



# VAT – We change the world with vacuum solutions

Full-year 2023 results





# Agenda



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# 01



## Highlights

Urs Gantner, CEO

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# Highlights 2023

Highest number of spec-wins recorded – continued investments in capacity and R&D capabilities – delivering 32% EBITDA margin in H2 2023

 <p><b>Orders – below record year</b></p>	<p>Order intake declined sharply in Q1 2023; WFE market ended flat on 2022 with a shift in applications; customers reduced inventories in H1; orders recovered gradually and sequentially throughout H2 2023</p>
 <p><b>Sales – ADV demonstrated stability</b></p>	<p>Overall sales dropped by 23%, while ADV revenue increased YoY 20% EBITDA dipped below margin guidance range in H1 at 29.2%, but returned within in H2 to 32%+; FX headwinds continue</p>
 <p><b>On track to meet mid-term targets</b></p>	<p>Mid-term growth prospects unaffected by the transition year 2023 &amp; 2024 Record level on Spec Wins in all businesses, and growing share in adjacent wins</p>
 <p><b>Preparation for the ramp-up</b></p>	<p>Penang plant 1B capacity expansion on track; Haag Innovation Center to open early 2025; no slowdown in investments and skill developments</p>
 <p><b>2024 – a transition year</b></p>	<p>Cautious optimism for 2024 – growth expected to accelerate later in 2024 Positive tailwinds emerging from required investments for new fabs, new technologies (GAA, HBM) and increasing focus on ESG</p>

Preparing for market rebound – focus on creating capacity and technology lead

# Our business focus and performance



Slowdown in orders and sales in early 2023 has impacted performance – gradual recovery in H2

Our business segments  
(Share of 2023 net sales)

Valves  
(80%)



Global  
Service  
(20%)



Delivering outstanding performance

692

(-43%)

Full-year 2023 order intake  
(M CHF)

885

(-23%)

Full-year 2023 net sales  
(M CHF)

30.6%

FY reported  
EBITDA margin  
(-4.4 pts)

189

(-17%)

Full-year free cash  
flow (M CHF)

6.25

(unchanged)

Dividend proposal  
(CHF/share)

120

(+21%)

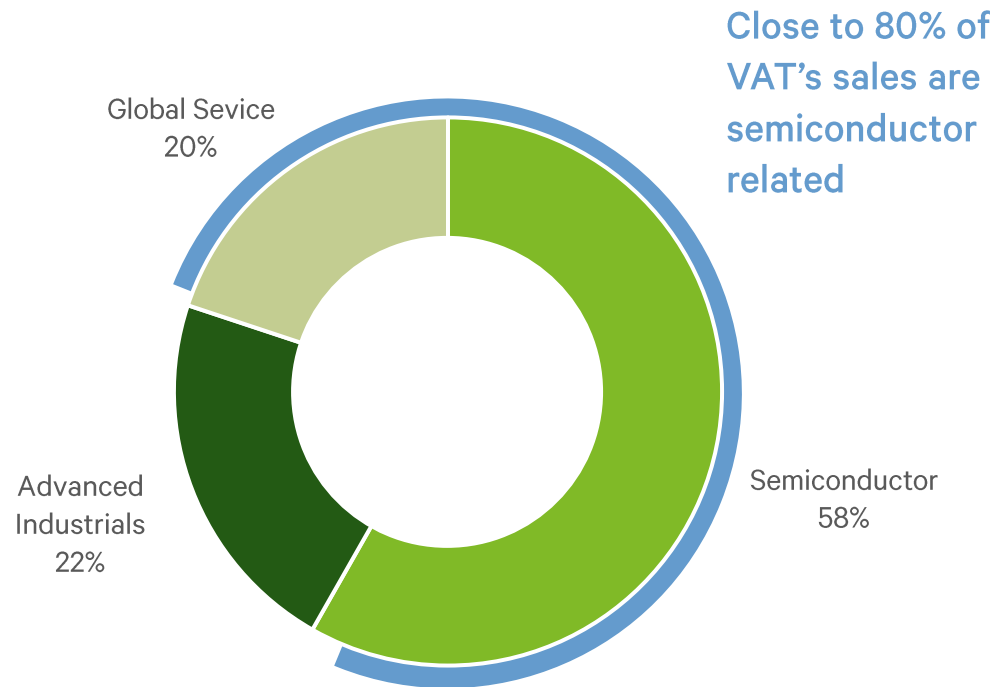
Spec-wins

# Sales breakdown by markets and regions

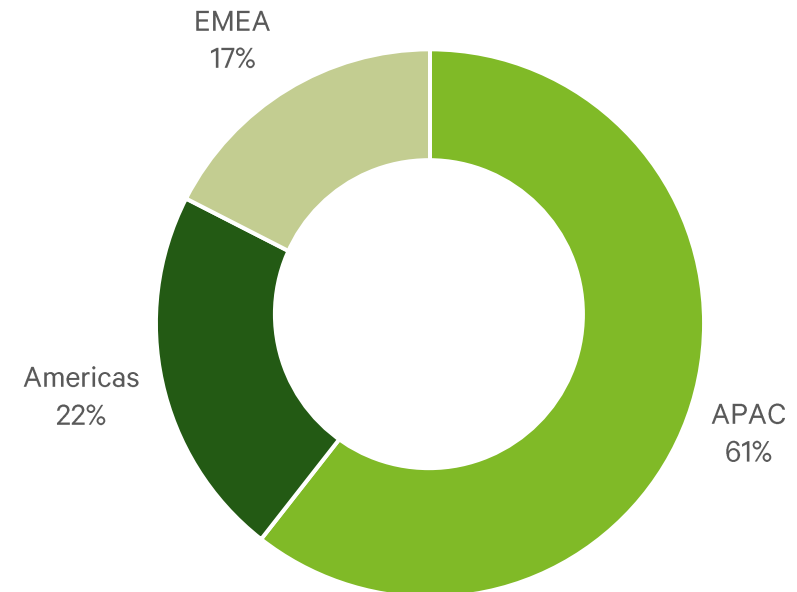


Semiconductor end-markets remain core focus – sales to Asian customers remain strong

Sales breakdown by market segment 2023



Regional sales breakdown 2023

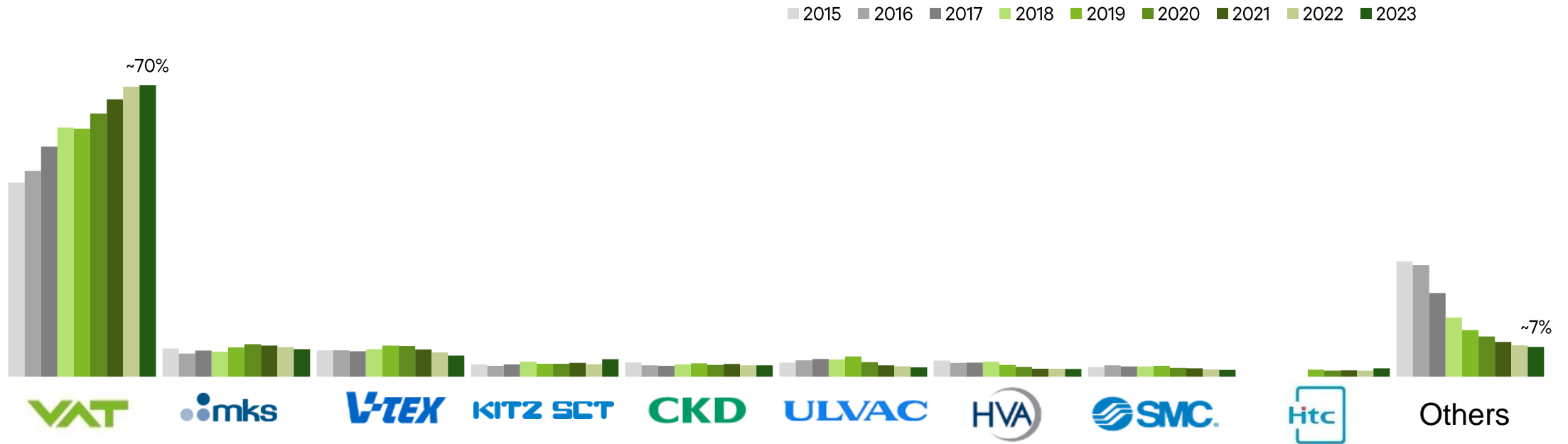


# Market share



VAT retained a high market share despite market developments

## Market share Semi and related<sup>(1)</sup>



TechInsights February 2024

(1) Semi and related includes Semiconductors, Displays, Solar, LED Lighting, Hard Disk Drive



# Market trends 2023



Semiconductors and Global Service have troughed – ADV provided stability

<b>Semiconductors</b>	<ul style="list-style-type: none"><li>• Significant decline in orders starting in Q3 2022 and continuing into H1 2023, with fab utilization rates down, in some cases entire production lines shut down</li><li>• Key drivers were the onset of regionalization of chip production, AI driving demand for chips, increasing bifurcation of manufacturing in leading edge and ICAPS</li></ul>	
<b>Solar and Energy Transition</b>	<ul style="list-style-type: none"><li>• Market conditions softened further for solar in China, with significant oversupply</li><li>• Fusion energy experiments, in particular also privately funded initiatives, gaining traction; nuclear energy seeing renaissance driving demand for enrichment devices</li></ul>	
<b>Industry and Research</b>	<ul style="list-style-type: none"><li>• Research spending remains consistently strong, resulting in stable project demand</li><li>• Industry application demand muted; pick-up in SiC production as semi demand starts picking up</li><li>• E-Beam / electron microscopy seeing strong growth from e-mobility / semi applications</li></ul>	
<b>Consumer / End-user Market Demand</b>	<ul style="list-style-type: none"><li>• Consumer spending remained muted amid inflationary pressure and concerns over recessions globally</li><li>• Demand for AI-related devices started to increase demand for higher-end chips in late 2023</li></ul>	



# 02

## Full-year 2023 financial review

Fabian Chiozza, CFO

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# Financial highlights 2023



Summary Group key figures

## Orders

CHF 691.9m  
(-42.8%)

## Net sales

CHF 885.3m  
(-22.7%)

## EBITDA

CHF 270.9m (-32.3%)  
EBITDA margin  
30.6% (-4.4ppt)

## Net income

CHF 190.3m  
(-38.0%)

## Free cash flow

CHF 188.8m  
(-17.3%)

## Leverage (Net debt/LTM EBITDA)

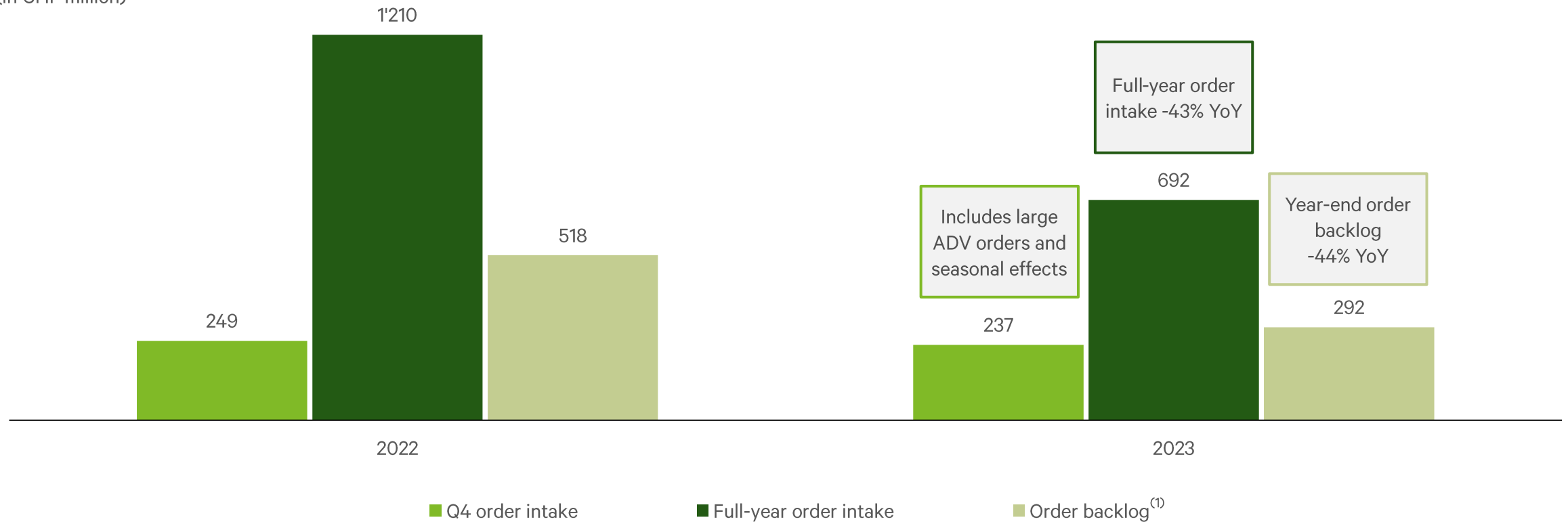
0.2x (2022: 0.1x)

# Order intake



Q4 2023 order intake in-line with Q4 2022 – orders reflecting muted investment environment

(in CHF million)

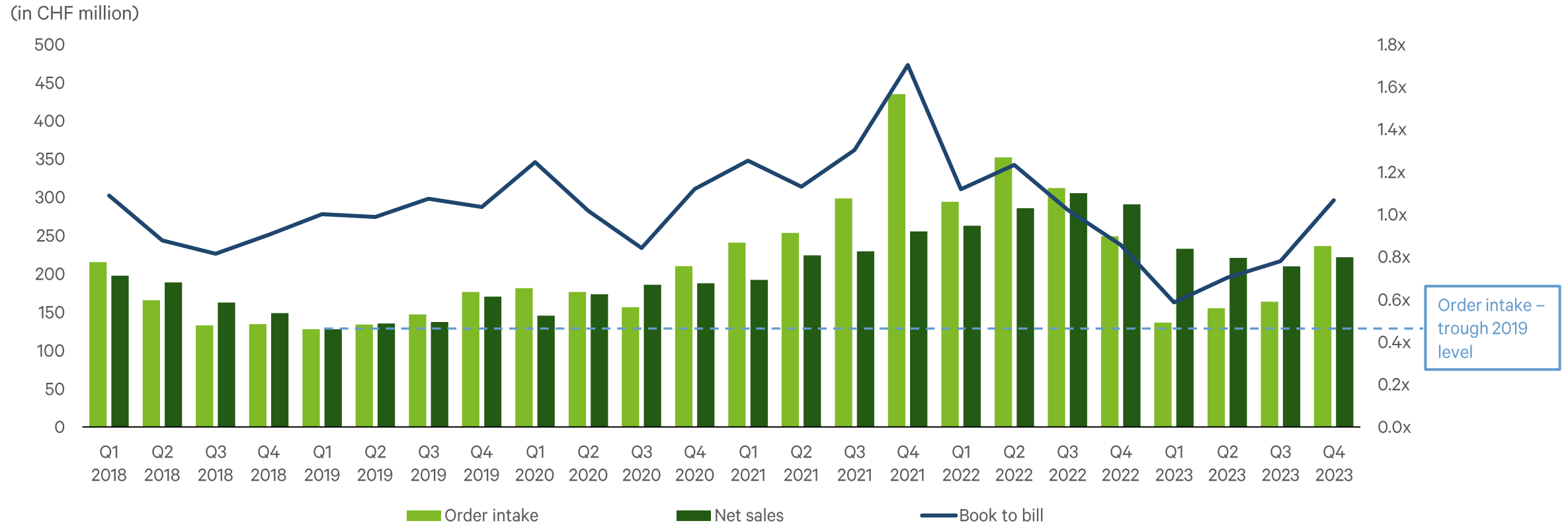


- Slowdown in orders visible throughout 2023, with trough reached Q2 2023
- Overall orders and order backlog down -43% and -44% respectively for 2023 as WFE investments slowed

(1) Order backlog as of December 31, 2022 and December 31, 2023

# Orders and sales through the cycle

Order momentum rebounded since Q1 2023 – QoQ sales growth turning positive again

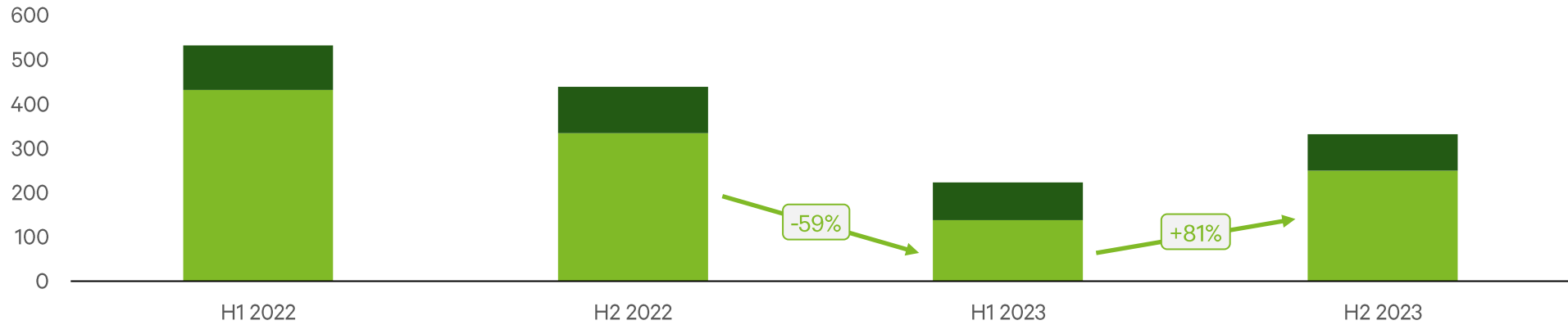


- 2023 order trough level compares to 2019 level, but was reached with a steeper decline
- Book-to-bill bottomed in Q1 at 0.6x but has passed 1.0x in Q4 2023 already

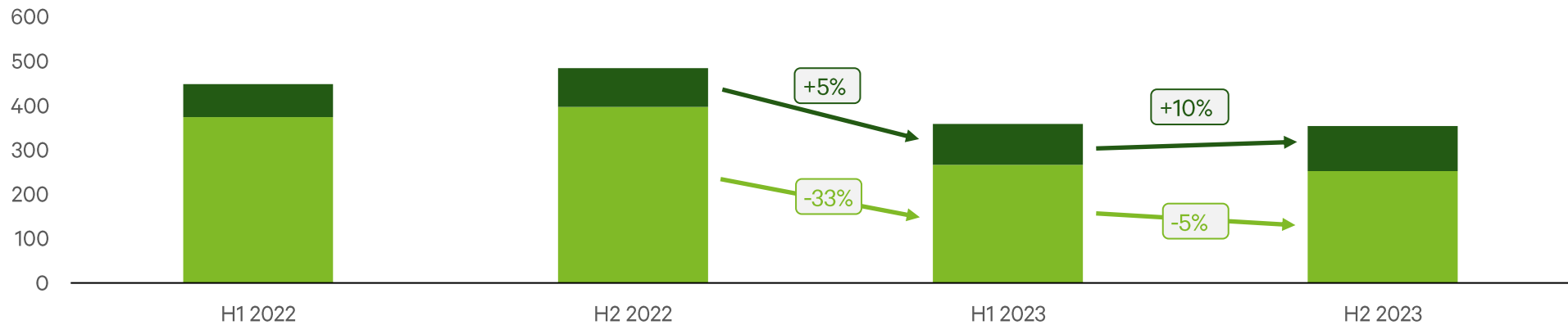
# Highlights: Valves

Orders and sales in valves hit by downturn – ADV has feathered the impact of the sales trough

Orders (in CHF million)



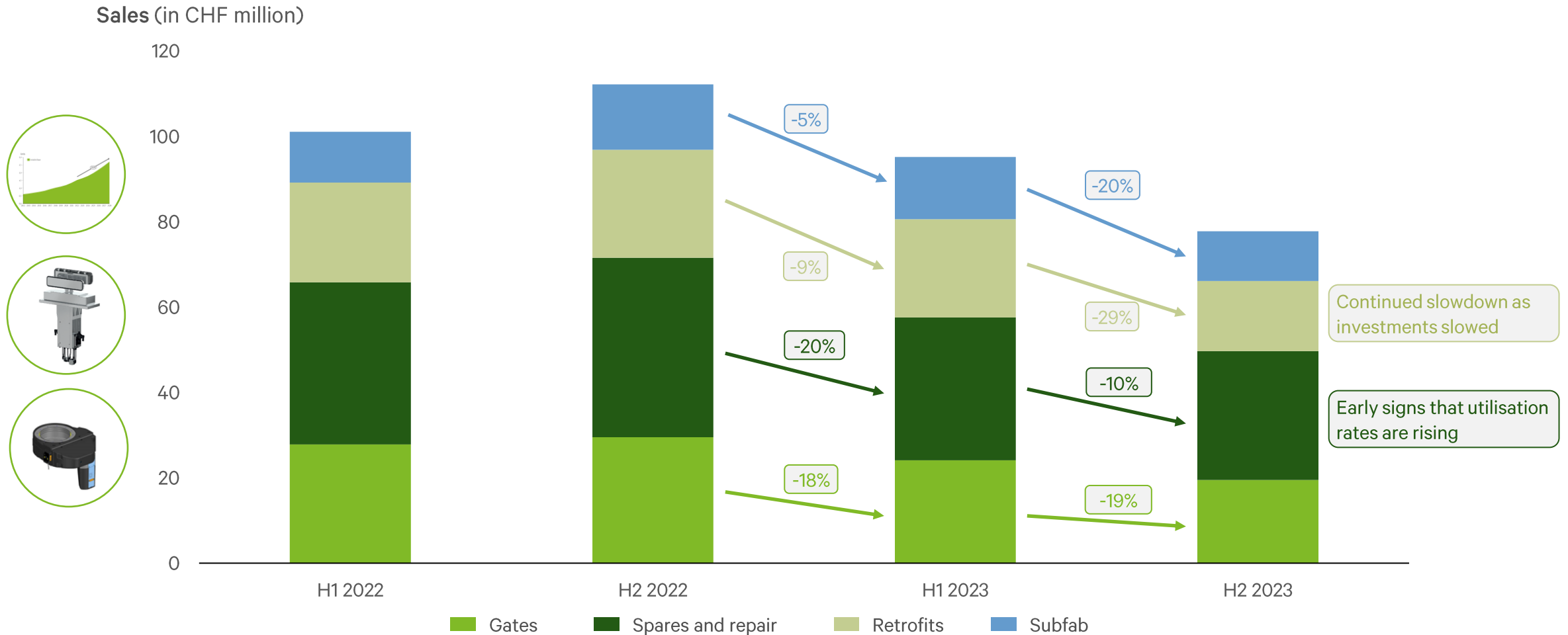
Sales (in CHF million)



# Highlights: Global Service



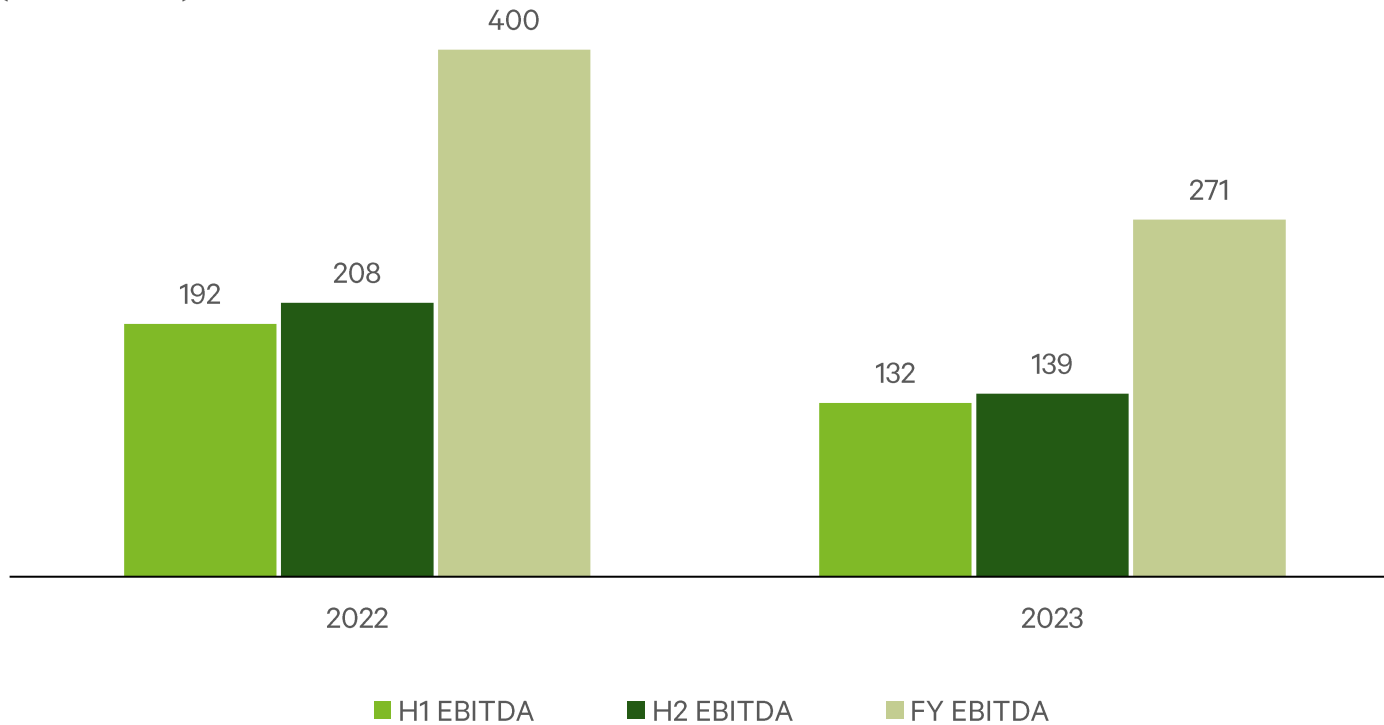
Global Service saw a decline as utilization levels in fabs were at historical lows



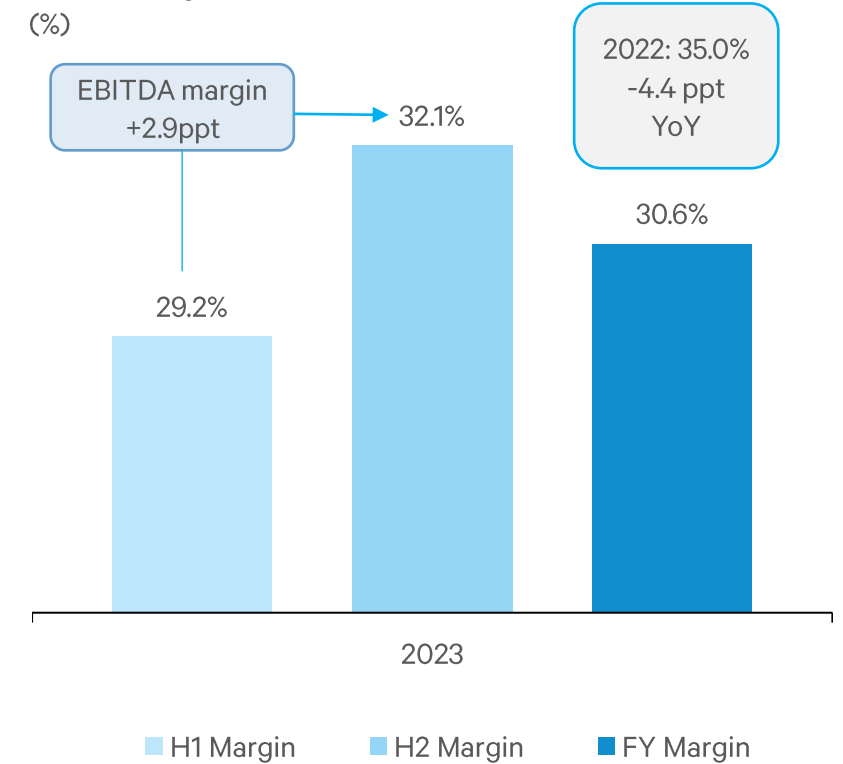
# EBITDA and EBITDA margin

EBITDA returning to bottom end of guidance range communicated

EBITDA  
(in CHF million)



EBITDA margin  
(%)



- EBITDA margins significantly improved throughout 2023 due to implementation of operational measures

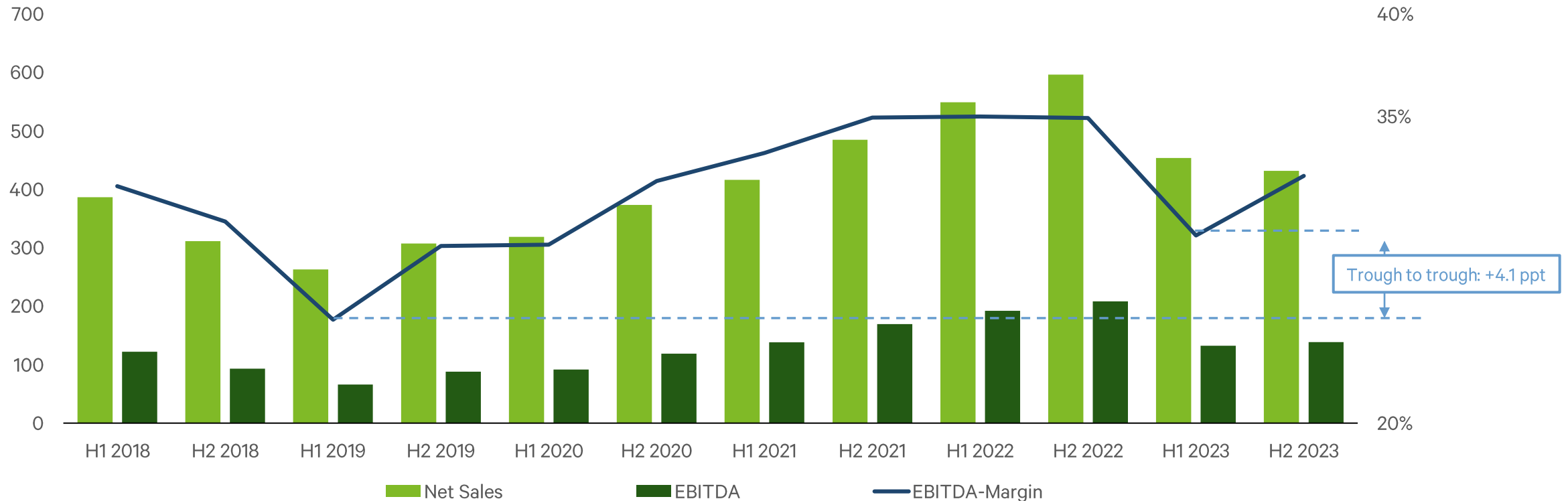


# EBITDA margin



A 4.1 ppt improvement on previous trough margin serves as proof of resilience of our business model

Net sales (in CHF million)

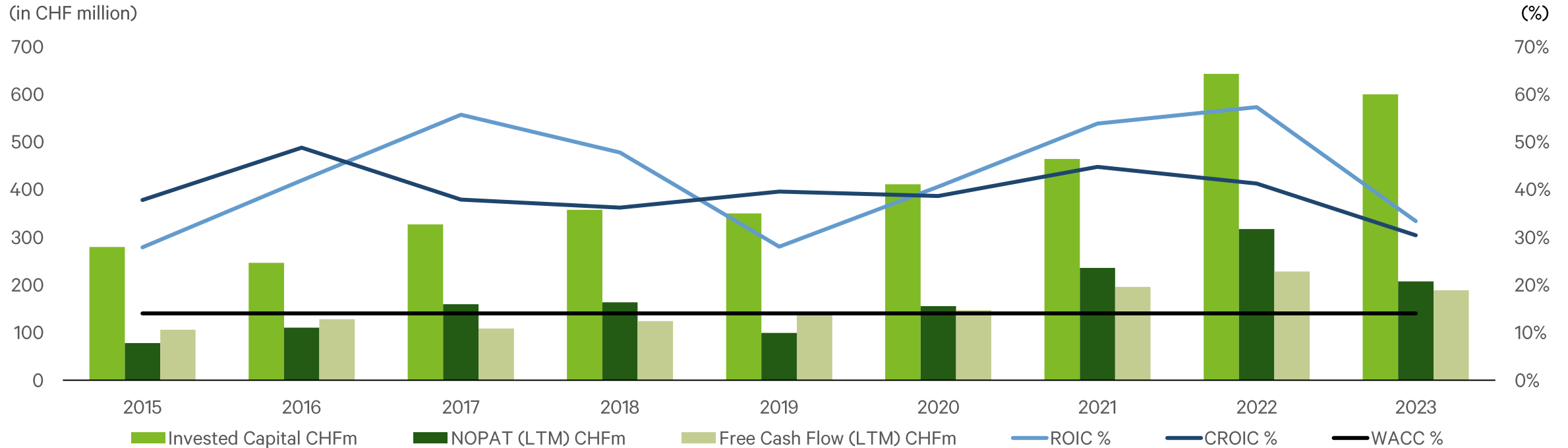


- VAT deployed its downside protocols throughout 2023 – readiness for expected market recovery is key with no slowdown in capacity and R&D investments

# Value creation



VAT's business model consistently generates excess returns over cost of capital – despite continued investments into future capacity and technology



- The return on invested capital (ROIC) and the cash return on invested capital (CROIC) both remain materially above the Group's Weighted Average Cost of Capital (WACC, 14.0% as used in the 2023 impairment test)
- Sustainable generation of economic profit over the cycle benefits all VAT stakeholders

ROIC calculated as NOPAT over average invested capital

CROIC calculated as Free cash flow over average 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 8.1% (previous year 13.9%).

# Below the EBITDA line



Net income impacted by FX losses on loans and cash and cash equivalents

(in CHF million)	2023	2022	Change
EBITDA	270.9	400.4	-32%
Depreciation, amortization and impairment	-42.3	-41.0	+3%
EBIT	228.6	359.4	-36%
Finance net	-21.5	-3.0	+617%
EBT	207.1	356.5	-42%
Income tax expenses	-16.8	-49.7	-66%
Effective tax rate	8.1%	13.9%	-5.8 ppt
Net income	190.3	306.8	-38%

- Significantly higher net financing result due to FX losses on financing activities
- Further decrease in tax rate due to higher profits from Swiss entities and the effect of prior year items in Swiss entities

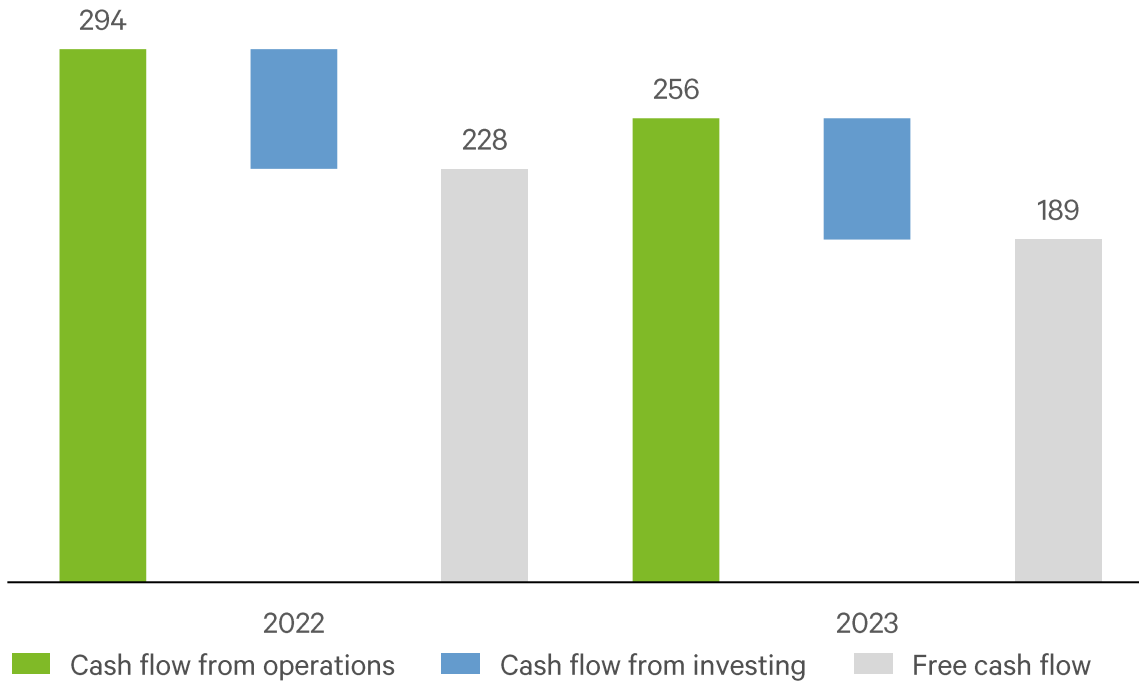
# Free cash flow



Despite decline in EBITDA, FCF generation remains strong

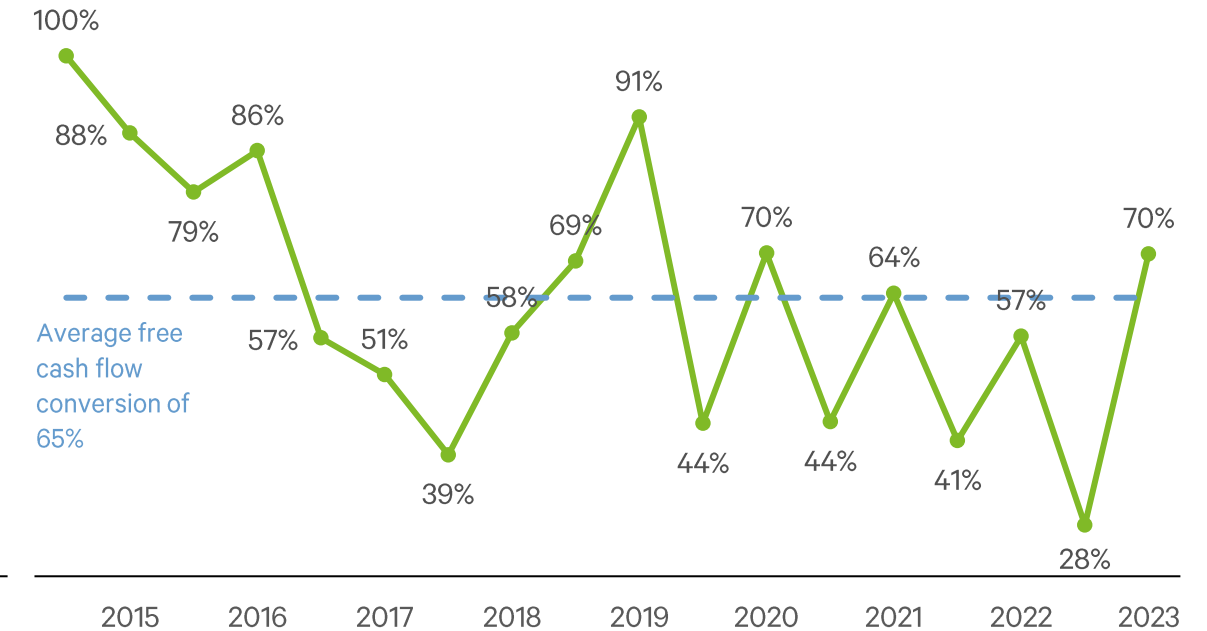
## Free cash flow development

(in CHF million)



## Free cash flow conversion

(%)



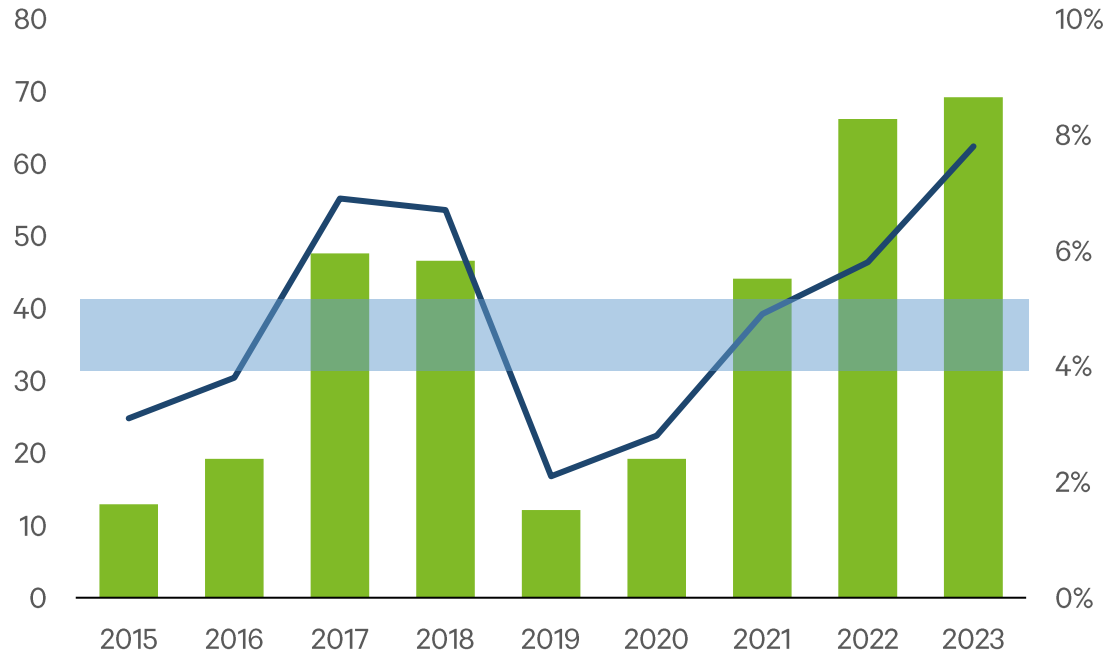
- H2 FCF higher on seasonally better EBITDA vs. H1
- Additionally, positive effects from TWC reduction in H2 and lower tax payments in Switzerland in H2 vs. H1

# Preparing VAT for market upturn

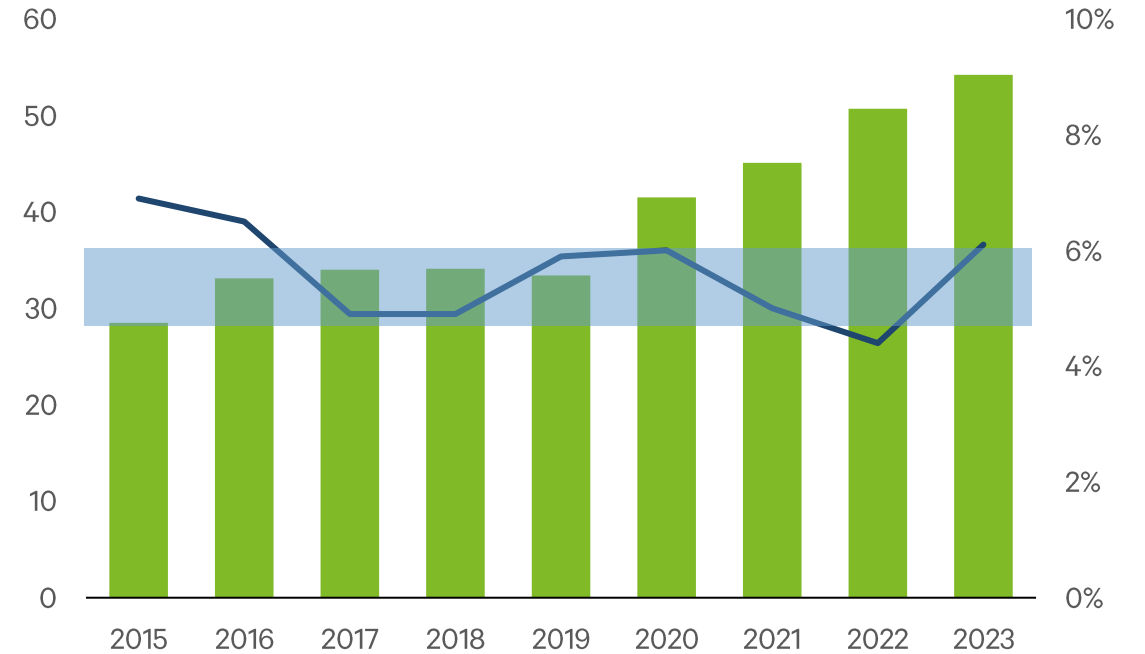


Capex and R&D above mid-term guidance bands

Net Capex (in CHF million)



R&D (in CHF million)



Capex in CHF    % of net sales    Guidance range

R&D in CHF    % of net sales    Guidance range

- VAT remains focused on investing through the cycle – elevated capex / R&D to sales ratios to normalize when sales recover from trough
- Current expansions in Malaysia / Haag progressing well

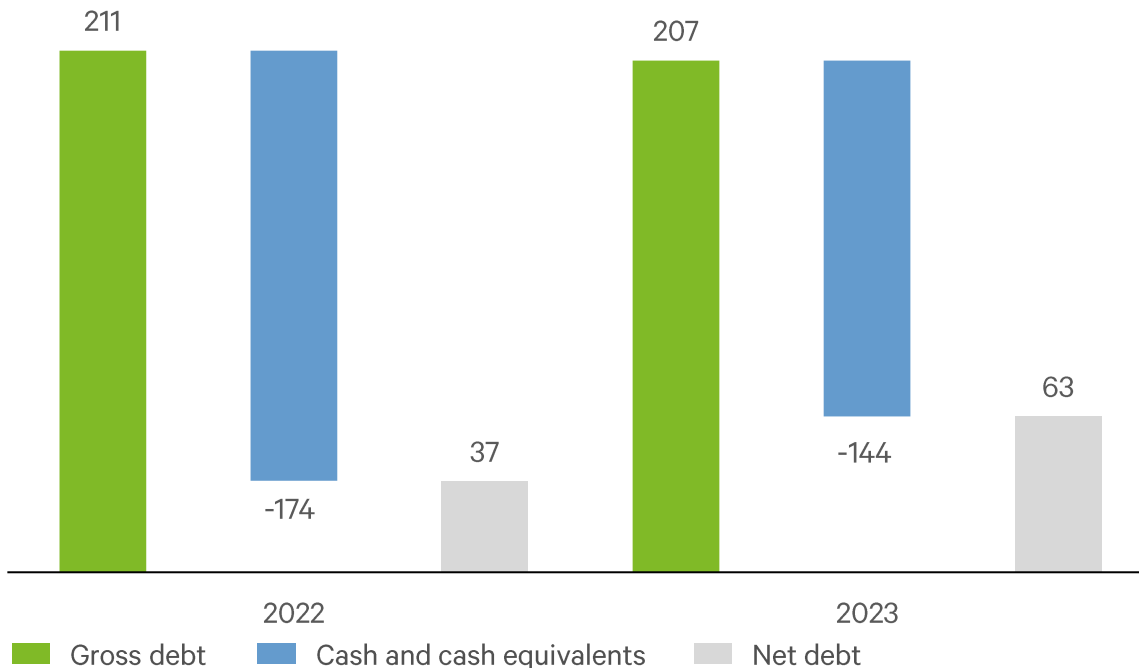
# Net debt and leverage



Seasonally higher net debt due to dividend payment in May 2023; remains well below 1x net debt/EBITDA

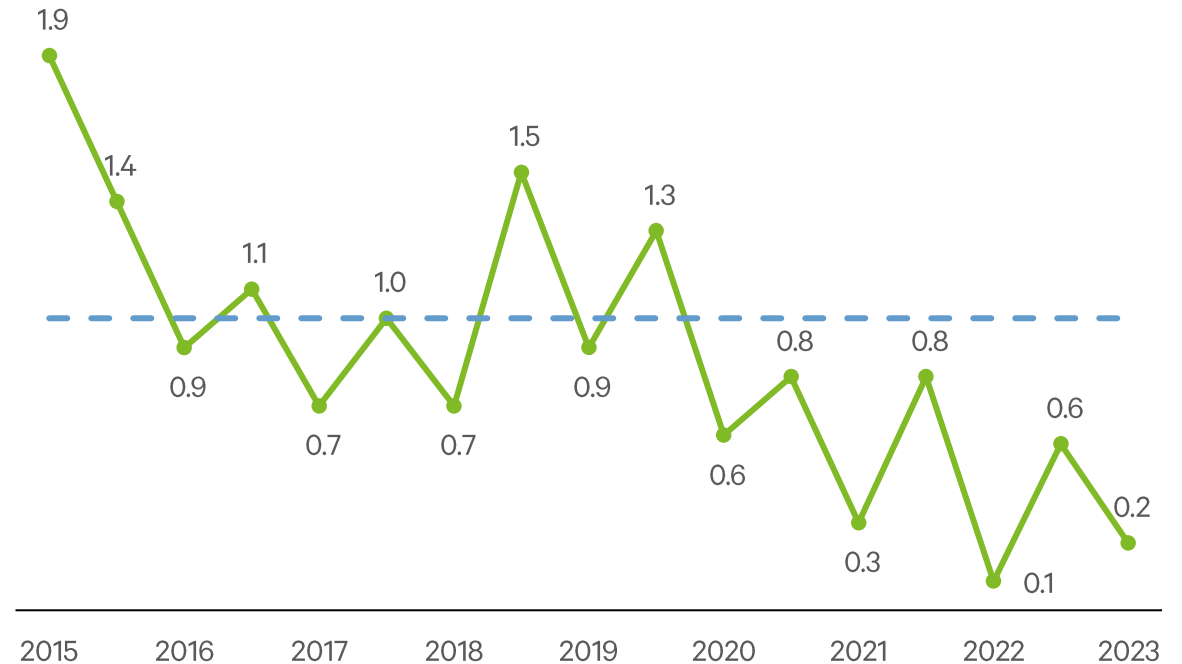
## Net debt development

(in CHF million)



- VAT repaid the CHF200m bond in Q2 2023
- Gross debt on December 31, 2023, includes CHF 200m term-loan less current finance costs plus current leasing obligations

## Leverage Development



- Net debt/EBITDA remains at low levels despite the EBITDA downturn
- Strong balance sheet offers ample headroom for future organic growth initiatives

# Finance summary



2023 financial results below record-breaking 2022 – preserving ramp-up capacity key focus

## Achievements 2023

- VAT weathered semiconductors market trough in very good shape, utilizing downside protocols applied in previous down turns – focus on internal efficiency programs, releasing temp workers, short-term work program
- H2 showed first signs of recovery after a sharp downturn in H1; order flow expected to remain at a slow pace, but improving sequentially
- Capacity build-out in Malaysia and Haag, as well as Innovation Center progressing as planned

## Finance priorities for 2024

- Apply flexible, but disciplined cost management to remain in the lower half of our stated mid-term EBITDA target range
- Provide ramp capabilities for expected market improvement
- Continue to manage our FX exposures to minimize impact on bottom line
- Deployment of new ERP in Switzerland in summer 2024 after successful rollouts in Romania and Malaysia

## Dividend proposal

- CHF 6.25 per share – unchanged to 2022



# 03

## 2024 market expectations and outlook

Urs Gantner, CEO

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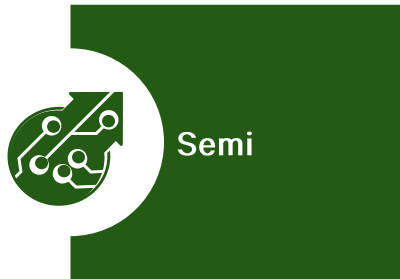
# Short term market outlook



2024 – year of transition

## 2024 expected market growth

## VAT 2024 Performance<sup>(1)</sup>



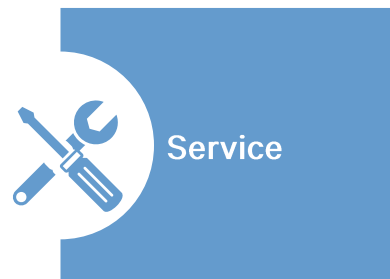
- Demand from China, especially related to ICAPS expected to continue into 2024
- Additionally, investments in leading edge to grow due to demand of 3D DRAM and GAA tools, demand for NAND remains muted
- Market research estimates WFE between US\$90 – US\$100bn

- Continued growth of QoQ order intake
- Sales and EBITDA expected to be higher in 2024 vs. 2023
- Adjacencies will see product launches that will expand product offering



- Overall market expected to grow mid-single digits
- Various applications – especially energy transition / nuclear fission, science, SiC - expected to show continued growth

- Continue to drive growth in strategic focus areas offering attractive margins
- Develop follow-on orders to e.g. energy transition; take further market share in markets with established foothold



- With increasing utilization rates, demand for consumables and spare parts to return
- New installs or retrofits order flow to return gradually
- Service market expected to grow by low single digits

- Harnessing installed base and capture upgrade and retrofit opportunities
- Starting to build out Adjacencies services offering; increase cooperation with IDMs and fabs
- ESG requirements will provide retrofit sales opportunities

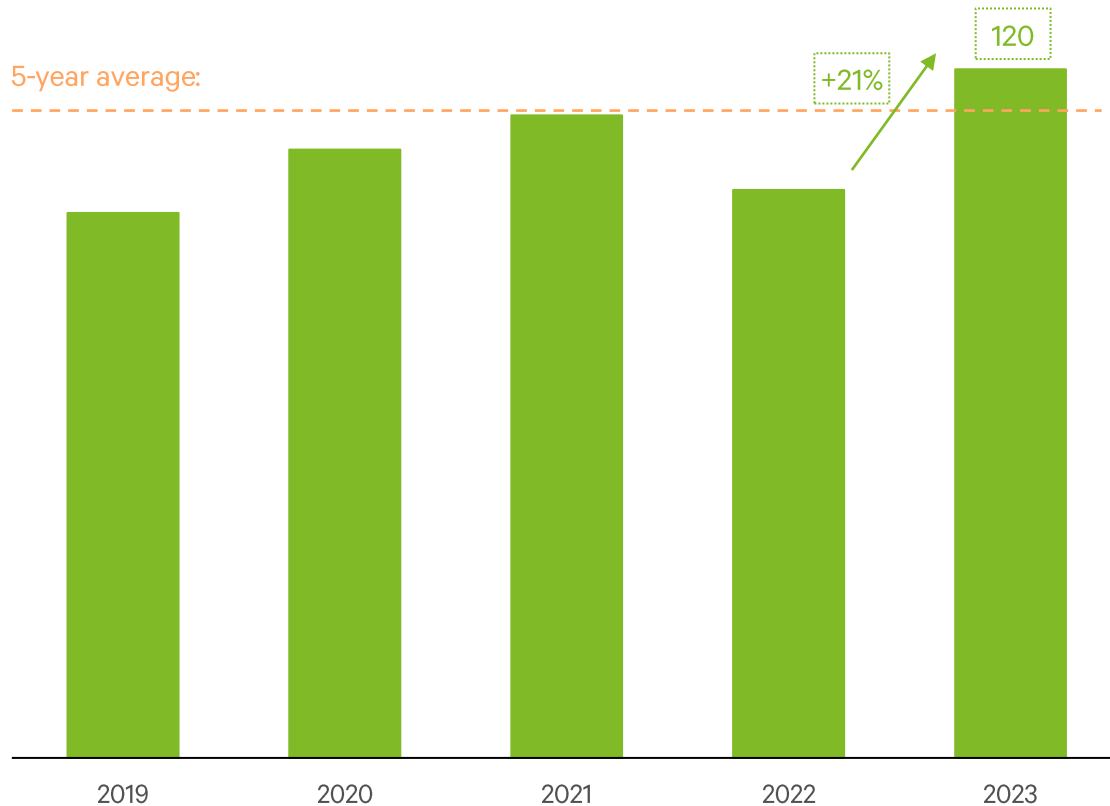
(1) expected, year-on-year

# Innovation remains competitive advantage for VAT



Record spec-wins for 2023 sets conditions for further growth

2023 downcycle did not decelerate spec-win velocity



- SEMI: 50%+ of all wins
  - Include both wins in leading-edge and ICAPS – driven by regionalization trends
  - Adjacencies contributing to strong semi spec-wins
- ADV: after nearly doubling wins 2022, only slight growth in 2023 due to project character
- Global Service: Trends and strong performance recorded in 2022 in retrofits and upgrades continued into 2023
- Innovation Center Haag
  - Groundbreaking mid-2023
  - Construction underway
  - Inauguration planned for Q1 2025

# Qualitative outlook and guidance for Q1 2024



Early 2024 remains challenging – aiming for continuous and sequential growth

## Group

- Investment conditions for Semiconductor segment expected to improve gradually over course of 2024 – acceleration expected towards H2, which will be followed by a record 2025
- Further profitable growth forecast in Advanced Industrials markets, especially from energy transition applications
- Global Service segment expected to rebound on increasing fab utilization rates, and higher demand for upgrades and retrofits
- VAT expects higher sales, EBITDA, EBITDA margin, net income and free cash flow in 2024 vs. 2023, but FX headwinds likely to prevail
- Capital expenditure at circa CHF 70 – 80 million; R&D investments continue to remain high as VAT invests into its people and infrastructure

## Q1 2024 guidance

- VAT expects sales<sup>(1)</sup> of CHF 185 – 205 million

(1) At constant foreign exchange rates.

# 04

## Q&A session

Full-year 2023 results

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### Investor information

Listing: SIX Swiss Exchange  
 Currency: CHF  
 Ticker symbol: VACN  
 ISIN: CH0311864901

### Contact information

Michel Gerber  
 VP Investor Relations &  
 Sustainability  
 Phone: +41 81 553 70 13  
 E-mail: m.gerber@vat.ch

Christopher Wickli  
 Investor Relations  
 Manager  
 Phone: +41 81 553 75 39  
 E-mail: c.wickli@vat.ch

### Financial calendar 2024

#### 2024

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Thursday, April 11, 2024	Q1 2024 trading update
Friday, May 3, 2023	Record date, closing of share register, 5:00 p.m. CEST
Tuesday, May 14, 2024	Annual General Meeting, St Gallen, Switzerland
Thursday, May 16, 2024	Ex-date
Tuesday, May 21, 2023	Dividend payment
Thursday, July 18, 2023	Half-year 2024 results
Thursday, October 17, 2023	Q3 2024 trading update



# Full-year 2023 results



## 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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