



Media Release

VAT MAINTAINS POSITIVE GROWTH MOMENTUM IN Q3 2016

- Continued high customer demand for equipment purchases geared at new technologies in semiconductor and display production, mainly for OLED
- Order intake increased 40% year on year in Q3
- Q3 2016 net sales up 17%
- Net sales growth expectations for full year 2016 increased to 15-18% (previously 12-15%)
- Adjusted EBITDA margin 2016 expected around 31% due to high output and investments in future growth
- Dividend guidance confirmed at CHF 80 million for the financial year 2016

ORDER INTAKE AND NET SALES

in CHF million	Jul - Sep 2016	Jul - Sep 2015	Variance
Order intake	137.0	98.1	+39.7%
Net sales	129.7	110.7	+17.1%

	Jan - Sep 2016	Jan - Sep 2015	Variance
Order intake	393.8	331.2	+18.9%
Net sales	365.2	313.5	+16.5%

Haag, October 31, 2016 – During the third quarter of 2016, VAT Group AG and its subsidiaries (VAT) continued to show positive business momentum. VAT's order intake increased to CHF 137.0 million, up 40% from the previous year's quarter. Net sales in the quarter grew to CHF 129.7 million, representing an increase of 17% compared to the third quarter of 2015. This increase in net sales includes a positive contribution of about 5% from favorable currency movements.

The increases in order intake and net sales compared to a year ago were driven by favorable market demand as technology advances particularly in the displays business generated higher equipment purchases from our customers. VAT, the market leader in high-end vacuum valve technologies, continued to benefit from these extensive investments in production facilities in Asia and the United States.



Broad growth in different segments

VALVES

Valves, the largest segment of VAT Group, had a record order intake in Q3 of CHF 108.5 million, a plus of 47% over the previous year and realized segment net sales of CHF 110.1 million - a plus of 18% - in the third quarter of 2016

Highlights during the quarter were the high demand for VAT's new products for the semiconductor industry, in particular also the first high volume order for the newly developed Pendulum Pressure Control Valve. This newly introduced control valve technology combines highest control speed, minimum conductance and low defects for the emerging leading edge semiconductor technology.

Sales for display and solar markets reached an all-time high in the third quarter, driven mostly by new fab projects for large-area displays in Asia. With its broad portfolio of customized valve solutions and the nomination as preferred supplier by a major display manufacturer in Korea, VAT was able to further strengthen its market position.

GLOBAL SERVICE

Global Service increased its order intake by 26% to CHF 19.6 million and recorded segment net sales of CHF 20.6 million a plus of 15% in the third quarter.

The main achievement for the Global Service segment was the collection of valve retrofit orders from a key customer with future potential for additional orders. The ongoing alignments with Original Equipment Manufacturers (OEM's) support Global Service's approach to develop and sell further valve retrofit programs.

INDUSTRY

Order intake in the Industry segment increased by 2% to CHF 8.7 million in Q3 with new orders coming mainly from Europe and the US. Segment net sales reached CHF 14.5 million in the third quarter of 2016, an increase of 7%.

Third quarter sales were mainly driven by increased demand in the US. The Industry segment continues to develop and qualify a number of new customized solutions in the medical, aerospace, automotive and vacuum coating market. The ability to realize highly specialized bellows solutions in combination with the capability of ultra-high purity cleaning makes VAT the preferred supplier of bellows for a variety of high end applications.

Successful refinancing of term loan

In September, VAT Group AG signed a new syndicated five-year revolving credit facility ("RCF") of USD 300 million in an effort to further lower financing costs. The new arrangement was used to pay off the outstanding senior secured credit facility of USD 276 million. A group of sixteen banks participated in the financing. One-off costs related to the transaction amount to approximately CHF 5 million of non-cash



effective amortization of remaining transaction costs for the secured senior credit. Overall the company expects interest expense savings of about USD 5 million per year going forward.

Ongoing expansion of capacities

At the end of September 2016, VAT counted 1'323 employees (FTE) worldwide, 45 more than at the end of June 2016. VAT is expanding its production capacity to manage future growth and continues to focus on ramping-up production in Malaysia.

Outlook 2016

VAT now expects to grow full-year net sales by 15 to 18% versus the previously stated estimate of 12% to 15%. This increased guidance is the result of accelerating market demand from our customers on the back of increased investment needs for production capacity in key technologies including multi patterning, 3D NAND, DRAM and advanced packaging in the area of semiconductors, and the ongoing high investment pace for OLED capacity in displays.

The operating margin, expressed as adjusted EBITDA, is expected to be around 31% due to high output and investments in future growth.

Based on the expected strong free cash flow generation, VAT expects to pay an annual dividend of CHF 80 million out of reserves from capital contributions for the financial year ending December 31, 2016.

Conference Call

The company will host a short media and investor conference call today, October 31, 2016, at 10am CET.

To participate in the call please dial:

+41 58 310 50 00 (Europe)

+44 203 059 58 62 (UK)

+1 631 570 5613 (USA)

A playback on demand of the call can be accessed through our website www.vatvalve.com approximately one hour after the call has finished.

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Financial calendar

Full-year results 2016
Q1 2017 Trading update & Annual General Meeting

March 31, 2017
May 17, 2017

ABOUT VAT

VAT is the leading global developer, manufacturer and supplier of high-end vacuum valves. VAT vacuum valves are mission-critical components for advanced manufacturing processes of innovative products used in daily life such as portable devices, flat screen monitors or solar panels. VAT is organized into three different reporting segments: Valves, Global Services and Industry offering high-end vacuum valves, multi-valve modules, edge-welded bellows and related value-added services for an array of vacuum applications. VAT Group is a global player with approximately 1,300 employees and main manufacturing sites in Haag (Switzerland), Penang (Malaysia) and Arad (Romania). Net sales in the financial year 2015 amounted to CHF 411 million.

FORWARD-LOOKING STATEMENT

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 behaviour 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.

Except as otherwise required by law, VAT disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this report.