



**Q3 2020
EARNINGS CONFERENCE CALL**

October 21, 2020

Bad Ragaz, Switzerland

Speakers

Lukas Winkler, President and CEO

Key figures Q3 2020

Target market business review

Expectations 2020

Matthias Tröndle, Vice President and CFO

Financials Q3 2020

Guidance

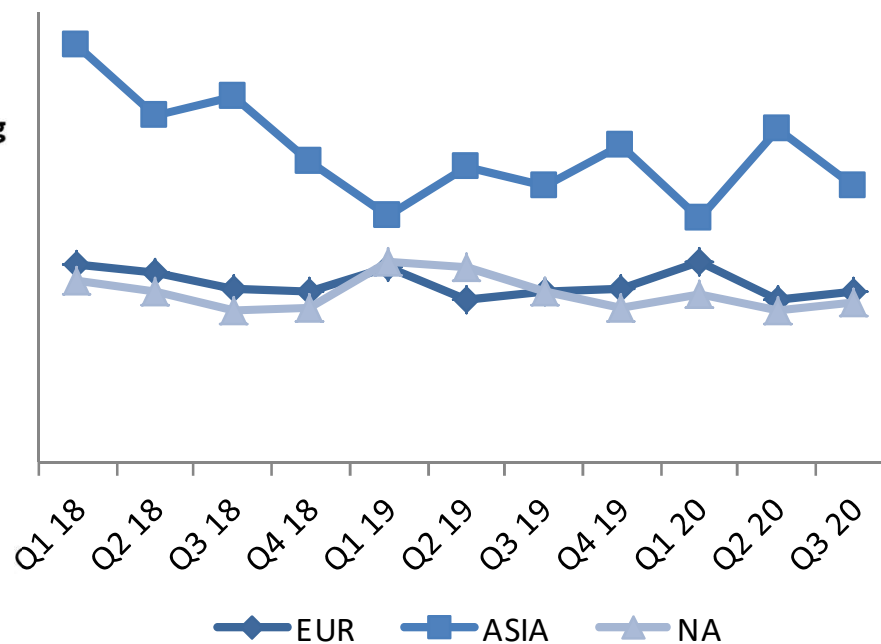
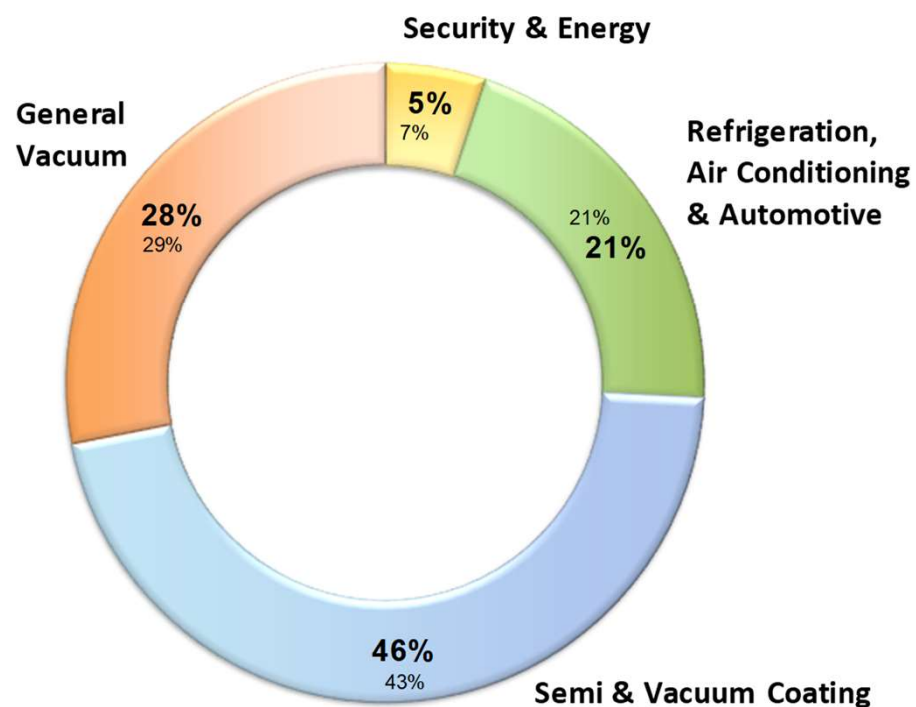
Q3 2020 – Key Figures

- **Growth in Semi & Vacuum, all other markets declined**
 - Sales decrease of 1.3% to USD 92 million compared with Q3 2019, organic decrease of 3.4%
 - Sequential sales decrease of 4.4% over Q2 2020
 - Book to bill ratio: > 1 (YTD > 1)
 - **Operating result**
 - Slightly lower sales volume and a substantially lower gross margin
 - Operating income of USD 10.5 million in Q3 2020 (11.4% of sales) after USD 16.3 million (17.5% of sales) in Q3 2019
 - Sequential operating income margin decreased by 34%
- **Net income of USD 7.9 million or 8.6% of sales**

Net Sales by End Market

USD 92.0 million in Q3 2020

(-1.3% vs. Q3 2019 and -4.4% vs. Q2 2020)



Security & Energy

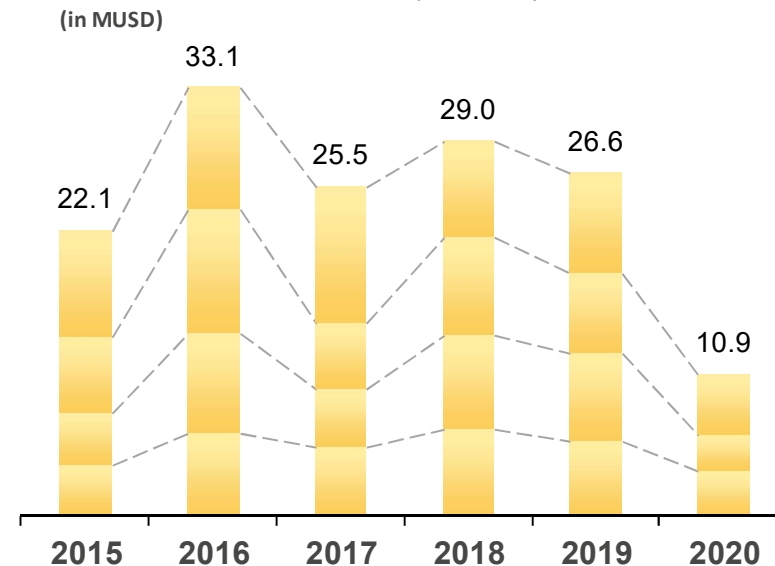
Q3 2020

- Sales decrease of -25.4% to USD 4.7 million in Q3 2020 vs Q3 2019
- Sequentially increase of 74.1% vs Q2 2020 due higher sales in Asia and Europe
- Increased contribution from new products for energy applications

Market Trends

- Short-term security needs changed, due to the current COVID-19 pandemic
- Challenging mid-term security market predictions due to geopolitical uncertainties
- New target markets: Bio-Methane (EU)
Landfill Monitoring (US)
- 2020 expectations: uncertain and very challenging security market

Sales to End Market
Security & Energy
-5.8% CAGR (2014 - 2019)



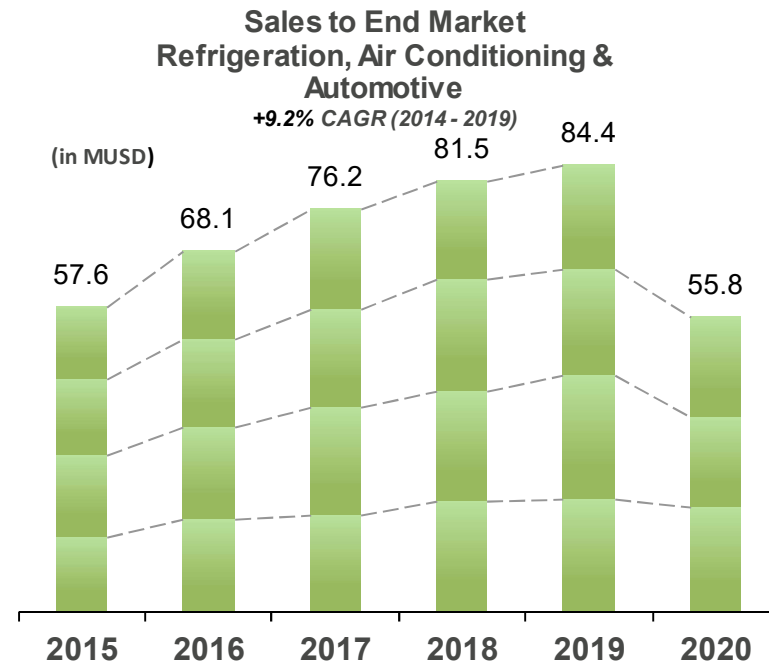
Refrigeration, Air Conditioning & Automotive

Q3 2020

- Q3 2020 sales decrease of -5.5% to USD 19.0 million vs Q3 2019, and sales increase of 13.8% vs Q2 2020
- Auto and Refrigeration hit by COVID-19
- Growing battery testing and after-sales service activities

Market Trends

- Delayed capacity investments in the RAC manufacturers market
- Very weak “traditional” automotive market
- Shift from combustion-engine cars to e-cars (battery and hydrogen powered)
- Growing Li-Ion battery testing market
- New distribution and product initiatives for handheld after-sale service products
- 2020 expectations: improved 2nd half year



Semi & Vacuum Coating

Solar, Display, Optics & Semiconductor

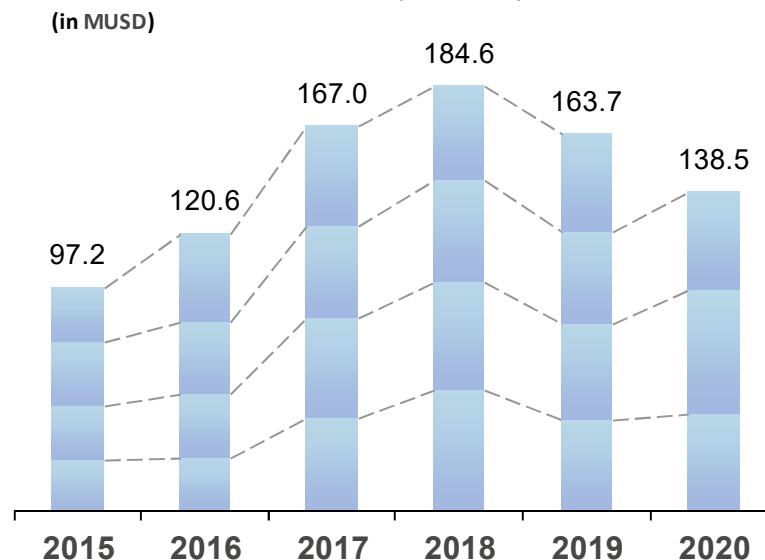
Q3 2020

- Sales Q3 2020 increase of 5.7% vs Q3 2019, and decrease of -20.9% vs Q2 2020 to USD 42.4 million
- Asia declined after 33% surge in Q2, other regions decreased as well
- Ongoing strong Semiconductor market (equipment CAPEX)

Market Trends

- Unchanged long-term demand for new smart sensors, 5G, IoT, AI & AD, Big Data, and computing power
- EUV lithography tools a must for < 7nm nodes
- Chinese Semiconductor initiative ongoing, but challenged by trade disputes
- Modest investments in OLED flat panel display and Optics
- 2020 expectations:
 - growth (Semiconductor)
 - flat (Vacuum Coating)

Sales to End Market
Semi & Vacuum Coating
+10.2% CAGR (2014 - 2019)



General Vacuum

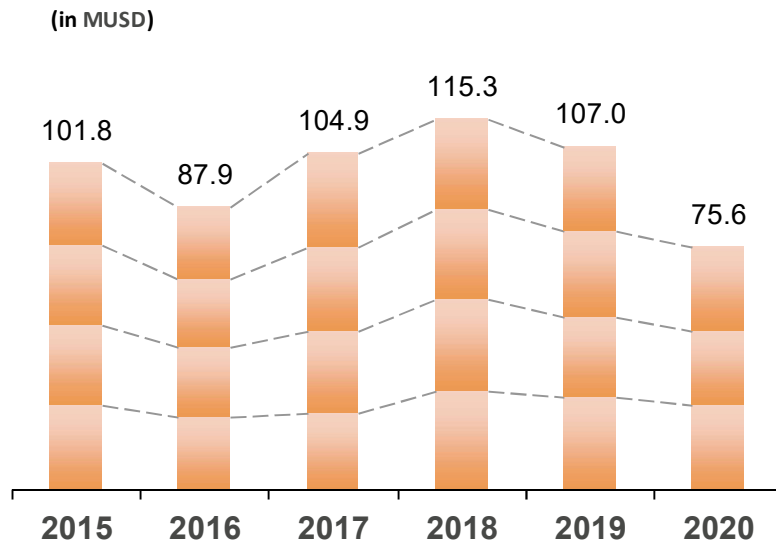
Q3 2020

- Q3 2020 sales slightly declined by -3.0% to USD 25.9 million vs Q3 2019
- Sequential increase of 11.6% mainly due to recovery in Europe

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 sciences, analytical, and food-packaging market)
- Uncertain short-term global economic development
- Growing food-packaging applications
- 2020 expectations:
 - Slow recovery in EU and US
 - Growth in China

**Sales to End Market
General Vacuum**
-1.4% CAGR (2014 - 2019)



Outlook 2020

The uncertainty remains certain!

COVID-19, the global economy, markets, politics and trade situations

- *Ongoing strong Semiconductor market (Industry 4.0, IoT, Big Data, 5G, AI & AD etc.)*
 - *Foundry and Logic Fab remain at a high level & memory market with mixed signals*
 - *EUV Lithography technology = must for < 7nm node size chips*
 - *Chinese Semiconductor Initiative ongoing, but impacted by US/Chinese “Technology War”*
- *Only modest investments in OLED flat panel display and Optics manufacturing capacities*
- *RAC manufacturers market recovery, and solid after sales service activities*
- *Increased E-Mobility investments, but very weak “traditional” automotive market*
- *Slow recovery for General Vacuum applications, but Security market remains challenging*

- *Given the strength of the semiconductor market and the positive order trend in the other target markets, INFICON expects a good last quarter in 2020.*

Guidance for 2020

→ **Sales around USD 370-390 million and Operating Income Margin at 15-16%**

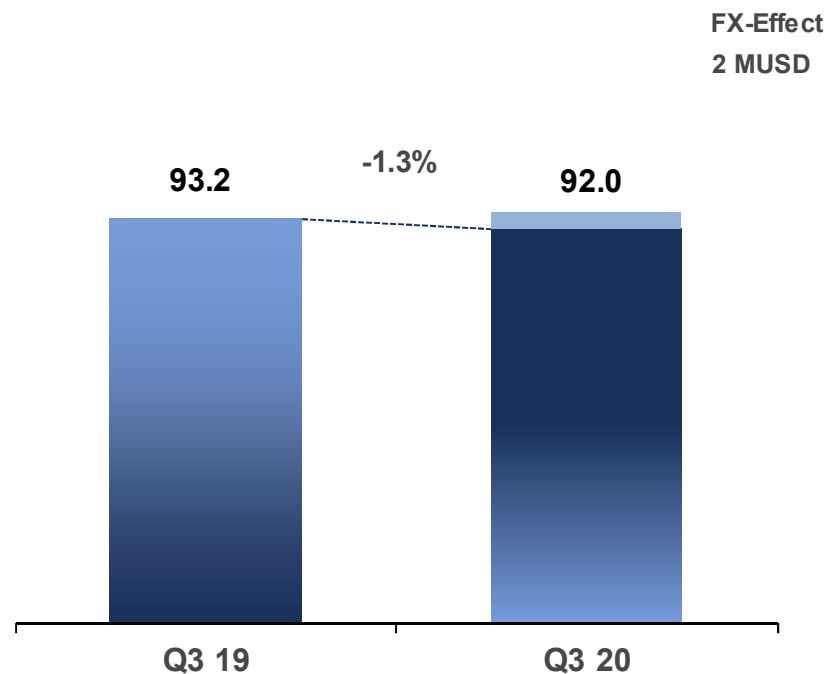
Speaker

Matthias Tröndle, Vice President and CFO

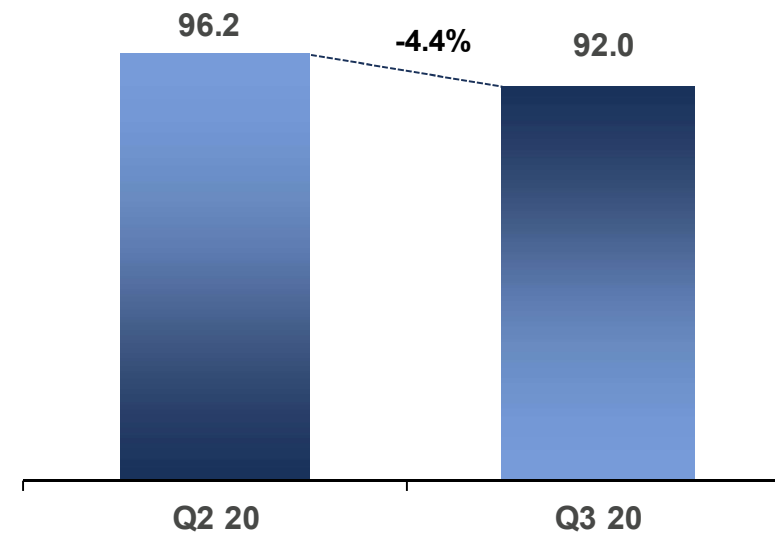
Financials Q3 2020

Guidance

Sales (in MUSD)

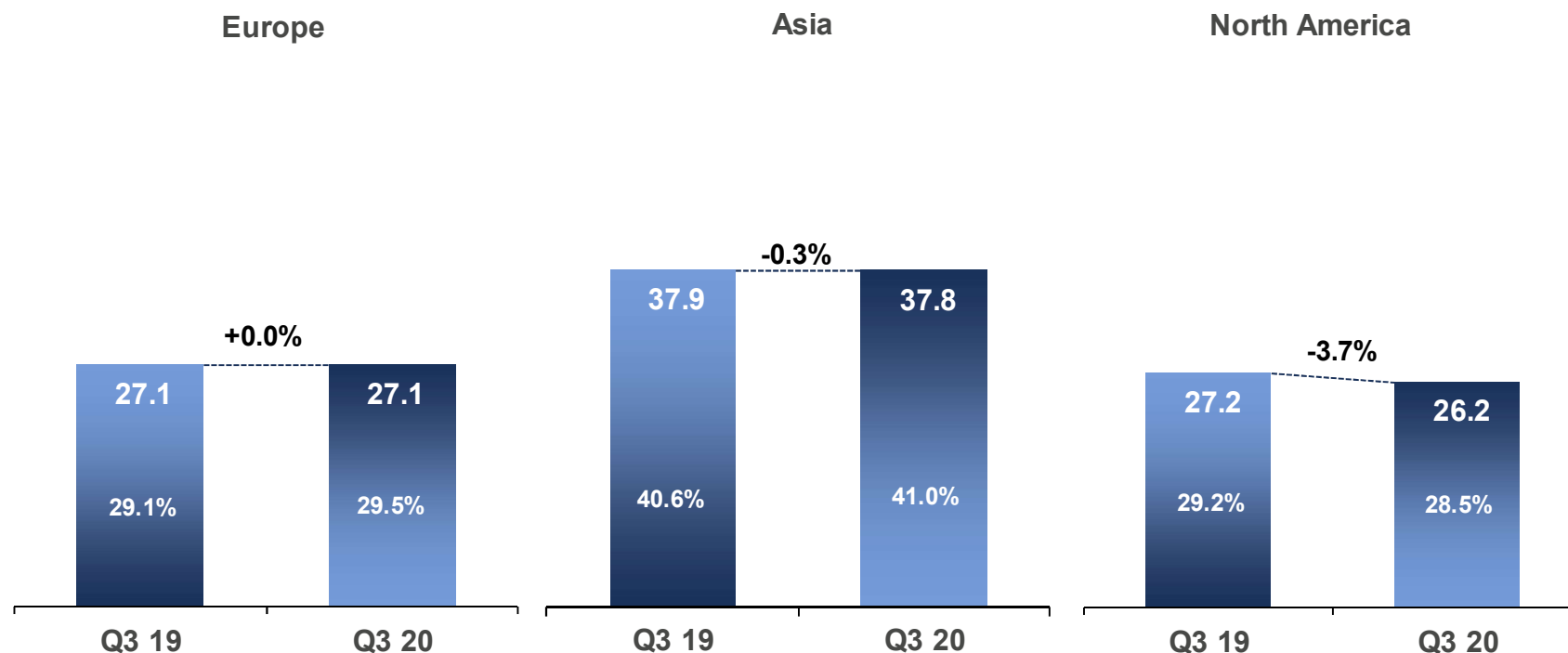


Year-over-year: increase in Semi & Vacuum Coating, major decline in Security and energy market



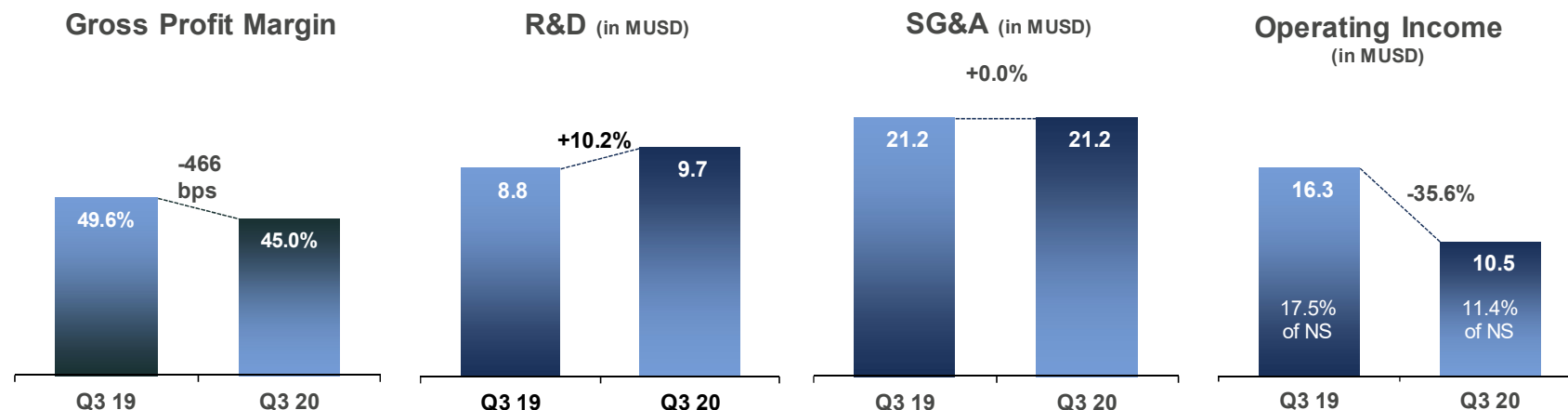
Sequential: growth in all markets except Semi & Vacuum Coating m

Geographic Sales Breakdown – Quarter (in MUSD)



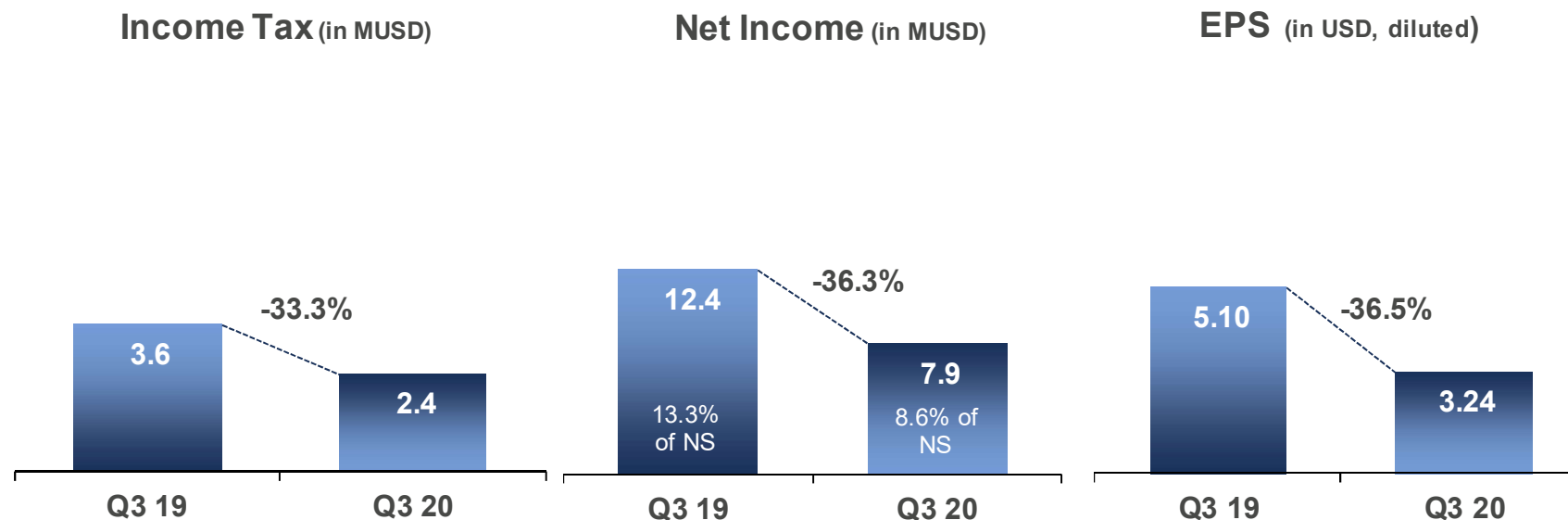
Asia-Pacific and Europe with stable development
while North America impacted by weaknesses in most markets

Gross Profit, Costs, and Operating Income



- **Gross profit margin:** Sharp decline in margin of 466 bps or by 10.5%. COVID-inefficiencies, the market/product mix and current price pressure as main impacts
- **R&D cost:** Increase due to continued development efforts for future product launches and additional headcounts
- **SG&A:** Costs stable and impacted by lower variable compensation/commissions and third-party expenses (*travel, trade shows, consulting*)
- **Operating income:** Comparable sales volumes but clearly lower gross margin as main reasons for decrease in operating income

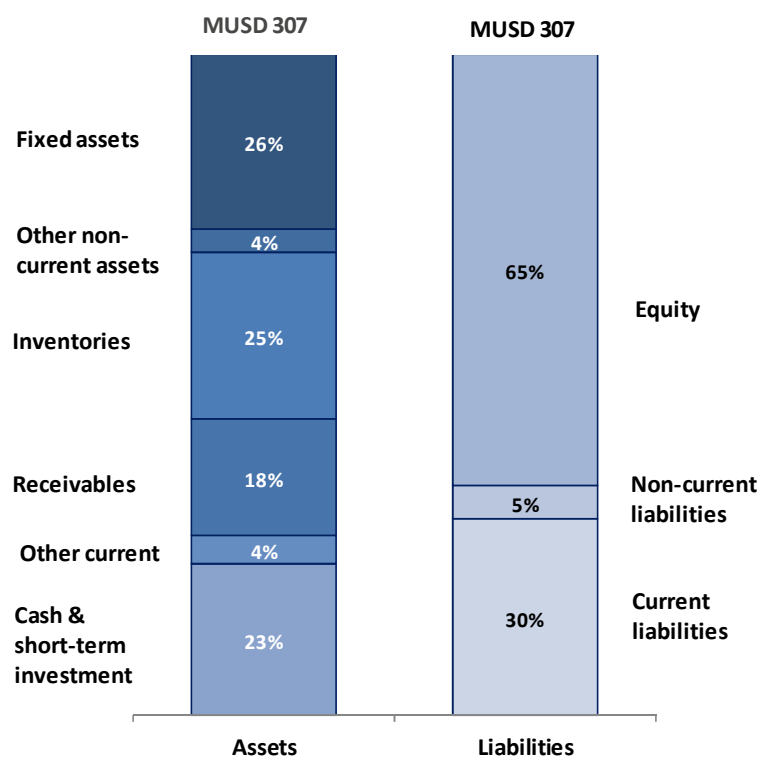
Net Income and EPS Development



- **Income tax:** Absolute decrease caused by the profit decline, tax rate at comparable level
- **Net income & EPS:** Decrease due to lower operating income and lower tax burden

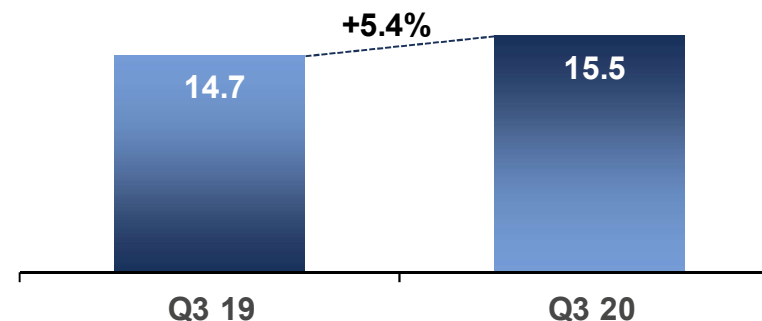
Balance Sheet Highlights (in MUSD)

Balance Sheet Structure 2020



| | Q3 20 | Q4 19 |
|---------------------|-------|-------|
| Net Cash | 25.7 | 50.1 |
| DSO | 50.9 | 51.8 |
| Inventory Turns | 2.7 | 2.8 |
| Working Capital | 119.9 | 108.8 |
| Operating Cash Flow | 15.5 | 21.3 |

Cash Flow

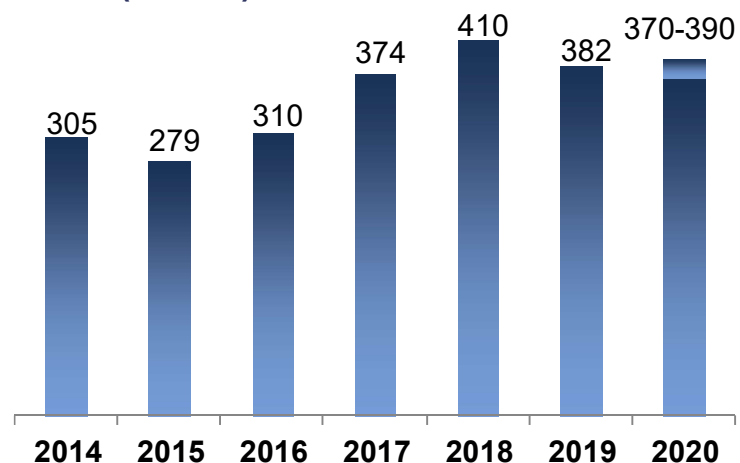


Solid balance sheet; working capital level higher due to higher A/R and Inventory; cash flow with improvement vs. previous year and Q2

GUIDANCE FY 2020 AND CORPORATE COMMUNICATION CALENDAR

Full Year 2020 Guidance

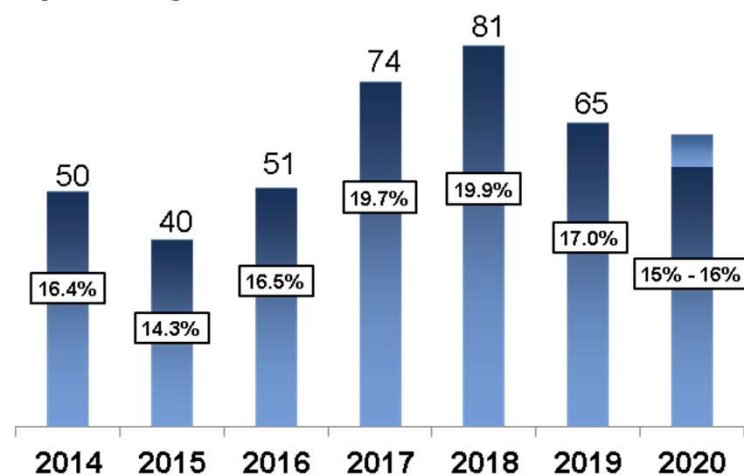
Sales (MUSD)



Guidance 2020

Due to the expected strength of the semiconductor market and in the light of positive developments in the other target markets, INFICON assesses the outlook for the current year cautiously optimistic.

Operating Income (MUSD)



Sales

USD 370-390 million

Op. Income Margin

15% - 16%

Corporate Calendar FY 2020

- Q4 and FY 2020 Earnings Conference Call March 2021
- Annual General Meeting March 31, 2021
- Q1 FY 2021 Earnings Conference Call April 22, 2021
- Q2 FY 2021 and Half-Year Results
Earnings Conference Call July 29, 2021

Earnings dates are subject to change



Inspired by visions. Proven by success.

THANK YOU!

Q&A