

## Media Release

Haag, Switzerland, October 17, 2024

- **VAT business development continues to improve, mainly driven by semiconductor markets which compensate for other industries’ headwinds**
- **Q3 orders of CHF 259 million up 58% vs. Q3 2023; sales of CHF 209 million flat vs. Q3 2023**
- **Q3 sales shortfall as reported on October 8 vs. guidance due to technical issues arising from the new ERP solution implementation; total impact of around CHF 22 million expected to be recovered in Q4; coordinated pre-build limited impact on customers**
- **VAT confirms expectations on market development for 2024 and into 2025**

### Q3 2024 results

- Orders up 58% year-on-year at CHF 259 million as customers’ orders remain at similar ordinary course run-rates as in Q2; Q2 2024 orders were slightly inflated by the anticipated ERP implementation
- Group net sales decreased to CHF 209 million, flat vs. Q3 2023 and sequentially down 17% vs. CHF 251 million in Q2 2024 on ERP implementation impact – including the planned 2-week shutdown of the Swiss factory, sales to customers in Q2 ahead of the anticipated shutdown and the challenges in data integration
- Book-to-bill ratio of 1.2x; backlog at CHF 389 million; increased by 13% quarter-over-quarter to the highest level since Q2 2023

### Nine months 2024 results

- Orders up 68% year-on-year, while sales remained flat year-on-year
- Overall sales performance reflects orderbook executed in 2023 and the delay in revenue recognition resulting from the ERP implementation

### Outlook for full-year 2024 and into 2025

- Conditions for VAT’s Valves segment are expected to continually improve. Utilization in semiconductor fabs is trending up, driving the need for additional capacity. Manufacturing technology advancements in logic remain key drivers of expected 2025 growth, and memory expected to grow further lead by DRAM with NAND following later in 2025
- Global Service segment continues to see a rebound year-on-year from 2023 levels, amid increased utilization and is expected to improve on demand from upgrades
- Advanced Industrials markets orders are expected to be impacted by end-market dynamics; industrial applications seeing a recovery, but scientific instruments and solar orders and sales remain sluggish
- VAT continues to expect higher sales, EBITDA, EBITDA margin and net income in 2024. As a consequence of delayed receipt of payments due to slower invoicing, VAT expects free cash flow around 2023 levels

### Guidance for Q4

- VAT expects sales<sup>1</sup> of CHF 270 to 300 million, including the recovery of the shortfall in Q3 revenues

<sup>1</sup> At constant foreign exchange rates

### VAT GROUP

in CHF million	Q3 2024	Q2 2024	CHANGE <sup>2</sup>	Q3 2023	CHANGE <sup>3</sup>	9M 2024	9M 2023	CHANGE <sup>3</sup>
Order intake	259.1	270.9	-4.4%	163.7	58.3%	765.8	455.4	68.2%
Net sales	209.4	251.1	-16.6%	209.8	-0.2%	659.0	663.5	-0.7%
Order Backlog	388.7	345.6	12.5%	282.1	37.8%	388.7	282.1	37.8%

<sup>2</sup> Quarter-on-Quarter

<sup>3</sup> Year-on-Year



### Q3 2024 summary

As communicated with the H1 results in July, market conditions reflect an overall more benign environment for spending on capital equipment in the semiconductor industry. Q3 orders and sales reflect continued demand from our customers in the semiconductor manufacturing space as well as in some Advanced Industrials end-markets. This has resulted in the book-to-bill ratio remaining above 1.0x since H2-2023. While some short-term uncertainty remains across VAT's end-markets, VAT reiterates confidence in future market development based on continued positive momentum in specification wins, customer engagement and the continued build-out of leading-edge production facilities to serve the demand for HBM memory and high-end logic chips.

In the **Semiconductors** business unit, orders in the OEM business continue to grow sequentially quarter-on-quarter as expected. Semiconductor customers continue high engagement levels with VAT in preparation for the 2025 ramp. Demand has remained strong with customers based in Asia this year for VAT. Preparations to deliver leading-edge related chip production tools remain on track for a strong 2025 ramp. The ERP implementation did not materially impact semiconductor customers, where close coordination allowed for pull-forwards and pre-build inventory. In addition, adjacencies are seeing further positive momentum in-line with semi growth in the leading edge, where VAT's specification wins from the last years ramping and newly developed products seeing positive feedback from customer trial runs. End-markets are showing mixed dynamics, with smartphone and consumer electronic demand being sluggish and PC markets yet to accelerate. ICAPS applications remain promising and are contributing to the growth experienced in Asia. Demand for HBM memory is steadily increasing, with several greenfield investments announced in the past quarter. NAND remains on track for recovery in mid-2025.

In the **Advanced Industrials** business unit, general industrial applications are seeing a modest recovery. Orders for scientific instruments remain muted following overstocking related demand weakness. Research spending is flat, while metrology-focused applications are picking up in-line with semiconductor demand development. In Energy, leading commercial fusion companies are building demonstration tools, where the US remains at the forefront with Chinese projects emerging but not progressing rapidly. Finally, in solar, oversupply remains the industry consensus until H2 2025.

VAT's **Global Service** segment experienced a rebound year-on-year from 2023 levels. Semiconductor fab utilization rates continue to rise, and inventories are operating at normalized levels. Nonetheless, order intake declined quarter-over-quarter despite overall higher average chip fab utilization rates especially in Asian fabs compared to 2023. Demand for consumables and repairs declined in the last quarter following pre-ordering in Q2 ahead of the ERP implementation. Anticipated upgrade activity has not materialized yet, which will be driven by ongoing accelerated demand for HBM-memory, advanced logic and tight supply.

Overall, Q3 Group orders amounted to CHF 259 million, up 58% year-on-year but 4% lower than in Q2 of 2024. Adjusting for orders pulled forward by customers into Q2, VAT's Q3 orders would have grown by about 3%. Net sales were CHF 209 million, a 17% decrease compared to the previous quarter. Considering the ERP-related sales shortfall, adjusted net sales would have amounted to around CHF231 million, implying an 5% quarter-on-quarter decline. Foreign exchange movements, especially the US dollar against the Swiss franc, had a negative impact of about 2% on the change in reported Q3 sales.

The Q3 book-to-bill ratio was 1.2x and the order backlog on September 30 amounted to CHF 389 million, 38% higher than at the end of the same period in 2023, as the orderbook re-builds post the 2023 lows.



## Segment Review

### VALVES

in CHF million	Q3 2024	Q2 2024	CHG. <sup>1</sup>	Q3 2023	CHG. <sup>2</sup>	9M 2024	9M 2023	CHG. <sup>2</sup>
<b>Order intake</b>	<b>218.6</b>	<b>221.5</b>	<b>-1.3%</b>	<b>135.8</b>	<b>61.0%</b>	<b>630.8</b>	<b>358.6</b>	<b>75.9%</b>
<i>Semiconductors</i>	186.2	189.6	-1.8%	105.3	76.9%	530.1	243.2	118.0%
<i>Advanced Industrials</i>	32.3	31.9	1.4%	30.5	5.9%	100.7	115.4	-12.7%
<b>Order backlog</b>	<b>347.8</b>	<b>308.2</b>	<b>12.9%</b>	<b>252.1</b>	<b>38.0%</b>	<b>347.8</b>	<b>252.1</b>	<b>38.0%</b>
<b>Net sales</b>	<b>175.1</b>	<b>201.4</b>	<b>-13.1%</b>	<b>172.9</b>	<b>1.2%</b>	<b>538.5</b>	<b>531.5</b>	<b>1.3%</b>
<i>Semiconductors</i>	143.5	164.0	-12.5%	120.1	19.5%	434.7	386.2	12.6%
<i>Advanced Industrials</i>	31.5	37.3	-15.6%	52.8	-40.3%	103.8	145.3	-28.5%
<b>Inter segment sales</b>	<b>14.0</b>	<b>20.4</b>	<b>-31.4%</b>	<b>15.0</b>	<b>-7.1%</b>	<b>49.2</b>	<b>54.3</b>	<b>-9.5%</b>
<b>Segment net sales</b>	<b>189.0</b>	<b>221.8</b>	<b>-14.8%</b>	<b>187.9</b>	<b>0.6%</b>	<b>587.7</b>	<b>585.8</b>	<b>0.3%</b>

<sup>1</sup> Quarter-on-Quarter <sup>2</sup> Year-on-Year

**Valves** reported Q3 orders of CHF 219 million, flat at minus 1% sequentially. Year-on-year order intake was up significantly 61% compared to Q3 of 2023. Net sales in the quarter decreased to CHF 175 million, down 13% sequentially and flat at plus 1% on a year-on-year comparison.

The year-on-year Q3 order development was mainly driven by the **Semiconductors** business unit, where orders increased 77% year-on-year to CHF 186 million. Net sales amounted to CHF 144 million, down 13% compared with the second quarter of 2024.

Orders in the **Advanced Industrials** business unit increased in Q3 year-on-year by 6% to CHF 32 million despite persisting weakness in some end markets. Sales reflect last year's strong project business sales as Q3 year-on-year declined by 40% to CHF 32 million.

### GLOBAL SERVICE

in CHF million	Q3 2024	Q2 2024	CHG. <sup>1</sup>	Q3 2023	CHG. <sup>2</sup>	9M 2024	9M 2023	CHG. <sup>2</sup>
<b>Order intake</b>	<b>40.5</b>	<b>49.4</b>	<b>-18.1%</b>	<b>27.9</b>	<b>45.1%</b>	<b>135.0</b>	<b>96.8</b>	<b>39.4%</b>
<b>Order backlog</b>	<b>40.9</b>	<b>37.3</b>	<b>9.4%</b>	<b>30.0</b>	<b>36.0%</b>	<b>40.9</b>	<b>30.0</b>	<b>36.0%</b>
<b>Net sales</b>	<b>34.4</b>	<b>49.7</b>	<b>-30.9%</b>	<b>36.9</b>	<b>-6.8%</b>	<b>120.5</b>	<b>132.0</b>	<b>-8.7%</b>
Inter segment sales	-	-	-	-	-	-	-	-
<b>Segment net sales</b>	<b>34.4</b>	<b>49.7</b>	<b>-30.9%</b>	<b>36.9</b>	<b>-6.8%</b>	<b>120.5</b>	<b>132.0</b>	<b>-8.7%</b>

<sup>1</sup> Quarter-on-Quarter <sup>2</sup> Year-on-Year

The **Global Service** segment reported Q3 orders of CHF 41 million, 18% lower than in Q2 2024 but 45% higher year-on-year. Sales reached CHF 34 million, down 31% compared to the last quarter.

### Impact of system issues during ERP implementation

As announced previously and included in our Q3 sales guidance, VAT's Switzerland production facilities had shut down as planned for two weeks in August for a new ERP solution implementation, resulting in output shortfall for Q3. Within the second week of August, production gradually resumed, resulting in factory output reaching approximately 80% of pre-ERP shutdown levels by the end of September.

While the factory output has developed according to plan, problems have arisen in the interfaces to other systems, which have mainly slowed down production order loading and issuance of shipping documents. This resulted in behind schedule deliveries to customers, leading into lower sales recognition than anticipated.

After identifying and thoroughly analyzing the technical issues, VAT is confident that they can be resolved during Q4 and that the shortfall in Q3 sales of around CHF 22 million can be recognized during Q4. Production, shipment, and invoicing are expected to be getting back to normal operating mode as before the ERP changeover. The pre-build of products was sufficient and aligned with customers and thus the impact of the implementation issues limited. VAT sales and account



teams are in close alignment with their customers to schedule the required goods and shipments. Additional costs are expected to be marginal, with no material impact on the H2 and FY EBITDA margins.

#### **Outlook for the remainder of 2024**

VAT expects investments in semiconductor manufacturing equipment to continue to grow over the rest of 2024 and into 2025. The global economy continues to show strength, and while there is consensus that a broader recession has been averted in the US and Europe, inflation remains sticky and impacts consumer spending. In China, a stimulus package has been introduced to bolster the economy and fuel consumer spending in the coming quarters. Market research companies are estimating semiconductor WFE spend in 2024 of between USD 95 to 105 billion. This number is expected to increase to USD 110 to 115 billion in 2025. Demand from China, especially to ramp up self-supply, is expected to remain strong in 2024 and 2025. Memory capex is in a cyclical recovery, driven by demand for DRAM and HBM, which is essential for AI computing, while NAND is slowly recovering and expected to accelerate in 2025. Leading-edge logic is slowly growing with AI adoption fueling manufacturing technology inflections like GAA and the roll-out of chips with 2nm nodes. Our OEM customers have managed down excess inventories and are starting to request higher consignment levels again. For Q4 2024, order visibility is particularly high and implies further sequential growth, which is likely to continue at similar run-rates into the first half of 2025.

VAT continues to expect higher sales, EBITDA, EBITDA margin and net income in 2024. The full-year EBITDA margin is expected to be slightly below the lower end of the 32 to 37% target band. As a consequence of delayed receipt of payments due to slower invoicing, VAT expects free cash flow around 2023 levels. 2024 capex is forecast at CHF 70 to 75 million.

#### **Guidance for Q4 2024**

VAT expects sales of CHF 270 to 300 million, including the recovery of the shortfall in Q3 revenues.

#### **Additional information**

There is a short media and investor conference call today, October 17, 2024, at 10:00 a.m. CEST.

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 ([Link](#)), approximately one hour after the call has finished.

Please follow the link below to access the webcast:

[Conference Call](#)

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## Financial calendar

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### 2025

Thursday, January 9	Preliminary high level Q4 and full-year 2024 results
Tuesday, March 4	Full-year 2024 results
Thursday, April 17	Q1 2025 trading update
Tuesday, April 29	Annual General Meeting 2025
Wednesday, July 23	Half-year 2025 results
Thursday, October 16	Q3 2025 trading update

### ABOUT VAT

We change the world with vacuum solutions – that is our purpose as the world's leading supplier of high-end vacuum valves. The Group reports in two segments: Valves and Global Service. The Valves segment is a global developer, manufacturer, and supplier of vacuum valves for the semiconductor, displays, photovoltaics and vacuum coating industries as well as for the industrial and research sector. Global Service provides local expert support to customers and offers genuine spare parts, repairs, and upgrades. VAT reported net sales of CHF 885 million in 2023 and employs some 2,700 people worldwide, with representatives in 29 countries and manufacturing sites in Switzerland, Malaysia, and Romania.

### 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.

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.

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