

Press Release

Infineon closes December quarter with revenue down as forecast and earnings slightly better than expected. Slowing global economic momentum dampens outlook: revenue predicted to remain stable in March quarter

- **Q1 FY 2019: revenue €1,970 million, seasonal quarter-on-quarter decrease of 4 percent; Segment Result €359 million; Segment Result Margin 18.2 percent**
- **Outlook for Q2 FY 2019: based on an assumed exchange rate of US\$ 1.15 to the euro, revenue stable quarter-on-quarter (plus or minus 2 percentage points) and Segment Result Margin of 16 percent at mid-point of revenue guidance**
- **Outlook for FY 2019: given developments in the first two quarters, revenue growth now expected at the lower end of the forecast range, which corresponds to year-on-year growth of 9 percent at an assumed exchange rate of US\$ 1.15 to the euro. At this revenue level, the Segment Result Margin should come in at about 17.5 percent**
- **Investments in FY 2019: planned investments to be reduced by between €100 million and €200 million in light of slower rate of growth**

Neubiberg, Germany, 5 February 2019 – Infineon Technologies AG today reports results for the first quarter of the 2019 fiscal year (period ended 31 December 2018).

"So far we have been able to master the challenges of an increasingly difficult business environment well," stated Dr. Reinhard Ploss, CEO of Infineon. "Despite market headwinds, we expect to be able to grow by about 9 percent in the 2019 fiscal year and gain further market share on the back of healthy structural growth drivers. Our long-term growth prospects remain intact. We will therefore continue to pursue core projects such as the construction of the 300-millimeter cleanroom in Villach, but moderately reduce investments in manufacturing equipment."

For the Business and Trade Press: INFXX201902-033e

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€ in millions	3		3		3	
	months ended	sequen- tial	months ended	year-on- year	months ended	
	31 Dec 18	+/- in %	30 Sep 18	+/- in %	31 Dec 17	
Revenue	1,970	(4)	2,047	11	1,775	
Segment Result	359	(10)	400	27	283	
Segment Result Margin [in %]	18.2%		19.5%		15.9%	
Income from continuing operations	254	(15)	300	23	206	
Loss from discontinued operations, net of income taxes	-	+++	(159)	+++	(1)	
Net income	254	80	141	24	205	
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	(19)	0.27	22	0.18	
Basic loss per share (in euro) from discontinued operations	-	+++	(0.14)	-	-	
Basic earnings per share (in euro)	0.22	69	0.13	22	0.18	
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	(19)	0.27	22	0.18	
Diluted loss per share (in euro) from discontinued operations	-	+++	(0.14)	-	-	
Diluted earnings per share (in euro)	0.22	69	0.13	22	0.18	
Adjusted earnings per share (in euro) – diluted²	0.24	(14)	0.28	20	0.20	
Gross margin [in %]	39.5%		39.8%		36.4%	
Adjusted gross margin³ [in %]	40.4%		40.6%		37.4%	

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.

With effect from the beginning of 2019 fiscal year, Infineon is applying IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) using the modified retrospective approach. As a result, prior periods are not adjusted to the new accounting policies. Overall, the first-time application of these Standards has not had any material impact.

Group performance in first quarter of 2019 fiscal year

Due to seasonal factors, revenue declined by 4 percent to €1,970 million in the first quarter of the 2019 fiscal year, compared to €2,047 million in the fourth quarter of the preceding fiscal year. Revenue was down slightly in the Automotive (ATV) and Industrial Power Control (IPC) segments. Compared to the Group average, the decline was somewhat more pronounced in the Power Management & Multimarket (PMM) segment and noticeably more pronounced in the Digital Security Solutions (DSS) segment.

The gross margin remained largely stable quarter-on-quarter, falling from 39.8 percent to 39.5 percent. Included therein are acquisition-related depreciation and amortization as well as other expenses totaling €16 million, mainly relating to the International Rectifier acquisition. The adjusted gross margin also remained virtually unchanged, coming in at 40.4 percent in the first quarter compared with 40.6 percent in the final quarter of the 2018 fiscal year.

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The Segment Result for the first quarter of the current fiscal year amounted to €359 million, down from €400 million one quarter earlier. The Segment Result Margin decreased from 19.5 percent to 18.2 percent.

The non-segment result for the three-month period was a net loss of €32 million, compared to a net loss of €30 million in the previous quarter. The first-quarter non-segment result comprises €16 million of cost of goods sold, €15 million of selling, general and administrative expenses, and €1 million of research and development expenses.

Operating income in the first quarter totaled €327 million, compared to the previous quarter's €370 million. Income tax expense increased slightly from €54 million to €56 million. Income from continuing operations totaled €254 million, compared with €300 million in the fourth quarter of the 2018 fiscal year.

The result from discontinued operations for the first three months of the 2019 fiscal year was zero. In the previous quarter, the increase in provisions relating to the lawsuit brought by the Qimonda insolvency administrator for the alleged activation of a shell company and the liability for the impairment of capital had resulted in a net loss of €159 million. Net income improved accordingly from €141 million in the previous quarter to €254 million in the first quarter of the 2019 fiscal year.

Earnings per share from continuing operations for the first quarter of the current fiscal year amounted to €0.22 (basic and diluted), down from €0.27 one quarter earlier. Adjusted earnings per share¹ (diluted) declined from €0.28 to €0.24.

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized development assets – decreased slightly in the first quarter of the current fiscal year to €408 million, down from €417 million in the previous three-month period. Depreciation and amortization increased slightly from €226 million to €230 million.

Free cash flow² from continuing operations amounted to minus €221 million, compared to a positive €227 million in the preceding quarter. The figure reported for the first three

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 12.

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months of the current fiscal year includes an outflow of €123 million arising in conjunction with the acquisition of Siltecta in November 2018. Net cash provided by operating activities from continuing operations totaled €310 million, compared to €641 million in the fourth quarter of the 2018 fiscal year.

The gross cash position at the end of the first quarter of the 2019 fiscal year amounted to €2,306 million, compared to €2,543 million at 30 September 2018. The net cash position amounted to €773 million, compared to €1,011 million three months earlier.

Outlook for the second quarter of the 2019 fiscal year

Based on an assumed exchange rate of US\$ 1.15 to the euro in the second quarter of the 2019 fiscal year, Infineon forecasts that revenue will remain stable quarter-on-quarter (plus or minus 2 percentage points). At the mid-point of revenue guidance, the Segment Result Margin is expected to come in at about 16 percent.

Outlook for the 2019 fiscal year

Based on actual figures for the first quarter and forecast figures for the second quarter, Infineon now expects to reach the lower end of its predicted revenue range for the 2019 fiscal year, which corresponds to year-on-year revenue growth of 9 percent at an assumed exchange rate of US\$ 1.15 to the euro. At this level, a Segment Result Margin of about 17.5 percent is expected. Revenue growth in the Automotive segment is predicted to exceed the Group average. The Industrial Power Control segment is forecast to grow in line with the Group average. Revenue growth in the Power Management & Multimarket segment is expected to be below the Group average. Due to the difficult market situation, revenue in the Digital Security Solutions segment is forecast to drop by a low- to mid-single digit percentage year-on-year.

Investments in property, plant and equipment, intangible assets and capitalized development costs are now planned at approximately €1.5 billion for the 2019 fiscal year, compared to the previously forecast range of €1.6 to 1.7 billion. The figure continues to include the construction of the cleanroom for the new 300-millimeter production facility in Villach. Depreciation and amortization are still expected to be in the region of €1 billion, whereby approximately €90 million of that amount relates to amortization resulting from purchase price allocations, primarily for International Rectifier.

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Segment earnings in first quarter of 2019 fiscal year

€ in millions	in % of total revenue	3 months ended 31 Dec 18	sequen- tial +/- in %	3 months ended 30 Sep 18	year-on- year +/- in %	3 months ended 31 Dec 17
Infineon						
Revenue	100	1,970	(4)	2,047	11	1,775
Segment Result		359	(10)	400	27	283
Segment Result Margin [in %]		18.2%		19.5%		15.9%
Automotive (ATV)						
Segment Revenues	43	846	(2)	867	10	770
Segment Result		117	(8)	127	14	103
Segment Result Margin [in %]		13.8%		14.6%		13.4%
Industrial Power Control (IPC)						
Segment Revenues	18	352	(2)	361	19	296
Segment Result		69	(5)	73	44	48
Segment Result Margin [in %]		19.6%		20.2%		16.2%
Power Management & Multimarket (PMM)						
Segment Revenues	31	617	(5)	651	13	545
Segment Result		155	(14)	181	45	107
Segment Result Margin [in %]		25.1%		27.8%		19.6%
Digital Security Solutions (DSS)						
Segment Revenues	8	149	(9)	163	(8)	162
Segment Result		16	(33)	24	(36)	25
Segment Result Margin [in %]		10.7%		14.7%		15.4%
Other Operating Segments (OOS)						
Segment Revenues	0	6	20	5	+++	2
Segment Result		3	+++	(4)	+++	1
Corporate and Eliminations (C&E)						
Segment Revenues	0	-	-	-	-	-
Segment Result		(1)	-	(1)	-	(1)

ATV segment revenue was 2 percent down due to seasonal factors, decreasing from €867 million in the final quarter of the preceding year to €846 million in the first quarter of the current fiscal year. The slight decline was caused by inventory level adjustments made by customers at the end of the calendar year, particularly in conventional fields of application induced by the weakness of the global vehicle market in the December quarter. Segment Result developed accordingly, declining from €127 million to €117 million. The Segment Result Margin came in at 13.8 percent, compared to 14.6 percent one quarter earlier.

IPC segment revenue during the first quarter of the current fiscal year totaled €352 million, 2 percent down on the previous quarter's figure of €361 million. Demand in home appliances and industrial drives declined slightly due to seasonal factors, whereas – contrary to usual seasonal trends – revenue in wind remained almost unchanged and revenue in photovoltaics even grew. Rising demand was also registered in the traction business. Segment Result decreased from €73 million to €69 million quarter-on-quarter. The Segment Result Margin came in at 19.6 percent, compared to 20.2 percent in the previous quarter.

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PMM segment revenue decreased by 5 percent from €651 million to €617 million, reflecting lower demand for DC-DC power supplies and the normal seasonal decline in mobile devices. Revenue from AC-DC power supplies increased slightly. Segment Result for the first quarter of the current fiscal year totaled €155 million, compared to €181 million in the final quarter of the previous fiscal year. The Segment Result Margin came in at 25.1 percent, down from 27.8 percent in the preceding three-month period.

DSS segment revenue decreased by 9 percent from €163 million to €149 million quarter-on-quarter. Revenue in authentication declined significantly due to seasonality. Revenue in payment was also slightly down on the previous quarter, while government ID revenue increased slightly. Segment Result declined from €24 million to €16 million quarter-on-quarter. The Segment Result Margin came in at 10.7 percent, compared to 14.7 percent in the preceding quarter.

Analyst telephone conference and press telephone conference

Infineon will host a telephone conference call including a webcast for analysts and investors (in English only) on 5 February 2019 at 9:30 am (CET), 3:30 am (EST). During the call, the Infineon Management Board will present the Company's results for the first quarter and the outlook for the second quarter of the 2019 fiscal year. In addition, the Management Board will host a telephone press conference with the media at 11:00 am (CET), 5:00 am (EST). It can be followed over the Internet in both English and German. Both conferences will also be available live and for download on Infineon's website at www.infineon.com/investor.

The **Q1 Investor Presentation** is available (in English only) at:

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

Infineon Financial Calendar (* preliminary)

- 21 Feb 2019 Annual General Meeting, Munich
- 25 – 27 Feb 2019 Mobile World Congress; Barcelona
- 14 Mar 2019 Bryan, Garnier & Co. 4th Annual Technology Conference, Paris

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- 5 Apr 2019 Bankhaus Lampe Conference, Baden-Baden
- 7 May 2019* Earnings Release for the Second Quarter of the 2019 Fiscal Year
- 8 May 2019 PCIM trade show; IPC Business Update by Dr. Peter Wawer, Division President IPC and Dr. Peter Friedrichs, Technology Development Silicon Carbide, Nuremberg
- 4 Jun 2019 Equita 14th European Conference, Milan
- 4 Jun 2019 Berenberg Innovation Conference, Zurich
- 5 Jun 2019 Deutsche Bank German, Swiss & Austrian Conference, Berlin
- 11 Jun 2019 Exane 21st European CEO Conference, Paris
- 1 Aug 2019* Earnings Release for the Third Quarter of the 2019 Fiscal Year
- 29 Aug 2019 Commerzbank Sector Conference, Frankfurt
- 23 Sep 2019 Berenberg Goldman Sachs German Corporate Conference, Unterschleißheim nearby Munich
- 24 Sep 2019 Baader Investment Conference, Munich
- 7 – 8 Oct 2019 ATV Presentation by Peter Schiefer, Division President ATV, London
- 12 Nov 2019* Earnings Release for the Fourth Quarter and the 2019 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 2018 fiscal year (ending 30 September), the Company reported sales of €7.6 billion with about 40.100 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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FINANCIAL INFORMATION

According to IFRS – Unaudited

With effect from the beginning of 2019 fiscal year, Infineon is applying IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) using the modified retrospective approach. As a result, prior periods are not adjusted to the new accounting policies. Overall, the first-time application of these Standards has not had any material impact.

Consolidated Statement of Operations

€ in millions; except for the per share data	3 months ended		
	31 Dec 18	30 Sep 18	31 Dec 17
Revenue	1,970	2,047	1,775
Cost of goods sold	(1,191)	(1,233)	(1,129)
Gross profit	779	814	646
Research and development expenses	(236)	(223)	(195)
Selling, general and administrative expenses	(218)	(227)	(205)
Other operating income	11	17	6
Other operating expenses	(9)	(11)	(4)
Operating income	327	370	248
Financial income	6	5	3
Financial expenses	(19)	(21)	(17)
Loss from investments accounted for using the equity method	(4)	-	-
Income from continuing operations before income taxes	310	354	234
Income tax	(56)	(54)	(28)
Income from continuing operations	254	300	206
Loss from discontinued operations, net of income taxes	-	(159)	(1)
Net income	254	141	205
Attributable to:			
Shareholders of Infineon Technologies AG	254	141	205
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹			
Weighted average shares outstanding (in million) – basic	1,131	1,131	1,130
Basic earnings per share (in euro) from continuing operations	0.22	0.27	0.18
Basic loss per share (in euro) from discontinued operations	-	(0.14)	-
Basic earnings per share (in euro)	0.22	0.13	0.18
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹			
Weighted average shares outstanding (in million) – diluted	1,133	1,134	1,134
Diluted earnings per share (in euro) from continuing operations	0.22	0.27	0.18
Diluted loss per share (in euro) from discontinued operations	-	(0.14)	-
Diluted earnings per share (in euro)	0.22	0.13	0.18

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 operating income (loss) excluding certain impairments (such as goodwill impairments), impact on earnings of restructuring measures and closures, share-based compensation expense, acquisition related depreciation/amortization and other expenses, gains (losses) on sales of 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		
	31 Dec 18	30 Sep 18	31 Dec 17
Segment Result	359	400	283
Plus/minus:			
Impairments (such as on goodwill), net of reversals ¹	-	4	-
Impact on earnings of restructuring and closures, net	-	-	-
Share-based compensation expense	(2)	(3)	(5)
Acquisition-related depreciation/amortization and other expenses	(30)	(29)	(30)
Gains on sales of businesses, or interests in subsidiaries, net ²	-	1	-
Other income and expense, net	-	(3)	-
Operating income	327	370	248

¹ Since 1 October 2018 impairments/reversal of impairments on assets are generally shown in segment result (excluding impairments for Goodwill). The previous period's figures were not adjusted.

² Without gains and losses from the disposal of assets since 1 October 2018. The previous period's figures were not adjusted.

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		
	31 Dec 18	30 Sep 18	31 Dec 17
Net income from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	254	300	206
Plus/minus:			
Impairments (such as on goodwill), net of reversals ¹	-	(4)	-
Impact on earnings of restructuring and closures, net	-	-	-
Share-based compensation expense	2	3	5
Acquisition-related depreciation/amortization and other expenses	30	29	30
Gains on sales of businesses, or interests in subsidiaries, net ²	-	(1)	-
Other income and expense, net	-	3	-
Tax effects on adjustments	(7)	(36)	(8)
Revaluation of deferred tax assets resulting from the annually updated earnings forecast	(5)	24	(7)
Adjusted net income from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	274	318	226
Weighted-average number of shares outstanding (in million) – diluted	1,133	1,134	1,134
Adjusted earnings per share (in euro) – diluted³	0.24	0.28	0.20

¹ Since 1 October 2018 impairments/reversal of impairments on assets are generally shown in segment result (excluding impairments for Goodwill). The previous period's figures were not adjusted.

² Without gains and losses from the disposal of assets since 1 October 2018. The previous period's figures were not adjusted.

³ 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		
	31 Dec 18	30 Sep 18	31 Dec 17
Cost of goods sold	1,191	1,233	1,129
Plus/minus:			
Share-based compensation expense	-	(1)	(1)
Acquisition-related depreciation/amortization and other expenses	(16)	(17)	(17)
Adjusted cost of goods sold	1,175	1,215	1,111
Adjusted gross margin	40.4%	40.6%	37.4%

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 months ended 31 December 2018 and 2017 and 30 September 2018

Revenue € in millions	3 months ended			3 months ended		
	31 Dec 18	31 Dec 17	+/- in %	31 Dec 18	30 Sep 18	+/- in %
Automotive	846	770	10	846	867	(2)
Industrial Power Control	352	296	19	352	361	(2)
Power Management & Multimarket	617	545	13	617	651	(5)
Digital Security Solutions	149	162	(8)	149	163	(9)
Other Operating Segments	6	2	+++	6	5	20
Corporate and Eliminations	-	-	-	-	-	-
Total	1,970	1,775	11	1,970	2,047	(4)

Segment Result € in millions	3 months ended			3 months ended		
	31 Dec 18	31 Dec 17	+/- in %	31 Dec 18	30 Sep 18	+/- in %
Automotive	117	103	14	117	127	(8)
Industrial Power Control	69	48	44	69	73	(5)
Power Management & Multimarket	155	107	45	155	181	(14)
Digital Security Solutions	16	25	(36)	16	24	(33)
Other Operating Segments	3	1	+++	3	(4)	+++
Corporate and Eliminations	(1)	(1)	-	(1)	(1)	-
Total	359	283	27	359	400	(10)
Segment Result Margin (in%)	18.2%	15.9%		18.2%	19.5%	

Employees

	31 Dec 18	30 Sep 18	31 Dec 17
Infineon	41,020	40,098	38,229
thereof: Research and development	7,444	7,161	6,547

For the Business and Trade Press: INFXX201902-33e

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Consolidated Statement of Financial Position

€ in millions	31 Dec 18	30 Sep 18 ¹
ASSETS:		
Cash and cash equivalents	827	732
Financial investments	1,479	1,811
Trade receivables	867	971
Inventories	1,591	1,480
Income tax receivable	60	52
Contract Asset	105	-
Other current assets	440	366
Assets classified as held for sale	11	11
Total current assets	5,380	5,423
Property, plant and equipment	3,193	3,038
Goodwill and other intangible assets	1,736	1,596
Investments accounted for using the equity method	33	37
Deferred tax assets	631	648
Other non-current assets	156	137
Total non-current assets	5,749	5,456
Total assets	11,129	10,879
LIABILITIES AND EQUITY:		
Short-term debt and current maturities of long-term debt	22	25
Trade payables	1,190	1,181
Short-term provisions	429	590
Income tax payable	134	117
Other current liabilities	331	269
Total current liabilities	2,106	2,182
Long-term debt	1,511	1,507
Pension plans and similar commitments	555	552
Deferred tax liabilities	15	9
Long-term provisions	46	46
Other non-current liabilities	139	137
Total non-current liabilities	2,266	2,251
Total liabilities	4,372	4,433
Shareholders' equity:		
Ordinary share capital	2,274	2,274
Additional paid-in capital	4,489	4,486
Accumulated deficit	(41)	(333)
Other reserves	72	56
Own shares	(37)	(37)
Equity attributable to shareholders of Infineon Technologies AG	6,757	6,446
Total liabilities and equity	11,129	10,879

¹ No prior period adjustments are required as a result of the new valuation and accounting methods arising from our chosen transition approach in accordance with IFRS 15 and IFRS 9.

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Regional Revenue Development

€ in millions	3 months ended					
	31 Dec 18		30 Sep 18		31 Dec 17	
Revenue:						
Europe, Middle East, Africa	560	28%	611	30%	576	33%
therein: Germany	268	14%	293	14%	277	16%
Asia-Pacific (excluding Japan, Greater China)	309	16%	311	15%	259	14%
Greater China	690	35%	729	36%	619	35%
therein: China	530	27%	535	26%	462	26%
Japan	150	8%	145	7%	117	7%
Americas	261	13%	251	12%	204	11%
therein: USA	215	11%	206	10%	163	9%
Total	1,970	100%	2,047	100%	1,775	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	31 Dec 18	30 Sep 18	31 Dec 17
Cash and cash equivalents	827	732	745
Financial investments	1,479	1,811	1,567
Gross cash position	2,306	2,543	2,312
Less:			
Short-term debt and current maturities of long-term debt	22	25	316
Long-term debt	1,511	1,507	1,493
Total debt	1,533	1,532	1,809
Net cash position	773	1,011	503

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 million	3 months ended		
	31 Dec 18	30 Sep 18	31 Dec 17
Net cash provided by operating activities from continuing operations	310	641	158
Net cash used in investing activities from continuing operations	(195)	(379)	(267)
Purchases of (proceeds from sales of) financial investments, net	(336)	(35)	(26)
Free Cash Flow	(221)	227	(135)

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Consolidated Statement of Cash Flows

€ in millions

	3 months ended		
	31 Dec 18	30 Sep 18	31 Dec 17
Net income	254	141	205
Plus: income from discontinued operations, net of income taxes	-	159	1
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	230	226	204
Income tax	56	54	28
Net interest result	10	9	13
Dividends received from joint ventures	-	2	6
Impairment charges	-	(4)	-
Other non-cash result	4	8	3
Change in trade receivables	110	(23)	53
Change in inventories	(143)	(91)	(45)
Change in trade payables	(5)	170	(72)
Change in provisions	(161)	37	(158)
Change in other assets and liabilities	5	39	(9)
Interest received	6	4	4
Interest paid	(20)	(7)	(19)
Income tax paid	(36)	(83)	(56)
Net cash provided by operating activities from continuing operations	310	641	158
Net cash provided by (used in) operating activities from discontinued operations	(1)	2	6
Net cash provided by operating activities	309	643	164
Purchases of financial investments	(467)	(1,026)	(497)
Proceeds from sales of financial investments	803	1,061	523
Acquisitions of businesses, net of cash acquired	(123)	-	-
Purchases of intangible assets and other assets	(39)	(49)	(37)
Purchases of property, plant and equipment	(369)	(368)	(256)
Proceeds from sales of property, plant and equipment and other assets	-	3	-
Net cash used in investing activities from continuing operations	(195)	(379)	(267)
Net cash used in investing activities from discontinued operations	-	-	-
Net cash used in investing activities	(195)	(379)	(267)
Net change in related party financial receivables and payables	(13)	-	-
Proceeds from issuance of long-term debt	1	-	-
Repayments of long-term debt	(8)	(302)	(13)
Change in cash deposited as collateral	-	-	(1)
Proceeds from issuance of ordinary shares	1	2	1
Net cash used in financing activities from continuing operations	(19)	(300)	(13)
Net cash used in financing activities from discontinued operations	-	-	-
Net cash used in financing activities	(19)	(300)	(13)
Net change in cash and cash equivalents	95	(36)	(116)
Effect of foreign exchange rate changes on cash and cash equivalents	-	(3)	1
Cash and cash equivalents at beginning of period	732	771	860
Cash and cash equivalents at end of period	827	732	745

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DISCLAIMER

This press release is a Quarterly Group Statement according the Frankfurt Stock Exchange's stock exchange regulation 53 paragraph.

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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