



**Q4 2014
EARNINGS CONFERENCE**

March 12, 2015

Bad Ragaz, Switzerland

Speakers

Lukas Winkler, President and CEO

- Key figures Q4 2014 and FY 2014
- Target market business review
- 2015 Expectations

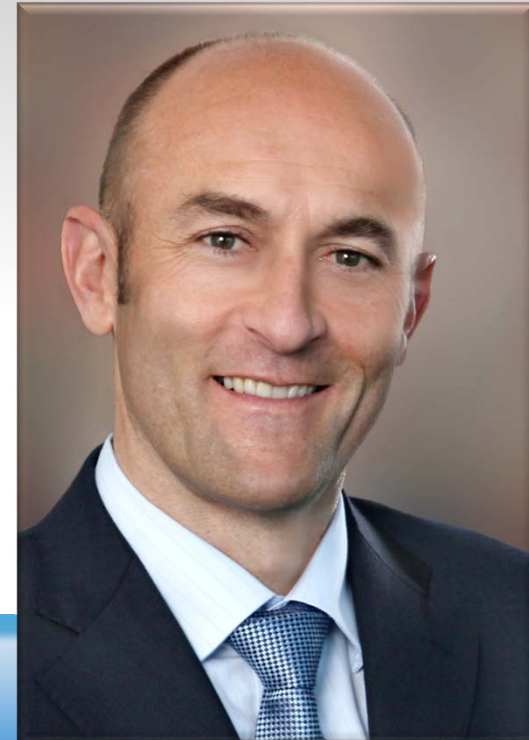
Matthias Tröndle, Vice President and CFO

- Financials Q4 2014 and FY 2014
- Distribution
- Guidance

Lukas Winkler

INFICON

President and Chief Executive Officer



Q4 2014 – Key Figures

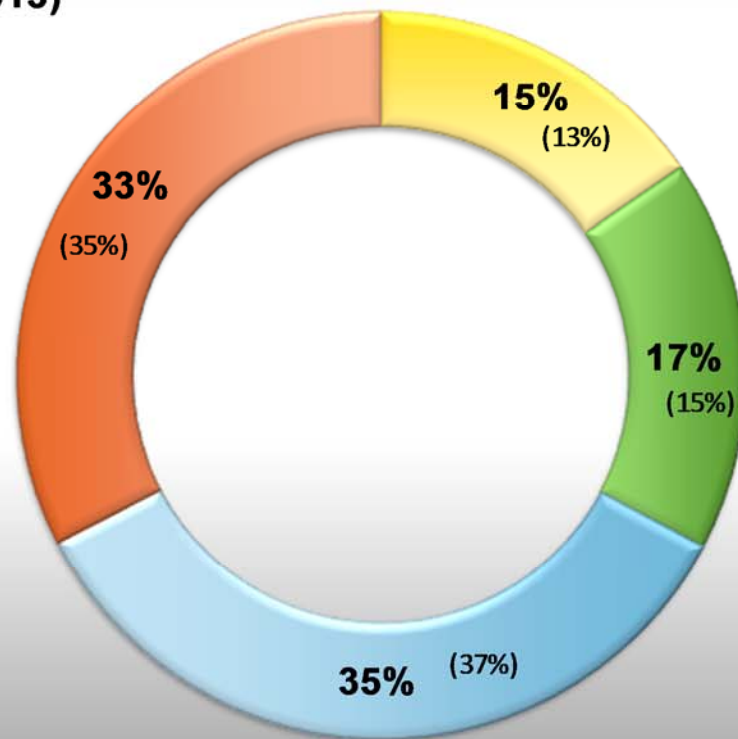
- **Sales increase driven by strong ER&S and Semiconductor market despite rather weak European General Vacuum market**
 - Consolidated sales increase of 7.2% to USD 86.4 million compared with Q4 2013, organic increase of 10.4%
 - Sequential sales increase over Q3 2014 of 18.9%

 - **Operating result influenced by**
 - Record high sales volume
 - Strong gross margin and stable overhead cost
 - Operating income of USD 18.7 million in Q4 2014 (21.7% of sales) compared with USD 14.6 million (18.1% of sales) in Q4 2013
- Net income of USD 13.9 million or 16.1% of sales**

Net Sales by End Market

USD 86.4 million in Q4 2014 vs. USD 80.5 million a year ago (+7.2%)

**Q4 2014
(Q4 2013)**



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

FY 2014 – Key Figures

- **Strong final quarter drives sales increase and generates organic growth of 3.9%**
 - Sales at USD 305.5 million – increase of 4.3%, organic 3.9%
 - Sales increase in ER&S and RAC while GV and Specific Vacuum market weakened
 - Book to Bill = 1

 - **Operating result influenced by**
 - Solid sales volume
 - Strong gross margin at slightly increasing overhead cost
 - Operating income of USD 51.4 million in 2014 (16.8% of sales) compared with USD 46.2 (15.8% of sales) in 2013
- **Net income of USD 38.6 million or 12.6% of sales**
- **Proposed cash distribution of 15.00 CHF per share**

Specific Vacuum Process Industries

Solar, Display, Optics & Semiconductor

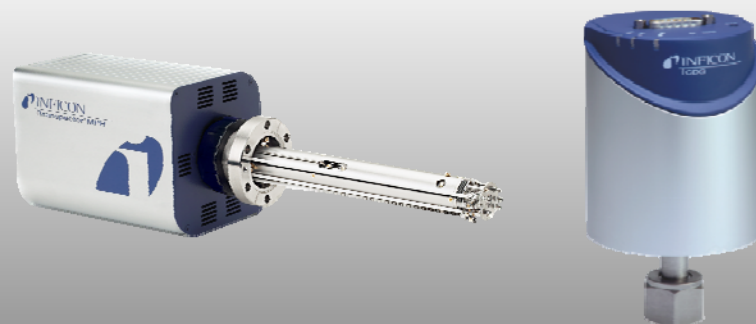
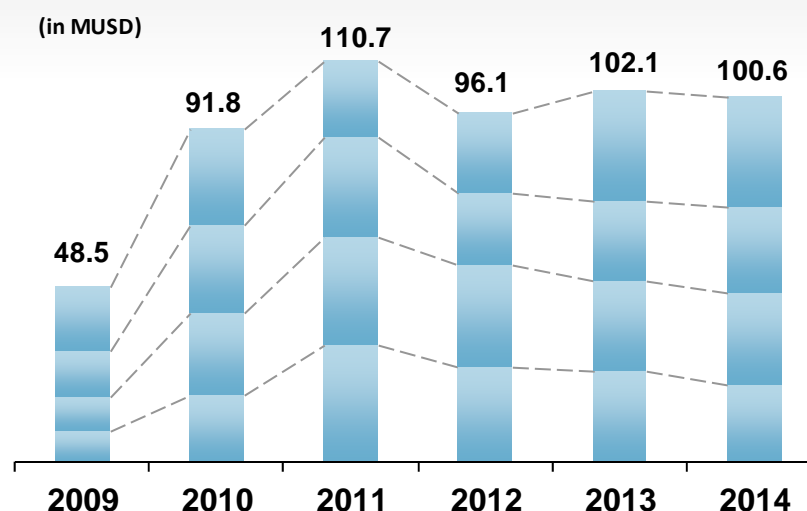
Q4 2014

- Q4 2014 sales stable vs. Q4 2013 mainly driven by higher demand from Semiconductor business
- Sequential increase of 25%
 - Successful Semiconductor market recovery, both at OEM & End-user level
 - Stable Optics (incl. OLED) market
 - Continued weak Solar & LCD Display markets

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 semiconductor manufacturing technologies (450mm wafer and EUV-lithography) delayed

**Sales to End Market
Specific Vacuum Process Industries**
15.7% CAGR (2009-2014)



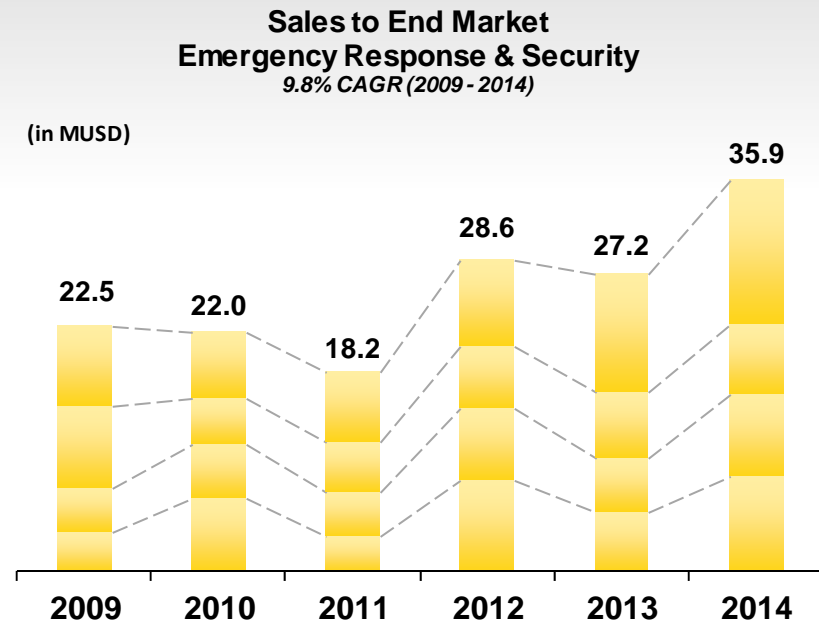
Emergency Response & Security

Q4 2014

- Q4 2014 sales increase of 23% vs. Q4 2013 and 111% vs. Q3 2014
- Increase over high level in Q4 2013 – record year
- Larger shipments to USA & China

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



Refrigeration & Air Conditioning

incl. Automotive

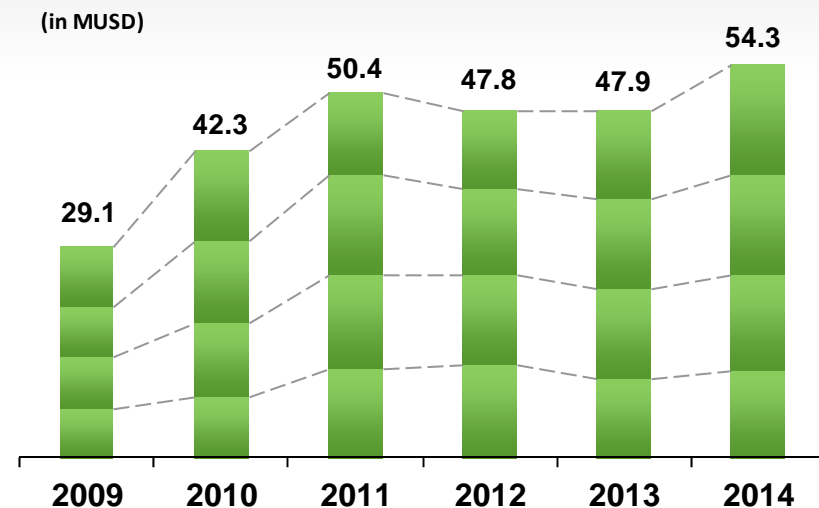
Q4 2014

- Q4 2014 sales increase of 25% vs. Q4 2013
- Sequential increase of 9% mainly due to sales to Asian customers
- Continued market share gains

Market Trends

- Tougher regulation drives increased use of instrumentations in the automotive market
- Strong industrial recovery in the USA
- Slow growing RAC manufacturers market
- Increasing installed basis drives after-sale service products worldwide

**Sales to End Market
Refrigeration & Air Conditioning**
13.3% CAGR (2009 - 2014)



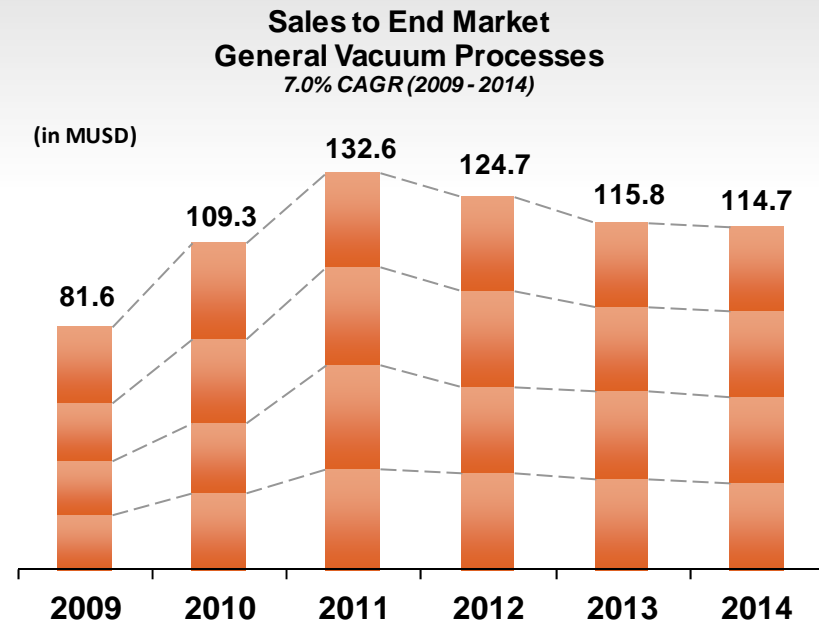
General Vacuum Processes

Q4 2014

- Q4 2014 sales +1% vs. Q4 2013
- Sequential decrease of 2%, 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 and competition 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 USA and Europe



Outlook 2015

Mixed signals from different markets/regions:

- Increased demand for mobile communication devices (Semiconductor market)
 - Investments in new equipment (OEM business), driven by the big 4
 - Increased complexity (3D chip design) & new 10nm processes on existing wafer sizes and delayed EUV lithography require advanced sensor and software solutions (*2nd half of 2015*)
- OLED technology to be used for flexible & curved mobile applications
- Ongoing strong automotive market may offset slow growing RAC opportunities
- Expect first small investment in solar photovoltaic manufacturing capacity, again
- China's environmental issues (air and water) became a top priority political topic
- Expect the remaining US DoD HAPSITE replacement business
- First success in new markets: Energy & Food packaging (*2nd half of 2015*)
- Slow recovery expected in the General Vacuum Processes market

Guidance for FY 2015:

→ Sales between USD 300 to 330 million

→ Operating income in the range of USD 48 to 58 million

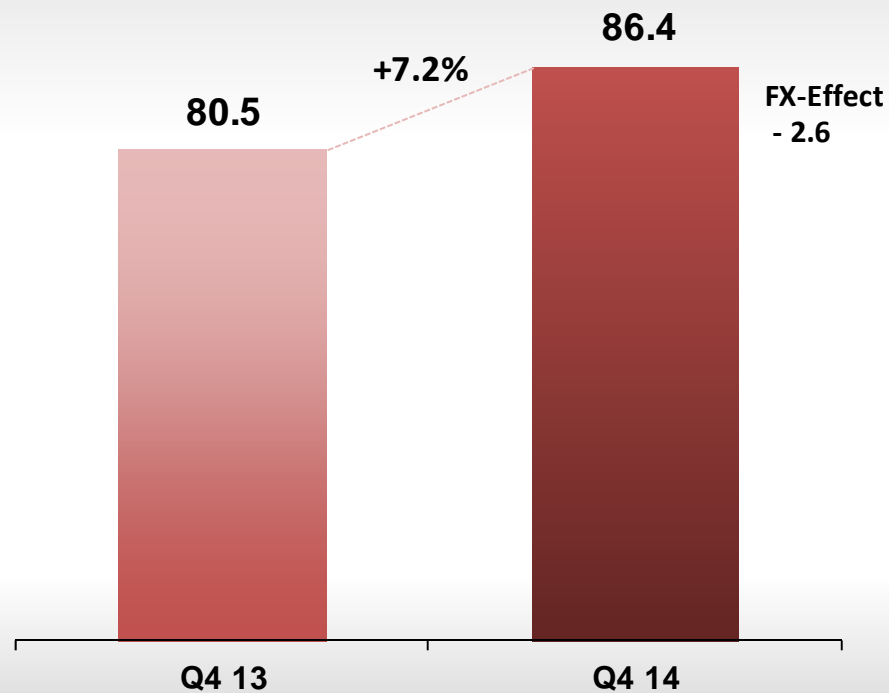
Matthias Tröndle

INFICON

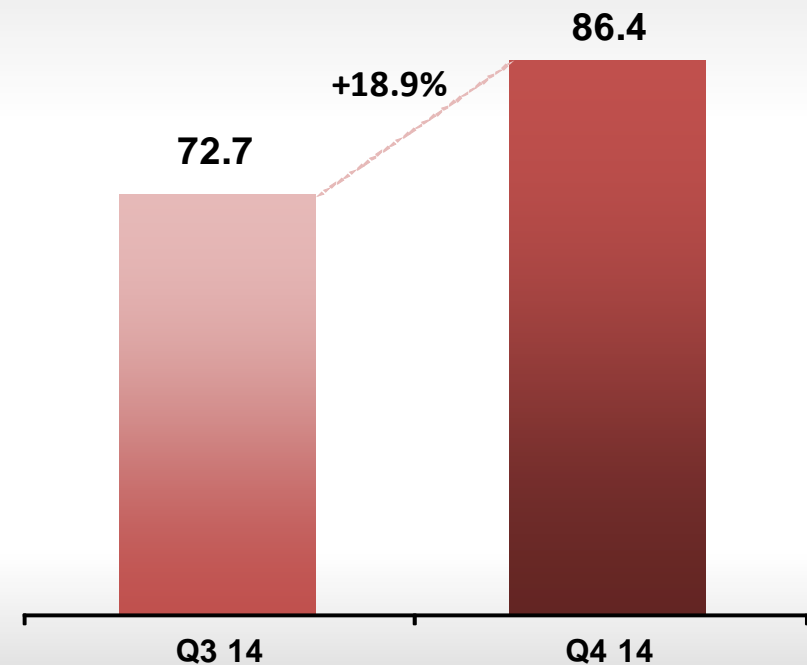
Vice President and Chief Financial Officer



Sales (in USD million)



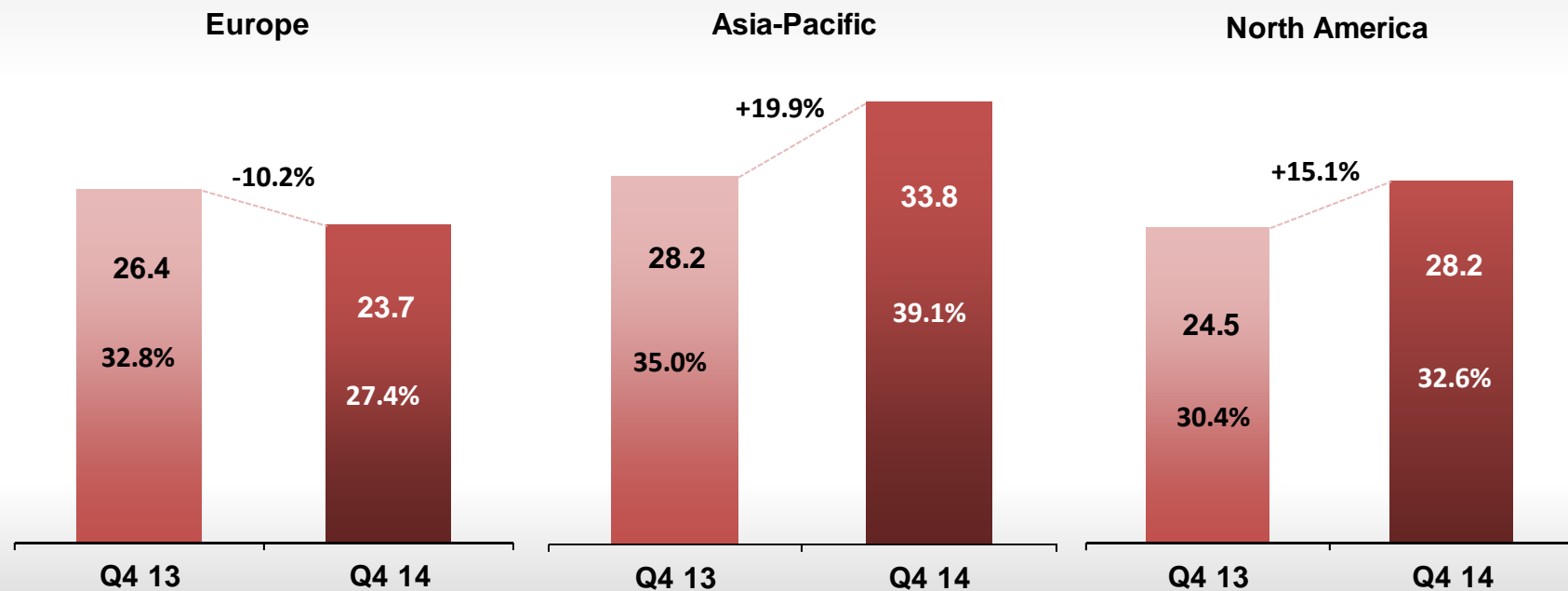
Sales increase in all markets
(strong ER&S and RAC markets)



Strong increase in ER&S and
Specific Vacuum vs. Q3 14

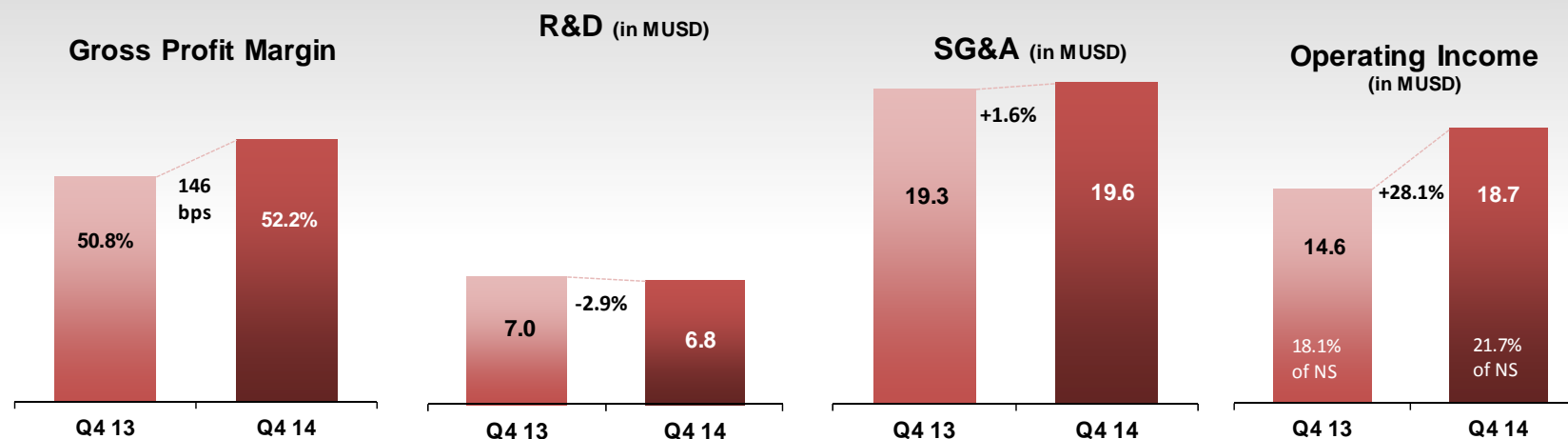
Geographic Sales Breakdown – Quarter

(in USD million)



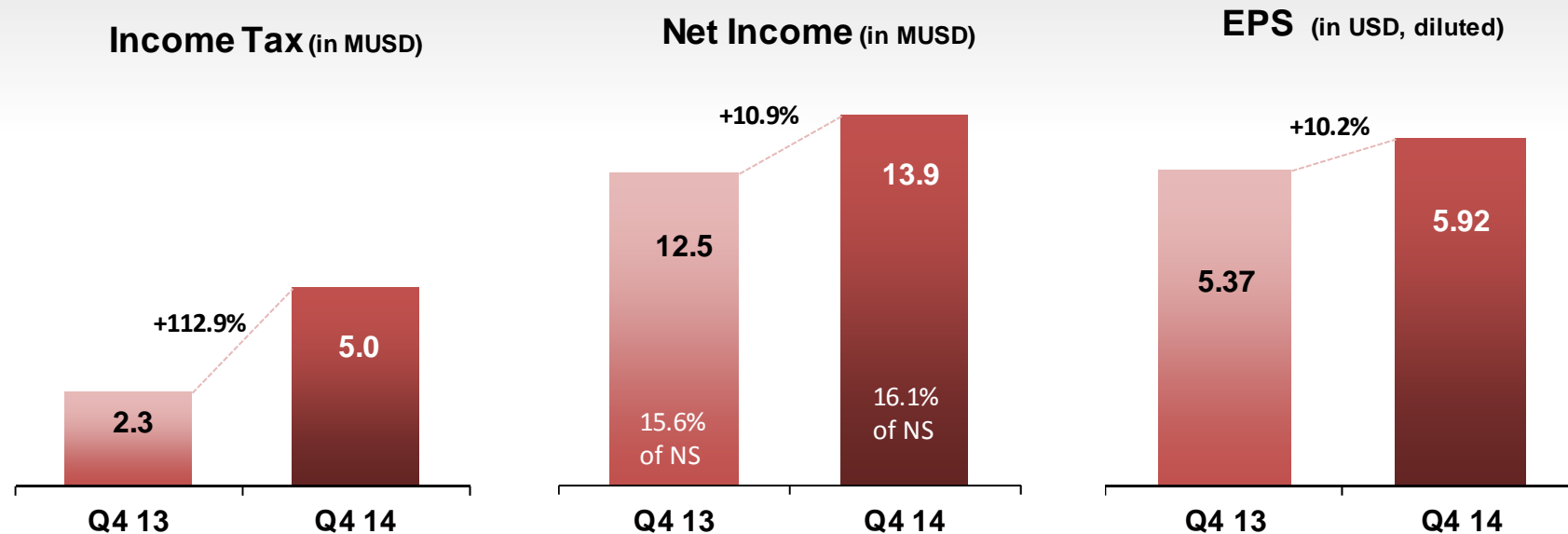
Increase in Asia-Pacific and North America, decrease in Europe

Gross Profit, Costs and Operating Income



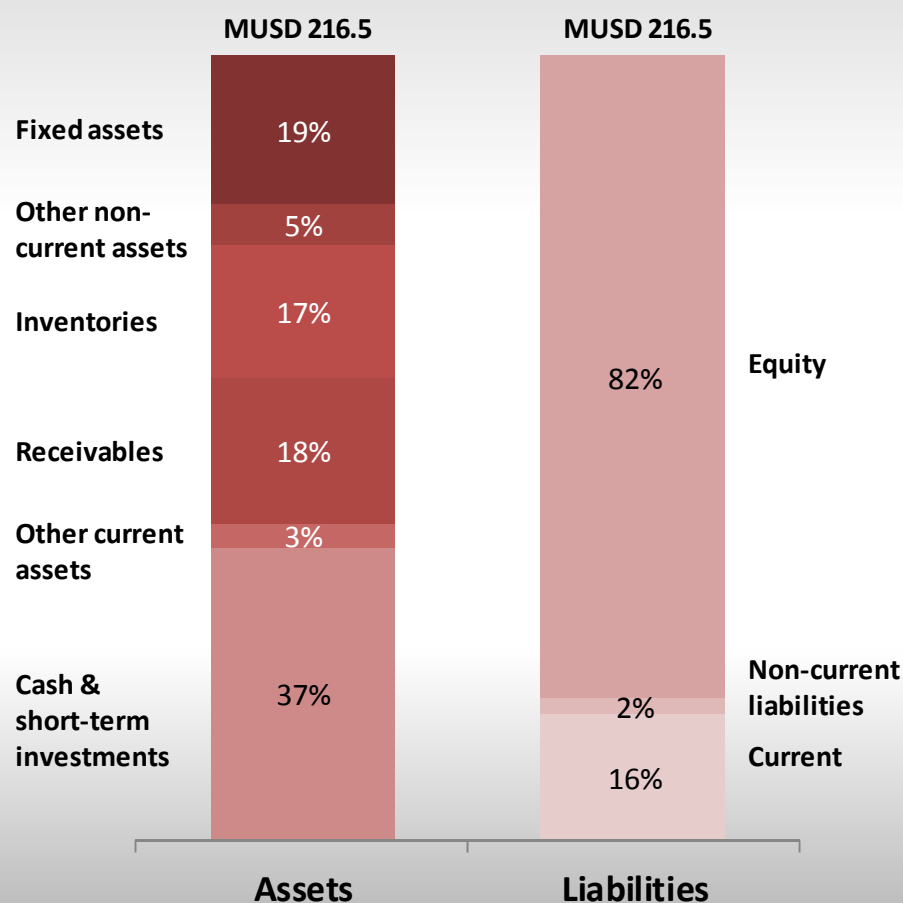
- **Gross profit margin:** Increase driven by favorable product mix
- **R&D cost:** Slightly lower, continued development efforts
- **SG&A:** Q4 2014 up due to variable compensation, continued investments in marketing capabilities and new hires
- **Operating income:** Increase due to higher sales volume, a strong Gross Margin and stable cost development

Net Income and EPS development

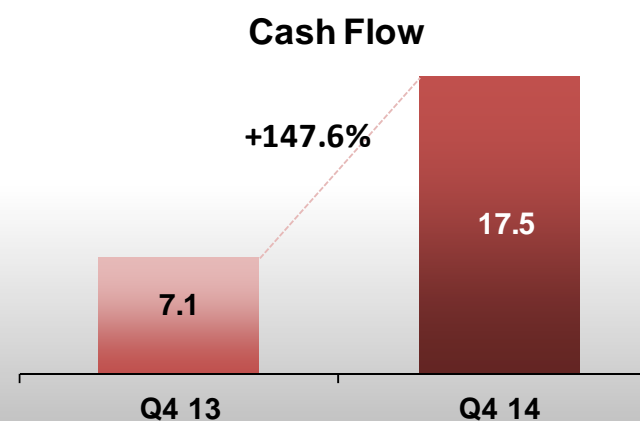


- **Income tax:** Increase due to EBIT development and higher tax rate compared with last year's extraordinary low tax rate
- **Net income:** Driven by operating income development
- **EPS:** Increase in line with Net income

Balance Sheet Highlights (in USD million)



	Q4 14	Q4 13
Net Cash	81.0	75.0
DSO	45.1	46.7
Inventory Turns	3.9	4.4
Working Capital	20.2%	21.2%

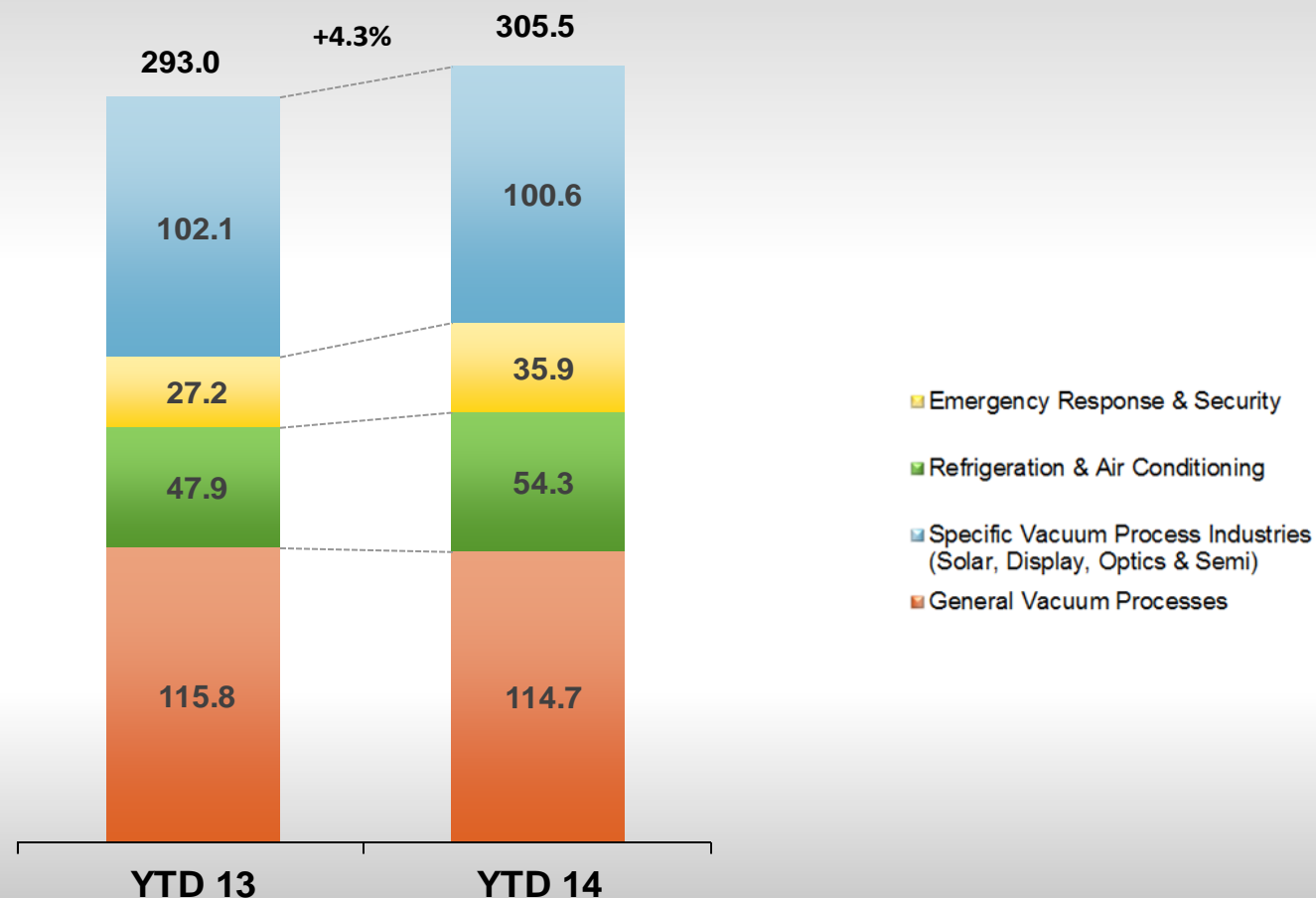


Solid balance sheet, no more debt



FISCAL YEAR 2014 RESULTS

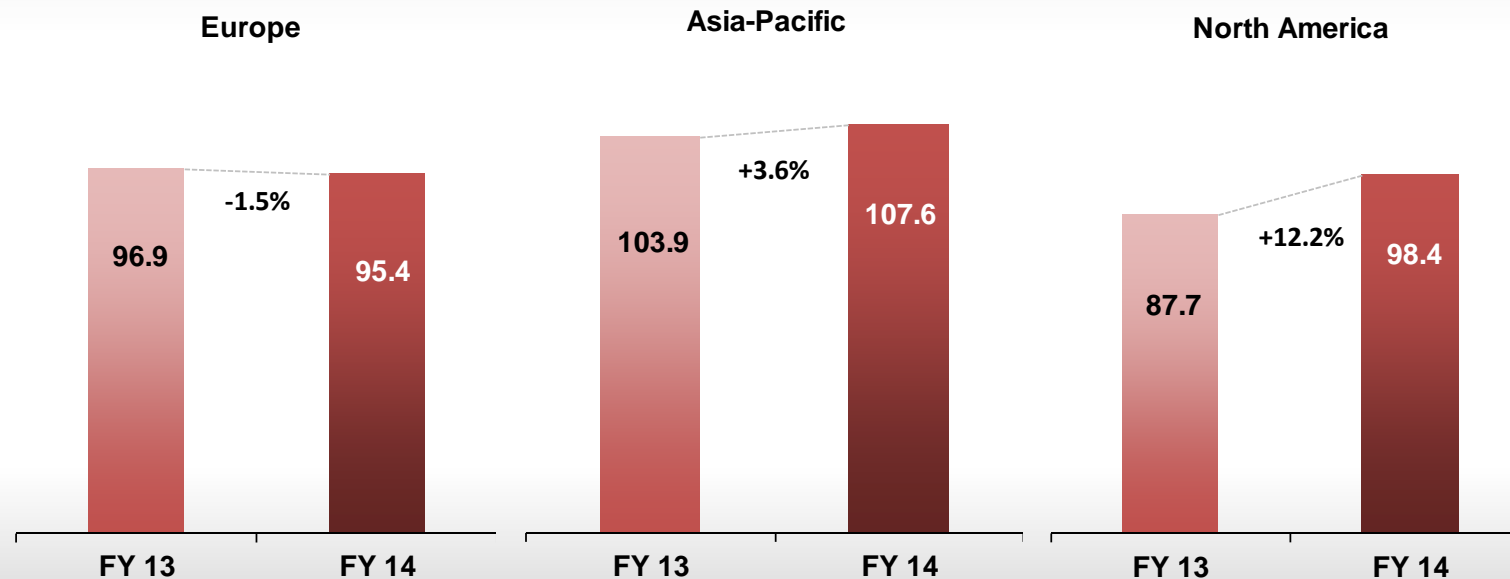
Full Year Sales (in USD million)



Sales increase in RAC and ER&S markets, while GV and Specific Vacuum slightly weaker; Organic growth of 3,9%

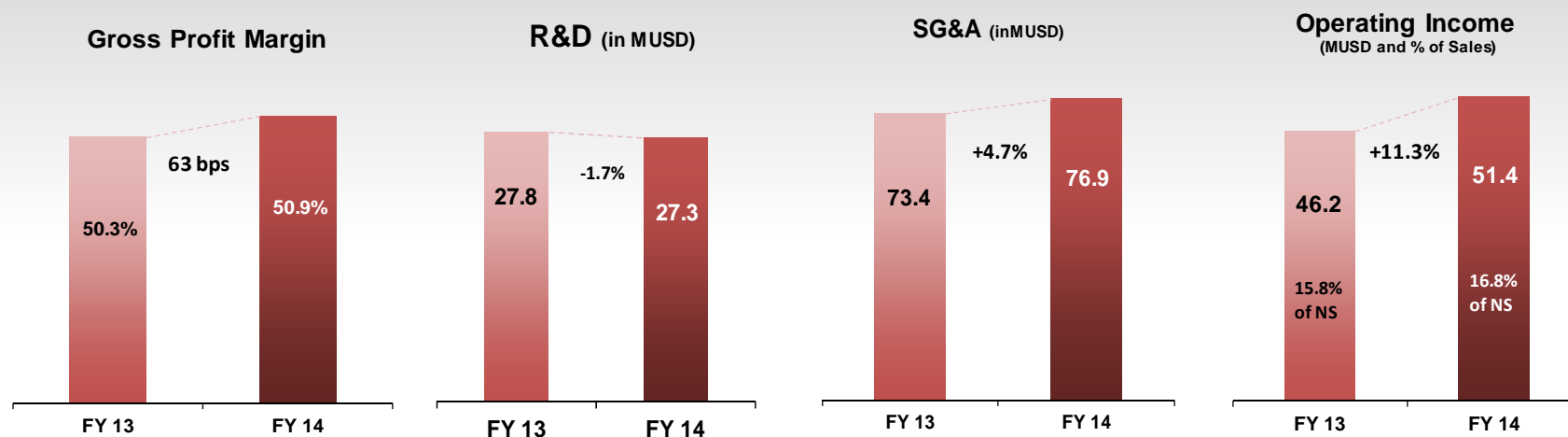
Geographic Sales Breakdown – Full Year

(in USD million)



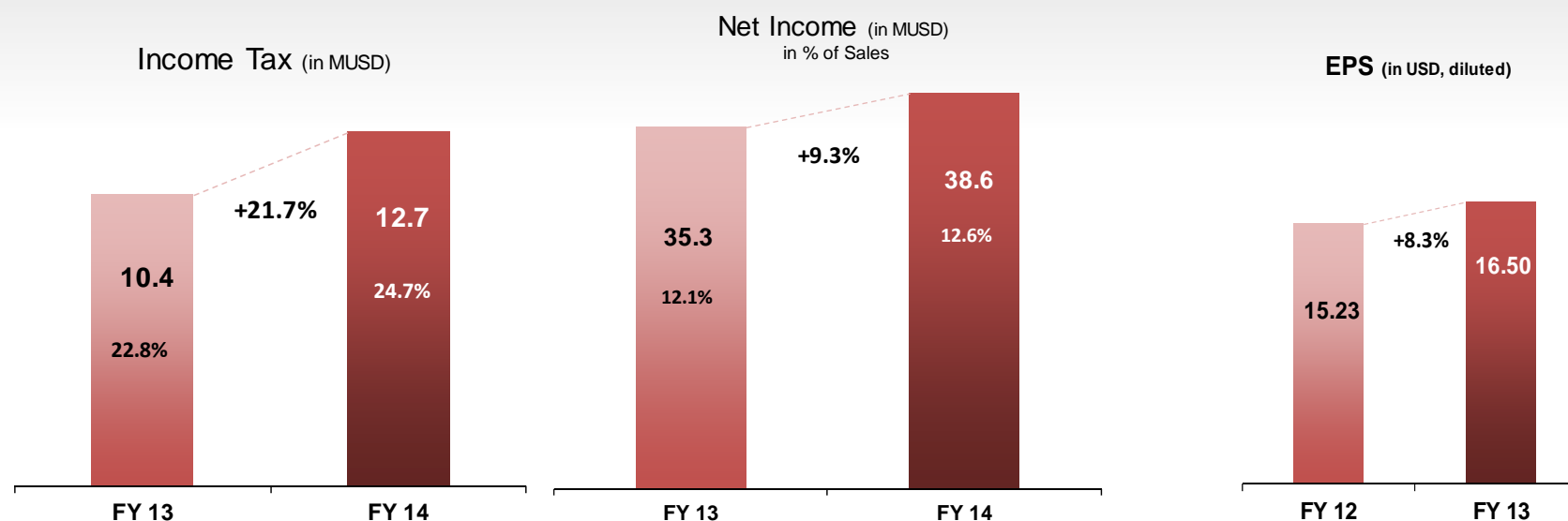
Increase in North America and Asia-Pacific, decrease in Europe

Gross Profit, Costs, and Operating Income (YoY)



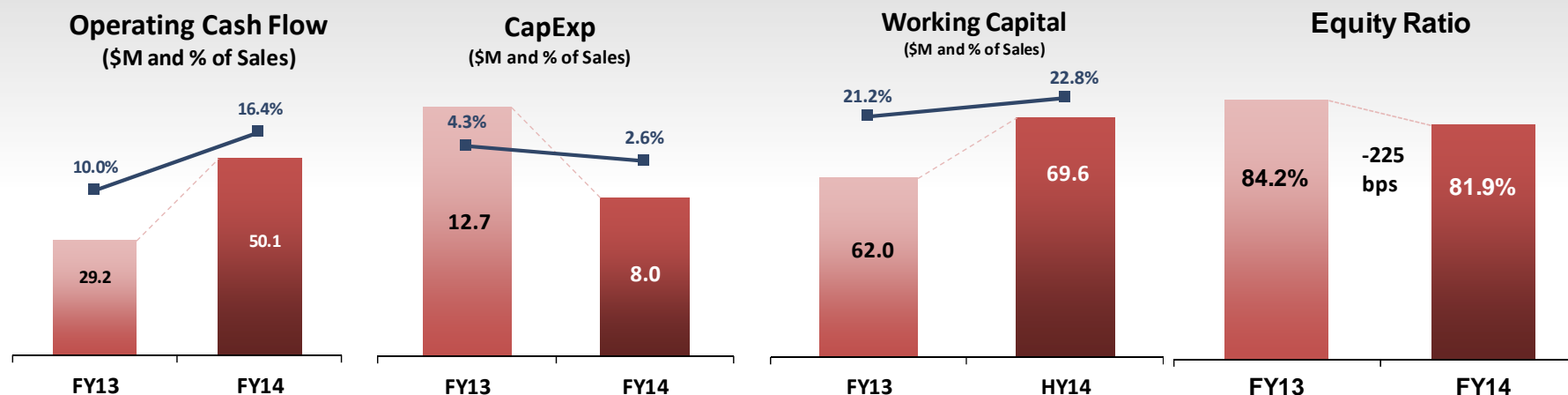
- **Gross profit margin:** Increase driven by favorable product mix
- **R&D cost:** Slightly decreased after high development efforts in FY 2013
- **SG&A:** Increase due to continued investments in marketing capabilities and infrastructure, new hires and acquisitions
- **Operating income:** Increase due to higher sales volume and strong gross margin while costs kept under control

Net Income and EPS development (YoY)



- **Income Tax:** Increase due to EBIT development and profit mix
- **Net income / EPS:** Increase driven by Operating Income development

Key Balance Sheet data (YoY)



- **Operating cash flow:** Increase influenced by higher income, provisions, accruals and payables partially offset by increased inventory
- **CAPEX:** Decrease after investments in equipment and buildings in FY 2013
- **Working capital:** Increased due to higher inventory levels while AR (DSO) improved further
- **Equity:** Ratio slightly decreased at very high level



DISTRIBUTION PROPOSAL

Distribution 2014

- **Strong Balance Sheet and Cash Generation**
 - No debt (short-term / long-term)
 - USD 81 million cash
 - Shareholders' equity ratio ~82%

- **Board of Directors intends to propose a cash distribution of CHF 15.00 per share**
 - Annual General Meeting of Shareholders on April 29, 2015
 - To be distributed out of capital contribution reserves
 - Returning ~CHF 35 million cash to shareholders in FY15
 - >90% payout ratio
 - Attractive yield of approximately 4.6%



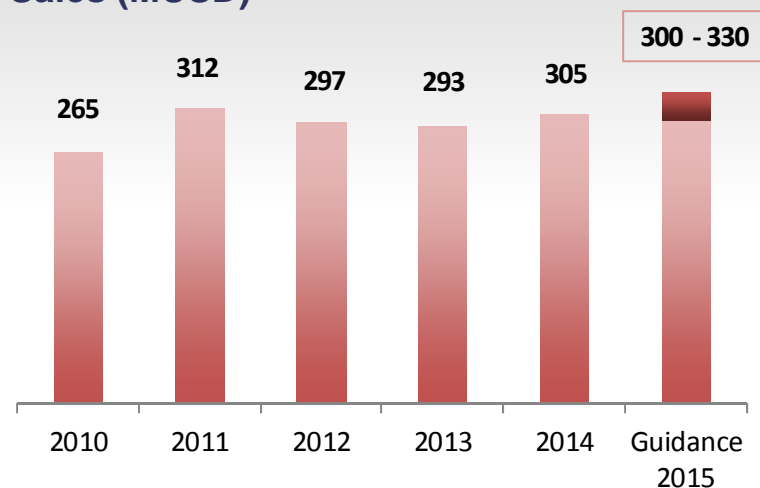
GUIDANCE FY15

AND

CALENDAR FY15

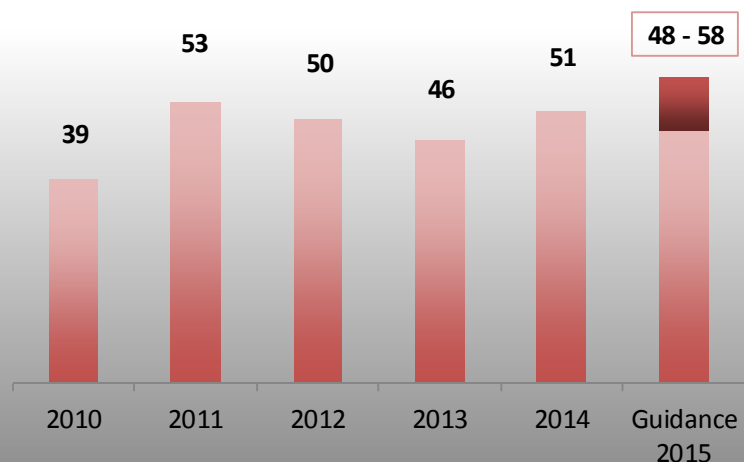
Full Year 2015 Guidance

Sales (MUSD)



Based on previous performance and current expectations for our end markets

Operating Income (MUSD)



Sales 300 – 330 MUSD

Op. Income 48 – 58 MUSD

Corporate Calendar FY 2015

- Q1 2015 Earnings Conference Call Thursday, April 23, 2015
- Annual General Meeting Wednesday, April 29, 2015
- Q2 2015 Earnings Conference Call Thursday, August 6, 2015
- Q3 2015 Earnings Conference Call Tuesday, October 20, 2015
- Q4 2015 Earnings Conference Call March 2016

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



THANK YOU !

Q&A

