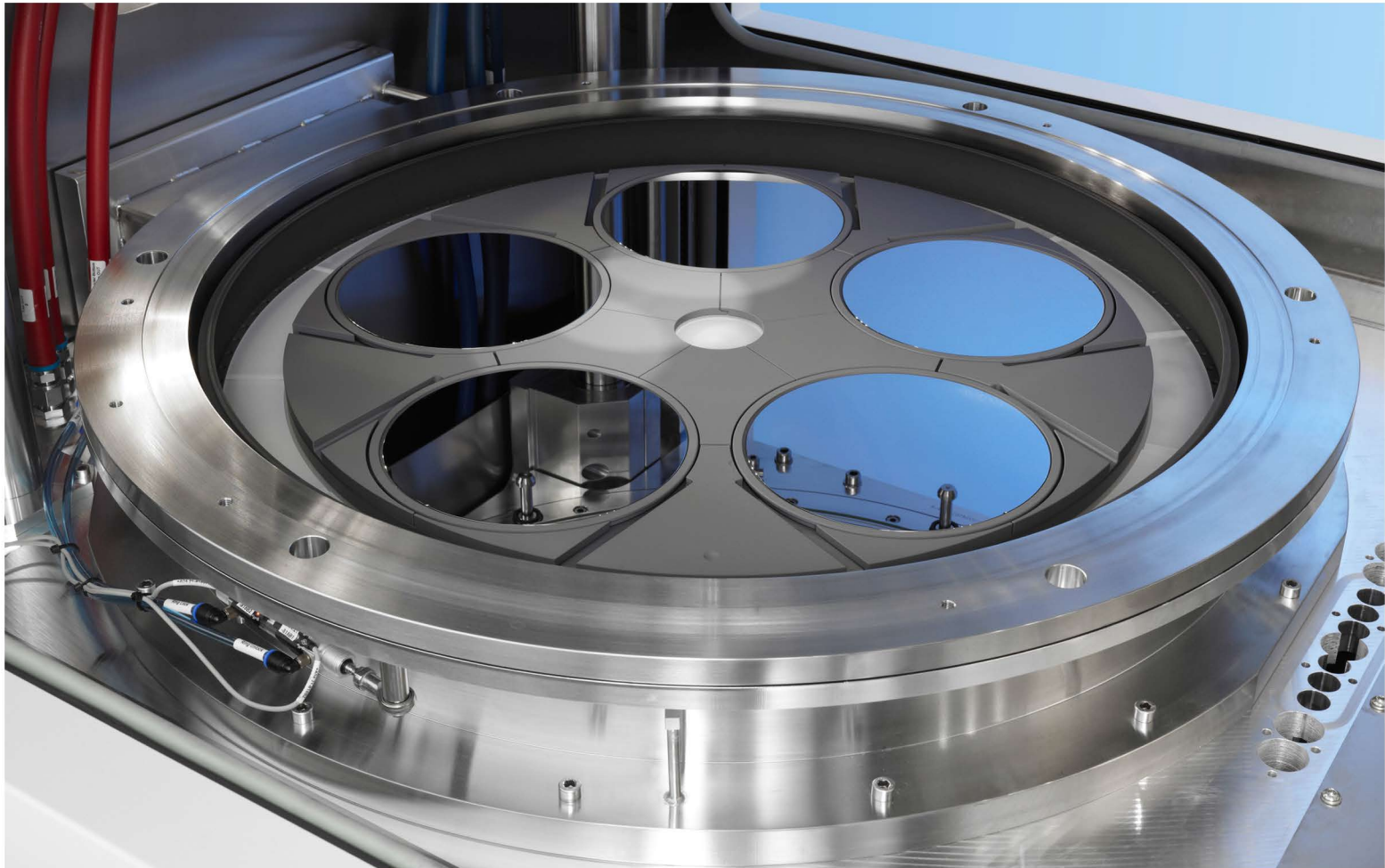


AIXTRON

ANNUAL REPORT 2013



30 Years of
Pioneering Technologies

Company Profile

About AIXTRON

AIXTRON SE (FSE: AIXA, ISIN DE000A0WMPJ6; NASDAQ: AIXG, ISIN: US0096061041) is a leading provider of deposition equipment to the semiconductor industry. The Company was founded in 1983 and is headquartered in Herzogenrath (near Aachen), Germany, with subsidiaries and sales offices in Asia, United States and in Europe. AIXTRON's technology solutions are used by a diverse range of customers worldwide to build advanced components for electronic and opto-electronic applications based on compound, silicon, or organic semiconductor materials. Such components are used in a broad range of innovative applications, technologies and industries. These include LED applications, display technologies, data storage, data transmission, energy management and conversion, communication, signalling and lighting as well as a range of other leading-edge technologies.

AIXTRON SE's securities are listed on the Prime Standard market segment of the Frankfurt Stock Exchange and NASDAQs Global Select MarketSM in form of ADRs. The securities are included in many important indices, such as the TecDAX[®] or the NASDAQ Composite[®] Index. In addition, it is included in sustainability indices, such as the Dow Jones Sustainability Index and the Natur-Aktien-Index.

Additional information is available on AIXTRON's website at www.aixtron.com.

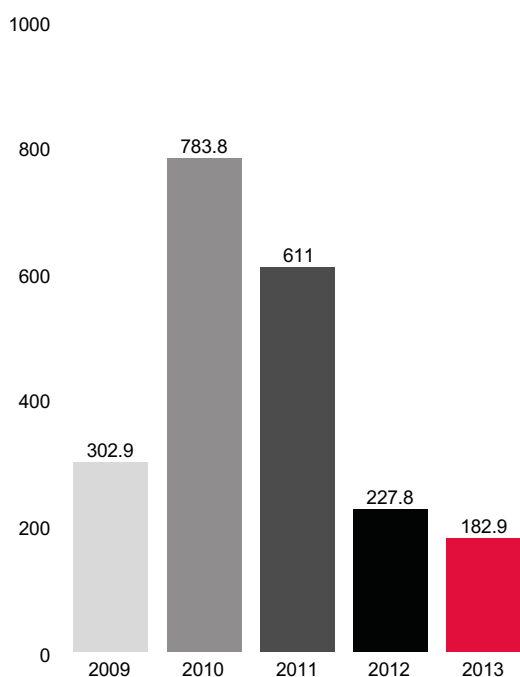
At a Glance

Key Financials in EUR million

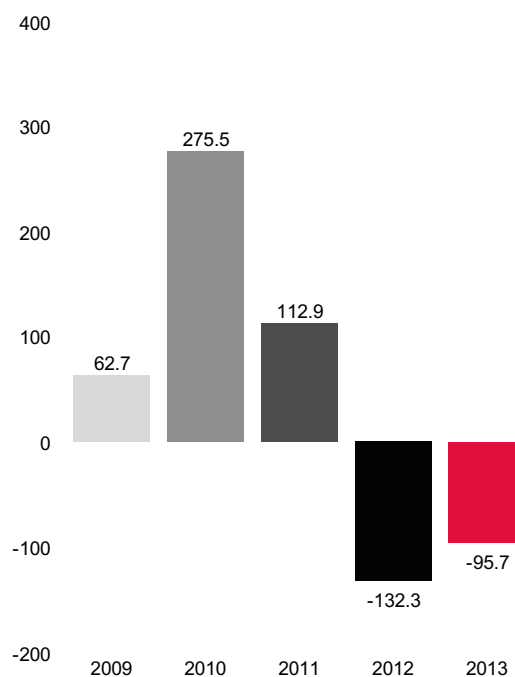
	2013	2012	2011	2013-2012
	Full Year	Full Year	Full Year	YoY
Revenues	182.9	227.8	611.0	-44.9
Gross profit	-7.4	0.4	231.4	-7.8
Gross margin	-4%	n/a	38%	n/a
Operating result (EBIT)	-95.7	-132.3	112.9	36.6
EBIT margin	-52%	-58%	18%	n/a
Net result	-101.0	-145.4	79.5	44.4
Net result margin	-55%	n/a	13%	n/a
Net result per share - basic (EUR)	-0.98	-1.44	0.79	0.46
Net result per share - diluted (EUR)	-0.98	-1.44	0.78	0.46
Free cash flow*	-1.1	-61.6	-36.2	60.5
Equipment Order Intake	133.2	131.4	513.4	1.8
Equipment Order Backlog (end of period)	59.6	79.4	141.0	-19.8

* Operating CF + Investing CF + Changes in Cash Deposits

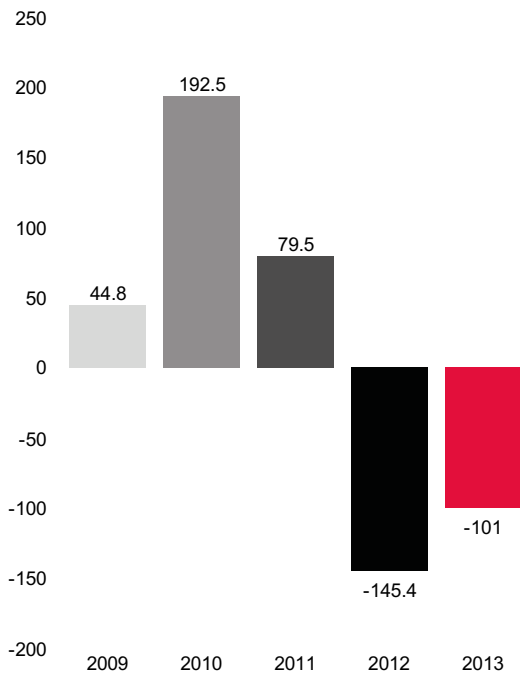
REVENUES (IFRS) in EUR million



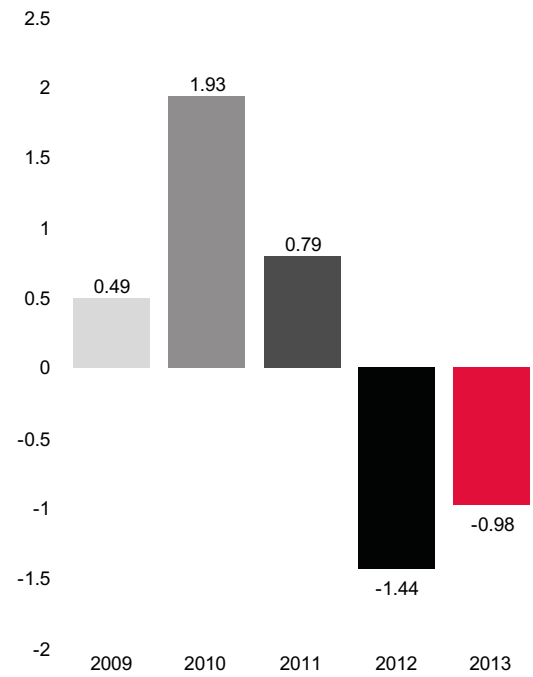
OPERATING RESULT (EBIT) in EUR million



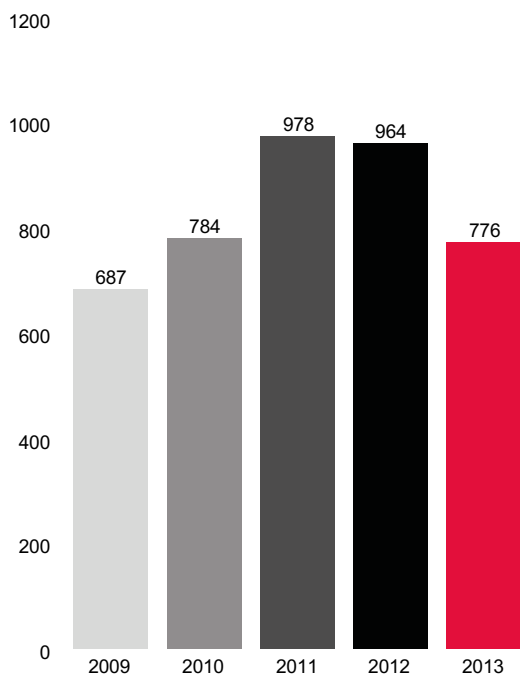
NET RESULT in EUR million



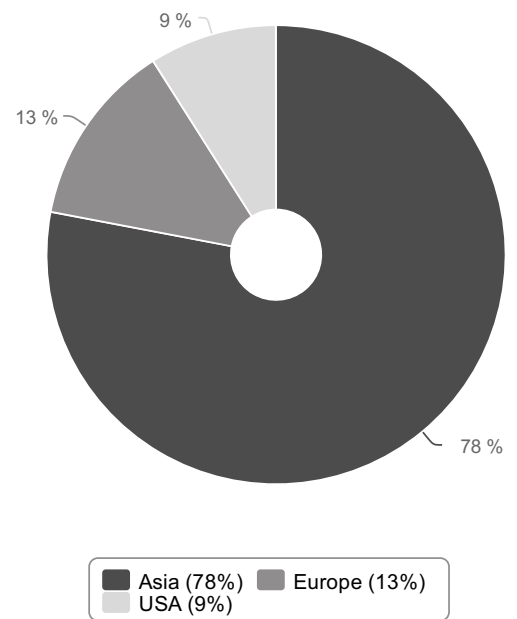
NET RESULT PER SHARE in EUR



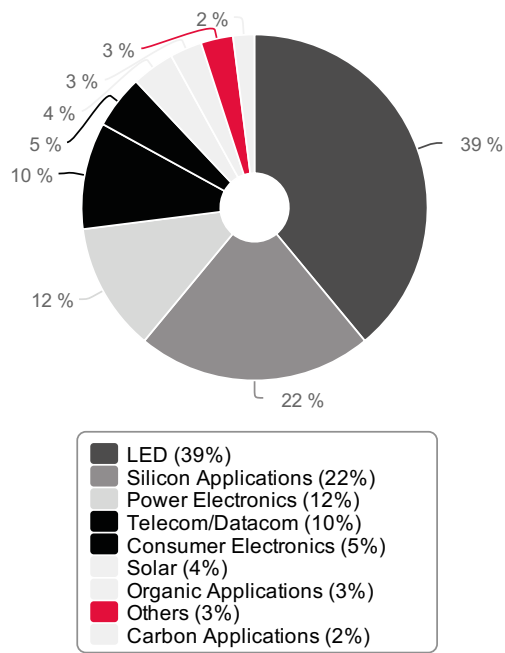
NUMBER OF EMPLOYEES



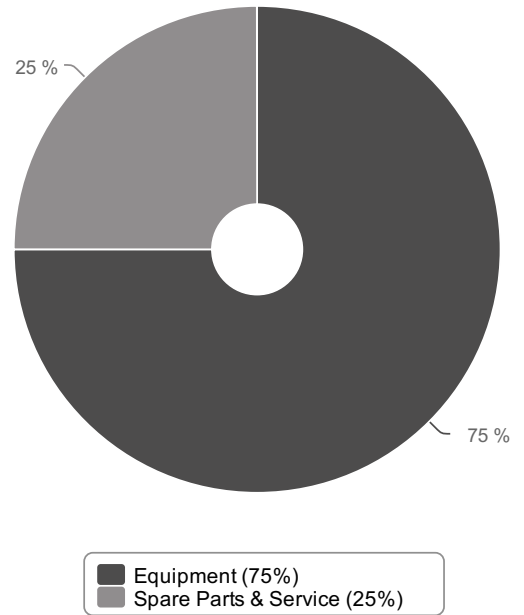
REVENUES BY REGION IN 2013



REVENUES BY APPLICATION IN 2013



REVENUES BY EQUIPMENT AND SERVICE IN 2013



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

Supervisory Board Report

During fiscal year 2013, the Company's Supervisory Board continuously monitored the management of the Executive Board and regularly advised it with regard to the management of the Company.

In the scope of our responsibilities as a supervisory board, during fiscal year 2013 we intensively addressed the question of restructuring the AIXTRON Group, largely due to the continuing slow demand and reduced business activities in the "traditional" AIXTRON markets. We also focused on the strategic orientation of the Group. Both processes have been pursued by the Chairman and Chief Executive Officer Martin Goetzeler who has been in office since March 1.

In order to strengthen AIXTRON's position in non-LED markets, we approved a capital increase in October 2013 after a careful and thorough review of the proposal by the Executive Board. The proceeds from the offering will be used to extend AIXTRON's technology leadership. To do this, the Company will systematically invest in defined growth fields, particularly in technologies for the production of power electronics, organic LEDs (OLEDs) and applications in the silicon semiconductor industry. In addition, the raising of equity capital bolstered the balance sheet and liquidity, which will increase the financial flexibility of the Company and also its negotiating position, particularly with larger customers.

In fiscal year 2013, on the basis of a 5 Point Program initiated by the Executive Board, we also continued to address the corporate strategy, business development and planning in detail, with subjects such as increasing efficiency, further cost reductions, management/employee structures and process adjustments in the area of research and development as well as the supply chain.

As in every year, we also advised on the risk situation, risk management and compliance in the Company and carefully checked the corresponding developments and measures.

Both, the Supervisory Board in plenum as well as the Audit Committee and the Technology Committee regularly met with the Executive Board, which reported promptly and comprehensively on all the relevant points. In all decisions of material importance to the Company, we were directly involved with our specialist committees and actively advised the Executive Board.

Furthermore, the Executive Board management activities and actions were monitored on a regular basis and it was ensured that the Company was managed in a legal, orderly, proper and cost-effective manner.

Supervisory Board Meetings and Content

During 2013, the Supervisory Board held four ordinary Supervisory Board meetings on February 27, May 22, September 18 and December 4. After the resignation of Dr. Jürgensen and Mr. Kuklies as of January 30, the Supervisory Board (still capable of adopting resolutions) temporarily consisted of four members, who were all present in the first two ordinary Supervisory Board meetings. On February 27, 2013, the Supervisory Board appointed Prof. Dr. Blättchen to be Deputy Chairman until the Annual General Meeting. Upon the proposal of the Nomination Committee the Supervisory Board decided in a written resolution circulated to the members on March 5, 2013, to propose Dr. Biagosch and Dr. Komischke as candidates for the election into the Supervisory Board. The Annual General Meeting elected Dr. Biagosch and Dr. Komischke on May 23 as new members of the now six-person Supervisory Board. At the ordinary Supervisory Board meeting on September 18, all six Supervisory Board members were present, while at the last ordinary meeting of the year Dr. Biagosch was excused.

During the reporting year, three extraordinary Supervisory Board meetings also took place, which were held on January 29, February 18 and May 23. Subject of the meeting on January 29, 2013 was the operational management of the Company. On February 18, the Supervisory Board unanimously approved the resignation of Mr. Hyland from the Executive Board effective February 28, 2013 and appointed Mr. Goetzeler, effective March 1, 2013, as a new member of the Executive Board as well as nominating him to be Chairman and Chief Executive Officer. Immediately after the Annual General Meeting, on May 23, a meeting of the new Supervisory Board took place without Dr. Komischke, at which Prof. Dr. Blättchen was elected Deputy Chairman of the Supervisory Board, Dr. Biagosch was appointed to the Technology Committee and Prof. Dr. von Rosen was appointed to the Audit Committee.

In light of his 30 years of work and service for the Company, the Supervisory Board named Dr. Jürgensen Honorary Chairman of the Supervisory Board in April.

At each of the ordinary Supervisory Board meetings, we were informed by the Executive Board about the current status of the finances, the risk management, the staff and organization structure, the different product developments and other operational activities. We also addressed in great detail process issues both in the area of research and development and in production as well as in the entire supply chain and in service. Product- and country-specific aspects were also taken into consideration here. We paid special attention to the structural and organizational adjustments required on account of the continuing lack of recovery in demand in important markets for AIXTRON. Since the May meeting, these subjects have been addressed, in particular, as part of the objectives of the newly implemented 5 Point Program: 1) focus on the customer, 2) technology and products, 3) efficiency, 4) financial performance, 5) management conduct and culture.

On the basis of the updated forecast reports and business development plans, during the meetings we were also able to gain an adequate picture of the short-, medium- and long-term corporate strategy and plan (above all objectives, strategy and tactics) for the entire AIXTRON Group. Deviations from the budget plan during the course of business were explained and justified.

The performance of the stock, analyst expectations for AIXTRON's shares, information about the shareholder structure, the performance of the US Dollar relative to the Euro and the related use of financial instruments for hedging the currency risks (hedging strategy) were also included in the points that were regularly discussed in the Supervisory Board meetings.

Between meetings, all Supervisory Board members received detailed quarterly reports on the status of the Company. Through a protected intranet web portal, the Supervisory Board had access to other documents and information, such as internal control reports, meeting minutes, company presentations, research analyst reports, analyst consensus reports, press releases and AIXTRON's financial reports. Furthermore, in numerous telephone calls and face-to-face meetings, the Chairman of the Audit Committee, the Chair of the Technology Committee and I, the Chairman of the Supervisory Board, were promptly and comprehensively informed by the Executive Board about relevant material developments and forthcoming decisions. In these telephone calls and meetings, I also had the opportunity to discuss topics such as strategy, planning, business development, the risk situation, risk management and compliance with the Executive Board on a regular basis.

All business transactions which needed Supervisory Board approval were presented in a timely manner by the Executive Board and, where appropriate, were approved after thorough consideration and examination.

At the first ordinary meeting of the year on February 27, 2013, the Financial Statements for AIXTRON SE as of December 31, 2012, the Consolidated Financial Statements as of December 31, 2012 and the respective management reports (including the Risk Report), the Auditor's Report and the report by the Audit Committee on the key audit results were extensively discussed by the Supervisory Board, then adopted and approved. We also discussed and approved for publication the Company's Annual Report in Form 20-F, pursuant to United States Securities and Exchange Commission (SEC) rules, and passed various resolutions on subjects to be addressed at the Annual General Meeting in 2013. The Supervisory Board Report and the Corporate Governance Report with the Declaration of Conformity were discussed in the same meeting and approved for publication in the Annual Report. Furthermore, proposed amendments to the by-laws of the Supervisory Board were discussed and adopted.

At the meeting held on May 22, 2013, the Supervisory Board discussed the Company's future action in a legal dispute with a customer and approved the initiation of the necessary legal steps. The Supervisory Board also adopted a resolution regarding an amendment to a formulation in the Articles of Association (with respect to the phrase: announcements of the Company in the "Federal Gazette", which replaced the previous wording "electronic Federal Gazette").

At the meeting on September 18, 2013, we essentially approved the awarding of additional stock options, on both a national and international basis, subject to a proposal for the exact distribution. We also addressed the question of obtaining additional liquidity.

On December 4, 2013, the Supervisory Board of AIXTRON SE met for its last ordinary meeting of the year. Here we agreed to the 2014 budget presented by the Executive Board after a detailed discussion, with the provision that the planned expenditures must be monitored regularly along with the progress of the business. Among other elements, the budget includes sales revenues, income, financial and investment planning data, as well as the planned personnel development. Furthermore, we released a new tranche ("Tranche 2013" under the Stock Option Plan 2012) of 800,000 stock options that can be used for the Executive Board, management, selected key employees and for highly qualified employees hired in the future. We also granted our approval to the by-laws of the Executive Board.

Committees

The Supervisory Board currently has three committees: an Audit Committee, a Technology Committee and a Nomination Committee.

The Audit Committee is composed of a Chairman, Prof. Dr. Blättchen, and two other members, Mr. Schindelhauer and Prof. Dr. von Rosen. The Chairman of the Audit Committee, Prof. Dr. Blättchen, is an independent Supervisory Board member whose area of expertise is reporting and audits (as required by law: Art. 107 (4); Art. 100 (5) AktG // German Stock Corporation Act) and who has particular knowledge and experience in the application of internal control processes.

The Audit Committee addresses, in particular, the monitoring of the accounting process, compliance, the effectiveness of the internal control system, the risk management system and the internal audit system and the implementation of the rules in accordance with Section 404 Sarbanes-Oxley Act (SOA 404). In addition, the Audit Committee is responsible for the audit of the financial statements and ensures, in particular, the required independence of the Auditor and any additional services performed by the Auditor. Finally, it issues the mandate to the Auditor, identifies the focal points of the audit and handles the fee arrangements. The Committee chairman reports regularly on the work of the Audit Committee to the Supervisory Board.

The four Audit Committee meetings held during fiscal year 2013 (February 26, May 22, September 17 and December 3) were attended by all the committee members. The Audit Committee members addressed the development of the financial position and financial planning, as well as the following issues among others:

- The engagement of the auditing firm Deloitte & Touche to audit the 2013 Annual Financial Statements, the Individual Financial Statements of AIXTRON SE in accordance with the German Commercial Code (HGB), the Consolidated Financial Statements of the AIXTRON Group in accordance with IFRS, the US Annual Report in the 20-F form, the risk screening system in the meaning of Article 91 (2) AktG and the internal controls for the financial reporting in the meaning of Section 404 of the Sarbanes-Oxley Act and prepare a Management Letter and findings in accordance with Section 7.2.3 DCGK (German Code of Corporate Governance) at AIXTRON SE.
- Review of the Statement of Independence and the Management Letter written by the Auditor (main conclusions from the 2012 annual audit of the Individual Financial Statements of AIXTRON SE and the Consolidated Financial Statements of the AIXTRON Group and of the internal control system).
- Risk screening system, the effectiveness of the risk management system, the internal audit system and the risk management report.
- Implementation of a compliance plan or team for the observance of the new SEC requirements (Dodd-Frank Act) for conflict minerals (e.g. tantalum, tungsten, tin, gold) and regular reporting (SEC Form SD); adjustments to the compliance manual; obtaining compliance statements from executives on a quarterly basis.
- Detailed discussion of extraordinary effects in 2013 (including impairments, pending loss provisions, restructuring costs, and move to the new R&D building).
- Regular discussion of the quarterly report and the semi-annual report in telephone conferences.
- Audit focal points for Deloitte & Touche for the audit of the 2013 AIXTRON Individual Financial Statements and Consolidated Financial Statements.

- Changes in the German Corporate Governance Code with respect to the remuneration of the Executive Board and its impact on the Remuneration Report of AIXTRON SE.

The Technology Committee is also composed of three members. It deals, in particular, with questions of AIXTRON's market positioning in technology, the assessment of its competitive position, the IP (intellectual property) strategy, product planning and technology development, potential technology acquisitions and other topics relating to diversification. The chair, Prof. Dr. Denk, regularly reports to the Supervisory Board on the activity of the Technology Committee.

In fiscal year 2013, the Technology Committee held four meetings on February 26, May 22, September 17 and December 3, at which all committee members were present, except for the last meeting where Dr. Biagosch was excused. At each meeting, the committee discussed the current status of projects for various product developments both in the area of compound semiconductors and in the area of the carbon nanostructures, as well as in the areas of organic semiconductors and silicon semiconductors. The Technology Committee also intensively addressed the already mentioned project on the implementation of improved product development processes. The goal of this project is to achieve greater reliability with regard to quality, timeframe and budget compliance for the development of new products.

The Nomination Committee, chaired by Prof. Dr. von Rosen and including Prof. Dr. Denk and Mr. Schindelhauer, makes nomination proposals to the Supervisory Board if one of the Supervisory Board positions needs to be replaced. In fiscal year 2013 the Nomination Committee held meetings on January 29 and March 1, at which all the committee members were present. At the meeting on January 29, the committee decided to recommend to the Supervisory Board that Mr. Goetzeler be made an offer to become the new Chairman and Chief Executive Officer. At the meeting on March 1, the committee decided to recommend to the Supervisory Board the nomination of two new Supervisory Board members.

In the preparations for the capital increase at the end of October 2013, the Supervisory Board, as in the past, formed a Capital Market Committee consisting of Mr. Schindelhauer, Prof. Dr. Blättchen and Prof. Dr. von Rosen, and transferred to it the authority to make decisions and act independently in connection with the use of approved capital. On October 23, 2013, in a phone conference, the Capital Market Committee elected Mr. Schindelhauer as the Committee Chairman and approved the resolution of the Executive Board from the same day on the increase in the Company's share capital from the approved 2011 capital by up to EUR 10,223,133.00. On October 24, 2013, the Capital Market Committee also advised on and approved the resolution of the Executive Board from the same day to specify the final placement volume of 10,223,133 new shares at a placement price of EUR 9.90 per new share.

Since the duties of the Capital Market Committee were completed after the capital increase, it was formally dissolved in the Supervisory Board meeting on December 4, 2013.

Monitoring of the Management

Due to the continuing lack of recovery in demand on the relevant markets for AIXTRON and the structural and organizational adjustments which are necessary as a result, we paid increased attention in fiscal year 2013 to the "transformation costs", i.e. restructuring costs, social plan costs, impairments of inventory and relevant topics, about which the Executive Board regularly informed us.

Furthermore, we have had the Executive Board explain, in detail, the activities and progress of the 5 Point Program since its introduction at the beginning of May. We have also discussed them extensively during the Supervisory Board meetings. The following core points have been defined as the main objectives of the program:

- Stabilizing and restructuring the organization,
- Improving customer satisfaction and productivity, and
- Returning to sustainable profitability

The following issues were also subject to regular control by the Supervisory Board:

- Staff development – "Volunteer Agreement" for employees and the current status of staff measures
- Project for the implementation of efficient product development processes
- Supply chain management project (including process changes, e.g. to reduce delivery times)
- Naming of "Key Customer Satisfaction Managers" for strategic customers
- Refinement and weighting of the AIXTRON product/technology portfolio
- Continuation and financing of the OLED business
- Future M&A strategy
- Employee management, responsibility and communication
- Business prospects and development in Korea and China (personal presentation by the General Managers of AIXTRON Korea and AIXTRON China)

During the reporting year, the Supervisory Board did not make use of the option of inspecting the books and documentation of the Company (Article 111 (2) AktG // German Stock Corporation Act). Due to the regular intensive and satisfactory reporting by the Executive Board, the audit by and the discussions with the Auditor (German Public Auditors) and the described supplementary monitoring measures, there was no need for this.

Corporate Governance

The Supervisory Board regularly checks on the development of the Corporate Governance Standards and, together with the Executive Board, writes a joint Corporate Governance report. We will continue to support the Executive Board in its efforts to remain in full compliance with the German Corporate Governance Code recommendations. The Government Commission on the German Corporate Governance Code made various changes to the Code during the reporting year. In the latest Declaration of Conformity in accordance with Art. 161 AktG (German Stock Corporation Act) dated February 2014, with the exception of the deviations declared for precautionary reasons the Executive and Supervisory Board certified full compliance with the recommendations of the German Corporate Governance Code.

No conflicts of interest were reported by the members of the Supervisory or Executive Board.

Audit and Annual Financial Statements

Following the resolution passed at the Company's Annual General Meeting on May 23, 2013, the Supervisory Board awarded the mandate to audit the Financial Statements of AIXTRON SE and the Consolidated Financial Statements of the AIXTRON Group for fiscal year 2013 to Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf.

The Auditors also reviewed the Company's Annual Report in Form 20-F and the internal control system in accordance with the Sarbanes Oxley Act of 2002 (SOX), as well as measures implemented by the Executive Board to detect, at an early stage, business risks that could potentially jeopardize the performance and existence of the Company. It was also agreed that the Auditors would, if necessary, inform the Supervisory Board or make a note in the audit report of any facts found during their examination which conflict with the Declaration of Conformity under Section 161 AktG (German Stock Corporation Act) issued by the Executive Board and the Supervisory Board. As in previous years, the Auditors did not make any note of such a finding for fiscal year 2013.

The Financial Statements of AIXTRON SE as of December 31, 2013 and the Management Report were prepared in accordance with the requirements of the German Commercial Code (HGB), while the Consolidated Financial Statements as at December 31, 2013 and the Group Management Report were prepared in accordance with Section 315a HGB on the basis of the International Financial Reporting Standards (IFRS). The Financial Statements of AIXTRON SE and the Consolidated Financial Statements of the AIXTRON Group were given an unqualified audit opinion. The Auditors found that the Management Reports of both AIXTRON SE and the AIXTRON Group present a true and fair view of the current position and prospects of AIXTRON SE and the AIXTRON Group.

The Annual Financial Statement documents (Annual Financial Statements of AIXTRON SE and the Consolidated Financial Statements of the AIXTRON Group as of December 31, 2013, including the Management Report of the Company and the Group) and the audit reports by the Auditors were submitted to the Audit Committee and the Supervisory Board for examination in a timely manner. The Supervisory Board has closely examined those documents. The Annual Financial Statements of AIXTRON SE and the Consolidated Financial Statements of the AIXTRON Group, as well as the respective Management Reports, were discussed in detail with the Company's Auditors at the Audit Committee and Supervisory Board Meeting on February 24, 2014, with due consideration given to the Auditor's reports. The Auditor reported on the key audit results, which also covered the internal control and risk management system as they relate to the accounting process, and was available to answer any additional questions raised by the Audit Committee or Supervisory Board. The Supervisory Board also discussed the 2013 Annual Report Form 20-F as required by the U.S. Securities and Exchange Commission (SEC).

Following our own examination, we had no objections to the single-entity or consolidated financial statements submitted; the respective Management Reports matched our own assessment of the Company and the Group's situation. We fully concurred with the Auditor's results and opinion and consequently, in a resolution passed on February 24, 2014, we approved both the Annual Financial Statements of AIXTRON SE and the Consolidated Financial Statements of the AIXTRON Group prepared by the Executive Board for fiscal year 2013. The Annual Financial Statements of AIXTRON SE are therefore formally adopted. Form 20-F for fiscal year 2013 was approved for filing with the SEC.

Composition of the Executive Board and the Supervisory Board

As already explained, the following changes occurred to the composition of the Executive Board and the Supervisory Board of AIXTRON SE during the fiscal year:

Mr. Paul Hyland departed from the Executive Board and thus resigned as Chairman and Chief Executive Officer, effective February 28, 2013. On March 1, 2013, Mr. Martin Goetzeler succeeded Mr. Hyland as Chief Executive Officer and Chairman of the Company.

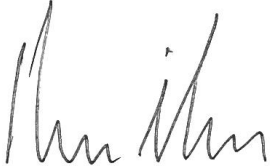
On January 30, 2013, Dr. Jürgensen and Mr. Kuklies resigned from the Supervisory Board. Until the election of new Supervisory Board members, the Supervisory Board consisted of four people and continued to be capable of passing resolutions. After a recommendation by the Nomination Committee, the Supervisory Board proposed the election of Dr. Andreas Biagosch and Dr. Martin Komischke at the ordinary Annual General Meeting on May 23, 2013 in Aachen. The election proposals were accepted by a large majority at the Annual General Meeting.

Note of thanks from the Supervisory Board

The Supervisory Board would like to thank the Executive Board and all Company employees for their personal dedication and loyalty in a difficult fiscal year that was characterized by continuing very low demand on the market, the resulting need for restructuring, and therefore once again serious challenges. We would like to thank in particular the employee representatives for their constructive work with various boards and councils within the Company during the restructuring and the resulting layoffs. We would also like to express our appreciation to our shareholders for their support and their ongoing confidence in AIXTRON SE.

Herzogenrath, February 2014
AIXTRON SE

Kim Schindelhauer
Chairman of the Supervisory Board

A handwritten signature in black ink, appearing to read 'Kim Schindelhauer', is positioned below the printed name and title.

Corporate Governance Report

1. Declaration on Corporate Governance

1.1 Declaration of Conformity

In accordance with Article 161 AktG (German Stock Corporation Act), the Executive Board and the Supervisory Board of AIXTRON SE declare:

AIXTRON SE meets all recommendations of the Government Commission on the German Corporate Governance Code (Regierungskommission "Deutscher Corporate Governance Kodex") published by the Federal Ministry of Justice (Bundesministerium der Justiz) in the official portion of the German Federal Gazette (Bundesanzeiger), in the version dated May 13, 2013, with the exception of the following deviations declared for precautionary reasons:

Consideration of the relationship between the remuneration of the Executive Board and the remuneration of senior management and staff overall at the present time and over the course of its historical development (Section 4.2.2 (2) Clause 3 DCGK // German Corporate Governance Code)

The Code recommends in Section 4.2.2 (2) Clause 3 that the Supervisory Board should take into account the relationship between the remuneration of the Executive Board and senior management and staff overall at the present time and over the course of its historical development when determining the total remuneration of individual members of the Executive Board, with the Supervisory Board specifying how the senior management and the relevant staff are to be differentiated for the comparison. The current employment contracts with the Executive Board were concluded before the aforementioned recommendation was adopted as a recommendation in the last amendment to the Code in 2013. The Supervisory Board did not explicitly specify at the time of their conclusion how the senior management and the relevant overall staff are to be differentiated from the Executive Board. The relationship between the remuneration of the Executive Board and the remuneration of senior management and the relevant overall staff is also not taken into account on the basis of such specifications by the Supervisory Board with respect to the criteria in Section 4.2.2 (2) Clause 2 DCGK (German Corporate Governance Code).

Upper limits for remuneration of the Executive Board (Section 4.2.3 (2) Clause 6 DCGK // German Corporate Governance Code)

The Code recommends in Section 4.2.3 (2) Clause 6 that the remuneration of the Executive Board members in total and with respect to their performance-based salary components should have upper limits in terms of amounts. The total remuneration of Executive Board members at AIXTRON SE includes both a fixed salary and various performance-based salary components. For the fixed salary, the annual income is set in the employment contract for the Executive Board member. Remuneration in kind and fixed benefits for an individual private retirement scheme are also added to this. The performance-based remuneration is limited to a maximum of EUR 6.5m with respect to the performance-based bonus for the entire Executive Board. The President and Chief Executive Officer is entitled to 8/18 and the other two Executive Board members each receive 5/18. The performance-based remuneration is awarded partially in the form of Company stock options. The amount of the respective stock option is subject to the aforementioned upper limit at the time of its awarding. In this respect, the recommendation has been complied with. The shares are only transferred to the entitled recipient three years after being awarded. Within this timeframe, the members of the Executive Board benefit from the unlimited potential rise in the price of the shares, which may be viewed as a deviation from the wording of the recommendation. A further limit on the performance-based remuneration with respect to the time of the transfer of the shares does not seem to be in the interests of the parties, since the essential incentive of share-based remuneration – to work toward increasing corporate value – would be counteracted and the Executive Board members would be placed at a disadvantage above such an upper limit in the event of a further increase in the stock price. An upper limit in terms of amounts for the total remuneration is not explicitly included in the current contracts for the Executive Board members.

In an adjustment of the running contracts with the Executive Board members, they will be based on the new recommendations of the German Corporate Governance Code (DCGK) and shall again fully comply with the recommendations in the future.

Since the issuing of the last Declaration of Conformity in February 2013, AIXTRON SE has fully complied with the recommendations of the German Corporate Governance Code (DCGK), in the version of May 15, 2012.

Herzogenrath, February 2014
AIXTRON SE

For the Executive Board of AIXTRON SE

Martin Goetzeler
Chairman and Chief Executive Officer

For the Supervisory Board of AIXTRON SE

Kim Schindelhauer
Chairman of the Supervisory Board

1.2 Information regarding Corporate Governance Practices

AIXTRON SE has had a **Code of Ethics** since 2006 for Executive Board members and certain managers in Finance. The aim of that Code is to promote upright and ethical conduct, including the ethical handling of conflicts of interest, the complete, fair, precise, timely and transparent disclosure of quarterly and annual reports, compliance with prevailing laws, rules and regulations and the immediate internal reporting of breaches of the Code where necessary and to ensure accountability for compliance with the Code. The complete text of the Code can be found on the AIXTRON website in the Investor/Corporate Governance area.

In addition, AIXTRON has issued a **Compliance Code of Conduct** applicable to the Company's Executive and Supervisory Boards, as well as all employees throughout the world, which holds them accountable for conscientious conduct in conformity with the law. Amongst the topics addressed, this Code covers the following issues: responsibility and respect towards society and the environment, compliance with overall legal conditions, legal and ethical conduct by each individual employee, loyalty to the Company, fair and respectful treatment of fellow employees, rejection of any form of discrimination, dealing responsibly with corporate risks, acting in an environmentally responsible manner, security in all operating areas, working in a professional manner, reliability and fairness in all business relationships, compliance with guidelines on giving/accepting unfair advantages, dealing with insider information and the treatment of Company property. In addition, due to particular requirements set by NASDAQ, AIXTRON SE has a separate **NASDAQ Code of Conduct**. The full texts of the Compliance Code of Conduct and the NASDAQ Code of Conduct can also be downloaded from the AIXTRON website.

In 2010, AIXTRON issued a **Compliance Manual** which applies to all members of the Company's senior management and is the basis for the principles of the Compliance Code of Conduct. The Compliance Manual provides detailed explanations on the subject of compliance organization at AIXTRON and on the resulting conduct requirements applicable to the Executive Board, the Supervisory Board and the employees. It is regularly updated to reflect amended statutory requirements and was therefore also amended for fiscal year 2013. Each quarter, the senior managers declare in writing that in their area of responsibility the compliance requirements of AIXTRON SE were observed. If the Compliance Manual has been updated, they also declare that they will take note of the updated version and follow and communicate its contents within their area of responsibility.

Furthermore, AIXTRON has established a **Vendor Code of Conduct**, which defines ethical, moral and legal standards in connection with the purchase and use of conflict minerals (gold, tantalum, tungsten, tin) within the AIXTRON supply chain. The key content of this code includes information on the US rules on the use of conflict minerals, the process of due diligence on the supply chain, the expectations for supply chain partners and suppliers and the consequences in the event of non-compliance. The complete text of the Vendor Code of Conduct can be accessed on the AIXTRON website in the Investor/Corporate Governance area.

1.3 Executive Board and Supervisory Board Operating Procedures; Composition and Mode of Operation of Committees

As a European company (Societas Europaea), AIXTRON SE is subject not only to the German Stock Corporation Act, but also to the superordinate European SE regulations (SE-Regelungen) and the German SE Implementation Act (SE-Ausführungsgesetz). The Company has a dual management and supervisory structure consisting of an Executive Board and a Supervisory Board.

Executive Board

Pursuant to the guidelines set forth in the German Stock Corporation Act, which are also valid for AIXTRON SE, via the SE statutes, the Executive Board of AIXTRON SE is responsible for the management of the Company and informs the Supervisory Board regularly, comprehensively and without delay of the business development, corporate planning and strategy as well as the Company's risk status.

According to Article 8 of AIXTRON SE's Articles of Association, the Executive Board consists of two or more persons. The Supervisory Board determines the precise number of Executive Board members, decides whether there should be a Chairman and whether deputy members or a Deputy Chairman should be appointed.

AIXTRON SE's Executive Board consists of the following three members:

Name	Position	First Appointment	End of Term
Martin Goetzeler*	Chairman, President and Chief Executive Officer	March 1, 2013	February 28, 2017
Wolfgang Breme	Executive Vice President and Chief Financial Officer	April 1, 2005	March 31, 2016
Dr. Bernd Schulte	Executive Vice President and Chief Operating Officer	April 1, 2002	March 31, 2015

*) Successor of Paul Hyland who held this position until February 28, 2013

Notwithstanding the Executive Board's statutory joint and several liability and the obligation of its members to collaborate closely and in confidence with their colleagues, the assigned responsibilities of the individual members of the Executive Board are as follows:

AIXTRON's President and Chief Executive Officer coordinates the tasks of the Executive Board and is additionally responsible for the operating business of the AIXTRON Group, focusing in particular on Strategic Planning, Investor Relations & Corporate Communications, Human Resources, Manufacturing and Procurement & Logistics. The Chief Financial Officer is responsible, in addition to Group Finances and Reporting, for Corporate Governance & Compliance, IT, Legal & Risk Management and Facilities Management. The Chief Operating Officer is responsible for the Group's Marketing, Technology Development, Business Development and Sales activities.

With the Supervisory Board's approval, the Executive Board has adopted by-laws, which are regularly reviewed to ensure they are appropriate and up-to-date. They include a listing of matters which are of fundamental or substantial importance and about which the Executive Board is required to make formal resolutions. Examples of such material decisions requiring formal resolutions are: decisions on strategies, corporate plans and budgets; significant changes in the organization of the Company and Group; the commencement or discontinuation of areas of activity within the Company; the acquisition and sale of land and land rights; the conclusion, amendment, and termination of intercompany or significant license or cooperation agreements; the commissioning of material external consulting and research projects; fundamental questions in the area of human resources and human resources policy; determination of the principles governing representation in business organizations and associations; appointments to the management and supervisory bodies of subsidiaries and associated companies; important publications and information for the public above and beyond normal reporting requirements; the initiation of lawsuits and legal disputes; the granting of collateral and assumption of guarantees.

The Executive Board rules of procedure and the Articles of Association, respectively, contain a list of material transactions and measures which require the prior approval of the Supervisory Board. Transactions and measures requiring approval pursuant to the Articles of Association or by-laws include, but are not limited to, decisions to build or dispose of operating sites or land; the starting or ending of business activities; granting or taking out of loans, etc.

According to the by-laws, meetings of the Executive Board are to be held at least twice a month or whenever the Company's interests shall so dictate. Executive Board meetings are convened and directed by the Chairman of the Executive Board. Any member of the Executive Board may request an Executive Board meeting be convened for a specific issue. If the Chairman cannot attend, the meeting shall be chaired by a Board member appointed by the Chairman or the oldest member of the Executive Board in terms of age. The Executive Board shall be deemed to have a quorum if all members have been invited and more than half of the members are able to participate in person, via telephone link or by video conference, when resolutions are being voted on. The Executive Board makes decisions by a simple majority of the votes cast by the members involved in the meeting unless otherwise provided by law, the Articles of Association or by-laws. In the case of a tie, the Executive Board Chairman casts the deciding vote.

Every Executive Board member must immediately disclose conflicts of interest to the Supervisory Board and other members of the Executive Board. Members of the Executive Board may only take on part-time activities, especially posts on company and supervisory boards outside of the Group, after receiving Supervisory Board approval.

Supervisory Board

The Supervisory Board is responsible for the appointment of the Executive Board members and supervises and advises the Executive Board with regard to its management duties.

Pursuant to Article 11 of AIXTRON SE's Articles of Association, the Supervisory Board consists of six members. The Annual General Meeting can specify any other number of Supervisory Board members, providing that the total is divisible by three. The members of the Supervisory Board are generally appointed for a period of four years and until the end of the Annual General Meeting in which the shareholders represented ratify the approval of the Supervisory Board's activities for the fourth fiscal year after the term of office begins. The term of office of this Supervisory Board ends as of the close of the 2016 Annual General Meeting. On May 23, 2013, the Annual General Meeting elected Dr. Andreas Biagosch and Dr. Martin Komischke as successors to the Supervisory Board members Dr. Holger Jürgensen and Karl-Hermann Kuklies, who resigned as of January 30, 2013, for the rest of their respective terms on the Supervisory Board of AIXTRON SE.

The Supervisory Board elects a Chairman and a Deputy Chairman from among its members. The Supervisory Board Chairman or – if he is unable to do so – his Deputy convenes and conducts the Supervisory Board meetings.

At the end of fiscal year 2013, AIXTRON'S Supervisory Board consisted of the following six members:

Name	Position	Member since	End of Term
Kim Schindelhauer ¹⁾²⁾³⁾⁴⁾⁵⁾	Chairman of the Supervisory Board, Chairman of the Capital Markets Committee	2002	AGM 2016
Prof. Dr. Wolfgang Blättchen ¹⁾⁴⁾	Deputy Chairman of the Supervisory Board, Chairman of the Audit Committee, Independent Financial Expert ⁶⁾	1998	AGM 2016
Dr. Andreas Biagosch ²⁾		2013	AGM 2016
Prof. Dr. Petra Denk ²⁾³⁾	Chair of the Technology Committee	2011	AGM 2016
Dr. Martin Komischke		2013	AGM 2016
Prof. Dr. Rüdiger von Rosen ¹⁾³⁾⁴⁾	Chairman of the Nomination Committee	2002	AGM 2016

¹⁾ Member of the Audit Committee

²⁾ Member of the Technology Committee

³⁾ Member of the Nomination Committee

⁴⁾ Member of the 2013 Capital Markets Committee

⁵⁾ Former AIXTRON Executive Board Member

⁶⁾ Since 2005

The Company is in compliance with the requirement for diversity on the Supervisory Board (Section 5.4.1 DCGK // German Corporate Governance Code) due to the broad range of skills that individual Supervisory Board members have (in the areas of finance, capital markets, M&A, technology and market experience). In addition, the ratio of female members met the objectives set in 2010.

The Supervisory Board shall include what they consider to be an adequate number of independent members. Within the meaning of Section 5.4.2 of the Code, a Supervisory Board member will not be considered independent, in particular, if he or she has personal or business relations with the Company, its executive bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interest. The Supervisory Board targets that at least half of its members shall be independent. Since the Supervisory Board consists solely of elected representatives of shareholders who are to be viewed as independent members according to the Code, the Company has complied with this objective.

As required under Section 5.4.2 DCGK (German Corporate Governance Code), the Supervisory Board includes no more than two former Executive Board members.

Prior to the Supervisory Board Meeting on December 4, 2013, each Supervisory Board member received the annual questionnaire from the Chairman examining the efficiency of the Supervisory Board's activities. The newly elected Supervisory Board members Dr. Biagosch and Dr. Komischke were exempted from answering the questionnaire. Based on its evaluation of the returned questionnaires, the Supervisory Board resolved that it is acting efficiently in accordance with Section 5.6 of the Code.

Other directorships held by Executive and Supervisory Board members are listed under Section 36 "Supervisory Board and Executive Board" in the Notes to the Consolidated Financial Statements.

The Company did not initiate or conclude any material transactions with related parties during the fiscal year 2013.

The Supervisory board has adopted its own set of by-laws governing Supervisory Board duties, rights, obligations and organization procedures for meetings and resolutions, including the formation of appropriate committees. The Audit Committee and the Technology Committee both operate according to separate by-law requirements approved by the Supervisory Board. All sets of by-laws are regularly amended to reflect the latest changes made to the German Corporate Governance Code.

An independent and expert member of the Supervisory Board has chaired the Audit Committee since 2005 in accordance with Section 5.3.2 DCGK (German Corporate Governance Code). The Technology Committee was created on May 19, 2011.

The Supervisory Board, like the Audit Committee and Technology Committee, generally holds four ordinary meetings per year. The Nomination Committee convenes as and when necessary.

As requested by the Chairman of the Supervisory Board, the Executive Board participates in all Supervisory Board meetings, gives written and oral reports on the various points on the agenda and proposed resolutions, and answers questions posed by individual Supervisory Board members. Between meetings, monthly and detailed quarterly reports on the status of the Company from the Executive Board are made available to all Supervisory Board members. Furthermore, in numerous telephone calls and face-to-face meetings, the Supervisory Board Chairman, the Chairman of the Audit Committee and the Chair of the Technology Committee are promptly and comprehensively informed by the Executive Board about relevant material developments and forthcoming decisions on material issues.

Resolutions of the Supervisory Board and the Supervisory Board committees are generally passed during formally convened meetings. In exceptional cases, Supervisory Board members may, if justified, participate in a board or committee meeting remotely via telephone or video conference. The Supervisory Board and its committees are deemed to have a quorum if two-thirds, or in the case of the Supervisory Board at least three members, are able to participate in person for the adoption of a resolution (outside of formal meetings, if no objections are raised by any member, this is possible by casting votes in writing, by fax, telephone, email or a combination of these communication media). Resolutions are adopted if a majority of the votes are cast in favor. In the case of a tie, the Chairman of the meeting casts the deciding vote.

Every member of the Supervisory Board must disclose conflicts of interest to the Supervisory Board, especially those conflicts arising from a consulting contract or board position for a customer, supplier, creditor or other business partner. If a material, not just temporary, conflict of interest involving a Supervisory Board member cannot be resolved to the satisfaction of the Supervisory Board, it will result in that member being required to resign.

Executive and Supervisory Board Cooperation

As in previous years, the Executive Board and the Supervisory Board worked closely together throughout 2013 for the benefit of the Company. Their joint goal is to increase the sustainable value of the Company after the execution of comprehensive restructuring and a return to profitability.

AIXTRON SE has a two-tier governance system characterized by a clear separation of management and supervisory functions. The Executive Board is responsible for managing the Company and informs the Supervisory Board regularly, comprehensively and without delay about all relevant issues involving strategy, planning, business development, the Company's risk situation, risk management and compliance.

The Supervisory Board is responsible for the appointment of the Executive Board members and oversees and advises the Executive Board with regard to its management duties. For certain transactions and measures specified in the Articles of Association of AIXTRON SE or the Executive Board's by-laws, the Executive Board must obtain the prior approval of the Supervisory Board. The Executive Board is required to report to the Supervisory Board on the conclusion, amendment or termination of material agreements that do not require approval under the Articles of Association or the Executive Board's by-laws. The Executive Board is also required to notify the Supervisory Board of all material events, even those that do not require the approval of the Supervisory Board.

Operating Procedures and Composition of Committees

No committees have been set up by AIXTRON SE's Executive Board.

The Supervisory Board of AIXTRON SE currently has three committees: the Audit Committee, the Technology Committee and the Nomination Committee. The Supervisory Board is authorized to form other Committees with its members, which it did in fiscal year 2013 with the now dissolved "Capital Market" Committee.

The Audit Committee is composed of one chairman and two other members. The Chairman of the Audit Committee, Prof. Dr. Blättchen, is an independent member whose area of expertise is reporting and audits (as required by law: Art. 107 (4); Art. 100 (5) AktG // German Stock Corporation Act) and who has particular knowledge and experience in the application of internal control processes. The Audit Committee addresses, in particular, the monitoring of the accounting process, compliance, the effectiveness of the internal control system, the risk management system, the internal audit system and the implementation of the rules in accordance with Section 404 Sarbanes-Oxley Act (SOA 404). In addition, the Audit Committee is responsible for the audit of the financial statements and ensures in particular the required independence of the auditor and any additional services performed by the auditor. Finally, it issues the mandate to the auditor, identifies the focal points of the audit and handles the fee arrangements. The Committee chairman reports regularly on the work of the Audit Committee to the Supervisory Board.

The Technology Committee is composed of one chair and two other members. It deals, in particular, with questions of AIXTRON's market positioning in technology, the IP (intellectual property) strategy, product planning and technology development, potential technology acquisitions and other topics relating to diversification. The chair, Prof. Dr. Denk, regularly reports to the Supervisory Board on the activities of the Technology Committee.

The Nomination Committee also consists of a chair and two other members. The Committee, chaired by Prof. Dr. von Rosen, makes nomination proposals to the Supervisory Board if one of the Supervisory Board positions needs to be replaced.

In preparation for the capital increase in October 2013, the Supervisory Board formed a "Capital Market" Committee comprising three members of Supervisory Board. This Committee adopted the necessary resolutions for the process and was dissolved after the successful completion of the transaction.

The interaction and cooperation of the Executive Board, the Supervisory Board and its committees during fiscal year 2013 are further described in the Supervisory Board Report, which is also a part of this Company's Annual Report and can be downloaded from the AIXTRON corporate website.

2. Corporate Governance Report

2.1 Report on Corporate Governance from the Executive and Supervisory Boards

AIXTRON is committed to observing the principles of transparent and responsible conduct of its business aimed at creating value on a sustainable basis by employing appropriate corporate governance. We, the Executive and Supervisory Boards of AIXTRON SE, seek to further strengthen the trust placed in us by our shareholders, financial markets, customers, business partners, employees and the general public through appropriate management and supervision. We are convinced that good corporate governance is an essential element for our Company's success.

Both this Corporate Governance Report, prepared in accordance with Section 3.10 DCGK (German Corporate Governance Code), and the joint Declaration of Conformity, issued by the Executive Board and the Supervisory Board pursuant to Article 161 AktG (German Stock Corporation Act) in February 2014 are published in the Annual Report and on the AIXTRON corporate website in German and English. AIXTRON also retains previous Declarations of Conformity on its website for a period of at least five years.

Isolated deviations

AIXTRON has complied with all the recommendations of the German Corporate Governance Code in the past and, with the exception of the deviations declared for precautionary reasons in the Declaration of Conformity, also fully complied with the Code in fiscal year 2013. Our internal monitoring and control systems, which have been regularly tested and are continuously kept up to date, comply with Section 404 of the Sarbanes-Oxley Act and provide us with support in meeting our compliance responsibilities.

The Government Commission on the German Corporate Governance Code made several changes to the Code in 2013. The German Corporate Governance Code in the currently applicable version of May 13, 2013 was published by the Federal Ministry of Justice on June 10, 2013.

Since the interpretation of the new recommendations is not absolutely clear at the present time, the Executive Board and the Supervisory Board declared deviations from the recommendations of the German Corporate Governance Code for precautionary reasons in the latest Declaration of Conformity dated February 2014.

Diversity

As stipulated by the Code, AIXTRON has set clear targets with regard to appropriate diversity in the management of the Company (Sections 5.1.2 and 5.4.1 DCGK // German Corporate Governance Code).

Against the backdrop of demographic change and the associated effect of a lack of sufficiently qualified staff in Germany, AIXTRON has consistently striven for further increases in the percentage of women and the international composition of its employees and management. Nevertheless, the Company's primary commitment is to ensure that the employees possess the required professional and social competencies.

Composition of the Supervisory Board

As early as 2010, the Supervisory Board listed a set of required qualities for future appointments of Supervisory Board members and amended them in 2012. The detailed requirements are as follows:

- With respect to nominations of Supervisory Board members, the Nomination Committee shall ensure that the Supervisory Board at all times consists of members who, individually and collectively as a team, have the knowledge, skills and experience required to perform their tasks properly. In addition, the members should be independent. The Nomination Committee will strive to enhance the efficiency and transparency of the selection process. As a general rule, the Supervisory Board members are nominated for election for the longest possible period in compliance with the Company's Articles of Association.
- AIXTRON currently exports more than 85% of its products overseas and almost 90% thereof to Asia and consequently international experience in the electronics and lighting appliances markets that are specific to AIXTRON's areas of interest is of the greatest benefit to the Company.
- As a general rule, new members of the Supervisory Board should not be older than 70 when they retire from the Supervisory Board. When elected, they should be available to the Company for at least two election periods.
- The aim should be that the individual Supervisory Board members will have training, qualifications, expertise and international experience that are as diverse as possible so that collectively they will have the necessary knowledge, skills and experience required to perform their tasks properly. They should have company and product oriented relevant experience with an understanding of the business model, the specifics of the industry and the processes in the various departments of business management and administration, including more specifically accounting, audit of the annual financial statements, corporate development, capital market, technology, special machine production, markets, sales, lighting, etc.
- It is believed to be in the best interest of the Company to employ the full potential of well-trained and motivated people from different nationalities and both genders. To strengthen the Company's position in global competition, the Supervisory Board aims to achieve an approximate ratio of 20% ratio of women in the Supervisory Board.
- The Supervisory Board shall include what it considers to be an adequate number of independent members. A Supervisory Board member will not be considered independent, in particular, if he or she has personal or business relations with the Company, its executive bodies, a controlling shareholder or an enterprise associated with the latter that may cause a substantial and not merely temporary conflict of interest.
- At least half of the Supervisory Board members should be independent.
- The Supervisory Board shall not have more than two former members of the Executive Board amongst its members at any one time.
- The Supervisory Board members shall not hold any function as a board member in or act as a consultant for any material competitor of the Company.
- The Supervisory Board must have at least one independent member with expertise in accounting, internal control processes and the auditing of annual financial statements. That Supervisory Board member will be required to also be a member of the Audit Committee.
- Given the increased demands on the professionalization of Supervisory Board members and with a view to ensuring that their services will be delivered as efficiently as possible, as in previous years, new Supervisory Board members should not hold more than five board memberships in other listed companies or other companies with similar demands. For reasons of convenience and efficiency, the aim is to give preference, but not exclusivity, to candidates who are based in Germany or in other parts of Europe.

Additional information regarding the composition of the Supervisory Board can also be found in the section of Chapter 1.3 of this Annual Report entitled "Supervisory Board".

The Executive Board and Supervisory Board of AIXTRON SE are convinced that the Supervisory Board fully complies with its own and the Code's requirements of appropriate diversity and independence of Supervisory Board members.

For the purposes of continuing education, as part of further professionalization of the Supervisory Board, its members have taken part in advanced training in connection both with their functions as Supervisory Board members and their other professional activities.

Shareholders and Annual General Meeting

In fiscal year 2013, the Annual General Meeting was held in Aachen on May 23, 2013. The invitation to the Annual General Meeting was announced in a timely manner in the German Federal Gazette (Bundesanzeiger) in accordance with the legal requirements, and included the agenda, the proposed resolutions from the Executive and Supervisory Boards as well as the conditions for participation at the Annual General Meeting and the exercising of voting rights. Holders of the Company's ADS (American Depositary Shares) received special proxy voting forms within the required timeframe. All reports and documentation required by law were available on AIXTRON's website, www.aixtron.com, from the date the Annual General Meeting was convened. In compliance with Section 2.3.3 DCGK (German Corporate Governance Code), certain parts of the Annual General Meeting (opening of the meeting, speech and presentation of the Executive Board) were broadcast live via webcast. Directly following the Annual General Meeting, the Company published attendance figures and the voting results in a press release, as well as on its website.

Six out of seven agenda points required approval. All of the resolutions were approved with the support of at least 68.5% of the voters entitled to vote, with around 37% of AIXTRON share capital being represented at the Annual General Meeting. Under agenda item 4, the shareholders approved the remuneration system amended in December 2012 for the members of the Executive Board. Under agenda item 5, the Annual General Meeting elected Dr. Andreas Biagosch and Dr. Martin Komischke to be the two new members in the AIXTRON Supervisory Board, replacing Dr. Holger Jürgensen and Karl-Hermann Kuklies who resigned as of January 30, 2013. Under agenda item 7, the shareholders granted the Company a new authorization to purchase and use treasury shares, which also includes the possibility of issuing shares to the Company's Executive Board as a component of the variable remuneration.

Shares Held by Executive and Supervisory Board Members

As of December 31, 2013, members of AIXTRON SE's Supervisory Board held, directly and indirectly, a total of 601,429 ordinary shares, or 0.5 % of the Company's share capital, which amounted to EUR 112,613,445 at year's end.

As of December 31, 2013, the AIXTRON Executive Board did not directly or indirectly hold any shares issued by the Company. The options held by Executive Board members under stock option plans are set out and explained in the Remuneration Report in the Notes to the Annual Financial Statements.

Information regarding the purchase and sale of AIXTRON SE shares by persons performing managerial responsibilities according to Article 15a WpHG (German Securities Trading Act) is published on the AIXTRON website under the category of "Corporate Governance/Director Dealings" immediately after the notification is received. In fiscal year 2013, four such transactions were published, involving the sale of in total 209,500 AIXTRON shares.

Transparency

In the interest of maximum transparency, shareholders, shareholder associations, potential investors, financial analysts and the media are regularly and promptly informed of the AIXTRON Group's business developments. The internet is the primary communication channel used for this purpose.

Reporting on the business situation and financial results of AIXTRON SE and the AIXTRON Group are made available in German and/or English, in the form of:

- A webcast of the Annual General Meeting (opening, speech by the Chairman of the Supervisory Board and presentation of the Executive Board were broadcast live)
- The interactive, electronic Annual Report with the Consolidated Financial Statements, the Group Management Report and the Supervisory Board Report
- The AIXTRON SE Annual Financial Statements and the related Management Report
- The annual report on Form 20-F for the United States Securities and Exchange Commission ("SEC")
- Interim financial reports
- Transcripts or audio files of quarterly conference calls for the press and analysts
- Company presentations
- Ad-hoc, corporate news and IR-news releases
- Forms 6-K for the SEC
- Marketing releases

Important recurring dates, such as the date of the Annual General Meeting or the publication dates of financial reports, are detailed in the Company's financial calendar. This and the above-mentioned reports, speaker notes, presentations, webcasts and press releases are available on the Company's website for a limited period of time.

Reporting and Audit

The Group's interim financial reports as of March 31, June 30, and September 30, 2013 and the Consolidated Financial Statements for the period ending on December 31, 2013 were prepared in accordance with IFRS (International Financial Reporting Standards). The separately reported parent-company Annual Financial Statements 2013 for AIXTRON SE were prepared in accordance with the German Commercial Code (HGB) and the requirements of the German Stock Corporation Act (AktG).

The Consolidated Annual Financial Statements and the parent company's Annual Financial Statements were audited by the appointed external auditor and approved by the Supervisory Board. The auditor agreed that the Chairman of the Supervisory Board and the Chairman of the Audit Committee would be informed without delay about any reasons for exclusion or exemption and any inaccuracies in the Declaration of Conformity arising in the course of the audit. No such material events were recorded in the current year.

Stock Option Plans

AIXTRON has a total of five stock option plans, under which options are or have been issued for the acquisition of AIXTRON shares or ADS (American Depositary Shares) to members of the Executive Board, managers and Company employees.

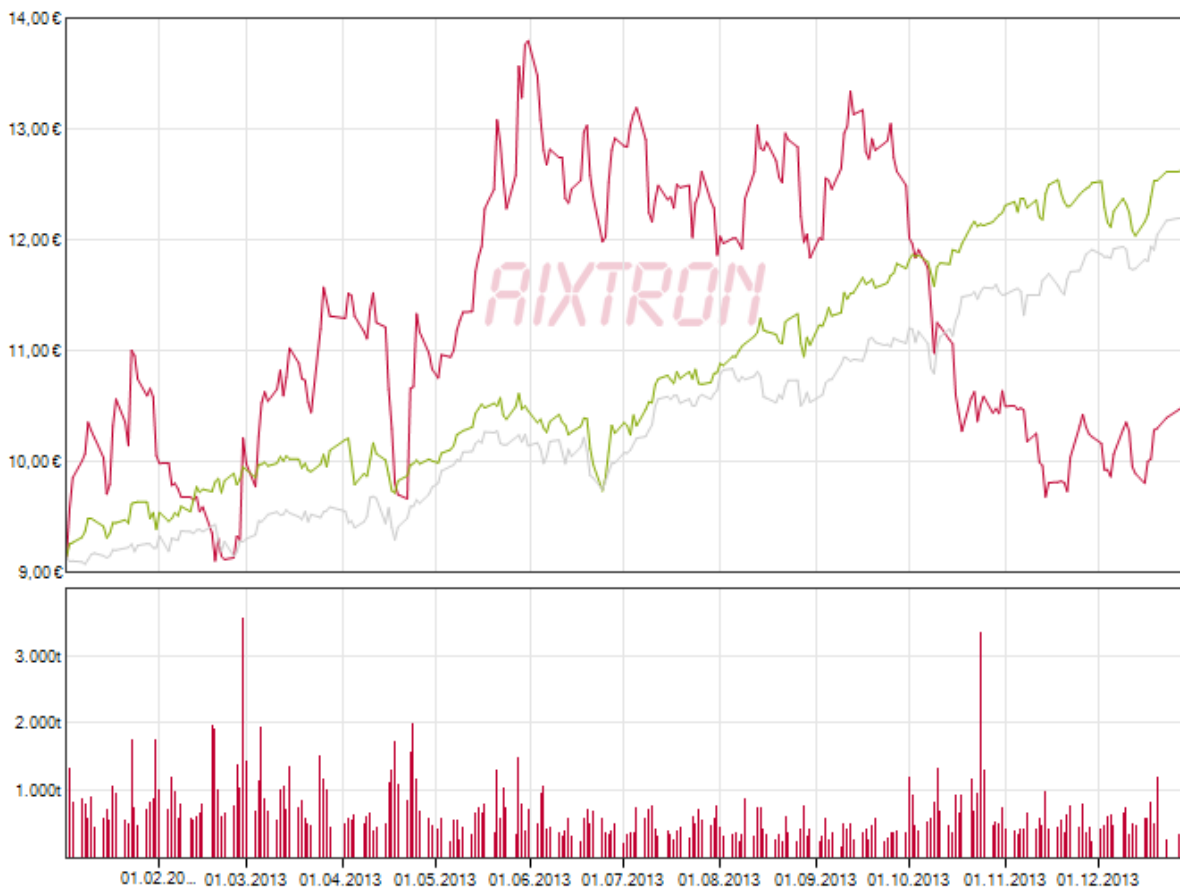
From the 2012 Stock Option Plan, a new tranche of 800,000 stock options was issued ("Tranche 2013" under the 2012 Stock Option Plan) during the reporting year. In accordance with the amended Article 193 (2) No. 4 AktG (German Stock Corporation Act) of the Act on the Appropriateness of Management Board Remuneration (VorstAG), the options under the 2012 Stock Option Plan can only be exercised, at the earliest point in time, after a waiting period of four years and include an absolute performance target. In addition, stock options issued to members of the Executive Board contain a relative exercise threshold with the TecDAX as a comparison parameter. The maximum term of the stock options is 10 years.

As of December 31, 2013, the 2013 tranche of the 2012 Stock Option Plan and the 2007, 2008, 2009, 2010, 2011 and 2012 tranches of the 2007 Stock Option Plan and the previous stock option plans (AIXTRON 1999 and 2002 Plans and the Genus Stock Option Plan 2000) still had outstanding options to subscribe 3,289,025 AIXTRON shares or ADS.

A more detailed description of the individual stock option plans and a summary of all the stock option transactions can be found in Note 23, "Share-based payment", of the Notes to the Consolidated Financial Statements.

The Aixtron Share

Price and volume chart for AIXTRON SE shares from January 1, 2013 to December 31, 2013



Share

■ AIXTRON

Competitors

■ TecDAX

■ NASDAQ Composite

AIXTRON Share Price Performance

AIXTRON's share price fluctuated considerably in 2013. While accelerating LED market penetration buoyed anticipation of a near term order recovery, visibility on capacity expansions from the LED supply chain remained low. The resulting uncertainty in the overall direction of the market created share price volatility.

In Q1/2013, views that the equipment orders may have been reaching a trough level triggered a quick rebound in share price, but this was soon reversed, resulting in a 2013 low of EUR 9.10 (USD 12.21) on February 19.

Encouraged by new attractively-priced consumer LED light bulbs, the market assumed that the increasing adoption of LED lighting would quickly transfer into higher equipment demand. AIXTRON's share price subsequently rose through March. Following the introduction of AIXTRON's restructuring and "5-Point-Program" in May, the share price reached a 2013 high of EUR 13.80 (USD 17.87) on May 31. Good progress on the execution of the program, as reported in the Company's H1/2013 results at the end of July, combined with strong momentum driven by the ongoing adoption of LED lighting, resulted in AIXTRON shares outperforming indices into Q3/2013.

From mid-September 2013, AIXTRON's share price came under pressure due to prolonged hesitation in customer purchasing. The downward price movement was in contrast to indices, which remained on an upward trend supported by strong global equity markets.

At the end of October 2013, AIXTRON increased its share capital by 10.2 million new shares through use of authorized capital, in the process generating gross proceeds of approximately EUR 101 million. The proceeds from the issue are being used to further strengthen the Company's technological leadership by focused investments into future growth areas for the Company. Additionally, the capital increase strengthened the financial flexibility of AIXTRON by reinforcing its balance sheet and cash position.

AIXTRON shares ended the year 2013 at EUR 10.52 (+18.5% year-on-year) in Germany and USD 14.52 (+21.5% year-on-year) in the US (versus 2012 closing prices of EUR 8.88 and USD 11.95), resulting in a market capitalization of close to EUR 1.2 billion. In comparison, the TecDAX® Index increased by 40.9% from 828.1 points to 1,166.8 over the year and the NASDAQ Composite® Index increased by 38.3% from 3,019.5 points to 4,176.6 points at the end of 2013.

Investor Relations

AIXTRON shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange and – in form of American Depositary Shares – on the NASDAQ® Global Select MarketSM. In line with the US listing requirements, AIXTRON complies with strict American transparency guidelines. Shares are included in many important indices, such as the TecDAX® or the NASDAQ Composite® Index. In addition, it is included in sustainability indices, such as the Dow Jones Sustainability Index and the Natur Aktien Index.

In 2012, AIXTRON has decided for both cost reduction and environmental reasons, that the Company would no longer routinely print and circulate the AIXTRON annual report. Instead, AIXTRON offers an online report which is available directly via the Company's website, providing additional features and functionalities for our shareholders. We are convinced that this change represents a more modern and improved service to our shareholders and we remain fully dedicated to providing our shareholders and the capital markets with accurate, timely and relevant information on both our own direct business and general market developments. In addition AIXTRON remains committed to complying with the principles of good Corporate Governance.

We continue to regularly publish press releases and key financial figures into the public domain that inform shareholders and the capital markets on the current status, environment and perceived outlook for AIXTRON's business. In addition, AIXTRON regularly participates in numerous major investor conferences and road shows in the world's most important financial centers. Through these conferences, it hosts discussions on current financial results, strategies, products, as well as industry and market trends with institutional and private investors, journalists and financial analysts. At year-end 2013, a total of 35 analysts (2012: 30), of whom 28 are based in Europe and 7 in the United States, commented on the Company on a regular basis as part of their official coverage of the stock.

Following the Management change in 2013, the availability of Executive Board members for investor meetings has shifted mainly to the favor of closer direct customer contacts as part of the 5-Point-Program. During fiscal year 2013, AIXTRON still logged around 100 man-days reporting to the financial markets through Company visits, individual meetings, investor conferences and road shows worldwide, conducting close to 300 personal discussions and teleconferences with leading players in the financial markets. The Investor Relations department constantly maintained an active dialogue with many individual and institutional shareholders and stakeholders. In 2013, AIXTRON's investor relations work was once again recognized by the annual survey of Thomson Reuters Extel and the German Investor Relations Association DIRK. According to fund managers and buy-side and sell-side analysts worldwide, AIXTRON was ranked number one among all TecDAX® companies (2012: rank 3), receiving the award at the 2013 German IR Prize Ceremony in Frankfurt which took place in June.

AIXTRON's Executive and Supervisory Boards were very pleased at being able to welcome, yet again, a significant number of shareholders to AIXTRON's Annual General Meeting. On May 23, 2013, more than 500 shareholders and visitors attended the meeting in Aachen, many of whom regularly attend the Company Meeting, and the Company's Management provided them with a comprehensive report on the status and prospects of the Company.

Shareholder Structure

As of December 31, 2013, approximately 20% of AIXTRON's shares were held by private individuals, most of which are situated in Germany. Around 80% of the outstanding AIXTRON shares are held by institutional investors. The majority of institutional investors (around 30%) are in Germany, followed by the UK (26%) and the US (23%). The remaining investors are located throughout other parts of Europe and the rest of the world. In 2013, AIXTRON's largest, non-institutional shareholder continued to be Camma B.V. (Renesse, Netherlands), holding 6.8% of AIXTRON stock. Around 93% of the shares were free float, according to the definition of the Deutsche Börse. As of December 31, 2013, AIXTRON's shares ranked number 8 in market capitalization (December 2012: 10) and number 6 in 2013 transaction turnover (2012: number 1) in the Deutsche Börse TecDAX® Technology Index Ranking.

At the year-end, the following investors had shareholdings in AIXTRON SE exceeding the 3% reporting threshold (shares held as of the reporting date, pursuant to Section 26 (1) of the German Securities Trading Act/WpHG):

// Allianz Global Investors Europe GmbH, Frankfurt am Main, Germany, 6.1%
// Generation Investment Management LLP, London, UK, 5.2%
// Baillie Gifford & Co, Edinburgh, UK, 4.6%
// Vanguard International Growth Fund, Wayne, USA, 3.0%

Group Management Report

Group Management Report as of December 31, 2013

This Management Report relates to the Consolidated Financial Statements of AIXTRON SE including the following subsidiaries (collectively referred to as "AIXTRON", "the AIXTRON Group", "the Group" or "the Company"): AIXTRON, Inc., Sunnyvale, California (USA); AIXTRON Ltd., Cambridge (United Kingdom); Nanoinstruments Ltd. (United Kingdom); AIXTRON AB, Lund (Sweden); AIXTRON Korea Co. Ltd., Seoul (South Korea); AIXTRON China Ltd., Shanghai (PR of China); AIXTRON KK, Tokyo (Japan); and AIXTRON Taiwan Co. Ltd., Hsinchu (Taiwan).

The Consolidated Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All financial information contained in this Management Report, including comparable prior year numbers, is reported in accordance with IFRS. Further information about the adherence to reporting standards is contained in section "Significant Accounting Policies" of the notes to the Consolidated Financial Statements.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals indicated and percentages may not precisely reflect the absolute figures for the same reason.

Forward-Looking Statements

This document may contain forward-looking statements regarding the business, results of operations, financial condition and earnings outlook of AIXTRON within the meaning of the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. These statements may be identified by words such as "may", "will", "expect", "anticipate", "contemplate", "intend", "plan", "believe", "continue" and "estimate" and variations of such words or similar expressions. These forward-looking statements are based on our current views and assumptions and are subject to risks and uncertainties. You should not place undue reliance on these forward-looking statements. Actual results and trends may differ materially from those reflected in our forward-looking statements. This could result from a variety of factors, such as actual customer orders received by AIXTRON, the level of demand for deposition technology in the market, the timing of final acceptance of products by customers, the condition of financial markets and access to financing for AIXTRON, general conditions in the market for deposition plants and macroeconomic conditions, cancellations, rescheduling or delays in product shipments, production capacity constraints, extended sales and qualification cycles, difficulties in the production process, the general development in the semi-conductor industry, increased competition, fluctuations in exchange rates, availability of public funding, fluctuations and/or changes in interest rates, delays in developing and marketing new products, a deterioration of the general economic situation and any other factors discussed in any reports or other announcements filed by AIXTRON with the U.S. Securities and Exchange Commission. Any forward-looking statements contained in this document are based on current expectations and projections of the Executive Board and on information currently available to it and are made as at the date hereof. AIXTRON undertakes no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise, unless expressly required to do so by law.

1. Fundamental Information about the Group

1.1. Organizational Structure

The table below shows a list of the AIXTRON subsidiaries as of December 31, 2013:

Name	Jurisdiction of Incorporation	Ownership Interest in %
AIXTRON Ltd.	England & Wales	100%
AIXTRON AB	Sweden	100%
AIXTRON Korea Co. Ltd.	South Korea	100%
AIXTRON KK	Japan	100%
AIXTRON China Ltd.	China	100%
AIXTRON Taiwan Co. Ltd.	Taiwan	100%
AIXTRON, Inc.	USA	100%
Nanoinstruments Ltd.	England & Wales	100%
Genus Trust*	USA	n.a.

* The shares in the Genus Trust are attributed to AIXTRON as the beneficial owner, as control exists due to the trust relationship with AIXTRON SE

1.2. Management and Control

As of December 31, 2013, AIXTRON's Executive Board ("Management") consisted of the following three individuals:

Name	Position	First Appointment	End of Term
Martin Goetzeler*	Chairman, President and Chief Executive Officer	March 1, 2013	February 28, 2017
Wolfgang Breme	Executive Vice President and Chief Financial Officer	April 1, 2005	March 31, 2016
Dr. Bernd Schulte	Executive Vice President and Chief Operating Officer	April 1, 2002	March 31, 2015

*) Successor of Paul Hyland who held this position until February 28, 2013

As of December 31, 2013, AIXTRON's Supervisory Board consisted of the following six individuals:

Name	Position	Member since	End of Term
Kim Schindelhauer ¹⁾²⁾³⁾⁴⁾⁵⁾	Chairman of the Supervisory Board, Chairman of the Capital Markets Committee	2002	AGM 2016
Prof. Dr. Wolfgang Blättchen ¹⁾⁴⁾	Deputy Chairman of the Supervisory Board, Chairman of the Audit Committee, Independent Financial Expert ⁶⁾	1998	AGM 2016
Dr. Andreas Biagosch ²⁾		2013	AGM 2016
Prof. Dr. Petra Denk ²⁾³⁾	Chair of the Technology Committee	2011	AGM 2016
Dr. Martin Komischke		2013	AGM 2016
Prof. Dr. Rüdiger von Rosen ¹⁾³⁾⁴⁾	Chairman of the Nomination Committee	2002	AGM 2016

¹⁾ Member of the Audit Committee

²⁾ Member of the Technology Committee

³⁾ Member of the Nomination Committee

⁴⁾ Member of the 2013 Capital Markets Committee

⁵⁾ Former AIXTRON Executive Board Member

⁶⁾ Since 2005

1.3. Locations

The Company has its registered office in Herzogenrath, Germany, and had a total of 15 facilities worldwide owned or rented as of December 31, 2013:

Facility location	Use	Approx. size (m ²)	Lease expiry
Herzogenrath, Germany (owned)	Headquarters, Manufacturing, Service, Engineering	12,457	-
Herzogenrath, Germany (owned)	Research & Development, Manufacturing, Engineering, Sales, Administration	16,000	-
Aachen, Germany (leased)	Research & Development	200	02/28/2016
Cambridge, UK (leased)	Manufacturing, Engineering, Research & Development	2,180	09/13/2019
Cambridge, UK (leased)	Sales, Service, Engineering	1,386	06/27/2020
Lund, Sweden (leased)	Engineering, Service	449	12/31/2014
Sunnyvale, CA, USA (leased)	Manufacturing, Sales, Service, Engineering, Research & Development	9,338	10/31/2017
Seoul, South Korea (leased)	Sales, Service	1,032	12/31/2015
Shanghai, China (leased)	Sales, Service	755	07/31/2014
Suzhou, China (leased)	Sales, Service	537	06/21/2014
Yangzhou, China (leased)	Sales, Service	90	10/14/2014
Hsinchu, Taiwan (leased)	Sales, Service	1,417	12/31/2014
Hsinchu, Taiwan (leased)	Sales, Service	476	03/31/2014
Tainan, Taiwan (leased)	Service	203	05/27/2016
Tokyo, Japan (leased)	Sales, Service	364	09/30/2014

1.4. Business Model

AIXTRON is a leading provider of deposition equipment to the semiconductor industry. The Company's technology solutions are used by a diverse range of customers worldwide to build advanced components for electronic and optoelectronic applications based on compound, silicon, or organic semiconductor materials. Such components are used in displays, signaling, lighting, fiber optic communication systems, wireless and mobile telephony applications, optical and electronic storage devices, computing, as well as a range of other leading-edge applications.

AIXTRON's business activities include developing, producing and installing equipment for the deposition of semiconductor materials, process engineering, consulting and training, including ongoing customer support.

AIXTRON supplies its customers with both production-scale material deposition systems and small scale systems for Research & Development ("R&D") or small scale production.

Demand for AIXTRON's products is driven by increased processing speed, improved efficiency, and reduced cost of ownership demands for current and emerging microelectronic and optoelectronic components. The ability of AIXTRON's products to precisely deposit thin material films and the ability to control critical surface dimensions in these components, enables manufacturers to improve performance, yield and quality in the fabrication process of advanced microelectronic and optoelectronic devices.

Environmental protection and the responsible use of resources are an essential part of AIXTRON's business strategy. With the planned implementation of an energy management system according to DIN EN ISO 50001:2011 AIXTRON will contribute to the efficient use of energy and the careful use of resources. The Company's engineers work diligently to continuously improve AIXTRON's systems, both in terms of resource conservation and environmental-friendly design and function.

Please refer to chapter "Risk Report" for potential factors that could adversely affect the Company's business activities, model and strategy going forward.

1.5. Technology and Products

AIXTRON's product range includes systems capable of depositing material films on a diverse range of different substrate sizes and materials.

The deposition process technologies include Metal-Organic Chemical Vapor Deposition ("MOCVD") for the deposition of compound materials as for the production of LEDs, power electronics or processors as well as thin film deposition of organic materials. These include Polymer Vapor Phase Deposition ("PVPDTM"), Organic Vapor Phase Deposition ("OVPD^{®n}") especially for large area deposition for Organic Light Emitting Diodes ("OLED") applications. Plasma Enhanced Chemical Vapor Phase Deposition ("PECVD") is being employed for the deposition of complex Carbon Nanostructures (Carbon Nanotubes, Nanowires or Graphene).

For silicon semiconductor applications, AIXTRON systems are capable of depositing material films on wafers of up to 300mm in diameter, by employing technologies such as: Chemical Vapor Deposition ("CVD") and Atomic Layer Deposition ("ALD").

The following table summarizes the products and technologies AIXTRON offers to its customers for use in specific applications and devices:

Material	Compound Semiconductors	Organic Semiconductors	Silicon Semiconductors
Systems Technology	MOCVD	OVPD [®]	CVD
	CVD	PVPD [™]	ALD
	PECVD		
Products	Planetary Reactor [®]	OEC-200 (Cluster Environment for R&D Platform)	Lynx CVD
	Close Coupled Showerhead [®]	OVPD-200 (OVPD system for OEC-200 cluster platform)	QXP-8300
	Nano CVD Reactors BM Series	PRODOS-200 (PVPD system for OEC-200 cluster platform)	
		OVPD Production Systems (Gen2 and larger)	
		PRODOS Production Systems (Gen2 and larger)	
Potential Applications/Devices	LEDs	OLEDs for displays	Metal and Oxide films for CMOS gate stacks
	Optoelectronics (photo diodes, lasers, modulators for telecom/datacom)	OLEDs for solid state lighting	Metal and Oxide films for capacitor structures in DRAMs, NAND and PCRAMS
	Laser devices for consumer electronics (CDs, DVDs)	Organic transparent thin film solar cells	
	High-Frequency devices (such as Hetero Bipolar Transistors and High Electron Mobility Transistors) for wireless datacom	Electronic semiconductor structures, e.g. for flexible displays	
	Silicon Carbide (SiC) based High Power Devices	Functional polymer layers	
	Gallium Nitride (GaN) based power devices	Dielectric or passivating polymer films	
	Solar cells		
	Carbon Nanostructures for electronic, display & heat sink applications		
	Graphene structures for electronic applications		

(as of December 31, 2013)

AIXTRON also offers a comprehensive range of peripheral equipment and services. Additionally, the Company offers its customers training, consulting and support services.

AIXTRON is constantly working on the improvement of existing technologies and products. In the course of the last three years, AIXTRON has introduced several new system generations and technologies, such as the QXP-8300 silicon semiconductor technology, the G5 planetary reactor[®] platform family, including its latest member, the G5+, the CRIUS[®] II-XL Close Coupled Showerhead[®] reactor technology and the PRODOS line of PVPD[™] systems in the organic semiconductor material space.

1.6. Research and Development

In addition to the state-of-the-art R&D center at its headquarters in Herzogenrath, AIXTRON also operates R&D laboratories in Aachen (Germany), in Cambridge (United Kingdom) and in Sunnyvale (United States). These in-house research laboratories are equipped with the latest version of AIXTRON systems and are used to research and develop new equipment, materials and processes for the production of semiconductor structures.

As the Company's R&D capability remains a factor of key strategic significance, AIXTRON is committed to investing continuously in research and development projects to not only further pursue the Company's leading technology position in MOCVD equipment but also to penetrate growth markets in the fields of power electronics, organic semiconductors and next generation memory and process applications. A thorough analysis of AIXTRON's technology fields confirmed the Management's view on targeted future opportunities and the R&D investments in these fields and further technology areas with great market potential have been identified. R&D expenditures are monitored closely and are being made specifically in the defined growth areas. Moreover, a newly developed product development process is being successfully implemented in all new development projects, leading to more controlled and defined development processes. The Company's R&D program comprised a team of on average 297 dedicated and highly skilled R&D employees in 2013 (2012: 337; 2011: 279).

For more information regarding R&D expenses from fiscal year 2011 through 2013, refer to "Development of Results" in this report.

Underlining the commitment to remain a recognized technology and market leading Company, R&D activities in 2013 included continual improvement programs for AIXTRON's existing products and markets, i.e. the delivery of more process capabilities, factory integration, increased automation and the development of new system architectures, all of which are targeted at enabling customers, who are faced with increasing margin pressure, to achieve improvements in throughput efficiencies and total cost of ownership.

Specific examples for AIXTRON's research and development activities that are targeted to develop new technology and market opportunities outside of the LED industry, include a number of new publicly funded research projects launched in 2013. In all of these projects, AIXTRON acts as the industry partner responsible for deposition technology. In the "Graphene-FET flagship" project, for example, a graphene deposition technology is being developed for numerous future applications, such as in wireless communications, display technology, sensors, and for energy saving. The "SMARTONICS" project targets the future market for organic electronics (e.g. for OLEDs, sensors). In the "MoWSeS" project, new 2D nanostructures/materials are being developed and could be put to future use in transistor technology.

1.7. Patents

AIXTRON aims to secure its technology by patenting and protecting inventions and know-how, provided it is strategically expedient and possible for the Company to do so. As of December 31, 2013, 198 patent-protected inventions were in use, of which 24 were registered in the reporting period. Patent protection for these inventions applies in those sales markets relevant for AIXTRON, specifically in Europe, China, Japan, South Korea, Taiwan and the United States. These patents are maintained and renewed annually and will expire between 2014 and 2033.

AIXTRON also has exclusive and non-exclusive licenses to patents owned by others covering certain AIXTRON's products, as well as SAP Software licenses.

AIXTRON is the licensee of certain patents owned by Centre National de la Recherche Scientifique and Universal Display Corporation which are important to the Company's operations in the fields of deposition technologies. Under the terms of those licenses, AIXTRON sells epitaxial reactors that manage the layering of materials, produced by thin film deposition processes that enable the high precision liquid injection, evaporation and gas phase deposition of metal organic materials required to produce photoelectric and electronic devices. Similar principles are employed in the design of Organic Vapor Phase Deposition equipment for use in the manufacture of organic light emitting devices. Management finds it impractical to quantify the portion of revenues attributable to products that incorporate the technology governed by these agreements because all product sales can be aggregated into one group based upon the common technology.

1.8. Manufacturing and Procurement

The AIXTRON Manufacturing operation is principally involved in the final assembly stage of production, including equipment configuration and tuning as well as the final inspection. The Company purchases all of the components and most of the assemblies required to manufacture the equipment from third-party suppliers and contractors. AIXTRON's contractors and suppliers are carefully selected and qualified to be able to source, supply and/or partially assemble and test individual equipment parts and sub-assemblies. For strategic reasons, there are typically several suppliers for each AIXTRON equipment component/assembly. However, AIXTRON single sources some key components for its systems and is therefore dependent on contracts with the specific supplier of such components. AIXTRON's own staff manages the whole manufacturing process and in conjunction with external contractors executes the final manufacturing steps as described above.

In 1994, AIXTRON was awarded the international quality management standard certification DIN EN ISO 9001. In 2003, the process-oriented management system was successfully certified in accordance with worldwide quality standard DIN EN ISO 9001:2000. In October 2009, this certification was updated to DIN EN ISO 9001:2008.

The Company complies with all national and international standards and procedures for the equipment industry that are applicable to AIXTRON products.

The "CE" label qualification confirms the conformity of AIXTRON products with the applicable European directives and standards. Moreover, the "UL" standard for admission of AIXTRON products to the US market and the recommended requirements of the SEMI organization are also complied with.

When developing new AIXTRON equipment and upgrades, amongst others the international "Restriction of Hazardous Substances Directive, RoHS" is strictly adhered to, as are the internal compliance requirements to meet these specific national and international rules and standards. The certifications from several independent institutions, such as "TÜV" and "ETL" also confirm compliance of AIXTRON's products with national and international requirements and specifications.

1.9. Sales and Service

The AIXTRON Group markets and sells its products worldwide, principally through its own direct sales organization, but also through appointed dealers and sales representatives.

AIXTRON's own Sales and Service Organization provides a full range of customer services, from the initial support of the customized development of an AIXTRON system, through to the final installation and the ongoing customer training as well as the operational support of its systems.

1.10. Employees

AIXTRON's success very much depends on the achievements and motivation of the Company's staff. The employees are recruited on the basis of professional and personal qualifications and experience. Apart from the direct advertising of job opportunities to attract new employees, AIXTRON regularly participates in job fairs and other career events, has local press coverage, and enjoys close collaborative relationships with universities worldwide, including locally: the RWTH Aachen University and the University of Cambridge.

As a global Company with an international corporate culture, AIXTRON places great value on diversity and sees it also as a competitive advantage. The overall aim is to create a productive work atmosphere, to prevent social discrimination against minorities, and to cultivate equal opportunities.

Management and leadership quality of an organization also have great impact on the success of a company. Therefore, AIXTRON targets to promote these qualities in the course of its 5 Point Program described below.

In 2013, the total number of employees decreased by 20%, from 964 employees at the end of 2012 (2011: 978) to 776 at December 31, 2013. This was mainly attributable to the global staff reductions of approximately 20% in the course of the Company's 5 Point Program to reduce its cost base and return to profitability. Due to the staff reduction program and the continuously subdued business volume the biggest absolute decrease in personnel was recorded in the Manufacturing & Service department while the biggest relative decrease was seen in the Sales department. The largest group of permanent employees continue to be employed in Manufacturing and Service positions. In 2012, the biggest individual increase in employees occurred in R&D, which grew by 5%, and the largest number of permanent employees were those in Manufacturing and Service positions.

Employees by Function	2013		2012		2011		2013-2012	
	Dec-31	%	Dec-31	%	Dec-31	%	abs.	%
Sales	66	8	88	9	85	9	-22	-25
Research & Development	264	34	333	35	318	32	-69	-21
Manufacturing & Service	338	44	427	44	450	46	-89	-21
Administration	108	14	116	12	125	13	-8	-7
Total	776	100	964	100	978	100	-188	-20

As of December 31, 2013, the majority of AIXTRON's worldwide permanent employees were – as in previous years – based in Europe. However, this region was also most affected by the global staff reductions.

Employees by region	2013		2012		2011		2013-2012	
	Dec-31	%	Dec-31	%	Dec-31	%	abs.	%
Asia	168	22	188	20	181	19	-20	-11
Europe	491	63	660	68	660	67	-169	-26
USA	117	15	116	12	137	14	1	1
Total	776	100	964	100	978	100	-188	-20

1.11. Customers and Geographic Regions

Amongst others, AIXTRON's semiconductor device customers are engaged in the manufacturing of LEDs, integrated circuits, wireless devices, power electronics, optoelectronics, logic and data storage components. Some of these customers are vertically integrated device manufacturers who serve the entire value chain down to the end consumer. Others are independent component suppliers who deliver chips and components produced on AIXTRON equipment to the next link in the value chain, namely, the electronic device manufacturers. The Company's customers also include research centers and universities. Most of the world's leading electronic device manufacturers produce in Asia and consequently, the majority of AIXTRON sales continue to be delivered into this region.

See also "Development of Revenues" for a breakdown of revenues by technology and revenues by region.

1.12. Competitive Positioning

AIXTRON's main competitor in MOCVD applications is still Veeco Instruments Inc. (USA) with part of its "LED & Solar" business segment. AIXTRON also competes with a number of Asian manufacturers including Taiyo Nippon Sanso (Japan), amongst others. As a consequence of the rising LED end-market expectations and positive prospects for MOCVD equipment demand, there is evidence that equipment companies from adjacent industries continue to attempt to qualify their own MOCVD tools with customers. For example, Jusung Engineering Co. Ltd. (South Korea), Nuflare Technology Inc. (Japan) and Valence Process Equipment (USA) are known to have been active in the development of in-house equipment solutions for the production of LEDs. Some local Chinese companies are also working on the development and production of MOCVD equipment, supported by respective government initiatives.

Based on the latest published market share research by Gartner Dataquest (April 2013), it was estimated that the share of the worldwide MOCVD equipment market (estimated 2012 total market value: USD 446 million) held by AIXTRON in 2012 was around 45%. In the same report, the Company's main competitor in terms of sales, Veeco Instruments Inc., had an estimated market share of approximately 52%. Viewed in the mid to long term, AIXTRON continues to target a market leading position in the global MOCVD market. In a more recent report (December 2013) Gartner Dataquest anticipated that the total value of the 2013 MOCVD equipment market would decrease to approximately USD 314 million with AIXTRON and Veeco remaining to be the main players in this market.

For emerging Organic Semiconductor applications, AIXTRON competes with established manufacturers such as Ulvac, Inc. (Japan), Tokki Corporation (Japan), SNU Precision (South Korea), Sunic System (South Korea) and a number of other smaller companies. While these competitors use established vacuum thermal evaporation ("VTE") technology or polymer technology to produce organic light emitting diodes (OLEDs), AIXTRON offers OLED manufacturers its own highly innovative organic vapor phase deposition (OVDP[®]) and PVPD[™] (polymer vapor phase deposition) large area deposition technologies. In AIXTRON's opinion, due to a perceived superior process technology and the potential for reducing OLED manufacturing costs, these technologies have the potential to compete successfully with VTE and polymer technologies, especially in the field of large area displays. AIXTRON is well positioned as a potential deposition system supplier for next generation OLEDs and large area deposition applications that are anticipated to be used in displays as well as future potential lighting, solar cell, and other electronic OLED applications.

As AIXTRON's system technology and customer applications are still in the market entry phase, Organic Semiconductor market share information is neither available nor meaningful at this point in time.

For CVD and ALD applications, AIXTRON competes with a variety of other equipment companies, including Applied Materials, Inc. (USA), Tokyo Electron Ltd. (Japan), ASM International N.V. (Netherlands), IPS Technology (South Korea), Jusung Engineering Co. Ltd. (South Korea), and Hitachi Kokusai Electric Co. Inc. (Japan). Applied Materials, Inc. (USA) and Tokyo Electron Ltd. (Japan) have signed an agreement to merge. With the Company's currently available silicon semiconductor manufacturing technologies, AIXTRON is potentially well positioned to offer advanced films for 28nm node and below for memory and logic integrated circuits (ICs). These technologies enable extremely high precision in depositing very thin material layers and facilitate the consistent coating of complex three-dimensional microelectronic device structures. Moreover, they offer the semiconductor industry new material deposition possibilities for the next generation of semiconductor devices, and, in AIXTRON's opinion, present high development potential for the future.

The specific market niche to be addressed by AIXTRON's system technologies for the production of specialized applications such as gate stacks and capacitors was estimated by Gartner Dataquest in December 2013 to be valued at USD 247 million for 2013. For memory device production systems of the 28nm node and below, AIXTRON still experienced relatively low order intake and revenue levels during 2013. AIXTRON's market share in this area is therefore still not considered meaningful at this point in time.

1.13. Key Performance Indicators

The Executive Board has implemented numerous control systems and procedures to manage, monitor, analyze, and document Company risks and opportunities, including a Key Performance Indicator system addressing relevant business areas, with a primary focus on the "Market", "Finance" and "Technology Development" control areas.

In the "Market" control area, using third party reports and direct customer dialog, AIXTRON pursues a market-led product development strategy through the careful examination of market trends and customer requirements. The objective of this strategy is to ensure the timely market availability of new and appropriately competitive product generations in line with customer requirements.

In the "Finance" control area, the Executive Board uses a range of internal and external key performance indicators with particular focus on: order intake, total sales, contribution margins, net result data and cash flow. The objective of these controls is to ensure that profitable revenue growth is matched with cost and asset efficiency to achieve sustainable value generation.

In the "Technology Development" control area, the Executive Board uses a range of internal and external key performance indicators to evaluate the progress of key research and development projects. The Management regularly reviews compliance with project plans and pre-defined targets, such as timelines, cost and margin targets. Following the release of new products for example, the Management monitors closely the development of sales revenues and margin profiles. The objective of this review process is to ensure that ongoing projects retain the necessary level of technological and commercial competitiveness throughout the life of the product.

1.14. Government Regulation

Due to the nature of AIXTRON's products, the shipment of some products to customers in certain countries requires the Company to obtain an export license from statutory authorities in Germany, the UK and the US, including, for example, the Bundesamt für Wirtschaft und Ausfuhrkontrolle, BAFA in Germany, the Department for Business, Innovation and Skills in the UK as well as the Department of State and the Department of Commerce in the US.

Research and development activities, as well as the manufacturing and demonstration of the Company's products involve the use of potentially harmful chemical and hazardous materials and radioactive compounds and as a result, AIXTRON is subject to stringent environmental and safety regulations in connection with its business operations.

Because AIXTRON's securities are publicly traded in the US, the Company is also subject to the rules and regulations promulgated by the SEC, including those defined under the Sarbanes-Oxley Act of 2002 and the Dodd Frank-Acts of 2010. In addition, AIXTRON is subject to other regulations, for example the provisions of the US Foreign Corrupt Practices Act and the UK Bribery Act relating to the maintenance of books and records and anti-bribery controls.

2. Report on Economic Position

2.1. Global Economy

As a producer of capital goods the AIXTRON Group is affected by the global economic development as far as it has an effect on its customers' sales projections and therefore also on their investment behavior.

While the global economy did not face major new challenges throughout the fiscal year 2013, global growth according to the International Monetary Fund (IMF) remained subdued at 3.0%. The reason for this is a moderate recovery in the developed economies while growth dynamic in major emerging and developing countries has diminished significantly. Financial markets have also experienced a further stabilization throughout the fiscal year 2013. Therefore, there was no significant impulse for AIXTRON's business development from the global economic environment.

Following a slight increase of the US dollar exchange rate in the course of the first half of fiscal year 2013, the US currency showed a weaker development in the second half of fiscal year 2013. Among other things, this development was attributable to the monetary policy of the US Federal Reserve and the political controversy over the increase of the authorized federal debt ceiling. Consequently, compared to the closing price at the end of fiscal year 2012, the US dollar depreciated by approximately 4% to 1.377 USD/EUR as of December 31, 2013 (2012: 1.319 USD/EUR). The average exchange rate used by AIXTRON to translate income and expenses denominated in US dollars of 1.328 USD/EUR in 2013 (2012: 1.286 USD/EUR) was approximately 3% below the previous year's figure. AIXTRON's revenue and earnings were negatively affected by the decline in the US dollar.

AIXTRON Management continues to carefully monitor the developments in the global economy and financial markets, and regularly examines what can be potentially done to mitigate negative exogenous effects on AIXTRON's business.

2.2. The Semiconductor Equipment Market

In 2013, the electronics equipment industry in total grew by 2% (according to Gartner Dataquest, December 2013) which was below the recorded world real GDP growth (according to the IMF World Economic Outlook update published on January 21, 2014)

In comparison, the subset, semiconductor capital spending, showed a decline of about 4.6% in 2013. A further subset, specific spending on Wafer Fab equipment (WFE), which includes spending on deposition tools supplied by AIXTRON, declined by 9.1% year on year (according to Gartner Dataquest, December 2013). The worldwide MOCVD equipment market as subset of the WFE market declined by 30% to approximately USD 314 million in 2013, from an estimated total market value of USD 446 million in 2012 (Gartner Dataquest, March 2013 and December 2013).

The largest revenue driver for AIXTRON in 2013 continued to be the sale of MOCVD systems for the manufacturing of High Brightness ("HB") LEDs, which represented 39% (2012: 48%; 2011: 83%), of its total equipment revenues.

2.3. The LED Market

The market for Gallium nitride based LEDs which can be produced with AIXTRON's compound semiconductor equipment, was expected to have grown by 17% measured in units in 2013 according to a report from IHS (an independent semiconductor market research institute), published in January 2014. However, according to industry sources, LED prices have dropped by 20-30% throughout the year and are expected to decline at the same rate in 2014. Concurrently, the market for Gallium nitride based LED devices was predicted to grow in 2014 by only 4% to USD 12.9bn from USD 12.4bn in 2013 (IHS).

The continuous reduction of LED prices, governmental policy changes and efforts from the supply chain, have all contributed positively to increasing the momentum for LED lighting adoption across commercial, industrial and consumer segments.

According to the market research institute IHS (December 2013), the global market for LEDs for general lighting is expected to grow from 495 million shipped units in 2013 to 3.6 billion shipped units in 2020. The penetration of LED-lamps relative to total lamps is expected to rise from 3% in 2013 to 31% in 2020, supported by the increasing availability of attractively priced, quality LED lighting products.

2.4. Results of Operations

2.4.1. Development of Revenues

In fiscal year 2013, AIXTRON recorded total revenues of EUR 182.9 million, a decrease of EUR 45.0 million, or 20%, compared to EUR 227.8 million in 2012 (2011: EUR 611.0 million). Despite noticeably increasing capacity utilization rates in AIXTRON's target industries, for example at leading Taiwanese and Korean LED chip manufacturers, demand for AIXTRON's production equipment remained at a very low level throughout the fiscal year 2013. The 2013 decrease in revenues was mainly driven by a generally reluctant investment behavior of AIXTRON's customers in light of the prevailing excess capacity in LED production that could not yet be fully absorbed by the growing demand for LED products. One of the consequences of such behavior was a significantly lower demand for AIXTRON's MOCVD deposition equipment than expected at the beginning of the year. The low market demand led to a lower price level for these tools. The 2013 equipment revenues declined by 22% to EUR 138.0 million (2012: EUR 176.9 million; 2011: EUR 556.3 million). In fiscal year 2013, MOCVD equipment for LED production continued to account for the largest portion of AIXTRON's total equipment revenues representing 39%. With the release of a new generation product in the current fiscal year, AIXTRON expects selling prices and margin contributions in this segment to increase.

Order intake for the full year 2013 remained flat year-on-year at EUR 133.2 million (2012: 131.4 million; 2011: EUR 513.4 million).

The deposition equipment and upgrades bought by AIXTRON's customers are predominantly used for the production of LEDs, which in turn are primarily employed as backlighting devices for LCD displays, but also increasingly in general lighting applications. The next biggest end-market in terms of revenues for AIXTRON equipment in the fiscal year 2013 was ALD equipment for the production of DRAM memory chips. Total equipment sales generated 75% of total revenues in 2013 (2012: 78%; 2011: 91%).

25% of total revenues in 2013 were generated by sales of spare parts and service, which is 3 percentage points higher than in 2012 (2012: 22%; 2011: 9%) and mainly due to the low equipment revenues baseline. In absolute terms, sales of spare parts and service were 12% lower in 2013 compared to 2012 despite a larger installed base of manufacturing equipment (2013: EUR 44.8 million; 2012: EUR 51.0 million; 2011: EUR 54.7 million).

Revenues by Technology	2013		2012		2011		2013-2012	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Equipment revenues	138.0	75	176.9	78	556.3	91	-38.9	-22
Other revenues (service, spare parts, etc.)	44.8	25	51.0	22	54.7	9	-6.2	-12
Total	182.9	100	227.8	100	611.0	100	-44.9	-20

The major part of total revenues, 78% of total revenues in 2013, continues to be generated by sales to customers in Asia, which, despite generally decreasing sales revenues, was at the same percentage as in the previous year (2012: 78%; 2011: 90%). 13% of revenues in 2013 were generated in Europe (2012: 9%; 2011: 4%) and the remaining 9% in the USA (2012: 13%; 2011: 6%).

Revenues by Region	2013		2012		2011		2013-2012	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Asia	141.8	78	177.5	78	547.8	90	-35.7	-20
Europe	24.2	13	21.4	9	26.3	4	2.8	13
USA	16.9	9	29.0	13	36.9	6	-12.1	-42
Total	182.9	100	227.8	100	611.0	100	-44.9	-20

2.4.2. Development of Results

Cost Structure	2013		2012		2011		2013-2012	
in EUR million							YoY	
	% Rev.		% Rev.		% Rev.		%	
Cost of sales	190.3	104	227.4	100	379.5	62	-37.1	-16
Gross profit	-7.4	-4	0.4	0	231.4	38	-7.8	n.a.
Operating costs	88.4	48	132.7	58	118.5	19	-44.4	-33
Selling expenses	29.0	16	34.8	15	32.1	5	-5.8	-17
General and administration expenses	18.2	10	19.6	9	34.0	6	-1.4	-7
Research and development costs	57.2	31	72.9	32	50.4	8	-15.7	-22
Net other operating (income) and expenses	-16.0	-9	5.5	2	2.0	0	-21.5	n.a.

At the Annual General Meeting on May 23, 2013, the newly appointed President and CEO of AIXTRON, Mr. Martin Goetzeler, introduced a 5 Point Program to restore the Company's sustainable profitability even under difficult market conditions. A number of targeted individual projects were designed to address the following topics: 1) focus on customer benefits; 2) utilization of technology and product portfolio; 3) processes; 4) attention to clearly defined financial targets; 5) strengthening of AIXTRON's management and corporate culture. A pivotal element of this program is the increase of the Company's cost efficiency and a proactive asset management. Inventory write-downs and restructuring costs were consequently EUR 6 million higher than in fiscal year 2012.

Cost of Sales

In 2013, cost of sales decreased year on year by 16% in absolute terms from EUR 227.4 million to EUR 190.3 million (2011: EUR 379.5 million). The decrease is particularly attributable to lower revenue-related costs. Due to a negative effect of EUR 5.2 million in connection with a fire in a third-party warehouse in the UK, cost of sales relative to revenues was 104% in 2013 (2012: 100%; 2011: 62%).

Gross Profit, Gross Margin

Against the background of the aforementioned items as well as lower selling prices for MOCVD equipment and despite numerous cost reduction measures taken per the 5 Point Program, the Company's gross profit in 2013 decreased year-on-year to EUR -7.4 million (2012: EUR 0.4 million; 2011: EUR 231.4 million), resulting in a negative gross margin of 4% after 0% in 2012 (2011: 38%).

Operating Costs

As part of the above-mentioned 5 Point Program the Executive Board decided amongst others to reduce the operating costs (excluding restructuring and transformation expenses), which included a staff reduction of approximately 20% across all functional areas worldwide. The majority of the employees affected in Germany, i.e. more than 100 employees, were released through termination agreements.

A positive effect of these measures was the initial optimization of the Company's cost structures which is partially reflected in the decrease of selling, general and administration expenses from EUR 54.4 million in 2012 to EUR 47.2 million in 2013.

This development was influenced by the following factors:

In line with the revenue development, **selling expenses** in 2013 decreased in absolute terms by 17% from EUR 34.8 million in 2012 to EUR 29.0 million (2011: EUR 32.1 million). Selling expenses relative to revenues were stable at 16% (2012: 15%; 2011: 5%).

In 2013, **general and administration expenses** declined by 7% to EUR 18.2 million (2012: EUR 19.6 million; 2011: EUR 34.0 million) and were mainly influenced by reduced costs for external services as well as lower software license fees. General and administration expenses relative to revenues were virtually stable at 10% in 2013 (2012: 9%; 2011: 6%) which was due to the included restructuring expenses which contained severance payments.

Key R&D Information	2013	2012	2011	2013-2012
R&D expenses (million EUR)	57.2	72.9	50.4	-22%
R&D expenses, % of sales	31	32	8	
R&D employees (period average)	297	337	279	-12%
R&D employees, % of total headcount (period average)	35	34	32	

As the Company's R&D capability remains a factor of key strategic significance, **research and development expenses** were carefully analyzed in the course of the 5 Point Program and are focused on specific growth areas such as OLED and Power Electronics. Additionally, the Company constantly monitors existing technologies. As an outcome of this monitoring process, it was determined that the short term sales prospects for a product group based on AIXTRON's planetary technology, have deteriorated due to a shift of capital expenditure plans of important customers. However, since this technology bears substantial technical advantages in particular when using wafer sizes of 6 or 8 inch, its positive commercial potential in the mid- to long term remains unchanged. The Company therefore continues to make focused investments into the development of this technology.

Thus, 2013 R&D expenditures were reduced significantly to EUR 57.2 million (2012: EUR 72.9 million; 2011: EUR 50.4 million), reflecting efficiency gains and a more focused R&D approach. AIXTRON's R&D activities serve to further pursue the technological leadership in MOCVD systems and to secure leading positions in other forward-looking technologies.

Personnel Costs	2013	2012	2011	2013-2012	
	m EUR	m EUR	m EUR	m EUR	%
Cost of Sales	25.7	30.9	26.5	-5.2	-17%
Selling, General and Administrative expenses	17.8	19.3	25.9	-1.4	-8%
Research and Development costs	24.0	30.9	24.2	-6.9	-22%
Total	67.5	81.1	76.6	-13.5	-17%

As a result of the global staff reductions across all operating areas the average number of Group employees declined from 983 in 2012 to 847 in 2013 (2011: 864), also resulting in 17% lower personnel costs of EUR 67.5 million, although including severance payments, compared to EUR 81.1 million in 2012 (2011: EUR 76.6 million). Due to lower revenues, personnel expenses as a percentage of revenues were stable at 37% in 2013 (2012: 36%; 2011: 13%). At the end of the period on December 31, 2013, in absolute terms, the number of employees decreased from 964 as of December 31, 2012 to 776 as of December 31, 2013 (December 31, 2011: 978).

2013 net other operating income and expenses gave an operating income of EUR 16.0 million (2012: EUR 5.5 million expense; 2011: EUR 2.0 million expense). The write-down of a building expected to be put on the market for sale in the near future amounting to EUR 9.9 million was, amongst others, more than offset by the insurance proceeds of EUR 22.5 million resulting from a fire. The 2012 net expense was mainly attributable to the impact from currency effects not being offset by increased R&D grants received during the year.

In 2013, the Company recorded a net currency income of EUR 0.5 million (2012: EUR 6.9 million net expense; 2011: EUR 2.1 million net expense) resulting from currency and translation differences.

The EUR 2.5 million of R&D grants received in 2013 (2012: EUR 2.7 million; 2011: EUR 1.4 million), were recorded as "other operating income".

In 2013, total operating costs decreased year-on-year by 33% to EUR 88.4 million (2012: EUR 132.7 million; 2011: EUR 118.5 million). Operating costs relative to revenues were 48% in 2013, 10 percentage points lower than the 58% in 2012 (19% in 2011).

Operating Result

The absolute operating result improved in a year-on-year comparison by EUR 36.6 million and came in at EUR -95.7 million in 2013 (2012: EUR -132.3 million; 2011: EUR 112.9 million) resulting in an EBIT margin of -52% (2012: -58%; 2011: 18%). This development is mainly due to realized operating cost savings and the previously mentioned insurance proceeds leading to the EBIT improvement over the previous year.

Result Before Taxes

Result before taxes improved year-on-year by EUR 34.7 million from EUR -129.9 million in 2012 (2011: EUR 115.0 million) to EUR -95.2 million in 2013, with a net finance income of EUR 0.5 million (2012: EUR 2.3 million income; 2011: EUR 2.1 million income).

Interest & Taxes	2013	2012	2011	2013-2012	
	m EUR	m EUR	m EUR	m EUR	%
Net Interest Income/Expense	0.5	2.3	2.1	-1.8	-78%
Interest Income	0.8	2.3	3.4	-1.5	-65%
Interest Expenses	-0.3	0.0	-1.3	-0.3	n.a.
Tax Expenses	-5.8	-15.5	-35.4	9.7	-63%

In 2013, AIXTRON recorded a country specific tax expense of EUR 5.8 million (2012: tax expense of EUR 15.5 million; 2011: tax expense of EUR 35.4 million). Unrecognized deferred tax assets related to tax losses at December 31, 2013 totaled EUR 88.7 million (2012: EUR 90.9 million; 2011: EUR 16.1 million).

Profit/Loss Attributable to the Equity holders of AIXTRON SE (after taxes)

The 2013 after-tax result attributable to the equity holders of AIXTRON SE was EUR -101.0 million or -55% of revenues, and EUR -145.4 million (-64% of revenues) in 2012 (2011: EUR 79.5 million or 13% of revenues).

Net Result AIXTRON SE – Use of Results

AIXTRON SE, the parent company of the AIXTRON Group, recorded a net accumulated loss in accordance with German generally accepted accounting principles, (German GAAP) based on the German Commercial Code, HGB, of EUR 1.1 million for 2013 (loss 2012: EUR 51.6 million; profit 2011: EUR 77.0 million).

As they did with the 2012 loss, AIXTRON's Executive and Supervisory Boards will propose to the annual general meeting that the 2013 loss should be carried forward and consequently no dividend payment should be made for 2013 (2012: no dividend; 2011: dividend of EUR 0.25 per share or a total of EUR 25.4 million).

2.4.3. Development of Orders

Equipment Orders	2013	2012	2011	2013-2012	
(in EUR million)				m EUR +/-	%
Equipment order intake	133.2	131.4	513.4	1.8	1
Equipment order backlog (end of period)	59.6	79.4	141.0	-19.8	-25

In 2013, **equipment order intake** at EUR 133.2 million was broadly unchanged year-on-year compared to EUR 131.4 million of the fiscal year 2012 (2011: EUR 513.4 million). This is a result of the continuously subdued demand for new production equipment from AIXTRON customers and lower selling prices for MOCVD equipment sold out of excess inventories, throughout the fiscal year 2013. As a matter of internal policy, order intake in US Dollars was recorded at a budget exchange rate for 2013, which had been set at 1.30 USD/EUR at the beginning of the year (2012: 1.40 USD/EUR; 2011: 1.35 USD/EUR).

The total **equipment order backlog** of EUR 59.6 million at December 31, 2013 was 25% lower than the EUR 79.4 million at the same point in time in 2012 (December 31, 2011: EUR 141.0 million) and 29% lower than the 2013 opening backlog of EUR 83.8 million, revalued as of January 1, 2013, at the US-Dollar exchange rate of 1.30 USD/EUR valid at that time. As of year-end 2013, the US Dollar denominated order backlog was recorded at a 2013 budget exchange rate, which had been set at 1.30 USD/EUR at the beginning of the year (2012: 1.40 USD/EUR; 2011: 1.35 USD/EUR). In the course of fiscal year 2013, the order backlog was corrected downwards by approximately EUR 18.8 million to reflect the backlog's current risk profile. This order backlog was revalued at the 2014 budget rate of 1.35 USD/EUR as per January 1, 2014, leading to an opening equipment order backlog of EUR 58.1 million for 2014.

As a matter of strict internal policy, AIXTRON follows clear internal requirements before recording and reporting received equipment orders as order intake and order backlog. These requirements comprise of all of the following minimum criteria:

1. the receipt of a firm written purchase order
2. the receipt of the agreed deposit
3. accessibility to the required shipping documentation
4. a customer confirmed agreement on a system specific delivery date.

In addition and reflecting current market conditions, the Company's Management reserves the right to assess whether the actual realization of each respective system order is sufficiently likely to occur in a timely manner according to Management's opinion. When Management concludes, that there is sufficient likelihood of realizing revenue on any specific system or that there is an unacceptable degree of risk of not realizing revenue on any specific system, Management will include or exclude the order, or a portion of the order, into or from the recorded order intake and order backlog figures, regardless of compliance with requirements of the points 1-4 above.

2.5. Financial Position

2.5.1. Corporate Financial Management

AIXTRON has a central financial management system to control its global liquidity, interest and currency management.

Due to the volatile nature of the semiconductor business, a sufficient level of cash is essential to expeditiously finance potential business needs. The Company's need for cash is generally provided for through operating cash flows and, to a smaller extent, through grants. In order to secure future financing and support the indispensable R&D activities, the Company has access to a strong equity capital base. Furthermore, approved by the Annual General Meeting, and subject to Supervisory Board approval, the Company has the authority to issue equity instruments to be able to raise additional liquidity on the capital market if required.

AIXTRON conducts a large part of its business in foreign currencies, i.e. in currencies other than the Euro. The most prevalent foreign currency relevant to AIXTRON is the US Dollar. Unfavorable exchange rate movements, especially the US Dollar/Euro exchange rate, will adversely affect the Company's results of operation. In order to manage foreign exchange risks, the Company routinely monitors if and to what extent currency hedging instruments should be used. In 2013, no currency hedging instruments were used.

2.5.2. Funding

The Company made use of one of the above-mentioned authorizations to issue equity instruments in October 2013. On October 23, 2013, AIXTRON announced that the Executive Board had, with the consent of the Supervisory Board, agreed to increase the Company's share capital by partially utilizing its authorized capital of up to EUR 10,223,133.00 by issuing up to 10,223,133 new no-par value shares, corresponding to approximately 10% of the Company's share capital, for cash. Shareholders' subscription rights were excluded. On October 24, 2013, AIXTRON announced that the 10,223,133 new shares (shares without par value) were subscribed by investors via an accelerated book building process. The placement price was EUR 9.90 per share. The gross proceeds for the Company from the capital increase amounted to EUR 101.2 million. The proceeds from the issue will be used to further strengthen the Company's technological leadership by selectively investing in additional growth areas for the Company, including projects related to technologies for the manufacturing of Power Electronics, Organic LEDs (OLEDs) and Silicon Semiconductor applications. Additionally, the capital increase will strengthen the financial flexibility of AIXTRON by reinforcing its balance sheet and cash position.

Taking into account the execution of the capital increase, the Company's stated **share capital (Grundkapital)** as of December 31, 2013 amounted to EUR 112,613,445 (December 31, 2012: EUR 101,975,023; December 31, 2011: EUR 101,789,527) divided into 112,613,445 registered shares with a proportional interest in the share capital of EUR 1.00 per no-par value registered share. AIXTRON has an American Depositary Share ("ADS") program. The Companies ADSs, each representing one ordinary share, trade on the NASDAQ Global Select Market.

The Company has a number of **stock option programs** in place that grant the members of the Executive Board and employees the right to purchase AIXTRON shares or American Depositary Shares under certain conditions. In fiscal year 2013, 415,289 stock options (2012: 185,496; 2011: 609,661 options) were exercised, resulting in delivery of in total 415,289 ordinary shares. In fiscal year 2013, no new stock options were granted (2012 tranche of the 2007 stock option plan: 31,000 options; 2011 tranche of the AIXTRON stock option plan 2007: 14,000 options respectively).

AIXTRON ordinary shares	Dec 31, 13	Exercised	Expired/Forfeited	Allocation	Dec 31, 12
Stock options	2,659,701	415,289	536,108	0	3,611,098
Underlying shares	3,283,435	415,289	575,402	0	4,274,126
AIXTRON ADS	Dec 31, 13	Exercised	Expired/Forfeited	Allocation	Dec 31, 12
Stock options	5,590	0	1,020	0	6,610
Underlying shares	5,590	0	1,020	0	6,610

A more detailed description of the different stock option plans and a summary of all the stock option transactions can be found in note 23. "Share-based payments" to the Company's Consolidated Financial Statements.

The Company recorded no **bank borrowings** as of December 31, 2013, 2012 and 2011.

Where necessary, AIXTRON SE provides loans and financial security facilities to its subsidiaries to enable the business to continue to operate efficiently. The Company has granted no security interests in its own land and buildings.

The **equity ratio** at 83% as of December 31, 2013, compared to 84% as of December 31, 2012 (December 31, 2011: 81%) was broadly stable, principally due to the positive effect of the capital increase virtually compensating the fiscal year's net loss.

In 2013, the return on equity (ROE) based on the negative 2013 Group's net result in proportion to the average total shareholders' equity at the start and end of the year was -22% (2012: -26%; 2011: 13%).

In order to support future developments, the Company regularly explores and assesses on an ongoing basis, potential funding opportunities available in the market.

2.5.3. Investments

The AIXTRON Group's total capital expenditures in fiscal year 2013 amounted to EUR 10.1 million (2012: EUR 16.5 million; 2011: EUR 30.2 million).

In 2013, EUR 9.6 million (2012: EUR 15.8 million; 2011: EUR 27.2 million) were related to property, plant and equipment (including testing and laboratory equipment). In 2014, investments will be made mainly for laboratory and test equipment.

The remaining EUR 0.5 million (2012: EUR 0.7 million; 2011: EUR 3.0 million) were related to intangible assets including software licenses.

The majority of capital expenditures (82%) for the year 2013 (2012: 63%; 2011: 88%) were invested in Germany and such expenditures for 2014 are also generally expected to be invested primarily in Germany.

The increase of EUR 30.4 million in bank deposits with a maturity of at least three months in 2013 was recorded as cash outflow from investing activities. In 2012 bank deposits with a maturity of at least three months decreased by EUR 11.9 million and were recorded as cash inflow from investing activities.

All 2013, 2012 and 2011 expenditures were funded out of operating cash flow and available cash resources.

2.5.4. Liquidity

Cash and cash equivalents including cash deposits with a maturity of at least three months at inception, most of which is held in Euros (also see "Investments"), increased by 46% or EUR 96.8 million to EUR 306.3 million (EUR 167.5 million + EUR 138.9 million financial assets). December 31, 2012: 209.5 million (EUR 99.7 million + EUR 109.8 million); December 31, 2011: 295.2 million (EUR 172.9 million + EUR 122.3 million).

Specific items that lowered the 2013 year end liquidity came, amongst other factors, from the 2013 net loss (EUR -101.0 million) and the above mentioned capital expenditures. The capital increase with gross proceeds of EUR 101.2 million and the sale of goods from inventory had a positive impact.

There are currently no restrictions on the Company's use of cash resources.

2.6. Assets

2.6.1. Property, Plant and Equipment

The value of property, plant and equipment decreased year on year from EUR 97.6m as of December 31, 2012 (December 31, 2011: EUR 96.2m) to EUR 79.9m as of December 31, 2013, principally due to the recorded write-downs, for a building expected to be put on the market for sale in the near future amounting to EUR 9.9 million, in combination with lower investments.

2.6.2. Goodwill

The value of goodwill at EUR 64.1m remained broadly stable compared to EUR 64.3m as per December 31, 2012 (December 31, 2011: EUR 64.1m) with a minimal influence from currency translation adjustments. There were no other significant additions or impairments in the three years from 2011 through 2013.

2.6.3. Other Intangible Assets

The value of other intangible assets decreased from EUR 4.2m as per December 31, 2012 (December 31, 2011: EUR 6.2m) to EUR 3.1m as per December 31, 2013. As in 2012 and 2011, differences arose mainly from amortization.

2.6.4. Inventories

Inventories, including raw materials, work in progress and finished goods, decreased by 47% from EUR 126.0m as of December 31, 2012 (December 31, 2011: EUR 184.6m) to EUR 66.2m as of December 31, 2013. This is principally explained by shipments made out of inventory as well as write-downs which amounted to EUR 35 million. The valuation of inventories reflects the current risk situation of the AIXTRON product-mix.

2.6.5. Trade Receivables

Trade receivables decreased in line with the still subdued business volume by 26% from EUR 37.3m as of December 31, 2012 (December 31, 2011: EUR 78.6m) to EUR 27.7m as of December, 2013.

2.6.6. Liabilities

Trade payables basically remained on a low level but increased year-on-year on the balance sheet date as of December 31, 2013 by 40% to EUR 13.5m compared to EUR 9.7m as of December 2012 (December 31, 2011: EUR 20.5m). Other current provisions increased from EUR 28.2m as of December 31, 2012 to EUR 32.1m as of December 31, 2013 (December 31, 2011: EUR 36.6m) mainly due to increased warranty provisions. Advance payments from customers as of December 31, 2013 were virtually stable at EUR 46.2m compared to EUR 46.0m as of December 31, 2012 (December 31, 2011: EUR 64.9m).

2.7. Management Assessment of Company Situation

Against the backdrop of the expected general lighting cycle with LED penetration in general lighting still being on very low levels and the continuously subdued customer demand for new production equipment, 2013 was another challenging year for AIXTRON. At the beginning of the year 2013, Management expected fiscal year 2013 to become better than 2012. The first quarter 2013 though was characterized by a deterioration of future prospects and the Management had to initiate a comprehensive restructuring program to adapt the Company to the new market conditions. Amongst others, this included significant inventory write-downs totaling EUR 35 million. While high capacity utilization rates at leading LED manufacturers suggested that the overcapacity of MOCVD deposition equipment was further diminishing, there has still been no significant pick-up in the demand for new AIXTRON equipment.

As a consequence, the new President and CEO, Martin Goetzeler, who took office on March 1, 2013, introduced a 5 Point Program to restore the Company's sustainable profitability. The ongoing program went along with a global staff reduction of about 20%, cost reductions and the optimization of the Company's structures and processes.

AIXTRON customers are in the course of optimizing their processes for the production of more powerful and cost-efficient devices and AIXTRON is actively supporting the industry in this development with its newly implemented technical key account structure and its own product roadmap. Moreover, AIXTRON is reducing significantly both its lead times and the timeframe from the conception of a product to its volume production.

Although the market demand for AIXTRON's production equipment is still on low levels, it is Management's opinion that the overall prospects for the various end-markets and industries that AIXTRON is offering its deposition technologies to remain positive and that the measures comprised in the 5 Point Program will contribute to a further improvement of the Company's earnings situation in the fiscal year 2014.

In order to support and secure the Company's competitive position the Management also decided on the execution of a capital increase in October 2013. Gross proceeds from the issue are used to further strengthen the Company's technological leadership by investing in additional growth areas for the Company, including projects related to technologies for the manufacturing of Power Electronics, Organic LEDs (OLEDs) and Silicon Semiconductor applications. Additionally, the capital increase is strengthening the financial flexibility of AIXTRON by reinforcing its balance sheet and cash position.

Management believes that the Company is well positioned to seize the future opportunities in its markets and to retain a leading position in its industry.

3. Report on Post-Balance Sheet Date Events

There were no business events with a potentially significant effect on AIXTRON's results of operation, financial position, and net assets after the close of fiscal year 2013.

4. Remuneration Report

4.1. Principles of Management Compensation

The Supervisory Board is responsible for establishing the structure of the Executive Board remuneration system and for the total remuneration for the individual Executive Board members. The appropriateness of the remuneration components, and the likelihood that they do not encourage Management to take unreasonable risks, are regularly reviewed by the Supervisory Board.

The remuneration level of the Executive Board members of AIXTRON SE is aligned with the commercial and financial situation and future prospects of the Group and the level and structure of Executive Board remuneration at comparable companies as well as the compensation structure in place in other areas of the Company. In addition, the responsibilities, experience and contribution of each individual Executive Board member, and the desire to retain them, are taken into account when calculating the remuneration. Executive Board remuneration currently consists of three components: fixed remuneration (including benefits in kind and payments into an individual private pension insurance), a variable bonus, and may include stock-based remuneration.

The Executive Board employment contracts stipulate an annual income for the fixed remuneration component. The fixed remuneration component is non-performance-related and is paid out on a monthly basis (13 times a year) as salary. Payments in kind are made, chiefly consisting of company car usage and payments for individual private pension insurance plans.

The limited variable bonus scheme for the collective Executive Board (profit-sharing) is based on consolidated net income for the year and is paid from an "accrued internal bonus pool", defined as up to 10% of the modified consolidated net income for the year, but not to exceed EUR 6.5 million in total. The modified consolidated net income for the year is obtained from the Company's Consolidated Financial Statements (IFRS) certified by the auditor, less a consolidated loss carry forward figure and those amounts that are to be allocated to retained earnings in the Annual Financial Statements of AIXTRON by law or in accordance with the Articles of Association. The consolidated loss carry forward is obtained from consolidated net losses from previous years, less consolidated net income from subsequent fiscal years. For Executive Board members whose contracts were adjusted or newly issued in 2013, the variable bonuses which are provided from the "accrued internal bonus pool" as defined above will be paid half through a monetary element and half in shares. The other member, with existing contract, will continue to receive a full cash bonus if applicable. That part of the variable bonus payable in shares will be converted into whole numbers of shares of the Company and will be deferred until the third bank working day following the ordinary General Meeting in the third fiscal year after having been granted to the Board members. The number of the shares to be granted for the part of the variable bonus payable in shares will be determined in accordance with the closing price of the share of the Company on the third bank working day following the ordinary General Meeting which is presented with the annual financial statements of the Company and the consolidated financial statements for the fiscal year for which the bonus is granted. The shares will be delivered from treasury shares.

Thus, during the multi-year waiting period, the Executive Board members will take part in both positive and negative developments of the Company's share price so that the variable compensation structure is clearly oriented toward a sustainable business development. This new compensation structure was approved by AIXTRON's shareholders at the Annual General Meeting held on May 23, 2013.

In addition, as a variable component acting as a long-term incentive with an element of risk, the members of the Executive Board may receive a share-based payment in the form of options that are granted under AIXTRON's stock option plans. The number of options granted to the Executive Board is determined by the Supervisory Board.

The current Executive Board members have no individual Company pension benefits, which would result in pension provisions being required to be made by AIXTRON, and receive no loans from the Company.

Remuneration of the Supervisory Board is regulated by AIXTRON's Articles of Association. Accordingly, the annual fixed compensation for individual members of the Supervisory Board is EUR 25,000. The Chairman's compensation is three times this amount and the Deputy Chairman's one and a half times the amount received by a regular member of the Supervisory Board. The members of the Supervisory Board also receive, in aggregate, a limited variable compensation of 1% of the Company's net income, less an amount corresponding to 4% of the paid-in contributions to the share capital. The Chairman of the Supervisory Board receives 6/17, the Deputy Chairman 3/17, and each other member of the Supervisory Board 2/17 of the variable remuneration. The variable compensation is limited to fourfold the annual fixed compensation of each Supervisory Board member. In addition, committee members receive an attendance fee of EUR 2,000 for attending a committee meeting, with the Chairman of the committee receiving triple this amount. The total annual attendance fee per Supervisory Board member is limited to one-and-a-half times that individual's fixed remuneration.

The Supervisory Board members receive no loans from the Company.

The Company has a D&O insurance contract in place, covering the activities of members of the Executive Board and members of the Supervisory Board. Pursuant to the amended § 93, Section 2 AktG following the Act on the Appropriateness of Executive Board remuneration (VorStAG), as well as to the amended recommendation in chapter 3.8. German Corporate Governance Code, the deductible for members of the Executive Board and member of the Supervisory Board is equal to a minimum of 10% of the respective, potential loss incurred. The deductible cannot exceed a factor of 1.5 of the respective annual fixed remuneration.

4.2. Information on the Executive Board remuneration according to Section 4.2.5 German Corporate Governance Code

Further detailed information on the compensation of the individual Executive Board members according to Section 4.2.5 of the German Corporate Governance Code and on the compensation of the Supervisory Board members as well as a detailed list of outstanding Executive Board stock options can be found in note 30. "Identity of related parties" of the Consolidated Financial Statements.

5. Opportunities and Risk Report

5.1. Opportunities

The development of state-of-the-art material deposition technology remains AIXTRON's core competency. It is an area where the Company has developed a global leadership position. AIXTRON Management intends to keep this focus and positioning while at the same time expanding this core know-how into both existing and emerging markets. AIXTRON remains committed to investing in R&D to not only maintain the Company's leading technology position in MOCVD equipment but also to enable greater penetration into markets such as for power management, organic semiconductors and next generation memory applications.

A key milestone in the field of MOCVD technology will be the release of new generation equipment in the course of fiscal year 2014, which is also expected to enable a more stable price level and higher margin contribution.

Another important market segment for AIXTRON are Power Electronics based on compound semiconductor materials such as Gallium Nitride (GaN) and Silicon Carbide (SiC). Electronic devices based on these material combinations are especially suitable for high voltage applications and are extremely energy efficient. Such device applications can be found in electric vehicles, transformers, converters or feed-in of renewable energy into the grid.

AIXTRON will also continue to implement its strategy to address the large area organic semiconductor application markets with the Company's deposition technology for organic materials, OVPD[®] and PVPD[™]. The patented OVPD[®] technology allows a highly efficient deposition of organic material especially on large area substrates and offers a number of advantages over other technologies in terms of material consumption and throughput. Shortly, AIXTRON will start to operate a research cluster tool for the production of OLEDs in its laboratory so that interested customers can observe the capabilities of the OVPD[®] technology. Moreover, AIXTRON is working on a new demonstration system for efficient organic layer deposition up to a substrate size of Gen8 (2,300 mm x 2,500 mm) based on AIXTRON's OVPD[®] process technology. The new demonstration system will for the first time demonstrate the advantages of this technology with regard to efficient production of organic light-emitting diodes for displays and lighting applications on an industrial scale.

The Company also aims to make further inroads into the research community with its PECVD technology, aimed at manufacturing Carbon Nanostructures including Carbon Nanotubes, Carbon Nanowires and Graphene.

AIXTRON's Silicon team has developed the high throughput QXP-8300 ALD deposition tool aimed specifically at providing innovative solutions for memory applications and integrated circuits. AIXTRON's QXP tool has been production qualified by a major Korean chip manufacturer and is in the process of production qualification at two other memory chip manufacturers. In the mid- to long-term, AIXTRON therefore sees further growth potential with this technology. In addition, AIXTRON sees chances to promote further the miniaturization of logic device structures with the use of compound semiconductor materials.

AIXTRON expects that the following market trends and **opportunities** in the relevant end-user markets may have a positive effect on future business:

Short Term

- Further increasing adoption of LEDs for exterior, public infrastructure and commercial lighting.
- Increasing adoption of LEDs for consumer and residential general lighting applications.
- Increased usage of GaN based devices for energy efficient power electronics.
- Development of next generation NAND, DRAM and PCRAM memory devices.
- Increased emergence of high volume Silicon Carbide (SiC) production applications and emerging hybrid and electrical automotive and photovoltaic transistor applications.

Mid- to Long-Term

- Increasing use of LEDs for industrial lighting.
- Progress in the development of technologies for large area OLED displays as well as organic material large area deposition and OLED lighting.
- Further progress in the development of GaN-on-Silicon LEDs.
- Increased emergence and further development of plastic electronics / flexible organic TFT backplanes.
- Increased development activity for specialized compound solar cell applications.
- Increasing requirements for High-k and interconnect components, implying a new approach to production technologies.
- Progress in the convergence of compound semiconductor material applications for further miniaturization, e. g. substituting materials in the silicon semiconductor industry.
- Development of applications using Carbon Nanostructures (Carbon Nanotubes, Carbon Nanowires, Graphene).
- Development of alternative LED applications such as Visual Light Communication technology.

5.2. Risk Management

As an international technology company, AIXTRON is engaged in business operations worldwide and is, consequently, exposed to a variety of risks. The Company may also benefit from the opportunities related to the risks it is exposed to. To exploit these opportunities and to minimize risks, AIXTRON has established a Company-wide risk management system that is continuously being adapted to the evolving business environment and business processes.

A large number of systems and procedures for monitoring, analyzing, and documenting business risks and opportunities are deployed at several levels of the organization. The Whistleblower policy and procedure, as an example, helps to quickly identify critical issues allowing them to be addressed before critical exposure occurs and thereby preventing further escalation. Accurate and timely reporting is the core component of AIXTRON's risk and opportunity management. Risk managers, responsible for implementing risk reporting, have been appointed in different areas of the Company and at all subsidiaries.

To minimize risks and to capitalize on opportunities, AIXTRON pursues a forward looking product strategy, by observing current and identifying anticipated future market trends and customer requirements and continuously strives to develop and maintain unique selling propositions related to its technology. This product strategy incorporates measures for honing the Company's profile in its target market, for building new partnerships and alliances, as well as for training third parties engaged to market, sell, and deploy AIXTRON products. In fiscal year 2013, the Company continued to monitor market trends and the activities of its competitors and evaluated market analyses and forecasts produced by leading market research companies. Project management and quality assurance systems are routinely deployed in all areas of product development where risk awareness and evaluation play a crucial role.

These measures are accompanied by a training and development program for managers and specialist employees, and by procedures to maintain and expand the necessary infrastructure when required.

AIXTRON deploys accounting, control, and forecasting software for the global monitoring and management of core enterprise information. Regular reporting processes ensure that information on business and market trends is regularly updated. In addition to annual budget planning, real-time forecasts are used to continuously review and update the Company's plans. As part of the Company's financial control procedures, variances between actual and budget figures are continuously identified and analyzed and they serve as the basis for corrective measures as necessary.

Furthermore, the Executive Board analyzes the Company's net assets, financial position, and results of operations on a continuous basis. The frequent exchange of knowledge and experiences at all hierarchy levels worldwide ensures the constant and efficient flow of information as well as rapid decision-making.

The Executive Board informs and includes, where required, the Supervisory Board in all key decisions at least once every quarter, and normally at shorter intervals. The Audit Committee of the Supervisory Board meets regularly with the Executive Board to discuss, analyze, and monitor financial issues arising in the course of the Company's business activities. Internal guidelines governing risk management, insider trading, and the disclosure of share price sensitive information ensure compliance with all applicable laws and the implementation of the corporate governance recommendations specified in the German Corporate Governance Code.

The Company's Supervisory Board is informed about the status, plausibility, and further development of the risk management system by the Executive Board on an ongoing basis. In addition, it is the Company's auditor's duty, to inform the Supervisory Board about their audit of the risk management early warning system.

5.3. Internal Control over Financial Reporting

AIXTRON's Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in the Securities and Exchange Act of the US Code of Federal Regulations, Title 17, Chapter II, §240, 13a-15(f) or 15d-15(f)) to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of financial statements for external purposes. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of AIXTRON; (ii) provide reasonable assurance that all transactions are recorded as necessary to permit the preparation of AIXTRON's Consolidated Financial Statements and the proper authorization of receipts and expenditures of AIXTRON are being made in accordance with authorization of AIXTRON's Management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of AIXTRON's assets that could have a material effect on AIXTRON's Consolidated Group Financial Statements.

Management assessed AIXTRON's internal control over financial reporting as of December 31, 2013, the end of its fiscal year. Management based its assessment on criteria established in the 1992 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies and AIXTRON's overall control environment. This assessment is supported by testing and monitoring. If a test should reveal a problem, proper feedback will be given and appropriate action will be taken to resolve the issue. This internal control over the financial reporting system, designed to be dynamic, is being continually adapted to reflect the progressive development of the Company.

Based on the Company's assessment, Management has concluded that AIXTRON's internal control over financial reporting was effective as of December 31, 2013 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. AIXTRON's Management reviewed the results of Management's assessment jointly with the Audit Committee of AIXTRON's Supervisory Board.

Deloitte & Touche GmbH, an independent registered public accounting firm, has audited the Consolidated Financial Statements included in this annual report and has issued an attestation report on the effectiveness of AIXTRON's internal control over financial reporting pursuant to Section 404 of the U.S. Sarbanes Oxley Act of 2002.

5.4. Single Risk Factors

Currency Exchange Risks and Other Financial Risks

AIXTRON conducts a large part of its business in foreign currencies, i.e., in currencies other than the Euro. The most prevalent foreign currency relevant to AIXTRON is the US Dollar. Unfavorable exchange rate movements, especially the US Dollar/Euro exchange rate, will adversely affect the Company's results of operation. In order to manage foreign exchange risks, the Company routinely monitors if and to what extent currency hedging instruments should be used. In 2013, no currency hedging instruments were used.

AIXTRON conducts business with a large number of customers worldwide and is therefore exposed to the risk of bad debt losses. This potential risk is significantly reduced by down payments, letters of credit or bank guarantees. Further information on this subject is contained in section 17. "Trade receivables and other current assets" of the notes to the Consolidated Financial Statements for 2013.

AIXTRON assesses the financial strength of its banking partners regularly and will take appropriate measures should it detect any significant deterioration or risk.

The Company's need for cash is generally provided for, through operating cash flows and, to a smaller extent, through grants. The Company currently commands adequate cash and cash equivalents to meet business needs and carries no debt. However, should AIXTRON not be able to generate sufficient sales revenues, due to a prevailing weak market demand, then this may significantly harm operating results and cash flows in the future. If AIXTRON cannot quickly and appropriately realign its business structure in line with adverse conditions, the need for additional external funding may arise. If it is not possible to acquire sufficient funding, AIXTRON could be forced to delay or reduce operations.

Company-Specific Risks, Market and Competition Risks

The semiconductor industries can be highly volatile and unpredictable, which may adversely affect AIXTRON's operating results and result in significant volatility in the market price of its ordinary shares and ADS.

A persistence of the current market environment with subdued market demand for LED manufacturing equipment would lead to the order intake situation not improving. This could have a significantly adverse impact on the Company's net assets, financial position, and results of operations.

The semiconductor manufacturing equipment industry can be affected by the cyclical nature of the semiconductor industry. Although semiconductors are used in many different products, the markets for those products are interrelated to various degrees. The industry has historically experienced sudden changes in supply and demand for semiconductors. The timing, length and severity of these industry cycles are difficult to predict. During periods of declining demand for semiconductor manufacturing equipment, AIXTRON needs to be able to quickly and effectively align its cost structure with prevailing market conditions, to manage its inventory levels to reduce the possibility of future inventory write-downs resulting from obsolescence, and to motivate and retain key employees. Because a certain proportion of AIXTRON's costs are fixed in the near term, the Company's ability to reduce expenses quickly in response to revenue shortfalls is limited. During periods of rapid growth, AIXTRON's business must be able to acquire and/or develop sufficient manufacturing capacity and inventory to meet customer demand, and to attract, hire, assimilate and retain a sufficient number of qualified people.

The Company's customers may experience difficulties in acquiring manufacturing facilities or maintaining a sufficient flow of raw materials or accessing cash to achieve their increased manufacturing output. Should this occur, customers could request to delay AIXTRON system shipments.

The Company's customers often accelerate or delay expenditures, as well as attempt to cancel or reschedule their orders, in reaction to variations in their businesses or market conditions. As a result, AIXTRON must be able to react quickly to these changes in supply and demand. Failure to quickly align the Company's cost structure and manufacturing capabilities with industry fluctuations could lead to significant losses or a failure to capitalize on increased demand opportunities. In either event, the results of operations may be adversely affected, which could result in significant volatility in the market price of the Company's ordinary shares and ADS.

To partly protect AIXTRON from negative effects of the cyclicity of the semiconductor markets, AIXTRON outsources a large part of its production to third party suppliers. To minimize risks in this area, the company generally dual sources the supply of procured key items.

AIXTRON invests heavily into R&D and AIXTRON's future success depends highly on its ability to translate the knowledge gained from R&D into commercial success. Should this fail, then this could have a significantly adverse impact on the Company's net assets, financial position, and results of operations.

Because in the past there has been substantial industry litigation regarding patents and other intellectual property rights infringements, AIXTRON cannot exclude the possibility of itself infringing upon intellectual property rights of third parties or of itself being held liable for allegedly infringing upon third party intellectual property rights. The costs associated with such litigation could be substantial. Amongst others, AIXTRON therefore pursues a continuous assessment of its intellectual property.

For more information on risks, please refer to section "Risk Factors" in AIXTRON's 2013 20 F-Report, which has been filed with the U.S. Securities and Exchange Commission on February 25, 2014.

5.5. Overall Statement to the Risk Situation

Neither within fiscal year 2013 nor at the time of writing has the Executive Board identified any risks that could jeopardize the Company's continued existence.

6. Report on Expected Developments

6.1. Future Market Environment and Opportunities

In their World Economic Outlook update report published on January 21, 2014, the IMF forecasts global growth to increase from 3.0% in 2013 to 3.7% in 2014. A remarkable increase of growth rates is expected particularly in the advanced economies, with the euro zone leaving recession behind and returning to noticeable growth. Therefore, at this point in time, AIXTRON does not expect any significant influence on its business development from the global economic environment. However, the possibility of further setbacks to the global economy cannot be ruled out.

Gartner Dataquest estimated (in their December 2013 report) that semiconductor capital spending in 2013 declined by 4.6% to USD 56bn. In the same report, Gartner forecasts a recovery of semiconductor capital spending by circa 9.9% to USD 61.5bn in 2014, growing further to USD 69bn in 2015.

In Wafer Fab equipment, the segment where AIXTRON competes, Gartner expects a 16% annual increase in the size of the market from USD 26.9bn to USD 31.3bn in 2014, before growth will continue in 2015 (to USD 36.6bn).

According to some financial and market analysts, the value of MOCVD equipment was expected to have reached a range of USD 305 million to USD 340 million by the end of 2013. It is expected to develop towards a range of USD 340 million to USD 375 million in 2014, as the market recovers from the current excess of manufacturing capacity for LEDs. In 2015, the same analysts expect the investment activity to pick up again, leading to a market size range of USD 339 million to USD 635 million.

According to one market analyst's opinion, the total silicon power management device market is expected to grow from USD 10.2bn to 14.2bn between 2011 and 2016 (Gartner, August 2012). According to a study from IHS, the market for SiC and GaN power electronics devices, which can be produced using AIXTRON equipment, is estimated to generate a volume of USD 740 million by 2016. Estimates of an accessible market size for the respective production equipment are however not meaningful at this point in time.

AIXTRON Management believes that the markets AIXTRON addresses with its organic large area, OVPD[®], PVPD[™] and PECVD technologies bear substantial growth potential in the mid- to long-term. This growth potential stems from the necessity of the device manufacturers to invest into technologies that enable them to achieve improved features and aggressive cost reduction targets. In the highly competitive market space of TVs or Displays, efficient manufacturing technologies such as those provided by AIXTRON are required to be able to compete. However, as with all emerging technologies, there is an element of risk associated with the timing of AIXTRON's technology being adopted by the market. Estimates of an accessible OLED or Carbon Nanostructure equipment market size or market share are neither available nor meaningful at this point in time.

The specific market niche to be addressed by AIXTRON's ALD technology for the production of specialized applications such as gate stacks and capacitors is estimated to be valued at USD 260m by the end of 2013 (2014e: USD 318m; 2015e: USD 401m) (Gartner Dataquest in August 2013). AIXTRON's QXP tool has been production qualified by a major Korean chip manufacturer and is in production qualification at two other memory chip manufacturers. AIXTRON therefore sees further growth potential with this technology.

6.2. Expected Results of Operations and Financial Position

Global demand for LEDs continues to grow due to the increasing adoption of LEDs into the general lighting market. Despite this encouraging development, AIXTRON customers currently remain reluctant to meaningfully invest into additional LED manufacturing capacity.

However, Management expects the demand for MOCVD-production capacity to improve as demand for LEDs continues to increase. Nevertheless, the exact timing and extent of such a pickup remains difficult to predict. Visibility of orders still remains low.

As MOCVD production equipment in 2014 will again account for the largest share of AIXTRON's revenues, the Management is unable to make any precise forecast for the Company's revenues and earnings in the current fiscal year 2014. However, as a result of the already advanced cost reductions and restructuring of the Company, results will see a year-on-year improvement in the fiscal year 2014. Based on the current view on the demand situation, Management expects for fiscal year 2014 to achieve revenues on the level of fiscal year 2013 and expects to generate a negative but much improved EBIT figure for the full fiscal year 2014. Concurrently, Management also expects a negative return on equity. In addition to the revenue share of MOCVD equipment for the production of LEDs, further revenue contributions will stem from the sale of spare parts and services as well as other equipment technologies for the production of memory chips or power electronics.

R&D investments will have a significant impact on the actual amount of operating expenses. AIXTRON sees a core objective in the consistent realization of the product roadmap for its future technologies, such as LED, OLED, etc., in terms of timing, quality and cost.

In the fiscal year 2014, we will also continue our activities to increase efficiency with a particular emphasis on costs and use of funds. Moreover, we will focus on the release of our new MOCVD equipment generation and our targeted investments in AIXTRON's relevant future technologies.

In case of a significant market upturn, especially in the field of LED applications, the fiscal year 2014, in terms of revenues and earnings, might turn out better than currently expected. In the short-term such a market upturn depends largely on the progress of the penetration of LED applications in the general lighting market. The expected improvement of the macroeconomic environment could further support this development.

We continue to expect that the Company does not require any external bank debt financing also in 2014. Furthermore, we expect to retain our strong equity base also in the foreseeable future.

6.3 Overall Statement on the Future Development

Due to our proven ability to develop and market best-in-class enabling deposition equipment for a variety of markets, we continue to believe in the positive short- mid- and long-term outlook for AIXTRON and its targeted markets.

The EBIT break-even point, under the premise of a 40% gross margin to be achieved and operating costs of approximately EUR 100 million, will be reached at revenue levels of approximately EUR 250 million.

As at December 31, 2013, AIXTRON had no binding agreements for participation financing, company acquisition or transfers of parts of the Company.

7. Information concerning section 315 (4) of the German Commercial Code ("HGB") on takeovers

The stated share capital (Grundkapital) of AIXTRON SE as of December 31, 2013 amounted to EUR 112,613,445 (December 31, 2012: 101,975,023; December 31, 2011: EUR 101,789,527) divided into 112,613,445 registered shares with a proportional interest in the share capital of EUR 1.00 per no-par value registered share. Each no-par value share represents the proportionate share in AIXTRON's stated share capital and carries one vote at the Company's annual shareholders' meeting. All registered shares are fully paid in. The Company has issued a share certificate representing multiples of shares (global share); shareholders do not have the right to the issue of a share certificate representing their share(s). There are no voting or transfer restrictions on AIXTRON's registered shares that are related to the Company's Articles of Association. There are no classes of securities endowed with special control rights, nor are there any provisions for control of voting rights, if employees participate in the share capital without directly exercising their voting rights.

Additional funding needs could be covered by the following additional capital as authorized by the annual shareholders' meeting:

Funding Sources	2013 31-Dec	Approved since	Expiry Date	2012 31-Dec	2011 31-Dec	2013-2012
<i>(EUR or number of shares)</i>						
Issued shares	112,613,445	--	--	101,975,023	101,789,527	10,638,422
Authorized Capital 2012 - Capital increase for cash or contribution in kind with existing shareholders' preemptive rights	10,422,817	05/16/2012	05/15/2017	10,422,817	0	0
Authorized Capital 2011 - Capital increase for cash or contribution in kind with or without existing shareholders' preemptive rights	30,248,813	05/19/2011	05/18/2016	40,471,946	40,471,946	-10,223,133
Conditional Capital I 2012 - Authorization to potentially issue convertible notes or warrants in future	40,715,810	05/16/2012	05/15/2017	40,715,810	0	0
Conditional Capital II 2012 - Stock Options Program 2012	4,208,726	05/16/2012	05/15/2017	4,208,726	0	0
Conditional Capital II 2007 - Stock Options Program 2007	2,927,226	05/22/2007	12/31/2018	3,136,628	3,298,774	-209,402
Conditional Capital 4 - Stock Options Program 2002	516,210	05/22/2002	12/31/2016	722,097	745,447	-205,887
Conditional Capital 2 - Stock Options Program 1999	1,926,005	05/26/1999	12/31/2017	1,926,005	1,926,005	0

In accordance with section 71 (1) no. 8 German Corporations Act, AktG, the Company is authorized until May 20, 2018, with the approval of the Supervisory Board, to purchase its own shares representing an amount of up to EUR 10,208,612 of the share capital. This authorization may not be used by the Company for the purpose of trading in own shares. The authorization may be exercised in full, or in part, once, or on several occasions by the Company. The shares may be purchased (1) on the stock market or (2) by way of a public offer to all shareholders made by the Company.

Any amendment to the Articles of Association related to capital measures requires a 75% majority of the share capital represented at the general shareholders' meeting (Article 59 SE Regulation, SE-VO; §179 German Corporations Act, AktG). Other amendments to the Articles of Association require a majority of two thirds of the votes cast or, if at least one half of the share capital is represented, a simple majority of the votes cast.

As of December 31, 2013, about 20% of AIXTRON shares were held by private individuals, with around 80% held by institutional investors. The largest AIXTRON non-institutional shareholder was Camma B.V., Renesse (Netherlands) with 6.8% holdings in AIXTRON stock. Circa 93.2% of the shares were considered as free float according to Deutsche Börse's definition.

The Supervisory Board appoints and removes from office the members of the Executive Board, who may serve for a maximum term of six years before being reappointed.

If a change of control situation exists, the individual members of the Executive Board are entitled to terminate their service relationship with AIXTRON with a notice period of three months to the end of the month and to resign from their post on the termination date. Upon termination of the services as a result of a change of control, such member of the Executive Board will receive a severance pay in an amount equal to the fixed and variable compensation expected to be owed by the Company for the remaining term of the service contract, however, not exceeding an amount equal to twice the annual compensation. A change of control situation exists if a third party or a group of third parties who contractually combine their shares in order to act subsequently as a third party, directly or indirectly hold more than 50% of the Company's authorized capital. Apart from the above mentioned, there are no further changes of control provisions.

8. Responsibility Statement

Responsibility Statement required by section 37y no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 297(2) sentence 4 and 315(1) sentence 6 of the Handelsgesetzbuch (HGB – German Commercial Code) for the Consolidated Financial Statements:

“To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.”

February 24, 2014

AIXTRON SE, Herzogenrath

Executive Board

Martin Goetzeler

Wolfgang Breme

Dr. Bernd Schulte

2013 Compact

(In EUR thousands except basic result per share and number of shares)

182,863	➤	Revenues
-7,388	➤	Gross profit
-95,741	➤	Operating result (EBIT)
-101,016	➤	Net income
-0.98	➤	Basic net result per share
57,153	➤	Research and Development costs
133,167	➤	Equipment order intake
59,610	➤	Equipment order backlog
465,403	➤	Shareholders' equity
563,193	➤	Balance sheet total
111,534,520	➤	Number of shares

Consolidated Income Statement

	Notes	2013	2012	2011
<i>in EUR thousands</i>				
Revenues	3	182,863	227,832	610,960
Cost of sales		190,251	227,402	379,529
Gross profit		-7,388	430	231,431
Selling expenses		28,956	34,830	32,138
General administration expenses		18,223	19,551	33,978
Research and development costs	4	57,153	72,862	50,410
Other operating income	5	27,610	3,121	2,394
Other operating expenses	6	11,631	8,575	4,419
Operating result		-95,741	-132,267	112,880
Finance Income		839	2,353	3,393
Finance Expense		313	29	1,306
Net Finance Income	8	526	2,324	2,087
Result before taxes		-95,215	-129,943	114,967
Taxes on income/loss	9	5,801	15,493	35,431
Profit or loss for the year		-101,016	-145,436	79,536
Thereof attributable to the owners of Aixtron SE		-101,016	-145,436	79,536
Basic earnings or loss per share (EUR)	21	-0.98	-1.44	0.79
Diluted earnings or loss per share (EUR)	21	-0.98	-1.44	0.78

See accompanying notes to consolidated financial statements.

Consolidated Statement of other Comprehensive Income

in EUR thousands

	Note	2013	2012	2011
Profit or loss for the year		-101,016	-145,436	79,536
Gains/losses from derivative financial instruments before taxes	20		9,226	-9,032
Deferred taxes on derivative financial instruments	14		-2,788	2,934
Currency translation adjustment		-6,130	1,512	6,930
Other comprehensive income		-6,130	7,950	832
Total comprehensive income or loss for the year		-107,146	-137,486	80,368
Thereof attributable to the owners of Aixtron SE		-107,146	-137,486	80,368

See accompanying notes to consolidated financial statements.

Consolidated Statement of Financial Position

<i>in EUR thousands</i>	Note	31/12/2013	31/12/2012
Assets			
Property, plant and equipment	11	79,866	97,552
Goodwill	12	64,115	64,346
Other intangible assets	12	3,058	4,218
Investment property	14	0	0
Other non-current assets	13	907	677
Deferred tax assets	14	4,613	5,388
Tax receivables	15	177	236
Total non-current assets		152,736	172,417
Inventories	16	66,183	125,986
Trade receivables less allowance kEUR 1,821 (2012: kEUR 1,819)	17	27,654	37,291
Current tax receivables	10	5,388	7,127
Other current assets	17	4,925	7,660
Other financial assets	18	138,853	109,756
Cash and cash equivalents	19	167,454	99,734
Total current assets		410,457	387,554
Total assets		563,193	559,971

<i>in EUR thousands</i>	Note	31/12/2013	31/12/2012
Liabilities and shareholders' equity			
Fully paid capital Number of shares: 111,534,520 (2012: 100,896,098)		111,535	100,896
Additional paid-in capital		370,842	278,952
Retained earnings		8,291	92,725
Cumulated comprehensive income and expense recognised in equity		-8,683	-2,553
Total shareholders' equity	20	465,403	470,020
Employee benefits	22	0	0
Other non-current payables		92	117
Other non-current provisions	24	1,977	1,206
Deferred tax liabilities	14	300	123
Total non-current liabilities		2,369	1,446
Trade payables	25	13,517	9,683
Advance payments from customers		46,188	45,969
Other current provisions	24	32,080	28,204
Other current liabilities	25	2,948	3,783
Current tax payables	10	688	770
Deferred revenues		0	96
Total current liabilities		95,421	88,505
Total liabilities		97,790	89,951
Total liabilities and shareholders' equity		563,193	559,971

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flow

in EUR thousands

	Note	2013	2012	2011
Cash inflow / outflow from operating activities				
Profit or loss for the year		-101,016	-145,436	79,536
Reconciliation between profit or loss and cash inflow/outflow from operating activities				
Expense from share-based payments		981	3,439	5,177
Depreciation, amortization and impairment expense		27,812	16,641	12,258
Net result from disposal of property, plant and equipment		11	149	49
Deferred income taxes		643	22,855	-8,739
Other non-cash expenses		0	0	0
Change in				
Inventories		57,938	59,571	-16,390
Trade receivables		8,500	41,435	9,524
Other assets		4,209	14,943	-13,653
Trade payables		4,841	-10,871	-19,274
Provisions and other liabilities		2,050	-28,743	-2,132
Deferred revenues		-92	0	57
Non-current liabilities		1,977	-89	-813
Advance payments from customers		364	-19,131	-51,945
Cash inflow / outflow from operating activities		8,218	-45,237	-6,345
Cash inflow/outflow from investing activities				
Cost related to acquisitions		0	-234	0
Capital expenditures in property, plant and equipment		-9,603	-15,768	-27,184
Capital expenditures in intangible assets		-465	-715	-2,978
Proceeds from disposal of fixed assets		789	342	77
Bank deposits with a maturity of more than 90 days	18	-30,383	11,934	80,537
Cash inflow/outflow from investing activities		-39,662	-4,441	50,452

<i>in EUR thousands</i>	Note	2013	2012	2011
Cash inflow/outflow from financing activities				
Dividend paid to shareholders		0	-25,155	-60,708
Proceeds from issue of equity shares		101,553	883	3,179
Cash inflow/outflow from financing activities		101,553	-24,272	-57,529
Effect of changes in exchange rates on cash and cash equivalents		-2,389	792	4,196
Net change in cash and cash equivalents		67,720	-73,158	-9,226
Cash and cash equivalents at the beginning of the period		99,734	172,892	182,118
Cash and cash equivalents at the end of the period	19	167,454	99,734	172,892
Interest paid		-3	-28	-140
Interest received		1,172	2,091	2,675
Income taxes paid		-1,860	-7,440	-54,651
Income taxes received		65	7,199	211

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

<i>in EUR thousands</i>	Note	Sub- scribed capital under IFRS	Addi- tional paid-in- capital	Currency trans- lation	Derivative financial instru- ments	Retained Earnings/ Accumu- lated deficit	Shareholders' equity attributable to the owners of AIXTRON SE
Balance at January 1, 2011		100,101	267,070	-10,995	-340	244,488	600,324
Dividends to shareholders (Eur 0.60 per share)						-60,708	-60,708
Share based Payments			5,177				5,177
Issue of shares		610	2,569				3,179
Currency translation							0
<i>Net Income for the year</i>						79,536	79,536
<i>Other comprehensive income</i>				6,930	-6,098		832
Total comprehensive income for the year		0	0	6,930	-6,098	79,536	80,368
Balance December 31, 2011 and January 1, 2012		100,711	274,816	-4,065	-6,438	263,316	628,340
Dividends to shareholders (Eur 0.25 per share)						-25,155	-25,155
Share based Payments			3,438				3,438
Issue of shares		185	698				883
Issue of shares							0
Currency translation							0
<i>Net Income for the year</i>						-145,436	-145,436
<i>Other comprehensive income</i>				1,512	6,438		7,950
Total comprehensive income for the year		0	0	1,512	6,438	-145,436	-137,486
Balance December 31, 2012 and January 1, 2013		100,896	278,952	-2,553	0	92,725	470,020
Share based Payments			970				970
Issue of shares		10,639	90,920				101,559
<i>Net Loss for the year</i>						-101,016	-101,016
<i>Other comprehensive income</i>				-6,130			-6,130
Total comprehensive income (Loss) for the year		0	0	-6,130	0	-101,016	-107,146
Balance December 31, 2013		111,535	370,842	-8,683	0	-8,291	465,403

See accompanying notes to consolidated financial statements.

Notes

1. General Principles

AIXTRON SE is incorporated as a European Company (Societas Europaea) under the laws of the Federal Republic of Germany. The Company is domiciled at Kaiserstraße 98, 52134 Herzogenrath, Germany. AIXTRON SE is registered in the commercial register of the District Court ("Amtsgericht") of Aachen under HRB 16590.

The consolidated financial statements of AIXTRON SE and its subsidiaries ("AIXTRON" or "Company") have been prepared in accordance with, and fully comply with

- International Financial Reporting Standards (IFRS), and the interpretations as published by the International Accounting Standards Board (IASB); and also
- International Financial Reporting Standards (IFRS) as adopted for use in the European Union; and also
- the requirements of Section 315a of HGB (German Commercial Law).

AIXTRON is a leading provider of deposition equipment to the semiconductor and compound-semiconductor industry. The Company's technology solutions are used by a diverse range of customers worldwide to build advanced components for electronic and optoelectronic applications based on compound, silicon, or organic semiconductor materials. Such components are used in fibre optic communication systems, wireless and mobile telephony applications, optical and electronic storage devices, computing, signalling and lighting, displays, as well as a range of other leading-edge technologies.

These consolidated financial statements have been prepared by the Executive Board and have been submitted to the Supervisory Board at its meeting held on February 24, 2014 for approval and publication.

2. Significant Accounting Policies

(a) Companies included in consolidation

Companies included in consolidation are the parent company, AIXTRON SE, and 8 companies, in which AIXTRON SE has a 100% direct shareholding or control. The balance sheet date of all consolidated companies is December 31. A list of all consolidated companies is shown in note 31.

(b) Basis of accounting

The consolidated financial statements are presented in Euro (EUR). The amounts are rounded to the nearest thousand Euro (kEUR). Some items in the statement of financial position and income statement have been combined under one heading to improve the clarity of presentation. Such items are disclosed and commented on individually in the notes.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if this revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments which have a significant effect on the Company's financial statements are described in Note 37.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by each consolidated company.

(c) Bases of consolidation

(i) Subsidiaries

Entities over which AIXTRON SE has control are treated as subsidiaries (see note 31). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that controlling influence commences.

(ii) Transactions eliminated on consolidation

All intercompany income and expenses, transactions and balances have been eliminated in the consolidation.

(d) Foreign currency

The consolidated financial statements have been prepared in Euro (EUR). In the translation of financial statements of subsidiaries outside the Euro-Zone the local currencies are also the functional currencies of those companies. Assets and liabilities of those companies are translated to EUR at the exchange rate ruling at the balance sheet date. Revenues and expenses are translated to EUR at average exchange rates for the year or at average exchange rates for the period between their inclusion in the consolidated financial statements and the balance sheet date. Net equity is translated at historical rates. The differences arising on translation are disclosed in the Consolidated Statement of Changes in Equity.

Exchange gains and losses resulting from fluctuations in exchange rates in the case of foreign currency transactions are recognised in the income statement in "other operating income" or "other operating expenses".

(e) Property, plant and equipment

(i) Acquisition or manufacturing cost

Items of property, plant and equipment are stated at cost, plus ancillary charges such as installation and delivery costs, less accumulated depreciation (see below) and impairment losses (see accounting policy (j)).

Costs of internally generated assets include not only costs of material and personnel, but also a share of directly attributable overhead costs, such as employee benefits, delivery costs, installation, and professional fees.

Where parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items of property, plant and equipment.

(ii) Subsequent costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing components or enhancement of such an item when that cost is incurred if it is probable that the future economic benefits embodied in the item will flow to the Company and the cost of the item can be measured reliably. All other costs such as repairs and maintenance are expensed as incurred.

(iii) Government grants

Government grants related to the acquisition or manufacture of owned assets are deducted from original cost at the date of capitalisation.

(iv) Depreciation

Depreciation is charged on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Useful lives, depreciation method and residual values of property, plant and equipment are reviewed at the year-end date or more frequently if circumstances arise which are indicative of a change. The estimated useful lives are as follows:

Buildings	25 years
Machinery and equipment	3 - 14 years
Other plant, factory and office equipment	2 - 14 years

(f) Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. In respect of business combinations that have occurred since January 1, 2004, goodwill represents the difference between the fair value of the consideration for the business combination and the fair value of the net identifiable assets acquired. In respect of business combinations prior to this date, goodwill, determined under the previous accounting principles (US-GAAP), applied until 2004, and has continued to be recognised at its then carrying amount.

Goodwill is stated at cost less any accumulated impairment loss. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting policy (j)).

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding using scientific methods, is recognised as an expense as incurred.

Expenditure on development comprises costs incurred with the purpose of using scientific knowledge technically and commercially. As not all criteria of IAS 38 are met AIXTRON did not capitalise such costs.

(iii) Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (j)).

Intangible assets acquired through business combinations are stated at their fair value at the date of purchase.

Expenditure on internally generated goodwill, trademarks and patents is expensed as incurred.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

Amortisation is charged on a straight-line basis over the estimated useful lives of intangible assets, except for goodwill. Goodwill has a useful life which is indefinite and is tested annually in respect of its recoverable amount. Other intangible assets are amortised from the date they are available for use. Useful lives and residual values of intangible assets are reviewed at the year-end date or more frequently if circumstances arise which are indicative of a change. The estimated useful lives are as follows:

Software	2 - 5 years
Patents and similar rights	5 - 18 years
Customer base and product and technology know how	6 - 7 years

(g) Financial Instruments

(i) Financial Assets

Financial assets are classified into the following specific categories: financial assets 'at fair value through the profit or loss' (FVTPL), 'held to maturity investments', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Investments are recognised at the contract date, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(ii) Financial assets at FVTPL

Financial assets are classified as at FVTPL where the asset is either

- held for trading or
- it is designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(iii) Held to maturity investments

Investments with fixed or determinable payments and fixed maturity dates that the Company intends to and has the ability to hold to maturity are classified as held to maturity investments. Held to maturity investments are recorded at amortised cost using the effective interest rate method less any impairment, with revenue recognised on an effective yield basis.

(iv) Trade receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted on an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment.

(v) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(vi) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with banks with a maturity of less than three months at inception.

(vii) Equity instruments

Equity instruments, including share capital, issued by the company are recorded at the proceeds received, net of direct issue costs.

(viii) Financial liabilities

Financial liabilities are classified as either financial liabilities “at FVTPL” or “other financial liabilities”.

(ix) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the liability is either

- held for trading or
- it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(x) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

(xi) Derivative financial instruments and hedge accounting

The Company’s activities expose it to the financial risks of changes in foreign exchange currency rates (see note 26). The Company uses foreign exchange forward contracts to hedge these exposures. The Company does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by policies approved by the Executive Board, which provide written principles on the use of financial derivatives.

Changes in the fair value of derivative financial instruments that are designated as effective hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the derivative financial instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the derivative financial instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Cost is determined using weighted average cost.

The cost includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress and finished goods, cost includes direct material and production cost, as well as an appropriate share of overheads based on normal operating capacity.

Allowance for slow moving, excess and obsolete, and otherwise unsaleable inventory is recorded based primarily on either the Company’s estimated forecast of product demand and production requirement or historical trailing twelve month usage. When the estimated future demand is less than the inventory, the Company writes down such inventories.

(i) Operating Result

Operating result is stated before finance income, finance expense and tax.

(j) Impairment of property, plant and equipment and intangible assets

Goodwill purchased as part of a business acquisition is tested annually for impairment, irrespective of whether there is any indication of impairment. For impairment test purposes, the goodwill is allocated to cash-generating units. Impairment losses are recognised to the extent that the carrying amount exceeds the higher of fair value less cost to sell or value in use of the cash-generating unit.

Property, plant and equipment as well as other intangible assets are tested for impairment, where there is any indication that the asset may be impaired. The company assesses at the end of each period whether there is an indication that an asset may be impaired. Impairment losses on such assets are recognised, to the extent that the carrying amount exceeds either the fair value that would be obtainable from a sale in an arm’s length transaction, or the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments and the risks associated with the asset.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. Reversals are made only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

An impairment loss in respect of goodwill is not reversed.

(k) Earnings per share

Basic earnings per share are computed by dividing net income (loss) by the weighted average number of issued common shares (see note 21) for the year. Diluted earnings per share reflect the potential dilution that could occur if options issued under the Company's stock option plans were exercised and convertible bonds were converted, unless such conversion had an anti-dilutive effect.

(l) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined benefit plans

The obligation from defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The calculation is performed by a qualified actuary using the projected unit credit method.

(iii) Share-based payment transactions

The stock option programs allows members of the Executive Board, management and employees of the Company to acquire shares/ADS (see note 23) of the Company. These stock option programs are accounted for by AIXTRON according to IFRS 2. The fair value of options granted after November 7, 2002 is recognised as personnel expense with a corresponding increase in the additional paid-in capital. The fair value is calculated at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. In the calculation of the personnel expense options forfeited are taken into account.

(m) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle this obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax interest rate that reflects current market assessments of the time value of money and, where appropriate, the risks associated with the liability.

(i) Warranties

The Company normally offers one, occasionally two, year warranties on all of its products. Warranty expenses generally include cost of labor, material and related overhead necessary to repair a product free of charge during the warranty period, and are recorded as a selling expense. The specific terms and conditions of those warranties may vary depending on the equipment sold, the terms of the contract and the locations from which they are sold. The Company establishes the costs that may be incurred under its warranty obligations and records a liability in the amount of such costs at the time revenue is recognised. Factors that affect the Company's warranty liability include the historical and anticipated rates of warranty claims and cost per claim.

The Company accrues material and labor cost for systems shipped based upon historical experience. The Company periodically assesses the adequacy of its recorded warranty provisions and adjusts the amounts as necessary.

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected economic benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The amount recognised as a provision is determined as the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received. Before making that provision any impairment loss that has occurred on assets dedicated to that contract are recognised. The provision is discounted to present value if the adjustment is material.

(n) Revenue

Revenue is generated from the sale and installation of equipment, spare parts and maintenance services. The sale of equipment involves a customer acceptance test at AIXTRON's production facility. After successful completion of this test, the equipment is dismantled and packaged for shipment. Upon arrival at the customer site the equipment is reassembled and installed, which is a service generally performed by AIXTRON engineers. AIXTRON gives no general rights of return, discounts, credits or other sales incentives within its terms of sale. However, occasionally some customers of AIXTRON have specifically negotiated terms and conditions of business.

Revenues from the sale of products that have been demonstrated to meet product specification requirements are recognised upon shipment to the customer, if a full customer acceptance test has been successfully completed at the AIXTRON production facility and the significant risks and rewards of ownership has passed to the customer.

Revenue relating to the installation of the equipment at the customer's site is recognised when the installation is completed and the final customer acceptance has been confirmed.

The portion of the contract revenue deferred until completion of the installation services is determined based on either the fair value of the installation services or, if the company determines that there may be a risk that the economic benefits of installation services may not flow to the Company, the portion of the contract amount that is due and payable upon completion of the installation.

Fair value of the installation services is determined based on the price that would be received in an orderly transaction in the principal market for such equipment at the measurement date under current market conditions.

Revenue related to products where meeting the product specification requirements has not yet been demonstrated, or where specific rights of return have been negotiated, is recognised only upon final customer acceptance.

Revenue on the sale of spare parts is recognised when title and risk passes to the customer, generally upon shipment. Revenue from maintenance services is recognised as the services are provided.

(o) Expenses

(i) Cost of sales

Cost of sales includes such direct costs as materials, labor and related production overheads.

(ii) Research and development

Research and development costs are expensed as incurred. Project funding received from governments (e.g. state funding) and the European Union is recorded in other operating income, if the Research and Development costs are incurred and provided that the conditions for the funding have been met.

(iii) Operating lease payments

Payments made under operating leases are recognised as expense on a straight-line basis over the term of the lease.

(p) Other operating income

Government grants

Government grants awarded for project funding are recorded in "Other operating income" if the Research and Development costs are incurred and provided that the conditions for the funding have been met.

(q) Tax

The tax expense represents the sum of the current and deferred tax.

Deferred tax assets and liabilities are recorded for all temporary differences between tax and commercial balance sheets and for losses brought forward for tax purposes as well as for tax credits of the companies included in consolidation. The deferred taxes are calculated, based on tax rates applicable at the balance sheet date or known to be applicable in the future. Effects of changes in tax rates on the deferred tax assets and liabilities are recognised upon substantively enacted amendments to the law.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits can be set off against tax credits and tax losses carried forward. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit can be realised. The recoverability of deferred tax assets is reviewed at least annually.

(r) Segment reporting

An operating segment is a distinguishable component of the Company that is engaged in business activities and whose operating results are reviewed regularly by the Chief Operating Decision Maker, which the Company considers to be its Executive Board. The Executive Board regularly reviews financial information on a consolidated group basis. Aixtron has only one reportable segment.

Accounting standards applied in segment reporting are in accordance with the general accounting policies as explained in this section.

(s) Cash flow statement

The cash flow statement is prepared in accordance with IAS 7. Cash flows from operating activities are prepared using the indirect method. Cash inflows and cash outflows from taxes and interest are included in cash flows from operating activities.

(t) Recently issued accounting standards

In the current year, the following new and revised standards have been adopted. Their adoption has not had any significant impact on the amounts reported in these financial statements.

IFRS 10 – Consolidated Financial Statements	This standard replaces the parts of IAS 27 that deal with consolidated financial statements and changes the definition of control.
IFRS 12 – Disclosures of interests in Other Entities	The standard generally increases the required disclosures for subsidiaries, joint arrangements, associates and unconsolidated entities.
Amendments to IAS 1 – Presentation of Financial Statements	This standard amends the presentation requirements when an entity applies accounting policies retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements.
Amendments to IFRS 7 Disclosures	The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective

IFRS 9	Financial Instruments
IAS 36 (amendments)	Recoverable amount disclosures for Non-Financial Assets
IAS 39 (amendments)	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC Interpretation 21	Levies

The company does not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods.

3. Segment Reporting and Revenues

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Executive Board, as chief operating decision maker, in order to allocate resources to the segments and to assess their performance.

The Executive Board regularly reviews financial information on a consolidated group basis since the various activities of the group are largely integrated from an operational perspective. In accordance with IFRS, AIXTRON has only one reportable segment.

The company's reportable segment is based around the category of goods and services provided to the semiconductor industry.

Revenues are recognised as disclosed in Note 2 (n).

The company values the revenue deferred for installation services, using a market based approach, based on observed transactions for all such contracts involving multiple elements where revenue has been recognised during the financial year. This is level 2 within the fair value hierarchy described in IFRS 13. The fair value of the installation services is taken as the most frequently observed (modal value) percentage of the contract price payable upon completion of the installation service.

For contracts where revenue is recognised in two elements, the same method is also used to determine the fair value of products delivered, which is taken to be the most frequently observed (modal value) percentage of the contract value payable upon delivery of the equipment to the customer. This is also level 2 in the fair value hierarchy.

Segment revenues and results

<i>in EUR thousands</i>	Note	2013	2012	2011
Equipment revenues		138,044	176,865	556,275
Spares and service revenue		44,819	50,967	54,685
Revenue from external customers		182,863	227,832	610,960
Inventories recognized as an expense	16	117,900	113,083	255,357
Obsolescence and valuation allowance expense for inventories	16	17,885	40,947	41,602
Personnel expense	7	67,548	81,076	76,494
Depreciation	11	16,314	11,165	8,960
Impairment	6 / 11	9,888	2,756	0
Amortization	12	1,609	2,720	3,540
Other expenses		74,864	104,496	112,072
Net foreign exchange losses	5	206	6,977	2,449
Other operating income	5	-27,610	-3,121	-2,394
Segment profit /loss		-95,741	-132,267	112,880
Investment revenue	8	839	2,353	3,393
Finance Costs	8	-313	-29	-1,306
Profit/loss before tax		-95,215	-129,943	114,967

The accounting policies of the reportable segment are identical to the Group's accounting policies as described in note 2. Segment profit represents the profit earned by the segment without the allocation of investment revenue, finance costs and income tax expense. This is the measure reported to the Executive Board for the purpose of resource allocation and assessment of performance.

Segment assets and liabilities

<i>in EUR thousands</i>	Dec 31, 2013	Dec 31, 2012
Semi-conductor equipment segment assets	246,708	337,730
Unallocated assets	316,485	222,241
Total Group assets	563,193	559,971

<i>in EUR thousands</i>	Dec 31, 2013	Dec 31, 2012
Semi-conductor equipment segment liabilities	96,802	89,057
Unallocated liabilities	988	894
Total Group liabilities	97,790	89,951

For the purpose of monitoring segment performance and allocating resources all assets other than tax assets, cash and other financial assets are treated as allocated to the reportable segment. All liabilities are allocated to the reportable segment apart from tax liabilities and post-employment benefit liabilities.

Additions to Property, Plant and Equipment, to Goodwill and to Intangible assets, and the depreciation and amortization expenses are given in notes 11 and 12. Other non-current assets increased by kEUR 230 during 2013 (decreased by kEUR 43 in 2012).

Information concerning other material items of income and expense for personnel expenses and R&D expenses can be found in notes 7 and 4.

Geographical Information

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below. Revenues from external customers are attributed to individual countries based on the country in which it is expected that the products will be used.

<i>in EUR thousands</i>	2013	2012	2011
Asia	141,785	177,490	547,782
Europe	24,213	21,352	26,322
Americas	16,865	28,990	36,856
Total	182,863	227,832	610,960

Sales from external customers attributed to Germany, Aixtron's country of domicile, and to other countries which are of material significance are as follows:

<i>in EUR thousands</i>	2013	2012	2011
Germany	7,210	10,105	10,929
USA	14,805	28,868	35,871
Korea	30,578	29,759	57,744
China	56,788	71,611	314,900
Taiwan	43,177	47,147	157,446

Revenues from all foreign countries outside of Germany were kEUR 175,653, kEUR 217,727 and kEUR 600,031 for the years ended December 31, 2013, 2012 and 2011 respectively.

Sales to one customer in 2013 amounted to 14.4% of Group revenue, in 2012 sales to one customer amounted to 11% of Group revenues. In 2011 there were no customers who accounted for more than 10% of Group revenues.

<i>in EUR thousands</i>	Non-current assets	
	Dec 31, 2013	Dec 31, 2012
Asia	5,181	5,352
Europe excluding Germany	13,052	14,459
Germany	127,977	144,745
USA	1,736	2,237
Total Group non current assets	147,946	166,793

Non-current assets exclude deferred tax assets, financial instruments, post-employment benefit assets and rights arising under insurance contracts.

4. Research and development

Research and development costs, before deducting project funding received, were kEUR 57,153, kEUR 72,862 and kEUR 50,410 for the years ended December 31, 2013, 2012 and 2011 respectively.

After deducting project funding received and not repayable, net expenses for research and development were kEUR 54,627, kEUR 70,201 and kEUR 49,003 for the years ended December 31, 2013, 2012 and 2011 respectively.

5. Other operating income

<i>in EUR thousands</i>	2013	2012	2011
Research and development funding	2,526	2,661	1,407
Income from resolved contract obligations	225		
Income from the reversal of provisions and the write-off of debts	33	78	92
Gain from the disposal of fixed assets	43		17
Compensation payments	22,638	11	2
Foreign exchange gains	746	136	367
Other	1,399	235	509
	27,610	3,121	2,394

In June 2013 inventory belonging to Aixtron with an original cost of kEUR 22,284 was destroyed by a fire in a third party warehouse in the United Kingdom. The inventory valuation had been written down by a provision of kEUR 17,127 to a net amount of kEUR 5,157. Insurance proceeds related to the incident amounting to kEUR 22,479 are included within Compensation payments in Other operating income. The destroyed inventory, net of the provision, is expensed in cost of sales.

The total amount of exchange gains and losses (see also note 6) recognised in profit or loss was a gain of kEUR 540, (2012 loss kEUR -6,841; 2011 loss kEUR -2,082).

<i>in EUR thousands</i>	2013	2012	2011
Foreign exchange gains	746	136	367
Foreign exchange losses (see note 6)	-206	-6,977	-2,449
Net foreign exchange gains (losses)	540	-6,841	-2,082
Gains (losses) arising on financial instruments at FVTPL	0	-6,774	-1,320
Other foreign exchange gains (losses)	540	-67	-762
Net foreign exchange gains (losses)	540	-6,841	-2,082

6. Other operating expenses

<i>in EUR thousands</i>	2013	2012	2011
Foreign exchange losses	206	6,977	2,449
Impairment of building	9,888		
Losses from the disposal of fixed assets	54	149	66
Additions to allowances for receivables or write-off of receivables	142	1,449	101
Customs penalty			1,334
Other	1341		469
	11,631	8,575	4,419

7. Personnel expense

<i>in EUR thousands</i>	2013	2012	2011
Payroll	58,783	67,179	63,315
Social insurance contributions	6,444	8,732	6,777
Decrease/Increase in defined benefit plan obligations			-17
Expense for defined contribution plans	1,340	1,712	1,355
Share based payments	981	3,453	5,064
	67,548	81,076	76,494

8. Net finance income

<i>in EUR thousands</i>	2013	2012	2011
Interest income from financial assets			
On financial assets measured at amortised cost	839	2,274	3,309
Other financial assets	0	79	84
	839	2,353	3,393
Interest expense from financial liabilities			
On financial liabilities not at fair value through profit or loss	-313	-29	-546
On financial liabilities at fair value through profit or loss			-760
	-313	-29	-1,306
Net finance income	526	2,324	2,087

Interest income relates to interest on cash and cash equivalents and held to maturity investments

9. Income tax expense/benefit

The following table shows income tax expenses and income recognised in the consolidated income statement

<i>in EUR thousands</i>	2013	2012	2011
Current tax expense (+)/current tax income (-)			
for current year	5,697	-4,508	40,686
adjustment for prior years	-539	-204	552
Total current tax expense/income	5,158	-4,712	41,238
Deferred tax expense (+)/deferred tax income (-)			
• from temporary differences	55	22,868	-5,802
• Income/expense from changes in local tax rate	4	-56	-5
• from reversals and write-downs	584	-2,607	
Total deferred tax expense/income	643	20,205	-5,807
Taxes on income/loss	5,801	15,493	35,431

Income/loss before income taxes and income tax expense relate to the following regions

<i>in EUR thousands</i>	2013	2012	2011
Income/loss before income taxes			
Germany	-104,284	-101,617	56,554
Outside Germany	9,069	-28,326	58,413
Total	-95,215	-129,943	114,967
Income tax expense			
Germany	353	21,143	18,867
Outside Germany	5,448	-5,650	16,564
Total	5,801	15,493	35,431

The Company's effective tax rate is different from the German statutory tax rate of 30.54% (2012: 30.54%; 2011: 30.21%) which is based on the German corporate income tax rate, including solidarity surcharge, and trade tax.

The following table shows the reconciliation from the expected to the reported tax expense:

<i>in EUR thousands</i>	2013	2012	2011
Net result before taxes	-95,215	-129,943	114,967
Income tax expense/benefit (German tax rate)	-29,079	-39,685	34,732
Effect from differences to foreign tax rates	-1,768	1,250	-1,574
Non-deductible expenses	338	1,343	2,236
Non-consideration of tax claims from loss carryforwards	36,089	55,062	
Reversal of Allowance / write-off against deferred tax assets	662	-2,607	587
Effect from changes in local tax rate	4	-56	-5
Effect of the use of loss carryforwards	-1,752	-1,482	-1,369
Effect of permanent differences	-25	152	-71
Other	1,332	1,516	895
Taxes on income/loss	5,801	15,493	35,431
Effective tax rate	-6.1%	-11.9%	30.8%

10. Current tax receivable and payable

As of December 31, 2013 the current tax receivable and payable, arising because the amount of tax paid in the current or in prior periods was either too high or too low, are kEUR 5,388 (2012: kEUR 7,127) and kEUR 688 (2012: kEUR 770) respectively.

11. Property, plant and equipment

<i>in EUR thousands</i>	Land and buildings	Technical equipment and machinery	Other plant, factory and office equipment	Assets under construction	Total
Cost					
Balance at January 1, 2012	41,263	51,258	17,429	44,955	154,905
Acquisitions	2,252	7,479	1,156	4,881	15,768
Disposals	119	6,182	44	2,639	8,984
Transfers	21,403	18,584	1,838	-41,825	0
Effect of movements in exchange rates	40	-202	-20	3	-179
Balance at December 31, 2012	64,839	70,937	20,359	5,375	161,510
Balance at January 1, 2013	64,839	70,937	20,359	5,375	161,510
Acquisitions	282	5,273	443	3,608	9,606
Disposals	1,476	639	859	745	3,719
Transfers		3,896	25	-3,921	0
Effect of movements in exchange rates	-106	-752	-213	-26	-1,097
Balance at December 31, 2013	63,539	78,715	19,755	4,291	166,300
Depreciation and impairment losses					
Balance at January 1, 2012	11,694	37,163	9,872	0	58,729
Depreciation charge for the year	2,239	6,436	2,489		11,164
Impairment		253		2,503	2,756
Disposals	117	5,848	24	2,503	8,492
Transfers	-50	48	2		0
Effect of movements in exchange rates	20	-207	-12		-199
Balance at December 31, 2012	13,786	37,845	12,327	0	63,958
Balance at January 1, 2013	13,786	37,845	12,327	0	63,958
Depreciation charge for the year	2,383	11,602	2,329		16,314
Impairment	6,264	3,450	174		9,888
Disposals	1,471	639	810		2,920
Transfers					0
Effect of movements in exchange rates	-59	-611	-136		-806
Balance at December 31, 2013	20,903	51,647	13,884	0	86,434
Carrying amounts					
At January 1, 2012	29,569	14,095	7,557	44,955	96,176
At December 31, 2012	51,053	33,092	8,032	5,375	97,552
At January 1, 2013	51,053	33,092	8,032	5,375	97,552
At December 31, 2013	42,636	27,068	5,871	4,291	79,866

Depreciation

Depreciation expense amounted to kEUR 16,314 for 2013 and was kEUR 11,164 and kEUR 8,959 for 2012 and 2011 respectively.

During each financial year, asset useful lives are reviewed in accordance with IAS 16. The effect of the changes in assets useful lives has been to increase the depreciation expense in 2013 by kEUR 2,160 (2012 kEUR nil) compared with the depreciation which would have occurred had the asset useful lives remained unchanged.

Impairments

In 2013 impairment charges of kEUR 9,888 were made in respect of a building and specific equipment contained in that building in Herzogenrath, Germany. The impairment losses are recorded in Other operating expenses in the Income Statement, within Aixtron's one operating segment, and are also shown in the table above.

The company decided to relocate its main activities from its Kaiserstrasse facility in Herzogenrath to a purpose built building nearby. Consequently, the recoverable amount of the Kaiserstrasse facility was re-assessed as its fair value less costs of disposal, which is kEUR 5,500.

The valuation was carried out by a professionally qualified valuer (CIS Immobiliengutachter HypZert fuer finanzwirtschaftliche Zwecke) and is level 2 in the hierarchy of valuations in IFRS 13. The valuation given of the building was kEUR 5,670 and an allowance for the costs of disposal of kEUR 170 has been made against this.

The building is expected to be put on the market for sale in the near future.

In 2012 impairment charges of kEUR 2,756 were made in respect of specific test equipment for discontinued products. They are reported within the line item research and development costs in the Income Statement. During 2011 no impairment charges were necessary.

Assets under construction

Assets under construction relates mainly to the research and development centre in Germany in 2012 and to self-built systems for development laboratories in 2013.

12. Intangible assets

<i>in EUR thousands</i>	Goodwill	Other intangible assets	Total
Cost			
Balance at January 1, 2012	81,461	37,548	119,009
Acquisitions		715	715
Disposals			0
Transfers			0
Effect of movements in exchange rates	368	-295	73
Balance at December 31, 2012	81,829	37,968	119,797
Balance at January 1, 2013	81,829	37,968	119,797
Acquisitions		464	464
Disposals		718	718
Transfers			0
Effect of movements in exchange rates	-325	-881	-1,206
Balance at December 31, 2013	81,504	36,833	118,337

<i>in EUR thousands</i>	Goodwill	Other intangible assets	Total
Amortisation and impairment losses			
Balance at January 1, 2012	17,383	31,343	48,726
Amortisation charge for the year		2,720	2,720
Disposals			0
Effect of movements in exchange rates	100	-313	-213
Balance at December 31, 2012	17,483	33,750	51,233
Balance at January 1, 2013	17,483	33,750	51,233
Amortisation charge for the year		1,609	1,609
Disposals		718	718
Effect of movements in exchange rates	-94	-866	-960
Balance at December 31, 2013	17,389	33,775	51,164
Carrying amounts			
At January 1, 2012	64,078	6,205	70,283
At December 31, 2012	64,346	4,218	68,564
At January 1, 2013	64,346	4,218	68,564
At December 31, 2013	64,115	3,058	67,173

Amortisation and impairment expenses for other intangible assets

Amortisation and impairment expenses for other intangible assets are recognised in the income statement as follows:

<i>in EUR thousands</i>	2013		2012		2011	
	Amortisation	Impairment	Amortisation	Impairment	Amortisation	Impairment
Cost of sales	0	0	202	0	1,000	0
Selling expenses	1	0	5	0	255	0
General administration expenses	1,461	0	1,915	0	1,670	0
Research and development costs	147	0	598	0	615	0
	1,609	0	2,720	0	3,540	0

In 2013, 2012 and 2011, no impairment losses were incurred and no reversals of impairment losses were made.

The amortisation expected to be charged on other intangible assets in the future years is as follows:

<i>in EUR thousands</i>	
2014	1,300
2015	682
2016	492
2017	156
2018	113
after 2018	315

The actual amortisation can differ from the expected amortization.

Impairment of goodwill

At the end of 2013 the Group assessed the recoverable amount of goodwill and determined that no impairment loss had to be recognized (2012: kEUR 0; 2011 kEUR 0).

The carrying value of goodwill was kEUR 64,115 (2012 kEUR 64,346; 2011 kEUR 64,078).

As at the end of 2013 the cash generating unit, to which the goodwill has been allocated, is the Aixtron Group operational segment.

The recoverable amount of the cash-generating unit is determined through a fair value less cost to sell calculation. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As Aixtron has only one cash generating unit (CGU), market capitalisation of Aixtron, adjusted for a control premium, has been used to determine the fair value less cost to sell of the cash generating unit. This is level 2 in the hierarchy of fair value measures set out in IFRS 13.

As at December 31, 2013 the market capitalisation of Aixtron was Euro 1,172.8 million, based on a share price of Euro 10.515 and issued shares (excluding Treasury Shares) of 111,534,520.

In an orderly selling process costs are incurred. Aixtron has used 1.5% to account for the costs to sell.

A control premium of 20% has been applied to adjust the market capitalization to the fair value. Market capitalisation was also adjusted for net debt and tax assets prior to comparing it to the carrying amount of the CGU. The analysis shows that the fair value less costs to sell of the CGU Aixtron exceeds its carrying amount and that Goodwill is not impaired.

Euro millions	Impairment Test	Impairment Test	Sensitivity Analysis
	2013	2012	2013
Market capitalisation as of December 31, 2013 (December 28, 2012)	1,172.8	896.0	472.5
Costs to sell in percentage	1.50%	1.50%	1.50%
Costs to sell	-17.6	-13.4	-7.1
Market capitalisation less cost to sell	1,155.2	882.6	465.4
Control premium in percentage	20.00%	20.00%	0.00%
Control premium	231.0	179.2	0.0
Market capitalisation and control premium less cost to sell	1,386.2	1,061.8	465.4
Net debt	-306.3	-209.5	-306.3
Tax assets	-9.2	-11.9	-9.2
Fair value less costs to sell of CGU	1,070.7	840.4	149.9
Carrying amount of the CGU	149.9	248.7	149.9
Surplus of fair value less cost to sell over carrying amount	920.8	591.7	0.0
Surplus of fair value less cost to sell over carrying amount as a percentage	614%	238%	0%

The fair value less costs to sell, which is the recoverable amount, exceeds the carrying amount of the CGU by 614% (2012 238%).

A sensitivity analysis of the impairment test, in which the control premium is reduced to zero, shows that the carrying amount of the CGU would equal the recoverable amount should the market capitalisation of AIXTRON fall by 60% (2012 47%) to Euro 472.5 million (2012 Euro 477.3 million).

13. Other non-current assets

Other non-current assets totalling kEUR 907 (2012: kEUR 677) include mainly rent deposits for buildings.

14. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

<i>in EUR thousands</i>	Assets		Liabilities		Net	
	2013	2012	2013	2012	2013	2012
Property, plant and equipment	124	53			124	53
Trade receivables	693	0			693	0
Inventories	959	1,690			959	1,690
Employee benefits	209	191			209	191
Currency translation	29	12			29	12
Provisions and other liabilities	53	-638			53	-638
Intangible assets	-711				-711	0
Other	-71	-16	-300	-123	-371	-139
Tax losses	3,328	4,096			3,328	4,096
Deferred tax assets (+) liabilities (-)	4,613	5,388	-300	-123	4,313	5,265

Deferred tax assets are recognised at the level of individual consolidated companies in which a loss was realised in the current or preceding financial year, only to the extent that realisation in future periods is probable. The nature of the evidence used in assessing the probability of realisation includes forecasts, budgets and the recent profitability of the relevant entity. The carrying amount of deferred tax assets for entities which have made a loss in either the current or preceding year was kEUR nil (2012: kEUR 151).

Deferred taxes for tax losses in the amount of kEUR 88,664 (2012: kEUR 90,897) and on deductible temporary differences in the amount of kEUR 27,021 (2012: kEUR 20,984) were not recognised. Tax losses in the amount of kEUR 71,811 can be used indefinitely (2012: kEUR 53,302), kEUR 10,309 expire by 2018 (2012: kEUR 7,302, by 2017) and kEUR 6,544 expire after 2018 (2012: kEUR 30,293 after 2017).

The following table shows the development of temporary differences during the financial year:

	Balance at January 1, 2013	Recognised in income statement	Directly recognised in Other Comprehensive Income	Balance at December 31, 2013
<i>in EUR thousands</i>				
Property, plant and equipment	53	71	0	124
Trade receivables	0	693	0	693
Inventories	1,690	-731	0	959
Employee benefits	191	18	0	209
Currency translation	12	326	-309	29
Provisions and other liabilities	-638	691	0	53
Customer advances	0	0	0	0
Intangible assets	0	-711	0	-711
Other	-139	-232	0	-371
Tax losses	4,096	-768	0	3,328
Derivative financial instruments	0	0	0	0
	5,265	-643	-309	4,313

<i>in EUR thousands</i>	Balance at January 1, 2012	Recognised in income statement	Directly recognised in Other Comprehensive Income	Balance at December 31, 2012
Property, plant and equipment	10	43	0	53
Trade receivables	7,160	-7,160	0	0
Inventories	13,629	-11,932	-7	1,690
Employee benefits	59	138	-6	191
Currency translation	0	-118	130	12
Provisions and other liabilities	-2,955	2,325	-8	-638
Customer Advances	1,578	-1,578	0	0
Intangible assets	5,576	-5,576	0	0
Other	-105	-26	-8	-139
Tax losses	1,688	2,458	-50	4,096
Derivative financial instruments	1,567	1,221	-2,788	0
	28,207	-20,205	-2,737	5,265

15. Long term receivable from current tax

Long term receivables from current tax consist of a receivable from corporate tax which will be refunded over a period of five years. The amount included in long term receivables is for the amount receivable after more than one year from the balance sheet date.

16. Inventories

<i>in EUR thousands</i>	Note	2013	2012
Raw materials and supplies		23,307	49,272
Work in process		38,606	64,984
Finished goods and services completed		0	1,790
Inventories at customers' locations		4,270	9,940
		66,183	125,986

<i>in EUR thousands</i>	Note	2013	2012
Inventories recognised as an expense during the period	3	117.900	113.083
Reversals of write-downs recognised during the year	3	-17.127	0
		100.773	113.083
Write-down of inventories during the year	3	35.012	40.947
Inventories measured at net realisable value		17.959	8.135
Carrying amount of inventories pledged as security for liabilities		0	0

On June 28th, 2013 a fire at a warehouse in the United Kingdom destroyed inventory with an original cost of kEUR 22,284. At that date, the inventory valuation had been written down by a provision of kEUR 17,127 to kEUR 5,157. The provision was reversed because the inventory was expensed at that time.

Inventories recognised as an expense during the period includes the inventory destroyed in the fire in 2013 (2012 nil)

17. Trade receivables and other current assets

<i>in EUR thousands</i>	2013	2012
Trade receivables	29,475	39,110
Allowances for doubtful accounts	-1,821	-1,819
Trade receivables - net	27,654	37,291
Prepaid expenses	735	955
Reimbursement of research and development costs	1,196	1,553
Advance payments to suppliers	61	897
VAT recoverable	2,187	2,572
Other assets	746	1,683
Total other current assets	4,925	7,660
	32,579	44,951

Additions to allowances against trade receivables are included in other operating expenses, releases of allowances are included in other operating income. Allowances against receivables developed as follows:

<i>in EUR thousands</i>	2013	2012
Allowance at January 1	1,819	389
Translation adjustments	-10	-7
Impairment losses recognised	89	1,593
Used	-25	-29
Impairment losses reversed	-52	-127
Allowance at December 31	1,821	1,819

Ageing of past due but not impaired receivables

<i>in EUR thousands</i>	2013	2012
1-90 days past due	1,437	1,971
More than 90 days past due	2,023	1,246

Due to the worldwide spread of risks, there is a diversification of the credit risk for trade receivables. Generally, the Company demands no securities for financial assets. In accordance with usual business practice for capital equipment however, the Company mitigates its exposure to credit risk by requiring payment by irrevocable letters of credit and substantial payments in advance from most customers as conditions of contracts for sale of major items of equipment.

At the balance sheet date one customer accounted for 16% of the company's net trade receivables, no other customer accounted for more than 10% of trade receivables. In 2012 one customer accounted for 26% of the company's net trade receivables, no other single customer accounted for more than 10% of trade receivables. In determining concentrations of credit risk the company defines counterparties as having similar characteristics if they are connected entities.

Included in the Company's trade receivable balance are debtors with a carrying amount of kEUR 3,460 (2012: kEUR 3,217) which are past due at the reporting date for which the Company has not provided. As there has not been a significant change in credit quality, and although the company has no collateral, the amounts are still considered recoverable.

In determining the financial assets which may be individually impaired the Company has taken into account the likelihood of recoverability based on the past due nature of certain receivables, and our assessment of the ability of all counter-parties to perform their obligations.

18. Other financial assets

Other financial assets of kEUR 138,853 (2012: kEUR 109,756) are fixed deposits with banks with a maturity of more than three months at inception of the contracts.

An analysis of the maturities at December 31, 2013 and 2012 is as follows:

<i>In EUR thousands</i>	2013	2012
Maturity up to 180 days	38,853	94,756
Maturity 181 days to 365 days	100,000	15,000
	138,853	109,756

19. Cash and cash equivalents

<i>in EUR thousands</i>	2013	2012
Cash-in-hand	5	9
Bank balances	167.449	99.725
Cash and Cash equivalents	167.454	99.734

Cash and cash equivalents comprise short-term bank deposits with an original maturity of 3 months or less. The carrying amount and fair value are the same.

Bank balances included kEUR 0 given as security (2012: kEUR 0) at December 31, 2013.

20. Shareholders' Equity

FULLY PAID CAPITAL	2013	2012
January 1	101,975,023	101,789,527
Shares issued during the year	10,638,422	185,496
Issued and fully paid capital at December 31, including Treasury Shares	112,613,445	101,975,023
Treasury shares	-1,078,925	-1,078,925
Issued and fully paid share capital at December 31 under IFRS	111,534,520	100,896,098

The share capital of the company consists of no-par value shares and was fully paid-up during 2013 and 2012. Each share represents a portion of the share capital in the amount of EUR 1.00.

Authorised share capital

Authorised share capital, including issued capital, amounted to EUR 203,422,077 (2012: 203,579,052)

Additional paid-in capital

Additional paid-in capital mainly includes the premium on increases of subscribed capital as well as cumulative expense for share-based payments.

In 2013 the company issued 10,638,422 shares. Of these, 10,223,133 were issued to qualified investors under an accelerated book-building process in October 2013, the remainder were issued as a result of the exercise of stock options during the year. Shares issued in 2012 were all issued as a result of stock options being exercised.

The Company regards its shareholders' equity as capital for the purpose of managing capital. Changes in Shareholders' equity are shown in the Consolidated Statement of Changes in Equity. The Company considers its capital resources to be adequate.

Income and expenses recognised in other comprehensive income

<i>in EUR thousands</i>	Currency translation	Derivative financial instruments	Total
Balance at December 31, 2010	-10.995	-340	-11.335
Change in currency translation	6.930		6.930
Change in unrealised gains/losses before taxes		-9.032	-9.032
Deferred taxes		2.934	2.934
Balance at December 31, 2011	-4.065	-6.438	-10.503
Change in currency translation	1.512		1.512
Change in unrealised gains/losses before taxes		9.226	9.226
Deferred taxes		-2.788	-2.788
Balance at December 31, 2012	-2.553	0	-2.553
Change in currency translation	-6.130		-6.130
Balance at December 31, 2013	-8.683	0	-8.683

The foreign currency translation adjustment comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currency is not the Euro.

The item "derivative financial instruments" comprises the gain or loss on foreign currency hedge contracts deferred in other comprehensive income.

21. Earnings/Loss per share

Basic earnings/loss per share

The calculation of the basic earnings/loss per share is based on the weighted-average number of common shares outstanding during the reporting period.

Diluted earnings/loss per share

The calculation of the diluted earnings/loss per share is based on the weighted-average number of outstanding common shares and of common shares with a possible dilutive effect resulting from share options being exercised under the share option plan.

	2013	2012	2011
Earnings/loss per share			
Net profit/loss attributable to the shareholders of AIXTRON SE in kEUR	-101.016	-145.436	79.536
Weighted average number of common shares and ADS for the purpose of Earnings/Loss Per Share	103.016.618	100.805.804	100.530.006
Basic earnings/loss per share (EUR)	-0,98	-1,44	0,79
Earnings/loss per share (diluted)			
Net profit/loss attributable to the shareholders of AIXTRON SE in kEUR	-101.016	-145.436	79.536
Weighted average number of common shares and ADS for the purpose of Earnings/Loss Per Share	103.016.618	100.805.804	100.530.006
Dilutive effect of share options	0	0	1.304.711
Weighted average number of common shares and ADS for the purpose of Earnings/Loss Per Share (diluted)	103.016.618	100.805.804	101.834.717
Diluted earnings/loss per share (EUR)	-0,98	-1,44	0,78

The following securities issued were not included in the computation of the diluted earnings per share, as their effect would be anti-dilutive:

Number of shares	2013	2012	2011
Share options	3,289,025	3,366,396	2,305,590

22. Employee benefits

Defined contribution plan

The Company grants retirement benefits to qualified employees through various defined contribution pension plans. The expenses incurred for defined contribution plans mainly arise from two pension plans in subsidiaries. The contributions made do not exceed 10% of qualified employees' base salaries. In 2013 the expense recognised for defined contribution plans amounted to kEUR 1,340 (2012: kEUR 1,712, 2011: kEUR 1,338).

In addition to the Company's retirement benefit plans, the company is required to make contributions to state retirement benefit schemes in most of the countries in which it operates. The company is required to contribute a specified percentage of payroll costs to the retirement schemes in order to fund the benefits. The only obligation of the group is to make the required contributions.

Defined benefit plan

The Company's net obligation in respect of defined benefit pension plans reflects commitments to two former members of the Executive Board of AIXTRON SE. These are final salary plans.

In the three years ending 2013 no payments were made under these plans. The value of the obligations from pension plans is determined annually at December 31. During 2010 these obligations were contracted out to an insurance company. Following the transfer of the pension obligation to the insurance company, the guaranteed increase in pensions is 1% only. The company does not expect to have any further obligation under these schemes.

Movements in the present value of defined benefit obligations

<i>in EUR thousands</i>	2013	2012	2011
Present value of defined benefit obligations at January 1	1,466	1,024	1,048
Interest expense	48	54	51
Actuarial gains and losses	-29	388	-58
Settlement			-17
Present value of defined benefit obligations at December 31	1,485	1,466	1,024

The amount included in the consolidated statement of financial position arising from defined benefit obligations is

<i>in EUR thousands</i>	2013	2012	2011	2010	2009
Present value of defined benefit obligations	1,485	1,466	1,024	1,048	1,064
Fair value of scheme assets - funded	-1,485	-1,466	-1,024	-1,031	0
Defined benefit liability - unfunded	0	0	0	17	1064

Expense recognised in the consolidated income statement

<i>in EUR thousands</i>	2013	2012	2011
	0	0	0
Interest expense	0	0	0
Actuarial gains and losses	0	0	-17
	0	0	-17

Development of plan assets

<i>in EUR thousands</i>	2013	2012	2011
at January 1	1,466	1,024	1,031
Contributions by the sponsoring companies	0	0	0
Return from plan assets	48	54	51
Actuarial gains and losses	-29	388	-58
	1,485	1,466	1,024

In the 2013 income statement, the income of kEUR nil (2012 kEUR nil; income 2011 kEUR 17) is recognised in general administration expense.

The following table shows the principal actuarial assumptions.

	2013	2012
Biometrical calculation assumptions	Heubeck tables 2005G	Heubeck tables 2005G
Interest rate at December 31	3.40%	3.30%
Expected salary increase	0.00%	0.00%
Expected pension increase	1.00%	1.00%
Expected rate of return on plan assets	3.40%	3.30%

23. Share-based payment

The Company has different fixed option plans which reserve shares of common stock and AIXTRON American Depository Shares (ADS) for issuance to members of the Executive Board, management and employees of the Company. Each AIXTRON ADS represents the beneficial ownership in one AIXTRON common share. The following is a description of these plans:

AIXTRON stock option plan 1999

In May 1999, options were authorized to purchase 3,000,000 shares of common stock (after giving effect to capital increases, stock splits, and the EURO conversion). The stock options can be exercised when 15 years have elapsed since their issue. Under the terms of the 1999 plan, options were granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date. Under this plan 890,976 options for the purchase of 1,514,710 common shares were outstanding as of December 31, 2013.

AIXTRON stock option plan 2002

In May 2002, options were authorized to purchase 3,511,495 shares of common stock. The options are exercisable in equal instalments of 25% per year after the second anniversary of the date of grant, subject to certain conditions. Options expire ten years from date of grant. Under the terms of the 2002 plan, options are granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date, plus 20%. No grants were issued with a strike price less than fair market value. A total of 161,447 options to purchase the same number of common stock were outstanding under this plan as of December 31, 2013.

AIXTRON stock option plan 2007

In May 2007, options were authorized to purchase 3,919,374 shares of common stock. 50% of the granted options may be executed after a waiting period of not less than two years, further 25% after three years and the remaining 25% after at least four years. The options expire 10 years after they have been granted. Under the terms of the 2007 plan, options were granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date, plus 20%. A total of 1,607,278 options to purchase the same number of common stock were outstanding under this plan as of December 31, 2013.

AIXTRON stock option plan 2012

In May 2012, options were authorized to purchase shares of common stock. The granted options may be exercised after a waiting period of not less than four years. The options expire 10 years after they have been granted. Under the terms of the 2012 plan, options are granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date, plus 30%. As of December 31, 2013 no options had been granted under this plan.

Genus stock option plan 2000

With the acquisition of Genus, Inc. the company adopted the Genus Incentive Stock Option Plan 2000. Under this plan at the date of acquisition options were authorized to purchase the equivalent of 2,013,487 AIXTRON ADS. Options granted before October 3, 2003 vest over a three-year-period and expire five years from the date of grant. Options granted after October 3, 2003 vest over a four-year-period and expire ten years from the date of grant.

A total of 5,590 options to purchase AIXTRON ADS were outstanding under this plan as of December 31, 2013. Upon exercise of options new shares are issued from the trust (see note 20).

Summary of Stock Option Transactions

	Number of shares	Average exercise price (EUR)	Number of shares	Average exercise price (EUR)
	2013		2012	
Balance at January 1	4,274,126	21.68	4,519,641	21.06
Granted during the year	0	0.00	31,000	15.75
Exercised during the year	415,289	5.31	185,496	4.79
Forfeited during the year	575,402	23.29	91,019	23.29
Outstanding at December 31	3,283,435	23.47	4,274,126	21.68
Exercisable at December 31	2,014,503	26.22	937,426	23.24

Genus share options

	Number of shares	Average exercise price (USD)	Number of shares	Average exercise price (USD)
	2013		2012	
Balance at January 1	6,610	7.44	6,610	7.44
Exercised during the year				
Expired during the year	1,020	12.35		
Outstanding at December 31	5,590	6.55	6,610	7.44
Exercisable at December 31	5,590	6.55	6,610	7.44

AIXTRON Stock Options as of December 31, 2013

Exercise price per share (EUR)	Underlying shares represented by outstanding options	Shares represented by exercisable options	Average option life (in years)
18.70	406,824	406,824	0.5
67.39	334,416	334,416	1.5
26.93	310,800	0	2.5
7.48	462,670	0	3.5
6.17	39,322	39,322	0.5
3.83	122,125	122,125	2.5
10.09	226,325	226,325	4.0
4.17	133,553	133,553	5.0
24.60	590,950	443,213	6.0
26.60	617,450	308,725	7.0
12.55	14,000	0	8.0
15.75	25,000	0	9.0
	3,283,435	2,014,503	

Genus Stock Options as of December 31, 2013

Average exercise price (USD)	Outstanding	Exercisable	Average option life (in Years)
3.55	1,000	1,000	0.9
7.20	4,590	4,590	0.3
	5,590	5,590	

Assumptions used to calculate fair values and share-based payment expenses

The fair value of services received in return for stock options granted is measured by reference to the fair value of the stock options granted. The fair value of the stock options is determined on the basis of a binomial lattice model. In accordance with IFRS 2 the measurement includes only options which were granted after November 7, 2002.

In 2013, the personnel expenses from share-based payments, all of which were equity settled share based payments, were kEUR 981 (2012: kEUR 3,453; 2011: kEUR 5,064).

As of December 31, 2013 an amount of kEUR 622 relating to stock options granted prior to that date had not yet been recognised as a personnel expense. This amount will be charged over the periods to 2016. The expected allocation of the expense is as follows: 2014: kEUR 541, 2015: kEUR 79 and 2016 kEUR 2.

AIXTRON share options granted

	in 2013	in 2012	in 2011
Fair value on grant date	N/A	4.66 €	3.22 €
Price per share	N/A	12.74 €	9.95 €
Exercise price	N/A	15.75 €	12.55 €
Expected volatility	N/A	55.96%	59.03%
Option life	N/A	10.0 years	10.0 years
Expected dividend payments	N/A	0.33 €	0.38 €
Risk-free interest rate	N/A	1.47%	2.02%

The expected volatility is based on historical volatility.

24. Provisions

Development and breakdown of provisions

in EUR thousands	01.01. 2013	Exchange rate differences	Usage	Reversal	Addition	31.12. 2013	Current	Non-current
Personnel expenses	8,244	-120	5,808	925	4,314	5,705	5,705	0
Warranties	6,252	29	1,107	2	7,417	12,589	10,846	1,743
Onerous contracts	4,669	-6	2,021		2,760	5,402	5,402	0
Commissions	2,170	-1	1,623	106	813	1,253	1,253	0
Other	8,075	-69	5,113	191	6,406	9,108	8,874	234
Total	29,410	-167	15,672	1,224	21,710	34,057	32,080	1,977

<i>in EUR thousands</i>	01.01. 2012	Exchange rate differences	Usage	Reversal	Addition	31.12. 2012	Current	Non-current
Personnel expenses	14,407	-56	11,466	2,015	7,374	8,244	8,244	0
Warranties	3,579	-23	3,135	96	5,927	6,252	5,262	990
Onerous contracts	416		19	399	4,671	4,669	4,669	0
Commissions	6,538	-3	5,543		1,178	2,170	2,170	0
Other	11,618	-92	9,047	148	5,744	8,075	7,859	216
Total	36,558	-174	29,210	2,658	24,894	29,410	28,204	1,206

Personnel expenses

These include mainly provisions for holiday pay, payroll and bonuses, which are financial liabilities.

Provisions for onerous contracts

These include provisions associated with contracts where the unavoidable costs of meeting the contract obligations exceed the economic benefits expected to be received. These mainly relate to supply contracts for materials which are excess to the forecast future requirements.

Commissions

Commissions are payable to sales agents and are recorded as financial liabilities.

Warranties

Warranty provisions are the estimated unavoidable costs of providing parts and service to customers during the normal warranty periods.

Other provisions

Other provisions consist mainly of the estimated cost of services received.

For provisions existing at both December 31, 2013 and December 31, 2012, the economic outflows resulting from the obligations that are provided for are expected to be settled within one year of the respective balance sheet date for current provisions and within two years of the respective balance sheet date, but more than one year, for non-current provisions.

25. Trade payables and other current liabilities

The liabilities consist of the following:

<i>in EUR thousands</i>	2013	2012
Trade payables	13,517	9,683
Liabilities from grants	1,507	1,740
Payroll taxes and social security contributions	1,111	981
VAT and similar taxes	94	739
Other liabilities	236	323
	2,948	3,783
	16,465	13,466

The carrying amount of trade payables and other current liabilities approximates their fair value. Trade payables, grant liabilities, taxes and other liabilities fall due for payment within 90 days of receipt of the relevant goods or services.

26. Financial Instruments

Details of the significant accounting policies and methods, the basis of measurement that are used in preparing the financial statements and the other accounting policies that are relevant to an understanding of the financial statement are disclosed in note 2 to the financial statements.

Financial risk management objectives

The group seeks to minimise the effects of any risk that may occur from any financial transaction. Key aspects are the exposures to liquidity risk, credit risk, interest rate risk and currency risk arising in the normal course of the Company's business.

The AIXTRON Group's central management co-ordinates access to domestic and international financial institutions and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposure to risk by likelihood and magnitude. These risks cover all aspects of the business, including financial risks; and the risk management system is in accordance with the corporate governance recommendations specified in the German Corporate Governance Code.

Where the Company uses derivative financial instruments it does so to hedge exposure to fluctuations in foreign exchange rates.

Liquidity risks

Liquidity risk is the risk that the Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. Managing liquidity risk is one of the central tasks of AIXTRON SE. In order to be able to ensure the Group's solvency and flexibility at all times cash and cash equivalents are projected on the basis of regular financial and liquidity planning.

As at December 31, 2013 the group had no borrowings (2012 nil). Financial liabilities, all due within one year, of kEUR 16,465 (2012 kEUR 13,466) consisting of trade payables and other liabilities and are shown in Note 25, together with an analysis of their maturity.

As at December 31, 2013 the group had kEUR 167,454 cash and cash equivalents (2012 kEUR 99,734) and a further kEUR 138,853 of fixed deposits with banks (2012 kEUR 109,756).

Credit risks

Financial assets generally exposed to a credit risk are trade receivables (see note 17) and cash and cash equivalents.

The Group's cash and cash equivalents are kept with banks that have a good credit standing. Central management of the Group assesses the counter-party risk of each financial institution dealt with and sets limits to the Group's exposure to those institutions. These credit limits are reviewed from time to time so as to minimise the default risk as far as possible and to ensure that concentrations of risk are managed.

The maximum exposure of the Group to credit risk is the total amount of receivables, financial assets and cash balances as described in notes 17, 18 and 19.

For receivables measured at fair value, the maximum amount of the exposure to credit risk is the amount of receivables measured at fair value as disclosed in note 26. There are no credit derivatives or similar instruments which mitigate the maximum exposure to credit risk and there has been no change during the period or cumulatively in the fair value of such receivables that is attributable to changes in the credit risk.

Market risks

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rate risks. Interest rate risks are not material as the company only receives a minor amount of interest income. The Company does not use derivative financial instruments to manage its exposure to interest rate risk. Cash deposits are made with the company's bankers at the market rates prevailing at inception of the deposit for the period and currency concerned. There has been no change to the Company's exposure to market risk or the manner in which it manages and measures the risk.

Foreign currency risk

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward exchange contracts to hedge the exchange rate risk arising on the export of equipment. The main exchange rates giving rise to the risk are those between the US Dollar, Pound Sterling and Euro.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

<i>in EUR thousands</i>	Liabilities		Assets	
	2013	2012	2013	2012
US Dollars	-44,424	-43,342	83,781	72,064
GB Pounds	-1,612	-2,168	15,227	17,124

Exposures are reviewed on a regular basis and are managed by the Company through sensitivity analysis.

Foreign currency sensitivity analysis

The Company is mainly exposed to US Dollar exchange rate risks through its worldwide activities.

The following table details the company's sensitivity to a 10% change in the value of the Euro against the Dollar. A positive number indicates an increase in profit and other equity, a negative number indicates a reduction in profit and other equity.

Increase in value of Euro by 10%		USD Currency Effect	
kEUR		2013	2012
Profit or loss		530	1,266
Other comprehensive income		-	-
Decrease in value of Euro by 10%		USD Currency Effect	
kEUR		2013	2012
Profit or loss		-530	-1,266
Other comprehensive income		-	-

The sensitivity analysis represents the foreign exchange risk at the year-end date only. It is calculated by revaluing the Group's financial assets and liabilities, existing at 31 December, denominated in US-Dollars by 10%. It does not represent the effect of a 10% change in exchange rates sustained over the whole of the financial year, only the effect of a different rate occurring on the last day of the year.

Forward foreign exchange contracts

The company had no forward foreign exchange contracts with banks at December 31, 2013 or December 31, 2012.

Foreign currency cash flow hedges

As of 31st December 2013, the aggregate amount of unrealised gains on forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on anticipated future transactions is kEUR nil (2012: kEUR nil).

There were no unrealised losses or gains (unrealised losses 31 December 2011: kEUR 6,438) included in income and expenses recognised in equity as of December 31, 2012. The losses actually realised in 2013 were kEUR nil (2012: losses kEUR 8,531).

Foreign currency option contracts

The company had no option contracts as at December 31, 2013 or December 31, 2012.

Fair values

Cash and cash equivalents, Loans and receivables and Held to maturity investments are stated at amortised cost. At FVTPL are classed as at fair value through profit or loss and are designated as such upon initial recognition. At FVTPL includes accrued receivables arising as the difference between the fair value of revenue (note 3) and the invoiced amounts. The fair value is level 2 in the fair value hierarchy.

The fair values and the carrying amounts of the financial instruments shown in the balance sheet are shown in the following table. Financial assets are classified into categories.

FINANCIAL ASSETS 2013

<i>in EUR thousands</i>	Cash and cash equivalents	Loans and receivables	Held to-maturity investments	At FVTPL	Total Carrying amount and fair value
	at amortised cost	at amortised cost	at amortised cost	at fair value	
Cash and cash equivalents	167,454	0	0	0	167,454
Other financial assets	0	0	138,853	0	138,853
Other non-current assets	0	907	0	0	907
Trade receivables	0	27,266	0	388	27,654
Total	167,454	28,173	138,853	388	334,868
At amortized cost	167,454	28,173	138,853		334,480
At fair value				388	388

FINANCIAL LIABILITIES 2013

<i>in EUR thousands</i>	Cash and cash equivalents	Loans and receivables	Other payables	At FVTPL	Hedging Derivatives	Total Carrying amount and fair value
	at amortised cost	at amortised cost	at amortised cost	at fair value	at fair value	
Trade payables	0	0	13,517	0	0	13,517
Advance payments from customers (not in scope of IFRS 7)	0	0	46,188	0	0	46,188
Total	0	0	59,705	0	0	59,705
At amortized cost	0	0	59,705			59,705
At fair value				0	0	0

FINANCIAL ASSETS 2012

<i>in EUR thousands</i>	Cash and cash equivalents	Loans and receivables	Held to-maturity investments	At FVTPL	Total Carrying amount and fair value
	at amortised cost	at amortised cost	at amortised cost	at fair value	
Cash and cash equivalents	99,734	0	0	0	99,734
Other financial assets	0	0	109,756	0	109,756
Other non-current assets	0	677	0	0	677
Trade receivables	0	29,683	0	7,608	37,291
Total	99,734	30,360	109,756	7,608	247,458
At amortized cost	99,734	30,360	109,756		239,850
At fair value				7,608	7,608

FINANCIAL LIABILITIES 2012

<i>in EUR thousands</i>	Cash and cash equivalents	Loans and receivables	Other payables	At FVTPL	Hedging Derivatives	Total Carrying amount and fair value
	at amortised cost	at amortised cost	at amortised cost	at fair value	at fair value	
Trade payables	0	0	9,683	0	0	9,683
Advance payments from customers (not in scope of IFRS 7)	0	0	45,969	0	0	45,969
Total	0	0	55,652	0	0	55,652
At amortized cost	0	0	55,652			55,652
At fair value				0	0	0

Trade receivables/payables

For trade receivables/payables due within less than one year, measured at amortised cost, the fair value is taken to be the carrying amount. All other receivables/payables, measured at amortised cost, are discounted to determine the fair value.

27. Operating leases

LEASES AS LESSEE

Non-cancellable operating lease rentals are payable as follows:

<i>in EUR thousands</i>	
Not later than one year	3.342
Later than one year and not later than five years	4.667
Later than five years	258
	8.267

The Company leases certain office and plant facilities, office furniture and motor vehicles under various operating leases. Under most of the lease commitments for office and plant facilities the Company has options to renew the leasing contracts. The leases typically run for a period between one and fifteen years. None of the leases include contingent rentals.

The expenses for leasing contracts were kEUR 3,957, kEUR 4,393 and kEUR 4,490 for 2013, 2012 and 2011 respectively

28. Capital commitments

As of December 31, 2013, the Company had entered into purchase commitments with suppliers in the amount of kEUR 30,270 (2012: kEUR 33,860) for purchases within the next 12 months. Commitments for capital expenditures for fixed assets are kEUR 831 (2012: kEUR 437) as of December 31, 2013.

29. Contingencies

The Company is involved in various legal proceedings or can be exposed to a threat of legal proceedings in the normal course of business. The Executive Board regularly analyses these matters, considering any possibilities of avoiding legal proceedings or of covering potential damages under insurance contracts and has recognised, where required, appropriate provisions. It is not expected that such matters will have a material effect on the Company's net assets, results of operations and financial position.

30. Identity of related parties

Related parties of the Company are members of the Executive Board and members of the Supervisory Board.

Executive Board Remuneration

The Supervisory Board as a whole is responsible for establishing the structure of the remuneration system and for the total remuneration for individual members of the Executive Board. It regularly discusses and reviews remuneration for appropriateness.

The remuneration level of the Executive Board members of AIXTRON SE is aligned with the commercial and financial situation and future prospects of the Company and the level and structure of Executive Board remuneration at comparable companies as well as the compensation structure in place in other areas of the Company. In addition, the responsibilities, experience and contribution of each individual Executive Board member, and the desire to retain them, are taken into account when calculating the remuneration.

Executive Board remuneration currently consists of three components: fixed remuneration (including benefits in kind and payments into a private pension insurance), a variable bonus, and may include stock-based remuneration.

The Executive Board employment contracts stipulate an annual income for the fixed remuneration component. The fixed remuneration component is non-performance-related and is paid out on a monthly basis (13 times a year) as a salary. Additional payments in kind are made, chiefly consisting of company car usage and payments for private pension insurance.

For contracts entered into before 2013, the variable bonus scheme for the collective Executive Board (profit-sharing) is based on consolidated net income for the year and is paid from an "accrued internal bonus", defined as up to 10% of the modified consolidated net income for the year, but not to exceed EUR 6.5 million in total. The modified consolidated net income for the year is obtained from the Company's Consolidated Financial Statements (IFRS) certified by the auditor, less a consolidated loss carry forward figure and those amounts that are to be allocated to retained earnings in the Annual Financial Statements of AIXTRON by law or in accordance with the Articles of Association. The consolidated loss carry forward is obtained from consolidated net losses from previous years, less consolidated net income from subsequent fiscal years.

In addition, as a variable component acting as a long-term incentive with an element of risk, the members of the Executive Board may receive a share-based payment in the form of options that are granted under AIXTRON's stock option plans. The stock option plans, including the exercise thresholds, are adopted at each General Meeting. The number of options granted to the Executive Board is stipulated by the Supervisory Board. Further details on the outstanding stock options of the Executive Board as well as comments on the respective stock option plans are set out further in this report.

The appropriateness of the above mentioned remuneration components, and the likelihood that they do not encourage Management to take unreasonable risks, are regularly reviewed by the Supervisory Board.

If the tenure of any Executive Board member ends prematurely as result of a revocation of the appointment, such member of the Executive Board will receive a severance pay in an amount equal to the fixed and variable compensation expected to be owed by the Company for the remaining term of the employment contract, however, not exceeding an amount equal to twice the annual compensation (severance cap). Any payments beyond this severance pay shall be excluded.

If the tenure of any Executive Board member ends prematurely and the employment contract is terminated by mutual agreement, the total amount of any payments agreed to be paid by the Company to the Executive Board member as part of such an agreement may not exceed the amount of the severance pay which the Executive Board member would receive in the event of a revocation of the appointment with due regard to the severance cap.

If any Executive Board Member terminates the employment relationship after a change of control, such member of the Executive Board will receive a severance pay in an amount equal to the fixed and variable compensation expected to be owed by the Company for the remaining term of the employment contract, however, not exceeding the severance cap, i.e. an amount equal to twice the annual compensation. Any payments beyond this severance pay shall be excluded. A change of control situation exists if a third party or a group of third parties who contractually combine their shares in order to act subsequently as a third party, directly or indirectly holds more than 50% of the Company's registered share capital.

The Executive Board members have no individual Company pension benefits, which would result in pension provisions being required to be made by AIXTRON, and receive no loans from the Company.

In accordance with Section 120(4) of the German Stock Corporation Act, the remuneration system was approved by the General Meeting on May 18, 2010.

For other contracts, the new compensation scheme envisages that variable bonuses - which will be continued to be provided from an "accrued internal bonus" as defined above – will be paid half through a monetary element and half in shares. That part of the variable bonus payable in shares will be converted into whole numbers of shares of the Company and will be deferred until the third bank working day following the ordinary General Meeting in the third fiscal year after having been granted to the Board members. The number of the shares to be granted for the part of the variable bonus payable in shares will be determined in accordance with the closing price of the share of the Company on the third bank working day following the ordinary General Meeting which is presented with the annual financial statements of the Company and the consolidated financial statements for the fiscal year for which the bonus is granted. The shares will be granted from treasury shares.

As a result of this new compensation scheme, the Board members will not only participate in positive, but also in negative developments of the share price which may occur during the extended waiting period of several years, and the orientation towards a sustainable growth of the Company is strengthened; therefore, the Supervisory Board has decided to incorporate corresponding provisions on compensation into future management contracts (upon conclusion or renewal).

On February 18, 2013 Mr. Martin Goetzeler was appointed as new Executive Board member of AIXTRON SE; he took up his office on March 1, 2013. The revised remuneration system was approved by the General Meeting on May 23, 2013.

Supervisory Board Remuneration

Supervisory Board remuneration is governed by § 17 of AIXTRON's Articles of Association. Accordingly, the annual fixed compensation for individual members of the Supervisory Board is EUR 25,000. The Chairman's compensation is three times this amount and the Deputy Chairman's one and a half times the amount received by a regular member of the Supervisory Board.

The members of the Supervisory Board also receive, in aggregate, a variable compensation of 1% of the Company's balance sheet profit, less an amount corresponding to 4% of the paid-in contributions to the share capital. The Chairman of the Supervisory Board receives 6/17 of the variable compensation, the Deputy Chairman 3/17, and each other member of the Supervisory Board 2/17. The variable compensation is limited to the fourfold of the fixed compensation per Supervisory Board member. In addition, committee members receive an attendance fee of EUR 2,000 for attending a committee meeting, with the Chairman of the committee receiving triple this amount. The total annual attendance fee per Supervisory Board member is limited to one and a half times that individual's fixed compensation.

The Supervisory Board members receive no loans from the Company.

Other

The Company has a D&O insurance contract in place, covering the activities of members of the Executive Board and members of the Supervisory Board. Pursuant to the amended § 93, Section 2 AktG following the Act on the Appropriateness of Executive Board remuneration (VorstAG), as well as to the amended recommendation in chapter 3.8. German Corporate Governance Code, the deductible for members of the Executive Board and members of the Supervisory Board is equal to a minimum of 10% of the respective loss incurred. The deductible cannot exceed a factor of 1.5 of the respective annual fixed remuneration.

Individual Structure of Remuneration

Executive Board Remuneration

In fiscal year 2013, the cash remuneration of the Executive Board (including benefits in kind and allowances for pensions) totalled EUR 2,584,833 (2012: EUR 1,124,274; 2011: EUR 7,623,754). During the past fiscal year, the Executive Board was allocated 0 options (2012: 0; 2011: 0). The breakdown among the individual members of the Executive Board in Euros for the years 2011 to 2013 is presented in the table below.

Martin Goetzeler
President/CEO
since 1. March
2013

	Granted remuneration					Amounts received by the individual		
	2011	2012	2013	2013 (Min)	2013 (Max)	2011	2012	2013
Fixed remuneration	0	0	506.667	506.667	506.667	0	0	506.667
Termination benefits								
Other			11.063	11.063	11.063	0	0	11.063
Sub-total	0	0	517.730	517.730	517.730	0	0	517.730
One-year variable remuneration			500.000	500.000	2.888.889	0	0	0
Multi-year variable remuneration						0	0	0
<i>Share option program 2007 (Tranche 2008)</i>								
<i>Share option program 2002 (Tranche 2006)</i>								
<i>Share option program 2002 (Tranche 2004)</i>								
<i>Share option program 2002 (Tranche 2003)</i>								
Sub-total	0	0	500.000	500.000	2.888.889	0	0	0
Pension expense	0	0	0	0	0	0	0	0
Total remuneration	0	0	1.017.730	1.017.730	3.406.619	0	0	517.730

Dr. Bernd Schulte
Vice President and Chief Operating officer

	Granted remuneration					Amounts received by the individual		
	2011	2012	2013	2013 (Min)	2013 (Max)	2011	2012	2013
Fixed remuneration	365.000	365.000	365.000	365.000	365.000	365.000	365.000	365.000
Termination benefits								
Other	12.527	12.527	12.527	12.527	12.527	12.527	12.527	12.527
Sub-total	377.527	377.527	377.527	377.527	377.527	377.527	377.527	377.527
One-year variable remuneration	1.805.556	0	0	0	1.805.556	1.805.556	1.805.556	0
Multi-year variable remuneration						0	0	0
<i>Share option program 2007 (Tranche 2008)</i>								
<i>Share option program 2002 (Tranche 2006)</i>								
<i>Share option program 2002 (Tranche 2004)</i>								
<i>Share option program 2002 (Tranche 2003)</i>								
Sub-total	1.805.556	0	0	0	1.805.556	1.805.556	1.805.556	0
Pension expense	0	0	0	0	0	0	0	0
Total remuneration	2.183.083	377.527	377.527	377.527	2.183.082	2.183.083	2.183.083	377.527

Wolfgang Breme
Vice President and Chief Financial Officer

	Granted remuneration					Amounts received by the individual		
	2011	2012	2013	2013 (Min)	2013 (Max)	2011	2012	2013
Fixed remuneration	300.000	300.000	330.769	330.769	330.769	300.000	300.000	330.769
Termination benefits								
Other	9.413	9.413	10.745	10.745	10.745	9.413	9.413	10.745
Sub-total	309.413	309.413	341.514	341.514	341.514	309.413	309.413	341.514
One-year variable remuneration	1.805.556	0	0	0	1.805.556	1.805.556	1.805.556	0
Multi-year variable remuneration						0	209.586	512.600
<i>Share option program 2007 (Tranche 2008)</i>							209.586	
<i>Share option program 2002 (Tranche 2006)</i>								512.600
<i>Share option program 2002 (Tranche 2004)</i>								
<i>Share option program 2002 (Tranche 2003)</i>								
Sub-total	1.805.556	0	0	0	1.805.556	1.805.556	2.015.142	512.600
Pension expense	0	0	0	0	0	0	0	0
Total remuneration	2.114.969	309.413	341.514	341.514	2.147.070	2.114.969	2.324.555	854.114

Paul Hyland
President and Chief Executive Officer
until 28. February 2013

	Granted remuneration					Amounts received by the individual		
	2011	2012	2013	2013 (Min)	2013 (Max)	2011	2012	2013
Fixed remuneration	424.422	424.941	65.728	65.728	65.728	424.422	424.941	65.728
Termination benefits			780.000	780.000	780.000			780.000
Other	12.392	12.392	2.335	2.335	2.335	12.392	12.392	2.335
Sub-total	436.814	437.334	848.063	848.063	848.063	436.814	437.333	848.063
One-year variable remuneration	2.888.889			0	481.481	2.888.889	2.888.889	0
Multi-year variable remuneration						0	0	836.778
<i>Share option program 2007 (Tranche 2008)</i>								210.405
<i>Share option program 2002 (Tranche 2006)</i>								322.135
<i>Share option program 2002 (Tranche 2004)</i>								123.095
<i>Share option program 2002 (Tranche 2003)</i>								181.143
Sub-total	2.888.889	0	0	0	481.481	2.888.889	2.888.889	836.778
Pension expense	0	0	0	0	0	0	0	0
Total remuneration	3.325.703	437.334	848.063	848.063	1.329.544	3.325.703	3.326.222	1.684.840

* pro rata for 2 months until 28.2.2013

As of December 31, 2013, the AIXTRON Executive Board held a total of 500,408 options for the purchase of 505,116 shares of the Company (December 31, 2012: 923,516 shares; December 31, 2011: 962,516 shares). The number of shares underlying the options is set out below. The actual profits from exercising the stock options may differ significantly from the figures shown in the table.

Executive Board Member	Allocation Date	Allocation (shares)	Exercisable (shares)	Option Value on Allocation (EUR)	Exercise Price (EUR)	Maturity	Total
Wolfgang Breme	Nov 2010	52,000	26,000	461,240	26.60	Nov 2020	
	Nov 2009	52,000	39,000	448,240	24.60	Nov 2019	
	Nov 2008	13,000	13,000	92,040	4.17	Nov 2018	
	Dec 2007	52,000	52,000	225,680	10.09	Dec 2017	169,000
Dr. Bernd Schulte	Nov 2010	52,000	26,000	461,240	26.60	Nov 2020	
	Nov 2009	52,000	39,000	448,240	24.60	Nov 2019	
	Nov 2008	52,000	52,000	92,040	4.17	Nov 2018	
	Dec 2007	52,000	52,000	225,680	10.09	Dec 2017	
	May 2006	55,000	55,000	84,150	3.83	Nov 2016	
	May 2004	35,000	35,000	107,800	6.17	Nov 2014	
	May 2002	27,500	0	152,625	7.48	May 2017	
	May 2001	5,000	0	106,500	26.93	May 2016	
	May 2000	2,640	660	55,981	67.39	May 2015	
	May 1999	2,976	2,976	35,640	18.70	May 2014	336,116
Total		505,116	392,636				505,116

Under IFRS 2, the "Option value at grant date" is also used as the basis for recognizing options issued after November 7, 2002 under expenses on the Income Statement. For stock options issued prior to November 7, 2002, the fair value was determined using the Black-Scholes model.

The stock option expenses for each individual member of the Executive Board are as follows:

<i>in EUR thousands</i>	2013	2012	2011
Paul Hyland	-532	249	347
Wolfgang Breme	118	244	347
Dr. Bernd Schulte	118	249	347

In 2013 207,000 options lapsed on cessation of employment of Paul Hyland. The expenses for the unvested lapsed options have been reversed in accordance with IFRS 2.

In fiscal year 2013, Executive Board members exercised 211,500 options (2012: 39,000; 2011: 0); 207,000 options expired (2011: 0; 2010: 0).

	Date of exercise	Weighted average share price at date of exercise	Number of shares
2013			
Paul Hyland	21.11.13	9.8440	39,000
Paul Hyland	18.11.13	9.8132	117,500
Wolfgang Breme	31.05.13	13.7101	55,000
2012			
Wolfgang Breme	30.11.12	9.5362	39,000
2011			
N/A			

The current Executive Board members have no individual company pension benefits which would result in pension provisions being required to be made by the company. Instead, the Executive Board annual pension allowance (a total of EUR 40,000 for Paul Hyland (EUR 6,667 pro rata in 2013), Wolfgang Breme and Dr. Bernd Schulte in each of the years; 2013, 2012 and 2011 and EUR 80,000 for Martin Goetzeler in 2013) is paid by AIXTRON and included in the fixed remuneration, and is transferred by the Executive Board members into independent insurance contracts with a benevolent fund or similar plan.

Supervisory Board Remuneration

In fiscal year 2013, the remuneration of the Supervisory Board totaled EUR 290,042 (2012: EUR 302,500; 2011: EUR 1,024,933). For the years 2011 to 2013, Supervisory Board remuneration may be broken down as follows:

SB Compensation

Supervisory Board Member	Year	Fixed (EUR)	Variable (EUR)	Attendance Fee (EUR)	Total (EUR)
Kim Schindelhauer ¹⁾²⁾³⁾⁴⁾⁵⁾ (Chairman of the Supervisory Board) (Chairman of the 2013 Capital Markets Committee)	2013	75,000	0	20,000	95,000
	2012	75,000	0	18,000	93,000
	2011	75,000	257,333	16,000	348,333
Prof. Dr. Wolfgang Blättchen ¹⁾⁴⁾ (Deputy Chairman of the Supervisory Board since Feb 27, 2013) (Chairman of the Audit Committee)	2013	35,556	0	24,000	59,556
	2012	25,000	0	24,000	49,000
	2011	25,000	85,778	24,000	134,778
Dr. Andreas Biagosch ²⁾ (since May 23, 2013)	2013	15,139	0	2,000	17,139
	2012	0	0	0	0
	2011	0	0	0	0
Prof. Dr. Petra Denk ²⁾³⁾ (since May 19, 2011) (Chair of the Technology Committee)	2013	25,000		28,000	53,000
	2012	25,000	0	26,000	51,000
	2011	15,548	53,347	23,322	92,217
Dr. Martin Komischke (since May 23, 2013)	2013	15,139	0	0	15,139
	2012	0	0	0	0
	2011	0	0	0	0
Prof. Dr. Rüdiger von Rosen ¹⁾³⁾⁴⁾ (Chairman of the of the Nomination Committee)	2013	25,000	0	20,000	45,000
	2012	25,000	0	6,000	31,000
	2011	25,000	85,778		110,778
Dr. Holger Jürgensen ⁶⁾ (Deputy Chairman of the Supervisory Board until January 30, 2013)	2013	3,125			3,125
	2012	37,500	0	16,000	53,500
	2011	37,500	128,667	16,000	182,167

	2013	2,083			2,083
Karl-Hermann Kuklies (until January 30, 2013)	2012	25,000	0	0	25,000
	2011	25,000	85,778	0	110,778
	2013	0	0		0
Joachim Simmroß ¹⁾ (until May 19, 2011)	2012	0	0	0	0
	2011	9,452	32,431	4,000	45,883
	2013	196,042	0	94,000	290,042
Total	2012	212,500	0	90,000	302,500
	2011	212,500	729,111	83,322	1,024,933

1) Member of the Audit Committee

2) Member of the Technology Committee

3) Member of the Nomination Committee

4) Member of the 2013 Capital Markets Committee

5) Former AIXTRON Executive Board Member

6) Honorary Chairman of the Supervisory Board

In the years 2011 to 2013, there were no payments made to any Supervisory Board member for advisory services.

31. Consolidated entities

AIXTRON S.E. controls the following subsidiaries:

	Country	Share of capital in %	
		2013	2012
AIXTRON Inc	USA	100	100
AIXTRON Ltd.	England & Wales	100	100
AIXTRON Korea Co. Ltd.	South Korea	100	100
AIXTRON Taiwan Co. Ltd.	Taiwan	100	100
AIXTRON AB	Sweden	100	100
AIXTRON KK	Japan	100	100
AIXTRON China Ltd	P. R. China	100	100
Nanoinstruments Ltd	England & Wales	100	100
Genus trust *	USA	n.a.	n.a.

* The shares held in the Genus trust are attributed, as beneficial owner, to AIXTRON, as control exists through the trust relationship with Aixtron SE

32. Events after the reporting period

There are no events which have occurred after the balance sheet date, of which the directors have knowledge, which would result in a different assessment of the Company's net assets, results of operation and financial position.

33. Auditors' fees

Fees expensed in the income statement for the services of the group auditor Deloitte & Touche are as follows:

<i>in EUR thousands</i>	2013	2012
for audit	719	728
for other confirmation services	35	36
for tax advisory services	299	226
for other services	30	0
	1,083	990

Included in the total amount of fees are fees for the group auditor Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Duesseldorf, in the amount of kEUR 444 for audit (2012: kEUR 443), kEUR 32 for other confirmation services (2012: kEUR 36), kEUR 34 for tax services (2012: kEUR 89) and kEUR nil for other services (2012: kEUR nil).

34. Employees

Compared to last year, the average number of employees during the current year was as follows:

	2013	2012
Sales	70	90
Research and Development	297	337
Manufacturing and Service	373	440
Administration	88	98
Employees (§ 314 HGB)	828	965
Executive board members	3	3
	831	968
Apprentices	16	15
	847	983

35. Statement of compliance with the German Corporate Governance Code

In 2013, Executive and Supervisory Boards have made the declaration of compliance in accordance with Section 161 of AktG and this is permanently available on the Company's web site at www.aixtron.com/en/investors/corporate-governance/principles.

36. Supervisory Board and Executive Board

Composition of the Supervisory Board as of December 31, 2013

- Dipl.-Kfm. Kim Schindelhauer, Aachen, businessman (Chairman of the Supervisory Board since 2002)
- Dr. Holger Jürgensen, Aachen, physicist (Deputy Chairman of the Supervisory Board until January 30, 2013) (Resigned January 30, 2013)
- Prof. Dr. Wolfgang Blättchen, Leonberg, Managing Director of Blättchen Advisory Group GmbH, member of the Supervisory Board since 1998.
 - Membership of Supervisory Boards and controlling bodies:
 - Pfisterer Holding AG, Winterbach - Chairman of the Supervisory Board
 - HAUBROK AG, Berlin – Deputy Chairman of the Supervisory Board (until August 28, 2013) -

- APCOA Parking AG, Leinfelden-Echterdingen – member of the Supervisory Board -
- FAS AG, Stuttgart - member of the Supervisory Board -
- Mr. Karl-Hermann Kuklies, Duisburg, businessman (member of the Supervisory Board since 1997) (Resigned January 30, 2013)
- Prof. Dr. Rüdiger von Rosen, Frankfurt/Main, businessman, Managing Director Serius GmbH, Düsseldorf (member of the Supervisory Board since 2002)
 - Membership of Supervisory Boards and controlling bodies:
 - PriceWaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Frankfurt/Main -member of the Supervisory Board (until February 12, 2014) –
 - ICF Kursmakler AG, Frankfurt/Main – Deputy Chairman of the Supervisory Board
 - Paladin Asset Management Investment AG, Hanover – Chairman of the Supervisory Board
- Prof. Dr. Petra Denk, Unterschleißheim, physicist, Professor of Energy Economics, Landshut University of Applied Sciences (member of the Supervisory Board since 2011)
- Dr Andreas Biagosch, Munich, businessman, Managing Director Impacting I GmbH & Co KG (member of the Supervisory Board since May 2013)
 - Membership of Supervisory Boards and controlling bodies
 - Lürssen Maritime Beteiligungen, Bremen, Advisory Board member
- Dr Martin Komischke, Morgarten Switzerland, Group Chief Executive Officer, Hoerbiger Holding AG, Zug (Switzerland) (member of the Supervisory Board since May 2013)

The composition of the Company's Executive Board is:

- Dipl.-Kfm. Martin Goetzeler, Icking, Chairman, President and Chief Executive Officer since March 1, 2013
- Dr. Bernd Schulte, Aachen, physicist, Executive Vice President and Chief Operating Officer since 2002
- Dipl.-Kfm. Wolfgang Breme, Aachen, business graduate, Executive Vice President and Chief Financial Officer since 2005
- Paul Hyland, Aachen, businessman, Chairman, President and Chief Executive Officer until February 28, 2013

37. Critical accounting judgments and key sources of estimation and uncertainty

The preparation of AIXTRON's Consolidated Financial Statements requires the Company to make certain estimates, judgments and assumptions that the Company believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts and related disclosures and are made in order to fairly present the Company's financial position and results of operations. The following accounting policies are significantly impacted by these estimates and judgments that AIXTRON believes are the most critical to aid in fully understanding and evaluating its reported financial results:

Revenue Recognition

Revenue is generally recognised in two stages for the supply of equipment to customers, partly on delivery and partly on final installation and acceptance (see note 2 (n)). The Company believes, based on past experience, that this method of recognising revenue fairly states the revenues of the Company. The judgements made by management include an assessment of the point at which substantially all of the risks and rewards of ownership have passed to the customer.

Valuation of Inventories

Inventories are stated at the lower of cost and net realisable value. This requires the Company to make judgments concerning obsolescence of materials. This evaluation requires estimates, including both forecasted product demand and pricing environment, both of which may be susceptible to significant change. The carrying amount of inventories is disclosed in note 16.

As disclosed in notes 3 and 16, during the years 2013, 2012 and 2011 the Company incurred expenses of kEUR 35,012, kEUR 40,947 and kEUR 41,602 respectively arising mainly from changes to past assumptions concerning net realisable value of inventories and excess and obsolete inventories. In future periods, write-downs of inventory may be necessary due to (1) reduced demand in the markets in which the Company operates, (2) technological obsolescence due to rapid developments of new products and technological improvements, or (3) changes in economic or other events and conditions that impact the market price for the Company's products. These factors could result in adjustment to the valuation of inventory in future periods, and significantly impact the Company's future operating results.

Income Taxes

At each balance sheet date, the Company assesses whether the realisation of future tax benefits is sufficiently probable to recognise deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to future taxable income. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize future tax benefits. The carrying amount of deferred tax assets is disclosed in note 14.

Provisions

Provisions are liabilities of uncertain timing or amount. At each balance sheet date, the Company assesses the valuation of the liabilities which have been recorded as provisions and adjusts them if necessary. Because of the uncertain nature of the timing or amounts of provisions, judgement has to be exercised by the Company with respect to their valuation. Actual liabilities may differ from the estimated amounts. Details of provisions are shown in Note 24.

Responsibility Statement

Responsibility Statement required by section 37y no. 1 of the Wertpapierhandelsgesetz (WpHG – GERMAN SECURITIES TRADING ACT) in conjunction with sections 297(2) sentence 4 and 315(1) sentence 6 of the Handelsgesetzbuch (HGB – GERMAN COMMERCIAL CODE) for the Consolidated Financial Statements:

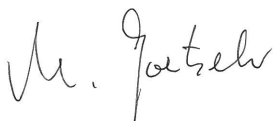
"To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

February 24, 2014
AIXTRON SE, Herzogenrath

Martin Goetzeler
Chief Executive Officer

Wolfgang Breme
Chief Financial Officer

Dr. Bernd Schulte
Chief Operating Officer



Independent Auditors Report

We have audited the consolidated financial statements prepared by AIXTRON SE, Herzogenrath – comprising the consolidated statement of financial position, the consolidated income statement and consolidated statement of other comprehensive income, the consolidated statement of cash flow, the consolidated statement of changes in equity and the notes to the consolidated financial statements – and the group management report for the financial year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to § 315a, paragraph 1, HGB ("German Commercial Code") are the responsibility of the parent Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of AIXTRON SE, Herzogenrath, comply with IFRS, as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a, paragraph 1, HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, February 24, 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Reichmann

Mißmahl

Glossary

A B C D E F G H I L M N O P R S T V W

A

ALD

Atomic Layer Deposition (ALD) is a method for producing ultra-thin films for semiconductor devices and new, emerging non-semiconductor applications. ALD is a technology that is capable of meeting the production requirements of next-generation geometries (45 nanometer and below). The ALD process is used to pulse and purge two reactants to deposit films. In the purge process carrier gases like argon or nitrogen are employed.

AVD[®]

Atomic Vapor Deposition (AVD[®]); a liquid delivery and evaporation technology. Liquid precursors or precursor solutions are sprayed directly into the flash vaporizer via injectors. Up to four injectors – one for each precursor source – can be used.

B

Backlighting

The assemblies used to illuminate the liquid-crystal displays (LCDs) of electronic equipment are known as "backlighting" assemblies. LEDs are used for backlighting because their advantages – long operating lifetime, robustness and small dimensions – are all of particular benefit. Displays for small mobile equipment such as mobile phones or navigation DEVICES are typical examples of applications.

C

Capacitor

A capacitor is a circuit element formed by placing an insulating layer between two conducting layers; its function is to store an electrical charge. It is a very important component of memory chips.

Capital market

The capital market is part of the financial market and is the entirety of all institutions and transactions whose purpose is to combine supply and demand for long-term (financial) capital.

Carbon nanotubes

Carbon nanotubes (CNT) are microscopically small tube-shaped structures of carbon (molecular nanotubes). Depending on the structural detail, the electrical conductivity within the tubes is either metallic or semiconducting. There are also carbon nanotubes with superconducting properties at low temperatures. Transistors and simple circuits have already been produced using semiconducting carbon nanotubes.

Carrier gas

In the process for the production of compound semiconductor layers or silicon devices, the raw materials are converted into gases and transported into the reactor with the help of a carrier gas. Carrier gases most commonly used are hydrogen, argon and nitrogen.

Chip

The finished device structure which constitutes a very small element of the semiconductor wafer.

Clean room

In a clean room area of a semiconductor fab, all wafer processing is completed. Dust and particles which might fall on the wafers during processing and result in the circuits not functioning correctly are kept out of the clean room by filtering the air and managing the air flow. Personnel are required to wear specially designed clean room overalls and "booties" over their street clothes and shoes, and must wear gloves and face masks (humans tend to shed skin and hair). Not even normal paper is allowed in clean rooms – only clean room low particulate paper may be taken in.

Close coupled showerhead[®]

With this technology, the reagent gases are introduced vertically into the reactor through a water-cooled showerhead surface covering the entire area of deposition. During deposition, the showerhead is extremely close to the substrates and is constructed to enable precursors to be kept separate right up to the point where they are injected into the reactor chamber. The gases are injected through a multiplicity of small tube orifices into the chamber in order to create a very uniform distribution of reagent gases.

CMOS

Complementary Metal Oxide Semiconductor (CMOS) is a major class of integrated circuits. CMOS technology is used in CHIPS such as microprocessors, microcontrollers, static RAM, and other digital logic circuits. CMOS technology is also used for a wide variety of analog circuits such as image sensors, data converters, and highly integrated transceivers for many types of communication devices.

Compliance

Compliance (including regulatory compliance) stands for the observance of laws and company policies, but also of voluntary codes. The totality of the principles, processes and measures of a company to comply with certain rules and thus to avoid breaking the rules in a company is called Compliance Management System and is a part of the Corporate Governance system.

Compound semiconductors

These multi-element semiconductors are complex crystal growth structures containing a variety of material elements. The structures are defined by the periodic table groups from which they come. For example: IV/IV (germanium/silicon), III/V (gallium/nitrogen), II/VI (magnesium/ oxygen). Compound semiconductors have several advantages compared to single element semiconductors. Many have properties that allow them to emit or absorb light very efficiently (for illumination or production of electrical energy). Many can be processed into devices that have better power capabilities, operation frequency or efficiency than similar devices made from silicon only.

Corporate Governance

Corporate Governance refers to the system by which companies are directed and controlled. Effective Corporate Governance guarantees that an enterprise is managed in a responsible, professional and transparent manner with the purpose of safeguarding its long-term success. It is intended to reflect and serve the purposes of the organization itself, its owners and all other stakeholders. Corporate Governance is very complex and includes both mandatory and voluntary measures: observance of legal provisions and policies (compliance), conformance with recognized standards and recommendations as well as the development of the company's own guidelines and adherence to them.

CVD

Chemical Vapor Deposition (CVD) is the deposition of thin films (usually dielectrics/insulators) on silicon wafers placed in a reactor chamber or furnace. The target deposition material is delivered to the surface of the wafer in the form of a mixture of gases which then react at the surface of the wafers. CVD can be done at medium to high temperature in a furnace, or in a CVD reactor in which the wafers are heated but the walls of the reactor are not. Plasma enhanced CVD avoids the need for high temperature by exciting the reactant gases into a plasma.

D

Deposit/Growth

Semiconductor devices comprise of several crystalline layers. Deposition is the correct term for the creation of these layers on a wafer.

Deposition

Deposition describes the process by which material carrying gases are introduced into the reactor chamber where the required crystal growth or deposition process occurs on the wafers. Depending on the kind of coating process, different electronic and optoelectronic devices can be manufactured, e.g. LEDs, lasers, solar cells or transistors.

Devices

These are the completed products which are manufactured with the compound or silicon semiconductor chips at their core. For example, LEDs and lasers, transistors, memory and logic chips, as well as solar cells.

Diode

A two-terminal electronic device which permits significant current flow in only one direction. Diodes typically function as a rectifier, i.e. converting alternating current into direct current.

Display

A display is an electronic device for displaying images and text. Displays can be found in many industrial and consumer electronic products, e.g. in digital cameras, cell phones or navigational equipment, as well as in flat screen televisions.

DRAM

Dynamic Random Access Memory (DRAM) is a volatile type of semiconductor memory chip, on which data is lost after an interruption of the electric power supply.

E

Electronic paper

Electronic paper (also e-paper, E-Paper or ePaper) aims to imitate printed paper. Displays of so-called E-Book Readers (EBR) reflect light in the same way as common paper devices do. Static digital information such as texts or pictures can be displayed semi-permanently and does not require any additional energy whilst being viewed. The image can be changed at any time and requires only a small energy input to be changed. Some methods allow the production of electronic paper displays which are nearly as flexible and thin as common paper devices.

Epitaxy

The deposition of thin single crystalline layers on a suited substrate in the form of crystal growth.

F

FeRAM

FeRAM (Ferroelectric Random Access Memory) is a nonvolatile computer memory chip. It is similar in construction to DRAM, which is currently the most commonly used main memory in computers. FeRAM is based on a ferroelectric layer whose memory state is still retained even after switching off the power supply. At the same time it allows operating speeds that come close to those of DRAMS.

Flash Memory

See NAND flash memory.

G

Gas Foil Rotation®

Gas Foil Rotation® (GFR) means that the wafer carriers in AIXTRON MOCVD equipment turn friction-free on gas cushions. This movement is powered by a directed gas flow.

General lighting

General lighting is the uniform, even illumination of a space. The term "solid state lighting" is also used in this context: Today this is what all semiconductor-based lighting components are called. They include LEDs and OLEDs, among others.

German Commercial Code

The German Commercial Code (HGB) contains the core of the commercial law of Germany.

German Securities Trading Act

The German Securities Trading Act (WpHG) regulates securities trading in Germany and serves in particular the control of the service industry, that deals with securities and financial futures, but also the protection of the investor.

German Stock Operation Act

The German Stock Corporation Act (AktG) regulates the setting up, incorporation, accounting, liquidation, and stockholders' meetings of stock corporations and partnerships limited by shares.

Glovebox

The hermetically sealed reactor cabinet with arm-length gloves in which the operator can slide his hands in order to carry out internal work from outside the cabinet. These cabinets protect the reactor from contamination with oxygen or humidity and ensure the purity of the epitaxial process.

H

HBT

The Heterojunction Bipolar Transistor (HBT) is an improvement of the bipolar junction transistor, using differing SEMICONDUCTOR materials for the emitter and base regions and creating a heterojunction, that can handle signals of very high frequencies up to 600 GHz and more. This type of device is common in modern ultrafast circuits as well as applications requiring a high power efficiency, such as power amplifiers in cellular phones.

HEMT

High Electron Mobility Transistor (HEMT) is a field-effect transistor incorporating a junction between two materials with different band gaps. A commonly used material combination is GaAs with AlGaAs. HEMTs have attracted attention due to their high-power performance capabilities, especially for high frequency applications.

HVPE

Hydride Vapor Phase Epitaxy (HVPE) is a technique employed to produce semiconductors e.g. III-V compound semiconductor materials from metallic sources of group III elements and hydrogen compounds of group V elements of the semiconductor crystal. Also see VPE.

I

ISO 9001

ISO 9001 is part of a series of standards that document the principles for quality management measures within a company. This standard describes the entire quality management system as a model and is the basis for a comprehensive quality management system.

L

LCD

A Liquid Crystal Display (LCD) fulfills the same function as a monochrome or color television tube, namely as a display. LCD displays are very thin and energy-saving.

LED

A light-emitting diode (LED) is an electronic semiconductor device. LEDs can emit very bright light and are highly energy-efficient. The most commonly used LEDs generally have an area of 0.1 mm² (ca. 20 mA) whereas the most powerful LEDs can have an area of 1 mm² (ca. 350 mA) or more. This places LEDs among the world's smallest light sources and their low power consumption and heat emission qualities make LEDs potentially far more economical and safer than traditional lighting.

Logic chip

The critical chip which does the necessary computational calculations in an electronic component. For example, the main chip in a computer is a microprocessor, for mathematical computations, amongst other things.

M

Memory chip

A chip which retains the information that logic chips will then process. For example, in a computer, the memory chips will store the word processing program while it is being used, and the letters of the word processing documents which are being worked on. DRAM is the type of memory used most in computers, and is by far the most important type of memory from a total worldwide revenue standpoint.

MOCVD

Metal-Organic Chemical Vapor Deposition (MOCVD) is a compound semiconductor production method where the raw material "metal-organic compounds" are transformed into gases and then, bound to a carrier gas, are subsequently fed into the reactor. This transformation also occurs under reduced pressure, down to approximately one-tenth of normal atmospheric pressure. The advantage is that the gases being introduced are of high purity and can be finely dosed. MOCVD allows the processing of quite large surface areas and therefore is the first choice for the production of compound semiconductors. AIXTRON is one of the global market leaders in this technology.

N

NAND flash memory

A non-volatile computer memory manufactured in NAND (Not/AND) technology. Flash memories are characterized by the fact that they can be electrically erased and reprogrammed. This technology is mainly used for memory cards. The data of a flash memory device is retained even after interruptions in the power supply.

Nanometer

One nanometer (nm) is equal to one billionth of a meter and is approximately 70,000 times thinner than a human hair.

Nanotechnology

The term "nanotechnology" refers to the research being conducted in cluster- and surface physics, semiconductor physics, specific areas of chemistry such as surface chemistry, and to a more limited extent, in areas of mechanical engineering and food technology ("nano food"). The collective term is derived from the magnitude common to all of the research areas, namely, structures with sizes ranging from a single atom to 100 nanometers (nm). Nanomaterials play an increasingly important role in the miniaturization of circuit elements. Typical nanotech material structures are the so-called "quantum dots". Modern processors also have structures smaller than 100nm, which could therefore also be called "nanotech" as well.

NASDAQ

NASDAQ ("National Association of Securities Dealers Automated Quotations") is a stock exchange founded in 1971 as a fully electronic platform. Securities trading on NASDAQ is regulated by the United States Securities and Exchange Commission (SEC).

Non-volatile memory

A non-volatile memory device is a semiconductor memory device which will not lose its data even after its power source is switched off. This is in contrast to volatile memory (e.g. DRAMs), which loses its data when the power supply to the chip is interrupted.

O

OLED

Organic Light Emitting Diode: An OLED is a solid state device that typically consists of a series of organic thin films sandwiched between two thin film conductive electrodes. The choice of organic materials and the layer structure determine the device's performance features: emitted color, operating lifetime and power efficiency.

OVPD®

Organic Vapor Phase Deposition (OVPD®) is a technology for the thin film deposition of small molecular organic materials. It utilizes the advantages of gas phase deposition, where the materials are transported to the SUBSTRATE by an inert carrier gas.

P

PCRAM

This abbreviation stands for Phase Change RAM and refers to a type of non-volatile memory in electronics. The active principle of this memory is based on the differences in electrical resistivity exhibited by the material depending on whether it is in the amorphous phase (high resistivity/reset state) or the crystalline phase (low resistivity/set state). The material used is a chalcogenide alloy (chalcogenide compound) similar to the material used for data storage in a CD-RW or DVD-RAM – also on the basis of phase change.

PECVD

Plasma-Enhanced Chemical Vapor Deposition or also Plasma Assisted Chemical Vapor Deposition (PECVD) is the term for a special type of Chemical Vapor Deposition (CVD) process used to deposit thin films by chemical reaction, as with the CVD technique. In addition, the process is supported by a plasma. The plasma can burn directly in contact to the substrate to be layered (direct plasma method) or in a separate chamber (remote plasma method).

Periodic system

All elements are ordered within the periodic table according to their atomic number and chemical properties into main- and subgroups. MOCVD technology uses elements like gallium arsenide (GaAs), indium phosphide (InP), gallium nitride (GaN) and related alloys. They are also called "III-V semiconductors" because they are elements of group III and V of the Periodic Table and can interact to form crystalline compounds.

Planetary Reactor®

The Planetary Reactor® is based on the principle of a horizontal laminar flow reactor. The laminar flow principle guarantees extremely precise heterojunctions and unequaled control of deposition rates at the atomic monolayer level. The combination of this principle with AIXTRON's unique multiple substrate carrier rotation methodology, known as Gas Foil Rotation® (GFR), ensures excellent deposition uniformity, regarding layer thickness, composition and doping. In addition, the special reactor inlet, which allows the separation of reactive gases, ensures a uniform outward radial flow and optimum distribution adjustment.

Planetary rotation

A specific arrangement of the wafers within an MOCVD reactor for the production process, whereby a number of small discs holding the wafers orbit like planets in space around the central gas injector (Gas Foil Rotation®). The large plate, where those small discs lie on, also turns. This method facilitates a uniform, even deposition of compound semiconductor layers on the wafer. AIXTRON employs this process as part of its MOCVD technology (Planetary Reactor®).

Prime standard

As a sub-segment of the Regulated Market with additional requirements for admission, organized under private law and regulated by legislation, the Prime Standard is the segment of the Frankfurt Stock Exchange with the highest transparency standards, surpassing those of the General Standard. Admission to Prime Standard is a prerequisite for shares to be included in the DAX®, MDAX®, TecDAX® and SDAX® indices.

PVPD™

Polymer Vapor Phase Deposition (PVPD™) is a technological process that is used e.g. in the production of electronic paper.

R

RFID chips

Radio-frequency identification (RFID) is the use of an object (typically referred to as an RFID tag) applied to or incorporated into a product, animal, or person for the purpose of identification and tracking using radio waves. This contact-free technology makes the capture and storage of data considerably easier.

S

Sarbanes-Oxley Act

The Sarbanes-Oxley Act of 2002 (also SOX) is a United States federal law designed to improve the reporting reliability of companies that make use of the public capital market of the United States.

Semiconductor

A material such as silicon whose conductivity lies between that of a conductor and an insulator. Its conductivity can be modulated by adding impurities (such as boron or phosphorus in silicon).

Silicon

An element of the periodic table with the symbol Si. Silicon is a semiconductor used to fabricate most transistors and integrated circuits.

Substrate

A substrate is the base material on which semiconductor layers are deposited, see also wafer.

Susceptor

This circular plate serves as the pocket holder for the substrate or the substrate carrier. Normally it consists of graphite so that excellent temperature uniformity can be achieved.

T**TecDAX®**

The TecDAX® is a German stock market technology index. Along with those in the DAX®, the MDAX® and the SDAX®, the companies in the TecDAX® are listed in the prime standard.

TFT

A thin-film transistor (TFT) is a special field-effect transistor that allows the production of electronic circuits with large areas, e.g. on glass screens, backlit by LEDs. It is increasingly used in laptops, computer monitors and televisions.

Transistors

These devices are divided into two types: the field-effect transistor is based on the effect that, by means of a voltage applied through an insulated terminal (gate), a current can be controlled between two terminals (source and drain). In the case of a bipolar transistor, the current is controlled between the two terminals by means of a small current at the base. This current controls the current flow between the two other terminals, referred to as emitter and collector.

V**VPE**

This is an older, established process for the production of compound semiconductors. In contrast to MOCVD, this gas phase process exclusively uses inorganic substances as starting materials. The method allows for clean deposits of very thick and pure layers. However, not all materials can be produced by this method. This method (also referred to as HVPE – Hydride VPE) has gained much attention as a way to produce high quality gallium nitride substrates or templates.

W**Wafer**

The technical term for the substrate material (e.g. silicon), typically a thin disc of semiconductor material, on which the layers are deposited in the reactor. The diameter of wafers is typically 2 inch, 100, 150, 200 or 300 mm.

Financial Calendar

April 29, 2014	➤	Q1/2014 Results
May 14, 2014	➤	Annual general meeting
July 29, 2014	➤	Q2/2014 Results
October 27, 2014	➤	Q3/2014 Results

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Imprint

Publisher:

AIXTRON SE, Herzogenrath, Germany

Conception and content:

AIXTRON SE, Herzogenrath, Germany

Conception, Design and Programing:

EQS Group AG, Munich, Germany www.eqs.com