

# Q4 2020

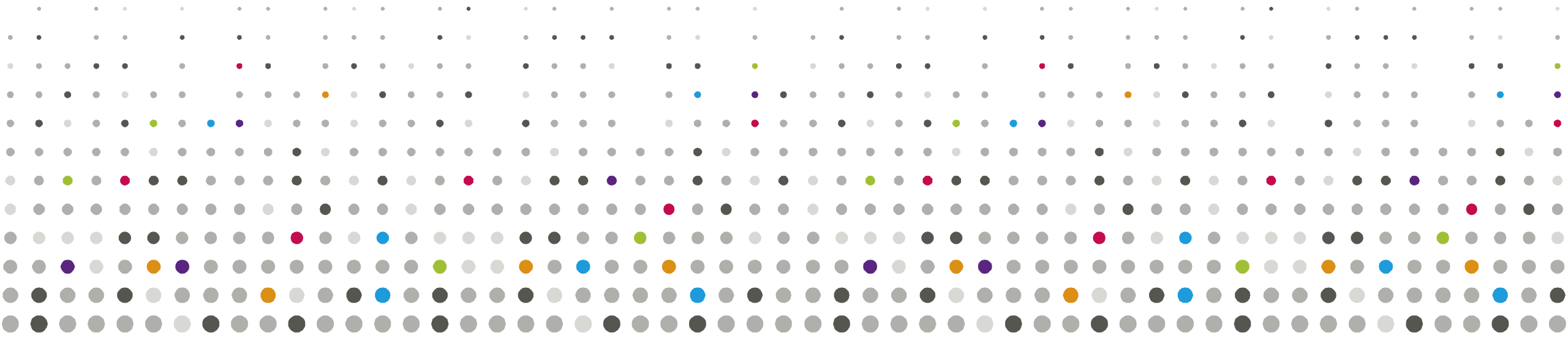
February 10, 2021

Anders Lindqvist

President and CEO

Torbjörn Wingårdh

CFO



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# Q4 Performance

Anders Lindqvist, President & CEO



# MYCRONIC

When passion meets innovation ●



# Agenda

- Q4 in short and outlook
- Divisional development and market view
- Financial details
- Strong platform
- Q&A

# Mycronic solutions enable products for everyday life



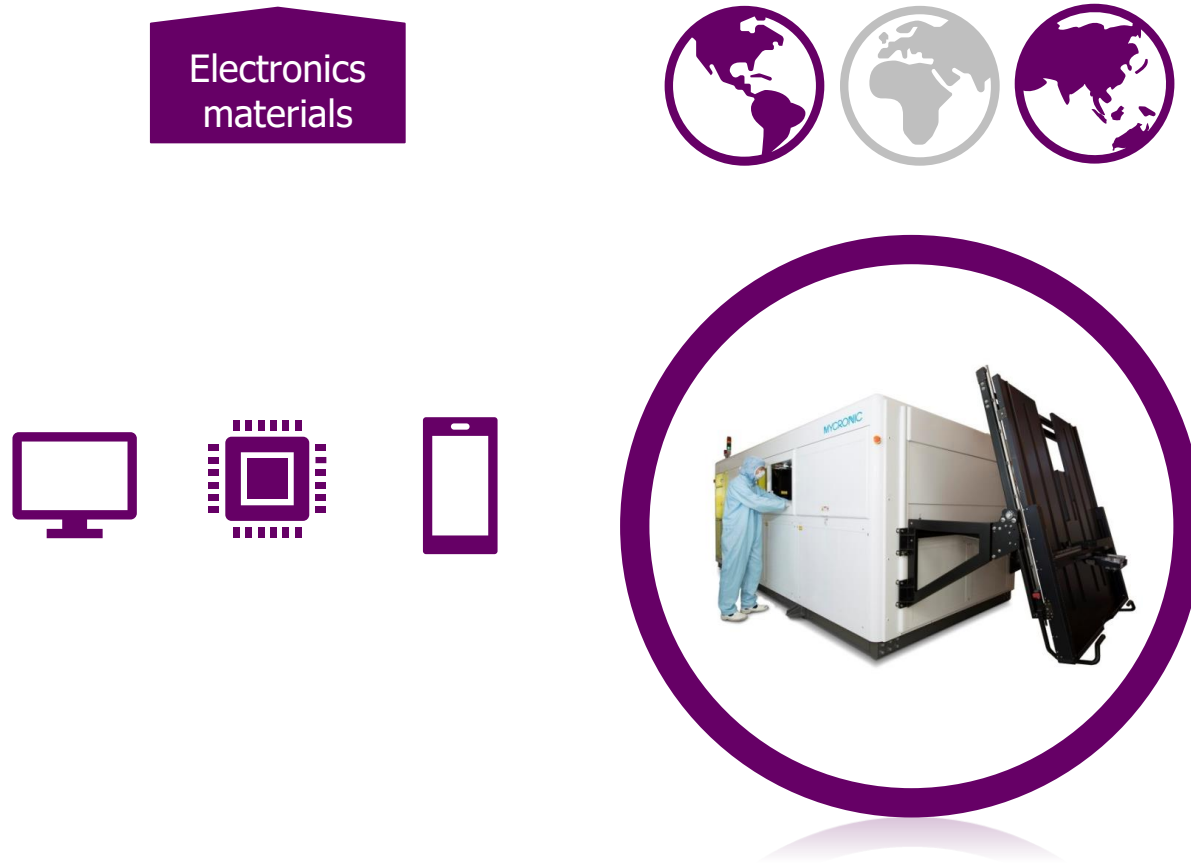
# Q4 in short

Robust and diversified business secures strong ending of 2020

- Decentralized customer centric structure in place
  - Local presence secures customer support
- Large efforts on managing the pandemic including diversified setup
- Mixed development in quarter
  - EBIT up 5% with a 22% margin
  - Net sales decreased 11% based on constant FX
  - Orders declined 49% due to a very strong Q4 in 2019
- Assembly Solutions at 5% EBIT margin
  - At least 10% for 2021 confirmed
- Robust backlog of SEK 2 billion
- Long-term market robust
- 2021 net sales outlook of SEK 3.9 billion

# Division Pattern Generators

Unique position in balanced market



## Photomask segments

- Display
- Semiconductors
- Multi-purpose

## Market drivers

- New display applications
- Larger displays
- Shift from LCD to AMOLED
- Higher resolution

## Market Position

Global leader and only supplier of mask writers for advanced photomasks for the display industry

# Performance **Pattern Generators**

Robust development and strong ending of 2020

- Strong development for SLX
  - 4 orders in Q4 and 8 in first year
- Normally major variations between quarters why business should be viewed in longer perspective
- Net Sales at SEK 385 (405) million in Q4 and SEK 1,563 (1,844) million in full-year
  - First SLX, Prexision 8 Evo and major upgrade delivered
  - FPS 6100 moved into H1 2021 due to pandemic
  - Currency effects negatively affected Q4 with SEK 16 million and full year with SEK 39 million
- EBIT up 14% in Q4 and decreased 18% on full-year
  - Margin of 48% and 54%
- Strong backlog
  - 11 systems in 2021 and 2 in 2022
  - Pandemic has increased timeline uncertainty

# Division High Flex

Connected flexible full-line solutions

PCB  
assembly



## Market drivers

- Just-in-time production and reliability
- Miniaturization and automation
- Production yield and cost effectiveness

## Market Position

Leading position in high flex segment with low/medium volumes

# Performance **High Flex**

Increased activity from low levels

- Increased market activity from low levels
  - Postponed investments begin to materialize
  - Example of major orders in Western Europe and USA
- Market uncertainty remains
- Net sales decreased 21% in Q4 and 23% in 2020
  - Challenging comparison with strong Q4 2019
  - Currency effects negatively affected Q4 and full year with SEK 24 million
- EBIT decreased 25% in Q4 and 65% in 2020
  - Margin of 8% and 3%
- Orders decreased 25% both in Q4 and in 2020

# Division High Volume

Cost effective automotive production



## Market drivers

- Automation
- Cost effectiveness
- Need for robust electronics

## Market Position

Leading position in China and #4 globally



# Performance **High Volume**

Strong ending of 2020

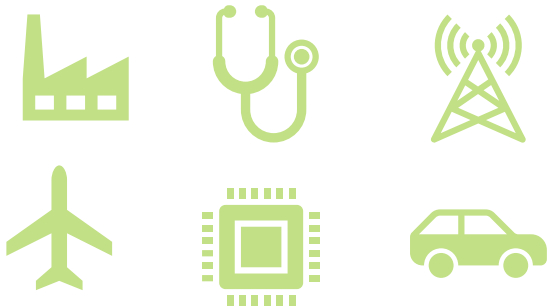
- Investment climate improved
  - Leading position in China strengthened
  - Healthy and stable Chinese market
  - Large outside China orders
- Limited COVID-19 impact
- Net sales grew 8% in Q4 and 46% in 2020
  - Currency effects negatively affected Q4 with SEK 9 million and full year with SEK 22 million
- EBIT up 3% in Q4 and 75% in 2020
  - Margin of 15% and 21%
- Order intake decreased 33% in Q4 and increased 6% in 2020
  - Challenging comparison from Q4 2019

# Division Global Technologies

Advanced die bonding and camera module assembly

Module  
assembly

Semicon  
assembly



## Market drivers

- Data center applications
- 5G roll-out
- In-car cameras

## Market Position

Leading position optoelectronics and microelectronics as well as the assembly of camera modules

# Performance **Global Technologies**

## Mixed development

- Strong performance in Optoelectronics
  - Driven by datacenters and communications roll-out
  - Chinese market somewhat slower (from high levels) driven by earlier accumulation of inventory
- Automotive strongly affected by pandemic
- Leading positions
- US/China trade war increases uncertainty
- Net sales declined 46% in Q4 and 16% in 2020
  - Currency effects negatively affected Q4 with SEK 11 million and full year with SEK 11 million
- EBIT on SEK -8 (5) million in Q4 and SEK -87 (-9) million in 2020
  - Margin of -9% and -21%
  - Full-year affected by impairment of intangibles in Q3
- Order intake decreased 52% in Q4 and 27% in 2020

# Long-term performance

## Net sales target

Outlook 2021 SEK **3.9** billion

SEK **5** billion latest by 2023

## Profitability

**>15%** EBIT margin over a business cycle

Assembly Solutions **>10%** FY 2021

Pattern Generators at continued healthy level

## Capital structure

Net debt **<3x** average EBITDA calculated over three years

# Q4 Financials

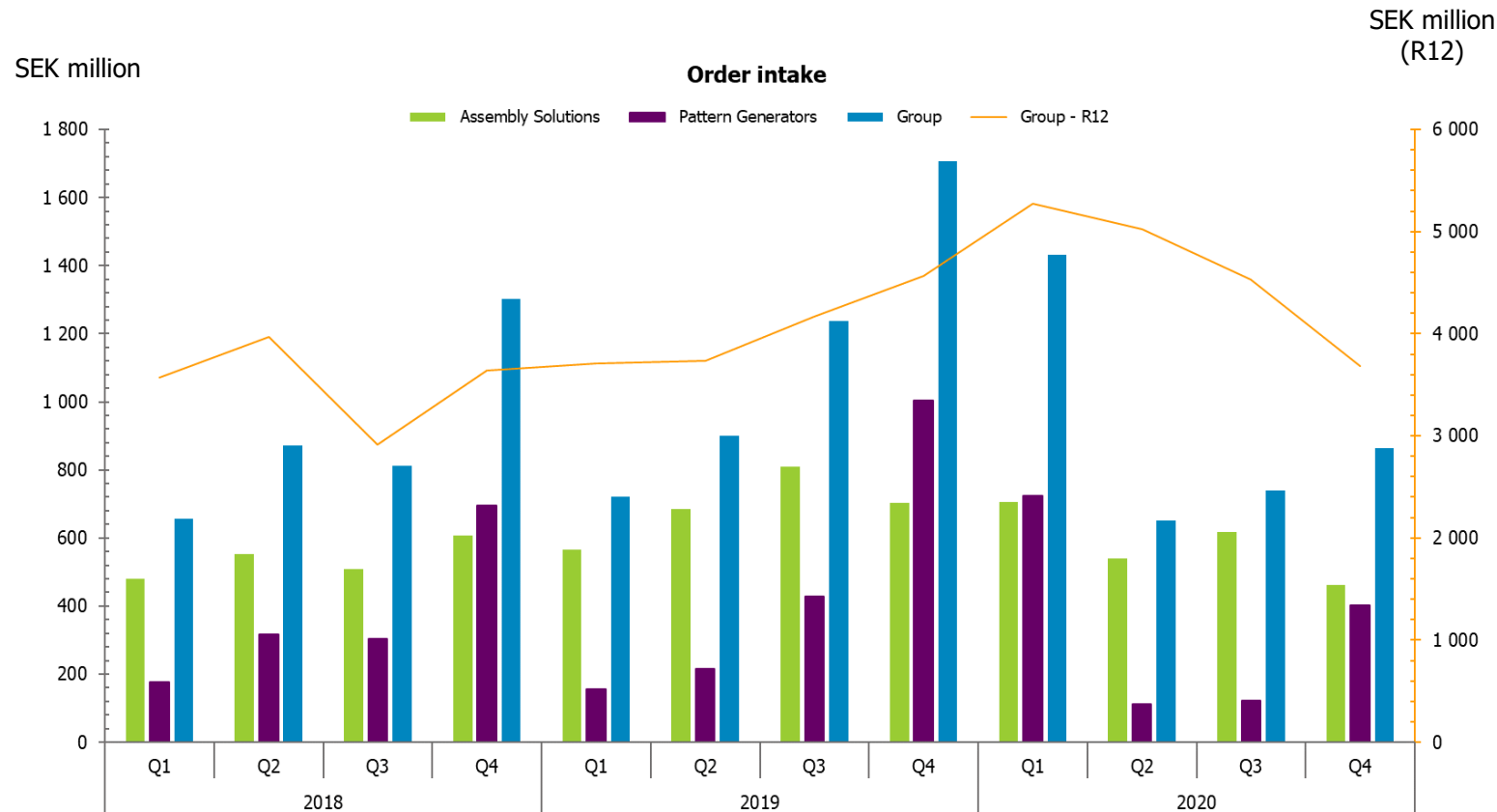
Torbjörn Wingårdh, CFO



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# Robust order backlog



- Q4 order intake decreased 49% to SEK 865 million due to challenging comparison
  - Strong order intake from Pattern Generators with 4 SLX and 1 Prexision Lite 8 Evo
  - Assembly Solutions -34%
- Backlog at SEK 1,969 (2,164) million
  - Assembly Solutions increased to to SEK 813 (805) million
  - Pattern Generators decreased to to SEK 1,156 (1,359) million
  - 3 mask writers scheduled for delivery in Q1 2021
- Group R12 at SEK 3.7 billion

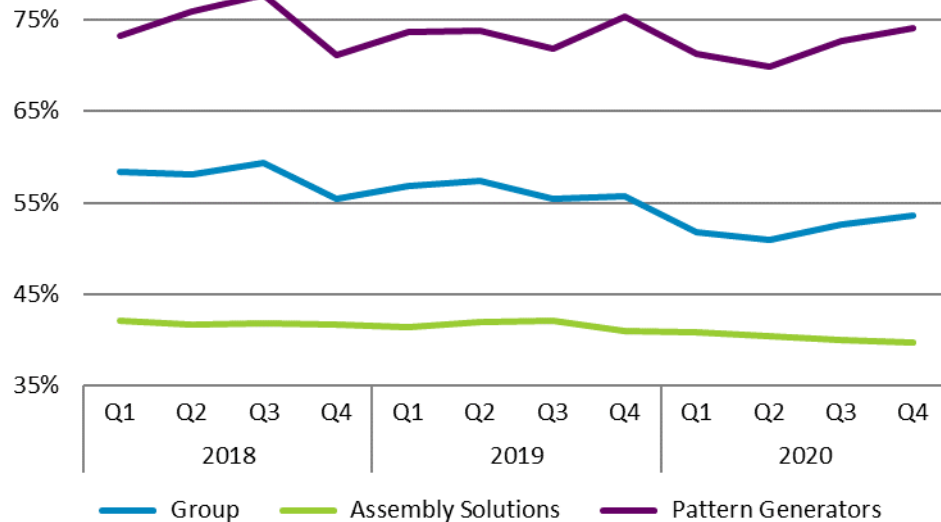
# Net sales

- Net sales decreased 16% to SEK 992 million and 11% in constant FX
- Mixed performance in Assembly Solutions led to a 22% decrease to SEK 607 million
- Pattern Generators decreased 5% to SEK 385 million
  - FPS 6100 moved into H1 2021 due to pandemic
  - First SLX, Prexision 8 Evo and major upgrade delivered
- Currency effects had a negative impact of SEK 60 million
- R12 net sales at SEK 3.9 billion



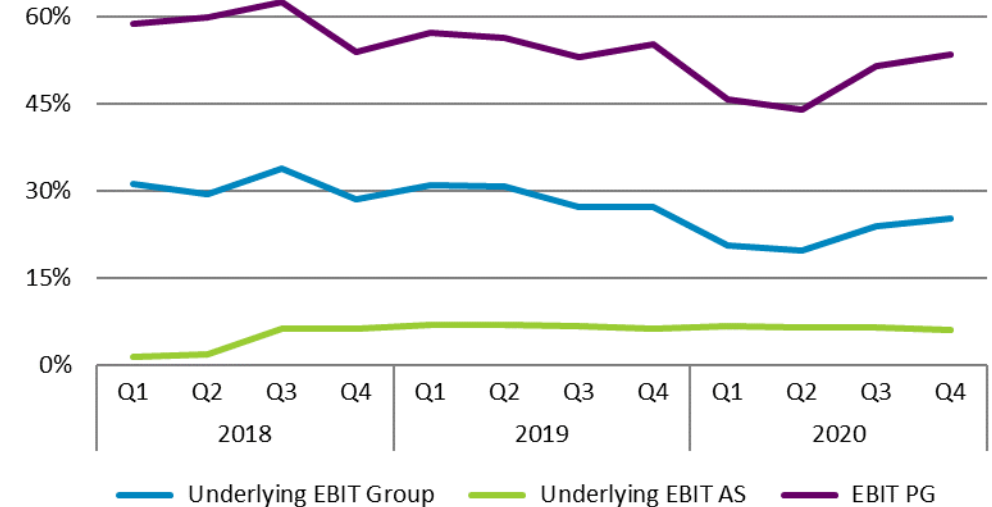
# Margin development

Gross margin, 12 months rolling



- Q4 gross margin strengthened to 52.3% (49.4)
  - Assembly Solutions at 38.7% (39.6)
  - Pattern Generators at 73.5% (68.3)

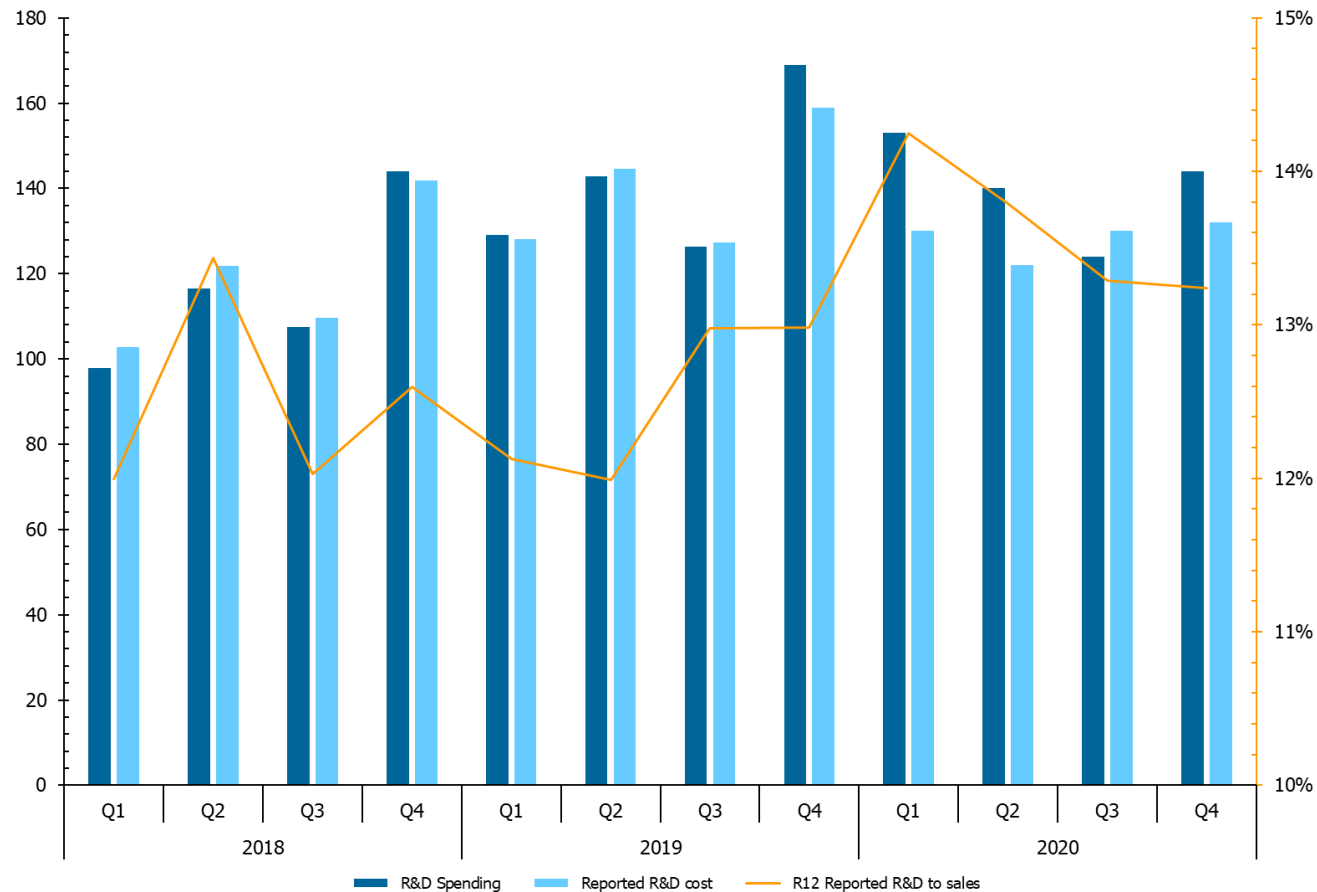
EBIT margin, 12 months rolling



- Q4 EBIT margin strengthened to 21.5% (17.2)
  - Assembly Solutions at 4.6% (5.4) and underlying EBIT margin at 5.6% (6.8)
  - Pattern Generators at strong 48.5% (48.3) from favorable product mix

# R&D for innovation and growth

SEK million



- R&D spending decreased from Q4 2019
- Full-year capitalizations of SEK 85 million and amortization and impairment of SEK 37 million
- Rolling R&D cost-to-sales ratio at 13.2% (13.0)

# Strong cash position

MSEK	Q4 2020	Q4 2019	FY 2020	FY 2019
Cash flow from operations before change in working capital	266	262	908	1,122
Change in working capital	30	-43	218	-577
<b>Cash flow from operations</b>	<b>296</b>	<b>219</b>	<b>1,126</b>	<b>545</b>
Investing activities	-27	-330	-150	-399
Financing activities	-22	-46	-288	-326
<b>Cash flow for the period</b>	<b>247</b>	<b>-157</b>	<b>689</b>	<b>-180</b>
Cash, opening balance	1,089	826	655	829
Exchange difference	-33	-14	-41	6
<b>Cash at end of period</b>	<b>1,303</b>	<b>655</b>	<b>1,303</b>	<b>655</b>

- FY change in working capital mainly explained by advances from customers
- Financing activities included dividend to shareholders of 196 MSEK
- Strong cash position of SEK 1.3 billion

# Final remark

Anders Lindqvist, President & CEO



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# Strong platform for further growth

## ➤ Scalable structure with new organization in place

- Clear leadership and accountability

## ➤ Leading products and solutions

- Continuous investments in next generation solutions

## ➤ Strong balance sheet

- M&A activities included in growth strategy

## ➤ Customer obsession

- Clear market and customer focus

## ➤ Long term growth strategy remains intact

- Long-term financial outlook confirmed

# Q&A

