



**Q3 2018  
EARNINGS CONFERENCE CALL**

October 18, 2018

Bad Ragaz, Switzerland

# Speakers

## Lukas Winkler, President and CEO

Key figures Q3 2018

Target market business review

Expectations 2018

## Matthias Tröndle, Vice President and CFO

Financials Q3 2018

Guidance

# Speakers

**Lukas Winkler**

INFICON

President and Chief Executive Officer

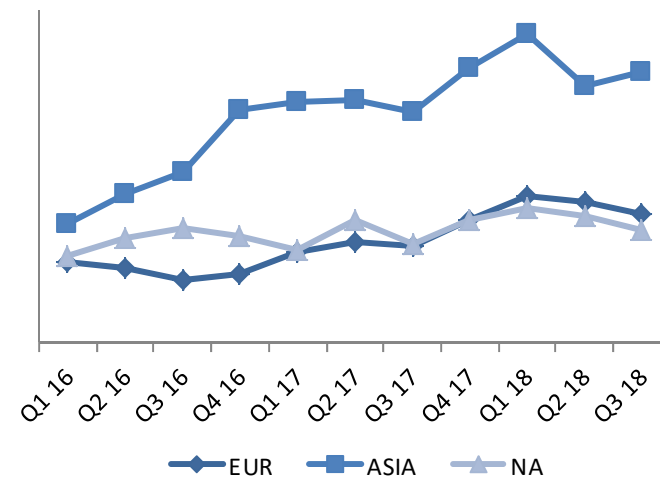
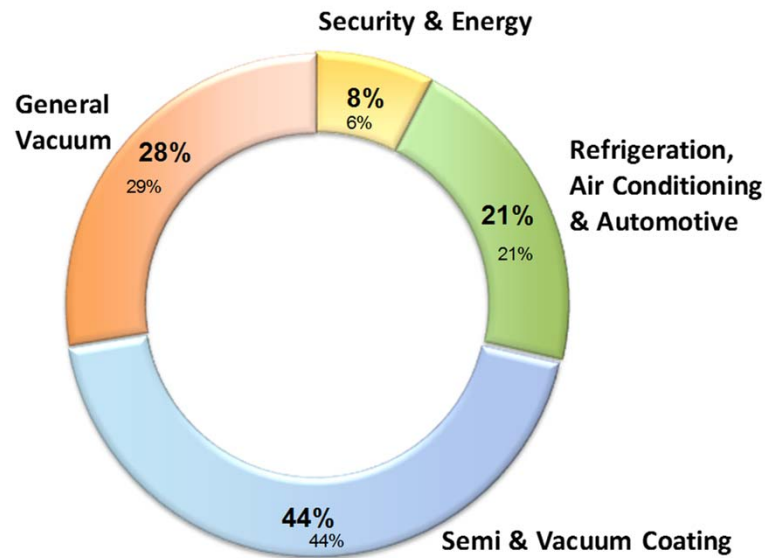


# Q3 2018 – Key Figures

- **Sales increase in all markets and regions**
    - Consolidated sales increase of 13.4% to USD 101.4 million over Q3 2017, organic increase of 14.3%
    - Sequential sales decrease of -2.7% over Q2 2018
    - Book to bill ratio below 1
  
  - **Operating result influenced by**
    - Increased sales volume
    - Increased gross margin and higher overhead cost
    - Operating income of USD 20.0 million in Q3 2018 (19.7% of sales) after USD 15.1 million (17.0% of sales) in Q3 2017
- **Net income of USD 15.3 million or 15.1% of sales**

# Net Sales by End Market

USD 101.4 million in Q3 2018 vs USD 89.4 million a year ago (+13.4%)



# Security & Energy

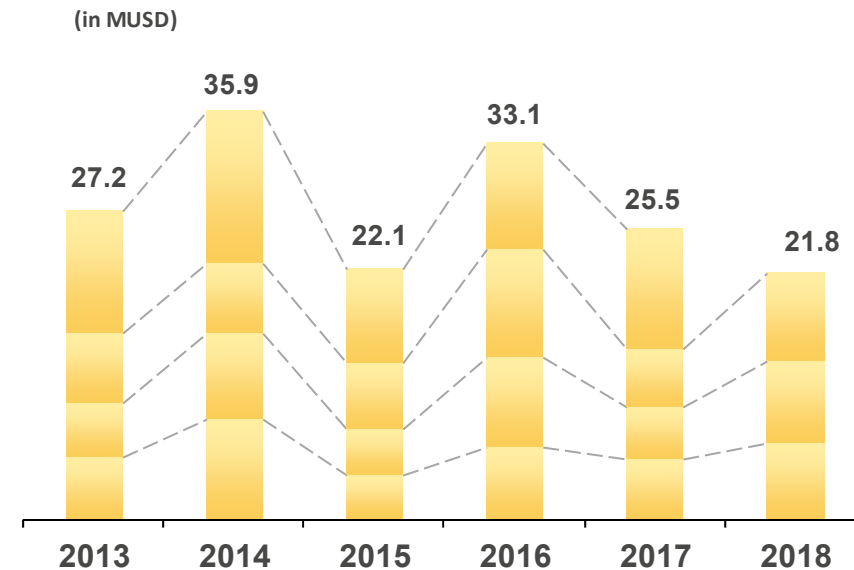
## Q3 2018

- Sales increase 51% to USD 7.7 million in Q3 2018 vs Q3 2017 and sales increase 5.5% vs Q2 2018
- Majority of sales went to Security market, mostly Government customers
- Small contribution from new products for energy applications

## Market Trends

- Security needs around the world generate new business opportunities
- Challenging market predictions due to geopolitical uncertainties
- New target markets and application opportunities in energy market with
  - Fusion™ Micro-GC technologies
  - IRwin™ Methane leak detector
- Q4 2018 expectations: Below average

Sales to End Market  
Security & Energy  
-2.3% CAGR (2012-2017)



# Refrigeration, Air Conditioning & Automotive

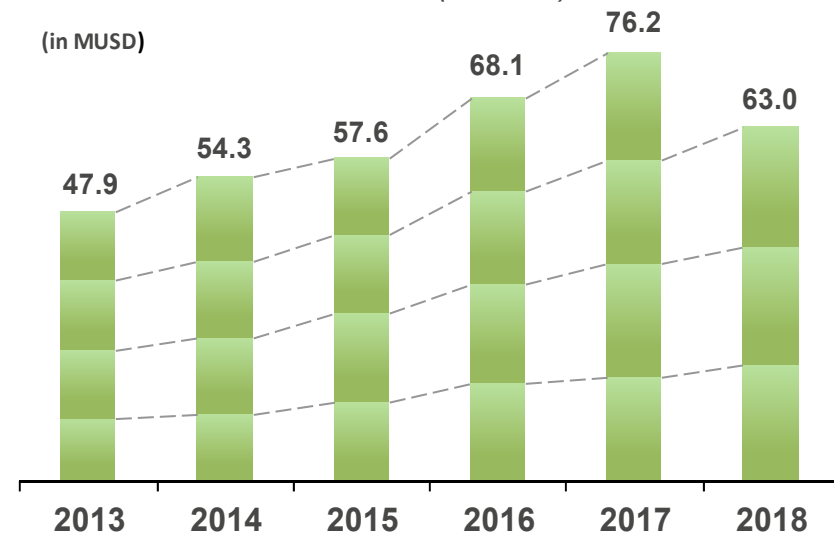
## Q3 2018

- Q3 2018 sales increase of 15.1% to USD 21.3 million vs Q3 2017
- Growth in all regions
- Sequential slight increase of 1.9% and new quarterly record sales
- Continued market share gains

## Market Trends

- Tougher regulations drive increased use of leak-checking instruments in the automotive market
- New E-Mobility opportunities
  - New and existing battery technologies
  - Fuel cell technology (Hydrogen)
- Increasing installed base and new sales distribution channels drive after-sale service products worldwide
- Q4 2018 expectations: Flat

Sales to End Market  
Refrigeration, Air Conditioning & Automotive  
+9.8% CAGR (2012 - 2017)



# Semi & Vacuum Coating

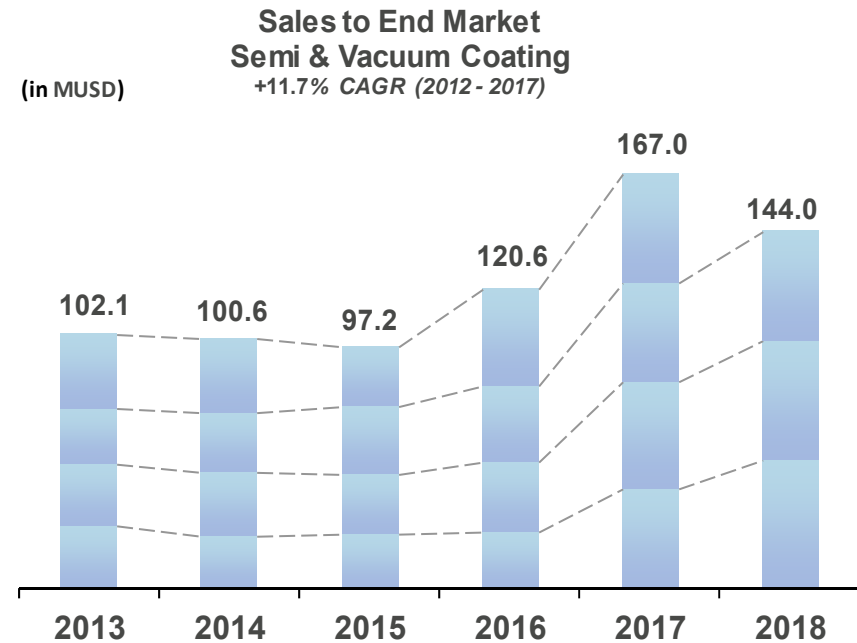
Solar, Display, Optics & Semiconductor

## Q3 2018

- Sales Q3 2018 increase of 11.6% vs Q3 2017
- Sequential decrease of 6.7%
- Softening demand at a high level, mainly driven by lower investments in OLED flat panel display technology in Asia
- #1 position in process control, leak-detection and thin film monitoring, #2 for pressure measurement

## Market Trends

- Increased demand for new smart sensors, IoT, AI, Big Data and computing power
- Temporarily weaker Semi market
- Investments in new semi fabs in China continue
- OLED flat panel display: capacity > demand
- New investments in Solar capacity (China)
- Q4 2018 expectations: Below average





# General Vacuum

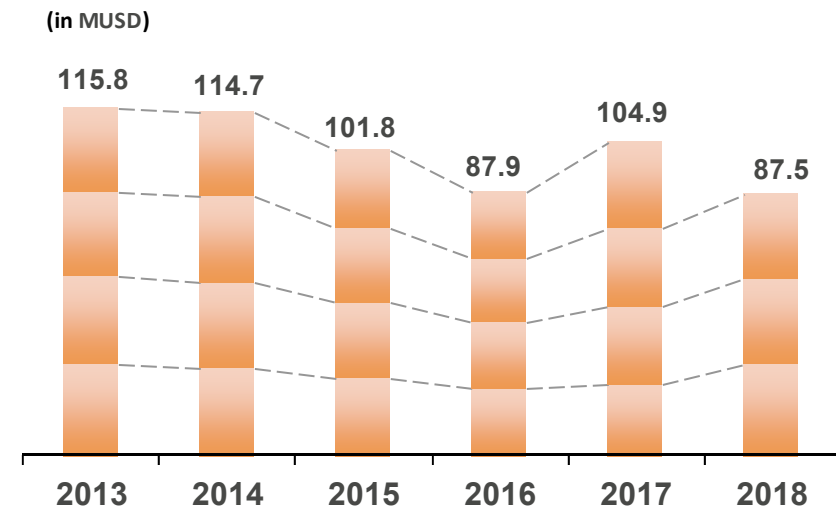
## Q3 2018

- Q3 2018 sales grow 7.7% to USD 28.1 million vs Q3 2017, mainly due to higher sales to European and Asian customers
- Sequential decrease of 1.4%, due to traditional lower summer sales in Europe

## 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)
- Improved global economy
- Growing food-packaging applications
- Q4 2018 expectations: Flat

Sales to End Market  
General Vacuum  
-3.4% CAGR (2012 - 2017)



# Outlook 2018

## Weaker – Below average 2018 quarterly revenue for Q4 2018

- Semiconductor market weakening at a high level (Industry 4.0, IoT, Big Data, etc.)
  - Investments in new fabs (China) and new technologies (3D, 7nm, ALD/E, MEMS)
  - Weakening demand for new equipment (OEM business) incl. EUV lithography
- Reduced OLED flat panel display technology investments
- Stable RAC market and increase after sales services
- E-Mobility (current and future battery technologies)
- Continued improving global economy
- Uncertain global political situation with unclear impact on the Security market
- Accelerated sales growth from new applications such as Energy and Food packaging

## Guidance for FY 2018

→ Sales above USD 400 million

→ Operating income margin around 20%

# Speakers

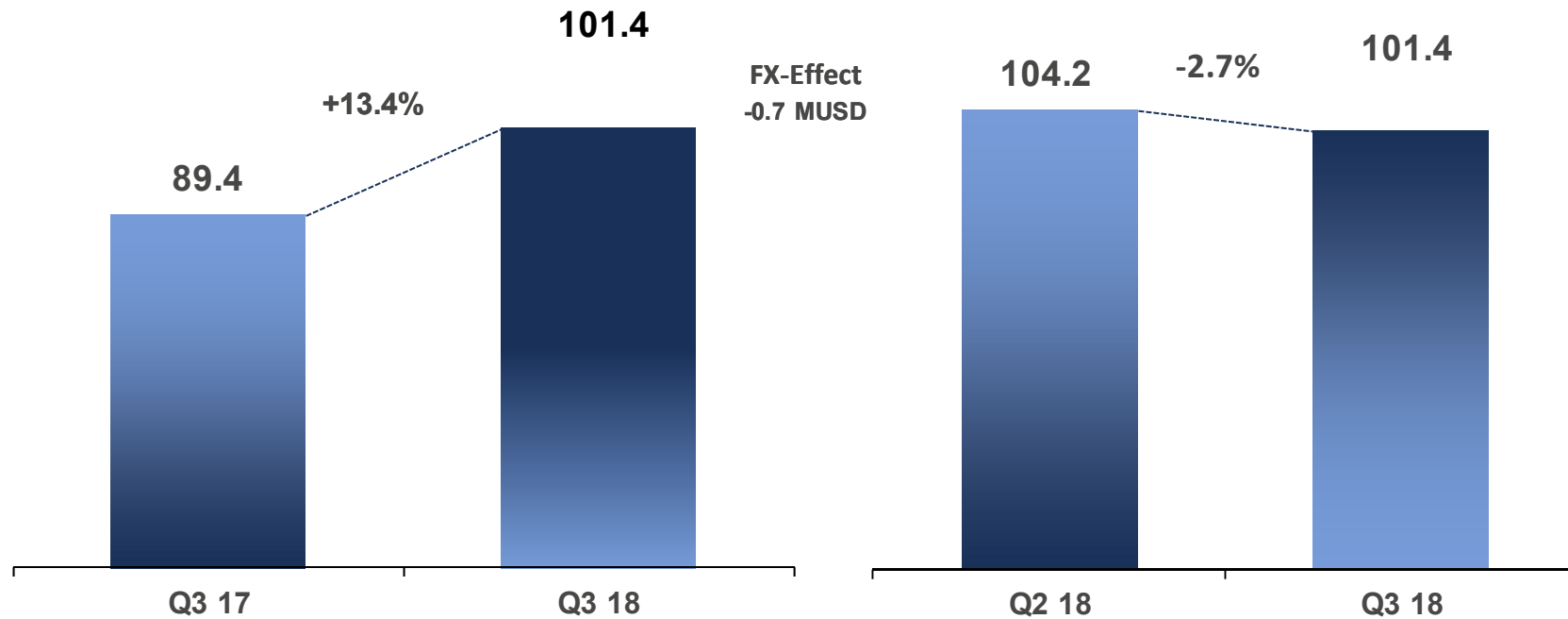
## Matthias Tröndle

INFICON

Vice President and  
Chief Financial Officer



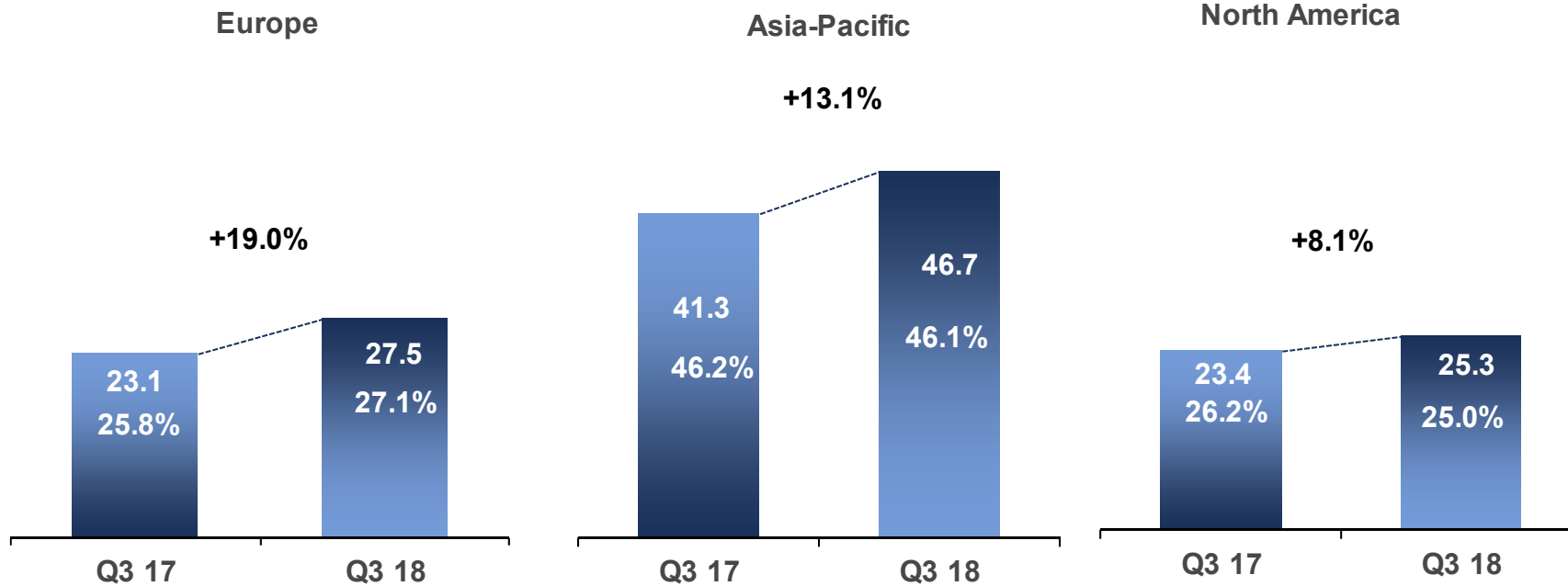
# Sales (in MUSD)



All end-markets increased;  
RAC/Auto with new record

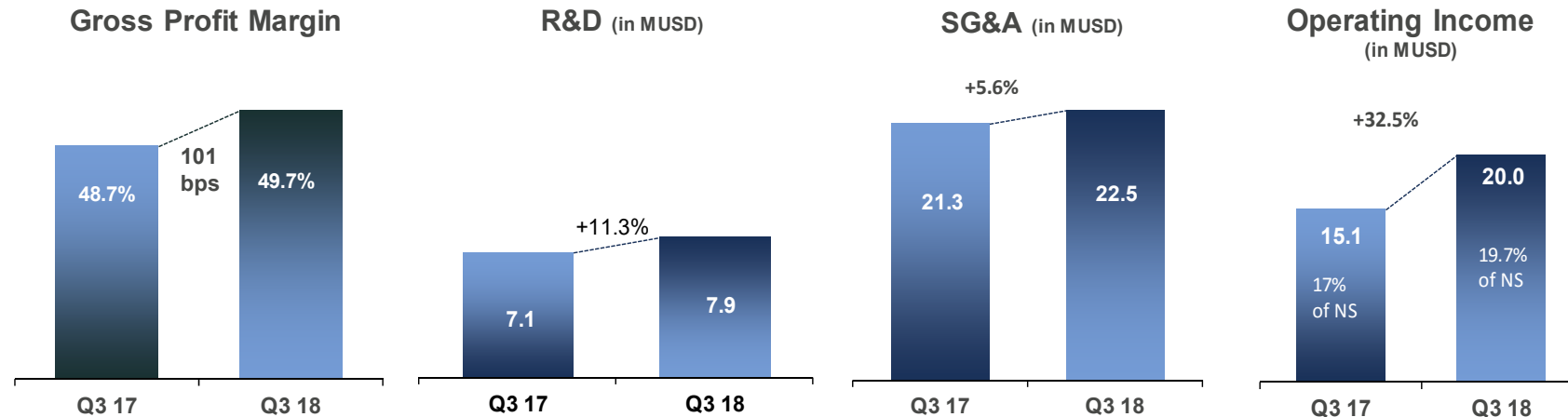
Mixed developments in end-markets  
Semi & vacuum Coating market weaker

# Geographic Sales Breakdown - Quarter (in MUSD)



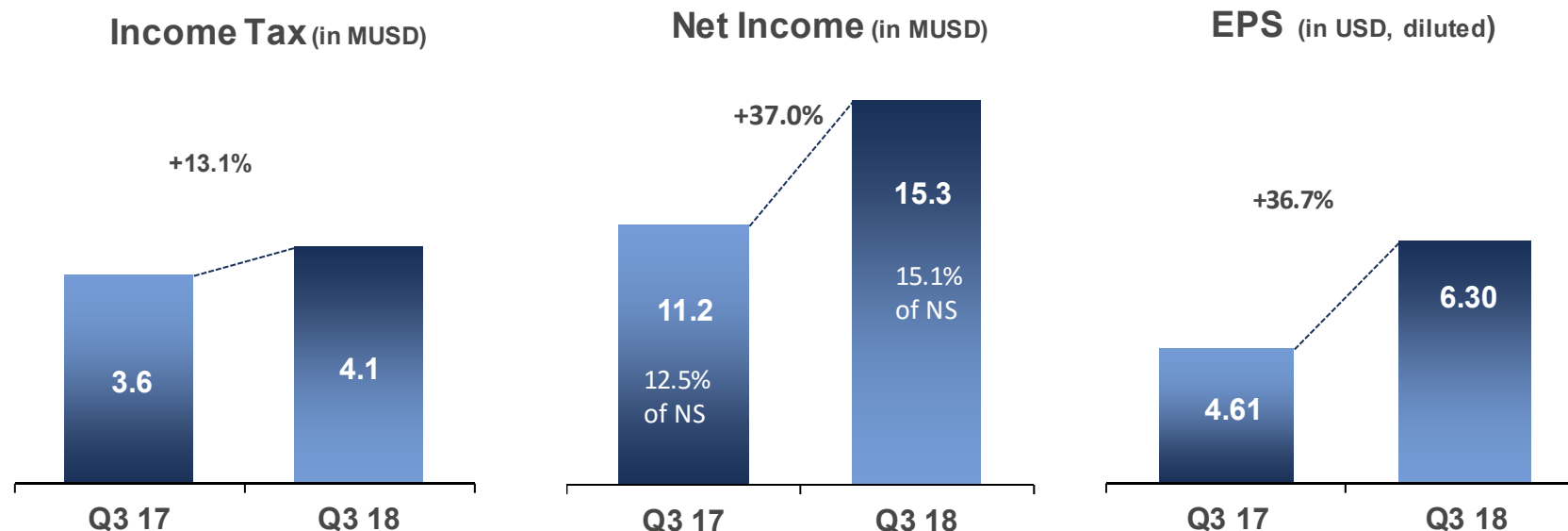
Growth in in all regions

# Gross Profit, Costs, and Operating Income



- **Gross profit margin:** 16% absolute increase, slightly improved margin
- **R&D cost:** Increase due to investments and continued development efforts
- **SG&A:** Investments in marketing and selling capabilities, higher variable compensation and commissions
- **Operating income:** Growth due to higher sales volume, solid gross margin while costs slightly increased

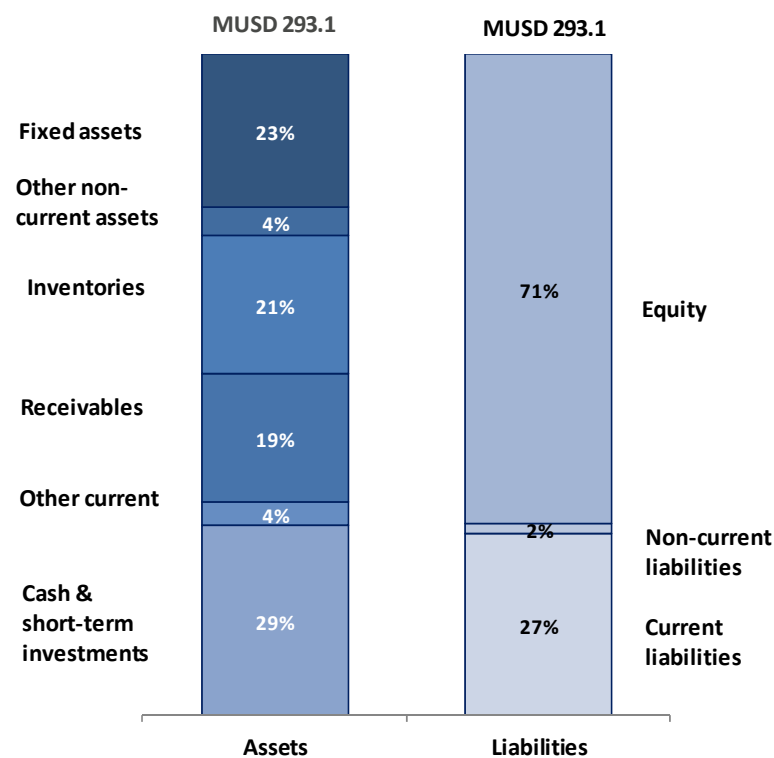
# Net Income and EPS Development



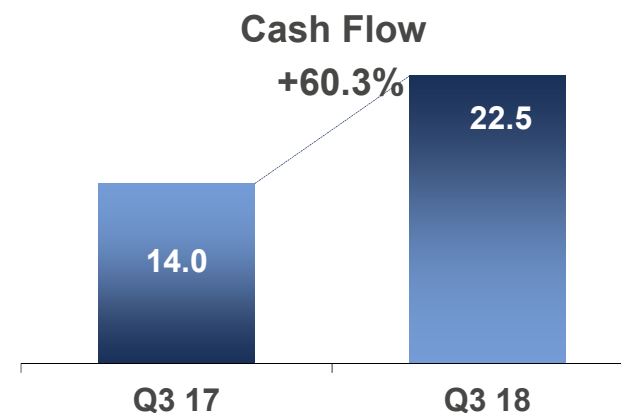
- **Income tax:** higher by +13.1%; lower global tax rate of 21.1% driven by the mix in earnings and tax rates
- **Net income:** Increase due to higher operating income at a lower global tax rate
- **EPS:** Increase in line with net income

# Balance Sheet Highlights (in MUSD)

### Balance Sheet Structure 2018



	Q3 18	Q4 17
Net Cash	64.6	85.0
DSO	50.4	50.3
Inventory Turns	3.7	4.2
Working Capital	104.5	91.3

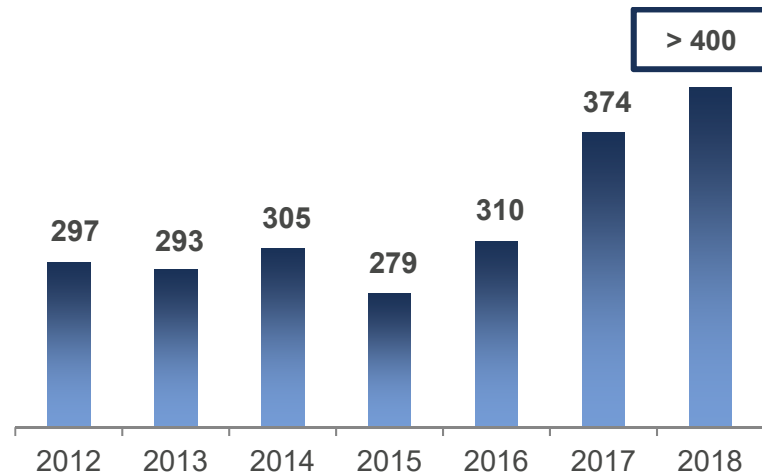


Solid balance sheet, turns ratio and working capital driven by higher inventory balance, improved Q3 cash flow



# Full Year 2018 Guidance

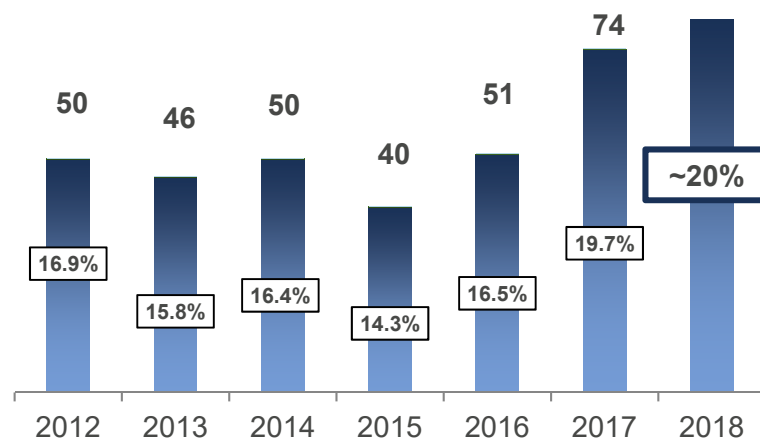
## Sales (MUSD)



Updated guidance

Based on our current expectations  
for our end-markets

## Operating Income (MUSD)



Sales

> 400 MUSD

Op. Income

~ 20%

# Corporate Calendar FY 2018

- Q4 and FY 2018 Earnings Conference Call      March 5, 2019
- Annual General Meeting      March 28, 2019
- Q1 FY2019 Earnings Conference Call      April 17, 2019
- Q2 FY2019 and Halfyear Results  
Earnings Conference Call      July 25, 2019

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



**THANK YOU!**

**Q&A**