

SEMIANNUAL REPORT
JANUARY 1 - JUNE 30, 2003

KEY FIGURES Q2/2003

Million Euro	Q2/2003	Q1/2003	HY1/2003	HY1/2002
Net incoming order	25,0	25,3	50,3	53,5
Net backlog	-	38,5	40,7	52,6
Net sales	21,6	17,6	39,2	56,4
Equity	-	111,8	108,2	121,6
Equity ratio	-	69,4%	69,5%	66,5%
Net cash	-	16,7	18,5	13,4
Free cash flow	2,5	4,6	7,1	3,3
Gross profit	9,5	4,7	14,2	24,5
Gross margin	43,8%	27,0%	36,3%	43,3%
EBITDA	-2,7	-7,5	-10,2	-6,5
EAT (Earnings after tax)	-3,0	-5,8	-8,8	-6,0
EPS (Earnings per share)	-0,20	-0,39	-0,59	-0,41
Employees (number)	727	756	727	969

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

More optimistic views on cyclical trends in 2003 have gained a wider acceptance over the past three months. A new and more positive prevailing mood is on the increase, and its existence is noticeable in our industry. Major chip-makers such as Intel, Infineon and Texas Instruments are testifying to a slight upswing, and in the industry discussions once more are moving towards expansion of production capacities.

The same applies to business trends at SUSS MicroTec. We feel more optimistic again. In the second quarter, SUSS MicroTec booked EUR 25.0 million in new orders despite an unfavorable currency trend, and was thereby able to keep pace with the encouraging first quarter 2003 figure (EUR 25.3 million). Year on year, order entry for the quarter was down 16%. On the basis of unchanged exchange rates, however, new orders were up nearly 4% in the first half of 2003.

Sales trends have shown a slight upturn in the past three months. Sales totaled EUR 21.6 million and therefore succeeded in decoupling somewhat from the first quarter's trend. Earnings before tax (EUR -4.6 million) improved accordingly, as did the gross yield margin, which reached 43.8% in the second quarter. Free cash flow showed a positive trend too. At EUR 2.5 million it was in the black again (Q1: EUR 4.6 million). So the course of business in the second quarter continued to testify clearly to the successes achieved in the comprehensive restructuring that has now been completed at SUSS MicroTec. On the reporting date June 30, 2003, staff numbers with the Group totaled 727.

In the last quarter the focus has, especially, been on our Research & Development division. At the end of June we launched „SupraYield“ technology, which enables our customers to further reduce their manufacturing costs (see p. 7). In doing so we have our finger on the pulse of the future. Cost reduction is and continues to be a fundamental issue for our customers – and the entire industry – in the context of chip production. With „SupraYield“ we are taking the development of technologies with high promise for the semiconductor industry further ahead. This is a task that will continue to be of the greatest significance for us moving forward.

We have also made significant headway in the technology sector with the international SECAP consortium. Initial test runs for customers are already under way on the 300mm production line for Advanced Packaging processes that was installed last year at Unitive, Inc. in Taiwan, and customer feedback has proven very positive. At the SEMICON West semiconductor equipment fair in July, Unitive, Inc. reported in public on its initial experience with the 300mm production line after full installation. The 300mm line was said to have exceeded markedly even Unitive's ambitious expectations and on nearly all specifications to have achieved ratings equal to or better than those of the 200mm systems that have already gained general market acceptance. We are therefore optimistic that customers will, in the medium term, take up 300mm production on the SECAP line, which would be a major breakthrough milestone for the highly promising Advanced Packaging market.

Dear shareholders, employees and business partners of SUSS MicroTec, the second quarter of 2003 was more pleasing in respect of the SUSS MicroTec share price trend as well. After a lengthy "lean period" SUSS MicroTec stock has resumed a more lasting upturn. For the third quarter that is now under way we expect the trend towards recovery in the semiconductor industry to continue. Indications to this effect were in evidence at the world's largest semiconductor fair, SEMICON West, in San Francisco. The July 2003 SEMICON West can be regarded as one of the most successful of recent years for the number and topicality of projects discussed. A recovery is expected, especially in the packaging sector, ahead of a general upturn for the semiconductor equipment industry in 2004.

Garching, August 2003



Dr. Franz Richter
CEO



Stephan Schulak
CFO

THE 2ND QUARTER 2003 AT A GLANCE

„SupraYield™“ Ensures Competitive Edge


With the new „SupraYield“ technology, SUSS MicroTec is taking clear steps forward in the important Advanced Packaging, Microsystems Technology and Compound Semiconductor markets. At the same time the Garching based company is fulfilling with „SupraYield“ the semiconductor industry's current and increasingly exacting demand for high-value, efficient and cost-effective technologies.

„SupraYield“ is a new technology for Mask Aligners, which are SUSS MicroTec's most important product line. Mask Aligners with „SupraYield“ offer customers decisive competitive advantages:

- a **structure resolution** of less than one micrometer in full-field wafer exposure (previous standard: approx. 5 micrometers) combined with more precise mapping and wallslopes of printed structures,
- up to 60% **lower costs** for photolithography to give Mask Aligners a clear cost advantage compared with stepper technology, and
- a markedly **higher yield** of functioning chips at the end of the chip-making process.

„SupraYield“ technology focuses on the key issue in chipmaking. Yield – the number of functioning microchips in relation to the total number of microchips on a wafer – is the most crucial factor in chip manufacture. The higher the yield, the more efficient and cost-effective chip production will be for the customer. By increasing yield, SUSS „SupraYield“ now allows the usage of cost efficient Mask Aligner technology in higher resolution lithography down to 0.5 micrometers.

In practice, one of „SupraYield's“ key features is this: For the lithography process the Mask Aligner's photomask is covered in an extremely thin Teflon-like protective layer similar in principle to that of a nonstick frying pan. This makes it impervious to contact with the silicon wafer, enabling the Mask Aligner to do the lithography at an extremely small gap between photomask and wafer, up to and including a contact exposure, thereby substantially improving the transmission quality of



submicrometer structures. The photomask's protective film ensures that no photoresist deposits remain on the mask with the result that its useful life is lengthened considerably. With „SupraYield“, the efficiency and quality of the lithographic process are therefore increased substantially.

„SupraYield“ can be used in all applications with structure requirements below 10 micrometers and as low as 0.5 micrometers. This range includes all Advanced Packaging applications, including the most aggressive roadmap targets for so-called Gold Bumping, most Microsystems Technology applications and many Compound Semiconductor applications.

„SupraYield“ provides the opportunity to use cost-efficient Mask Aligner technology in structure resolution areas that were previously the domain of steppers due to their higher yield. Especially at times of cost reduction and budget trimming by our customers, this new technology constitutes a fundamental element enabling us to expand our potential markets, our market share and, with that, our business activity.

Successful Annual Shareholders' Meeting

SUSS MicroTec AG held a successful annual shareholder meeting on June 6, 2003. All agenda items were approved by at least 99.99% of the votes cast. In all, the attending shareholders represented 34.02% of the equity capital, or 5,088,462 out of 14,956,884 individual share certificates. Individual voting results on resolutions were as follows:

- Discharge of Executive Board members
Approved by 99.99%
- Discharge of Supervisory Board members
Approved by 99.99%
- Appointment of PriceWaterhouseCoopers GmbH as company and group auditor
Approved by 99.99%
- Amendments to Articles of Incorporation
Approved by 100%
- Reelection of Supervisory Board
Approved by 99.99%
- Conclusion of a profit and loss transfer and control agreement between SUSS MicroTec AG and SUSS MicroTec Lithography GmbH
Approved by 100%

Under Agenda Item 1, Presentation of the Annual Financial Statements and Consolidated Annual Financial Statements to December 31, 2002, the Board outlined sales, earnings and liquidity developments, the extensive restructuring program and share price developments in 2002. After a fiscal year 2002 that was a year of consolidation and restructuring, SUSS MicroTec was said to be very well positioned for the future by virtue of, for example, its positive liquidity trend and its new and highly promising „SupraYield“ technology (cf page 7).

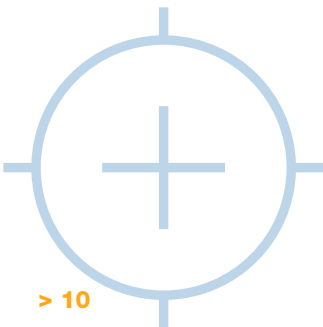
For more informations about the Board's report to the 2003 Annual Shareholder Meeting, please visit [www.suss.de/Investor Relations/Hauptversammlung/ Downloads](http://www.suss.de/Investor%20Relations/Hauptversammlung/Downloads).

Unique Software Developed for Test Process

SUSS MicroTec is extending its product portfolio in the Test & Measurement segment to include a technical innovation. Using newly developed calibration software, measurements can now be made in the high frequency range more effectively and in a higher quality than ever before, as the findings of independent research institutes show. Calibration here means precise adjustment of the software to the specific test system. The new software, SussCal 5.1, is used for tests of high frequency technology up to 110 gigahertz as in components for mobile phones and satellites.

The higher the frequency, the more exacting the demands on test equipment. That is why interference factors like cable bends or poor connections in the measurement environment are isolated by calibration to make the following high precision analytical chip test possible. Exact calibration is a precondition for successful testing of the reliability, speed and functioning of chip structures in high frequency technology. Without prior calibration, interference factors would be incorporated in the measurement. In other words, measurement would not be reliable.

In developing the calibration software, SUSS MicroTec is further optimizing its high-grade test procedures. At the same time this technical innovation assures SUSS MicroTec of a competitive edge in the important high frequency market that currently makes up around 35% of the total Test & Measurement market.



Top Grades Again in VLSI Customer Survey

SUSS MicroTec continues in 2003 to offer its customers a first-class standard of service and support. That was confirmed by the results of the current survey by VLSI Research (www.vlsi-research.com), a highly rated market research organization specialized in the semiconductor industry.

In the annual VLSI research poll on customer satisfaction with equipment suppliers (10 Best Annual Customer Satisfaction Survey on Chip Making Equipment Suppliers) SUSS MicroTec was rated highly among the Top 10 in no fewer than four categories. The Garching based company has thereby kept pace with its outstanding result last year and is now, for the tenth year in succession, one of the semiconductor enterprises with the highest customer satisfaction levels.

SUSS MicroTec came second in the Small Suppliers of Wafer Processing Equipment category and fourth in Test & Material Handling Equipment. In the Assembly Equipment category, SUSS MicroTec rated fifth, and we came tenth among Focused Suppliers of Chip Making Equipment, a category that was only launched last year. It did so with a clear lead over its immediate competitors.

For the survey VLSI Research sent around 43,000 questionnaires to decision makers all over the world in semiconductor companies, asking them to grade their suppliers in more than 10 categories. Ratings earned by individual suppliers are considered to typify customer-supplier relations in the semiconductor industry.

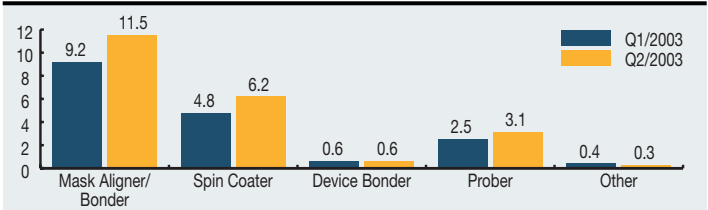
SUSS MicroTec AG

SALES

The total sales of EUR 21.6 million in Q2/2003 or respectively of EUR 39.2 million in HY1/2003 is differentiated by product lines and regions as follows

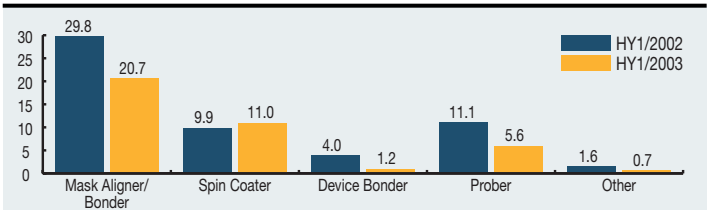
Sales by product lines (Quarter)

Details in comparison in Mio. of Euro



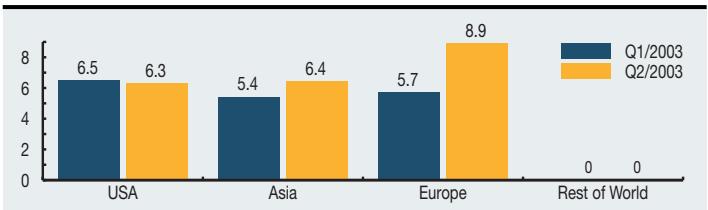
Sales by product lines (Half year)

Details in comparison in Mio. of Euro



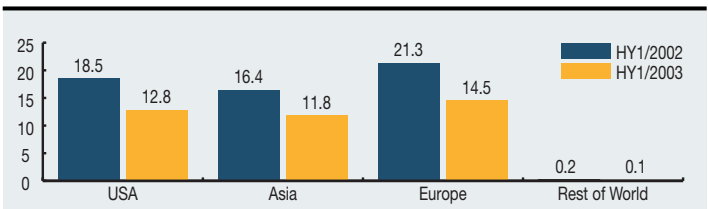
Sales by region (Quarter)

Details in comparison in Mio. of Euro



Sales by region (Half year)

Details in comparison in Mio. of Euro



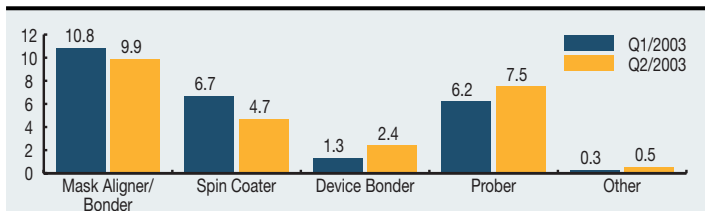
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ORDER ENTRY

The order entry of EUR 25.0 million in Q2/2003 or respectively of EUR 50.3 million in HY1/2003 is differentiated by product lines and regions as follows

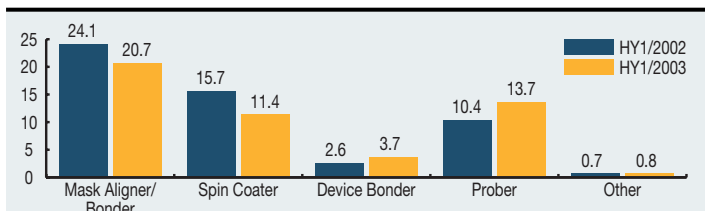
Order entry by product lines (Quarter)

Details in comparison in Mio. of Euro



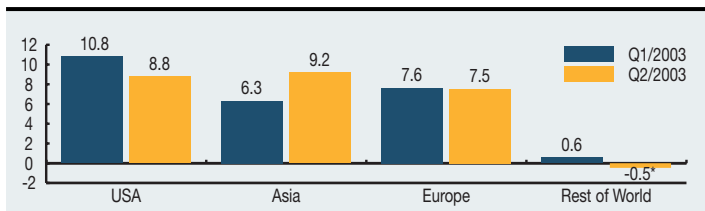
Order entry by product lines (Half year)

Details in comparison in Mio. of Euro



Order entry by region (Quarter)

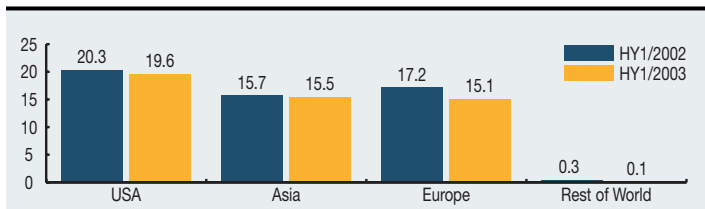
Details in comparison in Mio. of Euro



*reclassification

Order entry by region (Half year)

Details in comparison in Mio. of Euro



SUSS MicroTec AG

CONSOLIDATED INCOME STATEMENT

TEUR	01.04.2002- 30.06.2002*
Sales	28,371
Freight and Commissions	-887
Net sales	27,484
Cost of goods sold	15,832
Gross profit	11,652
Administration and selling costs	-12,393
Research and development costs	-3,241
Amortization of goodwill	0
Other operating expenses and income	-237
Foreign currency exchange gains and losses	-2,027
Net income from operations	-6,246
Interest expenses	-294
Interest income	109
Minority Interest	0
Income before taxes	-6,431
Income taxes	2,333
Net loss / Income	-4,098
Earnings before Interest and Taxes (EBIT)*	-6,246
Earnings before Interest and Taxes, Depreciation and Amortization (EBITDA)*	-4,641
Per share	
Basic earnings per share in EUR	-0.27
Diluted earnings per share in EUR	-0.27
Transition to Comprehensive Income	-4,098
Net loss / Income	
Other comprehensive income net of tax	
Differences in foreign currency translation	-2,179
Additional minimum liability	0
Comprehensive Income	-6,277

* unaudited

01.01.2002- 30.06.2002*	01.01.2002- 31.12.2002	01.04.2003- 30.06.2003*	01.01.2003- 30.06.2003*
58,634	132,379	22,184	40,465
-2,222	-4,864	-589	-1,291
56,412	127,515	21,595	39,174
31,958	79,598	12,137	24,969
24,454	47,917	9,458	14,205
-26,740	-48,006	-10,808	-21,322
-6,202	-12,537	-2,482	-4,918
0	0	0	0
925	-401	650	624
-2,005	-3,319	-1,053	-2,029
-9,568	-16,346	-4,235	-13,440
-652	-1,309	-412	-625
283	479	118	179
0	6	-30	-22
-9,937	-17,170	-4,559	-13,908
3,897	8,232	1,563	5,103
-6,040	-8,938	-2,996	-8,805
-9,568	-16,340	-4,265	-13,462
-6,502	-9,535	-2,655	-10,170
-0.41	-0.60	-0.20	-0.59
-0.41	-0.60	-0.20	-0.59
-6,040	-8,938	-2,996	-8,805
-1,898	-3,192	-728	-1,840
0	-42	0	0
-7,938	-12,172	-3,724	-10,645

SUSS MicroTec AG

CONSOLIDATED BALANCE SHEET

TEUR	30.06.2002*	31.12.2002	30.06.2003*
ASSETS			
Cash and cash equivalents	19,559	16,914	21,548
Accounts receivable, net	26,905	34,105	17,433
Other receivables and assets	4,463	9,249	6,114
Inventories, net	61,465	48,062	46,433
Prepaid expenses	723	958	674
Deferred tax assets current	7,313	3,405	3,827
Total current assets	120,428	112,693	96,029
Tangible assets	18,699	16,592	14,323
Intangible assets	11,825	9,679	8,423
Goodwill	28,009	28,009	28,009
Investments in subsidiaries	142	148	148
Deferred tax assets long-term	968	4,895	6,809
Other long-term assets	2,753	1,940	2,021
Total assets	182,824	173,956	155,762

* unaudited

TEUR	30.06.2002*	31.12.2002	30.06.2003*
LIABILITIES & SHAREHOLDERS' EQUITY			
Current bank liabilities	6,114	3,531	3,098
Current lease obligations	616	275	150
Accounts payable	6,197	3,934	3,979
Current portion of pension liabilities	470	223	223
Current portion of long-term debt	3,677	3,546	3,440
Other current liabilities	28,745	24,432	19,034
Total current liabilities	45,819	35,941	29,924
Long-term debt	10,010	14,501	12,801
Leasing obligations	629	613	549
Pension liabilities	3,477	3,580	3,622
Other long-term liabilities	1,287	735	615
Minority interest on consolidated subsidiaries	0	52	52
Total long-term liabilities	15,403	19,481	17,639
Common stock / Common stock EUR 1,00 par value 22,423 thousand shares authorized Dec 31, 2002 and June 30, 2003, respectively; 14,957 thousands shares issued and outstanding Dec 31, 2002 and June 30, 2003, respectively	14,957	14,957	14,957
Additional paid-in capital	79,745	80,911	81,221
Appropriated retained earnings	433	433	433
Retained earnings (current year and brought forward)	28,535	25,637	16,832
Cumulative other comprehensive income	-2,068	-3,404	-5,244
Total shareholders' equity	121,602	118,534	108,199
Total liabilities & shareholders' equity	182,824	173,956	155,762

* unaudited

SUSS MicroTec AG

CONSOLIDATED STATEMENT OF CASH FLOWS

TEUR	01.01.2002- 30.06.2002*	01.01.2002- 31.12.2002	01.01.2003- 30.06.2003*
Cash Flow from operating activities			
Net loss	-6,040	-8,938	-8,805
Adjustments to equity caused by exchange-rate fluctuations	-535	-1,505	-984
Adjustments to reconcile net income to net cash provided by operating activities			
Non-cash stock based compensation	575	1,430	310
Tax effect on expenses of share contribution	0	514	0
Amortization of intangible assets	1,150	2,200	956
Amortization of goodwill	0	0	0
Decrease of investments in subsidiaries caused by change in consolidation	0	106	0
Depreciation of tangible assets	1,681	4,174	2,126
Amortization of leased assets	202	547	210
Change of deferred tax assets	-2,537	-2,556	-2,336
Loss / Gain on disposal of assets	-76	-20	32
Earnings on investments	0	-1	0
Change of reserves for bad debts	174	-167	34
Change of reserves on inventory	1,437	811	1,266
Changes in assets and liabilities			
Change in accounts receivable	23,725	16,866	16,638
Change in inventories	-1,842	15,047	363
Change in prepaid expenses	335	100	284
Change in other assets	-1,922	-5,895	3,054
Change in accounts payable	-1,280	-3,543	45
Change in other liabilities, provisions and deferred income	-5,793	-10,106	-5,398
Change in pension liabilities	-99	-243	42
Change in other long-term liabilities	-2,221	-2,721	-120
Cash Flow from operating activities	6,934	6,100	7,717

* unaudited

TEUR	01.01.2002- 30.06.2002*	01.01.2002- 31.12.2002	01.01.2003- 30.06.2003*
Cash Flow from investing activities			
Payments in tangible assets	-2,448	-2,935	-613
Payments in intangible assets	-1,414	-139	-42
Payments for business acquisitions	0	-3,356	0
Proceeds from disposal of tangible and financial assets	200	203	0
Cash Flow from investing activities	-3,662	-6,227	-655
Cash Flow from financing activities			
Increase of bank loans	0	5,677	0
Repayment of bank loans	-1,349	-2,666	-1,806
Change in current bank liabilities	-23,408	-25,991	-433
Finance-lease payments	-24	-844	-189
Proceeds from share capital contribution	33,609	34,465	0
Proceeds from issuance of common stocks	0	317	0
Payments for expenses of capital increase	0	-1,376	0
Cash Flow from financing activities	8,828	9,582	-2,428
Net increase / decrease in cash	12,100	9,455	4,634
Adjustments to funds caused by exchange-rate fluctuations	639	-239	-659
Funds at beginning of the year	6,820	7,698	17,573
Funds at end of the period	19,559	16,914	21,548
Supplemental cash flow information:			
Interest paid during the period	694	1,103	577
Income taxes refund/paid during the period including prepayments	5,409	3,304	1917
Disclosure of other non cash activities			
Increase of tangible assets under capital lease	247	710	31

* unaudited

SUSS MicroTec AG

CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

TEUR	Number of shares in thousands	Common stock
As of 01 January 2002	13,802	13,802
Appropriation based on increase in share capital	1,130	1,130
Appropriation based on issuance of subscription rights		
Appropriation based on issuance of common stock	25	25
Annual net loss		
Foreign currency adjustment net of tax		
As of 30 June 2002	14,957	14,957
As of 01 January 2003	14,957	14,957
Appropriation based on issuance of subscription rights		
Annual net loss		
Foreign currency adjustment net of tax		
As of 30 June 2003	14,957	14,957

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 June 30, 2003 were prepared in accordance with the same accounting and measurement principles as those applied in the consolidated financial statements as per December 31, 2002, 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 comprehensive income	Total
46,716	433	34,575	-170	95,356
32,162				33,292
575				575
292				317
		-6,040		-6,040
			-1,898	-1,898
79,745	433	28,535	-2,068	121,602
80,911	433	25,637	-3,404	118,534
310				310
		-8,805		-8,805
			-1,840	-1,840
81,221	433	16,832	-5,244	108,199

SUSS MicroTec AG

SHARES AND OPTIONS OF THE EXECUTIVE BODIES CORPORATE CALENDAR

Shares and options of the executive bodies	31.12.2002		30.06.2003	
	Shares	Options	Shares	Options
Executive Board				
Dr. Richter	400,000	65,000	400,000	105,000
S. Schulak	0	286	0	40,286
Supervisory Board				
Dr. Süß (Chairman)	1,039,780	0	1,104,780	0
T. Schlytter-Henrichsen (Dep. Chairman)	6,909	0	6,909	0
Dr. Schücking	500	0	500	0
Prof. Dr. Heuberger	0	0	0	0
Dr. Sesselmann	0	0	0	0
H. Görtz	3,894	0	3,894	0

Corporate Calendar 2003

02.09.	SCC – Small Cap Conference, Frankfurt a. M., Germany
15.09.-17.09.	SEMICON Taiwan, Taipei
04.11.	Ninemonth report 2003
03.12.-05.12.	SEMICON Japan, Chiba

I NOTES

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