

# Press Release



**FOR IMMEDIATE RELEASE**  
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## **MOCON Announces Record Sales and Earnings for the Third Quarter 2011**

**MINNEAPOLIS, MN, November 2, 2011** – **MOCON, Inc.** (NasdaqGM:MOCO) today reported its operating results for the third quarter ended September 30, 2011.

Net sales for the third quarter 2011 were \$9,463,000, a new record for the Company, and an increase of 22 percent compared to \$7,749,000 for the third quarter 2010. Operating income increased 45 percent to \$2,249,000 for the third quarter 2011 compared to \$1,553,000 for the same period last year. Net income for the third quarter 2011 was \$1,517,000, also a new record, and a 47 percent increase compared to \$1,029,000 in the third quarter 2010. Diluted earnings per share were \$0.27 in the third quarter 2011 compared to \$0.19 for the same period in 2010. Nine-month sales were \$27,619,000, an increase of 24 percent compared to \$22,194,000 for the first nine months of 2010. Operating income increased 56 percent to \$6,046,000 for the first nine months of 2011 compared to \$3,869,000 for the same period last year. Net income and diluted earnings per share were \$4,058,000 and \$0.73, respectively, for the first nine months of 2011, increases of 33 percent and 28 percent, respectively, compared to \$3,043,000 and \$0.57 for the same period in 2010.

We experienced double-digit sales growth in each of our three major product groups in the third quarter 2011 compared to third quarter 2010. Sales of our permeation instruments and services, which amounted to 56 percent of our consolidated sales in the third quarter 2011, increased 24 percent compared to the same period in 2010. This increase was reflected in both our domestic and foreign markets as both areas recorded double-digit growth. Sales of our gas analyzer instruments, sensors and detectors product group, which accounted for 18 percent of our consolidated sales in the third quarter 2011, increased 22 percent compared to the third quarter in 2010. Sales of gas chromatographs and hydrocarbon analyzers to the oil exploration, environmental monitoring and carbonated beverage markets accounted for the majority of the increase. Sales of our package testing instruments and services, which accounted for 19 percent of our consolidated sales in the third quarter 2011, increased 44 percent compared to the same period in the prior year. A significant contributor to this increase was the shipment of 25 newly designed test systems for package integrity. Overall, on a consolidated basis, sales increased 33 percent domestically and 14 percent in our foreign markets.

Our strong gross margin of 63 percent in the third quarter 2011 was the result of favorable sales mix, higher production volume and improved cost of sales on certain gas analyzer instruments. Our selling, general and administrative expenses were higher in the third quarter 2011 compared to the same quarter in the prior year primarily due to increased headcount and related benefits, professional fees, sales commissions, and marketing and travel expense. Our research and development expenses in the third quarter 2011 were higher than the same period in the prior year due primarily to the continued emphasis on completing the product line offering for the food safety market.

"We are pleased to report another record quarter for the Company. While our permeation business accounted for the majority of our quarterly sales increase, our package testing products and gas analyzer instruments were also strong contributors. In July 2011, we released the GreenLight™ Model 930, which is the second product to be released this year in the series targeted to the food safety markets. We remain committed to developing new technologies that will enhance the quality and safety of our customers' products in selected industrial markets," commented Robert L. Demorest, MOCON President and CEO.

MOCON is a leading provider of detectors, instruments, systems and consulting services to research laboratories, production facilities, and quality control and safety departments in the medical, pharmaceutical, food and beverage, packaging, environmental, oil and gas and other industries worldwide. See [www.mocon.com](http://www.mocon.com) for more information.

This press release contains forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements that can be identified by words such as "will," "may," "expect," "believe," "anticipate," "estimate," "continue," or other similar expressions. All forward-looking statements speak only as of the date of this press release. MOCON undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. In addition to the risks and uncertainties of ordinary business operations and conditions in the general economy and the markets in which the Company competes, there are important factors that could cause actual results to differ materially from those anticipated by the forward-looking statements made in this press release. These factors include, but are not limited to, competition and technological change, worldwide economic and political stability, setbacks in product development programs, order cancellations, slower-than-anticipated customer acceptance of new products, dependence on certain key industries, risk associated with the Company's acquisition strategy and international operations, and other factors set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 and other documents MOCON files with or furnishes to the Securities and Exchange Commission.

**MOCON's shares are traded on the Nasdaq Global Market System under the symbol MOCO.**  
MOCON is a registered trademark of MOCON, Inc.; other trademarks are those of their respective holders.

**MOCON, INC.**  
**SUMMARY CONSOLIDATED FINANCIAL DATA**  
(in Thousands, Except Per Share Data)

**INCOME STATEMENT DATA:** (unaudited)

	<u>Quarters Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2011	2010	2011	2010
<b>Sales</b>				
Products	\$ 8,722	\$ 7,070	\$ 25,281	\$ 20,268
Consulting services	<u>741</u>	<u>679</u>	<u>2,338</u>	<u>1,926</u>
Total sales	<u>9,463</u>	<u>7,749</u>	<u>27,619</u>	<u>22,194</u>
<b>Cost of sales</b>				
Products	3,075	2,708	9,016	7,664
Consulting services	<u>411</u>	<u>400</u>	<u>1,231</u>	<u>1,068</u>
Total cost of sales	<u>3,486</u>	<u>3,108</u>	<u>10,247</u>	<u>8,732</u>
<b>Gross profit</b>	5,977	4,641	17,372	13,462
<b>Selling, general and administrative expenses</b>	3,131	2,567	9,485	8,001
<b>Research and development expenses</b>	<u>597</u>	<u>521</u>	<u>1,841</u>	<u>1,592</u>
<b>Operating income</b>	<u>2,249</u>	<u>1,553</u>	<u>6,046</u>	<u>3,869</u>
<b>Other income (expense)</b>	<u>(6)</u>	<u>18</u>	<u>42</u>	<u>577</u>
<b>Income before income taxes</b>	2,243	1,571	6,088	4,446
<b>Income taxes</b>	<u>726</u>	<u>542</u>	<u>2,030</u>	<u>1,403</u>
<b>NET INCOME</b>	<u>\$ 1,517</u>	<u>\$ 1,029</u>	<u>\$ 4,058</u>	<u>\$ 3,043</u>
<b>Net income per common share:</b>				
Basic	\$ 0.28	\$ 0.20	\$ 0.76	\$ 0.59
Diluted	\$ 0.27	\$ 0.19	\$ 0.73	\$ 0.57
<b>Weighted average common shares outstanding:</b>				
Basic	5,366	5,206	5,315	5,195
Diluted	5,629	5,372	5,554	5,336

**BALANCE SHEET DATA:** (unaudited)

	<u>September 30, 2011</u>	<u>December 31, 2010</u>
<b>Assets:</b>		
Cash and marketable securities	\$ 10,659	\$ 8,014
Accounts receivable, net	4,632	6,096
Inventories	4,545	4,141
Other current assets	<u>1,200</u>	<u>1,148</u>
Total current assets	21,036	19,399
Marketable securities, noncurrent	6,636	4,388
Property, plant and equipment, net	2,986	2,843
Investment in affiliated company	3,399	3,313
Other assets, net	<u>4,513</u>	<u>4,396</u>
<b>Total assets</b>	<u>\$ 38,570</u>	<u>\$ 34,339</u>
<b>Liabilities and Stockholders' Equity:</b>		
Total current liabilities	\$ 5,803	\$ 5,632
Total noncurrent liabilities	304	298
Stockholders' equity	<u>32,463</u>	<u>28,409</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 38,570</u>	<u>\$ 34,339</u>