# INTERNATIONAL UNITED STRONG

**Half Year Financial Report**

SECOND QUARTER 2018

# Half Year Financial Report / Second Quarter 2018

## Contents

## Key Figures

| | | Q2 2018 | Q2 2017 | Change | Q1-Q2 2018 | Q1-Q2 2017 | Change |
|---|---|---|---|---|---|---|---|
| **Sales and profit** | | | | | | | |
| Total sales | K€ | 167,791 | 139,290 | 20.5% | 338,212 | 276,237 | 22.4% |
| Germany | K€ | 25,715 | 24,293 | 5.9% | 54,259 | 47,098 | 15.2% |
| Other countries | K€ | 142,076 | 114,997 | 23.5% | 283,953 | 229,139 | 23.9% |
| Operating profit | K€ | 20,297 | 13,924 | 45.8% | 47,753 | 35,049 | 36.2% |
| EBIT margin | % | 12.1 | 10.0 | 2.1 Pp | 14.1 | 12.7 | 1.4Pp |
| Net income | K€ | 14,617 | 9,561 | 52.9% | 34,373 | 24,226 | 41.9% |
| Return on sales | % | 8.7 | 6.9 | 1.8 Pp | 10.2 | 8.8 | 1.4Pp |
| Operating cash flow | K€ | 23,238 | 14,783 | 57.2% | 31,868 | 26,635 | 19.6% |
| Capital expenditures | K€ | 8,970 | 5,941 | 51.0% | 12,529 | 12,342 | 1.5% |
| Earnings per share | € | 1.48 | 0.97 | 52.6% | 3.48 | 2.46 | 41.5% |
| **Workforce** | | | | | | | |
| Workforce (average) | | 3,077 | 2,873 | 7.1% | 3,036 | 2,691 | 12.8% |
| Germany | | 970 | 930 | 4.3% | 960 | 931 | 3.1% |
| Other countries | | 2,107 | 1,943 | 8.4% | 2,076 | 1,760 | 18.0% |
| Sales per employee | K€ | 55 | 48 | 14.6% | 111 | 103 | 7.8% |

| | | June 30. 2018 | December 31. 2017 | Change |
|---|---|---|---|---|
| **Balance sheet** | | | | |
| Balance sheet total | K€ | 580,845 | 553,361 | 5.0% |
| Cash and cash equivalents | K€ | 97,167 | 97,402 | -0.2% |
| Number of shares issued | | 9,867,659 | 9,867,659 | - |
| Shareholders' equity | K€ | 338,174 | 320,937 | 5.4% |
| Equity ratio | % | 58.2 | 58.0 | 0.2Pp |

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 Half Year Financial Statements for the second quarter 2017.

This half year 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 Half Year Financial Report as of June 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 (June 30, 2018) | 3,077 |
| 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.

| | |
|---|---|
| Deutsche Börse Symbol | PFV |
| ISIN | DE0006916604 |
| Bloomberg Symbol | PFV,GY |
| Reuters Symbol | PV,DE |
| Number of shares issued | 9,867,659 |
| Freefloat as at June 30, 2018 | 61.04 % |
| Market capitalization as at June 30, 2018 | € 1,390.4 million |

In the second quarter 2018 Pfeiffer Vacuum shares developed slightly weaker than the TecDAX. On January 2, 2018, the opening price of Pfeiffer Vacuum shares was € 157.40 and the closing price was € 140.90 on June 29, 2018. This represents a decrease by 11.7 %. On January 22, 2018 the high for the first half year 2018 was reached with € 165.70. The low for the first six months in 2018 was € 120.60 on April 04, 2018. In the second half year the TecDAX, starting at 2,536 points on January 2, 2018 and closing at 2,691 points on June 29, 2018, increased by 6.1 %.

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 June 30, 2018.

## Interim Management Report

Based on an overall good demand unchanged compared to the first quarter of 2018, sales revenues were recorded at € 167.8 million in Q2 2018 (Q1 2018: € 170.4 million), and accordingly totaled € 338.2 million for the first six months of 2018. Following € 276.2 million in the first half of 2017, this represents a significant increase by € 62.0 million, or 22.4 %, respectively. What stands out as particularly impressive is that, as already reported in the first Quarter 2018, all market segments, regions and product groups contributed to these strong results. Regionally strong increases in sales were achieved in the USA and Asia. The organic growth and the development of the newly acquired group companies were due to the continuing dynamic development of the coating and semiconductor industries. In total, the gross profit increased by € 19.5 million to € 120.6 million (H1/2017: € 101.1 million). Due to the sales weight which has changed in favor of the mentioned markets above and by recording the PPA effects, the gross margin decreased slightly from 36.6 % to 35.7 %. Selling and marketing expenses as well as general and administrative expenses increased compared to the first half year 2018 also due to the consideration of the acquired group companies. R & D expenses slightly increased in the first six months of 2018 compared with 2017. The balance of other operating income and expenses grew by € 1.4 million to € 2.3 million in comparison to previous year. All in all, this resulted in a very noticeably by € 12.7 million, or 36.2 %, increased operating profit, totaling € 47.8 million in the first half of 2018 (H1/2017: € 35.0 million). As a consequence the EBIT margin, the ratio between operating profit and sales, rose from 12.7 % in 2017 to 14.1 % in the first six months of 2018. With constant net financial expenses and a slightly declined tax rate, net income increased from € 24.2 million to € 34.4 million. This corresponds to a significant increase by 41.9 %. As a result earnings per share amounted to € 3.48 (H1/2017: € 2.46).

It should be noted with respect to the half year 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 Half Year Financial Statements for the second 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

Overall economic development in the first half year 2018 largely continued without noteworthy changes compared to the close of fiscal 2017. The European economy as well as the U.S. economy thus showed a still positive trend which overlaid the slightly declining development in Asia, particularly in China. In our opinion, the dynamic of the demand in the vacuum industry continued to be robust, although the main impulses were registered beyond the semiconductor industry.

### 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 June 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

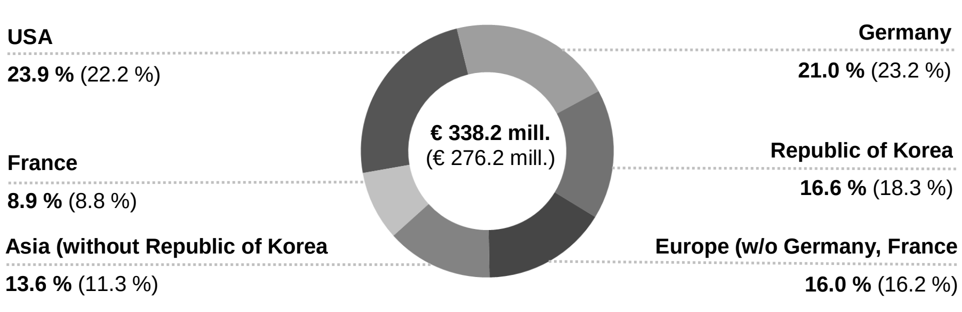
| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | in K€ | in K€ | in K€ | in K€ |
| USA | 41,440 | 31,816 | 80,933 | 61,450 |
| Germany | 32,233 | 31,914 | 71,107 | 64,111 |
| Republic of Korea | 25,047 | 27,429 | 56,237 | 50,466 |
| Europe (without Germany, France) | 27,229 | 21,591 | 53,945 | 44,746 |
| Asia (without Republic of Korea) | 26,962 | 15,898 | 46,044 | 31,077 |
| France | 14,880 | 10,642 | 29,946 | 24,387 |
| **Total** | **167,791** | **139,290** | **338,212** | **276,237** |

Analysis of sales by segment in the first half year shows a satisfactory development in all subareas. Noteworthy is the development in Asia (+48.2 %) and in the USA (+31.7 %), where the sales with our customers in coating and semiconductor industries had a significant impact. The disproportionately good sales development presented in the segment USA was attributable to organic growth as well as to growth as a result of corporate acquisitions. The U.S. dollar exchange rate in the actual reporting period yet had a considerable negative impact on sales development in the

USA compared to first half year 2017. Also all other segments achieved two digits growth rates.

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

**Sales by Segment H1/2018** (H1/2017)




### Sales by Region

In the following table we are also summarizing sales by region, The table includes all sales in a given region, regardless of which company in the Pfeiffer Vacuum Group actually generated these sales,



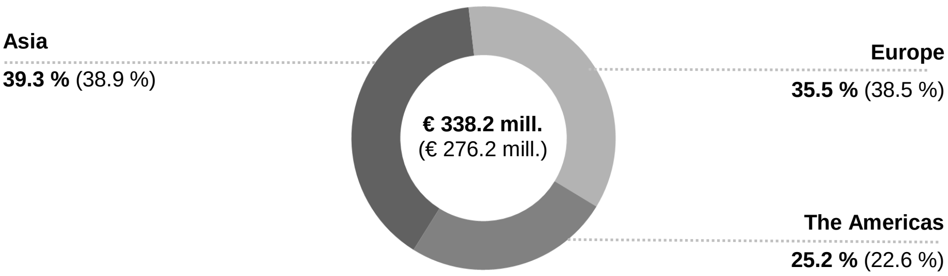
**Sales by Region**

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | in K€ | in K€ | in K€ | in K€ |
| Asia | 66,307 | 54,242 | 133,067 | 107,334 |
| Europe | 57,621 | 52,583 | 120,003 | 106,401 |
| The Americas | 43,799 | 32,363 | 85,050 | 62,336 |
| Rest of world | 64 | 102 | 92 | 166 |
| **Total** | **167,791** | **139,290** | **338,212** | **276,237** |

The already mentioned strong development in the segment USA was also reflected in the sales by region. Thus we recorded an excellent increase in sales by 36.4 % in the Americas region, again driven by organic growth as well as by corporate acquisitions. As a result of good sales from the coating and semiconductor areas, Asia could continue the strong development in the first quarter also in the second Quarter 2018 on the same level. Sales in Europe, too, achieved double digit growth rates compared with the previous year period.

The following graphic shows the still balanced split of sales by region with a slight increase in Asia,

## Sales by Region H1/2018 (H1/2017)




### Sales by Products

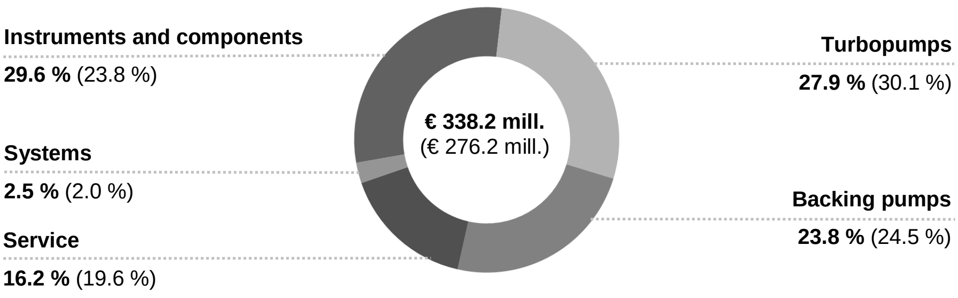
## Sales by Products

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | in K€ | in K€ | in K€ | in K€ |
| Instruments and components | 49,139 | 35,386 | 100,095 | 65,586 |
| Turbopumps | 47,173 | 40,379 | 94,345 | 83,245 |
| Backing pumps | 39,932 | 33,808 | 80,610 | 67,798 |
| Service | 27,548 | 27,500 | 54,669 | 54,198 |
| Systems | 3,999 | 2,217 | 8,493 | 5,410 |
| **Total** | **167,791** | **139,290** | **338,212** | **276,237** |

The analysis of sales by products shows that almost all product groups contributed to the sales development with double-digit growth rates. Particularly significant was, amongst others, the sales development with instruments and components. This sales increase by € 34.5 million, or 52.6 %, was mainly driven by organic growth as well as by growth as a result of corporate acquisitions. The service business with a sales volume of € 54.7 million only slightly exceeded the previous year's level (€ 54.2 million). Sales increases in backing pumps and in turbopumps by € 12.8 million, and € 11.1 million, respectively, were very gratifying.

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

**Sales by Products H1/2018** (H1/2017)




**Sales by Market**

## Sales by Market

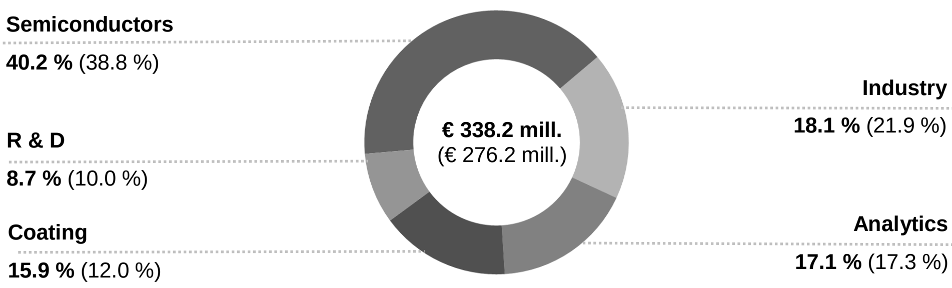
| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | in K€ | in K€ | in K€ | in K€ |
| Semiconductors | 65,968 | 54,951 | 136,092 | 107,226 |
| Industry | 30,500 | 30,860 | 61,148 | 60,554 |
| Analytics | 28,964 | 22,284 | 57,667 | 47,633 |
| Coating | 28,735 | 17,927 | 53,811 | 33,187 |
| R & D | 13,624 | 13,268 | 29,494 | 27,637 |
| **Total** | **167,791** | **139,290** | **338,212** | **276,237** |



As already mentioned, sales in the coating and semiconductor segments were able to be increased significantly. The above average growth rates amounted to 62.1 %, and 26.9 %, respectively. But also the market segments analytics and R & D showed pleasing increases by € 10.0 million, and € 1.9 million, respectively. In addition, the market segment industry contributed to the successful development of our business in the first six months 2018 with a stable development.

The sales split by markets was as follows:

**Sales by Market H1/2018** (H1/2017)




## Order Intake and Order Backlog

Following an order intake of € 318.5 million in the first six months of 2017 this number stood at € 368.0 million in the first half of 2018. This significant increase by € 49.5 million or 15.5 % was mainly caused by the development in the coating and semiconductor markets. With € 174.0 million the order intake in the second quarter of 2018 was slightly lower compared to the immediately preceding first quarter (€ 194.0 million). The book to bill ratio, the ratio between new orders and sales, was 1.04 in the second quarter 2018 (Q2/2017: 1.23). On a year to date basis, the book to bill ratio stood at 1.09 as at June 30, 2018 (1.15 for the first half year of 2017).

Order backlog increased from € 127.4 million at the end of December 2017 to € 157.2 million as at June 30, 2018. Resulting from the book to bill ratio above 1 the order backlog was also higher compared to March 31, 2018 (€ 151.0 million).

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

## Cost of Sales, Gross Profit and Gross Margin

In the first six months of 2018 cost of sales totaled € 217.6 million (2017: € 175.2 million), This represents an increase by € 42.4 million, or 24.2 %, caused mainly by the significant increase in sales. Accounting for € 120.6 million, gross profit was € 19.5 million above previous year's number (€ 101.1 million). Gross margin, the ratio between gross profit and sales, decreased from 36.6 % to 35.7 %, mainly due to the disproportional increase in cost of sales caused by customer and product mix as well as by recording of PPA effects. In the second quarter of 2018 in particular the customer mix, foreign currency effects and the low number of working days at our European production sites, were the main reasons for the weaker gross profit compared to the first quarter (€ 56.2 million vs. € 64.4 million) and the resulting gross margin of 33.5 % (Q1/2018: 37.8 %).

### Selling and Marketing Expenses

With € 35.4 million, selling and marketing expenses of the first six months of the current fiscal year were up € 5.9 million from the comparable number in the previous fiscal year (€ 29.5 million). This was partly caused by the full consideration the new entities acquired in 2017. Relative to sales, selling and marketing expenses declined by 0.2 percentage points to 10.5 % compared to prior year.

### General and Administrative Expenses

General and administrative expenses increased from € 24.0 million in the first two quarters of 2017 to € 25.8 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 8.7 % to 7.6 %.

### Research and Development Expenses

With € 14.1 million in the first half of 2018, research and development expenses were slightly up € 0.7 million from the prior year's level of € 13.4 million. However, R&D ratio, the ratio between R & D expenses and sales, decreased from 4.9 % to 4.2 % due to the increase in sales.



We will maintain the expenses allocated for research and development at a high level and invest in order to be able to sustain our position on 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 € +2.3 million in the first two quarters of 2018 after a net gain of € 0.9 million was recorded in the prior year period. The amounts in 2018 included predominantly net foreign exchange gains of € 0.8 million (2017: net foreign exchange losses of € 2.0 million) and expense subsidies affecting net income of € 1,8 million (2017: € 1,7 million).

### Operating Profit

Following € 35.0 million in the first half of 2017, operating profit in the first six months of 2018 stood at € 47.8 million. This corresponds to a significant increase by € 12.7 million, or 36.3 %. The EBIT margin, the ratio between operating profit and sales, rose from 12.7 % in the first six months of 2017 to 14.1 % in the first half 2018. This positive development was due to the higher sales volume as well as decreased ratio between operating expenses and sales. The development of the EBIT margin in Q2 2018 (12.1 %) was characterized by the decreased gross margin in this period.

### Financial Results

With € -0.2 million in the first half year 2018 net financial result was exactly on the prior year's level (€ -0.2 million). Thus, there were no material changes.

### Income Taxes

With 27.7 % in the first half year 2017 the tax rate was 2.7 % points below the prior year level (30.4 %). The decrease was mainly driven by the declined tax rate on the Group's results generated in USA.

### Net income / Earnings per share

Totaling € 34.4 million net income for the first half year of 2018 was up by € 10.2 million from the prior year results of € 24.2 million. Return on sales (after taxes) stood – after 8.8 % in 2017 – at 10.2 % in the first two quarters of 2018. Earnings per share developed parallel to net income. After € 2.46 in the first half year of 2017 an amount of € 3.48 was recorded for the current fiscal year. This represents an excellent increase by 41.5 %.



### Financial Position

Pfeiffer Vacuum's balance sheet total increased by € 27.5 million, or 5.0 %, from € 553.4 million as at December 31, 2017, to € 580.9 million, as at June 30, 2018. On the assets side of the balance sheet, this was predominantly attributable to the increase of inventories by € 12.4 million and the increase of trade accounts receivable by € 8.1 million. This has to be seen against the backdrop of the satisfactory development of sales and order intake in the first half year 2018. Other material changes related to tangible and intangible assets (increase by € 4.0 million in total, resulting mainly from investments and scheduled depreciation and amortization). Cash and cash equivalents remained stable, despite the dividend payment to the Pfeiffer Vacuum Technology AG shareholders following the Annual Shareholders' 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 June 30, 2018, shareholders' equity totaled € 338.2 million. This represents an increase of € 17.3 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 half year of 2017 (€ 34.4 million). In addition, other equity components saw a net increase by € 2.6 million, which was attributable to exchange rate impacts. The equity ratio was 58.2 % 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 € 97.2 million and financial liabilities totaling € 60.4 million, the Company shows no net indebtedness. Other material line items related to provisions for pensions (€ 51.2 million, € 50.0 million as at December 31, 2017) and other provision (€ 39.3 million, € 39.9 million as at December 31, 2017). Trade accounts payable (€ 41.5 million) increased slightly by € 0.7 million compared to prior year's level of € 40.8 million.

### Cash Flow

Totaling € 31.9 million in the first half 2018, operating cash flow was up significantly by € 5.3 million from the comparable prior year period (€ 26.6 million). This represents an increase by 19.6 %. In addition to the higher net income (€ +10.2 million) particularly the increase of payables and customer deposits had a positive impact on the operating cash flow in the first half 2018. In contrast, the development of inventories (+ € 12.6 million) as well as the increase of receivables and other assets by € 10.9 million burdened the operating cash flow.

Capital expenditures in the first six months of 2018 totaled € 12.5 million, and were roughly at the previous year's level. However, it should be noted that investing activities with € 8.9 million were intensified in the second quarter (Q1/2018: € 3.6 million). For the first 6 months of 2018 the net cash used in investing activities totaled € 12.4 million. Previous year's value of € 86.9 million was mainly characterized by the net cash used for acquisitions totaling € 74.6 million and capital expenditures of € 12.3 million.

In the first half year 2018, the dividend payments in the amount of € 19.7 million were the sole parameter in determining 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 € 15.7 million net cash used in fiscal 2017. Overall, the Company received net cash flows of € 18.8 million from financing activities in the previous year.

Considering exchange rate impacts, total cash outflow thus amounted to € 0.2 million (2017: € 41.1 million) and resulted in a slight decline in cash and cash equivalents to € 97.2 million.

### Workforce

As of June 30, 2018, the Company employed a workforce of 3,077 people, 970 of them in Germany and 2,107 in other countries.

## Workforce

| | Germany | | Other countries | | Total | |
|---|---|---|---|---|---|---|
| | | | June 30, | | | |
| | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| Manufacturing and Service | 568 | 547 | 1,392 | 1,244 | 1,960 | 1,791 |
| Research and Development | 91 | 82 | 122 | 120 | 213 | 202 |
| Sales and Marketing | 205 | 200 | 359 | 354 | 564 | 554 |
| Administration | 106 | 101 | 234 | 225 | 340 | 326 |
| **Total** | **970** | **930** | **2,107** | **1,943** | **3,077** | **2,873** |

### Risk and Opportunities Report

During the first six 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.



### Mayor Events in Fiscal 2018

After the end of the first half year 2018, there has not been any significant change in the industry environment or in the Company's position.

### Outlook

In the second quarter of 2018, we were able to further expand the pleasing order situation. Assuming that the market environment remains good, we expect sales for 2018 as a whole to range between € 640 million and € 660 million. The EBIT margin is expected to be between 14 and 16 percent, the EBIT margin adjusted for PPA effects is expected to range between 15 and 17 percent. For the sensitivity of sales to exchange rate changes in USD and KRW, a low double-digit million amount is expected with an assumed deviation of 10 percent from the previous year's exchange rate.

# Consolidated Interim Financial Statements

## Consolidated Statements of Income (unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | | adjusted[1] | | adjusted[1] |
| | in K€ | in K€ | in K€ | in K€ |
| Net sales | 167,791 | 139,290 | 338,212 | 276,237 |
| Cost of sales | -111,564 | -90,726 | -217,583 | -175,180 |
| **Gross profit** | **56,227** | 48,564 | **120,629** | 101,057 |
| | | | | |
| Selling and marketing expenses | -17,816 | -15,068 | -35,350 | -29,485 |
| General and administrative expenses | -13,210 | -13,255 | -25,762 | -24,008 |
| Research and development expenses | -7,223 | -6,829 | -14,050 | -13,401 |
| Other operating income | 3,419 | 4,264 | 5,402 | 6,222 |
| Other operating expenses | -1,100 | -3,752 | -3,116 | -5,336 |
| **Operating profit** | **20,297** | 13,924 | **47,753** | 35,049 |
| | | | | |
| Financial expenses | -153 | -233 | -346 | -320 |
| Financial income | 73 | 46 | 135 | 78 |
| **Earnings before taxes** | **20,217** | 13,737 | **47,542** | 34,807 |
| | | | | |
| Income taxes | -5,600 | -4,176 | -13,169 | -10,581 |
| | | | | |
| **Net income** | **14,617** | 9,561 | **34,373** | 24,226 |
| | | | | |
| **Earnings per share (in €):** | | | | |
| Basic | 1.48 | 0.97 | 3.48 | 2.46 |
| Diluted | 1.48 | 0.97 | 3.48 | 2.46 |

[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 Half Year Financial Statements for the second quarter 2017.

See accompanying notes to the interim financial statements.

## Consolidated Statements of Comprehensive Income (unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2018** | 2017 adjusted[1] | **2018** | 2017 adjusted[1] |
| | in K€ | in K€ | in K€ | in K€ |
| **Net income** | **14,617** | 9,561 | **34,373** | 24,226 |
| **Other comprehensive income** | | | | |
| **Amounts to be reclassified to income statement in future periods (if applicable)** | | | | |
| Currency changes | 6,836 | -9,770 | 2,633 | -7,873 |
| Results from cash flow hedges | - | 645 | | 1,116 |
| Related deferred income tax effects | -17 | -215 | -17 | -357 |
| | **6,819** | -9,340 | **2,616** | -7,114 |
| **Amounts not to be reclassified to income statement in future periods** | | | | |
| Valuation of defined benefit plans | -71 | 3,429 | -23 | 3,395 |
| Related deferred income tax effects | 18 | -989 | 6 | -985 |
| | **-53** | 2,440 | **-17** | 2,410 |
| **Other comprehensive income net of tax** | **6,766** | -6,900 | **2,599** | -4,704 |
| **Total comprehensive income net of tax** | **21,383** | 2,661 | **36,972** | 19,522 |



[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 Half Year Financial Statements for the second quarter 2017.

See accompanying notes to the interim financial statements.

## Consolidated Balance Sheets (unaudited)

| | June 30, 2018 in K€ | December 31, 2017 in K€ |
|---|---|---|
| **Assets** | | |
| Intangible assets | 109,565 | 110,814 |
| Property, plant and equipment | 112,207 | 106,949 |
| Investment properties | 436 | 448 |
| Deferred tax assets | 23,000 | 23,037 |
| Other non-current assets | 4,825 | 3,840 |
| **Total non-current assets** | **250,033** | 245,088 |
| | | |
| Inventories | 125,735 | 113,384 |
| Trade accounts receivable | 88,152 | 80,061 |
| Income tax receivables | 2,879 | 3,159 |
| Prepaid expenses | 4,227 | 2,475 |
| Other accounts receivable | 12,652 | 11,792 |
| Cash and cash equivalents | 97,167 | 97,402 |
| **Total current assets** | **330,812** | 308,273 |
| | | |
| **Total assets** | **580,845** | 553,361 |
| | | |
| **Shareholders' equity and liabilities** | | |
| Share capital | 25,261 | 25,261 |
| Additional paid-in capital | 96,245 | 96,245 |
| Retained earnings | 244,385 | 229,747 |
| Other equity components | -27,717 | -30,316 |
| **Equity of Pfeiffer Vacuum Technology AG shareholders** | **338,174** | 320,937 |
| | | |
| Financial liabilities | 60,215 | 60,248 |
| Provisions for pensions | 51,248 | 50,034 |
| Deferred tax liabilities | 4,037 | 3,988 |
| **Total non-current liabilities** | **115,500** | 114,270 |
| | | |
| Trade accounts payable | 41,519 | 40,814 |
| Customer deposits | 12,850 | 7,678 |
| Other accounts payable | 26,029 | 22,333 |
| Provisions | 39,349 | 39,894 |
| Income tax liabilities | 7,225 | 7,354 |
| Financial liabilities | 199 | 81 |
| **Total current liabilities** | **127,171** | 118,154 |
| | | |
| **Total shareholders' equity and liabilities** | **580,845** | 553,361 |

See accompanying notes to the interim financial statements.

## Consolidated Statements of Shareholders' Equity (unaudited)

| | Share Capital | Additional Paid-in Capital | Retained Earnings | Other Equity Components | Equity of Pfeiffer Vacuum Technology AG Shareholders |
|---|---|---|---|---|---|
| | in K€ | in K€ | in K€ | in K€ | in K€ |
| **Balance on Jan. 01, 2017** | **25,261** | **96,245** | **211,423** | **-17,355** | **315,574** |
| Net income (adjusted)[1] | - | - | 24,226 | - | 24,226 |
| Other comprehensive income (adjusted)[1] | - | - | - | -4,704 | -4,704 |
| **Total comprehensive income (adjusted)[1]** | **-** | **-** | **24,226** | **-4,704** | **19,522** |
| Dividend payment (adjusted)[1] | - | - | -35,524 | - | -35,524 |
| **Balance on June 30, 2017 (adjusted)[1]** | **25,261** | **96,245** | **200,125** | **-22,059** | **299,572** |
| | | | | | |
| **Balance on Jan. 01, 2018** | **25,261** | **96,245** | **229,747** | **-30,316** | **320,937** |
| Net income | - | - | 34,373 | - | 34,373 |
| Other comprehensive income | - | - | - | 2,599 | 2,599 |
| **Total comprehensive income** | **-** | **-** | **34,373** | **2,599** | **36,972** |
| Dividend payment | - | - | -19,735 | - | -19,735 |
| **Balance on June 30, 2018** | **25,261** | **96,245** | **244,385** | **-27,717** | **338,174** |



[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 Half Year Financial Statements for the second quarter 2017.

See accompanying notes to the interim financial statements.

## Consolidated Statements of Cash Flows (unaudited)

| | Six months ended June 30, | |
|---|---|---|
| | **2018** | 2017 |
| | | adjusted[1] |
| | in K€ | in K€ |
| **Cash flow from operating activities:** | | |
| Net income | 34,373 | 24,226 |
| Depreciation/amortization | 10,256 | 9,599 |
| Other non-cash income/expenses | 1,022 | 518 |
| Effects of changes of assets and liabilities: | | |
| Inventories | -12,633 | -10,628 |
| Receivables and other assets | -10,864 | -744 |
| Provisions, including pensions, and income tax liabilities | 380 | -1,549 |
| Payables, other liabilities | 9,334 | 5,213 |
| **Net cash provided by operating activities** | **31,868** | 26,635 |
| **Cash flow from investing activities:** | | |
| Payments for acquisitions | - | -74,594 |
| Capital expenditures | -12,529 | -12,342 |
| Proceeds from disposals of fixed assets | 129 | 82 |
| **Net cash used in investing activities** | **-12,400** | -86,854 |
| **Cash flow from financing activities:** | | |
| Proceeds from increase of financial liabilities | 77 | 70,000 |
| Dividend payment | -19,735 | -35,524 |
| Redemptions of financial liabilities | - | -15,661 |
| **Net cash provided by/used in financing activities** | **-19,658** | 18.815 |
| Effects of foreign exchange rate changes on cash and cash equivalents | -45 | 314 |
| **Net change in cash and cash equivalents** | **-235** | -41,091 |
| Cash and cash equivalents at beginning of period | 97,402 | 110,032 |
| **Cash and cash equivalents at end of period** | **97,167** | 68,941 |

[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 Half Year Financial Statements for the second 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 June 30, 2018, IAS 34 “Interim Financial Reporting” was applied. In doing so, basically 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.

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.

The standard 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 June 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.

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 measurment 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 June 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.

## 4. Intangible Assets

Intangible assets consist of the following:

### Intangible assets

| | June 30, 2018 | December 31, 2017 |
|---|---|---|
| | in K€ | in K€ |
| Goodwill | 80,150 | 79,299 |
| Customer Base | 18,603 | 18,891 |
| Software | 2,933 | 3,217 |
| Other intangible assets | 7,879 | 9,407 |
| **Total intangible assets** | **109,565** | 110,814 |

## 5. Property, Plant and Equipment

Property, plant and equipment comprise the following:



### Property, Plant and Equipment

| | June 30, 2018 | December 31, 2017 |
|---|---|---|
| | in K€ | in K€ |
| Land and buildings | 52,277 | 50,105 |
| Technical equipment and machinery | 33,832 | 32,882 |
| Other equipment, factory and office equipment | 12,460 | 12,716 |
| Construction in progress | 13,638 | 11,246 |
| **Total property, plant and equipment** | **112,207** | 106,949 |

## 6. Inventories

Inventories consist of the following:

### Inventories

| | June 30, 2018 | December 31, 2017 |
|---|---|---|
| | in K€ | in K€ |
| Raw materials | 34,498 | 31,816 |
| Work-in-process | 34,241 | 28,667 |
| Finished products | 56,996 | 52,901 |
| **Total inventories, net** | **125,735** | 113,384 |

### 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 June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | in K€ | in K€ | in K€ | in K€ |
| Service cost | 856 | 922 | 1,704 | 1.850 |
| Interest cost | 226 | 233 | 450 | 466 |
| **Net pension cost** | **1,082** | **1.155** | **2,154** | **2.316** |



### 9. Warranty

Warranty provisions developed as follows:

## Warranty provisions

| | Six months ended June 30, | |
|---|---|---|
| | **2018** | 2017 |
| | in K€ | in K€ |
| Balance on January 1 | 15,769 | 13,062 |
| Currency changes | 12 | -130 |
| Additions | 2,829 | 5,632 |
| Utilization | -3,229 | -3,623 |
| **Balance on June 30** | **15,381** | **14,941** |

## 10. Earnings per Share

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

### Earnings per Share

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2018** | 2017 adjusted [1] | **2018** | 2017 adjusted [1] |
| Net income (in K€) | 14,617 | 9,561 | 34,373 | 24,226 |
| 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)** | **1.48** | **0.97** | **3.48** | **2.46** |

[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 Half Year Financial Statements for the second quarter 2017.



## 11. Segment Reporting

### Segment Reporting June 30, 2018

| | 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 | 138,335 | 119,921 | 56,696 | 84,306 | 57,600 | 50,707 | -169,353 | 338,212 |
| Third party | 71,107 | 29,946 | 53,945 | 80,933 | 56,237 | 46,044 | - | 338,212 |
| Intercompany | 67,228 | 89,975 | 2,751 | 3,373 | 1,363 | 4,663 | -169,353 | - |
| Operating profit | 18,244 | 9,595 | 4,901 | 2,520 | 6,944 | 5,543 | 6 | 47,753 |
| Financial results | - | - | - | - | - | - | -211 | -211 |
| Earnings before taxes | 18,244 | 9,595 | 4,901 | 2,520 | 6,944 | 5,543 | -205 | 47,542 |
| Segment assets | 154,911 | 116,742 | 49,900 | 143,990 | 56,124 | 59,178 | - | 580,845 |
| Thereof assets according to IFRS 8,33 (b) [1] | 59,175 | 56,748 | 9,396 | 70,116 | 18,380 | 13,218 | - | 227,033 |
| Segment liabilities | 123,135 | 69,549 | 8,413 | 19,111 | 11,073 | 11,390 | - | 242,671 |
| Capital expenditures: | | | | | | | | |
| Property, plant & equipment [2] | 4,231 | 1,536 | 3,271 | 1,659 | 1,160 | 415 | - | 12,272 |
| Intangible assets | 242 | 3 | - | - | 12 | 0 | - | 257 |
| Depreciation [2] | 2,722 | 2,532 | 351 | 641 | 498 | 562 | - | 7,306 |
| Amortization | 406 | 428 | 2 | 2,105 | 6 | 3 | - | 2,950 |

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

[2] Including investment properties

## Segment Reporting June 30, 2017 (adjusted)[1]

| | Germany | France | Europe (excl, G and F) | USA | Republic of Korea | Asia (excl, Korea) | Other/ Consolidation | Group |
|---|---|---|---|---|---|---|---|---|
| | in K€ | in K€ | in K€ | in K€ | in K€ | in K€ | in K€ | in K€ |
| Net sales | 122,426 | 106,512 | 46,883 | 61,571 | 51,988 | 33,450 | -146,593 | 276,237 |
| Third party | 64,111 | 24,387 | 44,746 | 61,450 | 50,466 | 31,077 | - | 276,237 |
| Intercompany | 58,315 | 82,125 | 2,137 | 121 | 1,522 | 2,373 | -146,593 | - |
| Operating profit | 16,646 | 7,740 | 2,921 | 686 | 6,271 | 794 | -9 | 35,049 |
| Financial results | - | - | - | - | - | - | -242 | -242 |
| Earnings before taxes | 16,646 | 7,740 | 2,921 | 686 | 6,271 | 794 | -251 | 34,807 |
| Segment assets | 132,795 | 103,931 | 38,806 | 139,479 | 52,082 | 42,558 | - | 509,651 |
| Thereof assets according to IFRS 8,33 (b) [2] | 57,880 | 55,848 | 6,130 | 69,867 | 16,863 | 14,011 | - | 220,599 |
| Segment liabilities | 76,649 | 55,827 | 6,417 | 6,363 | 8,548 | 4,724 | - | 158,558 |
| Capital expenditures: | | | | | | | | |
| Property, plant & equipment [3] | 2,302 | 2,126 | 995 | 4,240 | 271 | 1,591 | - | 11,525 |
| Intangible assets | 661 | 145 | - | - | | 11 | - | 817 |
| Depreciation [3] | 2,535 | 2,475 | 305 | 286 | 682 | 428 | - | 6,711 |
| Amortization | 370 | 1,650 | 3 | 861 | 1 | 3 | - | 2,888 |

[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 six months of 2018 and for the second quarter, respectively (2017: 30.4%). The decrease was mainly driven by the declined tax rate on the Group's results generated in USA.

### 13. Independent Auditor

At the Annual General Meeting on May 23, 2018, the Supervisory Board proposed and the Shareholders elected PricewaterhouseCoopers GmbH, Wirtschaftsprüfungs-gesellschaft, 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 major related party transactions in the first half of 2018.

Asslar, August 1, 2018

**Pfeiffer Vacuum Technology AG**

Management Board



Dr. Eric Taberlet | Nathalie Benedikt | Dr. Matthias Wiemer | Dr. Ulrich von Hülsen

## Certification of the Legal Representatives

We hereby certify that, to the best of our knowledge and in accordance with the principles of due group interim reporting, the Consolidated Interim Financial Statements provide a true and fair view of the Group's net worth, financial position and results of operations, that the Consolidated Interim Management Report presents the course of business, including the results of operations and the Group's position, such as to provide a true and fair view and that the major opportunities and risks relating to the anticipated development of the Group in the remaining financial year are described.

Asslar, August 1, 2018

**Pfeiffer Vacuum Technology AG**

Management Board



Dr. Eric Taberlet    Nathalie Benedikt    Dr. Matthias Wiemer    Dr. Ulrich von Hülsen

# Additional Information

**Financial Calendar 2018**

- 3rd Quarter 2018 (9-Months) Results
  Tuesday, November 6, 2018
- Capital Markets Day
  Wednesday, November 28, 2018

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*This version of the Half Year Financial Report is a translation of the German version.
Only the German version is binding.*