

# INFICON

*2<sup>nd</sup> Quarter 2011  
Earnings Conference Call  
August 9, 2011*

*Bad Ragaz, Switzerland*

# Safe Harbor Statement

This presentation contains forward-looking statements that reflect Management's current views and estimates. The forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. These forward-looking statements address, among other things, our strategic objectives, trends in vacuum technology and in the industries that employ vacuum instrumentation and the anticipated effects of these trends on our business.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# Speakers

## **Lukas Winkler, President and CEO**

- Key figures Q2:2011
- Target market business review
- 2011 Expectations

## **Matthias Tröndle, Vice President and CFO**

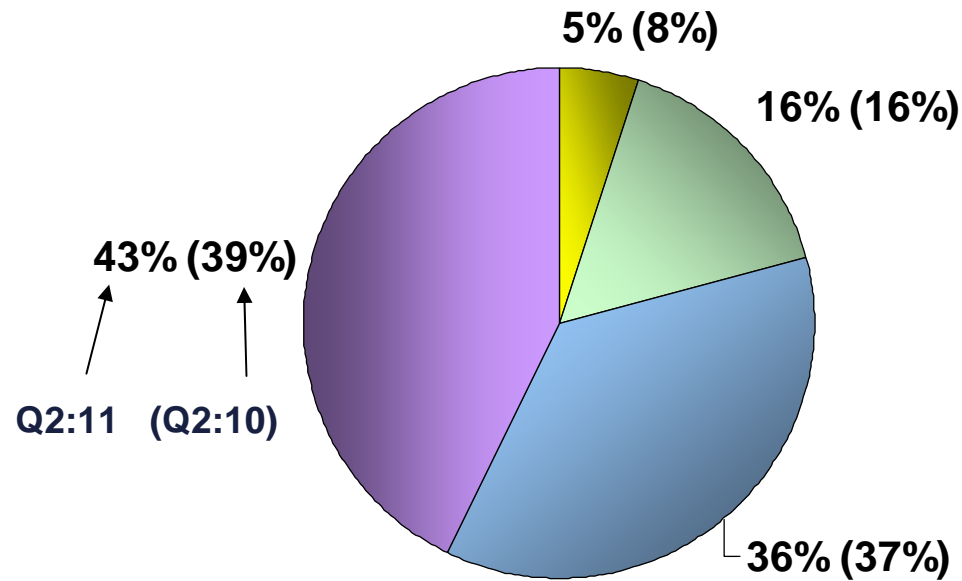
- Financials Q2:2011
- Outlook

## Q2:2011 – Key Figures

- **Q2:2011 repeats strong Q1:2011 results**
    - Sales increase 35.0% to USD 81.8 million compared with Q2:2010 (FX +10.8%)
    - New record-high sales in Refrigeration & Air Conditioning and General Vacuum Processes markets
    - Q2:2011 Y-o-Y sales increase in all markets and regions, except Emergency Response & Security
    - Stable sales compared with Q1:2011
    - Book-to-bill ratio < 1
  
  - **Operating result influenced by**
    - Increased sales volume and healthy gross margin
    - Moderately increased overhead cost compared with Q2:2010, resp. slight decrease vs. previous quarter
    - Operating Income of USD 15.2 million in Q2:2011 (18.6% of sales) compared with USD 8.2 (13.5% of sales) in Q2:2010
- USD 10.8 million net income or 13.3% of sales

# Net Sales by End-Market

USD 81.8 million in Q2:2011 vs. USD 60.6 million a year ago (+35.0%)



- Emergency Response & Security
- Refrigeration & Air-Conditioning
- Specific Vacuum Process Industries: Solar, Display, Optics & Semi
- General Vacuum Processes

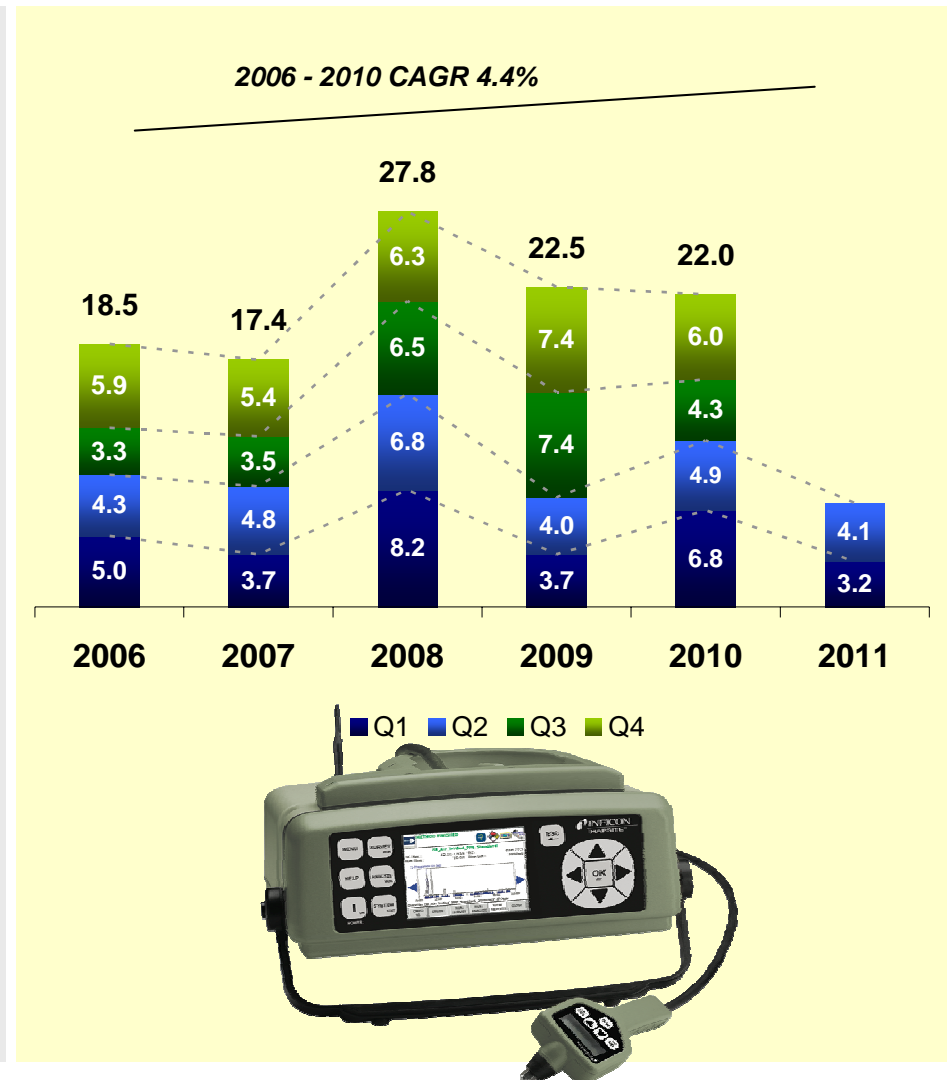
# Emergency Response & Security

## Q2:2011

- Q2:2011 sales -16% vs. Q2:2010
- Sequential increase of +28%
- Stable base business, incl. consumables and service

## Market Trends

- Replacement cycle for first generation HAPSITES has been reduced to upgrades only and delayed by the US-Dept. of Defense
- Increasing civil use for environmental application, especially for water and air monitoring
- Increased difficulty to get public funding, despite the long list of interesting large projects for a variety of applications



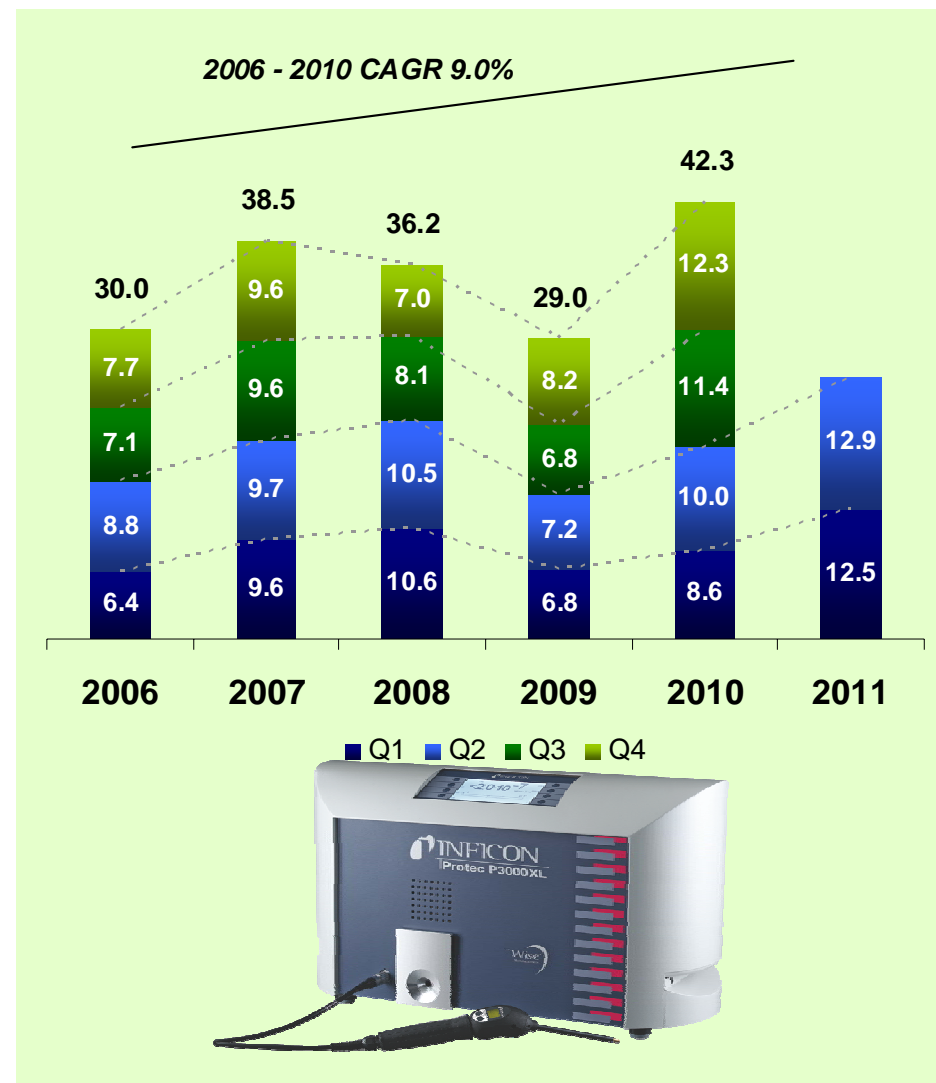
# Refrigeration & Air Conditioning

## Q2:2011

- Q2:2011 sales +29% vs. Q2:2010
- Sequential increase of 3%
- Continued market dominance

## Market Trends

- Continuation of investments in capacity increases, primarily in Asia and other low cost areas
- Replacements/improvements projects in existing plants, driven by tighter specs and new eco-friendly refrigerants and efficiency improvements
- Target new applications with the award-winning Wise™ technology and the recent Hydrogen leak detection acquisition
- New distribution channels and increased installed basis drive after-sale service products worldwide





# Specific Vacuum Process Industries

Solar, Display, Optics & Semiconductor

## Q2:2011

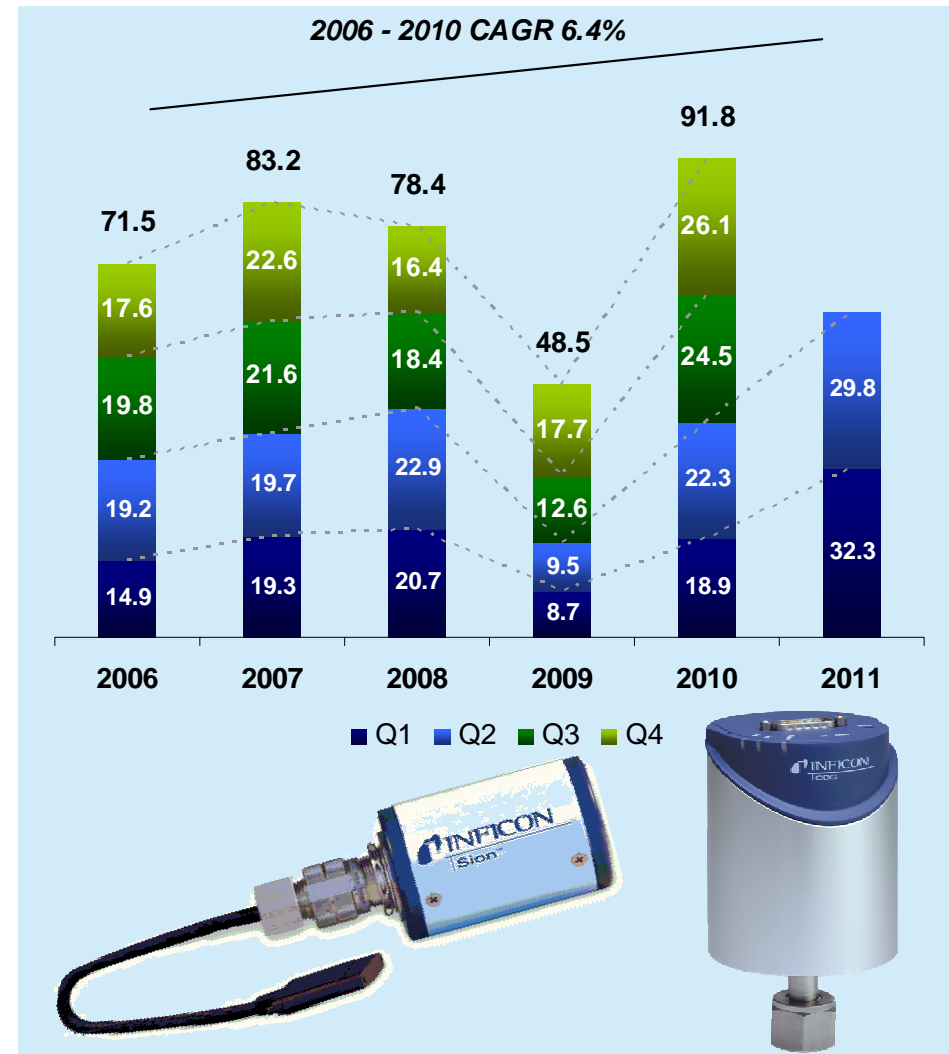
- Q2:2011 sales +34% vs. Q2:2010 mainly driven by device manufacturers in Asia and global equipment manufacturers
- Sequential decrease of 8%
- Stable optics and LED/OLED markets
- Reduced Semiconductor Capex
- Temporary photovoltaic overcapacity

## Market Trends

- Healthy long-term perspectives for advanced technologies:

- Semiconductors
- Display (LED, OLED and 3D)
- Lighting
- Photovoltaic

due to increased electronic contents in consumer goods, 24/7 worldwide information and communication availability and the need for alternative energy resources



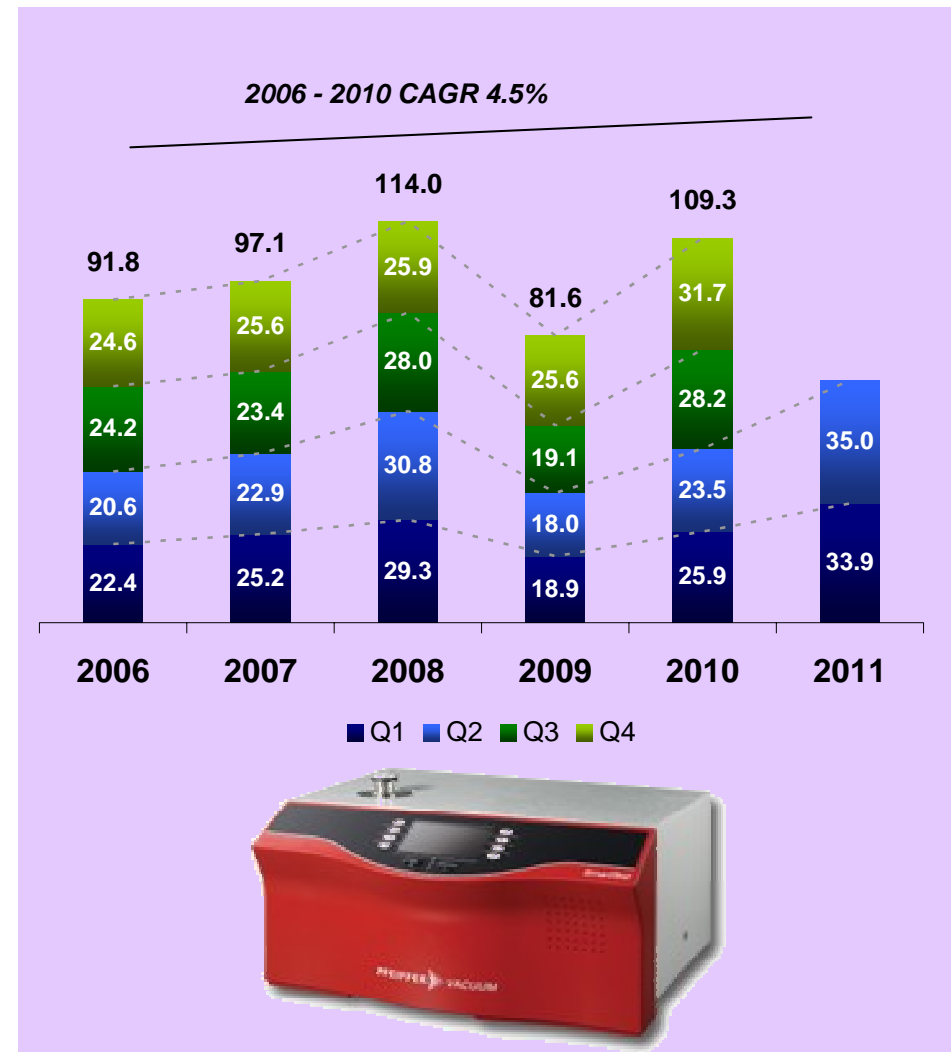
# General Vacuum Processes

## Q2:2011

- Q2:2011 sales +50% vs. Q2:2010 mainly driven by the global recovery (Asia and USA)
- Sequential increase of 4% due to continued investments in industrial vacuum applications and added Micro-GC sales to R&D customers

## Market Trends

- Increased use of vacuum technologies for a variety of different existing and new applications
- Asian Markets (especially China) continue to catch-up with investments in high technology



# Outlook 2011

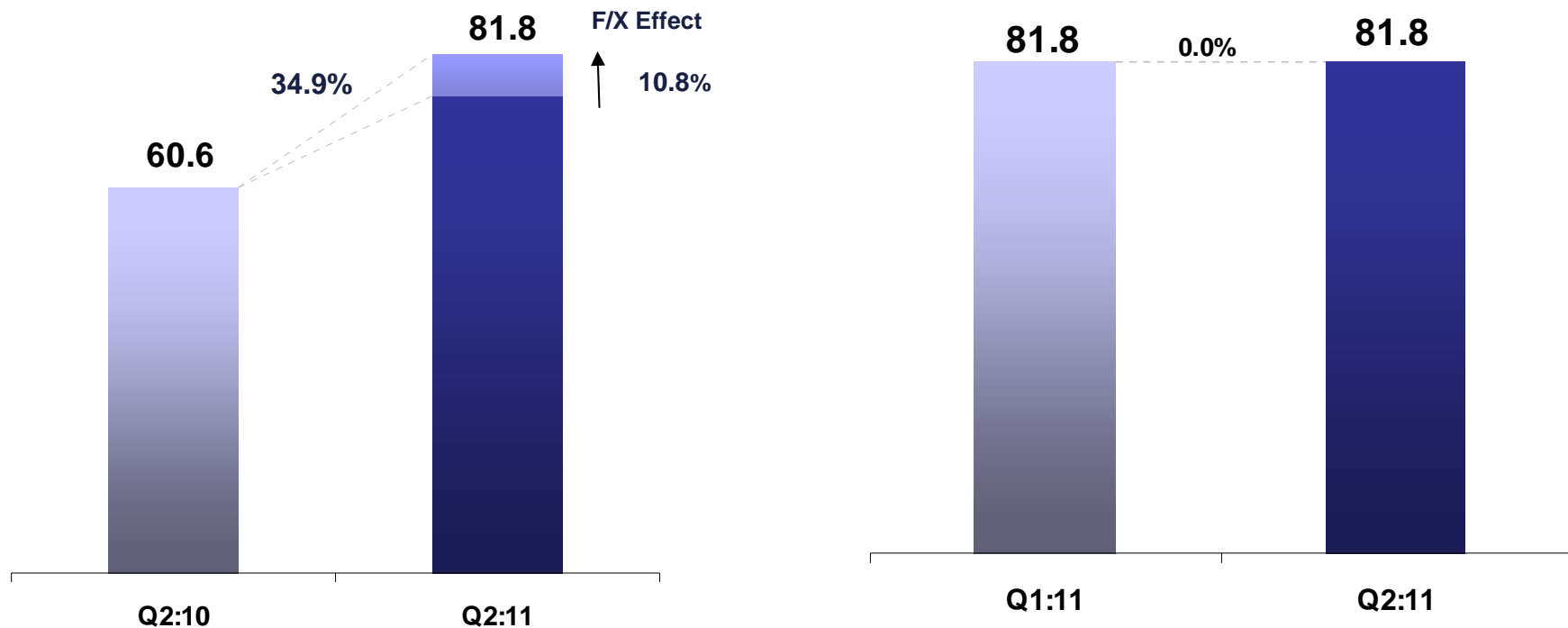
## Guidance increase despite uncertain global economic situation and unpredictable exchange rate development

- Lower Capex in the second half-year compared with the first six months:
  - Reduced spending for Semiconductor equipment
  - Continued OLED display investments for the next generation of smart-phones and tablet PCs
  - Temporary overcapacity in the photovoltaic solar business
- Stable Optics & General Vacuum Processes market
- Continued high level investments in capacity and technology in the Refrigeration & Air Conditioning /Automotive market
- Uncertain government funding for environmental and safety projects
- Additional sales from acquired Micro-GC, CHLD product lines and Hydrogen leak detection
- Guidance for FY 2011, Update No. 2
  - Sales between USD 290 to 315 million
  - Operating Income in the range of USD 47 to 55 million

# Matthias Tröndle

*Vice President & Chief Financial Officer*

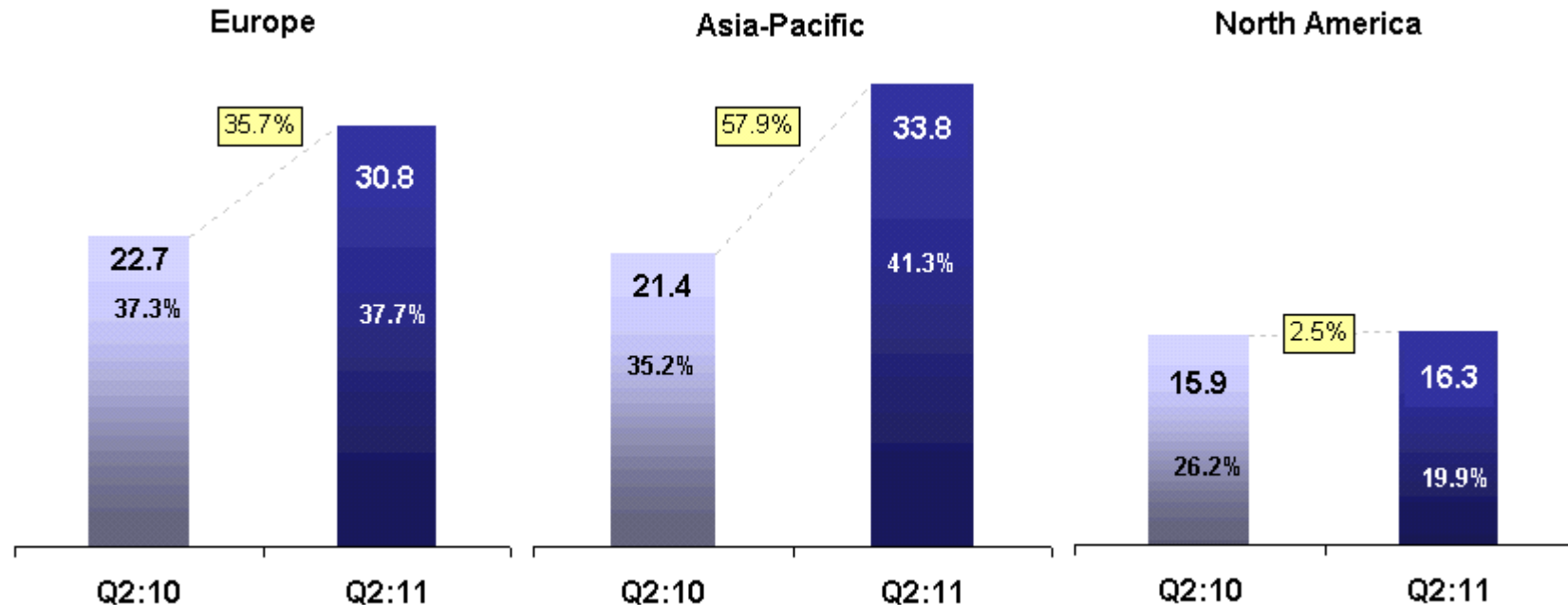
# Revenue (in USD million)



**Strong revenue increase across all markets compared with Q2:10, except for Emergency Response & Security market. Stable sequential sales.**

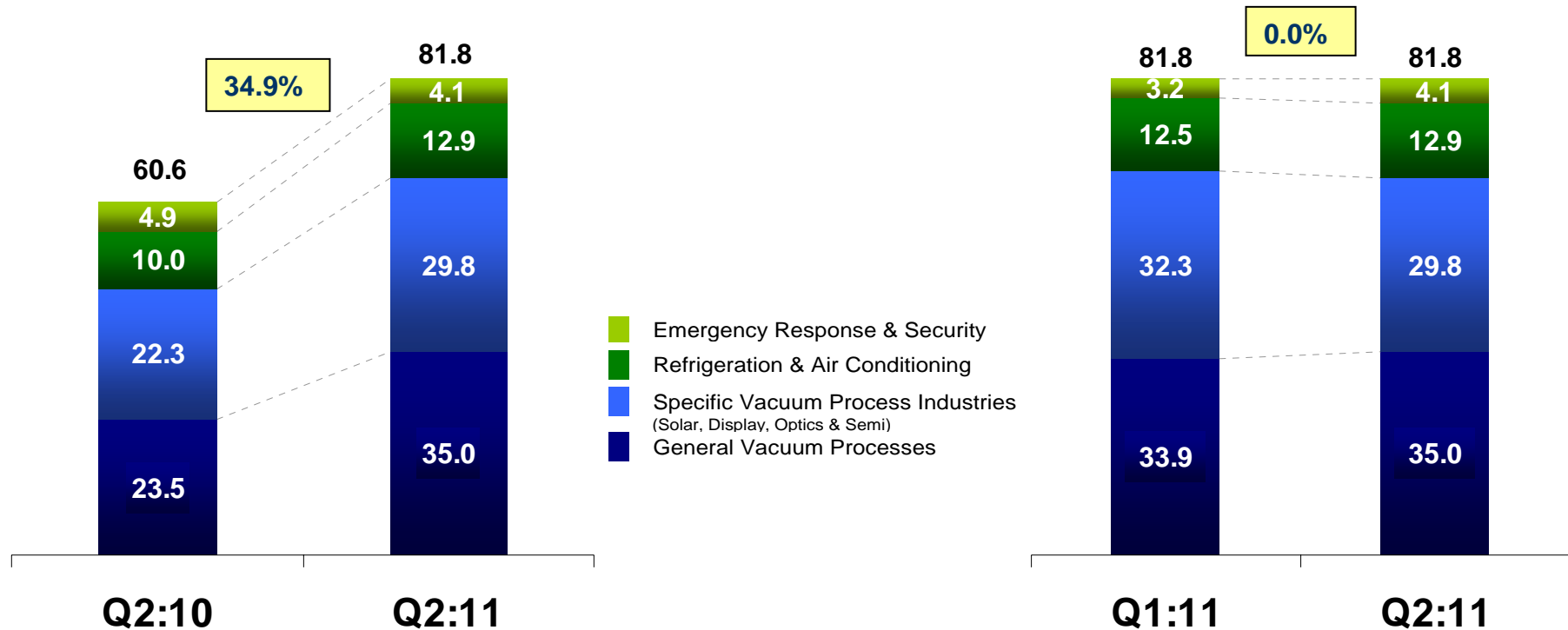
# Geographic Revenue Breakdown – Quarter

(in USD million)



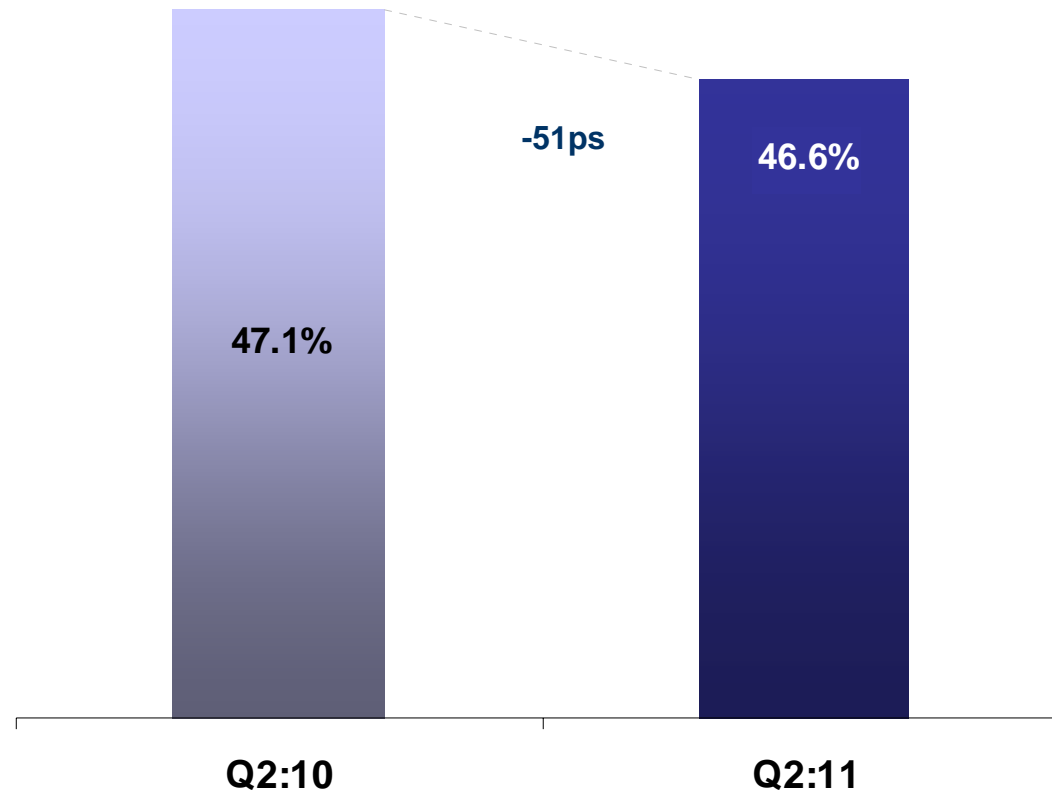
**Increase across all regions, particularly Asia-Pacific.**

# Revenue (in USD million)



**Revenue increase across all markets compared with Q2:10 except for Emergency Response & Security. Increases across all markets over Q1:11 except for Specific Vacuum Process Industries.**

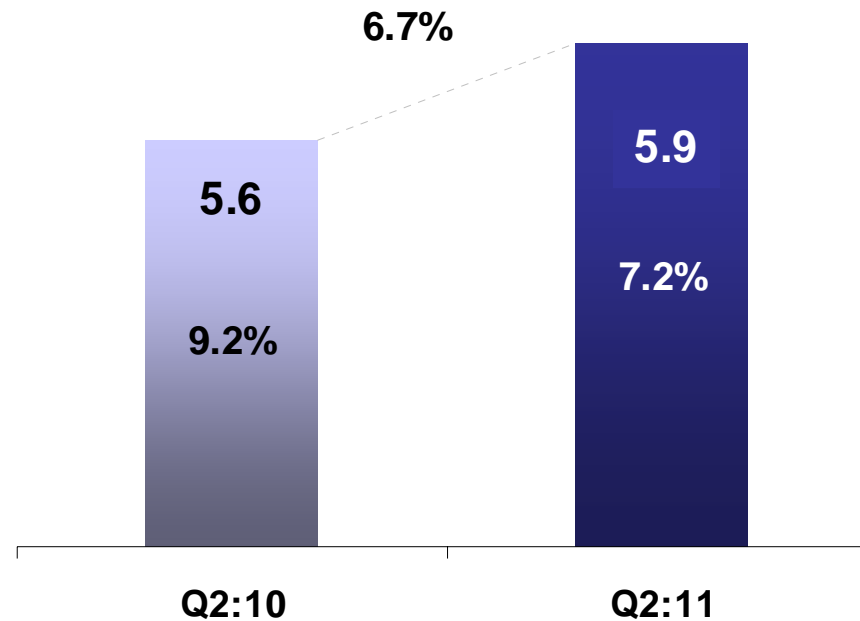
# Gross Profit Margin (in %)



**Healthy margin and slight decrease due to product mix.**



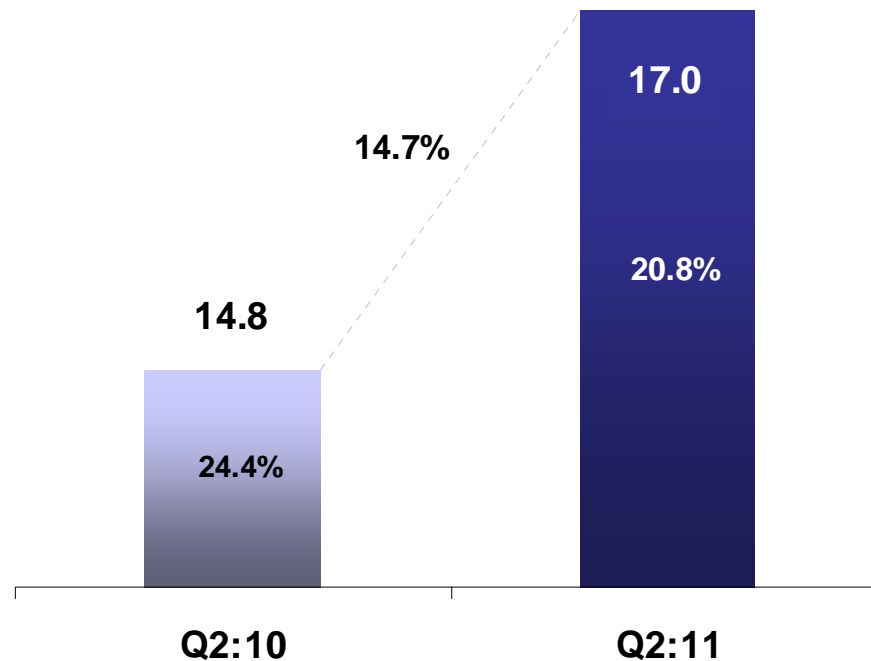
# Research & Development (in USD million)



**R&D decreased 192 bps as a percentage of revenue.**

**Absolute increase driven by technology investments and headcount additions.**

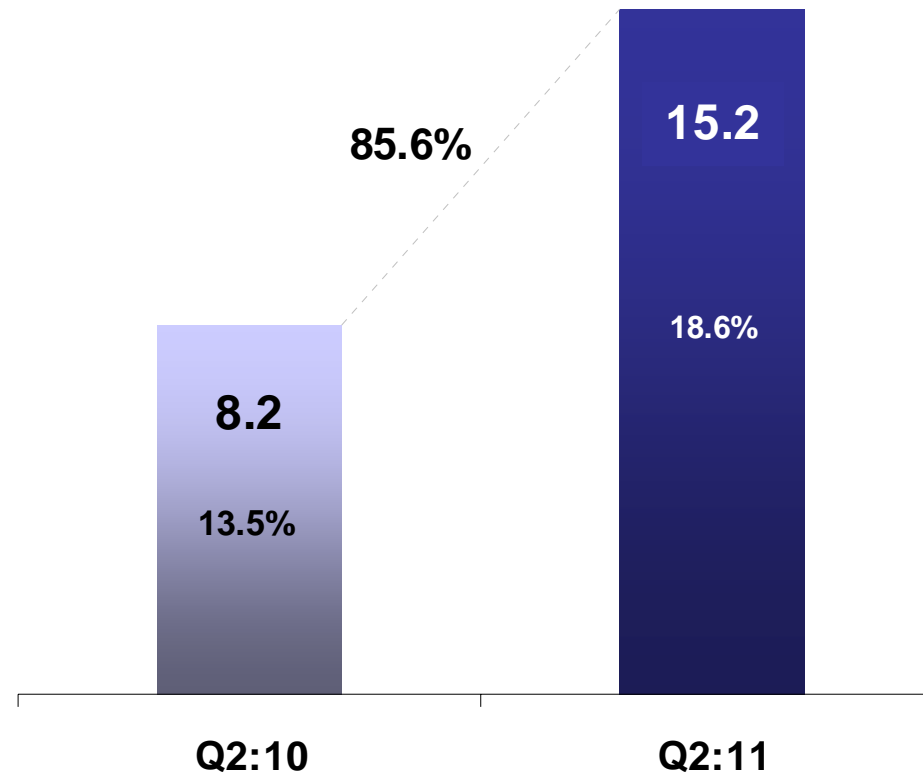
# Selling, General & Administrative (in USD million)



**SG&A decreased 366 bps as a percentage of sales.**

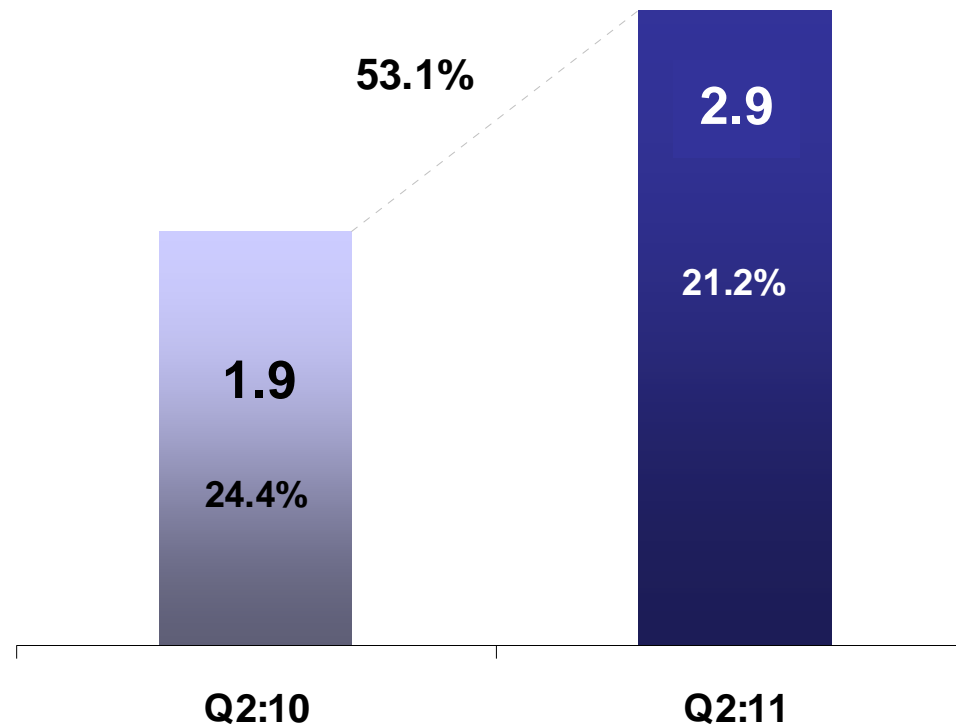
**Absolute increase driven by FX, new hires and higher commissions on sales.**

# Income from Operations (in USD million)



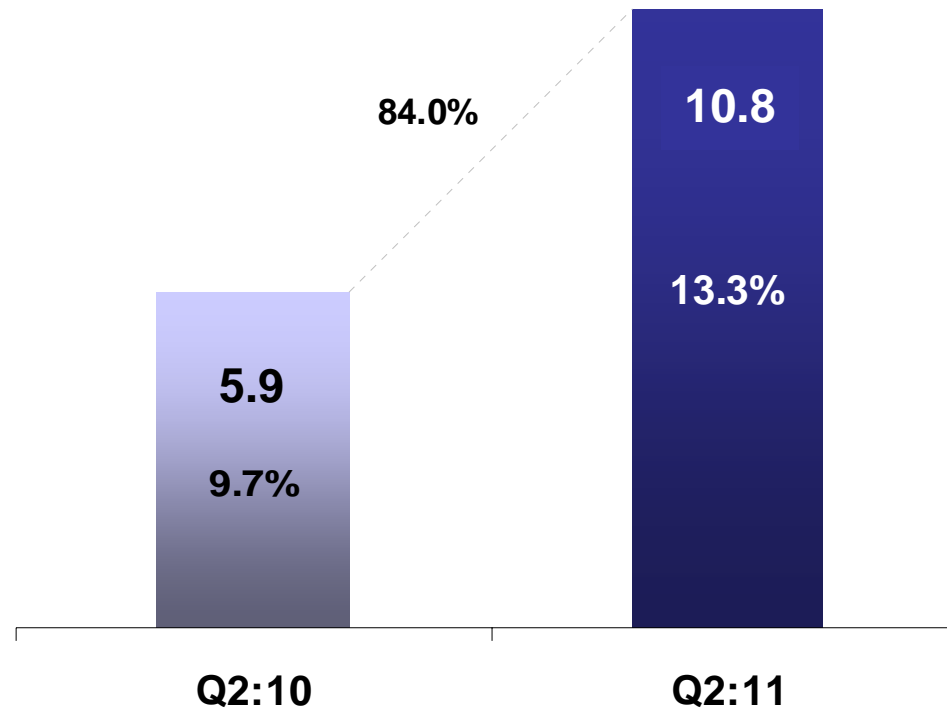
**Due to increased sales volume, healthy gross margins and cost control.**

# Income Tax Provision (in USD million)



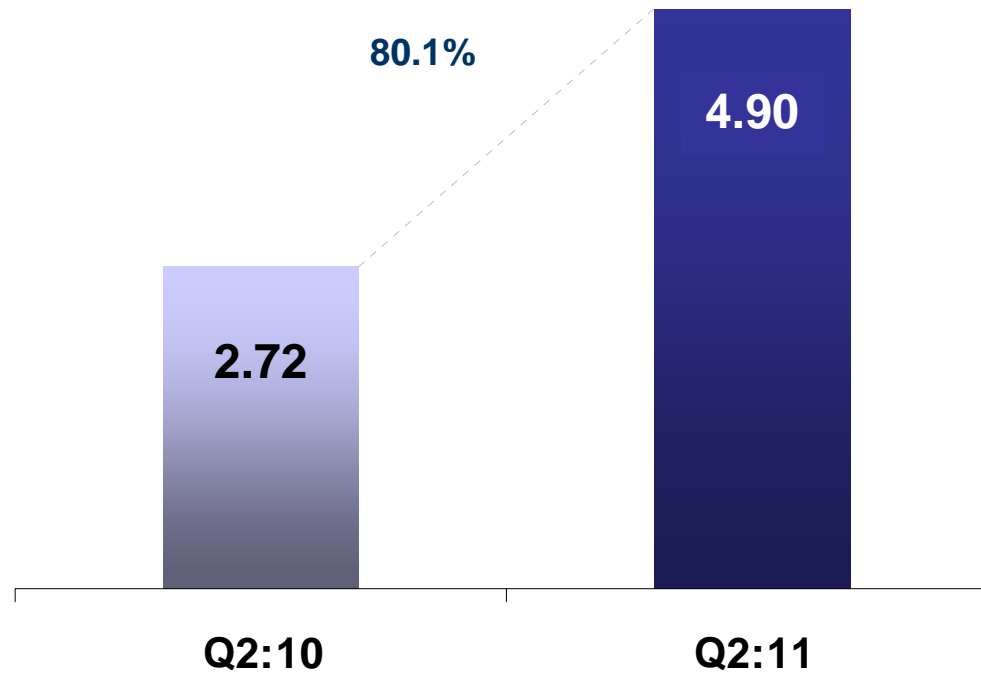
**Increase due to higher earnings in Q2:11 and different tax rates in various jurisdictions.**

# Net Income (loss) (in USD million)



**Q2:11 Increase driven by higher Operating Income.**

# EPS (USD/Share; diluted)



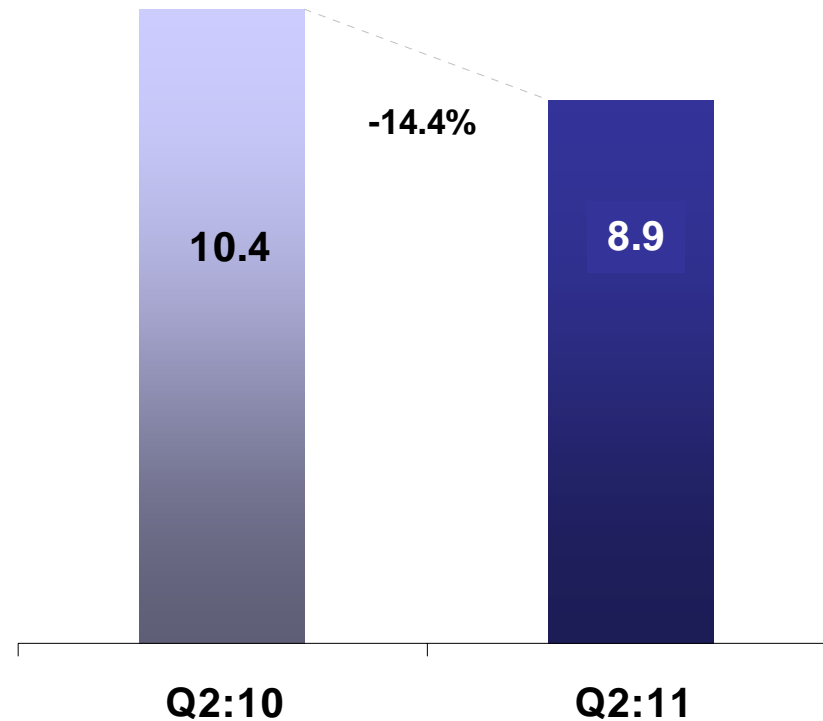
**In line with changes in Net Income.**

## Balance Sheet Highlights (in USD million)

	<u>Q2:11</u>	<u>Q4:10</u>
<b>Cash &amp; Short-term Inv.</b>	<b>80.1</b>	<b>70.3</b>
<b>Long-term Debt</b>	<b>-</b>	<b>-</b>
<b>Shareholders' Equity</b>	<b>166.9</b>	<b>160.2</b>
	<u>Q2:11</u>	<u>Q4:10</u>
<b>Days Sales Outstanding</b>	<b>47.2</b>	<b>45.8</b>
<b>Inventory Turns</b>	<b>5.3</b>	<b>5.4</b>

**Solid balance sheet with no long-term debt.**

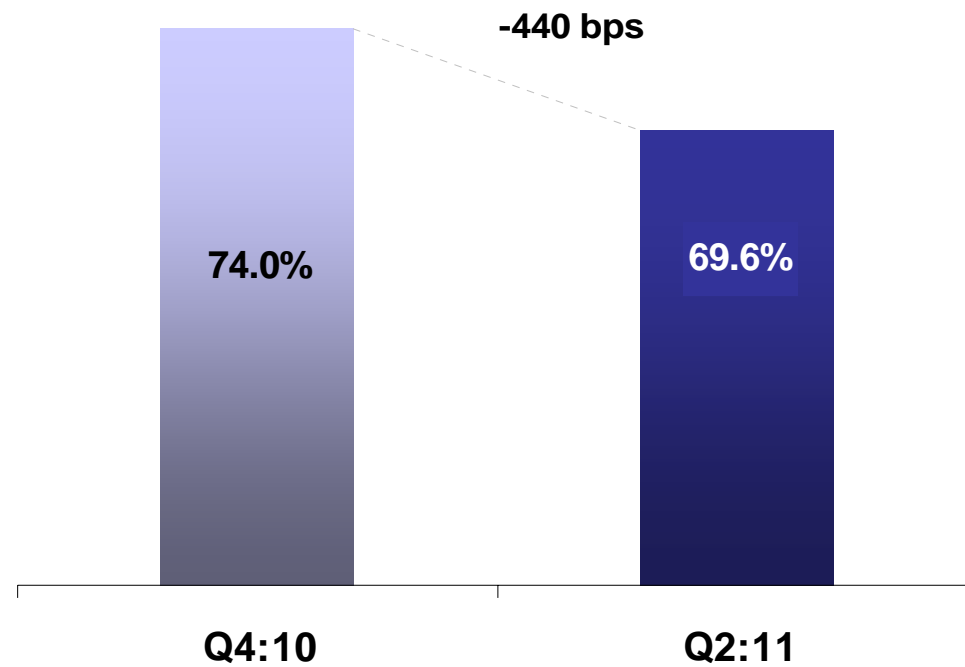
# Operating Cash Flow (in USD million)



**Solid cash flow despite increased incentive payouts in Q2:11.**



# Equity Ratio (in %)

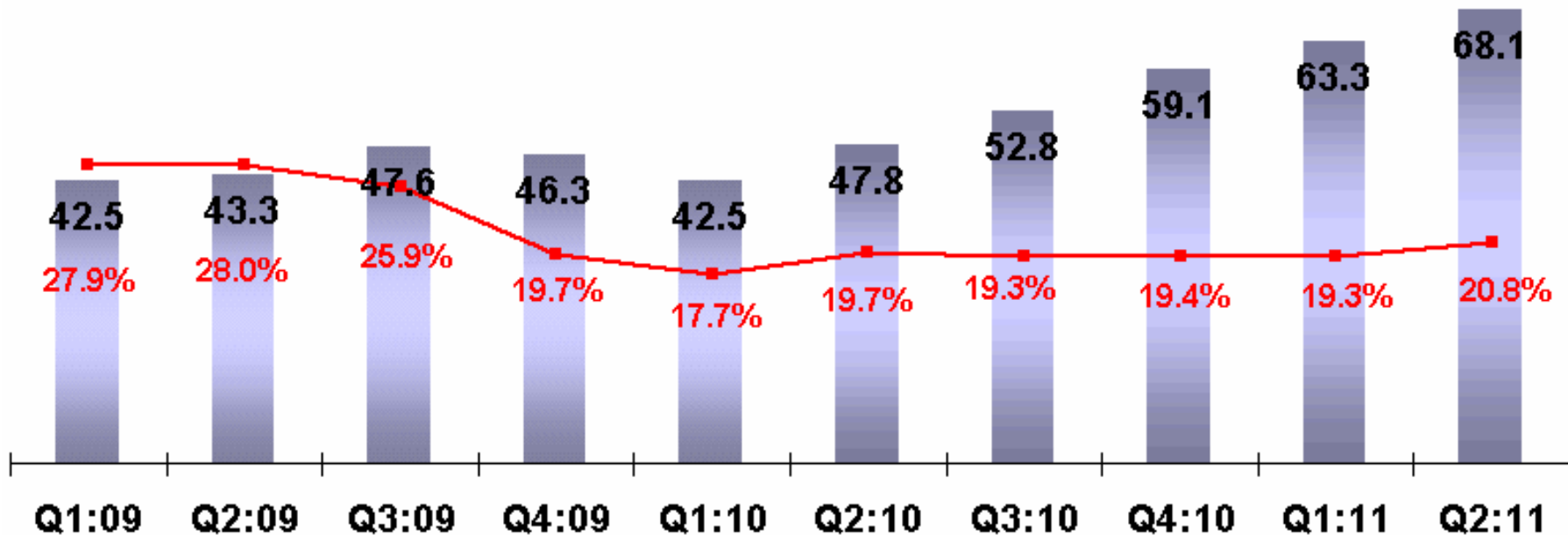


**Solid balance sheet structure.**

# Working Capital and Working Capital Ratio

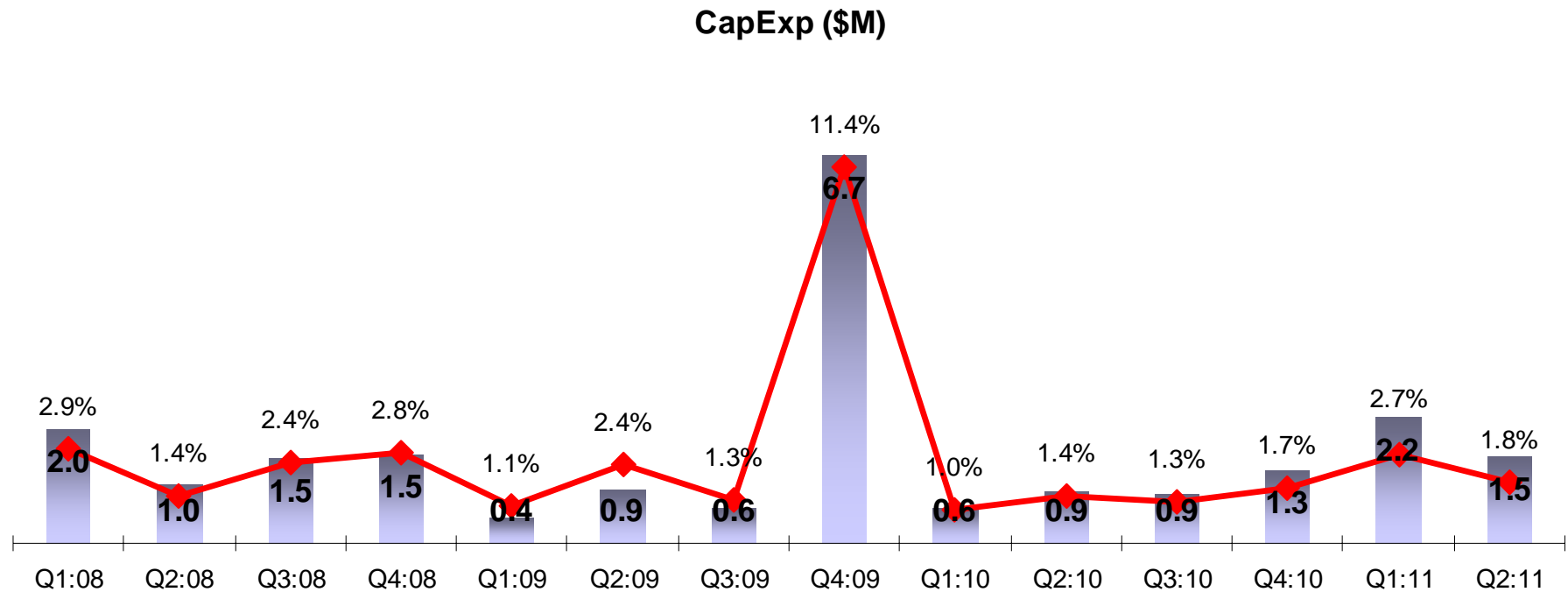
*(Inv + AR – AP)*

*(WC as % of Revenue)*



**Effective Net Working Capital Management.**

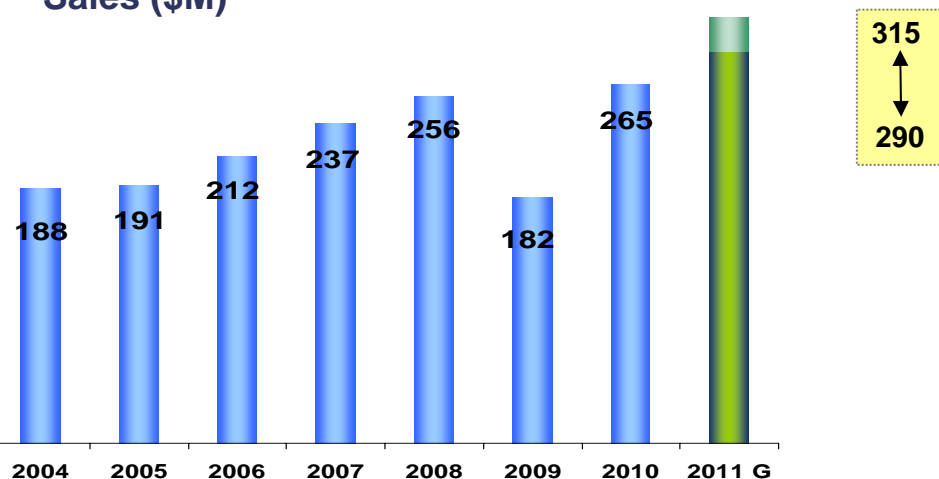
# Capital Expenditures (in USD million, as % of Revenue)



Capex slightly decreased after increase in Q1:11.

# Full Year 2011 Guidance - Update

Sales (\$M)



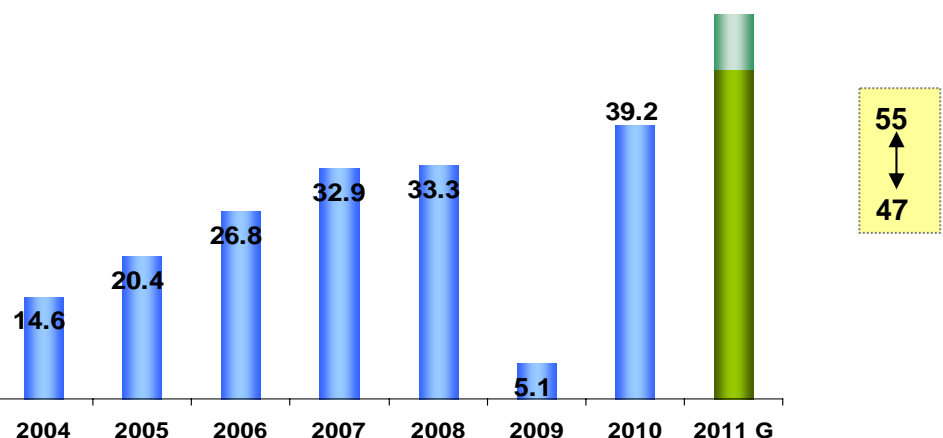
## Full Year 2011 Guidance:

2<sup>nd</sup> Update this year – based on previous performance and current expectations for our end markets.

**Sales**                      **290 – 315    USD M**

**Op. Income**              **47 – 55     USD M**

Operating Income (\$M)



**Thank You !**

**Q&A**

