

# INFICON

*Q1 2012*

*Earnings Conference Call*

*April 19, 2012*

*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 Q1 2012
- Target market business review
- 2012 Expectations

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

- Financials Q1 2012
- Swiss GAAP FER
- Outlook

## Q1 2012 – Key Figures

### ▪ **Stable sales with very strong growth in ER&S end market**

- Consolidated sales decrease 1.3% to USD 80.7 million compared with Q1 2011
- Sequential sales increase over Q4 2011 of 15.4%
- Book-to-bill ratio <1

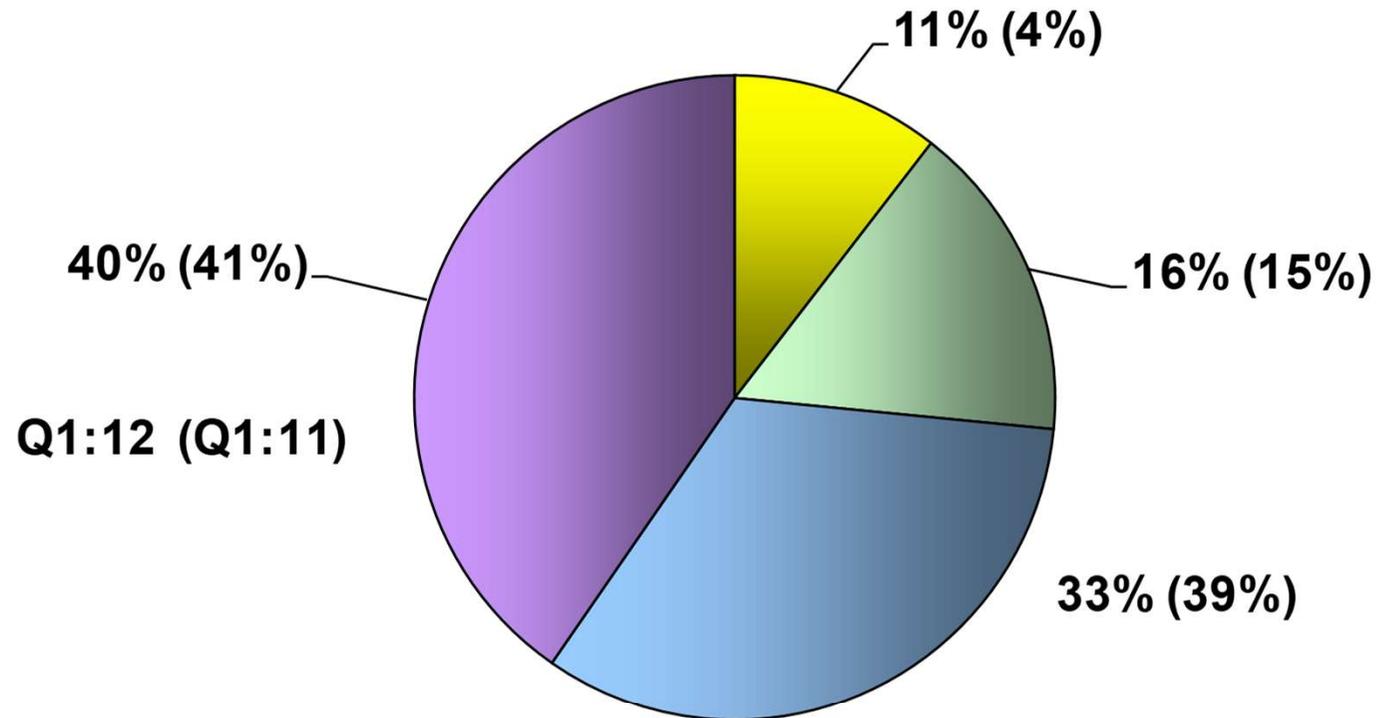
### ▪ **Operating result influenced by**

- Solid sales volume
- Healthy gross margin and moderately increased overhead cost
- Operating Income of USD 14.5 million in Q1 2012 (18.0% of sales) compared with USD 14.6 (17.8% of sales) in Q1 2011

→ **USD 10.3 million Net Income**

# Net Sales by End-Market

USD 80.7 million in Q1 2012 vs. USD 81.8 million a year ago (-1.3%)



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

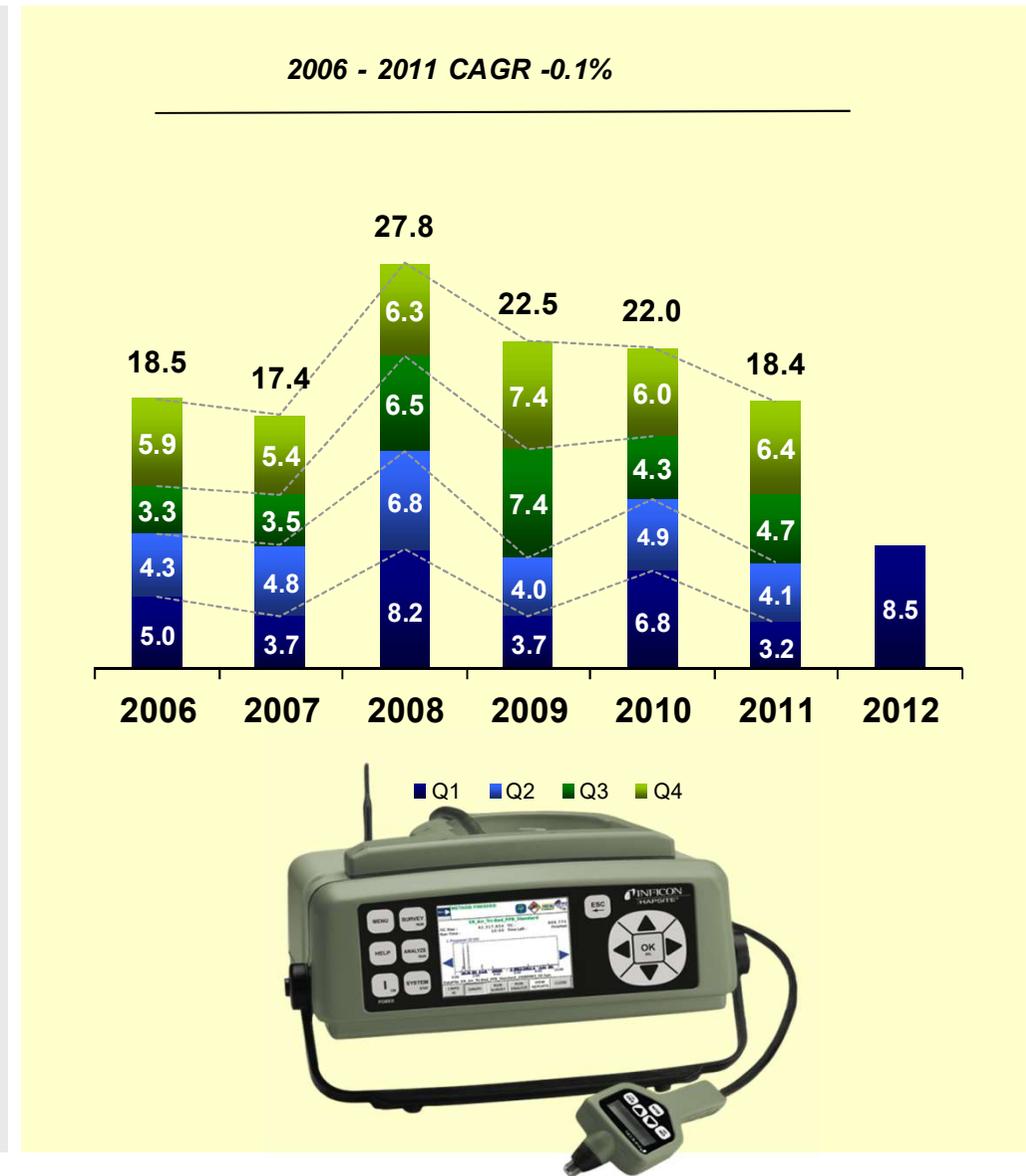
# Emergency Response & Security

## Q1 2012

- Q1 2012 sales +166% vs. Q1 2011
- 4th sequential increase to record-high sales level
- Large shipments to Japan and US

## Market Trends

- Increased security needs around the world generate new business opportunities
- Interesting projects for environmental application (water, soil and air)
- New target markets and application opportunities in conjunction with the acquired Micro GC technology



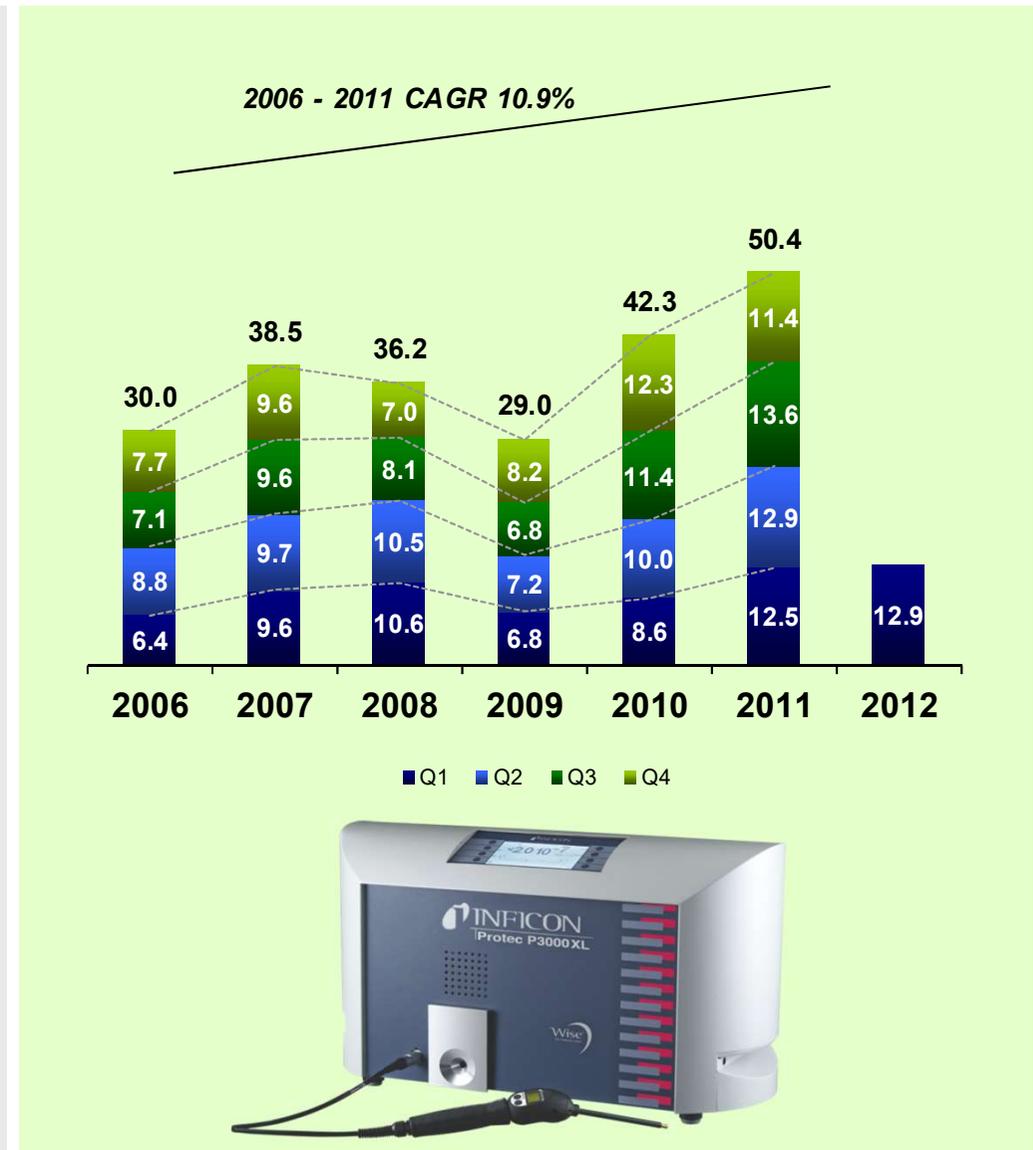
# Refrigeration & Air Conditioning

## Q1 2012

- Q1 2012 sales +3% vs. Q1 2011
- Sequential increase of 13%
- Continued market share gains

## Market Trends

- First indications of saturation in China
- Replacements/improvements projects in existing plants, driven by tighter specs and new eco-friendly refrigerants
- Growing market share by targeting new applications (incl. H<sub>2</sub> sensor applications)
- Increasing installed basis drives after-sale service products worldwide



# Specific Vacuum Process Industries

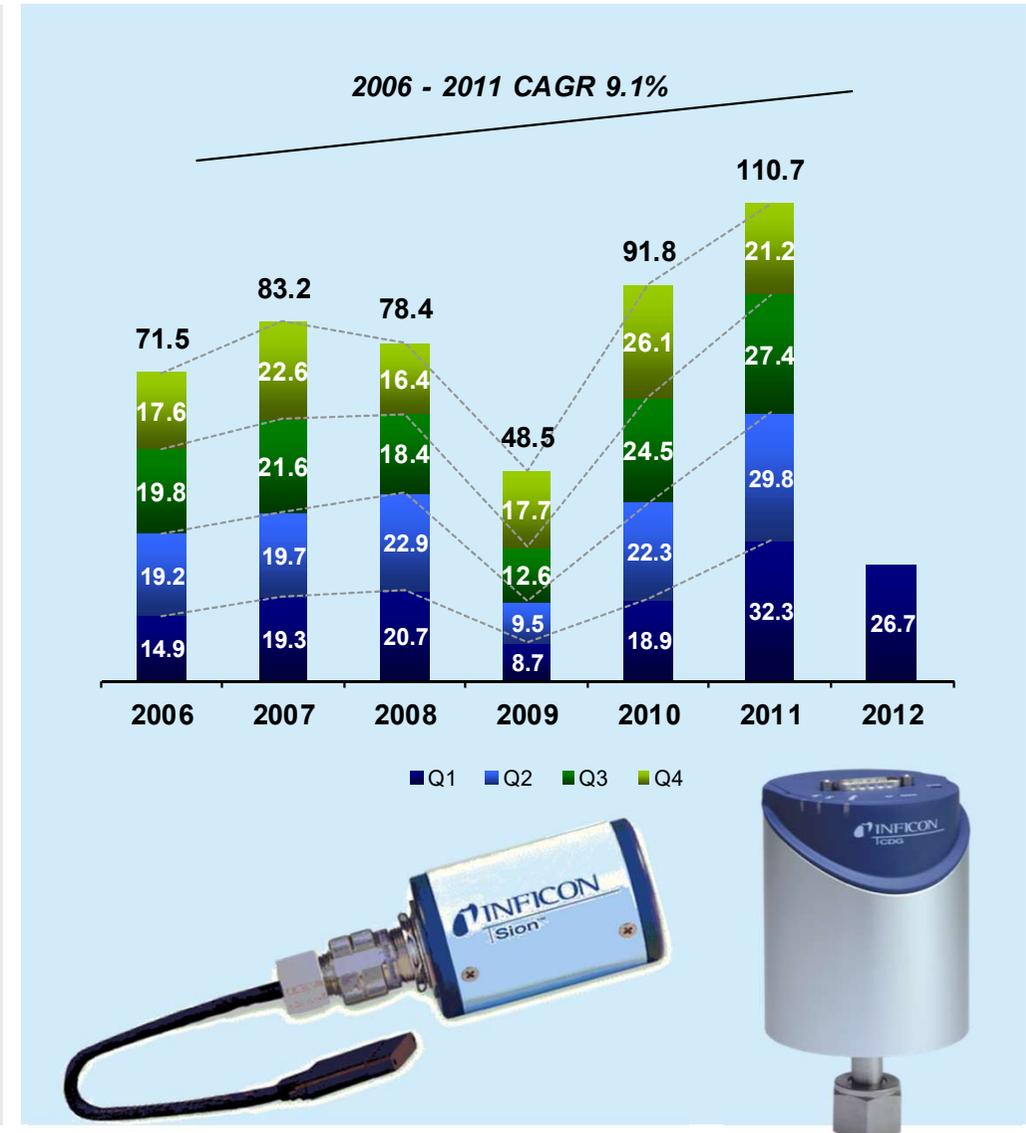
Solar, Display, Optics & Semiconductor

## Q1 2012

- Q1 2012 sales -17% vs. Q1 2011 mainly driven by lower Thin Film business
- Sequential increase of 26%
  - Successful SEMI market recovery
  - Temporarily weak OLED market
  - Stable OPTICS market
  - Continued weak SOLAR market

## Market Trends

- Continuation of increased demand for memory and communication chips
- Challenging and mixed flat panel display market trends (LED, OLED and 3-D)
- LED (& OLED) lighting as new business opportunity



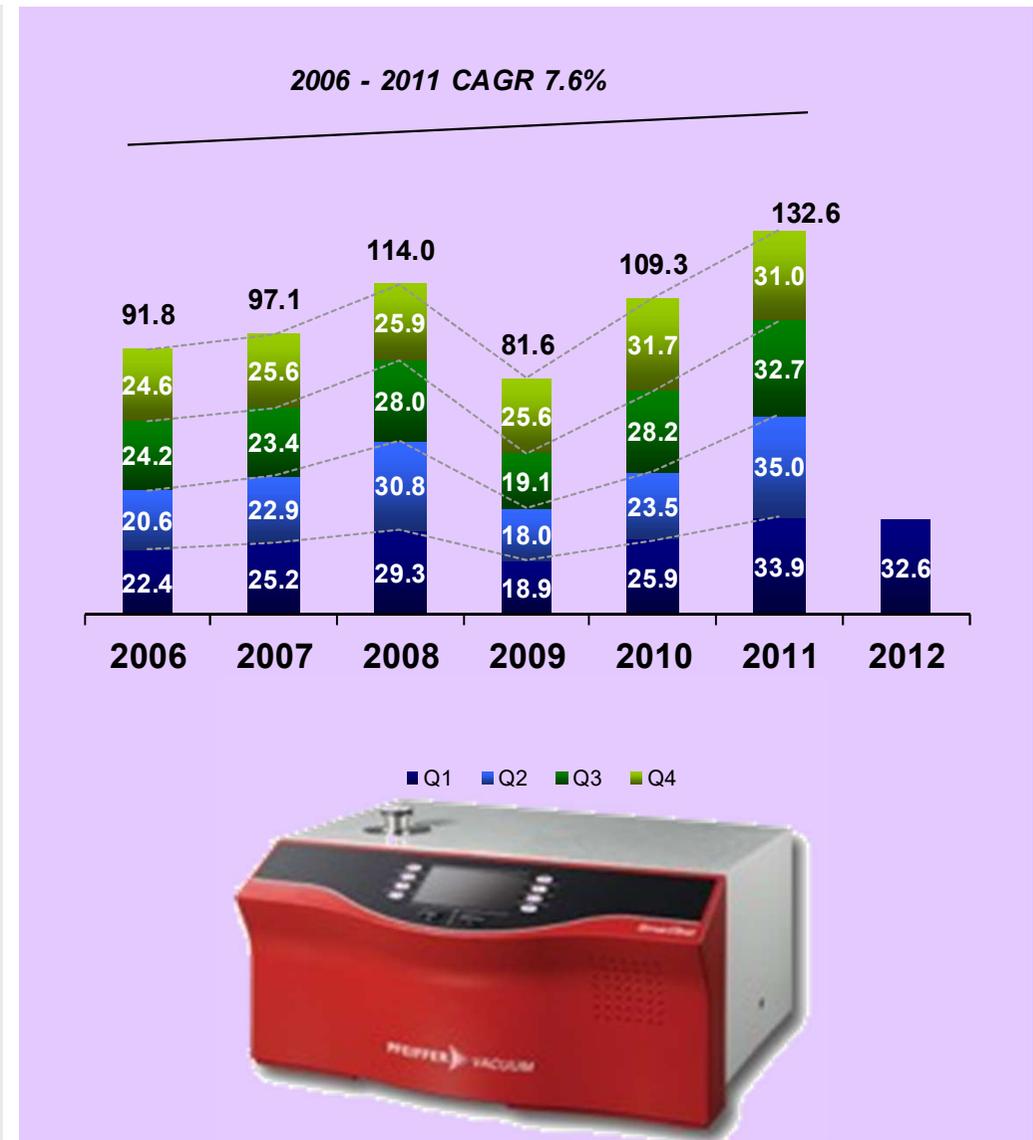
# General Vacuum Processes

## Q1 2012

- Q1 2012 sales -4% vs. Q1 2011 mainly driven by lower private label sales
- Sequential increase of 5%

## 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
- Growing demand in emerging market regions as well as recovery in the US and Europe



# Outlook 2012 and beyond

## Mixed and sometimes challenging signals from different markets/regions

- Improved demand in the Semiconductor market, but low visibility
  - Investments in new equipment (OEM-business),
  - Continued success with sensors and software (at end-users) to increase yield
- Temporarily weaker investments in OLED display technology
  - INFICON products and consumables at all levels (Sub-suppliers, OEM's and End-user)
- Higher investments in new leak-detection application may compensate weakening RAC market (market saturation in China)
- Ongoing overcapacity in the photovoltaic, flat panel display and LED market
- Expect a continuation of the market recoveries for ER&S, but uncertain economic development in Europe in the General Vacuum Processes market

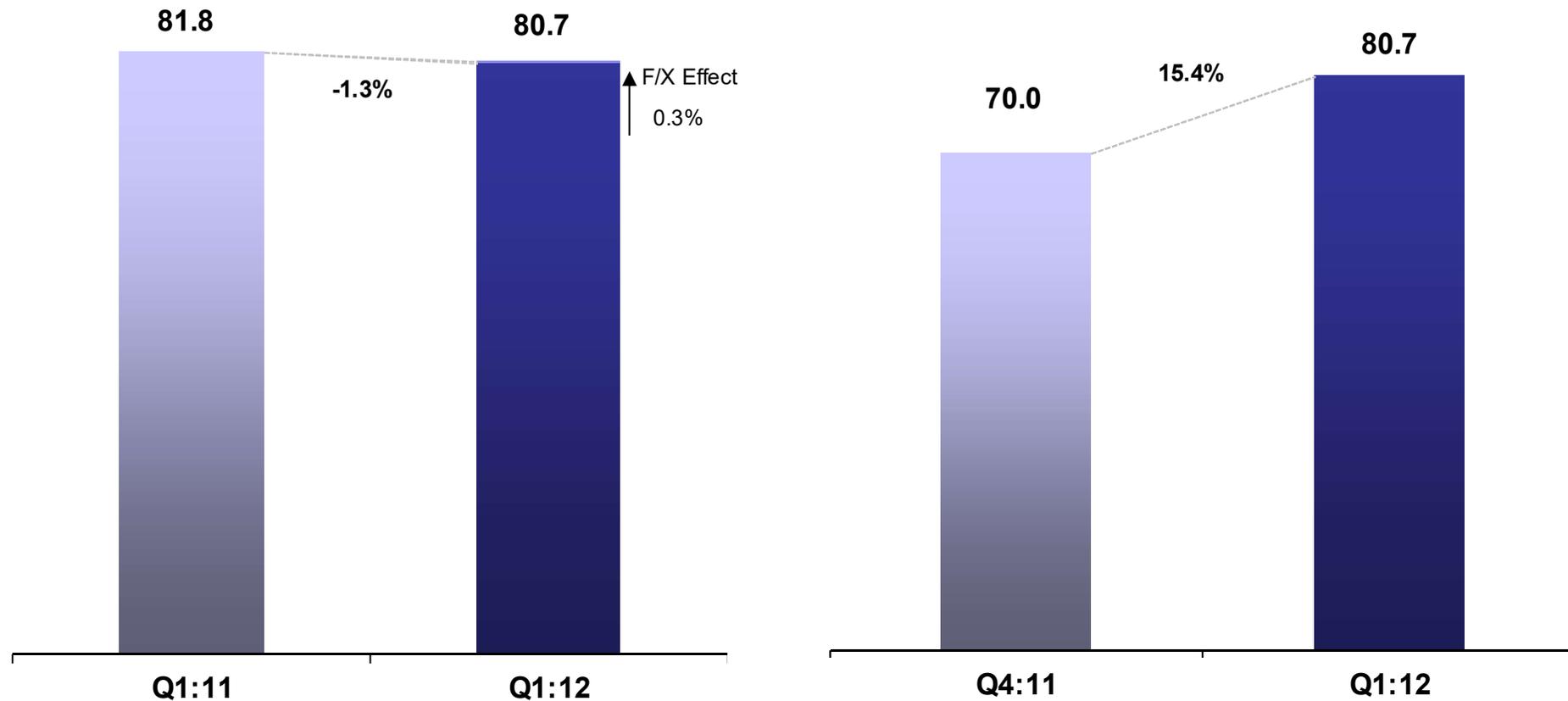
## Guidance for FY 2012, updated

- **Sales between USD 280 to 310 million**
- **Operating Income in the range of USD 38 to 54 million**

# Matthias Tröndle

*Vice President & Chief Financial Officer*

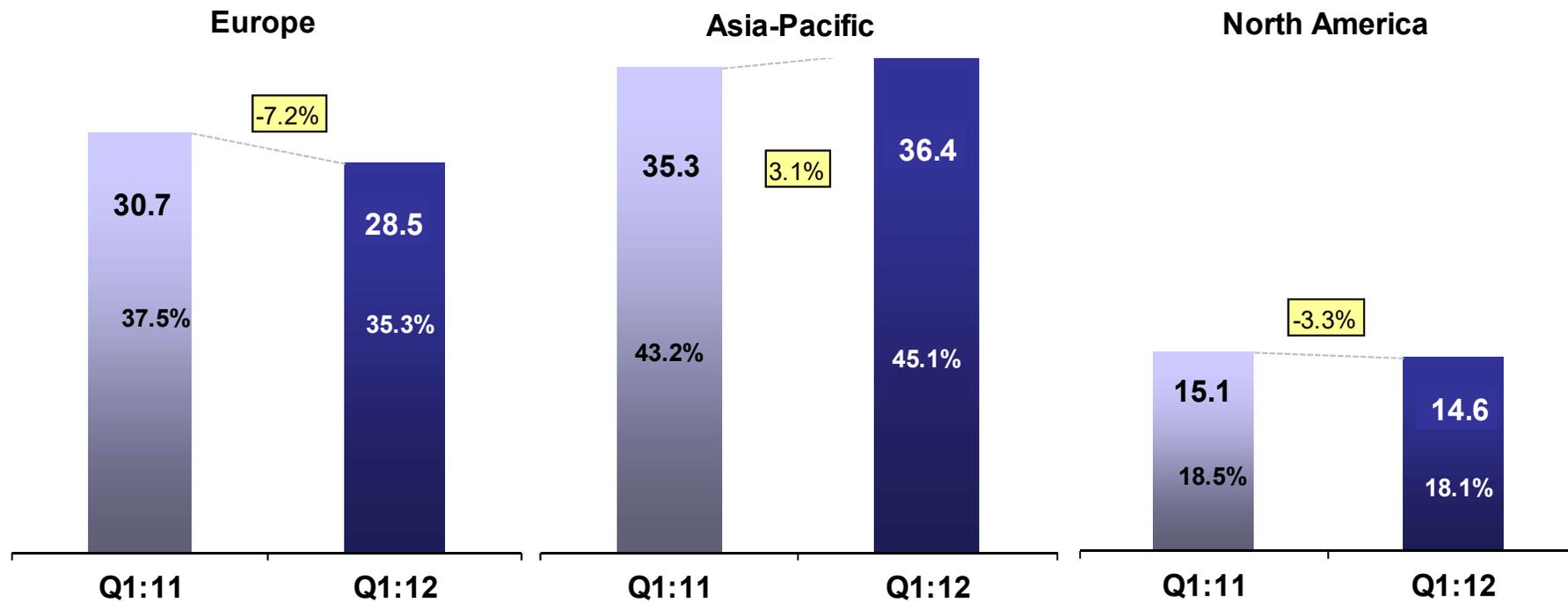
# Revenue (in USD million)



**Stable sales versus Q1 2011 with very strong growth in ER&S end-market.  
Strong sales increase across all markets versus Q4 2011.**

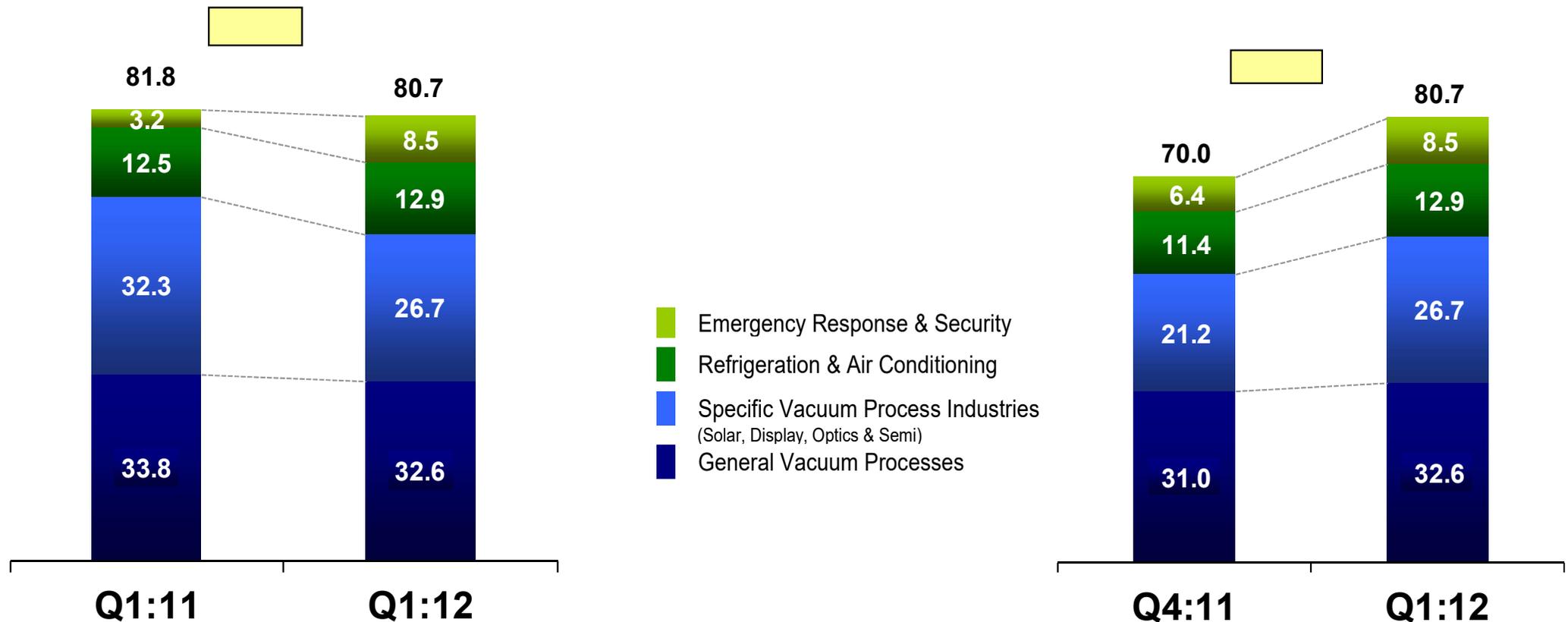
# Geographic Revenue Breakdown – Quarter

(in USD million)



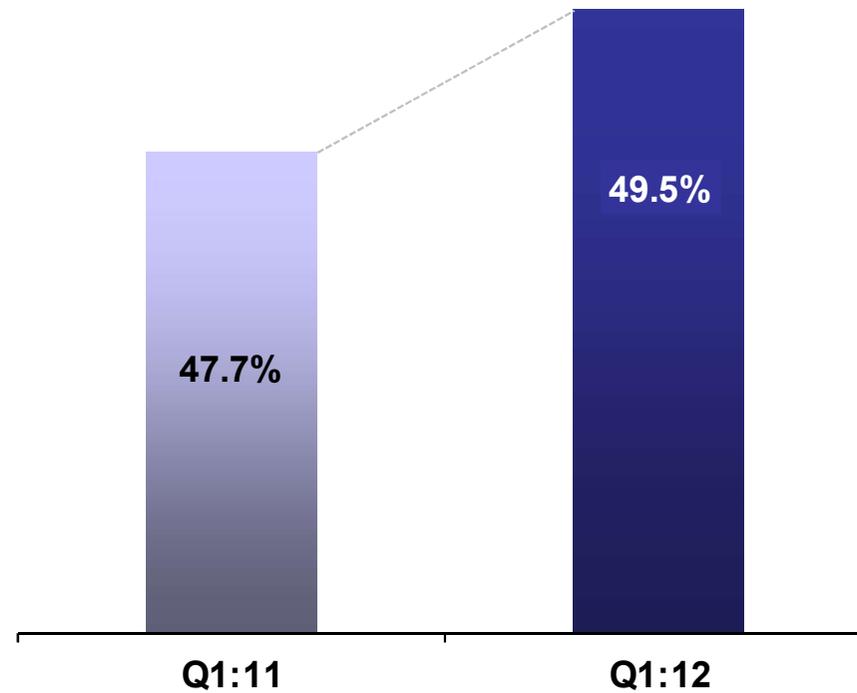
**Increase in Asia-Pacific, slight decrease in Europe and North America.**

# Revenue (in USD million)



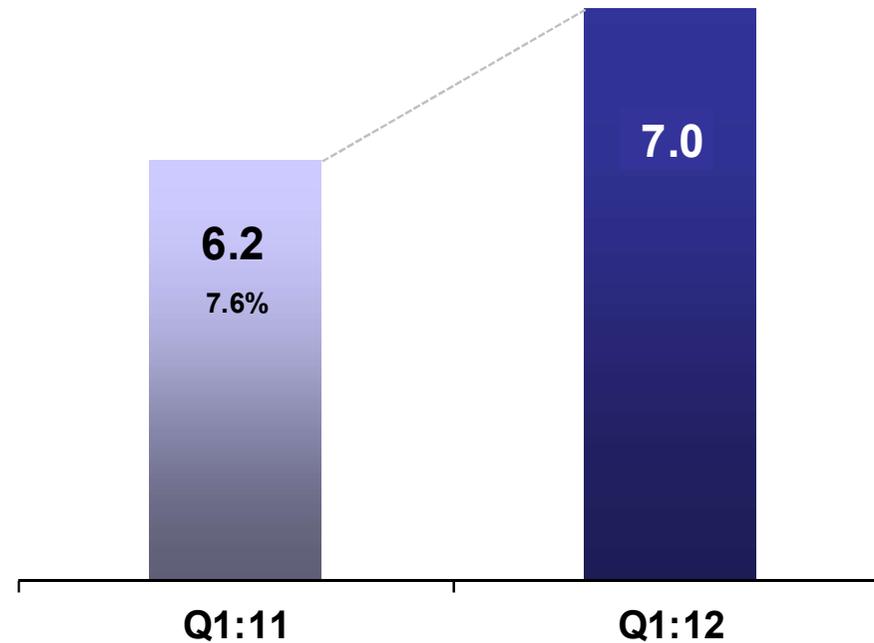
**Strong sales increase in Emergency Response & Security end-market.**

# Gross Profit Margin (in %)



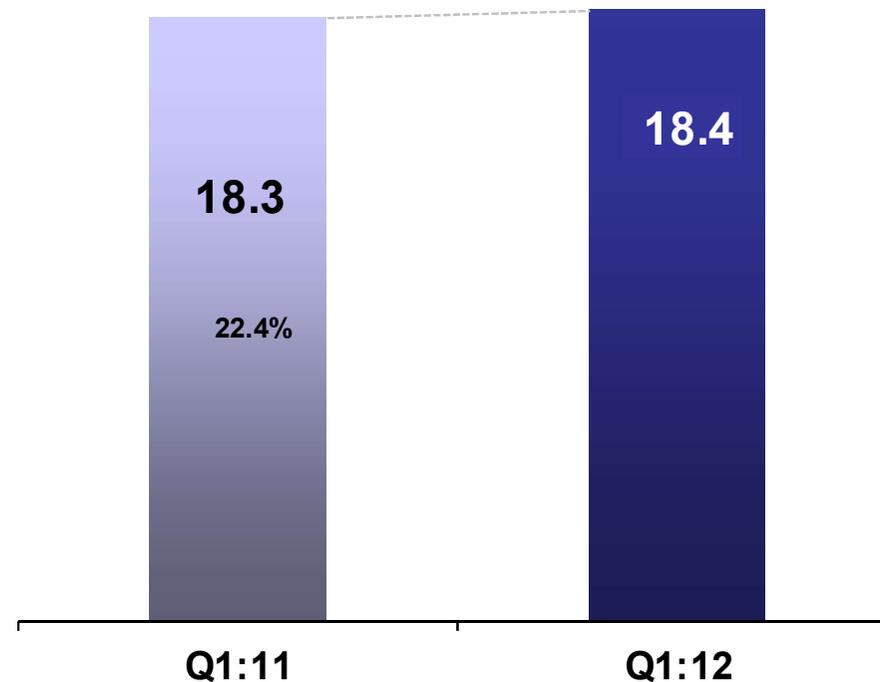
**Increase driven by favorable product mix.**

## Research & Development (in USD million)



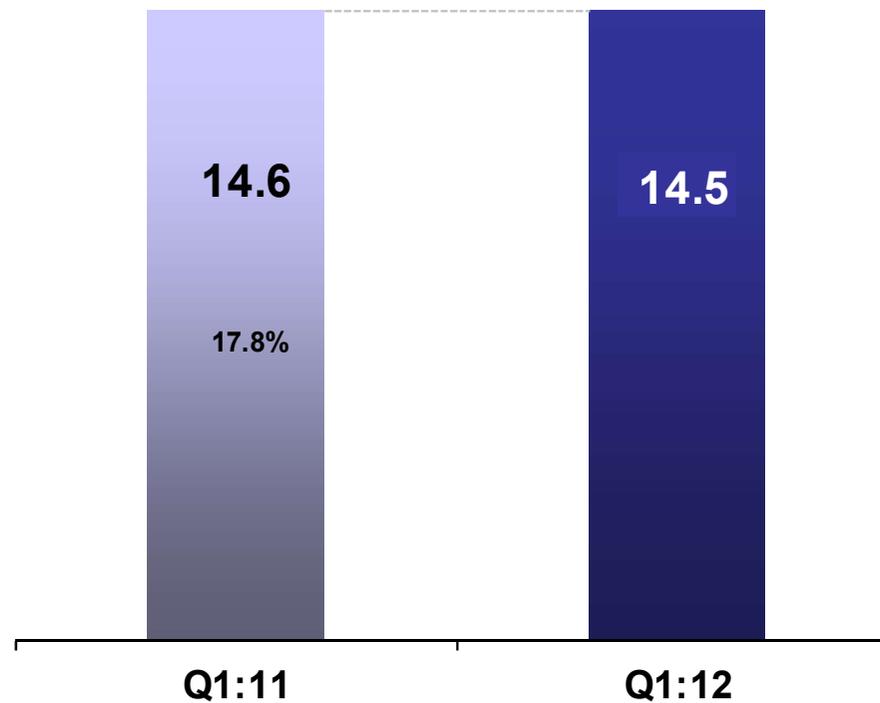
R&D increase driven by intensified new product development efforts.

# Selling, General & Administrative (in USD million)



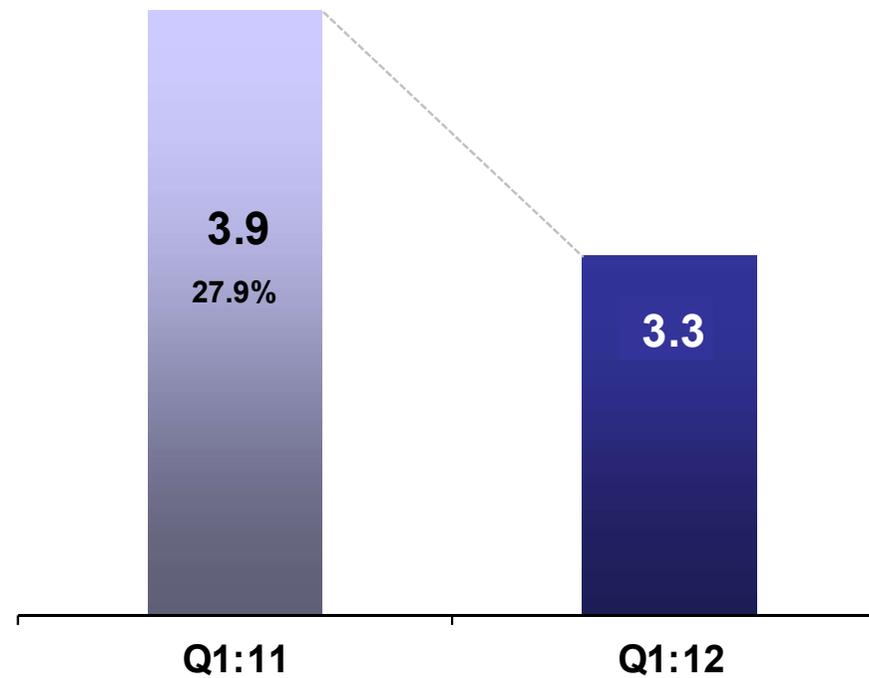
**SG&A stable, Q1 2012 up due to continued investments in sales force, new hires and acquisitions. Q1 2011 influenced by Swiss GAAP FER pension adjustments.**

# Income from Operations (in USD million)



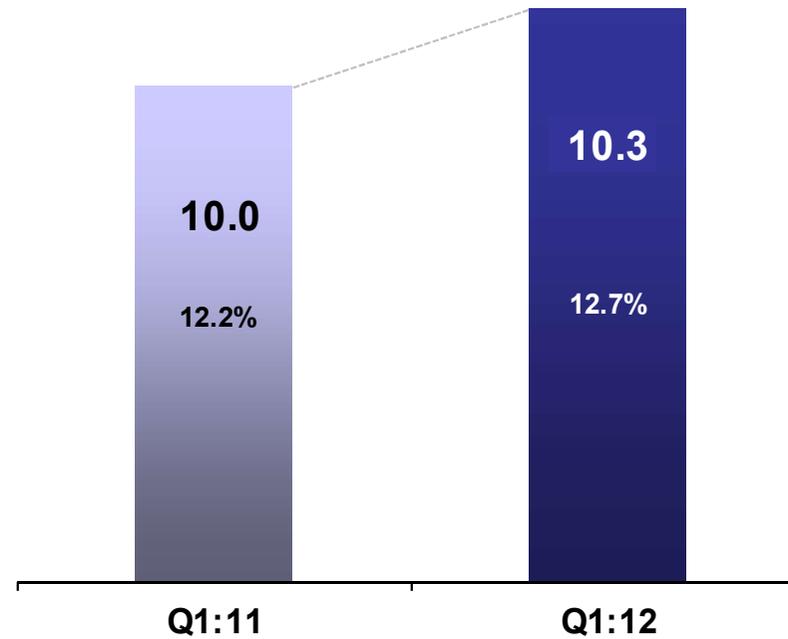
**Q1 2012 stable, slight improvement as a percentage of sales.**

# Income Tax Provision (in USD million)



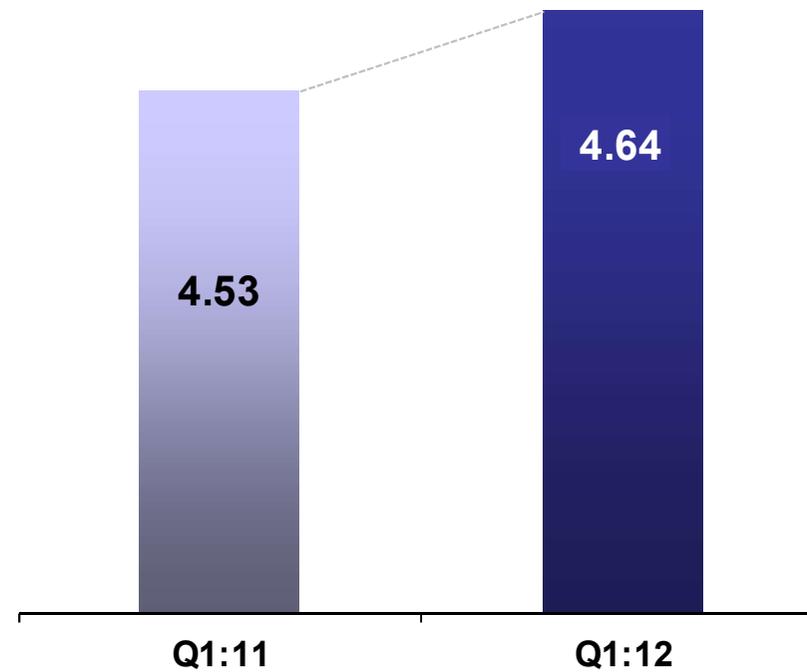
**Decrease due to favorable profit composition.**

# Net Income (loss) (in USD million)



**Increase driven by lower income taxes**

# EPS (USD/Share; diluted)



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

## Balance Sheet Highlights (in USD million)

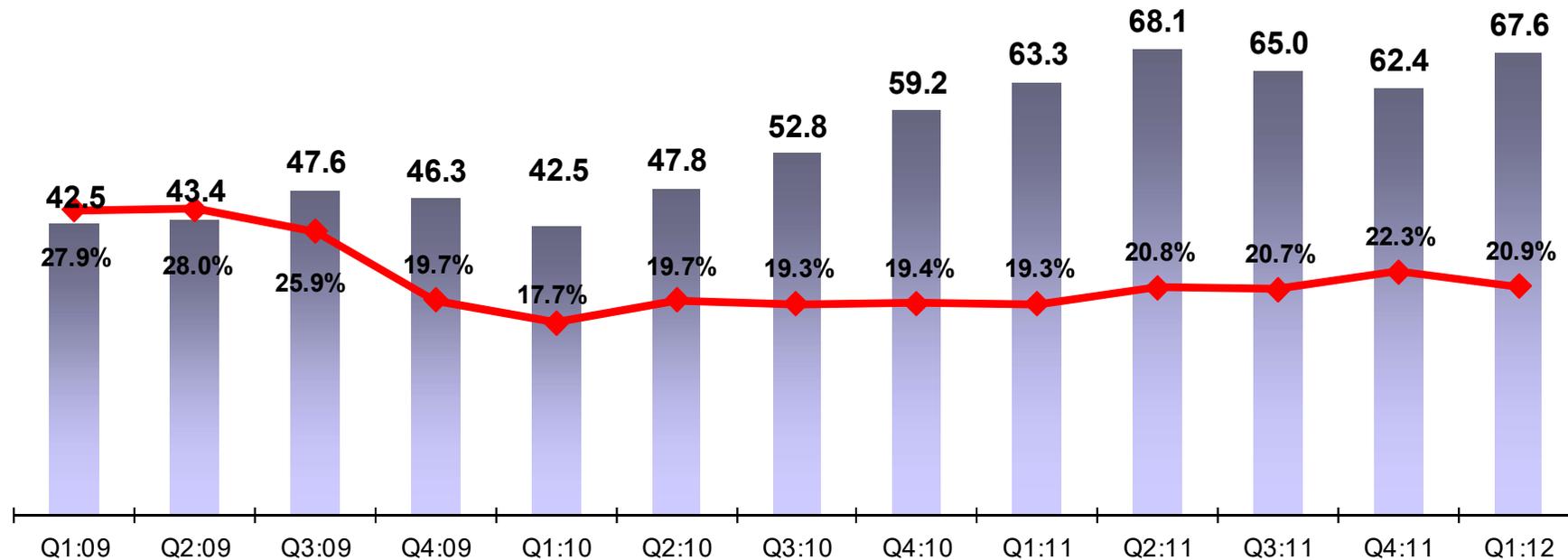
	<u>Q1 12</u>	<u>Q4 11</u>
<b>Cash &amp; Short-term Inv.</b>	<b>94.8</b>	<b>91.1</b>
<b>Long-term Debt</b>	<b>-</b>	<b>-</b>
	<u>Q1 12</u>	<u>Q4 11</u>
<b>Days Sales Outstanding</b>	<b>47.9</b>	<b>47.8</b>
<b>Inventory Turns</b>	<b>4.8</b>	<b>4.9</b>
<b>Working Capital</b>	<b>20.9%</b>	<b>22.3%</b>

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

# Working Capital and Working Capital Ratio

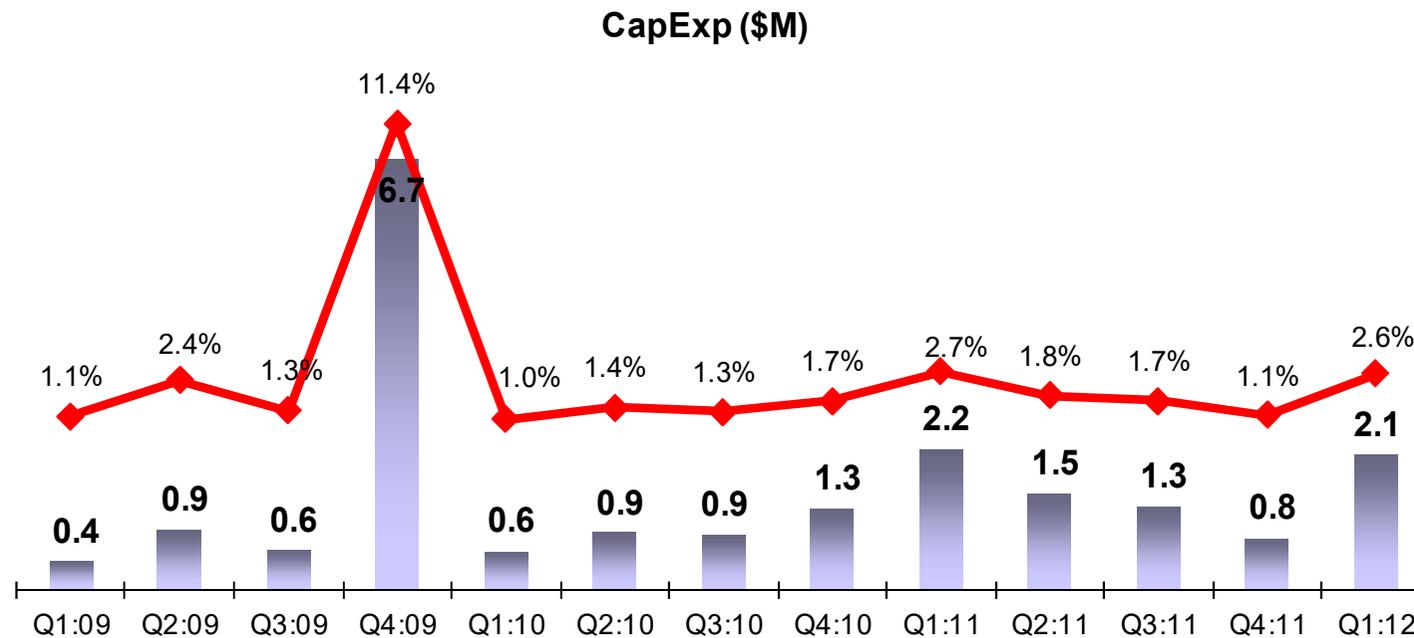
*(Inv + AR - AP)*

*(WC as % of sales)*



**Effective Net Working Capital Management.**

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



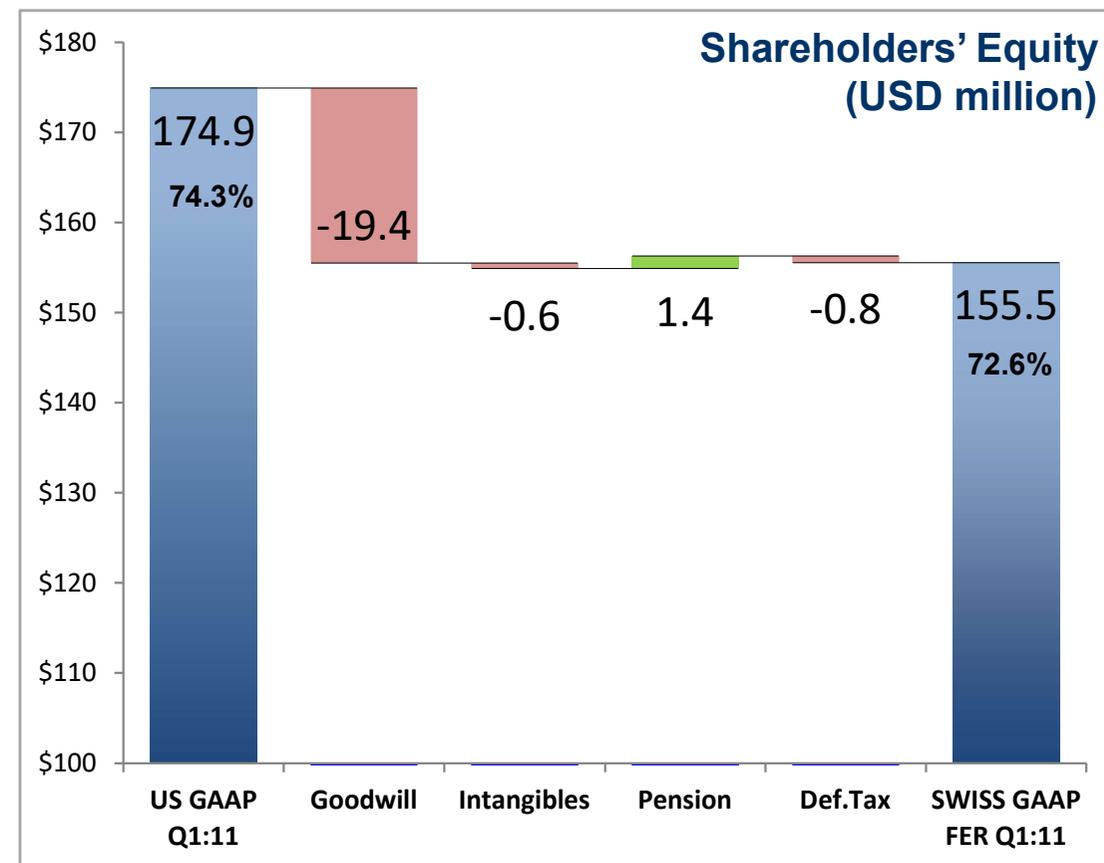
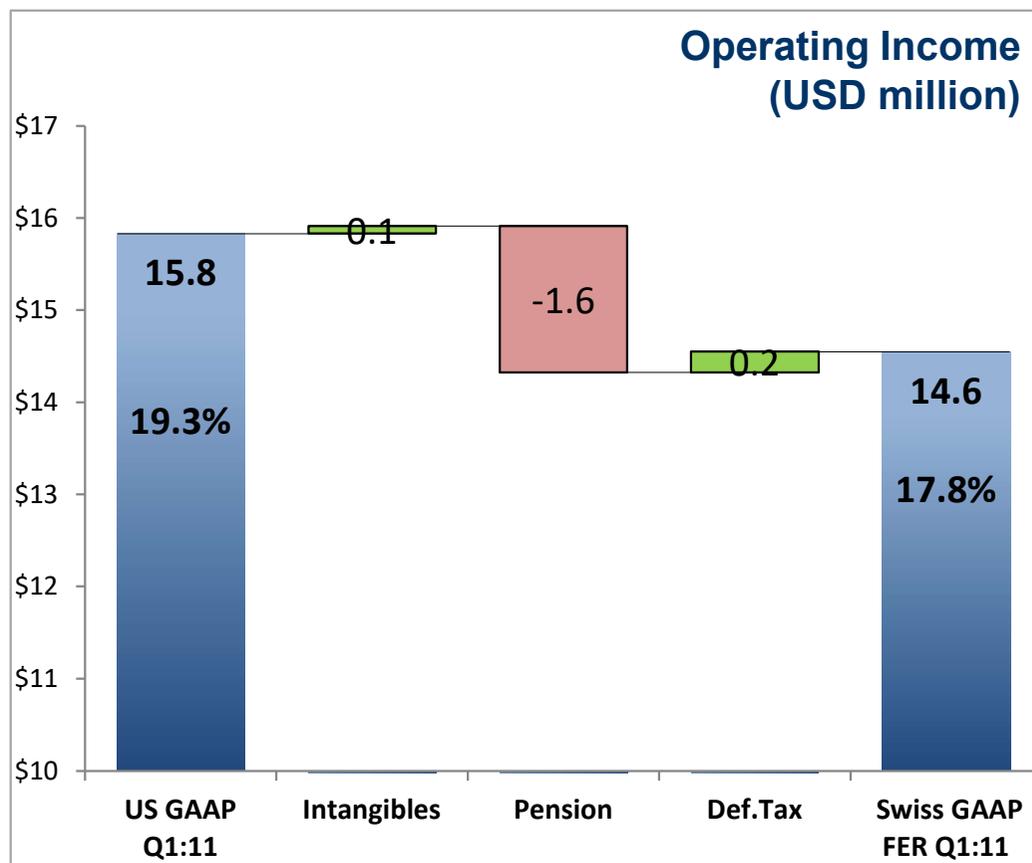
**Capex increased in Q1 2012 due to investments in production and test equipment.**

# Change of Financial Reporting to Swiss GAAP FER

- **Change from US GAAP to Swiss GAAP FER per January 1, 2012**
- **Shares listed in Domestic Standard of SIX Swiss Exchange, effective January 3, 2012**
  
- **Planned US GAAP/IFRS convergence to generate increasingly complex regulatory details**
- **Swiss GAAP FER will reduce complexity and avoid high internal and external costs**
- **Main impacts in goodwill, intangible assets and pension plan obligations**
- **Offsetting goodwill against equity will tighten balance sheet**
  
- **INFICON remains committed to full transparency and disclosure**

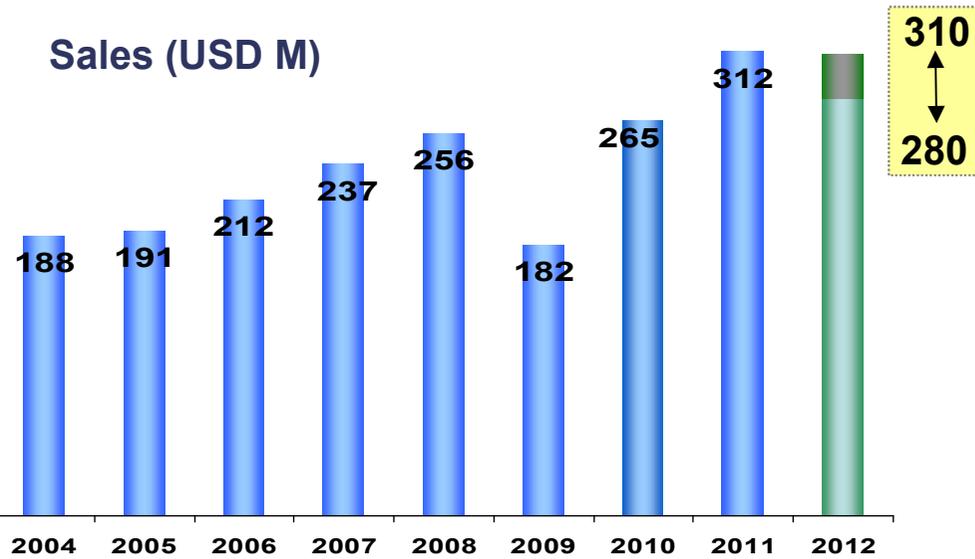
# Swiss GAAP FER

Preliminary main differences and impacts on Operating Income and Shareholders' Equity Q1 2011 (in USD million)



# Full Year 2012 Guidance

Sales (USD M)



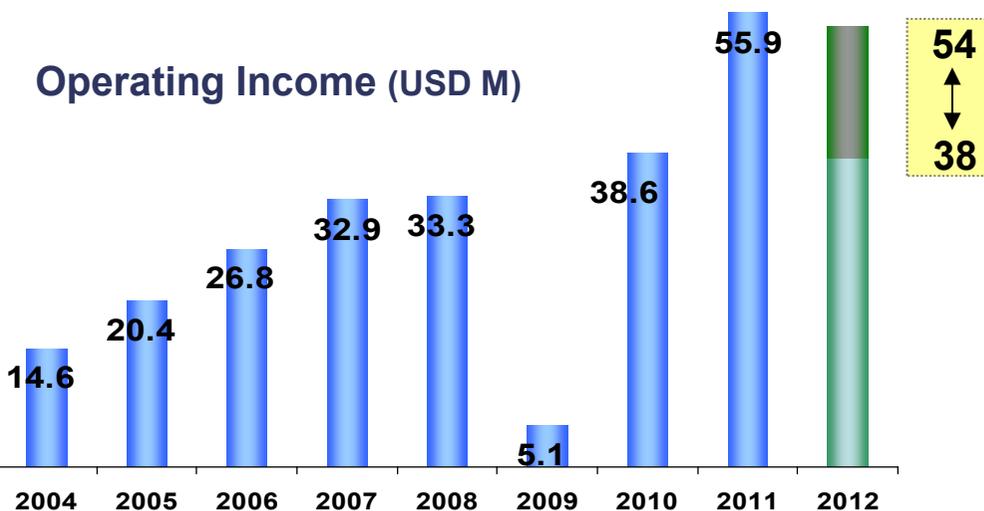
## Full Year 2012 Guidance:

Based on previous performance and current expectations for our end markets.

**Sales**                    **280 – 310**    **USD million**

**Op. Income**            **38 – 54**      **USD million**

Operating Income (USD M)



# Corporate Calendar FY 2012

- **Annual General Meeting of Shareholders**      **Thursday, April 26, 2012**
- **Q2 2012 Earnings Conference Call**                      **Tuesday, August 9, 2012**
- **Q3 2012 Earnings Conference Call**                      **Thursday, Oct 18, 2012**
- **Q4 2012 Earnings Conference**                              **March 2013**

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

**Thank You !**

**Q&A**

