

INFICON

Q2 2012

Earnings Conference Call

August 9, 2012

Bad Ragaz, Switzerland

Safe Harbor Statement

This presentation contains forward-looking statements that reflect Management's current views and estimates. The forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. These forward-looking statements address, among other things, our strategic objectives, trends in vacuum technology and in the industries that employ vacuum instrumentation and the anticipated effects of these trends on our business.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Speakers

Lukas Winkler, President and CEO

- Key figures Q2 2012
- Target market business review
- 2012 Expectations

Matthias Tröndle, Vice President and CFO

- Financials Q2 2012
- Financials Half-Year 2012
- Outlook

Q2 2012 – Key Figures

▪ **Solid but slightly weaker sales with growth in ER&S end-market**

- Consolidated sales decrease of 7.7% to USD 75.5 million compared with Q2 2011
- Sequential sales decrease over Q1 2012 of 6.4%
- Book-to-bill ratio ~1

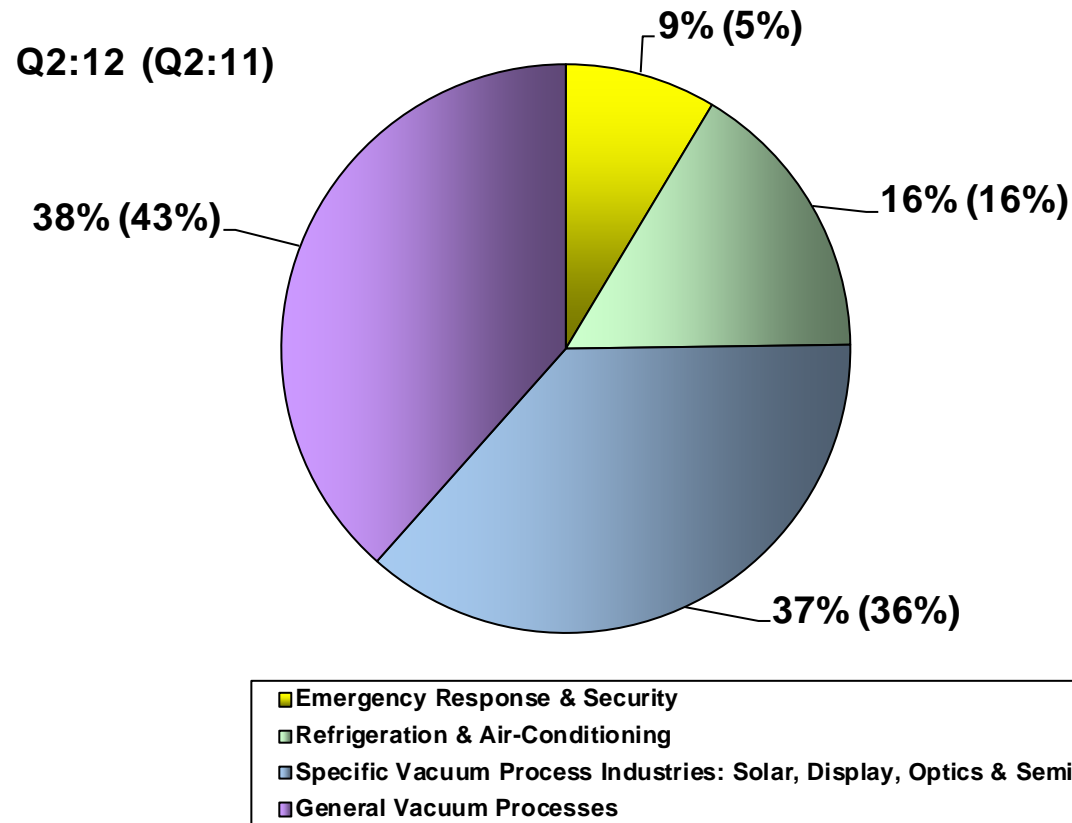
▪ **Operating result influenced by**

- Solid sales volume
- Healthy gross margin and moderate overhead cost development
- Operating Income of USD 13 million in Q2 2012 (17.2% of sales) compared with USD 15 million (18.4% of sales) in Q2 2011

→ USD 9.1 million Net Income

Net Sales by End-Market

USD 75.5 million in Q2 2012 vs. USD 81.8 million a year ago (-7.7%)



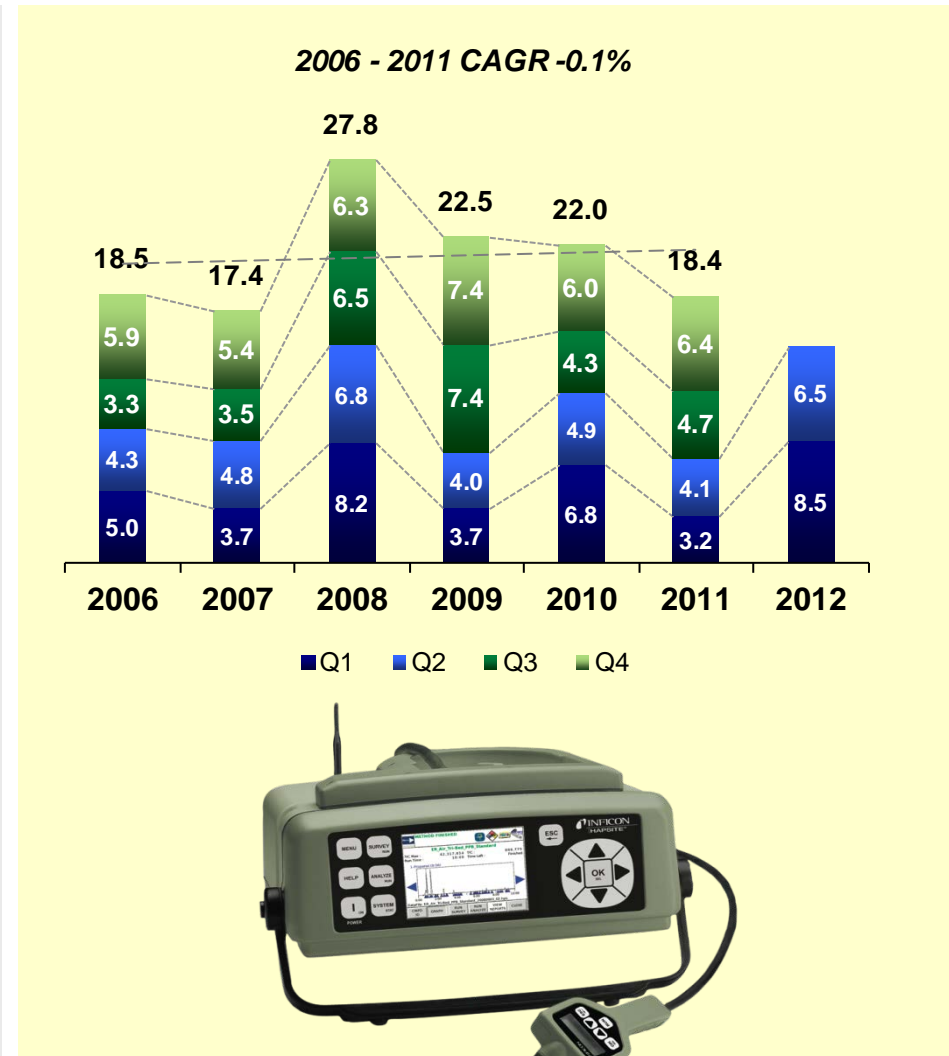
Emergency Response & Security

Q2 2012

- Q2 2012 sales +59% vs. Q2 2011
- Strong sales level
- Large shipments to Asia and US

Market Trends

- Increased security needs around the world generate new business opportunities
- Interesting projects for environmental application (water, soil and air)
- New target markets and application opportunities (energy transportation & petro-chemistry) in conjunction with acquired GC technologies



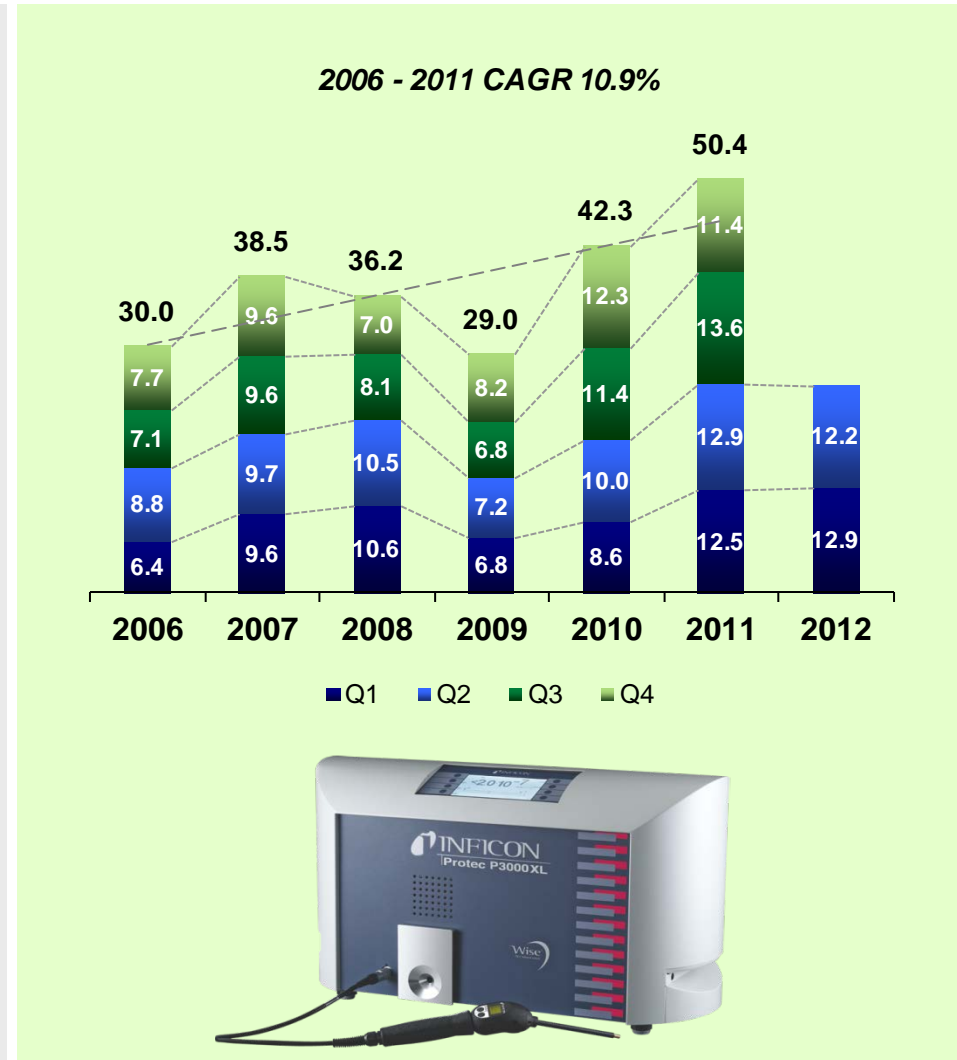
Refrigeration & Air Conditioning

Q2 2012

- Q2 2012 sales -5% vs. Q2 2011 and vs. Q1:2012
- Continued market share gains

Market Trends

- Challenging RAC market in China
- Replacement/improvement projects in existing plants, driven by tighter specs and new eco-friendly refrigerants
- Growing market share by targeting new applications (incl. H₂ sensor applications)
- Increasing installed basis drives after-sale service products worldwide



Specific Vacuum Process Industries

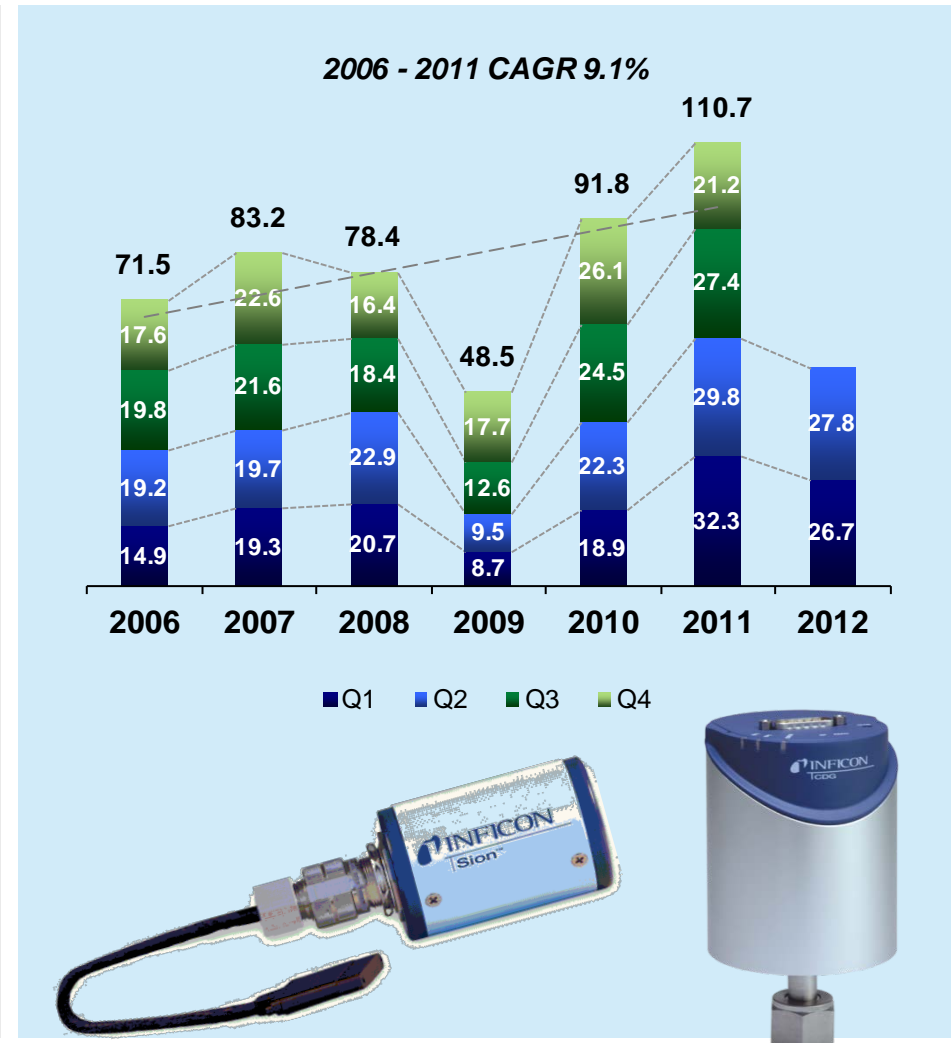
Solar, Display, Optics & Semiconductor

Q2 2012

- Q2 2012 sales -7% vs. Q2 2011 driven by lower Thin Film business
- Sequential increase of 4%
 - Stable SEMI market
 - Temporarily weaker OLED market
 - Stable OPTICS market
 - Continued weak SOLAR & LCD market

Market Trends

- Continuation of increased demand for memory and communication chips
- Challenging and mixed flat panel display market trends (LED, OLED and 3-D)
- LED (& OLED) lighting as new business opportunity



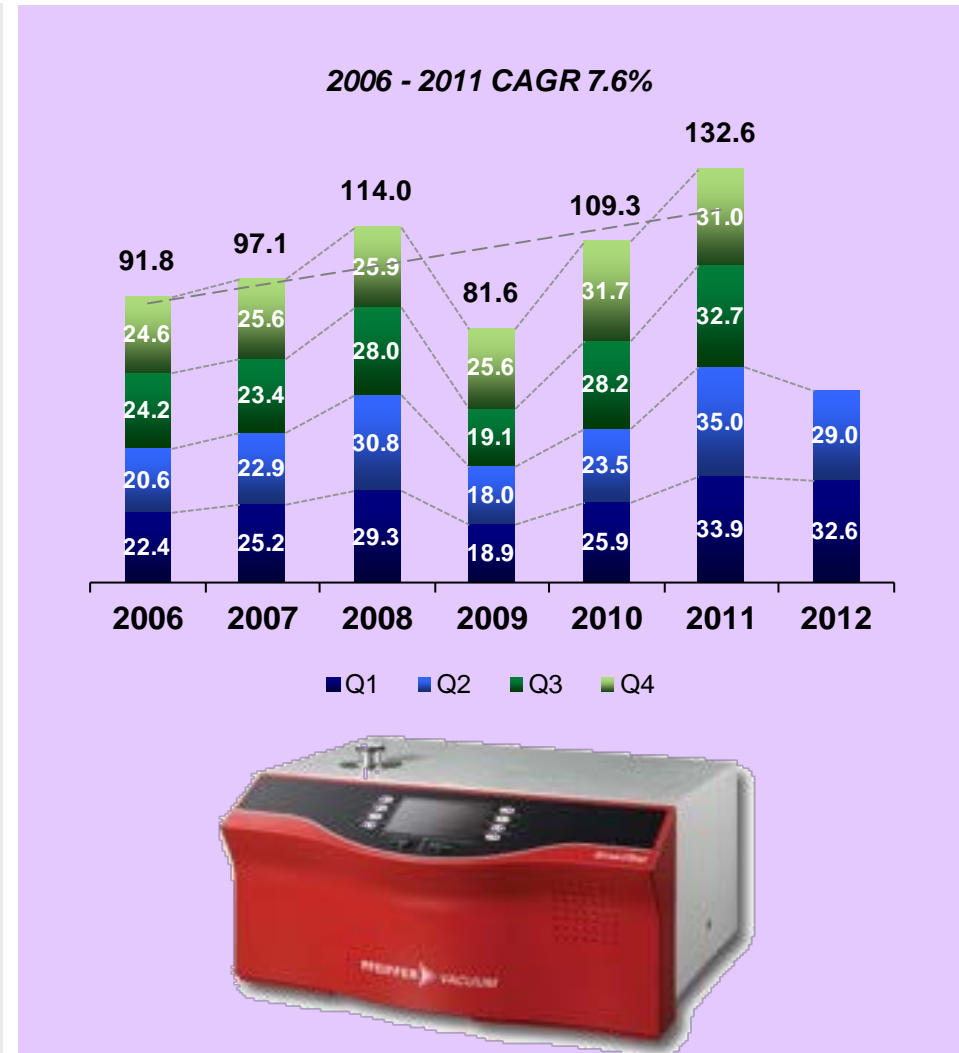
General Vacuum Processes

Q2 2012

- Q2 2012 sales -17% vs. Q2 2011, due to by lower private label sales
- Sequential decrease of 11%

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
- Growing demand in emerging market regions as well as recovery in the US, but uncertain EU development



Outlook 2012 and Beyond

Mixed and sometimes challenging signals from different markets/regions

- Weaker demand in the Semiconductor market in Q3, but positive signals for Q4
 - Investments in new equipment (OEM-business) low
 - Continued success with sensors and software (at end-users) to increase yield
- Further investments in OLED display technology expected
 - INFICON products and consumables at all levels (sub-suppliers, OEM's and end-users)
- Higher investments in new industrial leak-detection applications may compensate weakening RAC market (market saturation in China)
- Ongoing overcapacity in the photovoltaic, flat panel display and LED market
- Expect a continuation of the market recoveries for ER&S, but uncertain economic development in Europe in the General Vacuum Processes market

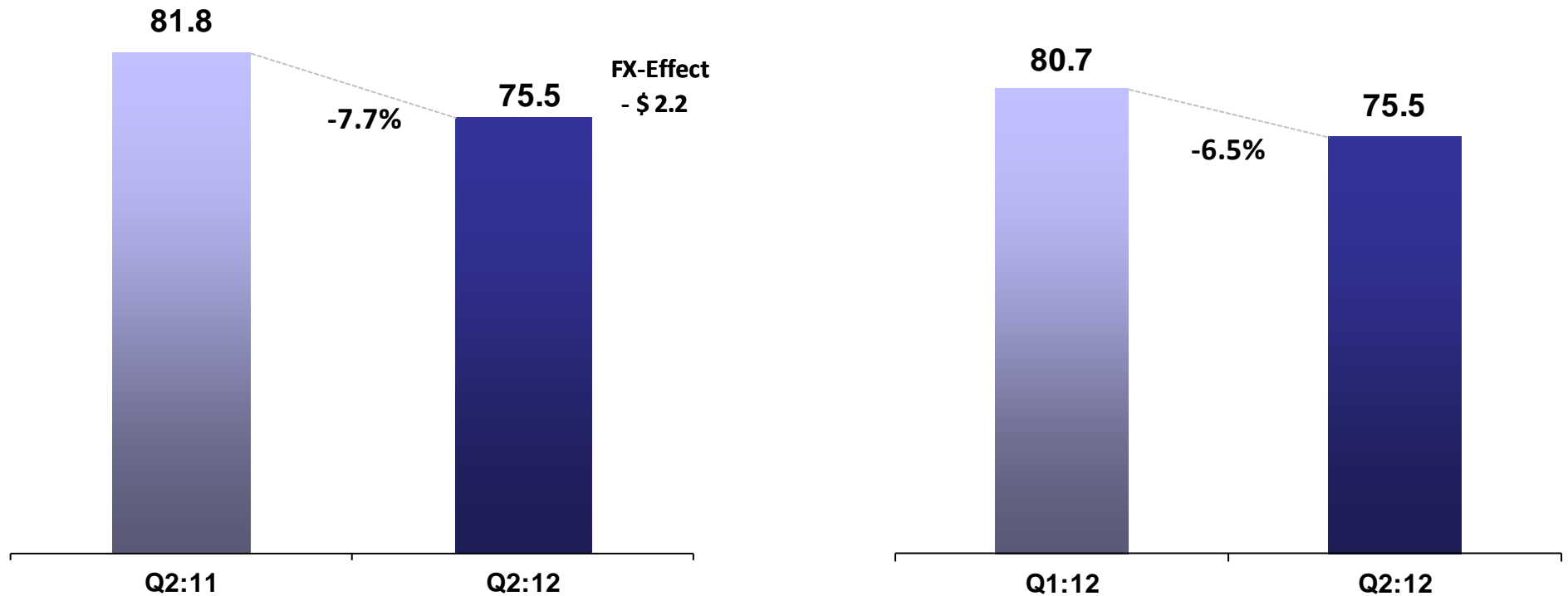
Guidance for FY 2012, updated

- **Sales between USD 290 to 310 million**
- **Operating Income in the range of USD 42 to 54 million**

Matthias Tröndle

Vice President & Chief Financial Officer

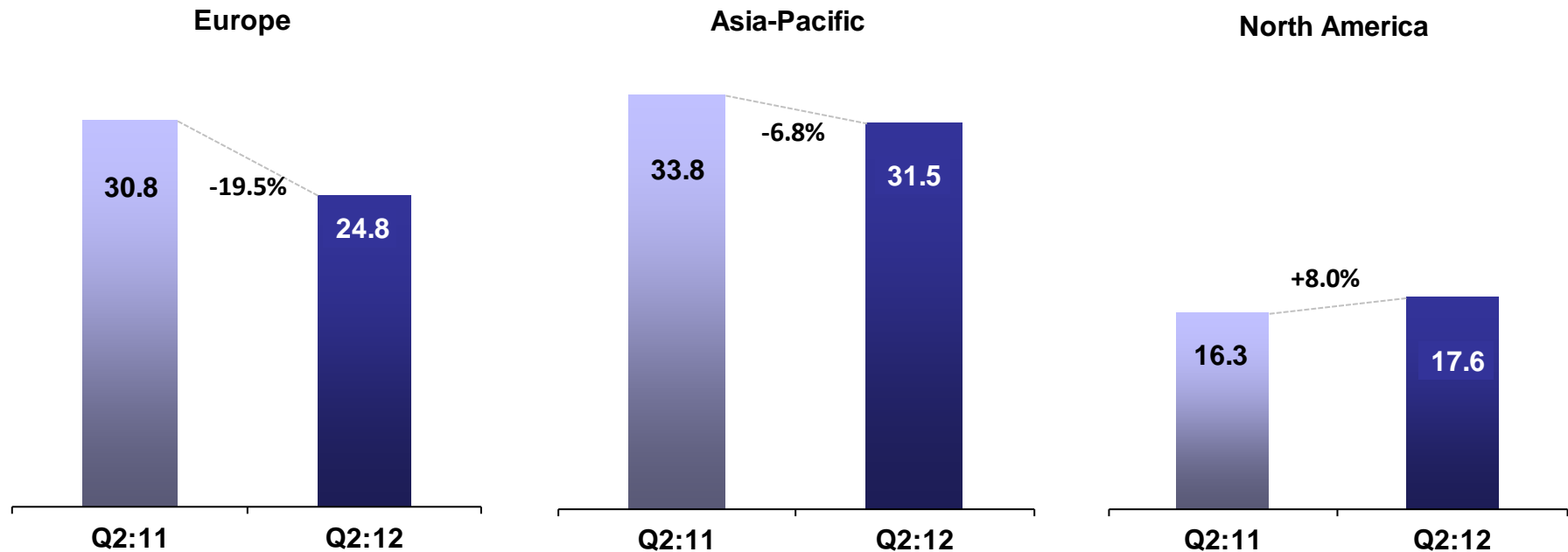
Sales (in USD million)



Slight sales decrease versus Q2 2011 and previous quarter

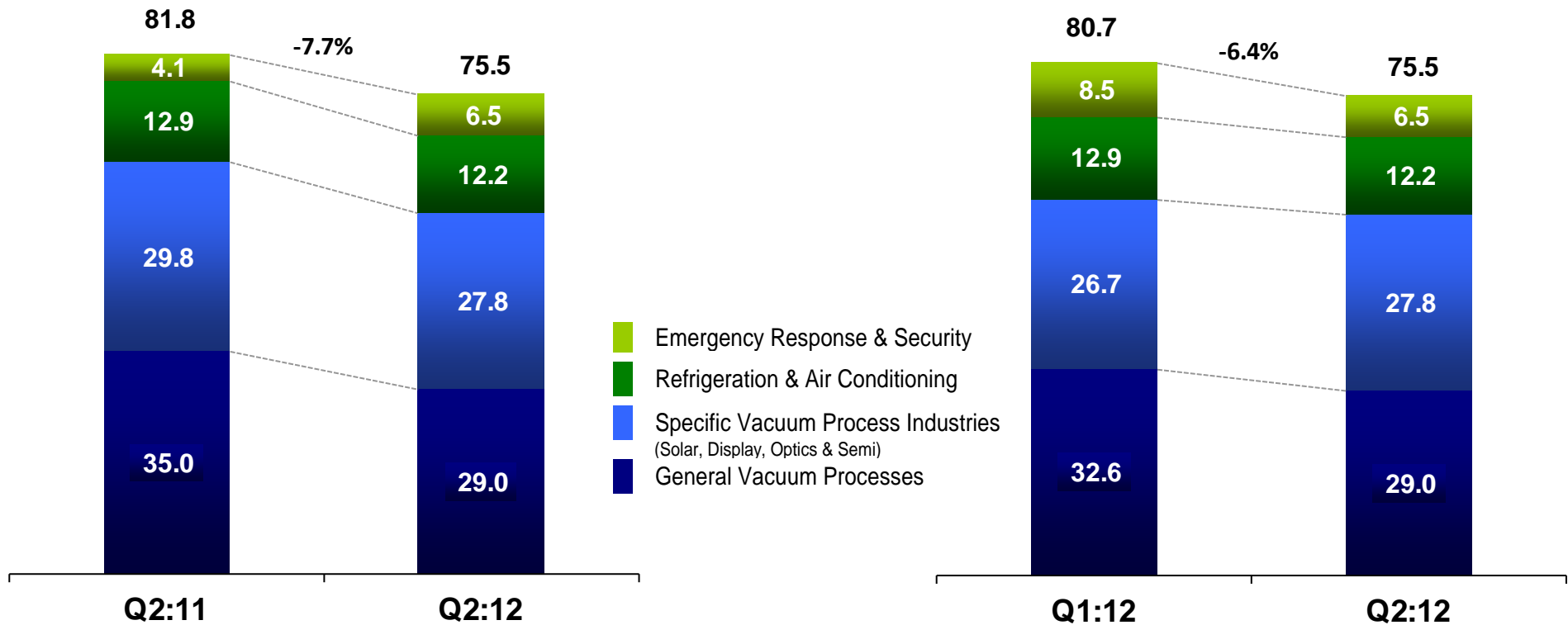
Geographic Revenue Breakdown – Second Quarter

(in USD million)



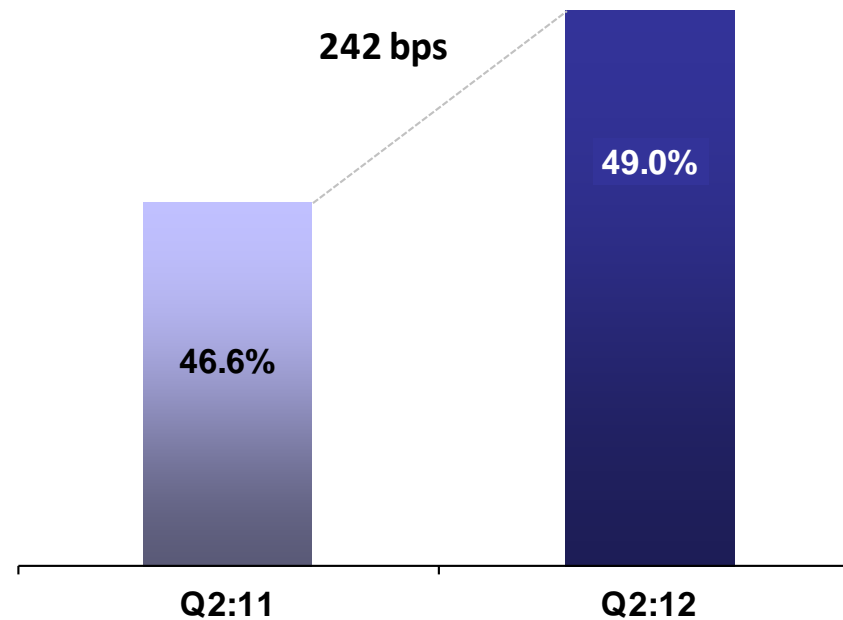
Increase in North America, decrease in Europe and Asia-Pacific

Sales (in USD million)



**Sales increase in Emergency Response & Security end-market
Specific Vacuum market with growth versus Q1 2012**

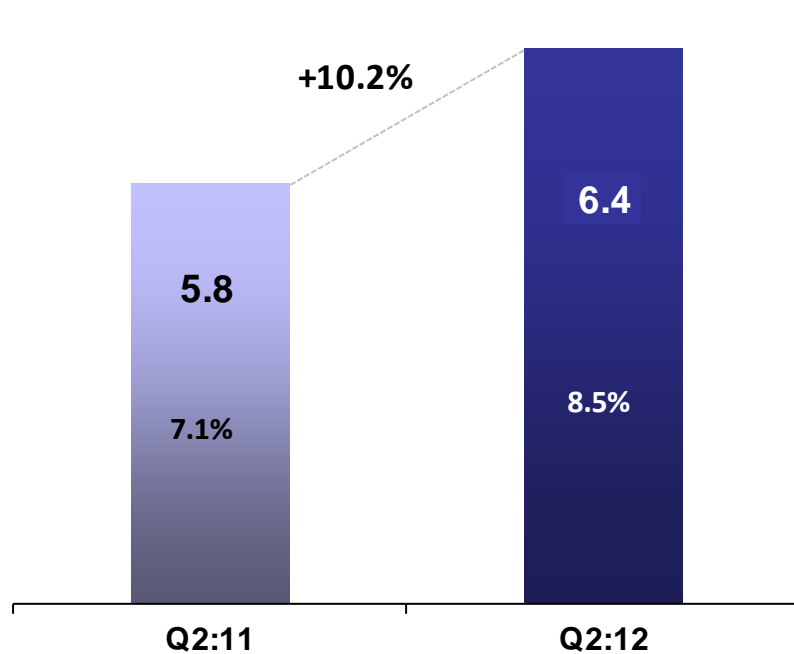
Gross Profit Margin (in %)



Healthy margin, increase driven by favorable product mix

Research & Development

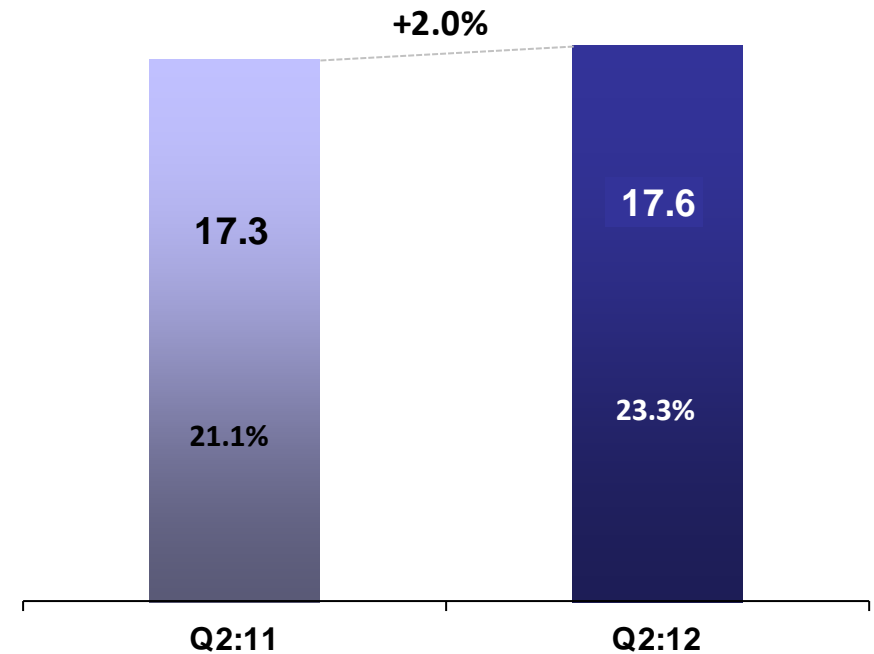
(in USD million)



Increase due to acquisitions and intensified product development efforts

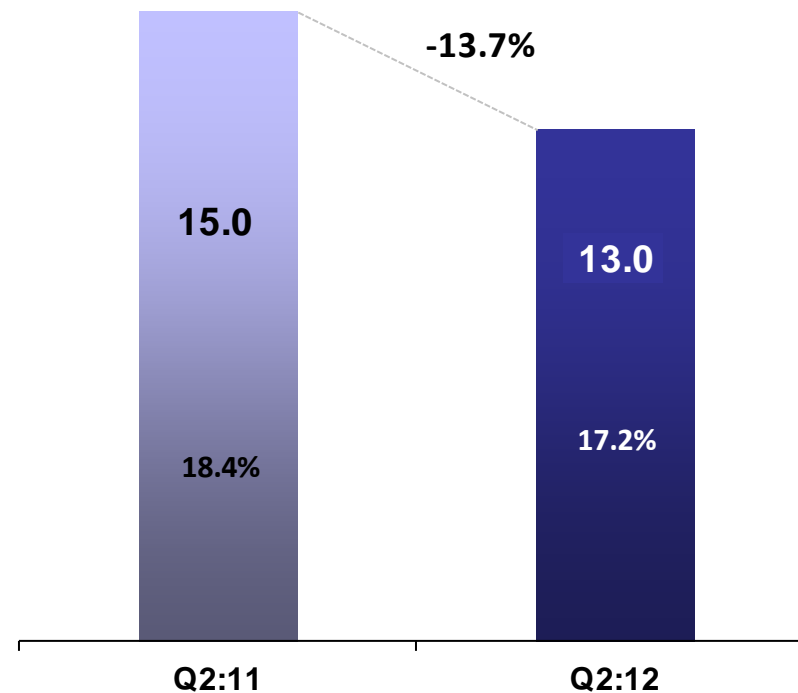
Selling, General & Administrative

(in USD million)



SG&A increased only slightly, despite acquisitions and new hires

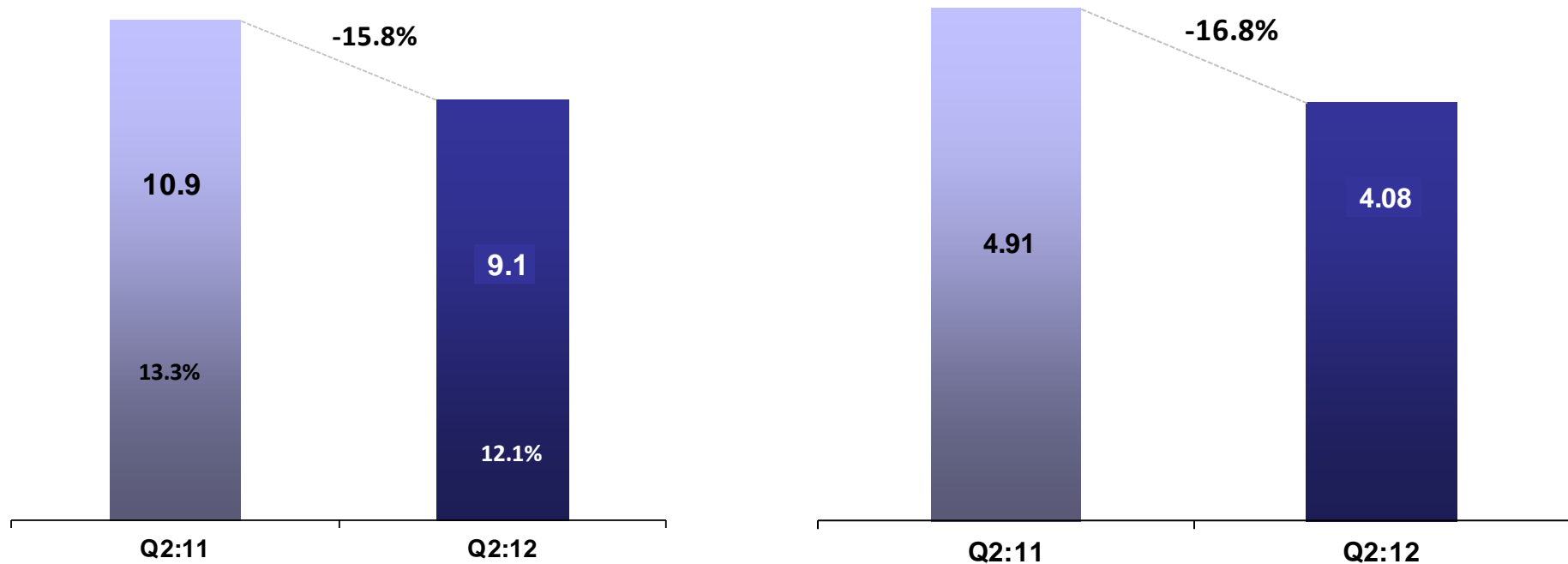
Income from Operations (in USD million)



Q2 2012 result driven by solid sales volume, healthy gross margin and moderate overhead cost increase

Net Income (in USD million)

EPS (USD/Share; diluted)



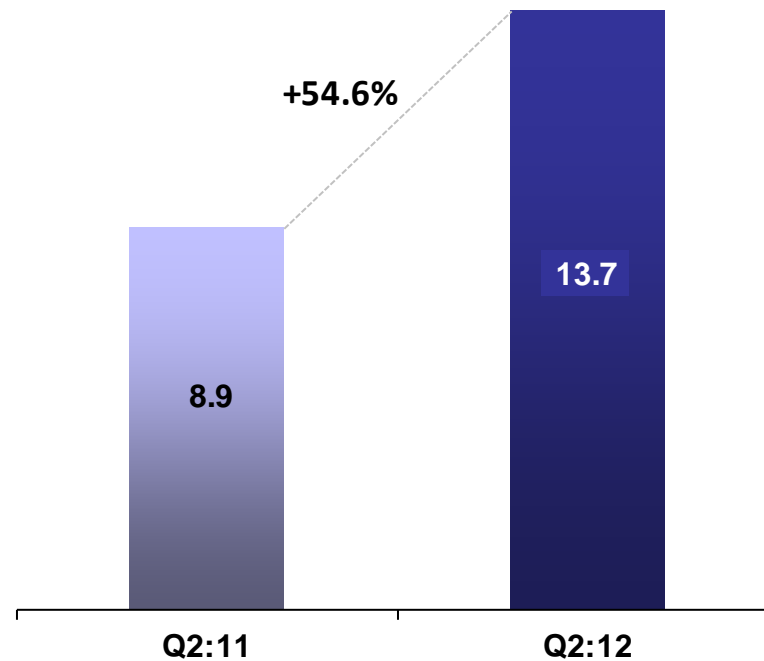
Decrease in line with Operating Income development

Balance Sheet Highlights (in USD million)

	<u>Q2 12</u>	<u>Q4 11</u>
Cash & Short-term Inv.	57.0	91.1
Long-term Debt	-	-
	<u>Q2 12</u>	<u>Q4 11</u>
Days Sales Outstanding	46.8	47.8
Inventory Turns	4.7	4.9
Working Capital	20.3%	22.3%

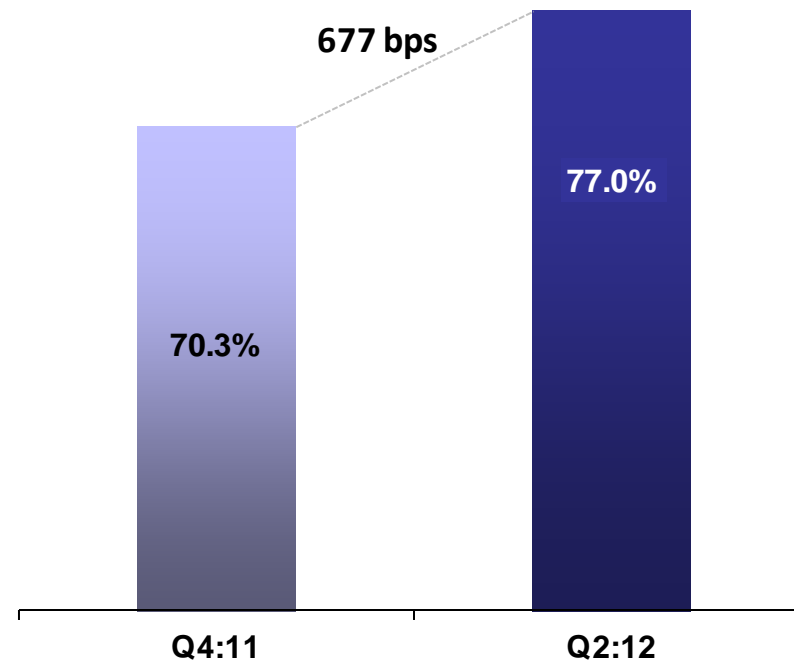
**Solid balance sheet with no long-term debt,
DSO ratio and Working Capital improved**

Operating Cash Flow (in USD million)



Increase in cash flow mainly due to earnings situation and improved working capital

Equity Ratio (in %)

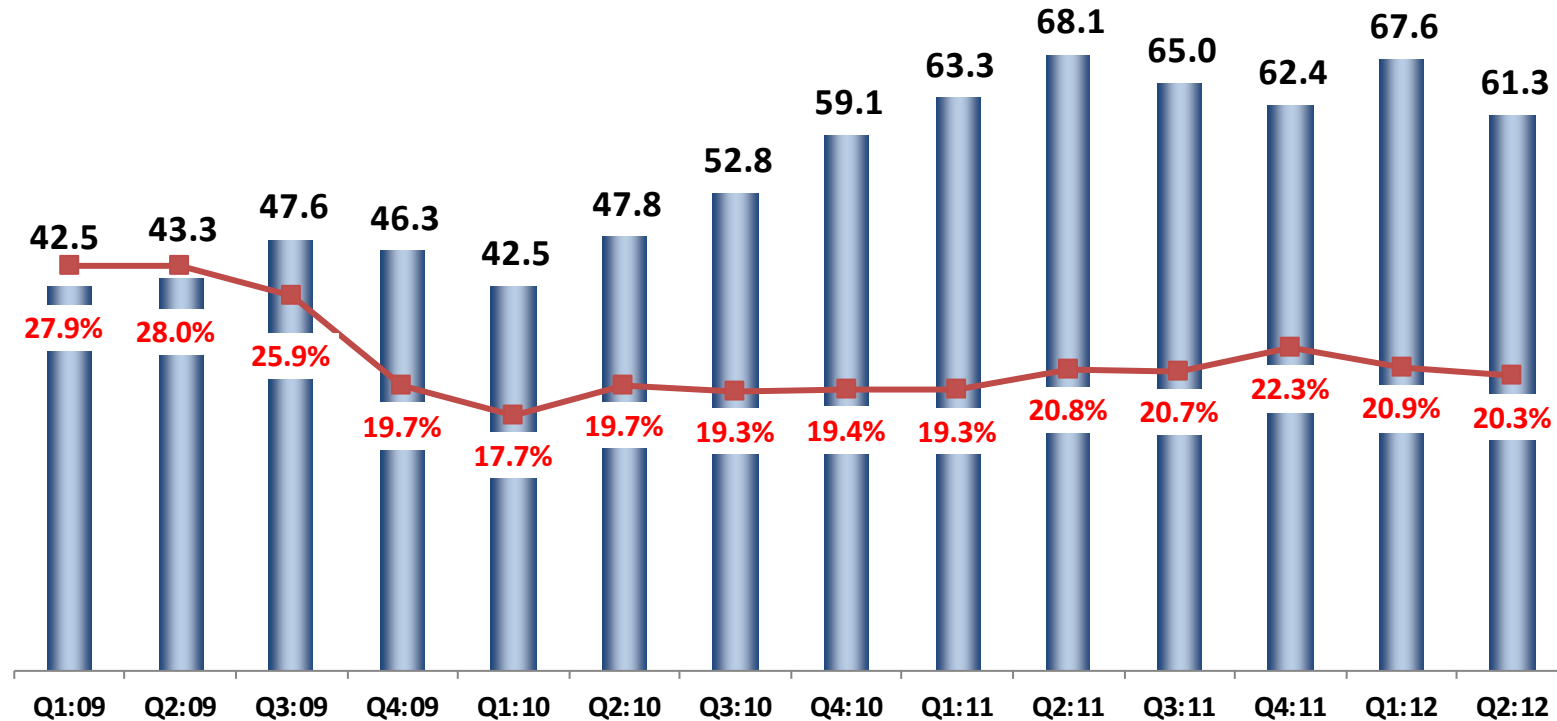


Strong increase after balance sheet contraction
Solid balance sheet structure

Working Capital and Working Capital Ratio

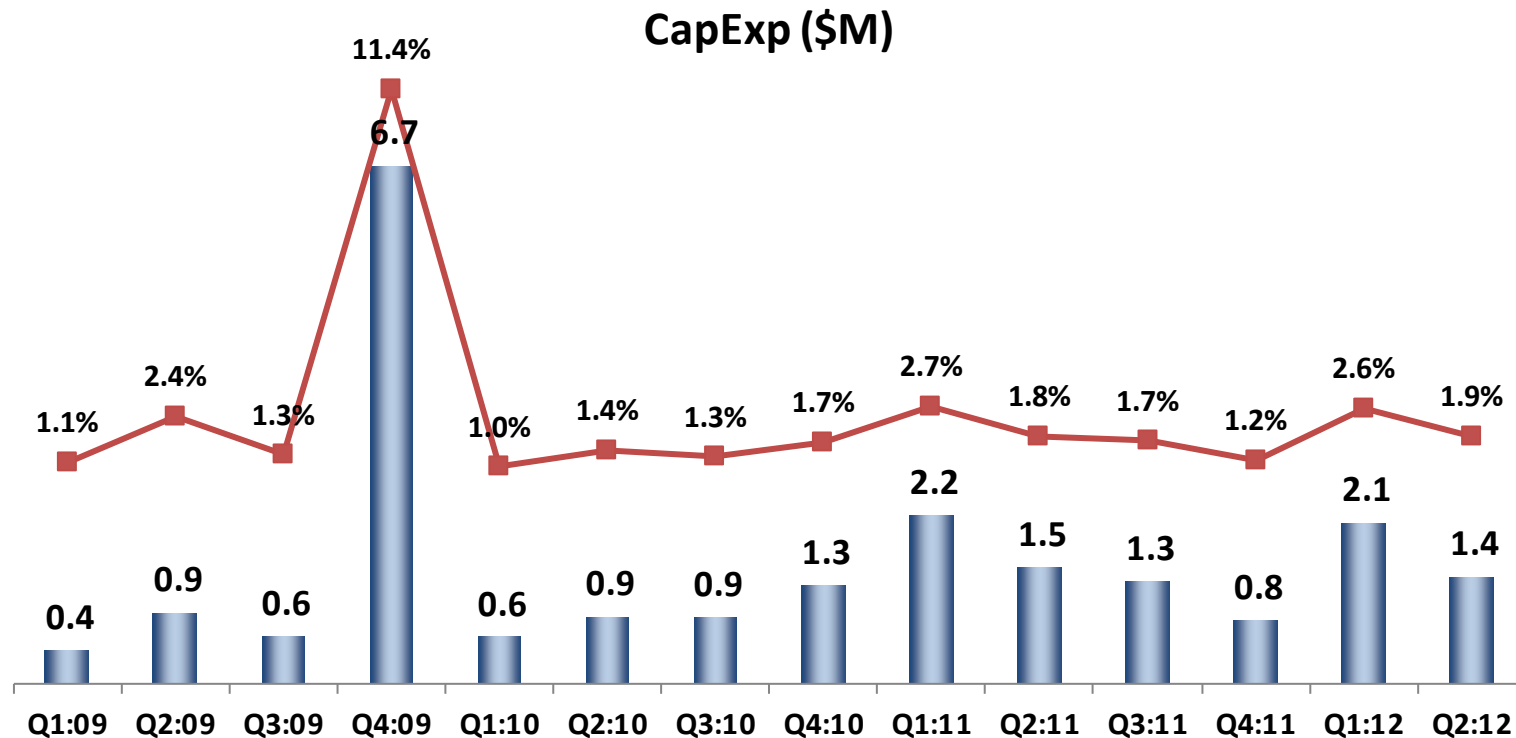
(Inv + AR - AP)

(WC as % of sales)



Effective Net Working Capital Management

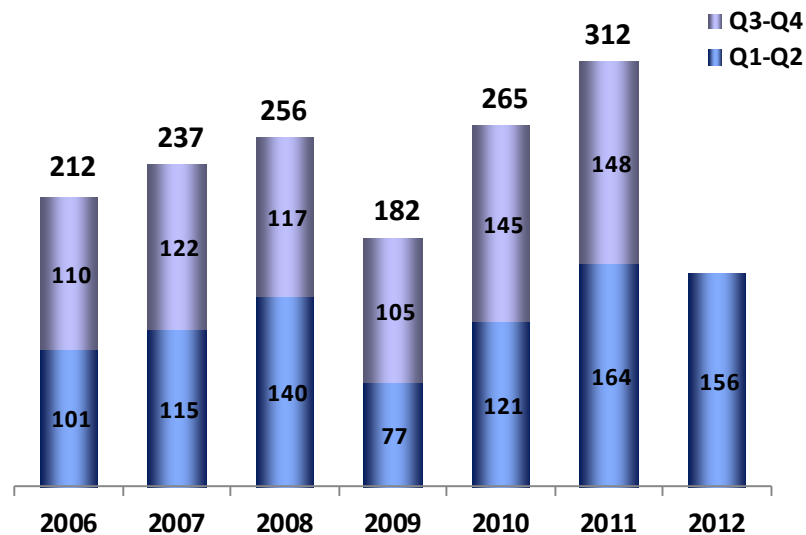
Capital Expenditures (in USD million, as % of sales)



Capex spending in Q2 2012 at average level

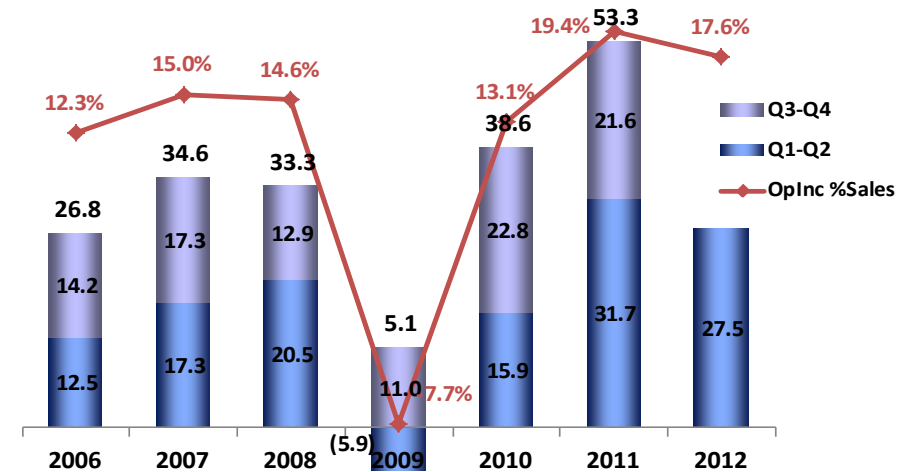
Half-Year 2012 Performance

Net Sales (USD million)



Slightly lower sales vs. record period 2011. ER&S end-market sales doubled

Operating Income (USD M) and Ratio (in % of Sales)



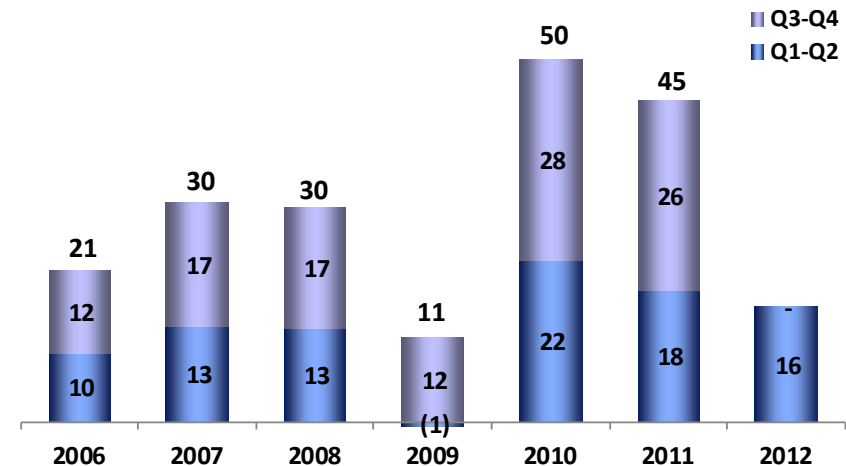
Solid result, in line with sales development

Half-Year 2012 Performance

Balance Sheet

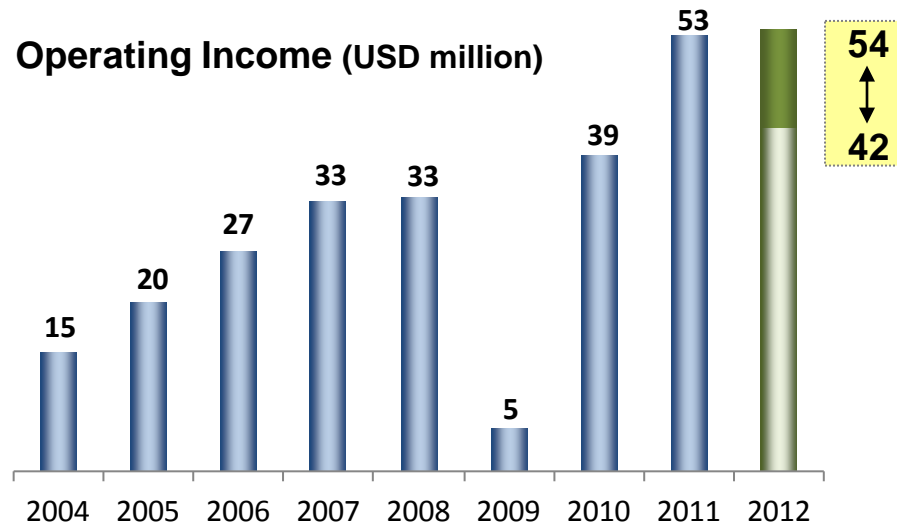
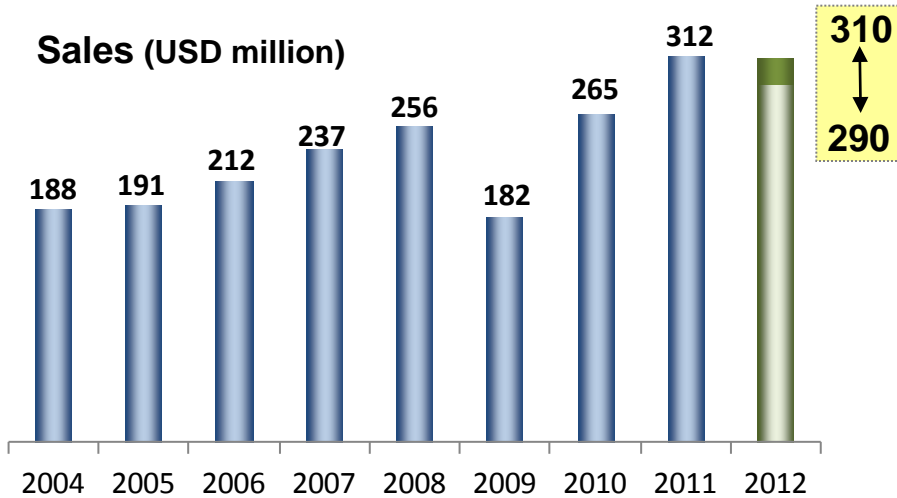
USD Million	6/30/2012	12/31/2011
Cash & short term investments	57.0	91.1
Receivables – trade, other	37.1	37.2
Inventories	33.5	31.9
Other current assets	5.3	4.8
Total current assets	132.9	164.9
Property, plant, equipment	28.9	28.1
Intangible assets	4.3	4.6
Other non current assets	17.4	20.6
Total non-current assets	50.6	53.2
Total Assets	183.5	218.1
Accounts payable – trade, other	9.3	6.6
Short term borrowings	2.5	17.5
Other current liabilities	24.7	34.0
Total current liabilities	36.4	58.1
Total non-current liabilities	5.7	6.7
Shareholders' equity	141.4	153.2
Total Liabilities & Sh. Equity	183.5	218.1

Operating Cash Flow (USD million)



Very solid balance sheet structure and strong cash flow generation

Full Year 2012 Guidance



Full Year 2012 Guidance: *Updated*

Based on previous performance and current expectations for the end-markets/regions.

Sales	290 – 310	USD million
Op. Income	42 – 54	USD million

Thank You !

Q&A

