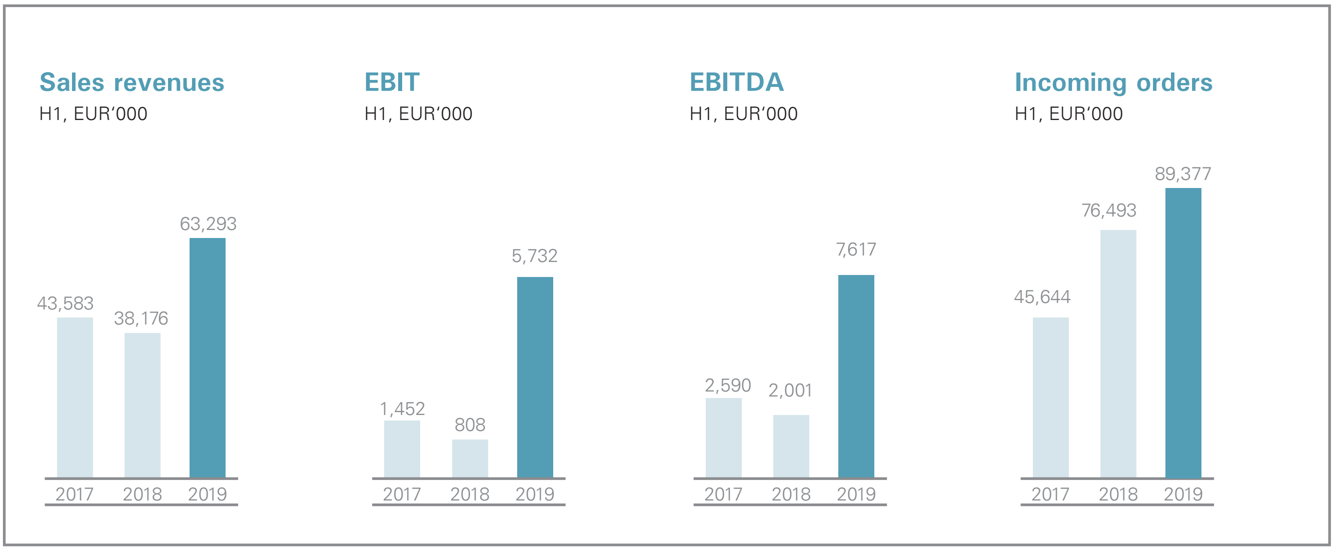
Interim Report

Interim Report
January 1 – June 30, 2019

IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

EUR'000	H1 / 2019	H1 / 2018	H1 / 2017
Sales revenues	**63,293**	**38,176**	**43,583**
Industrial Systems	20,478	18,773	16,642
Semiconductor Systems	42,815	19,403	26,941
Gross profit	**18,085**	**9,559**	**10,052**
in % sales revenues	28.6	25.0	23.1
R&D expenses	2,555	1,247	747
EBITDA	**7,617**	**2,001**	**2,590**
in % sales revenues	12.0	5.2	5.9
EBIT	**5,732**	**808**	**1,452**
in % sales revenues	9.1	2.1	3.3
Consolidated net result	**3,560**	**375**	**508**
in % sales revenues	5.6	1.0	1.2
Total assets	**188,332**	**162,155**[1]	**119,096**[1]
Shareholders' equity	**54,359**	**50,797**[1]	**45,129**[1]
Equity ratio in %	28.9	31.3[1]	37.9[1]
Employees as of June 30	**495**	**404**	**376**
Incoming orders	**89,377**	**76,493**	**45,644**
Order backlog	**197,440**	**171,125**	**51,683**
Book-to-bill-ratio	1.41	2.00	1.05
Cash Flow from operating activities	**4,754**	**-12,595**	**10,202**
Net financial position	**38,035**	**37,010**	**29,133**

[1] As of December, 31



Content

Foreword by the Management

DEAR SHAREHOLDERS AND BUSINESS PARTNERS,

The PVA Group performed extremely well in the first half of fiscal year 2019. Consolidated sales revenues increased by a good 65% year-on-year to EUR 63.3 million (previous year: EUR 38.2 million). In addition, there was a significant increase in earnings with EBITDA rising to EUR 7.6 million – more than three times the prior-year figure. The EBITDA margin climbed into double digits, reaching 12.0% (previous year: 5.2%). EBIT saw even more substantial growth to EUR 5.7 million (previous year: EUR 0.8 million), corresponding to an EBIT margin of 9.1%.

Sales revenues in the Semiconductor Systems division rose to EUR 42.8 million in the first half of 2019 (previous year: EUR 19.4 million), thus accounting for 68% of the PVA Group's total sales revenues. Growth in sales revenues was primarily driven by crystal growing systems and metrology systems for the semiconductor industry. Sales revenues in the Industrial Systems division climbed by 9% to EUR 20.5 million (previous year: EUR 18.8 million), thus accounting for 32% of Group revenue.

In terms of incoming orders, too, we enjoyed an extremely successful first half of the year across all business units. New orders from current operating business amounted to EUR 89.4 million (previous year: EUR 76.5 million). The book-to-bill ratio amounted to 1.4 at Group level and reflects the steady growth in demand for our solutions.

The expansion of our market position in the important Chinese semiconductor market shows that we are focusing on the right growth segments. The key growth drivers for our products and solutions in the first half of the year were crystal growing systems for the wafer industry and vacuum systems for various industrial segments.

The PVA Group's order backlog at the end of June 2019 therefore increased by 15% to EUR 197.4 million compared with the already high prior-year figure of EUR 171.1 million. These orders provide us with high visibility into 2021. The main growth driver is the capacity expansion in wafer production that is required for the growing microelectronics and high-performance electronics sectors, in particular for 5G, autonomous driving and IoT.

PVA TePla AG's shares enjoyed good development up to the end of June 2019, especially in light of the sustained difficult stock market environment in the semiconductor segment in particular. The share price rose by around nine percent in the first half of the year. The continued high level of interest on the part of the capital markets is documented in the numerous discussions with investors that took place in the first half of the year at national and international conferences and roadshows.

The Management Board of PVA TePla is confirming its forecast of consolidated revenue in the region of EUR 125 million and EBITDA in the region of EUR 15 million for the current fiscal year.

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

Alfred Schopf
Chief Executive Officer

Oliver Höfer
Chief Operating Officer


Plan Fluor
Nikon

Interim Group Management Report

Interim Group Management Report

1. BASIC PRINCIPLES OF THE GROUP

Business Activities and Business Model

The PVA Group is a technological leader supplying systems for the production and refinement of high-tech materials which are processed under high temperatures, vacuum, high pressure and in plasma, for example.

Offering **semiconductor systems** for front and back-end production, the PVA Group is a major technology partner and system supplier for the global semiconductor industry and a vital element of the value chains of rapidly growing industries such as e-mobility, microelectronics and high-performance electronics. With systems for industrial crystal growing, quality inspection, plasma cleaning systems and related software and process technologies, the PVA Group provides a wide range of innovative processes and products for the semiconductor industry.

The PVA Group also produces **industrial systems**, in particular vacuum sintering systems for manufacturing structural materials and hard metal tools, graphite cleaning and coating furnaces and brazing and diffusion bonding systems.

The PVA Group acts as a system supplier for its customers, purchasing the non-critical components from selected, quality-checked subcontractors. This **low level of vertical integration in production** allows the PVA Group to manage its production capacities flexibly and subject to the order situation and to drive forward its growth while limiting investment and with a comparatively low capital commitment.

A significant portion of orders are covered by **advance payment agreements**, which has a positive effect on the Group's liquidity.

Organizational Structure

The Group is divided into two divisions: Industrial Systems and Semiconductor Systems. The graphic below provides an overview of how the main subsidiaries are allocated to the divisions:

PVA TePla AG (Holding)

INDUSTRIAL SYSTEMS

- PVA Industrial Vacuum Systems GmbH, Wettenberg
- PVA Control GmbH, Wettenberg
- PVA Löt- und Werkstofftechnik GmbH, Jena
- PVA TePla (China) Ltd., Beijing, PR China

SEMICONDUCTOR SYSTEMS

- PVA Metrology & Plasma Solutions GmbH, Wettenberg
- PVA TePla America Inc., Corona, California, USA
- PVA TePla Analytical Systems GmbH, Westhausen
- PVA Crystal Growing Systems GmbH, Wettenberg
- PVA TePla Singapore Pte. Ltd., Singapore
- PVA Vakuum Anlagenbau Jena GmbH, Jena
- PVA Semiconductor Systems Xi'an Ltd., Xi'an, PR China
- PVA SPA Software Entwicklungs GmbH, Coburg

Research and Development

The costs of research and development in the Group totaled EUR 2,6 million (previous year: EUR 1,2 million) in the reporting period. Products and processes in the PVA TePla Group's divisions are additionally enhanced and refined as part of customer orders.

Semiconductor Systems division

Crystal Growing

In the area of **silicon crystallization**, two projects funded by the German Federal Ministry for Economic Affairs and Energy (BMWi) are currently being worked on with partners from industry and the Fraunhofer Institutes. The projects are thematically linked and relate to the development of a new system technology for large silicon melting weights and large crystal diameters for the wafer industry.

Metrology

The **optical microscopy** business unit saw work on the development of new software concepts in respect of Industry 4,0. In the first half of 2019, this primarily related to the development of software for the integration of production system monitoring, e.g. crystal growing systems in a production plant. Production optimizations at customers of PVA SPA were achieved by enhancing a concept for the automated detection of irregularities in the quality inspection of wafer surfaces and reducing process times through quicker robot handling (conversion to dual-arm robotics). Work was also performed on the centralization of software expertise within the Group. The SECS/GEM library used (SECS/GEM interfaces are an industry-specific integration step in semiconductor technology) enables full integration into the customer's production process.

In the **laser metrology** business unit (stress and fault imaging in semiconductor wafers using lasers), the technology used in the measuring module of the "SIRD" (Scanning Infrared Depolarisation System) system was standardized further and the SIRD product range was expanded to include the option of a handling system, e.g. for wafers. Together with the newly developed feature of automated wafer recentering after every measurement, this combination enables the maximum number of repetitions, leading to more stable and reproducible measurements. The redesign of the laser and the corresponding electronics have doubled the laser output. This improved performance represents a significant step toward the testing of higher doped material with lower lead resistance, which will significantly expand the range of applications.

In the **VPD metrology** business unit (vapor phase decomposition), the first scan module that can process extremely different (wafer) surfaces without manual conversion from hydrophobic to hydrophilic was developed and delivered to customers. This system enables the analysis of various wafer materials as well as wafer coatings, which are becoming increasingly relevant in chip production. Another focal point is optimizing the interface between the system part responsible for providing the sample to be analyzed and the connected measuring instrument. This makes it easier for customers to add external samples and remove internal samples in the integrated network. This considerably improves the evaluation possibilities of new systems. In addition, existing measuring systems can be upgraded.

Plasma

In the first half of 2019, the **plasma** business unit focused on system enhancements. A two-year plan for system development and optimization was developed on the basis of analyses of production trends in terms of sustainability and future-proofing in the semiconductor industry. The key focal point is the full automation of the systems in order to meet the requirements of the planned "humanless fab" in the semiconductor industry. In cooperation with a Taiwanese company, a version of the GIGA690 backend system is currently being developed for interaction with the customer's robots. In addition, work is being done with several robot manufacturers on our own fully automatic complete solutions.

Another system enhancement relates to the handling of microchips on wafers, known as wafer level packaging (WLP). This method is becoming increasingly popular among the large packaging houses in East Asia. The tried-and-tested frontend wafer systems are now also being enhanced for use in the high-revenue backend market.

Activities in the **ultrasound metrology** business unit in the first half of 2019 focused on the continued development of fully automated systems for inspecting bonded wafers in the frontend process area. These are used to produce sensor systems for autonomous driving and smart home applications, among other things. As part of the optimization of internal production and development processes, a platform concept is being developed for the configuration of systems using prefabricated hardware and software modules irrespective of the wafer diameter and the specific production environment. This concept will reduce production costs and shorten future installation times. Other benefits include the simplification of international spare part supply and technical support.

In the basic development of acoustic microscopy, new methods of signal processing were developed and tested with a view to use in the analysis of new production processes for semiconductor chips. Mathematical methods for signal processing allow three-dimensional defects to be identified and analyzed more quickly and the theoretical resolution limit for defects in the µm range (µm = one-millionth of a meter) to be improved.

Industrial Systems division

The **vacuum systems** business unit saw development work on the optimization of diffusion bonding systems in the first half of the year. The focal point was the development of an optimized system variant for the diffusion bonding of aluminum alloys specifically for thermal management applications in high-performance electronics. The planned product optimization is aimed at dramatically reducing the process times for the diffusion bonding of aluminum alloys through significantly improved heat transfer, thereby increasing the competitiveness of the process.

In another system optimization project for aluminum bonding, the fatigue strength properties of various extrusion punches are being investigated.

2. ECONOMIC REPORT

Macroeconomic and Sector Environment

MACROECONOMIC ENVIRONMENT

In general, a slowdown in economic growth is expected for the current financial year. The outlook for the world economy has become more gloomy in recent months in light of the sustained trade policy tensions, with macro data in the USA, Europe, China and the other emerging economies deteriorating.

- According to economic analysis, Germany's GDP is expected to grow by 0.7% over 2018 in 2019.
- In the euro area, year-on-year GDP growth of 1.1% is anticipated in 2019.
- Forecasts indicate GDP growth of 6.2% in China in 2019.
- In the USA, year-on-year GDP growth of 2.4% is estimated for 2019.

SECTOR ENVIRONMENT

The PVA TePla Group is essentially anticipating stable development in its relevant markets.

- Semi and VLSI see a decline in wafer fab investment in the current year before returning to growth from 2020.
- In its latest outlook for the year, the German Mechanical Engineering and Plant Manufacturing Association (VDMA) is forecasting a two percent decline in revenue in the German mechanical engineering industry. Global mechanical engineering revenue is set to remain at the prior-year level (outlook as of July 2019).

Irrespective of these economic developments, the PVA Group expects to continue to enjoy positive performance, including on the back of its excellent visibility into 2021.

Business Development

SALES REVENUES

In the first six months of 2019, the PVA Group recorded year-on-year revenue growth of a good 65% to EUR 63.3 million (previous year: EUR 38.2 million).

Revenues by business segment	H1 / 2019 EUR'000	H1 / 2018 EUR'000
Semiconductor Systems	42,815	19,403
Industrial Systems	20,478	18,773
Total	**63,293**	**38,176**

Sales revenues in the Semiconductor Systems division more than doubled to EUR 42.8 million in the first half of 2019 (previous year: EUR 19.4 million). A major order for the delivery of crystal growing systems for semiconductor production was processed in the first half of 2019. The crystal growing systems and ultrasound measuring systems business units were the Semiconductor Systems division's strongest sources of sales revenue.

Sales revenues in the Industrial Systems division also increased year-on-year to EUR 20.5 million (previous year: EUR 18.8 million). In particular, this revenue was generated from the processing of vacuum system orders for the hard metal market and brazing systems for various markets.

ORDERS

In the first six months of 2019, incoming orders for the PVA Group again increased significantly compared with the already strong prior-year figure, rising by 17% to EUR 89.4 million (previous year: EUR 76.5 million). The book-to-bill ratio is 1.41 (previous year: 2.00). Both divisions contributed to the growth in orders in the first half of 2019.

At EUR 56.4 million, incoming orders in the Semiconductor Systems division were considerably higher than in the same period of the previous year (EUR 50.4 million).

The crystal growing and ultrasound measuring systems business units in particular enjoyed extremely positive development, accounting for around 60% and 22% of total incoming orders in the division respectively.

Incoming orders in the Industrial Systems division also increased substantially to EUR 33.0 million in the first six months of 2019 (previous year: EUR 26.1 million). Orders for processing systems for the manufacture of hard metal and brazing systems made a particularly strong contribution to the order book.

The order backlog increased by a further 15% to EUR 197.4 million as of June 30, 2019 (previous year: EUR 171.1 million).

At EUR 132.3 million (previous year: EUR 126.7 million), the Semiconductor Systems division contributed significantly to this order backlog on account of the high volume of orders for crystal growing systems for the semiconductor industry.

The Industrial Systems division had an order backlog of EUR 65.1 million as of June 30, 2019 (June 30, 2018: EUR 44.5 million).

Thanks to its business model with a low level of vertical integration in production, the PVA Group is flexibly positioned to process these orders.

RESULTS OF OPERATIONS

EBITDA increased to EUR 7.6 million – more than three times the prior-year figure of EUR 2.0 million. The EBITDA margin climbed into double digits, reaching 12.0% (previous year: 5.2%), EBIT increased sevenfold to EUR 5.7 million (previous year: EUR 0.8 million), corresponding to an EBIT margin of 9.1% (previous year: 2.1%).

Distribution costs increased to EUR 6.1 million in the first half of 2019 (previous year: EUR 5.1 million). It should be noted that distribution costs can always fluctuate given the product and sales mix in incoming orders. Although administrative costs rose to EUR 4.4 million (previous year: EUR 2.9 million), the resulting administrative cost ratio was stable at 6.9% (previous year: 6.9%) and remains considerably below the long-term trend.

R&D expenses were up as against the previous year at EUR 2.6 million (previous year: EUR 1.2 million). These expenses relate to the developments described above with regard to future growth in the various technology areas.

Net interest income and interest expenses were essentially unchanged year-on-year at EUR -0.3 million (previous year: EUR -0.2 million). Earnings before taxes amounted to EUR 5.5 million (previous year: EUR 0.6 million) and consolidated net income to EUR 3.6 million (previous year: EUR 0.4 million). Income taxes amounted to EUR -1.9 million (previous year: EUR -0.2 million).

FINANCIAL AND ASSET POSITION

Asset position

Total assets amounted to EUR 188.3 million as of June 30, 2019, up on the figure as of December 31, 2018 (previous year: EUR 162.2 million).

The capitalized right-of-use-assets - amounting to EUR 1.6 million (previous year: EUR 0 million) - result from the first-time application of IFRS 16. Intangible assets slightly decreased to EUR 10.8 million (previous year: EUR 11.1 million). Property, plant and equipment were unchanged year-on-year at EUR 29.7 million (previous year: EUR 29.6 million). Depreciation amounted to EUR 1.9 million in the first half of 2019.

Deferred tax assets declined slightly to EUR 5.8 million (previous year: EUR 6.5 million).

In total, the value of non-current assets was EUR 48.2 million as against EUR 47.3 million in the previous year.

Current assets rose to EUR 140.1 million (previous year: EUR 114.9 million). As part of the ramp-up for the production of crystal growing equipment, inventories increased to EUR 55.1 million (previous year: EUR 41.0 million). Trade receivables amounted to EUR 31.1 million (previous year: EUR 22.1 million), while advance payments amounted to EUR 6.3 million (previous year: EUR 7.0 million). Other current receivables increased to EUR 4.6 million (previous year: EUR 4.0 million). The high level of incoming orders and the associated rise in advance payments received meant that cash and cash equivalents increased to EUR 42.3 million (previous year: EUR 40.0 million).

Financial position

On the equity and liabilities side of the statement of financial position, non-current liabilities (including non-current provisions) increased slightly to EUR 21.8 million (previous year: EUR 20.9 million). Non-current financial liabilities increased to EUR 3.0 million (previous year: EUR 2.3 million) largely as a result of the recognition of obligations for non-current lease liabilities in connection with the first-time application of IFRS 16. Pension provisions were unchanged year-on-year at EUR 15.1 million (previous year: EUR 15.2 million). Current liabilities amounted to EUR 112.1 million (previous year: EUR 90.5 million).

Current financial liabilities increased to EUR 1.3 million (previous year: EUR 0.7 million) as a result of the recognition of obligations for current lease liabilities in connection with the first-time application of IFRS 16. Trade payables amounted to EUR 7.0 million (previous year: EUR 5.6 million). Contract liabilities increased to EUR 88.5 million (previous year: EUR 72.5 million). The value of accruals is EUR 10.2 million (previous year: EUR 6.7 million). Other current provisions amounted to EUR 3.1 million (previous year: EUR 2.4 million).

Equity amounted to EUR 54.4 million (December 31, 2018: EUR 50.8 million), resulting in an equity ratio of 28.9% (previous year: 31.3%).

Liquidity

The operating cash flow amounted to EUR 4.8 million in the first six months of 2019 (previous year: EUR -12.6 million). Among other things, this is due to the advance payments received to finance the order backlog.

Cash flow from investing activities amounted to EUR -1.9 million (previous year: EUR -0.6 million). Cash flow from financing activities amounted to EUR -0.8 million (previous year: EUR -0.5 million). The free cash flow was EUR 2.8 million (previous year: EUR -13.2 million). The net financial position (cash and cash equivalents less current and non-current financial liabilities) was EUR 38.0 million (December 31, 2018: EUR 37.0 million).

EMPLOYEES

The Group employed 495 people as of June 30, 2019 (December 31, 2018: 470). Headcount increased slightly compared to the end of 2018 in order to process the higher order volume.

3. RISK, OPPORTUNITIES AND FORECAST REPORT

In the first two quarters of fiscal 2019, there were no significant changes compared with the forecast and the risks and opportunities presented in the 2018 annual report.

EXPECTED BUSINESS AND FINANCIAL PERFORMANCE

The Management Board of PVA TePla is still forecasting consolidated revenue in the region of EUR 125 million and EBITDA in the region of EUR 15.0 million for the current fiscal year.

Wettenberg, August 8, 2019

The Shares

SHARE PRICE PERFORMANCE

The price of PVA TePla shares rose significantly in the first six months of 2019, from EUR 12.20 at the end of 2018 to EUR 13.26 on June 29, 2019, thereby reflecting the development of the major indexes.

Coverage, i.e. the number of banks and research houses regularly analyzing PVA TePla, increased: From the second half of 2019, Berenberg, Hauck & Aufhäuser, NIBC, Matelan and SMC Research will be joined by Bankhaus Lampe, which has outstanding expertise in the tech segment.

ANNUAL GENERAL MEETING

The Annual General Meeting of PVA TePla AG, Wettenberg, was held at the Giessen Congress Center on June 26, 2019 under the Chairman of the Supervisory Board Alexander von Witzleben. All items on the agenda were passed with a large majority, and around 62% of shareholders were in attendance.

Business figures – Substantial earnings growth

CEO Alfred Schopf reported to the shareholders in attendance on the business figures for the past fiscal year. He noted that the forecast had been met with sales revenues of EUR 96.8 million and operating earnings (EBIT) of EUR 9.5 million (2017: EUR 3.0 million). The order backlog improved further compared with the previous year, reflecting the excellent prospects for business development in the years ahead. This was mainly driven by large-scale orders in crystal growing, but the other business units also made a positive contribution to incoming orders. He added that the cost structure had been kept stable.

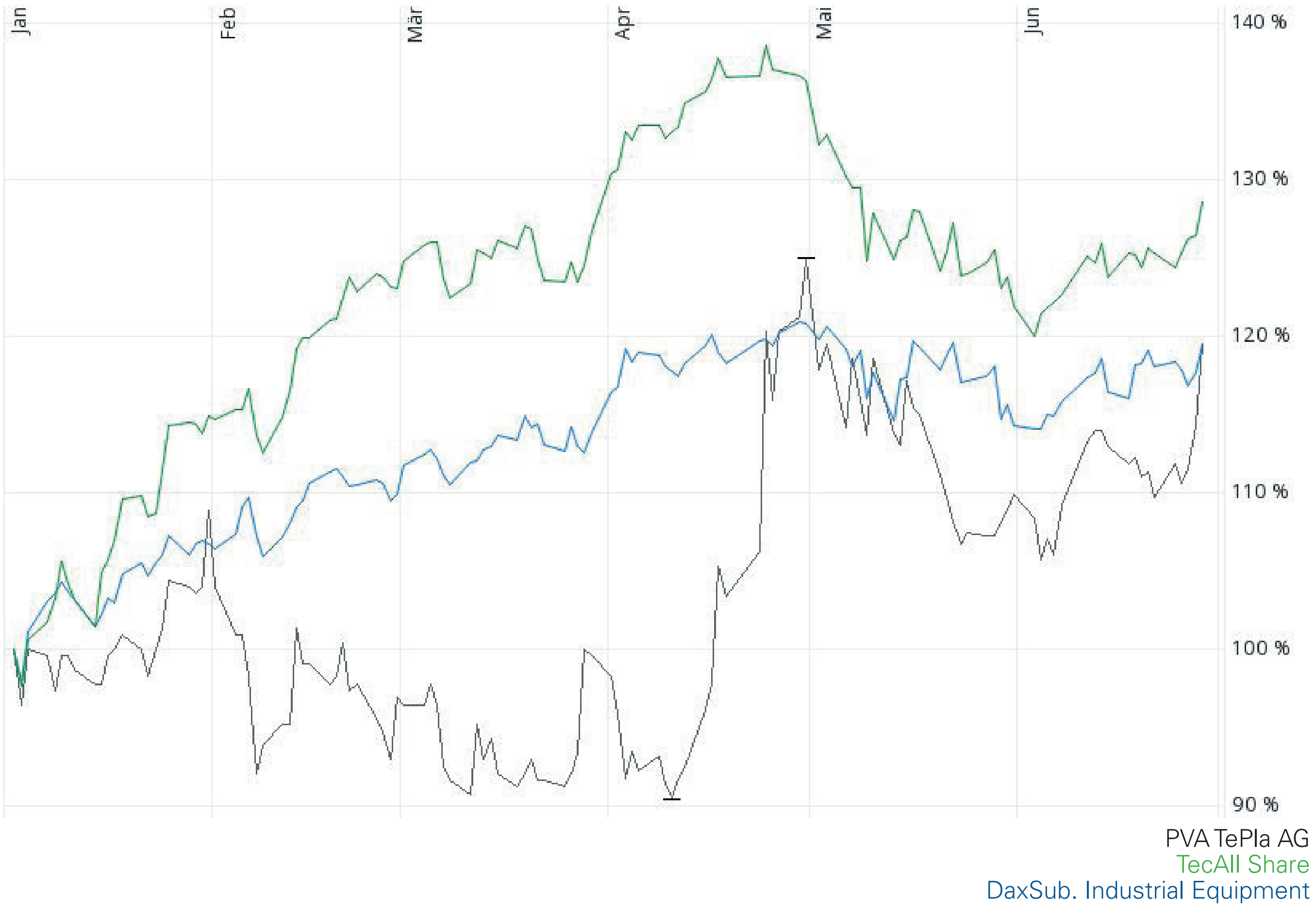
Capacity planning

Oliver Höfer – the Management Board member responsible for production and technology – discussed the capacity expansion required in order to process the major orders from the semiconductor industry: The expansion of flow production at the Jena site has increased the manufacturing capacity for large crystal growing systems to two per month.

DIFFUSION BONDING – A TECHNOLOGY WITH SIGNIFICANT MARKET POTENTIAL

Alfred Schopf then discussed the importance of diffusion bonding for a range of growth markets and the significant market potential this entails for the Group, which is a global leader in terms of the process and plant technology required for the necessary processing systems.

Performance of PVA TePla Shares January 1, 2019 – June 29, 2019
in % / 1-day-interval



Interim Group Financial Statements

January 1 - June 30, 2019

CONDENSED CONSOLIDATED BALANCE SHEET
as at June 30, 2019

ASSETS EUR'000	Jun. 30, 2019	Dec. 31, 2018
Non-current assets		
Right-of-use assets	1,611	0
Intangible assets	10,754	11,072
Property, plant and equipment	29,988	29,581
Non-current investments	110	110
Deferred tax assets	5,764	6,527
Total non-current assets	48,227	47,290
Current assets		
Inventories	55,124	41,002
Trade and other receivables	41,966	33,130
Tax repayments	671	719
Cash and cash equivalents	42,344	40,014
Total current assets	140,105	114,865
Total	188,332	162,155

LIABILITIES AND SHAREHOLDERS' EQUITY EUR'000	Jun. 30, 2019	Dec. 31, 2018
Shareholders' equity	54,359	50,797
Non-current liabilities	21,829	20,890
Current liabilities	112,144	90,468
Total	188,332	162,155

CONDENSED CONSOLIDATED INCOME STATEMENT
January 1 - June 30, 2019

EUR'000	Apr. 1 - Jun. 30, 2019	Apr. 1 - Jun. 30, 2018	Jan. 1 - Jun. 30, 2019	Jan. 1 - Jun. 30, 2018
Sales revenues	**33,883**	**19,079**	**63,293**	**38,176**
Cost of sales	-23,512	-14,333	-45,208	-28,617
Gross profit	**10,371**	**4,747**	**18,085**	**9,559**
Selling and distributing expenses	-3,098	-2,703	-6,109	-5,135
General administrative expenses	-2,127	-1,380	-4,402	-2,856
Research and development expenses	-1,309	-857	-2,555	-1,247
Other operating income	760	624	1,519	935
Other operating expenses	-244	-254	-806	-447
Operating result (EBIT)	**4,352**	**177**	**5,732**	**808**
Financial result	**-137**	**-126**	**-265**	**-227**
Net result before tax	**4,216**	**51**	**5,467**	**581**
Income taxes	-1,632	-72	-1,907	-206
Consolidated net result for the period	**2,584**	**-21**	**3,560**	**375**
of which attributable to				
Shareholders of PVA TePla AG	2,584	-21	3,560	375
Minority interest	0	0	0	0
Earnings per share				
Earnings per share (basic) in EUR	0.12	0.00	0.16	0.02
Earnings per share (diluted) in EUR	0.12	0.00	0.16	0.02

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 - June 30, 2019

EUR'000	Apr. 1 - Jun. 30, 2019	Apr. 1 - Jun. 30, 2018	Jan. 1 - Jun. 30, 2019	Jan. 1 - Jun. 30, 2018
Consolidated net result for the period	**2,584**	**-21**	**3,560**	**375**
of which attributable to shareholders of PVA TePla AG	2,584	-21	3,560	375
of which attributable to minority interest	0	0	0	0
Other comprehensive income				
Items that may be reclassified to profit or loss				
Currency changes	-30	175	31	-89
Total of items that may be reclassified to profit or loss	**-30**	**175**	**31**	**-89**
Total comprehensive income	**2,554**	**154**	**3,591**	**-208**
of which attributable to shareholders of PVA TePla AG	2,554	154	3,591	-208
of which attributable to minority interest	0	0	0	0

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

January 1 - June 30, 2019

	EUR'000	Jan. 1 - Jun. 30, 2019	Jan. 1 - Jun. 30, 2018
	Cash flow from operating activities	**4,754**	**-12,564**
	Cash flow from investing activities	**-1,866**	**-595**
	Cash flow from financing activities	**-769**	**-559**
	Net change in cash and cash equivalents	2,119	-13,718
+/-	Effect of exchange rate fluctuations on cash	211	1
+	Cash and cash equivalents at the beginning of the period	40,014	33,017
=	**Cash and cash equivalents at the end of the period**	**42,344**	**19,300**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 - June 30, 2019

EUR'000	Shared issues		Revenue reserves	Other reserves	Total	Minority interest	Total shareholders' interest
	Number						
As at January 1, 2018	21,749,988	21,750	27,381	-4,412	44,719	-84	44,632
Total income			5,968	194	6,162	0	6,162
As at December 31, 2018	21,749,988	21,750	33,349	-4,218	50,881	-84	50,797
As at January 1, 2018	21,749,988	21,750	27,381	-4,412	44,719	-84	44,632
Total income			372	88	459	0	459
As at June 30, 2018	21,749,988	21,750	27,753	-4,324	45,178	-84	45,097
As at January 1, 2019	**21,749,988**	**21,750**	**33,369**	**-4,218**	**50,881**	**-84**	**50,797**
Adjustment effect IFRS 16*			-29	0	-29	0	-29
As at January 1, 2019 (adjusted)	**21,749,988**	**21,750**	**33,320**	**-4,218**	**50,852**	**-84**	**50,768**
Total income			3,560	31	3,591	0	3,591
As at June 30, 2019	**21,749,988**	**21,750**	**36,880**	**-4,187**	**54,443**	**-84**	**54,359**

* For further information, please refer to the condensed group notes

Condensed Notes to the Half-Yearly Consolidated Financial Statements 2019

A. BASIS OF PREPARATION OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING COMPANY

PVA TePla AG, Wettenberg (hereinafter "PVA TePla AG") is a stock corporation in accordance with German law. It is domiciled at Westpark 10-12, 35435 Wettenberg, Germany. The company is entered in the commercial register of the Giessen Local Court under HRB 6845 and is listed in the Prime Standard of Deutsche Börse in Frankfurt/Main.

PVA TePla AG and its subsidiaries (hereinafter "PVA Group") offer their customers systems for the production and refinement of high-quality materials, which are processed for example under high temperature, vacuum, high pressure and in plasma. With locations in Germany, the USA, China, Taiwan and Singapore, the PVA Group maintains business relationships around the world. Its business activities are divided into two segments: Industrial Systems and Semiconductor Systems.

2. BASIS OF ACCOUNTING

The consolidated interim financial statements of the PVA Group for the reporting period from January 1, 2019 to June 30, 2019 ("consolidated half-yearly financial statements") have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as issued by the International Accounting Standards Board (IASB) and applicable in the European Union (EU). The consolidated half-yearly financial statements for 2019 are not audited.

The present consolidated interim financial statements for the reporting period ended June 30, 2019 are based on the PVA Group's consolidated financial statements for the year ended December 31, 2018. In accordance with IAS 34 "Interim Financial Reporting", a condensed scope of reporting has been selected compared with the consolidated financial statements. The consolidated half-yearly financial statements do not contain all of the information required for complete consolidated financial statements at the end of a fiscal year. These condensed notes to the consolidated financial statements mainly contain details of items in which there have been significant changes as against the consolidated financial statements of the PVA Group for fiscal 2018. The results for the interim reporting period do not necessarily allow forecasts to be made with regard to the further course of business.

These consolidated interim financial statements are prepared in euro (EUR). All amounts are shown in thousands of euro (EUR thousand) unless expressly stated otherwise. The figures in this interim report may contain rounding differences of +/- one unit (EUR, % etc.) for calculation reasons.

The consolidated half-yearly financial statements for the reporting period ended June 30, 2019 were approved for publication by the Management Board of PVA TePla AG on August 8, 2019.

3. CHANGES TO THE COMPANIES INCLUDED IN CONSOLIDATION

These condensed consolidated interim financial statements for the period ended June 30, 2019 include PVA TePla AG and the subsidiaries over which it exercises control ("PVA Group"). PVA Italy S.r.l., Bolzano, Italy, was formed in May 2019. The purpose of the company, which is still in development and in which PVA TePla AG holds 100% of the shares, is the manufacture of casings and containers for the two divisions of the PVA Group. With the exception of this newly formed company, the companies included in the PVA Group as of June 30, 2019 were unchanged as against the consolidated financial statements of the PVA Group for the year ended December 31, 2018.

4. ACCOUNTING POLICIES

The accounting policies applied in preparing the consolidated half-yearly financial statements of the PVA Group for the reporting period ended June 30, 2019 are the same as for the consolidated financial statements for fiscal 2018 with the exception of IFRS 16 "Leases", which has been required to be applied since January 1, 2019. The first-time application of IFRS 16 with effect from January 1, 2019 used the modified retrospective method and had the following impact on the consolidated financial statements on the basis of the leases at the date of first-time application: Lease right-of-use-assets in the amount of EUR 1.8 million and lease liabilities in a similar amount were recognized for the first time. The resulting difference of EUR 29 thousand was taken directly to retained earnings at the transition date January 1, 2019. The first-time application of IFRS 16 did not have any significant effects on consolidated EBITDA and the consolidated statement of cash flows for the reporting period from January 1, 2019 to June 30, 2019. The lease right-of-use-assets amounted to EUR 1,611 thousand as of June 30, 2019 and are recognized in the separate statement of financial position item "Right-of-use-assets". Of the corresponding lease liabilities as of June 30, 2019, EUR 652 thousand was reported in "Current financial liabilities" and EUR 992 thousand in "Non-current financial liabilities". Further information can be found in the consolidated financial statements of the PVA Group for fiscal 2018.

For the PVA Group's consolidated half-yearly financial statements for the reporting period ended June 30, 2019, it is necessary to make a limited number of estimates and assumptions which have an impact on the amount and the presentation of recognized assets and liabilities, income and expenses and contingent liabilities. These estimates and judgments are essentially unchanged compared with the information presented in the consolidated financial statements of the PVA Group for fiscal 2018. Changes in the economic situation that deviate from the assumptions applied and that lie beyond the control of management may result in the actual amounts differing from the original estimates. If the original basis of estimation changes, accounting for the respective statement of financial position items will be adjusted through profit or loss.

B. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5. INVENTORIES

EUR'000	Jun. 30, 2019	Dec. 31, 2018
Raw materials and operating supplies	20,852	13,301
Work in progress	33,917	27,355
Finished products and goods	355	346
Inventories	**55,124**	**41,002**

6. TRADE AND OTHER RECEIVABLES

EUR'000	Jun. 30, 2019	Dec. 31, 2018
Contract assets (POC receivables)	12,809	7,350
Trade receivables concerning product sales and services	18,263	14,769
Trade receivables	**31,072**	**22,119**

Breakdown of POC receivables

EUR'000	**Jun. 30, 2019**	**Dec. 31, 2018**
POC-Receivables (Gross value)	19,435	12,398
less advance payments received	-6,626	-5,048
Contract assets (net exposure)	**12,809**	**7,350**

7. CONTRACT LIABILITIES

EUR'000	**Jun. 30, 2019**	**Dec. 31, 2018**
POC-liabilities	15,270	8,374
Advance payments received concerning product sales and services	73,189	64,119
Contract liabilities	**88,459**	**72,493**

Breakdown of POC liabilities

EUR'000	**Jun. 30, 2019**	**Dec. 31, 2018**
Advance payments received (progress billing)	21,736	16,975
less contract costs incurred (incl. share of profit)	-6,466	-8,601
Contract liabilities (net exposure)	**15,270**	**8,374**

C. SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

8. SALES REVENUES

Breakdown of sales revenues with third parties by activity area

EUR'000	**Jan. 1 - Jun. 30, 2019**	**Jan. 1 - Jun. 30, 2018**
Systems	50,007	26,932
After-sales / IP	10,399	9,180
Contract processing	2,452	2,004
Others	435	59
Total	**63,293**	**38,176**

Breakdown of sales revenues with third parties by the date of transfer of goods and services

EUR'000	**Jan. 1 - Jun. 30, 2019**	**in %**	**Jan. 1 - Jun. 30, 2018**	**in %**
Realization at a point in time	46,676	74	29,781	78
Realization over a period of time	16,617	26	8,395	22
Total	**63,293**	**100**	**38,176**	**100**

See segment reporting for more information on sales revenue breakdowns.

9. INCOME TAXES

EUR'000	Jan. 1 - Jun. 30, 2019	Jan. 1 - Jun. 30, 2018
Current tax expenses	-813	-36
Deferred tax expenses (-) / income (+)	-1,094	-170
Total income taxes	**-1,907**	**-206**

In consolidated half-yearly financial statements, income taxes for the current reporting period are calculated on the basis of the expected income tax rate for the full year. The reported tax expense for the first six months of fiscal 2019 in the amount of EUR 1,907 thousand (H1 2018: EUR 206 thousand) corresponds to a tax rate of 34.9% (H1 2018: 35.5%).

10. EARNINGS PER SHARE

	Jan. 1 - Jun. 30, 2019	Jan. 1 - Jun. 30, 2018
Numerator: Consolidated net result for the period before minority interests (EUR '000)	3,560	375
Denominator: Weighted number of shares outstanding – basic	21,749,988	21,749,988
Earnings per share (EUR)	**0.16**	**0.02**

D. OTHER NOTES

11. SEGMENT REPORTING

The business activities of the PVA Group and its financial reporting are divided into two segments: the Industrial Systems and Semiconductor Systems divisions. The PVA Group assesses performance and makes decisions regarding the assignment of resources to the segments on the basis of these divisions.

The following segment reporting therefore follows the Group's organizational structures on PVA Group's internal management system.

Breakdown of sales revenues with third parties by division ("segment revenues"):

EUR'000	Jan. 1 - Jun. 30, 2019		Jan. 1 - Jun. 30, 2018	
segment information	**External sales revenues**	**Internal sales revenues**	**External sales revenues**	**Internal sales revenues**
Industrial Systems	20,478	1,813	18,773	1,012
Semiconductor Systems	42,815	340	19,403	5,233
Group	**63,293**	**2,153**	**38,176**	**1,245**

Breakdown of operating result by division ("segment earnings")

EUR'000	Jan. 1 - Jun. 30, 2019	Jan. 1 - Jun. 30, 2018
segment information		
Industrial Systems	1,665	1,583
Semiconductor Systems	6,458	830
Holding Costs	-2,370	-1,621
Consolidation	-21	12
Group	**5,732**	**808**

RECONCILIATION TO CONSOLIDATED BALANCE SHEET

EUR'000	Jan. 1 - Jun. 30, 2019	Jan. 1 - Jun. 30, 2018
Operating result (EBIT)	**5,732**	**808**
Financial result	-265	-227
Results before taxes	**5,467**	**581**
Income taxes	-1,907	-206
Earnings after taxes	**3,560**	**375**

Breakdown of sales revenues with third parties by region

EUR'000	Jan. 1 - Jun. 30, 2019	in %	Jan. 1 - Jun. 30, 2018	in %
External revenue according to region				
Asia	18,591	29	19,242	50
Germany	27,244	43	8,278	22
Europe (without Germany)	11,207	18	8,143	21
North America	5,833	9	2,022	5
Other	418	1	490	1
Group	**63,293**	**100**	**38,176**	**100**

12. FINANCIAL INSTRUMENTS: FAIR VALUE DISCLOSURES

The carrying amounts (= fair values) by class of the financial assets and financial liabilities measured at fair value are shown below:

EUR'000	Jun. 30, 2019	Dec. 31, 2018
Other current receivables	3	1
Other long-term liabilities	-163	-259
Other current liabilities	-5	-68

The PVA Group's financial instruments measured at fair value are allocated to "level 2" in accordance with IFRS 7 at which measurement is based on stock exchange or market prices of similar instruments or on measurement models based on input parameters observable in the market. The fair values of both forward exchange contracts and interest hedges were determined on the basis of discounted expected future cash flows using the market interest rates applicable to the remaining terms of the financial instruments.

The carrying amounts of the financial assets and financial liabilities measured at amortized cost are essentially the same as their fair values as of June 30, 2019 and December 31, 2018.

The net result of EUR -146 thousand (previous year: EUR -23 thousand) from the financial assets and liabilities measured at fair value through profit or loss comprises changes in the market value of derivative hedging instruments. The changes in derivative hedging instruments resulted in non-cash measurement changes of EUR 52 thousand (H1 2018: EUR 70 thousand). All other changes were cash changes.

13. CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

The information contained in the consolidated financial statements of the PVA Group for fiscal 2018 concerning contingent liabilities and other financial commitments remained largely unchanged.

14. RELATED PARTIES

Transactions with related parties relate in particular to all transactions with companies included in the consolidated interim financial statements. All transactions are conducted at arm's length conditions and are eliminated in full when preparing the consolidated interim financial statements. They therefore have no impact on the net assets, financial position and results of operations of the PVA Group.

Related parties include parties that can exercise significant influence over PVA TePla AG. In the first half of 2019 and the same period of the previous year (H1 2018), business relationships existed between PVA TePla AG and the main shareholder Peter Abel in connection with an existing consulting contract. The volume of these business transactions amounted to EUR 261 thousand in the first half of 2019 (H1 2018: EUR 84 thousand). Furthermore, there were liabilities of EUR 12 thousand as of June 30, 2019 (December 31, 2018: EUR 200 thousand).

15. AUDITOR

At the Annual General Meeting on June 26, 2019, in line with the proposal by the Supervisory Board, the shareholders elected Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Frankfurt/Main, Germany, as the auditor of the annual and consolidated financial statements for fiscal 2019.

16. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

In the period between June 30, 2019 and the approval of the half-yearly consolidated financial statements, there were no material changes to the company's situation or our industry environment that could have a material impact on the net assets, financial position and results of operation as at June 30, 2019. Moreover, we do not currently anticipate any major changes to the structure, administration or legal form of the Group or in terms of staff.

E. RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable reporting principles for half-yearly financial reporting, the condensed half-yearly consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Wettenberg, August 8, 2019

Alfred Schopf
Chief Executive Officer

Oliver Höfer
Chief Operating Officer

FINANCIAL CALENDAR

Date		
November 8, 2019	Interim Report as of September 30, 2019	
November 25-27, 2019	German Equity Forum	Frankfurt
March 26, 2020	Annual Report	

IMPRINT

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