



Q4 2016 and Full Year 2016 EARNINGS CONFERENCE

March 14, 2017

Zürich, Switzerland

Speakers

Lukas Winkler, President and CEO

- Key figures Q4 2016 and FY 2016
- Target market business review
- Expectations 2017

Matthias Tröndle, Vice President and CFO

- Financials Q4 2016 and FY 2016
- Distribution
- Guidance

Lukas Winkler

INFICON

President and Chief Executive Officer



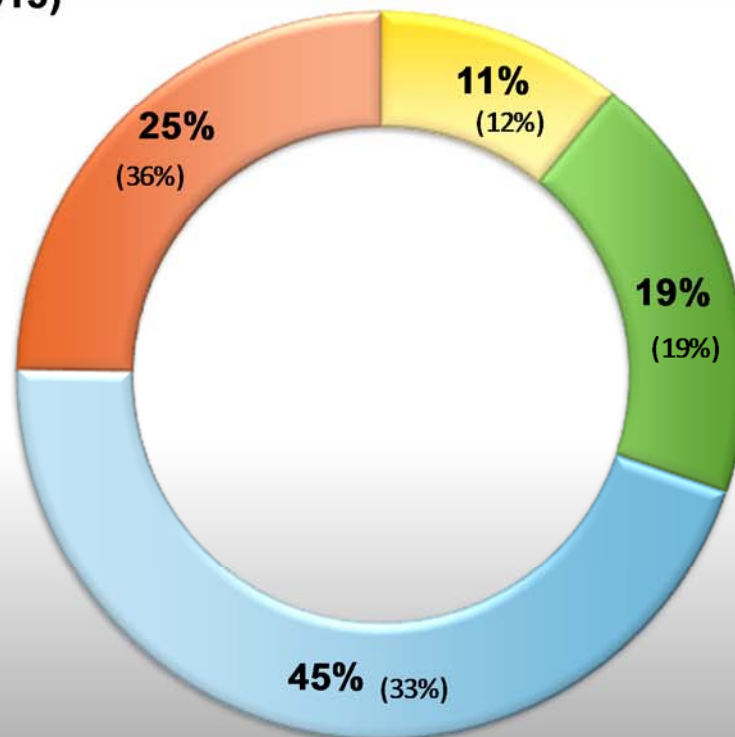
Q4 2016 – Key Figures

- **Sales increase in all markets, except General Vacuum (GV)**
 - Consolidated sales increase of 21.3% to USD 86.2 million compared with Q4 2015, organic increase of 19.3%
 - Sequential sales increase over Q3 2016 of 10.2%
 - Book to bill ratio ~1
 - **Operating result influenced by**
 - Increased sales volume
 - Improved gross margin and higher overhead cost
 - Operating income of USD 18.2 million in Q4 2016 (21.1% of sales) compared with USD 11.1 million (15.6% of sales) in Q4 2015
- **Net income of USD 13.8 million or 16.1% of sales**

Net Sales by End Market

USD 86.2 million in Q4 2016 vs. USD 71.1 million a year ago (+21.3%)

**Q4 2016
(Q4 2015)**



- Security & Energy
- Refrigeration, Air Conditioning & Automotive
- Semi & Vacuum Coating
- General Vacuum

FY 2016 – Key Figures

- **Sales increase in all markets, except General Vacuum (GV)**
 - Consolidated sales increase of 11.1% to USD 309.7 million compared with 2015, organic increase of 9.4%
 - Book to bill ratio ~1
 - **Operating result influenced by**
 - High sales volume
 - Stronger gross margin and increased overhead cost
 - Operating income of USD 51.0 million in 2016 (16.5% of sales) compared with USD 39.8 million (14.3% of sales) in 2015 (+28.3%)
- **Net income of USD 40.3 million or 13.0% of sales (+34.2%)**
- **Proposed cash distributions of 16.00 CHF per share**

Semi & Vacuum Coating

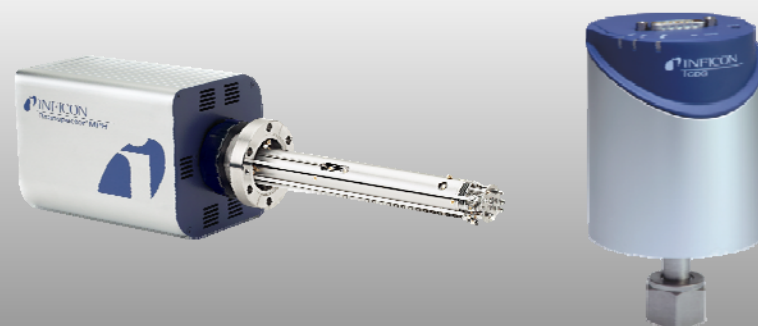
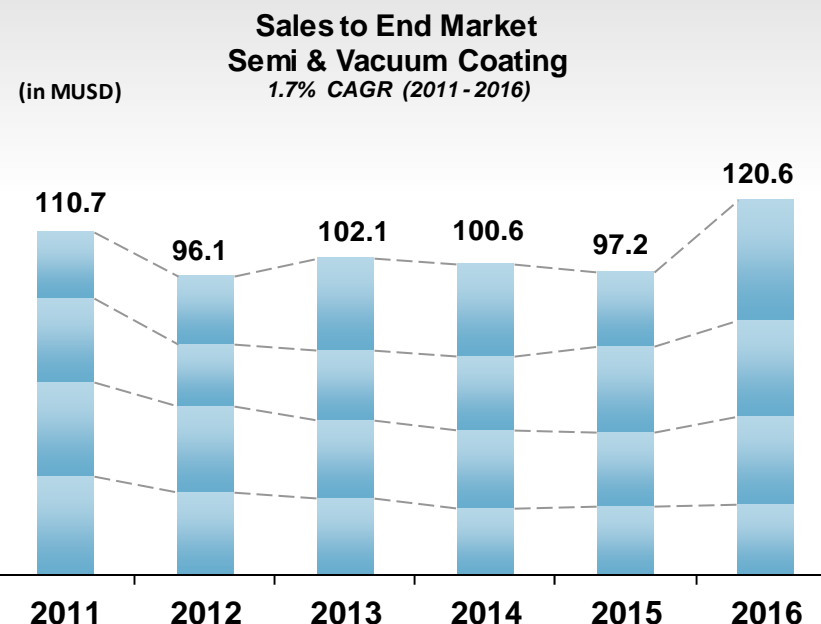
Solar, Display, Optics & Semiconductor

Q4 2016

- Sales Q4 2016 increase of 63% vs. Q4 2015
- Sequential increase of 24%
- New annual sales record in FY2016, mainly due to large investments in OLED flat panel production capacity
- #1 position in process control, leak-detection and thin film monitoring, #2 for pressure measurement

Market Trends

- Continuation of increased demand for mobile communication chips
- Investments in new Semi Fabs in China
- OLED replacing LCD technology for next-generation flat panel displays
- Very slow solar recovery in sight
- 2017 expectations: Growth



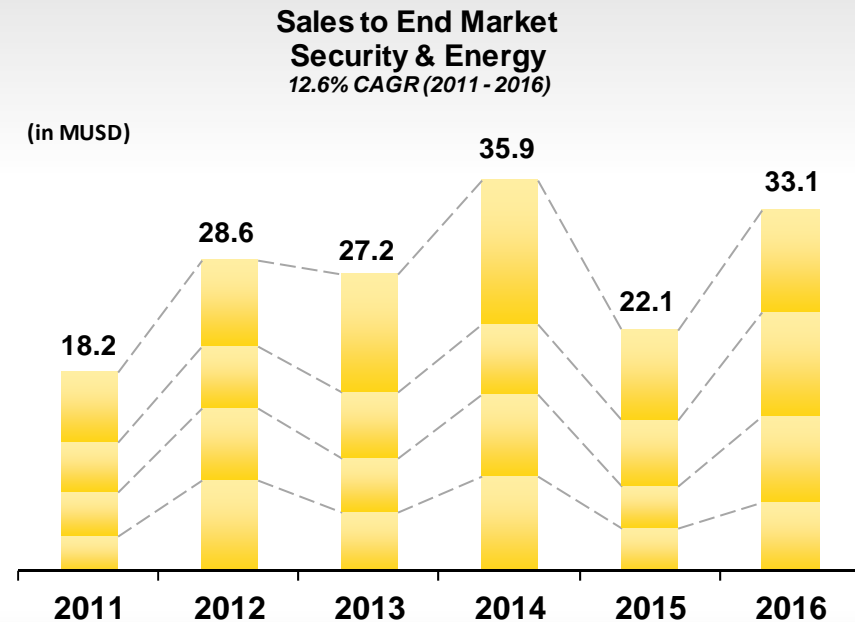
Security & Energy

Q4 2016

- Strong Q4 2016
- Sales increase 13% in Q4 2016 vs. Q4 2015 and decrease of 2% vs Q3 2016
- 2nd best year, due to sales to US and Chinese government customers
- Shipment bottlenecks solved / backlog reduction

Market Trends

- Security needs around the world generate new business opportunities
- Interesting projects (China) for environmental application (air and water)
- New target markets and application opportunities in energy market with
 - Fusion® micro-GC technologies
 - Irwin® methane leak detector
- 2017 Expectations: Challenging



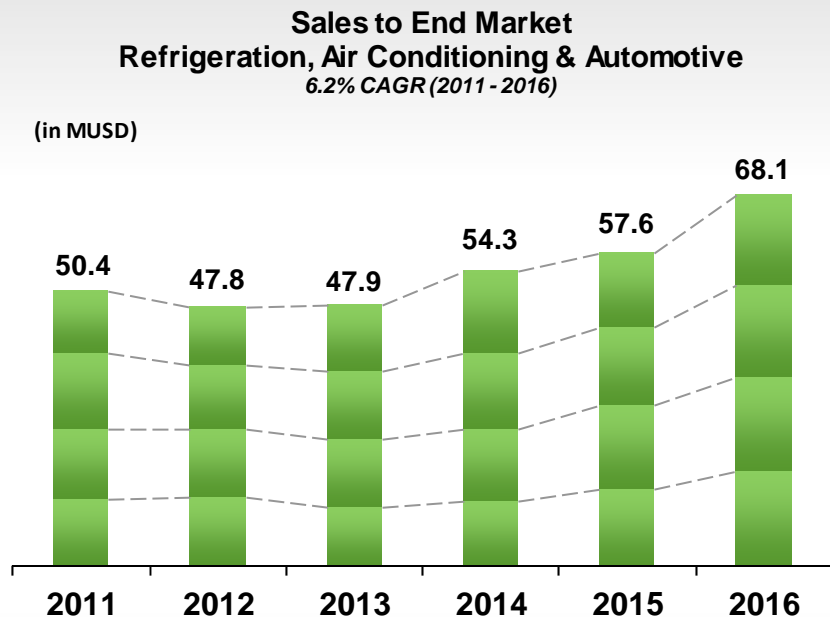
Refrigeration, Air Conditioning & Automotive

Q4 2016

- Q4 2016 sales increase of 21% vs. Q4 2015 (some customer reclassifications)
- Sequential decrease of 2%; lower sales in all regions
- Continued market share gains

Market Trends

- Tougher regulations drive increased use of instrumentations in the automotive market
- Saturation of RAC manufacturers market (mainly China)
- Increasing installed base and new sales distribution channels drive after-sale service products worldwide
- New E-Car opportunities :
 - New and existing battery technologies
 - Fuel cell technology (Hydrogen)
- 2017 expectations: Growth



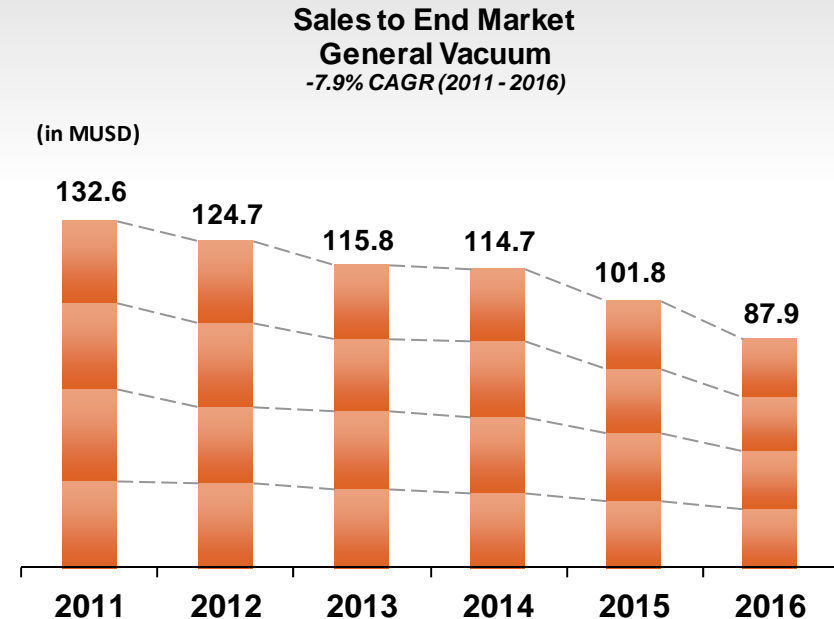
General Vacuum

Q4 2016

- Q4 2016 sales decrease 14% vs. Q4 2015, mainly due to lower sales to European distributors
- Sequential increase of 4%
- Customer reclassifications
- Contributions from InstruTech acquisition (US)

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
- Growing food-packaging applications
- 2017 Expectations: Slow growth



Outlook 2017

Positive – with mixed signals from the Security & Energy Market

- Semiconductor market remains robust
 - Investments in new Fabs (China) and new Technologies (3D, <10nm, new Materials)
 - Increased forecasts for new equipment (OEM business) incl. EUV lithography
- OLED flat panel display technology investment boom continuous
INFICON products and consumables at all levels (sub-suppliers, OEMs and end-user)
- Higher investments in new leak-detection applications (industrial and automotive market) together with a sales initiative for hand-held service tools compensate for saturating RAC manufacturers markets (mainly China)
E-Mobility (current and future battery technologies)
- Increased sales from General Vacuum, due to an improved global economy
- Uncertain global political situation with unclear impact on the Security & Energy market
- First sales contribution from new applications: Public utility, food packaging, fracking

Guidance for FY 2017:

→ Sales exceeding USD 320 million

→ Operating income margin greater than 17%

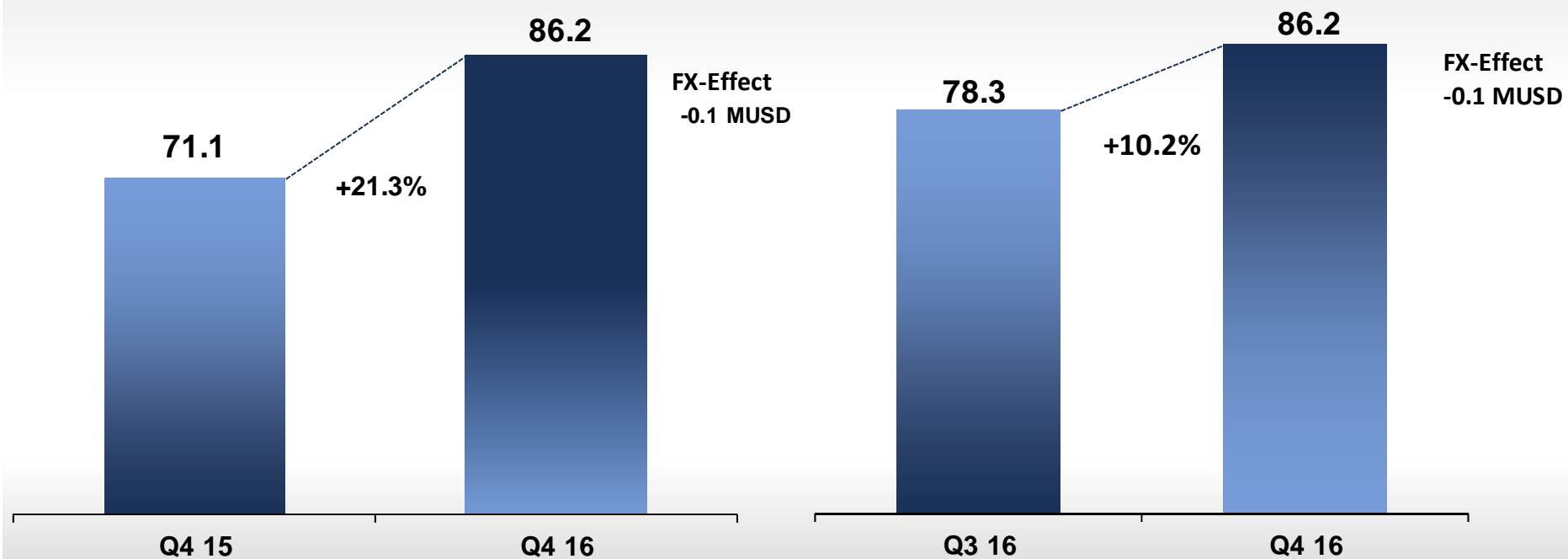
Matthias Tröndle

INFICON

Vice President and
Chief Financial Officer



Sales (in USD million)

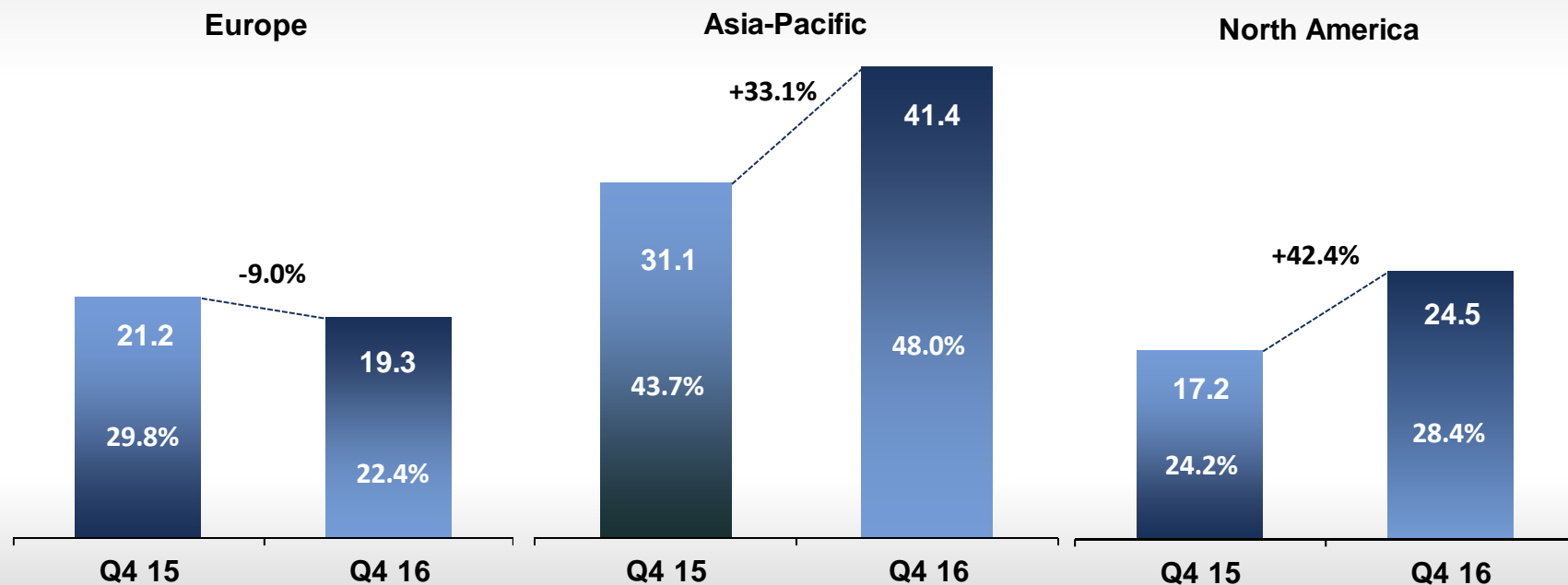


All end-markets increased except
General Vacuum

General Vacuum and S&V
increased, R&A and S&E slight
decrease

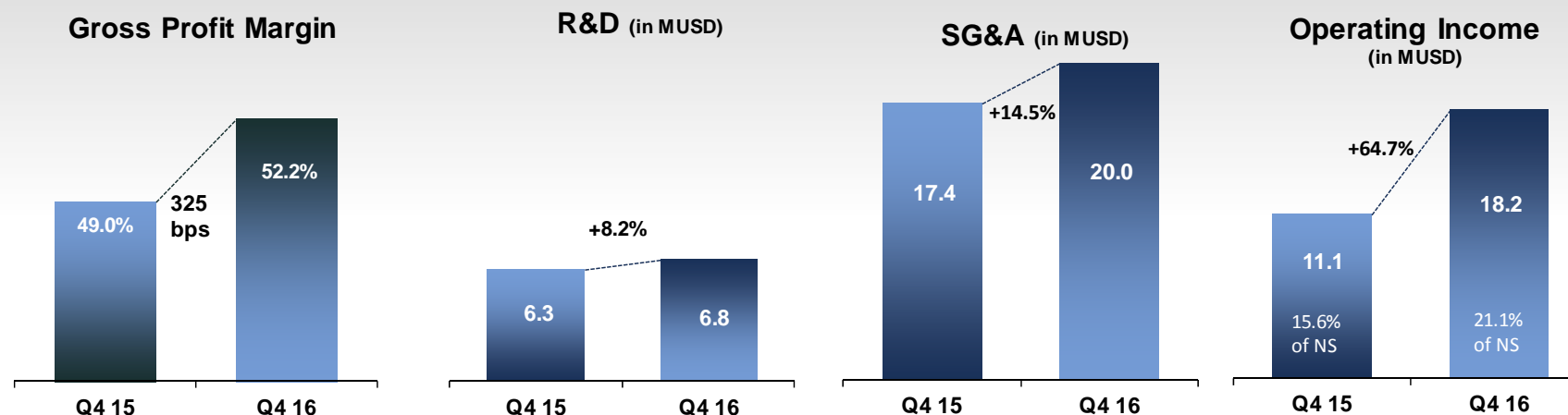
Geographic Sales Breakdown – Quarter

(in USD million)



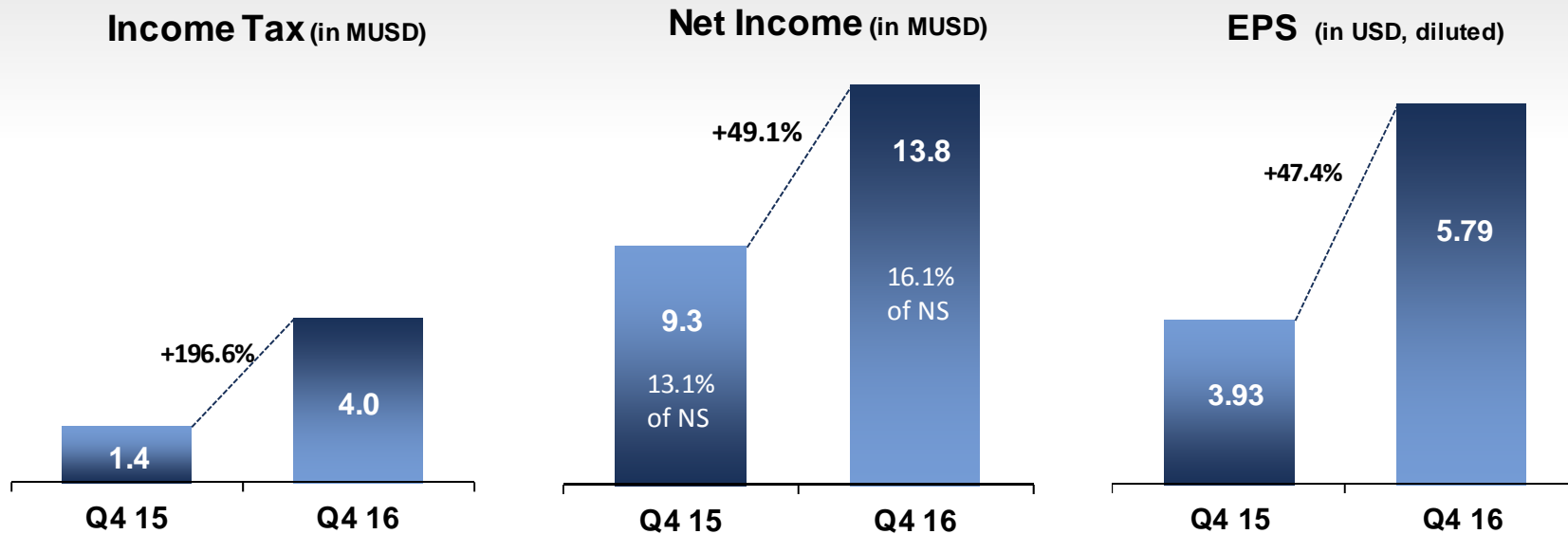
Increase in Asia and in North America, decrease in Europe

Gross Profit, Costs, and Operating Income



- **Gross profit margin:** Clearly improved margin, driven by higher volume and mix. In absolute numbers margin increase of 3%
- **R&D cost:** Increase due to acquisition impacts and continued development efforts
- **SG&A:** Increase due to acquisition impacts, higher variable compensation and commissions
- **Operating income:** Increase due to higher sales volume, improved gross margin while costs slightly increased

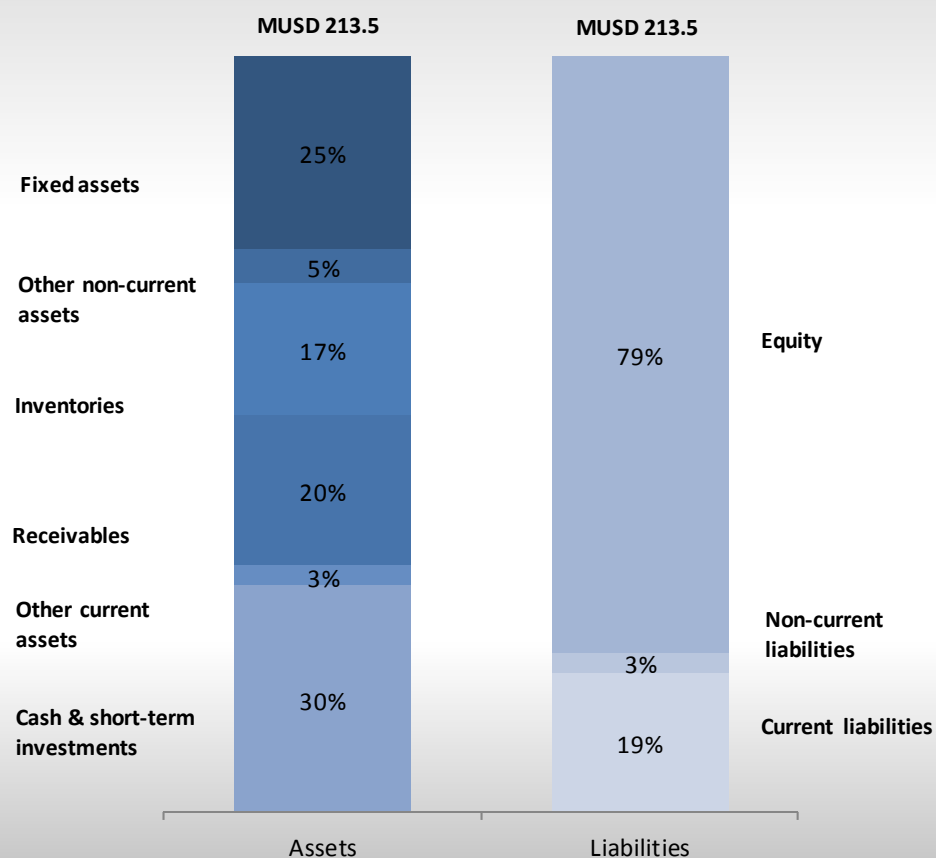
Net Income and EPS development



- **Income tax:** higher global tax rate of 22.6% driven by the mix in earnings and tax rates
- **Net income:** Increase due to higher operating income at higher tax expense
- **EPS:** Increase in line with net income

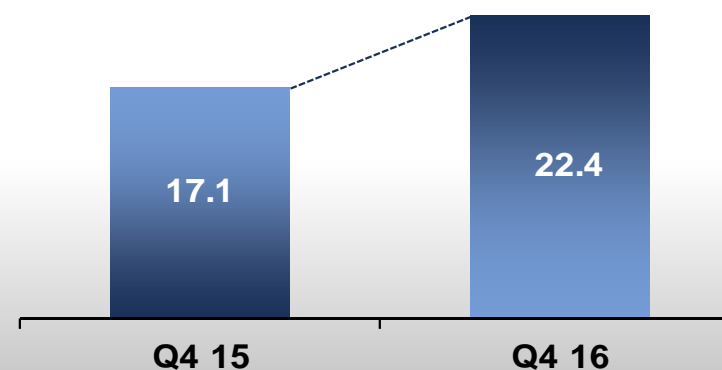
Balance Sheet Highlights (in USD million)

Balance Sheet Structure 2016



	Q4 16	Q4 15
Net Cash	63.9	60.9
DSO	47.4	45.6
Inventory Turns	3.8	3.6
Working Capital	20.7%	23.1%

Cash Flow

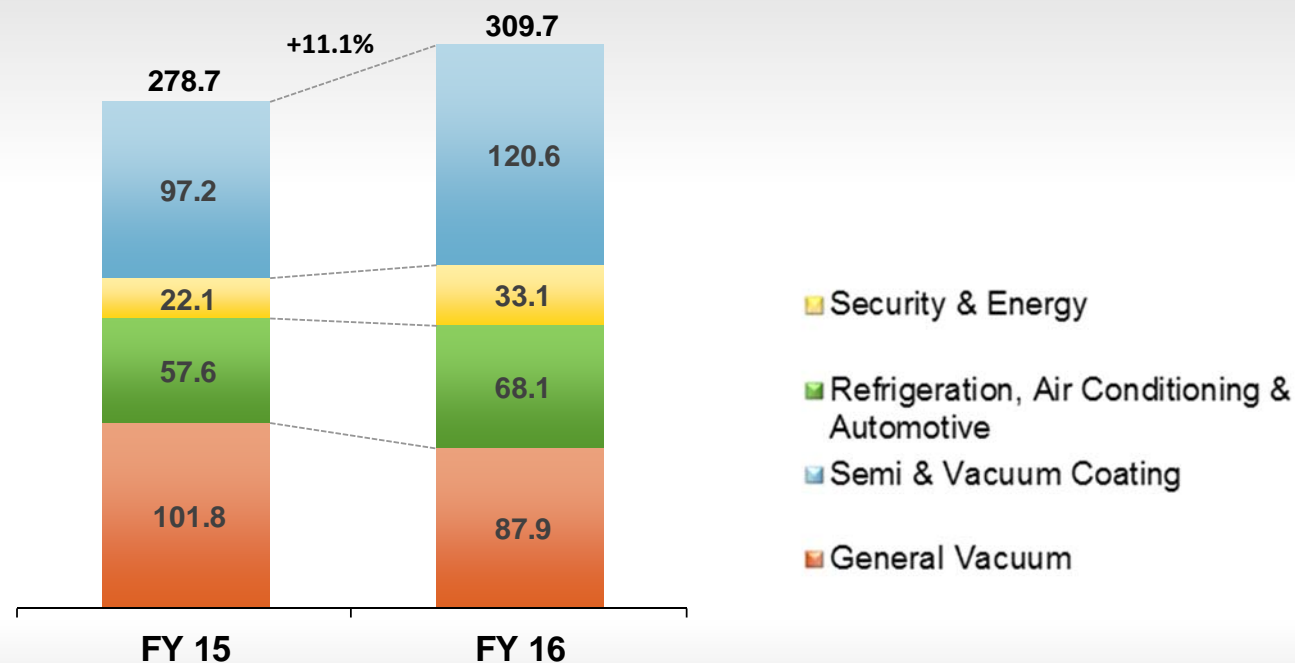


Solid balance sheet, improved inventory ratios,
cash increased due to strong cash flow in Q4



FISCAL YEAR 2016 RESULTS

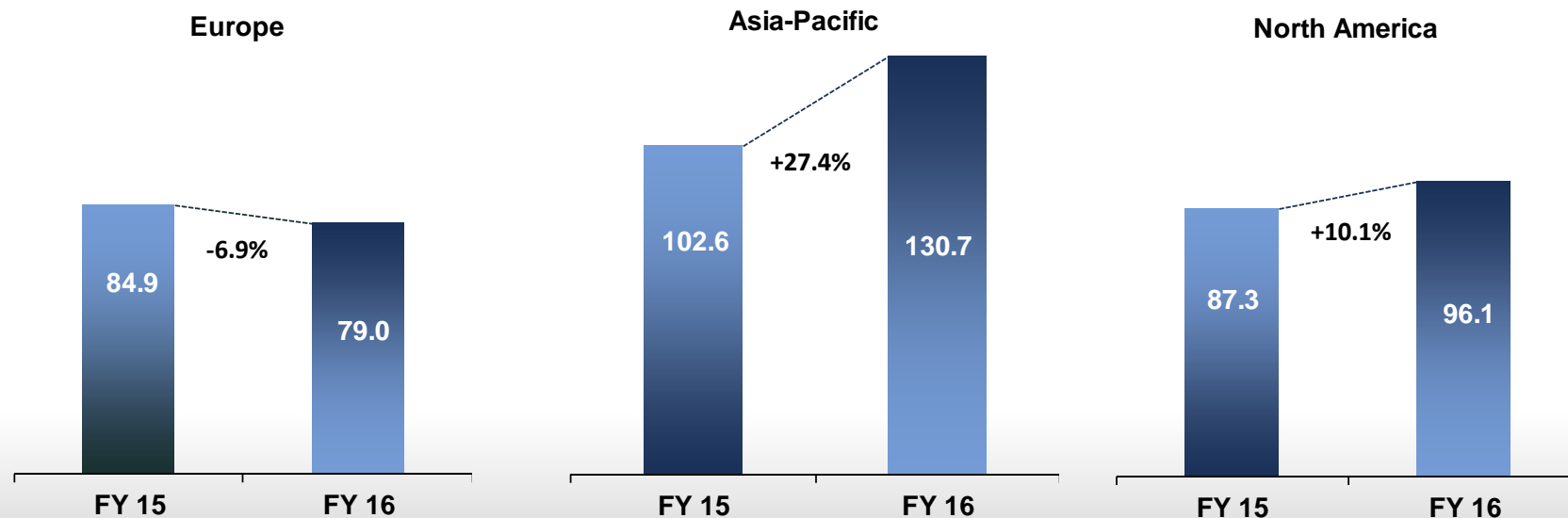
Full Year Sales (in USD million)



Sales increase in all markets except General Vacuum;
Organic increase of 9.4%

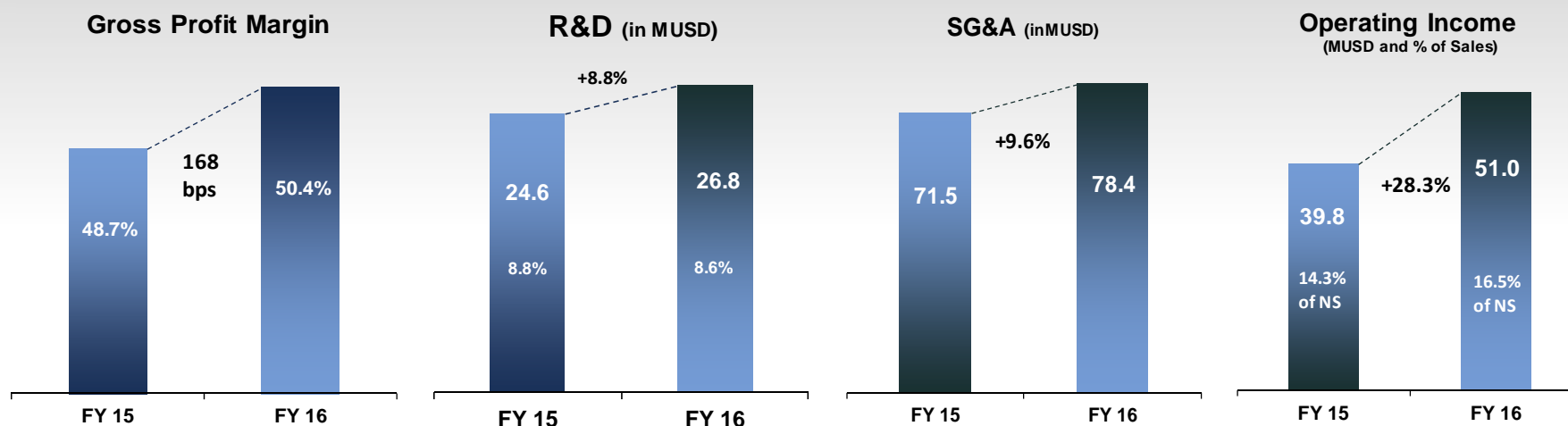
Geographic Sales Breakdown – Full Year

(in USD million)



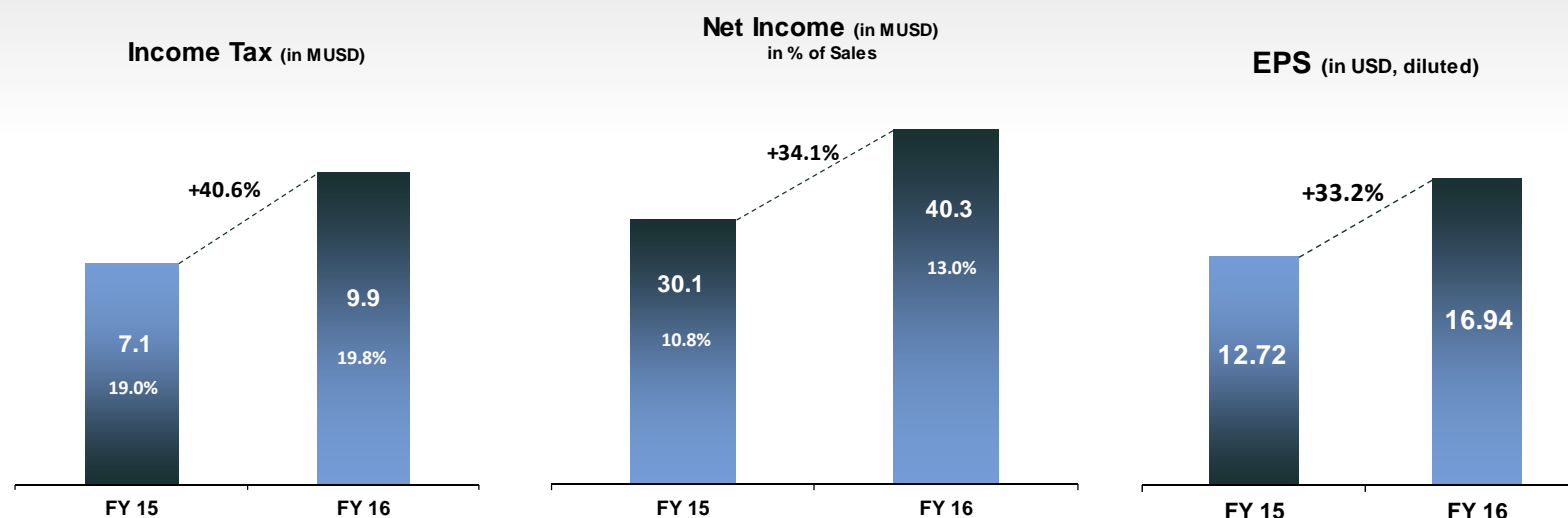
Increase in Asia-Pacific and North America, decrease in Europe

Gross Profit, Costs, Operating Income (YoY)



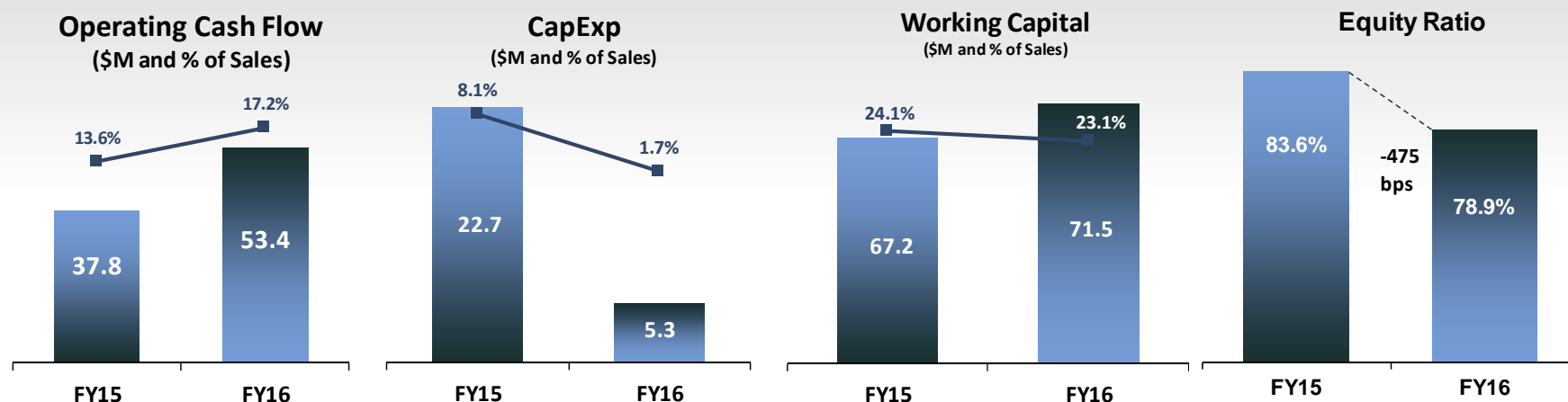
- **Gross profit margin:** Influenced by higher volume and favorable mix
- **R&D cost:** Increase due to higher variable compensation and acquisition impacts
- **SG&A:** Increase due to investments in marketing and selling capabilities, acquisition impacts and higher variable compensation
- **Operating income:** Increase due to higher sales volume, improved gross profit margin while costs have been kept under control

Net Income and EPS development (YoY)



- **Income tax:** Increase due to EBIT development and mix in earnings and tax rates among the different tax jurisdictions
- **Net income / EPS:** Increase driven by operating income development, and less FX impacts

Key Balance Sheet data (YoY)



- **Operating cash flow:** Increase due to higher net income, higher payables and liabilities partially compensated by higher A/R
- **CAPEX:** lower investments; FY15 heavy investment in building USA
- **Working capital:** higher balance, lower as a percentage of sales, tightly managed
- **Equity:** Slightly lower at a very solid level



DISTRIBUTION PROPOSAL

Distribution 2016

- **Strong Balance Sheet and Cash Generation**
 - No debt (short-term and long-term)
 - USD 64 million cash
 - Shareholders' equity ratio ~79%
- **Board of Directors intends to propose a cash distribution of CHF 16.00 per share**
 - Annual General Meeting of Shareholders on April 11, 2017
 - To be distributed out of capital contribution reserves
 - Returning ~USD 38.4 million cash to shareholders in 2017
 - Payout ratio ~95%
 - Attractive yield of approximately 3.6%



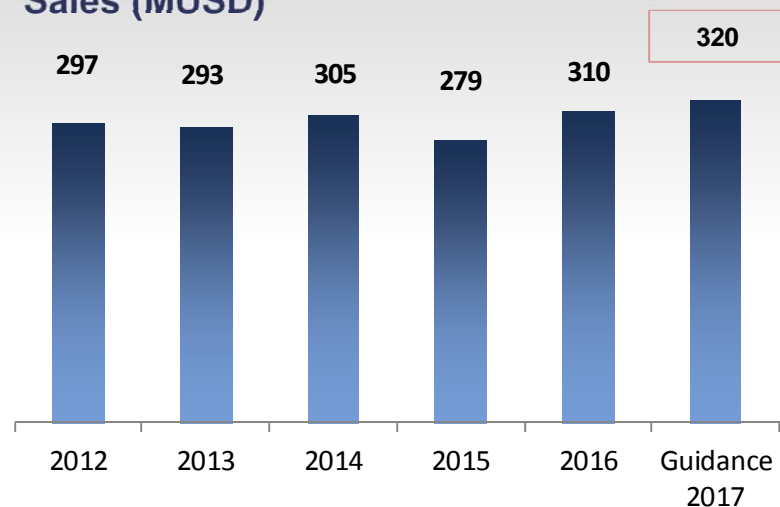
GUIDANCE FY 2017

AND

CORPORATE COMMUNICATION CALENDAR

Full Year 2017 Guidance

Sales (MUSD)

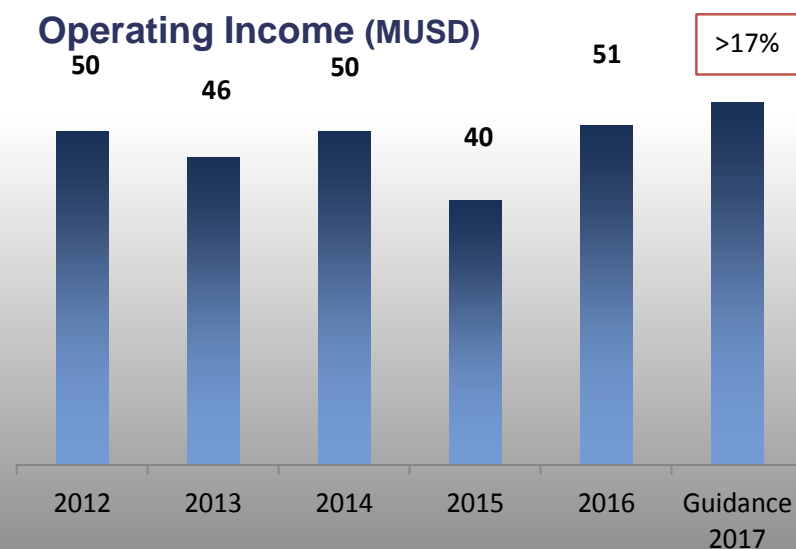


Based on our current expectations
for our end markets

Sales > 320 MUSD

Op. Income > 17%

Operating Income (MUSD)



Corporate Calendar FY 2017

- Annual General Meeting Tuesday, April 11, 2017
- Q1 2017 Earnings Conference Call Friday, April 21, 2017
- Q2 2017 Earnings Conference Call Wednesday, July 26, 2017
- Q3 2017 Earnings Conference Call Thursday, October 19, 2017
- Q4 and FY 2017 Earnings Conference Call March 2018

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



THANK YOU !

Q&A

