



Press Release

Following a successful 2018 fiscal year Infineon confirms its targets for revenue, Segment Result and investments that were raised in June. Further dividend increase planned

- **Q4 FY 2018: Revenue € 2,047 million, plus 5 percent quarter-on-quarter; Segment Result € 400 million; Segment Result Margin 19.5 percent**
- **FY 2018: Revenue € 7,599 million, plus 8 percent year-on-year, Segment Result € 1,353 million, Segment Result Margin 17.8 percent**
- **Outlook for FY 2019: Based on an assumed exchange rate of US\$ 1.15 to the euro, year-on-year revenue growth of 11 percent (plus or minus 2 percentage points) and Segment Result Margin of 18 percent at mid-point of revenue guidance**
- **Outlook for Q1 FY 2019: Based on an assumed exchange rate of US\$ 1.15 to the euro, quarter-on-quarter revenue decrease of 4 percent (plus or minus 2 percentage points) due to seasonal factors and Segment Result Margin of 17.5 percent at mid-point of revenue guidance**
- **Proposal to increase dividend to 27 cents per share**

Neubiberg, Germany, 12 November 2018 – Infineon Technologies AG today reported results for the fourth quarter of its 2018 fiscal year (period ended 30 September 2018).

"The fourth quarter was a strong finish to an outstanding fiscal year. For the first time, our current business segments have generated over 2 billion euros of revenue in one single quarter," stated Dr. Reinhard Ploss, CEO of Infineon. "The digitalization and electrification of many aspects in our daily life are resulting in sustained high demand for our products and solutions. We begin the 2019 fiscal year with well-filled order books and aim to continue growing faster than the market as a whole. We are keeping a vigilant eye on political and economic developments and will react appropriately if and when the need arises."

For the Business and Trade Press: INFXX201811.011e

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€in millions	3 months ended		3 months ended		3 months ended
	30 Sep 18	sequential +/- in %	30 Jun 18	year-on-year +/- in %	
Revenue	2,047	5	1,941	12	1,820
Segment Result	400	12	356	22	328
Segment Result Margin [in %]	19.5%		18.3%		18.0%
Income from continuing operations	300	18	254	69	177
Income from discontinued operations, net of income taxes	(159)	---	17	+++	(1)
Net income	141	(48)	271	(20)	176
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Basic earnings per share (in euro) from continuing operations	0.27	23	0.22	69	0.16
Basic earnings per share (in euro) from discontinued operations	(0.14)	---	0.02	---	---
Basic earnings per share (in euro)	0.13	(46)	0.24	(19)	0.16
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Diluted earnings per share (in euro) from continuing operations	0.27	23	0.22	69	0.16
Diluted earnings per share (in euro) from discontinued operations	(0.14)	---	0.02	---	---
Diluted earnings per share (in euro)	0.13	(46)	0.24	(19)	0.16
Adjusted earnings per share (in euro) – diluted²	0.28	17	0.24	27	0.22
Gross margin [in %]	39.8%		38.2%		37.5%
Adjusted gross margin³ [in %]	40.6%		39.2%		38.6%

¹ The calculation for earnings per share and 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 9.

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

Group performance in fourth quarter of 2018 fiscal year

In the fourth quarter of the 2018 fiscal year, revenue grew by 5 percent from € 1,941 million to € 2,047 million quarter-on-quarter. Due to healthy demand and a somewhat stronger US dollar, revenue rose in Automotive (ATV), Industrial Power Control (IPC) and Power Management & Multimarket (PMM) and declined slightly for the Digital Security Solutions (DSS) segment¹.

In the fourth quarter, the gross margin came in at 39.8 percent, compared to 38.2 percent in the preceding three-month period. Included therein are acquisition-related depreciation and amortization as well as other expenses totaling € 17 million, mainly relating to the acquisition of International Rectifier. The adjusted gross margin improved from 39.2 percent to 40.6 percent quarter-on-quarter.

The Segment Result for the three-month period amounted to € 400 million, compared to € 356 million one quarter earlier. The Segment Result Margin improved from 18.3 percent to 19.5 percent quarter-on-quarter.

¹ With effect from 1 October 2018, the "Chip Card & Security" segment changed its name to "Digital Security Solutions". The change in name has no impact on Infineon's organizational structure, strategy or scope of business.

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The non-segment result in the fourth quarter was a net loss of € 30 million, compared with a net loss of € 37 million in the previous quarter. The fourth quarter non-segment result comprises € 18 million of cost of goods sold, € 14 million of selling, general and administrative expenses and € 2 million of research and development expenses, which were partly offset by a net positive contribution of € 4 million from other operating income and expenses.

Operating income improved from € 319 million to € 370 million quarter-on-quarter. Fourth-quarter income tax expense totaled € 54 million, up from € 49 million in the third quarter. Income from continuing operations increased to € 300 million, compared with € 254 million for the preceding three-month period.

The result from discontinued operations moved from a positive amount of € 17 million to a negative € 159 million, whereby the fourth-quarter figure includes the impact of increasing provisions relating to the lawsuit brought by the Qimonda insolvency administrator for the alleged activation of a shell company and liability for the impairment of capital. The adjustment to provisions was based on an interim report submitted in September by the court-appointed expert on his preliminary assessment of the value of Infineon's contributions-in-kind to Qimonda.

The loss from discontinued operations caused net income to decrease from € 271 million to € 141 million quarter-on-quarter.

Fourth-quarter earnings per share from continuing operations (basic and diluted) amounted to € 0.27, up from € 0.22 in the previous quarter. Adjusted earnings per share² (diluted) amounted to € 0.28, compared to € 0.24 in the third quarter, mainly due to the improved Segment Result.

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized development assets – amounted to € 417 million in the fourth quarter of the 2018 fiscal year, compared to €280 million in the preceding three-month period. Depreciation and amortization increased from € 219 million to € 226 million quarter-on-quarter.

² Adjusted net income and adjusted earnings per share (diluted) should not be seen as a replacement or superior performance indicator, but rather as additional information to the net income and earnings per share (diluted) determined in accordance with IFRS. The detailed calculation of adjusted earnings per share is presented on page 9.

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Free cash flow³ from continuing operations improved to € 227 million. In the third quarter of the 2018 fiscal year, free cash flow had totaled € 192 million. Net cash provided by operating activities from continuing operations increased from € 462 million to € 641 million quarter-on-quarter.

The gross cash position fell from € 2,621 million to € 2,543 million in the course of the fourth quarter. The net cash position improved from € 792 million to € 1,011 million during the same period.

Proposed dividend for 2018 fiscal year: € 0.27 per share

In recent years, Infineon has increased the dividend in several steps, from € 0.10 per share for the 2010 fiscal year to € 0.25 per share for the 2017 fiscal year. In light of favorable business developments over the past fiscal year and the positive outlook for the 2019 fiscal year, a proposal will be made to shareholders at the Annual General Meeting 2019 to increase the dividend for the 2018 fiscal year by a further 2 cents to € 0.27 per share. Infineon's dividend policy is to allow shareholders to participate appropriately in growing earnings or, in times of flat or declining earnings, to at least maintain the dividend at a constant level.

Outlook for first quarter of 2019 fiscal year

Based on an assumed exchange rate of US\$ 1.15 to the euro in the first quarter of the 2019 fiscal year, Infineon forecasts a quarter-on-quarter revenue decrease of 4 percent (plus or minus 2 percentage points) due to seasonal factors. At the mid-point of revenue guidance, the Segment Result Margin is expected to come in at about 17.5 percent.

Outlook for the 2019 fiscal year

Based on an assumed exchange rate of US\$ 1.15 to the euro, Infineon expects revenue growth in the 2019 fiscal year of 11 percent (plus or minus 2 percentage points) and a Segment Result Margin of about 18 percent at the mid-point of revenue guidance. Revenue growth in the Automotive segment is expected to exceed the Group average. The Power Management & Multimarket segment is predicted to grow roughly in line with the Group average while the Industrial Power Control segment is likely to report growth slightly below the Group average. Due to adverse market conditions, revenue for the Digital Security Solutions segment is expected to be down by a mid-single digit percentage year-on-year.

³ For definitions and the calculation of free cash flow and of the gross and net cash position, please see page 13.

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Investments in property, plant and equipment, intangible assets and capitalized development costs totaling approximately € 1.6 to 1.7 billion are planned for the 2019 fiscal year. In addition to investments that correlate directly with revenue growth, this figure also covers previously announced investments in buildings, including the construction of a cleanroom for the new 300-millimeter manufacturing facility in Villach amounting to around € 200 million. Furthermore the projected investment outlay comprises around € 100 million for potential revenue upsides and structural changes, for which overall a low triple-digit million sum has already been announced in June.

Depreciation and amortization are expected to be in the region of € 1 billion, whereby about € 90 million of that amount are related to amortization resulting from purchase price allocation mainly of International Rectifier.

Segment earnings in the fourth quarter of the 2018 fiscal year

€ in millions	in % of total revenue	3 months ended 30 Sep 18	sequential +/- in %	3 months ended 30 Jun 18	year-on- year +/- in %	3 months ended 30 Sep 17
Infineon						
Revenue	100	2,047	5	1,941	12	1,820
Segment Result		400	12	356	22	328
Segment Result Margin [in %]		19.5%		18.3%		18.0%
Automotive (ATV)						
Segment Revenues	42	867	4	836	18	736
Segment Result		127	6	120	17	109
Segment Result Margin [in %]		14.6%		14.4%		14.8%
Industrial Power Control (IPC)						
Segment Revenues	18	361	3	349	10	328
Segment Result		73	3	71	22	60
Segment Result Margin [in %]		20.2%		20.3%		18.3%
Power Management & Multimarket (PMM)						
Segment Revenues	32	651	12	580	14	573
Segment Result		181	32	137	44	126
Segment Result Margin [in %]		27.8%		23.6%		22.0%
Digital Security Solutions (DSS) ¹						
Segment Revenues	8	163	(7)	175	(10)	181
Segment Result		24	(17)	29	(27)	33
Segment Result Margin [in %]		14.7%		16.6%		18.2%
Other Operating Segments (OOS)						
Segment Revenue	0	5	+++	1	+++	2
Segment Result		(4)	---	(1)	---	1
Corporate and Eliminations (C&E)						
Segment Revenue	0	-	-	-	-	-
Segment Result		(1)	---	-	-	(1)

¹Effective 1 October 2018, the "Chip Card & Security" segment changed its name to "Digital Security Solutions". The change in name has no impact on Infineon's organizational structure, strategy or scope of business.

ATV segment revenue rose from € 836 million in the third quarter to € 867 million in the final quarter of the 2018 fiscal year. The 4 percent increase was mainly achieved on the back of growing demand for electric drivetrain products. Segment Result improved from

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€ 120 million to € 127 million quarter-on-quarter. The Segment Result Margin came in at 14.6 percent, up from 14.4 percent one quarter earlier.

IPC segment revenue grew by 3 percent to € 361 million in the fourth quarter of the 2018 fiscal year, compared with € 349 million in the preceding three-month period. In particular, industrial drives and wind power saw increasing demand. Segment Result improved from € 71 million in the third quarter to € 73 million in the final quarter of the 2018 fiscal year. The Segment Result Margin came in at 20.2 percent, compared to 20.3 percent in the previous quarter.

PMM segment revenue grew from € 580 million to € 651 million quarter-on-quarter. The 12 percent increase was driven primarily by further growth in demand for DC-DC and AC-DC power supplies, which the segment was better able to meet due to continuous capacity expansion and some seasonal increase in demand for products for mobile devices. Segment Result improved from € 137 million to € 181 million quarter-on-quarter. The Segment Result Margin came in at 27.8 percent, up from 23.6 percent in the previous three-month period.

DSS segment revenue declined from € 175 million to € 163 million quarter-on-quarter. Whereas revenue from authentication grew significantly due to seasonal factors, demand in payment and government ID was lower quarter-on-quarter. Segment Result for the fourth quarter amounted to € 24 million, compared to € 29 million one quarter earlier, while the Segment Result Margin came in at 14.7 percent compared with 16.6 percent in the preceding quarter.

Analyst telephone conference and press conference

Infineon will host a telephone conference call including a webcast for analysts and investors (in English only) on 12 November 2018 at 9:30 am (CET), 3:30 am (EST). During the call, the Infineon Management Board will present the Company's results for the fourth quarter of the 2018 fiscal year and the outlook for the first quarter and the 2019 fiscal year. In addition, the Management Board will host a live press conference with the media at 11:00 am (CET), 5:00 am (EST). 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.

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The **Q4 Investor Presentation** is available (in English only) at:

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

Infineon Financial Calendar (* preliminary)

- 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
- 10 – 11 Dec 2018 Power Presentation (IPC + PMM) by Division Presidents
Peter Wawer and Andreas Urschitz
- 5 Feb 2019* Earnings Release for the First Quarter of the 2019
Fiscal Year
- 21 Feb 2019 Annual General Meeting, Munich
- 7 May 2019* Earnings Release for the Second Quarter of the 2019
Fiscal Year
- 1 Aug 2019* Earnings Release for the Third Quarter of the 2019
Fiscal Year
- 12 Nov 2019* Earnings Release for the Fourth Quarter and the 2019
Fiscal Year

About Infineon

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

Further information is available at www.infineon.com

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

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FINANCIAL INFORMATION

According to IFRS – preliminary and unaudited

Consolidated Statement of Operations

	3 months ended			12 months ended	
	30 Sep 18	30 Jun 18	30 Sep 17	30 Sep 18	30 Sep 17
Revenue	2,047	1,941	1,820	7,599	7,063
Cost of goods sold	(1,233)	(1,199)	(1,137)	(4,714)	(4,442)
Gross profit	814	742	683	2,885	2,621
Research and development expenses	(223)	(218)	(189)	(836)	(776)
Selling, general and administrative expenses	(227)	(210)	(206)	(850)	(819)
Other operating income	17	30	5	332	14
Other operating expenses	(11)	(25)	(21)	(62)	(57)
Operating income	370	319	272	1,469	983
Financial income	5	4	3	15	10
Financial expenses	(21)	(15)	(15)	(68)	(63)
Gain from investments accounted for using the equity method	-	(5)	1	(5)	3
Income from continuing operations before income taxes	354	303	261	1,411	933
Income tax	(54)	(49)	(84)	(193)	(142)
Income from continuing operations	300	254	177	1,218	791
Income (loss) from discontinued operations, net of income taxes	(159)	17	(1)	(143)	(1)
Net income	141	271	176	1,075	790
Attributable to:					
Non-controlling interests	-	-	-	-	-
Shareholders of Infineon Technologies AG	141	271	176	1,075	790
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – basic	1,131	1,131	1,130	1,130	1,129
Basic earnings per share (in euro) from continuing operations	0.27	0.22	0.16	1.08	0.70
Basic earnings per share (in euro) from discontinued operations	(0.14)	0.02	-	(0.13)	-
Basic earnings per share (in euro)	0.13	0.24	0.16	0.95	0.70
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – diluted	1,134	1,133	1,134	1,134	1,134
Diluted earnings per share (in euro) from continuing operations	0.27	0.22	0.16	1.08	0.70
Diluted earnings per share (in euro) from discontinued operations	(0.14)	0.02	-	(0.13)	-
Diluted earnings per share (in euro)	0.13	0.24	0.16	0.95	0.70

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

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Segment Revenues and Segment Results

Segment Result is defined as operating income (loss) excluding 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			12 months ended	
	30 Sep 18	30 Jun 18	30 Sep 17	30 Sep 18	30 Sep 17
Segment Result	400	356	328	1,353	1,208
Plus/minus:					
Impairments on assets (excluding capitalized development costs) including assets classified as held for sale, net of reversals ¹	4	-	(2)	(7)	(5)
Impact on earnings of restructuring and closures, net	-	-	-	-	(3)
Share-based compensation expenses	(3)	(3)	(5)	(13)	(13)
Acquisition-related depreciation/amortization and other expenses	(29)	(31)	(33)	(118)	(153)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	1	4	(14)	272	(15)
Other income and expenses, net	(3)	(7)	(2)	(18)	(36)
Operating income	370	319	272	1,469	983

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

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			12 months ended	
	30 Sep 18	30 Jun 18	30 Sep 17	30 Sep 18	30 Sep 17
Net income from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	300	254	177	1,218	791
Plus/minus:					
Impairments on assets (excluding capitalized development costs) including assets classified as held for sale, net of reversals ¹	(4)	-	2	7	5
Impact on earnings of restructuring and closures, net	-	-	-	-	3
Share-based compensation expense	3	3	5	13	13
Acquisition-related depreciation/amortization and other expenses	29	31	33	118	153
Losses (gains) on sales of assets, businesses, or interests in subsidiaries, net	(1)	(4)	14	(272)	15
Other income and expense, net	3	7	2	18	36
Tax effects on adjustments	(36)	(8)	(10)	9	(49)
Revaluation of deferred tax assets resulting from the annually updated earnings forecast	24	(9)	32	5	-
Adjusted net income from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	318	274	255	1,116	967
Weighted-average number of shares outstanding (in million) – diluted	1,134	1,133	1,134	1,134	1,134
Adjusted earnings per share (in euro) – diluted ²	0.28	0.24	0.22	0.98	0.85

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

²The calculation of the adjusted earnings per share is based on unrounded figures.

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

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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			12 months ended	
	30 Sep 18	30 Jun 18	30 Sep 17	30 Sep 18	30 Sep 17
Cost of goods sold	1,233	1,199	1,137	4,714	4,442
Plus/minus:					
Share-based compensation expense	(1)	(1)	(1)	(2)	(2)
Acquisition-related depreciation/amortization and other expenses	(17)	(17)	(19)	(67)	(89)
Other income and expense, net	-	-	-	-	-
Adjusted cost of goods sold	1,215	1,181	1,117	4,645	4,351
Adjusted gross margin	40.6%	39.2%	38.6%	38.9%	38.4%

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

Revenues and Segment Result for the three and twelve months ended 30 September 2018 and 2017

Effective 1 October 2018, the "Chip Card & Security" segment changed its name to "Digital Security Solutions". The change in name has no impact on Infineon's organizational structure, strategy or scope of business.

Revenue €in millions	3 months ended			12 months ended		
	30 Sep 18	30 Sep 17	+/- in %	30 Sep 18	30 Sep 17	+/- in %
Automotive	867	736	18	3,284	2,989	10
Industrial Power Control	361	328	10	1,323	1,206	10
Power Management & Multimarket	651	573	14	2,318	2,148	8
Digital Security Solutions	163	181	(10)	664	708	(6)
Other Operating Segments	5	2	+++	10	9	11
Corporate and Eliminations	-	-	-	-	3	---
Total	2,047	1,820	12	7,599	7,063	8

Segment Result €in millions	3 months ended			12 months ended		
	30 Sep 18	30 Sep 17	+/- in %	30 Sep 18	30 Sep 17	+/- in %
Automotive	127	109	17	466	474	(2)
Industrial Power Control	73	60	22	256	183	40
Power Management & Multimarket	181	126	44	532	427	25
Digital Security Solutions	24	33	(27)	105	124	(15)
Other Operating Segments	(4)	1	---	(4)	1	---
Corporate and Eliminations	(1)	(1)	-	(2)	(1)	---
Total	400	328	22	1,353	1,208	12
Segment Result Margin [in %]	19.5%	18.0%		17.8%	17.1%	

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Revenues and Segment Result for the three months ended 30 September 2018 and 30 June 2018

Revenue € in millions	3 months ended		
	30 Sep 18	30 Jun 18	+/- in %
Automotive	867	836	4
Industrial Power Control	361	349	3
Power Management & Multimarket	651	580	12
Digital Security Solutions	163	175	(7)
Other Operating Segments	5	1	+++
Corporate and Eliminations	-	-	-
Total	2,047	1,941	5

Segment Result € in millions	3 months ended		
	30 Sep 18	30 Jun 18	+/- in %
Automotive	127	120	6
Industrial Power Control	73	71	3
Power Management & Multimarket	181	137	32
Digital Security Solutions	24	29	(17)
Other Operating Segments	(4)	(1)	---
Corporate and Eliminations	(1)	-	---
Total	400	356	12
Segment Result Margin [in %]	19.5%	18.3%	

Employees

	30 Sep 18	30 Jun 18	30 Sep 17
Infiniteon	40,098	39,227	37,479
Thereof: Research and development	7,161	6,921	6,362

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Consolidated Statement of Financial Position

€in millions	30 Sep 18	30 Jun 18	30 Sep 17
ASSETS:			
Cash and cash equivalents	732	771	860
Financial investments	1,811	1,850	1,592
Trade receivables	971	947	851
Inventories	1,480	1,388	1,240
Income tax receivable	52	6	5
Other current assets	366	385	300
Assets classified as held for sale	11	12	23
Total current assets	5,423	5,359	4,871
Property, plant and equipment	3,038	2,853	2,659
Goodwill and other intangible assets	1,596	1,579	1,586
Investments accounted for using the equity method	37	40	28
Deferred tax assets	648	648	612
Other non-current assets	137	134	189
Total non-current assets	5,456	5,254	5,074
Total assets	10,879	10,613	9,945
LIABILITIES AND EQUITY:			
Short-term debt and current maturities of long-term debt	25	319	323
Trade payables	1,181	1,011	1,020
Short-term provisions	590	377	422
Income tax payable	117	123	103
Other current liabilities	269	224	230
Total current liabilities	2,182	2,054	2,098
Long-term debt	1,507	1,510	1,511
Pension plans and similar commitments	552	514	503
Deferred tax liabilities	9	16	18
Long-term provisions	46	64	67
Other non-current liabilities	137	138	112
Total non-current liabilities	2,251	2,242	2,211
Total liabilities	4,433	4,296	4,309
Shareholders' equity:			
Ordinary share capital	2,274	2,273	2,272
Additional paid-in capital	4,486	4,501	4,774
Accumulated deficit	(333)	(473)	(1,404)
Other reserves	56	53	31
Own shares	(37)	(37)	(37)
Total equity	6,446	6,317	5,636
Total liabilities and equity	10,879	10,613	9,945

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Regional Revenue Development

€in millions	3 months ended						12 months ended			
	30 Sep 18		30 Jun 18		30 Sep 17		30 Sep 18		30 Sep 17	
Revenue:										
Europe, Middle East, Africa	611	30%	620	32%	579	32%	2,443	32%	2,272	32%
Therein: Germany	293	14%	294	15%	280	15%	1,171	15%	1,094	15%
Asia-Pacific (w/o Japan, Greater China)	311	15%	290	15%	254	14%	1,129	15%	1,071	15%
Greater China	729	36%	657	34%	652	36%	2,599	34%	2,376	34%
Therein: China	535	26%	487	25%	478	26%	1,921	25%	1,735	25%
Japan	145	7%	145	7%	121	6%	534	7%	463	7%
Americas	251	12%	229	12%	214	12%	894	12%	881	12%
Therein: USA	206	10%	183	9%	173	10%	719	9%	714	10%
Total	2,047	100%	1,941	100%	1,820	100%	7,599	100%	7,063	100%

Consolidated Statement of Cash Flows

Gross and Net Cash Position

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

€in millions	30 Sep 18	30 Jun 18	30 Sep 17
Cash and cash equivalents	732	771	860
Financial investments	1,811	1,850	1,592
Gross cash position	2,543	2,621	2,452
Less:			
Short-term debt and current maturities of long-term debt	25	319	323
Long-term debt	1,507	1,510	1,511
Total debt	1,532	1,829	1,834
Net cash position	1,011	792	618

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			12 months ended	
	Sep 30, 18	Jun 30, 18	Sep 30, 17	Sep 30, 18	Sep 30, 17
Net cash provided by operating activities from continuing operations	641	462	616	1,571	1,728
Net cash used in investing activities from continuing operations	(379)	(389)	(479)	(1,163)	(1,131)
Purchases of (proceeds from sales of) financial investments, net	(35)	119	112	210	(3)
Free Cash Flow	227	192	249	618	594

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Consolidated Statement of Cash Flows

€ in millions	3 months ended			12 months ended	
	30 Sep 18	30 Jun 18	30 Sep 17	Sep 30, 18	Sep 30, 17
Net income	141	271	176	1,075	790
Plus/Minus: loss (income) from discontinued operations, net of income taxes	159	(17)	1	143	1
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	226	219	205	861	812
Income tax	54	49	84	193	142
Net interest result	9	11	12	45	56
Losses (gains) on disposals of property, plant and equipment	-	(2)	1	(1)	2
Gain from sale of RF power business	-	(2)	-	(270)	-
Dividends received from joint ventures	2	-	-	8	2
Impairment charges	(4)	-	2	7	5
Other non-cash result	8	(9)	15	7	28
Change in trade receivables	(23)	(82)	(11)	(116)	(91)
Change in inventories	(91)	(69)	(12)	(251)	(73)
Change in trade payables	170	49	152	158	177
Change in provisions	37	59	51	(1)	91
Change in other assets and liabilities	39	43	4	(25)	(23)
Interest received	4	4	3	14	9
Interest paid	(7)	(17)	(12)	(50)	(58)
Income tax paid	(83)	(45)	(55)	(226)	(142)
Net cash provided by operating activities from continuing operations	641	462	616	1,571	1,728
Net cash provided by (used in) operating activities from discontinued operations	2	(1)	(2)	4	(5)
Net cash provided by operating activities	643	461	614	1,575	1,723
Purchases of financial investments	(1,026)	(873)	(896)	(3,277)	(3,300)
Proceeds from sales of financial investments	1,061	754	784	3,067	3,303
Purchases of other equity investments	-	(1)	(9)	(1)	(9)
Acquisitions of businesses, net of cash acquired	-	8	-	(16)	(5)
Acquisition of shares in MoTo ¹ , net of cash acquired	-	-	-	-	(112)
Proceeds from sales of businesses and interests in subsidiaries, net of cash disbursed	-	2	10	324	10
Investments in related companies	-	(7)	-	(17)	-
Purchases of intangible assets and other assets	(49)	(38)	(46)	(164)	(148)
Purchases of property, plant and equipment	(368)	(242)	(324)	(1,090)	(874)
Proceeds from sales of property, plant and equipment and other assets	3	8	2	11	4
Net cash used in investing activities from continuing operations	(379)	(389)	(479)	(1,163)	(1,131)
Net cash used in investing activities from discontinued operations	-	-	-	-	-
Net cash used in investing activities	(379)	(389)	(479)	(1,163)	(1,131)

¹ As of 30 December 2016 Infineon acquired 93 percent of the shares in MoTo Objekt Campeon GmbH & Co. KG (MoTo).

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€ in millions	3 months ended			12 months ended	
	30 Sep 18	30 Jun 18	30 Sep 17	Sep 30, 18	Sep 30, 17
Net change in short-term debt	-	-	-	-	(1)
Net change in related party financial receivables and payables	-	(19)	-	(18)	-
Proceeds from issuance of long-term debt	-	-	-	-	2
Repayments of long-term debt	(302)	(4)	-	(321)	(119)
Change in cash deposited as collateral	-	-	-	74	-
Proceeds from the issuance of ordinary shares	2	2	5	6	26
Dividend payments	-	-	-	(283)	(248)
Net cash provided by (used in) financing activities from continuing operations	(300)	(21)	5	(542)	(340)
Net cash used in financing activities from discontinued operations	-	-	-	-	-
Net cash provided by (used in) financing activities	(300)	(21)	5	(542)	(340)
Net change in cash and cash equivalents	(36)	51	140	(130)	252
Effect of foreign exchange rate changes on cash and cash equivalents	(3)	(6)	(6)	2	(17)
Cash and cash equivalents at beginning of period	771	726	726	860	625
Cash and cash equivalents at end of period	732	771	860	732	860

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.

All figures mentioned in this press release are preliminary and unaudited.

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