

# Updated 2025 financial guidance

## **New VAT mid-term targets – growth expected to continue**

In December 2020, VAT issued mid-term targets for the period 2020–2025. At that time, VAT forecast a compound annual growth rate in its primary wafer fabrication equipment (WFE) market of about 9%, increasing from USD 58 billion in 2020 to around USD 80 billion in 2025. Based on this forecast, along with expected market share gains, higher service sales, growth in adjacent businesses and contributions from the Advanced Industrials and Display & Solar business units, VAT expected net sales in 2025 to exceed CHF 1.1 billion, with an EBITDA margin over the 2020–2025 period of 30–35%.

Since then, markets have developed at a much faster pace than expected. WFE in 2021 alone amounted to some USD 90 billion, already substantially above the level of USD 80 billion originally expected for 2025. Leading market research firms now expect 2025 WFE to reach USD 110–120 billion, about 45% above the December 2020 forecast. The main drivers of this increase are higher capital investments in new logic chips with node sizes of 5 nanometers and smaller plus exponential growth expected in data generation and storage as megatrends in global digitalization continue, such as the Internet of Things, Big Data, artificial intelligence, autonomous vehicles and the roll-out of 5G wireless networks and the Metaverse.

As a result of these changes, VAT has increased its expected mid-term sales target 2025 to around CHF 1.5 billion from previously CHF 1.1 billion. In addition, VAT now expects its EBITDA margin for the period 2020–2025 to be between 32–37% (previously 30–35%). As communicated in December 2020, the company continues to expect market share gains in all of its activities, led by semiconductors and service, as well as adjacencies such as motion components, advanced modules and upstream valves.