



Intermediate Report

Foreword by the Management Board

Dear Shareholders and Business Partners,

The third quarter indicates that we will reach our targets for the current fiscal year. Incoming orders were up considerably year on year in the first nine months of 2017. The gross margin continued to improve, keeping the income situation stable despite a slight drop in sales revenues. The annual forecast for the current fiscal year is confirmed.

Incoming orders for the entire Group stood at around EUR 68 million at the end of September 2017 – a significant increase on the prior year's figure of just under EUR 52 million. Industrial systems posted the steepest rise, followed by ultrasound microscopy and plasma systems. At EUR 63.5 million, the Group generated slightly lower sales revenues year on year, as expected.

Based on the consolidated sales revenues, gross profit amounted to EUR 14.8 million and gross margin improved to 23.3% (compared to 21.8% in the same period of the prior year) in the first nine months of 2017. The EBIT margin stood at 2.9% and was therefore on par with the prior year.

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.

Alfred Schopf
Chief Executive Officer

Oliver Höfer
Chief Operating Officer

IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

| EUR'000 | Q1-Q3 / 2017 | Q1-Q3 / 2016 |
|--|---------------|----------------------------|
| Sales revenues | 63,457 | 65,083 |
| Industrial Systems | 25,440 | 29,238 |
| Semiconductor Systems | 38,017 | 35,845 |
| Gross profit | 14,805 | 14,213 |
| in % sales revenues | 23.3 | 21.8 |
| R&D expenses | -2,203 | -2,008 |
| EBITDA | 3,535 | 4,099 |
| in % sales revenues | 5.6 | 6.3 |
| Operating result (EBIT) | 1,810 | 1,858 |
| in % sales revenues | 2.9 | 2.9 |
| Consolidated net result | 1,084 | 686 |
| in % sales revenues | 1.7 | 1.1 |
| Total assets | 88,443 | 94,736²⁾ |
| Shareholders' equity | 41,079 | 40,305²⁾ |
| Equity ratio in % | 46.4 | 42.5 ²⁾ |
| Employees as of September 30 | 378 | 377 |
| Incoming orders | 67,822 | 51,915 |
| Order backlog | 54,872 | 53,845 |
| Book-to-bill-ratio | 1.07 | 0.79 |
| Cash Flow from operating activities | 12,339 | -6,752 |
| Net financial position | 543 | -8,902²⁾ |

¹⁾ Circulating shares on average 21,749,988

²⁾ As of December, 31

Interim Report of PVA TePla AG as of September 30, 2017

INCOMING ORDERS – SIGNIFICANT RISE

Incoming orders were up significantly year on year in both divisions. In the first nine months of 2017, incoming orders for the PVA TePla Group came to EUR 67.8 million (prior year: EUR 51.9 million). The book-to-bill ratio stood at 1.07 (prior year: 0.8).

The **Semiconductor Systems division** recorded incoming orders of EUR 36.8 million (prior year: EUR 34.6 million). Orders for crystal growing and plasma systems accounted for the majority of incoming orders in this division. Incoming orders in the **Industrial Systems division** came to a very positive level of EUR 31.1 million in the first three quarters of 2017 (prior year: EUR 17.3 million). The Vacuum Systems business unit saw its largest number of incoming orders since 2011. Incoming orders mainly concerned heat treatment systems for the Asian and European markets. The large number of incoming orders in plasma nitriding systems and substantial growth in orders for hard metal sintering systems stand out as positive here.

ORDER BACKLOG – CONSTANT

The order backlog, consolidated and net of sales recognized according to the percentage of completion method (PoC), came to EUR 54.9 million as of September 30, 2017, which is slightly higher than the prior year's figure (EUR 53.8 million). In the **Semiconductor Systems division**, order backlog stood at EUR 22.6 million (prior year: EUR 30.3 million). A major order for the delivery of crystal growing systems was processed over the course of the year, thereby explaining the sudden drop in order backlog in this division. At EUR 32.2 million, the **Industrial Systems division** recorded a significantly higher order backlog year on year (prior year: EUR 23.5 million) as of September 30, 2017.

SALES REVENUES – AS EXPECTED

In the first nine months of 2017, the PVA TePla Group generated sales revenues of EUR 63.5 million, which is a slight decrease in comparison to the same period in the previous year (EUR 65.1 million). This decline was due to the low order backlog with which the subsidiaries started fiscal year 2017 and the slow pace of incoming orders in the Industrial Systems division in the first five months of 2017 as well as the resulting lower realization of sales revenues in the third quarter.

The **Semiconductor Systems division** generated a EUR 2.2 million rise in sales revenues to EUR 38.0 million (prior year: EUR 35.8 million). By contrast, the **Industrial Systems division** recorded a EUR 3.8 million drop in sales revenues to EUR 25.4 million (prior year: EUR 29.2 million). The increase in sales revenues in the Semiconductor Systems division was unable to fully compensate for the decline in sales revenue in the Industrial Systems division.

| Sales Revenues by Division EUR'000 | Q1-Q3 / 2017 | Q1-Q3 / 2016 |
|---------------------------------------|-----------------|-----------------|
| Industrial Systems | 25,440 | 29,238 |
| Semiconductor Systems | 38,017 | 35,845 |
| Total | 63,457 | 65,083 |

GROSS MARGIN – IMPROVED

Based on consolidated sales revenues of EUR 63.5 million in the first nine months of 2017 (prior year: EUR 65.1 million), gross profit amounted to EUR 14.8 million (prior year: EUR 14.2 million), and the gross margin stood at 23.3% (prior year: 21.8%).

In the first nine months of 2017, the company generated EBITDA of EUR 3.5 million (September 30, 2016 [prior year]: EUR 4.1 million) and operating profit (EBIT) of EUR 1.8 million (prior year: EUR 1.9 million). The EBIT margin amounted to 2.9% (prior year: 2.9%).

NET RESULT FOR THE PERIOD – STABLE

The net result before taxes amounted to EUR 1.3 million (prior year: EUR 1.2 million) with a net result for the period of EUR 1.1 million (prior year: EUR 0.7 million). Return on sales amounted to 1.7% (prior year: 1.1%). The net balance of interest income and interest expenses came to a total of EUR -0.5 million (prior year: EUR -0.7 million).

SHAREHOLDERS' EQUITY AND TOTAL ASSETS

Shareholders' equity increased to EUR 41.1 million due to the net result for the period (December 31, 2016: EUR 40.3 million). The equity ratio improved from 42.5% (September 30, 2016) to 46.5%. Total assets fell to EUR 88.4 million as of September 30, 2017 (December 31, 2016: EUR 94.7 million). The decline in total assets was mainly due to more active capital management, which is also reflected in substantially improved liquidity.

LIQUIDITY – SIGNIFICANTLY IMPROVED

Operating cash flow amounted to EUR 12.3 million (Q3 2016 [prior year]: EUR -6.8 million). Cash flow from investing activities stood at EUR -2.5 million (prior year: EUR -0.4 million). Cash flow from financing activities came to EUR -7.9 million (prior year: EUR 2.5 million). Total cash flow

in the first nine months of 2017, including exchange rate differences, stood at EUR 1.8 million (prior year: EUR -4.7 million). The net financial position (surplus of cash and cash equivalents beyond current and non-current financial liabilities) improved by EUR 9.4 million and amounted to EUR 0.5 million (December 31, 2016: EUR -8.9 million).

EMPLOYEES – STABLE

The Group had 378 employees as of September 30, 2017 (September 30, 2016: 377).

ASSESSMENT OF OPPORTUNITIES AND RISKS

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

FORECAST

The company expects incoming orders to remain considerably higher year on year in the fourth quarter due principally to the microelectronics sector's high level of investment in crystal growing and analytical systems. Industrial systems are also benefiting from business growth in the machinery and tool sector. Due to long terms for various orders, their sales revenue will mainly be realized from the third quarter of 2018 on.

For fiscal year 2017, the PVA TePla Management Board continues to anticipate consolidated sales revenues and an operating result (EBITDA) of approximately EUR 85 million and 6%, respectively.

Interim Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

as at September 30, 2017

| ASSETS EUR'000 | Sep. 30, 2017 | Dec. 31, 2016 |
|--|---------------|---------------|
| Non-current assets | | |
| Intangible assets | 8,654 | 8,807 |
| Goodwill | 7,808 | 7,808 |
| Other intangible assets | 846 | 949 |
| Payments in advance | 0 | 50 |
| Property, plant and equipment | 27,908 | 28,782 |
| Land, property rights and buildings, including buildings on third party land | 23,143 | 23,738 |
| Plant and machinery | 3,403 | 3,926 |
| Other plant and equipment, fixtures and fittings | 1,038 | 1,043 |
| Advance payments and assets under construction | 324 | 75 |
| Non-current investments | 1,859 | 11 |
| Deferred tax assets | 4,189 | 5,291 |
| Total non-current assets | 42,609 | 42,891 |
| Current assets | | |
| Inventories | 18,886 | 21,092 |
| Raw materials and operating supplies | 8,257 | 9,239 |
| Work in progress | 10,127 | 11,205 |
| Finished products and goods | 502 | 648 |
| Coming receivables on construction contracts | 6,434 | 12,224 |
| Trade and other receivables | 16,142 | 15,999 |
| Trade receivables | 11,395 | 12,704 |
| Payments in advance | 2,504 | 1,954 |
| Other receivables | 2,243 | 1,341 |
| Tax repayments | 22 | 16 |
| Cash | 4,349 | 2,514 |
| Total current assets | 45,834 | 51,845 |
| Total | 88,443 | 94,736 |

| LIABILITIES AND SHAREHOLDERS' EQUITY EUR'000 | Sep. 30, 2017 | Dec. 31, 2016 |
|--|---------------|---------------|
| Shareholders' equity | | |
| Share capital | 21,750 | 21,750 |
| Revenue reserves | 23,366 | 22,281 |
| Other reserves | -3,953 | -3,642 |
| Minority interest | -84 | -84 |
| Total shareholders' equity | 41,079 | 40,305 |
| Non-current liabilities | | |
| Non-current financial liabilities | 3,006 | 3,768 |
| Other non-current liabilities | 462 | 551 |
| Retirement pension provisions | 14,316 | 14,339 |
| Deferred tax liabilities | 1,353 | 2,786 |
| Other non-current provisions | 820 | 342 |
| Total non-current liabilities | 19,957 | 21,786 |
| Current liabilities | | |
| Short-term financial liabilities | 800 | 7,648 |
| Trade payables | 3,744 | 4,871 |
| Obligations on construction contracts | 1,778 | 964 |
| Advance payments received on orders | 10,659 | 10,450 |
| Accruals | 5,851 | 4,745 |
| Other short-time liabilities | 700 | 1,569 |
| Provisions for taxes | 607 | 49 |
| Other short-term provisions | 3,266 | 2,349 |
| Total current liabilities | 27,406 | 32,645 |
| Total | 88,443 | 94,736 |

CONSOLIDATED INCOME STATEMENT

January 1 - September 30, 2017

| EUR'000 | Jul. 1 - Sep. 30, 2017 | Jul. 1 - Sep. 30, 2016 | Jan. 1 - Sep. 30, 2017 | Jan. 1 - Sep. 30, 2016 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| Sales revenues | 19,874 | 26,277 | 63,457 | 65,083 |
| Cost of sales | -15,121 | -21,329 | -48,652 | -50,870 |
| Gross profit | 4,752 | 4,948 | 14,805 | 14,213 |
| Selling and distributing expenses | -1,752 | -2,802 | -6,907 | -6,870 |
| General administrative expenses | -1,384 | -1,458 | -4,264 | -4,431 |
| Research and development expenses | -1,456 | -527 | -2,203 | -2,008 |
| Other operating income | 679 | 566 | 1,513 | 2,095 |
| Other operating expenses | -482 | 564* | -1,135 | -1,141 |
| Operating result (EBIT) | 357 | 1,290 | 1,810 | 1,858 |
| Finance revenues | 121 | 90 | 226 | 119 |
| Finance costs | -244 | -303 | -694 | -803 |
| Financial result | -124 | -213 | -468 | -684 |
| Net result before tax | 234 | 1,077 | 1,342 | 1,174 |
| Income taxes | 342 | -777 | -257 | -489 |
| Consolidated net result for the period | 576 | 301 | 1,084 | 686 |
| of which attributable to | | | | |
| Shareholders of PVA TePla AG | 576 | 301 | 1,084 | 686 |
| Minority interest | 0 | 0 | 0 | 0 |
| Consolidated net result for the period | 576 | 301 | 1,084 | 686 |
| Earnings per share | | | | |
| Earnings per share (basic) in EUR | 0.03 | 0.01 | 0.05 | 0.03 |
| Earnings per share (diluted) in EUR | 0.03 | 0.01 | 0.05 | 0.03 |
| Average number of share in circulation (basic) | 21,749,988 | 21,749,988 | 21,749,988 | 21,749,988 |
| Average number of share in circulation (diluted) | 21,749,988 | 21,749,988 | 21,749,988 | 21,749,988 |

*Expenses from the relocation process of PVA MPS were reported in Other operating expenses in the previous quarters. Since Q3-2016, these expenses are reclassified into the functional parts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 - September 30, 2017

| EUR'000 | Jan. 1 - Sep. 30, 2017 | Jan. 1 - Sep. 30, 2016 |
|---|---------------------------|---------------------------|
| Consolidated net result for the period | 1,084 | 686 |
| of which attributable to shareholders of PVA TePla AG | 1,084 | 686 |
| of which attributable to minority interest | 0 | 0 |
| Other comprehensive income | | |
| Items that may be reclassified to profit or loss | | |
| Currency changes | -309 | -22 |
| Income taxes | 0 | 0 |
| Changes recognized outside profit or loss (currency changes) | -309 | -22 |
| 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 | -309 | -22 |
| Other comprehensive income after taxes (changes recognized outside profit or loss) | -309 | -22 |
| of which attributable to shareholders of PVA TePla AG | -309 | -22 |
| of which attributable to minority interest | 0 | 0 |
| Total comprehensive income | 775 | 664 |
| of which attributable to shareholders of PVA TePla AG | 775 | 664 |
| of which attributable to minority interest | 0 | 0 |

CONSOLIDATED CASH FLOW STATEMENT

January 1 - September 30, 2017

| EUR'000 | Jan. 1 - Sep. 30, 2017 | Jan. 1 - Sep. 30, 2016 |
|---|---------------------------|---------------------------|
| Consolidated net result for the period | 1,084 | 686 |
| Adjustments to the consolidated net result for the period for reconciliation to the cash flow from operating activities: | | |
| + Income taxes | 257 | 488 |
| - Finance revenues | -226 | -119 |
| + Finance costs | 695 | 803 |
| = Operating result | 1,810 | 1,858 |
| - Income tax payments | -55 | -32 |
| + Amortization and depreciation | 1,725 | 2,241 |
| -/+ Gains/losses on disposals of non-current assets | 16 | 4 |
| +/- Other non-cash expenses / income | -38 | -63 |
| | 3,457 | 4,008 |
| -/+ Increase/decrease in inventories, trade receivables and other assets | 7,503 | -9,355 |
| +/- Increase/decrease in provisions | 1,002 | 219 |
| +/- Increase/decrease in trade payables and other liabilities | 375 | -1,625 |
| = Cash flow from operating activities | 12,339 | -6,752 |
| + Proceeds from disposals of intangible assets and property, plant and equipment | 0 | 16 |
| - Payment of intangible assets and property, plant and equipment | -2,568 | -442 |
| + Interest receipts | 41 | 1 |
| = Cash flow from investing activities | -2,527 | -425 |
| - Payments from redumption of debt and loans | -762 | -757 |
| +/- Change in short-term bank liabilities | -6,848 | 3,761 |
| - Payment of interest | -330 | -470 |
| = Cash flow from financing activities | -7,940 | 2,534 |
| Net change in cash | 1,872 | -4,643 |
| +/- Effect of exchange rate fluctuations on cash | -37 | 65 |
| + Cash at the beginning of the period | 2,514 | 6,492 |
| = Cash at the end of the period | 4,349 | 1,914 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 - September 30, 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 | | | 686 | -22 | 0 | 664 | 0 | 664 |
| As at September 30, 2016 | 21,749,988 | 21,750 | 20,035 | 183 | -3,279 | 38,688 | -84 | 38,605 |
| As at January 1, 2017 | 21,749,988 | 21,750 | 22,279 | 318 | -3,959 | 40,387 | -84 | 40,305 |
| Total income | | | 1,084 | -309 | 0 | 774 | 0 | 774 |
| As at September 30, 2017 | 21,749,988 | 21,750 | 23,363 | 9 | -3,959 | 41,161 | -84 | 41,079 |