

AIXTRON AG

AGM 2009

Eurogress Aachen

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Prepared Remarks

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The spoken word applies

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Investor Relations
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Slide 1 – Title – AGM [KS]

- Introduction & formalities

Slide 2 – Topic 1 – Presentation of 2008 Results [PH]

Slide 3 – Forward Looking Statements [PH]

- Thank you Mr. Schindelhauer. Ladies and Gentlemen, Dear Shareholders and Guests, On behalf of AIXTRON's Executive and Supervisory Boards, I welcome you all to our 2009 Annual General Meeting ...
- As always; I am very pleased to see so many of you here today, taking an active interest in your company.
- It also gives me a great deal of pleasure that we are able to present to you an excellent set of results for 2008 and I believe a positive view of the future.
- I would like to now go straight to the agenda for our presentation of the Management Report and Financial Results for 2008.

Slide 4 – Agenda [PH]

- First of all, (perhaps particularly for those new investors amongst you,) I would like to give a brief overview of AIXTRON's history and worldwide operations.
- I would then like to give you an update on the developments in the industry and the markets we serve.
- Then, I will give you some detail on the current business trends we see today.
- When we get to the financial results for 2008, I will hand you over to Wolfgang Breme, AIXTRON's Chief Financial Officer, who will take you through our 2008 financial performance in more detail.
- Finally, I will come back to you to conclude the presentation with our outlook and guidance for 2009 and beyond.
- But before we talk about the financial numbers, I would like to take a brief look at some of the key events over the last 25 years because as you can see in the Annual Report, last year we celebrated being in business for a quarter of a century, which is a long time in the semiconductor industry.

Slide 5 – 25 years [PH]

- Those 25 years were both highly challenging and successful, in equal measure and have required great determination, focus and patience by both Management and Shareholders
- For those of you who don't know our history ...
- We were founded as a spin-off from the Technical University RWTH Aachen in 1983 and our founders, including Dr Juergensen, were true pioneers in developing the cutting-edge technology needed to research, develop and produce compound semiconductors and it was this group that built the foundations we enjoy today as the undisputed MOCVD-Technology global market leader.

- The company will always be in the debt of these pioneers and their legacy is the sustainable success we have enjoyed in good times and bad.
- From the mid 80s, our MOCVD systems rapidly became and remain the key-enabling technology needed by customers to create highly complex opto-electronic devices, of which there are probably hundreds, if not thousands of these components that you all use in everyday life ... I will give you some examples later on.
- A major milestone for the LED industry took place in the early 90s, when a Japanese researcher named Shuji Nakamura developed a material process for Gallium Nitride which enabled the development of Blue LEDs and consequently, in 1994, AIXTRON launched the first deposition system to produce blue LEDs.
- This development marked a significant breakthrough for the whole industry – because only now was it possible to create the full color spectrum of light with LEDs due to the availability of RGB (Red, Green and Blue) LEDs and consequently the ability to develop white light LEDs.
- In 1997, AIXTRON went public on the Frankfurt Stock Exchange, which gave us the additional financial flexibility we needed to expand our business internationally, make technology and business acquisitions and develop a more extensive product portfolio.
- The last bullet point on this slide refers to a new technology we have developed over the last 5 or 6 years. At the end of March, Plastic Logic, a company which is developing an electronic paper application, signed the final system acceptance documentation for the first production system of its kind that we installed in their new factory in Dresden.
- This very brief history leads me nicely to where we are today: A substantial and sustainable business that is performing much better, in the currently difficult environment, than many far larger competitors that has evolved from a university laboratory less than 2 km from where we are today to a truly global player in an increasingly exciting market.
- I'd like to talk to you now about where AIXTRON operates internationally.....

Slide 6 – Global Presence [PH]

- The one significant change since we last met was the sale of our Office Building in Kackertstrasse, Aachen to the State of North Rhine Westphalia, for the use by the University of Aachen.
- In order to be able to maintain our very close relationship with the scientists of the University, we have chosen to retain a research lab in our former Kackertstrasse building to continue our work with them on specific projects.
- We have since relocated our administrative Headquarters from Kackertstrasse to a leased building next to our Operations and Engineering facility in Herzogenrath.
- We have already seen significant benefits from having the complete business back on one site.
- However, as you will see on today's agenda, we are asking you, as shareholders of the company, to formally approve the change of the legal seat of the company from Kackertstrasse, in Aachen to our facility in Herzogenrath.
- As you can see on this map, we continue to have R&D centers, assembly facilities, commercial organizations and representations all over the world and although this slide may look very similar to the one I showed you last year, I can assure you that below this superficial view of the organization, significant improvements and flexibility have been added to the business.

- On this note, I would like to pay tribute here to Dr. Bernd Schulte, our Chief Operating Officer, who through his team has led a transformation of our Operations Strategy, which has delivered remarkable and profitable improvements in our Engineering and Manufacturing processes and separately converted our regional business' from independent business units to a single more efficient and coherent group.
- The changes Bernd and his team have effected are the cornerstone of the increased profitability we have been able to deliver to you over the last few years and they deserve the recognition of that achievement.
- To compete globally, we not only need to be close to our customers to provide the great service and support they demand, but also to enable us to design and develop great products, we have to be able to hear and interpret, first-hand, what customer's future needs are.
- This is what we mean when we talk about 'market-led development'.
- The quality and diversity of the AIXTRON team is truly one of the key strengths behind the success we have enjoyed in 2008.
- Let's now move on to talk briefly about the technology that customers come to us for.

Slide 7 – MOCVD Reactors [PH]

- I'm not going to spend too much time talking specifically about the technology because as you will have seen when you came into the hall, our Marketing team have done an excellent job in the exhibition in the lobby of presenting both AIXTRON's technology and the customer products that use it.
- If you have the time after the meeting, you will find some of our experts and specialists in the lobby area who will be very happy to talk to you about the exhibits you see there.
- Since the foundation of AIXTRON in 1983, we have progressively refined our engineering skills in developing highly sophisticated deposition systems, i.e., building very complex machines that manage very complex chemical reactions that result in extremely thin – atomic or nano-scale – layers of high-performance materials onto appropriate substrates.
- On this slide, I have used a photograph of an MOCVD reactor chamber with the lid open to briefly explain the deposition process, which in this case is employed to manufacture LEDs.
- This is a planetary reactor and the wafers onto which the material films will be deposited are placed in each of the 42 round pockets that you can see here.
- In this case there are 7 wafers in each satellite – although it would of course be less if the customer uses bigger wafers.
- When the lid is closed and the deposition process is started, each satellite containing the wafers revolves and the susceptor plate that holds the satellites also revolves.
- Finally, you can see in the center of the lid, the injector port which is where the gas, containing the material elements to be mixed, flows into the reactor chamber.
- Once the highly complex deposition process is complete, which could take several hours, the customer has wafers which have atomic scale semiconductor material structures deposited on them.
- It sounds deceptively easy when I describe it like this – but in AIXTRON, we have probably the highest concentration of world-class experts in this field, and they have the

highly specialized knowledge on how to provide the optimal conditions to accomplish the best results on an atomic scale.

- In our next slide I will try to give you an indication of the many applications that can be created using our technology.

Slide 8 – One Technology – Multiple Solutions [PH]

- We describe AIXTRON's core business as the development of material 'Deposition' systems, and the 'common thread' that describes what the wide diversity of our customers do, as being 'Nano-Scale Material Engineering'.
- The material application the customer is aiming for, determines which specific production deposition technology they require from us
- i.e. MOCVD for making LEDs; OVPD or PECVD for OLEDs, CVD for DRAM memory, etc. etc., all of these different deposition platforms represent variations of our core know-how: deposition technology for semiconductor materials.
- Let me start on the right hand side to talk about our Silicon Semiconductor applications applying techniques called CVD, ALD or AVD.
- The latter two techniques, ALD or AVD, represent the cutting-edge technology for next-generation Logic, Memory and Storage applications. We are actively marketing our latest generation ALD and AVD systems with customers, and their responses have been very encouraging.
- But, until we can qualify these new technologies with Production customers, we continue to remain dependent on the Memory market demand for our current CVD technologies.
- However, despite the very difficult current demand/supply situation for memory products, it still does not deter us from continuing to position AIXTRON for what we believe to be a fundamentally positive long-term outlook for our technology.
- Our optimism, that we can position AIXTRON as a 'Key Enabling Technology' provider for the next 'Material Convergence' phase of technology development, remains undiminished by the temporary market conditions we are all experiencing today.
- We firmly believe that, ultimately, deposition technologies for Compound materials and Silicon materials will converge, driven by the need and application of more complex material structures – already evidenced by a number of research projects in this area.
- Coming back to the left column now, it shows you our largest area of activity, Compound Semiconductors.
- These materials are used to produce devices such as LEDs and OLEDs for displays or lighting, Blu-Ray Lasers, Optoelectronics for the transmission of data or Compound Solar Cells, just to give you some examples of applications.
- The largest device applications being produced on our MOCVD equipment are LEDs – or Light Emitting Diodes.
- These numerous end-user applications, using mainly high-brightness LEDs, are in various stages of market development. Let me show you on our next slides what I mean by that.

Slide 9 – LED Market Outlook [PH]

- The slices of the pie you see in this slide represent the different LED end-applications.

- The first slice, on the left-hand side of this slide (shown in red text as “handsets”) represents all of the possible uses for LEDs being used in Mobile Phones or PDAs.
- Up until quite recently, this area consumed more than 50% of all the LEDs manufactured.
- The next slice, marked in red as “LCD-BLU” represents LED-Backlighting for LCD-Displays of different sizes.....this is becoming one of the fastest growing applications for LEDs.
- The third slice you can see is “LED PID” which represents large Public Information Displays such as the large outside displays you might see in New York’s Time Square or at sports stadiums or airports.
- At the top right-hand side, you can see “Automotive” as another slice of the pie which covers internal and external lighting applications in vehicles, an area where Germany clearly leads the world.
- The fifth slice is “Lighting”, which contains a potentially very wide range of applications such as Street Lighting, the lighting of Buildings or the biggest of all opportunities; the interior lighting of homes or offices.
- The “New and Niche” section on the far right-hand slice of this chart is a ‘catch all’ category which could include anything from medical applications to small specialist applications that emerge.
- The applications that are furthest from the centre of this chart are those that will require the most development before becoming fully established in the market.
- You can therefore deduce that the applications in the white section of the pie are in a relatively early stage of development and therefore still need time and further development until they will reach a mass market, which is the central dark section of this chart.
- The use of LEDs in mobile phones is the only application that can be said to have completely reached the ‘mass market’ stage of development.
- So, the good news is that the largest group of potential applications has still yet to be fully developed but are beginning to be available to consumers today.
- In our next slide there are some selected examples of products you can buy today that use LEDs.

Slide 10 – LED Products [PH]

- Starting at the top left of this chart, you can see a mobile phone representing the 1 billion phones made each year consuming nearly 10 billion LEDs. This is the only product which I described in the dark blue ‘Developed Market’ application section in my last slide.
- The next photograph shows one of the earliest pure LED headlights, in this case, on an Audi R8 which was the first production car to have such a headlight.
- LEDs are being increasingly employed by car designers and although, living in Germany, you may think that LEDs in cars is not new, I can assure you that the rest of the world is a long way behind in widespread adoption of LEDs in cars.
- The next image shows a Toshiba laptop that is using an early LED backlight, but today there are many more appearing on the market and I am sure that you will have been impressed by the Apple laptops that are being exhibited in the lobby.

- It's also worth noting that the very impressive Apple monitors being shown outside are also LED backlit monitors.
- The next image we have on this slide, bottom left, is of LED street lights.
- This is an area which seems to be attracting increasing interest from both manufacturers and city planners and has potential for some of the government sponsored stimulus programs being discussed around the globe.
- Street lighting may still be in an 'early adoption' phase, but clearly has the potential to become a very real and beneficial application.
- The next image is a TV using LED backlighting, which in this case we think is using about 600 LEDs, however other TVs could consume as many as 1,500 LEDs.
- Our decision to use a Samsung TV for this image, was influenced by the very strong statements of intent Samsung have made publicly to not only increase their sales of such TVs, but also that they intend to make some significant investments to start making more of their own LEDs.
- Samsung are the first company to actually change the marketing description of their products from LCD TVs to "LED TVs".
- The size of the LED market for TVs has been estimated as up to 8 times larger than the mobile phone market and will eventually consume up to 80 billion LEDs a year if this is true.
- The final image, bottom right, is of a real interior LED lighting product you can buy today. Nimbus showed this and other products in our lobby exhibition here last year.
- The fact that companies like Nimbus are successfully developing attractive LED products and that there are an increasing number of companies offering such products is very encouraging for us.
- But, undoubtedly, although genuine progress towards Solid State Lighting has been made last year, the industry is still not there yet in reaching the required performance and cost benefit that will trigger the biggest market of all – the replacement of conventional lighting with more efficient and environmentally friendly LED lighting.
- The very good news is that we are much closer to that opportunity than ever before and I am confident that we will play a major role in the emergence of this major market when the final Cost of Ownership and performance challenges are met.
- I would now like to show you in the next slide some market growth projections for High Brightness LEDs.

Slide 11 – HB LED Market Forecast [PH]

- This forecast for the future of this market was estimated and published earlier this year by Strategies Unlimited, an independent US Market Research company:
- They predict that by 2013 the market will more than double in absolute US-Dollar market size, driven mainly by the growth of LED Backlighting applications for LCD Screens and Signage applications.
- It is also interesting to note that, although the Illumination market is predicted to grow in this period, Strategies Unlimited does not yet forecast the huge growth potential that we all believe will eventually materialize with the arrival of a mass LED lighting market.

- We agree with their caution regarding this timing prediction, but remain convinced that the eventual arrival of the mass market for this application represents a massive opportunity for our company and one for which we intend to be ready for.
- In my next slide I'd like to look at some of the recent positive trends we have been able to drive through the business.....

Slide 12 – Market & Business Trends [PH]

- For a year in which we celebrated our 25th anniversary, we can be especially pleased with the recent progress we have made in developing our business.
- In the period from 2006 to 2008, we have seen the total estimated size of the MOCVD market more than double from USD 202 to USD 486 million, and our market-share grow from 62% to 72% in the same period.
- Our total Revenues over the last three years, 2006 to 2008, including all technologies, grew by 60% to EUR 274.4 million over the same period, increasing on average by about 25% per annum.
- In a market arena strongly tipped to grow for many years to come, this is a very solid position to be in to face the current market challenges.
- If I can now move on to slide 13 to take a similar 3-year look at the steadily improving operational performance I spoke of earlier, I hope that I can convince you that we are equally well positioned to cope with the difficult times ahead.

Slide 13 – Operational Flexibility [PH]

- Looking at the operational ratios within the business, we can illustrate that, despite the absolute increase we have seen in Selling, General & Administration, i.e. SG&A costs over the last 3 years (€40.6m to €45.8m), we have seen the cost to revenue ratio improve in our favor, just as we would expect.
- SG&A relative to revenues has decreased from 24% to 17% over this period.
- We have, for some time now, been increasing our focus on the development of more profitable and cost-effective products for ourselves and our customers, and that is evident not only in the improving market share I spoke about earlier, but also in the improving profit margins we have been able to report over the last 3 years.
- We have pushed gross margins from 37% to 41% and EBIT margins from 3% to 12% over the same period and when Wolfgang Breme takes you through the financial numbers for the first quarter of 2009, you will see that our gross margin has risen even further in the first quarter of this year.
- Similarly; Net income has increased from €5.9 million with a 3% return on equity in 2006 to €23 million and an 11% return on equity in 2008.
- Taking into account the weakness of the dollar over this period, which works against us, we can be particularly proud of such an improvement and it increases our confidence that we can further improve our profitability when the markets return.

Slide 14 – Agenda [PH]

- Ladies and gentlemen, let me now hand you over to my colleague Wolfgang Breme, Executive Vice President and Chief Financial Officer of AIXTRON, for his presentation of our financial performance in the year 2008.

- Wolfgang?

Slide 15 – Financial Highlights [WB]

- Thank you Paul and a warm welcome to all of you at our Annual General Meeting here in Aachen.
- Let's directly move to our financial highlights of the year 2008, compared to the previous year's performance.
- Our Total Revenues in 2008 were up 28% on 2007 reaching €274.4 million. This represents another high point in AIXTRON's 25-year history, and was achieved in spite of a rapidly deteriorating market environment and a EUR/USD exchange rate which was lower on average during the year than during 2007. Let me remind you that the majority of our revenues are invoiced in US-Dollars, the "trading currency" of the semiconductor industry.
- Our 2008 Gross Margin also improved on 2007, by one percentage point, to 41% - again; despite the weaker average dollar rate I just referred to.
- We also saw our 2008 EBIT margin increase by two percentage points on 2007, to 12% or EUR 32.5 million.
- Earnings per share increased by 30% to 26 cents per share.
- Our Equipment Order Intake for 2008 remained comparatively stable at €250.8 million. In 2007, Order Intake was EUR 247.7 million.
- Not surprisingly, given the persistently negative memory market environment and our customers' very restrictive capital spending, we received very few Silicon system orders during 2008.
- This led to only 6% of our Order Backlog at the end of the year being for Silicon systems, the remaining 94% being Compound Semiconductor systems.
- Finally, our Cash and Cash Equivalents position continued to be strong at €70.5 million, 8% down from the end-year figure of 2007.
- Let me now come to a more detailed analysis of the key financials.

Slide 16 – Key Group Financials [WB]

- Before I go into the details, allow me to mention – with some pride – that AIXTRON ended a truly exceptional year in December.
- Once again, we have delivered what we promised and this time under unique conditions in the world economy.
- Aside from our operational success, we closed the fiscal year in excellent shape also from a financial perspective.
- This gave us a strong starting position into 2009, which is definitely a year of challenges and uncertainties when it comes to both the world economic outlook and future developments in the financial sector.
- But I will come back to that later also with an update to our performance in the first quarter of 2009. Let's now talk a few numbers.
- As mentioned before, Equipment Order Intake increased slightly year-on-year and came in at just under €251 million. This was the second consecutive year with new orders of that volume.

- But it was once again a 60-40 year: we recorded 63 per cent of our Order Intake in the first half of 2008 and, in the second half, we saw the declining trend we had expected and communicated to the market for a while.
- Our reported Equipment Order Backlog at the end of 2008 stood at €105.0 million.
- Moving down the table, Revenues came in at €274.4 million. We closed the year with an exceptional fourth quarter where we achieved Revenues 52% above Q4 of 2007.
- The headcount as of December 31, 2008, of 619 employees, compares with 609 employees as of December 31, 2007.
- Revenues per Head in 2007 therefore amounted to €353k, the same figure for 2008 increased to €444k per Head.
- This highlights the flexibility of our business model in respect of demand fluctuations, meaning that in case of rising demand, we do not need to ramp up our employee-base in the same rate. The Gross Profit of €112.9 million or 41% was achieved in the face of a US Dollar which was 7% weaker on average against the Euro than in fiscal year 2007.
- Our latest, more profitable product generation, the common platform systems, together with a disciplined pricing policy, boosted our margin development.
- Of course this margin improvement would have been even more pronounced with a stronger US Dollar.
- The operating result or EBIT for the year was €32.5 million, which translates to an operating margin of 12%.
- Our EBIT would have been even higher if we hadn't had the anticipated losses from exchange contracts, in particular because of the strong decline of the Pound Sterling against the US Dollar.
- Our interest income rose by 80% to €3.2 million, indicating the strength of our central cash management in the group as well as higher liquidity levels throughout the year 2008.
- Our tax rate rose to 36 per cent (from 23% in 2007). The group consumed the major part of its usable tax losses carried forward.
- Therefore, our Net Result came in at €23.0 million in 2008.
- This equates to €0.26 per share and represents an increase of more than 30%.
- On this basis, the Executive Board has decided to propose to you to distribute a dividend of 9 cents per share compared to 7 cents for 2007. Based on a net income of EUR 0.26 per share, this represents a pay-out ratio of 35%. We believe that this is a balanced decision given the interest of all stakeholders as well as the economic and industry environment. Even after an excellent fiscal year with extremely positive results we believe that 65% of the profit should be kept in the company for future investments into our technology development.
- I already mentioned our cash holdings, which are stable and enable us to carry out our operational activities without having to resort to bank borrowings, and to make all investments into AIXTRON's future which we deem appropriate.
- In the current financial environment, I am sure you will agree that this is an advantage which cannot be overestimated.
- You can see that our Free Cash Flow ended the year only just in positive territory at EUR 2.6 million.

- This is due to a higher working capital level caused by the strong revenues in Q4 and the fact that we continue to manufacture a large number of systems for shipment in 2009 while deposits for new orders have been diminishing.

Slide 17 – Revenue Analysis [WB]

- This slide shows you where our Revenues came from - in terms of technology and regions.
- Starting with the pie chart on the left; we have already talked about the reasons behind the 86%/4% split of equipment revenues between Compound and Silicon, the remaining 10% being revenues that came from Spares and Service Sales.
- The pie-chart on the right-hand side shows where we conduct our business.
- We continue to have the vast majority of our customers in Asia, followed by Europe and the United States.
- None of these numbers will surprise you because not much has changed.

Slide 18 – EUR/USD exchange rate [WB]

- I talked a lot about the impact the US Dollar had last year on our financial performance, so I wanted to show you what the Dollar has actually done in 2008.
- As you can see, the Dollar started 2008 at a level of about 1.47 to the Euro, but ended the year 5% stronger at 1.39.
- Since the strengthening of the Dollar mainly took place towards the end of the year, the average US-Dollar exchange rate was still by 7% weaker at 1.47 per Euro compared to the 1.37 average rate in 2007.
- Given our revenue and cost structure, we are significantly exposed to this currency development, and we manage this exposure by currency hedging instruments.
- We are of course aware of the fact that those derivatives have only a mitigating effect for a limited period of time. Therefore, we are sourcing more and more in US-Dollars wherever this is possible from an IP protection standpoint and feasible under a cost and logistics perspective.
- AIXTRON enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk.
- Those include forward exchange contracts and increasingly options to hedge the exchange rate risk from the exporting of equipment.
- I believe it is worth mentioning again here that AIXTRON operates in a market place in which Dollar is the trading currency.
- This implies for our hedging policy that we are not in a position to hedge orders which prices were set up in Euros and then converted into Dollars.
- In an industry where order forecasts beyond 6 months are highly speculative from a timing perspective, this limits of course the horizon of a hedging strategy.
- But of course also the risk of losing money with a long-term hedging in a fast turning environment. On the other hand, I would like to draw your attention to the fact that all risks offer opportunities.
- The recent development of the USD shows that it is stronger than it was before.

- If this would continue to move in that direction, AIXTRON would be one of the first to benefit from this on a notable scale.
- As described in our 2008 annual report, our sensitivity analysis shows that a 10% movement of the currency to our favor would have improved the Revenues by € 21 million and the bottom line result by € 5m.
- By the way, we will continue to pursue our hedging policy with a stronger focus on options in order to be able to benefit from a stronger US-Dollar.

Slide 19 – Group Income Statement [WB]

- I would now like to give you an insight into our annual financial statements. More detailed information you may find in our annual report and in particular in the comprehensive notes section of that report.
- Let me start with the Profit and Loss Account. As you all know, it is always a challenge to draw comparisons between the two fiscal years.
- Nevertheless, a comparison between 2008 and 2007 again shows volume effects along the P&L leading to economies of scale which, at the end, brought our net result 33% up to EUR 23.0m from EUR 17.3m.
- Revenues grew in 2008 by 28% to € 274.4m from € 214.8m after already having grown by 25% the year before. The growth we have seen in 2008 is predominantly attributable to an increased demand for compound semiconductor systems driven largely by rising demand for LED end market applications.
- Cost of sales relative to revenues decreased slightly by 1pp in 2008 compared to 2007. This was due to a product mix with a high revenue element from our current platform based deposition equipment that more than offset the negative effects of the average US-Dollar weakness in 2008 compared to 2007.
- As a result, our gross margin rose again to 41% from 40%. Of course, the gross margin is continuously influenced by the US-Dollar.
- If we would see an improving US-Dollar versus the Euro throughout the current year, then we could expect a positive effect on gross margin.
- I have mentioned the effects of a 10% US-Dollar fluctuation versus the Euro before.
- Operating cost increased proportionally less than the revenue growth, leading to an increased profitability.
- Selling expenses increased by only 2% to € 27.8m.
- Administrative expenses increased by 13%, to a lesser extent than revenues.
- Research and development cost increased by 7%. This shows our ongoing commitment to invest into new technologies and new products.
- In fiscal year 2008, headcount rose to 619 from 609.
- Let me just add here that we intend to hold that sort of level throughout 2009.
- Other operating income of € 5.2m was more than offset by other operating expenses of € 11.5m leading to a net expense of € 6.3m mainly due to foreign exchange rate currency hedging effects.
- The net income after tax increased to € 23.0m or 26c per share.

Slide 20 – Group Cash Flow Statement [WB]

- Cash and cash equivalents including cash deposits decreased slightly by 8% to €70.5 million. This was mainly caused by increased working capital and a dividend paid in 2008.
- Cash Flow from operating activities was €17.0 million lower than the year before due to the build-up of inventories (work in progress) and lower cash inflow from customer deposits resulting from the lower Order Intake levels in the second half of 2008.
- Cash Flow from investing activities grew marginally year on year due to increased capital spending following the move from Aachen to Herzogenrath.
- The factors determining our negative Cash Flow from financing activities were a dividend paid in May 2008 (€6.3 million), which was only partially offset by the proceeds of stock option exercises by our employees (€2.6 million).
- In summary, Free Cash Flow amounted to €2.6 million in 2008 compared to €24.4 million in 2007. We expect to increase this again in the course of 2009 as we expect a reduced level of current assets in the first quarter following a quarter with exceptional business volume.

Slide 21 – Group Balance Sheet [WB]

- Moving to slide 21 now, AIXTRON's balance sheet is as strong as ever.
- Our business is solely financed through equity and carries no bank borrowings. We are not intending to change this policy as we firmly believe that a technology business should be financed through equity.
- A strong financial position is of course extremely advantageous at a time when financial markets are in turmoil.
- Total assets of AIXTRON grew by 6% to €314.8 million.
- Our equity ratio increased slightly to 68% from 67% as of December 31, 2007. This increase of shareholders' equity reflects the increased group's profitability.
- The annual profit in the balance sheet was partially offset by translation adjustments in equity due to weaker currencies in the UK and the USA where AIXTRON operates its major subsidiaries.
- The debit side shows nearly unchanged non-current assets. The reduction in PPE through regular depreciation was offset by capital expenditures. We invested predominantly into lab infrastructure and equipment and the further implementation of our SAP ERP software.
- Not surprisingly, current assets grew substantially year-on-year reflecting higher business volumes.
- Towards the end of the year, inventory levels were already reduced.
- Let me now draw your attention to the key figures of AIXTRON AG, the parent company of the group.

Slide 22 – AIXTRON AG Key Financials [WB]

- AIXTRON AG's revenues came in at €203.6m which represents a significant increase to the previous year. This is due to higher volume, but also due to organisational changes during the year. All customer orders for Compound semiconductor equipment are now

channelled through AIXTRON AG. Other group companies are acting as component suppliers. The AG still is the biggest company of the group.

- AIXTRON AG achieved a significantly improved net result of €30.0m which nearly tripled in 2008 compared to 2007. This equals the retained earnings which are at your disposal today.
- The Executive Board and Supervisory Board propose to pay a dividend of 9c per share or €8.2m, which equals a 35% payout ratio of the group result (IFRS).
- This is on a comparable percentage level compared to 2007 and represents an attractive proposal in our industry.
- This dividend proposal takes into account that AIXTRON retains sufficient funds to stay market leading and competitive in very dynamic and volatile markets.
- The strong cash position we maintain enables us to fund future growth without any restrictions.
- That this growth will occur is certain to the market. However, the timing is difficult to predict and not in our hands. But we will be there and well prepared as recovery from the currently very difficult market conditions materializes.
- Of course it is important to us that you, our shareholders, the owners of AIXTRON, not only enjoy the long-term development of your investment, but also benefit from its yield. As an EB, we believe in 2008 we again accomplished the yield-mission.
- 2009 will be a challenging year but with an equal number of opportunities.

Slide 23 – Financial Strength and Flexibility [WB]

- Let me now summarize the financial situation of the group as we move into 2009.
- I evaluate the financial status of AIXTRON strong and healthy.
- We start the year with a solid net cash position and we believe we have sufficient cash for all operational needs.
- We do not see any need for third party financing. Even the AGM-approved additional share capital is not currently required.
- However, it does give us the reassurance of access to capital should the need arise.
- We will free up additional cash because we expect reduced funding requirements for working capital.
- Also, the sale of our old headquarters building which was completed in January, improves our cash position further.
- Our operational structure is geared for flexibility. Those of you who know us well have recognized over the years that we are able to maintain our gross margins even at lower production levels. Operating expenses are controlled tightly.
- We intend keeping our strategic Research and Development activities in line with customer roadmaps.
- Our goal is of course to maintain the technology leadership in the markets we are serving.
- Capital spending at AIXTRON is mostly geared to strengthen our technology base.

- All that reassures us that we can achieve our primary goal for this fiscal year 2009, which is to achieve at least EUR 200m in Revenues and a double digit EBIT Margin. Paul will update you on our guidance later.
- Please allow me to show you our 24 month business development including Q1-figures concerning Order Intake, Order Backlog and Total Revenues.

Slide 24 – 24 month business development [WB]

- Our Order Intake, depicted on the top chart on this slide, has been declining throughout the year 2008. But, we have probably reached a low point of Order Intake in Q1/2009, as discussions with customers have a slightly more positive tone now.
- Our Equipment Order Backlog, shown in the middle chart of this slide, peaked one to two quarters later than our Intake, towards the middle of last year and dropped to a probable low point in the first quarter of this year.
- This build-up of Backlog was mainly due to the fact, that the orders received consisted of multiple and scheduled orders, leading to a more progressive development of revenues over several quarters peaking in Q4 of last year.
- Two factors are the main short-term determinants of this predicted development in order intake and consequently revenues:
- First, of course, the macro environment and its impact on end-user demand for electronic goods.
- And Second, the normal cyclicity in our Compound business.
- Let me now give you an update on our Q1-Results, which we published on May 7, 2009.

Slide 25 – Q1 Update: Key Financials [WB]

- Therefore, I would like to turn your attention now to the Key Financials of Q1/2009 on slide 30
- Equipment Order Intake was down to EUR 31.2m.
- Equipment Order Backlog at the end of Q1 stood at EUR 100.7m.
- Moving down the table, Revenues came in at EUR 46.2m, which left us with a Gross Profit of EUR 21.0m or a Gross Margin of 45%.
- The Gross Margin improvement by 6 percentage points year on year and 2 percentage points sequentially is mainly due to a more favorable revenue mix, and a favorable USD/EUR exchange rate.
- EBIT stood at EUR 7.6m, which translates into an operating margin of 16%.
- This includes two specific operational events, one resulting from the sale of our office building and the other one from a compensation payment for a cancelled order, resulting in a EUR 3.8m contribution to other operating income.
- The disposal of our former Headquarters office building in Aachen resulted in a capital gain of EUR 1.3m, and the one-time compensation payment resulted in an income of EUR 2.5m.
- I deliberately used “one-time” for the compensation payment because, as of today, we do not anticipate any further order cancellations. As we always say, AIXTRON records only equipment orders, if the Company has received a firm purchase order, a delivery

date and an agreed deposit. In this specific case, the customer preferred to leave us with the deposit, instead of accepting the equipment and paying the total order amount.

- Our Net Result comes in at €5.5 million, or €0.06 per share.
- Supported by the positive cash item effects in Q1, liquidity remained high in the quarter at €81.6 million, most specifically being positively impacted by the cash inflow from the office building sale of €6.7 million.
- Consequently, Free Cash Flow (including changes in Cash Deposits) of EUR 10.4m was significantly up on the Q4/2008 negative Free Cash Flow figure of EUR -2.9m and EUR 2.5 down year on year.
- Finally, our Cash and Cash Equivalents position at March 31 remained very strong at EUR 81.6 million, 16% up sequentially, and just 7% down year on year.

Slide 26 – Authorization to buy back shares [WB]

- Before handing you back to Paul, I would talk to you about Topic 6 and 7 of our Agenda which is the authorization to buy back shares and the change of the legal seat of AIXTRON AG.
- Topic 7 is the proposal to formally change the legal seat of AIXTRON AG from Aachen to Herzogenrath. Paul has already explained this change earlier in his presentation:
- We have sold our offices in Kackertstrasse and have relocated our own Administration facilities to the building next to our Operations and Engineering facilities in Herzogenrath. As was suggested, this change is already now providing beneficial to the efficiency of our business.
- I would like to address in more detail Topic 6, our proposal to request your authorization for the company to buy back shares. I would like to make sure you know our reasons to ask for your approval on that matter which we do every year.
- We still do not have plans to buy back shares in order to hold them in our accounts or to cancel them.
- The reasons why we regularly ask for this authorization are the following:
- We would consider using purchased own shares to fulfill subscription rights of Options, Warrants or Convertible Bonds – or we would consider using own shares for acquisition purposes, i.e. to pay part of the purchasing price in shares.
- Utilizing our own shares in these cases would avoid dilution of existing shareholders, meaning that the number of shares would remain the same, since no new shares would have to be distributed.
- These measures would protect you – our shareholders – from dilution and we would have the flexibility to potentially use our shares as an attractive acquisition currency or to fulfill a capital obligation we might have.
- With this information, I will conclude my part of the presentation and hand you over to Paul again who will give you an update on our guidance and outlook for 2009.
- I am available for questions and thank you very much for your attention.

Paul?

Slide 27 – 2009 Guidance Model [PH]

- Thank you Wolfgang.
- I would like to add here that Wolfgang and his team continued to do a great job in 2008 in giving us the essential stable financial platform that was such a key element of our success in 2008 and gives us a very solid and disciplined foundation for 2009.
- Let us now move on to slide 27, where I will present to you our Guidance Model for 2009.
- When we presented our 2008 year end results in March of this year, the lack of visibility in the market meant we only felt able to offer you an EBIT break-even forecast at EUR 170m of revenues in 2009.
- Visibility remains very limited and there is not yet enough tangible evidence of the stability in demand and utilization that we are looking for, but we are encouraged by the more positive tone in the marketplace and feel confident enough to set out a 2009 revenue guidance range of EUR 200m to EUR 220m for the full year and an EBIT range of 10-11%.
- This guidance is based on the following assumptions:
- Actual Revenues in Q1/2009 came in at EUR 46.2m, represented by the light blue part of the pie chart.
- We anticipate approximately EUR 17m of additional Spares & Service revenue in the last nine months of 2009, - which is the grey piece of the pie-chart.
- Our Order Backlog stood at around EUR 101m as per March 31, of which we believe that EUR 96m is convertible into revenues in the remaining months of 2009, as represented by the dark blue color. This is, in our view, real and reliable business revenue for 2009.
- We require EUR 41m more shippable Purchase Orders by Q3 to be able to reach the lower end of our revenue guidance, i.e. EUR 200m.
- In order to realize the upper end, i.e. EUR 220m, we would need an additional EUR 61m of order intake by Q3/2009.
- Our 10-11% EBIT guidance for the whole year is based on a theoretical assumption that we can maintain an EBIT level of 8-9% throughout the remainder of the year with the additional benefit of the 'special' EBIT contributions seen in Q1/2009.
- As with the upper end of our revenue guidance, this EBIT target will be extremely challenging in this environment, but once again; not impossible **if** the recent positive climate continues to improve.
- I would like to finish up my presentation with one final slide which focuses on our outlook for 2009 and beyond.

Slide 28 – Outlook [PH]

- The full effects of a well established recession are clearly evident across the globe. However, AIXTRON continues to have many of the strengths and attributes any management team or investor would want to have in their armory at a time like this:
- We have no debt and we do not anticipate needing to take on debt.
- We have sufficient cash to meet our dividend proposal and anticipated capex needs. The beneficial non-recurring events of Q1 further strengthened our position in this area.

- We continue to have a very flexible Operating Cost base, outsourcing c. 90% of our manufacturing whilst retaining most of our key final assembly and test work internally. The Q1 result has demonstrated the financial benefits of that flexibility.
- Our flexible manufacturing model is equally capable of being scaled-up as soon as demand picks up again.
- The new LED ventures we have spoken of earlier, mark the arrival of potential new customers, illustrating an increased strategic interest and commitment in LED technology and markets.
- We continue to have a full product development pipeline for all the markets we address today, including future OLED and Carbon Nanotube applications, where we have product development programs that give us longer term potential to develop these seed markets.
- AIXTRON is, I believe, in a much stronger position than most to capitalize on those opportunities when stability returns to the markets we serve.
- Finally; I would like to take this opportunity to thank all of the AIXTRON team who have again shown in 2008 the extraordinary commitment we have come to expect of them.
- I would also like to thank their families for their patience and understanding. We know that without their family's support our team would not be able to meet the high standards they set themselves.
- And of course, on behalf of Wolfgang, Bernd and myself, I would like to express our gratitude as an Executive Board, for the great support the Supervisory Board have again given us throughout 2008. Our job would be extraordinarily difficult without that support.
- Most importantly, I would like to thank you: our shareholders, for your patient support as we try to continue to add real long-term value to your company.
- Ladies and Gentlemen, Thank you for your attention. I look forward to seeing you again next year, when I am optimistic that I will be able to present to you another successful set of results for the year 2009.
- Thank You

Slide 29 – Push your performance