



**Q2 2013**

**EARNINGS CONFERENCE CALL**

August 8, 2013

Bad Ragaz, Switzerland

# Speakers

## Lukas Winkler, President and CEO

- Key figures Q2 2013
- Target market business review
- 2013 Expectations

## Matthias Tröndle, Vice President and CFO

- Financials Q2 2013
- Outlook

# Lukas Winkler

INFICON

President and Chief Executive Officer



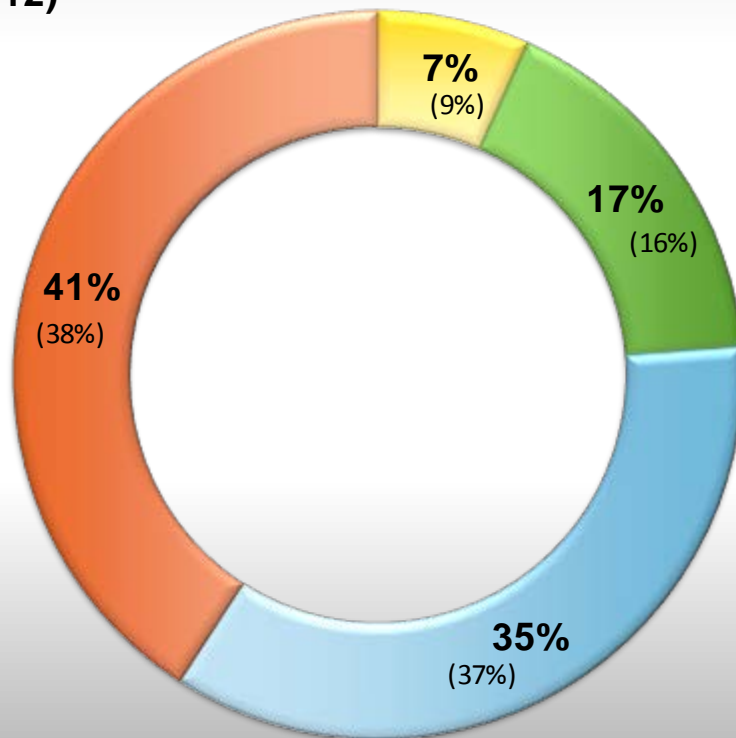
# Q2 2013 – Key Figures

- **Sequential sales decrease with quite sound American market and slightly positive trend in Asia and RAC market**
    - Consolidated sales decrease of 6.0% to USD 71.0 million compared with Q2 2012, organic decrease of 2.0%
    - Sequential sales decrease over Q1 2013 of 2.3%
  
  - **Operating result influenced by**
    - Solid sales volume
    - Healthy gross margin and slightly increasing overhead cost
    - Operating income of USD 10.7 million in Q2 2013 (15.1% of sales) compared with USD 13.0 (17.2% of sales) in Q2 2012
- USD 7.8 million or 11.0% Net Income**

# Net Sales by End Market

USD 71.0 million in Q2 2013 vs. USD 75.5 million a year ago (-6%)

**Q2 2013  
(Q2 2012)**



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

# Emergency Response & Security

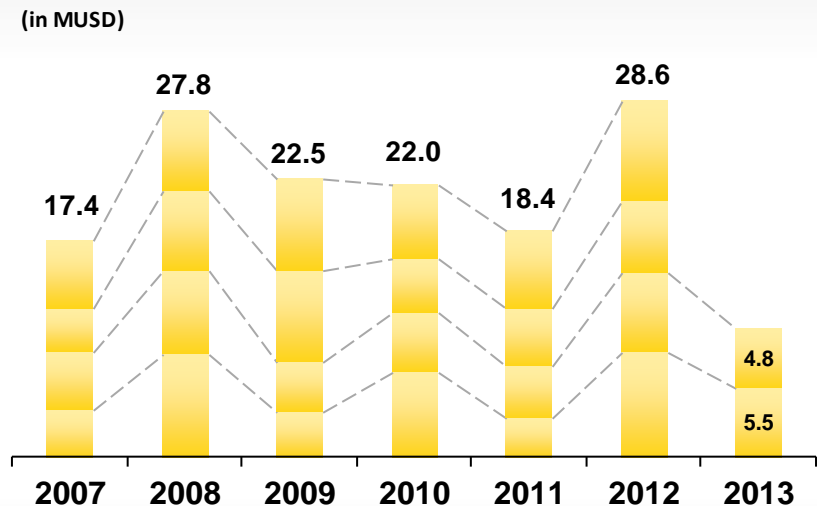
## Q2 2013

- Q2 2013 sales -26% vs. Q2 2012 and -13% vs. Q1 2013
- Decrease vs. high level in Q2 2012
- Larger shipments to Japan and US

## 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 the acquired GC technologies

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



# Refrigeration & Air Conditioning

incl. Automotive

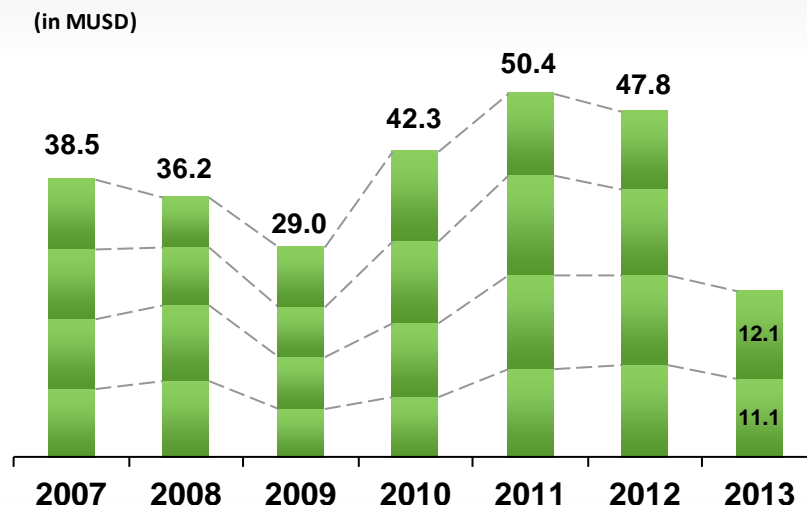
## Q2 2013

- Q2 2013 sales stable vs. Q2 2012
- Sequential increase of 8% mainly due to stronger sales to Asia
- Continued market share gains

## Market Trends

- Indications of RAC saturation in China
- Replacements/improvements projects in existing plants driven by tighter specifications and new eco-friendly refrigerants
- Growing addressable market by targeting new automotive applications (incl. H<sub>2</sub> sensor applications)
- Increasing installed basis drives after-sale service products worldwide

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



# Specific Vacuum Process Industries

Solar, Display, Optics & Semiconductor

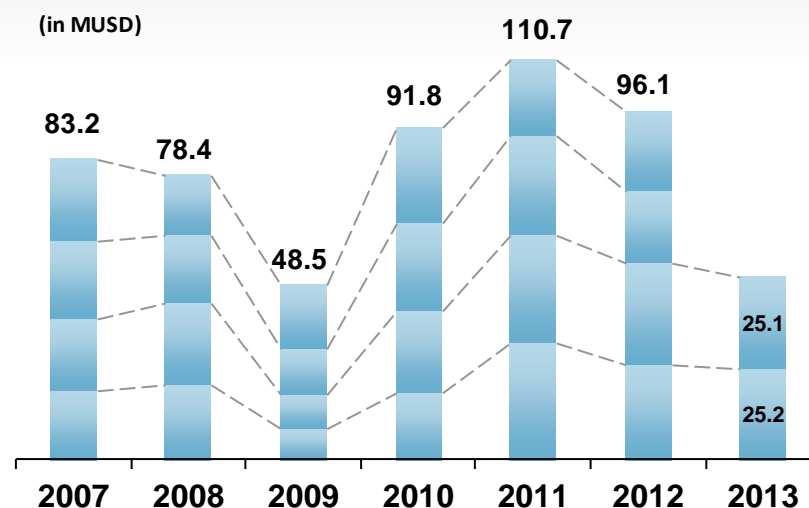
## Q2 2013

- Q2 2013 sales -10% vs. Q2 2012 mainly driven by lower demand from semiconductor business
- Sequentially stable
  - Successful Semi market recovery
  - Solid OLED market
  - Stable Optics market
  - Continued weak Solar & LCD Display market

## Market Trends

- Continuation of increased demand for mobile communication chips
- New Semi manufacturing technologies (450mm wafer and EUV-lithography)
- OLED replacing LCD technology for next-generation flat panel displays
- No Solar recovery in sight

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





# General Vacuum Processes

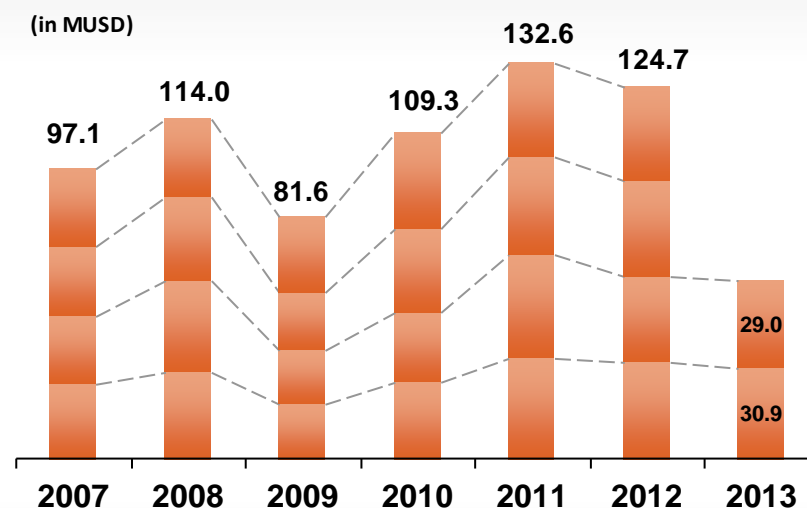
## Q2 2013

- Q2 2013 sales stable vs. Q2 2012
- Sequential decrease of -6%, mainly driven by lower sales to European distributors and Asian customers

## 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
- Growing demand in emerging market regions as well as recovery in the US and Europe

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



# Outlook 2013 and beyond

Mixed, sometimes challenging signals from different markets/regions

- Improved demand in Semiconductor market, but ongoing low visibility
  - Investments in new equipment (OEM-business)
  - Continued success with sensors and software (at end-users) to increase yield
- Increased investments in OLED as the new flat panel display technology
  - INFICON products and consumables at all levels (Sub-suppliers, OEMs and end-user)
- Higher investments in new leak-detection application (automotive) may compensate for weakening RAC market in China
- Ongoing overcapacity in the photovoltaic and to a lesser extent LCD flat panel display market
- Politically driven shift from water to air pollution focus in China
- Expect increased shipments to ER&S customers
- Recovery expected in General Vacuum Processes market in the US and at a lower pace in Europe
- Year to Date Book-to-Bill ratio >1

Guidance for FY 2013:

→ **Sales between USD 290 to 310 million**

→ **Operating Income in the range of USD 45 to 55 million**

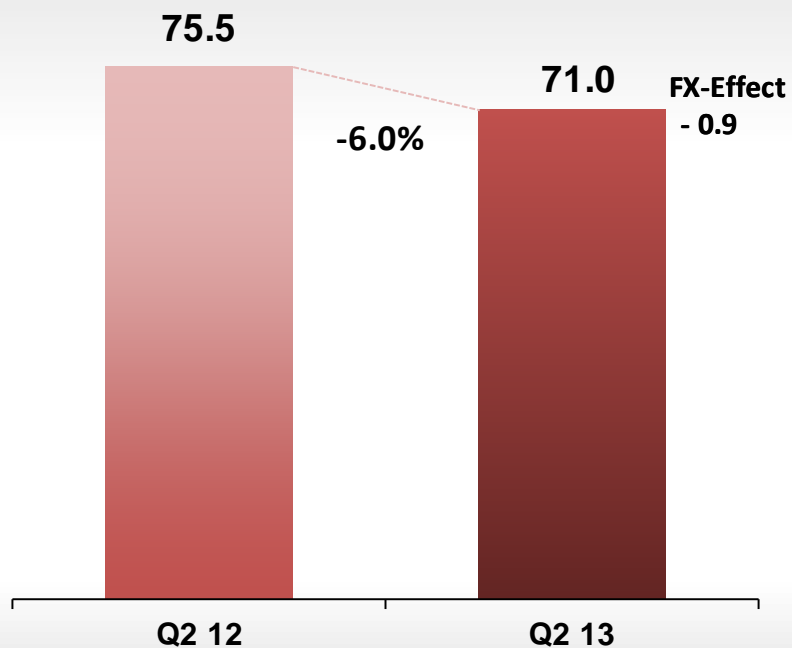
# Matthias Tröndle

INFICON

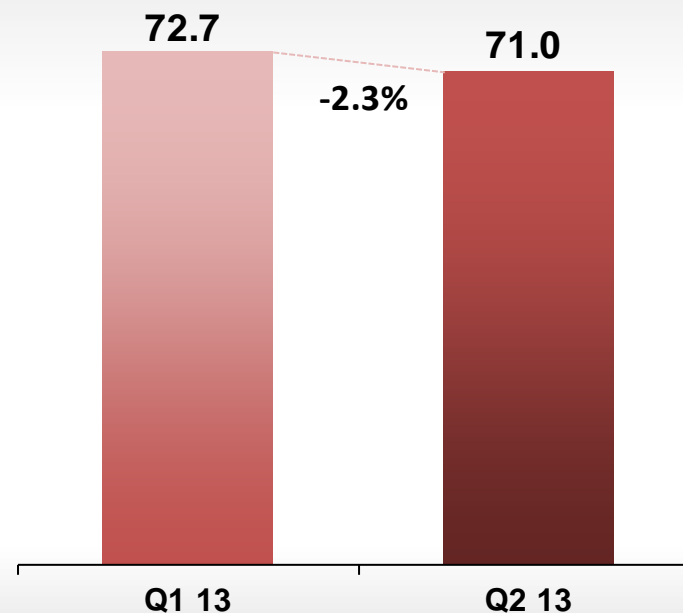
Vice President and Chief Financial Officer



# Sales (in USD million)



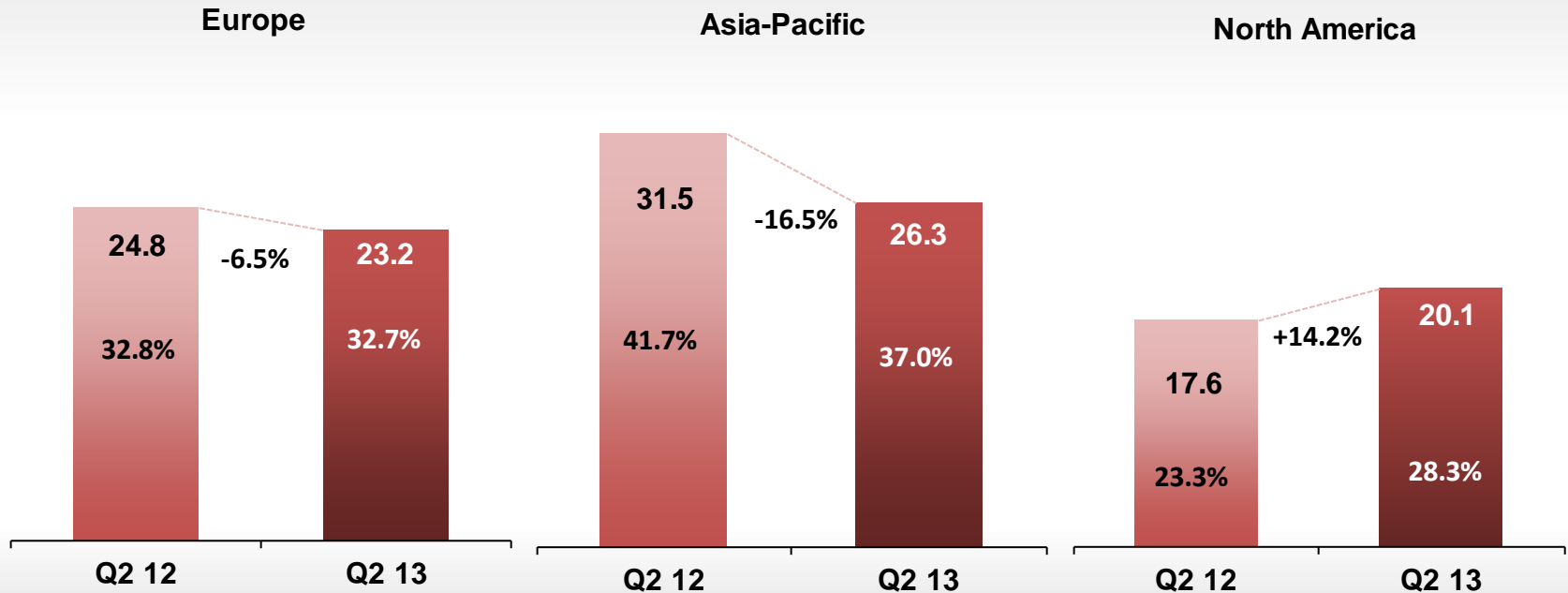
Sales decrease in all end markets except General Vacuum



Sales increase in RAC market, Specific Vacuum stable vs. Q1 13

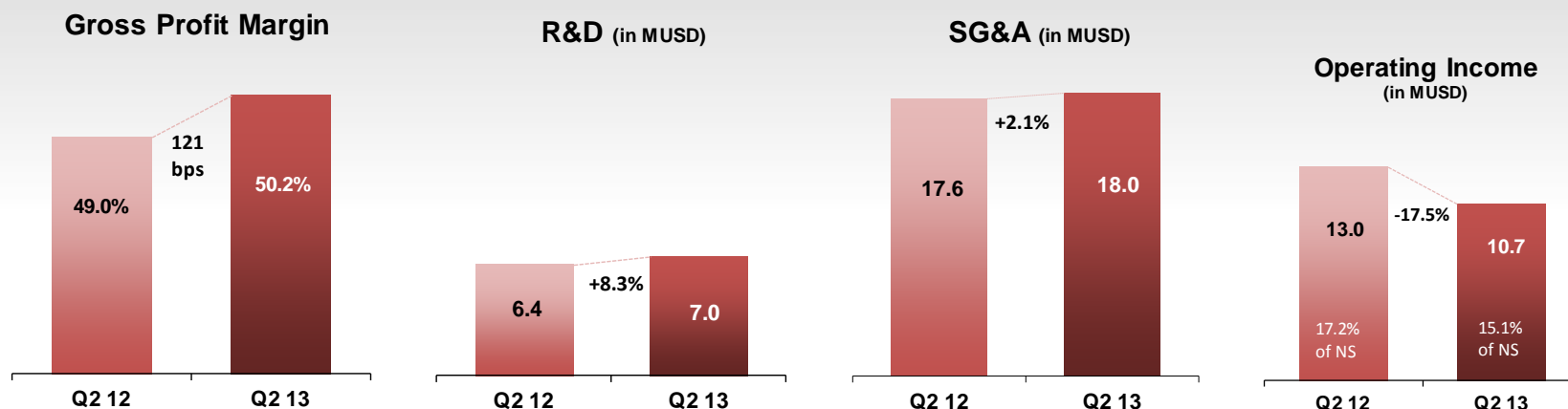
# Geographic Sales Breakdown – Quarter

(in USD million)



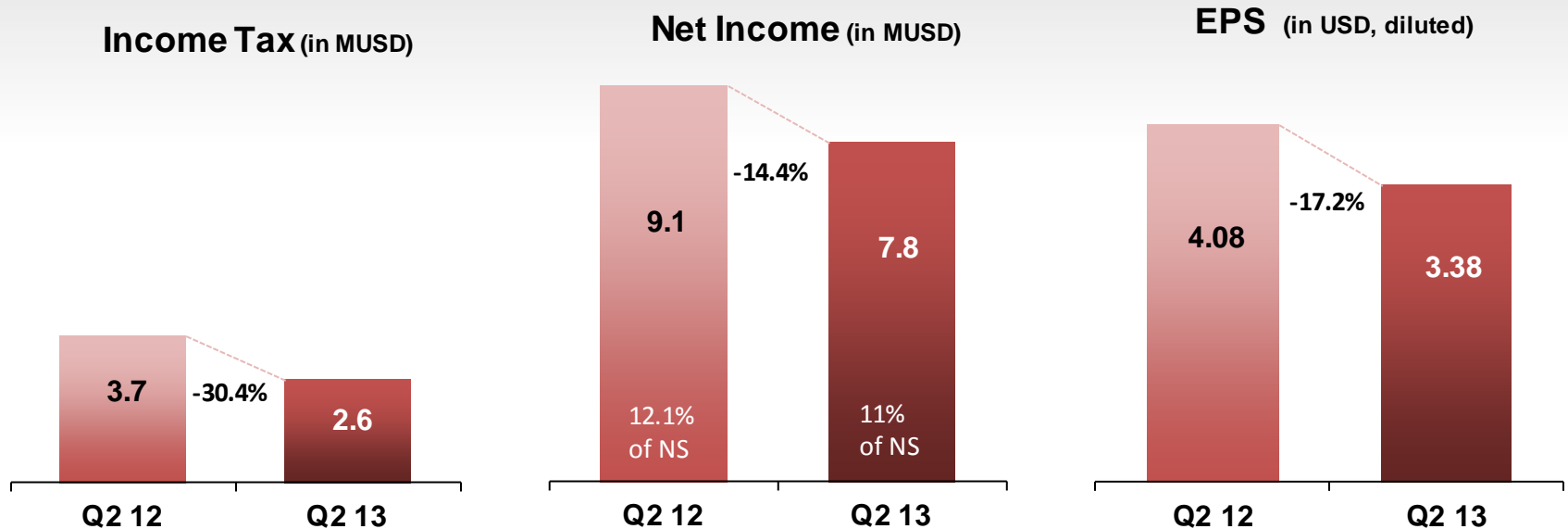
Increase in North America, decrease in Asia-Pacific and Europe

# Gross Profit Margin and Cost development



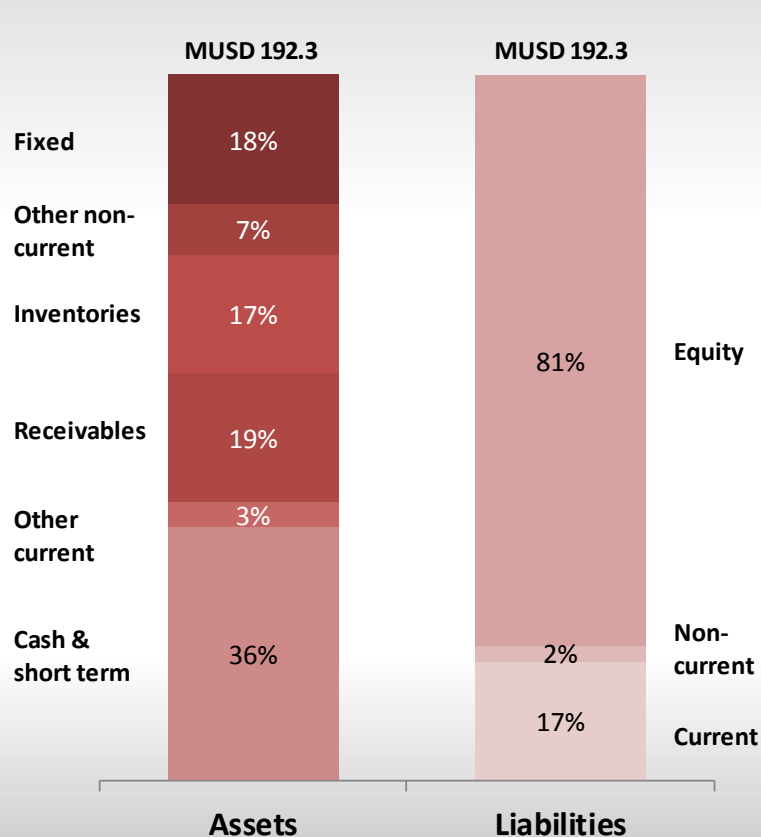
- **Gross Profit Margin:** Increase driven by favorable product mix
- **R&D cost:** Slightly higher, continued development efforts
- **SG&A:** Stable, Q2 2013 up due to continued investments in marketing capabilities and infrastructure, new hires and acquisitions
- **Operating Income:** Decrease due to lower sales volume, partially compensated for by strong Gross Margin

# Net Income and EPS development

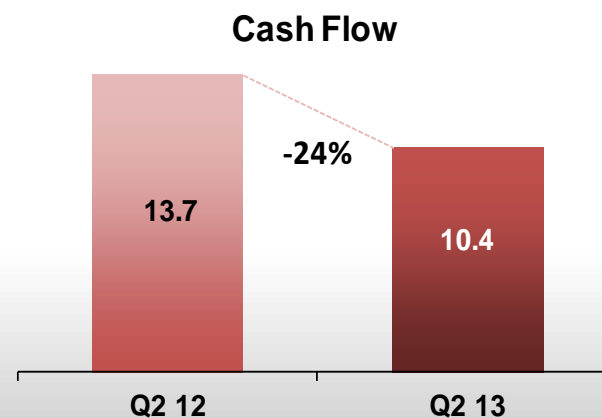


- **Income Tax:** Decrease due to EBIT development and lower tax rate
- **Net income:** Under-proportional decrease due to lower tax rate
- **EPS:** Decrease driven by Net income development

# Balance Sheet Highlights (in USD million)



	<u>Q2 13</u>	<u>Q4 12</u>
<u>Net Cash</u>	<u>68.1</u>	<u>89.9</u>
<u>DSO</u>	<u>45.1</u>	<u>45.3</u>
<u>Inventory Turns</u>	<u>4.4</u>	<u>4.5</u>
<u>Working Capital</u>	<u>20.4%</u>	<u>21.7%</u>



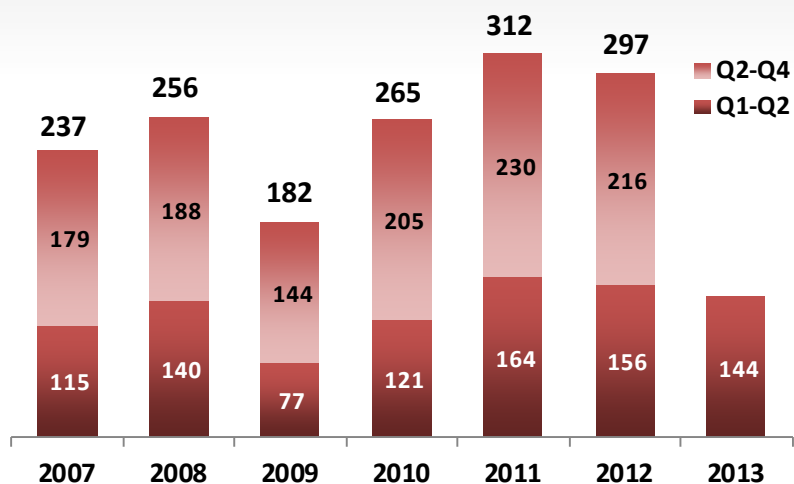
Solid balance sheet, no more debts.



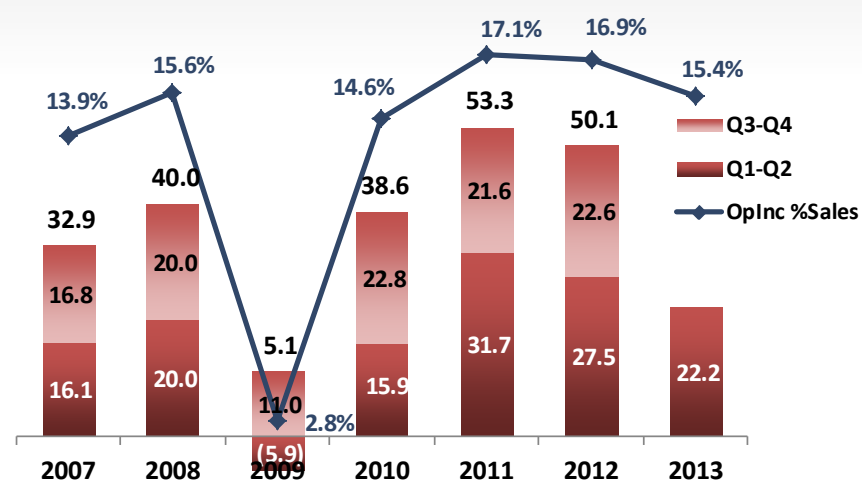
# Sales and Operating Income - HY 2013

(in USD million)

Sales (in MUSD)



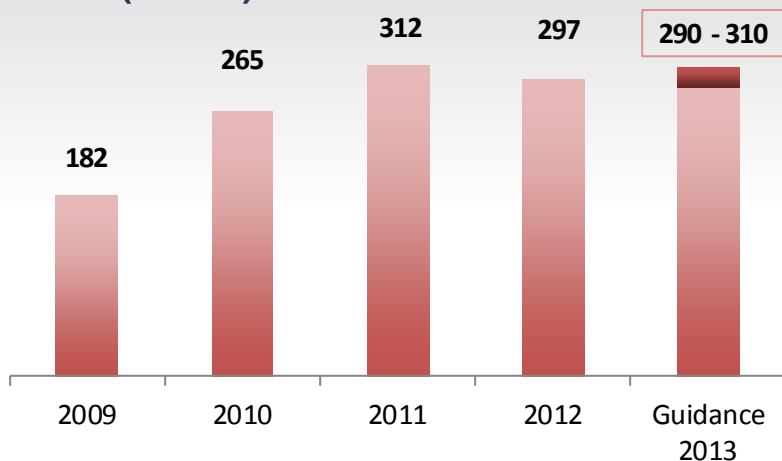
Operating Income (MUSD and % of Sales)



- **Sales:** Slightly lower as in first half-year of 2012
- **Operating Income:** Solid and driven by sales development

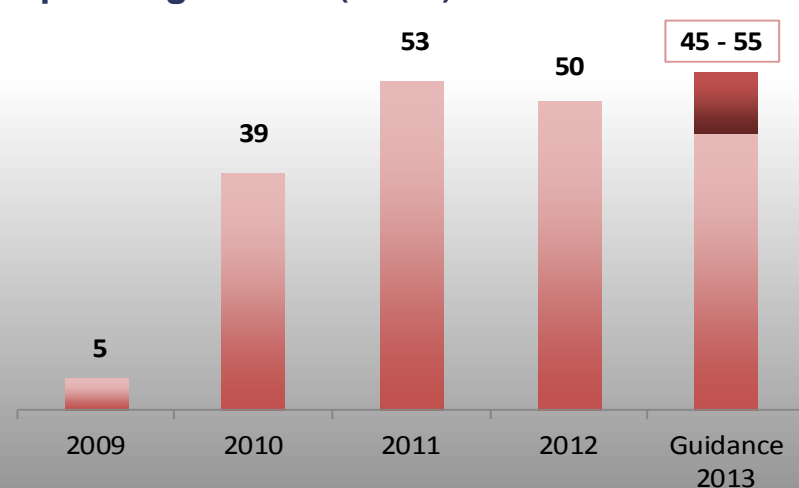
# Full Year 2013 Guidance

## Sales (MUSD)



Based on previous performance and current expectations for our end markets

## Operating Income (MUSD)



Sales	290 – 310 MUSD
Op. Income	45 – 55 MUSD

# Corporate Calendar FY 2013

- Q3 2013 Earnings Conference Call                      Tuesday, October 22, 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

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

**THANK YOU !**

**Q&A**

