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Strong fourth quarter – Full-year 2016 with significant sales and earnings growth

- **Fourth quarter 2016:** Sales of USD 86.2 million are 21.3% over prior year and 10.2% over Q3 2016; Operating income of USD 18.2 million or 21.1% of sales (Q4 2015: USD 11.1 million; 15.6%)
- **Full-year results 2106:** Sales increase 11.1% to USD 309.7 million (2015: USD 278.7 million); Operating income of USD 51.0 million or 16.5% of sales (USD 39.8 million; 14.3%); Net result of USD 40.3 million or 13.0% of sales (USD 30.1 million; 10.8%)
- **Annual General Meeting and Distribution to Shareholders:** The Board of Directors proposes to the Annual General Meeting scheduled for April 11, 2017 to distribute for fiscal 2016 CHF 16.00 per share out of capital reserves; this represents a payout ratio of around 95% of the net result.
- **Outlook 2017:** Sales over USD 320 million and Operating income margin of over 17%
- **Annual Report and Media/Analyst conference:** The annual report 2016 is available online; a media/analyst conference is scheduled for 09:30 a.m. today at Zunfthaus zum Rüden, Limmatquai 42, Zürich.

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Strong closing quarter 2016

With sales of USD 86.2 million, INFICON (SIX Swiss Exchange: IFCN) achieved in the last quarter of 2016 its second best quarterly sales result ever. Compared with the closing quarter of 2015, sales grew by 21.3%. The organic growth was 19.3%, excluding the sales contribution from acquisition (2.1 percentage points) and neglecting negative currency effects (-0.1 percentage points). Sales rose nominally 10.2% compared with the third quarter 2016. In relation to the same prior-year period, the gross margin increased from 49.0% to 52.2%. After USD 6.8 million expenses for research and development and USD 20.0 million of sales, general and administrative costs, INFICON reports an operating income of USD 18.2 million for the fourth quarter. This represents an operating income margin of 21.1%. The net result for the quarter rose to USD 13.8 million. Earnings per share augmented fully diluted from USD 3.93 to USD 5.79.

In its largest target market, **Semi & Vacuum Coating**, INFICON recorded a boost of 62.7% to USD 38.4 million over the same prior-year period. In comparison with the third quarter of 2016, the increase was a strong plus of 24.3%. INFICON benefits from the continued high demand for OLED displays and the respective production capacity increases in Asia. The traditional semiconductor business also gained further momentum, both in the end-consumer market as well as with OEM tool manufacturers in Asia and America. INFICON is positive about the outlook in this target market for the coming months.

After several quarters with weakening sales, INFICON achieved in its **General Vacuum** market 4.3% higher sales of USD 22.0 million compared with the preceding third quarter. The business trend in this market seems to have turned now, looking at the sales development and the order intake. The demand in Asia and Europe is generally rising and, in addition, INFICON achieved in Europe first sales with recently launched new products. Compared with the same prior-year period, the sales achieved in the closing quarter of 2016 were, however, 14.1% lower. A portion of this decline is due to the reclassification of customers formerly recognized in the sales of this target market to other market areas. INFICON is cautiously optimistic about the outlook of this target market.

Sales achieved with customers of the **Refrigeration, Air Conditioning & Automotive** market picked up markedly by 20.6% to USD 16.4 million compared with the prior-year figure. In relation to the preceding third quarter, however, the dynamic softened 1.8% on a high level. Product shipments for leak testing of a growing number of key car components, increasingly also battery stacks for electric cars, continue to thrive globally. The traditional refrigeration and air conditioning market remained stable on a high level. INFICON reckons the trend for the coming months to be lightly positive overall.

Sales generated in the **Security & Energy** market weakened 2.1% in the reporting quarter compared with the preceding third quarter of 2016. Yet, vis à vis the same prior-year period, sales were 13.3% higher, reflecting the strong focus on speedy shipments during the last months. Despite the currently well-filled order books, INFICON expects a rather challenging development for this end market in 2017.



Year end results 2016

Sales for the full year 2016 rose 11.1% to USD 309.7 million over the prior year. Excluding negative currency effects (-0.3 percentage points) and the sales contribution from acquisition (2.0 percentage points), sales grew organically by 9.4% in 2016. Of all target markets, sales only declined in the **General Vacuum** market. At 87.9 million, they were 13.7% lower at year-end. An important portion of this decline is due to the reclassification of customers mentioned above. Sales in all other target markets increased markedly. The strongest surge was achieved in the **Security & Energy** market where sales increased by 49.8% to USD 33.1 million. This reflects the strong focus on shipments during the second half of the year. Supported by the strong demand in the semiconductor market and especially for OLED displays, INFICON reports 24.1% stronger sales of record-high USD 120.6 million for its **Semi & Vacuum Coating** market. The sales trend also points upward in the market for **Refrigeration, Air Conditioning & Automotive**: Mainly the solid demand from the global automotive industry pushed sales up by 18.2% to USD 68.1 million. The sales development by region shows a plus of 27.4% for Asia to USD 130.7 million. Sales generated in the Americas rose by 10.1% to USD 96.1 million. Europe shows a decline of 6.9% to USD 79 million in the year-over-year comparison.

In the full fiscal year 2016, the gross margin rose from 48.7% to now 50.4%. Expenses for research and development as well as sales, general and administrative costs were slightly higher than in the previous year. Still, the operating income rose clearly from USD 39.8 million in 2015 to USD 51.0 million in 2016. This translates into an improved operating income margin of 16.5% after 14.3% a year ago. After tax, net result was USD 40.3 million or 13.0% of sales, up from USD 30.1 million for 2015. Earnings per share for the full year were USD 16.94 after 12.72 a year ago.

Cash-flow and Balance sheet

INFICON achieved a cash flow from operating activities of USD 22.4 million in the fourth quarter, strongly up from USD 9.3 million recorded in the third quarter. For the full year, INFICON reports a cash flow from operations of USD 53.4 million after USD 37.8 million a year ago. INFICON closed the year with liquid assets of USD 63.9 million (prior year USD 60.9 million). Inventory turns improved from 3.6 times a year ago to 3.8 times per year-end. Working capital could thus be reduced during the fourth quarter to 20.7%. The debt-free balance continues to be very robust with an equity ratio of 78.9% after 83.6% a year ago.

Distribution proposal and Annual General Meeting of Shareholders

The Board of Directors proposes to the Annual General Meeting of Shareholders scheduled for April 11, 2017, to distribute out of capital reserves CHF 16.00 per share for fiscal 2016. The additional items on the agenda will be disclosed shortly. The Annual General Meeting will take place at Sorrell Hotel Tamina, Am Platz 3, Bad Ragaz, on April 11, 2017, at 11.00 a.m.

Outlook

With a view to the current market conditions, the entry into new markets and the expansion of application areas for its existing product range, INFICON plans for a sales volume of over USD 320 million and an op-



erating income margin of over 17%.

Media and Analyst conference

INFICON discusses its fourth quarter and full-year 2016 results today, March 14, 2017, in full detail at a live media and analyst conference held in German at 09:30 a.m. CET, at the Zunfthaus zum Rüden, Limmatquai 42, 8001 Zürich. The respective presentation slides in English are available for download from 07:00 a.m. CET in the Investor section of the INFICON Website www.inficon.com.

Annual Report 2016

INFICON's Annual Report 2016 is available now for download on www.inficon.com at http://bit.ly/IFCN_IR_publications.

Communication Calendar 2017

INFICON will publish its first quarter 2017 results on April 21, 2017 by distributing a press release internationally. Later that day, the results will be discussed in more detail during an international conference call in English which will be archived.

INFICON continuously updates its communication calendar which is available online at http://bit.ly/IFCN_Calendar.

E-mail Alerts

To automatically receive notification via e-mail of the latest financial information from INFICON, sign up for e-mail alerts in the Investors section of the INFICON website or at http://bit.ly/IFCN_IR_home.



INFICON Fact Sheet Q4 2016

according to SWISS GAAP FER

Income Statement (USD in Millions)	Q4 2016	Q4 2015	Change	%
Net sales	86.2	71.1	15.1	21%
Gross profit	45.0	34.8	10.2	29%
% of Sales	52.2%	49.0%	+3.2 %pts	
Research & development	6.8	6.3	0.5	8%
Selling, general & administrative	20.0	17.4	2.6	15%
Operating income	18.2	11.1	7.1	64%
% of Sales	21.1%	15.6%	+5.6 %pts	
Net result	13.8	9.3	4.5	48%
% of Sales	16.1%	13.1%	+3.0 %pts	
Earnings per share (diluted, USD)	\$ 5.79	\$ 3.93	1.86	47%

Balance Sheet (USD in Millions)	31-Dec-16	31-Dec-15	Change	%
Cash & short term investments	63.9	60.9	3.0	5%
Trade accounts receivable, net	42.6	33.5	9.1	27%
Inventories	36.9	37.0	-0.1	0%
Trade accounts payable	8.0	4.8	3.2	66%
Shareholders' equity	168.3	171.0	-2.7	-2%
Total liabilities and shareholders' equity	213.4	204.5	8.9	4%



INFICON Fact Sheet 2016

according to SWISS GAAP FER

Income Statement (USD in Millions)	2016	2015	Change	%
Net sales	309.7	278.7	31.0	11%
Gross profit	156.2	135.8	20.4	15%
% of Sales	50.4%	48.7%	+1.7 %pts	
Research & development	26.8	24.6	2.2	9%
Selling, general & administrative	78.4	71.5	6.9	10%
Operating income	51.0	39.8	11.2	28%
% of Sales	16.5%	14.3%	+2.2 %pts	
Net result	40.3	30.1	10.2	34%
% of Sales	13.0%	10.8%	+2.2 %pts	
Earnings per share (diluted, USD)	\$ 16.94	\$ 12.72	4.22	33%
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About INFICON

INFICON is a leading provider of innovative instrumentation, critical sensor technologies, and advanced process control software that enhance productivity and quality in sophisticated industrial vacuum processes. 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 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. We also leverage our expertise in vacuum technology to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring. INFICON is headquartered in Switzerland and has world-class manufacturing facilities in Europe, the United States and China, as well as sub-



sidiaries in China, Finland, France, Germany, India, Italy, Japan, Korea, Liechtenstein, Singapore, Sweden, Switzerland, Taiwan, the United Kingdom and the United States. INFICON registered shares (IFCN) are listed on SIX Swiss Exchange. For more information about INFICON and its products, please visit www.inficon.com.

This press release and oral statements or other written statements made, or to be made, by us contain forward-looking statements that do not relate solely to historical or current facts. 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. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.