



Half-year Report 2015



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, 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.

Cover: IRwin™ Mobile Methane Leak Detector is an innovative methane detector system for easy survey of gas pipelines.

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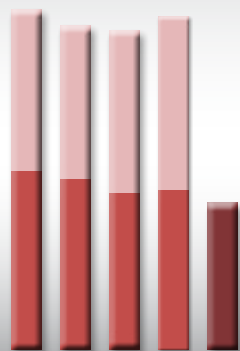
INFICON publishes its half-year report online. The report has been optimized for easy reading on your computer and mobile devices.

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Key Figures – At a Glance

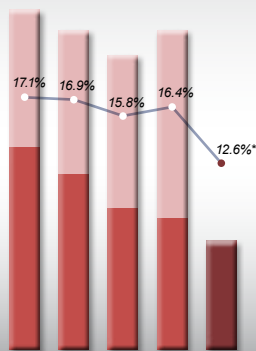
Net sales



	2011	2012	2013	2014	2015
Full Year	312.1	297.2	293.0	305.5	
Half-Year	163.7	156.2	143.6	146.4	135.2

Operating income

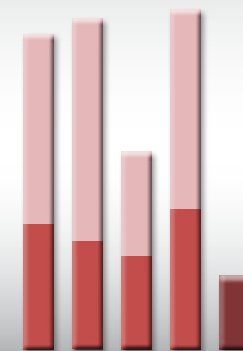
(in % of net sales)



	2011	2012	2013	2014	2015
Full Year	53.3	50.1	46.2	50.1	
Half-Year	31.7	27.5	22.2	20.6	17.1

* 2015 percentage is only for the first 6 months, all other percentages are based on 12 months

Cash flow from operations



	2011	2012	2013	2014	2015
Full Year	46.5	48.8	29.2	50.1	
Half-Year	18.5	15.9	13.8	20.7	10.9

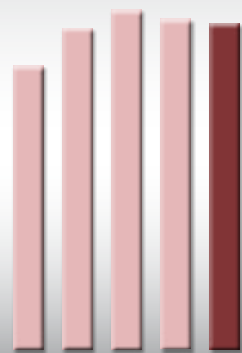
According to Swiss GAAP FER
(US Dollars in Millions, except per share amounts)

	Half-Year	Full Year
	2015	2014 *
Net sales	135.2	146.4
Research and development	12.3	13.8
Selling expense	15.4	16.7
General and administrative expense	20.9	22.7
Operating income (loss)	17.1	20.6
<i>in % of net sales</i>	12.6%	14.0%
EBITDA	18.1	23.8
<i>in % of net sales</i>	13.4%	16.3%
Net income (loss)	11.4	15.0
Cash and short-term investments	46.2	64.1
Cash flow from operations	10.9	20.7
Capital expenditures	13.7	3.7
Total assets	191.5	202.0
Long-term debt	—	—
Stockholders' equity	154.9	160.5
<i>Equity Ratio in %</i>	80.9%	79.4%
Employees	956	951

* Restated according to FER 31 (see Note 2)

Key Figures – At a Glance

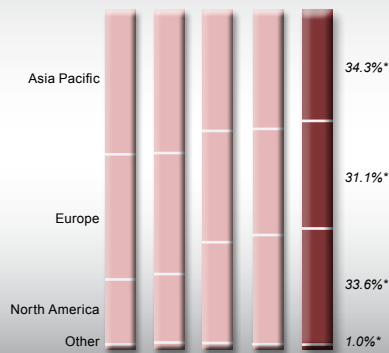
Equity Ratio



2011 2012 2013 2014 2015
70.3% 79.6% 84.2% 81.9% 80.9%

* 2015 percentage is only for the first 6 months, all other percentages are based on 12 months

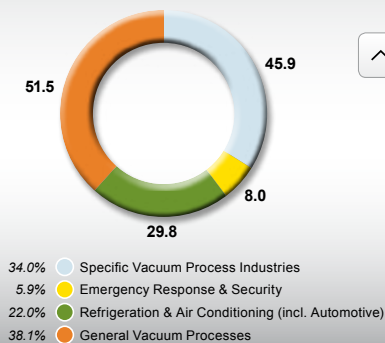
Direct Sales by Geographic Region



2011 2012 2013 2014 2015

* 2015 allocation is based on the first 6 months, all other allocations are based on 12 months

H1/15 Sales by End Market



34.0% Specific Vacuum Process Industries
5.9% Emergency Response & Security
22.0% Refrigeration & Air Conditioning (incl. Automotive)
38.1% General Vacuum Processes

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

	Half-Year	Full Year	
	2015	2014 *	2014 *
Ratios per Share			
Net income per share – diluted	4.81	6.42	15.94
Shareholders' equity per share – diluted	65.54	68.62	75.76
Free cash flow per share – diluted	(1.24)	7.27	17.49
Return on equity %*	14.7%	18.7%	21.0%

* Percentages have been annualized for 6 month figures

Direct Sales by Geographic Region

Asia-Pacific	46.3	46.8	107.6
Europe	42.1	47.7	95.4
North America	45.4	49.3	98.4
Other	1.4	2.6	4.1

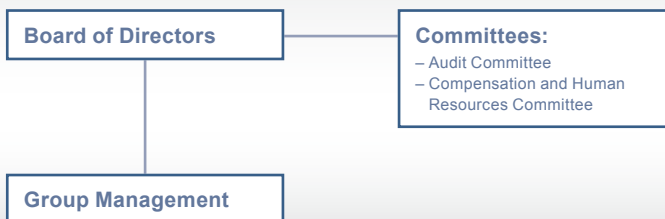
Sales by End Market

Specific Vacuum Process Industries	45.9	46.8	100.6
Emergency Response & Security	8.0	16.2	35.9
Refrigeration & Air Conditioning (incl. Automotive)	29.8	25.4	54.3
General Vacuum Processes	51.5	58.0	114.7

* Restated according to FER 31 (see Note 2)

Group Organization

(as of August 4, 2015)



Board of Directors	Dr. Beat E. Lüthi Dr. Richard Fischer Vanessa Frey Beat Siegrist Dr. Thomas Staehelin	Chairman Vice Chairman Member Member Member	Zürich, Switzerland Rankweil, Austria Uitikon, Switzerland Herrliberg, Switzerland Riehen, Switzerland
Audit Committee	Dr. Thomas Staehelin Vanessa Frey Beat Siegrist	Chairman	
Compensation and Human Resources Committee	Beat Siegrist Dr. Richard Fischer Dr. Thomas Staehelin	Chairman	
Group Management	Lukas Winkler Matthias Tröndle	President and Chief Executive Officer Vice President and Chief Financial Officer	
Investor Relations	Matthias Tröndle, Vice President and CFO INFICON HOLDING AG, Hintergasse 15 B, CH-7310 Bad Ragaz, Switzerland Tel. +41 81 300 4980 Fax +41 81 300 4988 E-mail: matthias.troendle@inficon.com		
Board and Executive Secretary	Elisabeth Kühne, General Secretary to the Board of Directors INFICON HOLDING AG, Hintergasse 15 B, CH-7310 Bad Ragaz, Switzerland Tel. +41 81 300 4980 Fax +41 81 300 4988 E-mail: elisabeth.kuehne@inficon.com		

Financial Review

(Unaudited)

Income Statement

Net Sales

Net sales for the six months ended June 30, 2015 were USD 135.2 million compared with USD 146.4 million for the same period in 2014, representing a USD 11.2 million or 7.6% decrease. As this includes a negative impact of USD 7.8 million or 5.3% from changes in currency exchange rates, net sales decreased organically by USD 3.4 million or 2.3%. Refrigeration & Air Conditioning (incl. Automotive) sales achieved a new record level with USD 29.8 million and increased 17.3% or USD 4.4 million, mainly due to higher sales to the automotive industry in all regional markets. The Specific Vacuum Process Industries market experienced a decrease in sales of USD 0.9 million or 1.9% due to a decreased demand from semiconductor and equipment makers in Europe and Asia, partly offset by a positive development in North America. Sales in the General Vacuum Processes market have decreased by USD 6.5 million or 11.2% largely due to a decrease in sales to European distributors and direct sales to industrial OEMs. Emergency Response & Security market sales decreased 50.6% or USD 8.2 million primarily due to lower government spending for security and environmental applications, especially in North America.

Gross Profit

Gross profit margin was 48.6% for the six months ended June 30, 2015 compared with 50.3% for the same period in 2014. The decrease is driven by the lower volume and a slightly unfavorable product mix.

Research and Development Costs

Research and development costs decreased to USD 12.3 million or 9.1% of sales for the six months ended June 30, 2015, as compared with USD 13.8 million or 9.4% of sales for the same period in 2014. This decrease is partly driven by lower variable compensation as well as favorable foreign exchange rate impacts.

Selling, General and Administrative (SGA)

Selling, general, and administrative costs for the first six months of 2015 were USD 36.3 million or 26.8% of sales, as compared with USD 39.4 million or 26.9% of sales for the same period a year ago. This decrease is due to lower variable compensation, commissions, and favorable foreign exchange rate impacts.

Financial Result

Interest income remained stable at USD 0.1 million in 2015 versus USD 0.1 million in 2014. Foreign currency losses increased to USD 0.8 million in 2015 from USD 0.4 million in 2014.

Provision for Income Taxes

Provision for income taxes was USD 3.5 million or 23.5% of income before taxes for the six months ended June 30, 2015, compared with income taxes of USD 5.2 million at a 25.8% tax rate for the same period in 2014. The lower tax rate was driven by the mix in earnings and tax rates among the Company's different tax jurisdictions.

Net Income and Diluted Earnings per Share

Net income and diluted earnings per share was USD 11.4 million and USD 4.81 for the six months ended June 30, 2015, as compared with USD 15.0 million and USD 6.42 for the first half of 2014. Restructuring costs in the Liechtenstein factory amounted to USD 1.5 million, which are included in the non-operating result. The 25.1% decrease in earnings per share is a result of the 24.4% decrease in net income.



Financial Review

(Unaudited)

Balance Sheet and Liquidity

Trade accounts receivable, net decreased by USD 4.5 million to USD 35.5 million at June 30, 2015 as compared with USD 40.0 million at December 31, 2014. This decrease was primarily driven by higher sales in the last quarter of 2014 as compared with 2015. Days sales outstanding ended at 45.2 days for 2015 versus 47.1 days for 2014 using a 4-point average of quarter-end balances.

Inventories, net increased by USD 3.7 million to USD 40.5 million at June 30, 2015 as compared with USD 36.8 million at December 31, 2014. As a consequence, inventory turns decreased to 3.8 in 2015 versus 3.9 in 2014 using a 4-point average of quarter-end inventory balances.

Cash and short-term investments totaled USD 46.2 million at June 30, 2015, which represents a decrease of USD 34.8 million from USD 81.0 million at December 31, 2014. The decrease was mainly driven by a payout of reserves from capital contributions to our shareholders of USD 38.1 million as well as investments into a factory expansion in Syracuse. During the first half of 2015, cash flow from operations was USD 10.9 million versus USD 20.7 million in the first half of 2014.

Outlook

We believe that based on the positive development from OEMs and End user customers in the Semiconductor market, the positive trend of the second quarter should continue in the second half of 2015.

The Refrigeration & Air Conditioning (incl. Automotive) market developed very well in the first six months and reached new record levels. Based on the trends in the Automotive market and our position in the Refrigeration & Air Conditioning market, we expect a further positive development in 2015.

The Emergency Response & Security market is typically largely dependent on government spending. Based on our project pipeline and further opportunities within energy production and distribution for gas analysis products, the prospects are favorable for the second half of 2015.

Sales into the General Vacuum Processes Industries market will continue to depend on the European economy.

With that, and despite a weaker first half of 2015, INFICON expects for the full year 2015, both in net sales and operating income, to reach the lower threshold of the unchanged guidance (net sales of USD 300 million to USD 330 million and income of operations of USD 48 million to USD 58 million).



Consolidated Interim Balance Sheet

(Unaudited)

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

	June 30, 2015	December 31, 2014*	June 30, 2014*
Assets			
Cash and cash equivalents	37,643	70,986	54,266
Short-term investments	8,523	9,997	9,805
Trade accounts receivable, net	35,535	39,981	36,354
Inventories	40,520	36,827	39,083
Prepayments and accrued income	2,089	1,832	1,907
Other current assets	5,566	4,833	5,203
Total current assets	129,876	164,456	146,618
Property, plant, and equipment	45,908	36,079	37,535
Intangible assets	4,349	4,640	4,778
Deferred tax assets	9,751	9,815	11,529
Financial assets	1,575	1,514	1,554
Total non-current assets	61,583	52,048	55,396
Total assets	191,459	216,504	202,014
Liabilities and Shareholders' Equity			
Trade accounts payable	9,783	7,171	9,879
Short-term borrowings	1,073	—	6,719
Short-term provisions	6,664	11,927	8,100
Income taxes payable	2,646	2,478	1,713
Accrued expenses and deferred income	9,796	11,006	10,463
Other current liabilities	2,892	2,334	1,253
Total current liabilities	32,854	34,916	38,127
Long-term provisions	1,890	2,104	2,282
Deferred tax liabilities	1,854	2,149	1,115
Total non-current liabilities	3,744	4,253	3,397
Total liabilities	36,598	39,169	41,524
Common stock	6,582	6,514	6,484
Retained earnings	148,279	170,821	154,006
Total shareholders' equity	154,861	177,335	160,490
Total liabilities and shareholders' equity	191,459	216,504	202,014

The accompanying notes form an integral part of the consolidated financial statements.

* Restated according to FER 31 (see Note 2).

Consolidated Interim Statement of Income

(Unaudited)

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

Six months ended June 30,	2015	2014*
Net sales	135,238	146,440
Cost of sales	69,560	72,717
Gross profit	65,678	73,723
Research and development	12,326	13,775
Selling expense	15,435	16,673
General and administrative expense	20,864	22,703
Operating result	17,054	20,572
Financial result	(700)	(312)
Ordinary result	16,353	20,259
Non-operating result	(1,506)	—
Earnings before income taxes (EBT)	14,848	20,259
Income taxes	3,493	5,237
Net result	11,354	15,023
Earnings per share:		
Weighted average shares outstanding - basic	2,339,900	2,308,840
Earnings per share basic	4.85	6.51
Dilution	0.04	0.09
Earnings per share diluted	4.81	6.42

The accompanying notes form an integral part of the consolidated financial statements.

* Restated according to FER 31 (see Note 2).

Consolidated Interim Statement of Shareholders' Equity

(Unaudited)

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

	Common stock	Capital reserves	Retained earnings	Foreign currency adjustment	Total shareholders' equity
January 1, 2014 *	6,458	—	169,452	3,901	179,811
Net income			15,023		15,023
Foreign currency translation adjustments				349	349
Issuance of common stock from exercise of stock options	26	1,704			1,730
Stock-based compensation		656			656
Distribution from legal reserves (CHF 14 per share)		(2,360)	(34,719)		(37,079)
Adjustment of Goodwill			—		—
Balance at June 30, 2014 *	6,484	—	149,756	4,250	160,490
January 1, 2015	6,514	—	174,681	(3,860)	177,335
Net income			11,354		11,354
Foreign currency translation adjustments				(1,079)	(1,079)
Issuance of common stock from exercise of stock options	68	4,695			4,763
Stock-based compensation		551			551
Distribution from legal reserves (CHF 15 per share)		(5,246)	(32,817)		(38,063)
Balance at June 30, 2015	6,582	—	153,218	(4,939)	154,861

The accompanying notes form an integral part of the consolidated financial statements.

* Restated according to FER 31 (see Note 2).

Consolidated Interim Statement of Cash Flows

(Unaudited)

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

Six months ended June 30,	2015	2014*
Cash flows from operating activities:		
Net income	11,354	15,023
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,709	2,913
Amortization	652	723
Disposal of fixed assets	22	—
Deferred taxes	(476)	(568)
Stock-based compensation	551	656
Changes in operating assets and liabilities, excluding effects from acquisition:		
Trade accounts receivable	4,041	5,489
Inventories	(3,840)	(4,454)
Other assets	(1,116)	(131)
Trade accounts payable	2,680	1,723
Accrued liabilities	(6,389)	(1,957)
Income taxes payable	107	1,342
Other liabilities	584	(96)
Net cash provided by operating activities	10,879	20,665
Cash flows from investing activities:		
Purchases/Disposals of property, plant, and equipment	(13,628)	(3,432)
Purchases/Disposals of intangible assets	(191)	(239)
Acquisitions of businesses net of cash acquired	—	—
Change in short-term investments	1,475	(9,804)
Net cash used in investing activities	(12,344)	(13,475)
Cash flows from financing activities:		
Proceeds from exercise of stock options	4,763	1,730
Cash distribution from legal reserves	(38,063)	(37,079)
Change in short-term borrowings	1,073	6,719
Net cash used in financing activities	(32,227)	(28,630)
Effect of exchange rate changes on cash and cash equivalents	349	741
Change in cash and cash equivalents	(33,343)	(20,699)
Cash and cash equivalents at beginning of period	70,986	74,965
Cash and cash equivalents at end of period	37,643	54,266

The accompanying notes form an integral part of the consolidated financial statements.

* Restated according to FER 31 (see Note 2).

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, LED lighting 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 world-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 and the United States.

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, 2015, which were approved for issue by the Board of Directors on August 4, 2015. They have been prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations). The consolidated interim financial statements for 2015 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, 2014.

Swiss GAAP FER 31

The new accounting standard Swiss GAAP FER 31 has been adopted effective January 1, 2015. Following this standard, share-based payments have to be included in the Statement of Income and are shown within General and administrative expense. The following tables illustrate the effects on equity and net result.

	June 30, 2014	December 31, 2014
Equity according to Swiss GAAP FER (before FER 31)	160,490	177,335
Adjustments on conversion to Swiss GAAP FER incl. FER 31:		
Share-based compensation	3,052	3,708
Additional paid-in capital		
Share-based compensation	(3,052)	(3,708)
Retained earnings		
Equity according to Swiss GAAP FER (incl. FER 31)	160,490	177,335

	June 30, 2014	December 31, 2014
Net result according to Swiss GAAP FER (before FER 31)	15,679	38,607
Adjustments on conversion to Swiss GAAP FER incl. FER 31:		
General and administrative expense:		
Share-based payments	(656)	(1,312)
Net result according to Swiss GAAP FER (incl. FER 31)	15,023	37,294

Notes to Consolidated Interim Financial Statements

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

3 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,	Dec. 31,	June 30,	Six months ended	
		2015	2014	2014	June 30, 2015	June 30, 2014
Swiss Franc	USD	1.0730	1.0110	1.1199	1.0566	1.1224
Euro	USD	1.1133	1.2160	1.3620	1.1168	1.3708
1 Japanese Yen	USD	0.0081	0.0084	0.0099	0.0083	0.0098
Hong Kong Dollar	USD	0.1290	0.1289	0.1290	0.1290	0.1289
Korean Won	USD	0.0009	0.0009	0.0010	0.0009	0.0010

has performed a fair value calculation which resulted in USD 100 of contingent consideration.

As of December 31, 2014, the Company has re-evaluated the fair value calculation of the contingent consideration. As a result, the contingent consideration has been increased by USD 120, which increased goodwill accordingly, which is offset against equity under Swiss GAAP FER. As of June 30, 2015, the fair value of the contingent consideration amounts to USD 220.

4 Acquisitions and Disposals

Cumulative Helium Leak Detection (CHLD)

On December 22, 2010, the Company acquired the Cumulative Helium Leak Detection (CHLD) technology from the Pernicka Corporation. The acquisition expands the Company's position in the hermetic sealed parts market. It also increases opportunities for the Company in the medical implants, electronic hybrid circuits and components for satellites markets.

The purchase price was USD 1,500 at closing. Additionally, there is an earn-out to be paid based on units sold over a four year period. At the acquisition date, the Company has performed a fair value calculation which resulted in USD 500 of contingent consideration. After the four-year period, the contingent consideration amount is now zero.

Sycon

On October 21, 2013, the Company acquired substantially all the assets of Sycon Instruments, Inc., a developer and manufacturer of instrumentation for the measurement and control of thin film processes. The acquisition further strengthens the Company's leading position in the thin film controller market. It also increases opportunities for the Company in the optical manufacturing market.

The purchase price was USD 2,500 at closing. Additionally, there is an earn-out to be paid based on sales growth over a two year period. At the acquisition date, the Company

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,	2015	2014
Numerator:		
Net income	11,354	15,023
Denominator:		
Weighted average shares outstanding	2,340	2,309
Effect of dilutive stock options	23	30
Denominator for diluted earnings per share	2,363	2,339
Earnings per share:		
Basic	4.85	6.51
Diluted	4.81	6.42

6 Segment Reporting

The Company is a global supplier of instrumentation for analysis, monitoring, and control in the general vacuum processes, semiconductor and vacuum coating, refrigeration and air conditioning (incl. automotive), and emergency response and security markets. At the direction of the Group Management, since 2013 consisting of the CEO and CFO, the allocation of the Company's resources and assessment of performance is made for the Company as a whole. Since the Company operates in one segment, all information required by FER 31 can be found in the consolidated interim financial statements.

7 Subsequent Events

The Company has evaluated subsequent events through August 4, 2015, which represents the date when the consolidated financial statements were available to be issued.

Certain statements contained in this Half-year Report are forward-looking statements that do not relate solely to historical or current facts. Forward-looking statements can be identified by the use of words such as “may”, “believe”, “will”, “expect”, “project”, “assume”, “estimate”, “anticipate”, “plan” or “continue.” These forward-looking statements address, among other things, our strategic objectives, trends in vacuum technology and in the industries that employ vacuum instrumentation, such as the semiconductor and related industries and the anticipated effects of these trends on our business. These forward-looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition. Some of these risks and uncertainties are discussed in the Company’s Half-year Report 2015 as well as in the Annual Report for fiscal year 2014.

As a consequence, our current and anticipated plans and our future prospects, results of operations and financial condition may differ from those expressed in any forward-looking statements made by or on behalf of our Company. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



2015 Half-year Report

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