

Press Release

Infineon remains firmly on course: Revenue and Segment Result Margin for third quarter at upper end of forecast range

- **Q3 FY 2018: Revenue € 1,941 million; Segment Result € 356 million; Segment Result Margin 18.3 percent; earnings per share € 0.24 (basic and diluted); adjusted earnings per share € 0.24 (diluted); gross margin 38.2 percent; adjusted gross margin 39.2 percent**
- **Outlook for Q4 FY 2018: Based on an assumed exchange rate of US\$ 1.20 to the euro, quarter-on-quarter revenue growth of 3 percent (plus or minus 2 percentage points) and Segment Result Margin of 19 percent at mid-point of revenue guidance. For the 2018 fiscal year as a whole, this would translate arithmetically into year-on-year revenue growth of 6.4 to 7.4 percent and a Segment Result Margin of 17.5 percent at the mid-point of revenue guidance for FY 2018**

Neubiberg, Germany – 1 August 2018 – Infineon Technologies AG today is reporting results for the third quarter of its 2018 fiscal year (period ended 30 June 2018).

"Infineon continues to be on course for success. The dollar has regained some strength and is providing us with additional tailwind," stated Dr. Reinhard Ploss, CEO of Infineon. "The automotive business does well. Electro-mobility in particular is currently driving growth. Demand is also strong for drives used in industrial machines as well as for our solutions for home and DIY appliances, which are increasingly battery-powered. We expect demand for our products as well as for increasingly high-value integrated solutions to keep growing. As a reliable partner to our customers, we are preparing for this by investing in particular in a new 300-millimeter thin-wafer manufacturing facility for power semiconductors at the Villach site."

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
Sian Cummings (Americas)
Chi Kang David Ong (Asia-Pacific)
Jonathan Liu (Greater China)
Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +86 21 6101 9182
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
jonathan.liu@infineon.com
yoko.sasaki@infineon.com

Investor Relations:
Tel.: +49 89 234 26655
investor.relations@infineon.com

€ in millions	3 months ended	sequential	3 months ended	year-on-year	3 months ended
	30 Jun 18	+/- in %	31 Mar 18	+/- in %	30 Jun 17
Revenue	1,941	6	1,836	6	1,831
Segment Result	356	13	314	5	338
Segment Result Margin [in %]	18.3%		17.1%		18.5%
Income from continuing operations	254	(44)	457	2	250
Income from discontinued operations, net of income taxes	17	+++	-	+++	3
Net income	271	(41)	457	7	253
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	(45)	0.40	-	0.22
Basic earnings per share (in euro) from discontinued operations	0.02	+++	-	+++	-
Basic earnings per share (in euro)	0.24	(40)	0.40	9	0.22
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	(45)	0.40	-	0.22
Diluted earnings per share (in euro) from discontinued operations	0.02	+++	-	+++	-
Diluted earnings per share (in euro)	0.24	(40)	0.40	9	0.22
Adjusted earnings per share (in euro) – diluted²	0.24	(8)	0.26	-	0.24
Gross margin [in %]	38.2%		37.1%		38.2%
Adjusted gross margin ³ [in %]	39.2%		38.0%		39.4%

¹ The calculation for earnings per share and adjusted 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 10.

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

Group performance in third quarter of 2018 fiscal year

In the third quarter of the 2018 fiscal year, revenue grew by 6 percent from € 1,836 million to € 1,941 million quarter-on-quarter. Rising demand and a stronger US dollar caused revenue to grow in all four segments, i.e. Automotive (ATV), Industrial Power Control (IPC), Power Management & Multimarket (PMM) and Chip Card & Security (CCS).

The gross margin in the third quarter improved to 38.2 percent, compared to 37.1 percent in the second quarter. These figures include acquisition-related depreciation and amortization and other expenses totaling € 18 million, mainly relating to the acquisition of International Rectifier. The adjusted gross margin amounted to 39.2 percent, up from the 38.0 percent recorded for the previous quarter.

The Segment Result rose from € 314 million to € 356 million quarter-on-quarter. The third-quarter Segment Result Margin climbed to 18.3 percent from 17.1 percent in the second quarter.

The non-segment result for the three-month period under report was a net loss of € 37 million, compared with the previous quarter's net profit of € 218 million. The net profit reported for the second quarter included a pre-tax gain of € 268 million arising on the sale of the major part of Infineon's RF power business to Cree Inc., USA, which, along

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
Sian Cummings (Americas)
Chi Kang David Ong (Asia-Pacific)
Jonathan Liu (Greater China)
Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +86 21 6101 9182
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
jonathan.liu@infineon.com
yoko.sasaki@infineon.com

Investor Relations:
Tel.: +49 89 234 26655
investor.relations@infineon.com

with related impairment losses of € 11 million, were included in other operating income. The third-quarter non-segment result comprises € 18 million of cost of goods sold, € 17 million of selling, general and administrative expenses and € 2 million of research and development expenses.

The non-segment result includes € 32 million of depreciation and amortization arising in conjunction with the purchase price allocation as well as other expenses for post-merger integration measures relating to International Rectifier.

Third-quarter operating income amounted to € 319 million, compared to the preceding quarter's € 532 million, which had included the above-mentioned gain on the sale of the major part of the RF power business. Income from continuing operations for the third quarter decreased accordingly to € 254 million, down from the € 457 million reported for the second quarter. Income from discontinued operations improved quarter-on-quarter from a break-even amount of € 0 million to € 17 million in the third quarter. Net income for the three-month period totaled € 271 million, compared with € 457 million in the previous quarter. The third-quarter income tax expense amounted to € 49 million. The corresponding figure for the second quarter was € 62 million, influenced in part by the gain arising on the sale of the major part of the RF power business.

Earnings per share (basic and diluted) for the third quarter of the 2018 fiscal year amounted to € 0.24, down from the previous quarter's € 0.40, which had been impacted by the above-mentioned exceptional item. Adjusted earnings per share¹ (diluted) amounted to € 0.24, compared to € 0.26 in the second quarter. 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 reversals of 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 costs – amounted to € 280 million in the third quarter of the 2018 fiscal year, compared with € 263 million in the preceding three-month period. Depreciation and amortization increased from € 211 million to € 219 million quarter-on-quarter.

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.

For the Business and Trade Press: INFXX201808.071e

Free cash flow² from continuing operations amounted to € 192 million. In the second quarter of the 2018 fiscal year, free cash flow totaled € 334 million, including in particular the impact of the sale of the major part of the RF power business. Net cash provided by operating activities from continuing operations increased from € 310 million to € 462 million quarter-on-quarter.

The gross cash position rose from € 2,438 million to € 2,621 million over the course of the third quarter. The net cash position improved from € 649 million to € 792 million during the same period.

Provisions relating to Qimonda decreased from € 30 million at 31 March 2018 to € 28 million at 30 June 2018. These provisions had been recognized for legal costs in conjunction with the defense against claims made by the Qimonda insolvency administrator and for residual liabilities relating to Qimonda Dresden GmbH & Co. OHG.

Outlook for fourth quarter of 2018 fiscal year

Based on an assumed exchange rate of US\$ 1.20 to the euro, Infineon forecasts fourth-quarter revenue growth of 3 percent (plus or minus 2 percentage points). At the mid-point of the revenue guidance, the Segment Result Margin is expected to come in at about 19 percent.

For the 2018 fiscal year as a whole, Infineon therefore expects year-on-year revenues growth of 6.4 to 7.4 percent, which is at the upper end of the 4 to 7 percent range previously forecast. The average EUR/USD exchange rate during the 2017 fiscal year was 1.11 and thus significantly more favorable for Infineon's revenue and earnings performance than the exchange rate of 1.20, which is now projected to be the average for the 2018 fiscal year. At an unchanged exchange rate of 1.11, expected year-on-year growth would be correspondingly higher and within the double-digit percentage range. The Segment Result Margin is predicted to be in the region of 17.5 percent at the mid-point of revenue guidance. Previously, a segment profit margin of 17 percent had been expected at the mid-point of revenue guidance.

The ATV and IPC segments are expected to record faster revenue growth than the average for the Group as a whole. Revenue growth in the PMM segment is expected to be slightly below the Group average, but still sufficient to more than offset the decrease in revenue caused by the sale of the major part of Infineon's RF power business. Given

² For definitions and the calculation of free cash flow and of the gross and net cash position, please see page 14.
For the Business and Trade Press: INFXX201808.071e

the difficult market situation, the CCS segment will not be able to offset the US dollar's sharp loss in value over the course of the year. Revenue is therefore expected to decline.

Investments in property, plant and equipment, intangible assets and capitalized development costs in the region of € 1.2 billion are planned for the 2018 fiscal year. The ratio for investments as a percentage of sales (at the mid-point of the planned revenue range for the 2018 fiscal year) is forecast to come in at about 16 percent. This development reflects sizeable investments in additional manufacturing capacities, especially for electro-mobility products. Depreciation and amortization is expected to be in the region of € 850 million.

Segment earnings in the third quarter of the 2018 fiscal year

€ in millions	in % of total revenue	3 months ended		3 months ended		year-on-year +/- in %	3 months ended 30 Jun 17
		30 Jun 18	sequential +/- in %	31 Mar 18	17.1%		
Infineon							
Revenue	100	1,941	6	1,836	6	6	1,831
Segment Result		356	13	314	5	5	338
Segment Result Margin [in %]		18.3%		17.1%			18.5%
Automotive (ATV)							
Segment Revenues	43	836	3	811	9	9	766
Segment Result		120	3	116	-	-	120
Segment Result Margin [in %]		14.4%		14.3%			15.7%
Industrial Power Control (IPC)							
Segment Revenues	18	349	10	317	9	9	321
Segment Result		71	15	62	29	29	55
Segment Result Margin [in %]		20.3%		19.6%			17.1%
Power Management & Multimarket (PMM)							
Segment Revenues	30	580	7	543	4	4	557
Segment Result		137	27	108	6	6	129
Segment Result Margin [in %]		23.6%		19.9%			23.2%
Chip Card & Security (CCS)							
Segment Revenues	9	175	7	164	(5)	(5)	185
Segment Result		29	7	27	(15)	(15)	34
Segment Result Margin [in %]		16.6%		16.5%			18.4%
Other Operating Segments (OOS)							
Segment Revenues	0	1	-	1	(50)	(50)	2
Segment Result		(1)	--	1	--	--	-
Corporate and Eliminations (C&E)							
Segment Revenues	0	-	-	-	-	-	-
Segment Result		-	-	-	-	-	-

In the third quarter, ATV segment revenue rose from € 811 million to € 836 million, whereby the 3 percent increase was mainly due to higher demand for electric drivetrain products. The Segment Result improved from € 116 million to € 120 million quarter-on-quarter. The Segment Result Margin came in at 14.4 percent, up from 14.3 percent in the preceding quarter.

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
Sian Cummings (Americas)
Chi Kang David Ong (Asia-Pacific)
Jonathan Liu (Greater China)
Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +86 21 6101 9182
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
jonathan.liu@infineon.com
yoko.sasaki@infineon.com

Investor Relations:
Tel.: +49 89 234 26655
investor.relations@infineon.com

IPC segment revenue increased 10 percent from € 317 million in the second quarter to € 349 million in the third quarter. Demand for products used in the wind energy sector, home appliances and industrial drives increased significantly and better revenue was also generated with products used in trains. Segment Result improved from € 62 million in the second quarter to € 71 million in the third quarter of the current fiscal year. The Segment Result Margin came in at 20.3 percent, compared to 19.6 percent in the preceding quarter.

PMM segment revenue grew from € 543 million to € 580 million quarter-on-quarter. This 7 percent revenue growth was driven by a variety of application areas, including power supplies for servers, DIY tools, eScooters and integrated solutions for mobile devices. Segment Result went up from € 108 million in the second quarter to € 137 million in the third quarter of the current fiscal year. The Segment Result Margin improved accordingly to 23.6 percent, compared with 19.9 percent reported for the second quarter.

CCS segment revenue grew from € 164 million to € 175 million quarter-on-quarter, with all fields of application contributing to the 7 percent increase. Revenue growth was generated mainly in payment, with Trusted Platform Modules (TPM) and in authentication. The Segment Result amounted to € 29 million compared to € 27 million in the preceding quarter, while the Segment Result Margin improved from 16.5 percent to 16.6 percent.

Analyst and press telephone conference

Infineon will host a conference call for analysts and investors (in English only) on 1 August 2018 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 2018 fiscal year and discuss the outlook for the fourth quarter. In addition, the Management Board will host a telephone conference with the media at 11:00 am (CEST), 5:00 am (EDT). It can be followed over the Internet in both English and German. Both conferences will also be available live and for download on Infineon's website at www.infineon.com/investor.

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
Sian Cummings (Americas)
Chi Kang David Ong (Asia-Pacific)
Jonathan Liu (Greater China)
Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +86 21 6101 9182
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
jonathan.liu@infineon.com
yoko.sasaki@infineon.com

Investor Relations:
Tel.: +49 89 234 26655
investor.relations@infineon.com

The **Q3 Investor Presentation** is available (in English only) at:
<http://www.infineon.com/cms/en/corporate/investor/reporting/>

Infineon Financial Calendar (* preliminary)

- 30 Aug 2018 Commerzbank Sector Conference, Frankfurt
- 24 Sept 2018 Berenberg and Goldman Sachs 7th German Corporate Conference, Unterschleißheim nearby Munich
- 25 Sept 2018 Baader Investment Conference, Munich
- 2 Oct 2018 ATV Presentation by Peter Schiefer, Division President, London
- 12 Nov 2018* Earnings Release for the Fourth Quarter and the 2018 Fiscal Year
- 14 – 15 Nov 2018 Morgan Stanley TMT Conference, Barcelona
- 27 – 28 Nov 2018 Credit Suisse TMT Conference, Scottsdale, Arizona
- 28 Nov 2018 Equita European Conference, Milan
- 28 Nov 2018 UBS German Senior Investor Day, Munich

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 2017 fiscal year (ending 30 September), the Company reported sales of around €7.1 billion with about 37,500 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

Follow us: [Twitter](#) - [Facebook](#) - [LinkedIn](#)

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
Sian Cummings (Americas)
Chi Kang David Ong (Asia-Pacific)
Jonathan Liu (Greater China)
Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +86 21 6101 9182
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
jonathan.liu@infineon.com
yoko.sasaki@infineon.com

Investor Relations:
Tel.: +49 89 234 26655
investor.relations@infineon.com

FINANCIAL INFORMATION
According to IFRS – Unaudited

Consolidated Statement of Operations

€ in millions; except for the per share data	3 months ended			9 months ended	
	30 Jun 18	31 Mar 18	30 Jun 17	30 Jun 18	30 Jun 17
Revenue	1,941	1,836	1,831	5,552	5,244
Cost of goods sold	(1,199)	(1,154)	(1,131)	(3,481)	(3,306)
Gross profit	742	682	700	2,071	1,938
Research and development expenses	(218)	(200)	(195)	(613)	(587)
Selling, general and administrative expenses	(210)	(209)	(209)	(624)	(613)
Other operating income	30	280	4	316	9
Other operating expenses	(25)	(21)	(2)	(51)	(36)
Operating income	319	532	298	1,099	711
Financial income	4	3	3	10	6
Financial expenses	(15)	(16)	(15)	(48)	(47)
Gain (loss) from investments accounted for using the equity method	(5)	-	1	(5)	2
Income from continuing operations before income taxes	303	519	287	1,056	672
Income tax	(49)	(62)	(37)	(139)	(59)
Income from continuing operations	254	457	250	917	613
Income from discontinued operations, net of income taxes	17	-	3	16	-
Net income	271	457	253	933	613
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – basic	1,131	1,130	1,129	1,130	1,128
Basic earnings per share (in euro) from continuing operations	0.22	0.40	0.22	0.81	0.54
Basic earnings per share (in euro) from discontinued operations	0.02	-	-	0.01	-
Basic earnings per share (in euro)	0.24	0.40	0.22	0.82	0.54
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	1,134	1,134
Diluted earnings per share (in euro) from continuing operations	0.22	0.40	0.22	0.81	0.54
Diluted earnings per share (in euro) from discontinued operations	0.02	-	-	0.01	-
Diluted earnings per share (in euro)	0.24	0.40	0.22	0.82	0.54

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

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
Sian Cummings (Americas)
Chi Kang David Ong (Asia-Pacific)
Jonathan Liu (Greater China)
Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +86 21 6101 9182
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
jonathan.liu@infineon.com
yoko.sasaki@infineon.com

Investor Relations:
Tel.: +49 89 234 26655
investor.relations@infineon.com

Segment Revenues and Segment Results

Segment Result is defined as operating income (loss) excluding the following: the net amount of asset impairments and reversals thereof (excluding capitalized development costs); the 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 Segment Result to Operating Income

€ in millions	3 months ended			9 months ended	
	30 Jun 18	31 Mar 18	30 Jun 17	30 Jun 18	30 Jun 17
Segment Result	356	314	338	953	880
Plus/minus:					
Impairments on assets (excluding capitalized development costs) including assets classified as held for sale, net of reversals ¹	-	(11)	-	(11)	(4)
Impact on earnings of restructuring and closures, net	-	-	(1)	-	(3)
Share-based compensation expense	(3)	(2)	(3)	(10)	(8)
Acquisition-related depreciation/amortization and other expenses	(31)	(29)	(36)	(89)	(121)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	4	268	-	271	(1)
Other income and expense, net	(7)	(8)	-	(15)	(32)
Operating income	319	532	298	1,099	711

¹Without impairments/reversals of impairments on capitalized development costs since 1 October 2017, but impairments in connection with the sale of the largest part of the Radio Frequency Power Components business to Cree, Inc. are included here. Previous periods figures were not adjusted.

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
 Sian Cummings (Americas)
 Chi Kang David Ong (Asia-Pacific)
 Jonathan Liu (Greater China)
 Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
 Tel.: +1 310 252 7148
 Tel.: +65 6876 3070
 Tel.: +86 21 6101 9182
 Tel.: +81 3 5745 7340

bernd.hops@infineon.com
 sian.cummings@infineon.com
 david.ong@infineon.com
 jonathan.liu@infineon.com
 yoko.sasaki@infineon.com

Investor Relations:
 Tel.: +49 89 234 26655
 investor.relations@infineon.com

Reconciliation to adjusted earnings and adjusted earnings per share – diluted

Earnings per share in accordance with IFRS are influenced by amounts relating to purchase price allocations for acquisitions (in particular International Rectifier) as well as by other exceptional items. To enable better comparability of operating performance over time, Infineon computes adjusted earnings per share (diluted) as follows:

€ in millions (unless otherwise stated)	3 months ended			9 months ended	
	30 Jun 18	31 Mar 18	30 Jun 17	30 Jun 18	30 Jun 17
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	254	457	250	917	613
Plus/minus:					
Impairments on assets (excluding capitalized development costs) including assets classified as held for sale, net of reversals ¹	-	11	-	11	4
Impact on earnings of restructuring and closures, net	-	-	1	-	3
Share-based compensation expense	3	2	3	10	8
Acquisition-related depreciation/amortization and other expenses	31	29	36	89	121
(Gains)/losses on sales of assets, businesses, or interests in subsidiaries, net	(4)	(268)	-	(271)	1
Other income and expense, net	7	8	-	15	32
Tax effects on adjustments	(8)	61	(10)	45	(39)
Revaluation of deferred tax assets resulting from the annually updated earnings forecast	(9)	(3)	(4)	(19)	(32)
Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	274	297	276	797	711
Weighted-average number of shares outstanding (in million) – diluted	1,133	1,134	1,134	1,134	1,134
Adjusted earnings per share (in euro) – diluted²	0.24	0.26	0.24	0.70	0.63

¹Without impairments/reversals of impairments on capitalized development costs since 1 October 2017, but impairments in connection with the sale of the largest part of the Radio Frequency Power Components business to Cree, Inc. are included here. Previous periods figures were not adjusted.

²The 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.

Reconciliation to adjusted cost of goods sold and gross margin

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

€ in millions	3 months ended			9 months ended	
	30 Jun 18	31 Mar 18	30 Jun 17	30 Jun 18	30 Jun 17
Cost of goods sold	1,199	1,154	1,131	3,481	3,306
Plus/minus:					
Share-based compensation expense	(1)	-	(1)	(2)	(2)
Acquisition-related depreciation/amortization and other expenses	(17)	(16)	(20)	(50)	(70)
Adjusted cost of goods sold	1,181	1,138	1,110	3,429	3,234
Adjusted gross margin	39.2%	38.0%	39.4%	38.2%	38.3%

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.

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
Sian Cummings (Americas)
Chi Kang David Ong (Asia-Pacific)
Jonathan Liu (Greater China)
Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +86 21 6101 9182
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
jonathan.liu@infineon.com
yoko.sasaki@infineon.com

Investor Relations:
Tel.: +49 89 234 26655
investor.relations@infineon.com

**Revenues and Segment Result
for the three and nine months ended 30 June 2018 and 2017**

Revenue € in millions	3 months ended			9 months ended		
	30 Jun 18	30 Jun 17	+/- in %	30 Jun 18	30 Jun 17	+/- in %
Automotive	836	766	9	2,417	2,254	7
Industrial Power Control	349	321	9	963	878	10
Power Management & Multimarket	580	557	4	1,667	1,575	6
Chip Card & Security	175	185	(5)	501	527	(5)
Other Operating Segments	1	2	(50)	4	7	(43)
Corporate and Eliminations	-	-	-	-	3	--
Total	1,941	1,831	6	5,552	5,244	6

Segment Result € in millions	3 months ended			9 months ended		
	30 Jun 18	30 Jun 17	+/- in %	30 Jun 18	30 Jun 17	+/- in %
Automotive	120	120	-	339	364	(7)
Industrial Power Control	71	55	29	182	123	48
Power Management & Multimarket	137	129	6	351	301	17
Chip Card & Security	29	34	(15)	81	91	(11)
Other Operating Segments	(1)	-	--	1	1	-
Corporate and Eliminations	-	-	-	(1)	-	--
Total	356	338	5	953	880	8
Segment Result Margin [in %]	18.3%	18.5%		17.2%	16.8%	

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
Sian Cummings (Americas)
Chi Kang David Ong (Asia-Pacific)
Jonathan Liu (Greater China)
Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +86 21 6101 9182
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
jonathan.liu@infineon.com
yoko.sasaki@infineon.com

Investor Relations:
Tel.: +49 89 234 26655
investor.relations@infineon.com

**Revenues and Segment Result
for the three months ended 30 June 2018 and 31 March 2018**

Revenue € in millions	3 months ended		
	30 Jun 18	31 Mar 18	+/- in %
Automotive	836	811	3
Industrial Power Control	349	317	10
Power Management & Multimarket	580	543	7
Chip Card & Security	175	164	7
Other Operating Segments	1	1	-
Corporate and Eliminations	-	-	-
Total	1,941	1,836	6

Segment Result € in millions	3 months ended		
	30 Jun 18	31 Mar 18	+/- in %
Automotive	120	116	3
Industrial Power Control	71	62	15
Power Management & Multimarket	137	108	27
Chip Card & Security	29	27	7
Other Operating Segments	(1)	1	---
Corporate and Eliminations	-	-	-
Total	356	314	13
Segment Result Margin [in %]	18.3%	17.1%	

Employees

	30 Jun 18	31 Mar 18	30 Jun 17
Infineon	39,227	38,828	37,129
Thereof: Research and development	6,921	6,756	6,205

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
Sian Cummings (Americas)
Chi Kang David Ong (Asia-Pacific)
Jonathan Liu (Greater China)
Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +86 21 6101 9182
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
jonathan.liu@infineon.com
yoko.sasaki@infineon.com

Investor Relations:
Tel.: +49 89 234 26655
investor.relations@infineon.com

Consolidated Statement of Financial Position

€ in millions	30 Jun 18	31 Mar 18	30 Sep 17
ASSETS:			
Cash and cash equivalents	771	726	860
Financial investments	1,850	1,712	1,592
Trade receivables	947	859	851
Inventories	1,388	1,305	1,240
Income tax receivable	6	6	5
Other current assets	385	336	300
Assets classified as held for sale	12	29	23
Total current assets	5,359	4,973	4,871
Property, plant and equipment	2,853	2,788	2,659
Goodwill and other intangible assets	1,579	1,520	1,586
Investments accounted for using the equity method	40	38	28
Deferred tax assets	648	636	612
Other non-current assets	134	116	189
Total non-current assets	5,254	5,098	5,074
Total assets	10,613	10,071	9,945
LIABILITIES AND EQUITY:			
Short-term debt and current maturities of long-term debt	319	320	323
Trade payables	1,011	957	1,020
Short-term provisions	377	314	422
Income tax payable	123	125	103
Other current liabilities	224	181	230
Total current liabilities	2,054	1,897	2,098
Long-term debt	1,510	1,469	1,511
Pension plans and similar commitments	514	509	503
Deferred tax liabilities	16	16	18
Long-term provisions	64	67	67
Other non-current liabilities	138	134	112
Total non-current liabilities	2,242	2,195	2,211
Total liabilities	4,296	4,092	4,309
Shareholders' equity:			
Ordinary share capital	2,273	2,273	2,272
Additional paid-in capital	4,501	4,496	4,774
Accumulated deficit	(473)	(744)	(1,404)
Other reserves	53	(9)	31
Own shares	(37)	(37)	(37)
Equity attributable to shareholders of Infineon Technologies AG	6,317	5,979	5,636
Total liabilities and equity	10,613	10,071	9,945

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
 Sian Cummings (Americas)
 Chi Kang David Ong (Asia-Pacific)
 Jonathan Liu (Greater China)
 Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
 Tel.: +1 310 252 7148
 Tel.: +65 6876 3070
 Tel.: +86 21 6101 9182
 Tel.: +81 3 5745 7340

bernd.hops@infineon.com
 sian.cummings@infineon.com
 david.ong@infineon.com
 jonathan.liu@infineon.com
 yoko.sasaki@infineon.com

Investor Relations:
 Tel.: +49 89 234 26655
 investor.relations@infineon.com

Regional Revenue Development

€in millions	3 months ended						9 months ended			
	30 Jun 18		31 Mar 18		30 Jun 17		30 Jun 18		30 Jun 17	
Revenue:										
Europe, Middle East, Africa	620	32%	636	35%	596	33%	1,832	33%	1,694	32%
Therein: Germany	294	15%	306	17%	292	16%	878	16%	814	16%
Asia-Pacific (w/o Japan)	947	49%	864	47%	882	48%	2,689	48%	2,540	48%
Therein: China	487	25%	437	24%	445	24%	1,386	25%	1,257	24%
Japan	145	7%	126	7%	122	7%	388	7%	342	7%
Americas	229	12%	210	11%	231	12%	643	12%	668	13%
Therein: USA	183	9%	167	9%	189	10%	514	9%	541	10%
Total	1,941	100%	1,836	100%	1,831	100%	5,552	100%	5,244	100%

Consolidated Statement of Cash Flows

Gross and Net Cash Position

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

€in millions	30 Jun 18	31 Mar 18	30 Jun 17
Cash and cash equivalents	771	726	726
Financial investments	1,850	1,712	1,491
Gross cash position	2,621	2,438	2,217
Less:			
Short-term debt and current maturities of long-term debt	319	320	20
Long-term debt	1,510	1,469	1,839
Total debt	1,829	1,789	1,859
Net cash position	792	649	358

Free Cash Flow

Infineon reports the free cash flow figure defined as net cash provided by and/or used in operating activities and net cash provided by and/or used in investing activities, both from continuing operations, after adjusting for cash flows related to the purchase and sale of financial investments. Free cash flow serves as an additional performance indicator, since Infineon holds part of its liquidity in the form of financial investments. This does not mean that the free cash flow calculated in this way is available to cover other disbursements, since dividend, debt-servicing obligations and other fixed disbursements are not deducted. Free cash flow should not be seen as a replacement or superior performance indicator, but rather as an additional useful piece of information over and above the disclosure of the cash flow reported in the Consolidated Statement of Cash Flows, and as a supplementary disclosure to other liquidity performance indicators and other performance indicators derived from the IFRS figures. Free cash flow includes only amounts from continuing operations, and is derived as follows from the Consolidated Statement of Cash Flows:

€in millions	3 months ended			9 months ended	
	30 Jun 18	31 Mar 18	30 Jun 17	30 Jun 18	30 Jun 17
Net cash provided by operating activities from continuing operations	462	310	531	930	1,112
Net cash used in investing activities from continuing operations	(389)	(127)	(409)	(784)	(652)
Purchases of (proceeds from sales of) financial investments, net	119	151	179	245	(115)
Free Cash Flow	192	334	301	391	345

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
 Sian Cummings (Americas)
 Chi Kang David Ong (Asia-Pacific)
 Jonathan Liu (Greater China)
 Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
 Tel.: +1 310 252 7148
 Tel.: +65 6876 3070
 Tel.: +86 21 6101 9182
 Tel.: +81 3 5745 7340

bernd.hops@infineon.com
 sian.cummings@infineon.com
 david.ong@infineon.com
 jonathan.liu@infineon.com
 yoko.sasaki@infineon.com

Investor Relations:
 Tel.: +49 89 234 26655
 investor.relations@infineon.com

Consolidated Statement of Cash Flows

€ in millions	3 months ended		
	30 Jun 18	31 Mar 18	30 Jun 17
Net income	271	457	253
Minus: income from discontinued operations, net of income taxes	(17)	-	(3)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	219	211	202
Income tax	49	62	37
Net interest result	11	13	12
Losses (gains) on disposals of property, plant and equipment	(2)	1	-
Gain from sale of RF Power Business	(2)	(268)	-
Dividends received from joint ventures	-	-	2
Impairment charges	-	11	-
Other non-cash result	(9)	5	17
Change in trade receivables	(82)	(63)	(34)
Change in inventories	(69)	(46)	(32)
Change in trade payables	49	11	59
Change in provisions	59	61	78
Change in other assets and liabilities	43	(97)	(11)
Interest received	4	2	2
Interest paid	(17)	(8)	(19)
Income tax paid	(45)	(42)	(32)
Net cash provided by operating activities from continuing operations	462	310	531
Net cash used in operating activities from discontinued operations	(1)	(2)	(2)
Net cash provided by operating activities	461	308	529
Purchases of financial investments	(873)	(881)	(935)
Proceeds from sales of financial investments	754	730	756
Purchases of other equity investments	(1)	-	-
Acquisitions of businesses, net of cash acquired	8	(24)	-
Proceeds from sales of businesses and interests in subsidiaries, net of cash disbursed	2	321	-
Investments in related companies	(7)	(10)	-
Purchases of intangible assets and other assets	(38)	(40)	(44)
Purchases of property, plant and equipment	(242)	(223)	(187)
Proceeds from sales of property, plant and equipment and other assets	8	-	1
Net cash used in investing activities from continuing operations	(389)	(127)	(409)
Net cash used in investing activities from discontinued operations	-	-	-
Net cash used in investing activities	(389)	(127)	(409)
Net change in related party financial receivables and payables	(19)	-	-
Proceeds from issuance of long-term debt	-	-	1
Repayments of long-term debt	(4)	(2)	(108)
Change in cash deposited as collateral	-	75	-
Proceeds from issuance of ordinary shares	2	1	3
Dividend payments	-	(283)	-
Net cash used in financing activities from continuing operations	(21)	(209)	(104)
Net cash used in financing activities from discontinued operations	-	-	-
Net cash used in financing activities	(21)	(209)	(104)
Net change in cash and cash equivalents	51	(28)	16
Effect of foreign exchange rate changes on cash and cash equivalents	(6)	9	(11)
Cash and cash equivalents at beginning of period	726	745	721
Cash and cash equivalents at end of period	771	726	726

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
 Sian Cummings (Americas)
 Chi Kang David Ong (Asia-Pacific)
 Jonathan Liu (Greater China)
 Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
 Tel.: +1 310 252 7148
 Tel.: +65 6876 3070
 Tel.: +86 21 6101 9182
 Tel.: +81 3 5745 7340

bernd.hops@infineon.com
 sian.cummings@infineon.com
 david.ong@infineon.com
 jonathan.liu@infineon.com
 yoko.sasaki@infineon.com

Investor Relations:
 Tel.: +49 89 234 26655
 investor.relations@infineon.com

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.

For the Business and Trade Press: INFXX201808.071e

Bernd Hops (Headquarters)
Sian Cummings (Americas)
Chi Kang David Ong (Asia-Pacific)
Jonathan Liu (Greater China)
Yoko Sasaki (Japan)

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +86 21 6101 9182
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
jonathan.liu@infineon.com
yoko.sasaki@infineon.com

Investor Relations:
Tel.: +49 89 234 26655
investor.relations@infineon.com