



HALF-YEAR REPORT

2018

Company Overview

INFICON provides world-class instruments for gas analysis, measurement and control.

These analysis, measurement and control products are essential for gas leak detection in air conditioning, refrigeration, and automotive manufacturing.

They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells, LED lighting, and industrial vacuum coating applications.

Other users of vacuum based processes include the life sciences, research, aerospace, food and general packaging, heat treatment, laser cutting, oil and gas transportation and processing, alternative energy, utilities, and many other industrial processes.

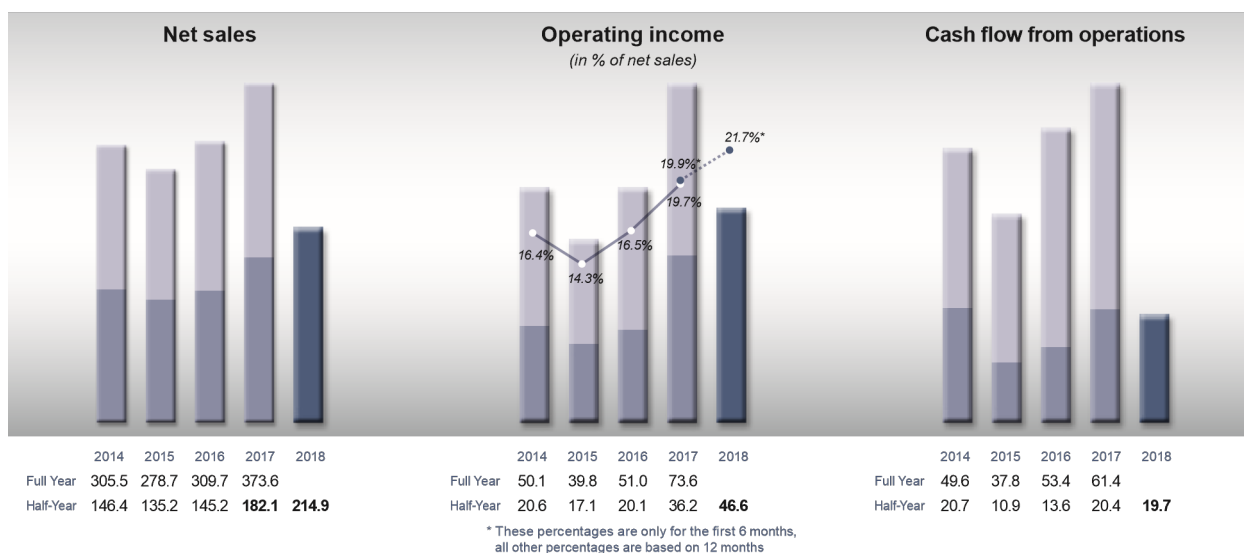
We also leverage our expertise to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring as well as instruments for energy and petrochemical applications.

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INFICON publishes its half-year report online.
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reading on your computer and mobile devices.

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www.inficon.com, Investor section

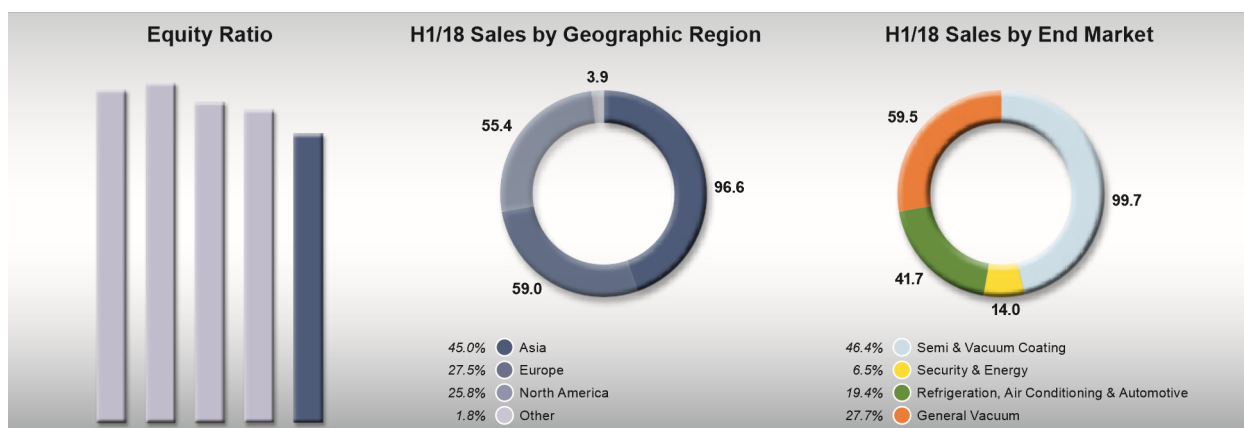
Key Figures – At a Glance



According to Swiss GAAP FER
(US Dollars in Millions, except per share amounts)

| | Half-Year | Full Year |
|---|-----------|-----------|
| | 2018 | 2017 |
| Net sales | 214.9 | 373.6 |
| Research and development | 15.7 | 28.2 |
| Selling, general and administrative expense | 47.4 | 86.8 |
| Operating result | 46.6 | 73.6 |
| <i>in % of net sales</i> | 21.7% | 19.7% |
| EBITDA | 51.0 | 81.8 |
| <i>in % of net sales</i> | 23.8% | 21.9% |
| Net result | 35.9 | 59.5 |
| <i>in % of net sales</i> | 16.7% | 15.9% |
| Cash and short-term investments | 65.9 | 85.0 |
| Cash flow from operations | 19.7 | 61.4 |
| Capital expenditures | 10.3 | 14.3 |
| Total assets | 270.5 | 268.6 |
| Long-term debt | — | — |
| Stockholders' equity | 192.6 | 207.0 |
| <i>Equity Ratio in %</i> | 71.2% | 77.1% |
| Employees | 1,095 | 1,028 |

Key Figures – At a Glance



2014 2015 2016 2017 2018
81.9% 83.6% 78.9% 77.1% 71.2%*

* 2018 percentage is only for the first 6 months, all other percentages are based on 12 months

According to Swiss GAAP FER
(US Dollars in Millions, except per share amounts)

| | Half-Year | | Full Year |
|--|-----------|-------|-----------|
| | 2018 | 2017 | 2017 |
| Ratios per Share | | | |
| Earnings per share – diluted | 14.75 | 11.13 | 24.57 |
| Shareholders' equity per share – diluted | 79.21 | 70.00 | 85.49 |
| Free cash flow per share – diluted | 3.87 | 6.75 | 19.07 |
| Return on equity %* | 37.2% | 31.8% | 31.7% |

Direct Sales by Geographic Region

| Region | 2018 | 2017 | 2016 |
|---------------|------|------|-------|
| Asia-Pacific | 96.6 | 85.5 | 174.2 |
| Europe | 59.0 | 45.9 | 95.7 |
| North America | 55.4 | 49.2 | 99.2 |
| Other | 3.9 | 1.5 | 4.5 |

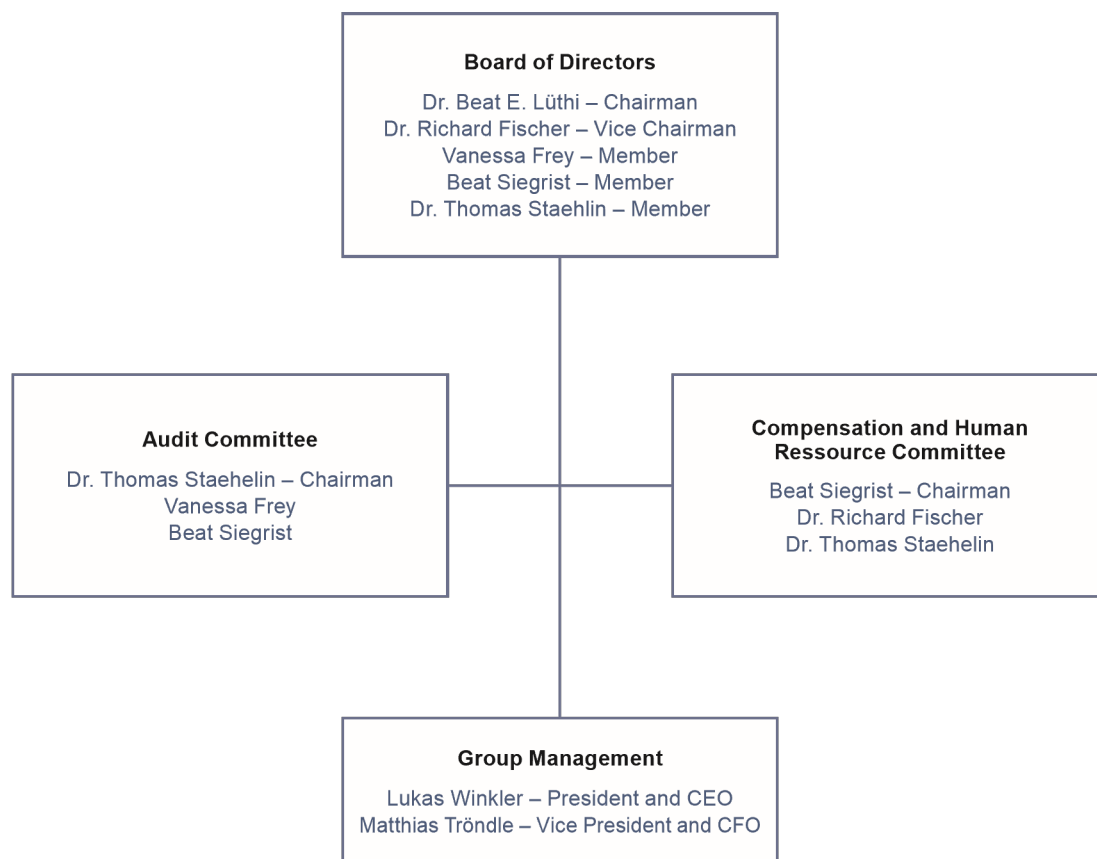
Sales by End Market

| End Market | 2018 | 2017 | 2016 |
|--|------|------|-------|
| Semi & Vacuum Coating | 99.7 | 83.8 | 167.0 |
| Security & Energy | 14.0 | 9.8 | 25.5 |
| Refrigeration, Air Conditioning & Automotive | 41.7 | 38.8 | 76.2 |
| General Vacuum | 59.5 | 49.7 | 104.9 |

* Percentages have been annualized for 6 months figures

Group Organization

(as of July 24, 2018)



Board and Executive Secretary

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Financial Review

(Unaudited)

Income Statement

Net Sales

Net sales for six months ended June 30, 2018 were USD 214.9 million compared with USD 182.1 million for the same period in 2017, representing a USD 32.8 million or 18.0% increase. As this includes a positive impact of USD 7.7 million or 4.2 percentage points from changes in currency rates, net sales increased organically by 13.8%.

The Semi & Vacuum Coating market sales increased to USD 99.7 million. This increase of USD 15.9 million or 19.0% is driven by an ongoing demand for new display technologies (OLED) and China's semiconductor technology initiative. The General Vacuum market sales increased by USD 9.8 million or 19.7%. The growth is both attributable to an increase in sales to European distributors and direct sales to industrial OEMs. Refrigeration, Air Conditioning & Automotive sales achieved a record level with USD 41.7 million. The increase of 7.5% or USD 2.9 million is driven by a continued gain of market shares in Asia and Europe. Sales to the Security & Energy market increased by USD 4.2 million or 43%. The majority of the sales went to the security market which largely consists of government customers.

Gross Profit

Gross profit margin was 51.1% for the six months ended June 30, 2018 compared with 50.7% for the same period in 2017.

Research and Development

Research and development costs increased to USD 15.7 million or 7.3% of net sales for the six months ended June 30, 2018, as compared with USD 13.7 million or 7.5% for the same period in 2017. This increase of 14.6% is driven by our continued development efforts, investments in additional headcounts as well as unfavourable foreign exchange impacts.

Selling, General and Administrative (SGA)

Selling, general and administrative costs for the first six months of 2018 were USD 47.4 million or 22.1%, as compared with USD 42.4 million or 23.3% for the same period in 2017. This increase is due to investments into our selling and marketing capabilities as well as unfavourable foreign exchange impacts.

Operating Result

Income from operations increased to USD 46.6 million or 21.7% of sales for the six months ended June 30, 2018 compared to USD 36.2 million or 19.9% for the same period in 2017. This improvement reflects mainly the increase in sales volume with a favourable product mix as well as an efficient steering of costs.

Financial Result

The increase in the financial result by USD 0.3 million to USD (0.6) million is essentially driven by an increase in foreign currency gains.

Income Taxes

Provision for income taxes was USD 10.2 million or 22.1% of earnings before taxes for the six months ended June 30, 2018, compared with USD 8.4 million or 23.9% for the same period in 2017. The slightly lower rate was driven by the mix in earnings and tax rates among the Company's different tax jurisdictions.

Net Result and Diluted Earnings per Share

Net income and diluted earnings per share was USD 35.9 million and USD 14.75 for the six months ended June 30, 2018, as compared with USD 26.8 million and USD 11.13 per share for the same period in 2017. The increase of 32.5% in diluted earnings per share is a result of the increase in net income.

Financial Review

(Unaudited)

Balance Sheet and Liquidity

Trade accounts receivable increased by USD 4.2 million to USD 57.8 million at June 30, 2018 as compared with USD 53.6 million at December 31, 2017. Days sales outstanding ended at 50.9 for 2018 versus 48.7 days for 2017 using a 4-point average of quarter-end balances. Inventories increased by USD 9.1 million to USD 57.2 million at June 30, 2018 as compared with USD 48.1 million at December 31, 2017. Inventory turns decreased to 3.9 in 2018 from 4.3 in 2017 using a 4-point average of quarter-end inventory balances. The increase in trade accounts receivable and inventories is driven by a substantially higher business volume.

Cash and short-term investments totaled USD 65.9 million at June 30, 2018 which represents a decrease of USD 19.1 million as compared with USD 85.0 million at December 31, 2017. The decrease is driven by dividend payments to our shareholders of USD 49.9 million as well as reinvestments and additions to capacity. During the first half of 2018 cash flow from operations was USD 19.7 million versus USD 20.4 million in the first half of 2017.

Outlook

The Semiconductor & Vacuum Coating market should remain strong as besides an ongoing demand for new display technologies (OLED), China's semiconductor technology initiative continues to drive part of the sales increase. Additionally, there is a growing demand for electronics such as IoT, AR, AI, Big Data, AD & Industry 4.0 as well as as from a drive towards mobility & energy efficiency. Furthermore, there are signs for a recovery of the photovoltaic solar market. For the next three to six months we expect a temporarily weaker demand at a high level, but below the first six months.

The General Vacuum Market largely depends on the EU economy. The short- to mid-trend in this market is likely to be influenced by the developments in the international trade policy. For the second half of 2018 we expect some growth based on an expansion of our market reach into industrial and analytical OEM markets as well as a strengthening of our distribution networks especially in US & Asia.

The Refrigeration, Air Conditioning & Automotive market shows an ongoing global demand for traditional RAC as well as an increased need to reduce environmental pollution and increase energy efficiency. Additionally there are interesting and new opportunities in the automotive market such as existing and new battery technologies, fuel cell technology (Hydrogen) and an increasing demand for leak tight parts. For the next six months we expect a moderate growth in this market.

The Security and Energy market is challenging and remains difficult to predict. There is an increasing awareness of security threats as well as growth opportunities in the energy exploration and distribution market. However the development in this attractive business largely depends on government contracts and consequently on the global political situation.

Based on our technology, our market presence and expansion into new markets, we confirm our guidance with net sales around USD 400 million and an Operating Income margin greater than 19% for the fiscal year 2018.

Consolidated Interim Balance Sheet

(Unaudited)

(US Dollars in Thousands, except share and per share amounts)

| | June 30, 2018 | December 31, 2017 | June 30, 2017 |
|---|------------------|----------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | 62,211 | 83,015 | 58,906 |
| Short-term investments | 3,653 | 2,014 | 10,279 |
| Trade accounts receivable | 57,796 | 53,596 | 53,434 |
| Inventories | 57,217 | 48,066 | 40,580 |
| Prepayments and accrued income | 3,468 | 1,647 | 3,447 |
| Other current assets | 6,753 | 5,764 | 5,377 |
| Total current assets | 191,098 | 194,102 | 172,023 |
| Property, plant and equipment | 61,472 | 56,966 | 49,988 |
| Intangible assets | 4,582 | 5,293 | 5,882 |
| Deferred tax assets | 8,988 | 9,262 | 8,529 |
| Financial assets | 4,376 | 2,954 | 2,767 |
| Total non-current assets | 79,418 | 74,475 | 67,166 |
| Total assets | 270,516 | 268,577 | 239,189 |
| Liabilities and Shareholders' Equity | | | |
| Trade accounts payable | 10,513 | 10,350 | 9,401 |
| Short-term borrowings | 20,154 | 0 | 17,743 |
| Short-term provisions | 13,117 | 20,714 | 12,655 |
| Income taxes payable | 7,625 | 6,976 | 6,484 |
| Accrued expenses and deferred income | 15,394 | 12,550 | 13,566 |
| Other current liabilities | 5,935 | 4,504 | 3,793 |
| Total current liabilities | 72,738 | 55,094 | 63,642 |
| Long-term provisions | 2,372 | 3,402 | 3,315 |
| Deferred tax liabilities | 2,846 | 3,114 | 3,365 |
| Total non-current liabilities | 5,218 | 6,516 | 6,680 |
| Total liabilities | 77,956 | 61,610 | 70,322 |
| Common stock | 6,779 | 6,762 | 6,730 |
| Treasury shares | (777) | (1,373) | (504) |
| Retained earnings | 190,771 | 203,261 | 167,238 |
| Foreign currency translation | (4,213) | (1,683) | (4,598) |
| Total shareholders' equity | 192,560 | 206,967 | 168,867 |
| Total liabilities and shareholders' equity | 270,516 | 268,577 | 239,189 |

Consolidated Interim Statement of Income

(Unaudited)

(US Dollars in Thousands, except share and per share amounts)

| Six months ended June 30, | 2018 | 2017 |
|------------------------------------|----------------|---------|
| Net sales | 214,868 | 182,109 |
| Cost of sales | 105,169 | 89,852 |
| Gross profit | 109,699 | 92,257 |
| Research and development | 15,691 | 13,700 |
| Selling expense | 16,669 | 15,365 |
| General and administrative expense | 30,715 | 27,020 |
| Operating result | 46,624 | 36,172 |
| Financial result | (612) | (910) |
| Ordinary result | 46,012 | 35,262 |
| Earnings before income taxes (EBT) | 46,012 | 35,262 |
| Income taxes | 10,160 | 8,419 |
| Net result | 35,852 | 26,843 |
| Earnings per share: | | |
| Basic | 14.84 | 11.23 |
| Dilution | (0.09) | (0.11) |
| Diluted | 14.75 | 11.13 |

Consolidated Interim Statement of Shareholders' Equity

(Unaudited)

(US Dollars in Thousands, except share and per share amounts)

| | Common stock | Capital reserves | Treasury Shares | Retained earnings | Foreign currency translation | Total shareholders' equity |
|--|-----------------|---------------------|--------------------|----------------------|------------------------------------|----------------------------------|
| Balance at January 1, 2017 | 6,656 | — | (441) | 171,951 | (9,838) | 168,328 |
| Net result | | | | 26,843 | | 26,843 |
| Foreign currency translation adjustments | | | | | 5,240 | 5,240 |
| Issuance of common stock from exercise of stock options | 74 | 6,669 | | | | 6,743 |
| Acquisition of treasury shares | | | (623) | | | (623) |
| Disposal of treasury shares | | | 560 | | | 560 |
| Stock-based compensation | | 224 | | | | 224 |
| Distribution from legal reserve (CHF 16 per share) | | (6,893) | | (31,555) | | (38,448) |
| Balance at June 30, 2017 | 6,730 | — | (504) | 167,238 | (4,598) | 168,867 |
| Balance at January 1, 2018 | 6,762 | — | (1,373) | 203,261 | (1,683) | 206,967 |
| Net result | | | | 35,852 | | 35,852 |
| Foreign currency translation adjustments | | | | | (2,530) | (2,530) |
| Issuance of common stock from exercise of stock options | 17 | 1,523 | | | | 1,540 |
| Acquisition of treasury shares | | | (270) | | | (270) |
| Disposal of treasury shares | | | 866 | | | 866 |
| Stock-based compensation | | 57 | | | | 57 |
| Distribution from legal reserve (CHF 20 per share) | | (1,580) | | (48,342) | | (49,922) |
| Balance at June 30, 2018 | 6,779 | — | (777) | 190,771 | (4,213) | 192,560 |

Consolidated Interim Statement of Cash Flows

(Unaudited)

(US Dollars in Thousands, except share and per share amounts)

| Six months ended June 30, | 2018 | 2017 |
|---|-----------------|-----------------|
| Cash flows from operating activities: | | |
| Net result | 35,852 | 26,843 |
| Adjustments to reconcile net result to net cash provided by operating activities: | | |
| Depreciation | 4,130 | 3,347 |
| Amortization | 887 | 912 |
| Result from disposal of fixed assets | 18 | 141 |
| Deferred Taxes | (95) | 324 |
| Stock based compensations | 57 | 224 |
| Changes in operating assets and liabilities, excluding effects from acquisition: | | |
| Trade accounts receivable | (4,831) | (10,077) |
| Inventories | (9,904) | (2,779) |
| Other assets | (3,749) | (4,201) |
| Trade accounts payable | 325 | 1,048 |
| Accrued liabilities and short-term provisions | (4,261) | 675 |
| Income taxes payable | 770 | 1,887 |
| Other liabilities | 471 | 2,067 |
| Net cash provided by operating activities | 19,671 | 20,411 |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (10,046) | (3,863) |
| Disposal of property, plant and equipment | 85 | 84 |
| Purchase of intangible assets | (223) | (256) |
| Purchase of short-term investments | (2,380) | (8,218) |
| Disposal of short-term investments | 741 | 2,522 |
| Net cash used in investing activities | (11,823) | (9,730) |
| Cash flows from financing activities: | | |
| Proceeds from exercise of stock options | 1,540 | 6,743 |
| Cash distribution from legal reserves | (49,922) | (38,448) |
| Purchase/disposal of treasury shares | 596 | (63) |
| Proceeds from borrowings | 20,943 | 17,743 |
| Repayments of borrowings | (789) | 0 |
| Net cash used in financing activities | (27,632) | (14,025) |
| Effect of exchange rate changes on cash and cash equivalents | (1,020) | 2,933 |
| Change in cash and cash equivalents | (20,804) | (411) |
| Cash and cash equivalents at beginning of period | 83,015 | 59,317 |
| Cash and cash equivalents at end of period | 62,211 | 58,906 |

Notes to Consolidated Interim Financial Statements

(US Dollars in Thousands, except share and per share amounts)

1 Description of Business

INFICON Holding AG (INFICON or the “Company”) is domiciled in Bad Ragaz, Switzerland, as a corporation (Aktiengesellschaft) organized under the laws of Switzerland.

The Company’s stock is traded on the SIX Swiss Exchange in Switzerland. INFICON provides world-class instruments for gas analysis, measurement and control, and our products are essential for gas leak detection in air conditioning, refrigeration and automotive manufacturing. They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells and industrial vacuum coating applications. Other users of vacuum based processes include the life sciences, research, aerospace, packaging, heat treatment, laser cutting and many other industrial processes. The Company also leverages its expertise in vacuum technology to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring.

INFICON has best in class manufacturing facilities in Europe, the United States and China, as well as subsidiaries in China, Finland, France, Germany, India, Italy, Japan, Korea, Liechtenstein, Singapore, Sweden, Switzerland, Taiwan, the United Kingdom, the United States and Denmark.

2 Summary of Significant Accounting Policies

Basis of Preparation

These consolidated interim financial statements comprise the unaudited interim financial statements for the six months ended June 30, 2018, which were approved for issue by the Board of Directors on July 24, 2018. They have been prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations). The consolidated interim financial statements for 2018 have been prepared in accordance with FER 31 “Supplementary Recommendations for Listed Companies”, which do not include all the information and disclosures presented in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2017.

3 Foreign Currency Translation

The following foreign exchange rates versus the US Dollar have been applied when translating the financial statements of the Company’s major subsidiaries:

| Currency | Period-end rates | | | Average rates | |
|------------------|------------------|--------------|---------------|------------------|---------------|
| | | | | Six months ended | |
| | June 30, 2018 | Dec 31, 2017 | June 30, 2017 | June 30, 2018 | June 30, 2017 |
| Swiss Franc | USD 1.0077 | 1.0249 | 1.0437 | 1.0350 | 1.0051 |
| Euro | USD 1.1658 | 1.1993 | 1.1413 | 1.2108 | 1.0819 |
| Japanese Yen | USD 0.0090 | 0.0089 | 0.0089 | 0.0092 | 0.0089 |
| Hong Kong Dollar | USD 0.1275 | 0.1280 | 0.1281 | 0.1276 | 0.1286 |
| Korean Won | USD 0.0009 | 0.0009 | 0.0009 | 0.0009 | 0.0009 |

Notes to Consolidated Interim Financial Statements

(US Dollars in Thousands, except share and per share amounts)

4 Earnings per Share

The Company computes basic earnings per share, which is based on the weighted average number of common shares outstanding, and diluted earnings per share, which is based on the weighted average number of common shares outstanding and all dilutive common equivalent shares outstanding. The dilutive effect of options is determined under the treasury stock method using the average market price for the period.

The following table sets forth the computation of basic and diluted earnings per share for the half years ended June 30:

| Six months ended June 30, | 2018 | 2017 |
|--|-----------|-----------|
| Numerator: | | |
| Net income | 35,852 | 26,843 |
| Denominator: | | |
| Weighted average shares outstanding | 2,415,745 | 2,389,479 |
| Effect of dilutive stock options | 15,139 | 22,892 |
| Denominator for diluted earnings per share | 2,430,884 | 2,412,371 |
| Earnings per share: | | |
| Basic | 14.84 | 11.23 |
| Dilution | (0.09) | (0.10) |
| Diluted | 14.75 | 11.13 |

5 Business Segments

The Company is a global supplier of instrumentation for gas analysis, measurement and control. The Board of Directors is responsible for the ultimate direction and supervision of INFICON Holding AG and delegates the day to day management to Group Management. In 2013, the Board of Directors decided to condense the management of the Company to only comprising the CEO and the CFO as this best reflects the operational management of INFICON.

Group Management steers the business globally and the allocation of resources, assessment of performance and the respective reporting is made for the Group as a whole.

Although the Company discloses net sales into various end markets, the Company uses a key account concept and thus focuses on customers, regardless of products, technologies or regions.

Since the Company operates in one global segment, all information required by FER 31 can be found in the consolidated financial statements.

6 Subsequent Events

No subsequent events occurred through July 24, 2018 that would affect the half-year financial statements at June 30, 2018, or need to be disclosed.

Imprint and Contact

Note regarding forward-looking statements

Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Any statements contained herein that are not statements of historical fact (including statements containing the words “believes,” “plans,” “anticipates,” “expects,” “estimates”, “continue”, “may” and similar expressions) should be considered to be forward-looking statements. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the company to be materially different from those expressed or implied by such forward-looking statements. Many of these

risks and uncertainties relate to factors that are beyond the company's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the performance, security and reliability of the company's information technology systems, political, economic and regulatory changes in the countries in which the company operates or in economic or technological trends or conditions. As a result, investors are cautioned not to place undue reliance on such forward-looking statements.

Except as otherwise required by law, INFICON disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this report.

Investor Relations

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