



VACUUM  
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Quarterly Financial Report  
THIRD QUARTER 2017

# Quarterly Financial Report / Third Quarter 2017

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## Key Figures

		Q3 2017	Q3 2016	Change	Q1-Q3 2017	Q1-Q3 2016	Change
<b>Sales and profit</b>							
Total sales	K€	154,226	114,483	34.7%	430,463	337,377	27.6%
Germany	K€	25,409	19,407	30.9%	72,507	57,619	25.8%
Other countries	K€	128,817	95,076	35.5%	357,956	279,758	28.0%
Operating profit	K€	24,853	15,167	63.9%	60,773	42,115	44.3%
EBIT margin	%	16.1	13.2	2.9 Pp	14.1	12.5	1.6 Pp
Net income	K€	17,272	10,540	63.9%	42,104	29,231	44.0%
Return on sales	%	11.2	9.2	2.0 Pp	9.8	8.7	1.1 Pp
Operating cash flow	K€	19,813	15,005	32.0%	41,581	27,879	49.1%
Capital expenditures	K€	3,603	3,862	-6.7%	15,945	10,784	47.9%
Earnings per share	€	1.75	1.07	63.6%	4.27	2.96	44.3%
<b>Workforce</b>							
Workforce (average)		2,911	2,373	22.7%	2,764	2,375	16.4%
Germany		945	901	4.9%	936	890	5.2%
Other countries		1,966	1,472	33.6%	1,828	1,485	23.1%
Sales per employee	K€	53	48	10.4%	156	142	9.9%
<b>Balance sheet</b>							
			Sept. 30, 2017		December 31, 2016		Change
Balance sheet total	K€		523,432		459,322		14.0%
Cash and cash equivalents	K€		84,663		110,032		-23.1%
Number of shares issued			9,867,659		9,867,659		-
Shareholders' equity	K€		311,116		315,574		-1.4%
Equity ratio	%		59.4		68.7		-9.3 Pp

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

The Quarterly Financial Report as of September 30, 2017, is unaudited.

## The Company

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

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

### Pfeiffer Vacuum

Headquarters	Aslar
Established	1890
Purpose of the Company	To develop, manufacture and market components and systems for vacuum generation, measurement and analysis
Manufacturing sites	Aslar, Germany; Göttingen, Germany; Annecy, France; Asan, Republic of Korea; Cluj, Romania; Indianapolis, USA; Yreka, USA; Ho-Chi-Minh-City, Vietnam
Workforce (September 30, 2017)	2,911
Sales and service	32 subsidiaries and a multitude of agencies worldwide
Quality management	Certified under ISO 9001
Environmental management	Certified under ISO 14001
Stock exchange listing	Deutsche Börse, Prime Standard/TecDAX
Accounting	IFRS

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For more information please visit [www.group.pfeiffer-vacuum.com](http://www.group.pfeiffer-vacuum.com).

## Share Performance

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

### Basic information about Pfeiffer Vacuum shares

Deutsche Börse Symbol	PFV
ISIN	DE0006916604
Bloomberg Symbol	PFV.GY
Reuters Symbol	PV.DE
Number of shares issued	9,867,659
Freefloat as at September 30, 2017	65 %
Market capitalization as at September 30, 2017	€ 1,316.3 million

On January 2, 2017, the opening price of Pfeiffer Vacuum shares was € 88.77 and the closing price was € 133.40 on September 29, 2017. This represents a significant increase by 50.3 %. On August 1, 2017 the high for the first nine months of 2017 was reached with € 145.45. The low for the first nine months in 2017 was € 87.39 on January 10, 2017. In the same period the TecDAX, starting at 1,812 points on January 2, 2017 and closing at 2,434 points on September 29, 2017, increased by 34.3 %.

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

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

## Interim Management Report

Sales in Q3 2017 were stable compared to the first two quarters of the current fiscal year. With € 154.2 million sales were above the Q1 and Q2 numbers, and accordingly totaled € 430.5 million for the first nine months of 2017. Following € 337.4 million in the first three quarters of 2016, this represented a significant increase by € 93.1 million, or 27.6 %, respectively. Particularly worthy of mention here is that all market segments, regions and product groups contributed to these favorable business performance. The strongest increase in sales was recorded in the semiconductor market with a sales growth of 59.3 %. Analyzing the sales development and the profitability compared to last year it should be noted that 2017 was impacted by the first time consolidation of the newly acquired group companies. In total, the gross profit increased by € 32.2 million to € 159.1 million (2016: € 126.9 million). The gross margin was 37.0 % in the first nine months of the current fiscal year, after 37.6 % last year. This development was mainly caused by the sales split which has changed in favor of the semiconductor industry. Selling and marketing expenses as well as general and administrative expenses increased compared to the first nine months of 2016. Within the general and administrative expenses, particularly in H1 2017, one-time expenditures due to the acquisitions and advisory fees relating to the takeover offer were recorded. R & D expenses slightly increased compared to the first nine months of 2016. In contrast the balance of other operating income and expenses stood € 1.4 million below previous year's level. In total, an operating profit of € 60.8 million was generated in the first three quarters of the current fiscal year, up significantly by € 18.7 million, or 44.3 %, compared to previous year's value of € 42.1 million. As a consequence the EBIT margin, the ratio between operating profit and sales, rose from 12.5 % to 14.1 %. With constant net financial expenses and a virtually unchanged tax rate, net income increased from € 29.2 million to € 42.1 million. This led to earnings per share of € 4.27 (2016: € 2.96). Net income for Q3 of € 17.3 million was even more significantly above previous year's level (€ 10.5 million).

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### Overall Economic Environment and Industry Situation

Overall economic development in the year 2017 so far largely continued without noteworthy changes compared to the close of fiscal 2016. The European economy as well as the U.S. economy thus showed a robust trend which overlaid the slightly declining development in Asia, particularly in China. In contrast, the demand in the vacuum industry continued to be characterized by a high dynamic in the semiconductor industry. This had a positive impact in the sales development of Pfeiffer Vacuum, especially in the fourth quarter of 2016 and in the current year 2017.

### Business

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

## Interim Management Report

### Sales

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

### Sales by Segment (Companies)

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

### Sales by Segment

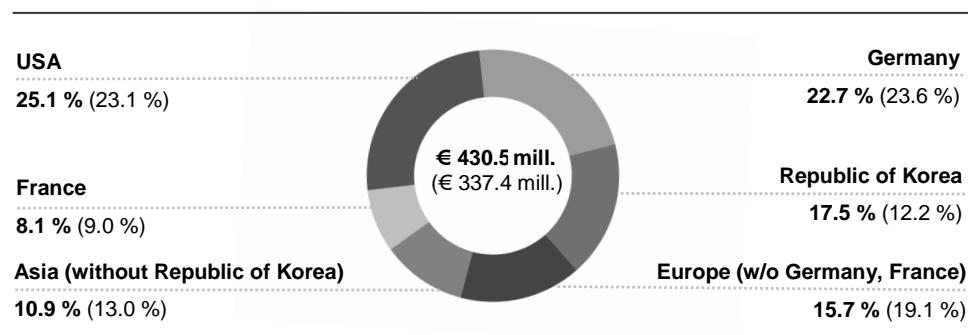
	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
	in K€	in K€	in K€	in K€
USA	46,568	27,489	108,018	77,936
Germany	33,669	26,601	97,780	79,618
Republic of Korea	24,805	16,121	75,271	41,056
Europe (without Germany, France)	22,606	20,341	67,352	64,340
Asia (without Republic of Korea)	16,010	14,159	47,087	43,931
France	10,568	9,772	34,955	30,496
<b>Total</b>	<b>154,226</b>	114,483	<b>430,463</b>	337,377

Analysis of sales in the first nine months 2017 shows a satisfactory development in all segments. In particular, the development in the Republic of Korea where the dynamics in semiconductor industry continued is worth highlighting. A significant sales increase by 83.3 % was achieved here. As a result of the contribution of newly acquired companies, the USA became the strongest segment in the first three quarters 2017. Also in the segments Germany and France we achieved a very positive sales development (+22.8 %, and +14.6 %, respectively), while remaining Asia showed satisfactory sales increases, too.

## Interim Management Report

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

### Sales by Segment 9M/2017 (9M/2016)



### Sales by Region

To provide additional information, we are also presenting sales by region in the following table. It includes all sales in a given region, regardless of which entity in the Pfeiffer Vacuum Group actually generated these sales.

### Sales by Region

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	in K€	in K€	in K€	in K€
Europe	54,761	44,629	161,162	136,907
Asia	52,331	41,461	159,665	120,410
The Americas	47,077	28,336	109,413	79,891
Rest of world	57	57	223	169
<b>Total</b>	<b>154,226</b>	114,483	<b>430,463</b>	337,377

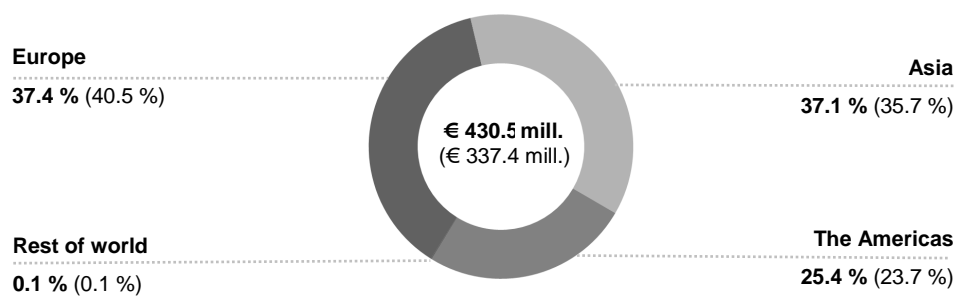
The already described strong demand from the semiconductor industry was also reflected in the sales by region. We recorded an excellent increase in sales, particularly in Asia (+ € 39.3 million, or 32.6 %). The Americas region, which was also positively impacted by the first-time consolidation of the acquired companies, achieved the strongest increase in sales (37.0 %). In Europe, the positive trend from the first half 2017 could even be exceeded by a strong third quarter. Sales in this region increased by 17.7 %, or € 24.3 million, compared with the same 9 month period of the previous year.



## Interim Management Report

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

### Sales by Region 9M/2017 (9M/2016)



### Sales by Products

#### Sales by Products

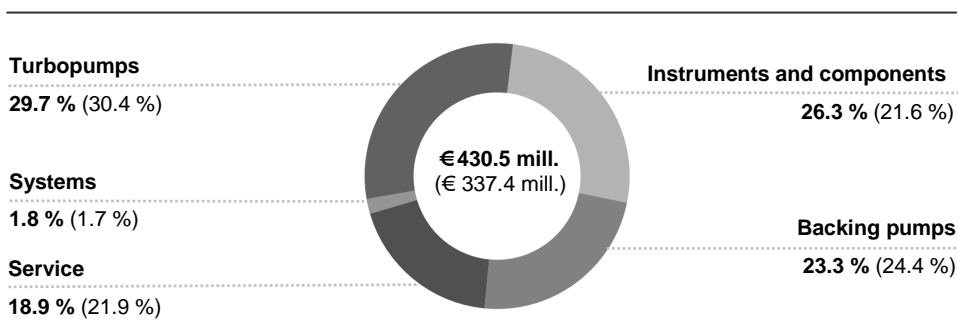
	Three months ended September 30,		Nine months ended September 30,	
	2017 in K€	2016 in K€	2017 in K€	2016 in K€
Turbopumps	44,556	35,992	127,801	102,586
Instruments and components	47,535	25,638	113,121	73,022
Backing pumps	32,746	25,428	100,544	82,165
Service	27,002	25,605	81,200	73,770
Systems	2,387	1,820	7,797	5,834
<b>Total</b>	<b>154,226</b>	114,483	<b>430,463</b>	337,377

The development of sales by products shows that virtually all product groups made a substantial contribution to the sales increase with two-digit growth rates. Particularly significant is, amongst others, the sales development with instruments and components. This sales increase of € 40.1 million, or 54.9 %, is mainly driven by organic growth as well as by the first-time consolidation of the acquisitions. Also the significant sales increases in turbopumps and in backing pumps by € 25.2 million, and € 18.4 million, respectively, were very gratifying.

## Interim Management Report

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

### Sales by Products 9M/2017 (9M/2016)



### Sales by Market

#### Sales by Market

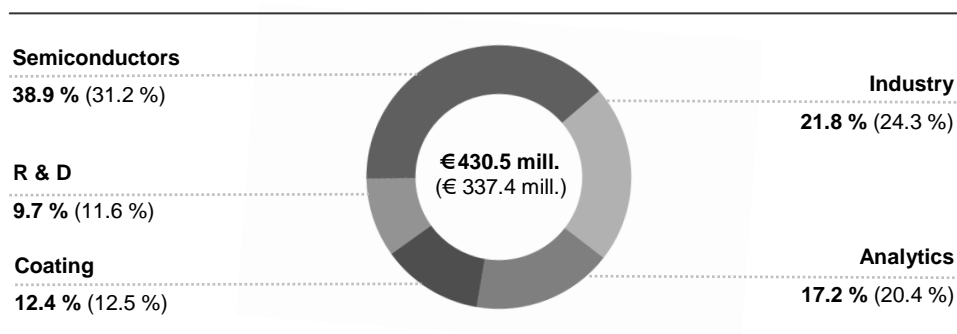
	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	in K€	in K€	in K€	in K€
Semiconductors	60,442	37,843	167,668	105,270
Industry	33,249	27,893	93,803	81,870
Analytics	26,533	23,289	74,166	68,713
Coating	20,021	12,395	53,208	42,216
R & D	13,981	13,063	41,618	39,308
<b>Total</b>	<b>154,226</b>	114,483	<b>430,463</b>	337,377

The view of sales by market shows a strong development in semiconductor. The sales generated in the first three quarters 2017 increased by € 62.4 million, or 59.3 %. But also the market segments coating and industry recorded double-digit growth rates by 26.0 %, and 14.6 %, respectively. In addition, the market segments analytics and R & D contributed to the successful development of our business in the first nine months 2017 with clearly positive increases.

## Interim Management Report

The sales split by markets was as follows:

### Sales by Market 9M/2017 (9M/2016)



### Order Intake and Order Backlog

Following an order intake of € 342.0 million in the first nine months of 2016 this number was € 476.3 million in the first three quarters of 2017. This represents a significant increase by € 134.3 million, or 39.3 %, which was mainly caused by the development in the semiconductor market. In addition, the assumption of the Nor-Cal order backlog in Q2 2017 also impacted the development of order intake in a positive way. In the third quarter order intake of € 157.8 million thus saw a somewhat weaker trend compared to the immediately preceding second quarter (€ 172.0 million). The book to bill ratio, the ratio between order intake and sales, was a strong 1.11 for the year 2017 (2016: 1.01), meaning that order intake was considerably higher than sales.

Order backlog increased from € 72.3 million as at December 31, 2016 to € 118.1 million as at September 30, 2017. Despite the good sales development in the third quarter this order backlog was higher compared to June 30, 2017 (€ 114.6 million).

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

### Cost of Sales and Gross Profit

In the first nine months of 2017 cost of sales totaled € 271.4 million and thus increased compared to the prior year period (€ 210.5 million). Accounting for € 159.1 million, gross profit was € 32.2 million above previous year's number (€ 126.9 million). This development was caused by the significant increase in sales accompanied by a disproportional increase in cost of sales. Accordingly, gross margin declined slightly and now stood at 37.0 % – after 37.6 % in the first nine months of 2016.

## Interim Management Report

### **Selling and Marketing Expenses**

Selling and marketing expenses totaled € 44.7 million of the first nine months of the current fiscal year and thus were € 3.8 million higher compared to the number in the previous fiscal year (€ 40.9 million). Accounting for 10.4 % of total sales, selling and marketing expenses decreased (2016: 12.1 %).

### **General and Administrative Expenses**

General and administrative expenses increased from € 26.7 million in the first three quarters of 2016 to € 34.5 million in the current fiscal year. Relative to sales, this ratio increased slightly from 7.9 % to 8.0 %. This high absolute increase was mainly attributable to one-time consultancy fees in connection with the takeover offer and the acquisitions.

### **Research and Development Expenses**

Research and development expenses totaled € 20.0 million in current period and thus increased by € 0.6 million, or 3.2 %, compared to the first three quarters of 2016 (€ 19.4 million). R&D ratio, the ratio between R&D expenses and sales, decreased from 5.7 % to 4.6 % due to the increase in sales.

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

### **Other Operating Income/Other Operating Expenses**

Balance of other operating income and expenses totaled € +0.8 million in the first three quarters of 2017 after a net gain of € 2.2 million was recorded in the prior year period. The amounts in 2017 included predominantly net foreign exchange losses of € 2.9 million (2016: € 0.5 million) and expense subsidies affecting net income of € 2.5 million (2016: € 2.7 million)

### **Operating Profit**

Following € 42.1 million in 2016, operating profit in the first nine months of 2017 increased significantly by € 18.7 million to € 60.8 million. The EBIT margin, the ratio between operating profit and sales, rose from 12.5 % in the first nine months of 2016 to 14.1 % in 2017, despite an increase in the operating costs, in particular consulting fees.

## Interim Management Report

### Financial Results

With € -0.3 million the net financial result in 2017 was exactly on the prior year's level. There were yet no significant changes in the composition of the financial results.

### Income Taxes

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

### Net income / Earnings per share

Totaling € 42.1 million net income for the first three quarters of 2017 was up by € 12.9 million from the prior year results of € 29.2 million. This represented a remarkable increase by 44.0 %. Return on sales (after taxes) stood – after 8.7 % in 2016 – at 9.8 % in 2017. Earnings per share developed parallel to the net income. After € 2.96 in the first nine months of 2016 an amount of € 4.27 was recorded for the current fiscal year – a plus of € 1.31, or 44.3 %.

### Financial Position

Pfeiffer Vacuum's balance sheet total increased by € 64.1 million, or 14.0 %, from € 459.3 million as at December 31, 2016, to € 523.4 million, as at September 30, 2017. This development is mainly due to the first-time consolidation of the newly acquired companies which has also affected the financial position (please also refer to Note 3 of the Notes to the Consolidated Interim Financial Statements). On the assets side of the balance sheet, this was predominantly attributable to the increase of intangible and tangible assets (in total € 58.2 million) and inventories (€ 26.8 million). In contrast, cash and cash equivalents decreased by € 25.4 million. Amongst others, this was due to the dividend payment to the Pfeiffer Vacuum Technology AG shareholders following the Annual General Meeting in May 2017 (€ 35.5 million). For further details with regard to the development of cash and cash equivalents please refer to the following section "Cash Flow".

As at September 30, 2017, shareholders' equity totaled € 311.1 million. This represented a decrease of € 4.5 million from the level on December 31, 2016 (€ 315.6 million). This development was mainly due to the dividend payment of € 35.5 million and contrary to the net income recorded for the first three quarters of 2017 (€ 42.1 million). In addition, other equity components saw a net decrease by € 11.0 million. This was attributable to negative exchange rate impacts totaling € 13.9 million and contrary to pensions related revaluation impacts recorded directly in equity (€ +2.5 million). The development of the line items on the liabilities side of the balance sheet, too, was characterized substantially by the acquisitions. In particular, financing of the Nor-Cal transaction by bank loan, considerably altered the balance sheet ratios. The equity ratio was 59.4 % after 68.7 % at the end of fiscal 2016. Pfeiffer Vacuum continues to show an above-average equity. And with cash and cash equivalents

## Interim Management Report

totaling € 84.7 million and financial liabilities totaling € 60.4 million, the Company shows no net indebtedness. Other material line items related to provisions for pensions (€ 48.7 million, € 51.2 million as at December 31, 2016). The decrease in pension provisions was mainly caused by a revaluation following an increase in discount rates and did not impact profitability. Trade accounts payable (€ 35.2 million) increased by € 4.3 million compared to prior year's level of € 30.9 million.

### Cash Flow

Totaling € 41.6 million in the first nine months of 2017, operating cash flow was up significantly by € 13.7 million from the comparable prior year period (€ 27.9 million). In addition to the higher net income (€ +12.9 million) particularly the increase of payables and customer deposits had a positive impact on the operating cash flow in the first nine months 2017. In contrast, the development of inventories (+ € 16.2 million) and increase of receivables and other assets by a net amount of € 3.2 million burdened the operating cash flow.

Cash flow from investing activities in the first three quarters 2017 amounted to € 85.5 million (2016: € 10.4 million) and was mainly determined by the acquisitions (€ 69.7 million in total). In addition, capital expenditures of € 15.9 million as expected were above the prior year's level (€ 10.8 million).

Within financing activities a cash inflow from a new bank loan in the amount of € 70.0 million was recorded. During the current reporting period, a total amount of € 35.5 million was used for dividend payments to the Pfeiffer Vacuum Technology AG shareholders. A partial repayment of the bank loan relating to the Nor-Cal acquisition and the redemption of the acquired companies' financial debts led to € 16.0 million net cash used in fiscal 2017. Overall, the Company received net cash flows of € 18.5 million from financing activities. The year before, the dividend payments in the amount of € 31.6 million had been the sole parameter in determining cash flow from financing activities

Considering exchange rate impacts, total cash outflow thus amounted to € 25.4 million (2016: € 14.6 million) and resulted in a decline in cash and cash equivalents by 23.1 % to € 84.7 million.

## Interim Management Report

### Workforce

As of September 30, 2017, the company employed a workforce of 2,911 people, 945 of them in Germany and 1,966 in other countries.

### Workforce

	Germany		Other countries		Total	
			September 30,			
	2017	2016	2017	2016	2017	2016
Manufacturing and Service	553	518	1,261	921	1,814	1,439
Research and Development	83	83	124	87	207	170
Sales and Marketing	207	200	359	307	566	507
Administration	102	100	222	157	324	257
<b>Total</b>	<b>945</b>	901	<b>1,966</b>	1,472	<b>2,911</b>	2,373

### Risk and Opportunities Report

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

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### Mayor Events after the Balance Sheet Date

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

### Outlook

We are very satisfied with developments in the year 2017 so far, as we were able to seamlessly carry over the business success of H1 2017, even improving it slightly. At more than 39 percent, our order intake is currently significantly higher than it was in the previous year. Due to the high order backlog as well as the additional potential of recent acquisitions, above all Nor-Cal, we expect the positive trend to continue in 2017. After the developments to date, we are confident that we will at least reach the upper end of the forecast sales range of € 550 to 570 million

## Consolidated Interim Financial Statements

### Consolidated Statements of Income (unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
	in K€	in K€	in K€	in K€
Net sales	154,226	114,483	430,463	337,377
Cost of sales	-96,845	-72,738	-271,408	-210,487
<b>Gross profit</b>	<b>57,381</b>	<b>41,745</b>	<b>159,055</b>	<b>126,890</b>
Selling and marketing expenses	-15,311	-13,448	-44,663	-40,865
General and administrative expenses	-10,445	-8,333	-34,453	-26,727
Research and development expenses	-6,712	-6,256	-19,992	-19,366
Other operating income	2,760	2,752	8,982	7,086
Other operating expenses	-2,820	-1,293	-8,156	-4,903
<b>Operating profit</b>	<b>24,853</b>	<b>15,167</b>	<b>60,773</b>	<b>42,115</b>
Financial expenses	-195	-146	-515	-465
Financial income	158	58	236	169
<b>Earnings before taxes</b>	<b>24,816</b>	<b>15,079</b>	<b>60,494</b>	<b>41,819</b>
Income taxes	-7,544	-4,539	-18,390	-12,588
<b>Net income</b>	<b>17,272</b>	<b>10,540</b>	<b>42,104</b>	<b>29,231</b>
<b>Earnings per share (in €):</b>				
Basic	1.75	1.07	4.27	2.96
Diluted	1.75	1.07	4.27	2.96

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See accompanying notes to the interim financial statements.



## Consolidated Interim Financial Statements

### Consolidated Statements of Comprehensive Income (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	in K€	in K€	in K€	in K€
<b>Net income</b>	<b>17,272</b>	10,540	<b>42,104</b>	29,231
<b>Other comprehensive income</b>				
<b>Amounts to be reclassified to income statement in future periods (if applicable)</b>				
Currency changes	-6,031	419	-13,904	-1,200
Results from cash flow hedges	-528	-	588	-
Related deferred income tax effects	181	-	-176	-
	<b>-6,378</b>	419	<b>-13,492</b>	-1,200
<b>Amounts not to be reclassified to income statement in future periods</b>				
Valuation of defined benefit plans	65	-707	3,460	-11,633
Related deferred income tax effects	-21	202	-1,006	3,347
	<b>44</b>	-505	<b>2,454</b>	-8,286
<b>Other comprehensive income net of tax</b>	<b>-6,334</b>	-86	<b>-11,038</b>	-9,486
<b>Total comprehensive income net of tax</b>	<b>10,938</b>	10,454	<b>31,066</b>	19,745

See accompanying notes to the interim financial statements.

## Consolidated Interim Financial Statements

### Consolidated Balance Sheets (unaudited)

	<b>September 30, 2017</b>	December 31, 2016
	in K€	in K€
<b>Assets</b>		
Intangible assets	113,399	67,579
Property, plant and equipment	97,453	85,053
Investment properties	454	472
Shares in associated companies	-	1,636
Deferred tax assets	22,323	23,312
Other non-current assets	5,360	4,508
<b>Total non-current assets</b>	<b>238,989</b>	182,560
Inventories	108,551	81,737
Trade accounts receivable	78,187	69,352
Income tax receivables	782	1,112
Prepaid expenses	3,603	3,099
Other accounts receivable	8,657	11,430
Cash and cash equivalents	84,663	110,032
<b>Total current assets</b>	<b>284,443</b>	276,762
<b>Total assets</b>	<b>523,432</b>	459,322
<b>Shareholders' equity and liabilities</b>		
Share capital	25,261	25,261
Additional paid-in capital	96,245	96,245
Retained earnings	218,003	211,423
Other equity components	-28,393	-17,355
<b>Equity of Pfeiffer Vacuum Technology AG shareholders</b>	<b>311,116</b>	315,574
Financial liabilities	60,267	-
Provisions for pensions	48,735	51,188
Deferred tax liabilities	1,937	1,848
<b>Total non-current liabilities</b>	<b>110,939</b>	53,036
Trade accounts payable	35,247	30,896
Customer deposits	6,818	4,928
Other accounts payable	20,047	20,530
Provisions	34,395	29,767
Income tax liabilities	4,784	4,367
Financial liabilities	86	224
<b>Total current liabilities</b>	<b>101,377</b>	90,712
<b>Total shareholders' equity and liabilities</b>	<b>523,432</b>	459,322

See accompanying notes to the interim financial statements.

## Consolidated Interim Financial Statements

### Consolidated Statements of Shareholders' Equity (unaudited)

	Share Capital in K€	Additional Paid-in Capital in K€	Retained Earnings in K€	Other Equity Components in K€	Equity of Pfeiffer Vacuum Technology AG Shareholders in K€
<b>Balance on Jan. 01, 2016</b>	<b>25,261</b>	<b>96,245</b>	<b>195,968</b>	<b>-12,450</b>	<b>305,024</b>
Net income	-	-	29,231	-	29,231
Other comprehensive income	-	-	-	-9,486	-9,486
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>29,231</b>	<b>-9,486</b>	<b>19,745</b>
Dividend payment	-	-	-31,577	-	-31,577
<b>Balance on Sept. 30, 2016</b>	<b>25,261</b>	<b>96,245</b>	<b>193,622</b>	<b>-21,936</b>	<b>293,192</b>
<b>Balance on Jan. 01, 2017</b>	<b>25,261</b>	<b>96,245</b>	<b>211,423</b>	<b>-17,355</b>	<b>315,574</b>
Net income	-	-	42,104	-	42,104
Other comprehensive income	-	-	-	-11,038	-11,038
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>42,104</b>	<b>-11,038</b>	<b>31,066</b>
Dividend payment	-	-	-35,524	-	-35,524
<b>Balance on Sept. 30, 2017</b>	<b>25,261</b>	<b>96,245</b>	<b>218,003</b>	<b>-28,393</b>	<b>311,116</b>

See accompanying notes to the interim financial statements.

## Consolidated Interim Financial Statements

### Consolidated Statements of Cash Flows (unaudited)

	Nine months ended September 30,	
	2017	2016
	in K€	in K€
<b>Cash flow from operating activities:</b>		
Net income	42,104	29,231
Depreciation/amortization	13,401	15,175
Other non-cash income/expenses	2,185	533
Effects of changes of assets and liabilities:		
Inventories	-16,168	-13,775
Receivables and other assets	-3,189	-6,831
Provisions, including pensions, and income tax liabilities	199	3,249
Payables, other liabilities	3,049	297
<b>Net cash provided by operating activities</b>	<b>41,581</b>	<b>27,879</b>
<b>Cash flow from investing activities:</b>		
Payments for acquisitions	-69,728	-
Capital expenditures	-15,945	-10,784
Proceeds from disposals of fixed assets	190	430
<b>Net cash used in investing activities</b>	<b>-85,483</b>	<b>-10,354</b>
<b>Cash flow from financing activities:</b>		
Proceeds from increase of financial liabilities	70,000	-
Dividend payment	-35,524	-31,577
Redemptions of financial liabilities	-15,975	-503
<b>Net cash provided by/used in financing activities</b>	<b>18,501</b>	<b>-32,080</b>
Effects of foreign exchange rate changes on cash and cash equivalents	32	-60
<b>Net changes in cash and cash equivalents</b>	<b>-25,369</b>	<b>-14,615</b>
Cash and cash equivalents at beginning of period	110,032	115,397
<b>Cash and cash equivalents at end of period</b>	<b>84,663</b>	<b>100,782</b>

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See accompanying notes to the interim financial statements.

## Notes to the Consolidated Interim Financial Statements (unaudited)

### 1. The Company and Basis of Presentation

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

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

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

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

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

### 2. Accounting and Valuation Methods

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

## Notes to the Consolidated Interim Financial Statements (unaudited)

### 3. Changes in the Consolidated Companies/Acquisitions

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

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

#### IFRS Net Book Value of Assets and Liabilities assumed

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

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

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

## Notes to the Consolidated Interim Financial Statements (unaudited)

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

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

### IFRS Net Book Value of Assets and Liabilities assumed

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

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

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

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

## Notes to the Consolidated Interim Financial Statements (unaudited)

**Acquisition of shares in Nor-Cal Products Holdings, Inc.** Effective June 22, 2017, Pfeiffer Vacuum Technology AG acquired indirectly via its wholly owned subsidiary all shares of Nor-Cal Products Holdings, Inc. (Nor-Cal Inc.), Yreka, California, USA. At the same time further economically integrated but legally separate subsidiaries of Nor-Cal Inc. in UK, Republic of Korea, Singapore and Vietnam were acquired. With the purchase of these 100 % participations (Nor-Cal) Pfeiffer Vacuum will significantly reinforce its position in the increasingly attractive market for vacuum components.

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

### IFRS Net Book Value of Assets and Liabilities assumed

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

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

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



## Notes to the Consolidated Interim Financial Statements (unaudited)

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

### 4. Intangible Assets

Intangible assets consist of the following:

#### Intangible assets

	<b>September 30, 2017</b>	December 31, 2016
	in K€	in K€
Goodwill	104,643	56,800
Software	3,157	2,895
Other intangible assets	5,599	7,884
<b>Total intangible assets</b>	<b>113,399</b>	<b>67,579</b>

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### 5. Property, Plant and Equipment

Property, plant and equipment comprise the following:

#### Property, Plant and Equipment

	<b>September 30, 2017</b>	December 31, 2016
	in K€	in K€
Land and buildings	49,852	40,681
Technical equipment and machinery	28,827	27,391
Other equipment, factory and office equipment	12,476	12,163
Construction in progress	6,298	4,818
<b>Total property, plant and equipment</b>	<b>97,453</b>	<b>85,053</b>

## Notes to the Consolidated Interim Financial Statements (unaudited)

### 6. Inventories

Inventories consist of the following:

#### Inventories

	September 30, 2017	December 31, 2016
	in K€	in K€
Raw materials	30,178	26,778
Work-in-process	29,871	23,725
Finished products	48,502	31,234
<b>Total inventories, net</b>	<b>108,551</b>	<b>81,737</b>

### 7. Paid Dividends

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

### 8. Pension Benefits

Pension expense for all plans included the following components:

#### Pension Expense for All Plans

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	in K€	in K€	in K€	in K€
Service cost	897	905	2,747	2,717
Interest cost	229	231	695	693
<b>Net pension cost</b>	<b>1,126</b>	1,136	<b>3,442</b>	3,410

## Notes to the Consolidated Interim Financial Statements (unaudited)

### 9. Warranty

Warranty provisions developed as follows:

#### Warranty provisions

	Nine months ended September 30,	
	2017	2016
	in K€	in K€
Balance on January 1	13,062	12,844
Currency changes	-232	51
Additions	8,026	6,280
Utilization	-5,515	-4,992
<b>Balance on September 30</b>	<b>15,341</b>	<b>14,183</b>

### 10. Earnings per Share

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

#### Earnings per Share

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Net income (in K€)	17,272	10,540	42,104	29,231
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
<b>Earnings per share in € (basic/diluted)</b>	<b>1.75</b>	1.07	<b>4.27</b>	2.96

## Notes to the Consolidated Interim Financial Statements (unaudited)

### 11. Segment Reporting

#### Segment Reporting September 30, 2017

	Germany	France	Europe (excl. G and F)	USA	Repu- blic of Korea	Asia (excl. Korea)	Other/ Consoli- dation	Group
	in K€	in K€	in K€	In K€	in K€	in K€	in K€	in K€
Net sales	185,961	156,000	70,592	108,385	77,197	50,275	-217,947	430,463
Third party	97,780	34,955	67,352	108,018	75,271	47,087	-	430,463
Intercompany	88,181	121,045	3,240	367	1,926	3,188	-217,947	-
Operating profit	27,672	10,601	4,657	5,985	10,025	1,842	-9	60,773
Financial results	-	-	-	-	-	-	-279	-279
Earnings before taxes	27,672	10,601	4,657	5,985	10,025	1,842	-288	60,494
Segment assets	139,928	105,392	37,885	145,086	51,114	44,027	-	523,432
Thereof assets according to IFRS 8.33 (b) <sup>1</sup>	57,189	55,036	6,029	68,427	16,243	13,742	-	216,666
Segment liabilities	114,837	62,276	6,167	11,978	10,248	6,810	-	212,316
Capital expenditures:								
Property, plant & equipment <sup>2</sup>	3,011	3,405	1,100	5,450	369	1,608	-	14,943
Intangible assets	804	168	-	-	19	11	-	1,002
Depreciation <sup>2</sup>	3,812	3,762	474	636	1,001	660	-	10,345
Amortization	566	2,478	4	-	3	5	-	3,056

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#### Segment Reporting September 30, 2016

	Germany	France	Europe (excl. G and F)	USA	Repu- blic of Korea	Asia (excl. Korea)	Other/ Consoli- dation	Group
	in K€	in K€	in K€	In K€	in K€	in K€	in K€	in K€
Net sales	163,111	125,911	66,888	78,296	43,767	46,882	-187,478	337,377
Third party	79,618	30,496	64,340	77,936	41,056	43,931	-	337,377
Intercompany	83,493	95,415	2,548	360	2,711	2,951	-187,478	-
Operating profit	29,185	4,044	4,465	3,518	-378	1,309	-28	42,115
Financial results	-	-	-	-	-	-	-296	-296
Earnings before taxes	29,185	4,044	4,465	3,518	-378	1,309	-324	41,819
Segment assets	132,885	124,243	34,362	72,137	47,029	44,835	-	455,491
Thereof assets according to IFRS 8.33 (b) <sup>1</sup>	52,764	57,533	4,692	10,029	17,536	13,275	-	155,829
Segment liabilities	79,399	55,390	5,979	7,388	9,670	4,473	-	162,299
Capital expenditures:								
Property, plant & equipment <sup>2</sup>	4,424	3,086	812	72	157	890	-	9,441
Intangible assets	1,158	160	-	12	1	12	-	1,343
Depreciation <sup>2</sup>	3,428	4,054	410	246	961	734	-	9,833
Amortization	618	3,103	130	409	695	387	-	5,342

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

<sup>2</sup> Including investment properties

## Notes to the Consolidated Interim Financial Statements (unaudited)

### 12. Income Tax Expense

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

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

### 13. Independent Auditor

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

### 14. Major Related Party Transactions

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

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Asslar, November 1, 2017

**Pfeiffer Vacuum Technology AG**

Management Board



Manfred Bender

Dr. Matthias Wiemer

Dr. Ulrich von Hülsen

## Additional Information

### Contact

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