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# VAT – Global leaders in Vacuum Valve Technology

Fourth quarter and full-year 2021 results

[www.vatvalve.com](http://www.vatvalve.com)

# Fourth quarter and full-year 2021 results

## Agenda



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1. Highlights
2. Fourth quarter and full-year 2021 financial review
3. Update of 2025 guidance and 2022 outlook
4. Q&A

Mike Allison, CEO

Fabian Chiozza, CFO

Mike Allison, CEO

# Record Q4 and full-year 2021 results; positive 2022 outlook



Strong Q4 business execution

Strong Q4 results driven by ongoing market growth, share gains and excellence in operational execution



Record order intake in 2021

70% growth in full-year order intake; business units with order growth rates between 39% - 86%



Record performances on all levels

Key performance indicators like net sales, EBITDA, EBITDA-margin- free cash flow all at record levels



Improved operational performance

Production footprint further strengthened with 70% factory output increase in Malaysia and Haag factory optimization; supply chain challenges well managed



Optimistic 2022 outlook

Market assumptions for 2022 and into 2023 remain positive; substantially higher 2022 results expected in all key performance indicators such as net sales, EBITDA, EBITDA-margin, free cash flow and net income

~58%

(+3 pts)

market share & partner of choice to our customers



# Our business focus & performance

## Market share gains and strong business execution drive record 2021 results



### Our business segments *(Share of 2021 net sales)*

**Valves**  
**(81%)**



**Global Service**  
**(19%)**



### Delivering record performance

**1'228** (+70%)

Order intake  
(CHF million)

**901** (+30%)

Net sales  
(CHF million)

**34.2**

EBITDA margin<sup>1</sup>  
(%)

**196** (+52%)

Free cash flow  
(CHF million)

**>110**

Specification wins

**0.3x**

Leverage ratio  
(Net debt / EBITDA)

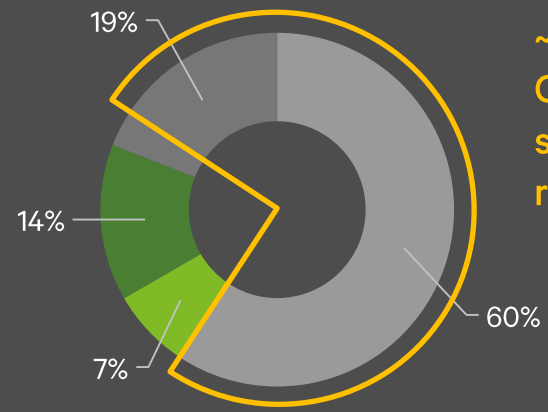
<sup>1</sup> since IPO in April 2016

# Our markets

## Semiconductor are our driving force

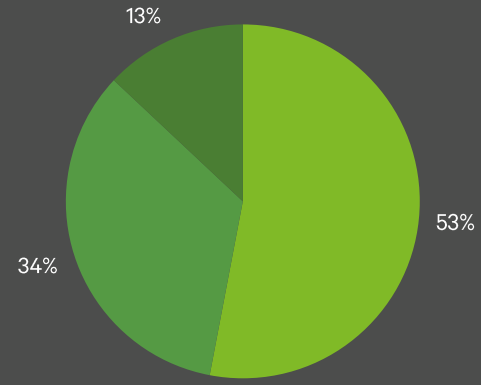


### Sales breakdown by market segment 2021



**~75% of VAT's Group sales are semiconductor related**

### Regional Sales Breakdown 2021



■ Semiconductor   ■ Display & Solar   ■ Advanced Industrials   ■ Global Service

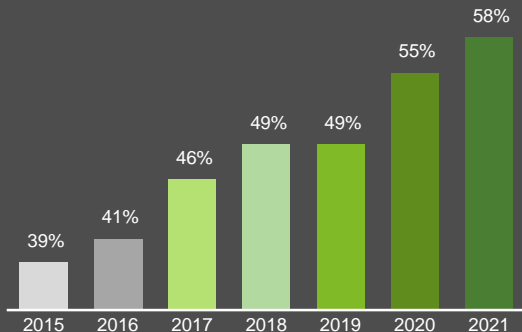
■ APAC   ■ Americas   ■ EMEA

# Market share development

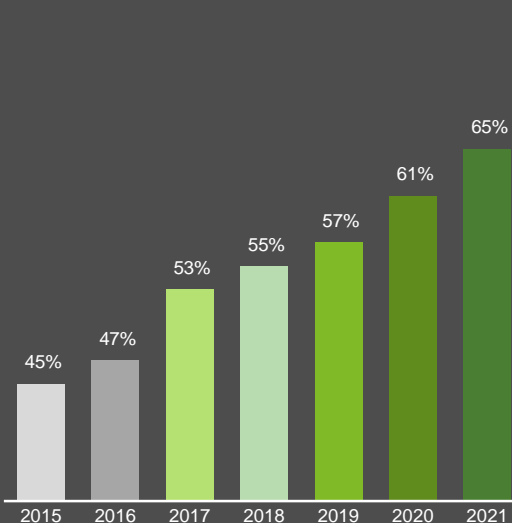
## Translating innovation and customer partnerships into above market growth



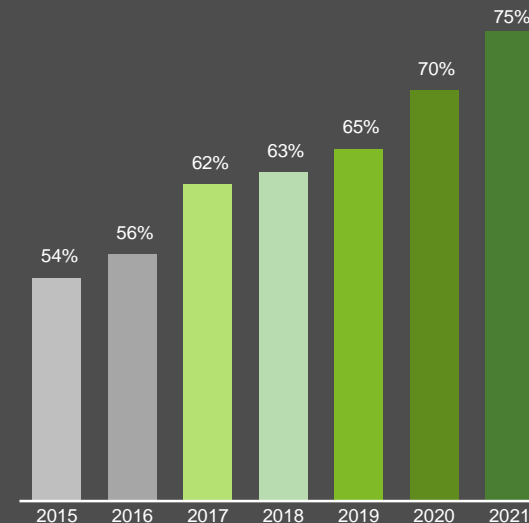
Market share All Industries <sup>1</sup>  
Total vacuum valve market size  
2021: USD 1,266m +29%



Market share Semi & Related <sup>2</sup>  
Total vacuum valve market size  
2021: USD 945m +28%



Market share Semi <sup>3</sup>  
Total vacuum valve market size  
2021: USD 721m +36%



Source: VLSIresearch/TechInsights Inc., preliminary estimates February 2022

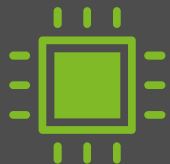
<sup>1</sup> All Industries includes semi & related, general vacuum.

<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 market growth in unprecedented WFE investments; up by about 35% to between USD 85 – 90 billion; all product segments (memory, foundry, advanced logic and discrete, analog & other) growing
- Technology advances driven by EUV and industry investing in next nodes; heavy lagging edge investments



### Display

- Investments conditions remained challenging, market down by about 16% overall
- LCD capacity investment increases in Q4 but long term trend moving to OLED
- OLED projects for mobile and flexible remain on track; mini-LED for TV and IT market advancing



### Solar

- Recovery from 2020 downturn continued and expected to increase due to increase in gas/oil prices
- PERC remains major technology, heterojunction technology with slow progress due to initial costs



### Industry & Research

- Strong rebound from 2020 downturn in all relevant sectors such as high-end coating, electron beam-related scientific instruments
- Good research spending by governments especially in US, Japan and Korea

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Mike Allison, CEO



# Financial highlights 2021

## Group key performance indicators



Orders  
CHF 1'228m  
+70%

Net sales  
CHF 901m  
+30%

EBITDA  
CHF 308 (+46%)  
EBITDA margin  
34.2% (+3.8ppt)

Net income  
CHF 217  
+70%

Free cash flow  
CHF 196m  
+33%

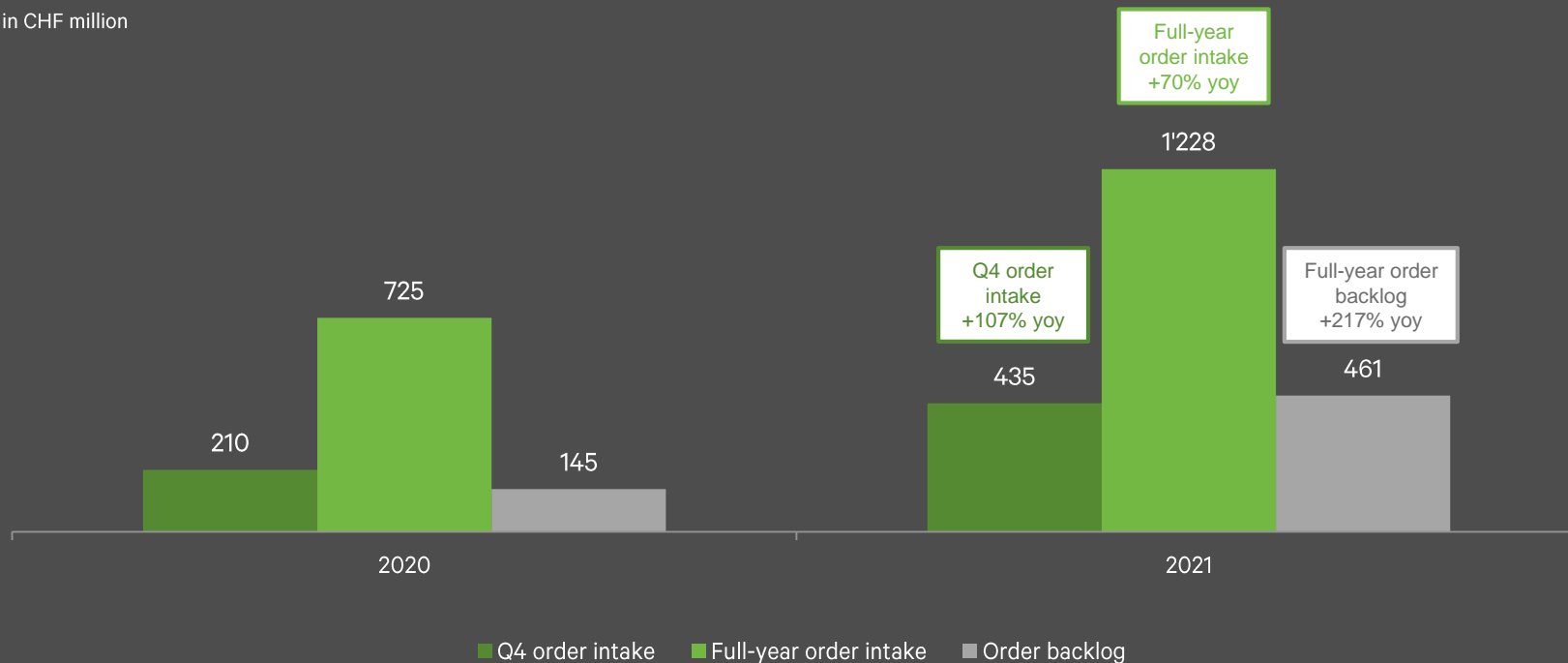
Leverage  
(Net debt/EBITDA)  
0.3x

# Order intake

## Q4 21 order intake 107% above Q4 20 as market activity is at unprecedented levels and share gains continue

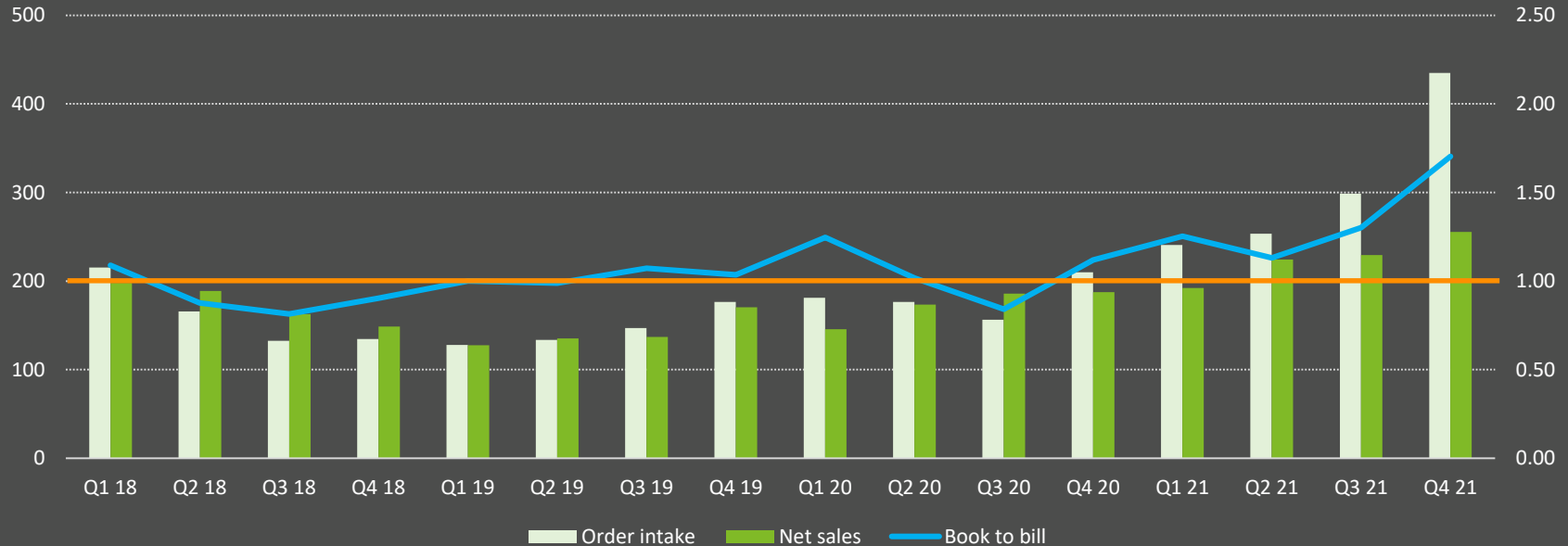


in CHF million



# Orders and sales

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



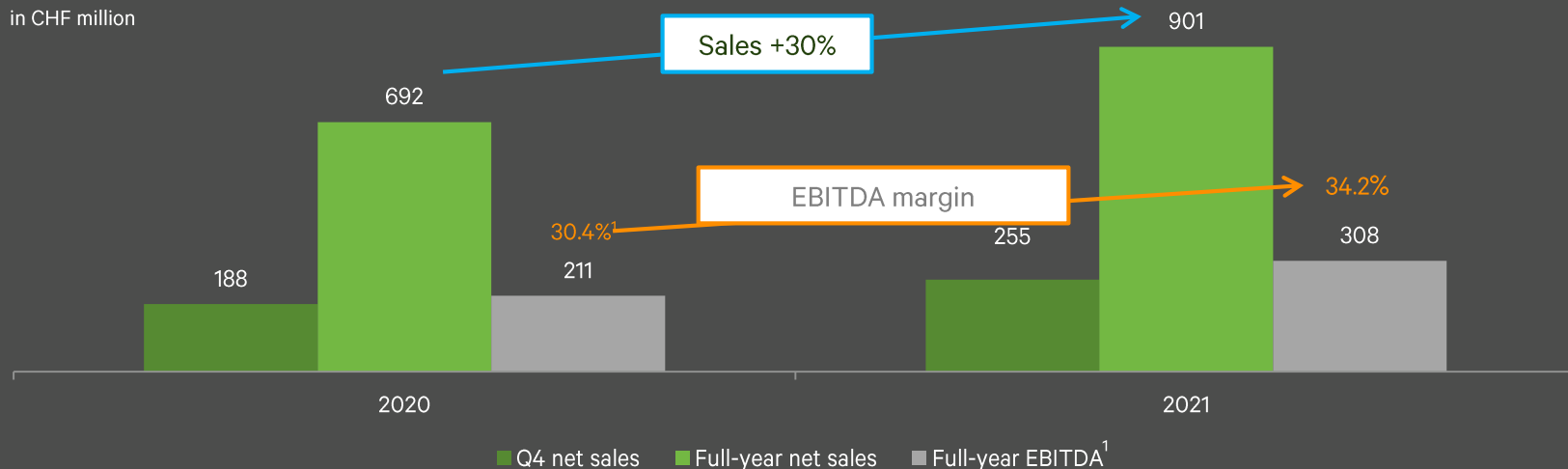
- Strong order momentum driven by high industry capex in semiconductors due to technology advances and semi investments
- Around CHF 100 million of Q4 orders reflect extended lead times, year-end concentration of orders ahead of price increases, last-buy announcements and a high level of advance orders from smaller OEM customers

# EBITDA and EBITDA-margin



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

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

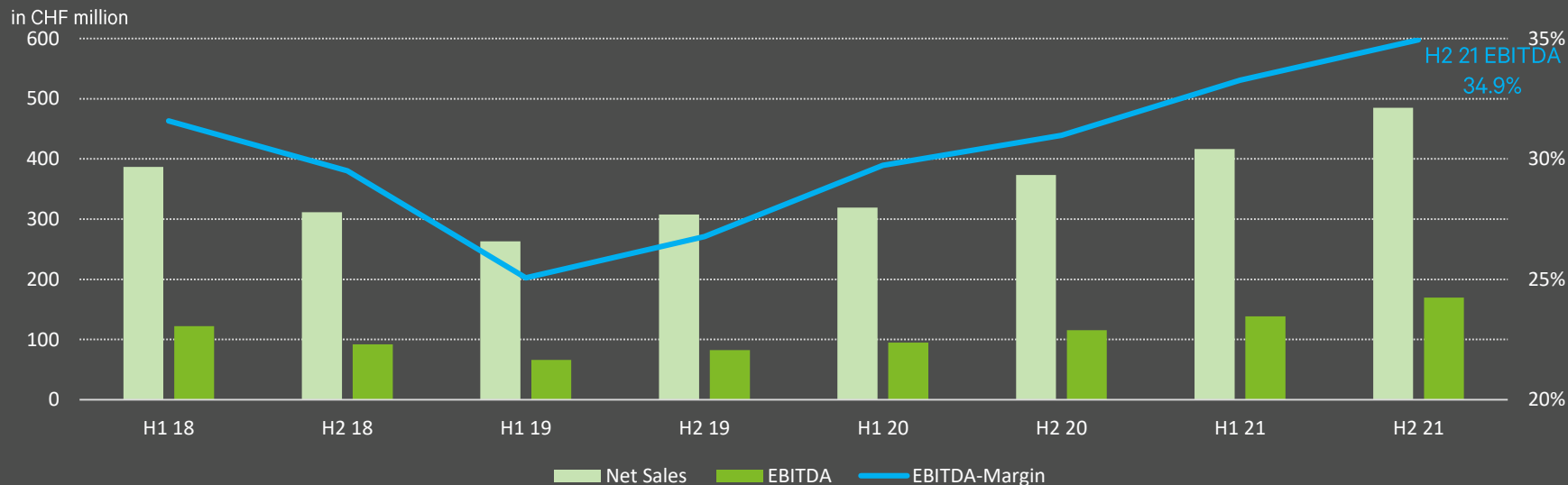
<sup>1</sup>restated in line with a clarification in 2021 by the IFRS Interpretation Committee regarding treatment of costs related to cloud-based services such as VAT's new ERP system

# Record EBITDA margin

## Margin development on track towards upper end of target band



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- Since H1 2019, the EBITDA margin continues to improve sequentially and year-on-year
- H2 2021 EBITDA-margin at record level <sup>1</sup>
- Operational leverage strong despite increasing costs from supply chain

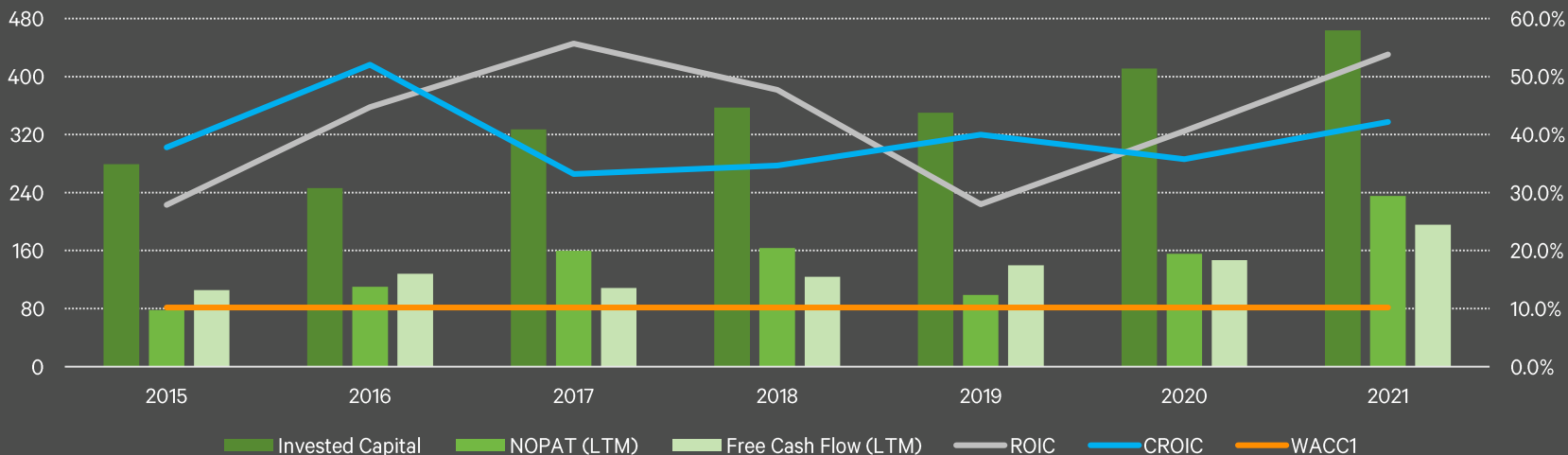
<sup>1</sup> reflecting time period since IPO in April 2016

# Sustainable value creation

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



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- 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, 10.2% as used in the 2021 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



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in CHF million	2021	2020	Change
EBITDA	307.9	210.5	46.3%
Depreciaton and amortization	-43.1	-40.7	5.8%
EBIT	264.9	169.8	56.0%
Finance net	-7.1	-15.6	-54.3%
EBT	257.7	154.2	67.1%
Income tax expenses	-40.3	-26.3	
Effective Tax Rate	-15.6%	-17.0%	
Net income	217.4	127.9	70.0%

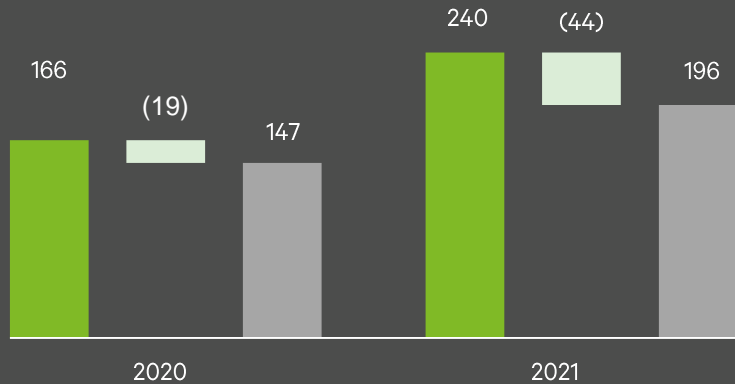
- Higher EBITDA and lower finance net more than offset higher absolute tax charge; net income and EPS up 70%
- Tax charge expected to gradually move back towards target band of between 18% – 20% of EBT due to higher volumes in the future from foreign production sites

# Free cash flow

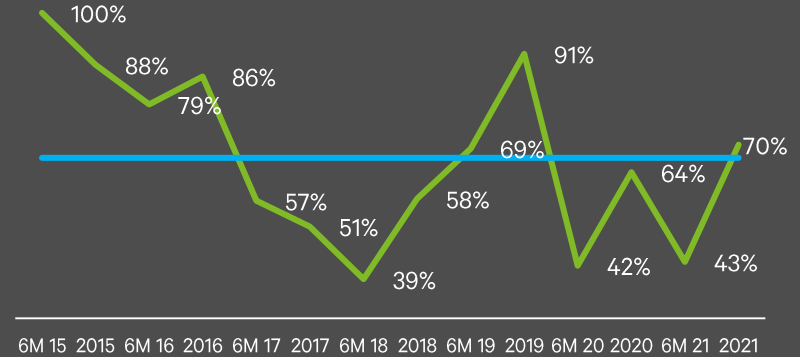
## Record free cash flow despite TWC requirements and higher capex to support growth



### Free cash flow



### Free cash flow conversion



■ Cash flow from operating activities ■ Cash flow from investing activities ■ Free Cash Flow

- Strong 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 24%; above medium-term target of 20%
- Growth and efficiency related capex of 4.7% of sales in 2021 within the company's range of 4% - 5% of sales

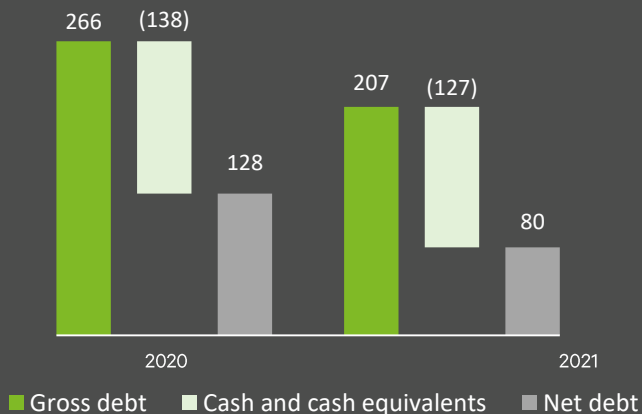


# Net debt and leverage

## Very sound balance sheet to support all future growth initiatives

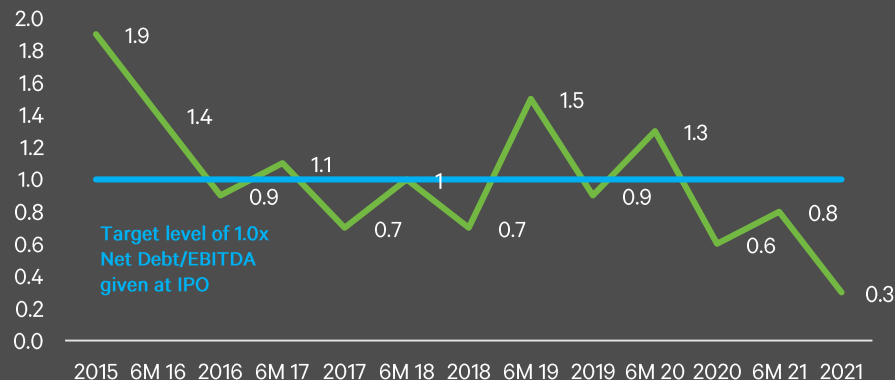


### Net debt development



- Further net debt reduction despite growth TWC requirements
- Gross debt on Dec 31, 2021 comprises CHF 200 million bond and very little use of CHF 300 million RCF

### Leverage development



- Year-end 2021 leverage substantially lower at 0.3 times
- Strong balance sheet required for future success; organic growth initiatives based on substantial R&D investments

# Outstanding 2021 financial performance – 2022 expected to further improve results

### Achievements 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 all key performance indicators such as orders, sales, EBITDA, EBITDA-margin and free cash flow
- Year-end order backlog and positive market outlook 2022 bode well for another record year

### Finance priorities for 2022

- Implementation of new ERP system remains on track, roll out to Malaysia followed by Switzerland in 2023
- Continued focus on cost and productivity improvements
- TWC optimization despite growth; persisting supply chain challenges require slightly higher NWC levels to guarantee business continuity for the time being
- Disciplined execution of capex program; 2022 capex of CHF 65 – 70 million expected

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# 2020 CMD - our strategic priorities

## Delivering on all four 2025 strategic priorities



### Our claim in December 2020



Gain market share in valves



Grow our service business



Advance into adjacencies & connected VAT



Improve operational footprint

### Our progress by December 2021

Market share gain across all industries of three percentage points to 58% and five percentage points to 75% in semis

We have grown our Global Service business by 35% in 2021, and by over 50% since 2019

Successful adjacent businesses in 2021, especially in advance modules and motion components; over 35% growth

Successful ramp of production hub in Malaysia with 70% growth in factory output in 2021, expected to be above CHF 250 m in 2022

# Update on 2025 targets



## The megatrends are driving an accelerated need for next gen chips and higher WFE Capex

Sales growth  
(CAGR '20-'26)

AI



+35%

Big data & cloud



+8% / +18%

IoT



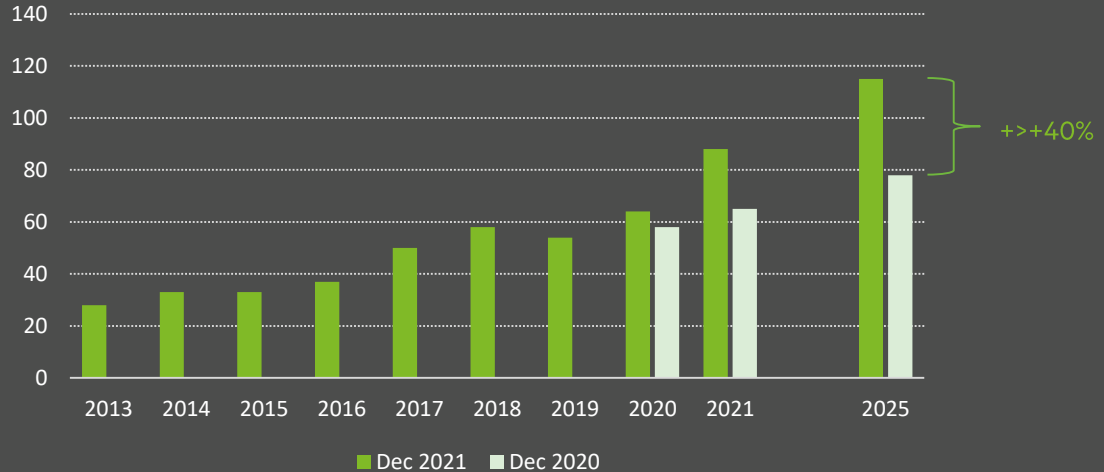
+13%

5G



+50%

WFE development and forecast in USD bn



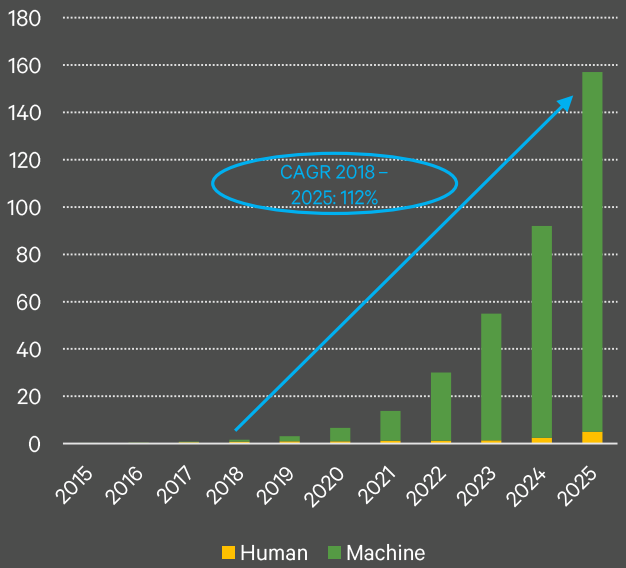
- December 2020 WFE growth forecast for the period 2020 - 2025: ~6% CAGR
- December 2021 WFE growth forecast for the period 2020 - 2025: ~12% CAGR

# What drives VAT's business

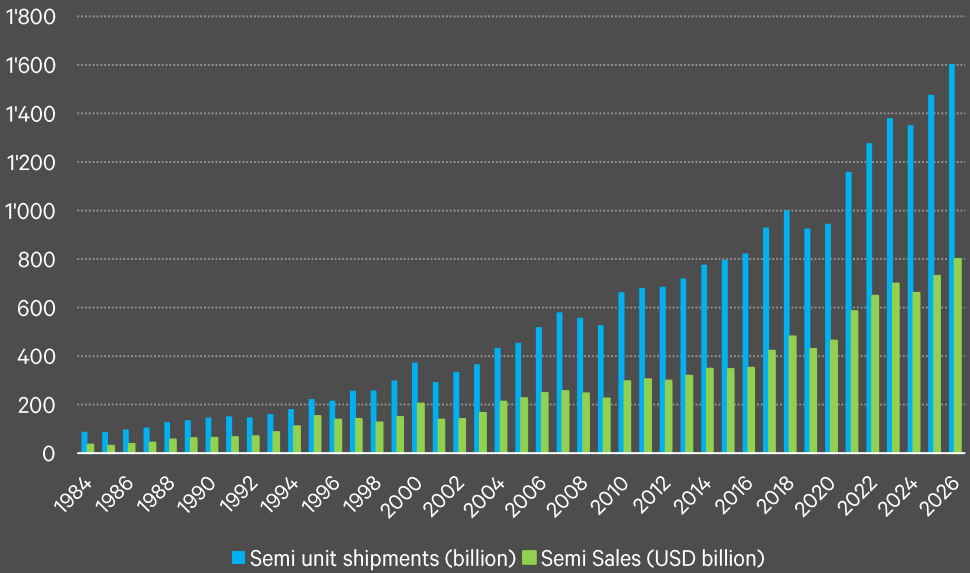


## Machines generate a multitude of human generated data – fueling growth in IC production

Data generation by category  
(in Zeta Bytes 10<sup>21</sup>)



IC production development  
1984 -2026



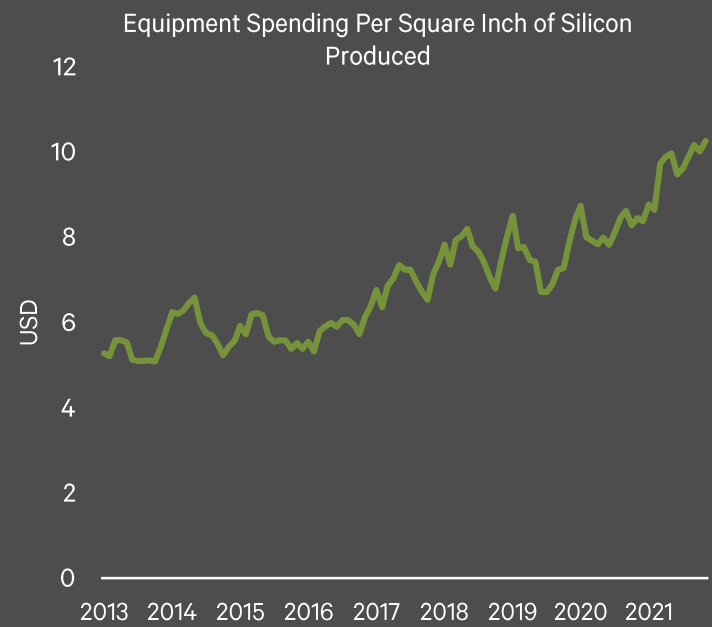
Source: Applied Materials, September 2021

# What drives VAT's business

## Silicon content grows constantly and technology advances increase capital intensity



	2015	2020	2025	CAGR 2015 - 2020	CAGR 2020 - 2025
 High-End Smartphone	\$100	\$170	\$275	11.2%	10%
 Auto (global average)	\$310	\$460	\$690	8.2%	8%
 Data Center Server (CPU & Accelerator)	\$1'620	\$2'810	\$5'600	11.6%	15%
 Smarthome (global average)	\$2	\$4	\$9	14.9%	18%



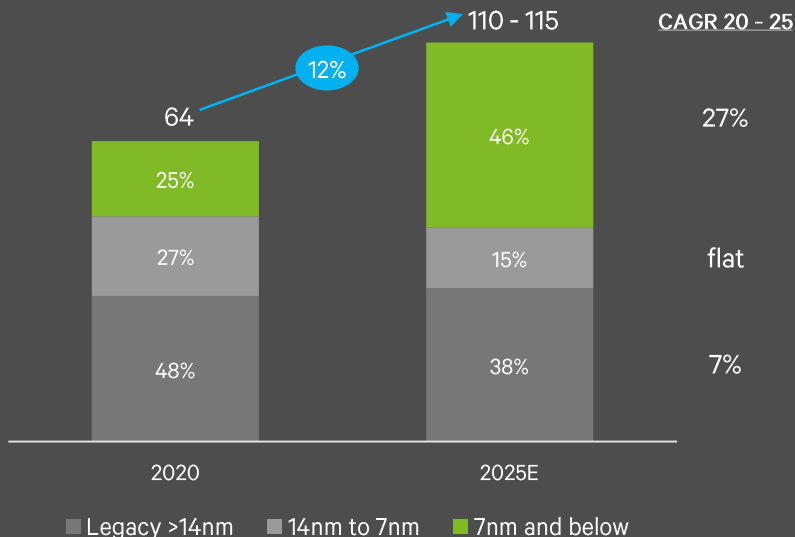
Source: Applied Materials, September 2021

# The VAT way forward

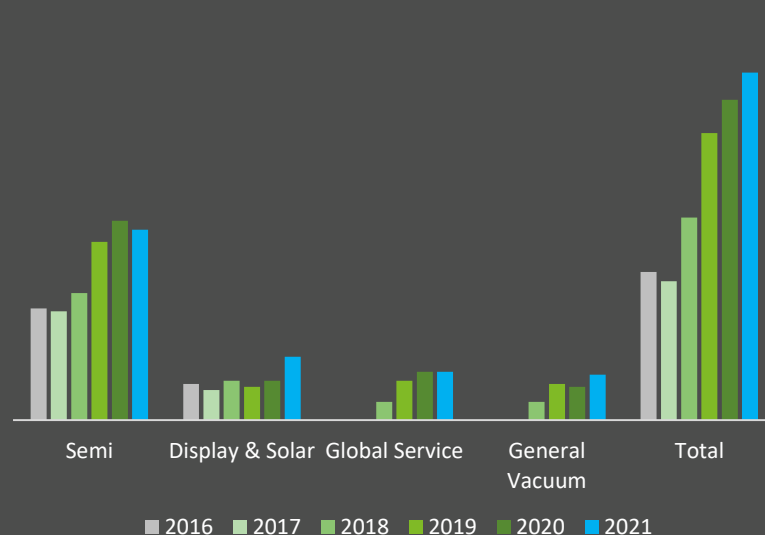
## Strong industry capex in leading semi technologies; VAT to benefit from strong spec win track record



### 2021 Wafer Fab Equipment (WFE) spend by node size



### Spec wins development



Source: VLSIresearch/TechInsights Inc. December 2021



# Update on 2025 targets

## Execute our four strategic pillars – deliver higher performance



### VAT's strategic priorities



Gain market share in valves



Grow our service business



Advance into adjacencies & connected VAT



Improve operational footprint

### Our new targets for 2025

**Accelerated sales growth** to around CHF 1.5 billion or 36% percent higher than previously guided

**Higher profitability** over the cycle with expected EBITDA range of 32 – 37% compared to previous guidance of 30 – 35%

## Short term market outlook

Our markets are expected to continue their growth path in 2022 with the exception of displays



FY 2022 expected market growth

VAT



**Semiconductor**

Continued high investment needs driving WFE to another growth year of more than 20%

Capturing market growth, gain share, expand adjacencies



**Service**

Continued strength across all sub-segments driving >15% market growth

Harnessing installed base and high fab utilization



**Advanced Industrials**

Continued economic recovery expected, in scient. instr., coating; about 10% market growth

Continue growth in targeted markets



**Display & Solar**

Display equipment market overall down about -10%; Solar fab equipment market +12%

Growth through execution of 2021 orders at hand

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## Outlook for 2022 – updated sales guidance Q1 2022



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### Outlook full-year 2022

- High investments in semiconductor manufacturing equipment to continue
- Demand growth also in advanced industrials
- Service business to benefit from installed base and high capacity utilizations
- Display expected to grow based on orders at hand and higher solar business
- VAT expects substantially higher sales, higher EBITDA and EBITDA-margin as well as higher net income and free cash flow

### Q1 2022 guidance

- VAT expects sales of CHF 245-255 million (was CHF 270-280 million) reflecting the more challenging supply chain bottlenecks and the resulting re-profiling of industry capex from H1 to H2 of 2022
- VAT expects quarterly sales growth through 2022

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## Q&A session

Fourth quarter and full-year 2021 results

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# Additional Information

## Investor information

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

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## Financial calendar 2022

Thursday, April 14, 2022	Q1 2022 trading update
Friday, May 6, 2022	Record day; share register closes 5pm CEST
Tuesday, May 17, 2022	Annual General Meeting 2022
Tuesday, May 19, 2022	Ex-date
Monday, May 23, 2022	Dividend payment
Thursday, August 4, 2022	Half-year 2022 results
Thursday, October 13, 2022	Q3 2022 trading update

# 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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