



**Q1 2015**

**EARNINGS CONFERENCE CALL**

April 23, 2015

Bad Ragaz, Switzerland

# Speakers

## Lukas Winkler, President and CEO

- Key figures Q1 2015
- Target market business review
- 2015 expectations

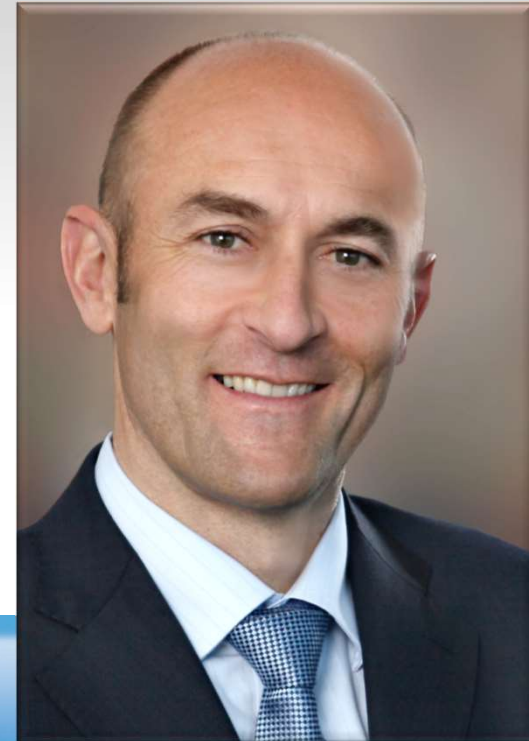
## Matthias Tröndle, Vice President and CFO

- Financials Q1 2015
- Guidance

**Lukas Winkler**

INFICON

President and Chief Executive Officer



# Q1 2015 – Key Figures

## ▪ **Slow start into FY2015**

- Sales decrease due to weak *Emergency Response & Security* and *General Vacuum Applications* markets, while *Refrigeration & Air Conditioning incl. Automotive* had another very good quarter and *Semiconductor* market showed some growth
- Consolidated sales decrease 7.1% (organically: -1.8%) to USD 66.5 million compared with Q1 2014
- Sequential sales decrease over Q4 2014 of 23.0%

## ▪ **Operating result influenced by**

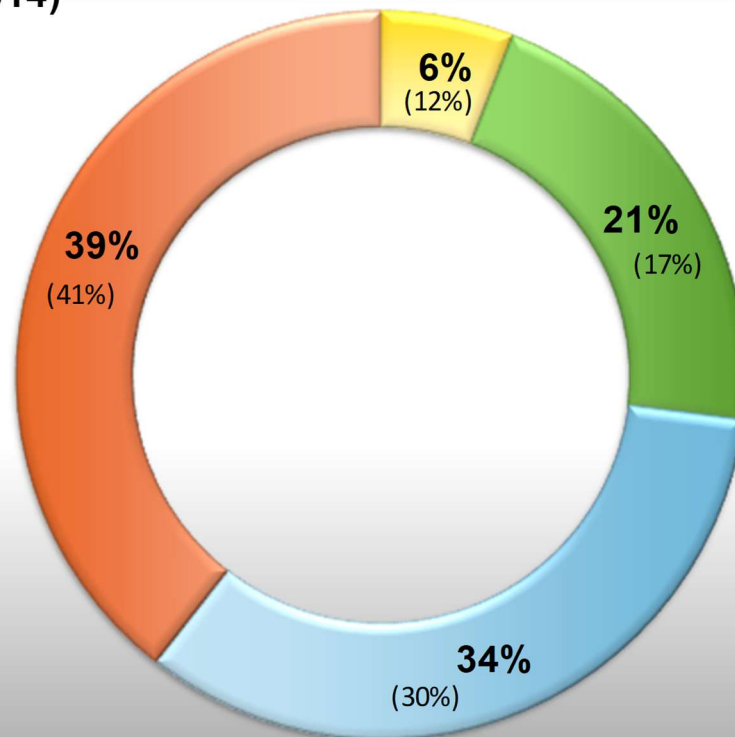
- Low sales volume
- Solid gross margin and reduced overhead cost
- Operating income of USD 8.1 million in Q1 2015 (12.1% of sales) compared with USD 9.6 million (13.3% of sales) in Q1 2014
- One-time restructuring cost of USD 1.4 million in the Liechtenstein factory

→ **Net income of USD 5.1 million or 7.6% of sales**

# Net Sales by End Market

USD 66.5 million in Q1 2015 vs. USD 71.6 million a year ago (-7.1%)

**Q1 2015  
(Q1 2014)**



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

# Specific Vacuum Process Industries

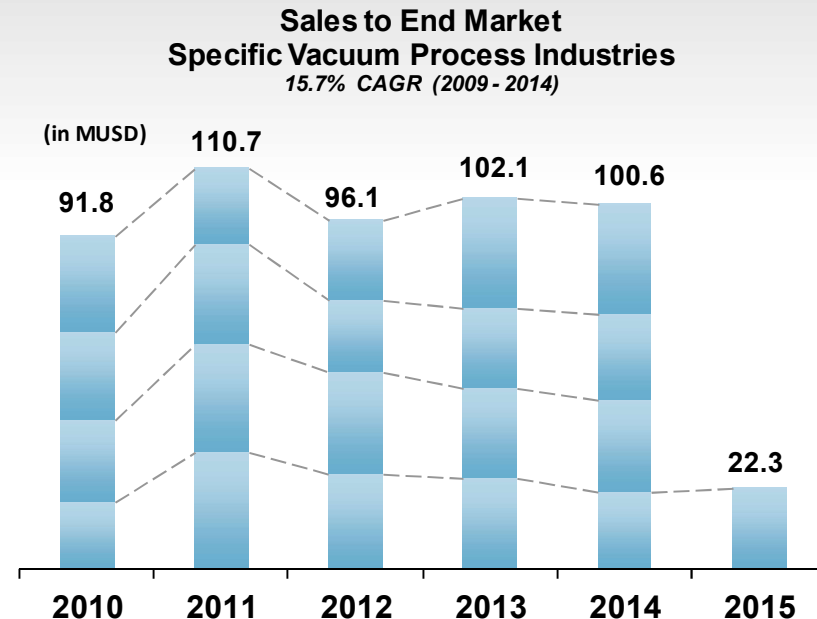
Solar, Display, Optics & Semiconductor

## Q1 2015

- Q1 2015 sales grow 3% vs. Q1 2014, mainly driven by higher demand from semiconductor business; sequential decrease of 25%
- Improved semiconductor OEM activities
- End-user business skewed to H2
- Stable optics market
- Continued weak solar, but improved OLED activities

## Market Trends

- Current electronics demand still mainly driven by mobile communication applications but increased investment plans for Internet of Things (IoT)
- On-going flash (Nand) memory market recovery
- OLED investments for new flexible displays
- Very slow solar recovery in sight
- New semiconductor manufacturing technologies delayed (450mm wafer and EUV-lithography)



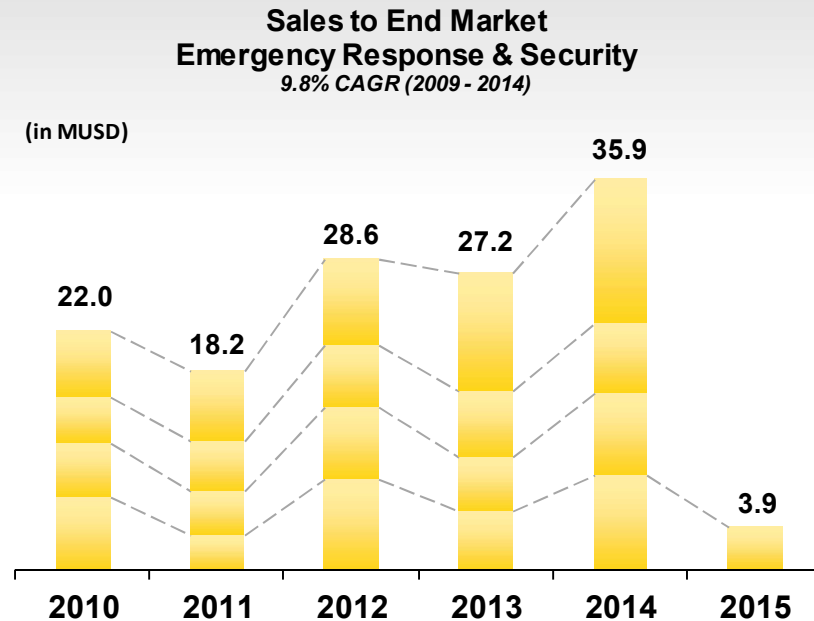
# Emergency Response & Security

## Q1 2015

- Q1 2015 sales decrease 56% vs. Q1 2014 and 71% vs. Q4 2014
- Decrease vs. record-high level in Q4 2014
- No large shipments/projects this period

## Market Trends

- Security needs around the world generate new business opportunities
- China's new plan to curtail water pollution
- US DoD's new five-year base contract
- Entering new target markets (energy & chemistry) with new instruments, based on combined sensor technologies (MS, GC, MOS and IR)





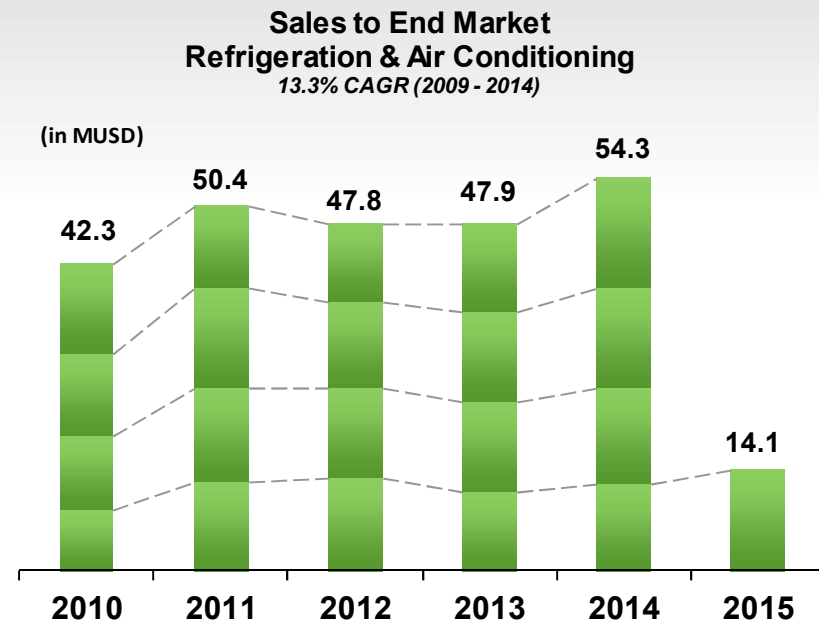
# Refrigeration, Air Conditioning & Automotive

## Q1 2015

- Q1 2015 sales increase 17% vs. Q1 2014
- Sequential decrease of 7% mainly due to sales to Asian and US customers
- Continued market share gains

## Market Trends

- Tougher safety and environmental regulations drive increased use of instrumentation in the global automotive market
- US and Asian market improvement expected
- Soft-landing of the Chinese real estate market
- Increasing installed basis drives after-sale service products worldwide





# General Vacuum Processes

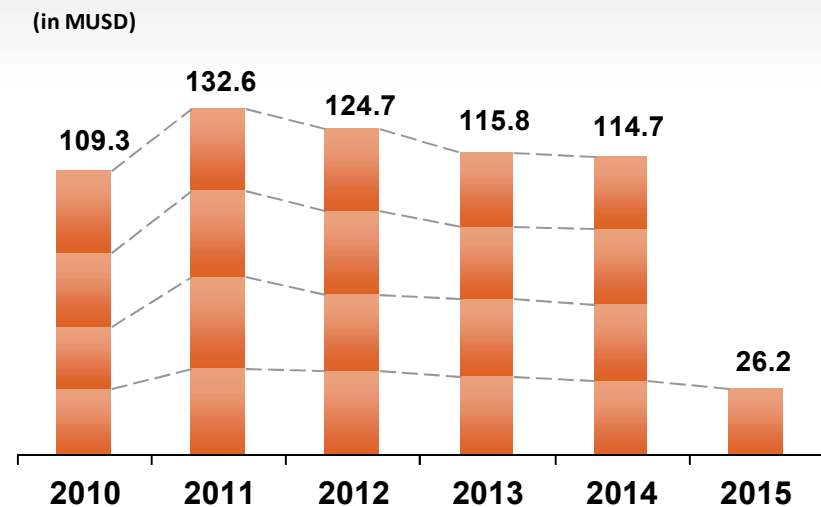
## Q1 2015

- Q1 2015 sales decrease 10% vs. Q1 2014
- Sequential decrease of 7%, 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, medical and analytical markets)
- Market entry into food-packaging with new packaging leak-detector

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



# Outlook 2015

Mixed and sometimes challenging signals from different markets/regions

- High demand for mobile communication devices (semiconductor market) and increased investments for “wearables” and “IoT” market
  - Investments in new equipment (OEM-business), driven by foundries and 3-D chip design
  - Continued success with sensors and software (at end-users) to handle increased product and process complexity, but delayed EUV lithography and 450 mm wafer-size technologies
- Expect final breakthrough for flexible OLED for next generation of mobile communication devices
  - INFICON products and consumables at all levels (Sub-suppliers, OEMs and end-user)
- Investments in new leak-detection applications (industrial and automotive applications) may compensate for saturating Refrigeration & Air Conditioning markets
- China’s pollution issues (air and water) have become a top priority political issue
- US DoD awarded a five-year base contract to INFICON for HAPSITE instruments and accessories
- Slow recovery in the General Vacuum Processes market

## **Guidance for FY 2015 unchanged**

**→ Sales between USD 300 to 330 million**

**→ Operating Income in the range of USD 48 to 58 million**

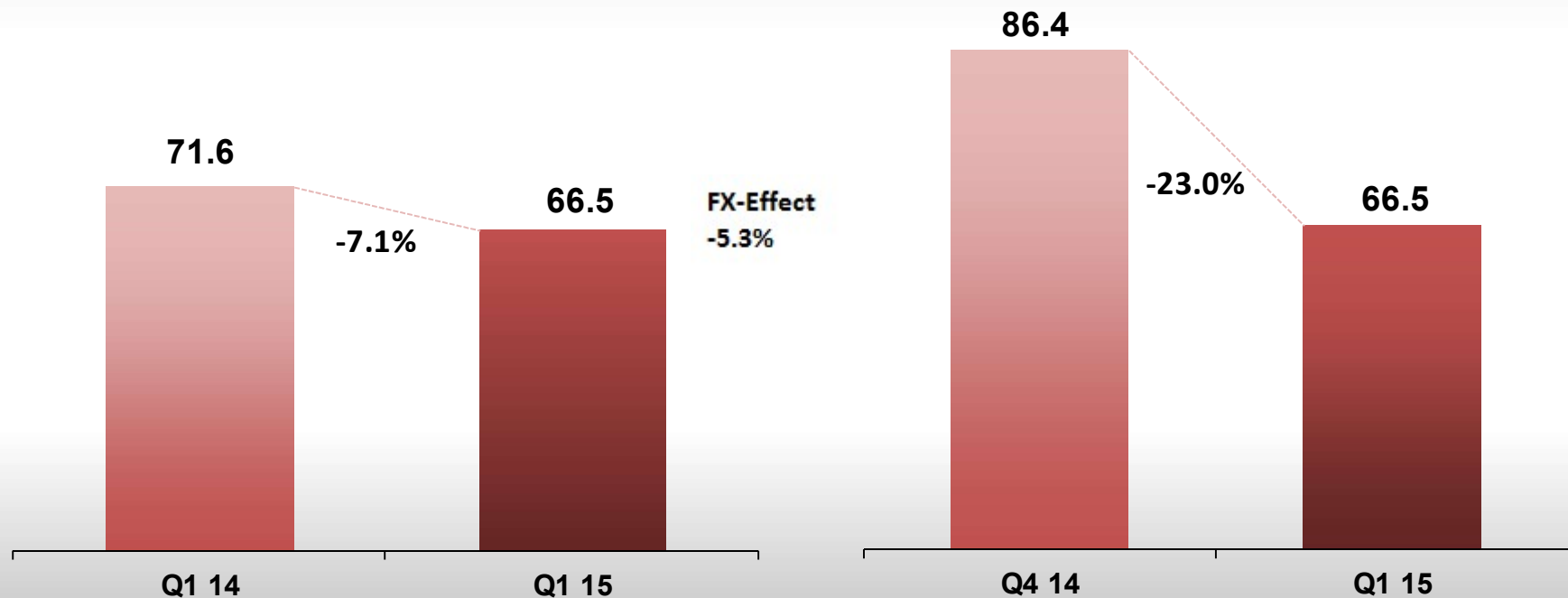
# Matthias Tröndle

INFICON

Vice President and Chief Financial Officer



# Sales (in USD million)

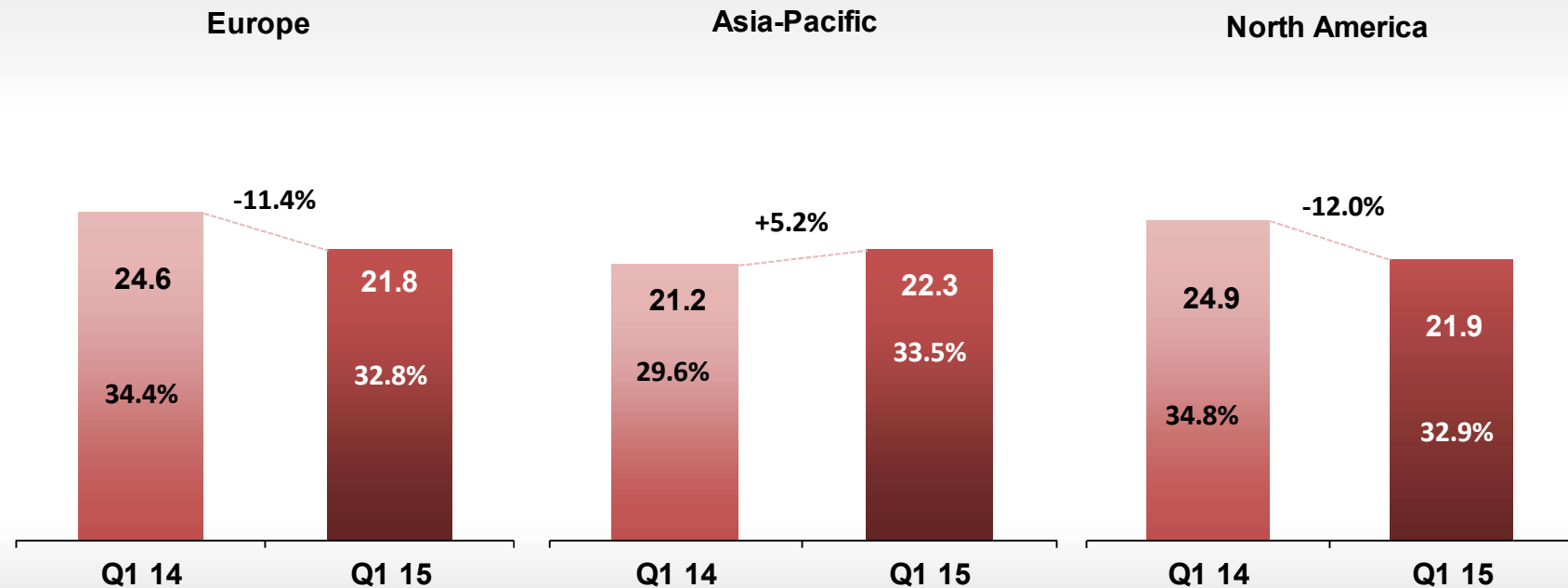


Sales decrease in ER&S and General Vacuum End-market

Decrease in all markets compared with record-high Q4 2014

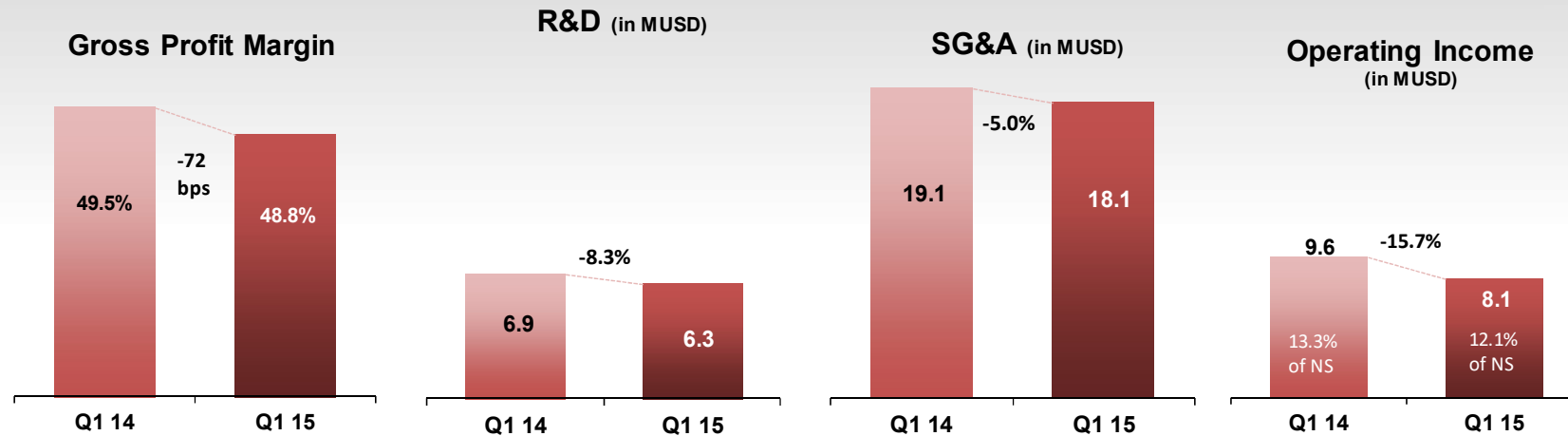
# Geographic Sales Breakdown – Quarter

(in USD million)



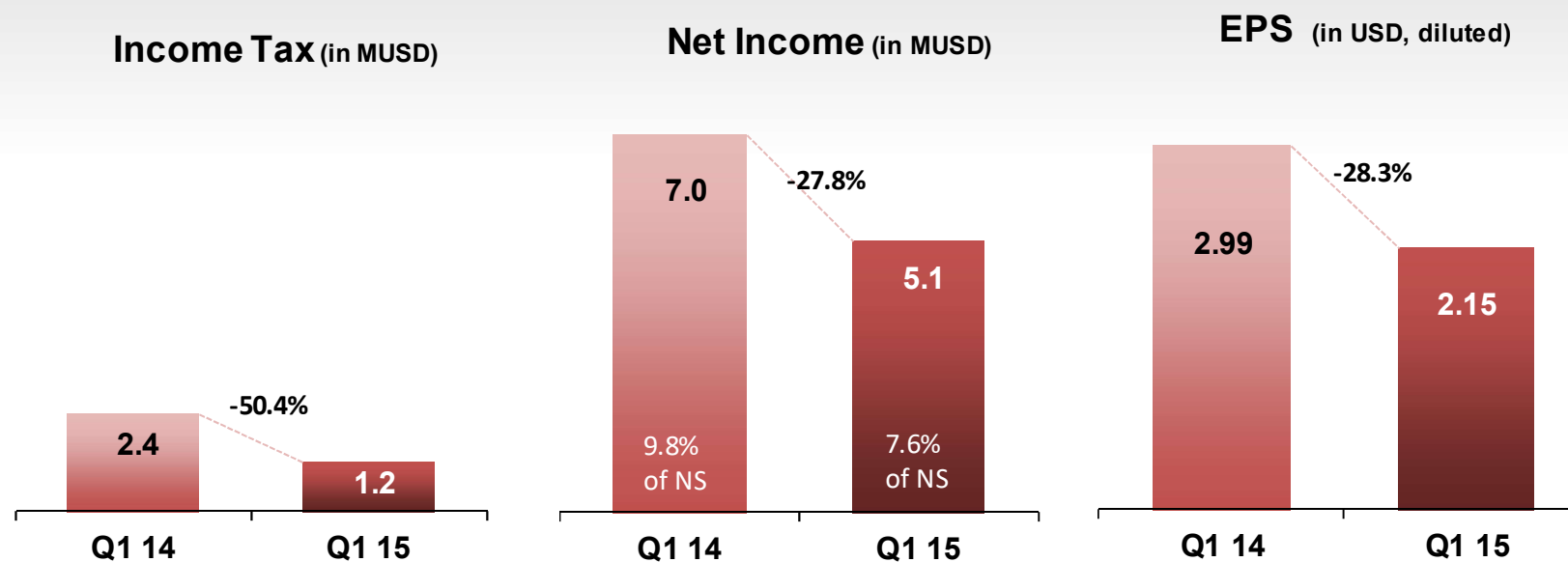
Increase in Asia-Pacific, decrease in North America and Europe

# Gross Profit, Costs and Operating Income



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

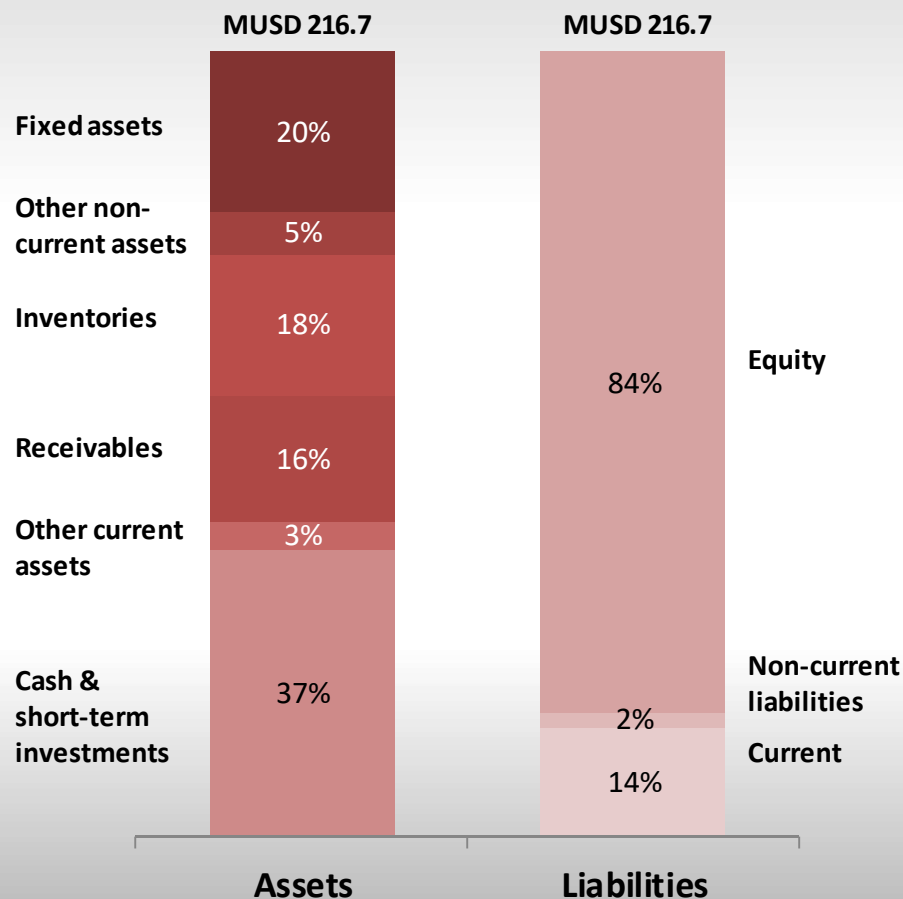
# Net Income and EPS development



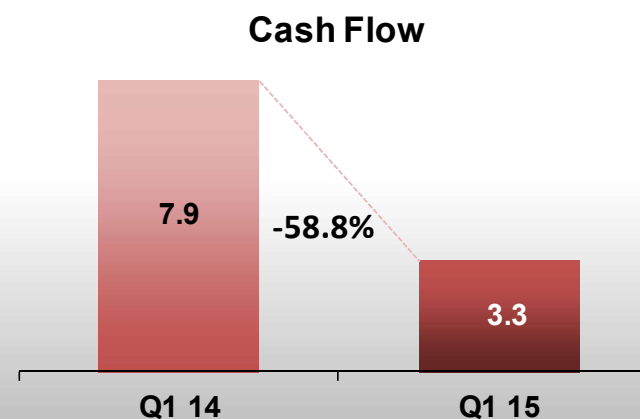
- **Income tax:** Decrease due to EBIT development and mix in tax rates
- **Net income:** Driven by operating income development and a restructuring charge
- **EPS:** Decrease in line with net income



# Balance Sheet Highlights (in USD million)



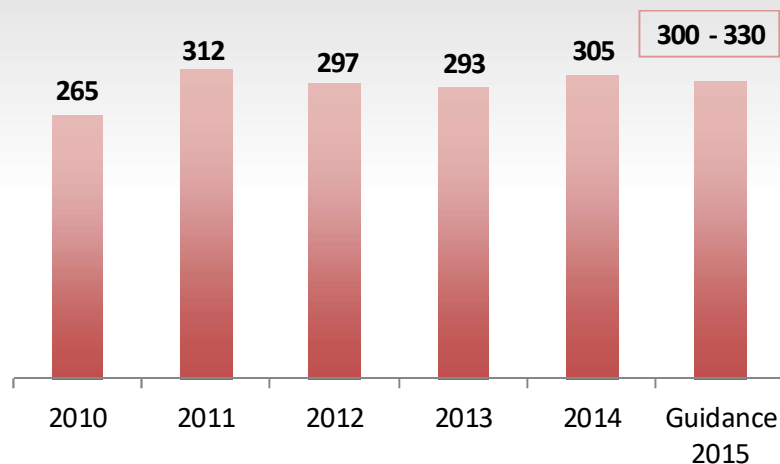
	Q1 15	Q4 14
Net Cash	80.1	81.0
DSO	44.5	45.1
Inventory Turns	3.8	3.9
Working Capital	24.9%	20.2%



Solid balance sheet, no debt

# Full Year 2015 Guidance

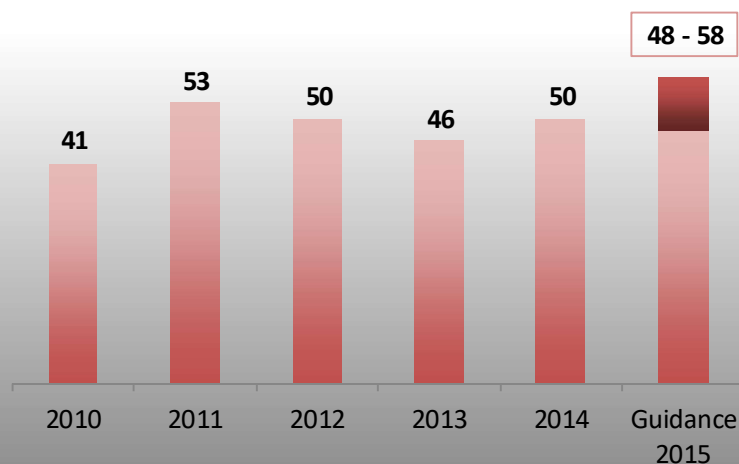
## Sales (MUSD)



## *Unchanged*

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

- 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 and FY 2015 Earnings Conference Call March 2016

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



**THANK YOU !**

**Q&A**

