



Media Release

Haag, Switzerland, October 25, 2018

SALES UP 11% IN THE FIRST NINE MONTHS OF 2018, LOWER IN Q3 AS BUSINESS ACTIVITIES MODERATE

Q3 2018 results

- Customer demand slowed as expected, mainly due to push-outs in memory-related semiconductor projects
- High level of specification wins at major OEM customers strengthen foundation for future growth
- Q3 order intake down 26% year-on-year, net sales decrease 3%
- VAT delivers on its resilient business model and adjusted its cost base to manage the current market moderation to be ready to benefit when markets improve

Nine months 2018 results

- Market leadership further strengthened, R&D efforts intensified and Malaysia expansion completed
- Nine months order intake down 7% year-on-year, net sales increase 11%

VAT revises outlook 2018

- VAT now expects to reach at least prior year's sales at constant exchange rates
- EBITDA margin to be around last year's level
- CAPEX to be around 8% of sales
- Free cash flow expected to exceed 2017 amount

VAT appoints new CFO

- The Board of Directors appoints Stephan Bergamin as the new CFO effective January 1, 2019

VAT GROUP

in CHF million	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Order intake	132.6	178.5	-25.7%	513.5	550.5	-6.7%
Net sales	162.7	166.9	-2.5%	549.3	493.3	+11.4%
	Sept 30, 2018	June 30, 2018	Change			
Order Backlog	128.3	158.8	-19.2%			



Market demand softens as expected but remains at historically high levels

Demand for high-vacuum valves softened as expected during the third quarter of 2018, mainly reflecting the push-out of new semiconductor fabrication projects as customers fill up existing capacity - especially in memory applications - built during the past two and a half years of strong capital expenditure. The overall demand for semiconductors remains robust, however, driven by long-term industry trends in areas such as autonomous vehicles, the Internet of Things and artificial intelligence. As a result, the mid- to long-term demand trends for high-vacuum valves remain positive.

For the third quarter of 2018, orders declined 26% to CHF 133 million. Group net sales amounted to CHF 163 million, a decrease of 3%. These trends are in line with management expectations of a moderation in demand as well as reflecting the comparison with the very high volumes experienced in the third quarter of 2017. Excluding foreign exchange movements in the third quarter, VAT's net sales declined by 3.2%, a negative impact of 0.7 percentage points.

VAT's order backlog at the end of the third quarter was CHF 128 million, down about 19% compared with the end of June 2018.

Growth in Global Service and Industry more than offset by decline in Valves

Net sales in the third quarter grew in the Global Service segment (+ 3% to CHF 28 million) and Industry (+2% to CHF 10 million). Net sales in the Valves segment were 4% lower at CHF 125 million.

Within the Valves segment, the business unit Display & Solar recorded its second highest level of net sales, driven by demand for Gen 10.5 transfer valves used in LCD display manufacturing and a favorable order environment in solar. The segment also recorded specification wins for Gen 8.6 tools from a Chinese display manufacturer, which will drive net sales growth in future quarters. Sales also grew in General Vacuum, which benefited both from strong demand for valves used in R&D projects as well as the resolution of supply chain bottlenecks experienced in 2017 and the beginning of 2018. These gains were more than offset by a significant slowdown in customer investments in manufacturing tools in the Semiconductors business unit. Specification wins with major OEM customers remained at a high level, however, reflecting continued technology innovations that will support future sales growth in this business unit. The Modules business unit was also negatively impacted by the general slowdown in the semiconductor fabrication sector, but significant specification wins and successful factory acceptance tests for a prototype assembly confirmed the strategic direction of this business.

In Global Service, the business remained stable in the third quarter despite the overall moderation in new semiconductor fabrication. The decline in orders reflects customers reducing their inventory of spare parts and consumables. Cooperation with key OEMs and end users for upgrades and retrofit continued to increase, although this is not yet reflected in the order numbers.

In the Industry segment, lower net sales in bellows used in semiconductor fabrication was more than offset by increased sales in the mechanical components business.



VAT names Stephan Bergamin as new CFO

VAT's Board of Directors has appointed Stefan Bergamin as the company's new Chief Financial Officer, effective January 1, 2019. Bergamin succeeds Andreas Leutenegger who, as previously announced, is leaving the company at the end of the year.

Bergamin joins VAT from Gearbulk Group, a specialized global cargo shipping company, where he was CFO from 2015 to 2018. Prior management positions include CFO roles at Goldbach, Cofely, the Steiner Group and the Swissair Group e-commerce start-up. He also worked in the corporate finance department at Credit Suisse as a finance consultant and project leader.

"In his previous roles, Stephan Bergamin has successfully navigated a number of complex and strategic business environments in a variety of industry sectors and brings a critically important skill set to VAT, including senior management experience in the areas of cost management and M&A," said VAT CEO Mike Allison.

"With VAT entering a new phase of development, including the move to a new level of operational excellence for long-term competitive success, Stephan is the ideal candidate for the CFO position," said Martin Komischke, chairman of the VAT board of directors. "His broad experience and financial expertise will make him a key contributor to our future success."

Stephan Bergamin holds a PhD in economics from the University of St. Gallen, specializing in Corporate Finance.

Outlook 2018

The moderation of business activities experienced in the third quarter is not expected to recover substantially during the rest of 2018. While overall investment activities in the semiconductor business remain at historically high levels, OEMs continue to adjust their inventory levels further, leading to a reduction in new orders.

As a result, VAT now expects to reach at least prior year's net sales at constant foreign exchange rates. The mid-term EBITDA margin target of 33% by 2020 remains in place and VAT foresees the full-year EBITDA margin to be maintained at around last year's level.

Full-year net income and earnings per share (EPS) are still expected to substantially exceed 2017 levels. This is mainly driven by the absence of a special finance charge from the recycling of non-cash translation reserves recorded in the fourth quarter of 2017.

Capital expenditure is foreseen to be around 8% of net sales in 2018 before returning to about 4% of net sales in the following years.

Free cash flow is expected to exceed the 2017 amount.



Segment data

VALVES

in CHF million	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Order intake	96.5	140.0	-31.1%	399.8	437.9	-8.7%
Net sales	125.4	130.7	-4.1%	438.4	394.5	+11.1%
Inter-segment sales	14.0	10.8	+29.6%	35.1	28.4	+23.6%
Segment net sales	139.4	141.5	-1.5%	473.5	422.9	+12.0%

GLOBAL SERVICE

in CHF million	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Order intake	26.1	28.5	-8.4%	79.7	82.1	-2.9%
Net sales	27.5	26.6	+3.4%	78.2	70.1	11.6%
Inter-segment sales	-	-	-	-	-	-
Segment net sales	27.5	26.6	+3.4%	78.2	70.1	11.6%

INDUSTRY

in CHF million	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Order intake	10.0	10.0	+0.0%	34.1	30.5	11.8%
Net sales	9.8	9.6	+2.1%	32.7	28.7	13.9%
Inter-segment sales	5.4	5.2	+3.8%	18.5	16.6	11.4%
Segment net sales	15.2	14.7	+3.4%	51.2	45.3	13.0%



Additional information

There is a short media and investor conference call today, October 25, 2018, at 10am CET.

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:

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Financial calendar

2019

Event

Friday, March 8, 2019	Full-year 2018 results
Tuesday, April 16, 2019	Q1 2019 Trading update
Thursday, May 16, 2019	Annual General Meeting

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 around 1'900 employees and main manufacturing sites in Haag (Switzerland), Penang (Malaysia) and Arad (Romania). Net sales in the financial year 2017 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.