

SUSS MicroTec AG

QUARTERLY REPORT

January 1 - March 31, 2004



I KEY FIGURES Q1/2004

Million Euro	Q1/2003	Q1/2004
Net order entry	25.3	24.4
Net backlog	38.5	38.8
Net sales	17.6	19.2
Equity	111.8	100.0
Equity ratio	69%	64.6%
Net cash	16.7	22.5
Free cash flow	4.6	0.1
Gross profit after reclassification	4.7	6.2
Gross margin	27.0%	32.3%
EBITDA	-7.5	-4.3
EBIT	-9.2	-5.6
EAT (Earnings after tax)	-5.8	-5.0
EPS (Earnings per share in Euro)	-0.39	-0.33
Employees (number)	756	720

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Dear shareholders, employees and business associates of SUSS MicroTec AG,

Fiscal year 2004, is seeing the semiconductor industry's return to a path of growth after having endured its oft-cited historically 'most serious' crisis in the past two years. Although it is typical in our company for growth to become evident at a slight delay, we are assuming that the upturn will make itself felt in concrete orders received in the second quarter.

The key figures in the first quarter were still shaped by the poor orders position. We improved net sales slightly to EUR 19.2 million (previous year: EUR 17.6 million); orders entry remained at approximately the level of the previous quarters at EUR 24.4 million, and slightly below the previous year's figure of EUR 25.3 million. We increased gross profit by 31 per cent to EUR 6.2 million (previous year: EUR 4.7 million), with the gross profit margin coming to 32.3 per cent (previous year: 27.0 per cent). A clear improvement was made to EBITDA: at EUR -4.3 million, and EBIT was considerably more positive than in the same prior-year period (EUR -7.5 million). This was mainly due to further cost reductions and a more stable trend in exchange rates. Free cash flow (operating cash flow minus investments) in the first quarter was slightly positive at EUR 0.1 million, but low compared with the previous year's figure of EUR 4.6 million. This trend was nevertheless in line with our expectations – the current figure is the result of preparations for the upcoming revival in business and the increased inventory level that this involves.

Also for the second quarter we are assuming that there will be pre-financing requirements for an increase in order entry; even at the beginning of the current quarter, the expected significant recovery in business has become evident in our order entry. At the SEMICON



Europe trade fair in Munich, for example, a sizeable order was placed directly by an Asian customer – an occurrence that made us extremely happy, as it has been a long time since an order was awarded directly at a trade fair. An important indicator of a return to sustained growth in 2004, is the revival in orders for production equipment, for both the 200mm and the 300mm product segments. We are also expecting our new technologies "SupraYield" and "nanoPREP" and our new bond clusters to make further contributions to sales. On these grounds we are expecting total orders received to exceed EUR 35 million. This would put us well above the level of the two previous years. Naturally, this positive trend will not be reflected in sales growth, and therefore improved earnings, until the third quarter of the current fiscal year.

While the bitter losses of the last two years were a heavy blow for our company and its shareholders, the structure we have maintained during that period is enabling us to handle the growth we are expecting. Thanks to the superiority we have generated thereby in the area of delivery times, for example, we have succeeded in prevailing over our competitors in several instances. That is why we are taking this opportunity to reconfirm our goal of at least break-even EBIT for 2004, which will be attained when total sales amount to approximately EUR 115 to 120 million. We thank you for your trust as we move towards these goals.

Garching, April 2004

Dr. Franz Richter
Management Board Chairman

Stephan Schulak
Chief Financial Officer

I NEW PARTNERSHIPS

New bonding processes for microsystems

In the first quarter, SUSS MicroTec initiated a new stage in the development of technology for Device Bonders. In close cooperation with IMEC, Europe's leading independent research center for microelectronics and nanotechnology, SUSS MicroTec is now researching and developing new Device Bonder technologies for microsystems technology.

The joint development program between SUSS MicroTec S.A., France (a fully owned subsidiary of SUSS MicroTec and at the same time manufacturer of the Device Bonder product line) and IMEC (Interuniversity MicroElectronics Center) in Belgium is thus aiming for additional areas of application for Device Bonders.

Until now, Device Bonders are used once semiconductor production has been concluded. With maximum precision and fine adjustability, they bond the components that have already been removed from the wafer compound with the end product. The future intention is to facilitate the use of Device Bonders as early as wafer level, making possible the bonding of microsystem components there. The extreme precision and positioning accuracy of SUSS MicroTec Device Bonders then brings about the accurate bonding of the tiny and highly sensitive microsystems, even with larger production volumes – and without influencing the comprehensive efficiency of the microsystems.

By supplying new technological flexibility, this joint development program opens up further areas of application – and thus markets of the future – for the SUSS MicroTec Bonder product line.

NEW PRODUCTS

High-quality production tests with unique diversity

Individual analytical tests of microchips at wafer level can now be carried out even more quickly and effectively during production: in the first quarter of 2004, SUSS MicroTec launched its newly developed Cluster Probe System (CPS) on the market. This testing equipment is ushering in a new stage in the testing possibilities for chips.

The Cluster Probe System can be characterized as a prober station that can be configured as required for different testing procedures – for example with prober accessories for load tests using pressure, electric power, force, heat or cold. Up to six individual test modules can be “docked” on the cluster and then move into action simultaneously. The analyses themselves are then conducted with SUSS MicroTec’s usual high precision and quality.

SUSS MicroTec conceived its latest testing product especially for production tests for microchips on the optoelectronics technology and microsystems technology markets. In these fields, more than any other, analytical tests are often highly time-intensive, resulting in production phases that are elaborate, long and correspondingly expensive. In the production of light emitting diodes (LEDs), for example, there can be more than 10,000 LEDs on one wafer; a light spectrum analysis for each individual wafer previously took around three hours. Now six wafers can be tested in that time.

In this way, the Cluster Probe System provides numerous perceptible advantages: despite requiring little space, the parallel testing procedures sharply increase the speed of production, thus increasing throughput while reducing the handling steps for the customer. This leads to a discernible decrease in production costs.



With the cluster concept for probers, SUSS MicroTec is not only continuing with last year's successful development of intelligent test solutions, but also transferring the in-demand cluster concept from other product lines (such as Bonder Clusters) to its Test & Measurement segment at the same time. The first customer orders for the Probe Cluster System have already been received.

NEW CUSTOMERS

Safe cars with SUSS MicroTec equipment

In the first quarter of 2004 SUSS MicroTec received an important order from its main market, microsystems technology (MEMS). The Norway-based Infineon subsidiary SensoNor, Europe's largest microsystems manufacturer for the global automobile industry, ordered no fewer than three SUSS MicroTec products as a first-time customer. The two Mask Aligners and the Substrate Bonders are used in high-volume production of tire pressure sensors.

The automobile industry is the most significant and fastest-growing segment of the microsystems technology market. Microsystems play a crucial role in the industry, for example in the development of safety, comfort and economy, and already account for around 20 per cent of the price of a new car. The refined microsystems in motor vehicles' sensory mechanisms are in particularly heavy demand. In this area, tire pressure sensors are the largest growth segment. Annual production is expected to be around 250 million by 2005 – three years ago the figure was some 80 million (NEXUS report 2004).

Tire pressure sensors regulate the pressure, temperature and movement of the tire and perform an important safety task. Even the smallest decrease in tire pressure increases fuel consumption, makes steering more difficult and increases the braking distance, for example. The Federal Statistical Office estimates that around 25 per cent of accidents are attributable to faulty tire pressure. All the more significant, then, that the sensors are manufactured in accordance with the highest quality standards so that the "safety system" in the tire later functions soundly.

SensoNor opted for SUSS MicroTec as its new supplier because of the special precision, reliability, performance capacity and economy



(cost of ownership) of the Garching-based company's equipment. One important factor in the purchase of the SUSS MicroTec Mask Aligner was its outstanding performance, even in the exposure of thick lacquers such as those used in sensor production. In the Substrate Bonders field, the convincing factor was the degree of adjustment precision. After all, the bonding of several wafers to produce microsystems technology-based components is precisely the area where extreme adjustment precision is required for microsystems to function perfectly later.

Important customers for “SupraYield” and “nano-PREP” technology

The SUSS MicroTec technologies “SupraYield“ and “nanoPREP“, which are without parallel worldwide, made a convincing impression on renowned and strategically important customers in the first quarter of 2004.

Unitive (USA), one of the world's leading developer and supplier of advanced packaging solutions, opted for the new mask aligner technology “SupraYield“. Unitive is an international forerunner in the introduction of new technologies and plays an exemplary role in this area within the semiconductor industry. Unitive chose “SupraYield“ because of the technology's obvious advantages – preferring it to the rival product Stepper. “SupraYield“ considerably extends the previous application field of Mask Aligners and optimizes chip production for SUSS MicroTec customers by using a structure resolution of up to 0.5 microns during full field exposure (instead of the previous 5 microns) with outstanding transmission quality; photolithography costs undercut those of Steppers by up to 60 per cent and the chip yield at the end of the production process is considerably higher.



ITRI, the leading Taiwan-based research and development institute for industrial technology, became an important reference customer for “nanoPREP” in the first quarter. ITRI (Industrial Technology Research Institute) is regarded as a forerunner in the introduction of new technologies in Taiwanese industry and cooperates closely with the Taiwanese government on important industrial projects.

ITRI ordered the “nanoPREP” technology, as well as other SUSS MicroTec equipment, because it achieved far better results in tests than rival products.

The “nanoPREP” technology improves the bonding of components based on microsystems technology by using low temperatures (maximum 300 degrees Celsius instead of the 1500 degrees Celsius that had previously been customary) and also provides customers with crucial advantages in the bonding field: higher throughput in the bonding of MEMS components, extremely stable and durable wafer bonds thanks to a gentle bonding process, and substantially lower investment and production costs.

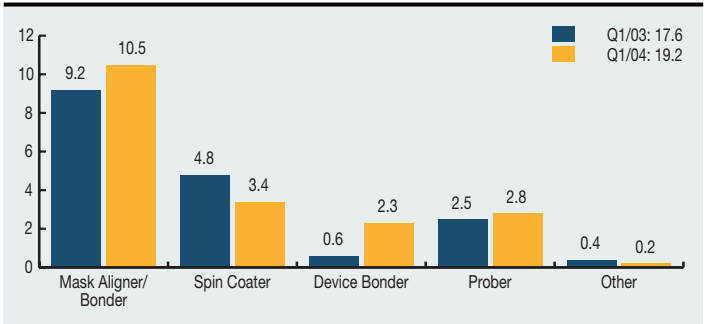
SUSS MicroTec AG

SALES

The total sales of EUR 19.2 million in Q1/2004 is differentiated by product lines and regions as follows:

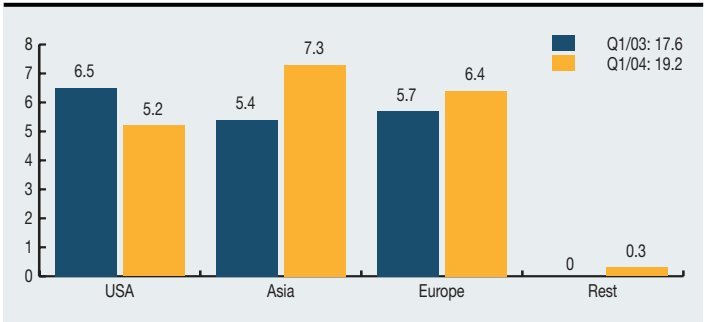
Sales by product lines

Details in comparison in Mio. of Euro



Sales by region

Details in comparison in Mio. of Euro



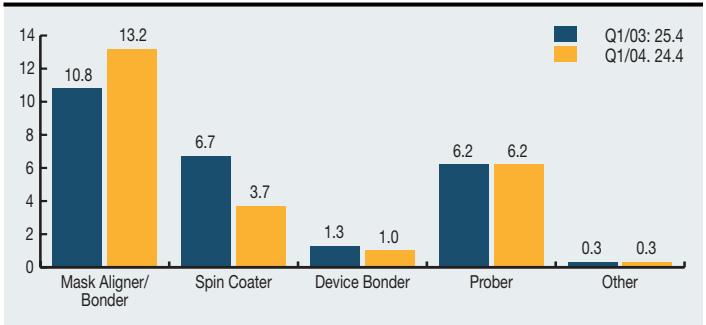
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ORDER ENTRY

The order entry of EUR 24.4 million in Q1/2004 is differentiated by product lines and regions as follows:

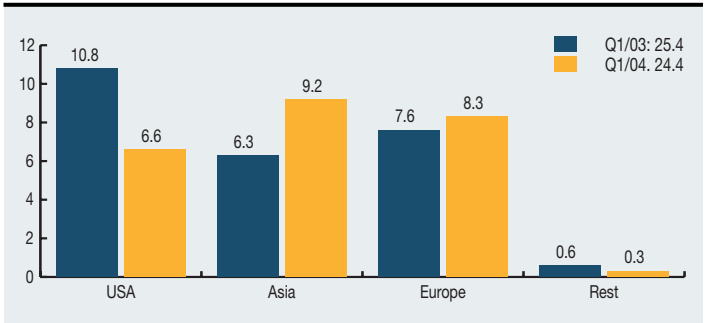
Order entry by product lines

Details in comparison in Mio. of Euro



Order entry by region

Details in comparison in Mio. of Euro



SUSS MicroTec AG

CONSOLIDATED INCOME STATEMENT

TEUR

Sales

Freight and Commissions

Net sales

Cost of goods sold

Gross profit

Administration and selling costs

Research and development costs

Amortization of goodwill

Other operating expenses and income

Foreign currency exchange gains and losses

Net income from operations

Interest expenses

Interest income

Minority Interest

Income before taxes

Income taxes

Net loss / Income

Earnings before Interest and Taxes (EBIT)*

Earnings before Interest and Taxes, Depreciation and
Amortization (EBITDA)*

Per share

Basic earnings per share in EUR

Diluted earnings per share in EUR

Transition to Comprehensive Income

Net loss / Income

Other comprehensive income net of tax

Differences in foreign currency translation

Additional minimum liability

Unrealized gain on securities

Comprehensive Income

* unaudited



01/01/2003-03/31/2003*	01/01/2003-12/31/2003	01/01/2004-03/31/2004*
18,281	95,500	20,016
-702	-2,885	-776
17,579	92,615	19,240
-12,832	-56,168	-13,023
4,747	36,447	6,217
-10,514	-40,985	-9,449
-2,436	-10,496	-2,846
0	0	0
-26	859	152
-976	-2,916	269
-9,205	-17,091	-5,657
-213	-1,245	-383
61	358	97
8	24	14
-9,349	-17,954	-5,929
3,540	3,401	975
-5,809	-14,553	-4,954
-9,197	-17,067	-5,643
-7,515	-10,996	-4,302
-0.39	-0.97	-0.33
-0.39	-0.97	-0.33
-5,809	-14,553	-4,954
-1,112	-2,255	447
0	-14	0
0	47	0
-6,921	-16,775	-4,507

SUSS MicroTec AG

CONSOLIDATED BALANCE SHEET

TEUR	03/31/2003*	12/31/2003	03/31/2004*
ASSETS			
Cash and cash equivalents	18,386	26,785	25,420
Accounts receivable, net	18,807	23,606	17,207
Other receivables and assets	11,228	6,603	6,061
Inventories, net	46,913	41,900	45,950
Prepaid expenses	1,311	1,094	1,169
Deferred tax assets current	5,538	2,091	3,342
Total current assets	102,183	102,079	99,149
Tangible assets	15,264	11,935	11,274
Intangible assets	9,115	7,305	6,885
Goodwill	28,009	28,009	28,009
Investments in subsidiaries	148	144	144
Deferred tax assets long-term	4,286	7,480	7,391
Other long-term assets	2,098	1,901	1,922
Total long-term assets	58,920	56,774	55,625
Total assets	161,103	158,853	154,774

* unaudited



TEUR	03/31/2003*	12/31/2003	03/31/2004*
LIABILITIES & SHAREHOLDERS' EQUITY			
Current bank liabilities	1,646	3,154	2,944
Current lease obligations	214	158	158
Accounts payable	4,302	5,972	5,958
Current portion of pension liabilities	223	214	212
Current portion of long-term debt	3,751	2,991	2,592
Other current liabilities	21,148	16,929	18,786
Total current liabilities	31,284	29,418	30,650
Long-term debt	13,117	22,423	19,580
Leasing obligations	579	473	438
Pension liabilities	3,606	3,581	3,609
Other long-term liabilities	700	517	514
Minority interest on consolidated subsidiaries	52	32	21
Total long-term liabilities	18,054	27,026	24,162
Common stock EUR 1,00 par value 22,423 thousand shares authorized Dec 31, 2003 and March 31, 2004, respectively; 14,957 thousands shares issued and outstanding Dec 31, 2003 and 15,157 thousands shares issued and outstanding March 31, 2004, respectively	14,957	14,957	15,157
Additional paid-in capital	81,063	81,561	83,421
Appropriated retained earnings	433	433	433
Retained earnings (current year and brought forward)	19,828	11,084	6,130
Cumulative other comprehensive income	-4,516	-5,626	-5,179
Total shareholders' equity	111,765	102,409	99,962
Total liabilities & shareholders' equity	161,103	158,853	154,774

* unaudited

SUSS MicroTec AG

CONCOLIDATED STATEMENT OF CASH-FLOWS

TEUR	01/01/2003- 03/31/2003*	01/01/2003- 12/31/2003	01/01/2004- 03/31/2004*
Cash Flow from operating activities			
Net loss	-5,809	-14,553	-4,954
Adjustments to equity caused by exchange- rate fluctuations	-701	134	128
Adjustments to reconcile net income to net cash provided by operating activities			
Non-cash stock based compensation	152	650	100
Tax effect on expenses of share contribution	0	0	0
Amortization of intangible assets	483	1,965	454
Amortization of goodwill	0	0	0
Decrease of investments in subsidiaries caused by change in consolidation	0	0	0
Depreciation of tangible assets	1,100	3,784	847
Amortization of leased assets	99	322	40
Change of deferred tax assets	-1,524	-1,271	-1,162
Loss / Gain on disposal of assets	36	551	0
Earnings on investments	0	4	0
Change of reserves for bad debts	-153	333	26
Change of reserves on inventory	-720	337	-815
Changes in assets and liabilities			
Change in accounts receivable	15,451	10,166	6,373
Change in inventories	1,869	5,825	-3,235
Change in prepaid expenses	-353	366	-75
Change in other assets	-2,137	2,685	521
Change in accounts payable	368	2,038	-14
Change in other liabilities, provisions and deferred income	-3,284	-7,503	1,857
Change in pension liabilities	26	-8	26
Change in other long-term liabilities	-35	-238	-14
Cash Flow from operating activities	4,868	5,587	103

* unaudited



TEUR	01/01/2003- 03/31/2003*	01/01/2003- 12/31/2003	01/01/2004- 03/31/2004*
Cash Flow from investing activities			
Payments in tangible assets	-237	-1,010	-28
Payments in intangible assets	0	-10	0
Payments for business acquisitions	0	0	0
Proceeds from disposal of tangible and financial assets	0	3	0
Cash Flow from investing activities	-237	-1,017	-28
Cash Flow from financing activities			
Proceeds from issuance of a convertible bond	0	11,642	0
Debt issue costs	0	-502	0
Increase of bank loans	0	0	0
Repayment of bank loans	-1,179	-4,275	-1,348
Change in current bank liabilities	-1,885	-377	-302
Finance-lease payments	-95	-257	-35
Proceeds from share capital contribution	0	0	0
Proceeds from issuance of common stocks	0	0	0
Payments for expenses of capital increase	0	0	0
Cash Flow from financing activities	-3,159	6,231	-1,685
Net increase / decrease in cash			
Adjustments to funds caused by exchange-rate fluctuations	1,472	10,801	-1,610
Funds at beginning of the year	-321	-930	245
Funds at end of the period	17,235	16,914	26,785
Funds at end of the period	18,386	26,785	25,420
Supplemental cash flow information:			
Interest paid during the period	221	773	332
Income taxes refund/paid during the period including prepayments	69	5,273	305
Disclosure of other non cash activities			
Increase of tangible assets under capital lease	33	0	0

* unaudited

SUSS MicroTec AG

FIXED ASSET MOVEMENT SCHEDULE

TEUR	Number of shares in thousands	Common stock
As of 01/01/2003	14,957	14,957
Appropriation based on issuance of subscription rights		
Annual net loss		
Foreign currency adjustment net of tax		
As of 03/31/2003	14,957	14,957
As of 01/01/2004	14,957	14,957
Conversion of convertible debt into Common stock	200	200
Proceeds from conversion of convertible debt		
Appropriation based on issuance of subscription rights		
Annual net loss		
Foreign currency adjustment net of tax		
As of 03/31/004	15,157	15,157

Accounting principles

The consolidated financial statements of SUSS MicroTec AG have been prepared in accordance with accounting principles generally accepted in the United States of America („U.S. GAAP“). The interim financial statements as per March 31, 2004 were prepared in accordance with the same accounting and measurement principles as those applied in the consolidated financial statements as per December 31, 2003, outlined in detail in the notes to those statements.

Segment reporting

SUSS MicroTec AG and the consolidated affiliates operate solely in one business segment. Therefore, the description of the results of separate segments is not applicable.



Capital reserve	Earnings reserve	Profit carried forward	Cumulative other compre- hensive income	Total
80,911	433	25,637	-3,404	118,534
152				152
		-5,809		-5,809
			-1,112	-1,112
81,063	433	19,828	-4,516	111,765
81,561	433	11,084	-5,626	102,409
				200
1,760				1,760
100				100
		-4,954		-4,954
			447	447
83,421	433	6,130	-5,179	99,962

SUSS MicroTec AG

SHARES AND OPTIONS OF THE EXECUTIVE BODIES CORPORATE CALENDAR

Shares and options of the executive bodies	Shares	Optionen	Shares	Options
	12/31/2003	12/31/2003	03/31/2004	03/31/2004
Executive Board				
Dr. Richter	400,000	105,000	400,000	105,000
S. Schulak	0	40,286	0	40,286
Supervisory Board				
Dr. Süß (Chairman)	1,025,000	0	1,025,000	0
T. Schlytter-Henrichsen (Dep. Chairman)	6,909	0	6,909	0
H. Görtz	3,894	0	3,894	0
Prof. Dr. Heuberger	0	0	0	0
Dr. Schücking	500	0	500	0
Dr. Sesselmann	0	0	0	0

Corporate Calendar 2004

- 06/16/ General meeting SUSS MicroTec AG, Munich
- 08/03/ Semiannual report
- 11/09/ Ninemonth report



NOTES

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Printing

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