

Media Release

Haag, Switzerland, October 13, 2022

STRONG ORDER MOMENTUM AND INCREASING SALES; ONGOING INVESTMENTS OF SEMICONDUCTOR SECTOR IN NEXT GENERATION TECHNOLOGIES

Q3 2022 results

- Orders up 4.5% year-on-year to CHF 312 million driven by continued good demand from the semiconductor industry for valves and services
- Group net sales increased to CHF 306 million, up 33.2% vs. Q3 2021
- Book-to-bill ratio of 1.02 and record order backlog of CHF 563 million

Nine months 2022 results

- High investment activity in semiconductor manufacturing equipment coupled with record demand for services; growth in advanced industrial markets continues
- Orders up 21.1% year-on-year to CHF 961 million, sales increased by 32.3% to CHF 855 million

Guidance for Q4 and outlook for full-year 2022

- Order activity expected to remain at robust levels as technology advancements continue
- Semiconductor market outlook continues positive momentum in Q4; moderation in 2023 expected
- Q4 net sales¹ expected at CHF 285 - 315 million as the supply chain situation remains challenging. The Q4 sales guidance does not include any potentially negative impact from the new US rules announced on October 7, 2022, restricting sales of chips and chip making equipment to China as its consequences remain unclear at this stage.
- Full-year net sales¹ forecast at CHF 1.14 to 1.17 billion
- Full-year EBITDA margin expected to be around the half-year level of 35%
- Net income substantially above 2021 level
- Full-year capital expenditure expected to be around CHF 75 million
- Full-year free cash flow substantially above 2021 level despite higher working capital and capex needs

¹ At constant foreign exchange rates

VAT GROUP

in CHF million	Q3 2022	Q2 2022	CHANGE ²	Q3 2021	CHANGE ³	9M 2022	9M 2021	CHANGE ³
Order intake	312.2	354.3	-11.9%	298.7	+4.5%	960.6	792.9	+21.1%
Net sales	305.5	285.9	+6.9%	229.4	+33.2%	854.5	645.7	+32.3%
Order Backlog	563.0	559.4	+0.7%	283.7	+98.4%			

² Quarter-on-Quarter ³ Year-on-Year

Third quarter 2022 summary

Demand in the third quarter of 2022 remained at a healthy level as investments in the semiconductor industry continued to be driven by technology advances and ongoing capacity increases also in the lagging edge platforms. At the same time, demand for service offerings continued to grow as persistent high utilization rates in the semiconductor fabs require high levels of maintenance to prevent shutdowns and to further increase the productivity of these assets. This drove record quarterly sales in both the Valves and Global Service segments. The further ramp of the factory output in Malaysia and Switzerland continued as planned, thanks to the capabilities of VAT's global supply chain organization, enabling the company to provide uninterrupted product deliveries and services to all its customers despite supply and logistical uncertainties.



The Advanced Industrials business unit contributed to VAT's strong Q3 performance by continuing to expand its activities in targeted growth sectors, such as industrial coatings, crystal pulling used to produce silicon and Silicon Carbide and medical equipment devices. The Display & Solar business unit recorded lower orders versus the prior-year period, as expected, while sales increased on the execution of orders received back in 2021.

As a result, Q3 Group net sales reached CHF 306 million, a 33.2% increase compared with the same quarter in 2021 and above the midpoint of the Q3 guidance of CHF 290 - 310 million. Foreign exchange movements, especially the US dollar against the Swiss franc, had a no impact on reported Q3 sales growth. Orders in the third quarter grew 4.5% to CHF 312 million compared to a year earlier and the Q3 book-to-bill ratio of stood at 1.02.

Segment Review

VALVES

in CHF million	Q3 2022	Q2 2022	CHG. ¹	Q3 2021	CHG. ²	9M 2022	9M 2021	CHG. ²
Order intake	244.1	291.0	-16.1%	249.5	-2.1%	776.1	652.8	+18.9%
<i>Semiconductors</i>	187.4	231.5	-19.0%	186.6	+0.5%	602.8	475.3	+26.8%
<i>Display & Solar</i>	20.0	12.4	+60.8%	20.7	-3.2%	47.0	58.5	-19.5%
<i>Advanced Industrials</i>	36.7	47.1	-22.0%	42.2	-13.1%	126.3	119.0	+6.1%
Net sales	251.0	234.2	+7.2%	185.4	+35.4%	699.2	524.2	+33.4%
<i>Semiconductors</i>	191.9	178.1	+7.8%	136.7	+40.4%	532.6	382.2	+39.3%
<i>Display & Solar</i>	17.9	19.9	-9.8%	15.6	+14.7%	57.7	47.1	+22.5%
<i>Advanced Industrials</i>	41.1	36.3	+13.3%	33.1	+24.3%	108.9	94.9	+14.8%
Inter segment sales	22.2	21.9	+1.3%	18.9	+17.4%	64.9	53.1	+22.3%
Segment net sales	273.2	256.2	+6.6%	204.3	+33.7%	764.1	577.3	+32.4%
Order Backlog	489.4	498.3	-1.8%	247.0	+98.2%	489.4	247.0	+98.2%

¹ Quarter-on-Quarter ² Year-on-Year

Valves reported Q3 orders of CHF 244 million, down 16.1% quarter on quarter compared with a very strong order level seen in Q2 of 2022. Year-on-year order intake was down 2.1%, however net sales increased 35.4% to CHF 251 million compared with the same period in 2021.

The year-on-year Q3 order development was mainly driven by the **Semiconductor** business unit, where orders increased 0.5% year-on-year to CHF 187 million. Net sales amounted to CHF 192 million, up 40.4% compared with the third quarter of 2021. End-users continued to invest in new technologies to manufacture the next generation of chips, which plays into VAT's technology leadership. VAT's capabilities to deliver the required products and solutions has further strengthened the companies market position. In addition, the growth initiatives in adjacencies continue to bear fruit.

Semiconductors recorded nine specification wins in the third quarter, bringing the total to 27 for the first nine months, with seven of them resulting from the company's growth initiative to develop new adjacent products that complement its core valves business.

Orders in the **Display & Solar** business unit decreased to CHF 20 million, down 3.2% year-on-year, continuing a trend already witnessed in the first two quarters of 2022. Sales in Q3 increased by 14.7% to CHF 18 million on the execution of orders won in 2021. Fading LCD investments in display can still not be offset by increasing OLED investments. In solar however, positive trends continue both in the PERC and the HJT technologies.

Orders in the **Advanced Industrials** business unit declined in Q3 year-on-year by 13% to CHF 37 million due to the project nature of some of its businesses. Sales however continued to grow in Q3 year-on-year by 24.3% to CHF 41 million in a variety of key markets. Asia, for the first time became the biggest market region, surpassing Europe in that capacity. One of our key strategic focus areas,



Sillicon Carbide grew steadily and we recorded further successes in other strategic priorities fields by delivering several prototypes to scientific instrument customers.

GLOBAL SERVICE

in CHF million	Q3 2022	Q2 2022	CHG. ¹	Q3 2021	CHG. ²	9M 2022	9M 2021	CHG. ²
Order intake	68.1	63.3	+7.5%	49.3	+38.1%	184.5	140.2	+31.6%
Net sales	54.6	51.7	+5.5%	43.9	+24.2%	155.3	121.6	+27.8%
Inter segment sales	-	-	-	-	-	-	-	-
Segment net sales	54.6	51.7	+5.5%	43.9	+24.6%	155.3	121.6	+27.8%
Order Backlog	73.6	61.1	+20.6%	36.8	+100.2%	73.6	36.8	+100.2%

¹ Quarter-on-Quarter ² Year-on-Year

The **Global Service** segment reported Q3 orders of CHF 68.1 million or 7.5% higher than in Q2 and 38.1% higher year-on-year. Sales reached a record volume of CHF 55 million, up 24.2% compared to the same period last year. Strong demand was seen across the entire services portfolio with fab utilization remaining very high and the ramp up of new fab buildouts still ongoing, driving subfab valve growth. The high-capacity utilization is expected to continue into 2023 while the increasing installed base generates a solid stream of service opportunities.

Guidance for Q4 and outlook for the remainder of 2022

VAT expects growth to continue in both its Valves and Global Services segments during the remainder of 2022 as they execute orders at hand while tapping further into significant opportunities offered by their attractive markets. This success is driven by the unparalleled market and technology leadership positions and the successful execution of its proven strategy for profitable growth.

In the **Valves** segment, the company expects further high demand for additional semiconductor manufacturing equipment driven by technology advances in the leading-edge areas in logic. Memory investments which peaked in the first half of 2022, are expected to show a softer development, mainly driven by reduced general consumer and industrial spending. This situation is expected to affect VAT's **Semiconductor** business growth during 2023.

Based on orders on hand for delivery in 2022, VAT expects **Display** sales to grow compared with 2021, however the soft order intake in 2022 indicates a lower level of activity in 2023. Further growth is also expected in the **Solar** PV market as positive trends continue both in the PERC and the HJT technologies.

Forecasts for vacuum-related equipment sales in **Advanced Industrials** markets point to continued growth as the business unit executes its strategic focus in selected growth areas.

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 ongoing demand for all VAT service products as VAT's installed base continuously grows and semi investments that took place several years back are now entering a period of higher maintenance or upgrade requirements.

On this basis, VAT expects net sales in 2022 of CHF 1.14 to 1.17 billion, 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 by getting closer to our customers. 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 2022 EBITDA to increase substantially and the full-year 2022 EBITDA margin to be around the half-year level of 35%, 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 and its related higher free cash flow will partly be offset by higher capex compared to 2021 and the elevated working capital levels, built to maintain production and delivery continuity despite persisting supply chain challenges. Full-year free cash flow is expected to be substantially above the 2021 level despite higher working capital needs and overall capex of around CHF 75 million.

Guidance for Q4 2022

VAT expects Q4 2022 net sales¹ of CHF 285 - 315 million as the supply chain situation remains challenging. The Q4 sales guidance does not include any potentially negative impact from the new US rules announced on October 7, 2022, restricting sales of chips and chip making equipment to China as its consequences remain unclear at this stage.

¹ At constant foreign exchange rates



Additional information

There is a short media and investor conference call today, October 13, 2022, 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

Friday, December 2, 2022	2 nd VAT Capital Markets Day, Zurich
Thursday, March 2, 2023	Q4 and Full-Year 2022 results
Thursday, April 13, 2023	Q1 2023 trading update
Thursday, July 27, 2023	Half-year 2023 results
Thursday, October 12, 2023	Q3 2023 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 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.