



INTERNATIONAL UNITED STRONG

Quarterly Financial Report
THIRD QUARTER 2018

Quarterly Financial Report / Third Quarter 2018

Contents

	Page
Key Figures	3
The Company	4
Share Performance	5
Interim Management Report	6
Consolidated Interim Financial Statements	17
Consolidated Statements of Income	17
Consolidated Statements of Comprehensive Income	18
Consolidated Balance Sheets	19
Consolidated Statements of Shareholders' Equity	20
Consolidated Statements of Cash Flows	21
Notes to the Consolidated Interim Financial Statements	22
Additional Information	31

Key Figures

		Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change
Sales and profit							
Total sales	K€	153,118	154,226	-0.7%	491,330	430,463	14.1%
Germany	K€	25,548	25,409	0.5%	79,807	72,507	10.1%
Other countries	K€	127,570	128,817	-1.0%	411,523	357,956	15.0%
Operating profit	K€	20,749	22,159	-6.4%	68,502	57,208	19.7%
EBIT margin	%	13.6	14.4	-0.8Pp	13.9	13.3	0.6 Pp
Net income	K€	14,885	15,397	-3.3%	49,258	39,623	24.3%
Return on sales	%	9.7	10.0	-0.3 Pp	10.0	9.2	0.8 Pp
Operating cash flow	K€	5,515	19,813	-72.2%	37,383	46,448	-19.5%
Capital expenditures	K€	11,509	3,603	219.4%	24,038	15,945	50.8%
Earnings per share	€	1.51	1.56	-3.2%	4.99	4.02	24.1%
Workforce							
Workforce (average)		3,126	2,911	7.4%	3,066	2,764	10.9%
Germany		1,007	945	6.6%	976	936	4.3%
Other countries		2,119	1,966	7.8%	2,090	1,828	14.3%
Sales per employee	K€	49	53	-7.5%	160	156	2.6%
Balance sheet							
			Sept, 30, 2018		December 31, 2017		Change
Balance sheet total	K€		595,751		553,361		7.7%
Cash and cash equivalents	K€		90,802		97,402		-6.8%
Number of shares issued			9,867,659		9,867,659		-
Shareholders' equity	K€		353,347		320,937		10.1%
Equity ratio	%		59.3		58.0		1.3 Pp

Due to the completion of the purchase price allocation for the Dreebit, ATC and Nor-Cal acquisitions in fiscal 2017 some of the profitability numbers shown above were adjusted retroactively and thus differ from the amounts reported in the Financial Statements for the third quarter 2017.

This quarterly financial report has been prepared in accordance with International Financial Reporting Standards (IFRS). Throughout this report, all percentages are calculated based on amounts in thousands €.

The Quarterly Financial Report as of September 30, 2018, is unaudited.

The Company

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 being constantly 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!

Pfeiffer Vacuum

Headquarters	Asslar
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; Indianapolis, USA; Yreka, USA; Ho-Chi-Minh-City, Vietnam
Workforce (September 30, 2018)	3,126
Sales and service	32 subsidiaries and a multitude of agencies worldwide
Quality management	Certified under ISO 9001
Environmental management	Certified under ISO 14001
Stock exchange listing	Deutsche Börse, Prime Standard/TecDAX
Accounting	IFRS

For more information please visit www.group.pfeiffer-vacuum.com.

Share Performance

Pfeiffer Vacuum shares have been traded on the Deutsche Börse Stock Exchange in Frankfurt since April 15, 1998. Pfeiffer Vacuum satisfies the high transparency requirements of the Prime Standard and has been included without interruption in the TecDAX, the index of the 30 most important technology issues traded on the stock exchange in Frankfurt, since its inception.

Basic information about Pfeiffer Vacuum shares

Deutsche Börse Symbol	PFV
ISIN	DE0006916604
Bloomberg Symbol	PFV.GY
Reuters Symbol	PV.DE
Number of shares issued	9,867,659
Freefloat as at September 30, 2018	61.04 %
Market capitalization as at September 30, 2018	€ 1,262.1 million

On January 2, 2018, the opening price of Pfeiffer Vacuum shares was € 157.40 and the closing price was € 127.90 on September 28, 2018. This represents a decrease by 18.7 %. On January 22, 2018 the high for the first nine months of 2018 was reached with € 165.70. The low for the first nine months in 2018 was € 120.60 on April 4, 2018. In the same period the TecDAX, starting at 2,536 points on January 2, 2018 and closing at 2,834 points on September 28, 2018, increased by 11.8 %.

Also in 2018 Pfeiffer Vacuum distributed a dividend to its shareholders for a repeated time. At the Annual General Meeting on May 23, 2018, a vast majority of shareholders followed the common proposal of Management and Supervisory Boards and resolved a dividend of € 2.00 per share for the fiscal year 2017. Thus, the payout ratio amounted to around 36.6 % of consolidated net income 2017. A total of € 19.7 million was paid to the shareholders.

Unchanged compared to December 31, 2017, the freefloat according to our knowledge is 61.04 % as of September 30, 2018.

Interim Management Report

Sales in the first three quarters of 2018 totaled € 491.3 million. Following € 430.5 million in the first nine months of 2017, this represented a significant increase by € 60.8 million, or 14.1 %, respectively. Due to the some weaker demand situation in the semiconductor industry compared to the first two quarters of the current fiscal year, sales in Q3 2018 reached € 153.1 million and were below the Q1 and Q2 level. The strongest increases in sales for the nine months ended September 30, 2018, compared to last year, were recorded in the markets Coating and Analytics with sales growths of 44.7 %, and 18.0%, respectively. Both, the organic growth as well as the impacts of the newly acquired group companies, were the decisive factors here. In total, the gross profit increased by € 20.3 million or 13.0 %, respectively, to € 176.6 million (2017: € 156.3 million). Due to the sales weight which has changed in favor of the Coating market and by recording the PPA effects, the gross margin decreased slightly from 36.3 % to 35.9 %. Selling and marketing expenses and general and administrative expenses increased by € 11.3 million to € 79.7 million in total compared to the first three quarters of 2017 - in particular due to the consideration of the acquired group companies. R & D expenses slightly increased in the first nine months of 2018 compared with 2017. The balance of other operating income and expenses grew by € 2.8 million to € 3.6 million in comparison to previous year. In total, an operating profit of € 68.5 million was generated in the first three quarters of the current fiscal year, up significantly by € 11.3 million, or 19.7 %, compared to previous year's value of € 57.2 million. As a consequence the EBIT margin, the ratio between operating profit and sales, rose from 13.3 % in 2017 to 13.9 %. With virtually constant net financial expenses and a slightly declined tax rate, net income increased from € 39.6 million to € 49.3 million. This led to earnings per share of € 4.99 (2017: € 4.02). Net income for Q3 totaled € 14.9 million and was slightly below previous year's level (€ 15.4 million).

6

It should be noted with respect to the first nine months 2017 numbers of the Income Statement and the ratios that are based hereon, that these numbers were adjusted for comparability reasons. After the completion of the acquisitions-related purchase price allocations (PPA) in connection with the preparation of the 2017 Consolidated Financial Statements the profit impacts for fiscal 2017 (PPA effects) were also determined and were allocated to the financial quarters mainly on a pro-rata basis. The preparation of the Quarterly Financial Report for the third quarter 2017 was preliminary with regard to the PPA effects. Hereinafter, the PPA effects are always included and are no longer discussed separately.

Overall Economic Environment and Industry Situation

Against the backdrop of a robust global macroeconomic development, the European economy as well as the U.S. economy showed a still positive trend which overlaid the slightly declining development in Asia, particularly in China. Not yet finally assessable economic risk areas burdened the development, particularly the escalating trade war between the USA and China and the uncertainties regarding the actual definition of the Brexit. In our opinion, despite the superordinate strains, the dynamic of the demand in the vacuum industry continued to be robust. Unchanged to the estimation at the end of the first half year, the main impulses were yet registered beyond the semiconductor industry.

Interim Management Report

Business

Our business operations include the development, manufacture, sale and service of vacuum pumps, vacuum measurement, components and analysis equipment and instruments, as well as vacuum systems and leak detection systems.

Sales

Presented below are net sales by segment, by region, by product and by market for the periods ended September 30, 2018 and 2017.

Sales by Segment (Companies)

Pfeiffer Vacuum's subsidiaries in the individual countries are independent legal entities with their own management which distribute the products and provide services. Accordingly, we identify our operating segments geographically. 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 (without Germany, France)" and "Asia (without Republic of Korea)". In contrast, the companies in France and the Republic of Korea were each presented separately as an individual segment. This was caused by the different functions of the French entity, including research and development as well as production, and the production function of the Korean entity, respectively.

Sales by Segment

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	in K€	in K€	in K€	in K€
USA	40,766	46,568	121,699	108,018
Germany	33,692	33,669	104,799	97,780
Europe (without Germany, France)	27,956	22,606	81,901	67,352
Republic of Korea	16,790	24,805	73,027	75,271
Asia (without Republic of Korea)	21,196	16,010	67,240	47,087
France	12,718	10,568	42,664	34,955
Total	153,118	154,226	491,330	430,463

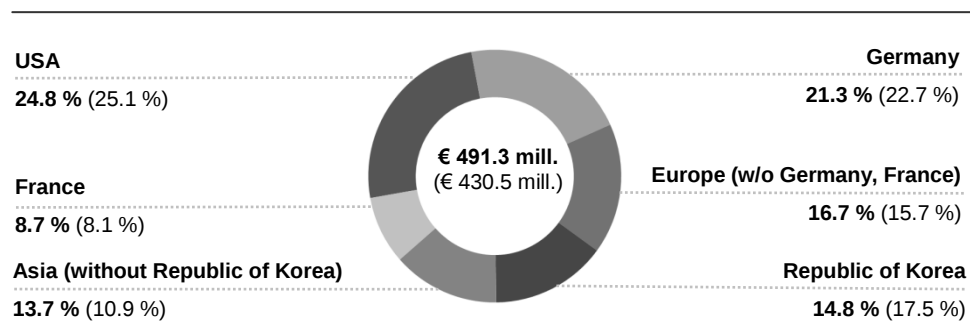
Analysis of sales by Segment in the first nine months 2018 shows predominantly a satisfactory development. Noteworthy is the increase in Asia (+42.8 %) where the sales with our customers in coating industry had a significant impact. Also in the segments France and Europe we achieved a very positive sales developments (+22.1 %, and +21.6 %, respectively). The sales increase presented in the segment USA was attributable to organic growth as well as to growth as a result of corporate acquisitions. In this context, the U.S. dollar exchange rate in the actual reporting period yet had a considerable negative impact on sales development in the USA.

Interim Management Report

Only the sales in Republic of Korea were lower than last year due to the some weaker demand situation in the semiconductor industry and negative currency impacts.

The following graphic shows the still balanced split of consolidated sales by segments.

Sales by Segment 9M/2018 (9M/2017)



Sales by Region

To provide additional information, we are also presenting sales by region in the following table. It includes all sales in a given region, regardless of which entity in the Pfeiffer Vacuum Group actually generated these sales.

Sales by Region

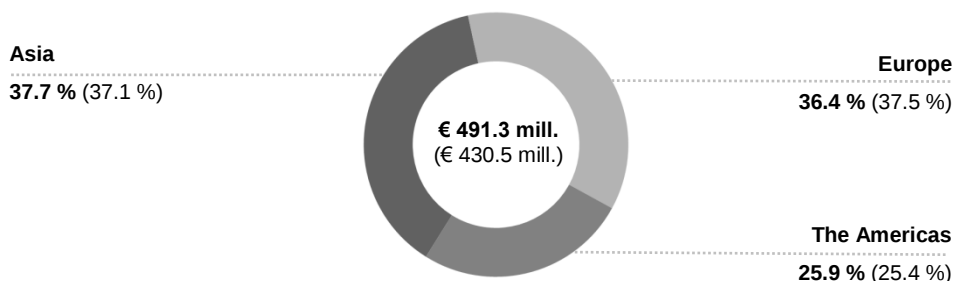
	Three months ended September 30,		Nine months ended September 30,	
	2018 in K€	2017 in K€	2018 in K€	2017 in K€
Asia	52,024	52,331	185,091	159,665
Europe	58,624	54,761	178,627	161,162
The Americas	42,413	47,077	127,462	109,413
Rest of world	57	57	150	223
Total	153,118	154,226	491,330	430,463

From a regional point of view the sales development shows consistently double digit growth rates compared to the previous year period. We recorded the strongest growth in sales by 16.5 % in the Americas region, again driven also by corporate acquisitions. The Asian region reached a significant sales increase by 15.9 %, followed by Europe with a growth of 10.8 %.

Interim Management Report

The following graphic shows the still balanced split of sales by region.

Sales by Region 9M/2018 (9M/2017)



Sales by Products

Sales by Products

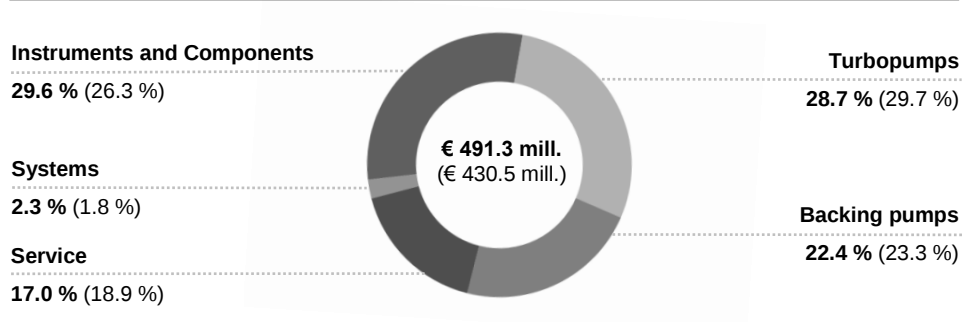
	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	in K€	in K€	in K€	in K€
Instruments and components	45,380	47,535	145,475	113,121
Turbopumps	46,774	44,556	141,119	127,801
Backing pumps	29,463	32,746	110,073	100,544
Service	28,648	27,002	83,317	81,200
Systems	2,853	2,387	11,346	7,797
Total	153,118	154,226	491,330	430,463

The analysis of sales by products shows that virtually all product groups contributed to the sales increase. Particularly significant is, amongst others, the sales development with instruments and components. This sales increase by € 32.4 million, or 28.6 %, was mainly driven by organic growth as well as by growth as a result of corporate acquisitions. Also the significant sales increases in turbopumps and in backing pumps by € 13.3 million, and € 9.5 million, respectively, were very gratifying.

Interim Management Report

The relative split of sales by products was still well balanced with no single product being overweight.

Sales by Products 9M/2018 (9M/2017)



Sales by Market

Sales by Market

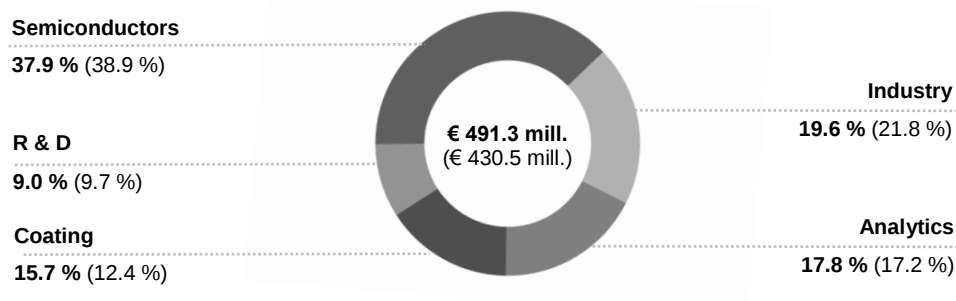
	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	in K€	in K€	in K€	in K€
Semiconductors	50,094	60,442	186,186	167,668
Industry	35,443	33,249	96,591	93,803
Analytics	29,812	26,533	87,479	74,166
Coating	23,170	20,021	76,981	53,208
R & D	14,599	13,981	44,093	41,618
Total	153,118	154,226	491,330	430,463

As already mentioned, sales in the coating segment were able to be increased significantly. The sales generated in the first three quarters 2018 increased by € 23.8 million, or 44.7 %. But also the market segments analytics and semiconductors recorded double-digit growth rates by 18.0 %, and 11.0 %, respectively. In addition, the other market segments industry and R & D contributed to the successful development of our business in the first nine months 2018 with clearly positive increases.

Interim Management Report

The sales split by markets was as follows:

Sales by Market 9M/2018 (9M/2017)



Order Intake and Order Backlog

Following an order intake of € 476.3 million in the first nine months of 2017 this number was € 516.6 million in the first three quarters of 2018. This represents a significant increase by € 40.3 million, or 8.5 %, which was mainly caused by the positive development in the markets coating and analytics. In the third quarter order intake of € 148.6 million thus saw a somewhat weaker trend compared to the immediately preceding second quarter (€ 174.0 million). The book-to-bill-ratio, the ratio between order intake and sales, was 1.05 for the year 2018 to date (2017: 1.11).

Order backlog increased from € 127.4 million as at December 31, 2017 to € 152.7 million as at September 30, 2018. Resulting from the book-to-bill ratio of 0.97 in the third quarter, this order backlog was below the value of € 157.2 million as per June 30, 2018.

Orders are only recorded in order backlog when they are based upon binding contracts. The value of order backlog should not be used to predict future sales and order volumes.

Cost of Sales and Gross Profit

In the first nine months of 2018 cost of sales totaled € 314.8 million and thus increased compared to the prior year period (€ 274.2 million). Accounting for € 176.6 million, gross profit was € 20.3 million above previous year's number (€ 156.3 million). Accordingly, gross margin declined slightly from 36.3 % to 35.9 %. This development was caused by a disproportional increase in cost of sales caused by customer and product mix and by recording the PPA effects.

Interim Management Report

Selling and Marketing Expenses

Selling and marketing expenses totaled € 52.6 million of the first nine months of the current fiscal year and thus were € 7.3 million higher compared to the number in the previous fiscal year (€ 45.2 million). This was partly caused by the full consideration the new entities acquired in 2017. Accounting for 10.7 %, selling and marketing expenses increased slightly relative to sales (2017: 10.5 %).

General and Administrative Expenses

General and administrative expenses increased from € 34.5 million in the first three quarters of 2017 to € 38.5 million in the current fiscal year. As in almost all reporting lines of the income statement, also the effects from the consolidation of the companies acquired last year were recorded here. Relative to sales, this ratio decreased from 8.0 % to 7.8 %.

Research and Development Expenses

Research and development expenses totaled € 20.7 million in current period and thus increased by € 0.5 million, or 2.3 %, compared to the first three quarters of 2017 (€ 20.2 million). The R&D ratio, the ratio between R&D expenses and sales, decreased from 4.7 % to 4.2 % due to the increase in sales.

We will maintain the expenses allocated for research and development at a high level and continue to invest in order to be able to sustain our position in the world market, to expand market shares and to open up new markets. All expenditures for research and development are expensed as they are incurred.

Other Operating Income/Other Operating Expenses

Balance of other operating income and expenses totaled € +3.6 million in the first three quarters of 2018 after a net gain of € 0.8 million was recorded in the prior year period. The amounts in 2018 included predominantly net foreign exchange gains of € 0.7 million (2017: net foreign exchange losses of € 2.9 million) and expense subsidies affecting net income of € 2.7 million (2017: € 2.5 million)

Operating Profit

Following € 57.2 million in 2017, operating profit in the first nine months of 2018 increased significantly by € 11.3 million or 19.7 % to € 68.5 million. The EBIT margin, the ratio between operating profit and sales, rose from 13.3 % in the first nine months of 2017 to 13.9 % in 2018. This positive development was due to the decreased ratio between operating expenses and sales and a better net foreign exchange results.

Interim Management Report

Financial Results

With € -0.4 million the net financial result in 2018 was on the prior year's level. Thus, there were no material changes.

Income Taxes

With 27.7 % in the first nine months 2018 the tax rate was 2.7 %-points below the prior year level (30.4 %). The decrease was mainly due to the declined tax rate on the Group's results generated in the USA.

Net income / Earnings per share

Totalling € 49.3 million net income for the first three quarters of 2018 was up by € 9.7 million from the prior year results of € 39.6 million. This represented an increase by 24.3 %. Return on sales (after taxes) stood – after 9.2 % in 2017 – at 10.0 % in 2018. Earnings per share developed parallel to the net income. After € 4.02 in the first nine months of 2017 an amount of € 4.99 was recorded for the current fiscal year – a plus of € 0.97, or 24.1 %.

13

Financial Position

Pfeiffer Vacuum's balance sheet total increased by € 42.4 million, or 7.7 %, from € 553.4 million as at December 31, 2017, to € 595.8 million, as at September 30, 2018. On the assets side of the balance sheet, this was predominantly attributable to the increase of inventories by € 23.5 million and the increase of trade accounts receivable by € 6.8 million. Other material changes related to tangible and intangible assets (net increase by € 11.2 million in total, resulting mainly from investments and scheduled depreciation and amortization). Cash and cash equivalents decreased by € 6.6 million. Amongst others, this was due to the investments and dividend payment to the Pfeiffer Vacuum Technology AG shareholders following the Annual General Meeting in May 2018 (€ 19.7 million). For further details with regard to the development of cash and cash equivalents please refer to the following section "Cash Flow".

As at September 30, 2018, shareholders' equity totaled € 353.3 million. This represented an increase by € 32.4 million from the level on December 31, 2017 (€ 320.9 million). This development was mainly due to the dividend payment of € 19.7 million and contrary to the net income recorded for the first three quarters of 2018 (€ 49.3 million). In addition, other equity components saw a net increase by € 2.9 million, which was attributable to exchange rate impacts. The equity ratio was 59.3 % after 58.0 % at the end of fiscal 2017. Pfeiffer Vacuum continues to show an above-average equity. And with cash and cash equivalents totaling € 90.8 million and financial liabilities totaling € 60.4 million, the Company shows no net indebtedness. Other material line items related to provisions for pensions (€ 52.1 million, € 50.0 million as at December 31, 2017) and other provisions (€ 44.4 million, € 39.9 million

Interim Management Report

as at December 31, 2017). Trade accounts payable (€ 38.6 million) increased by € 2.3 million compared to prior year's level of € 40.8 million.

Cash Flow

Totaling € 37.4 million in the first nine months 2018, operating cash flow was down by € 9.0 million from the comparable prior year period (€ 46.4 million). Despite the higher net income (+24.3 %), particularly the increase of inventories by € 24.3 million as well as the rise of receivables and other assets by € 13.6 million burdened the operating cash flow in the first nine months 2018. In contrast, the development of provisions and payables (including customer deposits) had a positive impact on the operating cash flow.

Capital expenditures in the first nine months of 2018 totaled € 24.0 million, and were above previous year's level by 50.8 %. The net cash used in investing activities amounted € 23.8 million in total. Previous year's value of € 90.3 million was mainly characterized by the net cash used for acquisitions totaling € 74.6 million and capital expenditures of € 15.9 million.

In the current fiscal year, the dividend payment in the amount of € 19.7 million was the only determinant for the cash flow from financing activities. In 2017 a cash inflow from a new bank loan in the amount of € 70.0 million was recorded. In addition, a total amount of € 35.5 million was used for dividend payments to the Pfeiffer Vacuum Technology AG shareholders. A partial repayment of the bank loan relating to the Nor-Cal acquisition and the redemption of the acquired companies' financial debts led to € 16.0 million net cash used in fiscal 2017. Overall, the Company received net cash flows of € 18.5 million from financing activities in the previous year.

Considering exchange rate impacts, total cash outflow thus amounted to € 6.6 million (2017: € 25.4 million) and resulted in a decline in cash and cash equivalents by 6.8 % to € 90.8 million.

Interim Management Report

Workforce

As of September 30, 2018, the company employed a workforce of 3,126 people, 1,007 of them in Germany and 2,119 in other countries.

Workforce

	Germany		Other countries		Total	
			September 30,			
	2018	2017	2018	2017	2018	2017
Manufacturing and Service	596	553	1,437	1,261	2,033	1,814
Research and Development	90	83	127	124	217	207
Sales and Marketing	211	207	360	359	571	566
Administration	110	102	195	222	305	324
Total	1,007	945	2,119	1,966	3,126	2,911

Risk and Opportunities Report

During the first nine months of the 2018 fiscal year, there were no changes in the risks and opportunities as described in our Annual Report (Geschäftsbericht) for the year ended December 31, 2017. The Annual Report is available on our homepage at www.group.pfeiffer-vacuum.com.

15

Events after the Balance Sheet Date

Pfeiffer Vacuum Technology AG plans to agree on a strategic cooperation with Busch SE that will enable the two companies to work more closely together, particularly in the areas of Purchasing, Sales and Service, Research & Development as well as IT. In the context of the strategic cooperation, Busch SE has informed Pfeiffer Vacuum Technology AG that its shareholding in Pfeiffer Vacuum Technology AG held via its subsidiary Pangea GmbH has exceeded the threshold of 50% on November 2, 2018.

Moreover it has been decided to rearrange the organizational structure of the Management Board as of January 1, 2019. Management Board and Supervisory Board have decided to organize the company according to its global business functions in the future. The new functions Chief Sales Officer, Chief Technology Officer and Chief Operations Officer will be established. CEO Dr. Eric Taberlet will also take over the position as Chief Sales Officer. Dr. Ulrich von Hülse will be appointed as Chief Technology Officer. The Chief Operations Officer position will initially be filled with an external consultant on an interim basis. At the same time, the search for suitable candidates will be started. Dr. Matthias Wiemer will take care of special assignments until the expiration of his contract on December 31, 2019.

There has not been any significant change in the industry environment after the end of the first three quarters of 2018.

Interim Management Report

Outlook

The third quarter of 2018 showed a slowdown of the sales dynamic which was already anticipated for the second half year 2018 overall. This development is in line with our expectations. Thus, we can confirm our forecast, as communicated at this year's Shareholders' Meeting, and continue to expect sales for 2018 as a whole to range probably between € 640 million and € 660 million and an EBIT margin probably between 14 and 16 percent. According to our actual expectations we will reach the lower end of the forecasted ranges.

Consolidated Interim Financial Statements

Consolidated Statements of Income (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017 adjusted ¹	2018	2017 adjusted ¹
	in K€	in K€	in K€	in K€
Net sales	153,118	154,226	491,330	430,463
Cost of sales	-97,177	-98,977	-314,760	-274,157
Gross profit	55,941	55,249	176,570	156,306
Selling and marketing expenses	-17,204	-15,757	-52,554	-45,242
General and administrative expenses	-12,689	-10,445	-38,451	-34,453
Research and development expenses	-6,653	-6,828	-20,703	-20,229
Other operating income	2,282	2,760	7,684	8,982
Other operating expenses	-928	-2,820	-4,044	-8,156
Operating profit	20,749	22,159	68,502	57,208
Financial expenses	-198	-195	-544	-515
Financial income	39	158	174	236
Earnings before taxes	20,590	22,122	68,132	56,929
Income taxes	-5,705	-6,725	-18,874	-17,306
Net income	14,885	15,397	49,258	39,623
Earnings per share (in €):				
Basic	1.51	1.56	4.99	4.02
Diluted	1.51	1.56	4.99	4.02

¹ Due to the completion of the purchase price allocation for the Dreebit, ATC and Nor-Cal acquisitions in fiscal 2017 some of the amounts shown above were adjusted retroactively and thus differ from the amounts reported in the Quarterly Financial Report for the third quarter 2017.

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Comprehensive Income (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017 adjusted ¹	2018	2017 adjusted ¹
	in K€	in K€	in K€	in K€
Net income	14,885	15,397	49,258	39,623
Other comprehensive income				
Amounts to be reclassified to income statement in future periods (if applicable)				
Currency changes	302	-6,031	2,886	-13,904
Results from cash flow hedges	-7	-528	42	588
Related deferred income tax effects	3	181	-14	-176
	298	-6,378	2,914	-13,492
Amounts not to be reclassified to income statement in future periods				
Valuation of defined benefit plans	-14	65	-37	3,460
Related deferred income tax effects	4	-21	10	-1,006
	-10	44	-27	2,454
Other comprehensive income net of tax	288	-6,334	2,887	-11,038
Total comprehensive income net of tax	15,173	9,063	52,145	28,585

¹ Due to the completion of the purchase price allocation for the Dreebit, ATC and Nor-Cal acquisitions in fiscal 2017 some of the amounts shown above were adjusted retroactively and thus differ from the amounts reported in the Quarterly Financial Report for the third quarter 2017.

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Balance Sheets (unaudited)

	September 30, 2018	December 31, 2017
	in K€	in K€
Assets		
Intangible assets	109,045	110,814
Property, plant and equipment	119,956	106,949
Investment properties	430	448
Deferred tax assets	23,038	23,037
Other financial assets	6,728	3,840
Total non-current assets	259,197	245,088
Inventories	136,879	113,384
Trade accounts receivable	86,896	80,061
Income tax receivables	3,140	3,159
Prepaid expenses	4,488	2,475
Other accounts receivable	14,349	11,792
Cash and cash equivalents	90,802	97,402
Total current assets	336,554	308,273
Total assets	595,751	553,361
Shareholders' equity and liabilities		
Share capital	25,261	25,261
Additional paid-in capital	96,245	96,245
Retained earnings	259,270	229,747
Other equity components	-27,429	-30,316
Equity of Pfeiffer Vacuum Technology AG shareholders	353,347	320,937
Financial liabilities	60,197	60,248
Provisions for pensions	52,103	50,034
Deferred tax liabilities	4,015	3,988
Total non-current liabilities	116,315	114,270
Trade accounts payable	38,552	40,814
Customer deposits	11,800	7,678
Other accounts payable	23,779	22,333
Provisions	44,379	39,894
Income tax liabilities	7,375	7,354
Financial liabilities	204	81
Total current liabilities	126,089	118,154
Total shareholders' equity and liabilities	595,751	553,361

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Shareholders' Equity (unaudited)

	Share Capital in K€	Additional Paid-in Capital in K€	Retained Earnings in K€	Other Equity Components in K€	Equity of Pfeiffer Vacuum Technology AG Shareholders in K€
Balance on Jan. 01, 2017	25,261	96,245	211,423	-17,355	315,574
Net income (adjusted) ¹	-	-	39,623	-	39,623
Other comprehensive income (adjusted) ¹	-	-	-	-11,038	-11,038
Total comprehensive income (adjusted)¹	-	-	39,623	-11,038	28,585
Dividend payment (adjusted) ¹	-	-	-35,524	-	-35,524
Balance on Sept. 30, 2017 (adjusted)¹	25,261	96,245	215,522	-28,393	308,635
Balance on Jan. 01, 2018	25,261	96,245	229,747	-30,316	320,937
Net income	-	-	49,258	-	49,258
Other comprehensive income	-	-	-	2,887	2,887
Total comprehensive income	-	-	49,258	2,887	52,145
Dividend payment	-	-	-19,735	-	-19,735
Balance on Sept. 30, 2018	25,261	96,245	259,270	-27,429	353,347

¹ Due to the completion of the purchase price allocation for the Dreebit, ATC and Nor-Cal acquisitions in fiscal 2017 some of the amounts shown above were adjusted retroactively and thus differ from the amounts reported in the Quarterly Financial Report for the third quarter 2017.

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Cash Flows (unaudited)

	Nine months ended September 30,	
	2018	2017
		adjusted ¹
	in K€	in K€
Cash flow from operating activities:		
Net income	49,258	39,623
Depreciation/amortization	14,943	14,963
Other non-cash income/expenses	1,617	2,384
Effects of changes of assets and liabilities:		
Inventories	-24,298	-13,862
Receivables and other assets	-13,648	-3,143
Provisions, including pensions, and income tax liabilities	6,324	3,351
Payables, other liabilities	3,187	3,132
Net cash provided by operating activities	37,383	46,448
Cash flow from investing activities:		
Payments for acquisitions	-	-74,594
Capital expenditures	-24,038	-15,945
Proceeds from disposals of fixed assets	217	190
Net cash used in investing activities	-23,821	-90,349
Cash flow from financing activities:		
Proceeds from increase of financial liabilities	63	70,000
Dividend payment	-19,735	-35,524
Redemptions of financial liabilities	-	-15,975
Net cash provided by/used in financing activities	-19,672	18,501
Effects of foreign exchange rate changes on cash and cash equivalents	-490	32
Net changes in cash and cash equivalents	-6,600	-25,369
Cash and cash equivalents at beginning of period	97,402	110,032
Cash and cash equivalents at end of period	90,802	84,663

¹ Due to the completion of the purchase price allocation for the Dreebit, ATC and Nor-Cal acquisitions in fiscal 2017 some of the amounts shown above were adjusted retroactively and thus differ from the amounts reported in the Quarterly Financial Report for the third quarter 2017.

See accompanying notes to the interim financial statements.

Notes to the Consolidated Interim Financial Statements (unaudited)

1. The Company and Basis of Presentation

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 Prime Standard of 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 product portfolio includes turbopumps, a range of backing pumps, such as rotary vane, Roots and dry pumps, complete pumping stations, as well as custom vacuum systems, vacuum chambers 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.

The Consolidated Financial Statements of Pfeiffer Vacuum Technology AG 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).

Pfeiffer Vacuum prepares its Consolidated Interim Report (“Interim Report”) in euros (€). Unless otherwise indicated, the presentation is in thousands of euros (K€). For mathematical reasons, the numbers presented in this Interim Report may include rounding differences.

2. Accounting and Valuation Methods

In preparing this interim report as of September 30, 2018, IAS 34 “Interim Financial Reporting” was applied. In doing so, the same accounting and valuation methods as in the Consolidated Financial Statements for the fiscal year ended December 31, 2017 were used. Please refer to the detailed description of these methods in the Notes to the Consolidated Financial Statements 2017, which are available in the internet at www.group.pfeiffer-vacuum.com.

Notes to the Consolidated Interim Financial Statements (unaudited)

In variance thereto, starting January 1, 2018 the Company has applied the new standards IFRS 9 „Financial Instruments“ and IFRS 15 „Revenue from Contracts with Customers“ for the first time.

IFRS 15 provides a single, principles-based five-step model for determining and recognizing revenue that is to be applied to all contracts with customers and contains the core principle that revenue must be recognized at the time control over goods and services passes to the customer. In particular, it supersedes the standards IAS 11 and IAS 18 and the regulations in various interpretations.

Regarding the first-time application of IFRS 15, Pfeiffer Vacuum decided to apply the modified retrospective method. As of January 1, 2018, there were no adjustment impacts to be recorded against equity because all sales revenues from the related customer contracts have either been fully recognized until January 1, 2018 or will have to be fully recognized after this date.

The application of the relevant rules of IFRS 15, particularly with regard to product sales including extended warranty pledges which are subject to delayed sales recognition in future periods, did not have any material impact on Pfeiffer Vacuum's Interim Financial Reporting as of September 30, 2018.

The new IFRS 9 Standard will replace the existing rules of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 introduces a comprehensive classification model for financial assets and financial liabilities that classifies financial assets and financial liabilities into three categories: financial assets / liabilities at amortized costs, financial assets / liabilities at fair value through other comprehensive income and financial assets / liabilities at fair value through profit or loss. In principle first time adoption of IFRS 9 must be retrospective; however, various simplification options are granted. No adjustment is made to the comparative figures for the previous year.

Notes to the Consolidated Interim Financial Statements (unaudited)

The table below presents a reconciliation of the financial assets and liabilities from the measurement categories of IAS 39 with the measurement categories in accordance with IFRS 9 at December 31, 2017 / January 1, 2018:

Reconciliation of financial instrument by measurement categories (IAS 39/IFRS 9)

	Measurement category acc. to IAS 39	Measurement category acc. to IFRS 9
Assets		
Cash and cash equivalents	LaR	AC
Trade accounts receivable	LaR	AC
Other financial assets	LaR	AC
Derivative financial instruments (hedges)	n.a.	FVOCI
Liabilities		
Verbindlichkeiten aus Lieferungen und Leistungen	FLAC	AC
Finanzielle Verbindlichkeiten	FLAC	AC
Derivative financial instruments (hedges)	n.a.	FVOCI
Derivative financial instruments (excl. hedges)	n.a.	FVPL

LaR = Loans and Receivables; FLAC = Financial Liabilities Measured at Amortized Cost; AC = Amortized Costs ; FVOCI = Fair Value through other Comprehensive Income; FVPL = Fair Value through Profit or Loss

Mandatory application of IFRS 9 did not have any material impact on Pfeiffer Vacuum's Consolidated Financial Statements as of September 30, 2018.

In January 2016 the IASB published IFRS 16 „Leases“ which was endorsed by the EU in November 2017. New IFRS 16 will replace IAS 17 „Leases “and the related interpretations. These new rules for accounting of leases will be mandatorily applicable for fiscal years beginning on or after January 1, 2019. First time application generally has to be effected retrospectively, but with a number of simplification rules available. An early adoption is permitted in case IFRS 15 is adopted, too. The option to voluntarily apply this standard ahead of time will not be utilized.

The impact of first-time adoption of IFRS 16 in the Consolidated Financial Statements is currently being analyzed. A reliable estimate of quantitative impact cannot be made before the finalization of the ongoing project.

3. Changes in the Consolidated Companies/Acquisitions

Acquisition of Nor-Cal Group With effect from June 22, 2017, Pfeiffer Vacuum Technology AG indirectly via a US subsidiary acquired all shares of Nor-Cal Products Holdings, Inc. (Nor-Cal Inc.), Yreka, California, USA. At the same time further economically integrated but legally independent subsidiaries of Nor-Cal Products Holdings Inc. having their legal sites in the United States, Great Britain, the Republic of Korea, Singapore and Vietnam, were acquired. With the acquisition of these 100% shareholdings (Nor-Cal) Pfeiffer Vacuum significantly strengthened the position in the highly attractive market for vacuum components.

Acquisition of Advanced Test Concepts Inc. With effect from February 14, 2017, Pfeiffer Vacuum Technology AG indirectly via a US subsidiary acquired all shares of Advanced Test Concepts Inc. (ATC Inc.), Indianapolis, USA. At the same time further economically integrated but legally independent sister company of ATC Inc., having the same registered site, was acquired. With the acquisition of these 100% shareholdings Pfeiffer Vacuum consequently expanded its leak detection product portfolio.

Acquisition of further 75.1 % of shares in Dreebit GmbH With effect from February 13, 2017, Pfeiffer Vacuum Technology AG acquired all remaining shares of Dreebit GmbH, Dresden, Deutschland, and thus increased its shareholdings from 24.9 % to 100.0 %. The acquisition has to be seen in connection with strengthening the growth area service which is a major basis for the success of Pfeiffer Vacuum.

With regard to the fair values of identified assets and liabilities of the acquisitions at the respective acquisition dates and for further information please refer to the detailed description in the Note 3 to the Consolidated Financial Statements 2017, which are available in the internet at www.group.pfeiffer-vacuum.com.

Foundations in 2017 To address the increasing importance of regional markets the sales and service company Pfeiffer Vacuum Malaysia SDN. BHD. was founded in Malaysia in 2017. This did not have any material impact on the Consolidated Financial Statements. In connection with the reconstruction and expanding of a facility in the USA, Pfeiffer Vacuum New Hampshire Realty Holdings, LLC., was founded. Formation of Pfeiffer Vacuum Indiana Realty Holdings, LLC., and Pfeiffer Vacuum California Realty Holdings, LLC., has to be seen in the context of acquiring ATC and Nor-Cal, respectively. Each of the latter three entities is a mere holding entity for the real estate acquired.

Liquidations in 2017 In fiscal 2017 adixen Vacuum Technology (Shanghai) Co., Ltd., China, was liquidated and was thus disregarded from the scope of consolidation. This did not have any material impact on the Consolidated Financial Statements.

Notes to the Consolidated Interim Financial Statements (unaudited)

4. Intangible Assets

Intangible assets consist of the following:

Intangible assets

	September 30, 2018	December 31, 2017
	in K€	in K€
Goodwill	80,284	79,299
Customer Base	18,315	18,891
Software	2,817	3,217
Other intangible assets	7,629	9,407
Total intangible assets	109,045	110,814

5. Property, Plant and Equipment

Property, plant and equipment comprise the following:

Property, Plant and Equipment

	September 30, 2018	December 31, 2017
	in K€	in K€
Land and buildings	51,857	50,105
Technical equipment and machinery	36,293	32,882
Other equipment, factory and office equipment	12,470	12,716
Construction in progress	19,336	11,246
Total property, plant and equipment	119,956	106,949

6. Inventories

Inventories consist of the following:

Inventories

	September 30, 2018	December 31, 2017
	in K€	in K€
Raw materials	36,514	31,816
Work-in-process	35,654	28,667
Finished products	64,711	52,901
Total inventories, net	136,879	113,384

Notes to the Consolidated Interim Financial Statements (unaudited)

7. Paid Dividends

At the Annual Shareholders' Meeting on May 23, 2018, the shareholders resolved a dividend of € 2.00 per share for the year 2017. Thus, a total of € 19,735,318 was paid to the shareholders.

8. Pension Benefits

Pension expense for all plans included the following components:

Pension Expense for All Plans

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	in K€	in K€	in K€	in K€
Service cost	849	897	2,553	2,747
Interest cost	225	229	675	695
Net pension cost	1,074	1,126	3,228	3,442

27

9. Warranty

Warranty provisions developed as follows:

Warranty provisions

	Nine months ended September 30,	
	2018	2017
	in K€	in K€
Balance on January 1	15,769	13,062
Currency changes	31	-232
Additions	5,000	8,026
Utilization	-5,114	-5,515
Balance on September 30	15,686	15,341

Notes to the Consolidated Interim Financial Statements (unaudited)

10. Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share:

Earnings per Share

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017 adjusted ¹	2018	2017 adjusted ¹
Net income (in K€)	14,885	15,397	49,258	39,623
Weighted average number of shares	9,867,659	9,867,659	9,867,659	9,867,659
Number of conversion rights	-	-	-	-
Adjusted weighted average number of shares	9,867,659	9,867,659	9,867,659	9,867,659
Earnings per share in € (basic/diluted)	1.51	1.56	4.99	4.02

¹ Due to the completion of the purchase price allocation for the Dreebit, ATC and Nor-Cal acquisitions in fiscal 2017 some of the amounts shown above were adjusted retroactively and thus differ from the amounts reported in the Quarterly Financial Report for the third quarter 2017.

28

11. Segment Reporting

Segment Reporting September 30, 2018

	Germany in K€	France in K€	Europe (excl. G and F) in K€	USA in K€	Repu- blic of Korea in K€	Asia (excl. Korea) in K€	Other/ Consoli- dation in K€	Group in K€
Net sales	207,972	169,401	85,812	126,343	75,129	74,428	-247,755	491,330
Third party	104,799	42,664	81,901	121,699	73,027	67,240	-	491,330
Intercompany	103,173	126,737	3,911	4,644	2,102	7,188	-247,755	-
Operating profit	28,610	12,804	7,024	5,162	7,233	7,649	20	68,502
Financial results	-	-	-	-	-	-	-370	-370
Earnings before taxes	28,610	12,804	7,024	5,162	7,233	7,649	-350	68,132
Segment assets	168,024	119,385	52,635	140,475	53,034	62,198	-	595,751
Thereof assets according to IFRS 8.33 (b) ¹	60,112	57,623	10,902	72,561	18,642	16,319	-	236,159
Segment liabilities	127,048	66,792	8,986	17,641	9,886	12,051	-	242,404
Capital expenditures:								
Property, plant & equipment ²	6,642	3,855	4,964	4,419	1,418	2,315	-	23,613
Intangible assets	376	15	-	8	26	-	-	425
Depreciation ²	4,124	3,769	532	995	739	845	-	11,004
Amortization	602	646	3	2,666	17	5	-	3,939

¹ Non-current assets other than financial instruments, deferred tax assets and prepaid pension cost

² Including investment properties

Notes to the Consolidated Interim Financial Statements (unaudited)

Segment Reporting September 30, 2017 (adjusted)¹

	Germany	France	Europe (excl. G and F)	USA	Repu- blic of Korea	Asia (excl. Korea)	Other/ Consoli- dation	Group
	in K€	in K€	in K€	in K€	in K€	in K€	in K€	in K€
Net sales	185,961	156,000	70,592	108,385	77,197	50,275	-217,947	430,463
Third party	97,780	34,955	67,352	108,018	75,271	47,087	-	430,463
Intercompany	88,181	121,045	3,240	367	1,926	3,188	-217,947	-
Operating profit	27,658	10,601	4,657	2,434	10,025	1,842	-9	57,208
Financial results	-	-	-	-	-	-	-279	-279
Earnings before taxes	27,658	10,601	4,657	2,434	10,025	1,842	-288	56,929
Segment assets	139,914	105,392	37,885	141,535	51,114	44,027	-	519,867
Thereof assets according to IFRS 8,33 (b) ²	57,175	55,036	6,029	61,868	16,243	13,742	-	210,093
Segment liabilities	113,753	62,276	6,167	11,978	10,248	6,810	-	211,232
Capital expenditures:								
Property, plant & equipment ³	3,011	3,405	1,100	5,450	369	1,608	-	14,943
Intangible assets	804	168	-	-	19	11	-	1,002
Depreciation ³	3,826	3,762	474	703	1,001	660	-	10,426
Amortization	566	2,478	4	1,481	3	5	-	4,537

¹ During the completion of the purchase price allocation for Dreebit, ATC and Nor-Cal acquisitions in fiscal 2017 some of the amounts shown were adjusted retroactively and thus differ from the amounts reported in Half Year Financial Statements for the second quarter 2017

² Non-current assets other than financial instruments, deferred tax assets and prepaid pension cost

³ Including investment properties

12. Income Tax Expense

Under German corporate tax law, taxes on income are composed of corporate taxes, trade taxes and an additional surtax.

The Company's effective tax rate was 27.7 % for the first nine months of 2018 and for the third quarter, respectively (2017: 30.4 %). The decrease was mainly driven by the declined tax rate on the Group's results generated in the USA.

13. Independent Auditor

At the Annual General Meeting on May 23, 2018, the Supervisory Board proposed and the Shareholders elected PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, as the new independent auditor of both the accounts of the Company and the consolidated accounts for the 2018 fiscal year.

14. Major Related Party Transactions

Besides the transactions between the subsidiaries that are eliminated during the consolidation process and regular compensation of Management and Supervisory Board members there were no related party transactions in the first three quarters of 2018.

Asslar, November 5, 2018

Pfeiffer Vacuum Technology AG

Management Board



30

Dr. Eric Taberlet

Nathalie Benedikt

Dr. Matthias Wiemer

Dr. Ulrich von Hülsem

Additional Information

Financial Calendar 2018

- Capital Markets Day
Wednesday, November 28, 2018

Contact

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