



Media Release

VAT SUCCESSFULLY STARTING A NEW CHAPTER IN THE COMPANY'S HISTORY

- High market growth rates in equipment purchases for new technologies in semiconductor and OLED display production
- Net sales increase by 16.1%
- 31.4% adjusted EBITDA margin
- Strong free cash flow
- Successful IPO with strong demand and good share price development
- Continued positive outlook for the full year
- Dividend guidance increased to CHF 80 million

KEY FINANCIAL INFORMATION as of June 30, 2016

In CHF million	H1 2016	H1 2015	Variance
Order intake	256.9	233.1	+10.2%
Net sales	235.5	202.8	+16.1%
EBITDA	67.8	60.2	+12.6%
EBITDA adjusted ¹	73.9	63.2	+16.9%
EBITDA adjusted margin	31.4%	31.2%	
Net income	24.2	1.1	
Basic earnings per share	0.87	0.05	
Free cash flow ²	53.7	60.3	

¹Adjusted EBITDA excludes one-off items

²Free cash flow is calculated as cash flow from operating activities minus cash flow from investing activities.

Haag, August 25, 2016 – VAT Group AG and its subsidiaries (VAT) look back on a successful first half of 2016. VAT's order intake was CHF 256.9 million, up 10.2% from the previous year, and the order backlog amounted to CHF 91.7 million. Net sales stood at CHF 235.5 million, representing an increase of 16.1% compared to the first half-year 2015. VAT was able to take advantage of extensive investments in production facilities in the United States and Asia. Leading companies in the semiconductor industry are constantly expanding their capacities reflecting the technological advances in semiconductor manufacturing, thereby increasing the performance of their plants through technology purchases.



Improved Group results

In the first half of the year, VAT generated a gross profit of CHF 148.3 million, representing an increase of 13.1% compared with the previous year. Adjusted EBITDA grew by 16.9% to CHF 73.9 million, and the adjusted EBITDA margin increased slightly to 31.4% (first half year 2015: 31.2%). VAT realized a net income of CHF 24.2 million, mainly the result of higher operating profits and lower interest expenses. The net financial result improved significantly in the first half of 2016, summing up to minus CHF 19.9 million, which is primarily the result of the conversion of the shareholder loan of CHF 405.1 million into equity as part of the IPO. By end of June, VAT had net debt of CHF 183.4 million and an equity ratio of 52.9%. Free cash flow amounted to CHF 53.7 million at a free cash flow margin of 22.8%.

Positive business development based on strong demand for technology

VAT's markets developed positively in the first half of 2016. Driven particularly by worldwide technology purchases, the market for semiconductor production facilities, which is relevant to VAT, enjoyed continuous growth. VAT benefited to a more than average extent mainly from ongoing innovations in semiconductor manufacturing. These innovations give rise to ever more complex production processes, miniaturizations and additional production steps requiring vacuum, which in turn require a very clean production environment and reliability. VAT's high-end vacuum valves ensure that processes for producing smartphone microchips, for instance, are kept free of particles and contamination.

The market for displays is also growing strongly. There is great demand globally due to the changeover from liquid crystal displays (LCDs) to displays featuring organic light-emitting diodes (OLEDs). The production of the next generation of high-resolution displays with much improved coloration and lower energy consumption calls for additional manufacturing processes in high-vacuum environments. As the global market leader in high-value vacuum valves, VAT participates over proportionately in these ongoing technological advances.

Broad growth in different segments

VALVES

Valves is the largest segment of VAT Group, realizing segment net sales of CHF 196.5 million - a plus of 17.7% in the first half-year of 2016. As in the previous year, the majority of these sales were generated in Asia and the US. One of the highlights of the first half-year 2016 was the high demand for VAT's new products in the semiconductor industry and the strong participation in substantial investments in the displays market. Orders were received from display manufacturers along the entire valve portfolio, especially throughout Asia.

GLOBAL SERVICE

Segment net sales of Global Service increased to CHF 40.9 million in the first half-year of 2016, up 11.1%. Asia and the US were the main drivers as the majority of VAT's customers are located in these areas. The Global Service segment includes a range of services provided by specialized teams. The main development for the Global Service segment was the alignment



with major Original Equipment Manufacturers (OEM's) with regard to their current and planned market activities. This alignment allows VAT to offer global service contracts tailored to specific customer needs. A first global service contract was successfully signed.

INDUSTRY

The Industry segment generated segment net sales of CHF 21.8 million in the first half-year 2016, an increase of 1.2% mainly coming from Europe. The segment engages mostly in innovative and technologically advanced edge-welded bellows. It includes the production of welded bellows, specialized in automated processes, as well as the manufacturing of mechanical components and assemblies. VAT was able to sign an important mid-term high-volume contract for damper systems for automotive applications in the first half-year of 2016. This contract is the result of VAT's highly diversified product portfolio and the Company's focus on specific customer requirements.

Initial Public Offering (IPO)

On April 14, 2016 VAT Group shares were listed on SIX Swiss Exchange. The IPO was a further milestone in the history of VAT and one of the highlights in the first six months. The share placement created tremendous interest in Switzerland and internationally – the IPO was oversubscribed multiple times. The listing further enhances the positioning of VAT as a global market leader in the vacuum valves segment.

Ongoing expansion of capacities

At the end of June 2016, VAT counted 1,278 employees worldwide, 89 more than at the end of 2015. To manage future growth VAT is continuously expanding its production capacities. In particular, the production plant in Malaysia has been expanded in line with customer requirements.

Outlook 2016

VAT expects to grow full-year net sales by 12% to 15% and the operating margin expressed as adjusted EBITDA to stay above 31%. Based on the expected strong free cash flow generation, the Board increased the dividend guidance to CHF 80 million, from the at least CHF 65 million given at the time of the IPO, out of reserves from capital contributions for the financial year ending December 31, 2016.

Key markets for semiconductors and displays mainly in the United States, Japan, South Korea and China will be the primary drivers of growth. Mega trends such as Big Data, Internet of Things, Industrialization 4.0, Cloud Computing and E-Mobility as well as new technologies such as 3D chip technology or OLED for the latest display generation are resulting in ever greater demand for advanced manufacturing technologies including mission-critical vacuum



components. Leading device/display manufacturers are continuing to invest in fabrication expansion and technology upgrades.

As the world market leader for advanced high-vacuum valves, VAT will continue to take advantage of these developments. Three factors support this positive assessment. The first relates to major orders which have been received but whose full effect will only be seen in the months ahead. The second is the increasing demand in VAT's key markets. The third is VATmotion, the in-house program to reduce production costs and to mitigate FX impacts through natural hedges and the proximity to key customers while boosting efficiency in the purchasing and production process and in the supply chain. The expansion of the production facility in Malaysia is one of the key success factors of this program.



Additional information

The analyst presentation of the results and the half-year 2016 report are available on the website of VAT at www.vatvalve.com.

Sign-up for e-mail subscription is available at www.vatvalve.com.

The company will host today a media and investor event in Zurich at 10am CET. The event can also be followed over a webcast or via a conference call line. Participants via the conference call will also be able to join the moderated Q&A session.

Please follow the link below to access the webcast:

<http://78449.choruscall.com/dataconf/productusers/vat/mediaframe/16314/indexr.html>

For the conference call please dial:

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Financial calendar

Q3 2016 Trading update
Full-year results 2016
Q1 2017 Trading update & Annual General Meeting

October 31, 2016
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.