



Pivotal Systems Corporation March 2019 Quarter Update

Fremont, CA - 30 April, 2019 Pivotal Systems Corporation (“Pivotal” or the “Company”) (ASX: PVS), a leading provider of innovative gas flow control (GFC) solutions to the semiconductor industry, is pleased to release a Quarterly update and Appendix 4C Report for the period ending 31 March 2019.

Key highlights

- During the quarter, Pivotal made substantial customer and product progress:
 - New Korean Manufacturing Center has been approved by two leading Process Equipment companies (OEM’s).
 - Qualification of the new High Flow GFC by a leading US based OEM.
 - New product architecture called “SmartStik” launched at Semicon Korea in January
- Unaudited Revenue for Q1 2019 was in line with our expectations based on reduced capital expenditure by leading Korean IDM’s.
- Net cash outflow of US\$3.3 million reflects investment in customer-led product development initiatives and building inventory for the new High Flow GFC.
- Backlog (confirmed orders not yet shipped) at 31 March 2019 was US\$11.8 million.
- Conference call to be held today at 9.30am Australian Eastern Standard Time (AEST)

March Quarter Cash Flow

The Company finished the 31 March 2019 quarter with a cash balance of US\$13.5 million and no debt.

Cash receipts from customers for the period were US\$3.2 million, reflecting the continuing soft market for semiconductor capital equipment as OEMs continue to manage inventory levels.

Cash payments were US\$6.6 million, which was related to an increase in product manufacturing and operating costs. This investment has been undertaken to deliver into four customer-led product development initiatives, together with building inventory levels of the new High Flow GFC. This will enable the Company to respond quickly to any pick up in capital expenditure purchases from IDMs and OEMs customers that have qualified the High Flow product. Approximately US\$1.6 million of the US\$5.0 million in product manufacturing costs relates to these new product development initiatives and building inventory.

Product update

The standard low flow GFC, commonly used for etch applications, continued its qualification with a leading Japanese OEM. The Company also achieved new process gas qualifications for the standard GFC at a leading US based OEM for etch applications.

The High Flow GFC was qualified at a second leading US based OEM for the large deposition market. This qualification will potentially lead to a doubling of our existing market share with this OEM over time. The rapid qualification of the High Flow by this OEM demonstrates the excellent working relationships Pivotal has built while addressing their leading edge process requirements.



The recently introduced Flow Ratio Controller continues to perform well in beta site production tests at leading Korean memory companies.

At Semicon Korea, the Company introduced a new architecture for the existing etch gas stick commonly used by the OEM's. This architecture is called SmartStik as it leverages all of the intelligent signals of the standard GFC, while operating at the microsecond. This design also includes the insertion of a Teflon coating to the GFC valve, enabling a positive shutoff capability. This new architecture potentially enables the elimination of costly components used on traditional etch gas sticks as the SmartStik makes them redundant.

Pivotal is also intending to release a derivative of the High Flow GFC, entering the metal-organic deposition, solar, LED and flat panel markets. The combination of these product initiatives is expected to increase Pivotal's total available market to over US\$1 billion.

Operations update

As at 31 March 2019, the Company had an order backlog of US\$11.8 million.

Headcount was stable at 44 full-time employees at the end of the quarter.

John Hoffman, Chairman and CEO of Pivotal Systems stated, "Pivotal maintains our commitment to a pipeline of new products. We strive to maintain the technology leadership we have achieved in the flow control markets by being the "go to" innovation partner for both leading device manufactures and leading equipment companies. We believe these industry slowdowns, while arduous and painful, are a time to get closer to key customers to better address their next generation requirements. Pivotal has maintained our focus and we believe we are using the current industry slowdown to gain additional market share."

Outlook

Pivotal's growth strategy continues to be to successfully leverage established IDM customer acceptance of its GFC technology into new semiconductor processes while gaining increased acceptance by the major OEMs into new applications or tool sets. The Company continues to move positively towards our market penetration and fan out objectives for FY2019 based on the rapid acceptance of the High Flow GFC.

The unaudited revenue for the March Quarter of US\$1.8 million was in line with the Company's expectations as detailed of- "1H 2019 revenue to be in the range of US\$8-9 million with a skew towards Q2" (refer ASX announcement - 27 February 2019).

The Company will keep the market informed of any updates to 1H2019 guidance as it receives more visibility around material changes of timing of orders and shipments from the major IDM customers. Based on current feedback from customers around their spending plans, together with Pivotal's increasing market share, the Company continues to expect 2H 2019 to be significantly stronger than 1H 2019.

Investor Conference Call

A conference call will be held today at 9.00am AEST, Tuesday 30 April, 2019. Pre-registration links and dial in details are as follows:

<https://services.choruscall.com.au/diamondpass/pivotal-10000149-invite.html>

Pivotal Systems Corporation
ARBN 626 346 325
48389 Fremont Blvd. Suite 100, Fremont, CA, 94538
Phone +1 (510) 770 9125, Fax +1 (510) 770 9126
Web / <https://www.pivotalsys.com>



Safe Harbor Statement

This press release and the accompanying Appendix 4C contains forward-looking statements, which address a variety of subjects including, for example, our statements regarding expected growth rates, expected product offerings, product development, marketing position and technical advances. Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and information currently available to management and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The Company's management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or the ASX Listing Rules. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events and developments to differ materially from our historical experience and our present expectations or projections.

About Pivotal Systems Corporation (ASX: PVS)

Pivotal Systems provides the best-in-class gas flow monitoring and control technology platform for the global semiconductor industry. The company's proprietary hardware and software utilizes advanced machine learning to enable preventative diagnostic capability resulting in an order of magnitude increase in fab productivity and capital efficiency for existing and future technology nodes. Pivotal Systems Corporation (ARBN 626 346 325), is a company incorporated in Delaware, USA, whose stockholders have limited liability.

For further information, interview and photos:
Investor/Media contact (Australia): Simon
Hinsley simon@nwrcommunications.com.au
+61401 809 653

Media Contact (US):
Rob Haralson
ANZU Partners
rh@anzupartners.com

ASX Representative:
Naomi Dolmatoff Company Matters Pty Ltd
Naomi.Dolmatoff@companymatters.com.au

Pivotal Systems Corporation
ARBN 626 346 325
48389 Fremont Blvd. Suite 100, Fremont, CA, 94538
Phone +1 (510) 770 9125, Fax +1 (510) 770 9126
Web / <https://www.pivotalsys.com>