



Q1 2018

EARNINGS CONFERENCE CALL

April 20, 2018

Bad Ragaz, Switzerland

Speakers

Lukas Winkler, President and CEO

- Key figures Q1 2018
- Target market business review
- Expectations 2018

Matthias Tröndle, Vice President and CFO

- Financials Q1 2018
- Guidance

Lukas Winkler

INFICON

President and Chief Executive Officer



Q1 2018 – Key Figures

- **Sales increase in all markets and regions**

- Consolidated sales increase of 25.1% to USD 110.7 million compared with Q1 2017, organic increase of 19.3%
- Sequential sales increase over Q4 2017 of 8.4%
- Book to bill ratio ~1

- **Operating result influenced by**

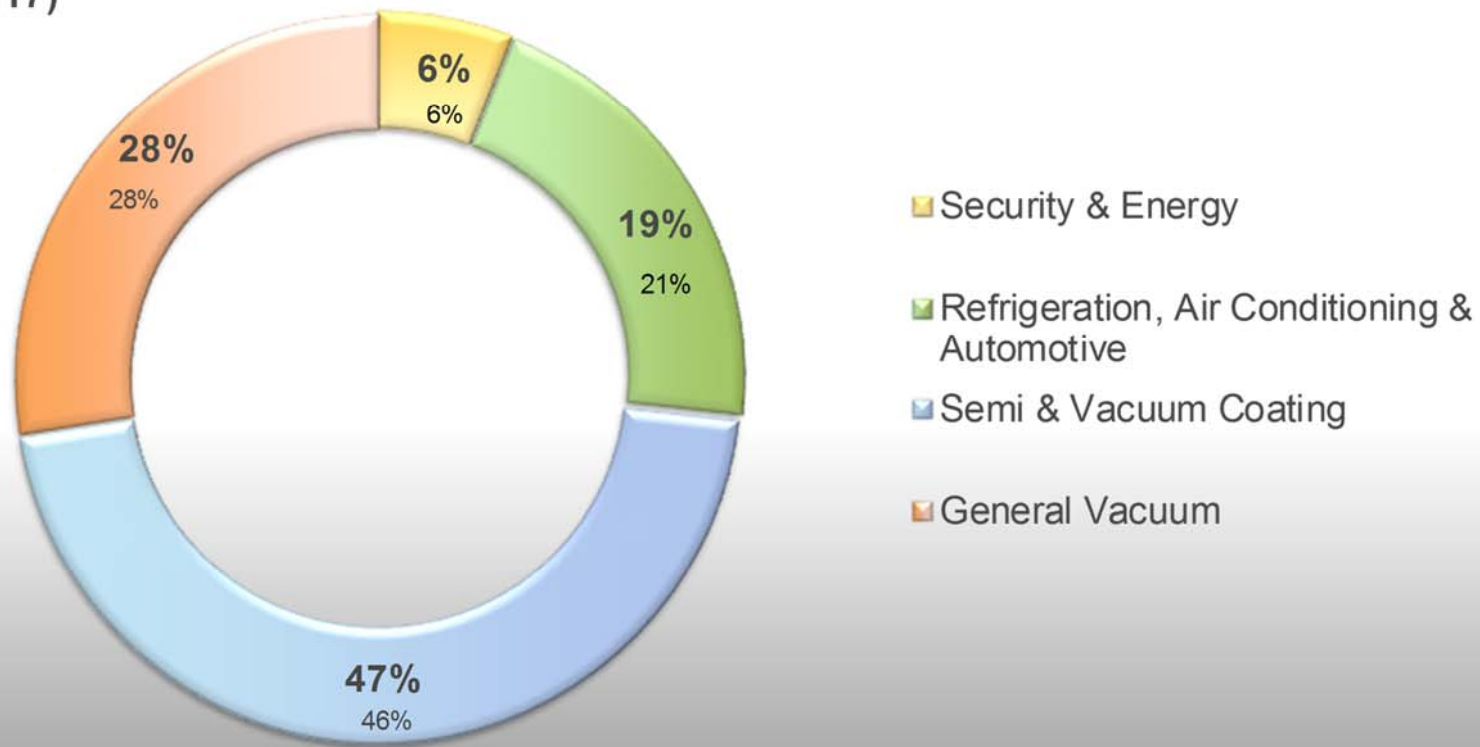
- Increased sales volume
- Slightly increased gross margin and higher overhead cost
- Operating income of USD 24.6 million in Q1 2018 (22.2% of sales) compared with USD 17.8 million (20.1% of sales) in Q1 2017

→ **Net income of USD 18.7 million or 16.7% of sales**

Net Sales by End Market

USD 110.7 million in Q1 2018 vs. USD 88.5 million a year ago (+25.1%)

Q1 2018
(Q1 2017)



Semi & Vacuum Coating

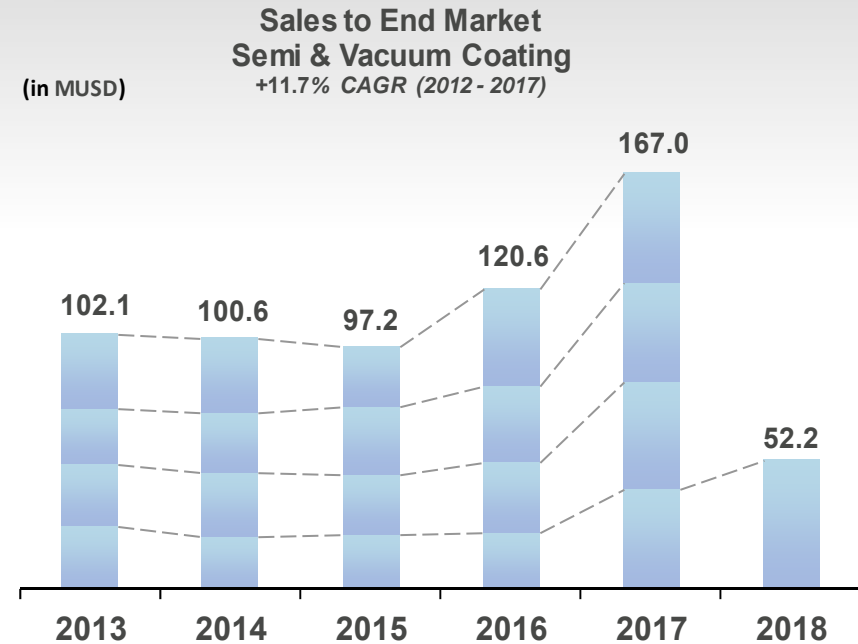
Solar, Display, Optics & Semiconductor

Q1 2018

- Sales Q1 2018 increase of 29% vs Q1 2017
- Sequential increase of 20%
- Strong start into 2018, mainly driven by large investments in OLED flat panel display technology in Asia and a continued strong semiconductor demand
- #1 position in process control, leak-detection and thin film monitoring, #2 for pressure measurement

Market Trends

- Increased demand for new smart sensors, IoT, AI, Big Data and computing power
- Investments in new semi fabs in China
- OLED replacing LCD technology for flat panel displays
- New investments in Solar capacity (China)
- 2018 expectations: Growth



Security & Energy

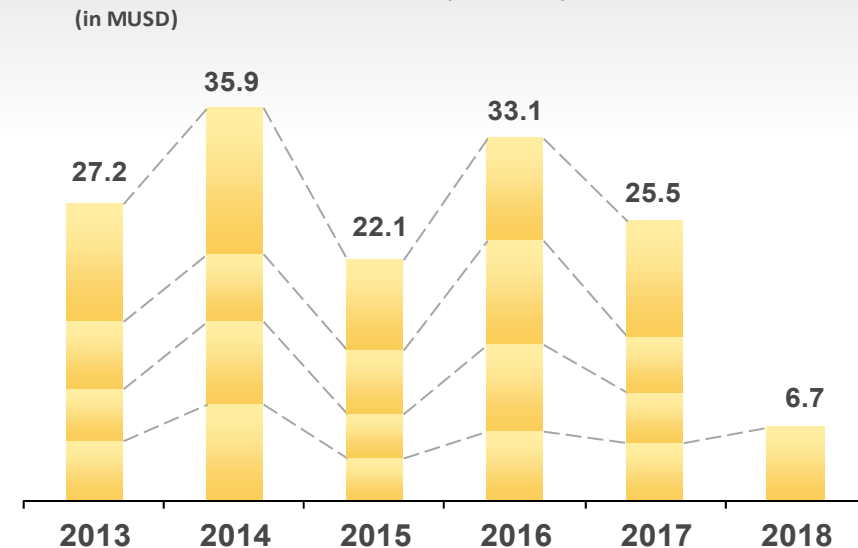
Q1 2018

- Sales increase 26% to USD 6.7 million in Q1 2018 vs Q1 2017 and sales decrease 36% vs Q4 2017
- Majority of sales went to the Security market, mostly Government customers
- Small contribution from new products for energy applications

Market Trends

- Security needs around the world generate new business opportunities
- Challenging market predictions due to geopolitical uncertainties
- New target markets and application opportunities in energy market with
 - Fusion™ micro-GC technologies
 - IRwin™ methane leak detector
- 2018 expectations: Challenging

Sales to End Market
Security & Energy
-2.3% CAGR (2012-2017)



Refrigeration, Air Conditioning & Automotive

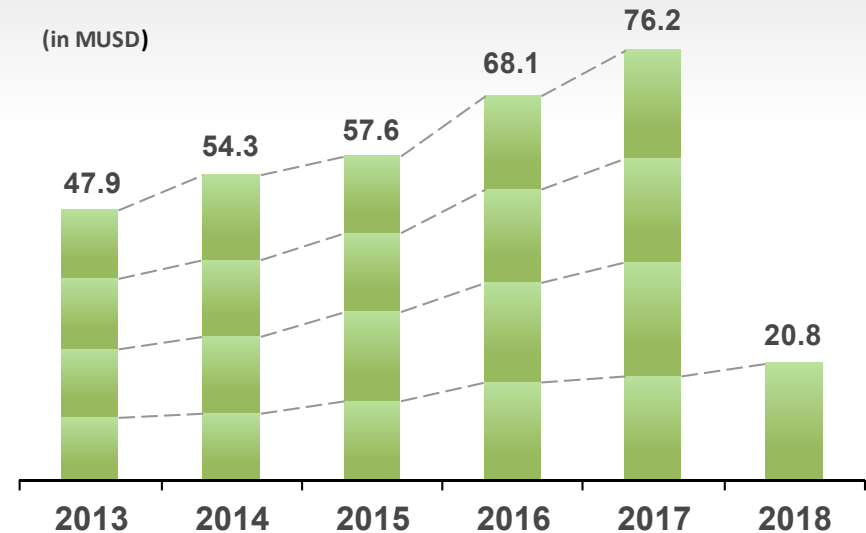
Q1 2018

- Q1 2018 sales increase of 13% to USD 20.8 million vs Q1 2017
- Growth in Asia and Europe
- Sequential increase of 10%
- Continued market share gains

Market Trends

- Tougher regulations drive increased use of leak-checking instruments in the automotive market
- New E-Mobility opportunities :
 - New and existing battery technologies
 - Fuel cell technology (Hydrogen)
- Increasing installed base and new sales distribution channels drive after-sale service products worldwide
- 2018 expectations: Growth

Sales to End Market
Refrigeration, Air Conditioning & Automotive
+9.8% CAGR (2012 - 2017)



General Vacuum

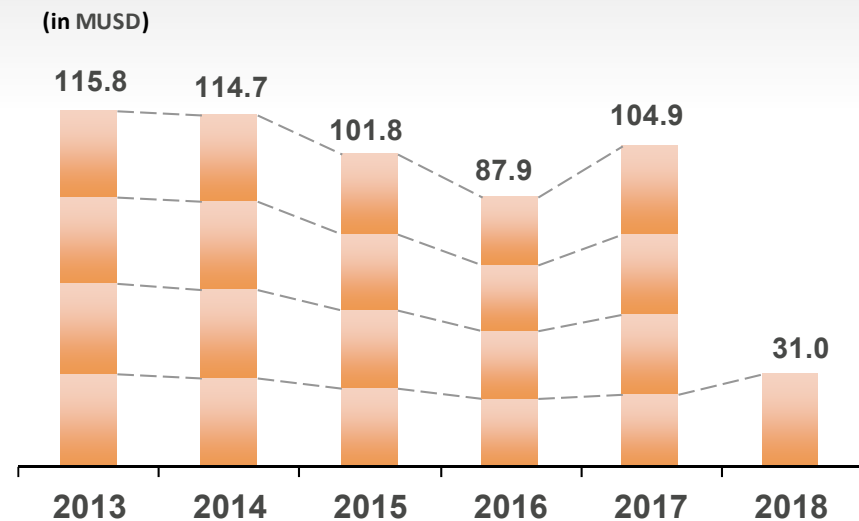
Q1 2018

- Q1 2018 sales grow 27% to USD 31 million vs Q1 2017, mainly due to higher sales to European and Asian customers
- Sequential increase of 6% due to improved world economy

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-, and food-packaging market)
- Improved global economy
- Growing food-packaging applications
- 2018 expectations: Slow growth

Sales to End Market
General Vacuum
-3.4% CAGR (2012 - 2017)



Outlook 2018

Positive – with some uncertainty from the Security & Energy market

- Semiconductor market remains robust (Industry 4.0, IoT, Big Data, etc.)
 - Investments in new fabs (incl. China) and new technologies (3D, 7nm, ALD/E, MEMS)
 - High demand for new equipment (OEM business) incl. EUV lithography
- OLED flat panel display technology investment boom continues (Korea & China)
 - INFICON products and consumables at all levels (sub-suppliers, OEMs, and end-user)
- Defend high market share in the stabilized RAC market and increase after sales services
- E-Mobility (current and future battery technologies)
- Continued improving global economy
- Uncertain global political situation with unclear impact on the Security market
- Accelerated sales growth from new applications: Public utility, food packaging & fracking

Guidance for FY 2018:

→ Sales around USD 400 million

→ Operating income margin greater than 19%

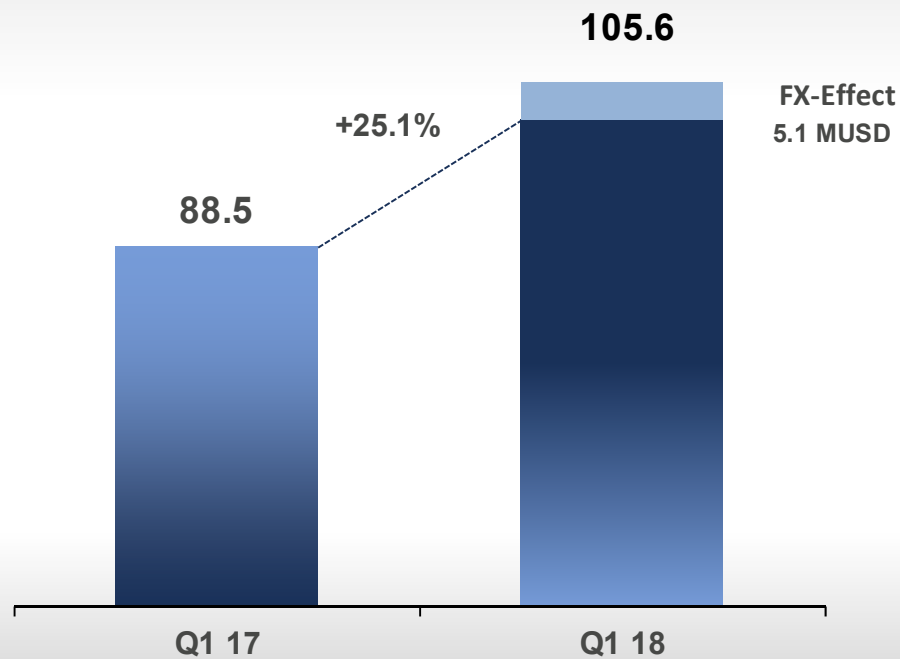
Matthias Tröndle

INFICON

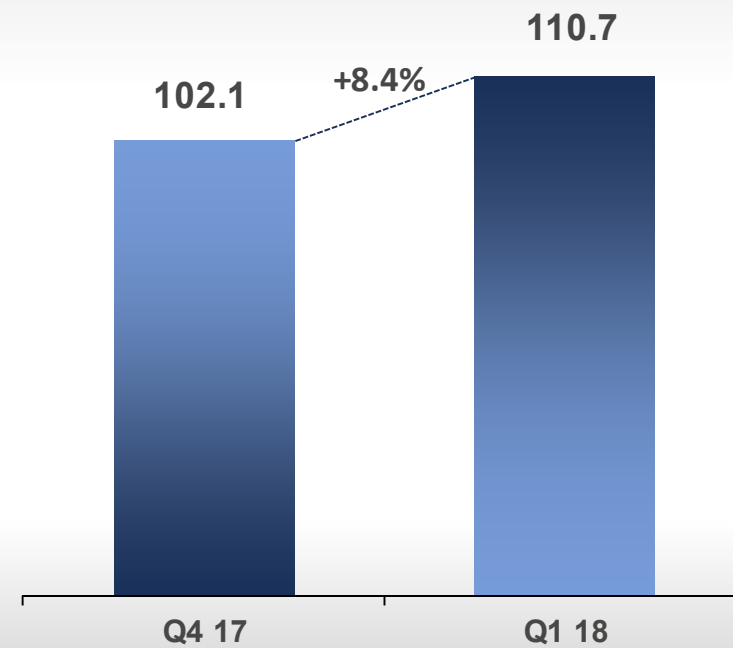
Vice President and
Chief Financial Officer



Sales (in USD million)



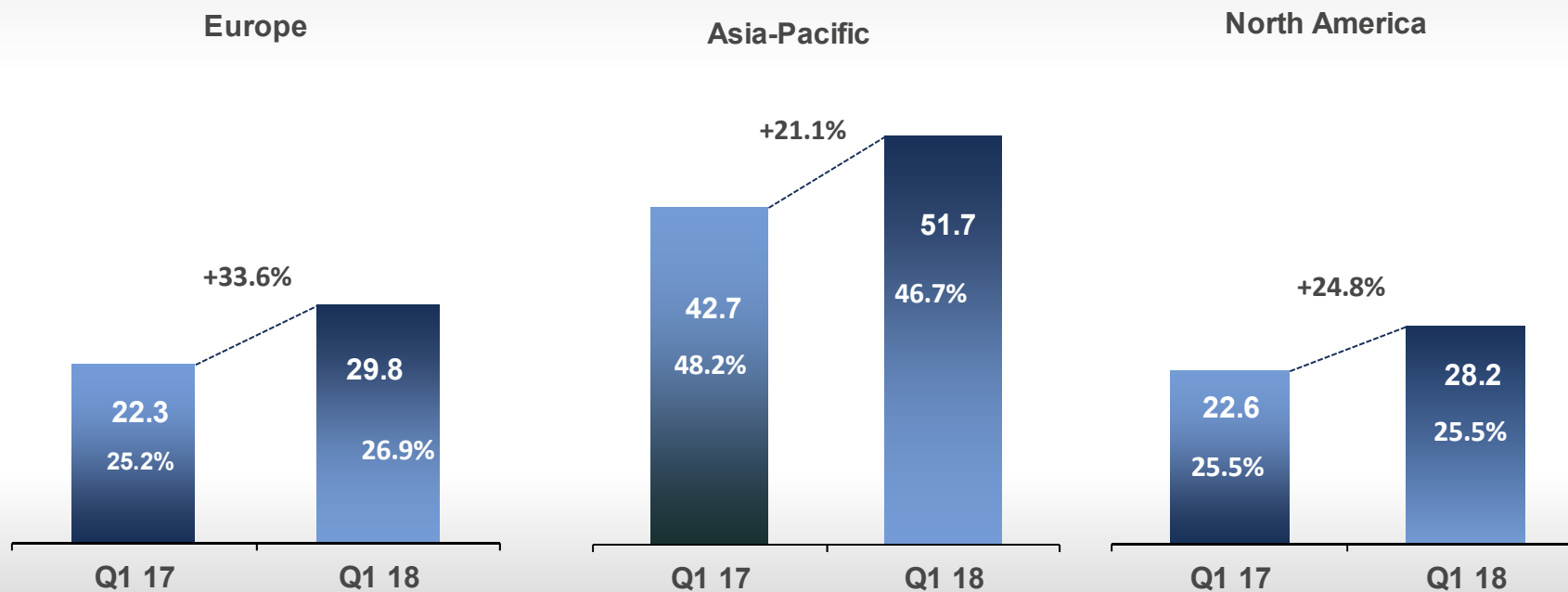
All end-markets increased
3 markets with new records



All end-markets except S&E increased

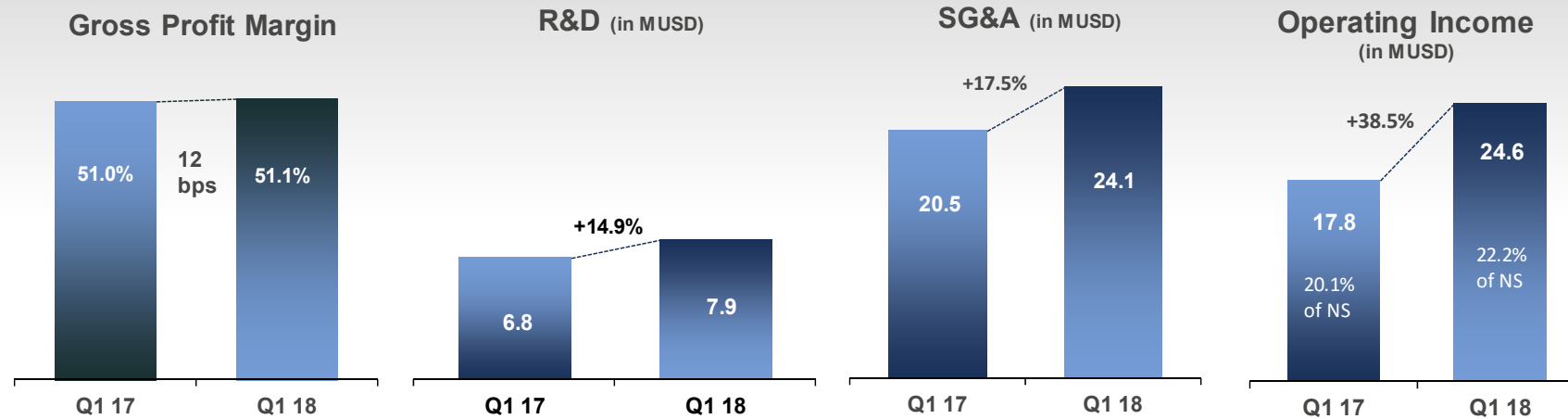
Geographic Sales Breakdown – Quarter

(in USD million)



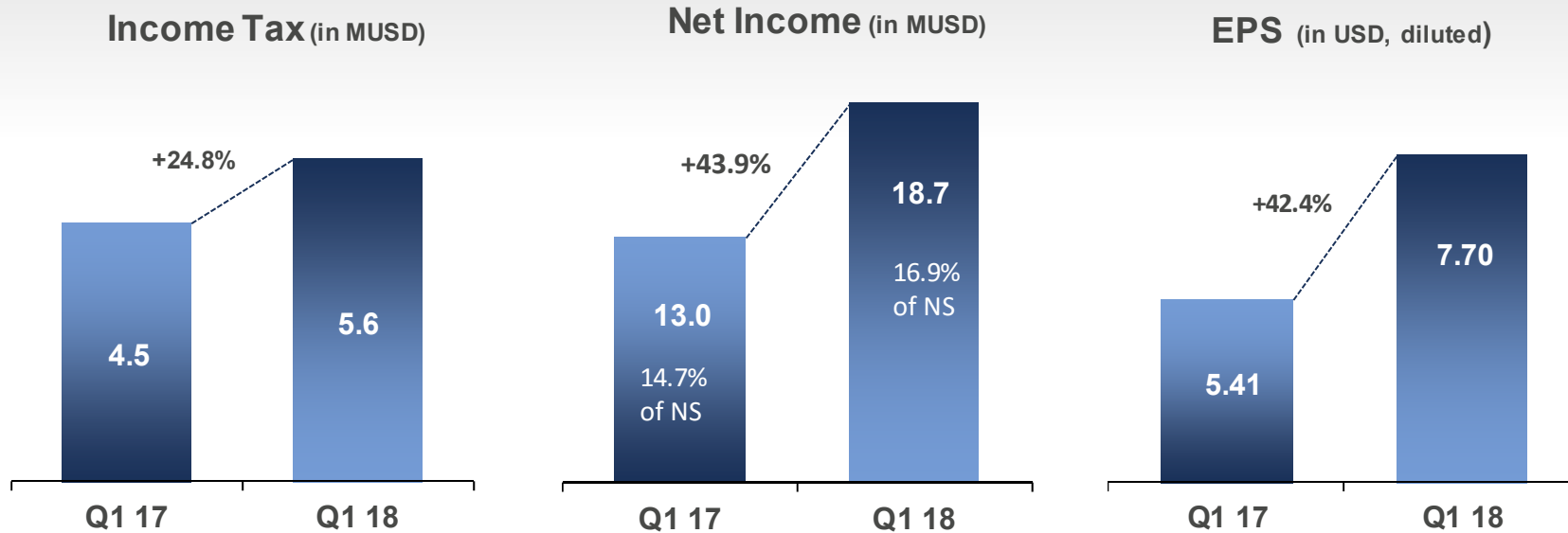
Growth in in all regions

Gross Profit, Costs, and Operating Income



- **Gross profit margin:** 25% absolute increase, steady margin
- **R&D cost:** Increase; continued development efforts and F/X impacts
- **SG&A:** Rise due to investments in marketing and selling capabilities, higher variable compensation and commissions; F/X impacts
- **Operating income:** Growth due to higher sales volume, solid gross margin while costs slightly increased

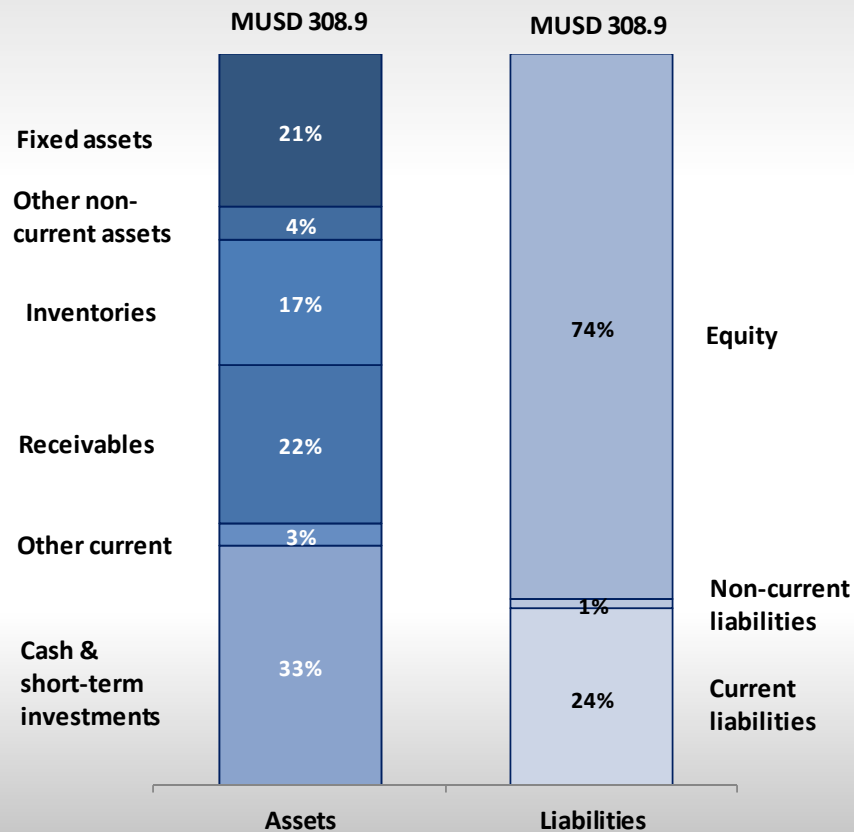
Net Income and EPS development



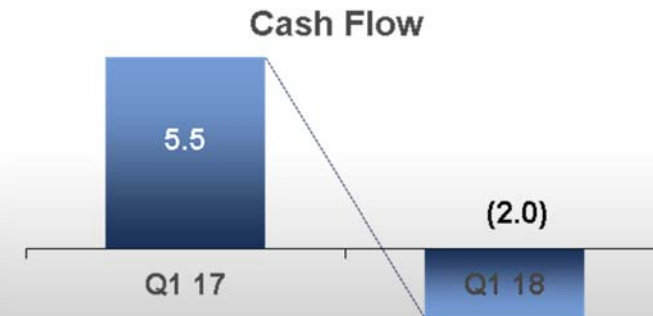
- **Income tax:** higher by +24.8%; lower global tax rate of 22.9% driven by the mix in earnings and tax rates
- **Net income:** Increase due to higher operating income and slightly lower global tax rate
- **EPS:** Increase in line with net income

Balance Sheet Highlights (in USD million)

Balance Sheet Structure 2018



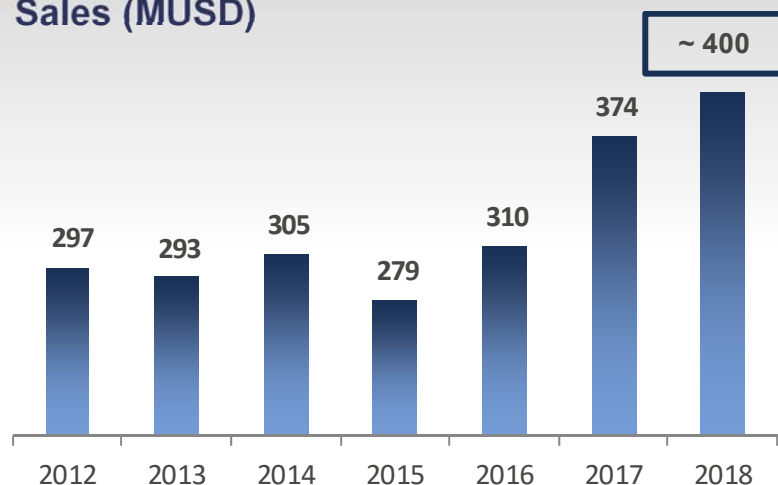
| | Q1 18 | Q4 17 |
|-----------------|-------|-------|
| Net Cash | 81.4 | 85.0 |
| DSO | 51.3 | 50.3 |
| Inventory Turns | 4.2 | 4.2 |
| Working Capital | 24.6% | 22.4% |



Solid balance sheet, stable inventory ratio, working capital driven by very high AR balance, impact on Q1 cash flow

Full Year 2018 Guidance

Sales (MUSD)

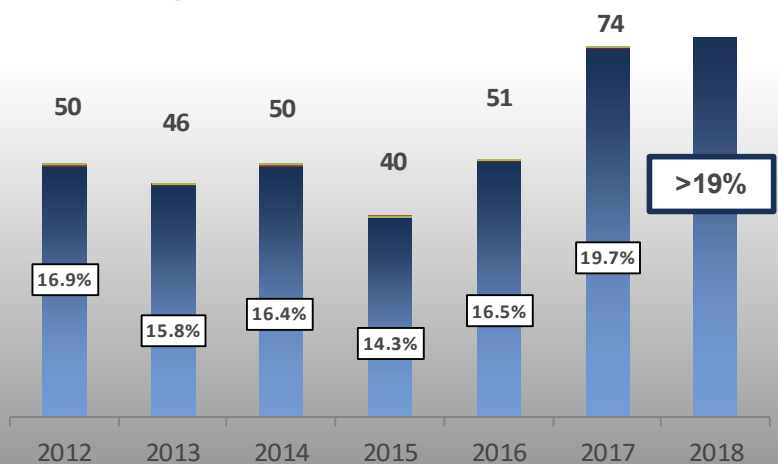


Based on our current expectations for our end markets

Sales ~ 400 MUSD

Op. Income > 19%

Operating Income (MUSD)



Corporate Calendar FY 2018

- Q2 2018 Earnings Conference Call Thursday, July 26, 2018
- Q3 2018 Earnings Conference Call Thursday, October 18, 2018
- Q4 and FY 2018 Earnings Conference Call March 2019

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



THANK YOU !

Q&A

