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# VAT – Global leaders in Vacuum Valve Technology

Second quarter and half-year 2021 results

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# Second quarter and half-year 2021 results

## Agenda



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1. Highlights
2. Second quarter and half-year 2021 financial review
3. 2021 market expectations and outlook
4. Q&A

Mike Allison, CEO

Fabian Chiozza, CFO

Mike Allison, CEO

## Record Q2 and half-year 2021 results; very positive 2021 outlook confirmed



Strong Q2 business execution

Strong Q2 results driven by record quarter in Global Services, Semi and Advanced Industrial markets



Strong H1 order intake

High double digit six months order growth in all business units; strongest Semi, followed by Advanced Industrials, Global Service and Display & Solar



Record performances

Half-year record orders, sales, EBITDA, EBITDA-margin and free cash flow; some FX headwind and input cost inflation



Strong operational performance

Ramp of factory in Malaysia on track, Haag factory further optimized; supply chain well managed



Optimistic 2021 outlook

Optimistic market assumptions for 2021 and into 2022; substantially higher 2021 results expected including sales, EBITDA, EBITDA-margin and free cash flow and net income

~58%

market share &  
partner of choice  
to our customers

# Our business focus & performance

## Market share gains and strong business execution drive 6M 2021 results



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### Our business segments (Share of 6M 2021 net sales)

**Valves**  
(81%)



**Global Service**  
(19%)



### Delivering outstanding performance

**494** (+38%)

Half-year 2021 order intake (M CHF)

**416** (+31%)

Half-year 2021 net sales (M CHF)

**33.9%**

Record EBITDA margin<sup>1</sup>

**61** (+52%)

Record half-year free cash flow (M CHF)

**>45** (+21%)

Strong specification win trend

**0.8x**

Leverage ratio (NET debt / LTM EBITDA)

<sup>1</sup> since IPO in April 2016

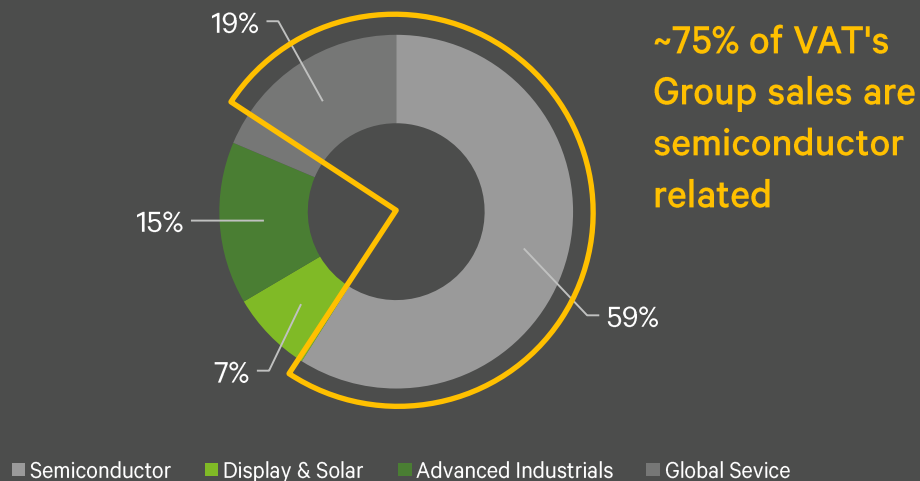
# Our markets

## Semiconductor are our driving force

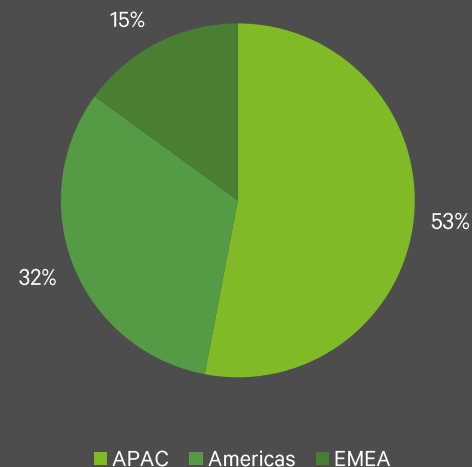


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### Sales breakdown by market segment 6M 2021



### Regional Sales Breakdown 2020



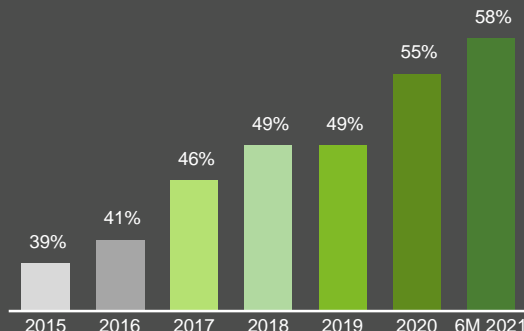
# Market share development

## Market share growth continues; harnessing innovation strength and customer focus

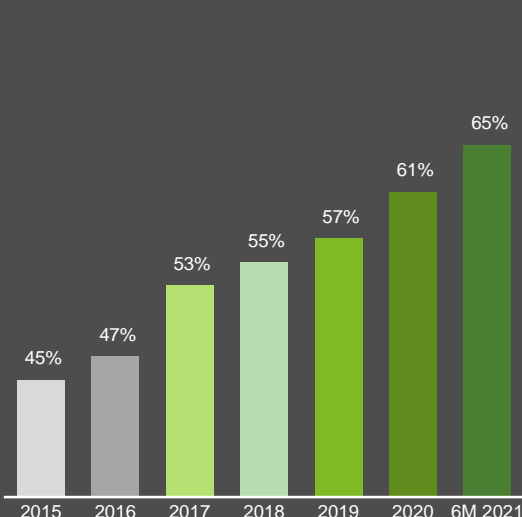


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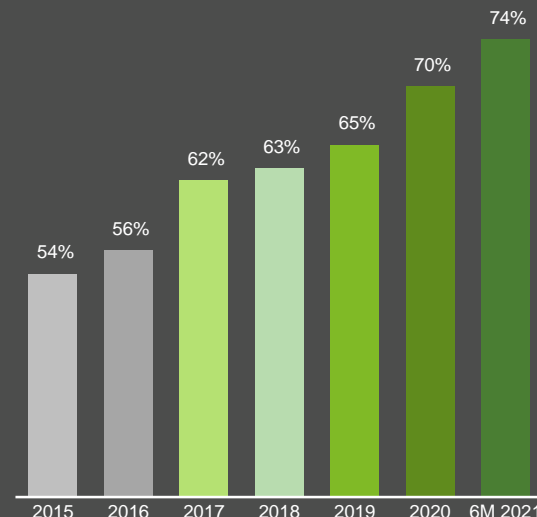
Market share All Industries <sup>1</sup>  
Total vacuum valve market size  
6M 2021: USD 596m



Market share Semi & Related <sup>2</sup>  
Total vacuum valve market size  
6M 2021: USD 441m



Market share Semi <sup>3</sup>  
Total vacuum valve market size  
6M 2021: USD 340m



Source: VLSI Research August 2021, H1 2021 data preliminary

<sup>1</sup> All Industries includes semi & related, general vacuum.

<sup>2</sup> Semi & related includes Semiconductors, Displays, Solar, LED Lighting, Hard Disk Drive.

<sup>3</sup> Semi includes Semiconductors, LED and HDD

# Market trends 2021

## Strong growth trends across Semi, Advanced Industrials and Global Service



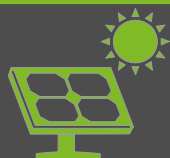
### Semiconductors

- Strong growth as recovery continues, WFE expected to be up >30% to about USD 85bn; all segments (memory, foundry and advanced logic) growing
- Technology advances continue driven by EUV and industry investing in next nodes



### Display

- Overall investments conditions remain challenging as LCD investment cycle fades despite work from home trends
- OLED projects for mobile and flexible remain on track, but large screen investments with low activity



### Solar

- Recovery from 2020 downturn continues
- PERC remains major technology, heterojunction technology making advances



### Industry & Research

- Strong rebound from 2020 downturn in all relevant sectors such as coating, scientific instruments or automotive
- Good research spending by governments especially in US, Japan and Korea

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# Financial highlights six months 2021

## Group key figures



Orders  
CHF 494m  
+38%

Net sales  
CHF 416m  
+31%

EBITDA  
CHF 141m (+49%)  
EBITDA margin  
33.9% (+4.2ppt)

Net income  
CHF 99m  
+78%

Free cash flow  
CHF 61m  
+52%

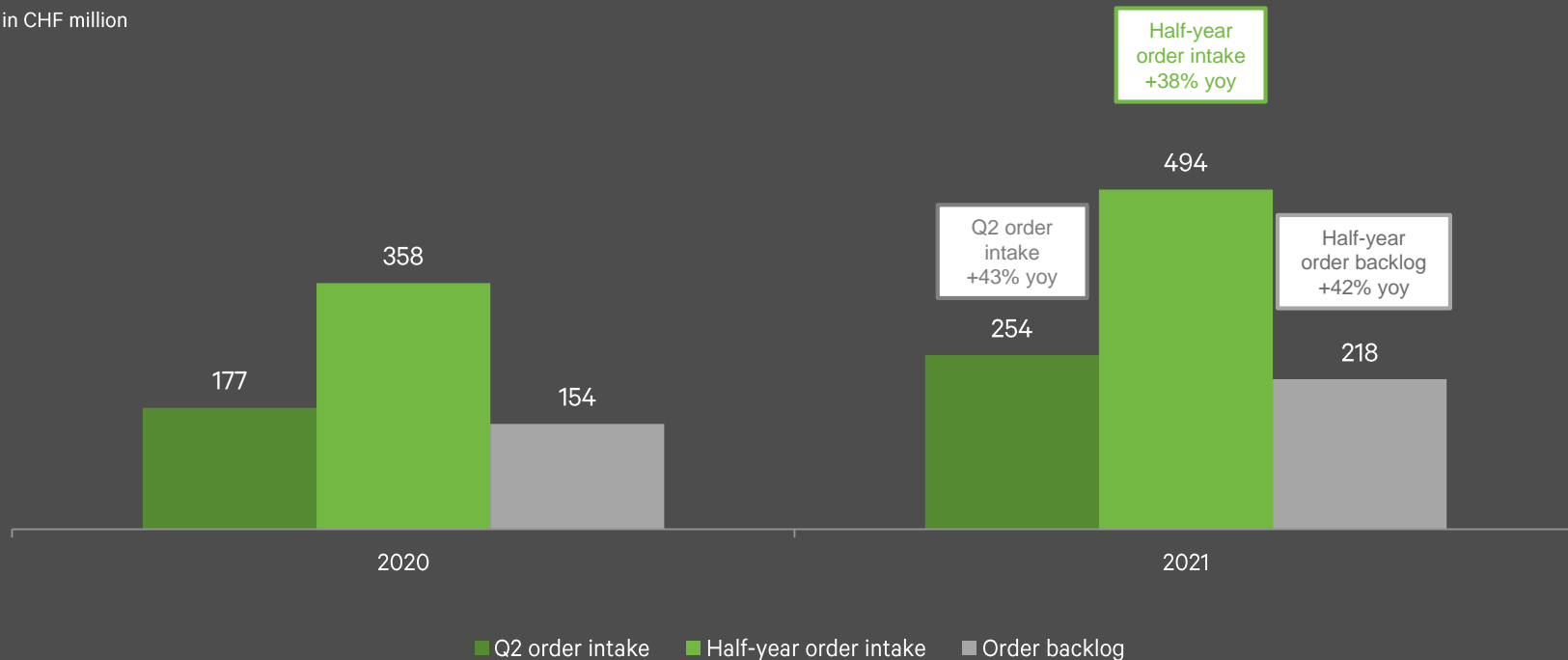
Leverage  
(Net debt/LTM EBITDA)  
0.8x

## Order intake

Q2 21 order intake 43% above Q2 20 as market activity remains high and share gains continue

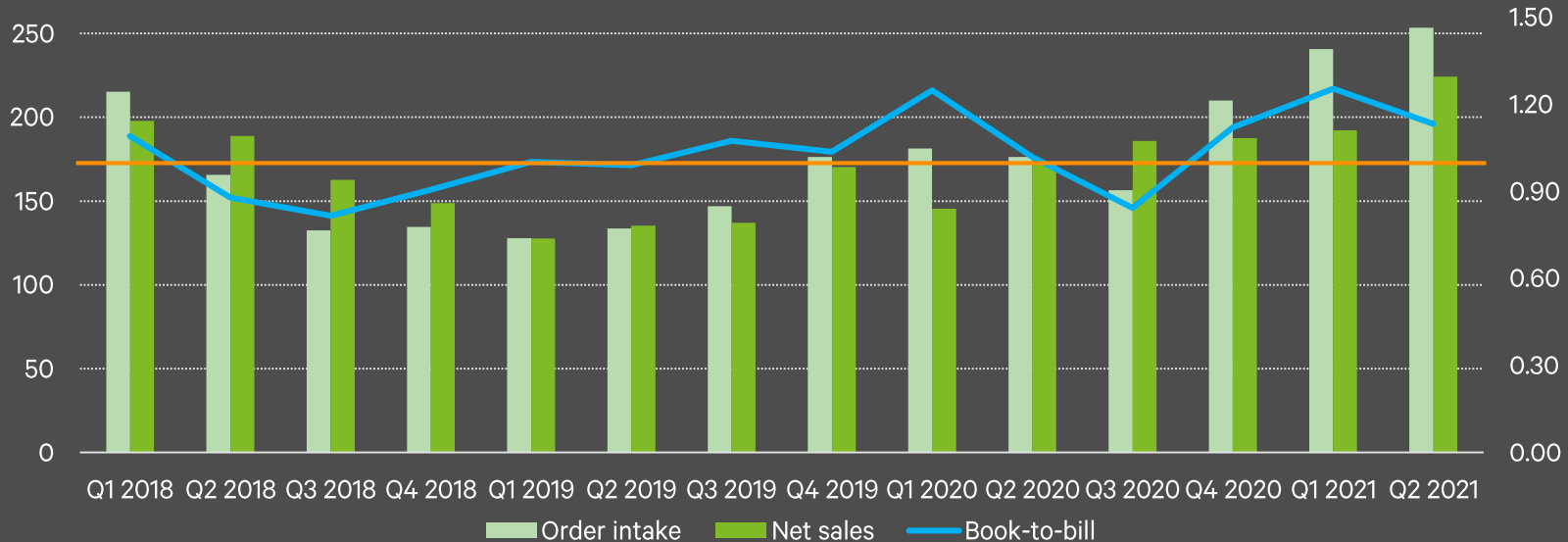


in CHF million



## Orders and sales

Strong order momentum continues; sales growth supported by capacity ramp in Malaysia



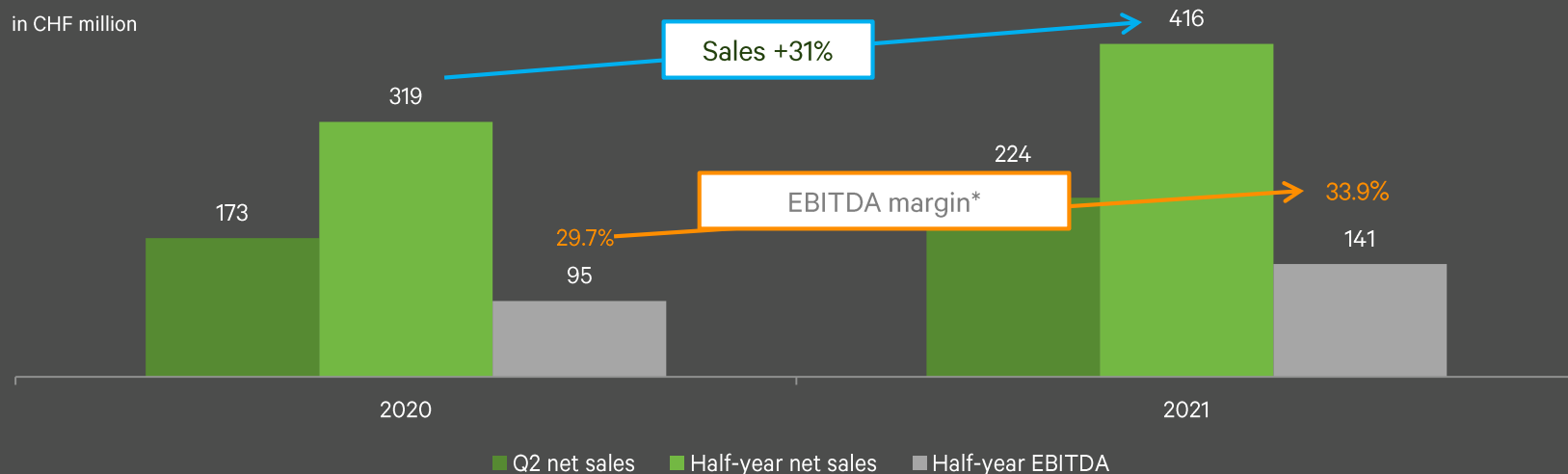
- Strong order momentum driven by high industry capex in semiconductors due to chip shortage and technology advances
- 6M Book-to-bill ratio of around 1.2 x and high order backlog of CHF 218 million bode well for rest of 2021

## EBITDA and EBITDA-margin



# Record EBITDA and EBITDA-margin due to operational leverage and continued productivity and cost focus

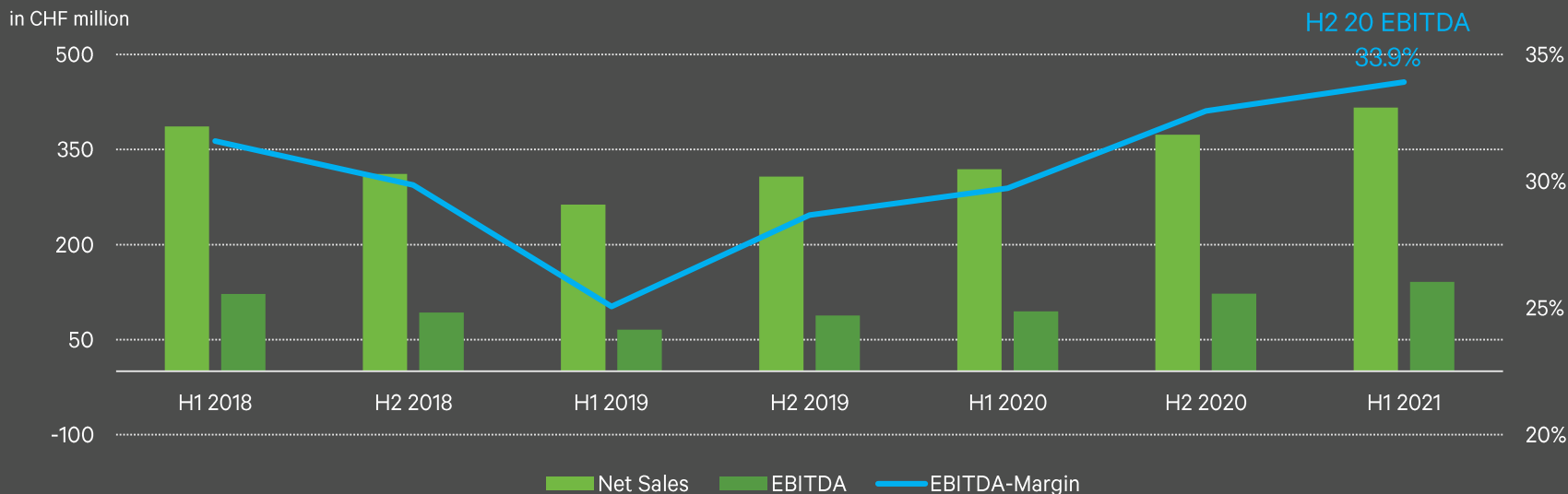
in CHF million



- Adverse FX movements (mainly USD/CHF) negatively impacted sales by about 5 percentage points
- Margin expansion continues despite rising input costs and investments in additional growth

## Record EBITDA margin

# Margin development on track towards upper end of target band

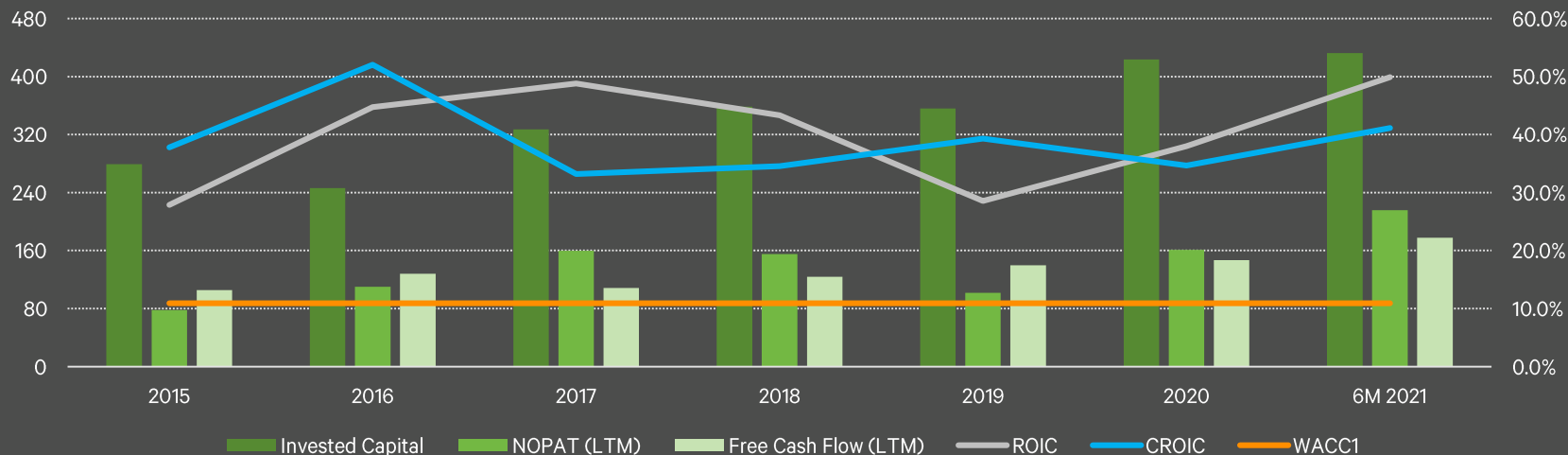


- The EBITDA margin continues to improve sequentially and year-on-year
- Half-year EBITDA-margin at record level<sup>1</sup>
- Operational leverage strong despite increasing costs from supply chain

<sup>1</sup> reflecting time period since IPO in April 2016

## Sustainable value creation

# VAT's business model generates consistently high economic profit on invested capital



- The return on invested capital (ROIC) and the cash return on invested capital (CROIC) are both substantially above the Group's weighted average cost of capital (WACC, 10.9% as used in the 2020 impairment test)
- Sustainable generation of economic profit over the cycle benefits all VAT stakeholders

• ROIC calculated as NOPAT over invested capital  
• CROIC calculated as Free cash flow over invested capital  
• 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 net foreign exchange gains/losses from financing activity) less taxes at the average Group rate of 16% (previous year 16%).

# Below the EBIT line

## Substantial increase in net income



in CHF million	6M 2021	6M 2020	Change
EBITDA	141.2	94.8	49.0%
Depreciaton and amortization	-20.6	-20.4	1.4%
EBIT	120.6	74.4	62.1%
Finance net	-2.5	-9.9	-75.3%
EBT	118.1	64.5	83.2%
Income tax expenses	-18.9	-8.8	
Effective Tax Rate	-16.0%	-13.6%	
Net income	99.2	55.7	78.0%

- Higher EBITDA and lower finance net more than offset higher tax charge; net income and EPS up 78%
- Tax charge expected to gradually move back towards target band of between 18% – 20% of EBT due to higher volumes from foreign production sites

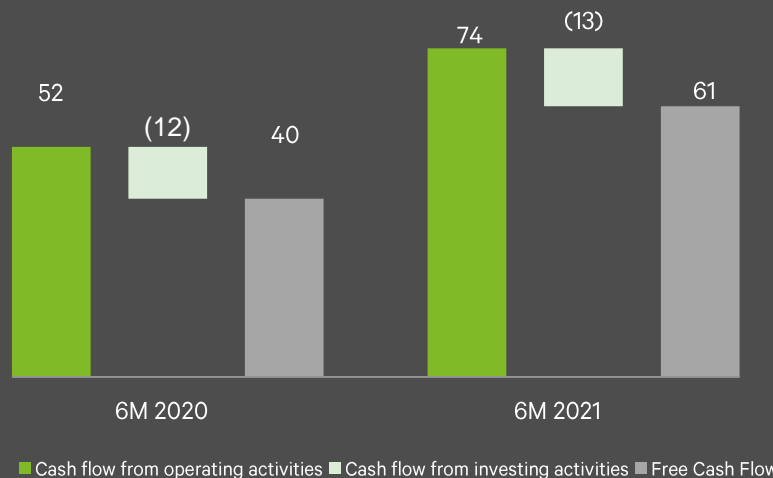
## Free cash flow

# Record free cash flow despite TWC requirements and higher capex to support growth

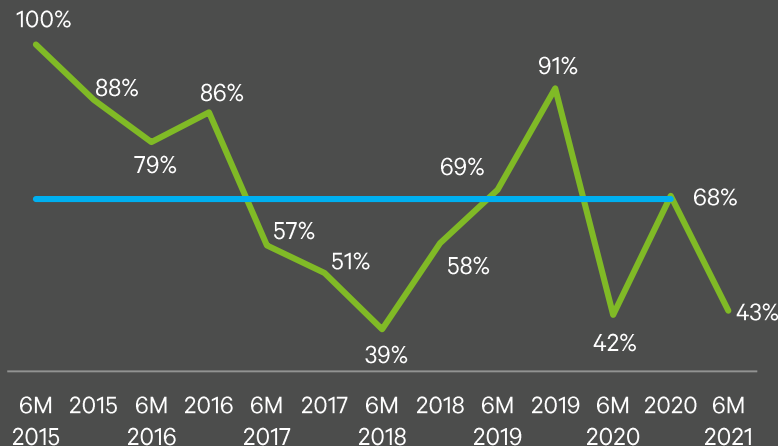


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Free cash flow



Free cash flow conversion



- Strong 6M free cash flow performance, high top line growth and margin performance more than offsetting investments into trade working capital; trade working capital as percentage of sales of 28%; above medium-term target of 20%
- Growth and efficiency related capex of 3.1% of sales during first half of 2021 below the company's range of 4% - 5% of sales



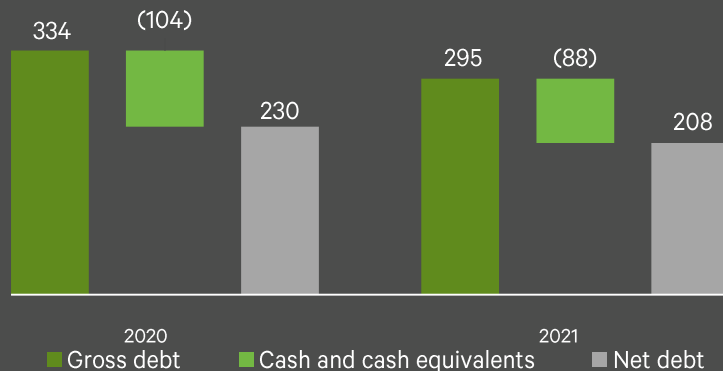
# Net debt and leverage

## Lower leverage to support future growth initiatives



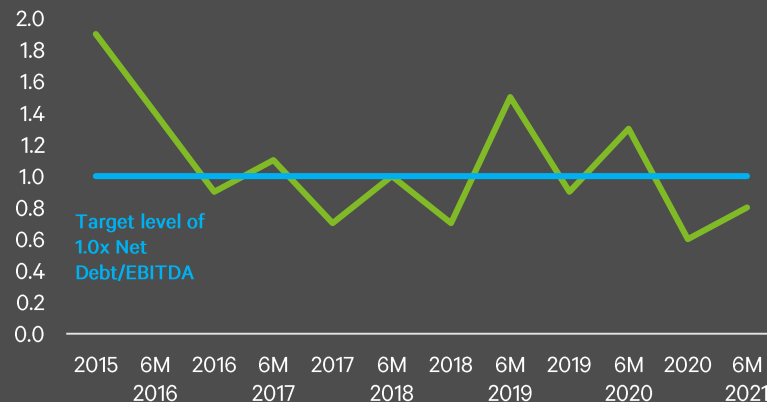
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### Net debt development



- Sound net debt reduction despite growth TWC requirements
- Gross debt on June 30, 2021 comprises CHF 200 million bond and partial use of CHF 300 million RCF

### Leverage development



- Half-year leverage stays below 1x for the first time since IPO in 2016
- Strong balance sheet required for future success; organic growth initiatives based on substantial R&D investments

# Outstanding half-year 2021 – full-year 2021 results expected to be substantially above 2020

### Achievements first half-2021

- VAT continued to fully capture the strong market conditions both in semiconductor (valves and service) and advanced industrial activities based on innovation, market leadership and execution skills
- Record levels were achieved in orders, sales, EBITDA, EBITDA-margin and free cash flow in H1
- Order backlog and ongoing market demand during July bode well for record full year results

### Finance priorities for rest of 2021 and into 2022

- ERP introduction on track
- Continued focus on cost and productivity improvements
- TWC optimization despite growth (medium-term target of 20% of net sales remains in place); however, supply chain challenges may require slightly higher NWC levels to guarantee business continuity
- Disciplined approach to capex, expected around CHF 40 million to enable the productivity improvements

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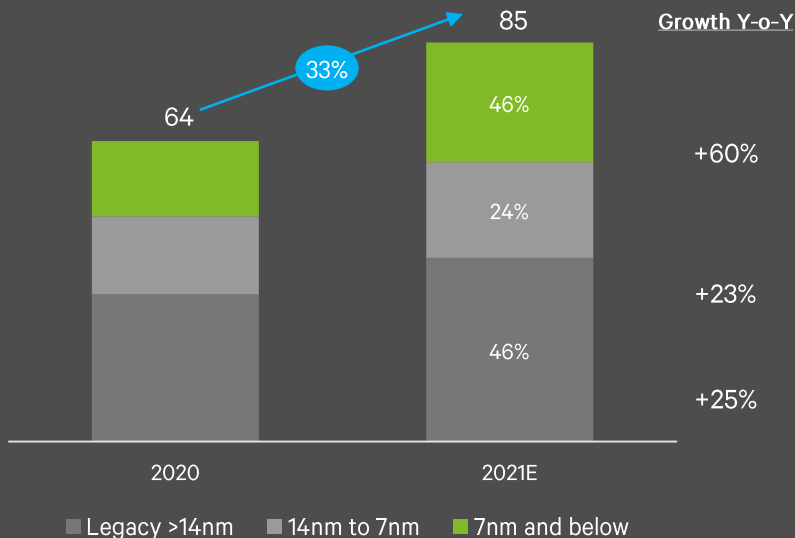
# The VAT way forward

## Strong industry capex in leading semi technologies; VAT semi business to outperform overall WFE growth

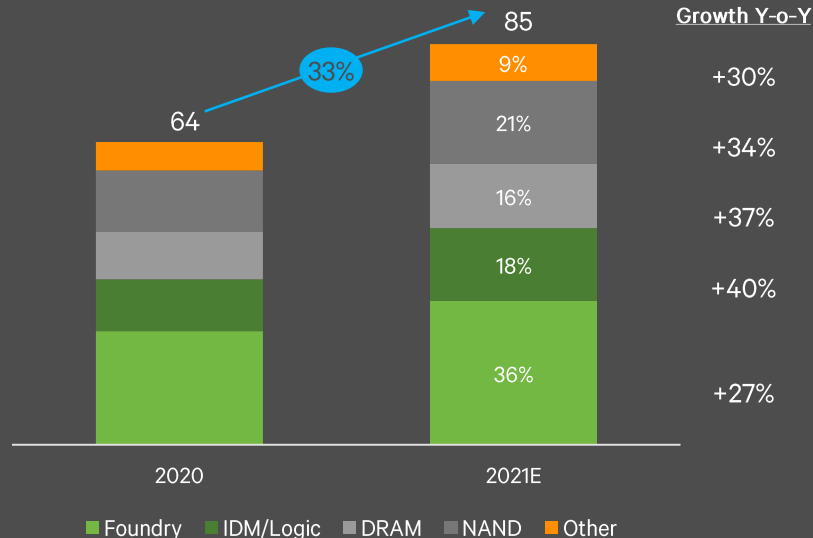


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2021 Wafer Fab Equipment (WFE) spend  
by node size



2021 Wafer Fab Equipment (WFE) spend  
by IC type

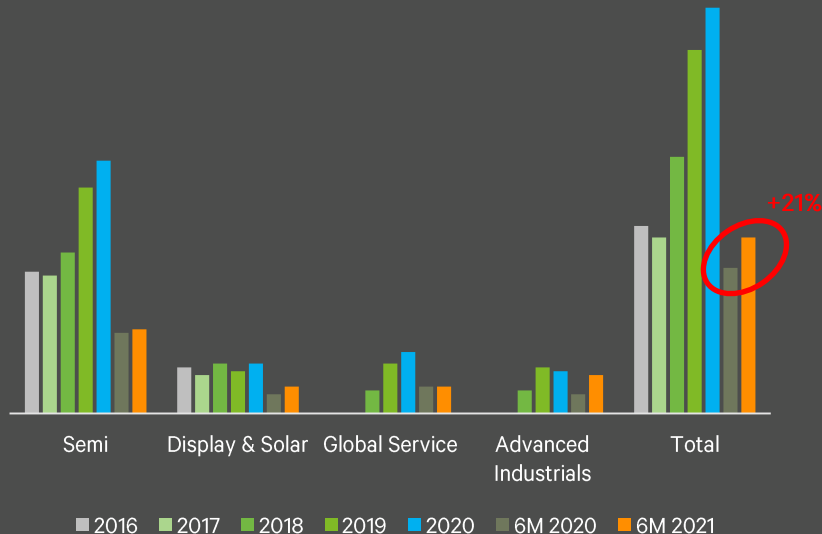


Innovation is key

## Investments in innovation remains VAT's key to future growth and market share gains



Spec win development



- VAT continues to invest in innovation and the development of leading edge technologies
- Six months 2021 spec wins up 21%
- R&D organization further strengthened; focus on new product adjacencies such as modules, motion components and new SMART components
- IP protection remains key to securing our competitive advantage

## Short term market outlook

All business segments except displays expected to outgrow the market significantly in 2021



	FY 2021 expected market growth	VAT 6M 2021 sales <sup>1</sup>
 <b>Semiconductor</b>	Continued strength with WFE expected <b>driving</b> >30% <b>market growth</b>	BU Semi +40%
 <b>Service</b>	Continued strength across all sub-segments <b>driving</b> >15% <b>market growth</b>	BU Global Service +40%
 <b>Advanced Industrials</b>	Recovering from pandemic declines in scientific instruments, auto and coating, <b>about</b> 10% <b>market growth</b>	BU Advanced Industrials +37%
 <b>Display &amp; Solar</b>	Weakness in <b>Display</b> with <b>around</b> -20% <b>market decline</b> ; <b>Solar</b> expected to <b>grow around</b> +10%; <b>equipment</b> +15%	BU Display & Solar ( 26%)

<sup>1</sup> Year-on-Year

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## Qualitative outlook for remainder of 2021; sales guidance for Q3 2021

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Outlook  
full-year 2021

- Global semiconductor capex outlook remains very positive and industrial recovery is expected to continue; supply chain challenges remain a factor of uncertainty over the coming months
- VAT expects H2 results to be higher than in the first six month of the year
- FY 2021 net sales, EBITDA, EBITDA margin, net income and free cash flow to be substantially above 2020
- 2021 capital expenditure at circa CHF 40 million

Q3 2021  
guidance

- VAT expects net sales of CHF 220 - 240 million

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# Q&A session

Second quarter and half-year 2021 results

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# Additional Information

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## Investor information

Listing:	SIX Swiss Exchange
Currency:	CHF
Ticker symbol	VACN
ISIN	CH 031 186490 1

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## Financial calendar 2021 and 2022

Friday, October 15, 2021	Q3 2021 trading update
Thursday, March 3, 2022	Full-year 2021 results
Thursday, April 14, 2022	Q1 2022 trading update
Tuesday, May 17, 2022	Annual General Meeting 2022
Thursday, August 4, 2022	Half-year 2022 results
Thursday, October 13, 2022	Q3 2022 trading update

# Second quarter and half-year 2021 results

## Forward looking statements



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.

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