



Q1 2016

EARNINGS CONFERENCE CALL

April 21, 2016

Bad Ragaz, Switzerland

Speakers

Lukas Winkler, President and CEO

- Key figures Q1 2016
- Target market business review
- Expectations 2016

Matthias Tröndle, Vice President and CFO

- Financials Q1 2016
- Guidance

Lukas Winkler

INFICON

President and Chief Executive Officer



Q1 2016 – Key Figures

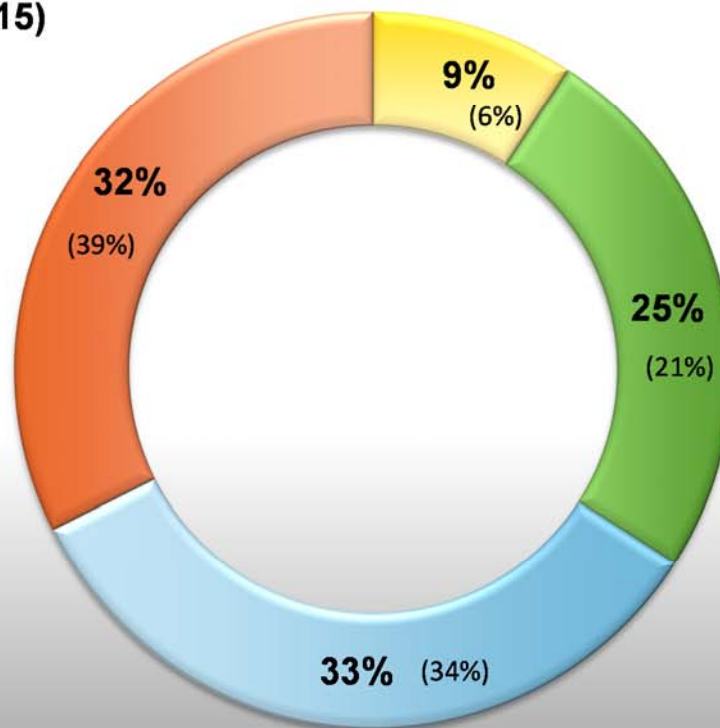
- **Sales increase in all markets, except General Vacuum (GV)**
 - Consolidated sales increase of 4.7% to USD 69.7 million compared with Q1 2015, organic increase of 5.1%
 - Sequential sales decrease over Q4 2015 of 2.0%
 - Book to bill ratio >> 1

 - **Operating result influenced by**
 - Low sales volume
 - Stable gross margin and higher overhead cost
 - Operating income of USD 8.4 million in Q1 2016 (12.0% of sales) compared with USD 8.1 million (12.1% of sales) in Q1 2015
- ➔ **Net income of USD 7.1 million or 10.1% of sales**

Net Sales by End Market

USD 69.7 million in Q1 2016 vs. USD 66.5 million a year ago (+4.8%)

Q1 2016
(Q1 2015)



- Security & Energy
- Refrigeration, Air Conditioning & Automotive
- Semi & Vacuum Coating
- General Vacuum

Semi & Vacuum Coating

Solar, Display, Optics & Semiconductor

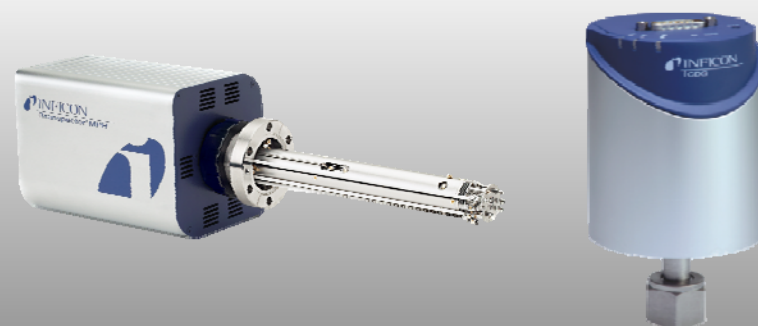
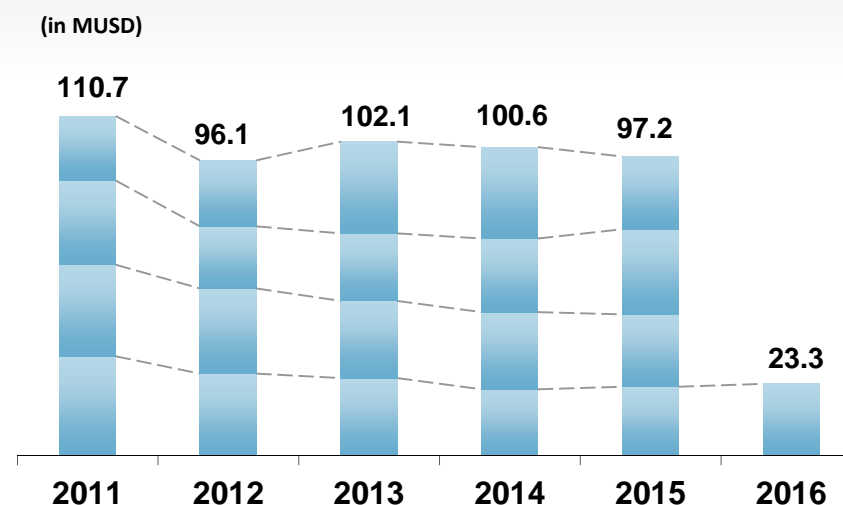
Q1 2016

- Q1 2016 sales increase 4% vs. Q1 2015 mainly driven by higher demand from semiconductor business in Asia
- Sequential decrease of 1%
 - Lower semiconductor end-user business
 - Increased sales to equipment manufacturers
 - Strong OLED flat panel display activities and some new orders from solar market (China)

Market Trends

- Continuation of increased demand for mobile communication chips
- OLED replacing LCD technology for next-generation of flat panel displays
- First signs of a very slow recovery in Solar
- China investment plans for large scale memory semi fabs

Sales to End Market
Semi & Vacuum Coating
1.2% CAGR (2010 - 2015)



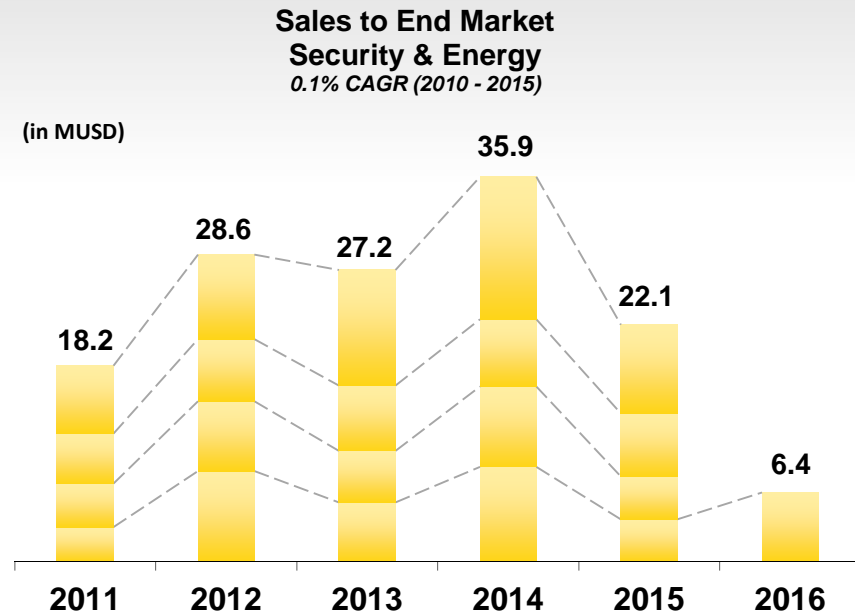
Security & Energy

Q1 2016

- Q1 2016 sales increase of 64% vs. Q1 2015
- Decrease of 23% vs. strong Q4 2015
- Strong order intake in Q1
- Shipment bottlenecks

Market Trends

- Security needs around the world generate new business opportunities
- Good pipeline of opportunities at US DoD
- Interesting projects (China) for environmental application (air and water)
- New target markets and application opportunities in conjunction with the new micro-GC technologies (Fusion product line) and IRwin™ Gas Leak detector



Refrigeration, Air Conditioning & Automotive

Q1 2016

- Q1 2016 sales increase of 23% vs. Q1 2015 (some Customer reclassifications)
- Sequential increase and higher sales in all regions
- Continued market share gains

Market Trends

- Tougher regulations drives increased use of instrumentations in the automotive market
- Limited growth potential at RAC manufacturers, despite the use of new refrigerants
- Increasing installed basis drives after-sale service products worldwide

Sales to End Market
Refrigeration, Air Conditioning & Automotive
6.4% CAGR (2010 - 2015)



General Vacuum

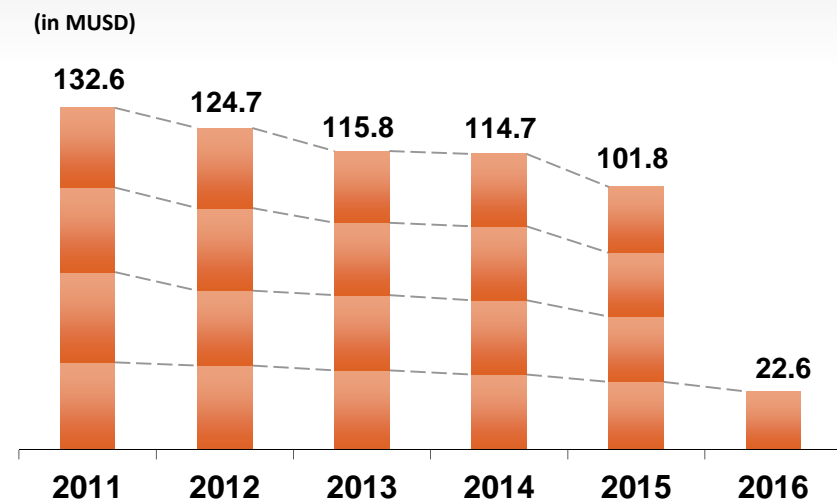
Q1 2016

- Q1 2016 sales decrease 14% vs. Q1 2015, mainly due to lower sales to European distributors
- Slight sequential decrease
- Customer reclassifications
- Small contribution from InstruTech acquisition

Market Trends

- Diverse customer base and end markets, served through different sales channels (direct and indirect)
- Increased use of vacuum technologies for a variety of different existing and new applications (incl. Life Science-, Analytical-, and Food-packaging market)
- Growing demand in emerging market regions as well as recovery in the US

**Sales to End Market
General Vacuum**
-1.4% CAGR (2010 - 2015)



Outlook 2016

Challenging – with mixed signals from different markets/regions

- Uncertain semiconductor market expectations with mixed indications
 - Increased forecasts for new equipment (OEM-business) incl. EUV lithography
 - But diffuse (confused) outlook from chip-manufacturers (end-users)
- OLED flat panel display technology investment boom started (Korea and China)
 - INFICON products and consumables at all levels (sub-suppliers, OEMs and end-user)
- Higher investments in new leak-detection applications (industrial and automotive market) together with a sales initiative for hand-held service tools compensate for saturating RAC manufacturers markets (mainly China)
- Solid US DoD business activities and new gas monitoring safety applications
- Increased sales from General Vacuum, due to acquisitions and sales initiatives
- Expect first sales contribution from new applications: Public Utility, Food packaging, Fracking

Unchanged guidance for FY 2016:

→ Sales exceeding USD 300

→ Operating income margin greater than 15%

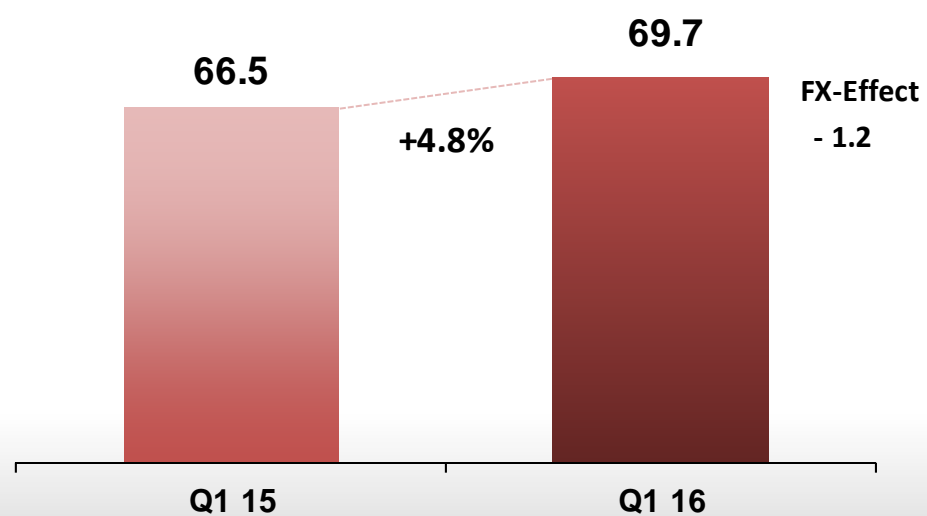
Matthias Tröndle

INFICON

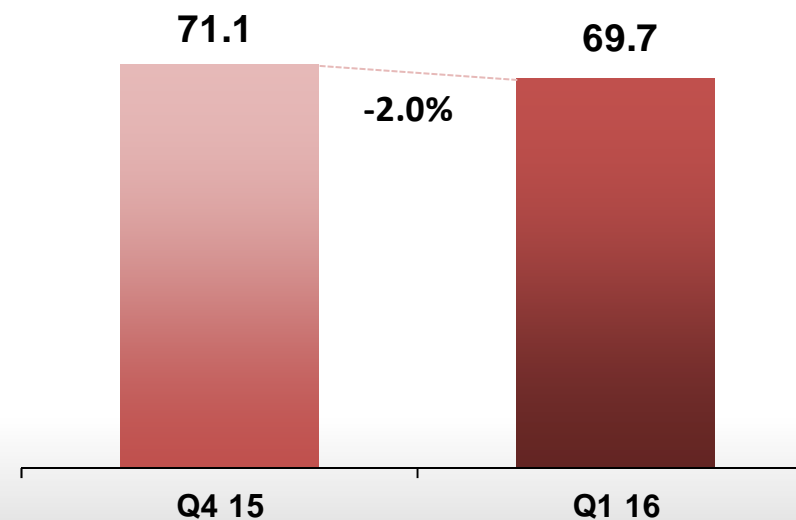
Vice President and
Chief Financial Officer



Sales (in USD million)



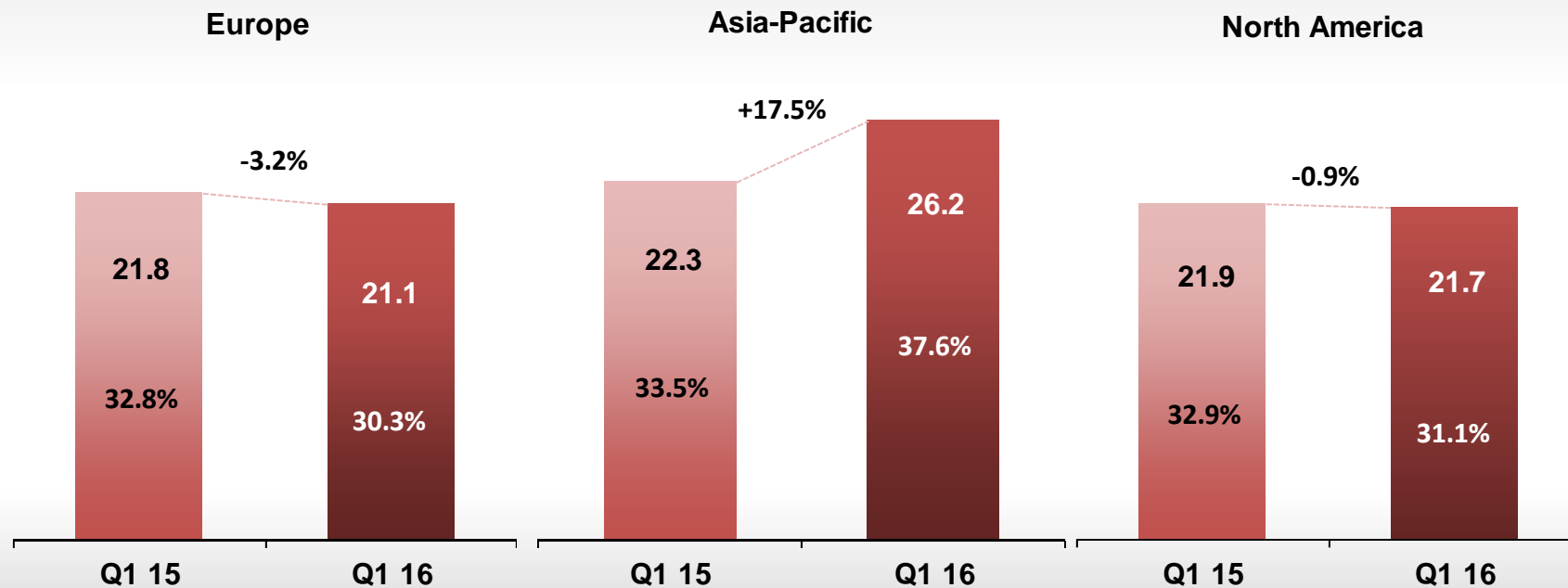
All end-markets increased except
General Vacuum



Increase vs. Q4 2015 in R&A

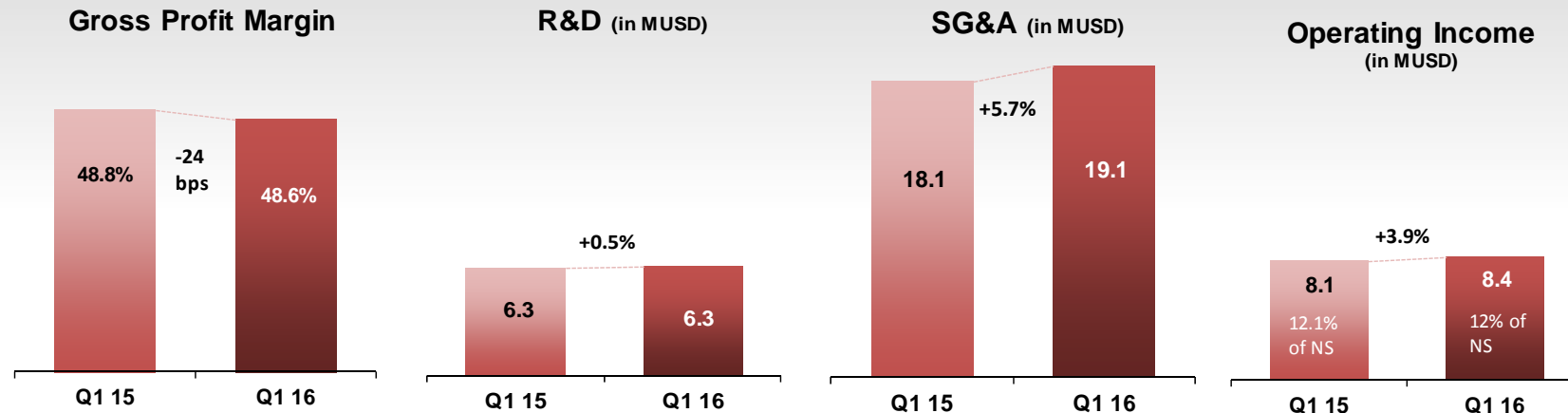
Geographic Sales Breakdown – Quarter

(in USD million)



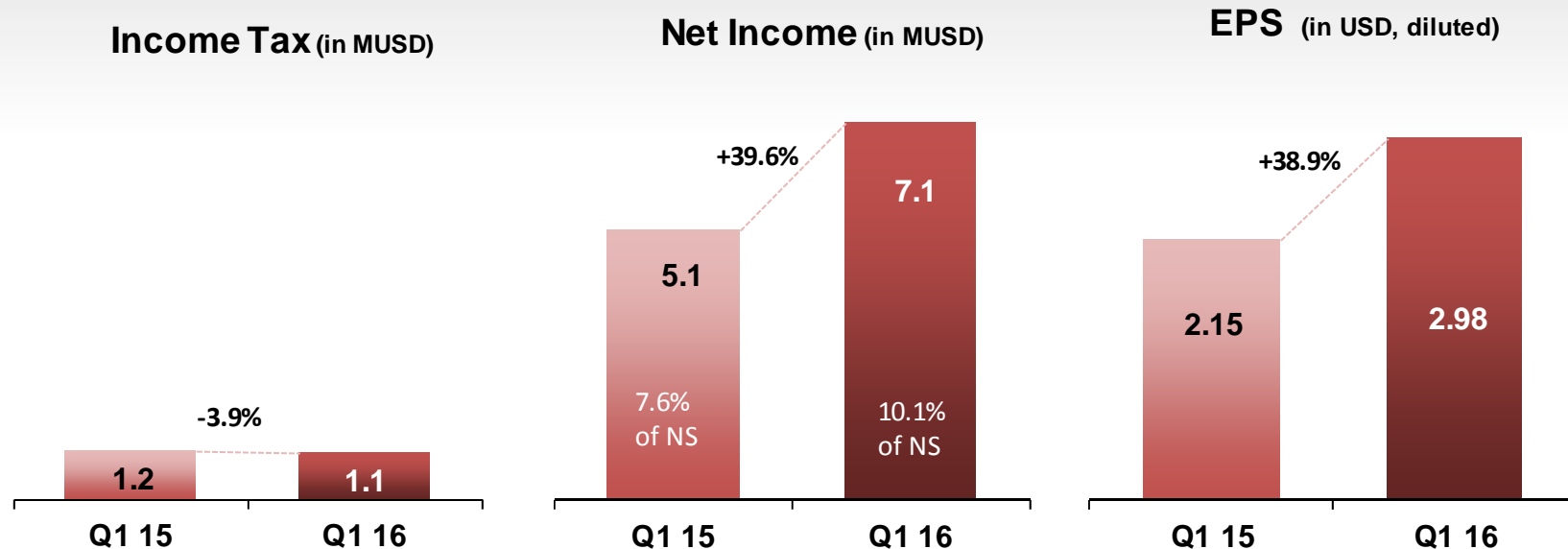
Increase in Asia, decrease in Europe and in North America

Gross Profit, Costs, and Operating Income



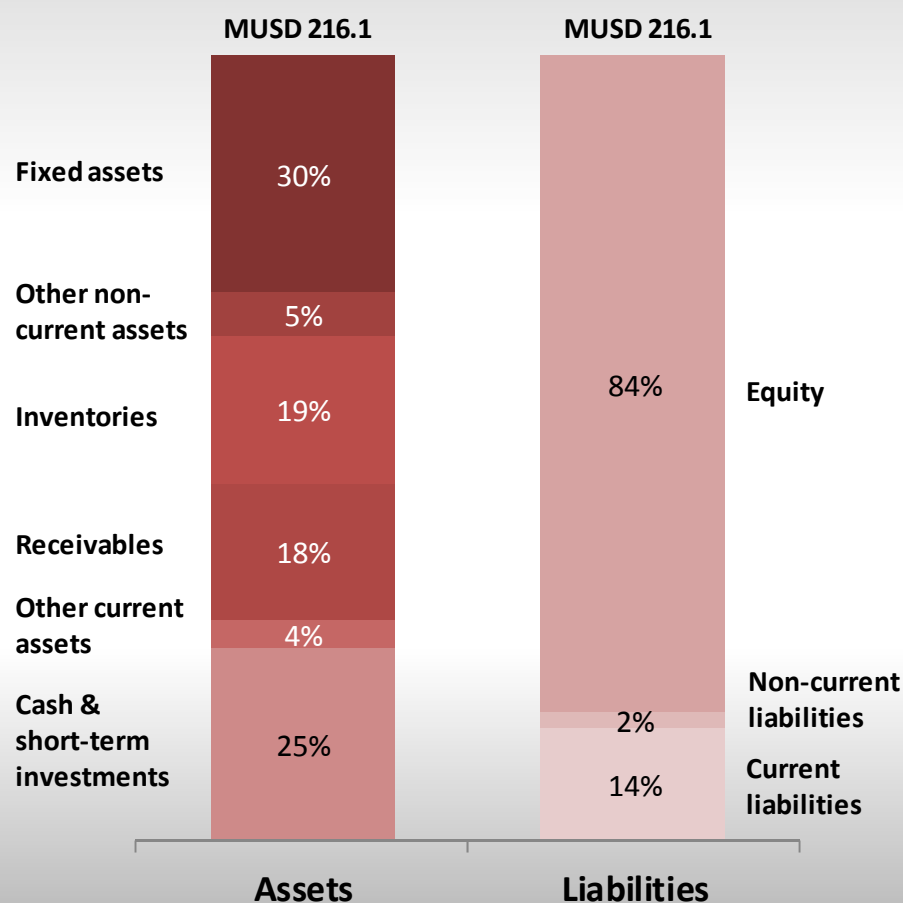
- **Gross profit margin:** In absolute figures, gross profit increases by 4%; practically unchanged margin, driven by mix and volume
- **R&D cost:** Unchanged, slightly favorable F/X impacts
- **SG&A:** Q1 2016 increase due to acquisition impacts and higher commissions, partially compensated by favorable F/X impacts
- **Operating Income:** increase due to higher sales volume, stable gross margin while costs slightly increased

Net Income and EPS development

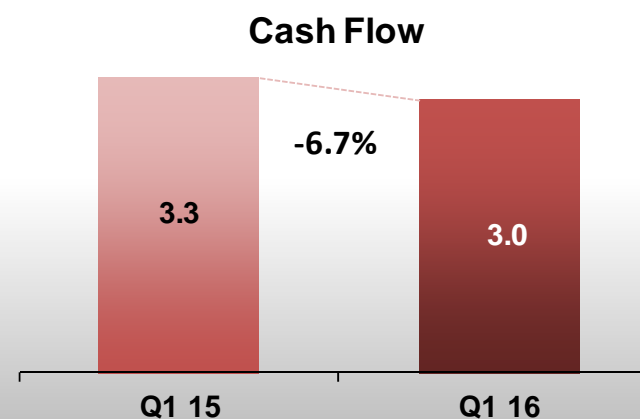


- **Income tax:** Low tax rate driven by the mix in earnings and tax rates
- **Net income:** Increase due to one-time costs in previous year
- **EPS:** Increase in line with net income

Balance Sheet Highlights (in USD million)



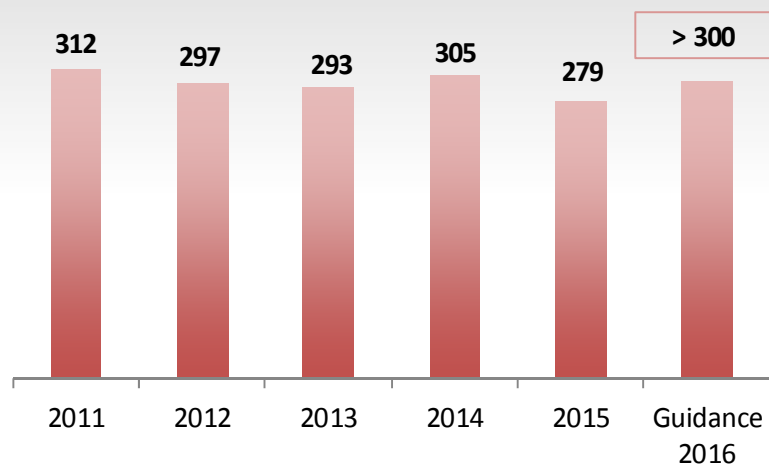
	Q1 16	Q4 15
Net Cash	53.0	60.9
DSO	46.1	45.6
Inventory Turns	3.6	3.6
Working Capital	25.2%	23.1%



Solid balance sheet,
cash reduced by higher investments and acquisition in Q1

Full Year 2016 Guidance

Sales (MUSD)

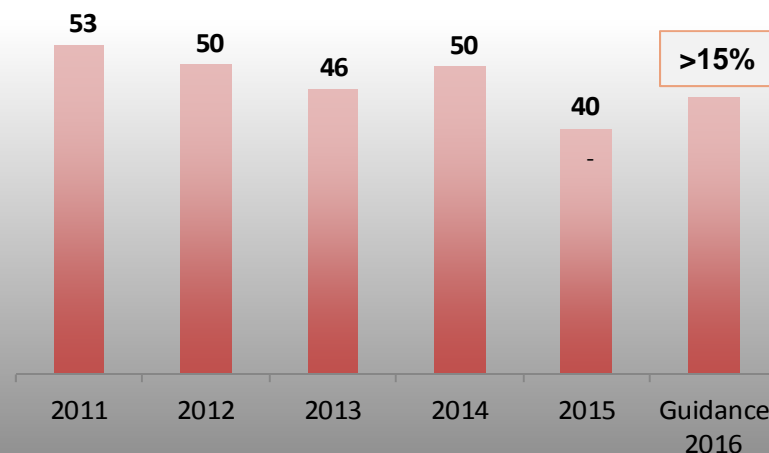


Based on our current expectations
for our end markets

Sales > 300 MUSD

Op. Income > 15%

Operating Income (MUSD)



Corporate Calendar FY 2016

- Annual General Meeting Thursday, April 28, 2016
- Q2 2016 Earnings Conference Call Thursday, August 4, 2016
- Q3 2016 Earnings Conference Call Thursday, October 20, 2016
- Q4 and FY 2016 Earnings Conference Call March 2017

****Earnings dates are subject to change****



THANK YOU !

Q&A

