

To the Shareholders

Dear Shareholders,

For more than 30 years the name AIXTRON stands for complex material deposition equipment and bridging the gap between high-technology and innovation. The Company is active in important and exciting future markets which will be drivers of technological progress over the coming years. In addition, our international organization allows us to be close to our customers, so we can quickly meet their needs and handle new demands.

Since AIXTRON faces a challenging market environment, especially in the LED industry, we initiated important steps based on the 5 Point Program (5PP), to significantly improve our operating performance and return to profitability over the medium term.

Besides a clear focus on the customer, that includes a profound transformation of our processes and leadership structures, which is necessary for the future of the company. The reduction in staff was an inevitable consequence of this. A review of the product portfolio showed that we have to invest not only in the MOCVD technology but also in our other promising core business sectors which need to be set up and enhanced in a systematic and focused way.

In order to secure the necessary financial basis for this, we decided to raise capital in October 2013, which was received positively by the capital markets. Our financial solidity was supported by our initiatives to reduce costs and active management of our cash flows and liquidity which led to a balanced Free Cash Flow despite the difficult earnings situation.

One important factor for the financial stabilization of our Company is the continuous execution of our 5 Point Program. Here, I would like to address the most important points of this program as they are of significant importance to us:

Our **customers** are the focus of our actions. The critical aspects of these include:

- Increasing proximity to the customer across the entire organization, up to and including the Executive Board,
- Improving our internal quality standards, and
- Putting in place, on-site, technical Key Account Managers as partners for our customers.

In addition, we are systematically optimizing all process and project procedures in light of external benchmarks. **Efficiency** is the key to having competitive cost structures, high product quality and short through-put times. This includes significantly reduced delivery times.

We also need to return to **sustainable profitability**. In terms of **value-oriented management**, in the current phase, this includes the right balance between cost discipline and systematic investments in the Company's future technologies. This approach has allowed us, over the past financial year, to successfully reduce our costs without endangering important future projects.

Our desired improvements will only be achieved jointly through close collaboration with our **employees**. The most important first steps in relation to the transformation we have been through include more intensive communication, and more individual responsibility at all levels, especially within the initiated optimization projects.

With regard to AIXTRON's **technology portfolio**, we are convinced that we have set out on the right path by concentrating on selected and promising future core technologies, namely production systems for four different semiconductor technologies – compound semiconductors (e.g. for LEDs, power electronics), silicon semiconductors (e.g. memory chips), organic semiconductors (e.g. OLEDs) and carbon-based semiconductors.

The most important part of our technology portfolio is MOCVD technology, which is, amongst others, used for the production of LEDs. Due to the overcapacity in the global LED industry that had been built up over the past years, our order intake for MOCVD systems remained on relatively low levels. However, we are currently seeing the beginning of a broad acceptance of LED lighting and we assume that LEDs will be established in the general lighting market.

In order to be able to cater for this growth, manufacturers will have to invest more in new production capacities in the short and mid-term while the exact timing and extent of such an investment cycle remains hard to predict.

With our high performance and efficient production systems, our new MOCVD product generation to be launched in 2014 as well as our strong customer relationships with leading LED manufacturers, we view AIXTRON as well positioned for the beginning of this investment cycle.

In the silicon semiconductor industry, new designs and material systems for memory and logic applications will be introduced to the market. As a result, important customers will gradually have to upgrade their production lines, thus providing AIXTRON with an attractive growth market.

In the area of energy efficient power electronics, the end markets will grow strongly due to the increased use of advanced, energy efficient components for electric cars, the feeding of renewable energies into the electricity grid and the development of intelligent electricity grids. Here, we anticipate the increasing use of GaN- and SiC-based components manufactured with our MOCVD technology.

Even in the development of technologies for large-area OLED displays, OLED lighting as well as technologies for coating with organic materials, we will see significant progress in the medium to long term. We are well positioned in this area and are already working on equipment which is designed to enable our customers to inexpensively and efficiently produce OLEDs for displays and lighting applications on an industrially relevant scale. We are convinced that strategic co-operations with highly specialized partner companies will bring us forward even more quickly.

A promising though as yet commercially insignificant area for us are carbon-based nanostructures. AIXTRON is further investing in the development of equipment that can produce not only graphene, but also other advanced 2D nanomaterials, such as carbon-based nanotubes and carbon-based nanowires. In this area we are still at the beginning of an extremely exciting development, but already today AIXTRON is assuming an important key position in worldwide research with its BM series PECVD R&D equipment. This equipment, for instance, is being used as part of the flagship "Graphene" project of the European Union for which AIXTRON provides the production work package.

To summarize, let me highlight the most important points:

Using the 5 Point Program as a basis, we have been able to start setting the course for the Company's return to profitability and its competitiveness in 2013 by creating new structures and optimizing specific processes. We will continue to stick to this path in the coming months. The first successes can already be seen in the improvement of important key performance indicators.

Furthermore, we have consistently invested in research and development and initiated new products in order to optimally position the company around important markets for the future. For example, I would like to mention our next generation of MOCVD equipment as well as our OLED product timetable.

Dear Shareholders,

this year I would like to particularly thank the employees of AIXTRON and their works council representatives who have supported the difficult but necessary transition process over the past few months with great confidence and dedication.

On behalf of the entire Executive Board, I would also like to thank our Supervisory Board for its active support, prompt decisions and constant dialogue, and of course you, our shareholders, who have supported and helped us with our strategy and transformation process through your commitment with regard to our capital increase.

We are convinced that we are on the right path with our strategy and accompanying measures, and will continue to proactively face our challenges in the new fiscal year.

Yours sincerely,
Martin Goetzeler

The Executive Board



Dr. Bernd Schulte
Chief Operating Officer

Wolfgang Breme
Chief Financial Officer

Martin Goetzeler
Chief Executive Officer