PFEIFFER VACUUM

# PRESS RELEASE

## Pfeiffer Vacuum delivers revenue growth in Q3 2019 in challenging market environment. Full-year outlook confirmed.

- Order intake in third quarter was highest quarter in FY 2019
- Sales growth of 2% in Q3 2019 year-over-year
- Sales of € 467.3 million, EBIT of € 48.9 million, and EBIT margin of 10.5% for 9 months 2019
- Outlook for the full fiscal year 2019 confirmed

**Asslar, Germany, November 5, 2019.** Pfeiffer Vacuum, a leading global manufacturer of vacuum solutions, reports financial results for the third quarter and nine months ending September 30, 2019.

For the third quarter 2019, sales reached € 156.2 million, up 2.0% compared to the same period in 2018, and EBIT was € 16.1 million, down 22.6%. Year-to-date 2019, sales were € 467.3 million, down 4.9% compared to the same period in 2018. In the first nine months 2019, sales were impacted primarily by declines in the semiconductor and coating market. Third quarter 2019 was the first quarter in 2019 where sales in the semiconductor market improved year-over-year. The company is in an investment phase, which in addition to sales performance impacts the EBIT margin.

“Market indicators in the semiconductor and coating market are stabilizing, and we expect demand will accelerate in 2020,” says **Dr. Eric Taberlet, CEO** of Pfeiffer Vacuum Technology AG. “We are executing an ambitious investment plan to drive increased market share and earnings improvements and I am pleased with the progress we are making.”

**Overview of key figures:**

| | 9M/2019 | 9M/2018 | Change |
|---|---|---|---|
| Sales | € 467.3 million | € 491.3 million | -4.9% |
| EBIT | € 48.9 million | € 68.5 million | -28.6% |
| Net income | € 34.7 million | € 49.3 million | -29.5% |
| Earnings per share | € 3.52 | € 4.99 | -29.5% |
| Order intake | € 450.00 million | € 516.6 million | -12.9% |

| | Q3 2019 | Q3 2018 | Change |
|---|---|---|---|
| Sales | € 156.2 million | € 153.1 million | 2.0% |
| EBIT | € 16.1 million | € 20.7 million | -22.6% |
| Net income | € 11.4 million | € 14.9 million | -23.2% |
| Earnings per share | € 1.16 | € 1.51 | -23.2% |
| Order intake | € 156.3 million | € 148.6 million | +5.2% |

**Nathalie Benedikt, CFO** of Pfeiffer Vacuum Technology AG, comments: "We are in the middle of a very important investment phase. Over a multi-year period we are investing € 150 million to drive growth and profitability. We expect to realize the full benefits of this investment program by 2025."

**Orders**

Third quarter 2019 orders were € 156.3 million, the highest level for 2019, compared to € 148.8 million in the first quarter and € 144.9 million in the second quarter 2019.

**Sales by Market, Product Group and Geographic Regions**

For the nine months ending September 30, 2019, sales decreased by 4.9% to € 467.3 million. The year-over-year decline was related to weakness in sales from the semiconductor market, which decreased year-over-year by 15.9% to € 156.5 million as well as declines in the coating market of 20.1% to € 61.5 million. This was partially offset by strong demand in the industry market segment, which increased 13.9% to € 110.0 million, research & development (R&D) business, which grew 10.6% to € 48.8 million, and analytics, up 3.5% to € 90.5 million.

In terms of product groups, turbopumps recorded the largest sales, with the most significant year-over-year sales increases of 2.9% to € 145.2 million year-to-date. Year-over-year sales also improved for service, by 1.2% to € 84.3 million, and systems by 2.1% to € 11.6 million. This was offset by year-over-year sales declines for instruments and components of 9.1% to € 132.2 million and backing pumps by 14.7% to € 93.9 million, primarily related to the semiconductor and coating market conditions.

While sales in all geographic regions declined year-over-year for the first 9 months, the primary decline was in Asia, with 9.4% to € 167.6 million. Third quarter 2019 sales grew year-over-year in all geographic regions.

## Operating Performance

EBIT for the nine months ending September 30, 2019 was € 48.9 million or 10.5% of sales, compared to € 68.5 million and 13.9% for the same period in 2018. The year-over-year decline was due to lower sales and expanded costs related to strategic investments to achieve higher market share and EBIT margin of above 20%. Foreign currency effects had a slightly positive impact on results.

## Outlook

For fiscal year 2019, Pfeiffer Vacuum expects sales of € 620 to 640 million, and an EBIT margin of around 10%. In addition, capital expenditures are expected to be about € 30 million.

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**About Pfeiffer Vacuum**
Pfeiffer Vacuum (ticker symbol PFV, ISIN DE0006916604) is a leading global manufacturer of vacuum solutions. Among a full range of hybrid and magnetically levitated turbopumps, the portfolio comprises backing pumps, leak detectors, measurement and analysis devices, components and vacuum chambers and systems. Pfeiffer Vacuum has stood for innovative solutions and high-tech products in analytics, industry, research & development, coatings and semiconductor markets since its invention of the turbopump. Founded in 1890, Pfeiffer Vacuum is active worldwide. The Company employs approximately 3,200 employees, has over 20 sales and service companies, and operates 10 manufacturing sites worldwide.

For more information, please go to: group.pfeiffer-vacuum.com

## Consolidated Statements of Income (unaudited)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | in K€ | in K€ | in K€ | in K€ |
| Net sales | 156,225 | 153,118 | 467,333 | 491,330 |
| Cost of sales | -103,805 | -97,177 | -305,909 | -314,760 |
| **Gross profit** | **52,420** | **55,941** | **161,424** | **176,570** |
| | | | | |
| Selling and marketing expenses | -16,965 | -17,204 | -53,267 | -52,554 |
| General and administrative expenses | -14,579 | -12,689 | -40,906 | -38,451 |
| Research and development expenses | -6,423 | -6,653 | -21,235 | -20,703 |
| Other operating income | 2,315 | 2,282 | 5,800 | 7,684 |
| Other operating expenses | -709 | -928 | -2,912 | -4,044 |
| **Operating profit** | **16,059** | **20,749** | **48,904** | **68,502** |
| | | | | |
| Financial expenses | -205 | -198 | -648 | -544 |
| Financial income | 59 | 39 | 121 | 174 |
| **Earnings before taxes** | **15,913** | **20,590** | **48,377** | **68,132** |
| | | | | |
| Income taxes | -4,486 | -5,705 | -13,641 | -18,874 |
| | | | | |
| **Net income** | **11,427** | **14,885** | **34,736** | **49,258** |
| | | | | |
| **Earnings per share (in €):** | | | | |
| Basic | 1,16 | 1,51 | 3,52 | 4,99 |
| Diluted | 1,16 | 1,51 | 3,52 | 4,99 |

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## **Consolidated Balance Sheets** (unaudited)

| | **September 30, 2019** | December 31, 2018 |
|---|---|---|
| | in K€ | in K€ |
| **Assets** | | |
| Intangible assets | 109,932 | 109,460 |
| Property, plant and equipment | 149,743 | 126,143 |
| Investment properties | 407 | 424 |
| Other financial assets | 3,801 | 4,282 |
| Other assets | 1,392 | 3,200 |
| Deferred tax assets | 27,675 | 24,895 |
| **Total non-current assets** | **292,950** | 268,404 |
| | | |
| Inventories | 141,676 | 133,191 |
| Trade accounts receivable | 88,327 | 92,164 |
| Contract assets | 518 | 298 |
| Income tax receivables | 3,459 | 3,726 |
| Prepaid expenses | 5,514 | 3,504 |
| Other financial assets | 1,134 | 609 |
| Other accounts receivable | 10,388 | 13,884 |
| Cash and cash equivalents | 99,622 | 108,380 |
| **Total current assets** | **350,638** | 355,756 |
| | | |
| **Total assets** | **643,588** | 624,160 |
| | | |
| **Shareholders' equity and liabilities** | | |
| Share capital | 25,261 | 25,261 |
| Additional paid-in capital | 96,245 | 96,245 |
| Retained earnings | 290,931 | 278,891 |
| Other equity components | -28,238 | -28,172 |
| **Equity of Pfeiffer Vacuum Technology AG shareholders** | **384,199** | 372,225 |
| | | |
| Financial liabilities | 69,921 | 60,182 |
| Provisions for pensions | 64,952 | 55,638 |
| Deferred tax liabilities | 4,606 | 4,638 |
| Contract liabilities | **348** | 630 |
| **Total non-current liabilities** | **139,827** | 121,088 |
| | | |
| Trade accounts payable | 31,822 | 38,054 |
| Contract liabilities | 14,383 | 18,271 |
| Other accounts payable | 25,147 | 25,740 |
| Provisions | 41,298 | 41,626 |
| Income tax liabilities | 3,506 | 7,061 |
| Financial liabilities | 3,406 | 95 |
| **Total current liabilities** | **119,562** | 130,847 |
| | | |
| **Total shareholders' equity and liabilities** | **643,588** | 624,160 |

PFEIFFER VACUUM

## Consolidated Statements of Cash Flows (unaudited)

| | Nine months ended September 30, | |
|---|---|---|
| | **2019** | 2018 |
| | in K€ | in K€ |
| **Cash flow from operating activities:** | | |
| Net income | 34,736 | 49,258 |
| Depreciation/amortization | 17,487 | 14,943 |
| Other non-cash income/expenses | 3,455 | 1,617 |
| Effects of changes of assets and liabilities: | | |
| Inventories | -11,038 | -24,298 |
| Receivables and other assets | 6,389 | -13,648 |
| Provisions, including pensions, and income tax liabilities | -3,566 | 6,324 |
| Payables, other liabilities | -11,950 | 3,187 |
| **Net cash provided by operating activities** | **35,513** | **37,383** |
| **Cash flow from investing activities:** | | |
| Payments for acquisitions | - | - |
| Capital expenditures | -19,307 | -24,038 |
| Proceeds from disposals of fixed assets | 293 | 217 |
| **Net cash used in investing activities** | **-19,014** | **-23,821** |
| **Cash flow from financing activities:** | | |
| Proceeds from increase of financial liabilities | 632 | 63 |
| Dividend payment | -22,696 | -19,735 |
| Redemptions of financial liabilities | -3,448 | - |
| **Net cash provided by/used in financing activities** | **-25,512** | **-19,672** |
| Effects of foreign exchange rate changes on cash and cash equivalents | 255 | -490 |
| **Net changes in cash and cash equivalents** | **-8,758** | **-6,600** |
| Cash and cash equivalents at beginning of period | 108,380 | 97,402 |
| **Cash and cash equivalents at end of period** | **99,622** | **90,802** |