



HALF-YEAR REPORT

2019

Company Overview

INFICON provides world-class instruments for gas analysis, measurement and control.

These analysis, measurement and control products are essential for gas leak detection in air conditioning, refrigeration, and automotive manufacturing.

They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells, LED lighting, and industrial vacuum coating applications.

Other users of vacuum based processes include the life sciences, research, aerospace, food and general packaging, heat treatment, laser cutting, oil and gas transportation and processing, alternative energy, utilities, and many other industrial processes.

We also leverage our expertise to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring as well as instruments for energy and petrochemical applications.

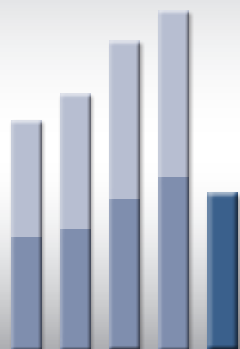
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INFICON publishes its half-year report online.
This edition has been optimized for easy reading on your computer and mobile devices.

Additional copies of this report may be downloaded from the Investors section of our website, www.inficon.com, Investor section

Key Figures – At a Glance

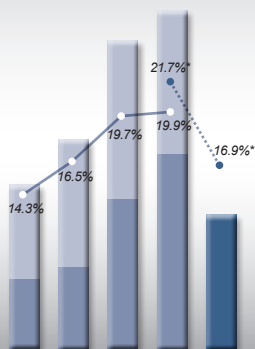
Net sales



	2015	2016	2017	2018	2019
Full Year	278.7	309.7	373.6	410.4	
Half-Year	135.2	145.2	182.1	214.9	192.2

Operating income

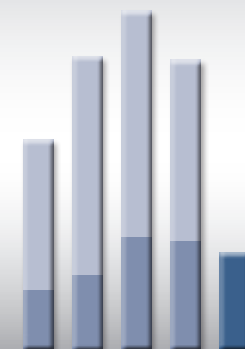
(in % of net sales)



	2015	2016	2017	2018	2019
Full Year	39.8	51.0	73.6	81.5	
Half-Year	17.1	20.1	36.2	46.6	32.5

* These percentages are only for the first 6 months, all other percentages are based on 12 months

Cash flow from operations



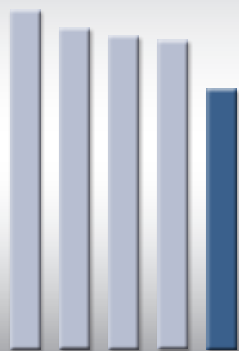
	2015	2016	2017	2018	2019
Full Year	37.8	53.4	61.4	52.3	
Half-Year	10.9	13.6	20.4	19.7	17.3

According to Swiss GAAP FER
(US Dollars in Millions, except per share amounts)

	Half-Year	Full Year
	2019	2018
Net sales	192.2	214.9
Research and development	17.2	15.7
Selling, general and administrative expense	45.0	47.4
Operating result	32.5	46.6
<i>in % of net sales</i>	16.9%	21.7%
EBITDA	36.4	51.0
<i>in % of net sales</i>	18.9%	23.8%
Net result	24.6	35.9
<i>in % of net sales</i>	12.8%	16.7%
Cash and short-term investments	54.2	65.9
Cash flow from operations	17.3	19.7
Capital expenditures	9.9	10.3
Total assets	279.8	270.5
Stockholders' equity	179.1	192.6
<i>Equity Ratio in %</i>	64.0%	71.2%
Employees	1,181	1,095
		1,118

Key Figures – At a Glance

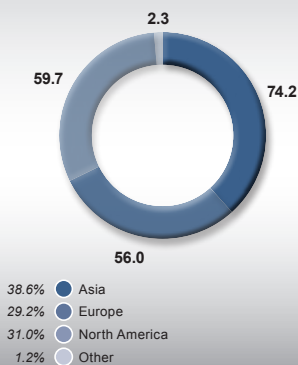
Equity Ratio



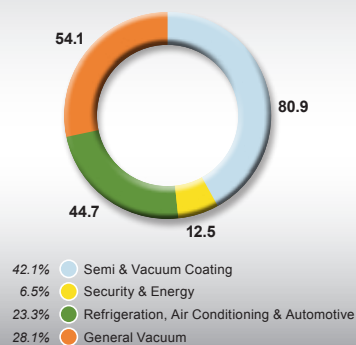
2015 2016 2017 2018 2019
83.6% 78.9% 77.1% 75.9% 64.0%*

* 2019 percentage is only for the first 6 months, all other percentages are based on 12 months

H1/19 Sales by Geographic Region



H1/19 Sales by End Market



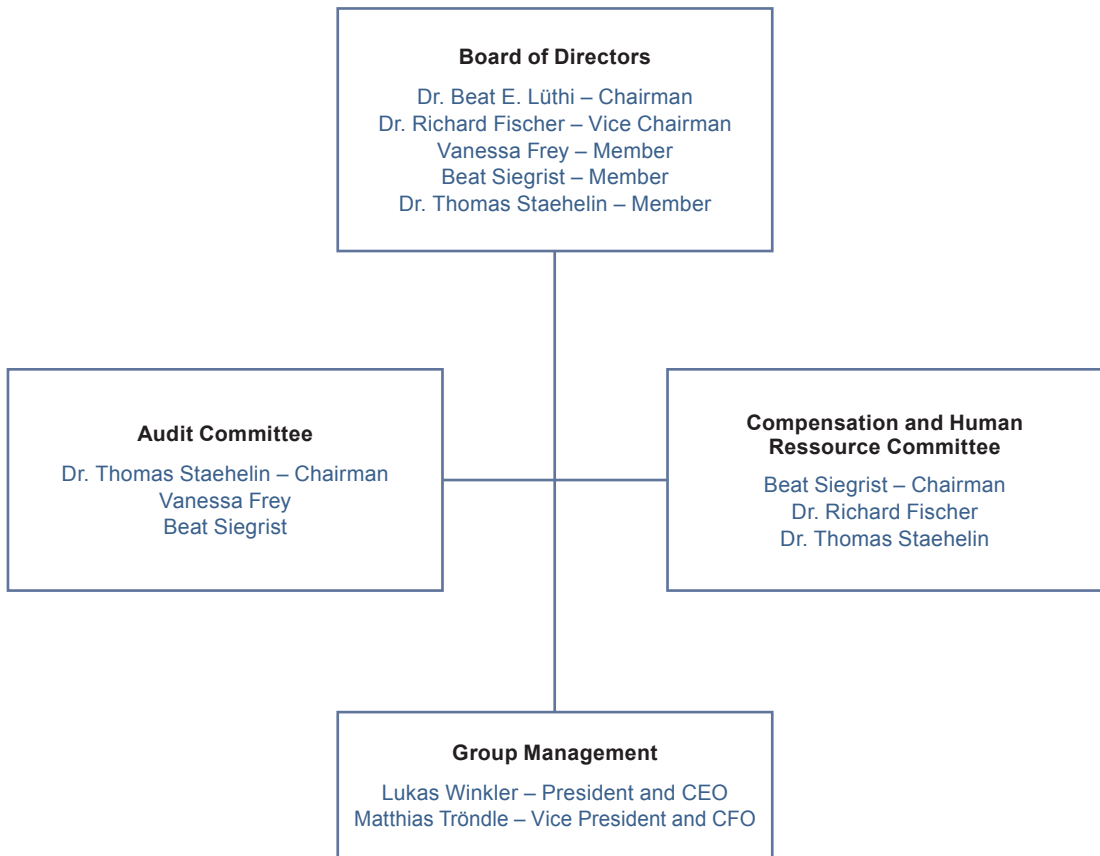
According to Swiss GAAP FER
(US Dollars in Millions, except per share amounts)

	Half-Year		Full Year
	2019	2018	2018
Ratios per Share			
Earnings per share – diluted	10.11	14.75	26.40
Shareholders' equity per share – diluted	73.55	79.21	84.65
Free cash flow per share – diluted	2.81	3.87	12.99
Return on equity %*	27.5%	37.2%	31.1%
Direct Sales by Geographic Region			
Asia-Pacific	74.2	96.6	183.5
Europe	56.0	59.0	113.6
North America	59.7	55.4	106.1
Other	2.3	3.9	7.2
Sales by End Market			
Semi & Vacuum Coating	80.9	99.7	184.6
Security & Energy	12.5	14.0	29.0
Refrigeration, Air Conditioning & Automotive	44.7	41.7	81.5
General Vacuum	54.1	59.5	115.3

* Percentages have been annualized for 6 months figures

Group Organization

(as of July 23, 2019)



Board and Executive Secretary

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Financial Review

(Unaudited)

Income Statement

Net Sales

Net sales for six months ended June 30, 2019 were USD 192.2 million compared with USD 214.9 million for the same period in 2018, representing a USD 22.7 million or 10.6% decrease. As this includes a positive impact of USD 3.1 million or 1.4% from acquisitions as well as a negative impact of USD 5.5 million or 2.5 percentage points from changes in currency rates, net sales decreased organically by 9.4%.

The Semi & Vacuum Coating market sales decreased to USD 80.9 million. This decrease of USD 18.8 million or 18.9% is essentially driven by a decline in the semiconductor and display market in Asia. The General Vacuum market sales decreased by USD 5.4 million or 9.1%, at which Asia and Europe contributed to this falloff. Refrigeration, Air Conditioning & Automotive sales achieved a record level with USD 44.7 million. The increase of 7.2% or USD 3.0 million is above all driven by the development of new capacities in the battery sector for electric mobility as well as a solid and internationally broadly based business in the classic refrigeration and air conditioning market, complemented by additional sales from acquisitions. Sales to the Security & Energy market decreased by USD 1.5 million or 10.7% primarily reflecting the long-term nature of this project business for security and environmental applications, dominated by large public sector customers in all regions.

Gross Profit

Gross profit margin was 49.3% for the six months ended June 30, 2019 compared with 51.1% for the same period in 2018.

Research and Development

Research and development costs increased to USD 17.2 million or 8.9% of net sales for the six months ended June 30, 2019, as compared with USD 15.7 million or 7.3% for the same period in 2018. This increase of 9.6% is mainly due to acquisitions in the fourth quarter of 2018.

Selling, General and Administrative (SGA)

Selling, general and administrative costs for the first six months of 2019 were USD 45.0 million or 23.4% of net sales, as compared with USD 47.4 million or 22.1% for the same period in 2018.

Operating Result

Income from operations decreased to USD 32.5 million or 16.9% of sales for the six months ended June 30, 2019 compared to USD 46.6 million or 21.7% for the same period in 2018.

Financial Result

The decrease in the financial result by USD 0.1 million to USD (0.7) million is induced by an increase in FX losses.

Non-operating result

The non-operating result of USD (0.4) million relates to restructuring expenses in Syracuse (USA).

Income Taxes

Income tax was USD 6.8 million or 21.6% of earnings before taxes for the six months ended June 30, 2019, compared with USD 10.2 million or 22.1% for the same period in 2018. The slightly lower rate was driven by the mix in earnings and tax rates among the Company's different tax jurisdictions.

Net Result and Diluted Earnings per Share

Net income and diluted earnings per share was USD 24.6 million and USD 10.11 for the six months ended June 30, 2019, as compared with USD 35.9 million and USD 14.75 per share for the same period in 2018. The decrease of 31.5% in diluted earnings per share is a result of the decrease in net income.

Financial Review

(Unaudited)

Balance Sheet and Liquidity

Trade accounts receivable increased by USD 5.1 million to USD 58.8 million at June 30, 2019 as compared with USD 53.7 million at December 31, 2018. Days sales outstanding ended at 51.3 for 2019 versus 51.4 days for 2018 using a 4-point average of quarter-end balances. The increase in trade receivable reflects a short-term fact, essentially induced by high shipment rates at the end of the quarter 2, 2019.

Inventory increased by USD 4.1 million to USD 69.4 million at June 30, 2019 as compared with USD 65.3 million at December 31, 2018. Inventory turns decreased to 3.0 in 2019 from 3.5 in 2018 using a 4-point average of quarter-end inventory balances. The increase in inventory is partially due to a strategic increase in warehousing for key components.

Cash and short-term investments totaled USD 54.2 million at June 30, 2019 which represents a decrease of USD 8.1 million as compared with USD 62.3 million at December 31, 2018. The decrease is driven by dividend payments to our shareholders of USD 53.6 million. During the first half of 2019 cash flow from operations was USD 17.3 million versus USD 19.7 million in the first half of 2018.

Outlook

Based on our assessments and expectations for our endmarkets we expect sales of around USD 400 million and an operating profit of around 19% for the fiscal year 2019.

Consolidated Interim Balance Sheet

(Unaudited)

(US Dollars in Thousands, except share and per share amounts)

	June 30, 2019	December 31, 2018	June 30, 2018
Assets			
Cash and cash equivalents	52,920	61,065	62,211
Short-term investments	1,248	1,239	3,653
Trade accounts receivable	58,789	53,701	57,796
Inventories	69,416	65,253	57,217
Prepayments and accrued income	3,955	2,068	3,468
Other current assets	5,956	5,582	6,753
Total current assets	192,284	188,908	191,098
Property, plant and equipment	69,528	64,742	61,472
Intangible assets	6,274	6,414	4,582
Deferred tax assets	8,197	7,654	8,988
Financial assets	3,487	3,471	4,376
Total non-current assets	87,486	82,281	79,418
Total assets	279,770	271,189	270,516
Liabilities and Shareholders' Equity			
Trade accounts payable	10,784	8,573	10,513
Short-term borrowings	35,867	0	20,154
Short-term provisions	9,160	16,947	13,117
Income taxes payable	8,330	7,118	7,625
Accrued expenses and deferred income	14,153	12,607	15,394
Other current liabilities	6,435	5,798	5,935
Total current liabilities	84,729	51,043	72,738
Long-term provisions	13,146	11,631	2,372
Deferred tax liabilities	2,825	2,759	2,846
Total non-current liabilities	15,971	14,390	5,218
Total liabilities	100,700	65,433	77,956
Common stock	6,809	6,786	6,779
Treasury shares	(377)	(1,215)	(777)
Retained earnings	178,731	205,467	190,771
Foreign currency translation	(6,093)	(5,282)	(4,213)
Total shareholders' equity	179,070	205,756	192,560
Total liabilities and shareholders' equity	279,770	271,189	270,516

Consolidated Interim Statement of Income

(Unaudited)

(US Dollars in Thousands, except share and per share amounts)

Six months ended June 30,	2019	2018
Net sales	192,232	214,868
Cost of sales	(97,539)	(105,169)
Gross profit	94,693	109,699
Research and development	(17,177)	(15,691)
Selling expense	(16,464)	(16,669)
General and administrative expense	(28,544)	(30,715)
Operating result	32,508	46,624
Financial result	(727)	(612)
Ordinary result	31,781	46,012
Non-operating result	(372)	0
Earnings before income taxes (EBT)	31,409	46,012
Income taxes	(6,793)	(10,160)
Net result	24,616	35,852
Earnings per share:		
Basic	10.15	14.84
Dilution	(0.04)	(0.09)
Diluted	10.11	14.75

Consolidated Interim Statement of Shareholders' Equity

(Unaudited)

(US Dollars in Thousands, except share and per share amounts)

	Common stock	Capital reserves	Treasury Shares	Retained earnings	Foreign currency translation	Total shareholders' equity
Balance at January 1, 2018	6,762	—	(1,373)	203,261	(1,683)	206,967
Net result				35,852		35,852
Foreign currency translation adjustments					(2,530)	(2,530)
Issuance of common stock from exercise of stock options	17	1,523				1,540
Acquisition of treasury shares			(270)			(270)
Disposal of treasury shares			866			866
Stock-based compensation		57				57
Dividend		(1,580)		(48,342)		(49,922)
Balance at June 30, 2018	6,779	—	(777)	190,771	(4,213)	192,560
Balance at January 1, 2019	6,786	—	(1,215)	205,467	(5,282)	205,756
Net result				24,616		24,616
Foreign currency translation adjustments					(811)	(811)
Issuance of common stock from exercise of stock options	23	2,208				2,231
Acquisition of treasury shares			0			0
Disposal of treasury shares			838			838
Stock-based compensation		0				0
Dividend		(2,208)		(51,352)		(53,560)
Balance at June 30, 2019	6,809	—	(377)	178,731	(6,093)	179,070

Consolidated Interim Statement of Cash Flows

(Unaudited)

(US Dollars in Thousands, except share and per share amounts)

Six months ended June 30,	2019	2018
Cash flows from operating activities:		
Net result	24,616	35,852
Adjustments to reconcile net result to net cash provided by operating activities:		
Depreciation	4,279	4,130
Amortization	710	887
Result from disposal of fixed assets	46	18
Deferred Taxes	(512)	(95)
Stock based compensations	0	57
Changes in operating assets and liabilities, excluding effects from acquisition:		
Trade accounts receivable	(5,166)	(4,831)
Inventories	(4,229)	(9,904)
Other assets	(1,867)	(3,749)
Trade accounts payable	2,232	325
Accrued liabilities and provisions	(5,572)	(4,261)
Income taxes payable	1,206	770
Other liabilities	1,522	471
Net cash provided by operating activities	17,265	19,671
Cash flows from investing activities:		
Purchase of property, plant and equipment	(9,860)	(10,046)
Disposal of property, plant and equipment	385	85
Purchase of intangible assets	(562)	(223)
Purchase of short-term investments	(10)	(2,380)
Disposal of short-term investments	0	741
Net cash used in investing activities	(10,047)	(11,823)
Cash flows from financing activities:		
Proceeds from exercise of stock options	2,231	1,540
Cash distribution from legal reserves	(53,560)	(49,922)
Purchase/disposal of treasury shares	838	596
Proceeds from borrowings	36,740	20,943
Repayments of borrowings	(873)	(789)
Net cash used in financing activities	(14,624)	(27,632)
Effect of exchange rate changes on cash and cash equivalents	(739)	(1,020)
Change in cash and cash equivalents	(8,145)	(20,804)
Cash and cash equivalents at beginning of period	61,065	83,015
Cash and cash equivalents at end of period	52,920	62,211

Notes to Consolidated Interim Financial Statements

(US Dollars in Thousands, except share and per share amounts)

1 Description of Business

INFICON Holding AG (INFICON or the "Company") is domiciled in Bad Ragaz, Switzerland, as a corporation (Aktiengesellschaft) organized under the laws of Switzerland.

The Company's stock is traded on the SIX Swiss Exchange in Switzerland. INFICON provides world-class instruments for gas analysis, measurement and control, and our products are essential for gas leak detection in air conditioning, refrigeration and automotive manufacturing. They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells and industrial vacuum coating applications. Other users of vacuum based processes include the life sciences, research, aerospace, packaging, heat treatment, laser cutting and many other industrial processes. The Company also leverages its expertise in vacuum technology to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring.

INFICON has best in class manufacturing facilities in Europe, the United States and China, as well as subsidiaries in China, Finland, France, Germany, India, Italy, Japan, Korea, Liechtenstein, Singapore, Sweden, Switzerland, Taiwan, the United Kingdom, the United States and Denmark.

2 Summary of Significant Accounting Policies

Basis of Preparation

These consolidated interim financial statements comprise the unaudited interim financial statements for the six months ended June 30, 2019, which were approved for issue by the Board of Directors on July 24, 2019. They have been prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations). The consolidated interim financial statements for 2019 have been prepared in accordance with FER 31 "Supplementary Recommendations for Listed Companies", which do not include all the information and disclosures presented in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2018.

3 Foreign Currency Translation

The following foreign exchange rates versus the US Dollar have been applied when translating the financial statements of the Company's major subsidiaries:

Currency	Period-end rates			Average rates	
		June 30, 2019	Dec 31, 2018	June 30, 2018	June 30, 2018
Swiss Franc	USD	1.0248	1.0202	1.0077	1.0099
Euro	USD	1.1380	1.1454	1.1658	1.1280
Japanese Yen	USD	0.0093	0.0091	0.0090	0.0092
Hong Kong Dollar	USD	0.1281	0.1277	0.1275	0.1278
Korean Won	USD	0.0009	0.0009	0.0009	0.0009

Notes to Consolidated Interim Financial Statements

(US Dollars in Thousands, except share and per share amounts)

4 Acquisitions

There were no acquisitions during the first half of 2017 and 2018. The following acquisitions were made in the second half of 2018:

Final Phase Systems

On October 1, 2018, the Company acquired part of the assets of Final Phase Systems LLC a developer of comprehensive Industrial Engineering Software for the semiconductor manufacturing industry. The acquisition of FPS is the latest step in INFICON's vision to provide the semiconductor and display manufacturing industries with the most advanced factory and process control tools available.

The purchase price was USD 5,000 at closing. Additionally, there is an earn-out to be paid, based on a defined sales performance over a four-year period. The Company has performed a fair value calculation which resulted in USD 9,300 as contingent consideration.

The following table summarizes the fair values of the assets acquired at the acquisition date.

As of October 1,	2018
Equipment	5
Intangible assets	2,075
Assets acquired	2,080
Goodwill	12,220
Total	14,300
Accrued contingent consideration	(9,300)
Cash used for acquisition	5,000

Techno-Tools Corporation

On October 10, 2018, the Company acquired a part of the assets from Techno-Tools Corporation, a developer and manufacturer of hand-held leak detectors. This acquisition will grow the Company's leading position as a supplier of leak detectors to the heating, ventilation, air conditioning and refrigeration service markets. It also expands opportunities in the automotive service market.

The following table summarizes the fair values of the assets acquired at the acquisition date:

As of October 10,	2018
Inventory	276
Equipment	35
Intangible assets	400
Assets acquired	711
Goodwill	2,665
Total	3,376
Cash used for acquisition	3,376

The results of both acquisitions are included in the Company's consolidated operations beginning on the date of acquisition.

Notes to Consolidated Interim Financial Statements

(US Dollars in Thousands, except share and per share amounts)

5 Earnings per Share

The Company computes basic earnings per share, which is based on the weighted average number of common shares outstanding, and diluted earnings per share, which is based on the weighted average number of common shares outstanding and all dilutive common equivalent shares outstanding. The dilutive effect of options is determined under the treasury stock method using the average market price for the period.

The following table sets forth the computation of basic and diluted earnings per share for the half years ended June 30:

Six months ended June 30,	2019	2018
Numerator:		
Net income	24,616	35,852
Denominator:		
Weighted average shares outstanding	2,425,339	2,415,745
Effect of dilutive stock options	9,463	15,139
Denominator for diluted earnings per share	2,434,802	2,430,884
Earnings per share:		
Basic	10.15	14.84
Dilution	(0.04)	(0.09)
Diluted	10.11	14.75

6 Business Segments

The Company is a global supplier of instrumentation for gas analysis, measurement and control. The Board of Directors is responsible for the ultimate direction and supervision of INFICON Holding AG and delegates the day to day management to Group Management. In 2013, the Board of Directors decided to condense the management of the Company to only comprising the CEO and the CFO as this best reflects the operational management of INFICON.

Group Management steers the business globally and the allocation of resources, assessment of performance and the respective reporting is made for the Group as a whole.

Although the Company discloses net sales into various end markets, the Company uses a key account concept and thus focuses on customers, regardless of products, technologies or regions.

Since the Company operates in one global segment, all information required by FER 31 can be found in the consolidated financial statements.

7 Subsequent Events

No subsequent events occurred through July 23, 2019 that would affect the half-year financial statements at June 30, 2019, or need to be disclosed.

Imprint and Contact

Note regarding forward-looking statements

Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Any statements contained herein that are not statements of historical fact (including statements containing the words “believes,” “plans,” “anticipates,” “expects,” “estimates,” “continue,” “may” and similar expressions) should be considered to be forward-looking statements. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the company to be materially different from those expressed or implied by such forward-looking statements. Many of these

risks and uncertainties relate to factors that are beyond the company's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the performance, security and reliability of the company's information technology systems, political, economic and regulatory changes in the countries in which the company operates or in economic or technological trends or conditions. As a result, investors are cautioned not to place undue reliance on such forward-looking statements.

Except as otherwise required by law, INFICON disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this report.

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Imprint

Published by:

INFICON Holding AG
Hintergasse 15B

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