

INFICON

Q3 2012

Earnings Conference Call

October 18, 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 Q3 2012
- Target market business review
- 2012 Expectations

Matthias Tröndle, Vice President and CFO

- Financials Q3 2012
- Outlook

Q3 2012 – Key Figures

▪ **Solid but weaker sales with growth in ER&S market**

- Consolidated sales decrease of 10.8% to USD 70 million compared with Q3 2011
- Sequential sales decrease of 7.3% over Q2 2012
- Book-to-bill ratio ~1

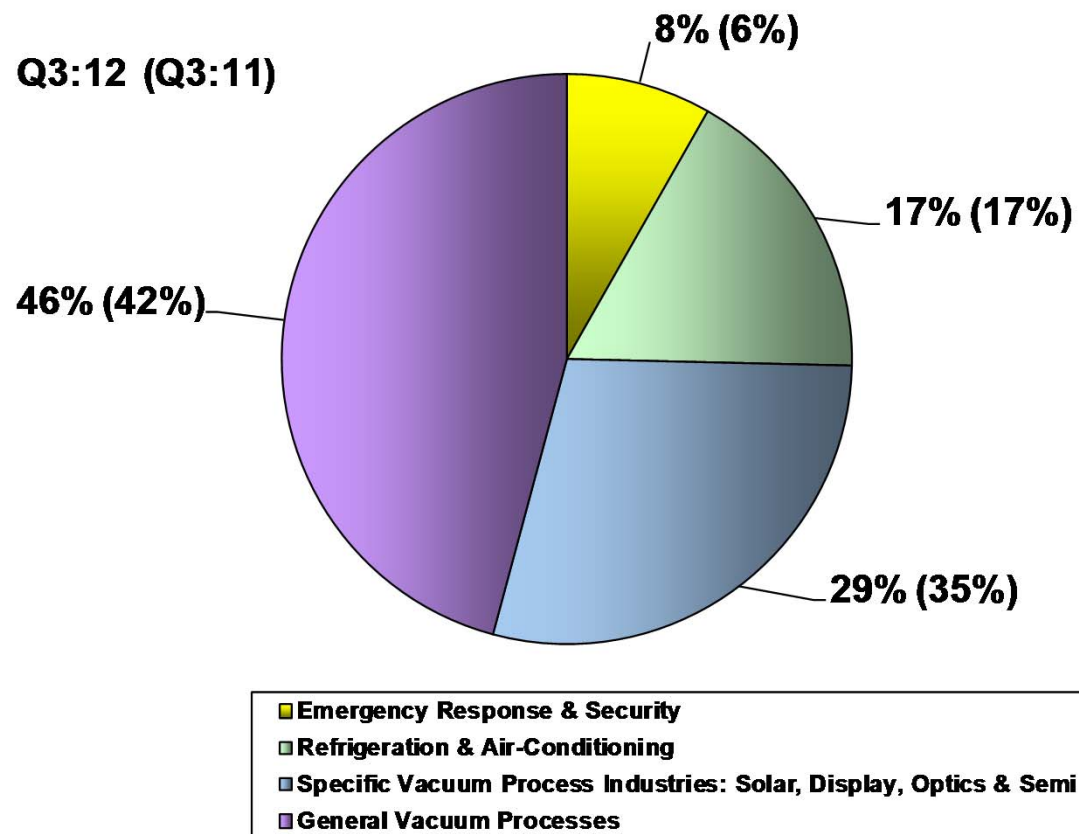
▪ **Operating result influenced by**

- Reduced, but solid sales volume
- Healthy gross margin and overhead cost decrease
- Operating Income of USD 11 million in Q3 2012 (15.8% of sales) compared with USD 12 million (15.1% of sales) in Q3 2011 on higher sales

→ **USD 8.2 million Net Income**

Net Sales by End-Market

USD 70 million in Q3 2012 vs. USD 78.4 million a year ago (-10.7%)



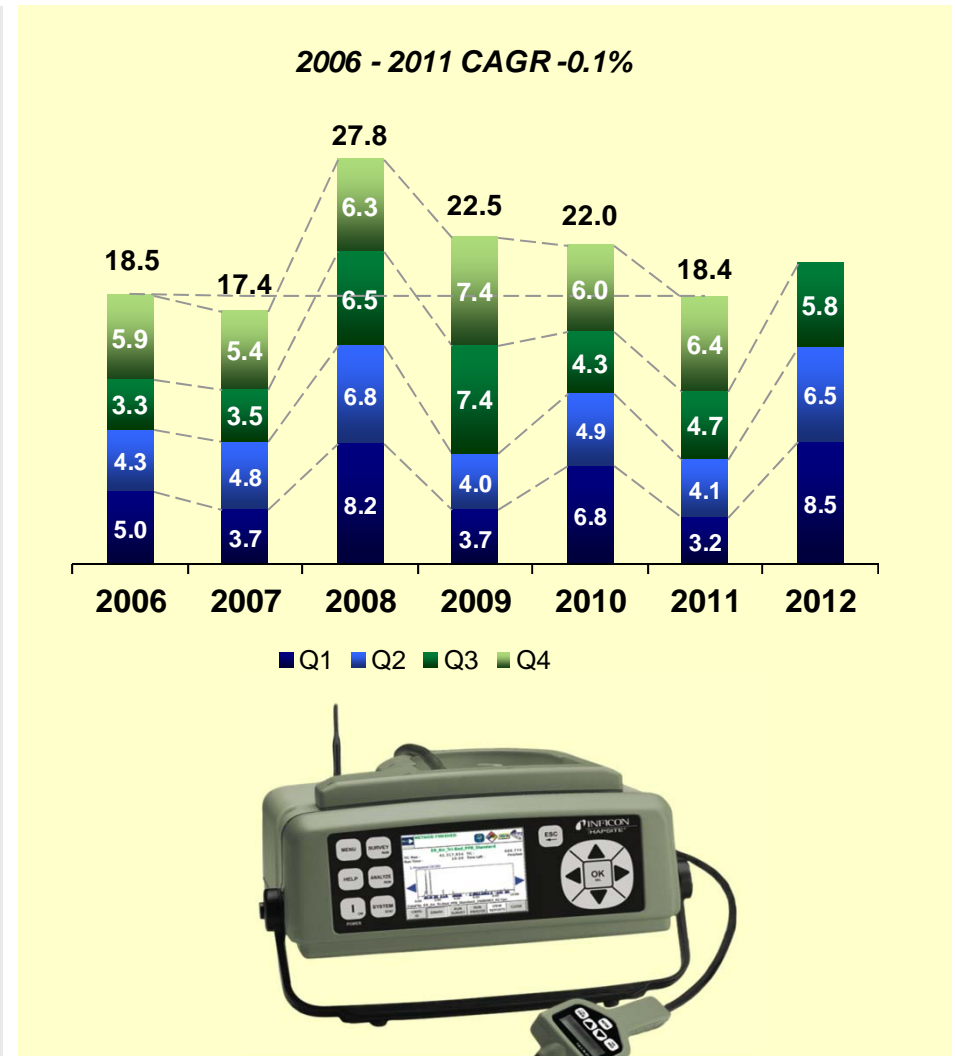
Emergency Response & Security

Q3 2012

- Q3 2012 sales +24% vs. Q3 2011
- Strong sales level
- Large shipments to US customers

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 (energy transportation & petro-chemical industry) in conjunction with acquired GC technologies



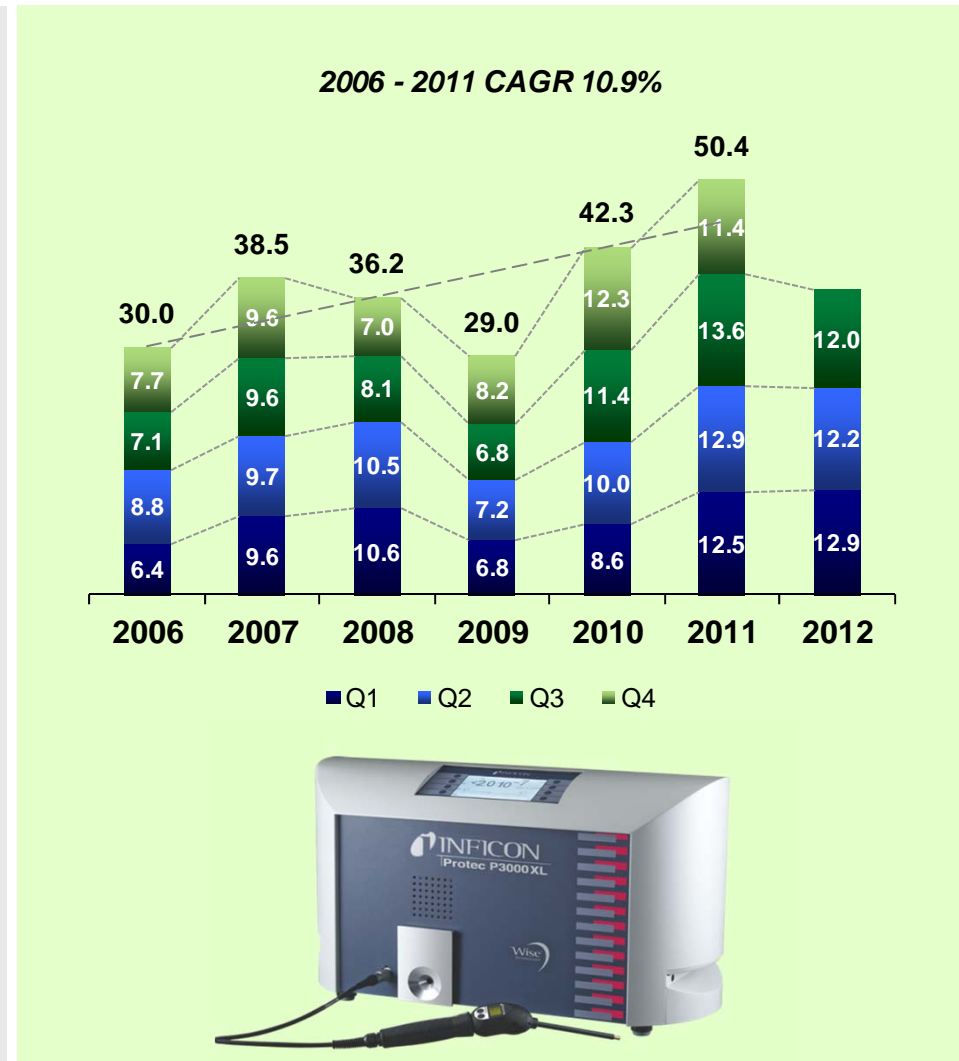
Refrigeration & Air Conditioning

Q3 2012

- Q3 2012 sales -12% vs. Q3 2011 and -2% vs. Q2 2012
- Expected decrease, but stable business
- Continued market share gains

Market Trends

- Challenging RAC market in China
- Replacement/improvement projects in existing plants, driven by tighter specs and new eco-friendly refrigerants
- Growing market share by targeting new applications, especially in the automotive market (incl. H₂ sensor)
- Increasing installed basis drives after-sale service products worldwide



Specific Vacuum Process Industries

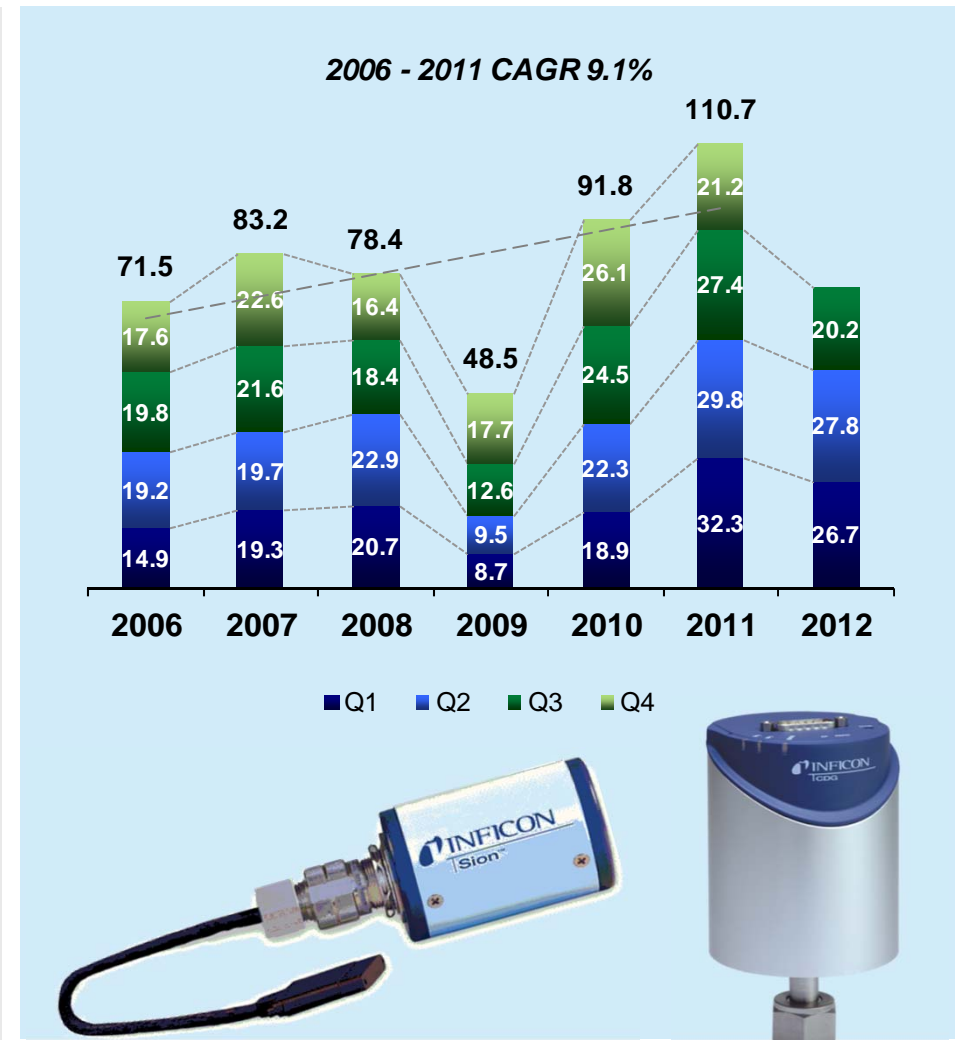
Solar, Display, Optics & Semiconductor

Q3 2012

- Q3 2012 sales -26% vs. Q3 2011 driven by lower semiconductor business
- Sequential decrease of -27%
 - Sharp, unexpected decrease in SEMI market (OEM & End-user)
 - Temporarily weaker OLED market
 - Stable OPTICS market
 - Continued weak SOLAR & LCD market

Market Trends

- Continuation of increased demand for mobile communication
- Challenging and mixed flat panel display market trends (LED, OLED and 3-D)
- Long-term healthy SOLAR PV equipment market, but no short-term improvements



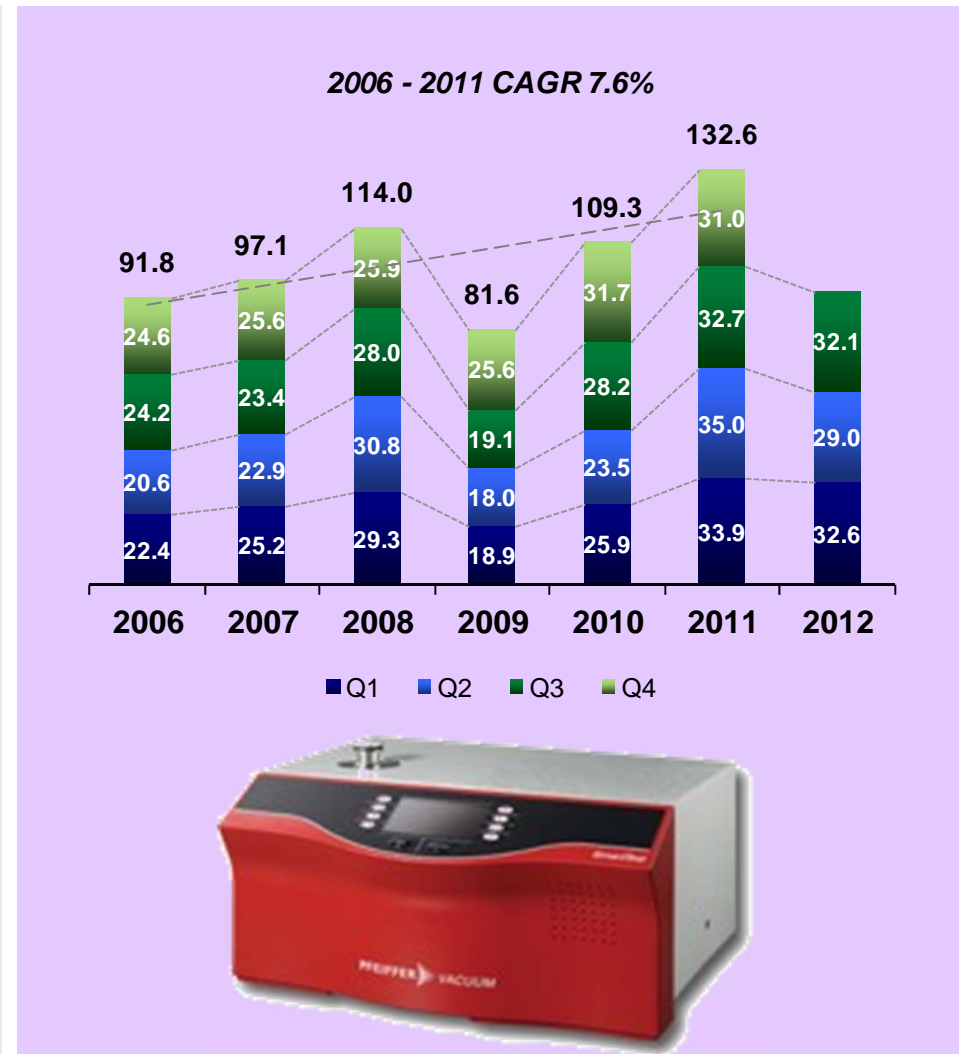
General Vacuum Processes

Q3 2012

- Q3 2012 sales -2% vs. Q3 2011, due to lower private label sales
- Sequential increase of +10% from Europe and Asia

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, incl. first signs of a EU market recovery



Outlook 2012 and Beyond

Mixed and sometimes challenging signals from different markets/regions

- Expected Semiconductor market recovery delayed into beginning of 2013
 - Investments in new equipment (OEM-business): low, but increasing
 - Investments in yield enhancing sensors and SW (at end-users): 3 to 6 months time lag
- Further investments in OLED display technology expected
 - INFICON products and consumables at all levels (sub-suppliers, OEMs and end-users)
- Ongoing investments in new industrial leak-detection applications may compensate weakening RAC market (market saturation in China)
- No short-term recovery in photovoltaic, flat panel display and LED markets
- Expect a continuation of the mild market recovery in Europe (General Vacuum Processes) and further stable conditions in the ER&S market

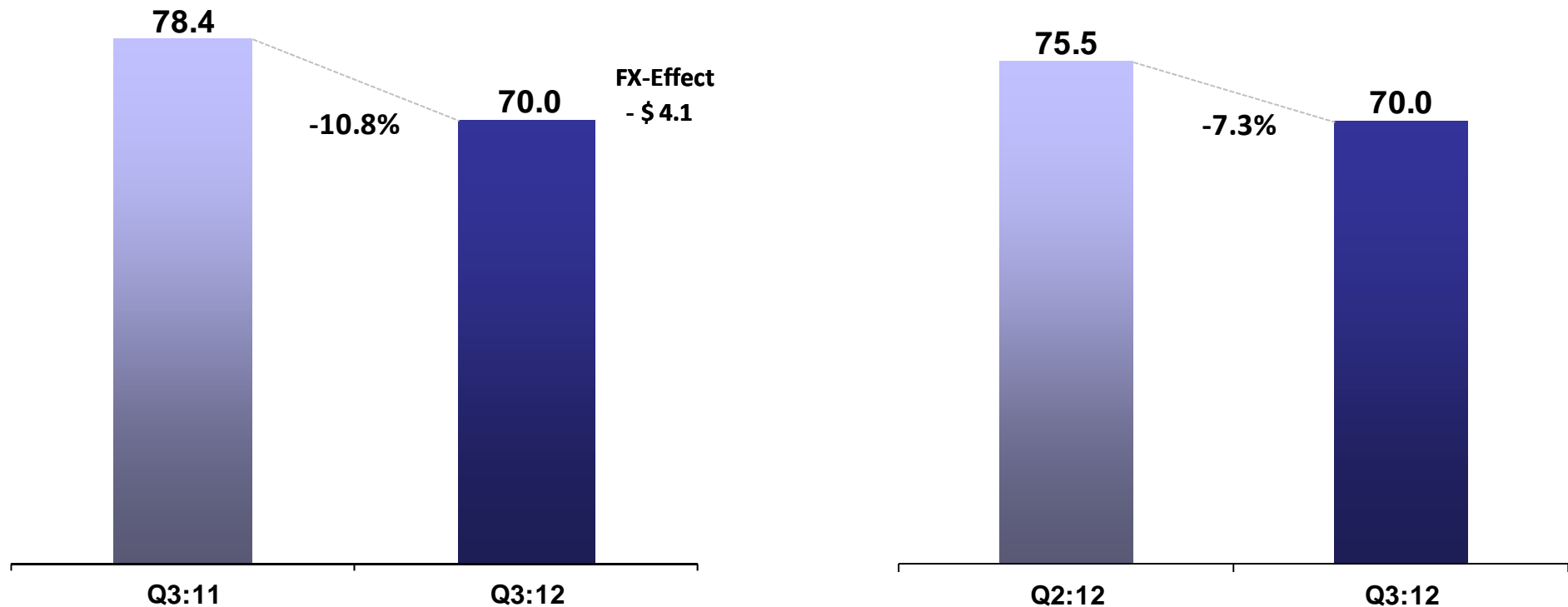
Guidance for FY 2012, updated

- **Sales between USD 290 to 300 million**
- **Operating Income in the range of USD 45 to 50 million**

Matthias Tröndle

Vice President & Chief Financial Officer

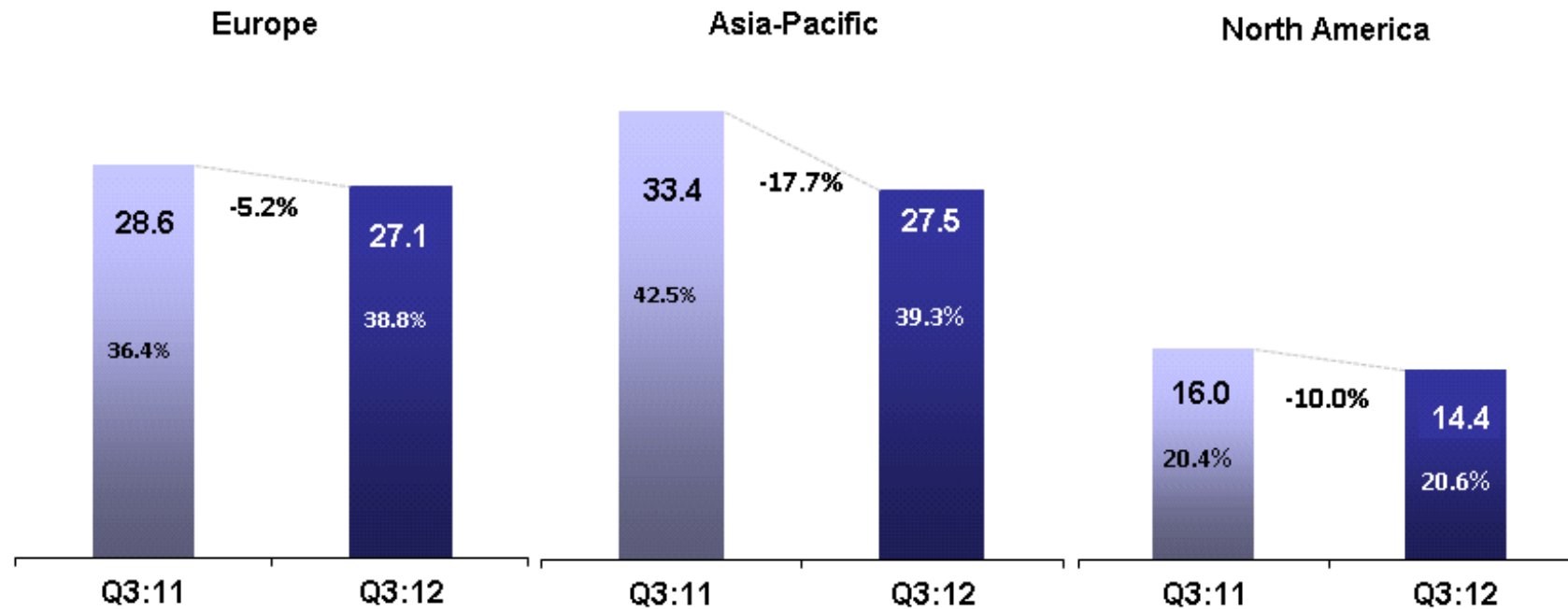
Sales – Third Quarter (in USD million)



Sales decrease versus previous year and previous quarter

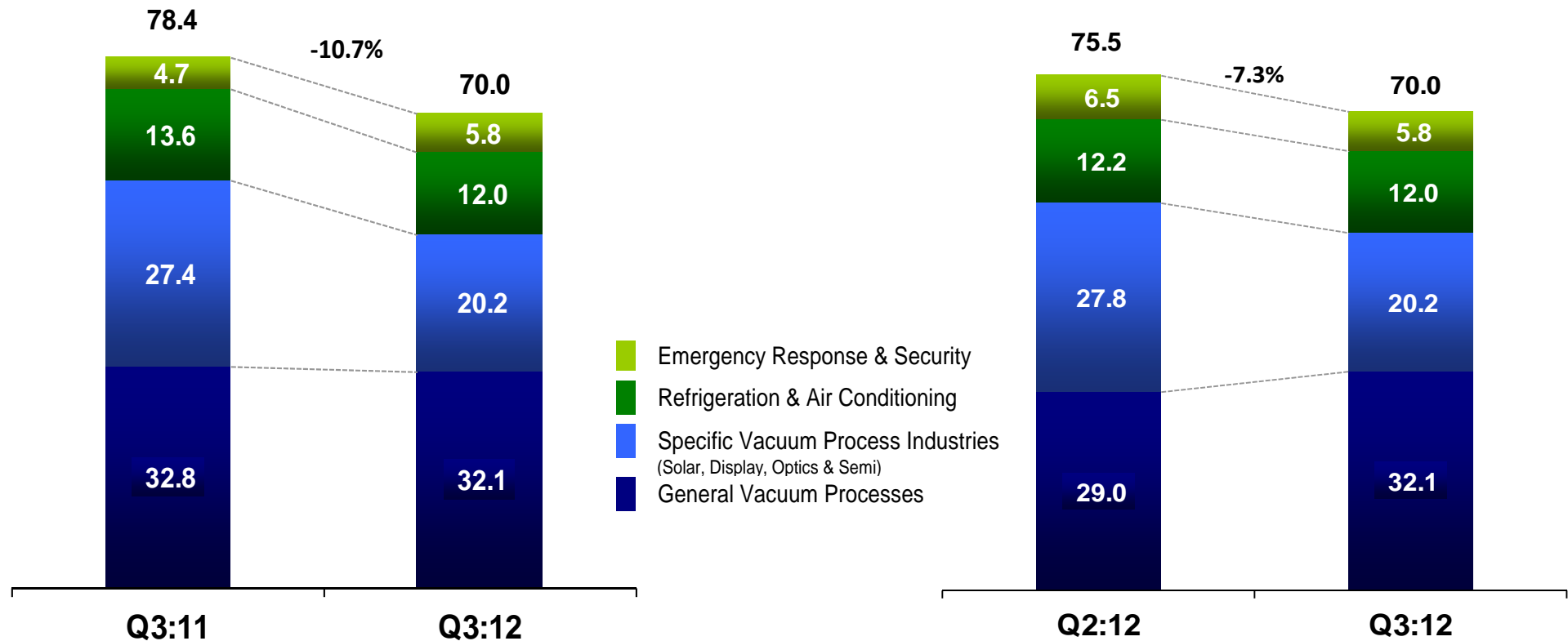
Geographic Revenue Breakdown – Third Quarter

(in USD million)



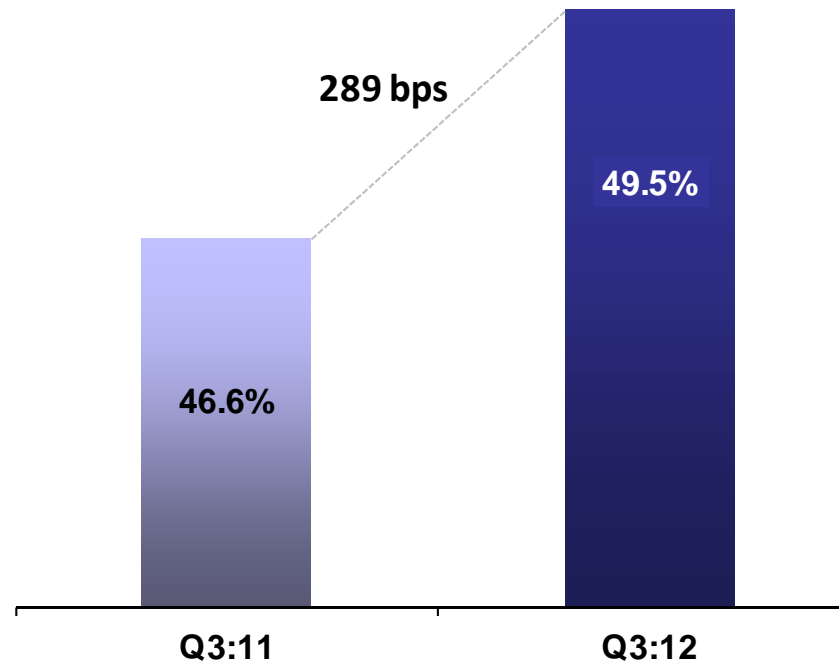
YoY decrease in all regions with sequentially positive trend in Europe

Sales (in USD million)



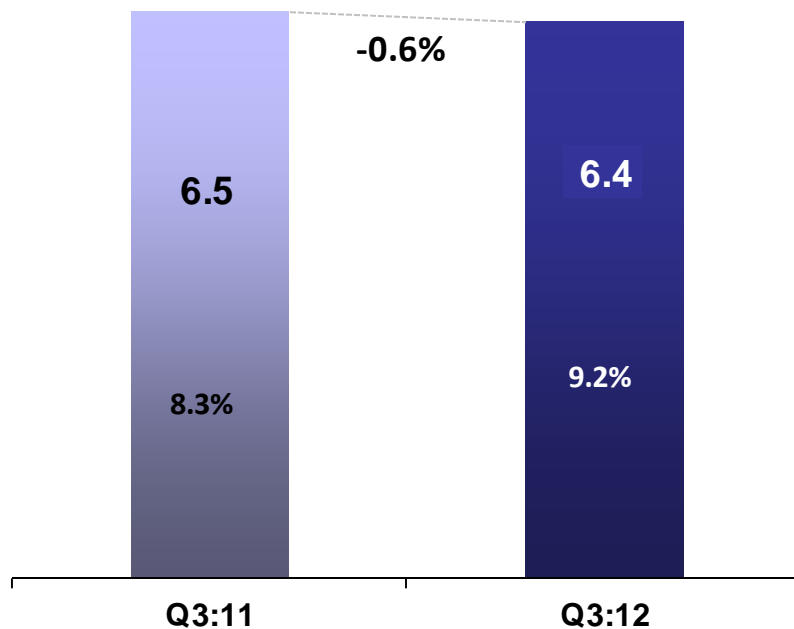
**Sales increase in Emergency Response & Security market
General Vacuum market with growth versus Q2 2012**

Gross Profit Margin (in %)



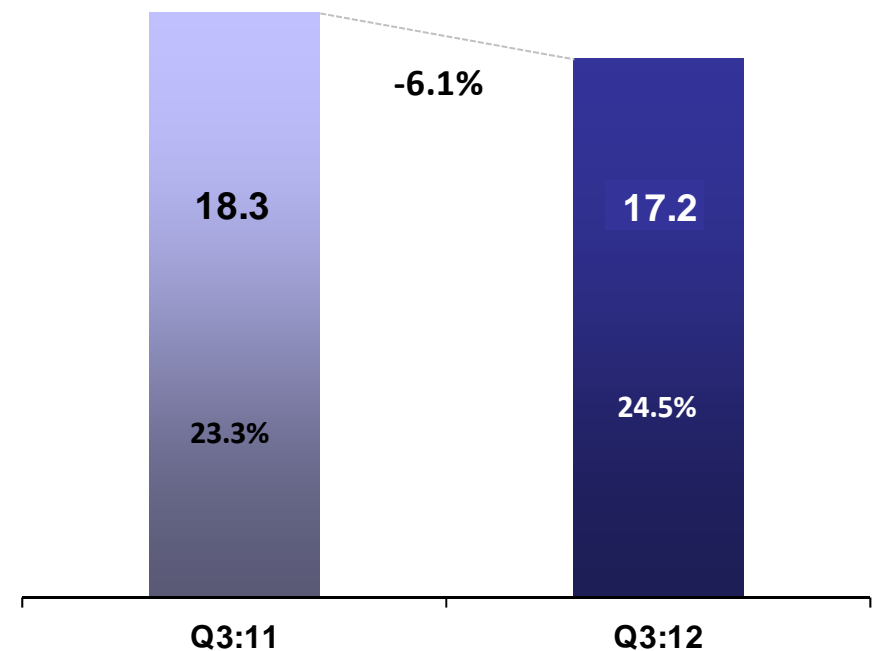
Healthy margin, increase driven by favorable product mix

Research & Development (in USD million)



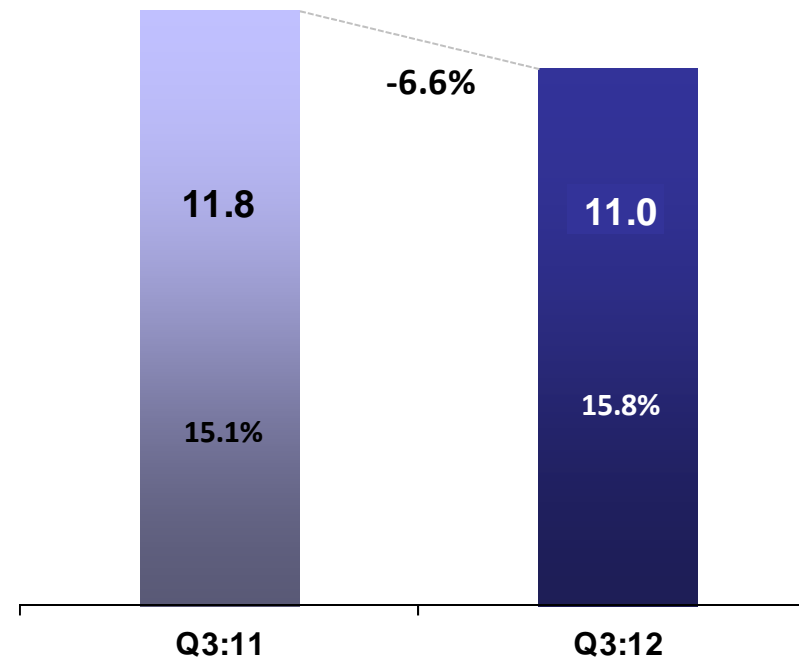
Stable - continued product development efforts

Selling, General & Administrative (in USD million)



SG&A decrease, despite acquisitions and new hires

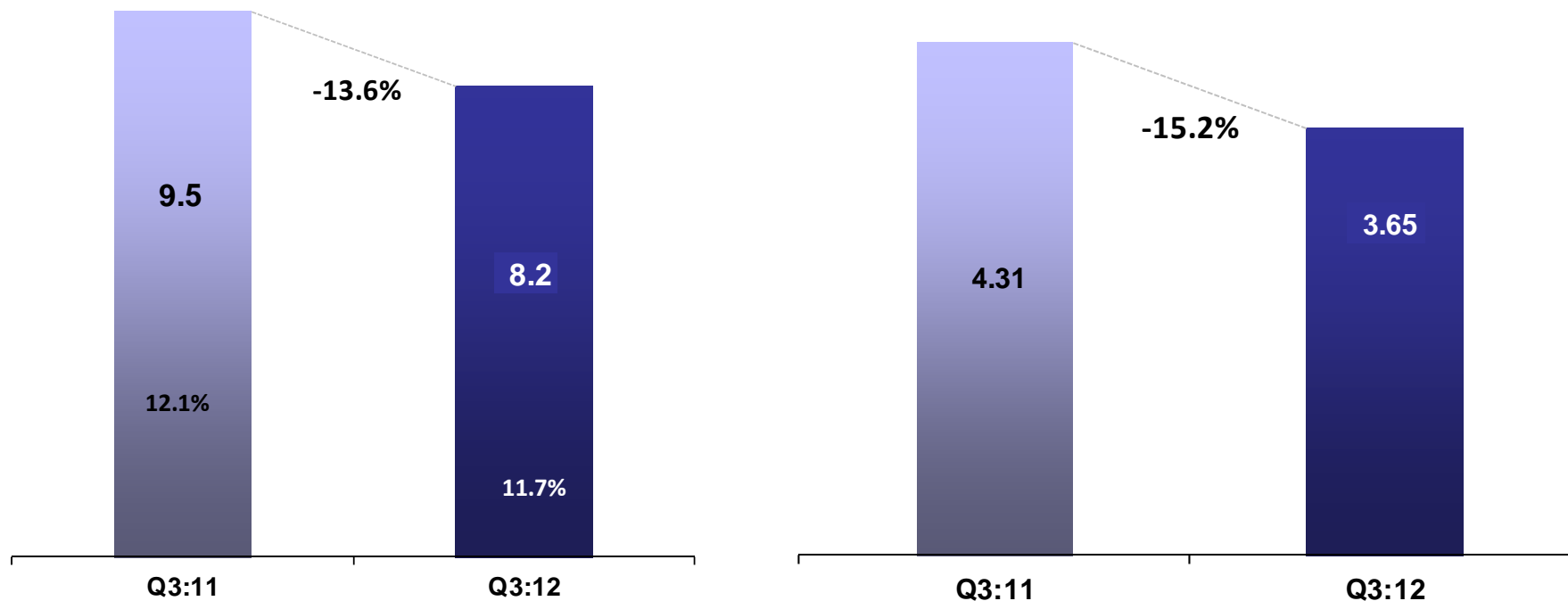
Income from Operations (in USD million)



**Q3 2012 result driven by solid sales volume,
healthy gross margin and overhead cost decrease**

Net Income (in USD million)

EPS (USD/Share; diluted)



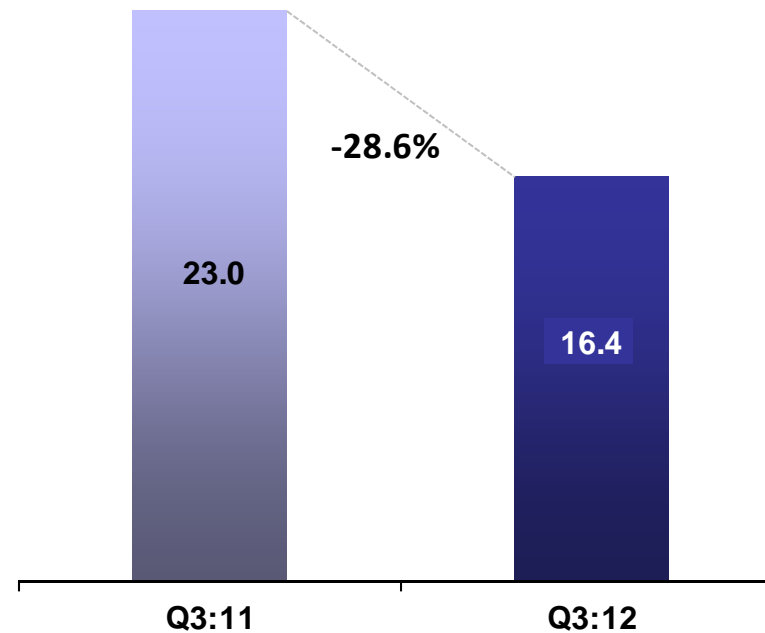
Decrease in line with Operating Income development

Balance Sheet Highlights (in USD million)

	<u>Q3:12</u>	<u>Q4:11</u>
Cash & Short-term Inv.	74.7	91.1
Long-term Debt	-	-
	<u>Q3:12</u>	<u>Q4:11</u>
Days Sales Outstanding	45.8	47.8
Inventory Turns	4.4	4.9
Working Capital	21.4%	22.3%

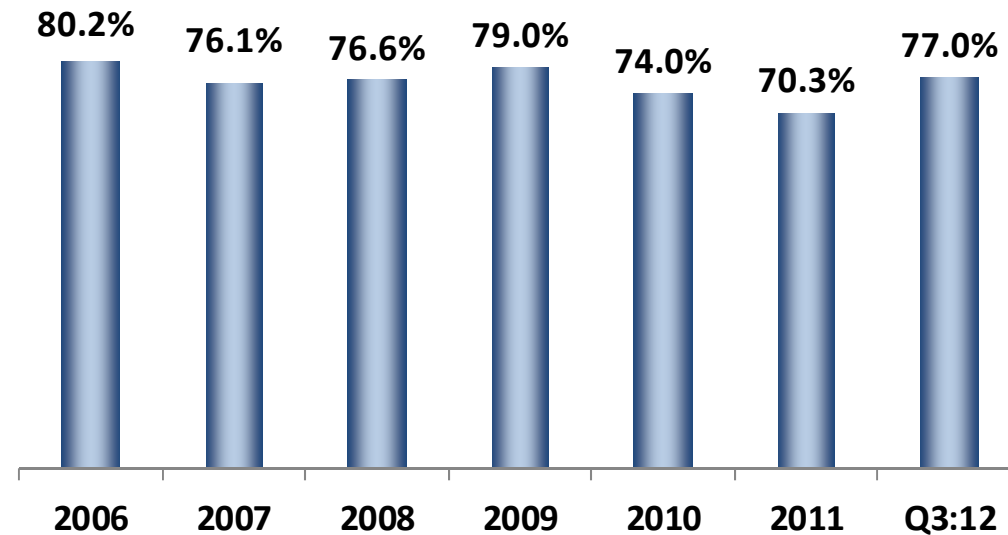
**Solid balance sheet with no long-term debt,
DSO ratio and Working Capital improved**

Operating Cash Flow (in USD million)



Strong cash flow generation, compares to record high level of Q3 2011

Equity Ratio (in %)

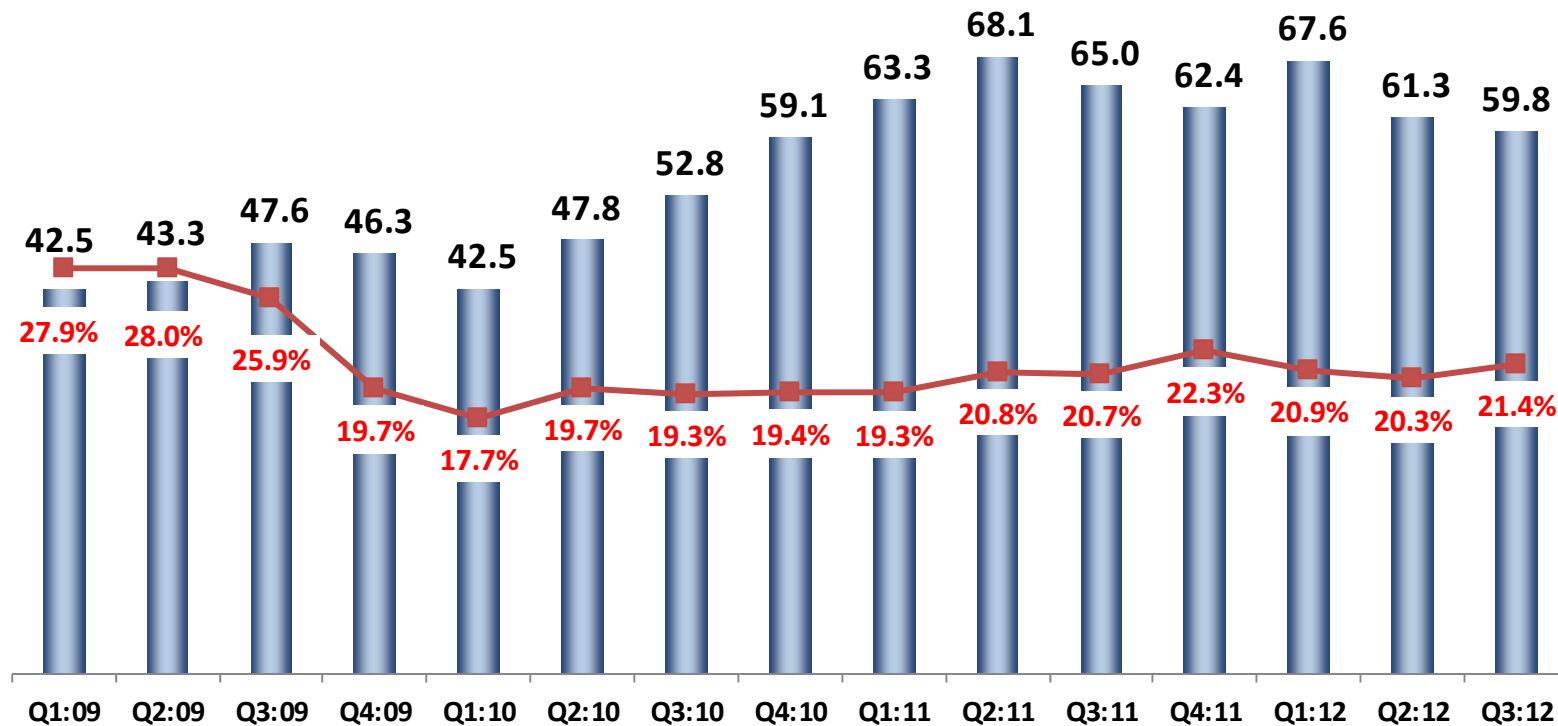


Strong increase after balance sheet contraction
Solid balance sheet structure

Working Capital and Working Capital Ratio

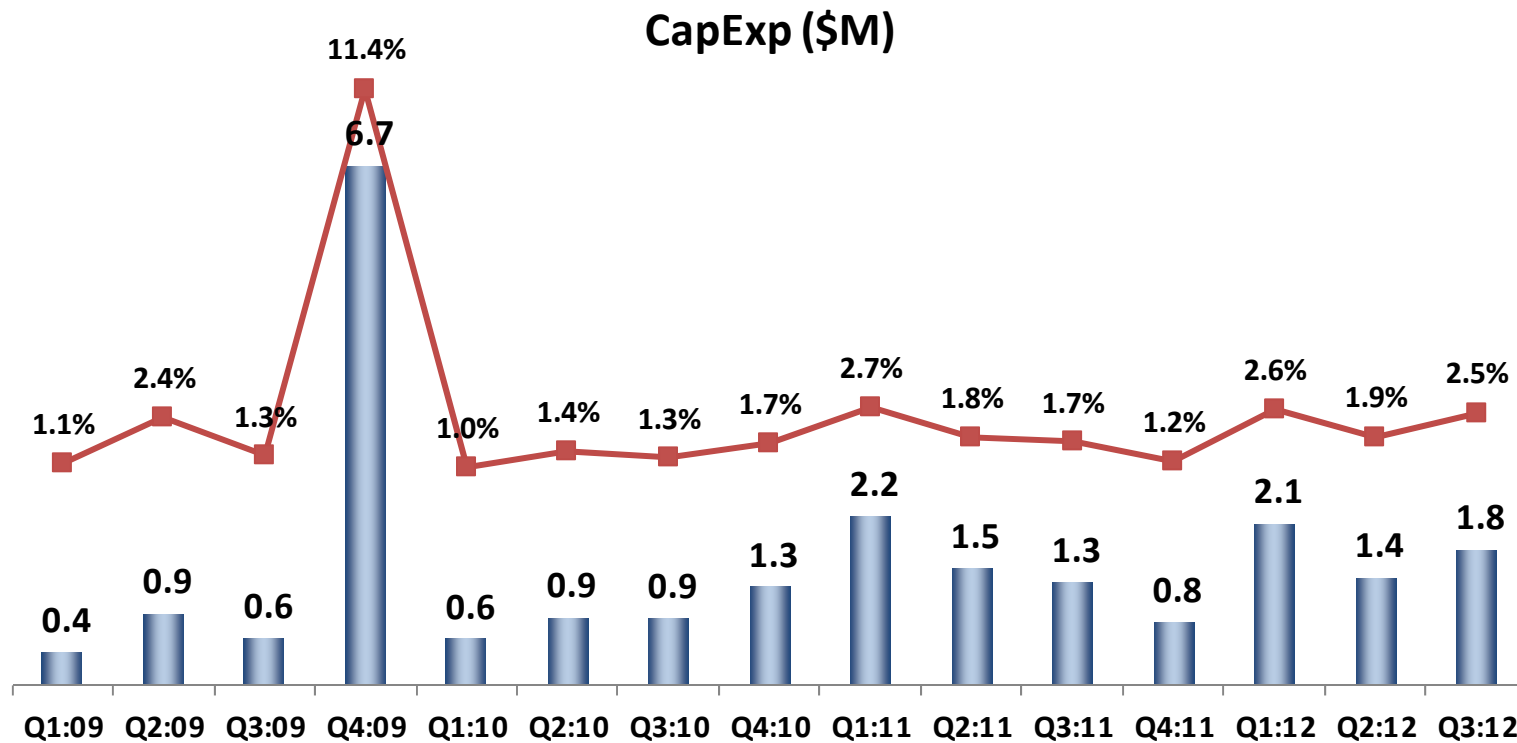
(Inv + AR - AP)

(WC as % of sales)



Effective Net Working Capital Management

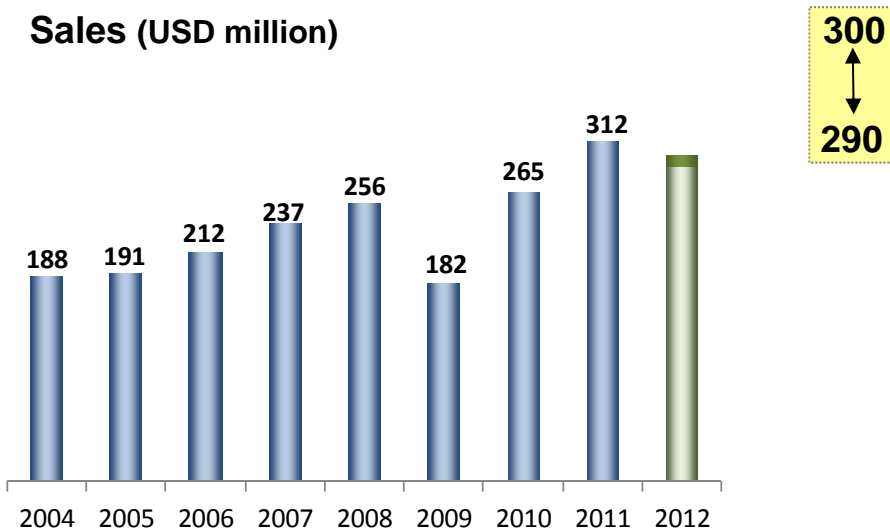
Capital Expenditures (in USD million, as % of sales)



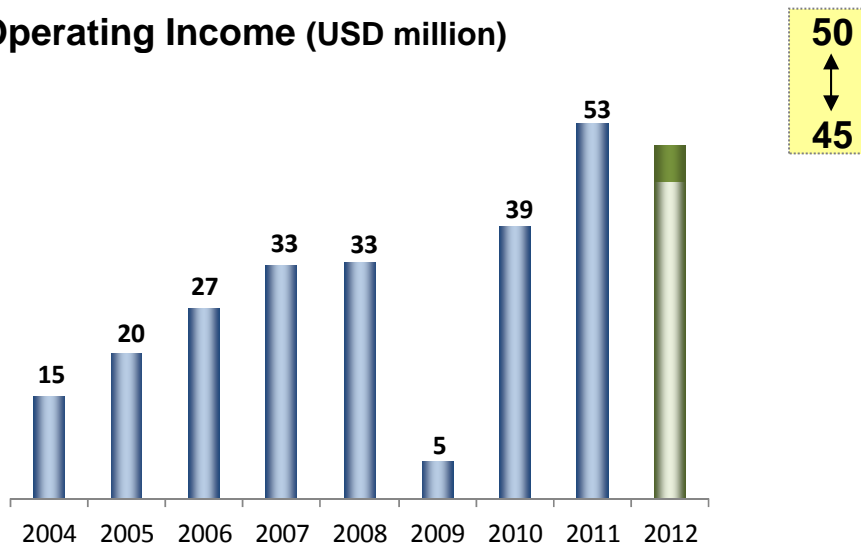
Capex spending in Q3 2012 at average level

Full Year 2012 Guidance

Sales (USD million)



Operating Income (USD million)



Full Year 2012 Guidance: *Updated*

Based on previous performance and current expectations for the end-markets/regions.

Sales **290 – 300** **USD million**

Op. Income **45 – 50** **USD million**

Thank You !

Q&A

