

A close-up, shallow depth-of-field photograph of a metallic vacuum valve component. The component is silver-colored with various ports and a central handle-like structure. The background is a soft, out-of-focus light blue.

VAT 2016 HALF-YEAR RESULTS



Global leader in high-end vacuum valve technology

Heinz Kundert, CEO and Andreas Leutenegger, CFO

August 25, 2016

Agenda

1

VAT Group AG at a glance and half-year 2016 highlights Heinz Kundert, CEO

2

Half-year 2016 financial review

Andreas Leutenegger, CFO

3

Strategic drivers and outlook for full-year 2016

Heinz Kundert, CEO



Half-year 2016 highlights

High demand for technology

- Mega trends like Big Data, Internet of Things, Industry 4.0 etc. fuel growth
- Technology advances such as 3D NAND and OLED
- Continued high demand for WFE fab equipment
- Large players such as Intel, Samsung or TSMC increase investments in H2 2016

Markedly improved results

- Net sales increase by 16.1%
- 31.4% adjusted EBITDA margin
- Strong free cash flow

Outlook 2016

- Net sales expected to grow between 12-15%
- Adjusted EBITDA margin to stay above 31%
- Dividend guidance increased to CHF 80 million

Enabling innovation in your daily life and facilitating the digitalization of the world

- Global leader in high-end vacuum valves; brand recognition for technology and innovation
- Mission-critical products enabling high vacuum process technology
- High vacuum at forefront of technological evolution affecting various end markets

Semiconductors



Displays







Solar



Industry & Research



Pure play in high-end vacuum valve technology with best-in-class profitability

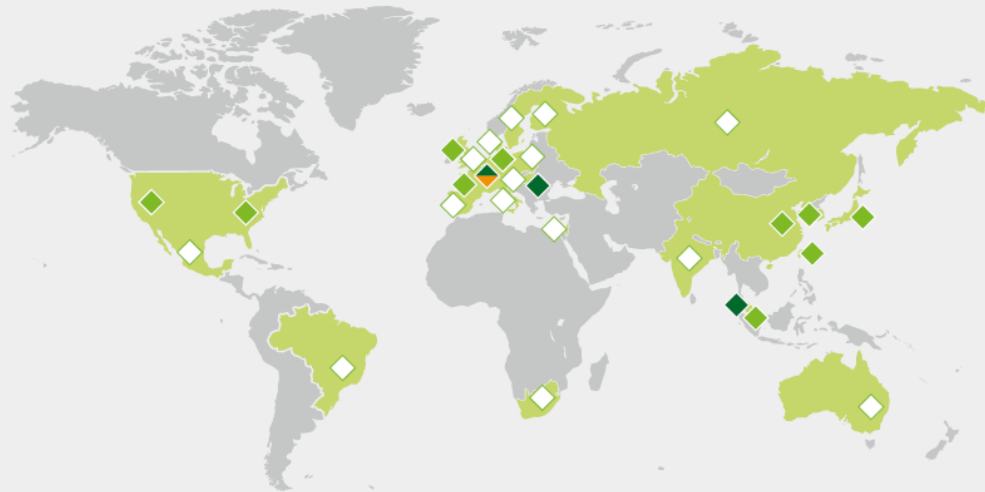
	<p>VAT Group AG</p>	<p>Valves (76%)</p>	<p>Global Service (17%)</p>	<p>Industry (7%)</p>
<p>Segment (% of total net sales) ¹</p>				
<p>Segment net sales ²</p>	<p>CHF 236m</p>	<p>CHF 196m</p>	<p>CHF 41m</p>	<p>CHF 22m</p>
<p>Adj. EBITDA ³ % margin</p>	<p>CHF 74m / 31.4%</p>	<p>CHF 63m / 32.0%</p>	<p>CHF 18m / 43.5%</p>	<p>CHF 5m / 21.0%</p>

¹ All numbers for HY 2016

² Segment net sales of business segments include intercompany sales

³ Adjustment on Group level only

Global footprint – flexible set-up close to customers

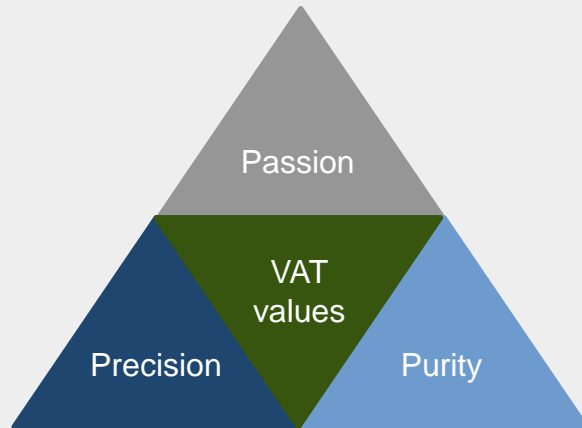


◆ VAT Headquarter
◆ VAT Manufacturing

◆ VAT Locations
◇ VAT Representatives

- Global presence ensuring highest customer proximity
- 99% of production is exported
- 70% of our products have their final destination in Asia
- Global key account management

VAT – a success story over 50 years



- Pure play business model focused on mission-critical high-end vacuum valves
- Technology leadership and long term, trust-based partnerships
- Undisputed no. 1 market position and high barriers to entry
- Multi-dimensional growth driven by accelerating importance of vacuum as key enabler
- Focused strategy and highly skilled workforce
- Best-in-class financial profile and high profitability

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Half-year 2016 – Group key figures

Third party net sales
CHF 236 m
+16%

Adj. EBITDA
CHF 74 m
+17%

Adj. EBITDA margin
31.4%
+20pbs

Free cash flow
CHF 54m
-11%

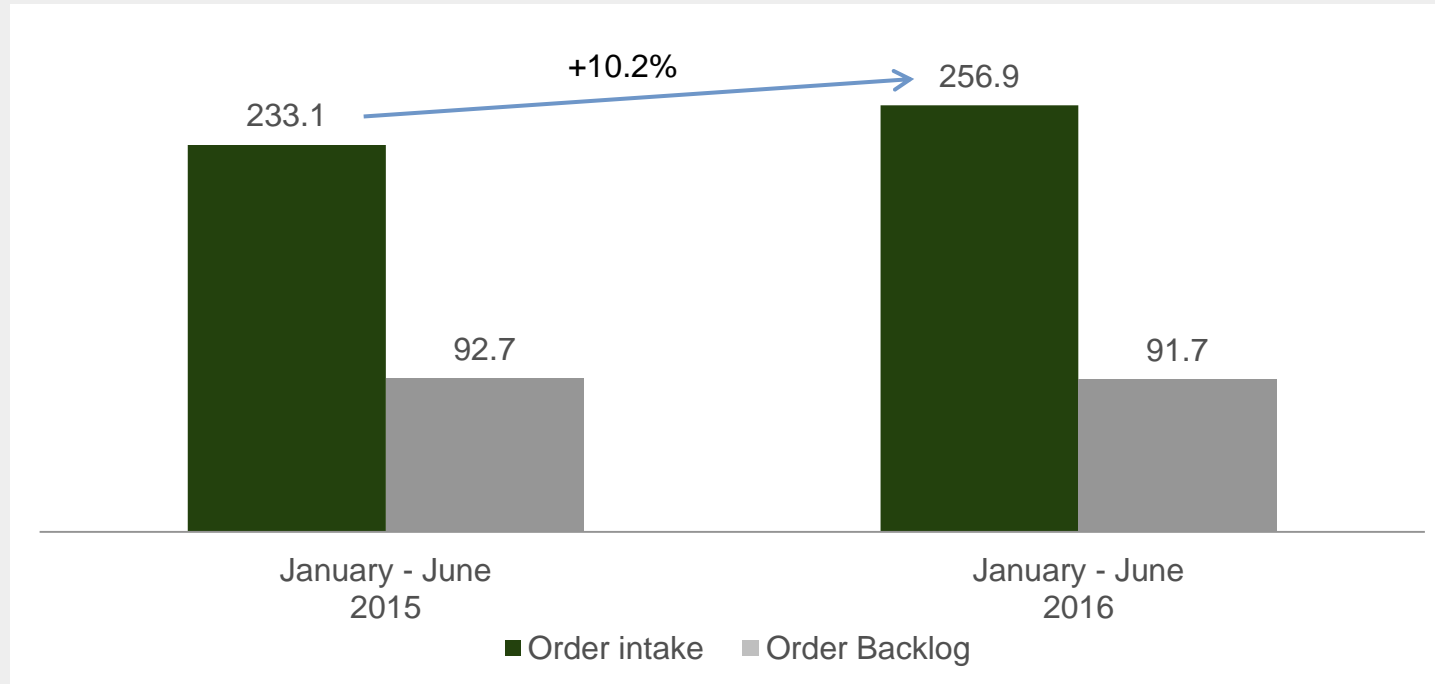
Free cash flow margin
23%
Free cash flow
conversion
79%

Net debt/EBITDA
1.4x
Dividend 2016¹
of CHF 80m

¹ increased dividend guidance to CHF 80 million, from the at least CHF 65 million given at the time of the IPO, out of reserves from capital contributions for the financial year ending December 31, 2016..

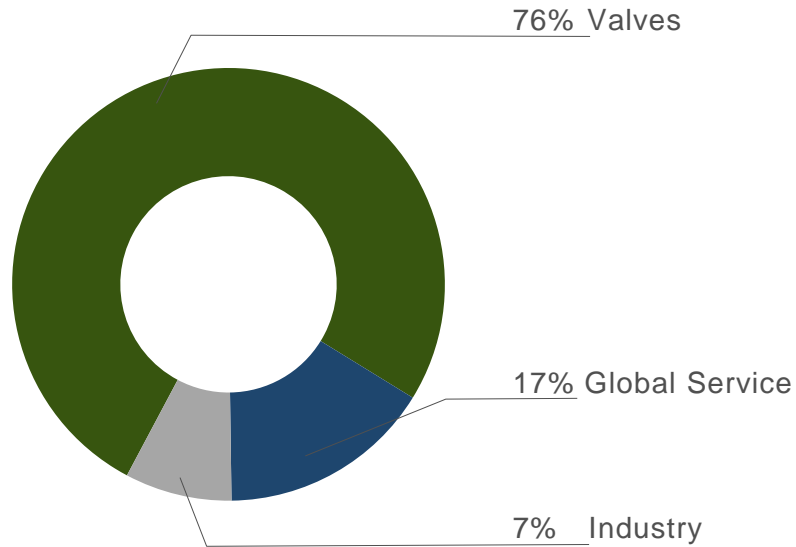
Order intake steady increasing, backlog stable

in CHF million

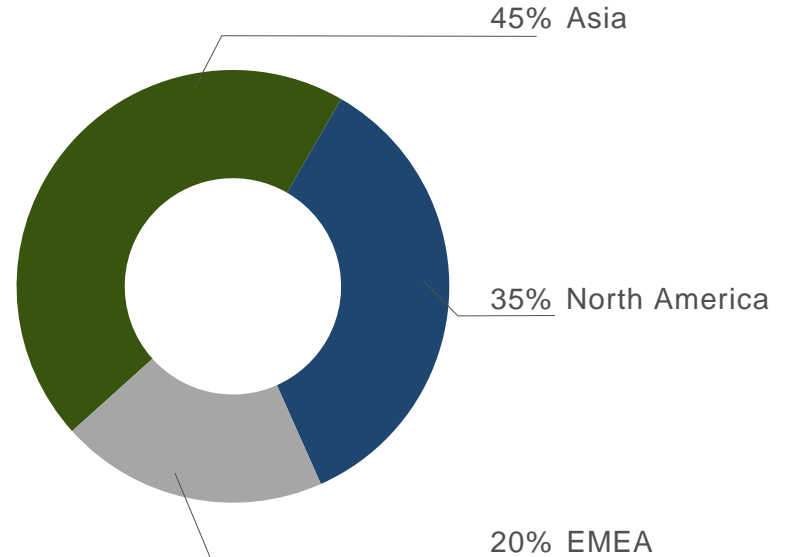


Half-Year 2016 net sales CHF 236 million

Net sales by market segment



Net sales by region



Valves – 76% of Group Net Sales

in CHF million	Jan - June 2016	Jan - June 2015	Change
Segment net sales	196.5	167.0	17.7%
EBITDA	62.9		
EBITDA margin	32.0%		



- High demand for new technology in the semiconductor industry, particularly from the high-end wafer manufacturing
- New downstream pressure control and isolation systems receive high market attraction
- Strong growth in displays related to investments in OLED production
- Solar market has shown increasing demand for vacuum valves mainly for PERC (passivated emitter rear cell) technology
- Asia and US major growth drivers

Global Service – 17% of Group Net Sales

in CHF million	Jan - June 2016	Jan - June 2015	Change
Segment net sales	40.9	36.8	11.1%
EBITDA	17.8		
EBITDA margin	43.5%		



- Global Service includes a range of services provided by specialized teams based in the US, Japan, Korea, Taiwan, China, Singapore and Switzerland
- Offering includes valve maintenance, spare gates/parts, upgrades (i. e. retrofits) etc.
- Alignment with major Original Equipment Manufacturers (OEM's) allowing VAT to offer global service contracts tailored to specific customer needs
- Customer audits confirm the high quality of our services

Industry – 7% of Group Net Sales

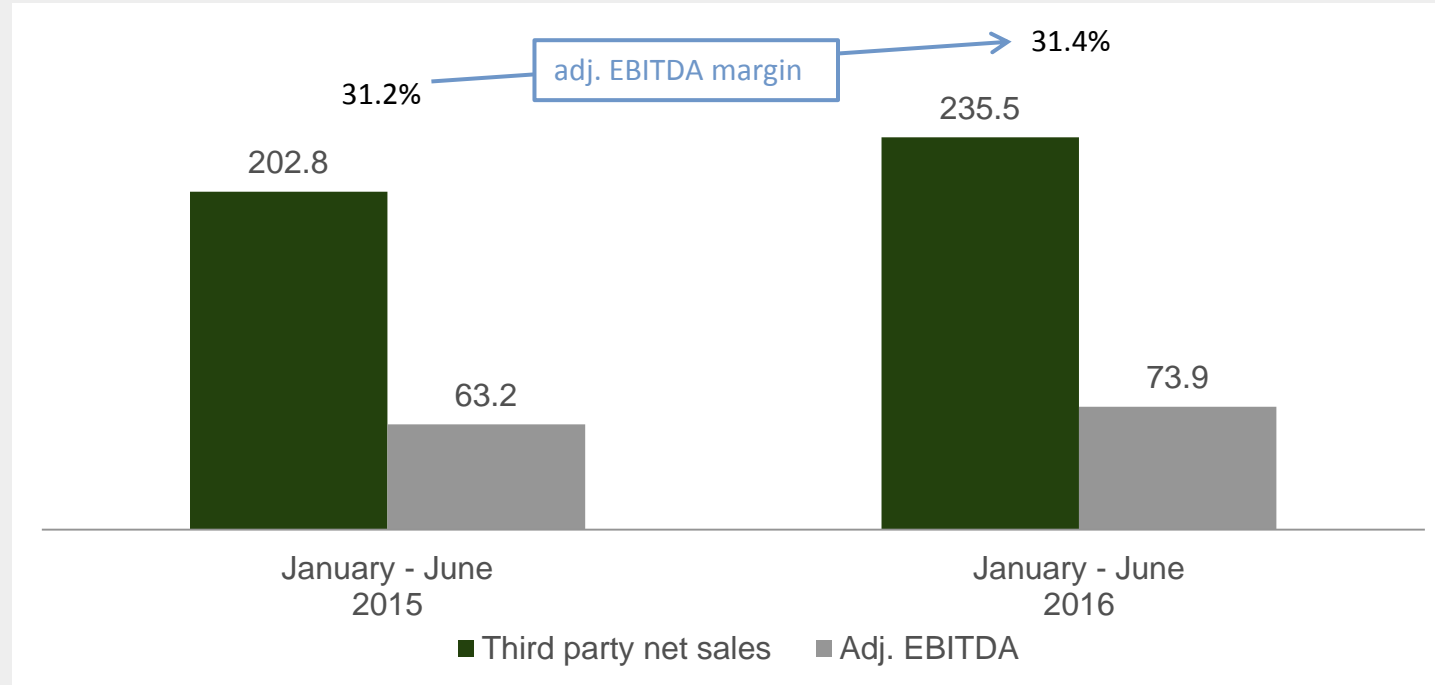
in CHF million	Jan - June 2016	Jan - June 2015	Change
Segment net sales	21.8	21.5	1.2%
EBITDA	4.6		
EBITDA margin	21.0%		



- The segment Industry engages mostly in innovative and technologically advanced edge-welded bellows
- Important mid-term high volume follow-up contract for damper systems for automotive applications signed
- Automated production lines for edge-welded bellows renewed to address customer demand and further increase our product quality at reduced cost.
- New large orders delayed due to design-in process

Increase in sales, adj. EBITDA and profitability

in CHF million





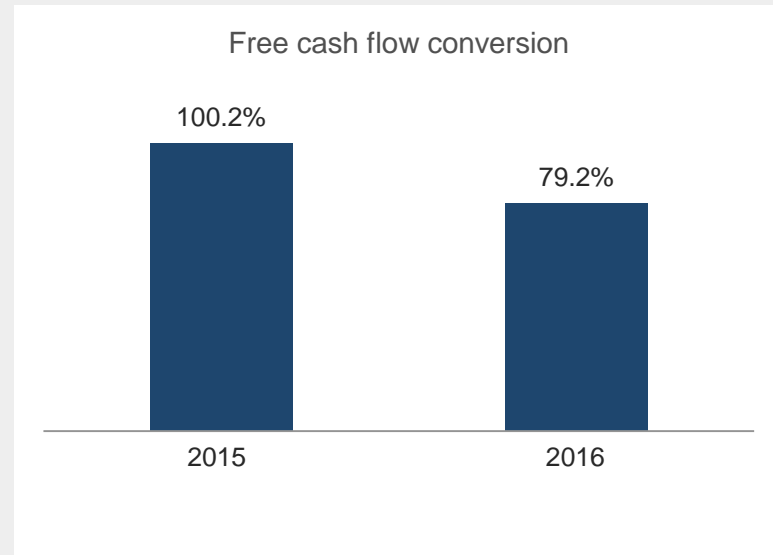
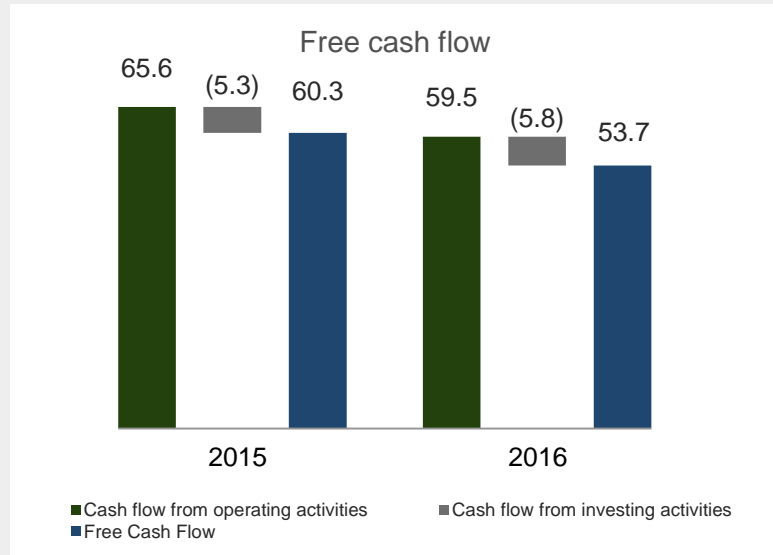
Substantial benefits below the EBIT line

in CHF million	January - June 2016	January - June 2015	Variance
EBIT	52.7	45.2	16.7%
Finance net	-19.9	-37.1	-46.2%
EBT	32.8	8.1	303.3%
Income tax expenses	-8.6	-7.1	21.6%
<i>Effective Tax Rate</i>	<i>26%</i>	<i>87%</i>	
Net income	24.2	1.1	

- Reduced finance cost due to lower outstanding debt
 - Conversion of CHF 405 million 8% coupon shareholder loan into VAT shares during IPO
 - Further reduction of remaining 4.25% coupon senior secured credit facility
- Half-year effective tax rate of 26.2%; adjusted for IPO related one-offs the tax rate would have been around 20%



Free cash flow and conversion margin impacted by growth in the topline



- Decrease in free cash flow largely driven by growth in trade working capital (TWC) and negative net impact from derivatives and foreign exchange



Initiatives to mitigate the foreign exchange exposure

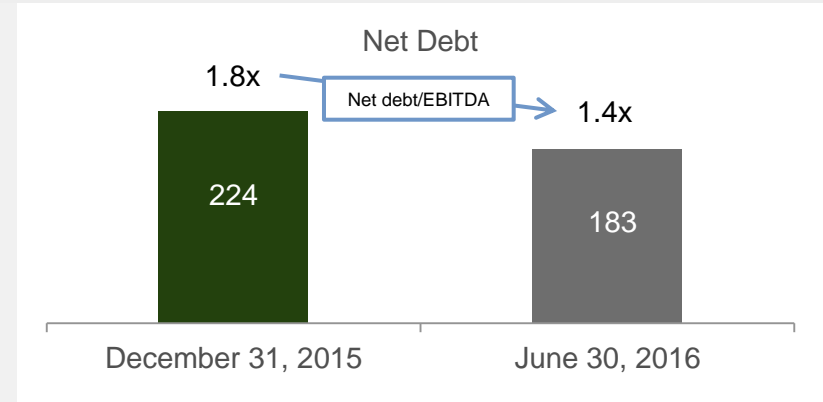
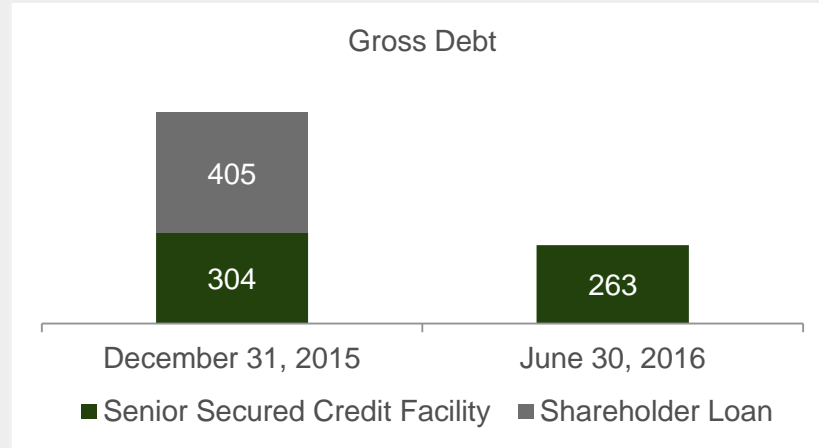
FX	Status on FX exposure initiatives
USD	<ul style="list-style-type: none"> – Ramp-up of manufacturing site in Malaysia (USD cost base) – Ongoing initiative to increase global sourcing – Nomination of debt in USD – FX hedging of up to 100% of net cash flows by forward contracts on a 18-month rolling basis
JPY	<ul style="list-style-type: none"> – FX hedging of up to 100% of net cash flows by forward contracts on a 18-month rolling basis
EUR	<ul style="list-style-type: none"> – EUR exposure reduced due to sourcing and capex in EUR

Net cash flow exposure to main currencies HY 2016¹



¹ Net cash flow after financing activity incl. capex and loan interest expense

Net debt¹ reduction on track



- Conversion of shareholder loan into shares during IPO
- Ongoing reduction of senior secured credit facility
- Substantial reduction of interest costs partly offset by IPO related one off costs

- Rapid reduction of net debt
- Net debt/EBITDA ratio decreased from 1.8 times at year-end 2015 to 1.4 times (LTM) at the end of June 2016

¹Net debt is calculated excluding the shareholder loan of CHF 405 million as of December 31, 2015.

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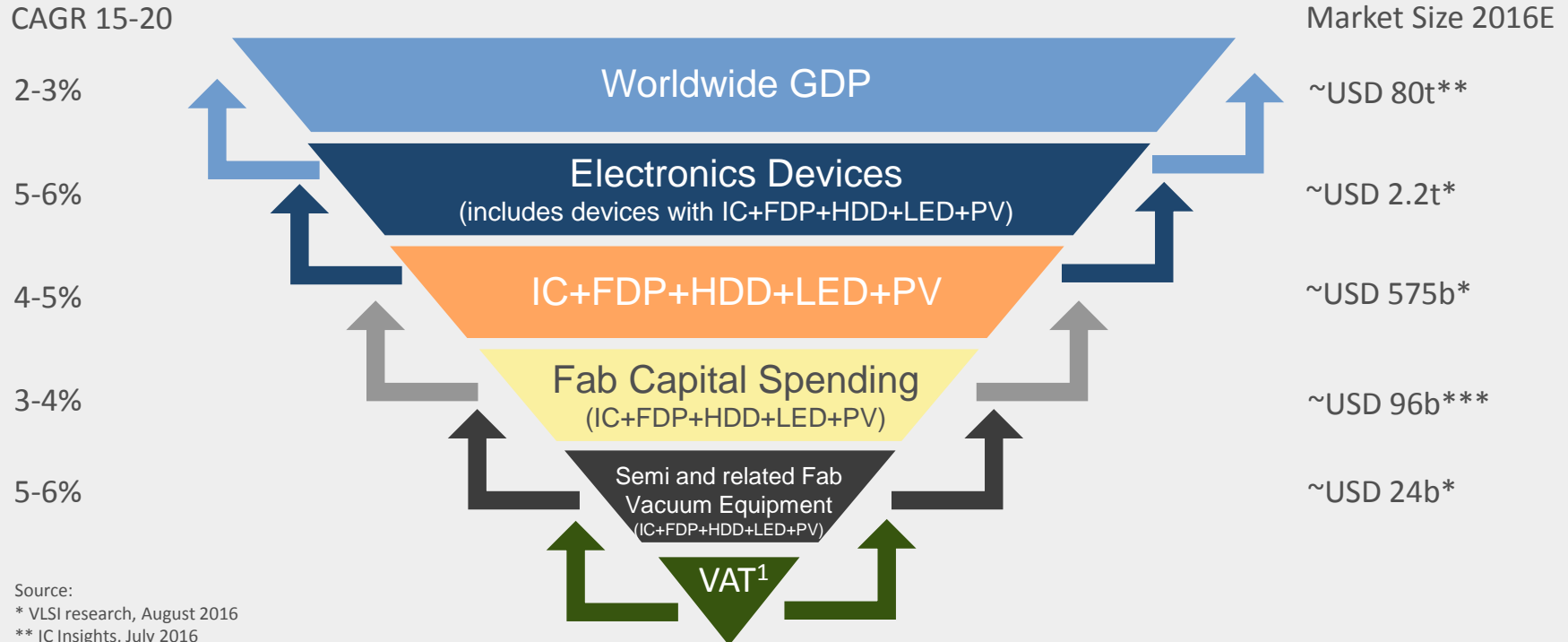
Andreas Leutenegger, CFO

3

Strategic drivers and outlook for full-year 2016

Heinz Kundert, CEO

Market trends in the electronic market - Entire supply chain is growing with CAGR >3% 2016-19



Source:

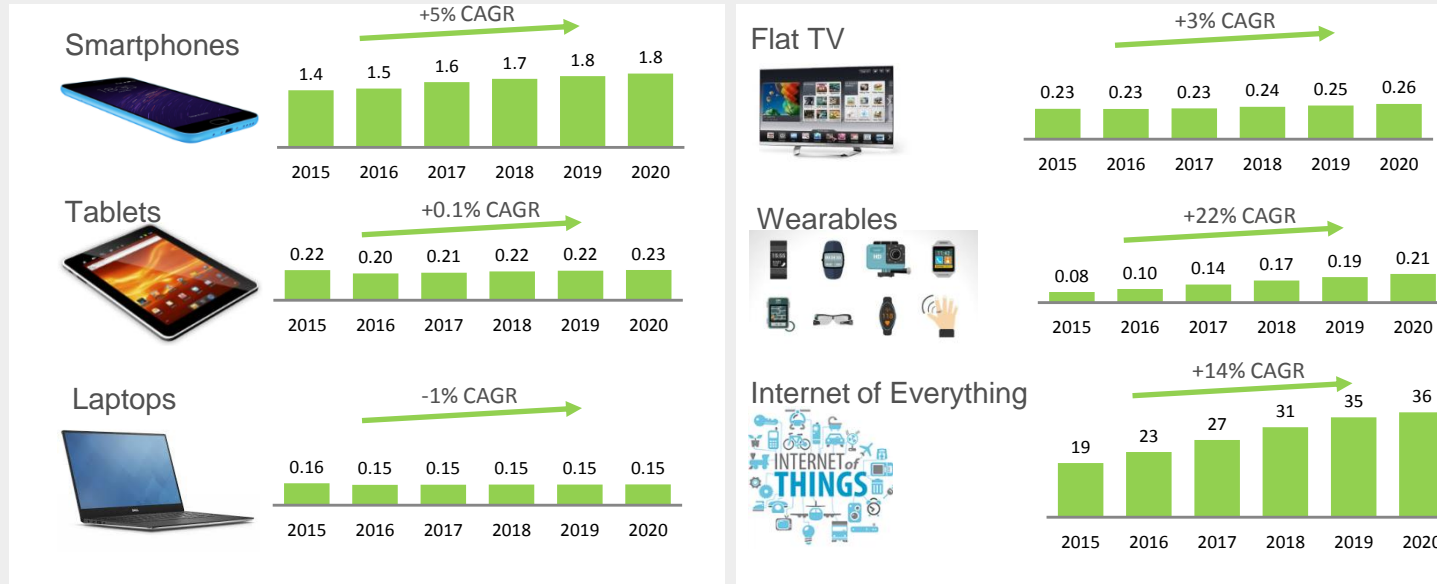
* VLSI research, August 2016

** IC Insights, July 2016

*** various sources incl. IC Insight + VLSI, IHS and others

¹ valves and related technologies

Market segments driving WFE demand (billion units)



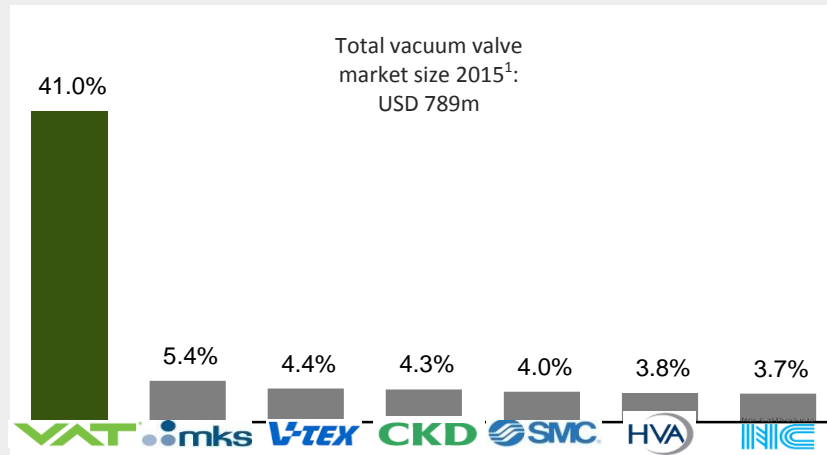
Source: Strategy Analytics June 2016, IDC June 2016, ABI Research, December 2015



Undisputed no. 1 market position with high barriers to entry

Vacuum valves market: top players by market share (2015)

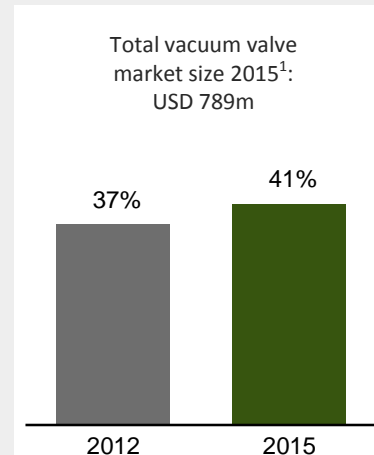
- VAT has a share of 41% of the vacuum valves market
- Over 60% market share in selected high-end applications



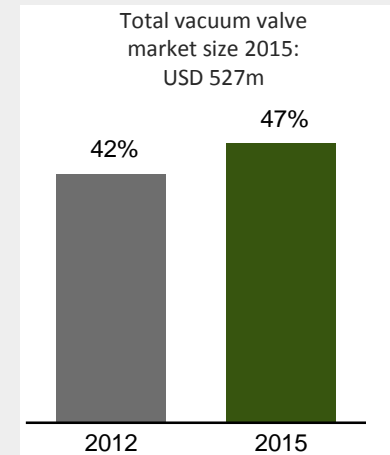
VAT market share evolution 2012 - 2015

- VAT's leading market position has expanded over time

Market share all industries¹



Market share semi & related²



Source: VLSI (2016)

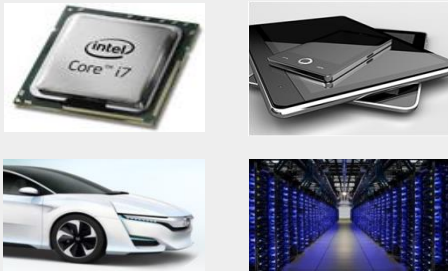
¹Total market size for valves comprises high vacuum valves for general vacuum applications and for the semiconductors, displays, solar photovoltaics, LED and hard disk OEM device manufacturing equipment sector.

²Semiconductors and related include: Integrated circuits, displays (from small mobile phone displays to large TVs), solar photovoltaics, LED, hard discs.

Multi-dimensional growth - vacuum as key enabler of proliferating technologies

1st Dimension End market growth

- VAT is exposed to a broad range of well established structural growth themes
- Multi-pronged growth opportunity driven by expanding end markets



2nd Dimension Manufacturing equipment growth

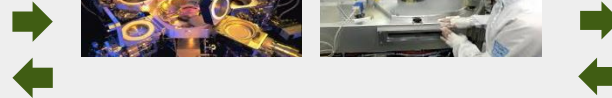
- Advanced and complex production technology in nano-scale
- Miniaturization, increasing computing capability at lower power consumption drives advanced manufacturing build-up



❖ *Manufacturing processes under vacuum (deposition, etch and clean, ion-implantation)*

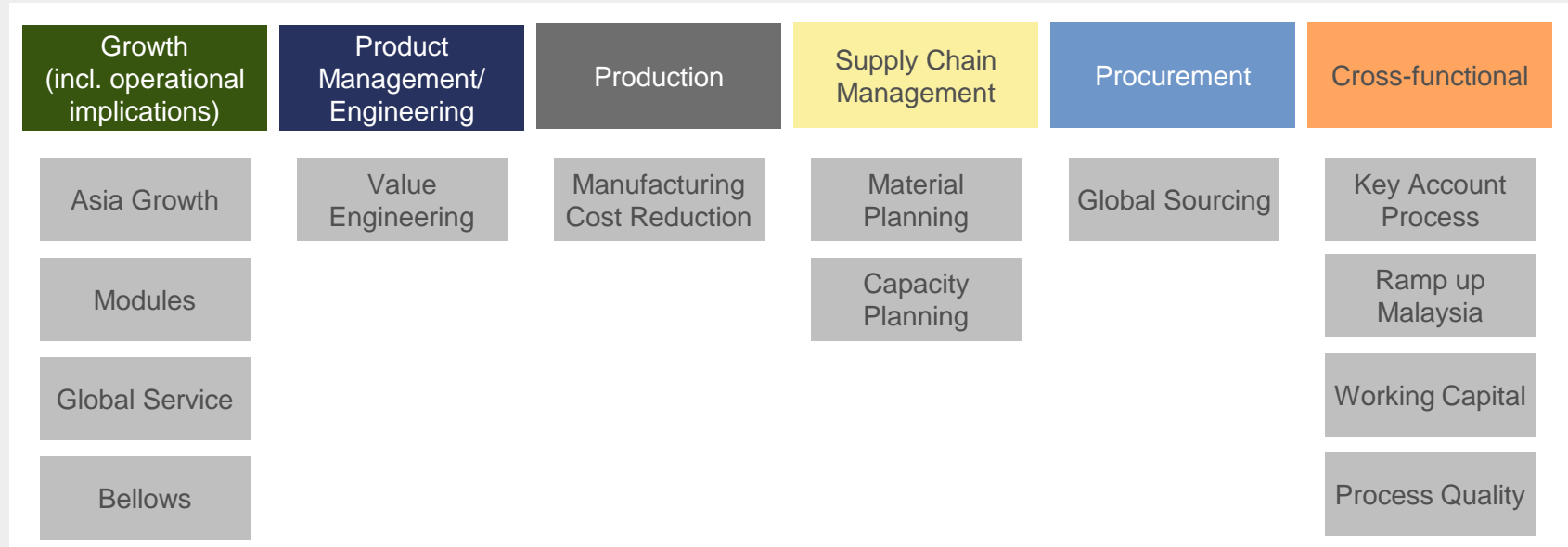
3rd Dimension Vacuum valve growth

- Fundamental shifts of manufacturing processes towards more high vacuum, for which VAT is a key enabler
- Vacuum valve growth driven by favourable secular technology evolution





VATmotion – focus on agility, cost, quality and cash optimization



Proven management team and a highly skilled workforce

Group Executive Committee



Heinz Kundert
CEO



Andreas Leutenegger
CFO



Kurt Trippacher
COO

Group Management Board



Urs Gantner
Semiconductors



Gebhard Lutz
Modules &
Motion
Components



Jürgen Zoller
Display & Solar



Arno Zindel
General
Vacuum &
Bellows
'COMVAT'



Ronald Pschenitschnigg
Global Service



Benjamin Loh
Head of Global
Sales &
Marketing



Michael Zickar
Head of R&D



Aitor Galdos
Head of
Corporate
Development



Egon Hämmerle
Head of
Production

Highly skilled workforce

- 1'278 dedicated employees
- Over 130 top qualified development engineers, product designers and corporate R&D staff
- 20 quality managers ensuring VAT's certified quality standards worldwide
- Customized in-house training programs
- Average employee tenure with VAT in Haag: 10 years



Continued profitable growth expected

Underlying assumptions and market conditions

- Key growth drivers: Attractive growth markets for semiconductors, displays and related mainly in the US, Japan, South Korea and China
- Technology advances such as 3D NAND and OLED displays require substantial investments in new manufacturing capacity
- VAT well positioned to capture growth opportunities due to technological leadership and strong customer relationship
- Demand outlook: Remains positive – growth drivers in place for mega trends such as big data, internet of things, industrialization 4.0, cloud computing and e-mobility
- VATmotion: capture full growth potential, increase efficiency and ensure highest resilience through the cycle

Outlook 2016

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- Adjusted EBITDA margin to stay above 31%
- Dividend guidance increased to CHF 80 million



VAT 2016 HALF-YEAR RESULTS

Q&A Session

Heinz Kundert, CEO and Andreas Leutenegger, CFO



August 25, 2016



Information

Investor information

Listing: SIX Swiss Exchange

Currency: CHF

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Listing date: April 14, 2016

Event calendar

October 31, 2016 Q3 2016 Trading update

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Forward looking statements

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