



“Ad hoc announcement pursuant to Art. 53 LR”

## Media Release

Haag, Switzerland, December 2, 2022

### **VAT GROUP CAPITAL MARKETS DAY 2022: INCREASING GLOBAL DIGITALIZATION AND DEMAND FOR SEMICONDUCTORS THE BACKBONE OF VAT’S CHF 2BN TARGET BY 2027**

- **Four strategic priorities to accelerate growth:**
  1. Further increase market share in all core businesses and markets
  2. Expand customer value and Share of Wallet in valve-adjacent markets
  3. VAT2B – Build strong capabilities to deliver on strategy and further improve operational excellence and scalability
  4. Execute VAT’s ESG strategy that creates value for all stakeholders
- **2027 targets: Net sales at CHF 1.8-2.2 bn and EBITDA margin at 32-37% over the cycle**

VAT, the world’s leading manufacturer of high-end vacuum valves, today updated its strategic priorities and financial targets for the period 2023 to 2027. The company continues to forecast a favorable medium-term demand environment, driven by the need for increasingly sophisticated semiconductors to drive digitalization, renewable energy, and other positive megatrends.

“VAT remains the undisputed global leader in vacuum valves, and we have further strengthened our market and technology position since our last Capital Markets Day in 2020,” said Michael Allison, VAT’s CEO. “We’re at the epicenter of long-term market expansion, we continue to build our technology advantage and our significant efforts in operational excellence are paying off.”

“We’ve witnessed unprecedented growth over the past two years and the medium-term outlook remains very positive,” Allison said. “As previously mentioned, we expect cyclically softer demand in the short term as semiconductor manufacturers slow capital investments in new production. We’re seeing some signs of this in the fourth quarter and expect it to continue through 2023.”

#### **Leader in a growing industry**

VAT’s high-end vacuum valves are mission-critical components in the manufacture of semiconductors, the driving force behind global digitalization and long-term trends such as cloud computing, smart devices, the Internet of Things, and artificial intelligence. In addition, semiconductors are becoming increasingly important in a variety of other applications, such as the integration of renewable energy into power grids, advanced metrology, and the development of nano-scale medical devices to improve health care. As a result, the global silicon chip market is expected to grow at a compound average annual rate (CAGR) of 9% until 2030, to USD 1.0-1.3 trillion.

These trends play to VAT’s technology and market strengths. As semiconductors become smaller, more powerful, and more complex, demand is growing for the cleanest possible manufacturing environments. By ensuring the lowest levels of particle contamination, collaborating closely with the largest customers in the sector and providing a fast and responsive global service network, VAT has grown its market share by some 20 percentage points over the past seven years. Today, VAT’s share stands at about 60% in high-end vacuum valves across all industries, and approximately 75% in the semiconductor sector, VAT’s biggest market. This is about eight times larger than its closest competitor.



## Strategic priorities to secure sustainable growth

Since its last Capital Markets Day in December 2020, VAT has made good progress towards its 2025 targets. Group sales are expected to reach just over CHF 1.1 billion in 2022 (2025 target of CHF 1.5 billion) and grew by an average of 29% a year (CAGR) between 2020 and 2022. VAT's EBITDA margin is expected to reach around 35% in 2022 (2020-25 target corridor of 32-37%).

For the period from 2023 to 2027, VAT has set four strategic priorities to continue its growth and further improve operational excellence:

- 1. Gain market share in all core businesses and markets:** With its focus on innovation and strong R&D investment, VAT continues to increase its "spec win rate". These are new products developed in collaboration with customers for the manufacture of future generations of semiconductors and other digital devices and thus serve as an indicator of future growth potential. In 2022, VAT achieved a "spec win rate" of more than 95% on these projects. In addition, VAT is investing in flexible production capacity ahead of the curve to strengthen its market position, as the preferred partner for all its customers and especially in the semiconductor sector, where VAT expects to gain more than 10 percentage points of market share by 2027.
- 2. Expand Share of Wallet in adjacencies:** At its 2020 Capital Markets Day, VAT outlined its strategy to grow its business beyond valves and into the so-called vacuum adjacencies space (such as motion components and advanced modules). VAT has successfully been growing this business and now expects to achieve over CHF 300 million in sales in this space by 2027. Beyond this timeframe, VAT is already today looking into additional semiconductor- and advanced industrial-related business opportunities to continue its growth well into the next decade.
- 3. VAT2B – Build strong capabilities to deliver on the strategy and further improve operational excellence and scalability:** To execute on its growth strategy, VAT is implementing a program called VAT2B to strengthen the business along three key dimensions: people, structure, and processes. The company is building on the experience gained during the transition from a family-owned business to a public company listed on the SIX Swiss Exchange in 2016. The company has also successfully managed a period of unprecedented growth, combined with global footprint expansion, significant supply change challenges and a global pandemic.
- 4. Provide a clear ESG proposition that creates value for all stakeholders:** Since its foundation more than 50 years ago, VAT has strived not only to grow the business but to do so in a sustainable way. Today, with the ever-increasing importance of environmental, social and governance performance in business success, VAT aims to become best-in-class in ESG by addressing a wide stakeholder group.

Michael Allison is convinced that VAT is well positioned to benefit from its leading position in a growth market combined with its competitive advantages in technology, customer relationships and people. "Semiconductors are changing the way the world works, driving advances in everything from communications and transportation to health care and clean energy," he said. "We'll continue to play a key role in the development of this new world, while building a platform for long-term success and delivering sustainable value for all our stakeholders."



## 2027 financial targets

VAT provided its financial guidance for the five-year period 2023 to 2027, as follows<sup>1</sup>:

- Low double-digit sales growth over the cycle at midpoint of guidance of CHF 1.8bn to CHF 2.2bn
- EBITDA margin corridor of 32-37% of sales
- Free cash flow conversion rate of 60-65% of EBITDA
- Return on invested capital (ROIC) of over 45%
- Capex remains 4-5% of sales
- R&D spending of 5-6% of sales
- Dividend payout of up to 100% of free cash flow to equity

## Additional information

VAT's Capital Markets Day can be followed via a [live webcast](#) or via phone (+41 58 310 50 00) starting at 10.30am CET. The presentations are available from 10.00am CET on <https://ir.vatvalve.com/en/home>. 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)  
+44 207 107 06 13 (UK)  
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## Financial calendar

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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

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We change the world with vacuum solutions – that is our purpose as the world's leading developer, manufacturer and supplier of high-end vacuum valves. VAT vacuum valves are mission-critical components for advanced production processes of innovative everyday products such as portable devices, flat screen monitors or solar panels. VAT reports in two different segments: Valves and Global Service. Under the latter, we provide our customers with original spare parts, maintenance, technical support and training for various vacuum valve applications. With over 2,500 employees worldwide, representatives in 29 countries, net sales of CHF 901 million (2021) and manufacturing sites in Switzerland, Malaysia, Romania, and Taiwan, we are sustainably shaping our highly specialized market.

## FORWARD-LOOKING STATEMENT

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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.

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<sup>1</sup> Guidance assumes a USD/CHF exchange rate of 0.95:1 and an unchanged scope of consolidation