



Q3 2013

EARNINGS CONFERENCE CALL

October 22, 2013

Bad Ragaz, Switzerland

Speakers

Lukas Winkler, President and CEO

- Key figures Q3 2013
- Target market business review
- 2013 expectations

Matthias Tröndle, Vice President and CFO

- Financials Q3 2013
- Outlook

Lukas Winkler

INFICON

President and Chief Executive Officer



Q3 2013 – Key Figures

Sequential sales decrease with growth in three out of four end markets and a continued strong American market

- Consolidated sales decrease of 1.6% to USD 68.8 million compared with Q3 2012, organic increase of 1,9%
- Sequential sales decrease over Q2 2013 of 3.0%

Operating result influenced by

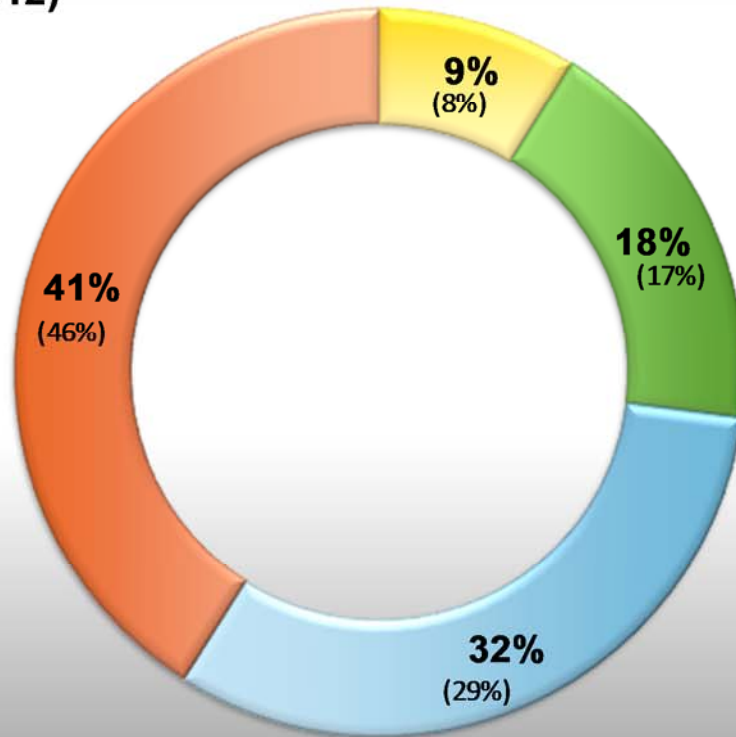
- Lower sales volume
- Healthy gross margin and slightly higher overhead cost
- Operating income of USD 9.4 million in Q3 2013 (13.7% of sales) compared with USD 11.0 (15.8% of sales) in Q3 2012

→ Net income of USD 6.3 million or 9.2% of sales

Net Sales by End Market

USD 68.8 million in Q3 2013 vs. USD 70.0 million a year ago (-1.7%)

**Q3 2013
(Q3 2012)**



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

Emergency Response & Security

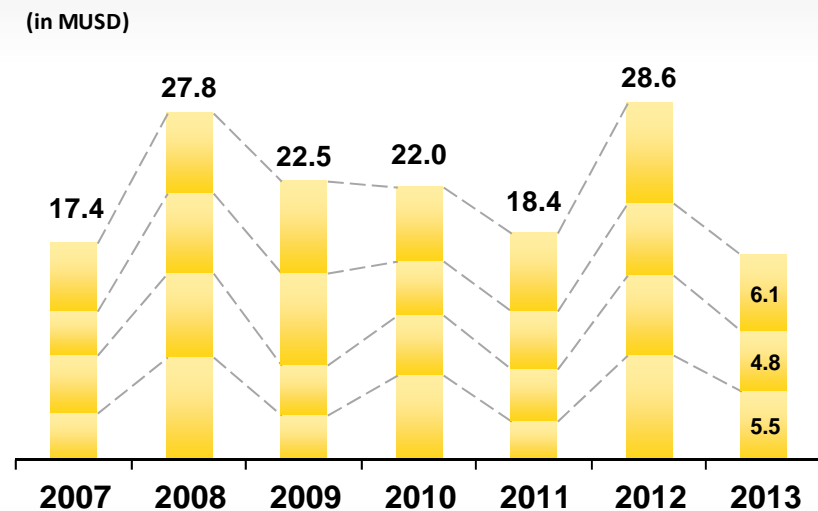
Q3 2013

- Q3 2013 sales increase of 5% vs. Q3 2012 and strong increase of 27% vs. Q2 2013
- Larger shipments to American region

Market Trends

- Security & environmental needs around the world generate new business opportunities
- On-going replacement business of 1st generation HAPSITES
- New target markets and application opportunities in conjunction with new products, e.g. energy “food chain” market

**Sales to End Market
Emergency Response & Security**
10.4% CAGR (2007 - 2012)



Refrigeration & Air Conditioning

incl. Automotive

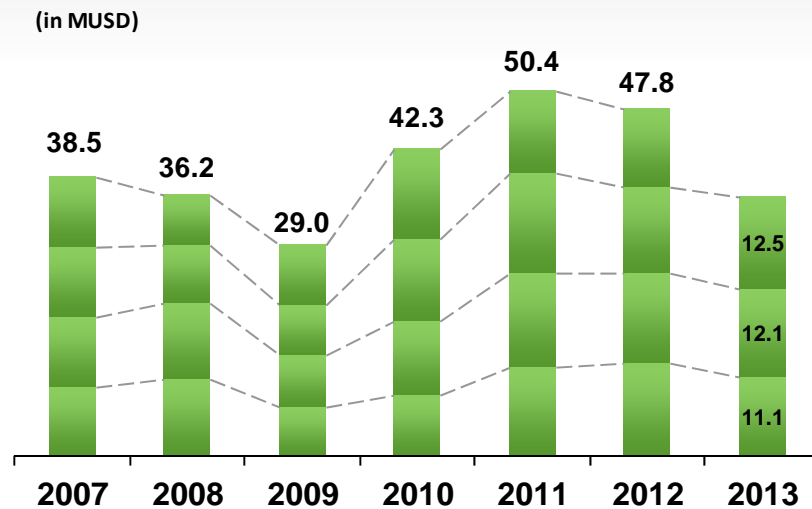
Q3 2013

- Q3 2013 sales increase of 4%, third consecutive quarter of growth
- Sequential increase of 3% mainly due to stronger sales to Asia and the Americas
- Continued market share gains

Market Trends

- Slow worldwide RAC market recovery
- Replacements/improvement projects in existing plants driven by tighter specifications and new eco-friendly refrigerants
- Helium shortage in US opens new application with dedicated new products
- Growing addressable market by targeting new automotive applications
- Increasing installed basis drives after-sale service products worldwide
- First small moves into the food packaging market

**Sales to End Market
Refrigeration & Air Conditioning**
4.4% CAGR (2007 - 2012)



Specific Vacuum Process Industries

Solar, Display, Optics & Semiconductor

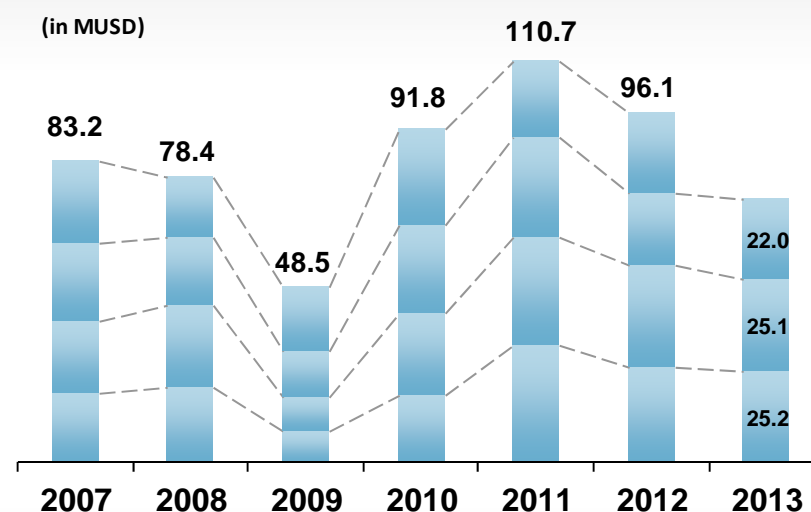
Q3 2013

- Q3 2013 sales increase of 9% vs. Q3 2012, mainly driven by higher demand from semiconductor business
- Sequential decrease of 12%
 - Stable Semiconductor market
 - Temporarily OLED market slow down
 - Continued weak Solar & LCD Display market

Market Trends

- Continuation of increased demand for mobile communication technology
- New Semiconductor manufacturing technologies (ALD & EUV-lithography)
- Delayed 450mm wafer size technology
- Slow OLED technology adoption for larger flat panel displays
- No “large scale” Solar recovery in sight

Sales to End Market
Specific Vacuum Process Industries
2.9% CAGR (2007-2012)



General Vacuum Processes

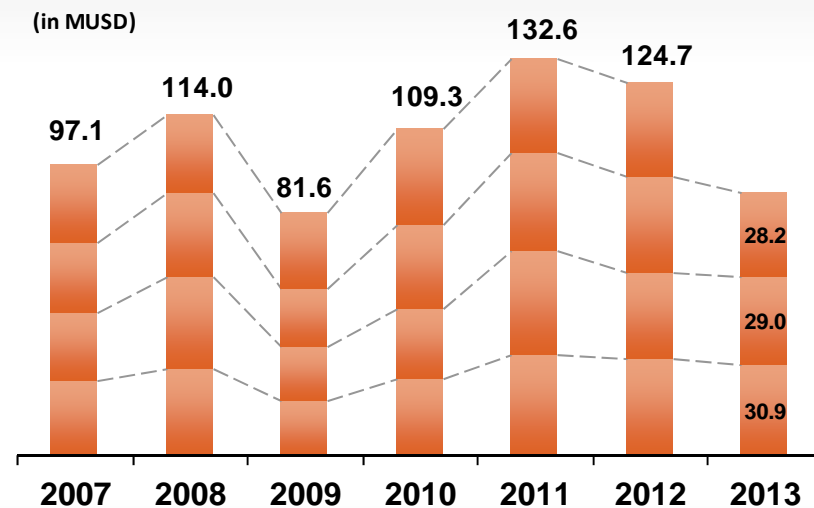
Q3 2013

- Q3 2013 sales -12% vs. Q3 2012
- Sequential decrease of 3%, mainly driven by weak 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
- Continued US and China market recovery, but disappointing EU market development.

Sales to End Market
General Vacuum Processes
5.1% CAGR (2007 - 2012)



Outlook 2013 and beyond

- Mixed, sometimes challenging signals from different markets/regions
- Semiconductor fabs run close to capacity
 - Investments in new equipment (OEM-business),
 - Continued need for process control sensors and software (at end-users)
 - Improved 2014 outlook
 - Postponed decision for 450mm wafer size technology
- Postponed OLED technology investment for larger flat panel displays
- Higher investments in new leak-detection application: automotive market
- Ongoing overcapacity in the solar photovoltaic market
- Expect large shipments to ER&S customers in the US within next 6-12 months
- Year-to-date Book-to-Bill ratio >1

New guidance for FY 2013

→ Sales between USD 285 to 295 million

→ Operating income in the range of USD 43 to 47 million

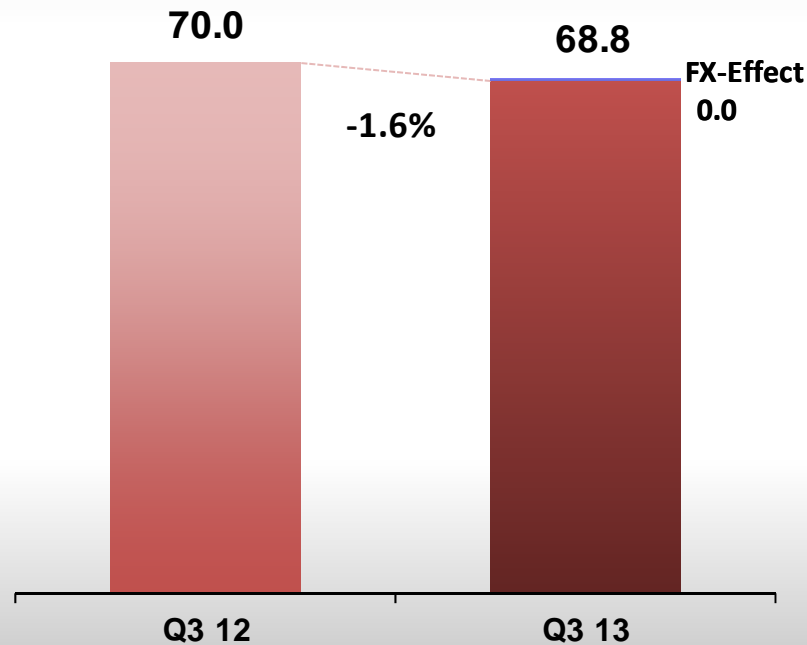
Matthias Tröndle

INFICON

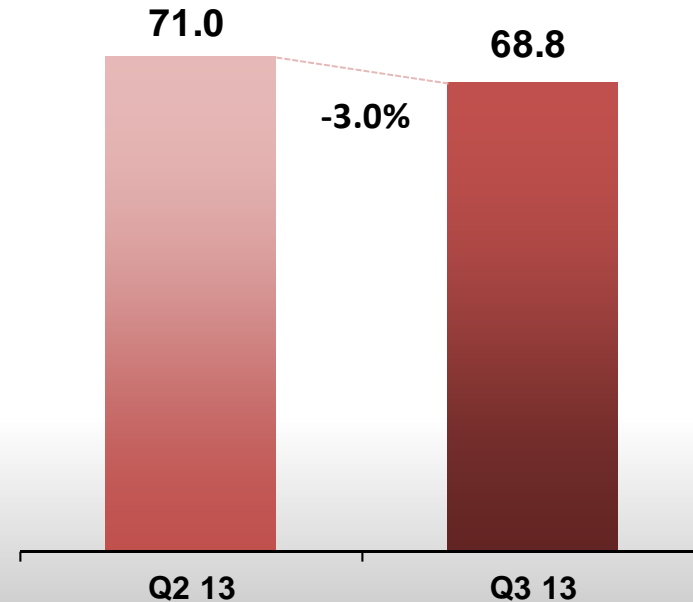
Vice President and Chief Financial Officer



Sales (in USD million)



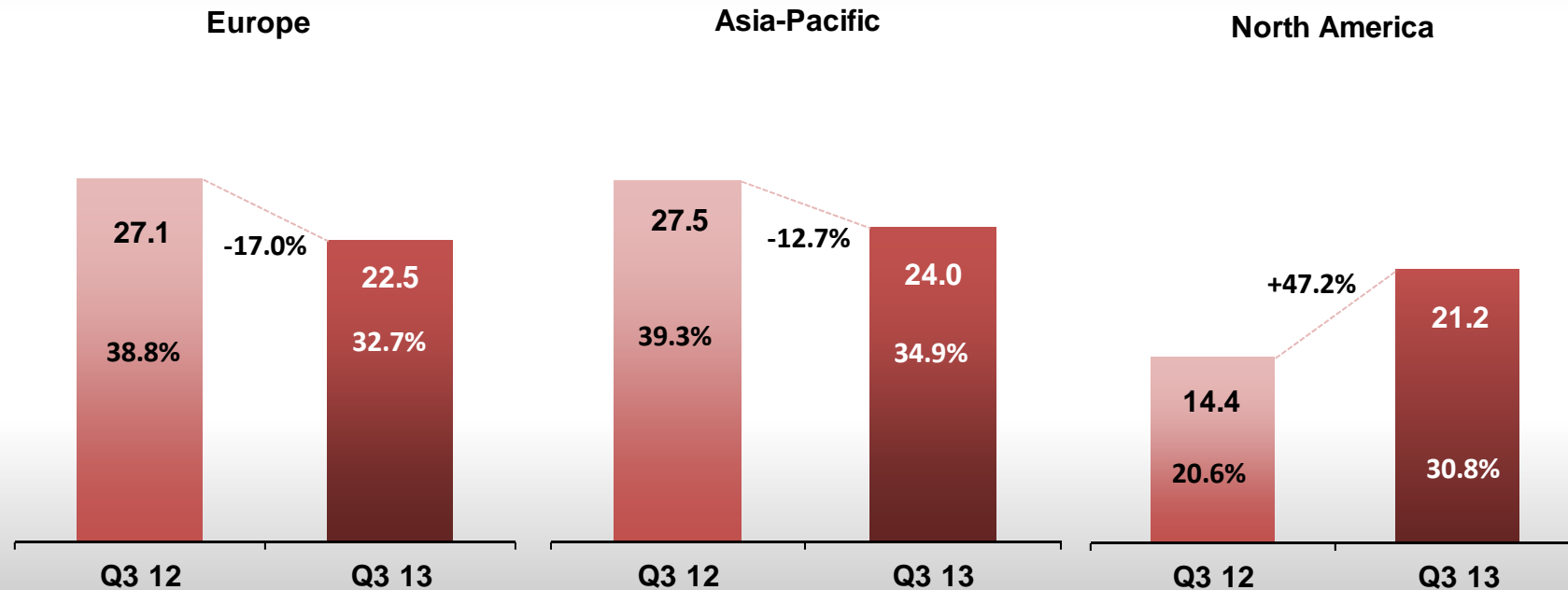
Sales increase in all end markets except General Vacuum



Sales decrease in Specific and General Vacuum markets, ER&S strong vs. Q2 13

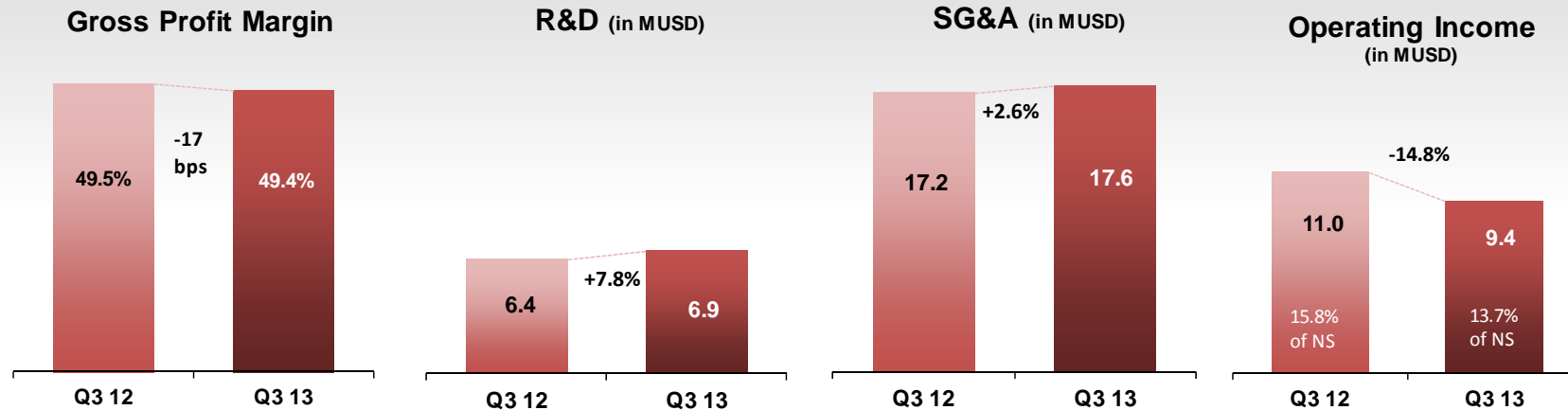
Geographic Sales Breakdown – Quarter

(in USD million)



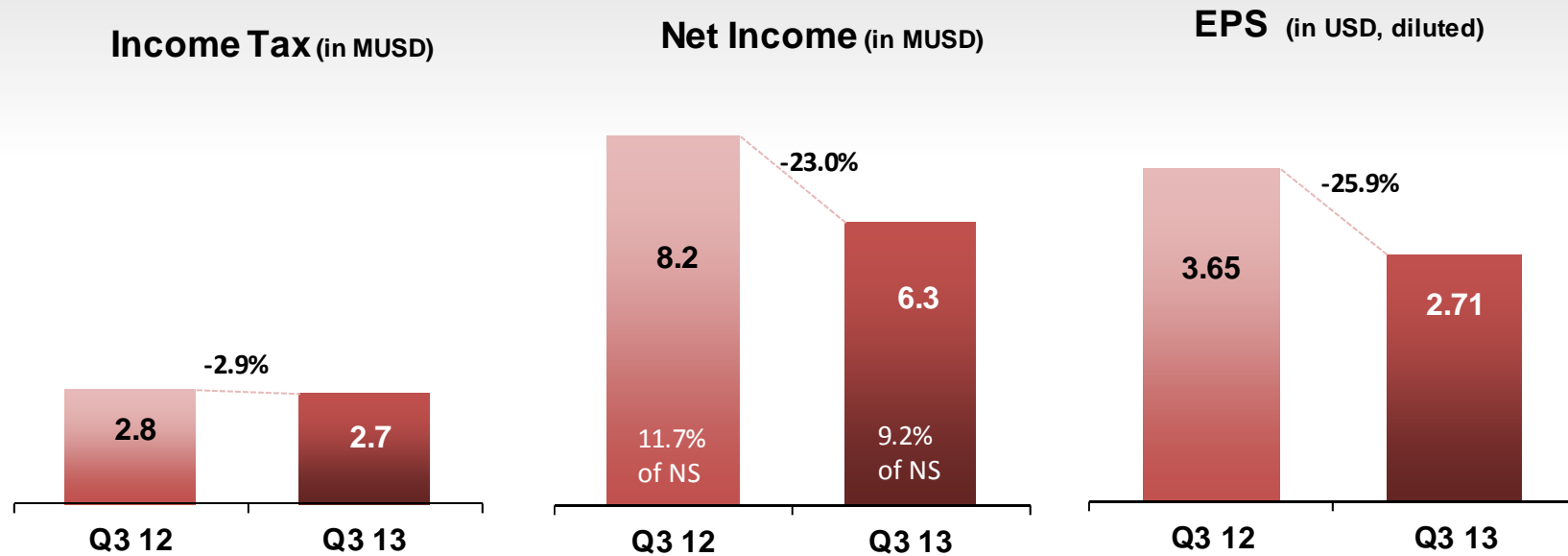
Increase in North America, decrease in Europe and Asia-Pacific

Gross Profit Margin and Cost development



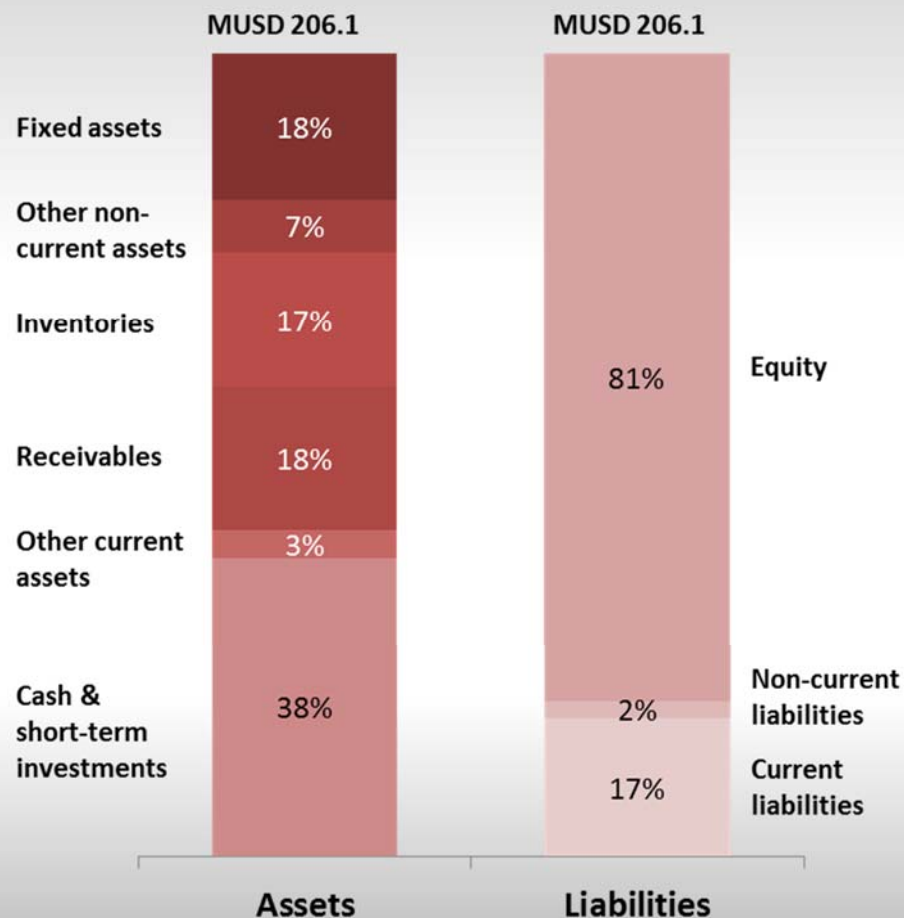
- **Gross Profit Margin:** Stable at high level
- **R&D cost:** Increase driven by continued development efforts
- **SG&A:** Slightly higher, Q3 2013 up due to continued investments in sales & marketing capabilities
- **Operating Income:** Decrease due to lower sales, stable gross margin and increased operating expense

Net Income and EPS development

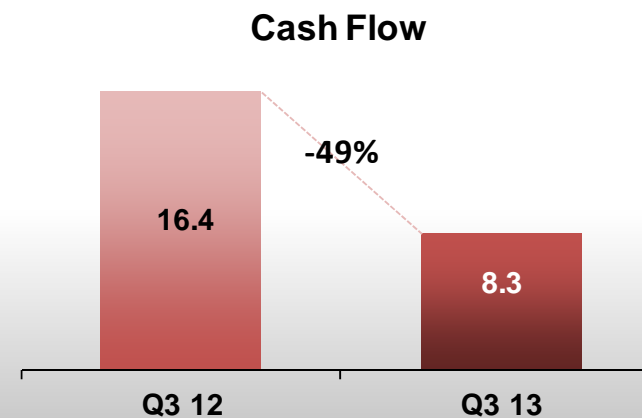


- **Income Tax:** Decrease, but tax rate increased due to adjustment
- **Net income:** Reflecting lower operating income and higher tax-rate
- **EPS:** Decrease in line with net income development

Balance Sheet Highlights (in USD million)



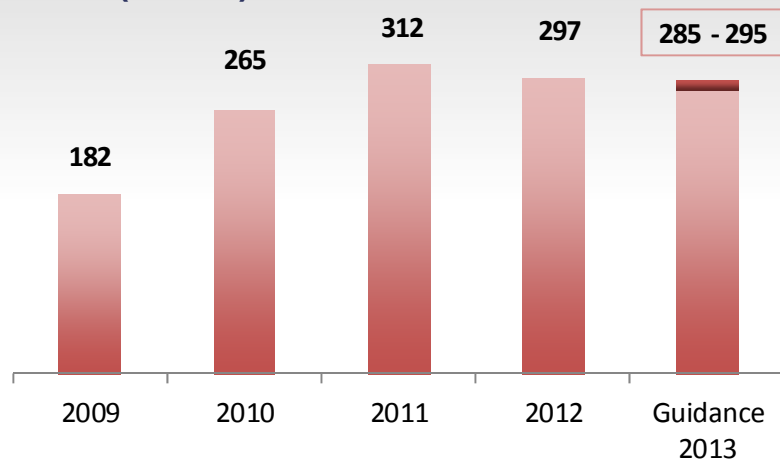
	<u>Q3 13</u>	<u>Q4 12</u>
Net Cash	75.4	89.9
DSO	46.5	45.3
Inventory Turns	4.3	4.5
Working Capital	22.6%	21.7%



Solid balance sheet, no more debts

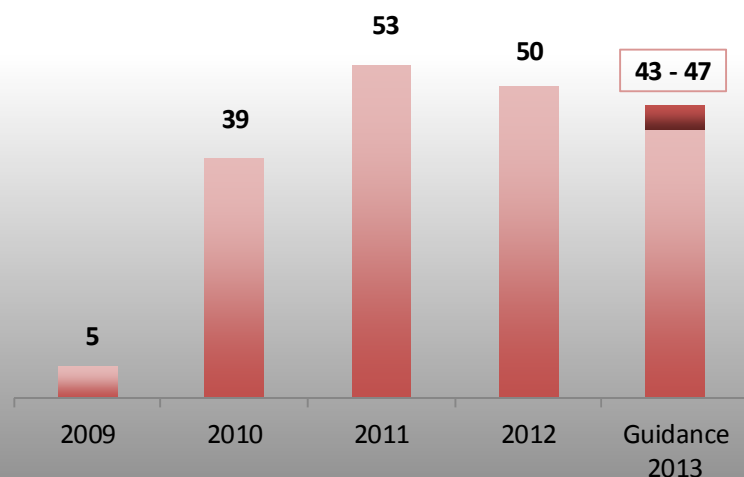
Full Year 2013 Guidance

Sales (MUSD)



Based on previous performance and current expectations for our end markets

Operating Income (MUSD)



Sales 285 – 295 MUSD

Op. Income 43 – 47 MUSD

Corporate Calendar FY 2013

- 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

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



THANK YOU !

Q&A

