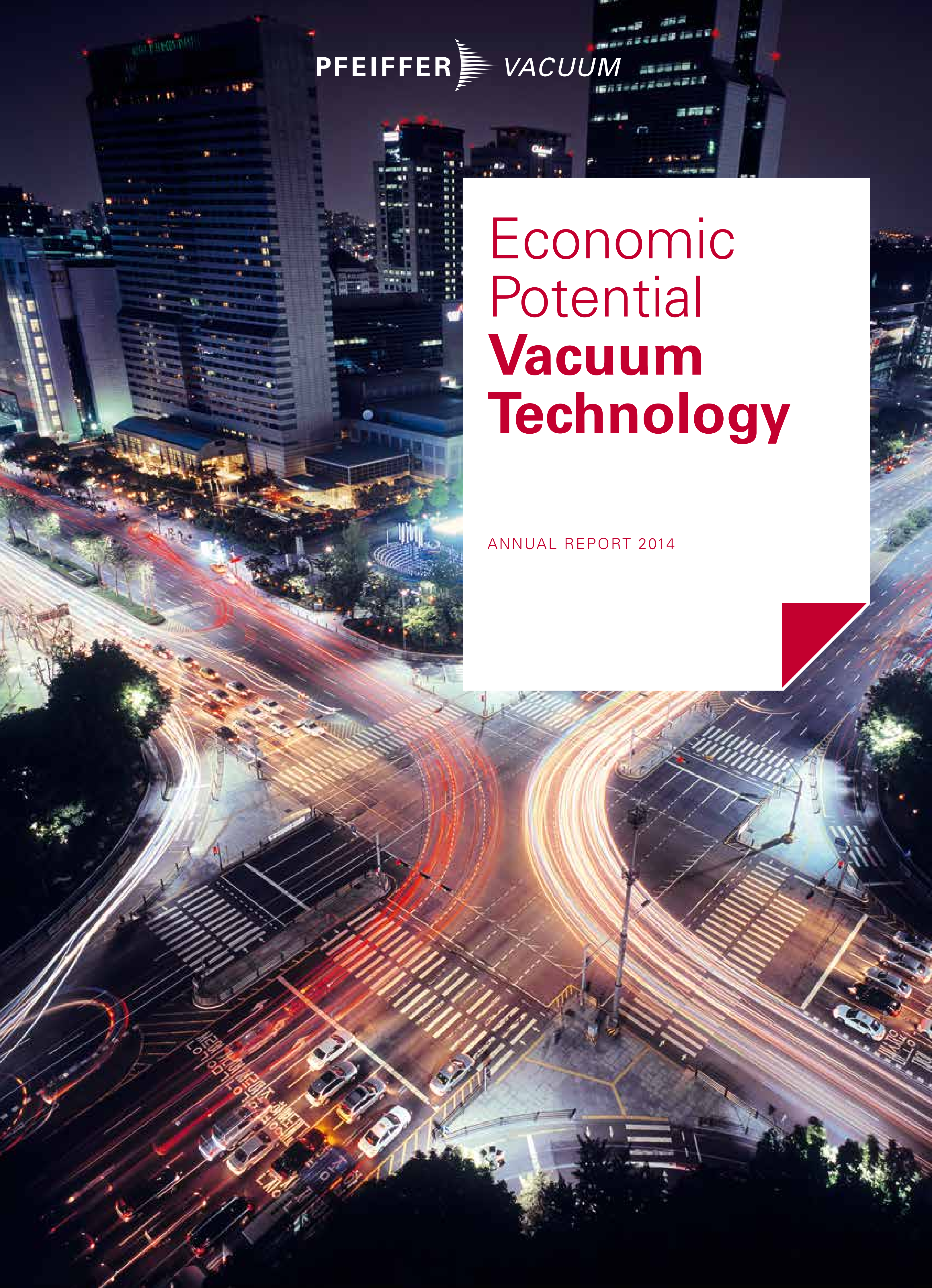
PFEIFFER VACUUM



Economic Potential **Vacuum Technology**

ANNUAL REPORT 2014

Technology requires Vacuum

Keeping abreast of the latest news with your smartphone, seeing better thanks to high quality eyeglasses, or discovering the world independently while on the go in your car – these and many other conveniences of everyday living would not be possible without vacuum.

Pfeiffer Vacuum offers comprehensive solutions that are essential for the production of many products. High-tech production processes ensure that key factors such as quality, safety, efficiency and precision are continuously optimized with a view to enhancing cost-effectiveness.

Without the use and further advancement of vacuum technology, it will not be possible to meet the ever-increasing demands placed on manu-facturing and analytical processes in the future. With our vacuum solutions, we will sustainably exploit this potential in order to support technological progress.

Key Figures

		2014	2013	Change
Sales and profit				
Total sales	K€	406,642	408,727	– 0.5 %
Germany	K€	75,743	76,652	– 1.2 %
Other countries	K€	330,899	332,075	– 0.4 %
Operating profit	K€	44,744	50,523	– 11.4 %
Net income	K€	32,419	34,815	– 6.9 %
Return on sales	%	8.0	8.5	– 0.5 Pp
Operating cash flow	K€	52,327	47,928	9.2 %
Balance sheet				
Total shareholders' equity and liabilities	K€	429,078	430,537	– 0.3 %
Cash and cash equivalents	K€	101,468	95,129	6.7 %
Shareholders' equity	K€	279,728	276,010	1.3 %
Equity ratio	%	65.2	64.1	1.1 Pp
Return on equity	%	11.6	12.6	– 1.0 Pp
Capital expenditures	K€	10,012	10,274	– 2.6 %
Workforce				
Workforce (average)		2,261	2,219	1.9 %
Germany		847	820	3.3 %
Other countries		1,414	1,399	1.1 %
Personnel costs	K€	134,391	130,724	2.8 %
Per employee	K€	59	59	0.0 %
Sales per employee	K€	180	184	– 2.2 %
Per share				
Earnings	€	3.29	3.53	– 6.8 %
Dividend	€	2.65 [1]	2.65	0.0 %

[1] Subject to the consent of the Annual General Meeting

All percentages in this Annual Report were derived on the basis of amounts in thousands of euros. Rounding differences might result from their presentation in millions of euros.

Corporate Profile

Pfeiffer Vacuum – a name that stands for innovative solutions, high technology and dependable products, along with first-class service. For more than 125 years we have been setting standards in vacuum technology with these attributes. One very special milestone was the invention of the turbopump at our Company more than 50 years ago. Thanks to our know-how, we continue to be the technology and world market leader in this field. To no small degree, this also manifests itself in our strong profitability. Our extensive line of solutions, products and services ranges from vacuum pumps, measurement and analysis equipment right through to complex vacuum systems. And quality always plays a key role in this connection: Products from Pfeiffer Vacuum are constantly being optimized through close collaboration with customers from a wide variety of industries, through ongoing development work and through the enormous enthusiasm and commitment of our people. These are virtues that we will continue to embrace!

- **Headquarters:** Asslar, Germany
- **Established:** 1890
- **Purpose of the Company:** To develop, manufacture and market components and systems for vacuum generation, measurement and analysis
- **Manufacturing sites:** Asslar, Germany; Göttingen, Germany; Annecy, France; Asan, Republic of Korea; Cluj, Romania
- **Workforce worldwide:** 2,258 people

Content

Letter from the Chief Executive Officer

Dear shareholders, employees and business associates,

Here at Pfeiffer Vacuum, the year 2014 will probably make it into our history books as a year of transition. We may not have succeeded, unfortunately, in steering the overall year back onto a growth course; however, the demand for our products in the fourth quarter has seen an anticipated and highly welcome revival. Nevertheless, we have slightly missed the mark of last year's results, as the bulk of delivered products for the year consisted of products with less favorable profit margins.

The revived business is still driving the new year 2015. This was made possible primarily by the incoming orders of the fourth quarter, which with a total of € 110 million exceeded the two preceding quarters by € 10 million each. We expect the product composition, referred to above, of these new orders to normalize – resulting in an improved operating profit margin.

The prerequisites for a successful 2015 have been met: in the past year, Pfeiffer Vacuum has introduced many product innovations that are outstandingly competitive due to important product characteristics such as energy efficiency and long service intervals. Furthermore, we are proud to have won back an important customer in the analytics field during the second half of the year. Last but not least, we have been able to convince several new customers operating in this market of the superior quality of our pumps.

We are therefore excellently positioned to take part in an upward trend and to increase our market share. The declared goal of our Company remains to offer our customers the best application-specific vacuum solutions while simultaneously keeping a close eye on our internal profitability goals.

While total revenue remained almost unchanged at € 406.6 million, the net income for 2014 came to € 32.4 million, and was thus 6.9 % below the corresponding value of the previous year. As always, part of the profits will be paid out to you, dear shareholders, as dividends. The remaining amount will be retained in order to further safeguard the balance sheet strength we are known for: with an equity ratio of 65.2 %, Pfeiffer Vacuum holds a very strong position. On a net basis, the Company is debt-free, meaning our liquid assets exceed our financial liabilities. This freedom from debt offers us a certain degree of independence, although it is not our first priority. Taking on debt should serve a specific purpose, rather than being an end in itself. Thus, our business orientation remains conservative and committed to long-term profitability.

The operative word *long-term* is of particular relevance this year, as Pfeiffer Vacuum celebrates its 125th anniversary in 2015. Much has happened in the world since 1890, but a certain continuity remains discernable: the Company once offered solutions to improve the operation of gas lanterns and light bulbs, and to this day, Pfeiffer Vacuum still operates in the lighting field: without vacuum technology, there would be no LEDs or OLEDs today – or even laser light.

Although we do not know what the world will look like 125 years into the future, there is a good chance that the demand for vacuum technology will be immense: the more precise, advanced, and sophisticated the various applications and end-products of the future will become, the more important suitable vacuum solutions will be. With the acquisition of adixen in late 2010, we have turned our attention to the global semiconductor market. Despite its proneness to severe fluctuations, the sheer size and extraordinary growth rates of this market make it of central importance. For example, in this day and age, the average compact car contains more semiconductor systems than the manned Apollo-11 spacecraft did when it conquered the moon in 1969.

The economic potential that vacuum technology holds is nearly limitless – which is why this annual report has adopted this topic as its overarching theme, which it illustrates with some real-life examples. Whether we are talking about a contribution to ensure the availability of clean drinking water, the energy-efficient coating of architectural glass, researching the mysteries of space, or more accurate welding methods in various industrial fields: vacuum technology makes it possible. Nothing is better. For 125 years already.

In order to go with the times and protect the environment, our annual report will, for the first time and aside from a small printed edition, be issued as an elegant credit card-sized USB stick. This modernization is not only in the interest of sustainability, but also serves as yet another example of how semiconductors can enter previously analog areas and enrich our lives.

Yours,
M. Bender

Manfred Bender
Chairman of the Management Board

Manfred Bender, Chief Executive Officer
Dr. Matthias Wiemer, Member of the Management Board

Report of the Supervisory Board

Dear Shareholders,

The 2014 fiscal year in the central European and American region was marked by growing macroeconomic confidence, in contrast to the political tensions prevailing in other parts of the world and the uncertainties concerning future prospects for growth in the Asian region. In this situation, the focus for Pfeiffer Vacuum was again on integrating the adixen business unit and improving its profitability. The semiconductor-dominated bias of this business unit – particularly in Asia – and the cyclic nature of its business again negatively impacted on the 2014 fiscal year. Vigorous measures were therefore implemented to get the adixen business unit back on track and increase the overall efficiency of the Pfeiffer Vacuum Group.

The overall performance of the Pfeiffer Vacuum Group during the 2014 fiscal year was not satisfactory. The Supervisory Board is convinced, however, that the efficiency-boosting measures put in place by the Management Board, and the decision to further supply to the volatile semiconductor industry, are the right course of action and promise success in view of its expected recovery.

During the 2014 fiscal year, the Supervisory Board was informed about the current position of the Company and the Corporate Group in five meetings and discussed this in detail with the Management Board. The Supervisory Board meetings took place in Asslar on February 20, March 17, May 22, August 4, and November 3. In addition, the Supervisory Board passed a circular resolution on April 7 approving the profit-pooling contract with Pfeiffer Vacuum GmbH, which was adjusted to reflect the new taxation requirements. In addition to the information provided at its meetings, all members of the Supervisory Board received detailed monthly and quarterly reports on the Company's position, with the Chairman of the Supervisory Board additionally being provided with the minutes of all Management Board meetings. Aside from the meetings of the Supervisory Board, its Chairman was constantly kept abreast of all major business matters through discussions with the Management Board. No member of the Supervisory Board attended less than half of the meetings of the Supervisory Board in the 2014 fiscal year.

The Supervisory Board has a Management Board Committee, an Administration Committee, a Nomination Committee, and an Audit Committee. The Management Board Committee met on July 14, October 14, and November 3. Meetings of the Audit Committee took place on March 17 and November 3. Moreover, the Audit Committee maintained regular contact with the independent auditor, discussing and deciding the course of the audit with him, the main focuses of the audit, and particular questions relating to the audit.

In addition to the general development of business and the Company's strategic alignment, the Supervisory Board meetings focused on measures to boost the profitability and efficiency of the entire Company and the adixen business unit in particular. Key areas were the merging of foreign subsidiaries, the optimization of net working capital, the founding of the new Service Center in Xian (China), and the sale of the Brazilian sales subsidiary.

The Supervisory Board fulfilled all the duties vested in it by law, the Articles of Association and the German Corporate Governance Code ("DCGK") and diligently and fully supervised the management of the Company.

The requirements with respect to risk management mandated under the German Control and Transparency in Business Act ("KonTraG") of1998 were discussed extensively together with the Management Board. The Supervisory Board repeatedly satisfied itself that sufficient insurance coverage is in force for insurable risks and that operating, financial, and contractual risks are monitored through organizational processes and approval procedures. A detailed reporting system exists for the Company and the Corporate Group and is subject to ongoing review, update, and development. All employees in the operating units are sensitized to potential risks and are instructed to conduct appropriate reporting. Current issues in connection with risk management were explained to the Audit Committee as well as to the entire Supervisory Board.

The Supervisory Board deliberated in detail on the German Corporate Governance Code. The Management Board and Supervisory Board recognize the German Corporate Governance Code – with one exception – as definitive for the Company and its management. The statement of compliance pursuant to § 161 of the German Stock Corporation Act ("AktG") was submitted by the Management and Supervisory Boards sufficiently in advance of the close of the fiscal year. In connection with good corporate governance, the Supervisory Board also dealt in detail with its own efficiency, coming up with positive overall results.

At the meetings of the Supervisory Board and in individual discussions, the Supervisory and Management Boards deliberated at length regarding the Company's strategic alignment and planning. The Supervisory Board then discussed the budget for the 2015 fiscal year with the Management Board and adopted it.

In accordance with the resolution of the Annual General Meeting on May 22, 2014, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Eschborn, Germany, was commissioned to audit the Annual Financial Statements of the Company and the Company's Consolidated Financial Statements, with the latter being prepared in accordance with International Financial Reporting Standards ("IFRS"), as well as the financial statements of the Company's subsidiaries where prescribed by law. Pursuant to § 315 a of the German Commercial Code ("HGB"), consolidated financial statements presented in accordance with the rules of the German Commercial Code were not prepared.

The focuses of the audit defined by the Audit Committee with the independent auditor included:

- Certain items of the Annual Financial Statements, in particular
  - recoverability of accounts receivable and inventories
  - the completeness and valuation of provisions (in particular warranty provisions and pensions)
  - revenue recognition; periodic accruals for net sales
  - recoverability of goodwill
  - recoverability of shareholdings in the individual Financial Statements
  - capitalization of development costs in accordance with IAS 38
  - deferred taxes
- Consolidation entries
- Reconciliation to IFRS, the Notes to the Financial Statements and the Management's Discussion & Analysis

The Annual Financial Statements together with the Management's Discussion & Analysis as well as the Consolidated Financial Statements presented in accordance with IFRS together with the Management's Discussion & Analysis, all for the 2014 fiscal year and all of which prepared by the Management Board, were audited by the independent auditor and received his unqualified endorsement.

The Annual Financial Statements, Management's Discussion & Analysis for the Company and the Corporate Group, as well as the audit reports from the independent auditor were submitted to all members of the Supervisory Board in a timely fashion. They were discussed in detail at the Audit Committee meeting relating to the financial statements as well as at the Supervisory Board meeting relating to the financial statements on March 16, 2015. The independent auditor attended both meetings, reported on the major findings of his audit, in particular relating to the internal controlling and risk management system, and was available to answer additional questions from the Supervisory Board. On the basis of its own thorough review, the Supervisory Board concurred with the results of the audit conducted by the independent auditor. Given the concluding results of its review, the Supervisory Board raised no objections to the Annual and Consolidated Financial Statements. It has approved the Annual and Consolidated Financial Statements, with the Annual Financial Statements thus being formally adopted. The Supervisory Board discussed in detail with the Management Board its proposal regarding the distribution of a dividend and then concurred with the Management Board's proposal regarding appropriation of the Company's retained earnings.

The Supervisory Board would like to sincerely thank the Management Board, the Employee Council and the entire staff of the Group for their dedication and commitment in the 2014 fiscal year.

Asslar, March 16, 2015

Dr. Michael Oltmanns
Chairman of the Supervisory Board

Manfred Gath
Dr. Michael Oltmanns
Dr. Wolfgang Lust
Götz Timmerbeil
Helmut Bernhardt
Wilfried Glaum
(from left to right)

A Vacuum Solution is created by combining our strengths

What is the perfect vacuum solution? Our customers' needs are as diverse as our product portfolio. The complex demands on vacuum significantly differ from case to case. For some customers, it is important to continuously maintain a certain pressure. For others, it is important to evacuate a vacuum chamber particularly quickly.

In a modern semiconductor factory, for example up to 5,000 backing pumps and 1,000 turbopumps are required to manufacture 100,000 wafers per month. In contrast, a research laboratory may be sufficiently equipped with a single backing pump. Other applications involve quality assurance in manufacturing processes, where the purpose is often to test the tightness of vessels and components or analyze the composition of process gases.

With every vacuum solution we design, our objective is to focus on delivering products of the highest quality which meet our customers' specific requirements. From the development stage right through to commissioning, our solutions for evacuating, measuring, and analyzing vacuum stand for technological excellence matched with the highest standards of quality. Consultation and service are not forgotten either. Our qualified employees are always on hand to provide reliable support for our customers with science-based expertise and many years of experience.

Further information concerning our vacuum solutions as well as various application examples can be accessed at:
www.pfeiffer-vacuum-solutions.com

Key factors for compiling a vacuum solution:

- Number and types of gases in one container
- Pressure and flow velocity
- Intended final pressure and base pressure
- Pumping speed and throughput

Application examples for vacuum solutions:

- Analysis technology
- Leak detection systems for the automotive industry
- Drying processes
- Food and beverage industry
- Paper manufacturing
- Coating glasses, architectural glass, tools, flat screens, CDs/DVDs
- Manufacturing solar cells
- Solar thermal plants
- Chemical industry
- Steel degassing
- Semiconductor production
- Space simulation

Backing pumps

Low and medium vacuum

Rotary vane, diaphragm, Roots, side channel, and piston pumps in addition to pumping stations

Vacuum chambers

Depending on process conditions

Low, medium, and high vacuum chambers in individual shapes and sizes

Measurement and analysis equipment

For all pressure ranges

Leak detectors, gas analyzers, gauges, and mass spectrometers

Turbopumps

High and ultra-high vacuum

Magnetic and hybrid bearing turbopumps, and turbo pumping stations

Elements of Vacuum Solutions

Components

Valves and components

Gaskets, filters, valves, flanges, electrical feed-throughs, manipulators, bellows components, and other accessories

Systems

Individual technologies

Multi-stage vacuum systems, special pumping stations, helium leak detection systems, helium recovery units, and decontamination systems

Consultation

Absolute customer orientation

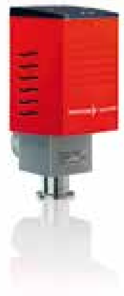
Needs assessment, design and calculation of vacuum systems as well as product consultation

Service

Flexible service module

Technical training and seminars, on-site service, comprehensive service contracts, regional service centers, replacement products, and original replacement parts

How Pfeiffer Vacuum solutions continuously improve our water quality:




adixen

ANALYTICS MARKET SEGMENT

Pure water is immensely important for our health. Modern analytical methods provide high quality test results for a variety of methods. The cleanliness of our drinking water is investigated using analytical instruments that would not work without vacuum technology. Hence, vacuum solutions provided by Pfeiffer Vacuum ensure that our water will not make us sick. Moreover, our products for the analytics sector are also used in medical technology and pharmaceuticals, as well as in environmental technology, biotechnology, and many other applications.

Why Pfeiffer Vacuum solutions are essential for modern architecture:


COMBI


adixen
adixen


adixen
ASM

COATING MARKET SEGMENT

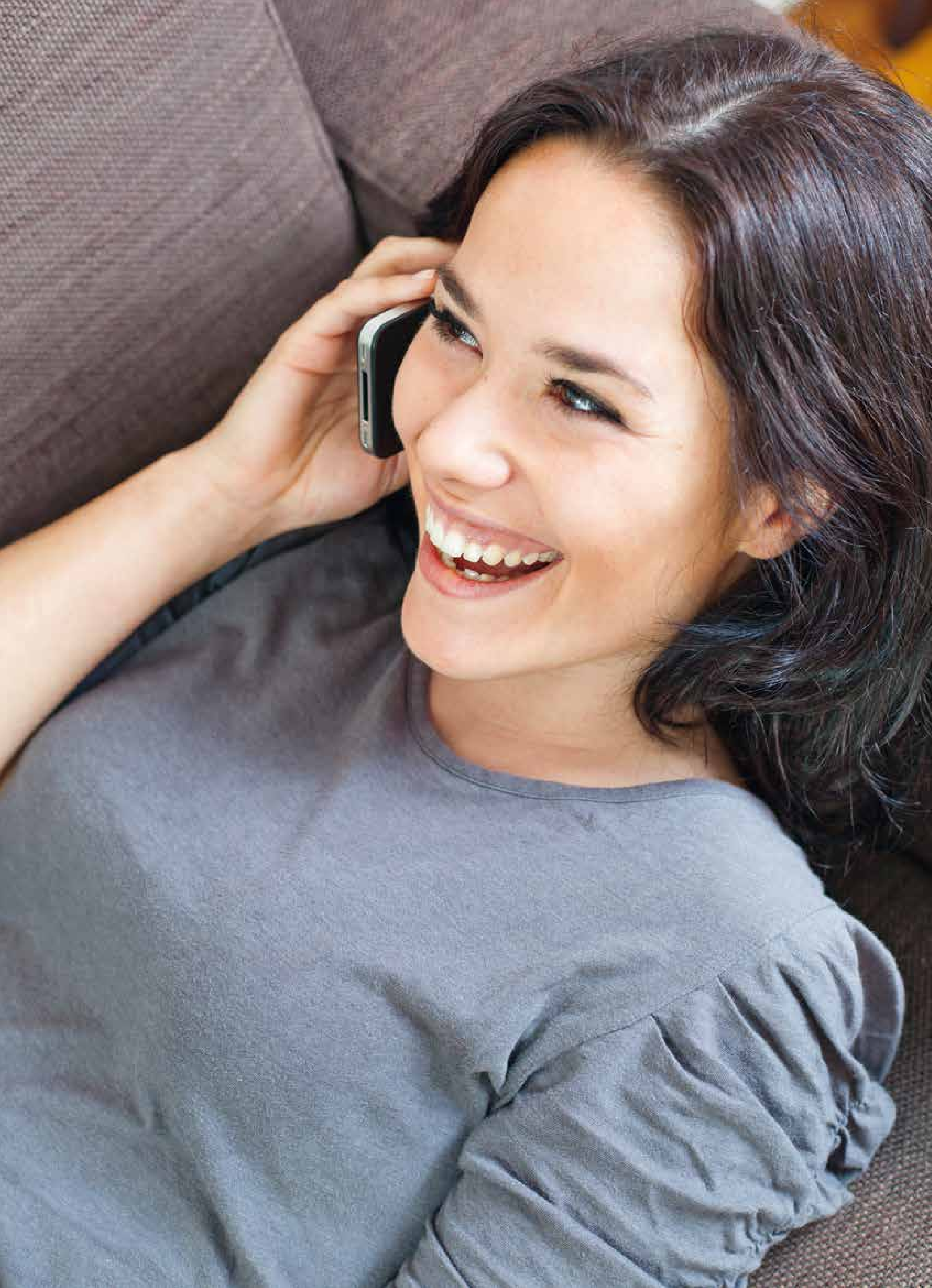
Thanks to vacuum technology, it is possible to equip glass panes directly with additional functions such as for providing privacy, glare and climate protection. This creates a pleasant living and working atmosphere, regardless of the climatic conditions on the outside. Systems for coating glass surfaces require vacuum to produce layers that are only a few nanometers thick. So-called thin layer processes are also used to coat the surface of tools, electronics equipment, and commodities, such as eyeglasses, with a metallic layer. This achieves results such as outstanding wear protection or a variety of decorative effects.

The role Pfeiffer Vacuum technology plays in space research:

RESEARCH & DEVELOPMENT MARKET SEGMENT

In the weightlessness of space, basic experiments, such as the crucible-free melting of material samples, are carried out with Pfeiffer Vacuum products. The goal is to find an efficient, practical, and reproducible method of manufacturing materials with optimized properties. Such tests under vacuum conditions are only possible on Earth in space simulation chambers. Vacuum solutions from Pfeiffer Vacuum are therefore used worldwide in the laboratories of research centers – even for research into renewable energy sources and accelerators.

Why information technology relies on vacuum solutions from Pfeiffer Vacuum:

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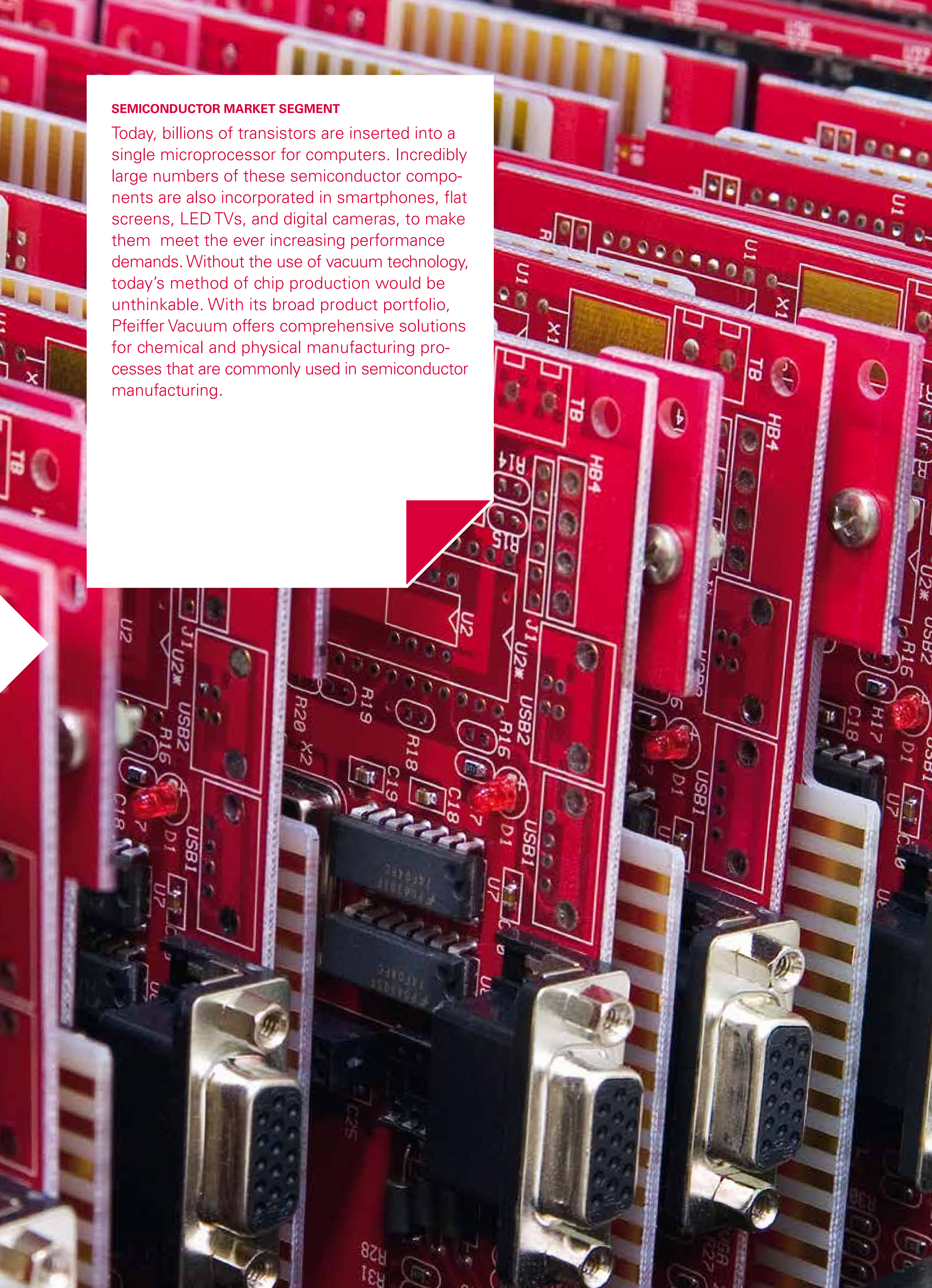


SEMICONDUCTOR MARKET SEGMENT

Today, billions of transistors are inserted into a single microprocessor for computers. Incredibly large numbers of these semiconductor components are also incorporated in smartphones, flat screens, LED TVs, and digital cameras, to make them meet the ever increasing performance demands. Without the use of vacuum technology, today's method of chip production would be unthinkable. With its broad product portfolio, Pfeiffer Vacuum offers comprehensive solutions for chemical and physical manufacturing processes that are commonly used in semiconductor manufacturing.

How Pfeiffer Vacuum technology enhances safety in the aviation industry:


adixen

INDUSTRY MARKET SEGMENT

The aircraft industry is a high-tech industry in which our vacuum solutions are used. An example of this is the electron beam welding of rotors for aircraft engines, a process that is made possible through our products. The resulting welds meet the highest requirements in terms of strength and durability, and therefore also the most stringent safety regulations. The Pfeiffer Vacuum product range also offers complete solutions for industrial applications in the areas of automotive industry, air conditioning and refrigeration, medicine, metallurgy, energy, and chemistry.

Product Portfolio

Manufacturing many high-tech products and items for daily life is only possible in special vacuum chambers under pressure conditions comparable to those in outer space.

We cover the full spectrum with our product range and are therefore able to offer the perfect vacuum solution from one source for each customer and application. The Pfeiffer Vacuum product portfolio is divided into the areas of vacuum generation, vacuum measurement and analysis, installation elements, vacuum chambers, and vacuum systems. It includes a complete range of hybrid and magnetically levitated turbopumps, oil-lubricated and dry-compressing low and medium vacuum pumps, leak detectors, mass spectrometers, and gauge heads. We manufacture vacuum chambers in cubical, cylindrical, and bell-shaped designs. Our chamber program covers low, medium, and high vacuum applications.

In order to connect the different vacuum components with each other or to shut them off, we offer a wide range of installation elements such as flanges, fittings, seals, and valves.

In addition, Pfeiffer Vacuum develops and manufactures complete vacuum systems for customer specific processes, such as testing components for the automotive and electronics industries, testing pressure vessels or packaging in the food industry. These systems include helium leak detection equipment or multi-stage vacuum systems.

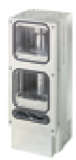
Vacuum generation – turbopumps

Hybrid bearing turbopumps

Magnetically levitated turbopumps

Turbo pumping stations

SplitFlow turbopumps



Vacuum generation – backing pumps

Rotary vane pumps

Multi-stage Roots pumps

Dry process pumps

Roots pumping stations

Vacuum measurement and analysis

Leak detectors

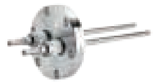
Gas analysis equipment

Gauge heads

Mass spectrometers

Installation elements

Feedthroughs



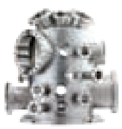
Valves

Components

Manipulators

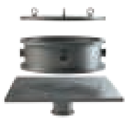
Vacuum chambers

Cylindrical, vertical and horizontal



Cubical

Modular

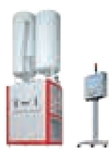


Vacuum systems

Helium leak detection systems

Contamination management solutions

Multi-stage vacuum systems



Share Performance

Pfeiffer Vacuum shares were listed on the New York Stock Exchange in 1996, initially in the form of an ADR program, and have been traded on the German Stock Exchange in Frankfurt since April 15, 1998. The ADR program was discontinued in 2007 to concentrate the focus on the German listing.

Pfeiffer Vacuum satisfies the high transparency requirements of the Prime Standard and since its inception has been included in the TecDAX without interruption, the index of the 30 most prominent technology companies, measured by free-float market capitalization and liquidity, traded on the stock exchange in Frankfurt. All trading prices indicated in this Annual Report are Xetra trading prices.

Basic Information about Pfeiffer Vacuum Shares

Deutsche Börse Symbol	PFV
ISIN	DE0006916604
Bloomberg Symbol	PFV.GY
Reuters Symbol	PV.DE
Further indices	HDAX, Mid Cap Market, CDAX, Prime Industrial, Prime All Share, Technology All Share

The stock market in 2014

In 2014, the prominent German stock indices essentially continued the positive development experienced in the past two years, and reached new record highs. The TecDAX was able to show above-average growth as compared to the other German indices and also to reach new heights.

The German stock index (DAX), the performance index of the 30 largest listed German companies, according to free-float market capitalization and liquidity, marked the low for the year at 8,354.97 points during trading on Friday, October 16. This temporary market weakness was largely linked to the crisis in the Ukraine, the Ebola epidemic in West Africa, and disappointing economic data from China. Despite this mixed market environment, a continuous upward trend set in which was based on several factors: the expectation that the European Central Bank (ECB) would buy bonds, the drop in oil prices, and the falling EUR/USD exchange rate. After this temporary weak phase, the German stock market index rose almost continuously during the fourth quarter. The DAX reached its highest level at 10,093.03 points on December 5, and ended the year just below this level at 9,805.55 points. Overall, the DAX rose by 3% in 2014 compared to the 2013 year-end level of 9,552.16 points. The TecDAX made much greater strides in 2014. Over the course of the year, the index increased by 18% to 1,371.36 points. The TecDAX reached its annual high of 1,384.89 points on December 8.

Pfeiffer Vacuum share performance in 2014

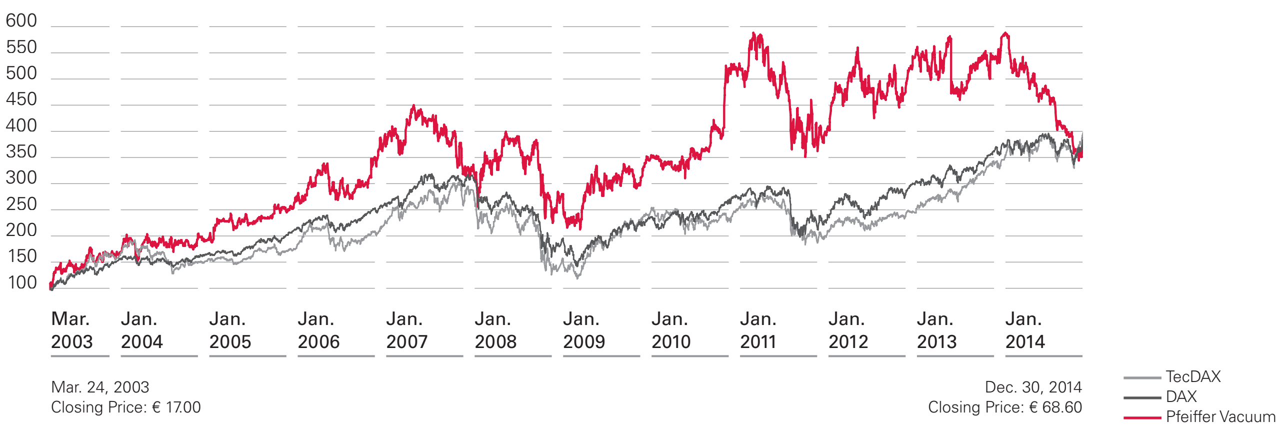
Over the year, Pfeiffer Vacuum shares dropped by 31 % to € 68.60 and, hence, remained well behind the TecDAX. After our share price developed 17 percentage points better than the TecDAX and 9 percentage points better than the DAX in 2012, the negative development which took hold in 2013 continued into 2014. The development fell short of the TecDAX by 49 percentage points and the DAX by 34 percentage points. The annual high of € 102.05 was recorded by the Pfeiffer Vacuum share during trading on January 2, the first trading day of the year. After the data on sales and profit expectations issued in the nine-month report on November 4 did not meet the high expectations of the market, the share fell to its annual low of € 56.21 on this trading day. In following months, the share price recovered continuously. The shares closed on December 30 at a price of € 68.60. In 2014, the trading volume was an average of 25,045 shares per day (2013: 24,985 shares).

Relative Share Price Development of Pfeiffer Vacuum, TecDAX and DAX in 2014

in %

Relative Share Price Development of Pfeiffer Vacuum, TecDAX and DAX between 2003 and 2014

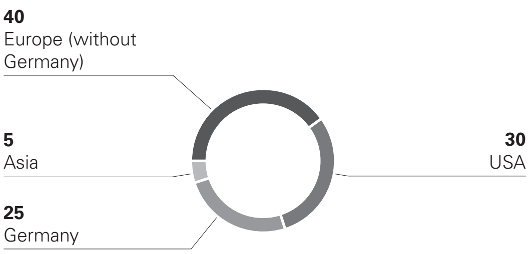
in %



Shareholder structure

The shareholder structure was again subject to only minor changes in the past year. Based on voting rights notifications, talks with investors, and internal analysis, we estimate that USA-based mutual investment and pension funds hold approximately 30 % of outstanding shares, including Ameriprise Financial based in Minneapolis. We estimate that European funds, first and foremost in Great Britain, as well as in Switzerland, France, and Scandinavia, account for around 40 % of outstanding shares. Threadneedle and Henderson, based in Luxemburg and London are among the largest shareholders here. Approximately 20 % of the outstanding shares are held by German investment funds. Direct holdings of private shareholders and Pfeiffer Vacuum management are likely to amount to under 5 %. At least 5 % of Pfeiffer Vacuum shares are held by Asian investors. A good 3 %-points of these shares are attributed to our long-term Japanese trading agency Hakuto.

Estimated Regional Distribution of the Pfeiffer Vacuum Shareholder Structure
in %



Overview of Holdings according to Voting Rights Notification

in %	Dec. 31, 2014
Ameriprise Financial, Minneapolis	4.65
Hakuto, Tokyo	3.48
Threadneedle, Luxembourg	3.45
Henderson, London	3.44
Allianz Global Investors, Frankfurt	3.08
Sun Life, Toronto	3.01

Earnings per share

Pfeiffer Vacuum's annual earnings of € 32.4 million represented a decline of 6.9 % over the previous year's figure of € 34.8 million. The earnings per share amounted to € 3.29. This also represents a decline of 6.8 % compared to the figure of € 3.53 for the previous year. Based on the year-end closing price of € 68.60 on December 30, 2014, this results in a price/earnings ratio of 20.9 (December 30, 2013: 28.1).

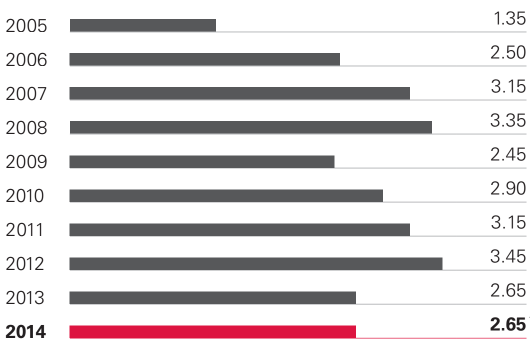
Earnings per Share

		2014
Net income	in K€	32,419
Number of shares (weighted average)	in units	9,867,659
Earnings per share	in €	3.29

Dividend

For over ten years, the Company has been enabling its shareholders to participate in its business success by paying a dividend. The annual dividend development is typically based upon the development of profitability. The Management and Supervisory Boards will propose to the Annual General Meeting on May 21, 2015 that a dividend be distributed for fiscal 2014 in the amount of € 2.65 per share of no-par stock entitled to receive dividends. This represents a total payout ratio of around 81 % of consolidated net income and a total payout amount of € 26.1 million. Subject to the consent of the Annual General Meeting and on the basis of the year-end closing price on December 30, 2014, this represents a dividend yield of 3.9 % (previous year: 2.7 %).

Dividend development per Share for the last 10 financial Years
in €



[1] Subject to consent of the Annual General Meeting

Investor Relations

Consistently competent, professional, and reliable communication on all financial and corporate matters has always been of utmost importance to us in our dealings with our investors, private investors, and analysts. This is a contributing factor for ensuring that Pfeiffer Vacuum continues to be regarded an attractive investment. With this, we would like to strengthen the confidence in our share and obtain a realistic and fair assessment.

At 11 roadshows (previous year: 12) in all major financial centers in both Europe and the United States, the members of the Management Board presented our business model, explained our Company's strategy, and answered questions. Moreover, we showcased our Company at a total of 12 investor conferences (previous year: 15). We also conducted some of the conferences with two people in parallel one-on-one meetings to meet the high interest in personal interaction. Further activities included tradeshow visits with investor groups and the regular and frequent interaction with private shareholders. Numerous institutional investors and analysts from around the world frequently visited our Corporate Headquarters. A press and analyst conference on our financial numbers, four conference calls relating to announcements of our financial results as well as frequent and regular exchanges with analysts, institutional investors, and private shareholders have characterized the work of investor relations. At least 18 analysts regularly follow our Company. According to Bloomberg, there were 6 "Buy" recommendations, 6 "Hold" and 6 "Sell" recommendations at year-end 2014.

Last year's Annual General Meeting was attended by around 240 shareholders and guests. Shareholder presence was 54% compared with 52% the year before. The shareholders adopted all items on the agenda with sweeping majorities. Prior to that, the shareholders were able to download all relevant documents, as well as the ballot sheet, from the significantly broadened information offerings on the Internet at www.pfeiffervacuum.com/agm

Pfeiffer Vacuum Share Data

		2014	2013	2012	2011	2010
Share capital	in € millions	25.3	25.3	25.3	25.3	25.3
Number of shares issued	in units	9,867,659	9,867,659	9,867,659	9,867,659	9,867,659
Highest trading price	in €	102.05	99.55	95.00	104.50	90.97
Lowest	in €	56.21	76.50	66.31	58.53	52.52
Trading price at year-end	in €	68.60	98.93	91.57	67.62	88.00
Market capitalization[1] at year-end	in € millions	677	976	903	667	868
Dividend per share	in €	2.65[2]	2.65	3.45	3.15	2.90
Dividend yield	in %	3.9[2]	2.7	3.8	4.7	3.3
Earnings per share	in €	3.29	3.53	4.64	4.19	4.40
Price/earnings ratio		20.9	28.1	19.7	16.1	20.0
Free float[1]	in %	100.0	100.0	100.0	100.0	100.0

[1] Value based upon Deutsche Börse's free-float definition
[2] Subject to consent of the Annual General Meeting

Financial Reporting

Management’s Discussion and Analysis

2014 Course of Business

Profitability

- Net sales decreased slightly by € 2.1 million to € 406.6 million
- The gross margin decreased due to a decline in sales and product mix of 36.5 % to 35.3 %
- Operating profit margin of 11.0 % at € 44.7 million operating profit
- Net income stands at € 32.4 million, earnings per share at € 3.29
- Management Board and Supervisory Board propose an unaltered dividend payout of € 2.65 per share
- Dividend payout ratio increased to around 81 % of the consolidated net income

At € 406.6 million, sales in the past fiscal year were slightly below the level of the previous year (€ 408.7 million). As a result, in particular, of the subdued demand from our Asian semiconductor customers and a temporary decline in analytics, the notable sales growth that was formulated as a goal in the last year’s outlook failed to materialize. The expected sales volume of between € 410 and € 440 million that was forecasted at the last Annual General Meeting was also narrowly missed due to the above-mentioned reasons.

The decline in sales itself, but also the composition of products sold in 2014 – the product mix – influenced the profitability situation at Pfeiffer Vacuum. As a result, the gross profit of € 149.4 million in the previous year declined to € 143.4 million in the past fiscal year. The gross margin changed accordingly from 36.5 % to 35.3 %. The sum of the selling and administrative expenses and research & development costs, including other operating income and expenses, was approximately at the level of the previous year. The decline in operating profit from € 50.5 million last year to € 44.7 million in 2014 therefore resulted almost exclusively from the gross profit development. The operating profit margin, the ratio of operating profit to sales, at 11.0 %, was 1.4 %-points below the previous year’s figure of 12.4 %.

The visible improvement in the margin situation formulated in the outlook, and substantiated at the Annual General Meeting with a projected margin of 12 %, was not achieved for the reasons outlined above.

As a result of the drop in interest rates, the financial result improved slightly to € – 0.5 million (previous year: € – 0.6 million). Additional effects included a lower tax rate (26.8 % following 30.3 % in the previous year) and the resulting reduction in tax expenses to € 11.9 million (previous year: € 15.1 million).

In view of the previously referred to developments, the net income decreased by 6.9 % to € 32.4 million (previous year: € 34.8 million). Parallel to this, the earnings per share fell from € 3.53 to € 3.29.

Liquidity and financial position

The development of liquidity on the asset side of the balance sheet was characterized by the reduction in inventories of € 5.7 million to € 64.2 million and the decline in property, plant, and equipment as well as in intangible assets (€ – 7.3 million, mainly due to scheduled depreciation/amortization totaling € 20.5 million). This was offset by the increase in cash and cash equivalents, and deferred tax assets by € 6.3 million and € 6.1 million, respectively. Overall, the balance sheet total declined by € 1.4 million to € 429.1 million (previous year: € 430.5 million). On the liabilities side of the consolidated balance sheet, the redemption of financial liabilities of € 10.3 million and the increase in pension provisions by € 16.3 million had the biggest influence on the development of the balance sheet total. The increase in pension provisions was predominantly due to actuarial losses stemming from a declining discount rate that were recorded without impacting the income statement. The equity rose by € 3.7 million to € 279.7 million (previous year: € 276.0 million). Consequently, the equity ratio rose to a pleasing 65.2 % by the end of the past fiscal year (previous year: 64.1 %).

The development of cash and cash equivalents was influenced considerably by the operating cash flow (€ 52.3 million, previous year: € 47.9 million) and the dividend payout of € 26.1 million, as well as the repayment of financial liabilities of € 10.5 million. Capital expenditures of € 10.0 million were at about the previous year's level and correspond exactly to the forecast formulated in last year's outlook. With cash holdings of € 101.5 million and financial liabilities of € 31.2 million, the Company again recorded no net indebtedness (previous year: € 95.1 million cash and € 41.5 million financial liabilities). With the results achieved in the industry average, Pfeiffer Vacuum is still an excellently positioned company and generates more than average margins. However, in order to strengthen this position in the short and medium term, a number of projects have been initiated in the meantime to realize an increase in sales and a reduction in running costs. The progress achieved so far with these projects, coupled with our unique worldwide experience in the vacuum industry, allows us to look ahead to the future with great confidence.

The Management Board and Supervisory Board propose that shareholders should participate in this development in the form of a dividend payout of € 2.65 per share.

Economic Conditions

Overall economic development

World economy

The increase in the global gross domestic product (GDP) in 2014 amounted to 3.3 % (2013: 3.3 %*; all 2013 numbers marked with * were updated). This resulted in similar economic growth to the previous year in most regions. Japan continued to ward off a return to recession through its expansionary monetary measures and the weak yen. Notwithstanding the continuing problematic economic situation in the southern countries of Europe and the at best weak momentum from Germany and France, discussion regarding the monetary union remained on the sidelines. The growth rate of the Chinese economy slowed marginally in 2014, which prompted cautious forecasts from macroeconomists about the future of the global economy.

Europe

Economic development in Europe continued to be divided in 2014. Germany's GDP growth was able to increase from 0.5% in the previous year to 1.4 %. However, Germany was still a long way from taking on the role of driving motor behind European growth. France again recorded only extremely low growth in 2014 with a rate of 0.4 % (previous year: 0.3 %*). Italy, with growth of – 0.2 % (previous year: – 1.9 %*), remained in recession while Spain was able to turn the tide for the better with a growth rate of 1.3 % (previous year: – 1.2 %) following years of economic contraction. Although the euro crisis initially seems to be under control, capital markets experienced the rate of growth in Europe as disappointing. The Ifo index reached a two-year low in October, while the ZEW index fell for the tenth month in a row to also reach a two-year low. By November, the economic data was starting to recover due to the falling prices for raw materials and a depreciating euro, and Germany's rate of unemployment sank to an all-time low of 6.4 %. German consumer prices rose by about 0.9 % in 2014 (previous year: 1.5 %), which in turn raised hopes that the European Central Bank would implement further measures to stimulate the economy.

USA

After a GDP increase of 2.2 %* in 2013, the U.S. economy grew again by 2.2 % in 2014. While the extremely cold winter weather in North America during the first quarter was responsible for a weak economy, the year benefited from numerous indicators that reached record levels. The third quarter saw the strongest growth for eleven years, with an annualized figure of 5.0 %. The rate of unemployment sank to 5.8 % and so reached a six-year low. Consumer confidence (Michigan) approached an eight-year high. The very low crude oil prices, predominantly due to the newly developed domestic shale gas reserves, left the economy room for further upward potential, particularly towards the end of the year.

Asia

The relevance of the Asian market continues to be strong, as many of the products that Pfeiffer Vacuum sells in the USA and in Europe are then exported to Asia by system manufacturers. But here, too, there have been signs of a slowdown in economic activity as Asia, not including Japan, exhibited a total growth rate of 6.5 % in 2014 (previous year: 6.6 %*). This was also caused by the development in China, where the GDP growth rate of 7.7 % in the preceding year receded to 7.4 % in 2014. After Japan's growth program had resulted in a comparably robust development during the two previous years, economic growth in 2014 narrowed to 0.9 % (previous year: 1.5 %*). The comparative advantage that Japanese exports had enjoyed during the previous two years due to the low yen exchange rate was also partially relativized by the continual depreciation of the euro during the second half-year.

Mechanical engineering and the vacuum industry

The level of incoming orders in the mechanical engineering sector recorded a slight increase in 2014. Orders increased overall by about 2 % compared to 2013 after the two preceding years had recorded a decline (previous year: – 0.8%). Overall, representatives of the Association of German Machinery and Plant Manufacturers (VDMA) believe the bottom has been reached.

In terms of sales, the mechanical engineering sector has slightly improved its record level from the previous year and has exceeded the previous year result by 1.8 %. The production level of the industry was approximately € 199 billion (previous year: € 195 billion). Originally, the professional association predicted sales of € 203 billion for 2014. The development in the USA and China remains important for the mechanical engineering sector. Exports to these countries increased over 2013 by 7 % and 4 % respectively. Double-figure percentage losses, however, were recorded for exports to Russia, Brazil, and India.

The book to bill ratio, the ratio of orders to sales, amounted to 1.0 in 2014, as in the previous year. Figures larger than 1.0 are generally regarded as a sign of growth. Nevertheless, the professional association is anticipating to achieve a growth of sales close to € 205 billion in 2015.

Vacuum technology is used in many industries. Accordingly, the vacuum industry must be considered against the backdrop of global economic development. During the reporting period this once again resulted in a slightly improved development. Significant differences, however, were revealed within the vacuum industry's most important market segments. Thus, the strongly cyclical semiconductor industry recorded tentative positive indications for the first time during the second half of 2014, following a protracted downward trend during 2012 and 2013. On the other hand, in the areas of industry, analysis, research & development, and coating, the situation presented there was comparatively stable.

The Pfeiffer Vacuum Group

Operations

Pfeiffer Vacuum is a leading supplier of vacuum solutions. The product portfolio is marketed under the Pfeiffer Vacuum and adixen product brands and includes all components and systems for vacuum generation, measurement, and analysis. The products of both brands complement each other perfectly so that we can offer clients customized vacuum solutions that are tailored to their individual requirements. The names "Pfeiffer Vacuum" and "adixen" stand globally for innovative and customized vacuum solutions as well as superior engineering, expert consultancy, and reliable service. With our technologically advanced turbopumps and backing pumps we set the standards in our industry. This claim to leadership will continue to be our driving force in the future.

Our products cover a wide range of pumps including vacuum generation pumps, vacuum chambers, vacuum measurement and analysis equipment, installation components as well as complete vacuum systems. With the help of our products, vacuum pressure conditions similar to those in outer space are created which are essential for research, various industrial processes, and for manufacturing many everyday objects.

We are a machine engineering company that designs high-tech products of the highest quality and manufactures them predominantly for export markets. Besides the two main design and production sites in Asslar, Germany, and in Annecy, France, the Pfeiffer Vacuum Group has an extensive network of its own sales and service companies. The Company's primary markets are in Europe, Asia and the USA.

Corporate Group structure and organization

As of December 31, 2014 a total of 23 companies are part of the Pfeiffer Vacuum Group. In 2014, there were no changes to the Corporate Group structure and, thus, to the scope of consolidation.

The overall corporate structure was as follows as at December 31, 2014:

Corporate Group Structure as at December 31, 2014

	Home state	Share (in %)	
Pfeiffer Vacuum Technology AG	Germany	100.0	
Pfeiffer Vacuum GmbH	Germany	100.0	
Pfeiffer Vacuum Austria GmbH	Austria	100.0	
Pfeiffer Vacuum (Schweiz) AG	Switzerland	99.4	
Pfeiffer Vacuum (Shanghai) Co., Ltd.	China	100.0	
Pfeiffer Vacuum Ltd.	Great Britain	100.0	
Pfeiffer Vacuum Scandinavia AB	Sweden	100.0	
Pfeiffer Vacuum Inc.	USA	100.0	
Pfeiffer Vacuum Brasil Ltda.	Brazil	100.0	
Pfeiffer Vacuum Singapore Ltd.	Singapore	100.0	
Pfeiffer Vacuum Taiwan Corporation Ltd.	Taiwan	100.0	
Pfeiffer Vacuum Benelux B.V.	The Netherlands	100.0	
Pfeiffer Vacuum (Xi'an) Co., Ltd.	China	100.0	
Pfeiffer Vacuum Holding B.V.	The Netherlands	100.0	
Pfeiffer Vacuum Italia S.p.A.	Italy	100.0	
Pfeiffer Vacuum (India) Private Ltd.	India	73.0	27.0
Pfeiffer Vacuum Korea Ltd.	Republic of Korea	75.5	24.5
Trinos Vakuum-Systeme GmbH	Germany	100.0	
adixen Vacuum Products SAS	France	100.0	
adixen Vacuum Technology (Shanghai) Co., Ltd.	China	100.0	
adixen Manufacturing Korea Co., Ltd.	Republic of Korea	100.0	
adixen Manufacturing Romania S.r.l.	Romania	100.0	
adixen Vacuum Technology Korea Ltd.	Republic of Korea	100.0	

Pfeiffer Vacuum GmbH, Asslar, and adixen Vacuum Products SAS, Annecy, France, play a central role in the Corporate Group. Pfeiffer Vacuum GmbH organizes the development and production of all Pfeiffer Vacuum products, is the distributor for Germany and also manages central equity investments for the Corporate Group. As of December 31, 2014, the company employed a total of 695 employees. adixen Vacuum Products SAS is, in a sense, the French equivalent of Pfeiffer Vacuum GmbH. The Company employed 600 employees at year end, is the main development and production facility for adixen products, and is responsible for sales in France. A total of 1,295 employees works in these two companies. This represents more than half of all workers employed in the entire Corporate Group (2,258 at the end of 2014).

The other Corporate Group companies are legally independent corporations that are primarily active in sales and service tasks. In addition, the Trinos Vakuum-Systeme GmbH, adixen Manufacturing Korea Co., Ltd., adixen Vacuum Technology Korea Co., Ltd., and adixen Manufacturing Romania S.r.l., are entrusted with the manufacture and assembly of various types of products. Essentially all companies are legally organized in a form that can be compared to a German limited liability company (GmbH).

Information pursuant to § 315 Sub-Para. 4 HGB

The subscribed capital of Pfeiffer Vacuum Technology AG as of December 31, 2014 is unchanged at K€ 25,261 and consists of a total of 9,867,659 no-par value shares. There are no different classes of shares currently or previously existent, so all shares have the same rights, in particular the same voting and dividend entitlement rights. Accordingly, the calculated share of the subscribed capital amounts to € 2.56.

To our knowledge, there were no shareholders with a holding of more than 10 % as of December 31, 2014 and in the previous year.

Amendments can be decided at the Annual General Meeting by a simple majority of voters present at the meeting unless the law mandates a larger majority. To our knowledge there are no restrictions with regard to voting rights or with regard to the transfer of shares. Management Board members, according to the Articles of Association and §§ 84, 85 German Stock Corporation Act ("AktG"), are appointed by the Supervisory Board for a maximum term of five years. Reappointments or extensions to the tenure period are permitted for a maximum of five years in each case.

Through a resolution of the Annual General Meeting on May 26, 2011, the Management Board was authorized to increase the subscribed capital by € 12,630,603.24, or 4,933,829 shares, in exchange for cash or contributions in kind (authorized capital). This authorization is valid until May 25, 2016 and requires the consent of the Supervisory Board.

According to the resolution of the Annual General Meeting on May 22, 2014, the Management Board is authorized to issue fractional bonds with option or conversion rights or conversion obligations, profit participation rights or participating bonds (or combinations of these instruments) with an aggregate nominal value of up to € 200,000,000.00 and to grant the holders conversion rights for up to 2,466,914 no-par bearer shares of the Company having a pro-rata amount of up to € 6,315,299.84 of the share capital. This authorization is valid until May 21, 2019, and requires the consent of the Supervisory Board.

At the Annual General Meeting on May 20, 2010, the shareholders authorized Pfeiffer Vacuum to buy back treasury shares in accordance with § 71, Sub-Para. 1, No. 8, German Stock Corporation Act ("AktG"). This authorization covers the buyback of a proportionate amount of the Company's share capital of up to € 2,296,473.60 (897,060 shares, representing 10 % of the share capital at the time the resolution was adopted) and is valid through May, 19, 2015. The Corporate Group does not own treasury shares as at December 31, 2014 and 2013.

There are no further aspects that would require discussion within the context of § 315, Sub-Para. 4 HGB.

Markets and market position

Sales by markets

Products from Pfeiffer Vacuum are employed in numerous industry markets. Over 14,000 customers trust in the reliability of our products. Pfeiffer Vacuum divides these customers into the following markets: semiconductor, industry, coating, analytics, and research & development. As far as the positioning of these markets is concerned, only a limited amount of data is available regarding the size of the entire market and individual market segments. Based on surveys conducted by the German Engineering Federation (VDMA) as well as our own estimates, we expect to take the leading market position in the market segments of industry, coating, analytics, and research & development. In the semiconductor market segment, we should rank second.

Without vacuum technology, a number of innovative processes would be inconceivable, such as in nanotechnology, in producing LEDs or in scientific research. Many of these new technologies create innovative products and production processes. Strong advances in people's personal and professional communication patterns, for example, are bringing forth ever more new technologies in the semiconductor industry. The rising demand for energy coupled with the need to conserve resources is leading to a steadily increasing amount of new developments in the field of energy supply. These, and further social and industrial trends, are typically producing new marketing opportunities for Pfeiffer Vacuum. Our strengths include the ability to serve all markets, which makes us largely independent of developments in individual market segments.

Application Examples

Semiconductor	Industry	Analytics	R&D	Coating
Lithography	General applications	Mass spectrometers	Renewable energies	Solar cell technology
Metrology	Electron beam welding	Electron microscopy	Nanostructures	Display coating (LED, OLED)
CVD (chemical Vapor Deposition)	Freeze drying	Surface analysis	Particle accelerator technology	Data storage
PVD (physical Vapor Deposition)	Vacuum drying	Gas analysis	Space simulation	Glass coating
Etching	Steel degassing	Biotechnology	Plasma technology	Surface protection
Ion implanter	Leak detection	Life science	Particle physics	Tool coating

Semiconductor

Our vacuum pumps are required in the semiconductor industry for the production of microprocessors and handling systems. Customers in this industry predominantly require a large number of medium-sized and large backing pumps, but also turbopumps, as well as measurement equipment. Chip manufacturers can significantly increase their yield with our decontamination systems. The semiconductor industry itself particularly benefits from the changes in communication technology. New fields of application for vacuum arise, for example, in nanotechnology. Our customers are increasingly located in Asia, and also in the United States, as well as – to a lesser extent – in Europe.

Industry

In this segment, we combine a heterogeneous category of industrial customers who require our vacuum solutions for specific production steps. Industrial trends such as quality improvement, energy supply, and conservation, mobility or environmental protection are currently leading to new fields of application. Examples include applications such as metallurgy, lamp and tube production, as well as air conditioning and refrigeration technology. We provide the automotive supplier industry with leak detection systems for fully automated quality assurance in the production of fuel tanks, aluminum rims, airbag cartridges or air conditioning lines, for example. A further application is solar thermal energy. The absorber tubes needed for this technology are evacuated by using our pumping stations as well as continuously being tested for leaks with our leak detectors. Our customers in the industrial segment primarily come from Europe, as well as from the United States, and increasingly from Asia.

Analytics

Our largest customers in this market are so-called OEM (Original Equipment Manufacturer) customers, i.e. manufacturers of industrial systems or analytical instruments. Complex analytical devices such as scanning electron microscopes are primarily employed for industrial quality control. This industry is characterized in particular by megatrends such as Life Science, Biotechnology, and Security. Ever smaller and lighter portable analyzers are required in environmental technology, in security technology or for doping analyses. The analytical industry therefore typically requires small and medium-sized turbopumps along with backing pumps and measurement equipment. Our major customers in this market are located in the United States, Japan, the United Kingdom, and Germany.

Research & Development

Collaboration with research facilities enjoys a long tradition at Pfeiffer Vacuum. Whether in physics or chemistry laboratories at universities, prominent research institutions like the Fraunhofer or Max Planck Institutes or in large multinational research facilities – all of them rely upon the quality and dependability of our mass spectrometers, leak detection systems, and vacuum solutions. Working in close cooperation with research facilities in Europe, the United States, and Asia, new applications arise continuously in the fields of energy supply or healthcare technology.

Coating

Without vacuum, many things that are used in daily life could not be produced in the desired quality. The antireflective coatings on eyeglass lenses, the coatings within flat screen manufacturing, the coatings on DVDs or on high-quality bathroom faucets and fittings as well as the coatings on solar cells or architectural glazing are produced in vacuum chambers, for example. High-quality tools are coated and hardened under vacuum to make them even more durable. One significant megatrend in this segment is the orientation towards regenerative energies, such as solar energy, for example. What is predominantly required in the coating industry are medium-size and large backing pumps and turbopumps as well as measurement equipment and complete vacuum systems. Our customers are located in all industrialized nations.

Strategy and control

Strategy

Pfeiffer Vacuum develops, produces and distributes vacuum solutions that are highly challenging in terms of technology, quality, reliability, service life, and performance; all are attributes that our customers associate with products from Pfeiffer Vacuum. The company's long-term strategic objectives include selling its products on the basis of quality, not price. The sales strategy also includes stressing the long-term total cost of ownership advantages over the life of a Pfeiffer Vacuum product (Total Cost of Ownership). These stem, among other things, from lower maintenance and repair costs, longer service lives and lower energy consumption in comparison with rival products. A further strategic objective is to always be close to the customer. We live up to this objective through our worldwide presence, and we assure that everything we do always focuses squarely on our customers.

Corporate Management

The Management Board of Pfeiffer Vacuum Technology AG is responsible for the strategic leadership of all companies, and its members also serve as managing directors of Pfeiffer Vacuum GmbH. All further subsidiaries have self-directed managements and basically make their own decisions on how to attain the targets that have been defined by Corporate Headquarters (sales, EBIT margin and earnings before taxes). The supervisory bodies of the subsidiaries, whose composition also includes members of the Management Board of Pfeiffer Vacuum Technology AG, or Headquarters in Asslar, Germany, must be involved in the case of major decisions.

Steering instruments

All subsidiaries are steered from Corporate Headquarters in Asslar through the stipulation of annual sales and profitability targets ("Management by Objectives").

Achievement of these targets is monitored by means of detailed target/actual comparisons and variance analyses within the framework of monthly reporting. This ensures that undesirable trends can be identified and corrected early on. Monthly conference calls with the management of the subsidiaries additionally ensure that all business development questions are discussed. In addition, face-to-face meetings with staff are held by the management at the local site.

In countries in which Pfeiffer Vacuum is not represented directly through a subsidiary, the sales targets are agreed with the local distribution partner. Here, too, the achievement of sales targets is measured by means of target/actual comparisons. A further steering instrument consists of the variable remuneration of the local management of the non-German subsidiaries and of the sales staff. This sensitizes employees to cost structures, and so to the Company's long-term success, even if they do not work in areas of the Company which have a direct influence on sales.

Profitability, Financial Position, and Liquidity

Development of sales in 2014

With € 406.6 million in 2014, we recorded a slight decrease of € 2.1 million or 0.5 % compared to 2013 (€ 408.7 million). As a result of a further very restrained demand from the semiconductor industry, particularly in the Asia region, the expected notable increase in sales failed to materialize.

Presented below are net sales by segment, region, product, and market for 2014. It should be noted with respect to net sales by segment that the sales shown in this presentation are allocated on the basis of the registered office of the company that invoiced the sales. Therefore, the segment-based presentation shows net sales by subsidiary. On the other hand, net sales by region include all sales in a specific region, regardless of which subsidiary within the Pfeiffer Vacuum Group invoiced the sales. Net sales by segment and net sales by region will thus differ from each other to a greater or lesser extent. Net sales in the Asia segment, for example, differ significantly from those recorded for the Asia region, since the Asia segment includes only the direct sales of our Asian subsidiaries. In contrast, the Asia region additionally contains sales that the manufacturing companies generate directly with Asian customers – for example, from customers in Japan or India. In the case of net sales by segment, the sales generated by the German company through direct deliveries to agents and/or customers outside Germany were significantly higher than German sales by regions. The sales in the USA region and the USA segment, on the other hand, are nearly identical, because virtually all sales in this region are handled through our American subsidiary.

Sales by segment

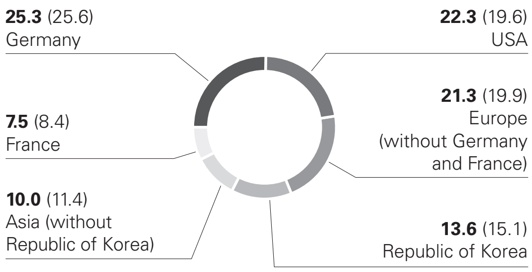
Germany

In Germany, sales dropped by € 1.7 million or 1.6 %. This development was caused by a slight decline in business with our German customers, as well as by the slightly weaker direct business with our Asian customers. A positive aspect is the significantly increasing trend in new orders from the fourth quarter of 2014.

USA

After a sharp decline in sales was recorded in the USA in 2013, sales in 2014 showed a gratifying increase of € 10.6 million or 13.3 %. All market segments contributed to this development, but the increase in sales with the semiconductor customers had the greatest impact on business performance. But also with customers from the analytical industry, very positive sales increases were achieved. The development of the USD exchange rate had no impact on the development of sales in 2014.

Sales by Segment
in %, (previous year)



Sales by Segment

	2014	2013	Change	
	in € millions	in € millions	in € millions	in %
Germany	103.0	104.7	– 1.7	– 1.6
USA	90.7	80.1	10.6	13.3
Europe (without Germany and France)	86.6	81.1	5.5	6.7
Republic of Korea	55.2	61.7	– 6.5	– 10.5
Asia (without Republic of Korea)	40.5	46.8	– 6.3	– 13.4
France	30.6	34.3	– 3.7	– 10.8
Total	**406.6**	408.7	– 2.1	– 0.5

With a 22.3 % share of sales, more than a fifth of sales in 2014 was invoiced by our American sales subsidiaries (previous year: 19.6 %). Due to the positive development, the U.S. segment occupies second place behind Germany.

Europe (without Germany and France)
After an already very positive development in 2013, the last fiscal 2014 again recorded an upturn here, with a gratifying € 5.5 million or 6.7 %. Of positive note, our sales subsidiaries in Austria, Switzerland, and Sweden together achieved a sales increase of € 5.4 million. Parallel to this positive development, the share of sales of this segment has also improved.

Republic of Korea
Unlike in the United States, the sales performance of the South Korea segment reflected a persistently weak demand from the semiconductor industry. Here, the demand had a more significant impact on the development of sales since the companies managed in this segment have a special focus on precisely this market. With a drop of € 6.5 million, this segment showed the greatest absolute change. With about € 2.1 million, currency effects positively influenced the development in 2014.

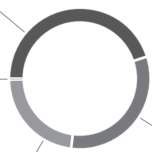
Asia (without Republic of Korea)
While in 2013, the distribution companies in the rest of Asia (particularly China, Singapore, and Taiwan) showed an overall positive trend, the development in 2014 declined significantly. The main reasons for this were a more restrained demand in the semiconductor industry and declining sales in the Coating segment. The development in Taiwan was particularly noticeable, where a decline in sales of € 3.6 million was recorded.

France
Sales in France in 2014 were € 3.7 million below the previous year's figure. This was mainly due to lower sales volume in France itself, whereas the direct business with foreign customers was relatively constant. The reason for the development in France was predominantly the weak demand as a result of the ongoing difficult overall economic situation of the second largest economy in the eurozone.

Sales by region

Europe
This region developed positively in the period under review. The total increase of € 1.1 million was the result of a weaker development in Germany and France, while the other countries in Europe were able to achieve almost continuous growth. This more than offset the overall decline in Germany and France.

Sales by Region
in %, (previous year)



Asia
With a drop of € 13.6 million in 2014, the Asian region experienced very significant weak demand. In virtually all countries in this region, sales declines were recorded that were predominantly attributable to the already mentioned weak demand in the semiconductor industry. But even in the coating market, a slight decline in momentum was recorded in this region in 2014 compared to the previous year.

Sales by Region

	2014	2013	Change	
	in € millions	in € millions	in € millions	in %
Europe	183.2	182.1	1.1	0.6
Asia	130.3	143.9	– 13.6	– 9.4
The Americas	92.6	81.4	11.2	13.7
Rest of World	0.5	1.3	– 0.8	– 62.7
Total	**406.6**	408.7	– 2.1	– 0.5

The Americas
The development of sales in the Americas continues to be affected essentially by the development in the USA. Since there is virtually no direct business by the German or French units in this region, this development largely conforms to the course of sales according to segments.

Along with the positive sales development in North and South America, the share of total sales has improved significantly from 19.9 % in the previous year to 22.8 % in 2014.

Sales by products

Turbopumps
With a drop of only 0.5 %, sales of turbopumps in fiscal 2014 were similar to the previous year's level. This change resulted from a very different development in the individual target markets, however, and the semiconductor and analytical industry market segments deserve positive mention in this regard. The share of total revenue was unchanged at 30.7 %, so the turbopumps again represented the strongest product group in 2014.

Instruments and components
The sales development of instruments and components closely correlates to business with backing pumps, since these are often sold with vacuum measurement equipment and special connecting elements such as piping and flanges. As a result, sales fell, particularly in the Asian region. After a positive development in sales of leak detectors in 2013 – particularly in the USA – sales declines were recorded in 2014. In contrast, sales of components improved slightly in the past fiscal year.

Backing pumps
Overall, a decline in sales of backing pumps was recorded in 2014. However, regionally this development was very heterogeneous. While in Germany, and particularly in the USA, sales showed significant growth, this increase was more than offset by a sharply declining development in Asia. The decline in Asia resulted from the continuing sluggish demand in the semiconductor industry in this region.

Service
The installed basis of products from the Pfeiffer Vacuum Group creates a sound foundation for our service activities. The partly aggressive and corrosive process conditions, under which the pumps are used, particularly in the semiconductor industry, make regular maintenance an absolute necessity. Thus, the positive trend in 2014 also resulted primarily from increased sales to our semiconductor customers.

Systems
Sales in this project-driven sector rose from € 8.5 million in the previous year to € 10.6 million in the past fiscal year.

Sales by Products
in %, (previous year)

Sales by Products

	2014	2013	Change	
	in € millions	in € millions	in € millions	in %
Turbopumps	124.7	125.3	– 0.6	– 0.5
Instruments and components	96.9	101.1	– 4.2	– 4.2
Backing pumps	89.4	92.1	– 2.7	– 2.9
Service	85.0	81.7	3.3	4.1
Systems	10.6	8.5	2.1	25.5
Total	**406.6**	408.7	– 2.1	– 0.5

Sales by market

Semiconductor
The development of this largest single market with a share of 29.1 % in 2014 (previous year: 30.2 %), was characterized by two opposing trends: on one hand, the already mentioned weak demand in Asia, and a significant upturn in the semiconductor industry in the USA on the other. This upturn had its greatest impact in the fourth quarter of 2014 and contributed significantly to sales. Overall, we recorded a decline in sales of € 5.0 million to € 118.4 million (previous year: € 123.4 million).

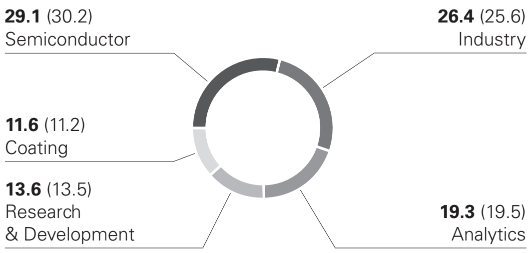
Industry
With a sales increase of € 2.3 million, the industry market segment in fiscal 2014 showed a positive development. Our most heterogeneous market segment includes a broad range of customers from the automotive and the metalworking industry up to the food industry. Accordingly, positive and negative developments in individual areas are balanced out very well. The positive trend resulted mainly from Europe and the USA, where our largest customers in this market segment reside.

Analytics
At € 78.7 million, this market segment recorded a slight reduction in sales of € 0.9 million (previous year: € 79.6 million). At the same time, some of our customers in this sector continued to react with restraint in 2014, and this was partially offset by an increased volume of sales with other customers.

Research & Development
The market segment Research & Development is our most stable market segment. Accordingly, at € 55.2 million, sales in 2014 were virtually on a par with the previous year's level (€ 55.1 million). Due to the high number of state-owned and partly state-owned research institutes, this segment developed largely independently of economic trends. Also typical is the development within the fiscal year with somewhat weaker summer months and a much stronger fourth quarter, which was also observed in 2014.

Coating
With an increase of € 1.4 million again over the previous year, the Coating market segment again recorded a slight increase in the past fiscal year. The solar branch has significant potential for development in this segment, and we felt initial impulses from this industry during the past fiscal year. We still regard the solar industry as having strong potential for the future since, in our estimation, global energy demand will be extremely hard to meet in the medium term without this technology.

Sales by Market
in %, (previous year)



Sales by Market

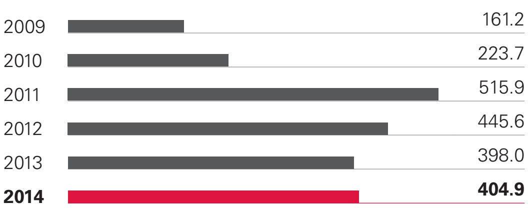
	2014	2013	Change	
	in € millions	in € millions	in € millions	in %
Semiconductor	118.4	123.4	– 5.0	– 4.1
Industry	107.2	104.9	2.3	2.2
Analytics	78.7	79.6	– 0.9	– 1.2
Research & Development	55.2	55.1	0.1	0.3
Coating	47.1	45.7	1.4	3.0
Total	**406.6**	408.7	– 2.1	– 0.5

New orders and orders on hand

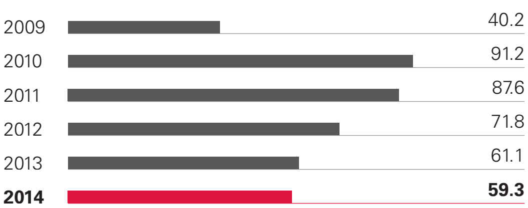
After new orders of € 398.0 million in 2013, this figure amounted to € 404.9 million in 2014, which represents a slight increase of € 6.9 million. This development was recorded in basically all product areas. Decreases were recorded only in the field of instruments and components. Of particular note was the development of new orders in the fourth quarter, which was also the best quarter of 2014 with € 109.7 million achieved. This development looks set to continue during 2015 according to the latest analyses. After 0.97 in the previous year, the book-to-bill ratio, the ratio between new orders and sales, stood at 1.00 in 2014.

The order volume on hand as of December 31, 2014 totaled € 59.3 million, and lay slightly below the previous year's figure of € 61.1 million. The visibility of orders on the basis of the average sales in 2014 remains unchanged at about two months.

Development of New Orders
in € millions



Development of Orders on Hand
in € millions



Earnings development

Gross profit and Cost of sales

After € 259.3 million in fiscal 2013, the cost of sales was recorded at € 263.3 million in 2014. This represents an increase of € 4.0 million with a simultaneous decrease in revenues of € 2.1 million. Accordingly, during 2014, both developments negatively impacted on the gross profit and gross margin, the ratio of gross profit to sales. After € 149.4 million in the previous year, the gross profit in the past fiscal year totaled € 143.4 million, and the gross margin decreased from 36.5 % in the previous year to currently 35.3 %.

The development of the cost of sales in 2014 was quite considerably marked by an adverse change in the product mix in favor of lower-margin products. In addition, the positive economies of scale from the sales increase in Europe and America were more than offset by the negative economies of scale of the resource-intensive semiconductor business in Asia. Overall, this resulted in a decrease in gross profit of € 6.0 million.

Gross Profit
in € millions

Gross Margin
in %

Selling and administrative expenses

After € 80.7 million in fiscal 2013, the total figure for selling and administrative expenses amounted to € 82.6 million in 2014. This meant an increase of € 1.9 million. Viewed in isolation, the selling and marketing expenses rose by € 1.5 million to € 52.8 million (previous year: € 51.3 million), while the general and administrative expenses slightly increased by € 0.4 million to € 29.8 million (previous year: € 29.4 million). The share of selling and administrative expenses to sales increased, due to the lower turnover basis and higher costs, from 19.7 % in the previous year to 20.3 % in the past fiscal year.

Research and development expenses

At € 23.9 million, research and development costs in the past fiscal year 2014 were some € 1.0 million over the previous year's value of € 22.9 million. The increase was mainly due to higher expenses in connection with the international application of patents. The percentage share of sales increased from 5.6 % in 2013 to 5.9 % in 2014. Adjusted for funds obtained through grants for research and development services with an unchanged amount of € 4.0 million contained in the other operating income, the net research and development expenses totaled € 19.9 million (previous year: € 18.9 million).

We are continuously committed to advancing the development of vacuum technology through our own research projects as well as by rigorously fostering teaching and science. We view research and development expenses as an indispensable investment in the future.

Other operating income and other operating expenses

Other operating income and other operating expenses principally include the Group's foreign exchange gains and losses. The other operating income of € 10.2 million (previous year: € 8.3 million) in addition includes subsidies for expenses in an unchanged amount of € 4.0 million. In 2014, too, the other operating expenses of € 2.2 million (previous year: € 3.5 million) included only the foreign exchange losses recorded. The net foreign exchange results in 2014 were € + 3.9 million (previous year: € – 0.3 million).

Operating profit

The increase in selling and administrative expenses and research and development costs by a total of € 2.9 million was slightly more than offset particularly by the significant improvement in the foreign exchange results. Accordingly, the negative impact which was almost exclusively due to the decline in gross profit of € 6.0 million also impacted the operating income, which now totals € 44.7 million following € 50.5 million in 2013. This represents a decrease of € 5.8 million or 11.4 % and corresponds to an operating profit margin, or EBIT margin, of 11.0 % (previous year: 12.4 %). The amount of depreciation and amortization (for tangible and intangible assets) included in this figure was recorded at € 20.5 million for 2014 (previous year: € 20.2 million), which results in operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization, EBITDA) of € 65.2 million. After € 70.7 million in 2013, this equals a reduction of € 5.5 million or 7.8 %.

Operating Profit
in € millions

Operating Profit Margin
in %

Operating Profit per Employee
in K€

Financial income

As a result of the continued decline in interest rates, both financial income and financial expenses in 2014 decreased. The result was a slight improvement in the financial income from € – 0.6 million in the previous year to € – 0.5 million in 2014.

Income taxes

As a consequence of the lower earnings before taxes, the tax expenses also decreased in 2014. After € 15.1 million in the previous year, a figure of € 11.9 million was recorded for the past fiscal year. In addition, the relative burden in the form of the tax ratio declined again. For 2014, this ratio stood at 26.8 %, following 30.3 % in the previous year. The decrease is caused particularly by international differences in tax levels.

Net income

After € 34.8 million in 2013, net income amounted to € 32.4 million in fiscal 2014. This corresponds to a decrease of € 2.4 million or 6.9 %. Despite declining operating profits and the corresponding margins, the after-tax return on sales, that is, the ratio of net income to sales, at 8.0 % was 0.5 %-points lower than the 8.5 % figure of the previous year.

Income before Taxes
in € millions

Net Income
in € millions

Earnings per share

The earnings per share at € 3.29 were € 0.24 lower than the recorded figure of the previous year (€ 3.53). The relative change corresponded exactly to the change in the net income, since as in the year before, there continued to be no dilutive effects in fiscal 2014.

Earnings per Share
in €

Financial position

After € 430.5 million as of December 31, 2013, the balance sheet total of the Pfeiffer Vacuum Group as of December 31, 2014 is now € 429.1 million. This corresponds to a slight decrease of € 1.4 million. On the asset side of the balance sheet the renewed decrease in inventories by € 5.7 million is particularly noteworthy. The deferred income tax receivables developed contrary to this pattern, having risen by € 6.1 million to a total of € 22.2 million. As in the previous years, the decrease in intangible assets was again almost exclusively the result of scheduled amortization relating to items recorded within the framework of the adixen acquisition. Tangible fixed assets decreased by a net € 3.8 million. This development was primarily influenced by capital expenditures of € 9.0 million and scheduled depreciation/amortization of € 13.5 million (previous year: € 9.4 million and € 13.3 million). The largest balance sheet item, taken together, is cash and cash equivalents. After € 95.1 million at the end of fiscal 2013, this item rose to € 101.5 million by December 31, 2014. A detailed analysis of the development of cash and cash equivalents is given in the section "Liquidity and cash flow" below.

With regard to the development of the items on the liabilities side of the balance sheet, the decrease in repaid financial liabilities of € 10.3 million due to repayment and the increase in pension provisions of € 16.3 million are particularly noteworthy. The increase in pension provisions as a result of the again lower discount rate was recognized as an actuarial loss directly under Other Equity Components. Equity rose by € 3.7 million from € 276.0 million to € 279.7 million. This change is primarily the result of net income earned in the reported year after taxes (€ 32.4 million) and the dividend payment to Pfeiffer Vacuum Technology AG shareholders (€ 26.1 million) and the net € 2.6 million decrease in other equity components. The equity ratio increased from 64.1 % to 65.2 %. Pfeiffer Vacuum has improved the already above-average capital base compared to the volume of business, and with cash holdings of € 101.5 million and financial liabilities totaling € 31.2 million again records no net debt position as at December 31, 2014.

Due to the decrease in the volume of business and continued optimization measures, it has again been possible to achieve a further reduction in the net working capital in 2014. The improvements amounted to € 2.3 million.

Liquidity and cash flow

Following € 47.9 million in fiscal year 2013, the operating cash flow was € 52.3 million in the year 2014. This represents an increase by € 4.4 million. Besides the lower earnings before taxes (€ – 5.7 million) and the correspondingly lower income tax payments (€ – 4.3 million), mainly the decrease in receivables

Change in Net Working Capital

	Dec. 31, 2014	Dec. 31, 2013	Change
	in € millions	in € millions	in € millions
Inventories	64.2	70.0	– 5.8
Trade accounts receivable	53.6	54.1	– 0.5
Trade accounts payable	– 19.4	– 23.4	4.0
Net working capital	**98.4**	100.7	– 2.3

and other assets by € 3.5 million, positively impacted the operating cash flow. In the previous year, negative effects of € 4.4 million were recorded here. From further optimization of inventories, a positive effect of € 3.8 million (previous year: € 2.3 million) resulted in 2014, while burdens of € 7.4 million were recorded from the development of liabilities and customer deposits in the year under review (2013: € 1.9 million). The cash flow per share of € 4.86 in fiscal 2013 increased to € 5.30 in the past fiscal year. The still high level of this figure shows the unchanged capacity of the Pfeiffer Vacuum Group to generate disproportionally high cash inflows within the framework of operational activities.

The net cash outflow from investing activities stood virtually unchanged against the previous year. Capital expenditures of € 10.0 million (previous year: € 10.3 million) were to be seen against by the proceeds from the sale of property, plant and equipment amounting again to € 0.3 million, with the result that after € 10.0 million in 2013, the overall cash outflow totaled € 9.7 million. Further information on the composition of capital expenditure can be found in the section "Capital expenditures and financing" below.

The cash flow from financing activities in 2014 again was characterized by the dividend payment to Pfeiffer Vacuum Technology AG shareholders (€ 26.1 million) and the repayment of financial debts (€ 10.5 million). In 2014, the cash outflow thus totaled € 36.7 million. In the previous year, the dividend payment of € 34.0 million and the repayment of financial liabilities (€ 10.8 million) resulted in a cash outflow from financing activities totaling € 44.8 million.

Cash Flow-Margin
in %

Cash Flow per Share
in €

In light of the currency effects, the cash inflow totaled € 6.3 million (previous year: cash outflow € 6.9 million) and led to an increase in cash and cash equivalents of 6.7 % to € 101.5 million). Thus, taking into account financial liabilities (€ 31.2 million, thereof € 10.5 million short term), there are still no outstanding net liabilities. Furthermore, the Company had unused credit lines amounting to € 28.1 million at the balance sheet date (previous year: € 19.6 million).

The free cash flow is invested in interest-bearing financial instruments. A cash management system is in place in the German Group companies in Asslar in order to pool liquidity. Conservative and largely short-term investment vehicles, such as money market or time deposits at financial institutions, dominate where financial investments are concerned. Speculative transactions are not conducted. The loan in conjunction with the acquisition of the adixen business unit was taken out by the parent corporation. Both liquidity management as well as steering of the interest-rate change risk are thus primarily handled at Corporate Headquarters, taking into consideration all relevant matters within the Corporate Group.

Capital expenditures and financing

Operating business, capital expenditures, and dividend payments were financed as in previous years solely by internal funds of the Corporate Group. In addition, again in 2014, existing financial liabilities in the amount of € 10.3 million were repaid. Capital expenditures in the amount of € 10.0 million related predominantly to necessary reinvestments for machinery and plant and equipment. There were no major changes in the composition of capital expenditures. The total amount and the allocation are within our expectations and also comply with the forecast provided for 2014.

The balance sheet total of the Pfeiffer Vacuum Group has long demonstrated a very solid capital base. After an equity ratio of 64.1 % at the end of the 2013 fiscal year, the equity ratio as of December 31, 2014 stood at an exceptionally high 65.2 %. The current assets ratio, as the ratio of current assets to current liabilities, amounted to 308 % (previous year: 318 %) and continues to reflect the sound financing concept and high credit rating of Pfeiffer Vacuum.

Currents Assets Ratio
in %

Depreciation Expense Ratio
in %

The above-mentioned capital expenditures of € 10.0 million and a depreciation/amortization volume of € 20.5 million in 2014 resulted in a depreciation expense ratio (ratio of capital expenditure to depreciation/amortization) of 49 %. As in previous years, new capital expenditures in 2014 continued to be below the level of the loss of value of fixed assets (previous year: 51 %). This is due to the continued high depreciation amounts resulting from the purchase price allocation (PPA).

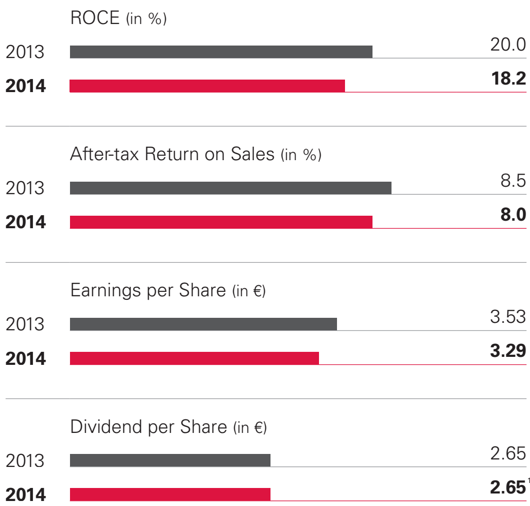
Value Reporting

The concept of value-based steering of the Company remains an element of the management approach that exists within the Pfeiffer Vacuum Corporate Group. All important decisions at Pfeiffer Vacuum are taken with due consideration of all material financial aspects. The following graphic provides an overview of various financial performance indicators which are of importance for us.

In addition to ROCE (Return on Capital Employed; operating profit relative to the total of net assets and net working capital) as a parameter for the yield on capital employed, the Company's return on sales, earnings per share, and the paid or proposed dividend are also presented here. The ratio between the dividend and earnings per share serves as an indicator of the extent to which shareholders participate in the Company's economic success.

The previously mentioned success ratios in 2014 show a declining trend compared to the previous year. At the same time, however, Pfeiffer Vacuum wishes to maintain a high dividend payout ratio of the net income. Accordingly, the Management Board and Supervisory Board will propose a dividend of € 2.65 per share at the Annual General Meeting. This would correspond to a dividend payout ratio of 80.7 % (previous year: 75.1 %).

Key Value Reporting Indicators



[1] Subject to approval by the Annual General Meeting

Overall Assessment of Business Performance

Against the background of the weaker demand from the semiconductor industry, and the absence of further impetus from the coating market, the development of sales in 2014 was overall as expected. The impact on operating income, almost exclusively a result of the decline in gross profit, is noticeable and considerably greater than we had expected for the fourth quarter of 2014. As a consequence, the operating profit margin declined slightly, but at 11.0 % in 2014 still remains at a very high level when compared with the industry as a whole. Nevertheless, we are not satisfied and have initiated a number of projects that will make it possible in the short and medium term to achieve a significantly higher operating profit and thus a higher net income. There has been no change in the rock solid financial position of Pfeiffer Vacuum. The Group remains without any outstanding net liabilities. The equity ratio has once again increased over the previous year, and the liquidity situation has allowed us even in a weak year, in addition to financing the operational activities, to significantly reduce the financial liabilities and to again distribute an above-average dividend to shareholders, without reaching our limits.

Non-financial Performance Indicators

Employees

Pfeiffer Vacuum employed a total of 2,258 employees at the end of fiscal 2014. This represents a slight increase of 1.0 % compared to the previous year's figure of 2,235 employees. This development mainly originated in the European region.

Composition of Workforce by Regions

	2014		2013	
		in %		in %
Europe	1,612	71	1,588	71
Asia	516	23	509	23
The Americas	130	6	138	6
Total	**2,258**	**100**	2,235	100

Diversity

Pfeiffer Vacuum has a global standing and so unites a multitude of people of different origin under one umbrella brand. Our employees are proud of the successful cooperation between different cultures and nationalities. For several years now, Pfeiffer Vacuum has belonged to the "Diversity Charter", an initiative by the German Federal Government. The "Diversity Charter" represents a fundamental commitment to fairness and appreciation of people in companies.

Of the 2,258 employees, 386 are female and 1,872 are male. Therefore, the proportion of women constitutes 17 % of the entire workforce. Vacuum technology is at home in a specific field of mechanical engineering in which there are generally only very few potential young females with adequate training. Nevertheless, it is the firm intention of company policy to increase the proportion of women in this traditionally male-dominated area of work. The French subsidiary of Pfeiffer Vacuum has concluded a formal agreement with all labor unions involved with the specific purpose of promoting women. The Supervisory Board of Pfeiffer Vacuum Technology AG does not include any women. In its subsidiary companies, however, several management and key positions in the areas of Purchasing, Finance, Communications, Marketing, Human Resources as well as Sales are occupied by female managers.

Training young talent

The promotion of young talent is of great importance at Pfeiffer Vacuum. At various locations, we offer company training courses as industrial mechanics, in the business administration area, as well as in warehouse logistics. In fiscal 2014, Pfeiffer Vacuum made a total of 95 apprenticeships available worldwide (previous year: 96).

In addition to the company apprenticeship, Pfeiffer Vacuum in Germany participates very successfully in the "Studium Plus" project, a dual degree program involving the cooperation of the Technical University of Mittelhessen and the Chamber of Industry and Commerce. Furthermore, a partnership exists with the Georg-August University Göttingen in relation to the company apprenticeships. In this way, we ensure our young talent in industrial and mechanical engineering as well as in the area of business informatics.

Also, many of our subsidiaries offer temporary internships for graduates and students and/or temporary positions for students who work during their vacation. This enables young people to gain an insight into operational processes and to qualify themselves as potential employees. In cooperation with different schools and universities, we perform guided tours of the Company and present ourselves to the public at career fairs. In France especially, several of our skilled workers give lectures on vacuum technologies and corporate governance at universities. In addition, the name recognition that Pfeiffer Vacuum enjoys among natural science graduates due to the presence of its products in research laboratories is not to be underestimated.

Qualifications of skilled workers and executives

The success of Pfeiffer Vacuum is decisively based on the expertise, the loyalty, and the high motivation of our employees. Particularly the expert knowledge of our service and sales employees plays an important role in the cooperation with our customers. They benefit from the many years of experience to which our experts can resort in relation to physical and chemical reactions of the most diverse molecules and substances under vacuum conditions. Most projects are developed by our customers together with our Sales and Market teams, which in turn also consult the relevant experts from the areas of Research & Development as well as Production and Service as necessary. The skilled knowledge of our employees is also of major importance in the manufacturing and installation of our products. The ultimate goal is to offer each customer a perfect vacuum solution for his application.

Good training and the readiness to adapt to changes in market forces by continuous development are thus the best prerequisites for all employees, regardless of age, in order to secure jobs and sustain professional success. Further training plays a critical role in our Company in all locations. New employees complete an introductory course in the basic principles of Vacuum Technology, while sales and service employees receive advanced training courses about products and service measures.

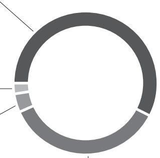
Practical programs exist for the qualification of executives, and foremen and group leaders are trained in leadership and management techniques. Furthermore, the Company pays attention to specialized advanced training to transfer technical innovations into the Company. Chinese, German, English or French language courses are offered depending on location and need.

Professional Qualifications of the Workforce

	2014
Development and Production, Total	**1,151**
Graduates of universities, colleges, and universities of applied sciences	245
Employees with professional training	810
Employees without professional training	32
Apprentices	64
Administration, Service and Sales, Total	**1,107**
Graduates of universities, colleges, and universities of applied sciences	564
Employees with professional training	490
Employees without professional training	22
Apprentices	31

The provision of further training options is generally linked to the local conditions and requirements. For example, the French subsidiary fulfills the relevant statutory requirements with more than twice the expenditure as would be required by law. Here, the focus is on training and further training measures in the area of "quality". The management also operates a software system for competence management of the employees to better identify and implement existing expertise and to be able to match training courses specifically.

Proportional Distribution of Professional Qualifications of all Employees
in %



Remuneration and incentive schemes

The personnel costs in fiscal 2014 amounted to € 134.4 million compared with € 130.7 million in fiscal 2013. The incentive scheme of Pfeiffer Vacuum also differs according to local conditions and customs. The sales personnel basically receive performance-related incentives via a bonus scheme oriented to sales growth and profit. Added to that – depending on the location – are other bonus, incentive or employee participation schemes as well as bonuses for outstanding individual achievements.

Age Structure of the Workforce

	2014		2013	
		in %		in %
Under 30 years of age	519	23	506	23
30 to 50 years of age	1,203	53	1,195	53
Over 50 years of age	536	24	534	24
Total	**2,258**	**100**	2,235	100

Pension scheme

The pension scheme is similarly varied in the individual locations. Apart from a purely public scheme in France funded by the French subsidiary, the worldwide pension scheme includes additional measures and payments into pension funds, the offer of a pension plan and direct insurance with the additional option of deferred compensation. For the employees in the head office in Asslar who had no employer-financed pension contribution up to 2008, voluntary payment into the company pension scheme has been agreed upon as part of the performance-related remuneration.

Social responsibility

We take our social responsibility towards our employees seriously. We therefore endeavor to ensure that the relevant quota of disabled employees in the various countries is met. We also believe that a family-friendly working environment is very important. Varying from region to region, this includes models for flexible working hours, provision of home office connections, models for re-entering the working world with flexible working hours and job sharing, specifically for young mothers and fathers.

The illness rates in Asslar and Göttingen amounted to 5.3 % and 5.6 %, respectively, and thus were at a similar level as the German industry average of 6.2 %.

The rate of staff fluctuation also differed depending on the geographical location, with a figure of 3.2 % in Asslar in the past fiscal year and 7.7 % in Göttingen. In Annecy, the rate of staff fluctuation was very low at 2.8 %.

Workplace safety

Issues of workplace safety mainly relate to the production facilities of Pfeiffer Vacuum. In Asslar there were 16 reported accidents in fiscal 2014 (previous year: 7). This is equivalent to 23.0 accidents per 1,000 employees (previous year: 11.4). In Göttingen the ratio amounted to 31.7 reportable accidents per 1,000 employees compared to 53.0 in the prior year. This figure is higher than the corresponding average of 18.9 for 2013 sited by the German Workers' Compensation Insurance Company (numbers for 2014 were not yet available).

Sustainability as a corporate policy

In order to fulfill our quality promise, we place the highest demands on our solutions. Energy efficiency also plays an important role. Our experts integrate efficient technologies and innovative ideas for energy saving into the development process of our products. The entire production process is then designed on the basis of these specifications. This results in sustainable solutions for our customers, which meet the high demands of different industries and applications and, in addition, provide real added value: The efficiency of our products leads to considerable energy savings during operation which, in turn, results in significant overall cost savings.

With its commitment to energy efficiency, Pfeiffer Vacuum also fulfills its environmental responsibility. The conscious use of limited resources and materials, the use of recyclable materials, sophisticated waste management, and the heightened environmental awareness and energy-consciousness of our employees show that protecting the environment and natural resources are of special concern to Pfeiffer Vacuum. All of our business activities are based on the requirements of the ISO 14001 standard.

Energy-efficient products by Pfeiffer Vacuum

Our products are the heart of our Company. We meet the highest standards with them and offer our customers a complete and customized program of solutions – for specific requirements from different industries. In addition, we deliver added value through energy-saving technologies that reduce costs and increase efficiency.

Realizing efficient products with the highest possible customer value and fulfilling our environmental responsibilities requires full commitment. We have made energy efficiency and the responsible use of natural resources a cornerstone of our Company by which we live and work – every single day. Pfeiffer Vacuum's philosophy is not only reflected in efficient solutions for our customers, but in every part of the value chain and in the minds of our employees.

Energy efficiency in development and production

Energy efficiency and resource conservation already play important roles during the planning phase of a new product. At Pfeiffer Vacuum, products are viewed in their entirety, from development to recycling, in terms of energy efficiency.

In this way, we ensure right from the start that our products offer our customers extensive advantages: additional added value is created through cost savings, space and time-saving processes, and the more efficient results that are entailed.

Production processes

The efficient structuring of our customer's operations with our energy-saving products is not our only priority. We also design our own production processes as efficiently as possible.

Throughout 2014, there were 24 internal audits conducted in Asslar (previous year: 25). In Annecy, 22 internal quality and environmental audits were performed (previous year: 22) in addition to one extensive official environmental audit. The corresponding number of internal audits which took place in Göttingen was 16 (previous year: 14). Where applicable, elements of ISO 14001 were integrated into all audits.

The resource consumption of our key production facilities is displayed as follows:

We can substantiate our quality promise through sustainable production, and guarantee our customers maximum efficiency from manufacturing to service. With all the resources at our disposal, we also contribute directly to energy and resource conservation.

Environmental protection is an important part of our corporate policy

With precisely coordinated processes, we not only ensure that our products, their development, and production allow for energy saving and resource conservation but that sustainability is provided throughout the entire organization and at all locations. An integral part of our corporate strategy is an ISO 14001 certified environmental management which is concerned with the holistic view and the monitoring of all environmental areas. Here, all environmental impacts are documented by Pfeiffer Vacuum and guidelines are identified for the prevention and reduction of environmental pollution.

The most important asset of any company is its employees – the same goes for Pfeiffer Vacuum. Their dedication and work is crucial for enabling us to fulfill the high standards we set for ourselves. This also applies to energy and environmental awareness. We therefore provide our employees with regular information about current policies on energy and environmental issues, the management of hazardous materials, and efficiency aspects of our products.

Ecological Indicators

	2014		2013	
	Absolute consumption	CO_2 emissions in t	Absolute consumption	CO_2 emissions in t
Yield of photovoltaic plant (in MWh)	– 73	– 43	– 84	– 49
Power consumption (in MWh)	28,074	16,564	28,185	16,629
Gas consumption (in MWh)	21,917	5,502	13,240	3,324
Total		**22,023**		**19,904**
Gasoline (in l)	162,784	378	156,938	364
Diesel (in l)	228,500	595	194,245	509
Total		**973**		**873**
Water consumption (in m³)	28,656	—	25,671	—

Corporate Governance Report and Declaration on the Corporate Governance

The recommendations and suggestions contained in the German Corporate Governance Code ("DCGK") have been a firm element of our corporate governance and corporate culture for many years. The close and trustful cooperation between the Management and Supervisory Boards, in addition to a high degree of transparency for corporate communication and in financial reporting, have always been fundamental principles. The members of the Management and Supervisory Boards conduct their activities according to these principles. Significant changes to the Code were and are therefore not necessary.

In November 2014, the Management and Supervisory Boards of Pfeiffer Vacuum Technology AG submitted the Statement of Compliance for the year 2014 required pursuant to § 161 of the German Stock Corporation Act. It was made permanently accessible to shareholders on the corporation's website (www.pfeiffer-vacuum.com).

Pfeiffer Vacuum Technology AG complies with all recommendations of the Code, as amended in June 2014, with the following exception:

The German Corporate Governance Code recommends an appropriate consideration or participation of women in the appointment of management, executive board or supervisory board positions. Both the Management and Supervisory Boards do not regard belonging to a certain gender as an attribute which specifically qualifies a candidate for any position and therefore disregard this criterion when selecting the most suitable candidate.

Shareholders and Annual General Meeting

The Annual General Meeting is the supreme body of the corporation. At the Annual General Meeting, shareholders may exercise their voting rights themselves, through a proxy of their choice, or a proxy nominated by the corporation who is bound to act on their instructions. The shareholders make key decisions at the Annual General Meeting about the allocation of profits, amendments to the Articles of Association, or the approval of share repurchase programs. All information and documents essential for the Annual General Meeting will be provided to the shareholders in a timely manner. The agenda and an explanation of the conditions of participation in addition to the shareholders' rights will generally be announced one and a half months before the Annual General Meeting date. All documents and information for the Annual General Meeting are also available on our website. In addition, it is possible to electronically direct questions to the employees in our Investor Relations Department. Using our financial calendar, which is made public in the Annual Report, quarterly reports, and on our website, we inform shareholders and interested parties about key dates, publications, and events throughout the year. In addition, we maintain close ties with our shareholders through our active Investor Relations activities. Moreover, it is also possible to contact the Company with questions at any time.

Management Board

As of November 3, 2014, the Management Board consists of: Manfred Bender (CEO), Master of Business Administration, and Dr. Matthias Wiemer, Diploma in Mechanical Engineering.

The responsibilities of the Management Board are as follows:

Pfeiffer Vacuum Technology AG Management Board

Manfred Bender Chairman	**Dr. Matthias Wiemer**
Controlling/Finance	Research & Development
IT	Marketing
Purchasing	Training & Service
Investor Relations	Sales
Organization/Logistics	
Human Resources	
Production	

The members of the Management Board are responsible for the further development and strategy of the Company. They are also highly involved in the day-to-day running of the Company and are responsible for operations.

The four-eyes principle applies in exercising the duties and responsibilities of the Management Board. Major decisions are always made jointly. Personal expenditures, such as travel and entertainment expenses, require the approval of another Management Board member. In addition to close cooperation and reciprocal information on a daily basis, board meetings are held every two weeks. Minutes are kept of these meetings and the Chairman of the Supervisory Board receives a copy of these.

The members of the Management Board work exclusively for Pfeiffer Vacuum. In addition, Manfred Bender is a member of the supervisory board of the Volksbank Heuchelheim eG, Heuchelheim, Germany.

The Supervisory Board has relieved Mrs. Nathalie Benedikt of her position as a member of the Management Board with effect from November 3, 2014.

Supervisory Board

Pursuant to the statutory requirements and the Articles of Association of Pfeiffer Vacuum Technology AG, the Supervisory Board consists of a total of six persons. Four persons represent the shareholders and two persons represent the employees of the Company.

In 2014, there were no personnel changes to the Supervisory Board. The members are as follows:

- Dr. Michael Oltmanns (Chairman), Attorney at Law and Tax Advisor
- Götz Timmerbeil (Vice Chairman), Certified Public Accountant and Tax Advisor
- Helmut Bernhardt (Employee Representative), Development Engineer
- Manfred Gath (Employee Representative), Chairman of the Employee Council
- Wilfried Glaum, Business Administrator
- Dr. Wolfgang Lust, Entrepreneur

All Supervisory Board members representing the shareholders were re-elected in May 2011 during the Annual General Meeting for a term of five years. For the election, the nominating committee submits a nomination suggestion to the Supervisory Board. When selecting the candidates, care is taken to ensure that members of the Supervisory Board at all times possess the requisite expertise, skills, and professional experience and are sufficiently independent. The international activities of the Group and potential conflicts of interest are also taken into account.

The Supervisory Board has determined the following specific objectives of its composition: occupational diversity (at least in the areas of business, technology, and law), internationality gained during overseas professional experience, avoidance of potential conflicts of interest by excluding close relationships with competitors, and an age limit at the beginning of the term which is the same as the statutory retirement age. These objectives have been taken into consideration in the past, and this is also intended for future nominations.

No compensations or benefits for personal service rendered, especially consultation and brokerage services, were paid or granted to the members of the Supervisory Board during the period under review. There were no conflicts of interests for Management and Supervisory Board members requiring immediate disclosure to the Supervisory Board. Finally, the Rules of Procedure for the Management Board provide that the Supervisory Board must grant its approval for significant business transactions.

According to the recommendations of the German Corporate Governance Code, no more than two previous Management Board members should hold seats on the Pfeiffer Vacuum Supervisory Board. Furthermore, the Supervisory Board reviews the independence of its members. It has established standards for assessing this independence, which are based on the Code, in particular. According to these principles, the majority of current Supervisory Board members is considered independent, thus assuring independent advice and monitoring of the Management Board.

The establishment of an Audit Committee is a longstanding practice at Pfeiffer Vacuum. As a certified public account, the Chairman of the Audit Committee, Götz Timmerbeil, is eminently qualified to bear responsibility for the activities of the Audit Committee, in particular in connection with questions relating to financial accounting, compliance, and the risk management system.

The task of the Nominating Committee is to suggest suitable candidates to the Supervisory Board who can then recommend them for nomination to the Annual General Meeting. Additional committees of the Supervisory Board are the Management Committee and the Administration Committee. In the past, the Management Committee has deliberated the personnel matters of the board members in detail before – in accordance with the requirements of the German Corporate Governance Code – being resolved by the full Supervisory Board. The determination of the Management Board compensation is subject to the provisions of the German Management Board Compensation Appropriateness. The Administrative Committee is particularly concerned with transactions requiring approval from the Supervisory Board and with contracts with Supervisory Board members.

The committee memberships of the Supervisory Board members can be seen in the following overview:

Composition of the Supervisory Board Comittees

	Nomination Committee	Audit Committee	Management Committee	Administration Committee
Dr. Michael Oltmanns	Chairman	Yes	Chairman	Chairman
Götz Timmerbeil	Yes	Chairman	Yes	Yes
Helmut Bernhardt	—	—	—	Yes
Manfred Gath	—	—	—	—
Wilfried Glaum	Yes	Yes	Yes	—
Dr. Wolfgang Lust	—	—	—	—

The following members exercised further mandates. These are Supervisory Board mandates unless otherwise indicated:

- Dr. Michael Oltmanns:
  Becker Mining Systems AG, Friedrichsthal (Chairman), HPC AG, Mannheim (Chairman), from October 1, 2014, Jetter AG, Ludwigsburg (Chairman), and Scholz AG, Essingen (Chairman), until May 22, 2014,
- Götz Timmerbeil:
  VfL Handball Gummersbach GmbH (Chairman of the Advisory Board) and Arena Gummersbach GmbH & Co. KG (Vice Chairman)

The Company has taken out pecuniary loss liability insurance (so-called D&O insurance) for the members of the Management and Supervisory Boards.

Collaboration between the Management and Supervisory Boards

Close and trustful collaboration between the Management and Supervisory boards is an essential prerequisite for good corporate governance and serves the good of the Company. Quarterly Supervisory Board meetings are held in this context, for which the directors report on the course of business operations in detail. If necessary, other executives also explain the current issues in their respective areas of responsibility. If needed, additional special meetings are held. The Management Board reports to the Supervisory Board on the general condition of the Company, including the risk situation, through a monthly reporting system.

Compensation report

In the following section, the compensation for members of the Management and Supervisory Boards is detailed.

Compensation for the Management Board

The Management Board's compensation has been approved by the entire Supervisory Board. The compensation consists of a fixed and a variable element as well as payment in kind (company car, accident insurance). The variable component is essentially dependent on the Group´s earnings before taxes.

The fixed remuneration paid and expensed in fiscal 2014 amounted to K€ 380 for Manfred Bender and K€ 290 for Dr. Matthias Wiemer. The variable component recorded in the Income Statement for Manfred Bender was K€ 396 and for Dr. Matthias Wiemer K€ 265 in fiscal 2014. Payments in kind of K€ 16 and K€ 14, respectively, were effected. This amounted to total compensation in 2014 of K€ 792 for Manfred Bender (previous year: K€ 800) and K€ 569 for Dr. Matthias Wiemer (previous year: K€ 565). The total compensation for the aforesaid active members of the Management Board amounted to K€ 1,361 after K€ 1,365 in fiscal 2013. Short-term variable remunerations paid in 2014 for fiscal year 2013 totaled K€ 432 for Manfred Bender and K€ 288 for Dr. Matthias Wiemer. These amounts were paid out in 2014 charging a provision recorded in 2013 and therefore did not impact the 2014 income statement.

The variable component is a bonus, which the Supervisory Board determines. The discretion of the Supervisory Board shall prevent extraordinary developments from leading to undue fluctuations in the variable compensation. The development of the bonus shall, as before, be based on the development of the Group's success and shall henceforth be based on the profits before taxes. However, the bonus shall be subject to a condition of sustainability. This means that if the success of the Group during the assessment year increases in comparison to the average of the two previous years, the success during the assessment year will be proven to be sustainable only in the amount of the average of both previous years' successes; the bonus in this respect has therefore been earned and is payable. However, the sustainability of the portion in excess of this has not yet been proven. Therefore, only a small part of the bonus, to the extent that the bonus is based upon the surplus element, will be due when the annual financial statements of the assessment year are approved (so-called short term incentive). The larger part (so-called long-term incentive) will not be due until two years later and only in its fullest amount if the average profits of these two following years are at least as high as the average profits of the previous two years. Should it be less than the average, the long-term incentive will be correspondingly reduced. The purpose of this sustainability proviso is to avoid rewarding so-called "straw fires" at the expense of sustainable profitability.

Manfred Bender has received pension commitments in the unchanged amount of 60 % of the last fixed salary elements. Matthias Wiemer has received pension commitments in the unchanged amount of 40 % of the last fixed salary elements. In this connection, total net pension expenses in accordance with IFRS of K€ 209 (Manfred Bender) and K€ 170 (Dr. Matthias Wiemer) were recorded in the Consolidated Statements of Income in fiscal 2014 (previous year: K€ 203 and K€ 178 respectively). In addition, there are pension commitments for former board members. The net pension expenses attributable to these individuals for the year amount to K€ 64 (previous year: K€ 67). After K€ 138 in 2013, a total of K€ 140 was paid to the Pfeiffer Vacuum Trust e.V. The total net pension obligations for current and former members of the Management Board therefore amount to K€ 5,660 (previous year: K€ 3,339). Current pensions in fiscal 2014 again amounted to K€ 345.

Up to the time that Ms. Nathalie Benedikt was relieved, she received fixed remuneration of K€ 183 and remuneration in kind of K€ 15 (previous year: K€ 150 and K€ 17). Short-term variable remunerations paid in 2014 for fiscal year 2013 totaled K€ 171. This amount was paid out in 2014 charging a provision recorded in 2013 and therefore did not impact the 2014 income statement. No particular benefits were granted or commitments entered into in connection with the termination of office.

Compensation for the Supervisory Board

The members of the Supervisory Board received a fixed compensation determined by the Annual General Meeting. In 2011, the Annual General Meeting approved an increase in the Supervisory Board's compensation. The total compensation paid to the Supervisory Board and its distribution between the individual members has not therefore changed in comparison with fiscal 2013. In fiscal 2014 Dr. Michael Oltmanns received compensation of K€ 75, while Götz Timmerbeil received K€ 50. Helmut Bernhardt, Manfred Gath, Wilfried Glaum and Dr. Wolfgang Lust each received K€ 25. The total compensation paid out to the Supervisory Board in fiscal 2013 and 2014 therefore amounted to K€ 225, respectively.

Should Supervisory Board members be newly elected or retire during a fiscal year, the compensation will be paid on a pro rata basis.

Negative statement

No further benefits were paid to Management or Supervisory Board members over and above the listed compensation components. In particular, no stock options were granted, no loan entitlements were established, and no liability commitments were pronounced. In addition, no special agreements were made in connection with the termination of the activities of the Management or Supervisory Boards.

Transparency

The claim to provide all target groups promptly with the same information at the same time is a high priority in our corporate communications. One of the ways that this is manifested is that all relevant information is published in German and in English. Shareholders and interested parties can directly obtain information on current developments within the Group on the Internet. All ad-hoc releases by the Pfeiffer Vacuum Technology AG shall be made available on the Company's website. The purchase and sale of Pfeiffer Vacuum sales by members of the Management and Supervisory Boards will be published immediately pursuant to § 15 a of the Securities Trading Act ("Wertpapierhandelsgesetz"), in Europe and on the Company's website at www.pfeiffer-vacuum.com.

In this connection Mr. Manfred Bender (Chief Executive Officer) purchased a total of 1,700 shares while Dr. Matthias Wiemer (member of the Management Board) purchased 1,000 shares and Mr. Götz Timmerbeil (Vice Chairman of the Supervisory Board) purchased 100 shares of the Company during fiscal 2014. The holdings of Board members in the Company as of December 31, 2014 amounted to 0.1 %.

Accounting and auditing

Pursuant to statutory provisions, the Consolidated Financial Statements of Pfeiffer Vacuum and the Quarterly Financial Reports are prepared in accordance with the current International Financial Reporting Standards (IFRS) as applicable in the European Union.

The Annual Financial Statements of Pfeiffer Vacuum Technology AG as the parent corporation are prepared pursuant to the provisions of the German Commercial Code ("HGB"). This Consolidated Financial Statement was audited pursuant to the resolution of the Annual General Meeting on May 22, 2014 by Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Eschborn, Germany. Ernst & Young GmbH also audits the Annual Financial Statements of Pfeiffer Vacuum Technology AG.

It was agreed with the auditors that the Chairman of the Audit Committee shall be immediately informed about any reasons for exclusion or prejudice arising during the audit, unless these are eliminated immediately. The auditor must also immediately report all findings and events of importance to the Supervisory Board that arise during the audit. In addition, the auditor must inform the Supervisory Board and note in the audit if the auditor determines facts during the course of the audit that are not compatible with the Statement of Compliance submitted by the Management and Supervisory Boards pursuant to § 161 of the German Stock Corporation Act ("AktG").

Risk and Opportunities Report

The purpose of entrepreneurialism is to specifically utilize opportunities that have been identified in order to increase the value of the Company. However, this intrinsically involves taking risks. The opportunity and risk management system that we employ serves to optimize the relationship between risks and opportunities with a view to sustainable business success. To assure this, we use and evolve suitable instruments, such as an appropriate handbook and/or a risk inventory, to identify, analyze, assess, and control opportunities and risks. In the following, opportunities and risks are presented on a gross basis.

Risk management system

The Pfeiffer Vacuum risk management system includes all levels of the Corporate Group. The system is described in a risk handbook that is available to all employees and updated on an as-needed basis. Our flat hierarchy and fast communication channels aid in swiftly identifying risks at every level of the Company and using suitable measures to combat them. The risk coordinator monitors the proper implementation of risk management and the full risk inventory. The risk inventory is performed by the department heads at the large production sites and by the managing directors at the remaining subsidiaries. Consolidating all inventories at an aggregate level produces a differentiated overall picture of the Corporate Group's risk position. During the year, risk inventories are updated if necessary; what we define, in addition to a concrete description of the risks, is the potential quantitative impact on operating profit, the likelihood of occurrence and suitable countermeasures. At year end, a complete risk inventory is made, which is reviewed by both the risk coordinator as well as the Management Board. In addition, we have defined the areas of risk management within the individual market segments and have put in place the necessary processes as well as early-warning and monitoring systems. The monthly Corporate Group reporting system supports the risk management process with a variety of parameters and reports that serve as an essential basis for the Management and Supervisory Boards upon which to regularly deliberate on current business. The monthly meetings of senior executives and monthly conference calls are also firmly established institutions that enable the department heads and our subsidiaries to share with the Management Board information relating to potential risks and how to handle them.

In addition to monthly reporting, our internal controlling system (ICS) helps us to identify risks in daily processes and thus avoid potential errors. The processes reviewed in this connection are first and foremost ones that have a major impact on Pfeiffer Vacuum's financial position. Regularly conducted inspections protect against human error, system errors, and breaches of internal regulations.

Risk management as it relates to consolidated accounting pursuant to § 315, Sub.-Para. 2, No. 5, German Commercial Code ("HGB")

The purpose of an internal consolidated accounting control system is to ensure adequate certainty by implementing controls that – despite identified risks – enable consolidated financial statements to be prepared in accordance with applicable standards. The Management Board bears overall responsibility for the internal control and risk management system in respect to the consolidated accounting process. All companies included in the Consolidated Financial Statements are covered by a strictly defined management and reporting organization. The principles, the organizational, and procedural structures, as well as the processes of the individual control and risk management systems relating to consolidated accounting, are stipulated throughout the entire Corporate Group in guidelines and organizational procedures that are adapted at regular intervals to reflect current external and internal developments. Our internal experts also work together with external counterparts on a case-by-case basis. This enables us to ensure that our accounting is in compliance with IFRS accounting and valuation regulations.

In respect to the consolidated accounting process, we consider those characteristics of the internal control and risk management system to be major in nature that can have a decisive influence on consolidated accounting and on the overall view presented in the Consolidated Financial Statements. In particular, these are the following elements:

- Identification of the major fields of risk and areas of control that are relevant to the consolidated accounting process,
- Monitoring controls for enabling the consolidated accounting process to be supervised by the Management Board,
- Preventive control measures in the finance and accounting systems of the Corporate Group and the companies included in the Consolidated Financial Statements, as well as in operational corporate processes that generate key information for drawing up the Consolidated Financial Statements, including Management's Discussion and Analysis for the Corporate Group (including separation of functions),
- Measures that assure proper IT-based processing of facts and data that relate to consolidated accounting.

Opportunity management system

The Pfeiffer Vacuum opportunity management system is closely linked to the risk management system, as many risks also offer opportunities that should be utilized where appropriate. This is why the risks identified in the risk inventory are simultaneously examined with a view to potential opportunities, which produces a correlation. In extensive decision-making processes, we analyze the question of whether the potential opportunities or risks predominate, which means that we only engage in risks that appear to be manageable and are compensated for by the opportunities they offer.

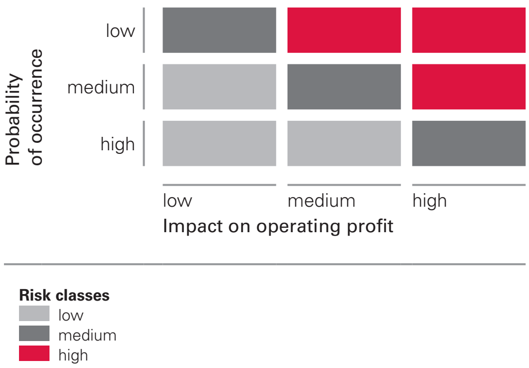
We conduct market and competition analyses in order to be able to explicitly make optimum use of industry and overall economic opportunities. This provides us with a good overview to further broaden our market share by specifically utilizing our potential. Close contact with our customers additionally aids us in identifying trends early on, thus enabling us to actively shape changes in the marketplace.

With variance analyses and development forecasts, our highly refined reporting system also identifies opportunities in our regional structure. Our global sales and marketing network enables us to swiftly and purposefully take advantage of these opportunities.

Risk classification

The risk classification of the risks presented below was effected according to a matrix taking into consideration the probability of occurrence and the potential impact on the operating profit.

Risk Classification



Risks

Overall economy (risk class: low)

As a globally operating company, we are dependent upon global economic developments. Nor can Pfeiffer Vacuum avoid the effects of a decline in world economic growth, and would have to expect to see a direct impact on our sales and profitability. However, the regional and market-segment mix of sales is very balanced at Pfeiffer Vacuum, and its overall structure compensates for revenues in economically weak and economically growing markets and industries. Because it is seldom that all regions and market segments are equally affected by a deteriorating economic development. The semiconductor market represents a significant share of sales and Pfeiffer Vacuum is therefore exposed to a greater extent to the fluctuations of this market. Managing the economic risk essentially involves steering capacities and costs. Flexible working time models enable us to swiftly and easily adapt production capacities to reflect the development of the order situation.

Market segments (risk class: medium)

Sales in Pfeiffer Vacuum's individual market segments are closely linked to global economic developments. The research & development market, for example, is dependent upon government spending and focuses in connection with research projects. The semiconductor market follows its own cycles, which offers enormous opportunities during boom phases and involves major risks during phases of weakness. The coating market is closely linked to developments in the photovoltaic industry and did not recover again following the crisis in 2011. The heterogeneous industrial market segment followed overall economic trends in its general development. And development work in the product categories goes hand in hand with the trends in the individual market segments. This means that smaller turbopumps and analysis instruments are more likely to be required in the analytical industry, which tends to respond on an early-cyclical basis. Large quantities of backing pumps are employed in the semiconductor market, but also in other industries whose developments generally conform to those in mechanical engineering.

In order to combat the risks stemming from dependence upon individual market segments and products, Pfeiffer Vacuum places a great deal of value on its broad based alignment. At the same time, a disproportionately high share of revenue derives from the semiconductor industry, which presents both an opportunity as well as a risk due to the cyclical nature of this industry's development. Pfeiffer Vacuum's strategy for lowering this risk is to increasingly also market adixen products in other industries through our distribution channels, thus lowering the share of total revenues accounted for by the semiconductor industry. Moreover, we estimate that the semiconductor market will grow strongly beyond the cycles.

Acquisition and integration (risk class: low)

The integration of acquired companies into the purchaser's corporate group always poses a special challenge. In order to preclude as far as possible the risk that the expectations which are placed upon the acquisition might not fully materialize, we conduct detailed due diligence reviews in advance of a corporate acquisition. Analyzed in particular in this connection are the legal situation, technical equipment, production planning, and the current and expected financial position of the company to be acquired. To minimize legal and financial risks in particular, we draw upon the counsel of reputable law firms and tax advisors with substantial experience of acquisitions on this scale during the period of preparing and realizing the acquisition. Taken as a whole, these measures ensure that all aspects of a corporate acquisition are taken into consideration, and enables conclusions to be drawn regarding the potential synergies that will result from an acquisition. This significantly reduces the risk of unanticipated developments. However, this risk can never be entirely excluded because a successful acquisition depends upon many other additional factors. This also applies for the integration which follows after acquisition.

To restrict integration-related risks, proven Pfeiffer Vacuum guidelines, which ensure structured and successful business operations, are implemented within newly acquired companies. Directly after acquisition, newly acquired companies are also integrated into the reporting system in the Pfeiffer Vacuum Group, to allow targeted management of the individual companies. Besides extensive reporting, this also includes monthly conference calls and regular meetings on site in the countries concerned. The standardized risk management system is also put in place in all new Group companies. The risk of intransparency is therefore eliminated in this way.

Technology (risk class: medium)

Products and services that do not meet customer expectations lead directly to declining sales, and thus to a loss of market share and reputation. Thus, the key risk factors for Pfeiffer Vacuum include a lack of innovative strength and the loss of quality of products and services. We combat these risks through ongoing customer contact and the resulting market intimacy. The information thus obtained about the needs of our customers enables us to develop and offer products that are suited to their needs. This allows us to expand both our competitive position as well as our name recognition. We will continue to combat the risk of a lack of innovation through our development investments. In addition, maintaining high standards of quality is a top priority for us. We received certification to ISO 9001:2008 for the first time in 1995, and this has since been sustained without interruption.

Purchasing and manufacturing (risk class: low)

The risks in the sourcing market occur, in particular, in the form of supply bottlenecks and dependency upon individual vendors. Downtimes are viewed as a key risk from a production standpoint. We primarily combat the risk of supply bottlenecks and vendor dependence by continuously reviewing alternative supplier options. Anticipated market shortages of raw materials, such as steel and aluminum, and the price risks which these entail, are combated through longterm framework contracts. In general, however, it can be said that the effects of changes in the price of raw materials do not have any significant influence on profitability. Business interruption insurance is in force to cover the effects of downtimes resulting from fire, storm or flood damage, for example. Qualified technicians and modern production machinery keep technically related downtimes to a low level. Regular servicing and preventive maintenance for our machinery and equipment also help to avoid downtimes.

Human resources (risk class: low)

As a provider of vacuum solutions, i. e. a subset of mechanical engineering, we are dependent upon the high level of education, training and commitment of our employees. We use various measures to combat the risk of losing these people and/or insufficient recruiting possibilities for suitable new talent. An attrition rate that continues to be low documents the acceptance of this on the part of our people.

Information technology (risk class: low)

Because our business processes are mapped by means of software support, Pfeiffer Vacuum's corporate data is subject to a general information technology risk. This includes, first and foremost, the risks of system outages, data losses, virus or hacker attacks that could lead to an interruption of business operations. We keep the risk of data losses to a minimum by performing daily backups of our complete enterprise data. Our enterprise database, in particular, with which manufacturing operations, materials management, order handling, financial and cost accounting are handled, is subject to a high security standard. All files created by our employees within the server environment are also backed up on a daily basis.

Our backup tapes are stored in secure, fire-proof locations. The activities of our in-house support team reduce system outages to a low level. The Company also uses regularly updated virus scanners and modern firewalls to protect its hardware and software against the risk of computer viruses and hacking.

Exchange rates (risk class: low)

As a result of our pronounced international operations and the high percentage of export business that this involves, we are subject to a foreign exchange risk. A distinction must be made with respect to the way foreign exchange risks are controlled: the Company engages in active currency management for the (intercompany) U.S. dollar sales. The objective is to enter into options and futures contracts in order to minimize the effects of exchange rate influences on future sales denominated in U.S. dollars. Moreover, there is a valuation risk in some companies at the close of the fiscal year that stems from intercompany accounts receivable denominated in foreign currencies. Both gains and losses from realized options and futures contracts, as well as the valuation results stemming from accounts receivable denominated in foreign currencies, can be controlled to a certain extent. These manifest themselves in the Consolidated Statements of Income. Aside from the exchange rate risks from the U.S. dollar, there are lower foreign exchange rate parity risks for Pfeiffer Vacuum from developments in the exchange rate of the Korean Won.

In addition to this, the Consolidated Statements of Income also include the income and expenses of the non-German sales subsidiaries that do not report in euros, which therefore have to first be translated into euros. This procedure and the resulting effects will be portrayed below using the U.S. sales subsidiary by way of example. However, these comments also apply analogously to all foreign-currency subsidiaries, such as those in the United Kingdom or the Republic of Korea. The line items in the Statements of Income are converted into euros at the annual average exchange rate and then adjusted for intercompany sales and services. Leaving selling and general administrative expenses out of consideration, it is possible to achieve a correlation within the Corporate Group between sales in U.S. dollars and the cost of sales in euros. In this connection, sales invoiced in U.S. dollars are subject to a foreign exchange rate parity (conversion risk), while the cost of sales are incurred mainly in euros and are not subject to any exchange rate influences. The magnitude of sales and gross profit are therefore influenced directly by the exchange rate and are externally stipulated and non-hedgeable. A certain degree of compensation for this effect results from the fact that the subsidiary in the U.S. records its own selling and general administrative costs, which change counter to sales (natural hedge). In this connection – as a function of the development of the euro relative to the respective foreign currency – there can be both positive as well as negative effects on sales and operating profit.

Liquidity position (risk class: low)

The risk of a customer's insolvency always exists, independently of the economic situation (default risk). There are general liquidity risks of being unable to satisfy required payment obligations in a timely manner. The rigorous system of accounts receivable management that has long been practiced at Pfeiffer Vacuum, along with monitoring of our customers' payment patterns, minimizes creditworthiness risks and thus accounts receivable losses. Moreover, our dependence upon individual customers is limited. At year-end 2014, unchanged from previous years, there was no net indebtedness at year end, which means that there continue to be sufficient reserves to assure the survival of the Company, even in difficult economic times. Our operative business generates sufficient liquid assets to enable the Company to continue to grow from within.

Legal risks (risk class: low)

As a result of Pfeiffer Vacuum's international business operations, the Company is subject to a variety of legal risks. National and international contract law and taxation are of particular significance in this connection. These areas can have a direct bearing on the Company's earnings and financial position. Standardized terms and conditions of contract and business are always employed to minimize the risk stemming from contracts entered into for products and services. In the case of special contracts, the contract instrument is first reviewed in-house and then by external legal counsel, if necessary. The expertise required for assessing the Company's daily business is provided by our qualified staff. We draw upon the assistance of external tax advisors in connection with complex issues that relate to national and international taxation. Product liability risks are covered by appropriate insurance. No legal disputes are currently pending whose outcome could have a material impact on the Company's earnings or financial position.

Opportunities

Macroeconomic and sector-specific opportunities

The global economic development continues to be marked by the economic situation in Asia, particularly in China. The continued increase in presence in this region also enables us to benefit from this development. Our position in the United States remains favorable and, here too, a positive economic development is anticipated compared to Europe. Being well placed here gives us the opportunity to lock into this trend as well. A similar situation applies for Germany too, where a slight economic upturn is currently anticipated for 2015. The cyclical nature of the semiconductor industry, which has been referred to a number of times, is both an opportunity and a risk.

Technology

Through its many years of experience, Pfeiffer Vacuum is highly successful in developing viable, high-quality products and bringing them to market. The foundation for this consists of our close collaboration with our customers in a spirit of trust, which enables us to anticipate their needs and thus gain a head start over our competitors. With innovative products and by steadily broadening our product portfolio, there are opportunities for better satisfying the demands of existing markets and generating opportunities for additional sales volumes by gaining market shares. This enables us to offer our customers a broader spectrum of products.

Sales and marketing

One of the Company's key competitive advantages has always been its lack of dependence upon individual regions, products or markets. We therefore view the expansion of our sales and marketing network as representing an opportunity to increase our market share. The globally active sales teams are interlinked, and uniform Pfeiffer Vacuum sales rules have been put in place. Regular training is also given on the permanently expanding spectrum of products, to enable sales staff to make use of opportunities for increasing sales to existing and prospective customers.

Production and logistics

Through the optimization of our production and logistics processes, we have laid the foundation in recent fiscal years for further improving our profitability. We therefore see this as an opportunity for being even faster in offering high-quality solutions to our customers in future as well. We have rigorously aligned the flows of materials in manufacturing towards our modern logistics processes. Reorganizing and fundamentally modernizing manufacturing operations has led to additional productivity gains. As a solutions provider, we focus squarely on the needs of our customers. And through the reorganization of our manufacturing process, we are now being guided even more by the needs of our customers rather than by rigid planning dictates. Moreover, a cutting-edge warehouse system and a standardized system of product shipping increase efficiency. We are confident that the interplay between these modernization measures will help us to reduce throughput times in the future. Pfeiffer Vacuum has a total of three major production sites in Asslar, Göttingen, and Annecy.

Human resources

The development of viable new products, the ongoing improvement of our existing product portfolio, the high level of precision of the production processes, the sale and distribution of our products in a technologically challenging competitive environment, and the administration of an internationally operating, publicly traded Corporate Group necessitate a highly qualified and motivated workforce. We therefore utilize the opportunity of assuring the long-term loyalty of the Company's existing talent while simultaneously being an attractive employer for new people. Attractive pay concepts have been in place for years at Pfeiffer Vacuum. We therefore view ourselves as being well equipped to cover our future needs for qualified skilled labor and university graduates in the future and to assure the loyalty of our talent to the Company – both are absolute prerequisites for the Company's successful further development.

General comments on the risk management system

We are of the opinion that the risk management system is suitable for identifying, analyzing, and quantifying existing risks in order to adequately steer them. Our auditor has reviewed the risk management system that is in place in connection with the audit of the Annual Financial Statements. This review did not result in any objections. No risks are identifiable that could endanger the Company's survival, neither for the year covered by this Report nor for the following years.

Rating

Pfeiffer Vacuum Technology AG is not subject to any official rating by Moody's, Standard & Poor's or similar agencies.

Subsequent Events

Significant changes to the business conditions or the branch environment have not occurred since the beginning of the 2015 fiscal year.

Outlook

General economic development

The International Monetary Fund (IMF) expects growth in global gross domestic product (GDP) of 3.8 % in 2015. The corresponding figure for 2014 amounted to 3.3 %. Although the apparently imminent acceleration of global growth is to be welcomed, it should be mentioned that many of the latest estimates for 2014 are slightly lower than the latest updated figures. Macroeconomic issues relating to Greece and the conflict between Russia and Ukraine lend an additional degree of uncertainty to these estimations.

The strongest GDP growth is still expected from the emerging regions; especially China and India will continue to grow disproportionately fast with 7.1 % and 6.4 % respectively (previous year: 7.4 % and 5.6 %). For 2015, the IMF anticipates an aggregated growth of 6.6 % in the emerging Asian nations (previous year: 6.5 %). In contrast, the institute expects 2.3 % growth from the group of seven of the economically most important developed countries, the so-called G7 (previous year: 1.7 %). After the previous year's projection of 1.4 %, the IMF now anticipates growth of 1.8 % in the European Union in 2015.

Within the eurozone, Germany takes a slightly above-average position with estimated economic growth of 1.5 %. However, the IMF has reduced its growth rate target for 2015 from previously 1.6 % to currently 1.5 %. For the USA, the IMF expects that economic growth, compared to 2014, will continue to increase from 2.2 % to 3.1 %. Here, the estimated value for 2015 was recently increased from 2.9 % to 3.1 %. The anticipated growth rate for the Japanese economy remains at 0.8 %. While Russia recorded a growth rate of 1.3 % in 2013, economic sanctions and the low price of oil caused growth to slow down to a mere 0.2 % in 2014, and the estimated growth for 2015 is 0.5 %. Current political events here result in a very high level of uncertainty. In South America, the former growth engine Brazil has a growth forecast of merely 1.4 %, and thus a growth rate substantially below the regional average (previous year: 0.3 %).

Mechanical engineering

The mechanical engineering industry once again expects growth in 2015. Of the major producers, only China and the USA will grow above average, while the three other major producing countries, Japan, Italy, and Germany, are not expected to generate any growth overall for 2015, despite the fact that these regions saw some tentative improvements towards the end of 2014.

The German Engineering Federation (VDMA) forecasts an increased output of 3.0 % in fiscal 2015, after growth of one percent in 2014, according to the latest figures. The results were therefore below the original projections of the federation. In absolute figures, German mechanical and plant engineering companies with a total estimated € 199 billion turnover in 2014 nevertheless slightly exceeded the previous year's figure, and all-time high, from 2012 and 2013. With an estimated growth to € 205 billion in 2015, a new record high could be achieved.

According to the VDMA, growth accelerated in late 2014 and indicated a successful start to the year 2015. Compared to an overall growth rate of 2 % for the entire year of 2014, the fourth quarter saw an increase in the growth rate of 3 %, while it increased by as much as 13 % in the month of December. Exports showed 16 % growth in December, while the figure for domestic business was 6 % over the previous year. This trend leads to the assumption that exports will continue to play a substantial role in the development of German mechanical engineering.

The OECD leading indicator is considered a reliable indicator for the mechanical engineering sector in the EU. With a lead-time of about six months, it tends to predict the future development of machine production. As in the previous year, it currently signals positive developments, as it averaged out at values of around 100.5 for the OECD overall as well as for the eurozone in late 2014, thus indicating a slight expansion. This suggests that it should strengthen its positive impact on EU machine production in the first half of 2015.

In 2014, new orders in the "Compressors and Vacuum Pumps" sector lay 3.0 % over the previous year's level. In comparison, the overall orders and sales for mechanical engineering only slightly exceeded the previous year's level. For 2015, the federation expects industry-wide sales growth of about 2.0 %.

Development in the markets

Pfeiffer Vacuum divides its customers into the Semiconductor, Industrial, Analytical Industry, Research & Development and Coating market segments. The Semiconductor market segment is regarded as cyclical in nature and, after a sharp downturn in the past year, an initial slight recovery could be seen. Signals from the market and from our customers point to further upward movement. While some large semiconductor companies were able to report record profits again, some of the chip manufacturers are still busy with the next generations of their product lines. In the current fiscal year, the course of this market segment will therefore yet again depend on how quickly and extensively these customers invest in new production facilities and technologies. Pfeiffer Vacuum strongly believes that the demand for products from the semiconductor industry will generally grow at an above-average rate in view of the increasing complexity of digital innovations in almost all areas of everyday life – even if this development is typically characterized by a strong cyclical nature.

In the Industrial market segment, the order growth will primarily be determined by new product developments as well as the general trend towards energy efficiency and resource conservation. Here, Pfeiffer Vacuum expects a relatively stable development in the medium term as well.

Pfeiffer Vacuum expects a similar dynamic development in the case of the Analytical Industry and Research & Development market segments. Analytical instruments are used in research and quality assurance applications in general industry and, in particular, in the semiconductor sector. The Research & Development market segment is dependent on political decisions on the funding of projects, and on research institutes.

The Coating market segment includes customers from sectors such as displays (LED, OLED), architectural glass, solar, and many other areas of surface treatment. As far as the solar industry is concerned, it continues to suffer from acute overcapacities, which resulted in the fact that substantial investment in building up new capacities did not take place in the past fiscal year. Pfeiffer Vacuum currently assumes a stable to slightly upward-tending development of the solar market – albeit at a much lower level than a few years ago.

Development of sales in 2015

The relatively low level of sales from customers in the semiconductor industry is the primary reason for the 0.5 % decline in sales to € 406.6 million in 2014. So far, there are promising signs of improvement, particularly in the semiconductor sector. For the other sectors, we also expect an upswing in 2015. Sales – in keeping with the general trend in the mechanical engineering sector – grew in the fourth quarter, compared to the third quarter. The visibility of orders again is approximately two months. Therefore, no conclusions should be drawn regarding the expected total annual sales on the basis of the subdued level of orders at the end of 2014. Due to the above reasons, and also in view of the improving macroeconomic forecasts – for the global economy as well as the engineering industry – Pfeiffer Vacuum is expecting a noticeable increase in sales in 2015.

Earnings development

Since the acquisition of adixen, with effect from December 31, 2010, we have continued to write off certain amounts, as scheduled, as a consequence of purchase price allocation. This financial burden amounted to € 7 million in the 2014 fiscal year, and is expected to be € 7 million again in 2015. Operational optimization measures as well as economies of scale related to the expected sales improvement should contribute to a noticeable improvement in the operating profit and the EBIT margin situation in 2015. As a result of our low financial liabilities, and therefore low financial expenses, we expect the development of our earnings before taxes to progress parallel to the development of our operating profit. Capital expenditures currently planned for 2015 range between € 10 million and € 12 million for the entire Group.

Dividends

Pfeiffer Vacuum is specifically known as a dividend yielding stock on the German stock market. The Company wishes to remain faithful to this tradition. The Management Board and the Supervisory Board will therefore propose at the Annual General Meeting to distribute an unchanged dividend of € 2.65 per share for fiscal 2014. With a distribution volume of some € 26.1 million, this would result in approximately 80.7 % of net profit being paid out to shareholders.

Dividend Figures

		2014	2013
Payout ratio[1]	in %	80.7	75.1
Dividend per share	in €	2.65[2]	2.65
Dividend yield	in %	3.9[2]	2.7

[1] (Proposed) dividend distribution in relation to the net income for that year
[2] Subject to approval by the Anual General Meeting

Forward-looking statements

The statements, estimations, and other information in this outlook are based upon assumptions about future macroeconomic and sector-specific development. The assumptions are based upon the latest information available at the time of publication. Due to the inherent risk and uncertainty relating to the probability of the statements and estimations made here, actual developments may differ significantly. We wish to remain a highly profitable company. Overall, we are confident that we can achieve this goal on the basis of the development of business at the end of 2014, the strategic focus on clearly defined target markets, and the ongoing conversations with our customers. With our highly trained and motivated employees, we are excellently positioned to achieve this.

Consolidated Financial Statements

Consolidated Statements of Income
Pfeiffer Vacuum Technology AG

in K€	Note	**2014**	2013
Net sales	31	406,642	408,727
Cost of sales	7, 15	– 263,259	– 259,345
Gross profit		**143,383**	149,382
Selling and marketing expenses	7	– 52,789	– 51,343
General and administrative expenses	7	– 29,853	– 29,407
Research and development expenses	7	– 23,936	– 22,900
Other operating income	8	10,176	8,268
Other operating expenses	8	– 2,237	– 3,477
Operating profit	31	**44,744**	50,523
Financial expenses	9, 32	– 978	– 1,217
Financial income	9, 32	507	644
Earnings before taxes	24, 31	**44,273**	49,950
Income taxes	24	– 11,854	– 15,135
Net income		**32,419**	34,815
Earnings per share (in €):			
Basic	34	3.29	3.53
Diluted	34	3.29	3.53

Consolidated Statements of Comprehensive Income Pfeiffer Vacuum Technology AG

in K €	Note	**2014**	2013
Net income		**32,419**	34,815
Other comprehensive income			
Amounts to be reclassified to income statement in future periods (if applicable)			
Currency changes	21	8,083	– 2,528
Results from cash flow hedges	21, 32	– 96	– 167
Related deferred income tax effects	21	32	48
		8,019	– 2,647
Amounts not to be reclassified to income statement in future periods			
Valuation of defined benefit plans	21, 25	– 14,916	1,406
Related deferred income tax effects	21	4,345	– 504
		– 10,571	902
Other comprehensive income net of tax		**– 2,552**	– 1,745
Total comprehensive income net of tax		**29,867**	33,070

Consolidated Balance Sheets
Pfeiffer Vacuum Technology AG

in K€	Note	**Dec. 31, 2014**	Dec. 31, 2013
ASSETS			
Intangible assets	10	77,857	81,397
Property, plant and equipment	11	85,135	88,897
Investment properties	12	520	544
Shares in associated companies	13	1,600	1,600
Deferred tax assets	24	22,202	16,064
Other non-current assets	14	4,819	4,027
Total non-current assets		**192,133**	192,529
Inventories	15	64,245	69,975
Trade accounts receivable	16	53,649	54,128
Income tax receivables		6,325	5,909
Prepaid expenses		1,230	1,714
Other accounts receivable	17, 32	10,028	11,153
Cash and cash equivalents	18	101,468	95,129
Total current assets		**236,945**	238,008
Total assets	31	**429,078**	430,537
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	19	25,261	25,261
Additional paid-in capital	19	96,245	96,245
Retained earnings	20	180,201	173,931
Other equity components	21	– 21,979	– 19,427
Equity of Pfeiffer Vacuum Technology AG shareholders		**279,728**	276,010
Financial liabilities	23	20,697	40,945
Provisions for pensions	25	44,203	27,941
Deferred tax liabilities	24	7,614	10,690
Total non-current liabilities		**72,514**	79,576
Trade accounts payable	26	19,414	23,362
Customer deposits		3,029	5,481
Other accounts payable	27	18,544	18,785
Provisions	28	22,367	23,519
Income tax liabilities		2,974	3,254
Financial liabilities	29	10,508	550
Total current liabilities		**76,836**	74,951
Total shareholders' equity and liabilities		**429,078**	430,537

Consolidated Statements of Shareholders' Equity Pfeiffer Vacuum Technology AG

in K €	Note	Share Capital	Additional Paid-in Capital	Retained Earnings	Other Equity Components	**Equity of Pfeiffer Vacuum Technology AG Shareholders**
Balance as at January 1, 2013		**25,261**	**96,245**	**173,159**	**– 17,682**	**276,983**
Net income		—	—	34,815	—	34,815
Earnings recorded directly in equity	21, 32	—	—	—	– 1,745	– 1,745
Total comprehensive income		—	—	**34,815**	**– 1,745**	**33,070**
Dividend payment	20	—	—	– 34,043	—	– 34,043
Balance as at December 31, 2013		**25,261**	**96,245**	**173,931**	**– 19,427**	**276,010**
Net income		—	—	32,419	—	32,419
Earnings recorded directly in equity	21, 32	—	—	—	– 2,552	– 2,552
Total comprehensive income		—	—	**32,419**	**– 2,552**	**29,867**
Dividend payment	20	—	—	– 26,149	—	– 26,149
Balance as at December 31, 2014		**25,261**	**96,245**	**180,201**	**– 21,979**	**279,728**

Consolidated Statements of Cash Flows Pfeiffer Vacuum Technology AG

in K€	Note	**2014**	2013
Cash flow from operating activities:			
Earnings before taxes	31	44,273	49,950
Adjustment for financial income/financial expenses		471	573
Financial income received		425	566
Financial expenses paid		– 750	– 1,027
Income taxes paid		– 17,236	– 21,503
Depreciation/amortization	10, 11, 12, 31	20,492	20,218
Gain/loss from disposals of assets		– 23	– 54
Changes in allowances for doubtful accounts	16	212	357
Changes in inventory reserves	15	3,876	2,971
Other non-cash income and expenses		446	– 856
Effects of changes in assets and liabilities:			
Inventories		3,836	2,321
Receivables and other assets		3,484	– 4,413
Provisions, including pension and income tax liabilities		206	696
Payables, customer deposits		– 7,385	– 1,871
Net cash provided by operating activities		**52,327**	47,928
Cash flow from investing activities:			
Capital expenditures	10, 11, 12, 31	– 10,012	– 10,274
Proceeds from disposals of fixed assets		352	237
Net cash used in investing activities		**– 9,660**	– 10,037
Cash flow from financing activities:			
Dividend payments	20	– 26,149	– 34,043
Redemptions of financial liabilities		– 10,548	– 10,775
Net cash used in financing activities		**– 36,697**	– 44,818
Effects of foreign exchange rate changes on cash and cash equivalents		369	50
Net increase/decrease in cash and cash equivalents		**6,339**	– 6,877
Cash and cash equivalents at beginning of period		95,129	102,006
Cash and cash equivalents at end of period	18	**101,468**	95,129

Notes to the Consolidated Financial Statements

Remarks relating to the Company and its Accounting and Valuation Methods

1. General remarks relating to the Company

The parent company within the Pfeiffer Vacuum Group ("the Company" or "Pfeiffer Vacuum") is Pfeiffer Vacuum Technology AG, domiciled at Berliner Strasse 43, 35614 Asslar, Germany. Pfeiffer Vacuum Technology AG is a stock corporation organized under German law and recorded in the Register of Companies at the Local Court of Wetzlar under Number HRB 44. The Company is listed on the Deutsche Börse Stock Exchange in Frankfurt am Main, Germany, where it is included in the TecDAX index.

Pfeiffer Vacuum is one of the leading full-line vacuum technology manufacturers, offering custom solutions for a wide range of needs in connection with the generation, control and measurement of vacuum. The products developed and manufactured at the Company's production facilities in Asslar and Göttingen, Germany, as well as in Annecy, France and Asan, Republic of Korea, include turbopumps, a range of backing pumps, such as rotary vane, Roots and dry pumps, complete pumping stations, as well as custom vacuum systems and components.

Pfeiffer Vacuum markets and distributes its products through its own network of sales companies and independent marketing agents. Moreover, there are service support centers in all major industrial locations throughout the world. The Company's primary markets are located in Europe, the United States and Asia.

2. Basis for preparing Consolidated Financial Statements

Statement of compliance with IFRS

The Consolidated Financial Statements of Pfeiffer Vacuum Technology AG for the fiscal year ended December 31, 2014, have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as applicable in the European Union (EU). This includes the International Accounting Standards (IAS), which continue to retain their validity, the interpretations of the Standing Interpretations Committee (SIC) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Those standards that have been published but whose application is not yet mandatory have generally not been adopted at an earlier stage. The Notes to the Consolidated Financial Statements additionally include the information required by § 315a, Sub-Para. 1, of the German Commercial Code ("HGB").

Basic valuation principles

The Consolidated Financial Statements are prepared essentially in accordance with the acquisition cost principle. However, this does not include derivative financial instruments, which are carried at fair values. Pfeiffer Vacuum prepares its Consolidated Financial Statements in euros (€). Unless otherwise indicated, the presentation is in thousands of euros (K€).

Consolidated companies and principles of consolidation

All companies which Pfeiffer Vacuum directly or indirectly controls are consolidated. The Company is considered to control an entity if it is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Associated companies are accounted for using the equity method. Companies are considered to be associated if Pfeiffer Vacuum Group has significant influence. Significant influence is the possibility to participate in financial or operational decisions but excluding control or joint decisions.

Inclusion in the Consolidated Financial Statements is made on the basis of individual financial statements prepared in accordance with consistent accounting and valuation principles. The balance sheet date of the individual financial statements of the included companies is the same as the balance sheet date of the Consolidated Financial Statements.

There were no investments in joint ventures or joint operations as at December 31, 2014, or in previous years. Nor were there any investments in unconsolidated structured entities.

Consolidation of investments is effected at the acquisition date in accordance with the acquisition method. In this connection, all assets (including, if applicable, intangible assets to be recognized additionally) and liabilities are first valued at their attributable fair values. The acquisition costs of the equity investment, i.e. the total compensation transferred, valued in accordance with attributable fair values, are then offset against the acquired, newly valued shareholders' equity. Any resulting positive difference is recognized as goodwill and written down only in the event of an impairment (impairment-only approach). In the case of every corporate merger, those shares that do not have a controlling influence on the acquired company (non-controlling interests) are valued either at their attributable fair value or at a corresponding percentage of the identifiable net worth of the acquired entity. Costs within the framework of the corporate merger are recorded as expense when incurred.

All intercompany receivables and liabilities, gains and losses, revenues and expenses are eliminated in connection with the consolidation process.

Foreign currency translation

The annual financial statements of subsidiaries domiciled outside the European Currency Union have been translated into euros (€) in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates." Each company within the Corporate Group stipulates its own functional currency. The functional currency of the subsidiaries is the respective local currency. When translating financial statements presented in foreign functional currencies, year-end exchange rates are applied to assets and liabilities, while average annual exchange rates are applied to income statement accounts. The resulting translation adjustments are recorded in other equity components.

In the consolidated financial statements, foreign-currency transaction gains and losses from regular operations of consolidated companies are recorded as other operating income and expenses in the income statement.

3. Application of amended or new standards

The accounting and valuation principles used are essentially the same as those used the year before. In variance thereto, the Company in 2014 has applied for the first time the following new or amended standards, if application was mandatory. Basically, this did not have any impact on the Consolidated Financial Statements. In contrast, the first time application of IFRS 10 and IFRS 12 resulted in additional disclosures in the Notes. However, there was no impact on the number of consolidated companies.

The following standards were issued by the IASB and partly endorsed by the EU. Currently the impact on the Consolidated Financial Statements from future application is being analyzed. The option of voluntarily applying standards ahead of time has not been utilized.

Application of amended or new Announcements

	Issued by IASB/IFRIC	Applicability[1]
Mandatory application fiscal year 2014		
IAS 27 – Separate Financial Statements (revised 2011)	May 2011	January 1, 2014
IAS 28 – Investments in Associates and Jointly Controlled Entities (revised 2011)	May 2011	January 1, 2014
Changes to IAS 32 – Offsetting Financial Assets and Financial Liabilities	December 2011	January 1, 2014
IAS 36 – Recoverable Amount Disclosure on Non-financial Assets	May 2013	January 1, 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting	Juni 2013	January 1, 2014
IFRS 10 – Consolidated Financial Statements	May 2011	January 1, 2014
IFRS 11 – Joint Arrangements	May 2011	January 1, 2014
IFRS 12 – Disclosure of Interests in Other Entities	May 2011	January 1, 2014
Changes to IFRS 10, IFRS 11 and IFRS 12 – Transitional provisions	Juni 2012	January 1, 2014
Changes to IFRS 10, IFRS 12 and IAS 27 – Investment Companies	October 2012	January 1, 2014
Voluntary applicability in fiscal year 2014		
IFRIC 21 – Levies	May 2013	June 17, 2014
Improvements to IFRS 2011-2013	December 2013	July 1, 2014
Issued, but not yet endorsed until fiscal year 2014		
IFRS 9 – Financial Instruments	July 2014	January 1, 2018
IFRS 14 – Regulatory Deferral Account	January 2014	January 1, 2016
IFRS 15 – Revenue from Contracts with Customers	May 2014	January 1, 2017
Changes to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	January 1, 2016
Changes to IAS 27 – Equity Method in Separate Financial Statements	August 2014	January 1, 2016
Changes to IAS 16 and IAS 41 – Bearer Plants	June 2014	January 1, 2016
Changes to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	May 2014	January 1, 2016
Changes to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations	May 2014	January 1, 2016
Changes to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception	December 2014	January 1, 2016
Changes to IAS 1 - Presentation of Financial Statements	December 2014	January 1, 2016
Changes to IAS 19 – Employee Benefits – Employee's Contributions	November 2013	July 1, 2014
Improvements to IFRS 2010-2012	December 2013	July 1, 2014
Improvements to IFRS 2012-2014	September 2014	January 1, 2016

[1] Fiscal years beginning on or after the indicated date according to EU regulation

4. Accounting and valuation methods

Income recognition

Sales are recognized when the material risks and rewards relating to the ownership of the products sold passes to the purchaser, which is essentially the case when the goods are shipped. Should product sales be subject to customer acceptance, revenues are not recognized until customer acceptance has occurred. Service revenues are recognized when the underlying services are performed. These revenues include the invoiced working hours of the service personnel, as well as spare parts and replacement products. Rebates are recorded as a reduction of sales. Interest income is recorded when the interest originates. Rental income from investment properties is recorded on a straight-line basis over the term of the leases.

Construction contracts

Construction contracts are accounted for under IAS 11, "Construction Contracts." The percentage of completion method is used for revenue recognition, with the stage of completion being calculated as the ratio between contract costs incurred and expected total contract costs (cost-to-cost method). Receivables from construction contracts are presented under trade accounts receivable on the assets side of the balance sheet, net of partial clearings.

Cost of Sales

Cost of sales include the manufacturing costs for the products sold as well as the costs for the services rendered. This includes all directly attributable material and production costs as well as indirect costs including depreciation/amortization on production buildings and machines. In addition freight costs, expenses for inventory valuation and warranty expenses are included in here. Based on historical experience, warranty provisions for recognized revenues are recorded as at year-end.

Research and development expenses

Research and development costs are expensed as incurred. Development costs are not capitalized, since the capitalization prerequisites in IAS 38, "Intangible Assets," are not fully satisfied.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are stated at cost and depreciated/amortized on a straight-line basis over the customary useful lives of the assets. At the close of each fiscal year, the useful lives and depreciation/amortization methods, as well as the residual values in the case of property, plant and equipment, are reviewed and adjusted where necessary. The following useful lives are assumed:

Estimated useful Life	
Production halls, production and administration buildings and similar facilities	20 – 40 years
Machinery and equipment (including IT equipment)	3 – 15 years
Intangible Assets[1]	2 – 5 years

[1] With the exception of goodwill and a trademark recognized in connection with a purchase price allocation, there are no intangible assets with indefinite useful lives.

Scheduled depreciation and amortization are allocated to the expense lines in the income statement on the basis of the input involved.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances suggest that the carrying amount of an asset may not be recoverable. Should impairment indicators exist, the Company performs the analyses required under IAS 36, "Impairment of Assets," with the carrying amount of the asset being compared to the recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of the fair value less its selling costs and value in use. The resulting amount must be determined for each individual asset, unless an asset generates cash flows that are dependent upon those from other assets or other asset groups. Should the carrying amount of an asset be higher than its recoverable amount, the asset is viewed as being impaired and is written down to its recoverable amount. To determine the value in use of an asset, the anticipated future cash flows are discounted to their cash value, taking into consideration a before-tax discount rate that reflects current market expectations with respect to the interest rate effect and the specific risks of the asset in question.

An appropriate valuation model is employed to determine the fair value less selling costs. This model is based on valuation multiples and other available indicators for the fair value. Any required reversals of impairment losses are recorded in future-period income statements up to the amount of the impairment loss reversal limit. This limit is determined by the amount that would have resulted at the close of the respective fiscal year given scheduled depreciation of the asset. Repair and maintenance costs are expensed as incurred.

Once a year, the Company reviews goodwill for possible impairments. For the purpose of the impairment test, goodwill acquired within the context of a corporate merger is allocated at the acquisition date to those cash generating units of the Corporate Group that can be expected to be able to benefit from the corporate merger. This review is also made whenever events or changes in circumstances suggest that the carrying amount may not be recoverable. In this case, the above described process for impairments under IAS 36, "Impairment of Assets," is applied. Any resulting impairment loss is recorded in the income statement. A reversal of goodwill impairment losses in future periods is not permissible.

A fixed or intangible asset is derecognized either at the time of disposal or at such time as no economic benefit can any longer be expected from the further utilization or sale of the asset. Gains and losses from disposals of assets are determined and recorded in the income statement on the basis of the difference between selling costs and carrying amount, less any directly attributable selling costs, where applicable.

Investment properties

Real estate properties are allocated to the portfolio of investment properties if they are held for the purpose of generating rental income. They are stated at cost and depreciated on a straight-line basis over their estimated useful lives (cost model). Assessment of their residual values, useful lives and depreciation methods, as well as any impairment losses, is performed analogously to the procedure described in connection with property, plant and equipment. Investment properties are derecognized upon disposal or when they are no longer being permanently used and they are no longer expected to produce any further future economic benefit. Investment properties are reclassified to property, plant and equipment if a change in use is caused by self-occupancy. Conversely, property and plant is reclassified to investment properties if self-occupancy ends and leasing is then effected. Due to valuation at amortized cost in both cases, no revaluation is required upon reclassification.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity. Accounting for financial instruments in the case of usual and customary purchase or sale is performed on the settlement date, i.e. the day on which the asset is delivered. According to IAS 39, "Financial Instruments: Recognition and Measurement," financial instruments are allocated to the following categories upon initial recognition:

- Financial assets at fair value through profit and loss (financial assets held for trading),
- Financial assets held-to-maturity,
- Loans and receivables,
- Financial assets available-for-sale,
- Financial liabilities at fair value through profit and loss (financial liabilities held for trading) and
- Financial liabilities measured at amortized cost.

Accounts receivable, in particular trade accounts receivable, are categorized as "loans and receivables" and are measured at (amortized) cost. They typically do not bear interest. Costs of acquisition are recorded at the invoiced amount (including any value added tax). The Company continuously assesses the adequacy of the allowances for doubtful accounts receivable and makes appropriate adjustments on the basis of both specific probability and aging distribution. Any subsequent reversal is recorded in the income statement in an amount not to exceed its carrying amount (net of amortization or depreciation). Receivables are derecognized after all means of collection have been exhausted.

The Company uses derivatives only to manage foreign currency exchange rate risks. Around 56% (2013: 55%) of total consolidated sales are invoiced in foreign currencies (non-euro, predominantly in U.S. dollars). The Company enters into forward exchange and option transactions to hedge its future sales invoiced in foreign currencies against exchange rate fluctuations. Derivative financial instruments are acquired exclusively for this purpose. Pfeiffer Vacuum does not engage in speculative hedging transactions. Derivative financial instruments employed for hedging purposes are recorded at their fair values both at the time they are first recorded as well as in subsequent periods. Derivative financial instruments are recorded as assets if their fair value is positive and as liabilities if their fair value is negative.

Changes in the fair value of these derivatives are recorded in equity without any impact on the income statement if the hedging is classified as a cash flow hedge according to IAS 39 and is effective. The derivative is reclassified into foreign exchange gains/losses at the time of realization of the underlying transaction that has been hedged. Ineffective hedging elements of the change in the fair value of derivatives are recorded in the income statement. If derivatives were purchased for hedging purposes but do not formally qualify for hedging under IAS 39, they are recorded at fair value through profit and loss. The fair values of derivatives are determined on the balance sheet date using current reference quotations and taking into account forward premiums and discounts. Please refer to Note 32 for further information relating to financial instruments.

Trade accounts payable are categorized as financial liabilities and are measured at amortized cost. They are recorded at the higher of their notational value or their redemption amount at the close of the fiscal year, including any value added tax.

Bank loans are also categorized as financial liabilities and are measured at fair value upon first recognition and in future periods at amortized costs using the effective interest method. This takes into consideration all components of the effective interest rate. Interest income and expenses resulting from the application of the effective interest rate method are shown under financial results.

Shares in associated companies

An associate is an entity over which the Company has significant influence. In distinguishing between significant influence and control the Company considers all factors categorized substantial according to judgment. Associated companies are valued in accordance with the equity method, with the book value of the company being adjusted annually by the percentage of results, dividend distributions and other changes to shareholders' equity. Any goodwill in connection with an associated company is included in the book value of the shareholdings, and is subjected to neither scheduled depreciation nor any special impairment test. If there are indications of an impairment, the equity investment valuation is reduced, with the change being charged to income.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and all highly liquid bank investments having original maturities of three months or less. Due to the short investment period this line item is only subject to minor value fluctuations. Cash and cash equivalents are defined accordingly in the consolidated cash flow statements.

Inventories

Inventories are valued at the lower of net realizable value and acquisition or manufacturing costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Acquisition or manufacturing costs comprise all costs for acquisition or manufacturing as well as all costs incurred for bringing the inventories to their current place and to the current status. With regard to work in process and finished products the manufacturing costs include besides directly attributable material and production costs also production related indirect costs. Removals from inventory are determined on a weighted average cost basis. Interests on borrowed capital are not considered as part of acquisition or manufacturing costs for inventories. Valuation adjustments on excess inventories are determined on the basis of internal procedures in accordance with the ratio between inventory turnover and future sales or usage. Excess inventories are stocks of individual inventory items that exceed anticipated sales or usage. Forecast of future sales or usage is based on estimates.

Other accounts receivable and other assets

Other accounts receivable and other assets are recorded at amortized cost and less allowances, where applicable. Non-current receivables and assets are valued using the effective interest method.

Provisions

Provisions are formed when the Corporate Group presently has a legal or constructive outside obligation as a result of a past event and it is likely that settlement of the obligation will lead to an outflow of economic resources and the amount of the obligation can be reliably determined. The valuation is made on the basis of the best estimate of the extent of the obligation.

Pensions

Valuation of pension obligations under defined benefit plans is based upon the projected unit credit method in accordance with IAS 19 "Employee Benefits." According to the new IAS 19 actuarial gains and losses from changes in the amount of either the defined benefit obligation (under pension plans), the actuarial present value of earned entitlements (under other plans) as well as those variances between actual returns and returns calculated with the discount rate or from changes in other actuarial assumptions are recorded directly in the other equity components since the beginning of the 2013 fiscal year. The pension provision thus shows the net benefit obligation resulting from the difference of the defined benefit obligation and the plan assets measured at fair value. Additionally, the return on plan assets is considered with the discount rate. The accounting for obligations under defined benefit plans is based upon actuarial reports calculated as per the close of the fiscal year. The existing pension plans are detailed in Note 25.

Expenses for defined contribution plans are recorded as expense in the income statement when the premium obligation is incurred. Provisions are formed only if the payment is not made in the year the premium was incurred.

Other accounts payable

Other accounts payable are measured at amortized costs. Thus, they are recorded at their notational value or at their higher redemption amount at the close of the fiscal year, including any value added tax.

Income taxes

Current income taxes are stated as a liability to the extent to which they have not yet been paid. General tax risks within the Group are additionally considered. Should the amounts already paid for income taxes exceed the amount owed, the difference is stated as an asset. Calculation of the amount is based upon the tax rates and tax legislation applicable at the close of the fiscal year.

Under IAS 12, "Income Taxes," deferred tax assets and liabilities are formed in the consolidated and taxation financial statements for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases or for unused tax loss carry-forwards (liability method). In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. In making this assessment, management considers the scheduled reversal of temporary differences, projected future taxable income and tax planning strategies. Valuation of deferred tax assets and liabilities is performed using the local tax rates expected to be in effect at the time of realization of the asset or satisfaction of the liability, with the tax rates applicable at the close of the fiscal year being employed. The effects of changes in tax laws are recognized in the results of operations in the period in which the new tax rates go into effect. Deferred taxes that relate to line items recorded directly under shareholders' equity are recorded directly under equity and not in the income statement. An adjustment is recorded for deferred tax assets if it is unlikely that future tax advantages will be realized. Deferred tax assets and liabilities are offset if the entitlements and obligations relate to one and the same tax authority.

Leases

In accordance with IAS 17, "Leases," leasing contracts are classified as either finance or operating leases. Assets that are subject to operating leases are not capitalized. Lease payments are charged to the income statement in the year they are incurred.

Under a finance lease, substantially all of the risks and rewards related to the leased asset are transferred. Assets that are subject to a finance lease are recorded at the present value of the minimum lease payments, with a leasing liability being recorded in the same amount. The periodic lease payments are divided into principal and interest components. While the interest component is recorded as an interest expense, the principal component reduces the outstanding liability. Assets recognized are depreciated over the useful life of the respective asset.

Pfeiffer Vacuum is only acting as a lessee in this regard.

Government grants

Government grants which compensate the Group for expenses (expense subsidies) are recorded in the income statement in other operating income in the same period the underlying expenses are incurred.

Determination of fair values

IFRS 13 "Fair Value Measurement" includes uniform regulations for fair value measurement and rules the determination of fair value in cases where other standards allow or require measurement at fair value. Pfeiffer Vacuum Group did not apply any fair value measurement options.

Use of estimates

The process of preparing financial statements requires the use of estimates and assumptions on the part of management. These estimates are based upon management's historical experience, are verified regularly and adjusted if necessary. Certain of the Company's accounting policies are considered critical, as they can have a major impact on the profitability, financial position and liquidity of the Corporate Group and necessitate significant or complex judgment on the part of management. These estimates and assumptions could differ from the actual results. As at December 31, 2014, no judgment uncertainties existed that could lead to the significant risk of the need for a material adjustment of book values in the 2015 fiscal year.

Material forward-looking estimates and assumptions exist, among others, in estimating the cash flows in connection with the goodwill impairment test, with regard to the formation of pension and warranty provisions, in forecasting the useful lives of fixed assets, or in connection with deferred tax assets. The major assumptions are detailed in the Notes relating to the individual line items of the balance sheet or in the accounting principles. With regard to the assumptions the goodwill impairment test is based on, please refer to Note 10. The parameters underlying the pension accounting are detailed in Note 25. Information concerning the estimated useful life of tangible and intangible assets is included in Note 4, section "Property, plant and equipment and intangible assets". Further details for provisions are described in Note 28.

Notes to the Scope of Consolidation

5. Composition of consolidated companies

In addition to Pfeiffer Vacuum Technology AG, again two German and 20 foreign subsidiaries are fully consolidated in the Company's Consolidated Financial Statements as at December 31, 2014.

Pfeiffer Vacuum Group as at December 31, 2014

in %	Location	Holdings
Pfeiffer Vacuum Technology AG	Germany	
Pfeiffer Vacuum GmbH	Germany	100.0
Pfeiffer Vacuum Austria GmbH	Austria	100.0
Pfeiffer Vacuum (Schweiz) AG	Switzerland	99.4
Pfeiffer Vacuum (Shanghai) Co., Ltd.	China	100.0
Pfeiffer Vacuum (India) Private Ltd.	India	27.0[1]
Pfeiffer Vacuum Ltd.	Great Britain	100.0
Pfeiffer Vacuum Scandinavia AB	Sweden	100.0
Pfeiffer Vacuum Inc.	USA	100.0
Pfeiffer Vacuum Brasil Ltda.	Brazil	100.0
Pfeiffer Vacuum Singapore Ltd.	Singapore	100.0
Pfeiffer Vacuum Taiwan Corporation Ltd.	Taiwan	100.0
Pfeiffer Vacuum Benelux B.V.	The Netherlands	100.0
Pfeiffer Vacuum (Xi'an) Co., Ltd.	China	100.0
Pfeiffer Vacuum Holding B.V.	The Netherlands	100.0
Pfeiffer Vacuum Italia S.p.A.	Italy	100.0
Pfeiffer Vacuum (India) Private Ltd.	India	73.0[1]
Pfeiffer Vacuum Korea Ltd.	Republic of Korea	75.5[1]
Trinos Vakuum-Systeme GmbH	Germany	100.0
adixen Vacuum Products SAS	France	100.0
adixen Vacuum Technology (Shanghai) Co., Ltd.	China	100.0
adixen Manufacturing Korea Co., Ltd.	Republic of Korea	100.0
adixen Manufacturing Romania S.r.l.	Romania	100.0
adixen Vacuum Technology Korea Ltd.	Republic of Korea	100.0
Pfeiffer Vacuum Korea Ltd.	Republic of Korea	24.5[1]

[1] Total Group holdings: 100.0 %

6. Changes in consolidated companies and purchase of non-controlling interests

There were no changes in the consolidated companies in fiscal year 2014.

In 2013 Pfeiffer Vacuum (Xi'an) Co. Ltd. was founded in China and was fully consolidated in the Group's Financial Statements. There was no material impact on the Company's net worth, financial position or profitability.

Notes to the Consolidated Statements of Income

7. Functional expenses

Cost of Sales

Cost of sales predominantly include the manufacturing costs for the products sold as well as the costs for the services rendered. This includes all directly attributable material and production costs as well as indirect production costs (including depreciation/amortization on production buildings and machines). In addition freight costs, expenses for inventory valuation and warranty expenses are included in here.

Selling and marketing expenses

Selling and marketing expenses predominantly include wages and salaries, marketing and advertising costs, costs relating to trade shows and conventions, as well as other merchandising costs (such as catalogs, brochures, etc.).

General and administrative expenses

General and administrative expenses predominantly include wages and salaries, expenses related to allowances for doubtful accounts, audit and other general consulting fees, as well as all costs relating to the Company as a whole.

Research and development expenses

Research and development expenses include personnel and material expenses allocated to this functional section. Amortization expenses for developed technology recognized in connection with the adixen purchase price allocation totaled € 3.0 million and are also included in research and development expenses.

For further analysis of operating expenses please refer to Note 15 (relating to cost of sales), to Note 25 (relating to the development of pension expenses) and to Note 37 (relating to development of personnel expenses).

8. Other operating income and other operating expenses

Other operating income and expenses are comprised as follows:

Composition of Other Operating Income and Expenses

in K€	2014	2013
Foreign exchange gains	6,095	3,187
Government grants	3,958	4,030
Other	123	1,051
Other operating income	**10,176**	8,268
Foreign exchange losses	– 2,237	– 3,477
Other operating expenses	**– 2,237**	– 3,477

9. Financial income and financial expenses

Financial income and financial expenses as recorded in 2014 and the previous year comprises as follows:

Composition of Financial Income and Financial Expenses

in K€	2014	2013
Interest expenses and similar	– 978	– 1,217
Total financial expenses	**– 978**	– 1,217
Interest income	507	644
Total financial income	**507**	644
Financial result	**– 471**	– 573

Notes to the Consolidated Balance Sheets

10. Intangible assets

The intangible assets item mainly includes software purchased within the consolidated Group and intangible assets recognized in connection with the adixen acquisition (amongst others developed technology, customer base, trademark right) as well as goodwill. The development of intangible assets in 2014 and 2013 was as follows:

Development of Intangible Assets in 2014

in K€	Software	Goodwill	Other intangible assets	**Total**
Acquisition cost				
Balance as at January 1, 2014	5,446	53,404	45,243	104,093
Currency changes	73	1,751	1,502	3,326
Additions	630	—	416	1,046
Disposals	– 653	—	– 272	– 925
Balance as at December 31, 2014	5,496	55,155	46,889	107,540
Amortization				
Balance as at January 1, 2014	3,514	—	19,182	22,696
Currency changes	65	—	863	928
Additions	576	—	6,352	6,928
Disposals	– 623	—	– 246	– 869
Balance as at December 31, 2014	3,532	—	26,151	29,683
Net book value as at December 31, 2014	**1,964**	**55,155**	**20,738**	**77,857**

Development of Intangible Assets in 2013

in K€	Software	Goodwill	Other intangible assets	**Total**
Acquisition cost				
Balance as at January 1, 2013	5,360	53,404	45,175	103,939
Currency changes	– 23	—	– 52	– 75
Additions	721	—	120	841
Disposals	– 612	—	—	– 612
Balance as at December 31, 2013	5,446	53,404	45,243	104,093
Amortization				
Balance as at January 1, 2013	3,583	—	12,851	16,434
Currency changes	– 19	—	– 31	– 50
Additions	549	—	6,362	6,911
Disposals	– 599	—	—	– 599
Balance as at December 31, 2013	3,514	—	19,182	22,696
Net book value as at December 31, 2013	**1,932**	**53,404**	**26,061**	**81,397**

Impairment losses or respective reversals did not have to be recorded for intangible assets in fiscal 2014 and 2013. Scheduled amortization of intangible assets was allocated to the functional sections according to their actual origin and reason.

For the purpose of testing the recoverability goodwill and trademark rights with indefinite useful life recognized in connection with acquisitions were allocated to cash generating units. Recoverability was tested on December 31, 2014 by means of an impairment test.

The trademark right "adixen" recognized in connection with the acquisition (net book value € 3.2 million; 2013: € 3.0 million) has an indefinite useful life and was allocated to the business segments based on sales portions. Here, amongst others, € 0.8 million related to France, € 1.0 million to the Republic of Korea, and € 0.6 million to the USA. No impairment was determined under the impairment test conducted on December 31, 2014.

The recoverable amount (value in use) for impairment testing of the goodwill was determined as at December 31, 2014. Bases were cash flow forecasts for the years 2015 through 2017. These forecasts are developed from the yearly sales and cost planning and the corresponding operating results. In doing so, the current operating results as well as the expected market, economic and competitor developments are considered and checked against the historical results. The cash flows expected after the detailed forecast 2015 through 2017 were extrapolated using individual growth rates. Discounting of cash flows is carried out using weighted average cost of capital (WACC) that also reflect country specific risks.

The recoverable amount (value in use) for impairment testing of the goodwill recognized in connection with the adixen acquisition (€ 46.7 million; 2013: € 45.0 million) was determined as at December 31, 2014, based on cash generating units. The adixen goodwill allocation to the cash generating units and the major assumptions used in calculating the recoverable amount are detailed in the following table.

Allocation of adixen Goodwill and Major Valuation Assumptions

	December 31, 2014			December 31, 2013		
	Goodwill	Pre-tax discount rate	Long-term growth rate	Goodwill	Pre-tax discount rate	Long-term growth rate
	€ in millions	in %	in %	€ in millions	in %	in %
Germany	3.4	9.2	1.5	3.4	10.2	1.5
France	22.9	10.6	1.5	22.9	11.8	1.5
Rest of Europe	2.8	11.4	1.5	2.8	12.3	1.5
USA	7.3	10.7	1.5	6.6	11.7	1.5
Republic of Korea	4.1	9.6	1.5	3.7	10.7	1.5
China	4.2	9.9	1.5	3.6	10.8	1.5
Rest of Asia	2.0	10.6	1.5	2.0	10.3	1.5

The determination of the adixen goodwill, too, did not result in any impairment loss.

The recoverable amount (value in use) for impairment testing of the goodwill recognized in connection with the Trinos acquisition (again € 8.2 million) was also determined as at December 31, 2014. The cash flows expected for this separate cash generating unit after the detailed forecast for 2015 through 2017 were extrapolated using a growth rate of 1.5 % (unchanged). The pre-tax discount rate employed was 9.5 % (2013: 10.6 %). The determination of this value did not result in an impairment.

An increase in discount rate by 1.0 %-point with all other assumptions kept constant would cause the recoverable amount (value in use) of the goodwill allocated to the Italy region to match its net book value (2013: 0.2 %-points). The same situation would result from a 1.0 %-point to 6.0 % reduction of the sustainable EBIT margin used for the cash flow extrapolation or a 1.1 % point reduction in the sustainable sales growth rate used for the cash flow extrapolation (2013: 0.2 %-points and 0.25 %-points, respectively). An increase in discount rate by 0.5 %-points with all other assumptions kept constant would cause the recoverable amount (value in use) of the goodwill allocated to the Republic of Korea region to match its net book value. The same situation would result from a 0.3 %-point to 3.2 % reduction of the sustainable EBIT margin used for the cash flow extrapolation or a 1.0 % point reduction in the sustainable sales growth rate used for the cash flow extrapolation. An increase in discount rate by 0.5 %-points with all other assumptions kept constant would cause the recoverable amount (value in use) of the goodwill allocated to the China region to match its net book value. The same situation would result from a 0.6 %-point to 5.9 % reduction of the sustainable EBIT margin used for the cash flow extrapolation or a 0.6 %-point reduction in the sustainable sales growth rate used for the cash flow extrapolation. For the said three cash generating units in Italy, the Republic of Korea and China the amount by which the value in use exceeded the respective unit's net book value totaled € 0.8 million, € 2.6 million and € 1.2 million, respectively.

11. Property, plant and equipment

Development of Property, Plant and Equipment 2014

in K€	Land and Buildings	Technical Equipment and Machinery	Other Equipment, Factory and Office Equipment	Construction in Progress	Total
Acquisition or manufacturing cost					
Balance as at January 1, 2014	67,247	67,156	24,055	2,338	160,796
Currency changes	715	619	321	50	1,705
Additions	1,188	2,960	2,730	2,088	8,966
Disposals	– 1,107	– 468	– 2,157	—	– 3,732
Reclassifications	298	329	34	– 661	—
Balance as at December 31, 2014	68,341	70,596	24,983	3,815	167,735
Depreciation					
Balance as at January 1, 2014	24,014	34,329	13,556	—	71,899
Currency changes	190	225	205	—	620
Additions	3,680	7,309	2,551	—	13,540
Disposals	– 1,065	– 415	– 1,979	—	– 3,459
Balance as at December 31, 2014	26,819	41,448	14,333	—	82,600
Net book value as at December 31, 2014	**41,522**	**29,148**	**10,650**	**3,815**	**85,135**

Development of Property, Plant and Equipment 2013

in K€	Land and Buildings	Technical Equipment and Machinery	Other Equipment, Factory and Office Equipment	Construction in Progress	Total
Acquisition or manufacturing cost					
Balance as at January 1, 2013	67,385	64,592	23,368	746	156,091
Currency changes	– 302	– 354	– 133	—	– 789
Additions	467	3,820	2,045	3,101	9,433
Disposals	– 376	– 2,083	– 1,400	– 80	– 3,939
Reclassifications	73	1,181	175	– 1,429	—
Balance as at December 31, 2013	67,247	67,156	24,055	2,338	160,796
Depreciation					
Balance as at January 1, 2013	20,844	29,282	12,500	—	62,626
Currency changes	– 53	– 120	– 68	—	– 241
Additions	3,599	7,222	2,462	—	13,283
Disposals	– 376	– 2,055	– 1,338	—	– 3,769
Balance as at December 31, 2013	24,014	34,329	13,556	—	71,899
Net book value as at December 31, 2013	**43,233**	**32,827**	**10,499**	**2,338**	**88,897**

In fiscal 2014, buildings and machinery having a net book value of K€ 3,148 (2013: K€ 2,892) were used as collateral to secure the Group's financial liabilities.

Neither in 2014 nor in the previous year there were any impairment losses or related reversals for property, plant and equipment.

12. Investment properties

Development of Investment Properties

in K€	2014	2013
Acquisition or manufacturing cost		
Balance as at January 1	861	861
Additions	—	—
Disposals	—	—
Reclassifications	—	—
Balance as at December 31	861	861
Depreciation		
Balance as at January 1	317	293
Additions	24	24
Disposals	—	—
Reclassifications	—	—
Balance as at December 31	341	317
Net book value as at December 31	**520**	544

The real estate shown in this line item was rented out in fiscal 2014 and 2013. Unchanged to the previous year, rental revenues amounted to K€ 51 and direct operating expenses amounted to K€ 26. Impairment losses or related reversals did not have to be recorded in 2014 and 2013.

The fair value of investment properties totaled € 0.5 million as per December 31, 2014 (2013: € 0.6 million). Fair values were derived on the basis of the Company's own calculations by discounting expected net rental revenues during the estimated remaining life by an appropriate discount rate (level 3 of the fair value hierarchy according to IFRS 13).

13. Shares in associated companies

Since 2010, Pfeiffer Vacuum holds a total of 24.9 % of the shares of Dreebit GmbH, of Dresden, Germany. This company is active in the field of service for vacuum pumps and systems, and additionally conducts developments in the field of medical technology.

Composition of Equity Value

in K€	2014	2013
Current assets	1,337	1,377
Non-current assets	6,751	6,579
Current liabilities	– 1,211	– 904
Non-current liabilities	– 450	– 625
Total Equity	**6,427**	**6,427**
Holdings quota	24.90 %	24.90 %
Equity Value	**1,600**	**1,600**

Dec. 31

With sales of K€ 5,441 (2013: K€ 4,894), Dreebit in 2014, too, earned a balanced bottom line.

14. Other non-current assets

Other non-current assets mainly include non-current financial assets, for example deposits (K€ 1,220, 2013: K€ 1,479).

15. Inventories

Composition of Inventories

in K€	2014	2013
Raw materials	23,205	29,743
Work in process	15,262	16,676
Finished products	25,778	23,556
Total inventories, net	**64,245**	69,975

Dec. 31

Materials consumption in fiscal 2014 amounted to € 166.1 million (2013: € 163.1 million) and is included in cost of sales.

In 2014 an amount of K€ 3,876 (2013: K€ 2,971) from the valuation of inventories at net realizable value was recorded as expense. This expense was shown under cost of sales.

16. Trade accounts receivable

In connection with its normal course of business, the Company extends credit to a wide variety of business customers. The Company performs ongoing credit evaluations of its customers and establishes adequate allowances for identified credit risks. Trade accounts receivable do not bear any interest and have a remaining term of less than one year.

Composition of Trade Accounts Receivable

in K€	2014	2013
Trade accounts receivable	54,888	55,475
Allowance for doubtful accounts	– 1,239	– 1,347
Trade accounts receivable, net	**53,649**	54,128

Dec. 31

Summary of Activity in the Allowance for Doubtful Accounts

in K€	2014	2013
Balance as at January 1	1,347	1,249
Currency changes	87	– 22
Additions	212	357
Utilization	– 407	– 237
Balance as at December 31	**1,239**	1,347

Composition of Unreserved Trade Accounts Receivable

in K€	Net Book Value	Thereof: Unreserved and not Overdue	Thereof: Unreserved and Overdue in the Following Periods < 30 Days	30–60 Days	61–90 Days	91–180 Days	181–360 Days	> 360 Days
2014	**53,649**	**43,967**	**6,081**	**1,685**	**763**	**292**	**127**	**239**
2013	54,128	41,978	6,872	2,562	779	621	304	239

Dec. 31

As at December 31, 2014 receivables with a nominal value of K€ 1,734 were subject to allowances for doubtful accounts (2013: K€ 2,120).

In 2014, expenses for derecognition of receivables amounted to K€ 145 (2013: K€ 96).

Trade accounts receivable as of December 31, 2014 include receivables from construction contracts totaling K€ 764 that were recorded according to the percentage of completion. These receivables resulted from sales recognized in 2014 totaling K€ 3,113 less partial clearings of K€ 2,349. The total costs incurred and recognized profits to date amounted to K€ 3,113. In 2013 there were no amounts to disclose in this regard.

17. Other accounts receivable

This line item totals K€ 10,028 as at December 31, 2014 (2013: K€ 11,153). As in the year before, this position was characterized by expense subsidies of K€ 2,934 (2013: K€ 2,415) and VAT claims of K€ 823 (2013: K€ 2,871).

In addition there are asserted indemnity claims in connection with a former acquisition which have not yet been recorded. Additional information is not disclosed at this point to avoid negative impact on the ongoing dispute.

18. Cash and cash equivalents

The cash and cash equivalents item consists of cash at banks and cash on hand. Additionally, the Company records all bank deposits having an original maturity of three months or less as cash equivalents. The fair value of cash and cash equivalents corresponds to their net book value.

19. Share capital and additional paid-in capital

Unchanged compared to the previous year end, the share capital of Pfeiffer Vacuum Technology AG (parent company) consisted of 9,867,659 issued and outstanding no-par ordinary shares. The Annual General Meeting on May 26, 2011, authorized the Management Board to increase the Company's share capital by K€ 12,631, or 4,933,829 shares, in consideration for contributions in cash and/or kind (authorized capital). This authorization is valid through May 25, 2016, and is subject to the consent of the Supervisory Board. Authorized capital as at December 31, 2014, totaled K€ 9,186.

According to the resolution of the Annual General Meeting on May 22, 2014, the Management Board is authorized to issue fractional bonds with option or conversion rights or conversion obligations, profit participation rights or participating bonds (or combinations of these instruments) with an aggregate nominal value of up to € 200,000,000.00 and to grant the holders conversion rights for up to 2,466,914 no-par bearer shares of the Company having a pro-rata amount of up to € 6,315,299.84 of the share capital. This authorization is valid until May 21, 2019, and requires the consent of the Supervisory Board.

There were no changes of the additional paid-in capital in 2014 or 2013.

20. Paid and proposed dividends

The Annual General Meeting on May 22, 2014, resolved to pay a dividend of € 2.65 per share (Annual General Meeting on May 28, 2013: € 3.45 per share). The dividend payment carried out thereunder amounted to K€ 26,149 in 2014 (2013: K€ 34,043).

At the Annual General Meeting, the Management and Supervisory Boards will propose that the shareholders participate in the Company's success in the form of a dividend in the amount of € 2.65 per share. This proposal is subject to the approval of the Annual General Meeting. Because the proposal must be approved by the Annual General Meeting, the resulting payment of K€ 26,149 has not been recorded as a liability in the balance sheet for the fiscal year ended December 31, 2014.

21. Other equity components

Other equity components comprise unrealized gains/losses on hedges and actuarial gains/losses resulting from valuation of defined benefit obligations and plan assets at fair value. Furthermore this position comprises foreign currency translation adjustments.

Development of Other Equity Components

in K €	Actuarial Gains/Losses	Unrealized Gains/Losses on Hedges	Foreign Currency Translation Adjustments	**Total**
Balance as at January 1, 2013	– 17,018	119	– 783	– 17,682
Changes in actuarial gains/losses (net of tax)	902	—	—	902
Changes in fair value of cash flow hedges (net of tax)	—	– 119	—	– 119
Changes in foreign currency translation	—	—	– 2,528	– 2,528
Balance as at December 31, 2013	– 16,116	—	– 3,311	– 19,427
Changes in actuarial gains/losses (net of tax)	– 10,571	—	—	– 10,571
Changes in fair value of cash flow hedges (net of tax)	—	– 64	—	– 64
Changes in foreign currency translation	—	—	8,083	8,083
Balance as at December 31, 2014	– 26,687	– 64	4,772	**– 21,979**

Due to the fact that the terms of all cash flow hedges are less than one year, the reported year-end balances as at December 31 of the respective years will be reclassified to the income statement the next year. The new year-end amounts result form changes during the respective year and thus not from prior years.

Tax Effect on Other Comprehensive Income

	2014			2013		
in K €	Gross Amount	Tax Effect	Net Amount	Gross Amount	Tax Effect	Net Amount
Actuarial gains/losses	– 14,916	4,345	– 10,571	1,406	– 504	902
Cash flow hedges	– 96	32	– 64	– 167	48	– 119
Currency changes	8,083	—	8,083	– 2,528	—	– 2,528
Total other comprehensive income	**– 6,929**	**4,377**	**– 2,552**	– 1,289	– 456	– 1,745

Dec. 31

22. Treasury shares

At the Annual General Meeting on May 20, 2010, the shareholders authorized Pfeiffer Vacuum to acquire treasury shares pursuant to § 71, Sub-Para. 1, No. 8, German Stock Corporation Act. This authorization allows the Company to acquire treasury shares representing up to € 2,296,473.60 of the capital stock (897,060 shares equal to 10 % of capital stock at the time of the resolution) and is valid through May 19, 2015.

23. Long-term financial liabilities

In connection with the acquisition of the adixen entities, long-term financial liabilities having a net cash inflow of € 67.0 million were taken out. These liabilities have a Euribor-based variable interest rate including a margin. Interest clearing is made quarterly. For the fiscal year 2014, interest expenses totaling € 0.6 million were recorded (2013: € 0.8 million). Taking into account the loan costs to be recognized over the duration of the liabilities, the amount recorded in the balance sheet on December 31, 2014, stands at € 20.0 million (2013: € 39.8 million). Guarantors of the credit agreement are Pfeiffer Vacuum Technology AG, Pfeiffer Vacuum GmbH and Trinos Vakuum-Systeme GmbH. Under the loan agreement, the Group has committed to comply with a determined financial ratio. The Company has complied with this ratio in 2014 and 2013. Further long-term financial liabilities totaling € 0.7 million (2013: € 1.1 million) are due to the partial external funding of some adixen entities. For the time being redemption of this line item can be assumed in equal yearly amounts in the years 2016 to 2019. Cash outflows from interests will presumably total € 0.3 million in 2015, € 0.2 million in 2016 and € 0.1 million and for each of the years 2017 to 2019.

Pfeiffer Vacuum and its subsidiaries have various lines of credit available to them for operating purposes, totaling approximately € 28.1 million (2013: € 19.6 million).

24. Income taxes

Under current German corporate tax law, taxes on the income of German companies comprise corporate taxes, trade taxes and an additional surtax.

Income Before Tax was Taxable in the Following Jurisdictions

in K€	2014	2013
Germany	34,094	36,089
Outside Germany	10,179	13,861
Total	**44,273**	49,950

Composition of Income Tax Expense

in K€	2014	2013
Current taxes		
Germany	9,627	11,234
Outside Germany	6,586	7,232
	16,213	18,466
Deferred taxes		
Germany	– 128	– 329
Outside Germany	– 4,231	– 3,002
	– 4,359	– 3,331
Income tax expense	**11,854**	15,135

K€ 16,426 of current tax expense relate to earnings in 2014 (2013: K€ 18,158). This line item additionally contains tax refunds for prior years amounting to K€ 213 (2013: tax expenses K€ 308).

Reconciliation from Expected to Actual Income Tax Expense

in K€	2014	2013
Earnings before taxes	44,273	49,950
Expected tax expense using the tax rate of the parent company (28.81 %)	12,755	14,391
Higher foreign tax rates	341	525
Non-deductible expenses	289	1,005
Effects due to dividend payments	68	– 10
Non-taxable income	– 1,247	– 1,172
Tax credits/debits due to tax filings in prior years	– 213	308
Other	– 139	88
Income tax expense	**11,854**	15,135

As opposed to 30.3 % the year before, the tax ratio for the Pfeiffer Vacuum Group amounted to 26.8 % in 2014.

Deferred Taxes Relate to the Following Balance Sheet Items

in K€	2014	2013
Deferred tax assets		
Pensions	16,847	11,853
Inventories	5,191	4,690
Personnel and other provisions	2,897	2,796
Tax loss carry forwards	2,270	1,087
Property, plant and equipment	498	511
Trade accounts receivable (including allowances for doubtful accounts)	267	314
Intangible assets	136	255
Derivatives	53	—
Financial liabilities	—	82
Other	153	150
Total deferred tax assets	**28,312**	21,738
Deferred tax liabilities		
Property, plant and equipment	– 6,622	– 7,207
Intangible assets	– 6,329	– 8,306
Receivables (including allowances for doubtful accounts)	– 255	– 177
Inventories	– 186	– 174
Tax-privileged reserves of a Swedish subsidiary	– 126	– 211
Personnel and other provisions	– 4	– 12
Derivatives	—	– 54
Other	– 202	– 223
Total deferred tax liabilities	**– 13,724**	– 16,364
Total deferred taxes, net	**14,588**	5,374

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Amounts Recorded in the Balance Sheet

in K€	2014	2013
Deferred tax assets	22,202	16,064
Deferred tax liabilities	– 7,614	– 10,690
Total deferred taxes, net	**14,588**	5,374

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Deferred Taxes Recorded in the Income Statement

in K€	2014	2013
Intangible assets	– 1,858	– 1,974
Tax loss carry forwards	– 1,037	– 1,086
Pensions	– 653	172
Property, plant and equipment	– 550	– 473
Inventories	– 353	– 513
Derivatives	– 75	13
Tax-privileged reserves of a Swedish subsidiary	– 75	– 52
Receivables (including allowances for doubtful accounts)	139	– 101
Financial liabilities	83	165
Personnel and other provisions	19	356
Other	1	162
Total deferred taxes (income)	**– 4,359**	– 3,331

As at December 31, 2014, the total deferred tax assets included income taxes recorded directly in equity of K€ 10,179 (2013: K€ 6,201). The total deferred tax liabilities included income taxes recorded directly in equity of K€ – 880 (2013: K€ – 481). The amount recorded in 2014 only related to actuarial gains/losses and unrealized gains/losses on cash flow hedges recognized in equity (2013: actuarial gains/losses).

Provisions have not been established for additional taxes on the undistributed earnings of non-German subsidiaries. These earnings are considered to be permanently reinvested and could become subject to additional tax if remitted or deemed remitted as dividends. Under current German law, dividends from non-German and German subsidiaries are 95% tax-exempt, i.e. 5% of dividend income is not deductible from income for corporate tax purposes. Management estimates that the effects of this rule in Germany will be negligible.

25. Pensions and similar obligations

Defined benefit pension plans

Composition of the Net Liability Recorded in the Balance Sheet

in K€	**2014**	2013
Present value of funded defined benefit obligation	92,589	73,987
Present value of unfunded defined benefit obligation	8,820	7,098
Total present value of defined benefit obligation	101,409	81,085
Fair value of plan assets	– 57,206	– 53,144
Net defined benefit liability	**44,203**	27,941

Dec. 31

Regional Split of the Net Liability Recorded in the Balance Sheet

in K€	**2014**	2013
Germany	33,694	20,220
Europe (excluding Germany)	8,023	6,368
Rest of world	2,486	1,353
Net defined benefit liability	**44,203**	27,941

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For Pfeiffer Vacuum GmbH there are plans in place consisting of old-age, invalidity and surviving dependents benefits. These obligations are based upon plans reflecting period of service and final salary. However, these plans are closed for new employees since many years. For new employees there is a retirement arrangement in place since December 31, 2007 which has been implemented as a direct commitment on a period of service and funded basis. Accordingly for all employees of Pfeiffer Vacuum GmbH an employer funded pension scheme is in place which is partially funded via the Pfeiffer Vacuum Trust e.V. There are no legally binding minimum funding requirements for these plans.

For re-appointed members of the Pfeiffer Vacuum Technology AG Management Board there are individually agreed plans in place consisting of old-age, invalidity and surviving dependents benefits. These obligations are based on period of service as well as final salary commitments and are also largely funded via the Pfeiffer Vacuum Trust e.V. Again, there are no legally binding minimum funding requirements. These benefit obligations are detailed in the compensation report (an element of MD & A).

For Pfeiffer Vacuum Inc., USA, there is a plan in place consisting of old-age, invalidity and surviving dependents benefits with the obligations being based upon period of service and final salary. These benefits are partially funded via a trust arrangement. There are no legally binding minimum funding requirements.

For adixen Vacuum Products SAS, France, and for adixen Vacuum Technology Korea Ltd., Republic of Korea, there are plans in place with the obligations being based upon period of service and final salary to be paid as a one-time installment due at the beginning of the retirement. The plan of adixen Vacuum Technology Korea Ltd. is partially funded. There are no legally binding minimum funding requirements in France or the Republic of Korea.

Composition of the Net Pension Expenses

in K€	**2014**	2013
Current service cost	2,980	3,184
Net interest expense	940	895
Net pension expenses	**3,920**	4,079

Net pension expenses were allocated to the functional expenses according to the input involved.

Development of the Defined Benefit Obligation

in K€	2014	2013
Present value of defined benefit obligation as at January 1	81,085	80,240
Current service cost	2,980	3,184
Interest cost on the defined benefit obligation	2,960	2,598
Actuarial gains/losses from changes in demographic assumptions	136	536
Actuarial gains/losses from changes in financial assumptions	16,827	– 1,664
Actuarial experience gains/losses	– 557	– 536
Benefits paid	– 2,939	– 2,980
Currency changes	917	– 293
Present value of defined benefit obligation as at December 31	**101,409**	81,085
Thereof attributable to:		
Active employees	59,165	45,094
Deferred employees	4,247	3,242
Pensioners	37,997	32,749

Development of Plan Assets

in K€	2014	2013
Fair value of plan assets as at January 1	53,144	51,324
Interest income	2,020	1,703
Experience gains/losses	1,598	– 380
Company contributions	2,685	3,703
Benefit payments	– 2,939	– 2,980
Currency changes	698	– 226
Fair value of plan assets as at December 31	**57,206**	53,144

Actuarial Assumptions

in %	2014	2013
Germany		
Discount rate	2.05	3.40
Wage and salary trend	3.00	3.00
Pension trend	2.00	2.00
United States		
Discount rate	4.50	5.00
Wage and salary trend	2.00	3.00
France, Republic of Korea		
Discount rate (weighted average)	2.12	3.32
Wage and salary trend (weighted average)	3.60	3.54

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Composition of Plan Assets

	2014		2013	
	in K€	in %	in K€	in %
Equity securities	14,792	25.9	14,539	27.4
Debt securities	39,209	68.5	34,343	64.6
Cash and cash equivalents	789	1.4	1,864	3.5
Other	2,416	4.2	2,398	4.5
Total	**57,206**	**100.0**	53,144	100.0

Dec. 31

With the exemption of plan assets in the category "Other" totaling K€ 1,495 (previous year: K€ 1,400) all plan assets are traded on an active market.

Plan assets do not contain financial instruments issued by the Company or other assets owned by the Company.

Accounting for 88 % the vast majority of plan assets related to the funding of the German benefit plans. To invest these funded amounts fiducially and insolvency protected Pfeiffer Vacuum Trust e.V. was founded. Pfeiffer Vacuum Trust e.V. issued a mutual fund with a pursued target equity allocation of up to 30 % as well as a pursued fixed-income securities and cash allocation of at least 70 %. The fund is managed by an unrelated third-party asset management company with the major conditions regarding the asset allocation being given and adjusted when necessary. Funds are invested conservatively using also a value safeguarding approach. Underlying risks in connection with the investment of plan assets, for example fair value and default risks, are minimized accordingly.

The risks relating to the defined benefit plans within Pfeiffer Vacuum Group predominantly relate to the determination of discount rates. Changes to this parameter impact disproportionately the present value with the current relatively low interest rate level leading to a comparably high benefit obligation. In addition, benefit obligation is impacted by the other actuarial assumptions (for example life expectancy, wage and salary trend, pension trend). Depending on the elements of the pension plan life expectancy or pension trend are of subordinate importance. The following table shows the respective impact of an isolated adjustment of individual assumptions with all other parameters including the basic methodology kept constant compared to the original calculation.

Sensitivity Analysis as at December 31, 2014

	Change in actuarial assumption	Impact on defined benefit obligation	
		in K€	in %
Present value of defined benefit obligation as at December 31, 2014		101,409	
Discount rate	1.0 %-point increase	– 12,989	– 12.8
	1.0 %-point decrease	17,824	17.6
Pension trend	0.25 %-point increase	2,595	2.6
	0.25 %-point decrease	– 2,441	– 2.4
Wage and salary trend	0.5 %-point increase	2,222	2.2
	0.5 %-point decrease	– 2,090	– 2.1
Life expectancy	increase by 1 year	4,237	4.2
	decrease by 1 year	– 4,269	– 4.2

Sensitivity Analysis as at December 31, 2013

	Change in actuarial assumption	Impact on defined benefit obligation	
		in K€	in %
Present value of defined benefit obligation as at December 31, 2013		81,085	
Discount rate	1.0 %-point increase	– 10,252	– 12.6
	1.0 %-point decrease	12,952	16.0
Pension trend	0.25 %-point increase	1,853	2.3
	0.25 %-point decrease	– 1,772	– 2.2
Wage and salary trend	0.5 %-point increase	1,628	2.0
	0.5 %-point decrease	– 1,579	– 1.9
Life expectancy	increase by 1 year	2,963	3.7
	decrease by 1 year	– 3,041	– 3.8

Expected Maturity of Undiscounted Pension Payments

in K€	2014	2013
Less than 1 year	3,080	2,758
Between 1 and 2 years	3,225	2,900
Between 2 and 3 years	3,525	2,980
Between 3 and 4 years	3,848	3,187
Between 4 and 5 years	4,094	3,565
More than 5 until 10 years	23,258	20,197

Dec. 31

The weighted average duration of the defined benefit obligation at December 31, 2014 amounted to 16.6 years (December 31, 2013: 15.3 years).

The expected contributions for defined benefit plans in 2015 will be approximately € 3.4 million.

Defined contribution plans

Employees of the Company in certain countries are covered by defined contribution plans. Generally, contributions are based upon a percentage of the employee's wages or salaries. The costs of these plans charged to operations amounted to K€ 9,495 (2013: K€ 9,281).

26. Trade accounts payable

Trade accounts payable do not bear any interest and have maturities of less than one year.

27. Other payables

Other payables (K€ 18,544 as at December 31, 2014, and K€ 18,785 as at December 31, 2013) mainly consist of payroll taxes and VAT, as well as payables from social security contributions and legally binding participation programs. They do not bear any interest and have maturities of less than one year.

28. Provisions

Composition of Provisions

in K€	2014	2013
Warranty provisions	12,599	12,136
Personnel provisions	8,311	10,061
Other provisions	1,457	1,322
Total	**22,367**	23,519

Dec. 31

Warranty provisions include the amounts expected due to claims in connection with product warranties. They are recorded as per the close of the fiscal year for realized revenues based on management's estimates and experience.

Provisions for employee-related expenses primarily include provisions for profit-sharing obligations, bonuses and service anniversary awards.

Development of Provisions

in K€	Warranty	Personnel	Other	Total
Balance as at January 1, 2014	12,136	10,061	1,322	23,519
Currency changes	520	189	32	741
Additions	8,509	6,856	1,092	16,457
Utilization	– 8,517	– 8,559	– 974	– 18,050
Releases	– 49	– 236	– 15	– 300
Balance as at December 31, 2014	**12,599**	**8,311**	**1,457**	**22,367**

29. Short-term financial liabilities

Short-term financial liabilities include a portion of the bank loan taken out in connection with the adixen acquisition totaling € 10.0 million (please also refer to Note 23) and other bank liabilities in the amount of € 0.5 million maturing within one year (2013: € 0.4 million).

30. Commitments and other financial obligations

The Company has entered into leases and maintenance agreements which expire on various dates, some of which are renewable. The tables below present the maximum amount of the contractual commitments as at year end, classified by the periods in which the contingent liabilities or commitments will expire.

Contractual Obligations as at December 31, 2014

		Payments Due by Period			
in K€	**Total**	< 1 Year	1–3 Years	3–5 Years	> 5 Years
Operating leases	11,245	3,596	4,186	1,881	1,582
Purchase obligations	13,976	10,619	3,357	—	—
Repair and maintenance	1,808	1,697	61	37	13
Total	**27,029**	**15,912**	**7,604**	**1,918**	**1,595**

Contractual Obligations as at December 31, 2013

		Payments Due by Period			
in K€	**Total**	< 1 Year	1–3 Years	3–5 Years	> 5 Years
Operating leases	8,355	3,156	3,388	1,662	149
Purchase obligations	8,297	7,199	1,098	—	—
Repair and maintenance	1,597	1,467	83	34	13
Total	**18,249**	**11,822**	**4,569**	**1,696**	**162**

Purchase obligations include long-term arrangements for future supplies of materials. Rental expenses amounted to € 3.5 million (2013: € 3.3 million) and mainly related to the local sales companies' rented premises.

31. Segment reporting

The Company's business operations include the development, manufacture, sale and service of vacuum pumps, vacuum components and instruments, as well as vacuum systems. The subsidiaries in the individual countries are independent legal entities with their own management, which distribute products and provide services. The entire product portfolio is offered by all sales subsidiaries.

Controlling of business development by corporate management is carried out on the level of the legal entities. Accordingly, the Company identifies its primary operating segments by legal entity. Due to the similarity of their economic characteristics, including nature of products sold, type of customers, methods of product distribution and economic environment, the Company basically aggregates its European and Asian subsidiaries into one reporting segment, "Europe (excluding Germany and France)" and "Asia (excluding Republic of Korea)". In contrast, the companies in France and the Republic of Korea were presented separately each as an individual segment. This was caused by the different functions of the French entities, including research and development as well as production, and the production function of the Korean entities, respectively. Unchanged compared to previous year, all information is based upon the geographic location of the Group Company in question.

Transactions between segments are based upon the arm's length principle. The internal reporting on which the disclosures are based is IFRS. Segment sales and segment results in the primary reporting format initially include the effects of inter-segment transactions. These effects are eliminated in connection with the consolidation process.

Segment Reporting as at December 31, 2014

in K€	Germany	France	Europe (excl. G and F)	USA	Republic of Korea	Asia (excl. Korea)	Other/ Consoli-dation	**Group**
Net sales	201,307	146,067	89,065	91,825	60,217	44,640	– 226,479	406,642
Third party	103,056	30,623	86,590	90,674	55,195	40,504	—	406,642
Intercompany	98,251	115,444	2,475	1,151	5,022	4,136	– 226,479	—
Operating profit	33,759	3,934	6,215	3,984	– 6,085	2,744	193	44,744
Financial results	—	—	—	—	—	—	– 471	– 471
Earnings before taxes	33,759	3,934	6,215	3,984	– 6,085	2,744	– 278	44,273
Segment assets	136,053	111,047	35,322	51,682	55,078	39,896	—	429,078
Thereof: Assets according to IFRS 8.33 (b)[1]	52,709	67,136	4,817	10,496	19,827	13,346	—	168,331
Segment liabilities	75,541	47,787	6,985	4,258	10,814	3,965	—	149,350
Capital expenditures:								
Property, plant and equipment[2]	2,552	2,022	511	994	502	2,385	—	8,966
Intangible assets	465	575	—	6	—	—	—	1,046
Depreciation	4,618	5,921	546	222	1,264	993	—	13,564
Amortization	672	4,014	191	619	923	509	—	6,928

[1] Non-current assets other than financial instruments, deferred tax assets and prepaid pension cost
[2] Including investment properties

Segment Reporting as at December 31, 2013

in K€	Germany	France	Europe (excl. G and F)	USA	Republic of Korea	Asia (excl. Korea)	Other/ Consoli-dation	**Group**
Net sales	202,226	143,969	83,528	81,179	66,307	51,022	– 219,504	408,727
Third party	104,723	34,314	81,143	80,062	61,702	46,783	—	408,727
Intercompany	97,503	109,655	2,385	1,117	4,605	4,239	– 219,504	—
Operating profit	36,415	4,035	4,548	3,879	378	1,190	78	50,523
Financial results	—	—	—	—	—	—	– 573	– 573
Earnings before taxes	36,415	4,035	4,548	3,879	378	1,190	– 495	49,950
Segment assets	129,893	124,062	34,664	49,555	55,599	36,764	—	430,537
Thereof: Assets according to IFRS 8.33 (b)[1]	54,974	74,473	5,004	9,624	19,676	11,114	—	174,865
Segment liabilities	73,848	53,694	8,167	4,416	10,195	4,207	—	154,527
Capital expenditures:								
Property, plant and equipment[2]	3,729	3,874	523	147	230	930	—	9,433
Intangible assets	649	160	32	—	—	—	—	841
Depreciation	4,383	5,939	480	226	1,210	1,069	—	13,307
Amortization	603	4,031	192	651	923	511	—	6,911

[1] Non-current assets other than financial instruments, deferred tax assets and prepaid pension cost
[2] Including investment properties

Aside from directly allocatable assets, the "Other" segment contains all assets that can not be allocated on a reasonable basis (e.g. securities). Sales with one major customer (> 10 % of total sales) amounted to € 44.3 million in 2013 and were recorded in the Republic of Korea and the China segment. In 2014 these sales were less than 10 % of total sales.

Sales by Product

in K€	**2014**	2013
Turbopumps	124,693	125,351
Instruments and Components	96,899	101,151
Backing Pumps	89,419	92,075
Service	84,967	81,653
Systems	10,664	8,497
Group	**406,642**	408,727

32. Financial instruments

Fair value

The net book value of financial instruments (e.g. cash and cash equivalents, trade accounts receivable and trade accounts payable, other accounts receivable and payable) essentially equals their fair value.

Interest rate risks

The interest-bearing portion of cash and cash equivalents involves interest rate risks. All investment forms have variable interest rates and are invested on a short-term basis. There are no further investment forms that result in interest rate risks within the Pfeiffer Vacuum Group.

Due to the short investment period for cash and cash equivalents, the agreed interest rate equals the market rate. Even if the market rate should change significantly, there will be no material impact on the fair value of cash and cash equivalents because the interest rate can be adjusted after only a short period of time.

As at December 31, 2014, as in the year before, there were no more interest-sensitive financial assets. As a result of cash and cash equivalents as at December 31, 2014, an increase (decrease) in interest rate by 50 basis points would increase (decrease) earnings by K€ 507 (2013: increase/decrease by K€ 476). As a result of financial liabilities shown as at December 31, 2014, an increase (decrease) in interest rate by 50 basis points would decrease (increase) earnings by K€ 156 (2013: increase/decrease by K€ 207).

Credit risks

Due to the Company's vastly heterogeneous customer structure, there are no material credit risk concentrations within the Group. Credit risks are additionally minimized through rigorous accounts receivable management and by monitoring our customers' payment patterns. Furthermore, deliveries to new customers are essentially made only after credit assessment, against payment in advance or credit limit. As a result, Pfeiffer Vacuum is able to keep the level of its allowance for doubtful accounts low, even in difficult economic times.

Liquidity risks

Due to the above-average level of cash and cash equivalents, no liquidity risks can be identified.

Foreign exchange rate risks

Approximately 56% (2013: 55%) of the Company's net sales are denominated in currencies other than the euro, primarily in U.S. dollars. The Company enters into foreign currency forward contracts and options to hedge the exposure of its forecasted sales against currency fluctuations. All derivative financial instruments are entered into only within this scope.

The derivatives that qualify for cash flow hedges under IAS 39 are recognized either as assets or liabilities at their fair values. Changes in the values of these cash flow hedges are recorded in equity under other equity components, net of applicable taxes. These amounts are subsequently reclassified as earnings (foreign exchange gains/losses) in the same period as the underlying transactions affect operating income. For the fiscal years ended December 31, 2014, and 2013, there were no gains or losses that were recognized in earnings due to hedge ineffectiveness. For the same periods, no gains or losses had to be reclassified to earnings from other equity components as a result of the discontinuance of cash flow hedges. If derivatives are kept, these derivatives are marked to market at period end using quoted forward rates. The negative fair values recorded under other accounts payable for the period ended December 31, 2014, totaled K€ 96. Because the changes in fair value for cash flow hedges are recorded directly in equity, other equity components decreased by K€ 64, net of taxes of K€ 32. As at December 31, 2013, there were no contracts to be classified as cash flow hedges. Accordingly, no impact on other equity components had to be recorded.

The derivatives classified as fair value hedges totaled 61 K€ as at December 31, 2014, were recorded through the income statement and shown under other accounts payable (December 31, 2013: other accounts receivable K€ 160). The Company does not engage in speculative hedging for investment purposes. As at December 31, 2014, and at December 31, 2013, no contracts held by the Company had a maturity date greater than one year.

As at December 31, 2014, the Company has entered into foreign currency forward contracts (U.S. dollar) totaling € 5.8 million (2013: € 12.5 million). Pfeiffer Vacuum performs ongoing credit evaluations of the parties to these contracts and enters into contracts only with well-established financial institutions. Currency risks as defined by IFRS 7 arise as a result of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration. Relevant risk variables are generally all non-functional currencies in which Pfeiffer Vacuum has entered into financial instruments. The vast majority of non-derivative monetary financial instruments within the Pfeiffer Vacuum Group are directly denominated in functional currency. In variance thereto, exchange rate risks arise from the securities available-for-sale, from a portion of trade accounts receivable and from derivative financial instruments. If derivative financial instruments classify as cash flow hedges, changes in the exchange rate do not impact the income statement but are recorded directly in equity. Exchange rate-based changes in securities available-for-sale are also recorded directly in equity.

Had the euro, as at December 31, 2014, lost 10% net income would have been higher by K€ 832 and total equity higher by K€ 579. A 10% gain in the euro as at December 31, 2014, would have decreased net income by K€ 692 and total equity by K€ 523. A 10% loss in the euro as at December 31, 2013, would have led to a K€ 632 increase in net income and in total equity. A 10% gain in the euro as at that balance sheet date would have decreased net income and total equity by K€ 105. In all cases, net income and equity was affected mostly by the sensitivity of the U.S. dollar which is predominantly material for the Consolidated Financial Statements.

Composition of financial instruments

The following tables show the composition of financial instruments by balance sheet line item and valuation category and fair value as well as net results by valuation category.

Composition of Financial Instruments as at December 31, 2014

in K€	Category According to IAS 39	Net Book Value	Amounts Recognized According to IAS 39 Amortized Cost	Fair Value Recognized in Equity	Fair Value Through Profit and Loss	Fair Value
Assets						
Cash and cash equivalents	LaR	101,468	101,468	—	—	101,468
Trade accounts receivable	LaR	53,649	53,649	—	—	53,649
Derivative financial instruments (hedges)	n.a.	—	—	—	—	—
Liabilities						
Trade accounts payable	FLAC	19,414	19,414	—	—	19,414
Financial liabilities	FLAC	31,205	31,205	—	—	31,205
Derivative financial instruments (hedges)	n.a.	157	—	96	61	157
Totals by valuation categories:						
Loans and Receivables (LaR)		155,117	155,117	—	—	155,117
Held-to-Maturity Investments (HtM)		—	—	—	—	—
Financial Assets Available for Sale (AfS)		—	—	—	—	—
Financial Assets Held for Trading (FAHfT)		—	—	—	—	—
Financial Liabilities Measured at Amortized Cost (FLAC)		50,619	50,619	—	—	50,619
Financial Liabilities Held for Trading (FLHfT)		—	—	—	—	—

Composition of Financial Instruments as at December 31, 2013

in K€	Category According to IAS 39	Net Book Value	Amounts Recognized According to IAS 39 Amortized Cost	Fair Value Recognized in Equity	Fair Value Through Profit and Loss	Fair Value
Assets						
Cash and cash equivalents	LaR	95,129	95,129	—	—	95,129
Trade accounts receivable	LaR	54,128	54,128	—	—	54,128
Derivative financial instruments (hedges)	n.a.	160	—	—	160	160
Liabilities						
Trade accounts payable	FLAC	23,362	23,362	—	—	23,362
Financial liabilities	FLAC	41,495	41,495	—	—	41,495
Totals by valuation categories:						
Loans and Receivables (LaR)		149,257	149,257	—	—	149,257
Held-to-Maturity Investments (HtM)		—	—	—	—	—
Financial Assets Available for Sale (AfS)		—	—	—	—	—
Financial Assets Held for Trading (FAHfT)		—	—	—	—	—
Financial Liabilities Measured at Amortized Cost (FLAC)		64,857	64,857	—	—	64,857
Financial Liabilities Held for Trading (FLHfT)		—	—	—	—	—

Net Results by Valuation Category

in K€	From Interest/ Dividends	From Subsequent Valuation: At Fair Value	From Subsequent Valuation: Currency Translation	From Subsequent Valuation: Impairment/ Reversal of Impairment	From Derecognition	Net Results 2014	Net Results 2013
Loans and Receivables (LaR)	507	—	3,858	– 212	– 131	4,022	33
Held-to-Maturity-Investments (HtM)	—	—	—	—	—	—	—
Financial Assets Available-for-Sale (AfS)	—	—	—	—	—	—	—
Financial Assets Held for Trading (FAHfT)	—	—	—	—	—	—	—
Financial Liabilities Measured at Amortized Cost (FLAC)	– 958	—	—	—	—	– 958	– 1,197
Financial Liabilities Held for Trading (FLHfT)	—	—	—	—	—	—	—

Determination of fair value of financial instruments

Determination of the fair value of derivative financial instruments (K€ – 157 as at December 31, 2014; K€ 160 as at December 31, 2013) was done according to level 2 of the fair value hierarchy as set out in IFRS 13 "Fair Value Measurement" using accepted valuation principles and directly obtainable and up-to-date market parameters.

Determination of fair value of financial liabilities with variable interest rates is based on the assumption that agreed interest rates equal the rates customary in the market. Accordingly the net book values correspond to their fair values.

Due to the underlying short terms fair values of trade accounts receivable and payable, other accounts receivable and payable and cash and cash equivalents equal their respective net book values.

33. Management of financial risks

With an equity ratio of 65.2 % as at December 31, 2014, Pfeiffer Vacuum still has an equity base that is far above average. Additionally, cash and cash equivalents totaled € 101.5 million as at December 31, 2014. Considering financial liabilities of € 31.2 million as at December 31, 2014 (December 31, 2013: € 41.5 million), the Group did not show any net financial liabilities as at December 31, 2014. This situation provides the Group with the required liquidity range to successfully complete the adixen integration without reaching the financial limits too soon.

Liquid assets are invested on a short-term conservative basis. Due to its high equity ratio and its superior liquidity, Pfeiffer Vacuum will not depend upon interest-bearing liabilities to fund its capital expenditures for replacement and expansion as well as for dividend payment. Moreover, there are sufficient liquidity reserves to respond to changes in the economic situation.

34. Earnings per share

Computation of Earnings[1] per Share

in K€	2014	2013
Net income (in K€)	32,419	34,815
Weighted average number of shares	9,867,659	9,867,659
Number of conversion rights	—	—
Adjusted weighted average number of shares	9,867,659	9,867,659
Earnings per share in € (basic/diluted)	3.29	3.53

[1] Attributable to Pfeiffer Vacuum Technology AG shareholders

There were no transactions with ordinary shares or ordinary shares issued during the period between the balance sheet date of December 31, 2014, and the preparation of the Consolidated Financial Statements.

Additional Notes and Supplemental Information

35. Related party disclosures

Related party transactions predominantly consist of all transactions with those companies included in the Consolidated Financial Statements. The amounts of these transactions are detailed in the segment reporting in Note 31, which also includes intercompany sales. All transactions are carried out at conditions that are usual and customary in the market and are entirely eliminated during the consolidation process. Therefore, there is no impact on financial position or results. Pfeiffer Vacuum does not have holdings in any jointly controlled entities. Furthermore, no factual control exists with respect to special purpose entities.

Following the purchase of 24.9 % of the share capital of Dreebit GmbH, of Dresden, in fiscal 2010, this company is an associated company. There were no material transactions with this company in fiscal 2014 and 2013.

Please refer to Notes 39 and 40 regarding the compensation paid to members of the Management and Supervisory Boards, as well as regarding potential transactions with members of these corporate bodies. Aside from their activities on the Supervisory Board, the members of the Supervisory Board do not provide individual services for the Group or any of its companies. In contrast thereto, the employee representatives on the Supervisory Board receive salaries under the rules of the respective employment contracts for their work at the Company.

Members of the Management and Supervisory Boards held an aggregate total of 6,377 shares of the Company as at December 31, 2014 (2013: 3,577 shares). The holdings of members of corporate bodies are thus negligible.

In 2014, the reimbursements from Pfeiffer Vacuum Trust e. V. amounted to € 2.5 million (2013: € 2.3 million). Contributions to Pfeiffer Vacuum Trust e. V. again totaled € 2.7 million in 2014.

The law firm of Menold Bezler was contracted on the basis of usual and customary terms and conditions, to perform consulting projects. As in the previous year expenses recorded in this context totaled less than € 0.1 million. The Chairman of the Supervisory Board, Dr. Michael Oltmanns, is a partner in that firm.

36. Events after the balance sheet date

Since the beginning of the 2015 fiscal year, there have not been any significant changes in the Company's position or the industry environment.

37. Personnel expenses

Personnel expenses

in K€	**2014**	2013
Wages and salaries	108,311	104,664
Social security, pension and other benefit cost	26,080	26,060
Thereof for pensions	13,415	13,360
Total	**134,391**	130,724

38. Number of employees

The number of employees was as follows as at December 31, 2014, and 2013:

Number of Employees

	2014	2013
Annual average		
Male	1,873	1,837
Female	388	382
Total	**2,261**	2,219
Balance sheet date		
Male	1,872	1,849
Female	386	386
Total	**2,258**	2,235

39. Management Board

As at December 31, 2014, the Management Board of the parent company, Pfeiffer Vacuum Technology AG, consisted of:

- Manfred Bender (Chief Executive Officer), Master of Business Administration
- Dr. Matthias Wiemer (Member of the Management Board), Diploma in Mechanical Engineering

Total short-term benefits recorded in the income statement for the aforesaid members of the Management Board for fiscal 2014 were € 1.4 million, thereof € 0.7 million short-term variable benefits (2013: € 1.4 million, and € 0.7 million, respectively). Short-term variable benefits recorded in the income statement in 2013 were paid out in 2014. As in the year before total pensions expenses in 2014 were € 0.4 million. Pursuant to § 289, Sub-Para. 2, No. 5, German Commercial Code ("HGB"), the compensation paid to the members of the Management Board is detailed in the compensation report (an element of MD & A). Additionally, the distribution of responsibilities within the Management Board is shown in MD&A. Benefits to former members of the Management Board (pensions) again amounted to € 0.3 million.

With effect from November 3, 2014, the Supervisory Board has relieved Mrs. Nathalie Benedikt from her duties as board member. The fixed remuneration in 2014 totaled € 0.2 million (2013: € 0.2 million). Short-term variable benefits recorded in the income statement in 2013 totaling € 0.2 million were paid out during 2014. In connection with the ending of the function no special benefits were granted.

40. Supervisory Board

Pursuant to § 96, Sub-Para. 1, § 101, Sub-Para. 1, German Stock Corporation Act ("AktG"), § 4, German One-Third Participation Act ("DrittelbG") of 2004, and § 9, Sub-Para. 1, Articles of Association and Bylaws, the Supervisory Board comprises four members elected by the Annual General Meeting and two members elected by the Company's employees.

In 2014, the Supervisory Board comprised the following persons:

- Dr. Michael Oltmanns (Chairman), Attorney at Law and Tax Advisor
  Further supervisory board seats:
  - Becker Mining Systems AG, Friedrichsthal, Germany (chairman)
  - HPC AG, Mannheim (chairman), since October 1, 2014
  - Jetter AG, Ludwigsburg, Germany (chairman)
  - Scholz AG, Essingen, Germany (chairman), until May 22, 2014
- Götz Timmerbeil (Vice Chairman and Chairman of the Audit Committee), Certified Public Accountant and Tax Advisor
  Further supervisory board seats:
  - VfL Handball Gummersbach GmbH, Gummersbach, Germany (chairman of the advisory board)
  - Arena Gummersbach GmbH & Co. KG, Gummersbach, Germany (vice chairman)
- Helmut Bernhardt (Employee Representative), Development Engineer
- Manfred Gath (Employee Representative), Chairman of the Employee Council
- Wilfried Glaum, Business Administrator
- Dr. Wolfgang Lust, Entrepreneur

Pursuant to § 289, Sub-Para. 2, No. 5, German Commercial Code ("HGB"), the compensation paid to the members of the Supervisory Board is detailed in the compensation report (an element of MD & A).

41. Exempting provision under § 264 Sub-Para. 3, German Commercial Code ("HGB")

Pfeiffer Vacuum GmbH, Asslar, Germany, is included in the Consolidated Financial Statements of Pfeiffer Vacuum Technology AG. Accordingly, this company has made use of the exempting provision under § 264, Sub-Para. 3, German Commercial Code.

42. Audit fees for independent auditors

The expenses for services rendered by the auditor of the Consolidated Financial Statements recorded in the statements of income were as follows for fiscal 2014 and 2013:

Audit Fees for the Auditor of the Consolidated Financial Statements

in K€	**2014**	2013
Fees resulting from:		
Audit services	837	784
Other certification and consulting services	—	—
Tax advisory services	12	144
Other services	44	44
Total	**893**	972

43. German Corporate Governance Code/Declaration pursuant to § 161, German Stock Corporation Act ("AktG")

The recommendations and suggestions contained in the Code have been a firm element of our corporate governance and corporate culture for many years. Pursuant to § 161 of the German Stock Corporation Act, the Management and Supervisory Boards issued the statement of compliance for the year 2014 in November 2014 and made it permanently available for shareholders and interested parties at the Company's homepage. With the following exception, this statement reflects compliance with the recommendations of the German Corporate Governance Code Government Commission as amended in June 2014:

- The German Corporate Governance Code recommends an appropriate consideration or participation of women in the appointment of management, executive board or supervisory board positions. Both the Supervisory Board and Management Board of Pfeiffer Vacuum do not regard the belonging to a certain gender as an attribute which specifically qualifies a candidate for any position.

The full text of the Code is available at the following Internet address: www.corporate-governance-code.de.

44. Authorization for issuance of Consolidated Financial Statements

Through a resolution by the Management Board on March 5, 2015, the Consolidated Financial Statements were authorized for issuance.

Asslar, March 5, 2015

The Management Board

Manfred Bender

Dr. Matthias Wiemer

Certification of Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Asslar, March 5, 2015

The Management Board

Manfred Bender   Dr. Matthias Wiemer

Independent Auditors' Report

We have audited the consolidated financial statements prepared by Pfeiffer Vacuum Technology AG, Asslar, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, March 5, 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Bösser	Hillebrand
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Independent Auditors' Report

We have audited the consolidated financial statements prepared by Pfeiffer Vacuum Technology AG, Asslar, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, March 5, 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Bösser	Hillebrand
Wirtschaftsprüfer	Wirtschaftsprüfer
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Consolidated Statements of Income (6-Year-Overview)

in K€	**2014**	2013	2012	2011	2010	2009
Net sales	**406,642**	408,727	461,327	519,509	220,475	182,001
Cost of sales	– 263,259	–259,345	–294,182	–352,129	–117,553	–103,694
Gross profit	**143,383**	149,382	167,145	167,380	102,922	78,307
Selling and marketing expenses	– 52,789	–51,343	–50,431	–54,521	–26,211	–22,961
General and administrative expenses	– 29,853	–29,407	–30,118	–35,009	–16,518	–10,634
Research and development expenses	– 23,936	–22,900	–22,317	–22,713	–6,993	–7,171
Other operating income	10,176	8,268	10,515	14,648	1,424	1,170
Other operating expenses	– 2,237	–3,477	–6,317	–8,008	–1,714	–937
Operating profit	**44,744**	50,523	68,477	61,777	52,910	37,774
Financial expenses	– 978	–1,217	–2,245	–2,923	–1,798	–239
Financial income	507	644	822	645	3,416	893
Earnings before taxes	**44,273**	49,950	67,054	59,499	54,528	38,428
Income taxes	– 11,854	–15,135	–21,230	–17,931	–16,199	–10,735
Net income	**32,419**	34,815	45,824	41,568	38,329	27,693
Earnings per share (in €)	**3.29**	3.53	4.64	4.19	4.40	3.24
Number of shares (weighted average)	9,867,659	9,867,659	9,867,659	9,867,659	8,667,075	8,514,248
Profitability figures						
Gross margin	35.3 %	36.5 %	36.2 %	32.2 %	46.7 %	43.0 %
Operation profit margin	11.0 %	12.4 %	14.8 %	11.9 %	24.0 %	20.8 %
After-tax return on sales	8.0 %	8.5 %	9.9 %	8.0 %	17.4 %	15.2 %
Sales by region						
Europe	183,181	182,070	190,753	229,857	127,650	118,028
Asia	130,323	143,863	171,483	189,781	37,319	24,179
The Americas	92,636	81,447	98,204	98,769	54,745	37,365
Rest of world	502	1,347	887	1,102	761	2,529
Sales by product						
Turbopumps	124,693	125,351	132,992	144,337	92,378	68,845
Instruments and components	96,899	101,151	110,863	111,335	69,155	38,940
Backing pumps	89,419	92,075	121,023	182,941	28,654	25,490
Service	84,967	81,653	78,217	72,487	23,146	18,748
Systems	10,664	8,497	18,232	8,409	7,142	29,978

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Financial Glossary

Cash and cash equivalents
Indicates the cash and cash equivalents provided by the various capital flows and is the result of the cash flow accounting.

Cash flow from financing activities
Indicates the balance of cash and cash equivalents provided to or used by a company in connection with transactions involving shareholders' equity or outside capital.

Cash flow from investment activities
Indicates the balance of cash and cash equivalents that a company has invested or received in connection with the acquisition or sale of financial and tangible assets.

Cash flow from operating activities
Indicates the change in cash and cash equivalents resulting from operative business during the period under review.

Corporate governance
The organizational structure and content of the way companies are managed and controlled.

Dividend yield
Indicates the ratio between a dividend and a defined share trading price – typically the year-end trading price. The dividend yield expresses the magnitude of the effective yield of the capital invested in shares.
Calculation: Dividend ÷ Trading Price x 100

Equity ratio
Describes the relationship between shareholders' equity and total capital. The more shareholders' equity that is available to a company, the better its credit rating will typically be.
Calculation: Shareholders' Equity ÷ Balance Sheet Total x 100

Free-float
The free-float includes all shares that are not held by major shareholders; i. e. shares that can be acquired and traded by the general public. Under Deutsche Börse's definition, shares totaling over 5 percent of total equity or over 25 percent held by investment funds are not considered to be part of the free-float.

Gross margin
Indicates the ratio between gross profit and net sales, enabling conclusions to be drawn regarding a company's production efficiency.
Calculation: Gross Profit ÷ Net Sales x 100

Gross profit
The result of net sales less cost of sales.
Calculation: Net Sales – Cost of Sales

Market capitalization
Indicates the current market value of a company's shareholders' equity on the stock exchange.
Calculation: Number of Shares Outstanding x Trading Price

Operating profit (EBIT)
Operating profit (earnings) before interest and taxes.
Calculation: Net Income ± Financial Income / Expenses ± Income Taxes ± Gain / Loss from Investment

Operating profit margin (EBIT margin)
The ratio between operating profit and net sales – the higher the ratio, the higher the profitability of operating activities.
Calculation: Operating Profit (EBIT) ÷ Net Sales x 100

Research and development expense ratio
Is an expression of the relationship between the volume of research and development expenses and the volume of net income generated. Is thus considered to be an indicator of a company's willingness to invest in its own innovation activities.
Calculation: R & D Expenses ÷ Net Income x 100

Return on capital employed (ROCE)
Ratio between operating profit and the total capital employed during a period.
Calculation: EBIT ÷ (Net) Assets + Working Capital x 100

Return on equity
Provides information about the yield on the equity provided by shareholders.
Calculation: Net Income ÷ Shareholders' Equity x 100

Working capital
A liquidity parameter that indicates the surplus of a company's assets that are capable of being liquidated short term (within one year) over its short-term liabilities.
Absolute calculation: Current Assets – Short-Term Borrowed Capital; Relative calculation: Current Assets ÷ Short-Term Borrowed Capital x 100

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Financial Calendar 2015

Friday,
February 20

Preliminary results for fiscal year 2014

Thursday,
March 26

Results for fiscal year 2014

Tuesday,
May 5

Interim report 1st quarter 2015 results

Thursday,
May 21

Annual General Meeting 2015

Tuesday,
August 4

Interim report 2nd quarter/ 1st half-year 2015 results

Tuesday,
November 3

Interim report 3rd quarter/ 9-month 2015 results