



Q4 2015 and Full Year 2015 EARNINGS CONFERENCE

March 8, 2016

Zürich, Switzerland

Speakers

Lukas Winkler, President and CEO

- Key figures Q4 2015 and FY 2015
- Target market business review
- Expectations 2016

Matthias Tröndle, Vice President and CFO

- Financials Q4 2015 and FY 2015
- Distribution
- Guidance

Lukas Winkler

INFICON

President and Chief Executive Officer



Q4 2015 – Key Figures

■ Sales decrease in all End-Markets

- Consolidated sales decrease of 17.7% to USD 71.0 million compared with Q4 2014, organic decrease of 14.4%
- Sequential sales decrease over Q3 2015 of 1.8%
- Book to bill ratio ~1

■ Operating result influenced by

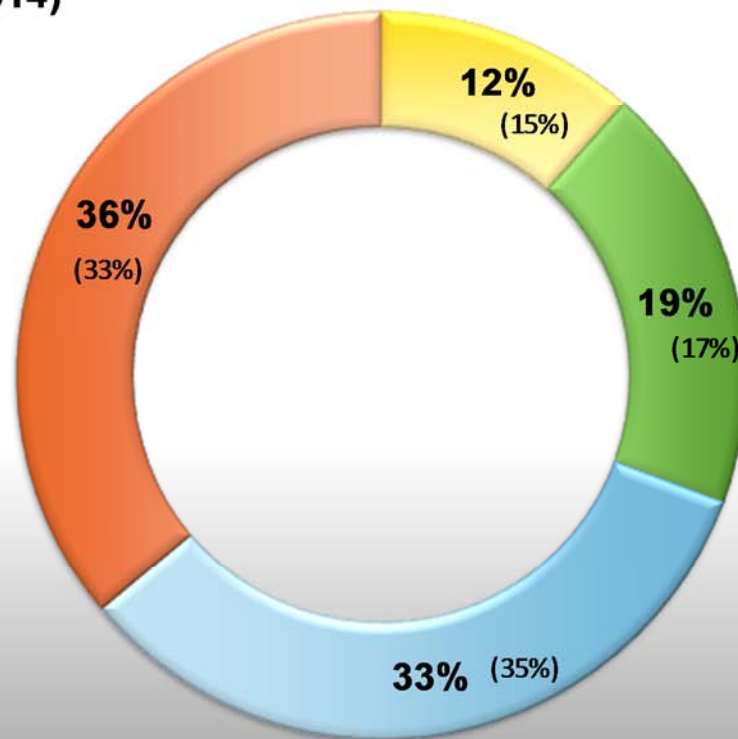
- Low sales volume
- Weaker gross margin and lowered overhead cost
- Operating income of USD 11.1 million in Q4 2015 (15.6% of sales) compared with USD 18.4 million (21.3% of sales) in Q4 2014

→ **Net income of USD 9.3 million or 13.1% of sales**

Net Sales by End Market

USD 71.0 million in Q4 2015 vs. USD 86.4 million a year ago (-17.7%)

**Q4 2015
(Q4 2014)**



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

FY 2015 – Key Figures

- **Sales decrease in all markets except for Refrigeration, Air Conditioning & Automotive**
 - Consolidated sales decrease of 8.8% to USD 278.6 million compared with 2014, organic decrease of 3.9%
 - Book to bill ratio ~1
 - **Operating result influenced by**
 - Low sales volume
 - Weaker gross margin and lowered overhead cost
 - Operating income of USD 39.8 million in 2015 (14.3% of sales) compared with USD 50.1 million (16.4% of sales) in 2014
- **Net income of USD 30.1 million or 12.8% of sales**
- **Proposed cash distribution of 13.00 CHF per share**

Specific Vacuum Process Industries

Solar, Display, Optics & Semiconductor

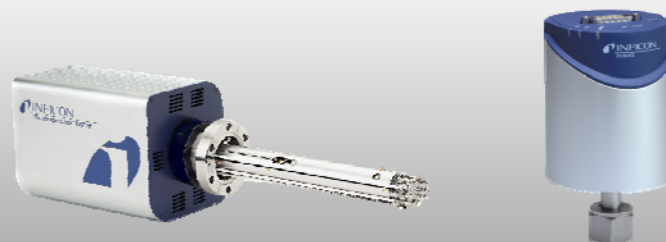
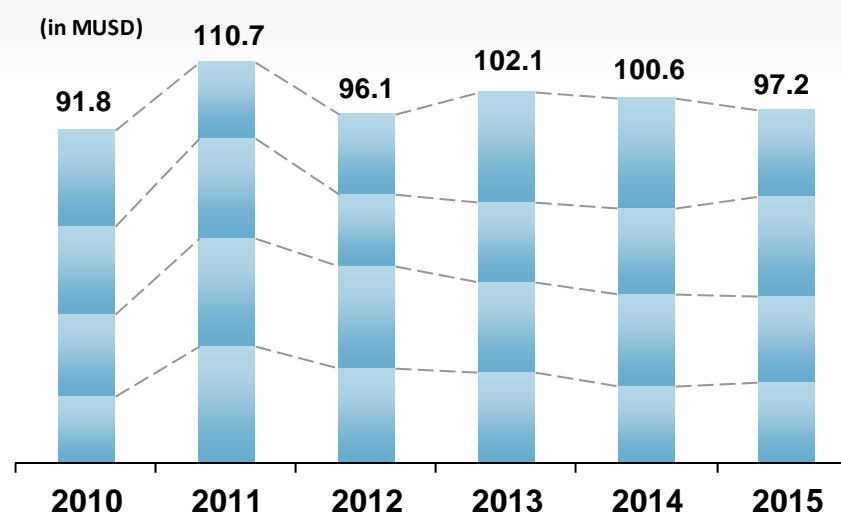
Q4 2015

- Q4 2015 sales decrease 21% vs. Q4 2014 mainly caused by lower demand from Semiconductor business
- Sequential decrease of 15%
 - Missing year-end orders in Semiconductor business in Asia
 - Stable Optics market
 - Continued weak Solar, but improved Flat Panel Display market (primarily OLED technology)

Market Trends

- Continuation of increased demand for mobile communication chips
- Memory market recovery
- OLED replacing LCD technology for next-generation flat panel displays
- Very slow Solar recovery in sight
- New Semiconductor manufacturing technologies (450mm wafer delayed, but EUV-lithography will be used at < 10 nm node technology)

Sales to End Market
Specific Vacuum Process Industries
1.2% CAGR (2010-2015)



Emergency Response & Security

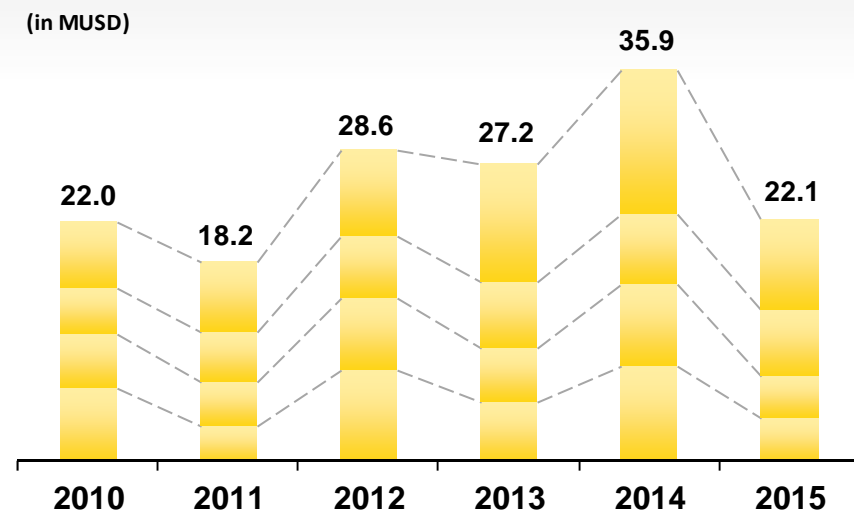
Q4 2015

- Q4 2015 sales decrease of 38% vs. Q4 2014
- Strong increase of 41% vs. low Q3 2015
- Strong order intake in Q4
- Shipment bottlenecks

Market Trends

- Security needs around the world generate new business opportunities
- Good pipeline of opportunities within US DoD
- Interesting projects (China) for environmental application (air and water)
- New target markets and application opportunities in conjunction with the new micro-GC technologies (Fusion product line)

Sales to End Market
Emergency Response & Security
0.1% CAGR (2010 - 2015)



Refrigeration, Air Conditioning & Automotive

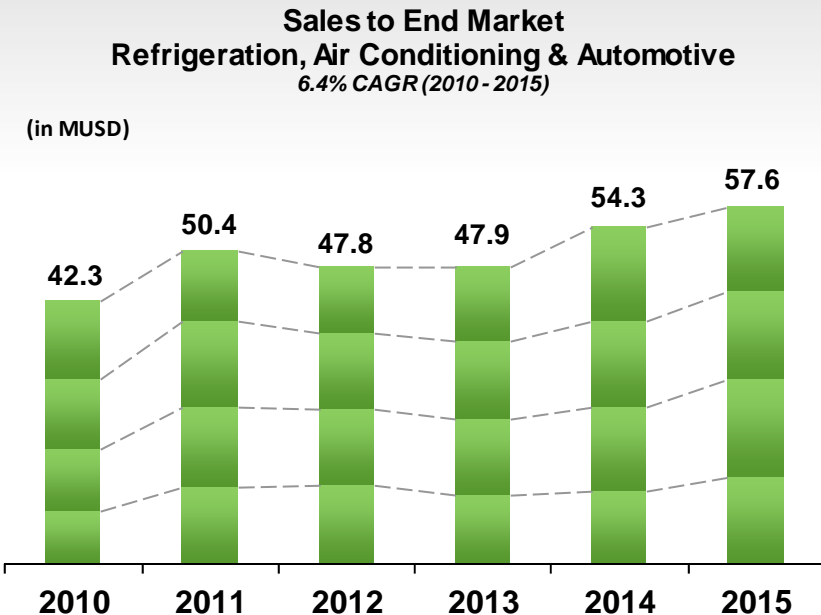
incl. Automotive

Q4 2015

- Q4 2015 sales decrease of 11% vs. Q4 2014
- New full year sales record, driven by increased Automotive market share
- Sequential decrease of 5% mainly due to lower sales to North American and European customers
- Continued market share gains

Market Trends

- Tougher regulations drives increased use of instrumentations in the automotive market
- Industrial market recovery in US
- Limited growth potential at RAC manufacturers
- Increasing installed basis drives after-sale service products worldwide



General Vacuum Processes

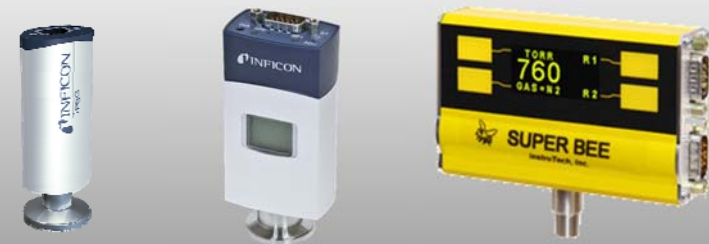
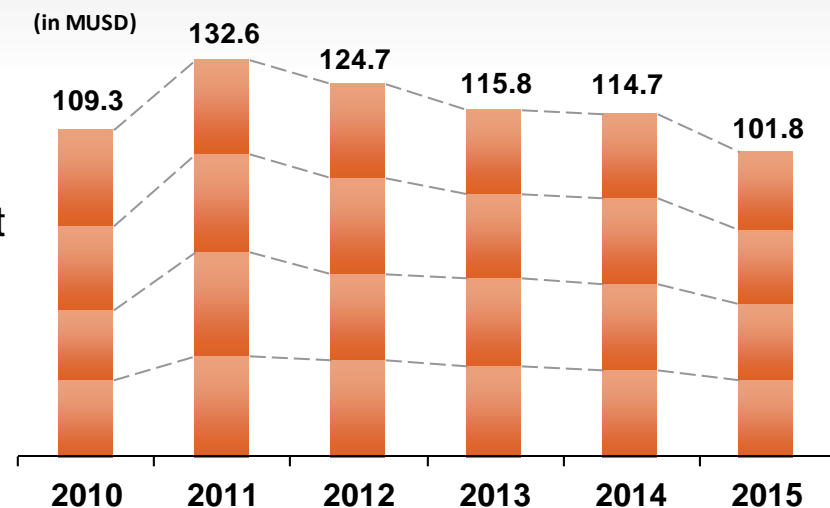
Q4 2015

- Q4 2015 sales decrease 9% vs. Q4 2014, mainly due to lower sales to European distributors
- Sequential increase of 4%
- Sales impacted by negative FX development

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 Science-, Analytical-, and Food-packaging market)
- Growing demand in emerging market regions as well as recovery in the US

**Sales to End Market
General Vacuum Processes**
-1.4% CAGR (2010 - 2015)



Outlook 2016

Challenging – with mixed signals from different markets/regions

- Uncertain semiconductor market expectations with mixed indications
 - OEM-business: Higher forecasts for new equipment incl. EUV lithography
 - End-user business: diverse outlooks from chip manufacturers
- OLED flat panel display technology investment boom in 2016 (Korea and China)
 - INFICON products and consumables at all levels (sub-suppliers, OEMs, and end-user)
- Higher investments in new leak-detection applications (industrial and automotive market) together with a sales initiative for hand-held service tools compensate for saturating traditional refrigeration and air conditioning manufacturers markets (mainly China)
- Solid US DoD business activities and new gas monitoring safety applications
- Increased sales from General Vacuum Processes, due to acquisition and sales initiatives
- First sales contribution from new applications: Public Utility, Food packaging, Fracking

Guidance for FY 2016:

→ Sales exceeding USD 300

→ Operating income margin over 15%

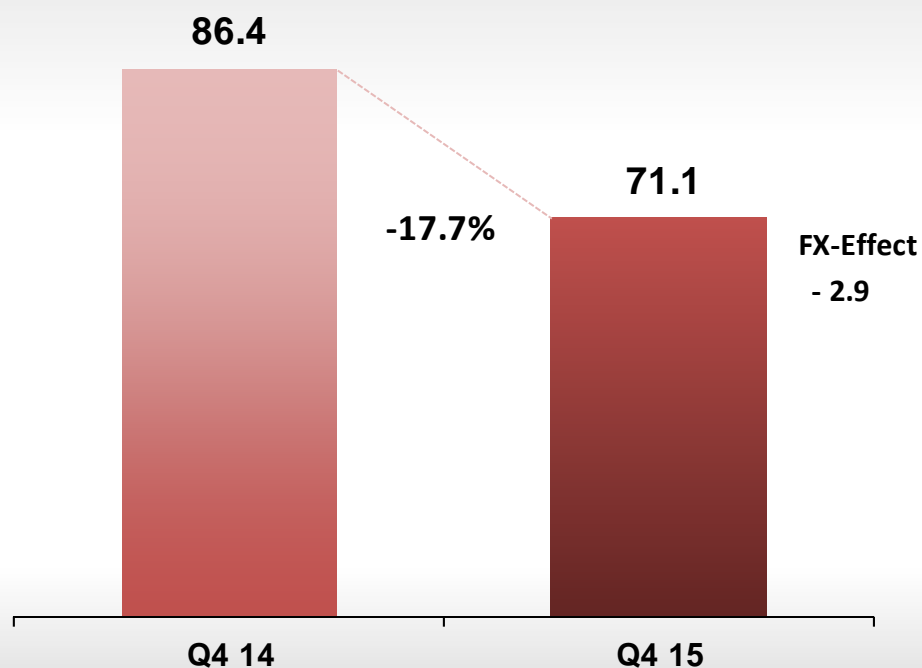
Matthias Tröndle

INFICON

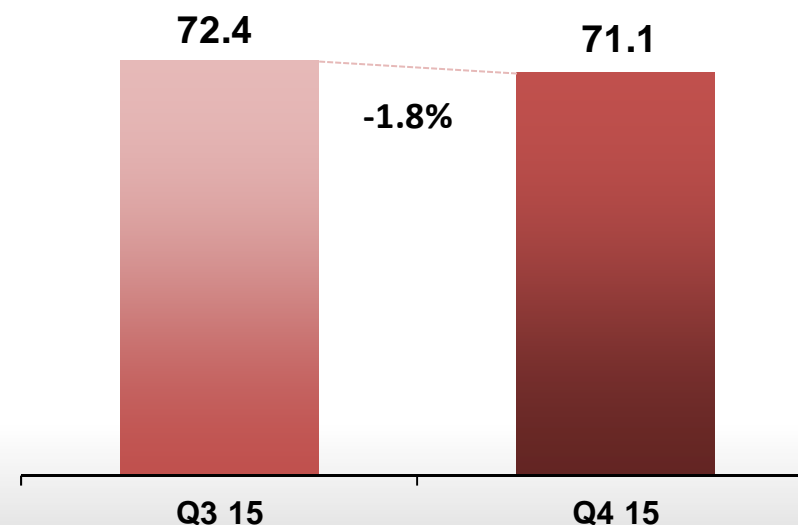
Vice President and
Chief Financial Officer



Sales (in USD million)



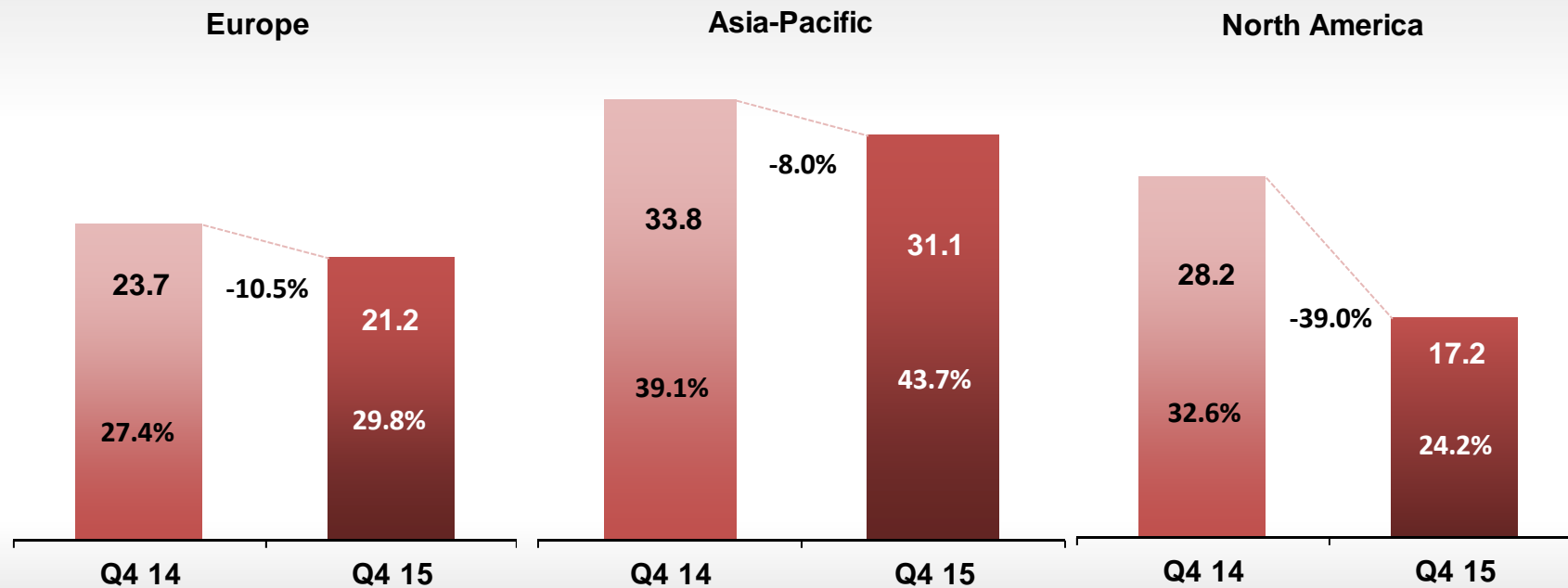
Decrease in all end-markets



Sequential increase vs. Q3 2015
in ER&S, and General Vacuum

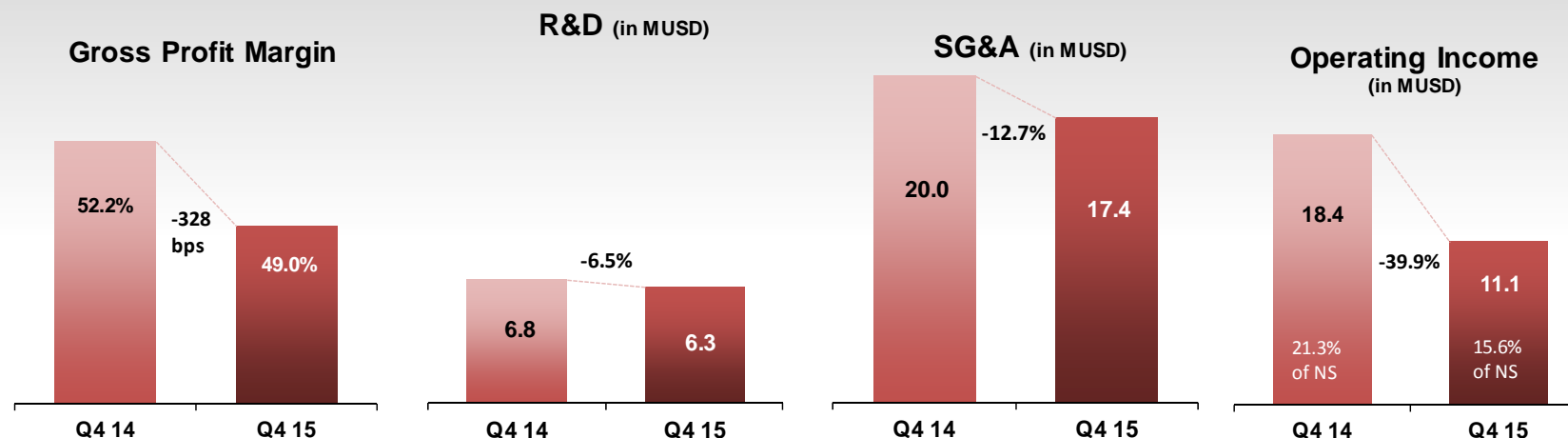
Geographic Sales Breakdown – Quarter

(in USD million)



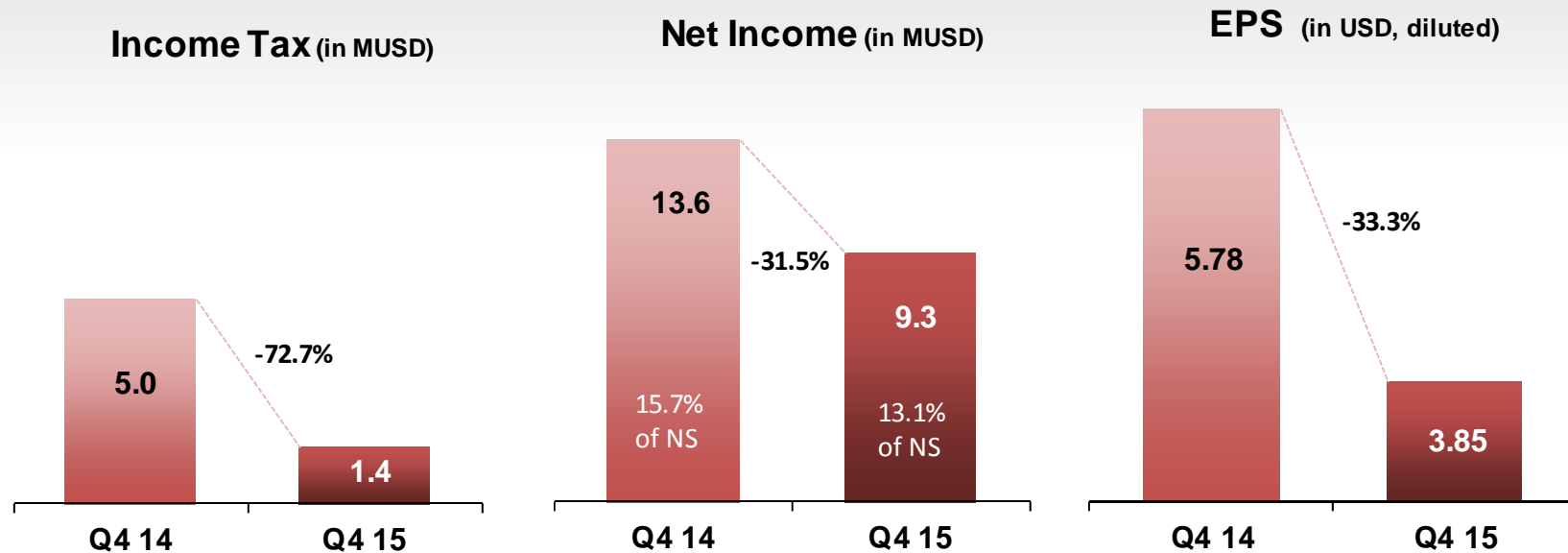
Decrease in Europe, Asia and in North America

Gross Profit, Costs and Operating Income



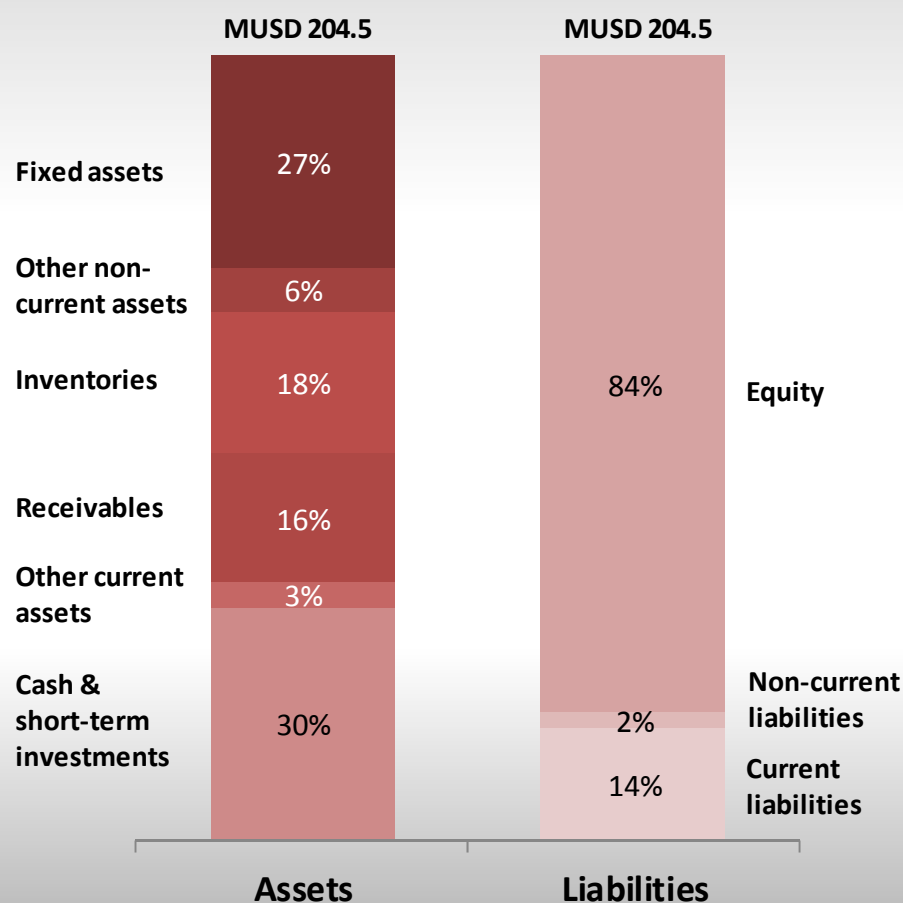
- **Gross profit margin:** Decrease due to lower volume and mix
- **R&D cost:** Lower spending and favorable F/X impacts
- **SG&A:** Q4 2015 decrease due to lower variable compensation, commissions and favorable F/X impacts
- **Operating income:** Decrease due to lower sales volume, a weaker gross margin while costs have clearly been reduced

Net Income and EPS development

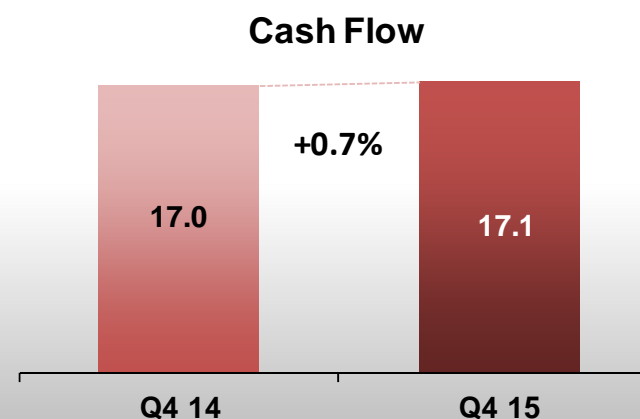


- **Income tax:** Decrease due to EBIT development, low tax rate driven by the mix in earnings and tax rates
- **Net income:** Driven by operating income development
- **EPS:** Decrease in line with net income

Balance Sheet Highlights (in USD million)



	Q4 15	Q4 14
Net Cash	60.9	81.0
DSO	45.6	45.1
Inventory Turns	3.6	3.9
Working Capital	23.1%	20.2%

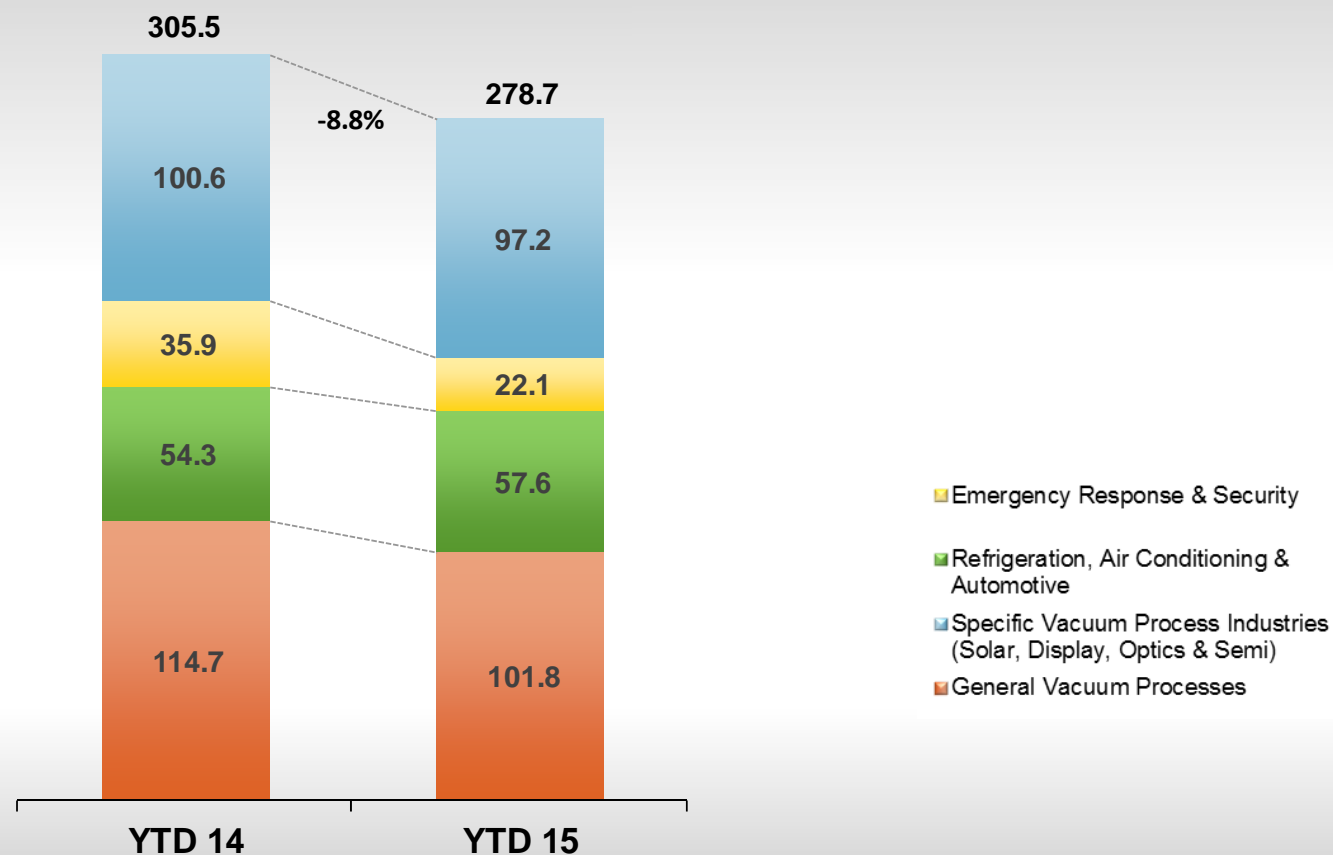


Solid balance sheet, cash reduced due to higher investments



FISCAL YEAR 2015 RESULTS

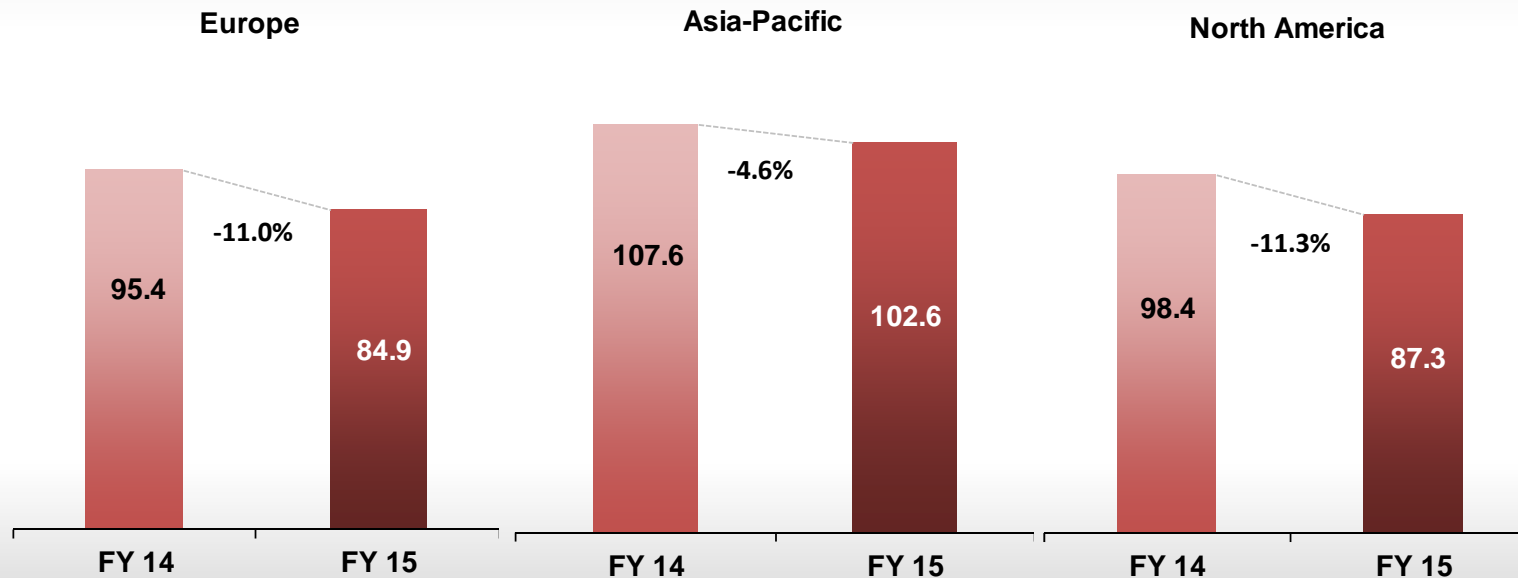
Full Year Sales (in USD million)



Sales increase in Refrigeration, Air Conditioning & Automotive, while the other markets weakened; Organic decrease of -3,9%

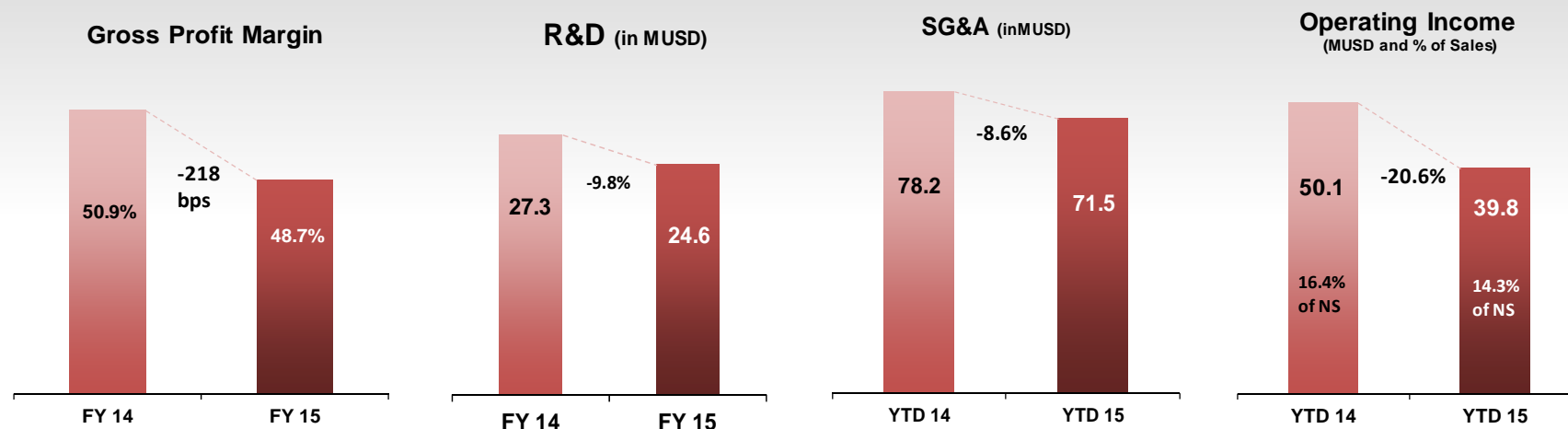
Geographic Sales Breakdown – Full Year

(in USD million)



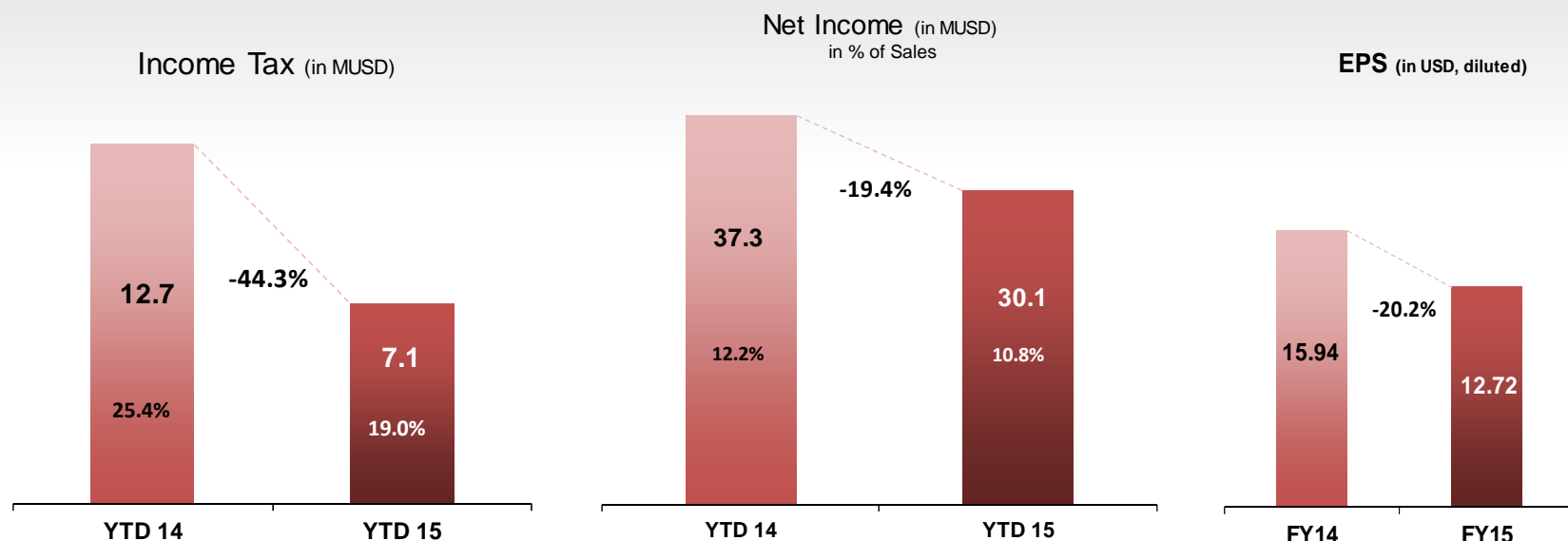
Decrease in all three regions

Gross Profit, Costs, Operating Income (YoY)



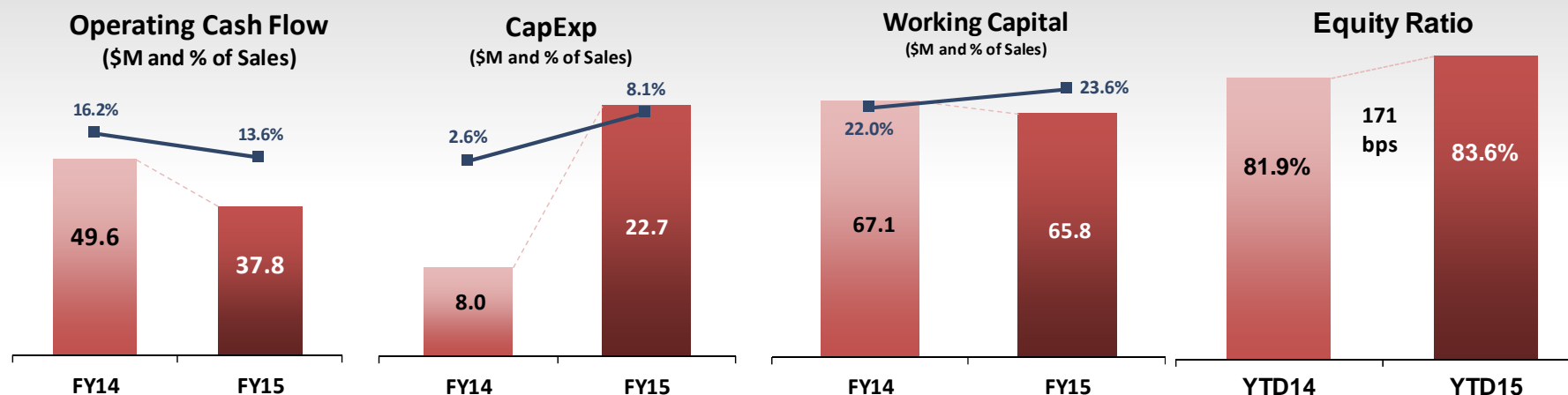
- **Gross profit margin:** Impacted by lower volume and unfavorable product mix
- **R&D cost:** Decrease due to lower spending and favorable F/X impacts
- **SG&A:** Decrease due to lower spending, lower variable compensation/commissions and favorable F/X impacts
- **Operating income:** Decrease due to lower sales volume, lower gross profit margin while costs have been kept under control

Net Income and EPS development (YoY)



- **Income tax:** Decrease due to EBIT development and mix in earnings and tax rates among the different tax jurisdictions
- **Net income / EPS:** Decrease driven by Operating income development, one-time restructuring costs, and FX impacts

Key Balance Sheet data (YoY)



- **Operating cash flow:** Decrease due to lower Net income, lower payables and liabilities partially compensated by lower A/R
- **CAPEX:** Record high due to investment in new facility in Syracuse
- **Working capital:** Lower balance, higher as a % of sales, tightly managed
- **Equity:** Further strengthened ratio



DISTRIBUTION PROPOSAL

Distribution 2015

- **Strong Balance Sheet and Cash Generation**
 - No debt (short-term and long-term)
 - USD 61 million cash
 - Shareholders' equity ratio ~84%

- **Board of Directors intends to propose a cash distribution of CHF 13.00 per share**
 - Annual General Meeting of Shareholders on April 28, 2016
 - To be distributed out of capital contribution reserves
 - Returning ~USD 30.8 million cash to shareholders in 2016
 - Just over 100% payout ratio
 - Attractive yield of approximately 4.3%



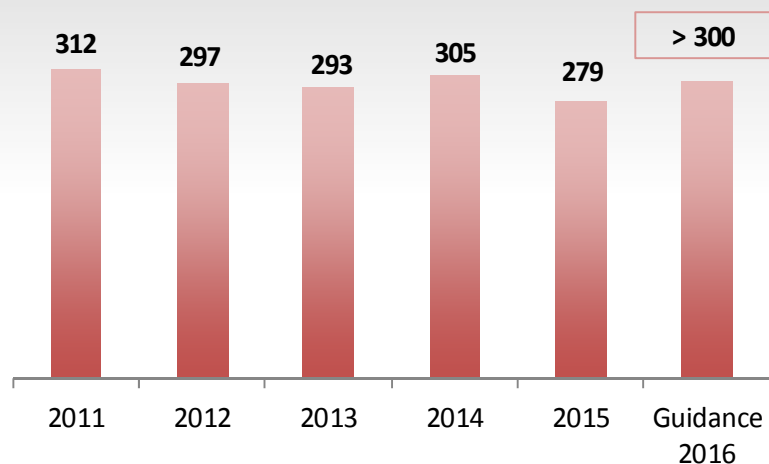
GUIDANCE FY 16

AND

CALENDAR FY 16

Full Year 2016 Guidance

Sales (MUSD)

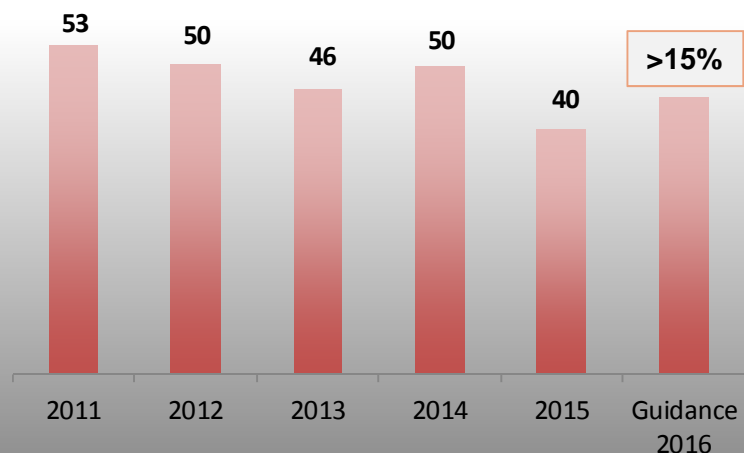


Based on our current expectations
for our end markets

Sales > 300 MUSD

Op. Income > 15%

Operating Income (MUSD)



Corporate Calendar FY 2016

- Q1 2016 Earnings Conference Call Thursday, April 21, 2016
- Annual General Meeting Thursday, April 28, 2016
- Q2 2016 Earnings Conference Call Thursday, August 4, 2016
- Q3 2016 Earnings Conference Call Thursday, October 20, 2016
- Q4 and FY 2016 Earnings Conference Call March 2017

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



THANK YOU !

Q&A

