



Q1 2014

EARNINGS CONFERENCE CALL

April 16, 2014

Bad Ragaz, Switzerland

Speakers

Lukas Winkler, President and CEO

- Key figures Q1 2014
- Target market business review
- 2014 expectations

Matthias Tröndle, Vice President and CFO

- Financials Q1 2014
- Outlook

Lukas Winkler

INFICON

President and Chief Executive Officer



Q1 2014 – Key Figures

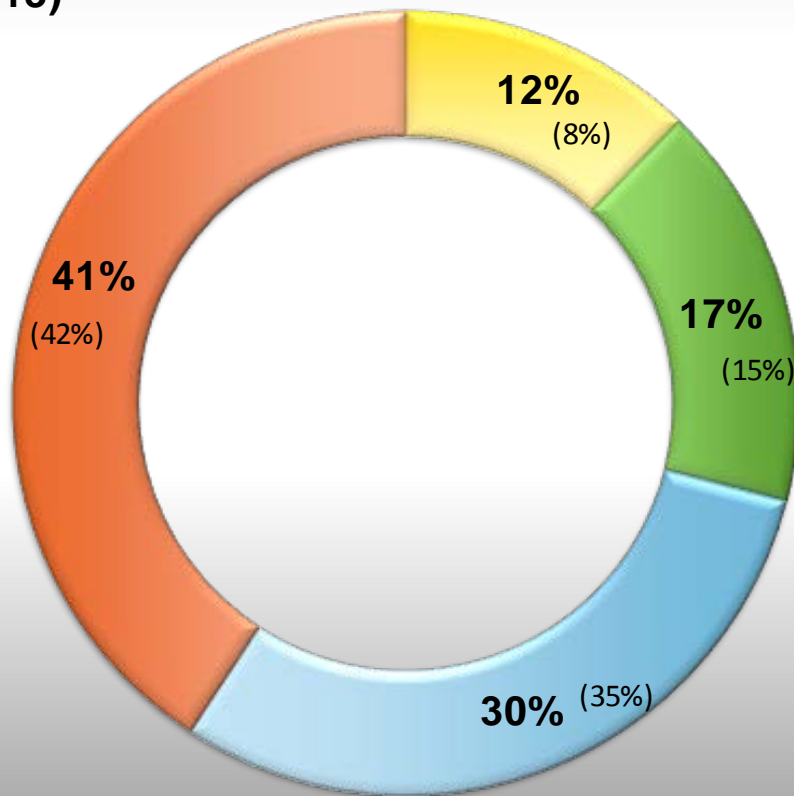
- **Sequential sales decrease with weak Asian Semiconductor business**
 - Consolidated sales decrease of 1.4% to USD 71.6 million compared with Q1 2013, organic decrease of 2.8%
 - Sequential sales decrease over Q4 2013 of 11.1%
 - Book to bill ratio > 1

 - **Operating result influenced by**
 - Low sales volume
 - Slightly lower gross margin and overhead cost
 - Operating income of USD 9.9 million in Q1 2014 (13.8% of sales) compared with USD 11.5 (15.8% of sales) in Q1 2013
- USD 7.3 million or 10.2% Net income**

Net Sales by End Market

USD 71.6 million in Q1 2014 vs. USD 72.7 million a year ago (-1.4%)

**Q1 2014
(Q1 2013)**



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

Specific Vacuum Process Industries

Solar, Display, Optics & Semiconductor

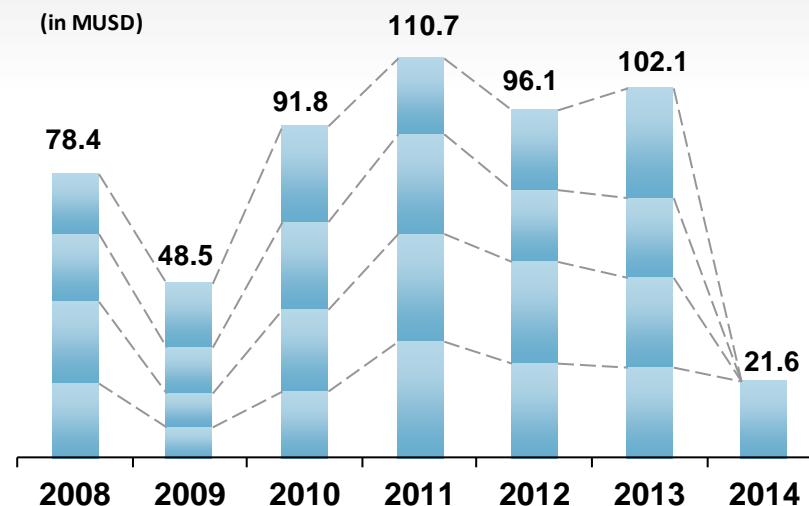
Q1 2014

- Q1 2014 sales decrease of 14% vs. Q1 2013 mainly driven by lower demand from semiconductor business (Mainly Asia)
- Sequential decrease of 28%
 - Strong foundry market
 - Stable optics market
 - Weak flat panel display and solar markets

Market Trends

- Continuation of increased demand for mobile communication chips
 - Foundry capacity investments
 - Memory chip (3D flash) recovery
- Delayed new Semiconductor manufacturing technologies (450mm wafer size & EUV-lithography)
- OLED replacing LCD technology for next-generation flat panel displays
- PV solar technology will come back eventually

Sales to End Market
Specific Vacuum Process Industries
3.5% CAGR (2007 - 2013)



Emergency Response & Security

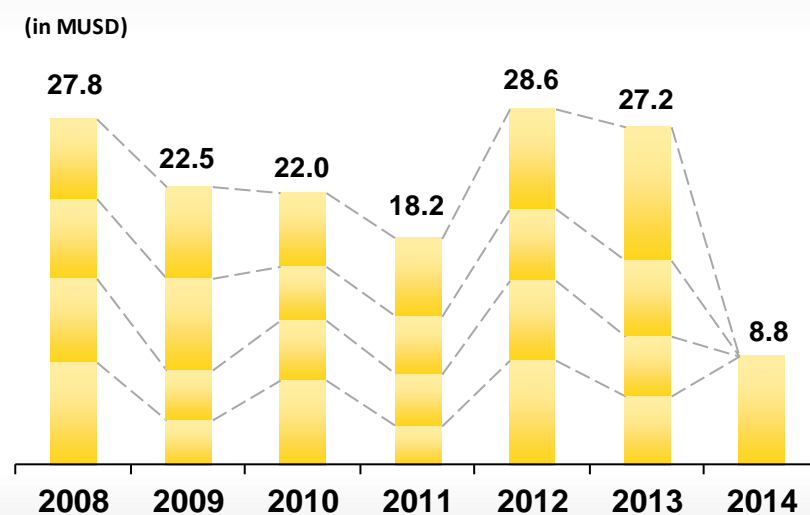
Q1 2014

- Q1 2014 sales increase of 60% vs. Q1 2013 and 18% sales decrease vs. record-high Q4 2013
- Second best quarterly sales level
- Larger shipments to Japan and US

Market Trends

- Security needs around the world generate new business opportunities
- Good pipeline of opportunities
- Interesting projects (China) for environmental application (air & water)
- New target markets and application opportunities within energy production & distribution for gas analysis products

**Sales to End Market
Emergency Response & Security**
7.7% CAGR (2007 - 2013)



Refrigeration & Air Conditioning

incl. Automotive

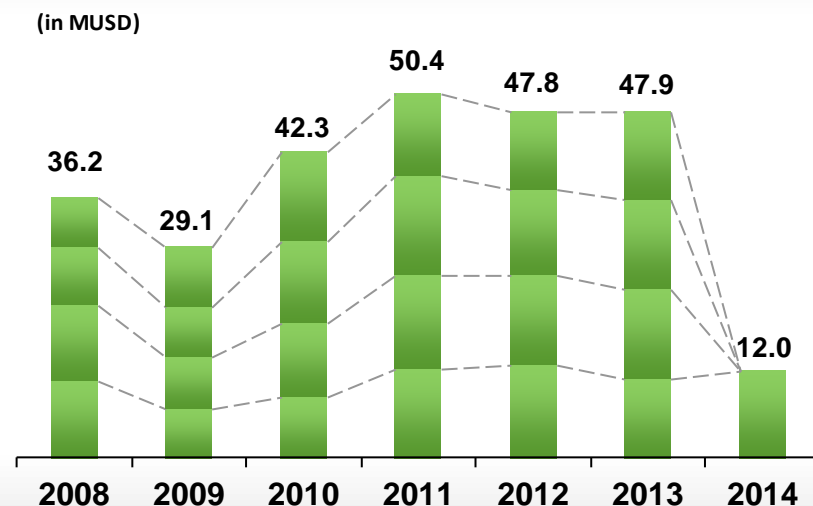
Q1 2014

- Q1 2014 sales increase of 8% vs. Q1 2013
- Sequentially stable mainly due to stronger sales to North American customers
- Continued market share gains in Automotive

Market Trends

- Tighter specifications, new regulations and refrigerants open the field for new leak-detection applications
- Growing addressable market by targeting new automotive applications (incl. H₂ sensor applications)
- Increasing installed basis drives after-sale service products worldwide
- New applications within natural gas distribution and food packaging market beyond 2014

**Sales to End Market
Refrigeration & Air Conditioning**
3.7% CAGR (2007-2013)



General Vacuum Processes

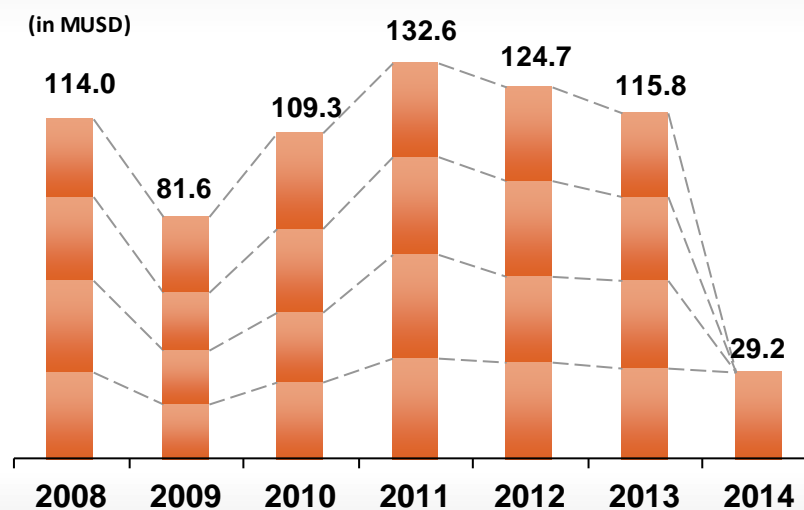
Q1 2014

- Q1 2014 sales -5% vs. Q1 2013
- Sequential increase of 5%, mainly driven by higher sales to European distributors

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, but fragile development in Europe

**Sales to End Market
General Vacuum Processes**
3.0% CAGR (2007 - 2013)



Outlook 2014 and beyond

Continued challenging market environment

- Mixed signals from the Semiconductor market, ongoing low visibility
 - Positive market trend from foundries and flash memory manufacturers
 - Delayed 450 mm wafer size transition and EUV lithography technology
- Uncertain investments in “right” OLED technology for larger flat panel display
- Lower cost PVD coating technology attack our established optics business
- Stable RAC market and increasing importance of the automotive parts manufacturer
- Large dependency on government spending in the ER&S market
- Fragile recovery of the European economy
- Expect continued economic growth in the US & China
- Book-to-Bill ratio >1

Guidance for FY 2014:

→ **Sales between USD 290 to 320 million**

→ **Operating Income in the range of USD 44 to 56 million**

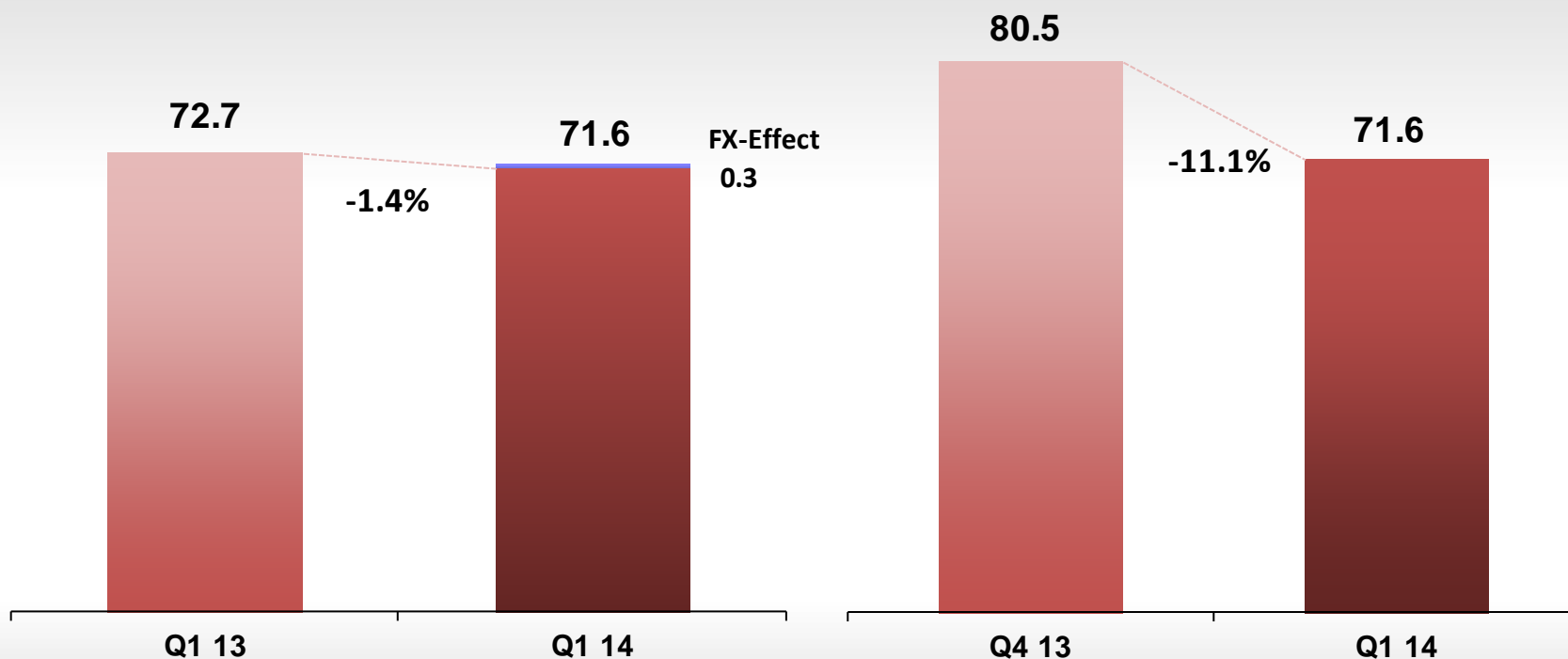
Matthias Tröndle

INFICON

Vice President and Chief Financial Officer



Sales (in USD million)

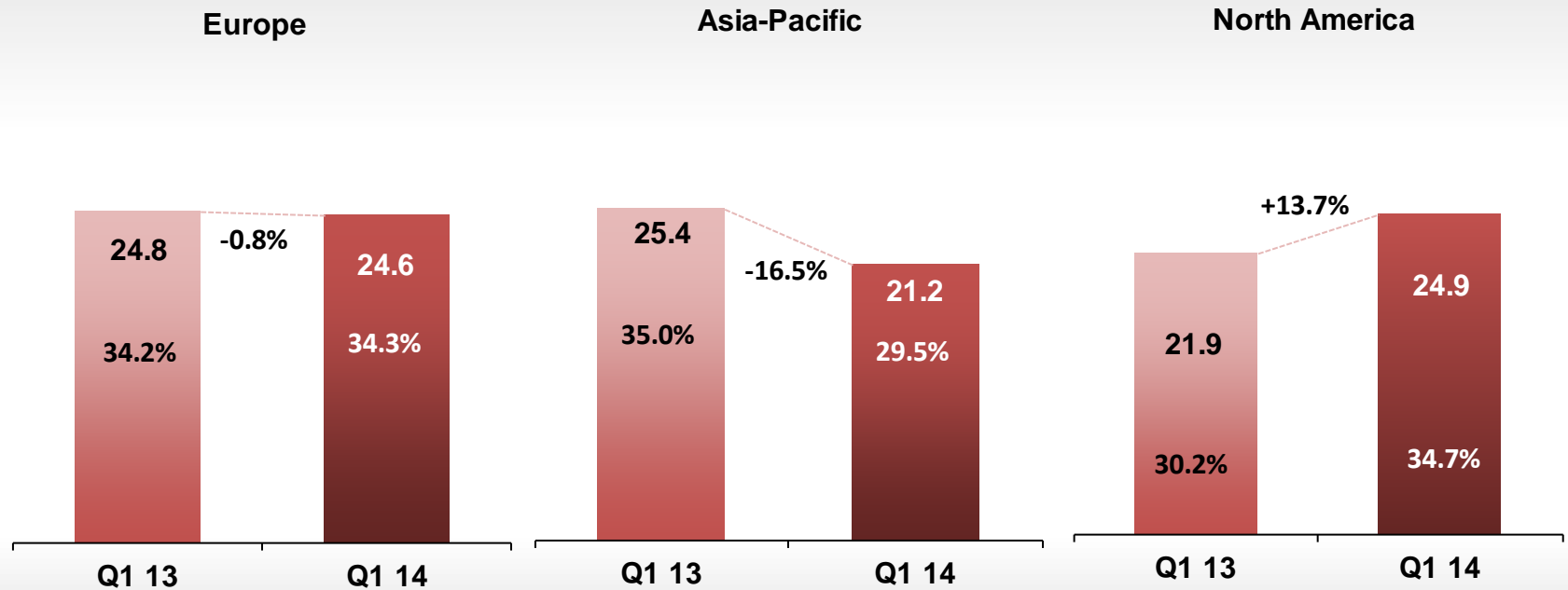


Stable trends with mixed developments (ER&S; Semi)

Sales decrease in all end markets except General Vacuum

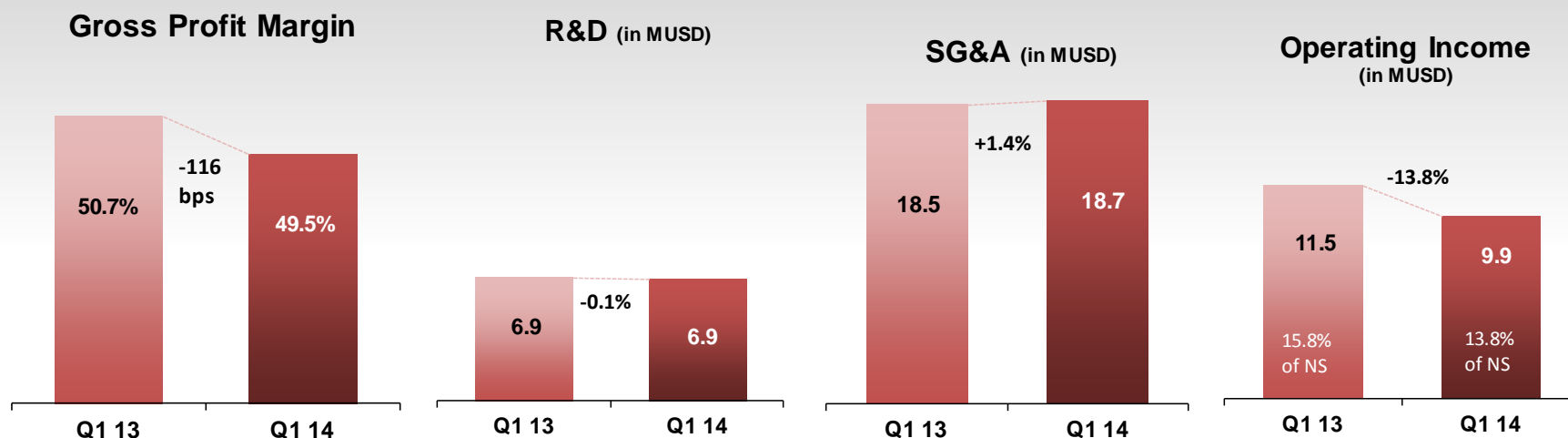
Geographic Sales Breakdown – Quarter

(in USD million)



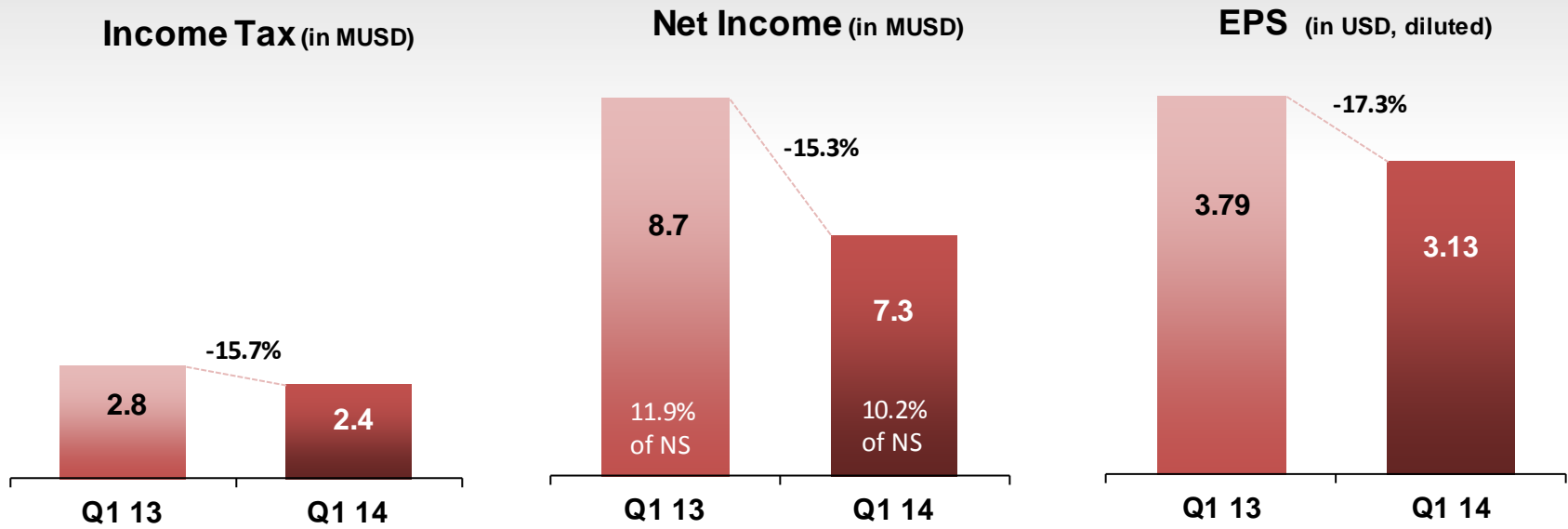
Increase in North America, stable Europe and decrease in Asia-Pacific

Gross Profit Margin and Cost development



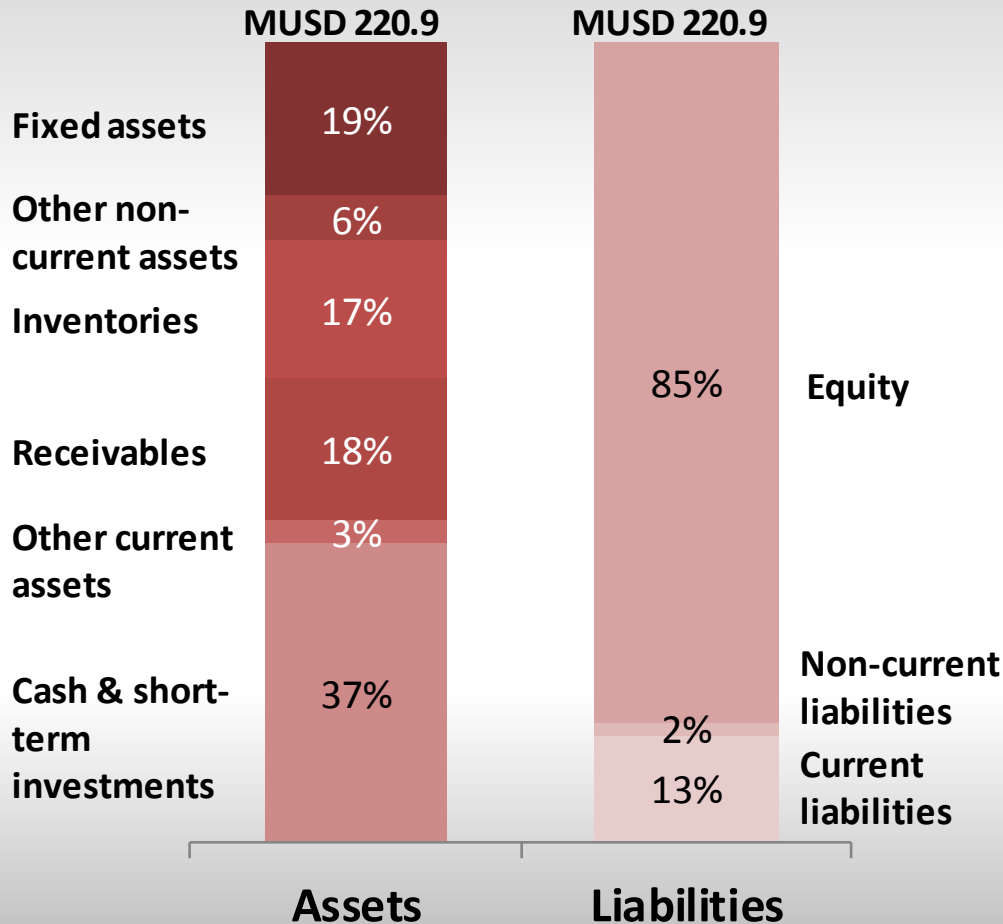
- **Gross Profit Margin:** Decrease due to unfavorable product mix
- **R&D:** Stable, continued development efforts
- **SG&A:** Slightly up due to continued investments in marketing capabilities and infrastructure, some F/X impacts and acquisitions
- **Operating Income:** Decrease due to lower sales volume and gross profit margin

Net Income and EPS development

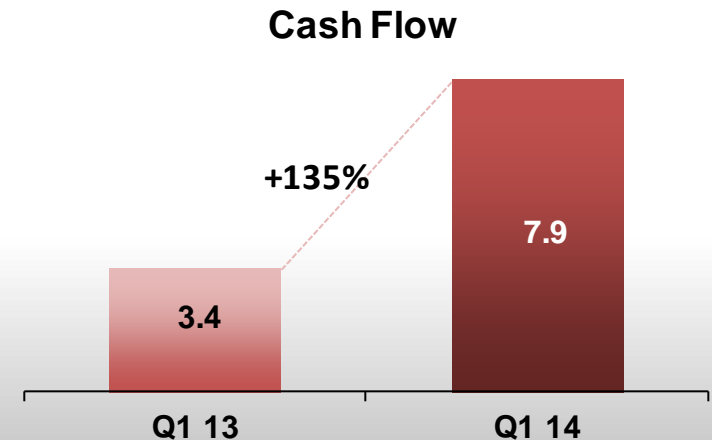


- **Income Tax:** Decrease due to EBIT development, tax rate stable
- **Net income:** In line with Operating income development
- **EPS:** Decrease driven by Net income development

Balance Sheet Highlights (in USD million)



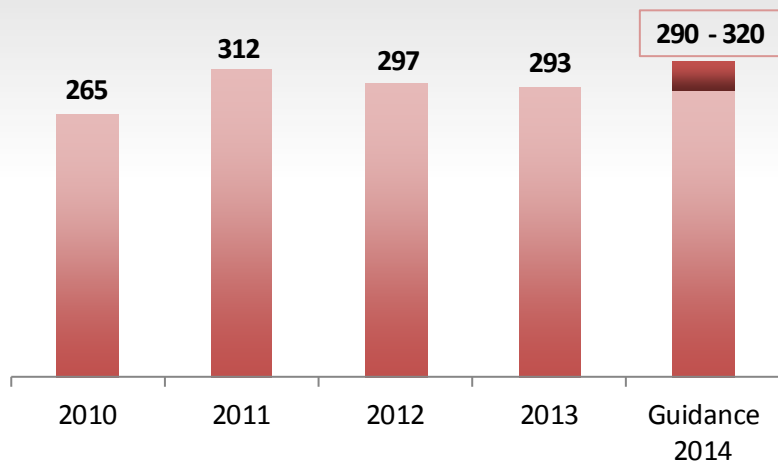
	Q1 14	Q4 13
Net Cash	82.2	75.0
DSO	47.6	46.7
Inventory Turns	4.2	4.4
Working Capital	22.7%	21.2%



Solid balance sheet, no more debts

Full Year 2014 Guidance

Sales (MUSD)

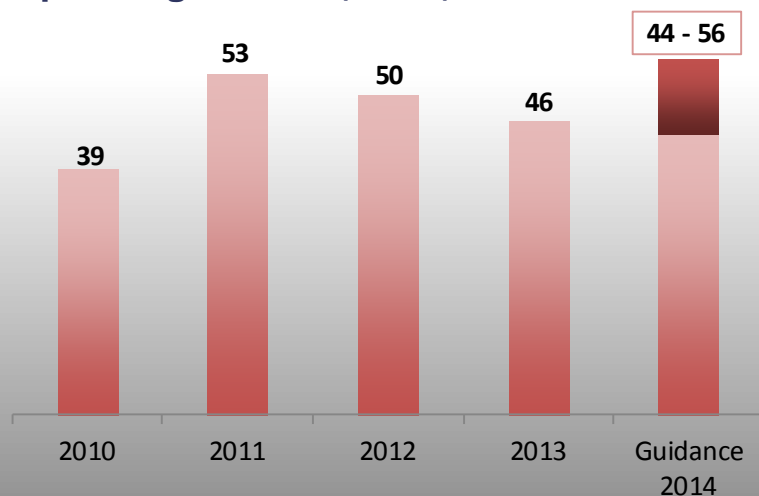


Based on current expectations
for our end markets

Sales 290 – 320 MUSD

Op. Income 44 – 56 MUSD

Operating Income (MUSD)



Corporate Calendar FY 2014

- Annual General Meeting Tuesday, April 29, 2014
- Q2 2014 Earnings Conference Call Thursday, August 7, 2014
- Q3 2014 Earnings Conference Call Wednesday, October 22, 2014
- Q4 and FY 2014 Earnings Conference March 2015

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

THANK YOU !

Q&A

