



Media Release

Haag, Switzerland, April 16, 2020

STRONG TOPLINE GROWTH IN Q1 DRIVEN BY CONTINUED SEMICONDUCTOR RECOVERY; OUTLOOK 2020 REMAINS POSITIVE DESPITE UNCERTAINTY RELATED TO COVID-19

Q1 2020 results

- Demand recovery in semiconductor markets that began in the second half of 2019 drives Q1 growth in orders (+42%) and net sales (+14%) versus same period a year earlier; Global Service with all-time order intake record in Q1
- Book-to-bill ratio of 1.3x and order backlog of CHF 150 million at quarter-end, 31% above year-end 2019
- VAT's continued technology leadership generates new specification wins in line with expectations to support future market share gains
- COVID-19 pandemic showed limited impact on Q1 business but uncertainty regarding full-year impact on supply chains and short-term demand remains

Outlook 2020 depends on duration of COVID-19 pandemic

- Market recovery is expected to continue as semiconductor sector is designated system-critical in most markets
- Strength of recovery will depend on duration of pandemic and broader macroeconomic developments
- Focus on technology innovation, organizational flexibility and efficiency improvements expected to support improved performance as volumes recover

Guidance for Q2 2020

- VAT expects net sales of CHF 150 - 160 million

VAT GROUP

in CHF million	Q1 2020	Q1 2019	Change
Order intake	181.3	127.8	+41.9%
Net sales	145.5	127.7	+13.9%
	Mar 31, 2020	Mar 31, 2019	Change
Order Backlog	150.6	113.5	+32.7%

Semiconductor demand continues upswing seen during second half of 2019

The market recovery that started in the second half of 2019, especially in the semiconductor sector, continued in the first quarter of 2020. Customers are spending more on technology upgrades, especially in logic and foundry, as well as in memory where large investments are going into the latest generation NAND technologies. As a result, order intake and net sales were up 42% to CHF 181 million and 14% to CHF 146 million, respectively, in line with the



company's previously published guidance. VAT's order backlog was almost 32% higher at the end of the first quarter compared with the end of 2019, the result of the very positive book-to-bill ratio of 1.3x in the first quarter.

The impact of the global COVID-19 pandemic on VAT's orders and net sales was limited in the first quarter of 2020. Very early in the pandemic, the company, , has rigorously enforced local health and safety guidelines and regulations, such as physical distancing, hygiene precautions and home office arrangements, across all of its facilities to ensure the well-being of employees, suppliers and customers. Local restrictions on the operation of businesses in California and Malaysia led to a temporary halt in the company's operations in those locations near the end of the quarter. However, governments and regulators in many countries have since designated the semiconductor industry and its suppliers as system-critical. As a result, VAT has received exemptions from those shutdown orders and is operating at normal capacity in Switzerland and with reduced staff in the US and Malaysia.

Higher orders in all three segments versus weak Q1 2019

Demand improved across all of VAT's businesses in the first quarter of 2020 compared with the same period in 2019, when the company's main markets, and especially the semiconductor sector, were experiencing a cyclical downturn.

The Valves segment reported an order increase of 50% to CHF 147 million in the first quarter and net sales grew to CHF 177 million, an increase of 22% compared with the same period a year earlier. The Global Service segment increased orders by 14% to CHF 31 million, while net sales declined by 9% to CHF 25 million, the result of the weaker order intake in the second half of 2019. Orders in the Industry segment rose to CHF 4 million, a 41% increase over the very low levels a year ago. Net sales declined by 12% to CHF 4 million, also reflecting the lower orders received in 2019.

Valves

Demand increased for the Valves segment, driven mainly by increased customer investments in new fabrication technologies and equipment needed to manufacture the latest generation of high-performance semiconductors and displays. As a result, orders and net sales were up in both the Semiconductors and Display & Solar business units versus a year ago.

Semiconductors again recorded a number of significant specification wins, reflecting VAT's technology leadership position among leading original equipment manufacturers (OEMs). In Display & Solar, the company shipped control valves for qualification at key OEM display customers in Asia from its plant in Penang, Malaysia and signed a frame contract to provide valves to a leading supplier of OLED technology used in high-resolution applications such as OLED-based mobile devices and ultra-high definition TV. Demand was lower in the solar sector as the Chinese markets were impacted by the COVID-19 shutdowns. Orders and net sales were lower in General Vacuum as stronger demand in the space simulation and scientific research areas was more than offset by weaker industrial demand.

Global Services

Orders in the Global Services segment reached a record level in the first quarter on a combination of the launch of new VAT service products and solutions in 2019 and the re-stocking by customers of consumable spare parts. Upgrade and retrofit activities also remained strong, although there have been some installation delays related to the COVID-19



pandemic. Net sales declined, reflecting lower orders in the second half of 2019 related to the timing of retrofit and service projects and a slowdown in maintenance activities especially in Asia.

Industry

Industry segment orders increased sharply from the very low levels of the first quarter a year ago. Net sales were lower, however, reflecting the relatively slow introduction in the automotive industry of the latest generation of high-efficiency fuel injection systems, for which VAT is a key supplier of pressure diaphragm cells.

Continued focus on operational excellence and organizational flexibility

VAT continued to drive operational improvements in the first quarter aimed at speeding up the business, improving quality and supporting profitability and cash flow. Measures included the ongoing integration of enterprise resource planning (ERP) systems across all of the company's facilities and sharpening the focus of VAT's research and development capabilities. At the beginning of April, the company also announced the appointment of Thomas Berden as Chief Operating Officer, effective October 1, 2020. Dr. Berden will join the company from Sweden-based industrial bearings manufacturer SKF.

Outlook 2020 remains positive despite uncertainty related to COVID-19

The medium-term growth drivers for VAT remain firmly in place, based on the Internet of Things, cloud computing, artificial intelligence and other digitalization trends. Vacuum-based production processes continue to gain importance in a variety of industries, while the outlook for the solar photovoltaic market remains positive, based on improving energy efficiency and cost competitiveness.

For 2020, VAT continues to expect a return to growth, driven mainly by the semiconductor-related businesses. However, uncertainty regarding the duration of the COVID-19 pandemic and its impacts on global supply chains in the company's markets during the next several quarters makes full-year forecasts increasingly difficult. The designation of the semiconductor sector as system-critical in the company's largest markets is expected to buffer some of the negative impacts of the pandemic on the global economy, but reliable forecasts on overall market development are not feasible at this time.

Thus, based on current trends and until more robust macroeconomic forecasts are available, VAT maintains the outlook it published at the end of 2019 for higher net sales at constant foreign exchange rates in 2020 compared with 2019.

On that assumption, the company also expects its 2020 EBITDA margin to be higher than in 2019, driven by higher volumes and better cost absorption as well as the ongoing focus on costs. VAT also maintains its mid-term EBITDA margin target of 33%.

Capital expenditure in 2020 is expected to be around CHF 30 million. Free cash flow in 2020 will depend on the magnitude of sales growth and working capital requirements and may be lower than in 2019.

New nomination to VAT Board of Directors

The Board of Directors has nominated Daniel Lippuner for election to the Board of Directors at the company's Annual General Meeting on May 14 for a term of one year. Mr. Lippuner is a



Swiss citizen and is currently a member of the Boards of Directors for the Remnex Foundation, 3S Solar Plus AG and Amsler Tex AG, all based in Switzerland. He has also held a number of senior management positions across a variety of global industrial companies.

“We are very pleased to nominate Daniel Lippuner for election to our Board of Directors,” said Martin Komischke, Chairman of the VAT Board. “He brings more than 25 years of international experience from a range of manufacturing and technology companies, from construction equipment to semiconductors and renewable energy. He has successfully expanded businesses in the dynamic Asian market and has a proven track record in operational excellence initiatives that have driven higher profitability and cash flow. Komischke added: I’m convinced that Mr. Lippuner will be a strong addition to the Board. His experience will serve us well as we continue to build a fast and flexible global organization that can create increasing value in a sustainable way for all of our stakeholders.”

Segment data

Valves

in CHF million	Q1 2020	Q1 2019	Change
Order intake	146.6	98.0	+49.6%
Net sales	117.0	96.3	+21.5%
Inter-segment sales	12.1	12.2	-1.0%
Segment net sales	129.1	108.5	+19.0%

Global Service

in CHF million	Q1 2020	Q1 2019	Change
Order intake	31.0	27.1	14.0%
Net sales	24.5	26.9	-9.0%
Inter-segment sales	-	-	-%
Segment net sales	24.5	26.9	-9.0%

Industry

in CHF million	Q1 2020	Q1 2019	Change
Order intake	3.8	2.7	41.3%
Net sales	4.0	4.5	-12.0%
Inter-segment sales	2.4	2.1	13.7%
Segment net sales	6.4	6.6	-3.9%

Additional information

There will be a short media and investor conference call today at 10.00am CEST.

To participate in the call please dial:

+41 58 310 5000 (CH/Europe)

+44 207 107 0613 (UK)

+1 631 570 5613 (USA)

A playback of the call can be accessed through our website www.vatvalve.com approximately one hour after the call has finished.

For further information, please contact:

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Financial calendar 2020

Capital Markets Day postponed due to COVID-19 pandemic	Tuesday, April 28, 2020
Annual General Meeting (no shareholder attendance)	Thursday, May 14, 2020
Ex-date	Monday, May 18, 2020
Dividend payment	Wednesday, May 20, 2020
Half-year 2020 results	Thursday, August 6, 2020
Q3 2020 trading update and Capital Markets Day	Thursday, October 15, 2020

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 1'800 employees and main manufacturing sites in Haag (Switzerland), Penang (Malaysia) and Arad (Romania). Net sales in the financial year 2019 amounted to CHF 570 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.