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**Media release**

## **VAT Group AG launches IPO on SIX Swiss Exchange and sets price range**

Haag, March 31, 2016 – VAT, the leading global manufacturer of high-end vacuum valves and related products and services, today announced the launch of its initial public offering ("IPO") on SIX Swiss Exchange with the publication of the Offering Memorandum and the start of the book-building process. The IPO aims at broadening the shareholder base of VAT through the sale of 12,000,000 existing shares plus an over-allotment option of up to 1,800,000 existing shares. The price range for the offered shares has been set at CHF 39 to CHF 46 per share, implying an offer volume of approximately CHF 538 million to CHF 635 million (assuming full exercise of the over-allotment option) and a total market capitalization of approximately CHF 1,170 million to CHF 1,380 million. The first day of trading on SIX Swiss Exchange is expected to be on or around April 14, 2016. In 2015, VAT generated net sales of CHF 411 million, representing an increase of 13% compared to 2014, adjusted EBITDA of CHF 127 million and an adjusted EBITDA margin of 30.8%, confirming the Group's momentum of profitable growth, which is further supported by its strong year-to-date February 2016 current trading. VAT is committed to an attractive dividend policy based on a strong free cash flow generation, with an envisaged dividend payment for the financial year 2016 of at least CHF 65 million.



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The current shareholders, mainly funds managed and/or advised by Partners Group and Capvis as well as management and other shareholders (the "Selling Shareholders"), will offer 12,000,000 existing shares (the "Base Offer", before the exercise of the over-allotment option), representing 40% of the Company's 30,000,000 shares in issue. Partners Group, Capvis, the Company and other shareholders have committed to a lock-up period of six months after the first trading day. Management shareholders will be subject to a staggered lock-up over 36 months after the first trading day.

**Pure player in high-end vacuum valve technology, and global market and technology leader**

VAT is the global market leader for high-end vacuum valves and related services in the semiconductor, display, solar and industrial & research sectors. In 2015, VAT had a 41% market share in the vacuum valves market, almost eight times more than the next largest competitor (according to VLSIresearch). VAT's key strengths are:

- Pure play business model focused on mission-critical high-end vacuum valves
- Technology leadership resulting in long-standing, trust-based partnerships with blue-chip customers
- Undisputed market leadership and high barriers to entry
- Multi-dimensional growth driven by accelerating importance of vacuum as key enabler of proliferating technologies
- Proven management team with a clear strategy and highly skilled workforce
- High profitability and strong cash flow generation through the cycle

Heinz Kundert, CEO of VAT, comments: "As the global market leader for vacuum valves, VAT is well positioned to benefit from strong secular trends, such as the increasing miniaturization and sophistication of electronic devices, the proliferation of electronics in all areas of our daily life and the increasing use of vacuum products in the industry. The listing on SIX Swiss Exchange will broaden our shareholder base, create an attractive free float and will enhance the public profile of VAT as a global player. This will help us to further attract the best talents available. We look forward to opening the next chapter in the history of VAT."

Alfred Gantner, Vice-Chairman of the board of directors of VAT and co-founder of Partners Group, comments: "Since our joint acquisition of the Company, Partners Group has worked actively alongside Heinz and his management team, in particular helping VAT to expand its international presence and find additional efficiencies in its operational processes. We are pleased that these efforts have enabled us to prepare VAT for an IPO on SIX Swiss Exchange. I firmly believe that VAT continues to have promising potential for growth and look forward to remaining a member of its board of directors and seeing it realize that potential as a listed Company."



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Ulrich Eckhardt, member of the board of directors of VAT and partner of Capvis Equity Partners, adds: “We are very pleased with the development of VAT since we invested in the Company. The strengthened executive leadership team has accelerated the global growth of VAT and has further expanded the Company’s market position in all relevant segments and regions. As a listed Company, VAT is ideally positioned to capture the promising growth opportunities ahead.”

### **Strong growth and profitability – positive outlook for 2016**

VAT is organized into three different reporting segments: Valves (73% of net sales in 2015), Global Services (16% of net sales in 2015) and Industry (11% of net sales in 2015). The segment Valves includes Single Valves (67% of net sales in 2015) and Modules (6% of net sales in 2015). The segment Industry consists of the subsidiaries COMVAT with its edge-welded bellows product offering and Sysmec, a manufacturer of mechanical components and assemblies. The Company maintains international manufacturing facilities in Haag (Switzerland), Penang (Malaysia), and Arad (Romania). In 2015, VAT recorded 40% of net sales from Asia, 37% from the Americas and 23% from Europe/Rest of World.

### **Key financial figures**

in CHF million	2015*	2014*	Growth in %
Net sales	411.0	363.7	13.0%
Adjusted EBITDA**	126.8	103.6	22.4%
Adjusted EBITDA margin	30.8%	28.5%	
Free cash flow***	105.6	64.6	63.6%
Free cash flow margin	25.7%	17.7%	
Employees (FTE)	1,192	1,113	7.1%

\* Financial figures shown for 2015 are those of VAT Holding S.à r.l., a wholly owned subsidiary of VAT Group AG and former parent company of the Group prior to foundation of VAT Group AG; financial figures shown for 2014 are those of VAT Holding AG, a wholly owned subsidiary of VAT Group AG and former parent company of the Group prior to its acquisition by funds managed and/or advised by Partners Group and Capvis. For details please refer to the Offering Memorandum.

\*\* Adjusted for certain one-time personnel costs in connection with the acquisition of the Group by funds managed and/or advised by Partners Group and Capvis (2015: CHF 1.5 million; 2014: CHF 2.1 million) and consulting fees associated with the reorganization of the Group and the transition from a family-owned business to a publicly-listed company (2015: CHF 5.7 million; 2014: CHF 2.7 million).

\*\*\* Free cash flow for the year ended December 31, 2014 was CHF 38.9 million; the free cash flow as presented above excludes an intercompany loan of CHF 25.6 million granted by VAT Holding AG to a parent holding company.

In the first two months in 2016, the business of VAT has continued to perform positively with net sales amounting to CHF 74 million and adjusted EBITDA and profitability having also developed as expected. VAT continues to observe increased market momentum and technology investments by end-customers. This, in turn, has driven order intake from key OEM customers resulting in an increased order book as of February 29, 2016 as compared to year-end 2015, supporting the currently positive outlook for 2016.



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### **Highly attractive dividend policy**

VAT is committed to an attractive dividend policy based on a strong free cash flow generation. For the financial year ending December 31, 2016, VAT intends to pay a dividend of at least CHF 65 million out of reserves from capital contributions. For subsequent financial years, as long as the Group's net debt does not significantly exceed 1x EBITDA, VAT intends to distribute to shareholders up to 100% of Free Cash Flow to Equity\*, barring unforeseen events. VAT's ability to pay dividends remains subject to the availability of sufficient distributable reserves as well as certain other legal and contractual restrictions applicable to the Group as described in greater detail in the Offering Memorandum.

### **Offer structure**

The book-building process begins today, March 31, 2016, and is expected to end on or around April 13, 2016. The final offer price is expected to be published on or around April 14, 2016 before the start of trading on SIX Swiss Exchange. The listing of the shares in accordance with the International Reporting Standard of SIX Swiss Exchange and commencement of trading in the shares on SIX Swiss Exchange is expected to take place on or around April 14, 2016.

The funds managed and/or advised by Partners Group and Capvis have granted the Joint Global Coordinators an over-allotment option of up to 1,800,000 shares, exercisable in whole or in part within 30 calendar days after the first trading day on SIX Swiss Exchange. The free float is expected to amount to 40% of the shares before exercise of the over-allotment option and 46% if the over-allotment option is exercised in full, corresponding to a total placement volume of up to CHF 635 million. After the listing and assuming the over-allotment option is exercised in full, the funds managed and/or advised by Partners Group and Capvis will hold approximately 45.8% of the share capital, other shareholders will hold approximately 5.4%, while management will hold approximately 2.9% of the share capital.

The IPO of VAT consists of a public offering in Switzerland; private placements in certain jurisdictions outside the United States of America (the "United States") and Switzerland in accordance with applicable securities laws and on the basis of exemptions provided by Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the "Prospectus Directive"); an offering in the United States only to Qualified Institutional Buyers as defined in, and in reliance upon, Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); and private placements in Canada to accredited investors and permitted clients in the provinces of Alberta, British

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\* Defined as cash flow from operating activities less cash flow from investing activities less interest paid and scheduled amortization of debt



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Columbia, Ontario and Quebec. All offers and sales outside the United States will be made in compliance with Regulation S under the U.S. Securities Act of 1933, as amended.

UBS and Credit Suisse are acting as Joint Global Coordinators and Joint Bookrunners on the IPO, and J.P. Morgan is acting as additional Joint Bookrunner. Bank Vontobel and Berenberg are acting as Co-Lead Managers and St.Galler Kantonalbank as Selling Agent. Lilja & Co. is acting as independent adviser to Partners Group, Capvis and VAT.

#### **Important information for media**

Listing	SIX Swiss Exchange (International Reporting Standard)
Ticker symbol	VACN
Swiss security number	31 186 490
ISIN	CH 031 186490 1
Price range	CHF 39 to CHF 46 per share
Offered shares by Selling Shareholders	Base Offer of 12,000,000 shares
	Over-allotment option of up to 1,800,000 shares
<b>Tentative schedule</b>	
Book-building period	March 31, 2016 until on or around April 13, 2016 noon CET
Pricing and allocation of shares	Expected to occur on or around April 13, 2016
Announcement of final offer price per share	On or around April 14, 2016
Listing and first day of trading	On or around April 14, 2016
Book-entry delivery of offered shares against payment of the offer price	On or around April 18, 2016

#### **Contact information**

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### **About VAT Group AG**

VAT is the leading global developer, manufacturer and supplier of high-end vacuum valves, multi-valve modules, edge-welded bellows, and related value-added services for advanced vacuum-based manufacturing processes in the semiconductor, display, solar and related technology industries as well as in scientific research. VAT is a global player with approximately 1,200 employees and main manufacturing sites in Haag (Switzerland), Penang (Malaysia) and Arad (Romania). Net sales in financial year 2015 amounted to CHF 411 million. For further information visit: <http://www.vatvalve.com>

### **Disclaimer**

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy, fairness or completeness. Although the Company will have a policy of paying dividends on shares, there can be no assurance that funds will be available to meet the targeted dividend pay-out in the future. The Company has no legal obligation to, and may not, declare dividends or other distributions on the shares. The Company's ability to pay dividends to its shareholders depends on the availability of sufficient legally distributable profits from previous years, which depends on the performance of its subsidiaries and their ability to distribute funds to the Company, and/or on the availability of distributable reserves from capital contributions at the Company level, and on the need for shareholder approval. Furthermore, the Board of Directors retains authority to change the dividend policy and dividend payout ratio at any time, especially if unexpected events occur that would change its view as to the prudent level of cash and capital conservation as well as the Company's financial goals and strategy.

This document is not an offer to sell or a solicitation of offers to purchase or subscribe for shares. This document is not a prospectus within the meaning of Article 652a of the Swiss Code of Obligations, nor is it a listing prospectus as defined in the listing rules of the SIX Swiss Exchange AG or a prospectus under any other applicable laws. Copies of this document may not be sent to jurisdictions, or distributed in or sent from jurisdictions, in which this is barred or prohibited by law. The information contained herein shall not constitute an offer to sell or the solicitation of an offer to buy, in any jurisdiction in which such offer or solicitation would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any jurisdiction. A decision to invest in securities of VAT Group AG should be based exclusively on the Offering Memorandum published by VAT Group AG for such purpose.

Copies of the Offering Memorandum, the Supplement and any other supplements to the Offering Memorandum are/will be available free of charge in Switzerland for 12 months following the first day of trading on SIX Swiss Exchange at UBS AG, Investment Bank, Swiss Prospectus Switzerland, P.O. Box, 8098 Zurich, Switzerland (voicemail: +41 44 239 47 03; fax number: +41 44 239 69 14; email: [swiss-prospectus@ubs.com](mailto:swiss-prospectus@ubs.com)) and at Credit Suisse AG, Zurich, Switzerland (email: [equity.prospectus@credit-suisse.com](mailto:equity.prospectus@credit-suisse.com)). In addition, copies of the Offering Memorandum, the Supplement and any other supplements to the Offering Memorandum are/will be available free of charge in Switzerland from VAT Group AG, Investor Relations, Haag (Rheintal) (Commune of Sennwald), Switzerland (email: [investors@vat.ch](mailto:investors@vat.ch)).

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offer or invitation to subscribe for or purchase any securities in such countries or in any other jurisdiction. In particular, this communication does not constitute an offer of the securities to the public in the United States. The securities referred to herein may be offered or sold in the United States only (1) if registered, or in a transaction exempt from, or not subject to, registration under the U.S. Securities Act of 1933, as amended, and (2) by the issuer or a manager (or affiliate thereof) registered as a broker-dealer under the U.S. Securities Exchange Act of 1934, as amended. VAT Group AG does not intend to register any portion of the offering of the securities in the United States or to conduct a public offering of the securities in the United States.

In any EEA Member State that has implemented Directive 2003/71/EC as amended (together with any applicable implementing measures in any Member State, the "Prospectus Directive"), other than the United Kingdom, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

This communication does not constitute an offer of the securities to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the securities. This communication is being distributed to and is directed only at (i) persons who are outside the United Kingdom or (ii) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") and (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). Any investment activity to which this communication relates will only be available to and will only be engaged with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

#### **Stabilisation/FCA**

The Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers and their affiliates are acting exclusively for VAT Group AG and the selling shareholders and no one else in connection with the contemplated IPO. They will not regard any other person as their respective client in relation to the contemplated IPO and will not be responsible to anyone other than VAT Group AG and the selling shareholders for providing the protections afforded to their respective clients, nor for providing advice in relation to the contemplated IPO, the contents of this communication or any transaction, arrangement or other matter referred to herein.

In connection with the contemplated IPO, the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers and any of their affiliates, acting as investors for their own accounts, may purchase shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such shares and other securities of VAT Group AG or related investments in connection with the contemplated IPO or otherwise. Accordingly, references in the prospectus to the shares being offered, acquired, placed or otherwise dealt in should be read as including any offer to, acquisition, placing or dealing by such Joint Global Coordinators, Joint Bookrunners and Co-Lead Managers and any of their affiliates acting as investors for their own accounts. The Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Matters discussed in this communication may constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and anticipated or planned financial and operational performance and can be identified by words such as "targets," "believes," "expects," "aims," "intends," "plans," "seeks," "will," "may," "might," "anticipates," "would," "could," "should," "continues,"



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“estimate” or similar expressions. The forward-looking statements in this communication are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although VAT Group AG believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this communication by such forward-looking statements.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date and are subject to change without notice and each of VAT Group AG, the Joint Global Coordinators, Joint Bookrunners and Co-Lead Managers and their respective affiliates expressly disclaim any obligation or undertaking to update, review or revise any of the forward-looking statements contained in this announcement whether as a result of new information, future developments or otherwise.