



Q3 2015

EARNINGS CONFERENCE CALL

October 21, 2015

Bad Ragaz, Switzerland

Speakers

Lukas Winkler, President and CEO

- Key figures Q3 2015
- Target market business review
- Expectations 2015

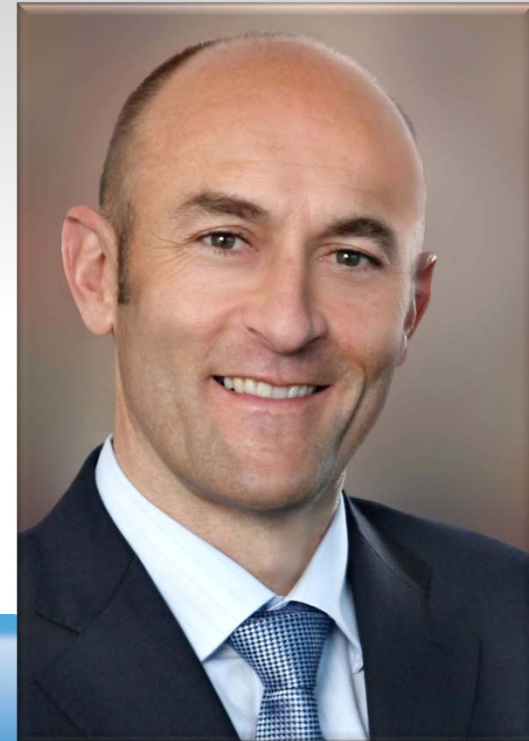
Matthias Tröndle, Vice President and CFO

- Financials Q3 2015
- Key financials Q3 2015
- Guidance

Lukas Winkler

INFICON

President and Chief Executive Officer



Q3 2015 – Key Figures

- **Sales increase in *Specific Vacuum Process Industries* and *Refrigeration & Air Conditioning* markets while *General Vacuum Processes* and *Emergency Response & Security* markets decreased**
 - Organic sales increase of 5.2% to USD 72.4 million over Q3 2014, negative F/X impacts of 5.6%
 - Sequential sales increase over Q2 2015 of 5.4%

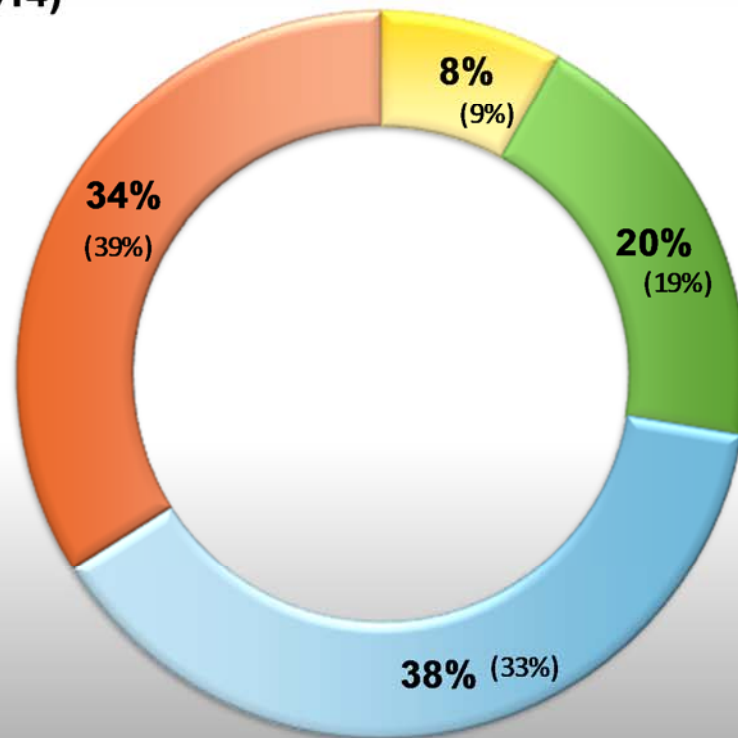
- **Operating result improved and influenced by**
 - Higher sales volume
 - Weaker gross margin compensated by lower overhead cost
 - Operating income of USD 11.6 million in Q3 2015 (16.1% of sales) compared with USD 11.1 million (15.3% of sales) in Q3 2014

→ Net income of USD 9.4 million or 13.0% of sales

Net Sales by End Market

USD 72.4 million in Q3 2015 vs. USD 72.7 million a year ago (-0.4%; organically +5.2%)

**Q3 2015
(Q3 2014)**



- Emergency Response & Security
- Refrigeration & Air Conditioning (incl. Automotive)
- Specific Vacuum Process Industries (Solar, Display, Optics & Semi)
- General Vacuum Processes

Specific Vacuum Process Industries

Solar, Display, Optics & Semiconductor

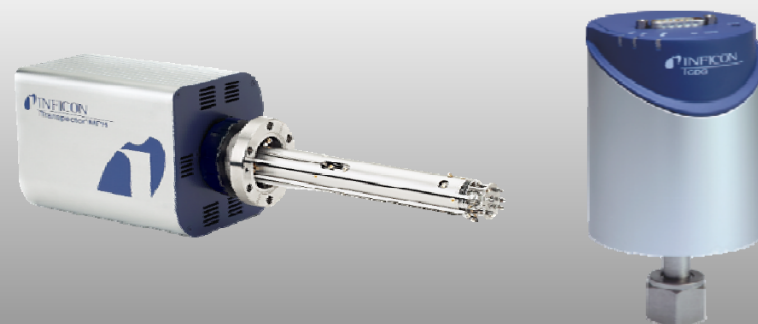
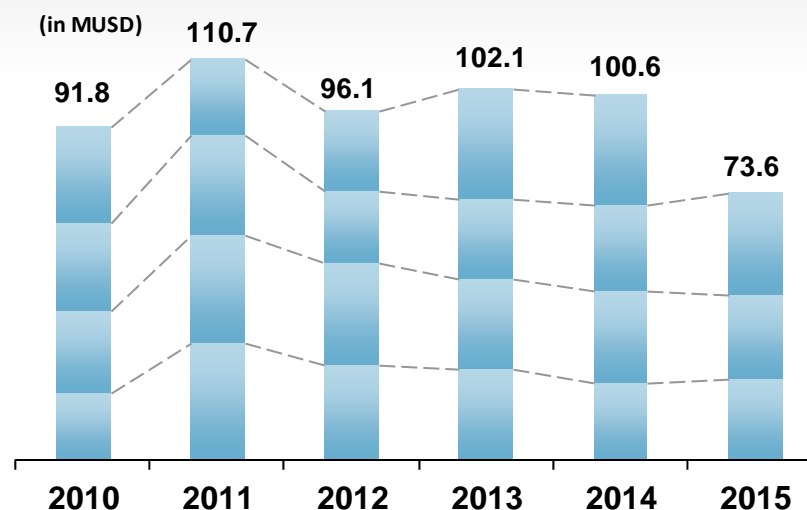
Q3 2015

- Q3 2015 sales increase 15% vs. Q3 2014, mainly driven by higher demand from Semiconductor business
- Sequential increase of 18%
 - Increased shipments to Semiconductor equipment (OEM) and device manufacturers (End-user)
 - Stable Optics market
 - Continued weak Solar, but improved Flat Panel Display markets

Market Trends

- Mobile communication devices continue to be the main driver in this industry
- Memory market recovery
- Are wearables the next “killer applications” ?
- OLED will replace LCD technology for mobile devices, but not necessarily large home TV flat panel displays
- Very slow Solar recovery in sight
- New Semi manufacturing technologies (450mm wafer delayed, but EUV-lithography will be used at <10 nm node technology)

Sales to End Market
Specific Vacuum Process Industries
15.7% CAGR (2009-2014)



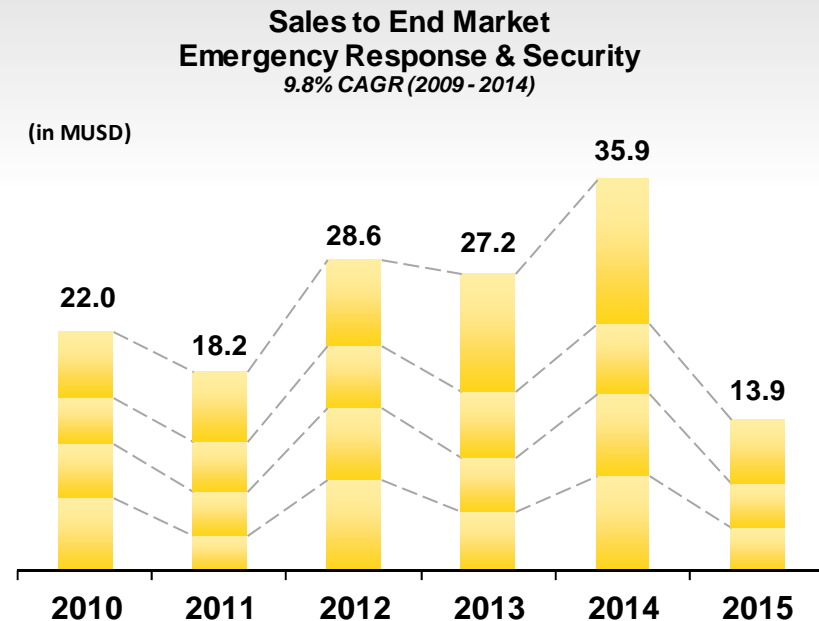
Emergency Response & Security

Q3 2015

- Q3 2015 sales decrease of 6% vs. Q3 2014
- Increase vs. low Q2 2015 of 44%
- Top customers remain US and China government agencies

Market Trends

- Security needs around the world generate new business opportunities
- Good pipeline of opportunities within US DoD
- Ongoing activities in China for environmental and security applications
- New target markets and application opportunities in conjunction with the new micro-GC technologies (Fusion product line)



Refrigeration & Air Conditioning

incl. Automotive

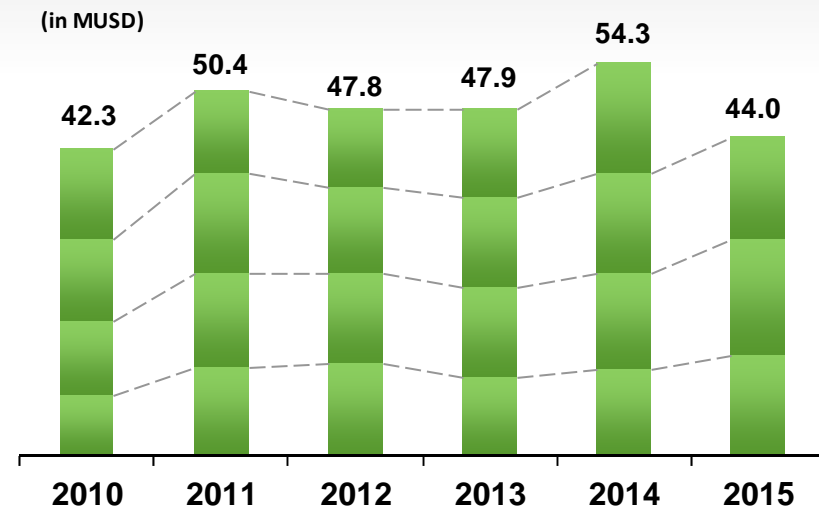
Q3 2015

- Q3 2015 sales increase of 3% vs. Q3 2014
- Sequential decrease of 10% mainly due to reduced sales to North American and European customers
- Continued market share gains

Market Trends

- Tougher regulations drive increased use of safe (air-tight) components in the automotive market. Yet reduced capacity expansion plans in EU and China
- Limited growth potential at RAC manufacturers
- Increasing installed basis drives after-sale service products worldwide

Sales to End Market
Refrigeration & Air Conditioning
13.3% CAGR (2009 - 2014)



General Vacuum Processes

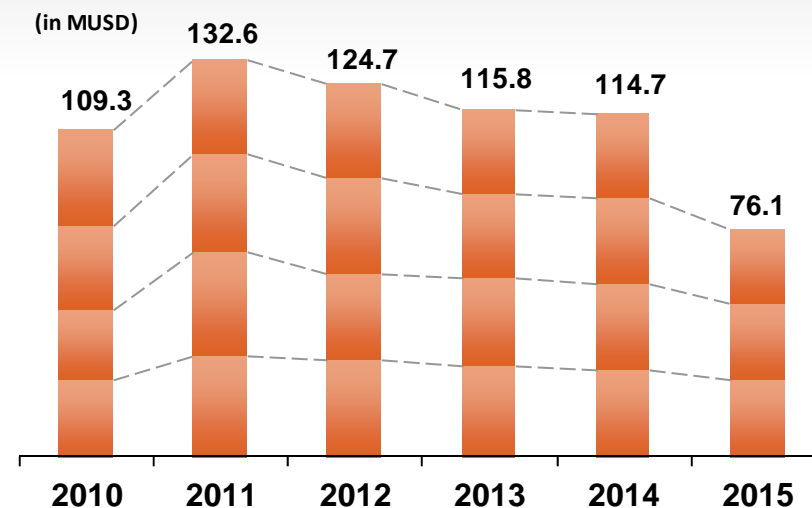
Q3 2015

- Q3 2015 sales decrease 14% vs. Q3 2014
- Sequential decrease of 3%, mainly due to lower sales to European customers (while private label market improved slightly)

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 Processes
7.0% CAGR (2009 - 2014)



Outlook 2015

Challenging signals from different markets/regions

- Reduced semiconductor capex plans, despite the increased demand for even more advanced and integrated electronic devices (semiconductor market)
- China with renewed interests in high tech technology (Semi and OLED flat panel display technology), but stagnating RAC and automotive manufacturing investments
- Higher investments in new leak-detection applications (industrial and automotive market), increased after-sale activities will compensate for saturating RAC manufacturers markets
- Expect large shipments of Hapsites and accessories to US and China government
- Disappointing trend in the General Vacuum Processes market

Guidance for FY 2015:

- **Sales between USD 280 to 290 million** (previously around USD 300 million)
- **Operating income in the range of USD 42 to 45 million** (prev. around USD 48 million)

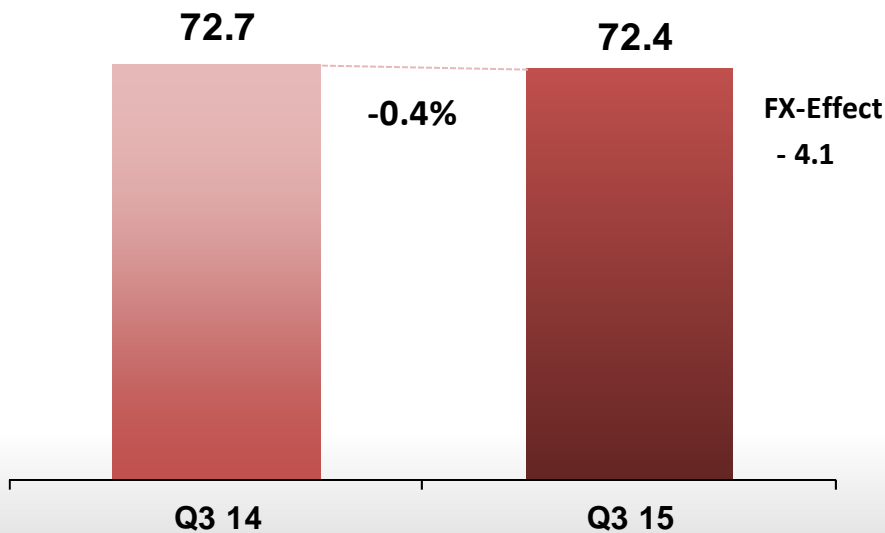
Matthias Tröndle

INFICON

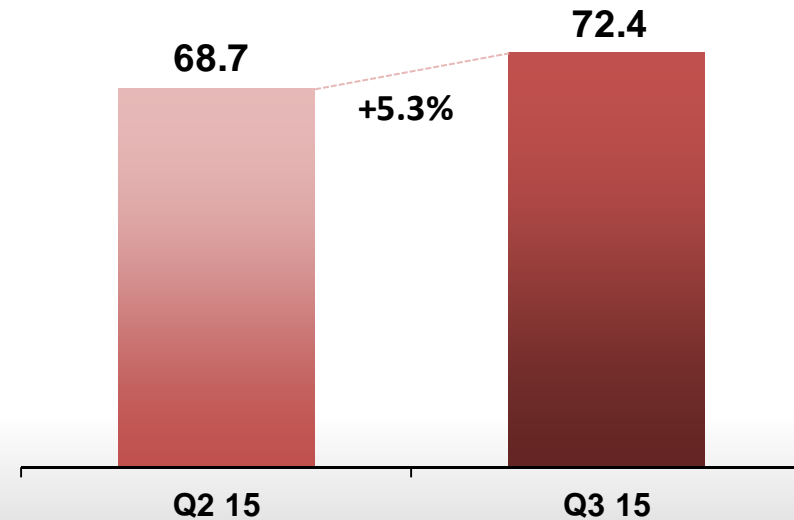
Vice President and Chief Financial Officer



Sales (in USD million)



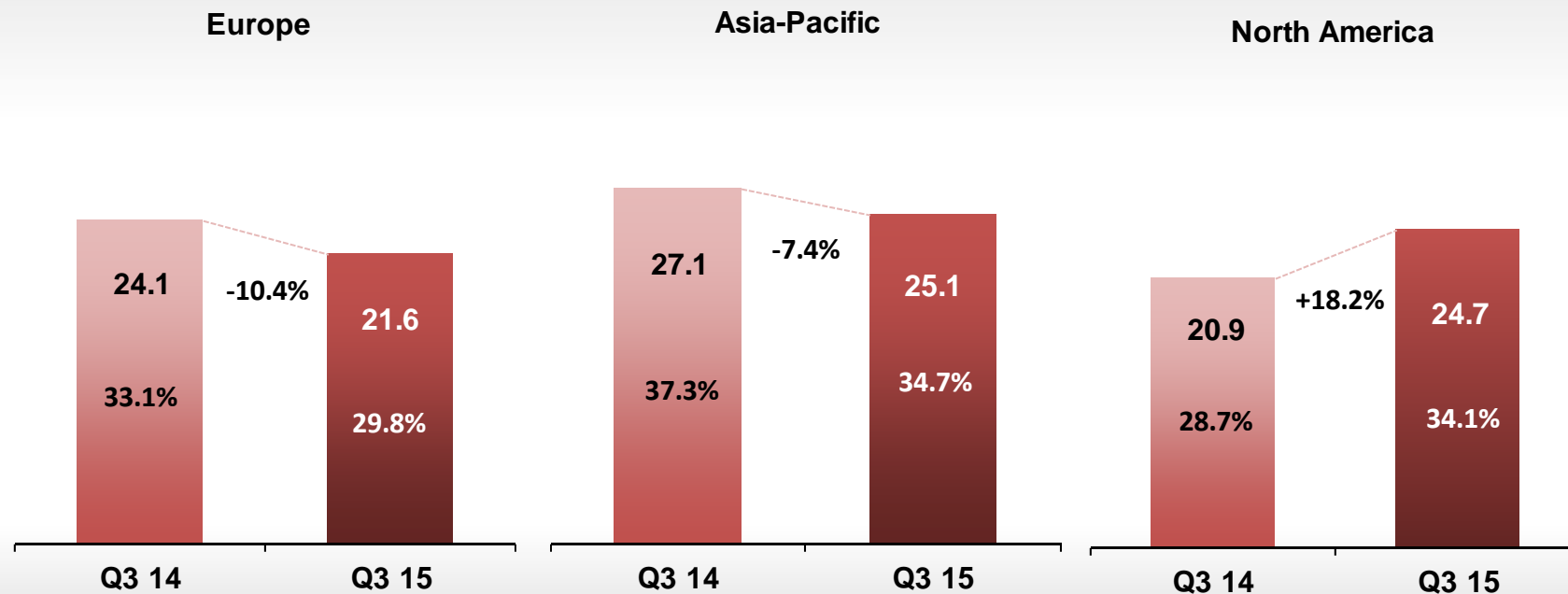
Increase in Specific Vacuum Processes Industries and RAC, decrease in General Vacuum Processes and ER&S markets



Strong increase in Specific Vacuum and ER&S vs. Q2 2015

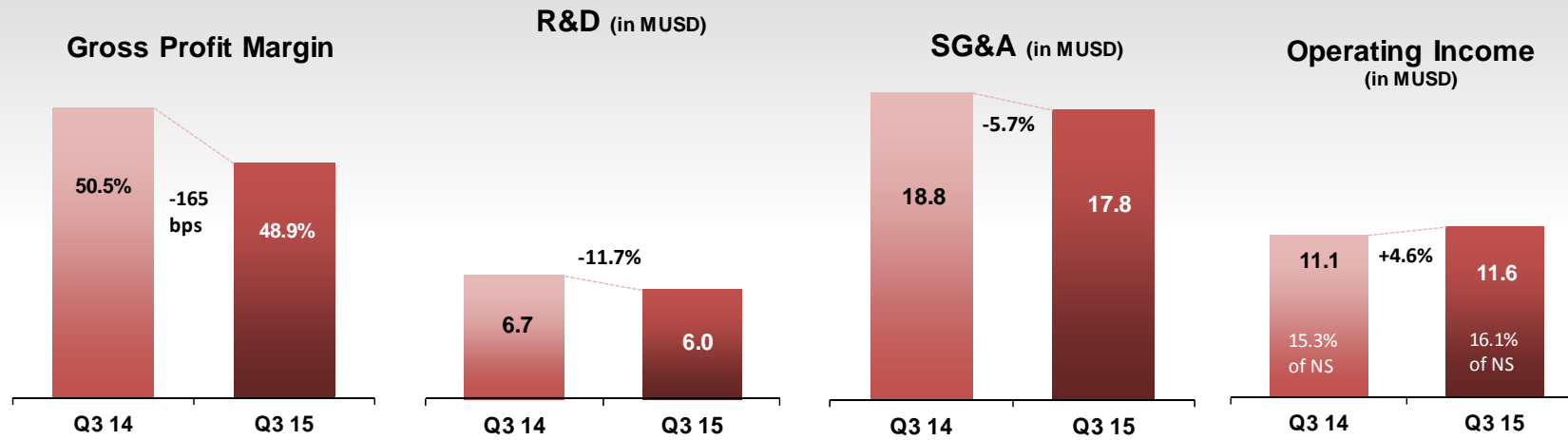
Geographic Sales Breakdown – Quarter

(in USD million)



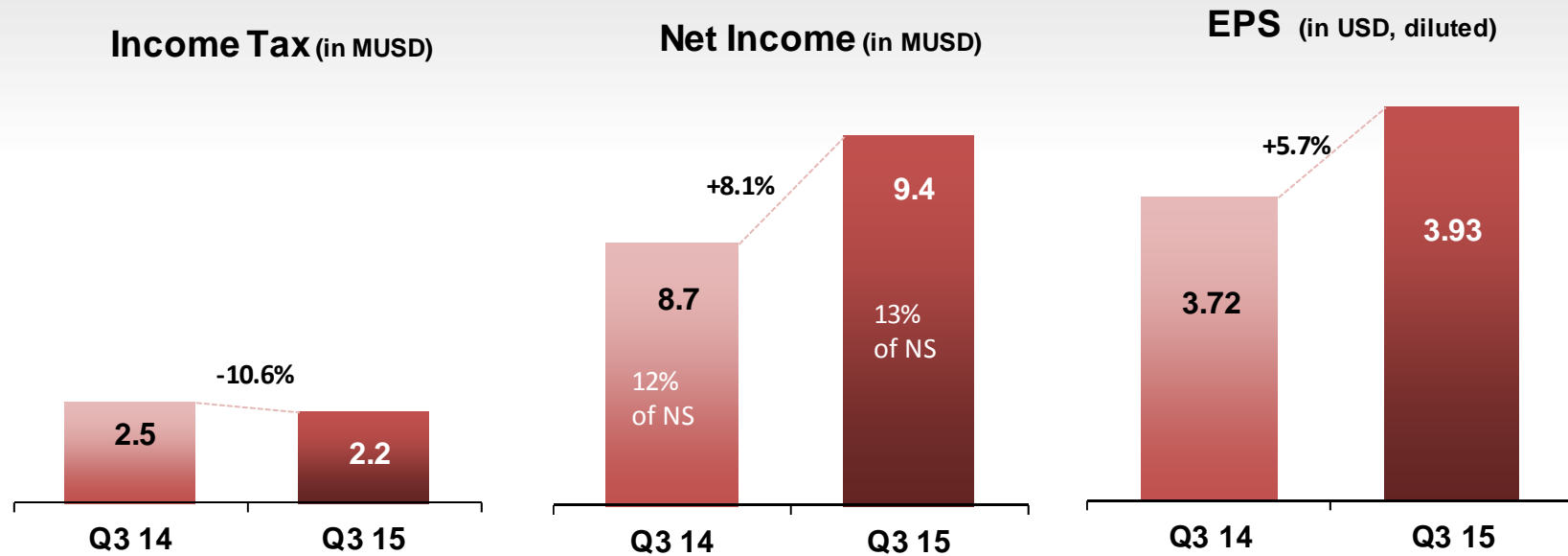
Decrease in Europe and Asia, increase in North America

Gross Profit, Costs and Operating Income



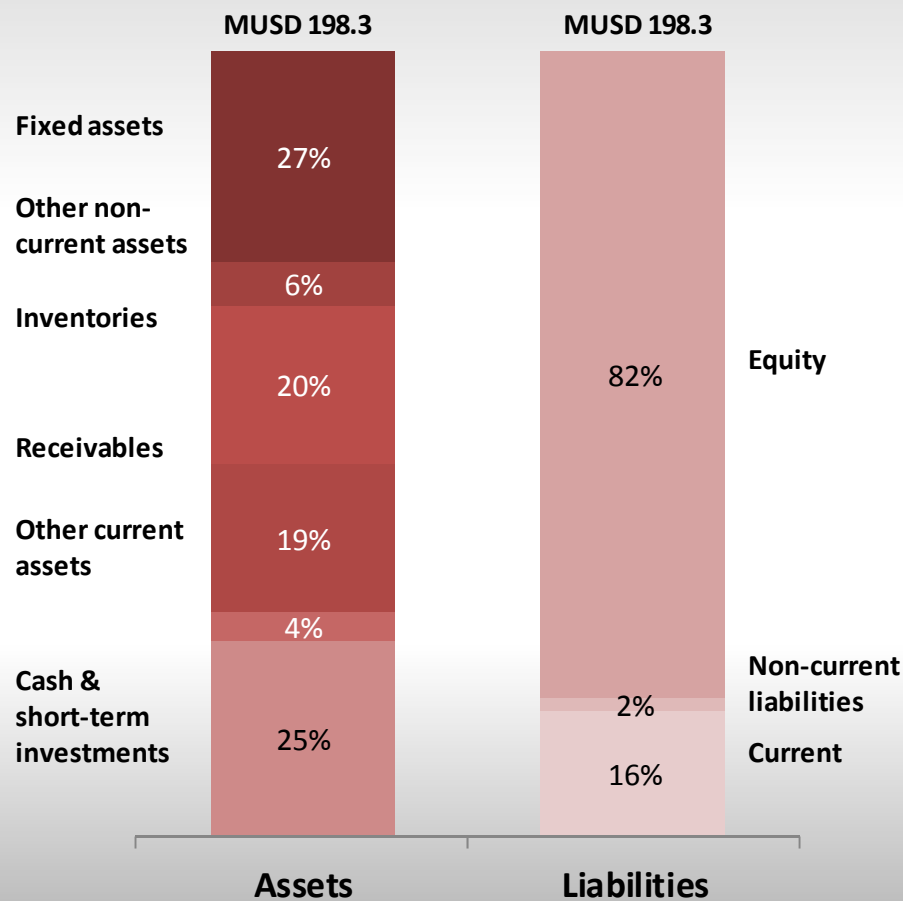
- **Gross profit margin:** Decrease driven by product mix and F/X impacts
- **R&D cost:** Lower spending and favorable F/X impacts
- **SG&A:** Q3 2015 decrease due to lower variable compensation, commissions and favorable F/X impacts
- **Operating Income:** Clearly lower costs could compensate weaker Gross Margin; Operating Income improved

Net Income and EPS development

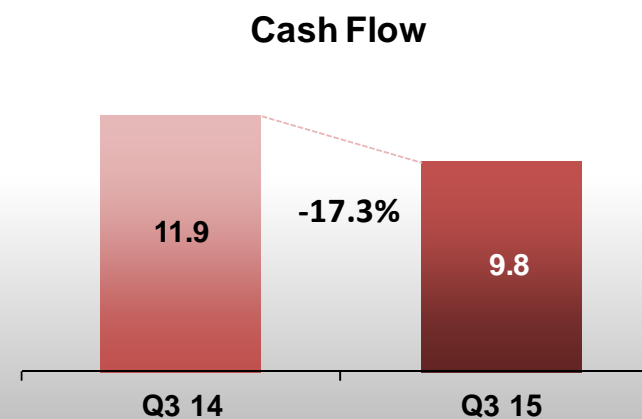


- **Income tax:** Decrease due to EBIT development, tax rate in expected range
- **Net income:** Driven by operating income development
- **EPS:** Increase in line with net income

Balance Sheet Highlights (in USD million)



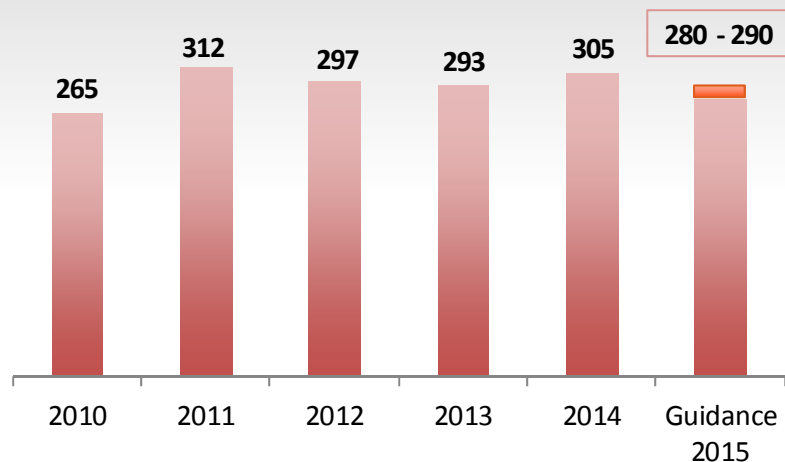
	<u>Q3 15</u>	<u>Q4 14</u>
Net Cash	49.4	81.0
DSO	45.2	45.1
Inventory Turns	3.8	3.9
Working Capital	24.4%	20.2%



Solid balance sheet, cash reduced due to distribution to shareholders in May and higher investments (Capex)

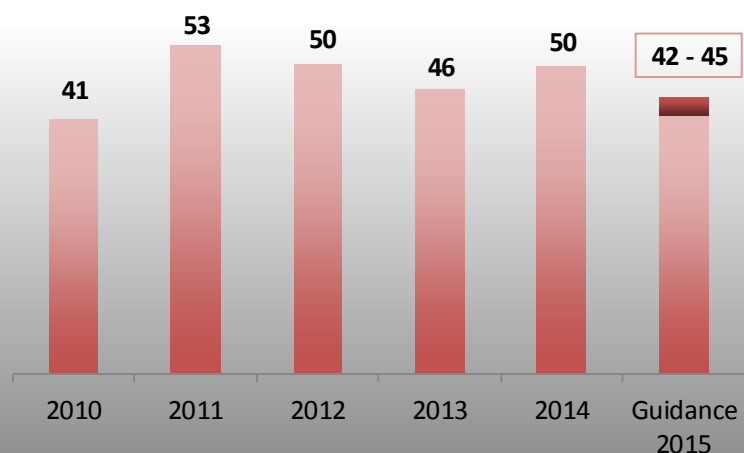
Full Year 2015 Guidance

Sales (MUSD)



Based on previous performance and current expectations for our end markets

Operating Income (MUSD)



Sales 280 – 290 MUSD

Op. Income 42 – 45 MUSD

Corporate Calendar FY 2015

- Q4 and FY 2015 Earnings Conference Call Tuesday, March 8, 2016
- Q1 2016 Earnings Conference Call Thursday, April 21, 2016
- Annual General Meeting Thursday, April 28, 2016
- Q2 2016 Earnings Conference Call Thursday, August 8, 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

