



INTERNATIONAL UNITED STRONG

Quarterly Financial Report
FIRST QUARTER 2018

Quarterly Financial Report / First Quarter 2018

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	28

Key Figures

		Q1 2018	Q1 2017	Change
Sales and profit				
Total sales	K€	170,421	136,947	24.4%
Germany	K€	28,544	22,805	25.2%
Other countries	K€	141,877	114,142	24.3%
Operating profit	K€	27,456	21,125	30.0%
EBIT margin	%	16.1	15.4	0.7 Pp
Net income	K€	19,756	14,665	34.7%
Return on sales	%	11.6	10.7	0.9 Pp
Operating cash flow	K€	8,630	11,852	-27.2%
Capital expenditures	K€	3,559	6,400	-44.4%
Earnings per share	€	2.00	1.49	34.2%
Workforce				
Workforce (average)		2,995	2,508	19.4%
Germany		950	932	1.9%
Other countries		2,045	1,576	29.8%
Sales per employee	K€	57	55	3.6%
		March 31, 2018	December 31, 2017	Change
Balance sheet				
Balance sheet total	K€	575,747	553,361	4.0%
Cash and cash equivalents	K€	102,278	97,402	5.0%
Number of shares issued		9,867,659	9,867,659	-
Shareholders' equity	K€	336,556	320,937	4.9%
Equity ratio	%	58.5	58.0	0.5 Pp

Due to the completion of the purchase price allocation for the Dreebit and ATC acquisitions in fiscal 2017 some of the profitability numbers shown above were adjusted retroactively and thus differ from the amounts reported in the Quarterly Financial Statements for the first quarter 2017.

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, 2018, 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, 2018)	2,995
Sales and service	32 subsidiaries and a multitude of agencies worldwide
Quality management	Certified under ISO 9001
Environmental management	Certified under ISO 14001
Stock exchange listing	Deutsche Börse, Prime Standard/TecDAX
Accounting	IFRS

For more information please visit www.group.pfeiffer-vacuum.com.

Share Performance

Pfeiffer Vacuum shares have been traded on the Deutsche Börse Stock Exchange in Frankfurt since April 15, 1998. Pfeiffer Vacuum satisfies the high transparency requirements of the Prime Standard and has been included without interruption in the TecDAX, the index of the 30 most important technology issues traded on the stock exchange in Frankfurt, since its inception.

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, 2018	61.04 %
Market capitalization as at March 31, 2018	€ 1,246.3 million

In the first quarter 2018 Pfeiffer Vacuum shares developed more negative than the TecDAX. An opening share price of € 157.40 on January 2, 2018 and closing price of € 126.30 on March 29, 2018 represented a decrease by 19.8 %. The high for the first quarter 2018 was € 165.70 and was recorded on January 22, 2018. On March 28, 2018, the share price was € 124.60 and represented the low for the first three months of current fiscal 2018. In the same period the TecDAX, starting at 2,536 points on January 2, 2018 and closing at 2,494 points on March 29, 2018, decreased by 1.6 %.

Also in 2017 Pfeiffer Vacuum distributed a dividend to its shareholders for a repeated time (€ 3.60 per share for fiscal year 2016). For fiscal year 2017, Management Board and Supervisory Board will propose a dividend of € 2.00 per share at the forthcoming Annual General Meeting on May 23, 2018. This would represent a payout ratio of around 37 % of consolidated net income.

Unchanged compared to December 31, 2017, the freefloat according to our knowledge is 61.04 % as of March 31, 2018.

Interim Management Report

With net sales of € 170.4 million in the first quarter 2018, sales volume of the prior year's quarter totaling € 136.9 million was significantly exceeded by € 33.5 million. Particularly worth mentioning is that all market segments, regions and product groups contributed to these favorable business performance. Regionally strong increases in sales were achieved in the USA and Asia. The organic growth and the development of the newly acquired group companies were due to the continuing dynamic development of the semiconductor and coating industries. As a consequence the gross profit increased significantly by € 11.9 million to € 64.4 million (Q1 2017: € 52.5 million). Economies of scale resulting from the increased sales volume were overcompensated by the customer and product mix as well as by recording the PPA effects so that the gross margin decreased slightly from 38.3 % to 37.8 %. Selling and marketing expenses as well as general and administrative expenses increased compared to the first quarter 2017 also due to the consideration of the acquired group companies. R & D expenses slightly increased in the first three months of 2018 compared with 2017. In contrast the balance of other operating income and expenses stood € 0.4 million below previous year's level. All in all this resulted in a significantly by € 6.4 million or 30.0 % increased operating profit of € 27.5 million in the first quarter of 2018 (Q1 2017: € 21.1 million). As a consequence the EBIT margin, the ratio between operating profit and sales, rose from 15.4 % to 16.1 % in the first three months of 2018. With constant net financial expenses and a declined tax rate, net income increased from € 14.7 million to € 19.8 million. Earnings per share were € 2.00 in the first quarter of 2018, up by € 0.51 from the previous quarter's level of € 1.49 – an increase by 34.2 %.

6

It should be noted with respect to the Q1 2017 numbers of the Income Statement and the ratios that are based hereon, that these numbers were adjusted for comparability reasons. After the completion of the Dreebit and ATC purchase price allocations (PPA) in connection with the preparation of the 2017 Consolidated Financial Statements the profit impacts for fiscal 2017 (PPA effects) were also determined and were allocated to the financial quarters mainly on a pro-rata basis. The preparation of the Quarterly Financial Statements for the first quarter 2017 was preliminary with regard to the PPA effects. Hereinafter, the PPA effects are always included and are no longer discussed separately.

Overall Economic Environment and Industry Situation

Overall economic environment in the 2018 so far developed without noteworthy changes compared to the close of fiscal 2017. The European economy as well as the U.S. economy thus showed a robust trend which overlaid the development in Asia, particularly in China stagnating at a high level. As in the previous years, the demand in the vacuum industry continued to be characterized by a high dynamic in the semiconductor industry. This had a positive impact in the sales development of Pfeiffer Vacuum throughout the whole year 2017 and the first quarter of 2018.

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, 2018, and 2017.

Sales by Segment

Pfeiffer Vacuum's subsidiaries in the individual countries are independent legal entities with their own management which distribute the products and provide services. Accordingly, we identify our operating segments geographically. Due to the similarity of their economic characteristics, including nature of products sold, type of customers, methods of product distribution and economic environment, the Company basically aggregates its European and Asian subsidiaries into one reporting segment, "Europe (without Germany, France)" and "Asia (without Republic of Korea)". In contrast, the companies in France and the Republic of Korea were each presented separately as an individual segment. This was caused by the different functions of the French entity, including research and development as well as production, and the production function of the Korean entity, respectively.

Sales by Segment

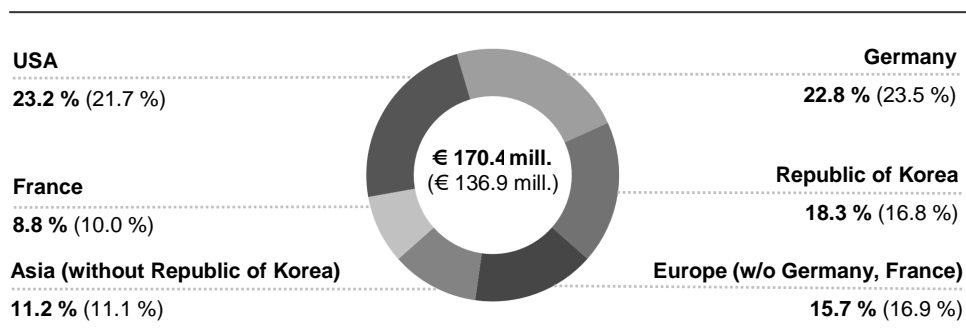
	Three months ended March 31,	
	2018	2017
	in K€	in K€
USA	39,493	29,634
Germany	38,874	32,197
Republic of Korea	31,190	23,037
Europe (without Germany, France)	26,716	23,155
Asia (without Republic of Korea)	19,082	15,179
France	15,066	13,745
Total	170,421	136,947

Analysis of sales in the first three months 2018 shows a satisfactory development in all segments. Noteworthy is the development in the Republic of Korea and Asia, where the momentum in semiconductor and coating industries had a significant impact. A disproportionately high sales increase by € 9.9 million or 33.3 % is presented in the segment USA. This development was attributable to organic growth as well as to growth as a result of corporate acquisitions. The U.S. dollar exchange rate in the actual reporting period yet had a noticeable negative impact on sales development in the USA compared to first Quarter 2017.

Interim Management Report

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

Sales by Segment 3M/2018 (3M/2017)



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

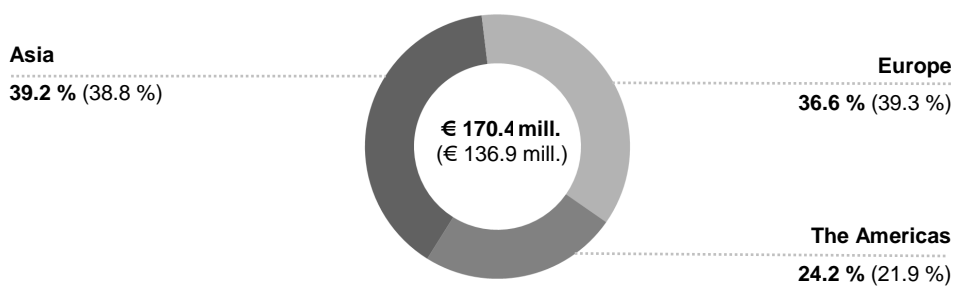
	Three months ended March 31,	
	2018 in K€	2017 in K€
Asia	66,760	53,093
Europe	62,381	53,818
The Americas	41,251	29,973
Rest of world	29	63
Total	170,421	136,947

The already mentioned strong development in the segment USA was also reflected in the sales by region. Thus we recorded an excellent increase in sales by 37.6 % in the Americas region, again driven by organic growth as well as by corporate acquisitions. Asia, which was positively impacted by the strong demand from the semiconductor and coating industries, achieved the second strongest increase in sales (25.7 %). As a result of the sales increase of € 13.7 million in total, Asia became the strongest sales region in the first quarter 2018 measured as percentage of total group sales. Also the sales in Europe achieved double digit growth rates.

Interim Management Report

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

Sales by Region 3M/2018 (3M/2017)



Sales by Products

Sales by Products

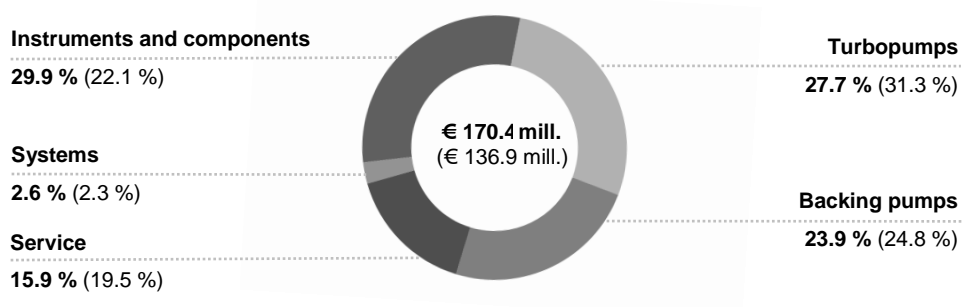
	Three months ended March 31,	
	2018 in K€	2017 in K€
Instruments and components	50,956	30,200
Turbopumps	47,172	42,866
Backing pumps	40,678	33,990
Service	27,121	26,698
Systems	4,494	3,193
Total	170,421	136,947

The analysis of sales by products shows that almost all product groups contributed to the sales development with double-digit growth rates. Particularly significant was, amongst others, the sales development with instruments and components. This sales increase of € 20.8 million, or 68.7 %, was mainly driven by organic growth as well as by growth as a result of corporate acquisitions. The service business with a sales volume of € 27.1 million only slightly exceeded the previous year's level (€ 26.7 million). Also the sales increases in turbopumps and in backing pumps by € 4.3 million, and € 6.7 million, respectively, were very gratifying.

Interim Management Report

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

Sales by Products 3M/2018 (3M/2017)



Sales by Market

Sales by Market

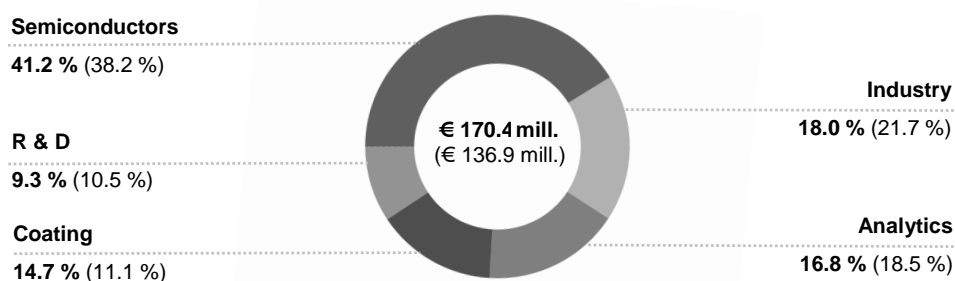
	Three months ended March 31,	
	2018	2017
	in K€	in K€
Semiconductors	70,124	52,275
Industry	30,648	29,694
Analytics	28,703	25,349
Coating	25,076	15,260
R & D	15,870	14,369
Total	170,421	136,947

As already mentioned, sales in the semiconductor and coating segments grew significantly. The increases amounted to € 17.8 million, and € 9.8 million, respectively. But also the market segments analytics and R & D recorded double-digit growth rates by 13.2 % and 10.4 %. In addition, the market segment industry contributed to the successful development of our business in the first three months 2018 with a stabile development.

Interim Management Report

The sales split by markets was as follows:

Sales by Market 3M/2018 (3M/2017)



Order Intake and Order Backlog

Order intake in the first quarter 2018 was € 194.0 million. Following € 146.5 million in the first three months of 2017, this represents an increase by € 47.5 million, or 32.4 %, which was mainly caused by the development in the semiconductor and coating markets. In addition, the comprehensive consideration of order intake of the entities acquired last year also impacted the order intake development in a positive way. But also compared to the immediately preceding fourth quarter 2017 (€ 165.8 million) this means another significant increase. Despite the outstanding sales development, the book to bill ratio, the ratio between new orders and sales, stood at 1.14 as at March 31, 2018, again clearly above 1 (1.07 as at March 31, 2017).

Order backlog increased from € 127.4 million at the end of December 2017 to € 151.0 million as at March 31, 2018. This represented an increase by € 23.6 million, or 18.5 %. Contracts are only recorded as orders when they are based upon binding contracts. The value of orders on hand should not be used to predict future sales and order volumes,

Cost of Sales, Gross Profit and Gross Margin

Following cost of sales of € 84.5 million in the first quarter 2017, cost of sales in the first three months of 2018 totaled € 106.0 million. This represents an increase by € 21.6 million, or 25.5 %, caused mainly by higher sales. Gross profit was € 64.4 million in the first quarter 2018. This represents an enjoyable increase by € 11.9 million, or 22.7 %, compared to the first quarter of 2017 (€ 52.5 million). Gross margin, the ratio between gross profit and sales, decreased slightly from 38.3 % to 37.8 %, mainly due to the disproportional increase in cost of sales caused by customer and product mix as well as by recording of PPA effects.

Interim Management Report

Selling and Marketing Expenses

Selling and marketing expenses totaled € 17.5 million in the first three months of the current fiscal year and were € 3.1 million higher compared to the first quarter in 2017 (€ 14.4 million). This was partly caused by the full consideration the new entities acquired in 2017. However, relative to sales, selling and marketing expenses decreased slightly from 10.5 % to 10.3 %.

General and Administrative Expenses

After € 10.8 million in the first quarter 2017, general and administrative expenses increased to € 12.6 million in fiscal 2018. As in almost all reporting lines of the income statement, also the effects from the initial consolidation of newly acquired companies were recorded here. Despite the absolute increase, the general and administrative expenses relative to sales decreased to 7.4 % in 2018 after 7.9 % in 2017.

Research and Development Expenses

With € 6.8 million in the first quarter of 2018, research and development expenses were at the prior year's level. However, R&D ratio, the ratio between R & D expenses and sales, decreased from 4.8 % to 4.0 % due to the development in sales.

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 balanced in the first quarter of 2018 after a net balance of € +0.4 million was recorded in the prior year quarter. The amounts in 2018 included predominantly net foreign exchange losses of € 0.9 million (2017: net foreign exchange losses of € 0.4 million) and expense subsidies affecting net income of € 0.9 (2017: € 0.8 million)

Operating Profit

Following € 21.1 million in the first quarter of 2017, operating profit in the first three months of 2018 increased significantly by € 6.4 million to € 27.5 million. This corresponds to an increase of 30.0 %. The EBIT margin, the ratio between operating profit and sales, was improved from 15.4 % in the first three months of 2017 to 16.1 % in the first quarter of 2018. This positive development was due to the higher sales volume as well as decreased ratio between operating expenses and sales.

Interim Management Report

Financial Results

With € -0.1 million in the first quarter 2018 net financial result was at the previous year's level. Thus, there were no material changes.

Income Taxes

With 27.7 % the tax rate for the first three months of the current fiscal year was 2.7 %-points below the prior year's level (30.4 %). The decrease was mainly driven by the declined tax rate on the Group's results generated in USA.

Net income / Earnings per share

Net income for the first three months of 2018 totaled € 19.8 million and was up significantly by € 5.1 million or 34.7 % from the comparable prior period number (€ 14.7 million). Return on sales (after taxes) stood – after 10.7 % in the first quarter of 2017 – at 11.6 %. With € 2.00, earnings per share, too, was increased noticeably by 34.2 % compared to the prior year.

13

Financial Position

Pfeiffer Vacuum's balance sheet total increased by € 22.3 million, or 4.0 %, from € 553.4 million as at December 31, 2017, to € 575.7 million, as at March 31, 2018. On the assets side of the balance sheet, this was predominantly attributable to the increase of trade accounts receivable by € 11.2 million and the increase of inventories by € 7.5 million. This has to be seen against the backdrop of the satisfactory development of sales and order intake in the first quarter of 2018. Other material changes related to tangible and intangible assets (decline by € 3.4 million in total, resulting mainly from scheduled depreciation and amortization).

As at March 31, 2018, shareholders' equity totaled € 336.6 million, up € 15.7 million from the level on December 31, 2017 (€ 320.9 million). Equity ratio was 58.5 % after 58.0 % at the end of fiscal 2017. Other major changes on the liabilities' side of the balance sheet related to the € 5.2 million increase in trade accounts payable and other payables which also have to be seen in connection with the sound business development in the first quarter 2018.

Interim Management Report

Cash Flow

Totaling € 8.6 million, operating cash flow was down by € 3.3 million from the comparable prior year period (€ 11.9 million). Despite the noticeably higher net income (€ +5.1 million), particularly the rise in receivables and other assets as well as the increase of inventories had a negative impact on the operating cash flow in the first three months of 2018. In contrast, the increase of non-current liabilities affected the development of the operating cash flow in a positive way.

Net cash used in investing activities totaled € 3.5 million in the first three months of 2018. Main driver for the significant decrease by € 17.1 million compared to the level of previous year (€ 20.6 million) was the net cash used for acquisitions totaling € 14.3 million in the last year. In addition, capital expenditures in the first quarter of 2018 were below the prior year's level by € 2.8 million.

Considering exchange rate impacts of € -0.3 million, total cash inflow thus amounted to € 4.9 million (Q 1 2017: cash outflow € 8.9 million) and resulted in an increase in cash and cash equivalents to € 102.3 million.

Workforce

As of March 31, 2018, the company employed a workforce of 2,995 people, 950 of them in Germany and 2,045 in other countries.

Workforce

	Germany		Other countries		Total	
			March 31,			
	2018	2017	2018	2017	2018	2017
Manufacturing and Service	550	551	1,363	995	1,913	1,546
Research and Development	90	81	121	98	211	179
Sales and Marketing	202	199	342	303	544	502
Administration	108	101	219	180	327	281
Total	950	932	2,045	1,576	2,995	2,508

Interim Management Report

Risk and Opportunities Report

During the first three months of the 2018 fiscal year, there were no changes in the risks and opportunities as described in our Annual Report (Geschäftsbericht) for the year ended December 31, 2017. The Annual Report is available on our homepage www.group.pfeiffer-vacuum.com.

Mayor Events after the Balance Sheet Date

After the end of the first quarter 2018, there has not been any significant change in the company situation or industry environment.

Outlook

The year 2018 started very strong in terms of sales and order intake. Currently we even exceeded our plans which included a still strong demand and significantly higher sales level for the current fiscal year 2018. In this context further operational profitability improvements should be able to be achieved. Given the still limited visibility with respect to the second half of 2018, the outlook on the expected business development in 2018 stays difficult. Albeit we confirm our forecast and continue to expect a noticeable sales and earnings growth for the current fiscal year.

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 2018 for the upcoming Annual General Meeting on May 23, 2018.

Consolidated Interim Financial Statements

Consolidated Statements of Income (unaudited)

	Three months ended March 31,	
	2018	2017
		adjusted ¹
	in K€	in K€
Net sales	170,421	136,947
Cost of sales	-106,019	-84,454
Gross profit	64,402	52,493
Selling and marketing expenses	-17,534	-14,417
General and administrative expenses	-12,552	-10,753
Research and development expenses	-6,827	-6,572
Other operating income	1,983	1,958
Other operating expenses	-2,016	-1,584
Operating profit	27,456	21,125
Financial expenses	-193	-87
Financial income	62	32
Earnings before taxes	27,325	21,070
Income taxes	-7,569	-6,405
Net income	19,756	14,665
Earnings per share (in €):		
Basic	2.00	1.49
Diluted	2.00	1.49

¹ Due to the completion of the purchase price allocation for the Dreebit and ATC acquisitions in fiscal 2017 some of the amounts shown above were adjusted retroactively and thus differ from the amounts reported in the Quarterly Financial Statements for the first quarter 2017.

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Comprehensive Income (unaudited)

	Three months ended March 31,	
	2018	2017 adjusted ¹
	in K€	in K€
Net income	19,756	14,665
Other comprehensive income		
Amounts to be reclassified to income statement in future periods (if applicable)		
Currency changes	-4,173	1,897
Results from cash flow hedges	-	471
Related deferred income tax effects	-	-142
	-4,173	2,226
Amounts not to be reclassified to income statement in future periods		
Valuation of defined benefit plans	48	-34
Related deferred income tax effects	-12	4
	36	-30
Other comprehensive income net of tax	-4,137	2,196
Total comprehensive income net of tax	15,619	16,861

¹ Due to the completion of the purchase price allocation for the Dreebit and ATC acquisitions in fiscal 2017 some of the amounts shown above were adjusted retroactively and thus differ from the amounts reported in the Quarterly Financial Statements for the first quarter 2017.

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Balance Sheets (unaudited)

	March 31, 2018	December 31, 2017
	in K€	in K€
Assets		
Intangible assets	107,895	110,814
Property, plant and equipment	106,097	106,949
Investment properties	442	448
Deferred tax assets	22,956	23,037
Other non-current assets	4,465	3,840
Total non-current assets	241,855	245,088
Inventories	120,924	113,384
Trade accounts receivable	91,286	80,061
Income tax receivables	2,771	3,159
Prepaid expenses	3,635	2,475
Other accounts receivable	12,998	11,792
Cash and cash equivalents	102,278	97,402
Total current assets	333,892	308,273
Total assets	575,747	553,361
Shareholders' equity and liabilities		
Share capital	25,261	25,261
Additional paid-in capital	96,245	96,245
Retained earnings	249,503	229,747
Other equity components	-34,453	-30,316
Equity of Pfeiffer Vacuum Technology AG shareholders	336,556	320,937
Financial liabilities	60,223	60,248
Provisions for pensions	50,852	50,034
Deferred tax liabilities	3,864	3,988
Total non-current liabilities	114,939	114,270
Trade accounts payable	43,148	40,814
Customer deposits	7,901	7,678
Other accounts payable	25,210	22,333
Provisions	38,404	39,894
Income tax liabilities	9,509	7,354
Financial liabilities	80	81
Total current liabilities	124,252	118,154
Total shareholders' equity and liabilities	575,747	553,361

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, 2017	25,261	96,245	211,423	-17,355	315,574
Net income (adjusted) ¹	-	-	14,665	-	14,665
Other comprehensive income (adjusted) ¹	-	-	-	2,196	2,196
Total comprehensive income (adjusted) ¹	-	-	14,665	2,196	16,861
Balance on March 31, 2017 (adjusted) ¹	25,261	96,245	226,088	-15,159	332,435
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

¹ Due to the completion of the purchase price allocation for the Dreebit and ATC acquisitions in fiscal 2017 some of the amounts shown above were adjusted retroactively and thus differ from the amounts reported in the Quarterly Financial Statements for the first quarter 2017.

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Cash Flows (unaudited)

	Three months ended March 31,	
	2018	2017
		adjusted ¹
	in K€	in K€
Cash flow from operating activities:		
Net income	19,756	14,665
Depreciation/amortization	5,094	4,375
Other non-cash income/expenses	386	1,145
Effects of changes of assets and liabilities:		
Inventories	-8,909	-7,535
Receivables and other assets	-15,185	-5,951
Provisions, including pensions, and income tax liabilities	1,904	-11
Payables, other liabilities	5,584	5,164
Net cash provided by operating activities	8,630	11,852
Cash flow from investing activities:		
Acquisitions	-	-14,259
Capital expenditures	-3,559	-6,400
Proceeds from disposals of fixed assets	89	53
Net cash used in investing activities	-3,470	-20,606
Cash flow from financing activities:		
Redemptions of financial liabilities	-18	-249
Net cash used in financing activities	-18	-249
Effects of foreign exchange rate changes on cash and cash equivalents	-266	99
Net change in cash and cash equivalents	4,876	-8,904
Cash and cash equivalents at beginning of period	97,402	110,032
Cash and cash equivalents at end of period	102,278	101,128

¹ Due to the completion of the purchase price allocation for the Dreebit and ATC acquisitions in fiscal 2017 some of the amounts shown above were adjusted retroactively and thus differ from the amounts reported in the Quarterly Financial Statements for the first quarter 2017.

See accompanying notes to the interim financial statements.

Notes to the Consolidated Interim Financial Statements (unaudited)

1. The Company and Basis of Presentation

The parent company within the Pfeiffer Vacuum Group (“the Company” or “Pfeiffer Vacuum”) is Pfeiffer Vacuum Technology AG, domiciled at Berliner Strasse 43, 35614 Asslar, Germany. Pfeiffer Vacuum Technology AG is a stock corporation organized under German law and recorded in the Register of Companies at the Local Court of Wetzlar under Number HRB 44. The Company is listed on the Prime Standard of the Deutsche Börse Stock Exchange in Frankfurt am Main, Germany, where it is included in the TecDAX index.

Pfeiffer Vacuum is one of the leading full-line vacuum technology manufacturers, offering custom solutions for a wide range of needs in connection with the generation, control and measurement of vacuum. The product portfolio includes turbopumps, a range of backing pumps, such as rotary vane, Roots and dry pumps, complete pumping stations, as well as custom vacuum systems, vacuum chambers and components.

Pfeiffer Vacuum markets and distributes its products through its own network of sales companies and independent marketing agents. Moreover, there are service support centers in all major industrial locations throughout the world. The Company's primary markets are located in Europe, the United States and Asia.

The Consolidated Financial Statements of Pfeiffer Vacuum Technology AG have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as applicable in the European Union (EU). This includes the International Accounting Standards (IAS), which continue to retain their validity, the interpretations of the Standing Interpretations Committee (SIC) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Pfeiffer Vacuum prepares its Consolidated Interim Report (“Interim Report”) in euros (€). Unless otherwise indicated, the presentation is in thousands of euros (K€). For mathematical reasons, the numbers presented in this Interim Report may include rounding differences

2. Accounting and Valuation Methods

In preparing this interim report as of March 31, 2018, IAS 34 “Interim Financial Reporting” was applied. In doing so, basically the same accounting and valuation methods as in the Consolidated Financial Statements for the fiscal year ended December 31, 2017 were used. Please refer to the detailed description of these methods in the Notes to the Consolidated Financial Statements 2017, which are available in the internet at www.group.pfeiffer-vacuum.com.

Notes to the Consolidated Interim Financial Statements (unaudited)

In variance thereto, starting January 1, 2018 the Company has applied the new standards IFRS 9 „Financial Instruments“ and IFRS 15 „Revenue from Contracts with Customers“ for the first time. Regarding the first-time application of IFRS 15, Pfeiffer Vacuum decided to apply the modified retrospective method. As of January 1, 2018, there were no adjustment impacts to be recorded against equity because all sales revenues from the related customer contracts have either been fully recognized until January 1, 2018 or will have to be fully recognized after this date.

The application of the relevant rules of IFRS 9 und IFRS 15, particularly with regard to product sales including extended warranty pledges which are subject to delayed sales recognition in future periods, did not have any material impact on Pfeiffer Vacuum's Interim Financial Reporting as of March 31, 2018.

3. Changes in the Consolidated Companies/Acquisitions

Acquisition of Nor-Cal Group With effect from June 22, 2017, Pfeiffer Vacuum Technology AG indirectly via a US subsidiary acquired all shares of Nor-Cal Products Holdings, Inc. (Nor-Cal Inc.), Yreka, California, USA. At the same time further economically integrated but legally independent subsidiaries of Nor-Cal Products Holdings Inc. having their legal sites in the United States, Great Britain, the Republic of Korea, Singapore and Vietnam, were acquired. With the acquisition of these 100% shareholdings (Nor-Cal) Pfeiffer Vacuum significantly strengthened the position in the highly attractive market for vacuum components.

Acquisition of Advanced Test Concepts Inc. With effect from February 14, 2017, Pfeiffer Vacuum Technology AG indirectly via a US subsidiary acquired all shares of Advanced Test Concepts Inc. (ATC Inc.), Indianapolis, USA. At the same time further economically integrated but legally independent sister company of ATC Inc., having the same registered site, was acquired. With the acquisition of these 100% shareholdings Pfeiffer Vacuum consequently expanded its leak detection product portfolio.

Acquisition of further 75.1 % of shares in Dreebit GmbH With effect from February 13, 2017, Pfeiffer Vacuum Technology AG acquired all remaining shares of Dreebit GmbH, Dresden, Deutschland, and thus increased its shareholdings from 24.9 % to 100.0 %. The acquisition has to be seen in connection with strengthening the growth area service which is a major basis for the success of Pfeiffer Vacuum.

With regard to the fair values of identified assets and liabilities of the acquisitions at the respective acquisition dates and for further information please refer to the detailed description in the Note 3 to the Consolidated Financial Statements 2017, which are available in the internet at www.group.pfeiffer-vacuum.com.

Foundations in 2017 To address the increasing importance of regional markets the sales and service company Pfeiffer Vacuum Malaysia SDN. BHD. was founded in Malaysia in 2017. This did not have any material impact on the Consolidated Financial Statements. In connection with the reconstruction and expanding of a facility in the USA, Pfeiffer Vacuum New Hampshire Realty Holdings, LLC., was founded.

Notes to the Consolidated Interim Financial Statements (unaudited)

Formation of Pfeiffer Vacuum Indiana Realty Holdings, LLC., and Pfeiffer Vacuum California Realty Holdings, LLC., has to be seen in the context of acquiring ATC and Nor-Cal, respectively. Each of the latter three entities is a mere holding entity for the real estate acquired.

Liquidations in 2017 In fiscal 2017 adixen Vacuum Technology (Shanghai) Co., Ltd., China, was liquidated and was thus disregarded from the scope of consolidation. This did not have any material impact on the Consolidated Financial Statements.

4. Intangible Assets

Intangible assets consist of the following:

Intangible assets

	March 31, 2018	December 31, 2017
	in K€	in K€
Goodwill	78,419	79,299
Customer base	17,995	18,891
Software	3,022	3,217
Other intangible assets	8,459	9,407
Total intangible assets	107,895	110,814

5. Property, Plant and Equipment

Property, plant and equipment comprise the following:

Property, Plant and Equipment

	March 31, 2018	December 31, 2017
	in K€	in K€
Land and buildings	52,185	50,105
Technical equipment and machinery	31,721	32,882
Other equipment, factory and office equipment	12,340	12,716
Construction in progress	9,851	11,246
Total property, plant and equipment	106,097	106,949

Notes to the Consolidated Interim Financial Statements (unaudited)

6. Inventories

Inventories consist of the following:

Inventories

	March 31, 2018	December 31, 2017
	in K€	in K€
Raw materials	32,010	31,816
Work-in-process	31,828	28,667
Finished products	57,086	52,901
Total inventories, net	120,924	113,384

7. Pension Benefits

Pension expense for all plans included the following components:

Pension Expense for All Plans

	Three months ended March 31,	
	2018	2017
	in K€	in K€
Service cost	848	928
Net interest cost	224	233
Net pension cost	1,072	1,161

8. Warranty

Warranty provisions developed as follows:

Warranty provisions

	Three months ended March 31,	
	2018	2017
	in K€	in K€
Balance on January 1	15,769	13,062
Currency changes	-66	88
Additions from acquisitions	-	15
Additions	1,011	3,017
Utilization	-1,636	-1,810
Balance on March 31	15,078	14,372

Notes to the Consolidated Interim Financial Statements (unaudited)

9. Income taxes

The Company's effective tax rate for the first quarter 2018 amounted to 27.7 % and was below the tax rate of the comparative period (Q1 2017 30.4 %). Thus, there were no material changes. The decrease was mainly driven by the declined tax rate on the Group's results generated in USA.

10. Proposed Dividend Appropriation

The Management and Supervisory Board's common proposal on the dividend appropriation suggests a dividend of € 2.00 per share to be resolved by the Annual Shareholders' Meeting on May 23, 2018. This would lead to a total dividend distribution to the shareholders of € 19.7 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,	
	2018	2017 adjusted ¹
Net income (in K€)	19,756	14,665
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)	2.00	1.49

¹ Due to the completion of the purchase price allocation for the Dreebit and ATC acquisitions in fiscal 2017 some of the amounts shown above were adjusted retroactively and thus differ from the amounts reported in the Quarterly Financial Statements for the first quarter 2017.

Notes to the Consolidated Interim Financial Statements (unaudited)

12. Segment Reporting

Segment Reporting March 31, 2018

	Germany in K€	France in K€	Europe (excl. G and F) in K€	USA in K€	Re- public of Korea in K€	Asia (excl. Korea) in K€	Other/ Consoli- dation in K€	Group in K€
Net sales	72,779	62,791	28,153	40,889	31,837	21,216	-87,244	170,421
Third party	38,874	15,066	26,716	39,493	31,190	19,082	-	170,421
Intercompany	33,905	47,725	1,437	1,396	647	2,134	-87,244	-
Operating profit	10,249	6,264	2,661	1,651	4,371	2,249	11	27,456
Financial results	-	-	-	-	-	-	-131	-131
Earnings before taxes	10,249	6,264	2,661	1,651	4,371	2,249	-120	27,325
Segment assets	147,248	116,969	49,141	145,647	62,402	54,340	-	575,747
Thereof assets according to IFRS 8.33 (b) ¹	57,695	57,254	6,730	66,573	17,587	13,060	-	218,899
Segment liabilities	122,778	74,898	7,283	12,693	13,098	8,441	-	239,191
Capital expenditures:								
Property, plant & equipment ²	1,332	556	405	634	387	169	-	3,483
Intangible assets	76	-	-	-	-	-	-	76
Depreciation ²	1,359	1,260	169	313	247	285	-	3,633
Amortization	206	213	1	1,037	2	2	-	1,461

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

² Including investment properties

Segment Reporting March 31, 2017 (adjusted ¹)

	Germany in K€	France in K€	Europe (excl. G and F) in K€	USA in K€	Re- public of Korea in K€	Asia (excl. Korea) in K€	Other/ Consoli- dation in K€	Group in K€
Net sales	63,511	55,091	24,317	29,726	23,617	16,411	-75,726	136,947
Third party	32,197	13,745	23,155	29,634	23,037	15,179	0	136,947
Intercompany	31,314	41,346	1,162	92	580	1,232	-75,726	-
Operating profit	11,923	3,807	1,548	1,156	1,971	714	6	21,125
Financial results	-	-	-	-	-	-	-55	-55
Earnings before taxes	11,923	3,807	1,548	1,156	1,971	714	-49	21,070
Segment assets	167,569	105,746	40,344	67,396	55,471	47,569	-	484,095
Thereof assets according to IFRS 8.33 (b) ²	57,732	56,337	5,439	22,042	18,059	14,322	-	173,931
Segment liabilities	56,210	64,480	6,541	7,593	11,465	5,371	-	151,660
Capital expenditures:								
Property, plant & equipment ³	893	620	117	3,467	33	1,011	-	6,141
Intangible assets	204	55	-	-	-	-	-	259
Depreciation ³	1,262	1,216	141	127	344	208	-	3,298
Amortization	176	826	1	72	1	1	-	1,077

¹ Due to the completion of the purchase price allocation for the Dreebit and ATC acquisitions in fiscal 2017 some of the amounts shown above were adjusted retroactively and thus differ from the amounts reported in the Quarterly Financial Statements for the first quarter 2017.

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

³ Including 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 2, 2018

Pfeiffer Vacuum Technology AG

Management Board



Dr. Eric Taberlet

Nathalie Benedikt

Dr. Matthias Wiemer

Dr. Ulrich von Hülsem

Additional Information

Financial Calendar 2018

- Annual Shareholders Meeting
Wednesday, May 23, 2018
- 2nd Quarter 2018 (1st Half Year) Results
Thursday, August 2, 2018
- 3rd Quarter 2018 (9-Months) Results
Tuesday, November 6, 2018

Contacts

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