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VAT – Global leaders in Vacuum Valve Technology

Fourth Quarter and Full-Year 2020 Results

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Fourth Quarter and Full-Year 2020 Results

Agenda



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1. Highlights
2. Fourth-Quarter and Full-Year 2020 financial Review
3. 2021 Priorities, Market Expectations and Outlook
4. Q&A

Mike Allison, CEO

Michel Gerber, Head IR

Mike Allison, CEO

Outstanding Q4 and full-year 2020 results; positive 2021 outlook



Strong Q4 business execution

Strong Q4 results driven by record quarter in Global Services and high demand from semiconductor markets



Strong Q4 order intake

Double digit sequential quarterly order growth in all business units; strongest in Industry, followed by Semi, Display & Solar, GVA and Global Service



Record performances

Full-year record EBITDA, EBITDA-margin and free cash flow despite substantial FX headwind



Muted COVID impact

Swift implementation of protective measures for employees, customers and suppliers; VAT fully operational throughout 2020



Optimistic 2021 outlook

Optimistic market assumptions for 2021 with COVID pandemic to fade out over the year; Higher sales, EBITDA, EBITDA-margin and free cash flow expected

~55%

market share & partner of choice to our customers



Our business focus & performance

Market share gains and strong business execution drive 2020 results



Our business segments *(Share of 2020 net sales)*

Valves
(80%)



Global Service
(18%)



Industry
(2%)



Delivering outstanding performance

725 (+24%)

Full-year 2020 order intake (M CHF)

692 (+21%)

Full-year 2020 net sales (M CHF)

31.4%

Record full-year 2020 EBITDA margin

147 (+5%)

Record full year free cash flow (M CHF)

>100

New specification wins in 2020

12.5%

Dividend increase to CHF 4.50¹

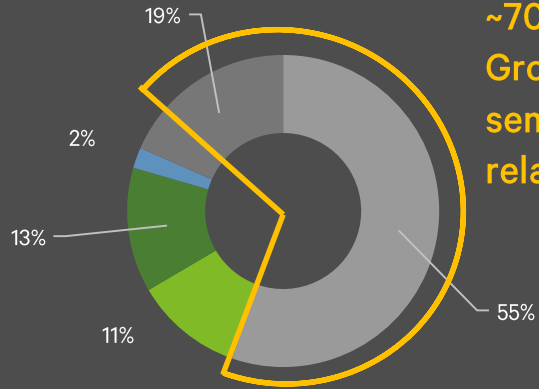
¹ per registered VAT share, proposal of the VAT Board of Directors to its shareholders at the AGM of May 18, 2021

Our markets

Semiconductor are our driving force



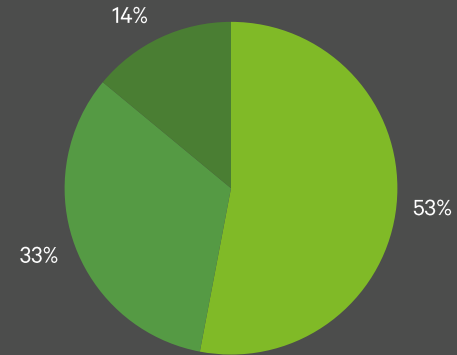
Sales Breakdown by Market Segment 2020



~70% of VAT's Group sales are semiconductor related

■ Semiconductor ■ Display & Solar ■ Advanced Industrials ■ Industry ■ Global Service

Regional Sales Breakdown 2020



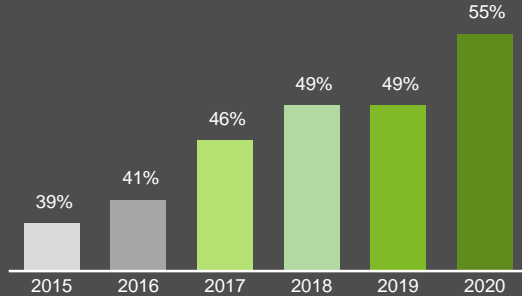
■ APAC ■ Americas ■ EMEA

Market share development

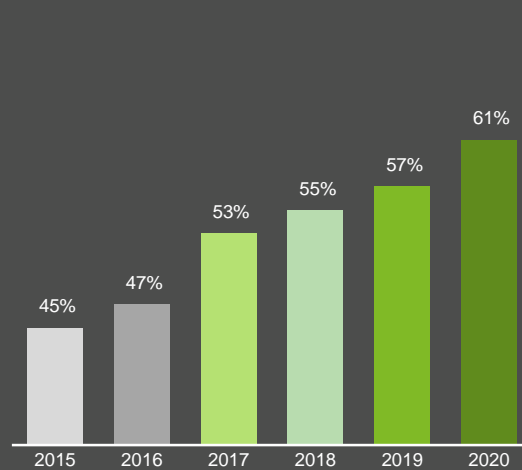
Innovation strength and customer focus drive ongoing market share growth



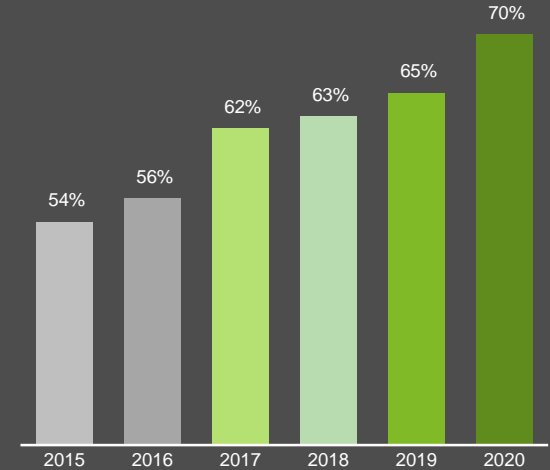
Market share All Industries ¹
Total vacuum valve market size
2020: USD 953m



Market share Semi & Related ²
Total vacuum valve market size
2020: USD 721m



Market share Semi ³
Total vacuum valve market size
2020: USD 525m



Source: VLSI Research July 2020, based on 1Q20 actual plus 2Q20 estimated

¹ All Industries includes semi & related, general vacuum.

² Semi & related includes Semiconductors, Displays, Solar, LED Lighting, Hard Disk Drive.

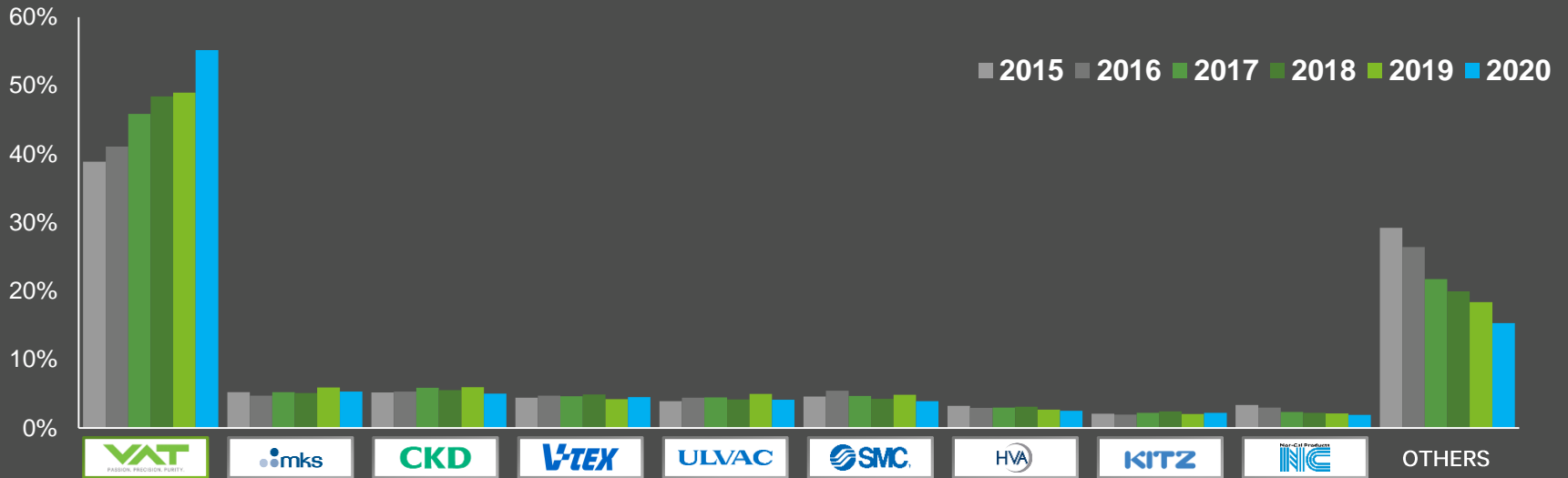
³ Semi includes Semiconductors, LED and HDD

Our market position

VAT is the undisputed market leader



Market share All Industries ¹



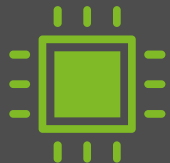
Source: VLSIresearch February 2021

¹All Industries includes Semi & related, General Vacuum

Semi & related includes Semiconductors, Displays, Solar, LED Lighting, Hard Disk Drive

Market trends 2020

Mixed trends across all our major business segments



Semiconductors

- Strong growth as recovery continues, WFE up 18% to about USD 60bn; all segments (memory, foundry and advanced logic) growing
- Technology advances continue despite certain challenges, industry preparing for next nodes



Display

- Overall investments conditions challenging as LCD investment cycle fades
- OLED projects for mobile and flexible remain healthy, however large screen with low activity



Solar

- Downturn in 2020 as COVID-19 uncertainty and overcapacity delays investments
- PERC remains major technology, heterojunction technology making advances



Industry & Research

- Growth prospects continue in several industrial applications, including batteries, medical etc.
- Good research spending by governments especially in US, Japan and Korea

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1. **Highlights**

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3. **2021 Priorities, Market Expectations and Outlook**

Mike Allison, CEO

4. **Q&A**

Financial Highlights 2020

Group key figures



Orders
CHF 725m
+24%

Net sales
CHF 692m
+21%

EBITDA
CHF 217m (+41%)
EBITDA margin
31.4% (+4.4ppt)

Free cash flow
CHF 147m
+5%

Free cash flow margin
21.2% (-3.3ppt)
Free cash flow
conversion
68% (-23.1ppt)

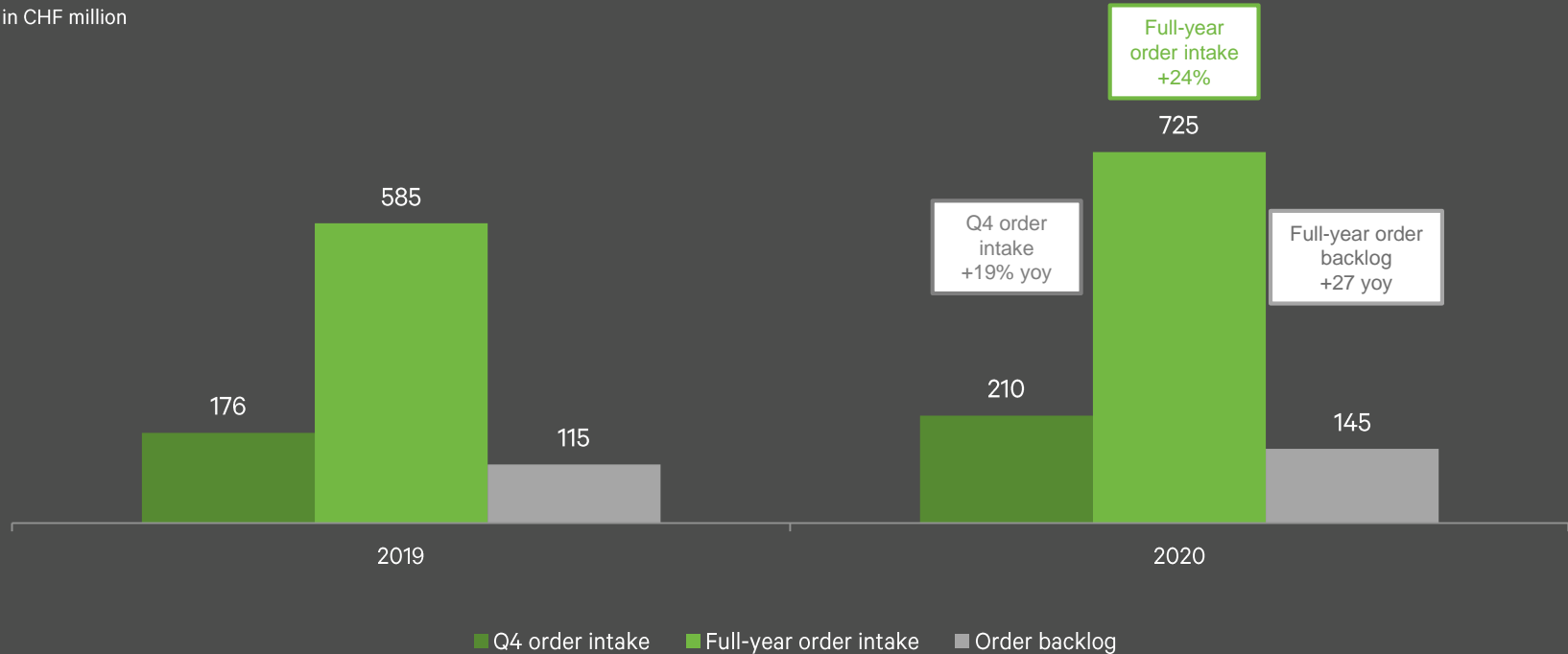
Year-end leverage
(Net debt/EBITDA)
0.6x

Order intake

Q4 20 order intake 34% above Q3 20 as market activity remains high and share gains continue



in CHF million

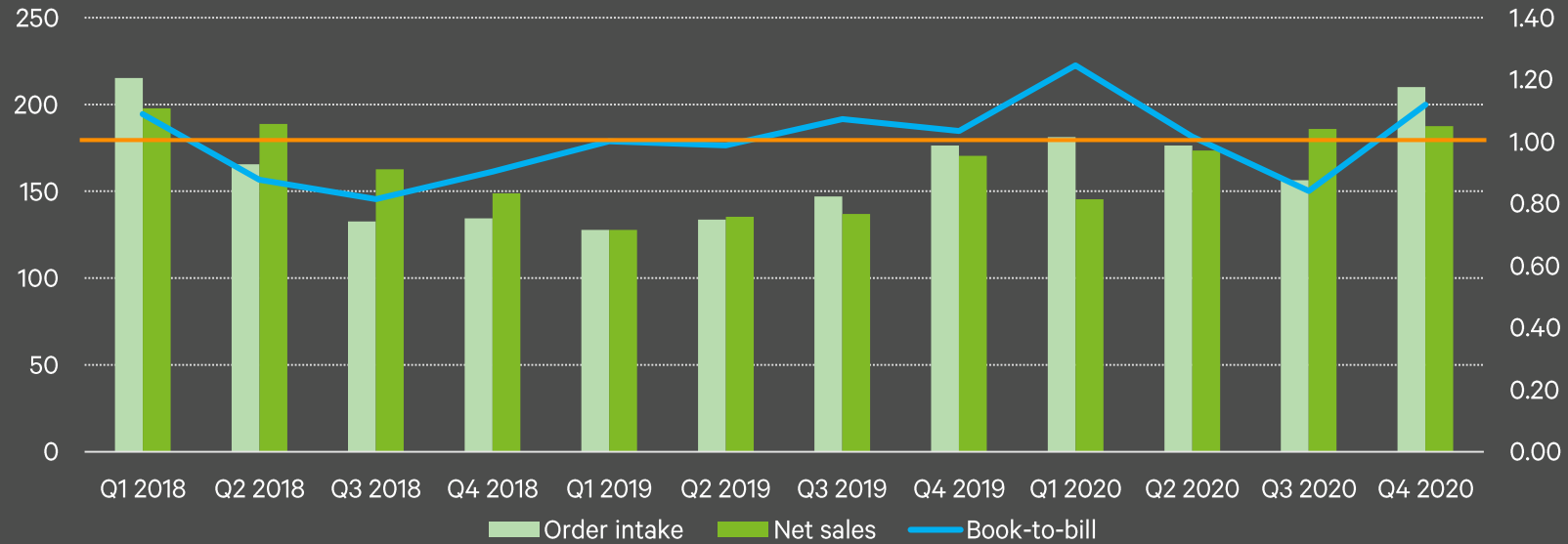


Orders and Sales



Strong order recovery from Q3 levels; sales in line with year-end expectations

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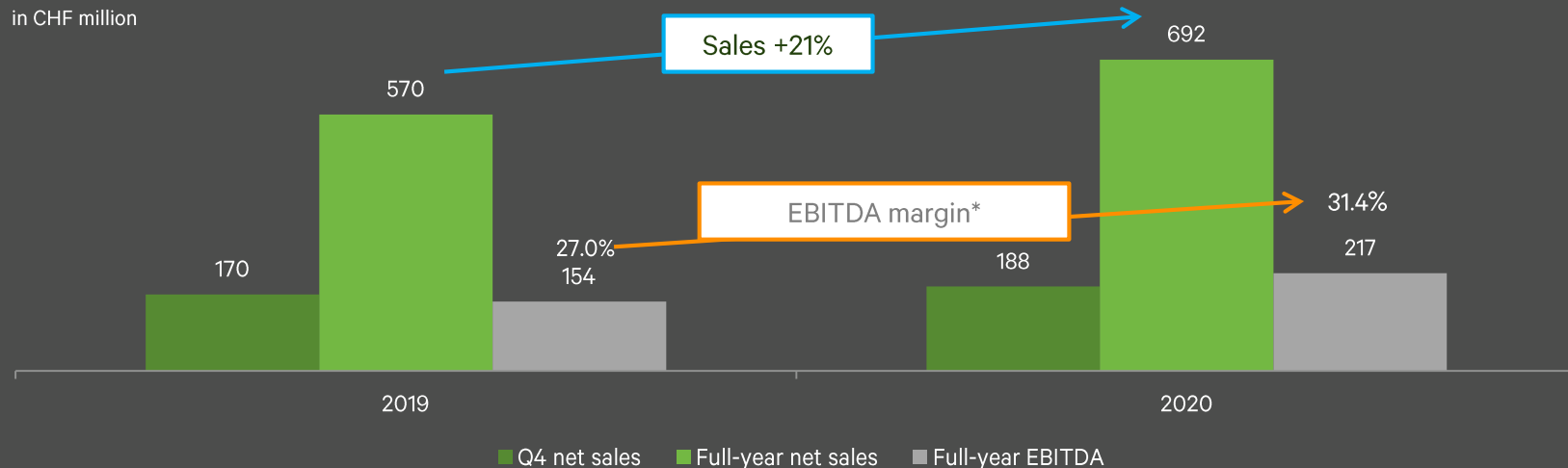
- Orders recovers significantly from Q3 slowdown due to persisting strengths in the semi sector
- Full-year book-to-bill ratio of 1.1 x bodes well for future growth

EBITDA and EBITDA-margin

Record EBITDA and EBITDA-margin due to higher volumes and operational improvements



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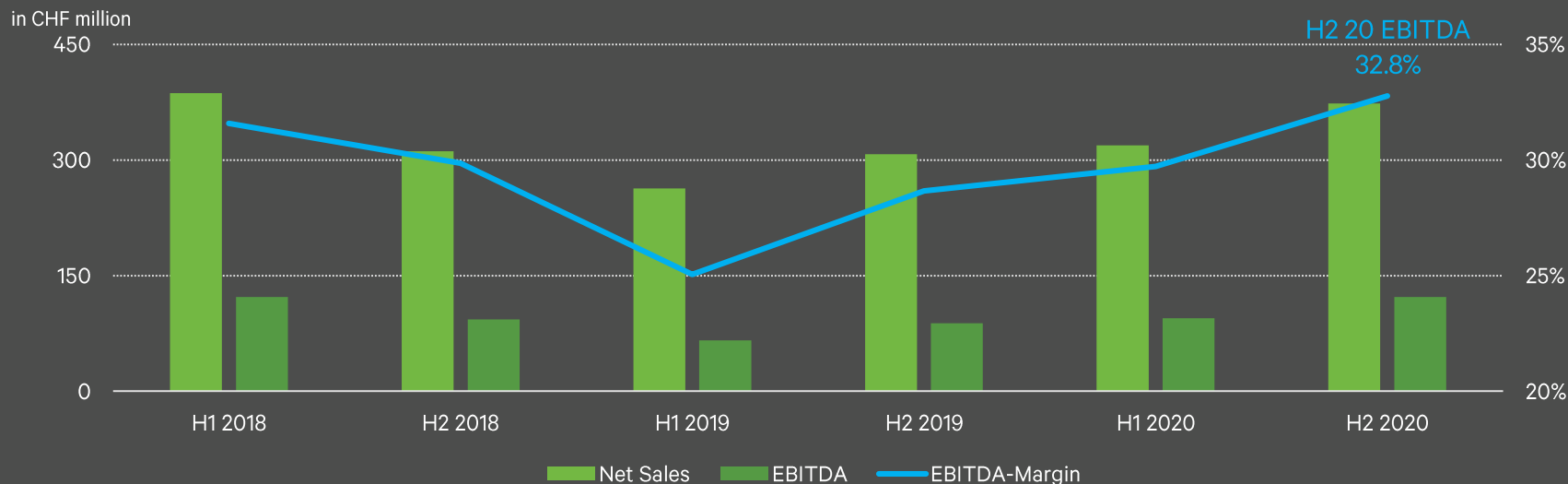
- Near record topline results and ongoing operational improvements yield in record EBITDA and EBITDA margin
- Adverse FX movement (mainly USD/CHF) negatively impacted the EBITDA-margin by about 1.2%

Record EBITDA margin

Margin recovery continues despite FX headwind; COVID-19 impact muted



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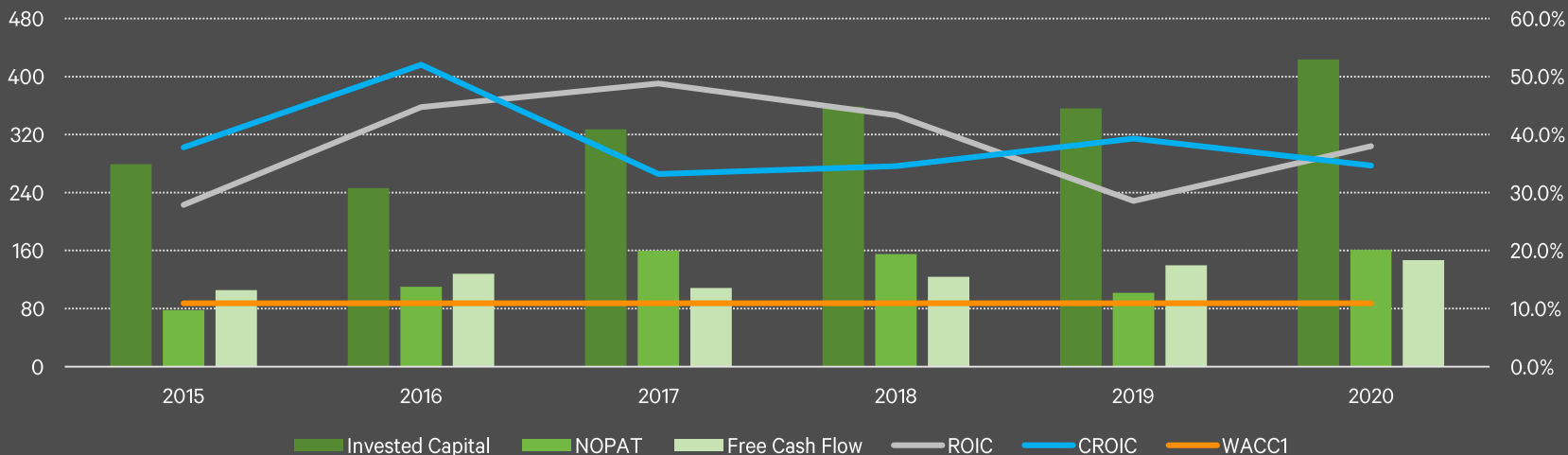


- The EBITDA margin continues to improve sequentially and year-on-year
- Full-year EBITDA-margin at record level¹; adjusted for 1.2 percentage point negative FX headwind, the full-year margin would have been close to the target level of 33% communicated at the time of the IPO

¹ reflecting time period since IPO in April 2016

Sustainable value creation

VAT's business model generates consistently high economic profit on invested capital



- The return on invested capital (ROIC) and the cash return on invested capital (CROIC) are both substantially above the Group's weighted average cost of capital (WACC, 10.9% as used in the 2020 impairment test)
- Sustainable generation of economic profit over the cycle benefits all VAT stakeholders

• ROIC calculated as NOPAT over invested capital
• CROIC calculated as Free cash flow over invested capital
• Net operating profit less adjusted taxes (NOPAT) is calculated as EBITDA minus depreciation and amortization (excluding amortization of acquired technology and customer relationships) plus finance income (excluding net foreign exchange gains/losses from financing activity) less taxes at the average Group rate of 16% (previous year 16%).

Below the EBIT line

Higher EBITDA, lower depreciation and reduced taxes yield in net income increase



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in CHF million	2020	2019	Change
EBITDA	217.2	154.0	41.0%
Depreciaton and amortization	-40.9	-46.3	-11.6%
EBIT	176.3	107.7	63.6%
Finance net	-15.6	-8.7	78.5%
EBT	160.7	99.0	62.3%
Income tax expenses	-27.2	-24.2	
Effective Tax Rate	-16.9%	-24.4%	
Net income	133.5	74.8	78.4%

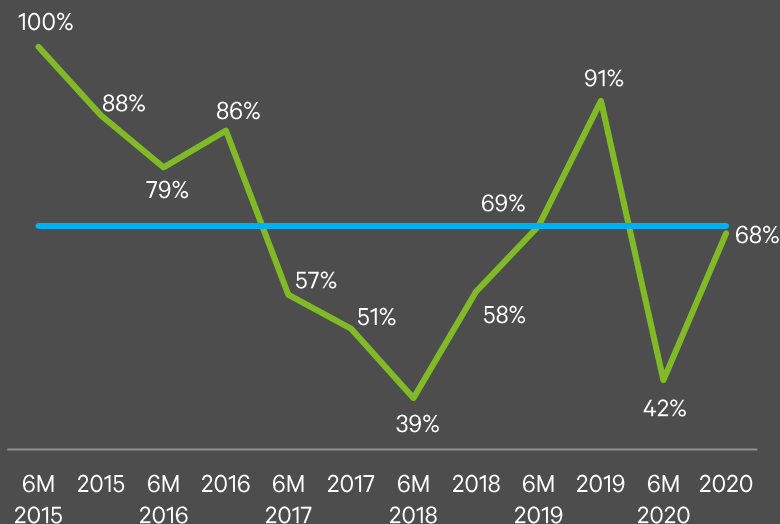
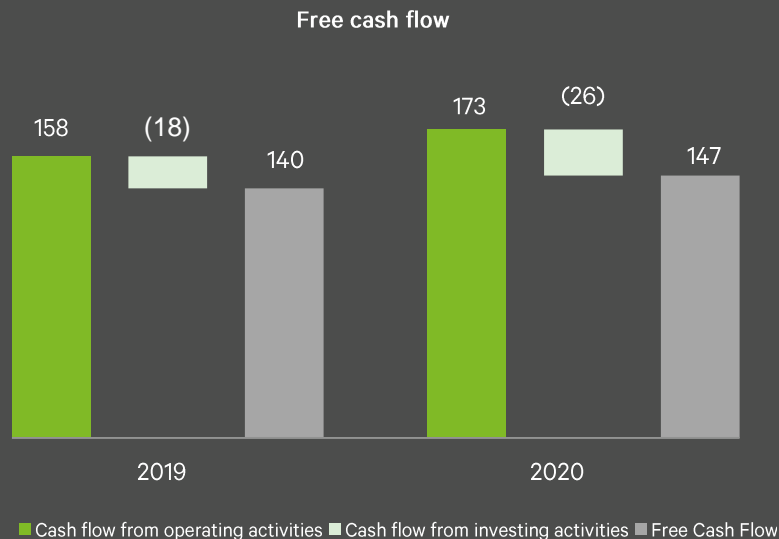
- Lower depreciation as a result of special charge in 2019
- Lower tax charge in 2020 the result of tax reform related costs in 2019 and loss carryforwards outside Switzerland

Cash flow

Record free cash flow despite TWC requirements and higher capex to support growth



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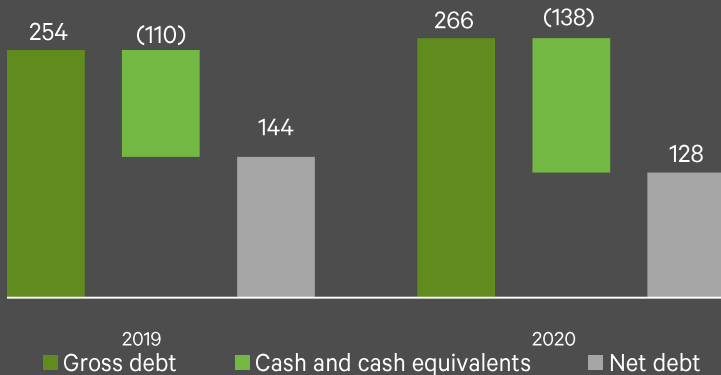
- Free cash flow driven by trade working capital investments to execute business; trade working capital as percentage of sales of 24%; above medium-term target of 20%
- Growth and efficiency related capex of CHF 26m above very low 2019 levels but in the company's range of about 4% of sales

Net debt and leverage

Lower leverage to support future growth initiatives

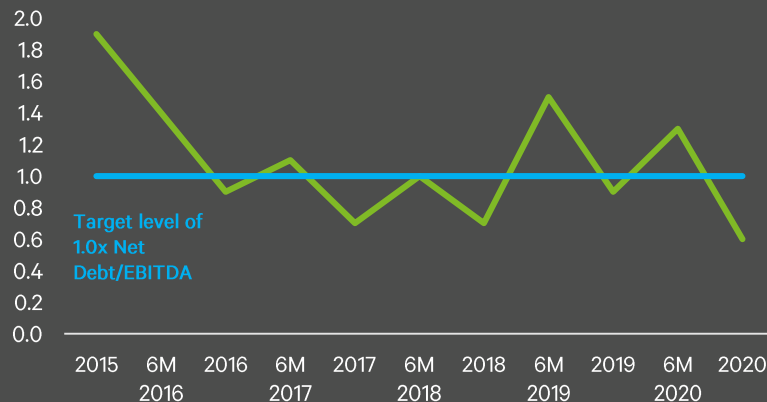


Net debt development



- Sound net debt reduction despite growth TWC requirements
- Gross debt on December 31, 2020 comprises CHF 200 million bond and partial use of CHF 300 million RCF

Leverage development



- Full-year leverage of well below 1.0x target; lowest since IPO
- Strong balance sheet required for future success; organic growth initiatives based on substantial R&D investments

Great 2020 financial results – 2021 expected to be even better



Achievements 2020

- VAT captured the full potential of the cyclical market recovery based on its strong market position and the competitive advantages ranging from innovation capabilities to operational execution
- Despite the COVID-19 pandemic and the substantial FX headwinds, record levels were achieved in EBITDA, EBITDA-margin and free cash flow generations
- Record free cash flow and positive market outlook for 2021 allow the proposal of a 12.5% increase of the dividend to CHF 4.50 per share

Finance priorities for 2021

- ERP introduction on track, however certain COVID-19 related delays have to be recovered; no interruptions of production output during first factory introduction in Romania; overall encouraging results
- Continued focus on cost and productivity improvements; TWC reduction despite growth (medium-term target of 20% of net sales remains in place)
- Disciplined approach to capex, expected around CHF 40 million to enable the productivity improvements

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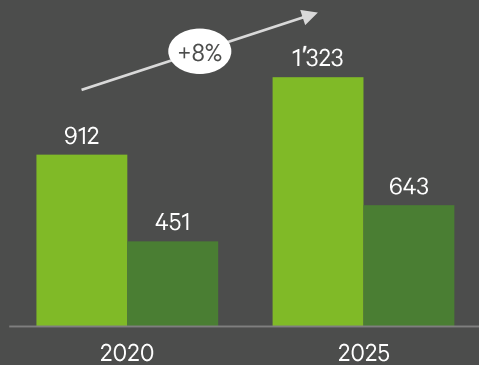
Mike Allison, CEO

The VAT way forward

Strong growth of semiconductors is cascaded down to strongly increasing demand in valves

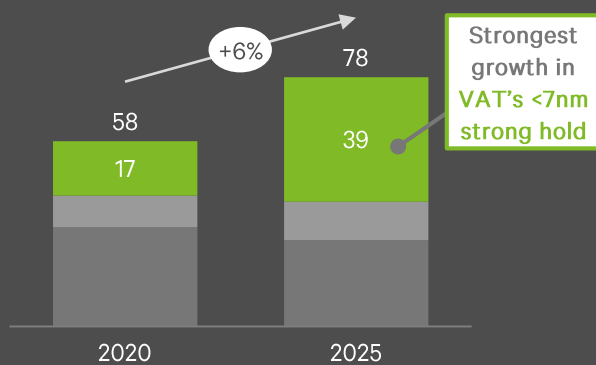


Strong growth expected in semiconductor end-markets...



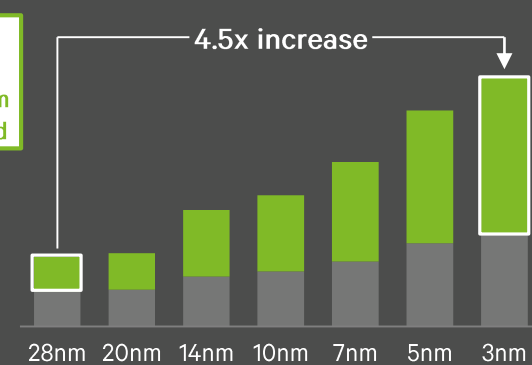
■ Semi unit shipments (in billions)
 ■ Semi sales (in \$ billions)

...translating to more advanced production technologies...



■ 7nm and below ■ Legacy >14nm
 ■ 14nm to 7 nm

...with vacuum requiring process steps increasing



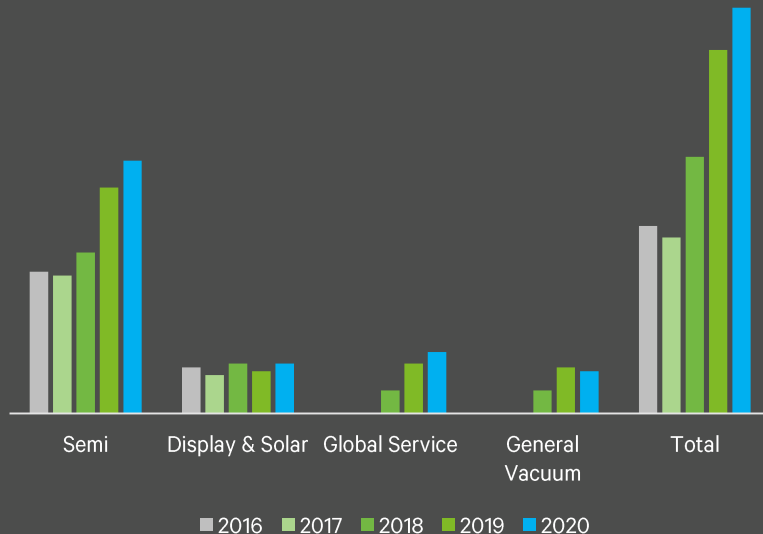
■ Vacuum process steps
 ■ Non-vacuum process steps

Innovation is key

Investments in innovation remains VAT's key to future growth and market share gains



Spec win development



- VAT continues to invest in innovation and the development of leading edge technologies
- Further increase in R&D personnel, focus on new product adjacencies such as modules, motion components and new SMART components
- R&D spend of CHF 41m or 6% of sales
- IP protection key to securing our competitive advantage

Short Term Market Outlook

All business segment except displays expected to grow in 2021



Semiconductor

Continued strength with WFE expected driving 10-15% market growth



Service

Continued strength across all sub-segments driving 4-6% market growth



Advanced Industrials

Recovering from COVID pandemic-driven declines, expected to grow by 3-4%



Display & Solar

Continued weakness in Display with around -15% market decline; Solar markets expected to grow around +10%; equipment +15%

Market outlook 2021

Semiconductor equipment market confidence high, WFE expected to grow 10-15% in 2021



Market	2020	2021
Semiconductor IC ¹	+10%	+12%
Semiconductor Capex ¹	+12%	+17%
Semiconductor WFE ¹	+18%	+12%
Display Equipment ²	+7%	-15%
Solar Cells Capex ³	-15%	+9%
Solar Fabrication Equipment ¹	-38%	+15%

Semiconductor

- Strong growth in 2021 driven by stronger than expected demand for foundry
- DRAM growing double digit; NAND single digit
- Capacity shortages rising across multiples segments

Display

- Overcapacity causing 2021 double digit decline, LCD demand driven by Work and Learn from Home trends, MiniLED coming

Solar

- Very strong growth outlook for PV Module, double digit growth in 2021 driven by PERC

¹ VLSI research February 2021; ² DSCC February 2021; ³ PV-Tech Solar Media February 2021

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Qualitative outlook for 2021; sales guidance for Q1 2021

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Outlook
full-year 2021

- Continued growth expected, driven primarily by ongoing strength of semiconductor industry
- Uncertainty from COVID pandemic remains but is expected to fade over the year
- Group net sales, EBITDA, EBITDA margin and net income expected to grow vs 2020
- Capex planned at around CHF 40 million; free cash flow expected to be higher despite growth investments into working capital

Q1 2021
guidance

- VAT expects net sales of CHF 180 - 190 million

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Q&A Session

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Additional Information

Investor information

Listing:	SIX Swiss Exchange
Currency:	CHF
Ticker symbol	VACN
ISIN	CH 031 186490 1

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Financial calendar 2021

Thursday, April 15, 2021	Q1 2021 trading update
Friday, May 7, 2021	Closing of share register, 5pm CEST
Tuesday, May 18, 2021	Annual General Meeting
Thursday, May 20, 2021	Ex-date
Tuesday, May 25, 2021	Dividend payment
Thursday, August 5, 2021	Half-year 2021 results
Friday, October 15, 2021	Q3 2021 trading update

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Forward looking statements



Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Any statements contained herein that are not statements of historical fact (including statements containing the words “believes,” “plans,” “anticipates,” “expects,” “estimates” and similar expressions) should be considered to be forward-looking statements. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the company to be materially different from those expressed or implied by such forward looking statements. Many of these risks and uncertainties relate to factors that are beyond the company’s ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the performance, security and reliability of the company’s information technology systems, political, economic and regulatory changes in the countries in which the company operates or in economic or technological trends or conditions. As a result, investors are cautioned not to place undue reliance on such forward-looking statements.

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