



## Media Release

Haag, Switzerland, April 17, 2018

### VAT CONTINUED TO GROW IN Q1 2018 WITH NET SALES UP 20% OVER Q1 2017

#### Q1 2018 highlights

- Demand for high-vacuum valves, from equipment suppliers to semiconductor and display panel manufacturers, remained strong
- Q1 order intake up 18% year-over-year, net sales increase 20%

#### Outlook 2018

- Net sales growth of 15% to 20% expected at constant foreign exchange rates
- EBITDA margin to progress towards target of 33% by 2020
- Substantial increase in net income and earnings per share (EPS) expected

#### VAT GROUP

in CHF million	Q1 2018	Q1 2017	Change
Order intake	215.3	181.8	+18.4%
Net sales	197.8	164.5	+20.2%
	Mar 31, 2018	Dec 31, 2017	Change
Order Backlog	183.5	165.6	+10.8%

#### Ongoing positive market conditions

VAT again increased orders and net sales in the first quarter of 2018 as demand remained near historically high levels for digital products, such as solid state memory devices, logic chips and displays, whose manufacture depends on VAT's advanced high-vacuum valves. Key to the company's success in the quarter was its ability to continue to increase production capacity to meet its customers' growth requirements while maintaining product quality and successfully managing costs.

At the end of the first quarter of 2018, VAT's order backlog amounted to CHF 183 million, a plus of about 11% compared with the end of 2017. Order intake in the quarter grew 18% to CHF 215 million. Group net sales in the quarter amounted to CHF 198 million, an increase of 20% compared with the same quarter in 2017. Foreign exchange movements in the first quarter of 2018 had a negative impact on reported net sales of about 3 percentage points.

#### Growth in all business segments

The Valves segment reported net sales growth in the first quarter of 20% to CHF 159 million. Net sales grew 22% in Global Service to CHF 27 million, while the Industry segment's net sales were up 18% to CHF 12 million. Valves accounted for 81% of group net sales in the first quarter, with Global Service at 13% and Industry at 6%.

In the Valves segment, all business units reported higher net sales. This was driven both by favorable market conditions as well as revenues generated from specification wins secured



previously, in which valve products were designed together with customers for production and multi-year delivery in line with their future equipment manufacturing schedules. Order intake reached a record level in Semiconductors. Display & Solar had substantial growth in order intake, largely driven by the recovering solar industry and General Vacuum was awarded a large project in the aerospace market and won several tenders in the research field. In addition, General Vacuum was able to benefit from improved delivery times on the back of higher available production capacity.

As a result, the General Vacuum business unit reported the highest percentage change in net sales in the Valves segment, followed by Display & Solar, Semiconductors and Modules.

Global Service grew net sales in all units compared to the first quarter a year earlier. The retrofit business—now representing about a third of total Global Service sales—grew fastest as customers continued to upgrade the large installed base of VAT valves, reflecting ongoing technology advances in the manufacture of digital devices. The spare parts business, at approximately 50% of segment sales, continued to benefit from the growth in semiconductor and display manufacturing. The maintenance business remained at the same level as Q1 2017.

In the Industry segment, growth in orders and net sales were driven by the bellows business with the automotive industry as well as positive developments in the other markets.

### **Capacity expansion on track**

As of March 2018, VAT's global installed production capacity surpassed the CHF 900 million level, up from CHF 850 million three months earlier. Delays in the delivery of certain parts are expected to be eliminated by the end of Q2 2018 when the supplier base has broadened sufficiently.

The expansion in Penang, Malaysia is fully on track and first production in the new facility is planned for the third quarter of this year.

### **Outlook 2018**

As the world market and technology leader for advanced high-vacuum valves, VAT expects to continue to benefit from favorable market trends.

For 2018, VAT expects to grow full-year net sales by 15% to 20% at constant foreign exchange rates. The mid-term EBITDA margin target of 33% by 2020 remains in place and the company expects to show progress toward this goal in 2018 as the result of improved productivity.

As a consequence of the expected sales growth in 2018, a higher EBITDA margin, lower finance costs and a slightly higher effective tax rate, net income and earnings per share (EPS) are expected to grow substantially.

Accelerated capacity expansions, mainly in Malaysia and Romania, require capital expenditures to remain at around 7% of net sales in 2018 before returning to the level of about 4% of net sales in the following years.



## Segment data

### VALVES

in CHF million	Q1 2018	Q1 2017	Change
Order intake	175.2	144.3	+21.4%
Net sales	159.3	132.7	+20.1%
Inter-segment sales	11.3	8.4	+34.5%
Segment net sales	170.6	141.1	+20.9%

### GLOBAL SERVICE

in CHF million	Q1 2018	Q1 2017	Change
Order intake	27.8	27.4	+1.5%
Net sales	26.7	21.8	+22.4%
Inter-segment sales	-	-	-
Segment net sales	26.7	21.8	+22.4%

### INDUSTRY

in CHF million	Q1 2018	Q1 2017	Change
Order intake	12.4	10.2	+22.8%
Net sales	11.8	10.0	+17.6%
Inter-segment sales	6.8	6.0	+13.3%
Segment net sales	18.6	16.0	+16.0%

### Additional information

There is a short media and investor conference call today, April 17, 2018, at 10am CET.

To participate in the call please dial:

+41 58 310 50 00 (CH/Europe)

+44 207 107 06 13 (UK)

+1 631 570 56 13 (USA)



A playback of the call can be accessed through our website [www.vatvalve.com](http://www.vatvalve.com) approximately one hour after the call has finished.

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### Financial calendar

Annual General Meeting	Thursday, May 17, 2018
Ex-date	Tuesday, May 22, 2018
Dividend payment	Thursday, May 24, 2018
Half-year 2018 results	Friday, August 24, 2018
Q3 2018 trading update	Thursday, October 25, 2018
Full-year 2018 results	Friday, March 8, 2019

### 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 2017 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.