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Foreword by the Management Board

Dear shareholders and business partners,

The first quarter shows that we are on track to achieve the targets that have been set for the current fiscal year, with incoming orders and the order backlog well up on previous year's levels. Operating earnings have also improved significantly, which can be attributed primarily to activities in the Industrial Systems division. Despite a decline in sales revenues, the earnings situation has thus not only remained stable, but is also on course for fundamentally more satisfactory gross margins. The company's aim in the medium term is two-digit EBIT margin.

Totalling EUR 39.0 million, incoming orders also continued to perform very well at the PVA TePla Group in the first quarter, virtually doubling from the same period the previous year. Both divisions have recorded figures that significantly higher than those from the previous year. The crystal growing systems unit attracted the largest share of the Group's incoming orders – among other things as a result of the technology cooperation contract with a Chinese partner. In addition, the ultrasound analytical systems business unit can point to exceptionally pleasing incoming orders.

The Management Board confirms its forecast in the full-year target projection of around EUR 94 million in sales revenues and EBITDA at the level of EUR 11 million.

On behalf of our managing directors and all our employees, we would like to thank you, our shareholders, for your trust in and commitment to our company.

Alfred Schopf
Chief Executive Officer

Oliver Höfer
Chief Operating Officer

IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

EUR'000	Q1 / 2018	Q1 / 2017
Sales revenues	19,095	23,340
Industrial Systems	9,091	8,564
Semiconductor Systems	10,004	14,776
Gross profit	4,812	5,172
in % sales revenues	25.2	22.2
R&D expenses	391	400
EBITDA	1,216	1,140
in % sales revenues	6.4	4.9
Operating result (EBIT)	631	581
in % sales revenues	3.3	2.5
Consolidated net result	505	786
in % sales revenues	2.6	3.4
Total assets	118,148	119,096¹⁾
Shareholders' equity	44,851	45,129¹⁾
Equity ratio in %	38.0	37.9 ¹⁾
Employees as of March 31	382	371
Incoming orders	38,971	21,022
Order backlog	152,285	47,541
Book-to-bill-ratio	2.04	0.90
Cash Flow from operating activities	-13,440	6,189
Net financial position	15,494	29,133¹⁾

¹⁾ As of December, 31

Interim Report of PVA TePla AG as of March 31, 2018

INCOMING ORDERS

In the first quarter of 2018, incoming orders for the PVA TePla Group virtually doubled to EUR 39.0 million set against the same period the previous year (EUR 21.0 million). At EUR 10.2 million in the first quarter of 2018 (previous year: EUR 6.0 million), incoming orders in the **Industrial Systems division** were significantly higher than the previous year's figure. Sintering systems for producing hard metal were the focus of the orders.

The **Semiconductor Systems division** generated very satisfactory incoming orders totaling EUR 28.8 million (previous year: EUR 15.0 million). In addition to the cooperation agreement with a Chinese group of companies mentioned above, the performance of the ultrasound analytical systems business unit was very pleasing.

ORDER BACKLOG

On a consolidated basis and after deduction of the share of the sales revenues already realized in accordance with the percentage of completion method (PoC), the order backlog has tripled as at March 31, 2018 to EUR 152.3 million from the previous year's figure (EUR 47.5 million). The Industrial Systems division has an order backlog of EUR 37.9 million as at March 31, 2018 (previous year: EUR 24.1 million). There is an order backlog of EUR 114.4 million in the Semiconductor Systems division compared with the previous year's figure of EUR 23.4 million.

SALES REVENUES

At EUR 19.1 million, the sales revenues of the PVA TePla Group have registered in the first quarter of 2018 a decline from the EUR 23.3 million in the same period the previous year that is the result of the preparatory measures implemented to process the major orders received.

The **Industrial Systems division** generated sales revenues of EUR 9.1 million and thus performed better than it did in the previous year (EUR 8.6 million). At EUR 10.0 million, sales revenues in the **Semiconductor Systems division** declined (previous year: EUR 14.8 million) as a result of the extensive production preparations for major orders received for the fourth quarter of 2018 and for 2019 and 2020. The current high order backlog in the crystal growing systems unit will start to contribute to the revenues and result from the first quarter of 2019 onward on account of the revision of the IFRS 15 accounting standard

Sales Revenues by Division EUR'000	Q1 / 2018	Q1 / 2017
Industrial Systems	9,092	8,564
Semiconductor Systems	14,004	14,776
Total	19,096	23,340

GROSS MARGIN, EBITDA, AND EBIT

The earnings figures show a significant year-on-year improvement in the first quarter – especially in the Industrial Systems division. On the basis of the consolidated sales revenues of EUR 19.1 million (previous year: EUR 23.3 million), a significantly higher gross margin of 25.2% (previous year: 22.2%) was generated in the first quarter of 2018.

The Group generated EBITDA of EUR 1.2 million in the first quarter of 2018 (March 31, 2017 [previous year]: EUR +1.1 million). The EBITDA margin was 6.4% (previous year: 4.9%).

The operating result (EBIT) amounted to EUR 0.6 million (previous year: EUR 0.6 million). At Group level – after deduction of the holding costs totaling EUR 0.5 million (previous year: EUR 0.6 million) – the EBIT margin was 3.3% (previous year: +2.5%).

EARNINGS BEFORE TAX

The earnings before tax amounted to EUR 0.5 million (previous year: EUR 0.4 million).

EQUITY AND TOTAL ASSETS

At EUR 44.9 million, equity has remained virtually unchanged (December 31, 2017: EUR 45.1 million). As at March 31, 2018, total assets amounted to EUR 118.1 million (December 31, 2017: EUR 119.1 million).

LIQUIDITY

Operating cash flow was EUR -13.4 million in the first quarter of 2018; this includes EUR 6.0 million in cash deposits that are not qualifying as cash equivalents under IFRS accounting. The remainder of the cash outflow mainly serves to finance large orders received by PVA TePla last year.

Cash flow from investing activities amounted to EUR -0.2 million (December 31, 2017: EUR -0.6 million). Cash flow from financing activities amounted to EUR -0.4 million (December 31, 2017: EUR -7.8 million). Total cash flow including changes due to exchange rate effects amounted to EUR -14.0 million in the first three months of 2018 (March 31, 2017: EUR +2.5 million). At EUR 19.0 million, the liquidity situation of the PVA TePla Group remains very positive. The net financial position (surplus of the current and non-current financial liabilities over the cash and cash equivalents) was EUR +15.5 million (December 31, 2017: EUR +29.1 million).

ESSENTIAL ACCOUNTING AND VALUATION ASSESSMENTS

The accounting and valuation changes already described in the consolidated financial statements as of December 31, 2017, due to the IFRS 15 to be applied since January 1, 2018, reduce equity as a result of the „modified retrospective first-time application“ in the amount of EUR 0.5 million. Applying the previous accounting rules, an additional sales volume of EUR 0.5 million and a gross profit of EUR 0.1 million would have been realized as of March 31, 2018. Furthermore, unconditional payment claims in the amount of EUR 0.9 million were recognized under other current receivables. Also on January 1, 2018, the financial instruments held in the Group will be qualified and measured in accordance with IFRS 9.

EMPLOYEES

The Group had 382 employees as at March 31, 2018 (December 31, 2017: 385).

OPPORTUNITIES AND RISK REPORT

There were no significant changes to the opportunities and risks presented in the 2017 annual report in the course of the first quarter of the 2018 fiscal year.

FORECAST

The Management Board of PVA TePla AG confirms the previous forecast for the 2018 business performance and thus anticipates consolidated sales revenues of around EUR 94 million and an operating result (EBITDA) at a level of EUR 11 million.

Interim Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

as at March 31, 2018

ASSETS EUR'000	Mar. 31, 2018	Dec. 31, 2017
Non-current assets		
Intangible assets	8,526	8,585
Goodwill	7,808	7,808
Other intangible assets	719	777
Payments in advance	0	0
Property, plant and equipment	29,010	29,427
Land, property rights and buildings, including buildings on third party land	22,663	22,902
Plant and machinery	3,244	3,310
Other plant and equipment, fixtures and fittings	2,666	2,944
Advance payments and assets under construction	437	271
Non-current investments	1,617	1,739
Deferred tax assets	7,791	7,886
Total non-current assets	46,945	47,637
Current assets		
Inventories	21,860	16,334
Raw materials and operating supplies	8,784	7,335
Work in progress	12,464	8,459
Finished products and goods	612	540
Coming receivables on construction contracts	4,279	6,137
Trade and other receivables	26,849	15,903
Trade receivables	12,777	11,280
Payments in advance	4,762	3,865
Other receivables	9,310	758
Tax repayments	74	68
Cash and cash equivalents	19,009	33,017
Total current assets	72,071	71,459
Total	119,016	119,096

LIABILITIES AND SHAREHOLDERS' EQUITY EUR'000	Mar. 31, 2018	Dec. 31, 2017
Shareholders' equity		
Share capital	21,750	21,750
Revenue reserves	27,776	27,876
Other reserves	-4,499	-4,413
Minority interest	-84	-84
Total shareholders' equity	44,943	45,129
Non-current liabilities		
Non-current financial liabilities	2,667	3,001
Other non-current liabilities	226	306
Retirement pension provisions	14,826	14,887
Deferred tax liabilities	1,216	1,376
Other non-current provisions	184	143
Total non-current liabilities	19,118	19,714
Current liabilities		
Short-term financial liabilities	849	883
Trade payables	4,360	3,717
Obligations on construction contracts	397	979
Advance payments received on orders	39,850	37,050
Accruals	5,776	5,073
Other short-time liabilities	691	3,487
Provisions for taxes	622	616
Other short-term provisions	2,410	2,448
Total current liabilities	54,955	54,253
Total	119,016	119,096

CONSOLIDATED INCOME STATEMENT

January 1 - March 31, 2018

EUR'000	Jan. 1 - Mar. 31, 2018	Jan. 1 - Mar. 31, 2017
Sales revenues	19,096	23,340
Cost of sales	-14,284	-18,168
Gross profit	4,812	5,172
Selling and distributing expenses	-2,432	-2,533
General administrative expenses	-1,476	-1,622
Research and development expenses	-391	-400
Other operating income	311	355
Other operating expenses	-193	-391
Operating result (EBIT)	631	581
Finance revenues	99	104
Finance costs	-200	-308
Financial result	-101	-204
Net result before tax	530	377
Income taxes	-134	409
Consolidated net result for the period	395	786
of which attributable to		
Shareholders of PVA TePla AG	395	786
Minority interest	0	0
Consolidated net result for the period	395	786
Earnings per share		
Earnings per share (basic) in EUR	0.02	0.04
Earnings per share (diluted) in EUR	0.02	0.04
Average number of share in circulation (basic)	21,749,988	21,749,988
Average number of share in circulation (diluted)	21,749,988	21,749,988

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 - March 31, 2018

EUR'000	Jan. 1 - Mar. 31, 2018	Jan. 1 - Mar. 31, 2017
Consolidated net result for the period	395	786
of which attributable to shareholders of PVA TePla AG	395	786
of which attributable to minority interest	0	0
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency changes	-86	2
Income taxes	0	0
Changes recognized outside profit or loss (currency changes)	-86	2
Changes in fair values of derivative financial instruments	0	0
Income taxes	0	0
Changes recognized outside profit or loss (derivative financial instruments)	0	0
Total of items that may be reclassified to profit or loss	-86	2
Adjustment item IFRS 15	-494	0
Other comprehensive income after taxes (changes recognized outside profit or loss)	-580	2
of which attributable to shareholders of PVA TePla AG	-580	2
of which attributable to minority interest	0	0
Total comprehensive income	-186	788
of which attributable to shareholders of PVA TePla AG	-186	788
of which attributable to minority interest	0	0

CONSOLIDATED CASH FLOW STATEMENT

January 1 - March 31, 2018

EUR'000	Jan. 1 - Mar. 31, 2018	Jan. 1 - Mar. 31, 2017
Consolidated net result for the period	395	786
Adjustments to the consolidated net result for the period for reconciliation to the cash flow from operating activities:		
+ Income taxes	134	-409
- Finance revenues	-99	-104
+ Finance costs	200	308
= Operating result	630	581
- Income tax payments	3	5
+ Amortization and depreciation	585	590
-/+ Gains/losses on disposals of non-current assets	199	0
+/- Other non-cash expenses / income	-777	0
	640	1,176
-/+ Increase/decrease in inventories, trade receivables and other assets	-14,619	5,631
+/- Increase/decrease in provisions	-153	704
+/- Increase/decrease in trade payables and other liabilities	692	-1,322
= Cash flow from operating activities	-13,440	6,189
+ Proceeds from disposals of intangible assets and property, plant and equipment	0	0
- Payment of intangible assets and property, plant and equipment	-193	-227
+ Interest receipts	20	0
= Cash flow from investing activities	-173	-282
- Payments from redemption of debt and loans	-334	-365
+/- Change in short-term bank liabilities	-34	-2,838
- Payment of interest	-15	-180
= Cash flow from financing activities	-383	-3,383
Net change in cash	-13,996	2,524
+/- Effect of exchange rate fluctuations on cash	-12	143
+ Cash at the beginning of the period	33,017	2,514
= Cash at the end of the period	19,009	5,181

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 - March 31, 2018

EUR'000	Shared issues		Revenue reserves	Other equity components	Pension provisions	Total	Minority interest	Total shareholders' interest
	Number							
As at January 1, 2017	21,749,988	21,750	22,279	318	-3,959	40,387	-84	40,305
Total income			5,593	-366	-404	4,823	0	4,823
As at December 31, 2017	21,749,988	21,750	27,872	-48	-4,363	45,210	-84	45,129
As at January 1, 2017	21,749,988	21,750	22,279	318	-3,959	40,387	-84	40,305
Total income			786	2	0	788	0	788
As at March 31, 2017	21,749,988	21,750	23,065	320	-3,959	41,175	-84	41,091
As at January 1, 2018	21,749,988	21,750	27,872	-48	-4,363	45,210	-84	45,129
Total income			395	-88	0	308	0	308
Adjustment item IFRS 15			-494	0	0	-494	0	-494
As at March 31, 2018	21,749,988	21,750	27,773	-136	-4,363	45,024	-84	44,943