

RESEARCH & DEVELOPMENT FOR OUR FUTURE



Quarterly
Financial
Report

First Quarter 2019

Quarterly Financial Report / First Quarter 2019

Contents

	Page
Key Figures	3
Corporate Profile	4
Share Performance	5
Interim Management Report	6
Consolidated Interim Financial Statements	16
Consolidated Statements of Income	16
Consolidated Statements of Comprehensive Income	17
Consolidated Balance Sheets	18
Consolidated Statements of Shareholders' Equity	19
Consolidated Statements of Cash Flows	20
Notes to the Consolidated Interim Financial Statements	21
Additional Information	29

Key Figures

		Q1 2019	Q1 2018	Change
Sales and profit				
Net sales	K€	153,733	170,421	-9.8%
Operating profit	K€	18,143	27,456	-33.9%
EBIT margin	%	11.8	16.1	-4.3 Pp
Net income	K€	12,893	19,756	-34.7%
Return on sales	%	8.4	11.6	-3.2 Pp
Operating cash flow	K€	8,145	8,630	-5.6%
Capital expenditures	K€	5,608	3,559	57.6%
Earnings per share	€	1.31	2.00	-34.5%
Workforce				
Workforce (average)		3,247	2,995	8.4%
Germany		1,047	950	10.2%
Other countries		2,200	2,045	7.6%
Sales per employee	K€	47	57	-17.5%
		March 31, 2019	December 31, 2018	Change
Balance sheet				
Balance sheet total	K€	652,071	624,160	4.5%
Cash and cash equivalents	K€	110,224	108,380	1.7%
Number of shares issued		9,867,659	9,867,659	-
Shareholders' equity	K€	388,630	372,225	4.4%
Equity ratio	%	59.6	59.6	0.0 Pp

3

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 March 31, 2019, is unaudited.

Corporate Profile

Pfeiffer Vacuum – a name that stands for innovative solutions, high technology and dependable products, along with first class service. For more than 125 years, we have been setting standards in vacuum technology with these attributes. One very special milestone was the invention of the turbopump at our Company more than 50 years ago. Thanks to our knowhow, we continue to be the technology and world market leader in this field. To no small degree, this also manifests itself in our strong profitability.

Our extensive line of solutions, products and services ranges from vacuum pumps, measurement and analysis equipment right through to complex vacuum systems. And quality always plays a key role in this connection: Products from Pfeiffer Vacuum are constantly being optimized through close collaboration with customers from a wide variety of industries, through ongoing development work and through the enormous enthusiasm and commitment of our people. These are virtues that we will continue to embrace!

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 (March 31, 2019)	3,247
Sales and service	32 Group companies 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

4

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 March 31, 2019	49.98 %
Market capitalization as at March 31, 2019	1,340.0 Mio. €

In the first quarter 2019 Pfeiffer Vacuum shares developed more positive than the TecDAX. An opening share price of € 111.90 on January 2, 2019 and closing price of € 136.40 on March 29, 2019 represented an increase by 21.9 %. The high for the first quarter 2019 was € 141.50 and was recorded on March 20, 2019. On January 03, 2019 the share price was € 106.80 and represented the low for the first three months of current fiscal 2019. In the same period the TecDAX, starting at 2,447 points on January 2, 2019 and closing at 2,672 points on March 29, 2019, decreased by 9.2 %.

Also in 2018 Pfeiffer Vacuum distributed a dividend to its shareholders for a repeated time (€ 2.00 per share for fiscal year 2017). For fiscal year 2018, Management Board and Supervisory Board will propose a dividend of € 2.30 per share at the forthcoming Annual General Meeting on May 23, 2019. This would represent a payout ratio of 33 % of consolidated net income.

Unchanged compared to December 31, 2018, the freefloat according to our knowledge is 49.98 % as of March 31, 2019.

Interim Management Report

With net sales of € 153.7 million in the first quarter 2019, sales volume decreased by € 16.7 million from the prior year's quarter (€ 170.4 million). This development was mainly characterized by investment restraints in the coating and semiconductor industries, especially in the Asia region. As a consequence the gross profit decreased by € 8.7 million to € 55.7 million (previous year: € 64.4 million). The corresponding gross margin was 36.2% for the first three months 2019 and thus 1.6% below prior years value (37.8%). In comparison to first quarter 2018, the operating expenses showed increases which were also caused by Group's focus on further growth. The balance of other operating income and expenses stood € 1.3 million above previous year's level. All in all, the operating profit in the first quarter 2019 of € 18.1 million decreased by € 9.3 million compared to previous year's amount of € 27.5 million. The EBIT margin, the ratio between operating profit and sales, declined from 16.1 % to 11.8 % in the first three months of 2019. With virtually constant net financial expenses and a marginally increased tax rate, net income decreased from € 19.8 million to € 12.9 million. Earnings per share totalled € 1.31 in the first quarter of 2019, down by € 0.69 from the level of € 2.00 in the first three months of 2018.

Overall Economic Environment and Industry Situation

Compared to the year 2018 overall economic environment in 2019 so far showed further decreasing dynamics. With a growth rate of 3.3% the global economy declined from the prior year's level of 3.7%. This trend was broad in scope as it covers the Western economies as well as the economies of the Asian area. The most important economic indicators currently show no change with respect to this trend. According to the general economic developments the demand in the vacuum industry was lower, particularly due to the weakening demand from the semiconductor industry at the end of 2018 and in first quarter 2019.

6

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 March 31, 2019, and 2018.

Sales by Segment

The subsidiaries in the individual countries are independent legal entities with their own management, which distribute products and provide services. Some entities within the Group additionally execute production functions. The entire product portfolio is offered by all sales subsidiaries. Controlling of business development by corporate management is carried out on the level of the legal entities. Accordingly, the Company identifies its primary operating segments by legal entity. Due to the similarity of their economic environment, the same product portfolio sold, same sales markets, same cost structures and same sales channels, the Company basically aggregates its European and Asian subsidiaries into one reporting segment, "Rest of Europe" and "Rest of Asia". In contrast, the production companies in Germany, France, the USA and the Republic of Korea were presented separately each as an individual segment. This was caused by the different functions of these entities, predominantly resulting from the existing production function. For this reason the prerequisites for an aggregation with the other segments are not given. The purely sales-oriented entity in the US is thus also presented separately. All operating segments that individually or as a group do not have to be reported separately are included in the segment „All Others“.

Interim Management Report

Sales by Segment

	Three months ended March 31,	
	2019 in K€	2018 ¹ in K€
USA	28,229	26,724
Germany	27,823	31,954
Rest of Europe	27,110	26,713
Rest of Asia	23,766	21,291
Republic of Korea	15,787	28,981
France	15,768	15,066
USA (Production)	9,548	11,400
All Others	5,702	8,292
Total	153,733	170,421

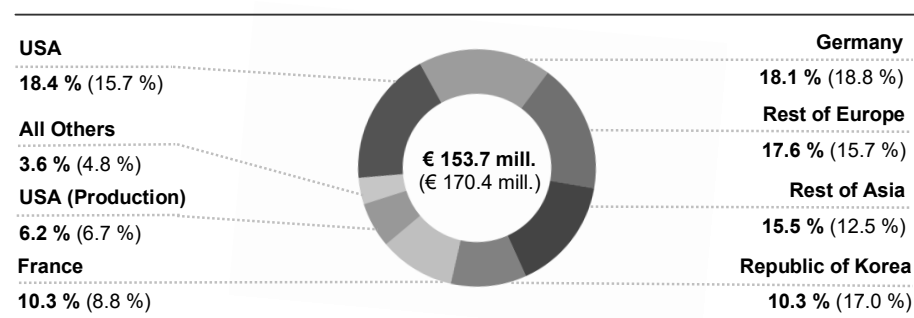
¹ In accordance with the aggregation changes made in 2018, the previous year's figures were adjusted for better comparability.

Analysis of sales in the first three months 2019 shows a heterogeneous development. Whereas the sales in segments Rest of Asia, USA, France and Rest of Europe showed increases, the sales in all other segments declined. The most significant sales decrease in the reporting period related to the segment Republic of Korea in which the restrained demand of customers was noticeable.

8

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

Sales by Segment 3M/2019 (3M/2018)



Interim Management Report

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 company in the Pfeiffer Vacuum Group actually generated these sales.

Sales by Region

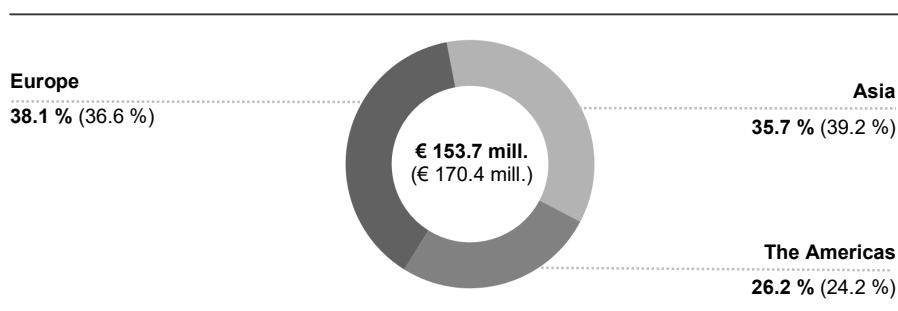
	Three months ended March 31,	
	2019 in K€	2018 in K€
Europe	58,601	62,382
Asia	54,873	66,760
The Americas	40,224	41,251
Rest of the world	35	28
Total	153,733	170,421

The sales decrease of € 16.7 million in the first quarter 2019 was reflected as well in the regional perspective, in which every region was below its prior year's level. As already mentioned in the segment analysis the positive development in the region Rest of Asia was overcompensated by the sales decrease of Republic of Korea. As a result of the disproportionate sales decrease in Asia in the first quarter 2019, Europe became the strongest sales region measured as percentage of total group sales.

9

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

Sales by Region 3M/2019 (3M/2018)



Interim Management Report

Sales by Products

Sales by Products

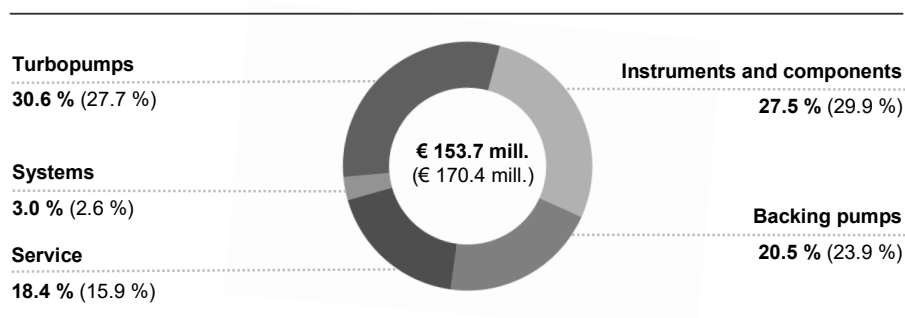
	Three months ended March 31,	
	2019 in K€	2018 in K€
Turbopumps	47,021	47,172
Instruments and components	42,207	50,956
Backing pumps	31,539	40,678
Service	28,253	27,121
Systems	4,713	4,494
Total	153,733	170,421

The analysis of sales by products shows a heterogeneous development as well. For turbopumps and systems business the sales were nearly at prior year's levels while service sales increased by € 1.1 million. In contrast, backing pumps and instruments and components recorded decreases in comparison to prior year's first quarter.

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

10

Sales by Products 3M/2019 (3M/2018)



Interim Management Report

Sales by Market

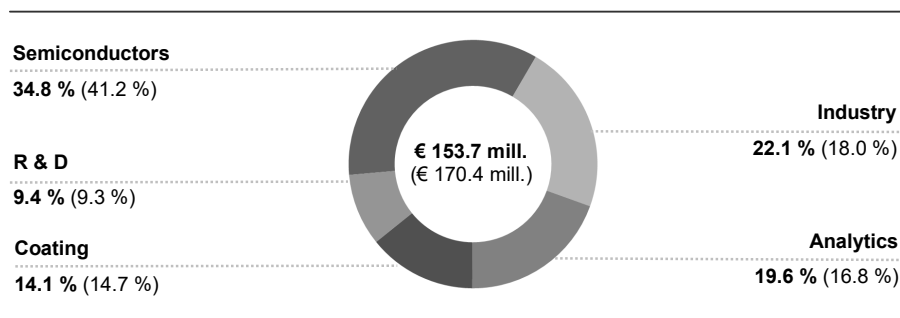
Sales by Market

	Three months ended March 31,	
	2019 in K€	2018 in K€
Semiconductors	53,484	70,124
Industry	33,945	30,648
Analytics	30,167	28,703
Coating	21,632	25,076
R & D	14,505	15,870
Total	153,733	170,421

As already mentioned, sales in the semiconductor were affected by the restraint demand of customers in this market segment. The development in the coating market was also characterized by a lower dynamic in demand. Increases were recorded in the market segments industry and analytics (+ € 3.3 million, and + € 1.5 million, respectively). In addition, the market segment R & D developed slightly weaker in comparison to the first quarter 2018.

The sales split by markets was as follows:

Sales by Market 3M/2019 (3M/2018)



Order Intake and Order Backlog

Order intake in the first quarter 2019 was € 148.8 million. Following € 194.0 million in the first three months of 2018, this represented a decrease by € 45.2 million, or 23.3 %. This decrease was mainly caused by the negative development in the markets semiconductor and coating. In comparison to the immediately preceding fourth quarter 2018 (€ 160.6 million) this represented a decrease of € 11.8 million. The book-to-bill ratio, the ratio between new orders and sales, stood at 0.97 as at March 31, 2019 (1.14 as at March 31, 2018).

Interim Management Report

Order backlog decreased from € 144.9 million at the end of December 2018 to € 140.0 million as at March 31, 2019. This represented a decrease by € 4.9 million, or 3.4 %.

Contracts are only recorded as orders when they are based upon binding agreements. 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

Following cost of sales of € 106.0 million in the first quarter 2018, cost of sales in the first three months of 2019 totaled € 98.1 million. This represents a decrease by € 7.9 million, or 7.5 %, caused mainly by lower sales. Gross profit was € 55.7 million in the first quarter 2019. This represents a decline by € 8.7 million, or 13.6 %, compared to the first quarter of 2018 (€ 64.4 million). Gross margin, the ratio between gross profit and sales, decreased from 37.8 % to 36.2 %. Due to the decline of sales and the corresponding impact on earnings which were caused by negative economics of scale, the gross margin was burdened in all. However, as a consequence of a favorable customer and product mix this decline was disproportionately low.

12

Selling and Marketing Expenses

Selling and marketing expenses totaled € 18.0 million in the first three months of the current fiscal year and were € 0.5 million higher compared to the first quarter in 2018 (€ 17.5 million). Due to decrease in sales, the ratio of sales and marketing expenses and sales increased from 10.3% to 11.7 %.

General and Administrative Expenses

After € 12.6 million in the first quarter 2018, general and administrative expenses increased to € 13.2 million in fiscal 2019. The general and administrative expenses relative to sales were 8.6 % in 2019 after 7.4 % in 2018.

Research and Development Expenses

With € 7.5 million in the first quarter of 2019, research and development expenses increased by 0.7 Mio. € compared to prior year's level (€ 6.8 million). The R&D ratio, the ratio between R & D expenses and sales, increased from 4.0 % to 4.9 % accordingly.

We will maintain the expenses allocated for research and development at a high level and invest in order to be able to continue 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

The result of other operating income and expenses was € 1.2 million in the first quarter of 2019 after a virtually balanced result closed last year. The amounts in 2019 included predominantly net foreign exchange gains of € 0.5 million (2018: net foreign exchange losses of € 0.9 million) and expense subsidies affecting net income of € 0.7 million (2018: € 0.9 million).

Operating Profit

Following € 27.5 million in the first quarter of 2018, operating profit in the first three months of 2019 decreased by € 9.4 million to € 18.1 million. This corresponds to a decline by 33.9 %. The EBIT margin, the ratio between operating profit and sales, was reduced from very good 16.1 % in the first three months of 2018 to 11.8 % in the first quarter of 2019. This development was mainly due to the lower sales volume as well as the measures geared towards further growth, which were reflected in higher ratio of operating expenses.

Financial Results

With € -0.2 million in the first quarter 2019 net financial results were below the previous year's level by € 0.1 million. Interest expenses relating leases which were firstly recorded since the beginning of 2019 had only a marginal impact on financial results (please also refer to note 2 in the Notes to the Consolidated Interim Financial Statements).

13

Income Taxes

With 28.2 % the tax rate for the first three months of the current fiscal year was slightly 0.5 %-points above the prior year's level (27.7 %). There were no structural changes.

Net income / Earnings per share

Net income for the first three months of 2019 totaled € 12.9 million and was down by € 6.9 million or 34.7 % from the comparable prior period number (€ 19.8 million). Return on sales (after taxes) stood – after 11.6 % in the first quarter of 2018 – at 8.4 %. With € 1.31, earnings per share, too, decreased by 34.5 % compared to the prior year (€ 2.00).

Financial Position

Pfeiffer Vacuum's balance sheet total increased by € 27.9 million, or 4.5 %, from € 624.2 million as at December 31, 2018, to € 652.1 million, as at March 31, 2019. On the assets side of the balance sheet, this was predominantly attributable to the increase of property, plant and equipment. The net increase by € 20.2 million resulted on the one hand from the capital expenditures and on the other hand from new requirements in the accounting for lease agreements, according to which the contractual rights-of-use have to be recognized as assets in the balance sheet (please also refer to note 2 in the Notes to the Consolidated Interim Financial Statements). Other material changes related to the increase of inventories by € 15.6 million and to trade accounts receivable which declined by € 10.2 million.

As at March 31, 2019, shareholders' equity totaled € 388.6 million, up € 16.4 million from the level on December 31, 2018 (€ 372.2 million). Equity ratio was unchanged compared with the end of fiscal 2018 and stood at 59.6 % on March 31, 2019. Other major changes on the liabilities' side of the balance sheet related to first time recognition of lease liabilities which increased the long and short-term financial liabilities by € 16.2 million (please refer to note 2 in the Notes to the Consolidated Interim Financial Statements). In contrast, provisions decreased by € 4.2 million.

Cash Flow

Totaling € 8.1 million, operating cash flow was down by € 0.5 million from the comparable prior year period (€ 8.6 million). Despite the lower net income (€ -6.9 million), particularly the decrease in receivables and other assets had a positive impact on the operating cash flow in the first three months of 2019. In contrast, the increase of inventories burdened the development of the operating cash flow.

Net cash used in investing activities totaled € 5.6 million in the first three months of 2019. Sole driver for the increase by € 2.1 million compared to the level of previous year (€ 3.5 million) was the net cash used for capital expenditures in the first quarter of 2019.

The first-time application of the accounting requirements for leases in the current reporting period led to the disclosure of principal elements of lease payments under cash flow from financing activities (€ 1.0 million; please also refer to note 2 in the Notes to the Consolidated Interim Financial Statements). Along with the proceeds from increase of financial liabilities of € 0.2 million, the net cash used in financing activities amounted to € 0.8 million in total in the first quarter of 2019.

Considering exchange rate impacts of € 0.1 million, total cash inflow thus amounted to € 1.8 million (Q 1 2018: € 4.9 million) and resulted in an increase in cash and cash equivalents to € 110.2 million.

Interim Management Report

Workforce

As of March 31, 2019, the Company employed a workforce of 3,247 people, 1,047 of them in Germany and 2,200 in other countries.

Workforce

	Germany		Other countries		Total	
			March 31,			
	2019	2018	2019	2018	2019	2018
Manufacturing and Service	620	550	1,499	1,363	2,119	1,913
Research and Development	87	90	131	121	218	211
Sales and Marketing	223	202	370	342	593	544
Administration	117	108	200	219	317	327
Total	1,047	950	2,200	2,045	3,247	2,995

Risk and Opportunities Report

During the first three months of the 2019 fiscal year, there were no changes in the risks and opportunities as described in our Annual Report (Geschäftsbericht) for the year ended December 31, 2018. The Annual Report is available on our homepage www.group.pfeiffer-vacuum.com.

15

Mayor Events after the Balance Sheet Date

After the end of the first quarter 2019, there has not been any significant change in the Company situation or industry environment.

Outlook

The year 2019 so far has met the overall expectations in respect to the development of sales and order intake. The start of the second quarter shows that the sales and the order intake are still affected by the ongoing weak demand of the semiconductor market. The visibility in respect to the second half of the year remains unchanged on a low level. Thus, an outlook on the further development continues to be difficult.

All in all we will adhere to our proven approach in the past and provide a detailed outlook on the expected business development in fiscal 2019 in connection with the upcoming Annual General Meeting on May 23, 2019

Consolidated Interim Financial Statements

Consolidated Statements of Income (unaudited)

	Three months ended March 31,	
	2019 in K€	2018 in K€
Net sales	153,733	170,421
Cost of sales	-98,064	-106,019
Gross profit	55,669	64,402
Selling and marketing expenses	-18,047	-17,534
General and administrative expenses	-13,200	-12,552
Research and development expenses	-7,511	-6,827
Other operating income	2,178	1,983
Other operating expenses	-946	-2,016
Operating profit	18,143	27,456
Financial expenses	-222	-193
Financial income	36	62
Earnings before taxes	17,957	27,325
Income taxes	-5,064	-7,569
Net income	12,893	19,756
Earnings per share (in €):		
Basic	1.31	2.00
Diluted	1.31	2.00

16

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Comprehensive Income (unaudited)

	Three months ended March 31,	
	2019 in K€	2018 in K€
Net income	12,893	19,756
Other comprehensive income		
Amounts to be reclassified to income statement in future periods (if applicable)		
Currency changes	3,507	-4,173
Results from cash flow hedges	29	-
Related deferred income tax effects	-9	-
	3,527	-4,173
Amounts not to be reclassified to income statement in future periods		
Valuation of defined benefit plans	-20	48
Related deferred income tax effects	5	-12
	-15	36
Other comprehensive income net of tax	3,512	-4,137
Total comprehensive income net of tax	16,405	15,619

17

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Balance Sheets (unaudited)

	March 31, 2019	December 31, 2018
	in K€	in K€
Assets		
Intangible assets	109,834	109,460
Property, plant and equipment	146,307	126,143
Investment properties	418	424
Other financial assets	4,444	4,282
Other assets	1,242	3,200
Deferred tax assets	25,350	24,895
Total non-current assets	287,595	268,404
Inventories	148,813	133,191
Trade accounts receivable	81,984	92,164
Contract assets	333	298
Income tax receivables	3,303	3,726
Prepaid expenses	5,971	3,504
Other financial assets	840	609
Other accounts receivable	13,008	13,884
Cash and cash equivalents	110,224	108,380
Total current assets	364,476	355,756
Total assets	652,071	624,160
Shareholders' equity and liabilities		
Share capital	25,261	25,261
Additional paid-in capital	96,245	96,245
Retained earnings	291,784	278,891
Other equity components	-24,660	-28,172
Equity of Pfeiffer Vacuum Technology AG shareholders	388,630	372,225
Financial liabilities	71,872	60,182
Provisions for pensions	56,637	55,638
Deferred tax liabilities	4,622	4,638
Contract liabilities	544	630
Total non-current liabilities	133,675	121,088
Trade accounts payable	37,132	38,054
Contract liabilities	17,244	18,271
Other accounts payable	26,272	25,740
Provisions	37,445	41,626
Income tax liabilities	7,168	7,061
Financial liabilities	4,505	95
Total current liabilities	129,766	130,847
Total shareholders' equity and liabilities	652,071	624,160

18

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 Com- ponents in K€	Equity of Pfeiffer Vacuum Technology AG Shareholders in K€
Balance on Jan. 01, 2018	25,261	96,245	229,747	-30,316	320,937
Net income	-	-	19,756	-	19,756
Other comprehensive income	-	-	-	-4,137	-4,137
Total comprehensive income	-	-	19,756	-4,137	15,619
Balance on March 31, 2018	25,261	96,245	249,503	-34,453	336,556
Balance on Jan. 01, 2019	25,261	96,245	278,891	-28,172	372,225
Net income	-	-	12,893	-	12,893
Other comprehensive income	-	-	-	3,512	3,512
Total comprehensive income	-	-	12,893	3,512	16,405
Balance on March 31, 2019	25,261	96,245	291,784	24,660	388,630

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Cash Flows (unaudited)

	Three months ended March 31,	
	2019	2018
	in K€	in K€
Cash flow from operating activities:		
Net income	12,893	19,756
Depreciation/amortization	5,650	5,094
Other non-cash income/expenses	1,146	386
Effects of changes of assets and liabilities:		
Inventories	-15,959	-8,909
Receivables and other assets	9,654	-15,185
Provisions, including pensions, and income tax liabilities	-3,371	1,904
Payables, other liabilities	-1,868	5,584
Net cash provided by operating activities	8,145	8,630
Cash flow from investing activities:		
Capital expenditures	-5,608	-3,559
Proceeds from disposals of fixed assets	35	89
Net cash used in investing activities	-5,573	-3,470
Cash flow from financing activities:		
Principal elements of lease payments	-1,033	-
Proceeds from increase of financial liabilities	163	-
Redemptions of financial liabilities	-	-18
Net cash used in financing activities	-870	-18
Effects of foreign exchange rate changes on cash and cash equivalents	142	-266
Net change in cash and cash equivalents	1,844	4,876
Cash and cash equivalents at beginning of period	108,380	97,402
Cash and cash equivalents at end of period	110,224	102,278

20

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 March 31, 2019, 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, 2018 were used. Please refer to the detailed description of these methods in the Notes to the Consolidated Financial Statements 2018, 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, 2019 the Company has applied the new standards IFRS 16 "Leases" for the first time.

IFRS 16 changes the accounting requirements for leases and replaces the previous standard IAS 17 and the related interpretations. Pfeiffer Vacuum has decided to adopt IFRS 16 using the modified retrospective approach. The comparative information for the 2018 fiscal year will therefore not be adjusted in the 2019 fiscal year.

The main objective of IFRS 16 is to uniformly recognize all lease contracts and show them in the balance sheet. The previous classification into finance and operating leases does not apply for the lessee anymore. For all leases, a right-of-use asset and a lease liability have to be recognized in the balance sheet. The lease liability is measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate, the right-of-use asset is generally measured at the amount of the lease liability plus initial direct costs. During the lease term, the right-of-use asset is depreciated and the lease liability is recognized using the effective interest method and taking into account lease payments.

For low-value assets and short-term leases the option under IFRS 16 of not recognizing a right-of-use asset or lease liability is not applied by Pfeiffer Vacuum. As a consequence right-of-use assets and lease liabilities are recognized in the balance sheet for such lease contracts. Furthermore, the lessee can decide whether to subdivide the payment into leasing and non-leasing components. Here, Pfeiffer Vacuum decided not to subdivide the payment, but to treat the entire payment as a leasing component.

The lessor's accounting remains substantially unchanged. The lessor continues to classify leases as finance and operating leases based on the allocation of risks and rewards incidental to ownership of the leased asset.

According to the methodology described above, the lease liability is to be recognized at the present value of the remaining lease payments at the time of the adoption. The present value calculation is based on lessee's incremental borrowing rates as of January 1, 2019.

The right-of-use assets recognized in the balance sheet are shown in the balance sheet items in which the assets underlying the leasing agreement would have been shown if they had been owned by the Company. As of the balance sheet date the right-of-use assets are therefore reported, as property, plant and equipment within the non-current assets.

In relation to the Annual Consolidated Financial Statements, there are significantly more extensive disclosures in the notes.

Notes to the Consolidated Interim Financial Statements (unaudited)

Due to the change to IFRS 16, the following effects have arisen from the initial recognition of rights of use and lease liabilities as of January 1, 2019:

- At the date of first-time application, right-of-use assets previously accounted for as operating leases were recognized in the amount of € 19.0 million under property, plant and equipment. Lease liabilities of € 17.0 million were recognized in the balance sheet. The difference between rights-of-use assets and lease liabilities resulted from lease contracts, for which prepayments were made in the beginning of the contract term. Lease liabilities are reported under current and non-current financial liabilities. The present value calculation of the lease liabilities is based on incremental borrowing rates as of January 1, 2019. The weighted average incremental borrowing rate as of January 1, 2019 amounted to 1.03 %.
- There were no effects on equity from the first-time application.
- Due to the recognition of lease liabilities from operating leases, the equity ratio decreased by approx. 1.6 %.
- The increase in financial liabilities resulting from the change in accounting rules had a negative impact of approx. € 17.0 million on the net indebtedness of the Company.

23

In contrast to the previous approach, according to which expenses for operating leases were shown in full in the operating profit, under IFRS 16 only the depreciation of the right-of-use asset is allocated to the operating profit.

Interest expenses from the allocation of interest to lease liabilities are reported in the financial result. This is expected to increase the operating profit only to a marginal extent. In the first quarter of 2019 these interest expenses were less than € 0.1 million.

The changes in recognition of expenses from operating leases in the cash flow statement result in an improvement in cash flow from operating activities. In the first quarter of the current reporting period the improvement was approx. € 1.2 million. Accordingly, the cash flow from financing activities was impacted by the repayment elements of the lease payments.

Notes to the Consolidated Interim Financial Statements (unaudited)

3. Intangible Assets

Intangible assets consisted of the following:

Intangible assets

	March 31, 2019	December 31, 2018
	in K€	in K€
Goodwill	81,532	80,721
Customer base	18,010	18,094
Software	2,936	2,890
Other intangible assets	7,356	7,775
Total intangible assets	109,834	109,460

4. Property, Plant and Equipment

Since January 1, 2019, property, plant and equipment with a net book value of € 146.3 million also included right-of-use assets related to lease accounting.

Property, plant and equipment excluding right-of-use assets comprised the following:

Property, Plant and Equipment (excluding Right-of-Use Assets)

	March 31, 2019	December 31, 2018
	in K€	in K€
Land and buildings	58,499	58,638
Technical equipment and machinery	42,116	42,412
Other equipment, factory and office equipment	12,816	12,649
Construction in progress	15,102	12,444
Total property, plant and equipment (excl. right-of-use assets)	128,533	126,143

The table below shows the right-of-use assets from leasing agreements which are accounted for since January 1, 2019.

Right-of-Use Assets

	March 31, 2019
	in K€
Land and buildings	15,417
Technical equipment and machinery	101
Other equipment, factory and office equipment	2,256
Total right-of-use assets	17,774

Notes to the Consolidated Interim Financial Statements (unaudited)

5. Inventories

Inventories consisted of the following:

Inventories

	March 31, 2019	December 31, 2018
	in K€	in K€
Raw materials	39,840	36,420
Work-in-process	38,321	32,095
Finished products	70,652	64,676
Total inventories, net	148,813	133,191

6. Financial Liabilities

Financial liabilities were comprised as follows:

Financial Liabilities

	March 31, 2019	December 31, 2018
	in K€	in K€
Loans	60,000	60,000
Lease liabilities	11,872	182
Non-current financial liabilities	71,872	60,182
Lease liabilities	4,319	72
Other financial liabilities	186	23
Current financial liabilities	4,505	95
Total financial liabilities	76,377	60,277

As at March 31, 2019, lease liabilities included effects from first-time adoption of IFRS 16 "Leases". Lease liabilities shown in the previous year only related to finance leases.

Notes to the Consolidated Interim Financial Statements (unaudited)

7. Pension Benefits

Pension expense for all plans included the following components:

Pension Expense for All Plans

	Three months ended March 31,	
	2019	2018
	in K€	in K€
Service cost	929	848
Net interest cost	251	224
Net pension cost	1,180	1,072

8. Warranty

Warranty provisions developed as follows:

Warranty provisions

	Three months ended March 31,	
	2019	2018
	in K€	in K€
Balance on January 1	15,939	15,769
Currency changes	43	-66
Additions	2,208	1,011
Utilization	-2,564	-1,636
Balance on March 31	15,626	15,078

9. Income taxes

The Company's effective tax rate for the first quarter 2019 amounted to 28.2 % and was slightly above the tax rate of the comparative period (Q1 2018 27.7 %).

10. Proposed Dividend Appropriation

The Management and Supervisory Board's common proposal on the dividend appropriation suggests a dividend of € 2.30 per share to be resolved by the Annual Shareholders' Meeting on May 23, 2019. This would lead to a total dividend distribution to the shareholders of € 22.7 million.

Notes to the Consolidated Interim Financial Statements (unaudited)

11. Earnings per Share

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

Earnings per Share

	Three months ended March 31,	
	2019	2018
Net income (in K€)	12,893	19,756
Weighted average number of shares	9,867,659	9,867,659
Number of conversion rights	-	-
Adjusted weighted average number of shares	9,867,659	9,867,659
Earnings per share in € (basic/diluted)	1.31	2.00

12. Segment Reporting

Segment Reporting as at March 31, 2019 (in K €)

27

	Germany	France	Rest of Europe	USA	USA Production	Republic of Korea	Rest of Asia	All Others	Consolidation	Group
Net sales	60,625	51,202	27,111	28,370	10,417	16,231	25,934	11,920	-78,077	153,733
Third party	27,823	15,768	27,110	28,229	9,548	15,787	23,766	5,702	-	153,733
Intercompany	32,802	35,434	1	141	869	444	2,168	6,218	-78,077	-
Operating profit	10,467	3,170	1,419	839	228	-201	2,296	-75	-	18,143
Financial income	-35	-55	-7	245	-208	12	-54	-84	-	-186
Earnings before taxes	10,432	3,115	1,412	1,084	20	-189	2,242	-159	-	17,957
Segment assets	158,175	131,308	54,641	67,407	70,985	45,137	74,620	49,798	-	652,071
Thereof assets according to IFRS 8.33 (b) ¹	66,226	61,484	3,895	21,230	46,164	17,396	18,955	26,895	-	262,245
Segment liabilities	121,796	72,004	19,451	9,815	6,660	10,988	16,012	6,715	-	263,441
Capital expenditures:										
Property, plant and equipment ²	1,509	1,004	177	437	56	950	734	633	-	5,500
Intangible assets	61	-	4	-	-	-	11	32	-	108
Depreciation ³										
Amortization	1,246	920	268	431	191	338	721	569	-	4,684
Segment liabilities	162	190	2	1	421	2	2	186	-	966

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

² Including investment properties and excluding additions of right-of-use assets from leases

³ Including right-of-use assets from leases and investment properties

Notes to the Consolidated Interim Financial Statements (unaudited)

Segment Reporting as at March 31, 2018 (in K €; adjusted ¹)

	Germany	France	Rest of Europe	USA	USA Production	Republic of Korea	Rest of Asia	All Others	Consolidation	Group
Net sales	62,304	62,791	26,851	26,759	12,498	29,541	23,512	13,409	-87,244	170,421
Third party	31,954	15,066	26,713	26,724	11,400	28,981	21,291	8,292	-	170,421
Intercompany	30,350	47,725	138	35	1,098	560	2,221	5,117	-87,244	-
Operating profit	8,794	6,264	2,573	1,269	-39	3,964	2,656	1,975	-	27,456
Financial income	-59	-65	2	-	-2	24	17	-48	-	-131
Earnings before taxes	8,735	6,199	2,575	1,269	-41	3,988	2,673	1,927	-	27,325
Segment assets	121,886	116,969	42,651	68,999	65,191	53,873	62,869	43,309	-	575,747
Thereof assets according to IFRS 8.33 (b) ¹	46,510	57,254	3,772	15,397	44,440	15,129	15,518	20,879	-	218,899
Segment liabilities	117,868	74,898	7,112	5,780	5,920	12,407	9,132	6,074	-	239,191
Capital expenditures:										
Property, plant and equipment ²	1,113	556	73	590	44	387	169	551	-	3,483
Intangible assets	51	-	-	-	-	-	-	25	-	76
Depreciation ³										
Amortization	1,143	1,260	100	106	187	241	291	305	-	3,633
Segment liabilities	164	213	1	1	911	-	4	167	-	1,461

¹ In accordance with the aggregation changes made in 2018, the previous year's figures were adjusted for better comparability.

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

³ Including right-of-use assets from leases and investment properties

13. Major Related Party Transactions

All transactions between the subsidiaries are eliminated during the consolidation process. All other transactions with related parties are circumstantial for the presentation of profitability, financial position or liquidity.

Asslar, May 6, 2019

Pfeiffer Vacuum Technology AG

Management Board

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

Additional Information

Financial Calendar 2019

- Annual Shareholders Meeting
Thursday, May 23, 2019
- 2nd Quarter 2019 (1st Half Year) Results
Tuesday, August 6, 2019
- 3rd Quarter 2019 (9-Months) Results
Tuesday, November 5, 2019

Contacts

Investor Relations

Dinah Reiss
Berliner Straße 43
35614 Asslar
Germany
T +49 6441 802-1346
F +49 6441 802-1365
dinah.reiss@pfeiffer-vacuum.de
www.group.pfeiffer-vacuum.com