

PFEIFFER



VACUUM

TRANS FORMA TION

FOR OUR

CUSTOMERS

Quarterly

Financial Report

First Quarter 2020

Quarterly Financial Report / First Quarter 2020

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Key Figures

		Q1 2020	Q1 2019	Change
Sales and profit				
Net sales	K€	153,328	153,733	-0.3%
Operating profit	K€	12,817	18,143	-29.4%
EBIT margin	%	8.4	11.8	-3.4Pp
Net income	K€	8,855	12,893	-31.3%
Return on sales	%	5.8	8.4	-2.6Pp
Operating cash flow	K€	2,285	8,145	-71.9%
Capital expenditures	K€	7,585	5,608	35.3%
Earnings per share	€	0.90	1.31	-31.3%
Workforce				
Workforce (average)		3,298	3,247	1.6%
Germany		1,119	1,047	6.9%
Other countries		2,179	2,200	-1.0%
Sales per employee	K€	46	47	-2.1%
		March 31, 2020	December 31, 2019	Change
Balance sheet				
Balance sheet total	K€	667,032	659,575	1.1%
Cash and cash equivalents	K€	104,652	111,980	-6.5%
Number of shares issued		9,867,659	9,867,659	-
Shareholders' equity	K€	402,483	393,445	2.3%
Equity ratio	%	60.3	59.6	0.7Pp

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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, 2020, 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	Aslar
Established	1890
Purpose of the Company	To develop, manufacture and market components and systems for vacuum generation, measurement and analysis
Manufacturing sites	Aslar, Germany; Göttingen, Germany; Dresden, Germany; Annecy, France; Asan, Republic of Korea; Cluj, Romania; Indianapolis, USA; Yreka, USA; Ho-Chi-Minh-City, Vietnam; Wuxi, China
Workforce (March 31, 2020)	3,298
Sales and service	31 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

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, 2020	39.78 %
Market capitalization as at March 31, 2020	1,290.7 Mio. €

In the first quarter 2020 Pfeiffer Vacuum shares developed slightly weaker than the TecDAX. An opening share price of € 160.00 on January 2, 2020 and closing price of € 130.80 on March 31, 2020 represented a decrease by 18.3 %. The high for the first quarter 2020 was € 162.00 and was recorded on January 9, 2020. On March 16, 2020 the share price was € 104.40 and represented the low for the first three months of current fiscal 2020. In the same period the TecDAX, starting at 3,022 points on January 2, 2020 and closing at 2,598 points on March 31, 2020, decreased by 14.0 %.

Also in 2019 Pfeiffer Vacuum distributed a dividend to its shareholders for a repeated time (€ 2.30 per share for fiscal year 2018). For fiscal year 2019, Management Board and Supervisory Board will propose a dividend of € 1.25 per share at the forthcoming Annual General Meeting on May 20, 2020. This would represent a payout ratio of 25.5 % of consolidated net income.

Unchanged compared to December 31, 2019, the freefloat according to our knowledge is 39.78 % as of March 31, 2019.

Interim Management Report

The development of Pfeiffer Vacuum in the first quarter 2020 has to be seen against the background of the disruption caused by the COVID-19 situation. With revenues of € 153.3 million in the first quarter 2020, the sales volume of the comparable prior-year period of € 153.7 million was virtually reached. This is a satisfactory result compared to other branches of mechanical engineering, which was made possible primarily by sales with our customers in the semiconductor industry. Other market areas were partly more affected by a decline. This is thanks to the robustness of the vacuum industry as a whole and the advantages of Pfeiffer Vacuum's broad market presence. With an order intake of € 172.9 million, a strong book-to-bill ratio of € 1.13 was achieved in the first quarter. On the other hand, lost productivity as a result of the COVID-19 situation and the shift between customers and products have weighed on the development of gross profit and margin. Gross profit declined by € 2.4 million to € 53.3 million (previous year: € 55.7 million). The corresponding gross margin in the first three months of 2020 was 34.7%, compared to a gross margin of 36.2% in the previous year. The operating costs showed increases compared to the first quarter of 2019, also due to the Group's focus on further growth. The net result of other operating income and expenses was also down by € 0.6 million compared to the previous year. With € 12.8 million, operating profit in the first quarter of 2020 was € 5.3 million below the previous year's level of € 18.1 million. The operating profit margin, the ratio of operating profit to sales, declined from 11.8% in 2019 to 8.4% in the first quarter of 2020. With virtually constant net financial expenses and a slightly higher tax rate, net income decreased from € 12.9 million to € 8.9 million. Earnings per share of € 0.90 in the first quarter of 2020 were also below the previous year's figure of € 1.31.

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COVID-19, overall economic environment and situation at Pfeiffer Vacuum

The impacts of COVID-19 are a global challenge. Global economic development is severely affected by the consequences of restrictions in public life. The final effects of this recession cannot yet be estimated, as the economic downturn is not regionally limited and hit virtually all economic sectors at the same time. In addition, it is currently unclear when the return to public life can take place. The vacuum industry is also affected by these developments.

Pfeiffer Vacuum's top priorities in this environment are the health and safety of the employees and to meet the customers' needs. The measures taken are successful, because to date no employee has been infected with the virus while working and virtually all deliveries to our customers have been made on time. The global organization implemented last year was also decisive for this. We activated support from other geographies and received very positive feedback from our customers on our flexibility and global support.

Interim Management Report

Without Pfeiffer Vacuum's global sales, service, manufacturing and supply chain as well as the environmental, health and safety policies and regional managers in place, the Company would have not fared as well. As of today, all 10 production sites are producing and shipping products and our service organization is in place at customer sites with a high level of safety measures. While Pfeiffer Vacuum was able to manage through supply chain challenges the Company will continue to diligently evaluate and plan for the potential future disruptions.

What further helps the Company in this challenging situation is the very solid financial position. Already for a long time the Group showed strong balance sheet structures with a high equity ratio and has adopted conservative financing approaches for daily business and necessary investments. Together with the still solid earnings development in the first quarter we thus currently do not see any liquidity risks from the COVID-19 situation.

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.

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Sales

Presented below are net sales by segment, by region and by market for the periods ended March 31, 2020, and 2019.

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

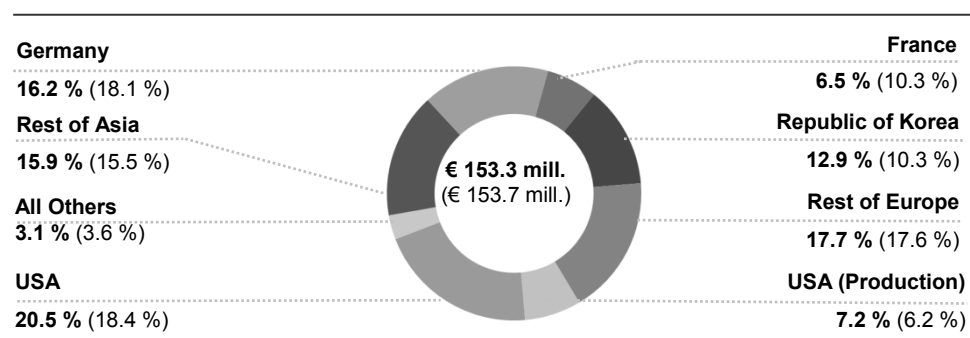
Sales by Segment

	Three months ended March 31,	
	2020 in K€	2019 in K€
USA	31,412	28,229
Rest of Europe	27,141	27,110
Germany	24,815	27,823
Rest of Asia	24,404	23,766
Republic of Korea	19,709	15,787
USA (Production)	10,998	9,548
France	9,969	15,768
All Others	4,880	5,702
Total	153,328	153,733

Analysis of sales in the first three months 2020 shows a heterogeneous development. Whereas the sales in segments USA, Republic of Korea showed increases, the sales in all other segments declined, being stronger impacted by the COVID-19 situation

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

Sales by Segment 3M/2020 (3M/2019)



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.

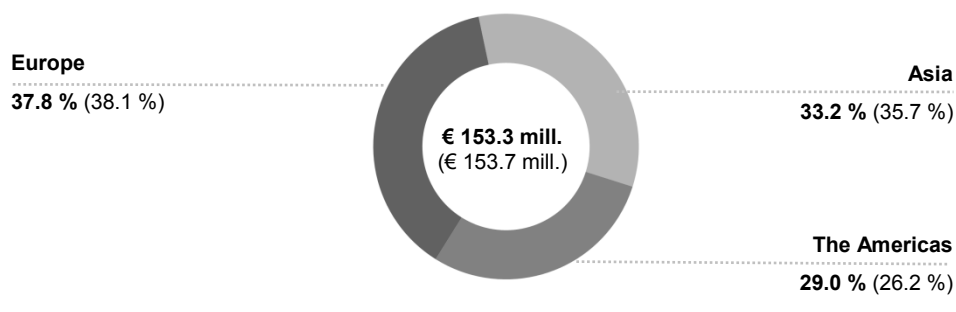
Sales by Region

	Three months ended March 31,	
	2020 in K€	2019 in K€
Europe	57,968	58,601
Asia	50,913	54,873
The Americas	44,430	40,224
Rest of the world	17	35
Total	153,328	153,733

Even if the sales in the first quarter 2020 almost remained at the prior year's level, the regions developed differently. Sales in Europe virtually stood at the previous year's level, while sales in Asia declined. At the same time sales in the Americas increased by € 4.2 million. This was caused by a strong demand from the semiconductor industry.

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

Sales by Region 3M/2020 (3M/2019)



Interim Management Report

Sales by Market

Sales by Market

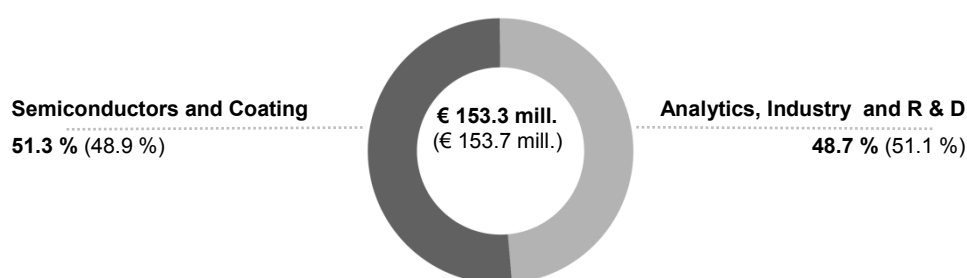
	Three months ended March 31,	
	2020	2019
	in K€	in K€
Semiconductors and Coating	78,636	75,116
Analytics, Industry and R & D	74,692	78,617
Total	153,328	153,733

The already mentioned sales growth in the semiconductor industry had a direct positive impact on the segment Semiconductor and Coating. In contrast, our total sales with customers from analytics, industry and R&D declined in the first quarter 2020

For competitive reasons we decided to carry out our sales analysis by market on a more consolidated level from financial year 2020 on. The previous year's figures have been adjusted accordingly. For the same reason, we refrain from disclosing sales by product.

The sales split by markets was as follows:

Sales by Market 3M/2020 (3M/2019)



Interim Management Report

Order Intake and Order Backlog

Order intake in the first quarter 2020 showed satisfactory € 172.9 million. Following € 148.8 million in the first three months of 2018, this represented an increase by € 24.1 million, or 16.2 %. In comparison to the immediately preceding fourth quarter 2019 (€ 148.7 million) this represented an increase of € 24.2 million. The book-to-bill ratio, the ratio between new orders and sales, stood at 1.13 as at March 31, 2020 (0.97 as at March 31, 2019).

Order backlog increased from € 110.7 million at the end of December 2019 to € 130.3 million as at March 31, 2020. This represented an increase by € 19.6 million.

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 € 98.1 million in the first quarter 2019, cost of sales in the first three months of 2020 totaled € 100.1 million. This represents an increase by € 2.0 million, or 2.0 %. Gross profit was € 53.3 million in the first quarter 2020. This represents a decline by € 2.4 million, or 4.3 %, compared to the first quarter of 2019 (€ 55.7 million). Gross margin, the ratio between gross profit and sales, decreased from 36.2 % to 34.7 % mainly due to productivity losses following the COVID-19 situation as well as the effect of the customer and product mix.

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Selling and Marketing Expenses

Unchanged compared to the previous year's quarter selling and marketing expenses totaled € 18.0 million in the first three months of the current fiscal year. The ratio of sales and marketing expenses and sales was 11.8 % (2019: 11.7 %).

General and Administrative Expenses

After € 13.2 million in the first quarter 2019, general and administrative expenses increased to € 15.3 million in fiscal 2020. The general and administrative expenses relative to sales were 10.0 % in 2020 after 8.6 % in 2019.

Research and Development Expenses

With € 7.7 million in the first quarter of 2020, research and development expenses increased by 0.2 Mio. € compared to prior year's level (€ 7.5 million). The R&D ratio, the ratio between R & D expenses and sales, increased from 4.9 % to 5.0 % accordingly.

Interim Management Report

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 € 0.6 million in the first quarter of 2020 (2019: € 1.2 million). The amounts in 2020 included predominantly expense subsidies affecting net income of € 0.8 million (2019: € 0.7 million), as well as impairment losses of the goodwill allocated to the Italy region amounting to € 0.4 million and net foreign exchange gains of € 0.1 million (2019: € 0.5 million).

Operating Profit

Following € 18.1 million in the first quarter of 2019, operating profit in the first three months of 2020 decreased by € 5.3 million to € 12.8 million. This corresponds to a decline by 29.4 %. The EBIT margin, the ratio between operating profit and sales, decreased from 11.8 % in the first three months of 2019 to 8.4 % in the first quarter of 2020. This development was mainly due to the lower gross profit as well as the higher expenses in connection with the strategy implementation.

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Financial Results

With € -0.2 million in the first quarter 2020 stays unchanged compared to the same period in the previous financial year.

Income Taxes

With 29.9 % the tax rate for the first three months of the current fiscal year was slightly 1.7 %-points above the prior year's level (28.2 %). The increase results in particular from the non-taxable impairment loss, there were no structural changes.

Net income / Earnings per share

Net income for the first three months of 2020 totaled € 8.9 million and was down by € 4.0 million or 31.3 % from the comparable prior period number (€ 12.9 million). Return on sales (after taxes) stood – after 8.4 % in the first quarter of 2019 – at 5.8 %. With € 0.90 earnings per share decreased by 31.3 % compared to the prior year (€ 1.31).

Interim Management Report

Financial Position

Pfeiffer Vacuum's balance sheet total slightly increased by € 7.4 million, or 1.1 %, from € 659.6 million as at December 31, 2019, to € 667.0 million, as at March 31, 2020. On the assets side of the balance sheet, this was predominantly attributable to the increase of inventories from € 128.5 million to € 134.7 million and the increase of trade accounts receivable from € 87.7 million to € 91.7 million, compensated by the decrease in cash and cash equivalents from € 112.0 million to € 104.7 million.

As at March 31, 2020, shareholders' equity totaled € 402.5 million, up € 9.1 million from the level on December 31, 2019 (€ 393.4 million). Equity ratio stood at 60.3 % on March 31, 2020 (December 31, 2019, 59.6 %)

Cash Flow

Totalling € 2.3 million, operating cash flow was down by € 5.8 million from the comparable prior year period (€ 8.1 million). In addition to the lower net income (€ -4.0 million), particularly the increase in receivables and inventories had a negative impact on the operating cash flow in the first three months of 2020.

Net cash used in investing activities totaled € 7.5 million in the first three months of 2020. Sole driver for the increase by € 1.9 million compared to the level of previous year (€ 5.6 million) was the net cash used for capital expenditures in the first quarter of 2020.

The redemption portion of leasing liabilities (€ 1.3 million) along with the repayment of financial liabilities of € 0.1 million, led to a net cash outflow from financing activities totaling € 1.4 million in the first quarter of 2020 (previous year: € 0.9 million).

Considering exchange rate impacts of € -0.7 million, total cash outflow thus amounted to € 7.3 million (Q 1 2019: cash inflow € 1.8 million) and resulted in a decrease in cash and cash equivalents to € 104.7 million.

Interim Management Report

Workforce

As of March 31, 2020, the Company employed a workforce of 3,298 people, 1,119 of them in Germany and 2,179 in other countries.

Workforce

	Germany		Other countries		Total	
			March 31,			
	2020	2019	2020	2019	2020	2019
Manufacturing and Service	691	620	1,447	1,499	2,138	2,119
Research and Development	103	87	158	131	261	218
Sales and Marketing	189	223	375	370	564	593
Administration	136	117	199	200	335	317
Total	1,119	1,047	2,179	2,200	3,298	3,247

Risk and Opportunities Report

During the first three months of the 2020 fiscal year, there were no changes in the scope of risks and opportunities as described in our Annual Report (Geschäftsbericht) for the year ended December 31, 2019. The Annual Report is available on our homepage www.group.pfeiffer-vacuum.com.

However, the possible effects of the described risks and opportunities have changed due to the COVID-19 situation, but the consequences on the Pfeiffer Vacuum Group cannot be yet conclusively measured. Overall the situation remains uncertain, particularly regarding the length of governmental restrictions on public life. As a result the economic situation worldwide remains very tense. One of our goals is to continue our economic activities worldwide as best as we can. Safety and emergency plans were established at an early stage at all Pfeiffer Vacuum locations. The group currently has sufficient production capacities to meet customer demand. Due to the extensive security measures and the high level of commitment and discipline of our employees in dealing with security precautions, we have so far been able to produce and thus provide our customers with solutions, some of which play an important role in the fight against the corona virus. We aim to continue to ensure this condition.

Mayor Events after the Balance Sheet Date

After the end of the first quarter of 2020, there were no significant changes in the Company situation or industry environment beyond the effects of the COVID-19 situation.

Interim Management Report

Outlook

The demand outlook while strong in semiconductor and research and development, is being impacted in our other markets. There is significant uncertainty about how the current COVID-19 situation will impact the global GDP development, end markets, Pfeiffer Vacuum's manufacturing capability and supply chain. Over the next months the Company will remain vigilant and agile but the Management Board believes that the foundation to manage through these challenges is laid in the best possible way.

Additionally, Pfeiffer Vacuum is in a fortunate position to have a strong financial foundation that allows the Company, even in these challenging times, to not lose sight of strategic goals and make investments to position Pfeiffer Vacuum for the future. All strategic investment will be evaluated thoughtfully in terms of the timing, but our commitment is unwavering.

Due to the uncertainty of the global market situation caused by the COVID-19 situation, the Company will not announce sales and earnings guidance for the full year 2020 at the forthcoming AGM in May 2020.

Consolidated Interim Financial Statements

Consolidated Statements of Income (unaudited)

	Three months ended March 31,	
	2020 in K€	2019 in K€
Net sales	153,328	153,733
Cost of sales	-100,056	-98,064
Gross profit	53,272	55,669
Selling and marketing expenses	-18,033	-18,047
General and administrative expenses	-15,318	-13,200
Research and development expenses	-7,699	-7,511
Other operating income	2,721	2,178
Other operating expenses	-2,126	-946
Operating profit	12,817	18,143
Financial expenses	-231	-222
Financial income	39	36
Earnings before taxes	12,625	17,957
Income taxes	-3,770	-5,064
Net income	8,855	12,893
Earnings per share (in €):		
Basic	0.90	1.31
Diluted	0.90	1.31

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See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Comprehensive Income (unaudited)

	Three months ended March 31,	
	2020 in K€	2019 in K€
Net income	8,855	12,893
Other comprehensive income		
Amounts to be reclassified to income statement in future periods (if applicable)		
Currency changes	193	3,507
Results from cash flow hedges	-11	29
Related deferred income tax effects	-5	-9
	177	3,527
Amounts not to be reclassified to income statement in future periods		
Valuation of defined benefit plans	6	-20
Related deferred income tax effects	-	5
	6	-15
Other comprehensive income net of tax	183	3,512
Total comprehensive income net of tax	9,038	16,405

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Balance Sheets (unaudited)

	March 31, 2020	December 31, 2019
	in K€	in K€
Assets		
Intangible assets	113,474	112,244
Property, plant and equipment	155,577	154,701
Investment properties	394	400
Other financial assets	3,978	4,031
Other assets	1,080	2,034
Deferred tax assets	27,539	27,377
Total non-current assets	302,042	300,787
Inventories	134,658	128,484
Trade accounts receivable	91,661	87,867
Contract assets	2,866	2,860
Income tax receivables	9,662	9,962
Prepaid expenses	6,595	4,308
Other financial assets	2,831	3,161
Other accounts receivable	12,065	10,166
Cash and cash equivalents	104,652	111,980
Total current assets	364,990	358,788
Total assets	667,032	659,575
Shareholders' equity and liabilities		
Share capital	25,261	25,261
Additional paid-in capital	96,245	96,245
Retained earnings	313,407	304,552
Other equity components	-32,430	-32,613
Equity of Pfeiffer Vacuum Technology AG shareholders	402,483	393,445
Financial liabilities	69,275	69,729
Provisions for pensions	65,005	64,103
Deferred tax liabilities	4,663	5,041
Contract liabilities	666	584
Total non-current liabilities	139,609	139,457
Trade accounts payable	41,183	41,137
Contract liabilities	11,303	12,259
Other accounts payable	24,993	23,406
Provisions	37,959	38,735
Income tax liabilities	5,947	7,248
Financial liabilities	3,555	3,888
Total current liabilities	124,940	126,673
Total shareholders' equity and liabilities	667,032	659,575

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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, 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
Balance on Jan. 01, 2020	25,261	96,245	291,784	24,660	388,630
Net income	-	-	8,855	-	8,855
Other comprehensive income	-	-	-	183	183
Total comprehensive income	-	-	8,855	183	9,038
Balance on March 31, 2020	25,261	96,245	313,407	-32,430	402,483

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Cash Flows (unaudited)

	Three months ended March 31,	
	2020 in K€	2019 in K€
Cash flow from operating activities:		
Net income	8,855	12,893
Depreciation/amortization	6,801	5,650
Other non-cash income/expenses	868	1,146
Effects of changes of assets and liabilities:		
Inventories	-7,221	-15,959
Receivables and other assets	-6,841	9,654
Provisions, including pensions, and income tax liabilities	-1,063	-3,371
Payables, other liabilities	886	-1,868
Net cash provided by operating activities	2,285	8,145
Cash flow from investing activities:		
Capital expenditures	-7,585	-5,608
Proceeds from disposals of fixed assets	109	35
Net cash used in investing activities	-7,476	-5,573
Cash flow from financing activities:		
Principal elements of lease payments	-1,298	-1,033
Proceeds from increase of financial liabilities	-	163
Redemptions of financial liabilities	-120	-
Net cash used in financing activities	-1,418	-870
Effects of foreign exchange rate changes on cash and cash equivalents	-719	142
Net change in cash and cash equivalents	-7,328	1,844
Cash and cash equivalents at beginning of period	111,980	108,380
Cash and cash equivalents at end of period	104,652	110,224

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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, 2020, 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, 2019 were used. Please refer to the detailed description of these methods in the Notes to the Consolidated Financial Statements 2019, which are available in the internet at www.group.pfeiffer-vacuum.com.

Notes to the Consolidated Interim Financial Statements (unaudited)

3. Intangible Assets

Intangible assets consisted of the following:

Intangible assets

	March 31, 2020	December 31, 2019
	in K€	in K€
Goodwill	81,325	81,373
Customer base	16,696	16,719
Software	3,154	3,260
Software before implementation	5,774	4,222
Other intangible assets	6,525	6,670
Total intangible assets	113,474	112,244

4. Property, Plant and Equipment

Property, plant and equipment (including right-of-use assets) comprised the following:

Property, Plant and Equipment

	March 31, 2020	December 31, 2019
	in K€	in K€
Land and buildings	77,535	78,805
Technical equipment and machinery	51,110	51,281
Other equipment, factory and office equipment	16,061	16,371
Construction in progress	10,871	8,245
Total property, plant and equipment (excl. right-of-use assets)	155,577	154,701

Notes to the Consolidated Interim Financial Statements (unaudited)

5. Inventories

Inventories consisted of the following:

Inventories

	March 31, 2020	December 31, 2019
	in K€	in K€
Raw materials	48,146	42,256
Work-in-process	33,463	31,571
Finished products	53,049	54,657
Total inventories, net	134,658	128,484

6. Financial Liabilities

Financial liabilities were comprised as follows:

Financial Liabilities

	March 31, 2020	December 31, 2019
	in K€	in K€
Loans	60,000	60,000
Lease liabilities	9,275	9,729
Non-current financial liabilities	69,275	69,729
Lease liabilities	3,555	3,766
Other financial liabilities	-	122
Current financial liabilities	3,555	3,888
Total financial liabilities	72,830	73,617

7. Pension Benefits

Pension expense for all plans included the following components:

Pension Expense for All Plans

	Three months ended March 31,	
	2020	2019
	in K€	in K€
Service cost	899	929
Net interest cost	183	251
Net pension cost	1,082	1,180

Notes to the Consolidated Interim Financial Statements (unaudited)

8. Warranty

Warranty provisions developed as follows:

Warranty provisions

	Three months ended March 31,	
	2020	2019
	in K€	in K€
Balance on January 1	15,342	15,939
Currency changes	-48	43
Additions	1,335	2,208
Utilization	-1,019	-2,564
Balance on March 31	15,610	15,626

9. Income taxes

The Company's effective tax rate for the first quarter 2020 amounted to 29.9 % and was slightly above the tax rate of the comparative period (Q1 2019 28.2 %).

10. Proposed Dividend Appropriation

The Management and Supervisory Board's common proposal on the dividend appropriation suggests a dividend of € 1.25 per share to be resolved by the Annual Shareholders' Meeting on May 20, 2020. This would lead to a total dividend distribution to the shareholders of € 12.3 million.

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,	
	2020	2019
Net income (in K€)	8,855	12,893
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)	0.90	1.31

Notes to the Consolidated Interim Financial Statements (unaudited)

12. Segment Reporting

Segment Reporting as at March 31, 2020 (in K €)

	Germany	France	Rest of Europe	USA	USA Production	Republic of Korea	Rest of Asia	All Others	Consolidation	Group
Net sales	56,940	52,398	27,166	31,792	13,257	19,899	26,351	9,907	-84,383	153,328
Third party	24,815	9,969	27,141	31,412	10,998	19,709	24,404	4,881	-	153,328
Intercompany	32,125	42,429	25	380	2,259	190	1,948	5,026	-84,383	-
Operating profit	5,085	1,238	1,998	404	368	2,237	475	1,012	-	12,817
Financial income	7	-59	-4	235	-203	18	-85	-102	-	-192
Earnings before taxes	5,092	1,179	1,994	639	165	2,256	391	910	-	12,625
Segment assets	147,740	140,766	51,353	71,018	73,272	53,295	83,756	45,832	-	667,032
Thereof assets according to IFRS 8.33 (b) ¹	54,168	68,352	3,419	25,632	45,690	16,464	20,919	25,086	-	259,730
Segment liabilities	131,404	71,770	15,575	10,818	5,535	11,638	12,401	5,408	-	264,549
Capital expenditures:										
Property, plant and equipment ²	1,382	2,309	68	193	1,273	68	234	127	-	5,654
Intangible assets	1,847	-	13	-	-	-	43	28	-	1,931
Depreciation ³	1,263	1,220	282	480	201	413	793	653	-	5,305
Amortization	220	217	3	139	433	1	23	61	-	1,096

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

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

	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	1,246	920	268	431	191	338	721	569	-	4,684
Amortization	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)

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 4, 2020

Pfeiffer Vacuum Technology AG

Management Board

Dr. Eric Taberlet

Nathalie Benedikt

Wolfgang Ehrk

Dr. Eric Taberlet

Nathalie Benedikt

Wolfgang Ehrk

Additional Information

Financial Calendar 2020

- Annual Shareholders Meeting
Wednesday, May 20, 2020
- 2nd Quarter 2020 (1st Half Year) Results
Tuesday, August 4, 2020
- 3rd Quarter 2020 (9-Months) Results
Tuesday, November 3, 2020

Contacts

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