



Q3 2016

EARNINGS CONFERENCE CALL

October 20, 2016

Bad Ragaz, Switzerland

Speakers

Lukas Winkler, President and CEO

- Key figures Q3 2016
- Target market business review
- Expectations 2016

Matthias Tröndle, Vice President and CFO

- Financials Q3 2016
- Key financials Q3 2016
- Guidance

Lukas Winkler

INFICON

President and Chief Executive Officer



Q3 2016 – Key Figures

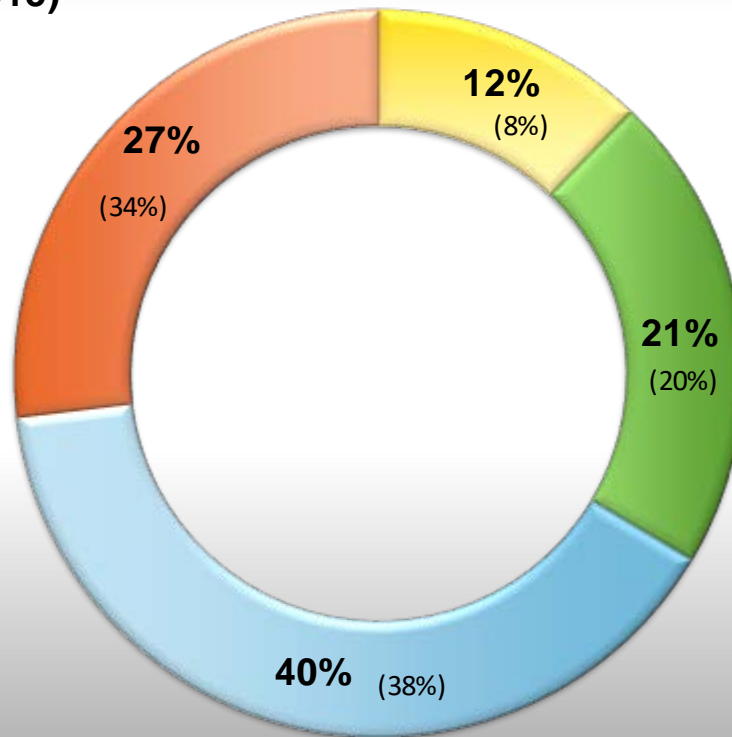
- **Sales increase in all markets, except General Vacuum (GV)**
 - Consolidated sales increase of 8.2% to USD 78.3 million compared with Q3 2015, organic increase of 4.8%
 - Sequential sales increase over Q2 2016 of 3.7%
 - Book to bill ratio ~1

 - **Operating result influenced by**
 - Increased sales volume
 - Improved gross margin and higher overhead cost
 - Operating income of USD 12.7 million in Q3 2016 (16.2% of sales) compared with USD 11.6 million (16.1% of sales) in Q3 2015
- **Net income of USD 9.7 million or 12.4% of sales**

Net Sales by End Market

USD 78.3 million in Q3 2016 vs. USD 72.4 million a year ago (+8.2%)

**Q3 2016
(Q3 2015)**



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

Semi & Vacuum Coating

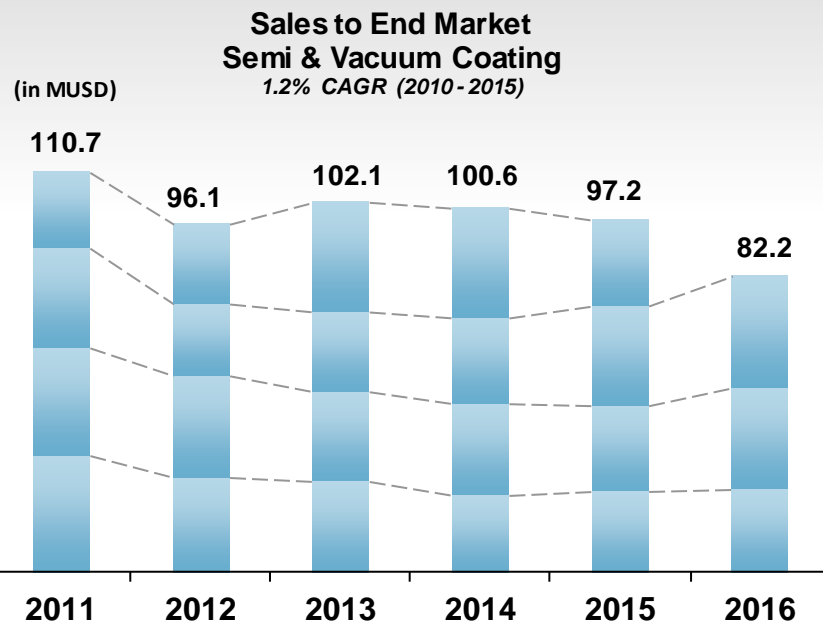
Solar, Display, Optics & Semiconductor

Q3 2016

- Q3 2016 sales increase 12% vs. Q3 2015 mainly driven by higher demand from Asia
- Sequential increase of 11%
 - Growing Semiconductor business
 - Very strong OLED flat panel display market
 - Weaker Optics market (EU & US), and improved, but still low Solar business, primarily in China

Market Trends

- Continuation of increased demand for mobile communication chips
- Memory market recovery
- OLED replacing LCD technology for next-generation flat panel displays
- Slow Solar recovery in sight



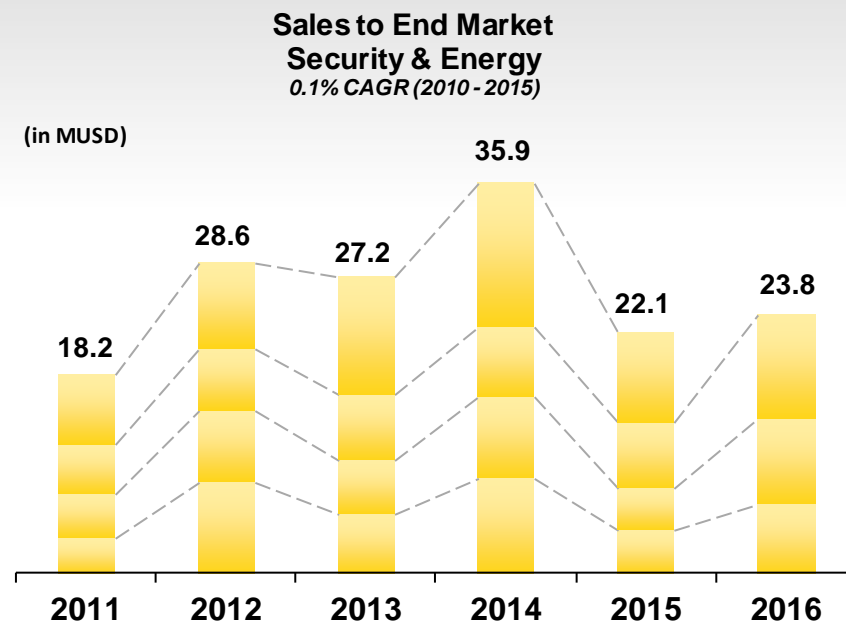
Security & Energy

Q3 2016

- Q3 2016 sales increase of 63% vs. Q3 2015
- Increase of 23% vs. Q2 2016
- Shipment bottlenecks solved
- High order entry / backlog still high

Market Trends

- Security needs around the world generate new business opportunities
- Interesting projects (China) for environmental and security application (air, water)
- New target markets and application opportunities in the energy market with
 - Fusion™ micro-GC technologies
 - IRwin™ methane leak detector



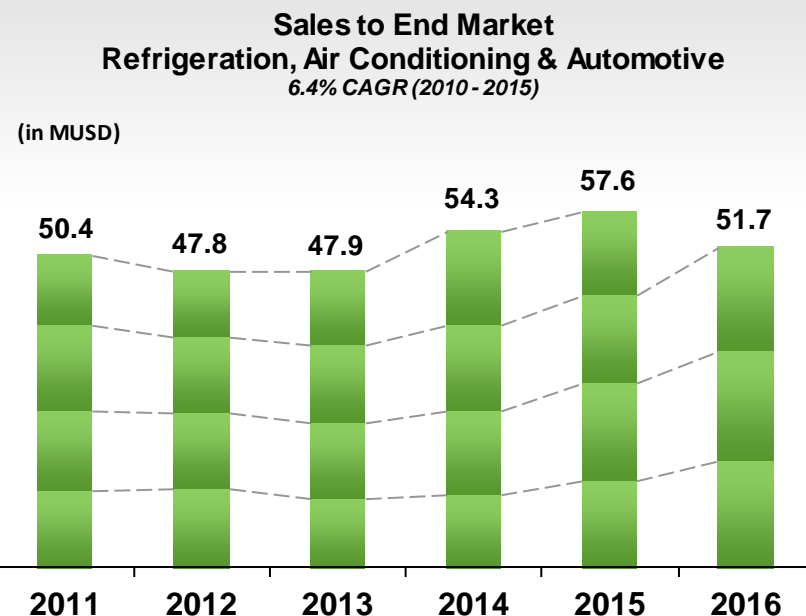
Refrigeration, Air Conditioning & Automotive

Q3 2016

- Q3 2016 sales increase of 18% vs. Q3 2015 (some Customer reclassifications)
- Sequential decrease of 5%; lower sales in Americas
- Continued market share gains in automotive market

Market Trends

- Tougher regulations drive increased use of instrumentations in automotive market
- Saturation of RAC manufacturers market (mainly China)
- Increasing installed basis and new sales distribution channels drive after-sale service products worldwide



General Vacuum

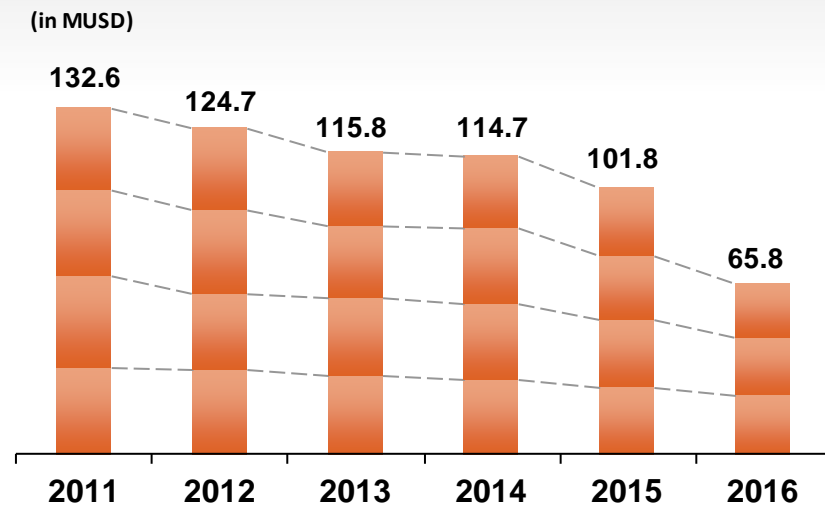
Q3 2016

- Q3 2016 sales decrease 14% vs. Q3 2015, mainly due to lower sales to European distributors
- Sequential decrease of 5%
- Customer reclassifications
- Contributions from InstruTech acquisition (US)

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

On track to meet guidance – but mixed signals from different markets/regions

- Semiconductor market expectations with mixed indications
 - Increased forecasts for new equipment (OEM-business)
 - Chip-manufacturers (end-users) use different approaches towards new technologies (<10 nm & 3D design)
- OLED flat panel display technology investment boom ongoing into 2017 (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)
- Hapsite backlog reduction expected
- Increased sales from General Vacuum, due to acquisition (InstruTech) and sales initiatives
- First sales contribution from new applications: Public Utility, Packaging Leak Detection, Fracking

Guidance for FY 2016

→ Sales exceeding USD 300

→ Operating income margin greater than 15%

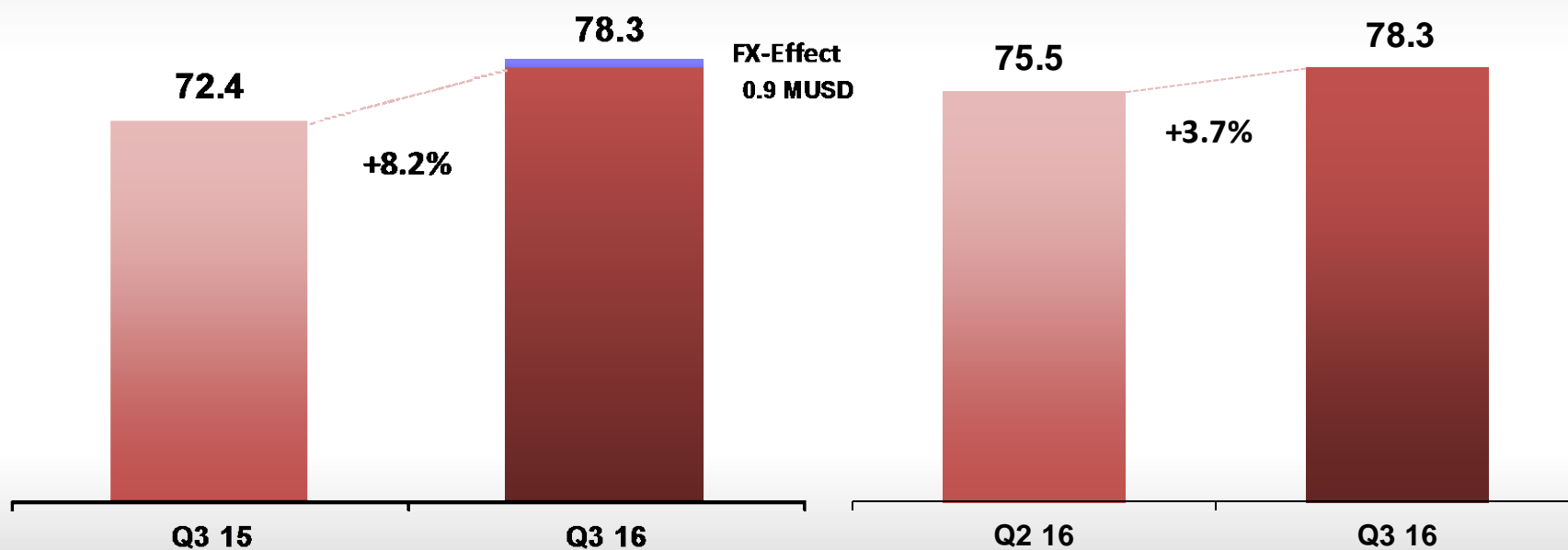
Matthias Tröndle

INFICON

Vice President and
Chief Financial Officer



Sales (in USD million)

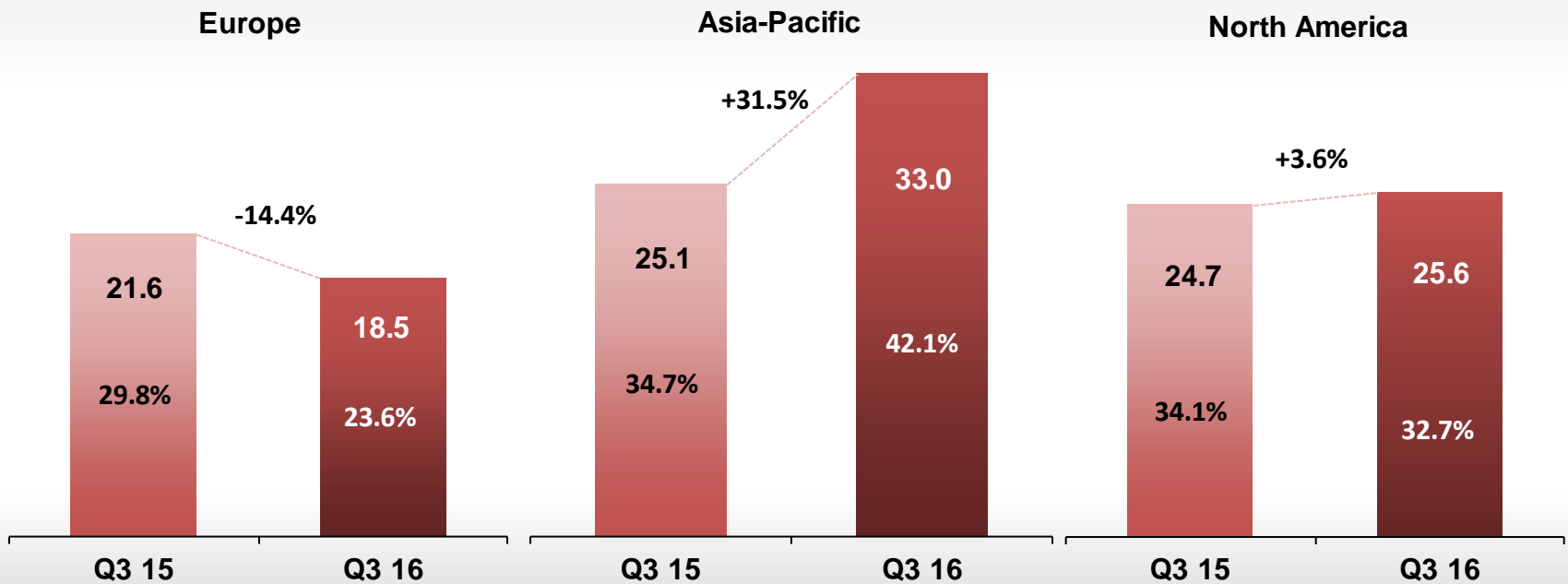


All end-markets increased except General Vacuum

S&E and S&V increased, General Vacuum and R&A slight decrease

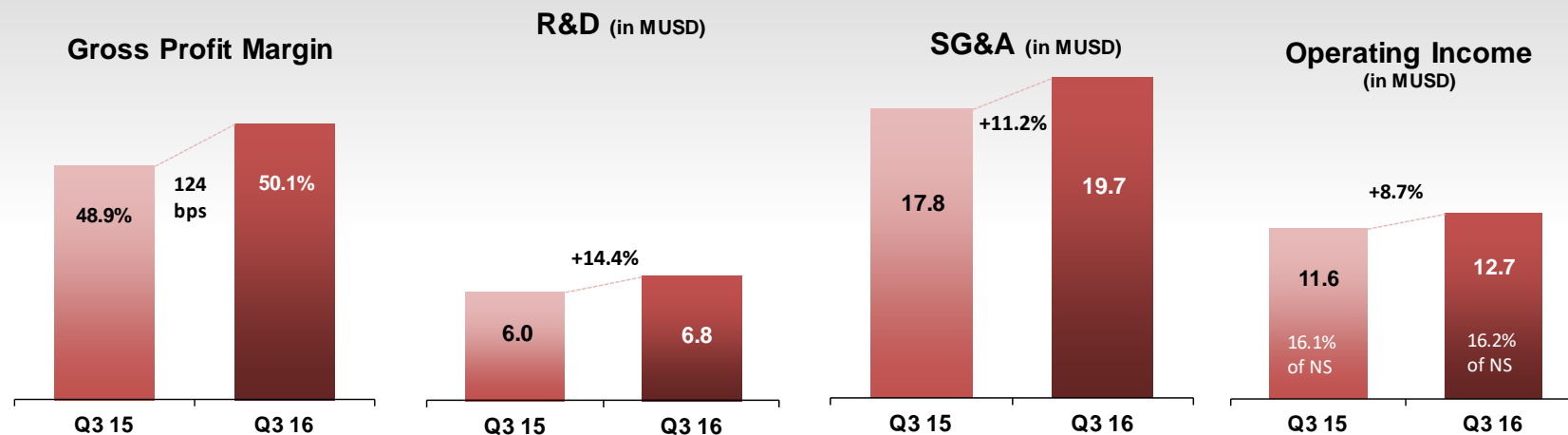
Geographic Sales Breakdown – Quarter

(in USD million)



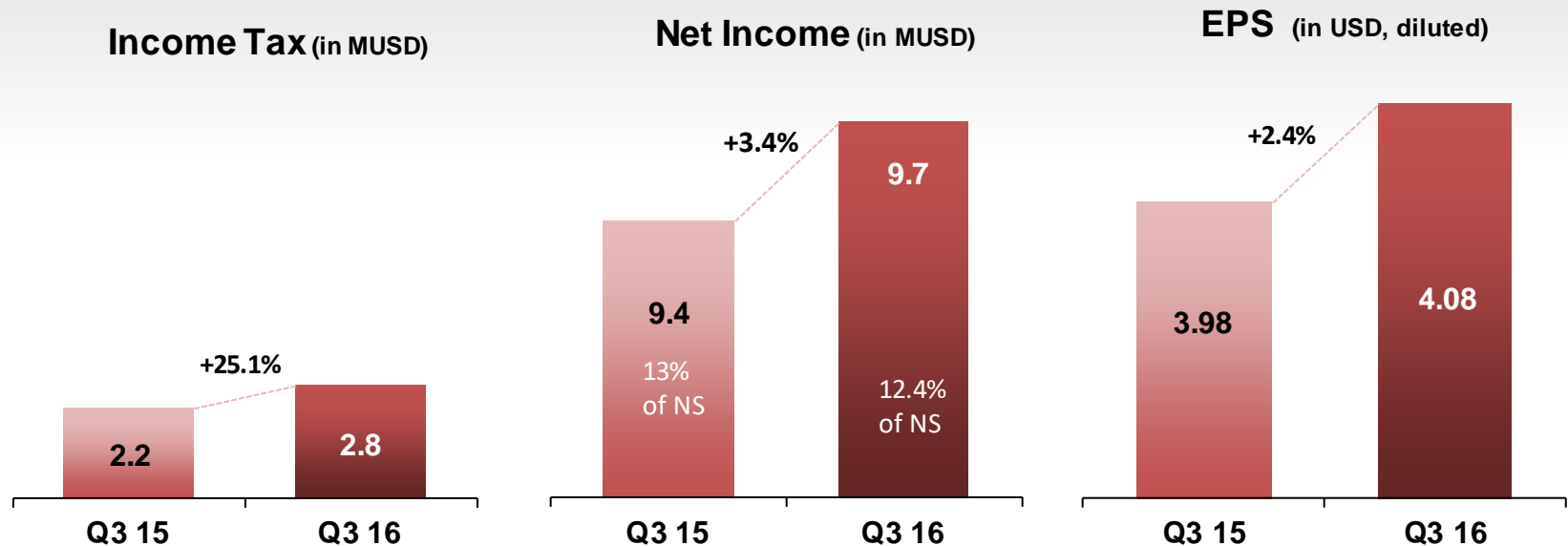
Increase in Asia and in North America, decrease in Europe

Gross Profit, Costs and Operating Income



- **Gross profit margin:** Clearly improved margin, driven by higher volume and mix. In absolute numbers margin increase of 11%
- **R&D cost:** Increased due to acquisition impacts and continued development efforts
- **SG&A:** Increase due to acquisition impacts and higher variable compensation
- **Operating Income:** increase due to higher sales volume, improved gross margin while costs slightly increased

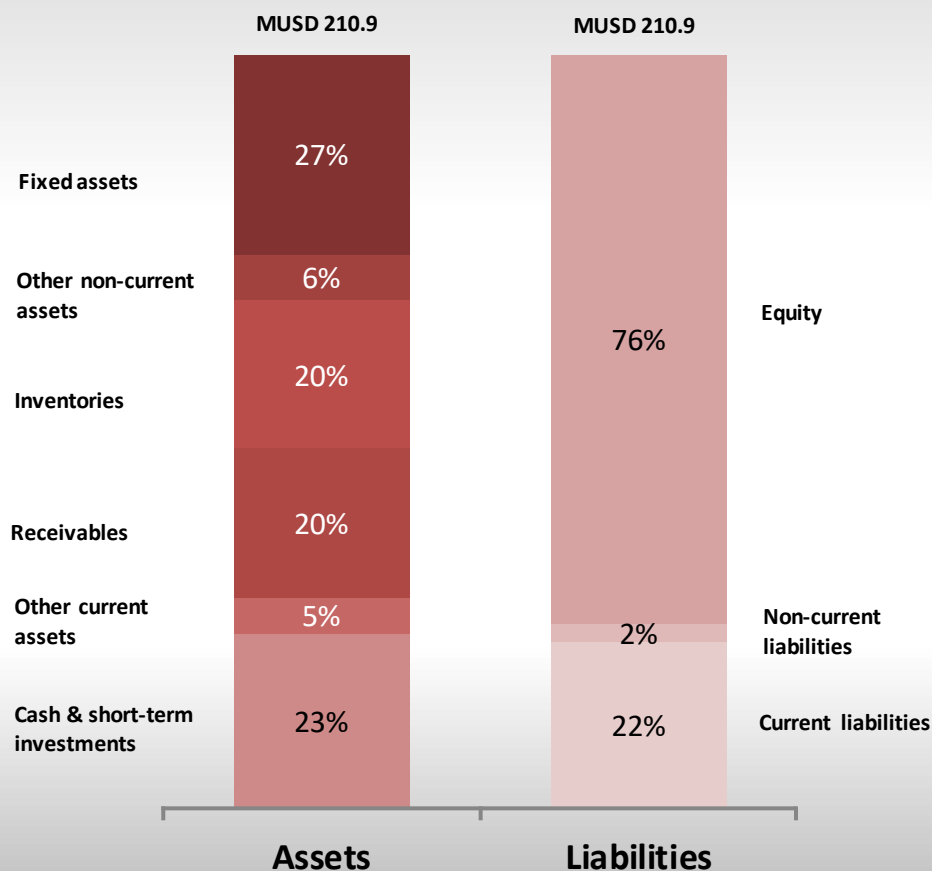
Net Income and EPS development



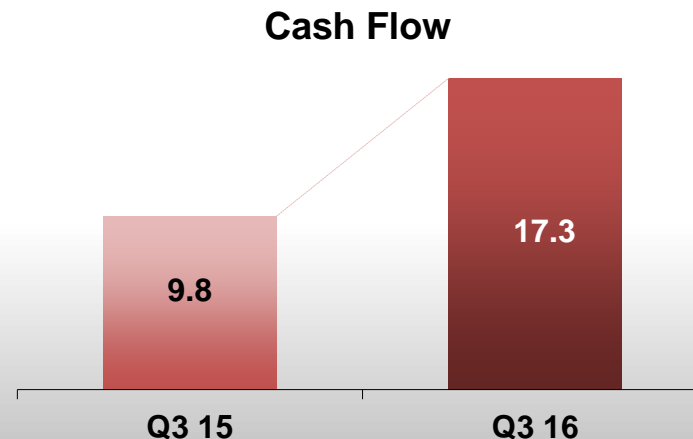
- **Income tax:** Slightly increased global tax rate of 22% driven by mix in earnings and tax rates
- **Net income:** Increase due to higher operating income at higher tax expense
- **EPS:** Increase in line with net income

Balance Sheet Highlights (in USD million)

Balance Sheet Structure 2016



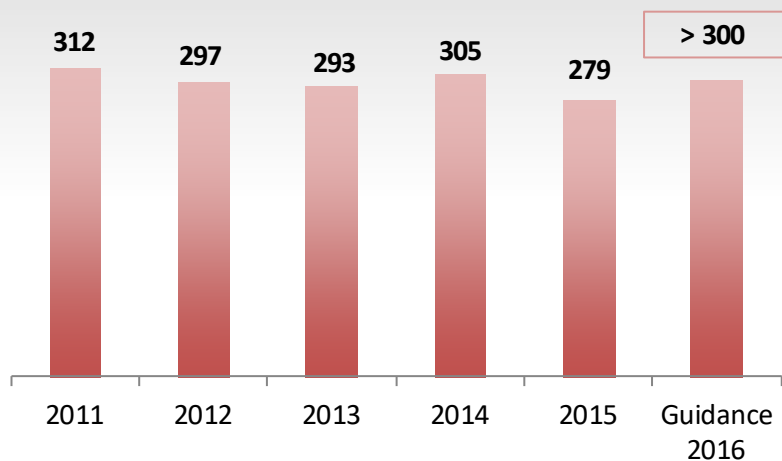
	<u>Q3 16</u>	<u>Q4 15</u>
Net Cash	44.9	60.9
DSO	47.1	45.6
Inventory Turns	3.7	3.6
Working Capital	23.9%	23.1%



Solid balance sheet, cash reduced due to dividend payments and acquisition in 1HY 2016, strong cash flow

Full-Year 2016 Guidance

Sales (MUSD)

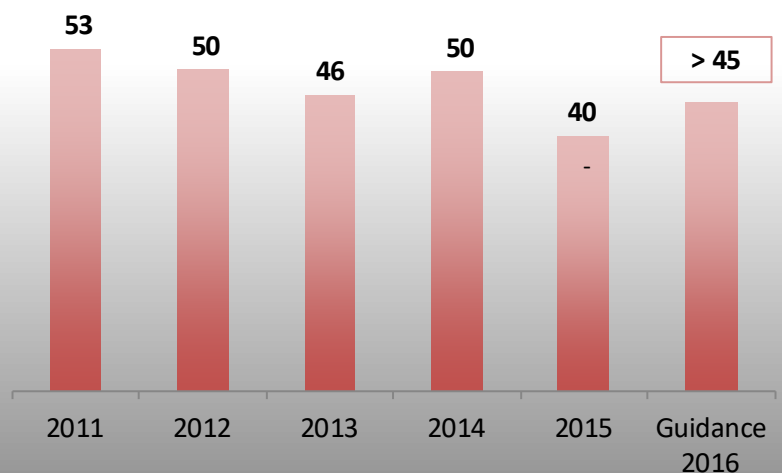


Based on our current expectations for our end markets

Sales > 300 MUSD

Op. Income > 15%

Operating Income (MUSD)



Corporate Calendar FY 2016

- Q4 and FY 2016 Earnings Conference Call Tuesday, March 14, 2017
- Annual General Meeting Tuesday, April 11, 2017
- Q1 2017 Earnings Conference Call Friday, April 21, 2017
- Q2 2017 Earnings Conference Call Thursday, August 3, 2017
- Q3 2017 Earnings Conference Call Thursday, October 19, 2017

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

THANK YOU !

Q&A

