



HALF-YEAR REPORT

2017

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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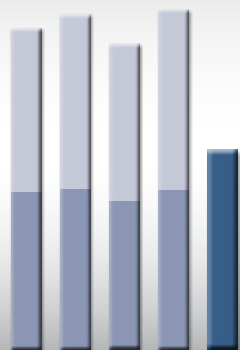
INFICON publishes its half-year report online. The report has been optimized for easy reading on your computer and mobile devices.

This report can be downloaded from the Investors section of our website,

www.inficon.com, Investor section

Key Figures – At a Glance

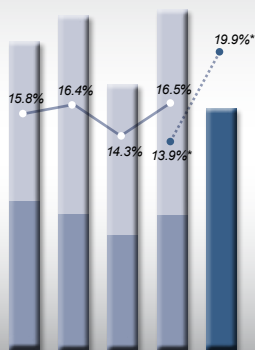
Net sales



	2013	2014	2015	2016	2017
Full Year	293.0	305.5	278.7	309.7	
Half-Year	143.6	146.4	135.2	145.2	182.1

Operating income

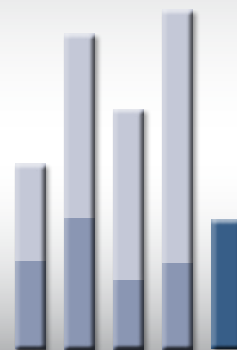
(in % of net sales)



	2013	2014	2015	2016	2017
Full Year	46.2	50.1	39.8	51.0	
Half-Year	22.2	20.6	17.1	20.1	36.2

* These percentages are only for the first 6 months, all other percentages are based on 12 months

Cash flow from operations



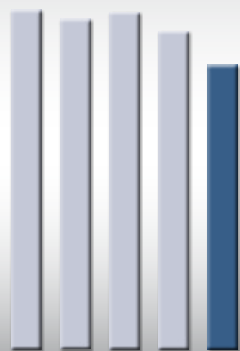
	2013	2014	2015	2016	2017
Full Year	29.2	49.6	37.8	53.4	
Half-Year	13.8	20.7	10.9	13.6	20.4

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

	Half-Year	Half-Year	Full Year
	2017	2016	2016
Net sales	182.1	145.2	309.7
Research and development	13.7	13.1	26.8
Selling expense	15.4	15.8	32.5
General and administrative expense	27.0	22.9	45.9
Operating income	36.2	20.1	51.0
<i>in % of net sales</i>	19.9%	13.9%	16.5%
EBITDA	39.5	23.7	58.4
<i>in % of net sales</i>	21.7%	16.3%	18.8%
Net income	26.8	16.7	40.3
Cash and short-term investments	69.2	45.6	63.9
Cash flow from operations	20.4	13.6	53.4
Capital expenditures	3.9	3.0	5.3
Total assets	239.2	207.1	213.4
Long-term debt	—	—	—
Stockholders' equity	168.9	144.8	168.3
<i>Equity Ratio in %</i>	70.6%	69.9%	78.9%
Employees	1 010	989	990

Key Figures – At a Glance

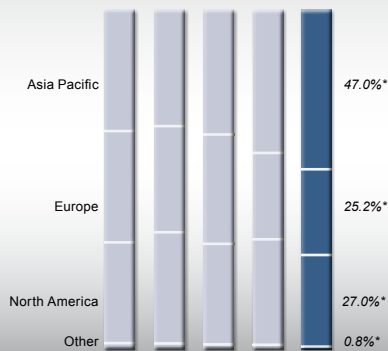
Equity Ratio



2013 2014 2015 2016 2017
84.2% 81.9% 83.6% 78.9% 70.6%*

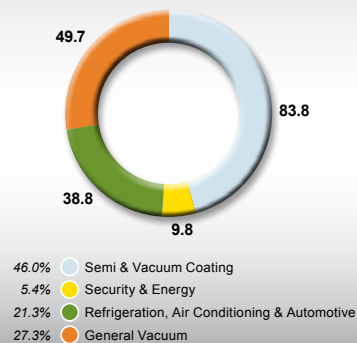
* 2017 percentage is only for the first 6 months, all other percentages are based on 12 months

Direct Sales by Geographic Region



2013 2014 2015 2016 2017
* 2017 allocation is based on the first 6 months, all other allocations are based on 12 months

H1/17 Sales by End Market



46.0% Semi & Vacuum Coating
5.4% Security & Energy
21.3% Refrigeration, Air Conditioning & Automotive
27.3% General Vacuum

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

	Half-Year	Full Year
	2017	2016
Ratios per Share		2016
Net income per share – diluted	11.13	7.06
Shareholders' equity per share – diluted	70.00	61.10
Free cash flow per share – diluted	6.75	4.33
Return on equity %*	31.8%	23.1%

* Percentages have been annualized for 6 month figures

Direct Sales by Geographic Region

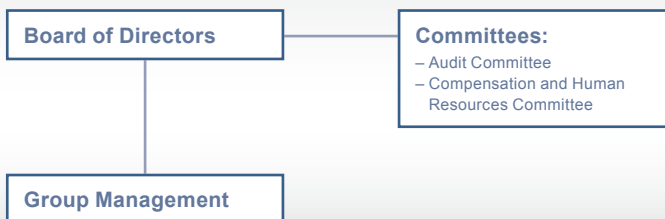
Asia-Pacific	85.5	56.3	130.7
Europe	45.9	41.2	79.0
North America	49.2	46.0	96.1
Other	1.5	1.7	3.9

Sales by End Market

Semi & Vacuum Coating	83.8	51.2	120.6
Security & Energy	9.8	14.2	33.1
Refrigeration, Air Conditioning & Automotive	38.8	35.0	68.1
General Vacuum	49.7	44.8	87.9

Group Organization

(as of July 25, 2017)



Board of Directors	Dr. Beat E. Lüthi Dr. Richard Fischer Vanessa Frey Beat Siegrist Dr. Thomas Staehelin	Chairman Vice Chairman Member Member Member	Zürich, Switzerland Rankweil, Austria Uitikon, Switzerland Herrliberg, Switzerland Riehen, Switzerland
Audit Committee	Dr. Thomas Staehelin Vanessa Frey Beat Siegrist	Chairman	
Compensation and Human Resources Committee	Beat Siegrist Dr. Richard Fischer Dr. Thomas Staehelin	Chairman	
Group Management	Lukas Winkler Matthias Tröndle	President and Chief Executive Officer Vice President and Chief Financial Officer	
Investor Relations	Matthias Tröndle, Vice President and CFO INFICON HOLDING AG, Hintergasse 15 B, CH-7310 Bad Ragaz, Switzerland Tel. +41 81 300 4980 Fax +41 81 300 4988 E-mail: matthias.troendle@inficon.com		
Board and Executive Secretary	Elisabeth Kühne, General Secretary to the Board of Directors INFICON HOLDING AG, Hintergasse 15 B, CH-7310 Bad Ragaz, Switzerland Tel. +41 81 300 4980 Fax +41 81 300 4988 E-mail: elisabeth.kuehne@inficon.com		

Financial Review

(Unaudited)

Income Statement

Net Sales

Net sales for the six months ended June 30, 2017 were USD 182.1 million compared with USD 145.2 million for the same period in 2016, representing a USD 36.9 million or 25.4% increase. As this includes a positive impact of USD 0.6 million or 0.4% from acquisitions as well as a negative impact of USD 0.9 million or 0.7% from changes in currency exchange rates, net sales increased organically by USD 37.3 million or 25.7%. Refrigeration, Air Conditioning & Automotive sales achieved a new record level with USD 38.8 million and increased 10.8% or USD 3.8 million, mainly due to higher sales to the automotive industry including electro mobility/battery applications in all regional markets. The Semi & Vacuum Coating market experienced an increase in sales of USD 32.6 million or 63.6% supported by the ongoing shift towards OLED displays and an increased demand from semiconductor end-user and equipment makers mainly in Asia. Sales in the General Vacuum market have increased by USD 4.9 million or 11.0% reflecting the generally more favorable economic trend. The surge is both attributable to an increase in sales to European distributors and direct sales to industrial OEMs. Sales to the Security & Energy market decreased by 30.6% or USD 4.4 million primarily reflecting the long-term nature of this project business dominated by large public sector customers both in security and environmental applications in all regions.

Gross Profit

Gross profit margin was 50.7% for the six months ended June 30, 2017 compared with 49.5% for the same period in 2016. The increase is driven by a higher volume as well as a favorable product mix.

Research and Development Costs

Research and development costs increased to USD 13.7 million or 7.5% of sales for the six months ended June 30, 2017, as compared with USD 13.1 million or 9.0% of sales for the same period in 2016. This increase of 4.4% is driven by our continued development efforts as well as higher variable compensation.

Selling, General and Administrative (SGA)

Selling, general and administrative costs for the first six months of 2017 were USD 42.4 million or 23.3% of sales, as compared with USD 38.7 million or 26.6% of sales for the same period a year ago. This increase is due to investments into our selling and marketing capabilities as well as higher variable compensation costs.

Operating Income

The operating income generated for the six months ended June 30, 2017 was USD 36.2 million or 19.9% of sales after USD 20.1 million or 13.9% of sales recorded in the same period of last year. This improvement of 80% is largely attributable to the rise in sales.

Financial Result

The decrease in the financial result by USD 0.7 million to USD 0.9 million is mainly driven by the increase in foreign currency losses.

Provision for Income Taxes

Provision for income taxes was USD 8.4 million or 23.9% of income before taxes for the six months ended June 30, 2017, compared with income taxes of USD 3.1 million at a 15.8% tax rate for the same period in 2016. The higher tax rate was driven by the mix in earnings and tax rates among the Company's different tax jurisdictions.

Net Income and Diluted Earnings per Share

Net income and diluted earnings per share was USD 26.8 million and USD 11.13 for the six months ended June 30, 2017, as compared with USD 16.7 million and USD 7.06 for the first half of 2016. The 57.6% increase in earnings per share is a result of the 60.4% increase in net income.

Financial Review

(Unaudited)

Balance Sheet and Liquidity

Trade accounts receivable, net increased by USD 10.8 million to USD 53.4 million at June 30, 2017 as compared with USD 42.6 million at December 31, 2016. This increase was primarily driven by a higher sales volume in the second quarter of 2017 as compared with the last quarter of 2016. Days Sales Outstanding ended at 48.7 days for 2017 versus 47.4 days for 2016 using a 4-point average of quarter-end balances.

Inventories increased by USD 3.7 million to USD 40.6 million at June 30, 2017 as compared with USD 36.9 million at December 31, 2016. Inventory turns increased to 4.3 in 2017 versus 3.8 in 2016 using a 4-point average of quarter-end inventory balances.

Cash and short-term investments totaled USD 69.2 million at June 30, 2017, which represents an increase of USD 5.3 million from USD 63.9 million at December 31, 2016. During the first half of 2017, cash flow from operations was USD 20.4 million versus USD 13.6 million in the first half of 2016.

Accrued expenses and deferred income increased by USD 2.7 million to USD 13.6 million at June 30, 2017 as compared with USD 10.8 million at December 31, 2016.

Outlook

Demand in the Semiconductor & Vacuum market should remain strong as the industry invests in further capacities accommodating the ongoing trend towards OLED flat panel displays. The semiconductor end-user and equipment markets also continue to be robust.

The Refrigeration, Air Conditioning & Automotive market continues to benefit from the globally thriving car manufacturing industry, in particular the electro mobility sector is investing in new battery production capabilities. The traditional refrigeration and air conditioning market is typically somewhat slower in the second half of the year.

The short-term development in the Security & Energy market remains difficult to predict as this market is dominated by large public sector customers both in the security and the environmental protection sides of this business. In the long-term, however, the perspectives are intact as INFICON holds a very strong position in this market. Moreover, the Energy transportation and petro chemistry evolve as new application opportunities in that market.

The upswing in the General Vacuum market should continue reflecting the general economic trend not least in Europe.

Based on our technology, our market presence and expansion into new markets, we expect to generate net sales exceeding USD 340 million and an Operating Income margin greater than 18% for fiscal year 2017.



Consolidated Interim Balance Sheet

(Unaudited)

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

	June 30, 2017	December 31, 2016	June 30, 2016
Assets			
Cash and cash equivalents	58,906	59,317	44,812
Short-term investments	10,279	4,584	819
Trade accounts receivable, net	53,434	42,590	40,984
Inventories net	40,580	36,920	42,173
Prepayments and accrued income	3,447	1,759	3,108
Other current assets	5,377	3,934	5,854
Total current assets	172,023	149,104	137,750
Property, plant, and equipment	49,988	47,998	50,299
Intangible assets	5,882	6,295	6,804
Deferred tax assets	8,529	8,498	10,460
Financial assets	2,767	1,535	1,767
Total non-current assets	67,166	64,326	69,330
Total assets	239,189	213,430	207,080
Liabilities and Shareholders' Equity			
Trade accounts payable	9,401	8,014	8,488
Short-term borrowings	17,743	—	13,283
Short-term provisions	12,655	13,830	7,651
Income taxes payable	6,484	4,316	3,094
Accrued expenses and deferred income	13,566	10,841	14,164
Other current liabilities	3,793	2,552	10,823
Total current liabilities	63,642	39,553	57,503
Long-term provisions	3,315	2,346	2,370
Deferred tax liabilities	3,365	3,203	2,415
Total non-current liabilities	6,680	5,549	4,785
Total liabilities	70,322	45,102	62,288
Common stock	6,730	6,656	6,607
Treasury shares	(504)	(441)	(186)
Retained earnings	167,239	171,951	143,913
Foreign currency translation	(4,598)	(9,838)	(5,542)
Total shareholders' equity	168,867	168,328	144,792
Total liabilities and shareholders' equity	239,189	213,430	207,080

Consolidated Interim Statement of Income

(Unaudited)

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

Six months ended June 30,	2017	2016
Net sales	182,109	145,181
Cost of sales	89,852	73,259
Gross profit	92,257	71,922
Research and development	13,700	13,120
Selling expense	15,365	15,791
General and administrative expense	27,020	22,870
Operating result	36,172	20,141
Financial result	(910)	(220)
Ordinary result	35,262	19,921
Non-operating result	—	(59)
Earnings before income taxes (EBT)	35,262	19,862
Income taxes	8,419	3,130
Net result	26,843	16,732
Earnings per share:		
Earnings per share basic	11.23	7.10
Dilution	(0.10)	(0.04)
Earnings per share diluted	11.13	7.06

Consolidated Interim Statement of Shareholders' Equity

(Unaudited)

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

	Common stock	Capital reserves	Own shares	Retained earnings	Foreign currency translation	Total shareholders' equity
January 1, 2016	6,586	—	(539)	172,637	(7,719)	170,965
Net result				16,732		16,732
Foreign currency translation					2,177	2,177
Issuance of common stock from exercise of stock options	21	1,445				1,466
Acquisition of own shares			(205)			(205)
Disposal of own shares			558			558
Stock-based compensation		393				393
Distribution from legal reserve (CHF 13 per share)		(1,838)		(30,379)		(32,217)
Adjustment of Goodwill				(15,077)		(15,077)
Balance at June 30, 2016	6,607	—	(186)	143,913	(5,542)	144,792
January 1, 2017	6,656	—	(441)	171,951	(9,838)	168,328
Net result				26,843		26,843
Foreign currency translation					5,240	5,240
Issuance of common stock from exercise of stock options	74	6,669				6,743
Acquisition of own shares			(623)			(623)
Disposal of own shares			560			560
Stock-based compensation		224				224
Distribution from legal reserve (CHF 16 per share)		(6,893)		(31,555)		(38,448)
Adjustment of Goodwill				—		—
Balance at June 30, 2017	6,730	—	(504)	167,239	(4,598)	168,867

Consolidated Interim Statement of Cash Flows

(Unaudited)

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

Six months ended June 30,	2017	2016
Cash flows from operating activities:		
Net income	26,843	16,732
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,347	3,103
Amortization	912	687
Result from disposal of fixed assets	141	16
Deferred Taxes	324	(498)
Stock-based compensation	224	393
Changes in operating assets and liabilities, excluding effects from acquisition:		
Trade accounts receivable	(10,077)	(6,770)
Inventories	(2,779)	(4,021)
Other assets	(4,201)	(2,647)
Trade accounts payable	1,048	3,661
Accrued liabilities and short-term provisions	675	3,843
Income taxes payable	1,887	(1,022)
Other liabilities	2,067	122
Net cash provided by operating activities	20,411	13,599
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(3,863)	(2,906)
Disposal of property, plant, and equipment	84	276
Purchase of intangible assets	(255)	(438)
Acquisition of businesses net of cash acquired	—	(9,677)
Purchase of short-term investments	(8,218)	(155)
Disposal of short-term investments	2,522	3,156
Net cash used in investing activities	(9,730)	(9,744)
Cash flows from financing activities:		
Proceeds from exercise of stock options	6,743	1,466
Cash distribution from legal reserves	(38,448)	(32,217)
Purchase/disposal of own shares	(63)	353
Proceeds from borrowings	17,743	13,283
Net cash used in financing activities	(14,025)	(17,115)
Effect of exchange rate changes on cash and cash equivalents	2,933	992
Change in cash and cash equivalents	(411)	(12,268)
Cash and cash equivalents at beginning of period	59,317	57,080
Cash and cash equivalents at end of period	58,906	44,812

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 (LCD and OLED), solar cells, LED lighting 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 and the United States.

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, 2017, which were approved for issue by the Board of Directors on July 24, 2017. They have been prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations). The consolidated interim financial statements for 2017 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, 2016.

3 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	
	June 30, 2017	Dec. 31, 2016	June 30, 2016	Six months ended June 30, 2017	June 30, 2016
Swiss Franc	USD 1.0437	0.9816	1.0217	1.0051	1.0181
Euro	USD 1.1413	1.0541	1.1090	1.0819	1.1157
1 Japanese Yen	USD 0.0089	0.0085	0.0097	0.0089	0.0090
Hong Kong Dollar	USD 0.1281	0.1289	0.1289	0.1286	0.1287
Korean Won	USD 0.0009	0.0008	0.0009	0.0009	0.0008

Notes to Consolidated Interim Financial Statements

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

4 Acquisitions and Disposals

InstruTech

On February 1, 2016, the Company acquired substantially all assets of InstruTech, Inc., a developer and manufacturer of highly specialized vacuum gauges as well as one- and multi-channel controller products that complement INFICON's existing product range and are used in many governmental, academic and industrial research and analysis labs and units. The acquisition strengthens the Company's research and production base and enhances its presence in the United States in existing and new markets.

The purchase price was USD 9,677 at closing. Additionally, there is an earn-out to be paid based on units sold over a three-year period. At the acquisition date, the Company has performed a fair value calculation which resulted in USD 500 of contingent consideration.

The following table summarizes the fair values of the assets acquired at the acquisition date.

As of February 1,	2016
Inventory	800
Equipment	100
Goodwill	7,077
Intangible assets	2,200
Net assets acquired	10,177
Accrued contingent consideration	(500)
Purchase Price at closing	(9,677)
Total fair value of consideration	(10,177)

The result of this acquisition is included in the Company's consolidated operations beginning on the date of acquisition.

5 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,	2017	2016
Numerator:		
Net income	26,843	16,732
Denominator:		
Weighted average shares outstanding	2,389,479	2,356,883
Effect of dilutive stock options	22,892	14,441
Denominator for diluted earnings per share	2,412,371	2,369,685
Earnings per share:		
Basic	11.23	7.10
Dilution	(0.10)	(0.04)
Diluted	11.13	7.06

Notes to Consolidated Interim Financial Statements

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

6 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.

7 Subsequent Events

The Company has evaluated subsequent events through July 25, 2017, which represents the date when the consolidated financial statements were available to be issued.



Certain statements contained in this Half-year Report are forward-looking statements that do not relate solely to historical or current facts. Forward-looking statements can be identified by the use of words such as “may”, “believe”, “will”, “expect”, “project”, “assume”, “estimate”, “anticipate”, “plan” or “continue.” These forward-looking statements address, among other things, our strategic objectives, trends in vacuum technology and in the industries that employ vacuum instrumentation, such as the semiconductor and related industries and the anticipated effects of these trends on our business. These forward-looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition. Some of these risks and uncertainties are discussed in the Company’s Half-year Report 2017 as well as in the Annual Report for fiscal year 2016.

As a consequence, our current and anticipated plans and our future prospects, results of operations and financial condition may differ from those expressed in any forward-looking statements made by or on behalf of our Company. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



2017 Half-year Report

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