

Letter to the Shareholders

Dear shareholders,

2014 was, as anticipated, a difficult year for AIXTRON. But it was also a year for setting critical strategic directions. As announced at the last Annual General Meeting, we launched the new MOCVD AIX R6 system onto the market last fall and made significant progress in the further development of our future oriented technologies. We also moved forward with our efficiency and productivity measures under the 5-Point-Program and further enhanced close partnerships with our customers and suppliers. Our target for 2015 is to grow in all technology areas and improve our earnings situation step by step. We expect a sequential increase of the results in both halves of 2015 compared with the previous six-month periods and in the second half of the year, we anticipate a positive EBITDA (earnings before interest, taxes, depreciation and amortization).

2014 results are in line with our stated expectations. We were able to increase revenues six percent to EUR 193.8 million and continued to reduce losses. However, we are not satisfied with the earnings situation of the Group. This was mainly due to the low topline level reflecting the challenges that specifically the MOCVD industry faces. Therefore, we as Management strongly believe that it is important continuing to invest in R&D, thereby reducing our dependency on one product while creating new business opportunities. Our future oriented technologies already started to perform well, despite the fact that market introduction of these new products still requires preparatory efforts. Due to our focus on active cash management, we continue to be in a solid financial situation.

AIXTRON reached important milestones in 2014

With the launch of our new MOCVD AIX R6 system we received the largest single order in the history of our company. In conversations with numerous customers since then we sense an increased interest in this new generation of systems, distinguished mainly by their high levels of efficiency and low operating costs.

As part of our 5-Point-Program we have improved customer relationships significantly by establishing Key Customer Satisfaction Teams and increasing the personal involvement of the Executive Board. We are moving forward step by step and making good progress in key projects such as the integrated supply chain management or the design-to-cost program. The first positive impact on the Group result is expected over the course of 2015.

The financial solidity of the company was and is top priority for our actions. Our focus on sustainable cash management provides us with continued ample liquidity, so that we can develop our future oriented technologies and thereby, your company for sound success in a targeted fashion.

AIXTRON is moving forward with restructuring

We are continuously enhancing our technology and product portfolio by leveraging the innovative strengths of our employees at AIXTRON and dedicating ourselves to our core competence, the deposition of complex semiconductor materials. With the introduction of the new AIX R6 last November, we demonstrated that our products continue to offer a special added value for our customers and that we regularly established new technological standards.

At the same time, customer and market requirements are constantly changing. A living organism like AIXTRON must respond to these developments, it has to be flexible and able to change itself. We are responding to the increasing importance of process and application-oriented solutions by restructuring the Group. This will result in shifts and adjustments in the organization that will also impact employee profiles.

Diversification is the key to a sustainable income base

Although we have recently further diversified our technology portfolio, MOCVD technology for the production of LEDs, lasers and power electronics is still at core of our business. In this area the anticipated, steady shift away from traditional lighting to **LED** lighting is taking place. Nevertheless, a clear prediction about the size and timing of large orders for new LED production systems in 2015 is still not easy to make. In **power electronics** we notice increased acceptance for energy-efficient components based on the gallium-nitride-on-silicon and silicon carbide technology. That is also the primary intention of our cooperation with the Fraunhofer Institute for Integrated Systems and Device Technology (IISB). On the whole, we therefore anticipate increased demand for our systems.

In the previous fiscal year we were able to meet two central targets in organic electronics. We put into operation our R&D cluster for demonstrating **OLED** production processes and also began constructing our Gen8 demonstration system. This will become operational by mid-2015 and will serve to demonstrate to our customers the cost-effective and efficient production of organic thin films on large areas for the industrial production of OLED displays and lighting applications. We expect the first notable orders in mid-2016.

In the **silicon semiconductor** industry our ALD technology is one of the keys to efficient memory chip production. Here, after a drop in 2014, we expect significant growth in the current fiscal year. Based on positive customer feedback, we consider the future technology III-V on silicon that makes new processors even more powerful to be a key area and are therefore working hard on its further development.

In the future, **graphene** and nanomaterials such as **carbon nanotubes** and **carbon nanowires** will be used in many applications such as displays, energy stores and semiconductors. Here, we have a very strong position in academic research all over the world. Increasing demand from industrial research for our PECVD systems series as well as close collaboration with our customers testify to the fact that we are on the right track.

Allow me in closing to summarize briefly what we have achieved and what remains to be done:

We have launched a new generation of systems onto the market, further enhanced our technology portfolio, and made progress in the company's productivity, thus strengthening our income base. These are important steps forward, but there remains much to be done!

The return to profitability is at the top our agenda. At the same time, we are working incessantly on the execution of our innovation roadmap to ensure new technology solutions with significant added value for our customers are brought to market and enjoy commercial success. A continued and consistent implementation of the second stage of our 5-Point-Program which I presented to you at the last Annual General Meeting is an essential prerequisite for making that happen.

Dear shareholders,

My sincere thanks go again this year to the employees of our company who work with incredible dedication to ensure the success of AIXTRON and who in the past few months have put in a decisive effort. The changes that arise for our company as a result of the increasing importance of process and application-oriented solutions that have necessitated the restructuring have demanded the utmost from each and every member of our team. Dr. Schulte and I are very aware of that – and not just because the two of us have been running the Company since May of 2014.

I would also like to extend our special thank-you from both of us to the Supervisory Board for their active support, quick decisions, and constant, valuable dialogue.

Special thanks, of course, go to you, our shareholders, who have supported the transformation process at AIXTRON over the past two years. We are convinced that we are pursuing the right strategy to return your company to sustained profitability. **Our main objective is therefore to be profitable on an EBITDA basis in the second half of 2015.**

Yours sincerely,
Martin Goetzeler

The Executive Board



Martin Goetzeler
Chief Executive Officer

A handwritten signature in black ink, appearing to read "M. Goetzeler".

Dr. Bernd Schulte
Chief Operating Officer

A handwritten signature in black ink, appearing to read "B. Schulte".