



## Media Release

Haag, Switzerland, May 17, 2017

### **VAT OFF TO A GOOD START IN 2017 – ORDERS AND NET SALES IN THE FIRST QUARTER INCREASE SUBSTANTIALLY OVER 2016**

#### **Q1 2017 highlights**

- Strong demand continues for high-vacuum valves, driven by significant investments in semiconductor device and display panel manufacturing capacities and technology upgrades
- Q1 order intake up 35% year-over-year, net sales increase 42%

#### **Outlook 2017 confirmed**

- Revenue growth of at least 20% expected at constant FX rates
- Adjusted EBITDA margin target around 31%
- CAPEX to be around 5% of sales

#### **VAT GROUP**

in CHF million	<b>Jan to Mar 2017</b>	<b>Jan to Mar 2016</b>	<b>Change</b>
Order intake	<b>181.8</b>	134.5	+35.2%
Net sales	<b>164.5</b>	116.0	+41.8%
	<b>Mar 31, 2017</b>	<b>Dec 31, 2016</b>	<b>Change</b>
Order Backlog	<b>140.1</b>	122.1	+14.7%

#### **Positive business conditions continue into 2017**

VAT started the year 2017 on a strong note and continued to capture growth opportunities in a positive business environment. VAT's order intake increased by 35% in the first quarter to CHF 182 million compared to the same quarter in the previous year. Net sales grew to CHF 165 million, representing an increase of 42% compared to the first quarter of 2016.

Favorable currency movements had a positive impact of around one percentage-point on VAT's net sales, compared to a positive impact of about five percentage-points for the full-year 2016. The order book at the end of the first quarter stood at CHF 140 million, an increase of 15% compared to the level at December 31, 2016.

Strong growth in order intake and net sales were mainly the result of continuing favorable market conditions, such as investments in capacity expansions in semiconductors and displays, as well as VAT's ability to quickly ramp up manufacturing output.



## **Substantial growth across all business segments**

### VALVES

The Valves segment reached another record for net sales of CHF 132.7 million in Q1 2017, supported by the ongoing increase of production capacity in Switzerland and Malaysia. Order intake increased to CHF 144.3 million – a plus of 38.6% compared to Q1 2016.

Highlights during the first quarter included the steep production ramp-up of VAT's newly released transfer valve products made in Malaysia mainly for the semiconductor industry, as well as tripling the output of VAT's unique L-Motion transfer valves on very short notice. In addition, VAT successfully launched the latest direct driven servo VAT Butterfly Control Valve system, enabling ultra-fast actuation. At a speed of one-tenth of a second, the VAT Butterfly Control Valve system is the best pick for advanced applications such as Atomic Layer Deposition (ALD) and other high-end manufacturing processes.

Business in the Display & Solar market also developed positively, largely driven by increasing demand for new technologies, such as those related to the ongoing shift from liquid crystal displays (LCDs) to organic light-emitting diode (OLED) displays, where newly designed VAT valves have a competitive advantage.

### GLOBAL SERVICE

Net sales of CHF 21.8 million represent an all-time high for the Global Service segment, 11.8% above Q1 2016. The order intake increased to CHF 27.4 million in Q1 2017 while the segment maintained a book-to-bill-ratio between 1.2x and 1.3x.

The record results were driven mainly by sales of spare parts in the US. In addition, service demand from the semiconductor and display & solar markets was strong in the quarter, reflecting the link to the growth seen in the Valves segment. Recent inquiries for large-scale valve retrofits highlight the positive business outlook for the next quarter.

### INDUSTRY

Net sales in the segment Industry increased by 23.5% to CHF 10.0 million compared to Q1 2016. Order intake also developed positively by 17.2% to CHF 10.2 million.

Growth was driven partly by increased demand for bellows for the semiconductor equipment industry and aerospace applications. In addition, VAT successfully qualified a new membrane damper for use in diesel fuel injection systems in the first quarter. This complements the company's current business in the automotive market based on well-established gasoline membrane dampers that are expected to reach an output of approximately 13 million units in 2017.

### **Outlook 2017**

For 2017, VAT expects market demand to remain strong. Ongoing investments in semiconductor manufacturing equipment and the strong investment cycle for high-vacuum equipment for OLED display manufacturing are expected to be the main drivers of continued



growth. The Modules, General Vacuum, Global Service and Industry businesses are also expected to contribute to a positive 2017 development.

VAT expects to grow full-year net sales by at least 20% at constant FX rates, with stronger growth in the first half of the year compared with the second half. The company also expects to maintain its adjusted EBITDA margin at approximately the same level as 2016. The mid-term EBITDA margin target of 33% remains in place. In the short term, investments to support VAT's ongoing growth, as well as increased costs needed to quickly adapt capacity, are expected to slow the rate of margin expansion towards this target.

VAT expects capital expenditures in 2017 and 2018 to be around 5% of sales, above the target level of 4% of sales over the cycle, again as the result of investments to meet the demands of the growing market.

## Segment data

### VALVES

in CHF million	Jan to Mar 2017	Jan to Mar 2016	Change
Order intake	144.3	104.1	+38.6%
Net sales	132.7	88.4	+50.1%
Inter-segment sales	8.4	9.0	-6.7%
Segment net sales	141.1	97.4	+44.9%

### GLOBAL SERVICE

in CHF million	Jan to Mar 2017	Jan to Mar 2016	Change
Order intake	27.4	21.7	+26.3%
Net sales	21.8	19.5	+11.8%
Inter-segment sales	-	-	-
Segment net sales	21.8	19.5	+11.8%

### INDUSTRY

in CHF million	Jan to Mar 2017	Jan to Mar 2016	Change
Order intake	10.2	8.7	+17.2%
Net sales	10.0	8.1	+23.5%
Inter-segment sales	6.0	2.7	+122.2%
Segment net sales	16.0	10.8	+48.1%



## **Additional information**

There is a short media and investor conference call today, May 17, 2017, at 9am CET.

To participate in the call please dial:

+41 58 310 50 00 (Europe)

+44 203 059 58 62 (UK)

A playback on demand of the call can be accessed through our website [www.vatvalve.com](http://www.vatvalve.com) approximately one hour after the call has finished.

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## **Financial calendar**

Annual General Meeting	May 17, 2017, 3.00pm
Ex-date	May 19, 2017
Dividend payment	May 23, 2017
Half-year 2017 results	August 24, 2017
Q3 2017 trading update	November 10, 2017
Full-year 2017 results	March 9, 2018

## **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 over 1,600 employees and main manufacturing sites in Haag (Switzerland), Penang (Malaysia) and Arad (Romania). Net sales in the financial year 2016 amounted to CHF 508 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.