

Press Release

Infineon performs well in challenging market environment – revenue and earnings meet expectations

- **Q3 FY 2019: Revenue of €2,015 million; Segment Result of €317 million; Segment Result Margin of 15.7 percent**
- **Outlook for Q4 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. At the mid-point of the revenue guidance, the Segment Result Margin is expected to come in at around 14.5 percent**
- **Outlook for FY 2019 confirmed: Revenue of €8 billion with a Segment Result Margin of 16 percent**
- **Acquisition of Cypress at an enterprise value of €9 billion announced; initial financing steps successfully completed with capital increase of €1.5 billion and syndication of acquisition financing**

Neubiberg, Germany, 1 August 2019 – Infineon Technologies AG is today reporting results for the third quarter of the 2019 fiscal year (period ended 30 June 2019).

"Infineon remains on course. Although the global economy remains sluggish, Group revenue again grew in the third quarter," stated Dr. Reinhard Ploss, CEO of Infineon. "Demand was solid overall, despite the lack of significant growth momentum. Regardless of the ongoing unfavorable macroeconomic conditions, we still expect to achieve our targets for the current fiscal year. The underlying drivers of our future markets are very much intact and continue to provide good long-term growth prospects to Infineon."

For the Business and Trade Press: INFXX201908.091e

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| € in millions | 3 months ended 30 Jun 19 | sequential +/- in % | 3 months ended 31 Mar 19 | year-on-year +/- in % | 3 months ended 30 Jun 18 |
|---|-----------------------------|---------------------|-----------------------------|-----------------------|-----------------------------|
| Revenue | 2,015 | 2 | 1,983 | 4 | 1,941 |
| Segment Result | 317 | (5) | 332 | (11) | 356 |
| Segment Result Margin [in %] | 15.7% | | 16.7% | | 18.3% |
| Income from continuing operations | 224 | (10) | 249 | (12) | 254 |
| Income from discontinued operations, net of income taxes | - | +++ | (18) | --- | 17 |
| Net income | 224 | (3) | 231 | (17) | 271 |
| Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹ | | | | | |
| Basic earnings per share (in euro) from continuing operations | 0.20 | (9) | 0.22 | (9) | 0.22 |
| Basic earnings per share (in euro) from discontinued operations | - | +++ | (0.02) | --- | 0.02 |
| Basic earnings per share (in euro) | 0.20 | - | 0.20 | (17) | 0.24 |
| Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹ | | | | | |
| Diluted earnings per share (in euro) from continuing operations | 0.20 | (9) | 0.22 | (9) | 0.22 |
| Diluted earnings per share (in euro) from discontinued operations | - | +++ | (0.02) | --- | 0.02 |
| Diluted earnings per share (in euro) | 0.20 | - | 0.20 | (17) | 0.24 |
| Adjusted earnings per share (in euro) – diluted² | 0.23 | (4) | 0.24 | (4) | 0.24 |
| Gross margin (in %) | 36.5% | | 37.8% | | 38.2% |
| Adjusted gross margin³ (in %) | 37.2% | | 38.5% | | 39.2% |

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 13.

³ The reconciliation of cost of goods sold to adjusted cost of goods sold and adjusted gross margin is presented on page 14.

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 the third quarter of the 2019 fiscal year

In the third quarter of the 2019 fiscal year, revenue grew by 2 percent from €1,983 million to €2,015 million quarter-on-quarter. The slightly stronger US dollar compared to the second quarter had a positive impact. All four segments – Automotive (ATV), Industrial Power Control (IPC), Power Management & Multimarket (PMM) and Digital Security Solutions (DSS) – contributed to growth with slightly higher revenue figures.

The third-quarter gross margin was 36.5 percent, compared to 37.8 percent in the second quarter. Included therein are acquisition-related depreciation and amortization as well as other expenses totaling €14 million, mainly relating to the

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previous acquisition of International Rectifier. The adjusted gross margin decreased from 38.5 percent to 37.2 percent quarter-on-quarter. Segment Result amounted to €317 million, compared to €332 million for the preceding three-month period. The Segment Result Margin went from 16.7 percent to 15.7 percent quarter-on-quarter.

The non-segment result for the three-month period under report was a net loss of €34 million, compared to a net loss of €27 million in the previous quarter. The third-quarter non-segment result included €14 million of cost of goods sold, €13 million of selling, general and administrative expenses, and €1 million of research and development expenses. In addition, net operating expense amounting to €6 million were incurred in connection with the planned acquisition of Cypress Semiconductor Corporation ("Cypress"), USA.

Operating income for the third quarter of the 2019 fiscal year amounted to €283 million, compared to the second-quarter figure of €305 million.

The financial result reported for the third quarter was a net expense of €31 million. This figure includes €22 million of costs incurred to hedge stockmarket related risks for the capital increase in connection with the financing of the planned acquisition of Cypress. In the previous quarter, the financial result had amounted to a net expense of €9 million.

Income tax expense for the three-month period under report decreased from €46 million to €28 million quarter-on-quarter.

Income from continuing operations went from €249 million to €224 million quarter-on-quarter. Net income for the third quarter also amounted to €224 million. Second-quarter net income of €231 million included a negative result from discontinued operations of €18 million. Income from discontinued operations broke even in the third quarter.

Earnings per share from continuing operations for the third quarter of the current fiscal year amounted to €0.20 (basic and diluted), compared to €0.22 in the

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previous quarter. Adjusted earnings per share¹ (diluted) for the three-month period under report amounted to €0.23, compared to €0.24 in the second quarter.

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of intangible assets, and capitalized development costs – amounted to €344 million in the third quarter and were thus slightly down on the preceding quarter's figure of €349 million. Depreciation and amortization slightly increased from €233 million to €238 million quarter-on-quarter.

Free cash flow² from continuing operations improved from a negative amount of €137 million to a positive €63 million in the third quarter of the 2019 fiscal year. Net cash provided by operating activities from continuing operations in the third quarter amounted to €396 million, up from €215 million in the second quarter.

The gross cash position at the end of the third quarter of the 2019 fiscal year amounted to €3,435 million, compared to €1,882 million at 31 March 2019. The net cash position improved from €333 million to €1,900 million. Both figures include the proceeds of €1.5 billion resulting from the capital increase executed on 18 June 2019 in connection with the planned acquisition of Cypress.

In order to hedge against exchange rate risks relating to the purchase price obligation arising in connection with the planned acquisition of Cypress, deal-contingent EUR/USD contracts were concluded. In this context, cash flow hedges were accounted for that reduced equity by €95 million at the end of the third quarter of the 2019 fiscal year without income statement impact.

Planned acquisition of Cypress

On 3 June 2019, Infineon and Cypress signed an agreement for the purchase of Cypress. Infineon intends to acquire Cypress for a cash price of USD 23.85 per share, corresponding to an enterprise value of €9 billion.

"The planned acquisition of Cypress is a landmark step in Infineon's strategic development. With this transaction, Infineon is entering a new dimension," commented Dr. Reinhard Ploss, CEO of Infineon. "The Infineon and Cypress

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 13.

² For definitions and the calculation of free cash flow and of the gross and net cash position, please see page 17.

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portfolios complement each other ideally. The acquisition will enable us to strengthen our core power semiconductor business in the long term. With Cypress, Infineon will be able to gain an even stronger foothold in important future markets and accelerate the pace of growth."

Infineon's Supervisory Board and Cypress's Board of Directors have already approved the proposed transaction. Completion of the transaction is subject to approval by Cypress shareholders and regulatory approvals in the relevant jurisdictions as well as to customary closing conditions. The transaction is expected to close towards the end of the 2019 calendar year or early in 2020.

Initially, a small group of banks had provided binding loan commitments to finance the transaction. The ultimate financing structure is oriented towards maintaining an investment grade rating. Infineon therefore intends to finance approximately 30 percent of the transaction using equity capital. The remainder will be raised through debt instruments and available cash. In view of the equity portion, a capital increase against cash contribution was carried out on 18 June 2019. Approximately 113 million new shares were issued and net proceeds of €1.5 billion raised. Following this step, the remaining acquisition financing has meanwhile been successfully syndicated among a larger consortium of banks.

Outlook for the fourth quarter of the 2019 fiscal year

Based on an assumed exchange rate of US\$ 1.15 to the euro in the fourth quarter of the 2019 fiscal year, Infineon expects revenue to grow by 1 percent quarter-on-quarter (plus or minus 2 percentage points). The Power Management & Multimarket segment is expected to grow faster than the average for the Group as a whole. Automotive segment revenue is forecast to grow roughly in line with the Group, whereas the Industrial Power Control and Digital Security Solutions segments are predicted to report a low single-digit decrease in revenue. At the mid-point of the revenue guidance, the Segment Result Margin is expected to come in at 14.5 percent.

Outlook for the 2019 fiscal year

Based on the first three quarters and expectations for the fourth quarter, Infineon confirms its revenue expectation of €8.0 billion for the 2019 fiscal year. Revenue in the previous fiscal year totaled €7.6 billion. Revenue is therefore likely to grow by a bit above 5 percent year-on-year. This forecast is based on an assumed

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EUR/USD exchange rate of 1.15. The Segment Result Margin is expected to come in at 16 percent.

Investments in property, plant and equipment, intangible assets and capitalized development costs in the 2019 fiscal year are planned at approximately €1.5 billion. The figure includes expenditure for the cleanroom currently being constructed for the new 300-millimeter production facility in Villach. Depreciation and amortization will 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.

Segment earnings in the third quarter of the 2019 fiscal year

| € in millions | in % of total revenue | 3 months ended 30 Jun 19 | sequential +/- in % | 3 months ended 31 Mar 19 | year-on-year +/- in % | 3 months ended 30 Jun 18 |
|---|-----------------------|--------------------------|---------------------|--------------------------|-----------------------|--------------------------|
| Infineon | | | | | | |
| Revenue | 100 | 2,015 | 2 | 1,983 | 4 | 1,941 |
| Segment Result | | 317 | (5) | 332 | (11) | 356 |
| Segment Result Margin [in %] | | 15.7% | | 16.7% | | 18.3% |
| Automotive (ATV) | | | | | | |
| Segment Revenues | 44 | 888 | 1 | 875 | 6 | 836 |
| Segment Result | | 98 | (13) | 112 | (18) | 120 |
| Segment Result Margin [in %] | | 11.0% | | 12.8% | | 14.4% |
| Industrial Power Control (IPC) | | | | | | |
| Segment Revenues | 18 | 357 | 3 | 347 | 2 | 349 |
| Segment Result | | 55 | (18) | 67 | (23) | 71 |
| Segment Result Margin [in %] | | 15.4% | | 19.3% | | 20.3% |
| Power Management & Multimarket (PMM) | | | | | | |
| Segment Revenues | 30 | 598 | 1 | 591 | 3 | 580 |
| Segment Result | | 145 | 10 | 132 | 6 | 137 |
| Segment Result Margin [in %] | | 24.2% | | 22.3% | | 23.6% |
| Digital Security Solutions (DSS) | | | | | | |
| Segment Revenues | 8 | 167 | 2 | 164 | (5) | 175 |
| Segment Result | | 19 | - | 19 | (34) | 29 |
| Segment Result Margin [in %] | | 11.4% | | 11.6% | | 16.6% |
| Other Operating Segments (OOS) | | | | | | |
| Segment Revenues | 0 | 5 | (17) | 6 | +++ | 1 |
| Segment Result | | - | --- | 2 | +++ | (1) |
| Corporate and Eliminations (C&E) | | | | | | |
| Segment Revenues | 0 | - | - | - | - | - |
| Segment Result | | - | - | - | - | - |

ATV segment revenue went up by 1 percent from €875 million in the previous quarter to €888 million in the third quarter of the 2019 fiscal year. While demand again rose for electric drivetrain products and driver assistance systems, the

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volume of business with classic applications for vehicles continued to decline slightly. The somewhat stronger US dollar contributed to the small increase in overall automotive revenue. The third-quarter Segment Result fell from €112 million to €98 million quarter-on-quarter. The Segment Result Margin came in at 11.0 percent, down from 12.8 percent in the previous three-month period.

IPC segment revenue increased from €347 million to €357 million quarter-on-quarter. The 3 percent improvement was mainly attributable to significantly stronger demand for products used for photovoltaic and wind power. The industrial drives business also grew slightly, whereas revenue for home appliances was marginally lower. The segment result decreased from €67 million to €55 million quarter-on-quarter. The Segment Result Margin came in at 15.4 percent, compared to 19.3 percent in the previous quarter.

PMM segment revenue edged up by 1 percent to €598 million in the third quarter. The equivalent figure for the previous three-month period was €591 million. Revenue growth reflected seasonality in demand for products for mobile devices on the one hand and the slightly stronger US dollar on the other. Demand remained stable for products for AC-DC power supplies and fell slightly for DC-DC applications. The Segment Result went up from €132 million to €145 million quarter-on-quarter. The Segment Result Margin increased to 24.2 percent after 22.3 percent for the previous three-month period.

DSS segment revenue increased from €164 million in the second quarter to €167 million in the third quarter of the current fiscal year. The 2 percent rise in revenue was mainly attributable to higher demand for payment systems. Revenue for the remaining applications remained largely unchanged. At €19 million, the Segment Result was unchanged to the previous quarter. The Segment Result Margin for the third quarter came in at 11.4 percent, compared to 11.6 percent in 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 1 August 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 third quarter and the outlook for the fourth 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 **Q3 Investor Presentation** is available (in English only) at:

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

Infineon Financial Calendar (* preliminary)

- 29 Aug 2019 Commerzbank Sector Conference, Frankfurt
- 4 – 5 Sep 2019 Citi Global Technology Conference, New York
- 6 Sep 2019 Deutsche Bank European TMT Conference, London
- 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
- 13 – 14 Nov 2019 Morgan Stanley TMT Conference, Barcelona
- 5 Feb 2020* Earnings Release for the First Quarter of the 2020 Fiscal Year
- 20 Feb 2020* Annual General Meeting, Munich
- 5 May 2020* Earnings Release for the Second Quarter of the 2020 Fiscal Year

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About Infineon

Infineon Technologies AG is a world leader in semiconductor solutions that make life easier, safer and greener. Microelectronics from Infineon is the key to a better future. In the 2018 fiscal year (ending 30 September), the Company reported sales of €7.6 billion with about 40.100 employees worldwide. Infineon is listed on the Frankfurt Stock Exchange (ticker symbol: IFX) and in the USA on the over-the-counter market OTCQX International Premier (ticker symbol: IFNNY).

Further information is available at www.infineon.com

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

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FINANCIAL INFORMATION

According to IFRS –Unaudited

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

Consolidated Statement of Operations

| € in millions; except for the per share data | 3 months ended | | | 9 months ended | |
|---|----------------|-------------|-------------|----------------|--------------|
| | 30 Jun 19 | 31 Mar 19 | 30 Jun 18 | 30 Jun 19 | 30 Jun 18 |
| Revenue | 2,015 | 1,983 | 1,941 | 5,967 | 5,552 |
| Cost of goods sold | (1,280) | (1,234) | (1,199) | (3,704) | (3,481) |
| Gross profit | 735 | 749 | 742 | 2,263 | 2,071 |
| Research and development expenses | (243) | (236) | (218) | (715) | (613) |
| Selling, general and administrative expenses | (214) | (212) | (210) | (643) | (624) |
| Other operating income | 20 | 12 | 30 | 42 | 316 |
| Other operating expenses | (15) | (8) | (25) | (32) | (51) |
| Operating income | 283 | 305 | 319 | 915 | 1,099 |
| Financial income | 6 | 6 | 4 | 17 | 10 |
| Financial expenses | (37) | (15) | (15) | (70) | (48) |
| Gain (loss) from investments accounted for using the equity method | - | (1) | (5) | (5) | (5) |
| Income from continuing operations before income taxes | 252 | 295 | 303 | 857 | 1,056 |
| Income tax | (28) | (46) | (49) | (131) | (139) |
| Income from continuing operations | 224 | 249 | 254 | 726 | 917 |
| Income from discontinued operations, net of income taxes | - | (18) | 17 | (17) | 16 |
| Net income | 224 | 231 | 271 | 709 | 933 |
| Earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹ | | | | | |
| Weighted average shares outstanding (in million) – basic | 1,146 | 1,131 | 1,131 | 1,136 | 1,130 |
| Weighted average shares outstanding (in million) – diluted | 1,148 | 1,132 | 1,133 | 1,138 | 1,134 |
| Basic/diluted earnings per share (in euro) from continuing operations | 0.20 | 0.22 | 0.22 | 0.64 | 0.81 |
| Basic/diluted earnings per share (in euro) from discontinued operations | - | (0.02) | 0.02 | (0.02) | 0.01 |
| Basic/diluted earnings per share (in euro) | 0.20 | 0.20 | 0.24 | 0.62 | 0.82 |

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

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Consolidated Statement of Comprehensive Income

| € in millions | Three months ended 30 June | | Nine months ended 30 June | |
|--|----------------------------|------------|---------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net income | 224 | 271 | 709 | 933 |
| Other comprehensive income | | | | |
| Items that will not be reclassified to profit or loss: | | | | |
| Actuarial gains (losses) on pension plans and similar commitments | (36) | - | (102) | (2) |
| Total items that will not be reclassified to profit or loss | (36) | - | (102) | (2) |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Currency translation effects | (28) | 62 | 29 | 22 |
| Net change in fair value of hedging instruments | (93) | (2) | (90) | (2) |
| Net change in fair value of available-for-sale financial assets | - | 2 | - | 2 |
| Total items that may be reclassified subsequently to profit or loss | (121) | 62 | (61) | 22 |
| Other comprehensive income (loss) for the period, net of tax | (157) | 62 | (163) | 20 |
| Total comprehensive income for the period, net of tax | 67 | 333 | 546 | 953 |
| Attributable to: | | | | |
| Shareholders of Infineon Technologies AG | 67 | 333 | 546 | 953 |

Regional Revenue Development

| € in millions | 3 months ended | | | | | | 9 months ended | | | |
|---|----------------|-------------|--------------|-------------|--------------|-------------|----------------|-------------|--------------|-------------|
| | 30 Jun 19 | | 31 Mar 19 | | 30 Jun 18 | | 30 Jun 19 | | 30 Jun 18 | |
| Revenue: | | | | | | | | | | |
| Europe, Middle East, Africa | 628 | 31% | 631 | 32% | 620 | 32% | 1,819 | 31% | 1,832 | 33% |
| therein: Germany | 302 | 15% | 302 | 15% | 294 | 15% | 873 | 15% | 878 | 16% |
| Asia-Pacific (excluding Japan, Greater China) | 294 | 15% | 295 | 15% | 290 | 15% | 898 | 15% | 819 | 15% |
| Greater China | 692 | 34% | 640 | 32% | 657 | 34% | 2,021 | 34% | 1,870 | 33% |
| therein: China | 551 | 27% | 494 | 25% | 487 | 25% | 1,574 | 26% | 1,386 | 25% |
| Japan | 153 | 8% | 143 | 7% | 145 | 7% | 446 | 7% | 388 | 7% |
| Americas | 248 | 12% | 274 | 14% | 229 | 12% | 783 | 13% | 643 | 12% |
| therein: USA | 203 | 10% | 227 | 11% | 183 | 9% | 645 | 11% | 514 | 9% |
| Total | 2,015 | 100% | 1,983 | 100% | 1,941 | 100% | 5,967 | 100% | 5,552 | 100% |

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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 | | | 9 months ended | |
|--|----------------|------------|------------|----------------|--------------|
| | 30 Jun 19 | 31 Mar 19 | 30 Jun 18 | 30 Jun 19 | 30 Jun 18 |
| Segment Result | 317 | 332 | 356 | 1,008 | 953 |
| Plus/minus: | | | | | |
| Impairments (such as on goodwill), net of reversals ¹ | - | - | - | - | (11) |
| Share-based compensation expense | (3) | (3) | (3) | (8) | (10) |
| Acquisition-related depreciation/amortization and other expenses | (30) | (24) | (31) | (83) | (89) |
| Gains (losses) on sales of businesses, or interests in subsidiaries, net ² | (1) | - | 4 | (1) | 271 |
| Other income and expense, net | - | - | (7) | (1) | (15) |
| Operating income | 283 | 305 | 319 | 915 | 1,099 |

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), one - time effects in the financial result in connection with the intended acquisition of Cypress 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 19 | 31 Mar 19 | 30 Jun 18 | 30 Jun 19 | 30 Jun 18 |
| Net income from continuing operations attributable to shareholders of Infineon Technologies AG – diluted | 224 | 249 | 254 | 726 | 917 |
| Plus/minus: | | | | | |
| Impairments (such as on goodwill), net of reversals ¹ | - | - | - | - | 11 |
| Share-based compensation expense | 3 | 3 | 3 | 8 | 10 |
| Acquisition-related depreciation/amortization and other expenses | 30 | 24 | 31 | 83 | 89 |
| Losses (gains) on sales of businesses, or interests in subsidiaries, net ² | 1 | - | (4) | 1 | (271) |
| Other income and expense, net | - | - | 7 | 1 | 15 |
| Acquisition-related expenses within financial result | 25 | - | - | 25 | - |
| Tax effects on adjustments | (12) | (6) | (8) | (24) | 45 |
| Revaluation of deferred tax assets resulting from the annually updated earnings forecast | (4) | (2) | (9) | (11) | (19) |
| Adjusted net income from continuing operations attributable to shareholders of Infineon Technologies AG – diluted | 267 | 268 | 274 | 809 | 797 |
| Weighted-average number of shares outstanding (in million) – diluted | 1,148 | 1,132 | 1,133 | 1,138 | 1,134 |
| Adjusted earnings per share (in euro) – diluted ³ | 0.23 | 0.24 | 0.24 | 0.71 | 0.70 |

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 | | | 9 months ended | |
|--|----------------|--------------|--------------|----------------|--------------|
| | 30 Jun 19 | 31 Mar 19 | 30 Jun 18 | 30 Jun 19 | 30 Jun 18 |
| Cost of goods sold | 1,280 | 1,234 | 1,199 | 3,704 | 3,481 |
| Plus/minus: | | | | | |
| Share-based compensation expense | - | (1) | (1) | (1) | (2) |
| Acquisition-related depreciation/amortization and other expenses | (13) | (14) | (17) | (43) | (50) |
| Other income and expense, net | (1) | - | - | (2) | - |
| Adjusted cost of goods sold | 1,266 | 1,219 | 1,181 | 3,658 | 3,429 |
| Adjusted gross margin | 37.2% | 38.5% | 39.2% | 38.7% | 38.2% |

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.

Employees

| | 30 Jun 19 | 31 Mar 19 | 30 Jun 18 |
|-----------------------------------|-----------|-----------|-----------|
| Infineon | 41,808 | 41,449 | 39,227 |
| thereof: Research and development | 7,676 | 7,590 | 6,921 |

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**Revenues and Segment Result
for the three and nine months ended 30 June 2019 and 2018**

| Revenue € in millions | 3 months ended | | | 9 months ended | | |
|--------------------------------|----------------|--------------|----------|----------------|--------------|----------|
| | 30 Jun 19 | 30 Jun 18 | +/- in % | 30 Jun 19 | 30 Jun 18 | +/- in % |
| Automotive | 888 | 836 | 6 | 2,609 | 2,417 | 8 |
| Industrial Power Control | 357 | 349 | 2 | 1,056 | 963 | 10 |
| Power Management & Multimarket | 598 | 580 | 3 | 1,806 | 1,667 | 8 |
| Digital Security Solutions | 167 | 175 | (5) | 480 | 501 | (4) |
| Other Operating Segments | 5 | 1 | +++ | 16 | 4 | +++ |
| Corporate and Eliminations | - | - | - | - | - | - |
| Total | 2,015 | 1,941 | 4 | 5,967 | 5,552 | 7 |

| Segment Result € in millions | 3 months ended | | | 9 months ended | | |
|--------------------------------|----------------|------------|-------------|----------------|------------|----------|
| | 30 Jun 19 | 30 Jun 18 | +/- in % | 30 Jun 19 | 30 Jun 18 | +/- in % |
| Automotive | 98 | 120 | (18) | 327 | 339 | (4) |
| Industrial Power Control | 55 | 71 | (23) | 192 | 182 | 5 |
| Power Management & Multimarket | 145 | 137 | 6 | 432 | 351 | 23 |
| Digital Security Solutions | 19 | 29 | (34) | 55 | 81 | (32) |
| Other Operating Segments | - | (1) | +++ | 3 | 1 | +++ |
| Corporate and Eliminations | - | - | - | (1) | (1) | - |
| Total | 317 | 356 | (11) | 1,008 | 953 | 6 |
| Segment Result Margin [in %] | 15.7% | 18.3% | | 16.9% | 17.2% | |

for the three months ended 30 June 2019 and 31 March 2019

| Revenue € in millions | 3 months ended | | |
|--------------------------------|----------------|--------------|----------|
| | 30 Jun 19 | 31 Mar 19 | +/- in % |
| Automotive | 888 | 875 | 1 |
| Industrial Power Control | 357 | 347 | 3 |
| Power Management & Multimarket | 598 | 591 | 1 |
| Digital Security Solutions | 167 | 164 | 2 |
| Other Operating Segments | 5 | 6 | (17) |
| Corporate and Eliminations | - | - | - |
| Total | 2,015 | 1,983 | 2 |

| Segment Result € in millions | 3 months ended | | |
|--------------------------------|----------------|------------|------------|
| | 30 Jun 19 | 31 Mar 19 | +/- in % |
| Automotive | 98 | 112 | (13) |
| Industrial Power Control | 55 | 67 | (18) |
| Power Management & Multimarket | 145 | 132 | 10 |
| Digital Security Solutions | 19 | 19 | - |
| Other Operating Segments | - | 2 | --- |
| Corporate and Eliminations | - | - | - |
| Total | 317 | 332 | (5) |
| Segment Result Margin [in %] | 15.7% | 16.7% | |

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Consolidated Statement of Financial Position

| € in millions | 30 Jun 19 | 31 Mar 19 | 30 Sep 18 ¹ |
|--|---------------|---------------|------------------------|
| ASSETS: | | | |
| Cash and cash equivalents | 722 | 809 | 732 |
| Financial investments | 2,713 | 1,073 | 1,811 |
| Trade receivables | 848 | 891 | 971 |
| Inventories | 1,758 | 1,706 | 1,480 |
| Income tax receivable | 104 | 63 | 52 |
| Contract assets | 109 | 106 | - |
| Other current assets | 727 | 533 | 366 |
| Assets classified as held for sale | 11 | 12 | 11 |
| Total current assets | 6,992 | 5,193 | 5,423 |
| Property, plant and equipment | 3,395 | 3,304 | 3,038 |
| Goodwill and other intangible assets | 1,749 | 1,758 | 1,596 |
| Investments accounted for using the equity method | 37 | 37 | 37 |
| Deferred tax assets | 638 | 639 | 648 |
| Other non-current assets | 139 | 162 | 137 |
| Total non-current assets | 5,958 | 5,900 | 5,456 |
| Total assets | 12,950 | 11,093 | 10,879 |
| LIABILITIES AND EQUITY: | | | |
| Short-term debt and current maturities of long-term debt | 28 | 28 | 25 |
| Trade payables | 1,079 | 1,128 | 1,181 |
| Short-term provisions | 350 | 311 | 590 |
| Income tax payable | 154 | 140 | 117 |
| Other current liabilities | 488 | 268 | 269 |
| Total current liabilities | 2,099 | 1,875 | 2,182 |
| Long-term debt | 1,507 | 1,521 | 1,507 |
| Pension plans and similar commitments | 676 | 632 | 552 |
| Deferred tax liabilities | 13 | 12 | 9 |
| Long-term provisions | 243 | 243 | 46 |
| Other non-current liabilities | 154 | 146 | 137 |
| Total non-current liabilities | 2,593 | 2,554 | 2,251 |
| Total liabilities | 4,692 | 4,429 | 4,433 |
| Shareholders' equity: | | | |
| Ordinary share capital | 2,500 | 2,275 | 2,274 |
| Additional paid-in capital | 5,489 | 4,187 | 4,486 |
| Retained earnings (accumulated deficit) | 311 | 123 | (333) |
| Other reserves | (5) | 116 | 56 |
| Own shares | (37) | (37) | (37) |
| Total equity | 8,258 | 6,664 | 6,446 |
| Total liabilities and equity | 12,950 | 11,093 | 10,879 |

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

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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 19 | 31 Mar 19 | 30 Jun 18 |
|--|--------------|--------------|--------------|
| Cash and cash equivalents | 722 | 809 | 771 |
| Financial investments | 2,713 | 1,073 | 1,850 |
| Gross cash position | 3,435 | 1,882 | 2,621 |
| Less: | | | |
| Short-term debt and current maturities of long-term debt | 28 | 28 | 319 |
| Long-term debt | 1,507 | 1,521 | 1,510 |
| Total debt | 1,535 | 1,549 | 1,829 |
| Net cash position | 1,900 | 333 | 792 |

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 19 | 31 Mar 19 | 30 Jun 18 | 30 Jun 19 | 30 Jun 18 |
| Net cash provided by operating activities from continuing operations | 396 | 215 | 462 | 920 | 930 |
| Net cash used in investing activities from continuing operations | (1,980) | 65 | (389) | (2,110) | (784) |
| Purchases of (proceeds from sales of) financial investments, net | 1,647 | (417) | 119 | 895 | 245 |
| Free Cash Flow | 63 | (137) | 192 | (295) | 391 |

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Consolidated Statement of Cash Flows

for the three months ended 30 June 2019 and 2018 and 31 March 2019

| € in millions | 3 months ended | | |
|--|----------------|--------------|--------------|
| | 30 Jun 19 | 31 Mar 19 | 30 Jun 18 |
| Net income | 224 | 231 | 271 |
| Plus/minus: income from discontinued operations, net of income taxes | - | 18 | (17) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 238 | 233 | 219 |
| Income tax | 28 | 46 | 49 |
| Net interest result | 6 | 10 | 11 |
| Gains on disposals of property, plant and equipment | (9) | (1) | (2) |
| Loss (gain) from sale of RF Power Business | 1 | - | (2) |
| Other non-cash result | 27 | (6) | (9) |
| Change in trade receivables | 43 | (36) | (82) |
| Change in inventories | (58) | (107) | (69) |
| Change in trade payables | (47) | (65) | 49 |
| Change in provisions | 41 | 56 | 59 |
| Change in other assets and liabilities | (31) | (117) | 43 |
| Interest received | 8 | 4 | 4 |
| Interest paid | (30) | (8) | (17) |
| Income tax paid | (45) | (43) | (45) |
| Net cash provided by operating activities from continuing operations | 396 | 215 | 462 |
| Net cash used in operating activities from discontinued operations | - | (2) | (1) |
| Net cash provided by operating activities | 396 | 213 | 461 |
| Purchases of financial investments | (2,283) | (285) | (873) |
| Proceeds from sales of financial investments | 636 | 702 | 754 |
| Purchases of other equity investments | - | - | (1) |
| Acquisitions of businesses, net of cash acquired | - | - | 8 |
| Proceeds from sales of businesses and interests in subsidiaries, net of cash disbursed | - | - | 2 |
| Investments in related companies | - | (5) | (7) |
| Purchases of intangible assets and other assets | (38) | (35) | (38) |
| Purchases of property, plant and equipment | (306) | (314) | (242) |
| Proceeds from sales of property, plant and equipment and other assets | 11 | 2 | 8 |
| Net cash provided by (used in) investing activities from continuing operations | (1,980) | 65 | (389) |
| Net cash used in investing activities from discontinued operations | - | - | - |
| Net cash provided by (used in) investing activities | (1,980) | 65 | (389) |
| Net change in related party financial receivables and payables | - | (1) | (19) |
| Repayments of long-term debt | (4) | - | (4) |
| Payments for financing-related derivatives | (41) | - | - |
| Deposits from finance-related derivatives | 19 | - | - |
| Proceeds from issuance of ordinary shares | 1,525 | 1 | 2 |
| Dividend payments | - | (305) | - |
| Net cash provided by (used in) financing activities from continuing operations | 1,499 | (305) | (21) |
| Net cash used in financing activities from discontinued operations | - | - | - |
| Net cash provided by (used in) financing activities | 1,499 | (305) | (21) |
| Net change in cash and cash equivalents | (85) | (27) | 51 |
| Effect of foreign exchange rate changes on cash and cash equivalents | (2) | 9 | (6) |
| Cash and cash equivalents at beginning of period | 809 | 827 | 726 |
| Cash and cash equivalents at end of period | 722 | 809 | 771 |

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Consolidated Statement of Cash Flows

for the nine months ended 30 June 2019 and 2018

| € in millions | 9 months ended | |
|---|----------------|--------------|
| | 30 June 19 | 30 June 18 |
| Net income | 709 | 933 |
| Plus/minus: income from discontinued operations, net of income taxes | 17 | (16) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 701 | 635 |
| Income tax | 131 | 139 |
| Net interest result | 27 | 36 |
| Gains on disposals of property, plant and equipment | (10) | (1) |
| Loss (gain) from sale of RF Power Business | 1 | (270) |
| Dividends received from joint ventures | - | 6 |
| Impairment charges | - | 11 |
| Other non-cash result | 24 | (1) |
| Change in trade receivables | 118 | (93) |
| Change in inventories | (308) | (160) |
| Change in trade payables | (116) | (12) |
| Change in provisions | (65) | (38) |
| Change in other assets and liabilities | (144) | (63) |
| Interest received | 18 | 10 |
| Interest paid | (58) | (43) |
| Income tax paid | (125) | (143) |
| Net cash provided by operating activities from continuing operations | 920 | 930 |
| Net cash provided by (used in) operating activities from discontinued operations | (3) | 2 |
| Net cash provided by operating activities | 917 | 932 |
| Purchases of financial investments | (3,035) | (2,252) |
| Proceeds from sales of financial investments | 2,140 | 2,007 |
| Proceeds from sales of businesses and interests in subsidiaries | - | 324 |
| Purchases of other equity investments | - | (1) |
| Acquisitions of businesses, net of cash acquired | (123) | (16) |
| Investments in related companies | (5) | (17) |
| Purchases of intangible assets and other assets | (112) | (115) |
| Purchases of property, plant and equipment | (989) | (721) |
| Proceeds from sales of property, plant and equipment and other assets | 14 | 7 |
| Net cash used in investing activities from continuing operations | (2,110) | (784) |
| Net cash used in investing activities from discontinued operations | - | - |
| Net cash used in investing activities | (2,110) | (784) |
| Net change in related party financial receivables and payables | (14) | (19) |
| Proceeds from issuance of long-term debt | 1 | - |
| Repayments of long-term debt | (12) | (19) |
| Change in cash deposited as collateral | - | 74 |
| Payments for financing-related derivatives | (41) | - |
| Deposits from finance-related derivatives | 19 | - |
| Proceeds from issuance of ordinary shares | 1,528 | 4 |
| Dividend payments | (305) | (283) |
| Net cash provided by (used in) financing activities from continuing operations | 1,176 | (243) |
| Net cash used in financing activities from discontinued operations | - | - |
| Net cash provided by (used in) financing activities | 1,176 | (243) |
| Net change in cash and cash equivalents | (17) | (95) |
| Effect of foreign exchange rate changes on cash and cash equivalents | 7 | 6 |
| Cash and cash equivalents at beginning of period | 732 | 860 |
| Cash and cash equivalents at end of period | 722 | 771 |

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Consolidated Statement of Changes in Equity

| €, except for number of shares | Ordinary shares issued | | | Retained earnings (accumulated deficit) |
|--|------------------------|--------------|----------------------------|---|
| | Shares | Amount | Additional paid-in capital | |
| Balance as of 1 October 2017 | 1,136,200,929 | 2,272 | 4,774 | (1,404) |
| Net income | - | - | - | 933 |
| Other comprehensive income (loss) for the period, net of tax | - | - | - | (2) |
| Total comprehensive income (loss) for the period, net of tax | - | - | - | 931 |
| Dividends | - | - | (283) | - |
| Issuance of ordinary shares: | | | | |
| Exercise of stock options | 480,833 | 1 | 3 | - |
| Share-based compensation | - | - | 7 | - |
| Balance as of 30 June 2018 | 1,136,681,762 | 2,273 | 4,501 | (473) |
| Balance as of 30 September 2018 | 1,136,995,834 | 2,274 | 4,486 | (333) |
| Effects from the transition to IFRS 9 and IFRS 15 | - | - | - | 37 |
| Balance as of 1 October 2018 | 1,136,995,834 | 2,274 | 4,486 | (296) |
| Net income | - | - | - | 709 |
| Other comprehensive income (loss) for the period, net of tax | - | - | - | (102) |
| Total comprehensive income (loss) for the period, net of tax | - | - | - | 607 |
| Dividends | - | - | (305) | - |
| Issuance of ordinary shares: | | | | |
| Exercise of stock options | 447,400 | - | 2 | - |
| Capital Increase | 112,773,923 | 226 | 1,302 | - |
| Share-based compensation | - | - | 4 | - |
| Balance as of 30 June 2019 | 1,250,217,157 | 2,500 | 5,489 | 311 |

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| €, except for number of shares | Other | reserves | | Cost of hedges | Own shares | Total equity |
|--|--|------------|-------------|-------------------|---------------|--------------|
| | Foreign currency translation adjustment | Securities | Hedges | | | |
| Balance as of 1 October 2017 | 32 | - | (1) | - | (37) | 5,636 |
| Net income | - | - | - | - | - | 933 |
| Other comprehensive income (loss) for the period, net of tax | 22 | 2 | (2) | - | - | 20 |
| Total comprehensive income (loss) for the period, net of tax | 22 | 2 | (2) | - | - | 953 |
| Dividends | - | - | - | - | - | (283) |
| Issuance of ordinary shares: | | | | | | |
| Exercise of stock options | - | - | - | - | - | 4 |
| Share-based compensation | - | - | - | - | - | 7 |
| Balance as of 30 June 2018 | 54 | 2 | (3) | - | (37) | 6,317 |
| Balance as of 30 September 2018 | 59 | - | (3) | - | (37) | 6,446 |
| Effects from the transition to IFRS 9 and IFRS 15 | - | - | - | - | - | 37 |
| Balance as of 1 October 2018 | 59 | - | (3) | - | (37) | 6,483 |
| Net income | - | - | - | - | - | 709 |
| Other comprehensive income (loss) for the period, net of tax | 29 | - | (68) | (22) | - | (163) |
| Total comprehensive income (loss) for the period, net of tax | 29 | - | (68) | (22) | - | 546 |
| Dividends | - | - | - | - | - | (305) |
| Issuance of ordinary shares: | | | | | | |
| Exercise of stock options | - | - | - | - | - | 2 |
| Capital Increase | - | - | - | - | - | 1,528 |
| Share-based compensation | - | - | - | - | - | 4 |
| Balance as of 30 June 2019 | 88 | - | (71) | (22) | (37) | 8,258 |

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Basics of presentation

The (condensed) Interim Consolidated Statement of Financial Position, the (condensed) Interim Consolidated Statement of Operations, the (condensed) Interim Consolidated Statement of Comprehensive Income, the (condensed) Interim Consolidated Statement of Cash Flows and the (condensed) Interim Consolidated Statement of Changes in Equity have been prepared in accordance with the IFRS, as they apply in the EU. The (condensed) Interim Consolidated Statement of Financial Position, the (condensed) Interim Consolidated Statement of Operations, the (condensed) Interim Consolidated Statement of Comprehensive Income, the (condensed) Interim Consolidated Statement of Cash Flows and the (condensed) Interim Consolidated Statement of Changes in Equity have been prepared in accordance with IAS 34 Interim Financial Reporting. In general the same accounting policies applied as used for the Consolidated Financial Statements as of 30 September 2018. Deviating from this IFRS 9 and IFRS 15 applied with effect as of 1 October 2018 using the modified retrospective approach. The fundamental effects of the first time application of IFRS 9 and IFRS 15 are described in detail in the Half-Year Financial Report for 31 March 2019 of Infineon Technologies AG on page 26 to 28.

The following tables show the effect of the application of IFRS 15 to the Consolidated Statement of Operations, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows.

Consolidated Statement of Operations and Consolidated Statement of Comprehensive Income for the three and nine months ended 30 June 2019:

| € in millions | as reported | | IFRS 15 Adjustments | | Balances without IFRS 15 Adjustments | |
|--|-------------|----------|---------------------|----------|--------------------------------------|----------|
| | 3 months | 9 months | 3 months | 9 months | 3 months | 9 months |
| Revenue | 2,015 | 5,967 | 3 | 20 | 2,012 | 5,947 |
| Cost of goods sold | (1,280) | (3,704) | (5) | (15) | (1,275) | (3,689) |
| Net income | 224 | 709 | (2) | 5 | 226 | 704 |
| Total comprehensive income, net of tax | 67 | 546 | (2) | 5 | 69 | 541 |

Consolidated Statement of Financial Position as of 30 June 2019:

| € in millions | as reported | | IFRS 15 Adjustments | Balances without IFRS 15 Adjustments | |
|---------------------|---------------|----------|---------------------|--------------------------------------|----------|
| | 3 months | 9 months | | 3 months | 9 months |
| Inventories | | 1,758 | (60) | | 1,818 |
| Contract assets | | 109 | 109 | | - |
| Deferred tax assets | | 638 | (6) | | 644 |
| Total assets | 12,950 | | 43 | 12,907 | |
| Retained earnings | | 311 | 43 | | 268 |
| Total equity | 8,258 | | 43 | 8,215 | |

Consolidated Statement of Cash Flows for the three and nine months ended 30 June 2019:

| € in millions | as reported | | IFRS 15 Adjustments | | Balances without IFRS 15 Adjustments | |
|--|-------------|------------|---------------------|----------|--------------------------------------|------------|
| | 3 months | 9 months | 3 months | 9 months | 3 months | 9 months |
| Net income | 224 | 709 | (2) | 5 | 226 | 704 |
| Change in inventories | (58) | (308) | 5 | 15 | (63) | (323) |
| Change in other assets and liabilities | (31) | (144) | (3) | (20) | (28) | (124) |
| Net cash provided by operating activities | 396 | 917 | - | - | 396 | 917 |

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DISCLAIMER

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

This press release contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

These statements are based on assumptions and projections resting upon currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected.

Beyond disclosure requirements stipulated by law, Infineon does not undertake any obligation to update forward-looking statements.

Due to rounding, numbers presented throughout this press release and other reports may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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