

CONDENSED MANAGEMENT REPORT

*of SUSS MicroTec AG
for the 2014 fiscal year*

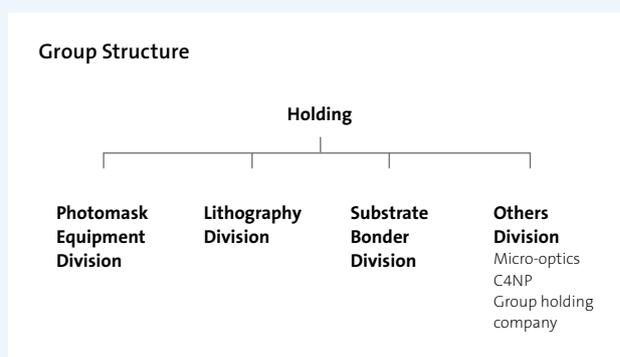
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Economic Report

BUSINESS ACTIVITY, CORPORATE CONTROL, AND STRATEGIC ORIENTATION

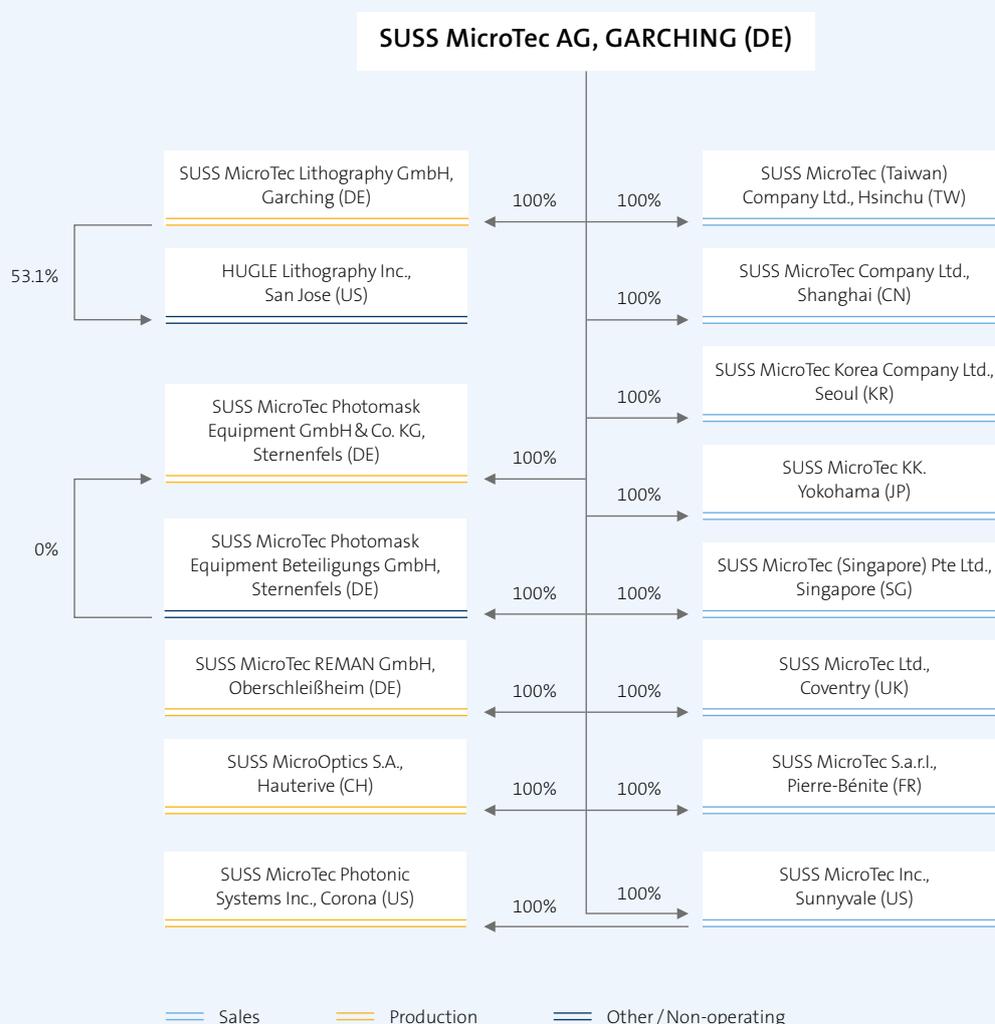
The SUSS MicroTec Group develops, manufactures, and markets equipment for the production of microelectronics and microelectromechanical systems. As a supplier of system solutions for semiconductor technology, the Group operates as a high-performance partner of the semiconductor industry for the laboratory and production areas. Special markets with strong growth form the main areas of activity and promote the innovative development of technologies with long-term potential for success in future-oriented markets and applications. The main focus is on the microchip architecture and connection technology for applications in chip manufacture, telecommunications, and optical data transfer. Larger process lines are typically comprised of several individual tools, where the Group creates and utilizes networks with internal and external partners in order to establish competitive advantages.

As of December 31, 2014, the Group is comprised of four divisions, with the Others division comprising several smaller separately managed subunits. Through the acquisition of HamaTech APE GmbH & Co. KG (now named: SUSS MicroTec Photomask Equipment GmbH & Co. KG), a new division – Photomask Equipment – was created in the 2010 fiscal year. Tamarack Scientific Co., Inc. (now named: SUSS MicroTec Photonic Systems Inc.), which was acquired in March 2012, is assigned to the Lithography division.



LEGAL STRUCTURE OF THE GROUP

The legal structure of the Group consists of the proprietary company, SUSS MicroTec AG, as the management and financial holding company, as well as the subsidiaries, which are majority owned by the proprietary company. The development and production activities as well as the local sales and service activities for the Group are each organized within the subsidiaries. The Group has locations in Germany, the United States, the United Kingdom, France, Switzerland, Japan, China, Singapore, Korea, and Taiwan. The non-controlling interest of 10% in ELECTRON-MEC S.R.L., Milan (IT) was sold in the reported fiscal year since it was insignificant for the operational business.



MANAGEMENT AND CONTROL – REMUNERATION STRUCTURE FOR THE OFFICERS

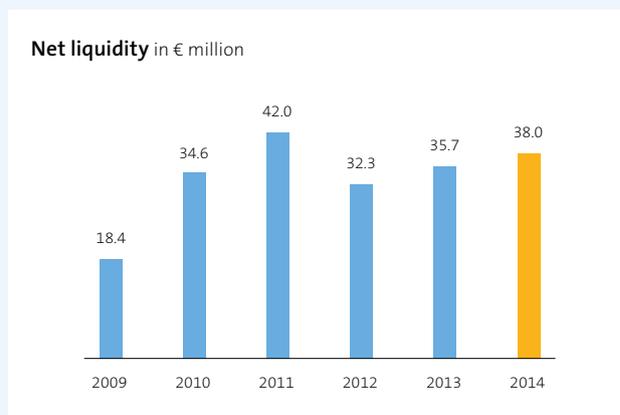
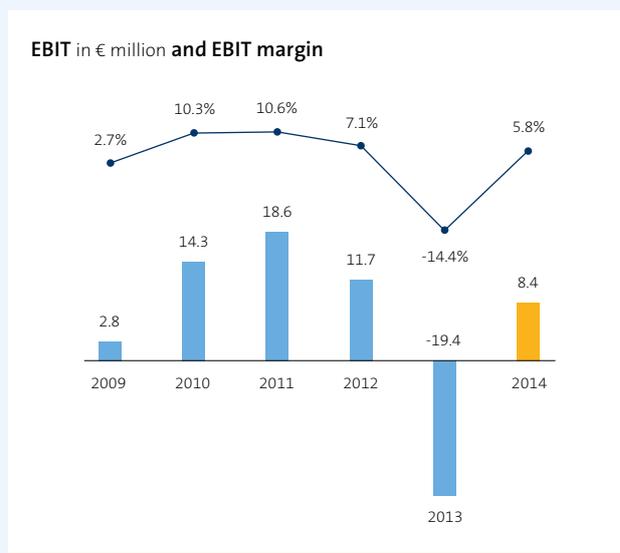
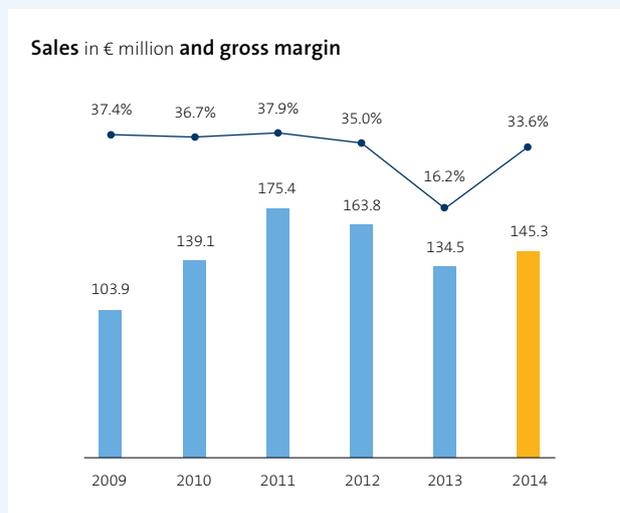
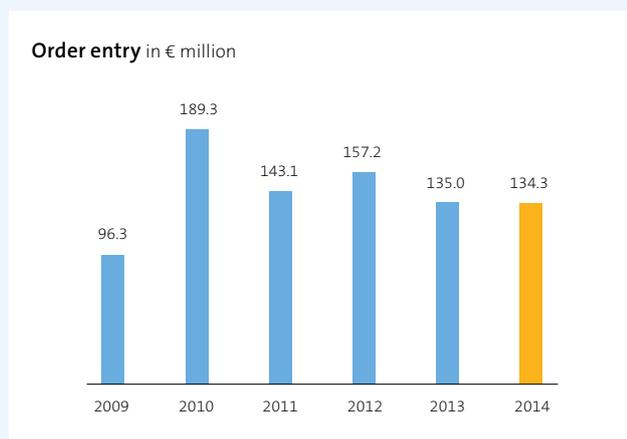
The Management Board receives both a monthly fixed salary and variable remuneration for its activities. The latter is paid when individually determined targets are reached. The fixed pay includes fringe benefits in the form of a company car with the option of private use and allowances for health insurance as well as for an optional retirement insurance. The amount of the fixed pay is first and foremost determined by the roles and responsibilities assigned. Moreover, pension commitments have been made to members of the Management Board in the form of direct insurance. Variable remuneration includes short-term and long-term components. More information about this can be found in the Remuneration Report.

The remuneration of the Supervisory Board is set out in Section 19 of the articles of incorporation of SUSS MicroTec AG. In accordance with Section 19 of the articles of incorporation, the members of the Supervisory Board receive the following remuneration: In addition to the reimbursement of expenses and meeting attendance compensation of € 1,500 per meeting, every member of the Supervisory Board receives a fixed remuneration geared toward his / her responsibilities and the extent of the member’s activities. According to this, the Chairman of the Supervisory Board receives € 45,000, the Deputy Chairman receives € 40,000, and a regular member of the Supervisory Board receives € 35,000 per fiscal year as fixed compensation.

CORPORATE CONTROL, OBJECTIVES, AND CORPORATE STRATEGY

SUSS MicroTec pursues the strategy of occupying lucrative niche markets in the industry of semiconductor suppliers. The goal is to operate in the relevant markets by way of its clear positioning among the top three suppliers at all times. Partnerships with leading institutes and companies within the industry should ensure that significant trends and promising technologies are always identified early on and that the potential for SUSS MicroTec is examined. Organic growth is at the center of focus. External growth is also considered in the case of interesting technologies and appropriate complementary products.

Corporate control is geared particularly toward the order entry, sales, and order backlog of the individual divisions. The performance of the divisions is thus primarily measured by observing the development of the gross profit margin (sales less manufacturing costs) as well as the division earnings. The presentation of the division earnings also includes income and expenses from foreign currency translation and asset disposals. Altogether, the division earnings are in line with the Group's net income from operations (EBIT). Another key control figure is the net liquidity (cash plus interest-bearing securities less financial debt). This represents a significant key control figure for the holding company's financing function. The following charts show the development of key figures since 2009.



ECONOMIC ENVIRONMENT

IN 2014, THE WORLD ECONOMY GREW BY 3.4%

According to the latest autumn report of leading German economic research institutes, the world economy grew at a moderate pace, prospectively by 3.4% from the previous year. The USA and Great Britain proved themselves to be particularly robust. For the 2015 fiscal year, the experts from the Kiel Institute for the World Economy expect slightly accelerated global economic growth of 3.7%.

In Europe, the dynamic in the individual countries is quite varied. In particular, the largest stumbling block for the economy was increased uncertainty resulting from geopolitical crises. First, through the Russia-Ukraine conflict, which led to tangible sanctions of the Western countries against Russia and thus to a darkening of the mood in Europe. Second, through the recently noticeably increased uncertainty about the economic development of the eurozone. However, the oil price fell significantly recently and the euro lost value against the US dollar. This serves – at least over the short term – as a minor stimulus program.

After a good start to the year, the German economy cooled perceptibly in the summer of 2014, but showed initial signs of a renewed recovery at the beginning of 2015. The business climate indicators provide hope for a turn in the economy. Thus, the Ifo Business Climate Index rose in December for the second time in a row and stood at 105.5 points in January.

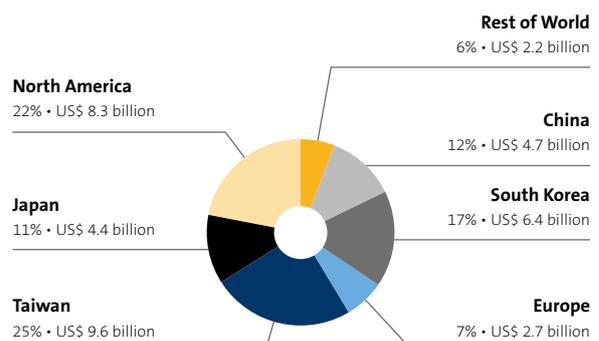
ANOTHER RECORD YEAR FOR THE SEMICONDUCTOR MARKET

The entire semiconductor market grew by 7.9% in the fiscal year. The total volume rose from US\$ 315.0 billion in 2013 to approximately US\$ 339.8 billion last year (source: Gartner, January 2015). Growth was driven by continued strong demand for DRAM memory chip components. The significant surplus demand combined with stable prices had already had a positive impact on the development of the semiconductor market in the previous year.

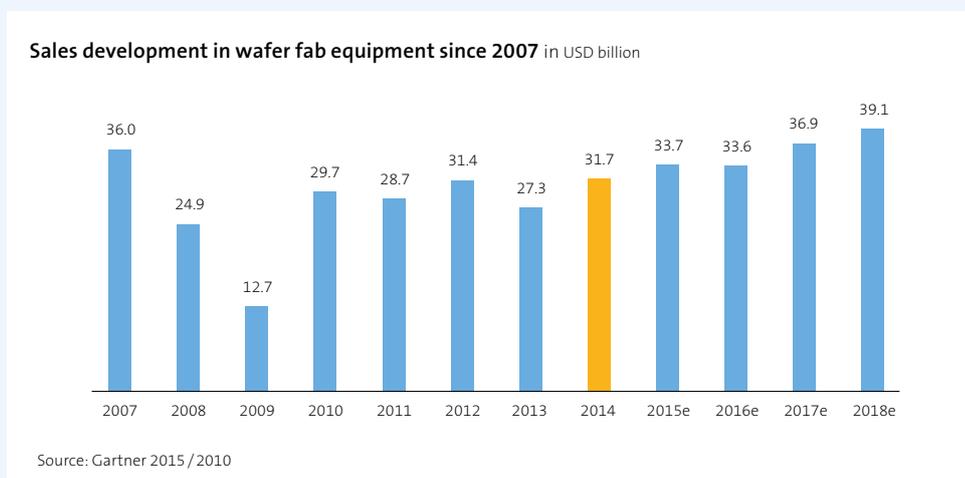
REBOUND IN THE SEMICONDUCTOR EQUIPMENT SECTOR

After a significant decline in 2013, the semiconductor equipment market was able to resume growth in the 2014 fiscal year. The entire market segment grew from approximately US\$ 31.82 billion to US\$ 37.97 billion. The US equipment market showed the most significant rebound with a gain of more than 57%, along with the European market with a gain of 38%. The largest Asian markets in Taiwan, Korea, and China were able to grow slightly overall, although Taiwan recorded slightly lower sales from the previous year (source: SEMI, December 2014). As can be seen in the following chart, the Asian sales region dominates the semiconductor equipment market with a share of much greater than 50%.

Semiconductor equipment market by region in 2014



Source: SEMI 2014



SUSS MICROTEC IN FIGURES

EARNINGS POSITION: ORDER ENTRY, SALES AND EBIT

Comparison of Overall Annual Figures 2014 – Forecast 2014

In the forecast report of the 2013 Management Report, the Company held out a prospect of sales of approximately € 135–145 million and earnings (EBIT) of € -5 million to € 0 million. In August 2014, the earnings forecast was increased for the current fiscal year to € 2–4 million. SUSS MicroTec concluded the 2014 fiscal year with sales of € 145.3 million. EBIT reached an amount of € 8.4 million, which was well above the Company’s own expectations. The reasons for this were sales, which were at the upper end of expectations, a positive product mix, and a gross margin that was above expectations.

	Targets 2014	Adjusted targets 2014	Earnings 2014
Sales	€ 135–145 million	€ 135–145 million	€ 145.3 million
EBIT	€ -5–0 million	€ 2–4 million	€ 8.4 million
EBIT margin	–	1.4%–3.0%	5.8%

Corporate performance in 2014

In the 2014 fiscal year, order entry reached an amount of € 134.3 million, which was a minimal decline from the previous year, when order entry was € 135.0 million. As of December 31,

2014, there was an order backlog of € 75.6 million, approximately € 10.1 million below the order backlog of the previous year (€ 85.7 million). The ratio of newly received orders to realized sales (book-to-bill ratio) was 0.92 after 1.0 in the previous year.

In the 2014 fiscal year, the earnings position of the SUSS MicroTec Group showed a sales increase and significantly positive annual earnings. Sales increased from the previous year by approximately 8% and totaled € 145.3 million, while in the previous year sales of € 134.5 million were achieved. Earnings before interest and taxes (EBIT) in 2014 amounted to € 8.4 million. In 2013, negative EBIT of € -19.4 million was achieved. EBIT in the previous year included extraordinary expenses of € 13.2 million, which accrued in connection with the halt in production of Bond Cluster systems for permanent bonding.

The largest sales increase of € 8.4 million was achieved in SUSS MicroTec’s strongest sales division, Lithography. The Lithography division’s share of sales amounted to approximately 67% of total Group sales in 2014. Sales in the Substrate Bonders division declined by approximately € 0.4 million. In the Photomask Equipment division, sales growth of € 2.3 million was recorded, while in the Others division it was possible to book a sales increase of € 0.5 million.

The cost of sales included write-downs on capitalized development costs in the amount of € 0.5 million. New capitalizations totaled € 0.1 million. Both the write-downs and new capitalizations of development costs related exclusively to the Lithography division. In the previous year, write-downs on capitalized development costs of € 2.3 million were recorded. Of this amount, € 1.2 million involved depreciation on development costs, which

were capitalized in the past in connection with the Permanent Bond Cluster area. In the previous year, new capitalizations similarly totaled almost € 0.1 million.

In the 2014, a gross profit of € 48.8 million was achieved, which corresponded to a gross profit margin of 33.6%. In the previous year, the gross profit was € 21.8 million; the gross profit margin in 2013 amounted to 16.2%. The gross profit in the previous year was burdened with extraordinary expenses related to the refocusing of the Permanent Bond Cluster area. Of the total extraordinary expenses of € 13.2 million, € 10.5 million was recorded in cost of sales. In addition, cost of sales in 2013 included unscheduled write-downs of € 1.9 million on tools held in inventory at SUSS MicroTec Photonic Systems, which were revalued as a result of the purchase price allocation done in 2012. The gross profit adjusted for extraordinary effects in the previous year amounted to € 34.2 million; the adjusted gross profit margin adjusted for extraordinary effects in the previous year would have amounted to approximately 25.4%.

In absolute terms, selling costs did not change significantly in the fiscal year. They were again € 17.5 million, representing an expense ratio of 12.1% (previous year: 13.0%) relative to sales generated.

Administration costs declined from € 15.0 million in the previous year to € 14.2 million, representing an administrative expense ratio of 9.8% (previous year: 11.1%).

Research and development costs increased slightly from € 10.2 million in the previous year to € 10.5 million.

Other operating income amounted to € 4.5 million in the fiscal year (previous year: € 5.5 million). As in the previous year, they included foreign currency gains that resulted from the conversion of foreign currency items into euros. Also in 2014, revenue of € 1.3 million could be generated from the reversal of value adjustments for trade receivables. The previous year's figures included revenue of € 2.1 million from the reduction of the earn-out liability for SUSS MicroTec Photonic Systems (previously: Tamarack Scientific). The reversal of the corresponding liability resulted from a reevaluation of the expected profit situation at SUSS MicroTec Photonic Systems, based on which the earn-out for the sellers and Photonic Systems employees had been determined. Also in 2014, revenue was recognized from the reversal of the Photonic Systems earn-out liability. This revenue totaled € 0.3 million in 2014. As a result, no earn-out liability remains as of December 31, 2014.

In 2014, other operating expenses amounted to € 2.7 million (previous year: € 4.1 million) and consisted primarily of expenses from foreign currency translation. The previous year's figures also included expenses of € 1.5 million for the formation of value adjustments on trade receivables. Of this amount, € 0.5 million related to trade receivables from a customer project in the Permanent Bond Cluster area, which were adjusted as a result of the refocusing of this area.

Earnings before interest and taxes (EBIT) in the reported fiscal year amounted to € 8.4 million. In 2013, negative EBIT of € -19.4 million was achieved. EBIT in the previous year included extraordinary expenses of € 13.2 million, which accrued in connection with the halt in production of Permanent Bond Cluster systems. They involved impairments of inventories (€ 9.3 million), write-downs on capitalized development costs (€ 1.2 million), value adjustment on trade receivables (€ 0.5 million), and the formation of provisions for other liabilities (€ 2.2 million). Without these extraordinary expenses, EBIT in 2013 would have amounted to approximately € -6.2 million.

The financial result amounted to € -0.2 million in 2014 (after € -0.1 million in the previous year).

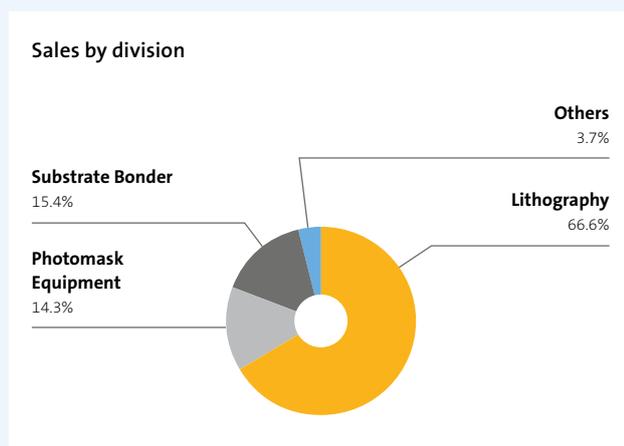
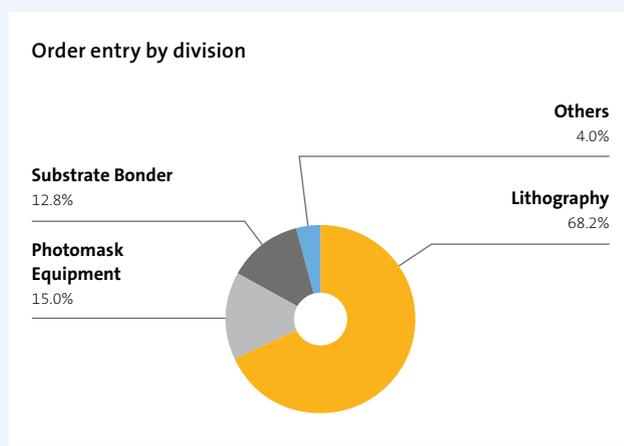
Group earnings before tax of € 8.2 million incurred a tax expense of € 3.6 million, which corresponds to an average tax expense rate of approximately 44%. The primary reason for the high tax expense rate (compared to the earnings before tax) were the high accumulated losses of foreign Group companies (particularly in the USA), for which no deferred tax assets were recognized in view of the current Group budget (similar to the previous years). Hence, no corresponding tax income is considered for the losses of the foreign companies.

In previous year, Group earnings before tax of € -19.6 million incurred a tax income of € 3.6 million, which corresponded to an average tax expense rate of approximately -18%. Hence, the tax expense rate in the previous year also deviated considerably from the expected tax expense rate. The primary reason for the low tax income (compared to the loss before tax) were also the high accumulated losses of foreign Group companies (particularly in the USA), for which no deferred tax assets were recognized.

The Group generated a net profit after taxes of € 4.6 million. This compares to a loss of € -16.0 million in the previous year. The basic earnings per share totaled € 0.24 after € -0.84 in the previous year.

Sales per employee increased compared to the previous year by 7.6% from € 205 thousand to € 221 thousand (based on the respective number of employees as of the reporting date).

DEVELOPMENT IN THE INDIVIDUAL DIVISIONS



Lithography

The Lithography division comprises the development, manufacture, and sale of the Mask Aligner, UV projection scanner, laser processing tool, and Developer and Coater product lines. These product lines are manufactured in Germany at the locations in Garching near Munich and, since the beginning of 2010, in Sternenfels. The Lithography division was strengthened in the first quarter of 2012 by the acquisition of Tamarack Scientific Co., Inc. (now operating under the name SUSS MicroTec Photonic Systems Inc.). The company has its headquarters in Corona in southern California (USA). With a contribution to sales of 67%, the Lithography division is SUSS MicroTec Group's largest division. The components which are manufactured with these tools are sent primarily to the end markets of advanced packaging, microelectromechanical systems, compound semiconductors (LED), and 3D integration.

In the 2014 fiscal year, the Lithography division generated order entry of € 91.5 million and sales of € 96.7 million. This corresponds to a 4.1% increase in order entry and a 9.5% increase in sales compared to the previous year. The significant increase in sales was achieved almost exclusively with the Coaters product lines. In addition, significant sales growth was recorded from upgrades.

The gross profit of the Lithography division was much higher in the reported fiscal year than in the weak previous year. The gross margin was 35.7% in 2014 after 27.7% in the previous year. The significant improvement resulted from the gross profit of the Coaters sold, which for the most part generated a very good margin due to the favorable product mix. In the previous year, the gross profit margin was impacted by the negative gross profit of the UV Projection Scanners and Laser Processing product lines developed and produced in the USA, which formed a substantial sales contribution with sales of € 11.6 million. In addition, in the previous year the low sales volume of the Mask Aligner and Coater product lines and the unfavorable product mix negatively affected the gross profit margin.

The Lithography division contributed division earnings of € 10.7 million (previous year: € 3.2 million) to the Group's earnings before interest and taxes (EBIT). This resulted in a sales margin of 11.0% for the Lithography division, which improved significantly from the previous year (sales margin in the previous year: 3.6%). The significantly improved division earnings were primarily attributable to higher division sales than in the previous year and improved margins in the Coater product line.

Lithography Division Overview

in € million	2014	2013
Order entry	91.5	87.9
Division sales	96.7	88.3
Division earnings EBIT	10.7	3.2
Net assets	50.3	44.3

Substrate Bonder

The Substrate Bonder division comprises the development, production, and sale of the Substrate (Wafer) Bonder product line. Manufacturing is located at our largest site in Sternenfels. Markets addressed by the Substrate Bonder systems include MEMS, compound semiconductors, and 3D integration.

The performance of the Substrate Bonder division was subdued with respect to both order entry of € 17.2 million (previous year: € 24.3 million) and sales of € 22.4 million (previous year: € 22.9 million).

The gross profit of the Substrate Bonder division was positive in the reported fiscal year. The gross margin improved significantly from -53.5% to 13.9%. In the previous year, the gross margin was burdened with extraordinary expenses of €10.5 million, which accrued in connection with the refocusing of the Permanent Bond Cluster area. Even without these extraordinary expenses, the gross margin in the previous year would have been negative. As a result, the margins achieved in 2014 in the temporary bonding and de-bonding area as well as the remaining business with permanent bonding systems have improved significantly, but remain below average due to overall low quantities.

In the Substrate Bonder division, division earnings (EBIT) of € -2.4 million were recorded after € -21.7 million in the previous year. Earnings in the previous year were burdened by extraordinary expenses of € 13.2 million, which accrued in connection with the halt in production of Permanent Bond Cluster systems.

Substrate Bonder Division Overview

in € million	2014	2013
Order entry	17.2	24.3
Division sales	22.4	22.9
Division earnings EBIT	-2.4	-21.7
Net assets	7.8	8.3

Photomask Equipment

The Photomask Equipment division, which is located at the Sternenfels site near Stuttgart, comprises the development, manufacture, and sale of specialized tools for the cleaning and processing of photomasks for the semiconductor industry. Among the markets targeted by the Photomask Equipment division is the semiconductor industry, where SUSS MicroTec is active on the Front-end.

The performance of the Photomask Equipment division in terms of order entry was better than in the previous year. At the end of December 2014, order entry was € 20.2 million (previous year: € 17.5 million). Division sales amounted to € 20.8 million after € 18.4 million in 2013.

The gross profit margin in the Photomask Equipment division was encouraging. As a result of several high-margin orders, the gross profit margin was much higher than in the previous year. The gross margin was 40.3% after 33.3% in the previous year.

The Photomask Equipment division contributed division earnings of € 4.7 million (previous year: € 1.6 million) to Group EBIT. The sales margin of 22.7% increased significantly from the previous year (sales margin 2013: 8.4%). The primary reason for the higher sales margin was the few high-margin orders which were filled in 2014.

Photomask Equipment Division Overview

in € million	2014	2013
Order entry	20.2	17.5
Division sales	20.8	18.4
Division earnings EBIT	4.7	1.6
Net assets	3.7	3.6

Others

The Others division comprises the Micro-optics activities at the Hauterive, Switzerland location, the C4NP business, and the costs for central Group functions that generally cannot be attributed to the main divisions. Ownership of the Micro-optics business was boosted from 85% to 100% in the first half of 2012. In this way, the SUSS MicroOptics company, which controls important enabling technologies, should be tied even more closely to SUSS MicroTec.

Order entry increased slightly from € 5.3 million in the 2013 fiscal year to € 5.4 million in 2014. Division sales amounted to € 5.4 million after € 4.9 million in the corresponding period of the previous year. As in the previous year, the Micro-optics business had the largest share of sales and order entry. The business generated stable order entry of € 5.1 million (previous year: € 5.2 million) as well as an increase in sales from € 4.6 million to € 5.1 million.

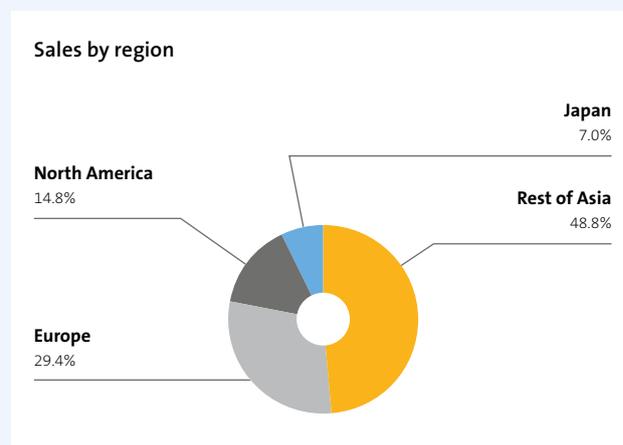
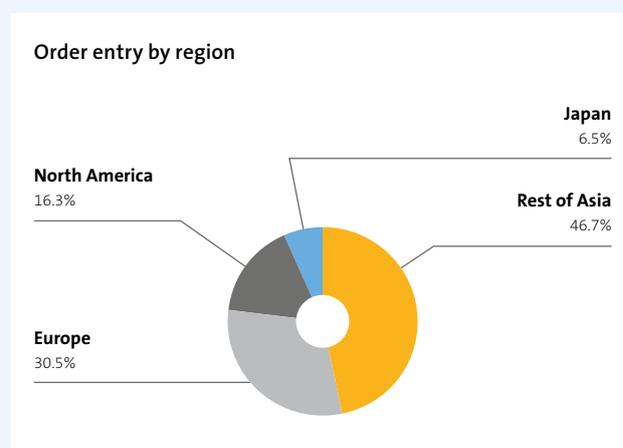
Others Division Overview		
in € million	2014	2013
Order entry	5.4	5.3
Division sales	5.4	4.9
Division earnings EBIT	-4.5	-2.4
Net assets	19.3	18.5

DEVELOPMENT IN THE MOST IMPORTANT REGIONS

Europe, North America, and Asia are important regions of the world for SUSS MicroTec’s business. Asia is divided into Japan and “Rest of Asia” in order to account for the fact that most of the Company’s customers in the advanced packaging market are located outside of Japan, particularly in Taiwan. However, this market is also more susceptible to fluctuation than those for compound semiconductors and MEMS.

In the reported fiscal year, it was possible to generate significant growth in order entry in the regions of North America and Japan. Order entry in North America increased from € 18.9 million in 2013 to € 21.9 million in the 2014 fiscal year. This corresponds to growth of 15.9%. Japan actually grew by 31.8% from the previous year, increasing its order entry in the process to € 8.7 million. In the most important region, Rest of Asia (excluding Japan), the SUSS MicroTec Group recorded 7.2% lower sales totaling € 62.7 million (previous year: € 67.6 million). Europe hardly changed from the previous year, achieving order entry of € 41.0 million, which was a slight decline of 2.1% from the previous year.

All regions, with the exception of North America, could contribute an increase in sales from the previous year. In Europe, sales increased by 3.6% to € 42.7 million after € 41.2 million in the previous year. The region of North America recorded a decline of 4.9% from the previous year to € 21.5 million (previous year: € 22.6 million). By contrast, Japan generated € 10.2 million, which was a much higher amount than in the previous year (€ 5.2 million). The region of Rest of Asia recorded an 8.4% increase in sales to € 70.9 million (previous year: € 65.5 million).

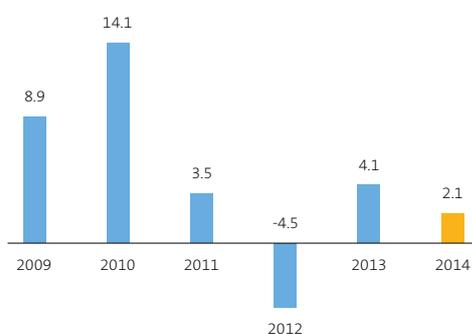


ASSETS AND FINANCIAL POSITION

SUSS MicroTec is characterized by a stable assets and financial position

The Group's net cash position – the balance of cash and cash equivalents, interest-bearing securities, and financial liabilities – increased from € 35.7 million in the previous year to € 38.0 million as of December 31, 2014. The amount of cash and interest-bearing securities increased from € 47.1 million in the previous year to € 48.3 million at the end of the reporting year.

Free cash flow in € million



¹ Before consideration of purchase or sale of available for sale securities

Net liquidity in € million



Cash flow from operating activities totaled € 5.1 million (previous year: € 16.3 million). Along with positive earnings, noticeable here was primarily a significant decline in inventories. Cash inflow of € 14.0 million resulted from lower inventories. Lower inventories of tools, which had already been delivered to end customers but for which final acceptance (and therefore revenue recognition) was still outstanding, accounted for most of this development.

This amount totaled only € 6.8 million as of December 31, 2014, whereas it was still reported as € 22.6 million as of December 31 of the previous year. The lower inventories of customer down payments (decline of € 13.1 million) and low trade payables (decline of € 2.2 million) and other liabilities due as of the reporting date had an offsetting and therefore liquidity-reducing effect.

Cash flow from investing activities totaled € -3.0 million, excluding investments in securities. Investments in tangible assets involved in part the additional installation of fixtures in the leased business premises of SUSS MicroOptics (Hauterive, Switzerland), for which cash outflows of approximately € 0.4 million were recorded. In addition, new acquisitions were made of equipment and tools as well as operating and office equipment at the German companies. Investments in intangible assets primarily involved expansions of the Group-wide SAP system as well as the introduction of a new customer relationship management system. In the previous year, cash flow from investing activities totaled € -12.2 million, excluding investments in securities. Most of this was attributable to the acquisition of the Garching property, where SUSS MicroTec AG and SUSS MicroTec Lithography have their headquarters. The purchase price of the property and building as well as ancillary purchase costs totaled € 8.9 million.

As a result, free cash flow before considering the purchase and sale of securities amounted to € 2.1 million. In the previous year, free cash flow (adjusted for the effects of securities purchases and sales) of € 4.1 million was generated.

Cash flow from financing activities amounted to € -1.2 million, reflecting the repayments of both bank loans of SUSS MicroTec AG, which served to finance the two business properties in Garching and Sternenfels. In the previous year, cash flow from financing activities came to € 7.2 million. The amount in the previous year included the inflow of € 7.5 million from taking out a loan to finance the acquisition of the Garching property. In addition, cash flow from financing activities in the previous year reflected the scheduled repayment of the real estate loan in Sternenfels, which amounted to € 0.2 million.

Aside from cash and interest-bearing securities of € 48.3 million (previous year: € 47.1 million), the Group had domestic guarantee and credit lines of € 8.0 million at the end of the reporting year (previous year: € 8.0 million). In the reporting year, the line was utilized exclusively in the form of guarantees. Most of them involved down payment guarantees. As of the reporting date, utilization amounted to € 3.5 million.

Until December 15, 2014, a bank consortium led by BayernLB and with the participation of the Deutsche Bank AG and DZ Bank AG, sponsored a credit and guarantee line totaling € 4.5 million. SUSS MicroTec canceled the credit agreement with BayernLB on December 15, 2014. The credit and guarantee line has been continued with a newly assembled bank consortium since December 16, 2014. The Deutsche Bank AG is serving as lead manager; in addition, the DZ Bank AG and Baden-Württembergische Bank are participating in the consortium. The credit and guarantee line of the changed bank consortium still totals € 4.5 million. These lines can be used by SUSS MicroTec AG or SUSS MicroTec Lithography GmbH. They will remain in effect until further notice and were issued without covenants.

A general credit agreement for a credit line of € 1.0 million exists between SUSS MicroTec Photomask Equipment GmbH & Co. KG and Baden-Württembergische Bank Mannheim. The credit line runs for an indefinite term and was issued without covenants. SUSS MicroTec AG issued a binding letter of comfort for SUSS MicroTec Photomask Equipment GmbH & Co. KG in order to secure the credit line.

In connection with a bond insurance agreement, a bond line of € 2.5 million exists with an insurance company. The term of the bond insurance agreement is indefinite. A term deposit account of € 0.3 million was pledged to the insurance company as collateral for this line.

Overall, the Group has sufficient financial leeway to finance any necessary product developments and other strategic activities.

In addition to goodwill, the technology of SUSS MicroTec Photonic Systems obtained through a corporate acquisition and the business properties in Garching and Sternenfels accounted for the bulk of noncurrent assets.

Goodwill amounted to € 15.5 million (previous year: € 15.3 million). A part of goodwill (US\$ 2.4 million) is denominated in US dollars and is therefore subject to currency fluctuations. The entire amount of goodwill is assigned to the Lithography division.

As of December 31, 2014, capitalized development costs carried a book value of € 0.4 million, which was completely attributable to the Lithography division. In the previous year, capitalized development costs still amounted to € 0.8 million. They play only a subordinate role for the assets position of the Group.

In addition, noncurrent assets encompassed licenses and patents as well as the SAP system capitalized at SUSS MicroTec AG in an amount of € 2.7 million (previous year: € 2.3 million). The residual book value of € 2.7 million is composed of € 1.5 million (previous year: € 1.5 million) for the Lithography, Substrate Bonder, and Photomask Equipment divisions and € 1.2 million (previous year: € 0.8 million) for the Others division. Furthermore, the technology obtained as part of the Photonic Systems acquisition, which carried a residual book value of € 1.4 million as of the reporting date (previous year: € 1.4 million), is recognized under intangible assets. The technology is valued in US dollars and is planned to be amortized over eight years. Due to the appreciation of the US dollar relative to the euro, the book value of the Group has not declined.

The two business properties in Garching and Sternenfels, which carried a residual book value of € 13.7 million at the end of the year (previous year: € 13.8 million), accounted for the bulk of tangible assets. SUSS MicroTec Lithography GmbH, SUSS MicroTec Photomask Equipment GmbH & Co. KG, and SUSS MicroTec AG are located there. The property in Sternenfels has been included in consolidated assets since 2010, while the property in Garching was acquired in 2013 for a total of € 8.9 million.

The remaining tangible assets are less significant for the assets position of the Group, as it does not typically rely on cost-intensive production equipment. Capital expenditure (without land or buildings) amounted to € 1.3 million in the reporting year, as compared with € 2.4 million in the previous year.

In sum, tangible assets declined by € 0.7 million from the previous year.

Deferred tax assets amounted to € 3.9 million after € 5.7 million in the previous year. They decreased primarily through the utilization of deferred tax assets on loss carryforwards. The taxable entity in Germany (with SUSS MicroTec AG as the parent company and SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH as subsidiaries) achieved significant positive earnings in 2014, and utilized part of the loss carryforwards that arose in the previous year in the process. It should be assumed that the losses accumulated by the German companies in 2013 will be

fully utilized in the coming years. However, no deferred tax assets on loss carryforwards were recognized for the loss carryforwards of US companies in view of the current Group budget.

Current assets declined by € 9.7 million in the reporting year to € 123.2 million. This decline resulted primarily from much lower levels of inventories. The portfolio of securities similarly declined. By contrast, cash assets and trade receivables increased as of the reporting date.

Inventories declined from € 71.1 million as of the previous year's reporting date to € 58.9 million as of the end of the year. The decline was primarily attributable to much lower inventories of tools which had already been delivered to customers but for which final acceptance was still outstanding. Thus, this amount totaled only € 6.8 million as of December 31, 2014, whereas it was reported as € 22.6 million as of the reporting date of the previous year. Other finished goods increased by approximately € 0.6 million. The inventories of materials and supplies declined from € 25.2 million in the previous year to € 22.1 million. However, inventories of work in process increased from € 23.3 million in the previous year to € 26.1 million. The inventories of demonstration equipment decreased from € 21.5 million in the previous year to € 20.5 million.

Trade receivables increased from € 11.1 million in the previous year to € 13.4 million. The decline was primarily due to the reporting date.

The SUSS MicroTec Group's portfolio of securities decreased slightly in 2014 from € 2.1 million to € 1.0 million. The securities recognized consist of corporate and government bonds. By contrast, the amount of cash and cash equivalents increased from € 45.1 million to € 47.3 million.

The decline in other assets from € 2.5 million in the previous year to € 1.7 million as of the end of the year was primarily attributable to a lower level of prepayments due as of the reporting date.

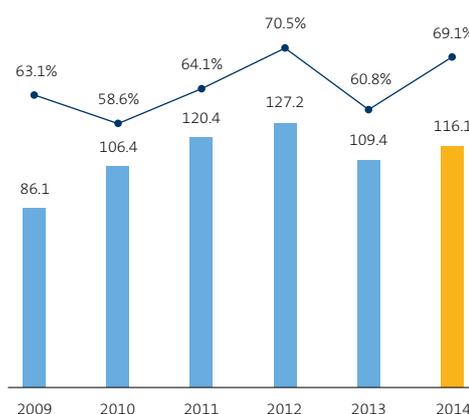
Noncurrent liabilities declined from € 14.6 million to € 13.9 million. Financial debts totaling € 9.1 million in the fiscal year (previous year: € 10.3 million) accounted for most of the noncurrent liabilities. Aside from the noncurrent part of the Sternenfels loan, the noncurrent part of the loan that serves to finance the Garching property is recognized here. Also recognized under other financial liabilities in the previous year was the noncurrent part of the earn-out liability of € 0.2 million for acquiring SUSS MicroTec Photonic Systems and the noncurrent part of the still outstanding

purchase price liability for acquiring the minority interests in SUSS MicroOptics of € 0.1 million. The earn-out liability for acquiring SUSS MicroTec Photonic Systems was completely reversed with effect on net income in 2014. The still outstanding purchase price liability of € 0.1 million for acquiring the minority interests in SUSS MicroOptics now has a term of up to one year and is therefore recognized under current liabilities.

A significant decline was recorded in current liabilities from € 55.8 million in the previous year to € 38.0 million as of the reporting date. The level of customer down payments, which totaled € 18.0 million as of the end of the year (previous year: € 30.8 million), accounted for the bulk of this decrease. The decline was primarily due to the reporting date. In addition, other provisions decreased from € 5.9 million in the previous year to € 3.2 million as of the end of the year. Provisions in the previous year included € 2.0 million in provisions used in 2014 for liabilities related to the refocusing of the Permanent Bond Cluster area. Trade payables decreased by € 2.1 million to € 3.4 million due to the reporting date.

The shareholders' equity of the SUSS MicroTec Group increased since December 31, 2013 by € 6.6 million to € 116.1 million. The equity ratio rose compared with the previous year from 60.8% to 69.1%.

Shareholder's Equity in € million and Equity Ratio



CAPITAL EXPENDITURE

Targeted investments strengthen the Company

SUSS MicroTec AG is the owner of business properties in Garching and Sternenfels, where the Company headquarters as well as the offices of SUSS MicroTec Lithography GmbH and SUSS MicroTec Photomask Equipment GmbH & Co. KG are located. SUSS MicroTec AG invests continuously in Company buildings at both sites in order to maintain state-of-the-art storage, production and administrative areas.

Due to the structure of the Company, investments in equipment and tools are not a significant component of its development. Fundamental value is added through the design, assembly, and alignment of components, as well as the corresponding software management. Special equipment and tools are not required for these activities.

We assume that investments in tangible assets will be within the range of approximately 1% to 2% of sales in the long term. The only exception is the Micro-optics product line included in the Others division. This product line involves small-scale production, which requires corresponding production tools.

Intangible assets are recognized for development costs that satisfy the IFRS requirements for capitalization. Therefore, a portion of capital expenditure is to be allocated to intangible assets.

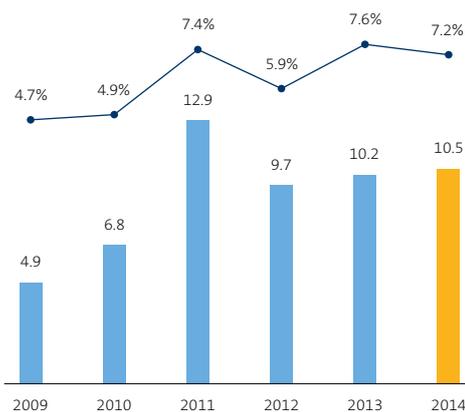
SUSS MicroTec AG is owner of a Group-wide SAP system, which is used by the German companies as well as SUSS MicroTec Inc. (Sunnyvale, USA) and SUSS MicroTec (Taiwan) Company Ltd. (Hsinchu, Taiwan). In 2014, the system underwent extensive expansion. First, in Germany a module for human resources management (employee self service and manager self service) was introduced. Second, it is planned to introduce SAP at SUSS MicroTec Photonic Systems (Corona, USA) in 2015. Comprehensive work for this was already completed in 2014 and capitalized as internal activity.

RESEARCH AND DEVELOPMENT

Research and Development – An Investment in the Future

The research and development expenditures increased from € 10.2 million in the previous year to € 10.5 million, which corresponds to an expense ratio to sales of 7.2% in 2014 (previous year: 7.6%). It affected the Lithography division at € 6.9 million (previous year: € 5.5 million) and the Substrate Bonder division at € 1.5 million (previous year: 3.0 million). € 1.6 million (previous year: € 1.4 million) was attributable to the Photomask Equipment division. The Others division was allocated € 0.5 million (previous year: € 0.3 million).

Research and development costs in € million
expense ratio in relation to sales



At the end of 2014, 128 employees – almost a fifth of the employees of SUSS MicroTec – were employed in the area of research and development (previous year: 127 employees).

The largest division, Lithography, combines the product lines Exposure (Mask Aligners, UV projectors), Laser Processing, and Coaters / Developers. The focus of research and development activity in the area of coating and developing systems in the reported fiscal year was on further increasing processing safety and reducing the ongoing operating costs of the equipment. Particular attention was also paid to improvements of existing, and the development of new, fabrication technologies.

In the reported fiscal year, the Mask Aligner product line launched a new tool generation of the fully automated MA200 Gen3 in the market and also introduced a new tool in the market with the semi-automated MA12.

The MA200 Gen3 features improvements relative to the predecessor model with respect to both throughput and innovative new functions. The loadport can be fed continuously without halting the tool during the loading process. In addition, the MA200 Gen3 introduced automatic correction routines that enable a stable exposure process even with damaged alignment marks without the intervention of an operator. The new active monitoring of the exposure distance also permits the automatic alignment of this key parameter. In sum, the many innovations in the third tool generation lead to a much improved cost of ownership and a reduced reject rate.

On the manual or semi-automated side, the innovative MA12 tool was developed for use in industrial research and production for 300 mm and 300x300 mm substrates. With respect to precision, optical performance, and flexibility, the MA12 employs the latest Mask Aligner technology. The operator-assisted tool offers the highest processing precision and alignment precision in the sub-micrometer range. Therefore, the MA12 rounds out the product portfolio of 300 mm tools. With the new Mask Aligner, sensitive substrates or even curved wafers can be reliably processed.

Work is continually being done on improvements in the area of wafer handling for Mask Aligners in order to continue to respond to the demanding requirements of modern exposure processes on challenging substrates. As a result, Taiko wafers and fragile wafers for MEMS applications can now also be reliably exposed through new patent-protected solutions.

Additional development highlights of the reported fiscal year are the enabling of gray-tone lithographic processes on the MA/BA8 Gen3, super-flat chucks, and integrated LED chuck exposure.

Coaters/Developers—An important component of both coater and development equipment are the dispensing systems for various processing chemicals. With the goal of significantly reducing processing costs, a system was developed that allows the dispensing of nearly 100% of the processing media from the containers being used. Until now a not insignificant portion of the frequently expensive chemicals remained behind in the supply tanks and it was necessary to dispose of them. Another focus was on

optimizing the hotplates used in both the 200 mm and 300 mm systems. These modules are especially used to bake substrates after they have been coated. Several are frequently available in a production system. The optimizations are predominantly aimed at improved air flow in the modules, which prevents the condensation of the solvents eluted from the coatings. The work is based on simulation experiments conducted by SUSS MicroTec in-house and enable hotplate modules requiring a smaller design, a longer maintenance interval, and reduced maintenance expense.

Through intensive software development, it was possible to achieve a significant version upgrade in the operating system used at the core of the equipment. This ensures above all that available PC hardware will be usable in the future. Furthermore, the increased user-friendliness makes it possible to start operating equipment within the shortest possible time and to develop customer-specific software solutions efficiently. In several cases, patents are pending for the technical solutions that have been developed.

In the reported year, the research and development work in our SUSS MicroTec Photonic Systems subsidiary, which was acquired in 2012, focused primarily on the refinement of UV projection scanners and solutions for laser technology in view of the possible applications in advanced packaging. Thanks to these efforts, in 2014 it was possible to launch a total of two new products in the market.

It was possible to introduce the DSC300 Gen2 projection scanner in March 2014. This new platform for wafer sizes of up to 300 mm is based on the unique projection scan technology of SUSS MicroTec Photonic Systems. The tool combines the advantages of full-field exposure with conventional projection lithography. Equipped with a full-field mask and broadband projection optics, the scanner exposes the wafer in a single continuous exposure step (scan). Based on our successful Mask Aligner technology, available solutions and concepts could be transferred to handling highly curved or warped substrates. In addition, the new generation of projection scanners includes improvements and innovations with respect to overlay, resolution, automation and especially throughput increases.

With ELP300 Gen2, the second generation of the ELP300 platform, an improved Excimer Laser Ablation Stepper was launched in the market. The focus of the development work was mainly on improving the overlay performance of the system to less than 1µm. It was also possible to enhance the new tool generation with infrared alignment in order to support the most modern applications and processes. Furthermore, also in this product platform existing solutions and concepts were transferred to warped wafer handling.

In addition, SUSS MicroTec at the Corona site focused very strongly on the development of cost-effective cleaning processes for laser ablation technology. Initial successes have already been achieved and can now be marketed together with the laser tool.

Also in the 2014 fiscal year, two joint development projects could be conducted with a leading industrial partner and an established research institute to develop and qualify a laser ablation technology process.

The Substrate Bonder division is divided into the sub-areas of temporary and permanent bonding. In the area of temporary bonding, important milestones could be achieved in the 2014 fiscal year on the way to high-volume production. For example, production bond clusters, which were delivered to an Asian foundry in 2012 and 2013, were qualified for the serial production of innovative 3D MEMS solutions on 200 mm wafers. In addition, a production bond cluster for temporary bonding processes was completely qualified for the serial production of TSV-based 3D memory chips. These innovative memory chips are produced on 300 mm wafers. The customer, an Asian memory chip manufacturer, commenced serial production in the second half of 2014. In the qualification phase, continuous improvements have been initiated on the hardware and software side for which production support is being pursued in order to expand the competitive advantage. Also in the 2014 fiscal year, another memory chip manufacturer successfully qualified our innovative cleaning module to clean ultra-thin wafers on tape frames. This is part of the temporary bonder product line.

On the product side, we introduced to the market ELD300, a newly developed excimer laser debonder for 3D integration, in the 2014 fiscal year. This laser debonder can be used as a stand-alone semi-automated system or as an integrated process module in SUSS MicroTec's XBC300 Gen2 platform. In the de-bonding method using an excimer laser, the tape between the glass carrier and a mounted thinned wafer is separated using a 308 nm excimer laser. The advantages of excimer laser-supported de-bonding with the ELD300 consist of the very short processing times and related high throughputs, the selectivity of the

process, the very resource-conserving process management for the thin wafer, and the high degree of automation, which is indispensable for high-volume applications.

In addition, in the 2014 fiscal year we developed a metrology station for the fully-automated measurement of tape thickness distribution for bonded wafers, which is now available to us as an additional module for the temporary production bond clusters. A joint development program with a leading European research institute, which involves the development, qualification, and optimization of temporary and permanent bonding processes, was extended until the end of 2015.

In the area of permanent bonding, a new, semi-automated wafer bonder was developed and launched in the market in the 2014 fiscal year. The semi-automated SB6/8 Gen2 system can process wafer sizes of up to 200 mm as well as various substrate sizes and types. The tool can be used for manual processes in the research and development area, but simultaneously enables the use of high-volume applications without difficulty. With its broad range, SB6/8 Gen2 supports adhesive bonding, thermal compression, and eutectic bonding. In the bonding chamber, various conditions, such as vacuum or overpressure, can be created. The extensive tool configuration enables the flexible adaptation to various requirements in the semiconductor industry. The main application areas of the SB6/8 Gen2 are MEMS, LED applications, and 3D integration. This second tool generation offers an improved heating and power control system as well as improved cooling rates. These new properties enable even more precise control of the bonding processes.

In the Photomask Equipment division, due to the delay in the introduction of extreme ultraviolet lithography (EUVL) for large-scale production in the semiconductor industry, it remains necessary to expand 193i immersion lithography through the multiple exposure process. As a result, directly related processing techniques, such as photomask cleaning, should be adjusted and expanded.

Patterns, which are becoming ever smaller with increasing integration density, require the extremely precise coordination and refinement of chemical and physical cleaning methods. As a result, there has been a focus on investigating new or expanded ultrasonic processes, which have already been in use at SUSS MicroTec for years. Thus, in the reported fiscal year, a combination of tiny droplet spraying processes and ultrasonic excitation has been successfully tested. In addition, the use of a special ultrasonic nozzle has been tested in order to increase the efficiency of removing the smallest particles.

Not only are particle size and efficiency becoming increasingly critical, the preservation of optical properties, particularly with EUVL photomasks, is also very important. Due to the fact that these photomasks do not have a pellicle, the active substrate surfaces are directly exposed to environmental conditions and consequently must be cleaned more frequently than optical 193i photomasks. Conventional wet chemical processes such as the use of SC1 or ozonized water can be used only conditionally since they attack, in particular, the highly sensitive Ru top layer of an EUVL photomask. Therefore, very gentle cleaning and surface handling methods, such as dry cleaning, are necessary. The use of plasma under atmospheric pressure offers many advantages here in particular since, aside from the cleaning effect, it exerts additional influence on the surface energy, thereby improving wettability for subsequent wet processing. In addition, by using plasma after the final cleaning, the passivation of the surface is achieved. The development of such a special plasma unit was a major project in 2014. After successful test runs, the prototype of this unit could be completed and installed at the first customer by the end of the year.

In view of the gentle surface cleaning, an innovative cleaning medium was identified during a cooperative project and tested on SUSS MaskTrackPRO cleaning equipment. It replaces aggressive handling using SPM (piranha) cleaning to remove photo resist remnants.

Progress was made on the development of the new MaskTrack GEN3 cleaning equipment platform, the next generation of the successful MaskTrack series. Here, important concepts were applied to the design, which ensure that it will be possible to develop new technologies in the future and integrate them into existing equipment. SUSS MicroTec will thus be able to meet the demands of the photomask industry in the future and assert its market supremacy.

THE HOLDING COMPANY – SUSS MicroTec AG

The holding company is responsible for the steering and management of the SUSS MicroTec Group. One of its tasks is strategic orientation, such as expansion of the product portfolio, acquisitions, and financial issues for the Group as a whole. The holding company is also responsible for corporate identity, investor relations, and marketing. Furthermore, the holding company assumes the financing of strategically important development projects of the operating subsidiaries.

SUSS MicroTec AG is generally the sole shareholder of the companies included in the consolidated financial statements. The holding company has provided loans only to subsidiaries and their subsidiaries. The earnings position of the holding company as an individual company is not directly dependent on the development of the Company's markets. The holding company is primarily refinanced by allocating costs to the operating companies, by leasing the buildings at the Garching and Sternenfels sites to subsidiaries, through interest income from loans to subsidiaries, and through existing profit and loss transfer agreements.

Holding in € thousand	SMT AG (HGB)			
	2014	2013	Change	in %
Annual net profit / loss	6,980	-20,601	27,581	–
Shareholders' equity	96,139	89,159	6,980	8
Total assets	139,443	132,869	6,574	5
Equity ratio in %	69	67		
Noncurrent assets	82,751	88,336	-5,585	-6
% of total assets	59	66		
Current assets	56,692	44,534	12,158	27
% of total assets	41	34		

SIGNIFICANT CHANGES IN THE ASSETS AND FINANCIAL POSITION

Intangible assets increased in the reported fiscal year by € 0.2 million and amounted to € 1.6 million as of the reporting date. Expansions of the Group-wide SAP system as well as the introduction of a new customer relationship management system accounted for most of the increase in intangible assets. These new investments were still partially disclosed under prepayments.

Shares in affiliated companies amounted to € 52.9 million as of the reporting date and are thus € 0.3 million lower than in the previous year. The reason for the decline are write-downs on the investment in SUSS MicroTec Inc., Sunnyvale (USA). After the change in the business model, the company will only be able to achieve an EBIT margin that is customary for a sales company. Accordingly, the model used to conduct an impairment test on financial assets indicates a write-down of the valuation of the share in this company by approximately € 0.3 million.

Loans to affiliated companies declined by approximately € 5.3 million. The shareholder loan to SUSS MicroTec Photomask Equipment GmbH & Co. KG, Sternenfels, which carried a book value of € 4.3 million in the previous year, was completely paid off by the company. However, additional loan amounts were extended to SUSS MicroTec Photonic Systems Inc., Corona, USA. On December 31, 2014, the loan amounted to US\$ 22.6 million in total (previous year: US\$ 15.0 million). Since negative earnings are expected for SUSS MicroTec Photonic Systems in the next three years based on the current Group budget, the model used to conduct an impairment test on financial assets indicates a write-down of this shareholder loan by approximately € 6.7 million. Accordingly, the loan was written down by this amount on December 31, 2014.

Current receivables from affiliated companies increased by € 10.2 million. The increase resulted primarily from the profit transfers of SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH.

In the reporting year, the liquidity position of SUSS MicroTec AG rose slightly. The growth was primarily the result of the positive free cash flow of the subsidiaries associated with the corporation through the Group cash pooling. The improved liquidity position can be seen in the rise in deposits with banks of € 2.9 million. By contrast, the portfolio of securities declined by approximately € 1.0 million. The securities concerned are primarily corporate and government bonds with an investment grade rating.

Liabilities to affiliated companies remained nearly unchanged in the reporting year. They declined by € 0.4 million.

Bank borrowings declined over the course of 2014 by € 1.2 million. This resulted from the scheduled repayment of a loan to finance the business property in Sternenfels and a loan to finance the business property in Garching.

The increase in shareholders' equity of € 7.0 million was entirely attributable to the annual net profit of € 7.0 million in the fiscal year.

SIGNIFICANT EVENTS WITH INFLUENCE ON THE EARNINGS POSITION OF THE HOLDING COMPANY

In the annual financial statements of SUSS MicroTec AG under commercial law, a net profit of € 7.0 million was earned in the 2014 fiscal year (previous year: annual net loss of € 20.6 million).

As a result of the profit and loss transfer agreement with SUSS MicroTec Lithography GmbH, Garching (Germany), which has been in effect since January 1, 2011, revenue from a profit assumption of € 8.8 million (previous year: expense from a loss assumption of € 18.2 million) was recognized at the holding company. As a result of the profit and loss transfer agreement with SUSS MicroTec REMAN GmbH, Oberschleißheim (Germany), which was concluded in the 2008 fiscal year, revenue from a profit assumption of € 1.1 million (previous year: € 0.8 million) was recognized at the holding company. In addition, the holding company generated investment income of approximately € 2.0 million from a dividend distribution of SUSS MicroTec (Taiwan) Company Ltd., Hsinchu (Taiwan).

Loans to affiliated companies in the previous year included a shareholder loan to SUSS MicroTec Photomask Equipment GmbH & Co. KG, which has a face value of € 11.9 million. The shareholder loan was acquired in February 2010 as a result of the acquisition of HamaTech APE GmbH & Co. KG (now: SUSS MicroTec Photomask Equipment GmbH & Co. KG) from the former shareholder Singulus Technologies AG for a purchase price of € 4.3 million. As of December 31, 2014, SMT Photomask Equipment had completely paid off the loan. SUSS MicroTec AG achieved a profit of € 7.0 million from the redemption of this loan, which is accounted for under revenue from the disposal of financial investments.

A value adjustment of a loan of € 6.7 million, which has been granted to SUSS MicroTec Photonic Systems Inc., Corona, had an offsetting effect. In addition, a value adjustment of € 0.3 million on the investment in SUSS MicroTec Inc. was recorded.

Other operating income primarily included rental income of € 1.9 million (previous year: € 1.5 million) and foreign currency gains of € 0.2 million (previous year: € 1.8 million).

Apart from current administrative expenses, other operating expenses included foreign currency losses of € 4.6 million (previous year: € 0.6 million).

Thereof, € 4.4 million result from the valuation of cash pooling clearing accounts with SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH which are denominated in USD and JPY. Both subsidiaries show corresponding currency gains of € 4.4 million in total in their individual financial statements.

Interest expense increased in the fiscal year by € 0.2 million, which was primarily attributable to the newly assumed bank loan of € 7.5 million in December 2013.

SUSS MicroTec AG had an average of 19 employees in the 2014 fiscal year (previous year: 20 employees).

The short and medium-term development of SUSS MicroTec AG mainly depends on how the financial and earnings position of important subsidiaries develops. The financial and earnings position of the subsidiaries is critical for the level of the interest-bearing net financing balance of the holding company and the distribution and transfer of profits to the proprietary company. In addition, earnings are influenced by foreign currency effects that result from changes in the exchange rates of USD and JPY.

SUSTAINABILITY

SUSS MicroTec has more than sixty years of experience in the manufacture of equipment and the development of process solutions for micropattern applications. The Company has set standards for the semiconductor industry in terms of precision and quality. Continuous innovation and the capacity to always provide new solutions in a rapidly changing environment have made SUSS MicroTec a technology leader in the industry. Another success factor is the topic of sustainability, which has a very high priority for us. As a technology leader and driver of innovation, we consider ourselves committed not only to first-class products, but also to sustainability. In management decisions, it is always necessary to bring the social, ecological, and economic aspects into harmony. We strive for a fair and socially responsible interaction with customers, employees, and competitors. In addition, we also apply the same high standards to suppliers and business partners. We are committed to sustainable economic development, and in the coming pages we would like to give the readers an overview of our activities regarding sustainable corporate development. You can find more information on the internet under www.suss.com
 > *Company* > *Quality Management* > *Sustainability*

COMPLIANCE

Each employee bears responsibility for our Company's image and for ensuring that we meet our social responsibility. In addition, our self-image encompasses the integration of all employees, without regard to age, background, gender, disability, or religion. The Code of Conduct stipulates rules for SUSS MicroTec employees in their interaction with customers, suppliers, and other business partners as well as interaction with other employees. It helps to cope with the numerous legal and ethical challenges encountered in day-to-day work, creates clarity, and thus strengthens trust in the performance and integrity of the SUSS MicroTec Group. The employees commit themselves to abide by the Code of Conduct and compliance rules. In 2014, we also installed a web-based whistle-blowing system for possible compliance violations. The reports go by email directly to the legal department, either anonymously or with the name provided voluntarily.

QUALITY MANAGEMENT

SUSS MicroTec's leading technology position in the Lithography, Photomask Equipment, Substrate Bonder, and Micro-optics areas is rooted in a strong commitment to complying with the highest quality standards. Our quality goals are based on sustainable customer trust, respect for our customers, partnerships, and motivated employees. SUSS MicroTec provides high-quality products and services as well as innovative solutions. All SUSS MicroTec divisions share our commitment to the highest quality. Our processes are based on an effective quality management system, which is ISO 9001 certified for the production sites in Germany and Switzerland and is constantly being improved.

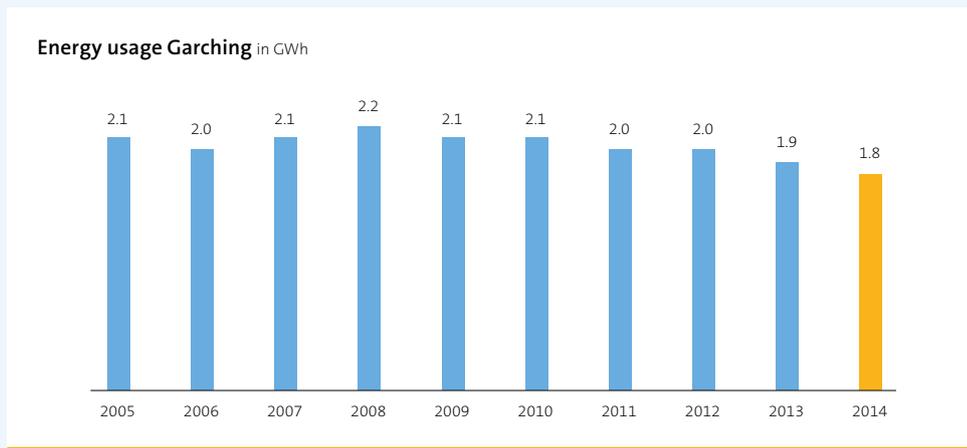
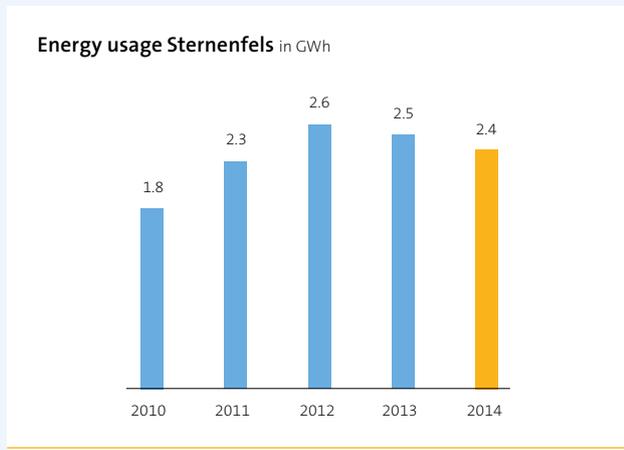
ENVIRONMENTAL RESPONSIBILITY

In recent years, SUSS MicroTec has begun to take measures on a broad scale and across sites to ensure a more efficient use of resources. They include, for example, optimizing the pump systems for heating and air conditioning, using air compressors with heat recovery, new illumination concepts, and a generally higher level of awareness in the use of natural resources. As a result of these steps, it was possible to reduce the consumption of electricity at the Garching location, for example, by nearly 20% since 2008.

Already during the 2013 fiscal year, the cooling units in the cleanrooms at the Garching site were renovated in several construction stages due to age-related functional deficits. The full savings effect of these measures was realized for the first time in the 2014 fiscal year. The two new cooling units, which are equipped with "free cooling," can conserve energy at outside temperatures of below 11°C. The new cooling equipment was installed in a network, which resulted in a redundant cooling capacity. For example, in the event of a breakdown (the failure of a cooling machine or maintenance work), production will no longer be disrupted.

With these renovation projects, the Company increased production safety at the Garching site and simultaneously took another step toward a sustainable economy.

Following the acquisition of the Sternenfels site and the consolidation of three product lines at this site, electricity consumption initially increased significantly. In general, our electricity consumption is strongly dependent on production volumes. This means that in an economic expansion phase, we generally consume more energy than in an economically weaker phase. In the future, we will place even greater emphasis on resource conservation at the Sternenfels site.



As a specialty tool manufacturer in the semiconductor sector, we have products on the market that make a significant contribution to the manufacturing of energy-efficient finished products and the reduction of CO² emissions. An example of this is the

production of energy-saving, light-emitting diodes (LED). With MA100 / 150e Gen2, we offer a Mask Aligner platform specially for the processing of sensitive compound semiconductors, such as ultra-bright LEDs (UBH).

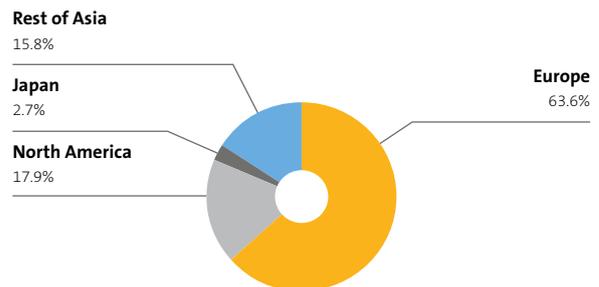
In addition, many components (e.g., high-performance ICs) manufactured in part using our tools are used in industrial applications for renewable energy, such as wind and solar power. But the improvements of the ecological properties and environmental impact of our products are themselves an important part of our development work. Therefore, we are attaching increasing importance to minimizing the use of chemicals and hazardous processing materials as much as possible during the manufacturing process and the operation of our tools. For coating and developing devices as well as photomask equipment, innovative process management and sophisticated tool design make it possible to reduce the consumption of materials used. This saves our customers cash and spares the environment.

EMPLOYEES

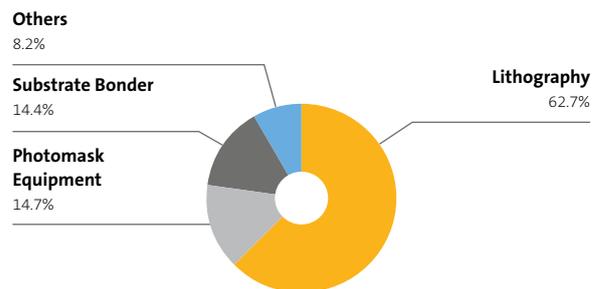
The employees and their expertise are a significant part of the Company's value. The training periods, particularly in the technical fields, are longer than one year given the highly specific products. For this reason, a motivational environment and performance-based payment are the basic requirements for retaining existing employees as well as recruiting qualified new employees. Our business is characterized by internationality, global positioning, and cultural diversity. We have employees distributed around the globe in development, production, administration, sales, and service, who constitute an important network for the exchange of knowledge across locations as well as intercultural collaboration. We work in flat hierarchies with short decision-making processes, and enable our employees to play an active role and develop in accordance with their abilities and preferences. We respect personal dignity, privacy, and the personal rights of each individual.

As of the end of the 2014 fiscal year, the Group had 659 employees (previous year: 655).

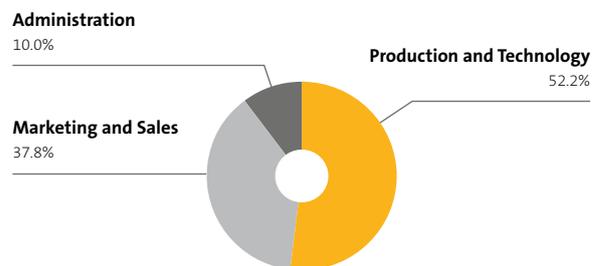
Employees by Region 2014



Employees by Division 2014



Employees by Area 2014



We are particularly interested in the safety and well-being of our employees. A safe and healthy work environment enhances both productivity and the work atmosphere in the Company. As our declaration on the environment, health, and safety states (> www.suss.com > *Company* > *Quality Management*), there are special programs designed to meet the highest standards in terms of safety. We maintain detailed statistics about workplace accidents and analyze them regularly. In addition, we offer on-site medical appointments, for example for free eye examinations or inoculations, at regular intervals.

The collaboration of our employees worldwide and our interactions with customers and business partners are characterized by mutual respect, acting with integrity, and compliance with ethical guidelines and laws. In order to cope with the numerous legal and ethical challenges encountered in day-to-day work, create clarity, and thus strengthen trust in the performance and integrity of the SUSS MicroTec Group, we have adopted a Code of Conduct and compliance with it is mandatory for all employees.

CUSTOMER RELATIONS

We attach great importance to maintaining high ethical standards in our interactions with employees, customers, and business partners. We believe that this can make a decisive contribution to the success of the Company. This includes the proper handling of insider information, the intellectual property of employees, and the confidential information of customers and suppliers.

Our customers include well-known integrated device manufacturers (IDM) from around the world and numerous customers in the area of outsourced assembly and test houses (OSAT). In addition, we have worked very successfully with leading universities and research institutes both in Germany and abroad for many years. In terms of the development of new and innovative technologies, tools, and solutions, we also enter into partnerships and collaborations with other industrial companies.

Disclosures of Takeover Provisions in Accordance with Sections 289 (4) and 315 (4) of the German Commercial Code (HGB)

1. Composition of subscribed capital

As of December 31, 2014, the subscribed capital of the Company totaled € 19,115,538.00 (previous year: € 19,115,538.00). The equity capital is divided into 19,115,538 (previous year: 19,115,538) registered, no-par-value individual shares representing a pro rata amount of € 1.00 per share. The shares are fully paid in.

The same rights and obligations apply to all shares. Each share confers one vote at the Shareholders' Meeting and determines the shareholder's portion of the Company's profits. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Law (AktG), in particular by Sections 12, 53 a et seq., 118 et seq. and 186.

In accordance with Section 67 (2) AktG, a shareholder in relation to the Company is only someone who is entered as such in the shares registry. Shareholders must provide the Company with the information necessary to be included in the share registry.

2. Restrictions with regard to voting rights or the transfer of shares

There are no restrictions with regard to voting rights or the transfer of shares, as stipulated by the articles of incorporation. We are also not aware of the existence of such agreements between shareholders.

3. Investments in capital that exceed 10% of the voting rights

Direct or indirect investments in capital that reach or exceed 10% of the voting rights have not been reported to us and are also not known to us.

4. Shares with extraordinary rights that grant controlling authority

There are no shares with extraordinary rights that grant controlling authority.

5. The nature of voting rights control when employees have a stake in the Company's capital and do not exercise their control rights directly.

When SUSS MicroTec issues shares to its employees through an employee stock program, the shares are directly transferred to the employees. The beneficiary employees who hold shares of employee stock may exercise their control rights in the same way as any other shareholder directly in accordance with the applicable laws and the articles of incorporation.

6. Legal provisions and rules in the articles of incorporation for appointing members to the Management Board and asking them to step down as well as making changes to the articles of incorporation

The appointment and dismissal of members of the Management Board are stipulated in Sections 84 and 85 AktG. Accordingly, Management Board members may be appointed by the Supervisory Board for a maximum period of five years. A reappointment or extension of their terms is permitted for a maximum of five years. The Supervisory Board decides on the appointment and dismissal of Management Board members with a simple majority vote.

The Management Board consists of at least two persons, whereby the number of Management Board members is determined by the Supervisory Board, in accordance with Section 7 (1) of the articles of incorporation. The Supervisory Board may appoint a member of the Management Board as the Chairman or Spokesman of the Management Board as well as a Deputy Chairman or Spokesman of the Management Board, in accordance with Section 84 AktG and Section 7 (2) of the articles of incorporation.

If a required member of the Management Board is absent, in urgent cases the member can be legally summoned upon petition by a concerned party, in accordance with Section 85 AktG. The Supervisory Board may revoke the appointment of a Management Board member and the nomination of the Chairman of the Management Board for good cause, in accordance with Section 84 (3) AktG.

Changes to the articles of incorporation require a resolution by the Shareholders' Meeting, in accordance with Section 179 AktG. The authority to make changes which pertain to the wording only is delegated to the Supervisory Board, in accordance with Section 17 (3) of the articles of incorporation.

Resolutions of the Shareholders' Meeting that change the articles of incorporation require a simple majority of the votes cast and a simple majority of the equity capital represented during the resolution in accordance with Sections 133 and 179 AktG in conjunction with Section 26 (1) of the articles of incorporation, as long as the law does not prescribe a larger majority.

7. Authority of the Management Board to issue or buy back shares

The Management Board is authorized to increase the Company's equity capital in the period through June 21, 2016 one or more times by up to a total of € 6,500,000.00 through the issuance of up to 6,500,000 new individual share certificates for cash contributions with the approval of the Supervisory Board. The Management Board is also authorized to exclude the subscription rights of shareholders with the approval of the Supervisory Board and under certain conditions.

Furthermore, the Management Board is authorized to increase the Company's equity capital in the period through June 18, 2018 one or more times by up to a total of € 2,500,000.00 through the issuance of up to 2,500,000 new registered share certificates for cash or non-cash contributions with the approval of the Supervisory Board. The Management Board is also authorized to exclude the subscription rights of shareholders with the approval of the Supervisory Board and under certain conditions.

In addition, the Management Board is authorized, with the approval of the Supervisory Board, to acquire treasury shares of the Company by June 18, 2018 up to a total of 10% of the equity capital existing at the time of the resolution in the amount of € 19,115,538.00. At no time may more than 10% of the equity capital accrue to the acquired shares together with other treasury shares, which are owned by the Company or are attributable to it in accordance with Sections 71 a et seq. German Stock Corporation Law (AktG). The authorization may not be utilized for the purpose of trading in treasury shares. The acquisition may occur after the election of the Management Board via the stock exchange, or by means of a public tender offer directed to all shareholders, or of a public invitation to all shareholders to submit an offer for sale. The Management Board is authorized, with the approval of the Supervisory Board, to use the treasury shares acquired on the basis of this authorization for any legal purpose.

8. Significant pending agreements on the part of the Company given a change of control resulting from a corporate takeover bid

With the banks of the consortium, there are bilateral credit relationships with a common pool of collateral. These relationships have different structures and conditions. One credit relationship contains a right to extraordinary cancellation if there is a change of control and the parties have not reached a timely agreement regarding proceeding under possibly different conditions, for example with respect to interest, security, or other arrangements.

There are no other significant agreements on the part of SUSS MicroTec AG subject to the condition of a change of control resulting from a corporate takeover bid.

9. Compensation agreements of the Company with Management Board members or employees in the event of a corporate takeover bid

There are no compensation agreements or the like with employees or members of the Management Board in the event of a corporate takeover bid.

In summary, no special rules exist with regard to the voting rights tied to shares or any control options resulting from this, either through the establishment of special stock categories or through restrictions on voting rights or transfers. There are no provisions extending beyond the legal regulations regarding the appointment of members of the Management Board or asking them to step down. Important business fields or activities of SUSS MicroTec AG may not be discontinued due to existing change of control clauses in the event of a takeover bid.

Corporate Governance Declaration in Accordance with Section 289 a of the German Commercial Code (HGB)

On March 3, 2014, the Management Board and Supervisory Board of SUSS MicroTec AG issued a joint declaration regarding corporate governance in accordance with Section 289 a of the HGB and

made it available on the Company's website at <http://ir.suss.com/websites/suess/English/2010/declaration-on-corporate-governance.html>.

Remuneration Report

REMUNERATION OF THE MANAGEMENT BOARD

SUSS MicroTec has already been disclosing the remuneration of the Management Board members on an individualized basis for many years. The objective of SUSS MicroTec's remuneration system for the Management Board is to incentivize long-term and sustainable corporate governance. Special performance should be rewarded with special compensation, but the failure to achieve objectives must lead to a tangible reduction in remuneration. In addition, remuneration must be oriented toward the size and economic position of the Company. The overall compensation of members of the Management Board consists of both performance-based and non-performance-based remuneration components.

The Supervisory Board is responsible for setting the remuneration of Management Board members. The full council of the Supervisory Board determines and monitors the compensation system for the Management Board on a regular basis and finalizes the Management Board contracts.

The Supervisory Board has taken up the matter of aligning Management Board remuneration with sustainable corporate governance in detail. An external remuneration specialist was also consulted.

FIXED REMUNERATION

The amount of fixed pay is determined first and foremost by the roles and responsibilities assigned. The remuneration components independent of performance consist of the base salary and fringe benefits in the form of a company car and subsidies for health insurance and unsolicited retirement insurance.

In addition, employer pension commitments (retirement, disability, and widow's pension) in the form of direct insurance have been made to the members of the Management Board (endowment insurance).

PERFORMANCE-BASED REMUNERATION

Performance-based remuneration consists of variable remuneration.

VARIABLE REMUNERATION

Since January 1, 2012, variable remuneration may amount to a maximum of 150% of the fixed remuneration at the beginning of the respective fiscal year. Of the variable remuneration, 70% is determined according to annual targets, while the remaining 30% is determined according to multi-year targets.

VARIABLE REMUNERATION BASED ON ANNUAL TARGETS (VARIABLE REMUNERATION A)

The Supervisory Board sets annual targets (order entry, sales, EBITDA, and free cash flow) one fiscal year at a time. If only 70% or less of these targets is achieved, this remuneration component is not received. The maximum amount is received when 130% of the target is achieved. If the achievement of a given target is between 70% and 130%, the variable remuneration is calculated proportionally to the amount achieved.

Remuneration based on annual targets is determined annually. In the interest of promoting long-term corporate development, the Management Board members are permanently entitled to only half of variable remuneration A. As for the other half of the amount payable ("the qualified half"), the Management Board member is obligated to acquire Company shares during the first trading window after payment of the amount payable and to hold

them in a registered account in their name for a lock-up period of three years, commencing on the last day of the trading window in which the shares were acquired.

VARIABLE REMUNERATION BASED ON MULTI-YEAR TARGETS (VARIABLE REMUNERATION B)

30% of the variable remuneration applies to multi-year targets, which, as a rule, are set for a period of three fiscal years.

Multi-year targets were set for the first time for the 2010 to 2012 fiscal years. In the process, intermediate goals or milestones were defined that should be achieved in individual fiscal years. Upon conclusion of a fiscal year, the Supervisory Board, in consultation with the Management Board, adopted a resolution setting a preliminary target achievement threshold for between 70% and 130% of the stipulated milestones. The share of variable compensation in a given fiscal year depends on the threshold set for specific milestones. Half of this share was paid as an advance and the other half was carried over to a settlement account for variable remuneration as a temporary balance. After expiration of the full period of the multi-year targets, the Supervisory Board determined conclusively for these overall targets the extent to which specific targets had been achieved within a range of 70% to 130%. Only these conclusively determined target achievement levels applied to the final calculation of the variable remuneration portions for the fiscal years falling within the full period, relative to the average of the maximum amounts for the relevant fiscal years. The previously determined target achievement thresholds for the milestones were used only to calculate the corresponding advance payment.

For the 2013 to 2015 fiscal years, multi-year targets were reset for three fiscal years in advance, whereby they can differ according to the function and area of responsibility of the Management Board member. The current multi-year targets relate to achieving the EBIT margins or milestones set for development projects in defined periods. If only 70% or less of these targets is achieved, this remuneration component is not received. The maximum amount is received when 150% of the target is achieved. If the achievement of a given target is between 70% and 150%, the variable remuneration is calculated proportionally to the amount achieved. Variable remuneration B, which is based on multi-year targets, is determined annually and is completely paid out in the respective fiscal year.

SEVERANCE PAYMENTS

In Management Board contracts, a compensation payment has been earmarked for cases where the term of a member of the Management Board ends prematurely and without significant cause. This is limited to no more than two years of compensation including fringe benefits (severance payment cap) and compensates for no more than the remaining term of the employment contract. The Management Board contracts do not include approval for benefits arising from the premature termination of the Management Board function as a result of a change of control (change-of-control rule).

MANAGEMENT BOARD REMUNERATION

The tables presented below on Management Board remuneration comply with the German Corporate Governance Code. The fixed remuneration and fringe benefits are geared to the agreed upon fixed amount. For variable remuneration, both a target value for reaching 100% and the achievable minimum and maximum remuneration are indicated.

The bonuses for Mr. Braun will be at least € 35,625.00 for the financial years 2014 and 2015 respectively.

AMOUNT OF THE MANAGEMENT BOARD COMPENSATION

The following tables (“Granted Contributions” and “Inflows”) show the remuneration awarded to each Management Board member for the financial years 2014 and 2013 accordance with German Corporate Governance Code Number 4.2.5 (3). The information previously contained in the “Management Board Compensation” table according to Section 315 German Commercial Code (HGB) are now outlined in the “Inflow” table.

Target remuneration to the Management Board according to the German Corporate Governance Code

in €	Michael Knopp			
	Chief Financial Officer (CFO); speaker of the Management Board since August 24, 2014			
Granted contributions	2014 (100%)	2014 (min.)	2014 (max.)	2013
Fixed remuneration	251,254.00	251,254.00	251,254.00	236,254.00
Ancillary benefits (fix) ¹	21,502.56	21,502.56	21,502.56	20,549.52
Pension expenses ²	2,148.00	2,148.00	2,148.00	2,148.00
Total	274,904.56	274,904.56	274,904.56	258,951.52
One year variable remuneration (A) ³	128,625.00	–	257,250.00	120,750.00
Thereof variable share component ⁴	64,312.50	–	128,625.00	60,375.00
Multi-year variable remuneration (B) (2013–2015)	55,125.00	–	110,250.00	51,750.00
Total	458,654.56	274,904.56	642,404.56	431,451.52
Service cost	–	–	–	–
Total remuneration	458,654.56	274,904.56	642,404.56	431,451.52

¹ Includes: contribution to voluntary pension insurance, non-cash benefits for company cars, and employer's share health insurance

² Pension expenses (direct insurance)

³ Variable remuneration (one and multi-year) max. 150% of fixed remuneration of the fiscal year

⁴ The vesting period for the variable share component is three years

in €	Walter Braun			
	Chief Operating Officer (COO) since July 1, 2014			
Granted contributions	2014 (100%)	2014 (min.)	2014 (max.)	2013
Fixed remuneration	94,998.00	94,998.00	94,998.00	–
Ancillary benefits (fix) ¹	9,993.66	9,993.66	9,993.66	–
Pension expenses ²	2,148.00	2,148.00	2,148.00	–
Total	107,139.66	107,139.66	107,139.66	–
One year variable remuneration (A) ³	49,875.00	35,625.00	99,750.00	–
Thereof variable share component ⁴	24,937.50	17,812.50	49,875.00	–
Multi-year variable remuneration (B) (2013–2015)	21,375.00	–	42,750.00	–
Total	178,389.66	142,764.66	249,639.66	–
Service cost	–	–	–	–
Total remuneration	178,389.66	142,764.66	249,639.66	–

¹ Includes: contribution to voluntary pension insurance, non-cash benefits for company cars, and employer's share health insurance

² Pension expenses (direct insurance)

³ Variable remuneration (one and multi-year) max. 150% of fixed remuneration of the fiscal year

⁴ The vesting period for the variable share component is three years

Target remuneration to a former member of the Management Board according to the German Corporate Governance Code

in €	Frank Averdung Chief Executive Officer (CEO) until August 24, 2014			
	2014 (100%)	2014 (min.)	2014 (max.)	2013
Granted contributions				
Fixed remuneration	330,000.00	330,000.00	330,000.00	300,000.00
Ancillary benefits (fix) ¹	23,789.28	23,789.28	23,789.28	23,506.80
Pension expenses ²	2,148.00	2,148.00	2,148.00	2,148.00
Total	355,937.28	355,937.28	355,937.28	325,654.80
One year variable remuneration (A) ³	173,250.00	–	346,500.00	157,500.00
Thereof variable share component ⁴	86,625.00	–	173,250.00	78,750.00
Multi-year variable remuneration (B) (2013–2015)	74,250.00	–	148,500.00	51,750.00
Total	603,437.28	355,937.28	850,937.28	534,904.80
Service cost	–	–	–	–
Total remuneration	603,437.28	355,937.28	850,937.28	534,904.80

¹ Includes: contribution to voluntary pension insurance, non-cash benefits for company cars, and employer's share health insurance

² Pension expenses (direct insurance)

³ Variable remuneration (one and multi-year) max. 150% of fixed remuneration of the fiscal year

⁴ The vesting period for the variable share component is three years

Inflows to the Management Board according to the German Corporate Governance Code

in €	Michael Knopp Chief Financial Officer (CFO); speaker of the Management Board since August 24, 2014		Walter Braun Chief Operating Officer (COO) since July 1, 2014	
	2014	2013	2014	2013
Inflow				
Fixed remuneration	251,254.00	236,254.00	94,998.00	–
Ancillary benefits (fix) ¹	21,502.56	20,549.52	9,993.66	–
Pension expenses ²	2,148.00	2,148.00	–	–
Total	274,904.56	258,951.52	104,991.66	–
One year variable remuneration (A) ³	191,758.96	98,202.12	74,355.51	–
Thereof variable share component ⁴	95,879.48	49,101.06	37,177.76	–
Multi-year variable remuneration (B) (2013–2015)	104,107.89	–	16,648.99	–
Total	570,771.41	357,153.64	195,996.16	–
Service cost	–	–	–	–
Total remuneration	570,771.41	357,153.64	195,998.16	–

in €	Frank Averdung Chief Executive Officer (CEO) until August 24, 2014	
	2014	2013
Inflow		
Fixed remuneration	330,000.00	300,000.00
Ancillary benefits (fix) ¹	23,789.28	23,506.80
Pension expenses ²	2,148.00	2,148.00
Severance payments	930,000.00	–
Total	1,285,937.28	325,654.80
One year variable remuneration (A) ³	120,000.00	128,089.73
Thereof variable share component ⁴	–	64,044.87
Multi-year variable remuneration (B) (2013–2015)	–	–
Total	1,405,937.28	453,744.53
Service cost	–	–
Total remuneration	1,405,937.28	453,744.53

¹ Includes: contribution to voluntary pension insurance, non-cash benefits for company cars, and employer's share health insurance

² Pension expenses (direct insurance)

³ Variable remuneration (one and multi-year) max. 150% of fixed remuneration of the fiscal year

⁴ The vesting period for the variable share component is three years

PENSION PLANS

No pension provisions exist for members or former members of the Management Board.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board is set out in Section 19 of the articles of incorporation of SUSS MicroTec AG. In addition to the reimbursement of their expenses and meeting attendance compensation of € 1,500.00 per meeting, each member of the Supervisory Board also receives a fixed remuneration based on the responsibilities and duties of the member. According to this, the Chairman of the Supervisory Board receives € 45,000, the Deputy Chairman receives € 40,000, and a regular member of the Supervisory Board receives € 35,000 per fiscal year as fixed compensation. The members of the Supervisory Board have reimbursed the Company for the notional per capita share of the D&O insurance premium paid by the Company.

Supervisory Board remuneration

2014 in €	Remuneration	Attendance fee	Deduction for pro rata D&O insurance premium
Supervisory Board			
Dr. Stefan Reineck (Chairman of the Supervisory Board)	45,000.00	13,500.00	1,914.82
Jan Teichert (Deputy Chairman of the Supervisory Board)	40,000.00	13,500.00	957.41
Gerhard Pegam	35,000.00	12,000.00	638.27

2013 in €	Remuneration	Attendance fee	Deduction for pro rata D&O insurance premium
Supervisory Board			
Dr. Stefan Reineck (Chairman of the Supervisory Board)	45,000.00	10,500.00	1,914.82
Jan Teichert (Deputy Chairman of the Supervisory Board)	40,000.00	10,500.00	957.41
Gerhard Pegam	35,000.00	10,500.00	638.27

In the 2014 fiscal year, neither members of the Supervisory Board nor persons or companies affiliated with them received any remuneration or benefits for personal services, particularly consultation and placement services.

Subsequent Events

REPORT ON SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR

There were no significant events after the reporting date that have had a material impact on the net assets, financial position and results of operations of the Group.

On February 17, 2015 the Supervisory Board of SUSS MicroTec AG appointed Dr. Per-Ove Hansson to the Management Board of SUSS MicroTec AG. Dr. Hansson will assume the office of Chief Executive Officer on May 1, 2015. Dr. Hansson holds a doctorate in physics and has gained extensive experience at well-known, globally operating semiconductor capital equipment firms.

Potential

OPPORTUNITIES AND RISKS FOR THE FUTURE DEVELOPMENT OF THE SUSS MICROTEC GROUP

The goal of our opportunity and risk management is to maintain and increase the enterprise value of the SUSS MicroTec Group. Our corporate goals include the early and successful detection of opportunities, the identification and suitable assessment of the related risks, and an appropriate response. The diverse opportunities for our Group result from technology leadership in our businesses, our broad spectrum of products and solutions for the semiconductor equipment industry, collaborations with international customers and research institutes, and our global positioning.

We define opportunities and risks as follows:

- › Opportunities are possible future developments or events that can lead to a deviation from forecasts or targets that is positive for the Group.
- › Under risks, we understand possible future developments or events that can lead to a deviation from forecasts or targets that is negative for the Group.

The analysis and assessment of opportunities and risks for the Group is the subject of continuous deliberations by the Management Board and the management of the Group. On the basis of an opportunity-oriented, but simultaneously risk-conscious management, however, the Company's fundamental goal is not to avoid all potential risks. Instead, it constantly aims to achieve an optimum level of risk avoidance, risk reduction, and the controlled acceptance of risk. An awareness of risks should not interfere with the ability to identify risks and to use them for the benefit of the Company and its shareholders.

OPPORTUNITIES FOR THE GROUP

The global business activities of the SUSS MicroTec Group within a dynamic market environment opens up new opportunities to support and advance the targeted growth of SUSS MicroTec. Therefore, the recognition and exploitation of these opportunities are among the essential components of our growth policy.

Macroeconomic Opportunities

SUSS MicroTec is represented worldwide with production, sales, and service subsidiaries and also cooperates with many external commercial partners. Its international presence offers the Group numerous opportunities to acquire new customers worldwide, to enter into new cooperative agreements, and to participate in the growth of industrial markets in the major and emerging economies.

Strategic Corporate Opportunities

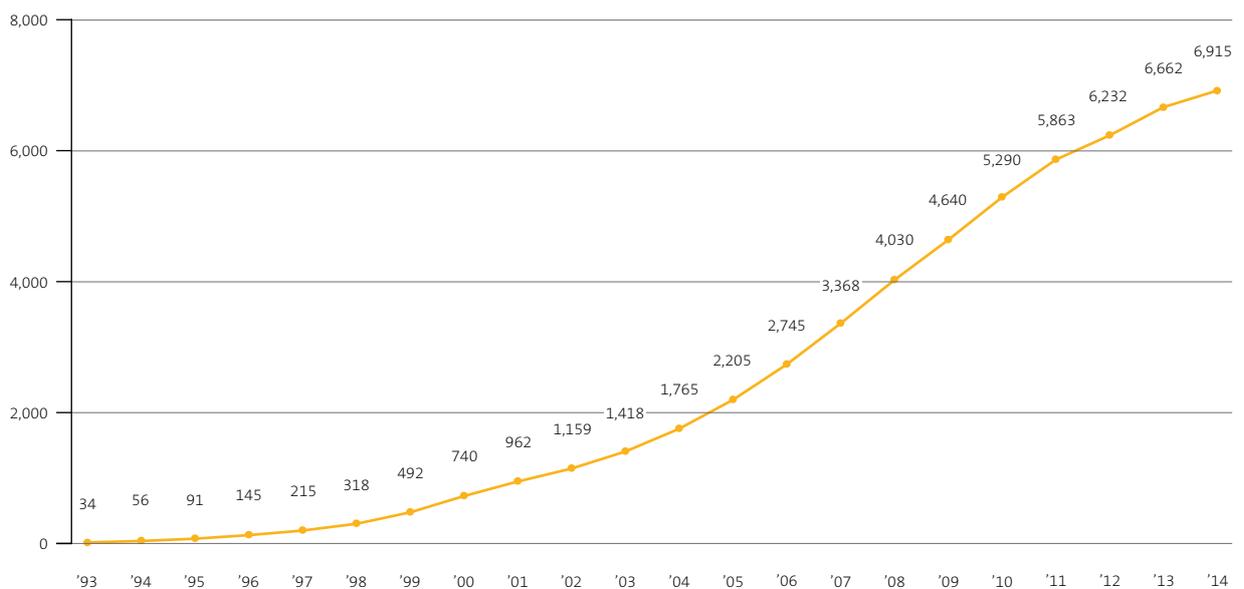
SUSS MicroTec has set standards for the manufacturing of processing equipment for the semiconductor industry in terms of precision and quality. Continuous innovation and the capacity to always provide new solutions in a rapidly changing environment have made SUSS MicroTec a technology leader in the industry. These strengths, together with a solid financial backing, give the Group the opportunity to carry out promising development projects and enter into auspicious cooperative agreements in order to expand the product range further and to refine applications and technologies. The SUSS MicroTec Group maintains numerous development partnerships with research institutes and universities. In particular, cooperation with research institutes offers tremendous potential for SUSS MicroTec because they usually work very closely with our customers and are financed to a significant extent by these customers. New basic technologies are frequently developed in the laboratories of research institutes and only then find their way into industry. It is all the more important for a high-tech company like SUSS MicroTec to participate in the development of new technologies and processes from the beginning. This increases the chances of being able to offer tools and solutions for industry on a large scale in the future.

Along with the refinement of its own technologies, SUSS MicroTec fundamentally also sees the opportunity to expand the Company with new businesses and technologies through external acquisitions.

Sector and Market-Specific Opportunities

The markets in the semiconductor equipment industry served by SUSS MicroTec are subject to constant change, which is driven primarily by rapid developments in the area of information and communication technology. Thus, the ever increasing number of smartphones and tablet computers is a significant growth driver for manufacturers of these products. The refinement of diverse electronic devices and the integration of high-tech applications into daily life are also leading to major changes in the markets. The largest growth rates here are not in the industrialized countries, but above all in the developing countries of Asia.

Number of mobile connections worldwide 1993 to 2014 in millions



Source: Statista 2015

Important parts of the global semiconductor industry are focused on Asia. They include several large packaging houses (OSATs) as well as many of the globally operating manufacturers of storage media and MEMS components.

The strong market cycles in the semiconductor industry offer SUSS MicroTec – depending on the type of development – numerous new opportunities in the market, which could result in a sharp short-term increase in order entry and sales.

Our global network of sales employees, product engineers, and commercial partners is focused on fulfilling the sector and market-specific requirements of our customers worldwide. SUSS MicroTec is represented in the core markets of the semiconductor equipment industry in Taiwan, China, Japan, and South Korea with its own subsidiaries. Our subsidiaries always maintain direct contact with our customers and thereby have the opportunity to observe current developments in the semiconductor markets immediately. As a result, SUSS MicroTec can respond quickly to emerging developments and adjust its applications accordingly.

In order to perceive developments in the markets quickly at all times, direct and regular contact with partners, customers, and potential new customers is very important to us. Therefore, SUSS MicroTec is represented at trade fairs for the semiconductor industry and sponsors international technology forums. For example, SUSS MicroTec presents its new developments routinely at the Semicon trade fairs, which are held annually at various sites worldwide. In addition, SUSS MicroTec presents its developments at smaller, local trade fairs. In parallel with Semicon West, in 2014 SUSS MicroTec sponsored the SUSS Technology Forum in San Francisco, which has been very well attended by industrial partners from around the world, for the fifth time. Also in Grenoble – at the same time as Semicon Europe – SUSS Technology Forum MEMS was held in cooperation with SEMI right on the fair grounds.

Through close cooperation with SEMI and the incorporation of SUSS Technology Forums into the regular conference program of Semicon Europe, SUSS MicroTec can address a large audience. The international presence of SUSS MicroTec and the high level of recognition created by trade fairs and events make it possible for us to “keep our ear close to the market” and to respond quickly to technological progress and new developments.

Operational Opportunities

Lithography remains the SUSS MicroTec Group’s largest sales generator and accounts for approximately two-thirds of total Group sales. With the Mask Aligner and Coater/Developer product lines, SUSS MicroTec has been represented successfully in the market for many years, servicing customers from various sectors and markets. The consistent sales volume and relatively stable margins of these two product lines ensure that the SUSS MicroTec Group can maintain a constant work load at the Garching and Sternenfels production sites and generate regular positive cash flows. With refinements and improvements of the technologies of these two product lines, we are consolidating our market position and ensuring that stable margins and cash flows can still be achieved with Mask Aligners and Coaters/Developers in the future.

With the technologies gained from the acquisition of SUSS MicroTec Photonic Systems – UV projection lithography and laser processing – we have augmented and expanded our product portfolio in the Lithography division. In 2014, we were able to acquire additional customers for laser tools and have had no difficulty achieving customer acceptance of the tools installed in the current fiscal year without any complaints. We see the opportunity to obtain additional orders for laser tools and thus further strengthen our market position in the area of laser processing.

The scanner systems (DSC300, DSC500) similarly developed and produced by SUSS MicroTec Photonic Systems still need to gain a foothold in the market. In 2014, we could achieve several successes with these systems. We installed scanner systems at customers and also acquired new customers for evaluations. As a result, we expect additional positive impetus in the market environment and we assume that other customers will decide in favor of this technology. If we succeed in persuading more customers to use our systems, we could achieve substantial order volumes and sales with scanners in the coming years. Given correspondingly high quantities, sustainable positive margins could be reached in the future.

The Substrate Bonder division, which is divided into the sub-areas of temporary and permanent bonding, was realigned in 2013 and technical development in this segment was refocused. In the area of temporary bonding, important milestones could be achieved in 2014 on the way to high-volume production. In the area of permanent bonding, in the fourth quarter of 2014 we launched the new SB6/8 Gen2, a semi-automated system that can be used for both manual processes in research and development and high-volume applications. Through the extensive innovations that we introduced in 2014 and will continue to roll out in the following years, we expect a significant expansion of our market position in the future, higher sales volumes, and long-term positive margins.

In the Photomask Equipment division, we have achieved high sales and high margins since the acquisition of SUSS MicroTec Photomask Equipment in 2010. Most of the sales involved a few individual orders, each of which had a very high order value of several million euros. Therefore, sales per fiscal year display large fluctuations. We view our market position in this segment as very secure and assume that we will be able to achieve large profits in the future. However, we expect that sharp fluctuations in sales per fiscal year will continue over the long term, which can have a corresponding effect on division earnings per fiscal year.

Financial Opportunities

Significant changes in the currency market can affect the sales and earnings of SUSS MicroTec both positively and negatively. The current devaluation of the euro against the US dollar gives SUSS MicroTec the opportunity to offer its products manufactured in Germany on the US dollar-dominated markets at attractive prices. The changes in value of the euro compared to the Japanese yen will influence sales and achievable margins in the Asian region in the future. An appreciation of the euro against the Japanese yen would have rather negative effects, while a devaluation would prospectively result in positive effects for SUSS MicroTec.

Employee-Related Opportunities

SUSS MicroTec views itself as a small to medium-sized business that has flat hierarchies due to its relatively small size and therefore offers its employees short lines of communications and fast decision-making processes in all respects. Our SME structures together with our international orientation make SUSS MicroTec an attractive employer. The average period of employment of our globally active employees is nearly ten years. This shows the success of our efforts to offer our employees a good working environment, interesting assignments, and attractive remuneration. We are convinced that we will be able to fill all vacancies with qualified and motivated employees in the future. We will maintain our existing strategy to retain long-term employees.

Our remuneration system includes variable remuneration for our executives, the amount of which depends on the extent to which targets are achieved. The targets are redefined annually and are based on certain Group parameters (such as EBITDA, sales, and order entry), which are reset annually using current budget plans. In addition, personal targets are agreed upon with the employee. For sales employees, ordinarily targets are defined that are related to winning customer orders. The personal goals of employees of other departments mostly involve services or projects which add value to the respective department. By integrating budget planning into the remuneration system, we establish a financial incentive for our executives to contribute actively to the achievement of the established targets. In this way, we increase our chances of actually achieving our planned sales and earnings. In addition, the definition of personal targets for executives offers us the opportunity to implement numerous projects in various areas, even if a work effort is required of employees that goes beyond the normal day-to-day business.

As a globally successful technology company, SUSS MicroTec needs employees working in the area of research and development to advance targeted new product developments in order to satisfy the needs of our customers. For this purpose SUSS MicroTec establishes appropriate incentives and rewards employee ideas that are used in our products with annual inventor royalties.

Our international presence enables us to recruit highly qualified employees worldwide if current developments require it. For example, in the reported fiscal year we set up a new team of software developers at the site of our subsidiary in Taiwan that supports departments previously located in Garching and Sternenfels. We expect new impetus from the team for the refinement of the software used with our tools as well as more flexibility to satisfy the requirements of our customers in the Asian region.

Development-Specific Opportunities

In the coming 2015 fiscal year, we are planning significantly higher spending for development, above all for the Mask Aligner and Coater / Developer product lines as well as for the Photomask Equipment division. For this, we will hire more employees for our development departments, but will also resort to external service providers and partners. Our goal is to technically overhaul these product lines, in order to adapt them to the latest developments in the market, and satisfy new customer demands. In the process, we intend to consolidate and further expand our market position.

The overall intent is to lend more weight to the research and development area at SUSS MicroTec. The Supervisory Board of SUSS MicroTec AG has appointed a new member of the Management Board, Dr. Per-Ove Hansson, who will assume the office of Chief Executive Officer on May 1, 2015. Dr. Hansson holds a doctorate in physics and has gained extensive experience at well-known, globally operating semiconductor capital equipment firms. He will, among other responsibilities, take over and supervise the research and development department at SUSS MicroTec. SUSS MicroTec expects new impetus from this and is convinced that it will be able to benefit from the specialized knowledge and wealth of experience that Dr. Hansson brings.

RISK MANAGEMENT SYSTEM

The risk management system has long been a component of corporate management for the purpose of recognizing and controlling risks, and for meeting legal requirements.

In addition to short-term (operating) risks, the risk management at SUSS MicroTec also deals with long-term (strategic) developments that can have a negative impact on the business development. On the basis of an opportunity-oriented, but at the same time risk-conscious management, however, the Company's fundamental goal is not to avoid all potential risks. Instead, it constantly aims to achieve an optimum level of risk avoidance, risk reduction, and the controlled acceptance of risk. An awareness of risks should not interfere with the ability to identify opportunities and to use them for the benefit of the Company and its shareholders.

Risk Management Organization and Documentation

The organization of risk management is geared toward the functional and hierarchical structure of the Group. Upon introduction of the risk management system, a risk management officer, who reports directly to the Management Board every three months, was appointed.

The established early risk identification system is examined externally on an annual basis within the scope of the audits of the annual financial statements. The auditor reports on this to the Management Board and Supervisory Board.

Risk Identification

All Group units subject to reporting organize a workshop at least once per year which, in addition to past events, primarily addresses future developments. Moreover, the workshops serve to ensure that uniform valuation principles are maintained throughout the Group. Within the framework of a structured process, all identified risks are recorded and evaluated quarterly using an intranet-based IT solution. Next, risk reports are prepared that subject the known risks to a critical appraisal and address new topics.

Risks suddenly emerging are also reported immediately to the risk management officer of the respective unit.

Information is processed by the risk management officer, who reports to the Management Board. The results of the overall process are presented to the Supervisory Board at least once a year.

The Group's quality management is an important element of early detection. The large production sites are certified in accordance with ISO 9001, which confirms reliable, process- and system-oriented quality management. Clearly structured and unambiguously documented processes within the framework of quality management not only ensure transparency but also have become, for most production clients, a precondition for the successful marketing of our tools.

Risk Assessment

Risks are assessed in part by indicating the maximum amount of damage if no countermeasures are taken. The risk value is determined on this basis by including a probability of occurrence, taking the corresponding countermeasures into account. The indication of the risk value pertains to the next 12 or 24 months in each case.

The identified risks are assigned to one of three different risk categories using a risk matrix, which takes into account both the possible damage amount and the likelihood of occurrence. Risks starting at a damage amount of € 10 million – as measured by the level of liquidity outflow – are viewed as “threatening the Company's continued existence.”

The combination of the likelihood of occurrence and the extent of impact determines which risk categories should be regarded as significant from the Group's perspective. In this regard, a distinction is made between low (green category), medium (yellow category), and high (red category) risks.

			Likelihood				
			very low	low	medium	high	very high
			0% to ≤5%	> 5% to ≤10%	> 10% to ≤25%	> 25% to ≤50%	> 50% to ≤100%
Impact	threatening the existence	> € 10 million to ≤ € 20 million	medium	high	high	high	high
	critical	> € 2 million to ≤ € 10 million	medium	medium	high	high	high
	serious	> € 500 thousand to ≤ € 2 million	low	medium	medium	medium	high
	marginal	> € 20 thousand to ≤ € 500 thousand	low	low	medium	medium	medium
	negligible	€ 0 to ≤ € 20 thousand	low	low	low	medium	medium

According to our method of risk assessment, only the high risks are categorized as significant.

Risk Management

Depending on the type of risk and the amount of the assessment, measures for avoiding and lessening risk are taken on a tiered basis. In doing so, risk management is always geared toward the principles of an opportunity-based handling of risks, as mentioned earlier.

The avoidance of risk and the organization of countermeasures is carried out at the subsidiary level. The parties responsible for risk and the reporting units are obligated to develop and implement strategies for preventing known risks. Should their expertise not suffice for implementing these, they must request assistance from higher management levels.

Global activities in the field of high technology yield general and current risks for the Company. The Management Board has taken appropriate measures for the purpose of monitoring risks in order to identify developments that may threaten the continued existence of the SUSS MicroTec Group early on.

Description of the Key Features of the Accounting-related Internal Control and Risk Management System in Accordance with Sections 289 (5) and 315 (2) no. 5 of the German Commercial Code (HGB)

The risk management system for the accounting process aims to minimize the risk of false statements in accounting documents and external reporting. It serves as the first step toward the identification and evaluation and subsequent restriction and review of known risks in the accounting process which could undermine the compliance of the consolidated financial statements with regulations. The internal control system for the accounting process should ensure with sufficient certainty that the consolidated financial statements conform to regulations despite identified risks in financial reporting.

The effectiveness of the early risk detection system is reviewed at the end of the year by the auditor during the audit. In the process, selected accounting-related internal controls are investigated and their effectiveness evaluated. In addition, checks are made of selected aspects of the IT systems in use.

The management of SUSS MicroTec AG is responsible for the establishment and effective maintenance of suitable controls over financial reporting. At the end of each fiscal year, management evaluates the suitability and effectiveness of the control system. As of December 31, 2014, management had confirmed the effectiveness of internal controls over financial reporting. However, certain limitations exist regarding the effectiveness of any control system. Absolute certainty cannot be assured even with appropriate, functioning systems.

SUSS MicroTec AG employs its Group-wide accounting manual to ensure the consistent application of accounting principles. The accounting manual is based on IFRS accounting standards and is the basis for the accounting process at all Group companies. Unambiguous guidelines are designed to restrict employee discretion with respect to the recognition and measurement of assets and liabilities and thus to reduce the risk of inconsistencies in the Group's accounting practices. The subsidiaries are subject to certain mandatory guidelines regarding reporting and the scope of disclosure. The central Finance and Controlling departments monitor compliance with reporting obligations and deadlines.

Accounting at the subsidiaries is done either locally by their own employees or with the support of external accounting firms or tax consulting companies. In the process, various electronic data processing (EDP) systems are used. All German companies have worked with SAP since 2008. Since 2010, SAP has also been used by SUSS MicroTec (Taiwan) Company Ltd., Hsinchu, Taiwan. In 2011, SAP was finally installed at SUSS MicroTec Inc., Sunnyvale, California (USA). Reporting to the corporate headquarters is carried out with the assistance of "Infor PM Application Studio" management information software. The separate financial statements are ultimately combined into a central consolidation system. At the Group level, the finance and controlling departments review the accuracy and reliability of the separate financial statements submitted by the subsidiaries. Controls within the framework of the consolidation process, such as the consolidation of liabilities, expenses, and income, are carried out manually. Possible deficiencies are corrected and reported back to the subsidiaries. The financial systems employed are protected from misuse through appropriate authentication principles and access restrictions. Authorizations are reviewed regularly and updated if necessary.

RISKS FOR THE GROUP

Macroeconomic Risks

SUSS MicroTec is represented worldwide, has a broad customer network, and offers its customers seven different product lines which can be used in various industries and sectors. Therefore, SUSS MicroTec is fundamentally not dependent on either individual markets or individual customers. Economic downturns in a region or sector can be at least partially offset. Due to its flexible positioning, SUSS MicroTec would be able to respond immediately to market events in the event of major economic disruptions and to adjust cost structures in a timely manner. Flexitime accounts and the use of temporary works are available as tools. In addition, the option exists of reducing working hours. In addition, purchasing departments routinely review and adjust procurement quantities.

Political decisions, new laws, and other regulations in the countries in which SUSS MicroTec operates can negatively impact our business. These include tax laws in the respective countries, export restrictions, and tightened requirements in the areas of product liability, competition law, work safety, and patent and brand law.

Currently, for example, the Russian embargo in place is hindering the sale of our products in Russia. Nevertheless, we succeeded in achieving all of the planned sales with Russian customers in the 2014 fiscal year. Due to the loss in value of the Russian ruble against the euro, however, we assume that we will generate significantly lower sales with Russian customers in the near future.

SUSS MicroTec routinely participates in public tenders and counts universities and government research facilities, for example, among its worldwide customers. Regulations for participating in public tenders and the criteria for awards differ from country to country and can make it much more difficult to win and consummate public orders.

In general, significant changes in the currency market can affect the sales and earnings of SUSS MicroTec both positively and negatively. The current devaluation of the euro against the US dollar gives SUSS MicroTec the opportunity to offer the products that it manufactures in Germany at attractive prices in the US dollar-dominated markets. The changes in value of the euro against the Japanese yen will influence sales and achievable margins in the Asian region in the future. An appreciation of the euro against the Japanese yen would have rather negative effects, while a devaluation would prospectively result in positive effects for SUSS MicroTec.

SUSS MicroTec does not expect any impact on the order behavior of its customers in the Lithography, Substrate Bonder, and Photomask Equipment divisions from the decision by the Swiss Central Bank (SNB) on January 15, 2015 to abandon the minimum exchange rate for the Swiss franc relative to the euro, which led to a significant appreciation of the franc. However, the margins for MicroOptics products, which are manufactured by SUSS MicroOptics S.A. at the Hauterive, Switzerland site, are expected to be reduced significantly. In addition, SUSS MicroTec presumably will have to accept lower sales of MicroOptics products.

In the last few months, a value depreciation of the euro against most Asian currencies has been observed. Thus in early 2015, the euro lost significant value relative to the Taiwanese dollar, the Singapore dollar, the South Korean won, and the Chinese renminbi yuan. The SUSS MicroTec Group conducts minimal business in these currencies. Instead, the Group subsidiaries located in Taiwan, Singapore, South Korea, and China issue euro-denominated receivables to customers and other SUSS MicroTec companies. Depending on the volume and due date, significant currency losses can result from the valuation of these receivables in the respective country currency.

Sector and Market-Specific Risks

The difficulty in assessing the short and medium-term market development is still one of the greatest risks to the Company. The semiconductor industry in particular, which is among the Company's sales markets, is characterized by strong market cycles. A sharp drop in the entire semiconductor market would cause lower sales at SUSS MicroTec and harm corporate earnings. The Company is countering the related risks with lean structures, which can be adjusted quickly in the case of a weak business development and can be potentially supplemented with outsourcing.

Employee-Related Risks

The Company depends on the expertise of individual employees in individual areas, primarily in the field of research and development. If these employees are unavailable to the Group, this presents a corresponding risk. This is monitored by internal documentation requirements.

Development-Specific Risks

The business model of the SUSS MicroTec Group is based on its strong innovative culture and technological leadership. As the manufacturer of specialized tools, SUSS MicroTec delivers customer-specific solutions and conducts its product policies according to rapidly changing conditions in the semiconductor market. Nevertheless, we see the risk that in individual cases our technical developments could deviate from the preferences of the markets and our customers. In these cases, the danger might exist that the affected customers might turn away from SUSS MicroTec and seek alternative technical solutions from our competitors.

Aside from developing customer-specific solutions, the engineers of SUSS MicroTec Group are continuously working on long-term development projects designed to anticipate future market developments so that the products of SUSS MicroTec will be able to satisfy future technical requirements. The risk exists that individual development projects will not lead to the desired result or that the result achieved does not correspond to market expectations. In these cases, the danger exists that SUSS MicroTec cannot offer an innovative product in the target market. The affected customers might turn away from SUSS MicroTec and seek alternatives in the market. In addition, SUSS MicroTec may have used scarce resources in the area of development unproductively.

For several of our products, we view ourselves as the market leader because we satisfy the exact requirements of our customers with technically sophisticated solutions. In order to maintain market leadership and customer satisfaction, refinements and improvements are routinely required for our existing products (for example, to keep up with the ongoing miniaturization of patterns in the semiconductor industry). The risk exists that we will not recognize or implement technical innovations in time. In these cases, we see the risk that SUSS MicroTec could lose its market leadership in individual areas and might have to accept lower long-term sales.

Operating Risks

In view of the high level of cash and cash equivalents, the high equity ratio, and the lean cost structure, the risks that could arise for SUSS MicroTec from the current assets and earnings position are limited. With an EBIT of € 8.4 million, the SUSS MicroTec Group achieved significant positive earnings in 2014. However, taking into account the present order backlog at the end of 2014 and the subdued outlook for the semiconductor equipment sector in 2015, we must assume that we will generate only break-even or even achieve slightly negative earnings in 2015.

As of December 31, 2014, SUSS MicroTec records goodwill of approximately € 15.5 million, which is entirely attributable to the Lithography division. The Lithography division generated more than half of the Group sales and positive division earnings. The Lithography division will once again generate more than half of the total Group sales next year and will remain profitable. We therefore see no signs of impairment in the Lithography division.

The Mask Aligner product line, which belongs to the Lithography division, is one of the high-sale product lines of the SUSS MicroTec Group and has made a significant contribution to Group earnings. We are absolutely convinced that this product line will produce a large contribution to sales and stable margins in coming years. Nevertheless, the risk exists that Mask Aligner will no longer be able to satisfy the technical requirements of customers in the future and could be replaced by other technologies. However, we regard the risk as minimal. In addition, SUSS MicroTec could offer its customers alternative solutions with laser and scanner system product lines located in the USA.

The Coater product line, which similarly belongs to the Lithography division, has also made a significant contribution to Group sales and earnings. Since mid-2013, we have taken increasing note of Chinese competitors, who could win customer orders in the market especially for technically less demanding tools. Japanese manufacturers, who were previously active only in the Front-end market, are increasingly supplying 300mm systems in the mid- and Back-end market and offering customers good technical solutions. The manufacturers from Japan have gained significantly in competitiveness due to changes in exchange rates for the Japanese yen. The risk exists that this trend could continue and that both Japanese and Chinese manufacturers will successfully offer these technically demanding tools in the market, which is the segment in which SUSS MicroTec has so far held a high market share. Should this scenario occur, we would have to reduce the prices for our tools, which in turn would lead to lower sales and margins. Despite these measures, the possibility of losing market share cannot be ruled out should competing manufacturers from Asia make further inroads in this market.

Since the acquisition of SUSS MicroTec Photonic Systems in March 2012, the Lithography division has included the product lines for UV projection lithography and laser processing. In 2014, these product lines generated a loss. The Photonic Systems product lines can generate a positive contribution to earnings only if SUSS MicroTec particularly succeeds in establishing the scanner systems in the market. In 2014, it was possible to conduct additional promising installations and evaluations at customers. However, much higher sales volumes will be necessary for the scanner systems to make a positive contribution to earnings in the future. If SUSS MicroTec does not achieve substantial sales and positive margins with laser and scanner systems, the earnings of the Lithography division and the company earnings would be further negatively influenced. Moreover, additional value adjustment requirements on the loans to SUSS MicroTec Photonic Systems Inc. could result in separate financial statements of SUSS MicroTec AG if the product lines produced in the USA produce negative earnings on an ongoing basis.

In the reported fiscal year, the Substrate Bonder division produced another loss, generating division EBIT of € -2.4 million. We assume that the Substrate Bonder division will also produce a loss in the coming year since only a low level of sales is anticipated in 2015. In 2013, SUSS MicroTec halted the production and marketing of Permanent Bond Cluster systems. This strategic step will have a temporary negative impact on the order behavior of customers for manual permanent bonders since several customers in the market no longer perceive SUSS MicroTec as a manufacturer of Substrate Bonders. In order to counter this, we have significantly intensified our activities in the area of research and development in the reported fiscal year. In the area of permanent bonding, in the fourth quarter of 2014 we launched the SB6 / 8 Gen2, a semi-automated system that can be used for both manual processes in research and development and high-volume applications. Further product innovations are planned. We assume that we will recover lost market share in the permanent bonding market and expand our market position with these measures. Nevertheless, the risk exists that we will not be able to reach the required quantities in the permanent bonding market. In this case, permanent bonders would also make a negative contribution to division earnings in the future. In addition, other product lines could be negatively affected by this. Thus, research institutes and universities in particular, but also customers in the MEMS area, expect that they will be able to obtain Mask Aligners, Coaters / Developers, and Permanent Bonders from one supplier. Should we not succeed in establishing our permanent bonding systems in the market on a sustainable basis, lower sales would also be conceivable in the Coater / Developer and Mask Aligner product lines.

Also in the area of temporary bonding, we could achieve important milestones in 2014 on the way to high-volume production. In general, 3D integration is still not used for high-volume production by our customers. In addition, there is the risk that other technologies and processes will gain popularity in the market than the ones that are being developed and offered by SUSS MicroTec. The success of our temporary bonding and de-bonding technology depends decisively on whether the technologies and processes we have developed gain popularity in the market and whether 3D integration establishes itself in industrial-scale manufacturing and production. Only through the sale of high quantities will we be able to improve our margins in the Substrate Bonder division and achieve sustainable positive earnings.

Significant pricing pressure still exists in the current market environment. This includes the risk that original target selling prices can no longer be achieved, even given recovering markets. We are countering this risk with a constant pricing policy. As such, orders are rejected if the conditions are unattractive, in order to guarantee constant prices for customers in recovering markets.

SUSS MicroTec's products are regularly analyzed, checked, and optimized using an extensive risk and quality management system. The liability risk for SUSS MicroTec may increase given the use of the products in the manufacturing environment of companies with rising demands on product quality. In addition to other types of insurance, SUSS MicroTec also has product liability insurance for the Group. This limits as much potential risk as possible. The suitability of these insurance policies, which also protect the Group companies, are reviewed regularly regarding the covered risks and coverage amounts and modified if necessary. In addition, we also endeavor to include the limitations of liability in contracts with all contractual partners.

Information Technology Risks

We fundamentally view our IT infrastructure as well constructed and we believe that we have taken adequate precautions to prevent data manipulation, data loss, or data misuse. In addition, we routinely invest in new hardware and software in order to minimize the failure of IT systems and software solutions. With virus scanners and virus protection programs, which are continually updated, we protect our IT systems from damage and unauthorized access. Nevertheless, we cannot exclude the possibility of data manipulation, data loss, or data misuse in individual cases. It is also conceivable that new viruses or Trojans which are not detected by our security programs could penetrate our IT systems.

Financial Risks

Credit risks

A credit risk is an unexpected loss of cash or earnings. This occurs when a customer is unable to meet its obligations by the due date, or the assets used as collateral lose value. The Company has implemented Group-wide guidelines on the topic of credit assessment. These guidelines set out the specific payment conditions and safeguards to which the Company's individual sales units can agree, while taking the customer and country-specific aspects into consideration. Orders from customers located in "risk countries" can, therefore, only be accepted against down payment for the entire amount of the order, a bank guarantee, or a letter of credit. In the case of customers who are located in the "non-risk countries" and exceed a certain size, a corresponding customer rating is established. These ratings are based on information provided by external credit rating agencies. Depending on the customer's rating, tiered payment conditions and/or safeguards may be necessary to process the order.

Of the gross amount of accounts receivable totaling € 13.7 million (previous year: € 12.9 million), a total of € 9.5 million (previous year: € 6.1 million) was neither overdue nor impaired as of the reporting date. As of December 31, 2014, there were no indications of payment defaults occurring.

The age structure of overdue, but not impaired receivables as of the reporting date and that of the previous year are as follows:

in € thousand	2014	2013
Age structure of overdue receivables without impairment		
1–30 days	2,448	2,232
31–60 days	546	294
61–90 days	626	1,038
91–180 days	116	226
Overdue receivables without impairment	3,736	3,790

As of the reporting date, a total of € 0.5 million (previous year: € 3.0 million) of the gross inventory of receivables was overdue and impaired. The gross amount of the previous year takes into account receivables of € 1.1 million for two special customer projects, for which the contractually guaranteed specifications could not be achieved.

The age structure of overdue and impaired receivables as of the reporting date and that of the previous year are shown in the following table:

in € thousand	2014	2013
Age structure of overdue receivables with impairment		
< 91 days	0	73
91–180 days	179	767
181–360 days	36	1,404
> 360 days	250	765
Overdue receivables with impairment	465	3,009

Additional information about how value adjustments for trade receivables are determined can be found in the Notes.

Liquidity risks

As of the end of the year, SUSS MicroTec Group held net cash of € 38.0 million (previous year: € 35.7 million). Free cash flow in the previous financial year (adjusted for the effects of securities purchases and sales) totaled € 2.1 million (previous year: € 4.1 million).

A loan agreement exists between SUSS MicroTec AG and IKB Deutsche Industriebank AG in order to finance the business property in Garching. The loan was originally valued at € 7.5 million. It was made available and drawn down on December 16, 2013 and features a term lasting until June 30, 2021. Another loan agreement exists between SUSS MicroTec AG and a local cooperative bank in order to finance the business property in Sternenfels. The loan was originally valued at € 4.5 million. It was made available and drawn down on July 6, 2010 and has a term lasting until June 30, 2020. As of December 31, 2014, the SUSS MicroTec Group recognized bank borrowings of € 10.3 million for both of these loans. The annual repayment of both loans will amount to € 1.2 million per year in the coming years. In addition, normal bank interest will be charged for both loans.

The SUSS MicroTec Group has access to credit and guarantee lines with national and international banks and insurance companies totaling € 8.0 million. Three banks forming a bank consortium are providing credit and guarantee lines totaling € 4.5 million to SUSS MicroTec Lithography GmbH. These credit and guarantee lines are granted until further notice. An additional credit line of € 1.0 million is available to SUSS MicroTec Photomask Equipment GmbH & Co. KG. In addition, a bond line of € 2.5 million exists in connection with a bond insurance agreement. The line can be used by SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH. At present, the Company is making use of these credit and guarantee lines in order to offer down payment guarantees in the operational business. As of December 31, 2014, only € 3.5 million of these credit and guarantee lines are being utilized in the form of guarantees.

As a result, the Company is confident that it will be able to continue to provide all of the necessary down payment guarantees.

Minimizing the dependence, particularly on short-term borrowed capital, should keep any potential financing risk low. The Company is countering this risk above all by aiming to keep its ratio of borrowed capital at a low level through the corresponding cash flows from optimizing its working capital. Further details about the Company's liquidity situation can be found in Note (24).

Market price risks

Market price fluctuations can result in significant cash flow and earnings risks for the Company. Changes in foreign currency and interest rates influence the global operational business as well as investment and financing alternatives.

SUSS MicroTec's international orientation exposes it to foreign currency risk within the scope of its normal operating activities. Currency hedging is carried out on the basis of existing foreign currency orders. The hedging ratio for orders that are processed within three or six months comes to approximately 65% and 45%, respectively. Incoming and outgoing payment flows, which result particularly from foreign currency orders of materials and supplies, are deducted from the foreign currency amount to be identified and hedged. Forward exchange transactions are used as hedging instruments. For further details, please refer to Note (30).

The favorable development of foreign currency exchange rates can lead to higher margins for individual orders and generate additional currency gains.

The Company's interest rate risk is limited, as the variable-rate loans used to finance the property in Sternenfels have been hedged by a term-congruent interest rate swap. The conditions, which were originally variable, have thereby been converted into fixed conditions. The loan in connection with financing the Garching property carries a fixed interest rate.

The Company holds fixed-rate corporate and government bonds that can be sold at any time via a bank or stock exchange. The price is affected, among other things, by the current level of the market interest rate. Should the Company sell securities before the end of the term (for example to cover an unplanned need for liquidity that cannot be covered by available resources), unanticipated price losses could result.

OVERALL ASSESSMENT

No risks that threaten the Company's continued existence were identified in the Group in the 2014 fiscal year. The continued existence of the Company was at no time endangered from a material assets and liquidity point of view.

An overview of the main risks for the SUSS MicroTec Group are presented in the following table. The risks were valued according to the likelihood of occurrence and the potential financial impact (as measured by the amount of the possible liquidity outflow).

	Likelihood					Impact				
	very low	low	medium	high	very high	negligible	marginal	serious	critical	threatening the existence
	0% to ≤5%	>5% to ≤10%	>10% to ≤25%	>25% to ≤50%	>50% to ≤100%	€0 to ≤€20 k	>€20 k to ≤€500 k	>€500 k to ≤€2 mill.	>€2 mill. to ≤€10 mill.	>€10 mill. to ≤€20 mill.
Macroeconomic Risks										
Negative Impacts due to Changes in the Currency Market			X					X		
Development-Specific Risks										
Product Policy, Customer Satisfaction				X					X	
Insufficient Innovativeness, Failed Development Projects				X					X	
Loss of Market Leadership in Individual Areas			X						X	
Operating Risks										
Sales Drop with Mask Aligners	X							X		
Loss of Market Shares for Coaters				X					X	
No Profitability of UV Projection Lithography Systems and Laser Processing Tools			X					X		
Permanent Bonding – Market Share cannot be increased			X					X		
Temporary Bonding – Technology developed by SUSS MicroTec cannot be established in the Market			X					X		
Product Liability	X							X		
Information Technology Risks										
Data Security			X				X			

Forecast Report

According to the “autumn 2014 joint economic forecast” of leading German economic research institutes, the global recovery lost momentum slightly and the world economy expanded in the reported year only at a moderate pace. For the coming quarters, an improved economic environment and therefore more growth is forecast. After the world economy prospectively grew by 3.4% in 2014, a slight acceleration to 3.7% is assumed for 2015 (Kiel Institute for the World Economy). An important part of the recovery will stem from the advanced economies, while the dynamic here will continue to differ significantly between individual countries and regions. The USA will be able to display the strongest growth in the advanced economies with an expected gain of 3.2% in 2015.

In comparison, modest 1.2% growth is forecast for the entire eurozone for 2015. Along with the long-term effects of the debt crisis and the efforts at budget consolidation, Europe is suffering from the geopolitical situation – particularly from the ongoing Russia-Ukraine conflict. The overall economic dynamic in Europe will remain moderate for the time being. The revival that has been expected for a long time has not manifested itself yet and the economic forecast institutes were gradually forced to correct their forecast downward. In particular, the indicators in France and Italy are poor for economic confidence, according to the autumn 2014 report. Time will tell what the long-term economic impact of the lower oil price and the current euro weakness in Europe will be. However, the reignited fear of terrorist attacks, as happened in Paris in January, will have a negative effect.

For Germany, the Kiel Institute for the World Economy expects a slight upward trend for the coming two years. For 2015 and 2016, gross domestic product growth of 1.7% and 1.9%, respectively, is expected. This upturn is driven primarily by domestic demand, particularly by private consumption. The collapse of the oil price is leading to a significant increase in purchasing power, at least temporarily. In addition, the continued favorable financing environment and an expected – partially currency related – revival of exports are playing an important role.

SEMICONDUCTOR INDUSTRY

The entire semiconductor market grew by 7.9% in the reported fiscal year. The total volume rose from US\$ 315.0 billion in 2013 to approximately US\$ 339.8 billion last year (source: Gartner, January 2015). Growth was driven by continued strong demand for DRAM memory chip components. Here, the significant surplus demand combined with stable prices already had a positive effect on the development of the semiconductor market in the previous year.

For the 2015 fiscal year, Gartner analysts expect another rise in demand in the semiconductor sector. The market should grow by an additional 5.8% in 2015. The primary growth drivers will remain DRAM chips for smartphones and tablet computers. The performance of the PC market was subdued in 2014, as expected, but is indicating a clear trend toward stability after several difficult years.

As has been shown in recent years, the precision of the forecast is very limited due to the special features and pronounced cyclical nature of the semiconductor sector. Therefore, several estimates of the market research institutes as of the end of 2014 also differ significantly compared to those at the beginning of the year. Against this backdrop, the following discussions involve estimates made on the basis of information available at the current time, but they do not provide a guarantee that the forecasts will actually materialize.

SEMICONDUCTOR EQUIPMENT INDUSTRY

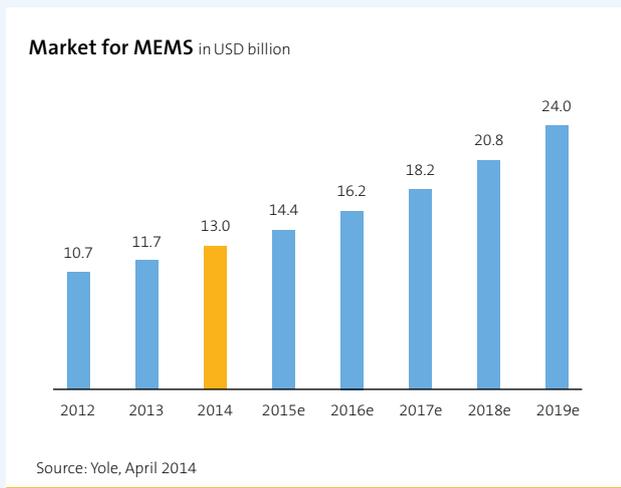
After a significant decline in 2013, the semiconductor equipment market was able to resume growth in the 2014 fiscal year. The entire market segment grew from approximately US\$ 31.82 billion to US\$ 37.97 billion, corresponding to an increase of 19.3%. The US equipment market showed the most significant rebound with a gain of more than 57%, along with the European market with a gain of 38%. For 2015, the SEMI industry association expects additional growth of approximately 15%. A substantial part of the demand will continue to come from Taiwan, South Korea, and the region of North America.

EXPECTED DEVELOPMENT ON THE MAJOR MARKETS

MICROELECTROMECHANICAL SYSTEMS (MEMS)

The market for microelectromechanical systems has developed very dynamically in recent years and will continue to grow rapidly, at least in terms of volume growth. The market researchers from Yole, for example, expect average annual volume growth (CAGR) of 20% in the MEMS industry sector until 2019. However, this is offset by the projected pricing pressure, which will amount to approximately 7% per year, according to Yole. This results in MEMS market growth of approximately 13% annually until 2019. The most rapidly growing industry sectors are expected to be the areas of consumer electronics and medical technology.

If one analyzes the impact of this development on equipment manufacturers, it becomes clear that growth for tool builders – and thus also for SUSS MicroTec – will fall short of the 13% market growth. The main reasons for this are pricing pressures, which are passed along by the MEMS manufacturers, and continually demanded improvements of tools in order to increase throughput and yield. The MEMS market will remain a very attractive business for SUSS MicroTec in the future, but the high growth rates, such as with MEMS unit volume, will not be reached in the equipment market.

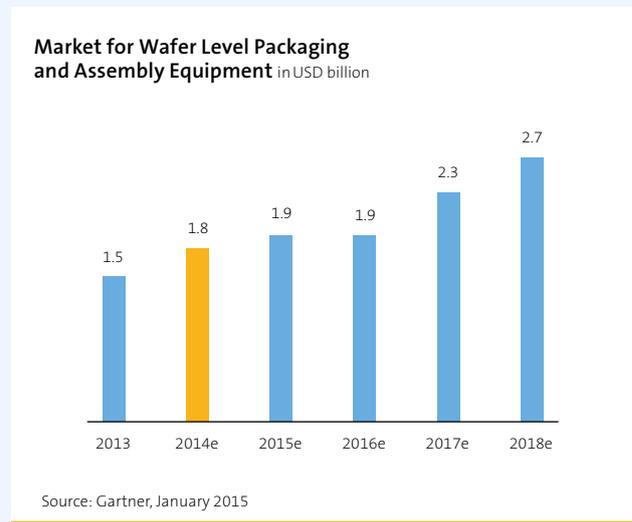


ADVANCED PACKAGING AND 3D INTEGRATION

Today the concept of advanced packaging encompasses a variety of technologies, such as wafer level packaging (WLP), where the respective touchdowns occur while the individual chips are still located on the wafer. In addition, there are the subforms fan-in and fan-out WLP, flip chip bonding, wafer level chip scale packaging, and both 2.5D and 3D integration. SUSS MicroTec is particularly active in this field with its lithographic and temporary bonding solutions.

Aside from shorter connecting paths and faster connecting speeds, another advantage is reduced space requirements, which play an important role in smartphones, tablet computers, ultrabooks, and smartwatches. Furthermore, the sleek form factors of many modern devices could not be achieved without advanced packaging technologies.

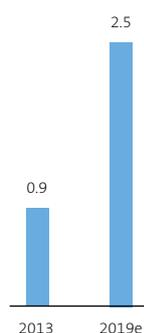
According to an analysis of the Gartner market research institute, the market for wafer level packaging and assembly equipment grew in 2014 by 19.4% to approximately US\$ 1.8 billion. In a study from January 2015, Gartner expected weaker growth of 8.9% in 2015 to a total volume of approximately US\$ 1.9 billion. For 2016, market volume is projected to decline slightly.



3D integration is a refinement of today's large-scale use of advanced packaging technologies. In the process, thinned microchips are stacked on top of each other and connected by means of Thru Silicon Vias (TSVs). The decisive advantages are the high packing density and enormous complexity that can be achieved in the smallest space. Through 3D integration, it is also possible to integrate various options, such as memory and processor, in one package. According to the Yole market research institute, the year 2015 will have a special significance. Thus, market analysts expect that in this year initial orders could be placed for the transition to volume production, following the announcement in 2014 by various memory chip manufacturers of their entry into pre-series production or the production of prototypes. The next step will be the market entry of manufacturers of logic components.

With its solutions for thin wafer handling, particularly for temporary bonding, SUSS MicroTec offers an enabling technology that is used extensively in 3D integration. The Company is continuously working on modifying the technology and processes in such a way that the tools achieve the highest possible throughput and a simultaneous high yield. The growth outlook in the advanced packaging and 3D integration market segment is particularly attractive with an expected average annual growth of more than 20%.

Global equipment market forecast for 3D-IC and Wafer Level Packaging in USD billion



Source: Yole, November 2014

COMPOUND SEMICONDUCTORS (LEDs)

Except for the years 2010 and 2011, the market for compound semiconductors (LED) has always played a rather subordinate role for SUSS MicroTec. The share of total sales of the Company in the 2014 fiscal year was well below 10% and from today's perspective a renewed and noteworthy increase in the share is not anticipated. The main reason for this is increased competition, particularly from China. Here, equipment suppliers can deliver adequate quality for the LED market at much more favorable prices than SUSS MicroTec. SUSS MicroTec focuses on technologically demanding niche markets, which are much less price sensitive. Overall, the Yole market research institute expects that the equipment market for LEDs will grow further in 2015 and 2016, but assumes a significant decline in the market volume for equipment beginning in 2017.

ENDOGENOUS INDICATORS

Along with the development in the target markets, innovative potential is decisive for business success. In the 2014 fiscal year, SUSS MicroTec entered into important cooperative development agreements with well-known partners from industry and research. A notable example here is the expansion of the joint development agreement with IBM, which we announced in a press release in January 2014. Aside from innovation potential, customer satisfaction is an additional success factor. Due to the extraordinary achievements of SUSS MicroTec employees, the Company was also able to obtain important orders from Asian packaging houses as well as the designation of preferred supplier of the NANIUM firm in the 2014 fiscal year.

On the product side, we were able to introduce important new product generations from SUSS MicroTec Photonic Systems to the market in the 2014 fiscal year. This included the launch of the second generation of the DSC300 projection scanner. Equipped with a full-field mask and broadband projection optics, the scanner exposes the wafer in a single exposure step (scan). Additional functions, such as the exposure of substrate edges, are already being integrated into the design of the mask layout. This is an important step before carrying out additional processing steps. The second generation of projection scanners has been enhanced with improvements and new features to meet the latest overlay, resolution, and automation requirements of emerging advanced packaging applications like Cu pillar bumping and Wafer Level Chip Scale Packaging (WLCSPP). With DSC300 Gen2 and Mask Aligner MA300 Gen2, SUSS MicroTec now offers two complementary lithography solutions that enable the customer to optimize price and performance.

One of our most important markets, the wafer level packaging industry, has long sought alternative technologies to manufacture vias that enable the development of higher performance packages. SUSS MicroTec is addressing these requirements with the market launch of the Excimer Laser Stepper ELP300 since organic polymers, which offer advantages in terms of their mechanical, physical, thermal, and chemical properties, can be used with excimer laser ablation. The Company is expecting substantial growth potential from both of these technologies.

Over the course of 2014, additional important product innovations were launched in the market, including two new generations of Mask Aligners, the MA200 Gen3 and the MA12. In the Substrate Bonder division, ELD 300, an innovative laser debonder for 3D integration, was introduced to the market. In addition, in fall 2014, SB6 / 8 Gen2, a new semi-automatic permanent wafer bonder, was launched in the market.

In the 2014 fiscal year, much was achieved on the product side, but without the commitment and creativity of employees at all sites, these achievements would not have been possible. Only the personal commitment of each and every employee makes the Company what it is: a leading supplier of products and solutions in the semiconductor and semiconductor-related industry.

STATEMENT ON THE PROJECTED DEVELOPMENT OF THE GROUP – OUTLOOK FOR 2015

Based on the order backlog as of the end of 2014 and the expected order entry development for the first half of 2015, the Company forecasts sales for the current fiscal year in the range of between € 130 million and € 140 million and balanced earnings (EBIT). A substantial reason for the expected reduction in earnings compared to 2014 are the clearly increased expenses for research and development. Order entry in the amount of € 25–35 million is expected for the first quarter of the financial year 2015. We expect that order entry for the whole financial year 2015 will reach a similar level as in 2014. Free cash flow for 2015 is anticipated to be slightly negative.

The Lithography division will once again provide the largest share of sales and earnings for the Group in the 2015 financial year. On the basis of the order backlog booked at the end of 2014 and the order entry expectations for the first quarter of 2015, we anticipate virtually no change to a slight decline in sales compared to 2014. Due to the increased expenses for research and development, we assume a reduced EBIT in the single digit million euro range compared to the previous year. In the Substrate Bonder segment, we expect a decline in sales compared to the previous year since the Permanent Bond Cluster product line was stopped due to the refocusing in the Permanent Bonding area. Earnings will prospectively once more move to the negative mid-digit million euro range. In the coming year, the sales in the Photomask Equipment division will lie on a similar level as in the previous year, and the division will show a positive EBIT. We remain committed to our goal of sustaining the organic growth of our core business without additional borrowing.

FORWARD-LOOKING STATEMENTS

This report contains information and forecasts that refer to the future developments of the SUSS MicroTec Group and its companies. The forecasts are assessments that the Company has made based on all of the information available to it at the present time. Should the assumptions on which these forecasts are based not occur or the risks – as addressed in the risk report – arise, the actual results may deviate from those currently expected.

Garching, Germany, March 10, 2015



Michael Knopp
Chief Financial Officer
(Speaker of the
Management Board)



Walter Braun
Chief Operating Officer