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Foreword by the Management Board

Dear shareholders and business partners,

The PVA TePla Group performed very well in the first nine months of 2018 and experienced a significant surge in earnings: gross profit climbed 58% to EUR 23.4 million as against EUR 14.8 million in the same period of the previous year, thereby achieving a gross margin of 33.7%. At EUR 8.5 million, EBITDA increased almost two-and-a-half-fold compared to EUR 3.5 million as of September 30, 2017, while EBIT more than tripled from EUR 1.8 million to EUR 6.6 million. The EBIT margin was 9.6% and thus almost in double digits. At around EUR 102 million, incoming orders also developed extremely positively across all business units. This marks an increase of 50% as against the same period of the previous year. All business units contributed to this strong development with organic growth. Ultrasonic microscopy and crystal growing systems for the semiconductor market enjoyed the strongest performance.

In the fourth quarter we also entered into a long-term framework agreement with an Asian customer to deliver crystal growing systems for 300 mm wafers. Delivery of the first batch of these systems – worth around EUR 28 million – will begin in May 2020 and open up further growth opportunities on the basis of a broader customer base in the semiconductor sector.

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

Alfred Schopf
Chief Executive Officer

Oliver Höfer
Chief Operating Officer

IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

EUR'000	Q1-Q3 / 2018	As at IAS 11 and IAS 18	Q1-Q3 / 2017
Sales revenues	69,376	80,994	63,457
Industrial Systems	27,350	30,464	25,440
Semiconductor Systems	42,026	50,530	38,017
Gross profit	23,410	26,612	14,805
in % sales revenues	33.7	32.9	23.3
R&D expenses	-2,339	-2,339	-2,203
EBITDA	8,466	11,668	3,535
in % sales revenues	12.2	14.4	5.6
Operating result (EBIT)	6,645	9,847	1,810
in % sales revenues	9.6	12.2	2.9
Consolidated net result	4,560	6,833	1,084
in % sales revenues	6.6	8.4	1.7
Total assets	135,299	127,534	119,096¹⁾
Shareholders' equity	49,333	52,100	45,129¹⁾
Equity ratio in %	36.5	40.1	37.9 ¹⁾
Employees as of September 30	422	422	378
Incoming orders	101,883	101,883	67,822
Order backlog	165,388	153,770	54,872
Book-to-bill-ratio	1.47	1.26	1.07
Cash Flow from operating activities	-16,251	-16,251	12,339
Net financial position	8,625	8,625	29,133¹⁾

¹⁾ As of December, 31

Interim Report of PVA TePla AG as of September 30, 2018

INCOMING ORDERS – CONSISTENTLY STRONG SALES REVENUES – IMPROVED

Incoming orders are significantly higher than in the previous year in both divisions, and are characterized by high organic growth in all business units. At EUR 101.9 million, the PVA TePla Group generated significantly higher incoming orders in the first nine months of 2018 than in the prior-year period (EUR 67.8 million). The book-to-bill ratio is 1.47 (previous year: 1.07), emphasizing the positive growth prospects.

Semiconductor Systems division generated incoming orders of EUR 64.2 million, an increase of 74% on the previous year (EUR 36.8 million) with all business units contributing equally.

Incoming orders in the **Industrial Systems division** amounted to EUR 37.7 million in the first three quarters of 2018, also up significantly on the previous year's level by 20% (EUR 31.1 million). Heat treatment systems and a major order for equipment for manufacturing calcium fluoride crystals for the optical industry accounted for the bulk of orders.

ORDER BACKLOG – VIRTUALLY TRIPLED

On a consolidated basis and after deducting the shares of revenue recognized over time, the order backlog amounted to EUR 165.4 million as of September 30, 2018, significantly higher than the figure for the previous year (EUR 54.9 million). Even adjusting for the major order to deliver crystal growing systems for the semiconductor industry from the fourth quarter of 2017, the order backlog was up by around 70%.

The order backlog in **Semiconductor Systems division** amounts to EUR 118.1 million (previous year: EUR 22.6 million). The high increase in order backlog in this division was driven by higher orders to deliver crystal growing systems in past quarters and the very good level of incoming orders in all business units.

At EUR 47.3 million, the order backlog in the **Industrial Systems division** was 46% higher as of September 30, 2018 than in the same period of the previous year (EUR 32.2 million).

The revenue of the PVA TePla Group was up year-on-year at EUR 69.4 million in the first nine months of 2018 (previous year: EUR 63.5 million).

Sales revenues in the **Semiconductor Systems division** climbed by EUR 4.0 million to EUR 42.0 million (previous year: EUR 38.0 million).

The **Industrial Systems division** saw its revenue rise by EUR 2.0 million to EUR 27.4 million (previous year: EUR 25.4 million).

Sales Revenues by Division EUR'000	Q1-Q3 / 2018	Q1-Q3 / 2017
Semiconductor Systems	42,026	38,017
Industrial Systems	27,350	25,440
Total	69,376	63,457

INCREASE IN GROSS MARGIN

On the basis of consolidated revenue of EUR 69.4 million (previous year: EUR 63.5 million), the company generated a gross profit of EUR 23.4 million (previous year: EUR 14.8 million) – an increase well in excess of 50% – and a gross margin of 33.7% (previous year: 23.3%).

SIGNIFICANT IMPROVEMENT IN EBITDA AND EBIT

EBITDA rose two-and-a-half-fold to EUR 8.5 million in the first nine months of 2018 (September 30, 2017: EUR 3.5 million) and EBIT more than tripled to EUR 6.6 million (previous year: EUR 1.8 million). The EBIT margin was 9.6% (previous year: 2.9%).

NET INCOME

Earnings before taxes amounted to EUR 6.3 million (previous year: EUR 1.3 million) and net income to EUR 4.6

million (previous year: EUR 1.1 million). The return on sales was 6.6% (previous year: 1.7%). Net interest income and interest expenses amounted to EUR -0.3 million in total (previous year: EUR -0.5 million).

EQUITY AND TOTAL ASSETS

Equity rose to EUR 49.3 million (December 31, 2017: EUR 45.1 million) as a result of the high net income. The equity ratio was down slightly from 37.9% (December 31, 2017) at 36.5%. Total assets increased to EUR 135.3 million as of September 30, 2018 (December 31, 2017: EUR 119.1 million). The growth in total assets relates to the rise in advance payments for work in progress.

LIQUIDITY

The operating cash flow amounts to EUR -16.3 million (Q3 2017: EUR 12.3 million). This includes deposits of EUR 6.0 million that no longer qualify as cash equivalents under IFRS. In addition, the PVA TePla Group received significant advance payments for orders in fiscal 2017 and 2018. These payments are now gradually being used for the production of these systems. Cash flow from investing activities amounted to EUR -4.3 million (previous year: EUR -2.5 million). Cash flow from financing activities amounted to EUR -0.9 million (previous year: EUR -7.9 million). Total cash flow including changes due to exchange rate effects amounted to EUR -21.4 million in the first nine months of 2018 (previous year: EUR 1.8 million). The net financial position (excess of cash funds over current and non-current financial liabilities) was EUR 8.6 million (December 31, 2017: EUR 29.1 million).

ESSENTIAL ACCOUNTING AND VALUATION ASSESSMENTS

In accordance with the "modified retrospective first-time application" approach, the changes in accounting already described in the consolidated financial statements as of

December 31, 2017 as a result of IFRS 15, which is effective from January 1, 2018, have resulted in a reduction of equity in the amount of EUR 0.5 million. Under the previous accounting requirements, additional revenue of EUR 11.6 million and a gross profit of EUR 3.2 million would have been recognized as of September 30, 2018. Unconditional claims to payment of EUR 0.6 million were also recognized in other current receivables. Also as of January 1, 2018, the financial instruments held by the Group are qualified and measured in accordance with IFRS 9.

EMPLOYEES

The Group employed 422 people as of September 30, 2018 (September 30, 2017: 378). The increase was essentially caused by the hiring of additional employees to process the high order backlog.

OPPORTUNITIES AND RISK REPORT

There were no significant changes in the risks and opportunities presented in the 2017 annual report in the first three quarters of fiscal 2018.

FORECAST

Disregarding major orders from the previous year, the company is again expecting high incoming orders substantially above the previous year's level in the fourth quarter. This is essentially thanks to the consistently high investment in the semiconductor industry. However, the Industrial Systems division is also benefiting from the economic growth in the machinery and tools sector.

The Management Board of PVA TePla is confirming consolidated revenue in the scale of EUR 94 million and EBITDA in the scale of EUR 11.0 million for the current fiscal year.

Wettenberg, November 8, 2018

Interim Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

as at September 30, 2018

ASSETS EUR'000	Sep. 30, 2018	Dec. 31, 2017
Non-current assets		
Intangible assets	8,454	8,585
Goodwill	7,808	7,808
Other intangible assets	646	777
Payments in advance	0	0
Property, plant and equipment	29,051	29,427
Land, property rights and buildings, including buildings on third party land	22,206	22,902
Plant and machinery	3,137	3,310
Other plant and equipment, fixtures and fittings	2,740	2,944
Advance payments and assets under construction	969	271
Non-current investments	3,536	1,739
Deferred tax assets	7,118	7,886
Total non-current assets	48,159	47,637
Current assets		
Inventories	33,003	16,334
Raw materials and operating supplies	11,317	7,335
Work in progress	21,126	8,459
Finished products and goods	560	540
Coming receivables on construction contracts	6,588	6,137
Trade and other receivables	35,847	15,903
Trade receivables	19,258	11,280
Payments in advance	6,981	3,865
Other receivables	9,608	758
Tax repayments	85	68
Cash and cash equivalents	11,616	33,017
Total current assets	87,140	71,459
Total	135,299	119,096

LIABILITIES AND SHAREHOLDERS' EQUITY EUR'000	Sep. 30, 2018	Dec. 31, 2017
Shareholders' equity		
Share capital	21,750	21,750
Revenue reserves	31,941	27,876
Other reserves	-4,274	-4,413
Minority interest	-84	-84
Total shareholders' equity	49,333	45,129
Non-current liabilities		
Non-current financial liabilities	2,333	3,001
Other non-current liabilities	174	306
Retirement pension provisions	14,823	14,887
Deferred tax liabilities	1,378	1,376
Other non-current provisions	268	143
Total non-current liabilities	18,976	19,714
Current liabilities		
Short-term financial liabilities	658	883
Trade payables	5,239	3,717
Obligations on construction contracts	1,564	979
Advance payments received on orders	46,060	37,050
Accruals	7,814	5,073
Other short-time liabilities	1,352	3,487
Provisions for taxes	1,365	616
Other short-term provisions	2,937	2,448
Total current liabilities	66,990	54,253
Total	135,299	119,096

CONSOLIDATED INCOME STATEMENT

January 1 - September 30, 2018

EUR'000	Jul. 1 - Sep. 30, 2018	Jul. 1 - Sep. 30, 2017	Jan. 1 - Sep. 30, 2018	Jan. 1 - Sep. 30, 2017
Sales revenues	31,201	19,874	69,376	63,457
Cost of sales	-17,350	-15,121	-45,967	-48,652
Gross profit	13,851	4,752	23,410	14,805
Selling and distributing expenses	-3,001	-1,752	-8,137	-6,907
General administrative expenses	-2,104	-1,384	-4,961	-4,264
Research and development expenses	-1,092	-1,456	-2,339	-2,203
Other operating income	288	679	1,224	1,513
Other operating expenses	-2,104	-482	-2,551	-1,135
Operating result (EBIT)	5,837	357	6,645	1,810
Finance revenues	66	121	181	226
Finance costs	-168	-244	-510	-694
Financial result	-102	-124	-329	-468
Net result before tax	5,735	234	6,316	1,342
Income taxes	-1,551	342	-1,756	-257
Consolidated net result for the period	4,185	576	4,560	1,084
of which attributable to				
Shareholders of PVA TePla AG	4,185	576	4,560	1,084
Minority interest	0	0	0	0
Consolidated net result for the period	4,185	576	4,560	1,084
Earnings per share				
Earnings per share (basic) in EUR	0.19	0.03	0.21	0.05
Earnings per share (diluted) in EUR	0.19	0.03	0.21	0.05
Average number of share in circulation (basic)	21,749,988	21,749,988	21,749,988	21,749,988
Average number of share in circulation (diluted)	21,749,988	21,749,988	21,749,988	21,749,988

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 - September 30, 2018

EUR'000	Jan. 1 - Sep. 30, 2018	Jan. 1 - Sep. 30, 2017
Consolidated net result for the period	4,560	1,084
of which attributable to shareholders of PVA TePla AG	4,560	1,084
of which attributable to minority interest	0	0
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency changes	-139	-309
Income taxes	0	0
Changes recognized outside profit or loss (currency changes)	-139	-309
Changes in fair values of derivative financial instruments	0	0
Income taxes	0	0
Changes recognized outside profit or loss (derivative financial instruments)	0	0
Total of items that may be reclassified to profit or loss	-139	-309
Adjustment item IFRS 15	-494	0
Other comprehensive income after taxes (changes recognized outside profit or loss)	-633	-309
of which attributable to shareholders of PVA TePla AG	-633	-309
of which attributable to minority interest	0	0
Total comprehensive income	3,927	775
of which attributable to shareholders of PVA TePla AG	3,927	775
of which attributable to minority interest	0	0

CONSOLIDATED CASH FLOW STATEMENT

January 1 - September 30, 2018

EUR'000	Jan. 1 - Sep. 30, 2018	Jan. 1 - Sep. 30, 2017
Consolidated net result for the period	4,560	1,084
Adjustments to the consolidated net result for the period for reconciliation to the cash flow from operating activities:		
+ Income taxes	1,756	257
- Finance revenues	-181	-226
+ Finance costs	510	695
= Operating result	6,645	1,810
- Income tax payments	-3	-55
+ Depreciation, amortization and impairment expense	2,468	1,725
-/+ Gains/losses on disposals of non-current assets	529	16
+/- Other non-cash expenses / income	-79	-38
-/+ Increase/decrease in inventories, trade receivables and other assets	-37,107	7,503
+/- Increase/decrease in shareholder's equity by adjustment effects	-494	0
+/- Increase/decrease in provisions, trade payables and other liabilities	11,790	1,377
= Cash flow from operating activities	-16,251	12,339
- Payment of intangible assets and property, plant and equipment	-4,284	-2,568
+ Interest receipts	34	41
= Cash flow from investing activities	-4,250	-2,527
- Payments from redumption of loans	-668	-762
+/- Change in short-term bank liabilities	-225	-6,848
- Payment of interest	-39	-330
= Cash flow from financing activities	-932	-7,940
Net change in cash	-21,433	1,872
+/- Effect of exchange rate fluctuations on cash	32	-37
+ Cash at the beginning of the period	33,017	2,514
= Cash at the end of the period	11,616	4,349

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 - September 30, 2018

EUR'000	Shared issues		Revenue reserves	Other equity components	Pension provisions	Total	Minority interest	Total shareholders' interest
	Number							
As at January 1, 2017	21,749,988	21,750	22,279	318	-3,959	40,387	-84	40,305
Total income			5,593	-366	-404	4,823	0	4,823
As at December 31, 2017	21,749,988	21,750	27,872	-48	-4,363	45,210	-84	45,129
As at January 1, 2017	21,749,988	21,750	22,279	318	-3,959	40,387	-84	40,305
Total income			1,084	-309	0	774	0	774
As at September 30, 2017	21,749,988	21,750	23,363	9	-3,959	41,161	-84	41,079
As at January 1, 2018	21,749,988	21,750	27,872	-48	-4,363	45,210	-84	45,129
Total income			4,560	139		4,699	0	4,699
Adjustment item IFRS 15			-494	0	0	-494	0	-494
As at September 30, 2018	21,749,988	21,750	31,938	91	4,363	49,415	-84	49,333