



Inspired by visions. Proven by success.

HALF-YEAR REPORT

**2020**

# 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, food and general 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.

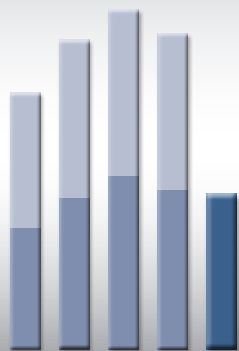
Company Overview	1
Key Figures	2
Group Organization	4
Financial Review	5
Consolidated Interim Balance Sheet	7
Consolidated Interim Statement of Income	8
Consolidated Interim Statement of Shareholders' Equity	9
Consolidated Interim Statement of Cash Flows	10
Notes to Consolidated Interim Financial Statements	11

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reading on your computer and mobile devices.

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## Key Figures – At a Glance

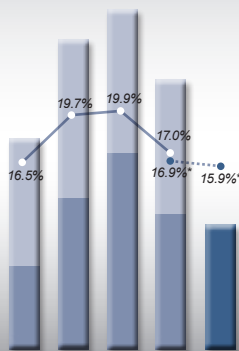
### Net sales



	2016	2017	2018	2019	2020
Full Year	309.7	373.6	410.4	381.7	
Half-Year	145.2	182.1	214.9	192.2	<b>188.8</b>

### Operating income

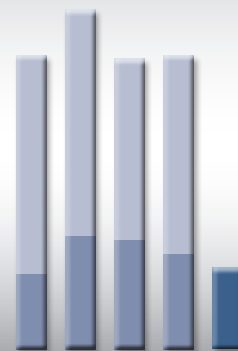
(in % of net sales)



	2016	2017	2018	2019	2020
Full Year	51.0	73.6	81.5	64.8	
Half-Year	20.1	36.2	46.6	32.5	<b>30.0</b>

\* These percentages are only for the first 6 months, all other percentages are based on 12 months

### Cash flow from operations



	2016	2017	2018	2019	2020
Full Year	53.4	61.4	52.3	53.3	
Half-Year	13.6	20.4	19.7	17.3	<b>14.8</b>

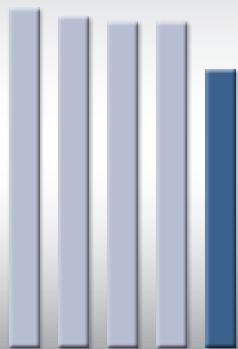
According to Swiss GAAP FER

(US Dollars in Millions, except per share amounts)

	Half-Year		Full Year
	2020	2019	2019
Net sales	<b>188.8</b>	192.2	381.7
Research and development	<b>18.7</b>	17.2	34.4
Selling, general and administrative expense	<b>42.8</b>	45.0	89.1
Operating result	<b>30.0</b>	32.5	64.8
<i>in % of net sales</i>	<b>15.9%</b>	16.9%	17.0%
EBITDA	<b>34.4</b>	36.4	73.2
<i>in % of net sales</i>	<b>18.2%</b>	18.9%	19.2%
Net result	<b>24.3</b>	24.6	52.8
<i>in % of net sales</i>	<b>12.9%</b>	12.8%	13.8%
Cash and short-term investments	<b>56.2</b>	54.2	57.4
Cash flow from operations	<b>14.8</b>	17.3	53.3
Capital expenditures	<b>6.5</b>	9.9	18.4
Total assets	<b>291.7</b>	279.8	275.0
Stockholders' equity	<b>188.6</b>	179.1	208.8
<i>Equity Ratio in %</i>	<b>64.7%</b>	64.0%	75.9%
Employees	<b>1,203</b>	1,181	1,183

# Key Figures – At a Glance

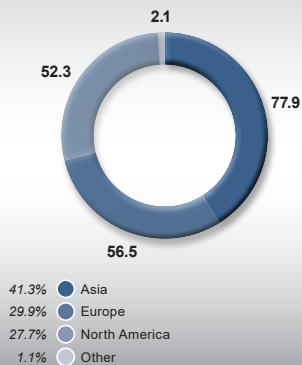
## Equity Ratio



2016 2017 2018 2019 2020  
78.9% 77.1% 75.9% 75.9% 64.7%\*

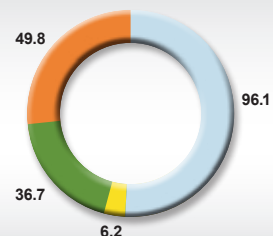
\* 2020 percentage is only for the first 6 months, all other percentages are based on 12 months

## H1/20 Sales by Geographic Region



41.3% ● Asia  
29.9% ● Europe  
27.7% ● North America  
1.1% ● Other

## H1/20 Sales by End Market



50.9% ● Semi & Vacuum Coating  
3.3% ● Security & Energy  
19.4% ● Refrigeration, Air Conditioning & Automotive  
26.4% ● General Vacuum

According to Swiss GAAP FER

(US Dollars in Millions, except per share amounts)

	Half-Year		Full Year
	2020	2019	2019
<b>Ratios per Share</b>			
Earnings per share – diluted	9.94	10.11	21.66
Shareholders' equity per share – diluted	77.21	73.55	85.66
Free cash flow per share – diluted	3.12	2.81	13.93
Return on equity %*	25.8%	27.5%	25.5%

## Direct Sales by Geographic Region

Asia-Pacific	77.9	74.2	153.8
Europe	56.5	56.0	110.6
North America	52.3	59.7	112.5
Other	2.1	2.3	4.8

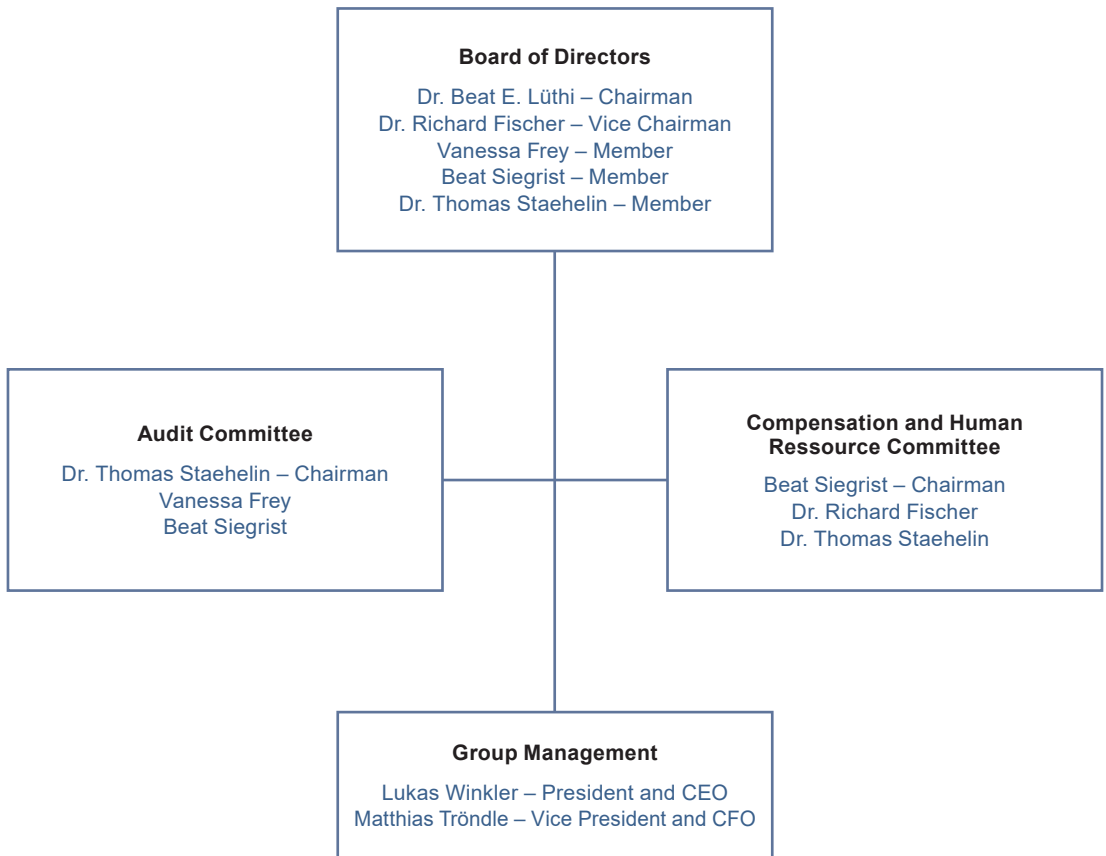
## Sales by End Market

Semi & Vacuum Coating	96.1	80.9	163.7
Security & Energy	6.2	12.5	26.6
Refrigeration, Air Conditioning & Automotive	36.7	44.7	84.4
General Vacuum	49.8	54.1	107.0

\* Percentages have been annualized for 6 months figures

# Group Organization

(as of July 27, 2020)



## Board and Executive Secretary

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# Financial Review

(Unaudited)

## Income Statement

### Net Sales

Net sales for six months ended June 30, 2020 were USD 188.8 million compared with USD 192.2 million for the same period in 2019, representing a USD 3.4 million or 1.8% decrease. As this includes a negative impact of USD 0.5 million or 0.3 percentage points from changes in currency rates, net sales decreased organically by 1.5%.

The Semi & Vacuum Coating market sales increased to USD 96.1 million. This increase of USD 15.2 million or 18.8% is driven by the growth in the semiconductor business in all three regions, especially in Asia and Europe. The General Vacuum market sales decreased by USD 4.3 million or 7.9%. While Asia saw growth, Europe and North America declined. Refrigeration, Air Conditioning & Automotive sales decreased by 17.9% or USD 8.0 million. The decline was recorded in all regions, in particular driven by a falloff in the traditional automotive market as well as in the service business as a consequence of the COVID-19 pandemic. Sales to the Security & Energy market decreased by USD 6.3 million or 50.4%. This project business for security and environmental applications is dominated by large public sector customers in all regions, the decline mainly results from the security area.

### Gross Profit

Gross profit margin was 48.5% for the six months ended June 30, 2020 compared with 49.3% for the same period in 2019. The decrease in gross profit margin is partly caused by the international trade disputes as well as by impacts of the COVID-19 pandemic. This did drive up transportation costs and material prices on the one hand, and led to costly process changes and inefficiencies in production on the other hand. In addition, there have been restrictions in the service and consulting business at the customers' sites.

### Research and Development

Research and development costs increased to USD 18.7 million or 9.9% of net sales for the six months ended June 30, 2020, as compared with USD 17.2 million or 8.9% for the same period in 2019. The increase is driven by additional headcounts to support our continued development efforts.

### Selling, General and Administrative (SGA)

Selling, general and administrative costs for the first six months of 2020 were USD 42.8 million or 22.7% of net sales, as compared with USD 45.0 million or 23.4% for the same period in 2019. The reductions arose from lower variable compensations as well as savings in variable costs due to impacts of the COVID-19 pandemic, essentially such as for travelling, trade shows and other third party costs.

### Operating Result

Income from operations decreased to USD 30.0 million or 15.9% of sales for the six months ended June 30, 2020 compared to USD 32.5 million or 16.9% for the same period in 2019.

### Financial Result

The decrease in the financial result of USD 0.4 million to USD 1.2 million is induced by an increase in FX losses from EUR and CHF.

### Income Taxes

Income tax was USD 4.5 million or 15.7% of earnings before taxes for the six months ended June 30, 2020, compared with USD 6.8 million or 21.6% for the same period in 2019. This decrease is driven by the mix in earnings and tax rates among the Company's different tax jurisdictions, lower accruals and prepayments in some of our subsidiaries as well as some favourable one time tax impacts.

### Net Result and Diluted Earnings per Share

Net income and diluted earnings per share were USD 24.3 million and USD 9.94 for the six months ended June 30, 2020, as compared with USD 24.6 million and USD 10.11 per share for the same period in 2019. The decrease of 1.7% in diluted earnings per share is a result of the decrease in net income.

# Financial Review

(Unaudited)

## Balance Sheet and Liquidity

Trade accounts receivable increased by USD 4.3 million to USD 55.4 million at June 30, 2020 as compared with USD 51.1 million at December 31, 2019. Days sales outstanding ended at 51.5 for 2020 versus 51.3 days for 2019 using a 4-point average of quarter-end balances. The increase in trade receivable reflects a short-term fact, essentially induced by high shipment rates at the end of the quarter 2, 2020.

Inventory increased by USD 7.6 million to USD 74.1 million at June 30, 2020 as compared with USD 66.5 million at December 31, 2019. Inventory turns decreased to 2.8 in 2020 from 3.0 in 2019 using a 4-point average of quarter-end inventory balances. The rise in inventory is partly due to a strategic increase in warehousing as well as due to the consequences of the uncertain market situation.

Cash and short-term investments totaled USD 56.2 million at June 30, 2020 which represents an increase of USD 2.0 million as compared with USD 54.2 million at June 30, 2019. Net cash decreased to USD 12.8 million at June 30, 2020 compared to USD 18.3 million at June 30, 2019. During the first half of 2020 cash flow from operations was USD 14.8 million versus USD 17.3 million in the first half of 2019, the decrease is mainly due to higher inventory and lower income tax payables.

## COVID-19 and Outlook

### COVID-19 Implications

Early this year INFICON was confronted with the outbreak of COVID-19. What started first in China, our largest sales region in Asia where we had a shut down for several weeks, quickly developed into a global pandemic.

INFICONs crisis teams have been set up quickly. Hygiene and distance measures were implemented, disciplined protocols and special productions shift schemes in combination with far-reaching home office instructions did ensure that, partly on the grounds of special permits, the main production sites in the USA, Germany and Liechtenstein were always fully operational.

We could maintain good delivery times and we have been able to meet the customers' demand despite some difficulties in the supply chain. Payment behaviour of our customers and collections have been reasonable. INFICON did not apply for any governmental support programs such as the CARES Act in the US, the Protective Shield assistance package for Germany or the Swiss Federal Council's liquidity package. With that there have been no major special or extraordinary accounting entries, nor any significant one-time impacts to the financial statements in the first half of 2020.

### Outlook

The international market situation and the further development of the COVID-19 pandemic are still difficult to assess. INFICON's outlook for the current year is cautiously positive, mainly thanks to the strong semiconductor market and certain signs of recovery in other markets. Provided that the COVID-19 pandemic as well as the geopolitic and economic landscape does not worsen further, INFICON expects sales of between USD 370 and 390 million in 2020 with an operating profit margin of around 16%.

# Consolidated Interim Balance Sheet

(Unaudited)

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

	June 30, 2020	December 31, 2019	June 30, 2019
<b>Assets</b>			
Cash and cash equivalents	56,244	56,168	52,920
Short-term investments	0	1,258	1,248
Trade accounts receivable	55,391	51,102	58,789
Inventories	74,121	66,475	69,416
Prepayments and accrued income	5,745	3,917	3,955
Other current assets	10,121	9,100	5,956
<b>Total current assets</b>	<b>201,622</b>	<b>188,020</b>	<b>192,284</b>
Property, plant, and equipment	73,100	70,746	69,528
Intangible assets	5,818	5,793	6,274
Deferred tax assets	7,718	7,007	8,197
Financial assets	3,411	3,466	3,487
<b>Total non-current assets</b>	<b>90,047</b>	<b>87,012</b>	<b>87,486</b>
<b>Total assets</b>	<b>291,669</b>	<b>275,032</b>	<b>279,770</b>
<b>Liabilities and Shareholders' Equity</b>			
Trade accounts payable	10,510	8,819	10,784
Short-term financial liabilities	43,435	7,326	35,867
Short-term provisions	8,694	12,727	9,160
Income taxes payable	3,813	5,692	8,330
Accrued expenses and deferred income	14,854	11,897	14,153
Other current liabilities	6,445	4,924	6,435
<b>Total current liabilities</b>	<b>87,751</b>	<b>51,385</b>	<b>84,729</b>
Long-term provisions	12,380	11,485	13,146
Deferred tax liabilities	2,946	3,368	2,825
<b>Total non-current liabilities</b>	<b>15,326</b>	<b>14,853</b>	<b>15,971</b>
<b>Total liabilities</b>	<b>103,077</b>	<b>66,238</b>	<b>100,700</b>
Common stock	6,838	6,830	6,809
Treasury shares	(1,043)	(636)	(377)
Retained earnings	189,035	209,084	178,731
Foreign currency translation	(6,238)	(6,484)	(6,093)
<b>Total shareholders' equity</b>	<b>188,592</b>	<b>208,794</b>	<b>179,070</b>
<b>Total liabilities and shareholders' equity</b>	<b>291,669</b>	<b>275,032</b>	<b>279,770</b>



# Consolidated Interim Statement of Income

(Unaudited)

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

Six months ended June 30,	2020	2019
Net sales	<b>188,835</b>	192,232
Cost of sales	<b>(97,315)</b>	(97,539)
<b>Gross profit</b>	<b>91,520</b>	94,693
Research and development	<b>(18,700)</b>	(17,177)
Selling expense	<b>(15,364)</b>	(16,464)
General and administrative expense	<b>(27,489)</b>	(28,544)
<b>Operating result</b>	<b>29,967</b>	32,508
Financial result	<b>(1,167)</b>	(727)
<b>Ordinary result</b>	<b>28,800</b>	31,781
Non-operating result	<b>0</b>	(372)
<b>Earnings before income taxes (EBT)</b>	<b>28,800</b>	31,409
Income taxes	<b>(4,516)</b>	(6,793)
<b>Net result</b>	<b>24,284</b>	24,616
Earnings per share:		
Basic	<b>9.96</b>	10.15
Dilution	<b>(0.02)</b>	(0.04)
Diluted	<b>9.94</b>	10.11

## Consolidated Interim Statement of Shareholders' Equity

(Unaudited)

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

	Common stock	Capital reserves	Treasury Shares	Retained earnings	Foreign currency translation	Total shareholders' equity
Balance at January 1, 2019	6,786	—	(1,215)	205,467	(5,282)	205,756
Net result				24,616		24,616
Foreign currency translation adjustments					(811)	(811)
Issuance of common stock from exercise of stock options	23	2,208				2,231
Acquisition of treasury shares			0			0
Disposal of treasury shares			838			838
Dividend		(2,208)		(51,352)		(53,560)
Balance at June 30, 2019	6,809	—	(377)	178,731	(6,093)	179,070
Balance at January 1, 2020	6,830	—	(636)	209,084	(6,484)	208,794
Net result				24,284		24,284
Foreign currency translation adjustments					246	246
Issuance of common stock from exercise of stock options	8	830				838
Acquisition of treasury shares			(1,444)			(1,444)
Disposal of treasury shares			1,037			1,037
Dividend		(830)		(44,333)		(45,163)
Balance at June 30, 2020	6,838	—	(1,043)	189,035	(6,238)	188,592

## Consolidated Interim Statement of Cash Flows

(Unaudited)

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

Six months ended June 30,	2020	2019
Cash flows from operating activities:		
Net result	24,284	24,616
Adjustments to reconcile net result to net cash provided by operating activities:		
Depreciation	4,748	4,279
Amortization	703	710
Result from disposal of fixed assets	20	46
Deferred Taxes	(1,147)	(512)
Changes in operating assets and liabilities, excluding effects from acquisition:		
Trade accounts receivable	(4,137)	(5,166)
Inventories	(7,184)	(4,229)
Other assets	(2,789)	(1,867)
Trade accounts payable	1,436	2,232
Accrued liabilities and provisions	(1,281)	(5,572)
Income taxes payable	(2,025)	1,206
Other liabilities	2,187	1,522
<b>Net cash provided by operating activities</b>	<b>14,815</b>	<b>17,265</b>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(6,525)	(9,860)
Disposal of property, plant and equipment	37	385
Purchase of intangible assets	(664)	(562)
Purchase of short-term investments	(3)	(10)
Disposal of short-term investments	1,261	0
<b>Net cash used in investing activities</b>	<b>(5,894)</b>	<b>(10,047)</b>
Cash flows from financing activities:		
Proceeds from exercise of stock options	838	2,231
Cash distribution from legal reserves	(45,163)	(53,560)
Purchase/disposal of treasury shares	(407)	838
Proceeds from borrowings	42,338	36,740
Repayments of borrowings	(6,229)	(873)
<b>Net cash used in financing activities</b>	<b>(8,623)</b>	<b>(14,624)</b>
Effect of exchange rate changes on cash and cash equivalents	(222)	(739)
Change in cash and cash equivalents	76	(8,145)
Cash and cash equivalents at beginning of period	56,168	61,065
<b>Cash and cash equivalents at end of period</b>	<b>56,244</b>	<b>52,920</b>

# Notes to Consolidated Interim Financial Statements

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

## 1 Description of Business

INFICON Holding AG (INFICON or the "Company") is domiciled in Bad Ragaz, Switzerland, as a corporation (Aktiengesellschaft) organized under the laws of Switzerland.

The Company's stock is traded on the SIX Swiss Exchange in Switzerland. INFICON provides world-class instruments for gas analysis, measurement and control, and our products are essential for gas leak detection in air conditioning, refrigeration and automotive manufacturing. They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells 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 best in 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, the United States and Denmark. During the first half of 2020 the merger of the INFICON Holding (CH) and the INFICON GmbH (CH) was implemented.

## 2 Summary of Significant Accounting Policies

### Basis of Preparation

These consolidated interim financial statements comprise the unaudited interim financial statements for the six months ended June 30, 2020, which were approved for issue by the Board of Directors on July 27, 2020. They have been prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations). The consolidated interim financial statements for 2020 have been prepared in accordance with FER 31 "Supplementary Recommendations for Listed Companies", which do not include all the information and disclosures presented in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

### 3 Foreign Currency Translation

The following foreign exchange rates versus the US Dollar have been applied when translating the financial statements of the Company's major subsidiaries:

Currency	Period-end rates			Average rates Six months ended		
		June 30, 2020	Dec 31, 2019	June 30, 2019	June 30, 2019	
Swiss Franc	USD	<b>1.0576</b>	1.0293	1.0248	<b>1.0505</b>	1.0099
Euro	USD	<b>1.1284</b>	1.1189	1.1380	<b>1.1255</b>	1.1280
Japanese Yen	USD	<b>0.0093</b>	0.0092	0.0093	<b>0.0093</b>	0.0092
Hong Kong Dollar	USD	<b>0.1290</b>	0.1284	0.1281	<b>0.1290</b>	0.1278
Korean Won	USD	<b>0.0008</b>	0.0009	0.0009	<b>0.0008</b>	0.0009

# Notes to Consolidated Interim Financial Statements

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

## 4 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 half years ended June 30:

Six months ended June 30,	2020	2019
Numerator:		
Net income	24,284	24,616
Denominator:		
Weighted average shares outstanding	2,438,554	2,425,339
Effect of dilutive stock options	3,995	9,463
Denominator for diluted earnings per share	2,442,549	2,434,802
Earnings per share:		
Basic	9.96	10.15
Dilution	(0.02)	(0.04)
Diluted	9.94	10.11

## 5 Business Segments

The Company is a global supplier of instrumentation for gas analysis, measurement and control. The Board of Directors is responsible for the ultimate direction and supervision of INFICON Holding AG and delegates the day to day management to Group Management. In 2013, the Board of Directors decided to condense the management of the Company to only comprising the CEO and the CFO as this best reflects the operational management of INFICON.

Group Management steers the business globally and the allocation of resources, assessment of performance and the respective reporting is made for the Group as a whole.

Although the Company discloses net sales into various end markets, the Company uses a key account concept and thus focuses on customers, regardless of products, technologies or regions.

Since the Company operates in one global segment, all information required by FER 31 can be found in the consolidated financial statements.

## 6 Subsequent Events

No subsequent events occurred through July 27, 2020 that would affect the half-year financial statements at June 30, 2020, or need to be disclosed.

## Imprint and Contact

### Note regarding forward-looking statements

Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Any statements contained herein that are not statements of historical fact (including statements containing the words “believes,” “plans,” “anticipates,” “expects,” “estimates”, “continue”, “may” and similar expressions) should be considered to be forward-looking statements. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the company to be materially different from those expressed or implied by such forward-looking statements. Many of these

risks and uncertainties relate to factors that are beyond the company's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the performance, security and reliability of the company's information technology systems, political, economic and regulatory changes in the countries in which the company operates or in economic or technological trends or conditions. As a result, investors are cautioned not to place undue reliance on such forward-looking statements.

Except as otherwise required by law, INFICON disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this report.

### Investor Relations

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