



Delay to customers' delivery schedule; revenue and earnings update

Fremont, CA, 13 November 2018. Pivotal Systems Corporation ("Pivotal" or the "Company") (ASX: PVS), a leading provider of innovative gas flow control ("GFC") solutions to the semiconductor industry, wishes to provide an update to the market regarding its order book and revenue for FY18. The Company will also host a conference call on Wednesday 14 November 2018 at 9.00am AEDT with details provided below.

- Pivotal's 2018 order book remains in the anticipated range at between US\$28.5 million to US\$31 million, which includes a recent agreement for orders of US\$10.5 million from a leading major original equipment manufacturer ("OEM"). Orders are non-cancellable, however, revenue is not recognized until the product is shipped to the respective customers;
- Pivotal has been made aware of delays in the delivery schedules for committed orders from major Korean based IDMs as a result of which a proportion of the orders placed in 2H 2018 is now likely to be shipped in 2019. This will mean that the revenue from these orders will now be recognized in 2019 rather than 2H 2018;
- As a result of these delays to the delivery schedules, revenue for 2018 is now expected to be in the range of US\$20 million to US\$23 million. The Company's backlog of orders is US\$12 million, with the majority of these orders currently in Finished Goods inventory awaiting a confirmed shipment date;
- Pivotal is expecting statutory earnings before interest and taxes and other ("EBIT") to be a loss within a range of US\$2.3 million to US\$3.3 million (versus Prospectus Statutory Forecast profit of US\$0.9 million) which is mainly dependent upon the final revenue recorded 2H 2018; and
- Pivotal is expecting a statutory net loss to be within a range of US\$64.2 million to US\$65.2 million (versus Prospectus Statutory Forecast of US\$65.4 million) which is dependent upon:
 - the factors affecting EBIT noted previously, and
 - finalization of the fair value remeasurement of the conversion of warrants and preferred stock resulting in a lower than forecast fair value loss of US\$62 million being recognized verses a Prospectus Statutory Forecast of US\$66 million.

Pivotal Chief Executive Officer, John Hoffman stated, "Whilst we believe that the medium to long-term underlying demand trend for semiconductors remains intact, and our order book remains robust, recent timing uncertainty of previously planned capex spend of major IDMs has impacted our ability to meet our 2018 revenue forecast. We are continuing to work with our customers on 2018 shipments and will provide further updates when shipment dates are confirmed."

Business Update

Notwithstanding the above revenue timing, Pivotal has made significant progress during 2H 2018:

- Low Flow GFC has been successfully qualified for new two new Fabs with a major device manufacturer;
- High Flow GFC has successfully been qualified by a leading device manufacturer and leading equipment company; and
- Pivotal, together with its manufacturing partner, has also successfully scaled up manufacturing in Korea, with capacity to manufacture up to 4,000 units per month in 2019.

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Investor conference call

Pivotal is holding a conference call for investors on Wednesday 14 November 2018 at 9.00am AEDT.

Details of the call are set out below.

In order to pre-register for the conference call and avoid a queue when calling, please follow the link below. You will be given a unique pin number to enter when you call which will bypass the operator and give you immediate access to the event.

<https://services.choruscall.com.au/diamondpass/pivotal-436332-invite.html>

If you are unable to register or wish to simply dial in, then at the time of the conference you can call one of the numbers below and provide the conference ID 436332 to an operator.

Participant Dial-in Numbers

Australia Toll Free: 1800 908 299
Australia Local: +61 2 9007 8048
New Zealand Toll Free: 0800 452 795
Auckland Local: +64 9 929 3905
Canada/USA Toll Free: 1855 624 0077
Hong Kong Toll Free: 800 968 273
Japan Toll Free: 0066 3386 8000

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Safe Harbor Statement

This announcement contains forward-looking statements, which address a variety of subjects including, for example, our statements regarding expected events, including expected revenue and earnings, 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

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and uncertainties, many of which are outside the control of the Company, 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.

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