

Condensed Management Report

of SUSS MicroTec AG for the 2015 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 micro-electromechanical 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 here 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, 2015, the Group is comprised of four divisions, with the Others division composed of several smaller sub-units each managed separately. Through the acquisition of HamaTech APE GmbH & Co. KG (after the change in the company's legal status: SUSS MicroTec Photomask Equipment GmbH & Co. KG), a new division – the Photomask Equipment division – was created in the 2010 fiscal year. Tamarack Scientific Co., Inc. (after the change in the company's legal status: SUSS MicroTec Photonic Systems, Inc.), which was acquired in March 2012, is assigned to the Lithography division.

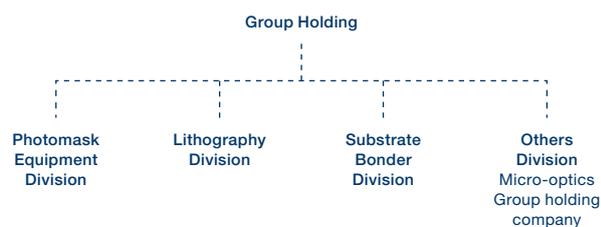
LEGAL STRUCTURE OF THE GROUP

The legal structure of the Group includes the proprietary company, SUSS MicroTec AG, as the management and financial holding company, as well as the subsidiaries held 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 (Italy) was sold in the 2014 fiscal year since its significance for the operational business was immaterial.

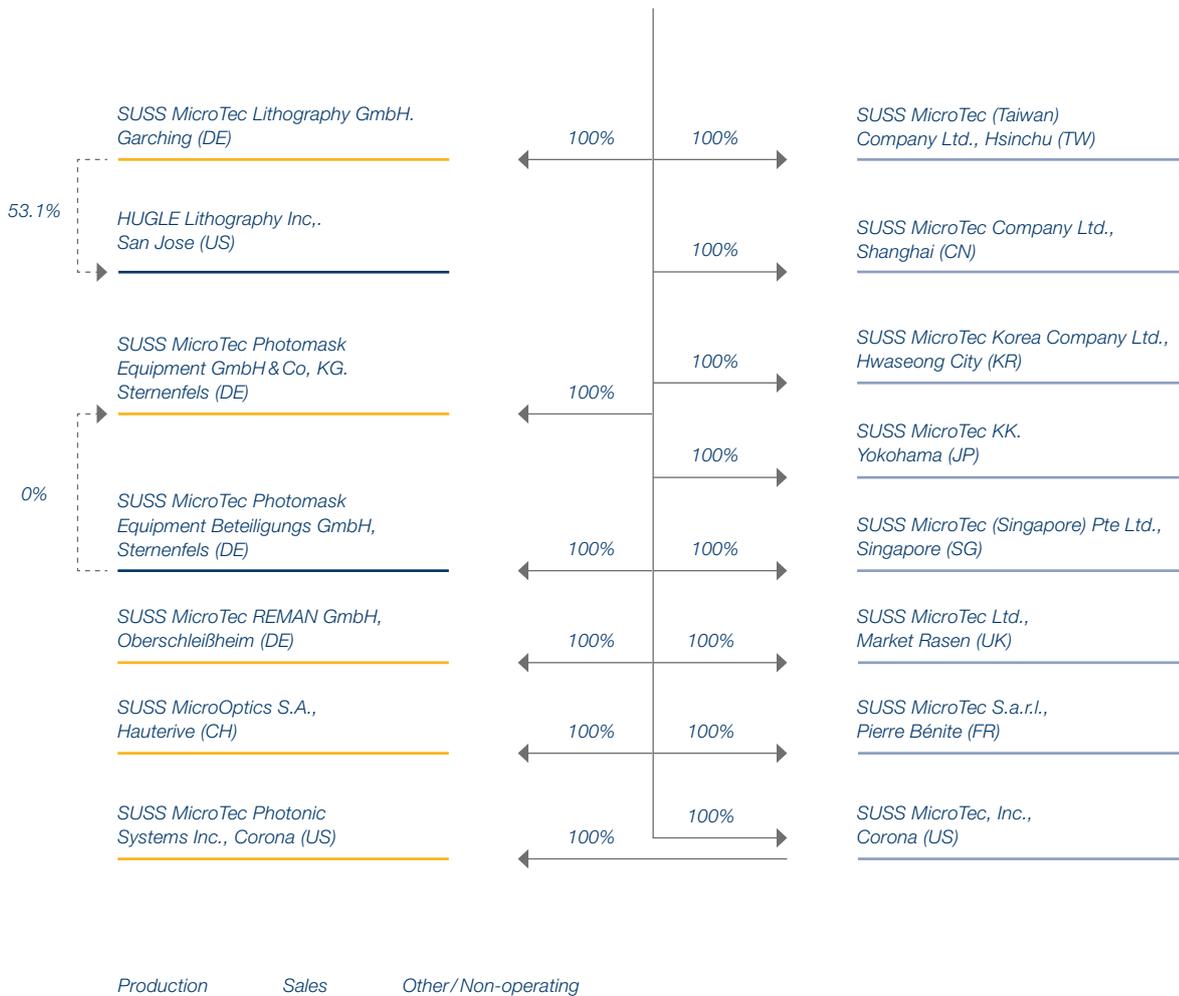
MANAGEMENT AND CONTROL – REMUNERATION STRUCTURE FOR OFFICERS

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 individual 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.

Division Structure



SUSS MicroTec AG, GARCHING (DE)



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 remuneration of € 2,000 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 € 60,000, the Deputy Chairman receives € 50,000, and a regular member of the Supervisory Board receives € 45,000 per fiscal year as fixed remuneration.

CORPORATE CONTROL, OBJECTIVES, AND 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, measured above all 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 now also includes income and expenses from foreign currency translation and asset disposals. Altogether, the division earnings are in line with the Group's operating income (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 table shows the development of key figures since 2010.

Order Entry in € million



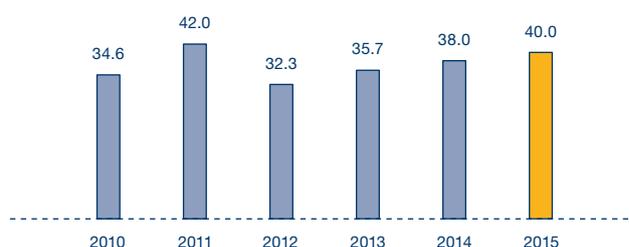
Sales in € million **and Gross Margin**



EBIT in € million **and EBIT Margin**



Net Liquidity in € million



¹ EBIT 2013 includes one-time costs of € 13.2 million for refocusing the permanent bonding product line.

Economic Environment

POLITICAL AND HUMANITARIAN CRISES SHAPE THE ECONOMIC PICTURE IN EUROPE

In its most recent estimates, the OECD expected slightly slower global economic growth of approximately 3.0% in 2015, compared with 3.3% in the previous year. Generally low raw material prices and particularly the low price of oil held back growth in the emerging countries. In the advanced countries, a moderate upturn continued, as expected.

After the debt crisis in Greece was initially eased by another aid package in the summer of 2015, the political situation in numerous crisis areas, for example, in Syria, Turkey, and Ukraine, had a negative impact on the macroeconomic mood in Europe. The ongoing influx of migrants as well as an increase in terrorist threats present many European countries with previously unknown economic, political, and humanitarian challenges. Nevertheless, the eurozone achieved growth of 1.5% in 2015; for the same period, the entire European Union assumes slightly higher growth of 1.9% (Source: European Commission, November 2015, OECD February 2016). Growth was spurred by strong exports, which were attributable to the relatively weak euro, as well as the low price of oil and the resulting increase in disposable income.

In the 2015 fiscal year, the German economy was driven primarily by lively domestic demand. In particular, the favorable labor market situation as well as in part robust increases in disposable income had a positive impact. According to the February 2016 estimates of the OECD, economic growth in Germany was 1.4% in 2015.

2015 WAS A CHALLENGING YEAR FOR THE SEMICONDUCTOR MARKET

In the 2015 fiscal year, the market volume for the entire semiconductor market was US\$ 333.7 billion, compared with US\$ 340.3 billion in the previous year. This means a decline of approximately 1.9% (Source: Gartner, January 2016) and therefore the first decline in the semiconductor industry since 2012. The strong US dollar as well as the lower growth of demand for electronic products such as smartphones, tablets, and PCs weighed on the market in the past fiscal year. In addition, the demand for DRAM storage media decreased, according to Gartner.

Sales Development in the Semiconductor Market in US\$ billion



Source: Gartner, 2011–2016

DEVELOPMENT IN THE SEMICONDUCTOR EQUIPMENT INDUSTRY

The market for semiconductor equipment shrank by approximately 0.6% in 2015, according to current estimates of the SEMI industry association. The primary reasons for this – as also for the entire semiconductor industry – were lower growth rates for smartphones, tablets, and PCs. The pre-vacation season increase in sales figures that is otherwise typical for the industry sector did not materialize this year and ultimately caused the overall market to shrink.

In the past fiscal year, investments were primarily made for tools to process wafer sizes of 300mm. Only approximately 10% of investment went into tools for processing 200mm wafers or even smaller wafer sizes. According to the SEMI industry association, investments were primarily made in tools for the manufacturing of memory chips, particularly for DRAMs with a structure size of 21/20nm.

SUSS MicroTec in Figures

PROFIT SITUATION: ORDER ENTRY, SALES, AND EBIT

Comparison of Full-Year Figures for 2015 to Forecast 2015

In the forecast report of the 2014 Management Report, the Company held out the prospect of sales of approximately € 130 to 140 million and balanced earnings before interest and taxes (EBIT) for the 2015 fiscal year. In August 2015, the sales and earnings forecasts were raised for the 2015 fiscal year. SUSS MicroTec concluded the 2015 fiscal year with sales of € 148.5 million. EBIT reached € 5.0 million, meaning that sales and earnings were slightly above the Company's own expectations.

	Forecast 2015	Adjusted forecast 2015	Earnings 2015
Sales	€ 130 – 140 million	€ 135 – 145 million	€ 148.5 million
EBIT	balanced	slightly positive	€ 5.0 million
EBIT margin	–	1% to 2%	3.4%

Corporate Development in 2015

Order entry for the 2015 fiscal year totaled € 188.6 million, while order entry of € 134.3 million was achieved in the previous year. In particular, the fourth quarter of 2015, in which record order entry of € 79.7 million was generated, accounted for a large share of this. As a result, order entry in 2015 exceeded order entry of the previous year by approximately 40.4%. As of December 31, 2015, there was an order backlog of € 117.6 million, approximately € 42.0 million more than order backlog of the previous year (€ 75.6 million). The ratio of newly received orders to realized sales (book-to-bill ratio) was 1.27 after 0.92 in the previous year.

Sales Development in Wafer Fab Equipment in in US\$ billion



Source: Gartner, 2011 – 2016

In the 2015 fiscal year, the earnings position of the SUSS MicroTec Group showed a sales increase and positive annual earnings. Sales increased compared to the previous year by approximately 2.2% and totaled € 148.5 million, while in the previous year sales of € 145.3 million were achieved. Earnings before interest and taxes (EBIT) in 2015 amounted to € 5.0 million. In 2014, EBIT of € 8.4 million was achieved.

SUSS MicroTec's largest segment, the Lithography division, achieved a sales increase of € 9.6 million. In 2015, the Lithography division accounted for almost 72% of Group sales. However, sales in the Substrate Bonder division recorded a decline of approximately € 11.0 million. In the Photomask Equipment division, sales growth of € 2.7 million was recorded, while the Others division booked a sales increase of € 1.9 million.

The cost of sales included write-downs on capitalized development costs in the amount of € 0.1 million. New capitalizations totaled € 1 thousand. Both write-downs and new capitalizations of development costs related exclusively to the Lithography division. In the previous year, write-downs of € 0.5 million on capitalized development costs were recognized. New capitalizations in the previous year totaled € 45 thousand.

In the 2015 fiscal year, a gross profit of € 49.4 million was generated, which corresponded to a gross profit margin of 33.3%. In the previous year, the gross profit totaled € 48.8 million; the gross profit margin in 2014 amounted to 33.6%.

Selling costs in the fiscal year increased to € 18.8 million (previous year: € 17.5 million), representing an expense ratio of 12.7% (previous year: 12.1%) relative to sales generated.

Administration costs fell from € 14.2 million in the previous year to € 13.3 million, representing an expense ratio of 8.9% (previous year: 9.8%). In the previous year, administration costs included a severance payment of € 1.1 million for a former member of the Management Board.

Research and development costs increased from € 10.5 million in the previous year to € 12.8 million. In 2015, SUSS MicroTec significantly expanded its activities in the area of research and development and hired new employees, as planned.

Other operating income totaled € 4.9 million in the fiscal year (previous year: € 4.5 million). As in the previous year, this included high foreign currency gains, which resulted from the translation of foreign currency positions into euros. In 2015, revenue of € 0.6 million was generated from a cancellation agreement with a customer. In the previous year, the reversal of value adjustments for receivables resulted in revenue of € 1.3 million.

In 2015, other operating expenses amounted to € 4.4 million (previous year: € 2.7 million) and consisted primarily of expenses from foreign currency translation.

Earnings before interest and taxes (EBIT) in the reported fiscal year amounted to € 5.0 million. In 2014, EBIT of € 8.4 million was achieved.

The financial result for 2015 amounted to € -0.3 million (after € -0.2 million in the previous year).

Group earnings before tax of € 4.7 million were subject to tax expense of € 4.5 million, which corresponds to an average tax expense rate of approximately 95%. The extraordinarily high tax expense relative to profit before tax resulted primarily from the accumulated losses of foreign Group companies in the 2015 fiscal year (particularly in the USA), for which (as in previous years) no deferred tax assets were recognized in view of the current Group budget. As a result, no corresponding income tax was assessed for losses generated by foreign companies.

In the previous year, Group earnings before tax of € 8.2 million were subject to tax expense of € 3.6 million, which corresponded to an average tax expense rate of approximately 44%. Consequently, the actual tax expense rate in the previous year also deviated significantly from the anticipated tax expense rate. Similarly, in the 2014 fiscal year, the high tax expense relative to profit before tax resulted from the accumulated losses of foreign Group companies (particularly in the USA), for which no deferred tax assets were recognized.

The Group generated earnings after tax for the year of € 0.2 million (previous year: € 4.6 million). Basic earnings per share amounted to € 0.01, after € 0.24 in the previous year.

Sales per employee decreased compared to the previous year by 3.6% from € 221 thousand to € 213 thousand (based on the respective number of employees as of the reporting date).

DEVELOPMENT IN THE INDIVIDUAL DIVISIONS

Lithography

The Lithography division includes the development, manufacture, and sale of the mask aligner, UV projection scanner, and laser processing product lines as well as coaters and developers. 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 more than 70%, the Lithography division is SUSS MicroTec Group's largest division. The components that 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 2015 fiscal year, the Lithography division achieved order entry of € 149.6 million and sales of € 106.3 million. This corresponds to 63.5% higher order entry and 9.9% higher sales from the previous year. The significant increase in order entry was achieved across all product lines. It was possible to recover and expand market share with 300 mm coaters and developers. With our innovative UV projection scanners, we succeeded for the first time in 2015 in winning a large order for serial production from an important semiconductor manufacturer. In addition, the mask aligner product line was very successful, particularly with MEMS customers in Europe and the USA.

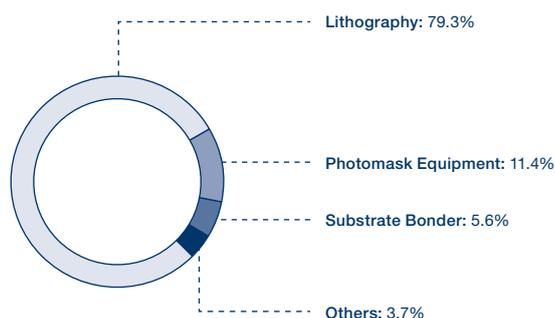
The gross profit in the Lithography division was slightly lower in the last fiscal year than in the previous year. In 2015, the gross margin was 34.2%, compared with 35.7% in the previous year.

The Lithography division contributed earnings of € 9.7 million (previous year: € 10.7 million) to consolidated earnings before interest and taxes (EBIT). This resulted in a sales margin of 9.1% for the Lithography division, a slight decline from the previous year (sales margin in the previous year: 11.0%). As already described in earlier reports, the competitive situation for coaters and developers has intensified significantly in recent years and led to a noticeable reduction in achievable margins. However, margins in the mask aligner product line remained stable.

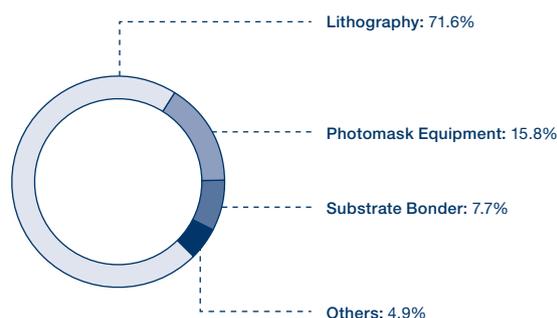
Lithography Key Figures

in € million	2015	2014
Order entry	149.6	91.5
Division sales	106.3	96.7
EBIT division earnings	9.7	10.7
Net assets	51.3	50.3

Order Entry by Division



Sales by Division



Substrate Bonder

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

The Substrate Bonder division experienced declines again both in terms of order entry of € 10.5 million (previous year: € 17.2 million) and sales of € 11.4 million (previous year: € 22.4 million). In the past fiscal year, significantly fewer orders were recorded than in 2014. The main reason for this was the refocusing of the permanent bonding product line. Whereas orders for permanent production bonders were still recorded in the single-digit million euro range in this division in 2014, their share of order entry was nearly zero in 2015. The analysis of sales development results in a similar situation. Here also, significantly lower sales of permanent production bonders were realized in 2015 than in the previous year. In the future, we expect order entry and sales to increase significantly again in this division, particularly through the introduction of new products and the recovery of market share in MEMS and LED manufacturing.

The gross profit of the Substrate Bonder division was positive in the past fiscal year. The gross margin improved again from 13.9% to 19.3%. Since the 2014 fiscal year, the margins achieved in the temporary bonding and debonding area as well as the remaining business with permanent bonding systems have improved sustainably, but remained below company average due to overall low quantities. In the Substrate Bonder division, earnings before interest and taxes (EBIT) were € -4.0 million after € -2.4 million in the previous year.

Substrate Bonder Key Figures

in € million	2015	2014
Order entry	10.5	17.2
Division sales	11.4	22.4
EBIT division earnings	-4.0	-2.4
Net assets	5.7	7.8

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 mainly active on the front end.

The Photomask Equipment division performed better in the 2015 fiscal year than in the previous year in terms of both order entry and sales. At the end of December 2015, order entry totaled € 21.5 million (previous year: € 20.2 million). Division sales amounted to € 23.5 million after € 20.8 million in 2014.

As a result of several high-margin orders, the gross profit margin was 40.3% in the 2014 fiscal year. In the 2015 fiscal year, it was possible to achieve a margin of 31.5%.

The Photomask Equipment division was able to contribute earnings of € 2.3 million (previous year: € 4.7 million) to Group EBIT. The sales margin was 9.9%, much lower than in the very strong previous year (sales margin 2014: 22.7%). The primary reason for the extraordinarily high sales margin in 2014 was a few high-margin orders.

Photomask Equipment Key Figures

in € million	2015	2014
Order entry	21.5	20.2
Division sales	23.5	20.8
EBIT division earnings	2.3	4.7
Net assets	6.8	3.7

Others

The Others division comprises micro-optics activities at the Hauterive, Switzerland, location, and costs for central Group functions that generally cannot be attributed to the main divisions.

Order entry increased significantly from € 5.4 million in the 2014 fiscal year to € 7.0 million in 2015. Division sales even amounted to € 7.3 million after € 5.4 million in the corresponding period of the previous year. As in the previous year, the micro-optics business, which generated increased order entry of € 6.6 million (previous year: € 5.1 million) as well as an increase in sales from € 5.1 million to € 6.8 million, accounted for the largest share of sales and order entry.

Others Key Figures

in € million	2015	2014
Order entry	7.0	5.4
Division sales	7.3	5.4
EBIT division earnings	-3.1	-4.5
Net assets	19.9	19.3

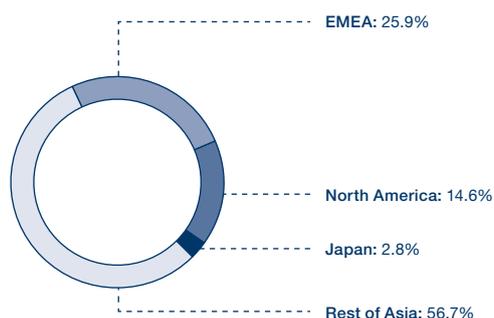
DEVELOPMENT IN THE MOST IMPORTANT REGIONS

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.

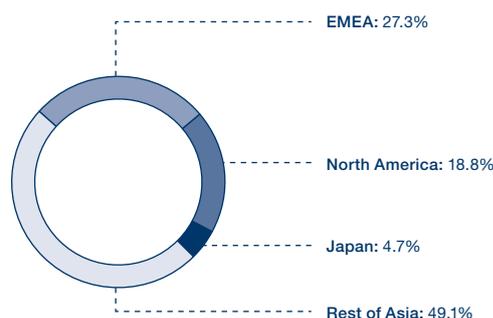
It was possible to generate significant increases in order entry in all regions except Japan in the past fiscal year. North America increased its order entry from € 21.9 million in 2014 to € 27.6 million in the 2015 fiscal year. This 26.0% growth stems primarily from good positioning with leading MEMS customers in the USA. In the most important region, Rest of Asia (excluding Japan), the SUSS MicroTec Group recorded an enormous 70.7% increase in orders to € 107.0 million (previous year: € 62.7 million). The reasons for this are a general increase in demand for our lithographic products, particularly from Taiwan and the Asia Pacific region. This includes the 300 mm coater and developer systems as well as UV projection scanners. The region Europe, Middle East, and Africa (EMEA) was also able to grow significantly compared to the previous year, achieving order entry of € 48.8 million, a double-digit 19.0% increase from the previous year. Only Japan's order entry fell compared to the previous year. The 40.2% decline resulted in order entry of only € 5.2 million.

Sales displayed a very diverse picture regionally. Although it was possible to achieve significant growth in North America, the regions of EMEA and Japan generated lower sales than in the previous year. EMEA recorded a 5.2% decline to € 40.5 million, while the decline in Japan was a more significant -30.7%. North America was able to achieve a sales growth of 30.2% to € 28.0 million due to higher revenues from the Photomask Equipment division. The largest region - Rest of Asia - recorded a slight increase in sales of 2.9% to € 73.0 million.

Order Entry by Region



Sales by Region



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 € 38.0 million in the previous year to € 40.0 million as of December 31, 2015. The amount of cash and interest-bearing securities increased from € 48.3 million in the previous year to € 49.1 million at the end of the reporting year.

Cash flow from operating activities totaled € 4.7 million (previous year: € 5.1 million). As of December 31, 2015, SUSS MicroTec reported high trade payables of approximately € 4.7 million, which had a positive impact on cash flow from operating activities. High tax liabilities in Germany as well as the Group-wide low amount of trade receivables also boosted liquidity by a total of € 5.0 million. However, the high level of inventories of € 8.1 million at the end of the year had a noticeable liquidity-reducing effect. The increase in inventory reserves compared to the previous year related primarily to increased purchases of materials and supplies, which were attributable to high order backlog at the end of the year.

Cash flow from investing activities totaled € -3.4 million (previous year: € -3.0 million), excluding investments in securities. Investments in tangible assets involved in part additional fixtures in the leased premises of SUSS MicroOptics (Hauterive, Switzerland), for which cash outflows of approximately € 0.5 million were recorded. Renovations were conducted and fixtures were added in the buildings at the production sites in Garching and Sternenfels. 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, to which SUSS MicroTec Photonic Systems Inc. (Corona, USA) is now also connected, as well as the introduction of new CAD software.

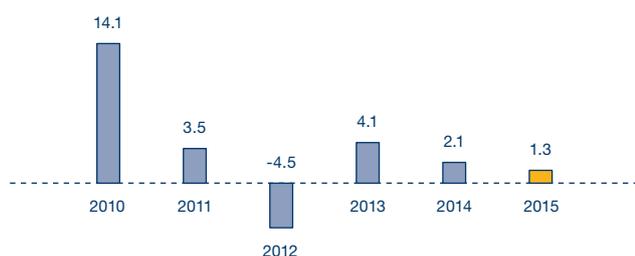
As a result, free cash flow before the inclusion of securities purchases and sales came to € 1.3 million. In the previous year, free cash flow (adjusted for the effects of securities purchases and sales) of € 2.1 million was generated.

Cash flow from financing activities amounted to € -1.2 million (previous year: € -1.2 million), reflecting repayments of both bank loans of SUSS MicroTec AG, which served to finance the two business properties in Garching and Sternenfels.

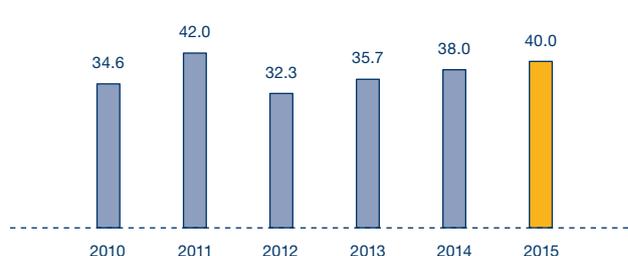
Aside from cash and interest-bearing securities of € 49.1 million (previous year: € 48.3 million), the Group had domestic guarantee and credit lines of € 9.0 million at the end of the reporting year (previous year: € 8.0 million). In the reporting year, the line was utilized exclusively in the form of guarantees. Most of them involved down payment guarantees. As of the reporting date, utilization amounted to € 5.4 million.

A bank consortium led by Deutsche Bank AG with the participation of DZ Bank AG and the Baden-Württembergische Bank sponsored a credit and guarantee line of € 4.5 million. This credit and guarantee line was granted until further notice and was issued without covenants. In addition, the Deutsche Bank granted a guarantee line of € 1.0 million with a term until April 30, 2016. The lines can be utilized by SUSS MicroTec AG or SUSS MicroTec Lithography GmbH.

Free Cash Flow in € million



Net Liquidity in € million



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

In connection with a bond insurance agreement, a guarantee line of € 2.5 million exists with an insurance company. The term of the deposit 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 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 € 15.8 million (previous year: € 15.5 million). A part of goodwill (US\$ 2.4 million) is denominated in US dollars and therefore is subject to currency fluctuations. The entire amount of goodwill is assigned to the Lithography division.

As of December 31, 2015, capitalized development costs had a carrying amount of € 0.3 million (previous year: € 0.4 million), which was completely attributable to the Lithography division. 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 activated at SUSS MicroTec AG, with a total carrying amount of € 2.8 million (previous year: € 2.7 million). They were composed of € 1.5 million (previous year: € 1.5 million) for the Lithography, Substrate Bonder, and Photomask Equipment divisions and € 1.3 million (previous year: € 1.2 million) for the Others division. Furthermore, the technology obtained as part of the Photonic Systems acquisition, which carried a residual book value of € 1.2 million as of the reporting date (previous year: € 1.4 million), was recognized under intangible assets and attributed to the Lithography division. The technology is denominated in US dollars and will be amortized over eight years.

The two business properties in Garching and Sternenfels, which carried a residual book value of € 13.8 million at the end of the year (previous year: € 13.7 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 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 € 2.1 million in the reporting year, as compared with € 1.3 million in the previous year.

The carrying amount of tangible assets changed only slightly from the previous year.

Deferred tax assets amounted to € 2.5 million as of the reporting date, after € 3.9 million in the previous year. They decreased primarily as a result of the utilization of deferred tax assets on loss carryforwards. In 2015, 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 significantly positive earnings, in the process utilizing a portion of the loss carryforwards created in the previous year. It is assumed that the German companies will completely utilize the remaining loss carryforwards over the course of 2016. 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 rose by € 10.6 million in the reporting year to € 133.8 million. This increase was primarily attributable to much higher inventory levels. In response to the high order backlog, all of the Group's manufacturing companies boosted their purchases of materials at the end of the year.

Inventories increased from € 58.9 million as of the previous year's reporting date to € 68.7 million as of the end of 2015. The increase was primarily attributable to the significantly higher inventories of materials and auxiliary supplies, which grew by € 6.5 million to € 28.6 million. Inventories of unfinished and finished goods also increased by € 1.4 million and € 1.9 million, respectively, while gross inventories of demonstration equipment declined by around € 0.5 million.

Trade receivables fell compared to the previous year, going from € 13.4 million to € 13.1 million. The decline was primarily due to the reporting date.

The SUSS MicroTec Group does not hold any securities as of December 31, 2015. In the previous year, the portfolio of securities still amounted to € 1.0 million. The amount of cash and cash equivalents increased from € 47.3 million to € 49.1 million.

The rise in other assets from € 1.7 million in the previous year to € 2.3 million at the end of the year was primarily attributable to higher VAT receivables, which arose due to the reporting date.

Noncurrent liabilities decreased from € 13.9 million to € 13.1 million. Financial liabilities, which totaled € 7.9 million in the fiscal year (previous year: € 9.1 million), accounted for the majority of noncurrent liabilities. Aside from the noncurrent portion of the Sternenfels loan, the noncurrent portion of the loan that serves to finance the Garching property is recognized here. The SUSS MicroTec Group's pension obligations, which were recognized as a liability amounting to € 5.1 million (previous year: € 4.8 million) at the end of the year, were also disclosed under noncurrent liabilities.

Current liabilities recorded a significant increase from € 38.0 million in the previous year to € 45.4 million as of the reporting date. The level of trade payables, which totaled € 8.5 million as of the end of the year (previous year: € 3.4 million), accounted for the bulk of this increase. The increase was primarily due to the reporting date. In addition, tax liabilities increased from € 1.5 million in the previous year to € 3.3 million as of the end of the year. Other liabilities increased from € 22.8 million in the previous year to € 23.5 million. Aside from accrued personnel expenses, the amount also included customer down payments, which amounted to € 18.2 million as of the end of the fiscal year (previous year: € 18.0 million).

The shareholders' equity of the SUSS MicroTec Group increased since December 31, 2014, by € 2.7 million to € 118.7 million. The equity ratio fell as a result of higher total assets from 69.1% in the previous year to 67.0%.

CAPITAL EXPENDITURE

Targeted Capital Expenditure Strengthens the Company

SUSS MicroTec AG is the owner of the 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 continuously invests in the Company buildings at both sites in order to maintain state-of-the-art storage, production, and administrative facilities.

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

Shareholders' Equity in € million and Equity Ratio



SUSS MicroTec AG is the owner of the Group-wide SAP system, which is used by the German companies as well as by SUSS MicroTec, Inc. (Corona, USA) and SUSS MicroTec (Taiwan) Company Ltd. (Hsinchu, Taiwan). In 2015, SUSS MicroTec Photonic Systems (Corona, USA) was successfully connected to the Group-wide SAP system.

RESEARCH AND DEVELOPMENT

Research and development expenditures increased from € 10.5 million in the previous year to € 12.8 million, which corresponds to an expense ratio of 8.6% (previous year: 7.2%) in relation to sales in 2015. Of the expenditures, € 8.0 million (previous year: € 6.9 million) related to the Lithography division and € 2.2 million (previous year: € 1.5 million) applied to the Substrate Bonder division. € 1.9 million (previous year: € 1.6 million) was attributable to the Photomask Equipment division.

At the end of 2015, 147 employees – almost every fifth employee of SUSS MicroTec – were employed in the area of research and development (previous year: 128 employees).

Lithography

The largest division combines the following product lines: exposure (mask aligners, UV projectors), laser processing, and coaters and developers.

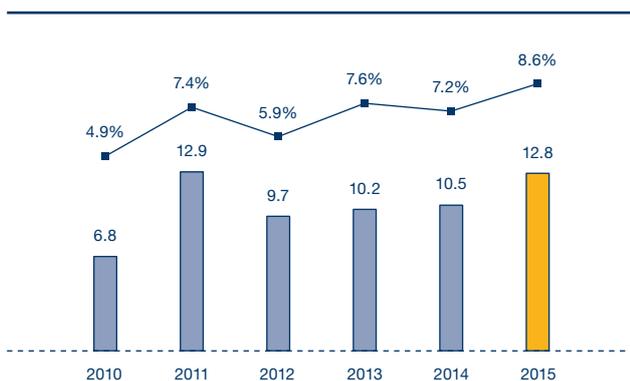
The coater and developer product group focused its research and development activities in 2015 on three essential areas. Initially, targeted improvements of the available basic systems were developed both for the automated 200mm and 300mm device platforms. For example, with the 200mm equipment the air flow was optimized in the coater modules. This led on the one hand to improved processing results and on the other hand to reduced operating costs due to lower demands on the customer's exhaust air equipment. The implementation of a new

handling system in the ACS300 Gen2 improves the throughput of the equipment and thus also leads to optimized operating costs for the equipment. The serviceability was also optimized through detail improvements, bringing both platforms to the highest standards.

In addition, a new dispensing system for chemicals was developed from scratch. Previously, customers had to opt for either complex and thus cost-intensive pumping solutions for the highest dosage and repeat accuracy or simply constructed pressure-based systems. Based on a pressure-based system, control and measurement options and process-relevant positions were added. In combination with intelligent control algorithms, it was possible to create such a system featuring the simplicity of a pressure-based dispensing system together with the dosage and repeat accuracy of a pumping system.

As another key priority, the production equipment's software was optimized and expanded. The so-called scheduling algorithm is a core component that strongly determines throughput. It plans all transports of the substrates in the equipment to and from the various process modules and ensures that they are optimally utilized. Through intensive experiments and studies, it was possible to develop new software components that simultaneously fulfill the requirements of maximum throughput and process flexibility. The development research also ensures that the aforementioned new handling system of the ACS300 Gen2 is used optimally.

Research and Development (R&D) Expenditures in € million
and R&D in % of sales



In the 2014 fiscal year, the mask aligner product line introduced to the market a new fully automated tool generation with the MA200 Gen3. The goal is to offer the customers a steady improvement in the cost of ownership. Over the course of the 2015 fiscal year, it was possible to boost throughput significantly again. Through continuous product development, the processes for high-volume production were stabilized. New digital cameras and improved microscopes enable significantly higher resolution and improved image quality for alignment mark recognition. As a result, masks and wafers can be aligned more precisely. This overlay quality parameter, which is important for the customer, is particularly vital for the production of complex patterns with multiple exposure steps. In addition, the cameras are significantly more sensitive so that even poorly visible patterns/marks are possible without using special equipment.

In the area of 200mm wafer processing, there continues to be intense interest in the handling of warped wafers, which is covered particularly by MA200 Gen3. With 300mm wafers, the handling of severely bent wafers is particularly important for the production of image sensors. Through comprehensive refinements of the MA300 and its special tools and software processes, now even severely bent wafers can be processed reliably here.

Cameras that were produced at the wafer level are found today in nearly all cellular telephones and other mobile devices, such as touch pads and laptops. These cameras consist of two main components: the CMOS image sensor and the wafer-level optics (WLO). The small lenses represent an important part of the optics. This technically sophisticated specialty area has tremendous market potential for SUSS MicroTec. In cooperation with leading customers, innovative processes and special tools were developed for the MA/BA8 Gen3 in the past fiscal year. The goal is to develop the next generation of wafer-level optics technologies that enable the customer-specific integration of optical components in semiconductor processes.

The SELECT option for selective plasma treatment is used particularly to prepare wafers for bonding. This innovative option for the MA/BA8 Gen3 mask and bond aligner is now also available for wafers with a diameter up to 200 mm.

In the 2015 fiscal year, the main development work at the Corona site focused on the further development of UV projection scanner technology. It was possible to achieve significant throughput increases of up to 50% with the DSC300 Gen2 projection scanner. As a result, we will be able to offer our customers significantly improved cost of ownership in the future. With the DSC300 Gen2, expanded automation functions, such as an automated faceplate changer for optical optimization, were developed and integrated into the tool over the course of the year. In addition, the main focus of the product line was on process qualification and tool optimization in view of the growth areas of copper-pillar bumping and fan-out wafer-level packaging. Thanks to the comprehensive further development of the DSC300 Gen2 and the improvement of various processes, we succeeded in gaining the first large customer who will use the scanner technology in high-volume production.

Substrate Bonder

The division is divided into the two sub-areas of permanent and temporary bonding.

In the area of permanent bonding, a new semi-automated wafer bonder was developed and introduced to the market in the 2015 fiscal year. The semi-automated XB8 system, which is based on the control platform of the SB6/8 Gen2 wafer bonder developed in 2014, can process wafer sizes up to 200mm as well as various substrate sizes and types. In contrast to the bonding force up to 20 kN, which the SB6/8 Gen2 offers, the new XB8 bonder can muster up to 60 kN or 100 kN bonding force using 200 mm wafers. Such high bonding forces are necessary both for current thermal compression bonding processes, such as copper-to-copper bond connections used for applications in MEMS and 3D integration, and for other metallic bonding processes, for which the number of sensors per wafer and thus also the proportion of the metal surfaces to be connected increases. Along with the possibility of mustering very high bonding forces, the XB8 wafer bonder has a double-sided, symmetrically constructed ceramic heater system with active cooling, which is designed for temperatures up to 550°C and therefore meets current and future processing requirements in the areas of MEMS, LED, and 3D integration.

In the area of temporary bonding, we were able to reinforce our market position in the area of TSV-based 3D memory chips by gaining a second Asian production customer for a portion of our tool solution. The detail improvements to individual process modules developed for this customer were adopted in serial production following customer qualification. In addition, development projects were carried out in close coordination with existing key Asian customers to optimize the sequence control of temporary bonders, leading to improved user friendliness, stability, and

throughput. Hardware improvements were also made to increase process flexibility and to expand parameter monitoring of the debonder. The resulting improvements were retrofitted and qualified on 3D memory chip production tools already installed at a customer facility in recent years.

The focus on the application side in the past fiscal year was in part on development partnerships with external research institutes such as IMEC, through which innovative processes and materials systems are qualified on our temporary bonders, as well as on direct cooperative agreements with materials manufacturers in order to make processes more efficient and therefore more cost-effective. In cooperation with an Asian materials manufacturer, qualification started for an innovative absorption layer for mechanical debonding for a materials system that is already in production. This new absorption layer enabled simplified processing, creating cost advantages compared to the process currently in use. In cooperation with an American materials manufacturer, innovative absorption layers for excimer laser-based debonding on our ELD300 were optimized and successfully tested for various customer applications from the 3D packaging area.

Photomask Cleaning

The introduction of extreme ultraviolet lithography (EUVL) for high-volume production in the semiconductor industry continues to be delayed. For industry this means that 193i immersion lithography will be expanded using the double patterning and quadruple patterning process. As a result, directly related processing techniques, such as photomask cleaning, will need to be adjusted and expanded.

In 2015, the Photomask division focused on megasonic-based technologies. In particular, it was possible to implement the integration and qualification of a surface-based ultrasound application in cooperation with an important Korean customer and subsequently have it included in the standard product portfolio. The standard megasonic application in use at SUSS MicroTec for years could now be successfully tested in the RF range. It is similarly already integrated in numerous customer facilities.

Along with critical parameters for photomask cleaning such as particle size and efficiency, the preservation of optical properties also plays an essential role. The degree of transmission and reflection as well as the change in the critical pattern line width distribution on photomasks are strongly influenced by the use of conventional wet chemistry processes. Gentle dry cleaning and surface treatment methods create new possibilities here.

The development of a special plasma unit was already part of the development in 2014 and was integrated in existing MaskTrack PRO equipment at a Taiwanese customer. This unit was successfully qualified in 2015. Especially here, the use of plasma under atmospheric pressure offers many advantages since aside from the cleaning effect it exercises additional influence on surface energy, improving wettability for subsequent wet processing. In addition, a passivation of the surface is achieved using plasma following the final cleaning.

In the area of EUVL, the EU-funded Seven Nanometer Technology (SeNaTe) project, for which SUSS MicroTec is also a project partner and responsible for the area of photomask cleaning, was officially started.

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, for example the 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, marketing and IT. 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.

Presentation of the Key Financial Figures of the Holding Company

in € thousand	SMT AG (HGB)			
	2015	2014	Change	in %
Annual net profit/loss	-8,491	6,980	-15,471	-
Shareholders' equity	87,648	96,139	-8,491	-9
Total assets	137,668	139,443	-1,775	-1
Equity ratio in %	64	69		
Noncurrent assets	81,885	82,751	-866	-1
% of total assets	59	59		
Current assets (incl. deferred items)	55,784	56,692	-908	-2
% of total assets	41	41		

SIGNIFICANT CHANGES IN THE ASSETS AND FINANCIAL POSITION

Intangible assets remained unchanged as of the reporting date at € 1.6 million.

Shares in affiliated companies were recognized as € 51.7 million as of the reporting date and are thus € 1.2 million lower than in the previous year. The reason for the decline are write-downs on the investment in SUSS MicroTec, Inc., Corona (USA). The company, which originally was an operationally active production facility, serves meanwhile merely as a sales company and therefore has a low EBIT margin as is typical 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 investment in this company by approximately € 1.2 million.

Loans to affiliated companies rose by approximately € 0.3 million. Additional loan amounts were granted to SUSS MicroTec Photonic Systems Inc., Corona, USA. As of December 31, 2015, the loan totaled US\$ 38.5 million (previous year: US\$ 22.6 million). Since negative earnings are expected for SUSS MicroTec Photonic Systems 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 € 14.1 million. Accordingly, the loan was written down by this amount on December 31, 2015. In addition, the loan granted to SUSS MicroTec KK, Yokohama (Japan), which amounted to JPY 775 million (previous year: JPY 600 million), was written down due to the company's modest earnings prospects. As of December 31, 2015, the amount of the write-down came to € 1.7 million.

Current receivables from affiliated companies rose by € 0.4 million to € 14.9 million. The increase was primarily due to the reporting date. This amount included receivables from profit transfers of SUSS MicroTec Lithography GmbH and SUSS MicroTec Reman GmbH as well as the equal-phase revenue recognition of SUSS MicroTec Photomask Equipment GmbH & Co. KG.

In the reporting year, the liquidity position of SUSS MicroTec AG declined by € 1.2 million. The reduced liquidity position can be seen in the decline in deposits with banks of € 0.2 million. The portfolio of securities declined by € 1.0 million to € 0.

Liabilities to affiliated companies increased by € 6.8 million to € 36.3 million in the fiscal year.

Bank borrowings declined over the course of 2015 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.

As a result of the loss for the year, the Company's shareholders' equity declined from € 96.1 million to € 87.6 million.

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 loss for the year of € 8.5 million was incurred in the 2015 fiscal year (previous year: profit for the year of € 7.0 million).

The sales of the holding company amounted to € 6.6 million (previous year: € 5.5 million), primarily encompassing invoices billed to the subsidiaries for management services, marketing, and insurance. Sales also included charges for the Group-wide SAP system and license fees.

Other operating income primarily included rental income of € 1.8 million (previous year: € 1.9 million) and foreign currency gains of € 0.8 million (previous year: € 0.2 million).

Apart from current administrative expenses, other operating expenses included foreign currency losses of € 0.8 million (previous year: € 4.6 million).

As a result of the profit and loss transfer agreement with SUSS MicroTec Lithography GmbH, Garching (Germany), which is in effect since January 1, 2011, income from a profit transfer of € 6.3 million (previous year: € 8.8 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, income from a profit transfer of € 1.4 million (previous year: € 1.1 million) was recognized at the holding company. Income from investments of € 1.8 million (previous year: € 0) were to be recognized from the equal-phase revenue recognition of SUSS MicroTec Photomask Equipment GmbH & Co. KG. In addition, the holding company generated investment income of approximately € 0.7 million from a dividend distribution of SUSS MicroTec (Taiwan) Company Ltd., Hsin Chu (Taiwan).

Income from loans from financial investments included interest income for long-term loans that were granted to the subsidiaries SUSS MicroTec Photonic Systems Inc. (Corona, USA) and SUSS MicroTec KK (Yokohama, Japan).

Financial investments were written down by € 16.9 million (previous year: € 6.9 million). Of this amount, € 1.2 million related to the investment in SUSS MicroTec, Inc. (Corona, USA) and € 14.1 million and € 1.7 million, respectively, related to loans granted to SUSS MicroTec Photonic Systems Inc. (Corona, USA) and SUSS MicroTec KK (Yokohama, Japan).

In the previous year, SUSS MicroTec AG generated a gain of € 7.6 million from the repayment of the shareholder loan, which was previously granted to SUSS MicroTec Photomask Equipment GmbH & Co. KG.

Interest expense increased in the fiscal year slightly by € 0.1 million, which was primarily attributable to higher interest for affiliated companies.

SUSS MicroTec AG had an average of 18 employees in the 2015 fiscal year (previous year: 19).

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 primarily from changes in the exchange rates of US\$ and JPY.

The course of business, the situation, and the expected development with its major opportunities and risks of SUSS MicroTec AG as the holding company do not differ fundamentally from the Group. But the financial statements of SUSS MicroTec AG are influenced by valuation effects of financial assets.

Sustainability

For more than sixty years, SUSS MicroTec has been active in the manufacture of equipment and the development of process solutions for micro-patterning applications. In our fast-paced business environment characterized by short innovation cycles, it is always necessary to develop new solutions for the customers. Nevertheless, ecological and economic thinking are not mutually exclusive. Sustainability is an important success factor, 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 this topic on the internet at ► 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 should help 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. The employees commit themselves to abide by the Code of Conduct and compliance rules. Since the 2014 fiscal year, we have installed a web-based whistle-blowing system for possible compliance violations. The notifications are sent directly to the legal department by email either anonymously or by name on a voluntary basis.

In the 2015 fiscal year, we completely revised the Code of Conduct and our Compliance Handbook. In the 2016 fiscal year, we will intensify our focus on the topic of compliance and will also conduct mandatory training sessions for our employees.

QUALITY MANAGEMENT

SUSS MicroTec's leading technology position in the Lithography, Photomask Equipment, Substrate Bonder, and Micro-optics divisions 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

ISO 14001 Certification

Since 1996, the ISO 14001 standard has established a basis for the construction, introduction, monitoring, and refinement of environmental management systems. It sets out corresponding requirements, which are applicable to organizations of all types and sizes as well as to different geographic, cultural, and social conditions. The overarching goal is to promote environmental protection and to reduce environmental harm – in harmony with economic, social, and political requirements. ISO 14001 is simultaneously the basis for the certification of environmental management systems.

Within the framework of environmental management, we have already been intensively involved in preparations for ISO 14001:2015 certification at SUSS MicroTec since 2014. In the past fiscal year, preparations were made for both the system analysis and documentation of the preliminary examination. We are currently in the preparation phase for actual ISO certification, which should be successfully completed in the 2016 fiscal year. Through this certification, we would like to exhibit an internationally recognized environmental management system. Moreover, during and prior to the actual certification process weak points are frequently discovered in the environmental management system. In addition, streamlining opportunities are discovered that we would like to exploit to the advantage of the Company and its employees. We will be able to report more about this topic in the 2016 Annual Report.

General Refurbishment of our Tools

Our employees take great care constructing our tools, which are frequently designed for a long service life. A useful life of up to 15 years or longer is not uncommon – and demonstrates outstanding efficiency. Year after year, SUSS MicroTec equipment displays its quality, reliability, and durability. With our subsidiary SUSS MicroTec REMAN, we offer our customers the opportunity to obtain used tools that we have carefully refurbished at a favorable price. In this manner, we ease pressure on the procurement budgets of our customers, extend the useful lives of used tools, and conserve valuable resources. SUSS MicroTec REMAN has made a contribution to the success of the Company for many years.

Handling of Chemicals

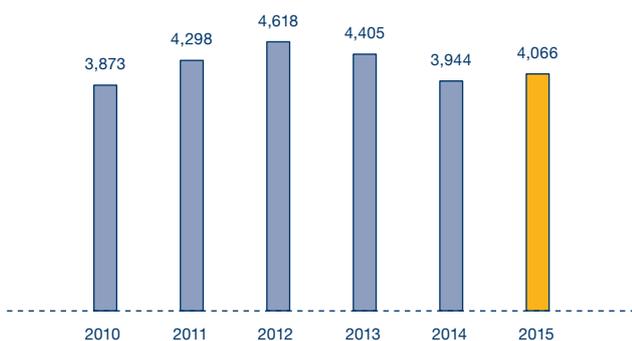
The careful handling of chemicals plays an important role, particularly with our coaters and developers. The continuous improvement of our tools regarding the use of wet chemicals is an important goal of our corporate development work. However, a certain use of wet chemistry has been absolutely necessary for semiconductor production processes until now.

In the Garching applications laboratory, where test runs of our tools are conducted, we have therefore installed neutralization equipment for effluent treatment, which adjusts the pH-value of various chemicals to an acceptable level.

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 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.

Electricity Consumption in Sternenfels and Garching in MWh



EMPLOYEES

The employees and their expertise are a significant part of the Company's value. 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 to develop in accordance with their abilities and preferences. After all, the motivation, knowledge, and flexibility of our employees are important prerequisites for the long-term success of the Company.

As of the end of the 2015 fiscal year, the Group had 698 employees (previous year: 659). In the entire Company, 26 apprentices were employed in commercial and technical areas as of December 31, 2015 (2014: 32). The Company has collaborated with universities and research institutes for many years to bring the SUSS MicroTec name to the attention of talented graduates and up-and-coming talent as early as possible in order to ensure the successful existence of the Company.

We respect personal dignity, privacy, and the personal rights of each individual. 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 stated in our declaration on the environment, health, and safety (www.suss.com ► [Company](#) ► [Quality Management](#) ► [Environmental Responsibility](#)), 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.

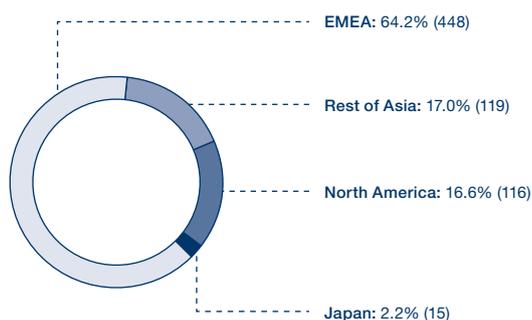
In the 2015 fiscal year, a mobile for-fee massage service was tested for the first time at the Garching site. It generated a very positive response in the Company. Beginning in the 2016 fiscal year, this service will be regularly available to our employees every two weeks.

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.

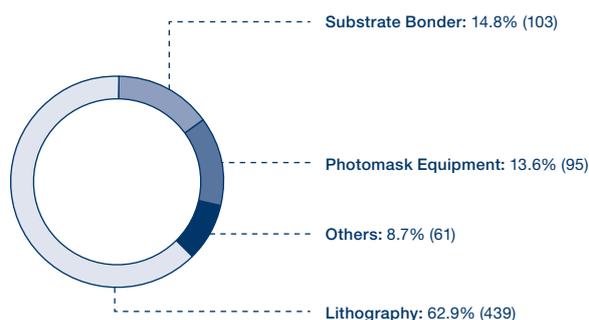
As a result of the law for the equal participation of women and men in management positions in the private and public sectors (Section 76 (4) and Section 111 (5) of the German Stock Corporation Law (AktG)), which went into effect in May 2015, certain companies are obligated for the first time to set targets for the share of women in both the Supervisory Board and the Management Board and at the next two management levels. In addition, a deadline must be set for achieving the respective share of women.

For the first and second management levels below the Management Board, the Management Board of SUSS MicroTec AG has set a target of 20% and an implementation deadline of June 30, 2017. The target for the first management level means an increase in the female share, which is currently 18%. Similarly, the target for the second management level means an increase from the current 14%. The implementation deadline satisfies the guidelines for the initial setting of an implementation deadline.

Employees by Region 2015



Employees by Division 2015

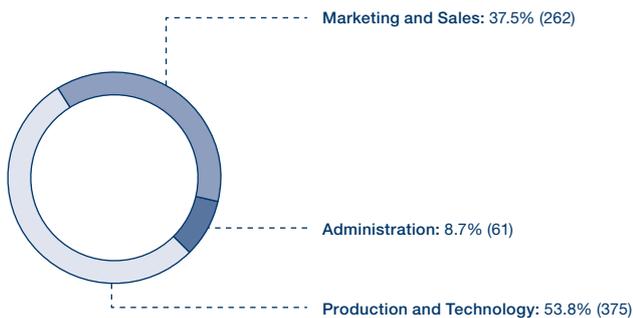


CUSTOMER RELATIONS

We attach tremendous 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 inside 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 (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.

Employees by Area 2015



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

1. Composition of subscribed capital

As of December 31, 2015, 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, 53a et seq., 118 et seq., and 186 AktG.

In accordance with Section 67 (2) AktG, a shareholder in relation to the Company is only someone who is entered as such in the share 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

Shares with extraordinary rights that grant controlling authority do not exist.

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 AG issues shares to its employees through the 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 applicable laws and the articles of incorporation.

6. Legal provisions and rules in the articles of incorporation for appointing and dismissing members to the Management Board 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 by June 18, 2018, treasury shares of the Company 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. of the 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 agreements on the part of the Company subject to the condition of a change of control resulting from a corporate takeover bid

With each of the banks of the consortium, there is a bilateral credit relationship 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 agreement of the Company with Management Board members or employees in the event of a corporate takeover bid

No compensation or similar agreements exist 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 or dismissal of members of the Management Board. 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 289a of the German Commercial Code (HGB)

On March 3, 2016, the Management Board and Supervisory Board of SUSS MicroTec AG issued a joint declaration regarding corporate governance in accordance with Section 289a of the German Commercial Code (HGB) and made it available on the Company's website at ► <http://ir.suss.com/websites/suess/English/2010/declaration-on-corporate-governance.html>.

Corporate Governance Declaration

RELEVANT INFORMATION ON CORPORATE GOVERNANCE IN ACCORDANCE WITH SECTION 289A OF THE GERMAN COMMERCIAL CODE (HGB)

The declaration regarding corporate governance in accordance with Section 289a of the German Commercial Code (HGB) is part of the condensed Management Report. In accordance with Section 317 (2) (4) HGB, the statements in accordance with Section 289a are not included in the audit; in this way, it should merely be determined in the course of the audit whether these statements were made. The corporate governance declaration contains the declaration of compliance, information on corporate governance practices, and a description of the working procedures of the Management Board and the Supervisory Board. In this manner, we are pursuing the goal of presenting corporate governance clearly and succinctly.

DECLARATION OF COMPLIANCE AND REPORTING ON CORPORATE GOVERNANCE

In accordance with Section 161 of the German Stock Corporation Law (AktG), the Management Board and Supervisory Board of a listed German stock corporation are required to declare at least once per year whether it has complied or will continue to comply with the German Corporate Governance Code and which recommendations of the Code have not been or will not be implemented and why not. Based on extensive consultation, the Management Board and Supervisory Board declared on January 7, 2016, that the Company has complied and will continue to comply with the recommendations of the German Corporate Governance Code in the version from May 5, 2015, with the following exceptions – a deductible for D&O insurance,

vertical remuneration comparison, pension commitments, the creation of committees, and a term limit for membership in the Supervisory Board.

The wording of the current declaration of compliance as well as of all previous declarations regarding the Code are published on the Company's website at ► www.suss.com ► [Investor Relations](#) ► [Corporate Governance](#) ► [Declaration of Compliance](#).

COMPLIANCE

As an international entity, SUSS MicroTec is obligated to gain and retain the trust of customers and business partners via impeccable conduct. SUSS MicroTec regards it as an essential management responsibility to observe laws, regulations, internal corporate policies, and voluntary commitments as well as to see to it that Group companies observe them as well.

Code of Conduct

In order to ensure consistent exemplary behavior and conduct, a Code of Conduct has been devised for the entire Group. It applies to all Group employees equally and should serve as guidance for everyone. The Code of Conduct defines minimum standards and sets out guidelines for employees to help them handle and overcome ethical and legal challenges that might arise in their everyday work. Infractions will be investigated consistently and their causes remedied in the interest of all employees.

Compliance Handbook

In addition, the Group-wide compliance program is supplemented by the Compliance Handbook, various procedural regulations, and Company bylaws applicable to particular bodies. The Compliance Handbook is addressed to all Group employees for the purpose of ensuring proper and consistent conduct in the handling of confidential corporate data. In particular, it explains legal requirements prohibiting market manipulation and insider dealing. Individuals who work for SUSS MicroTec and in accordance with regulations have access to insider information in order to perform their duties at SUSS MicroTec are added to an insider list in accordance with the provisions of the German Securities Trading Law (WpHG). These individuals are notified of their consequent legal obligations as well as the legal

consequences of violations. In addition, insider trading guidelines, which govern the trading in corporate securities by officers and employees within specified time frames, elaborate upon legal provisions prohibiting insider dealings.

WORKING PROCEDURES OF THE MANAGEMENT AND SUPERVISORY BOARDS

As a German corporation (“AG”), SUSS MicroTec is subject to German stock corporation law and, therefore, has a dual management and control structure, which is exercised by the members of the Management and Supervisory Boards. The corporate management of SUSS MicroTec AG is defined by close and constructive cooperation between the Management and Supervisory Boards. Both Boards work together closely in the interest of the Company and with the common goal of increasing the enterprise value over the long term. The work of the Management and Supervisory Boards is subject to their respective bylaws.

SUPERVISORY BOARD

The Supervisory Board monitors and consults the Management Board with regard to the management of the Company and appoints the members of the Management Board. At regular intervals, the Supervisory Board discusses business development and planning as well as strategy and its implementation. It examines quarterly and interim reports and approves the annual financial statements of SUSS MicroTec AG and the Group, taking into account the reports from the auditor. Its responsibilities also include monitoring the Company’s compliance with legal provisions, government regulations, and internal corporate policies. Significant business events – for example, acquisitions, divestments, and financial transactions – require its approval. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings, and looks after the body’s interests externally. The Supervisory Board of SUSS MicroTec AG is not co-determined.

In accordance with the articles of incorporation, SUSS MicroTec AG’s Supervisory Board consists of three members. As the German Corporate Governance Code recommends, the Supervisory Board has, in its judgment, an appropriate number of independent members. In particular, only one former member of the Management Board belongs to the Supervisory Board (this being Dr. Stefan Reineck) so that the impartial consultation and monitoring of the Management Board is assured. The Supervisory Board’s term of office is five years. The current term ends upon conclusion of the ordinary Shareholders’ Meeting in 2017.

Contrary to the recommendations of the Code, SUSS MicroTec AG’s Supervisory Board is refraining from creating committees. Instead, the Supervisory Board, which has consisted of

three members since June 2008, believes that the creation of committees would unnecessarily make cooperation and decision-making more difficult.

MANAGEMENT BOARD

SUSS MicroTec AG’s Management Board currently consists of three members. The members of the Management Board bear joint responsibility for management activities and decide on fundamental issues of business policy as well as annual and multi-year planning. They develop the Company’s strategy, coordinate this with the Supervisory Board, and ensure that it is carried out. The Management Board informs the Supervisory Board about business policy and all relevant issues related to planning, business development, risk position, risk management, and compliance on a regular, prompt, and comprehensive basis.

In addition, the Management Board is responsible for preparing the Company’s quarterly and interim financial statements, SUSS MicroTec AG’s annual financial statements, and the consolidated financial statements. Furthermore, the Management Board sees to the observance of legal provisions, government regulations, and internal corporate policies and acts to ensure compliance by Group companies.

REMUNERATION OF THE SUPERVISORY AND MANAGEMENT BOARDS

SUSS MicroTec AG complies with the recommendations of the German Corporate Governance Code to disclose remuneration of Management and Supervisory Board members on an individualized basis. The elements of the remuneration system are presented in the Remuneration Report, which is part of the condensed Management Report. In view of the “vertical remuneration structure” targeted by the Corporate Governance Code, SUSS MicroTec AG declares a deviation from the Code as a precaution since the Supervisory Board is of the opinion that determining senior management and the relevant staff, taking the trend over time into account, can lead in practice to substantial legal uncertainties.

DIRECTORS’ DEALINGS

Individuals who exercise management responsibilities at SUSS MicroTec AG, including in particular the members of the Management Board and the Supervisory Board, are legally obligated in accordance with Section 15a of the German Securities Trading Law (WpHG) to disclose their own transactions with shares of SUSS MicroTec AG or corresponding financial instruments, particularly derivatives, insofar as the value of the transactions that a member of the Company and persons associated with him/her has carried out within the calendar year does not reach € 5,000 by the end of the calendar year.

All securities transactions requiring disclosure have been published in accordance with legal regulations and can be viewed by the general public on the Company's website at ► www.suss.com ► **Investor Relations** ► **Share** ► **Directors' Dealings**. Members of the Management and Supervisory Boards hold 0.16% (31,100 out of 19,115,538 voting rights) of SUSS MicroTec AG's equity capital.

SETTING TARGETS TO PROMOTE THE PARTICIPATION OF WOMEN IN LEADERSHIP POSITIONS

As a result of the law for the equal participation of women and men in management positions in the private and public sectors (Section 76 (4) and Section 111 (5) of the German Stock Corporation Law (AktG)), which went into effect on May 1, 2015, listed companies like SUSS MicroTec were obligated for the first time, inter alia, to set targets for the share of women in both the Supervisory Board and the Management Board and at the next two management levels. In addition, a deadline had to be set for achieving the respective target.

In order to implement the aforementioned obligation, on September 7, 2015, the Supervisory Board of SUSS MicroTec AG decided to set a target of 0% for the female share in the Supervisory Board of SUSS MicroTec AG. This represents a continuation of the status quo, meaning that it is not necessary to set a deadline for achieving the aforementioned target.

On September 7, 2015, the Supervisory Board of SUSS MicroTec AG decided to set a target of 0% for the female share in the Management Board of SUSS MicroTec AG. This represents a continuation of the status quo, meaning that it is also not necessary to set a deadline for achieving the aforementioned target in this respect.

For both the first and second management levels below the Management Board, on September 2, 2015, the Management Board of SUSS MicroTec AG set a target of 20% and an implementation deadline of June 30, 2017. The target for the first management level means an increase in the female share, which at the time of the resolution was 18%. The target for the second management level similarly means an increase, since the female share at the time of the resolution was 14%. The implementation deadline satisfies the guidelines for the initial setting of an implementation deadline. As of December 31, 2015, the female share at the first management level remained 18%, while the female share at the second management level was 14%.

SHAREHOLDERS AND THE SHAREHOLDERS' MEETING

SUSS MicroTec AG's shareholders exercise their co-determination and supervisory rights at the Shareholders' Meeting, which occurs at least once a year. Each SUSS MicroTec share entitles the holder to one vote. All documents required for decision-making have been published on the Company's website in accordance with regulations on shareholder rights. Copies can also be requested from the Company.

Every shareholder who is entered into the share register and registers on time is entitled to participate in the Shareholders' Meeting and exercise his or her voting rights. Shareholders who cannot personally participate in the Shareholders' Meeting have the option of having their voting right exercised by a financial institution, a shareholder association, a voting rights representative appointed by the Company, or by a proxy of their choice. Instructions for exercising voting rights can be issued in writing prior to the Shareholders' Meeting or at the meeting directly on site.

ACCOUNTING AND ANNUAL AUDIT

SUSS MicroTec prepares its consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards (IFRS) as applied in the European Union for listed companies. The consolidated financial statements are prepared by the Management Board, audited by the auditor, and approved by the Supervisory Board. The separate financial statements for SUSS MicroTec AG are prepared according to the provisions of the German Commercial Code (HGB), audited by the auditors, and approved by the Supervisory Board.

On June 2, 2015, the Shareholders' Meeting appointed BDO AG Wirtschaftsprüfungsgesellschaft headquartered in Hamburg, with an office in Munich, as auditors and Group auditors of SUSS MicroTec AG for the 2015 fiscal year. The auditor has demonstrated its impartiality to the Supervisory Board in a declaration of impartiality. Furthermore, the auditor agreed to inform the Supervisory Board of all material findings and circumstances that arise while conducting the audit.

RISK MANAGEMENT

Dealing with business risks responsibly is one of the principles of good corporate governance. A risk management system has long been a component of corporate management at SUSS MicroTec for the purpose of recognizing and controlling risks as well as for meeting legal requirements. This system is reviewed once a year during the audit of the annual financial statements.

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. For its part, the Management Board regularly informs the Supervisory Board about existing risks and their development.

Details about risk management at the SUSS MicroTec Group are presented in the Risk Report, which is part of the Management Report. In accordance with the German Accounting Law Modernization Act (BilMoG), the Risk Report includes a report on the accounting-related internal control and risk management system.

TRANSPARENCY

SUSS MicroTec informs shareholders, analysts, shareholder associations, members of the media, and any interested members of the general public regularly and promptly about the Group's current business developments and position. Various target groups are treated equally and informed simultaneously. In addition, all information relevant to the capital markets is published and can be viewed by the general public on the Company's website. Important recurring events are compiled in the Company's financial calendar. The calendar is published sufficiently far in advance and can be viewed at the Company's website at ► www.suss.com ► [Investor Relations](#) ► [Financial Calendar](#).

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 remuneration. However, 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 remuneration of members of the Management Board consists of remuneration components both independent of performance as well as based on performance.

The Supervisory Board is responsible for setting the remuneration of Management Board members. The full council of the Supervisory Board determines and monitors the remuneration 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 allowances for health insurance and voluntary retirement insurance. In addition, employer pension commitments (retirement, disability, and widow's pension) in the form of direct insurance have been made to individual 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. In the 2015 fiscal year, this provision applies to Mr. Knopp and Mr. Braun. For Mr. Hansson,

variable remuneration may amount to a maximum of 110% of the fixed remuneration at the beginning of the respective fiscal year. This provision also applies in future fiscal years. Effective January 1, 2016, variable remuneration for Mr. Knopp and Mr. Braun may amount to a maximum of 100% 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. Since Mr. Hansson received a guaranteed bonus for the 2015 fiscal year, no annual or multi-year targets were set for him.

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 are, 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. For the 2013 to 2015 fiscal years, renewed multi-year targets for three fiscal years were set in advance, whereby they may differ according to the function and area of responsibility of the Management Board member. The current multi-year targets relate to the achievement of established EBIT margins or the milestones of development projects in defined time

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).

REMUNERATION OF THE MANAGEMENT BOARD

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 stipulated.

The yearly bonuses for Mr. Braun come to at least € 35,625.00 for the fiscal years 2014 and 2015. For the 2015 fiscal year, Mr. Hansson is to receive a guaranteed bonus of € 186,667.00.

AMOUNT OF MANAGEMENT BOARD REMUNERATION

The following tables (“Granted Benefits” and “Inflow”) show the compensation for the fiscal years 2015 and 2014 per Management Board member according to the requirements of the German Corporate Governance Code Number 4.2.5 (3). The statements previously contained in the “Management Board Compensation” table according to Section 314 German Commercial Code (HGB) are now shown in the “Inflow” table.

Targeted remuneration of the Management Board according to the German Corporate Governance Code:

in €	Dr. Per-Ove Hansson Chief Executive Officer (CEO) since 05/01/2015			
	2014	2015 (100%)	2015 (min.)	2015 (max.)
Granted contributions				
Fixed remuneration	–	233,336.00	233,336.00	233,336.00
Signing bonus ¹	–	100,000.00	100,000.00	100,000.00
Ancillary benefits (fix) ²	–	44,850.10	44,850.10	44,850.10
Pension expenses ³	–	–	–	–
Total	–	378,186.10	378,186.10	378,186.10
One-year variable remuneration (A) ⁴	–	130,666.90	130,666.90	130,666.90
thereof variable share component ⁵	–	65,333.45	65,333.45	65,333.45
Multi-year variable remuneration (B) (2013–2015)	–	56,000.10	56,000.10	56,000.10
Total	–	564,853.10	564,853.10	564,853.10
Service cost	–	–	–	–
Total remuneration	–	564,853.10	564,853.10	564,853.10

¹ The signing bonus of € 200,000 is paid in two installments in May 2015 and May 2016.

² Includes: Allowance for optional retirement insurance
Monetary value of company car
Company share of legal or private health insurance
Allowance for moving and additional living expenses (limited to six months)

³ Expense for retirement benefits (direct insurance policy)

⁴ Variable remuneration (single-year and multi-year) maximum of 150% of fixed remuneration of the respective fiscal year

⁵ A lock-up period of three years applies to shares acquired through variable remuneration

Michael Knopp
Chief Financial Officer (CFO)

in €

Granted contributions	2014	2015 (100%)	2015 (min.)	2015 (max.)
Fixed remuneration	251,254.00	268,339.00	268,339.00	268,339.00
Signing bonus ¹	–	–	–	–
Ancillary benefits (fix) ²	21,502.56	21,646.08	21,646.08	21,646.08
Pension expenses ³	2,148.00	2,148.00	2,148.00	2,148.00
Total	274,904.56	292,133.08	292,133.08	292,133.08
One-year variable remuneration (A) ⁴	128,625.00	136,500.00	–	273,000.00
thereof variable share component ⁵	64,312.50	68,250.00	–	136,500.00
Multi-year variable remuneration (B) (2013–2015)	55,125.00	58,500.00	–	117,000.00
Total	458,654.56	487,133.08	292,133.08	682,133.08
Service cost	–	–	–	–
Total remuneration	458,654.56	487,133.08	292,133.08	682,133.08

¹ The signing bonus of € 200,000 is paid in two installments in May 2015 and May 2016.

² Includes: Allowance for optional retirement insurance
Monetary value of company car
Company share of legal or private health insurance
Allowance for moving and additional living expenses (limited to six months)

³ Expense for retirement benefits (direct insurance policy)

⁴ Variable remuneration (single-year and multi-year) maximum of 150% of fixed remuneration of the respective fiscal year

⁵ A lock-up period of three years applies to shares acquired through variable remuneration

Walter Braun
Chief Operating Officer (COO) since 07/01/2014

in €

Granted contributions	2014	2015 (100%)	2015 (min.)	2015 (max.)
Fixed remuneration	94,998.00	189,996.00	189,996.00	189,996.00
Signing bonus ¹	–	–	–	–
Ancillary benefits (fix) ²	9,993.66	20,093.88	20,093.88	20,093.88
Pension expenses ³	–	–	–	–
Total	104,991.66	210,089.88	210,089.88	210,089.88
One-year variable remuneration (A) ⁴	49,875.00	99,750.00	35,625.00	199,500.00
thereof variable share component ⁵	24,937.50	49,875.00	17,812.50	99,750.00
Multi-year variable remuneration (B) (2013–2015)	21,375.00	42,750.00	–	85,500.00
Total	176,241.66	352,589.88	245,714.88	495,089.88
Service cost	–	–	–	–
Total remuneration	176,241.66	352,589.88	245,714.88	495,089.88

¹ The signing bonus of € 200,000 is paid in two installments in May 2015 and May 2016.

² Includes: Allowance for optional retirement insurance
Monetary value of company car
Company share of legal or private health insurance
Allowance for moving and additional living expenses (limited to six months)

³ Expense for retirement benefits (direct insurance policy)

⁴ Variable remuneration (single-year and multi-year) maximum of 150% of fixed remuneration of the respective fiscal year

⁵ A lock-up period of three years applies to shares acquired through variable remuneration

Frank Averdung				
Chief Executive Officer (CEO) until 08/24/2014				
in €				
Granted contributions	2014	2015 (100%)	2015 (min.)	2015 (max.)
Fixed remuneration	330,000.00	–	–	–
Signing bonus ¹	–	–	–	–
Ancillary benefits (fix) ²	23,789.28	–	–	–
Pension expenses ³	2,148.00	–	–	–
Total	355,937.28	–	–	–
One-year variable remuneration (A) ⁴	173,250.00	–	–	–
thereof variable share component ⁵	86,625.00	–	–	–
Multi-year variable remuneration (B) (2013–2015)	74,250.00	–	–	–
Total	603,437.28	–	–	–
Service cost	–	–	–	–
Total remuneration	603,437.28	–	–	–

¹ The signing bonus of € 200,000 is paid in two installments in May 2015 and May 2016.

² Includes: Allowance for optional retirement insurance
Monetary value of company car
Company share of legal or private health insurance
Allowance for moving and additional living expenses (limited to six months)

³ Expense for retirement benefits (direct insurance policy)

⁴ Variable remuneration (single-year and multi-year) maximum of 150% of fixed remuneration of the respective fiscal year

⁵ A lock-up period of three years applies to shares acquired through variable remuneration

Inflow of Management Board remuneration according to the German Corporate Governance Code:

Dr. Per-Ove Hansson				
Chief Executive Officer (CEO) since 05/01/2015				
Michael Knopp				
Chief Financial Officer (CFO)				
in €				
Inflow	2014	2015	2014	2015
Fixed remuneration	–	233,336.00	251,254.00	268,339.00
Signing bonus ¹	–	100,000.00	–	–
Ancillary benefits (fix) ²	–	44,850.10	21,502.56	21,646.08
Pension expenses ³	–	–	2,148.00	2,148.00
Severance payment	–	–	–	–
Total	–	378,186.10	274,904.56	292,133.08
One-year variable remuneration (A) ⁴	–	130,666.90	191,758.96	252,429.75
thereof variable share component ⁵	–	65,333.45	95,879.48	126,214.87
Multi-year variable remuneration (B) (2013–2015)	–	56,000.10	104,107.89	–
Total	–	564,853.10	570,771.41	544,562.83
Service cost	–	–	–	–
Total remuneration	–	564,853.10	570,771.41	544,562.83

¹ The signing bonus of € 200,000 is paid in two installments in May 2015 and May 2016.

² Includes: Allowance for optional retirement insurance
Monetary value of company car
Company share of legal or private health insurance
Allowance for moving and additional living expenses (limited to six months)

³ Expense for retirement benefits (direct insurance policy)

⁴ Variable remuneration (single-year and multi-year) maximum of 150% of fixed remuneration of the respective fiscal year

⁵ A lock-up period of three years applies to shares acquired through variable remuneration

in €	Walter Braun Chief Operating Officer (COO) since 07/01/2014		Frank Averdung Chief Executive Officer (CEO) until 08/24/2014	
	2014	2015	2014	2015
Inflow				
Fixed remuneration	94,998.00	189,996.00	330,000.00	–
Signing bonus ¹	–	–	–	–
Ancillary benefits (fix) ²	9,993.66	20,093.88	23,789.28	–
Pension expenses ³	–	–	2,148.00	–
Severance payment	–	–	930,000.00	–
Total	104,991.66	210,089.88	1,285,937.28	–
One-year variable remuneration (A) ⁴	74,355.51	184,467.89	120,000.00	–
thereof variable share component ⁵	37,177.76	92,233.95	–	–
Multi-year variable remuneration (B) (2013–2015)	16,648.99	64,125.00	–	–
Total	195,996.16	458,682.77	1,405,937.28	–
Service cost	–	–	–	–
Total remuneration	195,996.16	458,682.77	1,405,937.28	–

¹ The signing bonus of € 200,000 is paid in two installments in May 2015 and May 2016.

² Includes: Allowance for optional retirement insurance
Monetary value of company car
Company share of legal or private health insurance
Allowance for moving and additional living expenses (limited to six months)

³ Expense for retirement benefits (direct insurance policy)

⁴ Variable remuneration (single-year and multi-year) maximum of 150% of fixed remuneration of the respective fiscal year

⁵ A lock-up period of three years applies to shares acquired through variable remuneration

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 € 2,000.00 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 € 60,000.00, the Deputy Chairman receives € 50,000.00, and a regular member of the Supervisory Board receives € 45,000.00 per fiscal year as fixed remuneration. 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.

2015 in €	Remuneration	Attendance fee	Deduction for pro rata D&O insurance premium
Supervisory Board			
Dr. Stefan Reineck (Chairman of the Supervisory Board)	60,000.00	12,000.00	1,655.18
Jan Teichert (Deputy Chairman of the Supervisory Board)	50,000.00	12,000.00	827.59
Gerhard Pegam	45,000.00	12,000.00	551.73

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

In the 2015 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 January 28, 2016, Universal-Investment-Gesellschaft mbH, Frankfurt am Main, Germany, notified us pursuant to §21 (1) WpHG (securities trading act) that on January 25, 2016, its share of voting rights in SÜSS MicroTec AG, Garching, Germany, fell below the threshold of 5% and amounted on this day to 4.86%

(929,356 voting rights). Pursuant to Section 22 of the German Securities Trading Act WpHG, 4.86% (929,356 voting rights) are attributable to it.

On March 3, 2016, Dimensional Holdings Inc., Austin, Texas, USA, notified us pursuant to §21 (1) WpHG (securities trading act) that on February 25, 2016, its share of voting rights in SÜSS MicroTec AG, Garching, Germany, rose above the threshold of 3% and amounted on this day to 3.004% (574,300 voting rights). Pursuant to Section 22 of the German Securities Trading Act WpHG, 3.004% (574,300 voting rights) are attributable to it.

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 open 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 later for industry on a large scale.

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. In 2015, 26.2 million smartphones were sold in Germany, an increase of 7.4% from the previous year. Sales in Germany rose even by 22% to € 10.3 billion, breaking the symbolic threshold of € 10 billion for the first time. This is according to the German Association for Information Technology, Telecommunications and New Media (BITKOM) based on current forecasts of the European Information Technology Observatory (EITO)¹. The smartphone boom will continue in 2016, according to the BITKOM forecasts. For Germany the sale of 28.2 million devices is projected, representing another increase of 7.5% from 2015.

Worldwide growth is also uninterrupted. In the fourth quarter of 2014, more than 300 million smartphones were sold worldwide for the first time. In the first three quarters of 2015, this growth trend continued – in all three quarters smartphone sales were well above the 300 million threshold².

In addition, technical advancements in smart devices led to rising sales. According to a survey conducted on behalf of the BITKOM digital association, smartphone users would like for their devices above all a longer battery life (63% of the respondents), a higher quality camera (36%), more storage capacity (35%), and more computing power (23%)³. Additional technical features displayed by more and more smartphones include a curved or flexible screen, a fingerprint sensor, and 3D capability for the camera. Smartphone sales in 2015 have shown that consumers are prepared to invest in performance and comfort. Thus, the average price for a smartphone in 2015 in Germany was € 395, whereas in the previous year an average of € 348 was spent for a smartphone.

The increasing demand for smartphones with complex components promotes the sales of various SUSS MicroTec products. Our mask aligners, coaters, and bonders are used by our customers to equip and connect chips with patterns and to manufacture the numerous sensors embedded in every smartphone. In addition, with UV bonding SUSS MicroTec supports two important processing steps, which are necessary for manufacturing wafer-level optics (WLO). Nearly all cameras embedded in cellular telephones and other mobile devices are comprised of a CMOS image sensor and wafer-level optics.

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

¹ Source: press release of the BITKOM digital association dated February 16, 2016

² Source: Statista 2016

³ Source: press release of the BITKOM digital association dated February 22, 2016

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. For example, in March 2015 the SUSS Technology Forum, at which innovations were presented to our customers in cooperation with various research institutes, was held in parallel to Semicon China. In Monterey (California, USA), SUSS MicroTec organized for the second time the SUSS Photomask Summit, in which managers and technologists from leading mask shops, device, material, and equipment manufacturers, and scientific consortia participated.

Through close cooperation with SEMI and numerous international research institutes, 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 still can be achieved with mask aligners and coater / 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 2015 we recorded a large order from a leading semiconductor industry manufacturer for a notable number of DSC300 Gen2 projection scanners. Serial production of these tools is anticipated in the fan-out wafer-level packaging growth segment. The DSC300 Gen2 offers comparable capabilities with respect to resolution and overlay, combined with higher throughput and thus lower costs than conventional projection steppers. With this successful product and technology qualification, SUSS MicroTec was able to expand its leadership position in the advanced packaging area. If we succeed in persuading more customers to use our systems, we could also achieve additional 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 is divided into the two sub-areas of permanent and temporary bonding. In the area of temporary bonding, we were able to reinforce our market position in the area of TSV-based 3D memory chips by gaining a second Asian production customer for a portion of our tool solution. In the area of permanent bonding, a new semi-automated wafer bonder was developed and introduced to the market in the 2015 fiscal year. The semi-automated XB8 system, which is based on the control platform of the SB6/8 Gen2 wafer bonder developed in 2014, can process wafer sizes up to 200mm as well as various substrate sizes and types. Through the extensive innovations that we introduced in 2015 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 should have a corresponding effect on annual division earnings.

The business of SUSS MicroOptics S.A. (Hauterive, Switzerland) developed very positively in 2015 despite the strong Swiss franc. The micro-optics business was able to record sales increases of almost 34% in the past fiscal year compared to the previous year. In 2015, the newly installed cleanroom in the leased premises was fully usable for the first time. The new facilities enabled significantly higher production efficiency. This partially compensated for margin shrinkage caused by the unfavorable development of the rate of the Swiss franc. In the coming years we expect additional sales increases in the micro-optics business and assume that SUSS MicroOptics will make a substantial contribution to the Group's sales and earnings.

Financial Opportunities

Significant changes in the currency market can affect the sales and earnings of SUSS MicroTec both positively and negatively. The current weakness of the euro against the US dollar offers 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.

During the last fiscal year the Japanese yen displayed a strong volatility against the euro. While the Japanese yen still stood at 145.04 yen to the euro at the beginning of 2015, the exchange rate was at 131.13 yen per euro on December 31, 2015. In 2016 this trend continued and in late February 2016 the yen traded even significantly below 125 yen per euro. The strong yen could adversely affect sales of various Japanese competitors, who are mainly active in the market for coaters. It could also induce significant margin losses for these competitors. If the strength of the Japanese yen continues or if the yen appreciates even further, we see good opportunities to gain market share from Japanese competitors and we see a good chance to compensate for margin losses that we suffered in competition with Japanese vendors in the past.

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.

Development-Specific Opportunities

In the past fiscal year, we significantly expanded our development activities. We hired employees primarily for the mask aligner and coater/developer product lines as well as for the Photomask Equipment division. In addition, we made progress on development programs with the assistance of external service providers and partners. We will continue these efforts in the coming year. Our goal is to adapt our product lines to the latest developments in the market and to satisfy new customer demands. In the process, we intend to consolidate and further expand our market position.

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 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 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.

An external auditor examines the established early risk identification system during the audits of the annual financial statements. He or she reports about 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 representative of the respective unit.

The risk management representative processes the information and 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 are 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.

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

According to our method of risk assessment, only high risks are classified 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 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) (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 suitability of the risk early identification 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, 2015, 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 financial reporting 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 been used by SUSS MicroTec (Taiwan) Company Ltd., Hsinchu, Taiwan. In 2011, SAP was installed at SUSS MicroTec Inc., Sunnyvale, California (USA). In 2015, SUSS MicroTec Photonic Systems Inc. (California, USA) was connected to the Group-wide SAP system, with the go-live occurring on May 1, 2015. Reporting to the corporate headquarters is carried out with the assistance of "Infor PM Application Studio" management information software. The separate financial statements are 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 sectors and industries. Consequently, SUSS MicroTec is fundamentally independent of individual markets and customers. Thus economic downturns in a region or sector can be at least partially offset. Thanks to its flexible positioning, SUSS MicroTec would be able to respond immediately to market events in the event of major economic instability and adjust cost structures in a timely manner. At its disposal are such tools as flextime accounts, the use of temporary employees, and outsourcing measures. In addition, the option exists of reducing working hours. In addition, purchasing departments routinely review and adjust procurement quantities.

Political decisions, new legislation, and other regulations in the countries in which SUSS MicroTec operates can also negatively impact our business. This includes tax legislation in respective countries, export restrictions, and tightened policies in the areas of product liability, competition law, work safety, and patent and trademark law.

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 weakness of the euro against the US dollar offers SUSS MicroTec the opportunity to offer the products that it manufactures in Germany at attractive prices on the US dollar-dominated markets. 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.

The tremendous strength of the Swiss franc against the euro had no noticeable impact on the ordering behavior of our customers in the Lithography, Substrate Bonder, and Photomask Equipment divisions. However, the business of SUSS MicroOptics S.A., which is located in Hauterive, Switzerland and manufactures microlenses, was significantly affected by the exchange rate of the Swiss franc. The strong Swiss franc led to noticeable margin shrinkage for micro-optics products in 2015. To be sure, the micro-optics business was able to record sales increases of almost 34% in the past fiscal year compared to the previous year. However, we assume that growth would have been still stronger if the change in the rate of the Swiss franc had not been so disadvantageous. The contribution to Group sales and earnings that SUSS MicroOptics will make in the future is highly dependent on the further development of the Swiss franc.

In 2015, significant fluctuations were observed in the euro relative to most Asian currencies. The euro exchange rates against the Taiwanese dollar, the Singaporean dollar, the South Korean won, and the Chinese renminbi yuan were affected by this. The SUSS MicroTec Group conducts business in these currencies only to a very slight extent. However, the Group subsidiaries located in Taiwan, Singapore, South Korea, and China have euro-denominated receivables from customers and other SUSS MicroTec companies. Depending on the size and due date, significant currency losses can arise for the Group in 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 lead to lower sales for SUSS MicroTec and harm the Company's 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-Specific 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 a strong culture of innovation and technological leadership. As a manufacturer of specialized tools, SUSS MicroTec delivers customer-specific solutions and conducts its product policies according to the rapidly changing conditions in the semiconductor equipment 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 would exist that the affected customers might turn away from SUSS MicroTec and seek alternative technical solutions from our competitors. In the past fiscal year, our engineers have paid increased attention to this topic and intensively analyzed the markets and customer wishes. Several innovations that address specific customer wishes were introduced to the market and were very well received by our customers. We therefore see a significantly diminished likelihood of occurrence for the described risk.

Aside from developing customer-specific solutions, the engineers at 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 continue to satisfy future technical requirements. The risk exists that individual development projects might 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 would temporarily not be able to 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. In the past fiscal year, we increased our focus on this set of problems and intensified collaboration between our engineers and Asian distribution companies in order to address the preferences of our customers and potential customers better. As a result, we were able to achieve several successful outcomes and will continue this form of collaboration in the future. We now view the described risk as significantly diminished.

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

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 € 5.0 million, the SUSS MicroTec Group also achieved significantly positive earnings in 2015. Taking into account the order backlog as of the end of 2015 and the expected order entry development in the first half of 2016, we expect to generate sales in the range between € 170 and 180 million and a positive EBIT between € 9 and 13 million in 2016.

As of December 31, 2015, SUSS MicroTec records goodwill of approximately € 15.8 million, which is entirely attributable to the Lithography division. The Lithography division generated more than half of Group sales and positive division earnings. The Lithography division will once again generate more than half of 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 for several years. We are confident that this product line will continue to produce a large contribution to sales and stable margins in the coming years. Nevertheless, the risk exists that the mask aligner would no longer be able to satisfy the

technical requirements of customers and could be supplanted by other technologies. However, we regard this risk as minimal. In addition, SUSS MicroTec can offer its customers alternative solutions with its 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 major contribution to Group sales and earnings for many years. Since mid-2013, we have taken increasing note of Chinese competitors, who have been able to win customer orders in the market primarily for technically less sophisticated tools. Japanese manufacturers, some of whom were previously active only in the front end market, are also increasingly supplying 300mm systems in the mid-end and back end markets and offering customers technically sound solutions. In China, we already had to accept lower sales as a result of this development. The risk exists that this trend could continue and both Japanese and Chinese manufacturers will be successful in supplying the market with technically sophisticated tools, with which SUSS MicroTec previously has had a high market share. Should this scenario occur, we would have to reduce the prices of our tools, which would in turn 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.

The Lithography division also includes the SUSS MicroTec Photonic Systems product lines for UV projection lithography and laser processing. In the past fiscal year, these product lines generated a loss. In 2015 we recorded a large order from a leading semiconductor industry manufacturer for a notable number of DSC300 Gen2 projection scanners. With this successful product and technology qualification, SUSS MicroTec was able to further expand its leadership position in the advanced packaging area. Most of the sales from this order will be realized in 2016. Due to the technical specification of the ordered tools and the extensive associated development services, we anticipate a low margin for this large order. Consequently, the product lines of SUSS MicroTec Photonic Systems will also generate an overall loss in 2016. The Photonic Systems product lines will be able to make a positive contribution to earnings only if we succeed in persuading more customers to use our systems and therefore achieve additional substantial order volumes and sales. If SUSS MicroTec does not achieve substantial sales and positive margins with the laser and scanner systems, this would have a further negative impact on the earnings of the Lithography division as well as Group earnings. Moreover, it could become necessary to make an additional value adjustments on the loans to SUSS MicroTec Photonic Systems Inc. in the separate financial statements of SUSS MicroTec AG if the product lines produced in the USA generate negative earnings on an ongoing basis.

In the reported fiscal year, the Substrate Bonder division produced another loss, generating division EBIT of € -4.0 million. We assume that the Substrate Bonder division will also generate a loss in the coming year. However, SUSS MicroTec once again significantly intensified its efforts in the area of research and development in the past fiscal year. In the area of permanent bonding, a new semi-automated wafer bonder was developed and introduced to the market in 2015. The semi-automated XB8 system, which is based on the control platform of the SB6/8 Gen2 wafer bonder developed in 2014, can process wafer sizes up to 200 mm as well as various substrate sizes and types. Further product innovations are planned. We assume that through these and additional measures we will be able to recover lost market share in permanent bonding and expand our market position. Nevertheless, the risk exists that we might not be able to achieve the required unit volumes on the permanent bonding market. In this case, the 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, coater / developers, and permanent bonders from one supplier. Should we not succeed in sustainably establishing our permanent bonding systems in the market, sales losses would also be conceivable in the coater / developer and mask aligner product lines.

Also in the area of temporary bonding, we were able to achieve important milestones in 2015 on the way to high-volume production. In the area of TSV-based 3D memory chips, we were able to reinforce our market position by gaining a second Asian production customer for a portion of our tool solution. 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, is reviewed regularly with respect to 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 are of the opinion that we have taken adequate precautions to prevent data manipulation, data loss, and data misuse. Furthermore, we routinely invest in new hardware and software in order to minimize the likelihood that IT systems and software solutions will fail. With virus scanners and antivirus software, which are continually updated, we protect our IT systems from unauthorized access and damage. Nevertheless, we cannot eliminate the possibility of data manipulation, data loss, or data misuse in individual cases. It is also conceivable that new viruses and Trojans that are not detected by our security programs could penetrate our IT systems. The problem is exacerbated by the increasing use of mobile devices, such as notebooks and smartphones, that access our corporate network. In order to minimize the risk of unauthorized access to our corporate network arising from the use of mobile devices, Group-wide guidelines for mobile device usage have been established.

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 trade receivables totaling € 13.6 million (previous year: € 13.7 million), a total of € 9.1 million was neither overdue nor impaired as of the reporting date (previous year: € 9.5 million). As of December 31, 2015, 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	2015	2014
Age structure of overdue receivables without impairment		
1–30 days	2,394	2,448
31–60 days	1,040	546
61–90 days	215	626
91–180 days	0	116
Overdue receivables without impairment	3,649	3,736

As of the reporting date, a total of € 0.8 million (previous year: € 0.5 million) of the gross inventory of receivables was overdue and impaired.

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	2015	2014
Age structure of overdue receivables without impairment		
< 91 days	21	0
91–180 days	527	179
181–360 days	76	36
> 360 days	174	250
Overdue receivables without impairment	798	465

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 € 40.0 million (previous year: € 38.0 million). Free cash flow in the previous fiscal year (adjusted for the effects of securities purchases and sales) totaled € 1.3 million (previous year: € 2.1 million).

A loan agreement exists between SUSS MicroTec AG and IKB Deutsche Industriebank AG that serves 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 runs until June 30, 2021. Another loan agreement exists between SUSS MicroTec AG and a local cooperative bank that serves to finance the business property in Sternenfels. This loan was originally valued at € 4.5 million. It was made available and drawn down on July 6, 2010 and runs until June 30, 2020. As of December 31, 2015, the SUSS MicroTec Group recognized

bank borrowings of € 9.1 million for these two 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 € 9.0 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. Furthermore, one of the banks in the consortium has granted SUSS MicroTec Lithography GmbH an additional guarantee line of more than € 1.0 million, which runs until April 30, 2016. An additional credit line of € 1.0 million is available to SUSS MicroTec Photomask Equipment GmbH & Co. KG. In addition, a further 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, 2015, € 5.7 million of these credit and guarantee lines are being utilized in the form of guarantees. We are confident that we 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 (25).

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.

OVERALL ASSESSMENT

No risks that threaten the Company's existence were identified in the Group in the 2015 fiscal year. The continued existence of the Company was at no time endangered from a material assets and liquidity point of view.

Material risks for the SUSS MicroTec Group are presented in the following table. The risks are rated according to their likelihood of occurrence as well as potential financial impact (as measured by the level of potential liquidity outflow).

	Likelihood					Impact				
	very low 0% to ≤5%	low >5% to ≤10%	medium >10% to ≤25%	high >25% to ≤50%	very high >50% to ≤100%	negligible €0 to ≤€20 k	marginal >€20 k to ≤€500 k	serious >€500 k to ≤€2 mill.	critical >€2 mill. to ≤€10 mill.	threatening the existence >€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 ¹			X						X	
Insufficient innovativeness, failed development projects ¹			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			

¹ Likelihood previous year: high

Forecast Report

The business environment in which SUSS MicroTec operates is influenced by regional and global economic conditions as well as industry developments. In the following forecast report we explore various factors that both the Company and leading market and industry observers regard as essential for the future business development of the Company.

According to estimates of the ifo Institute in Munich, the world economic climate will cool noticeably in the coming months. In the fourth quarter of 2015, the indicator of the ifo world economic climate index measured only 89.6 points, well below the previous quarter's value of 95.9 points and the long-term average of 96.1 points. At the same time, the assessment of the current situation has deteriorated only slightly, although the outlook is less positive than in the previous quarter. Overall the world economic climate deteriorated in nearly all regions. In Europe and North America, the indicator is above its long-term average despite the gloom, but in Asia, Latin America, the Middle East, and Africa it is significantly lower. The climate in Europe, North America, and Latin America dimmed above all due to less positive economic expectations. By contrast, in Asia, the Middle East, and Africa, both climate components, situation, and expectations, were critical for the deterioration. In particular, the sustained period of weakness in the Chinese economy is weighing on the global economy and its outlook. According to the estimates of the OECD from February 18, 2016, the global economic growth was 3.0% in 2015 and will again reach the level of 3.0% in the 2016 fiscal year.

The entire European Union as well as the eurozone will exhibit slightly positive growth rates again in the 2016 economic year, according to forecasts of the OECD. For the eurozone, growth of 1.5% and 1.4% is expected for 2015 and 2016, respectively. For the European Union as a whole, growth assumptions in the same period are for a slightly higher increase in real gross domestic product of 1.9% initially and 2.0% in 2016. Growth will be spurred by strong exports, attributable to the relatively weak euro, as well as the low price of oil and the resulting increase in disposable income.

The December monthly report of the German Bundesbank indicates that the German economy was driven primarily by lively domestic demand in the 2015 fiscal year. The OECD expects a slowdown of economic activity in Germany for the fiscal year 2016. Growth is expected to be around 1.3% after 1.4% in 2015.

Industry-Specific Conditions

SEMICONDUCTOR INDUSTRY

On January 7, 2016, the Gartner market research institute published a press release with its current expectations for the development of the entire semiconductor market. While the semiconductor market was expected to grow by 4.0% as of April, or by 2.2% as of July 2015, the latest estimates actually project a slight decline for the sector of 1.9% compared to the previous year. In the 2015 fiscal year, the market volume was US\$ 333.7 billion after US\$ 340.3 billion in the previous year. The reasons for this are mainly lower sales forecasts for smartphones, tablets, and PCs as well as the sustained strong US dollar, which suppresses demand for electronic products outside the USA. Optimism returns for the 2016 fiscal year, with expectations that the semiconductor market will grow again and reach a total volume of US\$ 344.1 billion (Gartner, October 2015).

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 differ significantly from their own estimates as of the end versus the beginning of 2015. Against this backdrop, the resulting discussions represent estimates made on the basis of information available at the current time, but they do not guarantee that the forecasts will actually materialize.

SEMICONDUCTOR EQUIPMENT INDUSTRY

The entire semiconductor equipment market demonstrated extreme volatility in the period from 2010 to 2015. Positive growth rates of approximately 9% in 2011 were followed by significant declines of 15% and 14% in 2012 and 2013, respectively, followed by renewed growth of approximately 18% in 2014. For 2015 SEMI assumes a slight decline of 0.6%. The outlook for 2016 is also rather subdued. Accordingly, growth by a modest 1.4% is anticipated in the semiconductor equipment sector. As a result, in 2016 the semiconductor equipment market could grow to approximately US\$ 37.8 billion from US\$ 37.3 billion in 2015.

According to the SEMI industry association, in 2015 investments were primarily made in tools for the manufacturing of memory chips, particularly for DRAMs with a pattern size of 21/20 nm. This trend will weaken significantly in 2016 since investments in flash storage media are expected to increase in the current fiscal year.

For the back end of the semiconductor industry, the main sales market for SUSS MicroTec tools, in 2016 Gartner expects a slight decline in equipment market volume in the area of wafer-level packaging and assembly of approximately 0.1% compared with 2015 (previous year: 4.4% increase), according to its estimates as of January 11, 2016. Also for these forecasts the disclaimer applies that the expectations of market research institutes frequently change significantly over time and reliable forecasts are not possible.

Expected Development in the Major Markets

MICROELECTROMECHANICAL SYSTEMS (MEMS)

The market for microelectromechanical systems continues to develop very dynamically. According to estimates by the Yole Développement market research institute, the MEMS market had a volume of approximately US\$ 5 billion in 2000. In 2014, it had already grown to US\$ 11.1 billion and Yole expects a market volume of more than US\$ 20 billion by 2020. The unit volume growth of individual MEMS components is significantly higher, but due to pricing pressure and new designs the market volume is growing more slowly than unit volume. It also has to be taken into consideration that in the equipment sector there will be considerably less growth in the tools area due to efficiency gains, increases in throughput and yield, and the trend to greater wafer diameters. In June 2015 Yole estimated average annual sales growth of 7% (CAGR) through 2020 only for the area of lithography tools. In MEMS manufacturing, not only lithography equipment but also bonders from SUSS MicroTec are used. For this reason, the MEMS market will remain a very attractive business for SUSS MicroTec in the future.

Taking a closer look at the various types of MEMS sensors, it becomes clear that already today the area of consumer electronics, which has a volume of approximately US\$ 6.4 billion, is by far the largest application area and will exhibit the most growth in the future. In 2015, its share of the entire MEMS market was already more than 50%. This development is driven by the Internet of Things, rapidly increasing networking, and the associated spread of portable electronics in the form of watches and wristbands. Yole Développement's second highest growth forecast is for medical technology. From the thus far low market volume of approximately US\$ 700 million, double-digit annual growth rates are also expected here until 2020.

Market for wafer-level manufacturing equipment in US\$ billion



Source: Gartner, January 2016

Market for MEMS in US\$ billion



Source: Yole, May 2015

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 contacts are built 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.

According to the Gartner market research institute (January 2016), the market for wafer-level packaging and assembly equipment grew in 2015 by 4.4% to approximately US\$ 1.8 billion (previous year: 14.3% growth). In an older study from July 2015, Gartner expected growth of 5.3% in 2015. According to the latest estimates from January 2016, this area will shrink slightly by 0.1% in 2016 before returning to path of positive growth with a robust gain of 14.6% in 2017. According to the Yole Développement market research institute, in particular tool builders for (end-use) applications in the lithography sector such as MEMS, advanced packaging, and LED will benefit from this trend. In 2015, SUSS MicroTec was already able to record important, high-volume orders with its lithographic solutions for modern fan-out WLP applications.

3D integration is a refinement of advanced packaging technologies currently in use. In the process, thinned microchips are stacked on top of each other and connected by means of through-silicon vias (TSVs). The advantage is the high degree of packing density and complexity that can be achieved in the smallest space. Through 3D integration it is also possible to integrate various functionalities, such as memory and processor, in one package.

In the forecast report of the 2014 Annual Report, we wrote that the year 2015 could have special significance, according to the Yole market research institute. After various memory chip manufacturers announced in 2014 that they had entered into pre-serial production or the production of prototypes, initial orders for the transition into volume production were anticipated in 2015. Looking back, we recognize that additional noteworthy investments were made in this technology in the 2015 fiscal year, but no company entered into large-scale production. Nevertheless, SUSS MicroTec is confident that this technology will contribute to the Company's sales and earnings growth in the future. However, due to the delay until now, it is extremely difficult from today's perspective to be more specific about the timing aspect. In the interim, the Company is benefiting from other innovative packaging technologies, which have already come into use in meaningful volumes and have tremendous potential, such as 2.5D, fan-out WLP, or copper-pillar bumping.

Market for wafer-level packaging and assembly equipment

in US\$ billion



Source: Gartner, January 2016

COMPOUND SEMICONDUCTORS (LED)

The market for compound semiconductors plays a subordinate role for SUSS MicroTec. Only the years 2010 and 2011 represent an exception here. In 2015, its share of total sales was again well under 10% and from today's perspective, an increase in this share cannot be foreseen. In the future, the LED industry will not be driven primarily by the sale of individual LEDs for monitors. Instead, the trend is moving toward complete lighting modules for general lighting. Here Yole Développement expects an increase in market volume from approximately US\$ 3 billion in 2015 to US\$ 10 billion in 2020.

Endogenous Indicators

In addition to the development of the target markets, innovative potential is decisive for business success. In the 2015 fiscal year, SUSS MicroTec entered into important cooperative development agreements with well-known partners from industry and research. Cooperative agreements with respected universities, research institutes, and technology-driven companies are an important part of our corporate strategy.

In January 2015, SUSS MicroTec initiated a cooperative agreement with Nuflare Technology, a Japanese equipment manufacturer. Through this cooperation the Company is strengthening its Photomask Equipment division in a targeted manner. Nuflare has a very good market position in the area of photomask equipment, enabling collaboration on promising technologies and new process solutions in this area. In addition, in the first half of 2015, a cooperative agreement commenced with the Georgia Institute of Technology (Georgia Tech). Georgia Tech will collaborate with us in the areas of nanotechnology, biomedical applications, and semiconductor packaging (3D). In addition, since the beginning of 2015, SUSS MicroTec has been a member of Georgia Tech's Packaging Research Center (PRC). Advanced illumination systems, such as excimer laser ablation systems, are being used and researched for via drilling on non-photosensitive materials.

In August 2015, SUSS MicroTec and the Singh Center for Nanotechnology at the University of Pennsylvania (Penn) announced a cooperative agreement in the area of nanoimprinting technologies. Within the framework of this collaboration, Penn obtained tools and technological expertise for the Substrate Conformal Imprint Lithography (SCIL) process, which will significantly expand the capabilities of the MA/BA6 Gen3 mask aligner already installed at Penn. SCIL technology involves a nanoimprinting process that combines the advantages of both soft and rigid stamps, allowing the reproduction of large-area

patterns with sub-50nm resolution. SCIL is applied in diverse fields, ranging from high-brightness (HB) LEDs, photovoltaics, MEMS, and NEMS to the mass production of optical gratings for gas sensing and telecommunications.

Statement on the Projected Development of the Group – Outlook for 2016

Based on the order backlog as of the end of 2015 and the expected order entry development for the first half of 2016, the Company forecasts sales for the current fiscal year in the range between € 170 and 180 million and positive earnings before interest and taxes (EBIT) between € 9 and 13 million.

In a market environment characterized by short-term customer decisions, we expect moderate order entry levels in the first half of the 2016 fiscal year. For the second half of 2016, we expect a recovery in demand for our products and solutions. However, for the full year 2016 we anticipate a level of order entry which will be below the level of 2015. For the full 2016 fiscal year we want to achieve a cash flow of approximately zero.

After an extremely strong fourth quarter of 2015, order entry of € 25 to 35 million is expected for the first quarter of the 2016 fiscal year.

In the 2016 fiscal year, the Lithography division will once again deliver the largest contribution to sales and earnings for the Group. Based on the order backlog at the end of 2015 and the forecast for order entry in the first quarter of 2016, we anticipate significantly higher sales and EBIT compared to 2015. The latter is expected to be in the € 14 to 17 million range. For the Substrate Bonder division, we expect a sales increase and EBIT that is slightly improved from the previous year but still in the negative low single-digit million range. In the coming year, sales and EBIT in the Photomask Equipment division are expected to remain at a level similar to the previous year. 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, March 9, 2016



Dr. Per-Ove Hansson
Chief Executive Officer



Michael Knopp
Chief Financial Officer



Walter Braun
Chief Operating Officer