



Q2 2015

EARNINGS CONFERENCE CALL

August 6, 2015

Bad Ragaz, Switzerland

Speakers

Lukas Winkler, President and CEO

- Key figures Q2 2015
- Target market business review
- Expectations 2015

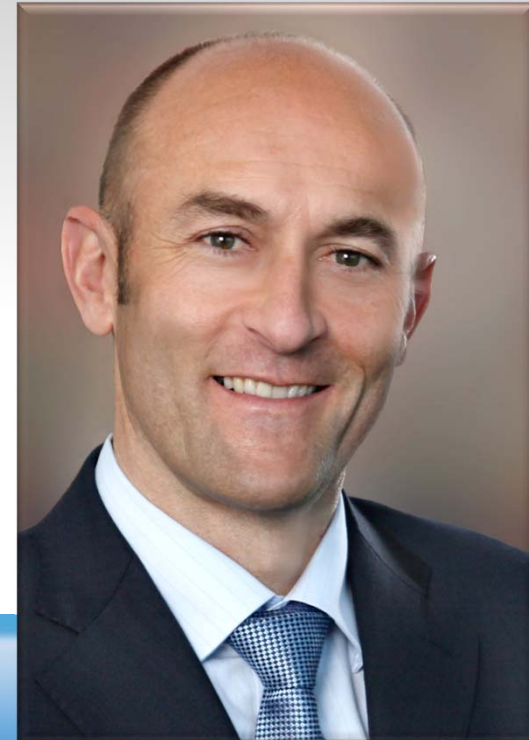
Matthias Tröndle, Vice President and CFO

- Financials Q2 2015
- Key financials first half-year 2015
- Guidance

Lukas Winkler

INFICON

President and Chief Executive Officer



Q2 2015 – Key Figures

- **Sales decrease in all markets except Refrigeration & Air Conditioning incl. Automotive where we had a new quarterly sales record**
 - Consolidated sales decrease of 8.2% to USD 68.7 million compared with Q2 2014, organic decrease of 2.8%
 - Sequential sales increase over Q1 2015 of 3.3%
 - Book to bill ratio >1

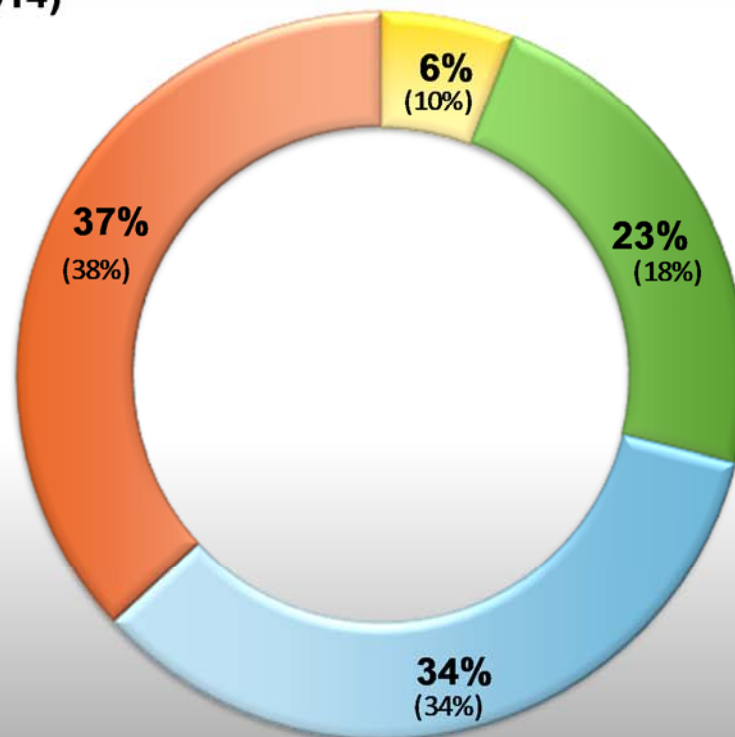
- **Operating result influenced by**
 - Low sales volume
 - Weaker gross margin and lowered overhead cost
 - Operating income of USD 9.0 million in Q2 2015 (13.1% of sales) compared with USD 11.0 million (14.7% of sales) in Q2 2014

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

Net Sales by End Market

USD 68.7 million in Q2 2015 vs. USD 74.8 million a year ago (-8.2%)

**Q2 2015
(Q2 2014)**



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

Specific Vacuum Process Industries

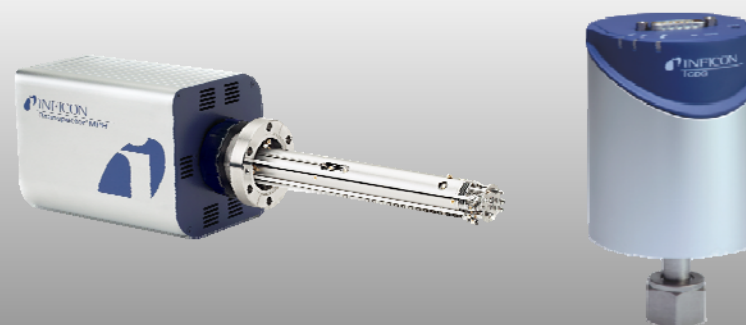
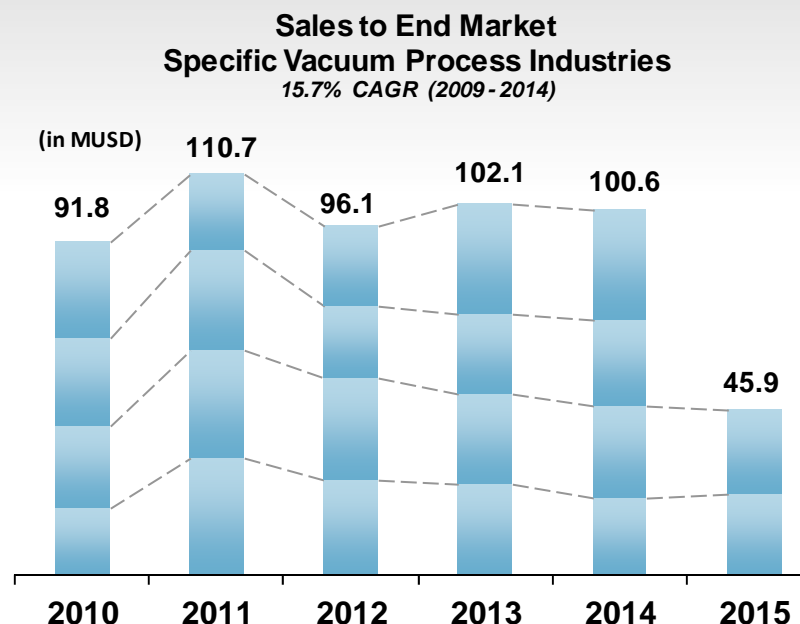
Solar, Display, Optics & Semiconductor

Q2 2015

- Q2 2015 sales decrease of 6% vs. Q2 2014 mainly driven by lower demand from Semiconductor business
- Sequential increase of 5%
 - Successful Semiconductor market recovery, both at OEM & End-user level
 - Stable Optics market
 - Continued weak Solar, but improved Flat Panel Display market

Market Trends

- Continuation of increased demand for mobile communication chips
- 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 delayed, but EUV-lithography will be used at < 10 nm node technology)



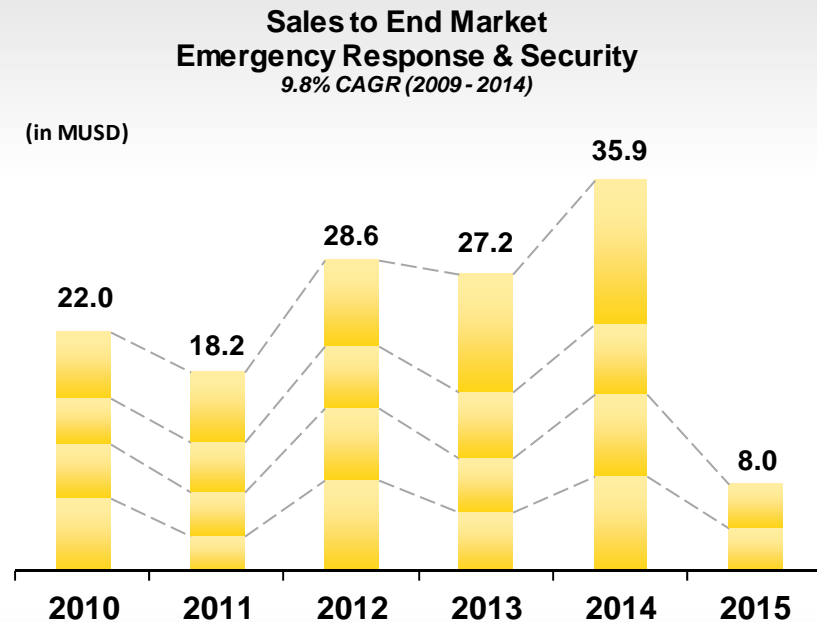
Emergency Response & Security

Q2 2015

- Q2 2015 sales decrease of 45% vs. Q2 2014 and sales increase of 5% vs. Q1 2015
- Slight increase vs. low Q1 2015
- Reasonable order intake

Market Trends

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



Refrigeration & Air Conditioning

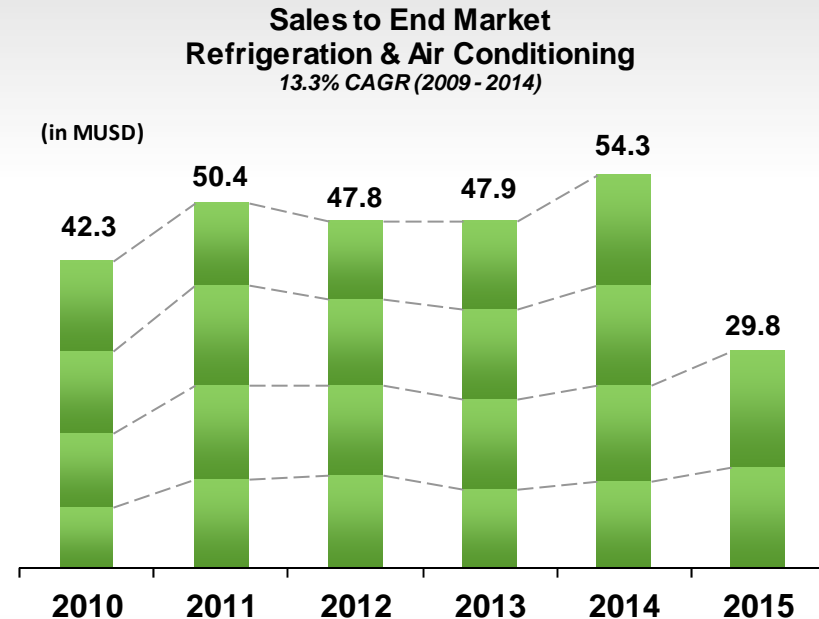
incl. Automotive

Q2 2015

- Q2 2015 sales increase of 18% vs. Q2 2014
- New quarterly sales record
- Sequential increase of 12% mainly due to sales to North American and European customers
- Continued market share gains

Market Trends

- Tougher regulations drives increased use of instrumentations in the automotive market
- Strong industrial recovery in US
- Limited growth potential at RAC manufacturers
- Increasing installed basis drives after-sale service products worldwide



General Vacuum Processes

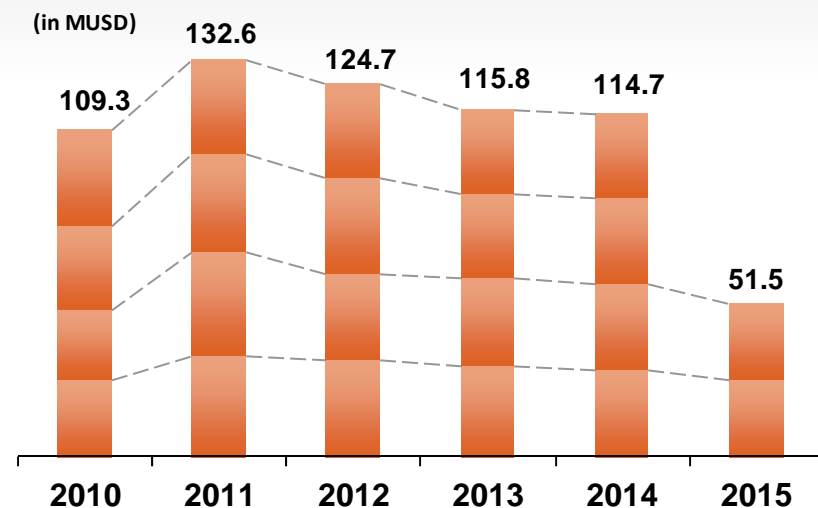
Q2 2015

- Q2 2015 sales decrease 12% vs. Q2 2014
- Sequential decrease of 3%, 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-, and Food-packaging market)
- Growing demand in emerging market regions as well as recovery in the US

**Sales to End Market
General Vacuum Processes**
7.0% CAGR (2009 - 2014)



Outlook 2015

Challenging, but improving signals from different markets/regions

- Increased demand for advanced and integrated electronic 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
- China started to invest in OLED flat panel display manufacturing
 - INFICON products and consumables at all levels (sub-suppliers, OEMs and end-user)
- Higher investments in new leak-detection applications (industrial and automotive market), increased after-sale activities will compensate for saturating RAC manufacturers markets
- Overcapacity in the solar photovoltaic market might come to an end soon
- China's pollution issues (air and water) became a top priority political issue
- Expect some larger US DoD orders for Hapsites and accessories
- Slow recovery expected in the General Vacuum Processes market

Guidance for FY 2015: *Reach lower end of the ranges*

→ Sales between USD 300 to 330 million

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

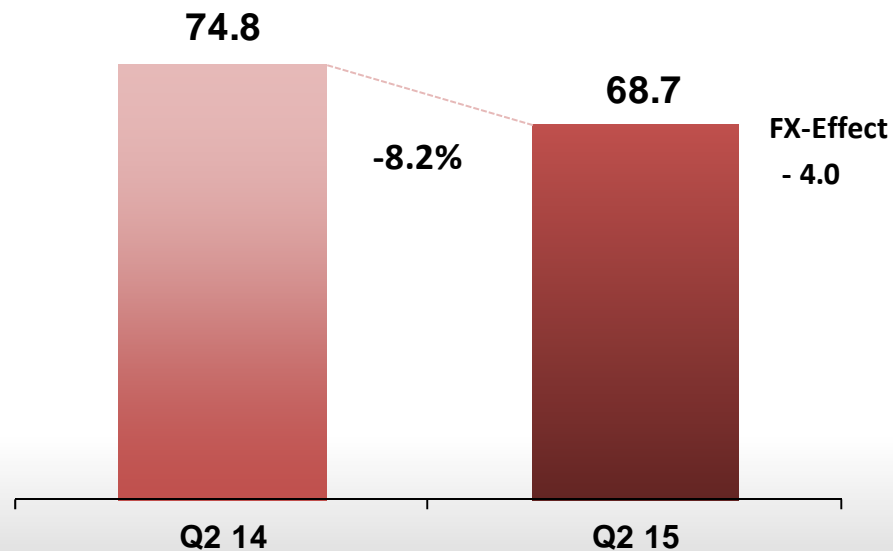
Matthias Tröndle

INFICON

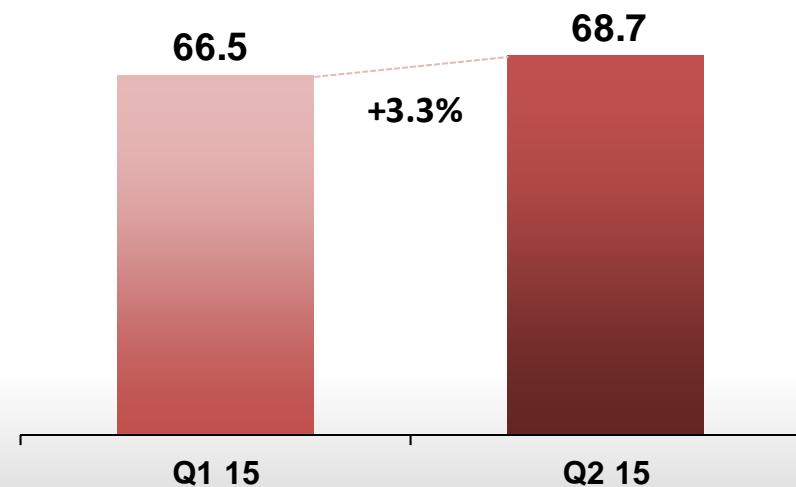
Vice President and Chief Financial Officer



Sales (in USD million)



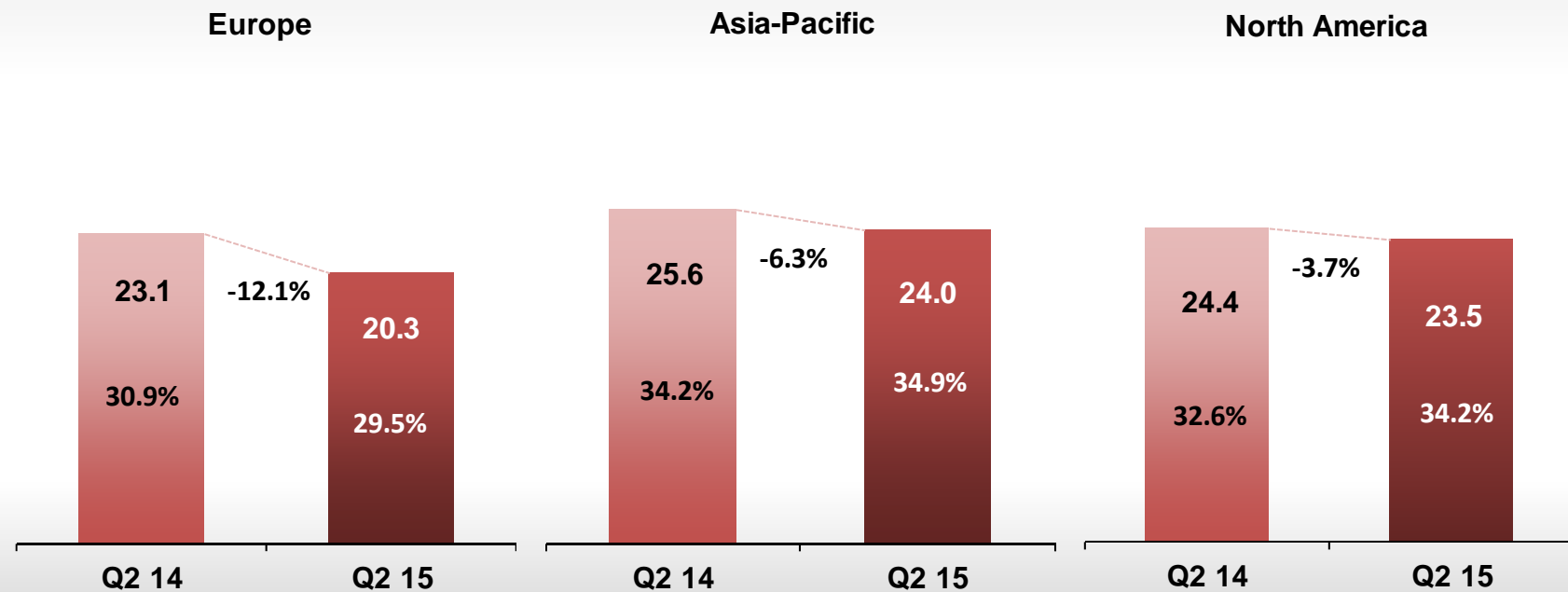
Decrease in all markets except RAC (new record level)



Increase vs. Q1 2015 in RAC, ER&S, and Specific Vacuum

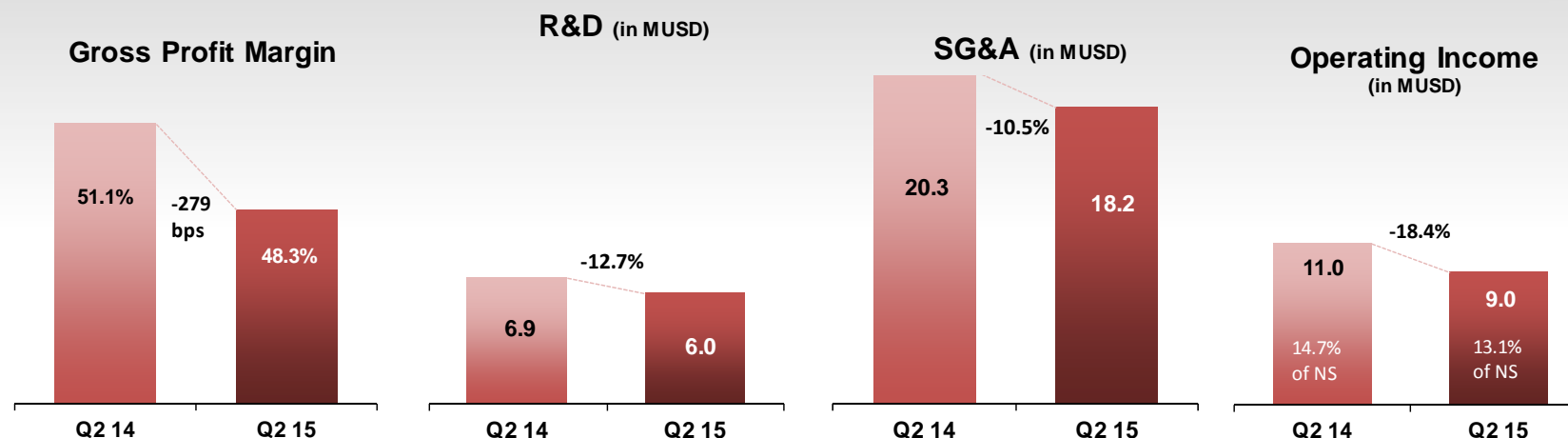
Geographic Sales Breakdown – Quarter

(in USD million)



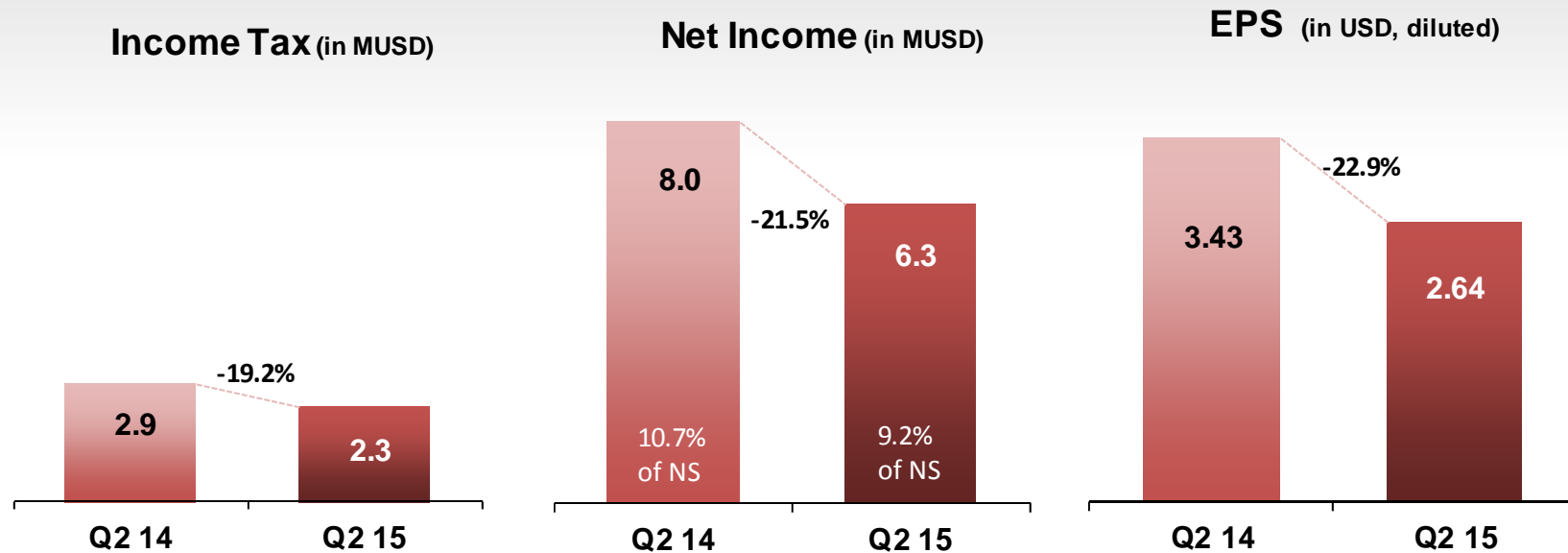
Decrease in all regions

Gross Profit, Costs and Operating Income



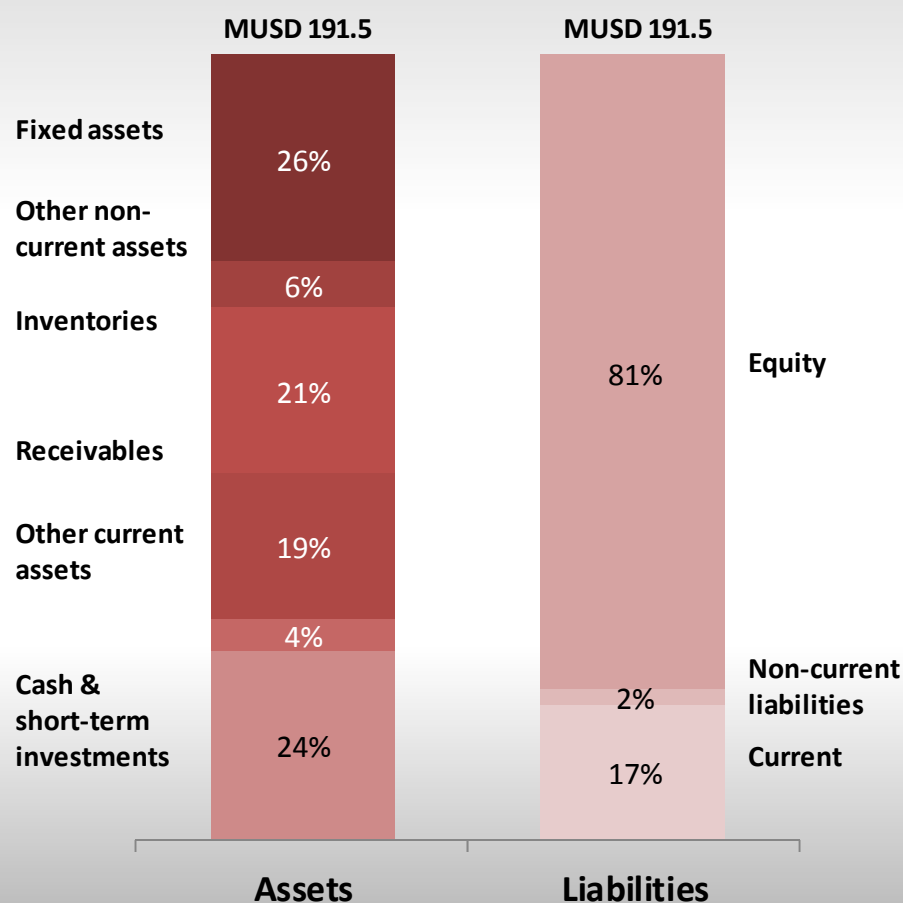
- **Gross profit margin:** Decrease driven by lower volume and mix
- **R&D cost:** Lower spending and favorable F/X impacts
- **SG&A:** Q2 2015 decrease due to lower variable compensation, commissions and favorable F/X impacts
- **Operating income:** Decrease due to lower sales volume, a weaker gross margin, and clearly lowered costs

Net Income and EPS development

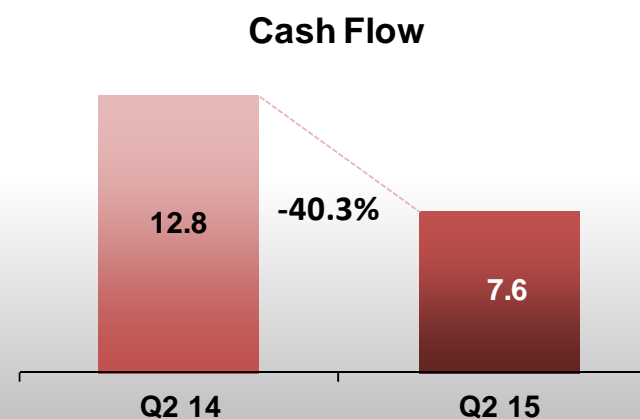


- **Income tax:** Decrease due to EBIT development, tax rate in expected range
- **Net income:** Driven by operating income development
- **EPS:** Decrease in line with net income

Balance Sheet Highlights (in USD million)



	Q2 15	Q4 14
Net Cash	45.1	81.0
DSO	45.2	45.1
Inventory Turns	3.8	3.9
Working Capital	24.1%	20.2%

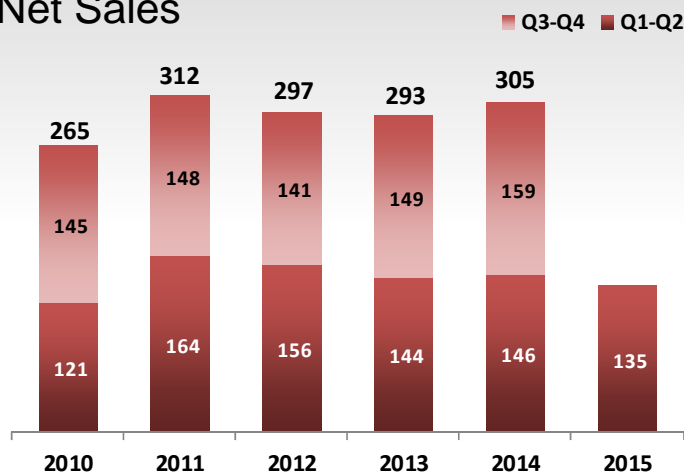


Solid balance sheet, cash reduced due to distribution to shareholders in May

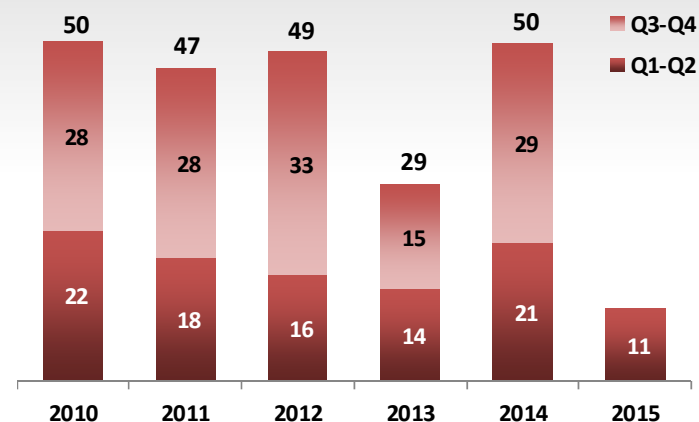
Financial Performance First Half-Year 2015

(USD million)

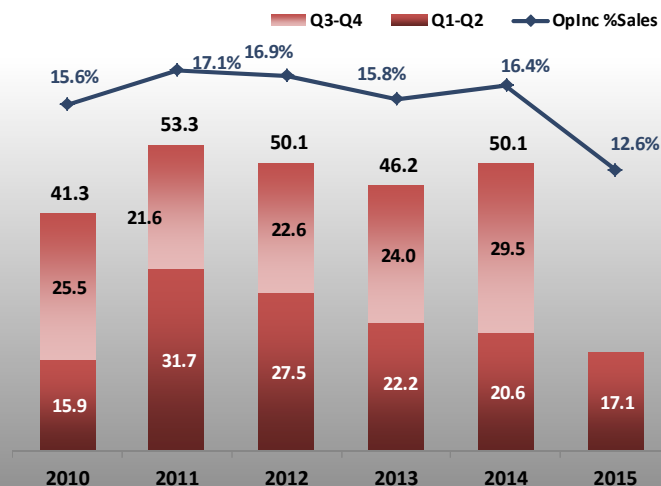
Net Sales



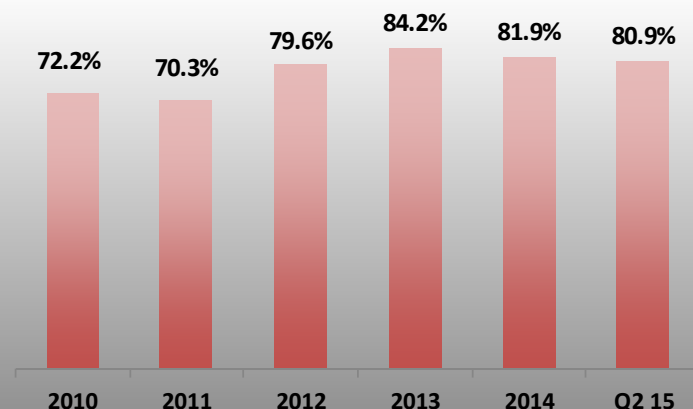
Operating Cash Flow



Operating Income and Ratio

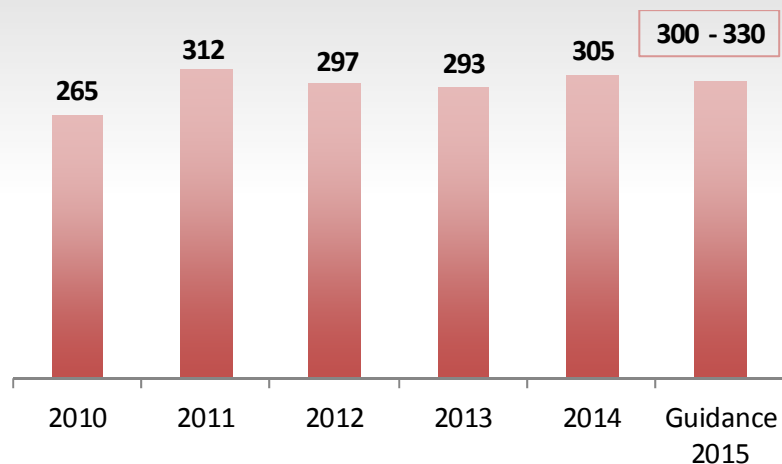


Equity Ratio



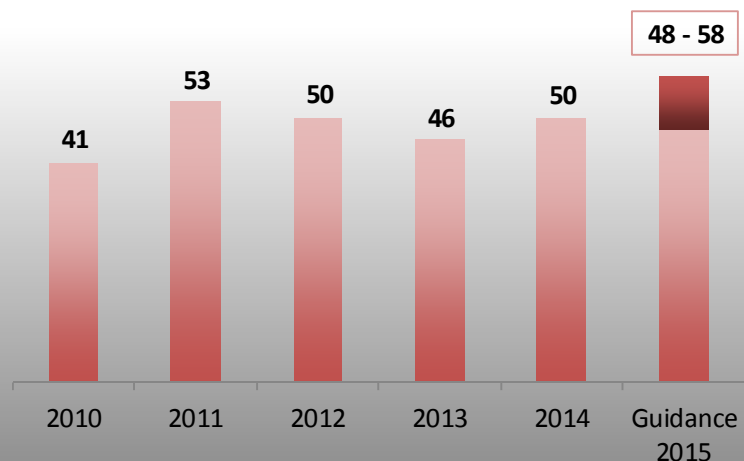
Full Year 2015 Guidance

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

➤ Expect to reach lower end of the ranges

Corporate Calendar FY 2015

- Q3 2015 Earnings Conference Call Tuesday, October 20, 2015
- Q4 and FY 2015 Live Earnings Conference March 2016

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



THANK YOU !

Q&A

