



Quarterly Report Q3/2003

EL MOS
Semicondutor AG

- **Quarterly sales:**
EUR 31.0 million
(+7% vs. Q3/02)
- **Gross margin:**
51% of sales
- **EBIT: EUR 5.6 million**
(+1% vs. Q3/02)
- **EPS: EUR 0.15**
(EUR 0.14 Q3/02)
- **Orders received:**
EUR 36.9 million
(+21% vs. Q3/02)

2003 – A Successful Year

Dear shareholders,

Based on total sales of EUR 31 million, we were shaping up well in the third quarter altogether. After the years 2001 and 2002 being tagged with a low level, single-digit sales growth to withdraw from the very negative development of the semiconductor markets, we are now coming back to our well known double-digit growth. The manifold of new products, which we have won in the previous years, but also this year, is the base of our stable long-term growth. Again, the book-to-bill ratio of the ELMOS-Group showed a high value of 1.19 in the third quarter. So we expect to meet our sales target for the year 2003 and are looking forward to a successful year 2004 with more than 15% growth.

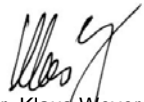
In addition, the development of margins and earnings is pleasing. The gross margin of the group of 51% (in fact 54% in the semiconductor segment) is much better than expected in view of the high number of product ramp-ups. Earnings before interest and taxes of 18% of sales and earnings before taxes of 15% of sales exceeded our expectations regarding figures of the past third quarter.


But we were and still are believing that the share price of the ELMOS stock is not yet in the given valuation range for analog/mixed-signal semiconductor companies. Even the good performance of the ELMOS share price within the last weeks should not obscure the fact that the valuation of a comparable semiconductor company is 2.5-times as much.

We are absolutely convinced that our business policy will lead to this valuation step by step.

Dortmund,
November 2003


Knut Hinrichs
Chairman of the Board


Dr. Klaus Weyer
Member of the Board


Dr. Peter Thoma
Member of the Board


Reinhard Senf
Member of the Board

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Consolidated balance sheets

| EUR, US-GAAP, 9 months period unaudited, FY 2002 audited | as of Sep 30, 2003 | as of Dec. 31, 2002 |
|----------------------------------------------------------|--------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash | 17,900,660 | 9,038,828 |
| Marketable securities | 7,049,360 | 2,020,843 |
| Trade accounts receivable | 26,349,260 | 22,787,802 |
| Inventories | 23,628,758 | 24,080,701 |
| Prepaid expenses and other | 11,271,864 | 5,865,241 |
| Total current assets | 86,199,902 | 63,793,415 |
| Deferred taxes | 12,465,206 | 13,913,236 |
| Intangible assets: | | |
| Goodwill after depreciation | 7,622,344 | 7,622,344 |
| Software and construction in progress | 27,032,692 | 25,516,046 |
| Less accumulated depreciation | (6,849,677) | (6,232,719) |
| | 27,805,359 | 26,905,671 |
| Investments in unconsolidated subsidiaries | 449,829 | 468,792 |
| Property, plant and equipment: | | |
| Land | 6,497,415 | 4,432,392 |
| Buildings and improvements | 57,389,751 | 56,068,821 |
| Machinery, equipment and other | 101,741,277 | 112,869,248 |
| Construction in progress | 4,834,806 | 15,824,461 |
| Less accumulated depreciation | (89,407,008) | (85,754,221) |
| | 81,056,241 | 103,440,701 |
| Total assets | 207,976,537 | 208,521,815 |
| Liabilities and shareholder's equity | | |
| Current liabilities: | | |
| Amounts payable to banks | 23,260,226 | 22,156,828 |
| Trade accounts payable | 6,892,466 | 11,462,149 |
| Accrued payroll, benefits and taxes | 3,822,935 | 3,060,320 |
| Other accrued liabilities | 6,023,733 | 5,734,989 |
| Accrued income taxes | 5,158,766 | 11,944,904 |
| Current portion of long-term obligations | 3,071,454 | 2,909,167 |
| Total current liabilities | 48,229,580 | 57,268,357 |
| Long-term debt, less current portion | 34,497,140 | 37,157,851 |
| Non current liabilities | 1,840,302 | 1,560,607 |
| Minority interest | 56,901 | 93,914 |
| Shareholder's equity: | | |
| Share capital | 19,300,000 | 19,300,000 |
| Paid-in capital | 84,615,844 | 84,615,844 |
| Accumulated other comprehensive income (loss) | (8,055,196) | (10,734,523) |
| Retained earnings | 27,491,966 | 19,259,765 |
| Total shareholder's equity | 123,352,614 | 112,441,086 |
| Total liabilities and shareholder's equity | 207,976,537 | 208,521,815 |

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Consolidated statements of income

| EUR, US-GAAP, unaudited | Q3 / 2003 | Q3 / 2002 | 1.1. – 30.9. 2003 | 1.1. – 30.9. 2002 |
|---------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Net sales | 31,040,030 | 29,073,709 | 90,597,837 | 81,114,679 |
| Costs of sales | 15,129,575 | 14,195,801 | 44,384,842 | 42,059,374 |
| Gross profit | 15,910,455 | 14,877,908 | 46,212,995 | 39,055,305 |
| Research and development | 5,201,330 | 4,366,845 | 15,336,534 | 13,307,468 |
| Marketing and selling expenses | 1,738,720 | 1,457,507 | 5,021,546 | 4,221,927 |
| General and administrative expenses | 3,167,905 | 3,414,341 | 9,585,969 | 9,210,067 |
| Amortization of goodwill | 0 | 0 | 0 | 0 |
| Operating income | 5,802,500 | 5,639,215 | 16,268,946 | 12,315,843 |
| Interest expense | 882,360 | 921,906 | 2,944,528 | 2,500,300 |
| Foreign exchange (gain) loss - net | 155,649 | 68,517 | 76,959 | (45,542) |
| Other (income) expense - net | 20,502 | 8,020 | (664,763) | (919,687) |
| Income (loss) before income taxes, equity in loss of unconsolidated subsidiaries and minority interest | 4,743,989 | 4,640,772 | 13,912,222 | 10,780,772 |
| Income tax expense | 1,941,801 | 1,925,590 | 5,616,408 | 4,415,447 |
| Net income before equity in loss of unconsolidated subsidiaries and minority interest | 2,802,188 | 2,715,182 | 8,295,814 | 6,365,325 |
| Equity in losses of unconsolidated subsidiaries | 0 | (29,706) | 54,000 | (29,706) |
| Minority interest in earnings of consolidated subsidiaries | (1,170) | 38,279 | 9,613 | 65,371 |
| Net income | 2,803,358 | 2,706,609 | 8,232,201 | 6,329,660 |

Consolidated statements of changes in shareholder's equity

| EUR, US-GAAP, 9 months period unaudited, FY 2001 / 2002 audited | Shares | Share Capital | Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total |
|---------------------------------------------------------------------------|-------------------|-------------------|-------------------|-----------------------------------------------|-------------------|--------------------|
| Balance at December 31, 2001 | 19,300,000 | 19,300,000 | 84,615,844 | (1,193,374) | 10,396,795 | 113,119,265 |
| Net income | | | | | 8,862,970 | 8,862,970 |
| Cash dividends | | | | | - | - |
| Change in unrealized gains (losses) on marketable securities (net of tax) | | | | (9,068,169) | | (9,068,169) |
| Foreign currency translation adjustment | | | | (472,980) | | (472,980) |
| Balance at December 31, 2002 | 19,300,000 | 19,300,000 | 84,615,844 | (10,734,523) | 19,259,765 | 112,441,086 |
| Net income | | | | | 8,232,201 | 8,232,201 |
| Cash dividends | | | | | - | - |
| Change in unrealized gains (losses) on marketable securities (net of tax) | | | | 2,421,542 | | 2,421,542 |
| Foreign currency translation adjustment | | | | 257,785 | | 257,785 |
| Balance at September 30, 2003 | 19,300,000 | 19,300,000 | 84,615,844 | (8,055,196) | 27,491,966 | 123,352,614 |

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Consolidated statements of cash flows

| EUR, US-GAAP, unaudited | Jan 1 st to Sep 30 th 2003 | Jan 1 st to Sep 30 th 2002 |
|--------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Operating Activities: | | |
| Net income | 8,232,201 | 6,329,660 |
| Depreciation | 10,847,094 | 13,068,810 |
| Deferred income taxes | 117,130 | (869,608) |
| Goodwill amortization | 0 | 0 |
| Minority interest | 9,613 | 65,371 |
| Equity in losses of unconsolidated subsidiaries | 54,000 | (29,706) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (3,561,458) | (11,249,955) |
| Inventories | 451,943 | 3,024,660 |
| Prepaid assets and other | (5,400,226) | 1,891,954 |
| Accounts payable | (4,569,683) | 4,300,015 |
| Accrued liabilities | 1,051,359 | 778,032 |
| Accrued income taxes payable | (6,786,138) | 2,134,323 |
| Net cash provided by operating activities | 445,835 | 19,443,556 |
| Investing Activities: | | |
| Capital expenditures | (14,402,924) | (32,289,336) |
| Disposal of fixed assets | 25,040,602 | 1,824,686 |
| Proceeds from sale and purchase of marketable securities and investments | (1,041,432) | (821) |
| Net cash (used) provided in investing activities | 9,596,246 | (30,465,471) |
| Financing Activities: | | |
| Dividends paid | 0 | 0 |
| Repayment of cash to shareholder | 0 | (10,550,000) |
| Dividends paid by consolidated subsidiary to minority shareholder | (75,000) | (150,000) |
| Cash received by consolidated subsidiary from minority shareholder | 0 | 0 |
| Issuance of additional long-term debt | 0 | 1,065,816 |
| Repayments of long-term debt obligations | (2,218,730) | (1,887,430) |
| Proceeds (repayments) of notes payable | 1,103,397 | 8,265,561 |
| Net cash (used) provided in financing activities | (1,190,333) | (3,256,053) |
| Increase (decrease) in cash and cash equivalents | 8,851,748 | (14,277,968) |
| Effect of exchange rate changes in cash and cash equivalents | 10,084 | 0 |
| Cash and cash equivalents at beginning of the year | 9,038,828 | 18,280,808 |
| Cash and cash equivalents at the end of the period | 17,900,660 | 4,002,840 |

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NOTES

Sales breakdown and incoming orders

| Sales | Q3 / 2003 | Q3 / 2002 | Δ Q3 2003 / 2002 | 1.1. – 30.9. 2003 | 1.1. – 30.9. 2002 | Δ 9M 2003 / 2002 |
|-------------|-----------|-----------|---------------------|----------------------|----------------------|---------------------|
| Total sales | 31.040 | 29.074 | 6.8% | 90.598 | 81.115 | 11.7 |
| Thereof | | | | | | |
| production | 29.085 | 27.269 | 6.7% | 85.866 | 78.167 | 9.8% |
| development | 1.893 | 1.801 | 5.1% | 4.355 | 2.925 | 48.9% |
| others | 0.062 | 0.004 | 1450% | 0.377 | 0.022 | 1613% |

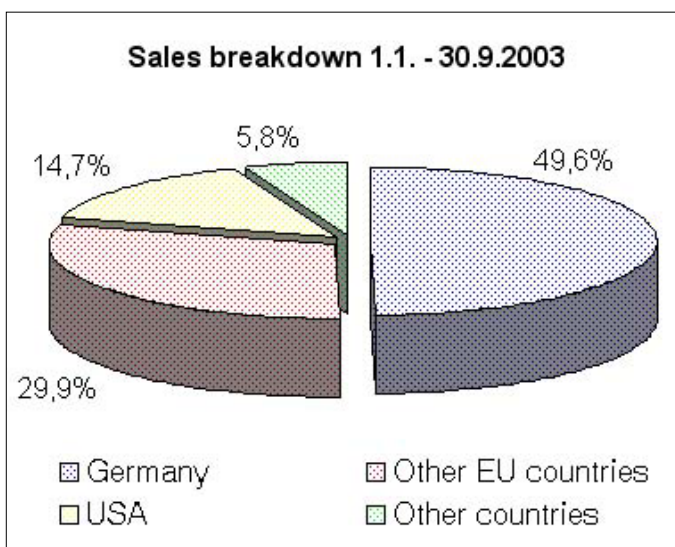
Figures in EUR million or %

In the third quarter of the year 2003 the ELMOS-Group achieved a total revenue of EUR 31.0 million and confirmed the growth trend again. In comparison to the last year's quarter, this stands for a plus of about 7%. Production sales and development sales increased simultaneously by approximately 7% and 5% respectively compared to the last year's period.

In the nine months period sales grew by a total of 12%. Though production sales improved by 10%, the high number of new ASIC projects accelerated development sales by 49%. This is a clear indicator for future growth.

In the same way, many new development projects have been won in 2003. In the nine months period they summed up to 24 design wins addressing a total future sales contribution over life-time of more than EUR 155 million. Among others, several projects account for the airbag business especially for the North American market.

The sales breakdown by regions showed a growing partition of "other EU countries". The reason for this increase by 10 percentage points compared to the first half year 2003 are French customers especially. Also the revenues within the U.S.A. increased in comparison to the first half year, achieving approx. 15%. But Germany still remains the strongest market for ELMOS' products with 50% of sales.



Segmental reporting

Sales of the ELMOS-Group can be roughly divided into three segments. First of all, there is the semiconductor core business transacted by the various national branches in Germany, France, and the United States. In addition to that, third-party sales are made in the MEMS sensor segment up to now exclusively achieved by the subsidiary *SMI* in the U.S. The third segment is third-party sales in the assembly segment achieved by the subsidiary *eurasem*.

The segmental report underlines the ongoing growth trend of the ELMOS-Group. For example, the orders received for the group rose by 21% in the third quarter compared to the previous year. To a great extent this was influenced by the orders received in the semiconductor business by a plus of 20% versus the last year's period. In addition, the orders received in the micro-mechanical segment was

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positive, too, growing from EUR 1.8 million to EUR 2.3 million in the third quarter, an increase of about 28%. Also positive were the orders received for *eurasem*.

| Segmental reporting | Q3 / 2003 | Q3 / 2002 | Δ Q3 2003 / 2002 | Q2/2003 |
|-------------------------------------|-----------|-----------|---------------------|---------|
| Orders received of the group | 36.937 | 30.589 | 22.6% | 33.597 |
| Thereof | | | | |
| Semiconductor | 33.874 | 28.194 | 22.1% | 29.572 |
| MEMS, third party | 2.304 | 1.801 | 27.9% | 2.537 |
| Assembly, third party | 0.759 | 0.594 | 27.8% | 1.488 |
| Total sales of the group | 31.040 | 29.074 | 6.8% | 30.317 |
| Thereof | | | | |
| Semiconductor | 27.995 | 26.106 | 7.2% | 26.641 |
| MEMS, third party | 2.315 | 2.425 | -4.5% | 2.245 |
| Assembly, third party | 0.730 | 0.544 | 34.3% | 1.431 |
| <i>Figures in EUR million or %</i> | | | | |
| Book-to-Bill of the group | 1.19 | 1.05 | | 1.11 |
| Thereof | | | | |
| Semiconductor | 1.21 | 1.08 | | 1.11 |
| MEMS, third party | 1.00 | 0.74 | | 1.13 |
| Assembly, third party | 1.04 | 1.09 | | 1.04 |

Compared to the last year's period, sales of the semiconductor segment achieved a solid growth of approx. 7% again. In fact, semiconductor sales grew to roughly EUR 28.0 million in the third quarter, equivalent to an increase of about 5% versus the second quarter. Third party sales of micro-mechanics were influenced by foreign currency exchange rate effects. So sales on USD base grew by 9% sequentially, compared to the second quarter, and ended up with EUR 2.3 million after currency exchange. In addition, sales of micro-mechanics were up by approx. 21% on USD base compared to the third quarter of the previous year. Third-party sales contribution assembly declined to EUR 0.7 million.

The solid outlook for the ELMOS-Group is underlined by the book-to-bill ratio of 1.19. The biggest portion thereof is related to the semiconductors sector with 1.21. Therefore, the cumulative semiconductor book-to-bill ratio achieved a value of 1.15 for the nine months period. Delayed orders of micro-mechanics customers led to a temporary book-to-bill of 1.00 – but this value stabilized above 1.10 in the meantime again.

Costs of sales and gross profit

| Costs of sales and gross profit | Q3 / 2003 | Q3 / 2002 | Δ Q3 2003 / 2002 | 1.1. – 30.9. 2003 | 1.1. – 30.9. 2002 | Δ 9M 2003 / 2002 |
|----------------------------------------|-----------|-----------|---------------------|----------------------|----------------------|---------------------|
| Total sales | 31.040 | 29.074 | 6.8% | 90.598 | 81.115 | 11.7 |
| Cost of sales | 15.130 | 14.198 | 6.6% | 44.385 | 42.059 | 5.5% |
| % of sales | 48.7% | 48.8% | | 49.0% | 51.9% | |
| Gross profit | 15.910 | 14.878 | 6.9% | 46.213 | 39.055 | 18.3% |
| % of sales | 51.3% | 51.2% | | 51.0% | 48.1% | |
| <i>Figures in million Euro or %</i> | | | | | | |

In line with the increase of sales, the costs of sales also grew by approx. 7% in the third quarter in comparison to the last year. They remained on a stable level of less than 49% of sales. As a result the gross profit with approx. EUR 15.9 million set again a gross margin of more than 51%.

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The same 51% were met for the nine months period. Therefore, the gross profit ended up with EUR 46.2 million approx. 18% above the value of the corresponding period of the last year.

| Gross margin | Q3 / 2003 | Q3 / 2002 | Δ Q3 2003 / 2002 | Q2/2003 |
|-------------------------------------|-----------|-----------|----------------------------|---------|
| Total sales | 31.040 | 29.074 | 6.8% | 30.317 |
| Total gross margin | 51.3% | 51.2% | | 50.1% |
| Semiconductor sales | 27.995 | 26.106 | 7.2% | 26.641 |
| Semiconductor gross profit | 15.103 | 14.174 | 6.6% | 14.007 |
| Gross margin semiconductor | 54.0% | 54.3% | | 52.6% |
| MEMS, third party sales | 2.315 | 2.425 | -4.5% | 2.245 |
| MEMS, third party gross profit | 0.851 | 0.833 | 2.2% | 0.995 |
| Gross margin MEMS, third party | 36.8% | 34.4% | | 44.3% |
| Assembly, third party sales | 0.730 | 0.544 | 34.2% | 1.431 |
| Assembly, third party gross profit | (0.043) | (0.129) | -66.7% | 0.186 |
| Gross margin Assembly, third party | -5.9% | -23.8% | | 13.0% |
| <i>Figures in million Euro or %</i> | | | | |

Here the reporting for the different segments exhibits a non-uniform picture. In the semiconductor area the gross profit was increased by about 7% compared to the corresponding quarter of the year before. At a sales level of approx. EUR 28.0 million, the gross profit ended up with roughly EUR 15.1 million. In relation to sales, the gross margin grew by more than one percentage point compared to the second quarter and remained on the high level of about 54% of the last year.

The micro-mechanics gross profit gained 2% compared to the previous year and reached approx. EUR 0.9 million. Therefore, the gross margin increased versus the last year to roughly 37%, but sagging against the second quarter due to reconstruction of the clean room in Milpitas.

Within the assembly sector third party sales decreased to EUR 0.7 million following the weaker demand. The reduced utilization of the production capacity induced a slightly negative gross profit, therefore the gross margin of the assembly sector was approx. -6%.

Research and development

| Research and development | Q3 / 2003 | Q3 / 2002 | Δ Q3 2003 / 2002 | 1.1. – 30.9. 2003 | 1.1. – 30.9. 2002 | Δ 9M 2003 / 2002 |
|-------------------------------------|-----------|-----------|----------------------------|----------------------|----------------------|----------------------------|
| Total sales | 31.040 | 29.074 | 6.8% | 90.598 | 81.115 | 11.7 |
| Research and development | 5.201 | 4.367 | 19.1% | 15.337 | 13.307 | 15.2% |
| <i>% of sales</i> | 16.8% | 15.0% | | 16.9% | 16.4% | |
| <i>Figures in million Euro or %</i> | | | | | | |

Research and development expenditures rose to approx. EUR 5.2 million in the third quarter 2003, coming from EUR 4.4 million in the last year's period. The increase by about 19% against the previous year reflects the higher expenses in the development area, especially the expansion of design capacity as well as the intensified cooperation with external design centers.

The comparison of the nine months periods shows a moderate increase of research and development expenses to a level of approx. 17% of sales. The reason behind is the boost in the number of new developments, which on the other hand form the base of growth for the sales of the coming years. Because of the planned growth of sales in the year 2004 and later, the research and development expenses will continue to rise by about 10% per annum.

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Marketing, selling and general & administrative expenses

| Marketing, selling and general & administrative expenses | Q3 / 2003 | Q3 / 2002 | Δ Q3 2003 / 2002 | 1.1. – 30.9. 2003 | 1.1. – 30.9. 2002 | Δ 9M 2003 / 2002 |
|---------------------------------------------------------------------|-----------|-----------|---------------------|----------------------|----------------------|---------------------|
| Total sales | 31.040 | 29.074 | 6.8% | 90.598 | 81.115 | 11.7 |
| Marketing and selling expenses | 1.739 | 1.458 | 19.3% | 5.022 | 4.222 | 18.9% |
| % of sales | 5.6% | 5.0% | | 5.5% | 5.2% | |
| General and administrative exp. | 3.168 | 3.414 | -7.2% | 9.586 | 9.210 | 4.1% |
| % of sales | 10.2% | 11.7% | | 10.6% | 11.4% | |

Figures in million Euro or %

Here the development of costs is reversed. The considerably grown selling force induced an increase of the marketing and selling expenses (both, quarterly and nine months period +19%). The general and administrative costs were cut down successfully to 10% of sales on a quarterly base (previous year: 12% of sales) and below 11% of sales for the nine months period.

Operating income

| Operating income | Q3 / 2003 | Q3 / 2002 | Δ Q3 2003 / 2002 | 1.1. – 30.9. 2003 | 1.1. – 30.9. 2002 | Δ 9M 2003 / 2002 |
|-------------------------|-----------|-----------|---------------------|----------------------|----------------------|---------------------|
| Total sales | 31.040 | 29.074 | 6.8% | 90.598 | 81.115 | 11.7 |
| Operating income | 5.803 | 5.639 | 2.9% | 16.269 | 12.316 | 32,1% |
| % of sales | 18.7% | 19.4% | | 18.0% | 15.2% | |

Figures in million Euro or %

The operating income reached about EUR 5.8 million or roughly 19% of sales in the third quarter 2003. This fact underlines the persistently improved fab utilization and the more efficient cost structure especially in Dortmund. For the nine months period, the operating income improved by approx. 32% and reached roughly EUR 16.3 million or 18% of sales.

Interest expenses, foreign exchange losses and other income

| Interest expense, foreign exchange losses & other income | Q3 / 2003 | Q3 / 2002 | Δ Q3 2003 / 2002 | 1.1. – 30.9. 2003 | 1.1. – 30.9. 2002 | Δ 9M 2003 / 2002 |
|---------------------------------------------------------------------|-----------|-----------|---------------------|----------------------|----------------------|---------------------|
| Total sales | 31.040 | 29.074 | 6.8% | 90.598 | 81.115 | 11.7 |
| Interest expense | 0.882 | 0.922 | -4.3% | 2.945 | 2.500 | 17.8% |
| Foreign exchange losses | 0.156 | 0.069 | 127.2% | 0.077 | (0.046) | -269.0% |
| Other income | 0.021 | 0.008 | 155.6% | (0.665) | (0.920) | -27.7 |
| Subtotal interest expense, foreign exchange losses & other income | 1.059 | 0.998 | 6.0% | 2.357 | 1.535 | 53.5% |
| % of sales | 3.4% | 3.4% | | 2.6% | 1.9% | |

Figures in million Euro or %

Repayment of long term debts reduced the level of interest expenses to the last year's value of approx. EUR 0.9 million.

Under the item other income government subsidies in connection with research and promotion projects are listed, among others. The decrease is related to the stringent situation of the public sectors in Germany, leading to delayed payments for running research and development projects, respectively resulting in a fall off of new projects.

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Earnings before interest and taxes (EBIT)

| Earnings before interest and taxes (EBIT) | Q3 / 2003 | Q3 / 2002 | Δ Q3 2003 / 2002 | 1.1. – 30.9. 2003 | 1.1. – 30.9. 2002 | Δ 9M 2003 / 2002 |
|--------------------------------------------------|-----------|-----------|---------------------|----------------------|----------------------|---------------------|
| Total sales | 31.040 | 29.074 | 6.8% | 90.598 | 81.115 | 11.7 |
| EBIT | 5.626 | 5.563 | 1.1% | 16.857 | 13.281 | 26.9% |
| <i>% of sales</i> | 18.1% | 19.1% | | 18.6% | 16.4% | |

Figures in million Euro or %

The income before interest and taxes (EBIT) increased to approx. EUR 5.6 million in the third quarter 2003. The comparison of the nine months periods shows a rise of profitability by roughly 27% ending up with a total of EUR 16.9 million.

Pre-tax-profit (EBT)

| Pre-tax-profit (EBT) | Q3 / 2003 | Q3 / 2002 | Δ Q3 2003 / 2002 | 1.1. – 30.9. 2003 | 1.1. – 30.9. 2002 | Δ 9M 2003 / 2002 |
|-----------------------------|-----------|-----------|---------------------|----------------------|----------------------|---------------------|
| Total sales | 31.040 | 29.074 | 6.8% | 90.598 | 81.115 | 11.7 |
| EBT | 4.744 | 4.641 | 2.2% | 13.912 | 10.781 | 29.0% |
| <i>% of sales</i> | 15.3% | 16.0% | | 15.4% | 13.3% | |

Figures in million Euro or %

In the third quarter 2003, the income before taxes (EBT) reached a total of EUR 4.7 million or roughly 15% of sales. Comparing the nine months periods, earnings before taxes grew by approx. 29% ending up with about EUR 13.9 million now. This represents a portion of over 15% of sales.

Net income and earnings per share

| Net income and earnings per share | Q3 / 2003 | Q3 / 2002 | Δ Q3 2003 / 2002 | 1.1. – 30.9. 2003 | 1.1. – 30.9. 2002 | Δ 9M 2003 / 2002 |
|------------------------------------------|-----------|-----------|---------------------|----------------------|----------------------|---------------------|
| Total sales | 31.040 | 29.074 | 6.8% | 90.598 | 81.115 | 11.7 |
| Net income | 2.803 | 2.707 | 3.6% | 8.232 | 6.330 | 30.1% |
| <i>% of sales</i> | 9.0% | 9.3% | | 9.1% | 7.8% | |
| Earnings per Share (EPS) in Euro | 0.15 | 0.14 | | 0.43 | 0.33 | |

Figures in million Euro or %

At a tax rate of about 41%, net income resulted in EUR 2.8 million within the third quarter 2003. Net income of the nine months period increased significantly compared to the last year reaching EUR 8.2 million instead of EUR 6.3 million in 2002.

Earning per share ended up with EUR 0.15 in the third quarter 2003. For the nine months period the earnings per share amounted to a total of EUR 0.43, which reflects an increase of approx. EUR 0.10 compared to the last year's period. The number of 19.3 million common shares was brought in as the basis of estimation.

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Investments

In the third quarter the investments in tangible assets reached EUR 4.2 million and amounted to EUR 14.4 million for the nine months period 2003. Compared with the previous year the investments came out at about 55% below the level of the equivalent period of last year. About half of the investments were linked to Dortmund. They were related to supplementations for technical equipment especially for the back end area. Further on, focuses of the investing activities were the subsidiaries *eurasem* and *SMI*.

According to appraisal of ELMOS, there is no reason for amortization of identified goodwill at present as the subsidiaries are still being expanded and upgraded as scheduled.

Directors dealings

The following members of the management board hold ELMOS' shares or stock options: Dr. Klaus Weyer 16,206 shares, Dr. Peter Thoma 6,200 shares and Mr. Reinhard Senf 2,700 shares. In addition, each of the four members of the management board signed 15,000 stock options as part of the profit-related remuneration system.

The following members of the supervisory board hold ELMOS' shares: Mr. Sporea 2,265 shares and Dr Burkhard Dreher 1,900 ELMOS' shares. In the previous quarter, Knut Hinrichs, chairman of the management board, sold at first 38,985 shares on August 13th, 2003, followed by another 2,791 shares on August 14th, 2003. On September 2nd, 2003, Mr. Herbert Sporea, member of the supervisory board, reduced his position of shares of the company by 4,400.

EFH ELMOS Finanzholding GmbH continues to hold approximately 11.1 million shares (57.7% of all shares) and is the dominating shareholder of the company. 8.2 million shares (42.3%) are free-floating and are traded at the stock exchanges of the Prime Standard. ELMOS Semiconductor AG is part of the German Technology Index TecDAX 30.

Events of particular significance

During the first nine months of 2003 cash of about EUR 25.0 million was received especially by several operational sale & lease-back deals.

Human resources

As of September 30th, 2003 the ELMOS-Group employed 878 staff members, thereof 572 employees at the Dortmund location, 157 employees at *eurasem*, 70 employees at *SMI* and 27 at *GED*.

Accompanying notes to consolidated financial statements

The consolidated financial statements of September 30th 2003 are prepared according to the principles of the United States generally accepted accounting principles (US GAAP). This quarterly report has been limited reviewed by Ernst & Young AG, Dortmund. Some information and statements of the official annual US GAAP consolidated financial statements and annexes have been combined or left out. This document should be viewed in conjunction with the audited annual consolidated financial statement with the reporting date December 31st, 2003. For comparison, see accompanying notes to the consolidated financial statements of the Annual Report for the fiscal year ended December 31st, 2002.