PFEIFFER VACUUM

RESEARCH & DEVELOPMENT FOR OUR FUTURE

Half Year Financial Report

Second Quarter 2019

Half Year Financial Report / Second Quarter 2019

Contents

Key Figures

		Q2 2019	Q2 2018	Change	Q1-Q2 2019	Q1-Q2 2018	Change
Sales and profit							
Total sales	K€	157,375	167,791	-6.2%	311,108	338,212	-8.0%
Germany	K€	24,062	25,715	-6.4%	47,608	54,259	-12.3%
Other countries	K€	133,313	142,076	-6.2%	263,500	283,953	-7.2%
Operating profit	K€	14,702	20,297	-27.6%	32,845	47,753	-31.2%
EBIT margin	%	9.3	12.1	-2.8 Pp	10.6	14.1	-3.5 Pp
Net income	K€	10,416	14,617	-28.7%	23,309	34,373	-32.2%
Return on sales	%	6.6	8.7	-2.1 Pp	7.5	10.2	-2.7 Pp
Operating cash flow	K€	14,897	23,238	-35.9%	23,042	31,868	-27.7%
Capital expenditures	K€	7,426	8,970	-17.2%	13,034	12,529	4.0%
Earnings per share	€	1.06	1.48	-28.4%	2.36	3.48	-32.2%
Workforce							
Workforce (average)		3,243	3,077	5.4%	3,245	3,036	6.9%
Germany		1,051	970	8.4%	1,049	960	9.3%
Other countries		2,192	2,107	4.0%	2,196	2,076	5.8%
Sales per employee	K€	49	55	-10.9%	96	111	-13.5%

		June 30. 2019	December 31. 2018	Change
Balance sheet				
Balance sheet total	K€	629,069	624,160	0.8%
Cash and cash equivalents	K€	93,359	108,380	-13.9%
Number of shares issued		9,867,659	9,867,659	-
Shareholders' equity	K€	366,300	372,225	-1.6%
Equity ratio	%	58.2	59.6	-1.4 Pp

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, 2019, 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	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 (June 30, 2019)	3,243
Sales and service	32 Group companies and a multitude of agencies worldwide
Quality management	Certified under ISO 9001
Environmental management	Certified under ISO 14001
Stock exchange listing	Deutsche Börse, Prime Standard/TecDAX
Accounting	IFRS

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.

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, 2019	49.98 %
Market capitalization as at June 30, 2019	€ 1,272.9 million

In the second quarter 2019 Pfeiffer Vacuum shares developed slightly weaker than the TecDAX. On January 2, 2019, the opening price of Pfeiffer Vacuum shares was € 111.90 and the closing price was € 129.00 on June 28, 2019. This represents an increase by 15.3 %. On April 24, 2019 the high for the first half year 2019 was reached with € 153.60. The low for the first six months in 2019 was € 106.80 on January 3, 2019. In the first half year the TecDAX, starting at 2,447 points on January 2, 2019 and closing at 2,876 points on June 28, 2019, increased by 17.5 %.

Also in 2019 Pfeiffer Vacuum distributed a dividend to its shareholders for a repeated time. At the Annual General Meeting on May 23, 2019, a vast majority of shareholders followed the common proposal of Management and Supervisory Boards and resolved a dividend of € 2.30 per share for the fiscal year 2018. Thus, the payout ratio amounted to around 33.0 % of consolidated net income 2018. A total of € 22.7 million was paid to the shareholders.

Unchanged compared to December 31, 2018, the freefloat according to our knowledge is 49.98 % as of June 30, 2019.

Based on an overall demand unchanged compared to the first quarter of 2019, sales revenues were recorded at € 157.4 million in Q2 2019 (Q1 2019: € 153.7 million), and accordingly totaled € 311.1 million for the first six months of 2019. Following € 338.2 million in the first half of 2018, this represents a decrease by € 27.1 million, or 8.0 %, respectively. This development was mainly characterized by investment restraints in the semiconductor and coating industries, especially in the Asia region. The other market segments industry, R&D and analytics recorded increases, but were not able to compensate the trend of the semiconductor and coating markets. In total, the gross profit decreased by € 11.6 million to € 109.0 million (H1/2018: € 120.6 million). The corresponding gross margin stood at 35.0 % in the first half of 2019 due to negative economies of scale and decreased by 0.7 %-points compared to previous year (35.7 %). In comparison to first half year 2018, the operating expenses showed increases which were also caused by Group's focus on further growth. The balance of other operating income and expenses was burdened by negative effects resulting from foreign currency translation and declined by € 1.0 million to € 1.3 million in comparison to previous year. All in all, this resulted in an operating profit of € 32.8 million in the first half of 2019 (H1/2018: € 47.8 million), a decrease by € 15.0 million, or 31.2 %. As a consequence, the EBIT margin, the ratio between operating profit and sales, fell from very good 14.1 % in 2018 to 10.6 % in the first six months of 2019. With slightly increased net financial expenses and a somewhat higher tax rate, net income decreased from € 34.4 million to € 23.3 million. As a result earnings per share amounted to € 2.36 (H1/2018: € 3.48).

Overall Economic Environment and Industry Situation

Overall economic development in the first half year 2019 largely continued without noteworthy changes compared to the close of fiscal 2018. The European economy as well as the U.S. economy thus showed a still positive trend. But all in all the economic indicators show a somewhat more restrained growth in comparison with total 2018. The economic development in Asia, particularly in China, proceeded at a lower level compared to previous year. Trade disputes between China and US burden the growth dynamic. In our opinion, the demand in the vacuum industry continued to be robust, excepting the semiconductor industry and also in parts the coating markets. The main impulses were registered in the heterogeneous market segment industry.

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, 2019 and 2018.

Sales by Segment

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

Sales by Segment

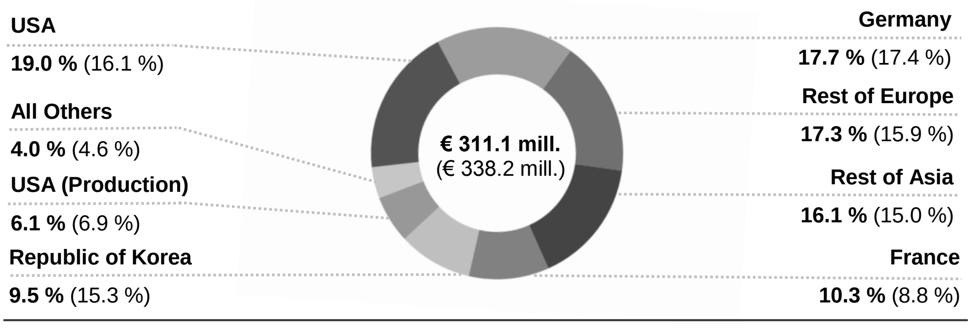
	Three months ended June 30,		Six months ended June 30,	
	2019	2018 [1]	**2019**	2018 [1]
	in K€	in K€	in K€	in K€
USA	31,081	27,762	59,310	54,486
Germany	27,175	26,742	54,998	58,696
Rest of Europe	26,763	27,224	53,873	53,937
Rest of Asia	26,254	29,382	50,020	50,673
France	16,211	14,880	31,979	29,946
Republic of Korea	13,851	22,627	29,638	51,608
USA (Production)	9,340	11,994	18,888	23,394
All Others	6,700	7,180	12,402	15,472
Total	**157,375**	167,791	**311,108**	338,212

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

Analysis of sales by segment in the first half year shows a heterogeneous development. Whereas the both segments USA and France showed increases, the sales in Rest of Europe and Rest of Asia remained more or less on previous year's level. Sales in all other segments declined in the actual reporting period. The most significant sales decrease related to the segment Republic of Korea which was due to the restrained demand of semiconductor customers.

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

Sales by Segment H1/2019 (H1/2018)



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.

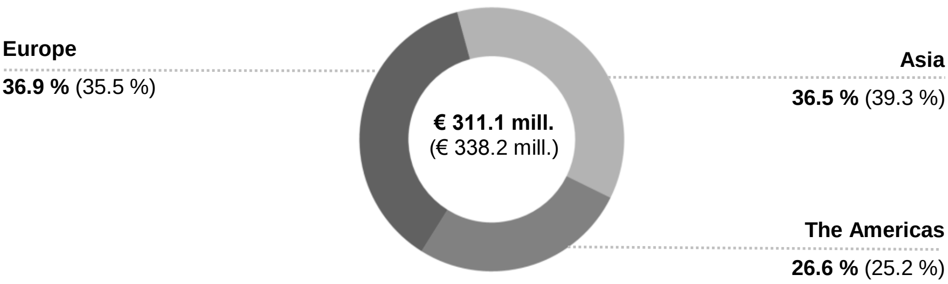
Sales by Region

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	in K€	in K€	in K€	in K€
Europe	56,338	57,621	114,939	120,003
Asia	58,528	66,307	113,401	133,067
The Americas	42,479	43,799	82,703	85,050
Rest of world	30	64	65	92
Total	**157,375**	167,791	**311,108**	338,212

The regional view of sales in the reporting period shows that all regions were below the strong prior year's level. As already mentioned in the segment analysis, the declining development in the Republic of Korea impacted the region Asia with a sales decrease by € 19.7 million. However, in the second quarter 2019, both region Europe and the Americas, were only slightly below the sales of the previous year's period.

The following graphic shows the still balanced split of sales by region with a small improvement in Europe.

Sales by Region H1/2019 (H1/2018)



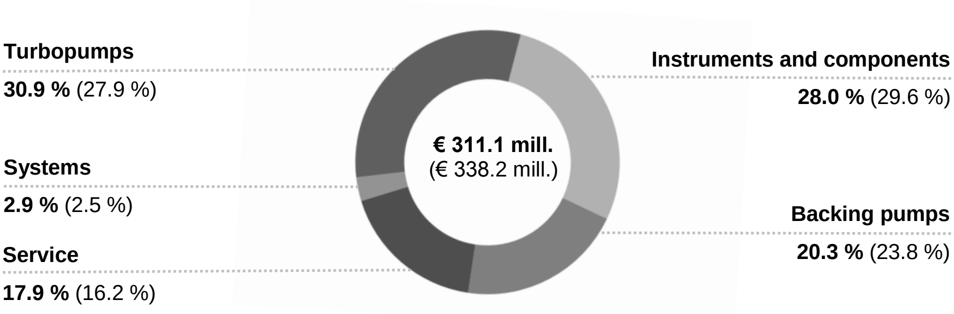
Sales by Products

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	in K€	in K€	in K€	in K€
Turbopumps	49,086	47,173	96,107	94,345
Instruments and components	44,969	49,139	87,176	100,095
Backing pumps	31,685	39,932	63,224	80,610
Service	27,399	27,548	55,652	54,669
Systems	4,236	3,999	8,949	8,493
Total	**157,375**	167,791	**311,108**	338,212

The analysis of sales by products shows a heterogeneous picture. Positive developments were achieved with turbopumps, service and systems. In contrast, backing pumps and instruments and components recorded decreases in comparison to prior year's level. As a result of the sales increase, turbopumps became the strongest product measured as percentage of total group sales in the first half year 2019.

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

Sales by Products H1/2019 (H1/2018)



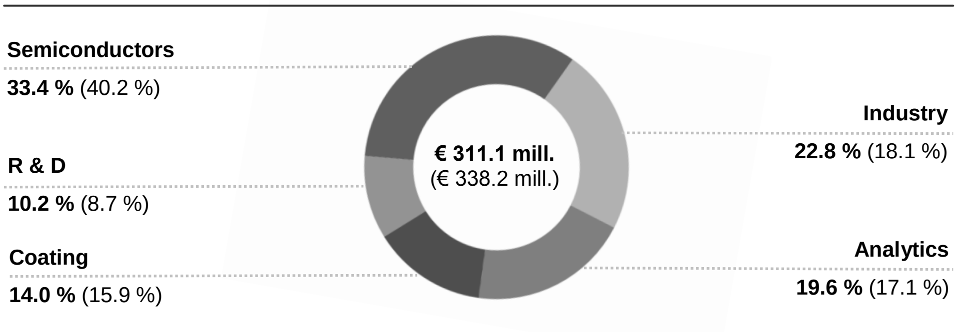
Sales by Market

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	in K€	in K€	in K€	in K€
Semiconductors	50,333	65,968	103,817	136,092
Industry	36,972	30,500	70,917	61,148
Analytics	30,799	28,964	60,966	57,667
Coating	21,869	28,735	43,501	53,811
R & D	17,402	13,624	31,907	29,494
Total	**157,375**	167,791	**311,108**	338,212

The restraint demand of customers in the semiconductor and coating markets continued also in the second quarter 2019. This led to sales declines in both market segments compared with last year. In contrast, market segments industry (+ € 9.8 million), analytics (+ € 3.3 million) and R & D (+ € 2.4 million) recorded a gratifying sales growth.

The sales split by markets was as follows:

Sales by Market H1/2019 (H1/2018)



Order Intake and Order Backlog

Following an order intake of € 368.0 million in the first six months of 2018 this number stood at € 293.7 million in the first half of 2019. This decrease by € 74.3 million or 20.2 % was mainly caused by the development in the semiconductor and coating markets. With € 144.9 million the order intake in the second quarter of 2019 was slightly lower compared to the immediately preceding first quarter (€ 148.8 million). The book to bill ratio, the ratio between new orders and sales, was 0.92 in the second quarter 2019 (Q2/2018: 1.04). On a year to date basis, the book to bill ratio stood at 0.94 as at June 30, 2019 (1.09 for the first half year of 2018).

Order backlog decreased from € 144.9 million at the end of December 2018 to € 127.5 million as at June 30, 2019. Resulting from the book to bill ratio below 1 the order backlog was also lower compared to March 31, 2019 (€ 140.0 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 2019 cost of sales totaled € 202.1 million (2018: € 217.6 million). This represents a decrease by € 15.5 million, or 7.1 %, caused mainly by the decrease in sales. Accounting for € 109.0 million, gross profit was € 11.6 million below previous year's number (€ 120.6 million). Gross margin, the ratio between gross profit and sales, decreased from 35.7 % to 35.0 %, mainly due to negative economies of scale from manufacturing costs through weaker sales. The disproportional increase in cost of sales in comparison with the development of sales in the second quarter 2019, was driven by less favourable product and customer mix. Thus, the gross profit in the second quarter (€ 53.3 million) declined compared to the previous quarter (€ 55.7 million).

Selling and Marketing Expenses

With € 36.3 million, selling and marketing expenses of the first six months of the current fiscal year were slightly up € 0.9 million from the comparable number in the previous fiscal year (€ 35.4 million). Due to decrease in sales, the ratio of sales and marketing expenses and sales increased by 1.2 Pp to 11.7 % compared with prior year (10.5 %).

General and Administrative Expenses

General and administrative expenses increased slightly from € 25.8 million in the first two quarters of 2018 to € 26.3 million in the current fiscal year. Relative to sales, this ratio increased from 7.6 % to 8.5 %.

Research and Development Expenses

With € 14.8 million in the first half of 2019, research and development expenses were up € 0.7 million from the prior year's level of € 14.1 million. R&D ratio, the ratio between R & D expenses and sales, increased slightly from 4.2 % to 4.8 %.

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 € +1.3 million in the first two quarters of 2019 after a net gain of € 2.3 million was recorded in the prior year period. The amounts in 2019 included predominantly net foreign exchange losses of € 0.2 million (2018: net foreign exchange gains of € 0.8 million) and expense subsidies affecting net income of € 1.5 million (2018: € 1.8 million).

Operating Profit

Following € 47.8 million in the first half of 2018, operating profit in the first six months of 2019 stood at € 32.8 million. This corresponds to a decrease by € 15.0 million, or 31.2 %. The EBIT margin, the ratio between operating profit and sales, dropped from 14.1 % in the first six months of 2018 to 10.6 % in the first half 2019. The key factor for this development was the decrease of the gross profit as a result of negative economies of scale and a less favourable product-customer mix. In addition, the expanded cost basis due to additional investments to implement the Group's growth strategy burdened the earnings development.

Financial Results

With € -0.4 million in the first half year 2019 net financial result was slightly below the prior year's level (€ -0.2 million). Interest expenses relating leases which were firstly recorded since the beginning of 2019 had only a marginal impact on financial results (please also refer to note 2 in the Notes to the Consolidated Interim Financial Statements).

Income Taxes

With 28.2 % in the first half year 2019 the tax rate was 0.5 % points above the prior year level (27.7 %). There were no structural changes.

Net income / Earnings per share

Totaling € 23.3 million net income for the first half year of 2019 was down by € 11.1 million from the prior year results of € 34.4 million. Return on sales (after taxes) stood – after 10.2 % in 2018 – at 7.5 % in the first two quarters of 2019. Earnings per share developed parallel to net income. After € 3.48 in the first half year of 2018 an amount of € 2.36 was recorded for the current fiscal year. This represents a decrease by 32.2 %.

Financial Position

Pfeiffer Vacuum's balance sheet total increased by € 4.9 million, or 0.8 %, from € 624.2 million as at December 31, 2018, to € 629.1 million, as at June 30, 2019. On the assets side of the balance sheet, this was predominantly attributable to the increase of property, plant and equipment. The net increase by € 21.3 million resulted on the one hand from the capital expenditures and on the other hand from new requirements in the accounting for lease agreements, according to which the contractual rights-of-use have to be recognized as assets in the balance sheet (please also refer to note 2 in the Notes to the Consolidated Interim Financial Statements). Other material changes related to the increase of inventories by € 10.4 million and trade accounts receivable which declined by € 9.5 million. The decrease of cash and cash equivalents by € 15.0 million was mainly due to the dividend payment to the Pfeiffer Vacuum Technology AG shareholders following the Annual Shareholders' Meeting in May 2019. 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, 2019, shareholders' equity totaled € 366.3 million. This represents a decrease of € 5.9 million from the level on December 31, 2018 (€ 372.2 million). This development was mainly due to the dividend payment of € 22.7 million and contrary to the net income recorded for the first half year of 2019 (€ 23.3 million). In addition, other equity components saw a net decrease by € 6.5 million, which was mainly attributable to pension related revaluation impacts recorded directly in equity. The equity ratio was 58.2 % after 59.6 % at the end of fiscal 2018. Other major changes on the liabilities' side of the balance sheet related to first time recognition of lease liabilities which increased the long and short-term financial liabilities by € 14.5 million (please refer to note 2 in the Notes to the Consolidated Interim Financial Statements). In contrast, provisions decreased by € 4.6 million.

Cash Flow

Totaling € 23.0 million in the first half 2019, operating cash flow was down by € 8.9 million from the comparable prior year period (€ 31.9 million). This represents a decrease by 27.7 %. In addition to the lower net income (€ -11.1 million) particularly the increase of inventories and the decline of provisions and payables had a negative impact on the operating cash flow in the first half 2019. In contrast, the decrease of receivables and other assets by € 10.9 million improved the operating cash flow.

As in the prior year period capital expenditures were the major determinant for the cash flow from investing activities in 2019 (€ 12.9 million; prior year: € 12.4 million).

The first-time application of the accounting requirements for leases in the current reporting period led to the disclosure of principal elements of lease payments under cash flow from financing activities (€ 2.2 million; please also refer to note 2 in the Notes to the Consolidated Interim Financial Statements). Along with the dividend payment of € 22.7 million, the net cash used in financing activities amounted to € 24.9 million in total in the first half of 2019. In the first half year 2018, the dividend payment in the amount of € 19.7 million was virtually the sole parameter in determining cash flow from financing activities.

Considering exchange rate impacts, total cash outflow thus amounted to € 15.0 million (2018: € 0.2 million) and resulted in a decline in cash and cash equivalents to € 93.4 million.

Workforce

As of June 30, 2019, the Company employed a workforce of 3,243 people, 1.051 of them in Germany and 2,192 in other countries.

Workforce

	Germany		Other countries		Total	
	June 30,					
	2019	2018	**2019**	2018	**2019**	2018
Manufacturing and Service	625	568	1,477	1,392	2,102	1,960
Research and Development	86	91	128	122	214	213
Sales and Marketing	221	205	375	359	596	564
Administration	119	106	212	234	331	340
Total	**1,051**	970	**2,192**	2,107	**3,243**	3,077

Risk and Opportunities Report

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

Mayor Events in Fiscal 2019

After the end of the first half year 2019, there has not been any significant change in the industry environment or in the Company’s position.

Outlook

As expected the first half year 2019 showed a weaker trend in respect to the development of sales and order intake compared to the previous year. In fact there were pleasing sales increases in the analytical and industrial markets. However, we notice a weakness in demand from the semiconductor and coating markets in terms of sales and order intake. Yet, we look optimistically towards the business development in the second half of the year and expect an increase in demand. The Management Board confirms the outlook for sales that was specified in mid-July of € 640 to 660 million, and an EBIT margin of 11% to 14% for 2019 as a whole.

Consolidated Interim Financial Statements

Consolidated Statements of Income (unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	in K€	in K€	in K€	in K€
Net sales	157,375	167,791	311,108	338,212
Cost of sales	-104,040	-111,564	-202,104	-217,583
Gross profit	**53,335**	56,227	**109,004**	120,629
Selling and marketing expenses	-18,255	-17,816	-36,302	-35,350
General and administrative expenses	-13,127	-13,210	-26,327	-25,762
Research and development expenses	-7,301	-7,223	-14,812	-14,050
Other operating income	1,307	3,419	3,485	5,402
Other operating expenses	-1,257	-1,100	-2,203	-3,116
Operating profit	**14,702**	20,297	**32,845**	47,753
Financial expenses	-221	-153	-443	-346
Financial income	26	73	62	135
Earnings before taxes	**14,507**	20,217	**32,464**	47,542
Income taxes	-4,091	-5,600	-9,155	-13,169
Net income	**10,416**	14,617	**23,309**	34,373
Earnings per share (in €):				
Basic	1.06	1.48	2.36	3.48
Diluted	1.06	1.48	2.36	3.48

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See accompanying notes to the interim financial statements.

Consolidated Statements of Comprehensive Income (unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	in K€	in K€	in K€	in K€
Net income	**10,416**	14,617	**23,309**	34,373
Other comprehensive income				
Amounts to be reclassified to income statement in future periods (if applicable)				
Currency changes	-3,991	6,836	-484	2,633
Results from cash flow hedges	-16	-	13	-
Related deferred income tax effects	5	-17	-4	-17
	-4,002	6,819	**-475**	2,616
Amounts not to be reclassified to income statement in future periods				
Valuation of defined benefit plans	-8,516	-71	-8,536	-23
Related deferred income tax effects	2,468	18	2,473	6
	-6,048	-53	**-6,063**	-17
Other comprehensive income net of tax	**-10,050**	6,766	**-6,538**	2,599
Total comprehensive income net of tax	**366**	21,383	**16,771**	36,972

See accompanying notes to the interim financial statements.

Consolidated Balance Sheets (unaudited)

	June 30, 2019 in K€	December 31, 2018 in K€
Assets		
Intangible assets	108,096	109,460
Property, plant and equipment	147,461	126,143
Investment properties	412	424
Other financial assets	3,627	4,282
Other assets	1,243	3,200
Deferred tax assets	27,520	24,895
Total non-current assets	**288,359**	268,404
Inventories	143,561	133,191
Trade accounts receivable	82,668	92,164
Contract assets	332	298
Income tax receivables	3,961	3,726
Prepaid expenses	5,793	3,504
Other financial assets	314	609
Other accounts receivable	10,722	13,884
Cash and cash equivalents	93,359	108,380
Total current assets	**340,710**	355,756
Total assets	**629,069**	624,160
Shareholders' equity and liabilities		
Share capital	25,261	25,261
Additional paid-in capital	96,245	96,245
Retained earnings	279,504	278,891
Other equity components	-34,710	-28,172
Equity of Pfeiffer Vacuum Technology AG shareholders	**366,300**	372,225
Financial liabilities	70,934	60,182
Provisions for pensions	65,137	55,638
Deferred tax liabilities	4,572	4,638
Contract liabilities	395	630
Total non-current liabilities	**141,038**	121,088
Trade accounts payable	35,327	38,054
Contract liabilities	15,913	18,271
Other accounts payable	26,041	25,740
Provisions	37,051	41,626
Income tax liabilities	3,523	7,061
Financial liabilities	3,876	95
Total current liabilities	**121,731**	130,847
Total shareholders' equity and liabilities	**629,069**	624,160

See accompanying notes to the interim financial statements.

Consolidated Statements of Shareholders' Equity (unaudited)

	Share Capital	Additional Paid-in Capital	Retained Earnings	Other Equity Components	**Equity of Pfeiffer Vacuum Technology AG Shareholders**
	in K€	in K€	in K€	in K€	in K€
Balance on Jan. 01, 2018	25,261	96,245	229,747	-30,316	320,937
Net income	-	-	34,373	-	34,373
Other comprehensive income	-	-	-	2,599	2,599
Total comprehensive income	-	-	34,373	2,599	36,972
Dividend payment	-	-	-19,735	-	-19,735
Balance on June 30, 2018	25,261	96,245	244,385	-27,717	338,174
Balance on Jan. 01, 2019	**25,261**	**96,245**	**278,891**	**-28,172**	**372,225**
Net income	-	-	23,309	-	23,309
Other comprehensive income	-	-	-	-6,538	-6,538
Total comprehensive income	**-**	**-**	**23,309**	**-6,538**	**16,771**
Dividend payment	-	-	-22,696	-	-22,696
Balance on June 30, 2019	**25,261**	**96,245**	**279,504**	**-34,710**	**366,300**

See accompanying notes to the interim financial statements.

Consolidated Statements of Cash Flows (unaudited)

	Six months ended June 30,	
	2019	2018
	in K€	in K€
Cash flow from operating activities:		
Net income	23,309	34,373
Depreciation/amortization	11,564	10,256
Other non-cash income/expenses	2,367	1,022
Effects of changes of assets and liabilities:		
Inventories	-13,129	-12,633
Receivables and other assets	10,894	-10,864
Provisions, including pensions, and income tax liabilities	-7,059	380
Payables, other liabilities	-4,904	9,334
Net cash provided by operating activities	**23,042**	31,868
Cash flow from investing activities:		
Capital expenditures	-13,034	-12,529
Proceeds from disposals of fixed assets	102	129
Net cash used in investing activities	**-12,932**	-12,400
Cash flow from financing activities:		
Principal elements of lease payments	-2,183	-
Proceeds from increase of financial liabilities	-	77
Dividend payment	-22,696	-19,735
Redemptions of financial liabilities	-23	-
Net cash provided by/used in financing activities	**-24,902**	-19,658
Effects of foreign exchange rate changes on cash and cash equivalents	-229	-45
Net change in cash and cash equivalents	**-15,021**	-235
Cash and cash equivalents at beginning of period	108,380	97,402
Cash and cash equivalents at end of period	**93,359**	97,167

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, 2019, IAS 34 "Interim Financial Reporting" was applied. In doing so, basically the same accounting and valuation methods as in the Consolidated Financial Statements for the fiscal year ended December 31, 2018 were used. Please refer to the detailed description of these methods in the Notes to the Consolidated Financial Statements 2018, which are available in the internet at www.group.pfeiffer-vacuum.com.

In variance thereto, starting January 1, 2019 the Company has applied the new standards IFRS 16 ”Leases“ for the first time.

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

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

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

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

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

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

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

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

- At the date of first-time application, right-of-use assets previously accounted for as operating leases were recognized in the amount of € 19.0 million under property, plant and equipment. Lease liabilities of € 17.0 million were recognized in the balance sheet. The difference between rights-of-use assets and lease liabilities resulted from lease contracts, for which prepayments were made in the beginning of the contract term. Lease liabilities are reported under current and non-current financial liabilities. The present value calculation of the lease liabilities is based on incremental borrowing rates as of January 1, 2019. The weighted average incremental borrowing rate as of January 1, 2019 amounted to 1.03 %.

- There were no effects on equity from the first-time application.

- Due to the recognition of lease liabilities from operating leases, the equity ratio decreased by approx. 1.6 %.

- The increase in financial liabilities resulting from the change in accounting rules had a negative impact of approx. € 17.0 million on the net indebtedness of the Company.

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

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

The changes in recognition of expenses from operating leases in the cash flow statement result in an improvement in cash flow from operating activities. In the first six months of the current reporting period the improvement was approx. € 2.4 million. Accordingly, the cash flow from financing activities was impacted by the repayment elements of the lease payments.

3. Intangible Assets

Intangible assets consist of the following:

Intangible assets

	June 30, 2019	December 31, 2018
	in K€	in K€
Goodwill	80,812	80,721
Customer Base	17,355	18,094
Software	2,888	2,890
Other intangible assets	7,041	7,775
Total intangible assets	**108,096**	109,460

4. Property, Plant and Equipment

Since January 1, 2019, property, plant and equipment with a net book value of € 147.5 million as at June 30, 2019 also include right-of-use assets related to lease accounting.

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

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

	June 30, 2019	December 31, 2018
	in K€	in K€
Land and buildings	59,303	58,638
Technical equipment and machinery	43,568	42,412
Other equipment, factory and office equipment	13,042	12,649
Construction in progress	15,180	12,444
Total property, plant and equipment (excl. right-of-use assets)	**131,093**	126,143

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

Right-of-Use Assets

	June 30, 2019
	in K€
Land and buildings	14,239
Technical equipment and machinery	93
Other equipment, factory and office equipment	2,036
Total right-of-use assets	**16,368**

5. Inventories

Inventories consist of the following:

Inventories

	June 30, 2019	December 31, 2018
	in K€	in K€
Raw materials	35,843	36,420
Work-in-process	40,058	32,095
Finished products	67,660	64,676
Total inventories, net	**143,561**	133,191

6. Paid Dividends

At the Annual Shareholders' Meeting on May 23, 2019, the shareholders resolved a dividend of € 2.30 per share for the year 2018. Thus, a total of € 22,695,616 was paid to the shareholders.

7. Financial Liabilities

Financial liabilities were comprised as follows:

Financial Liabilities

	June 30, 2019	December 31, 2018
	in K€	in K€
Loans	60,000	60,000
Lease liabilities	10,934	182
Non-current financial liabilities	**70,934**	60,182
Lease liabilities	3,877	72
Other financial liabilities	-	23
Current financial liabilities	**3,877**	95
Total financial liabilities	**74,811**	60,277

As at June 30, 2019, lease liabilities included effects from first-time adoption of IFRS 16 "Leases". Lease liabilities shown in the previous year only related to finance leases.

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,	
	2019	2018	**2019**	2018
	in K€	in K€	in K€	in K€
Service cost	895	856	1,824	1,704
Interest cost	246	226	496	450
Net pension cost	**1,141**	1,082	**2,320**	2,154

9. Warranty

Warranty provisions developed as follows:

Warranty provisions

	Six months ended June 30,	
	2019	2018
	in K€	in K€
Balance on January 1	15,939	15,769
Currency changes	-60	12
Additions	4,258	2,829
Utilization	-4,294	-3,229
Balance on June 30	**15,843**	15,381

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,	
	2019	2018	**2019**	2018
Net income (in K€)	10,416	14,617	23,309	34,373
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)	**1.06**	1.48	**2.36**	3.48

11. Segment Reporting

Segment Reporting as at June 30, 2019 (in K €)

	Germany	France	Rest of Europe	USA	USA Produ-ction	Republic of Korea	Rest of Asia	All Others	Consoli-dation	Group
Net sales	118,147	101,607	53,892	59,499	20,712	31,794	54,376	24,188	-153,107	311,108
Third party	54,998	31,979	53,873	59,310	18,888	29,638	50,020	12,402	-	311,108
Intercompany	63,149	69,628	19	189	1,824	2,156	4,356	11,786	-153,107	-
Operating profit	17,397	4,161	3,447	3,427	164	469	4,022	-242	-	32,845
Financial income	-34	-104	-11	485	-413	23	-142	-185	-	-381
Earnings before taxes	17,363	4,057	3,436	3,912	-249	492	3,880	-427	-	32,464
Segment assets	139,874	126,895	51,852	65,369	70,310	43,282	77,326	54,161	-	629,069
Thereof assets according to IFRS 8.33 (b) [1]	48,822	67,286	6,820	22,001	45,081	18,035	22,772	30,022	-	260,839
Segment liabilities	127,402	66,554	19,389	10,757	6,491	10,328	13,698	8,150	-	262,769
Capital expenditures:										
Property, plant and equipment [2]	2,666	2,726	335	327	128	1,898	1,853	2,702	-	12,635
Intangible assets	301	-	4	-	-	-	21	73	-	399
Depreciation [3]	2,466	2,045	535	865	383	670	1,465	1,170	-	9,599
Amortization	336	394	2	2	845	3	6	377	-	1,965

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

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

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

Segment Reporting as at June 30, 2018 (in K €; adjusted [1])

	Germany	France	Rest of Europe	USA	USA Produ-ction	Republic of Korea	Rest of Asia	All Others	Consoli-dation	Group
Net sales	119,148	119,921	54,103	54,543	25,775	52,828	55,479	25,768	-169,353	338,212
Third party	58,696	29,946	53,937	54,486	23,394	51,608	50,673	15,472	-	338,212
Intercompany	60,452	89,975	166	57	2,381	1,220	4,806	10,296	-169,353	-
Operating profit	15,549	9,595	4,718	1,999	-119	6,112	6,375	3,524	-	47,753
Financial income	-125	-82	2	-	-6	44	47	-91	-	-211
Earnings before taxes	15,424	9,513	4,720	1,999	-125	6,156	6,422	3,433	-	47,542
Segment assets	128,815	116,742	41,778	62,845	69,283	48,587	66,715	46,080	-	580,845
Thereof assets according to IFRS 8.33 (b) [2]	48,075	56,748	3,813	17,150	45,963	15,829	15,769	23,686	-	227,033
Segment liabilities	118,341	69,549	7,532	11,356	6,525	10,374	12,089	6,905	-	242,671
Capital expenditures:										
Property, plant and equipment [3]	3,864	1,536	237	1,571	52	1,139	436	3,437	-	12,272
Intangible assets	185	3	-	-	-	12	-	57	-	257
Depreciation [3]	2,292	2,532	213	232	366	485	575	611	-	7,306
Amortization	317	428	2	1	1,849	2	7	344	-	2,950

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

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

[3] Including 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 28.2 % for the first six months of 2019 and for the second quarter, respectively and was slightly above previous year’s level (2018: 27.7%).

13. Independent Auditor

At the Annual General Meeting on May 23, 2019, the Supervisory Board proposed and the Shareholders elected PricewaterhouseCoopers GmbH, Wirtschaftsprüfungs-gesellschaft, Frankfurt am Main, Germany, as the independent auditor of both the accounts of the Company and the consolidated accounts for the 2019 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 major related party transactions in the first half of 2019.

15. Personnel changes in Management Board

Dr. Ulrich von Hülsen, former Member of the Management Board of Pfeiffer Vacuum Technology AG, has terminated his assignment for the Company at his own request and in mutual agreement with the Supervisory Board as of June 30, 2019. Also with effect as of June 30, 2019 and in mutual agreement, Dr. Matthias Wiemer has left the Management Board of Pfeiffer Vacuum Technology AG.

Asslar, August 5, 2019

Pfeiffer Vacuum Technology AG

Management Board

Dr. Eric Taberlet

Nathalie Benedikt

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.

Asslar, August 5, 2019

Pfeiffer Vacuum Technology AG

Management Board

Dr. Eric Taberlet

Nathalie Benedikt

Additional Information

Financial Calendar 2019

- 3rd Quarter 2019 (9-Months) Results
  Tuesday, November 5, 2019

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This version of the Half Year Financial Report is a translation of the German version.
Only the German version is binding.