



**Q1 2019
EARNINGS CONFERENCE CALL**

April 17, 2019

Bad Ragaz, Switzerland

Speakers

Lukas Winkler, President and CEO

Key figures Q1 2019

Target market business review

Expectations 2019

Matthias Tröndle, Vice President and CFO

Financials Q1 2019

Guidance

Speakers

Lukas Winkler

INFICON

President and Chief Executive Officer



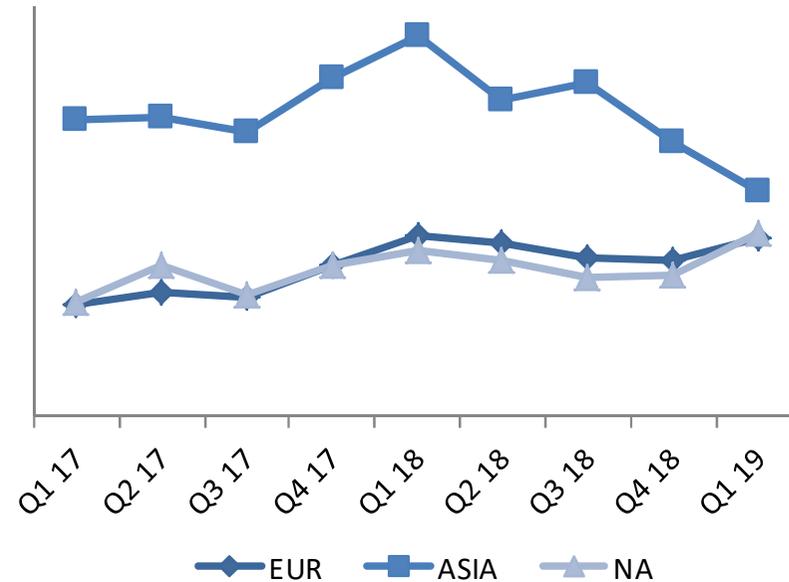
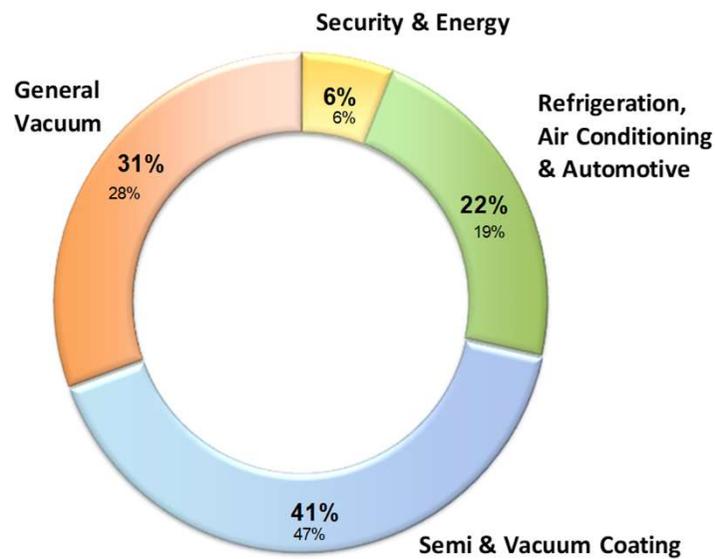
Q1 2019 – Key Figures

- **Sales decrease year-over-year in all markets and regions, except America and Refrigeration, Air Conditioning and Automotive**
 - Consolidated sales decrease of -13.6% to USD 95.7 million compared with Q1 2018, organic decrease of -12.4%
 - Sequential sales increase of 1.6% over Q4 2018
 - Book to bill ratio < 1

 - **Operating result**
 - Decreased sales volume at lower gross margin and operating expense
 - Operating income of USD 16.7 million in Q1 2019 (17.5% of sales) after USD 24.6 million (22.2% of sales) in Q1 2018
 - Sequential operating income improvement from 15.8% to 17.5% of sales
- **Net income of USD 12.8 million or 13.4% of sales**

Net Sales by End Market

USD 95.7 million in Q1 2019 vs. USD 110.7 million a year ago (-13.6%)



Security & Energy

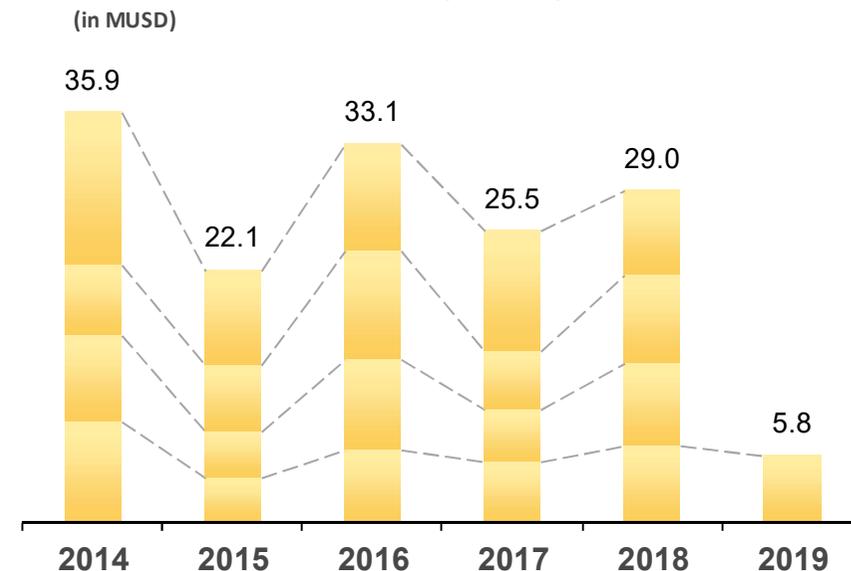
Q1 2019

- Sales decrease -13% to USD 5.8 million in Q1 2019 vs. Q1 2018 and sales decrease -22% vs. Q4 2018
- Majority of sales went to the Security market, mostly Government customers
- Small contribution from new products for energy applications

Market Trends

- Security needs around the world generate new business opportunities
- Challenging market predictions due to geopolitical uncertainties
- New target markets and application opportunities in energy market with
 - Fusion™ Micro-GC technologies
 - IRwin™ Methane leak detector
- 2019 expectations: Below average

**Sales to End Market
Security & Energy**
+1.3% CAGR (2013-2018)



Refrigeration, Air Conditioning & Automotive

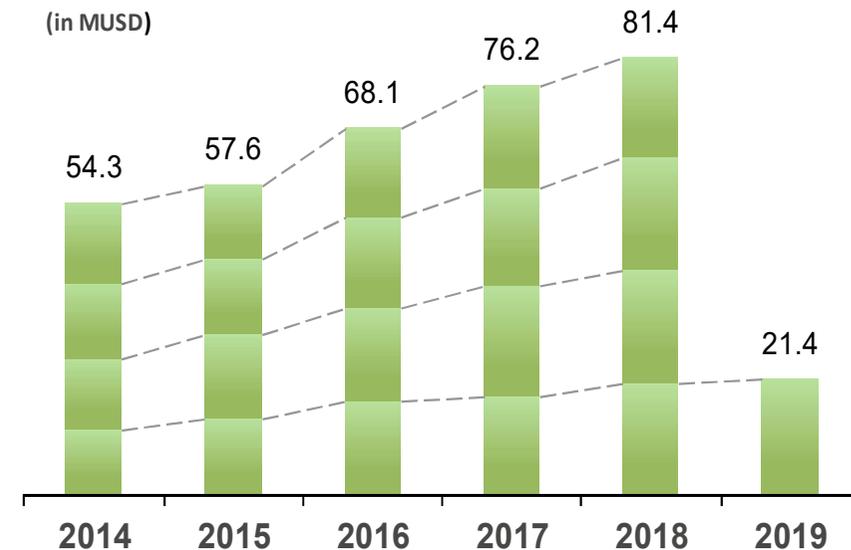
Q1 2019

- Q1 2019 sales increase of 3% to USD 21.4 million vs. Q1 2018
- Growth in all regions except in Asia
- Sequential increase of 16%
- Growing battery testing & after-sales-service activities

Market Trends

- Tougher regulations drive increased use of leak-checking instruments in the automotive market
- New E-Mobility opportunities
 - New and existing battery technologies
 - Fuel cell technology (Hydrogen)
- New distribution & product initiatives for handheld after-sale service products
- 2019 expectations: stable

Sales to End Market
Refrigeration, Air Conditioning & Automotive
+11.2% CAGR (2013 - 2018)



Semi & Vacuum Coating

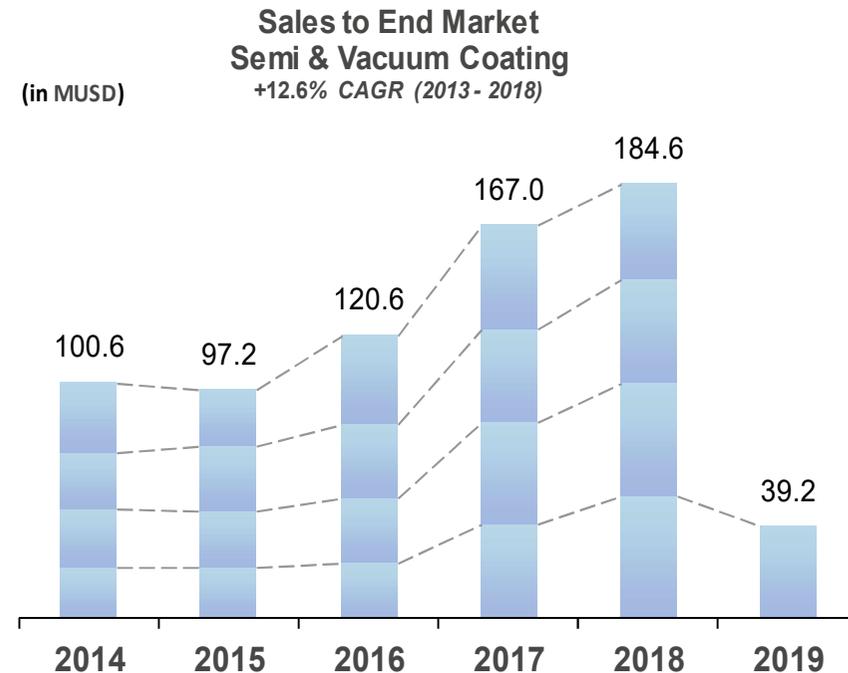
Solar, Display, Optics & Semiconductor

Q1 2019

- Sales Q1 2019 decrease of -25% vs. Q1 2018
- Sequential decrease of -3%
- Reduced Capex primarily in Asia for Semi and OLED-display manufacturing

Market Trends

- Long-term demand for new smart sensors, IoT, AI & AD, Big Data, and computing power
- Temporarily weaker Semi market, primarily for memory chips
- Increased use of EUV lithography tools for < 7nm node technology
- US-China trade issues with negative impact on China Semi initiative
- OLED flat panel display: capacity > demand
- 2019 expectations: challenging



General Vacuum

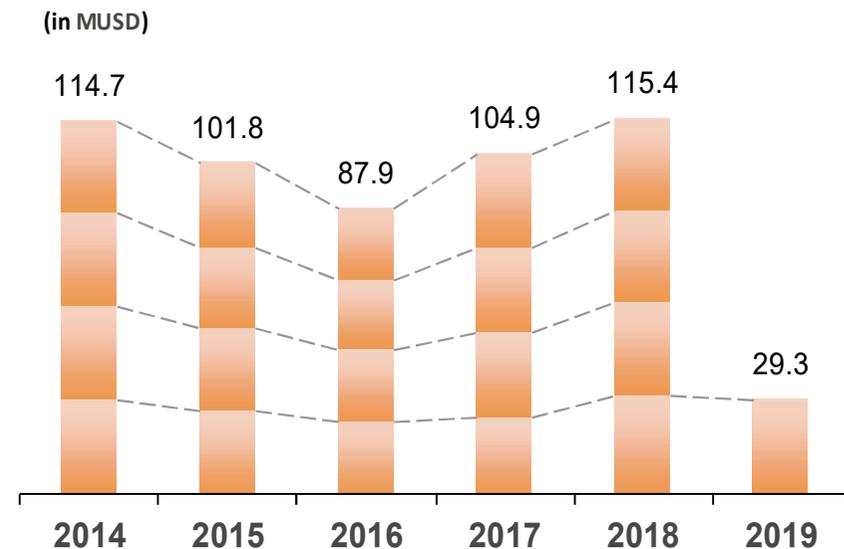
Q1 2019

- Q1 2019 sales decline -6% to USD 29.3 million vs. Q1 2018, mainly due to lower sales to European and Asian customers
- Sequential increase of 5%, growth in all regions

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)
- Improved global economy
- Growing food-packaging applications
- 2019 expectations: moderate growth

Sales to End Market
General Vacuum
-0.1% CAGR (2013 - 2018)



Outlook 2019

Challenging 2019 with volatility in the markets and geopolitical landscape

- Semiconductor market weakening at a high level (Industry 4.0, IoT, Big Data, etc.)
 - Investments in new memory fabs (China) at risk, due to US/China trade issues
 - Continued investments in new technologies (3D, 5nm, ALD/E, MEMS) incl. EUV lithography
 - 2019 = transition year
- Overcapacity for OLED flat panel display manufacturing, except for new flexible applications
- Stable RAC market and increase after sales services
- Increased E-Mobility investments (current and future battery technologies)
- Geopolitical landscape and economic environment creates some uncertainty for General Vacuum, Environmental and Security applications
- Accelerated sales growth from new applications such as energy and food-packaging as well as new products and solutions for advanced semiconductor applications

Guidance for FY 2019

→ Sales around USD 400 million

→ Operating income margin around 19%

Speakers

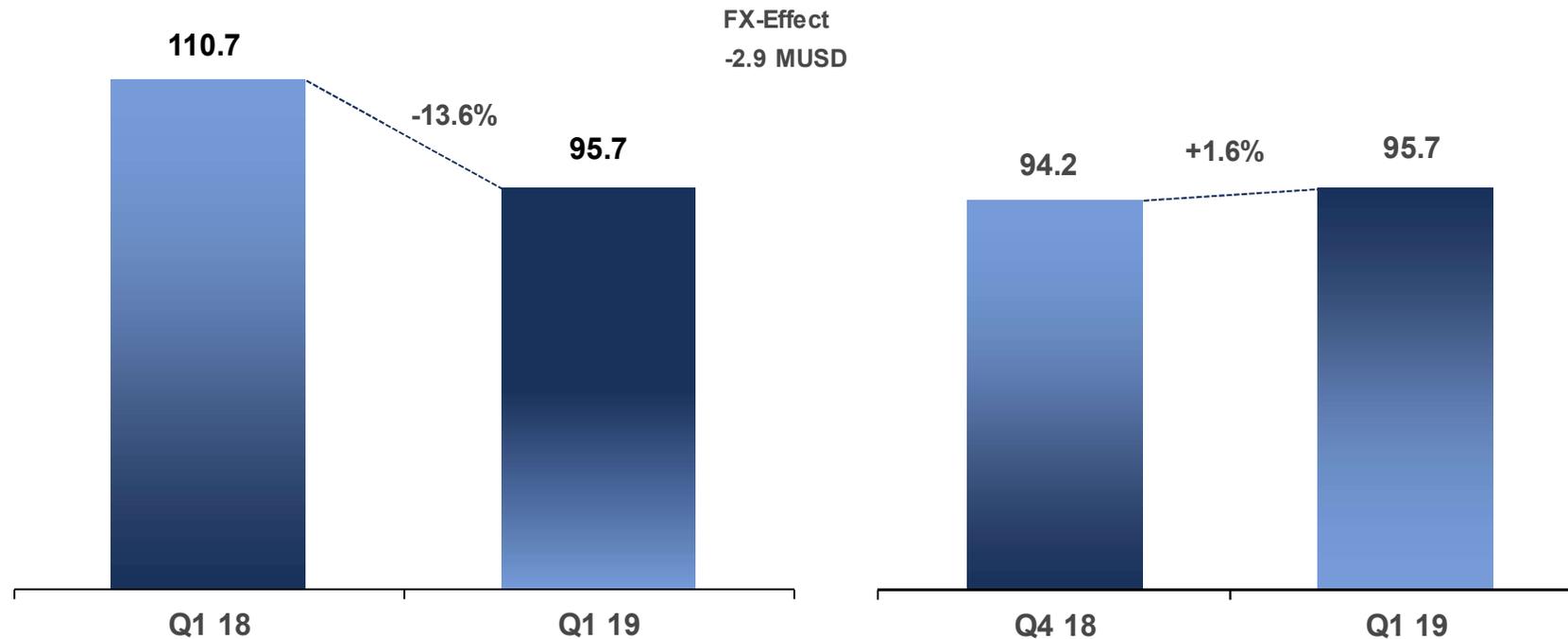
Matthias Tröndle

INFICON

Vice President and
Chief Financial Officer



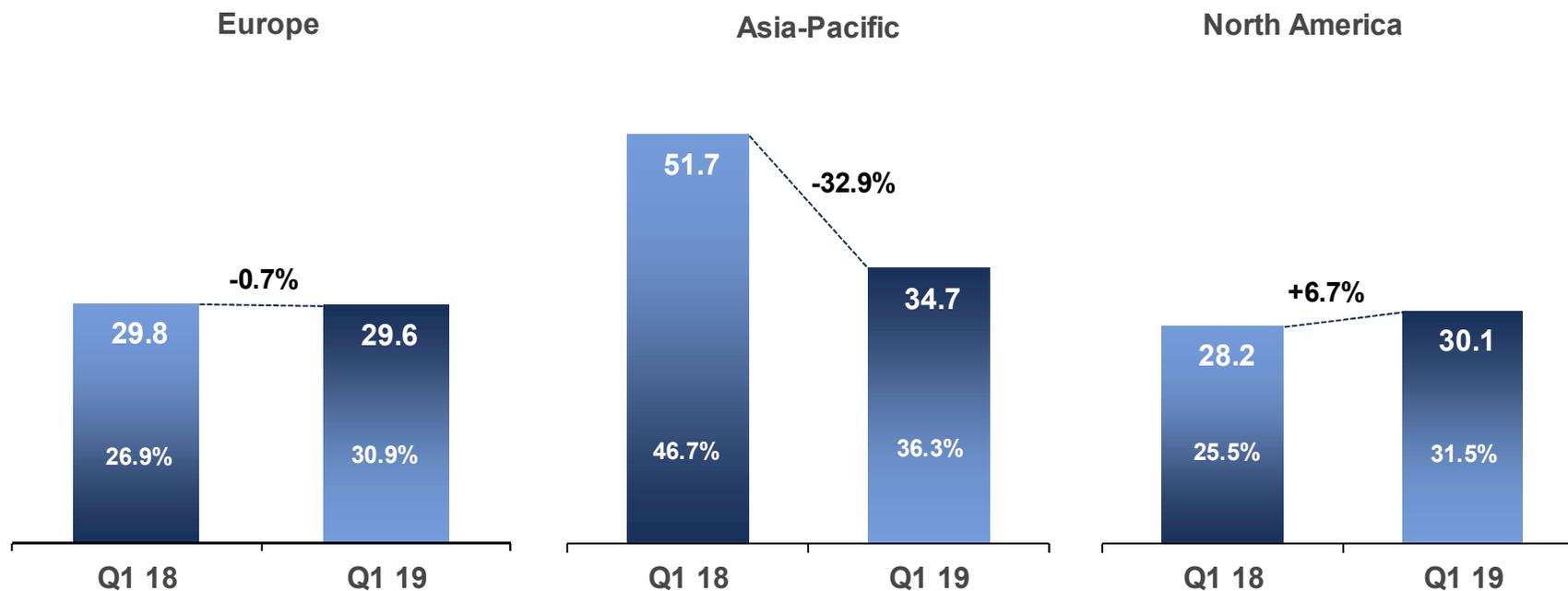
Sales (in MUSD)



Year-over-year: Decrease in all end-markets, except RAC&A

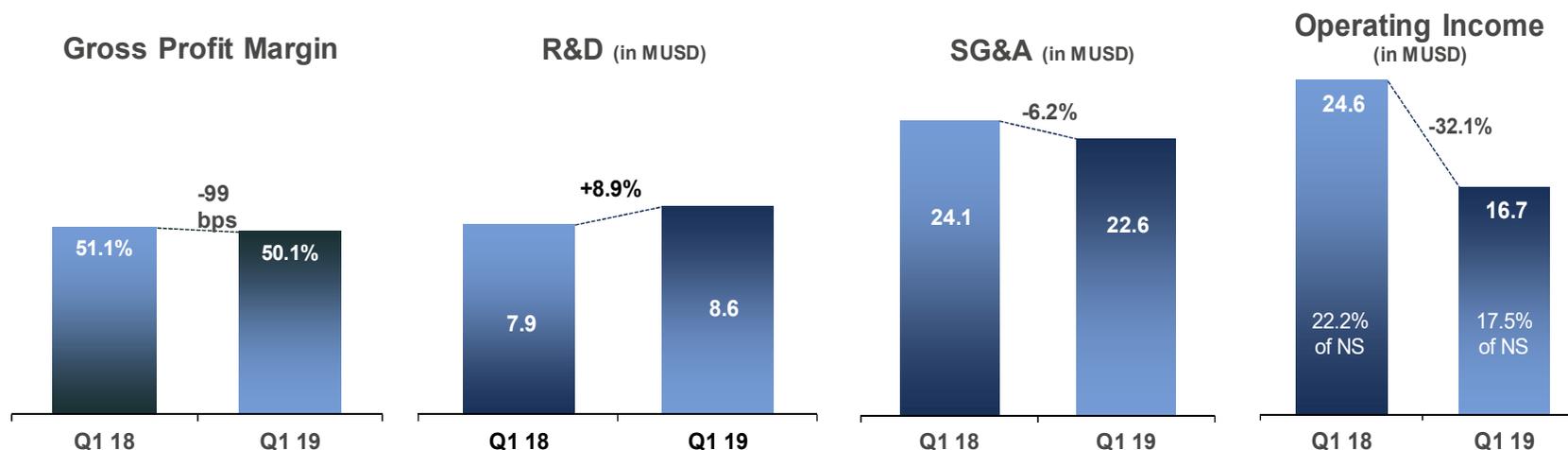
Sequentially: Mixed development in end-markets

Geographic Sales Breakdown – Quarter (in MUSD)



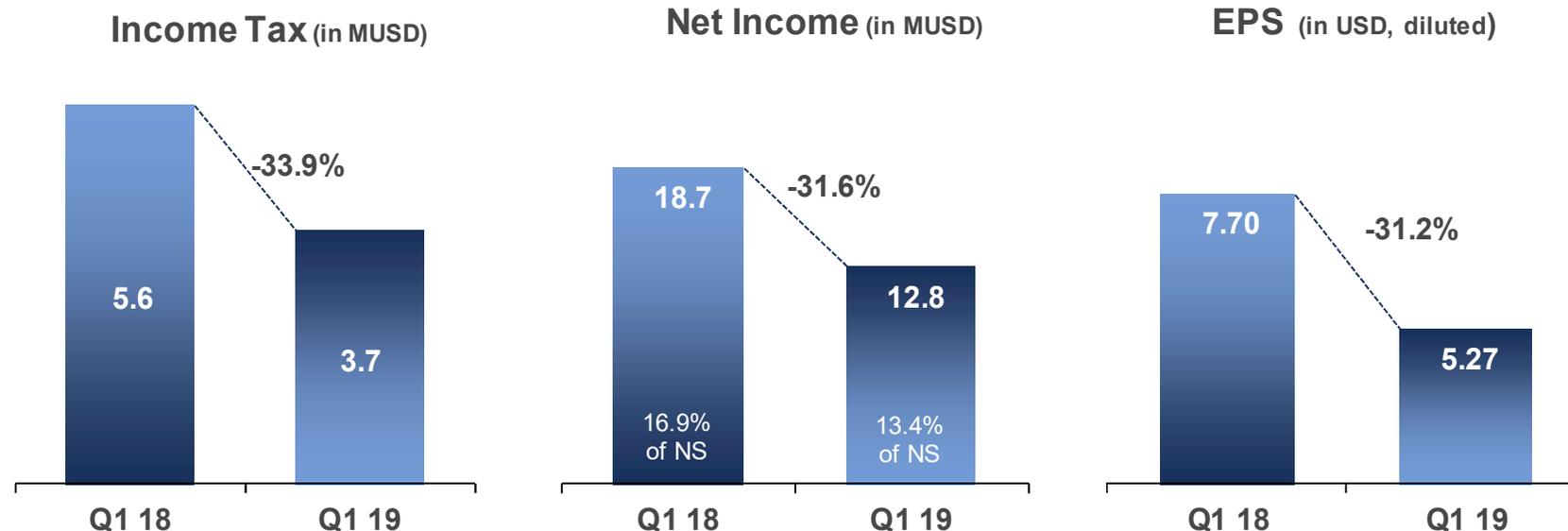
Main decline in Asia-Pacific due to lower Semi & Vacuum Coating sales

Gross Profit, Costs, and Operating Income



- **Gross profit margin:** Decline in margin due to lower volume and mix
- **R&D cost:** Increase due to acquisition impacts and continued development efforts
- **SG&A:** Investments in selling capabilities and acquisitions compensated by lower variable compensation and commissions and FX impacts
- **Operating income:** Decrease due to lower sales volume and gross margin while costs slightly decreased

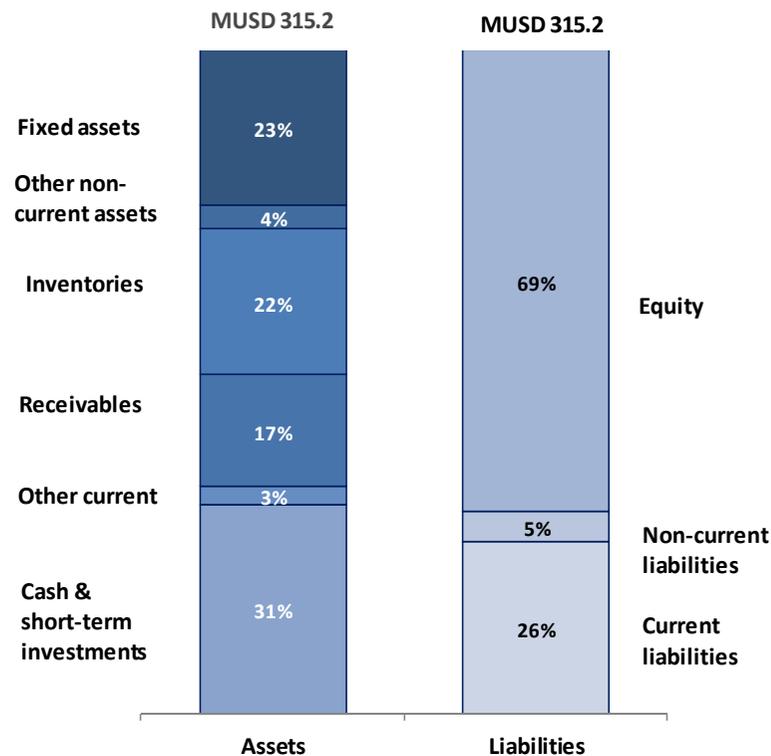
Net Income and EPS Development



- **Income tax:** Decrease reflects operating income development, slightly lower global tax rate of 22.5% driven by the mix in earnings
- **Net income & EPS:** Decrease due to lower operating income at slightly lower global tax rate

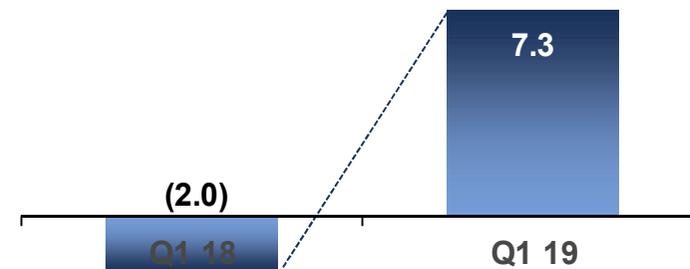
Balance Sheet Highlights (in MUSD)

Balance Sheet Structure 2019



	Q1 19	Q4 18
Net Cash	65.4	62.3
DSO	50.1	51.4
Inventory Turns	3.2	3.5
Working Capital	110.3	110.4
Operating Cash Flow	7.3	10.2

Cash Flow

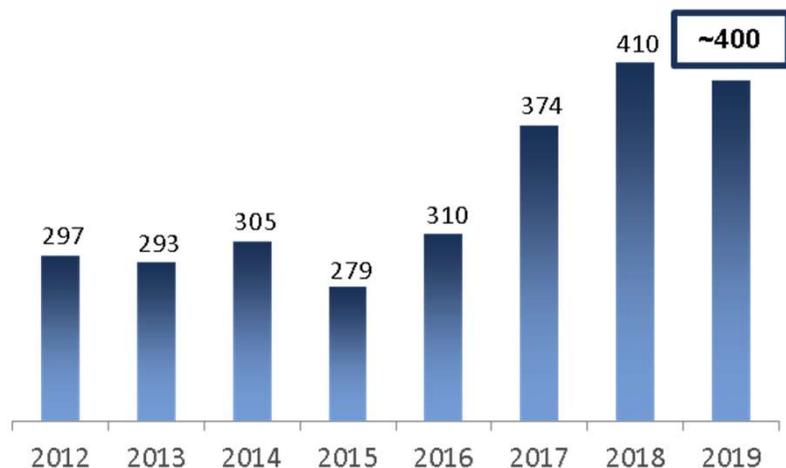


Solid balance sheet; turns ratio and working capital driven by higher inventory balance, improved DSO and cash flow

GUIDANCE FY 2019 AND CORPORATE COMMUNICATION CALENDAR

Full Year 2019 Guidance

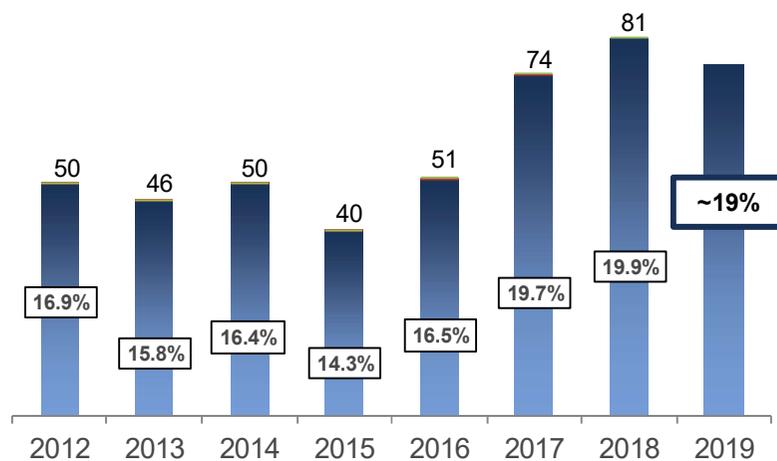
Sales (MUSD)



Guidance 2019

Based on our current expectations for our end-markets

Operating Income (MUSD)



Sales ~ 400 MUSD

Op. Income ~ 19%

Corporate Calendar FY 2019

- Q2 FY2019 and Half-year Results July 25, 2019
- Q3 2019 Earnings Conference Call October 17, 2019
- Q4 and FY 2019 Earnings Conference Call March 2020

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



THANK YOU!

Q&A