INTERIM REPORT 2018

January 1 – June 30

SÜSS MicroTec

KEY FIGURES

in € million	Q2 / 2018	Q2 / 2017	Change	6 Months / 2018	6 Months / 2017	Change
Business Development						
Order entry	39.6	48.4	-18.2 %	78.2	94.4	-17.2 %
Order backlog as of June 30				114.1	128.8	-11.4 %
Total sales	54.3	43.3	25.4 %	97.4	66.3	46.9 %
Gross profit	20.6	18.1	13.8 %	34.3	24.7	38.9 %
Gross margin	37.9%	41.8 %	-3.9 % points	35.2%	37.3%	-2.0 % points
Cost of sales	33.7	25.2	33.7 %	63.1	41.6	51.7 %
Research and Development costs	4.5	4.0	12.5 %	8.8	7.5	17.3 %
EBITDA	7.9	7.4	6.8 %	9.9	3.7	>100 %
EBITDA margin	14.5%	17.1 %	-2.6 % points	10.2%	5.6%	4.6 % points
EBIT	6.8	6.4	6.2 %	7.6	1.6	>100 %
EBIT margin	12.5%	14.8 %	-2.3 % points	7.8%	2.4%	5.4 % points
Earnings after tax	4.1	3.9		4.2	-0.7	
Earnings per share, basic (in €)	0.22	0.20		0.22	-0.04	
Balance sheet and cash flow						
Equity				131.7	121.7	8.2 %
Equity ratio				65.6%	64.3%	1.3 % points
Return on equity	3.1%	3.2 %	-0.1 % points	3.2%	-0.6%	3.8 % points
Balance sheet total				200.9	189.3	6.1 %
Net cash				17.1	25.0	-31.6 %
Free cash flow [1]	-2.2	-1.7		-15.9	-5.6	
Further key figures						
Investments	1.8	0.7	>100 %	3.5	1.7	105.9 %
Investment ratio	3.3%	1.6 %	1.7 % points	3.6%	2.6%	1.0 % points
Depreciation	1.2	1.0	20.0 %	2.3	2.1	9.5 %
Employees as of June 30				850	734	15.8 %

[1] Before consideration of purchase or sale of available-for-sale securities

CONTENT

FOREWORD OF THE MANAGEMENT BOARD

Dear Shareholders,

After a good start to the 2018 fiscal year, performance in the second quarter of 2018 and thus the entire first half of 2018 was also satisfactory. The order entry of EUR 39.6 million in the second quarter slightly exceeded the good order entry of EUR 38.6 million from the first quarter. This means that order backlog as of the end of the first half of 2018 has reached EUR 114.1 million. These values make us very optimistic that we will reach our sales targets for the entire year of 2018. We continue to expect sales in a range between EUR 195 million and EUR 205 million and an EBIT margin (earnings before interest and income taxes) of between 8.5% and 10.0%. For the second and third quarter, we also continue to expect order entry totaling more than EUR 85 million, which would represent an expected increase of order entry in the third quarter of 2018 in comparison to the second quarter of 2018.

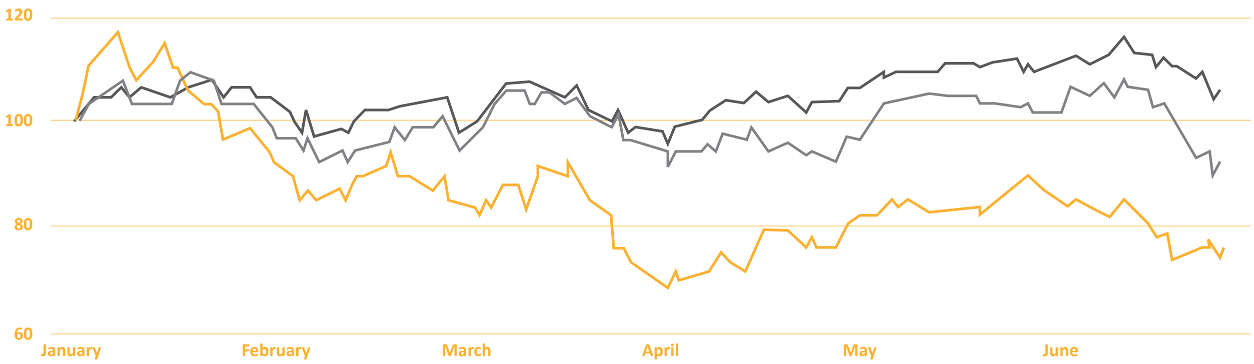
Our industrial environment continues to be shaped both by the solid demand for modern semiconductor technology for the automobile industry, memory applications and in general for sensors and frequency filters as well as by an overall positive outlook. Short-term weaknesses in demand that might arise in an individual end market could currently be well compensated by diverse overall demand. On the whole, our business will nevertheless remain subject to a certain cyclicality and volatility in the future, bringing short-term fluctuations in order entry and sales.

In the second quarter, it was possible to book good order entries and sales in particular in the Photomask Equipment division. The reason here is the strengthened demand for cleaning tools for photomasks, which are used at the front end in extreme ultraviolet as well as 193i lithography. SUSS MicroTec is the only supplier worldwide with the technology and qualifications to clean extreme ultraviolet photomasks. For the second half of the year, we expect a revival of our customers' ordering behavior in the Lithography and Bonder segments.

THE SUSS MICROTEC SHARE

After a strong year for stocks in 2017, the SUSS MicroTec share initially performed very well in the first half of 2018 and was able to increase from a closing XETRA price of EUR 16.78 at the beginning of 2018 by approximately 18 percent to EUR 19.74 as of January 8, 2018. The further development of the first half of the year was shaped by a generally difficult market environment. This meant that the SUSS MicroTec share also developed less positively than it did at the beginning of 2018. After an XETRA all-time low in the second quarter of EUR 11.60, the share recovered as of the end of the quarter and had a closing price of EUR 12.86 on June 29, 2018. While Dax and TecDAX recorded a loss in the first half of the year of 4.3 percent and 7.1 percent, respectively, the SUSS MicroTec share fell by 23.4 percent in comparison to the high price at the beginning of 2018. The average daily trading volume of SUSS MicroTec shares on the German XETRA and Frankfurt stock exchanges in the first half of 2018 amounted to approximately 92 thousand (H1 previous year: average daily trading volume of approximately 126 thousand shares).

SUSS MICROTEC SHARE PERFORMANCE IN THE FIRST HALF YEAR 2018



XETRA closing price of the SUSS MicroTec share on January 2, 2018: € 16.78

SÜSS MicroTec SE, indexed
TecDAX, indexed
Prime IG Semiconductor, indexed

From left to right:
Robert Leurs, *Chief Financial Officer*
Dr. Franz Richter, *Chief Executive Officer*
Walter Braun, *Chief Operating Officer*

OUTLOOK

Based on the order backlog as of the end of 2017 and the achieved level of sales and order entry in the first half of 2018, the Company continues to forecast sales for the current fiscal year in the range between EUR 195 million and EUR 205 million. Given rising research and development costs related to the medium-term development of the Company, an unchanged earnings margin (EBIT margin) in the range of 8.5 percent to 10.0 percent is expected.

For the third and fourth quarters of 2018 we expect order entry of more than EUR 95 million.

Garching, Germany, August 2018

Dr. Franz Richter
Chief Executive Officer

Walter Braun
Chief Operating Officer

Robert Leurs
Chief Financial Officer

GROUP INTERIM MANAGEMENT REPORT

of SUSS MicroTec SE

OVERVIEW OF BUSINESS DEVELOPMENT

In the first half of 2018, the Company generated good order entry of € 78.2 million, this amounts to a planned decrease of 17.2 percent from the strong previous year (previous year: € 94.4 million). The continued good demand for SUSS MicroTec products was attributable in part to good market conditions in the semiconductor industry. In addition, the Company's innovative solutions, particularly with temporary bonding systems, allowed it to score points with important international customers.

Taking only the second quarter of 2018 into account, it was possible to achieve order entry of € 39.6 million (previous year: € 48.4 million). Sales reached € 54.3 million after € 43.3 million in the previous year's quarter. EBIT amounted to € 6.8 million, corresponding to an EBIT margin of 12.5 percent. All of the Company's divisions contributed to these positive earnings. This results in earnings per share of € 0.22 in the second quarter of 2018 (previous year's quarter: € 0.20).

Sales increased significantly in the first half of 2018 to € 97.4 million, an increase of 46.9 percent, which was distinctly above the previous year's level (H1 2017: € 66.3 million). The order backlog as of June 30, 2018, amounted to € 114.1 million (June 30, 2017: € 128.8 million). Consequently, earnings before interest and taxes (EBIT) of € 7.6 million were likewise significantly higher than the € 1.6 million of the previous year. This resulted in an EBIT margin for the first half of 2018 of 7.8 percent (previous year: 2.4 percent). Earnings after taxes (EAT) increased from the previous year, totaling € 4.2 million (previous year: € -0.7 million). The basic earnings per share (EPS) at mid-year amount to € 0.22 (previous year: € -0.04).

Before taking securities transactions into account, free cash flow at the end of the first half of 2018 amounted to € -15.9 million after € -5.6 million in the previous year. Net liquidity totaled € 17.1 million as of June 30, 2018 (previous year: € 25.0 million). The reason for the decrease of net liquidity is the further build-up of inventory reserves. This is due mainly to the high order backlog. In addition, preproduction is taking place for the most popular tools and components so that we can continue to offer our customers the shortest possible delivery times. For this purpose, it is necessary to order in advance and accordingly prefinance certain components.

In the first half of 2018, all important regions except for EMEA recorded a decrease in order entry. The EMEA region recorded growth of € 16.9 million to € 22.1 million, a gain of approximately 31 percent, while the Asia-Pacific region booked a decrease in order entry of approximately 25.5 percent to € 50.2 million (previous year: € 67.4 million). The main reason for this was the strong previous year with exceptionally high orders in the Lithography and Bonder divisions. Order entries in North America decreased from € 10.1 million to € 5.9 million, corresponding to a decline of 41.6 percent.

Regional sales consistently displayed substantial growth in the first half of the year. While the Asia-Pacific region was higher by approximately 42.4 percent, EMEA and North America booked increases of 57.9 percent and 54.4 percent, respectively. A large share of the high order backlog in the Bonder and Lithography divisions that was recorded as of December 31, 2017, was assigned to sales in the first half of 2018, leading to growth in the corresponding regions.

BUSINESS DEVELOPMENT IN THE INDIVIDUAL DIVISIONS

Lithography

The Lithography division includes the development, manufacture, and sale of the mask aligner, UV projection scanners, and laser processing tool product lines as well as coaters and developers. The mask aligner, coater, and developer product lines are manufactured in Germany at the locations in Garching near Munich and Sternenfels. UV projection scanners and laser processing tools are manufactured in a site in Corona, California (USA).

In the first six months of 2018, order entry totaled € 50.3 million after € 64.7 million in the previous year. This amounts to a scheduled decrease of approximately 22.3 percent. Given the good order entries in the previous quarters, the coaters/developers and mask aligners in particular recorded significant growth in sales. Division sales in the first half of 2018 amounted to € 59.3 million after € 43.7 million in the previous year, an increase of approximately 35.7 percent. The gross profit margin increased from 31.0 percent to 33.3 percent. Division earnings improved from € 0.1 million to € 4.9 million.

LITHOGRAPHY DIVISION OVERVIEW

in € million	H1 2018	H1 2017
Order entry	50.3	64.7
Division sales	59.3	43.7
Division earnings	4.9	0.1
Net assets	61.5	60.8

Bonder

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

In 2017, three temporary bonding systems were ordered by an internationally leading integrated device manufacturer (IDM), which is already employing several of the systems in its production. The tools are configured for the temporary bonding of 300 mm wafers for 3D TSV integration processes in logic and memory applications. These tools were delivered in the first half of 2018 and recorded as sales. In addition, we believe we are well-positioned in the area of permanent bonding, especially with the XB8 and the new XBS200, and we are registering increasing interest in the market. However, this is currently reflected only in individual tool orders.

After a strong first half of 2017, the Bonder division showed a significant decrease in order entry of 50.6 percent in the first half of 2018. The reason for this is the previously described high level of order entry in the area of temporary bonding during the first half of 2017. For the second half of 2018, we expect a repeated revival of order entry in the area of temporary bonding. Because of the high order backlog, sales increased from € 7.3 million in the previous year to € 20.0 million in the first half of 2018. The gross profit margin decreased from 52.7 percent to 37.7 percent. The reason for this high gross profit margin in 2017 was a single order with an above-average margin from the permanent bonding area. At 37.7 percent, however, the gross margin in the Bonder division during the first half of 2018 is still above the current average for the Company. Division earnings reached positive territory, amounting to € 3.0 million at mid-year (previous year: € 0.5 million). This corresponds to an EBIT margin of 14.8 percent (previous year: 7.4 percent).

BONDER DIVISION OVERVIEW

in € million	H1 2018	H1 2017
Order entry	7.7	15.6
Division sales	20.0	7.3
Division earnings	3.0	0.5
Net assets	17.5	9.2

Photomask Equipment

The Photomask Equipment division, which is located at the Sternenfels site near Stuttgart, comprises the development, manufacture, and sale of specialized tools for the cleaning and processing of photomasks for the semiconductor industry. Among the markets targeted by the Photomask Equipment division is the semiconductor industry, where SUSS MicroTec is active on the front end.

In the first half of 2018, the Photomask Equipment division recorded order entry of € 14.5 million (previous year: € 8.1 million). Division sales were € 12.1 million, compared to € 9.8 million a year earlier. The gross profit margin in this division decreased after a strong first half of 2017 from 41.2 percent to 36.6 percent. Division earnings declined slightly from € 1.8 million to € 1.7 million due to the somewhat less favorable mix of products and customers.

Since order entry and sales in this division are usually comprised of a few large individual orders, significant fluctuations in order entry, sales, and therefore earnings are possible over the course of the year.

PHOTOMASK EQUIPMENT DIVISION OVERVIEW

in € million	H1 2018	H1 2017
Order entry	14.5	8.1
Division sales	12.1	9.8
Division earnings	1.7	1.8
Net assets	12.4	7.4

Others

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

Order entry in this division decreased slightly and amounted to € 5.7 million (previous year: € 6.0 million) in the first two quarters of 2018. Sales increased year-over-year to € 6.0 million (previous year: € 5.5 million). Division earnings of € -2.0 million were below the level of the previous year (previous year: € -0.9 million).

OTHERS DIVISION OVERVIEW

in € million	H1 2018	H1 2017
Order entry	5.7	6.0
Division sales	6.0	5.5
Division earnings	-2.0	-0.9
Net assets	25.9	21.3

GROSS PROFIT

In the first half of 2018, the entire gross profit of all product lines amounted to € 34.3 million after € 24.7 million in the first half of the previous fiscal year. The average gross profit margin declined from 37.2 % in the same period of the previous year to 35.2 %. The very favorable gross profit margin in the first half of 2017 resulted primarily from sales for multiple highly priced, high-margin tools from the Bonder and Photomask Equipment divisions. In the first half of 2018, the Lithography division in particular achieved a very high gross profit margin year-over-year. The Bonder and Photomask Equipment divisions were not, however, able to reach the exceptionally high level of the previous year. They nevertheless achieved gross profit margins slightly above the average.

OTHER EXPENSES AND INCOME

Administration costs of the Company increased in the first half of 2018, totaling € 7.5 million (first half of 2017: € 6.9 million). The selling costs increased significantly to € 10.0 million (first half of 2017: € 8.7 million). The large increase of selling costs is primarily a result of the significantly higher planned sales.

Research and development costs increased further to € 8.8 million after € 7.5 million in the comparable period of the previous year. Additional new hires were made in the first half of 2018; in addition, the area of research and development increasingly resorted to external service providers and partners. Increased personnel capacity for research and development gives SUSS MicroTec the opportunity to expand its activities in this area further.

Other operating income totaled € 1.3 million after € 2.2 million in the first half of 2017. Of that amount, € 1.1 million related to foreign currency gains (first half of 2017: € 1.6 million).

Other operating expenses of € 1.7 million included foreign currency losses of € 1.6 million. In the first half of the previous year, other operating expenses amounted to € 2.3 million.

Since January 1, 2018, foreign currency gains and losses resulting from the measurement of customer receivables, as well as additions to value adjustments for receivables, are to be reported under sales in accordance with IFRS 15. In the first half of 2018, this resulted in net reduced sales being recorded in the amount of € 0.2 million.

FINANCIAL RESULT AND TAXES

The financial result in the first half of 2018 amounted to € -0.1 million (previous year: € -0.1 million), reflecting interest income and expenses.

A tax expense of € 3.4 million was recognized in the first half of 2018. This resulted in a consolidated tax rate of 45 % that significantly deviated from the average consolidated tax rate of approximately 28 %. This development is essentially due to the fact that it was not possible to recognize deferred tax assets for the losses incurred by foreign subsidiaries in the USA. In the previous year, a tax expense of € 2.2 million was recognized.

FINANCIAL POSITION

The SUSS MicroTec Group's net cash position – the balance from cash and cash equivalents, interest-bearing securities, and financial liabilities – fell by approximately € 15.8 million when compared with December 31, 2017, to € 17.1 million.

Before consideration of securities purchases and sales, free cash flow was negative in the first half of the year at € -15.9 million. One reason for this was negative cash flow from operating activities of € -12.4 million. Another was that investments led to a negative cash flow from investing activities, which amounted to € -3.5 million in the first half of 2018. In the first half of 2017, free cash flow was also negative at € -5.6 million.

In the first half of 2018, cash flow from operating activities totaled € -12.4 million. The build-up of inventory reserves accounted for cash outflows of approximately € 15.4 million, taking into account the good orders position in the first half of 2018. Further cash outflows resulted from a slight decrease in received customer down payments and advance tax payments. The cash flow from operating activities was positively influenced by the profit (after taxes) achieved in the first half of the year in the amount of € 4.2 million.

Cash flow from investing activities totaled € -3.5 million. The largest investments in the first half of 2018 involved investments in the buildings in Garching and Sternenfels, new acquisitions of technical equipment for production at SMO in Hauterive (Switzerland) and SMT PS in Corona (USA), as well as expenditures for hardware and operating and office equipment at the sites in Garching, Sternenfels, and Corona (USA).

Cash flow from financing activities amounted to € -0.5 million and indicates the scheduled repayment of the bank loan that served to finance the property in Garching. As of December 31, 2017, this loan had a loan status of € 3.5 million.

The Group's cash and cash equivalents denominated in foreign currencies are primarily held by foreign Group companies. Their net value increased by approximately € 0.1 million as a result of being exchanged into euros on June 30, 2018. The effect of the valuation was recognized without effect on profit and loss in other comprehensive income.

Besides cash and cash equivalents of € 13.1 million (December 31, 2017: € 36.5 million), the Group had credit and guarantee lines of € 21.25 million as of the half-year reporting date, which were not secured and not bound to financial covenants. The utilization of these credit lines amounted to € 5.8 million as of the half-year reporting date and primarily related to down payment guarantees for customer down payments and tender guarantees for public tenders. Thus, the Group has sufficient funds at its disposal to finance the operational business.

ASSETS POSITION

Noncurrent assets totaled € 44.1 million as of the half-year reporting date and were thus approximately € 1.4 million higher than on December 31, 2017.

Current assets of the Group declined by € 2.4 million from € 159.2 million (December 31, 2017) to € 156.8 million as of the half-year reporting date.

As of June 30, 2018, the disclosed amount of inventories increased significantly. As of the half-year reporting date, the gross amount of inventories totaled € 134.9 million, approximately € 15.7 million higher than as of December 31, 2017. The significant increase was attributable to higher inventories of both materials and auxiliary supplies as well as unfinished goods. In addition, inventories of demonstration equipment increased slightly. Conversely, the inventory of tools already delivered to end customers but for which final acceptance (and therefore revenue recognition) is still outstanding decreased slightly. The value adjustments made for inventory increased slightly compared to the end of the previous year. As of June 30, 2018, they amounted to approximately € 21.9 million (after € 21.2 million as of December 31, 2017). Of this amount, approximately € 13.4 million (December 31, 2017: € 13.3 million) was attributable to write-downs for demonstration equipment.

Trade receivables decreased by € 0.9 million from December 31, 2017, due to the reporting date and amounted to € 18.7 million as of mid-year.

The negative cash flow generated in the first half of the year led to a decline in the level of cash and cash equivalents, which amounted to € 13.1 million as of June 30, 2018 (after € 36.5 million as of December 31, 2017). In addition, as of June 30, 2018, the portfolio included securities of € 7.0 million, whereas the portfolio did not include any securities as of December 31, 2017. The securities involve commercial papers with a remaining term of up to three months.

The shareholders' equity of the SUSS MicroTec Group has grown since December 31, 2017, by € 4.8 million to € 131.7 million. The equity ratio increased from 62.9% to 65.6%.

Additional details about the development of consolidated equity are presented in the consolidated statement of shareholders' equity.

Noncurrent liabilities decreased from € 7.2 million to € 6.8 million. The decline resulted primarily from the scheduled repayment of the loan that served to finance the property in Garching. Pension provisions increased by € 0.1 million.

In the first half of 2018, current liabilities declined by € 5.3 million to € 62.4 million. The development of received customer down payments, which declined from € 40.3 million as of the end of 2017 to € 38.5 million, accounted for the majority of the decrease. Tax liabilities, which still amounted to € 3.6 million as of the end of 2017, was reduced to € 1.4 million due to tax payments. In addition, other financial liabilities of € 5.8 million were much lower than on December 31, 2017, when € 6.7 million were still recognized. The major factors here were lower obligations for premiums and commissions.

GROUP EMPLOYEES

As of June 30, 2018, the Group had 850 employees within the individual companies (June 30, 2017: 734 employees).

POTENTIAL

OPPORTUNITIES AND RISKS FOR THE FUTURE DEVELOPMENT OF THE SUSS MICROTEC GROUP

The goal of our opportunity and risk management is to maintain and increase the enterprise value of the SUSS MicroTec Group. Our corporate goals include the early and successful detection of opportunities, the identification and suitable assessment of the related risks, and an appropriate response. The diverse opportunities for our Group result from technology leadership in our businesses, our broad spectrum of products and solutions for the semiconductor equipment industry, collaborations with international customers and research institutes, and our global positioning.

We define opportunities and risks as follows:

- Opportunities are possible future developments or events that can lead to a deviation from forecasts or targets that is positive for the Group.
- Under risks, we understand possible future developments or events that can lead to a deviation from forecasts or targets that is negative for the Group.

The analysis and assessment of opportunities and risks for the Group is the subject of continuous deliberations by the Management Board and the management of the Group. On the basis of an opportunity-oriented, but simultaneously risk-conscious management, however, the Company's fundamental goal is not to avoid all potential risks. Instead, it constantly aims to achieve an optimum level of risk avoidance, risk reduction, and the controlled acceptance of risk. An awareness of risks should not interfere with the ability to identify opportunities and to use them for the benefit of the Company and its shareholders.

The risk management system has long been a component of corporate management for the purpose of recognizing and controlling risks, and for meeting legal requirements. For a detailed discussion of the functioning of the risk management system, the related risk assessment, and resulting risk management, we refer to the 2017 Annual Report.

Macroeconomic, Strategic Corporate, and Sector and Market-Specific Opportunities and Risks

In the last Annual Report, we described in detail in the Risk Report the opportunities and risks that we see for our Group in the macroeconomic environment, in the context of strategic corporate decisions, and in our sector and market environment. In the first half of the current fiscal year, there were no substantial changes to the outlined risks and opportunities or our assessment.

Operational Opportunities and Risks

In the 2017 Annual Report, we cited as operational opportunities the strong market position of our mask aligner and coater/developer product lines, with which we achieve constant sales and stable margins. Furthermore, we discussed opportunities for the restructured Bonder division. In 2017, this division achieved relatively high order entries and positive earnings for the first time. In the Photomask Equipment division, we presented our solidified market position and the high sales and margins that can be achieved with few individual orders. In the first half of 2018, there were no substantial changes to these outlined opportunities or our assessment.

In the 2017 Annual Report, we discussed in detail our position on the operational risks that could have a negative impact on the business performance of the SUSS MicroTec Group. The material risks that we identified involved lower sales of Mask Aligners, the conceivable loss of market share for coaters as well as our market position in the Bonder division both for permanent and temporary bonding. In the first half of 2018, nothing changed in the fundamental risk structure or our assessment of these specified risks.

For the UV projection lithography and laser processing product lines, we discussed in the 2017 Annual Report both the opportunity to win substantial, high-margin orders in the future as well as the risk that both of these product lines could generate long-term losses as a result of low sales volumes.

Since the acquisition in March 2012, these product lines of SUSS MicroTec Photonic Systems have produced a significant loss every year, which has weighed on the earnings of the Lithography division and the Group. For 2018, we also anticipate a negative contribution to earnings for both the UV projection scanner and laser processing product lines. However, with a new production generation for the DSC300 we consider ourselves well-positioned to be represented in the market with a competitive product. We are convinced that we will be successful beginning in 2020/2021 in achieving substantial sales and positive margins with our UV projection scanners. In the first half of 2018, nothing changed in the fundamental risk structure or our assessment of the opportunities and risks that we see in connection with the product lines of SMT PS.

Development-Specific Opportunities and Risks

In the 2017 Annual Report, we discussed our intention to further expand development activities for our product lines and to focus on the development of new technologies, and the improvement of existing technologies, among other things. Accordingly, once again in the first half of 2018, we hired additional employees for our development departments but also increasingly resorted to external service providers and partners. As a result, development expenses continued to increase in the first two quarters of 2018 compared with the corresponding period of the previous year.

In last year’s Annual Report, we described development-specific risks involving our product policy and customer satisfaction. Material risks could result if our ability to innovate turns out to be inadequate or if our development projects fall short of their goals. In addition, a possible loss of market leadership in individual areas could present a material risk for our sales development. These risks remain unchanged in 2018.

Other Opportunities and Risks

In the 2017 Annual Report, we discussed in detail employee-specific and financial opportunities and risks as well as information technology risks. There were no significant changes in our assessment of these opportunities and risks in the first half of 2018.

Risk Management System

The risk management system described in the 2017 Annual Report continued to be used in the first half of 2018.

SUBSEQUENT EVENTS

No material events requiring disclosure occurred after the end of the interim reporting period.

Report on Material Transactions with Related Parties

In the first half of 2018 as well as in the entire 2017 fiscal year, there were no material transactions with related parties subject to the disclosure requirements of IAS 24.

FORECAST REPORT

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

OVERALL MACROECONOMIC CONDITIONS

According to the ifo Institute, worldwide global expansion remains intact. Global real gross domestic product increased in the fourth quarter of 2017 and first quarter of 2018 with rates of 0.8 % and 0.7 %, respectively, in comparison to the previous quarters. In the second and third quarters of 2018, the global economy is expected to build on the economic growth of the fourth quarter of 2017 and thus grow more strongly than in the first quarter of 2018. The trade policies of the U.S. and China and the imminent Brexit with its consequences for Europe and Great Britain, which until now have not been possible to assess, are factors that point to some uncertainty about the further development of the global economy.

Economic indicators for the eurozone point to a slowdown of further economic development. The real gross domestic product in the eurozone may be 2.1 % and 1.8 % this year and next, respectively, after growth of 2.6 % in 2017.

In Germany, the sustained economic boom has lost a bit of momentum, which is why the ifo Institute has significantly lowered its economic forecast from the spring of 2018. Overall, global GDP is expected to expand by only 1.4 % in the course of 2018. This corresponds to a noticeable slowdown of economic growth compared to the previous two years.

INDUSTRY-SPECIFIC CONDITIONS

According to the most recent estimates from Gartner, the semiconductor market grew to a record volume of US$ 420.4 billion in 2017. The represents an increase of more than 21 % over the 2016 fiscal year. This positive trend is expected to continue in the current fiscal year. Gartner's experts expect growth in the semiconductor market of approximately 7.5 % as of the end of the year, which would correspond to a market volume of more than US$ 450 billion. Expectations for the semiconductor equipment market are accordingly optimistic. The SEMI industry association forecasts growth in the semiconductor equipment market of 10.8 % to € 62.7 million and further growth of approximately 7.7 % in 2019. For 2018, strong growth is expected especially from South Korea, Taiwan, and China. In China alone, investments in equipment are expected to increase in 2018 by approximately 65 % and in 2019 by another 57 %. This would mean reaching an investment volume in China of approximately US$ 18 billion in 2019. In China, investment in equipment in 2017 still totaled approximately US$ 8 billion; in South Korea, by comparison, it totaled nearly US$ 20 billion.

EXPECTED DEVELOPMENT IN THE MAJOR MARKETS

According to forecasts from Yole Developpement, one of our most dynamic target markets (the market for microsensors (MEMS)) will continue to have very good development. Average yearly market growth of 17.5 % is expected for the period from 2017 to 2023. The drivers of this growth include issues such as autonomous driving, augmented reality, artificial intelligence, mobile data connections that are even faster overall, and the communications industry. Sensors will play an even more important role here than in the past.

There have been no changes in the market expectations for the entire area of advanced packaging that were presented in the forecasts in the Annual Report. The specialty area of wafer-level packaging and assembly, which is relevant for SUSS MicroTec, grew by 25.8 percent to US$ 3.8 billion in the 2017 fiscal year, according to SEMI. For the current fiscal year Gartner expects a stabilization of the market at the high level of the previous year. Growth of 0.1 percent is forecast. For the 2019 fiscal year, a 7.3 percent decline in market volume could occur. By contrast, growth of 8 percent is expected for equipment in the area of assembly and packing.

The slow but constantly progressing introduction of extreme ultraviolet lithography and the growing complexity of production processes in the front end of the semiconductor industry could mean future growth opportunities for our market segment Photomask Equipment.

STATEMENT ON THE PROJECTED DEVELOPMENT OF THE GROUP

Based on the order backlog as of the end of 2017 and the achieved order entries in the first half of 2018, the Company continues to forecast sales for the current fiscal year in the range between € 195 million and € 205 million and an earnings margin (EBIT) between 8.5 percent and 10.0 percent.

For the third and fourth quarters of 2018, we again expect good order entry of more than € 95 million.

FORWARD-LOOKING STATEMENTS

This Interim Report contains information and forecasts that refer to the future developments of the SUSS MicroTec Group and its companies. The forecasts are assessments that the Company has made based on all of the information available to it at the present time. Should the assumptions on which these forecasts are based not occur or the risks – as addressed in the risk report – arise, the actual results may deviate from those currently expected.

Garching, Germany, August 3, 2018,

Dr. Franz Richter
Chief Executive Officer

Walter Braun
Chief Operating Officer

Robert Leurs
Chief Financial Officer

CONSOLIDATED STATEMENT OF INCOME (IFRS)

in € thousand	**04/01/2018–06/30/2018**	**04/01/2017–06/30/2017**	**01/01/2018–06/30/2018**	**01/01/2017–06/30/2017**
Sales	54,344	43,293	97,419	66,313
Cost of sales	-33,748	-25,224	-63,114	-41,625
Gross profit	**20,596**	**18,069**	**34,305**	**24,688**
Selling costs	-5,172	-4,314	-10,024	-8,653
Research and development costs	-4,528	-4,013	-8,807	-7,474
Administration costs	-3,707	-3,304	-7,491	-6,881
Other operating income	246	1,524	1,339	2,214
Other operating expenses	-657	-1,597	-1,734	-2,343
Analysis of net income from operations (EBIT)				
EBITDA (Earnings before interest and taxes, depreciation and amortization)	7,867	7,417	9,886	3,674
Depreciation and amortization of tangible assets, intangible assets and financial assets	-1,089	-1,052	-2,298	-2,123
Net income from operations (EBIT)	**6,778**	**6,365**	**7,588**	**1,551**
Financial income	10	11	17	28
Financial expenses	-42	-56	-84	-110
Financial result	**-32**	**-45**	**-67**	**-82**
Profit before taxes	**6,746**	**6,320**	**7,521**	**1,469**
Income taxes	-2,647	-2,389	-3,371	-2,160
Net profit	**4,099**	**3,931**	**4,150**	**-691**
thereof equity holders of SUSS MicroTec	4,099	3,931	4,150	-691
Earnings per share (basic)				
Earnings per share in €	0.22	0.20	0.22	-0.04
Earnings per share (diluted)				
Earnings per share in €	0.22	0.20	0.22	-0.04

STATEMENT OF COMPREHENSIVE INCOME (IFRS)

in € thousand	01/01/2018 – 06/30/2018	01/01/2017 – 06/30/2017
Net profit	**4,150**	**-691**
Items that will not be reclassified to profit and loss		
Remeasurements on defined benefit pension plans	0	0
Deferred taxes	0	0
Other comprehensive income after tax for items that will not be reclassified to profit and loss	**0**	**0**
Items that will be reclassified to profit and loss in later periods		
Foreign currency adjustment	609	-2,004
Cash flow hedges	0	0
Deferred taxes	0	0
Other comprehensive income after tax for items that will be reclassified to profit and loss	**609**	**-2,004**
Total income and expenses recognized in equity	**609**	**-2,004**
Total income and expenses reported in the reporting period	**4,759**	**-2,695**
thereof equity holders of SUSS MicroTec SE	4,759	-2,695
thereof non-controlling interests	0	0

CONSOLIDATED BALANCE SHEET (IFRS)

in € thousand	06/30/2018	12/31/2017
Assets		
Noncurrent assets	**44,131**	**42,701**
Intangible assets	2,316	2,609
Goodwill	15,632	15,573
Tangible assets	24,906	23,302
Other assets	527	503
Deferred tax assets	750	714
Current assets	**156,817**	**159,249**
Inventories	112,912	97,945
Trade receivables	18,694	19,633
Other financial assets	198	483
Securities	6,996	0
Current tax assets	2	83
Cash and cash equivalents	13,128	36,464
Other assets	4,887	4,641
Total assets	**200,948**	**201,950**

in € thousand	06/30/2018	12/31/2017
Liabilities & Shareholders' Equity		
Equity	**131,746**	**126,987**
Total equity attributable to shareholders of SUSS MicroTec SE	**131,746**	**126,987**
Subscribed capital	19,116	19,116
Reserves	114,436	110,286
Accumulated other comprehensive income	-1,806	-2,415
Noncurrent liabilities	**6,831**	**7,246**
Pension plans and similar commitments	4,831	4,746
Financial debt	2,000	2,500
Current liabilities	**62,371**	**67,717**
Provisions	3,366	2,659
Tax liabilities	1,436	3,582
Financial debt	1,005	1,005
Other financial liabilities	5,755	6,748
Trade payables	7,106	7,289
Other liabilities	43,703	46,434
Total liabilities and shareholders' equity	**200,948**	**201,950**

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

in € thousand	**01/01/2018 – 06/30/2018**	**01/01/2017 – 06/30/2017**
Net profit (after taxes)	4,150	-691
Amortization of intangible assets	611	637
Depreciation of tangible assets	1,688	1,486
Profit on disposal of intangible and tangible assets	0	2
Change of reserves on inventories	719	-554
Change of reserves for bad debts	395	552
Non-cash income from the reversal of provisions	0	-202
Other non-cash effective income and expenses	136	606
Change in inventories	-15,436	-23,920
Change in trade receivables	644	4,677
Change in other assets	15	-602
Change in pension provisions	41	7
Change in trade payables	-212	3,867
Change in down payments received	-1,814	14,364
Change in other liabilities and other provisions	-1,246	-3,076
Change of tax assets and tax liabilities	-2,101	-1,121
Cash flow from operating activities	**-12,410**	**-3,968**

in € thousand	01/01/2018 – 06/30/2018	01/01/2017 – 06/30/2017
Disbursements for tangible assets	-3,226	-1,461
Disbursements for intangible assets	-296	-217
Purchases of current available-for-sale securities	-6,996	-7,993
Cash flow from investing activities	**-10,518**	**-9,671**
Repayment of bank loans	-500	-500
Change in current bank liabilities	0	3
Cash flow from financing activities	**-500**	**-497**
Adjustments to funds caused by exchange rate fluctuations	92	-485
Change in cash and cash equivalents	**-23,336**	**-14,621**
Funds at the beginning of the year	36,464	35,621
Funds at the end of the period	**13,128**	**21,000**
Cash flow from operating activities includes:		
Interest paid during the period	62	80
Interest received during the period	15	24
Tax paid during the period	4,819	2,933
Tax refunds during the period	124	152

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

in € thousand	**Subscribed capital**	**Additional paid-in capital**	**Earnings reserve**	**Retained earnings**
As of January 1, 2017	**19,116**	**71,547**	**433**	**31,831**
Net income / loss				-691
Total income and expenses recognized in equity				
Total comprehensive income / loss				-691
Reclassification into earnings reserve			-231	
As of June 30, 2017	**19,116**	**71,547**	**202**	**31,140**
As of January 1, 2018	**19,116**	**71,547**	**202**	**38,537**
Net income / loss				4,150
Total income and expenses recognized in equity				
Total comprehensive income / loss				4,150
As of June 30, 2018	**19,116**	**71,547**	**202**	**42,687**

Accumulated other comprehensive income					**Total equity attributable to shareholders of SUSS MicroTec SE**	**Equity**
Items that will not be reclassified to profit and loss		Items that will be reclassified to profit and loss in later periods				
Remeasure-ments on defined benefit pension plans	Deferred taxes	Foreign currency adjustment	Cash flow hedges	Deferred taxes		
-3,013	**766**	**3,673**	**0**	**0**	**124,353**	**124,353**
					-691	-691
0	0	-2,004	0	0	-2,004	-2,004
0	0	-2,004	0	0	-2,695	-2,695
322	-91					
-2,691	**675**	**1,669**	**0**	**0**	**121,658**	**121,658**
-2,984	**736**	**-167**	**0**	**0**	**126,987**	**126,987**
					4,150	4,150
0	0	609	0	0	609	609
0	0	609	0	0	4,759	4,759
-2,984	**736**	**442**	**0**	**0**	**131,746**	**131,746**

SEGMENT REPORTING (IFRS)

The Segment Reporting is part of the notes to the consolidated financial statements.

SEGMENT INFORMATION BY BUSINESS SEGMENT

	Lithography		Bonder	
in € thousand	**6 Months / 2018**	**6 Months / 2017**	**6 Months / 2018**	**6 Months / 2017**
External Sales	59,311	43,719	19,982	7,347
Internal Sales	0	0	0	0
Total sales	**59,311**	**43,719**	**19,982**	**7,347**
Result per segment (EBIT)	4,913	106	2,952	547
Income before taxes	4,912	84	2,952	545
Significant non-cash items	-1,087	21	-48	216
Segment assets	101,285	100,166	28,211	16,924
thereof goodwill	15,632	15,674	0	0
Unallocated assets				
Total assets				
Segment liabilities	-39,790	-39,380	-10,734	-7,766
Unallocated liabilities				
Total liabilities				
Depreciation and amortization	1,017	875	196	128
thereof scheduled	1,017	875	196	128
thereof impairment loss	0	0	0	0
Capital expenditure	**1,189**	**417**	**182**	**50**
Workforce on June 30	533	465	96	88

SEGMENT INFORMATION BY REGION

	Sales		Capital expenditure		Assets (without goodwill)	
in € thousand	**6 Months / 2018**	**6 Months / 2017**	**6 Months / 2018**	**6 Months / 2017**	**6 Months / 2018**	**6 Months / 2017**
EMEA	21,973	13,912	3,040	1,532	140,458	113,654
North America	10,501	6,801	444	136	15,038	23,681
Asia and Pacific	64,945	45,600	39	10	4,357	3,256
Consolidation effects	0	0	0	0	-1,025	-2,166
Total	**97,419**	**66,313**	**3,523**	**1,678**	**158,828**	**138,425**

	Photomask Equipment		Others		Consolidation effects		Total	
	6 Months / 2018	**6 Months / 2017**	**6 Months / 2018**	**6 Months / 2017**	**6 Months / 2018**	**6 Months / 2017**	**6 Months / 2018**	**6 Months / 2017**
	12,113	9,784	6,013	5,463	–	–	97,419	66,313
	0	0	3,936	2,776	-3,936	-2,776	0	0
	12,113	**9,784**	**9,949**	**8,239**	**-3,936**	**-2,776**	**97,419**	**66,313**
	1,674	1,799	-1,951	-901	–	–	7,588	1,551
	1,674	1,798	-2,017	-958	–	–	7,521	1,469
	-25	-208	425	-27	–	–	-735	2
	17,264	13,793	27,700	23,216	–	–	174,460	154,099
	0	0	0	0	–	–	15,632	15,674
							26,488	35,171
							200,948	**189,270**
	-4,888	-6,349	-1,765	-1,887	–	–	-57,177	-55,382
							-12,025	-12,230
							-69,202	**-67,612**
	85	64	1,000	1,056	–	–	2,298	2,123
	85	64	1,000	1,056	–	–	2,298	2,123
	0	0	0	0	–	–	0	0
	81	**43**	**2,070**	**1,168**	**–**	**–**	**3,522**	**1,678**
	125	105	96	76	–	–	850	734

SELECTED EXPLANATORY NOTES TO THE INTERIM REPORT

of SUSS MicroTec SE as of June 30, 2018

(1) GENERAL ACCOUNTING POLICIES

The consolidated financial statements of SUSS MicroTec SE as of December 31, 2017, were prepared in accordance with the International Financial Reporting Standards (IFRS) applied by the International Accounting Standards Board (IASB) as of the closing date. The consolidated interim financial statements as of June 30, 2018, which were prepared on the basis of International Accounting Standards (IAS) 34 “Interim Financial Reporting,” do not contain all of the necessary information as required for the preparation of the Annual Report and should be read in conjunction with the consolidated financial statements of SUSS MicroTec SE as of December 31, 2017. For key statements about the introduction of both new standards IFRS 9 and IFRS 15 and their effects, please see note 2 (C), “Standards and Interpretations That Have Not Been Applied Prior to the Mandatory Applicable Date” in the 2017 Annual Report.

Beginning January 1, 2018, SUSS MicroTec SE is applying the new standards IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers.”

The new standard on financial instruments, IFRS 9, includes fundamental changes for the classification and measurement of financial assets as well as new rules for hedge accounting. The first use of this standard resulted in no adjustments at SUSS MicroTec.

IFRS 15 was implemented in the SUSS MicroTec Group as of January 1, 2018, using the modified retrospective method. According to this method, changeover effects are reported in Group shareholders’ equity, and the presentation of the comparison period remains unchanged. This did not result in significant effects.

As presented in our 2017 Group management report, the application of IFRS 15 results in no major changes to the nature and time of sales recognition. There may be temporal differences in the recognition of components of revenue arising from the reallocation of transaction prices to several performance obligations or several customer contracts. In addition, according to IFRS 15, the following disclosures are reported under sales, which were presented in other items of the statement of income until now:

- Extended warranty periods that extend beyond the statutory warranty count as their own performance component, to which a price must be assigned. Sales of this component are realized as soon as the services are performed (as soon as the extended warranty period begins). This is especially the case when extended warranty periods are granted to the customer free of charge. In these cases, an adequate price is to be determined for the performance component.
- In accordance with IFRS 15, fees from sales of scrap and commission earnings from third parties are to be reported as sales.
- Rental income from land, buildings, or equipment is to be reported as sales in accordance with IFRS 15.
- Value adjustments on trade receivables as well as gains and losses from the measurement of customer receivables in foreign currencies are to be reported as increases or decreases in sales.

The adjusted presentation of sales in accordance with IFRS 15 resulted in only slight effects in the first half of 2018. Without applying IFRS 15, sales in the first half of 2018 would have been approximately € 0.1 million higher. EBIT in the first half of 2018 would have been approximately € 0.2 million higher without applying IFRS 15.

Calculating the effects that would have resulted from the application of IFRS 15 in the first half of 2017 is not possible, or possible only with disproportionately high expense. Thus, also with regards to the effects of this application, which are slight in terms of the amount, no corresponding presentation is being made.

Otherwise, the same accounting methods were applied in the interim financial statements as of June 30, 2018, as were applied in the consolidated financial statements for the 2017 fiscal year. All of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) in effect as of June 30, 2018, have been applied.

For additional information about specific accounting and measurement methods, please see the consolidated financial statements of SUSS MicroTec SE as of December 31, 2017.

The Group auditor has neither audited nor reviewed the interim financial statements.

(2) CHANGES IN THE SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of SUSS MicroTec SE and of all material companies over which, independent of the level of its participatory investment, the proprietary company can exercise control (i.e., the control principle).

Compared with the consolidated financial statements as of December 31, 2017, there were no additional changes to the scope of consolidation.

(3) MANDATORY DISCLOSURES

Issues influencing assets, liabilities, shareholders' equity, the result for the period, or cash flows and unusual in terms of their nature, magnitude, or frequency did not arise during the interim reporting period.

SUSS MicroTec SE has an overdraft facility in the amount of EUR 7.5 million. In addition, the SUSS MicroTec Group has credit and guarantee lines totaling EUR 13.75 million. As of June 30, 2018, these lines have been utilized in the amount of EUR 5.8 million; this utilization occurred exclusively in the form of guarantees.

(4) CHANGE IN PRESENTATION

The first-time application of IFRS 15 resulted in changes in presentation to a limited extent in sales and other operating income and expenses, as well as in the statement of financial position for net sales. Otherwise, the presentation of the consolidated financial statements of SUSS MicroTec SE as of June 30, 2018, is analogous to the presentation as of December 31, 2017.

(5) CHANGES IN ESTIMATES

To the extent that estimates were made in the interim reports, the methodology underlying the estimates remained fundamentally the same during the fiscal year and in comparison to the previous fiscal year.

In a departure from the approach used at the end of the fiscal year, income tax expense in each interim reporting period is recorded on the basis of the best estimate of the weighted average annual income tax rate that is expected for the entire fiscal year.

SUSS MicroTec SE currently assumes that the annual income tax rate will deviate from the expected tax rate of approximately 28%. The primary reason for this is that deferred taxes on losses accrued by foreign subsidiaries cannot be capitalized.

Otherwise there are no changes requiring disclosure that would have a material impact on the current interim reporting period.

(6) BONDS AND EQUITY SECURITIES

During the reporting period, no issuances, repurchases, or repayments occurred involving either bonds or other equity securities.

(7) DIVIDENDS PAID

During the reporting period, no dividend was distributed nor was such a distribution proposed.

(8) SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

No material events occurred after the end of the interim reporting period.

(9) CONTINGENT LIABILITIES AND RECEIVABLES

There are no contingent receivables. There have been no substantial changes in contingent liabilities since the previous reporting date of December 31, 2017.

(10) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period (net of minority interests) by the average number of shares.

In order to calculate diluted earnings per share, the profit or loss for the period attributable to shareholders (net of minority interests) and the weighted average of outstanding shares are adjusted for the impact of all potential dilutive shares.

The following table shows the calculation of the basic and diluted earnings per share:

in € thousand	6 Months / 2018	6 Months / 2017
Profit / Loss, which accrue to shareholders of SUSS MicroTec SE	4,150	-691
Weighted average number of outstanding shares	19,115,538	19,115,538
Effect of the (potential) exercise of stock options (number of options)	0	0
Adjusted weighted average number of outstanding shares	19,115,538	19,115,538
Earnings per share in € – basic	**0.22**	**-0.04**
Earnings per share in € – diluted	**0.22**	**-0.04**

RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, we assure that in accordance with applicable accounting principles for interim reporting, the consolidated interim financial statements convey an accurate view of the net assets, financial position, and results of operations of the Group and that the Interim Management Report conveys an accurate view of the business performance, including the earnings and condition of the Company, and describes the essential opportunities and risks for the Group's future development in the remainder of the fiscal year.

Garching, Germany, August 3, 2018

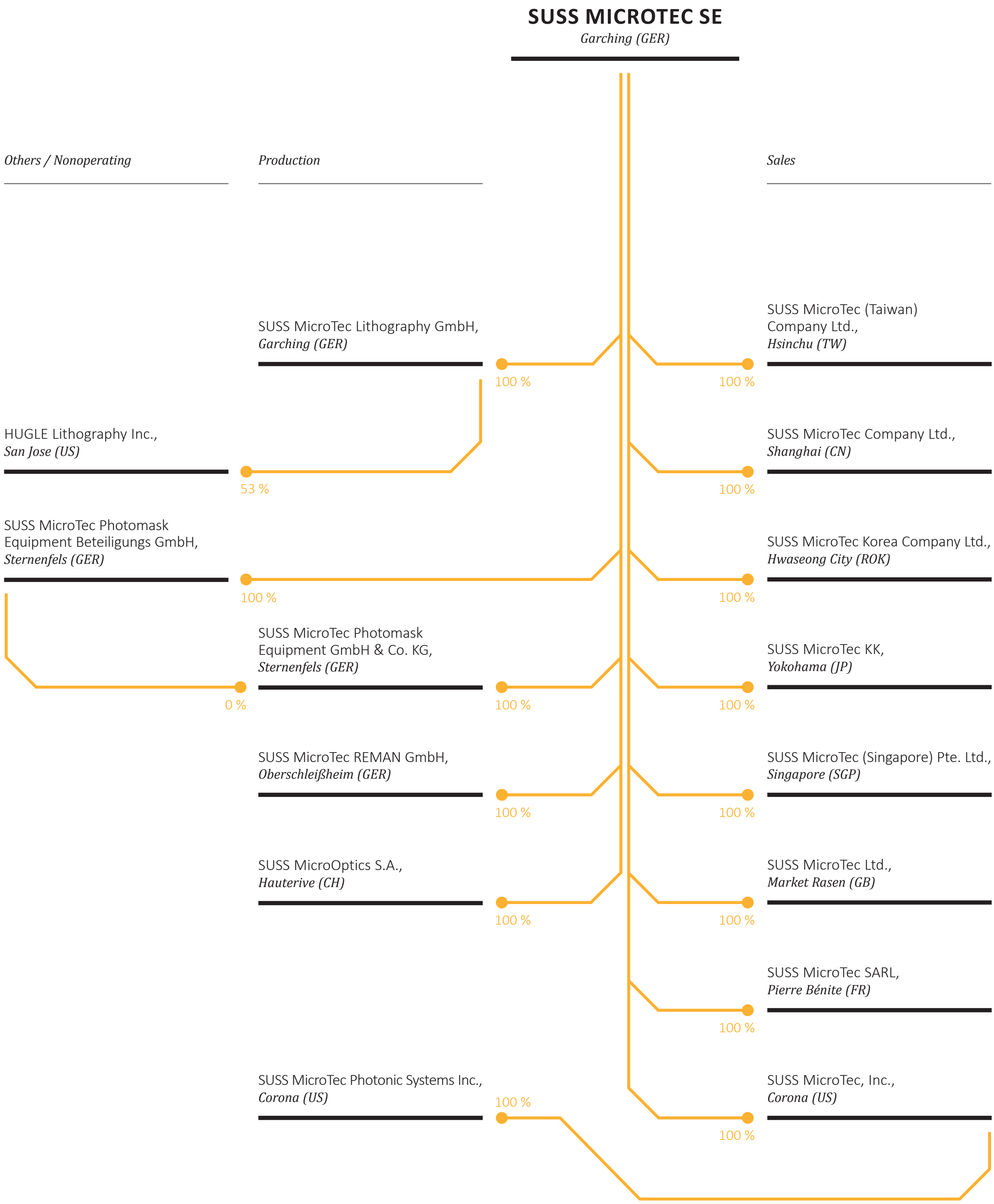
SUSS MicroTec SE
The Management Board

Dr. Franz Richter
Chief Executive Officer

Walter Braun
Chief Operating Officer

Robert Leurs
Chief Financial Officer

LEGAL STRUCTURE



FINANCIAL CALENDAR 2018

November 7 — Nine-month Report 2018

IMPRESSUM

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CONTACT

SUSS MicroTec SE
Schleißheimer Straße 90
85748 Garching, Germany
Phone: +49 89 32007-0
E-Mail: info@suss.com

Investor Relations
Phone: +49 89 32007-161
E-Mail: ir@suss.com
www.suss.com

SUSS MicroTec SE
Schleißheimer Straße 90
85748 Garching, Germany
Phone: +49 89 32007-0
E-Mail: info@suss.com