

# Media Release

Haag, Switzerland, October 15, 2021

## RECORD Q3 ORDER INTAKE AND NET SALES DRIVEN BY MARKET GROWTH AND EXCELLENCE IN OPERATIONAL EXECUTION; Q4 SALES GUIDANCE INDICATES FULL-YEAR 2021 RECORD NET SALES OF BETWEEN CHF 885 - 895 MILLION

### Q3 2021 results

- Record order intake of CHF 299 million, up 91% year-on-year (up 18% sequentially)
- Net sales up 23% vs Q3 2020 to a record CHF 229 million (up 2% sequentially) on continuing strength in Semiconductors, Global Service and Advanced Industrials
- Book-to-Bill ratio of 1.3x; order book of CHF 284 million

### Nine months 2021 results

- Investments in semiconductor manufacturing equipment remain at unprecedented levels; service demand reaches record levels while advanced industrial markets continue strong recovery from pandemic-induced slowdown, with sales supported by new market initiatives
- Nine-month orders and sales at record levels of CHF 793 million and CHF 646 million, respectively
- Specification wins continue to be at a very high level
- Strong mitigation of supply chain challenges and solid factory ramp in Malaysia led to record Group factory output

### Guidance for Q4 and outlook for full-year 2021

- Semiconductor market outlook remains positive for Q4 and well into 2022
- Order activity expected to remain at high level
- Q4 net sales<sup>1</sup> expected at CHF 240 - 250 million
- Full-year net sales<sup>1</sup> forecast at CHF 885 - 895 million
- Full-year EBITDA margin expected to be above half-year level of 33.9%
- Net income substantially above 2020 level
- Full-year capital expenditure expected to be around CHF 40 million
- Record full-year free cash flow as EBITDA growth more than offsets working capital requirements

### VAT GROUP

in CHF million	Q3 2021	Q2 2021	CHANGE <sup>2</sup>	Q3 2020	CHANGE <sup>3</sup>	9M	9M 2020	CHANGE <sup>3</sup>
Order intake	298.7	253.5	+17.8%	156.4	+91.0%	792.9	514.5	+54.1%
Net sales	229.4	224.2	+2.3%	185.9	+23.4%	645.7	504.9	+27.9%
Order Backlog	283.7	218.3	+30.0%	124.1	+128.6%			

<sup>1</sup> At constant foreign exchange rates

<sup>2</sup> Quarter-on-Quarter

<sup>3</sup> Year-on-Year

### Third-quarter and nine-month 2021 summary

#### Q3 sales growth driven by Semiconductor, Global Service and Advanced Industrials

In Q3 2021, VAT experienced continued strong markets driven by the long-term global growth in semiconductor demand, which has been accentuated by the recent chip shortage. Ongoing semiconductor technology innovations also fueled demand for advanced vacuum valves. Investments in the semiconductor industry are focused on both new chip generations and legacy platforms, yielding



record sales in VAT's Semiconductor and Global Service business units. VAT continued to gain market share based on its leading technology position and strong business execution across all its markets. In addition, the Advanced Industrials business unit captured the growth opportunities resulting from the recovery in its markets, supported by recent strategic growth initiatives in a number of key areas. Demand in the Display & Solar business remained muted, but recent order activity indicates that the bottom of this phase may have been reached.

A key lever of VAT's third quarter sales performance was the strong mitigation of supply chain challenges in the semiconductor and many other industries. To focus on these issues remains at the center of management's attention also in the coming quarters as the company continues to ramp up operations to satisfy customer demand. VAT's operations team also continued to increase the global production footprint and VAT expects to reach production output of around CHF 180 million in Malaysia for the full year 2021 (representing a year-end run rate of CHF 220 million) while at the same time further optimizing our production capabilities in Switzerland.

Group orders in the third quarter were 91% higher than in the same quarter a year ago, at CHF 299 million, and up 18% sequentially, yielding a third-quarter book-to-bill ratio of 1.3x. This high order intake was driven by the generally high level of investment in the semiconductor businesses for both valves and service offerings and was further accelerated by global supply chain constraints which may have triggered some additional orders. VAT believes that the order patterns seen during the third quarter and the first nine months of the year show that it is successfully capturing existing business opportunities and further building out its market share across the industry. Both the Advanced Industrials and the Display & Solar business units also posted higher orders in Q3. The company's order backlog at the end of the third quarter was CHF 284 million, up 129% compared with the end of September 2020.

VAT's Q3 net sales grew to CHF 229 million, an increase of 23% compared with the same period in 2020 and at the top end of the company's guidance issued with the second-quarter results in August. Foreign exchange movements did not have any material impact on VAT's Q3 net sales.

For the first nine months of 2021, Group orders and sales are up 54% and 28% respectively compared with the same period a year earlier. Foreign exchange movements had a negative impact on net sales of about 3 percentage points.

### Segment review

**Valves** reported Q3 orders of CHF 250 million, up 101% year-on-year, and net sales of CHF 185 million, an increase of 22% compared with the same period in 2020.

The Q3 order growth was mainly driven by the **Semiconductor** business unit, where orders increased 117% to CHF 187 million year-on-year, a new all-time record. Net sales posted a new record level as well and amounted to CHF 137 million, up 31% compared with the third quarter of 2020. End-users continued to invest in new technologies to manufacture the next generation of chips, while at the same time increasing capacity for existing chip designs in order to satisfy the fast-growing demand for both logic/foundry and memory chips.

Semiconductors recorded eight specification wins in the third quarter, bringing the total to 18 for the first nine months, with three of them resulting from the company's growth initiative to develop new adjacent products that complement its core valves business.

Orders in the **Display & Solar** business unit increased to CHF 21 million, up 59% year-on-year, representing the best quarter in 2021 so far. The main contributor to this order growth came from the display business, where the company received orders for both LCD and OLED fab expansions. In the solar business, the main business driver continued to be in the PERC technology sector.

The **Advanced Industrials** business unit continued its strong recovery with Q3 orders up 69% year-on-year, reaching a new record of CHF 42 million. Sales were 17% higher at CHF 33 million. The recovery was broad-based and resulted from generally improving market conditions coupled with positive results from growth initiatives implemented during 2020 to focus on Asian markets. VAT saw continued strong



demand in coatings, especially related to high-end applications such as mobile phones and optical coatings, especially in Japan and China. Scientific instruments, material and life science also showed continued strong demand, partly the result of research institutes in the US and Asia returning to normal activity levels after a prolonged standstill due to the COVID pandemic. VAT shipped several prototypes to large scientific instrument OEMs, which is a key initiative to increase VAT's engineered content within these important customers.

## SEGMENT VALVES

in CHF million	Q3 2021	Q2 2021	CHANGE <sup>1</sup>	Q3 2020 RESTATED	CHANGE <sup>2</sup>
Order intake	249.5	202.6	+23.1%	124.2	+100.9%
<i>Semiconductors</i>	186.6	148.0	+26.1%	86.1	+116.6%
<i>Display &amp; Solar</i>	20.7	17.3	+19.5%	13.0	+58.8%
<i>Advanced Industrials</i>	42.2	37.4	+13.0%	25.0	+68.8%
Net sales	185.4	182.8	+1.4%	151.5	+22.4%
<i>Semiconductors</i>	136.7	133.5	+2.4%	104.1	+31.3%
<i>Display &amp; Solar</i>	15.6	16.9	-7.6%	18.9	-17.3%
<i>Advanced Industrials</i>	33.1	32.3	+2.3%	28.4	+16.5%
Inter-segment sales	18.9	18.0	+5.2%	15.3	+23.6%
Segment net sales	204.3	200.8	+1.8%	166.8	+22.5%

  

in CHF million	9M 2021	9M 2020 RESTATED	CHANGE <sup>2</sup>
Order intake	652.8	419.5	+55.6%
<i>Semiconductors</i>	475.3	289.3	+64.3%
<i>Display &amp; Solar</i>	58.5	50.4	+16.0%
<i>Advanced Industrials</i>	119.0	79.7	+49.3%
Net sales	524.8	415.1	+26.3%
<i>Semiconductors</i>	382.2	280.0	+36.5%
<i>Display &amp; Solar</i>	47.1	61.6	-23.5%
<i>Advanced Industrials</i>	94.9	73.5	+29.2%
Inter-segment sales	53.1	40.1	+32.3%
Segment net sales	577.3	455.2	+26.8%

<sup>1</sup> Quarter-on-Quarter

<sup>2</sup> Year-on-Year

Starting January 1, 2021, VAT integrated the former segment Industry into the Valves segment and in particular into the business unit Advanced Industrials (formerly General Vacuum) as the type of this business organizationally fits better into this business unit. The Group now reports in two segments: Valves, which encompasses the development, production, sales of vacuum valves and components and the Service segment, which comprises spare parts, upgrades and retrofits and the maintenance business of the Group. The Valves segment consists of the three business units Semiconductors, Display & Solar, and Advanced Industrials. Starting 2021, VAT will separately disclose orders and net sales of these three business units in an effort to further increase the transparency of its reporting. As a consequence, the reported segment figures have been restated accordingly.

The **Global Service** segment reported near-record Q3 orders of CHF 49 million, an increase of 53% compared with the same quarter in 2020 and driven by strength in all four sectors of the business (spare parts & repair, gates, upgrades & retrofits, and subfab valves). Net sales were up 28% to CHF 44 million. High utilization levels in the semiconductor fabs drove increased demand for spares & repairs as well as consumables such as gates. In addition, new retrofits in the control valve space were launched during Q3 focusing on critical etching processes used in 10nm and below node technology. Increased business activity was also seen in the subfab segment as the largest independent device manufacturers brought new fabs online.

## SEGMENT GLOBAL SERVICE

in CHF million	Q3 2021	Q2 2021	CHANGE <sup>1</sup>	Q3 2020	CHANGE <sup>2</sup>
Order intake	49.3	50.9	-3.3%	32.2	+52.9%
Net sales	43.9	41.4	+6.2%	34.5	+27.5%
Inter-segment sales	-	-	-	-	-
Segment net sales	43.9	41.4	+6.2%	34.5	+27.5%

  

in CHF million	9M 2021	9M 2020	CHANGE <sup>2</sup>
Order intake	140.2	95.1	+47.4%
Net sales	121.6	89.8	+35.4%
Inter-segment sales	-	-	-
Segment net sales	121.6	89.8	+35.4%

<sup>1</sup> Quarter-on-Quarter

<sup>2</sup> Year-on-Year

## Guidance for Q4 and outlook for the remainder of 2021

The medium-term growth drivers for VAT – mainly in the semiconductor industry, VAT's largest end market – remain firmly in place. Megatrends such as the Internet of Things, cloud computing and artificial intelligence have been boosted by pandemic-related developments, such as the shift to home office and the sharp increase in E-commerce.

The current capacity shortage in all semiconductor chip categories has driven record capital expenditures by chip producers and VAT expects this to increase well into 2022. Market analysts now estimate that investments in wafer fab equipment in 2021 could increase by more than 30% to around USD 85 billion, compared with the previous record level of USD 64 billion in 2020. Initial estimates for 2022 indicate low double-digit growth. As the clear market and technology leader, VAT is well positioned to harness this trend and continue its strong profitable growth.

In the display markets, investments in large OLED screens and additional capacity for smartphones are expected to remain muted. However, the company believes that the bottom of the cycle may have been reached and expects business activity to gradually improve over the next twelve months. In solar PV, the current investment cycle in PERC technology is expected to continue, while the shift to higher-efficiency hetero-junction (HJT) solar cells is forecast to gather pace during 2022.

The market rebound for Advanced Industrials valves remains positive, driven by both a general global economic recovery plus expected strong growth in China. In addition, upgrades of large synchrotrons continue, especially in the US and Asia. The company also expects to make further progress in the area of scientific instruments with several prototype deliveries.

VAT's Global Service segment is also expected to grow, driven not only by demand in its main semiconductors market but also by new product launches as well as the increase of its large installed base, which is opening additional opportunities for upgrades and retrofits.

On this basis, VAT expects Q4 sales of CHF 240 – 250 million and full-year 2021 net sales of CHF 885 – 895 million. The full-year EBITDA margin is expected to be above the half-year level of 33.9% and net income for the year is expected to be substantially higher than in 2020.

Capital expenditures for 2021 are expected to be around CHF 40 million. Free cash flow is expected to exceed the previous year's record level substantially as higher EBITDA more than offsets working capital requirements.



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## Additional information

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There is a short media and investor conference call today, October 15, 2021, at 10am CEST.

To participate in the call please dial:

+41 58 310 50 00 (CH/Europe)

+44 207 107 06 13 (UK)

+1 631 570 56 13 (USA)

A playback of the call can be accessed through our website, [www.vatvalve.com](http://www.vatvalve.com), approximately one hour after the call has finished.

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## Financial calendar 2022

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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

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## ABOUT VAT

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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 two different reporting segments: Valves and Global Service 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 2'000 employees and main manufacturing sites in Haag (Switzerland), Penang (Malaysia) and Arad (Romania). Net sales in the financial year 2020 amounted to CHF 692 million.

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## 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.