



Half-year Report 2013



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, 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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As in prior years, INFICON publishes its half-year report online. This year's edition has been optimized for easy reading on your desktop screens, your tablet PCs and handheld devices.

Additional copies of this report may be downloaded from the Investors section of our website, www.inficon.com, under Financial Reports.

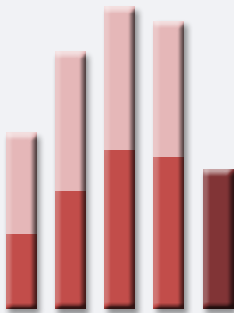
Key Figures

2009–2010 according to US GAAP

2011–2013 according to Swiss GAAP FER

(US Dollars in Millions, except per share amounts)

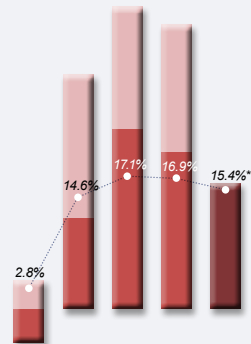
Net sales



	2009	2010	2011	2012	2013
Full Year	181.7	265.4	312.1	297.2	
Half-Year	76.8	120.8	163.7	156.2	143.6

Operating income

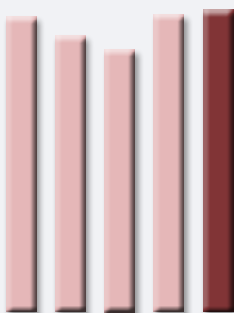
(in % of Net sales)



	2009	2010	2011	2012	2013
Full Year	5.1	38.6	53.3	50.1	
Half-Year	-5.9	15.9	31.7	27.5	22.2

* 2013 percentage is only for the first 6 months and all other percentages are based on 12 months

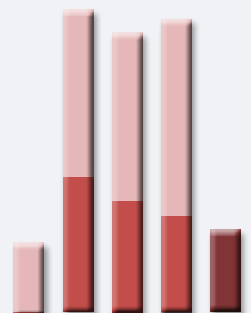
Equity ratio



	2009	2010	2011	2012	2013
Full Year	79.0%	74.0%	70.3%	79.6%	80.8%*

* 2013 percentage is only for the first 6 months and all other percentages are based on 12 months

Cash flow from Operations



	2009	2010	2011	2012	2013
Full Year	11.6	50.3	46.5	48.8	
Half-Year	-0.6	22.4	18.5	15.9	13.8



Key Figures

According to Swiss GAAP FER

(US Dollars in Millions, except per share amounts)

	Half-Year		Full Year
	2013	2012	2012
Net sales	143.6	156.2	297.2
Research and development	13.8	13.5	26.7
Selling expense	14.8	15.0	29.3
General and administrative expense	21.6	21.0	40.9
Operating income	22.2	27.5	50.1
<i>in % of net sales</i>	15.4%	17.6%	16.9%
EBITDA	25.1	29.5	59.9
<i>in % of net sales</i>	17.5%	18.9%	20.2%
Net income	16.5	19.4	39.9
Cash and short-term investments	68.1	57.0	92.2
Cash flow from operations	13.8	15.9	48.8
Capital expenditures	3.9	3.5	6.6
Total assets	192.3	183.5	215.6
Long-term debt	—	—	—
Stockholders' equity	155.4	141.4	171.5
<i>Equity Ratio in %</i>	80.8%	77.0%	79.6%
Employees	948	944	940
Ratios per Share			
Net income per share – diluted	7.16	8.73	17.86
Shareholders' equity per share – diluted	67.50	63.52	76.70
Free cash flow per share – diluted	4.08	5.56	18.32
<i>Return on equity %*</i>	21.2%	27.5%	23.3%

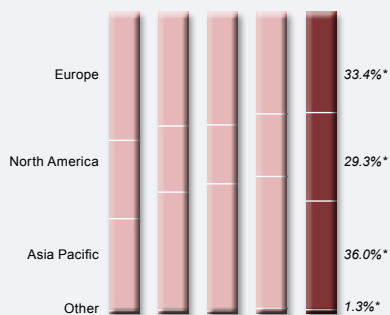
* Percentages have been annualized for 6 month figures

Sales Development

According to Swiss GAAP FER

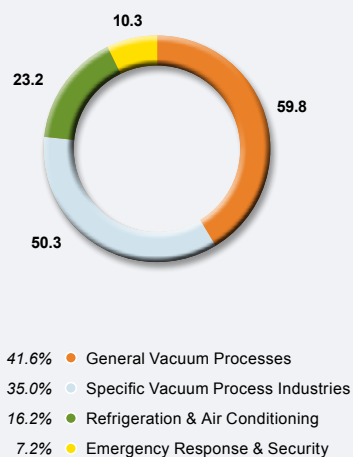
(US Dollars in Millions, except per share amounts)

Direct Sales by Geographic Region



2009 2010 2011 2012 2013
 * 2013 allocation is based on the first 6 months and all other allocations are based on 12 months

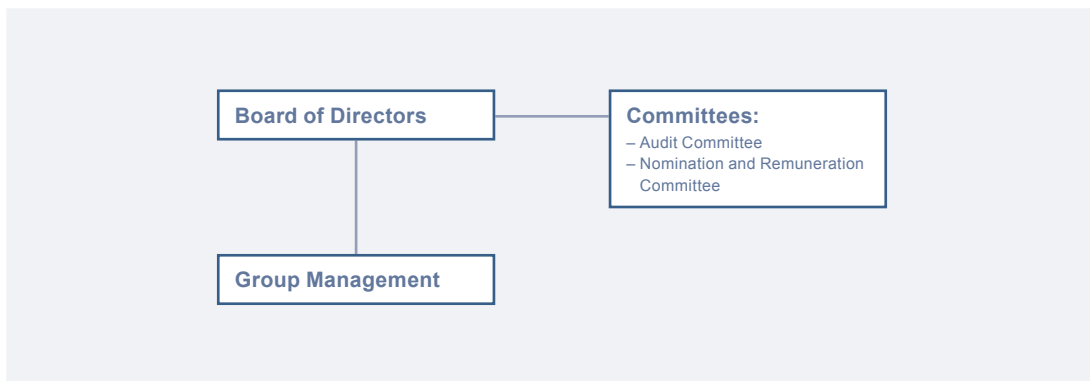
H1/13 Sales by End Market



	Half-Year		Full Year
	2013	2012	2012
Direct Sales by Geographic Region			
Europe	48.0	53.2	107.0
North America	42.0	32.1	60.5
Asia-Pacific	51.7	68.0	124.8
Other	1.9	2.9	4.9
Sales by End Market			
General Vacuum Processes	59.8	61.5	124.7
Specific Vacuum Process Industries	50.3	54.5	96.1
Refrigeration & Air Conditioning	23.2	25.2	47.8
Emergency Response & Security	10.3	15.0	28.6

Group Organization

(as of August 6, 2013)



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 Zürich, Switzerland Herrliberg, Switzerland Riehen, Switzerland
Audit Committee	Dr. Thomas Staehelin Vanessa Frey Beat Siegrist	Chairman	
Nomination and Remuneration 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)
(US Dollars in Millions)

Income Statement

Net Sales

Net sales for the six months ended June 30, 2013 were USD 143.6 million compared with USD 156.2 million for the same period in 2012, representing a USD 12.6 million or 8.1% decrease. This includes a negative impact from divestiture of USD 4.6 million or 2.9% as well as a negative impact of USD 1.4 million or 0.9% from changes in currency exchange rates. The Specific Vacuum Process Industries market experienced a decrease in sales of USD 4.2 million or 7.7% due to a decreased demand from semiconductor and equipment makers in Asia, while Thin Film products showed a positive development. Sales in the General Vacuum Processes market have decreased by USD 1.7 million or 2.8% largely due to a decrease in sales to European and Asian distributors and direct sales to industrial OEM's devices. Refrigeration & Air Conditioning sales decreased 7.9% or USD 2.0 million mainly due to the decrease in sales to RAC manufacturers in Asia and Europe. Emergency Response & Security market sales decreased 31.3% or USD 4.7 million from a record level in 2012 primarily due to lower government spending for security and environmental applications, especially in Asia and North America.

Gross Profit Margin

Gross profit margin was 50.5% for the six months ended June 30, 2013 compared with 49.2% for the same period in 2012. The increase is driven by a further reduction of production costs as well as a favorable product mix.

Research and Development Expenditures

Research and development expenditures were USD 13.8 million or 9.6% of sales for the six months ended June 30, 2013, as compared with USD 13.5 million or 8.6% of sales for the same period in 2012. The USD 0.4 million increase is driven by new hires and reflects intensified new product development efforts.

Selling, General and Administrative Costs (SGA)

Selling, general, and administrative costs for the first six months of 2013 were USD 36.4 million or 25.4% of sales, as compared with USD 36.0 million or 23.0% of sales for the same period a year ago. The increase reflects investments into our marketing capabilities and infrastructure, offset by lower commissions on sales and variable compensation.

Financial Result

Interest income increased to USD 0.1 million in 2013 from a loss of USD 0.1 million in 2012. Foreign currency losses accounted for USD 0.4 million for 2013 versus USD 1.1 million in 2012.

Provision for Income Taxes

Provision for income taxes was USD 5.4 million at a 24.6% effective tax rate for the six months ended June 30, 2013, compared with income taxes of USD 7.0 million at a 26.4% effective tax rate for the same period in 2012. The lower effective 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 16.5 million and USD 7.16 for the six months ended June 30, 2013, as compared with USD 19.4 million and USD 8.73 for the first half of 2012. The 18.0% decrease in earnings per share is a result of the 15.2% decrease in net income.



Financial Review

(Unaudited)
(US Dollars in Millions)

Balance Sheet and Liquidity

Trade accounts receivable, net decreased by USD 0.2 million to USD 35.9 million at June 30, 2013 as compared with USD 36.1 million at December 31, 2012. This decrease was primarily driven by effective Accounts Receivable Management that lead to lower Days Sales Outstanding, ending at 45.1 days for 2013 versus 45.3 days for 2012 using a 4-point average of quarter-end balances.

Inventories, net slightly increased by USD 0.8 million to USD 32.4 million at June 30, 2013 as compared with USD 31.6 million at December 31, 2012. Inventory turns slightly decreased to 4.4 million in 2013 versus 4.5 million in 2012 using a 4-point average of quarter-end inventory balances.

Cash and short-term investments totaled USD 68.1 million at June 30, 2013, which was a decrease of USD 24.2 million from USD 92.2 million at December 31, 2012. The decrease was mainly driven by the USD 38.9 million payout of reserves from capital contributions, partly compensated by cash flow generation. During the first half of 2013, cash flow from operations was USD 13.8 million versus USD 15.9 million in the first half of 2012.

Outlook

Based on our results of the first half of 2013, our year-to-date book-to-bill ratio and our assessment of the end markets we serve we expect slightly improved sales volumes for the second half of 2013.

We are confident that our long-term strategy, the leading market position and the consistent renewal and expansion of our product portfolio will support our goals.

While we see certain market saturation in China for the Refrigeration & Air Conditioning market, we expect higher investments in new industrial leak-detection applications as well as some market recoveries for the Emergency Response & Security market due to a reasonable project pipeline. The sales into the General Vacuum Processes market continue to depend on Europe's economy.

We still see ongoing overcapacity in the photovoltaic and LCD flat panel display market – while increased investments in OLED technology and improved demand in the semiconductor market, with OEM-business and sensors and software at end-users, provides a good base for future growth.



Consolidated Interim Balance Sheet

(Unaudited)

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

	June 30, 2013	December 31, 2012	June 30, 2012
Assets			
Cash and cash equivalents	68,071	92,237	56,998
Trade accounts receivable, net	35,893	36,149	37,103
Inventories	32,407	31,566	33,481
Prepayments and accrued income	1,388	1,011	1,214
Other current assets	5,200	3,708	4,094
Total current assets	142,959	164,671	132,890
Property, plant and equipment	30,428	29,921	28,890
Intangible assets	4,682	4,633	4,305
Deferred tax assets	12,493	14,543	15,722
Financial assets	1,697	1,785	1,710
Total non-current assets	49,300	50,882	50,627
Total assets	192,259	215,553	183,517
Liabilities and Shareholders' Equity			
Trade accounts payable	10,302	6,004	9,253
Short-term borrowings	0	2,323	2,515
Short-term provisions	8,975	15,611	10,628
Income taxes payable	696	3,187	2,899
Accrued expenses and deferred income	11,235	12,305	10,101
Other current liabilities	1,315	529	1,048
Total current liabilities	32,523	39,959	36,444
Long-term provisions	779	838	3,522
Deferred tax liabilities	3,532	3,233	1,598
Pension liabilities	0	0	557
Other non-current liabilities	0	0	43
Total non-current liabilities	4,311	4,071	5,720
Total liabilities	36,834	44,030	42,164
Common stock	6,420	6,279	6,210
Capital reserves	0	17,472	13,354
Retained earnings	149,005	147,772	121,789
Total shareholders' equity	155,425	171,523	141,353
Total liabilities and shareholders' equity	192,259	215,553	183,517

Since January 1, 2012 the consolidated financial statements have been prepared in accordance with Swiss GAAP FER. Prior period figures have been restated to conform to the presentation for the current financial period to ensure comparability. The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Interim Statement of Income

(Unaudited)

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

Six months ended June 30,	2013	2012
Net sales	143,608	156,241
Cost of sales	71,147	79,300
Gross profit	72,461	76,941
Research and development	13,848	13,468
Selling expense	14,832	14,989
General and administrative expense	21,607	20,976
Operating result	22,174	27,508
Financial result	(303)	(1,170)
Ordinary result	21,871	26,338
Non-operating result	0	70
Earnings before income taxes (EBT)	21,871	26,408
Income taxes	5,390	6,974
Net result	16,481	19,434
Earnings per share:		
Basic	7.26	8.81
Diluted	7.16	8.73

Since January 1, 2012 the consolidated financial statements have been prepared in accordance with Swiss GAAP FER.

Prior period figures have been restated to conform to the presentation for the current financial period to ensure comparability.

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Interim Statement of Shareholders' Equity

(Unaudited)

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

	Common stock	Capital reserves	Retained earnings	Foreign currency adjustment	Total shareholders' equity
January 1, 2012	6,147	43,595	102,952	537	153,231
Net income			19,434		19,434
Foreign currency translation adjustments				(1,134)	(1,134)
Issuance of common stock from exercise of stock options	63	3,626			3,689
Distribution from legal reserve (CHF 14 per share)		(33,867)			(33,867)
Balance at June 30, 2012	6,210	13,354	122,386	(597)	141,353
January 1, 2013	6,279	17,472	145,139	2,633	171,523
Net income			16,481		16,481
Foreign currency translation adjustments				(3,257)	(3,257)
Issuance of common stock from exercise of stock options	141	9,405			9,546
Distribution from legal reserve (CHF 16 per share)		(26,877)	(12,056)		(38,933)
Adjustment of Goodwill			65		65
Balance at June 30, 2013	6,420	0	149,629	(624)	155,425

Since January 1, 2012 the consolidated financial statements have been prepared in accordance with Swiss GAAP FER.

Prior period figures have been restated to conform to the presentation for the current financial period to ensure comparability.

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Interim Statement of Cash Flows

(Unaudited)

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

Six months ended June 30,	2013	2012
Cash flows from operating activities:		
Net income	16,481	19,434
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,723	2,581
Amortization	600	447
Disposal of fixed assets	(24)	0
Deferred taxes	2,330	2,170
Changes in operating assets and liabilities, excluding effects from acquisition:		
Trade accounts receivable	(440)	(253)
Inventories	(1,347)	(1,985)
Other assets	(2,464)	(576)
Trade accounts payable	4,688	3,029
Accrued liabilities	(6,383)	(3,012)
Income taxes payable	(2,403)	(5,909)
Other liabilities	24	(46)
Net cash provided by operating activities	13,786	15,880
Cash flows from investing activities:		
Purchases/Disposals of property, plant and equipment	(3,643)	(3,512)
Purchases/Disposals of intangible assets	(742)	0
Acquisitions of businesses net of cash acquired	0	(655)
Change in short-term investments	0	2,360
Net cash used in investing activities	(4,384)	(1,807)
Cash flows from financing activities:		
Proceeds from exercise of stock options	9,546	3,689
Cash dividend paid	(38,933)	(33,867)
Decrease in short-term borrowings	(2,323)	(14,951)
Net cash used in financing activities	(31,710)	(45,129)
Effect of exchange rate changes on cash and cash equivalents	(1,857)	(661)
Change in cash and cash equivalents	(24,165)	(31,717)
Cash and cash equivalents at beginning of period	92,236	88,715
Cash and cash equivalents at end of period	68,071	56,998

Since January 1, 2012 the consolidated financial statements have been prepared in accordance with Swiss GAAP FER.

Prior period figures have been restated to conform to the presentation for the current financial period to ensure comparability.

The accompanying notes form an integral part of the consolidated financial statements.

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, 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, oil and gas transportation and processing, alternative energy, utilities, 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 as well as instruments for energy and petrochemical applications.

INFICON has world-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

These consolidated interim financial statements comprise the unaudited interim financial statements for the six months ended June 30, 2013. Since the beginning of 2012, the consolidated financial statements are prepared in accordance with Swiss GAAP FER. The consolidated interim financial statements, which have been prepared in accordance with Swiss GAAP FER

12 “Interim reporting,” 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, 2012.

There has been no significant change in the Company’s accounting policies and estimates during the first six months of 2013.

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, 2013	Dec 31, 2012	June 30, 2012	Six months ended	
				June 30, 2013	June 30, 2012
Swiss Franc	1.0601	1.0913	1.0466	1.0687	1.0768
Euro	1.3080	1.3183	1.2590	1.3136	1.2973
Japanese Yen	0.0101	0.0116	0.0126	0.0105	0.0126
Hong Kong Dollar	0.1289	0.1290	0.1289	0.1289	0.1289
Korean Won	0.0009	0.0009	0.0009	0.0009	0.0009

4 Acquisitions

Verionix Inc.

On November 4, 2009, the Company acquired substantially all the assets of Verionix Inc., a developer of gas sensor, gas composition sensors and gas analyzers. The acquisition expands the Company’s position in the gas analysis market. It also increases opportunities for the Company in the semiconductor, LCD and solar manufacturing markets.

The purchase price was USD 610 at closing. Additionally, there is an earn-out capped at USD 8,718 to be paid based on units sold over a four year period. At the acquisition date, the Company had performed a fair value calculation which resulted in USD 4,600 of con-

Notes to Consolidated Interim Financial Statements

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

tingent consideration. As of June 30, 2012, the fair value of the contingent consideration amounted to USD 2,100. As of December 31, 2012, the fair value of the contingent consideration was reduced by USD 1,900, which reduced goodwill accordingly, which is offset against equity under Swiss GAAP FER. As of June 30, 2013, the fair value of the contingent consideration amounts to USD 200.

Cumulative Helium Leak Detection (CHLD)

On December 22, 2010, the Company acquired the Cumulative Helium Leak Detection (CHLD) technology from the Pernicka Corporation. The acquisition expands the Company's position in the hermetic sealed parts market. It also increases opportunities for the Company in the medical implants, electronic hybrid circuits and components for satellites markets.

The purchase price was USD 1,500 at closing. Additionally, there is an earn-out to be paid based on units sold over a four year period. At the acquisition date, the Company has performed a fair value calculation which resulted in USD 500 of contingent consideration. As of June 30, 2012 and 2013, the fair value of the contingent consideration remains unchanged.

Photovac

On November 15, 2011, the Company acquired substantially all the assets of Photovac Inc., a developer and manufacturer of volatile organic compound (VOC) detection equipment. The addition of Photovac's products and sensor technology to the already proven line of chemical detection and monitoring systems will help the Company expand its market reach in environmental monitoring and emergency response markets.

The purchase price was USD 3,465 at closing. Additionally, there is an earn-out to be paid based on units sold over a two year period. At the acquisition date, the Company has performed a fair value calculation which resulted in USD 550 of contingent consideration. As of June 30, 2012, the fair value of the contingent consideration amounts to USD 550. As of December 31, 2012, the fair value of the contingent consideration was reduced by USD 450, which reduced goodwill accordingly, which is offset against equity under Swiss GAAP FER. As of

June 30, 2013, the fair value of the contingent consideration amounts to USD 100.

Applied Sensors

On March 1, 2012, the Company acquired substantially all the assets of Applied Sensor Sweden AB, a developer and manufacturer of hydrogen gas sensing products. The acquisition of the technology and research know-how expands the Company's unique knowledge in hydrogen sensing technology and will help to strengthen its market position in the Refrigeration and Air-Conditioning as well as the Automotive and Industrial markets.

The purchase price was USD 659 at closing. The following table summarizes the fair values of the assets acquired at the acquisition date:

As of March 1,	2012
Fixed assets	350
Goodwill	309
Net assets acquired	659

Vacuum valves

INFICON has sold its vacuum valves product line, which is based at its site in Balzers/Liechtenstein, to VAT, a leading manufacturer of vacuum valves headquartered in Haag/Switzerland, effective as of December 31, 2012. As INFICON does not cover the full range of this product category and thus does not hold a leading market position, the Company does not consider these products to be part of its core business. After deducting inventory and respective restructuring cost from the selling price, the sale has led to a contribution to the non-operating result of USD 4,300 in the year 2012.

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

Notes to Consolidated Interim Financial Statements

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

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,	2013	2012
Numerator:		
Net income	16,481	19,434
Denominator:		
Weighted average shares outstanding	2,269	2,205
Effect of dilutive stock options	33	20
Denominator for diluted earnings per share	2,302	2,225
Earnings per share:		
Basic	7.26	8.81
Diluted	7.16	8.73

6 Subsequent Events

The Company has evaluated subsequent events through August 6, 2013, which represents the date when the consolidated financial statements were available to be issued.



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