



VACUUM
24 / 7

Half Year Financial Report
SECOND QUARTER 2017

Half Year Financial Report / Second Quarter 2017

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Key Figures

		Q2 2017	Q2 2016	Change	Q1-Q2 2017	Q1-Q2 2016	Change
Sales and profit							
Total sales	K€	139,290	113,280	23.0%	276,237	222,894	23.9%
Germany	K€	24,293	18,946	28.2%	47,098	38,212	23.3%
Other countries	K€	114,997	94,334	21.9%	229,139	184,682	24.1%
Operating profit	K€	14,550	14,041	3.6%	35,920	26,948	33.3%
EBIT margin	%	10.4	12.4	-2.0	13.0	12.1	0.9
Net income	K€	9,997	9,731	2.7%	24,832	18,691	32.9%
Return on sales	%	7.2	8.6	-1.4	9.0	8.4	0.6
Operating cash flow	K€	10,829	10,338	4.7%	21,768	12,874	69.1%
Capital expenditures	K€	5,941	4,119	44.2%	12,342	6,922	78.3%
Earnings per share	€	1.01	0.99	2.0%	2.52	1.89	33.3%
Workforce							
Workforce (average)		2,873	2,374	21.0%	2,691	2,376	13.3%
Germany		930	883	5.3%	931	885	5.2%
Other countries		1,943	1,491	30.3%	1,760	1,491	18.0%
Sales per employee	K€	48	48	-	103	94	9.6%
Balance sheet							
			June 30, 2017		December 31, 2016		Change
Balance sheet total	K€		510,522		459,322		11.1%
Cash and cash equivalents	K€		68,941		110,032		-37.3%
Number of shares issued			9,867,659		9,867,659		-
Shareholders' equity	K€		300,178		315,574		-4.9%
Equity ratio	%		58.8		68.7		-9.9

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This half year financial report has been prepared in accordance with International Financial Reporting Standards (IFRS). Throughout this report, all percentages are calculated based on amounts in thousands €.

The Half Year Financial Report as of June 30, 2017, is unaudited.

The Company

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

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

Pfeiffer Vacuum

Headquarters	Asstar
Established	1890
Purpose of the Company	To develop, manufacture and market components and systems for vacuum generation, measurement and analysis
Manufacturing sites	Asstar, Germany; Göttingen, Germany; Annecy, France; Asan, Republic of Korea; Cluj, Romania; Indianapolis, USA; Yreka, USA; Ho-Chi-Minh-City, Vietnam
Workforce (June 30, 2017)	2,873
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 June 30, 2017	65 %
Market capitalization as at June 30, 2017	€ 1,264.5 million

On January 2, 2017, the opening price of Pfeiffer Vacuum shares was €88.77 and the closing price was €128.15 on June 30, 2017. This represents a significant increase by 44.4 %. On June 26, 2017 the high for the first half year 2017 was reached with €137.50. The low for the first six months in 2017 was €87.39 on January 10, 2017. In the same period the TecDAX, starting at 1,812 points on January 2, 2017 and closing at 2,188 points on June 30, 2017, increased by 20.8 %.

As a still strong dividend issuer in the TecDAX, Pfeiffer Vacuum distributed repeatedly an above average high dividend to its shareholders in 2017. At the Annual General Meeting on May 23, 2017, a vast majority of shareholders followed the common proposal of Management and Supervisory Board and resolved a dividend of €3.60 per share for the fiscal year 2016. Thus, the payout ratio amounted to around 75 % of consolidated net income. A total of €35.5 million was paid to the shareholders.

The free-float as at December 31, 2016 was 72.81 %. According to the last press release of the Busch Group on June 27, 2017, their holdings amounted to more than 35 % of the Pfeiffer Vacuum shares. Based on this notification and for lack of further knowledge we have assumed a free-float of 65 % as at June 30, 2017.

Interim Management Report

Based on a total demand unchanged compared to the first quarter of 2017, sales revenues were recorded at € 139.3 million in Q2 2017 (Q1 2017: € 136.9 million), and accordingly totaled € 276.2 million for the first six months of 2017. Following € 222.9 million in the first half of 2016, this represents a significant increase by € 53.3 million, or 23.9 %, respectively. What stands out as particularly impressive is that all market segments and regions contributed to these strong results. The strongest increase was recorded in the semiconductor market with a sales growth of 59.0 %. Analyzing the sales development and the profitability compared to last year it should be noted that 2017 was impacted by the first time consolidation of the newly acquired group companies. In total, the gross profit increased by € 16.5 million to € 101.7 million (H1/2016: € 85.1 million). Due to the sales weight which has changed in favor of the semiconductor industry the gross margin decreased from 38.2 % to 36.8 %. Within the general and administrative expenses, one-time expenditures were recorded due to the acquisitions and consultation work relating to the takeover offer. Compared to the first six months of 2016, selling and marketing expenses increased slightly. In contrast, R & D expenses as well as the balance of other operating income and expenses stood at previous year's level. All in all, this resulted in a significantly by € 9.0 million, or 33.3 %, increased operating profit, totaling € 35.9 million in the first half of 2017 (H1/2017: € 26.9 million). As a consequence the EBIT margin, the ratio between operating profit and sales, rose from 12.1 % to 13.0 % in the first six months of 2017. With constant net financial expenses and a virtually unchanged tax rate, net income increased from € 18.7 million to € 24.8 million. This led to earnings per share of € 2.52 (H1/2015: € 1.89).

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Overall Economic Environment and Industry Situation

Overall economic development in the first half year 2017 largely continued without noteworthy changes compared to the close of fiscal 2016. The European economy as well as the U.S. economy thus showed a robust trend which overlaid the slightly declining development in Asia, particularly in China. In contrast, 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, especially in the fourth quarter of 2016 and the first half of 2017.

Business

Our business operations include the development, manufacture, sale and service of vacuum pumps, vacuum measurement, components and analysis equipment and instruments, as well as vacuum systems and leak detection systems.

Sales

Presented below are net sales by segment, by region, by product and by market for the periods ended June 30, 2017 and 2016.

Interim Management Report

Sales by Segment (Companies)

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

Sales by Segment

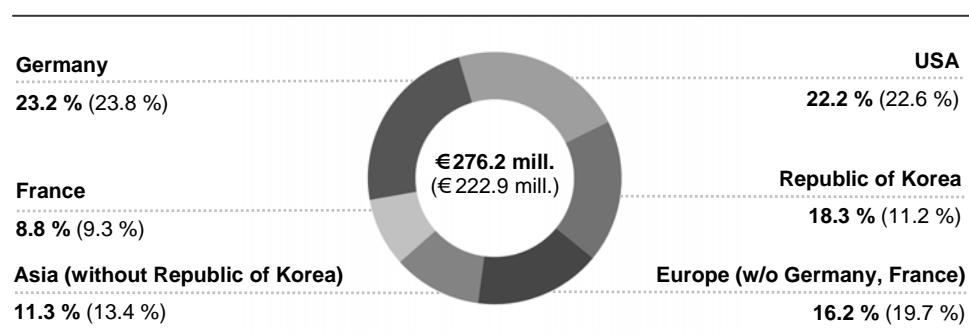
	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in K€	in K€	in K€	in K€
Germany	31,914	27,015	64,111	53,017
USA	31,816	24,376	61,450	50,447
Republic of Korea	27,429	12,235	50,466	24,935
Europe (without Germany, France)	21,591	21,428	44,746	43,999
Asia (without Republic of Korea)	15,898	17,377	31,077	29,772
France	10,642	10,849	24,387	20,724
Total	139,290	113,280	276,237	222,894

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Analysis of sales by segment in the first half year shows a satisfactory development in all subareas. Noteworthy is the development in the Republic of Korea and in the USA, where the dynamics in semiconductor industry had a significant impact. Also in the segments Germany and France we achieved a very positive sales development, while remaining Asia also showed satisfactory sales increases.

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

Sales by Segment H1/2017 (H1/2016)



Interim Management Report

Sales by Region

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

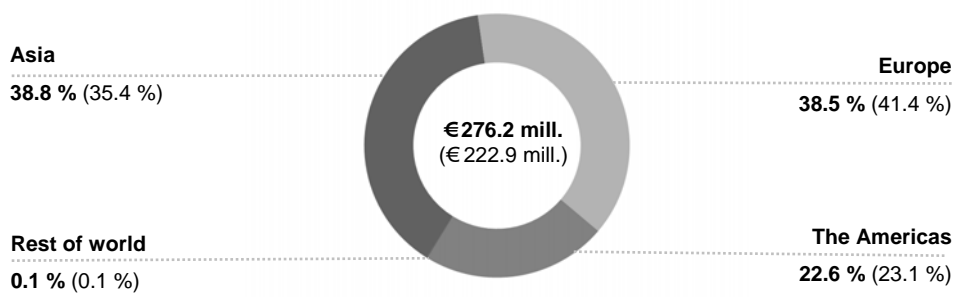
Sales by Region

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	in K€		in K€	
Asia	54,242	42,341	107,334	78,949
Europe	52,583	45,674	106,401	92,278
The Americas	32,363	25,185	62,336	51,555
Rest of world	102	80	166	112
Total	139,290	113,280	276,237	222,894

The already described strong demand from the semiconductor industry was also reflected in the sales analysis by region. Here we recorded an excellent increase in sales, particularly in Asia by €28.4 million, or 36.0 %. Also the Americas region was positively impacted by the increasing demand and recorded a sales growth of 20.9 %. Yet, sales development in the first three months 2017 was exceeded by the even better second quarter. However, positive impacts from the first-time consolidation were also achieved. In Europe the positive trend from the first three months could be confirmed by the second quarter 2017. Thus, the sales in this region increased by 15.3 % or € 14.1 million compared with the same period of the previous year.

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

Sales by Region H1/2017 (H1/2016)



Interim Management Report

Sales by Products

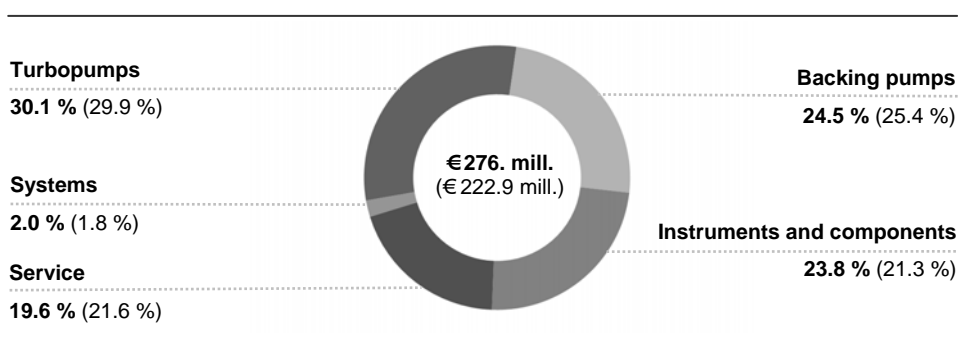
Sales by Products

	Three months ended June 30,		Six months ended June 30,	
	2017 in K€	2016 in K€	2017 in K€	2016 in K€
Turbopumps	40,379	32,409	83,245	66,594
Backing pumps	33,808	29,572	67,798	56,737
Instruments and components	35,386	26,108	65,586	47,384
Service	27,500	24,186	54,198	48,165
Systems	2,217	1,005	5,410	4,014
Total	139,290	113,280	276,237	222,894

The development of sales by product shows also a homogeneous picture with consistently double-digit growth rates. Particularly significant is, amongst others, the sales development with instruments and components as well as in service. These sales increases of € 18.2 million, and € 6.0 million, respectively, are mainly driven by organic growth as well as – to a small extend only – by the first-time consolidation of the acquisitions. Also the significant sales increase in turbopumps by € 16.7 million and in backing pumps by € 11.1 million was very gratifying.

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

Sales by Products H1/2017 (H1/2016)



Interim Management Report

Sales by Market

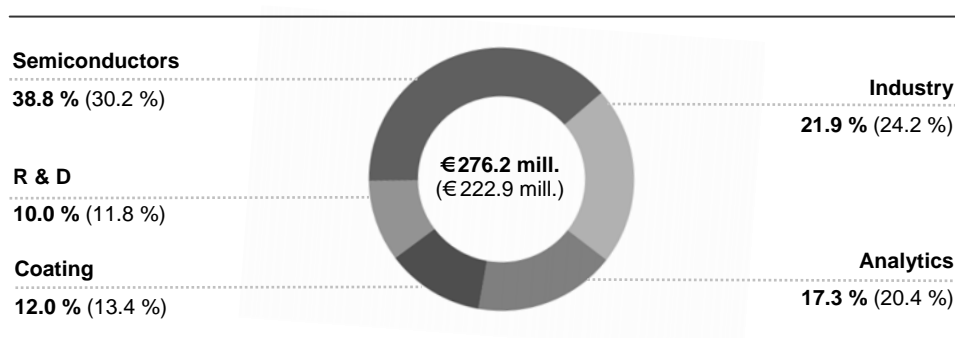
Sales by Market

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in K€	in K€	in K€	in K€
Semiconductors	54,951	33,341	107,226	67,427
Industry	30,860	26,436	60,554	53,977
Analytics	22,284	23,335	47,633	45,424
Coating	17,927	16,407	33,187	29,821
R & D	13,268	13,761	27,637	26,245
Total	139,290	113,280	276,237	222,894

With a significant sales increase by €39.8 million, or 59.0 %, the semiconductor market showed the strongest absolute and relative sales improvement in the first half year 2017. But also the market segments industry and coating recorded satisfactory increases by €6.6 million, and €3.4 million, respectively. In contrast, our market segments analytics and R & D developed somewhat weaker in the second quarter 2017. Nevertheless, in the first half of 2017 sales increases were achieved here compared with previous year.

The sales split by markets was as follows:

Sales by Market H1/2017 (H1/2016)



Interim Management Report

Order Intake and Order Backlog

Following an order intake of €231.5 million in the first six months of 2016 this number stood at €318.5 million in the first half of 2017. This represents a significant increase by €87.0 million or 37.6 % which was mainly caused by the development in the semiconductor market. In addition, the assumption of the Nor-Cal order backlog also impacted the development of order intake in a positive way. With €172.0 million the order intake in the second quarter of 2017 was significantly higher compared to the immediately preceding first quarter (€146.5 million). The book to bill ratio, the ratio between new orders and sales, was 1.23 in the second quarter 2017 (Q2/2016: 1.01). On a year to date basis, the book to bill ratio stood at an outstanding 1.15 as at June 30, 2017 (1.04 for the first half year of 2016).

Order backlog increased from €72.3 million at the end of December 2016 to €114.6 million as at June 30, 2017. Resulting from the book to bill ratio above 1 the order backlog was also higher compared to March 31, 2017 (€81.9 million).

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

Cost of Sales, Gross Profit and Gross Margin

In the first six months of 2017 cost of sales totaled €174.6 million (2016: €137.7 million). This represents an increase by €36.9 million, or 26.7 %, caused mainly by the significant increase in sales. Accounting for €101.7 million, gross profit was €16.6 million above previous year's number (€85.1 million). Gross margin, the ratio between gross profit and sales, decreased from 38.2 % to 36.8 %, mainly due to the disproportional increase in cost of sales caused by customer mix.

Selling and Marketing Expenses

With €29.4 million, selling and marketing expenses of the first six months of the current fiscal year were up €2.0 million from the comparable number in the previous fiscal year (€27.4 million). Relative to sales, selling and marketing expenses declined by 1.7 percentage points to 10.6 %.

General and Administrative Expenses

General and administrative expenses increased from €18.4 million in the first two quarters of 2016 to €24.0 million in the current fiscal year. Relative to sales, this ratio rose from 8.3 % to 8.7 %. This high increase was mainly attributable to one-time consultancy fees in connection with the takeover offer and the acquisitions.

Interim Management Report

Research and Development Expenses

With € 13.3 million in the first half of 2017, research and development expenses were slightly up € 0.2 million from the prior year's level of € 13.1 million. However, R&D ratio, the ratio between R & D expenses and sales, decreased from 5.9 % to 4.8 % due to the increase in sales.

We will maintain the expenses allocated for research and development at a high level and invest in order to be able to sustain our position on the world market, to expand market shares and to open up new markets. All expenditures for research and development are expensed as they are incurred.

Other Operating Income/Other Operating Expenses

Balance of other operating income and expenses totaled € +0.9 million in the first two quarters of 2017 after a net gain of € 0.7 million was recorded in the prior year period. The amounts in 2017 included predominantly net foreign exchange losses of € 2.0 million (2016: € 1.1 million) and expense subsidies affecting net income of € 1.7 million (2016: € 1.7 million).

Operating Profit

Following € 26.9 million in the first half of 2016, operating profit in the first six months of 2017 stood at € 35.9 million. This corresponds to a significant increase by € 9.0 million, or 33.3 %. The EBIT margin, the ratio between operating profit and sales, rose from 12.1 % in the first six months of 2016 to 13.0 % in the first half 2017. Due to the consultancy fees being mainly incurred in Q2 2017, the profitability in this period was burdened temporarily.

Financial Results

With € -0.2 million in the first half year 2017 net financial result was exactly on the prior year's level (€ -0.2 million). There were yet no significant changes in the composition of the financial results.

Income Taxes

With 30.4 % in the first half year 2017 the tax rate was 0.3 % points above the prior year level (30.1 %).

Interim Management Report

Net income / Earnings per share

Totalling €24.8 million net income for the first half year of 2017 was up by €6.1 million from the prior year results of €18.7 million. Return on sales (after taxes) stood – after 8.4 % in 2016 – at 9.0 % in the first two quarters of 2017. Earnings per share developed parallel to net income. After €1.89 in the first half year of 2016 an amount of €2.52 was recorded for the current fiscal year. This represents an exceptional increase by 33.3 %.

Financial Position

Pfeiffer Vacuum's balance sheet total increased by €51.2 million, or 11.1 %, from €459.3 million as at December 31, 2016, to €510.5 million, as at June 30, 2017. This development is mainly due to the first-time consolidation of the newly acquired companies which has also affected the financial position (please also refer to Note 3 of the Notes to the Consolidated Interim Financial Statements). On the assets side of the balance sheet, this was predominantly attributable to the increase of intangible and tangible assets (in total €62.3 million) and inventories (€23.7 million). In contrast, cash and cash equivalents decreased by €41.1 million. This was mainly due to the dividend payment to the Pfeiffer Vacuum Technology AG shareholders following the Annual Shareholders' Meeting in May 2017 (€35.5 million). For further details with regard to the development of cash and cash equivalents please refer to the following section "Cash Flow".

As at June 30, 2017, shareholders' equity totaled €300.2 million. This represents a decrease of €15.4 million from the level on December 31, 2016 (€315.6 million). This development was mainly due to the dividend payment of €35.5 million and contrary to the net income recorded for the first half year of 2017 (€24.8 million). In addition, other equity components saw a net decrease by €4.7 million. This was attributable to negative exchange rate impacts totaling €7.9 million and contrary to pension related revaluation impacts recorded directly in equity (€+2.4 million). The development of the line items on the liabilities side of the balance sheet, too, was characterized substantially by the acquisitions. In particular, financing of the Nor-Cal transaction by bank loan, considerably altered the balance sheet ratios. The equity ratio was 58.8 % after 68.7 % at the end of fiscal 2016. Nevertheless, Pfeiffer Vacuum continues to show an above-average equity. And with cash and cash equivalents totaling €68.9 million and financial liabilities totaling €60.7 million, the Company shows no net indebtedness. Other material line items related to provisions for pensions (€48.6 million, €51.2 million as at December 31, 2016). The decrease in pension provisions was mainly caused by a revaluation following an increase in discount rates and did not impact profitability. Trade accounts payable (€39.6 million) increased by €8.7 million compared to prior year's level of €30.9 million.

Interim Management Report

Cash Flow

Totalling €21.8 million in the first half 2017, operating cash flow was up significantly by €8.9 million from the comparable prior year period (€12.9 million). In addition to the higher net income (€+6.1 million) particularly the increase of payables and customer deposits had a positive impact on the operating cash flow in the first half 2017. In contrast, the development of inventories (+ €10.9 million) and consumption of provisions by €5.5 million burdened the operating cash flow.

Cash flow from investing activities in the first six month 2017 amounted to €82.0 million (2016: €6.8 million) and was significantly determined by the acquisitions (€69.7 million in total). In addition, capital expenditures of €12.3 million were above the prior year's level (€6.9 million) as expected.

Within the framework of financing activities a cash inflow from a new bank loan in the amount of €70.0 million was recorded. During the current reporting period, a total amount of €35.5 million was used for dividend payments to the Pfeiffer Vacuum Technology AG shareholders. A partial repayment of the bank loan relating to the Nor-Cal acquisition and the redemption of the acquired companies' financial debts led to €15.7 million net cash used in fiscal 2017. Overall, the Company received net cash flows of €18.8 million from financing activities. The year before, the dividend payments in the amount of €31.6 million had been the sole parameter in determining cash flow from financing activities.

Considering exchange rate impacts, total cash outflow thus amounted to €41.1 million (2016: €25.7 million) and resulted in a decline in cash and cash equivalents by 37.3 % to €68.9 million.

Workforce

As of June 30, 2017, the Company employed a workforce of 2,873 people, 930 of them in Germany and 1,943 in other countries.

Workforce

	Germany		Other countries		Total	
	June 30,					
	2017	2016	2017	2016	2017	2016
Manufacturing and Service	547	502	1,244	943	1,791	1,445
Research and Development	82	85	120	89	202	174
Sales and Marketing	200	201	354	323	554	524
Administration	101	95	225	136	326	231
Total	930	883	1,943	1,491	2,873	2,374

Interim Management Report

Risk and Opportunities Report

During the first six months of the 2017 fiscal year, there were no changes in the risks and opportunities as described in our Annual Report (Geschäftsbericht) for the year ended December 31, 2016. The Annual Report is available on our homepage at www.group.pfeiffer-vacuum.com.

Mayor Events in Fiscal 2017

After the end of the first half year 2017, there has not been any significant change in the industry environment or in the Company's position.

Outlook

We are very satisfied with developments in the second quarter, as we were able to seamlessly carry over the business success of 2017's first quarter. At nearly plus 38 percent, our order intake is currently significantly higher than it was in the previous year. Due to the high order backlog as well as the additional potential of recent acquisitions, above all Nor-Cal, we expect the positive trend to continue in 2017 and in the future.

Consolidated Interim Financial Statements

Consolidated Statements of Income (unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	in K€	in K€	in K€	in K€
Net sales	139,290	113,280	276,237	222,894
Cost of sales	-90,269	-71,347	-174,563	-137,749
Gross profit	49,021	41,933	101,674	85,145
Selling and marketing expenses	-14,968	-13,635	-29,352	-27,417
General and administrative expenses	-13,268	-9,408	-24,008	-18,394
Research and development expenses	-6,747	-6,602	-13,280	-13,110
Other operating income	4,264	2,363	6,222	4,334
Other operating expenses	-3,752	-610	-5,336	-3,610
Operating profit	14,550	14,041	35,920	26,948
Financial expenses	-233	-171	-320	-319
Financial income	46	52	78	111
Earnings before taxes	14,363	13,922	35,678	26,740
Income taxes	-4,366	-4,191	-10,846	-8,049
Net income	9,997	9,731	24,832	18,691
Earnings per share (in €):				
Basic	1.01	0.99	2.52	1.89
Diluted	1.01	0.99	2.52	1.89

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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 June 30,		Six months ended June 30,	
	2017 in K€	2016 in K€	2017 in K€	2016 in K€
Net income	9,997	9,731	24,832	18,691
Other comprehensive income				
Amounts to be reclassified to income statement in future periods (if applicable)				
Currency changes	-9,770	849	-7,873	-1,619
Results from cash flow hedges	645	-	1,116	-
Related deferred income tax effects	-215	-	-357	-
	-9,340	849	-7,114	-1,619
Amounts not to be reclassified to income statement in future periods				
Valuation of defined benefit plans	3,429	-10,984	3,395	-10,926
Related deferred income tax effects	-989	3,167	-985	3,145
	2,440	-7,817	2,410	-7,781
Other comprehensive income net of tax	-6,900	-6,968	-4,704	-9,400
Total comprehensive income net of tax	3,097	2,763	20,128	9,291

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Balance Sheets (unaudited)

	June 30, 2017	December 31, 2016
	in K€	in K€
Assets		
Intangible assets	116,479	67,579
Property, plant and equipment	98,477	85,053
Investment properties	460	472
Shares in associated companies	-	1,636
Deferred tax assets	23,265	23,312
Other non-current assets	5,183	4,508
Total non-current assets	243,864	182,560
Inventories	105,410	81,737
Trade accounts receivable	77,871	69,352
Income tax receivables	987	1,112
Prepaid expenses	4,303	3,099
Other accounts receivable	9,146	11,430
Cash and cash equivalents	68,941	110,032
Total current assets	266,658	276,762
Total assets	510,522	459,322
Shareholders' equity and liabilities		
Share capital	25,261	25,261
Additional paid-in capital	96,245	96,245
Retained earnings	200,731	211,423
Other equity components	-22,059	-17,355
Equity of Pfeiffer Vacuum Technology AG shareholders	300,178	315,574
Financial liabilities	60,301	-
Provisions for pensions	48,630	51,188
Deferred tax liabilities	2,308	1,848
Total non-current liabilities	111,239	53,036
Trade accounts payable	39,551	30,896
Customer deposits	4,872	4,928
Other accounts payable	20,218	20,530
Provisions	31,634	29,767
Income tax liabilities	2,454	4,367
Financial liabilities	376	224
Total current liabilities	99,105	90,712
Total shareholders' equity and liabilities	510,522	459,322

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 Components in K€	Equity of Pfeiffer Vacuum Technology AG Shareholders in K€
Balance on Jan. 01, 2016	25,261	96,245	195,968	-12,450	305,024
Net income	-	-	18,691	-	18,691
Other comprehensive income	-	-	-	-9,400	-9,400
Total comprehensive income	-	-	18,691	-9,400	9,291
Dividend payment	-	-	-31,577	-	-31,577
Balance on June 30, 2016	25,261	96,245	183,082	-21,850	282,738
Balance on Jan. 01, 2017	25,261	96,245	211,423	-17,355	315,574
Net income	-	-	24,832	-	24,832
Other comprehensive income	-	-	-	-4,704	-4,704
Total comprehensive income	-	-	24,832	-4,704	20,128
Dividend payment	-	-	-35,524	-	-35,524
Balance on June 30, 2017	25,261	96,245	200,731	-22,059	300,178

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Cash Flows (unaudited)

	Six months ended June 30,	
	2017	2016
	in K€	in K€
Cash flow from operating activities:		
Net income	24,832	18,691
Depreciation/amortization	8,728	10,137
Other non-cash income/expenses	319	1,206
Effects of changes of assets and liabilities:		
Inventories	-10,931	-12,843
Receivables and other assets	-790	-5,038
Provisions, including pensions, and income tax liabilities	-5,520	-1,821
Payables, other liabilities	5,130	2,542
Net cash provided by operating activities	21,768	12,874
Cash flow from investing activities:		
Payments for acquisitions	-69,728	-
Capital expenditures	-12,342	-6,922
Proceeds from disposals of fixed assets	82	152
Net cash used in investing activities	-81,988	-6,770
Cash flow from financing activities:		
Proceeds from increase of financial liabilities	70,000	-
Dividend payment	-35,524	-31,577
Redemptions of financial liabilities	-15,661	-261
Net cash provided by/used in financing activities	18,815	-31,838
Effects of foreign exchange rate changes on cash and cash equivalents	314	24
Net change in cash and cash equivalents	-41,091	-25,710
Cash and cash equivalents at beginning of period	110,032	115,397
Cash and cash equivalents at end of period	68,941	89,687

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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 June 30, 2017, IAS 34 “Interim Financial Reporting” was applied. In doing so, the same accounting and valuation methods as in the Consolidated Financial Statements for the fiscal year ended December 31, 2016 were used. Please refer to the detailed description of these methods in the Notes to the Consolidated Financial Statements 2016, which are available in the internet at www.group.pfeiffer-vacuum.com. Impacts from the mandatory application of IFRS 15 “Revenue from Contracts with Customers” as of January 1, 2018, are yet being analyzed.

Notes to the Consolidated Interim Financial Statements (unaudited)

3. Changes in the Consolidated Companies/Acquisitions

Acquisition of additional 75.1 % of shares in Dreebit GmbH Effective January 1, 2017, Pfeiffer Vacuum Technology AG purchased all remaining shares of Dreebit GmbH (Dreebit), Dresden, Germany and thus increased the shareholdings from 24.9 % to 100 %. The acquisition has to be seen in connection with the strengthening of service business, a growth segment and an important success driver for Pfeiffer Vacuum.

The first-time consolidation of Dreebit was made on a preliminary basis, using the IFRS book values of the assets and liabilities as at January 1, 2017 (acquisition date):

IFRS Net Book Value of Assets and Liabilities assumed

	January 1, 2017
	in K€
Assets	
Intangible assets	189
Property, plant and equipment	2,213
Inventories	1,284
Trade accounts receivable	740
Cash and cash equivalents	375
Other assets	119
Total assets	4,920
Liabilities	
Trade accounts payable	-250
Provisions	-597
Income tax liabilities	-150
Financial liabilities	-625
Other liabilities	-556
Total liabilities	-2,178
Identifiable net assets (net book value)	2,742
Fair value of existing shareholdings as of acquisition date (24.9 %)	-1,636
Preliminary goodwill arising on acquisition	1,894
Total consideration (purchase price) of the remaining shareholdings (75.1 %)	3,000

Because the assets and liabilities were recorded at book value, the goodwill thus determined is also preliminary in nature. The final purchase price allocation of Dreebit acquisition will be made in accordance with the IFRS when all relevant information is available, latest until end of this year.

The purchase price of the remaining shareholdings comprises only a cash component. Considering the acquired Dreebit cash and cash equivalents (K€ 375), the net cash used for this acquisition was K€ 2,625.

Notes to the Consolidated Interim Financial Statements (unaudited)

Acquisition of shares in Advanced Test Concepts Inc. Effective February 14, 2017, Pfeiffer Vacuum Technology AG acquired indirectly via its wholly owned subsidiary all shares of Advanced Test Concepts Inc. (ATC Inc.), Indianapolis, USA. At the same time an economically integrated but legally separate sister company to ATC Inc., having the same place of business, was acquired. With the purchase of these 100 % participations (ATC) Pfeiffer Vacuum will further expand its legacy leak detection product portfolio.

The first-time consolidation of ATC was made on a preliminary basis, using the IFRS book values of the assets and liabilities as at February 14, 2017 (acquisition date):

IFRS Net Book Value of Assets and Liabilities assumed

	February 14, 2017
	in K€
Assets	
Property, plant and equipment	2,088
Inventories	1,370
Trade accounts receivable	1,002
Cash and cash equivalents	160
Total assets	4,620
Liabilities	
Trade accounts payable	-785
Provisions	-106
Other liabilities	-112
Total liabilities	-1,003
Identifiable net assets (net book value)	3,617
Preliminary goodwill arising on acquisition	7,275
Total consideration (purchase price)	10,892

Because the assets and liabilities were recorded at book value, the goodwill thus determined is also preliminary in nature. The final purchase price allocation of ATC acquisition will be made in accordance with the IFRS when all relevant information is available, until end of this year.

The purchase price of the shares comprises only a cash component. Considering the acquired ATC cash and cash equivalents (K€ 160), the net cash used for this acquisition was K€ 10,732.

In the meantime the acquired sister company to ATC Inc. was merged into ATC Inc. and the legal form of ATC was changed into LLC.

Acquisition of shares in Nor-Cal Products Holdings, Inc. Effective June 22, 2017, Pfeiffer Vacuum Technology AG acquired indirectly via its wholly owned subsidiary all shares of Nor-Cal Products Holdings, Inc. (Nor-Cal Inc.), Yreka, California, USA. At the same time further economically integrated but legally separate subsidiaries of Nor-Cal Inc. in UK, Republic of Korea, Singapore and Vietnam were acquired. With

Notes to the Consolidated Interim Financial Statements (unaudited)

the purchase of these 100 % participations (Nor-Cal) Pfeiffer Vacuum will significantly reinforce its position in the increasingly attractive market for vacuum components.

Due to the brief period of time between the acquisition and the end of this quarter, the first-time consolidation of Nor-Cal was made on a preliminary basis, using the IFRS book values of the assets and liabilities as at June 22, 2017 (acquisition date):

IFRS Net Book Value of Assets and Liabilities assumed

	June 22, 2017
	in K€
Assets	
Intangible assets	9
Property, plant and equipment	5,406
Inventories	14,135
Trade accounts receivable	5,724
Cash and cash equivalents	8,010
Other assets	2,658
Total assets	35,942
Liabilities	
Trade accounts payable	-3,141
Provisions	-6,155
Financial liabilities	-5,522
Other liabilities	-71
Total liabilities	-14,889
Identifiable net assets (net book value)	21,053
Preliminary goodwill arising on acquisition	43,328
Total consideration (purchase price)	64,381

Because the assets and liabilities were recorded at book value, the goodwill thus determined is also preliminary in nature. The final purchase price allocation of Nor-Cal acquisition will be made in accordance with the IFRS when all relevant information is available, probably until end of this year.

The purchase price of the shares comprises only a cash component. Considering the acquired Nor-Cal cash and cash equivalents (K€ 8,010), the net cash used for this acquisition was K€ 56,371.

New companies founded during the fiscal year The sales subsidiary Pfeiffer Vacuum Malaysia SDN. BHD. was formed in Malaysia to better reflect the growing importance of the regional market. This process had not any significant effect on the Consolidated Financial Statements. In connection with an expansion and a reconstruction of a site in USA, Pfeiffer Vacuum New Hampshire Realty Holdings, LLC was founded. The Pfeiffer Vacuum Indiana Realty Holdings, LLC and Pfeiffer Vacuum California Realty Holdings, LLC were founded in connection to the acquisition of ATC and Nor-Cal respectively. All three mentioned entities serve purely as holding companies for the acquired real estate.

Notes to the Consolidated Interim Financial Statements (unaudited)

4. Intangible Assets

Intangible assets consist of the following:

Intangible assets

	June 30, 2017	December 31, 2016
	in K€	in K€
Goodwill	106,814	56,800
Software	3,229	2,895
Other intangible assets	6,436	7,884
Total intangible assets	116,479	67,579

5. Property, Plant and Equipment

Property, plant and equipment comprise the following:

Property, Plant and Equipment

	June 30, 2017	December 31, 2016
	in K€	in K€
Land and buildings	51,271	40,681
Technical equipment and machinery	29,769	27,391
Other equipment, factory and office equipment	12,632	12,163
Construction in progress	4,805	4,818
Total property, plant and equipment	98,477	85,053

6. Inventories

Inventories consist of the following:

Inventories

	June 30, 2017	December 31, 2016
	in K€	in K€
Raw materials	29,880	26,778
Work-in-process	27,604	23,725
Finished products	47,926	31,234
Total inventories, net	105,410	81,737

Notes to the Consolidated Interim Financial Statements (unaudited)

7. Paid Dividends

At the Annual Shareholders' Meeting on May 23, 2017, the shareholders resolved a dividend of € 3.60 per share for the year 2016. Thus, a total of € 35,523,572.40 was paid to the shareholders.

8. Pension Benefits

Pension expense for all plans included the following components:

Pension Expense for All Plans

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in K€	in K€	in K€	in K€
Service cost	922	905	1,850	1,812
Interest cost	233	231	466	462
Net pension cost	1,155	1,136	2,316	2,274

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9. Warranty

Warranty provisions developed as follows:

Warranty provisions

	Six months ended June 30,	
	2017	2016
	in K€	in K€
Balance on January 1	13,062	12,844
Currency changes	-130	-26
Additions	5,632	3,601
Utilization	-3,623	-3,274
Balance on June 30	14,941	13,145

Notes to the Consolidated Interim Financial Statements (unaudited)

10. Earnings per Share

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

Earnings per Share

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Net income (in K€)	9,997	9,731	24,832	18,691
Weighted average number of shares	9,867,659	9,867,659	9,867,659	9,867,659
Number of conversion rights	-	-	-	-
Adjusted weighted average number of shares	9,867,659	9,867,659	9,867,659	9,867,659
Earnings per share in €(basic/diluted)	1.01	0.99	2.52	1.89

11. Segment Reporting

Segment Reporting June 30, 2017

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	Germany in K€	France in K€	Europe (excl. G and F) in K€	USA In K€	Repu- blic of Korea in K€	Asia (excl. Korea) in K€	Other/ Consoli- dation in K€	Group in K€
Net sales	122,426	106,512	46,883	61,571	51,988	33,450	-146,593	276,237
Third party	64,111	24,387	44,746	61,450	50,466	31,077	-	276,237
Intercompany	58,315	82,125	2,137	121	1,522	2,373	-146,593	-
Operating profit	16,646	7,740	2,921	1,557	6,271	794	-9	35,920
Financial results	-	-	-	-	-	-	-242	-242
Earnings before taxes	16,646	7,740	2,921	1,557	6,271	794	-251	35,678
Segment assets	132,795	103,931	38,806	140,350	52,082	42,558	-	510,522
Thereof assets according to IFRS 8.33 (b) ¹	57,880	55,848	6,130	69,867	16,863	14,011	-	220,599
Segment liabilities	110,510	63,661	6,244	12,791	11,655	5,483	-	210,344
Capital expenditures:								
Property, plant & equipment ²	2,302	2,126	995	4,240	271	1,591	-	11,525
Intangible assets	661	145	-	-	-	11	-	817
Depreciation ²	2,525	2,475	305	286	682	428	-	6,701
Amortization	370	1,650	3	-	1	3	-	2,027

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

² Including investment properties

Notes to the Consolidated Interim Financial Statements (unaudited)

Segment Reporting June 30, 2016

	Germany	France	Europe (excl. G and F)	USA	Repu- blic of Korea	Asia (excl. Korea)	Other/ Consoli- dation	Group
	in K€	in K€	in K€	in K€	in K€	in K€	in K€	in K€
Net sales	108,909	84,958	45,586	50,557	26,394	32,037	-125,547	222,894
Third party	53,017	20,724	43,999	50,447	24,935	29,772	-	222,894
Intercompany	55,892	64,234	1,587	110	1,459	2,265	-125,547	-
Operating profit	19,327	2,912	2,804	2,042	-1,468	1,360	-29	26,948
Financial results	-	-	-	-	-	-	-208	-208
Earnings before taxes	19,327	2,912	2,804	2,042	-1,468	1,360	-237	26,740
Segment assets	133,258	121,013	34,759	60,709	46,487	45,570	-	441,796
Thereof assets according to IFRS 8.33 (b) ¹	52,141	58,745	4,740	10,354	17,328	13,314	-	156,622
Segment liabilities	77,179	55,827	6,417	6,363	8,548	4,724	-	159,058
Capital expenditures:								
Property, plant & equipment ²	2,938	1,953	668	140	120	612	-	6,431
Intangible assets	318	153	-	8	-	12	-	491
Depreciation ²	2,287	2,732	276	166	631	486	-	6,578
Amortization	404	2,074	87	273	463	258	-	3,559

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

² Including investment properties

12. Income Tax Expense

Under German corporate tax law, taxes on income are composed of corporate taxes, trade taxes and an additional surtax.

The Company's effective tax rate was 30.4 % for the first six months of 2017 and for the second quarter, respectively (2016: 30.1 %).

13. Independent Auditor

At the Annual General Meeting on May 23, 2017, the Supervisory Board proposed and the Shareholders elected Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Eschborn, Germany, as the independent auditor of both the accounts of the Company and the consolidated accounts for the 2017 fiscal year.

14. Major Related Party Transactions

Besides the transactions between the subsidiaries that are eliminated during the consolidation process and regular compensation of Management and Supervisory Board members there were no related party transactions in the first half of 2017.

Asslar, August 1, 2017

Pfeiffer Vacuum Technology AG

Management Board



Manfred Bender



Dr. Matthias Wiemer

Certification of the Legal Representatives

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

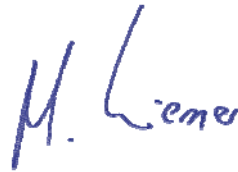
Aslar, August 1, 2017

Pfeiffer Vacuum Technology AG

Management Board



Manfred Bender



Dr. Matthias Wiemer

Additional Information

Financial Calendar 2017

- 3rd Quarter 2017 (9-Months) Results
Tuesday, November 2, 2017

Contact

Investor Relations

Dr. Karen Bogdanski
Berliner Strasse 43
35614 Asslar
Germany
T +49 6441 802-1346
F +49 6441 802-1365
mailto: Karen.Bogdanski@pfeiffer-vacuum.de
www.group.pfeiffer-vacuum.com