



Q4 2013

EARNINGS CONFERENCE CALL

March 13, 2014

Bad Ragaz, Switzerland

Speakers

Lukas Winkler, President and CEO

- Key figures Q4 2013 and FY 2013
- Target market business review
- 2014 expectations

Matthias Tröndle, Vice President and CFO

- Financials Q4 2013 and FY 2013
- Distribution
- Guidance

Lukas Winkler

INFICON

President and Chief Executive Officer



Q4 2013 – Key Figures

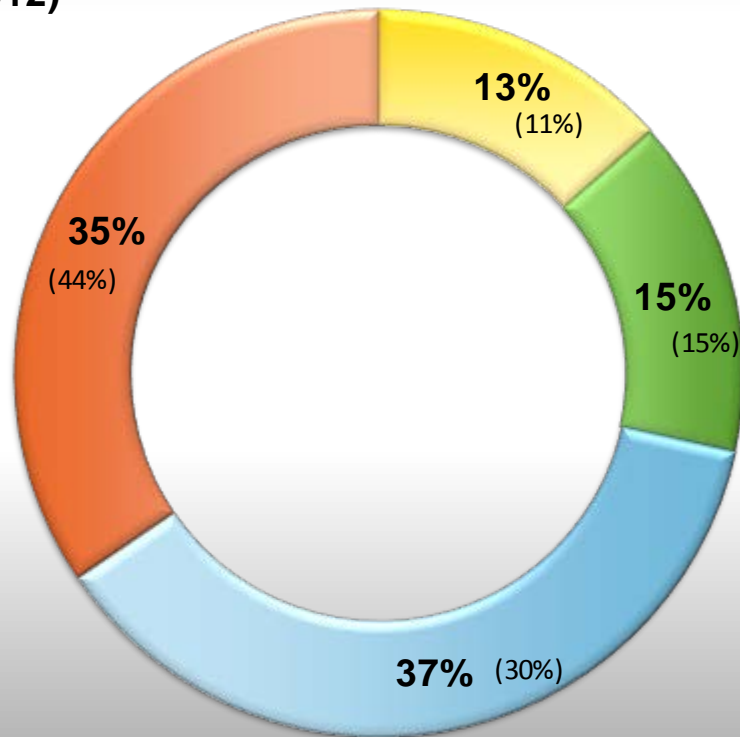
- **Sales increase driven by strong ER&S and Semiconductor market despite rather weak European General Vacuum market**
 - Consolidated sales increase of 13.5% to USD 80.5 million compared with Q4 2012, organic increase of 15.5%
 - Sequential sales increase over Q3 2013 of 17.0%

 - **Operating result influenced by**
 - Strong sales volume
 - Healthy gross margin with increased overhead cost
 - Operating income of USD 14.6 million in Q4 2013 (18.1% of sales) compared with USD 11.6 (16.3% of sales) in Q4 2012
- **Net income of USD 12.5 million or 15.6% of sales**

Net Sales by End Market

USD 80.5 million in Q4 2013 vs. USD 71.0 million a year ago (+13.5%)

**Q4 2013
(Q4 2012)**



- Emergency Response & Security
- Refrigeration & Air Conditioning
- Specific Vacuum Process Industries (Solar, Display, Optics & Semi)
- General Vacuum Processes

FY 2013 – Key Figures

- **Strong final Quarter drives sales increase and generates organic growth of +1.9%**
 - Sales at USD 293 million – decrease of -1.4%, organic +1.9%
 - Sales increase in Semiconductor while GV and ER&S weakened
 - Book to Bill slightly > 1

 - **Operating result influenced by**
 - Solid sales volume
 - Healthy gross margin and increasing overhead cost
 - Operating income of USD 14.6 million in Q4 2013 (18.1% of sales) compared with USD 11.6 (16.3% of sales) in Q4 2012
- **Net income of USD 35.3 million or 12.1% of sales**
- **Proposed cash distribution of 14 CHF per share**

Specific Vacuum Process Industries

Solar, Display, Optics & Semiconductor

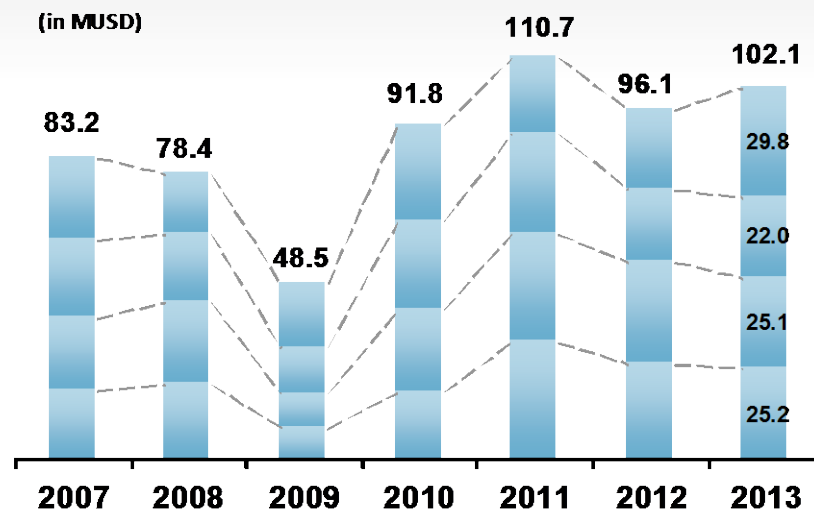
Q4 2013

- Q4 2013 sales increase of 39% vs. Q4 2012 mainly driven by higher demand from Semiconductor business
- Sequential increase of 36%
 - Successful Semiconductor market recovery, both at OEM & End-user level
 - Stable Optics market
 - Continued weak Solar & LCD Display market

Market Trends

- Continuation of increased demand for mobile communication chips
- Flash (Nand) memory market recovery
- OLED replacing LCD technology for next-generation flat panel displays
- Very slow Solar recovery in sight
- New Semi manufacturing technologies (450mm wafer and EUV-lithography) delayed

Sales to End Market
Specific Vacuum Process Industries
3.5% CAGR (2007 - 2013)



Emergency Response & Security

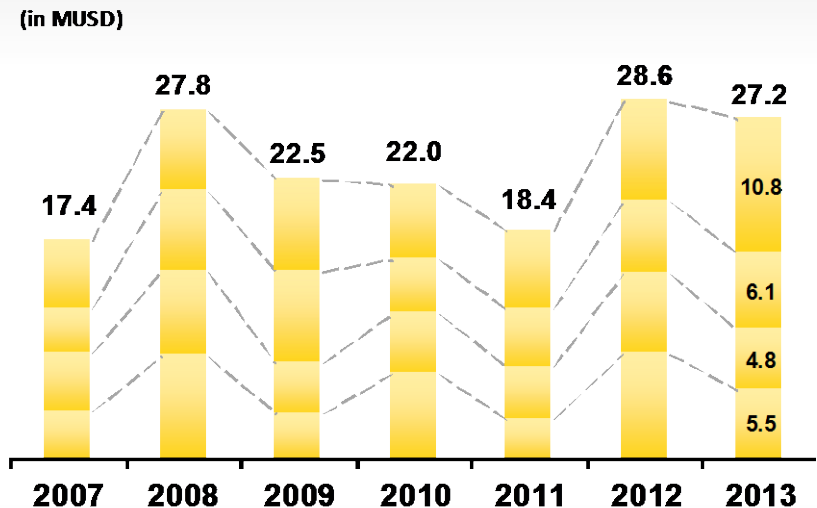
Q4 2013

- Q4 2013 sales increase of 37% vs. Q4 2012 and 77% vs. Q3 2013
- Increase vs. high level in Q4 2012
- Larger shipments to US, China & Europe

Market Trends

- Security needs around the world generate new business opportunities
- Good pipeline of opportunities
- Interesting projects (China) for environmental application (air & water)
- New target markets and application opportunities in conjunction with new GC technologies

**Sales to End Market
Emergency Response & Security**
7.7% CAGR (2007 - 2013)



Refrigeration & Air Conditioning

incl. Automotive

Q4 2013

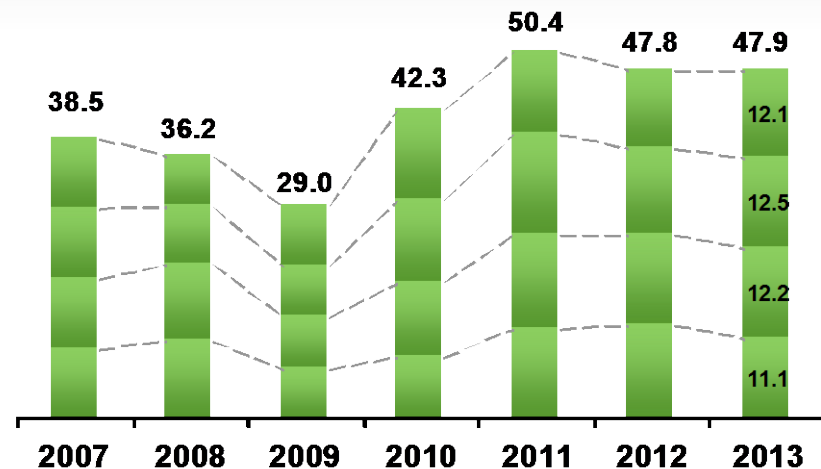
- Q4 2013 sales increase of 14% vs. Q4 2012
- Sequential decrease of 3% mainly due to sales to Asia
- Continued market share gains

Market Trends

- Tougher regulations drives increased use of instrumentations in the automotive market
- Strong industrial recovery in US
- Indications of RAC saturation in China
- Increasing installed basis drives after-sale service products worldwide

**Sales to End Market
Refrigeration & Air Conditioning**
3.7% CAGR (2007 - 2013)

(in MUSD)



General Vacuum Processes

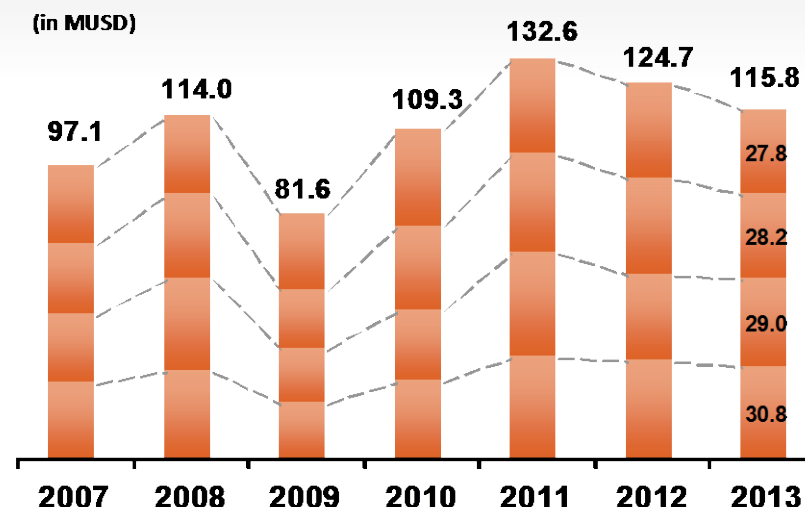
Q4 2013

- Q4 2013 sales -10% vs. Q4 2012
- Sequential decrease of 1%, mainly due to lower sales to European distributors

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 market)
- Growing demand in emerging market regions as well as recovery in the US and Europe

**Sales to End Market
General Vacuum Processes**
3.0% CAGR (2007 - 2013)



Outlook 2014 and beyond

Challenging, but improving signals from different markets/regions

- Increased demand for mobile communication devices (Semiconductor market)
 - Investments in new equipment (OEM-business), driven by Foundries
 - Continued success with sensors and software (at end-users) to handle increased product and process complexity
- Expect final breakthrough for OLED as the new flat panel display technology
 - INFICON products and consumables at all levels (Sub-suppliers, OEMs and end-user)
- Higher investments in new leak-detection applications (industrial and automotive applications) may compensate for saturating RAC markets
- Overcapacity in the solar photovoltaic market might come to an end by the end of the year
- China's pollution issues (air and water) became a top priority political issue
- Expect some US DoD replacement business and increased demand for our new products in the ER&S market
- Recovery expected in the General Vacuum Processes market

Guidance for FY 2014:

→ Sales between USD 290 to 320 million

→ Operating Income in the range of USD 44 to 56 million

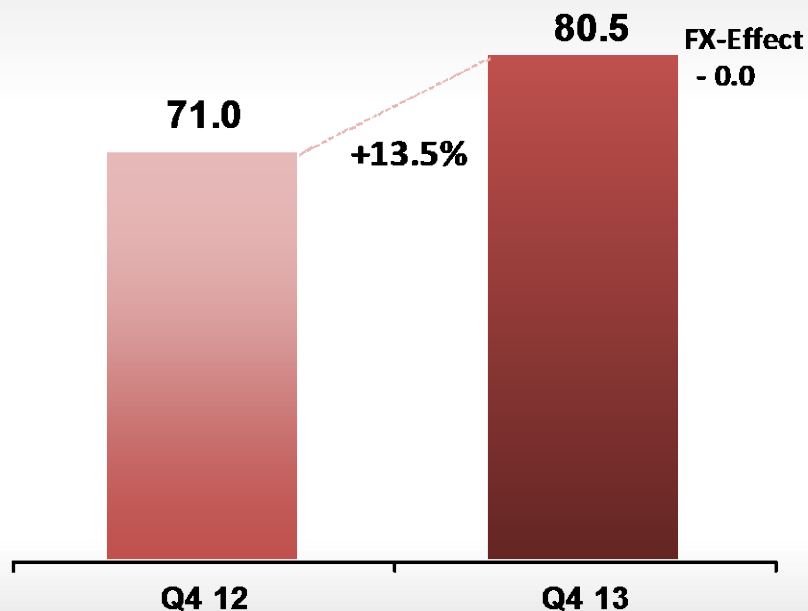
Matthias Tröndle

INFICON

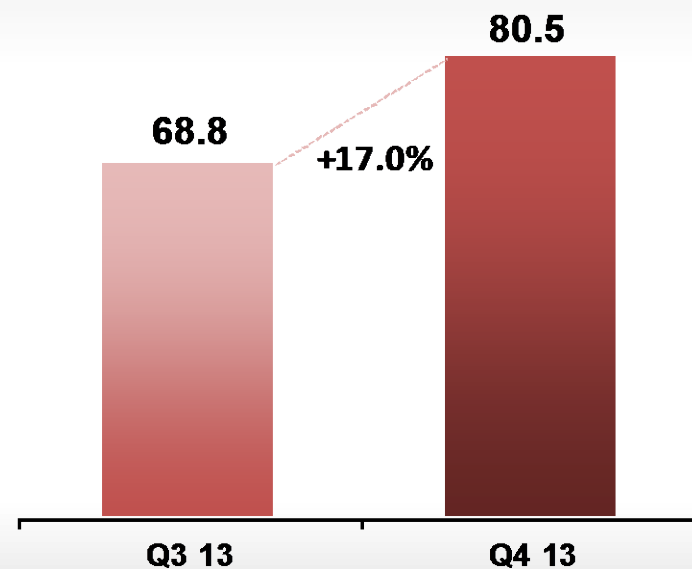
Vice President and Chief Financial Officer



Sales (in USD million)



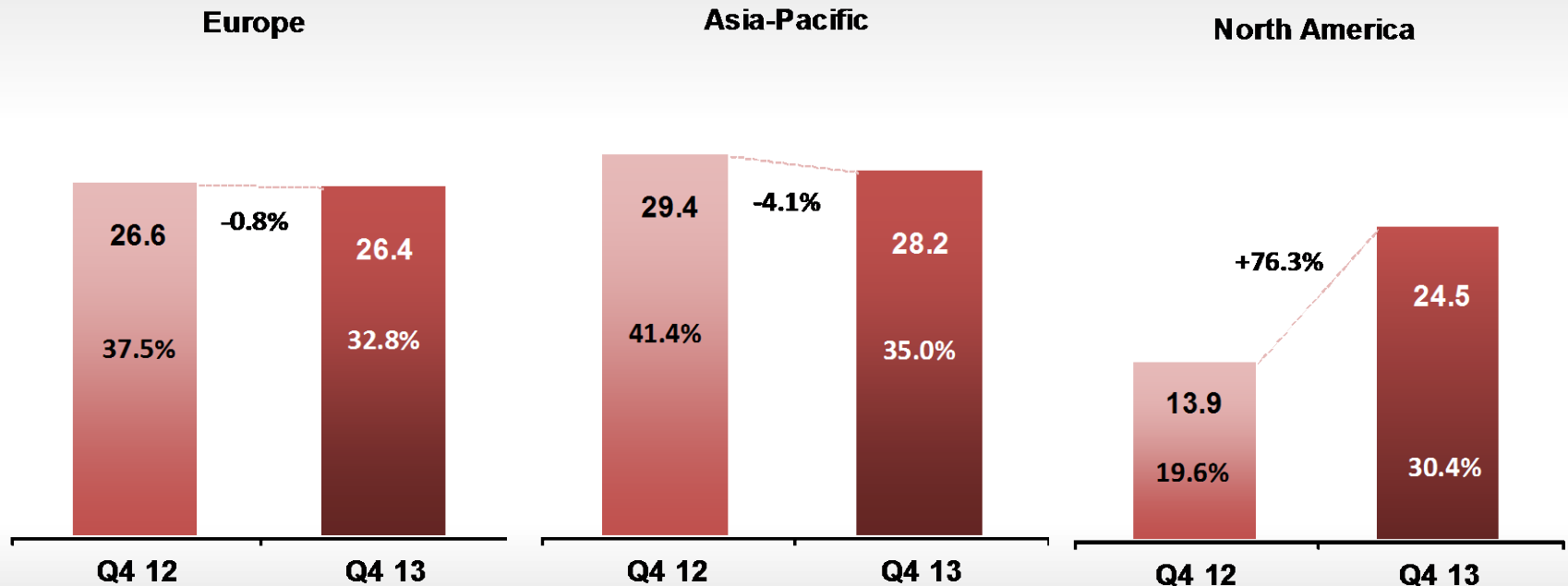
Sales increase in all markets except
General Vacuum



Strong increase in Specific and
ER&S vs. Q3 13

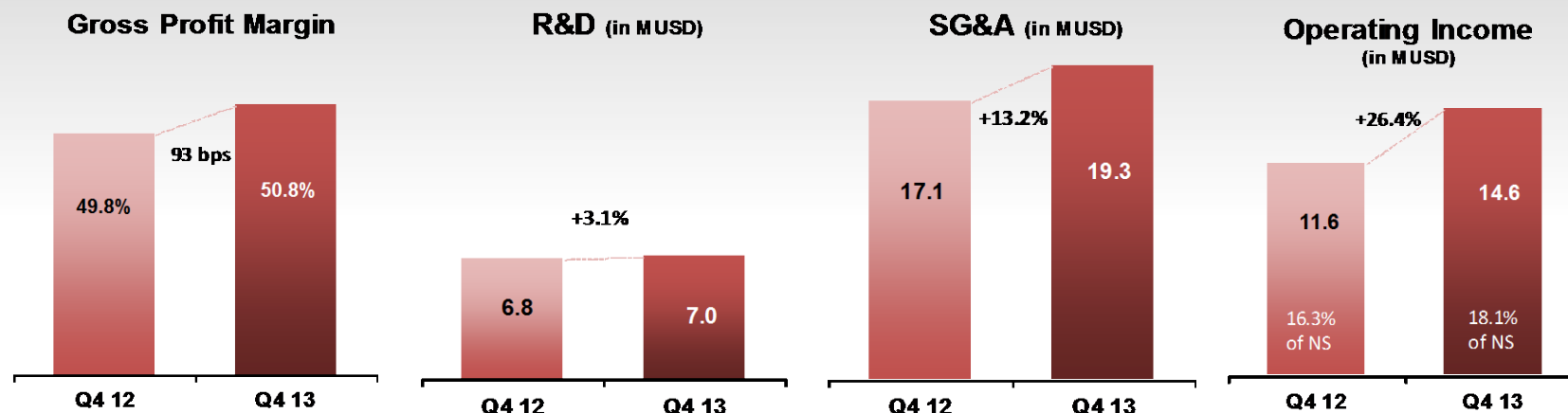
Geographic Sales Breakdown – Quarter

(in USD million)



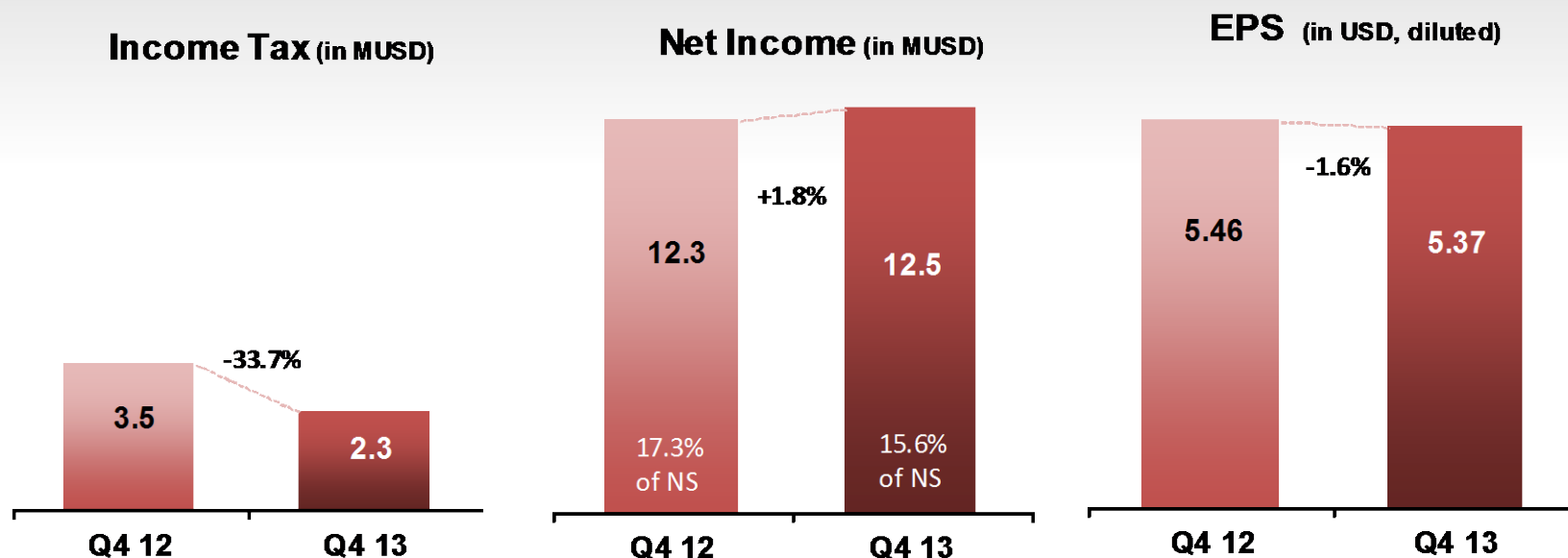
Increase in North America, decrease in Asia-Pacific and Europe

Gross Profit, Costs and Operating Income



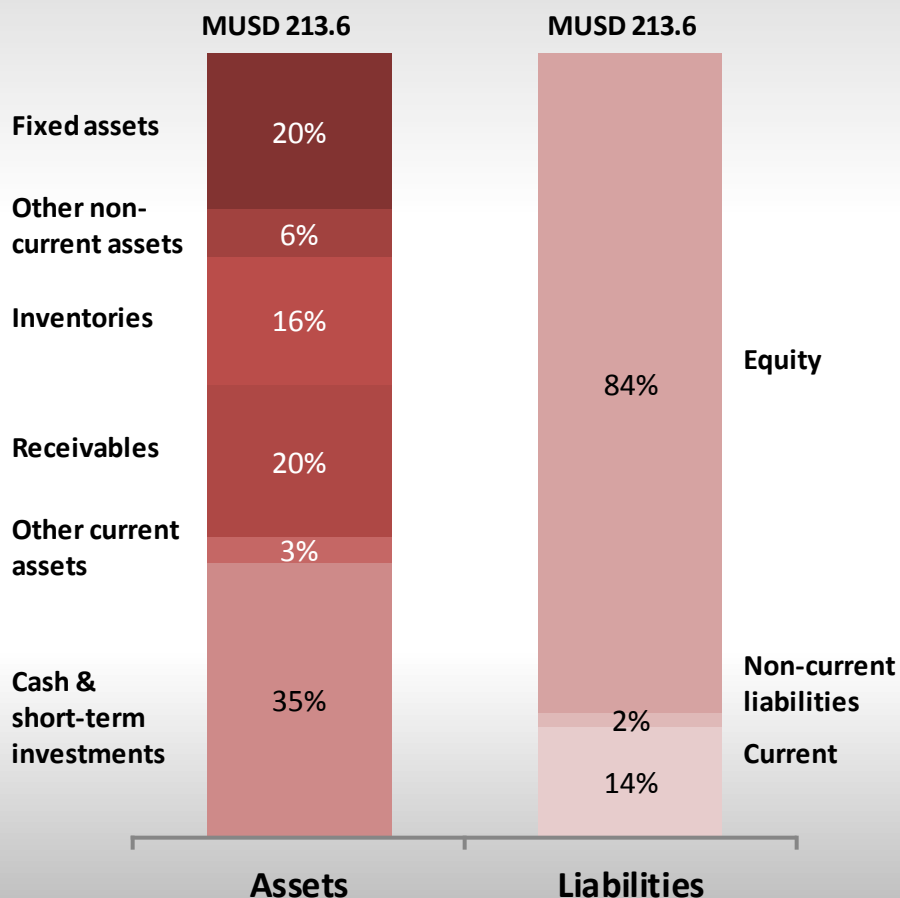
- **Gross profit margin:** Increase driven by favorable product mix
- **R&D cost:** Slightly higher, continued development efforts
- **SG&A:** Q4 2013 up due to variable commissions and compensation, continued investments in marketing capabilities and infrastructure, new hires and acquisitions
- **Operating income:** Increase due to higher sales volume and strong gross margin

Net Income and EPS development

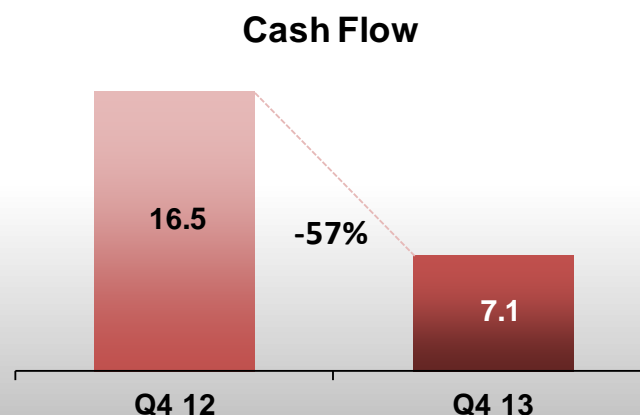


- **Income tax:** Decrease due to EBIT development and lower tax rate
- **Net income:** Under-proportional increase due to one-time non-operational gain in Q4 12
- **EPS:** Decrease driven by increased shares outstanding

Balance Sheet Highlights (in USD million)



	Q4 12	Q4 13
Net Cash	89.9	75.0
DSO	45.3	46.7
Inventory Turns	4.5	4.4
Working Capital	21.7%	21.2%

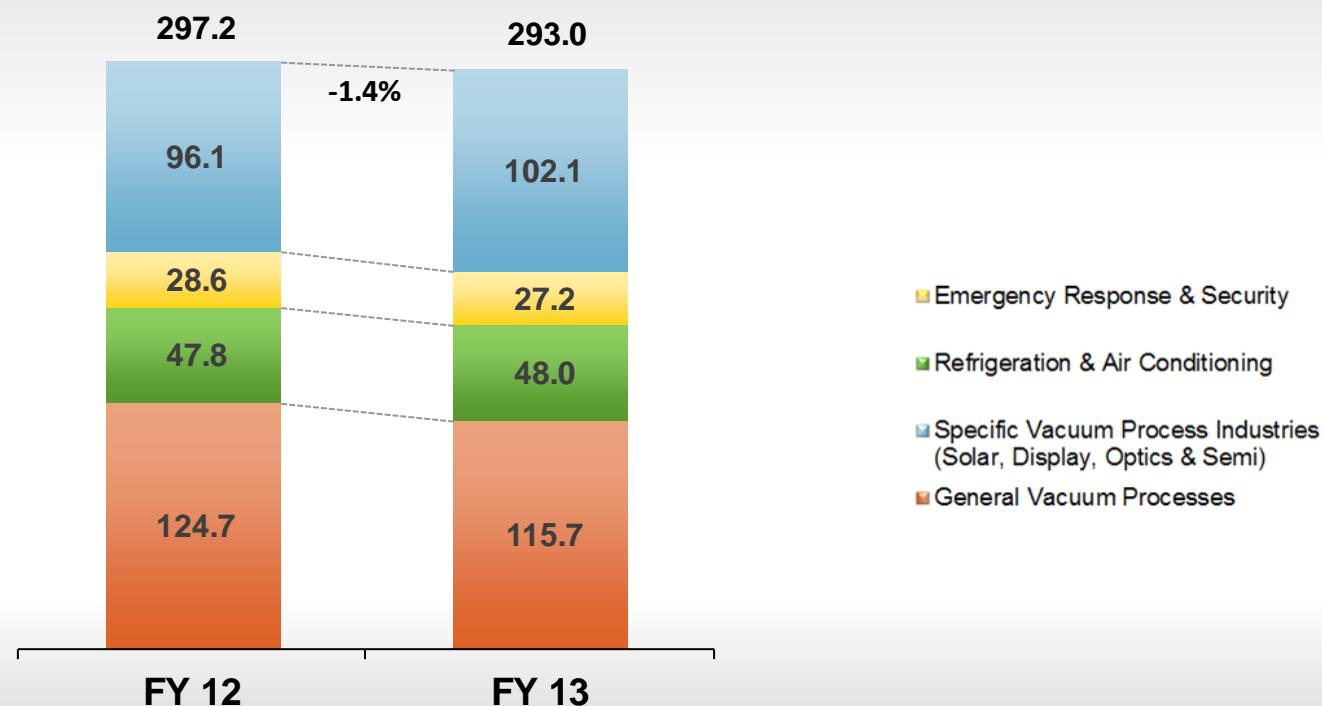


Solid balance sheet, no more debt



FISCAL YEAR 2013 RESULTS

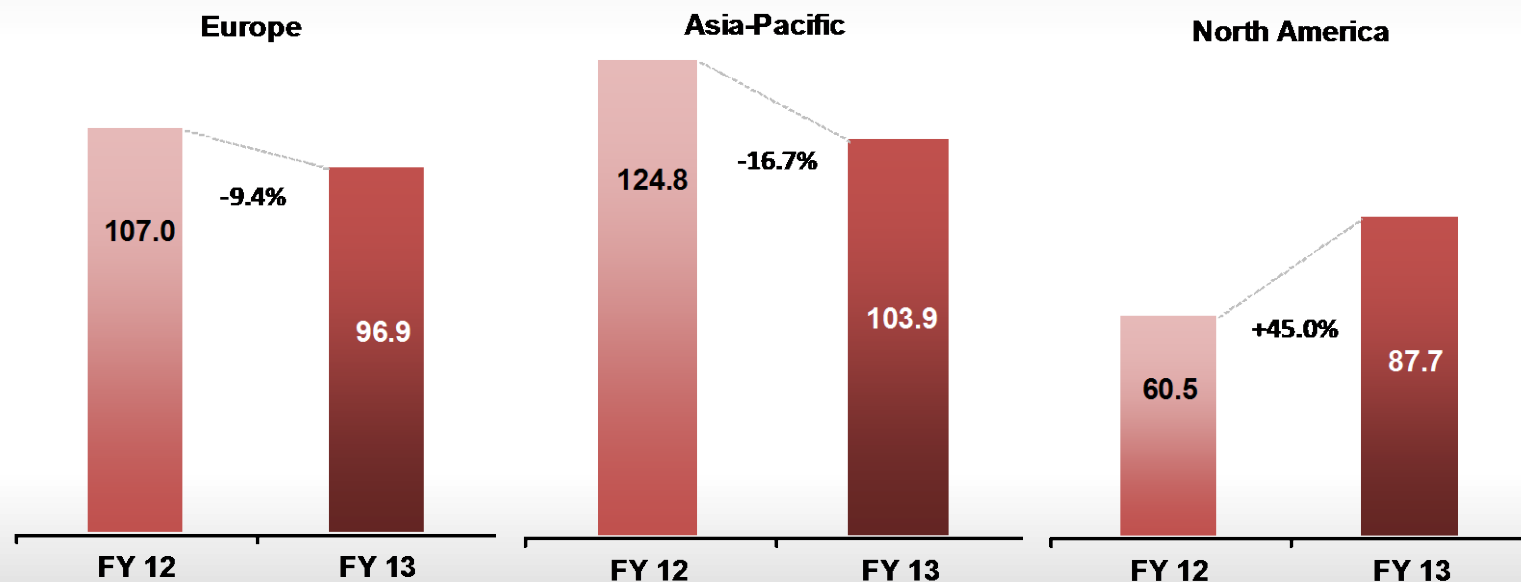
Full Year Sales (in USD million)



Sales increase in Semiconductor, while GV and ER&S markets weakened; organic growth of +1,9%

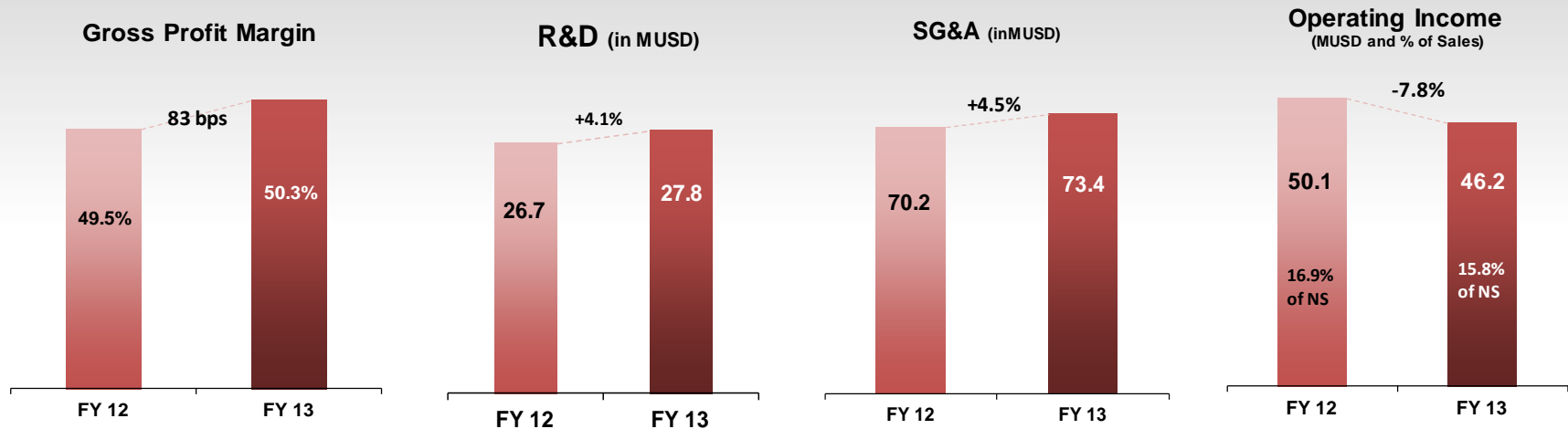
Geographic Sales Breakdown – Full Year

(in USD million)



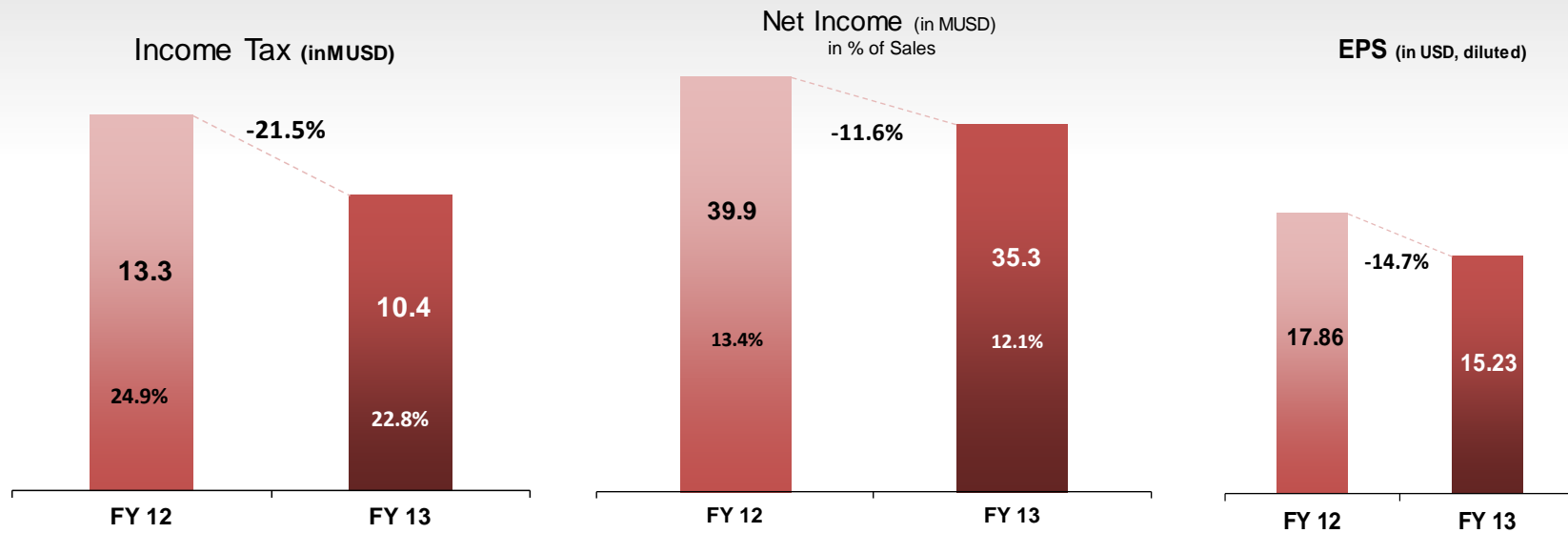
Increase in North America, decrease in Asia-Pacific and Europe

Gross Profit, Costs and Operating Income (YoY)



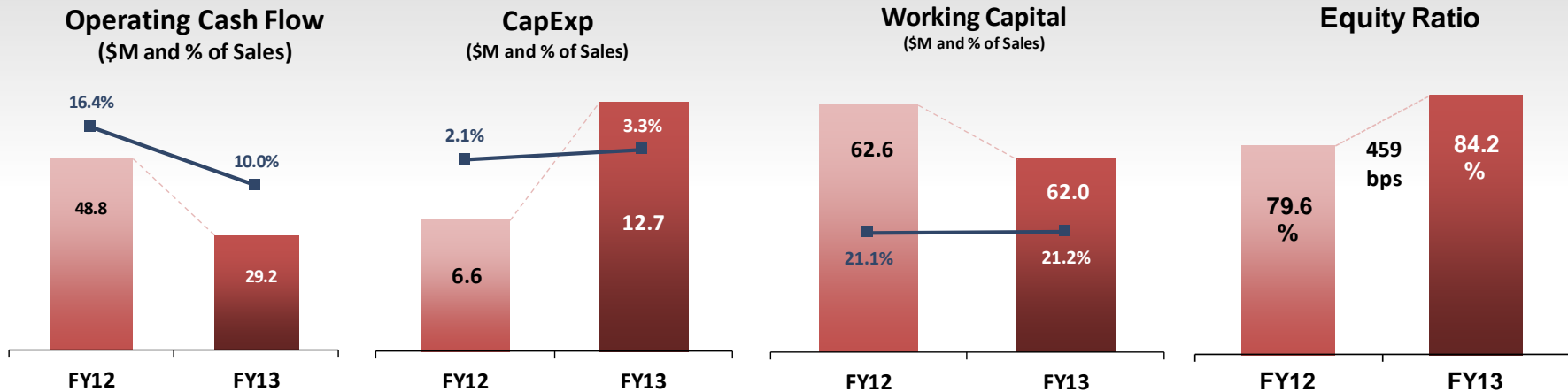
- **Gross profit margin:** Increase driven by favorable product mix
- **R&D cost:** Increase due to continued development efforts
- **SG&A:** Increase due to continued investments in marketing capabilities and infrastructure, new hires and acquisitions
- **Operating income:** Decrease due to lower sales volume and increasing operational costs

Net Income and EPS development (YoY)



- **Income tax:** Decrease due to EBIT development and profit mix
- **Net income:** FY 2012 influenced by high one-time gain
- **EPS:** Decrease driven by Net income development

Key Balance Sheet data (YoY)



- **Operating cash flow:** Decrease due to higher AR and INV, driven by accelerating business towards yearend
- **CAPEX:** Investments in equipment and buildings Cologne
- **Working capital:** Stable development, tightly managed
- **Equity:** Further strengthened ratio



DISTRIBUTION PROPOSAL

Distribution 2014

- **Strong Balance Sheet and Cash Generation**
 - No debt (short-term / long-term)
 - USD 75 million cash
 - Shareholders' equity ratio ~84%
- **Board of Directors intends to propose a cash distribution of CHF 14.00 per share**
 - Annual General Meeting of Shareholders on April 29, 2014
 - To be distributed out of capital contribution reserves
 - Returning ~USD 36 million cash to shareholders in FY14
 - ~ 100% payout ratio
 - Attractive yield of approximately 4.2%



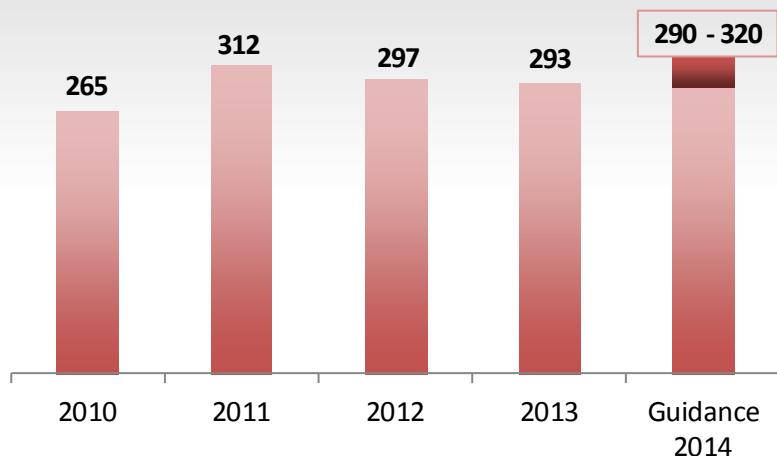
GUIDANCE FY 2014

AND

CALENDAR FY 2014

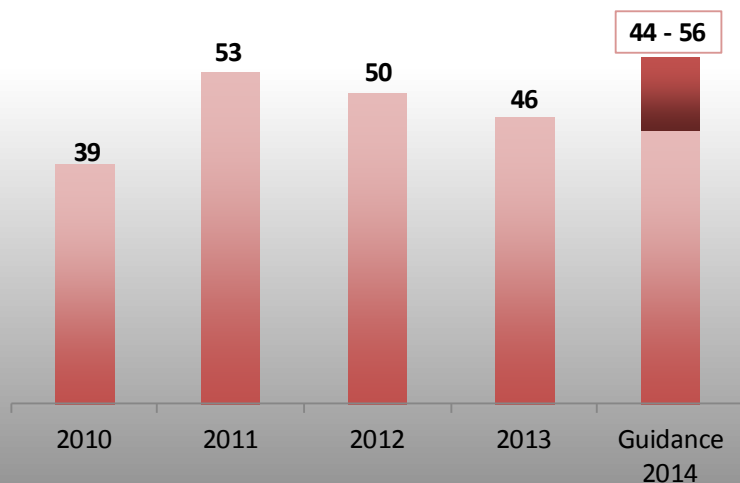
Full Year 2014 Guidance

Sales (MUSD)



Based on previous performance and current expectations for our end markets

Operating Income (MUSD)



Sales	290 – 320 MUSD
Op. Income	44 – 56 MUSD

Corporate Calendar FY 2014

- Q4 and FY 2013 Earnings Conference Thursday, March 13, 2014
- Q1 2014 Earnings Conference Call Wednesday, April 16, 2014
- Annual General Meeting Tuesday, April 29, 2014
- Q2 2014 Earnings Conference Call Thursday, August 7, 2014
- Q3 2014 Earnings Conference Call Wednesday, October 22, 2014
- Q4 2014 Earnings Conference Call March 2015

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



THANK YOU !

Q&A

