

Media Release

Haag, Switzerland, April 14, 2022

CONTINUED STRONG ORDER AND SALES DEVELOPMENT IN SEMICONDUCTOR SECTOR CONFIRMS POSITIVE OUTLOOK FOR BUSINESS GROWTH IN 2022

Q1 2022 results

- Orders up 22% year-on-year to CHF 294 million, driven by strong demand from the semiconductor industry for valves and services and growing advanced industrial segments
- Group net sales increased to CHF 263 million, up 37% vs. Q1 2021, and above the guidance range given at the beginning of March
- Book-to-bill ratio of 1.1x signals continued sales growth

Outlook 2022

- Continued strong investments in semiconductor manufacturing equipment is expected to drive year-over-year growth in Valves; Global Service to benefit from growing installed base and high capacity utilizations while Advanced Industrials further support growth
- VAT expects quarterly sales growth through 2022 and as a result substantially higher full-year sales, EBITDA, and net income in 2022, as well as higher EBITDA margin and free cash flow

Guidance for Q2 2022

- VAT's manufacturing plants are ready to support customer demand
- Global supply chain issues or renewed COVID clusters especially in China could negatively impact customer shipments and thus may negatively impact VAT's Q2 results
- Considering current uncertainties, VAT expects Q2 2022 net sales¹ of CHF 260 - 280 million

¹ At constant foreign exchange rates

VAT Group

in CHF million	Q1 2022	Q4 2021	CHANGE ²	Q1 2021	CHANGE ³
Order intake	294.2	434.9	-32.4%	240.7	+22.3%
Net sales	263.0	255.4	+3.0%	192.2	+36.8%
Order Backlog	487.0	461.2	+5.6%	193.2	+152.1%

² Quarter-on-Quarter; ³ Year-on-Year

Q1 growth led by Semiconductors, Global Service and Advanced Industrials

The global semiconductor sector, VAT's largest end market, continued to grow in the first quarter of 2022. Driven by the persisting global shortage of semiconductor chips, coupled with further technology advances, semiconductor manufacturers invested heavily in new fabrication equipment as well as in increasing the productivity of their existing production facilities. Industrial markets, such as coatings and automotive, also continued to grow, especially in Asia. Demand in the display market remained mixed while the solar business benefitted from strong demand for advanced photovoltaic (PV) technologies.

As a result, Group orders in the first quarter were 22% higher year-on-year to reach CHF 294 million, leading to a book-to-bill ratio of 1.1x. On a sequential quarter-to-quarter basis, orders declined as expected, reflecting strong Q4 2021 orders as customers built up inventory in anticipation of supply bottlenecks. VAT's order backlog at the end of the first quarter was CHF 487 million, up 152% compared with the end of March 2021.

Net sales in the first quarter of 2022 grew to CHF 263 million, an increase of 37% compared with the same period in 2021 and slightly above the company's guidance issued with the fourth quarter and



full-year 2021 results on March 3, 2022. Foreign exchange movements, especially the US dollar versus the Swiss franc, had no significant impact on first-quarter net sales compared with the same quarter in 2021.

Segment Review

VALVES

in CHF million	Q1 2022	Q4 2021	CHANGE ¹	Q1 2021	CHANGE ²
Order intake	241.1	375.9	-35.9%	200.7	+20.1%
<i>Semiconductors</i>	183.9	269.9	-31.9%	140.8	+30.6%
<i>Display & Solar</i>	14.6	34.8	-58.0%	20.5	-28.8%
<i>Advanced Industrials</i>	42.5	44.2	-3.8%	39.4	+7.9%
Net sales	214.0	204.6	+4.6%	156.0	+37.2%
<i>Semiconductors</i>	162.6	152.3	+6.8%	112.0	+45.2%
<i>Display & Solar</i>	19.9	18.3	+8.7%	14.5	+37.2%
<i>Advanced Industrials</i>	31.5	34.0	-7.4%	29.4	+7.1%
Inter-segment sales	20.8	21.9	-5.0%	16.2	+28.4%
Segment net sales	234.7	226.4	+3.7%	172.2	+36.3%

¹ Quarter-on-Quarter ² Year-on-Year

Valves reported orders of CHF 241 million, up 20% year-on-year, and net sales of CHF 214 million, an increase of 37% compared with the same period in 2021.

The growth was mainly driven by higher demand in the **Semiconductor** business unit, where orders increased 31% to CHF 184 million, and net sales amounted to CHF 163 million, up 45% compared with the first quarter of 2021. 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.

Highlights in the quarter for Semiconductors included the expansion of its customer base in Asia and the first specification win in motion components used in a deposition application. This specification win, in which VAT designs a new product together with the customer, reflects VAT's strategy to expand into profitable adjacent businesses that build on its lead in the core vacuum valve segment and builds the foundation for future growth. In addition, the scope of production at the company's Malaysia plant was further expanded with the release of a high-volume pendulum control system.

Orders in the **Display & Solar** business – VAT's smallest business unit – declined by 29% year-on-year, mainly reflecting the project nature of this business, which results in order fluctuations. Sales, on the other hand, increased by 37% as VAT executed some of the orders received in 2021. In the display business, demand was predominantly for valves used in the production of mini-LEDs that serve as the light source for premium LCD displays. The OLED business remained muted. In the solar sector, demand was driven mainly by PERC but we experienced encouraging growth in shipments to high-efficiency heterojunction based technology (HJT).

The **Advanced Industrials** business unit continued to grow with orders up about 8% and sales up about 7% respectively year-on-year. This was fueled by continued demand for crystal pulling and high-end industrial coating applications, especially in Asia. The business also saw increased demand for e-beam (electron beam) technologies used in areas such as medical device sterilization, scientific instruments and other industrial applications, as well as for equipment used in 3D metal printing and Lithium-ion batteries for electric vehicles.

GLOBAL SERVICES

in CHF million	Q1 2022	Q4 2021	CHANGE ¹	Q1 2021	CHANGE ²
Order intake	53.2	59.0	-9.8%	39.9	+33.3%
Net sales	49.0	49.9	-1.8%	36.2	+35.4%
Inter-segment sales	-	-	-	-	-
Segment net sales	49.0	49.9	-1.8%	36.2	+35.4%

¹ Quarter-on-Quarter ² Year-on-Year

The **Global Service** segment reported orders of CHF 53 million in the first quarter, an increase of 33% compared with the same quarter in 2021, while net sales were up 35% to CHF 49 million. Year-on-year growth is driven by the large investments by major IDMs which in turn is driving the subfab business of Global Service. This coupled along with record level of fab utilization in both semiconductor and solar segments is driving strong sales in spare valves, spare parts, valve repair, and consumables. In addition, the strong partnerships with the OEMs in driving their support of the IDMs with service agreements has been very successful.

Outlook – 2022 expected to be another year of strong growth

VAT expects growth to continue in both its Valves and Global Services segments in 2022 as it taps the significant opportunities offered by a growing market, its leading market and technology positions and the successful execution of its proven strategy for profitable growth.

In the **Valves** segment, the company forecasts further growth in investments in the semiconductor manufacturing equipment market as the industry addresses both the global chip shortage and the roll out of new chip technologies. Based on orders for delivery in 2022, VAT expects display sales to grow compared with 2021. Further growth is also expected in the solar PV market. Forecasts for vacuum-related equipment sales in industrial markets point to continued growth, especially in molecular diagnostics related to the COVID pandemic, as well as the industrial coatings, automotive and tooling businesses.

VAT expects the market for its **Global Service** segment to grow further in 2022 as semiconductor manufacturers continue to invest in both new capacity and in upgrading their existing vacuum equipment assets. The high capacity utilization rates drive strong demand for all VAT service products especially in the legacy sector where chip shortages are forecast to continue throughout 2022.

On this basis, VAT expects net sales in 2022 to be substantially higher than in 2021. VAT also plans to 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, development and productivity improvements will therefore remain at the heart of VAT's strategy in 2022.

Furthermore, the company expects its EBITDA to increase substantially and the EBITDA margin to be higher as well, driven by higher volumes and better cost absorption as well as the ongoing focus on costs, offsetting the cost inflation seen in raw materials, logistics and energy costs. Because of expected higher sales, EBITDA, and EBITDA margin, VAT also expects 2022 net income to increase significantly compared with 2021.

The stronger operational performance is expected to again drive substantially higher free cash flow in 2022, despite the investments in Malaysia, the innovation center in Switzerland and ongoing production improvements in VAT's production hub in Switzerland. For 2022, capex is expected to be CHF 65 – 70 million.



Guidance for Q2 2022

VAT's manufacturing plants are ready to support customer demand. However, global supply chain issues or renewed COVID clusters especially in China could negatively impact customer shipments and thus may negatively impact VAT's Q2 results. Considering current uncertainties, VAT expects Q2 2022 net sales¹ of CHF 260 – 280 million.

¹ At constant foreign exchange rates

Additional information

There is a short media and investor conference call today, April 14, 2022, at 9am 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 6, 2022	Record Day; share register closed at 5pm CEST
Tuesday, May 17, 2022	Annual General Meeting 2022
Thursday, May 19, 2022	Ex-date
Monday, May 23, 2022	Dividend payment
Thursday, August 4, 2022	Half-year 2022 results
Thursday, October 13, 2022	Q3 2022 trading update
Friday, December 2, 2022	2 nd VAT Capital Markets Day, Zurich

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 two different reporting segments: Valves and Global Service 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 2'500 employees and main manufacturing sites in Haag (Switzerland), Penang (Malaysia) and Arad (Romania). Net sales in the financial year 2021 amounted to CHF 901 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.