

Intermediate Report

Intermediate Report
January 1 – June 30, 2017

IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

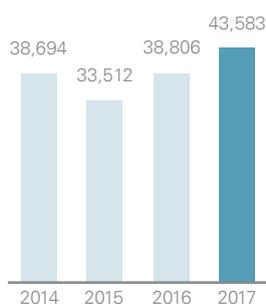
| EUR'000 | H1 / 2017 | H1 / 2016 | H1 / 2015 |
|--|---------------|----------------------------|----------------------------|
| Sales revenues | 43,583 | 38,806 | 33,512 |
| Industrial Systems | 16,642 | 18,260 | 14,877 |
| Semiconductor Systems | 26,941 | 20,546 | 18,635 |
| Gross profit | 10,052 | 9,265 | 6,656 |
| in % sales revenues | 23.1 | 23.9 | 19.9 |
| R&D expenses | 747 | 1,480 | 1,403 |
| EBITDA | 2,590 | 2,075 | -875 |
| in % sales revenues | 5.9 | 5.3 | -2.6 |
| Operating result (EBIT) | 1,452 | 569 | -2,042 |
| in % sales revenues | 3.3 | 1.5 | -6.1 |
| Consolidated net result | 508 | 386 | -2,112 |
| in % sales revenues | 1.2 | 1.0 | -6.3 |
| Total assets | 90,328 | 94,736²⁾ | 88,279²⁾ |
| Shareholders' equity | 40,606 | 40,305²⁾ | 37,941²⁾ |
| Equity ratio in % | 45.0 | 42.5 ²⁾ | 43.0 ²⁾ |
| Employees as of June 30 | 376 | 372 | 355 |
| Incoming orders | 45,644 | 35,789 | 56,261 |
| Order backlog | 51,683 | 64,911 | 61,135 |
| Book-to-bill-ratio | 1.05 | 0.92 | 1.68 |
| Cash Flow from operating activities | 10,202 | -6,567 | -814 |
| Net financial position | 779 | -8,902²⁾ | -3,377²⁾ |

¹⁾ Circulating shares on average 21,749,988

²⁾ As of December, 31

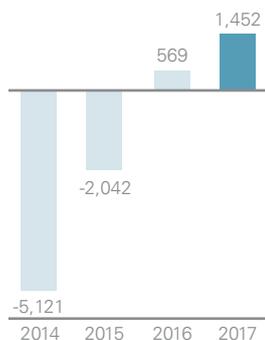
Sales revenues

H1, EUR'000



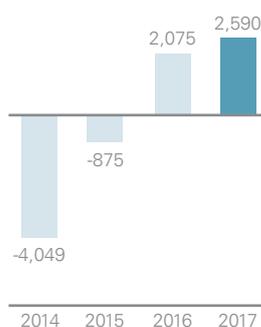
Operating result (EBIT)

H1, EUR'000



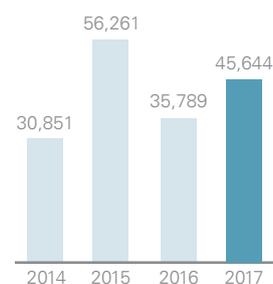
EBITDA

H1, EUR'000



Incoming orders

H1, EUR'000



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Foreword by the Management Board

DEAR SHAREHOLDERS AND BUSINESS PARTNERS,

PVA TePla AG is on course to reach its targets for the current fiscal year.

At EUR 43.6 million, our Group generated significantly higher sales revenues in the first six months of 2017 than in the first six months of 2016 (EUR 38.8 million). The increase stood at 12.4%. The development of gross profit (+8.5%) and EBITDA (+23.8%) impressively underscores the progress made in adjusting cost structures, especially at our subsidiaries. EBIT more than doubled. The significant rise in liquidity to EUR 6.0 million, compared to EUR 1.7 million, and in operating cash flow to EUR 10.2 million, compared to EUR -6.6 million in the first half of 2016, was particularly positive.

PVA TePla AG is also on the right track regarding running projects. The relocation of PVA Metrology & Plasma Solutions from Munich to Wetztenberg, and the resulting reduction in our break-even sales revenues, was completed on schedule. Pooling resources and utilizing synergies continue to be focal points.

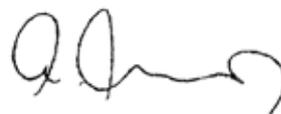
Along with optimizing our cost structure, our operating activities have also developed positively. In addition to our subsidiary in Beijing, we have started setting up a second company in China – in Xian – dedicated to sales and service as well as to developing and expanding supply chains for PVA TePla systems so as to expand our business activities in China, what has been our largest market for years. The need for production systems for microelectronics in particular is growing rapidly in China. Chinese customers are

also making increasing efforts toward domestic production of capital goods in this field, and our efforts are aimed at taking this into account in the medium term.

Incoming orders for the period from January to June developed very positively. At EUR 45.6 million, they were up more than 27% on the prior year's figure of EUR 35.8 million. On another positive note, both the Industrial Systems division (+42%) and the Semiconductor Systems division (+19%) made a contribution to the rise in incoming orders.

With a view to the end of the fiscal year, we are confirming our forecast for the year as a whole. In 2017, we will generate consolidated sales revenues and an operating result (EBITDA) of approximately EUR 85 million and 6%, respectively.

On behalf of our managing directors, 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



The Shares

SHARE PRICE

The PVA TePla share price rose significantly in the first six months of 2017. After closing 2016 at EUR 2.28, the share price had risen to EUR 3.07 on August 3, 2017. There have been significant improvements made to the shares' liquidity as well as their trading on the stock exchanges.

ANNUAL GENERAL MEETING

The Annual General Meeting of PVA TePla AG was held at the Giessen Congress Center on June 21, 2017, and was chaired by Alexander von Witzleben, the Chairman of the Supervisory Board. All of the items on the agenda were passed with a large majority, and around 53% of shareholders were in attendance.

TECHNOLOGY

In his speech, the outgoing CEO, Peter Abel, told the assembled shareholders about the key figures of the annual financial statements as well as the technical aspects and market prospects of the key product ranges of the PVA TePla subsidiaries. He concluded his speech with an outlook for the markets which are relevant for the PVA TePla Group. COO Oliver Höfer gave an overview of the organizational changes within the company, which aim to enhance market access. After introducing himself to the shareholders, CFO Alfred Schopf, and the new CEO at the end of

the Annual General Meeting, provided a detailed outline of the key figures for 2016. At EUR 2.9 million, the consolidated net result for the year, in particular, rose year on year, by EUR 4.3 million from EUR -1.4 million.

The Supervisory Board Chairman, Alexander von Witzleben, bid farewell to the founder and CEO of PVA TePla AG, Peter Abel, and thanked him over the shareholders' applause for his many years of successful work for the company.

Shareholdings of Executive Body Members

MANAGEMENT BOARD

| | Shares Jun. 30, 2017 | Shares Dec. 31, 2016 |
|---------------|-------------------------|-------------------------|
| Alfred Schopf | 50,000 | 0 |
| Oliver Höfer | 1,100 | 1,100 |

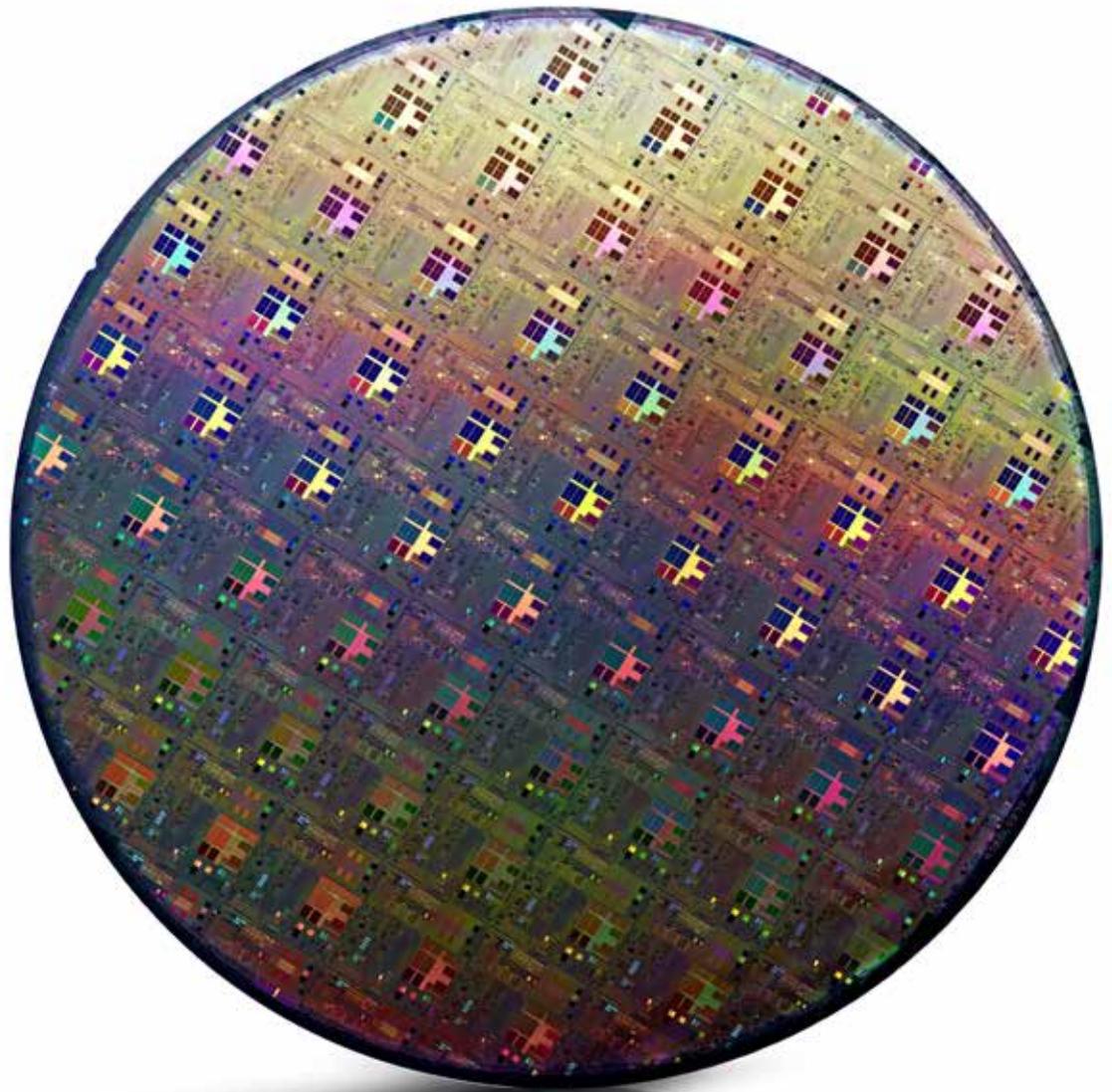
SUPERVISORY BOARD

| | Shares Jun. 30, 2017 | Shares Dec. 31, 2016 |
|--|-------------------------|-------------------------|
| Alexander von Witzleben | 99,650 | 99,650 |
| Dr. Gernot Hebestreit (Marion Hebestreit) | 35,545 | 8,000 |
| Prof. Dr. Markus H. Thoma | 0 | 0 |

Performance of PVA TePla Shares January 1, 2017 – August 2, 2017
in % / 1-day-interval



PVA TePla AG
DAXSubs. Advanced Industrial Equipment
Tec All Share



Interim Group Management Report

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Interim Group Management Report

1. BASIC PRINCIPLES OF THE GROUP

Business Activities

The PVA TePla Group, headquartered in Wettenberg, Germany, employed around 370 people as of June 30, 2017. It develops and constructs systems for its customers for the production and refinement of high-quality materials, which are processed under high temperatures and in vacuum conditions, under inert gas overpressure and in low pressure and atmospheric plasma.

Reporting Segments

The Group has structured its business into two divisions: Industrial Systems and Semiconductor Systems. The chart provides an overview of how the key subsidiaries are allocated to the divisions:



CHANGES TO THE REPORTING SEGMENTS

There were no changes to the structure of the reporting segments between December 31, 2016 and June 30, 2017.

Research and Development

The costs for research and development (R&D) for the Group within the reporting period totaled EUR 0.7 million (prior year: EUR 1.5 million). It should be noted here that PVA TePla Group frequently carries out the further development of products and processes as part of customer orders, so that related expenditures are not included in the research and development costs. The activities in the divisions are described in the section below:

One focus of the R&D activities in the **Industrial Systems division** in the first half of the year was the further optimization of the pressure sintering plant for the hard metals industry. In addition to the existing 60 bar and 100 bar pressure levels, the PVA IVS GmbH subsidiary is currently also working on reaching a third pressure level of 200 bar. This is designed to give the hard metals industry sintering technology that provides even higher quality hard metals, in particular in the case of finest grain hard metals with low binder agent levels.

The rapid cooling concept used in the area of metal heated high-vacuum processing systems for the brazing of vacuum interrupters for the electrical industry was completely revised and redesigned on the basis of blowers and heat exchanges required in the process chamber. The new rapid cooling concept is characterized by a significant rise in cooling efficiency, thereby considerably increasing plant productivity.

Potential for the internal testing of customer parts was developed for PlaTeG-PulsPlasma@Nitriding Systems. Before making a purchase decision, Asian customers in particular often require that tests and process development, that could previously only be performed externally and with a

significant time lag, are conducted at short notice. Existing post-oxidation processes were also optimized for plasma nitriding technology. A further focus of work in this area is the optimization of existing low-temperature processes for the plasma nitriding of rust and acid resistant stainless steels to increase resistance to wear and tear without a significant loss in the positive resistance to corrosion.

In the **Semiconductor Systems division**, PVA MPS GmbH developed new plant components for the fully automated treatment of wafers for global semiconductor customers. This includes read heads that read the quality codes on the leadframes to be treated (leadframes = carrier strips for products, meaning that components can be processed in groups rather than individually). These can consist of PCB material plastic, metal or other substrates.

In order to standardize operations, PVA TePla Analytical Systems GmbH developed a new concept for the standardization of software and defining interfaces between the components. This will make it easier and safer to incorporate robotics and other components in production lines, thereby resulting in significant customer cost optimization. In the first half of 2017, priority was also given to the development of semiautomatic multi-channel inspection systems for production lines producing components in smaller quantities.

PVA CGS GmbH is currently participating in a research project for silicon-based photovoltaic systems; funding for this project is being provided by the German Federal Ministry for Economic Affairs and Energy. The project aims to further develop crystallization technologies for high-quality substrate crystals while also cutting costs. A corresponding inductor is to be developed for float zone (FZ) technology, whereby the polycrystalline starting silicon material is melted inductively and without the use of other auxiliary substances; this inductor is designed to enable the use of the 8-inch process and, consequently, larger crystals in the power electronics. The growing of silicon carbide (SiC) crystals using the PVT (**Physical Vapor Transport**) method is another project that is being realized in cooperation with an international customer. The focus of this project is on

both the process itself, as well as the optimization of the individual steps in preparing the growing process. The process chamber, which is heated to 2,600°C, the pulling system and the seed must be prepared properly to ensure that the crystal grown is of a high quality. Own computer models are used to ensure that optimal process control.

2. ECONOMIC REPORT

Macroeconomic and Sector Environment

MACROECONOMIC ENVIRONMENT

Below is a brief outline of the expected economic development in the PVA TePla Group's key regions in the current fiscal year. In principle, we can assume that global economic growth will be higher this year. Sentiment and economic data show that the global economy remains on a good path to growth in the second quarter of 2017, due in part to growth within the EU, mainly as a result of falling levels of unemployment, easy financing methods and ongoing expansionary fiscal policies. Political uncertainty continues to decline in the EU, resulting in market sentiment being positive overall.

- » According to economic analyses from July 2017, German GDP is expected to grow by 1.7% year on year in 2017.
- » In the Eurozone, GDP growth is estimated at 1.9% year on year.
- » China's GDP is expected to expand by 6.7% in 2017.
- » In the United States, GDP growth is estimated at 2.4% on the prior year.

SECTOR ENVIRONMENT

The PVA TePla Group foresees stable development in its relevant markets for 2017.

- » In the semiconductor industry, double-digit sales revenue growth is expected in 2017. According to the Gartner market research institute, capital investments are forecast to grow by 9% year on year in 2017.
- » At the end of June 2017, the German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau – VDMA) increased its annual forecast for real machine production growth from 1% (as of October 2016) to 3%. Production increased by 2.3% year on year in the period from January to April.

Business Development

SALES REVENUES

The PVA TePla Group generated sales revenues of EUR 43.6 million in the first six months of 2017, which, as planned, was higher than the figure posted in the prior-year period (EUR 38.8 million). This increase was due to the Semiconductor Systems division, which grew significantly year on year.

| Sales Revenues by Division EUR'000 | H1 / 2017 | H1 / 2016 |
|---------------------------------------|---------------|---------------|
| Industrial Systems | 16,642 | 18,260 |
| Semiconductor Systems | 26,941 | 20,546 |
| Total | 43,583 | 38,806 |

In the [Semiconductor Systems division](#), on the other hand, sales revenues were much higher at EUR 26.9 million (prior year: EUR 20.5 million). The Crystal Growing Systems business unit proved to be the best-performing business unit in terms of sales revenues within the Semiconductor Systems division. At EUR 16.6 million, the sales revenues of the [Industrial Systems division](#) were down year on year (prior year: EUR 18.3 million). In particular, sales revenues were generated by processing orders for vacuum systems for the hard metal market and brazing systems for various markets.

INCOMING ORDERS

Incoming orders for the PVA TePla Group came to EUR 45.6 million in the first six months of 2017, up significantly on the prior year's figure of EUR 35.8 million. The book-to-bill ratio stood at 1.05 (prior year: 0.92). Both divisions won equal numbers of orders in the first half of 2017.

The **Semiconductor Systems division** also posted higher incoming orders totaling EUR 26.1 million (prior year: EUR 21.9 million). This positive development was mainly due to incoming orders in the metrology and plasma systems business units. Incoming orders in the **Industrial Systems division** came to EUR 19.6 million in the first six months of 2017 (prior year: EUR 13.8 million). After a prolonged period where this was not the case, orders for process systems for manufacturing hard metals once again make up a significant share of incoming orders.

ORDER BACKLOG

The order backlog, consolidated and net of sales revenues recognized according to the percentage of completion method (PoC), stood at EUR 51.7 million as of June 30, 2017, down on the prior-year figure of EUR 64.9 million and up slightly against December 31, 2016 when it amounted to EUR 50.6 million.

In the **Semiconductor Systems division**, the order backlog was EUR 22.5 million, a decline on the prior year's figure of EUR 33.9 million. It must be taken into account that the prior-year figure included larger orders for crystal growing systems that have since been processed. Order backlog for the **Industrial Systems division** totaled EUR 29.2 million as of June 30, 2017, which was down slightly on the prior year's figure of EUR 31.0 million.

PRODUCTION

In the first half of 2017, systems production and contract processing (service) were performed in Germany at the locations in Wetttemberg, Jena and Westhausen. The production location outside Germany is Corona in the United States.

Vertical integration remained low across all areas. Only a small number of parts are manufactured in-house. This means material costs are relatively high in percentage terms, but allows for rapid and flexible adjustment of production capacity as necessary to meet potential changes in demand and fluctuations in incoming orders.

Position

RESULTS OF OPERATIONS

Based on the 12.4% increase in consolidated sales revenues to EUR 43.6 million (prior year: EUR 38.8 million), gross profit stood at EUR 10.1 million (prior year: EUR 9.3 million) and the gross margin was 23.1% (prior year: 23.9%).

Selling and distribution expenses in the first half of 2017 were up on the prior year at EUR 5.2 million (prior year: EUR 4.1 million). It must be taken into account that product and sales mix order intake can always be impacted by fluctuations in selling and distribution expenses. Added to this is the fact that costs were included in the first half of 2017 for the establishment of a further subsidiary in China, which will focus on the local semiconductor market. At EUR 2.9 million, administrative expenses were once again down slightly year on year (prior year: EUR 3.0 million). This saw the administrative cost ratio again fall significantly, to 6.6% (prior year: 7.7%).

R&D costs fell by half year on year to EUR 0.7 million (prior year: EUR 1.5 million). This is also due to the fact that our customers bear more of the development expenses related to orders. Other operating expenses amounted to EUR 0.7 million (prior year: EUR 1.7 million), and mainly include expenses from exchange rate differences of EUR 0.4

million. Other operating income of EUR 0.8 million (prior year: EUR 1.5 million) predominantly included income from grants in the context of R&D projects (EUR 0.3 million) and income from exchange rate differences of EUR 0.2 million.

As a result, PVA TePla generated EBITDA of EUR 2.6 million in the first six months of 2017 (June 30, 2016 [prior year]: EUR 2.1 million), operating profit (EBIT) of EUR 1.5 million (prior year: EUR 0.6 million) and a consolidated net result for the period of EUR 0.5 million (prior year: EUR 0.4 million). The EBITDA margin amounted to 5.9% (prior year: 5.3%), and the EBIT margin amounted to 3.3% (prior year: 1.5%). The return on sales was 1.2% (prior year: 1.0%).

In the Industrial Systems division, EBIT of EUR 0.0 million (prior year: EUR 0.3 million) was generated, while the Semiconductor Systems division posted EBIT of EUR 2.4 million (prior year: EUR 1.3 million). The holding costs were on par with the prior year at EUR -1.0 million (prior year: EUR -1.0 million). These costs include expenses which are not directly related to the Group's operating performance and do not involve service functions.

The net balance of interest income and interest expenses rose by EUR 0.2 million year on year to EUR -0.3 million (prior year: EUR -0.5 million) due to a lower level of loan utilizations and greater improvements in market value for non-effective hedging transactions. Net result before tax amounted to EUR 1.1 million (prior year: EUR 0.1 million) and the consolidated net result for the period amounted to EUR 0.5 million (prior year: EUR 0.4 million). Income taxes of EUR 0.6 million (prior year: EUR 0.3 million) include expenses for provisions for income tax payments as well as effects from deferred taxes.

FINANCIAL POSITION

Investments

Investments totaled EUR 0.3 million in the first half of 2017 (prior year: EUR 0.4 million). These investments are mainly attributed to plant and office equipment.

Liquidity

Operating cash flow was significantly positive at EUR 10.2 million in the first six months of 2017 (first half of 2016 [prior year]: EUR -6.6 million). Operating cash flow fluctuates heavily from one reporting date to the next in the vacuum furnaces and crystal growing systems business units due to the project structure of orders and methods of payment.

Cash flow from investing activities amounted to EUR -0.3 million (prior year: EUR -0.4 million). Cash flow from financing activities came to EUR -6.4 million (prior year: EUR 2.1 million). Total cash flow in the first six months of 2017, including exchange rate differences, amounted to EUR 3.5 million (prior year: EUR -4.8 million). Free cash flow was EUR 9.9 million (prior year: EUR -6.9 million). The net financial position (cash less current and non-current financial liabilities) amounted to EUR 0.8 million (prior year: EUR -10.5 million).

ASSET POSITION

Total assets amounted to EUR 90.3 million as of June 30, 2017, down significantly on the figure as of December 31, 2016 (prior year: EUR 94.7 million).

Property, plant and equipment decreased slightly to EUR 28.0 million (prior year: EUR 28.8 million). Intangible assets remained more or less unchanged at EUR 8.7 million (prior year: EUR 8.8 million). Financial assets rose to EUR 1.8 million (prior year: EUR 0.0 million) due to a non-current receivable from asset disposals. Deferred tax assets fell by EUR 0.9 million to EUR 4.4 million (prior year: EUR 5.3 million). Overall, non-current assets totaled EUR 42.9 million as prior year.

Current assets fell to EUR 47.5 million (prior year: EUR 51.8 million). Inventories declined to EUR 18.0 million (prior year: EUR 21.1 million), future receivables from construction contracts amount to EUR 8.5 million (prior year: EUR 12.2 million) and trade receivables to EUR 11.4 million (prior year: EUR 12.7 million). This was offset by a significant rise in cash to EUR 6.0 million (prior year: EUR 2.5 million).

On the liabilities and shareholders' equity side of the balance sheet, non-current liabilities (including non-current provisions) decreased slightly to EUR 20.5 million (prior year: EUR 21.8 million). The reported value of pension provisions remains unchanged at EUR 14.3 million (prior year: EUR 14.3 million). Non-current financial liabilities decreased to EUR 3.4 million (prior year: EUR 3.8 million) as a result of scheduled repayments, and current liabilities decreased to EUR 29.2 million (prior year: EUR 32.6 million). Current financial liabilities dropped significantly to EUR 1.8 million (prior year: EUR 7.6 million). Trade payables fell to EUR 3.4 million (prior year: EUR 4.9 million). Advance payments received on orders rose to EUR 12.9 million (prior year: EUR 10.5 million). The value of other current provisions increased to EUR 3.1 million (prior year: EUR 2.3 million). Accrued liabilities increased to EUR 6.0 million (prior year: EUR 4.7 million), and was mainly due to the provisions on the reporting date for vacation and Christmas money and will be reduced in the second half of the year.

Equity increased slightly to EUR 40.6 million (December 31, 2016: EUR 40.3 million) due to the net profit for the period of EUR 0.5 million. The equity ratio rose to 45.0% (prior year: EUR 42.5%).

Non-Financial Performance Indicators

EMPLOYEES

The Group had 376 employees as of June 30, 2017 (December 31, 2016: 377 employees; June 30, 2016: 372 employees). The number of employees increased slightly compared to June 30, 2016.

3. SUPPLEMENTARY REPORT

There have been no significant events since June 30, 2017.

4. RISK, OPPORTUNITIES AND FORECAST REPORT

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

Forecast Report

The PVA TePla Management Board anticipates for fiscal 2017 consolidated sales revenues and an operating result (EBITDA) of approximately EUR 85 million and 6%, respectively.

Wettenberg, August 10, 2017



Group Financial Statements

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Group Financial Statements

CONSOLIDATED BALANCE SHEET

as at June 30, 2017

| ASSETS EUR'000 | Jun. 30, 2017 | Dec. 31, 2016 |
|--|---------------|---------------|
| Non-current assets | | |
| Intangible assets | 8,712 | 8,807 |
| Goodwill | 7,808 | 7,808 |
| Other intangible assets | 904 | 949 |
| Payments in advance | 0 | 50 |
| Property, plant and equipment | 28,017 | 28,782 |
| Land, property rights and buildings, including buildings on third party land | 23,384 | 23,738 |
| Plant and machinery | 3,443 | 3,926 |
| Other plant and equipment, fixtures and fittings | 1,049 | 1,043 |
| Advance payments and assets under construction | 141 | 75 |
| Non-current investments | 1,977 | 11 |
| Deferred tax assets | 4,365 | 5,291 |
| Total non-current assets | 43,071 | 42,891 |
| Current assets | | |
| Inventories | 18,022 | 21,092 |
| Raw materials and operating supplies | 8,449 | 9,239 |
| Work in progress | 9,012 | 11,205 |
| Finished products and goods | 561 | 648 |
| Coming receivables on construction contracts | 8,500 | 12,224 |
| Trade and other receivables | 14,746 | 15,999 |
| Trade receivables | 11,184 | 12,704 |
| Payments in advance | 1,444 | 1,954 |
| Other receivables | 2,118 | 1,341 |
| Tax repayments | 22 | 16 |
| Cash | 5,967 | 2,514 |
| Total current assets | 47,257 | 51,845 |
| Total | 90,328 | 94,736 |

The following notes are an integral part of the Group Financial Statements.

| LIABILITIES AND SHAREHOLDERS' EQUITY EUR'000 | Jun. 30, 2017 | Dec. 31, 2016 |
|---|----------------------|---------------|
| Shareholders' equity | | |
| Share capital | 21,750 | 21,750 |
| Revenue reserves | 22,790 | 22,281 |
| Other reserves | -3,850 | -3,642 |
| Minority interest | -84 | -84 |
| Total shareholders' equity | 40,606 | 40,305 |
| Non-current liabilities | | |
| Non-current financial liabilities | 3,371 | 3,768 |
| Other non-current liabilities | 542 | 551 |
| Retirement pension provisions | 14,324 | 14,339 |
| Deferred tax liabilities | 1,881 | 2,786 |
| Other non-current provisions | 376 | 342 |
| Total non-current liabilities | 20,494 | 21,786 |
| Current liabilities | | |
| Short-term financial liabilities | 1,817 | 7,648 |
| Trade payables | 3,387 | 4,871 |
| Obligations on construction contracts | 306 | 964 |
| Advance payments received on orders | 12,857 | 10,450 |
| Accruals | 5,984 | 4,745 |
| Other short-time liabilities | 1,163 | 1,569 |
| Provisions for taxes | 607 | 49 |
| Other short-term provisions | 3,107 | 2,349 |
| Total current liabilities | 29,228 | 32,645 |
| Total | 90,328 | 94,736 |

The following notes are an integral part of the Group Financial Statements.

CONSOLIDATED INCOME STATEMENT

January 1 - June 30, 2017

| EUR'000 | Apr. 1 - Jun. 30, 2017 | Apr. 1 - Jun. 30, 2016 | Jan. 1 - Jun. 30, 2017 | Jan. 1 - Jun. 30, 2016 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| Sales revenues | 20,243 | 21,778 | 43,583 | 38,806 |
| Cost of sales | -15,362 | -15,805 | -33,531 | -29,541 |
| Gross profit | 4,881 | 5,973 | 10,052 | 9,265 |
| Selling and distributing expenses | -2,622 | -2,118 | -5,155 | -4,067 |
| General administrative expenses | -1,258 | -1,476 | -2,880 | -2,973 |
| Research and development expenses | -347 | -914 | -747 | -1,480 |
| Other operating income | 480 | 924 | 835 | 1,529 |
| Other operating expenses | -262 | -1,086 | -653 | -1,705 |
| Operating result (EBIT) | 871 | 1,303 | 1,452 | 569 |
| Finance revenues | 2 | 0 | 106 | 29 |
| Finance costs | -142 | -249 | -450 | -500 |
| Financial result | -140 | -249 | -344 | -471 |
| Net result before tax | 731 | 1,054 | 1,108 | 98 |
| Income taxes | -1,009 | 560 | -600 | 288 |
| Consolidated net result for the period | -278 | 1,615 | 508 | 386 |
| of which attributable to | | | | |
| Shareholders of PVA TePla AG | -278 | 1,614 | 508 | 385 |
| Minority interest | 0 | 1 | 0 | 1 |
| Consolidated net result for the period | -278 | 1,615 | 508 | 386 |
| Earnings per share | | | | |
| Earnings per share (basic) in EUR | -0.01 | 0.07 | 0.02 | 0.02 |
| Earnings per share (diluted) in EUR | -0.01 | 0.07 | 0.02 | 0.02 |
| 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 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 - June 30, 2017

| EUR'000 | Jan. 1 - Jun. 30, 2017 | Jan. 1 - Jun. 30, 2016 |
|---|---------------------------|---------------------------|
| Consolidated net result for the period | 508 | 386 |
| of which attributable to shareholders of PVA TePla AG | 508 | 385 |
| of which attributable to minority interest | 0 | 1 |
| Other comprehensive income | | |
| Items that may be reclassified to profit or loss | | |
| Currency changes | -207 | 13 |
| Income taxes | 0 | 0 |
| Changes recognized outside profit or loss (currency changes) | -207 | 13 |
| 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 | -207 | 13 |
| Other comprehensive income after taxes (changes recognized outside profit or loss) | -207 | 13 |
| of which attributable to shareholders of PVA TePla AG | -207 | 13 |
| of which attributable to minority interest | 0 | 0 |
| Total comprehensive income | 301 | 399 |
| of which attributable to shareholders of PVA TePla AG | 301 | 398 |
| of which attributable to minority interest | 0 | 1 |

CONSOLIDATED CASH FLOW STATEMENT

January 1 - June 30, 2017

| EUR'000 | Jan. 1 - Jun. 30, 2017 | Jan. 1 - Jun. 30, 2016 |
|--|---------------------------|---------------------------|
| Consolidated net result for the period | 508 | 386 |
| Adjustments to the consolidated net result for the period for reconciliation to the cash flow operating activities: | | |
| + Income taxes | 600 | -288 |
| - Finance revenues | -106 | -29 |
| + Finance costs | 450 | 500 |
| = Operating result | 1,452 | 569 |
| - Income tax payments | -37 | -34 |
| + Amortization and depreciation | 1,142 | 1,506 |
| -/+ Gains/losses on disposals of non-current assets | 14 | 1 |
| +/- Other non-cash expenses / income | -30 | 5 |
| | 2,542 | 2,047 |
| -/+ Increase/decrease in inventories, trade receivables and other assets | 5,811 | -10,202 |
| +/- Increase/decrease in provisions | 515 | 205 |
| +/- Increase/decrease in trade payables and other liabilities | 1,334 | 1,383 |
| = Cash flow from operating activities | 10,202 | -6,567 |
| + Proceeds from disposals of intangible assets and property, plant and equipment | 0 | 13 |
| - Payment of intangible assets and property, plant and equipment | -310 | -381 |
| = Cash flow from investing activities | -310 | -368 |
| - Payments from redumption of debt and loans | -397 | -394 |
| +/- Change in short-term bank liabilities | -5,831 | 2,723 |
| - Payment of interest | -191 | -223 |
| = Cash flow from financing activities | -6,419 | 2,106 |
| Net change in cash | 3,473 | -4,829 |
| +/- Effect of exchange rate fluctuations on cash | -20 | 84 |
| + Cash at the beginning of the period | 2,514 | 6,492 |
| = Cash at the end of the period | 5,967 | 1,747 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 - June 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 | | | 386 | 12 | 0 | 398 | 0 | 398 |
| As at June 30, 2016 | 21,749,988 | 21,750 | 19,734 | 218 | -3,279 | 38,426 | -84 | 38,339 |
| As at January 1, 2017 | 21,749,988 | 21,750 | 22,279 | 318 | -3,959 | 40,387 | -84 | 40,305 |
| Total income | | | 508 | -207 | 0 | 301 | 0 | 301 |
| As at June 30, 2017 | 21,749,988 | 21,750 | 22,787 | 111 | -3,959 | 40,688 | -84 | 40,606 |

Selected Notes

A. GENERAL INFORMATION AND BASIS OF PRESENTATION

PVA TePla AG is a stock corporation in accordance with German law. The Company is entered in the Commercial Register of the Giessen Local Court under HRB 6845. The registered address of the Company is 35435 Wettenberg, Germany.

GENERAL PRINCIPLES AND ACCOUNTING STANDARDS

This interim consolidated financial report was prepared in accordance with International Financial Reporting Standards (IFRS). It thus also complies with IAS 34 (Interim Financial Reporting). This interim financial report has not been audited.

These notes mainly contain details of items in which there have been significant changes as against the consolidated financial statements as of December 31, 2016.

COMPANIES INCLUDED IN CONSOLIDATION

These interim consolidated financial statements of PVA TePla include its fully consolidated subsidiaries in which PVA TePla holds a majority of the shareholders' voting rights (control). The following companies were fully consolidated in the interim financial report as of June 30, 2017:

| Name | Corporate domicile | Ownership interest |
|------------------------------------|------------------------|--------------------|
| PVA TePla AG (parent company) | Wettenberg, Germany | |
| PVA Control GmbH | Wettenberg, Germany | 100 % |
| PVA Industrial Vacuum Systems GmbH | Wettenberg, Germany | 100 % |
| PVA Löt- und Werkstofftechnik GmbH | Jena, Germany | 100 % |
| PVA TePla (China) Ltd. | Beijing, PR China | 100 % |

| Name | Corporate domicile | Ownership interest |
|--|------------------------|--------------------|
| PVA Metrology & Plasma Solutions Taiwan Ltd. | Hsinchu, Taiwan | 100 % |
| PVA Crystal Growing Systems GmbH | Wettenberg, Germany | 100 % |
| PVA Metrology & Plasma Solutions GmbH | Wettenberg, Germany | 100 % |
| PVA Semiconductor Systems Xi'an Ltd. | Xi'an, PR China | 100 % |
| PVA TePla America Inc. | Corona / CA, USA | 100 % |
| PVA TePla Analytical Systems GmbH | Westhausen, Germany | 100 % |
| PVA TePla Singapore Pte. Ltd. | Singapore | 100 % |
| PVA Vakuum Anlagenbau Jena GmbH | Jena, Germany | 100 % |
| Xi'an HuaDe CGS Ltd. | Xi'an, PR China | 51 % |

PVA Semiconductor Systems Xi'an Ltd., a wholly-owned subsidiary of PVA TePla AG founded in 2016, was included in the consolidated financial statements for the first time. This had no material implications for the Group's consolidated financial statements.

Compared with the consolidated financial statements 2016, no further changes have been made.

PRINCIPLES OF CONSOLIDATION

The principles of consolidation applied in this interim financial report are the same as those applied in the consolidated financial statements as of December 31, 2016. The single entity financial statements included in the interim financial statements are prepared with consistent accounting policies according to IFRS 10 (Consolidated Financial Statements) and IAS 27 (Consolidated and Separate Financial Statements).

ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation principles applied in this interim financial report as of June 30, 2017 are the same as those applied in the consolidated financial statements as of December 31, 2016.

B. NOTES ON SELECTED BALANCE SHEET ITEMS

FINANCIAL ASSETS

On June 30, 2017, financial assets included other non-current receivables in the amount of EUR 1,977 thousand (December 31, 2016 [prior year]: EUR 10 thousand). These mainly pertain to a non-current receivable for systems sold in the fiscal year.

COMING RECEIVABLES ON CONSTRUCTION CONTRACTS

| EUR'000 | Jun. 30, 2017 | Dec. 31, 2016 |
|---|---------------|---------------|
| Capitalized production costs including contract profits | 16,167 | 28,105 |
| for which advance payments received | -7,667 | -15,881 |
| Coming receivables on construction contracts | 8,500 | 12,224 |

OTHER CURRENT RECEIVABLES

| EUR'000 | Jun. 30, 2017 | Dec. 31, 2016 |
|--|---------------|---------------|
| Deferred prepayments | 814 | 307 |
| Value added tax due | 808 | 190 |
| Receivables from investment incentives | 176 | 194 |
| Accounts payable with debit balances | 105 | 67 |
| Others | 215 | 584 |
| Other current receivables | 2,118 | 1,342 |

NON-CURRENT FINANCIAL LIABILITIES

| EUR'000 | Jun. 30, 2017 | Dec. 31, 2016 |
|--|---------------|---------------|
| Non-current financial liabilities | 4,170 | 4,557 |
| Portion of non-current financial liabilities due in less than one year | -799 | -789 |
| Non-current financial liabilities less current portion | 3,371 | 3,768 |

PENSION PROVISIONS

Pension provisions were developed assuming stable parameters, and regular pension payments mean that these are on par with the prior year's level. A weighted average interest rate for pensioners and aspirants of 2.25% (prior year: 2.25%) was used. The calculation parameters are reviewed regularly so that it might come to retroactive adjustments in the further course of the year.

CURRENT FINANCIAL LIABILITIES

Current financial liabilities reported relate to the current liabilities to banks totaling EUR 1,018 thousand (previous year: EUR 6,859 thousand) and current positions of non-current financial liabilities here totaling EUR 799 thousand (previous year: EUR 789 thousand).

OBLIGATIONS ON CONSTRUCTION CONTRACTS

| EUR'000 | Jun. 30, 2017 | Dec. 31, 2016 |
|--|---------------|---------------|
| Advance payments received (progress billing) | 1,001 | 3,528 |
| less contract costs incurred (incl. share of profit) | -695 | -2,564 |
| Obligations on construction contracts | 306 | 964 |

ACCRUALS

| EUR'000 | Jun. 30, 2017 | Dec. 31, 2016 |
|--------------------------|------------------|------------------|
| Obligations to employees | 3,167 | 2,196 |
| Obligations to suppliers | 2,596 | 2,360 |
| Other commitments | 221 | 189 |
| Accruals | 5,984 | 4,745 |

OTHER CURRENT LIABILITIES

| EUR'000 | Jun. 30, 2017 | Dec. 31, 2016 |
|------------------------------------|------------------|------------------|
| Payroll and church tax liabilities | 660 | 386 |
| Other liabilities | 503 | 1,183 |
| Other current liabilities | 1,163 | 1,569 |

OTHER PROVISIONS

Other provisions were divided into non-current (EUR 376 thousand; previous year: EUR 342 thousand) and current provisions (EUR 3,107 thousand; previous year: EUR 2,349 thousand).

| EUR'000 | Jun. 30, 2017 | Dec. 31, 2016 |
|-------------------|------------------|------------------|
| Warranty | 1,291 | 1,178 |
| Subsequent costs | 939 | 584 |
| Bonus (long-term) | 305 | 271 |
| Penalties | 516 | 299 |
| Others | 432 | 359 |
| Total | 3,483 | 2,691 |

C. NOTES ON SELECTED INCOME STATEMENT ITEMS

SALES REVENUES

| EUR'000 | Jan. 1 - Jun. 30, 2017 | Jan. 1 - Jun. 30, 2016 |
|---------------------|---------------------------|---------------------------|
| Systems | 33,911 | 30,124 |
| After-sales | 7,452 | 7,363 |
| Contract processing | 1,818 | 1,319 |
| Others | 402 | - |
| Total | 43,583 | 38,806 |

INCOME TAXES

| EUR'000 | Jan. 1 - Jun. 30, 2017 | Jan. 1 - Jun. 30, 2016 |
|------------------------------------|---------------------------|---------------------------|
| Current tax expenses | -601 | -9 |
| Deferred tax expenses (-) / income | 1 | 297 |
| Total income taxes | -600 | 288 |

EARNINGS PER SHARE

| | Jan. 1 - Jun. 30, 2017 | Jan. 1 - Jun. 30, 2016 |
|---|---------------------------|---------------------------|
| Numerator: Consolidated net result for the period before minority interests (EUR '000) | 508 | 386 |
| Denominator: Weighted number of shares outstanding – basic | 21,749,988 | 21,749,988 |
| Earnings per share (EUR) | 0.02 | 0.02 |

D. NOTES ON THE CASH FLOW STATEMENT

The cash flow statement was prepared in line with the same principles as in the consolidated financial statements 2016 and is structured in the same way.

E. ADDITIONAL DISCLOSURES

SEGMENT REPORTING

The segment information for the **second quarter** of the year is as follows:

| EUR'000 | External sales revenues | | Internal sales revenues | | Total sales revenues | | Operating result (EBIT) | % of sales revenues | Operating result (EBIT) | % of sales revenues |
|-----------------------|-------------------------|---------------|-------------------------|--------------|----------------------|---------------|-------------------------|---------------------|-------------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | | 2016 | |
| Industrial Systems | 8,078 | 9,673 | 322 | 437 | 8,400 | 10,110 | -280 | -3.5 | -341 | -4.0 |
| Semiconductor Systems | 12,165 | 12,106 | 96 | 382 | 12,261 | 10,312 | 1,363 | 11.2 | 2,387 | 19.2 |
| Holding | - | - | 1,330 | 602 | 1,330 | 602 | -381 | - | -798 | - |
| Segment total | 20,243 | 21,779 | 1,748 | 1,421 | 21,991 | 21,025 | 702 | 3.5 | 1,248 | 6.0 |
| Consolidation | 0 | 0 | -1,330 | -602 | -1,330 | -602 | 169 | - | 57 | - |
| Group | 20,243 | 21,779 | 418 | 819 | 20,661 | 22,598 | 871 | 4.3 | 1,305 | 6.0 |

The segment information for the **first half** of the year is as follows:

| EUR'000 | External sales revenues | | Internal sales revenues | | Total sales revenues | | Operating result (EBIT) | % of sales revenues | Operating result (EBIT) | % of sales revenues |
|-----------------------|-------------------------|---------------|-------------------------|--------------|----------------------|---------------|-------------------------|---------------------|-------------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | | 2016 | |
| Industrial Systems | 16,642 | 18,260 | 1,043 | 585 | 17,685 | 18,845 | 44 | 0.0 | 334 | 0.0 |
| Semiconductor Systems | 26,941 | 20,546 | 238 | 541 | 27,179 | 21,087 | 2,420 | 9.0 | 1,259 | 4.6 |
| Holding | - | - | 2,666 | 1,631 | 2,666 | 1,631 | -999 | - | -1,024 | - |
| Segment total | 43,583 | 38,806 | 3,947 | 2,757 | 47,530 | 41,563 | 1,465 | 3.4 | 569 | 1.5 |
| Consolidation | 0 | 0 | -2,666 | -1,631 | -2,666 | -1,631 | -13 | - | 0 | - |
| Group | 43,583 | 38,806 | 1,281 | 1,126 | 44,864 | 39,932 | 1,452 | 3.3 | 569 | 1.5 |

The reconciliation of the segment results (EBIT) to the consolidated net result for the period is as follows:

| EUR'000 | Apr. 1 - Jun. 30, 2017 | Apr. 1 - Jun. 30, 2016 | Jan. 1 - Jun. 30, 2017 | Jan. 1 - Jun. 30, 2016 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| Total segment results | 702 | 1,248 | 1,465 | 569 |
| Consolidation | 169 | 57 | -13 | 0 |
| Consolidated operating profit (EBIT) | 871 | 1,305 | 1,452 | 569 |
| Financial result | -140 | -250 | -344 | -471 |
| Results before taxes | 731 | 1,055 | 1,108 | 98 |
| Income taxes | -1,009 | 560 | -600 | 288 |
| Consolidated net result for the period | -278 | 1,615 | 508 | 386 |

FINANCIAL INSTRUMENTS

Of the financial instruments recognized as of the reporting date, only derivative financial instruments are measured at fair value according to the following fair value hierarchy:

| as of June 30, 2017 in EUR'000 | Total | Level 1 | Level 2 | Level 3 |
|--|-------------|---------|---------|---------|
| Financial liabilities measured at fair value: | | | | |
| Derivative financial instruments | -525 | 0 | -525 | 0 |

In PVA TePla Group, derivative financial instruments are used exclusively to hedge risks from underlying transactions. In particular, these include risks from sales in foreign currencies and interest rate risks.

Forward exchange contracts with a total open volume of EUR 1,133 thousand (previous year: EUR 2,217 thousand) were concluded to hedge USD payment claims. The present value of these forward exchange contracts on June 30, 2017 is EUR +17 thousand.

To hedge the interest rate risk for financing investments in buildings at the Wetttemberg and Jena sites, interest rate hedges originally totaling EUR 11,600 thousand were concluded. The open amount of these hedges as of the reporting date on June 30, 2017 was EUR 4,000 thousand. The fair value of these instruments is EUR -542 thousand as of the reporting date.

RELATED PARTIES

In the past, PVA TePla AG's relevant transactions with related parties principally encompassed acquisitions of operating and office equipment from an IT company. As the company in question was integrated into the PVA TePla Group in 2016, the company only has a small number of transactions with related parties. As of June 30, 2017, EUR 14 thousand is attributable to services rendered by companies over which executive officers of PVA TePla AG exercise control. There were no outstanding receivables and liabilities as of the reporting date on June 30, 2017. All transactions are conducted at arm's length conditions.

AUDITOR

At the Annual General Meeting on June 21, 2017, the shareholders approved the Supervisory Board's proposal and, as in the previous year, appointed Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft / Steuerberatungsgesellschaft, Frankfurt am Main, Germany, as auditor of the annual and consolidated financial statements for the fiscal year 2017.

RESPONSIBILITY STATEMENT

To the best of our knowledge, we assure that in accordance with the applicable reporting principles, the interim reporting of the Consolidated Financial Statements gives a true and fair view of the net assets, financial position and profit or loss of the Group, and that the interim Group Management Report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principle opportunities and risks associated with the expected development of the Group for the remainder of the fiscal year.

Wettenberg, August 10, 2017

Alfred Schopf
Chief Executive Officer

Oliver Höfer
Chief Operating Officer

FINANCIAL CALENDAR

| Date | | |
|----------------------|---|-----------|
| November 10, 2017 | Interim Report as of September 30, 2017 | |
| November 27-29, 2017 | German Equity Forum | Frankfurt |

IMPRINT

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