

Press Release

Second-quarter revenue and earnings in line with expectations, challenging market environment persists

- **Q2 FY 2019: Revenue of €1,983 million; Segment Result €332 million; Segment Result Margin 16.7 percent**
- **Outlook for Q3 FY 2019: Based on an assumed exchange rate of US\$1.15 to the euro, revenue is expected to grow by 1 percent (plus or minus 2 percentage points) quarter-on-quarter and hence below the usual seasonal rate. The Segment Result Margin should come in at 15 percent at the mid-point of the revenue guidance**
- **Outlook for FY 2019: Revenue of €8 billion (plus or minus 2 percent) expected with a Segment Result Margin of 16 percent at the mid-point of the revenue guidance**

Neubiberg, Germany – 7 May 2019 – Infineon Technologies AG today is reporting results for the second quarter of the 2019 fiscal year (period ended 31 March 2019).

"Infineon's robust business model has enabled us to perform well during the second quarter, despite a significant slowdown of the market", stated Dr. Reinhard Ploss, CEO of Infineon. "The boom is over for the time being, the momentum in demand has weakened. At the end of March, we responded to this trend by adjusting our outlook for the year and prepared for a lower level of growth. At the same time, we have acted consistently to successfully manage the current cycle and cut costs. We will continue to pursue strategic investment initiatives with the aim of safeguarding Infineon's future. This is driven by the excellent long-term prospects in our key target markets, which include electro mobility, autonomous driving, renewable energy, data centers and mobile communications."

For the Business and Trade Press: INFXX201905.065e

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€ in millions	3 months ended 31 Mar 19	sequen- tial +/- in %	3 months ended 31 Dec 18	year-on- year +/- in %	3 months ended 31 Mar 18
Revenue	1,983	1	1,970	8	1,836
Segment Result	332	(8)	359	6	314
Segment Result Margin [in %]	16.7%		18.2%		17.1%
Income from continuing operations	249	(2)	254	(46)	457
Income (loss) from discontinued operations, net of income taxes	(18)	---	—	---	—
Net income	231	(9)	254	(49)	457
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	—	0.22	(45)	0.40
Basic earnings per share (in euro) from discontinued operations	(0.02)	---	—	---	—
Basic earnings per share (in euro)	0.20	(9)	0.22	(50)	0.40
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	—	0.22	(45)	0.40
Diluted earnings per share (in euro) from discontinued operations	(0.02)	---	—	---	—
Diluted earnings per share (in euro)	0.20	(9)	0.22	(50)	0.40
Adjusted earnings per share (in euro) - diluted²	0.24	—	0.24	(8)	0.26
Gross margin (in %)	37.8%		39.5%		37.1%
Adjusted gross margin³ (in %)	38.5%		40.4%		38.0%

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.

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 second quarter of 2019 fiscal year

In the second quarter of the 2019 fiscal year, revenue grew by 1 percent from €1,970 million to €1,983 million quarter-on-quarter. Revenue was up in the Automotive (ATV) and Digital Security Solutions (DSS) segments, marginally down in the Industrial Power Control (IPC) segment and somewhat more significantly down in the Power Management & Multimarket (PMM) segment.

The gross margin fell from 39.5 percent in the first quarter to 37.8 percent in the second. Included therein are acquisition-related depreciation and amortization as well as other expenses totaling €15 million, mainly relating to the International Rectifier acquisition. The adjusted gross margin came in at 38.5 percent, compared to 40.4 percent in the previous quarter. The second-quarter Segment Result amounted to €332 million, compared to the previous quarter's €359 million. The Segment Result Margin dropped from 18.2 percent to 16.7 percent quarter-on-quarter.

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The non-segment result for the three-month period was a net loss of €27 million, compared to a net loss of €32 million in the previous quarter. The second-quarter non-segment result comprises €15 million of cost of goods sold, €11 million of selling, general and administrative expenses, and €1 million of research and development expenses.

Operating profit in the second quarter of the 2019 fiscal year amounted to €305 million, compared to €327 million in the previous three-month period. Income tax expense for the second quarter decreased from €56 million to €46 million. Income from continuing operations remained about stable at €249 million in the second quarter, compared to €254 million one quarter earlier.

Due mainly to the adjustment of provisions in connection with the insolvency of Qimonda, the result from discontinued operations was a net loss of €18 million, compared to the break-even result in the previous quarter. Infineon assumes that proceedings relating to the alleged activation of a shell company and liability for impairment of capital are likely to be lengthier than so far anticipated. Net income for the second quarter of the current fiscal year amounted to €231 million, compared to €254 million in the previous quarter.

Quarter-on-quarter, earnings per share from continuing operations remained unchanged at €0.22 (basic and diluted). Similarly, adjusted earnings per share¹ (diluted) were unchanged at €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 to €349 million in the second quarter of the current fiscal year. In the previous quarter, investments had amounted to €408 million. Depreciation and amortization rose slightly from €230 million to €233 million quarter-on-quarter.

Free cash flow² from continuing operations amounted to negative €137 million compared to negative €221 million in the first quarter of the 2019 fiscal year. The figure reported for the first three months of the current fiscal year had included an outflow of €123 million arising in conjunction with the acquisition of Siltecta 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 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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November 2018. Net cash provided by operating activities from continuing operations in the second quarter amounted to €215 million, down from €310 million in the preceding three-month period.

At the end of the second quarter of the 2019 fiscal year, the gross cash position stood at €1,882 million, down from €2,306 million at 31 December 2018. The net cash position amounted to €333 million, compared to €773 million three months earlier. In February 2019, Infineon paid a dividend of €0.27 per share, resulting in a total distribution of €305 million.

Outlook for the third quarter of the 2019 fiscal year

Based on an assumed exchange rate of US\$1.15 to the euro, Infineon expects revenue to grow by 1 percent quarter-on-quarter (plus or minus 2 percentage points) in the third quarter of the 2019 fiscal year. At the mid-point of the revenue guidance, the Segment Result Margin is predicted to come in at about 15 percent.

Outlook for the 2019 fiscal year

For the 2019 fiscal year as a whole, Infineon expects to generate revenue of €8.0 billion, plus or minus 2 percent. This corresponds to a forecast increase of just over 5 percent over the previous fiscal year, where revenue had amounted to €7.6 billion. The outlook is based on an assumed EUR/USD exchange rate of 1.15 for the remainder of the year. Revenue growth in the Automotive and Industrial Power Control segments is expected to exceed the Group average. Power Management & Multimarket segment revenue is likely to grow at a slightly slower pace than the Group average. Revenue for the Digital Security Solutions segment is likely to decrease by a mid-single-digit percentage year-on-year. The Segment Result Margin is predicted to be in the region of 16 percent at the mid-point of the revenue guidance.

Investments in property, plant and equipment, intangible assets and capitalized development costs are planned at approximately €1.5 billion for the 2019 fiscal year. The figure includes the cost of constructing the cleanroom for the future 300-millimeter production facility in Villach. Depreciation and amortization are 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 the second quarter of the 2019 fiscal year

€ in millions	in % of total revenue	3 months ended 31 Mar 19	sequential +/- in %	3 months ended 31 Dec 18	year-on-year +/- in %	3 months ended 31 Mar 18
Infineon						
Revenue	100	1,983	1	1,970	8	1,836
Segment Result		332	(8)	359	6	314
Segment Result Margin [in %]		16.7%		18.2%		17.1%
Automotive (ATV)						
Segment Revenues	44	875	3	846	8	811
Segment Result		112	(4)	117	(3)	116
Segment Result Margin [in %]		12.8%		13.8%		14.3%
Industrial Power Control (IPC)						
Segment Revenues	18	347	(1)	352	9	317
Segment Result		67	(3)	69	8	62
Segment Result Margin [in %]		19.3%		19.6%		19.6%
Power Management & Multimarket (PMM)						
Segment Revenues	30	591	(4)	617	9	543
Segment Result		132	(15)	155	22	108
Segment Result Margin [in %]		22.3%		25.1%		19.9%
Digital Security Solutions (DSS)						
Segment Revenues	8	164	10	149	-	164
Segment Result		19	19	16	(30)	27
Segment Result Margin [in %]		11.6%		10.7%		16.5%
Other Operating Segments (OOS)						
Segment Revenues	0	6	-	6	+++	1
Segment Result		2	(33)	3	+++	1
Corporate and Eliminations (C&E)						
Segment Revenues	0	-	-	-	-	-
Segment Result		-	+++	(1)	-	-

ATV segment revenue went up from €846 million in the previous quarter to €875 million in the second quarter of the 2019 fiscal year. The growth was achieved on the back of higher demand for electric drivetrain products and driver assistance systems. Segment Result for the three-month period amounted to €112 million, down from €117 million in the previous quarter. The Segment Result Margin slipped from 13.8 percent to 12.8 percent quarter-on-quarter.

IPC segment revenue in the second quarter of the current fiscal year totaled €347 million, compared to €352 million in the first quarter. The 1 percent decrease was mainly attributable to lower demand for industrial drives, photovoltaics and home appliances, while demand in the areas of traction and wind increased. Segment Result fell from €69 million to €67 million quarter-on-quarter. The Segment Result Margin came in at 19.3 percent, compared to 19.6 percent in the previous quarter.

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PMM segment revenue totaled €591 million in the second quarter of the 2019 fiscal year, compared to €617 million in the previous quarter. The 4 percent decrease reflects weaker demand in most product areas. Inventories of power supply components for a broad range of end applications remain at a high level throughout the supply chain. Products for mobile devices were impacted by the usual seasonal downturn. Segment Result for the second quarter totaled €132 million, compared to €155 million in the previous three-month period. The Segment Result Margin came in at 22.3 percent, compared with a margin of 25.1 percent reported for the first quarter of the 2019 fiscal year.

DSS segment revenue grew by 10 percent quarter-on-quarter from €149 million to €164 million, mainly due to growth in the payment card business. Revenue from embedded SIMs (eSIM) for vehicles also increased noticeably compared to the previous quarter. Segment Result increased from €16 million to €19 million quarter-on-quarter. The Segment Result Margin came in at 11.6 percent, up on the 10.7 percent reported for the preceding three-month period.

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 7 May 2019 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 and the outlook for the third quarter of the 2019 fiscal year as well as for the 2019 fiscal year. In addition, the Management Board will host a telephone press 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:

<https://www.infineon.com/cms/en/about-infineon/investor/reporting/quarterly-financial-results/>

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Infineon Financial Calendar (* preliminary)

- 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
- 22 May 2019 JP Morgan European TMT Conference, London
- 29 May 2019 UBS Best of Europe One-on-One Conference, New York
- 3 Jun 2019 Berenberg Innovation Conference, Zurich
- 4 Jun 2019 Equita 14th European Conference, Milan
- 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 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 – Preliminary and 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			6 months ended	
	31 Mar 19	31 Dec 18	31 Mar 18	31 Mar 19	31 Mar 18
Revenue	1,983	1,970	1,836	3,953	3,611
Cost of goods sold	(1,234)	(1,191)	(1,154)	(2,425)	(2,283)
Gross profit	749	779	682	1,528	1,328
Research and development expenses	(236)	(236)	(200)	(472)	(395)
Selling, general and administrative expenses	(212)	(218)	(209)	(430)	(414)
Other operating income	12	11	280	23	285
Other operating expenses	(8)	(9)	(21)	(17)	(25)
Operating income	305	327	532	632	779
Financial income	6	6	3	11	6
Financial expenses	(15)	(19)	(16)	(33)	(32)
Gain from investments accounted for using the equity method	(1)	(4)	-	(5)	-
Income from continuing operations before income taxes	295	310	519	605	753
Income tax	(46)	(56)	(62)	(102)	(90)
Income from continuing operations	249	254	457	503	663
Loss from discontinued operations, net of income taxes	(18)	-	-	(18)	(1)
Net income	231	254	457	485	662
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	1,131	1,130
Basic earnings per share (in euro) from continuing operations	0.22	0.22	0.40	0.45	0.59
Basic earnings per share (in euro) from discontinued operations	(0.02)	-	-	(0.02)	-
Basic earnings per share (in euro)	0.20	0.22	0.40	0.43	0.59
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – diluted	1,132	1,133	1,134	1,132	1,134
Diluted earnings per share (in euro) from continuing operations	0.22	0.22	0.40	0.45	0.58
Diluted earnings per share (in euro) from discontinued operations	(0.02)	-	-	(0.02)	-
Diluted earnings per share (in euro)	0.20	0.22	0.40	0.43	0.58

¹The 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			6 months ended	
	31 Mar 19	31 Dec 18	31 Mar 18	31 Mar 19	31 Mar 18
Segment Result	332	359	314	691	597
Plus/minus:					
Impairments (such as on goodwill), net of reversals ¹	-	-	(11)	-	(11)
Share-based compensation expense	(3)	(2)	(2)	(5)	(7)
Acquisition-related depreciation/amortization and other expenses	(24)	(30)	(29)	(53)	(58)
Gains on sales of businesses, or interests in subsidiaries, net ²	-	-	268	-	267
Other income and expense, net	-	-	(8)	(1)	(9)
Operating income	305	327	532	632	779

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.

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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 19	31 Dec 18	31 Mar 18	31 Mar 19	31 Mar 18
Net income from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	249	254	457	503	663
Plus/minus:					
Impairments (such as on goodwill), net of reversals ¹	-	-	11	-	11
Share-based compensation expense	3	2	2	5	7
Acquisition-related depreciation/amortization and other expenses	24	30	29	53	58
Gains on sales of businesses, or interests in subsidiaries, net ²	-	-	(268)	-	(267)
Other income and expense, net	-	-	8	1	9
Tax effects on adjustments	(6)	(7)	61	(13)	53
Revaluation of deferred tax assets resulting from the annually updated earnings forecast	(2)	(5)	(3)	(7)	(11)
Adjusted net income from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	268	274	297	542	523
Weighted-average number of shares outstanding – diluted	1,132	1,133	1,134	1,132	1,134
Adjusted earnings per share (in euro) – diluted³	0.24	0.24	0.26	0.48	0.46

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			6 months ended	
	31 Mar 19	31 Dec 18	31 Mar 18	31 Mar 19	31 Mar 18
Cost of goods sold	1,234	1,191	1,154	2,425	2,283
Plus/minus:					
Share-based compensation expense	(1)	-	-	(1)	(1)
Acquisition-related depreciation/amortization and other expenses	(14)	(16)	(16)	(29)	(32)
Other income and expense, net	-	-	-	(1)	-
Adjusted cost of goods sold	1,219	1,175	1,138	2,394	2,250
Adjusted gross margin	38.5%	40.4%	38.0%	39.4%	37.7%

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 2019 and 2018

Revenue € in millions	3 months ended			6 months ended		
	31 Mar 19	31 Mar 18	+/- in %	31 Mar 19	31 Mar 18	+/- in %
Automotive	875	811	8	1,721	1,582	9
Industrial Power Control	347	317	9	699	614	14
Power Management & Multimarket	591	543	9	1,208	1,088	11
Digital Security Solutions	164	164	-	313	326	(4)
Other Operating Segments	6	1	+++	12	1	+++
Corporate and Eliminations	-	-	-	-	-	-
Total	1,983	1,836	8	3,953	3,611	9

Segment Result € in millions	3 months ended			6 months ended		
	31 Mar 19	31 Mar 18	+/- in %	31 Mar 19	31 Mar 18	+/- in %
Automotive	112	116	(3)	228	219	4
Industrial Power Control	67	62	8	137	111	23
Power Management & Multimarket	132	108	22	287	214	34
Digital Security Solutions	19	27	(30)	35	52	(33)
Other Operating Segments	2	1	+++	5	1	+++
Corporate and Eliminations	-	-	-	(1)	-	---
Total	332	314	6	691	597	16
Segment Result Margin [in %]	16.7%	17.1%		17.5%	16.5%	

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Revenues and Segment Result for the three months ended 31 March 2019 and 31 December 2018

Revenue € in millions	3 months ended		
	31 Mar 19	31 Dec 18	+/- in %
Automotive	875	846	3
Industrial Power Control	347	352	(1)
Power Management & Multimarket	591	617	(4)
Digital Security Solutions	164	149	10
Other Operating Segments	6	6	-
Corporate and Eliminations	-	-	-
Total	1,983	1,970	1

Segment Result € in millions	3 months ended		
	31 Mar 19	31 Dec 18	+/- in %
Automotive	112	117	(4)
Industrial Power Control	67	69	(3)
Power Management & Multimarket	132	155	(15)
Digital Security Solutions	19	16	19
Other Operating Segments	2	3	(33)
Corporate and Eliminations	-	(1)	+++
Total	332	359	(8)
Segment Result Margin [in %]	16.7%	18.2%	

Employees

	31 Mar 19	31 Dec 18	31 Mar 18
Infineon	41,449	41,020	38,828
thereof: Research and development	7,590	7,444	6,756

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Consolidated Statement of Financial Position

€ in millions	31 Mar 19	31 Dec 18	30 Sep 18 ¹
ASSETS:			
Cash and cash equivalents	809	827	732
Financial investments	1,073	1,479	1,811
Trade receivables	891	867	971
Inventories	1,706	1,591	1,480
Income tax receivable	63	60	52
Contract Assets	106	105	-
Other current assets	533	440	366
Assets classified as held for sale	12	11	11
Total current assets	5,193	5,380	5,423
Property, plant and equipment	3,304	3,193	3,038
Goodwill and other intangible assets	1,758	1,736	1,596
Investments accounted for using the equity method	37	33	37
Deferred tax assets	639	631	648
Other non-current assets	162	156	137
Total non-current assets	5,900	5,749	5,456
Total assets	11,093	11,129	10,879
LIABILITIES AND EQUITY:			
Short-term debt and current maturities of long-term debt	28	22	25
Trade payables	1,128	1,190	1,181
Short-term provisions	311	429	590
Income tax payable	140	134	117
Other current liabilities	268	331	269
Total current liabilities	1,875	2,106	2,182
Long-term debt	1,521	1,511	1,507
Pension plans and similar commitments	632	555	552
Deferred tax liabilities	12	15	9
Long-term provisions	243	46	46
Other non-current liabilities	146	139	137
Total non-current liabilities	2,554	2,266	2,251
Total liabilities	4,429	4,372	4,433
Shareholders' equity:			
Ordinary share capital	2,275	2,274	2,274
Additional paid-in capital	4,187	4,489	4,486
Retained earnings (accumulated deficit)	123	(41)	(333)
Other reserves	116	72	56
Own shares	(37)	(37)	(37)
Equity attributable to shareholders of Infineon Technologies AG	6,664	6,757	6,446
Total liabilities and equity	11,093	11,129	10,879

transition
approach in accordance with IFRS 15 and IFRS 9.

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Regional Revenue Development

€ in millions	3 months ended						6 months ended			
	31 Mar 19		31 Dec 18		31 Mar 18		31 Mar 19		31 Mar 18	
Revenue:										
Europe, Middle East, Africa	631	32%	560	28%	636	35%	1,191	30%	1,212	34%
therein: Germany	302	15%	268	14%	306	17%	570	14%	583	16%
Asia-Pacific (excluding Japan, Greater China)	295	15%	309	16%	270	15%	604	15%	528	14%
Greater China	640	32%	690	35%	594	32%	1,330	34%	1,213	34%
therein: China	494	25%	530	27%	437	24%	1,023	26%	899	25%
Japan	143	7%	150	8%	126	7%	293	7%	243	7%
Americas	274	14%	261	13%	210	11%	535	14%	415	11%
therein: USA	227	11%	215	11%	167	9%	442	11%	331	9%
Total	1,983	100%	1,970	100%	1,836	100%	3,953	100%	3,611	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 Mar 19	31 Dec 18	31 Mar 18
Cash and cash equivalents	809	827	726
Financial investments	1,073	1,479	1,712
Gross cash position	1,882	2,306	2,438
Less:			
Short-term debt and current maturities of long-term debt	28	22	320
Long-term debt	1,521	1,511	1,469
Total debt	1,549	1,533	1,789
Net cash position	333	773	649

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			6 months ended	
	31 Mar 19	31 Dec 18	31 Mar 18	31 Mar 19	31 Mar 18
Net cash provided by operating activities from continuing operations	215	310	310	524	468
Net cash provided by (used in) investing activities from continuing operations	65	(195)	(127)	(130)	(394)
Purchases of (proceeds from sales of) financial investments, net	(417)	(336)	151	(752)	125
Free Cash Flow	(137)	(221)	334	(358)	199

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Consolidated Statement of Cash Flows

€ in millions	3 months ended		
	31 Mar 19	31 Dec 18	31 Mar 18
Net income	231	254	457
Plus: income from discontinued operations, net of income taxes	18	-	-
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	233	230	211
Income tax	46	56	62
Net interest result	10	10	13
Losses (gains) on disposals of property, plant and equipment	(1)	-	1
Gain from sale of RF Power Business	-	-	(268)
Impairment charges	-	-	11
Other non-cash result	(6)	4	5
Change in trade receivables	(36)	110	(63)
Change in inventories	(107)	(143)	(46)
Change in trade payables	(65)	(5)	11
Change in provisions	56	(161)	61
Change in other assets and liabilities	(117)	5	(97)
Interest received	4	6	2
Interest paid	(8)	(20)	(8)
Income tax paid	(43)	(36)	(42)
Net cash provided by operating activities from continuing operations	215	310	310
Net cash used in operating activities from discontinued operations	(2)	(1)	(2)
Net cash provided by operating activities	213	309	308
Purchases of financial investments	(285)	(467)	(881)
Proceeds from sales of financial investments	702	803	730
Acquisitions of businesses, net of cash acquired	-	(123)	(24)
Proceeds from sales of businesses and interests in subsidiaries, net of cash disbursed	-	-	321
Investments in related companies	(5)	-	(10)
Purchases of intangible assets and other assets	(35)	(39)	(40)
Purchases of property, plant and equipment	(314)	(369)	(223)
Proceeds from sales of property, plant and equipment and other assets	2	-	-
Net cash provided by (used in) investing activities from continuing operations	65	(195)	(127)
Net cash used in investing activities from discontinued operations	-	-	-
Net cash provided by (used in) investing activities	65	(195)	(127)
Net change in related party financial receivables and payables	(1)	(13)	-
Proceeds from issuance of long-term debt	-	1	-
Repayments of long-term debt	-	(8)	(2)
Change in cash deposited as collateral	-	-	75
Proceeds from issuance of ordinary shares	1	1	1
Dividend payments	(305)	-	(283)
Net cash provided by (used in) financing activities from continuing operations	(305)	(19)	(209)
Net cash used in financing activities from discontinued operations	-	-	-
Net cash provided by (used in) financing activities	(305)	(19)	(209)
Net change in cash and cash equivalents	(27)	95	(28)
Effect of foreign exchange rate changes on cash and cash equivalents	9	-	9
Cash and cash equivalents at beginning of period	827	732	745
Cash and cash equivalents at end of period	809	827	726

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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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