

RESEARCH & DEVELOPMENT FOR OUR FUTURE



Quarterly
Financial
Report

Third Quarter 2019

Quarterly Financial Report / Third Quarter 2019

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Key Figures

		Q3 2019	Q3 2018	Change	Q1-Q3 2019	Q1-Q3 2018	Change
Sales and profit							
Total sales	K€	156,225	153,118	2.0%	467,330	491,330	-4.9
Germany	K€	25,056	25,548	-1.9%	72,664	79,807	-9.0%
Other countries	K€	131,169	127,570	2.8%	394,669	411,523	-4.1%
Operating profit	K€	16,059	20,749	-22.6%	48,904	68,502	-28.6%
EBIT margin	%	10.3	13.6	-3.3Pp	10.5	13.9	-3.4 Pp
Net income	K€	11,427	14,885	-23.3%	34,736	49,258	-29.5%
Return on sales	%	7.3	9.7	-2.4 Pp	7.4	10.0	-2.6 Pp
Operating cash flow	K€	12,471	5,515	-126.1%	35,513	37,383	-5.0%
Capital expenditures	K€	6,273	11,509	45.5%	19,307	24,038	19.7%
Earnings per share	€	1.16	1.51	-23.2%	3.52	4.99	-29.5%
Workforce							
Workforce (average)		3,243	3,126	3.7%	3,244	3,066	5.8%
Germany		1,092	1,007	8.4%	1,072	976	9.8%
Other countries		2,152	2,119	1.7%	2,172	2,090	3.9%
Sales per employee	K€	48	49	-2.0%	144	160	-10.0%
Balance sheet							
			Sept. 30, 2019		December 31, 2018		Change
Balance sheet total	K€		643,588		624,160		3.4%
Cash and cash equivalents	K€		99,622		108,380		-8.1%
Number of shares issued			9,867,659		9,867,659		-
Shareholders' equity	K€		384,199		372,225		3.2%
Equity ratio	%		59.7		59.6		0.1 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, 2019, is unaudited.

The Company

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

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

Pfeiffer Vacuum

Headquarters	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; Dresden, Germany, Annecy, France; Asan, Republic of Korea; Cluj, Romania; Indianapolis, USA; Yreka, USA; Ho-Chi-Minh-City, Vietnam, Wuxi, China
Workforce (September 30, 2019)	3,244
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.

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, 2019	49.98 %
Market capitalization as at September 30, 2019	€ 1,229.5 million

In the first three quarters 2019 the share price performance of Pfeiffer Vacuum was slightly weaker than the performance of the TecDax index in the same period. On January 2, 2019, the opening price of Pfeiffer Vacuum shares was € 111.90 and the closing price was € 124.60 on September 30, 2019. This represents an increase by 11.3 %. On April 24, 2019 the high for the first nine months of 2019 was reached with € 153.60. The low for the first nine months in 2019 was € 106.80 on January 3, 2019. In the same period the TecDAX, starting at 2,447 points on January 2, 2019 and closing at 2,814 points on September 30, 2019, increased by 15.0 %.

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

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

Interim Management Report

Sales in the first three quarters of 2019 totaled € 467.3 million. Following € 491.3 million in the first nine months of 2018, this represents a decrease by € 24.0 million, or 4.9 %, respectively. Based on a somewhat stronger overall demand situation sales in the third quarter of the current fiscal year totaled € 156.2 million and were thus above the level of Q3/2018 (€ 153.1 million). The strongest sales development in the quarter ended September 30, 2019, was recorded in the market segments industry and R & D, with increases by 10.3 %, and 15.4 %, respectively. In total, the gross profit decreased by € 15.2 million, or 8.6 %, respectively, to € 161.4 million (2018: € 176.6 million). Predominantly negative economies of scale caused the gross margin to decline slightly from 35.9 % to 34.5 %. Due to the Group's focus on further growth general and administrative expenses recorded an increase by € 2.4 million to € 40.9 compared to the first three quarters of 2018 (€ 38.5 million). Selling and marketing expenses as well R & D expenses on the contrary only showed slight increases in the first nine months of 2019 compared to the previous year. The balance of other operating income and expenses declined by € 0.8 million to € 2.9 million in comparison to previous year. In total, an operating profit of € 48.9 million was generated in the first three quarters of the current fiscal year, down by € 19.8 million, or 28.6 %, compared to previous year's value of € 68.5 million. As a consequence the EBIT margin, the ratio between operating profit and sales, decreased from 13.9 % in 2018 to 10.5 %. With virtually constant net financial expenses and a slightly increased tax rate, net income decreased from € 49.3 million to € 34.7 million. This led to earnings per share of € 3.52 (2018: € 4.99). Net income for Q3 totaled € 11.4 million also below previous year's level (€ 14.9 million).

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Overall Economic Environment and Industry Situation

The overall economic development in the major industrialized nations in the year 2019 to date ran clearly weaker compared to the end of 2018. Yet, the European economic development as well as the US economy still showed a positive trend. But in total the economic performance indicators revealed a detraction which was particularly noticeable for Germany. Economic development in Asia, particularly in China, was also recorded at lower levels compared to 2018. Growth dynamics were negatively impacted by the trade conflicts between the USA and China. With the exception of semiconductor and parts of the coating industry the demand in the vacuum industry continued to be robust according to our analysis. The main impulses came from the heterogeneous market segment industry.

Interim Management Report

Business

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

Sales

Presented below are net sales by segment, by region, by product and by market for the periods ended September 30, 2019 and 2018.

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.

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Sales by Segment

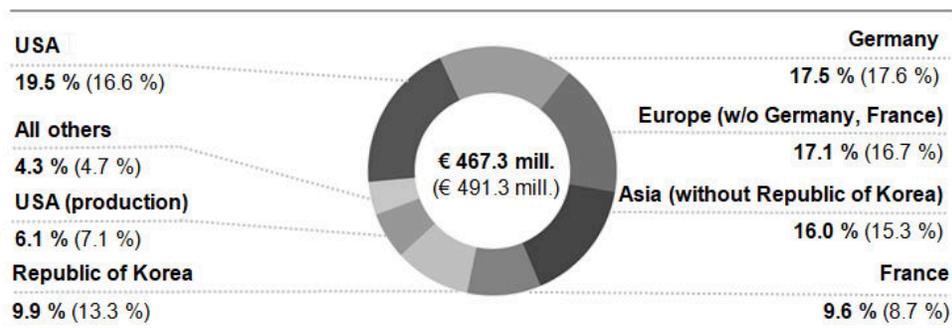
	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
	in K€	in K€	in K€	in K€
USA	31,873	27,091	91,183	81,577
Germany	26,809	27,784	81,807	86,480
Rest of Europe	26,257	27,952	80,130	81,889
Rest of Asia	24,761	24,377	74,781	75,050
Republic of Korea	16,780	13,609	46,418	65,217
France	12,706	12,718	44,685	42,664
USA (Production)	9,519	11,530	28,407	34,924
All Others	7,520	8,057	19,922	23,529
Total	156,225	153,118	467,333	491,330

Analysis of sales by Segment in the first nine months 2019 shows a heterogeneous development. Increases were achieved in the segments USA and France, while sales in rest of Europe and rest of Asia virtually remained at the prior year's levels. In the further segments sales declined in the period under review. The largest sales decrease was recorded in the Republic of Korea and particularly attributable to the restrained demand from our semi customers.

Interim Management Report

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

Sales by Segments 9M/2019 (9M/2018)



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

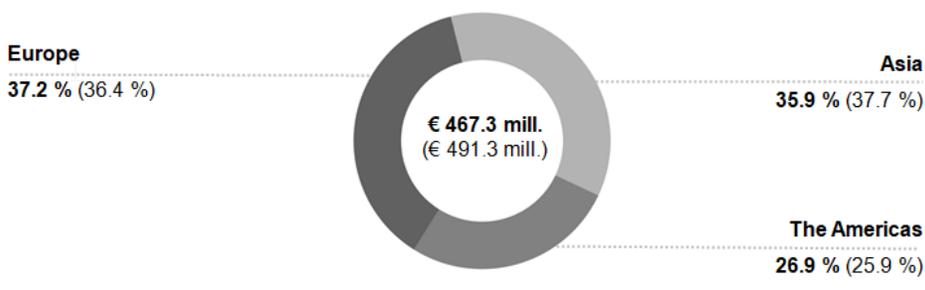
	Three months ended September 30,		Nine months ended September 30,	
	2019 in K€	2018 in K€	2019 in K€	2018 in K€
Europe	58,852	58,624	173,791	178,627
Asia	54,225	52,024	167,626	185,091
The Americas	43,107	42,413	125,810	127,462
Rest of the world	41	57	106	150
Total	156,225	153,118	467,333	491,330

From a regional point of view the sales in Q3 2019 showed that all regions recorded sales growth compared to the same quarter in the year before. With 4.2 % the strongest increase was recorded in the Asian region. The Americas and Europe recorded sales increases by 1.6 % and 0.4 %, respectively.

Interim Management Report

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

Sales by Region 9M/2019 (9M/2018)



Sales by Products

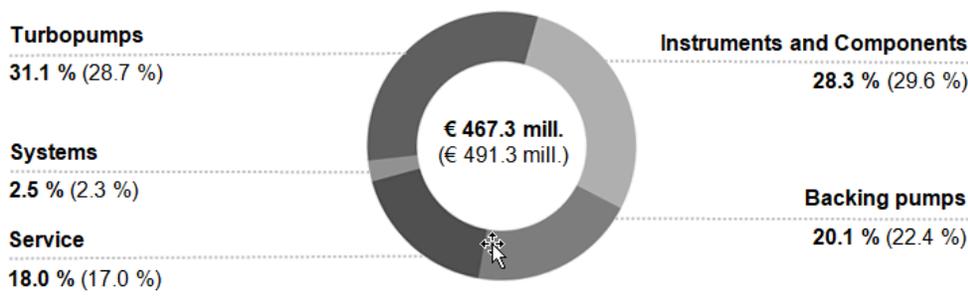
Sales by Products

	Three months ended September 30,		Nine months ended September 30,	
	2019 in K€	2018 in K€	2019 in K€	2018 in K€
Turbopumps	49,139	46,774	145,246	141,119
Instruments and components	45,063	45,380	132,239	145,475
Backing pumps	30,716	29,463	93,940	110,073
Service	28,668	28,648	84,320	83,317
Systems	2,639	2,853	11,588	11,346
Total	156,225	153,118	467,333	491,330

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The analysis of sales by products shows a heterogeneous picture. A positive development was recorded for turbopumps and backing pumps as well as for service. The sales increase recorded for turbopumps in the year 2019 so far totaled € 2.4 million, or 5.1 %. In the same period sales with backing pumps increased by € 1.3 million, or 4.3 %. In contrast, the product groups systems and instruments and components declined.

Sales by Products 9M/2019 (9M/2018)



Interim Management Report

Sales by Market

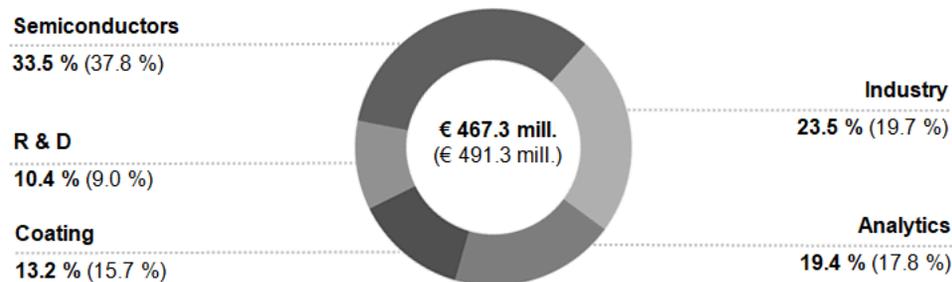
Sales by Market

	Three months ended September 30,		Nine months ended September 30,	
	2019 in K€	2018 in K€	2019 in K€	2018 in K€
Semiconductors	52,701	50,094	156,518	186,186
Industry	39,110	35,443	110,027	96,591
Analytics	29,537	29,812	90,503	87,479
Coating	18,028	23,170	61,529	76,981
R & D	16,849	14,599	48,756	44,093
Total	156,225	153,118	467,333	491,330

The low dynamic in demand from the coating market was again noticeable in Q3 2019. Yet, in the semiconductor market a sales growth of € 2.6 million was achieved as compared to the same quarter in the previous year. In Q3 2019, the market segments industry and R % D continued to record satisfactory sales increases (+€ 3.7 million, and +€ 2.3 million, respectively). In analytics a slight decrease by € 0.3 million was recorded for Q3 2019, while the year 2019 to date showed an increase by € 3.0 million.

The sales split by markets was as follows:

Sales by Markets 9M/2019 (9M/2018)



Order Intake and Order Backlog

Following an order intake of € 516.6 million in the first nine months of 2018 this number was € 450.0 million in the first three quarters of 2019. This represents a decrease by € 66.6 million, or 12.9 %, which was mainly caused by the development in the coating and semiconductor markets. In the third quarter order intake of € 156.3 million saw a somewhat stronger trend compared to the immediately preceding second quarter (€ 144.9 million). The book-to-bill-ratio, the ratio between order intake

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and sales, was 0.96 for the year 2019 to date (2017: 1.05) and 1.00 for Q3/2019 (Q3/2018: 0.97).

Order backlog decreased from € 152.7 million as at December 31, 2018 to € 127.6 million as at September 30, 2018. Resulting from the book-to-bill ratio of 1.00 in the third quarter, the order backlog was just above the value of € 127.5 million as per June 30, 2019.

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 2019 cost of sales totaled € 306.0 million and thus decreased compared to the prior year period (€ 314.8 million). Accounting for € 161.4 million, gross profit was € 15.2 million below previous year's number (€ 176.6 million). Accordingly, gross margin declined slightly from 35.9 % to 34.5 %. This development was predominantly caused by negative economies of scale due to the weaker sales volume.

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Selling and Marketing Expenses

Selling and marketing expenses totaled € 53.3 million of the first nine months of the current fiscal year and thus were € 0.7 million higher compared to the number in the previous fiscal year (€ 52.6 million). Due to the decreased sales the selling and marketing expenses relative to sales increased by 0.7 percentage points to 11.4 % (2018: 10.7 %).

General and Administrative Expenses

With € 40.9 million in the year 2019 to date, general and administrative expenses increased slightly compared to the first three quarters in 2018 (€ 38.5 million). Relative to sales, this ratio increased from 7.8 % to 8.8 %.

Research and Development Expenses

Research and development expenses totaled € 21.2 million in current period and thus increased by € 0.5 million, or 2.6 %, compared to the first three quarters of 2018 (€ 20.7 million). The R&D ratio, the ratio between R&D expenses and sales, decreased from 4.2 % to 4.5 % due to the decrease 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,

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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 € +2.9 million in the first three quarters of 2019 after a net gain of € 3.7 million was recorded in the prior year period. The amounts in 2019 included predominantly net foreign exchange gains of € 0.6 million (2018: € 0.7 million) and expense subsidies affecting net income of € 2.3 million (2018: € 2.7 million)

Operating Profit

Following € 68.5 million in 2018, operating profit in the first nine months of 2019 decreased by € 19.6 million, or 28.6 %, to € 48.9 million. The EBIT margin, the ratio between operating profit and sales, declined from 13.9 % in the first nine months of 2018 to 10.5 % in 2019. The decrease in gross profit resulting from negative economies of scale was the main reason for this development. In addition, the expanded cost basis due to additional investments to implement the Group's growth strategy burdened the earnings development.

Financial Results

With € -0.5 million the net financial result in 2019 was virtually on the prior year's level. Thus, there were no material changes.

Income Taxes

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

Net income / Earnings per share

Totaling € 34.7 million net income for the first three quarters of 2019 was down by € 14.6 million from the prior year results of € 49.3 million. This represented a decrease by 29.5 %. Return on sales (after taxes) stood – after 10.0 % in 2018 – at 7.4 % in 2019. Earnings per share developed parallel to the net income. After € 4.99 in the first nine months of 2018 an amount of € 3.52 was recorded for the current fiscal year – a decline by € 1.47, or 29.5 %.

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Financial Position

Pfeiffer Vacuum's balance sheet total increased by € 19.4 million, or 3.1 %, from € 624.2 million as at December 31, 2018, to € 643.6 million, as at September 30, 2019. On the assets side of the balance sheet, this was predominantly attributable to the increase of property, plant and equipment. The net increase by € 23.6 million resulted on the one hand from the capital expenditures and on the other hand from new requirements in the accounting for lease agreements, according to which the contractual rights-of-use have to be recognized as assets in the balance sheet (please also refer to note 2 in the Notes to the Consolidated Interim Financial Statements). Other material changes related to the increase of inventories by € 8.5 million. The decrease of cash and cash equivalents by € 8.8 million was mainly due to the dividend payment to the Pfeiffer Vacuum Technology AG shareholders following the Annual Shareholders' Meeting in May 2019. For further details with regard to the development of cash and cash equivalents please refer to the following section "Cash Flow".

As at September 30, 2019, shareholders' equity totaled € 384.2 million. This represents an increase of € 12.0 million from the level on December 31, 2018 (€ 372.2 million). This development was mainly due to the dividend payment of € 22.7 million and contrary to the net income recorded for the first nine months of 2019 (€ 34.7 million). The equity ratio was 59.7 % after 59.6 % at the end of fiscal 2018. Pfeiffer Vacuum continues to show an above-average equity. And with cash and cash equivalents totaling € 99.6 million and financial liabilities totaling € 73.3 million, the Company continued to show no net indebtedness. Other material line items related to provisions for pensions (€ 64.9 million, € 55.6 million as at December 31, 2018) and other provisions (€ 41.3 million, € 41.6 million as at December 31, 2018). Trade accounts payable (€ 31.8 million) decreased by € 6.3 million compared to prior year's level of € 38.1 million.

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Cash Flow

Totalling € 35.5 million in the first nine months 2019, operating cash flow was slightly down by € 1.9 million from the comparable prior year period (€ 37.4 million). Despite the lower net income (-29.5 %), particularly the lower increase of inventories by € 11.0 million as well as the decline of receivables and other assets by net € 6.4 million positively affected the operating cash flow in the first nine months 2019. In the previous year these two factors burdened the development of the operating cash flow by € 37.9 million in total. In contrast, the development of provisions and payables (including customer deposits) had a negative impact of € 15.5 million on the operating cash flow, while a positive impact of € 9.5 million was recorded in the first nine months of 2018

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Capital expenditures in the first nine months of 2019 totaled € 19.3 million, and were thus down from previous year's level of € 24.0 million. The net cash used in investing activities amounted € 19.0 million in total while this number was € 23.8 million in the previous year.

The first-time application of the accounting requirements for leases in the current reporting period led to the disclosure of principal elements of lease payments under cash flow from financing activities (€ 3.4 million; please also refer to note 2 in the Notes to the Consolidated Interim Financial Statements). Along with the dividend payment of € 22.7 million and newly taken up financial liabilities totaling € 0.6 million, the net cash used in financing activities amounted to € 25.5 million in total in the first nine months of 2019. In 2018, the dividend payment in the amount of € 19.7 million was virtually the sole parameter in determining cash flow from financing activities.

Considering exchange rate impacts, total cash outflow thus amounted to € 8.8 million (2018: € 6.6 million) and resulted in a decline in cash and cash equivalents by 8.1 % to € 99.6 million.

Workforce

As of September 30, 2019, the company employed a workforce of 3,244 people, 1,092 of them in Germany and 2,152 in other countries.

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Workforce

	Germany		Other countries		Total	
	September 30,					
	2019	2018	2019	2018	2019	2018
Manufacturing and Service	645	596	1,441	1,437	2,086	2,033
Research and Development	89	90	137	127	226	217
Sales and Marketing	224	211	384	360	608	571
Administration	134	110	190	195	324	305
Total	1,092	1,007	2,152	2,119	3,244	3,126

Interim Management Report

Risk and Opportunities Report

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

Events after the Balance Sheet Date

There has not been any significant change in the Company situation or the industry environment after the end of the first three quarters of 2019.

Outlook

Due to the developments in the third quarter of 2019 Pfeiffer Vacuum confirms the guidance for sales and EBIT margin as adjusted on September 24, 2019, and continues to expect fiscal year 2019 sales to be in the range of € 620 to 640 million and EBIT margin for fiscal year 2019 to be around 10 %. Capital expenditures are expected to be around € 30 million.

Consolidated Interim Financial Statements

Consolidated Statements of Income (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	in K€	in K€	in K€	in K€
Net sales	156,225	153,118	467,333	491,330
Cost of sales	-103,805	-97,177	-305,909	-314,760
Gross profit	52,420	55,941	161,424	176,570
Selling and marketing expenses	-16,965	-17,204	-53,267	-52,554
General and administrative expenses	-14,579	-12,689	-40,906	-38,451
Research and development expenses	-6,423	-6,653	-21,235	-20,703
Other operating income	2,315	2,282	5,800	7,684
Other operating expenses	-709	-928	-2,912	-4,044
Operating profit	16,059	20,749	48,904	68,502
Financial expenses	-205	-198	-648	-544
Financial income	59	39	121	174
Earnings before taxes	15,913	20,590	48,377	68,132
Income taxes	-4,486	-5,705	-13,641	-18,874
Net income	11,427	14,885	34,736	49,258
Earnings per share (in €):				
Basic	1,16	1,51	3,52	4,99
Diluted	1,16	1,51	3,52	4,99

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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,	
	2019	2018	2019	2018
	in K€	in K€	in K€	in K€
Net income	11,427	14,885	34,736	49,258
Other comprehensive income				
Amounts to be reclassified to income statement in future periods (if applicable)				
Currency changes	6,537	302	6,053	2,886
Results from cash flow hedges	-37	-7	-24	42
Related deferred income tax effects	12	3	8	-14
	6,512	298	6,037	2,914
Amounts not to be reclassified to income statement in future periods				
Valuation of defined benefit plans	-53	-14	-8,589	-37
Related deferred income tax effects	13	4	2,486	10
	-40	-10	-6,103	-27
Other comprehensive income net of tax	6,472	288	-66	2,887
Total comprehensive income net of tax	17,899	15,173	34,670	52,145

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See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Balance Sheets (unaudited)

	September 30, 2019	December 31, 2018
	in K€	in K€
Assets		
Intangible assets	109,9	109,460
Property, plant and equipment	149,743	126,143
Investment properties	407	424
Other financial assets	3,801	4,282
Other assets	1,392	3,200
Deferred tax assets	27,675	24,895
Total non-current assets	292,950	268,404
Inventories	141,676	133,191
Trade accounts receivable	88,327	92,164
Contract assets	518	298
Income tax receivables	3,459	3,726
Prepaid expenses	5,514	3,504
Other financial assets	1,134	609
Other accounts receivable	10,388	13,884
Cash and cash equivalents	99,622	108,380
Total current assets	350,638	355,756
Total assets	643,588	624,160
Shareholders' equity and liabilities		
Share capital	25,261	25,261
Additional paid-in capital	96,245	96,245
Retained earnings	290,931	278,891
Other equity components	-28,238	-28,172
Equity of Pfeiffer Vacuum Technology AG shareholders	384,199	372,225
Financial liabilities	69,921	60,182
Provisions for pensions	64,952	55,638
Deferred tax liabilities	4,606	4,638
Contract liabilities	348	630
Total non-current liabilities	139,827	121,088
Trade accounts payable	31,822	38,054
Contract liabilities	14,383	18,271
Other accounts payable	25,147	25,740
Provisions	41,298	41,626
Income tax liabilities	3,506	7,061
Financial liabilities	3,406	95
Total current liabilities	119,562	130,847
Total shareholders' equity and liabilities	643,588	624,160

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See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Shareholders' Equity (unaudited)

	Share Capital in K€	Additional Paid-in Capital in K€	Retained Earnings in K€	Other Equity Components in K€	Equity of Pfeiffer Vacuum Technology AG Shareholders in K€
Balance on Jan. 01, 2018	25,261	96,245	229,747	-30,316	320,937
Net income (adjusted)	-	-	49,258	-	49,258
Other comprehensive income (adjusted)	-	-	-	2,887	2,887
Total comprehensive income (adjusted)	-	-	49,258	2,887	52,145
Dividend payment (adjusted)	-	-	-19,735	-	-19,735
Balance on Sept. 30, 2018 (adjusted)	25,261	96,245	259,270	-27,429	353,347
Balance on Jan. 01, 2019	25,261	96,245	278,891	-28,172	372,225
Net income	-	-	34,736	-	34,736
Other comprehensive income	-	-	-	-66	-66
Total comprehensive income	-	-	34,736	-66	34,670
Dividend payment	-	-	-22,696	-	-22,696
Balance on Sept. 30, 2019	25,261	96,245	290,931	-28,238	384,199

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See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Cash Flows (unaudited)

	Nine months ended September 30,	
	2019	2018
	in K€	in K€
Cash flow from operating activities:		
Net income	34,736	49,258
Depreciation/amortization	17,487	14,943
Other non-cash income/expenses	3,455	1,617
Effects of changes of assets and liabilities:		
Inventories	-11,038	-24,298
Receivables and other assets	6,389	-13,648
Provisions, including pensions, and income tax liabilities	-3,566	6,324
Payables, other liabilities	-11,950	3,187
Net cash provided by operating activities	35,513	37,383
Cash flow from investing activities:		
Capital expenditures	-19,307	-24,038
Proceeds from disposals of fixed assets	293	217
Net cash used in investing activities	-19,014	-23,821
Cash flow from financing activities:		
Proceeds from increase of financial liabilities	632	63
Dividend payment	-22,696	-19,735
Redemptions of financial liabilities	-3,448	-
Net cash provided by/used in financing activities	-25,512	-19,672
Effects of foreign exchange rate changes on cash and cash equivalents	255	-490
Net changes in cash and cash equivalents	-8,758	-6,600
Cash and cash equivalents at beginning of period	108,380	97,402
Cash and cash equivalents at end of period	99,622	90,802

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See accompanying notes to the interim financial statements.

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

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

Notes to the Consolidated Interim Financial Statements (unaudited)

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

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

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

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

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

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

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

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

- At the date of first-time application, right-of-use assets previously accounted for as operating leases were recognized in the amount of € 19.0 million under property, plant and equipment. Lease liabilities of € 17.0 million were recognized in the balance sheet. The difference between rights-of-use assets and lease liabilities resulted from lease contracts, for which prepayments were made in the

Notes to the Consolidated Interim Financial Statements (unaudited)

beginning of the contract term. Lease liabilities are reported under current and non-current financial liabilities. The present value calculation of the lease liabilities is based on incremental borrowing rates as of January 1, 2019. The weighted average incremental borrowing rate as of January 1, 2019 amounted to 1.03 %.

- There were no effects on equity from the first-time application.
- Due to the recognition of lease liabilities from operating leases, the equity ratio decreased by approx. 1.6 %.
- The increase in financial liabilities resulting from the change in accounting rules had a negative impact of approx. € 17.0 million on the net indebtedness of the Company.

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

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

The changes in recognition of expenses from operating leases in the cash flow statement result in an improvement in cash flow from operating activities. In the first nine months of the current reporting period the improvement was approx. € 3.5 million. Accordingly, the cash flow from financing activities was impacted by the repayment elements of the lease payments.

3. Intangible Assets

Intangible assets consist of the following:

Intangible assets

	September 30, 2019	December 31, 2018
	in K€	in K€
Goodwill	82,359	80,721
Customer Base	17,690	18,094
Software	2,867	2,890
Other intangible assets	7,016	7,775
Total intangible assets	109,932	119,460

Notes to the Consolidated Interim Financial Statements (unaudited)

4. Property, Plant and Equipment

Property, plant and equipment comprise the following:

Property, Plant and Equipment

	September 30, 2019	December 31, 2018
	in K€	in K€
Land and buildings	60,287	58,638
Technical equipment and machinery	45,433	42,412
Other equipment, factory and office equipment	13,382	12,649
Construction in progress	14,871	12,444
Total property, plant and equipment	133,973	126,143

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

Right-of-Use Assets

	September 30, 2019
	in K€
Land and buildings	13,399
Technical equipment and machinery	502
Other equipment, factory and office equipment	1,869
Total right-of-use assets	15,770

5. Inventories

Inventories consist of the following:

Inventories

	September 30, 2019	December 31, 2018
	in K€	in K€
Raw materials	36,716	36,420
Work-in-process	38,401	32,095
Finished products	66,559	64,676
Total inventories, net	141,676	133,191

Notes to the Consolidated Interim Financial Statements (unaudited)

6. Financial Liabilities

Financial liabilities were comprised as follows:

Financial Liabilities

	September 30, 2019	December 31, 2018
	in K€	in K€
Loans	60,000	60,000
Lease liabilities	9,921	182
Non-current financial liabilities	69,921	60,182
Lease liabilities	3,406	72
Other financial liabilities	-	23
Current financial liabilities	3,406	95
Total financial liabilities	73,327	60,277

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

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7. Paid Dividends

At the Annual Shareholders' Meeting on May 23, 2019, the shareholders resolved a dividend of € 2.30 per share for the year 2017. Thus, a total of € 22,695,615 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,	
	2019	2018	2019	2018
	in K€	in K€	in K€	in K€
Service cost	901	849	2,725	2,553
Interest cost	249	225	745	675
Net pension cost	1,150	1,074	3,470	3,228

Notes to the Consolidated Interim Financial Statements (unaudited)

9. Warranty

Warranty provisions developed as follows:

Warranty provisions

	Nine months ended September 30,	
	2019	2018
	in K€	in K€
Balance on January 1	15,939	15,769
Currency changes	20	31
Additions	6,475	5,000
Utilization	-5,955	-5,114
Balance on September 30	16,479	15,686

10. Earnings per Share

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

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Earnings per Share

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net income (in K€)	11.424	14.885	34.733	49.258
Weighted average number of shares	9.867.659	9.867.659	9.867.659	9.867.659
Number of conversion rights	-	-	-	-
Adjusted weighted average number of shares	9.867.659	9.867.659	9.867.659	9.867.659
Earnings per share in € (basic/diluted)	1,16	1,51	3,52	4,99

Notes to the Consolidated Interim Financial Statements (unaudited)

11. Segment Reporting

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

	Germany	France	Rest of Europe	USA	USA Production	Republic of Korea	Rest of Asia	All Others	Consolidation	Group
Net sales	177,258	151,952	80,185	91,383	31,367	50,347	81,116	37,283	-233,558	467,333
Third party	81,807	44,685	80,130	91,183	28,407	46,418	74,781	19,922	-	467,333
Intercompany	95,451	107,267	55	200	2,960	3,929	6,335	17,361	-233,558	-
Operating profit	24,682	5,309	5,755	5,425	490	2,602	5,328	-687	-	48,904
Financial income	-35	-154	-17	708	-611	36	-208	-246	-	-527
Earnings before taxes	24,647	5,155	5,738	6,133	-121	2,638	5,120	-933	-	48,377
Segment assets	142,164	124,936	53,132	70,024	73,976	47,059	80,106	52,191	-	643,588
Thereof assets according to IFRS 8.33 (b) ¹	49,808	66,817	6,995	22,685	46,574	18,224	24,024	30,151	-	265,276
Segment liabilities	129,570	61,064	19,521	10,848	6,166	10,828	14,018	7,374	-	259,389
Capital expenditures:										
Property, plant and equipment ²	4,903	4,261	408	406	152	2,273	3,018	3,100	-	18,521
Intangible assets	486	128	4	-	-	-	60	108	-	786
Depreciation ³	3,695	3,199	839	1,231	582	983	2,006	1,719	-	14,254
Amortization	522	607	4	3	1,276	5	10	570	-	2,997

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

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

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

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Segment Reporting as at September 30, 2018 (in K €; adjusted ¹)

	Germany	France	Rest of Europe	USA	USA Production	Republic of Korea	Rest of Asia	All Others	Consolidation	Group
Net sales	179.996	169.401	82.169	81.682	38.243	67.132	82.425	38.037	-247.755	491.330
Third party	86.480	42.664	81.889	81.577	34.924	65.217	75.050	23.529	0	491.330
Intercompany	93.516	126.737	280	105	3.319	1.915	7.375	14.508	-247.755	-
Operating profit	25.339	12.806	6.944	3.202	763	5.844	9.040	4.564	0	68.502
Financial income	-176	-128	3	1.279	-1.257	62	-5	-148	0	-370
Earnings before taxes	25.163	12.678	6.947	4.481	-494	5.906	9.035	4.416	0	68.132
Segment assets	140.787	119.385	44.111	58.807	68.658	44.540	70.692	48.771	0	595.751
Thereof assets according to IFRS 8.33 (b) ²	48.716	57.623	3.741	19.730	45.914	15.961	19.000	25.474	0	236.159
Segment liabilities	122.175	66.792	8.448	10.048	6.106	9.089	12.848	6.898	0	242.404
Capital expenditures:										
Property, plant and equipment ³	5.711	3.855	276	4.107	255	1.331	2.402	5.676	0	23.613
Intangible assets	299	15	0	7	0	26	0	78	0	425
Depreciation ³	3.448	3.769	324	385	545	714	870	949	0	11.004
Amortization	467	646	3	1	2.275	11	11	525	0	3.939

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

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

³ Including investment properties

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 28.2 % for the first nine months of 2019 and thus slightly above the tax rate for the third quarter 2018 (: 27.7 %).

13. Independent Auditor

At the Annual General Meeting on May 23, 2019, the Supervisory Board proposed and the Shareholders elected PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, as the new independent auditor of both the accounts of the Company and the consolidated accounts for the 2019 fiscal year.

14. Major Related Party Transactions

Besides the transactions between the subsidiaries that are eliminated during the consolidation process and regular compensation of Management and Supervisory Board members there were no related party transactions in the first three quarters of 2019.

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Aslar, November 4, 2019

Pfeiffer Vacuum Technology AG

Management Board

Dr. Eric Taberlet

Nathalie Benedikt

Additional Information

Financial Calendar 2020

- Financial Results 2019, Annual Report 2019
Thursday, March 26, 2020
- 1st Quarter 2020 (3-Month) Results
Tuesday, May 5, 2020
- Annual General Meeting
Wednesday, May 20, 2020
- 2nd Quarter 2020 (Half Year) Results
Tuesday, August 4 2020
- 3rd Quarter 2020 (9-Months) Results
Tuesday, November 3, 2020

Contact

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*This version of the Quarterly Financial Report is a translation of the German version.
Only the German version is binding.*