

## Media Release

Haag, Switzerland, August 5, 2021

### **RECORD Q2 AND H1 2021 RESULTS DRIVEN BY CONTINUED HIGH MARKET GROWTH AND STRONG BUSINESS EXECUTION; SECOND HALF 2021 RESULTS EXPECTED TO BE ABOVE FIRST SIX MONTHS**

#### **Q2 2021 results**

- Group orders up 43% and sales up 29% vs 2020; driven by technology advances and investments in additional chip manufacturing capacity due to accelerating pace of digitization
- Strong operational performance amid supply chain risk; increased global footprint and supply chain strengthens production continuity

#### **Half-year 2021 results**

- VAT benefits from leading market position and technological leadership
- Orders up 38% year-on-year, sales increased by 31% vs H1 2020
- Record EBITDA margin of 33.9%, up 420 basis points on operational leverage and strong productivity and cost focus

#### **Outlook for remainder of 2021**

- Global semiconductor capex outlook remains very positive and industrial recovery is expected to continue; supply chain challenges remain a risk factor
- VAT expects H2 results to be higher than in the first six month of the year, FY 2021 net sales<sup>1</sup>, EBITDA, EBITDA margin, net income and free cash flow to be substantially above 2020
- 2021 capital expenditure at circa CHF 40 million

#### **Guidance for Q3 2021**

- VAT expects sales<sup>1</sup> of CHF 220 - 230 million (includes Q3 supply chain risk)

#### **Q2 2021**

in CHF million	<b>Q2 2021</b>	Q1 2021	CHANGE <sup>2</sup>	Q2 2020	CHANGE <sup>3</sup>
Order intake	<b>253.5</b>	240.7	+5.4%	176.8	+43.4%
Net sales	<b>224.2</b>	192.2	+16.6%	173.4	+29.3%
	<b>Jun. 30, 2021</b>	Mar. 31, 2021	Change <sup>3</sup>	Jun. 30, 2020	CHANGE <sup>4</sup>
Order Backlog	<b>218.3</b>	193.2	+13.0%	153.5	+42.3%

#### **Half-year 2021**

in CHF million	<b>6M 2021</b>	<b>6M 2020</b>	<b>Change</b>
Order intake	494.2	358.1	+38.0%
Net sales	416.4	318.9	+30.6%
EBITDA	141.2	94.8	+49.0%
EBITDA margin	33.9%	29.7%	+4.2ppt
Net income	99.2	55.7	+78.0%
Basic earnings per share (EPS, in CHF)	3.31	1.86	+78.0%
Capex	13.0	11.6	+11.7%
Free cash flow <sup>4</sup>	60.7	39.9	+52.0%
Number of employees (in FTE) <sup>5</sup>	2'258	2'013	+12.2%

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

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

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

<sup>4</sup> Free cash flow is calculated as cash flow from operating activities minus cash flow from investing activities

<sup>5</sup> Full-Time Equivalents (FTE)



## Second-Quarter 2021 Summary

---

### Strong market growth driven by chip shortage and ongoing technology innovation

In Q2 2021, VAT experienced continued strong market growth driven by the global shortage of semiconductors and ongoing technology advances. Investments in the semiconductor industry reached record levels, as the chip shortage required investments in additional capacity in both new chip technologies and legacy platforms, driving record sales in both the Semiconductor and Global Service business units. Growth was supported by VAT's strong business execution capabilities across all its markets. In addition, the Advanced Industrials business unit fully captured the growth opportunities resulting from the recovering market, supported by recent strategic initiatives in a number of key areas. The Display & Solar business unit showed the expected weaker performance versus the prior year period, although to a smaller extent than originally forecast. At the same time, supply chain disruptions due to high demand and impacts of COVID-19 were less severe than expected. The increased global footprint further strengthened VAT's production continuity.

As a result, and as pre-announced on July 15, 2021, Q2 net sales reached CHF 224 million, a 29% increase compared with the same quarter in 2020 and above the guidance of CHF 205 – 215 million the company provided in April. Order intake in the second quarter grew 43% to CHF 254 million, resulting in a Q2 book-to-bill ratio of 1.13.

### Segments

The Valves segment – VAT's largest business and the one most exposed to the semiconductor sector – reported record net sales of CHF 183 million in the second quarter, a 28% increase compared with the same period a year earlier. Net sales in Global Service were 35% higher at CHF 41 million.

### Six-Month 2021 Summary

---

VAT's order intake in the first half of 2021 was CHF 494 million, an increase of 38% compared with the previous year. The order backlog at the end of June was CHF 218 million, 42% higher than at the end of the same period in 2020.

Group net sales grew 31% to CHF 416 million in the first six months compared with the same period in 2020. Foreign exchange rate movements (especially in USD) had a negative impact on VAT's net sales growth of about 5%. Based on preliminary market analysis from VLSI research, VAT further increased its leading market share across all industries to 58%. The company's market share in semiconductors reached 74%.

The solid growth in orders and net sales in the first half of 2021 reflects the ongoing strength in VAT's key semiconductor market, coupled with a recovery of the industrial sectors following the COVID-19-induced slowdown in 2020. Strong business execution coupled with VAT's technology leadership further supported VAT's overall performance.

### Segments

In the Valves segment, orders and sales increased by 37% and 29% in the first half of 2021, to records of CHF 403 million and CHF 339 million, respectively. This increase was led by the Semiconductor business unit, which benefited from an unprecedented upswing in capital expenditures (capex) in the semiconductor industry. In addition, the expansion of VAT's key account model and progress in the strategy to tap new growth opportunities in adjacent market segments added to the strong performance. The Advanced Industrials business unit continued its recovery, driven mainly by both the base and the project business. The coating business grew significantly in markets like Japan, China or Germany, while the automotive business recovered strongly in Europe and Asia. In addition, VAT's strategic initiatives of leveraging existing product offerings into new markets paid off as well. As expected, sales in the Display & Solar business were lower, mainly due to the display sector where the lack of new customer investments in OLED technologies were not offset by the LCD-related businesses. Sales increased in the Solar business, as investments into new production capacities using high-efficiency PERC photovoltaic cell technology continued.



The Global Service segment reported 45% higher orders year-on-year and a record sales volume of CHF 78 million, up 40% compared to the first six months of 2020. This reflects customers' very high utilization rates coupled with the strong increase in the building of new semiconductor fabs worldwide. This has led to strong demand for VAT's entire service portfolio of products including consumables, valve repair, valve upgrades, and valves used in pumping and abatement systems.

### **Strong EBITDA reflects higher volumes and operational leverage**

Gross profit<sup>1</sup> for the first six months of 2021 amounted to CHF 263 million, an increase of 31%. The gross profit margin<sup>2</sup> was unchanged at 63% compared to the previous year period.

EBITDA for the first half of the year increased 49% to CHF 141 million and the EBITDA margin reached 33.9% versus 29.7% a year earlier, reflecting the improved operational leverage resulting from higher volumes, as well as the company's strong ongoing focus on productivity and cost. EBIT for the first six months of 2021 increased 62% to CHF 121 million, leading to an EBIT margin of 29.0%.

VAT reported net finance costs of CHF 2.5 million for the first six months, a substantial reduction versus the CHF 10 million recorded in the first six months of 2020. This reflects the absence of foreign exchange losses in 2021 that were recorded on loans and bank balances in 2020. The effective tax rate for the first six months of 2021 was 16% compared with 14% a year earlier. The change in effective tax rate was mainly caused by higher volumes from foreign production sites, where statutory tax rates are usually higher than in Switzerland. For the full year, VAT continues to expect the tax rate to normalize towards a long-term level of 18 - 20%.

Higher sales and EBITDA combined with the lower finance charge led to a first-half 2021 net income of CHF 99 million, 78% higher than in the first six months of 2020.

On June 30, 2021, net debt amounted to CHF 208 million compared to CHF 230 million a year ago. The leverage ratio on a last-twelve-month (LTM) basis and measured as net debt to EBITDA was 0.8 times. The equity ratio on June 30, 2021 was at 51.9%.

### **Investments in innovation and execution of internal improvement measures key for future success**

Innovation and customer focus are two key drivers of VAT's sustainable success, together with ongoing improvements in operational productivity, efficiency and flexibility. With this focus, VAT aims to deliver sustainable growth and value for all its stakeholders. During the first six months of 2021, the company again achieved a high number of specification wins, especially in high-end vacuum valves needed for the next generation of advanced semiconductors, where VAT is the clear market leader. These spec wins form the basis for future profitable growth.

Operationally, total factory output at the company's production sites in Switzerland, Malaysia and Romania increased 26% compared with the first half of 2020, despite the COVID-19 pandemic. Further capacity increases are being implemented to meet expected demand growth as the market upturn continues. VAT's Malaysian factory continues its ramp-up and is on target to increase output by more than 70% compared with 2020. This reflects both the company's Best-Cost-Country strategy for improved productivity as well as its ambition to further deepen customer relationships by strengthening its capabilities closer to its customers. In addition, VAT is taking measures to secure critical areas of the supply chain by, for example, targeting the increased global demand for material and electronic components.

### **Sales-driven increase in net working capital impacts free cash flow generation**

Free cash flow in the first six months of 2021 amounted to CHF 61 million, 52% higher than the year before. Capital expenditures of CHF 13 million in the first half of the year were some 12% higher than the previous year, reflecting continued investments in new equipment in Switzerland and Malaysia. Net

---

<sup>1</sup> Gross profit is calculated as net sales minus costs of raw materials and consumables used plus/minus changes in inventory of finished goods and work in progress

<sup>2</sup> Gross profit margin: Gross profit as a percentage of net sales



working capital (NWC) requirements also grew in the first half to support the strong sales increase. As a percentage of LTM net sales, NWC remained at around 28%. VAT maintains its mid-term NWC guidance of about 20% of LTM net sales over the cycle; however, the current strong market growth coupled with certain supply chain risks warrant temporarily higher inventory levels for critical materials, parts or electronic components.

The free cash flow margin for the first six months of the year was 15%, and the free cash flow conversion rate was 43% of EBITDA.

At the end of June 2021, VAT had 2,258 employees worldwide (measured as full-time equivalents, FTEs), an increase of 245 FTEs versus the end of June 2020 and 217 more compared with the end of 2020.

### **Full-year 2021 outlook: Favorable demand and market share gains expected**

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.

Technology advances in logic and memory chips also continue to drive further growth. As node sizes shrink and chip architectures change, the need for purer vacuums and the number of process steps under vacuum also increase. Vacuum-based production processes are also critical in the displays and solar photovoltaic (PV) markets and continue to gain importance in other industries.

The current capacity shortage in many semiconductor chip categories requires additional capex from chip producers, and several players have announced higher capex budgets for 2021 and well into 2022. Market analysts now estimate that investments in wafer fab equipment in 2021 could increase more than 30% to around USD 85 billion, compared with the previous record level of USD 64 billion in 2020. The main growth will come from new chip technologies, which often require more, and more sophisticated, vacuum valves. As the clear market and technology leader, VAT is well positioned for continued profitable growth.

In displays, investments in large OLED screens and additional capacity for smartphones are expected to remain muted. Declining investments in LCD displays are forecast to continue, leading to a generally softer market in 2021. However, recent market data suggest that the trough in displays could be reached during 2021. 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 occur at a later stage.

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 globally 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 its full-year 2021 business performance to be substantially higher compared with 2020. Full-year orders, net sales, EBITDA and EBITDA margin are expected to increase and also net income is forecast to be substantially higher than in 2020.

The stronger operational performance is also expected to drive substantially higher free cash flow in 2021, despite a planned increase in capital expenditure to approximately CHF 40 million and growth investments in working capital.

### **Guidance for Q3 2021**

VAT expects net sales<sup>1</sup> of CHF 220 – 230 million (includes Q3 supply chain risk).

## Segment results Q2 and six months 2021

### VALVES

in CHF million	Q2 2021	Q1 2021	CHANGE <sup>1</sup>	Q2 2020 RESTATED	CHANGE <sup>2</sup>
Order intake	202.6	200.7	+0.9%	144.9	+39.8%
<i>Semiconductors</i>	148.0	140.8	+5.1%	104.7	+41.3%
<i>Display &amp; Solar</i>	17.3	20.5	-15.8%	13.5	+28.4%
<i>Advanced Industrials</i>	37.4	39.4	-5.2%	26.8	+39.6%
Net sales	182.8	156.0	+17.2%	142.7	+28.1%
<i>Semiconductors</i>	133.5	112.0	+19.2%	96.1	+39.0%
<i>Display &amp; Solar</i>	16.9	14.5	+16.5%	22.8	-25.7%
<i>Advanced Industrials</i>	32.3	29.4	+9.8%	23.8	+35.8%
Inter-segment sales	18.0	16.2	+10.9%	13.3	+35.0%
Segment net sales	200.8	172.2	+16.6%	156.0	+28.7%

in CHF million	6M 2021	6M 2020 RESTATED	CHANGE <sup>2</sup>
Order intake	403.3	295.3	+36.6%
<i>Semiconductors</i>	288.7	203.2	+42.1%
<i>Display &amp; Solar</i>	37.8	37.4	+1.1%
<i>Advanced Industrials</i>	76.8	54.7	+40.3%
Net sales	338.8	263.6	+28.5%
<i>Semiconductors</i>	245.5	175.9	+39.6%
<i>Display &amp; Solar</i>	31.5	42.7	-26.3%
<i>Advanced Industrials</i>	61.8	45.0	+37.2%
Inter-segment sales	34.2	24.8	+37.6%
Segment net sales	372.9	288.5	+29.3%
Segment EBITDA	124.5	89.4	+39.3%
Segment EBITDA margin <sup>3</sup>	33.4%	31.0%	

### GLOBAL SERVICE

in CHF million	Q2 2021	Q1 2021	CHANGE <sup>1</sup>	Q2 2020	CHANGE <sup>2</sup>
Order intake	50.9	39.9	+27.5%	31.9	+59.7%
Net sales	41.4	36.2	+14.2%	30.8	+34.5%
Inter-segment sales	-	-	-	-	-
Segment net sales	41.4	36.2	+14.2%	30.8	+34.5%

in CHF million	6M 2021	6M 2020	CHANGE <sup>2</sup>
Order intake	90.9	62.8	+44.6%
Net sales	77.6	55.3	+40.4%
Inter-segment sales	-	-	-
Segment net sales	77.6	55.3	+40.4%
Segment EBITDA	35.2	22.5	+56.4%
Segment EBITDA margin <sup>3</sup>	45.4%	40.7%	

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

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

<sup>3</sup> Segment EBITDA margin as a percentage of Segment net sales

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.



## Additional information

The analyst presentation of the results and the 2021 half-year report are available on VAT's website at [www.vatvalve.com](http://www.vatvalve.com).

VAT will host a remote media and investor event today at 10 a.m. CEST via webcast and conference call.

Please follow the link below to access the webcast:

### Live Webcast

For the conference call, please dial:

+41 58 310 50 00 (Europe)

+44 207 107 0613 (UK)

+1 631 570 5613 (USA)

-----  
For further information please contact:

VAT Group AG

Communications & Investor Relations

Michel R. Gerber

T +41 81 772 42 55

investors@vat.ch

## 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

## ABOUT VAT

---

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 three different reporting segments: Valves, Global Service and Industry 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.

## FORWARD-LOOKING STATEMENT

---

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.