



FOURTH QUARTER AND FULL-YEAR 2016 RESULTS



Global leader in high-end vacuum valve technology

Heinz Kundert, CEO and Andreas Leutenegger, CFO

March 31, 2017

Agenda

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Highlights

Heinz Kundert, CEO

2

Fourth quarter and full-year 2016 financial review

Andreas Leutenegger, CFO

3

Strategic drivers and outlook for 2017

Heinz Kundert, CEO



Strong Q4 performance under favorable business conditions supports record 2016 results

Q4 2016

- Strong demand for high-vacuum valves in semiconductors and displays due to technology upgrades
- Year on year Q4 order intake up 65%; net sales increase 46%
- Positive growth expectation in 2017 and beyond

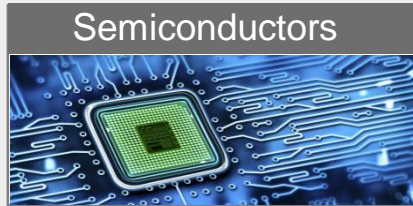
Full-year 2016

- Record results driven by customer demand and expansion of market position
- Successful transition to a publicly listed company
- Substantial investments in future growth underway
- High free cash flow allows for dividend proposal of CHF 4.00 per share

Outlook 2017

- Net sales expected to grow at least 20% at constant FX rates
- Adjusted EBITDA margin to be around 31%
- Growth Capex requirement at around 5% of sales

Key growth trends for VAT confirmed



Semiconductors

End-market
growth trend
2016 vs. 2015



- Transition towards 10/7 nm node sizes in semiconductors
- Technology buys
- Significant improvement in valves performance



Displays



- Transition to OLED results in high investments
- Move to 10.5 generation
- China



Solar



- Adaptation of new PV technologies e.g. PERC or hetero-junction
- Higher efficiencies with advanced anti-reflection coatings
- China



Industry & Research



- Growth in various applications and industries e.g. automotive, aerospace, semi, medical etc.
- New bellows welding introduced

Strong performance supported by all market segments

Segment (% of total net sales)	VAT Group AG	Valves (78%)	Global Service (16%)	Industry (6%)
Net sales	CHF 508m / +24%	CHF 395m / +28%	CHF 82m / +17%	CHF 31m / -1%
Adj. EBITDA ¹ / margin ²	CHF 158m / 31.1%	CHF 129m / 30.3%	CHF 40m / 49.4%	CHF 10m / 22.1%

¹ Adjustment on Group level only

² Segment margin based on segment net sales



Strategic achievements in 2016

LEAD

- Maintained the technological leadership
- Strengthened customer relationships
- Gained market share in our key markets
- Strategic supplier to key OEMs and end-users

DRIVE

- Introduction of several new products
- Service business growing on retrofit business and general semi market strengths
- R&D spend of CHF 33 million to maintain innovation leadership
- CAPEX investment of CHF 18 million

EXCEL

- Ramp-up of manufacturing capabilities Malaysia
- Capacity expansion in Switzerland
- Broadening of sourcing on a global scale
- Managing of growth with focus on lead times, working capital, cost reductions

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Full-year 2016 – Group key figures

Third party net sales
CHF 508 m
+24%

Adj. EBITDA
CHF 158 m
+25%

Adj. EBITDA margin
31.1%
+30pbs

Free cash flow
CHF 128m
+21%

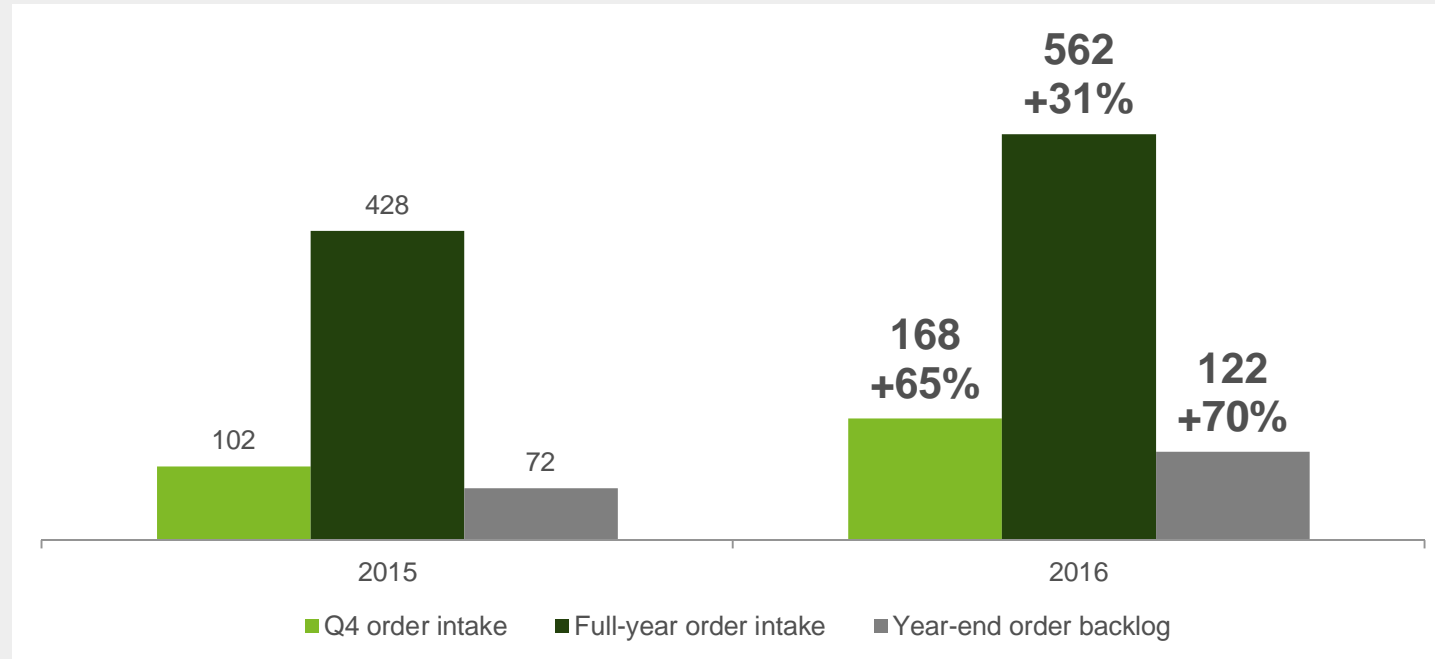
Free cash flow margin
25%
Free cash flow
conversion
86%

Net debt/EBITDA
0.9x
Dividend 2016¹
of CHF 4.00 per share

¹ Proposal of the VAT Board of Directors to its shareholders at the AGM on May 17, 2017

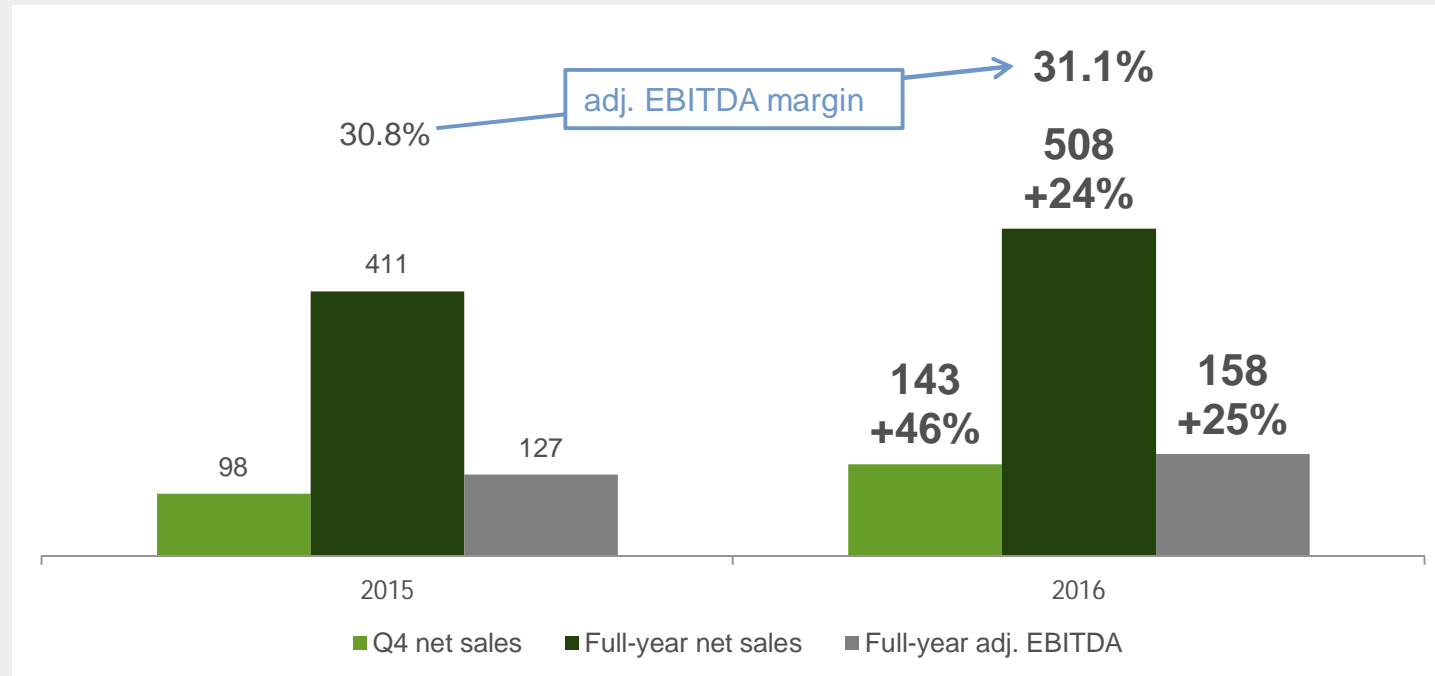
Order intake and backlog increasing

in CHF million



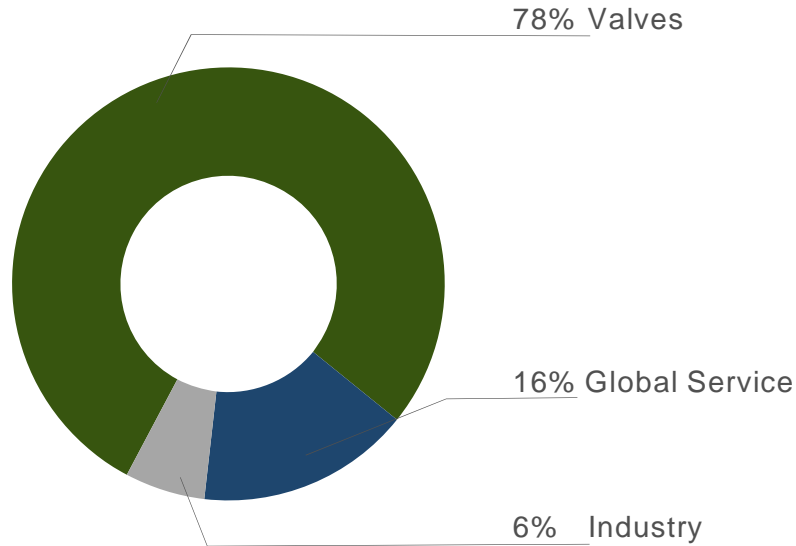
Increase in sales, adj. EBITDA and profitability

in CHF million

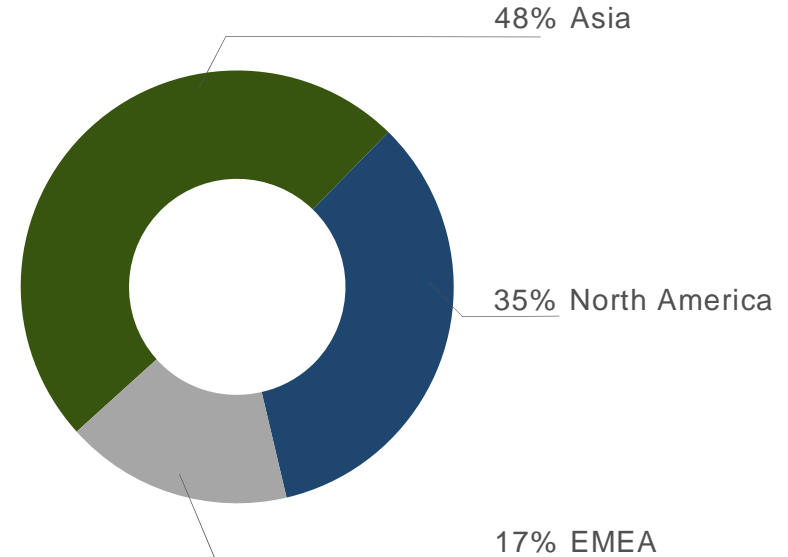


Full-Year 2016 net sales CHF 508 million

Net sales by market segment



Net sales by region



Valves – 78% of net sales

in CHF million	Q4 2016	Q4 2015	Change
Order intake	139.7	79.7	75.3%
Net sales	116.4	75.3	54.6%
in CHF million	2016	2015	Change
Order intake	443.3	331.7	33.6%
Net sales	394.6	309.6	27.5%
Segment EBITDA	129.3	98.0	32.0%
EBITDA margin	30.3%	31.6%	



Semiconductors:

- High demand for memory storage devices such as DRAM and NAND solid-state flash memory
- Growing demand for etch and deposition wafer fabrication equipment

Display & Solar:

- Sales more than doubled due to transition to OLED in smartphones

Modules:

- Improved yield and throughput while reducing manufacturing footprint

General Vacuum

- Diverse customer base in research and industry

Global Service – 16% of net sales

in CHF million	Q4 2016	Q4 2015	Change
Order intake	20.9	15.6	34.0%
Net sales	20.4	15.1	35.1%
in CHF million	2016	2015	Change
Order intake	85.0	67.4	26.1%
Net sales	81.9	69.8	17.3%
Segment EBITDA	40.5	35.8	12.9%
EBITDA margin	49.4%	51.3%	



Growth in semi related equipment spurs sales growth

- Expansion of VAT's global service activities
- New service facility in the Silicon Valley
- Collaborating with major OEMs and service partners globally intensified
- Built-up of service network in Asia and in particular for the booming display business in China
- Take advantage of retrofit and upgrade business opportunities across industry segments and regions

Industry – 6% of net sales

in CHF million	Q4 2016	Q4 2015	Change
Order intake	7.5	6.7	11.9%
Net sales	5.9	7.0	-15.7%
in CHF million	2016	2015	Change
Order intake	33.6	28.7	17.1%
Net sales	31.4	31.5	-0.5%
Segment EBITDA	10.3	9.8	5.8%
EBITDA margin	22.1%	21.4%	



Investments and business model adjustments made for future growth

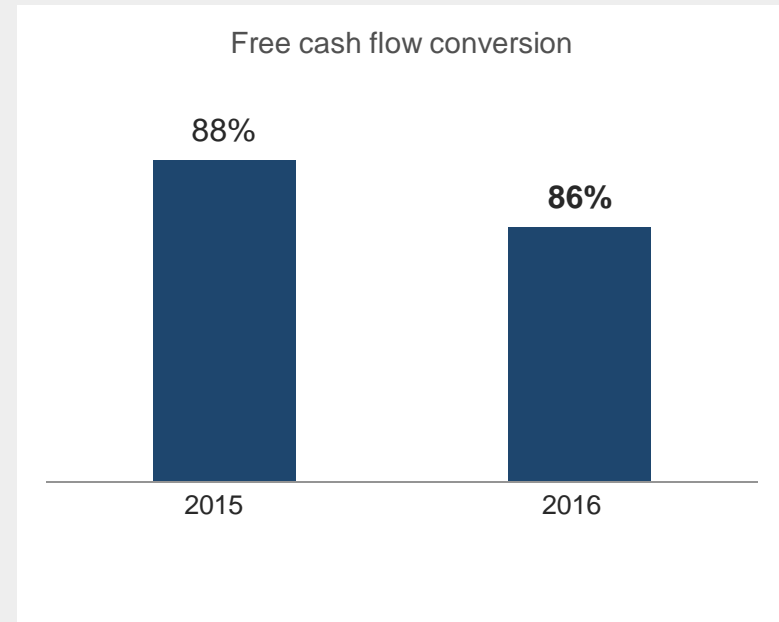
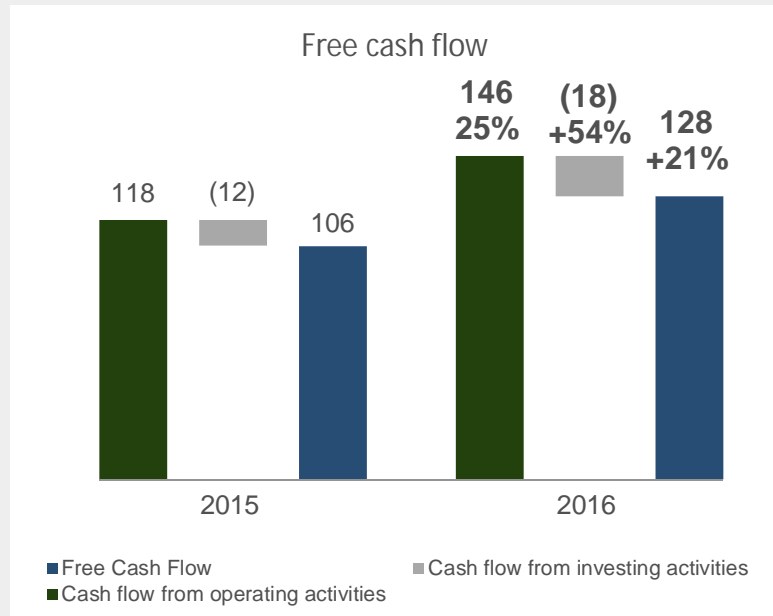
- Net sales flat year-on-year due to higher internal sales volumes
- Additional multi-year contract with a large automotive OEM
- Increasing demand for industrial actuators, medical applications and the aerospace industry
- Ongoing productivity initiatives to support EBITDA margin
- High purity cleanliness standard introduced and certified

De-leveraging impact partly offset by non-tax deductibility of certain IPO related costs

in CHF million	2016	2015	Change
EBIT	118.3	89.4	32.3%
Financial result	-30.4	-68.9	-55.9%
EBT	87.9	20.6	327.5%
Income tax expenses	-20.7	-13.5	
Effective Tax Rate	-23.5%	-65.7%	
Net income	67.2	7.1	

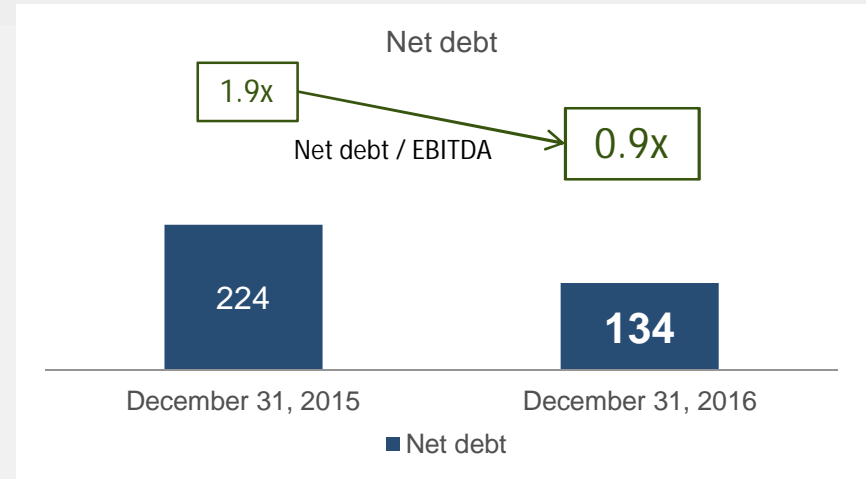
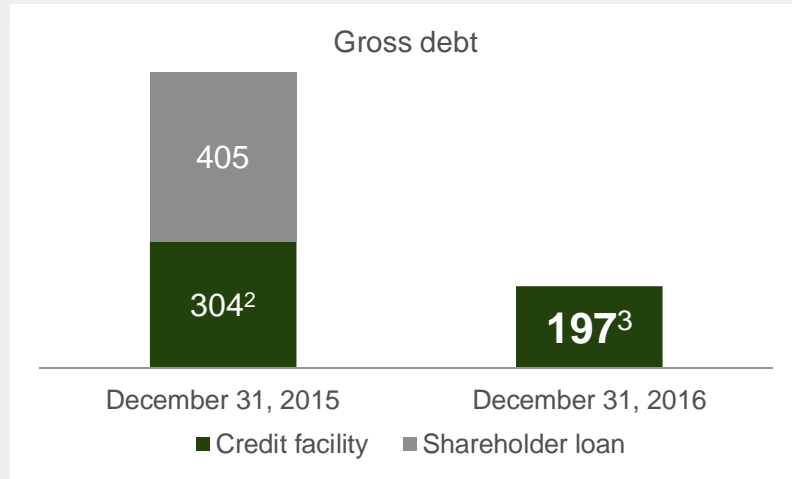
- Reduced finance cost as a result of lower outstanding debt
 - Conversion of CHF 414.1 million shareholder loan into VAT shares during IPO
 - Re-financing of outstanding senior secured credit facility with new five-year revolving credit facility
- Effective tax rate of 23.5%; adjusted for IPO related non-tax deductible one-offs the tax rate would have been around 18%

Growth in free cash flow supported by operating performance and working capital discipline



- Higher cash flow from operations partly offset by increased CAPEX needs to support VAT's growth
- Free cash flow margin remains above 25%

Net debt¹ target of 1x EBITDA reached



- Conversion of shareholder loan into shares during IPO
- Re-financing of TLB with USD 300m 5 year RCF
- Substantial reduction of interest costs partly offset by IPO related one off costs

- Rapid reduction of net debt
- Net debt/EBITDA ratio decreased from 1.9x to 0.9x
- Target level as defined in dividend policy reached
- No further de-leveraging expected

² Senior Secured Credit Facility (TLB) ³ Revolving Credit Facility (RCF)

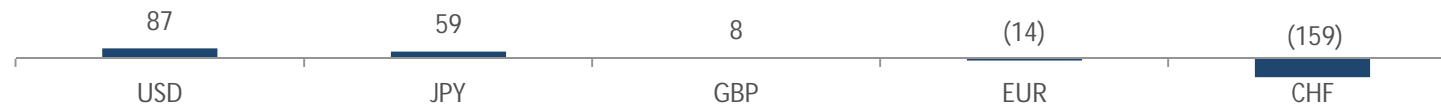
¹Net debt is calculated excl. shareholder loan as of December 31, 2015



Initiatives to mitigate the foreign exchange exposure

FX	Status on FX exposure initiatives
USD	<ul style="list-style-type: none"> – Ongoing initiative to increase global sourcing (mainly Asia and Eastern Europe) – Nomination of debt in USD – FX hedging of up to 100% of net cash flows contracts on a 18-month rolling basis
JPY	<ul style="list-style-type: none"> – FX hedging of up to 100% of net cash flows contracts on a 18-month rolling basis
EUR	<ul style="list-style-type: none"> – EUR exposure increased due to sourcing and CAPEX in EUR

Net cash flow exposure to main currencies 2016¹



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



VAT's financial mid term guidance

Mid term guidance (unchanged from IPO communication)

- Net sales growth: high single digit at constant FX rates
- EBITDA margin target: 33% of sales
- Effective tax rate: 18% to 20% of earnings before tax
- CAPEX: 4% of sales over the cycle
- TWC target: less than 20% of sales
- Leverage : 1x Net debt / EBITDA
- Cost of debt: LIBOR plus margin depending on leverage ratio
- Dividend policy: return up to 100% of free cash flow to equity¹ to shareholders as long as the Group's net debt does not significantly exceed 1x EBITDA

¹ Free cash flow to equity is calculated as free cash flow less interest paid less current portion of loans

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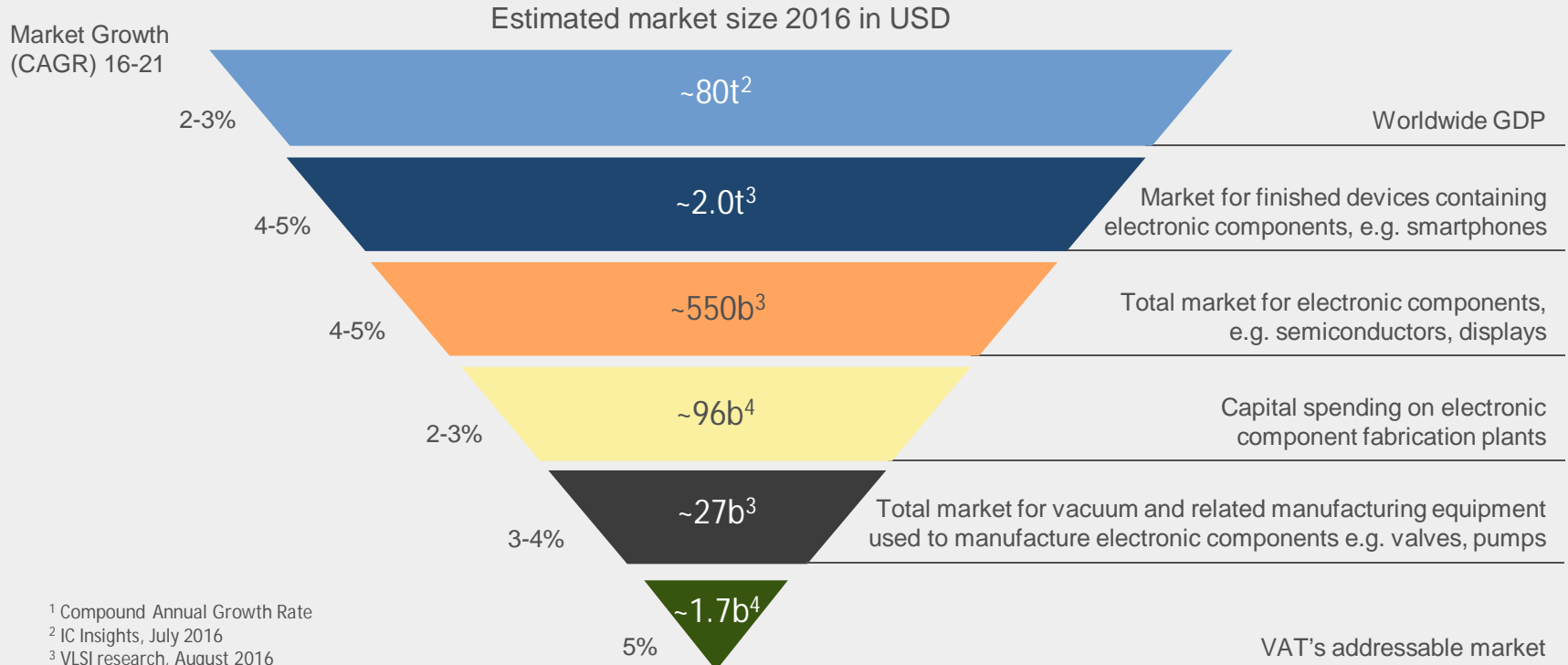
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Strategic drivers and outlook for 2017

Heinz Kundert, CEO



Trends in the electronics market - Entire supply chain is growing at a CAGR¹ >3% 2016 to 2021



¹ Compound Annual Growth Rate

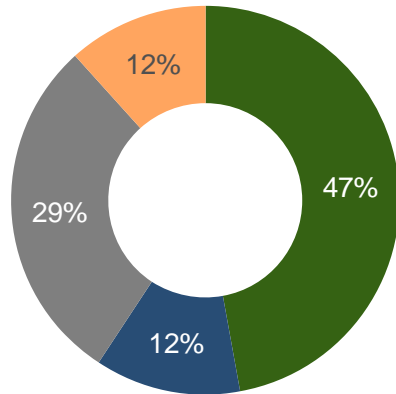
² IC Insights, July 2016

³ VLSI research, August 2016

⁴ Various sources including IC Insight, VSLI, HIS and others

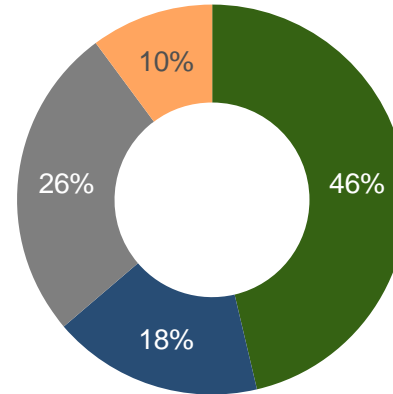
VATs addressable market – expected to grow at a CAGR of approximately 5% from 2016 to 2021

2015: USD 1.5bn



■ Semiconductor ■ Display & Solar ■ Industry & Research ■ Service

2016: USD 1.7bn



■ Semiconductor ■ Display & Solar ■ Industry & Research ■ Service

Source: VLSI March 2017 (preliminary full-year 2016 data)

¹ Total 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.

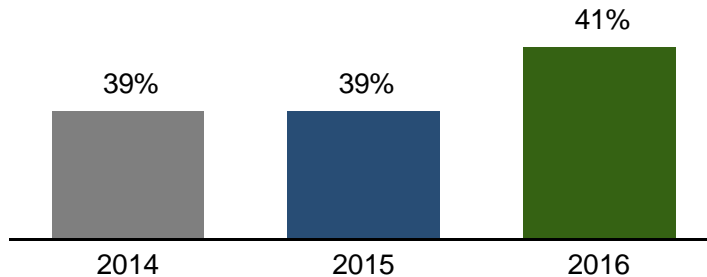
² Semiconductors and related include: Integrated circuits, displays (from small mobile phone displays to large TVs), solar photovoltaics, LED, hard discs.



Market position further strengthened

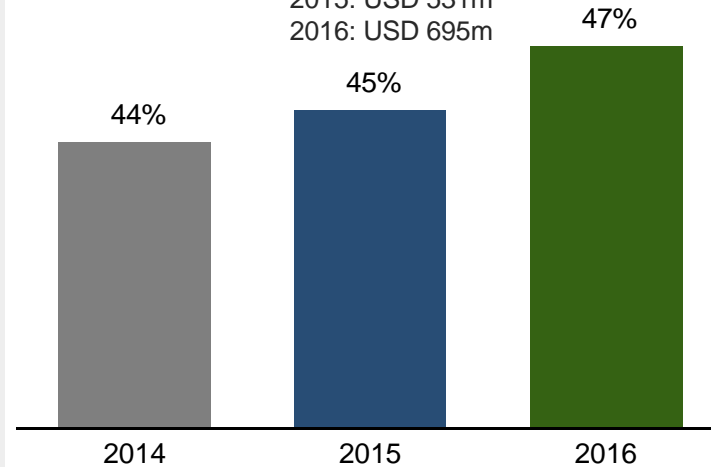
Market share all industries¹

Total vacuum valve market size
2015: USD 804
2016: USD 977m



Market share semi & related²

Total vacuum valve market size
2015: USD 531m
2016: USD 695m



Source: VLSI (2017 preliminary full-year 2016 data)

¹ All Industries includes semi & related, General Vacuum.

² Semi & related includes Semiconductors, Displays, Solar, LED Lighting, Hard Disk Drive.



Megatrends which drive growth

Digitalization, Big Data, IoT, Industry 4.0, Cloud Computing and E-mobility etc.

Technological inflections, 3D NAND, 10/7 nm features, capacity expansions

Investments in OLED displays for smartphones, and in a second wave in tablets and large screens

China investing heavily to balance domestic IC supply
VAT is participating in these investments

Consumer devices and platforms drive user generated content

~2bn

Photos shared across Facebook, Instagram, Messenger, and WhatsApp

10bn

Snapchat: daily global video views

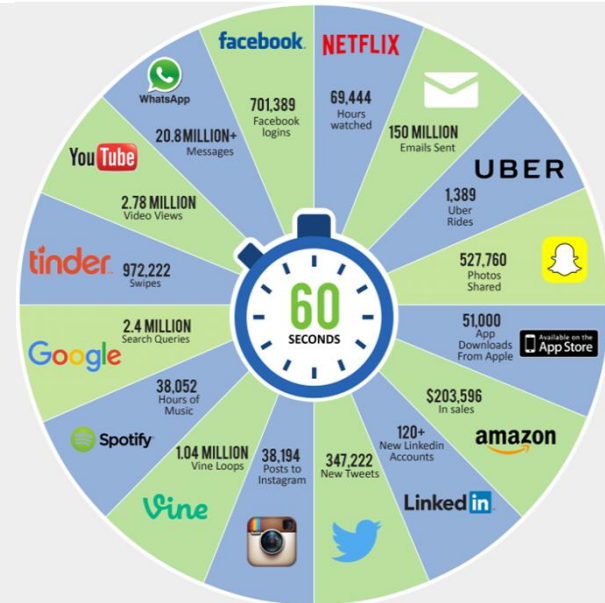
13x

Mobile traffic growth (in last 5 years)

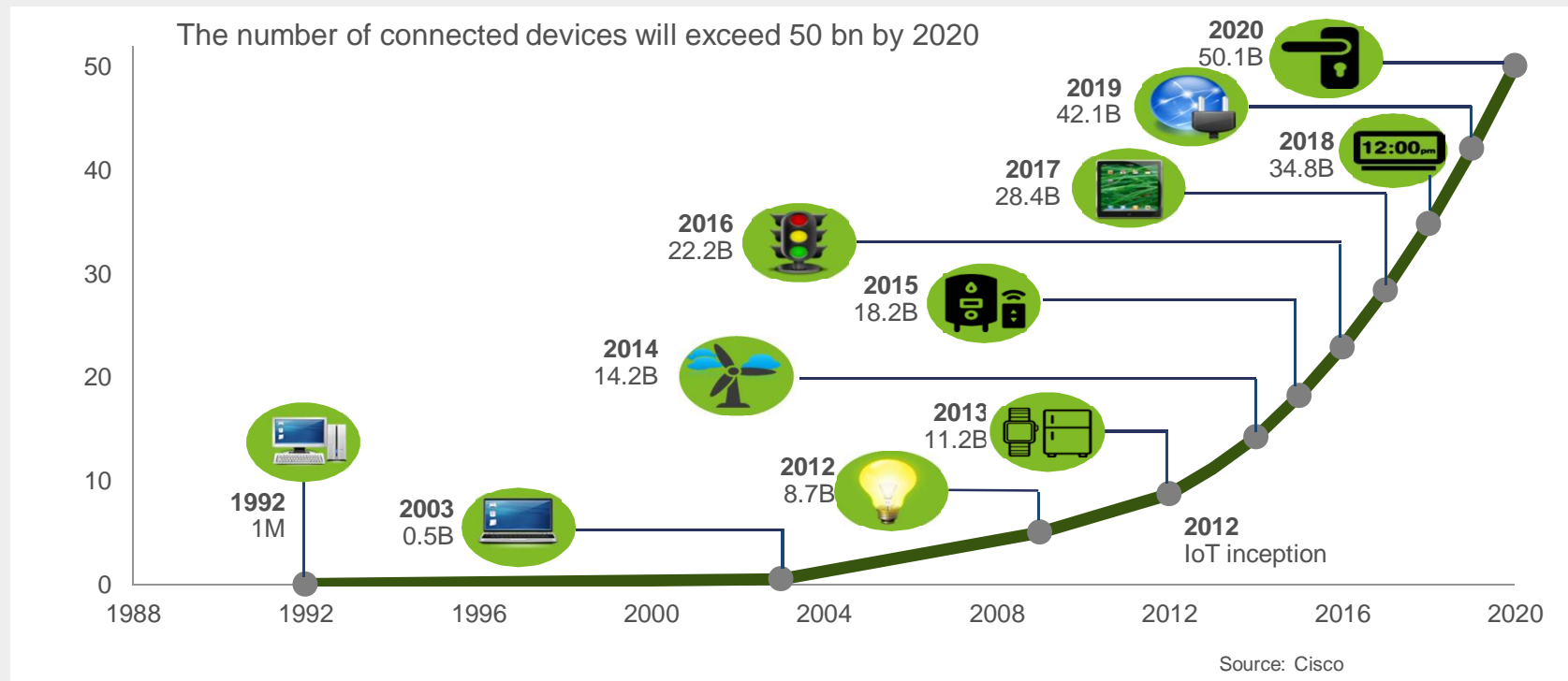
4.3

Connected devices for every person on earth by 2020

What happened in an internet minute in 2016



Digitalization drives demand





Priorities 2017

Innovation

Trusted partnership
with customers &
suppliers

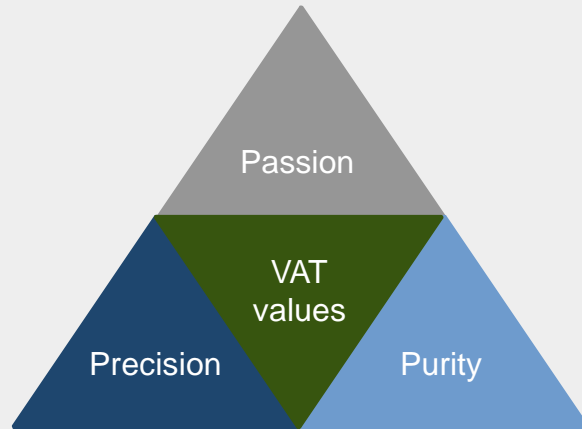
People & talents

Capacity ramp-up
CH & MY

Asian growth

Global sourcing &
supply chain

VAT – a success story over 50 years



- Pure play business model focused on mission-critical high-end vacuum valves
- Technology leadership and long term, trusted partnerships
- Leading 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



Closing remarks

Good starting point

- 2016 performance bodes well for future growth
- Transition to publicly listed company concluded
- Well positioned to capture growth opportunity
- Accelerated innovation, trusted customer & supplier relationship, people skills and unmatched product portfolio
- Actions to manage expected growth in place with capacity ramp-ups in Switzerland and Malaysia

Outlook 2017

- Net sales expected to grow at least 20% at constant FX rates
- Adjusted EBITDA margin to be around 31%
- Growth Capex requirement at around 5% of sales



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Q&A Session

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Information

Investor information

Listing: SIX Swiss Exchange
Currency: CHF
Ticker symbol: VACN
ISIN: CH 031 186490 1
Listing date: April 14, 2016

Contact information

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Financial calendar

Q1 2017 Trading update & Annual General Meeting	May 17, 2017
Ex-date	May 19, 2017
Dividend payment	May 23, 2017
Half-year 2017 results	August 24, 2017
Q3 2017 trading update	November 10, 2017
Full-year 2017 results	March 9, 2018



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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