

# INFICON

*Q2'2009 Earnings Conference Call*

*July 21, 2009*

## Safe Harbor Statement

This presentation contains forward-looking statements that reflect Management's current views and estimates. The forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. These forward-looking statements address, among other things, our strategic objectives, trends in vacuum technology and in the industries that employ vacuum instrumentation and the anticipated effects of these trends on our business.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Speakers

### **Lukas Winkler, President and CEO**

- § Business review and target markets
- § Cost management
- § Challenging environment

### **Matthias Tröndle, Vice President and CFO**

- § Financials Q2'2009 and FY'2009
- § Outlook

## Q2'2009 – Key Figures

### § Global recession impacts sales

- Consolidated revenues decrease 45.4% to USD 38.7 million compared with record Q2'2008
  - 42.6% decrease at constant USD exchange rate
- Q2'2009 sales decline in all markets year-over-year
- Q2'2009 sales increase slightly on a sequential basis in
  - Markets: Semiconductor & Vacuum Coating; Refrigeration & Air Conditioning; Emergency Response & Security
  - Geographies: Asia

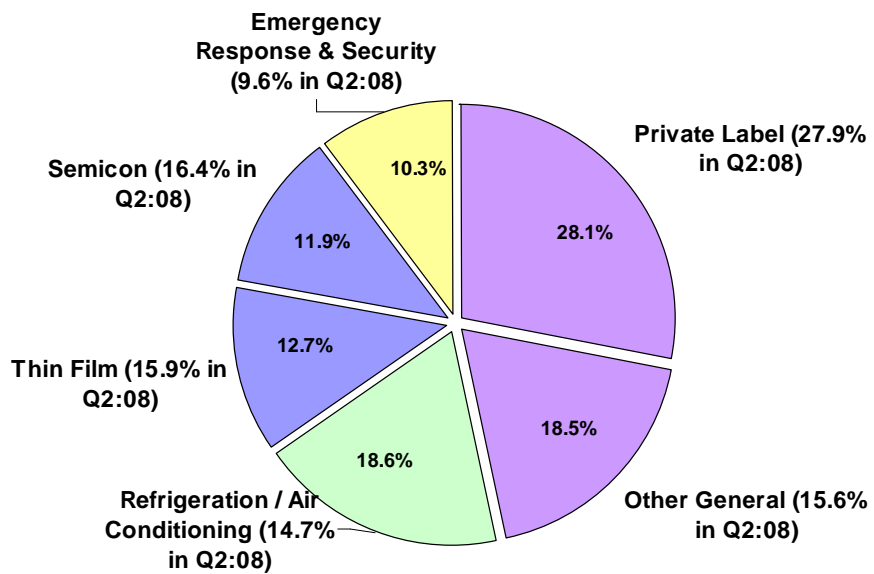
### § Operating result impacted by

- Slightly lower-than-expected volume due to customer requested changes in shipment dates
- One-time expenses of USD 2.0 million for
  - Terminations and early retirements in Balzers, Liechtenstein
- USD 2.5 million Loss from Operations in Q2'2009 (incl. one-time expense)

**=> USD 2.1 million Net Loss**

## Net Sales by End-Market

USD 38.7 million in Q2'2009 vs. USD 71.0 million a year ago (- 45.4%)



## Emergency Response & Security

### Q2'2009

- § Q2'2009 sales -41.2% vs. Q2'2008
- § Sequentially increasing activity, but sales below expectation, due to later shipments requested by customers
- § Full order book for HY2'2009

### Market Trends

- § Increasing global penetration
- § Increasing civil use
- § Targeting various markets with specific products & accessories
- § Benefitting from growing environmental concerns



## Refrigeration & Air Conditioning

### Q2'2009

- § Q2'2009 sales -31.4% vs. Q2'2008
- § Sequentially improving business
- § Trough seems to be reached
- § Saturation has led to new base level

### Market Trends

- § Continued improvement expected for HY2'2009, especially in Asian markets
- § Growing market share by targeting new applications
- § Increasing demand for after-sale service products





## Semiconductor & Vacuum Coating

### Q2'2009

- § Q2'2009 sales -58.5% vs. Q2'2008
- § Sequential increase, but low level
- § Increased end-user activity in Asia
- § Equipment business (OEM) for solar, semi, display and optics still low

### Market Trends

- § Increased capacity utilization, but still not high enough to spark expansion (CAPEX will remain low, but improving)
- § Increasing awareness of energy efficiency and power issues
- § Quite stable coating end-user business (Consumables)



## General Vacuum Processes

### Q2'2009

- § Q2'2009 sales -41.6% vs. Q2'2008
- § Europe in recession
- § US sales decline slowing down

### Market Trends

- § Diverse customer base and end markets
- § Indirect sales through vacuum pump manufacturers serving a variety of industries (incl. R&D, which may profit from government stimulus programs)
- § Direct sales (industrial OEMs): gaining market share in US and Asia with new customers



## Market Expectations 2009 – Planning Scenarios

FY 2009	Scenario 1 Positive	Scenario 2 Neutral	Scenario 3 Negative	Business development in HY1'2009 and sales estimate
Emergency Response & Security	+10%	-10%	-30%	Projects and business activity comparable with 2008 (solid work- load for remainder of FY'2009)
General Vacuum Processes	0%	-15%	-30%	Serving wide range of industries that are in a recession, especially in Europe (R&D market may profit from economic stimulus programs)
Refrigeration & Air Conditioning	0%	-15%	-30%	Sequentially improving, cautiously optimistic outlook
Semiconductor & Vacuum Coating	-10%	-30%	-60%	Very low, but improving Semi end-user activity, with CAPEX investment (OEM business) remaining low

 = Current Expectation

## Cost Management

### Market

- § Sales decline started in Q4'2008, continued till end of Q1'2009 in most markets
- § Cautiously optimistic for HY2'2009, due to increased business activity in most of our markets

### Company

- § On January 16 and June 30, 2009 announcement of workforce and work-time reductions as well as temporary salary cuts
- § INFICON rapidly took actions to reduce spending
- § Combination of USD 4.6 million initial expenses for cost reductions, inventory and accounts receivables adjustments and low business level impairs profitability in the short-term
- § Further alignment of capacities to current market conditions not planned, but possible if conditions change dramatically
- § Expected overhead cost reduction for 2009 of approx. 20% vs. 2008

**à Reduce cost base to reach > 15% lower beak-even point**

## Growth Drivers in a Challenging Environment

- § Infrastructure investments announced by many governments
  - Support solar energy, R&D and education
  - Growing environmental concerns and efficient use of energy resources
  
- § Semiconductor industry likely one of the first to emerge from recession
  - Demand for new processes, plants and equipment
  - Recovery expected in HY2'2009 based on current positive signals from Asia and US
  
- § Strong global presence to maintain customer relationship
  
- § Diversified product and technology portfolio reduces impact of global financial and economic crisis
  
- § Maintaining high level of R&D to best benefit from next upturn

## INFICON – Competitive Advantages

### In the market place

- § Broad and diversified product & technology portfolio
- § High innovation pace
- § Benefits of serving a broad array of global end markets
- § Strong market position in all addressed markets (no. 1, 2)
- § Fast reaction and adoption to changing market conditions

### In terms of financial stamina

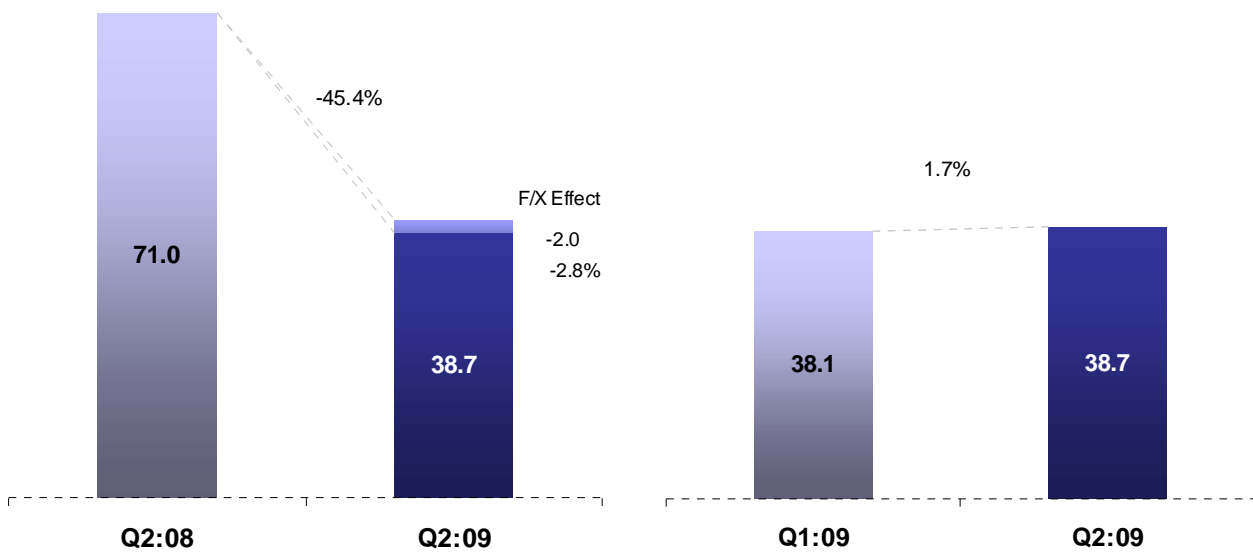
- § Strong business model with proven track record of increased profitability
- § Flexible cost structure
- § Solid balance sheet
  - High liquidity
  - Equity ratio of 78%
  - No long-term debt

**à Strengths in a difficult market environment**

# **Matthias Tröndle**

*Vice President & Chief Financial Officer*

## Revenue (in USD million)

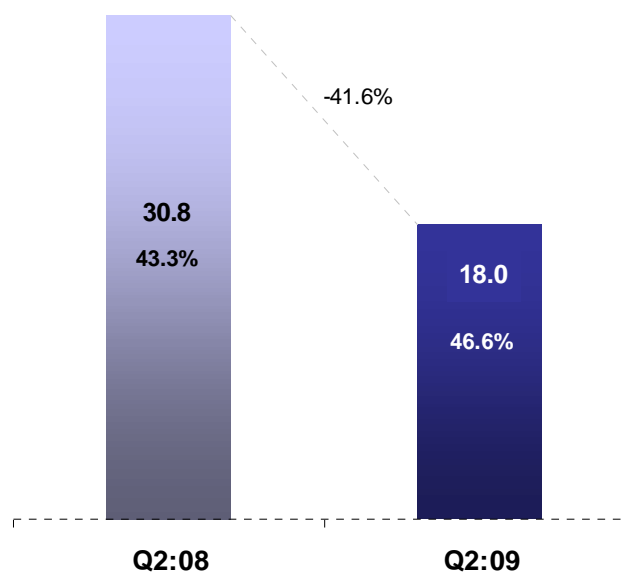


**Revenue decrease across all markets compared to Q4:08.  
Modest increase in all markets but General Vacuum since Q1:09**



## Revenue by Market (in USD million)

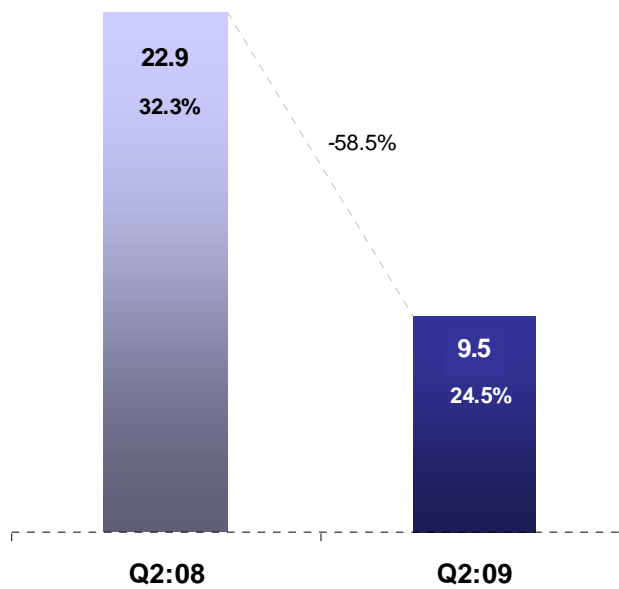
### General Vacuum Processes



**Decrease in Q2:09, especially from European distributors, slightly offset by R&D growth in North America & Asia**

## Revenue by Market (in USD million)

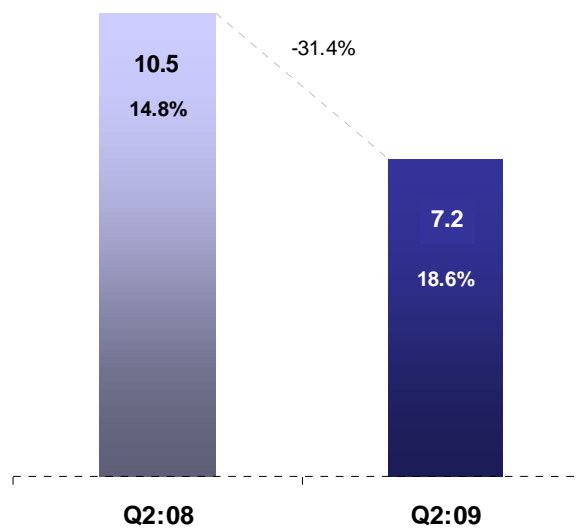
### Semiconductor & Vacuum Coating



**Sharp decrease in sales to semiconductor device & equipment makers, and thin film coating process particularly in Asia**

## Revenue by Market (in USD million)

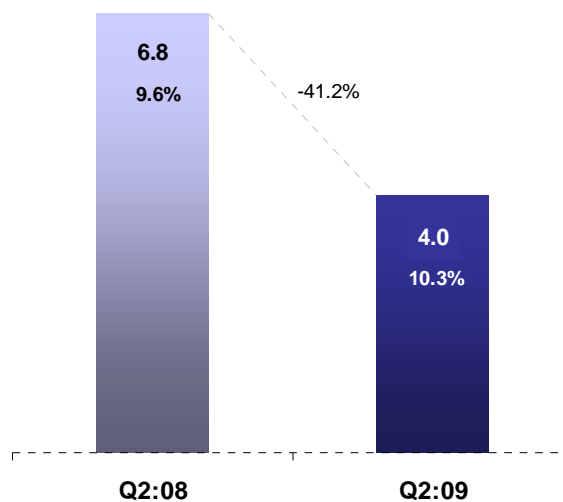
### Refrigeration & Air Conditioning



Lower sales mainly to RAC manufacturers, across all regions

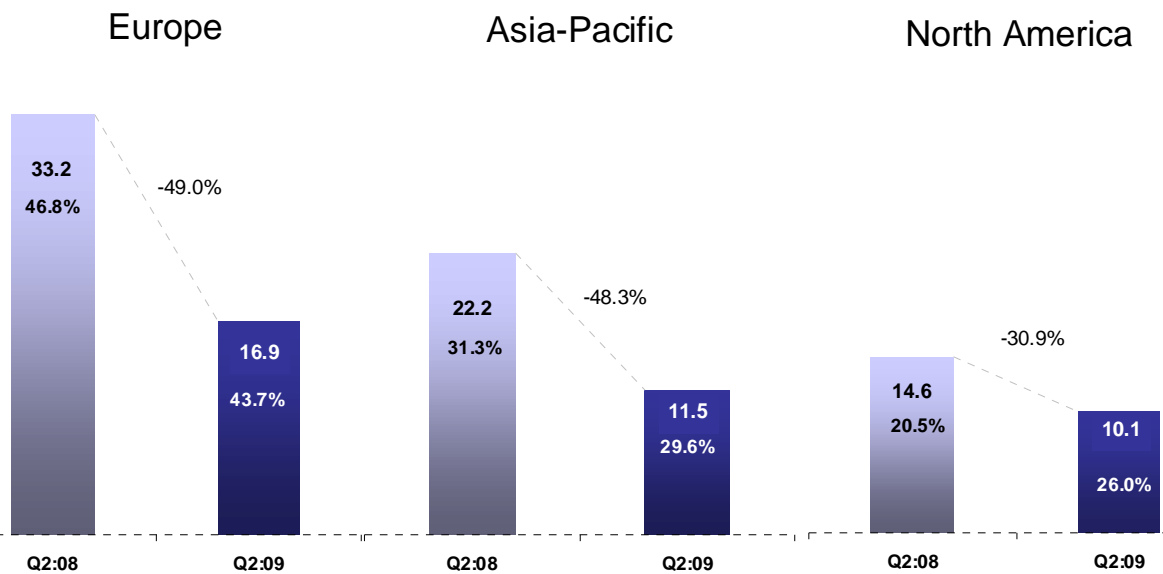
## Revenue by Market (in USD million)

### Emergency Response & Security



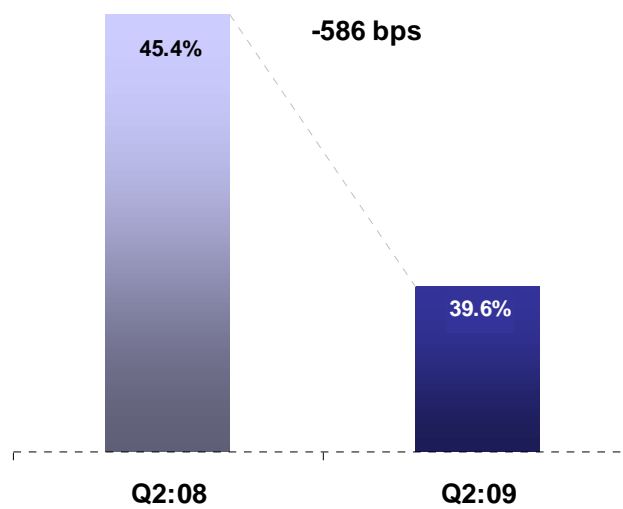
**Decrease in both public and private sector largely in Europe (Q2:08 was a record high for ER sales to Europe) as well as a decrease in military. Offset by an increase in Environmental Protection sales mainly in Asia.**

## Geographic Revenue Breakdown (in USD million)



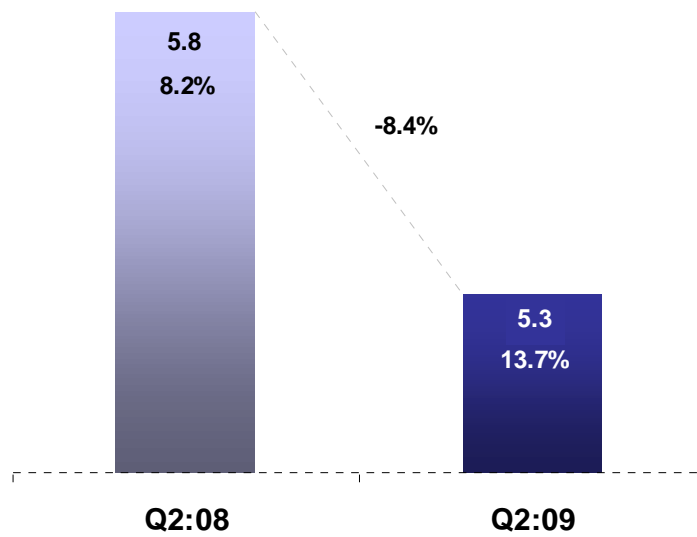
**Decrease driven primarily by Europe and Asia-Pacific**

## Gross Profit Margin (in %)



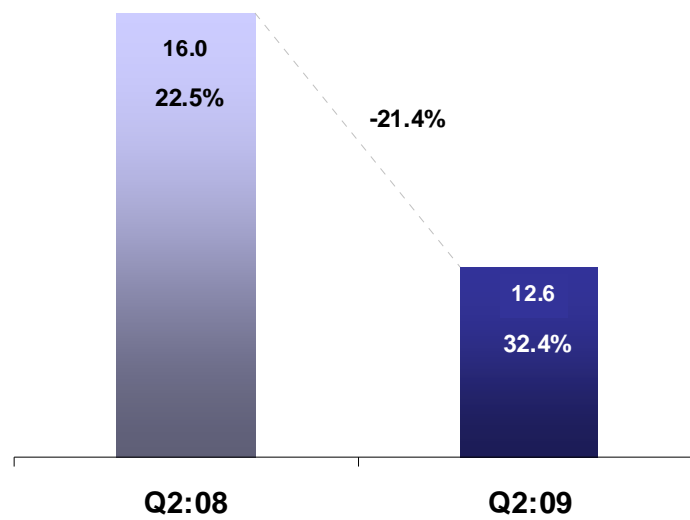
**Decline due to lower volume and one-time expense for early retirement and terminations in Balzers (FL) production plant.**

## Research & Development (in USD million)



**Q2:09 includes cost reductions, offset by one-time expenses, while still maintaining focus on new product development**

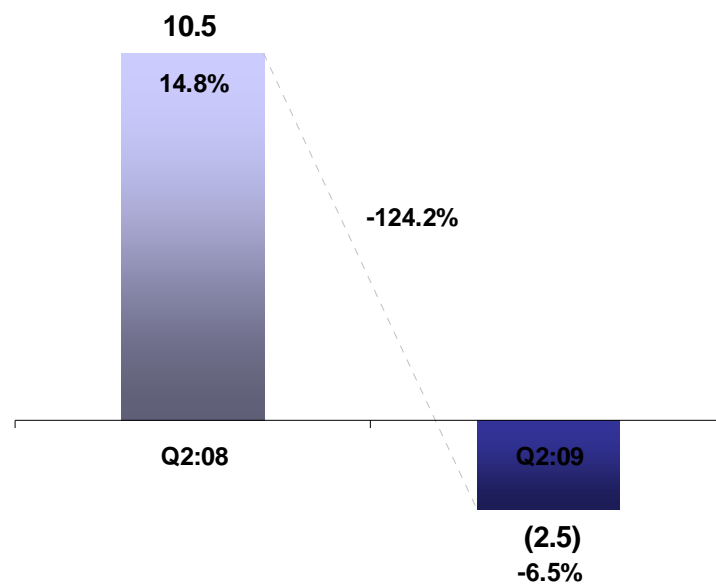
## Selling, General & Administrative (in USD million)



**Q2:09 decrease reflects cost reductions, partially offset by one-time expense**

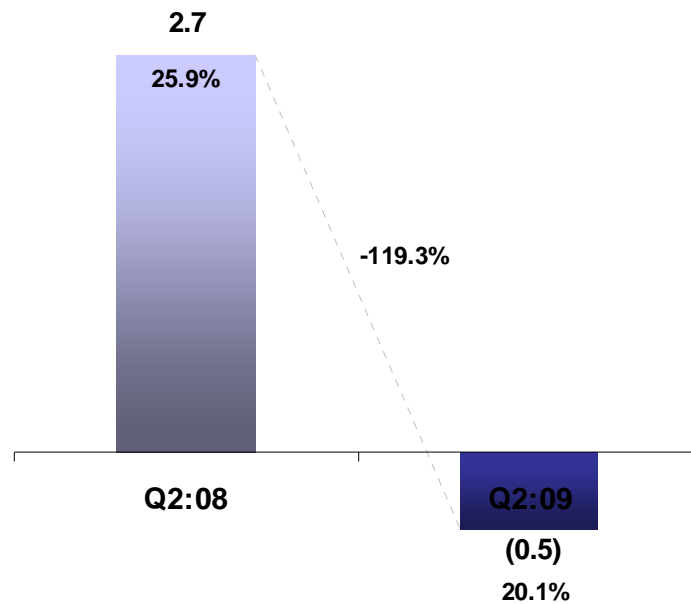


## Income from Operations (in USD million)



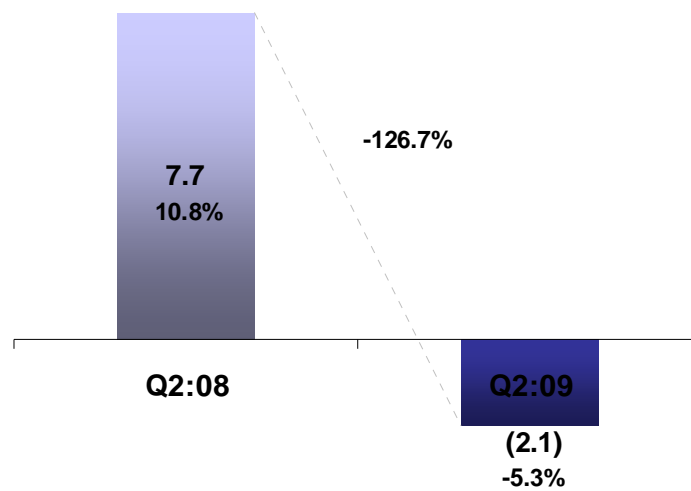
Largely due to decline in revenue and one-time costs

## Income Tax Provision (Benefit) (in USD million)



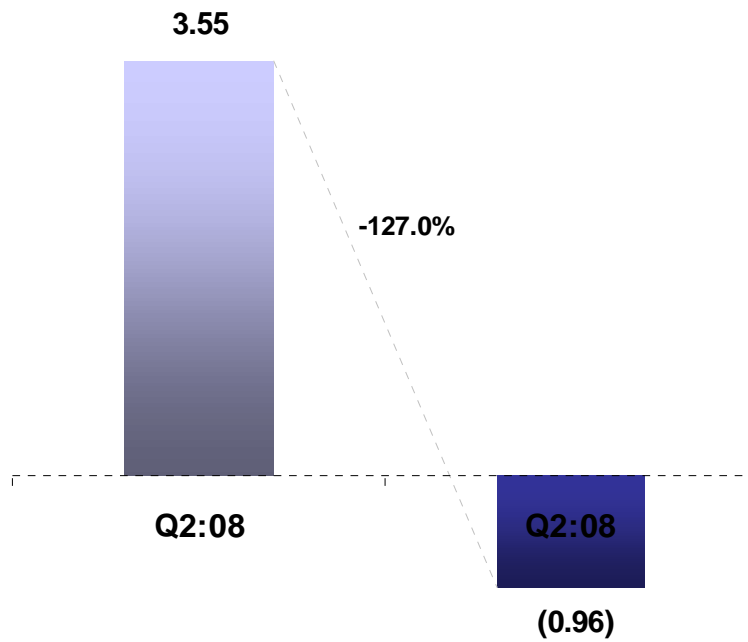
**Tax benefit in Q2:09 driven by loss in earnings**

## Net Income (loss) (in USD million)



**Net loss on lower sales and one-time expense**

### EPS (USD/Share; diluted)



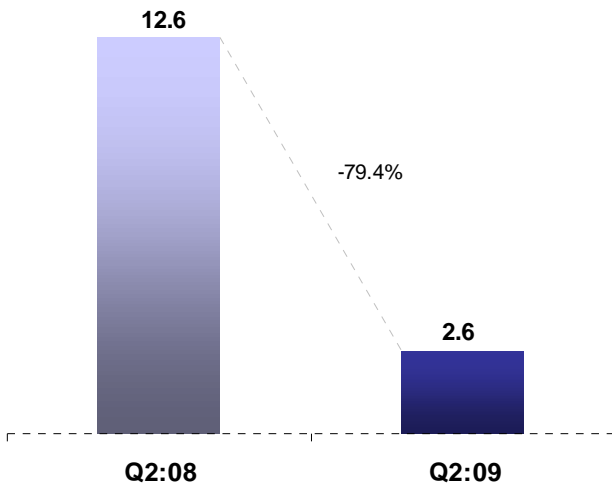
**In line with decrease in net income**

## Balance Sheet Highlights (in USD million)

	<u>Q2:09</u>	<u>Q4:08</u>
<b>Cash &amp; Short-term Inv.</b>	<b>31.3</b>	<b>45.8</b>
<b>Long-term Debt</b>	<b>-</b>	<b>-</b>
<b>Shareholders' Equity</b>	<b>123.2</b>	<b>138.9</b>
	<u>Q2:09</u>	<u>Q4:08</u>
<b>Days Sales Outstanding</b>	<b>47.3</b>	<b>49.8</b>
<b>Inventory Turns</b>	<b>3.7</b>	<b>4.3</b>

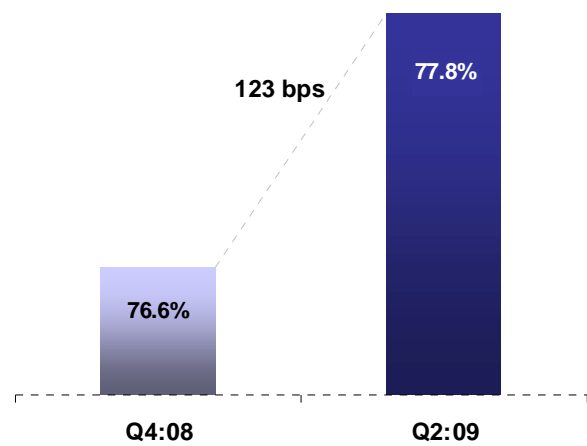
**Solid balance sheet with no long-term debt**

### Operating Cash Flow (in USD million)



Decreased cash flow largely due to loss, partially offset by lower dividend payments in 2009

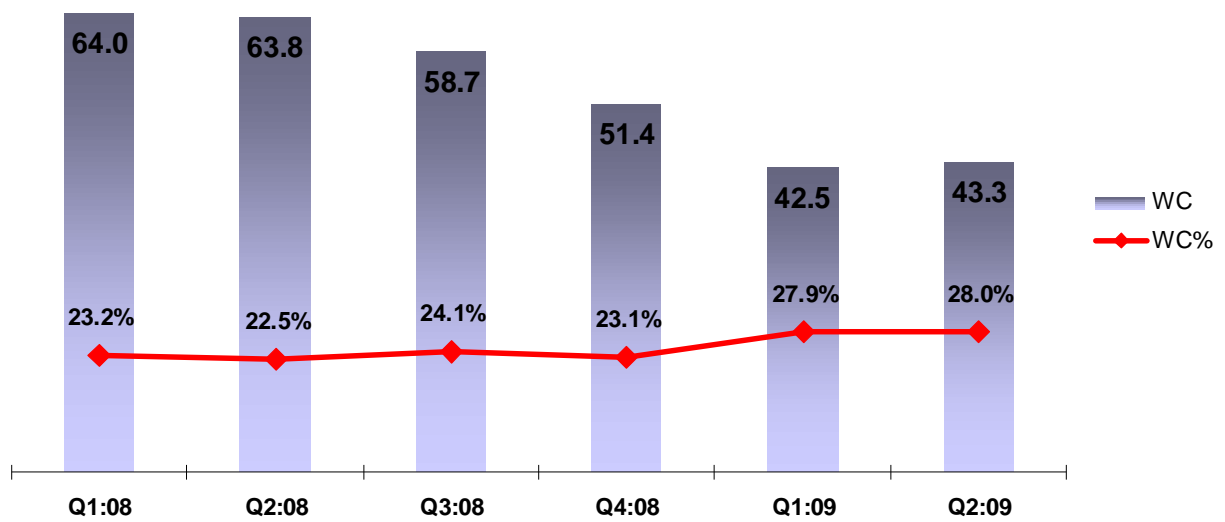
### Equity Ratio (in %)



Solid balance sheet structure

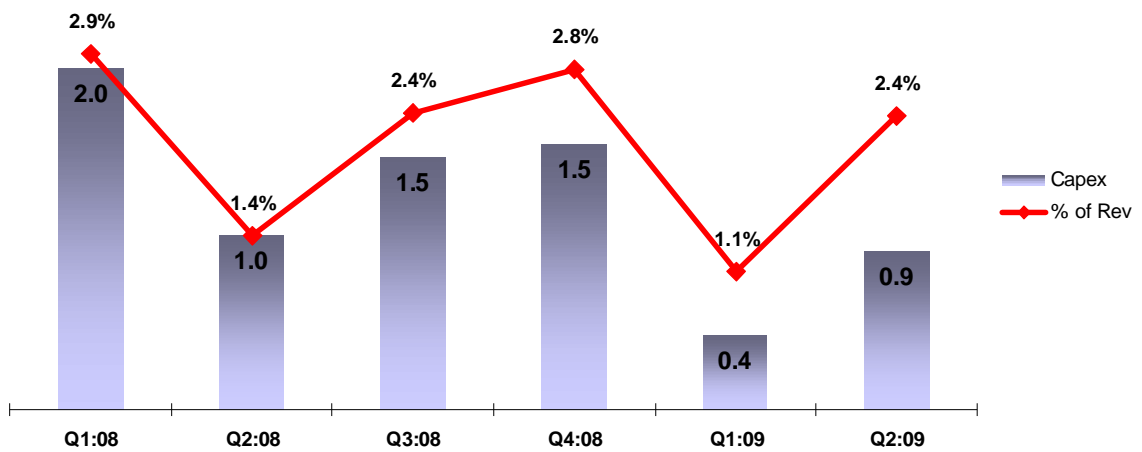
## Working Capital and Working Capital Ratio

*(Inv + AR - AP)* *(WC as % of Revenue)*



**Continuously striving to reduce net Working Capital**

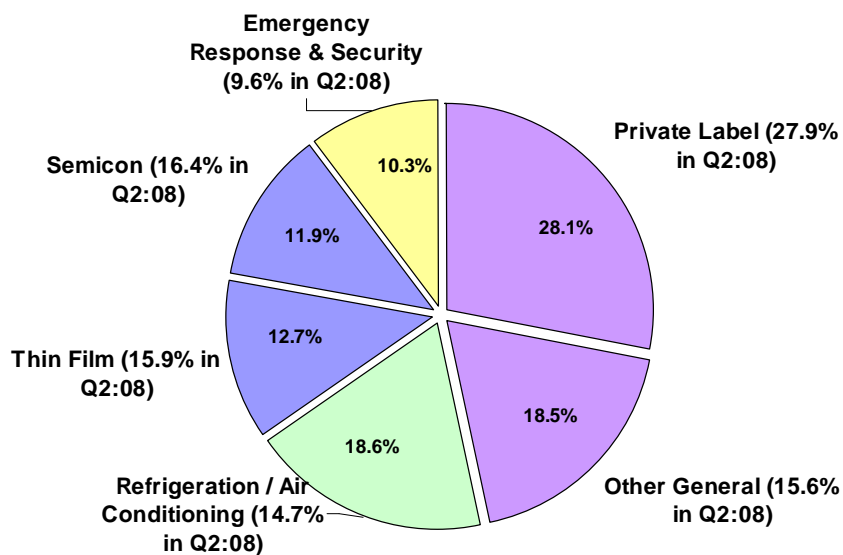
## Capital Expenditures (in USD million)



**Slight sequential increase in Q2:09 to support product releases and limited investment in infrastructure**



## Highly Specialized End-Market



- No financial guidance for FY 2009, due to uncertainty and still limited visibility
- Lowered cost base to support break even at current sales level

**Thank You !**

