

Press Release



FOR IMMEDIATE RELEASE
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MOCON Announces Strong Sales and Earnings for the Second Quarter 2011

MINNEAPOLIS, MN, August 4, 2011 – MOCON, Inc. (NasdaqGM:MOCO) today reported its operating results for the second quarter ended June 30, 2011.

Net sales for the second quarter 2011 were \$9,082,000, an increase of 24 percent compared to \$7,351,000 for the second quarter 2010. Operating income increased 37 percent to \$1,745,000 for the second quarter 2011 compared to \$1,271,000 for the same period last year. Net income for the second quarter 2011 was \$1,224,000, a 12 percent increase compared to \$1,092,000 in the second quarter 2010. Diluted earnings per share were \$0.22 in the second quarter 2011 compared to \$0.20 for the same period in 2010. Six-month sales were \$18,157,000, an increase of 26 percent compared to \$14,444,000 for the first six months of 2010. Operating income increased 64 percent to \$3,798,000 for the first half of 2011 compared to \$2,316,000 for the same period last year. Net income and diluted earnings per share were \$2,541,000 and \$0.46, respectively, for the first half of 2011, increases of 26 percent and 21 percent, respectively, compared to \$2,014,000 and \$0.38 for the same period in 2010.

We experienced double-digit sales growth in our three major product groups in the second quarter 2011 compared to second quarter 2010. Sales of our permeation instruments and services, which amounted to 58 percent of our consolidated sales in the second quarter 2011, increased 29 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 19 percent of our consolidated sales in the second quarter 2011, increased 21 percent compared to the second quarter in 2010. Sales of well-logging instruments and OEM detectors to the energy sector accounted for the majority of the increase. Sales of our packaging products and services, which accounted for 17 percent of our consolidated sales in the second quarter 2011, increased 22 percent compared to the same period in the prior year, and was due primarily to higher shipments of headspace analyzers. On a consolidated basis, sales increased 35 percent domestically and 16 percent in our foreign markets.

Our strong gross margin of 61 percent in the second quarter 2011 was the result of favorable sales mix, higher production volume and improved cost of sales on certain gas analysis instruments. Our selling, general and administrative expenses were higher in the second quarter 2011 compared to the same quarter in the prior year primarily due to increased headcount and related benefits, sales commissions, professional fees and travel and marketing expense. Our research and development expenses in the second quarter 2011 were higher than the same period in the prior year due to a planned release of an additional product for the food safety markets.

"We are pleased to report another strong quarter for the Company. It is encouraging to see our domestic sales increase by 35 percent for the quarter, led by a 91 percent increase in domestic permeation sales, our largest product line. Our continuing R&D efforts are showing tangible results as we are close to releasing the GreenLight™ Model 930, which is the third product in the series that is targeted for the food safety markets. We feel that the financial markets have rewarded us for the recent strong quarters as the Company's stock price recently hit an all time high," 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 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 June 30,</u> | | <u>Six Months Ended June 30,</u> | |
|---|--------------------------------|-----------------|----------------------------------|-----------------|
| | 2011 | 2010 | 2011 | 2010 |
| Sales | | | | |
| Products | \$ 8,370 | \$ 6,741 | \$ 16,560 | \$ 13,198 |
| Consulting services | <u>712</u> | <u>610</u> | <u>1,597</u> | <u>1,246</u> |
| Total sales | <u>9,082</u> | <u>7,351</u> | <u>18,157</u> | <u>14,444</u> |
| Cost of sales | | | | |
| Products | 3,095 | 2,528 | 5,941 | 4,956 |
| Consulting services | <u>407</u> | <u>329</u> | <u>821</u> | <u>668</u> |
| Total cost of sales | <u>3,502</u> | <u>2,857</u> | <u>6,762</u> | <u>5,624</u> |
| Gross profit | 5,580 | 4,494 | 11,395 | 8,820 |
| Selling, general and administrative expenses | 3,149 | 2,700 | 6,354 | 5,434 |
| Research and development expenses | <u>686</u> | <u>523</u> | <u>1,243</u> | <u>1,070</u> |
| Operating income | <u>1,745</u> | <u>1,271</u> | <u>3,798</u> | <u>2,316</u> |
| Other income | <u>35</u> | <u>289</u> | <u>48</u> | <u>559</u> |
| Income before income taxes | <u>1,780</u> | <u>1,560</u> | <u>3,846</u> | <u>2,875</u> |
| Income taxes | <u>556</u> | <u>468</u> | <u>1,305</u> | <u>861</u> |
| NET INCOME | <u>\$ 1,224</u> | <u>\$ 1,092</u> | <u>\$ 2,541</u> | <u>\$ 2,014</u> |
| Net income per common share: | | | | |
| Basic | \$ 0.23 | \$ 0.21 | \$ 0.48 | \$ 0.39 |
| Diluted | \$ 0.22 | \$ 0.20 | \$ 0.46 | \$ 0.38 |
| Weighted average common shares outstanding: | | | | |
| Basic | 5,312 | 5,197 | 5,290 | 5,189 |
| Diluted | 5,584 | 5,376 | 5,529 | 5,345 |

BALANCE SHEET DATA: (unaudited)

| | <u>June 30, 2011</u> | <u>December 31, 2010</u> |
|---|----------------------|--------------------------|
| Assets: | | |
| Cash and marketable securities | \$ 9,205 | \$ 8,014 |
| Accounts receivable, net | 4,739 | 6,096 |
| Inventories | 4,581 | 4,141 |
| Other current assets | <u>880</u> | <u>1,148</u> |
| Total current assets | 19,405 | 19,399 |
| Marketable securities, noncurrent | 7,028 | 4,388 |
| Property, plant and equipment, net | 2,890 | 2,843 |
| Investment in affiliated company | 3,597 | 3,313 |
| Other assets, net | <u>4,586</u> | <u>4,396</u> |
| Total assets | <u>\$ 37,506</u> | <u>\$ 34,339</u> |
| Liabilities and Stockholders' Equity: | | |
| Total current liabilities | \$ 5,696 | \$ 5,632 |
| Total noncurrent liabilities | 332 | 298 |
| Stockholders' equity | <u>31,478</u> | <u>28,409</u> |
| Total liabilities and stockholders' equity | <u>\$ 37,506</u> | <u>\$ 34,339</u> |