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**Q1 2020
EARNINGS CONFERENCE CALL**

April 22, 2020

Bad Ragaz, Switzerland

Speakers

Lukas Winkler, President and CEO

Key figures Q1 2020

Target market business review

Expectations 2020

Matthias Tröndle, Vice President and CFO

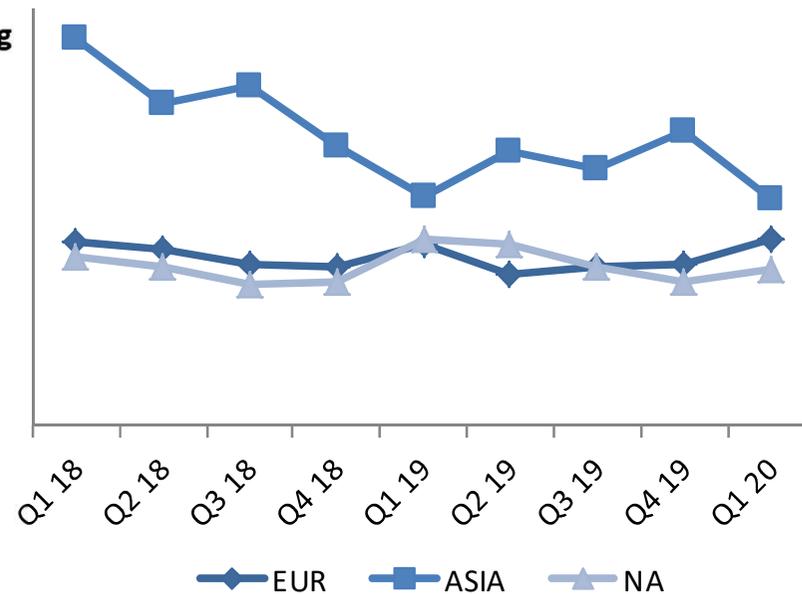
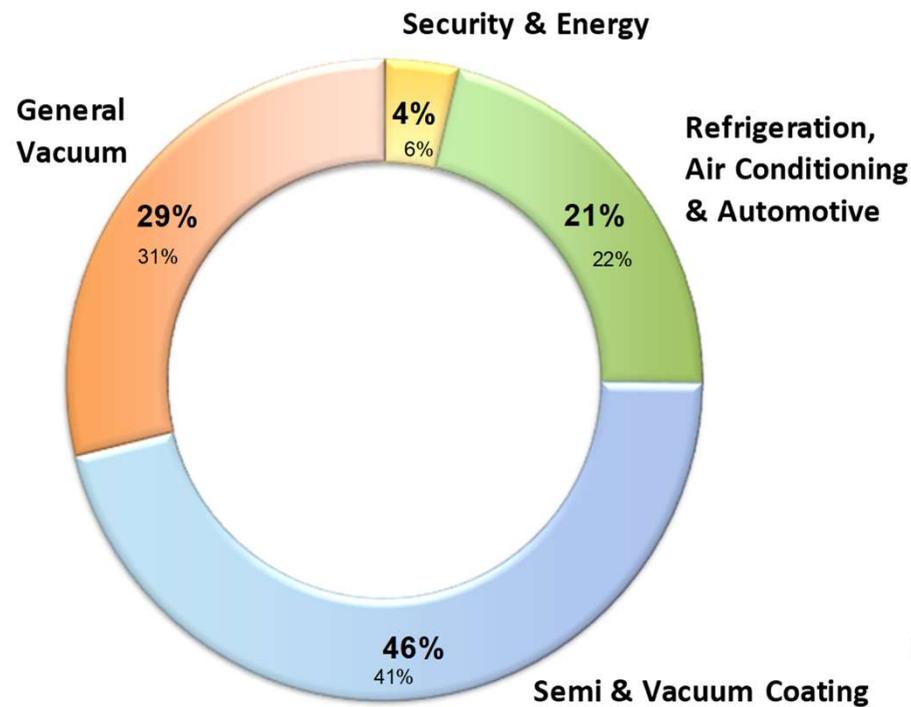
Financials Q1 2020

Q1 2020 – Key Figures

- **Strong performance in Semi & Vacuum, expected decline in Security & Energy, other areas quite stable**
 - Sales decrease of 3.2% to USD 92.6 million compared with Q1 2019, organic decrease of 2.9%
 - Sequential sales decline of 3.8% over Q4 2019
 - Book to bill ratio: > 1
 - **Operating result**
 - Slightly lower sales volume and gross margin with stable operating expense
 - Operating income of USD 14.0 million in Q1 2020 (15.1% of sales) after USD 16.7 million (17.5% of sales) in Q1 2019
 - Sequential operating income margin decreased by -12.6%
- **Net income of USD 11.4 million or 12.3% of sales**

Net Sales by End Market

USD 92.6 million in Q1 2020 (-3.2%)



Security & Energy

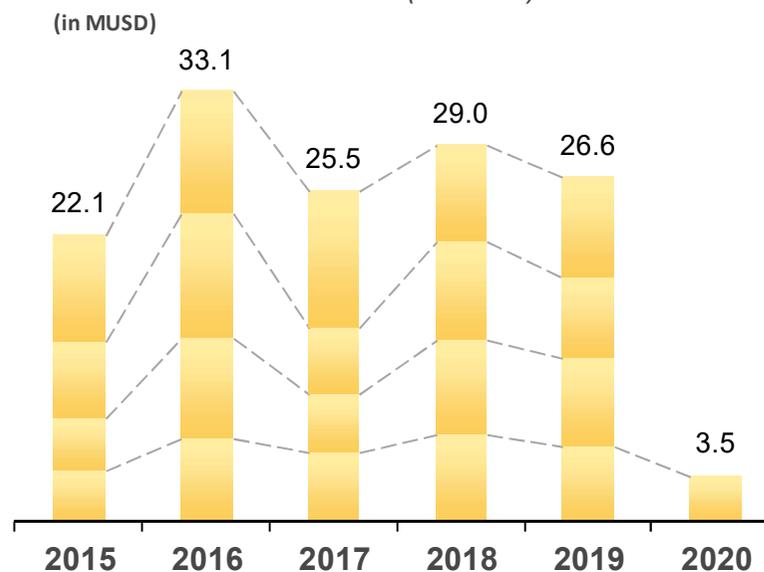
Q1 2020

- Sales decrease of -39.7% to USD 3.5 million in Q1 2020 vs Q1 2019, and -55.1% vs Q4 2019 due to low security business in Asia and North America
- For the first time, majority of sales went to the Energy market, mostly non-governmental customers
- Increased contribution from new products for energy applications

Market Trends

- Short-term security needs changed, due to the current Corona virus pandemic
- Challenging mid-term market predictions due to geopolitical uncertainties
- New target markets (Bio-Methane) and application opportunities in the energy market with:
 - Fusion™ Micro-GC technologies
 - IRwin™ Methane leak detector
- 2020 expectations: uncertain and very challenging (security market)

Sales to End Market
Security & Energy
-5.8% CAGR (2014 - 2019)



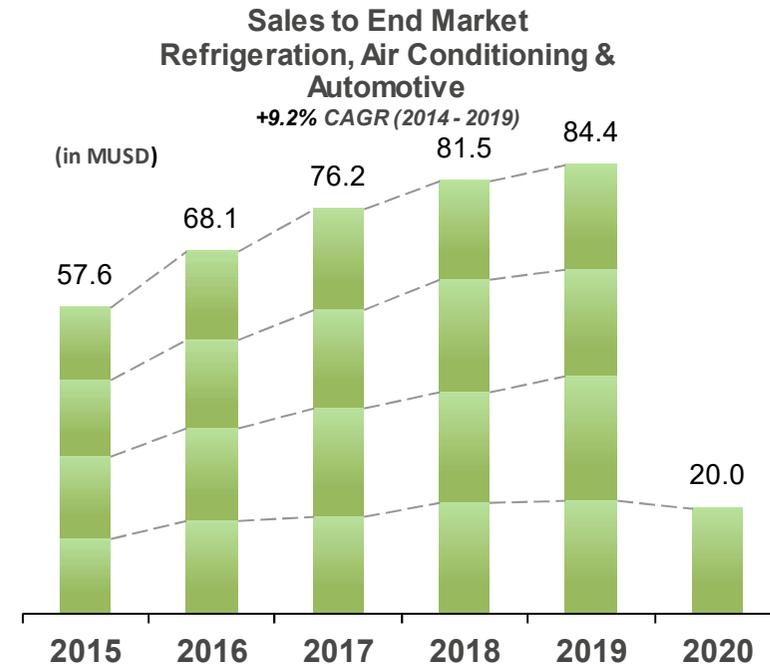
Refrigeration, Air Conditioning & Automotive

Q1 2020

- Q1 2020 sales decrease of -6.5% to USD 20.0 million vs Q1 2019
- Sequential increase of 2.0% vs Q4 2019
- Growing battery testing and after-sales service activities

Market Trends

- Delayed capacity investments in the RAC manufacturers market
- Very weak “traditional” automotive market
- Shift from combustion-engine cars to e-cars (battery and hydrogen powered)
- Growing Li-Ion battery testing market
- New distribution and product initiatives for handheld after-sale service products
- 2020 expectations: flat



Semi & Vacuum Coating

Solar, Display, Optics & Semiconductor

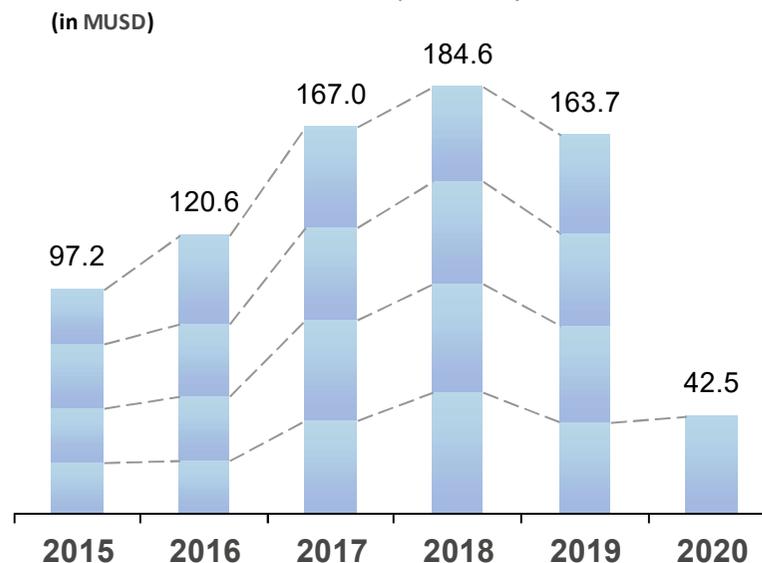
Q1 2020

- Sales Q1 2020 increase of 8.4% vs Q1 2019
- Sequentially stable, despite several weeks of disruptions in important Asian markets
- On-going Semi market recovery (equipment CAPEX)

Market Trends

- Unchanged long-term demand for new smart sensors, 5G, IoT, AI & AD, Big Data, and computing power
- Memory chip market rebound expected
- EUV lithography tools a must for < 7nm nodes
- Chinese Semi initiative on-going, but challenged by trade disputes and COVID19
- Modest investments in OLED flat panel display
- 2020 expectations:
 - growth (Semi)
 - flat (Vacuum Coating)

Sales to End Market
Semi & Vacuum Coating
+10.2% CAGR (2014 - 2019)



General Vacuum

Q1 2020

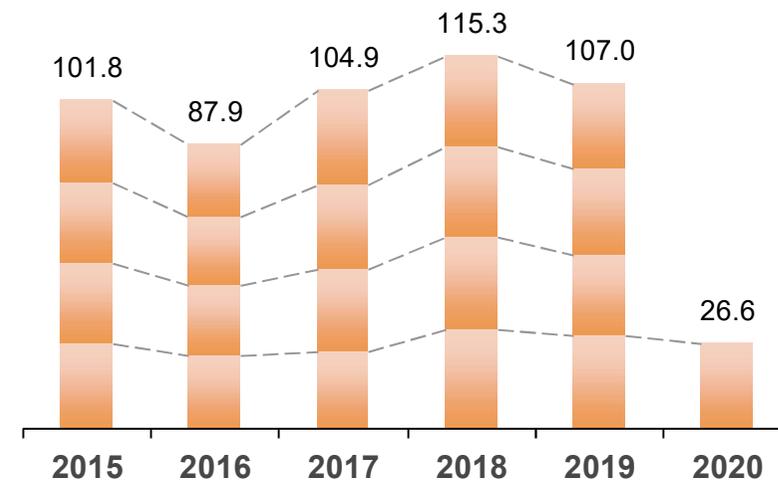
- Q1 2020 sales decline of -9.2% to USD 26.6 million vs Q1 2019 mainly caused by Asian market slowdown
- Sequential increase of 1.5%

Market Trends

- Diverse customer base and end markets, served through different sales channels (direct and indirect)
- Increased use of vacuum technologies for a variety of different existing and new applications (incl. life sciences, analytical, and food-packaging market)
- Uncertain short-term global economic development
- Growing food-packaging applications
- 2020 expectations:
 - Short-term slow-down in EU and US
 - Recovery in Asia

Sales to End Market General Vacuum -1.4% CAGR (2014 - 2019)

(in MUSD)



Outlook 2020

Uncertainty and fragile situation due to COVID-19; Danger of knock-on effects!

- Ongoing Semiconductor market recovery (Industry 4.0, IoT, Big Data, 5G, AI etc.)
 - Foundry and Logic Fab remain at a high level & memory market rebound expected
 - EUV Lithography technology = bottleneck for new high-tech Fabs
 - Chinese Semi Initiative on-going, but impacted by US/China trade issues and COVID-19
- Only modest investments in OLED flat panel display manufacturing capacities
- RAC manufacturers market short-term “on-hold”, but increase in after sales services
- Increased E-Mobility investments, but very weak “traditional” automotive market
- Geopolitical landscape & economic environment create uncertainty for GV & Security applications

INFICON continues to refrain from issuing a guidance for the financial year 2020 as market developments are difficult to predict

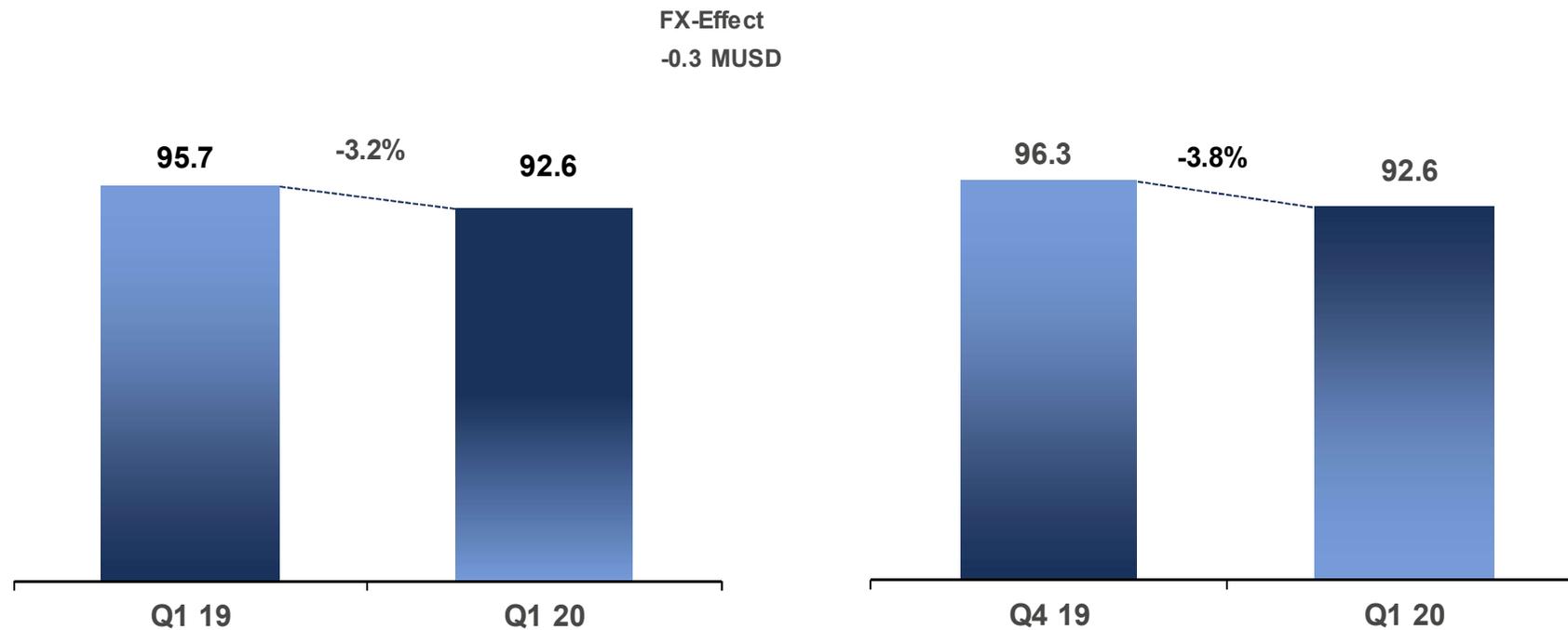
- **No formal Guidance for 2020**
- **Optimistic for the Semiconductor Market**

Speaker

Matthias Tröndle, Vice President and CFO

Financials Q1 2020

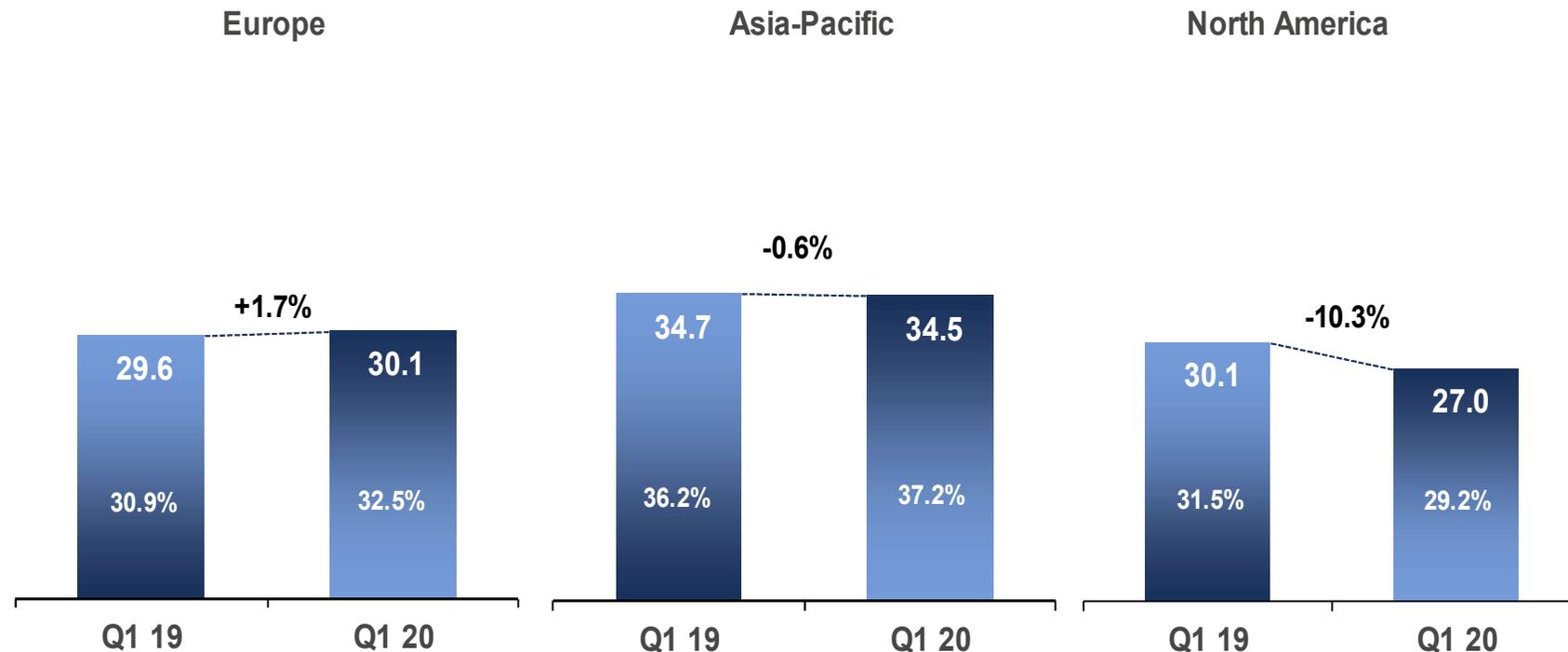
Sales (in MUSD)



Year-over-year: Sales in Semi & Vacuum Coating strong, Security & Energy market weak

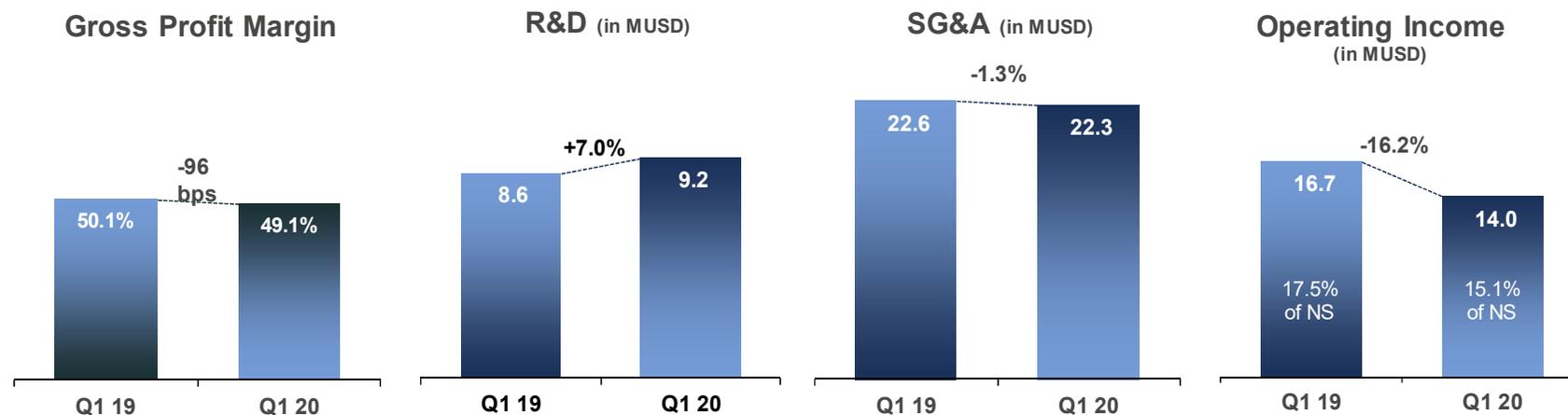
Sequential: decline almost exclusively driven by lower sales in Security & Energy market

Geographic Sales Breakdown – Quarter (in MUSD)



Asia-Pacific stable despite market disruptions during several weeks, Europe with slight increase and North America impacted by low sales to Security & Energy market

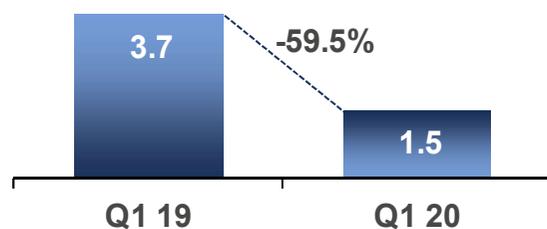
Gross Profit, Costs, and Operating Income



- **Gross profit margin:** Decline in margin of 96 bps or by 5.1%. Sequentially stable margin
- **R&D cost:** Increase due to continued development efforts
- **SG&A:** Investments in selling and marketing capabilities compensated by lower variable compensation and commissions
- **Operating income:** Sales volume and gross margin slightly lower, stable operating expense as driver for decline of USD 2.7 million

Net Income and EPS Development

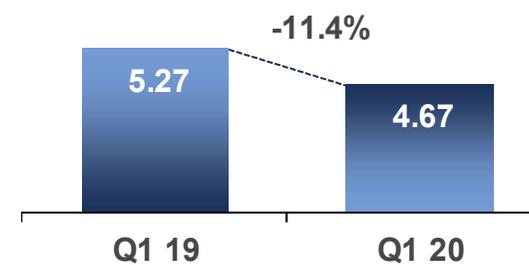
Income Tax (in MUSD)



Net Income (in MUSD)

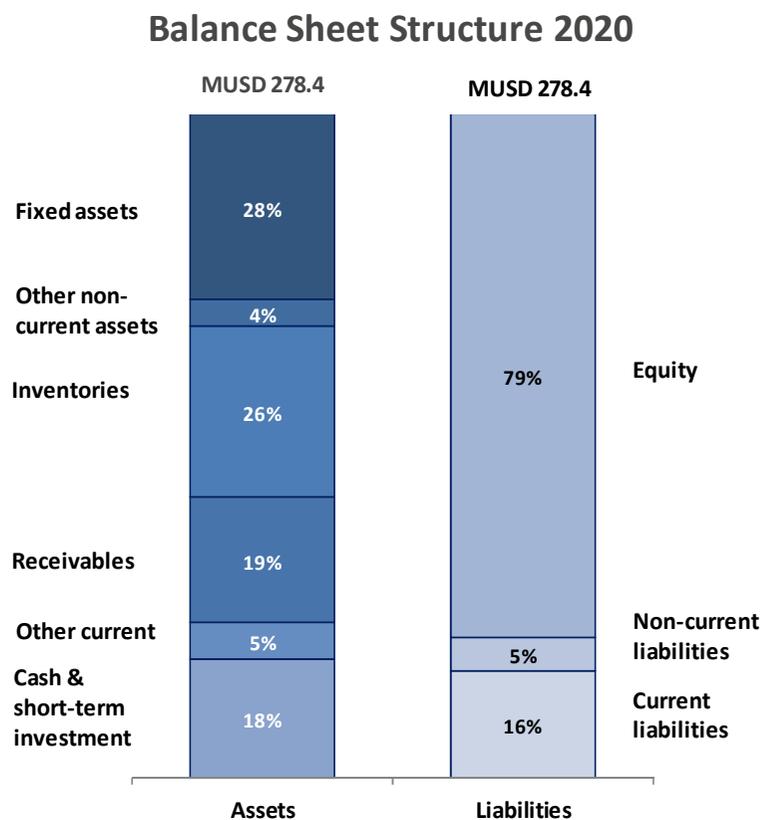


EPS (in USD, diluted)

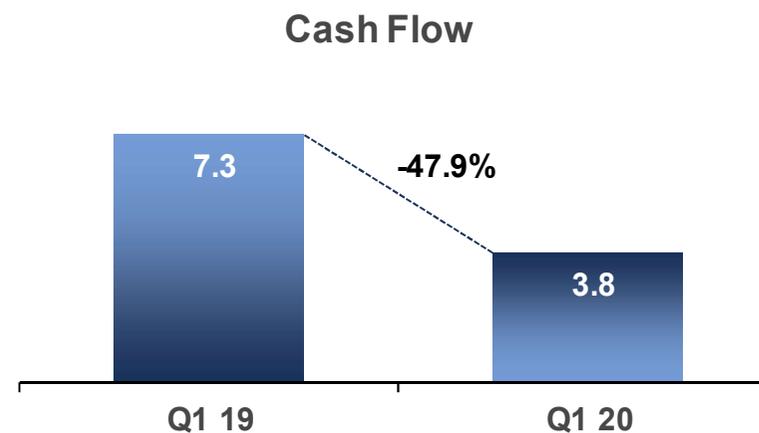


- **Income tax:** Decrease driven by the profit mix in the various tax jurisdictions around the world as well as by reductions in accruals/prepayments
- **Net income & EPS:** Decrease due to lower operating income and lower tax burden

Balance Sheet Highlights (in MUSD)



	Q1 20	Q4 19
Net Cash	49.8	50.1
DSO	52.2	51.8
Inventory Turns	2.8	2.8
Working Capital	111.7	108.8
Operating Cash Flow	3.8	21.3

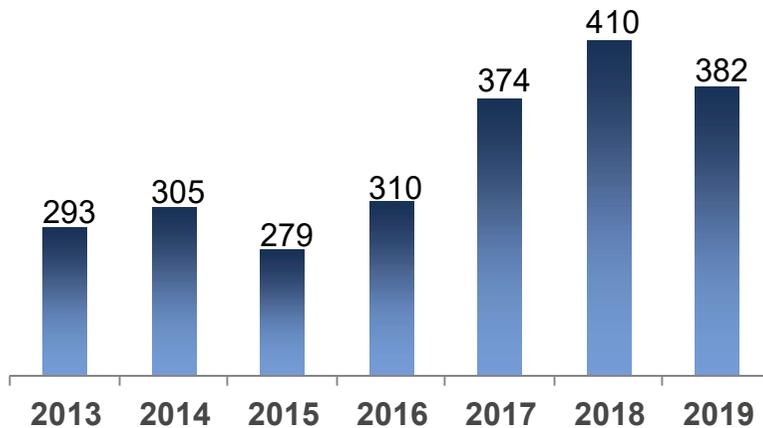


Solid balance sheet; working capital level slightly higher due to higher A/R and Inventory; cash flow typically low in the first quarter of the year.

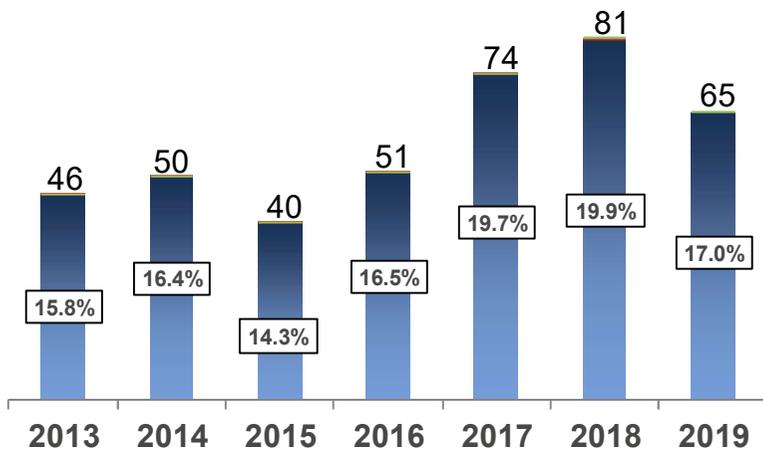
GUIDANCE FY 2020 AND CORPORATE COMMUNICATION CALENDAR

Full Year 2020 Guidance

Sales (MUSD)



Operating Income (MUSD)



Guidance 2020

- No formal Guidance for 2020
- INFICON continues to refrain from issuing a guidance for the financial year 2020 as market developments are difficult to predict

Corporate Calendar FY 2020

- Q2 FY 2020 and Half-Year Results July 29, 2020
- Q3 FY 2020 Earnings Conference Call October 21, 2020
- Q4 and FY 2020 Earnings Conference Call March 2021

Earnings dates are subject to change



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THANK YOU!

Q&A