



SUSS MicroTec AG NINEMONTH REPORT

January 1 – September 30, 2004



KEY FIGURES Q3/2004

Million Euro	Q2/04	Q3/04	Q1-Q3/03	Q1-Q3/04
Net order entry	36.1	32.4	76.4	92.8
Net backlog	--	--	43.8	48.9
Net sales	26.6	31.7	60.6	77.5
Equity	--	--	107.0	98.8
Equity ratio	--	--	72.4%	64.3%
Net cash	--	--	9.8	15.7
Free cash flow	-1.0	-4.0	0.2	-5.0
Gross profit	9.9	15.0	23.2	31.1
Gross margin	37.4%	47.3%	38.3%	40.2%
EBITDA	-1.1	4.1	-10.5	-1.3
EBIT	-2.5	2.8	-15.2	-5.3
EAT (Earnings after tax)	-2.7	1.4	-10.1	-6.2
EPS (Earnings per share in Euro)	-0.18	0.09	-0.67	-0.41
Number of employees	--	--	711	747

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

The upturn in the semiconductor industry is now being reflected clearly in our business trend. Our most important key figures are developing in a positive manner. Order entry was again above the EUR 30 million threshold in the third quarter, coming to EUR 32.4 million. This also means that the order entry numbers have comfortably exceeded the previous levels between the end of 2002 and the beginning of 2004 – which were well below EUR 30 million per quarter.

Our sales trend is showing the biggest improvement. SUSS MicroTec's sales increased to EUR 31.7 million in the third quarter, 48 percent above the previous year's level (EUR 21.4 million) and 19 percent higher than in the second quarter of 2004.

Our gross profit margin increased to 47.3 percent. In the same period last year, this figure was just 42.0 percent and in the second quarter of the current fiscal year 37.4 percent. We increased our gross profit to EUR 15 million, an improvement of 66 percent compared with the previous year and 51 percent compared with the second quarter (Q2/2004: EUR 9.9 million). A significant factor for the very good margin in the third quarter was our product mix, in which 200mm and 300mm production equipment were the main contributors.

The continued improvement in our EBITDA (earnings before interest, taxes, depreciation and amortization) is an important indicator of our positive business trend. In the last quarter, this



figure was EUR 4.1 million, after having been negative at EUR -0.3 million in the corresponding quarter last year and EUR -1.1 million in the second quarter of 2004. Earnings after tax also improved significantly, coming to EUR 1.4 million in the third quarter.

The free cash flow in the third quarter amounted to EUR -4.0 million, with the sales-related sharp increase in our receivables portfolio (up by EUR 6.8 million) having a major impact. Inventories again increased slightly from the previous quarter, mainly due to prefabrication for the planned deliveries in the fourth quarter.

The positive business trend in the third quarter can be attributed mainly to the increased demand for equipment in Advanced Packaging and Microsystems Technology. Demand in these segments is increasing continuously, thereby bringing about a consistent growth trend from our main markets. Our technological innovations "SupraYield" and "nanoPREP", which were launched on the market last year, were received with great interest by market participants.

An important basis for our strong market position is provided by SUSS MicroTec's intensive and innovative research and development work. The joint technology agreement that was entered into with IBM in September 2004 can also be attributed to our high level of technological competence, coupled with extremely low cost of ownership. Our cooperation with one of the world's largest information technology companies will give added – and potentially far-reaching – momentum to our future growth. The C4NP technology patented by IBM is



the basis on which we are developing all of the production equipment for solder bumping in 200mm and 300mm segments. The machines featuring C4NP technology will make a lead-free bumping process possible in the mass production of chips while simultaneously reducing production costs. Ultimately, this will make electronics not only more reliable, diverse and inexpensive, but also more environmentally friendly. Starting now, we are shaping this new electronic future in conjunction with IBM. Detailed information on this subject can be found on page 10.

From a strategic point of view, we need to achieve a significant improvement in the company's financial performance, especially during downturns in the industry. The corporate structure of the SUSS MicroTec group has to be effective and efficient; it is therefore crucial that we continuously examine these structures and adapt them to market requirements. We have set ourselves the goal, on the basis of the current volume of business, of reducing the sales level that is required to break even from its current level of EUR 115 to 120 million to around EUR 100 million by the end of 2006. SUSS MicroTec will then be in a better position to generate positive results, even in a cyclical business environment. To achieve this important goal, the Management Board was enlarged to a team of three on September 1, 2004. The new member is Dr. Stefan Schneidewind, who is responsible for the Production and Technology divisions (more information on page 8).

In exercising its responsibility for the company and its shareholders, who are the company's owners, the Management Board has had to make important and difficult decisions. In



view of our objective to lower the break-even point, as we have already announced, we intend to close the Asslar plant and relocate its production activities to Garching. We expect this step to reduce costs by more than EUR 4 million per year, of which some EUR 2.5 million will be accounted for by personnel costs. We are aware of our responsibility for our employees in Asslar and will cooperate with the labor council to seek the most socially acceptable solution possible.

With business progressing according to plan in the third quarter, we are confirming our sales target of EUR 115 to 120 million for the current year and therefore our plan to reach break-even in EBIT terms. As a precaution, we also point out that current developments (a further fall in the value of the US dollar and possible effects arising from the restructuring) could still subject the fiscal year 2004 to extraordinary burdens.

As for the future, the restructuring measures that we have initiated will give added strength to SUSS MicroTec's performance and the further positive development of the company.

Garching, November 2004,
the Management Board

I NEW MANAGEMENT BOARD MEMBER

Dr. Schneidewind Takes Charge of Production and Technology Divisions

Dr. Stefan Schneidewind, 49, has reinforced the SUSS MicroTec AG team at the Management Board level beginning on September 1, 2004. He has taken charge of the Production and Technology divisions, which Dr. Franz Richter (Chief Executive Officer) and Stephan Schulak (Chief Financial Officer) previously headed in addition to their normal duties.

The restructuring of the Management Board was carried out alongside expansion in SUSS MicroTec Group's business activities and the significant improvement in the market environment. The Management Board's defined objective under these general conditions is to reach break even in EBIT terms at a sales level of approximately EUR 100 million within the next 1 to 2 years. This should strengthen SUSS MicroTec's position in the cyclical semiconductor industry. In the current fiscal year, break even point in EBIT terms is still between EUR 115 and 120 million, correspondent to the sales forecast for 2004.

Dr. Stefan Schneidewind studied electrical engineering at Dresden Technical University until 1979, when he graduated with a degree in engineering (Diplom-Ingenieur). He then completed his doctorate in the field of applied laser technology at the Institute of Microsystems Technology, also in Dresden. He began his career as a research assistant at Dresden Technical University; in 1984 he then switched to VEB Wägetechnik Rapido as a development engineer. In 1989 he joined the SUSS MicroTec Group. At the beginning of 2000, having held managerial positions in research and development in Germany and the United States and the



position of Business Unit Manager at the former Karl Suss America Inc., he assumed overall responsibility as Managing Director of SUSS MicroTec Test Systems (a wholly-owned SUSS MicroTec subsidiary) in Sacka near Dresden. Under his leadership, SUSS MicroTec Test Systems generated continuously positive results, even during the extremely difficult market phase that prevailed in recent years, and considerably strengthened its market position with innovative new products.

I NEW COOPERATION

Into the Technological Future with IBM

With their joint technology agreement, SUSS MicroTec and IBM are embarking on a new path in chip connection. Their goal is the development, production and marketing of IBM's pioneering and patented C4NP packaging technology.

C4NP stands for Controlled Collapse Chip Connection New Process and describes the next generation of flip chip bonding technology. As early as the late 1960s, IBM set the course for flip chip bonding with the C4 process; in 1973 this technology was used for the first time in the "IBM System 3". Since then, under the name "IBM C4", billions of chips have been bonded with their external environments using this process. The new C4NP process is based on this proven C4 solution. With it, IBM achieved another decisive breakthrough in the field of wafer bumping. It is the first technical solution to be 100% lead-free at the same time combining high reliability, fine-pitch capability, low material costs and the flexibility to use virtually every solder composition. For our customers, the chip producers, this means that C4NP is a process solution whose main priority is to address the most important topic of all in the semiconductor industry – costs. Thanks to a new process technology used in creating the solder balls, C4NP will also reduce the process costs incurred in the use of the solder compositions that are normally used today. Additionally, the lead-free issue is becoming more and more important in general, particularly for consumers. Quite apart from any legal requirements, environmentally friendly products are becoming increasingly "en vogue", thereby putting substantial pressure



on the equipment manufacturers. C4NP offers an attractive solution for all of these concerns.

For some time now, the industry has been looking for a technology that meets these requirements. IBM's C4NP enables the semiconductor manufacturers to implement a 100% lead-free solder bumping process as an integral part of their wafer testing, assembly and packaging processes. For end users, this means that the new generation of cell phones or laptops will be not only more efficient and cost-effective, but they will also finally be lead-free – and thus environmentally friendly and without harmful substances that could adversely affect the health of their users.*

SUSS MicroTec is now going to commercialize this pioneering C4NP process. The following criteria were decisive in IBM's choice of SUSS MicroTec as its cooperation partner: SUSS MicroTec's leading market position in the field of advanced packaging production equipment with extremely low cost of ownership, its existing products and technologies that are suitable for C4NP, and its years of intensive and successful activity on the advanced packaging market. IBM's view was that no other equipment manufacturer fulfilled their desired criteria.

Specifically, the cooperation foresees the following steps: SUSS MicroTec will develop the equipment for a complete C4NP product line. The C4NP tools necessary for these purposes are based essentially on the current SUSS MicroTec core technology (Mask Aligner, Device Bonder and Prober) – this will be the only way to ensure a prompt market launch.



These existing products will be developed further and then offered on the market as a product line in its own right. The development activities will be financed by IBM Global Financing (IBM Deutschland Kreditbank GmbH). IBM will then hold specific process training courses on the premises of the SUSS MicroTec customers – thereby guaranteeing that the customers can gain the greatest possible benefits from the new equipment. In addition, IBM will continue with the further enhancement and process optimization of C4NP and keep SUSS MicroTec informed about the latest developments.

These details clearly show the significance of the far-reaching agreement for SUSS MicroTec. The successful development of C4NP production machinery will open up for SUSS MicroTec an unparalleled market position among the equipment suppliers in this important segment of the future – and substantial growth potential. After all, IBM will not have an exclusive right to use the C4NP equipment; it will be marketed to every potential customer. From a current standpoint, this can lead to a tripling of SUSS MicroTec's sales in the advanced packaging segment in the mid term.

* Compare also the planned amendment to the environmental legislation of the European Union (EU Guideline "RoHS" on the reduction of harmful substances) and the environmental standards in Japan (Green Purchasing Act), which in the future will prohibit electronics manufacturers from processing chips containing environmentally damaging substances such as lead.

| SATISFIED CUSTOMERS

More Outstanding Results in VLSI Survey

SUSS MicroTec continues to offer its customers the highest standard of service and support. This was also revealed by this year's survey by VLSI Research ("10 Best Annual Customer Satisfaction Survey on Chip Making Equipment Suppliers"). The Garching-based company placed within the top ten position in four categories – an acknowledgment of SUSS MicroTec's continuing intensive cooperation with its customers. SUSS MicroTec placed first in the "Test & Measurement" category. The company came third in the "Wafer Processing" category and fourth in the "Assembly Equipment" category. In the "Focused Suppliers of Chip Making Equipment" category, which was introduced in 2002, SUSS MicroTec took tenth place.

According to the results of the VLSI survey, SUSS MicroTec has now received top grades for its customer orientation for 11 successive years – i.e. ever since VLSI started collecting data on customer satisfaction.

Since 1993, VLSI Research has been carrying out detailed annual assessments of the customer service offered by equipment suppliers. In addition, this renowned survey is the only published assessment on the subject of customer satisfaction in this sector. It involves sending questionnaires to decision-makers in semiconductor companies – some 41,000 in 2004. Users of semiconductor equipment were asked to classify their suppliers in more than ten categories, which in turn were used to represent supplier-customer rela-



tionships. This year, approximately 2,000 company evaluations per category were returned and included in the overall assessment.

For more information, please visit: www.vlsiresearch.com

| SUSS MicroTec AG

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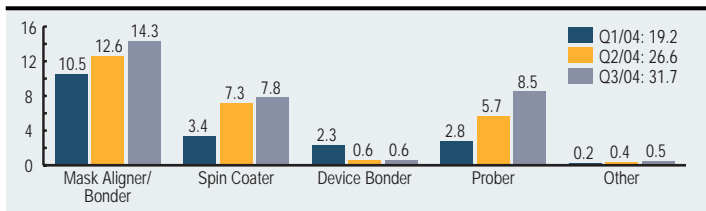
SUSS MicroTec AG

SALES

The total sales of EUR 31.7 million in Q3/2004 or respectively of EUR 77.5 million in Q1-Q3/2004 is differentiated by product lines and regions as follows:

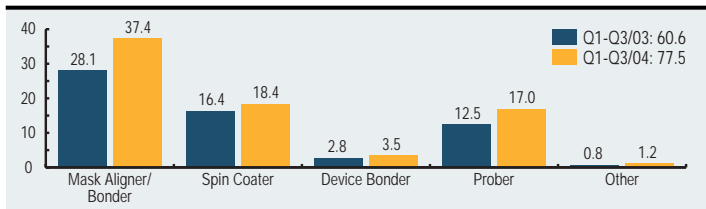
Sales by product lines (Quarter)

Details in comparison in Mio. of Euro



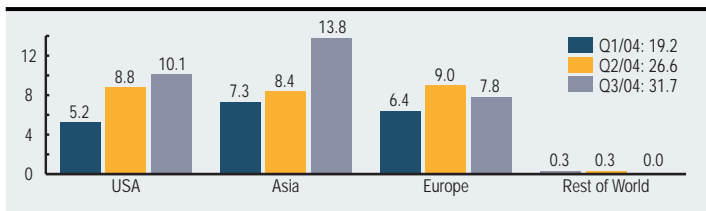
Sales by product lines (9 month)

Details in comparison in Mio. of Euro



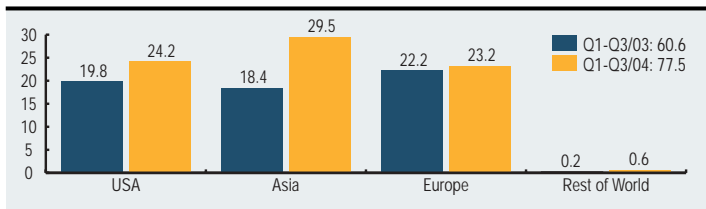
Sales by region (Quarter)

Details in comparison in Mio. of Euro



Sales by region (9 month)

Details in comparison in Mio. of Euro



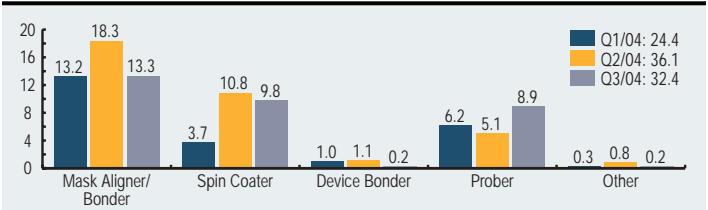
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ORDER ENTRY

The order entry of EUR 32.4 million in Q2/2004 or respectively of EUR 92.8 million in Q1-Q3/2004 is differentiated by product lines and regions as follows:

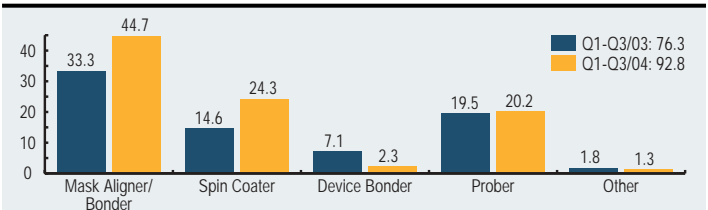
Order entry by product lines (Quarter)

Details in comparison in Mio. of Euro



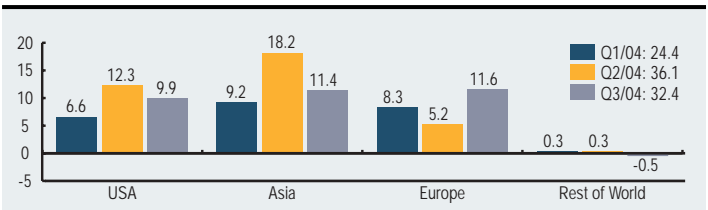
Order entry by product lines (9 month)

Details in comparison in Mio. of Euro



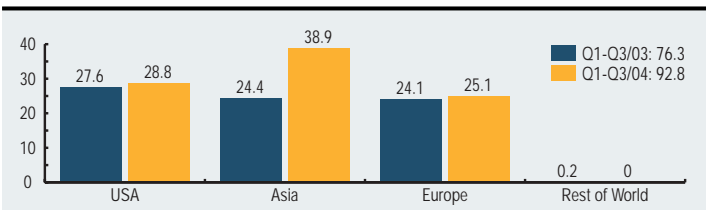
Order entry by region (Quarter)

Details in comparison in Mio. of Euro



Order entry by region (9 month)

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

07/01/2003-09/30/2003*	01/01/2003-09/30/2003*	01/01/2003-12/31/2003	07/01/2004-09/30/2004*	01/01/2004-09/30/2004*
21,973	62,438	95,500	32,486	79,681
-533	-1,824	-2,885	-826	-2,216
21,440	60,614	92,615	31,660	77,465
-12,432	-37,401	-56,168	-16,687	-46,345
9,008	23,213	36,447	14,973	31,120
-9,984	-31,306	-40,985	-10,244	-30,361
-1,908	-6,826	-10,496	-2,262	-7,380
0	0	0	0	0
977	1,601	859	560	1,130
152	-1,877	-2,916	-179	208
-1,755	-15,195	-17,091	2,848	-5,283
-330	-955	-1,245	-418	-1,187
114	293	358	121	308
4	-18	24	-25	-13
-1,967	-15,875	-17,954	2,526	-6,175
628	5,731	3,401	-1,120	-44
-1,339	-10,144	-14,553	1,406	-6,219
-1,751	-15,213	-17,067	2,823	-5,296
-288	-10,458	-10,996	4,103	-1,304
-0,09	-0,68	-0,97	0,09	-0,41
-0,09	-0,67	-0,97	0,09	-0,41
-1,339	-10,144	-14,553	1,406	-6,219
-20	-1,860	-2,255	-126	306
0	0	-14	0	0
0	0	47	0	0
-1,359	-12,004	-16,775	1,280	-5,913

SUSS MicroTec AG

CONSOLIDATED BALANCE SHEET

TEUR	09/30/2003*	12/31/2003	09/30/2004*
ASSETS			
Cash and cash equivalents	13,040	26,785	19,571
Accounts receivable, net	18,142	23,606	24,557
Other receivables and assets	4,914	6,603	3,382
Inventories, net	47,622	41,900	48,671
Prepaid expenses	862	1,094	1,084
Deferred tax assets current	4,632	2,091	2,441
Total current assets	89,212	102,079	99,706
Tangible assets	13,471	11,935	9,914
Intangible assets	7,922	7,305	5,958
Goodwill	28,009	28,009	28,009
Investments in subsidiaries	148	144	144
Deferred tax assets long-term	7,175	7,480	7,931
Other long-term assets	1,889	1,901	1,854
Total long-term assets	58,614	56,774	53,810
Total assets	147,826	158,853	153,516

* unaudited

TEUR	09/30/2003*	12/31/2003	09/30/2004*
LIABILITIES & SHAREHOLDERS' EQUITY			
Current bank liabilities	3,240	3,154	3,890
Current lease obligations	154	158	130
Accounts payable	3,751	5,972	6,848
Current portion of pension liabilities	223	214	212
Current portion of long-term debt	2,917	2,991	2,394
Other current liabilities	14,130	16,929	18,597
Total current liabilities	24,415	29,418	32,071
Long-term debt	11,585	22,423	18,215
Leasing obligations	509	473	399
Pension liabilities	3,653	3,581	3,573
Other long-term liabilities	621	517	457
Minority interest on consolidated subsidiaries	37	32	45
Total long-term liabilities	16,405	27,026	22,689
Common stock EUR 1,00 par value 22,635 thousand shares authorized Sep 30, 2004 and common stock EUR 1,00 par value 22,423 thousand shares authorized Dec 31, 2003; 15,157 thousands shares issued and outstanding Sep 30, 2004 and 14,957 thousands shares issued and outstanding Dec 31, 2003 respectively	14,957	14,957	15,157
Additional paid-in capital	81,387	81,561	83,621
Appropriated retained earnings	433	433	433
Retained earnings (current year and brought forward)	15,493	11,084	4,865
Cumulative other comprehensive income	-5,264	-5,626	-5,320
Total shareholders' equity	107,006	102,409	98,756
Total liabilities & shareholders' equity	147,826	158,853	153,516

* unaudited

SUSS MicroTec AG

CONSOLIDATED STATEMENT OF CASH-FLOW

TEUR	01/01/2003- 09/30/2003*	01/01/2003- 12/31/2003	01/01/2004- 09/30/2004*
Cash Flow from operating activities			
Net loss	-10,144	-14,553	-6,219
Adjustments to net assets caused by exchange- rate fluctuations	-913	134	162
Adjustments to reconcile net income to net cash provided by operating activities			
Non-cash stock based compensation	476	650	300
Amortization of intangible assets	1,412	1,965	1,378
Depreciation of tangible assets	2,988	3,784	2,491
Amortization of leased assets	356	322	123
Change of deferred tax assets	-3,507	-1,271	-801
Loss / Gain on disposal of assets	37	551	0
Earnings on investments	0	4	0
Change of reserves for bad debts	135	333	-352
Change of reserves on inventory	843	337	949
Changes in assets and liabilities			
Change in accounts receivable	15,828	10,166	-599
Change in inventories	-403	5,825	-7,720
Change in prepaid expenses	96	366	10
Change in other assets	4,386	2,685	3,268
Change in accounts payable	-183	2,038	876
Change in other liabilities, provisions and deferred income	-10,302	-7,503	1,668
Change in pension liabilities	73	-8	-10
Change in other long-term liabilities	-129	-238	-47
Cash Flow from operating activities	1,049	5,587	-4,523

* unaudited

TEUR	01/01/2003- 09/30/2003*	01/01/2003- 12/31/2003	01/01/2004- 09/30/2004*
Cash Flow from investing activities			
Payments in tangible assets	-825	-1,010	-537
Payments in intangible assets	-38	-10	-4
Proceeds from disposal of tangible and financial assets	1	3	29
Cash Flow from investing activities	-862	-1,017	-512
Cash Flow from financing activities			
Proceeds from issuance of a convertible bond	0	11,642	0
Debt issue costs	0	-502	0
Repayment of bank loans	-3,545	-4,275	-2,845
Change in current bank liabilities	-291	-377	736
Finance-lease payments	-225	-257	-102
Cash Flow from financing activities	-4,061	6,231	-2,211
Net increase / decrease in cash	-3,874	10,801	-7,246
Adjustments to funds caused by exchange- rate fluctuations	-724	-930	32
Funds at beginning of the year	17,638	16,914	26,785
Funds at end of the period	13,040	26,785	19,571
Supplemental cash flow information:			
Interest paid during the period	1,017	773	1,084
Income taxes refund/paid during the period including prepayments	-871	3,767	-1,550
Disclosure of other non cash activities			
Increase of tangible assets under capital lease	33	0	0

* unaudited

SUSS MicroTec AG

CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

TEUR	Number of shares in thousands	Common stock
As of 01/01/2003	14,957	14,957
Issuance of subscription rights		
Annual net loss		
Foreign currency adjustment net of tax		
As of 09/30/2003	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		
Issuance of subscription rights		
Annual net loss		
Foreign currency adjustment net of tax		
As of 09/30/2004	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 September 30, 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.

Additional paid-in capital	Earnings reserve	Retained earnings	Accumulated other comprehensive income	Total
80,911	433	25,637	-3,404	118,534
476				476
		-10,144		-10,144
			-1,860	-1,860
81,387	433	15,493	-5,264	107,006
81,561	433	11,084	-5,626	102,409
				200
1,760				1,760
300				300
		-6,219		-6,219
			306	306
83,621	433	4,865	-5,320	98,756

SUSS MicroTec AG

SHARES AND OPTIONS OF THE EXECUTIVE BODIES CORPORATE CALENDAR 2004

Shares and options of the executive bodies	Shares		Options	
	12/31/2003	12/31/2003	09/30/2004	09/30/2004
Executive Board				
Dr. Richter	400,000	105,000	400,000	145,000
S. Schulak	0	40,286	0	80,286
Dr. Schneidewind	0	15,440	0	35,648
Supervisory Board				
Dr. Süß (Chairman)	1,025,000	0	1,025,000	0
T. Schlytter-Henrichsen (Dep. Chairman)	6,909	0	6,909	0
Dr. h.c. 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



| NOTES

A series of horizontal light blue lines on a white background, providing a space for writing notes.

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