



Media Release

Haag, Switzerland, April 15, 2021

RECORD QUARTERLY ORDERS AND STRONG NET SALES; VAT HARNESSES MARKET LEADERSHIP IN AN ACCELERATING SEMICONDUCTOR MARKET

Q1 2021 results

- Record quarterly orders of CHF 241 million, up 33% year-on-year, driven by strong demand from the semiconductor industry and a rebound in industrial markets
- Group net sales increased to CHF 192 million, up 32% vs. Q1 2020, and slightly above guidance
- Book-to-bill ratio reaches 1.25x

Outlook 2021

- Substantial growth expected from strong semiconductor and improving industrial markets
- Uncertainty from COVID-19 pandemic remains but is expected to fade over the rest of the year
- Sales¹, 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

Guidance for Q2 2021

- VAT expects net sales¹ of CHF 205 - 215 million

¹ At constant foreign exchange rates

VAT GROUP

in CHF million	Q1 2021	Q4 2020	CHANGE ²	Q1 2020	CHANGE ³
Order intake	240.7	210.0	+14.6%	181.3	+32.7%
Net sales	192.2	187.6	+2.5%	145.5	+32.1%
Order backlog	193.2	145.3	+32.9%	150.6	+28.2%

² Quarter-on-Quarter; ³ Year-on-Year

Q1 growth driven by Semiconductors, Global Service and Advanced Industrials

The global semiconductor sector, VAT's largest end market, continued to grow in the first quarter of 2021. Driven by the global shortage of semiconductor chips and further technology advances, semiconductor manufacturers continued to heavily invest in new fabrication equipment. During the first quarter of the year, several companies announced increased capex projections for 2021 and into 2022. This drove higher demand for both vacuum valves and service products aimed at maximizing fabrication uptime. Industrial markets also rebounded from a weak first quarter a year ago, supported by the business unit Advanced Industries initiatives to drive growth, especially in Asia.

As a result, Group orders in the first quarter were 33% higher year-on-year and reached a record level of CHF 241 million, leading to a book-to-bill ratio of 1.25x. VAT believes that pre-ordering driven by high capacity utilization throughout the whole supply chain during the first quarter drove a small part of the order growth across all of our businesses. This could slightly impact orders in the second quarter of 2021. VAT's order backlog at the end of the first quarter was CHF 193 million, up 28% compared with the end of March 2020.

Net sales in the first quarter of 2021 grew to CHF 192 million, an increase of 32% compared with the same period in 2020 and slightly above the company's guidance issued with the fourth quarter and full-year 2020 results on March 4, 2021. Foreign exchange movements, especially in US dollars, had a negative impact of less than two percent on first-quarter net sales compared to the same quarter in 2020.



Segment Review

Starting January 1, 2021, VAT integrated the former segment Industry into the Valves segment and in particular into the business unit Advanced Industrials (formerly General Vacuum) as the type of this business organizationally fits better into this business unit. The Group now reports in two segments: Valves, which encompasses the development, production, sales of vacuum valves and components and the Services segment, which comprises spare parts, upgrades and retrofits and the maintenance business of the Group. The Valves segment consists of the three business units Semiconductors, Display & Solar, and Advanced Industrials. Starting 2021, VAT will separately disclose orders and net sales of these three business units in an effort to further increase the transparency of its reporting. As a consequence, the reported segment figures have been restated accordingly.

VALVES

in CHF million	Q1 2021	Q4 2020 RESTATED	CHANGE ¹	Q1 2020 RESTATED	CHANGE ²
Order intake	200.7	172.9	+16.1%	150.4	+33.5%
<i>Semiconductors</i>	140.8	125.0	+12.7%	98.5	+42.9%
<i>Display & Solar</i>	20.5	16.9	+21.5%	23.9	-14.2%
<i>Advanced Industrials</i>	39.4	31.0	+27.0%	27.9	+41.1%
Net sales	156.0	150.0	+4.0%	121.0	+28.9%
<i>Semiconductors</i>	112.0	103.0	+8.8%	79.8	+40.3%
<i>Display & Solar</i>	14.5	16.3	-10.6%	19.9	-27.0%
<i>Advanced Industrials</i>	29.4	30.8	-4.4%	21.2	+38.7%
Inter-segment sales	16.2	16.9	-4.2%	11.5	+40.4%
Segment net sales	172.2	166.9	+3.1%	132.5	+29.9%

¹ Quarter-on-Quarter ² Year-on-Year

Valves reported orders of CHF 201 million, up 34% year-on-year, and net sales of CHF 156 million, an increase of 29% compared with the same period in 2020.

The growth was mainly driven by higher demand in the **Semiconductor** business unit, where orders increased 43% to CHF 141 million, a new all-time record, and net sales amounted to CHF 112 million, up 40% compared with the first quarter of 2020. End-users continue to invest in new technologies to manufacture the next generation of chips, while at the same time increasing capacity for existing chip designs in order to satisfy the fast-growing demand for both logic/foundry and memory chips.

Semi recorded five specification wins in the quarter, three of them resulting from the company's growth initiative to develop new adjacent products that complement its core valves business. VAT's technology leadership was further confirmed during the quarter with the 2020 Best Supplier of the Year Award from Samsung's Mechatronic R&D Center in recognition of the two companies' long-standing collaboration in pressure control algorithms for productivity optimization.

Orders and net sales in the **Display & Solar** business unit declined by 14% and 27% respectively year-on-year as higher demand for OLED displays used in the latest generation of smart-phones could not offset lower customer investments in traditional LCD technologies. However, the order pattern seen in the first quarter suggests that the trough in the display cycle could be reached during the first half of 2021. VAT expects a rebound in business activities for LCD displays and ongoing investments into OLED displays during the second half of the year. Net sales in the solar business grew in the quarter, with strong demand for the latest photovoltaic cell production technologies.



The **Advanced Industrials** business unit saw a strong rebound from the weak first quarter a year ago, with orders up 41% reaching a new record and sales 39% higher, respectively. The recovery was broad-based and resulted from generally improving market conditions coupled with positive results from growth initiatives implemented during 2020 to focus on Asian markets, especially China, where orders more than doubled. In Europe and Asia, the coating and life sciences businesses continued to improve, while the automotive business grew, mainly in Asia. Demand in the US remained at a relatively low level during the first quarter but is expected to gain momentum during the rest of 2021.

GLOBAL SERVICES

in CHF million	Q1 2021	Q4 2020	CHANGE ¹	Q1 2020	CHANGE ²
Order intake	39.9	37.1	7.7%	31.0	+29.0%
Net sales	36.2	37.5	-3.5%	24.5	+47.7%
Inter-segment sales	-	-	-	-	-
Segment net sales	36.2	37.5	-3.5%	24.5	+47.7%

¹ Quarter-on-Quarter ² Year-on-Year

The **Global Service** segment reported also record orders of CHF 40 million in the first quarter, an increase of 29% compared with the same quarter in 2020, while net sales were up 48% to CHF 36 million. Growth was driven by significantly higher demand among chip manufacturers as they invest in service solutions aimed at increasing the productivity of existing assets and maximizing uptime. In addition, the sale of spare parts and consumables to chip manufacturers in China also increased, while new upgrades and retrofit products released in 2020 also supported growth in the quarter. The company also qualified several new service products in the first quarter, such as a quick shut-off valve for subfab applications.

Outlook 2021: Favorable demand and market share gains expected

Despite the persisting uncertainties surrounding the COVID-19 pandemic, the medium-term growth drivers for VAT – mainly in the semiconductor industry, VAT’s largest end market – remain firmly in place. Megatrends such as the Internet of Things, cloud computing and artificial intelligence have been boosted by pandemic-related developments, such as the shift to home office and the sharp increase in E-commerce.

Technology advances in logic and memory chips also continue to drive further growth. As node sizes shrink and chip architectures change, the need for purer vacuums and the number of process steps under vacuum also increase. Vacuum-based production processes are also critical in the displays and solar photovoltaic (PV) markets and continue to gain importance in other industries.

The current capacity shortage in many semiconductor chip categories requires additional capex from the chip producers, and several players have announced higher capex budgets for 2021 and well into 2022.

For 2021, VAT expects significant growth, driven mainly by the semiconductor- and service-related businesses. Market analysts now estimate that investments in wafer fab equipment in 2021 could increase 15-20% - well over USD 70 billion - compared with the record level of 2020. This plays to VAT’s technology advantages and is expected to drive further market share gains.

In displays, investments in OLED screens are expected to remain muted. Declining investments in LCD displays are forecast to continue, leading to a generally softer market in 2021. However, recent market data suggest that the trough in displays could be reached during the first half of 2021. In solar PV, the move to higher-efficiency cell designs is expected to lead to higher vacuum equipment investments.



Forecasts for advanced industrials are more positive in anticipation of economic recovery following the COVID-19 pandemic.

On this basis, VAT expects net sales¹ in 2021 to be substantially higher compared with 2020. VAT will also continue to build its flexible global footprint and strengthen its natural hedge against foreign exchange impacts by further ramping up its production facility in Malaysia, increasing sourcing from best cost countries, gaining greater economies of scale in global supply chains and driving further operational excellence measures. At the same time, VAT remains dedicated to technology innovation. Investments in research and development and productivity improvements will therefore remain at the heart of VAT's strategy in 2021.

Furthermore, the company expects its EBITDA and EBITDA margin to increase, driven by higher volumes and better cost absorption as well as the ongoing focus on costs. This higher EBITDA expectation includes a USD/CHF exchange rate assumption for 2021 of 0.90. Because of expected higher sales, EBITDA, and EBITDA margin, VAT also expects 2021 net income to increase compared with 2020.

The stronger operational performance is also expected to drive higher free cash flow in 2021, despite a planned increase in capital expenditure to approximately CHF 40 million and growth investments into working capital.

Guidance for Q2 2021

VAT expects net sales¹ in the second quarter of 2021 of CHF 205 - 215 million.

¹ At constant foreign exchange rates

Additional information

There is a short media and investor conference call today, April 15, 2021, at 10am CEST.

To participate in the call please dial:

+41 58 310 50 00 (CH/Europe)

+44 207 107 06 13 (UK)

+1 631 570 56 13 (USA)

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

For further information please contact:

VAT Group AG

Communications & Investor Relations

Michel R. Gerber

T +41 81 772 42 55

investors@vat.ch



Financial calendar 2021

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

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 Service 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 over 2'000 employees and main manufacturing sites in Haag (Switzerland), Penang (Malaysia) and Arad (Romania). Net sales in the financial year 2020 amounted to CHF 692 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 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.

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.