

# INFICON

*1<sup>st</sup> Quarter 2011  
Earnings Conference Call  
April 20, 2011*

*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 Q1:2011
- Target market business review
- 2011 Expectations

### **Matthias Tröndle, Vice President and CFO**

- Financials Q1:2011
- Outlook

# Q1:2011 – Key Figures

## ▪ A very good start into 2011

- Sales increase 36.1% to USD 81.8 million compared with Q1:2010 (FX +5%)
- New record high sales driven by continued good business environment, investments in calibration capacity, stabilized supply chain and reduced backlog and lead-times.
- Q1:2011 sales increase in all markets and regions, except Emergency Response & Security
- Sequential sales increase over Q4:2010 of 7.2%

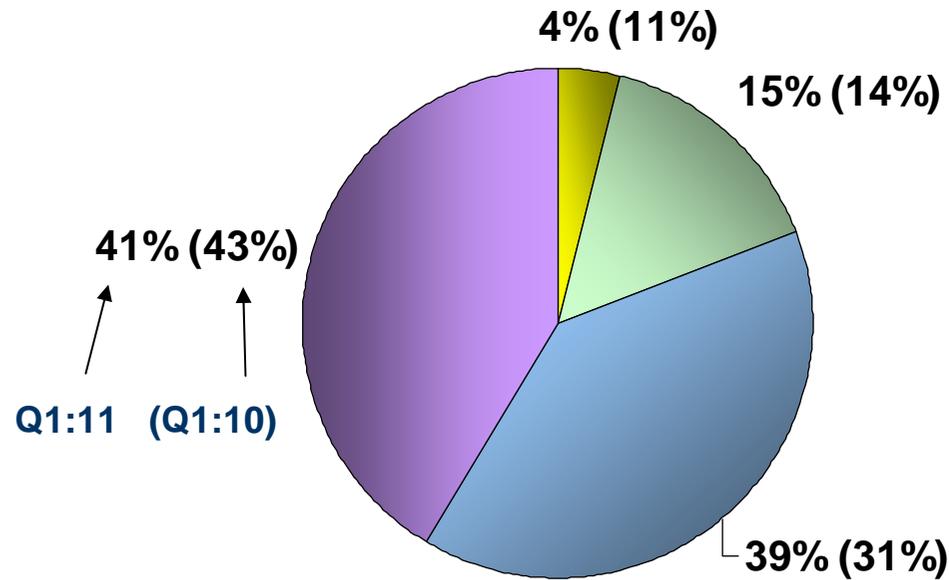
## ▪ Operating result influenced by

- Increased sales volume and healthy gross margin
- Moderately increased overhead cost compared with Q1:2010, but slight decrease vs. previous quarter
- Operating Income of USD 15.8 million in Q1:2011 (19.3% of sales) compared to USD 7.7 (12.8% of sales) in Q1:2010

→ USD 10.8 million or 13.1% Net Income

# Net Sales by End-Market

USD 81.8 million in Q1:2011 vs. USD 60.1 million a year ago (+36.1%)



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

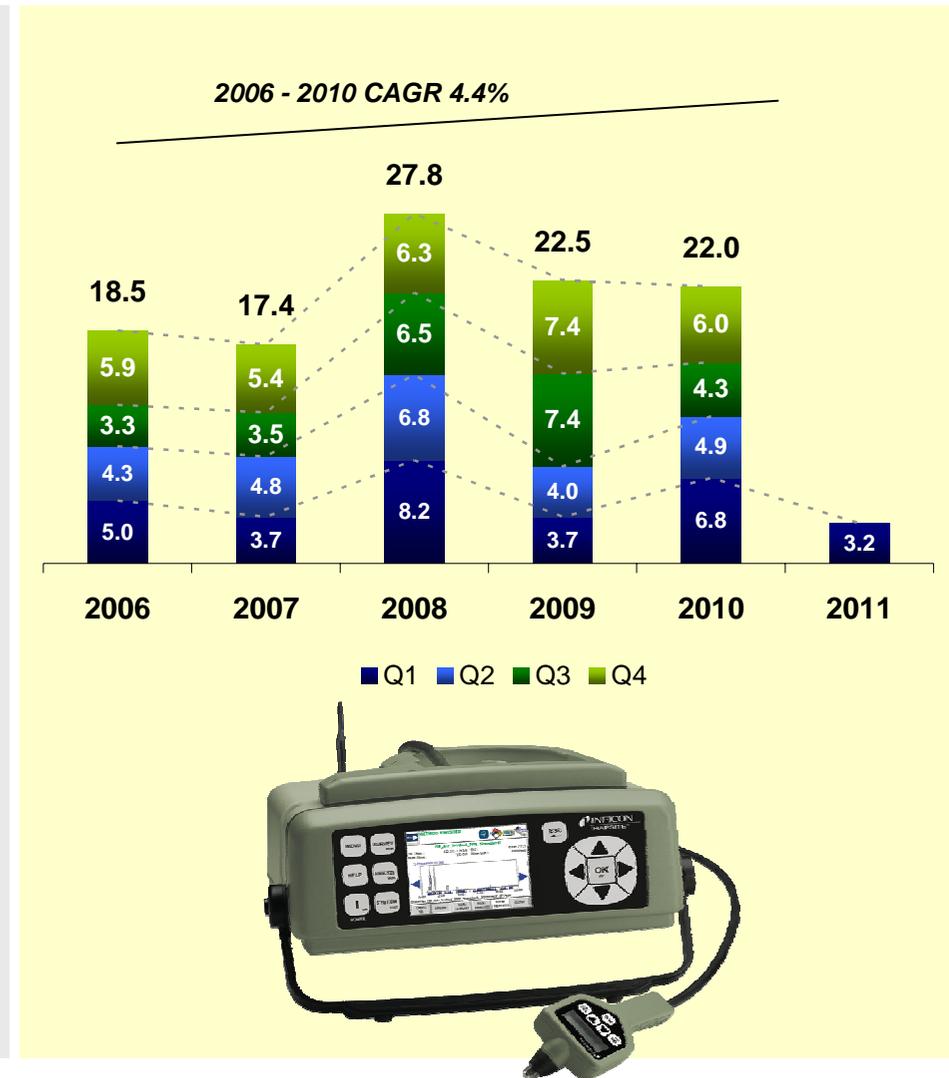
# Emergency Response & Security

## Q1:2011

- Q1:2011 sales -53% vs. Q1:2010
- Sequential decrease of -48% (project business)
- Stable base business, incl. consumables and service

## Market Trends

- Starting replacement cycle for first generation HAPSITES has been delayed by the US-Dept. of Defense due to unclear budget situation
- Increasing civil use for environmental application, especially for water and air monitoring
- New target markets and application opportunities in conjunction with the acquired Micro-GC technology



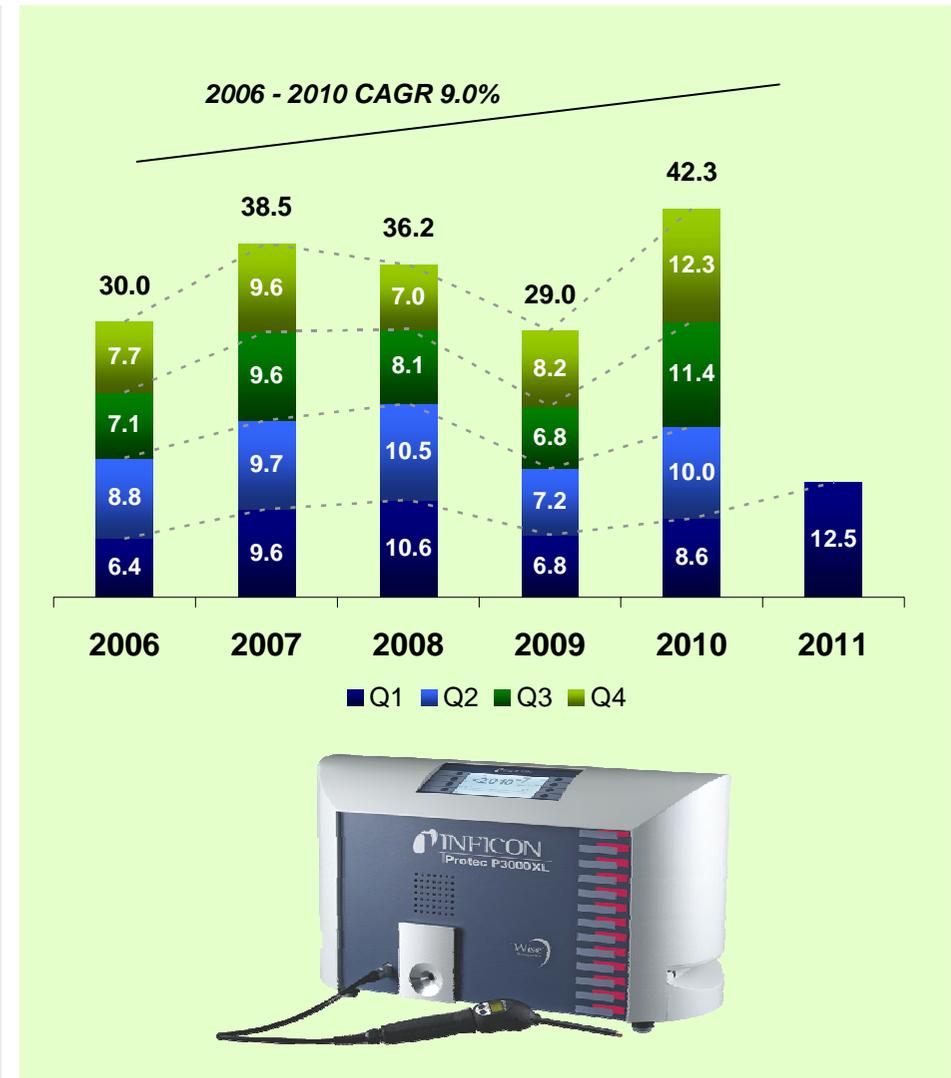
# Refrigeration & Air Conditioning

## Q1:2011

- Q1:2011 sales +45% vs. Q1:2010
- Sequential increase of 2%
- Continued market dominance

## Market Trends

- Global customers invest in local capacity increases, primarily in Asia
- Replacements/improvements projects in existing plants, driven by tighter specs and new eco-friendly refrigerants
- Target new applications with the award-winning Wise™ technology
- New distribution channels and increased installed basis drives after-sale service products worldwide



# Specific Vacuum Process Industries

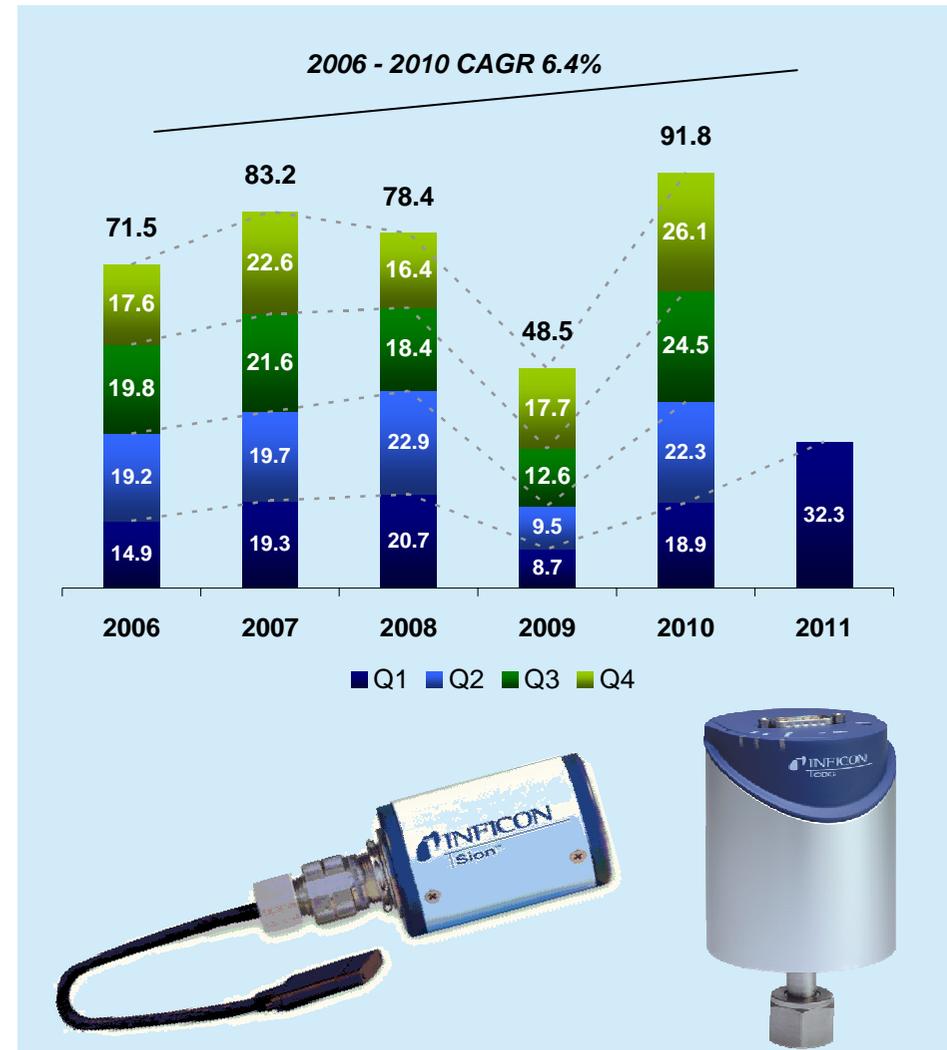
Solar, Display, Optics & Semiconductor

## Q1:2011

- Q1:2011 sales +71% vs. Q1:2010 mainly driven by global device- and equipment manufacturers to satisfy world-wide demand for consumer electronics
- Sequential increase of 23%
- LED technology boom continues
- Wafer based photo-voltaic solar business boom

## Market Trends

- Continuation of increased demand for memory and communication chips
- Continued flat panel display technology trends (LED, OLED and 3-D)
- LED lighting as growing business opportunity
- Solar market boost after Fukushima disaster



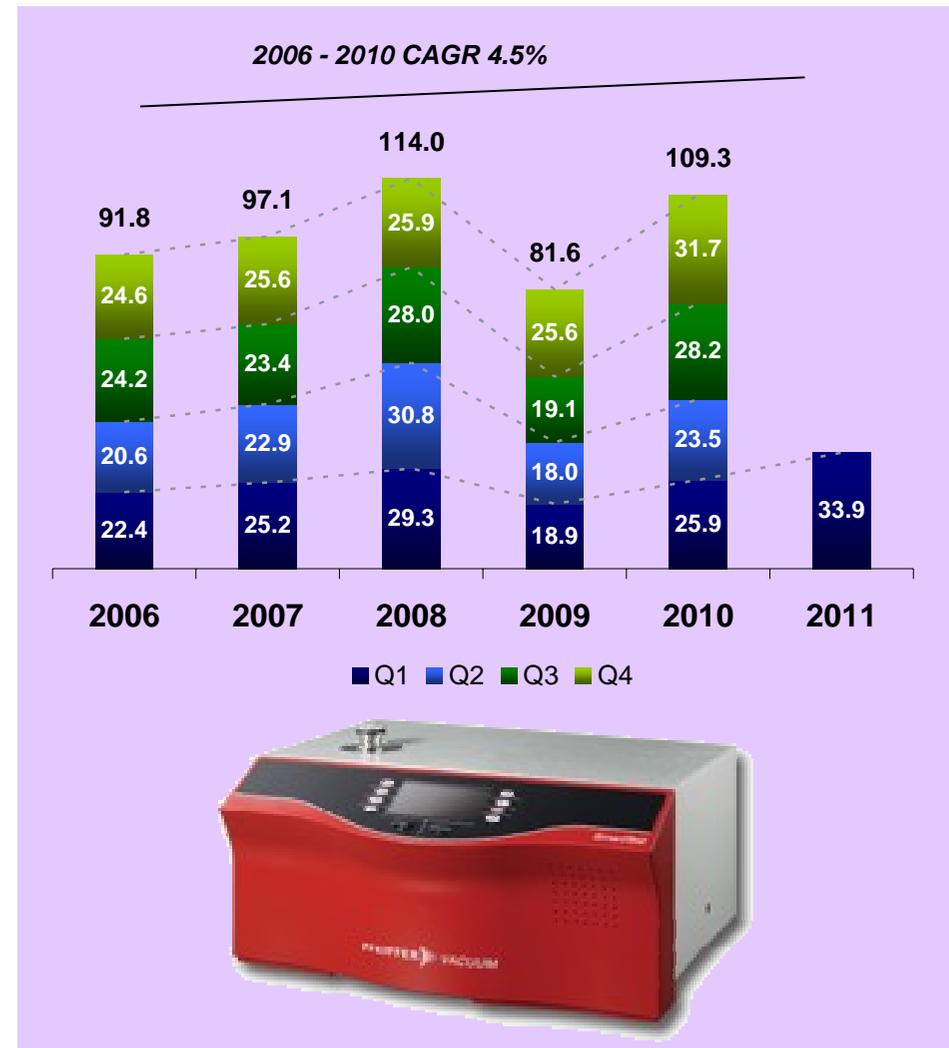
# General Vacuum Processes

## Q1:2011

- Q1:2011 sales +30% vs. Q1:2010 mainly driven by the global recovery (Asia and USA)
- Sequential increase of 7% due to continued investments in industrial vacuum applications and added Micro-GC sales to R&D customers

## Market Trends

- Diverse customer base and end markets
- Increased use of the vacuum technologies for a variety of different existing and new applications



# Outlook 2011

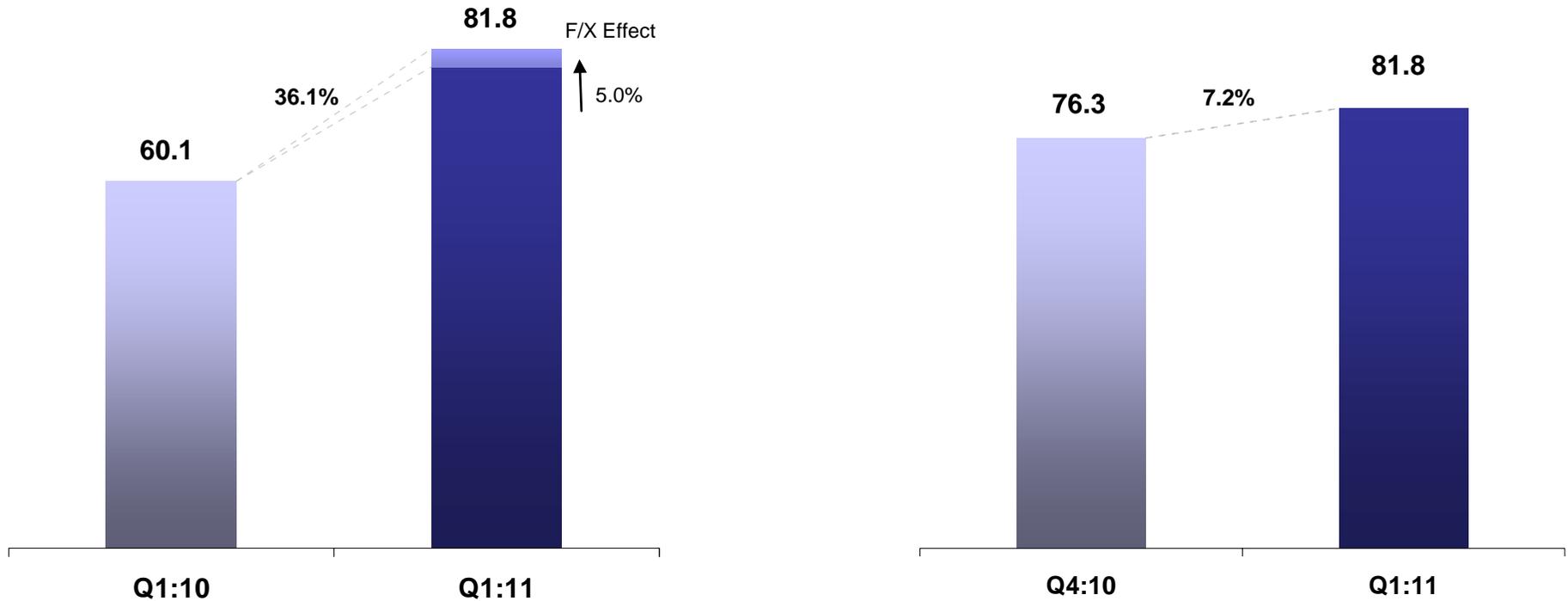
## Confident about the market development for the coming months despite uncertain impact of the Japanese triple disaster

- Demand in the Semiconductor, Display, Optics, LED and PV-Solar market remains strong:
  - Investments for memory and communication chip manufacturing drives OEM and End-user
  - OLED display for the next generation of smart-phones and tablet PC's
  - LED lighting will become mainstream light source
  - High oil price and nuclear disaster in Japan will push new investments in PV-solar business
- Continuation of the recovery of the General Vacuum Processes market
- Stable high level investments in capacity and technology in the RAC/automotive market
- Increased environmental concerns could trigger investments for air and water monitoring around the world, but the government funding will remain highly uncertain
- Additional sales from acquired Micro-GC and CHLD product lines
- Guidance for FY 2011, UPDATED
  - Sales between USD 270 to 310 million
  - Operating Income in the range of USD 42 to 54 million

# Matthias Tröndle

*Vice President & Chief Financial Officer*

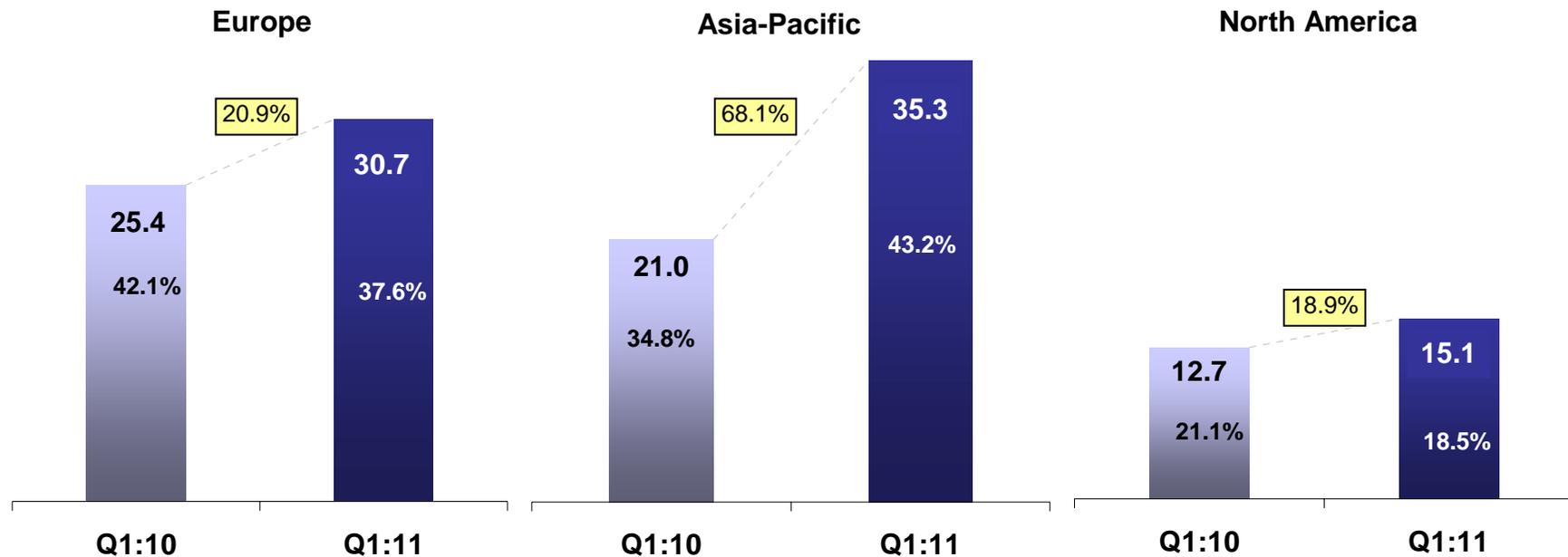
# Revenue (in USD million)



**Strong revenue increase across all markets compared to Q1:10, except for Emergency Response & Security market. Increased sequential sales.**

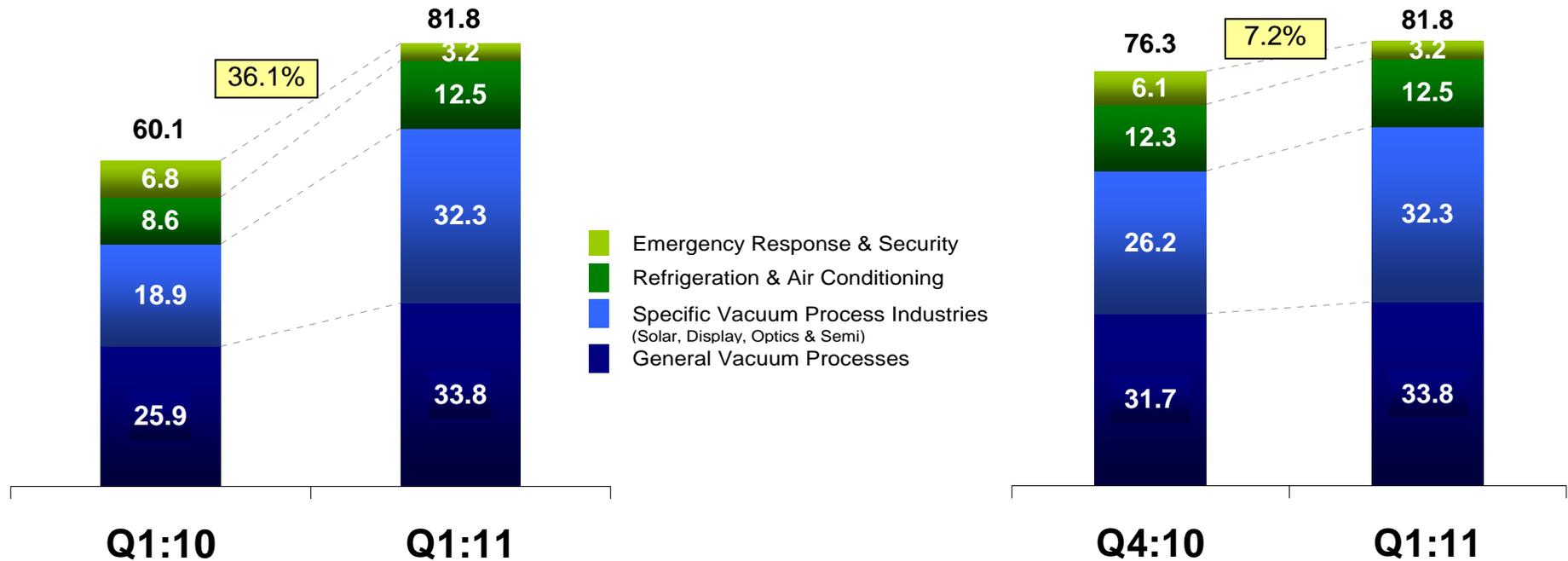
# Geographic Revenue Breakdown – Quarter

(in USD million)



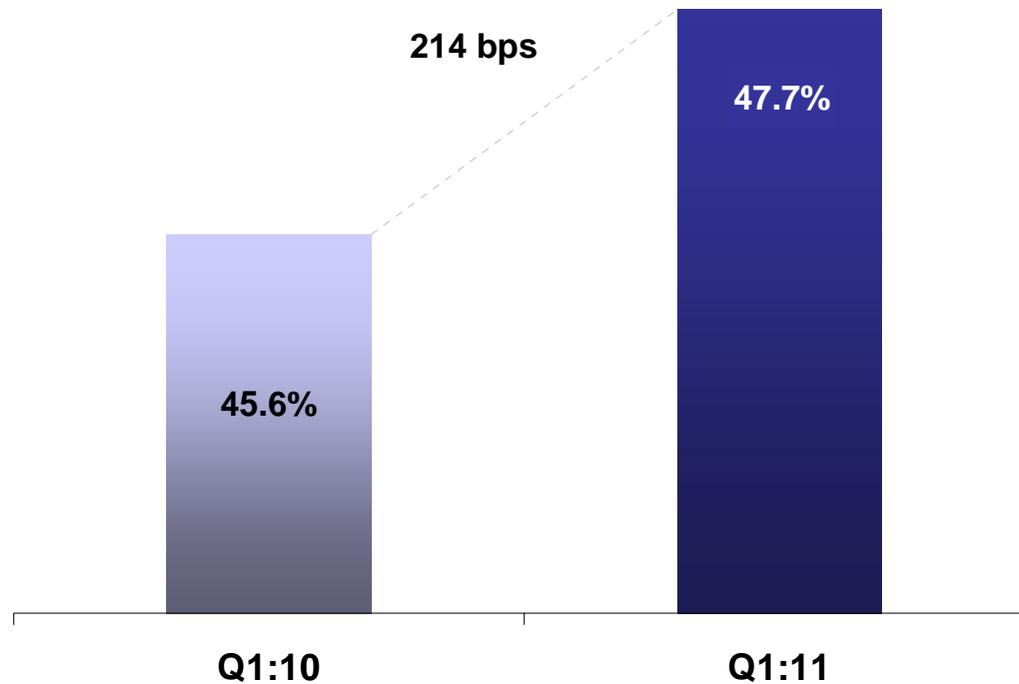
**Increase across all regions, particularly Asia-Pacific.**

# Revenue (in USD million)



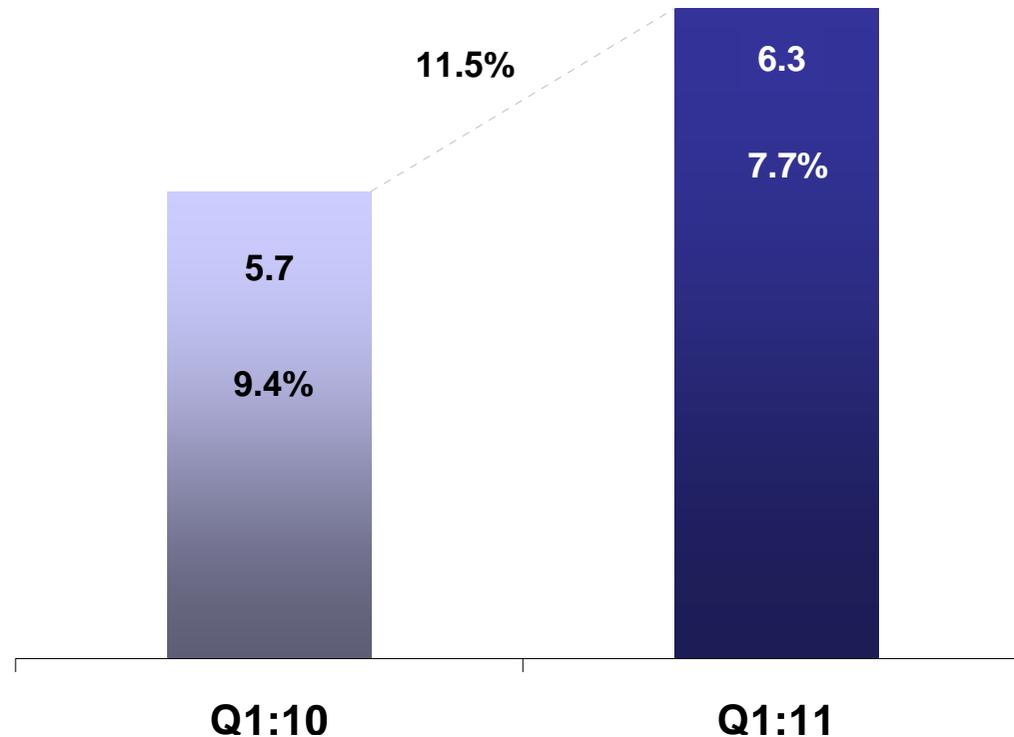
Revenue increase across all markets compared to both Q1:10 and Q4:10, except Emergency Response & Security.

# Gross Profit Margin (in %)



**Increase driven by substantially higher volume, product mix and better cost absorption.**

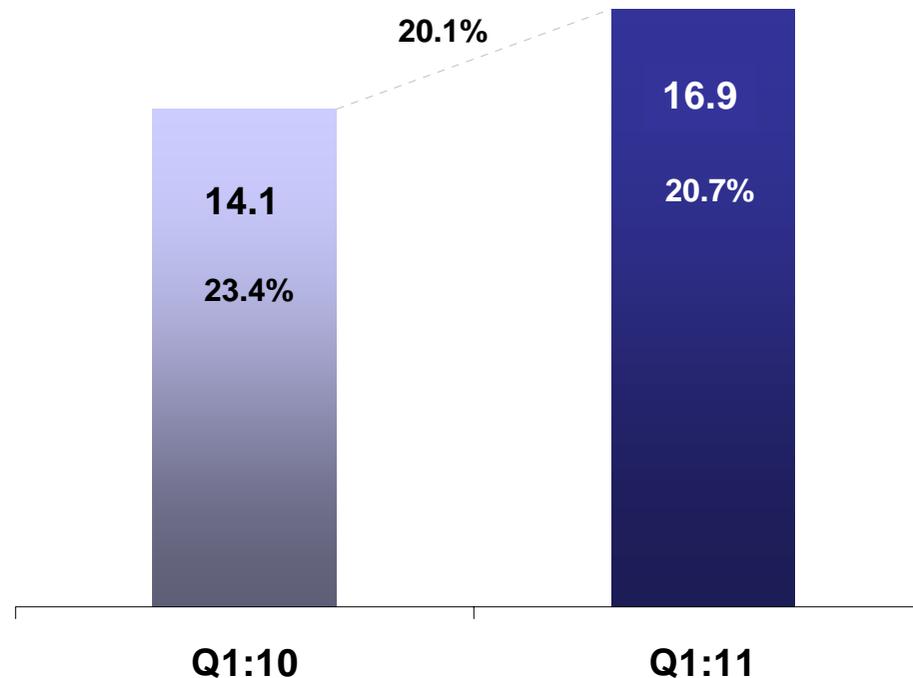
# Research & Development (in USD million)



**R&D decreased 170 bps as a percentage of revenue.**

**Absolute increase driven by technology investments and headcount additions.**

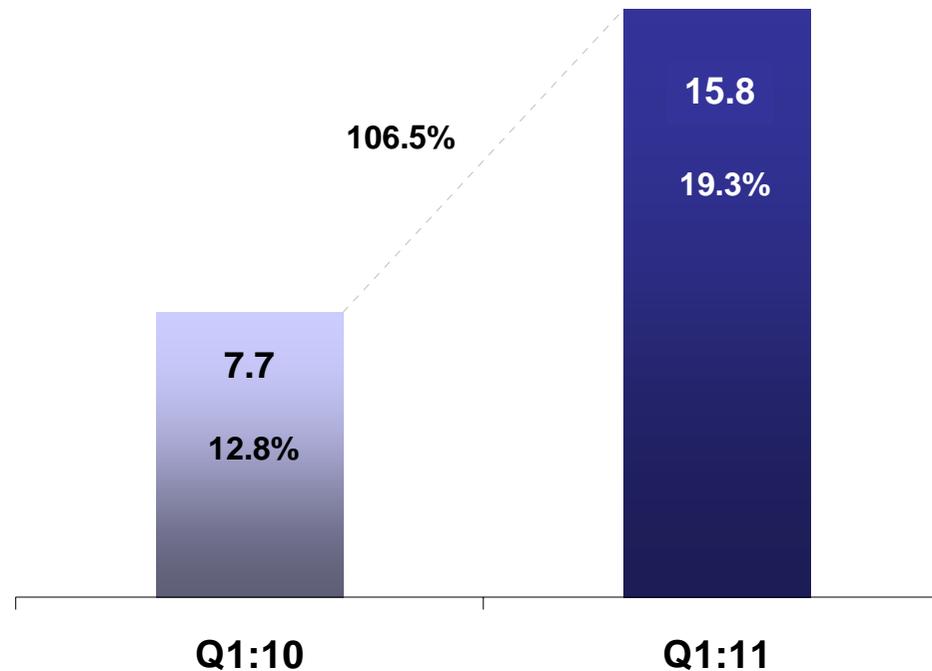
# Selling, General & Administrative (in USD million)



**SG&A decreased 270 bps as a percentage of sales.**

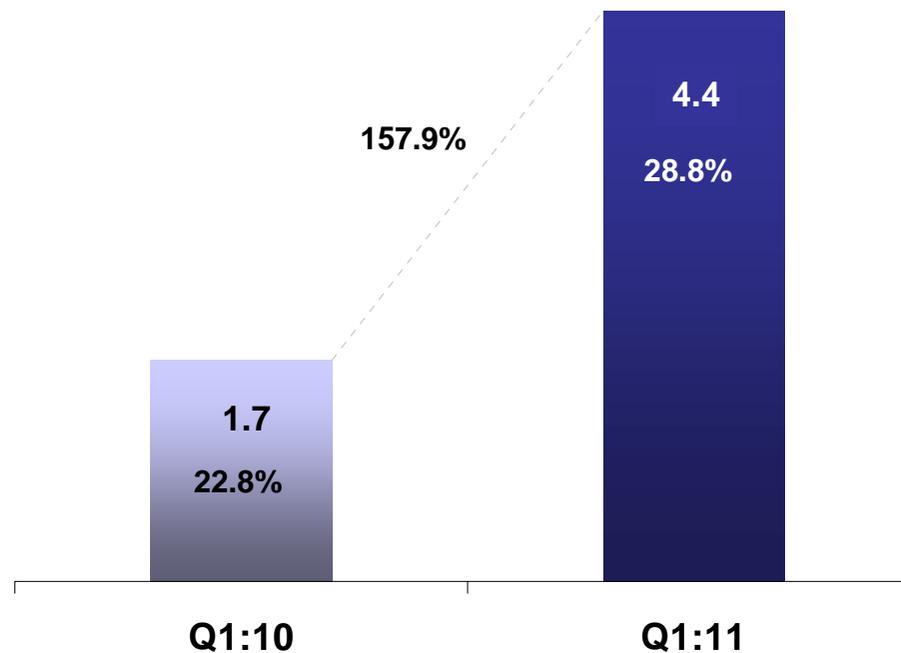
**Absolute increase driven by FX, new hires and higher commissions on sales.**

# Income from Operations (in USD million)



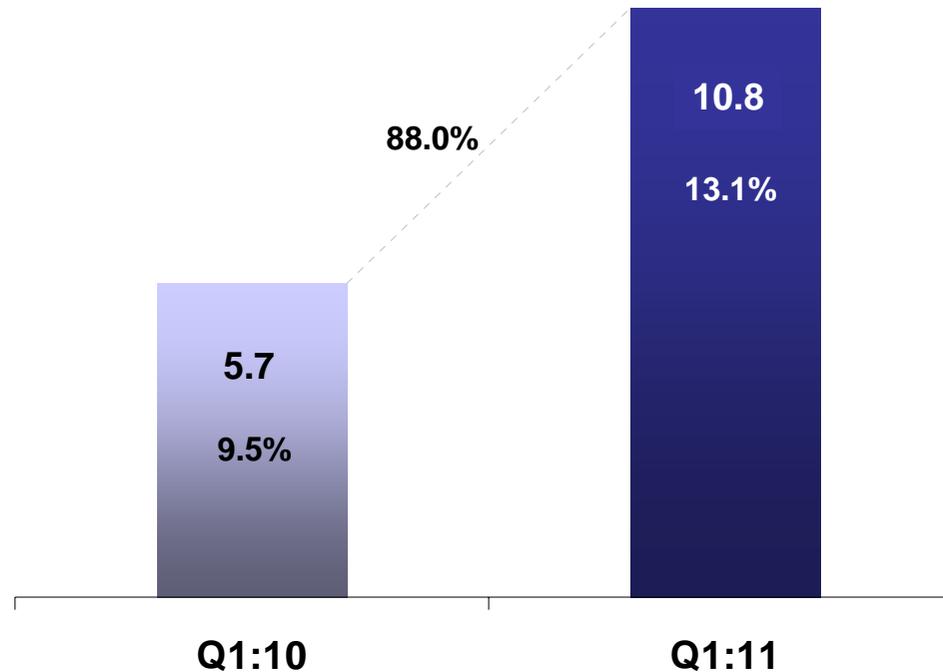
**Due to increased sales volume, healthy gross margins and cost control.**

# Income Tax Provision (in USD million)



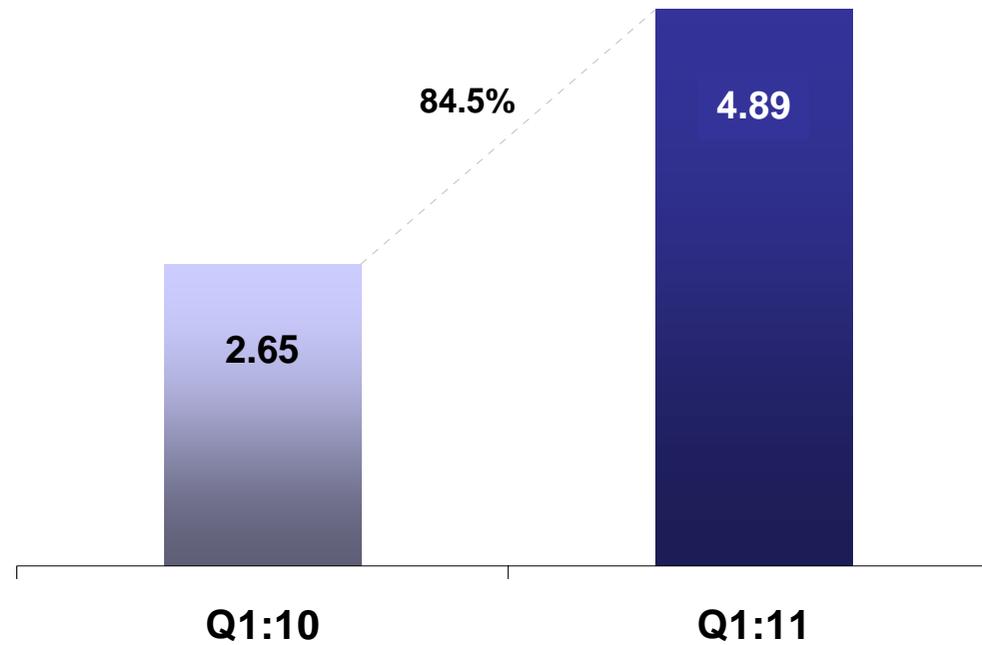
**Increase due to increased profit situation in Q1:11 and different tax rates in various jurisdictions.**

# Net Income (loss) (in USD million)



**Q1:11 increase driven by higher Operating Income.**

# EPS (USD/Share; diluted)



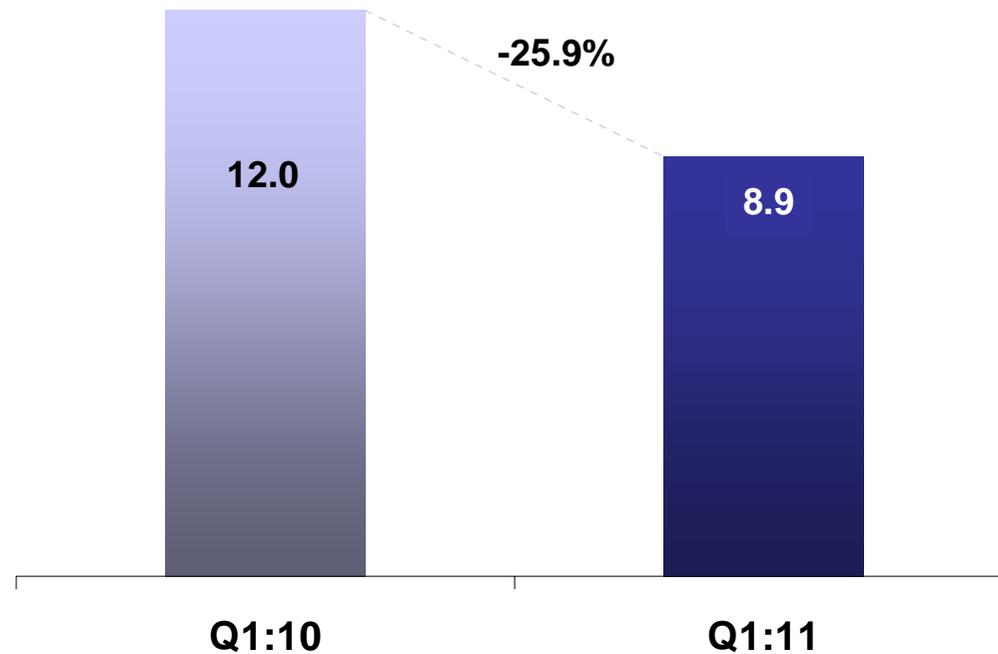
**In line with changes in Net Income.**

## Balance Sheet Highlights (in USD million)

	<u>Q1:11</u>	<u>Q4:10</u>
<b>Cash &amp; Short-term Inv.</b>	<b>79.5</b>	<b>70.3</b>
<b>Long-term Debt</b>	<b>-</b>	<b>-</b>
<b>Shareholders' Equity</b>	<b>174.9</b>	<b>160.2</b>
	<u>Q1:11</u>	<u>Q4:10</u>
<b>Days Sales Outstanding</b>	<b>46.9</b>	<b>45.8</b>
<b>Inventory Turns</b>	<b>5.3</b>	<b>5.4</b>

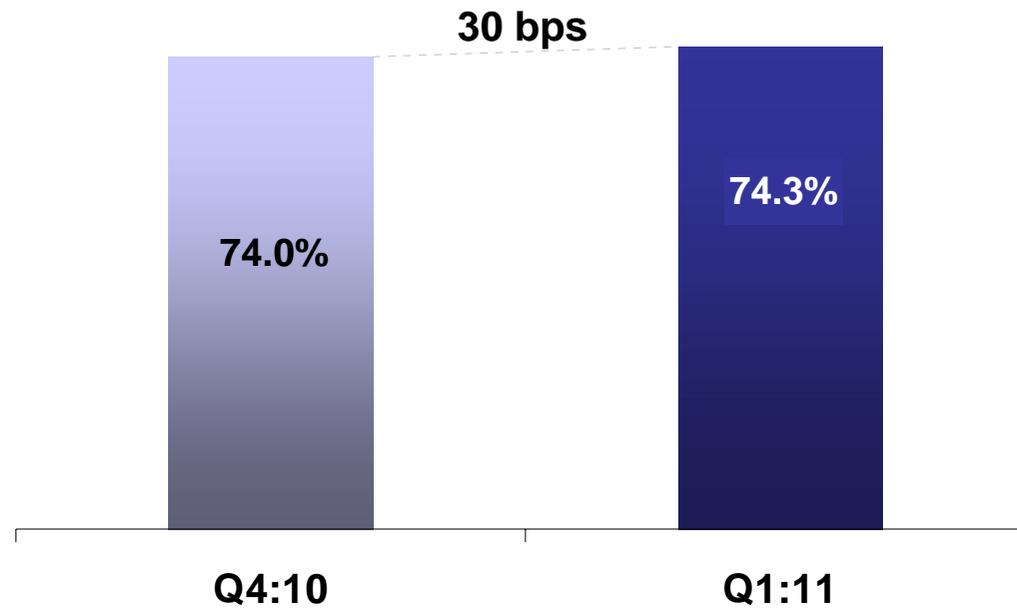
**Solid balance sheet with no long-term debt.**

# Operating Cash Flow (in USD million)



**Solid cash flow despite increased incentive payouts in Q1:11.**

# Equity Ratio (in %)

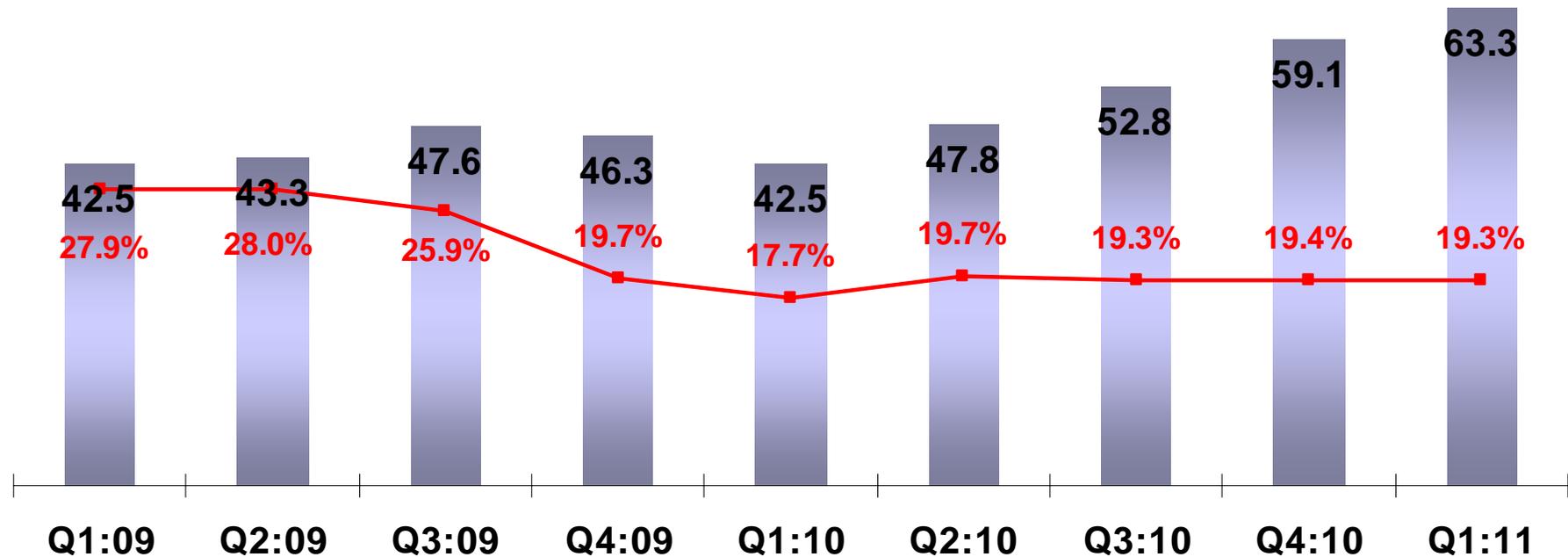


**Solid balance sheet structure.**

# Working Capital and Working Capital Ratio

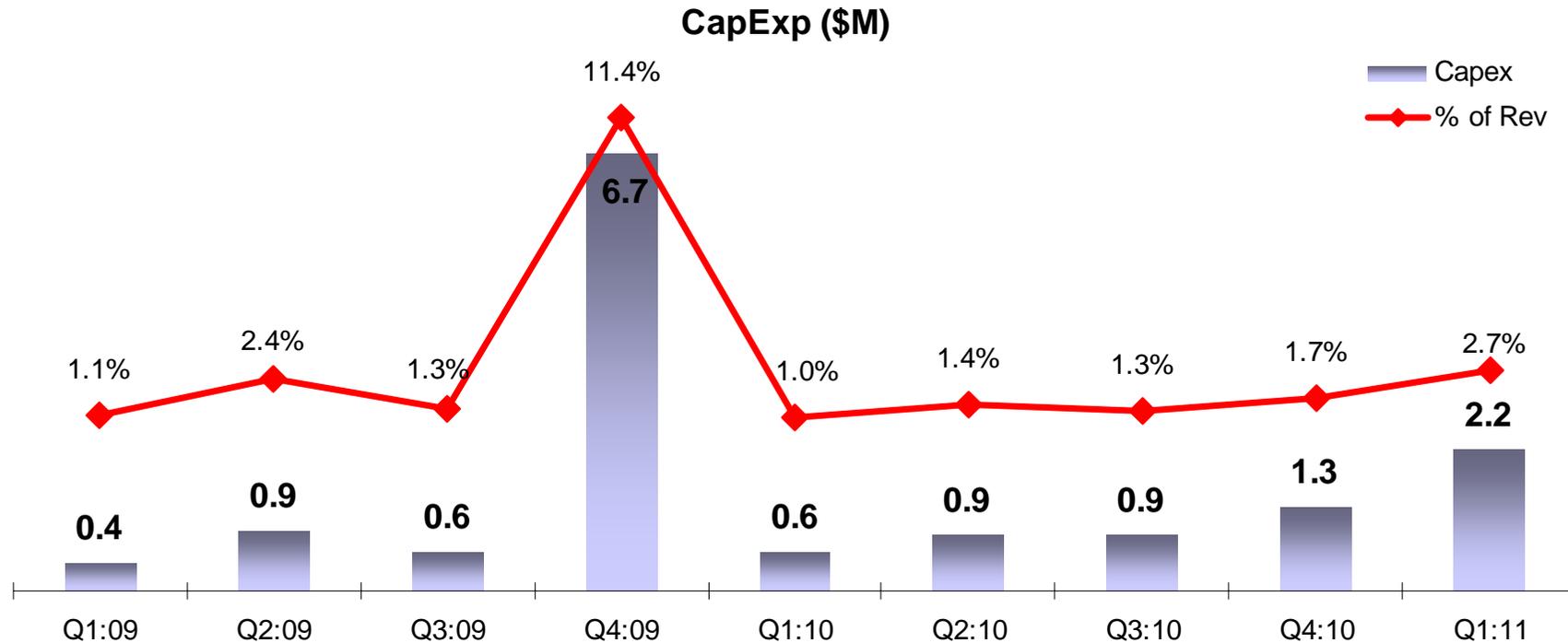
*(Inv + AR - AP)*

*(WC as % of Revenue)*



**Effective Net Working Capital Management.**

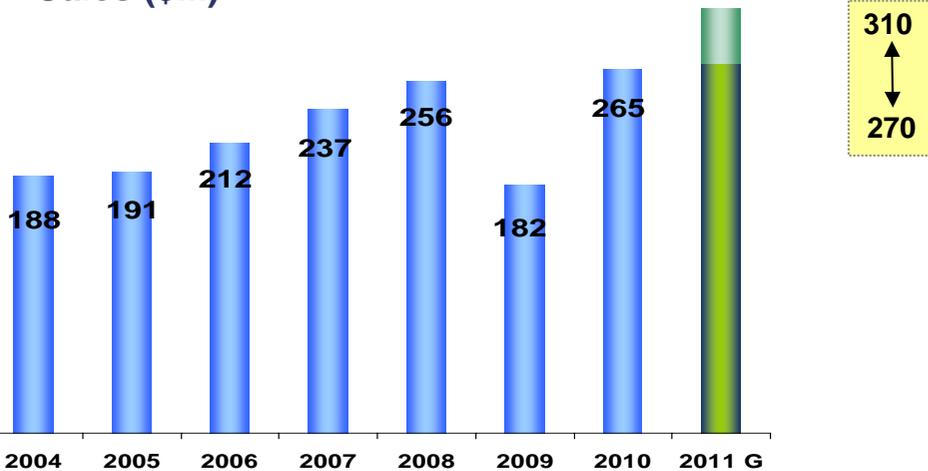
# Capital Expenditures (in USD million, as % of Revenue)



Capex slightly increased due to capacity investments.

# Full Year 2011 Guidance - Update

Sales (\$M)



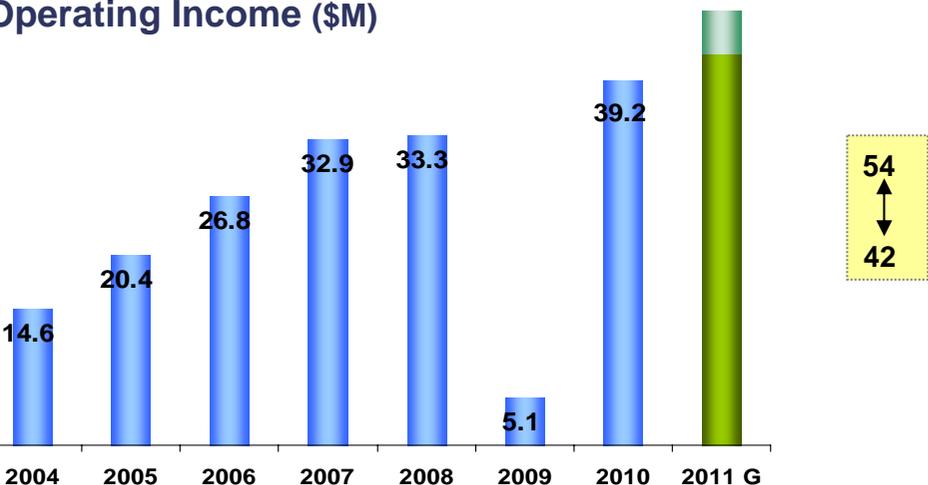
**Full Year 2011 Guidance:**

**Update: Based on previous performance and current expectations for our end markets.**

**Sales: 270 – 310 USD M**

**Op. Income: 42 – 54 USD M**

Operating Income (\$M)



**Thank You !**

**Q&A**

