

PASSION.PRECISION.PURITY.

VAT – Creating value sustainably

Second quarter and half-year 2022 results

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Second quarter and half-year 2022 results

Agenda



1. Highlights
2. Second quarter and half-year 2022 financial review
3. Creating value sustainably
4. 2022 market expectations and outlook
5. Q&A

Mike Allison, CEO

Fabian Chiozza, CFO

Mike Allison, CEO

Mike Allison, CEO

Highlights



Strong market conditions and operational excellence lead to record results; positive 2022 outlook confirmed



Order activity remains high in H1 22

High double digit order growth; highest in Semi, followed by Global Service and Advanced Industrials; Display & Solar lower as expected



Strong Q2 business execution

Semi, Advanced Industrial and Global Service with record quarterly results; Display and Solar sales recovering on 2021 orders



Record performances

H1 Group records in orders, sales, EBITDA, EBITDA-margin and free cash flow – cost inflation mitigated, supply chain challenges managed



Capacity build-up on track

Production ramp in Malaysia and factory optimization in Switzerland on track; construction of MY2 started



Positive outlook for 2022 confirmed

Positive market assumptions for H2 2022; substantially higher 2022 results expected; demand shows positive momentum from technology build-outs, challenged by reducing consumer segment demand



Increased market leadership in all our core segments

Our business focus & performance

Specification wins and strong business execution drive record 6M 2022 results



Our business segments

(Share of 6M 2022 net sales)

Valves
(82%)



Global Service
(18%)



Delivering outstanding performance

649 (+31%)

Half-year 2022 order intake (M CHF)

549 (+32%)

Half-year 2022 net sales (M CHF)

35.0%

Record EBITDA margin¹

79 (+30%)

Record half-year free cash flow (M CHF)

>42 (+21%)

Strong specification win trend

0.5x

Leverage ratio (NET debt / LTM EBITDA)

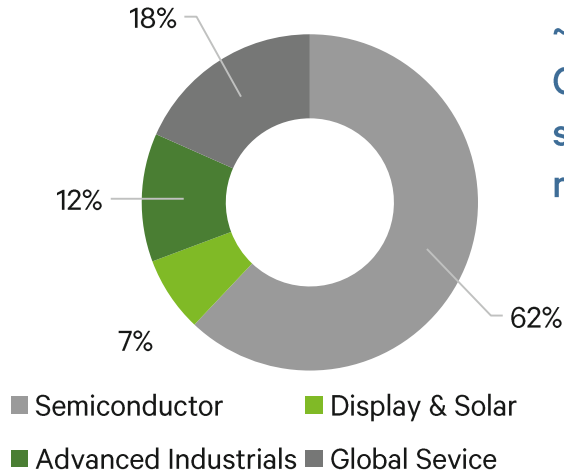
¹ since IPO in April 2016

Our markets

Semiconductors are our driving force

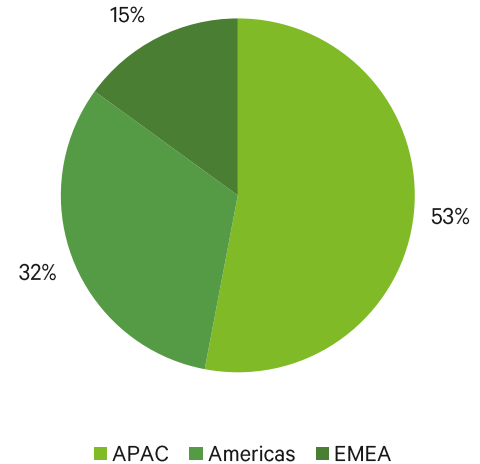


Sales breakdown by market segment 6M 2022



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

Regional Sales Breakdown 6M 2022

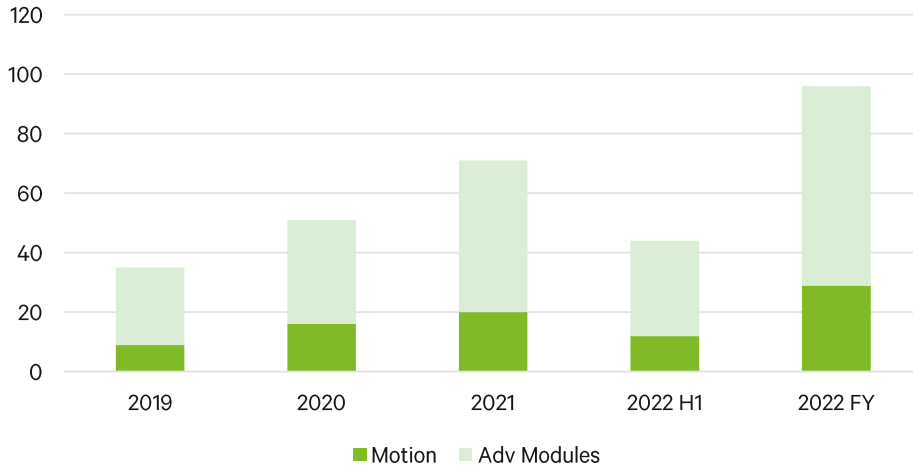


More than valves



Adjacencies continue growth path, expected to overachieve 2025 target of CHF 150 million by 2025

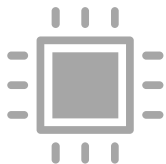
VAT adjacencies



- Successful execution of adjacencies strategy
- Motion components and advanced modules business is ahead of originally expected growth trajectory
- Margin profile of adjacent business supportive of VAT's overall profitability profile
- 2025 sales from adjacencies expected to exceed the CHF 150 million that were communicated in December 2020



Strong growth trends across Semi, Advanced Industrials and Global Service



Semiconductors

- Growth led by strong technology build out in logic, WFE expected to be around USD 100bn;
- Ongoing high factory utilizations in semiconductor IDMs driving strong service growth across all segments



Display

- Overall investments conditions remain challenging as LCD investments continue to shrink; OLED remains muted
- Weakening consumer demand starts impacting fab investments negatively



Solar

- Strong market conditions in solar, mainly driven by PERC
- Superior heterojunction technology (HJT) gaining traction



Industry & Research

- Several key markets such as crystal pulling, coatings, nuclear fusion and health care sciences remain strong
- Global research spending in US, Japan and Korea remains high

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Financial highlights six months 2022



Group key figures

Orders
CHF 649m
+31%

Net sales
CHF 549m
+32%

EBITDA
CHF 192m (+39%)
EBITDA margin
35.0% (+1.8ppt)

Net income
CHF 148m
+52%

Free cash flow
CHF 79m
+30%

Leverage
(Net debt/LTM EBITDA)
0.5x

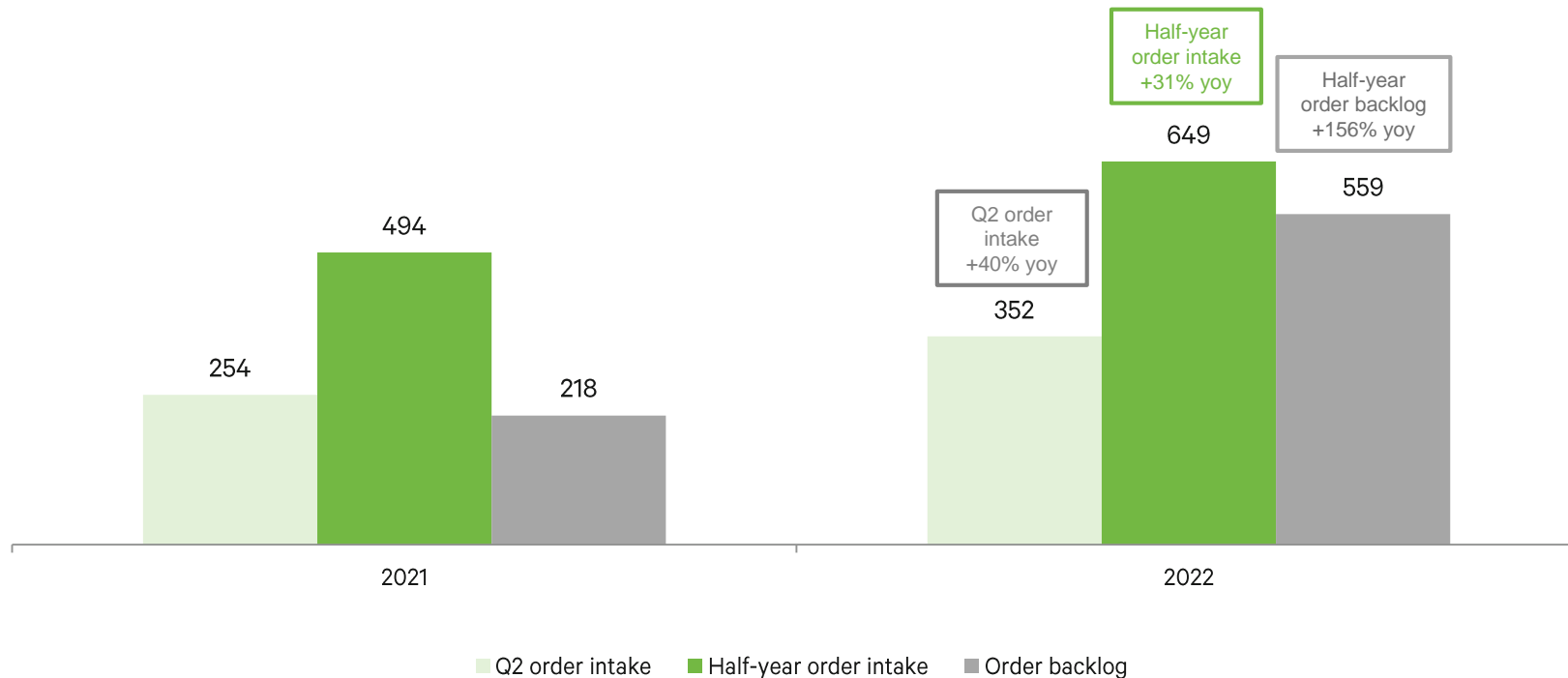
Order intake



Q2 22 order intake 31% above Q2 21 as market activity remains high and share gains continue

10

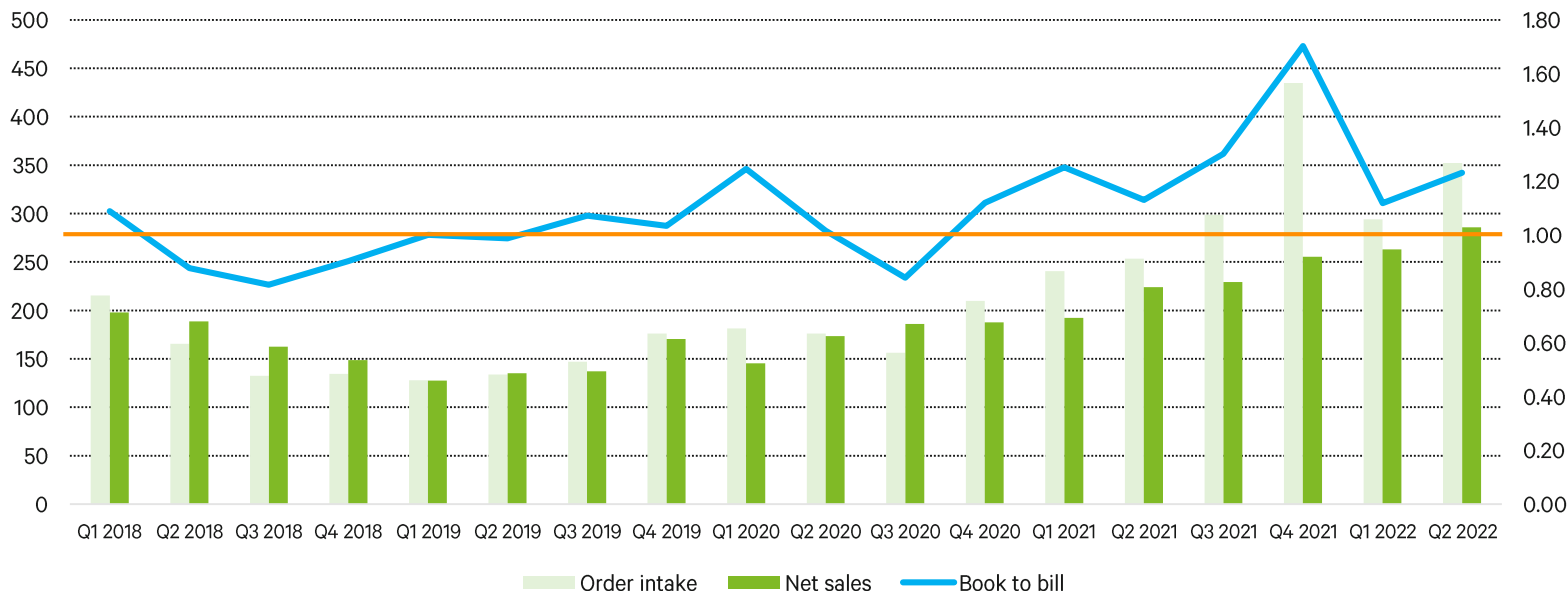
Second Quarter & Half-Year 2022 Results



¹Order backlog as of June 30, 2021 and June 30, 2022

Orders and sales

Strong order momentum continues; sales growth supported by capacity increases in CH and MY



- Continuous strong order momentum driven by record high industry capex in semiconductors thanks to technology advances and semi investments
- 6M 2022 Book-to-bill ratio of 1.24 x and record order backlog of CHF 559 million bode well for rest of 2022

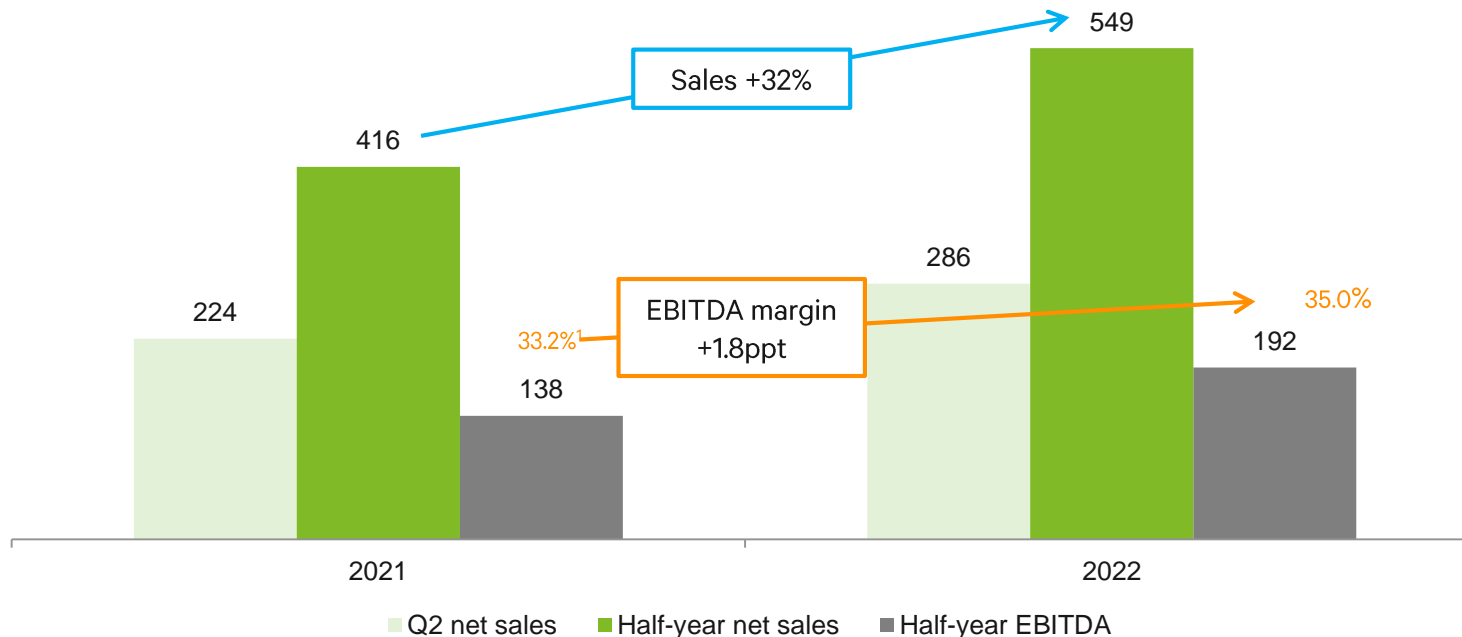
EBITDA and EBITDA-margin



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

12

Second Quarter & Half-Year 2022 Results



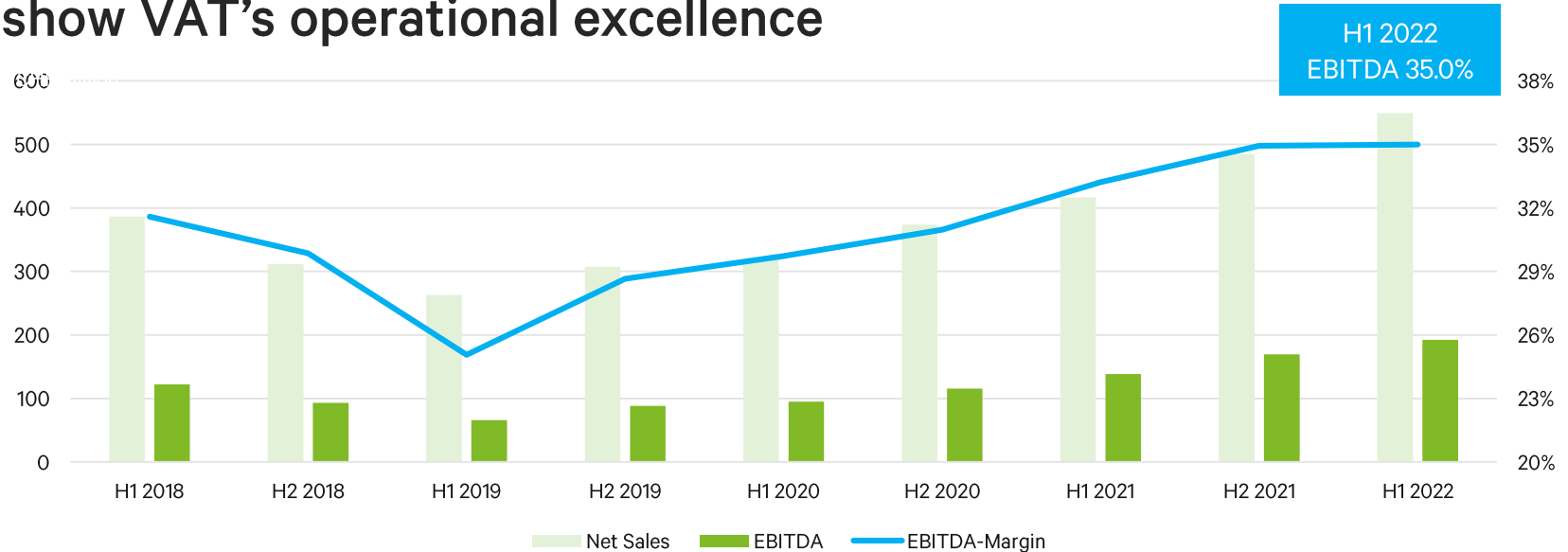
- FX movements (mainly USD/CHF) had negligible impact on 6M 2022 sales and about 0.2 ppts on the EBITDA margin

¹ Prior-period financial statements have been restated in line with a clarification in 2021 by the IFRS Interpretations Committee that costs for cloud-based services, such as VAT's new ERP system, are to be expensed through the income statement when they occur, rather than capitalized.

Record EBITDA margin



Margin improvement despite significant cost increases show VAT's operational excellence

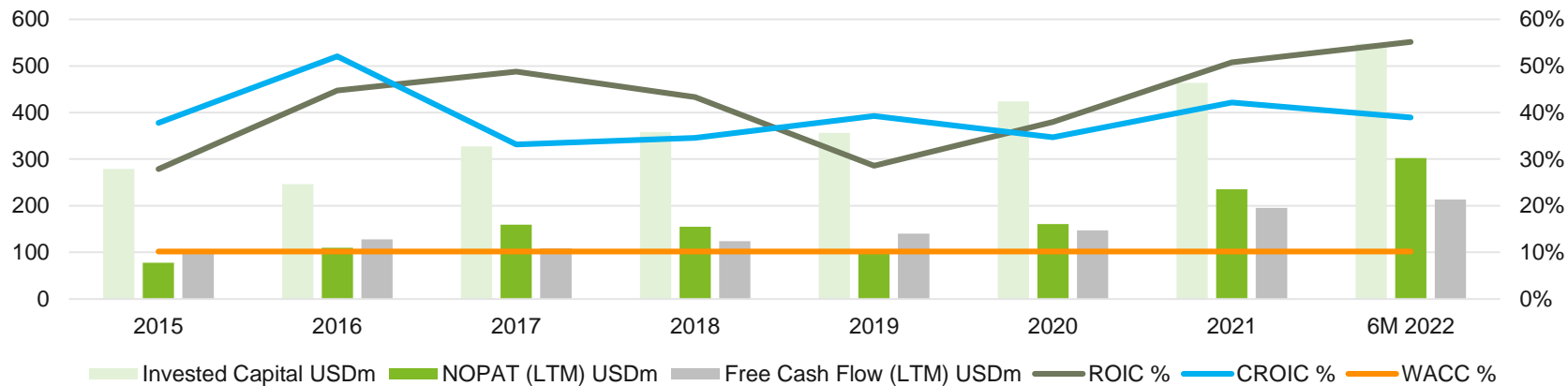


- The EBITDA margin improve both sequentially and year-on-year to record level of 35%
- Margin expansion despite significant inflationary trends in labor, materials or logistics
- VAT's operational excellence, cost focus and operational leverage mitigate inflation

Sustainable value creation



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



- The return on invested capital (ROIC) and the cash return on invested capital (CROIC) remain 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



in CHF million	6M 2022	6M 2021 restated ¹	Change
EBITDA	192.1	138.3	38.9%
Depreciaton and amortization	-20.0	-20.3	-1.6%
EBIT	172.1	118.0	45.8%
Finance net	0.0	-2.5	-99.5%
EBT	172.1	115.6	48.9%
Income tax expenses	-24.5	-18.6	
Effective Tax Rate	-14.2%	-16.1%	
Net income	147.6	97.0	52.1%

- Higher EBITDA, a zero finance net position and lower taxes contribute to 52% higher net income and EPS
- For the full-year of 2022, VAT expects its effective tax rate to be between 14% and 16%

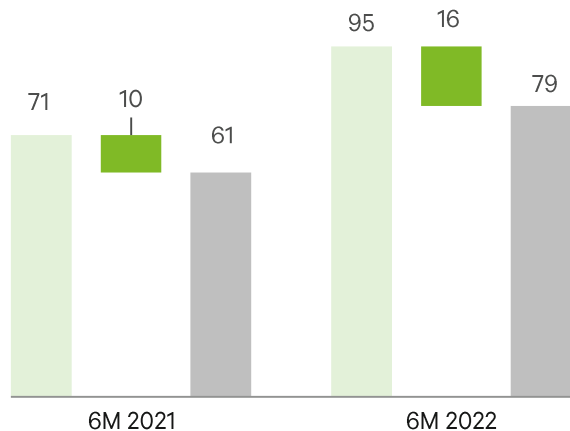
¹ Prior-period financial statements have been restated in line with a clarification in 2021 by the IFRS Interpretations Committee that costs for cloud-based services, such as VAT's new ERP system, are to be expensed through the income statement when they occur, rather than capitalized.

Free cash flow



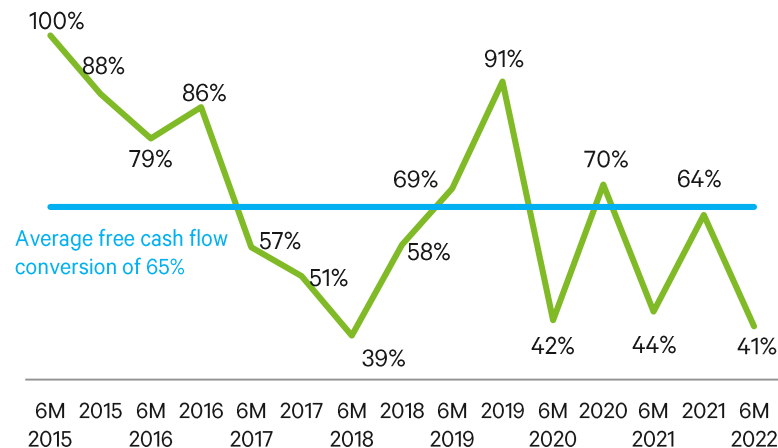
Record free cash flow despite TWC requirements and higher capex to support growth

Free cash flow development



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

Free cash flow conversion



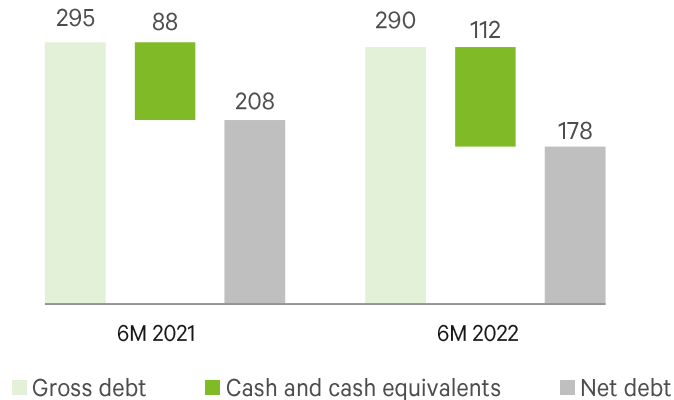
- Record H1 2022 free cash flow performance driven by strong top line growth and margin performance more than offsetting investments into trade working capital to secure production capabilities; trade working capital as percentage of sales of 29%
- Growth and efficiency related capex of 2.9% of sales during first half of 2022 compared to 2.4% a year earlier

Net debt and leverage

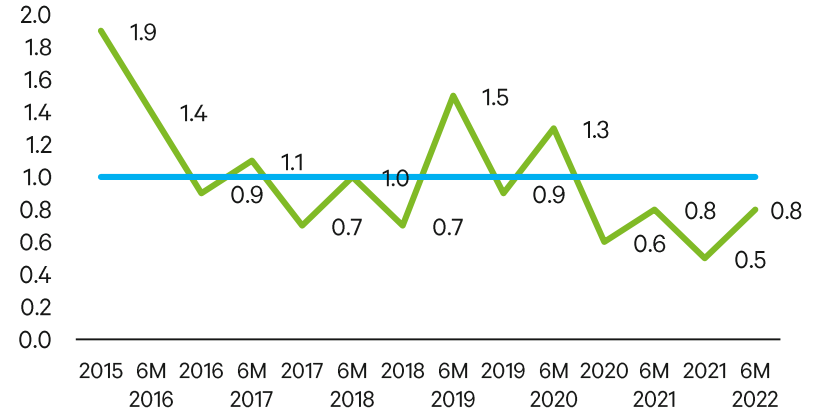


Seasonally higher net debt due to dividend payment in May 2022; remains below 1x net debt/EBITDA

Net debt development



Leverage development



- Solid net debt position despite TWC requirements to support growth
- Gross debt on June 30, 2022 comprises CHF 200 million bond and partial use of CHF 300 million RCF

- Half-year leverage remains below 1x; higher levels compared to year-end 2021 reflect dividend payment in May 2022
- Strong balance sheet prerequisite for future success; organic growth initiatives based on substantial R&D investments

Outstanding H1 2022; full-year 2022 results expected to be substantially above 2021

Achievements H1 2022

- 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 orders, sales, EBITDA, EBITDA-margin and free cash flow in H1
- Record order backlog and ongoing market demand during July bode well for record full year results

Finance priorities for rest of 2022 and into 2023

- Slight delay in ERP introduction due to COVID related postponement of go live in MY
- Strong focus on cost management and operational excellence
- Elevated TWC to support increasing factory output
- Disciplined approach to capex, expected around CHF 65 – 75 million driven by second Malaysia plant and optimizations in Switzerland, innovation center on track, start of construction expected during Q4 2022

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Creating value Sustainable

1st VAT sustainability review



CREATING VALUE SUSTAINABLY

Sustainability Review 2021

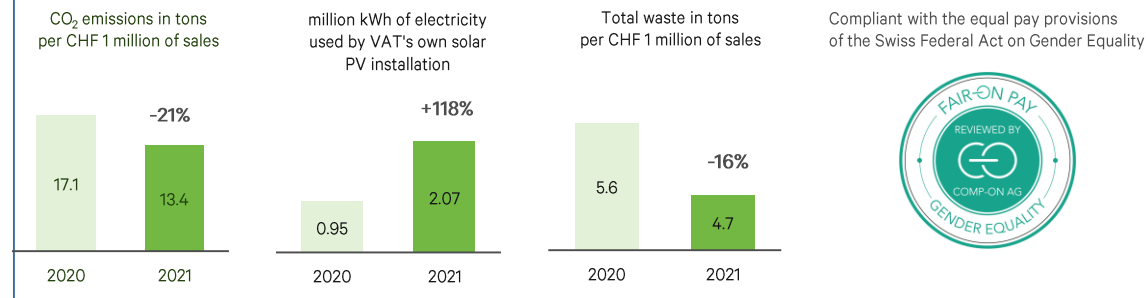


- Long-term business success can only be sustained by integrating a broad range of values into strategic and operational planning
- Key elements of these values include: providing employees with opportunities to grow and develop, playing a positive role in the communities in which we operate, and reducing our impacts on the environment
- In 2022, the Board of Directors and the Group Executive Committee have made sustainability a key strategic and management priority

“Ultimately, our goal is to transform VAT into an enterprise that puts sustainable value creation for all its stakeholders at the heart of everything we do.”

Dr. Martin Komischke
Chairman of the Board of Directors

ESG highlights in 2021 include



Creating value Sustainable



Strengthening of Group Executive Committee (GEC)-

Urs Gantner joins GEC as EVP Semiconductor Solutions Group (SSG)



- Integrating the existing Semiconductor business unit with all VAT's R&D activities and creating a new "advanced solutions" development team
- Focused on the digitalization of VAT's products and the development of game changing new products, solutions and services for the sub-3nm era

Urs Gantner

- VAT veteran with 18 years of intimate VAT semi experience
- Proven track record of developing the semi business at a growth rate of twice the market
- Central role in the development and growth of VAT's manufacturing facility in Malaysia, including the localization of engineering and product management
- Successful expansion into profitable adjacent product markets
- Expert knowledge of the environmental and sustainability requirements of the semi industry

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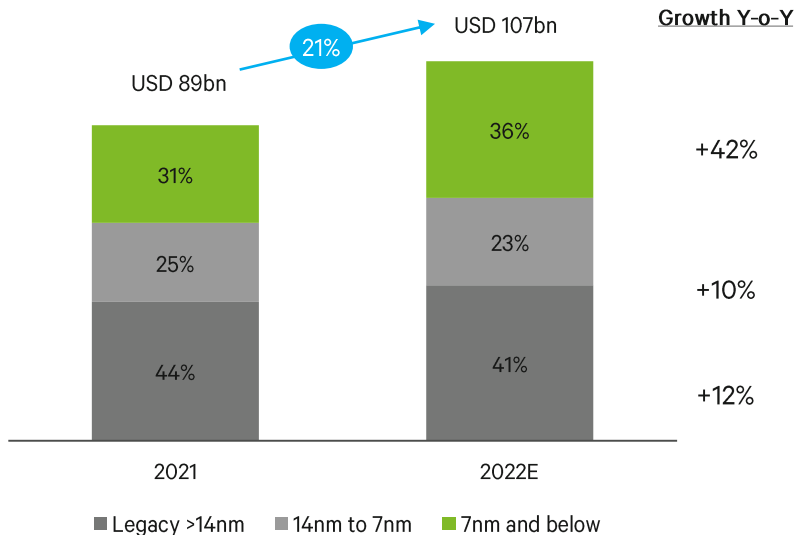
Mike Allison, CEO

The VAT way forward

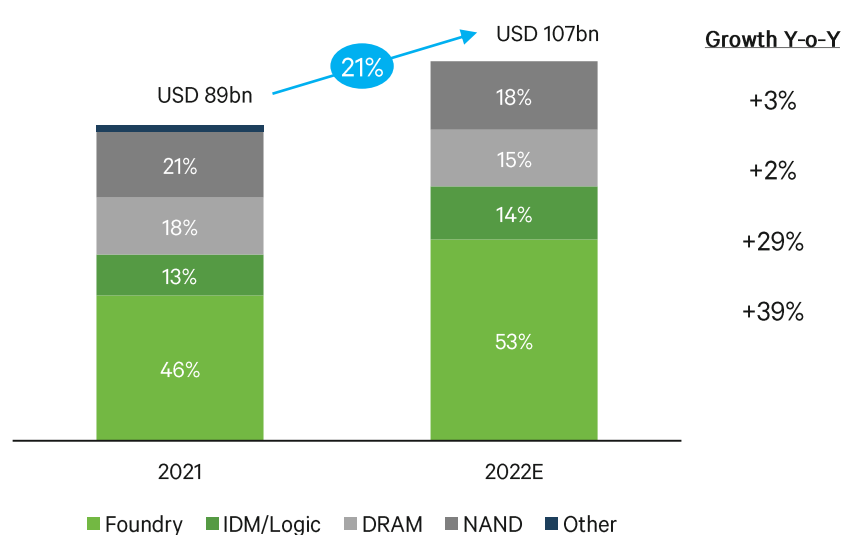


Investments in leading edge continue to dominate; VAT semi business to outperform overall WFE growth

2022 Wafer Fab Equipment (WFE) spend by node size



2022 Wafer Fab Equipment (WFE) spend by IC type



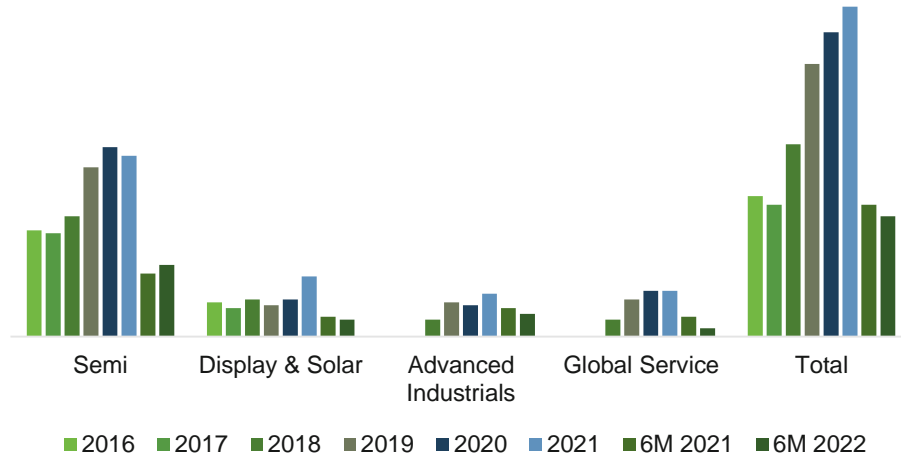
Source: VLSIresearch/TechInsights Inc.

Innovation is key



Specification wins expected to remain on similar level to 2021 driven by BU Semi

24



- SEMI: Wins on new OEM process chambers remain high; six months 2022 spec wins in semi up 15%; continuing to win the vast majority of specifications in the leading-edge
- Display & Solar: Solar on track; Display impacted due to low R&D investment
- ADV: slightly behind H1 2021, expected to recover in H2 2022
- Global Service: behind due to high fab utilization impacting retrofits & upgrades
- New innovation center to be built in Haag, Switzerland combining all R&D groups under one roof and adding over 100 new engineers; expected to be inaugurated during 2024

Short term market outlook



All our markets are expected to continue their growth path in H2 2022 with the exception of displays

FY 2022 expected market growth

VAT H1 2022 Performance¹



Semiconductor

Continued high investment needs driving WFE to another growth year of about +20%

Capturing market growth, gain share, expand adjacencies
BU Semi 6M 22 sales +39%



Service

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

Harnessing installed base and high fab utilization
BU Global Service 6M 22 sales +30%



Advanced Industrials

Growth trend intact but slowing slightly in scientific instruments or coating. Industrial applications still strong. Overall market expected to grow 5% - 10%

Continue growth in targeted markets
BU Adv. Industrials 6M 22 sales +10%



Display & Solar

Display equipment market overall down about -6%;
Solar fab equipment market +14%

Sales growth driven by execution of orders received during 2021
BU Display & Solar 6M 22 sales 26%

¹ Year-on-Year

Qualitative outlook & guidance for Q3 2022



Continued strength in VAT's business, another record year expected for 2022

Outlook
full-year 2022

- Strong investments in semiconductor equipment expected to continue; growth also forecast in industrial markets; Global Service segment to benefit from growing installed base and high capacity utilization within semiconductor sector
- VAT expects substantially higher sales, EBITDA, EBITDA margin, net income and free cash flow
- Capital expenditure at circa CHF 65 – 75 million

Q3 2022
guidance

- VAT expects sales¹ of CHF 290-310 million

¹ At constant foreign exchange rates

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Q&A session

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Additional Information

Investor information

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

Financial calendar 2022

Thursday, October 13, 2022

Friday, December 2, 2022

Contact information

Michel Gerber
Head of Communications &
Investor Relations
Phone: +41 81 772 42 55
E-mail: m.gerber@vat.ch

Q3 2022 trading update

2nd VAT Capital Markets Day, Zurich

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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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