



## Annual Report 2014



# 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.

INFICON publishes its annual report online. This year's edition has been optimized for easy reading on your computer and mobile devices.

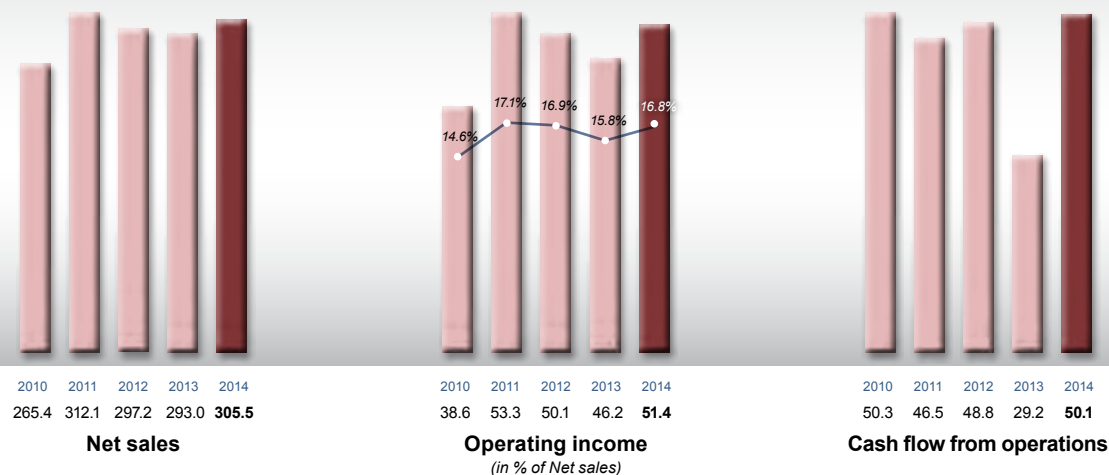
Additional copies of this report may be downloaded from the Investors section of our website,

[www.inficon.com](http://www.inficon.com), Investor section

Cover photo:  
Hapsite® ER – the only truly person-portable gas chromatograph/mass spectrometer available.

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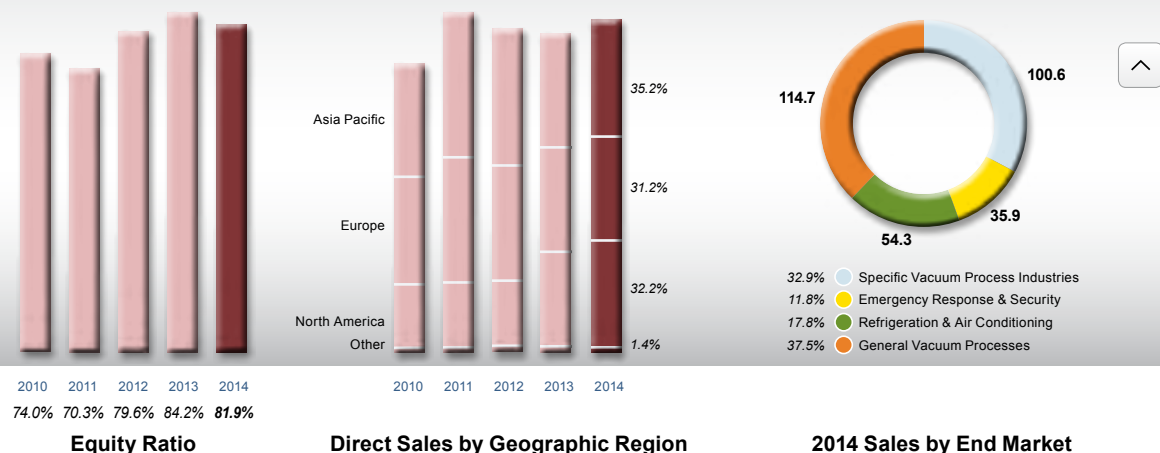
## Key Figures – At a Glance



2010 according to US GAAP  
 2011–2014 according to Swiss GAAP FER  
 (US Dollars in Millions, except per share amounts)

	2010	2011	2012	2013	2014
Net sales	265.4	312.1	297.2	293.0	305.5
Research and development	23.2	24.7	26.7	27.8	27.3
Selling, general and administrative	63.3	71.2	70.2	73.4	76.9
Operating income	38.6	53.3	50.1	46.2	51.4
<i>in % of net sales</i>	14.6%	17.1%	16.9%	15.8%	16.8%
EBITDA	43.3	59.0	59.9	52.6	58.1
<i>in % of net sales</i>	16.3%	18.9%	20.2%	18.0%	19.0%
Net income	27.1	40.3	39.9	35.3	38.6
Cash and short-term investments	70.3	91.1	92.2	75.0	81.0
Cash flow from operations	50.3	46.5	48.8	29.2	50.1
Capital expenditures	3.6	7.5	6.6	12.7	8.0
Total assets	216.3	218.1	215.6	213.6	216.5
Long-term debt	—	—	—	—	—
Shareholders' equity	160.2	153.2	171.5	179.8	177.3
<i>Equity Ratio in %</i>	74.0%	70.3%	79.6%	84.2%	81.9%
Employees	843	909	940	942	953

## Key Figures – At a Glance



2010 according to US GAAP  
 2011–2014 according to Swiss GAAP FER  
 (US Dollars in Millions, except per share amounts)

	2010	2011	2012	2013	2014
<b>Ratios per Share</b>					
Net income per share – diluted	12.47	18.29	17.86	15.23	<b>16.50</b>
Shareholders' equity per share – diluted	73.78	69.57	76.70	77.58	<b>75.77</b>
Free cash flow per share – diluted	21.52	17.92	18.32	6.55	<b>17.49</b>
Return on equity %	16.9%	26.3%	23.3%	19.6%	<b>21.8%</b>
<b>Dividend/Distribution per share (CHF)</b>					
Dividend/Distribution per share (CHF)	10.00	14.00	16.00	14.00	<b>15.00*</b>
Share price (CHF) at December 31,	179.50	154.00	219.10	343.75	<b>308.25</b>

\* The proposed distribution is to be paid out from legal reserves.

### Direct Sales by Geographic Region

	2010	2011	2012	2013	2014
Asia-Pacific	103.4	132.2	124.8	103.9	<b>107.6</b>
Europe	100.0	116.2	107.0	96.9	<b>95.4</b>
North America	59.0	60.3	60.5	87.7	<b>98.4</b>
Other	3.0	3.4	4.9	4.5	<b>4.1</b>

### Sales by End Market

	2010	2011	2012	2013	2014
Specific Vacuum Process Industries	91.8	110.7	96.1	102.1	<b>100.6</b>
Emergency Response & Security	22.0	18.3	28.6	27.2	<b>35.9</b>
Refrigeration & Air Conditioning	42.3	50.5	47.8	47.9	<b>54.3</b>
General Vacuum Processes	109.3	132.6	124.7	115.8	<b>114.7</b>

## Recent Milestones and Achievements

INFICON was formed in June 2000 from the instrumentation businesses of three well-known international vacuum technology companies which were merged in 1996 under the Swiss Company OC Oerlikon.

Our initial public offering was November 9, 2000, both on SIX Swiss Exchange and NASDAQ. In 2005, INFICON delisted its stock from NASDAQ. INFICON started to pay out dividends in 2006, and changed its reporting standard from US GAAP to Swiss GAAP FER in 2012. Since our inception, we have acquired and integrated 10 companies.



### Corporate

CHF 4.00 dividend payment per share for 2009	CHF 10.00 distribution per share for 2010 from legal reserves from capital contributions	CHF 14.00 distribution per share for 2011 from legal reserves from capital contributions	CHF 16.00 distribution per share for 2012 from legal reserves from capital contributions	CHF 14.00 distribution per share for 2013 from legal reserves from capital contributions
				CHF 15.00 proposed distribution per share for 2014 from legal reserves from capital contributions

### Acquisitions / Divestments

+ Micro GC product line from Agilent Technologies Inc.	+ Hydrogen leak detection specialist Adixen Scandinavia AB from Pfeiffer Vacuum	+ Assets of hydrogen gas sensing specialist Applied Sensor Sweden AB	+ Assets of thin film specialist Sycon Instruments Inc., Syracuse/USA	
+ Cumulative Helium Leak detection (CHLD) technology from Pernicka Corporation	+ Assets of VOC detection specialist Photovac Inc.	– Vacuum Valve product line	+ Assets of hydrogen leak detector specialist KeyX, Leipzig/Germany	

### Sales / Marketing / Achievements

China sales and service expansion	New sales location in Italy	New sales location in India	US Presidential Award for Exports	R&D 100 Award for Stripe High Speed Capacitance Diaphragm Vacuum Gauge
		Korea capability expansion		R&D 100 Award for Micro GC Fusion Gas Analyzer
				Golden Gas Award for Micro GC Fusion Gas Analyzer
				INFICON joins Sematech to develop analysis and monitoring solutions for semiconductor manufacturing equipment

## Recent Milestones and Achievements

Innovation is key at INFICON. In our 15 years of existence we have developed and launched over 70 new products.



### Technology Leadership

<p>T-Guard was awarded an R&amp;D 100 Award as well as a 2010 Good Design Award</p> <p>CMS5000 Water and Air Quality Monitoring</p> <p>IC6 Thin Film Deposition Controller</p> <p>PCG Pirani Capacitance Diaphragm Gauge product family</p>	<p>Quantus LP100 for real-time contamination and endpoint detection for critical process environments</p> <p>Cygnus 2 Thin Film Deposition Controller with unique features designed for OLED processes</p> <p>Pernicka 700H leak detector combining mass spectrometer expertise with cryogenic ultra-high vacuum</p> <p>Sensistor Hydrogen leak detector family</p> <p>Photovac ComboPro 2020, an intrinsically safe, versatile VOC Photoionization Detector</p>	<p>Transpector MPH Residual Gas Analyzer with industry leading performance for all gas analysis applications</p> <p>The INFICON Porter CDG020D Capacitance Diaphragm Gauge designed for stable, long-term performance in industrial environments</p> <p>LDS3000 Helium/ Hydrogen Leak Detector sets new standards for accuracy, reproducibility of measurement results and speed of leak detection</p> <p>Composer Elite Binary Gas Concentration Monitor for LED manufacturing processes</p> <p>Private label service leak detector</p>	<p>Cube Calibration/ Reference Vacuum Measurement Instrument</p> <p>Edge Capacitance Diaphragm Gauge, for high-temperature semi applications</p> <p>EtherCAT interfaces for Vacuum Gauge line</p> <p>Gemini Cold Cathode Inverted Magnetron all purpose Vacuum Gauge</p> <p>Stripe High Speed Vacuum Gauge</p> <p>Transpector MPH Residual Gas Analyzer for semiconductor applications</p> <p>Micro GC Fusion Gas Analyzer</p> <p>Spot OEM Capacitance Diaphragm Pressure Sensor</p>	<p>Stripe 10m Torr Full Scale Capacitance Diaphragm Gauge</p> <p>IRwin™ Mobile Methane Leak Detector</p> <p>HLD 6000 Refrigerant Leak Detector</p> <p>Sensistor Sentrac Hydrogen Leak Detector</p> <p>Vortex Dual Refrigerant Recovery Machine</p>
2010	2011	2012	2013	2014

## Target Markets

Specific Vacuum Process Industries	Emergency Response & Security	Refrigeration & Air Conditioning	General Vacuum Processes
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### Market

<p><i>In situ</i> metrology and process control for semiconductor manufacturers, manufacturers of capital equipment for semiconductor devices (OEMs), and for thin film coating applications including flat panel displays (LCD and OLED), solar cells, LED lighting systems, data storage media, scientific and consumer optics, and architectural glass coatings.</p>	<p>Analysis of chemical agents and toxic industrial chemicals in air, water or soil for military, emergency response and environmental events.</p> <p>Gas analysis for the petrochemical industry, including oil and gas production, refining, and alternative energy.</p> <p>Leak detection and monitoring of landfills, industrial processes, and public utility distribution networks</p>	<p>Leak detection for quality control in the manufacture of commercial and consumer air conditioners and appliances, automotive air conditioners and air bags, wheel wells, and other components.</p> <p>After-sale service for repair.</p>	<p>Vacuum technology applications such as aerospace, heat treating, analytical instrumentation, food packaging, vacuum furnace and metallurgy, and research reached through private-label partners who are global manufacturers of vacuum pumps. INFICON also serves a growing portion of this market directly.</p>
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### Growth Drivers

<p>Fast growth of electronic consumer products in emerging markets</p> <p>Increasing complexity and manufacturing cost of products</p> <p>Miniaturization for portability and online/mobile communication</p> <p>Increasing demand for solar/ photovoltaic energy and energy-efficient lighting systems such as LED</p>	<p>Imminent threats to national and global political and economic stability</p> <p>Public opinion, driven by fear of terror, supports and drives governments to allocate resources to homeland security</p> <p>Government agencies (military, police, etc.) faced with more and new tasks for national emergencies</p> <p>Growing environmental concerns</p>	<p>Increased government regulation to reduce environmental pollution and increase energy efficiency</p> <p>Increased quality standards and technology/process control</p> <p>New refrigerants for air conditioning</p> <p>General growth in demand for air conditioning</p> <p>Growing demand for household appliances in emerging economies</p>	<p>Life Science</p> <p>R&amp;D budgets</p> <p>Easier use of vacuum for industrial and research applications</p> <p>Higher quality standards</p> <p>Global GDP growth</p> <p>New energy and fuel applications</p>
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### Long-term market trends

Ambient Intelligence			Ambient Intelligence
Sustainability	Sustainability	Sustainability	
Rising Middle Class		Rising Middle Class	Rising Middle Class
International Security	International Security		

# Target Markets

Specific Vacuum Process Industries	Emergency Response & Security	Refrigeration & Air Conditioning	General Vacuum Processes
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## Products

Industrial gas analyzers, mass spectrometers, and process control sensors			Industrial gas analyzers, mass spectrometers, and process control sensors
Vacuum gauges, controllers, components and feedthroughs		Vacuum gauges, controllers, components and feedthroughs	Vacuum gauges, controllers, components and feedthroughs
Leak detectors	Leak detectors	Leak detectors	Leak detectors
Thin film controllers			
Chemical identification detectors	Chemical identification detectors		Chemical identification detectors
	Micro gas chromatography		Micro gas chromatography
Sensor integration software			
Quartz crystal technologies			Quartz crystal technologies
Gas concentration monitor			Gas concentration monitor
RF sensing technology			
		Service tools	



# Letter to our Shareholders

## Dear Shareholders

At INFICON, we are proudly working on the present and the future. Keeping a close eye on the markets we serve and those who are just about to discover the benefits of advanced vacuum instruments technology defines the roadmap for our research and development work. Over the past few years, we have successfully established vacuum technology for quality testing in the automotive industry. Currently, we are entering the food packaging and the global oil and gas markets. Our technologically leading instruments and components have again been specified by original equipment manufacturers for a series of new semiconductor and other industrial tools. Our efforts are greatly acknowledged: INFICON has won three prestigious awards for recently launched products. And we keep the innovation pace high. In 2014, we have launched again five new products specifically designed for existing and new markets.

To be ready for the future also implies ongoing strategic adjustments to the operational setup: 2014 saw the groundbreaking for an important expansion of INFICON's Syracuse plant. We also continue to invest into our market presence. INFICON is able to finance its investments into R&D, work site infrastructure and equipment as well as sales and marketing through its operational cash flow. With USD 50.1 million, we have generated in 2014 the second best operating cash flow in our history. After a very strong last quarter, INFICON closed the year within expectations with 4.3% higher sales of USD 305.5 million, an 11% stronger operating profit of USD 51.4 million and a 9% increased net profit of USD 38.6 million. INFICON's financial strength also shows in its debt-free balance sheet boasting an equity ratio of 81.9%.

In the light of INFICON's excellent position on the global vacuum instruments technology market, its strong financial results, and its broad position on traditional as well as newly emerging industrial markets, the Board of Directors proposes to the upcoming Annual General Meeting of Shareholders to distribute CHF 15 per share. In total, this distribution is almost 100% of the net profit for 2014 and underlines the Board's and the Management's positive assessment for INFICON's outlook.

## Letter to our Shareholders

### Acclaimed Innovation and Empowering Renewal

Three times, representatives of INFICON's Management and Research & Development teams were called onto the stage in 2014: Our innovation work was honored twice with an R&D 100 award for our recently launched products Stripe and Micro GC Fusion. The latter also won the Golden Gas Award 2014. These prestigious awards and the five new products launched in 2014 are proof of the commitment and dedication of all our talented colleagues and underline INFICON's emphasis on innovation and excellence. We strive to help our customers in a growing range of industries to set themselves apart with the leading edge technology and crucial components we supply.



#### **Stripe 10m Torr Full Scale Capacitance Diaphragm Gauge**

*Fast, highly accurate, with EtherCAT fieldbus interface for a variety of new applications.*



#### **R&D Award**

*INFICON proudly accepted the prestigious R&D 100 Award for two products in 2014 – Stripe Capacitance Diaphragm Gauge and Micro GC Fusion Gas Analyzer. Dr. Martin Wuest (middle) has been honored as a 2014 fellow of the American Vacuum Society.*

## Letter to our Shareholders

Board and Management are continuously evaluating new industrial opportunities. Important inroads were established in 2014 into the oil and gas industry and into food packaging. A new product was launched for the public utility market: First launched in Germany and the Netherlands, IRwin™, INFICON's Mobile Methane Leak Detector, is an innovative natural gas detector for gas pipes survey and gas leak detection. This natural gas leak detector is portable and – for good reason – explosion-proof. Together with an innovative probe system it is specially designed for natural gas leak detection. The integrated proprietary IR (Infrared) and other sensors help to avoid false leak alarms during gas leak search and ensures correct and fast leak evaluation. IRwin™ is able to measure methane in a universal mode from 1 ppm to 100 Vol. %.



### **IRwin™ Mobile Methane Leak Detector**

*Portable, intrinsically-safe gas detector specifically designed for easy and effective survey of gas pipelines.*

With other new products like Stripe 10m Torr Full Scale Capacitance Diaphragm Gauge, Sensistor Sentrac Hydrogen Leak Detector, Vortex Dual Refrigerant Recovery Machine, and HLD6000 Refrigerant Leak Detector, INFICON sets again new benchmarks in its traditionally served markets. Our global marketing team is in close contact with our key target industries and key customers to understand their most pressing needs in terms of technology, products and services. At INFICON, we are committed to truly support our customers.



### **Sensistor Sentrac Hydrogen Leak Detector**

*High sensitivity, large dynamic range and short recovery time on product and repair lines.*

## Letter to our Shareholders

By focusing on newly arising opportunities for advanced vacuum instruments technology, INFICON constantly broadens its market scope and extends its reach into new applications. These strategically important steps are supported with considerable investments into our industrial and operational set-up. September 2014 saw the groundbreaking ceremony for a more than 6000 m<sup>2</sup> extension to the INFICON high tech plant in Syracuse, New York. In total, we plan to invest close to USD 20 million into this significant expansion of our operational footprint.



### Expanding Facilities to Accommodate Growth

*INFICON board members help break ground on the building expansion in East Syracuse, NY.*

# Letter to our Shareholders

## Financial Results Reaching Expectations

INFICON's results for the fiscal year 2014 reached the expectations; a very strong final quarter pushed net sales up to USD 305.5 million. Excluding effects from acquisitions (+0.7 percentage points) and from currency effects (−0.3 percentage points), sales increased organically by 3.9% compared with the previous year. Record-high sales generated with customers in the Emergency Response & Security market (USD 35.9 million; +32.0%) contributed most to this rise and largely reflected government spending for security and environmental applications in North America. INFICON also achieved a strong sales increase (USD 54.3 million; +13.4%) in the market for Refrigeration & Air Conditioning and Automotive. This positive development shows INFICON's strong position especially in the Asian appliances market as well as its rising sales to the global automotive industry which are included in these figures.



### HLD6000 Refrigerant Leak Detector

*Sets new standards in user-friendly handling, reproducibility of measuring results and integration into local networks.*



### Vortex Dual Refrigerant Recovery Machine

*The fastest recovery speeds available under real service conditions.*

Specific Vacuum Process Industries sales did not fully reach the previous year's level (USD 100.6 million; −1.5%), as the turnover generated with semiconductor customers in Asia was somewhat weaker. Direct and private label sales to the broad General Vacuum Processes market also ended a notch below the prior year's mark (USD 114.7 million; −0.9%), mainly reflecting the weaker market conditions in Europe.

The global economic trends also show in a regional sales split for the year under review: The economic upswing of 2014 in North America (+12% to USD 98.4 million) and Asia (+3.6% to USD 107.6 million) contrast with a year-over-year decline in Europe (−1.5% to USD 95.4 million). Overall, the broad industry and global marketing approach of INFICON contributes to a more stable and steady sales development over the years, well balancing economic trends in certain regions or specific industries.



# Letter to our Shareholders

## Higher Margins and Strong Cash Flow

The gross profit margin achieved for the full financial year 2014 increased from 50.3% to 50.9%. After higher investments into the Group's sales and marketing capabilities and largely stable expenditures for research and development, INFICON reports income from operations of USD 51.4 million. This resulted in a 1 percentage point higher margin of 16.8%. The net income of USD 38.6 million also yielded a higher margin of 12.6%, up half a percentage point from the previous year's figure. Earnings per share rose from USD 15.23 a year ago to now USD 16.50.

Over the course of 2014, INFICON generated with USD 50.1 million after USD 29.2 million in 2013 its second-best cash flow from operations. This success also shows in the higher cash and short-term investment positions at December 31, 2014. The amount of USD 81.0 million is USD 6.0 million higher than a year ago. The balance sheet of INFICON continues to be very strong, revealing no debt and a robust equity ratio of 81.9%.

## Shareholder Orientation and Group Governance

The board of Directors of INFICON has diligently developed and strengthened the Group's strategic position and global footprint. With production as well as marketing and sales activities across the globe, cost and revenue generation in the world's main currencies, a broad industry focus and its lean and flexible business model, INFICON is confidently looking ahead. In view of the solid year-end results and INFICON's sound financial basis, the Board of Directors proposes to the Annual General Meeting of Shareholders of April 29, 2015 to distribute CHF 15 per share for fiscal 2014. As in prior years, this distribution will be made from capital reserves and is thus exempt from withholding tax.

As Chairman of the Board of Directors and as Group Management of INFICON, we would jointly like to express our gratitude to the many key people who daily contribute to our Company's success. INFICON has a lean, internationally and industrially well experienced Board which works in a well structured and committed manner and defines the strategic roadmap for the Company. On a management, operations, and research level, INFICON can draw from the wide expertise of a well-functioning and well-blended team of talents. A very warm thank you goes out to all the staff, who have contributed to INFICON's success in 2014.

We are, of course, aware that a company earns its license to operate daily in the market place. This remains our main focus. We would thus like to thank all our shareholders for their continued financial support and interest in our Company and all our valued customers and business partners for their trust in INFICON's product and service offering and its market-leading vacuum instruments technology.

Yours sincerely



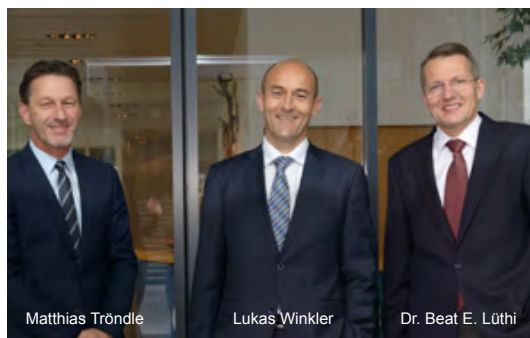
Matthias Tröndle  
CFO



Lukas Winkler  
CEO



Dr. Beat E. Lüthi  
Chairman

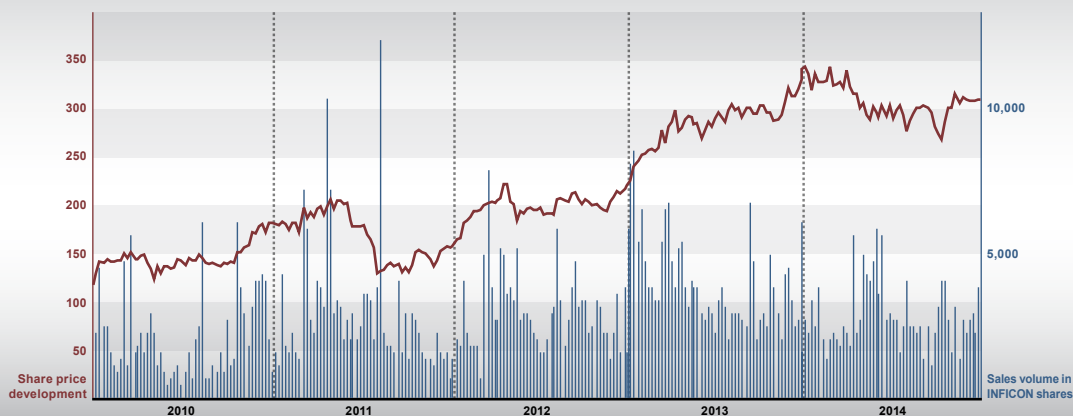


Matthias Tröndle

Lukas Winkler

Dr. Beat E. Lüthi

## Investor Relations



### Company Capital

The share capital of INFICON Holding AG consists of 2,324,911 registered shares with a nominal value of CHF 5.00 each.

### Stock Market Trading

The registered shares are listed on SIX Swiss Exchange under  
 – the SIX Security Number 1102994  
 – ISIN CH0011029946  
 – the symbol IFCN

### Important Dates\*

\* Subject to change

April 23, 2015: First quarter 2015 results  
 April 29, 2015: Annual General Meeting of Shareholders, Bad Ragaz, Switzerland  
 August 6, 2015: Second quarter 2015 results/half-year results 2015  
 October 22, 2015: Third quarter 2015 results  
 March 2016: Fourth quarter 2015 results/Year-end results 2015

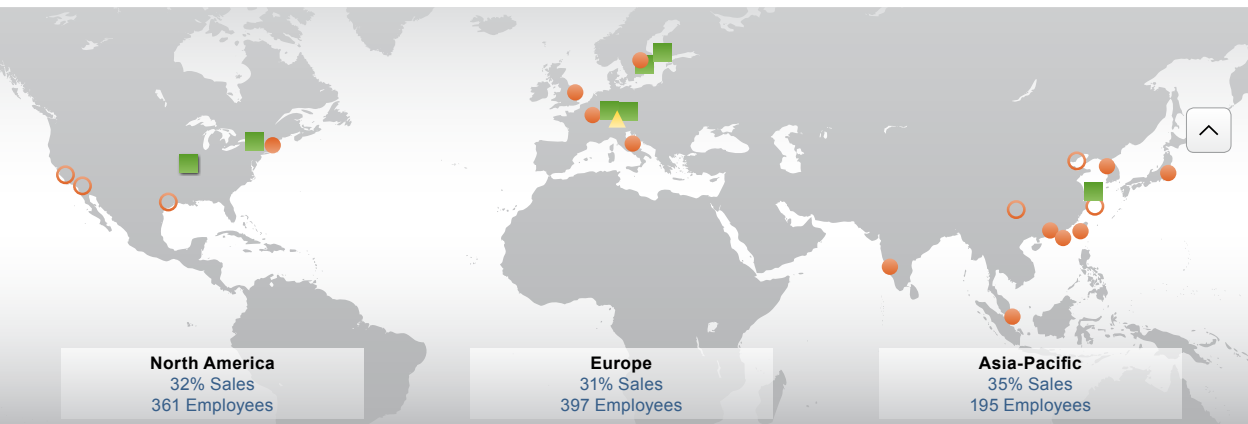
### Internet/E-mail Alerts

E-mail alerts: The latest financial information from INFICON can automatically be sent via E-mail alert; sign up is available in the Investors section of the INFICON website [www.inficon.com](http://www.inficon.com)

	2010	2011	2012	2013	2014
<b>Key Figures per Share (CHF)</b>					
Price at year-end	179.50	154.00	219.10	343.75	<b>308.25</b>
Highest price	186.80	208.50	222.20	347.50	<b>346.75</b>
<i>Date</i>	<i>Dec. 7</i>	<i>May 4</i>	<i>Apr. 19</i>	<i>Dec. 30</i>	<i>Jan. 8</i>
Lowest price	119.80	120.00	153.10	219.70	<b>250.00</b>
<i>Date</i>	<i>Jan. 4</i>	<i>Aug. 8</i>	<i>Jan. 6</i>	<i>Jan. 3</i>	<i>Oct. 16</i>
Earnings per share	12.47	18.29	17.86	15.23	<b>16.50</b>
Equity per share	73.78	69.57	76.70	77.58	<b>75.77</b>
Dividend/Distribution per share	10.00	14.00	16.00	14.00	<b>15.00*</b>

\* The proposed distribution is to be paid out from legal reserves.

## Global Presence

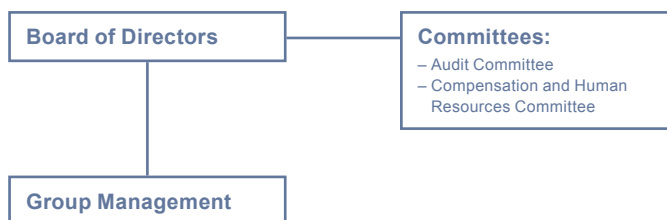




# Group Organization

(as of March 11, 2015)

## Board of Directors and Group Management



<b>Board of Directors</b>	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
<b>Audit Committee</b>	Dr. Thomas Staehelin Vanessa Frey Beat Siegrist	Chairman	
<b>Compensation and Human Resources Committee</b>	Beat Siegrist Dr. Richard Fischer Dr. Thomas Staehelin	Chairman	
<b>Group Management</b>	Lukas Winkler Matthias Tröndle	President and Chief Executive Officer Vice President and Chief Financial Officer	
<b>Investor Relations</b>	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: <a href="mailto:matthias.troendle@inficon.com">matthias.troendle@inficon.com</a>		
<b>Board and Executive Secretary</b>	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: <a href="mailto:elisabeth.kuehne@inficon.com">elisabeth.kuehne@inficon.com</a>		

## Introduction

This Corporate Governance Report explains the principles of management and control of INFICON Holding AG at the highest corporate level in accordance with the Directive on Information relating to Corporate Governance (the Corporate Governance Directive) issued by the SIX Swiss Exchange on September 1, 2014.

Corporate governance of INFICON Holding AG complies with the principles and recommendations of the "Corporate Governance – Swiss Code of Best Practice."

INFICON Holding AG is committed to continually reviewing its corporate governance framework, with a view to related developments.

The Swiss Ordinance Against Excessive Compensation with respect to Listed Stock Corporations (hereinafter referred to as "Ordinance"), subject to transitional provisions, has caused certain changes in our corporate governance. By virtue of the Ordinance, as from the INFICON Annual General Meeting of Shareholders in 2014, the General Meeting will have the following non-transferable powers:

- Election and recall of
  - all directors
  - the Chairman of the Board of Directors
  - the members of the Compensation and Human Resources Committee
  - the independent proxy
  - the auditing body
- Approval of the Annual Report
- Approval of the compensation of the Board of Directors and Group Management.

All elements of the Ordinance have been fully introduced with the amendment of the Articles of Incorporation of INFICON Holding AG.

Information on Board of Directors and Company Management compensation is outlined in our Compensation Report, beginning on page 28.

Furthermore, the Company's internal guidelines regarding corporate governance are provided in its Articles of Incorporation, Organizational Regulations, Board Committee Charters, Code of Business Conduct and Ethics, as well as internal policies.

The following Corporate Governance Report follows the structure of SIX Swiss Exchange.

## 1 Group Structure and Shareholders

### 1.1 Group Structure

#### Operational Group Structure

See page 16.

INFICON Holding AG is the parent company of the INFICON group which operates from 16 countries and consists of a parent company, 7 manufacturing companies, 10 sales and service subsidiaries, and a management company located in Bad Ragaz, Switzerland which performs administrative, inter-company financing, and intellectual property management functions. The legal entity structure of the INFICON group is seen on page 15.

#### Listed Corporation: INFICON Holding AG

INFICON Holding AG is based in Bad Ragaz, Switzerland. It has a share capital of TCHF 11,625 made up of 2,324,911 shares with a nominal value of CHF 5 each. Registered shares are listed on SIX Swiss Exchange under security number 1102994, ISIN CH0011029946 and symbol IFCN.

December 30, 2011, was the last trading day for registered shares of INFICON Holding AG on the Main Standard. Since January 3, 2012, the registered shares of INFICON Holding AG are traded on SIX Swiss Exchange's Domestic Standard.

Market capitalization at December 31, 2014 was TCHF 716,654 based on shares outstanding.



## Share Capital and Percentage of Shares Held by Subsidiaries

See statutory financial statements, Note 2, "Investments in Subsidiaries."

### 1.2 Significant Shareholders

#### Shareholder Structure

Based on number of registered shareholders as of December 31, 2014.

Number of shares	Number of shareholders
> 50,000	7
10,000–50,000	14
1–9,999	2,053
<b>Total</b>	<b>2,074</b>

#### Shareholders by Country

Based upon number of registered shareholders as of December 31, 2014.

Country	Number of shareholders
Switzerland	1,875
Germany	69
United States of America	40
Liechtenstein	22
Rest of Europe	50
Rest of World	18
<b>Total</b>	<b>2,074</b>

#### Major Shareholders

See statutory financial statements, Note 3, "Equity."

### 1.3 Cross-shareholdings

INFICON Holding AG has no cross-shareholdings.

## 2 Capital Structure

### 2.1 Capital (Issued, Authorized & Conditional)

Registered shares of CHF 5 each at December 31, 2014:

Issued share capital	2,324,911	TCHF	11,625
Conditional share capital	129,944	TCHF	650

The issued share capital comprises 2,324,911 registered shares of CHF 5 each. Each share entitles the registered owner to one vote at the General Meeting of Shareholders, as well as a share of dividends or distribution from capital contribution reserve, if any, declared by the Company and proceeds from liquidation, corresponding to its nominal value as a percentage of the total nominal value of issued share capital.

### 2.2 Authorized and Conditional Share Capital

The Board of Directors is currently not authorized to issue new registered shares.

The Articles of Incorporation provide for a conditional capital (according to Art. 653 of the Swiss Code of Obligations) of a maximum of TCHF 749 through the issuance of 149,757 registered shares of CHF 5 each by the exercise of option rights granted to employees and members of the Board of Directors of the Company. As of December 31, 2014, a total of 19,813 (2013: 63,346) options have been exercised reducing the available conditional shares to 129,944 and the conditional share capital to TCHF 650.

### 2.3 Changes in Shareholders' Equity

Changes in shareholders' equity are presented in the consolidated statements of shareholders' equity section of the consolidated financial statements for INFICON Holding AG for the years ended December 31, 2014 and 2013.

### 2.4 Shares

For further information refer to Note 2.1, "Capital" as above. No participation certificates are issued.

### 2.5 Profit Sharing Certificates

The Company currently has no profit sharing certificates.

## 2.6 Limitations on Transferability and Nominee Registrations

The Articles of Incorporation contain no special regulations regarding limitations on transferability and nominee registrations.

## 2.7 Convertible Bonds and Warrants/Options

In conjunction with the employee and director stock option programs, current and former employees as well as current and former members of the Board of Directors held as of December 31, 2014 a total of 45,837 exercisable options. These options entitle holders to acquire a total of 45,837 registered shares of INFICON Holding AG. All shares resulting from the exercise of stock options are covered by shares that can be created from conditional capital resulting in an increase in share capital. The aggregate par value of shares purchasable by means of outstanding options amounts to CHF 229. For a more detailed discussion of stock option plans, please see Notes to Consolidated Financial Statements, Note 12, "Stock Option Plans".

The Company currently has no convertible bonds or bonds with warrants.

## 3 Board of Directors

### 3.1 Members of the Board of Directors, other Activities and Vested Interests, and Internal Organizational Structure

#### Board of Directors and Management Board

Our Articles of Incorporation provide that the Board of Directors may consist of three or more members at any time. Directors are elected and removed by shareholder resolution. Members of our Board of Directors serve one-year terms and may be re-elected upon completion of their term of office. The shareholders may remove the directors without cause. Our five directors currently in office were elected by shareholder resolution.

All members of the Board of Directors are non-executive Board members.

According to the law, the Board of Directors is responsible for the ultimate direction and supervision of INFICON Holding AG. The Board of Directors has delegated the conduct of the day-to-day business operations to the Company's Group Management comprising the Chief Executive Officer and Chief Financial Officer. Group Management is responsible for the management of INFICON Holding AG and for all other matters except for those reserved by law and the Articles of Incorporation. The Board of Directors is required to resolve all matters, which are not defined by the law, Articles of Incorporation, or management bylaws as being the responsibility of any other governing body. According to the Swiss Code of Obligations and to the Articles of Incorporation the following non-transferable and inalienable responsibilities are incumbent on the Board of Directors:

- Ultimate management of the Corporation and the issuance of the necessary directives;
- Determination of the organization;
- Structuring of the accounting system and of the financial controls, as well as the financial planning insofar as this is necessary to manage the Corporation;
- Appointment and the removal of the persons entrusted with the management and representation of the Corporation and the granting of the signatory power;
- Ultimate supervision of the persons entrusted with the management, particularly with regard to compliance with the law, the Articles of Incorporation and regulations and directives;
- The preparation of the business report as well as the General Meeting of Shareholders, and the implementation of the latter's resolutions;
- Notification of the judge in the case of over-indebtedness;
- Passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid in shares;
- Passing of resolutions confirming increases in the share capital and regarding the amendments to the Articles of Incorporation entailed thereby;
- Examination of the professional qualifications of the specially qualified auditors in those cases in which the law foresees the use of such auditors.

The Board of Directors, as of the date of this report, has established an Audit Committee and a Compensation and Human Resources Committee. Each of these

committees has regulations, which outline its duties and responsibilities. The Board of Directors elects the Chairman for each committee. The committees meet regularly carrying out preparatory work to provide the Board of Directors with updates and recommendations at its regular meetings. Their respective chairperson sets the agendas for the committee meetings. The length of the meetings range from an hour up to an entire day, depending on the agenda as decided by the chairman.

### The Audit Committee

The Audit Committee consists of three non-executive members of the Board of Directors. Currently, the Audit Committee is comprised of the following members:

Dr. Thomas Staehelin, Chairman  
Vanessa Frey  
Beat Siegrist

The responsibilities of the Audit Committee include:

- Recommending to the Board of Directors the independent public accountants to be selected to conduct the annual audit of our books and records;
- Reviewing the proposed scope of such audit and approving the audit fees to be paid;
- Reviewing the adequacy and effectiveness of our accounting and internal financial controls with the independent public accountants and our financial and accounting staff;
- Reviewing and approving transactions between the Company, its directors, officers and affiliates; and
- Reviewing and reassessing, on an annual basis, the adequacy of our audit committee charter.

### The Compensation and Human Resources Committee

The Compensation and Human Resources Committee is to provide a general review of our compensation and benefit plans to ensure they meet corporate financial and strategic objectives, as well as to make recommendations to the board regarding appointment, dismissal and career development of executive management positions. The responsibilities of the Compensation and Human Resources Committee also include the administration of employee incentive plans. The Compensation and

Human Resources Committee consists of three non-executive members of the Board of Directors. Currently, the Compensation and Human Resources Committee is comprised of the following members:

Beat Siegrist, Chairman  
Dr. Richard Fischer  
Dr. Thomas Staehelin

### Frequency of Meetings of the Board of Directors and its Committees

The Board of Directors holds five or more meetings per year and additional ad hoc meetings and conference calls as necessary. The Audit Committee holds four meetings per year in addition to three quarterly conference calls. The Compensation and Human Resources Committee holds four or more meetings per year.

The following table does not include preparation of meetings, travel time as well as various separate meetings:

- Meetings with audit firm
- Meetings with Group Management
- Meetings with shareholders



Number of meetings and conference calls in 2014:

	Board of Directors	Audit Committee	Compensation and Human Resources Committee
<b>Number of meetings in 2014</b>	5	4	4
<b>Approx. average duration of meetings (in hours)</b>	7.5	2.0	2.7
Dr. Richard Fischer	5	4	4
Vanessa Frey	5	4	4
Dr. Beat E. Lüthi	5	4	4
Beat Siegrist	5	4	4
Dr. Thomas Staehelin	5	4	3
PWC	—	1	—
KPMG calling in	—	1	—
<b>Number of conference calls 2014</b>	—	3	—
<b>Approx. average duration of conference calls (in hours)</b>	—	1.0	—
Dr. Richard Fischer	—	3	—
Vanessa Frey	—	3	—
Dr. Beat E. Lüthi	—	3	—
Beat Siegrist	—	3	—
Dr. Thomas Staehelin	—	3	—
PWC	—	—	—
KPMG	—	2	—

The meetings took place in Balzers (Liechtenstein), Syracuse (USA), Cologne (Germany) and Vitznau (Switzerland).

**The Company's Board of Directors is composed of:**

## **Dr. Beat E. Lüthi, Citizen of Switzerland, 1962**

Chairman of the Board of Directors

### *Educational Background*

- 1980–1986 Swiss Federal Institute of Technology, ETH, Master in Electrical Engineering
- 1987–1990 Ph.D. at ETH/BWL on “Management of Industrial Software Projects”
- 1994 INSEAD, Fontainebleau France, International Executive Program

### *Executive Experience*

- 1987–1990 Zellweger Uster (Quality Control Products), Project Manager
- 1990–1998 Mettler-Toledo (Weighing Equipment): Business Unit Leader for System Business

General Manager of Mettler-Toledo (Switzerland) AG

- 1998–2002 Feintool International (Fineblanking Presses and Parts), Chief Executive Officer and Member of the Board
- 2002–2007 Mettler-Toledo (Weighing Equipment), Member of the Group Executive Team and Chief Executive Officer of the Laboratory Division
- Since 2007 CTC Analytics AG (Laboratory Robots), Chief Executive Officer and Member of the Board

### *Previous Board Mandates*

- 2002–2005 Soudronic AG, Bergdietikon
- 2007–2010 Uster Technologies AG, Uster
- 2007–2011 Addex Pharma SA, Geneva
- 2007–2011 Stadler Rail AG, Bussnang
- 2002–2013 Bossard AG, Zug

### *Current Board Mandates*

- Since 2010 Straumann AG, Basel
- Since 2012 INFICON Holding AG, Chairman

## **Dr. Richard Fischer, Citizen of Austria, 1955**

Vice Chairman of the Board of Directors and Member of the Compensation and Human Resources Committee

### *Educational Background*

- 1973–1979 Technical University of Vienna, Master of Science in Electrical and Electronical Engineering
- 1979–1982 Technical University of Vienna, Assistant Professor, Ph.D. with excellence

### *Executive Experience*

- 1982–1984 Gama, Access Systems, Austria, R&D Manager and Technical Director
- 1984–2004 VAT Holding AG, Switzerland, Chief Executive Officer

### *Previous Board Mandates*

- 1990–2011 ARS GmbH, Member
- 2008–2009 Netservice AG, Chairman
- 2003–2014 VAT Holding AG, Switzerland, Chairman

### *Current Board Mandates*

- Since 2003 INFICON Holding AG, Member

# Corporate Governance

## Vanessa Frey, Citizen of Switzerland, 1980

Director, Member of the Audit Committee

### *Educational Background*

- 2000–2002 University of St. Gallen, Switzerland  
Undergraduate Studies in Economics,  
Business Administration and Law
- 2003–2004 Stockholm School of Economics, Sweden  
Master of Science in International  
Economics and Business.  
Major in Finance

### *Executive Experience*

- 2004–2006 Handelsbanken Capital Markets,  
Corporate Finance, Stockholm, Sweden
- 2007 HSZ Group, Asset Manager, Hong Kong
- Since 2007 CEO of Corisol Holding AG, Family Office,  
Zug

### *Previous Board Mandates*

- 2010–2011 South Pole Carbon Asset Management
- 2010–2012 Absolute Invest, Member

### *Current Board Mandates*

- Since 2002 Corisol Holding AG, Member
- Since 2008 Swiss Small Cap Invest, Member
- Since 2008 KWE Beteiligungen AG, Member
- Since 2012 Garaventa Lift AG, Vice Chairwoman
- Since 2012 INFICON Holding AG, Member
- Since 2014 Schweiter Technologies AG, Member

## Beat Siegrist, Citizen of Switzerland, 1960

Director, Member of the Audit Committee, Chairman of  
the Compensation and Human Resources Committee

### *Educational Background*

- 1980–1985 Swiss Federal Institute of Technology,  
ETH, Master in Electrical Engineering
- 1987–1988 INSEAD, Fontainebleau France, MBA

### *Executive Experience*

- 1985–1986 Contraves AG (Defense Equipment),  
Development Engineer
- 1987–1993 McKinsey&Co. (Consulting), first McKinsey  
Fellows in Switzerland, Consultant and  
Project Manager

- 1993–1995 Outsourcing AG (Reorganisation and Out-  
sourcing of Productions), Founder and CEO
- 1996–2008 Schweiter Technologies (Machinery  
Equipment for Textiles, Semiconductor  
and Optics), CEO
- 2008–2012 Essilor (Ophthalmic Lens Manufacturer),  
Member of the Executive Team and President  
of machinery division Satisloh, which was  
sold to Essilor from Schweiter Technologies

### *Previous Board Mandates*

- 2002–2012 Ismeca Semiconductor Holding SA, Chairman
- 2000–2013 Satisloh Holding AG, Member

### *Current Board Mandates*

- Since 1996 SSM Schärer Schweiter Mettler AG, Chairman
- Since 2003 Phoenix Mecano AG, Member
- Since 2008 Schweiter Technologies AG, Chairman
- Since 2010 INFICON Holding AG, Member
- Since 2013 Garaventa Lift AG, Chairman

## Dr. Thomas Staehelin, Citizen of Switzerland, 1947

Director, Chairman of the Audit Committee, Member of  
the Compensation and Human Resources Committee

### *Educational Background*

- 1967–1971 University of Basel, lic. iur. (Master in Law)
- 1972–1974 University of Basel, Ph.D. in Law
- 1973–1975 Various traineeships
- 1975 Admission to the Bar

### *Professional Experience*

- 1973 Swiss Bank Corporation, London
- 1974 SG Warburg & Co., Ltd., London  
(Portfolio Management, Corporate Finance)
- 1975–today FROMER Advokatur und Notariat, Swiss  
Corporate and Tax Attorney, and Partner

### *Previous Board Mandates*

- 1991–2012 Siegfried Holding AG, Vice-Chairman  
(1991–1998 Chairman)
- 1996–2008 JRG Gunzenhauser AG, Vice-Chairman
- 2005–2008 Lenzerheide Bergbahnen AG, Vice-Chairman



## *Current Board Mandates*

Since 1978 Kühne + Nagel International AG, Member  
Since 1993 Lantal Textiles, Chairman (since 2010)  
Since 2001 INFICON Holding AG, Member  
Since 2002 Swissport International AG, Chairman  
Since 2005 Scobag Privatbank AG, Chairman  
Since 2006 Stamm Bau AG, Chairman

## *Good Citizenship Mandates*

1977–2013 "Allgemeine Musikgesellschaft Basel,"  
President  
1982–2014 Swiss Association of Privately Held  
Companies, Chairman  
2001–today Chamber of Commerce of Basle, Chairman  
2001–today Member of the Board of Directors of  
"economiesuisse" (Swiss Business  
Federation)  
2006–today Swiss Business Association Saudi Arabia  
(SBASA), Chairman, and Saudi Swiss  
Business Council (SSBC), Co-Chairman

## **3.2 Other Activities and Vested Interests**

Pursuant to Article 21 c) of the company's Articles of Incorporation the Board members maximum number of board mandates is twenty-five with not listed companies whereof five with listed companies. For further information refer to Note 3.1.

## **3.3 Elections and Terms of Office**

In accordance with the Ordinance and the company's Articles of Incorporation members of the Board of Directors and its Chairman as well as Compensation and Human Resources Committee members are elected for a respective one-year term of office.

Election occurs at the General Meeting of Shareholders.

The members of the Board of Directors were elected individually as follows:

<b>Board of Directors</b>	<b>Date First Elected</b>	<b>Term Expires</b>
Dr. Beat E. Lüthi	May 2012	April 2015
Dr. Richard Fischer	May 2003	April 2015
Vanessa Frey	May 2012	April 2015
Beat Siegrist	May 2010	April 2015
Dr. Thomas Staehelin	May 2001	April 2015

## **3.4 Internal Organizational Structure**

Refer to page 16.

## **3.5 Definition of Areas of Responsibility**

The Board of Directors has delegated authority to the Company's Group Management comprising the Chief Executive Officer and Chief Financial Officer to execute the Company's approved annual budget. INFICON Holding AG has a comprehensive financial and enterprise reporting system to gather and report its financial results. The quarterly financial results are reviewed and approved by the Audit Committee prior to issuance to the public. Additionally, the Board of Directors provides oversight and approval for potential acquisitions or strategic partnerships.

## **3.6 Information and Control Instruments vis-à-vis Group Management**

Information regarding the current state of the business is provided continuously at the meetings of the Board of Directors in an appropriate format and is presented by the persons bearing responsibility for oversight of the financial and operational aspects of the business.

The Board of Directors receives monthly reports from Group Management.

Furthermore, the Audit Committee reviews the financial performance and assesses the effectiveness of the internal and external audit processes as well as the internal risk management and processes.

Members of the Board of Directors and Group Management attend the Audit Committee meetings.

The external auditors, KPMG AG, Zurich, conduct their audit in compliance with Swiss law and in accordance with Swiss auditing standards.

## **4 Group Management**

### **4.1 Members of Group Management, other Activities and Vested Interests, Management Contracts**

Our Group Management is responsible for our day-to-day management. The officers have individual



responsibilities established by our Organizational Regulations and by the Board of Directors.

## **Lukas Winkler, Citizen of Switzerland, 1962**

President and Chief Executive Officer  
(since January 2004)

### *Educational Background*

- 1982–1986 Swiss Federal Institute of Technology (ETH), Zürich, Dipl. Ing. ETH, BWI
- 1999–2001 Syracuse University, NY, USA, Executive MBA

### *Executive Experience*

- 1987–1989 General Motors Europe AG, Switzerland, Engineer
- 1989–1991 Maschinenfabrik Rieter AG, Switzerland, Project Manager
- 1991–1992 Maschinenfabrik Rieter AG, Switzerland, Department Head
- 1993–1994 UNAXIS-Balzers AG, Liechtenstein and Switzerland, Manager Logistics
- 1995–1996 UNAXIS-Balzers AG, Liechtenstein and Switzerland, Manager Production
- 1996–2003 Balzers and Leybold Instrumentation and INFICON AG, Liechtenstein, Vice President and General Manager (member of the Executive Team)
- 2004–today INFICON Holding AG, Bad Ragaz, Chief Executive Officer

## **Matthias Tröndle, Citizen of Germany, 1960**

Vice President and Chief Financial Officer  
(since September 2008)

### *Educational Background*

- 1982–1985 University of Cooperative Education, Mannheim, Degree in Business Administration (Diplom-Betriebswirt)

### *Executive Experience*

- 1985–1988 Digital Equipment Corporation (DEC), Stuttgart, Financial Analyst Software Development and Sales
- 1988–1995 Hewlett Packard GmbH, Headquarters Germany, Senior Financial Analyst Headquarters Germany

- Finance Manager of two subsidiaries in Germany and Switzerland
- Accounts Receivables and Credit Manager
- Accounting & Reporting Manager Leasing & Remarketing
- Commercial Manager Leasing & Remarketing Division
- 1995–2003 Solectron GmbH, Germany, Director Finance Germany,
- 2003–2003 Solectron Romania SRL, Timisoara – Romania, Director Finance Eastern Europe (9 months)
- 2003–2008 Solectron Europe BV, Amsterdam, Senior Director Finance Europe
- 2008–today INFICON Holding AG, Switzerland, Chief Financial Officer

## **4.2 Other Activities and Vested Interests**

Pursuant to Article 21 c) of the company's Articles of Incorporation Group Management members maximum number of board mandates is five with not listed companies whereof one with listed companies. Refer to Note 4.1 for any activities and vested interests.

## **4.3 Management Contracts**

INFICON Holding AG has not entered into any management contracts with third parties outside the Group.

# **5 Compensation, Shareholdings and Loans**

Please refer to Note 5, "Shares and Share Options owned by Members of the Board of Directors and Group Management," of the financial statements of INFICON Holding AG for details of Board members' and Group Managements' shareholdings and to the Compensation Report for disclosures pertaining to compensation, as well as the content and method of determining the compensation and shareholdings programs. Pursuant to Article 21, no loans or advances were made by the INFICON Group to members of the Board of Directors or to Group Management during the financial year, or were outstanding on December 31, 2014.

## 6 Shareholder Participation

### 6.1 Voting-Rights and Representation Restrictions

Each INFICON share carries one vote at our shareholders' meetings. Voting rights may be exercised only after a shareholder has been recorded in our share register (Aktienbuch) as a shareholder with voting rights. INFICON may enter into agreements with banks or financial companies which hold shares for the account of other persons (nominees) regarding the exercise of the voting rights related to the shares.

INFICON shares are cleared and settled through SIS SegalInterSettle AG. The shares will not be physically represented by certificates but will be managed collectively in book-entry form by SIS SegalInterSettle AG. Shareholders are therefore not entitled to have their shares physically represented and delivered in certificate form (aufgehobener Titeldruck). They can, however, request a statement confirming their ownership of the shares.

### 6.2 Statutory Quorums

The Articles of Incorporation contain no quorums greater than that set out by the applicable legal provisions.

### 6.3 General Meetings of Shareholders

The Articles of Incorporation contain no rules on the convocation of the General Meeting of Shareholders that differ from applicable legal provisions.

### 6.4 Agenda

Shareholders holding shares with a par value of at least TCHF 500 have the right to request in writing, at least 50 days prior to the day of the respective shareholders' meeting, that a specific proposal be discussed and voted upon at such shareholders' meeting.

### 6.5 Entries into the Share Register

Only those shareholders with voting rights whose names were recorded in the Company's register of shareholders on the respective closing date may attend the General Meeting of Shareholders and exercise their voting rights. The Board of Directors endeavors to set the closing date for registration as close as possible to the date of the

General Meeting of Shareholders, i.e. not more than 3 to 4 weeks before the General Meeting of Shareholders. There are no exceptions to this rule regarding the closing date for registration.

## 7 Changes of Control and Defense Measures

### 7.1 Duty to Make an Offer

The Company's Articles of Incorporation do not include "opting-out" or "opting-up" clauses and accordingly under Article 32 of the Swiss Securities Exchanges and Securities Trading Act a shareholder who acquires 33⅓% or more of the Company's shares is obliged to submit a public offer for the remaining shares.

### 7.2 Clauses on Changes of Control

The Directors, Management & Key Employee Share-based plans contain a provision whereby all unvested outstanding options vest and blocked shares release upon change in control.

## 8 Auditors

### 8.1 Duration of the Mandate and Term of Office of the Lead Auditor

Statutory auditors pursuant to Art. 727 and 728, respectively, of the Swiss Code of Obligations is KPMG AG, Zurich, elected for one year. KPMG AG commenced its mandate as statutory auditors of INFICON Holding AG in April 2014. The lead engagement partner, Mr. Toni Wattenhofer, has been responsible for the audit of the statutory and consolidated financial statements of INFICON Holding AG since financial year 2014. The significant subsidiaries of INFICON Holding AG are audited by member firms of KPMG AG.

### 8.2 Auditing Fees

Audit fees of the Group Auditor for the 2014 audit were approximately TUSD 320 (TCHF 293).

### 8.3 Additional Fees

No additional fees were paid to the Group Auditor in 2014.



## 8.4 Supervisory and Control Instruments Pertaining to the Audit

Each year the Audit Committee reviews and discusses the scope of the proposed audit work and the timely quarterly reviews, and evaluates the performance and fees of the auditors. Periodically the lead auditor participates in the Audit Committee meetings. In 2014 the audit firm attended two conference calls and one meeting calling in (see Frequency of Meetings of the Board of Directors and its Committees).

Criteria applied to the performance and compensation evaluation of KPMG AG includes: technical and operational competence, independent and objective view, sufficient resources employed, focus on areas of significant risk to INFICON, ability to provide effective, practical recommendations and effective communication and coordination with the Audit Committee and financial management.

Following the audit work, the auditors submit a report on their results, including all communications required, to the Audit Committee and to the Board of Directors in accordance with Swiss auditing standards. The Audit Committee meets with the auditors to discuss and review their feedback. Based on this information, the Audit Committee determines changes and improvements as necessary.

A 2014 half-year report was published online in August 2014.

Information available for investors can be found at [www.inficon.com](http://www.inficon.com).



## 9 Information policy

INFICON Holding AG pursues an information policy which is based on truthfulness, timeliness, and continuity. Matters potentially affecting the share price are published immediately as ad hoc announcements, in accordance with ad hoc publicity requirements of SIX Swiss Exchange.

Annual financial reports are published online for the benefit of shareholders and potential investors in March following the year-end closing.

Key financial figures are prepared and issued in a press release on a quarterly basis.



# Compensation Report

## Introduction

This Compensation Report describes the principles of remuneration at INFICON. The report is prepared in accordance with the Swiss Ordinance Against Excessive Compensation with respect to Listed Stock Corporations of November 20, 2013 (hereinafter referred to as "Ordinance"). The report also follows the recommendations defined in Appendix 1 to the Swiss Code of Best Practice for Corporate Governance published by *economiesuisse* and complies with Chapter 5 of the Appendix to the SIX Swiss Exchange Guidelines concerning information on corporate governance. The new Articles of Incorporation approved at the Annual General Meeting on April 29, 2014, have been considered in this compensation report. The Articles of Incorporation can be accessed with the following link:

<http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MjM2NDU2fENoaWxkSUQ9LTF8VHlwZT0z&t=1>

Unless otherwise indicated, all information refer to the financial year 2014 closed on December 31, 2014. In the Compensation Report, the share based payment is disclosed based on the year of allotment (grant date). All other compensation is disclosed according to the accrual principle: i.e. the compensation is reported in the respective period (i.e. financial year) in which it is recorded in the financial statements.

## 1 Remuneration Policy

INFICON is a globally active group which maintains a remuneration policy in accordance with general market practice which also considers individual performance. This ensures the Group's ability to hire and retain the right talent. Individual remuneration corresponds to responsibility and complies with requirements, skills, the Group's economic success and individual performance. INFICON's overall remuneration policy is performance oriented and contains a variable component which applies to all staff.

The Compensation and Human Resources Committee (hereinafter referred to as "CHR Committee") annually

reviews the principles of the remuneration policy. Based on a proposal of this Committee, the Board of Directors decides on the level of compensation for the members of the Board and Group Management annually once the audited financial results have been submitted to the Board. The CHR Committee consists of three members of the Board of Directors: Beat Siegrist (Chairman), Dr. Richard Fischer and Dr. Thomas Staehelin.

## 2 Board of Directors Compensation

The compensation to the members of the Board of Directors consists of a fixed yearly cash element which makes up 2/3 of the total compensation and a defined share allotment which makes up 1/3 of the total compensation. The shares are subject to a 3-year holding period. The compensation includes Swiss Social Security and Unemployment Insurance contributions. The members of the Board of Directors do not participate in any pension scheme of the company.

The CHR Committee annually proposes the total compensation levels for the Chairman and the other members of the Board. The CHR Committee bases its judgement on Committee member's experience. If needed the CHR Committee might use external compensation surveys and professional insights. The Board of Directors then proposes on the level of total compensation for the members of the Board. The total amount of the compensation is then proposed to the Annual General Meeting for the term of office until the closing of the following Ordinary Annual General Meeting of Shareholders.

The total compensation paid to the Board of Directors conforms to conferred responsibilities and market conditions.

In 2014 the Directors' Stock Option Plan from 2001 was terminated and a share program was introduced. The shares are subject to a 3-year mandatory holding period. The relevant share price for allocation purposes is the closing market price on the day of allotment. The allotment occurs five working days

# Compensation Report

after the Ordinary Annual General Meeting. Neither attendance fees nor flat rate expenses are paid. However, direct incurred expenses, such as travel accommodation are reimbursed.

## 3 Compensation to Members of Group Management

Based on a proposal of the CHR Committee, the Board of Directors asks annually at the General Assembly Meeting for the approval of the compensation for Group Management.

The CHR Committee bases its judgement on Committee member's experience and if necessary by sporadic external compensation benchmarks.

Group Management receives a fixed base cash salary, a variable compensation based on individual performance and financial results, as well as a fixed number of INFICON Holding AG stock options according to their functional grade. The compensation includes Swiss Social Security and Unemployment Insurance, pension plan contributions as well as a car allowance.

The variable compensation serves as an incentive to achieve short-term goals and the stock options affect a long-term relationship to the enterprise in line with the share-holders interest. The composition and amount of the compensation are in accordance with the sector and labor market and are reviewed periodically. The variable compensation depends on the fulfilment of individual performance goals and on the Group's financial performance. For Group Management members, the target bonus is at 50% of the base salary and 60% for the CEO. The financial performance based bonus criteria must meet a certain minimum threshold for eligibility. The total variable annual compensation is capped at 200% of the annual base cash compensation. The financial performance based bonus is dependent on the annual results of operating income, asset management and productivity targets, weighted for approximately 75%. The individual performance goals, weighted for approximately 25%, are based on individual performance objectives.

The specific metrics for the target bonus as well as the range between maximum and minimum variable compensation are determined by the Board of Directors via preparation and recommendation by the CHR Committee.

The achievement of the financial performance goals are calculated based on the annual result following the close of the financial year. Achievement of the individual performance is determined by the Board of Directors, as recommended by the CHR Committee.

The fixed base cash salary of Group Management members did not change in 2014. Variable compensation has been adjusted according to the financial performance and the individual performance goals.

Share-based remuneration in terms of stock options is a long-term incentive. A fixed number of stock options are allotted to each member of Group Management. The amount of stock options remained unchanged compared to the prior year. They have a duration of seven years. Each year a quarter of the options may be exercised. The allotment occurs five working days after the Ordinary Annual General Meeting of the Shareholders.

## 4 Authority and Determination of Compensation

INFICON's existing CHR Committee acts as the relevant body in accordance with the Ordinance Against Excessive Compensation with respect to Listed Stock Corporations and its Articles of Incorporation subject to revision in accordance with the afore-mentioned Ordinance.

The CHR Committee prepares the recommendations submitted to the Board of Directors for compensation for the Board of Directors and Group Management.

The CHR Committee consists of at least three members of the Board of Directors who are elected by the General Meeting of the Shareholders for a term of office that runs until the end of the next Ordinary General Meeting of the Shareholders. Re-election is allowed.



# Compensation Report

The CHR Committee constitutes itself. It appoints its chairperson from among its members. The Board of Directors has issued rules on the organization and decision-making powers of the CHR Committee.

The CHR Committee has the following duties and competencies in particular:

1. to submit proposals to the Board of Directors regarding the determination of Group Management compensation principles;
2. to submit proposals to the Board of Directors to the attention of the General Meeting of the Shareholders regarding the total amounts of compensation of the Board of Directors and Group Management;
3. to submit proposals to the Board of Directors regarding the compensation of the members of the Board of Directors and the fixed and variable compensation of Group Management within the respective total amount approved by the General Meeting of Shareholders;
4. to submit proposals to the Board of Directors to the attention of the General Meeting of Shareholders regarding amendments to the Articles of Incorporation with respect to the system of compensation to compensate the Board of Directors and Group Management.

The compensations of the Board of Directors and the fixed and variable compensations of Group Management are subject to authorization by the General Meeting of the Shareholders.

## 5 Severance Compensations

No severance payments have been contractually defined for members of the Board of Directors or Group Management. For the financial year 2014 no severance compensations were paid.

## 6 Employment Contracts

The Company may enter into fixed-term or open-ended employment contracts with the members

of Group Management. Fixed-term employment contracts shall have a maximum duration of one year; a renewal is allowed. The employment contracts of Group Management members make no provision for unusually long notice periods or contract terms. Open-ended employment contracts of Group Management have a notice period of a maximum of twelve months and make no provisions for unusually long notice periods or contracts terms. Non-competition agreements are allowed for the period following termination of the employment contract. In compensation for such agreements, a compensation not exceeding the affected member's last annual salary may be paid for up to one year.

## 7 Compensations to the Board of Directors and Group Management

The compensation to members of the Board of Directors and the aggregate to the Group Management shown in the tables below are gross and based on the accrual principle.

### a) Compensations 2014

	Base compensation	Variable compensation	Share options granted **		Shares granted ***		Employer social security contributions	Other compensation ****	Total
	Cash	Accrued bonus							2014
	TCHF	TCHF	Number	TCHF	Number	TCHF	TCHF	TCHF	TCHF
Board of Directors*:									
Dr. Beat E. Lüthi Chairman	126	—	—	—	206	63	14	—	203
Dr. Richard Fischer Vice Chairman	94	—	—	—	153	46	22	—	162
Vanessa Frey Member	63	—	—	—	103	31	7	—	101
Beat Siegrist Chairman of CHR Committee	80	—	—	—	131	40	10	—	130
Dr. Thomas Staehelin Chairman of Audit Committee	80	—	—	—	131	40	11	—	131
Total	443	—	—	—	724	220	64	—	727
Group Management:									
Lukas Winkler President and Chief Executive Officer	424	200	2,000	77	—	—	94	20	815
Total **	694	310	3,250	125	—	—	166	40	1,335

\* For the Board of Directors the base compensation as well as the shares granted are part of the compensation for the one year election term 2014/2015. The shares were transferred to the members of the Board of Directors at the beginning of the election term.

\*\* The share options are valued according to the fair value of options granted using the Black-Scholes option-pricing model.

\*\*\* The shares are valued based on the volume weighted average share price at the day of the share purchases with no discount applied for the blocking period until April 29, 2017.

\*\*\*\* Other compensation comprise payments mainly related to car allowances.

# Compensation Report

## b) Compensations 2013

	Base compensation	Variable compensation	Share options granted **	Employer social security contributions	Other compensation ****	Total	Total ***
	Cash	Accrued bonus	Number	TCHF	TCHF	TCHF	TUSD
Board of Directors*:							
Dr. Beat E. Lüthi Chairman	126	—	900	36	10	—	186
Dr. Richard Fischer Vice Chairman	95	—	675	27	11	—	143
Vanessa Frey Member	63	—	450	18	5	—	94
Beat Siegrist Chairman of CHR Committee	70	—	500	20	7	—	106
Dr. Thomas Staehelin Chairman of Audit Committee	74	—	525	21	6	—	109
<b>Total</b>	<b>428</b>	<b>—</b>	<b>3,050</b>	<b>122</b>	<b>39</b>	<b>—</b>	<b>638</b>
Group Management:							
Lukas Winkler President and Chief Executive Officer	430	210	2,000	90	141	20	963
<b>Total **</b>	<b>701</b>	<b>330</b>	<b>3,250</b>	<b>147</b>	<b>239</b>	<b>40</b>	<b>1,575</b>

\* For the Board of Directors the base compensation paid as well as the share options granted are part of the compensation for the one year election term.

\*\* The share options are valued according to the fair value of options granted using the Black-Scholes option-pricing model.

\*\*\* In TUSD as originally reported in the 2013 Annual Report (for better comparison).

\*\*\*\* Other compensation comprise payments mainly related to car allowances.

Due to the compensation revision and the new structure (see section 2) the total compensation levels for the Board of Directors did change over the previous year. The base compensation did slightly change due to minor adjustments for the Chairmen of the Audit Committee and the Chairman of the CHR Committee. All other base compensation did not change. The year 2014 was a transition year from the Directors' Stock Option Plan to the Directors' Share Plan. In 2014 the Directors' Stock Option plan was terminated and a share program was introduced. The shares have been granted for the current term of office until the next Ordinary Annual General Meeting of the Shareholders. The total amount of compensation of TCHF 728 compares to the amount of 880 TCHF approved during the Annual General Meeting of Shareholders. The difference is mainly driven by higher amounts requested for potential Employer Social Security and Unemployment Insurance contributions which are due in case of stock option exercises.

For the Group Management, the base compensation and the number of share options granted have been unchanged. The share options have been valued at allotment date according to the fair value using the Black Scholes model (CHF 38.52).

The allotment occurs five working days after the Ordinary Annual General Meeting of the Shareholders (grant date). The accrued bonus has been adjusted according to the achievement of the financial and individual performance targets.

The total amount of compensation for the Group Management of TCHF 1,335 compares to the amount of TCHF 4,000 approved during the Annual General Meeting of the Shareholders. The main differences are driven by lower variable performance related compensation (and related social security contributions), no amounts for the potential event of one further member being added to the Group Management and no amounts for a potential disadvantage compensation.

## 8 Compensations for Former Members of Governing Bodies

There was no compensation to former members of the Board of Directors.

## 9 Additional Fees and Remunerations

No additional fees or remunerations were paid to members of the Governing Bodies and their related parties.

## 10 Loans to Members of Governing Bodies

No loans were granted to current or former members of governing bodies and their related parties during 2014. No such loans were outstanding as of December 31, 2014.



# Report of the Statutory Auditor on the Compensation Report

We have audited the compensation report dated March 11, 2015 of INFICON Holding AG for the year ended December 31, 2014. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the tables a) and b) in section 7 as well as sections 8 to 10 on pages 30–31 of the compensation report.

## *Responsibility of the Board of Directors*

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

## *Auditor's Responsibility*

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Opinion*

In our opinion, the compensation report for the year ended December 31, 2014 of INFICON Holding AG complies with Swiss law and articles 14–16 of the Ordinance.


## *Other Matter*

The corresponding figures in USD stated in the compensation report of INFICON Holding AG for the year ended December 31, 2014 were formerly included in the consolidated financial statements of INFICON Holding AG for the year ended December 31, 2013. These financial statements were audited by another auditor who expressed an unmodified opinion on those statements on March 11, 2014.

KPMG AG



Toni Wattenhofer  
*Licensed Audit expert*  
*Auditor in charge*



Ivo Wolgensinger  
*Licensed Audit expert*

Zurich, March 11, 2015



# Environmental Protection, Safety and Product Stewardship

## 1 Comprehensive Approach

INFICON's approach to sustainability is a comprehensive one. In its business decisions and conduct the Company takes into account economic, environmental and social aspects at both strategic and operational levels.

In an external rating carried out in 2012, INFICON was compared against a select group of peer companies in Switzerland and received an above-average rating for sustainability. The comprehensive review included the following criteria: "Renewal and adaptability; cycles of material, energy, and information; interconnection of organization and operations; location and needs; materials usage as well as systems and legal compliance" (Source: Swiss & Global Asset Management AG, 2012).

## 2 General

INFICON's commitment to sustainability is evidenced by the fact that all manufacturing sites strive to obtain ISO 14001 certification (new in 2014: Factory Shanghai/China first time ISO 9001/ISO 14001 certificate) and to maximize the resource and energy efficiency of products.

INFICON also observes the standards set out in the Code of Conduct of the "Electronic Industry Citizenship Coalition (EICC)."

All manufacturing facilities observe and comply with international and regional legislation, as well as guidelines.

## 3 Safety and Health at Work

Employee safety is a top priority at INFICON. The Company has endeavored for many years to prevent accidents from happening at all sites and to limit their secondary effects. To this end, employees are regularly trained and educated on work safety and health protection.

## 4 Environmental Stewardship

Environmental protection, safety and product stewardship have long been key priorities at INFICON. The first manufacturing facility already met ISO 14001 standards as early as 1998. All key facilities have since then achieved these standards, and have passed interim audits as well as re-certification.

Environmental management means that all ecological aspects are analyzed systematically and that the corresponding need for action is identified. The manufacturing facilities are themselves in charge of setting priorities and implementing the actions they deem necessary.

The Company observes the RoHS directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment, the European Union's REACH regulation on chemicals and their safe use, and monitors the "SVHC Candidate List" which lists substances of very high concern.

Two key manufacturing facilities are certified according to the Canon group's "Green Procurement Standards," which include four elements: "A: Environmental management system for business activities," "B: Performance of business activities," "C: Management of chemical substances in products," and "D: Performance of parts and materials."



## 5 Resource and Energy Efficiency

Resource conservation is important to INFICON and is individually driven by the locations. One key manufacturing location reduced the heating consumption by 17% (1.3 t CO<sub>2</sub> emission reduction) in 2014 by installing a new ventilation system and insulating the heating system in the old building. Another manufacturing location reduced the heating consumption by 38% (56.7 t CO<sub>2</sub> emission reduction) in 2014 by optimizing the heating and ventilation control systems.

Other main areas in which resources are conserved are “travel and transport,” “storage” and “packaging.” INFICON implemented video conferencing systems at all sites to reduce travel.

The combination of reduced storage, optimization of transport routing and means, coupled with economic use of raw materials and special packaging material has resulted in a further reduction of waste.

A case in point: INFICON introduced a number of “transport and travel” actions (optimizing transportation route and means, commuting to work concepts, video conferencing) at one manufacturing facility, and thus was able to bring down CO<sub>2</sub> emissions by 62% from 2007 to 2014. The total reduction of CO<sub>2</sub> emission in this time period amounted to 51.5%.

INFICON strives to maximize its resource and energy efficiency across the entire life span of its products and manufacturing facilities, beginning with the production of materials and processes, extending to their use, decommissioning and ultimate disposal.

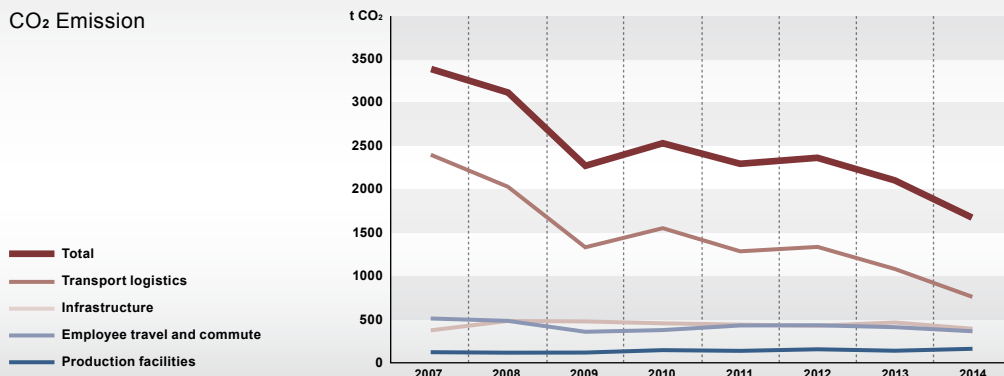
INFICON works together with its suppliers to ensure that they also follow its environmental requirements.

One site has started a project “Green Marketing”, where the Company wants to show its customers the environmental benefits of its products.

Moreover, the Company observes the UN Security Council Report S/2006/525 regarding so called “conflict minerals.”



CO<sub>2</sub> Emission



# Financial Review

(US Dollars in Millions)

## Income Statement

### Net Sales

In 2014, net sales increased by USD 12.5 million or 4.3% to USD 305.5 million from USD 293.0 million in 2013. As this includes a positive impact of USD 2.2 million or 0.7% from acquisitions and divestitures as well as a negative impact of USD 1.0 million or 0.3% from changes in currency exchange rates, net sales grew organically by 3.9% in 2014. Emergency Response & Security market sales achieved a new record level with USD 35.9 million and increased 32.0% or USD 8.7 million – this was primarily due to higher government spending for security and environmental applications especially in North America. Refrigeration & Air Conditioning sales increased 13.4% or USD 6.4 million, mainly due to additional sales to RAC manufacturers in Asia. The Specific Vacuum Process Industries market experienced a decrease in sales of USD 1.5 million or 1.5% due to a decreased demand from semiconductor and equipment makers in Asia, as well as for thin film coating processes in Asia and Europe. The General Vacuum Processes market sales decreased by USD 1.1 million or 0.9% largely due to a decrease in sales to European distributors and direct sales to industrial OEMs.

### Gross Profit

Gross profit margin was 50.9% for 2014 versus 50.3% for 2013. The increase is driven by a further reduction of production costs as well as favorable production mix.

### Research and Development

Research and development costs decreased to USD 27.3 million from USD 27.8 million in 2013. After a year of intensified product developments, the R&D spend did decrease slightly by USD 0.5 million in the current year 2014. The spending on research and development as a percentage of net sales ended at 8.9% in 2014 versus 9.5% in 2013.

### Selling, General and Administrative (SGA)

Selling, general and administrative costs increased to USD 76.9 million or 25.2% of sales in 2014 from USD 73.4 million or 25.0% of sales in 2013. The increase reflects investments into our selling capabilities and infrastructure, while marketing expense and general and administration costs remain at a more stable level.

### Income from Operations

Income from operations increased to USD 51.4 million or 16.8% of net sales for 2014 from USD 46.2 million or 15.8% of net sales for 2013. The profitability was impacted by the increase in sales, an improved gross profit margin and a cost structure that has been kept under control.

### Financial Result

Interest income accounted for USD 0.1 million for 2014 versus USD 0.2 million for 2013. Foreign currency losses decreased from USD 1.2 million in 2013 to USD 0.3 million in 2014.

### Income Taxes

Income taxes increased to USD 12.7 million or 24.7% of income before taxes for 2014 from a provision of USD 10.4 million or 22.8% of income before taxes for 2013. The higher 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 38.6 million and 16.50 for 2014 as compared with USD 35.3 million and 15.23 for 2013. The 8.3% increase in earnings per share is a result of the 9.3% increase in net income.



# Financial Review

(US Dollars in Millions)

## Balance Sheet and Liquidity

Trade accounts receivable, net decreased by USD 1.9 million to USD 40.0 million at December 31, 2014 as compared with USD 41.9 million at December 31, 2013. This decrease was driven by improved Days Sales Outstanding, ending at 45.1 days for 2014 versus 46.7 days for 2013 using a 4-point average of quarter-end balances.

Inventories, net increased by USD 2.0 million to USD 36.8 million at December 31, 2014 as compared with USD million 34.8 at December 31, 2013. As a consequence, inventory turns decreased to 3.9 in 2014 versus 4.4 in 2013 using a 4-point average of quarter-end inventory balances.

Cash and short-term investments at December 31, 2014 totaled USD 81.0 million, an increase of USD 6.0 million as compared with USD 75.0 million at December 31, 2013. The Cash Flow from operations totaled USD 50.1 million in 2014 versus USD 29.2 million in 2013. The increase was influenced by higher inventory levels offset by a higher level of provisions and accruals as well as income taxes payable.



# Consolidated Balance Sheet

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

	Note	December 31, 2014	December 31, 2013
<b>Assets</b>			
Cash and cash equivalents		70,986	74,965
Short-term investments		9,997	—
Trade accounts receivable, net	4	39,981	41,890
Inventories	5	36,827	34,770
Prepayments and accrued income		1,832	1,394
Other current assets		4,833	5,345
<b>Total current assets</b>		<b>164,456</b>	<b>158,364</b>
Property, plant, and equipment	6	36,079	37,270
Intangible assets	8	4,640	5,284
Deferred tax assets		9,815	10,930
Financial assets		1,514	1,797
<b>Total non-current assets</b>		<b>52,048</b>	<b>55,281</b>
<b>Total assets</b>		<b>216,504</b>	<b>213,645</b>
<b>Liabilities and Shareholders' Equity</b>			
Trade accounts payable		7,171	8,197
Short-term provisions	10	11,927	11,921
Income taxes payable		2,478	369
Accrued expenses and deferred income	9	11,006	9,097
Other current liabilities		2,334	816
<b>Total current liabilities</b>		<b>34,916</b>	<b>30,400</b>
Long-term provisions	10	2,104	2,378
Deferred tax liabilities		2,149	1,056
<b>Total non-current liabilities</b>		<b>4,253</b>	<b>3,434</b>
<b>Total liabilities</b>		<b>39,169</b>	<b>33,834</b>
Common stock	11	6,514	6,458
Retained earnings		170,821	173,353
<b>Total shareholders' equity</b>		<b>177,335</b>	<b>179,811</b>
<b>Total liabilities and shareholders' equity</b>		<b>216,504</b>	<b>213,645</b>

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

# Consolidated Statement of Income

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

Year ended December 31,	Note	2014	2013
Net sales	14	305,467	292,983
Cost of sales		149,922	145,641
Gross profit		155,545	147,342
Research and development		27,276	27,760
Selling expense		32,373	30,068
General and administrative expense		44,490	43,318
Operating result		51,406	46,196
Financial result		(118)	(999)
Ordinary result		51,288	45,197
Non-operating result	3	—	531
Earnings before income taxes (EBT)		51,288	45,728
Income taxes	15	12,681	10,418
Net result		38,607	35,310
Earnings per share:	16		
Basic		16.69	15.45
Dilution		0.19	0.22
Diluted		16.50	15.23

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



# Consolidated Statement of Shareholders' Equity

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

	Note	Common stock	Capital reserves	Retained earnings	Foreign currency translation	Total shareholders' equity
<b>Balance at December 31, 2012</b>		<b>6,279</b>	<b>17,472</b>	<b>145,139</b>	<b>2,633</b>	<b>171,523</b>
Net income				35,310		35,310
Foreign currency translation					1,268	1,268
Issuance of common stock from exercise of stock options	12	179	11,925			12,104
Distribution from legal reserves (CHF 16 per share)			(29,397)	(9,536)		(38,933)
Adjustment of Goodwill				(1,461)		(1,461)
<b>Balance at December 31, 2013</b>		<b>6,458</b>	<b>—</b>	<b>169,452</b>	<b>3,901</b>	<b>179,811</b>
Net income				38,607		38,607
Foreign currency translation					(7,761)	(7,761)
Issuance of common stock from exercise of stock options	12	56	3,561			3,617
Distribution from legal reserves (CHF 14 per share)			(3,561)	(33,518)		(37,079)
Adjustment of Goodwill	3			140		140
<b>Balance at December 31, 2014</b>		<b>6,514</b>	<b>—</b>	<b>174,681</b>	<b>(3,860)</b>	<b>177,335</b>

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

# Consolidated Statement of Cash Flows

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

Year ended December 31,	Note	2014	2013
Cash flows from operating activities:			
Net income		38,607	35,310
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	6	5,491	5,722
Amortization	8	1,448	1,352
Result from disposal of fixed assets		429	(43)
Deferred Taxes		1,958	1,524
Changes in operating assets and liabilities, excluding effects from acquisition:			
Trade accounts receivable		(322)	(5,828)
Inventories		(4,056)	(1,934)
Other assets		(197)	359
Trade accounts payable		(440)	2,547
Accrued liabilities and short-term provisions		4,951	(6,858)
Income taxes payable		2,249	(2,921)
Other liabilities		(68)	(34)
<b>Net cash provided by operating activities</b>		<b>50,050</b>	<b>29,196</b>
Cash flows from investing activities:			
Purchases/Disposals of property, plant, and equipment		(7,469)	(12,325)
Purchases/Disposals of intangible assets		(1,650)	(1,679)
Acquisitions of businesses net of cash acquired	3	(171)	(2,979)
Change in short-term investments		(9,997)	—
<b>Net cash used in investing activities</b>		<b>(19,287)</b>	<b>(16,983)</b>
Cash flows from financing activities:			
Proceeds from exercise of stock options	12	3,617	12,104
Cash distribution from legal reserves		(37,079)	(38,933)
Decrease in short-term borrowings		—	(2,323)
<b>Net cash used in financing activities</b>		<b>(33,462)</b>	<b>(29,152)</b>
Effect of exchange rate changes on cash and cash equivalents		(1,280)	(333)
Change in cash and cash equivalents		(3,979)	(17,272)
Cash and cash equivalents at beginning of period		74,965	92,237
<b>Cash and cash equivalents at end of period</b>		<b>70,986</b>	<b>74,965</b>

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

# Notes to Consolidated 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 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 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

### Basis of Preparation

The consolidated financial statements give a true and fair view of the financial position, results of operations and cash flows of the Company. They have been prepared in accordance with the complete set of Swiss GAAP Accounting and Reporting Recommendations (Swiss GAAP FER) and are based on the subsidiaries’ annual financial statements at December, 31, which are prepared using uniform classification and accounting policies. The consolidated financial statements are

prepared under the going concern assumption, based on the historical cost principle with the exception of certain items such as derivative financial instruments and short-term investments, which are carried on the balance sheet at their current value. The consolidated financial statements comply with the Listing Rules of the SIX Swiss Exchange and the provisions of Swiss Corporation Law. The Board of Directors of INFICON Holding AG approved the consolidated financial statements on March 11, 2015 for submission to the Annual General Meeting on April 29, 2015.

### Consolidation

These consolidated financial statements include INFICON Holding AG and all companies that INFICON controls. Control exists if INFICON holds directly or indirectly more than half of the voting rights, or has other means of controlling the company.

The financial statements of subsidiaries are prepared using uniform classification and accounting policies. The reporting date for INFICON Holding AG, all subsidiaries and the consolidated financial statements is December 31.

The full consolidation method is applied to all subsidiaries over which control exists. Their assets, liabilities, income and expenses are incorporated in full. The purchase method of consolidation is used to account for the acquisition of subsidiaries. Under this method, the carrying amount of the investment in a subsidiary is offset against the Group’s share of the fair value of the subsidiary’s net assets. Intercompany transactions and balances are eliminated. Unrealized intercompany profits on goods and services supplied within the Group but not yet sold to third parties are eliminated on consolidation.

Companies acquired or established or those in which the Group increases its interest and thereby obtains control during the year are consolidated from the date of formation or date on which control commences. Companies are deconsolidated from the date that control effectively ceases upon disposal or a reduction in ownership interest.

# Notes to Consolidated Financial Statements

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

The following companies are included in these consolidated financial statements:

Company	Domicile	Participation rate
INFICON Holding AG	Bad Ragaz (CH)	100%
INFICON GmbH	Bad Ragaz (CH)	100%
INFICON (Guangzhou) Instruments Co., Ltd.	Guangzhou (CN)	100%
INFICON Instruments Shanghai Co. Ltd.	Shanghai (CN)	100%
INFICON GmbH	Cologne (DE)	100%
INFICON Aaland Ab.	Mariefhamn (FI)	100%
INFICON S.A.R.L.	Courtaboeuf (FR)	100%
INFICON Ltd.	Hong Kong (HK)	100%
INFICON India Pvt. Ltd.	Pune (IN)	100%
INFICON S.r.l.	Bozen (IT)	100%
INFICON Co., Ltd.	Yokohama-Shi (JP)	100%
INFICON Ltd.	Bungdang (KR)	100%
INFICON AG	Balzers (LI)	100%
INFICON AB	Linköping (SE)	100%
INFICON Pte. Ltd.	Singapore (SG)	100%
INFICON Ltd.	Chubei City (TW)	100%
INFICON Ltd.	Blackburn (UK)	100%
INFICON Inc.	Syracuse, NY (US)	100%
INFICON EDC Inc.	Overland Park, KS (US)	100%

## Significant Accounting Policies and Estimates

The preparation of financial statements in conformity with Swiss GAAP FER requires management to make estimates and assumptions that affect the reported and disclosed amounts of (contingent) assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses. Management bases its estimates and judgments on historical experience and on various other factors believed to be reasonable under the circumstances that form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The main estimates include pension, deferred taxes, allowances for trade accounts receivables and inventories.

### Cash and Cash Equivalents and Short-Term Investments

The Company considers all highly-liquid investments with an original maturity of three months or less

on their acquisition date to be cash equivalents.

The Company classifies investments with an original maturity of more than three months on their acquisition date as short-term investments. Short-term investments consist of certificates of deposit, time deposits, or money market mutual funds.

### Trade Accounts Receivable

Trade accounts receivable and other current receivables are recognized at nominal value less allowance for any impairment. Doubtful receivables are provided for by way of specific allowances for known or alleged specific risks. Furthermore, an additional lump-sum allowance is set-up based on accounts receivable aging and taking into account the actual losses expected based on past experience.

### Inventories

Inventories are stated at the lower of cost and net realizable value. Purchasing discounts received are offset against the production cost of inventories. Production cost comprises all direct material and manufacturing costs as well as those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined by the moving average method. Appropriate provisions are made for slow-moving inventories and obsolete inventories are fully written off. If the net realizable value of inventories is lower than their purchase price or production cost, then their carrying amount is written down as necessary.

### Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and less any impairment loss. Expenditures for major renewals and improvements that extend the useful lives of property, plant and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized in earnings. The company does not depreciate land.

# Notes to Consolidated Financial Statements

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

The estimated useful lives and depreciation periods in years are as follows:

Category	Years
Buildings and improvements	20–30
Machinery and production equipment	5–10
Vehicles	5–10
Content, furniture and fixtures	5–10
Business machines	5–10
Information technology (hardware)	3

## *Intangible Assets*

Acquired intangible assets are recognized in the balance sheet if they are to bring measurable benefits to the company over several years. They are valued at historical cost less straight-line amortization over the estimated useful lives of 3 to 10 years.

## *Goodwill*

Goodwill arising on business combinations represents the excess of the cost of acquisition over the Group's interest in the fair value of the recognized assets and liabilities at the date of acquisition. Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of goodwill is disclosed in the notes to the consolidated financial statements. For the determination of goodwill from acquisitions, parts of the purchase price contingent on future performance are estimated at the date of acquisition. Any changes in contingent consideration are offset against goodwill in equity.

## *Impairment of Non-current Assets and Goodwill*

At every balance sheet date an assessment is made for non-current assets (in particular property, plant, equipment, intangible assets, financial assets as well as goodwill offset against equity) whether indicators for impairment exist. If indicators for a continuous impairment exist, the recoverable amount of the asset is determined. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating

unit to which the asset belongs. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized separately in the income statement. As goodwill is fully offset against equity at the date of acquisition, impairment of goodwill will not affect income, but be disclosed in the notes to the consolidated financial statements.

## *Pension Benefits*

Pension benefit assets and obligations are recognized in the consolidated financial statements according to legal regulations of the respective countries. The actual economic impact of pension plans is calculated at each balance sheet date. A pension asset is recorded when an economic benefit exists, meaning that such economic benefit will be used to reduce future pension contributions by the Company. A pension liability is recognized when an economic obligation exists, meaning if the requirements to record a provision are met.

## *Trade Payables and Other Payables*

Trade accounts payable and Other liabilities are recognized at par value.

## *Bank Debt*

Bank debt is recognized at nominal value. Discounts are netted with bank debt and recognized on a straight-line basis in the financial result of the income statement over the period of the respective bank loan. Bank debt is classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## *Provisions*

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A provision for the expected costs associated with restructuring is recognized when a detailed restructuring plan has been developed and the measures have been approved and communicated before the balance sheet date.

# Notes to Consolidated Financial Statements

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

## Revenue Recognition

Revenue is recognized when risks and rewards as well as control has been passed to the acquirer and income and related expenses can be determined reliably. This generally coincides with the delivery of goods or the rendering of service.

## Research and Development

Research and development costs are expensed as incurred.

## Shipping and Handling Costs

Revenue and costs associated with shipping products to customers are included in sales and cost of sales, respectively.

## Share-based Plan

Since 2001, a stock option plan for Directors, as well as for management and key employees is in place. The granting of options under the stock option plan does not result in the recognition of personnel expenses. The effect on equity is recognized in equity at the time the options are exercised. In 2014 the Directors' Stock Option Plan from 2001 was terminated and a share program was introduced. The shares are subject to a 3-year mandatory holding period.

## Income Tax Expense

Current income tax is calculated on taxable profits for the year and recognized on an accrual basis. Deferred income tax is provided, using the liability method, on all temporary differences and recognized as tax liabilities or assets. Temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The same method is also used to provide for differences arising on acquisitions between the fair value and tax base of the assets acquired. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right and intends to settle its current tax assets and liabilities on a net basis. Deferred tax is calculated using local tax rates that have been enacted by the balance sheet date. Tax losses carried forward and tax credits are recognized as deferred tax assets to the extent that it is probable that future taxable profits will be available against which they can be utilized.

## Foreign Currency Translation

The functional currency of the Company's foreign subsidiaries is the applicable local currency. For those subsidiaries, assets and liabilities are translated to US Dollars at year-end exchange rates. Income and expense accounts are translated at the average monthly exchange rates in effect during the year. The effects of foreign currency translation adjustments are taken to retained earnings (currency translation difference) and not recognized in the income statement.

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	
			2014	2013	2014	2013
1	Swiss Franc	USD	1.0110	1.1243	1.0940	1.0776
	Euro	USD	1.2160	1.3783	1.3290	1.3293
	Japanese Yen	USD	0.0084	0.0095	0.0095	0.0103
	Hong Kong Dollar	USD	0.1289	0.1290	0.1290	0.1289
	Korean Won	USD	0.0009	0.0009	0.0010	0.0009

# Notes to Consolidated Financial Statements

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

## 3 Acquisitions and Disposals

### 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 contingent consideration.

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

As of November 4,	2009
Inventory	57
Equipment	15
Goodwill	4,848
Intangible assets	290
<b>Net assets acquired</b>	<b>5,210</b>
Accrued contingent consideration	(4,600)
Purchase price at closing	(610)
<b>Total fair value of consideration</b>	<b>(5,210)</b>

The fair value of the contingent consideration amounts to zero since December 31, 2013.

### 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.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

As of December 22,	2010
Inventory	31
Goodwill and intangible assets	1,969
<b>Net assets acquired</b>	<b>2,000</b>
Accrued contingent consideration	(500)
Purchase price at closing	(1,500)
<b>Total fair value of consideration</b>	<b>(2,000)</b>

Up to December 31, 2014, an amount of USD 171 has been paid out to the Pernicka Corporation that has reduced the contingent consideration accordingly. As of December 31, 2014, the Company has re-evaluated the fair value calculation of the contingent consideration. As a result, the contingent consideration has been reduced by USD 260, which reduced goodwill accordingly, which is offset against equity under Swiss GAAP FER. As of December 31, 2014, the fair value of the contingent consideration has been reduced to zero.

# Notes to Consolidated Financial Statements

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

## 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.

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

As of November 15,	2011
Inventory	675
Other current assets	90
Equipment	80
Goodwill	1,460
Intangible assets	1,710
<b>Net assets acquired</b>	<b>4,015</b>
Accrued contingent consideration	(550)
Purchase Price at closing	(3,465)
<b>Total fair value of consideration</b>	<b>(4,015)</b>

The fair value of the contingent consideration amounts to zero since December 31, 2013.

## Sycon

On October 21, 2013, the Company acquired substantially all the assets of Sycon Instruments, Inc., a developer and manufacturer of instrumentation for the measurement and control of thin film processes. The acquisition further strengthens the Company's leading position in the thin film controller market. It also increases opportunities for the Company in the optical manufacturing market.

The purchase price was USD 2,500 at closing. Additionally, there is an earn-out to be paid based on sales growth over a two year period. At the acquisition date, the Company has performed a fair value calculation which resulted in USD 100 of contingent consideration.

The following table summarizes the fair value of the assets acquired at the acquisition date:

As of October 21,	2013
Inventory, net	930
Equipment	20
Goodwill	1,430
Intangible assets	220
<b>Net assets acquired</b>	<b>2,600</b>
Accrued contingent consideration	(100)
Purchase Price at closing	(2,500)
<b>Total fair value of consideration</b>	<b>(2,600)</b>

As of December 31, 2014, the Company has re-evaluated the fair value calculation of the contingent consideration. As a result, the contingent consideration has been increased by USD 120, which increased goodwill accordingly, which is offset against equity under Swiss GAAP FER. As of December 31, 2014, the fair value of the contingent consideration amounts to USD 220.



# Notes to Consolidated Financial Statements

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

## KeyX

On Dezember 16, 2013, the Company acquired substantially all the assets of KeyX Prüfsysteme GmbH, Leipzig. With this acquisition the Company extends its know-how on accumulation technologies and its portfolio in terms of Hydrogen leak detection. It will also help the Company to extend its market share in the automotive market.

The purchase price was USD 400 at closing.

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

As of December 16,	2013
Goodwill	400
<b>Net assets acquired</b>	<b>400</b>

The results of these acquisitions were included in the Company's consolidated operations beginning on the date of acquisition. The pro forma consolidated statements reflecting the operating results as if the acquisitions occurred at the beginning of the periods presented, would not differ materially from the operating results of the Company as reported for the twelve months ended December 31, 2014 and 2013, respectively.

## 4 Trade Accounts Receivable

Trade accounts receivable and related bad debt allowance are recorded as follows as at December 31:

	2014	2013
Trade accounts receivable, gross	<b>40,634</b>	42,342
Bad debt allowance	<b>(653)</b>	(452)
<b>Total trade accounts receivable, net</b>	<b>39,981</b>	41,890

## 5 Inventories

Inventories consist of the following at December 31:

	2014	2013
Raw material	<b>25,645</b>	25,631
Work-in-process	<b>4,262</b>	3,524
Finished goods	<b>6,629</b>	5,382
Advance Payments to suppliers	<b>291</b>	233
<b>Net balance at December 31,</b>	<b>36,827</b>	34,770

# Notes to Consolidated Financial Statements

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

## 6 Property, Plant, and Equipment

The components of property, plant, and equipment consist of the following at December 31:

Property, plant, and equipment 2014	Land	Buildings	Machinery and equipment	Capital leases	Prepayments and tangible fixed assets under construction	Other tangible fixed assets	Total
<b>At cost</b>							
At January 1, 2014	3,323	24,527	51,797	11,135	1,801	13,310	105,893
Additions	27	1,017	2,492	580	3,241	678	8,035
Disposals	—	—	(781)	(1)	(179)	(84)	(1,045)
Reclassifications	—	94	1,235	—	(1,354)	25	—
Exchange Differences	(313)	(1,543)	(3,852)	(1,028)	(61)	(1,500)	(8,297)
<b>At December 31, 2014</b>	<b>3,037</b>	<b>24,095</b>	<b>50,891</b>	<b>10,686</b>	<b>3,448</b>	<b>12,429</b>	<b>104,586</b>
<b>Accumulated depreciations:</b>							
At January 1, 2014	382	10,820	40,082	8,494	—	8,845	68,623
Systematic depreciation	4	721	3,507	498	—	761	5,491
Disposals	—	—	(360)	(1)	—	(83)	(444)
Reclassifications	—	—	—	4	—	(4)	—
Exchange Differences	(1)	(233)	(3,132)	(812)	—	(985)	(5,163)
<b>At December 31, 2014</b>	<b>385</b>	<b>11,308</b>	<b>40,097</b>	<b>8,183</b>	<b>—</b>	<b>8,534</b>	<b>68,507</b>
<b>Net book values:</b>							
At January 1, 2014	2,941	13,707	11,715	2,641	1,801	4,465	37,270
<b>At December 31, 2014</b>	<b>2,652</b>	<b>12,787</b>	<b>10,794</b>	<b>2,503</b>	<b>3,448</b>	<b>3,895</b>	<b>36,079</b>

Property, plant, and equipment 2013

	Land	Buildings	Machinery and equipment	Capital leases	Prepayments and tangible fixed assets under construction	Other tangible fixed assets	Total
<b>At cost</b>							
At January 1, 2013	2,696	16,084	51,759	10,682	2,731	11,219	95,171
Additions	536	1,084	2,600	283	6,673	1,778	12,954
Disposals	—	—	(3,315)	(130)	(180)	(233)	(3,858)
Reclassifications	—	7,168	188	—	(7,504)	148	—
Exchange Differences	91	191	565	300	81	398	1,626
<b>At December 31, 2013</b>	<b>3,323</b>	<b>24,527</b>	<b>51,797</b>	<b>11,135</b>	<b>1,801</b>	<b>13,310</b>	<b>105,893</b>
<b>Accumulated depreciations:</b>							
At January 1, 2013	377	10,198	39,115	7,882	—	7,678	65,250
Systematic depreciation	5	544	3,579	498	—	1,096	5,722
Disposals	—	—	(3,052)	(125)	—	(232)	(3,409)
Reclassifications	—	—	(1)	—	—	1	—
Exchange Differences	—	78	441	239	—	302	1,060
<b>At December 31, 2013</b>	<b>382</b>	<b>10,820</b>	<b>40,082</b>	<b>8,494</b>	<b>—</b>	<b>8,845</b>	<b>68,623</b>
<b>Net book values:</b>							
At January 1, 2013	2,319	5,886	12,644	2,800	2,731	3,541	29,921
<b>At December 31, 2013</b>	<b>2,941</b>	<b>13,707</b>	<b>11,715</b>	<b>2,641</b>	<b>1,801</b>	<b>4,465</b>	<b>37,270</b>

# Notes to Consolidated Financial Statements

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

## 7 Goodwill

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of goodwill is disclosed below:

Theoretical movement schedule for goodwill:

	2014	2013
<b>At cost</b>		
At January 1,	9,473	15,361
Additions from acquisitions of subsidiaries	120	1,830
Subsequent Purchase Price Adjustments	(260)	(369)
Elimination of fully amortized goodwill items	(248)	(7,537)
Exchange Differences	(703)	188
<b>At December 31,</b>	<b>8,382</b>	<b>9,473</b>

### Accumulated amortization

At January 1,	4,492	10,579
Amortization expense	1,629	1,373
Elimination of fully amortized goodwill items	(248)	(7,537)
Exchange Differences	(469)	77
<b>At December 31,</b>	<b>5,403</b>	<b>4,492</b>

### Theoretical net book values

At January 1,	4,981	4,782
<b>At December 31,</b>	<b>2,979</b>	<b>4,981</b>

Goodwill is theoretically amortized on a straight-line basis usually over 5 years.

Impact on income statement:

	2014	2013
Operating result according to income statement	51,406	46,196
Amortization of goodwill	(1,629)	(1,373)
Theoretical operating result incl. amortization of goodwill	49,777	44,823
<b>Net result according to income statement</b>	<b>38,607</b>	<b>35,310</b>
Amortization of goodwill	(1,629)	(1,373)
<b>Theoretical net result incl. amortization of goodwill</b>	<b>36,978</b>	<b>33,937</b>

Impact on balance sheet: The activity of goodwill was as follows:

	2014	2013
Equity according to balance sheet	177,335	179,811
Equity as % of total assets	81.9%	84.2%
Theoretical capitalization of goodwill (net book value)	2,979	4,981
Theoretical equity incl. net book value of goodwill	180,315	184,792
Theoretical equity incl. net book value of goodwill as % of total assets	82.2%	84.5%

No indication for impairment of goodwill has been identified.

## 8 Intangible Assets

Intangible assets 2014	Technology	Software	Other	Total
<b>At cost</b>				
At January 1, 2014	8,608	7,362	418	16,388
Additions	349	415	525	1,289
Disposals	(379)	—	—	(379)
Reclassifications	(67)	(1,025)	1,092	—
Exchange Differences	(706)	(780)	25	(1,461)
<b>At December 31, 2014</b>	<b>7,805</b>	<b>5,972</b>	<b>2,060</b>	<b>15,837</b>

### Accumulated amortization

At January 1, 2014	5,739	5,081	284	11,104
Systematic amortization	593	540	315	1,448
Disposals	(297)	—	—	(297)
Reclassifications	(65)	(63)	128	—
Exchange Differences	(507)	(634)	83	(1,058)
<b>At December 31, 2014</b>	<b>5,463</b>	<b>4,924</b>	<b>810</b>	<b>11,197</b>

### Net book values

At January 1, 2014	2,869	2,281	134	5,284
<b>At December 31, 2014</b>	<b>2,342</b>	<b>1,048</b>	<b>1,250</b>	<b>4,640</b>

# Notes to Consolidated Financial Statements

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

Intangible assets 2013	Techno- logy	Software	Other	Total
<b>At cost</b>				
At January 1, 2013	7,212	7,195	353	14,760
Additions	631	1,246	69	1,946
Disposals	(11)	(599)	—	(610)
Reclassifications	600	(597)	—	3
Exchange Differences	176	117	(4)	289
<b>At December 31, 2013</b>	<b>8,608</b>	<b>7,362</b>	<b>418</b>	<b>16,388</b>
<b>Accumulated amortization</b>				
At January 1, 2013	5,037	4,860	230	10,127
Systematic amortization	581	712	59	1,352
Disposals	(5)	(591)	—	(596)
Reclassifications	—	3	—	3
Exchange Differences	126	97	(5)	218
<b>At December 31, 2013</b>	<b>5,739</b>	<b>5,081</b>	<b>284</b>	<b>11,104</b>
<b>Net book values</b>				
At January 1, 2013	2,175	2,335	123	4,633
<b>At December 31, 2013</b>	<b>2,869</b>	<b>2,281</b>	<b>134</b>	<b>5,284</b>

## 9 Accrued Liabilities

The components of accrued liabilities are as follows at December 31:

	2014	2013
Salaries, wages and related costs	4,865	4,913
Deferred revenue	2,429	647
Professional fees	751	510
Other	2,961	3,027
<b>Balance at December 31,</b>	<b>11,006</b>	<b>9,097</b>

## 10 Provisions

Provisions 2014	Warranty	Pension	Bonus & Commissions	Restructuring	Other	Total
At January 1, 2014	2,752	216	8,830	327	2,174	14,299
Creation	305	75	9,401	—	225	10,006
Utilizations	(82)	—	(7,946)	(79)	(481)	(8,588)
Reversals	(348)	(195)	(264)	(94)	(49)	(950)
Exchange Differences	(161)	(21)	(467)	(33)	(54)	(736)
<b>At December 31, 2014</b>	<b>2,466</b>	<b>75</b>	<b>9,554</b>	<b>121</b>	<b>1,815</b>	<b>14,031</b>
Short-term	2,118	75	9,554	121	59	11,927
Long-term	348	—	—	—	1,756	2,104

Provisions 2013	Warranty	Pension	Bonus & Commissions	Restructuring	Other	Total
At January 1, 2013	2,757	300	10,014	2,948	430	16,449
Creation	58	—	8,722	—	1,882	10,662
Utilizations	(4)	—	(9,783)	(2,137)	(79)	(12,003)
Reversals	(84)	(50)	(259)	(573)	(91)	(1,057)
Exchange Differences	25	(34)	136	89	32	248
<b>At December 31, 2013</b>	<b>2,752</b>	<b>216</b>	<b>8,830</b>	<b>327</b>	<b>2,174</b>	<b>14,299</b>
Short-term	2,381	216	8,830	327	167	11,921
Long-term	371	—	—	—	2,007	2,378

### Discounting

There are no material discounting effects for the long-term provisions.

### Restructuring

The restructuring provisions include obligations relating to the sale of INFICON's non-core business vacuum valves product line.

### Warranty

INFICON gives warranties in connection with the products and services it provides. These are based on local legislation or contractual arrangements. The provision is calculated from past experience. The current provision for liability claims is based on actual claims reported, which are generally settled within one year. The long-term provision is based on historical experience for warranties with more than one year remaining warranty period.

# Notes to Consolidated Financial Statements

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

## 11 Shareholder's Equity

As of December 31, 2014, shareholder's equity consists of 2,324,911 issued and outstanding bearer shares (2013: 2,305,098) with a par value of CHF 5 (2013: CHF 5).

Under the Swiss Code of Obligations, the shareholders may decide on an increase of the share capital in a specified aggregate par value up to 50% of the existing share capital, in the form of authorized capital to be used at the discretion of the Board of Directors. The Board of Directors is currently not authorized to issue new registered shares. The General Meeting of Shareholders approved conditional capital in the amount of 260,000 shares in 2012, which shall be issued upon the exercise of option rights, which some employees and members of the Board of Directors will be granted pursuant to the Employee Incentive Plans. The Board of Directors will regulate the details of the issuances. As of December 31, 2014 and 2013, 129,944 and 149,757 shares of CHF 5 each, respectively, were available for issuance.

The statutory or legal reserves that may not be distributed amount to TCHF 2,325 at December 31, 2014, as compared with TCHF 2,305 at December 31, 2013.

## 12 Share-based Plans

### *Directors' Stock Option Plan*

In fiscal year 2001, the Board of Directors approved the Directors' Stock Option Plan. The Directors' Stock Option Plan is solely for members of the Board, who are not employees of INFICON. The Company grants options to the eligible Directors in May of each year and the options are nontransferable. All options are granted at prices equal to 100% of the market value of the common stock at the date of grant. The plan includes specific requirements for the Directors who are removed or resign from the Board.

### *Management & Key Employee Stock Option Plan*

In fiscal year 2001, the Board of Directors approved the Key Employee Stock Option Plan. The purpose of the plan is to provide key employees of the Company

with an opportunity to become shareholders, and in addition, to obtain options on shares and allow them to participate in the future success of the Company. It is intended that the plan will provide an additional incentive for key employees to maintain continued employment, contribute to the future success and prosperity, and enhance the value of the Company. Accordingly, the Company will, from time to time during the term of this plan, grant to such key employees options to purchase shares in such amounts as the Company shall determine, subject to the conditions provided in the plan. The plan shall remain in effect through April 26, 2017.

The options are granted in Swiss Francs.

The following is a summary of option transactions under the two plans:

	Options	Weighted average exercise price (CHF)
Outstanding at December 31, 2012	141,997	177.23
Granted	34,300	284.75
Cancelled	(1,825)	198.01
Exercised	(63,346)	179.10
<b>Outstanding at December 31, 2013</b>	<b>111,126</b>	<b>209.01</b>
Granted	35,850	307.25
Cancelled	(975)	245.75
Exercised	(19,813)	167.54
<b>Outstanding at December 31, 2014</b>	<b>126,188</b>	<b>243.15</b>
Exercisable at December 31, 2014	45,837	192.62

The exercise of options under the stock option plan led to the following increase in shareholder's equity.

	2014	2013
Increase in Common stock	<b>56</b>	179
Increase in Capital reserves	<b>3,561</b>	11,925
<b>Total</b>	<b>3,617</b>	12,104

In 2014 the Directors' Stock Option Plan from 2001 was terminated and the share program was introduced. The shares are subject to a 3-year mandatory holding period. The relevant share price for allocation purposes is the closing market price on

# Notes to Consolidated Financial Statements

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

the day of allotment. The allotment occurs five working days after the Ordinary Annual General Meeting.

## 13 Employee Benefit Plans

INFICON employees in certain countries (primarily the United States, Liechtenstein, and Germany) participate in contributory and non-contributory defined benefit plans. Benefits under the defined benefit plans are generally based on years of service and average pay. The company funds the plans in accordance with local regulations in the specified countries.

The economical benefits and economical obligations of the pension plans and the relating pension benefit expenses are summarized in the following table:

	Surplus / Deficit	Economical surplus/ deficit of the organization	Change to prior year period recognized in the current result of the period	Contributions concerning the business period	Pension benefit expenses within personnel expenses	
	31.12.2014	31.12.2014	31.12.2013	2014	2014	2013
Pension institutions with surplus	7,651	—	—	(1,361)	(1,361)	(2,772)
Pension institutions with deficit	(388)	—	—	(865)	(865)	(182)
<b>Total</b>	<b>7,263</b>	<b>—</b>	<b>—</b>	<b>(2,226)</b>	<b>(2,226)</b>	<b>(2,954)</b>

## 14 Business Segments

The Company is a global supplier of instrumentation for analysis, monitoring, and control in the general vacuum processes, semiconductor and vacuum coating, refrigeration and air conditioning, and emergency response and security markets. The Company consists of one single business segment. Information on the Company's sales by geographic location (determined by country of destination) was as follows:

	2014	2013
Asia-Pacific	107,641	103,854
Europe	95,410	96,895
North America	98,357	87,708
Other	4,059	4,526
<b>Total</b>	<b>305,467</b>	<b>292,983</b>

## 15 Income Taxes

Tax expense consists of the following:

	2014	2013
Current tax expense	10,473	8,982
Deferred tax expense	2,208	1,436
<b>Total</b>	<b>12,681</b>	<b>10,418</b>

As of December 31, 2014, the group average tax rate for calculating deferred taxes was 24.7% (2013: 22.8%).

The entitlement for deferred income taxes on tax losses carried forward not yet used was USD 346 at December 31, 2014, as compared with USD 776 at December 31, 2013.

## 16 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 years ended December 31:

	2014	2013
<b>Numerator:</b>		
<b>Net income</b>	<b>38,607</b>	<b>35,310</b>

<b>Denominator:</b>		
Weighted average shares outstanding	2,313,723	2,285,157
Effect of dilutive stock options	26,608	32,562
<b>Denominator for diluted earnings per share</b>	<b>2,340,331</b>	<b>2,317,719</b>

<b>Earnings per share:</b>		
Basic	16.69	15.45
Dilution	(0.19)	(0.22)
Diluted	16.50	15.23

For the year ended December 31, 2014, the fully diluted earnings per share calculation excluded 66,075 options to purchase shares since these shares would have been anti-dilutive for 2014, compared with 34,100 options in 2013, respectively.

# Notes to Consolidated Financial Statements

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

## 17 Derivative Financial Instruments

The Company uses derivative instruments, in the form of forward exchange contracts, to hedge against future movements in foreign exchange rates that affect certain foreign currency denominated sales and related purchase transactions, caused by currency exchange rate volatility. These contracts have durations of less than one year. The Company attempts to match the forward contracts with the underlying items being hedged in terms of currency, amount and maturity. The primary currencies in which the Company has exposure are the Japanese Yen, Swiss Franc, Euro, and US Dollar.

Unsettled forward exchange contracts:

	2014	2013
Positive fair value	—	79
Notional amounts	—	915

Positive fair values are recorded as other current assets, while negative fair values have been recognized in other current liabilities. Any change in fair value is recorded in the income statement.

## 18 Commitments and Contingencies

A summary of contractual commitments and contingencies as of December 31, 2014 is as follows:

	Operating leases	Fixed Inventory Purchase Commitments	Building Extension	Total
2015	4,604	4,124	18,800	27,528
2016	4,453	2,085	—	6,538
2017	3,741	14	—	3,755
2018	3,397	—	—	3,397
2019	3,242	—	—	3,242
Thereafter	3,044	—	—	3,044
<b>Total</b>	<b>22,481</b>	<b>6,223</b>	<b>18,800</b>	<b>47,504</b>

The Company leases some of its facilities and machinery and equipment under operating leases, expiring in years 2015 through 2021. Generally, the facility leases require the Company to pay maintenance, insurance and real estate taxes.

Purchase obligations include amounts committed under legally enforceable contracts or purchase orders for goods or services with defined terms as to price, quantity, delivery and termination liability.

The Company has signed a contractual obligation for extending the building in Syracuse in 2015 for the amount of USD 18.8 million.

The Group has a number of risks arising in the ordinary course of business from contingent or probable liabilities in connection with litigation and outstanding tax assessments.

Provisions have been recognized to the extent that the outcome of such matters can be reliably estimated. No provisions have been made where the outcome is uncertain or the risk is not quantifiable.

At year-end 2014, no guarantees (previous year none) in favor of third parties existed. The Group has not given any other guarantees in respect of its business relationships with third parties. There are no subordination agreements with third parties.

## 19 Additional Information Required by Swiss Law

As required by article 663 paragraph 3 of the Swiss Code of Obligations, the following supplementary information is disclosed:

	2014	2013
Total personnel costs	<b>100,991</b>	98,523

The fire insurance values of property, plant and equipment at December 31:

	2014	2013
Buildings and improvements	<b>40,359</b>	40,301
Machinery and equipment	<b>81,243</b>	83,120
<b>Total</b>	<b>121,602</b>	123,421

# Notes to Consolidated Financial Statements

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

## Compensations Disclosure

Please refer to the Compensation Report for disclosures pertaining to compensations to the Board of Directors and Group Management.

## Shares and Share Options owned by Members of the Board of Directors and Group Management

The number of shares and options owned by the Board of Directors and Group Management for the years ended December 31:

	2014		2013	
	Shares owned	Options owned	Shares owned	Options owned
Board of Directors:				
Dr. Beat E. Lüthi	401	1,800	195	900
Dr. Richard Fischer	24,168	1,350	21,000	2,050
Vanessa Frey*	103	900	—	450
Beat Siegrist	8,081	1,000	7,475	975
Dr. Thomas Staehelin	381	3,150	250	3,150
<b>Total Board of Directors</b>	<b>33,134</b>	<b>8,200</b>	<b>28,920</b>	<b>7,525</b>
Group Management:				
Lukas Winkler, President & CEO	5,000	7,000	5,000	6,000
Matthias Tröndle, Group CFO	150	3,438	150	3,126
<b>Total Group Management</b>	<b>5,150</b>	<b>10,438</b>	<b>5,150</b>	<b>9,126</b>

\* Vanessa Frey as part of the Frey family owns through KWE Beteiligungen AG 19.53% (2013: 19.11%) in INFICON Holding AG.

## Related Party Transaction

In 2014 USD 28 (2013 USD 16) were paid to related parties for assisting in the preparation of shareholder meetings and other corporate actions.

## Risk Assessment Disclosures

Effective risk assessment is an integral part of the Company's group-wide enterprise risk management. Based on guidelines received from the Board of Directors, the Group Management Team and the Finance function oversee the risk management process, and report to the Board and the Audit Committee on a regular basis. Processes and organizational measures have been defined to ensure that risks are continuously and consistently identified, assessed, mitigated and reported.

As an important element of the group-wide enterprise risk management, INFICON established and maintains adequate internal controls over financial reporting.

These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements, to Group Management and the Board of Directors.

## 20 Subsequent Events

The Company has evaluated subsequent events through March 11, 2015, which represents the date when the consolidated financial statements were available to be issued. On January 15, 2015, the Swiss National Bank has suspended the minimum rate of CHF 1.20 to the Euro. The causation of this change in the currency rate has happened after the closing date and has therefore no impact on the financial statements as per December 31, 2014.



# Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of INFICON Holding AG, which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of shareholders' equity, consolidated statement of cash flows and notes (pages 38 to 55) for the year ended December 31, 2014.

## *Board of Directors' Responsibility*

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

## *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made,

as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the consolidated financial statements for the year ended December 31, 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

## *Other matters*

The consolidated financial statements of INFICON Holding AG for the year ended December 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on March 11, 2014.

## **Report on Other Legal Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG



Toni Wattenhofer  
Licensed Audit expert  
Auditor in charge



Ivo Wolgensinger  
Licensed Audit expert

Zurich, March 11, 2015



# Balance Sheet

## INFICON Holding AG

(CHF in Thousands, except share and per share amounts)

	December 31, 2014	December 31, 2013
<b>Assets</b>		
Cash and cash equivalents	11,272	5,695
Other receivables – third parties	17	409
Receivables – subsidiaries	1,080	913
Prepaid expenses	165	197
<b>Total current assets</b>	<b>12,534</b>	<b>7,214</b>
Notes receivable – subsidiaries	75,254	6,130
Investments in subsidiaries	300,018	300,018
<b>Total long-term assets</b>	<b>375,272</b>	<b>306,148</b>
<b>Total assets</b>	<b>387,806</b>	<b>313,362</b>
<b>Liabilities and Shareholders' Equity</b>		
Accrued liabilities	596	461
<b>Total current liabilities</b>	<b>596</b>	<b>461</b>
<b>Total liabilities</b>	<b>596</b>	<b>461</b>
Share capital; CHF 5 par value, 2,324,911 shares issued (2013: 2,305,098 shares issued)	11,625	11,525
Legal reserves		
General legal reserve	2,590	2,590
Legal reserves from capital contributions	144,210	173,347
Retained earnings	228,785	125,439
<b>Total shareholders' equity</b>	<b>387,210</b>	<b>312,901</b>
<b>Total liabilities and shareholders' equity</b>	<b>387,806</b>	<b>313,362</b>

# Statement of Income

## INFICON Holding AG

(CHF in Thousands)

Year ended December 31,	2014	2013
Income from investments in subsidiaries	105,426	27,798
Interest income	223	12
<b>Total income</b>	<b>105,649</b>	<b>27,810</b>
Administrative expenses	(1,590)	(1,378)
Interest expense	(20)	—
Foreign currency exchange loss	(80)	(64)
<b>Total expenses</b>	<b>(1,690)</b>	<b>(1,442)</b>
<b>Income before income taxes</b>	<b>103,959</b>	<b>26,368</b>
Tax expenses	(613)	(11)
<b>Net income</b>	<b>103,346</b>	<b>26,357</b>



# Notes to the Financial Statements

## INFICON Holding AG

### 1 Description of Company

The information contained in the financial statements of INFICON Holding AG, Bad Ragaz, relates to the ultimate parent company alone, while the consolidated financial statements reflect the economic situation of INFICON Group as a whole. INFICON Holding AG, Bad Ragaz, (the "Company") financial statements are prepared in compliance with Swiss Corporate Law.

Applying the transitional provision of the new accounting law, these financial statements have been prepared in accordance with the provision on accounting and financial reporting of the Swiss Code of Obligations effective until December 31, 2012.

### 2 Investments in Subsidiaries

The investments in subsidiaries are carried in aggregate at lower of cost or their intrinsic value. The subsidiaries included in INFICON Holding AG's investment portfolio are shown on page 61.

### 3 Equity

Refer to Notes to Consolidated Financial Statements for a description of the Company's capital and the related stock plans.

The Company is aware of the following significant shareholders entered in the share register.

The percentages are calculated using registered shares per December 31, 2014 and 2013 of 2,324,911 and 2,305,098 respectively.

December 31,	2014	2013
KWE Beteiligungen AG	19.53%	19.11%
7-Industries Holding B.V.	9.75%	9.84%
Chase Nominees Ltd.	5.88%	7.01%
UBS Fund Management (Schweiz) AG	4.95%	4.97%
Lombard Odier Asset Management	3.15%	3.48%
Crédit Suisse Funds AG	2.56%	3.32%

There were no other shareholders entered in the share register holding more than 3 percent of the voting rights at December 31, 2014.

Any significant shareholder notifications during 2014 and since January 1, 2015, can be accessed via the following weblink to the database search page of the disclosure office:

[http://www.six-swiss-exchange.com/shares/companies/major\\_shareholders\\_de.html](http://www.six-swiss-exchange.com/shares/companies/major_shareholders_de.html)

### 4 Issued, Authorized and Conditional Share Capital

#### Issued Share Capital / Share Capital Increase

During 2014, employees and members of the Board of Directors of INFICON exercised stock options which resulted in 19,813 new shares being issued and increased nominal share capital by CHF 99,065. The share premium thereon of CHF 3,220,346 has been credited to the legal reserves from capital contributions. At December 31, 2014, the number of issued INFICON Holding AG shares amounted to 2,324,911 (2013: 2,305,098) with a nominal value of CHF 5 each.

#### Conditional Share Capital

The articles of incorporation provide for a conditional capital of a maximum of CHF 748,785 through the issuance of 149,757 registered shares of CHF 5 each by the exercise of option rights granted to employees and members of the Board of Directors of the Company. In 2014, employee stock options were exercised resulting in an increase in share capital of 19,813 shares. The remaining available balance of conditional share capital at December 31, 2014, is CHF 649,720.

# Notes to the Financial Statements

## INFICON Holding AG

### Investments in Subsidiaries

Company	Currency	December 31, 2014 (in 1,000)	2013 (in 1,000)
<b>INFICON Inc.</b>			
<b>Syracuse, USA</b>			
Share Capital	USD	*	*
Ownership		100%	100%
Purpose: Manufacturing, Sales and Service			
<b>INFICON AG</b>			
<b>Balzers, Liechtenstein</b>			
Share Capital	CHF	6,000	6,000
Ownership		100%	100%
Purpose: Manufacturing, Sales and Service			
<b>INFICON GmbH</b>			
<b>Bad Ragaz, Switzerland</b>			
Share Capital	CHF	2,000	2,000
Ownership		100%	100%
Purpose: Management Company			
<b>INFICON GmbH</b>			
<b>Cologne, Germany</b>			
Share Capital	EUR	1,026	1,026
Ownership**		100%	100%
Purpose: Manufacturing, Sales and Service			
<b>INFICON Aaland Ab</b>			
<b>Mariehamn, Finland</b>			
Share Capital	EUR	60	60
Ownership**		100%	100%
Purpose: Manufacturing			
<b>INFICON AB.</b>			
<b>Linköping, Sweden</b>			
Share Capital	SEK	3,810	3,810
Ownership		100%	100%
Purpose: Manufacturing			
<b>INFICON Ltd.</b>			
<b>Blackburn, United Kingdom</b>			
Share Capital	GBP	400	400
Ownership		100%	100%
Purpose: Sales			
<b>INFICON S.A.R.L.</b>			
<b>Courtaboeuf, France</b>			
Share Capital	EUR	108	108
Ownership		100%	100%
Purpose: Sales			
<b>INFICON S.r.l.</b>			
<b>Bozen, Italy</b>			
Share Capital	EUR	10	10
Ownership		100%	100%
Purpose: Sales			

Company	Currency	December 31, 2014 (in 1,000)	2013 (in 1,000)
<b>INFICON Co., Ltd.</b>			
<b>Yokohama-Shi, Japan</b>			
Share Capital	JPY	90,000	90,000
Ownership		100%	100%
Purpose: Sales			
<b>INFICON Ltd.</b>			
<b>Chubei City, Taiwan</b>			
Share Capital	TWD	52,853	52,853
Ownership		100%	100%
Purpose: Sales			
<b>INFICON Ltd.</b>			
<b>Bungdang-Ku, Korea</b>			
Share Capital	KRW	600,000	600,000
Ownership		100%	100%
Purpose: Manufacturing and Sales			
<b>INFICON Pte. Ltd.</b>			
<b>Singapore</b>			
Share Capital	SGD	1,797	1,797
Ownership		100%	100%
Purpose: Sales			
<b>INFICON Ltd.</b>			
<b>Pune, India</b>			
Share Capital	INR	18,920	18,920
Ownership**		100%	100%
Purpose: Sales			
<b>INFICON Ltd.</b>			
<b>Hong Kong</b>			
Share Capital	HKD	8,780	8,780
Ownership		100%	100%
Purpose: Sales			
<b>INFICON (Guangzhou) Instruments Co., Ltd.</b>			
<b>Guangzhou</b>			
Share Capital	RMB	9,837	9,837
Ownership		100%	100%
Purpose: Service			
<b>INFICON Instruments (Shanghai) Co., Ltd.</b>			
<b>Shanghai</b>			
Share Capital	USD	2,180	2,180
Ownership		100%	100%
Purpose: Manufacturing			
<b>INFICON EDC Inc.</b>			
<b>Syracuse, USA</b>			
Share Capital	USD	*	*
Ownership**		100%	100%
Purpose: Manufacturing, Sales and Service			

\* The Company was issued 100 shares of INFICON, Inc. which have a nominal value of USD 0.01 per share

\*\* Indirect participation

# Notes to the Financial Statements

## INFICON Holding AG

### 5 Shares and Share Options owned by Members of the Board of Directors and Group Management

The number of shares and options owned by the Board of Directors and Group Management for the years ended December 31:

	2014		2013	
	Shares owned	Options owned	Shares owned	Options owned
Board of Directors:				
Dr. Beat E. Lüthi	401	1,800	195	900
Dr. Richard Fischer	24,168	1,350	21,000	2,050
Vanessa Frey*	103	900	—	450
Beat Siegrist	8,081	1,000	7,475	975
Dr. Thomas Staehelin	381	3,150	250	3,150
<b>Total Board of Directors</b>	<b>33,134</b>	<b>8,200</b>	<b>28,920</b>	<b>7,525</b>
Group Management:				
Lukas Winkler, President & CEO	5,000	7,000	5,000	6,000
Matthias Tröndle, Group CFO	150	3,438	150	3,126
<b>Total Group Management</b>	<b>5,150</b>	<b>10,438</b>	<b>5,150</b>	<b>9,126</b>

\* Vanessa Frey as part of the Frey family owns through KWE Beteiligungen AG 19.53% (2013: 19.11%) in INFICON Holding AG.

The members of the Group Management held together on December 31, 2014 directly and indirectly a total of 0.22% bearer shares or 0.22% of the voting rights of INFICON. The members of the Board of Directors held together on December 31, 2014 directly and indirectly a total of 20.95% bearer shares or 20.95% of the voting rights in INFICON.

### 6 Contingent Liabilities

	December 31,	
In CHF 1,000	2014	2013
Guarantees in favor of affiliated companies	8,319	9,554

### 7 Risk Assessment Disclosures required by Swiss Law

INFICON Holding AG as the ultimate parent company of the INFICON Group is fully integrated into the group-wide internal risk assessment process. Based on regular risk assessments of the Board of Directors, actions are defined that ensure a low risk of material misstatement in financial reporting.

# Appropriation of Available Earnings

## INFICON Holding AG

(Proposal of the Board of Directors)

	December 31,
In CHF 1,000	2014
Legal reserves from capital contributions at beginning of year	173,347
Transfer from general legal reserve	
Share premium on exercised stock options	3,220
Distribution to shareholders	(32,357)
Legal reserves from capital contributions	144,210
Retained earnings at beginning of year	125,439
Net income	103,346
Retained earnings	228,785

Legal reserves from capital contribution before proposed distribution	144,210
Distribution from capital contribution reserve (2014: CHF 15.00 each share)*	34,874
Legal reserves from capital contribution after proposed distribution	109,336

\* The proposed distribution from capital contribution reserve represents an estimated amount. This will be adjusted to take into account any new shares entitled to a distribution from legal reserves which are issued subsequent to December 31, and prior to the date of the distribution.





# Report of the Statutory Auditor on the Financial Statements

## INFICON Holding AG, Bad Ragaz

As statutory auditor, we have audited the financial statements of INFICON Holding AG, which comprise the balance sheet, statement of income and notes (pages 58 to 62) for the year ended December 31, 2014.

### *Board of Directors' Responsibility*

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements for the year ended December 31, 2014 comply with Swiss law and the company's articles of incorporation.

### *Other matters*

The financial statements of INFICON Holding AG for the year ended December 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on March 11, 2014.

### **Report on Other Legal Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG



Toni Wattenhofer  
Licensed Audit expert  
Auditor in charge



Ivo Wolgensinger  
Licensed Audit expert

Zurich, March 11, 2015



Certain statements contained in this Annual 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 Annual Report for fiscal 2014.

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.



2014 Annual Report

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