



**Q1 2017
EARNINGS CONFERENCE CALL**

April 21, 2017
Zürich, Switzerland

Speakers

Lukas Winkler, President and CEO

- Key figures Q1 2017
- Target market business review
- Expectations 2017

Matthias Tröndle, Vice President and CFO

- Financials Q1 2017
- Guidance

Lukas Winkler

INFICON

President and Chief Executive Officer



Q1 2017 – Key Figures

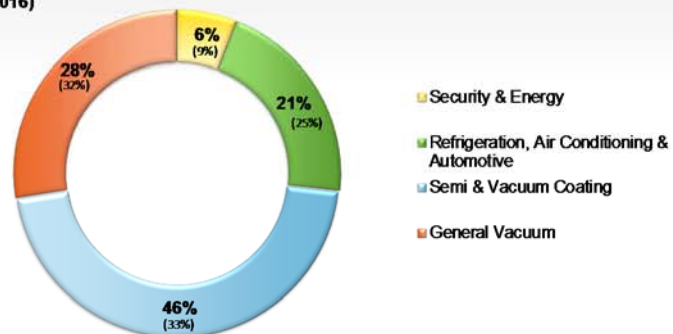
- **Sales increase in all markets, except Security & Energy (S&E)**
 - Consolidated sales increase of 27.0% to USD 88.5 million compared with Q1 2016, organic increase of 26.5%
 - Sequential sales increase over Q4 2016 of 2.7%
 - Book to bill ratio ~1
- **Operating income more than doubled (+112%) year over year**
 - Operating income of USD 17.8 million in Q1 2017 (20.1% of sales) compared with USD 8.4 million (12.0% of sales) in Q1 2016
 - Influenced by
 - Increased sales volume
 - Improved gross margin
 - Higher overhead cost

→ **Net income of USD 13.0 million or 14.7% of sales**

Net Sales by End Market

USD 88.5 million in Q1 2017 vs. USD 69.7 million a year ago (+27.0%)

Q1 2017
(Q1 2016)



Semi & Vacuum Coating

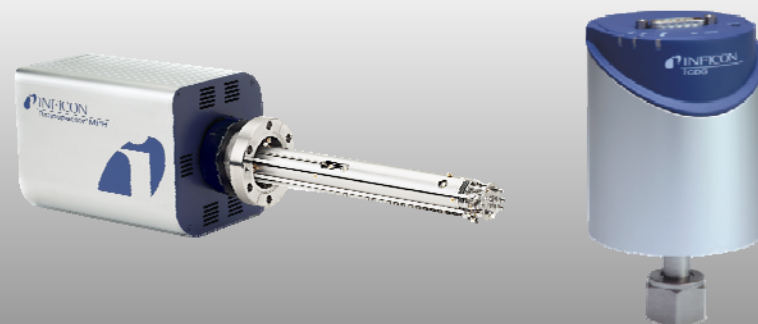
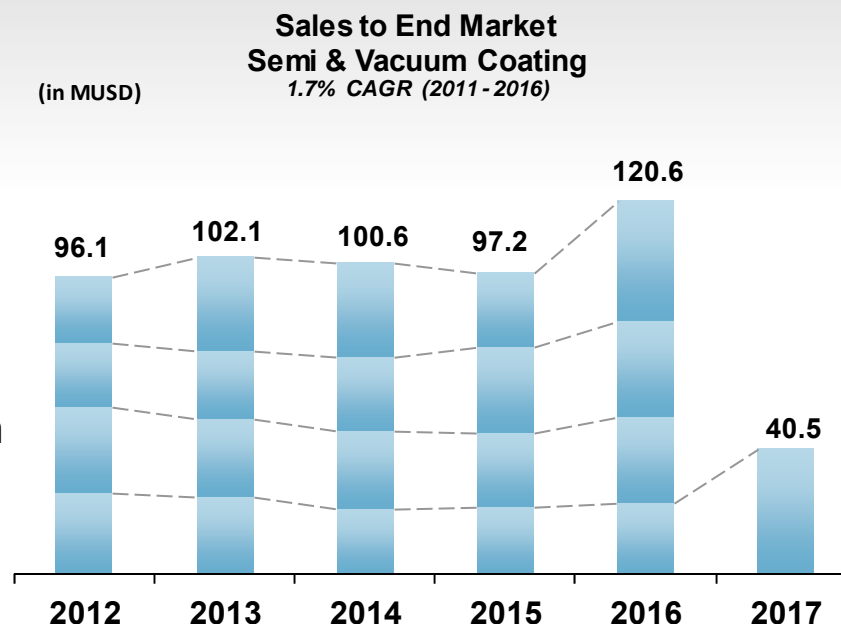
Solar, Display, Optics & Semiconductor

Q1 2017

- Sales Q1 2017 increase of 74% to USD 40.5 million vs Q1 2016
- Sequential increase of 6%
- Increase mainly driven by large investments in OLED flat panel display technology in Asia and as well as a continued strong Semiconductor demand
- #1 position in process control, leak-detection and thin film monitoring, #2 for pressure measurement

Market Trends

- Continuation of increased demand for mobile communication technology
- Investments in new Semi fabs in China
- OLED replacing LCD technology for next-generation flat panel displays
- Slow solar recovery in sight
- 2017 expectations: Growth



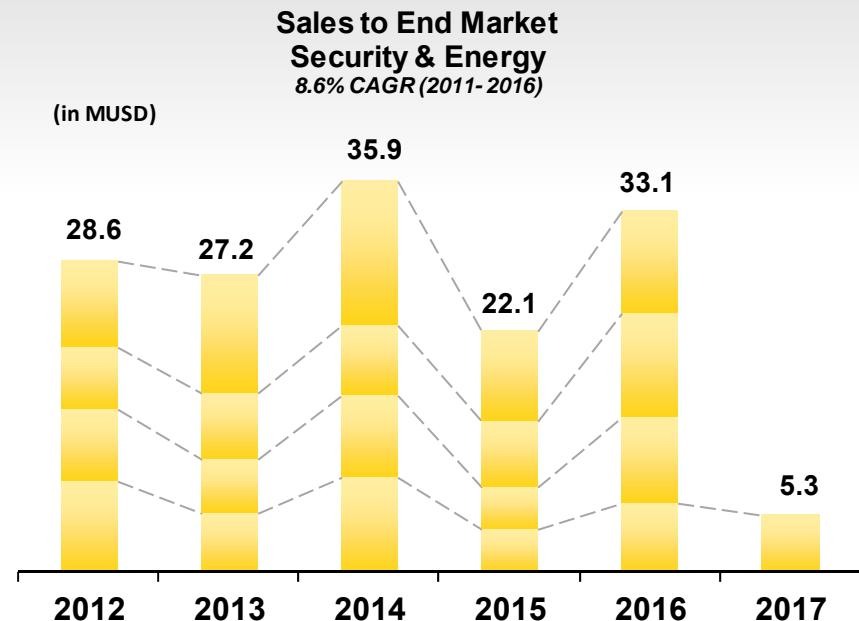
Security & Energy

Q1 2017

- Sales decrease 17% to USD 5.3 million in Q1 2017 vs Q1 2016 and 44% vs Q4 2016
- Weak start into 2017, due to low shipments to large US Government customers
- Low contribution from new products for energy applications

Market Trends

- Security needs around the world generate new business opportunities
- Challenging market predictions due to geopolitical uncertainties
- New target markets and application opportunities in energy market with
 - Fusion™ micro-GC technologies
 - IRwin™ methane leak detector
- 2017 Expectations: Challenging



Refrigeration, Air Conditioning & Automotive

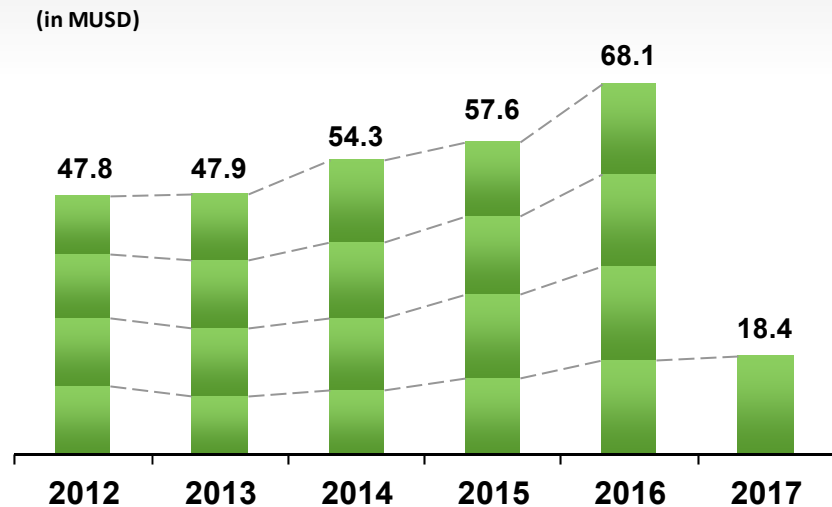
Q1 2017

- Q1 2017 sales increase of 6% to USD 18.4 million vs Q1 2016
- Growth mainly in Asia
- Sequential increase of 12%
- Continued market share gains

Market Trends

- Tougher regulations drive increased use of instrumentations in the automotive market
- New E-Car opportunities :
 - New and existing battery technologies
 - Fuel cell technology (Hydrogen)
- Saturation of RAC manufacturers market (mainly China)
- Increasing installed base and new sales distribution channels drive after-sale service products worldwide
- 2017 expectations: Growth

Sales to End Market
Refrigeration, Air Conditioning & Automotive
6.2% CAGR (2011 - 2016)



General Vacuum

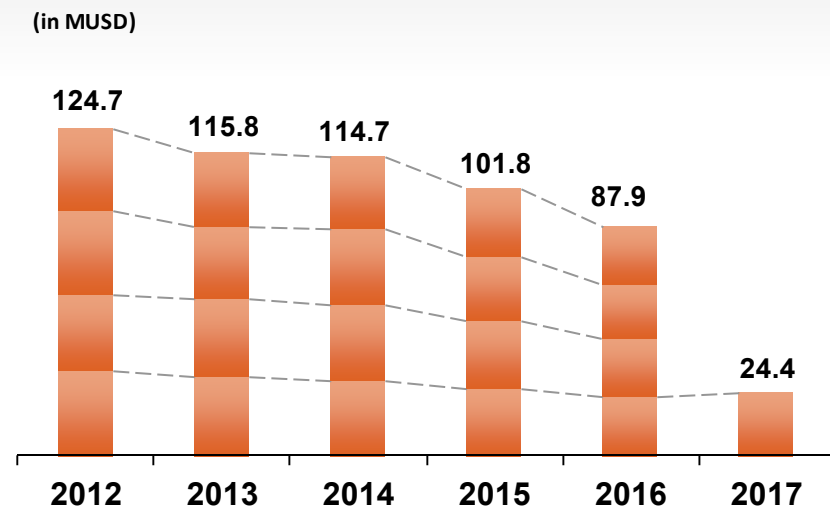
Q1 2017

- Q1 2017 sales grow 8% to USD 24.4 million vs Q1 2016, mainly due to higher sales to North American and Asian customers
- Sequential increase of 11% due to improved US and EU economy
- Contributions from InstruTech acquisition (US)

Market Trends

- Diverse customer base and end markets, served through different sales channels (direct and indirect)
- Increased use of vacuum technologies for a variety of different existing and new applications (incl. life science-, analytical-, and food-packaging market)
- Improved global economy
- Growing food-packaging applications
- 2017 Expectations: Slow growth

**Sales to End Market
General Vacuum**
-7.9% CAGR (2011 - 2016)



Outlook 2017

Positive – with mixed signals from the Security & Energy market

- Semiconductor market remains robust
 - Investments in new fabs (China) and new technologies (3D, <10nm, new Materials)
 - Increased forecasts for new equipment (OEM business) incl. EUV lithography
- OLED flat panel display technology investment boom continues
INFICON products and consumables at all levels (sub-suppliers, OEMs, and end-user)
- Higher investments in new leak-detection applications (industrial and automotive market) together with a sales initiative for hand-held service tools compensate for saturating RAC manufacturers markets (mainly China)
- E-Mobility (current and future battery technologies)
- Increased sales from General Vacuum, due to an improved global economy
- Uncertain global political situation with unclear impact on the Security & Energy market
- First sales contribution from new applications: Public utility, food packaging, fracking

Guidance for FY 2017:

→ Sales exceeding USD 320 million

→ Operating income margin greater than 17%

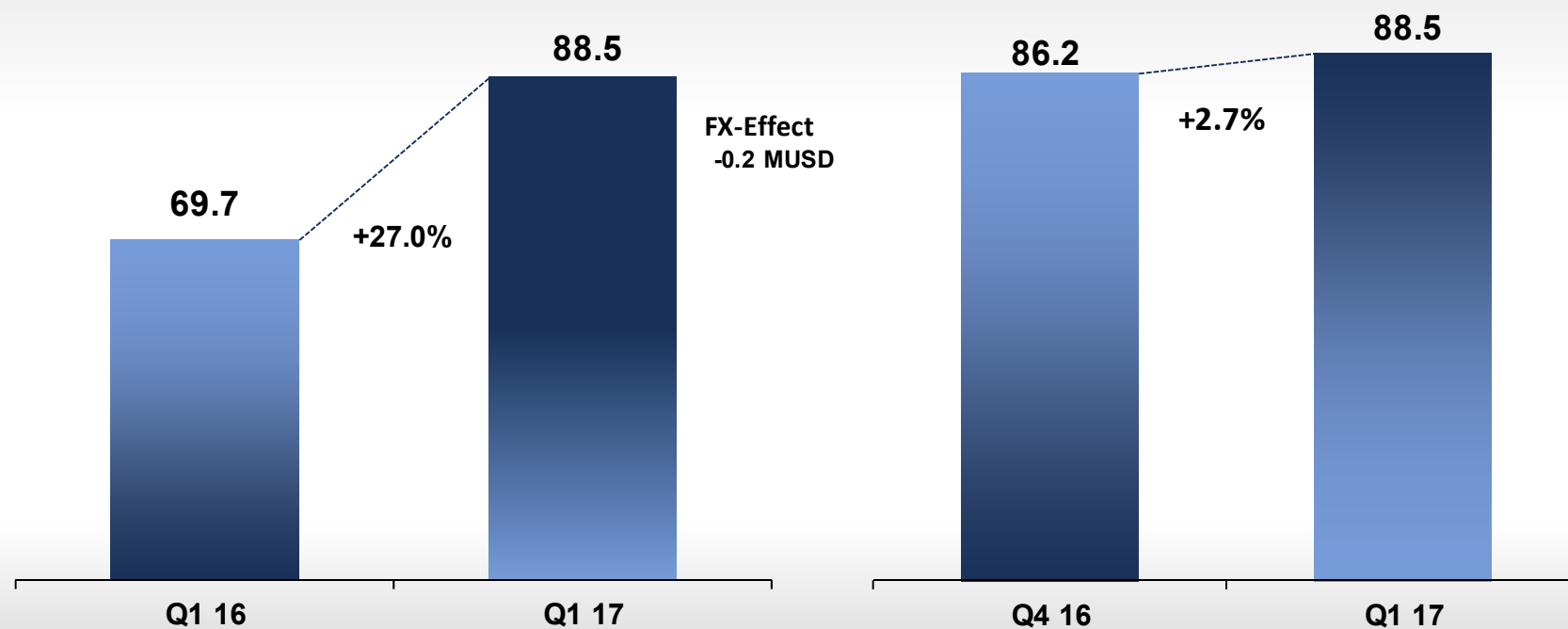
Matthias Tröndle

INFICON

Vice President and
Chief Financial Officer

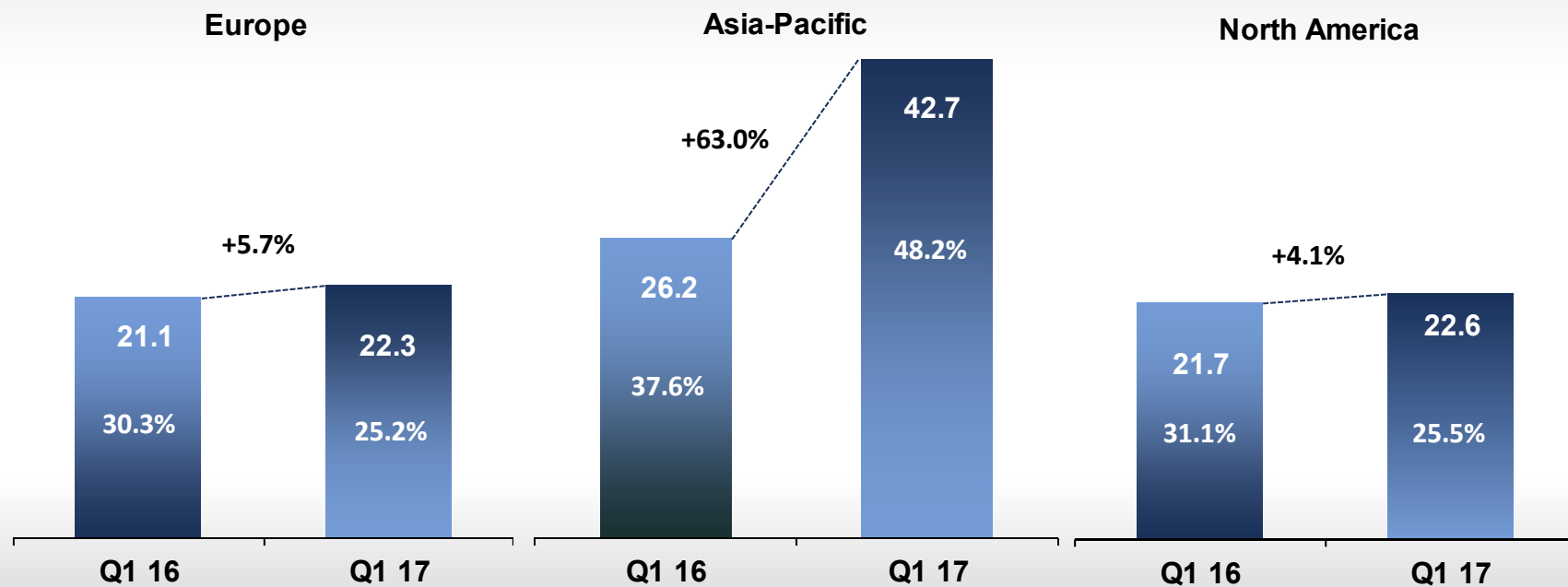


Sales (in USD million)



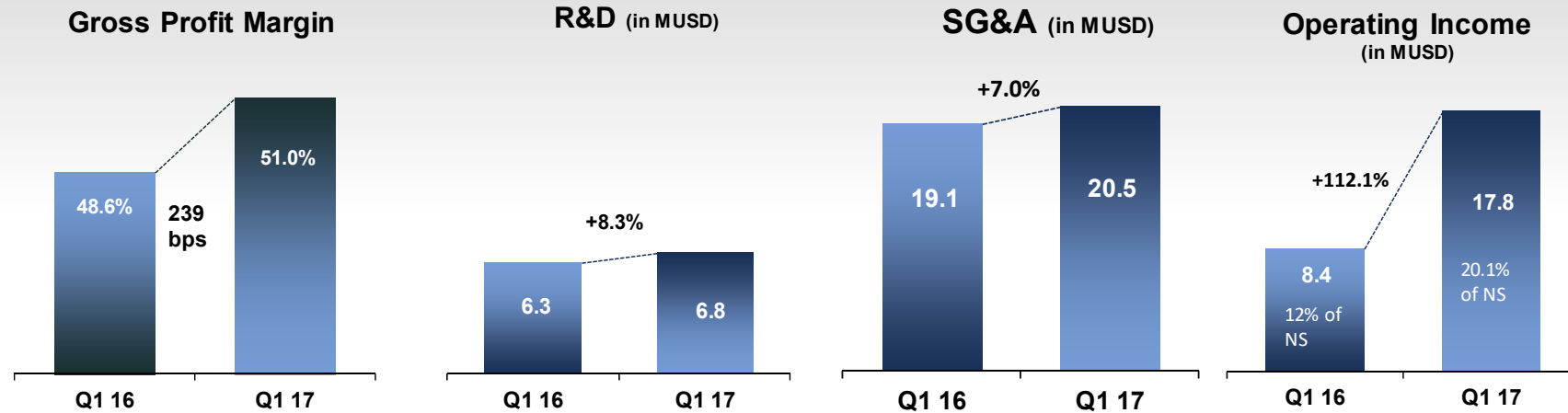
All end-markets increased except Security & Energy

Geographic Sales Breakdown (in USD million)



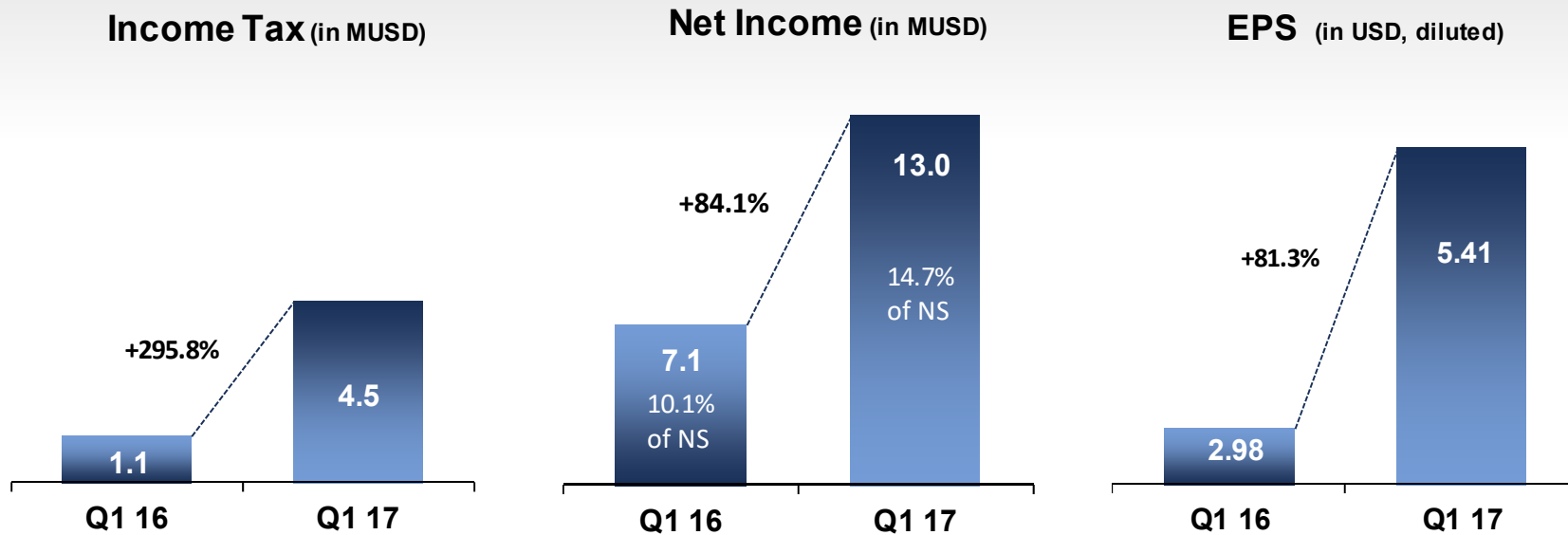
Growth in all regions

Gross Profit, Costs, and Operating Income



- **Gross profit margin:** Improved margin, driven by higher volume and mix. In absolute numbers margin increase of 33%
- **R&D cost:** Increase due to continued development efforts
- **SG&A:** Increase due to investments in Marketing and Selling capabilities, higher variable compensation and commissions
- **Operating income:** Increase due to higher sales volume, improved gross margin while costs slightly increased

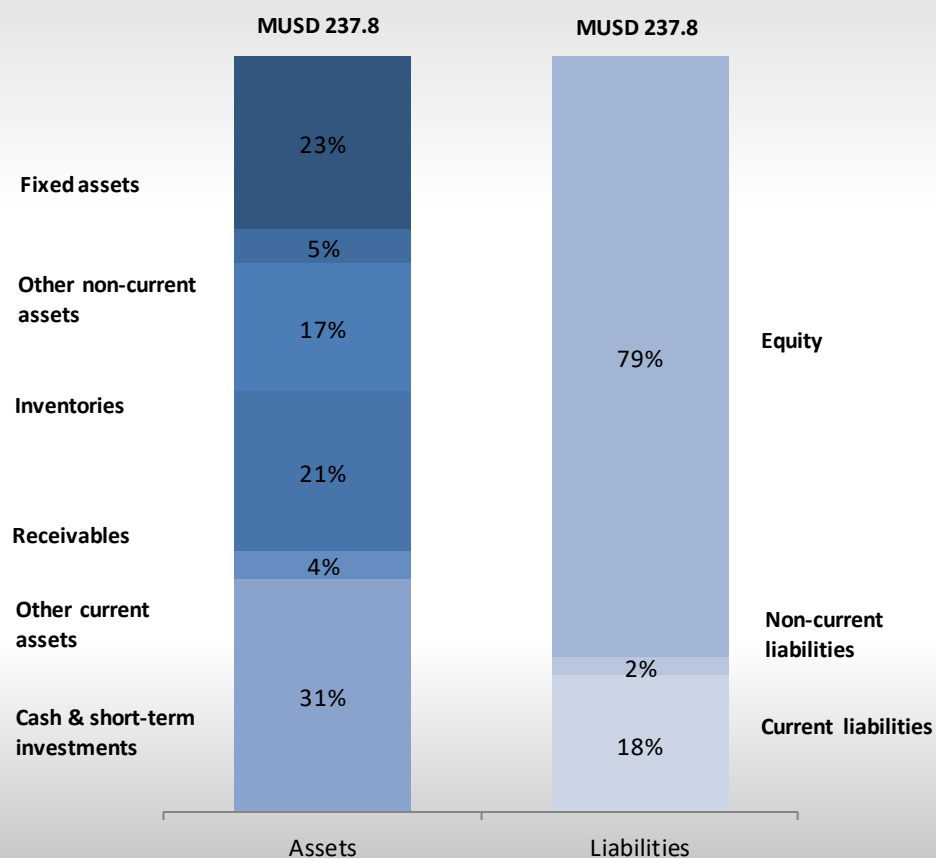
Net Income and EPS development



- **Income tax:** higher global tax rate of 25.6% driven by the mix in earnings and tax rates
- **Net income:** Increase due to higher operating income at higher tax expense
- **EPS:** Increase in line with net income

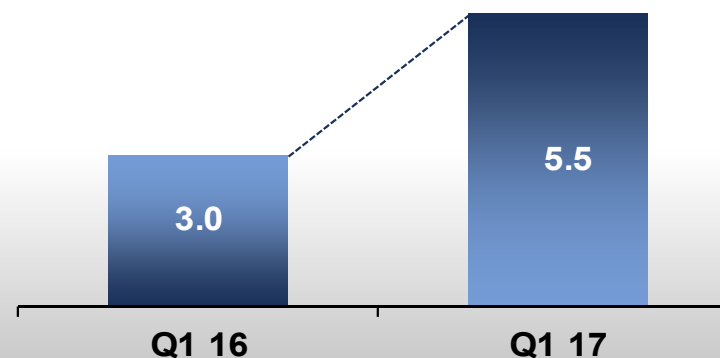
Balance Sheet Highlights (in USD million)

Balance Sheet Structure 2017



	Q1 17	Q4 16
Net Cash	73.6	63.9
DSO	48.0	47.4
Inventory Turns	4.0	3.8
Working Capital	22.6%	20.7%

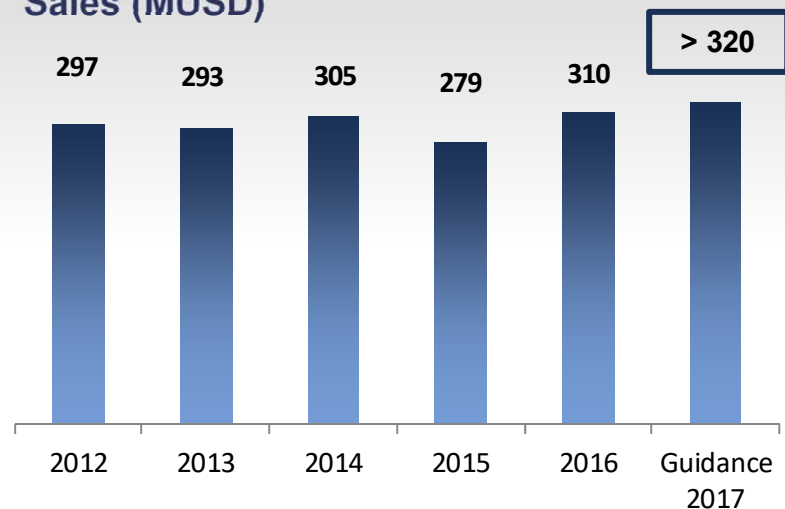
Cash Flow



Solid balance sheet, improved inventory ratio, working capital increase due to high AR balance, reasonable Q1 cash flow

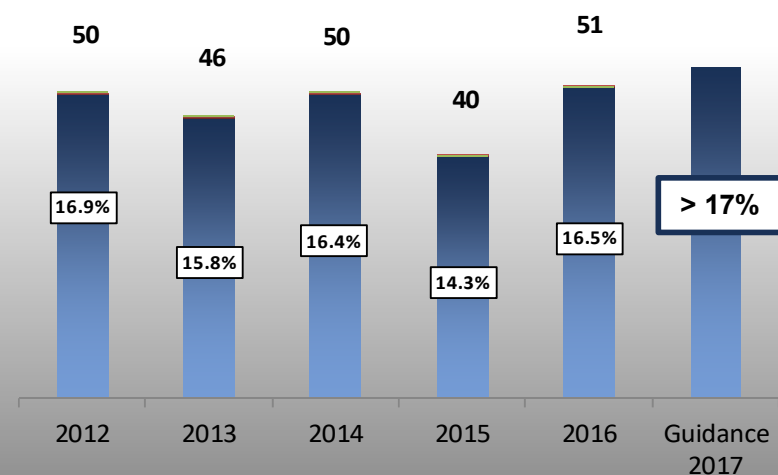
Full Year 2017 Guidance

Sales (MUSD)



Based on our current expectations
for our end markets

Operating Income (MUSD)



Sales > 320 MUSD

Op. Income > 17%

Corporate Calendar FY 2017

- Q2 2017 Earnings Conference Call Wednesday, July 26, 2017
- Q3 2017 Earnings Conference Call Thursday, October 19, 2017
- Q4 and FY 2017 Earnings Conference Call March 13, 2018

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



THANK YOU !

Q&A

