



▶ VIDEO MESSAGE OF THE CEO

**OUR GROWTH STRATEGY
IS BASED ON SIX STRATEGIC
PILLARS – ONE OF THEM
IS OUR INNOVATIVE
FORCE IN R&D.**

Dear shareholders

2018 was a trailblazing year for Pfeiffer Vacuum: it marked the start of the transformation period which will realign our Company for a successful future. The goal of this major transformation is to make Pfeiffer Vacuum the Top 2 player in the vacuum industry. Actually, we are already the number 2, but with a sizable gap to the number 1. We want to substantially reduce this gap by increasing our market share to more than 20%.

The great financial results of the year 2018 show that we have a strong starting position: we achieved sales of € 659.7 million, which means an increase of 12.4 % compared to last year and a new sales record for the Company.

Within the next years, we want to grow further. To do so, we have developed a growth strategy that we will pursue ambitiously. The core elements of this strategy are significantly bigger investments than in the past. With them, we aim to increase our capacities worldwide, to modernize our operations as well as our IT infrastructure and to expand our global footprint – especially in Asia. Moreover, we will strongly enhance our R&D to benefit from digitalization, to innovate our products and to strengthen their technological intelligence as well as connectivity. This is why we developed a three-year investment plan of € 150 million in March 2018, with which we will speed up the implementation of our Group strategy from 2018 to 2020. The average of the investments made in the last ten years (2007–2017) amounted to € 10–15 million per year – this clearly underlines our great need for action.

Another important transformation that currently takes place inside the Pfeiffer Vacuum Group affects the management culture: we foster a much stronger collaboration between the worldwide locations of Pfeiffer Vacuum to seize synergies, benefit from global best practice approaches and create an international team spirit. To shorten our response times and to make our way of working efficient and agile, we empower our people, giving them more responsibility as well as decision authority.

This part of the transformation process started in January 2019 with the introduction of the new functions of the Management Board members: We now have the global positions of Chief Sales Officer (CSO), Chief Financial Officer (CFO), Chief Technology Officer (CTO) and Chief Operations Officer (COO). We consider this re-arrangement of the organizational structure of the Management Board vital for implementing the individual areas of our growth strategy more quickly and with a greater focus by having dedicated responsibilities in the functional leadership of the Group.

I want to use the opportunity to give you, dear shareholders, an overview of these individual areas of our strategy. It is based on these six main pillars:

1. Fields of application – participating in the future megatrends
2. Innovation leadership – growth through new products
3. New business models – e.g. wider service offerings
4. China – expanding our presence in the world's fastest growing market
5. Supply chain & global footprint – seize benefits of global procurement and customer proximity
6. Selective acquisitions to extend technology, presence and product portfolio





We have to know the demands and requirements of our customers and foster our innovation to develop the vacuum equipment of the future.

What lies in detail behind these pillars and how do we plan to reach them? To answer these questions and to get more information on the ongoing transformation of our Company, we invite you to visit the online version of this year's annual report, where we provide you with more details and interactive content on our strategic goals.

[➔ ONLINE VERSION ANNUAL REPORT 2018](#)

We would like to give you more insights into one of the most important pillars of our growth strategy: our innovative force and the goal to grow through the development of new products. Therefore, the annual report 2018 centers around the R&D work at Pfeiffer Vacuum.

Only if we provide the right products for the megatrends in our target markets, will we be able to realize our ambitious goals. We have to know the demands and requirements of our customers and foster our innovation to develop the vacuum equipment of the future. Digitalization, energy transition, biotechnology as well as nanotechnology and life-science are the fields of application that will shape our world of tomorrow – and they all need vacuum solutions. Our R&D work is crucial for taking part in these trends and for realizing the market share growth as well as the increase in profitability that we foresee for our Company. Our customers' technologies are

incredibly exciting and promising. We, Pfeiffer Vacuum, want to provide our customers with leading vacuum technology solutions so that they can manufacture high-quality products. This is our strong commitment to them: we are here to make our customers more successful.

Dear shareholders, dear stakeholders, as you can see, we have an exciting and eventful path behind and in front of us. And the most important asset of all that we have to tread this path is our excellent, dedicated employees who, together with us, are implementing all these changes in order to lead Pfeiffer Vacuum into a successful future.

On behalf of the Management Board and our employees, I would like to thank you for your trust and support in 2018. I hope that it remains the same in 2019 so that we altogether continue to strive for sustainable growth to ensure the future success of our Company.

Sincerely yours,

Dr. Eric Taberlet
CEO of Pfeiffer Vacuum Technology AG

