PFEIFFER VACUUM TECHNOLOGY AG
Form 6-K
November 04, 2003

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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 under

the Securities Exchange Act of 1934

For the month of September 2003

PFEIFFER VACUUM TECHNOLOGY AG

(Translation of registrant s name into English)

Berliner Strasse 43
D-35614 Asslar
Federal Republic of Germany
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of form 20-F or Form 40-F.

Form 20-F	x	Form 40-F	o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (1):

Yes	o	No	x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (7):

Yes	o	No	x

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes	o	No	x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

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PFEIFFER VACUUM TECHNOLOGY AG
CONSOLIDATED STATEMENT OF INCOME
(in thousands other than per share amounts)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2003	**2002**	**2003**	**2002**
Net sales	35,639	37,356	102,276	110,853
Cost of sales	(20,140)	(20,483)	(58,511)	(60,856)
Gross profit	**15,499**	**16,873**	**43,765**	**49,997**
Selling and marketing expenses	(4,775)	(5,987)	(15,131)	(17,336)
General and administrative expenses	(2,739)	(2,949)	(9,006)	(8,631)
Research and development expenses	(1,991)	(2,497)	(6,797)	(7,540)
Depreciation	(960)	(1,195)	(3,057)	(3,551)
Operating profit	**5,034**	**4,245**	**9,774**	**12,939**
Interest expense	(6)	(120)	(206)	(345)
Interest income	336	588	1,186	1,485
Foreign exchange gain	424	380	1,834	179
Income before taxes	**5,788**	**5,093**	**12,588**	**14,258**
Income taxes	(2,720)	(1,987)	(5,916)	(5,561)
Net income	**3,068**	**3,106**	**6,672**	**8,697**
Net income per ordinary share and ADR (in):				
Basic	0.35	0.35	0.76	0.99
Diluted	0.35	0.35	0.76	0.99

See notes to the consolidated financial statements.

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PFEIFFER VACUUM TECHNOLOGY AG
CONSOLIDATED BALANCE SHEETS
(in thousands, unaudited)

	September 30, 2003	December 31, 2002
ASSETS		
Cash and cash equivalents	68,890	72,264
Trade accounts receivable net	20,941	21,937
Other accounts receivable	1,496	3,164
Inventories net	22,782	22,403
Prepaid expenses	537	562
Deferred tax assets net	845	775
Other current assets	738	713
TOTAL CURRENT ASSETS	116,229	121,818
Property, plant and equipment net	25,932	28,434
Deferred tax assets net	2,609	2,731
Goodwill	1,037	1,037
Other assets	1,488	1,476
TOTAL LONG-TERM ASSETS	31,066	33,678
TOTAL ASSETS	147,295	155,496
LIABILITIES AND SHAREHOLDERS EQUITY		
Current portion of long-term debt		1,291
Trade accounts payable	8,137	5,752
Accrued other liabilities	8,074	9,188
Income tax liabilities	2,555	2,317
Customer deposits	1,295	1,938
TOTAL CURRENT LIABILITIES	20,061	20,486
Long-term debt		7,746
Convertible bonds	845	1,011
Accrued pension	35,806	33,615
Minority interests		130
TOTAL LONG-TERM LIABILITIES	36,651	42,502
SHAREHOLDERS EQUITY		
Share capital (8,715,464 shares authorized, issued and outstanding at September 30, 2003 and 8,790,600 at December 31, 2002, respectively)	22,504	22,504
Additional paid-in-capital	2,821	2,821
Treasury stock	(1,792)	
Retained earnings	67,639	65,870
Accumulated other comprehensive income (loss)	(589)	1,313
TOTAL SHAREHOLDERS EQUITY	90,583	92,508

TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	147,295	155,496

See accompanying notes to consolidated financial statements.

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PFEIFFER VACUUM TECHNOLOGY AG
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
(in thousands, unaudited)

				Accumulated other comprehensive income (loss)				
	Share capital	Additional paid-in capital	Retained earnings	Minimum pension liability	Cumulative translation adjustment	Unrealized gain/(loss) on hedges	Share buy back Program	Total shareholders equity
Balance at January 1, 2001	**22,065**	**2,184**	**38,706**	**(19)**	**3,540**	**631**		**67,107**
Dividends paid			(4,319)					(4,319)
Bonds converted	439	637						1,076
Net income			18,871					18,871
Components of other comprehensive income (loss)				19	1,088	(440)		667
Comprehensive income								19,538
Balance at December 31, 2001	**22,504**	**2,821**	**53,258**		**4,628**	**191**		**83,402**
Dividends paid			(4,923)					(4,923)
Net income			17,535					17,535
Components of other comprehensive income (loss)				(656)	(3,068)	218		(3,506)
Comprehensive income								14,029
Balance at December 31, 2002	**22,504**	**2,821**	**65,870**	**(656)**	**1,560**	**409**		**92,508**
Dividends paid			(4,903)					(4,903)
Share buy back							(1,792)	(1,792)
Net income nine months of 2003			6,672					6,672
Components of other comprehensive income (loss)					(1,936)	34		(1,902)
Comprehensive income								4,770
Balance at September 30, 2003	**22,504**	**2,821**	**67,639**	**(656)**	**(376)**	**443**	**(1,792)**	**90,583**

See accompanying notes to consolidated financial statements.

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PFEIFFER VACUUM TECHNOLOGY AG
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands, unaudited)

	Nine months ended September 30,	
	2003	**2002**
Cash flow from operating activities:		
Net income	6,672	8,697
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,057	3,551
Gain on disposal of fixed assets	(98)	(18)
Provision for doubtful accounts	574	509
Effects of changes in assets and liabilities:		
Trade accounts receivable	422	856
Other accounts receivable	1,668	(901)
Inventories	(379)	(1,773)
Prepaid expenses	25	521
Other current assets	(95)	(218)
Other long-term assets	(43)	243
Accrued pension liabilities	2,191	2,170
Accounts payable trade	2,385	(453)
Income tax liabilities	238	(1,985)
Accrued other liabilities	(1,114)	(117)
Customer deposits	(643)	(381)
Net cash provided by operating activities	**14,860**	**10,701**
Cash flow from investing activities:		
Proceeds from disposal of fixed assets	170	159
Capital expenditures	(627)	(2,106)
Purchase of business assets		(2,403)
Minority interests	(130)	
Net cash used in investing activities	**(587)**	**(4,350)**
Cash flow from financing activities:		
Dividend payment	(4,903)	(4,923)
Repayment of loan	(9,037)	(1,291)
Share buy back	(1,792)	
Bonds payable converted issuance/(repayments)	(13)	90
Net cash used in financing activities	**(15,745)**	**(6,124)**
Foreign currency translation and other comprehensive income adjustments	(1,902)	(857)
Net decrease in cash and cash equivalents	**(3,374)**	**(630)**
Cash and cash equivalents at beginning of year	**72,264**	**65,035**
Cash and cash equivalents at end of period	**68,890**	**64,405**
Non-cash transactions:		
Convertible bonds and employee loans	**(153)**	**499**

See notes to the consolidated financial statements.

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PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

September 30, 2003

Basis of Presentation

The accompanying unaudited consolidated financial statements of Pfeiffer Vacuum Technology AG and its subsidiaries (herein called the Company) have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position and results of operations have been included. Operating results for the three and nine month periods ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ended December 31, 2003. All amounts in the accompanying unaudited consolidated financial statements are presented in euros ( ). For further information, refer to the consolidated financial statements and footnotes thereto included in the Pfeiffer Vacuum Technology AG annual report on Form 20-F for the year ended December 31, 2002.

Business Overview

The Company develops, manufactures, sells and services a broad range of turbomolecular pumps, backing pumps, such as rotary vane, Roots and dry pumps, complete pumping stations, as well as customized vacuum systems. Its product portfolio also includes digital pressure gauges, complementary vacuum components and vacuum instruments, as well as components and systems for the production of pre-recorded and re-writable DVDs.

Pfeiffer possesses a global sales and service network, comprising its own sales offices, subsidiaries and exclusive marketing agents. Moreover, there are also service support points in all major industrial locations throughout the world. The Company s primary markets are located in Europe, the United States and Asia.

Listing

Since July 16, 1996 the Company s American Depositary Receipts, each representing one Ordinary Share, are listed on the New York Stock Exchange and trade under the symbol PV. The depository for the ADRs was until March 12, 2002 the Bank of New York, since March 13, 2002 it is the Deutsche Bank Trust Company Americas in New York. The ADRs also trade on the Berliner Freiverkehr, the Stuttgart Freiverkehr, the Frankfurt Freiverkehr, the Düsseldorf Freiverkehr and the Hamburg Freiverkehr in Germany.

The Company s Ordinary Shares have been listed and principally traded on the Neuer Markt of the Frankfurt Stock Exchange since April 15, 1998. The Neuer Markt was a segment of Deutsche Börse AG. Deutsche Börse reorganized the stock exchange segments in 2003 and differentiated it by a General Standard and a Prime Standard. The General Standard is subject to the requirements prescribed under German law; the Prime Standard additionally includes internationally customary transparency requirements (quarterly reporting, IAS/IFRS or U.S. GAAP international accounting standards, presentation of a corporate calendar, at least one analyst conference per year, as well as ad-hoc press releases in German and English). The Deutsche Börse AG confirmed the Company s inclusion in the Prime Standard beginning January 1, 2003.

In June 2003, all previously at Neuer Markt listed companies were integrated in the new segments Prime Standard or General Standard of Deutsche Börse AG. Consequently, Neuer Markt was closed on June 5, 2003.

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(UNAUDITED)

Additionally, in 2003 Deutsche Börse introduced a new index system that was specifically tailored to the needs of investors. As of March 24, 2003 the Company belongs to the newly created TecDax Index, which includes the 30 most important technology companies.

All ordinary shares have been issued in bearer form.

New U.S. Legislation

As a result of the Company s listing at New York Stock Exchange, it is subject not only to the provisions of German law (corporation, codetermination and capital market legislation) and of its own Articles of Association but also to the licensing requirements of the New York Stock Exchange. American capital market legislation specifically the Sarbanes-Oxley Act and the rules and regulations of the Securities and Exchange Commission (SEC) also apply to Pfeiffer.

The Company established in March 2003 an Audit Committee. The following individuals are members of the Audit Committee:

Götz Timmerbeil, Gummersbach, Certified Public Accountant and Tax Consultant
(Chairman and Financial Expert),
Dr. Michael Oltmanns, Frankfurt/M., Lawyer and Tax Consultant,
Michael Anderson, New York, Managing Director.

All members of the Audit Committee are members of the Company s Supervisory Board. The Company did not enter into any other service contract with the members of the Audit Committee.

Controls and Procedures

On February 26, 2002, a German government commission adopted the German Corporate Governance Code (DCGK). The corresponding legislation went into force on July 26, 2002. The DCGK governs the publication of annual and quarterly reports, defines the Management Board s information and reporting obligations to the Supervisory Board and governs the formation of audit committees dealing with accounting, risk management, the issuance of auditing commissions to independent auditors, conflicts of interest of Supervisory Board members and other matters. The Company has incorporated the recommendations of the Corporate Governance Code into its corporate strategy. More detailed information about DCGK is published on the Company s internet-homepage (www.pfeiffer-vacuum.de).

The Company has a risk management system in place that enables existing risks to be identified and correctly treated early on. Methods of avoiding, reducing and securing risks are developed and implemented. The risk early warning system is regularly reviewed for its fundamental suitability for identifying developments that could endanger the continued existence of the Company. The Company s risk coordinator is responsible for compiling timely risk reports and forwarding them to the risk committee, comprising the Management Board, department heads and the risk coordinator. The risk coordinator is also responsible for monitoring the adopted measures. The respective department heads bear the responsibility for instituted measures. The department heads are required to comment on risk development on a quarterly basis.

In 2002, the Company s Reporting Manual was revised and provided to the management of the consolidated companies.

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PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

All annual and quarterly reports are reviewed by the Company s Management Board prior to publication. In accordance with German law, the members of the Management Board confirm through their signatures that, to the best of their knowledge and belief, all required information is contained therein and that they have no knowledge of any material irregularities that could negatively impact the Company s operating or financial results. All annual and quarterly reports are also provided to all members of the Supervisory Board and the Audit Committee prior to publication. Furthermore, all members of the Supervisory Board receive comprehensive information about all material business transactions, the order situation and the results of all consolidated companies in the form of a detailed monthly reporting system.

Auditors

In the annual general meeting of the Company the Supervisory Board proposed and the shareholders elected KPMG Deutsche Treuhandgesellschaft AG, Wirtschaftsprüfungsgesellschaft, located Frankfurt/M., to its auditing company for the year 2003.

Management Board

Effective April 1, 2003, the Supervisory Board appointed Amandus Waterkamp, Rheinbreitbach/Germany as member of the Management Board, in accordance with the German Stock Corporation Law (Aktiengesetz) and the Articles of Association of the Company.

Wilfried Glaum, member of the Management Board and Chief Financial Officer, retired end of June 2003. He served more than 31 years for the Company.

Beginning July 1, 2003 Mr. Waterkamp assumed Mr. Glaum s duties as Chief Financial Officer of Pfeiffer Vacuum Technology AG.

Adoption of New Accounting Rules

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations (SFAS No. 143), which addresses the financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs.

The provisions of this Statement are effective for the Company beginning June 2002. The adoption of this Statement did not have a material impact on the Company s financial position or results of operations.

SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities , was issued in July 2002. SFAS No. 146 replaces current accounting literature and requires the recognition of costs associated with exit or disposal activities when they are incurred rather than at the date of commitment to an exit or disposal plan. The provisions of the Statement are effective for exit or disposal activities that are initiated after December 31, 2002.

The adoption of this statement did not have a material effect on the Company s financial position or results of operations.

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PFEIFFER VACUUM TECHNOLOGY AG
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In May 2003 the Financial Accounting Standards Board issued SFAS No. 150 Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity . This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The adoption of this Statement did not have a material impact on the Company s financial position or results of operations.

Inventories

Inventories consist of the following:

	September 30, 2003	December 31, 2002
	(in thousands)	
Raw materials	8,106	7,078
Work-in-process	9,762	10,018
Finished products	10,113	10,501
Reserves	(5,199)	(5,194)
Total inventories net	22,782	22,403

The total inventories as at September 30, 2003 increased slightly compared to the previous year. Increased raw materials were offset by decreased work-in-process and finished products.

Stock-Based Compensation Convertible Bonds

SFAS No. 148, Accounting for Stock-Based Compensation, Transition and Disclosure , was issued on December 31, 2002. Statement 148 amends SFAS No. 123, Accounting for Stock-Based Compensation , to provide alternative methods of transition to Statement 123 s fair-value method of accounting for stock-based employee compensation. Statement 148 also amends the disclosure provisions of Statement 123 and APB Opinion No. 28, Interim Financial Reporting . Statement 148 s amendment of the transition and annual disclosure requirements of Statement 123 are effective for fiscal years ending after December 15, 2002, with earlier application permitted. The adoption of SFAS No. 148 did not have any impact on the Company s financial position or results of operations.

As permitted under SFAS 123, Accounting for Stock-Based Compensation , the Company applies the intrinsic value-based method in accordance with APB 25 for its employee convertible bonds stock-based compensation plans. Under APB 25, the Company records no expenses relating to the convertible bonds since the conversion price is equal to or greater than the market price of the Company s ordinary share on the date of grant.

Employee Participation Program, Term: 2000 through 2005

Within the scope of an employee participation program, in July 2000 the Company issued 4,400 convertible bonds valued at 0.6 million at an issue price of 100% to members of management and salaried employees of the Company and its subsidiaries in Germany and other countries. The conversion feature entitles the bearer to convert each bond into 50 non-par value shares of the Company.

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The conversion price is based upon 110% of the average closing price on the Frankfurt Stock exchange for the last ten trading days prior to the resolution by the Management Board to issue the convertible bonds. Accordingly, the conversion price for the July 2000 issue was set at 48.03 per share and includes the bond par value per equivalent share of 2.56. There were 120,000 option shares, related to convertible bonds for the 2000 issue, outstanding at September 30, 2003. Fair value at the date of grant was 10.64 per common share option.

Beginning in July 2002, each holder of convertible bonds can convert up to 30% of such bonds to common stock, in July 2003 up to 60% and in July 2004 up to 100%. The final conversion date is December 9, 2005. Conversion is only possible during specific periods of time. The convertible bonds bear interest at 6% p.a. and are redeemable at par on December 10, 2005, unless previously converted. The bonds are to be returned at par upon termination of employment.

Employees were given the opportunity to finance the purchase of the convertible bonds with interest-bearing employee loans. These loans are classified as other long-term assets in the balance sheet and are repayable upon conversion or return.

As of September 30, 2003, employees had returned 1,200 of these convertible bonds having a par value of 153,600 and correspondingly repaid the related employee loans.

Employee Participation Program, Term: 2002 through 2007

Within the scope of a further employee participation program, in July 2002, the Company issued 4,600 convertible bonds valued at 0.6 million at an issue price of 100% to members of management and salaried employees of the Company and its subsidiaries. The conversion feature entitles the bearer to convert each bond into 50 non-par shares of Company stock. The conversion price is based on 110% of the average closing price on the Frankfurt Stock Exchange for the last ten trading days prior to issuance. The conversion price for the July 2002 issue was set at 42.86 per share and includes the bond par value per equivalent share of 2.56. There were 210,000 option shares, related to the convertible bonds for the 2002 issue, outstanding at September 30, 2003. Fair value at the date of grant was 10.35 per common share option.

Each holder of convertible bonds can convert up to 30% of such bonds to common stock for the first time following the Annual Shareholders Meeting in 2004, up to 60% following the Annual Shareholders Meeting in 2005 and up to 100% following the Annual Shareholders Meeting in 2006. The final conversion date is December 9, 2007. Conversion is only possible during specific periods of time.

The convertible bonds bear interest at 6% p.a. and are redeemable at par on December 10, 2007, unless previously converted. The bonds are to be returned at par upon termination of employment. Employees were given the opportunity to finance the purchase of the convertible bonds with an interest-bearing employee loan. These loans are classified as other long-term assets in the balance sheet and are repayable upon conversion or return.

As of September 30, 2003, employees had returned 100 of these convertible bonds having a par value of 12,800 and correspondingly repaid the related employee loans.

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PFEIFFER VACUUM TECHNOLOGY AG
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(UNAUDITED)

Accounting for Stock Based Compensation

A summary of option shares related to the convertible bonds is as follows:

	Number of Shares Outstanding	Weighted Average Exercise Price per Share
Convertible shares outstanding January 1, 2002	220,000	48.03
Granted	230,000	42.86
Exercised	0	0
Forfeited	(55,000)	46.62
Convertible shares outstanding December 31, 2002	395,000	45.22
Granted	0	0
Exercised	0	0
Forfeited	(65,000)	47.63
Convertible shares outstanding September 30, 2003	330,000	44.74

Shares exercisable at September 30, 2003 totaled 72,000.

SFAS 123 requires disclosure of pro forma information regarding net income and earnings per share as if the Company had accounted for its stock-based compensation to employees using the fair value method.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants in 2002 and 2000: Risk-free interest rates ranging from 4% to 5%; expected lives ranging from 4.5 to 6 years; expected dividend yield of 1% to 2%; and expected volatility ranging from 30% to 40%.

For pro forma purposes, the estimated fair value of the Company s stock-based awards is amortized over the vesting period. For the years 2003 and 2002, the fair value method did not materially impact net income or earnings per share.

Derivatives and Hedging Transactions

Effective January 1, 1999, the Company adopted the provisions of SFAS No. 133 issued by the Financial Accounting Standards Board in accounting for its forward currency hedging activities as cash flow hedges. SFAS No. 133 requires the Company to recognize derivative financial instruments as either assets or liabilities at their fair values. Derivatives that are not hedges must be adjusted to fair value through current income. If the derivative is a hedge, depending on the nature of the hedge, changes in fair value are either offset against current income or recognized in accumulated other comprehensive income until the hedged item is recognized in earnings. Changes in the fair market value of the derivative transactions (hedging contracts) will continue to be recognized in the corresponding asset or liability items of the balance sheet until the forecasted transaction is recognized in earnings.

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PFEIFFER VACUUM TECHNOLOGY AG
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(UNAUDITED)

The Company enters into foreign currency forward contracts to hedge the exposure of its forecasted sales to fluctuations in foreign currency exchange rates. These forward contracts are limited to currencies in which the Company has significant sales that are denominated in foreign currencies (primarily U.S. dollars) and are designed to protect specifically against the impact of changes in exchange rates on these sales.

The Company has assessed these contracts to be highly effective hedges of the impact of foreign exchange rate changes on its sales. The Company does not engage in speculative hedging for investment purposes. The maturities for all forward contracts are aligned with the date the sales are anticipated to occur. As of September 30, 2003 no contracts held by the Company had a maturity date greater than fifteen months from the contract dates. The Company s derivative contracts result in little to no ineffectiveness due to the nature of the foreign currency forward hedging activities.

All of the Company s contracts are marked to market at period end using quoted forward rates. The fair value recorded in other assets at September 30, 2003 was approximately 726,000. As of September 30, 2003 the notional amount of the forward contracts was approximately 11.2 million. All realized gains and losses upon settlement of foreign currency forward contracts are recorded in the income statement as foreign exchange gains/(losses). The Company performs ongoing credit evaluations of the parties to these contracts and enters into contracts only with well-established financial institutions.

Earnings per Ordinary and Diluted Share and ADR

The following table sets forth the computation of basic and diluted earnings per share and ADR:

	Three months ended September 30,		Nine months ended September 30,	
	2003	**2002**	**2003**	**2002**
Numerator:				
Net income (in thousands)	3,068	3,106	6,672	8,697
Denominator:				
Denominator for basic earnings per share weighted average shares	8,742,158	8,790,600	8,769,003	8,790,600
Effect of dilutive securities:				
Convertible bonds				
Denominator for diluted earnings per share adjusted weighted average shares and assumed conversions	8,742,158	8,790,600	8,769,003	8,790,600
Basic earnings per share and ADR ( )	0.35	0.35	0.76	0.99
Diluted earnings per share and ADR ( )	0.35	0.35	0.76	0.99

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PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Share Ownership

The following table shows (known to the Company) the number of Ordinary Shares, ADR and Convertible Bonds of the Company as of September 30, 2003 by all members of the Supervisory Board and the Management Board:

Members of the Supervisory Board	Ordinary Shares	ADRs	Convertible Bonds
Dr. Michael Oltmanns	100	0	0
Michael J. Anderson	0	0	0
Prof. Dr. Klaus-Jürgen Kügler	0	0	0
Götz Timmerbeil	0	0	0
Edgar Keller	0	0	0
Günter Schneider	80	0	0

Members of the Management Board	Ordinary Shares	ADRs	Convertible Bonds
Wolfgang Dondorf	56,000	200	0
Amandus Waterkamp	0	0	0

Employees

As of September 30, 2003 the Company employed 771 people, 585 of which are in Germany and 186 of which are in other countries.

Headcount	September 30,			
	2003	2002	2003	2002
	Germany		Foreign Countries	
Production	293	310	57	59
Research and Development	93	101	2	4
Selling and Marketing	116	129	93	106
Administration	83	81	34	33
Total	585	621	186	202

The Company s manpower dropped in 2003 by 6.3%. This was primarily the consequence of fluctuation and reorganization, termination of temporary personnel contracts and retirements without hiring new staff.

Beginning January 2003 the Company introduced in its German factories a new flexible working hours model, to retain its qualified personal. The basis of the flexitime model is to decrease or increase the working time depending on the rate of capacity utilisation using the time spread of the whole year.

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(UNAUDITED)

Additionally, in August 2003 the Management Board and the Works Council of the Asslar facility agreed to reduce the working time by 2.5 hours weekly and the corresponding salaries of the pay scale employees. Those staff members to whom the regular pay scale does not apply accepted weekly 2.5 hours overtime without compensation. Both agreements are limited in time for 6 months, beginning September 01, 2003.

Goodwill

The Company adopted the Statements of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets on accounting for goodwill and other intangible assets in the first quarter of 2002. During the end of the second quarter 2003, the Company performed the second of the required impairment tests of goodwill using the fair value based test; no impairment of goodwill resulted from this test.

Segment Information

The Company evaluates the success and performance of its subsidiaries on the basis of their income before income tax. The accounting principles used in regional reporting are identical to those described in the Basis of Presentation.

The Company s business activities include the development, manufacture, sale and service of vacuum pumps, vacuum components and instruments, as well as vacuum systems and production equipment used in the manufacturing of DVDs. The subsidiaries in the individual countries are independent legal entities with their own management. Consequently, segment reporting is therefore country-based.

Information concerning the Company s geographic locations is summarized as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
	(in thousands)		(in thousands)	
Net Sales				
Germany				
Unaffiliated	16,734	17,664	47,083	48,901
Intercompany	10,469	11,824	30,435	35,413
	27,203	29,488	77,518	84,314
Europe excluding Germany	9,871	10,227	30,796	32,662
United States	8,468	8,875	23,084	27,524
Rest of World	901	935	2,450	2,709
	46,443	49,525	133,848	147,209
Intercompany eliminations	(10,804)	(12,169)	(31,572)	(36,356)
Total	35,639	37,356	102,276	110,853

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	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
	(in thousands)		(in thousands)	
Operating profit				
Germany	3,238	3,129	5,511	9,112
Europe excluding Germany	712	256	1,854	1,284
United States	910	1,033	1,950	2,335
Rest of World	64	166	373	516
	4,924	4,584	9,688	13,247
Intercompany eliminations	110	(339)	86	(308)
Total	5,034	4,245	9,774	12,939

Income Tax Expense

Under German corporate tax law, taxes on income are composed of corporate taxes, trade taxes and an additional surtax.

Effective January 1, 2002, a corporation and trade tax entity with corresponding profit and loss transfer agreements was established for the consolidated German companies. Additionally, the Company had a claim to a tax credit on distributed earnings in 2003 for the fiscal year 2002. In conformity to the German Tax Legislation this claim reduced the income tax expense and the income tax rate for the year 2002.

On April 11, 2003 the German Tax Authorities passed a resolution effective April 12, 2003 regarding the refund of corporation tax credits resulting from distributed earnings to the shareholders. The Company s dividend payment for the year 2002 (within 2003) is no longer eligible for tax relief. Subsequently, the Company s rights of claim for the year 2002 are invalidated. The Company deleted the refund of the corporation tax for 2002 amounting to approximately 0.9 million in 2003 and consequently the Company s combined tax rate of the year 2003 is burdened with this amount and increased to approximately 47.0%. Additionally there is no claim for reimbursement of the corporation tax 2003 due to an eventually expected dividend payment for the year 2003 within 2004.

Due to this new legislation the Company s expected effective tax rate in Germany for years beginning 2004 will be approximately the statutory rate of 39.0%, only reduced by the benefits in consequence of the trade tax entity and the profit and loss transfer agreements in Germany.

Beginning December 31, 2005 under the new tax legislation it is possible to claim a partial reimbursement of the corporation tax depending on future dividend payments.

The effective tax rate for the three month period ended September 30, 2002 was 39.0%.

Acquisition

At July 31, 2003 the Company acquired 250 registered shares of Pfeiffer Vacuum Systems International AG in Zuzwil/Swiss. The purchase price was 1 Swiss Franc. The Company owns now 100% of the share capital. The proforma effect of this acquisition is not significant to the Company s operational and financial condition.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Three Months Ended September 30, 2003 Compared to Three Months Ended September 30, 2002 (Percentages calculated based on amounts in thousands)

Net Sales

The following table summarizes the Company s net sales by geographical area:

	Three months ended			
	September 30, 2003		September 30, 2002	
	(in thousands)	%	(in thousands)	%
Net Sales				
Germany	11,238	31.5	12,607	33.7
Europe excluding Germany	10,483	29.4	11,782	31.5
United States	8,458	23.7	8,745	23.4
Rest of World	5,460	15.4	4,222	11.4
Total	35,639	100.0	37,356	100.0

The Company recorded in the third quarter 2003 net sales revenues amounting to 35.6 million, compared to 37.4 million in the prior year s period. Net sales decreased in Germany by 1.4 million, in Europe excluding Germany by 1.3 million. In consequence of the weakness of the U.S. dollar against the euro the Company s net sales were adversely impacted by the effect of changes in these exchange rates, amounting to approximately 1.2 million, although the Company s net sales revenue in the U.S. increased by U.S. dollar 0.6 million in the three months ended September 30, 2003. In the rest of world (mainly in Asia) the Company increased its sales by 1.2 million or 29.3%. The Company expects these first positive factors are an indication for a potential economic upturn.

Sales in vacuum instruments and components decreased by 2.0 million. Increased sales were recorded in fore vacuum pumps by 0.5 million and in systems by 0.5 million. The service revenues decreased from 6.5 million in the third quarter 2002 by 0.1 to 6.4 million in the current period; compared to the second quarter 2003 an increase of 0.4 million was recorded.

Order intake and Order backlog

Orders received amounted to 36.2 million in the three months ended September 30, 2003 and increased by 1.8 million, from 34.4 million in the three months ended September 30, 2002. Order intake of turbo pumps increased by 4.1 million. Order intake of systems and vacuum instruments and components decreased by 2.1 million. Service orders received are flat compared to the previous year s quarter. The weakness of the U.S. dollar against the euro impacted adversely the order intake by approximately 1.5 million.

The Company s backlog decreased from 25.2 million in the third quarter of 2002 by 0.8 million to 24.4 million in 2003. Compared to the second quarter of 2003 a small increase in orders received (by 0.5 million) indicate a slightly positive trend.

Contracts are included in backlog only if they represent firm orders and include firm shipping schedules. Generally, the backlog position at any particular time should not be construed to represent future levels of sales and orders.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Gross Profit

Gross profit decreased by 1.4 million or 8.1% from 16.9 million in the three month period ended September 30, 2002 to 15.5 million in the comparable period in 2003. The Company s gross margin decreased from 45.2% in 2002 to 43.5% in 2003. An essential part of this decrease (0.9 million) is due to the weakness of the U.S. dollar against the euro. Additionally the slight decline in the plant utilization rate due to the weakening of the economy led to a lower gross profit.

Selling and Marketing Expenses

Selling and marketing expenses decreased from 6.0 million in the third quarter 2002 to 4.8 million in the third quarter 2003. As a percentage of sales, selling and marketing expenses decreased from 16.0% to 13.4%. The manpower of the sales and marketing force dropped in 2003 by 11.1% and led to a decrease in selling and marketing expenses.

General and Administrative Expenses

General and administrative expenses amounted to 2.7 million in the three months ended September 30, 2003 and decreased by 0.2 million from 2.9 million in the prior year s period. As a percentage of sales, general and administrative expenses decreased from 7.9% in 2002 to 7.7% in 2003. The availment of services by third parties (temporary work) decreased and led to lower general and administrative expenses.

Research and Development

Research and development expenses decreased from 2.5 million in the third quarter of 2002 to 2.0 million in the third quarter 2003. The research and development expenses as percentage of the net sales revenue decreased from 6.7% in 2002 to 5.6% in the current period. The Company s intention is to invest in the needs of future markets, to hold it s technical advantages, to improve it s market position and to enter new markets. It expects research and development expenses in future will correspond to the current level, approximately. The Company expenses all research and development costs as they are incurred.

Operating Profit

Operating profit increased from 4.2 million in the three months ended September 30, 2002 to 5.0 million in the three months ended September 30, 2003. As a percentage of sales the operating profit increased from 11.4% to 14.1%, primarily as the result of the factors discussed above. The operating profit is burdened with the negative effect of the exchange rate changes due to the strong euro against the U.S. dollar amounting to approximately 0.7 million.

Foreign exchange gain/loss

The Company recorded in both, the third quarter 2002 and the third quarter 2003, exchange gains amounting to approximately 0.4 million.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Income Tax Expense

In the item Income Tax Expense (page 16) the Company defined the effects of the new German tax legislation.

The claim of the tax reimbursement for the dividend payment to the shareholders for the year 2002, paid in June 2003, is invalidated. The Company has to expense an amount of approximately 0.9 million corporation tax within the year 2003. Consequently, the effective tax rate of the third quarter of 2003 is burdened with this records and increased to 47.0%. The effective tax rate for the three month period ended September 30, 2002 was 39.0%.

Net income

With 3.1 million, the net income in the three month period ended September 30, 2003 was at the same level as in the previous year, despite the increased income tax rate. As a result of higher sales and reduced costs the Company was able to increase it s income in the third quarter 2003 compared to the second quarter 2003 by 2.2 million.

Net income per Ordinary Share and ADR was 0.35 (basic) and 0.35 (diluted) in both, the three months ended September 30, 2003 and in the three months ended September 30, 2002.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Nine Months Ended September 30, 2003 Compared to Nine Months Ended September 30, 2002 (Percentages calculated based on amounts in thousands)

Net Sales

The following table summarizes the Company s net sales by geographical area:

	Nine months ended			
	September 30, 2003		September 30, 2002	
	(in thousands)	%	(in thousands)	%
Net Sales				
Germany	29,093	28.4	32,293	29.1
Europe excluding Germany	33,629	32.9	36,309	32.8
United States	23,067	22.6	27,281	24.6
Rest of World	16,487	16.1	14,970	13.5
Total	102,276	100.0	110,853	100.0

Total net sales revenues decreased by 8.6 million or 7.7% from 110.9 million in the nine months ended September 30, 2002 to 102.3 million in the nine months ended September 30, 2003. Sales in Germany decreased by 3.2 million from 32.3 million in the year 2002 to 29.1 million in the year 2003. Also in Europe (excluding Germany) a decrease in net sales by 2.7 million from 36.3 million in the three quarters of 2002 to 33.6 million in three quarters of 2003 was recorded. The net sales in the U.S. accounted for 23.1 million and 27.3 million in the nine months ended September 2003 and September 2002, respectively. The revenue of the sales subsidiary in the U.S. increased in U.S. dollar, but the weakness of the U.S. dollar against the euro led to an adverse currency exchange difference amounting to approximately 4.6 million. This effect reflects approximately 53.5% of the total sales decrease. Sales in the rest of world (mainly Asia) increased by 1.5 million or 10.1% from 15.0 million in 2002 to 16.5 in 2003.

In most of the Company s product groups decreased sales were accounted. Turbo pump sales decreased by 3.7 million from 41.0 million in the nine months ended September 30, 2002 to 37.2 million in the respective period in 2003. Sales in fore vacuum pumps decreased by 0.6 million, sales in vacuum instruments and vacuum components decreased by 4.8 million, sales in service decreased by 0.7 million, partly offset by increased sales in systems by 1.2 million.

The Company s opinion is that there are first indications for potential economic upturn.

Order-intake and Order-backlog

Orders received decreased by 3.5 million or 3.2%, from 109.2 million in the nine months ended September 30, 2002 to 105.7 million in the nine months ended September 30, 2003. Approximately 5.1 million of the decrease in orders received are due to an adverse impact of exchange rate differences between the strong euro against the weak U.S. dollar.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company s backlog shows a decrease in the comparative periods by 0.8 million or 3.2%, from 25.2 million to 24.4 million for the periods ended September 30, 2002 and 2003, respectively. The changes in the exchange rates of the strong euro against the weak U.S. dollar accounted for approximately 1.1 million and had a negative effect on the backlog.

Contracts are included in backlog only if they represent firm orders and include firm shipping schedules. The backlog position at any particular time should not be construed to represent future levels of sales and orders generally.

Gross Profit

Gross profit decreased by 6.2 million or 12.5% from 50.0 million in the nine month period ended September 30, 2002 to 43.8 million in the nine month period ended September 2003. Gross profit as a percentage of net sales (gross margin) decreased from 45.1% to 42.8% in the respective periods. Declining sales and rising cost of sales led to the lower margin. An essential part of this decrease is due to negative exchange rate differences between the strong euro against the U.S. dollar which accounted for approximately 3.5 million. Additionally the slight decline in the plant utilization rate due to the weakening of the economy led to a lower gross profit.

Selling and Marketing Expenses

Selling and marketing expenses decreased by 2.2 million from 17.3 million in the first nine months of the year 2002 to 15.1 million in the first nine months of 2003. The manpower of the sales and marketing force decreased in 2003 by 11.1% and led to a decrease in selling and marketing expenses. As a percentage of sales, selling and marketing expenses decreased from 15.6% to 14.8%.

General and Administrative Expenses

General and administrative expenses amount to 9.0 million in the nine months ended September 30, 2003 and increased by 0.4 million from 8.6 million in the prior year s period. As a percentage of sales, general and administrative expenses increased from 7.8% in 2002 to 8.8% in 2003, due to the lower net sales revenue.

Research and Development

Research and development expenses decreased from 7.5 million in the period ended September 30, 2002 by 0.7 million to 6.8 million in 2003. As percentage of sales the research and development expenses decreased from 6.8% in 2002 to 6.7% in 2003.

The Company s intention is to invest in the needs of future markets, to hold it s technical advantages, to improve it s market position and to enter new markets.

The Company expenses all research and development costs as they are incurred. It expects research and development expenses in future will correspond to the current level, approximately.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operating Profit

Operating profit decreased by 3.2 million or 24.5% from 12.9 million in the nine months ended September 30, 2002 to 9.8 million in the nine months ended September 30, 2003. As a percentage of sales, the operating profit decreased from 11.7% to 9.6%, as the result of the factors discussed above. The operating profit is burdened with a negative effect of the exchange rate changes due to the strong euro against the U.S. dollar amounting to approximately 2.5 million or 79.8% of the total decrease in operating profit.

Interest income and interest expense

The interest income in the first nine months of the year 2003 amounted to 1.0 million and decreased slightly from 1.1 million in 2002. In June 2003 the Company repaid the loan of Kreditanstalt für Wiederaufbau totaling approximately 9.0 million, using its high cash position.

Foreign exchange gain/loss

The Company recorded in the nine month period 2002 foreign exchange gains amounting to 0.2 million and in the nine month period 2003 foreign exchange gains amounting to 1.8 million. According to U.S. GAAP unrealised exchange gains amounting to 0.9 million are included in 2003, due to the strengthening of the euro against the U.S. dollar.

Income Tax Expense

In the item Income Tax Expense (page 16) the Company defined the effects of the new German tax legislation.

The claim of the tax reimbursement for the dividend payment to the shareholders for the year 2002, paid in June 2003, is invalidated. The Company has to expense an amount of approximately 0.9 million corporation tax within the year 2003. Consequently, the effective tax rate of the nine months ended September 30, 2003 is burdened with this records and increased to 47.0%. The effective tax rate for the nine month period ended September 30, 2002 was 39.0%.

Net Income

Net income decreased by 2.0 million, or 23.3% from 8.7 million in the nine months ended September 30, 2002 to 6.7 million in the nine months ended September 30, 2003, primarily as a result of the factors discussed above.

Net income per Ordinary Share and ADR was 0.76 (basic) and 0.76 (diluted) in the nine months ended September 30, 2003 compared to 0.99 (basic) as well as 0.99 (diluted) in the nine months ended September 30, 2002.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

The Company s business continues to generate sufficient cash to fund its operations, including its working capital and capital expenditure requirements. In the nine months ended September 30, 2003 net cash provided by operating activities totaled 14.9 million as compared to 10.7 million for the same period in the prior year.

The increase in net cash provided by operating activities is primarily due to the balancing of income tax receivables, an increase in trade accounts payable to the normal level and the decreased net income of the Company.

The Company s use of cash in investing activities decreased by 3.8 million, primarily due to the purchase of selected assets (2.4 million) in the prior year, and lower capital expenditures (0.6 million) in 2003.

The investments have been financed by the Company s cash reserves.

The increase in cash flow used by financing activities, amounting to approximately 15.7 million (in 2002 6.1 million) is primarily a result of the repayment of the long-term debt totaling 9.0 million. The Company used its high cash position, to repay its loan due to Kreditanstalt für Wiederaufbau. Additionally the Company started a share buy back program. The treasury stock accounted for approximately 1.8 million and included the buy back of 75.136 non par value ordinary shares of the Company.

In June 2003, the Company paid dividends to its shareholders amounting to 4,902,785.44 for the fiscal year 2002.

The Company had no long-term debt as at September 30, 2003.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

November 3, 2003

PFEIFFER VACUUM TECHNOLOGY AG

By: /s/ Wolfgang Dondorf

Wolfgang Dondorf
Chief Executive Officer

By: /s/ Amandus Waterkamp

Amandus Waterkamp
Chief Financial Officer

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I, Wolfgang Dondorf, certify that:

1. I have reviewed this annual report on Form 6-K of Pfeiffer Vacuum Technology AG;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial conditions, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant s disclosure controls and procedures as of a date within 90 days to the filing date of this annual report (the Evaluation Date); and

   c) presented this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation date;

5. The registrant s other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant s auditors and the audit committee of registrant s board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant s ability to record, process, summarize and report financial data and have identified for the registrant s auditors any material weakness in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal controls; and

6. The registrant s other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weakness.

November 3, 2003

By: /s/ Wolfgang Dondorf

Wolfgang Dondorf
Chief Executive Officer

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I, Amandus Waterkamp, certify that:

1. I have reviewed this annual report on Form 6-K of Pfeiffer Vacuum Technology AG;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial conditions, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant s disclosure controls and procedures as of a date within 90 days to the filing date of this annual report (the Evaluation Date); and

   c) presented this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation date;

5. The registrant s other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant s auditors and the audit committee of registrant s board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant s ability to record, process, summarize and report financial data and have identified for the registrant s auditors any material weakness in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal controls; and

6. The registrant s other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weakness.

November 3, 2003

By: /s/ Amandus Waterkamp

Amandus Waterkamp
Chief Financial Officer