



Interim Report as of
March 31, 2017

Foreword by the Management Board

Dear shareholders and business partners,

The PVA TePla Group had a good start to the current fiscal year and is on course to reach its targets for 2017.

Continued progress in the restructuring of the company was reflected by significant sales revenue growth of 37% compared to the same period in the prior year, to EUR 23.3 million. The profit margin also increased from 19% to more than 22%. EBITDA of EUR 1.1 million was achieved, and for the first time since 2012 along with a positive operating result (EBIT) of EUR 0.6 million. The consolidated net result for the period was EUR 0.8 million.

The development of incoming orders of EUR 21.0 million differed between the two divisions in the first quarter of the current fiscal year, as before. While incoming orders in the Industrial Systems division were lower than expected, incoming orders in the Semiconductor Systems division developed very positively and were a third higher than in the same period in the prior year. Shareholders' equity and operating cash flow also continued to improve: Shareholders' equity increased to EUR 41.1 million and operating cash flow rose to EUR 6.2 million, from EUR -4.4 million as of December 31, 2016.

We reiterate our forecast for the full year: In 2017 we will achieve consolidated sales revenues and an EBITDA margin of approximately EUR 85 million and 6% respectively.

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

Peter Abel
Chief Executive Officer

Alfred Schopf
Chief Financial Officer

Oliver Höfer
Chief Operating Officer

IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

EUR'000	Q1 / 2017	Q1 / 2016
Sales revenues	23,340	17,028
Industrial Systems	8,564	8,583
Semiconductor Systems	14,776	8,445
Gross profit	5,172	3,290
in % sales revenues	22.2	19.3
R&D expenses	400	566
EBITDA	1,140	-137
in % sales revenues	4.9	-0.8
Operating result (EBIT)	581	-735
in % sales revenues	2.5	-4.3
Consolidated net result	786	-1,230
in % sales revenues	3.4	-7.2
Total assets	91,112	94,736²⁾
Shareholders' equity	41,091	40,305²⁾
Equity ratio in %	45.1	42.5 ²⁾
Employees as of March 31	371	366
Incoming orders	21,022	17,941
Order backlog	47,541	68,742
Book-to-bill-ratio	0.90	1.05
Cash Flow from operating activities	6,189	-3,703
Net financial position	-3,032	-8,902²⁾

¹⁾ Circulating shares on average 21,749,988

²⁾ As of December, 31

Interim Report of PVA TePla AG as of March 31, 2017

SALES REVENUES

In the first three months of 2017, the PVA TePla Group generated sales revenues of EUR 23.3 million, a significant increase compared to the prior year's figure of EUR 17.0 million. That was primary due to the company's high order backlog going into the first quarter.

The [Industrial Systems division](#) generated sales revenues of EUR 8.6 million (prior year: EUR 8.6 million). Meanwhile, the [Semiconductor Systems division](#) achieved a significant increase in sales revenues, to EUR 14.8 million (prior year: EUR 8.4 million).

Sales Revenues by Division EUR'000	Q1 / 2017	Q1 / 2016
Industrial Systems	8,564	8,583
Semiconductor Systems	14,776	8,445
Total	23,340	17,028

GROSS MARGIN, EBITDA AND EBIT

Based on the consolidated sales revenues for the period of EUR 23.3 million (prior year: EUR 17.0 million), the company achieved gross profit of EUR 5.2 million (prior year: EUR 3.3 million) and a gross margin of 22.2% (prior year: 19.3%) in the first three months of 2017. As a result of improved capacity utilization, the gross margin was higher than during the same period of the prior year.

The company generated EBITDA of EUR +1.1 million (March 31, 2016 [prior year]: EUR -0.1 million) in the first three months of 2017. The EBITDA margin amounted to 4.9% (prior year: -0.8%). The operating result (EBIT) totaled EUR +0.6 million (prior year: EUR -0.7 million). The EBIT margin amounted to +2.5% (prior year: -4.3%).

NET RESULT FOR THE PERIOD

The net result before taxes amounted to EUR 0.4 million (prior year: EUR -1.0 million) with a net result for the period of EUR +0.8 million (prior year: EUR -1.2 million). The return on sales was therefore +3.4% (prior year: -7.2%).

INCOMING ORDERS

Incoming orders for the PVA TePla Group came to EUR 21.0 million in the first three months of 2017, which was higher than the prior year's figure of EUR 17.9 million. The book-to-bill-ratio was 0.9 (prior year: 1.1).

Incoming orders in the [Industrial Systems division](#) in the first three months of 2017 were lower than in the same period in the prior year, at EUR 6.0 million (prior year: EUR 8.1 million). High-temperature vacuum systems accounted for the largest proportion of those orders. Incoming orders for plasma nitriding systems again developed positively. The [Semiconductor Systems division](#) achieved a high level of incoming orders of EUR 15.0 million (prior year: EUR 10.7 million). Orders for plasma and metrology systems accounted for the majority of incoming orders in this division.

ORDER BACKLOG

The order backlog, consolidated and net of sales recognized according to the percentage of completion method (PoC) came to EUR 47.5 million as of March 31, 2017, which was lower than the prior year's figure (EUR 68.7 million). The order backlog in the [Industrial Systems division](#) as of March 31, 2017 stood at EUR 24.1 million (prior year: EUR 34.9 million). In the [Semiconductor Systems division](#), the order backlog totaled EUR 23.4 million, compared to the prior year's figure of EUR 33.8 million.

SHAREHOLDERS' EQUITY AND TOTAL ASSETS

Shareholders' equity increased slightly to EUR 41.1 million due to the net result for the period (December 31, 2016: EUR 40.3 million). Total assets amounted to EUR 91.1 million as of March 31, 2017 (December 31, 2016: EUR 94.7 million). The low level of total assets was primarily due to the decrease in work in progress and trade receivables and, on the liabilities side, to lower other short-time liabilities.

LIQUIDITY

Operating cash flow increased considerably in the first quarter of 2017, compared to both the same quarter of the previous year and the end of 2016, to EUR 6.2 million. In the vacuum systems and crystal growing systems business units, the project structure of orders means that this figure fluctuates heavily from one reporting date to the next. We receive considerable advance payments at the beginning of a project, which influence net cash flow positively in the case of large orders. Cash flow is then negative during order processing, and the remaining amount due is paid near the delivery date, except for a small residual installment. Cash flow from investing activities amounted to EUR -0.3 million (December 31, 2016: EUR -0.6 million). Cash flow from financing activities amounted to EUR -3.4 million (December 31, 2016: EUR +1.0 million). Total cash flow in the first three months of 2017, including exchange rate differences, amounted to EUR +2.5 million (December 31, 2016: EUR -4.0 million). The liquidity position of PVA TePla Group continues to develop very positively. The net financial position (surplus of current and non-current financial liabilities beyond cash) amounted to EUR -3.0 million (December 31, 2016: EUR -8.9 million).

EMPLOYEES

As of March 31, 2017, the Group employed 371 people (December 31, 2016: 377 people; March 31, 2016: 366 people).

ASSESSMENT OF OPPORTUNITIES AND RISKS

During the first quarter of fiscal year 2017, there were no significant changes to the opportunities and risks presented in the Annual Report 2016.

FORECAST

The Management Board of PVA TePla confirms its previous forecast on business development in 2017 and anticipates consolidated sales revenues on the scale of EUR 85 million and an EBITDA margin on the scale of 6%.

Interim Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

as at March 31, 2017

ASSETS EUR'000	Mar. 31, 2017	Dec. 31, 2016
Non-current assets		
Intangible assets	8,766	8,807
Goodwill	7,808	7,808
Other intangible assets	908	949
Payments in advance	50	50
Property, plant and equipment	28,404	28,782
Land, property rights and buildings, including buildings on third party land	23,624	23,738
Plant and machinery	3,628	3,926
Other plant and equipment, fixtures and fittings	1,074	1,043
Advance payments and assets under construction	78	75
Non-current investments	11	11
Deferred tax assets	5,099	5,291
Total non-current assets	42,280	42,891
Current assets		
Inventories	17,027	21,092
Raw materials and operating supplies	8,219	9,239
Work in progress	8,187	11,205
Finished products and goods	621	648
Coming receivables on construction contracts	13,363	12,224
Trade and other receivables	13,244	15,999
Trade receivables	10,719	12,704
Payments in advance	1,016	1,954
Other receivables	1,480	1,341
Tax repayments	17	16
Cash	5,181	2,514
Total current assets	48,832	51,845
Total	91,112	94,736

LIABILITIES AND SHAREHOLDERS' EQUITY EUR'000	Mar. 31, 2017	Dec. 31, 2016
Shareholders' equity		
Share capital	21,750	21,750
Revenue reserves	23,068	22,281
Other reserves	-3,643	-3,642
Minority interest	-84	-84
Total shareholders' equity	41,091	40,305
Non-current liabilities		
Non-current financial liabilities	3,403	3,768
Other non-current liabilities	544	551
Retirement pension provisions	14,335	14,339
Deferred tax liabilities	2,188	2,786
Other non-current provisions	377	342
Total non-current liabilities	20,847	21,786
Current liabilities		
Short-term financial liabilities	4,810	7,648
Trade payables	4,338	4,871
Obligations on construction contracts	327	964
Advance payments received on orders	10,092	10,450
Accruals	5,325	4,745
Other short-time liabilities	1,077	1,569
Provisions for taxes	54	49
Other short-term provisions	3,151	2,349
Total current liabilities	29,174	32,645
Total	91,112	94,736

CONSOLIDATED INCOME STATEMENT

January 1 - March 31, 2017

EUR'000	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016
Sales revenues	23,340	17,028
Cost of sales	-18,168	-13,738
Gross profit	5,172	3,290
Selling and distributing expenses	-2,533	-1,949
General administrative expenses	-1,622	-1,497
Research and development expenses	-400	-566
Other operating income	355	604
Other operating expenses	-391	-617
Operating result (EBIT)	581	-735
Finance revenues	104	54
Finance costs	-308	-277
Financial result	-204	-223
Net result before tax	377	-958
Income taxes	409	-272
Consolidated net result for the period	786	-1,230
of which attributable to		
Shareholders of PVA TePla AG	786	-1,231
Minority interest	0	1
Consolidated net result for the period	786	-1,230
Earnings per share		
Earnings per share (basic) in EUR	0.04	-0.06
Earnings per share (diluted) in EUR	0.04	-0.06
Average number of share in circulation (basic)	21,749,988	21,749,988
Average number of share in circulation (diluted)	21,749,988	21,749,988

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 - March 31, 2017

EUR'000	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016
Consolidated net result for the period	786	-1,230
of which attributable to shareholders of PVA TePla AG	786	-1,230
of which attributable to minority interest	0	0
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency changes	2	-65
Income taxes	0	-5
Changes recognized outside profit or loss (currency changes)	2	-70
Changes in fair values of derivative financial instruments	0	0
Income taxes	0	0
Changes recognized outside profit or loss (derivative financial instruments)	0	0
Total of items that may be reclassified to profit or loss	2	-70
Other comprehensive income after taxes (changes recognized outside profit or loss)	2	-70
of which attributable to shareholders of PVA TePla AG	2	-70
of which attributable to minority interest	0	0
Total comprehensive income	788	-1,300
of which attributable to shareholders of PVA TePla AG	788	-1,300
of which attributable to minority interest	0	0

CONSOLIDATED CASH FLOW STATEMENT

January 1 - March 31, 2017

EUR'000	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016
Consolidated net result for the period	786	-1,230
Adjustments to the consolidated net result for the period for reconciliation to the cash flow from operating activities:		
+ Income taxes	-409	272
- Finance revenues	-104	-54
+ Finance costs	308	277
= Operating result	581	-735
- Income tax payments	5	-4
+ Amortization and depreciation	590	723
-/+ Gains/losses on disposals of non-current assets	0	2
+/- Other non-cash expenses / income	0	-1
	1,176	-15
-/+ Increase/decrease in inventories, trade receivables and other assets	5,631	-5,893
+/- Increase/decrease in provisions	704	-323
+/- Increase/decrease in trade payables and other liabilities	-1,322	2,528
= Cash flow from operating activities	6,189	-3,703
+ Proceeds from disposals of intangible assets and property, plant and equipment	0	0
- Payment of intangible assets and property, plant and equipment	-227	-313
+ Interest receipts	0	0
= Cash flow from investing activities	-282	-313
- Payments from redumption of debt and loans	-365	-362
+/- Change in short-term bank liabilities	-2,838	-27
- Payment of interest	-180	-102
= Cash flow from financing activities	-3,383	-491
Net change in cash	2,524	-4,507
+/- Effect of exchange rate fluctuations on cash	143	225
+ Cash at the beginning of the period	2,514	6,492
= Cash at the end of the period	5,181	2,210

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 - March 31, 2017

EUR'000	Shared issues		Revenue reserves	Other equity components	Pension provisions	Total	Minority interest	Total shareholders' interest
	Number							
As at January 1, 2016	21,749,988	21,750	19,349	205	-3,279	38,024	-84	37,941
Total income			2,931	113	-680	2,364	0	2,364
As at December 31, 2016	21,749,988	21,750	22,279	318	-3,959	40,387	-84	40,305
As at January 1, 2016	21,749,988	21,750	19,349	205	-3,279	38,024	-84	37,941
Total income			-1,230	-69	0	-1,299	0	-1,299
As at March 31, 2016	21,749,988	21,750	18,118	136	-3,279	36,724	-84	36,642
As at January 1, 2017	21,749,988	21,750	22,279	318	-3,959	40,387	-84	40,305
Total income			786	2	0	788	0	788
As at March 31, 2017	21,749,988	21,750	23,065	320	-3,959	41,175	-84	41,091