



Half-year Report 2014



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: Micro GC Fusion is the first temperature programmable Micro GC that offers fast temperature ramping using capillary columns for accurate onsite analysis.

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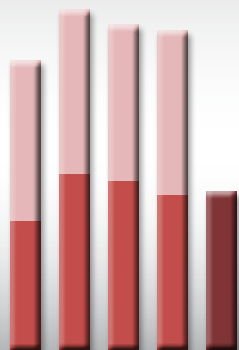
INFICON publishes its half-year report online. The report has been optimized for easy reading on your computer and mobile devices.

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www.inficon.com, Investor section

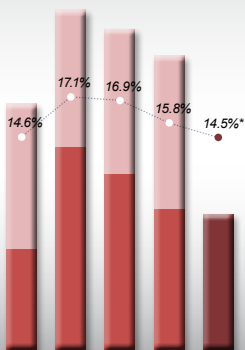
Key Figures – At a Glance

Net sales



	2010	2011	2012	2013	2014
Full Year	265.4	312.1	297.2	293.0	
Half-Year	120.8	163.7	156.2	143.6	146.4

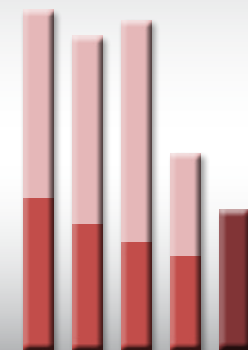
Operating income (in % of Net sales)



	2010	2011	2012	2013	2014
Full Year	38.6	53.3	50.1	46.2	
Half-Year	15.9	31.7	27.5	22.2	21.2

* 2014 percentage is only for the first 6 months, all other percentages are based on 12 months

Cash flow from operations



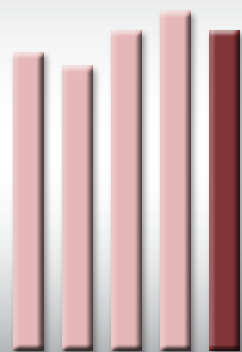
	2010	2011	2012	2013	2014
Full Year	50.3	46.5	48.8	29.2	
Half-Year	22.4	18.5	15.9	13.8	20.7

2010 according to US GAAP
2011–2014 according to Swiss GAAP FER
(US Dollars in Millions, except per share amounts)

	Half-Year	Full Year
	2014	2013
Net sales	146.4	143.6
Research and development	13.8	13.8
Selling expense	16.7	14.8
General and administrative expense	22.0	21.6
Operating income (loss)	21.2	22.2
<i>in % of net sales</i>	14.5%	15.4%
EBITDA	24.5	25.1
<i>in % of net sales</i>	16.7%	17.5%
Net income (loss)	15.7	16.5
Cash and short-term investments	64.1	68.1
Cash flow from operations	20.7	13.8
Capital expenditures	3.7	3.9
Total assets	202.0	192.3
Long-term debt	—	—
Stockholders' equity	160.5	155.4
<i>Equity Ratio in %</i>	79.4%	80.8%
Employees	951	948

Key Figures – At a Glance

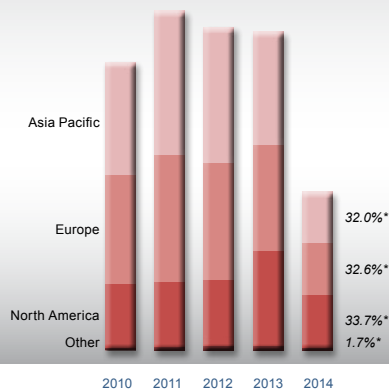
Equity Ratio



2010 2011 2012 2013 2014
74.0% 70.3% 79.6% 84.2% 79.4%

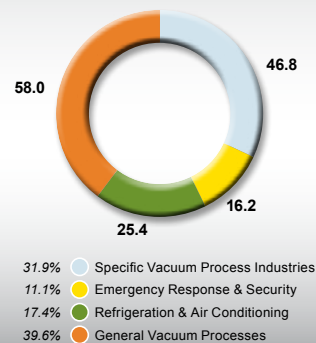
* 2014 percentage is only for the first 6 months, all other percentages are based on 12 months

Direct Sales by Geographic Region



* 2014 allocation is based on the first 6 months, all other allocations are based on 12 months

H1/14 Sales by End Market



31.9% Specific Vacuum Process Industries
11.1% Emergency Response & Security
17.4% Refrigeration & Air Conditioning
39.6% General Vacuum Processes

2010 according to US GAAP
2011–2014 according to Swiss GAAP FER
(US Dollars in Millions, except per share amounts)

	Half-Year		Full Year
	2014	2013	2013
Ratios per Share			
Net income per share – diluted	6.70	7.16	15.23
Shareholders' equity per share – diluted	68.62	67.50	77.58
Free cash flow per share – diluted	7.27	4.08	6.55
<i>Return on equity %*</i>	19.5%	21.2%	19.6%

* Percentages have been annualized for 6 month figures

Direct Sales by Geographic Region

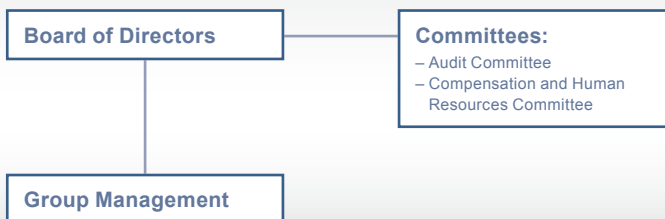
Asia-Pacific	46.8	51.7	103.9
Europe	47.7	48.0	96.9
North America	49.3	42.0	87.7
Other	2.6	1.9	4.5

Sales by End Market

Specific Vacuum Process Industries	46.8	50.3	102.1
Emergency Response & Security	16.2	10.3	27.2
Refrigeration & Air Conditioning	25.4	23.2	47.9
General Vacuum Processes	58.0	59.8	115.8

Group Organization

(as of August 5, 2014)



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, 2014 were USD 146.4 million compared with USD 143.6 million for the same period in 2013, representing a USD 2.8 million or 2.0% increase. As this includes a positive impact from acquisitions of USD 1.4 million or 1.0% as well as a positive impact of USD 1.4 million or 1.0% from changes in currency exchange rates, Net Sales remained stable organically. The Specific Vacuum Process Industries market experienced a decrease in sales of USD 3.5 million or 7.0% due to a decreased demand from semiconductor and equipment makers in Asia, partly offset by a positive development in North America and Europe. Sales in the General Vacuum Processes market have decreased by USD 1.8 million or 3.0% largely due to a decrease in direct sales to private label customers. Refrigeration & Air Conditioning sales increased 9.5% or USD 2.2 million mainly due to the increase in sales to RAC manufacturers in Asia. Emergency Response & Security market sales increased 57.4% or USD 5.9 million primarily due to higher government spending for security and environmental applications especially in North America.

Gross Profit

Gross profit margin was 50.3% for the six months ended June 30, 2014 compared with 50.5% for the same period in 2013. The decrease is driven by a slightly unfavorable product mix.

Research and Development Costs

Research and development costs remained stable at USD 13.8 million or 9.4% of sales for the six months ended June 30, 2014, as compared with USD 13.8 million or 9.5% of sales for the same period in 2013.

Selling, General and Administrative (SGA)

Selling, general, and administrative costs for the first six months of 2014 were USD 38.7 million or 26.4% of sales, as compared with USD 36.4 million or 25.4% of sales for the same period a year ago. The increase is driven by investments into our selling capabilities and infrastructure as well as higher agent commissions, while marketing expense and general and administration costs remain at a stable level.

Financial Result

Interest income remained stable at USD 0.1 million in 2014 versus USD 0.1 million in 2013. Foreign currency losses also remained stable at USD 0.4 million.

Provision for Income Taxes

Provision for income taxes was USD 5.2 million at a 25.0% effective tax rate for the six months ended June 30, 2014, compared with income taxes of USD 5.4 million at a 24.6% effective tax rate for the same period in 2013. The higher effective 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 15.7 million and USD 6.70 for the six months ended June 30, 2014, as compared with USD 16.5 million and USD 7.16 for the first half of 2013. The 6.3% decrease in earnings per share is a result of the 4.9% decrease in net income.



Financial Review

(Unaudited)

Balance Sheet and Liquidity

Trade accounts receivable, net decreased by USD 5.5 million to USD 36.4 million at June 30, 2014 as compared with USD 41.9 million at December 31, 2013. This decrease was primarily driven by higher sales in the last quarter of 2013 as compared with 2014. Days Sales Outstanding ended at 47.1 days for 2014 versus 45.1 days for 2013 using a 4-point average of quarter-end balances.

Inventories, net increased by USD 4.3 million to USD 39.1 million at June 30, 2014 as compared with USD 34.8 million at December 31, 2013. As a consequence, inventory turns decreased to 4.0 in 2014 versus 4.4 in 2013 using a 4-point average of quarter-end inventory balances.

Cash and short-term investments totaled USD 64.1 million at June 30, 2014, which represents a decrease of USD 10.9 million from USD 75.0 million at December 31, 2013. The decrease was mainly driven by a payout of reserves from capital contributions of USD 37.1 million. During the first half of 2014, cash flow from operations was USD 20.7 million versus USD 13.8 million in the first half of 2013.

Outlook

INFICON is confident that our technology base and our strong global market presence will support our goals and strategy. This will be assisted by our continued expansion of our product portfolio and by developing and targeting new applications in more industries.

While we see mixed signals from the Semiconductor market, we believe that based on the positive market trend from foundries and flash memory manufacturers the second half of 2014 should develop slightly better than the first six months.

The Refrigeration & Air Conditioning market developed well in the first six months. Based on new applications for the automotive market as well as for the natural gas and food packaging markets we expect a reasonable development beyond 2014.

Although there is a large dependency on government spending in the Emergency Response & Security market, our project pipeline, new target markets and application opportunities within energy production & distribution for gas analysis products should support a positive development.

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

With that, INFICON expects to generate net sales between USD 290 to 320 million and an income from operations between USD 44 to 56 million for the fiscal year 2014.



Consolidated Interim Balance Sheet

(Unaudited)

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

	June 30, 2014	December 31, 2013	June 30, 2013
Assets			
Cash and cash equivalents	54,266	74,965	68,071
Short-term investments	9,805	—	—
Trade accounts receivable, net	36,354	41,890	35,893
Inventories	39,083	34,770	32,407
Prepayments and accrued income	1,907	1,394	1,388
Other current assets	5,203	5,345	5,200
Total current assets	146,618	158,364	142,959
Property, plant, and equipment	37,535	37,270	30,428
Intangible assets	4,778	5,284	4,682
Deferred tax assets	11,529	10,930	12,493
Financial assets	1,554	1,797	1,697
Total non-current assets	55,396	55,281	49,300
Total assets	202,014	213,645	192,259
Liabilities and Shareholders' Equity			
Trade accounts payable	9,879	8,197	10,302
Short-term borrowings	6,719	—	—
Short-term provisions	8,100	11,921	8,975
Income taxes payable	1,713	369	696
Accrued expenses and deferred income	10,463	9,097	11,235
Other current liabilities	1,253	816	1,315
Total current liabilities	38,127	30,400	32,523
Long-term provisions	2,282	2,378	779
Deferred tax liabilities	1,115	1,056	3,532
Total non-current liabilities	3,397	3,434	4,311
Total liabilities	41,524	33,834	36,834
Common stock	6,484	6,458	6,420
Retained earnings	154,006	173,353	149,005
Total shareholders' equity	160,490	179,811	155,425
Total liabilities and shareholders' equity	202,014	213,645	192,259

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

Consolidated Interim Statement of Income

(Unaudited)

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

Six months ended June 30,	2014	2013
Net sales	146,440	143,608
Cost of sales	72,717	71,147
Gross profit	73,723	72,461
Research and development	13,775	13,848
Selling expense	16,673	14,832
General and administrative expense	22,047	21,607
Operating result	21,228	22,174
Financial result	(312)	(303)
Ordinary result	20,916	21,871
Non-operating result	—	—
Earnings before income taxes (EBT)	20,916	21,871
Income taxes	5,237	5,390
Net result	15,679	16,481
Earnings per share:		
Basic	6.79	7.26
Diluted	6.70	7.16

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

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, 2013	6,279	17,472	145,139	2,633	171,523
Net income			16,481		16,481
Foreign currency translation adjustments				(3,257)	(3,257)
Issuance of common stock from exercise of stock options	141	9,405			9,546
Distribution from legal reserves (CHF 16 per share)		(26,877)	(12,056)		(38,933)
Adjustment of Goodwill			65		65
Balance at June 30, 2013	6,420	—	149,629	(624)	155,425
January 1, 2014	6,458	—	169,452	3,901	179,811
Net income			15,679		15,679
Foreign currency translation adjustments				349	349
Issuance of common stock from exercise of stock options	26	1,704			1,730
Distribution from legal reserves (CHF 14 per share)		(1,704)	(35,375)		(37,079)
Balance at June 30, 2014	6,484	—	149,756	4,250	160,490

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

Consolidated Interim Statement of Cash Flows

(Unaudited)

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

Six months ended June 30,	2014	2013
Cash flows from operating activities:		
Net income	15,679	16,481
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,913	2,723
Amortization	723	600
Disposal of fixed assets	—	(24)
Deferred Taxes	(568)	2,330
Changes in operating assets and liabilities, excluding effects from acquisition:		
Trade accounts receivable	5,489	(440)
Inventories	(4,454)	(1,347)
Other assets	(131)	(2,464)
Trade accounts payable	1,723	4,688
Accrued liabilities	(1,957)	(6,383)
Income taxes payable	1,342	(2,403)
Other liabilities	(96)	24
Net cash provided by operating activities	20,665	13,786
Cash flows from investing activities:		
Purchases/Disposals of property, plant, and equipment	(3,432)	(3,643)
Purchases/Disposals of intangible assets	(239)	(742)
Acquisitions of businesses net of cash acquired	—	—
Change in short-term investments	(9,804)	—
Net cash used in investing activities	(13,475)	(4,384)
Cash flows from financing activities:		
Proceeds from exercise of stock options	1,730	9,546
Cash distribution from legal reserves	(37,079)	(38,933)
Change in short-term borrowings	6,719	(2,323)
Net cash used in financing activities	(28,630)	(31,710)
Effect of exchange rate changes on cash and cash equivalents	741	(1,857)
Change in cash and cash equivalents	(20,699)	(24,165)
Cash and cash equivalents at beginning of period	74,965	92,236
Cash and cash equivalents at end of period	54,266	68,071

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

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

These consolidated interim financial statements comprise the unaudited interim financial statements for the six months ended June 30, 2014, in accordance with Swiss GAAP FER. The consolidated interim financial statements, which have been prepared in accordance with Swiss GAAP FER 12 "Interim reporting," 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, 2013.

There has been no significant change in the Company's accounting policies and estimates during the first six months of 2014.

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, 2014	Dec. 31, 2013	June 30, 2013	Six months ended June 30, 2014	June 30, 2013
Swiss Franc	USD	1.1199	1.1243	1.0601	1.1224	1.0687
Euro	USD	1.3620	1.3783	1.3080	1.3708	1.3136
1 Japanese Yen	USD	0.0099	0.0095	0.0101	0.0098	0.0105
Hong Kong Dollar	USD	0.1290	0.1290	0.1289	0.1289	0.1289
Korean Won	USD	0.0010	0.0009	0.0009	0.0010	0.0009

Notes to Consolidated Interim Financial Statements

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

4 Acquisitions and Disposals

Verionix Inc.

On November 4, 2009, the Company acquired substantially all the assets of Verionix Inc., a developer of gas sensor, gas composition sensors and gas analyzers. The acquisition expands the Company's position in the gas analysis market. It also increases opportunities for the Company in the semiconductor, LCD and solar manufacturing markets.

The purchase price was USD 610 at closing. Additionally, there is an earn-out capped at USD 8,718 to be paid based on units sold over a four year period. At the acquisition date, the Company had performed a fair value calculation which resulted in USD 4,600 of contingent consideration. As of June 30, 2013, the fair value of the contingent consideration amounted to USD 200. As of December 31, 2013, the fair value of the contingent consideration was reduced by USD 200, which reduced goodwill accordingly, which is offset against equity under Swiss GAAP FER. Therefore the fair value of the contingent consideration amounts to zero since December 31, 2013.

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. As of December 31, 2013, the Company has re-evaluated the fair value calculation of the contingent consideration. As a result, the contingent consideration has been reduced by USD 69, which reduced goodwill accordingly, which is offset against equity under Swiss GAAP FER. Up to June 30, 2014, an amount

of USD 143 has been paid out to the Pernicka Corporation that reduced the contingent consideration accordingly. As of June 30, 2014, the fair value of the contingent consideration amounts to USD 288.

Photovac

On November 15, 2011, the Company acquired substantially all the assets of Photovac Inc., a developer and manufacturer of volatile organic compound (VOC) detection equipment. The addition of Photovac's products and sensor technology to the already proven line of chemical detection and monitoring systems will help the Company expand its market reach in environmental monitoring and emergency response markets.

The purchase price was USD 3,465 at closing. Additionally, there is an earn-out to be paid based on units sold over a two year period. At the acquisition date, the Company has performed a fair value calculation which resulted in USD 550 of contingent consideration. As of June 30, 2013, the fair value of the contingent consideration amounts to USD 100. As of December 31, 2013, the Company has re-evaluated the fair value calculation of the contingent consideration. As a result, the contingent consideration has been reduced by USD 100, which reduced goodwill accordingly, which is offset against equity under Swiss GAAP FER. Therefore the fair value of the contingent consideration amounts to zero since December 31, 2013.

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

Notes to Consolidated Interim Financial Statements

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

As of June 30, 2014, the fair value of the contingent consideration remains unchanged at USD 100.

KeyX

On December 16, 2013, the Company acquired substantially all the assets of KeyX Prüfsysteme GmbH, Leipzig. With this acquisition the Company extends its know-how on accumulation technologies and its portfolio in terms of Hydrogen leak detection. It will also help the Company to extend its market share in the automotive market.

The purchase price was USD 400 at closing.

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,	2014	2013
Numerator:		
Net income	15,679	16,481
Denominator:		
Weighted average shares outstanding	2,309	2,269
Effect of dilutive stock options	30	33
Denominator for diluted earnings per share	2,339	2,302
Earnings per share:		
Basic	6.79	7.26
Diluted	6.70	7.16

6 Subsequent Events

The Company has evaluated subsequent events through August 5, 2014, 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 2014 as well as in the Annual Report for fiscal year 2013.

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.



2014 Half-year Report

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