



Intermediate Report

Intermediate Report
January 1 – September 30, 2017

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