

Group Management Report

Group Management Report as of December 31, 2015

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); 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 adopted by the EU. All financial information contained in this Management Report, including comparable prior year numbers, is reported in accordance with IFRS.

In 2015, the Company has reclassified warranty expenses from Selling Expenses to Cost of Sales. This classification is the usual practice in the semiconductor equipment industry. The previous years' figures have been adjusted to reflect the reclassification. 2014 Selling Expenses have been reduced by EUR 1,836 k (2013: EUR 14,457 k) and Cost of Sales increased by the same amounts.

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, 2015:

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
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, 2015, AIXTRON's Executive Board ("Management") consisted of the following two individuals:

Name	Position	First Appointment	End of Term
Martin Goetzeler	Chairman, President and Chief Executive Officer	March 1, 2013	February 28, 2017
Dr. Bernd Schulte	Executive Vice President and Chief Operating Officer	April 1, 2002	March 31, 2018

As of December 31, 2015, 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	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⁾	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 Capital Market Committee

5) Former AIXTRON Executive Board Member

6) Since 2005

Information to the collaboration between Supervisory and Executive Boards of AIXTRON SE as well as to the management procedures and corporate governance are explained in the Corporate Governance Report which is available on the AIXTRON website under www.aixtron.com/en/investors/corporate-governance/.

1.3. Locations

The Company has its registered office in Herzogenrath, Germany, and had a total of 12 facilities worldwide owned or rented as of December 31, 2015:

Facility location	Use	Approx. size (m ²)	Lease expiry
Herzogenrath, Germany (owned)	Manufacturing	12,457	-
Herzogenrath, Germany (owned)	Headquarters, R&D, Manufacturing, Engineering	16,000	-
Aachen, Germany (leased)	R&D	200	02/28/2017
Cambridge, UK (leased)	Manufacturing, Engineering, R&D	2,180	09/13/2019
Cambridge, UK (leased)	Service, Engineering	696	06/27/2020
Sunnyvale, CA, USA (leased)	Manufacturing, Sales, Service, Engineering, R&D	9,338	10/31/2017
Hwasung, South Korea (leased)	Sales, Service	1,151	08/09/2020
Shanghai, China (leased)	Sales, Service	755	07/31/2016
Suzhou, China (leased)	Application Laboratory	537	12/31/2017
Hsinchu, Taiwan (leased)	Sales, Service	1,417	12/31/2017
Tainan, Taiwan (leased)	Service	203	05/27/2016
Tokyo, Japan (leased)	Sales, Service	364	09/30/2016

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 and other complex materials, process engineering, consulting and training, including ongoing customer support and after-sales service. AIXTRON also offers a comprehensive range of peripheral equipment and services.

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, energy storage and energy efficiency requirements and the necessity to reduce the cost of ownership 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. The Company's engineers work on improving AIXTRON's systems continuously, both in terms of resource conservation and environmental-friendly design and function. AIXTRON SE's DIN EN ISO 50001:2011 certified energy management system and the EN ISO 14001:2004 certified environmental management system at AIXTRON, Inc. contribute to the efficient use of energy and the careful use of resources.

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 customer-specific systems capable of depositing material films on a diverse range of different substrate sizes and materials.

The deposition technologies for opto and power electronics include Metal-Organic Chemical Vapor Deposition („MOCVD") for the deposition of compound materials to produce for instance LEDs, power electronics or other optoelectronic components.

For thin film deposition technologies for organic electronics applications including Organic Light Emitting Diodes (“OLED”), AIXTRON offers Polymer Vapor Phase Deposition (“PVPD[®]”) and Organic Vapor Phase Deposition (“OVPD[®]”). For thin film encapsulation, AIXTRON offers a Plasma Enhanced Chemical Vapor Phase Deposition (“PECVD”) technology. More information on this technology which was acquired in Q2/2015 can be found in Note 38 to the Company’s Consolidated Financial Statements “Acquisition of PlasmaSi, Inc.”. PECVD is also being employed for the deposition of complex Carbon Nanostructures (Carbon Nanotubes, Nanowires or Graphene).

For logic and memory applications, AIXTRON systems are capable of depositing material films on wafers of up to 300mm in diameter for the production of memory chips, by employing technologies such as: Chemical Vapor Deposition (“CVD”) and Atomic Layer Deposition (“ALD”). Additionally, MOCVD technology is applied to deposit compound materials for the development of future logic devices.

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

Technologies	Technologies for opto & power electronics applications	Technologies for organic and carbon nano applications	Technologies for logic & memory applications
Deposition Technologies	MOCVD	OVPD [®]	CVD
		PVPD [®]	ALD
		OPTACAP [™] PECVD	MOCVD
		CVD/PECVD	
Products	Planetary Reactor [®] AIX G5+C AIX G5 WW AIX 2800G4-TM	OVPD [®] R&D and Production Systems	Lynx-iXP CVD
	Close Coupled Showerhead [®] AIX R6 Epilab R&D (3x2, 6x2)	PRODOS PVPD [®] R&D and Production Systems	QXP-8300 ALD Metal QXP-8300 ALD Oxide
		OPTACAP [™] R&D and Production Systems	CRIUS R MOCVD
		Nano CVD Reactors BM Series	
Potential Applications/Devices	LEDs	OLEDs for displays	CVD WSi Gate stacks for DRAM and 3D NAND
	Optoelectronics (photo diodes, lasers, modulators for telecom/datacom)	OLEDs for solid state lighting	DRAM Gate and Capacitor Metal Nitride, DRAM Capacitor high k Dielectric
	Laser devices for consumer electronics (CDs, DVDs)	Organic transparent thin film solar cells	2D and 3D NAND High k IPD (Inter Poly Dielectric)
	High-Frequency devices (such as Hetero Bipolar Transistors and High Electron Mobility Transistors) for wireless datacom	Electronic semiconductor structures, e.g. for flexible displays	ReRAM and PCRAM Material and Electrode
	Silicon Carbide (SiC) based High Power Devices	Functional polymer layers	Logic and MIM High k Gate stack and Metal
	Gallium Nitride (GaN) based Power Devices	Dielectric or passivating polymer layers	III-V High Mobility Channel for Logic Devices
	Solar cells	Carbon Nanostructures for electronic, display & heat sink applications	
		Graphene structures for electronic applications	

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 CRIUS R MOCVD systems for logic & memory applications, the AIX R6 Close Coupled Showerhead[®] as well as the automated AIX G5+C for opto & power electronics applications. The OPTACAP[™] line of systems was introduced for the encapsulation of organic materials.

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). Additionally, AIXTRON operates an application laboratory in Suzhou (China). These in-house laboratories are equipped with AIXTRON systems and are used to research and develop new equipment, materials and processes for the production of semiconductor structures.

AIXTRON's R&D activities in 2015 included development programs for new products as well as continual improvement programs for AIXTRON's existing products. Additionally, Design-to-Cost-Programs have been implemented in order to reduce material costs on a continuous basis e.g. by improving the design of externally procured components. AIXTRON is also working on customer-specific development projects and often does research within the framework of publicly funded projects.

The Company's R&D capability remains of important strategic significance, as it provides for a competitive, leading edge technology portfolio and supports the future business development. Therefore, AIXTRON is committed to investing specifically in research and development projects to not only further pursue the Company's leading technology position in MOCVD equipment for applications such as LEDs and for the production of wide band gap materials for Power Electronics or next generation Logic & Memory applications. AIXTRON also targets to penetrate growth areas in the field of Organic Semiconductors. Key aspects of the Company's R&D activities in fiscal year 2015 comprised the launch of an automated AIX G5+C allowing a cassette-to-cassette operation, the development and delivery of a MOCVD tool for the deposition of compound materials for logic structures (Three-Five-On-Silicon TFOS) as well as the installation and startup of the Gen8 demonstration tool for organic material. These expenditures are monitored very closely. The Company's R&D program in 2015 comprised a team of an average of 265 dedicated and highly skilled R&D employees (2014: 285; 2013: 297).

For more information regarding R&D expenses from 2013 through 2015, refer to "Development of Results" in this report.

The following provides specific examples of AIXTRON's research and development activities in fiscal year 2015:

In early 2015, the new OLED research project "FLEXOLIGHTING", which has been approved by the European Commission at the end of 2014 was formally started. The aim of the program is to produce large area OLED devices with improved cost efficiency, high brightness, high uniformity and long lifetime, and thus bridging the gap between research prototypes and low cost mass production technologies. The three-year project, headed by Brunel University, involves various suppliers with AIXTRON as production equipment supplier, with the ultimate goal of establishing unique technology know-how in Europe covering the whole supply chain.

Additionally, AIXTRON was involved with a number of different publicly funded R&D projects, including the graphene-based research project "GRAPHICA" and the power electronic research project "ALMA", both funded by the European Commission and partially by the German government (GRAPHICA). The target of "GRAPHICA" is to develop a Silicon-technology compatible graphene synthesis method. The "ALMA" project plans to enable the development of heat management strategies and models for applications in power electronics. Moreover, AIXTRON is partner in a project of the Marie Skłodowska-Curie Initial Training Network "EXCILIGHT" in the course of the "Horizon 2020" program of the European Commission. The project aims to research new materials for easy-to-tailor, ultra-efficient OLED lighting.

1.7. Patents

AIXTRON aims to secure its technology by patenting and protecting inventions, provided it is strategically expedient and possible for the Company to do so. As of December 31, 2015, the Company had 189 patent families available (December 31, 2014: 196 patent families), of which 97 were patent protected and patents were pending for the remaining 92. For 17 patent families, patent protection was applied for within fiscal year 2015. Patent protection for inventions is usually applied for in those sales markets relevant for AIXTRON, specifically in Europe, China, Japan, South Korea, Taiwan and the United States. Patents are maintained and renewed annually and will expire between 2016 and 2035.

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 complex material deposition. AIXTRON sells certain reactor technologies under the terms of those licenses, which apply to the principles of delivering precursor material into a vacuum vapor deposition chamber.

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.

All AIXTRON manufacturing facilities have an ISO 9001 certified process oriented management system. The certification was confirmed at AIXTRON SE in November 2015 following a successful certification audit without any deviation. In 2014, the energy management system of AIXTRON SE was certified according to DIN EN ISO 50001:2011. Also in 2014, the environmental management system on AIXTRON, Inc. was certified according to EN ISO 14001:2004.

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

The "CE" marking confirms the conformity of AIXTRON products with the applicable European directives and standards. Moreover, relevant US American standards 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 products, among other things, the European Directive RoHS "Restriction of Hazardous Substances" is strictly adhered to. The certifications from independent institutions, such as "TÜV" and "ETL" also confirm compliance of AIXTRON's products with national and international requirements and specifications.

AIXTRON commits itself and its suppliers to ethical and moral standards for the purchase and usage of conflict minerals (gold, tantalum, tin and tungsten). AIXTRON is continuously striving for transparency regarding the origin of these minerals to comply with the rules and regulations of the U.S. Dodd-Frank Act for Conflict Minerals (Section 1502). Therefore, a process has been established where a due-diligence is carried out based on the OECD guidelines. The result of the vendor related due-diligence is filed annually with the Securities and Exchange Commission on AIXTRON's Form SD.

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 (after-sales service).

A team of so called Key Customer Satisfaction Managers supports AIXTRON customers with the target to improve their competitiveness. This measure aims at the enhancement of the customer relationships.

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 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 environment, to prevent social discrimination of any kind, and to cultivate equal opportunities.

As part of its innovation management process, AIXTRON has an employee suggestion scheme to encourage all employees to submit their ideas to improve processes, save cost, improve products, etc.

Management and leadership quality of an organization also have great impact on the success of a company. AIXTRON promotes these qualities within a specific leadership program, coaching members of the management team in management and team building techniques.

In 2015, the total number of employees decreased by 5%, from 789 employees at the end of 2014 (2013: 776) to 748 at December 31, 2015. Manufacturing & Service as well as R&D positions still comprise the largest group of permanent employees.

Employees by Function	2015		2014		2013		2015-2014	
	Dec-31	%	Dec-31	%	Dec-31	%	abs.	%
Sales	62	8	65	8	66	8	-3	-6
Research & Development	257	34	292	37	264	34	-35	-12
Manufacturing & Service	324	44	323	41	338	44	1	0
Administration	106	14	110	14	108	14	-4	-3
Total	748	100	789	100	776	100	-41	-5

As of December 31, 2015, the majority of AIXTRON's worldwide permanent employees were based in Europe.

Employees by Region	2015		2014		2013		2015-2014	
	Dec-31	%	Dec-31	%	Dec-31	%	abs.	%
Asia	138	18	154	20	168	22	-16	-10
Europe	475	64	521	66	491	63	-46	-9
USA	135	18	114	14	117	15	21	18
Total	748	100	789	100	776	100	-41	-5

1.11. Customers and Geographic Regions

Among other areas of activity, AIXTRON's semiconductor device customers are engaged in the manufacturing of LEDs, wireless devices, power electronics, other optoelectronic devices, as well as logic and memory and logic chips. 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 region.

1.12. Competitive Positioning

AIXTRON's main competitor in MOCVD applications remains Veeco Instruments Inc. (USA) ("Veeco"). AIXTRON also competes with a number of Asian manufacturers including Taiyo Nippon Sanso (Japan). Further companies continue to attempt to qualify their own MOCVD tools with customers. For example, Jusung Engineering Co. Ltd. (South Korea) or Nuflare Technology Inc. (Japan) are known to have been active in the development of in-house equipment solutions for the production of LEDs. Some local Chinese companies, such as Advanced Micro-Fabrication Equipment Inc. or Tang Optoelectronics Equipment (Shanghai) Corporation Limited 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 (Forecast: Semiconductor Manufacturing Equipment, Worldwide, April 2015), it was estimated that the share of the worldwide MOCVD equipment market (estimated 2014 total market value: USD 413 million) held by AIXTRON in 2014 was around 41%. Particularly due to lower LED related revenues, the market share is expected to decline in 2015. In the same report, the Company's strongest competitor in terms of sales, Veeco Instruments Inc., had an estimated market share of approximately 53%. Viewed in the mid- to long-term, AIXTRON continues to target retaining a market leading position in the global MOCVD market.

For CVD-, MOCVD- and ALD-technologies for Silicon applications, AIXTRON competes with a variety of other equipment companies, including LAM Research, Inc. (USA), 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). With the Company's currently available silicon semiconductor manufacturing technologies and thin film processes, AIXTRON is potentially well positioned to offer advanced films for 21nm node and below for Memory and Logic Integrated Circuits (ICs). AIXTRON 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 new material deposition possibilities for next generation semiconductor devices, and, in AIXTRON's opinion, present high development potential for the future.

However, as AIXTRON only addresses a specific niche, market share of the total Silicon Semiconductor market is not considered meaningful at this point in time.

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 the vacuum thermal evaporation ("VTE") or polymer technologies to produce organic light emitting diodes (OLEDs), AIXTRON offers OLED manufacturers its own highly innovative organic vapor phase deposition (OVPD[®]) and PVPD[®] large area deposition technologies. In AIXTRON's opinion, due to a perceived superior process technology enabling a reduction of 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 positioning itself as an alternative deposition system supplier for next generation OLEDs and large area deposition applications such as displays, future lighting, solar cells, and other electronic OLED applications.

On April 1st, 2015, the AIXTRON acquired the California, USA based PlasmaSi, Inc. The acquired technology enables the encapsulation of organic thin-films by applying Plasma Enhanced Chemical Vapor Deposition ("PECVD"), depositing ultra-thin, light weight and flexible barrier films. For thin film encapsulation applications, AIXTRON's PECVD technology competes with manufacturers such as Ulvac, Inc. (Japan), SNU Precision (South Korea), Applied Materials Inc. (USA) and a number of other smaller companies applying PECVD or ALD technology.

As AIXTRON's organic material deposition and encapsulation technologies as well as most customer applications are still in the market entry phase, Organic Semiconductor market share information is considered not meaningful at this point in time.

1.13. Financial and Other Performance Indicators

The Executive Board has implemented dedicated 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 customer- and 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 financial and non-financial performance indicators with particular focus on: order intake, revenues, margin contributions, operating result and free 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 again uses a range of performance indicators to evaluate the progress of key research and development projects. The Management regularly reviews compliance with project plans, pre-defined targets and quality gates, such as timelines, quality, cost and margin targets. Following the release of new products for example, the Management monitors closely the development of the respective revenues and related returns. The objective of this review process is to ensure that ongoing technological developments retain not only the necessary level of technological standards but also 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. Following external audits, it was confirmed by the relevant German authorities in 2015, that the management system AIXTRON uses for the control of import and export activities is effective to comply with applicable regulations.

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 (such as industrial safety regulations, the ordinance on hazardous substances, labor protection laws or the workplaces ordinance).

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-Act 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. AIXTRON has a specific anti-corruption guideline in place which is mandatory for every AIXTRON employee.

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 own supply chain and cost of sales as well as on its customers' sales projections and therefore also on their investment behavior.

Global economic development throughout the year 2015 was worse than originally expected, especially in the emerging and developing countries, including China. The main reasons for the reduced growth dynamics in these countries were lower commodity prices, tighter financial conditions, structural bottlenecks and geopolitical factors. Additionally, markets in the Middle East have struggled due to decreasing oil prices throughout 2015 as well as increased uncertainty related to geopolitical tensions in Middle East. On the other hand, the major growth drivers in the advanced economies, such as easy financial conditions, more neutral fiscal policy in the euro area, lower fuel prices, and improving confidence and labor market conditions, remained intact and led to stable growth in these countries. Therefore, as expected the Federal Reserve (Fed) has turned to a slightly tighter monetary policy with the first interest rate increase since 2006 taking place in December 2015. In total, the International Monetary Fund (IMF), in the January 2016 update of its World Economic Outlook, saw global growth in 2015 slightly below the previous year's level at an estimated 3.1% (2014: 3.4%), with growth in the advanced economies for 2015 now being projected at 1.9% (2014: 1.8%) and in the emerging and developing countries at 4.0% (2014: 4.6%).

However, this global economic environment had no specific effects on AIXTRON's business development in fiscal year 2015 as AIXTRON is more dependent on innovation-driven industry business cycles such as the progressing technology changes in semiconductor markets.

With the positive economic development in the U.S. and the continued expansive monetary policy of the European Central Bank, the US dollar saw a further significant improvement in the first quarter of 2015 against the Euro, reaching a peak of approximately 1.05 USD/EUR in mid-March. In the second quarter, based on some weaker than expected economic data from the U.S., the exchange rate saw a rebound up to approximately 1.15 USD/EUR. In the second half of the year, the exchange rate moved sideways, mostly within a relatively small range. The prospect of the imminent reversal in interest rates became reality with the Fed's interest rate increase on December 16, 2015, strengthened the US dollar again. Thus, at the end of fiscal year 2015, the US dollar exchange rate improved by approximately 11% from USD/EUR 1.217 at the end of 2014 to 1.0892 USD/EUR. The average exchange rate used by AIXTRON to translate income and expenses denominated in US dollars in fiscal year 2015 was 1.11 USD/EUR (Q1/2015: 1.16 USD/EUR; Q2/2015: 1.10 USD/EUR; Q3/2015: 1.11 USD/EUR; Q4/2015: 1.09 USD/EUR) which was a significant improvement on the previous year (2014: 1.33 USD/EUR). This development had a respectively positive effect on AIXTRON's US dollar denominated revenue and earnings in fiscal year 2015.

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

2.2. The Semiconductor Equipment Market

The total ALD market of which AIXTRON addresses only a specific niche with its system technologies, was estimated by Gartner Dataquest in its latest forecast of December 2015 (Forecast: Semiconductor Manufacturing Equipment, Worldwide, 4Q15 Update) to be valued at USD 901 million for 2015.

In 2015, the electronics equipment industry in total declined by 4% (according to Gartner Dataquest, Forecast: Semiconductor Manufacturing Equipment, Worldwide, 4Q15 Update, December 2015) which was below the estimated 2015 global GDP growth of 3.1% (according to the IMF World Economic Outlook January 2016 update). In comparison, the subset, semiconductor capital spending is expected to have declined by 3.5% in 2015. A further subset, specific spending on Wafer Fab Equipment (WFE), which includes spending on deposition tools supplied by AIXTRON for the production of specialized applications such as gate stacks and capacitors, is expected to have remained flat year on year (according to Gartner Dataquest, Forecast: Semiconductor Manufacturing Equipment, Worldwide, 4Q15 Update, December 2015).

Compared to 2014, AIXTRON's equipment revenues for memory and logic applications nearly doubled to EUR 29.3 million (2014: EUR 16.7 million) in fiscal year 2015.

2.3. The LED Market

The market for Gallium nitride based, LED devices which can be produced with AIXTRON's compound semiconductor MOCVD equipment, was expected to have grown by 20% measured in units in 2015 according to a report from IHS (an independent semiconductor market research institute), published in December 2015. However, according to industry sources, LED prices have again dropped significantly throughout the year. Concurrently, the market for Gallium nitride based, high brightness LED devices was predicted to grow in 2016 by only 4% to USD 16.8 billion from USD 16.2 billion in 2015 (IHS).

According to the market research institute IHS (December 2015), the market for LEDs for general lighting is expected to grow from 1.2 billion shipped units in 2015 to 3.4 billion shipped units in 2020. The penetration of LED-lamps relative to total lamps is expected to rise from 7% in 2015 to 25% in 2020, supported by the increasing availability of attractively priced, quality LED lighting products.

In the more recent forecast "Semiconductor Manufacturing Equipment, Worldwide, 4Q14 Update" (December 2015) Gartner Dataquest anticipated that the total value of the 2015 MOCVD equipment market would increase to approximately USD 446 million which is at the high end of other analysts' expectations (USD 250 to 450 million). Veeco and AIXTRON are expected to remain the main players in this market.

Mainly due to the reduction of order volume at San'an, AIXTRON's 2015 revenues of MOCVD manufacturing equipment for LEDs dropped from EUR 100.3 million in 2014 to EUR 39.7 million. However, AIXTRON's revenues for MOCVD equipment to manufacture other optoelectronic devices increased from EUR 14.5 million in 2014 to EUR 46.7 million in 2015.

2.4 The Wide Band Gap (WBG) Gallium nitride and Silicon Carbide power semiconductor market

According to the market research institute IHS (November 2014), the market for WBG Gallium nitride (GaN) and Silicon Carbide (SiC) based power management devices is expected to grow from 281 million shipped units in 2015 to 1.9 billion shipped units in 2020. Based on the opinion of both market research institutes IHS and Gartner, the penetration of WBG devices relative to total power device market is expected to rise from low single digit in 2015 to low double digit in 2020.

The growing demand for more efficient power management and switching applications as well as governmental policy changes and efforts from the supply chain, have all contributed positively to increasing the momentum for wide band gap development activities across automotive, commercial, industrial and consumer segments.

The revenues of AIXTRON's MOCVD equipment for the manufacturing of WBG Gallium nitride (GaN) and Silicon Carbide (SiC) based power management devices more than doubled to EUR 25.8 million in 2015 from EUR 10.2 million in 2014.

2.5 The OLED market

The market for large OLED displays is the most imminent opportunity for AIXTRON's Organic Semiconductor deposition and encapsulation technologies. The TV market is predicted to increasingly adopt OLED displays within the next 2-3 years, at which point, it is expected that OLEDs will have the potential to penetrate the high end of the volume TV market. With its thin film encapsulation technology, AIXTRON additionally targets the market for flexible displays which offer the best solution for small and medium size displays used in mobile and wearable applications.

According to the market research institute IHS (July 2015), the market for OLED TV is expected to grow from 510 thousand shipped units in 2015 to 6.9 million shipped units in 2019. The penetration of OLED TV relative to the total flat panel display TV market is expected to rise from 0.2% in 2015 to 2.6% in 2019. The market research institute DisplaySearch (September 2014) predicted that the flexible OLED Display market will grow from 0.2 million square meters in 2015 to 3 million square meters in 2020.

2.6. Results of Operations

2.6.1. Development of Revenues

In fiscal year 2015, AIXTRON recorded total revenues of EUR 197.8 million, an increase of EUR 4.0 million, or 2%, compared to EUR 193.8 million in 2014 (2013: EUR 182.9 million). Though the underlying demand volume has declined, a better price mix and positive currency effects have more than offset this effect. The 2015 equipment revenues increased to EUR 151.0 million (2014: EUR 148.5 million; 2013: EUR 138.0 million), with demand for MOCVD Equipment for LED manufacturing remaining the largest contributor to AIXTRON's equipment revenues, representing 26%. Total equipment sales generated 76% of total revenues in 2015 (2014: 77%; 2013: 75%).

24% of total revenues in 2015 were generated by sales of spare parts and service, which is virtually stable compared to the same figure in 2014 (2014: 23%; 2013: 25%). In absolute terms, sales of spare parts and service were at EUR 46.8 million also largely stable in 2015 compared to 2014 (2014: EUR 45.3 million; 2013: EUR 44.8 million).

Revenues by Equipment, Spares & Service	2015		2014		2013		2015-2014	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Equipment revenues	151.0	76	148.5	77	138.0	75	2.5	2
Other revenues (service, spare parts, etc.)	46.8	24	45.3	23	44.8	25	1.5	3
Total	197.8	100	193.8	100	182.9	100	4.0	2

In 2015, the major part of total revenues, 60%, continued to be generated by sales to customers in Asia, which was 23 percentage points lower than in the previous year (2014: 83%; 2013: 78%). 22% of total revenues in 2015 were generated in the Americas (2014: 4%; 2013: 9%) and the remaining 18% in Europe (2014: 13%; 2013: 13%), reflecting an increased demand of AIXTRON equipment for various applications from non-Asian customers while LED-based demand from Asian customers decreased at the same time.

Revenues by Region	2015		2014		2013		2015-2014	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Asia	118.4	60	160.2	83	141.8	78	-41.8	-26
Europe	35.8	18	25.2	13	24.2	13	10.6	42
Americas	43.6	22	8.4	4	16.9	9	35.2	419
Total	197.8	100	193.8	100	182.9	100	4.0	2

2.6.2. Development of Results

Cost Structure

	2015		2014		2013		2015-2014	
	Full Year		Full Year		Full Year			
	m EUR	% Rev.	m EUR	% Rev.	m EUR	% Rev.	m EUR	%
Cost of sales	147.9	75	154.1	79	204.7	112	-6.2	-4
Gross profit	49.8	25	39.7	21	-21.8	-12	10.1	25
Operating costs	76.5	39	98.0	51	73.9	40	-21.5	-22
Selling expenses	11.5	6	14.1	7	14.5	8	-2.6	-18
General and administration expenses	16.3	8	19.3	10	18.2	10	-3.0	-16
Research and development costs	55.4	28	66.7	34	57.2	31	-11.3	-17
Net other operating income and expenses	(6.7)	3	(2.2)	1	(16.0)	9	4.5	205

Cost of Sales

In 2015, cost of sales decreased year on year by 4% or EUR 6.2 million from EUR 154.1 million to EUR 147.9 million (2013: EUR 204.7 million). This was mainly due to lower material cost and higher efficiencies in logistics and service. Consequently, 2015 cost of sales relative to revenues decreased to 75% (2014: 79%; 2013: 112%).

Gross Profit, Gross Margin

Against this background and due to a better product and price mix as well as currency, the Company's gross profit in 2015 increased year-on-year to EUR 49.8 million (2014: EUR 39.7 million; 2013: EUR -21.8 million), resulting in an improved gross margin of 25% after 21% in 2014 (2013: -12%).

Operating Costs

With EUR 76.5 million, total **operating costs** in 2015 were significantly below the previous year's figure of EUR 98.0 million (2013: EUR 73.9 million), mainly due to better cost control as well as higher other operating income, stemming from positive currency related effects and higher R&D funding. The operating costs were in line with the targeted annual cost level of approximately EUR 80 million. Operating costs relative to revenues were 39% in 2015, 12 percentage points lower than the 51% in 2014 (2013: 40%).

This development was influenced by the following factors:

Due to lower depreciation costs, **selling expenses** in 2015 decreased in absolute terms from EUR 14.1 million to EUR 11.5 million (2013: EUR 14.5 million). Selling expenses relative to revenues were stable at 6% (2014: 7%; 2013: 8%).

Mainly due to a lower headcount and less use of external services, **general and administration expenses** in fiscal year 2015 decreased by 16% in absolute terms and improved by 2 percentage points in relative terms to EUR 16.3 million or 8% of revenues (2014: EUR 19.3 million or 10% of revenues; 2013: EUR 18.2 million or 10% of revenues).

Key R&D Information	2015	2014	2013	2015-2014
R&D expenses (in EUR million)	55.4	66.7	57.2	-17%
R&D expenses, % of sales	28	34	31	
R&D employees (period average)	265	285	297	-7%
R&D employees, % of total headcount (period average)	35	36	35	

Research and development costs decreased by 17% year-on-year from EUR 66.7 million in 2014 (2013: EUR 57.2 million) to EUR 55.4 million in 2015, which was mainly due to reductions as a result of the previously initiated restructuring program. The future-oriented OLED and the silicon industry related R&D activities increased at the same time.

Personnel Costs	2015	2014	2013	2015-2014	
	m EUR	m EUR	m EUR	m EUR	%
Cost of Sales	23.8	22.3	25.7	1.5	7%
Selling, General and Administrative expenses	15.6	16.1	17.8	-0.5	-3%
Research and Development costs	23.6	28.1	24.0	-4.5	-16%
Total	63.0	66.5	67.5	-3.5	-5%

In the course of the progressing restructuring program, the average number of Group employees in 2015 declined from 785 in 2014 to 757 (2013: 847), resulting in 5% lower **personnel costs** of EUR 63.0 million compared to EUR 66.5 million in 2014 (2013: EUR 67.5 million). In 2015, personnel costs included no restructuring charges (2014: EUR 5.8 million; 2013: EUR 5.2 million) with local currency effects partially offsetting the reduction of personnel costs. As of December 31, 2015, the number of employees, decreased from 789 as of December 31, 2014 to 748 (December 31, 2013: 776).

Net other operating income and expenses for fiscal year 2015 resulted in an income of EUR 6.7 million (2014: EUR 2.2 million income; 2013: EUR 16.0 million income including insurance proceeds), mainly due to positive currency effects, higher R&D grants and a contractual compensation payment received in Q3/15.

In 2015, the Company recorded a **net currency income** of EUR 2.7 million (2014: EUR -0.3 net expense; 2013: EUR 0.5 million net income) resulting from currency transaction and translation differences of balance sheet positions.

The EUR 3.0 million of **R&D grants** received in 2015 (2014: EUR 1.8 million; 2013: EUR 2.5 million), were recorded as "other operating income".

EBITDA

At EUR -16.4 million EBITDA in the fiscal year 2015 improved significantly against the previous year by 60% or EUR 24.9 million (2014: EUR -41.3m; 2013: EUR -67.9 million), mainly due to the above-mentioned effects. In the second half of the year, AIXTRON beat the targeted EBITDA break-even with H2/2015 EBITDA coming in at positive EUR 5.4 million (H2/2014: EUR -27.9 million).

(In EUR million)	Year ended December 31,		
	2015	2014	2013
EBITDA	-16.4	-41.3	-67.9
Depreciation, amortization and impairment expense	-10.3	-17.0	-27.8
Operating Result (EBIT)	-26.7	-58.3	-95.7

Operating Result (EBIT)

The absolute **operating result** (EBIT) improved in a year-on-year comparison by EUR 31.6 million and came in at EUR -26.7 million in 2015 (2014: EUR -58.3 million; 2013: EUR -95.7 million) resulting in an EBIT margin of -14% (2014: -30%; 2013: -52%). This is attributable chiefly to the afore-mentioned cost effects.

Result Before Taxes

Result before taxes improved year-on-year by EUR 31.1 million from EUR -57.1 million in 2014 (2013: EUR -95.2 million) to EUR -26.0 million in 2015, with a net finance income of EUR 0.8 million (2014: EUR 1.2 million; 2013: EUR 0.5 million income).

Interest & Taxes	2015	2014	2013	2015-2014	
	m EUR	m EUR	m EUR	m EUR	%
Net Interest Income/Expense	0.8	1.2	0.5	-0.4	-33%
Interest Income	0.8	1.2	0.8	-0.4	-33%
Interest Expenses	0.0	0.0	-0.3	0.0	0%
Tax Expenses	-3.2	-5.4	-5.8	2.2	-41%

In 2015, AIXTRON recorded a country specific **tax expense** of EUR 3.2 million (2014: tax expense of EUR 5.4 million; 2013: tax expense of EUR 5.8 million). Unrecognized **deferred tax assets** related to tax losses at December 31, 2015 totaled EUR 161.2 million (2014: 129.5 million; 2013: EUR 88.7 million).

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

The 2015 **after-tax result** attributable to the equity holders of AIXTRON SE was EUR -29.2 million or -15% of revenues, and EUR -62.5 million (-32% of revenues) in 2014 (2013: EUR -101.0 million or -55% 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 -87.3 million for 2015 (2014: loss of EUR -53.6 million; 2013: loss of EUR -1.1 million).

The 2015 loss will be carried forward and consequently no dividend payment will be made for 2015 (2014: no dividend; 2013: no dividend).

2.6.3. Development of Orders

Orders	2015	2014	2013	2015-2014	
	(in EUR million)			m EUR	%
Total order intake incl. spares & service	167.1	198.7	178.0	-31.6	-16
Equipment order backlog (end of period)	42.9	65.2	59.6	-22.3	-34

As a matter of internal policy, the 2015 US dollar based **order intake and backlog** were recorded at the 2015 budget exchange rate of 1.25 USD/EUR (2014: 1.35 USD/EUR; 2013: 1.30 USD/EUR). In order to better reflect industry practice, Management has decided to report total order intake including spares & service from 2015 rather than continuing to report equipment order intake only. For comparison reasons, previous years' figures have been adopted to this policy. Due to the generally quick turnaround of spares & service into revenues, the equipment order backlog figures will remain unchanged and continue to include equipment orders only.

In 2015, **total order intake** including spares & service was 16% lower year-on-year at EUR 167.1 million (2014: EUR 198.7 million; 2013: EUR 178.0 million). This was due to lower overall market demand as well as the effect from the longer than expected qualification process of the AIX R6.

The total **equipment order backlog** of EUR 42.9 million at December 31, 2015 was 34% lower than the EUR 65.2 million at the same point in time in 2014 (December 31, 2013: EUR 59.6 million) and 38% lower than the 2015 opening backlog of EUR 69.0 million, revalued as of January 1, 2015, at the US-Dollar exchange rate of 1.25 USD/EUR valid at that time. The 2015 year-end order backlog was revalued at the 2016 budget rate of 1.10 USD/EUR as per January 1, 2016, leading to an opening equipment order backlog of EUR 46.7 million for 2016.

In December 2015, AIXTRON SE and San'an Optoelectronics agreed on a substantial reduction in the order volume for AIX R6 MOCVD systems ordered in September 2014 by 47 tools from 50 down to three which have already been delivered. Following the Company's internal recognition policy, these 47 tools were not recorded in order intake and order backlog. Consequently, the 2015 order backlog was not affected by this reduction of order volume. However, AIXTRON recorded additional provisions in Q4/2015 which resulted in an impact on operating results of EUR 2.6 million.

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. The backlog is being regularly assessed and adjusted to reflect potential execution risks if necessary.

2.7. Financial Position

2.7.1. 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. 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 2015, no currency hedging instruments were used.

2.7.2. Funding

AIXTRON SEs stated **share capital** as of December 31, 2015 amounted to EUR 112,720,355 (December 31, 2014: EUR 112,694,555 December 31, 2013: EUR 112,613,445) divided into 112,720,355 registered shares with a proportional interest in the share capital of EUR 1.00 per no-par value registered share. All registered shares are fully paid in. AIXTRON has an American Depositary Share ("ADS") program. The Company's 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 ADS under certain conditions. In fiscal year 2015, 25,800 stock options (2014: 81,100; 2013: 415,289) were exercised, resulting in delivery of in total 25,800 ordinary shares. In fiscal year 2015, no new stock options were granted (2014: 1,150,400; 2013: 0).

AIXTRON ordinary shares	Dec 31, 15	Exercised	Expired/Forfeited	Allocation	Dec 31, 14
Stock options	2,891,815	25,800	374,281	0	3,291,896
Underlying shares	2,891,815	25,800	604,024	0	3,521,639

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 to the Company's Consolidated Financial Statements "Share-based payments".

The Company recorded no **bank borrowings** as of December 31, 2015, 2014 and 2013.

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** was 82% as of December 31, 2015, compared to 78% as of December 31, 2014 (December 31, 2013: 83%). This development was principally attributable to the structural effect of lower advanced payments from customers and the resulting lower shareholders' equity.

In 2015, the **return on equity** (ROE) based on the negative 2015 Group's net result in proportion to the average total shareholders' equity at the start and end of the year was -7% (2014: -15%; 2013: -22%).

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

2.7.3. Investments

The AIXTRON Group's total capital expenditures in fiscal year 2015 amounted to EUR 13.3 million (2014: EUR 13.4 million; 2013: EUR 10.1 million).

In 2015, EUR 12.5 million (2014: EUR 12.6 million; 2013: EUR 9.6 million) were related to property, plant and equipment (including testing and laboratory equipment). The remaining EUR 0.7 million in 2015 (2014: EUR 0.8 million; 2013: EUR 0.5 million) were related to intangible assets including software licenses.

In 2016, investments will again be made mainly for laboratory and test equipment.

The decrease of EUR 60.5 million in bank deposits with a maturity of at least three months in 2015 was recorded as cash inflow from investing activities. In 2014 bank deposits with a maturity of at least three months increased by EUR 9.9 million which was recorded as cash outflow from investing activities (2013: increase of 30.4 million).

All 2015, 2014 and 2013 expenditures were funded out of operating cash flow and available cash resources.

2.7.4. Liquidity

Cash and cash equivalents including cash deposits with a maturity of at least three months, most of which is held in Euros (also see "Investments"), decreased by 22% or EUR 58.7 million to EUR 209.4 million (EUR 93.1 million + EUR 116.3 million financial assets) as of December 31, 2015 (December 31, 2014: EUR 268.1 million, equaling EUR 116.6 million + EUR 151.5 million; December 31, 2013: EUR 306.3 million, equaling EUR 167.5 million + EUR 138.9 million).

Specific items that lowered the 2015 year-end liquidity compared to 2014 came predominantly from the acquisition of PlasmaSi and the partial return of the previously received advance payment to San'an following an agreed reduction of order volume from this customer. The second half of the return payment was made in Q1/2016 and was recorded in other liabilities as of December 31, 2015.

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

2.7.5. Development of Cash Flows

In fiscal year 2015, a cash flow from operating activities of EUR -45.7 million (2014: EUR -33.8 million; 2013: EUR 8.2 million) was recorded. The decrease in operating cash flow in 2015 was mainly caused by the partial return of the previously received advance payment to San'an.

A **cash flow from investment activities** of EUR 41.2 million was recorded in 2015 (2014: cash flow of EUR -23.2 million; 2013: cash flow of EUR -39.7 million). Factors which mainly influenced this were the liquidation of money market deposits in the amount of EUR 60.5 million (2014: EUR 9.9 million added; 2013: EUR 30.4 million added), which were previously classified as "other financial assets". This effect was only partially offset by the previously mentioned capital expenditures (2015: EUR 13.3 million; 2014: 13.4 million; 2013: 10.1 million) and cost related to the acquisition of PlasmaSi, Inc. in Q2/2015.

In 2015, the **cash flow from financing activities** of EUR -145 thousand (2014: cash flow of EUR 193 thousand, 2013: cash flow of EUR 101.6 million) was recorded from the acquisition of own shares being partially offset by proceeds from the issue of new shares. In 2015, no dividends were paid to AIXTRON shareholders (2014: 0; 2013: 0).

Including the previously mentioned capital expenditures, the free cash flow (adjusted for acquisition effects), amounted to EUR -57.3 million (2014: EUR -47.0 million; 2013: EUR -1.1 million).

2.8. Assets

2.8.1. Property, Plant and Equipment

The value of property, plant and equipment was higher at EUR 81.3 million as of December 31, 2015 (EUR 77.3 million as of December 31, 2014; EUR 79.9 million as of December 31, 2013) mainly due to additions to laboratory equipment.

2.8.2. Goodwill

The value of goodwill was at EUR 75.9 million as per December 31, 2015 (EUR 64.8 million as per December 31, 2014; EUR 64.1 million as per December 31, 2013). The difference was mainly related to the acquisition of PlasmaSi, Inc. in April 2015 and to exchange rate fluctuations. There were no impairments in fiscal year 2015. For further information on the impairment of goodwill, refer to Note 12 to the Company's Consolidated Financial Statements "Intangible assets".

2.8.3. Other Intangible Assets

The value of other intangible assets also increased to EUR 6.4 million as per December 31, 2015 (EUR 2.5 million as per December 31, 2014; EUR 3.1 million as per December 31, 2013) mainly due to the technology acquired in April 2015.

2.8.4. Inventories

Inventories, including raw materials, unfinished and finished goods, decreased to EUR 70.8 million as per December 31, 2015, compared to EUR 81.7 million as of December 31, 2014 (EUR 66.2 million as per December 31, 2013), reflecting the lower backlog as well as write downs of inventory.

2.8.5. Trade Receivables

Trade receivables remained largely stable in line with the business volume (December 31, 2014: EUR 26.3 million; December 31, 2013: EUR 27.7 million) at EUR 26.0 million as of December 31, 2015.

2.8.6. Liabilities

Trade payables as of December 31, 2015 decreased by 40% year-on-year to EUR 9.8 million compared to EUR 16.4 million as of December 2014 (December 31, 2013: EUR 13.5 million), reflecting year-end market demand for AIXTRON products and related supplier orders. **Provisions** (current and non-current) decreased from EUR 29.3 million as of December 31, 2014 to EUR 21.5 million as of December 31, 2015 (December 31, 2013: EUR 32.1m). The reduction is largely reflecting the execution of the restructuring program. **Advance payments from customers** as of December 31, 2015 decreased to EUR 24.0 million compared to EUR 67.0 million as of December 31, 2014 (December 31, 2013: EUR 46.2m), mainly attributable to the high shipments towards the end of 2015, the return of previously received advance payments to San'an and the lower order backlog. **Other current liabilities** increased from EUR 3.2 million as of December 31, 2014 to EUR 25.0 million as of December 31, 2015 mainly due to the second installment of the agreed refund to San'an having been recorded in other liabilities (December 31, 2013: EUR 2.9 million). The actual payment of the second installment was made in Q1/16.

2.9. Management Assessment of Company Situation

Throughout fiscal year 2015, AIXTRON executed its strategy to consistently invest into or further develop future business fields including deposition technologies for Power Electronics, OLED, Memory, Logic and Carbon Nanomaterials including Graphene. The Company has seen market interest and demand from customers in all of these fields supporting the Companies' diversification strategy.

Demand for LED chips has grown less than anticipated by market research institutes, while additional production capacity was taken online, resulting in comparatively low utilization rates of LED producers. Consequently, market demand for LED production equipment has gone down as well. The current overcapacity will have to be absorbed again before meaningful market driven demand for capacity might return – notwithstanding potential strategic capacity investments. For AIXTRON, lower high volume market demand in combination with a longer than expected and further ongoing qualification process for the new generation MOCVD showerhead tool AIX R6 at several customers led to low demand for LED production tools from AIXTRON. Consequently, revenues for LED-related MOCVD equipment decreased in the reporting period from EUR 100.3 million in 2014 to EUR 39.7 million in 2015.

For MOCVD equipment to manufacture power management devices, revenues have more than doubled within the reporting period compared to 2014 from EUR 10.2 million in 2014 to EUR 25.8 million in 2015. Further future growth in this area is expected.

Revenues for AIXTRONs logic and memory tools have increased by 75% to EUR 29.3 million in 2015 compared to EUR 16.7 million in 2014. The Company expects future growth potential in this area.

The market entry is the focus in the area of OLED deposition and encapsulation technologies. The OLED R&D Cluster has demonstrated AIXTRONs deposition capabilities in this space. The Gen8 Demonstrator for large area deposition was installed and put into operation in preparation to run customer demonstrations in order to prove the scalability of the organic deposition technology on very large substrates. The successful market entry of this highly innovative technology against the incumbent technologies is depending on customer commitments to adopt the OVPD large area technology for high volume manufacturing. The short term win of a customer contract is decisive for the further development of the OVPD technology. Following the acquisition of an OLED thin film encapsulation (TFE) technology in April of 2015, AIXTRON is on track with the first R&D order received in Q3/2015 and ongoing active discussions with other display manufacturers.

In parallel, AIXTRON is executing improvement projects addressing the further reduction of material costs as well as further improvements in Supply Chain, Service and Production processes. Management will continue to execute on its productivity programs in all areas of the Company to further optimize the cost structure whilst sustaining the targeted investments into the defined business fields. In light of changing market dynamics including customers' time-to-market and specification requirements, Management continuously reviews the performance and prospects of the Companies' product portfolio.

The business development in all areas except for LED volume manufacturing was in line with Management's expectations. However, the Company's Management continues to consider this development as not satisfactory. Further improvements will depend on the continuous execution of the operating programs and the market entry of new technologies such as OVPD.

The Company continues to have a strong balance sheet and a strong liquidity without any bank borrowings.

The earnings guidance for fiscal year 2015, which was published in the Annual Report 2014, was achieved with the exception of Free Cash Flow due to the partial return of advance payments to San'an. The original revenue guidance for fiscal year 2015 had to be revised in October 2015 mainly due to a shortfall of originally anticipated shipments to San'an. The revised revenue guidance was achieved.

3. Report on Post-Balance Sheet Date Events

On January 4, 2016, a U.S.-based law firm specialized in class action suits filed a complaint on behalf of a shareholder of the Company, naming AIXTRON as a defendant in a putative class action commenced in the United States District Court for the Southern District of New York. Service was not yet effected on AIXTRON SE at the time of publication of this report. The claim refers to the ad hoc announcement published on December 9, 2015, citing that AIXTRON has reached an agreement with its Chinese customer San'an Optoelectronics regarding a substantial reduction in the volume of AIX R6 MOCVD systems ordered from 50 down to three which caused a strong decline of the price of the Companies' shares and ADS's. The complaint claims in part that the Company made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations and prospects. AIXTRON disputes the allegations and intends to contest the allegations vigorously.

Based on an initial assessment from legal counsel, AIXTRON believes that the above mentioned claim will not be successful. However, it cannot be ruled out that decisions of the above mentioned court as well as settlements could potentially cause expenses, which may have a material adverse effect on AIXTRON's business, financial condition and results of operations.

4. Remuneration Report

The remuneration report summarizes the principles of the remuneration system for the members of the Executive Board and Supervisory Board of AIXTRON SE explains the structure and amount of the remuneration paid. The remuneration of each member of the Executive Board and Supervisory Board for fiscal year 2015 is presented on an individual basis. The remuneration report is based on the recommendations of the German Corporate Governance Code and includes the disclosures required by the German Commercial Code (Handelsgesetzbuch - HGB) and the International Financial Reporting Standards (IFRS). The remuneration report is part of the Group Management Report.

4.1. Principles of Management Compensation

4.1.1. Executive Board

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 and to ensure that Management is not taking unreasonable risks.

The remuneration level of the Executive Board members of AIXTRON SE is aligned not only with the commercial and financial situation and future prospects of the Company and the level and structure of Executive Board remuneration at comparable companies but also with 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.

The current remuneration system was approved by AIXTRON's shareholders at the Annual General Meeting held on May 23, 2013.

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.

4.1.1.1. Fixed 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.

4.1.1.2. Variable bonus

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.

The variable bonus – paid out of the above mentioned “accrued internal bonus pool” – 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 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.

4.1.1.3. Stock-based remuneration

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 the Companies' 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.

4.1.1.4. Commitments in connection with the termination of Executive Board membership

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 payment 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 payment shall be excluded.

If the tenure of any Executive Board member ends prematurely because 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 payment which the Executive Board member would receive in the event of a revocation of the appointment with due regard to the severance cap.

If the tenure of any Executive Board member ends prematurely because the employment contract is terminated after a change of control, such member of the Executive Board will receive a severance payment 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 payment 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.

4.1.1.5. Other

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.

4.1.2. Supervisory Board

Remuneration of the Supervisory Board is regulated in Article 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 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.

4.1.3. D&O insurance

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. Individual remuneration structure

4.2.1. Executive Board remuneration

The total Executive Board remuneration in fiscal year 2015 amounted to EUR 1,040,631 (2014: EUR 2,014,775; 2013: EUR 2,584,834). The success-independent, fixed remuneration of the Executive Board in 2015 was at EUR 1,040,631 (2014: EUR 1,136,774; 2013: EUR 2.084.834).

No variable bonus was paid for fiscal year 2015. For each of the years 2013 and 2014, Mr Goetzeler received a contractually guaranteed bonus of EUR 500,000 which was paid half in cash and half in shares. That part of the bonus payable in shares was 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 (2015: 35,053 shares; 2014: 24,594 shares). During the past fiscal year, no stock options were granted to the Members of the Executive Board (2014: 100,000; 2013: 0).

4.3. Information according to Nr 4.2.5 German Corporate Governance Code (DCGK)

4.3.1. Value of benefits granted displayed according to DCGK

The following table according to DCGK shows the value of benefits granted to the individual members of the Executive Board in fiscal year 2015 as well as the minimum and maximum values that can be achieved.

For the one-year variable compensation, in line with the requirement of the DCGK, the target value (i.e. the value in the event of 100% goal achievement) granted for the year under review is stated. The multi-year variable compensation granted in the year under review is broken down into different plans are stated.

Benefits granted	Martin Goetzeler				Dr. Bernd Schulte				Wolfgang Breme			
	Chief Executive Officer				Chief Operating Officer				Chief Financial Officer			
	Member of the Executive Board since March 1, 2013				Member of the Executive Board since March 7, 2002				Member of the Executive Board from March 1, 2005 until May 31, 2014			
	2014	2015	2015 (min)	2015 (max)	2014	2015	2015 (min)	2015 (max)	2014	2015	2015 (min)	2015 (max)
Fixed compensation	600,000	600,000	600,000	600,000	365,000	415,000	415,000	415,000	141,667	0	0	0
Fringe benefits	13,104	13,104	13,104	13,104	12,527	12,527	12,527	12,527	4,477	0	0	0
Total	613,104	613,104	613,104	613,104	377,527	427,527	427,527	427,527	146,144	0	0	0
One-year variable compensation	250,000	0	0	4,000,000	0	0	0	2,500,000	0	0	0	0
Multi-year variable compensation	439,000	0	0	0	189,000	0	0	0	0	0	0	0
<i>Deferral from one-year variable compensation</i>	250,000	0	0	0	0	0	0	0	0	0	0	0
<i>Stock option program 2012 (blackout period: 4 years)</i>	189,000	0	0	0	189,000	0	0	0	0	0	0	0
<i>Stock option program 2007 (blackout period: 2 years)</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>Stock option program 2002 (blackout period: 2 years)</i>	0	0	0	0	0	0	0	0	0	0	0	0
Total	689,000	0	0	4,000,000	189,000	0	0	2,500,000	0	0	0	0
Service cost	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,302,104	613,104	613,104	4,613,104	566,527	427,527	427,527	2,927,527	146,144	0	0	0

4.3.2. Allocation displayed according to DCGK

As the benefits granted to the members of the Executive Board in a fiscal year does not always result in a corresponding payment in the respective fiscal year, the following table shows severally - in line the relevant recommendation of the DCGK - the value of the actual allocation (amount disbursed) in fiscal year 2015.

According to the recommendations of the DCGK, for the fixed compensation and the one-year variable compensation the allocation (amount disbursed) for the respective fiscal year is entered. For subscription rights and other share-based payments, the time of allocation and the allocation amount is deemed to be the relevant time and value under German tax law.

Benefits allocated	Martin Goetzeler Chief Executive Officer Member of the Executive Board since March 1, 2013		Dr. Bernd Schulte Chief Operating Officer Member of the Executive Board since March 7, 2002		Wolfgang Breme Chief Financial Officer Member of the Executive Board from March 1, 2005 until May 31, 2014	
	2014	2015	2014	2015	2014	2015
	Fixed compensation	600,000	600,000	365,000	415,000	141,667
Fringe benefits	13,104	13,104	12,527	12,527	4,477	0
Total	613,104	613,104	377,527	427,527	146,144	0
One-year variable compensation	250,000	0	0	0	0	0
Multi-year variable compensation	0	0	108,640	0	74,100	0
<i>Deferral from one-year variable compensation</i>	0	0	0	0	0	0
<i>Stock option program 2012 (blackout period: 4 years)</i>	0	0	0	0	0	0
<i>Stock option program 2007 (blackout period: 2 years)</i>	0	0	0	0	74,100	0
<i>Stock option program 2002 (blackout period: 2 years)</i>	0	0	108,640	0	0	0
Other	0	0	0	0	0	0
Total	250,000	0	108,640	0	74,100	0
Service cost	0	0	0	0	0	0
Total	863,104	613,104	486,167	427,527	220,244	0

As of December 31, 2015, the AIXTRON Executive Board held a total of 395,500 options for the purchase of 395,500 shares of the Company (December 31, 2014: 398,140; December 31, 2013: 505,116). 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	Outstanding	Exercisable	Grant Date	Option Value	Exercise price	Maturity	Total Outstanding Shares
		(Shares)	(Shares)		(EUR)			
Martin Goetzeler	Oct 2014	50,000	0		189,000	13.14	Oct 2024	50,000
Dr. Bernd Schulte	Oct 2014	50,000	0		189,000	13.14	Oct 2024	
	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	
	Nov 2006	55,000	55,000		84,150	3.83	Nov 2016	
	May 2002	27,500	0		152,625	7.48	May 2017	
	May 2001	5,000	0		106,500	26.93	May 2016	345,500
Total		395,500	224,000					395,500

In accordance with IFRS 2, the "grant-date fair value of the options" 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 expenses for share based compensation of each individual member of the Executive Board are as follows:

in EUR thousands	2015	2014	2013
Martin Goetzeler	47	263	250
Dr. Bernd Schulte	53	53	118
Paul Hyland	0	0	-532
Wolfgang Breme	0	-76	118

In 2015, options to acquire 2,640 AIXTRON shares expired (2014: 158,976; 2013: 207,000). The expenses for the unvested expired options have been reversed in accordance with IFRS 2.

In fiscal year 2015, current Executive Board members exercised no options (2014: 48,000; 2013: 211,500).

	Date of exercise	Weighted average share price at date of exercise	Number of shares
2014			
Dr. Bernd Schulte	November 21, 2014	9.57	35,000
Wolfgang Breme	August 28, 2014	9.88	13,000
2013			
Paul Hyland	November 21, 2013	9.84	39,000
Paul Hyland	November 18, 2013	9.81	117,500
Wolfgang Breme	May 31, 2013	13.71	55,000

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 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. In the years 2015, 2014 and 2013, payments of € 80,000 per annum (in 2013: 10 months pro rata since start of appointment) were made to Martin Goetzeler. The allowance amounts to EUR 40,000 for other members of the Executive Board. In the years 2015, 2014 and in 2013, payments of EUR 40,000 per year were made to Dr. Bernd Schulte, Wolfgang Breme (in 2014: five months pro rata until termination of appointment) and Paul Hyland (in 2013: two months pro rata until termination of appointment) respectively.

4.3.3. Supervisory Board Remuneration

In fiscal year 2015, the remuneration of the Supervisory Board totaled EUR 302,500 (2014: EUR 292,500; 2013: EUR 290,042). The division between the individual members of the Supervisory Board for the years 2013 to 2015 is presented in the table below:

Supervisory Board Member	Year	Fixed	Variable	Attendance	Total
		(EUR)	(EUR)	Fee	(EUR)
Kim Schindelhauer ^{1/2/3/4/5} (Chairman of the Supervisory Board)	2015	75,000	0	18,000	93,000
	2014	75,000	0	16,000	91,000
	2013	75,000	0	20,000	95,000
Prof. Dr. Wolfgang Blättchen ^{1/4} (Deputy Chairman of the Supervisory Board since Feb 27, 2013) (Chairman of the Audit Committee)	2015	37,500	0	24,000	61,500
	2014	37,500	0	24,000	61,500
	2013	37,556	0	24,000	59,556
Dr. Andreas Biagosch ² (since May 23, 2013)	2015	25,000	0	8,000	33,000
	2014	25,000	0	8,000	33,000
	2013	15,139	0	2,000	17,139
Prof. Dr. Petra Denk ^{2/3} (since May 19, 2011) (Chair of the Technology Committee)	2015	25,000	0	26,000	51,000
	2014	25,000	0	24,000	49,000
	2013	25,000	0	28,000	53,000
Dr. Martin Komischke (since May 23, 2013)	2015	25,000	0	0	25,000
	2014	25,000	0	0	25,000
	2013	15,139	0	0	15,139
Prof. Dr. Rüdiger von Rosen ^{1/3} (Chairman of the Nomination Committee)	2015	25,000	0	14,000	39,000
	2014	25,000	0	8,000	33,000
	2013	25,000	0	20,000	45,000
Karl-Hermann Kuklies ⁷⁾ (until January 30, 2013)	2015	0	0	0	0
	2014	0	0	0	0
	2013	2,083	0	0	2,083
Dr. Holger Jürgensen ^{5/6/7} (until January 30, 2013) (Deputy Chairman of the Supervisory Board until January 30, 2013)	2015	0	0	0	0
	2014	0	0	0	0
	2013	3,125	0	0	3,125
Total	2015	212,500	0	90,000	302,500
	2014	212,500	0	80,000	292,500
	2013	196,042	0	94,000	290,042

¹⁾ Member of the Audit Committee

²⁾ Member of the Technology Committee

³⁾ Member of the Nomination Committee

⁴⁾ Member of the Capital Markets Committee

⁵⁾ Former AIXTRON Executive Board Member

⁶⁾ Honorary Chairman of the Supervisory Board

⁷⁾ Resigned from Office as of January 30, 2013

As in previous years, there were no payments made to any Supervisory Board member for advisory services in fiscal year 2015.

5. Opportunities and Risk Report

5.1. Opportunities

The development of leading edge complex material deposition technology remains AIXTRON's core competency. It is an area where the Company has developed global leadership positions. 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 for applications such as LEDs, power electronics or next generation logic applications. The Company also targets to enable greater penetration into markets for memory and organic semiconductor devices.

Important fields for AIXTRON are power management devices based on wide band gap materials such as Gallium Nitride (GaN) and Silicon Carbide (SiC). These devices are extremely energy efficient. Such device applications can be found in electric vehicles, transformers, converters, feed-in of renewable energy into the grid and they will be considered for power management on high performance logic chips. AIXTRON expects further growing equipment demand as the penetration of above mentioned devices is gaining momentum.

AIXTRON continues to pursue the market entry into the large area organic semiconductor application markets with the Company's deposition technology for organic materials, OVPD[®] and PVPD[®]. The exclusively licensed OVPD[®] technology allows a highly efficient deposition of organic material, especially on large area substrates, and offers a number of advantages over the incumbent technologies especially in terms of material consumption. Demonstration and qualification efforts are closely linked to the expansion plans of potential customers in this field. AIXTRON will continue to position its newly acquired PECVD technology for thin film encapsulation with manufacturers of flexible and rigid OLED displays as well as other OLED applications, expecting to secure additional orders in this field.

The Company also aims to make further inroads into the research and development community with its PECVD technology to manufacture advanced carbon nanostructures including carbon nanotubes, carbon nanowires and graphene. The potential applications these materials include, among other things, display technologies, semiconductor technologies or composite materials. The installed base of AIXTRON R&D tools and the close collaboration with customers allow the Company to align its roadmaps with the market requirements of this emerging technology. Building on a leading position captured over the last years, AIXTRON expects the market opportunity for equipment to expand.

AIXTRON's QXP-8300 ALD deposition tool aimed specifically at providing efficient and innovative solutions for memory applications. AIXTRON's QXP tool is production qualified at a major Korean chip manufacturer and is in the process of production qualification at two other memory chip manufacturers. AIXTRON therefore sees growth potential with this technology. In addition, based on R&D projects and customer feedback, AIXTRON sees tangible opportunities to further support the miniaturization of logic device structures with the use of compound semiconductor materials produced on AIXTRON's MOCVD tool technology.

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

Short-Term

- Further increasing adoption of LEDs for Solid State Lighting.
- Increased emergence of wide band gap GaN or SiC based devices for energy efficient power management applications.
- Development of next generation NAND and DRAM memory devices.
- Further progress in the development of GaN-on-Silicon LEDs and Wafer Level Packaging.

Mid- to Long-Term

- Development of new wide-band-gap applications such as RF and System-on-Chip with integrated power management.
- Progress in the development of large area OLED devices requiring efficient deposition technologies.
- Progress in the development of flexible and rigid OLED devices requiring thin-film encapsulation.
- 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 development of future logic chips applying wide band gap and high electron mobility materials (III-V-on-Silicon).
- 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

A risk management system has been implemented for monitoring, analyzing, and documenting business risks and measures. Risk and measure reporting is the core component of AIXTRON's strategic risk and opportunity management. Risk managers, responsible for implementing risk reporting, have been appointed in different areas of the Company.

In addition to aforementioned, 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. In order to minimize risks, AIXTRON established an enterprise risk management system that is continuously being adapted to the evolving business environment and business processes.

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 striving 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 2015, 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. Therefore, AIXTRON uses systems for project management and quality control in this area.

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 serve as 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 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, 2015, the end of its fiscal year. Management based its assessment on criteria established in the 2013 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, 2015 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 Wirtschaftsprüfungsgesellschaft, 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

5.4.1. 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 2015, no currency hedging instruments were used. Nevertheless, Management actively manages the currency risk of balance sheet items by pursuing an active balancing of assets and liabilities held in foreign currencies, specifically in US Dollars.

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 2015.

Regular outside audits by the fiscal tax authorities may result in supplementary tax payments. An outside audit is currently being performed by the German tax authorities, which may result in supplementary tax payments.

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.

A further share price decline may also result in the necessity of an impairment of assets. Please refer to Note 12. to the Company's Consolidated Financial Statements "Intangible assets" for more information.

5.4.2. 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.

AIXTRON's business operates in a highly competitive industry characterized by increasingly rapid technological changes, and if the Company does not develop new products in a timely manner, in response to changing market conditions or customer requirements, it may not be able to compete successfully in this market. AIXTRON's competitive advantage and future success depend on its ability to successfully develop new products and technologies as well as new markets for its products and services. They also depend on the introduction of new products to the marketplace in a timely manner as well as the qualification of new products with its customers and the commencement and adjustment of production to meet customer demands.

AIXTRON often faces lengthy sales and qualification cycles for its products and customer contracts regularly include demanding technical or other commercial hurdles which have to be met. Therefore in many cases the Company must invest time and funds with no assurance that these efforts or expenditures will result in revenues.

Revenues from AIXTRON's systems primarily depend upon the decision of a prospective customer to invest in or upgrade its manufacturing capabilities, which typically involves a significant capital commitment by the customer. AIXTRON often experiences delays in obtaining system orders while customers evaluate and receive internal commercial or technical approvals for the purchase of these systems.

The Company's customers may experience difficulties in acquiring manufacturing facilities or maintaining a sufficient flow of raw materials and components or accessing cash to achieve their increased manufacturing output. Should this occur, customers could request to delay AIXTRON system shipments. These delays may include the time necessary to plan, design or complete a new or expanded semiconductor fabrication facility. Due to these factors, the Company expends substantial funds as well as marketing and management efforts to sell its semiconductor production systems. These expenditures and efforts may not result in revenues.

The Company's customers often accelerate or delay expenditures, or they cancel or reschedule their orders. 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 cyclical nature 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 significantly 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.

As a result of doing business internationally, AIXTRON must comply with different laws and regulations. New or changed domestic or foreign laws and regulations may be imposed on AIXTRON. Any actual or alleged failure to comply with such laws and regulations may have a material adverse effect on AIXTRON's business, financial condition, results of operations and reputation.

AIXTRON anticipates that international revenues, including revenues from Asia, will continue to account for a significant portion of its revenues. As a result, a significant portion of the Company's revenues will be subject to risks, for example, unexpected changes in foreign law or regulatory requirements, political and economic instability; difficulties in accounts receivable collection, extended payment terms, and so on.

AIXTRON is currently involved or may become involved in claims, pending or threatened litigation or other legal proceedings. 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 outcome of current, pending and threatened litigation proceedings cannot be predicted with any certainty. Decisions of courts or other authorities as well as settlements can cause expenses, which may have a material adverse effect on AIXTRON's business, financial condition and results of operations. To address some of these risks, AIXTRON pursues a continuous assessment of its intellectual property.

For more details to the previously mentioned litigation risk, please refer to "3. Report on Post-Balance Sheet Date Events" included in this report.

Information on risks, can also be found in section "Risk Factors" in AIXTRON's 2015 20 F Report, which has been filed with the U.S. Securities and Exchange Commission on February 23, 2016.

5.5. Overall Statement to the Risk Situation

Neither within fiscal year 2015 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 January 2016 update report, the IMF forecasts global growth to slightly increase to 3.4% in 2016 (2015: 3.1%). Global growth is expected to be supported by lower prices for energy and other commodities being partially offset by other factors such as slower growth in emerging markets including China. 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 (Forecast: Semiconductor Manufacturing Equipment, Worldwide, 4Q15 Update, December 2015) that semiconductor capital spending in 2015 declined by 3.5% to USD 62 billion. In the same report, Gartner forecasts further decline in semiconductor capital spending to USD 59 billion (-4.7%) in 2016 and then growing again to USD 64 billion in 2017 (Forecast: Semiconductor Manufacturing Equipment, Worldwide, 4Q15 Update).

In Wafer Fab equipment, the segment where AIXTRON competes, Gartner expects a 2.5% annual decline in the size of the market from USD 31.9 billion in 2015 to USD 31 billion in 2016, to 33.6 billion in 2017.

According to some financial and market analysts, the value of MOCVD equipment was expected to have reached a range of USD 250 million to USD 450 million by the end of 2015. It is expected to be within the range of USD 260 million and USD 610 million in 2016. The demand will primarily depend on the execution of strategic investments and the availability and the level of subsidies, in particular coming from China. The market will need to increase manufacturing capacity driven by higher demand for LEDs and wide band gap devices for power management.

According to Gartner, the total silicon power transistor market is expected to grow from USD 8.9 billion to 10.2 billion between 2013 and 2018 (Gartner, April 2014). 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 1.6 billion by 2020. Estimates of an accessible market size for the respective production equipment are based on internal assessments and are therefore not meaningful at this point in time.

AIXTRON Management believes that the markets AIXTRON addresses with its organic large area OVPD[®] and PVPD[™] deposition technologies as well as with its PECVD thin film encapsulation technology bear substantial growth potential in the mid- to long-term. This growth potential in the market for organic deposition systems stems from the necessity of 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 large area displays, efficient manufacturing technologies such as those potentially provided by AIXTRON are required to be able to compete. The market volume for OLED devices including OLED TVs are expected by IHS in its OLED Shipment and Forecast Report to grow from approximately USD 14 billion in 2015 to approximately USD 20 billion in 2021. 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.

AIXTRON's PECVD technology for the production of carbon nanostructures continues to contribute positively to total revenues but due to its R&D focus, the revenue volumes are comparably low and are expected to remain on low levels.

Estimates of an accessible OLED or Carbon Nanostructure equipment market size are based on internal assessments and are therefore not disclosed.

The total ALD market of which AIXTRON addresses only a specific niche with its system technologies, was estimated by Gartner Dataquest in its latest forecast of December 2015 (Forecast: Semiconductor Manufacturing Equipment, Worldwide, 4Q15 Update) to be valued at USD 901 million for 2015 (2016e: USD 940 million; 2017e: USD 1005 million). AIXTRON's QXP tool is production qualified by a major Korean memory 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

For Memory and Logic applications, Management expects a significant contribution again in 2016 due to successful qualifications from additional customers. However, demand development for production equipment for memory applications is uncertain due to difficult market conditions in the DRAM end markets.

Management sees near term potential from an increasing penetration of wide band gap GaN- and SiC-based power devices.

In terms of MOCVD equipment for LED manufacturing, Management expects an improving demand. Nevertheless, the exact timing and extent remains difficult to predict also due ongoing qualification processes for the AIX R6 MOCVD tool at several customers.

Based on the assessment on AIXTRON's current order situation, including current risks and opportunities as well as on the internal budget rate of USD/EUR 1.10, Management expects for fiscal year 2016 to achieve revenues between EUR 170 and 200 million with a significantly stronger revenue generation in the second half of 2016 compared to the first half of 2016. Currency adjusted, order Intake is expected to be on the same level as in fiscal year 2015.

Depending on the successful completion of qualification processes and market entry efforts as well as the achievement of revenues at the high end of the revenue guidance range, Management expects to achieve another improvement of results in 2016. EBITDA, EBIT, net result and free cash flow are expected to improve slightly compared to 2015 but to remain negative for the full year 2016. Management expects to report a positive EBITDA for full year 2017.

R&D investments will have a significant impact on the actual amount of operating expenses. AIXTRON considers the consistent execution on its product roadmap for applications, such as OLED, Power Electronics, Logic, etc., in terms of timing, quality and cost a core objective.

During fiscal year 2016, Management will continue its activities to increase efficiency with a particular emphasis on costs, margin contributions and the allocation of funds. In light of changing market dynamics including customers' time-to-market and specification requirements, Management continuously reviews the performance and prospects of the Companies' product portfolio.

As in previous years, Management expects that the Company does not require any external bank debt financing in 2016. Furthermore, the Company will retain its strong equity base also in the foreseeable future.

6.3. Overall Statement on the Future Development

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

As at December 31, 2015, 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 Company's stated share capital as of December 31, 2015 amounted to EUR 112,720,355 (December 31, 2014: EUR 112,694,555; December 31, 2013: EUR 112,613,445) divided into 112,720,355 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	2015	Approved	Expiry	2014	2013	2015-2014
(EUR or number of shares)	31-Dec	since	Date	31-Dec	31-Dec	
Issued shares	112,720,355	--	--	112,694,555	112,613,445	25,800
Authorized Capital 2014 - Capital increase for cash or contribution in kind with or without existing shareholders' preemptive rights	45,883,905	14.05.2014	13.05.2019	45,883,905	0	0
Authorized Capital 2012 - Capital increase for cash with existing shareholders' preemptive rights	10,422,817	16.05.2012	15.05.2017	10,422,817	10,422,817	0
Authorized Capital 2011 - Capital increase for cash or contribution in kind with or without existing shareholders' preemptive rights	cancelled	--	--	cancelled	30,248,813	--
Conditional Capital I 2012 - Authorization to potentially issue bonds with warrants and/or convertible bonds in future	40,715,810	16.05.2012	15.05.2017	40,715,810	40,715,810	0
Conditional Capital II 2012 - Stock Options Program 2012	4,208,726	16.05.2012	15.05.2017	4,208,726	4,208,726	0
Conditional Capital II 2007 - Stock Options Program 2007	2,872,638	22.05.2007	31.12.2018	2,890,613	2,927,226	-17,975
Conditional Capital 4 - Stock Options Program 2002	463,888	22.05.2002	31.12.2016	471,713	516,210	-7,825
Conditional Capital 2 - Stock Options Program 1999	1,926,005	26.05.1999	31.12.2017	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 13, 2019, with the approval of the Supervisory Board, to purchase its own shares representing an amount of up to EUR 11,262,429 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 or (3) by way of a public invitation to submit offers for sale.

Any amendment to the Articles of Association related to capital measures requires a 75% majority of the share capital represented at the Annual General 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, 2015, about 36% of AIXTRON shares were held by private individuals, with around 64% 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

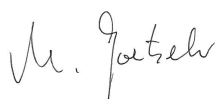
Responsibility Statement required by section 37y no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 297(2) sentence 4 and 315(1) sentence 6 of the Handelsgesetzbuch (HGB – German Commercial Code) for the Consolidated Financial Statements:

"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 material opportunities and risks associated with the expected development of the Group."

Herzogenrath, February 22, 2016

AIXTRON SE

Executive Board



Martin Goetzeler
Chief Executive Officer



Dr. Bernd Schulte
Chief Operating Officer