-	2	-	2
Segment Result		-	-	-	-	-
Corporate and Eliminations (C&E)						
Segment Revenues	0	-	-	-	+++	(7)
Segment Result		-	---	1	+++	(3)

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 declined by 2 percent to €766 million in the third quarter of the 2017 fiscal year, compared with €783 million in the previous three-month period. Demand for the segment's products remained stable, with the slight quarter-on-quarter dip in revenue reflecting mainly the weaker US dollar. Revenue generated with products for hybrid and electric vehicles continued to grow quarter-on-quarter. Demand for components installed in driver assistance systems was also slightly higher than in the preceding quarter. Segment Result amounted to €120 million, down from the €131 million reported for the second quarter of the current fiscal year. The Segment Result Margin came in at 15.7 percent, compared with 16.7 percent one quarter earlier.

IPC segment revenue rose by 10 percent from €293 million in the second quarter to €321 million in the third quarter of the current fiscal year. Demand continued to develop very positively for products used in home appliances. Revenue also increased quarter-on-quarter in the areas of photovoltaics, uninterruptible power supplies, traction, electric drives and wind power. Segment Result improved from €44 million in the second quarter to €55 million in the third quarter of the 2017 fiscal year. The Segment Result Margin came in at 17.1 percent, up from 15.0 percent one quarter earlier.

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Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Bernd Hops
worldwide

Phone:
+49 89 234 23888
+49 89 234 26655

Email:
bernd.hops@infineon.com
investor.relations@infineon.com

PMM segment revenue grew by 7 percent from €520 million to €557 million quarter-on-quarter, mainly reflecting rising demand for products in the fields of AC-DC and DC-DC conversion. Seasonal revenue growth was also generated with components for mobile devices. Segment Result improved from €91 million in the second quarter to €129 million in the third quarter of the 2017 fiscal year. The Segment Result Margin came in at 23.2 percent, up from 17.5 percent in the preceding quarter.

CCS segment revenue rose from €169 million to €185 million quarter-on-quarter, with most of the 9 percent revenue growth attributable to higher demand in Payment cards, government ID and eSIM applications. Segment Result improved from €29 million in the second quarter to €34 million in the third quarter. The Segment Result Margin finished at 18.4 percent, compared with 17.2 percent one quarter earlier.

Analyst and press telephone conference

Infineon will host a telephone conference call for analysts and investors (in English only) on 1 August 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 third 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.

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bernd.hops@infineon.com
investor.relations@infineon.com

The **Q3 Investor Presentation** is available (in English only) at:

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

Infineon Financial Calendar (* preliminary)

- 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
- 28 Sep 2017 Bernstein European Conference, London
- 10 Oct 2017 ATV Presentation by Peter Schiefer, Division President, London
- 14 Nov 2017* Earnings Release for the Fourth Quarter and the 2017 Fiscal Year
- 15 – 16 Nov 2017 Morgan Stanley TMT Conference, Barcelona
- 28 – 29 Nov 2017 Credit Suisse TMT Conference, Scottsdale, Arizona

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 36,000 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

This press release is available online at www.infineon.com/press

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Investor Relations

Name:
Bernd Hops
worldwide

Phone:
+49 89 234 23888
+49 89 234 26655

Email:
bernd.hops@infineon.com
investor.relations@infineon.com

FINANCIAL INFORMATION
According to IFRS –Unaudited

Consolidated Statement of Operations

	3 months ended			9 months ended	
	30 Jun 17	31 Mar 17	30 Jun 16	30 Jun 17	30 Jun 16
Revenue	1,831	1,767	1,632	5,244	4,798
Cost of goods sold	(1,131)	(1,122)	(1,034)	(3,306)	(3,076)
Gross profit	700	645	598	1,938	1,722
Research and development expenses	(195)	(192)	(197)	(587)	(590)
Selling, general and administrative expenses	(209)	(208)	(200)	(613)	(595)
Other operating income	4	3	2	9	10
Other operating expenses	(2)	(19)	(10)	(36)	(14)
Operating income	298	229	193	711	533
Financial income	3	2	2	6	4
Financial expenses	(15)	(14)	(15)	(47)	(48)
Gain from investments accounted for using the equity method	1	1	1	2	2
Income from continuing operations before income taxes	287	218	181	672	491
Income tax	(37)	(20)	3	(59)	22
Income from continuing operations	250	198	184	613	513
Income from discontinued operations, net of income taxes	3	1	2	-	5
Net income	253	199	186	613	518
Attributable to:					
Non-controlling interests	-	-	-	-	(1)
Shareholders of Infineon Technologies AG	253	199	186	613	519
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – basic	1,129	1,128	1,126	1,128	1,125
Basic earnings per share (in euro) from continuing operations	0.22	0.18	0.16	0.54	0.46
Basic earnings per share (in euro) from discontinued operations	-	-	-	-	-
Basic earnings per share (in euro)	0.22	0.18	0.16	0.54	0.46
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – diluted	1,134	1,134	1,131	1,134	1,129
Diluted earnings per share (in euro) from continuing operations	0.22	0.18	0.16	0.54	0.46
Diluted earnings per share (in euro) from discontinued operations	-	-	-	-	-
Diluted earnings per share (in euro)	0.22	0.18	0.16	0.54	0.46

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

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Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Bernd Hops
worldwide

Phone:
+49 89 234 23888
+49 89 234 26655

Email:
bernd.hops@infineon.com
investor.relations@infineon.com

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			9 months ended	
	30 Jun 17	31 Mar 17	30 Jun 16	30 Jun 17	30 Jun 16
Segment Result	338	296	254	880	702
Plus/minus:					
Impairment on assets including assets classified as held for sale, net of reversals	-	(3)	(6)	(4)	(14)
Impact on earnings of restructuring and closures, net	(1)	(1)	-	(3)	8
Share-based compensation expense	(3)	(3)	(2)	(8)	(6)
Acquisition-related depreciation/amortization and other expenses	(36)	(41)	(47)	(121)	(149)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	-	(1)	(3)	(1)	(4)
Other income and expense, net	-	(18)	(3)	(32)	(4)
Operating income	298	229	193	711	533

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			9 months ended	
	30 Jun 17	31 Mar 17	30 Jun 16	30 Jun 17	30 Jun 16
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	250	198	184	613	514
Plus/minus:					
Impairments on assets including assets classified as held for sale, net of reversals	-	3	6	4	14
Impact on earnings of restructuring and closures, net	1	1	-	3	(8)
Share-based compensation expense	3	3	2	8	6
Acquisition-related depreciation/amortization and other expenses	36	41	47	121	149
Losses (gains) on sales of assets, businesses, or interests in subsidiaries, net	-	1	3	1	4
Other income and expense, net	-	18	3	32	4
Tax effects on adjustments	(10)	(15)	(16)	(39)	(36)
Revaluation of deferred tax assets resulting from the earnings forecast	(4)	(11)	(15)	(32)	(32)
Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	276	239	214	711	615
Weighted-average number of shares outstanding – diluted	1,134	1,134	1,131	1,134	1,129
Adjusted earnings per share (in euro) – diluted ¹	0.24	0.21	0.19	0.63	0.54

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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Media Relations
Investor Relations**

**Name:
Bernd Hops
worldwide**

**Phone:
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+49 89 234 26655**

**Email:
bernd.hops@infineon.com
investor.relations@infineon.com**

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			9 months ended	
	30 Jun 17	31 Mar 17	30 Jun 16	30 Jun 17	30 Jun 16
Cost of goods sold	1,131	1,122	1,034	3,306	3,076
Plus/minus:					
Share-based compensation expense	(1)	(1)	-	(2)	(1)
Acquisition-related depreciation/amortization and other expenses	(20)	(25)	(24)	(70)	(73)
Other income and expense, net	-	-	-	-	(2)
Adjusted cost of goods sold	1,110	1,096	1,010	3,234	3,000
Adjusted gross margin	39.4%	38.0%	38.1%	38.3%	37.5%

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 nine months ended June 30, 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			9 months ended		
	30 Jun 17	30 Jun 16	+/- in %	30 Jun 17	30 Jun 16	+/- in %
Automotive	766	677	13	2,254	1,964	15
Industrial Power Control	321	280	15	878	793	11
Power Management & Multimarket	557	507	10	1,575	1,509	4
Chip Card & Security	185	173	7	527	529	-
Other Operating Segments	2	2	-	7	6	17
Corporate and Eliminations	-	(7)	+++	3	(3)	+++
Total	1,831	1,632	12	5,244	4,798	9

Segment Result €in millions	3 months ended			9 months ended		
	30 Jun 17	30 Jun 16	+/- in %	30 Jun 17	30 Jun 16	+/- in %
Automotive	120	97	24	364	252	44
Industrial Power Control	55	43	28	123	96	28
Power Management & Multimarket	129	85	52	301	253	19
Chip Card & Security	34	32	6	91	103	(12)
Other Operating Segments	-	-	-	1	1	-
Corporate and Eliminations	-	(3)	+++	-	(3)	+++
Total	338	254	33	880	702	25
Segment Result Margin [in %]	18.5%	15.6%		16.8%	14.6%	

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Phone:
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+49 89 234 26655

Email:
bernd.hops@infineon.com
investor.relations@infineon.com

Revenues and Segment Result for the three months ended 30 June 2017 and 31 March 2017

Revenue € in millions	3 months ended		
	30 Jun 17	31 Mar 17	+/- in %
Automotive	766	783	(2)
Industrial Power Control	321	293	10
Power Management & Multimarket	557	520	7
Chip Card & Security	185	169	9
Other Operating Segments	2	2	-
Corporate and Eliminations	-	-	-
Total	1,831	1,767	4

Segment Result € in millions	3 months ended		
	30 Jun 17	31 Mar 17	+/- in %
Automotive	120	131	(8)
Industrial Power Control	55	44	25
Power Management & Multimarket	129	91	42
Chip Card & Security	34	29	17
Other Operating Segments	-	-	-
Corporate and Eliminations	-	1	---
Total	338	296	14
Segment Result Margin [in %]	18.5%	16.8%	

Employees

	30 Jun 17	31 Mar 17	30 Jun 16
Infineon	37,129	36,791	36,141
Thereof: Research and development	6,205	6,151	5,994

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Investor Relations**

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worldwide**

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+49 89 234 26655**

**Email:
bernd.hops@infineon.com
investor.relations@infineon.com**

Consolidated Statement of Financial Position

€ in millions	30 Jun 17	31 Mar 17	30 Sep 16
ASSETS:			
Cash and cash equivalents	726	721	625
Financial investments	1,491	1,328	1,615
Trade receivables	847	820	774
Inventories	1,245	1,228	1,191
Income tax receivable	7	7	6
Other current assets	318	287	281
Total current assets	4,634	4,391	4,492
Property, plant and equipment	2,541	2,534	2,119
Goodwill and other intangible assets	1,622	1,695	1,656
Investments accounted for using the equity method	32	33	32
Non-current income tax receivable	2	3	3
Deferred tax assets	654	655	623
Other non-current assets	160	164	162
Total non-current assets	5,011	5,084	4,595
Total assets	9,645	9,475	9,087
LIABILITIES AND EQUITY:			
Short-term debt and current maturities of long-term debt	20	121	17
Trade payables	880	828	857
Short-term provisions	364	292	327
Income tax payable	131	125	120
Other current liabilities	220	175	209
Total current liabilities	1,615	1,541	1,530
Long-term debt	1,839	1,896	1,752
Pension plans and similar commitments	502	499	604
Deferred tax liabilities	8	9	10
Long-term provisions	63	68	76
Other non-current liabilities	120	123	92
Total non-current liabilities	2,532	2,595	2,534
Total liabilities	4,147	4,136	4,064
Shareholders' equity:			
Ordinary share capital	2,271	2,270	2,265
Additional paid-in capital	4,791	4,787	5,016
Accumulated deficit	(1,586)	(1,839)	(2,312)
Other reserves	59	158	91
Own shares	(37)	(37)	(37)
Equity attributable to shareholders of Infineon Technologies AG	5,498	5,339	5,023
Total liabilities and equity	9,645	9,475	9,087

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Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Bernd Hops
worldwide

Phone:
+49 89 234 23888
+49 89 234 26655

Email:
bernd.hops@infineon.com
investor.relations@infineon.com

Regional Revenue Development

€in millions	3 months ended						9 months ended			
	30 Jun 17		31 Mar 17		30 Jun 16		30 Jun 17		30 Jun 16	
Revenue:										
Europe, Middle East, Africa	596	33%	591	33%	557	34%	1,694	32%	1,608	34%
Therein: Germany	292	16%	291	16%	262	16%	814	16%	756	16%
Asia-Pacific (w/o Japan)	882	48%	843	48%	758	46%	2,540	48%	2,268	47%
Therein: China	445	24%	404	23%	379	23%	1,257	24%	1,152	24%
Japan	122	7%	115	7%	107	7%	342	7%	314	6%
Americas	231	12%	218	12%	210	13%	668	13%	608	13%
Therein: USA	189	10%	177	10%	171	10%	541	10%	491	10%
Total	1,831	100%	1,767	100%	1,632	100%	5,244	100%	4,798	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:

€in millions	30 Jun 17	31 Mar 17	30 Jun 16
Cash and cash equivalents	726	721	610
Financial investments	1,491	1,328	1,473
Gross cash position	2,217	2,049	2,083
Less:			
Short-term debt and current maturities of long-term debt	20	121	17
Long-term debt	1,839	1,896	1,767
Total debt	1,859	2,017	1,784
Net cash position	358	32	299

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			9 months ended	
	30 Jun 17	31 Mar 17	30 Jun 16	30 Jun 17	30 Jun 16
Net cash provided by operating activities from continuing operations	531	300	496	1,112	866
Net cash provided by (used in) investing activities from continuing operation	(409)	25	(493)	(652)	(676)
Purchases of (proceeds from sales of) financial investments, net	179	(243)	274	(115)	132
Free Cash Flow	301	82	277	345	322

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investor.relations@infineon.com

Consolidated Statement of Cash Flows

€ in millions	3 months ended		
	30 Jun 17	31 Mar 17	30 Jun 16
Net income	253	199	186
Minus: income from discontinued operations, net of income taxes	(3)	(1)	(2)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	202	205	206
Income tax	37	20	(3)
Net interest result	12	17	13
Losses on disposals of property, plant and equipment	-	1	3
Dividends received from joint ventures	2	-	2
Impairment charges	-	3	6
Other non-cash result	17	(6)	1
Change in trade receivables	(34)	(86)	22
Change in inventories	(32)	17	(31)
Change in trade payables	59	14	126
Change in provisions	78	56	46
Change in other assets and liabilities	(11)	(104)	(33)
Interest received	2	2	2
Interest paid	(19)	(9)	(6)
Income tax paid	(32)	(28)	(42)
Net cash provided by operating activities from continuing operations	531	300	496
Net cash used in operating activities from discontinued operations	(2)	(3)	(1)
Net cash provided by operating activities	529	297	495
Purchases of financial investments	(935)	(563)	(935)
Proceeds from sales of financial investments	756	806	661
Purchases of intangible assets and other assets	(44)	(36)	(28)
Purchases of property, plant and equipment	(187)	(183)	(192)
Proceeds from sales of property, plant and equipment and other assets	1	1	1
Net cash provided by (used in) investing activities from continuing operations	(409)	25	(493)
Net cash used in investing activities from discontinued operations	-	-	-
Net cash provided by (used in) investing activities	(409)	25	(493)
Proceeds from issuance of long-term debt	1	-	819
Repayments of long-term debt	(108)	(11)	(820)
Proceeds from issuance of ordinary shares	3	10	6
Dividend payments	-	(248)	-
Net cash provided by (used in) financing activities from continuing operations	(104)	(249)	5
Net cash used in financing activities from discontinued operations	-	-	-
Net cash provided by (used in) financing activities	(104)	(249)	5
Net change in cash and cash equivalents	16	73	7
Effect of foreign exchange rate changes on cash and cash equivalents	(11)	14	(3)
Cash and cash equivalents at beginning of period	721	634	606
Cash and cash equivalents at end of period	726	721	610

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DISCLAIMER

This press release is a Quarterly Group Statement according the Frankfurt Stock Exchange's stock exchange regulation 51 paragraph a.

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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