



Press Release

Strong earnings in second quarter. Continued high order intake driving faster capacity expansion

- **Q2 FY 2018: Revenue € 1,836 million; Segment Result € 314 million; Segment Result Margin 17.1 percent; earnings per share € 0.40 (basic and diluted); adjusted earnings per share € 0.26 (diluted); gross margin 37.1 percent; adjusted gross margin 38.0 percent**
- **Outlook for FY 2018: Based on an assumed exchange rate of US\$ 1.25 to the euro, year-on-year revenue growth of about 4 to 7 percent and Segment Result Margin of 17 percent at mid-point of revenue guidance. Group net income likely exceeding € 1 billion due to the sale of the RF power business**
- **Outlook for Q3 FY 2018: Based on an assumed exchange rate of US\$ 1.25 to the euro, quarter-on-quarter revenue growth of 3 percent (plus or minus 2 percentage points) and Segment Result Margin of 17 percent at mid-point of revenue guidance**
- **Investments of about € 1.2 billion in the current fiscal year due to accelerated capacity expansion**

Neubiberg, Germany – 3 May 2018 – Infineon Technologies AG today reported results for the second quarter of the 2018 fiscal year (period ended 31 March 2018).

"Infineon continues to grow profitably," stated Dr. Reinhard Ploss, CEO of Infineon. "Our growth is broadly based: Solutions for the entire range of drivetrain systems for all types of electric vehicles, including 48-volt systems, high-speed trains and renewable power generation. In addition, we are seeing growing demand for data center power supplies for artificial intelligence. Our order books are bulging. We therefore are very confident that we will achieve our revenue targets for the 2018 fiscal year. Compared to the previous year's March quarter, the average US dollar exchange rate against the euro fell by around 16 percent in the three-month period to 31 March 2018. Despite headwinds from the US dollar and rising material prices, we expect to achieve our targeted Segment Result Margin of 17 percent again in the 2018 fiscal year. This demonstrates the robustness of our business model," continued Dr. Reinhard Ploss.

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340
bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@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
	31 Mar 18	+/- in %	31 Dec 17	+/- in %	31 Mar 17
Revenue	1,836	3	1,775	4	1,767
Segment Result	314	11	283	6	296
Segment Result Margin [in %]	17.1%		15.9%		16.8%
Income from continuing operations	457	+++	206	+++	198
Income (loss) from discontinued operations, net of income taxes	–	+++	(1)	---	1
Net income	457	+++	205	+++	199
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Basic earnings per share (in euro) from continuing operations	0.40	+++	0.18	+++	0.18
Basic earnings per share (in euro) from discontinued operations	–	–	–	–	–
Basic earnings per share (in euro)	0.40	+++	0.18	+++	0.18
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Diluted earnings per share (in euro) from continuing operations	0.40	+++	0.18	+++	0.18
Diluted earnings per share (in euro) from discontinued operations	–	–	–	–	–
Diluted earnings per share (in euro)	0.40	+++	0.18	+++	0.18
Adjusted earnings per share (in euro) - diluted²	0.26	30	0.20	24	0.21
Gross margin [in %]	37.1%		36.4%		36.5%
Adjusted gross margin³ [in %]	38.0%		37.4%		38.0%

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

² The reconciliation of net income to adjusted net income and adjusted earnings per share is presented on page 11.

³ The reconciliation of cost of goods sold to adjusted cost of goods sold and adjusted gross margin is presented on page 11.

Review of Group financials for the second quarter of the 2018 fiscal year

Quarter-on-quarter, revenue grew by 3 percent to € 1,836 million in the second three-month period of the 2018 fiscal year. Revenue in the first quarter amounted to € 1,775 million. The Automotive (ATV) and Industrial Power Control (IPC) segments reported significant growth, while the Power Management & Multimarket (PMM) and Chip Card & Security (CCS) segments remained almost unchanged compared to the preceding quarter.

The gross margin for the three-month period under report came in at 37.1 percent, compared to 36.4 percent in the first quarter. These figures include acquisition-related depreciation and amortization and other expenses totaling € 16 million, mainly relating to the International Rectifier acquisition. The adjusted gross margin amounted to 38.0 percent, up from the 37.4 percent recorded in the first quarter of the 2018 fiscal year.

The second-quarter Segment Result rose to € 314 million, up from € 283 million in the previous quarter. The Segment Result Margin improved from 15.9 percent to 17.1 percent.

The non-segment result in the second quarter was a net profit of € 218 million, compared to the net loss of € 35 million reported one quarter earlier. The second-quarter

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@infineon.com
yoko.sasaki@infineon.com

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

figure includes a pre-tax gain of € 268 million, which arose on the sale of the major part of Infineon's RF power business to Cree Inc., USA. The gain, along with impairment losses of € 11 million, is included in other operating income. The non-segment result includes € 16 million of cost of goods sold, € 21 million selling, general and administrative expenses and € 2 million research and development expenses.

The non-segment result includes € 28 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.

Operating income for the second quarter increased to € 532 million compared to € 248 million one quarter earlier and includes the above-mentioned sale of the major part of Infineon's RF power components business. Income from continuing operations for the three-month period improved accordingly to € 457 million. The corresponding figure for the previous quarter was € 206 million. A break-even result is reported for discontinued operations, compared to the preceding quarter's loss of € 1 million. Net income improved from € 205 million in the first quarter to € 457 million in the second quarter. The second-quarter income tax expense amounted € 62 million, also influenced by the sale of the major part of Infineon's RF power business. The equivalent figure for the first quarter was € 28 million.

Earnings per share improved from € 0.18 to € 0.40 (in each case basic and diluted) quarter-on-quarter. Adjusted earnings per share¹ (diluted) amounted to € 0.26, compared to € 0.20 in the first quarter. For the purpose of calculating adjusted earnings per share (diluted), a number of items were eliminated, most notably the gain arising on the sale of the major part of Infineon's RF power business, 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 costs – amounted to € 263 million in the second quarter of the 2018 fiscal year, compared to the € 293 million in the preceding three-month period. The depreciation and amortization expense increased to € 211 million, compared to the previous quarter's € 204 million.

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 11.

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340
bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@infineon.com
yoko.sasaki@infineon.com

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

Free cash flow² from continuing operations improved to € 334 million. This figure includes the effects of the sale of the major part of Infineon's RF power business, the acquisition of the Danish company Merus Audio and the foundation of the SIAPM joint venture (SAIC Infineon Automotive Power Modules (Shanghai) Co. Ltd.), together with the Chinese automobile manufacturer SAIC Motor Corporation Limited. Free cash flow in the first quarter of the 2018 fiscal year was a negative amount of € 135 million. Net cash provided by operating activities from continuing operations increased from € 158 million to € 310 million quarter-on-quarter.

The gross cash position at the end of the second quarter of the 2018 fiscal year improved to € 2,438 million, up from € 2,312 million at 31 December 2017. The net cash position improved from € 503 million to € 649 million during the three-month period from January to March 2018. In February 2018, Infineon declared a dividend of € 0.25 per share, resulting in a total distribution of EUR 283 million.

Provisions relating to Qimonda decreased from € 32 million at 31 December 2017 to € 30 million at 31 March 2018. These provisions are recognized for legal costs in conjunction with the defense against claims made by the Qimonda insolvency administrator and for residual liabilities related to Qimonda Dresden GmbH & Co. OHG.

Outlook for the third quarter of the 2018 fiscal year

Based on an assumed exchange rate of US\$ 1.25 to the euro, Infineon forecasts third-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 17 percent.

Outlook for 2018 fiscal year

Based on an assumed exchange rate of US\$ 1.25 to the euro, Infineon now expects year-on-year revenue growth of between 4 and 7 percent for the 2018 fiscal year. Previously, an increase of approximately 5 percent (plus or minus 2 percentage points) had been expected. The average EUR/USD exchange rate during the 2017 fiscal year was 1.11 and thus more favorable for Infineon's revenue and earnings performance than the exchange rate of 1.25 now assumed. At an unchanged exchange rate of 1.11, expected year-on-year growth would be significantly higher and within the double-digit percentage range. The Segment Result Margin is predicted to be in the region of 17 percent at the mid-point of revenue guidance. Previously, a segment profit margin of

² For definitions and the calculation of free cash flow and of the gross and net cash position, please see page 15.

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340
bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@infineon.com
yoko.sasaki@infineon.com

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

16.5 percent had been expected at the mid-point of revenue guidance. Due to the higher forecast for the Segment Result and the gain arising on the sale of the major part of Infineon's RF power business, net income for the year is expected to be well in excess of € 1 billion.

ATV segment revenue is expected to grow significantly faster than the Group average. Revenue of the IPC segment is likely to grow at a similar rate to the Group's revenue growth. In the PMM segment revenue growth is expected to be below the Group average, but still sufficient to fully offset the decrease in revenue caused by the sale of the major part of Infineon's RF power components business. Given the difficult market situation and the sharp loss in value of the US dollar, CCS segment revenue is expected to decline.

Due to the accelerated expansion of production capacities, the previous forecast for investments of between € 1.1 and € 1.2 billion has been raised. Investments in property, plant and equipment, intangible assets and capitalized development costs for the 2018 fiscal year are now expected to be in the region of € 1.2 billion. The ratio of investment to revenue at the mid-point of revenue guidance for the 2018 fiscal year would then be about 16 percent. The development reflects sizeable investments in additional manufacturing capacities, especially for electric mobility products. Depreciation and amortization is likely to be in the region of € 850 million.

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@infineon.com
yoko.sasaki@infineon.com

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

Segment earnings in the second quarter of the 2018 fiscal year

€in millions						
	in % of total revenue	3 months ended 31 Mar 18	sequential +/- in %	3 months ended 31 Dec 17	year-on-year +/- in %	3 months ended 31 Mar 17
Infineon						
Revenue	100	1,836	3	1,775	4	1,767
Segment Result		314	11	283	6	296
Segment Result Margin [in %]		17.1%		15.9%		16.8%
Automotive (ATV)						
Segment Revenues	44	811	5	770	4	783
Segment Result		116	13	103	(11)	131
Segment Result Margin [in %]		14.3%		13.4%		16.7%
Industrial Power Control (IPC)						
Segment Revenues	17	317	7	296	8	293
Segment Result		62	29	48	41	44
Segment Result Margin [in %]		19.6%		16.2%		15.0%
Power Management & Multimarket (PMM)						
Segment Revenues	30	543	-	545	4	520
Segment Result		108	1	107	19	91
Segment Result Margin [in %]		19.9%		19.6%		17.5%
Chip Card & Security (CCS)						
Segment Revenues	9	164	1	162	(3)	169
Segment Result		27	8	25	(7)	29
Segment Result Margin [in %]		16.5%		15.4%		17.2%
Other Operating Segments (OOS)						
Segment Revenues	0	1	(50)	2	(50)	2
Segment Result		1	-	1	+++	-
Corporate and Eliminations (C&E)						
Segment Revenues	0	-	-	-	-	-
Segment Result		-	+++	(1)	---	1

ATV segment revenue rose to € 811 million in the second quarter of the 2018 fiscal year, up by 5 percent on the previous quarter's figure of € 770 million, mainly reflecting greater demand for driver assistance systems and products for premium vehicles. Segment Result for the second quarter totaled € 116 million, compared with € 103 million in the preceding quarter. The Segment Result Margin came in at 14.3 percent, compared with 13.4 percent in the first quarter.

IPC segment revenue climbed by 7 percent from € 296 million in the first quarter to € 317 million in the second quarter of the current fiscal year, with significant growth recorded for products for electric drives, trains and home appliances. In the field of renewable energy, sales of products used in wind power plants grew, while sales for photovoltaic applications remained stable. Segment Result increased from € 48 million in the first quarter to € 62 million in the second quarter of the current fiscal year. The Segment Result Margin came in at 19.6 percent, compared to 16.2 percent in the preceding quarter.

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@infineon.com
yoko.sasaki@infineon.com

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

Second-quarter revenue generated by the PMM segment totaled € 543 million, virtually unchanged from the previous quarter, in which revenue had amounted to € 545 million. With demand from the server sector remaining buoyant, increased production capacities enabled the segment to generate revenue growth with products for DC-DC power supply. Revenue from the sale of products for AC-DC power supply was slightly down on the previous quarter. As expected, business with components for mobile devices declined due to seasonal factors. The sale of the major part of Infineon's RF power components business to Cree Inc., USA, with effect from 6 March 2018, also had a slightly negative effect on revenue. At € 108 million, the second-quarter Segment Result was about the same level as the previous quarter's € 107 million. The Segment Result Margin improved from 19.6 percent to 19.9 percent quarter-on-quarter.

CCS segment revenue amounted to € 164 million for the three-month period, up by 1 percent compared to the previous quarter's € 162 million. Revenue growth was recorded in the areas of government ID, embedded SIM, and authentication, whereas revenue with payment cards and SIM cards decreased. Segment Result improved from € 25 million in the first quarter to € 27 million in the second quarter of the current fiscal year. The Segment Result Margin came in at 16.5 percent, compared to 15.4 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 3 May 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 second quarter of the 2018 fiscal year. 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: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@infineon.com
yoko.sasaki@infineon.com

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

The **Q2 Investor Presentation** is available (in English only) at:

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

Infineon Financial Calendar (* preliminary)

- 12 Jun 2018 Capital Markets Day “IFX Day 2018”, London
- 13 – 14 Jun 2018 Exane BNP Paribas European CEO Conference, Paris
- 22 Jun 2018 Deutsche Bank AutoTech Conference, London
- 1 Aug 2018* Earnings Release for the Third Quarter of the 2018 Fiscal Year
- 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: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340
bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@infineon.com
yoko.sasaki@infineon.com

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

FINANCIAL INFORMATION

According to IFRS – Preliminary and Unaudited

Consolidated Statement of Operations

€ in millions; except for the per share data	3 months ended			6 months ended	
	31 Mar 18	31 Dec 17	31 Mar 17	31 Mar 18	31 Mar 17
Revenue	1,836	1,775	1,767	3,611	3,413
Cost of goods sold	(1,154)	(1,129)	(1,122)	(2,283)	(2,176)
Gross profit	682	646	645	1,328	1,237
Research and development expenses	(200)	(195)	(192)	(395)	(392)
Selling, general and administrative expenses	(209)	(205)	(208)	(414)	(404)
Other operating income	280	6	3	285	6
Other operating expenses	(21)	(4)	(19)	(25)	(34)
Operating income	532	248	229	779	413
Financial income	3	3	2	6	4
Financial expenses	(16)	(17)	(14)	(32)	(33)
Gain from investments accounted for using the equity method	-	-	1	-	1
Income from continuing operations before income taxes	519	234	218	753	385
Income tax	(62)	(28)	(20)	(90)	(21)
Income from continuing operations	457	206	198	663	364
Income (loss) from discontinued operations, net of income taxes	-	(1)	1	(1)	(3)
Net income	457	205	199	662	361
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – basic	1,130	1,130	1,128	1,130	1,128
Basic earnings per share (in euro) from continuing operations	0.40	0.18	0.18	0.59	0.32
Basic earnings per share (in euro) from discontinued operations	-	-	-	-	-
Basic earnings per share (in euro)	0.40	0.18	0.18	0.59	0.32
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – diluted	1,134	1,134	1,134	1,134	1,132
Diluted earnings per share (in euro) from continuing operations	0.40	0.18	0.18	0.58	0.32
Diluted earnings per share (in euro) from discontinued operations	-	-	-	-	-
Diluted earnings per share (in euro)	0.40	0.18	0.18	0.58	0.32

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

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@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			6 months ended	
	31 Mar 18	31 Dec 17	31 Mar 17	31 Mar 18	31 Mar 17
Segment Result	314	283	296	597	542
Plus/minus:					
Impairments on assets (excluding capitalized development costs) including assets classified as held for sale, net of reversals ¹	(11)	-	(3)	(11)	(4)
Impact on earnings of restructuring and closures, net	-	-	(1)	-	(2)
Share-based compensation expense	(2)	(5)	(3)	(7)	(5)
Acquisition-related depreciation/amortization and other expenses	(29)	(30)	(41)	(58)	(85)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	268	-	(1)	267	(1)
Other income and expense, net	(8)	-	(18)	(9)	(32)
Operating income	532	248	229	779	413

¹ Without 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 Business to Cree, Inc. are included here. Previous periods figures were not adjusted.

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@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			6 months ended	
	31 Mar 18	31 Dec 17	31 Mar 17	31 Mar 18	31 Mar 17
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	457	206	198	663	364
Plus/minus:					
Impairments on assets (excluding capitalized development costs) including assets classified as held for sale, net of reversals ¹	11	-	3	11	4
Impact on earnings of restructuring and closures, net	-	-	1	-	2
Share-based compensation expense	2	5	3	7	5
Acquisition-related depreciation/amortization and other expenses	29	30	41	58	85
(Gains)/losses on sales of assets, businesses, or interests in subsidiaries, net	(268)	-	1	(267)	1
Other income and expense, net	8	-	18	9	32
Tax effects on adjustments	61	(8)	(15)	53	(30)
Revaluation of deferred tax assets resulting from the annually updated earnings forecast	(3)	(7)	(11)	(11)	(28)
Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	297	226	239	523	435
Weighted-average number of shares outstanding – diluted	1,134	1,134	1,134	1,134	1,132
Adjusted earnings per share (in euro) – diluted²	0.26	0.20	0.21	0.46	0.38

¹ Without 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 Business to Cree, Inc. are included here. Previous periods figures were not adjusted.

² 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.

Reconciliation to adjusted cost of goods sold and gross margin

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

€in millions	3 months ended			6 months ended	
	31 Mar 18	31 Dec 17	31 Mar 17	31 Mar 18	31 Mar 17
Cost of goods sold	1,154	1,129	1,122	2,283	2,176
Plus/minus:					
Share-based compensation expense	-	(1)	(1)	(1)	(1)
Acquisition-related depreciation/amortization and other expenses	(16)	(17)	(25)	(32)	(49)
Adjusted cost of goods sold	1,138	1,111	1,096	2,250	2,126
Adjusted gross margin	38.0%	37.4%	38.0%	37.7%	37.7%

Adjusted cost of goods sold and the adjusted gross margin should not be seen as a replacement or superior performance indicator, but rather as additional information to cost of goods sold and the gross margin determined in accordance with IFRS.

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@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 six months ended 31 March 2018 and 2017

Revenue € in millions	3 months ended			6 months ended		
	31 Mar 18	31 Mar 17	+/- in %	31 Mar 18	31 Mar 17	+/- in %
Automotive	811	783	4	1,582	1,488	6
Industrial Power Control	317	293	8	614	557	10
Power Management & Multimarket	543	520	4	1,088	1,018	7
Chip Card & Security	164	169	(3)	326	343	(5)
Other Operating Segments	1	2	(50)	1	4	(75)
Corporate and Eliminations	-	-	-	-	3	---
Total	1,836	1,767	4	3,611	3,413	6

Segment Result € in millions	3 months ended			6 months ended		
	31 Mar 18	31 Mar 17	+/- in %	31 Mar 18	31 Mar 17	+/- in %
Automotive	116	131	(11)	219	245	(11)
Industrial Power Control	62	44	41	111	68	63
Power Management & Multimarket	108	91	19	214	172	24
Chip Card & Security	27	29	(7)	52	57	(9)
Other Operating Segments	1	-	+++	1	-	+++
Corporate and Eliminations	-	1	---	-	-	-
Total	314	296	6	597	542	10
Segment Result Margin [in %]	17.1%	16.8%		16.5%	15.9%	

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@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 31 March 2018 and 31 December 2017

Revenue € in millions	3 months ended		
	31 Mar 18	31 Dec 17	+/- in %
Automotive	811	770	5
Industrial Power Control	317	296	7
Power Management & Multimarket	543	545	-
Chip Card & Security	164	162	1
Other Operating Segments	1	2	(50)
Corporate and Eliminations	-	-	-
Total	1,836	1,775	3

Segment Result € in millions	3 months ended		
	31 Mar 18	31 Dec 17	+/- in %
Automotive	116	103	13
Industrial Power Control	62	48	29
Power Management & Multimarket	108	107	1
Chip Card & Security	27	25	8
Other Operating Segments	1	1	-
Corporate and Eliminations	-	(1)	+++
Total	314	283	11
Segment Result Margin [in %]	17.1%	15.9%	

Employees

	31 Mar 18	31 Dec 17	31 Mar 17
Infineon	38,828	38,229	36,791
Thereof: Research and development	6,756	6,547	6,151

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@infineon.com
yoko.sasaki@infineon.com

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

Consolidated Statement of Financial Position

€ in millions	31 Mar 18	31 Dec 17	30 Sep 17
ASSETS:			
Cash and cash equivalents	726	745	860
Financial investments	1,712	1,567	1,592
Trade receivables	859	798	851
Inventories	1,305	1,282	1,240
Income tax receivable	6	6	5
Other current assets	336	342	300
Assets classified as held for sale	29	24	23
Total current assets	4,973	4,764	4,871
Property, plant and equipment	2,788	2,750	2,659
Goodwill and other intangible assets	1,520	1,565	1,586
Investments accounted for using the equity method	38	28	28
Deferred tax assets	636	632	612
Other non-current assets	116	194	189
Total non-current assets	5,098	5,169	5,074
Total assets	10,071	9,933	9,945
LIABILITIES AND EQUITY:			
Short-term debt and current maturities of long-term debt	320	316	323
Trade payables	957	953	1,020
Short-term provisions	314	260	422
Income tax payable	125	89	103
Other current liabilities	181	285	230
Total current liabilities	1,897	1,903	2,098
Long-term debt	1,469	1,493	1,511
Pension plans and similar commitments	509	507	503
Deferred tax liabilities	16	16	18
Long-term provisions	67	66	67
Other non-current liabilities	134	114	112
Total non-current liabilities	2,195	2,196	2,211
Total liabilities	4,092	4,099	4,309
Shareholders' equity:			
Ordinary share capital	2,273	2,273	2,272
Additional paid-in capital	4,496	4,779	4,774
Accumulated deficit	(744)	(1,198)	(1,404)
Other reserves	(9)	17	31
Own shares	(37)	(37)	(37)
Equity attributable to shareholders of Infineon Technologies AG	5,979	5,834	5,636
Total liabilities and equity	10,071	9,933	9,945

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@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						6 months ended			
	31 Mar 18		31 Dec 17		31 Mar 17		31 Mar 18		31 Mar 17	
Revenue:										
Europe, Middle East, Africa	636	35%	576	33%	591	33%	1,212	34%	1,097	32%
Therein: Germany	306	17%	277	16%	291	16%	583	16%	523	15%
Asia-Pacific (w/o Japan)	864	47%	878	49%	843	48%	1,741	48%	1,659	49%
Therein: China	437	24%	462	26%	404	23%	899	25%	812	24%
Japan	126	7%	117	7%	115	7%	243	7%	221	6%
Americas	210	11%	204	11%	218	12%	415	11%	436	13%
Therein: USA	167	9%	163	9%	177	10%	331	9%	352	10%
Total	1,836	100%	1,775	100%	1,767	100%	3,611	100%	3,413	100%

Consolidated Statement of Cash Flows

Gross and Net Cash Position

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

€ in millions	31 Mar 18	31 Dec 17	31 Mar 17
Cash and cash equivalents	726	745	721
Financial investments	1,712	1,567	1,328
Gross cash position	2,438	2,312	2,049
Less:			
Short-term debt and current maturities of long-term debt	320	316	121
Long-term debt	1,469	1,493	1,896
Total debt	1,789	1,809	2,017
Net cash position	649	503	32

Free Cash Flow

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

€ in millions	3 months ended			6 months ended	
	31 Mar 18	31 Dec 17	31 Mar 17	31 Mar 18	31 Mar 17
Net cash provided by operating activities from continuing operations	310	158	300	468	581
Net cash provided by (used in) investing activities from continuing operations	(127)	(267)	25	(394)	(243)
Purchases of (proceeds from sales of) financial investments, net	151	(26)	(243)	125	(295)
Free Cash Flow	334	(135)	82	199	43

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@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		
	31 Mar 18	31 Dec 17	31 Mar 17
Net income	457	205	199
Plus/minus: income from discontinued operations, net of income taxes	-	1	(1)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	211	204	205
Income tax	62	28	20
Net interest result	13	13	17
Losses on disposals of property, plant and equipment	1	-	1
Gain from sale of RF Power Business	(268)	-	-
Dividends received from joint ventures	-	6	-
Impairment charges	11	-	3
Other non-cash result	5	3	(6)
Change in trade receivables	(63)	53	(86)
Change in inventories	(46)	(45)	17
Change in trade payables	11	(72)	14
Change in provisions	61	(158)	56
Change in other assets and liabilities	(97)	(9)	(104)
Interest received	2	4	2
Interest paid	(8)	(19)	(9)
Income tax paid	(42)	(56)	(28)
Net cash provided by operating activities from continuing operations	310	158	300
Net cash provided by (used in) operating activities from discontinued operations	(2)	6	(3)
Net cash provided by operating activities	308	164	297
Purchases of financial investments	(881)	(497)	(563)
Proceeds from sales of financial investments	730	523	806
Acquisitions of businesses, net of cash acquired	(24)	-	-
Proceeds from sales of businesses and interests in subsidiaries, net of cash disbursed	321	-	-
Investments in related companies	(10)	-	-
Purchases of intangible assets and other assets	(40)	(37)	(36)
Purchases of property, plant and equipment	(223)	(256)	(183)
Proceeds from sales of property, plant and equipment and other assets	-	-	1
Net cash provided by (used in) investing activities from continuing operations	(127)	(267)	25
Net cash used in investing activities from discontinued operations	-	-	-
Net cash provided by (used in) investing activities	(127)	(267)	25
Repayments of long-term debt	(2)	(13)	(11)
Change in cash deposited as collateral	75	(1)	-
Proceeds from issuance of ordinary shares	1	1	10
Dividend payments	(283)	-	(248)
Net cash provided by (used in) financing activities from continuing operations	(209)	(13)	(249)
Net cash used in financing activities from discontinued operations	-	-	-
Net cash provided by (used in) financing activities	(209)	(13)	(249)
Net change in cash and cash equivalents	(28)	(116)	73
Effect of foreign exchange rate changes on cash and cash equivalents	9	1	14
Cash and cash equivalents at beginning of period	745	860	634
Cash and cash equivalents at end of period	726	745	721

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@infineon.com
yoko.sasaki@infineon.com

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

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.

For the Business and Trade Press: INFXX201805.050e

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

Tel.: +49 89 234 23888
Tel.: +1 310 252 7148
Tel.: +65 6876 3070
Tel.: +85 2161019199
Tel.: +81 3 5745 7340

bernd.hops@infineon.com
sian.cummings@infineon.com
david.ong@infineon.com
lin.zhu@infineon.com
yoko.sasaki@infineon.com

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