



Media Release

Haag, Switzerland, December 2, 2020

VAT GROUP CAPITAL MARKETS DAY 2020: POSITIVE GUIDANCE FOR FY 2020 CONFIRMED – 2025 FINANCIAL TARGETS SET

- **VAT confirms superior performance in 2020 with around 20% net sales growth to CHF 680 million and an EBITDA margin of over 30%**
- **Four strategic priorities set to accelerate future growth:**
 - **Market share gains in our core valve business**
 - **Growing Service business by leveraging the increasing installed base of valves and introduction of new products**
 - **Harnessing favourable organic adjacencies within the semiconductor sector & introduction of a next generation digital platform “Connected VAT”**
 - **Diversification and expansion of operational footprint to improve customer proximity and cost base**
- **2025 financial targets of expected sales of about CHF 1.1 billion and an EBITDA band of 30-35% over the cycle**

At today's Capital Markets Day of VAT, Mike Allison, CEO of VAT said: “VAT is the undisputed global leader in the strongly growing vacuum valves business. This is such an exciting time for us as a company, we are at the epicenter of megatrends such as digitalization which will drive our long-term growth across all business segments. Additionally, we are taking steps to accelerate the business development by creating adjacent growth options and the transformation of our operational footprint will bring us closer to our customers as well as improving profitability. Our strategic plan and clear priorities will allow us to meet or exceed the ambitious financial targets we have outlined up to the financial year 2025. VAT is well positioned for long-term success and to deliver outstanding value for all stakeholders over the next five years.”

Leader in a growing industry

VAT has an unrivaled market share position of about 50% in high-end vacuum valves across all industries and even 70% in the semiconductor area. It is about 8x larger than the closest competitor and VAT's share increases with application complexity such as the progression to smaller transistor sizes. VAT is at the center of the Internet of Things, cloud computing and storage, artificial intelligence and many other global digitalization trends which will drive a doubling of silicon chip demand in the next ten years. The growth of semiconductors is leading to strongly increasing demand for vacuum valves. VAT expects the silicon chip market to grow at 8% CAGR over the next five years to about USD 650 billion and to more than USD 1 trillion by the end of the decade.

Strategic priorities to secure sustainable future growth of VAT

VAT has a strong track record of financial excellence since the IPO in 2016. The Company delivered 10.5% growth CAGR and a strong EBITDA performance of 27-31% over the cycle. VAT has now set four strategic priorities to continue its growth and to further improve profitability over the next five years:

1. **Gain market share in core valves business:** The focus on innovation and continuously high levels of R&D investments, even through the recent downturn, are driving VAT's specification wins. Coupled with a fast track development process for VAT's customers and the growing and diversifying operational footprint, VAT has the scale to be the preferred partner of choice for the semiconductor industry. As the customers continue to move to the next generation process tools, VAT will increase its market share by at least 10%.



2. **Grow the service business:** VAT has the largest network of repair centers plus a new portfolio of upgrade products which will drive very strong market share gains and maintain strong profitability in this business. The increasing installed base of valves creates a unique opportunity for VAT's growth of more than 9% CAGR in this segment by 2025.
3. **Harness close valve adjacencies and new digital platform "Connected VAT":** VAT continues to develop new growth options and will expand its focus on close organic adjacencies without deflecting activities on the core business. VAT has identified three key areas to develop: motion components, advanced modules and upstream valves. VAT is expecting to add around CHF 140 million of revenues within five years through these organic adjacencies.

In a second step, VAT creates a new digital framework called "Connected VAT". VAT will add sensors and analytics to future VAT valve products and adjacencies to allow connectivity between them and to provide stronger solutions for customers. Connected VAT will support the addition of diagnostics, sensors and new differentiating technology and further fuels the transition to a digital future.

4. **Improve operational footprint:** VAT Switzerland will remain the backbone of its operational footprint while future growth is targeted at its expanded facility in Malaysia. This improves customer proximity, business continuity plans and our overall cost basis. Transforming its supply chain and factory footprint will increase best cost country operations from less than 20% today to over 50% by 2025. This will also help mitigate the challenges that a strong Swiss Franc presents.

FY 2025 financial targets

VAT also gave an update in its financial guidance for the period between 2020 and 2025. Over this five year period, VAT expects the following¹:

- High single digit sales growth over the cycle
- EBITDA margin corridor of 30-35% of sales
- Free cash flow conversion rate of 60-65% of EBITDA
- Return on invested capital (ROIC) of over 40%
- Capex remains 4-5% of sales
- R&D spending of 5-6% of sales
- Dividend pay out of up to 100% of free cash flow as long as the leverage is 1x net debt to EBITDA

¹ Guidance assumes an USD/CHF exchange rate of 0.9:1 and an unchanged scope of consolidation



Additional information

VAT's Capital Markets Day can be followed via a [live webcast](#) or via phone (+41 58 310 50 00) starting at 1pm CET. The presentations are available from 12.00pm CET on www.vatvalve.com. A playback of the webcast can be accessed through our website approximately 24 hours after the webcast has finished.

In case of any difficulties with pre-registration, participants may dial one of the following numbers:

+41 58 310 50 00 (CH/Europe)
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Financial calendar 2021

Thursday, March 4, 2021	Full-year 2020 results
Thursday, April 15, 2021	Q1 2021 trading update
Tuesday, May 18, 2021	Annual General Meeting
Thursday, August 5, 2021	Half-year 2021 results
Friday, October 15, 2021	Q3 2021 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 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 1'800 employees and main manufacturing sites in Haag (Switzerland), Penang (Malaysia) and Arad (Romania). Net sales in the financial year 2019 amounted to CHF 570 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.