

Quarterly Report

01 January – 31 March 2005



Focused on the Essentials

KEY FIGURES Q1 / 2005

in EUR millions	Q1/05	Q1/04	Change in %
Order income, net	23.2	24.4	-5 %
Order Backlog as at 03/31/2005, net	40.8	38.8	5 %
Sales, net	20.7	19.2	8 %
Gross Earnings	7.4	6.2	19 %
Gross Margin	35.7 %	32.3 %	n.a.
EBITDA	-2.9	-4.3	14 %
EBITDA Margin	-14.2 %	-22.4 %	n.a.
EBIT	-4.5	-5.6	20 %
EBIT Margin	-21.7 %	-29.3 %	n.a.
Equity Ratio	60.1 %	64.6 %	n.a.
Net Cash	22.9	22.5	2 %
Free Cash Flow	3.6	0.1	n.a.
Earnings per Share	-0.33	-0.33	0 %
Employees	715	720	-1 %



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SÜSS MicroTec AG Holding Structure

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Imprint / Contact



LEFT: DR. STEFAN SCHNEIDEWIND
RIGHT: STEPHAN SCHULAK

FOREWORD BY THE MANAGEMENT BOARD

DEAR SHAREHOLDERS, EMPLOYEES AND BUSINESS PARTNERS OF SUSS MICROTEC AG,

To coincide with the most important semiconductor fair in Europe, "SEMICON Europe," the industry research association VLSI has forecast a growth of approximately four percent for the semiconductor industry in 2005. Other institutes also foresee an improved trend compared with the year-end situation. Furthermore, positive signs are visible in the niche markets where SUSS MicroTec generates substantial sales – MEMS and LED. These markets are expected to grow considerably in the current year and in the years to come.

Net sales in the first quarter of 2005 show a positive trend: they increased by 7.8 percent to 20.7 million euros (Q1/2004: 19.2 million euros). With order entries of 23.2 million euros, the company fell just short of its previous year's figure of 24.4 million euros. In other words the current volume of business is basically at around the previous year's level.

Gross profits increased by another 19.1 percent to 7.4 million euros (Q1/2004: 6.2 million euros) and correspond to a gross profit margin of 35.7 percent (Q1/2004: 32.3 percent). If a precautionary valuation allowance in connection with the Aßlar real estate is excluded, the gross profit margin amounted to 38.0 percent – a substantial improvement on the previous year. The improved performance is particularly evident in EBITDA, which increased from minus 4.3 million euros in the first quarter of 2004 to minus 2.9 million euros. Earnings after tax remained at their previous year's level of minus 5.0 million euros in the first quarter of 2005 as a consequence of the non-capitalization of deferred taxes on losses.

In line with our expectations, the free cash flow showed a far more positive trend (3.6 million euros) than in Q1/2004 (0.1 million euros). This resulted primarily from the seasonally typical incoming receivables from sales generated in the previous quarter. The order backlog grew year-on-year by 5 percent from 38.8 to 40.8 million euros.



Our most severe restructuring measure – the closure of the Aßlar plant and the integration of its production into the Garching plant near Munich – is going according to schedule. The relocation will be completed during the second quarter. In addition, further cost reduction measures were initiated: a substantially streamlined organizational set-up within the SUSS MicroTec-Group, in particular, is facilitating savings in the administration field, while non-critical R&D projects are being postponed and marketing activities within the Group are subjected to rigorous consolidation.

All of these measures are aimed at reducing the Group's break-even point, which in 2004 was still 118 million euros. This break-even point is expected to fall to 110 million euros in 2005 and to 105 million euros in 2006 (EBIT in each case). The primary objectives are to ensure sufficient liquidity and to improve the operating earnings performance, leading to the sustained generation of a positive cash flow from current business operations. In the first half of the year, the progress of the restructuring will result in a stronger outflow of liquidity; the second half of the year will compensate for this effect. Further outflows of liquidity are expected: the severance payments for departing employees in Aßlar and, in the fourth quarter, the redemption of the first tranche of the convertible bond, for which we cannot expect a conversion at present.

As we already mentioned in the Annual Report 2004, for 2005 we cannot discern any significant change in the course of business compared with the previous year.

Garching, May 2005

Dr. Stefan Schneidewind
Chief Executive Officer

Stephan Schulak
Chief Financial Officer



SALES AND EARNINGS

NEW PRODUCT FOR NANOTECHNOLOGY

The structures in semiconductor circuits are getting smaller all the time. Which ultimately means it will soon no longer be possible to create them using the exposure procedure because the wavelength of the light, even UV light, is too “rough” for the purpose. One alternative is to create the structures by electron-beam writing. The most delicate structures could be written using this method but the procedure takes far too long for production purposes. The innovative solution is to create a single finely structured “stamp” with the electron beam, then press its pattern into an extremely thin layer of plastic on the wafer many times and immediately harden the resultant imprints every time with UV light. A high production speed can be achieved with this lithographic procedure, even with the most delicate structures. With assistance from the EU, SUSS MicroTec has developed the high-precision Nanostepper “NPS 300”, which was presented to the experts at the SEMICON Europe in Munich and attracted a great deal of interest – already in Q2 the product will be delivered to a European customer for the first time.

TECHNOLOGY AGREEMENT WITH IBM ON SCHEDULE

The technology agreement that was concluded between IBM and SUSS MicroTec last September is going according to plan. C4NP is the name given to a completely new flip chip bumping technology developed by IBM. C4NP will reduce process costs while simultaneously allowing unprecedented flexibility with the soldering compositions. C4NP thus also facilitates completely lead-free chip bonding – as is demanded by current legislation, particularly in Asia and Europe.

SUSS MicroTec is currently developing the Beta Line of the C4NP equipment – in close cooperation with IBM. Its installation is scheduled for the third quarter on IBM’s premises in Fishkill in the US. Potential customers



will then be able to carry out test runs with their own wafers. Our customers are already showing a great deal of interest in this technological innovation.

MASK ALIGNER “MA200 COMPACT” AND COATING CLUSTER “ACS200” SUCCESSFUL

The new “MA200 Compact” product family that was developed last year is meeting with a great response on the market. Since the so-called footprint in clean rooms is a very expensive commodity, we have reduced the size of our proven lithography equipment. The attendant quality criteria to which our customers attach great importance – maximum precision combined with high throughput at extremely low operating costs – have naturally been maintained. The “MA200 Compact” is also partly equipped with the SupraYield technology, with which it – thanks to intelligent temperature compensation and new imaging techniques – achieves a resolution of less than one micron. In combination with the fully automated SUSS MicroTec Spin Coater, best lithography results on the wafers are achieved.

INVITATION TO THE SHAREHOLDERS’ MEETING 2005

Our Ordinary Shareholders’ Meeting will be held on June 21 in Munich. Needless to say, we as a company have an interest in achieving the highest possible attendance and representation levels. We would therefore like to inform our shareholders at this early stage that we are putting a proxy at their disposal to cast their votes on the agenda items in accordance with their instructions. This year we are also making it possible to instruct this proxy online via the Internet. Further details will be provided in the invitation to the Shareholders’ Meeting that will be available from



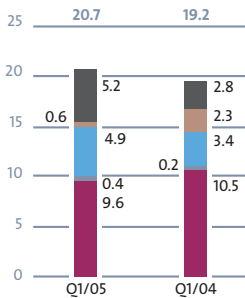


May 11, 2005 onwards on our homepage www.suss.com and elsewhere. We hope that this makes the representation of your interests easier and look forward to your attendance or the exercise of your voting rights at this year's meeting of the SUSS MicroTec AG shareholders.

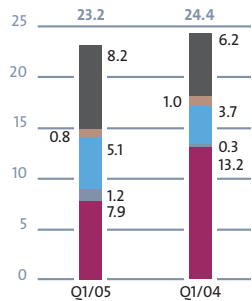
ORDER ENTRIES AND SALES BY REGION / PRODUCT LINES

The Prober product group's sales trend in the first quarter has been most gratifying, generating a growth rate of 85 percent. The Cluster Probe System, which was launched on the market in 2004, is being received very well by our customers. In the sales by region, it is noticeable that sales decreased by 9 percent in Asia. We had expected this development, as a large quantity of high-priced production equipment was delivered to Asia last year.

SALES BY PRODUCT LINE
EUR (m)



ORDER ENTRIES BY PRODUCT LINE
EUR (m)

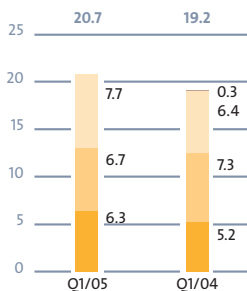


- Prober
- Device Bonder
- Spin Coater
- Other
- Mask Aligner



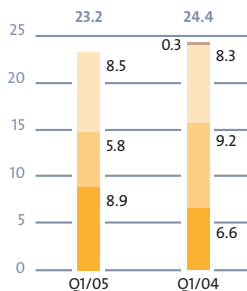
This also corresponds to the level of order entries in Asia in the first quarter, which showed a decline of 38 percent compared with the first quarter of 2004. On the other hand, orders from the USA increased by 35 percent. Among the product lines, Mask Aligner / Bonder lost out while Spin Coater showed a clear positive trend. This development can be attributed to the fact that demand for the Mask Aligner / Bonder product family was particularly strong in 2004, while demand for Spin Coater was less strong. Hence the greater potential for the Spin Coater line in 2005.

SALES BY REGION
EUR^(m)



- Rest of the world
- Europe
- Asia
- USA

ORDER ENTRIES BY REGION
in EUR^(m)





FINANCIAL REPORT

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

TEUR
Sales
Freight and Commissions
Net sales
Cost of goods sold
Gross profit
Administration and selling costs
Research and development costs
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
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
Other comprehensive income net of tax
Differences in foreign currency translation
Additional minimum liability
Unrealized loss on securities
Comprehensive Income

*Unaudited.

	01/01/05 – 03/31/05*	01/01/04 – 03/31/04*	01/01/04 – 12/31/04
	21,427	20,016	115,972
	-682	-776	-3,105
	20,745	19,240	112,867
	-13,342	-13,023	66,963
	7,403	6,217	45,904
	-10,693	-9,449	-44,602
	-2,050	-2,846	-10,371
	-5	152	1,466
	837	269	-1,217
	-4,508	-5,657	-8,820
	-380	-383	-1,520
	116	97	383
	-1	14	-11
	-4,773	-5,929	-9,968
	-271	975	-6,722
	-5,044	-4,954	-16,690
	-4,509	-5,643	-8,831
	-2,947	-4,302	-3,224
	-0.33	-0.33	-1.10
	-0.33	-0.33	-1.10
	-5,044	-4,954	-16,690
	58	447	47
	0	0	17
	0	0	-35
	-4,986	-4,507	-16,661



CONSOLIDATED BALANCE SHEET

ASSETS IN TEUR	03/31/05*	03/31/04*	12/31/04
Cash and cash equivalents	26,175	25,420	22,534
Accounts receivable, net	18,293	17,207	27,093
Other receivables and assets	2,560	6,061	2,742
Inventories, net	44,149	45,950	41,245
Prepaid expenses	1,161	1,169	1,079
Deferred tax assets current	994	3,342	1,555
Total current assets	93,332	99,149	96,248
Tangible assets	8,482	11,274	9,023
Intangible assets	4,936	6,885	5,355
Goodwill	28,009	28,009	28,009
Investments in subsidiaries	33	144	55
Deferred tax assets long-term	2,771	7,391	2,374
Other long-term assets	1,715	1,922	1,853
Total long-term assets	45,946	55,625	46,669
Total assets	139,278	154,774	142,917

* Unaudited.

LIABILITIES & SHAREHOLDERS' EQUITY IN TEUR	03/31/05*	03/31/04*	12/31/04
Current bank liabilities	3,235	2,944	2,550
Current lease obligations	138	158	137
Accounts payable	6,001	5,958	5,676
Current portion of pension liabilities	208	212	255
Current portion of long-term debt	8,017	2,592	7,982
Other current liabilities	21,060	18,786	19,879
Total current liabilities	38,659	30,650	36,479
Long-term debt	12,556	19,580	13,417
Leasing obligations	351	438	388
Pension liabilities	3,440	3,609	3,385
Deferred tax liabilities long-term	188	0	224
Other long-term liabilities	382	514	430
Minority interest on consolidated subsidiaries	42	21	42
Total long-term liabilities	16,959	24,162	17,886
Common stock			
Common stock EUR 1,00 par value 22,635 thousand shares authorized March 31, 2005 and Dec 31, 2004; 15,157 thousands shares issued and outstanding Mar 31, 2005 and Dec 31, 2004	15,157	15,157	15,157
Additional paid-in capital	84,259	83,421	84,165
Appropriated retained earnings	433	433	433
Retained earnings (current year and brought forward)	-10,650	6,130	-5,606
Cumulative other comprehensive income	-5,539	-5,179	-5,597
Total shareholders' equity	83,660	99,962	88,552
Total liabilities & shareholders' equity	139,278	154,774	142,917

* Unaudited.



CONSOLIDATED STATEMENT OF CASH FLOWS

TEUR	01/01/05 03/31/05*	01/01/04 03/31/04*	01/01/04 12/31/04
Cash Flow from operating activities			
Net loss	-5,044	-4,954	-16,690
Adjustments to net assets (short-term) caused by exchange-rate fluctuations	-303	128	757
Adjustments to reconcile net loss to net cash provided by operating activities			
Non-cash stock based compensation	94	100	750
Amortization of intangible assets	446	454	1,855
Decrease of investments in subsidiaries caused by change in consolidation	0	0	89
Depreciation of tangible assets	1,075	847	3,462
Amortization of leased assets	41	40	290
Change of deferred tax assets	164	-1,162	5,642
Change of deferred tax liabilities	-36	0	224
Loss / Gain on disposal of assets	43	0	65
Loss / Gain on investments	22	0	0
Change of reserves for bad debts	307	26	-417
Change of reserves on inventory	-966	-815	763
Changes in assets and liabilities			
Change in accounts receivable	8,493	6,373	-3,070
Change in inventories	-1,938	-3,235	-108
Change in prepaid expenses	-82	-75	15
Change in other assets	320	521	3,909
Change in accounts payable	325	-14	-296
Change in other liabilities, provisions and deferred income	1,181	1,857	2,960
Change in pension liabilities	8	26	-155
Change in other long-term liabilities	-48	-14	-87
Cash Flow from operating activities	4,102	103	-42

* Unaudited.

TEUR	01/01/05 – 03/31/05*	01/01/04 – 03/31/04*	01/01/04 – 12/31/04
Cash Flow from investing activities			
Payments in tangible assets	-495	-28	-1,239
Payments in intangible assets	0	0	-7
Proceeds from disposal of tangible and financial assets	0	0	32
Cash Flow from investing activities	-495	-28	-1,214
Cash Flow from financing activities			
Increase of bank loans	0	0	1,250
Repayment of bank loans	-826	-1,348	-3,211
Change of current bank liabilities	685	-302	-604
Finance-lease payments	-36	-35	-106
Cash Flow from financing activities	-177	-1,685	-2,671
Net change in cash	3,430	-1,610	-3,927
Adjustments to funds caused by exchange-rate fluctuations	211	245	-324
Funds at beginning of the year	22,534	26,785	26,785
Funds at end of the period	26,175	25,420	22,534
Supplemental cash flow information			
Interest paid during the period	303	332	1,405
Income taxes refund / paid during the period including prepayments	-175	305	-1,830
Disclosure of other non-cash activities			
Increase of tangible assets under capital lease	35	0	94

* Unaudited.

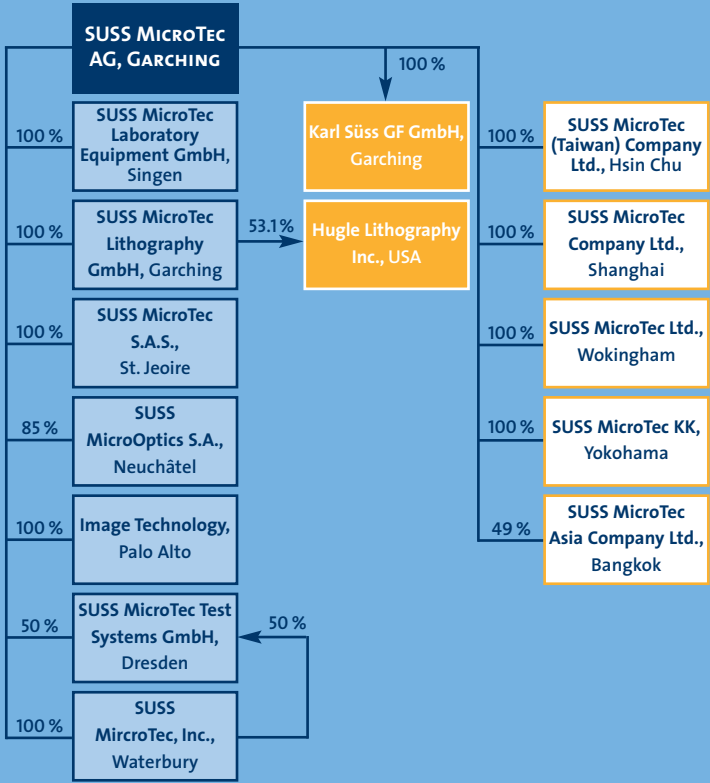


CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

TEUR	Number of shares (in thousands)	Common stock	
As of 01 January 2004	14,957	14,957	
Conversion of convertible debt into common stock	200	200	
Proceeds from conversion of convertible debt			
Issuance of subscription rights			
Annual net loss			
Foreign currency adjustment			
As of 31 March 2004	15,157	15,157	
As of 01 January 2005	15,157	15,157	
Issuance of subscription rights			
Annual net loss			
Foreign currency adjustment			
As of 31 March 2005	15,157	15,157	

	Additional paid-in capital	Earnings reserve	Retained Earnings	Accumulated other Comprehensive Income	Total
	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
	84,165	433	-5,606	-5,597	88,552
	94				94
			-5,044		-5,044
				58	58
	84,259	433	-10,650	-5,539	83,660

SUSS MicroTEC AG HOLDING STRUCTURE



- Holding Company
- Production Company
- Sales Company
- Inactive / Strategic Investment

Further investments: ZTS Glaubitz (10 %)
 Electron Mec. S.r.L., Milano (10 %)
 Holtronic Techn. S.A. Marin, Helvetia (10 %)

Forward-looking statements: The reports contain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and you should not place too much reliance on them. Forward-looking statements speak only as of the date they are

CORPORATE CALENDAR

Show	Date	Location
SEMICON Europa	APRIL ¹²⁻¹⁴	Munich, Germany
Quarterly Report	MAY ⁰³	
Transducers 2005	JUNE ⁰⁵⁻⁰⁹	Seoul, Korea
General Annual Meeting	JUNE ²¹	Munich, Germany
SEMICON West	JULY ¹²⁻¹⁴	San Fransisco, USA
Semiannual Report	AUGUST ⁰²	
COMS 2005	AUGUST ²¹⁻²⁵	Baden-Baden, Germany
SEMICON Taiwan	AUGUST ¹²⁻¹⁴	Taipei, Taiwan
European Microwave Week	OCTOBER ⁰³⁻⁰⁷	Paris, France
Nie-Month Report	NOVEMBER ⁰⁸	
MEMS Seminar	NOVEMBER	Shanghai, China
SEMICON Japan	DECEMBER ⁰⁷⁻⁰⁹	n. a.

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Editor: SUSS MicroTec AG

Editing: Investor Relations, Group Accounting

Concept and Design: IR-One AG & Co., Hamburg

Printer: Hartung Druck + Medien GmbH, Hamburg

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made, and we undertake no obligation to update any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement.



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