

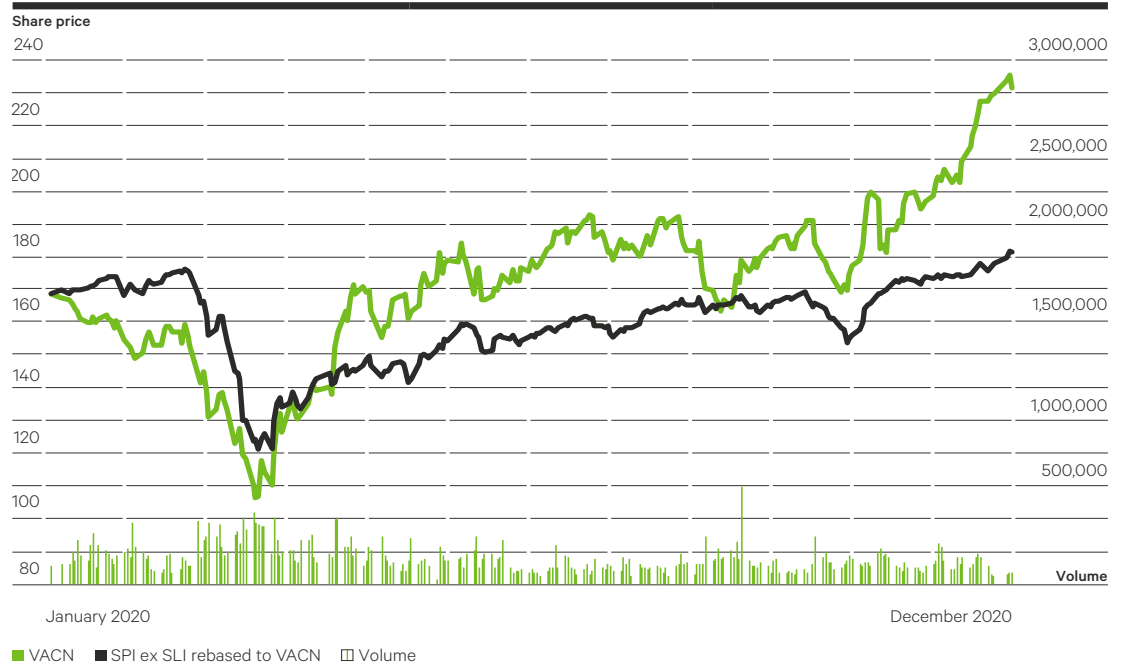
Shareholder Information

Despite the COVID-19 pandemic and the associated market uncertainty, VAT's share price developed positively during 2020. Demand remained healthy in the semiconductor sector, the company's most important market, due in large part to its designation as system relevant during the pandemic. The widespread shift to home office and other remote work activities also accelerated some of VAT's long-term growth drivers, such as Big Data, device interconnectivity, the Internet of Things and artificial intelligence. As a result, VAT again extended its No. 1 market position in 2020. Higher revenues and ongoing internal improvement measures allowed VAT to increase its EBITDA margin by over 4 percentage points compared with 2019, reaching a record 31.4%. Free cash flow also reached an all-time high, allowing VAT to propose to its shareholders a dividend increase to CHF 4.50 per share from CHF 4.00 a year earlier.

Stable shareholder base

VAT's core shareholder base remained largely unchanged compared with 2019, with the exception of Invesco Ltd., a US institutional investment firm, who reduced their position from 6.6% at the end of 2019 to just below 3% at the end of 2020. BlackRock Inc. in turn increased its position in VAT to about 6% in early 2021. As of the publication of this annual report, there are five shareholders who each own more than 3% of VAT's outstanding shares and whose cumulative shareholding amounts to about 28% of VAT's shares. The free float of VAT shares, as defined by the SIX Swiss Exchange, was approximately 89% at the end of 2020. The number of registered shareholders decreased from about 11,500 at the end of 2019 to about 10,500 at the end of 2020.

Share price development



In 2020, the price of VAT shares increased by about 35% from CHF 163.55 to CHF 220.80. During the same period, the Swiss stock market as measured by the SPI ex SLI® TR Index increased by 7%. On May 20, 2020, shareholders received a dividend of CHF 4.00 per share, half of the amount paid from capital contribution reserves, the other half from accumulated gains.

Stock exchange listing

Ticker symbol	VACN (SIX); VACN.S (Reuters); VACN SW (Bloomberg)	Legal Entity Identifier (LEI)	529900MVFK7NVALR7Y83
Valor number	31 186 490	Nominal value	CHF 0.10 per share
ISIN	CH0311864901	Free Float	Approximately 89%
Market capitalization as of December 31, 2019	CHF 6.6 bn	Number of shares outstanding	30,000,000
Exchange	SIX Swiss Exchange (International Reporting Standard)	Segment	Mid & Small Cap Swiss shares

Distribution of shareholders by domicile and breakdown of registered shareholders by numbers of shares held

Switzerland	39%
Other countries	18%
Shares in transit	43%

The vast majority of registered shares not held in Switzerland are held in the rest of Europe (mainly the UK) and the US.

Number of shares held

1–100 shares	4,655
101–1,000 shares	4,978
1,001–10,000 shares	659
10,001–100,000 shares	116
100,001–1,000,000	17
More than 1,000,000 shares	2
Total number of shareholders	10,427

Market Capitalization

in CHF bn as of December 31, 2020

6.6

Disclosure of shareholdings

With effect from January 1, 2016, under Art. 110 of the Federal Act on Financial Market Infrastructure (Financial Market Infrastructure Act, FinMIA), anyone who acquires or sells equity securities on their own account and thereby attains, falls below or exceeds the threshold of 3, 5, 10, 15, 20, 25, 33⅓, 50 or 66⅔% of the voting rights in a company (whether or not such rights may be exercised), is subject to a reporting obligation. This obligation applies to anyone who directly, indirectly or in concert with third parties acquires or disposes of shares in a company incorporated in Switzerland whose equity securities are listed in whole or in part in Switzerland. It also applies to anyone who can exercise the voting rights attached to such equity securities at their own discretion. Disclosure must be made to the company and stock exchanges on which the equity securities in question are listed.

Significant shareholders

Information on significant shareholders is disclosed on page 43 of this report.

Dividend policy

VAT Group AG is committed to an attractive dividend policy that reflects the company's strong free cash flow generation and solid balance sheet. In line with this policy, VAT Group intends to distribute to its shareholders up to 100% of free cash flow to equity (FCFE) so long as the Group's net debt does not significantly exceed 1x EBITDA.

For the fiscal year 2020, VAT's Board of Directors is proposing to pay out a dividend of CHF 4.50 per registered share out of reserves from capital contributions.

Disclosure policy

VAT Group AG is committed to open and transparent communication with shareholders, financial analysts, customers, suppliers and all other stakeholders. VAT aims to communicate material developments in its businesses in a timely manner and in compliance with the rules of the SIX Swiss Exchange.

Dividend Payout Ratio

in % of Free Cash Flow to Equity

94.4

Investor Relations

VAT's Investor Relations team manages the company's interaction with the financial community, including attendance at key investor conferences and providing institutional investors and analysts with various opportunities to learn more about VAT Group's strategy, business operations and governance. Investor Relations is based at the Group's headquarters in Haag, Switzerland.

More information is available on the VAT Group website: <http://www.vatvalve.com/InvestorRelations/investor-relations>.

Key data on VAT registered shares

		2020	2019
Share capital	CHF	3,000,000	3,000,000
Number of shares on December 31		30,000,000	30,000,000
Nominal value per share	CHF	0.10	0.10
Shares outstanding		30,000,000	30,000,000
EBITDA per share	CHF	7.24	5.13
Free cash flow per share	CHF	4.90	4.66
Book value per share	CHF	18.59	17.45
Dividend per share ¹	CHF	4.50	4.00
Share price high	CHF	224.20	164.30
Share price low	CHF	107.65	82.15
Closing share price on December 31	CHF	220.80	163.55
Average daily trading volume	Shares	149,347	160,00

¹ Proposed by the Board of Directors

Financial Calendar

Date	Event
2020	
Thursday, April 15, 2021	Q1 2021 trading update
Friday, May 7, 2021	Closing of share register, 5.00 pm CEST
Tuesday, May 18, 2021	Annual General Meeting
Thursday, May 20, 2021	Ex-date
Tuesday, May 25, 2021	Dividend payment
Thursday, August 5, 2021	Half-year 2021 results
Friday, October 15, 2021	Q3 2021 trading update

5-year key figures

In CHF million	2020	2019	2018	2017	2016	CAGR 2016-2020
Order intake	724.5	585.0	648.0	736.2	561.9	6.6%
Order backlog as of December 31	145.3	114.5	113.6	165.6	122.1	4.4%
Net sales	692.4	570.4	698.1	692.4	507.9	8.1%
Gross profit	430.1	345.4	419.5	431.9	318.0	7.8%
Gross profit margin	62.1%	60.6%	60.1%	62.4%	62.6%	-
EBITDA adjusted ¹	-	-	-	215.1	158.1	-
EBITDA margin adjusted ¹	-	-	-	31.1%	31.1%	-
EBITDA	217.2	154.0	215.2	212.2	149.6	9.8%
EBITDA margin	31.4%	27.0%	30.8%	30.6%	29.5%	-
EBIT	176.3	107.7	179.7	178.7	118.3	10.5%
EBIT margin	25.5%	18.9%	25.7%	25.8%	23.3%	-
Net income ²	133.5	74.8	135.7	115.7	67.2	18.7%
Net income margin	19.3%	13.1%	19.4%	16.7%	13.2%	-
Basic earnings per share (in CHF)	4.45	2.50	4.53	3.86	2.43	16.3%
Diluted earnings per share (in CHF)	4.45	2.49	4.52	3.86	2.42	16.4%
Cash flow from operating activities	172.8	157.7	171.7	155.6	146.4	4.2%
Capex ³	25.9	18.0	48.0	47.6	19.2	7.7%
Capex margin	3.7%	3.2%	6.9%	6.9%	3.8%	-
Free cash flow ⁴	147.0	139.9	123.9	108.5	128.1	3.5%
Free cash flow margin	21.2%	24.5%	17.7%	15.7%	25.2%	-
Free cash flow conversion rate ⁵	67.7%	90.8%	57.5%	51.1%	85.6%	-
Free cash flow to equity ⁶	143.0	135.4	119.6	104.4	117.5	5.0%

As of December 31 In CHF million	2020	2019	2018	2017	2016	CAGR 2015-2019
Total assets	1,001.6	972.7	968.2	991.1	883.4	3.2%
Total liabilities	446.3	449.2	404.0	433.1	972.8	-17.7%
Equity	555.4	523.4	564.2	558.0	510.6	2.1%
Net debt	128.5	144.3	147.6	143.7	133.9	-1.0%
Net debt/EBITDA	0.6	0.9	0.7	0.7	0.9	-9.8%
Invested capital ⁷	423.8	356.1	358.3	327.0	246.1	14.6%
NOPAT ⁸	161.0	103.4	155.2	159.6	110.1	10.0%
Return on invested capital (ROIC)	41.3%	28.6%	43.3%	48.8%	44.7%	-
Dividend per share ⁹ (in CHF)	4.50	4.00	4.00	4.00	4.00	-
Payout ratio ¹⁰	94.4%	88.6%	100.4%	115.0%	102.1%	-
Number of employees ¹¹	2,041	1,810	1,712	1,946	1,439	9.1%

1 Adjusted EBITDA in 2015, 2016 and 2017 excludes one-off items related to the IPO in April 2016.

2 2015 includes interest cost on shareholder loan.

3 Capex comprises purchases of property, plant and equipment, and intangible assets and proceeds from sale of property, plant and equipment.

4 Free cash flow is calculated as cash flow from operating activities minus cash flow from investing activities.

5 The free cash flow conversion rate is calculated as free cash flow as a percentage of EBITDA.

6 Free cash flow to equity is calculated as cash flow from operating activities less cash flow from investing activities less interest paid and the current portion of loan and borrowings due at the end of the period.

7 Invested capital is defined as total assets (excluding current income tax receivables, goodwill, acquired technology & customer relationships, brands & trademarks and

deferred income taxes) (current income tax liabilities) less non-current liabilities (excluding loans & borrowings and deferred income tax liabilities), less current liabilities (excluding loans & borrowings and deferred income tax liabilities).

8 Net operating profit less adjusted taxes (NOPAT) is calculated as EBITDA minus depreciation and amortization (excluding amortization of acquired technology and customer relationships) plus finance income (excluding foreign exchange gains/losses from financing activity) less taxes at the average Group rate of 16% (previous year: 16%).

9 2020 dividend proposal of the VAT Board of Directors to its shareholders at the AGM on May 18, 2021.

10 Percentage of free cash flow to equity proposed to be paid out as dividend

11 Number of employees expressed as full time equivalents (FTE).