

Dear Shareholders,

We started 2020 gearing up for a return to growth after the cyclical downturn we saw in the previous two years. But by the end of the first quarter, all our efforts were aimed at coming to grips with the global coronavirus pandemic.

The pandemic has profoundly affected every aspect of our lives. Restrictions on movement and other measures to dampen the spread of the virus have created huge uncertainties and demanded significant sacrifices from individuals, families and communities. The economic impacts have been profound. Many businesses, large and small, have suffered.

VAT has the advantage of being in a system-critical industry. Our vacuum valves are needed to make the semiconductors on which the world economy depends, whether for computers, smart phones, medical equipment or the data centers that enable us to better manage this increasingly complex world.

Our people give us another advantage. Despite the unprecedented challenges presented by COVID-19, they have shown an unflagging commitment to serving our customers. This includes the discipline needed to keep each other, our suppliers and our customers connected yet safe as we rapidly implemented measures in all of our locations to contain the pandemic.

These advantages underlie our record EBITDA, EBITDA margin and free cash flow in 2020. We continued to build our leading market share, launch new products, expand our global service business and increase the flexibility, speed and efficiency of our global footprint. It was a remarkable achievement, and I am proud of our employees' engagement and solidarity through this difficult period. On behalf of the Board of Directors, I would like to thank them all for their outstanding performance in 2020.

Last year, we also held our first capital markets day, when Mike Allison, our CEO, along with other senior management, explained how we intend to generate profitable growth in the years to come. We see four key drivers: gaining market share in our core valves business; growing our global service business; expanding into value-adding adjacencies; and continuing to improve our operational performance and optimizing our global footprint.

Market share in this highly demanding industry is built on cutting-edge technology and the ability to innovate quickly. We have consistently invested more than our competitors in research and development and have cultivated a deep knowledge of what technologies our customers need. As the industry moves to the high-precision semiconductors of the future, we intend to use our market and technology leadership to build our No. 1 market share even further.

Service is another area where we can build market share through innovation. VAT currently has more than one million valves installed around the world. The largest service network in the industry means we can support our customers quickly, wherever they are. And we're developing new service products to make repair and replacement faster so that our customers face less down time.

The third pillar in our strategy is to expand into profitable adjacent applications, such as motion components and device interconnectability. We'll make VAT valves smarter, with precise analytic and control algorithms that will create significant value for our customers.

Finally, we will continue to drive operational excellence, delivering more value to our customers, faster and more efficiently, and more value to our shareholders through profitable growth.

“Despite the unprecedented challenges presented by COVID-19, our people have shown an unflagging commitment to serving our customers.”



DR. MARTIN KOMISCHKE
CHAIRMAN OF THE BOARD OF DIRECTORS

Value creation also needs to be sustainable over the long term, not just for our customers and shareholders, but also for our people and the communities where they work and live. We address this in various ways, such as offering our people opportunities to develop their skills, transferring know-how across borders, and expanding our value chain into new communities. We're also reducing our impact on the environment in areas such as packaging and energy supply. We remain committed to creating a sustainability culture of which our employees can be proud, and that helps grow the business profitably so that we can continue to deliver superior value long into the future.

I'd also like to thank you, our shareholders, for supporting us as we continue to grow this exciting business. Buoyed by a strong year in 2020 and a positive long-term outlook driven by the steady growth of global digitalization, we will recommend a 12.5% higher dividend of CHF 4.50 per share at our Annual General Meeting in May.

We look optimistically into 2021. The remarkably fast development of vaccines against the coronavirus shows the enormous power of human ingenuity. We at VAT strive to emulate this in our own way to create value and build a better future. I look forward to continuing this endeavor together with you in the coming years.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Komischke'.

Martin Komischke