



Press Release

Automotive, Renewables and Power Conversion strong

- **Q3 FY 2016: Revenue €1,632 million; Segment Result €254 million; Segment Result Margin 15.6 percent**
- **Outlook for Q4 FY 2016: quarter-on-quarter revenue increase of 3 percent (plus or minus 2 percentage points), Segment Result Margin 17 percent at mid-point of revenue guidance**
- **Gross margin 36.6 percent, adjusted gross margin 38.1 percent**
- **Earnings per share €0.16 (basic and diluted), adjusted earnings per share (diluted) €0.19**

Neubiberg, Germany, August 2, 2016 – Infineon Technologies AG today reported results for the third quarter of its 2016 fiscal year (period ended June 30, 2016).

“Revenue, earnings and margin all increased in line with expectations in the third quarter. Demand was particularly strong for our automotive electronics, renewables and power supply solutions. Despite the current contraction of the semiconductor market and contrary to many of our competitors, Infineon has grown once again compared to the prior year’s corresponding quarter, reflecting its focus on sub-markets with structural growth. We therefore continue to forecast a long-term compound annual growth rate of 8 percent,” stated Dr. Reinhard Ploss, CEO of Infineon. “We are enabling cleaner and safer cars, greener energy and even faster mobile communication. The planned acquisition of Wolfspeed will secure us a decisive technological advantage in the long term and help us grow our system understanding. We are thereby focusing on promising growth areas such as electromobility and the Internet of Things.”

Review of Group financials for the third quarter of the 2016 fiscal year

Revenue of the Infineon Group increased from €1,611 to €1,632 million quarter-on-quarter. Contributions to this 1 percent revenue growth were made by the Automotive (ATV), Industrial Power Control (IPC) and Power Management & Multimarket (PMM) segments. As expected, revenue reported by the Chip Card & Security (CCS) segment decreased slightly.

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€ in millions	3 months ended	sequential	3 months ended	year-on-year	3 months ended
	Jun 30, 16	+/- in %	Mar 31, 16	+/- in %	Jun 30, 15
Revenue	1,632	1	1,611	3	1,586
Segment Result	254	11	228	4	245
Segment Result Margin [in %]	15.6%		14.2%		15.4%
Income from continuing operations	184	4	177	75	105
Income from discontinued operations, net of income taxes	2	(33)	3	(50)	4
Net income	186	3	180	71	109
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG ¹ :					
Basic earnings per share (in euro) from continuing operations	0.16	-	0.16	60	0.10
Basic earnings per share (in euro) from discontinued operations	-	-	-	-	-
Basic earnings per share (in euro)	0.16	-	0.16	60	0.10
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG ¹ :					
Diluted earnings per share (in euro) from continuing operations	0.16	-	0.16	60	0.10
Diluted earnings per share (in euro) from discontinued operations	-	-	-	-	-
Diluted earnings per share (in euro)	0.16	-	0.16	60	0.10
Adjusted earnings per share (in euro) – diluted²	0.19	6	0.18	6	0.18
Gross margin	36.6%		35.1%		34.8%
Adjusted gross margin³	38.1%		36.6%		38.7%

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

³ 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 gross margin improved quarter-on-quarter from 35.1 percent to 36.6 percent. The third-quarter figure includes acquisition-related depreciation and amortization and other expenses attributable to the International Rectifier acquisition totaling €24 million. The adjusted gross margin amounted thus to 38.1 percent after 36.6 percent in the prior quarter.

Segment Result increased by 11 percent from €228 million to €254 million quarter-on-quarter. The Segment Result Margin for the third quarter improved to 15.6 percent, compared with 14.2 percent in the preceding quarter.

The non-segment result for the three-month period was a net loss of €61 million, compared with a net loss of €54 million in the previous quarter. Of this result, €24 million related to the cost of goods sold, €2 million to research and development expenses and €27 million to selling, general and administrative expenses. Other operating income and other operating expenses amounted to a net expense of €8 million. The non-segment result includes €48 million of depreciation and amortization arising in conjunction with the purchase price allocation and other expenses for post-merger integration measures relating to the acquisition of International Rectifier.

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Operating income increased from €174 million in the second quarter to €193 million in the third quarter of the current fiscal year. Income from continuing operations totaled €184 million, compared with €177 million in the second quarter. Income from discontinued operations amounted to €2 million, compared with €3 million in the preceding quarter. Net income increased from €180 million to €186 million quarter-on-quarter. The figure for the second quarter included €21 million of tax income, compared with €3 million recorded in the third quarter. Tax income primarily results from the reduction of deferred tax liabilities relating to the acquisition of International Rectifier and from the revaluation of deferred tax assets relating to German and foreign entities.

Earnings per share (basic and diluted) remained unchanged at €0.16 in the third quarter.

Adjusted earnings per share¹ (diluted) improved from €0.18 in the second quarter of the current fiscal year to €0.19 in the third. For the purpose of calculating adjusted earnings per share (diluted), a number of items were 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 – increased from €163 million in the second quarter to €220 million in the third quarter of the current fiscal year. Third-quarter depreciation and amortization decreased slightly to €206 million, compared with €213 million in the preceding quarter.

Free cash flow² from continuing operations improved sharply, rising quarter-on-quarter from €45 million to €277 million. Net cash provided by operating activities from continuing operations increased from €195 million to €496 million.

The gross cash position increased to €2,083 million at the end of the third quarter, compared to €1,803 million at March 31, 2016. The net cash position rose accordingly from €27 million to €299 million over the three-month period.

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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Outlook for the fourth quarter of the 2016 fiscal year

In the fourth quarter of the 2016 fiscal year, Infineon expects quarter-on-quarter revenue growth of 3 percent (plus or minus 2 percentage points). This forecast is based on an assumed exchange rate of US\$1.10 to the euro. At the mid-point of the forecast revenue range, the Segment Result Margin is expected to come in at 17 percent.

Outlook for the 2016 fiscal year

Based on the outlook for the fourth quarter, revenue growth and Segment Result Margin for the full 2016 fiscal year are expected to end up within the range forecast in the preceding quarters.

Investments in property, plant and equipment, intangible assets and capitalized development costs are planned in the region of an unchanged €850 million for the 2016 fiscal year. Based on expected full-year revenue, the ratio for investments as a percentage of forecast revenue is expected to be approximately 13 percent. Depreciation and amortization are forecast to be in the region of €850 million.

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Segment earnings in the third quarter of the 2016 fiscal year

€ in millions	in % of total revenue	3 months ended Jun 30, 16	sequential +/- in %	3 months ended Mar 31, 16	year-on- year +/- in %	3 months ended Jun 30, 15
Infineon						
Revenue	100	1,632	1	1,611	3	1,586
Segment Result		254	11	228	4	245
Segment Result Margin [in %]		15.6%		14.2%		15.4%
Automotive (ATV)¹						
Segment Revenues	41	676	1	670	9	621
Segment Result		104	11	94	32	79
Segment Result Margin [in %]		15.4%		14.0%		12.7%
Industrial Power Control (IPC)¹						
Segment Revenues	17	280	6	265	4	269
Segment Result		42	62	26	40	30
Segment Result Margin [in %]		15.0%		9.8%		11.2%
Power Management & Multimarket (PMM)¹						
Segment Revenues	31	509	3	496	(2)	517
Segment Result		79	7	74	(19)	98
Segment Result Margin [in %]		15.5%		14.9%		19.0%
Chip Card & Security (CCS)¹						
Segment Revenues	11	172	(4)	180	-	172
Segment Result		32	(11)	36	(9)	35
Segment Result Margin [in %]		18.6%		20.0%		20.3%
Other Operating Segments (OOS)						
Segment Revenues	0	2	-	2	(33)	3
Segment Result		-	-	-	---	1
Corporate and Eliminations (C&E)						
Segment Revenues	0	(7)	---	(2)	---	4
Segment Result		(3)	(50)	(2)	---	2

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

Revenue for the ATV segment in the third quarter of the 2016 fiscal year totaled €676 million, compared with €670 million in the second quarter. Radar-based solutions for driver assistance systems were particularly sought after. Demand remained high for solutions for hybrid and electric vehicles. Globally, premium vehicles remained in high demand. Segment Result improved from €94 million in the second quarter to €104 million in the third quarter of the current fiscal year, with the Segment Result Margin rising from 14.0 percent to 15.4 percent.

IPC segment revenue increased by 6 percent from €265 million in the second quarter to €280 million in the third quarter of the 2016 fiscal year. Demand was particularly strong for renewables-related products. Revenue from products for electric drives and home appliances remained flat and declined slightly for traction. Segment Result improved from €26 million in the second quarter to €42 million in the third quarter, with the Segment Result Margin rising from 9.8 percent to 15.0 percent.

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PMM segment revenue grew by 3 percent to €509 million in the third quarter of the 2016 fiscal year, compared with €496 million in the second quarter. Business with products for AC-DC and DC-DC conversion grew due to seasonal factors. Contrary to the normal seasonal trend, revenue generated with components for mobile communications remained flat. The Segment Result improved quarter-on-quarter from €74 million to €79 million. The Segment Result Margin was 15.5 percent, compared with 14.9 percent one quarter earlier.

CCS segment revenue decreased by 4 percent from €180 million in the second quarter to €172 million in the third. Demand declined for payment cards reflecting softer market conditions. On the other hand, demand increased for chips required for authentication solutions in line with seasonality. Segment Result fell by €4 million from €36 million in the second quarter to €32 million in the third quarter of the current fiscal year, while the Segment Result Margin came in at 18.6 percent, compared with 20.0 percent in the preceding quarter.

Analyst and press telephone conference

Infineon will host a telephone conference call for analysts and investors (in English only) on August 2, 2016 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 2016 fiscal year. In addition, the Management Board will host a live telephone conference with the media at 11:00 am (CEST), 5:00 am (EDT). It can be followed over the Internet in both English and German. Both conferences will also be available live and for download on Infineon's website at www.infineon.com/investor.

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

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

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Infineon Financial Calendar (* preliminary)

- Sep 1, 2016 Commerzbank Sector Week, Frankfurt
- Sept 6 - 7, 2016 Citi Global Technology Conference, New York
- Sept 8 - 9, 2016 Deutsche Bank European TMT Conference, London
- Sept 19, 2016 Berenberg Bank and Goldman Sachs German Corporate Conference, Munich
- Sep 21, 2016 Baader Investment Conference, Munich
- Nov 16 - 17, 2016 Morgan Stanley TMT Conference, Barcelona
- Nov 23, 2016* Earnings Release for the Fourth Quarter and 2016 Fiscal Year
- Nov 29 - 30, 2016 Credit Suisse TMT Conference Scottsdale (AZ)
- Feb 2, 2017* Earnings Release for the First Quarter of the 2017 Fiscal Year
- Feb 16, 2017 Annual General Meeting 2017, Munich
- May 4, 2017* Earnings Release for the Second Quarter of the 2017 Fiscal Year
- Aug 1, 2017* Earnings Release for the Third Quarter of the 2017 Fiscal Year
- Nov 30, 2017* Earnings Release for the Forth Quarter of the 2017 Fiscal Year

About Infineon

Infineon Technologies AG is a world leader in semiconductor solutions that make life easier, safer and greener. Microelectronics from Infineon is the key to a better future. In the 2015 fiscal year (ending September 30), the Company reported sales of about €5.8 billion with some 35,400 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

Consolidated Statement of Operations

€ in millions; except for the per share data	3 months ended			9 months ended	
	Jun 30, 16	Mar 31, 16	Jun 30, 15	Jun 30, 16	Jun 30, 15
Revenue	1,632	1,611	1,586	4,798	4,197
Cost of goods sold	(1,034)	(1,045)	(1,034)	(3,076)	(2,741)
Gross profit	598	566	552	1,722	1,456
Research and development expenses	(197)	(195)	(201)	(590)	(520)
Selling, general and administrative expenses	(200)	(195)	(210)	(595)	(563)
Other operating income	2	4	3	10	13
Other operating expenses	(10)	(6)	(25)	(14)	(34)
Operating income	193	174	119	533	352
Financial income	2	1	2	4	8
Financial expenses	(15)	(20)	(12)	(48)	(34)
Gain from investments accounted for using the equity method	1	1	1	2	3
Income from continuing operations before income taxes	181	156	110	491	329
Income tax	3	21	(5)	22	(29)
Income from continuing operations	184	177	105	513	300
Income from discontinued operations, net of income taxes	2	3	4	5	9
Net income	186	180	109	518	309
Attributable to:					
Non-controlling interests	-	-	-	(1)	2
Shareholders of Infineon Technologies AG	186	180	109	519	307
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – basic	1,126	1,125	1,123	1,125	1,122
Basic earnings per share (in euro) from continuing operations	0.16	0.16	0.10	0.46	0.26
Basic earnings per share (in euro) from discontinued operations	-	-	-	-	0.01
Basic earnings per share (in euro)	0.16	0.16	0.10	0.46	0.27
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – diluted	1,131	1,130	1,126	1,129	1,125
Diluted earnings per share (in euro) from continuing operations	0.16	0.16	0.10	0.46	0.26
Diluted earnings per share (in euro) from discontinued operations	-	-	-	-	0.01
Diluted earnings per share (in euro)	0.16	0.16	0.10	0.46	0.27

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

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Segment Revenues and Segment Results

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

Reconciliation of Total Segment Result to Operating Income

€ in millions	3 months ended			9 months ended	
	Jun 30, 16	Mar 31, 16	Jun 30, 15	Jun 30, 16	Jun 30, 15
Segment Result	254	228	245	702	611
Plus /minus:					
Impairment on assets including assets classified as held for sale, net of reversals	(6)	(3)	(13)	(14)	(14)
Impact on earnings of restructuring and closures, net	-	(1)	(10)	8	(12)
Share-based compensation expense	(2)	(2)	(2)	(6)	(5)
Acquisition-related depreciation/amortization and other expenses	(47)	(47)	(97)	(149)	(213)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	(3)	-	-	(4)	-
Other income and expense, net	(3)	(1)	(4)	(4)	(15)
Operating income	193	174	119	533	352

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	
	Jun 30, 16	Mar 31, 16	Jun 30, 15	Jun 30, 16	Jun 30, 15
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	184	177	105	514	298
Plus/minus:					
Impairments on assets including assets classified as held for sale, net of reversals	6	3	13	14	14
Impact on earnings of restructuring and closures, net	-	1	10	(8)	12
Share-based compensation expense	2	2	2	6	5
Acquisition-related depreciation/amortization and other expenses	47	47	97	149	213
Losses (gains) on sales of assets, businesses, or interests in subsidiaries, net	3	-	-	4	-
Other income and expense, net	3	1	4	4	15
Tax effects on adjustments	(16)	(14)	(28)	(36)	(63)
Revaluation of deferred tax assets resulting from the earnings forecast	(15)	(10)	-	(32)	-
Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	214	207	203	615	494
Weighted-average number of shares outstanding – diluted	1,131	1,130	1,126	1,129	1,125
Adjusted earnings per share (in euro) – diluted¹	0.19	0.18	0.18	0.54	0.44

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

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

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Reconciliation to adjusted cost of goods sold and gross margin

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

€ in millions	3 months ended			9 months ended	
	Jun 30, 16	Mar 31, 16	Jun 30, 15	Jun 30, 16	Jun 30, 15
Cost of goods sold	1,034	1,045	1,034	3,076	2,741
Plus/minus:					
Share-based compensation expense	-	(1)	-	(1)	-
Acquisition-related depreciation/amortization and other expenses	(24)	(22)	(60)	(73)	(117)
Other income and expense, net	-	(1)	(1)	(2)	(5)
Adjusted cost of goods sold	1,010	1,021	973	3,000	2,619
Adjusted gross margin	38.1%	36.6%	38.7%	37.5%	37.6%

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, 2016 and 2015

The business with XMC industrial microcontrollers developed by ATV and CCS was transferred to PMM and IPC with effect from October 1, 2015. The previous year's figures have been adjusted accordingly.

Revenue € in millions	3 months ended			9 months ended		
	Jun 30, 16	Jun 30, 15	+/- in %	Jun 30, 16	Jun 30, 15	+/- in %
Automotive	676	621	9	1,961	1,736	13
Industrial Power Control	280	269	4	794	701	13
Power Management & Multimarket	509	517	(2)	1,515	1,261	20
Chip Card & Security	172	172	-	525	486	8
Other Operating Segments	2	3	(33)	6	12	(50)
Corporate and Eliminations	(7)	4	---	(3)	1	---
Total	1,632	1,586	3	4,798	4,197	14

Segment Result € in millions	3 months ended			9 months ended		
	Jun 30, 16	Jun 30, 15	+/- in %	Jun 30, 16	Jun 30, 15	+/- in %
Automotive	104	79	32	279	230	21
Industrial Power Control	42	30	40	90	75	20
Power Management & Multimarket	79	98	(19)	232	213	9
Chip Card & Security	32	35	(9)	103	88	17
Other Operating Segments	-	1	---	1	4	(75)
Corporate and Eliminations	(3)	2	---	(3)	1	---
Total	254	245	4	702	611	15
Segment Result Margin [in %]	15.6%	15.4%		14.6%	14.6%	

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Revenues and Segment Result for the three months ended June 30, 2016 and March 31, 2016

The business with XMC industrial microcontrollers developed by ATV and CCS was transferred to PMM and IPC with effect from October 1, 2015. The previous year's figures have been adjusted accordingly.

Revenue € in millions	3 months ended		
	Jun 30, 16	Mar 31, 16	+/- in %
Automotive	676	670	1
Industrial Power Control	280	265	6
Power Management & Multimarket	509	496	3
Chip Card & Security	172	180	(4)
Other Operating Segments	2	2	-
Corporate and Eliminations	(7)	(2)	---
Total	1,632	1,611	1

Segment Result € in millions	3 months ended		
	Jun 30, 16	Mar 31, 16	+/- in %
Automotive	104	94	11
Industrial Power Control	42	26	62
Power Management & Multimarket	79	74	7
Chip Card & Security	32	36	(11)
Other Operating Segments	-	-	-
Corporate and Eliminations	(3)	(2)	(50)
Total	254	228	11
Segment Result Margin [in %]	15.6%	14.2%	

Employees

	Jun 30, 16	Mar 31, 16	Jun 30, 15
Infineon	36,141	35,978	35,039
Thereof: Research and development	5,994	5,993	5,670

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Consolidated Statement of Financial Position

€ in millions	Jun 30, 16	Mar 31, 16	Sep 30, 15
ASSETS:			
Cash and cash equivalents	610	606	673
Financial investments	1,473	1,197	1,340
Trade receivables	741	757	742
Inventories	1,198	1,165	1,129
Income tax receivable	4	2	2
Other current assets	297	243	229
Total current assets	4,323	3,970	4,115
Property, plant and equipment	2,033	2,014	2,093
Goodwill and other intangible assets	1,693	1,694	1,738
Investments accounted for using the equity method	33	34	33
Non-current income tax receivable	3	3	3
Deferred tax assets	613	600	604
Other non-current assets	157	155	155
Total non-current assets	4,532	4,500	4,626
Total assets	8,855	8,470	8,741
LIABILITIES AND EQUITY:			
Short-term debt and current maturities of long-term debt	17	848	33
Trade payables	815	690	802
Short-term provisions	311	269	402
Income tax payable	122	131	123
Other current liabilities	201	166	225
Total current liabilities	1,466	2,104	1,585
Long-term debt	1,767	928	1,760
Pension plans and similar commitments	579	433	426
Deferred tax liabilities	47	70	147
Long-term provisions	73	73	72
Other non-current liabilities	83	81	86
Total non-current liabilities	2,549	1,585	2,491
Total liabilities	4,015	3,689	4,076
Shareholders' equity:			
Ordinary share capital	2,264	2,263	2,259
Additional paid-in capital	5,011	5,004	5,213
Accumulated deficit	(2,518)	(2,563)	(2,897)
Other reserves	120	114	126
Own shares	(37)	(37)	(37)
Equity attributable to shareholders of Infineon Technologies AG	4,840	4,781	4,664
Non-controlling interests	-	-	1
Total equity	4,840	4,781	4,665
Total liabilities and equity	8,855	8,470	8,741

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Regional Revenue Development

in %	3 months ended			9 months ended	
	Jun 30, 16	Mar 31, 16	Jun 30, 15	Jun 30, 16	Jun 30, 15
Revenue:					
Europe, Middle East, Africa	34%	35%	34%	34%	36%
Therein: Germany	16%	16%	16%	16%	16%
Asia-Pacific (w/o Japan)	46%	46%	47%	47%	46%
Therein: China	23%	23%	24%	24%	23%
Japan	7%	6%	7%	6%	6%
Americas	13%	13%	12%	13%	12%
Therein: USA	10%	10%	10%	10%	10%
Total	100%	100%	100%	100%	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 position is determined as follows from the Consolidated Statement of Financial Position:

€ in millions	Jun 30, 16	Mar 31, 16	Jun 30, 15
Cash and cash equivalents	610	606	700
Financial investments	1,473	1,197	1,142
Gross cash position	2,083	1,803	1,842
Less:			
Short-term debt and current maturities of long-term debt	17	848	26
Long-term debt	1,767	928	1,767
Total debt	1,784	1,776	1,793
Net cash position	299	27	49

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	
	Jun 30, 16	Mar 31, 16	Jun 30, 15	Jun 30, 16	Jun 30, 15
Net cash provided by operating activities from continuing operations	496	195	432	866	528
Net cash used in investing activities from continuing operations	(493)	(5)	(437)	(676)	(2,143)
Purchases of (proceeds from sales of) financial investments, net	274	(145)	225	132	(216)
Free Cash Flow	277	45	220	322	(1,831)

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Consolidated Statement of Cash Flows

€ in millions	3 months ended		
	Jun 30, 16	Mar 31, 16	Jun 30, 15
Net income	186	180	109
Minus: income from discontinued operations, net of income taxes	(2)	(3)	(4)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	206	213	205
Income tax	(3)	(21)	5
Net interest result	13	19	10
Losses on disposals of property, plant and equipment	3	-	-
Dividends received from associated companies	2	-	-
Impairment charges	6	3	13
Other non-cash result	1	2	1
Change in trade receivables	22	(90)	2
Change in inventories	(31)	17	(37)
Change in trade payables	126	(66)	73
Change in provisions	46	54	72
Change in other assets and liabilities	(33)	(76)	(2)
Interest received	2	1	1
Interest paid	(6)	(13)	(5)
Income tax paid	(42)	(25)	(11)
Net cash provided by operating activities from continuing operations	496	195	432
Net cash used in in operating activities from discontinued operations	(1)	(1)	(2)
Net cash provided by operating activities	495	194	430
Purchases of financial investments	(935)	(1,011)	(550)
Proceeds from sales of financial investments	661	1,156	325
Acquisitions of businesses, net of cash acquired	-	-	(2)
Purchases of intangible assets and other assets	(28)	(28)	(32)
Purchases of property, plant and equipment	(192)	(135)	(183)
Proceeds from sales of property, plant and equipment and other assets	1	13	5
Net cash used in investing activities from continuing operations	(493)	(5)	(437)
Net cash used in investing activities from discontinued operations	-	-	-
Net cash used in investing activities	(493)	(5)	(437)
Proceeds from issuance of long-term debt	819	1	1
Repayments of long-term debt	(820)	(5)	(13)
Change in cash deposited as collateral	-	1	-
Proceeds from issuance of ordinary shares	6	3	3
Cash outflows due to changes of non-controlling interests	-	-	(15)
Dividend payments	-	(225)	-
Net cash provided by (used in) financing activities from continuing operations	5	(225)	(24)
Net cash used in financing activities from discontinued operations	-	-	-
Net cash provided by (used in) financing activities	5	(225)	(24)
Net change in cash and cash equivalents	7	(36)	(31)
Effect of foreign exchange rate changes on cash and cash equivalents	(3)	(9)	(7)
Cash and cash equivalents at beginning of period	606	651	738
Cash and cash equivalents at end of period	610	606	700

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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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