



Corporate Contact

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Successful Year 2018

- **Fourth quarter 2018 shows expected slow-down:** Sales USD 94.2 million 8% below prior year and 7% lower than in Q3 2018; Operating income of USD 14.9 million or 15.8% of sales (Q4 2017: USD 22.2 million; 21.7%)
- **Successful year 2018:** Sales grow 10% to USD 410.4 million (2017: USD 373.6 million); Operating income plus 11% to USD 81.5 million or 19.9% of sales (USD 73.6 million; 19.7%); Net profit USD 64.2 million or 15.6% of sales (USD 59.5 million; 15.9%)
- **Annual General Meeting and distribution to shareholders:** The invitation to the Annual General Meeting is now available online. The Board of Directors proposes for 2018 to distribute CHF 22 per share: CHF 5 out of capital reserves and CHF 17 as an ordinary dividend. This represents a pay-out ratio of about 84% of the net profit.
- **Guidance 2019:** Sales around USD 400 million and operating profit margin around 19%
- **Annual Report and Media/Analyst conference:** The Annual Report 2018 is available online; a live Media/Analyst conference is scheduled for 09:30 a.m. today at Zunfthaus zum Rüden, Limmatquai 42, Zürich.

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Softening sales dynamics in last quarter

As announced in October 2018, INFICON (SIX Swiss Exchange: IFCN) did not reach the prior year's (record-high USD 102.1 million; -7.7%) nor the third quarter 2018 figures (USD 101.4 million; -7.1%) in its last quarter. Sales declined in all target markets compared with the previous year's and the preceding quarter's results. A positive contribution from acquisitions (+1.2 percentage points) and negative currency effects (-1.1 percentage points) practically offset each other, leading to an organic decline of 7.8%.

Semi & Vacuum Coating remained the largest target market with sales of USD 40.6 million. The sales decreased compared with the respective prior-year (-6.7%) and the preceding third quarter of 2018 (-8.4%). Following the boom of the last quarters, the demand for components for new OLED manufacturing capacities cooled off. The traditional semiconductor business developed stably for INFICON, supported by a robust demand from the end-user market. INFICON, however, sees the upcoming quarters as challenging, given the lower capital investment levels seen in the OLED market and the prevailing uncertainties regarding international trade and tariffs.

Year over year, sales to the **Refrigeration, Air Conditioning & Automotive** market slipped 2.6% to USD 18.4 million. Compared with the third quarter sales, the decline was 13.6%. INFICON expects for the coming months a stable trend in the classic refrigeration and air conditioning business and rising shipments of instruments to test automotive components and E-mobility batteries for their leak tightness.

Sales in the **General Vacuum** market developed steadily in the closing quarter of 2018. Compared with the preceding quarter, sales declined marginally by 1.1%, while the year-over-year comparison reveals a minus of 4.8% to USD 27.8 million. The prospects for this broad, directly and indirectly served market are intact, as the global economy remains fairly robust despite the uncertainties in the international trade and business environment. In addition, the interest in INFICON's newly developed products for the food packaging industry and market share gains further support this trend.

The sales development in the **Security & Energy** market continues to be primarily dependent on large public sector orders and their timing, and is thus hard to predict. Compared with the same prior-year quarter, the USD 7.4 million in sales were 29.5% lower, while the minus was 3.9% compared with the third quarter.

Lower margins in the fourth quarter

Various factors weighed on the margins for the fourth quarter: The lower sales and their underlying product and margin mix as well as some difficulties on the procurement market, constrained the gross margin from 51.6% to 47.5%. These impacts as well as acquisition related higher research and development costs resulted in a lower operating income of USD 14.9 million after USD 22.2 million a year ago. This yields an operating income margin of 15.8% down from 21.7%. The net profit for the quarter was USD 13 million after USD 21.5 million for the same quarter a year ago. This translates into earnings per share of USD 5.35 after USD 8.83.



Year-end results 2018

INFICON increased its sales in 2018 by 9.9% to USD 410.4 million. Excluding currency effects (+1.5 percentage points) and the sales contribution from acquisitions (+0.3 percentage points), the organic growth for the year was 8.0%. Year over year, INFICON grew clearly in all target markets and world regions. In the **Semi & Vacuum Coating** market, sales rose by 10.5% to a record-high USD 184.6 million; this represents a 45% share of the total sales. In the **Refrigeration, Air Conditioning & Automotive** market, sales grew by 7.0% to USD 81.5 million. Sales to customers in the **General Vacuum** market picked up by 9.9% to USD 115.3 million. **Security & Energy** posts a sales increase of 13.7% to USD 29.0 million. The sales composition according to regions reveals the strongest gain for Europe with 18.7%, while Asia (5.3%) and North America (7.0%) grew less dynamically.

The gross margin for the full business year 2018 is 49.9% (prior year: 50.5%). After 12.4% higher expenses for research and development and sales, general, and administrative costs that have developed under-proportionately compared with the sales trend, the operating income amounts to USD 81.5 million, up 10.8% compared with the prior-year figure. The operating income margin increased from 19.7% to now 19.9%. After tax, net income was USD 64.2 million, up from USD 59.5 million recorded for 2017. This translates into a net profit margin of 15.6%. Earnings per share for the business year 2018 rose to USD 26.40 after USD 24.57 at the end of 2017.

Cash flow and balance sheet

In its fourth quarter, INFICON generated with USD 10.2 million a lower cash flow from operations than in the third quarter (USD 22.5 million). For the whole year, INFICON's cash flow from operations amounts to USD 52.3 million after USD 61.4 million in the year before. INFICON closed the year 2018 with liquid assets of USD 62.3 million (2017: USD 85.0 million). As a result of the strategically increased stock levels, the inventory turns slowed down from 4.2 times in 2017 to now 3.5 times by year end. The working capital thus rose considerably to 29.1% (prior year 22.4%). The debt-free balance sheet features an ongoing solid equity ratio of 75.9 % at year-end.

Proposed distribution to shareholders and Annual General Meeting

The Board of Directors proposes to the Annual General Meeting scheduled for March 28, 2019, to distribute CHF 22 per share for 2018: CHF 5 out of capital reserves and CHF 17 as ordinary dividend. The Annual General Meeting takes place at the Sorell Hotel Tamina, Am Platz 3, Bad Ragaz, on March 28, 2019 at 11.00 a.m. The invitation including the full list of agenda items and the proposals of the Board of Directors is now available online at <https://ir.inficon.com/shareholder-services/annual-meeting>. Today, it will also be sent to registered shareholders by mail and published in the Swiss Official Gazette of Commerce.



Outlook

INFICON expects sales for 2019 of around USD 400 million and an operating income margin of around 19%.

Media/Analyst conference

INFICON will discuss its fourth quarter and year-end 2018 results today, March 5, 2019, in more detail at a German-language media and analyst conference scheduled for 09:30 a.m. at Zunfthaus zum Rüden, Limmatquai 42, 8001 Zürich. The respective presentation is available from 07:00 a.m. in the Investors section of the INFICON website www.inficon.com.

Annual Report 2018

INFICON's Annual Report 2018 is now available in the Investors section on www.inficon.com or directly at the following link: http://bit.ly/IFCN_IR_publications.

Communication Calendar 2019

INFICON will publish its first quarter results on April 17, 2019, by issuing a press release at 07.00 a.m. followed by an English-language conference call which will be recorded and 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 following this link http://bit.ly/IFCN_Alerts.

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 subsidiaries in China, Denmark, 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.



INFICON Fact Sheet Q4 2018

according to SWISS GAAP FER

Income Statement (USD in Millions)	Q4 2018	Q4 2017	Change	%
Net sales	94.2	102.1	-7.9	-8%
Gross profit	44.8	52.7	-7.9	-15%
% of Sales	47.6%	51.6%	-4.1 %pts	
Research & development	8.1	7.4	0.7	9%
Selling, general & administrative	21.8	23.1	-1.3	-6%
Operating income	14.9	22.2	-7.3	-33%
% of Sales	15.8%	21.7%	-5.9 %pts	
Net result	13.0	21.5	-8.5	-40%
% of Sales	13.8%	21.1%	-7.3 %pts	
Earnings per share (diluted, USD)	\$ 5.35	\$ 8.83	-3.48	-39%

Balance Sheet (USD in Millions)	31-Dec-18	31-Dec-17	Change	%
Cash & short term investments	62.3	85.0	-22.7	-27%
Trade accounts receivable, net	53.7	53.6	0.1	0%
Inventories	65.3	48.1	17.2	36%
Trade accounts payable	8.6	10.4	-1.8	-17%
Shareholders' equity	205.8	207.0	-1.2	-1%
Total liabilities and shareholders' equity	271.2	268.6	2.6	1%



INFICON Fact Sheet FY 2018

according to SWISS GAAP FER

Income Statement (USD in Millions)	FY 2018	FY 2017	Change	%
Net sales	410.4	373.6	36.8	10%
Gross profit	204.9	188.5	16.4	9%
% of Sales	49.9%	50.5%	-0.6 %pts	
Research & development	31.7	28.2	3.5	12%
Selling, general & administrative	91.7	86.8	4.9	6%
Operating income	81.5	73.6	7.9	11%
% of Sales	19.9%	19.7%	+0.2 %pts	
Net result	64.2	59.5	4.7	8%
% of Sales	15.6%	15.9%	-0.3 %pts	
Earnings per share (diluted, USD)	\$ 26.40	\$ 24.57	1.83	7%
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Inventories	65.3	48.1	17.2	36%
Trade accounts payable	8.6	10.4	-1.8	-17%
Shareholders' equity	205.8	207.0	-1.2	-1%
Total liabilities and shareholders' equity	271.2	268.6	2.6	1%