



Semiconductor
Climate Consortium
FOUNDING MEMBER



PASSION.PRECISION.PURITY.

VAT – We change the world with vacuum solutions

Octavian Seminar 2023

January 13, 2023

www.vatvalve.com

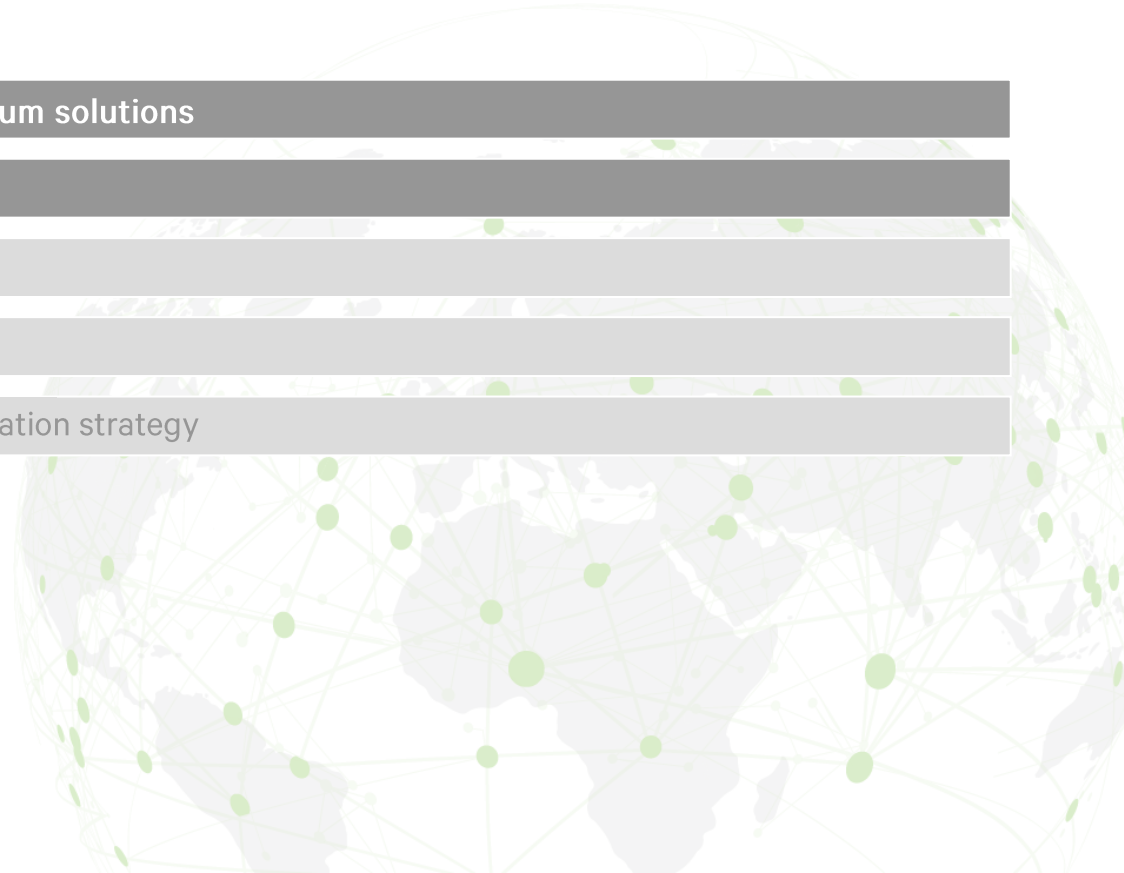
1 VAT – We change the world with vacuum solutions

1.1 VAT at a glance

1.2 Markets and growth drivers

1.3 Strategic priorities

1.4 Financial targets and capital allocation strategy



VAT is the clear technology and market leader in the growing and profitable vacuum systems market



3



VAT actively captures **key megatrends** to drive sustainable long-term growth



VAT is the **undisputed market leader** due to technology leadership in all fab vacuum applications, global scale and customer intimacy



VAT's outstanding performance is based on **wide competency reach** with close to 300 R&D and application engineers, over 100 global sales experts



VAT's **focus on operational excellence and strategy execution** delivers superior financial results

Our business segments are delivering superior performance – will deliver record results in 2022



Our business segments
*(Share of 9-mo. 2022 net sales,
growth vs. 9-mo. 2021)*



Valves (81%)
Sales of CHF 524m (+33%)

Global Service (18%)
Sales of CHF 155m (+28%)



Delivering outstanding performance in 2022

1,144^(+27%)

Full-year sales CHFm¹

~35%

Full-year EBITDA
margin

>50%

Full-year factory
output increase in
Malaysia vs. 2021

~60%

Market share across all
industries

~500

Active patents on our
technology

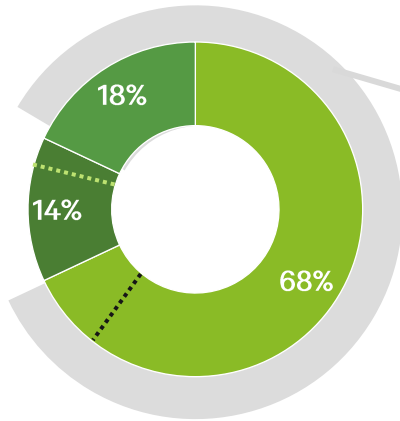
~75

New specification wins

¹ Preliminary unaudited figures release January 12, 2023

Semiconductors are our driving force with advanced industrial markets adding to our value proposition

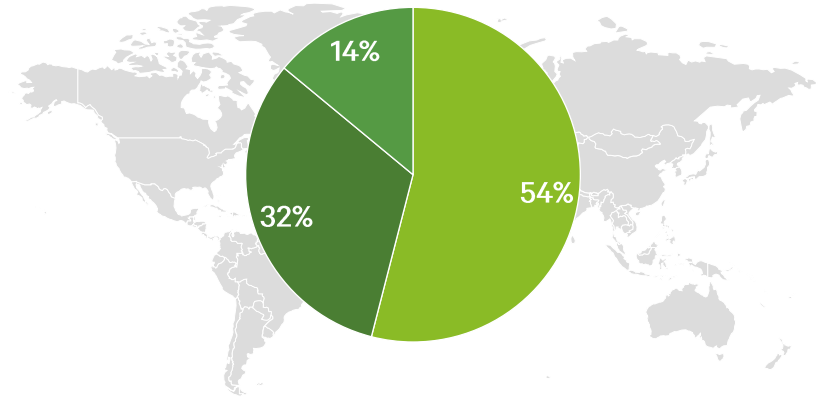
9-mo. 2022 sales by business unit¹



~80% of VAT's sales are linked to the semiconductor sector

- Semiconductors (of which 5% is Display)
- Advanced Industrials (of which 2% is Solar)
- Global Service

9-mo. 2022 sales by region



- APAC
- Americas
- EMEA

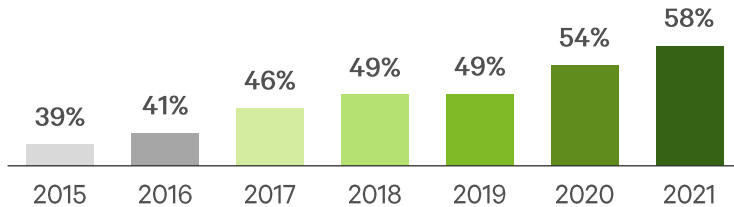
¹ Starting January 2023, the Display & Solar business will be integrated into the Semiconductors business unit (Display) and the Advanced Industrials business unit (Solar)

Sustained market share growth – harnessing innovation strength and customer focus



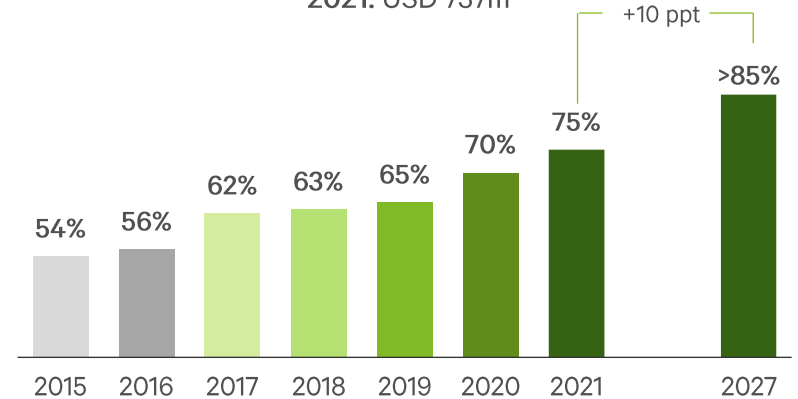
Market share all industries¹

Total vacuum valve market size
2021: USD 1,269m



Market share SEMI²

Total vacuum valve market size
2021: USD 737m



With our specification “win rate”
of more than 95% in SEMI, we expect
to reach over **85% market share by 2027**

¹All industries includes semiconductor and related, general vacuum

²SEMI includes semiconductors, LED and HDD

1 VAT – We change the world with vacuum solutions Mike Allison, CEO

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VAT's business units are well positioned to harness the major megatrends



Digitalization



- Strong semiconductor growth across all markets
- IC market >USD 1 trillion by 2030
- Wafer Fab Equipment (WFE) to grow to USD 150-170bn by 2030
- Benefits all our businesses

Energy and Emissions



- Energy demand with double-digit growth; needs to be generated with low GHG emissions
- ADV benefits from solar, nuclear and coating (batteries)
- Mid-term carbon capture, long-term fusion – both vacuum intensive

Population Growth and Aging



- Growing demand in biotech and life sciences
- ADV benefits from analytical and medical non-invasive equipment, and medical inserts
- Medical drives 10% CAGR on ICs

SAM market growth (CAGR 21-27)

WFE +8%

Renewable Energy +8%

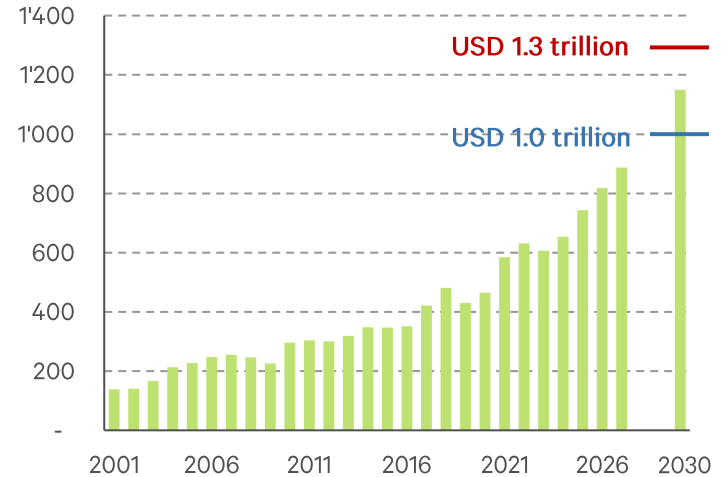
Life Science & Analytical Instr. +7%

Due to growing digitalization, semiconductor sales are expected to grow to reach USD 1.0-1.3 trillion



Semiconductor end markets	CAGR 22-30 ¹
Personal computing	2%
Smartphone	5%
Consumer electronics	6%
Wired and wireless infrastructure	6%
Automotive	11%
Industrial electronics	10%
Servers, datacenters and storage	12%
Total	7%

End-market growth fuels IC volumes



Semiconductor sales forecast at USD 1.0-1.3 trillion by 2030:

- CAGR 2010-2020: 5%
- CAGR 2020-2030: 9% (at 2030 midpoint)

¹Source: Gartner Q3 2022 forecast; years 2027 to 2030 extrapolated by VAT using historic average CAGR

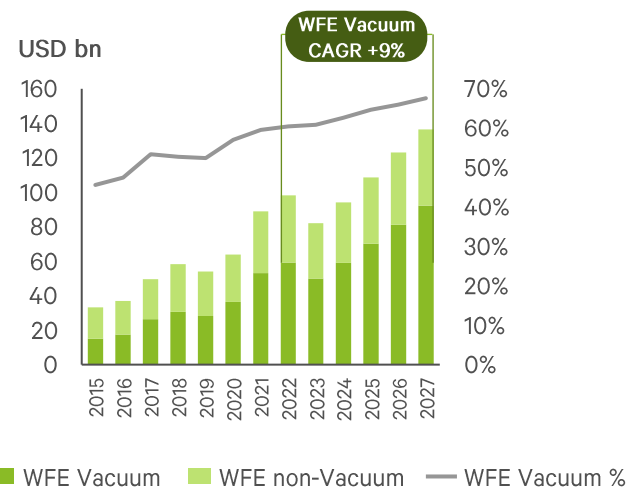
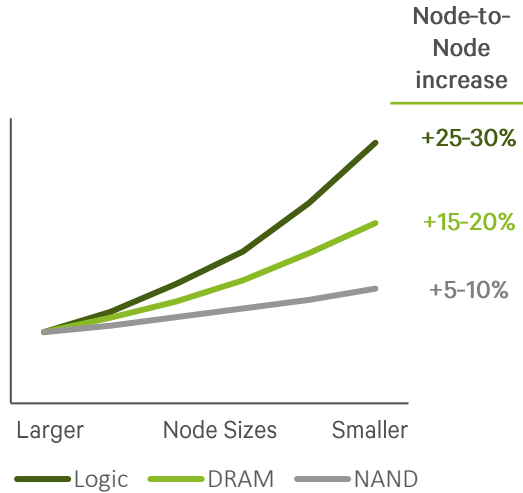
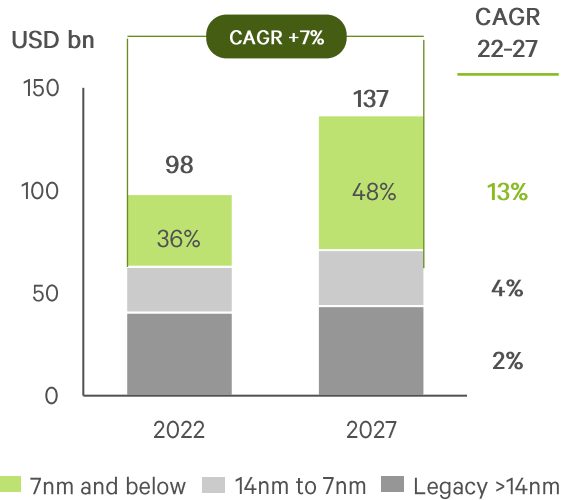
Strong growth of leading-edge semiconductors is cascades down to increasing vacuum content



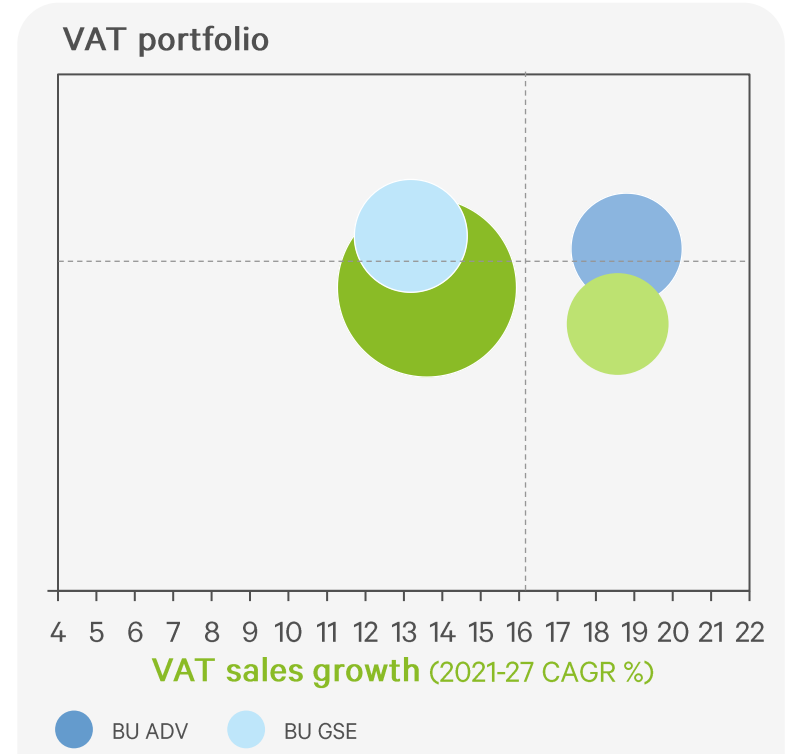
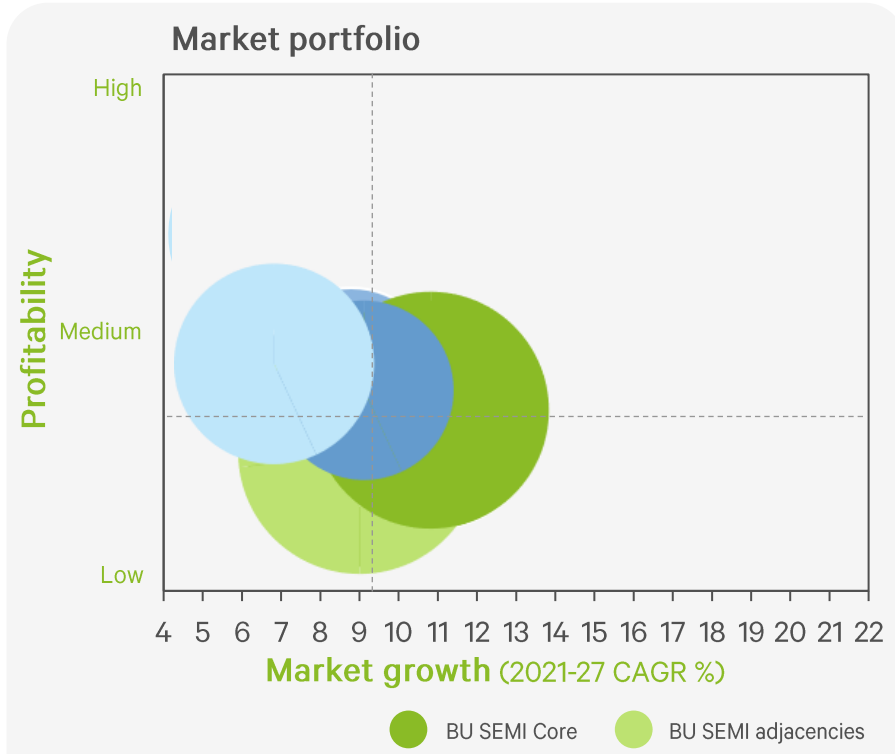
Fastest growth in leading edge nodes, VAT's stronghold ...

... capital intensity expected to increase from node to node ...

... driving strong medium-term growth in overall WFE and even faster on vacuum based WFE



All VAT businesses outperforming their markets in growth and profitability



VAT is a leader in high growth markets, especially where Moore's Law drives increasing opportunities



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Market summary



VAT actively captures **key megatrends** to drive **sustainable long-term growth**



Move to smaller design rules drives VAT **market share** and access to the growing vacuum content



WFE to grow over the foreseeable future driven by sustained growth in IC production, **especially in leading edge**

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VAT focuses on four strategic priorities to sustain and accelerate performance to 2027 and beyond



1



Gain market share in all our core businesses and markets

2



Expand Share of Wallet (SoW) with adjacencies

3



VAT2B: Build strong capabilities and further improve operational excellence

4



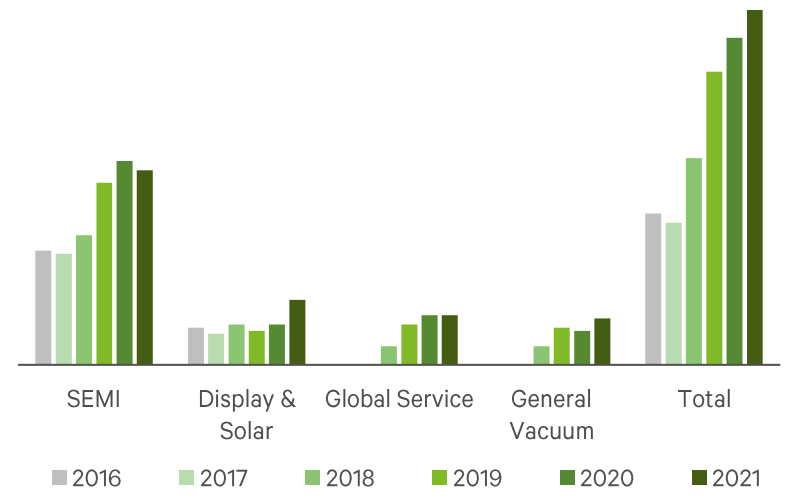
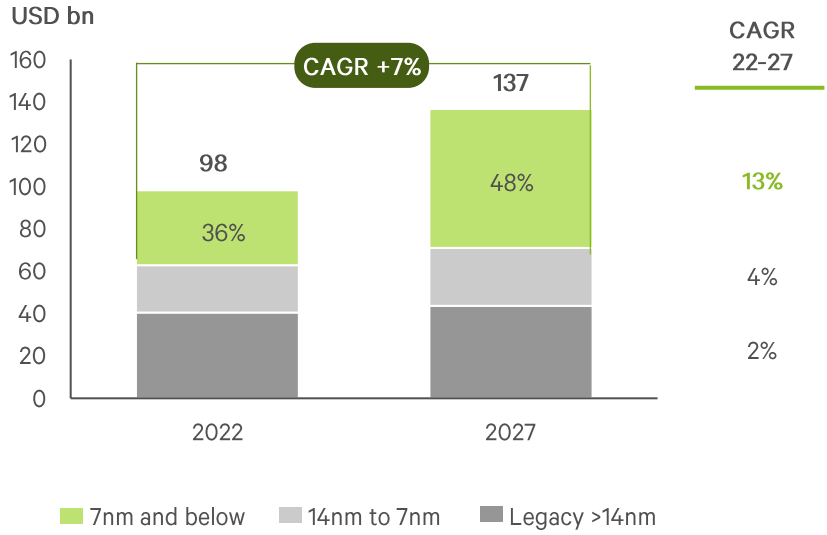
Execute VAT's ESG strategy that creates value for all stakeholders

Investments in leading edge continue to dominate; specification wins key for future success



Capturing the faster growth in leading edge nodes ...

... enabled by strong track record in specification wins

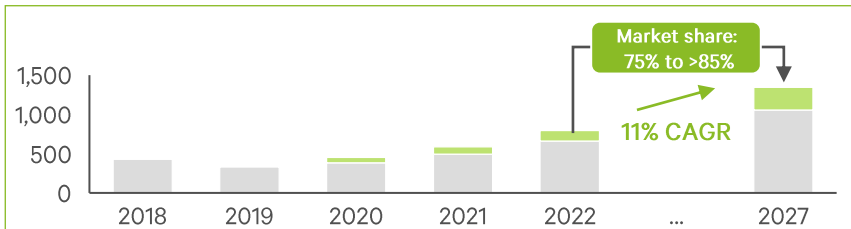


Sales and market share to grow across all our businesses



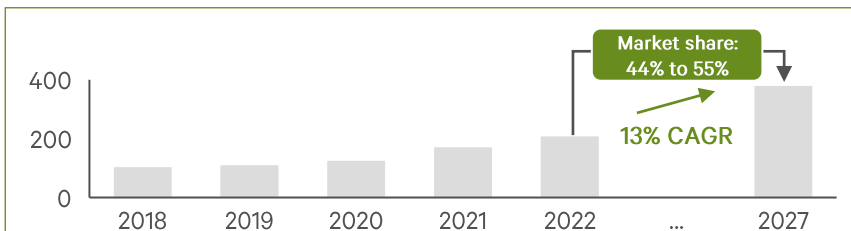
Semiconductors

Sales growth and market share gains based on very strong specification win track record and #1 market position for leading-edge vacuum valves



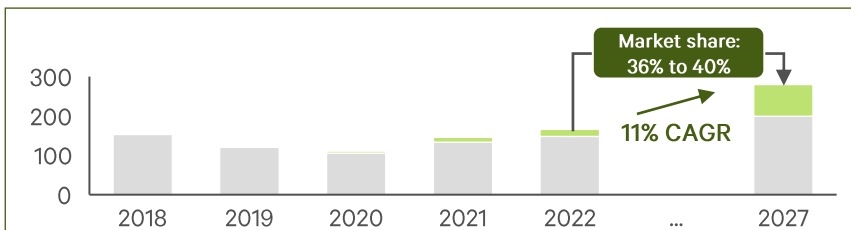
Global Service

Capture all opportunities coming from the fast-growing installed base of valves, coupled with increased focus on key customers



Advanced Industrials

Grow business and market share through increasing direct sales force in USA and Asia and higher Share of Wallet (added customer value) at customers, especially in Europe



Our strategy is to increase customer value and SoW by expanding into sub-systems and complementary technologies



SEMI as the **CORE** market and the main **technology driver** for all products and solutions



Leverage all products and technologies into Advanced Industrial applications

2022

TODAY

A successful valves business with 1-2% SoW

- 75% share in SEMI valves, #1 in all markets
- Growing Advanced Modules share
- #1 in Motion Components

2027

NEXT 5 YEARS

Current adjacencies will drive >CHF 200m additional sales by 2027, 2-4% SoW

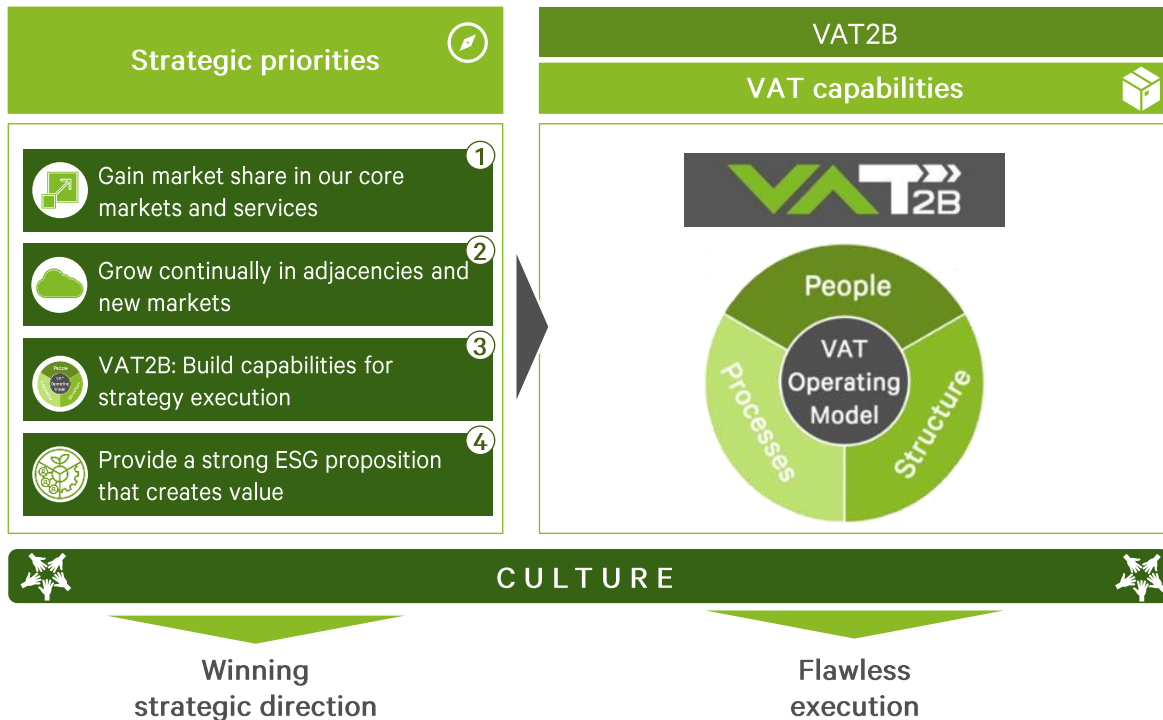
- Gas inlet systems and valves
- EUV
- Advanced Pressure Control
- Adjacencies by 2027 >CHF 300m

2032

NEXT 10 YEARS

To: Vacuum sub-systems business with 4-5% SoW

VAT2B is our program to provide the capabilities in our growing and scalable organization



Flexible operations model

- +/- 30% year-on-year ramp capability
- Global, best cost operating model

Scalable processes via digitalization

- Scalable, low-cost processes
- Optimized customer experience

Core competencies

- Technology and methods differentiation
- Vacuum and design leadership

Best people

- High engagement, low attrition
- Caring and inclusive employer

1st VAT sustainability review as starting point of comprehensive ESG strategy

Creating value sustainably



Long-term success only sustainable by integrating a broad range of values into strategic and operational planning



Values include: provide **employees** with opportunities to grow, play a positive role in our **communities**, reduce our impacts on the **environment**



In 2022, the Board of Directors and the Group Executive Committee made sustainability a 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

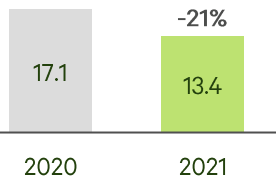
CREATING
VALUE
SUSTAINABLY

Sustainability Review 2022



ESG highlights in 2021 include

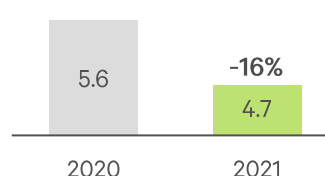
CO₂ emissions in tons per CHF 1m sales



Solar energy from VAT PV installations in kWh (millions)








Total waste in tons per CHF 1m sales



Compliant with equal pay provisions of the Swiss Federal Act on Gender Equality

Become a best-in-class company addressing the needs of a wide stakeholder group

	2022	2023	2024-2027
Overall ESG 	<ul style="list-style-type: none"> First Sustainability Review ESG anchored at BoD level Materiality analysis 	<ul style="list-style-type: none"> ESG target setting Participate in key sustainability ratings 	<ul style="list-style-type: none"> Continuous reporting on improvements in ESG ESG becomes part of VAT DNA Become a semiconductor industry benchmark in ESG
Environment 	<ul style="list-style-type: none"> CO₂ accounting project Initial focus on Scope 1 and 2, Scope 3 currently assessed 	<ul style="list-style-type: none"> Emission goals defined Materiality assessment concluded 	<ul style="list-style-type: none"> Execute and report on key environmental metrics such as GHG emissions, waste and water consumption reduction
Social 	<ul style="list-style-type: none"> Social aspects assessed and implementation started VAT Cares program launched Community engagement MY 	<ul style="list-style-type: none"> Define diversity targets across key levels 	<ul style="list-style-type: none"> Reposition the employer value proposition to become employer of choice for target groups
Governance 	<ul style="list-style-type: none"> BoD and committee composition adjusted 	<ul style="list-style-type: none"> Changes to Articles of Association 	<ul style="list-style-type: none"> Link senior management long-term incentive to ESG performance Shareholding rules to be considered

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We have a strong track-record of delivering outstanding financial performance



Sales

15.9%¹
CAGR
2015-22

Strong double-digit growth as market share continuously increases

EBITDA margin

26-35%
Between
2015-22

High profitability throughout the business cycle

FCF conversion

51-94%²
Between
2015-22

High FCF conversion through balanced capex program

ROIC

28-58%
Between
2015-22

Strong Return on Invested Capital at 2.5-5.5x WACC³

¹ Reported numbers, 16.3% CAGR on constant 2015 FX rates

² Free Cash Flow as percentage of EBITDA

³ Compared to WAAC used in annual impairment testing

To achieve leadership in high-value vacuum solutions, we have set tough ambitions for 2027 and beyond



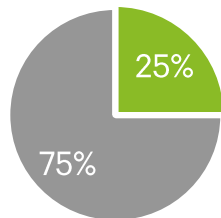
Strategic priorities

Ambition for 2027 and beyond

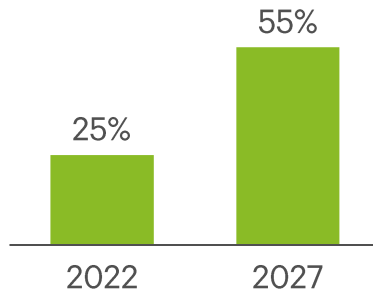
Market share	Adjacencies / SoW	VAT2B	ESG
<ul style="list-style-type: none">SEMI >85%Global Service 55%ADV 40%	<ul style="list-style-type: none">>CHF 300m of adjacencies by 2027SEMI SoW 2-4%	<ul style="list-style-type: none">Installed capacity >CHF 2bn by 2027Flexible business modelEBITDA 32-37%	<ul style="list-style-type: none">Provide clear ESG proposition that creates value for all stakeholders

Value creation for all stakeholders

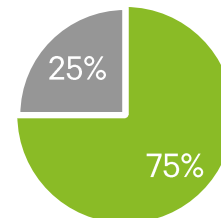
We drive operational excellence through our global footprint and flexible operating model



25% flexible workforce group-wide (factory workers in CH, MY and RO)



Best cost country sourcing is expected to reach more than 55% by 2027 compared to 25% in 2022



75% of our components are purchased from outside and around 2/3 of our costs are variable

Growing production capacity > CHF 2bn

Moving volume to BCC locations

BCC suppliers reducing cost base

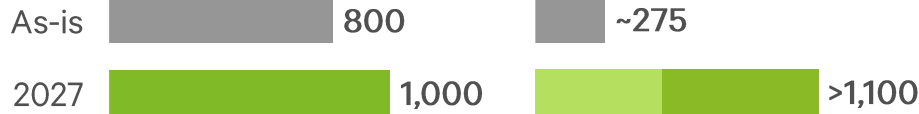


Switzerland

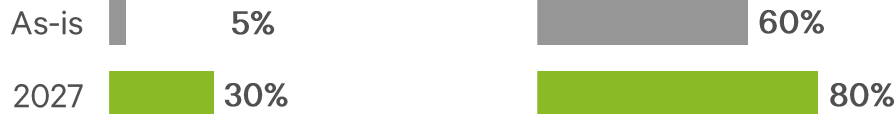


Malaysia

Factory output (CHFm)



Best Cost Countries purchase volume



Growth in Best Cost Country content improves our cost position

>50%

Best Cost Country content in **factory output by 2027**

>55%

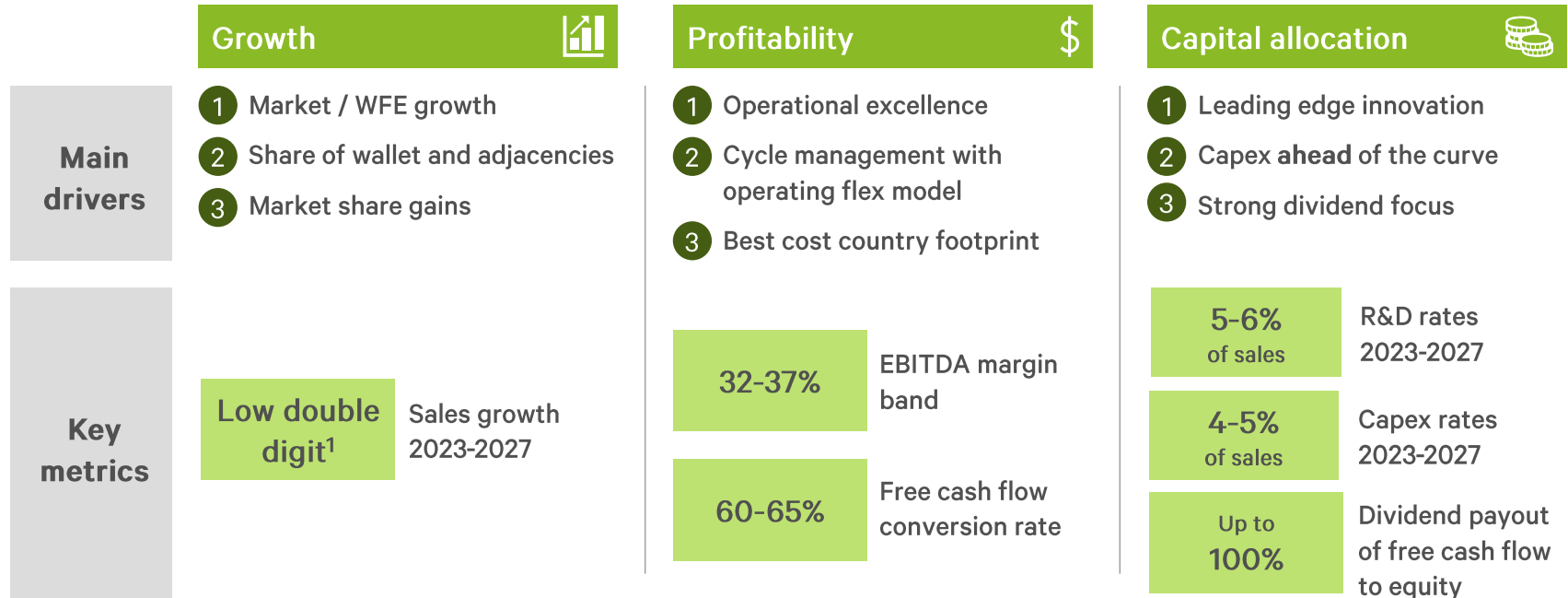
Best Cost Country content in **purchase volume by 2027**

VAT's strong business fundamentals create a sustainable investment story



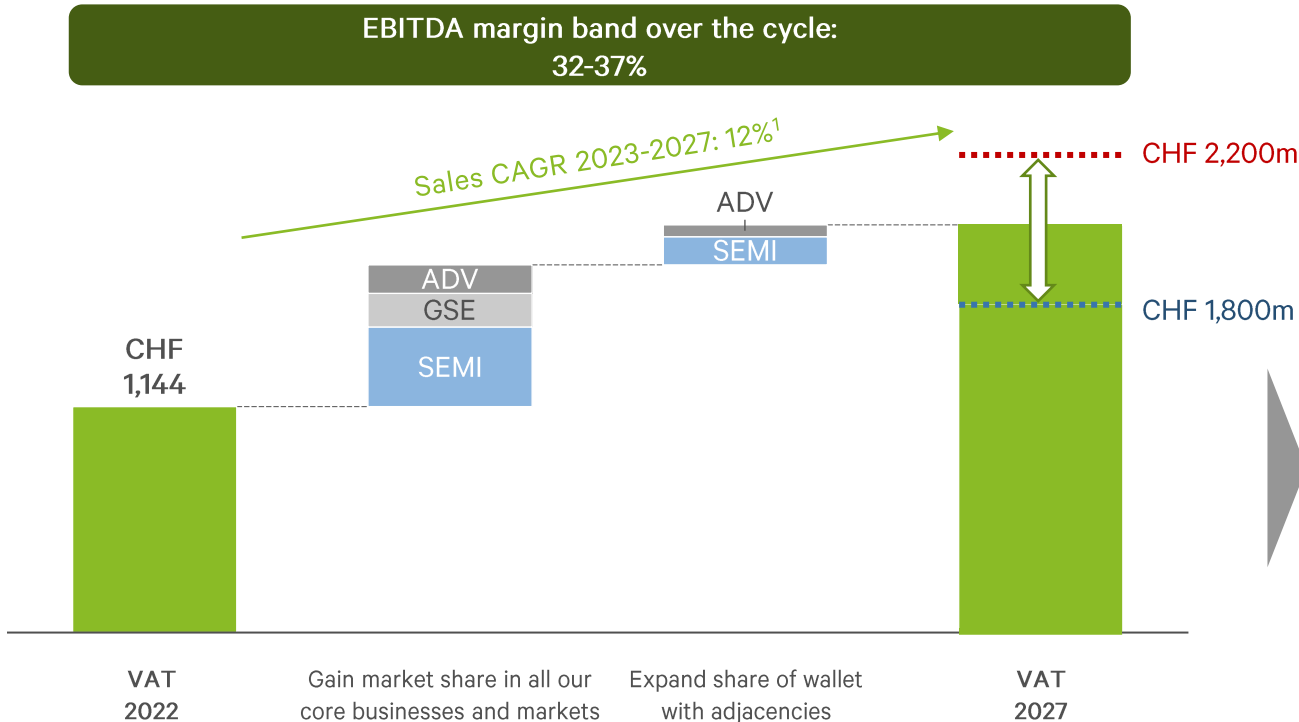
Stakeholder value proposition 2023-2027

Our sustainable value creation is based on 3 key pillars:



¹ At midpoint of sales guidance of CHF 1.8-2.2bn in 2027

Our growth strategy is expected to generate CHF 2,000m in sales by 2027¹



- Strong organic revenue growth driven by increase in general market growth and share gains
- Expansion of share of wallet with substantial growth in adjacencies
- Maintain high profitability over the cycle with flexible cost structure

¹ at mid-point between CHF 1,800m to 2,200m, based on organic growth and USD/CHF rate of 0.95



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Q&A session

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