

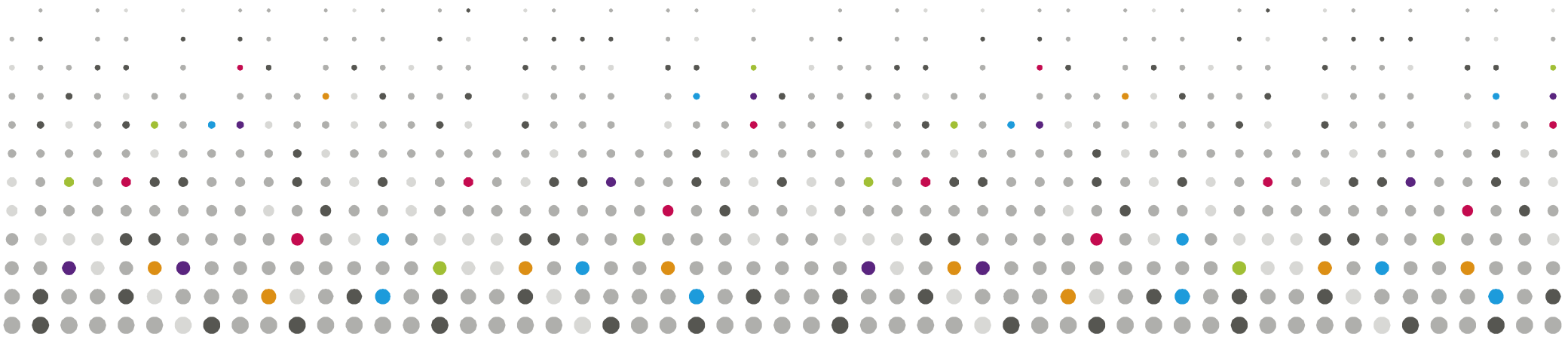
# Mycronic, Q1 2017

Lena Olving, President and CEO

Torbjörn Wingårdh, CFO

Clemens Jargon, VP Global Dispensing

20 April, 2017



# This is Mycronic 2017



40

years of experience in  
innovation

900

employees in ten  
countries

50

Mycronic is represented  
in more than 50  
countries

450

patents proves the  
power of innovation.  
26 patents added 2016.

2,500

customers use  
production equipment  
from Mycronic

98%

of consolidated net  
sales are exports

# Mycronic's Pattern Generator solutions

Two new products launched, Prexision-800 and FPS6100

Display



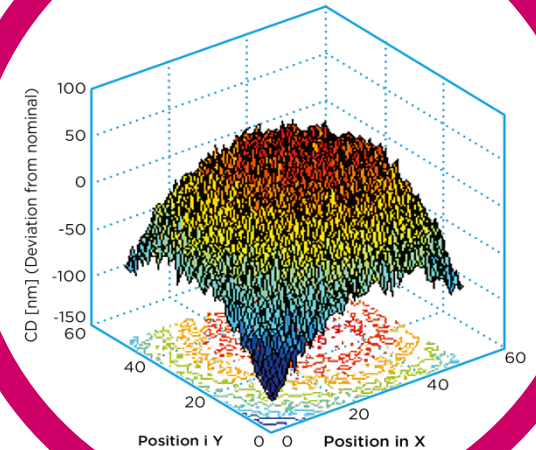
- Prexision mask writer & metrology series

Multi-purpose



- FPS series

Value Added Products

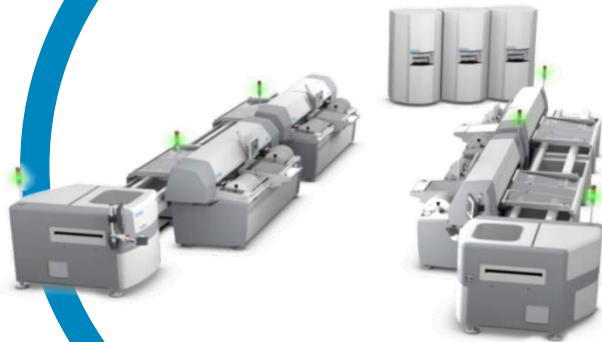


- Upgrades and modifications

# Mycronic's Assembly Solutions

Broadened product offering through acquisitions

MYCRONIC



- Jet printing & dispensing
- Pick-and-place assembly equipment
- Component storage systems

axxon  
MYCRONIC



- Broad range of dispensing and coating systems

aei  
MYCRONIC



- Camera module assembly equipment

# Key events Q1 2017

- Marketplace<sup>1</sup>
  - SMT equipment market 5 percent growth 2016
  - Dispensing equipment market 600 MUSD in 2016
  - Camera module market high growth estimated
  - Photomask market declined 2016 due to transition towards AMOLED
    - rebuilt fabs estimated to go into production in 2017
- Products
  - Cross selling of Axxon products started by participation at APEX in February

<sup>1</sup> Market update slides for reference available at the end of the presentation

# Key events Q1 2017

- Growth in Q1 – organic and through acquisitions
  - Order intake of 653 MSEK
    - Include one PG system replacing an older mask writer and upgrade of earlier ordered mask writer
    - Include the second multiple order for MY600
  - Sales growth 97% of which 32% from acquisitions
  - EBIT 159 MSEK, 23%
  - EBIT in underlying operations 208 MSEK, 31%
  - Order backlog of 1,318 MSEK

# Key events after end of Q1 2017

- Launch of all new MY700 today 20 April
  - Starting point of new product line – MYPro
  - MY700, offers higher productivity
  - Configured to apply two different mounting fluids in the same process step
  - Mycronic now addresses more application areas and a larger market
  - Market introduction at NEPCON in Shanghai 25-27 April
- Repeat multiple order for MY600



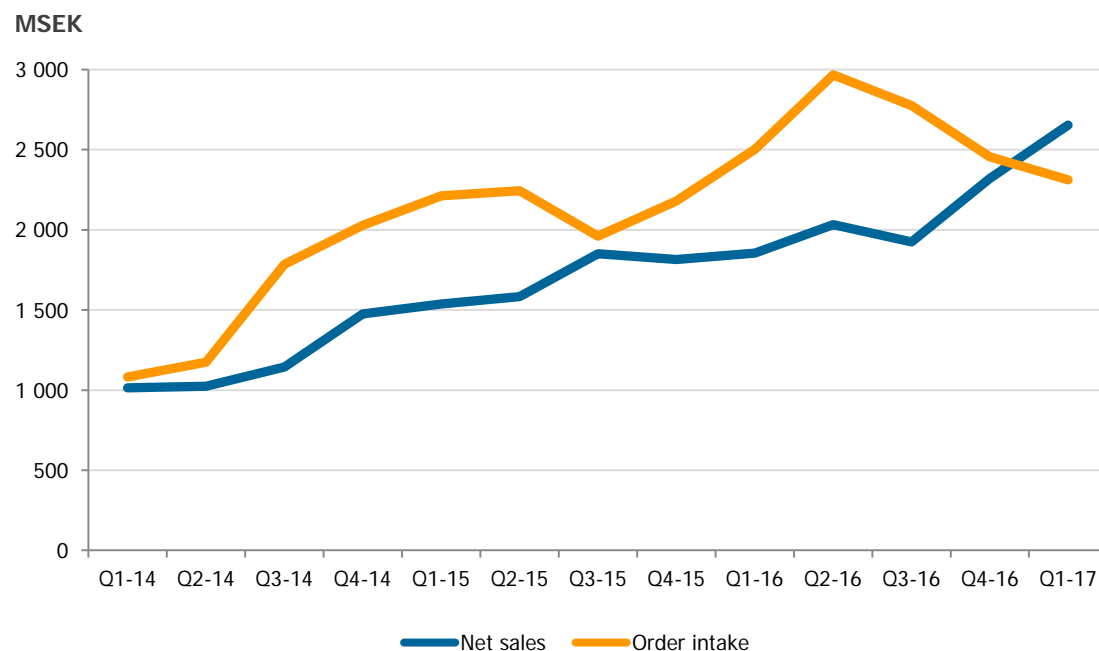
# Mycronic outlook

The board's assessment is that net sales 2017 will be at the level of SEK 2,800 million.



# Order intake and net sales

## 4 quarters rolling

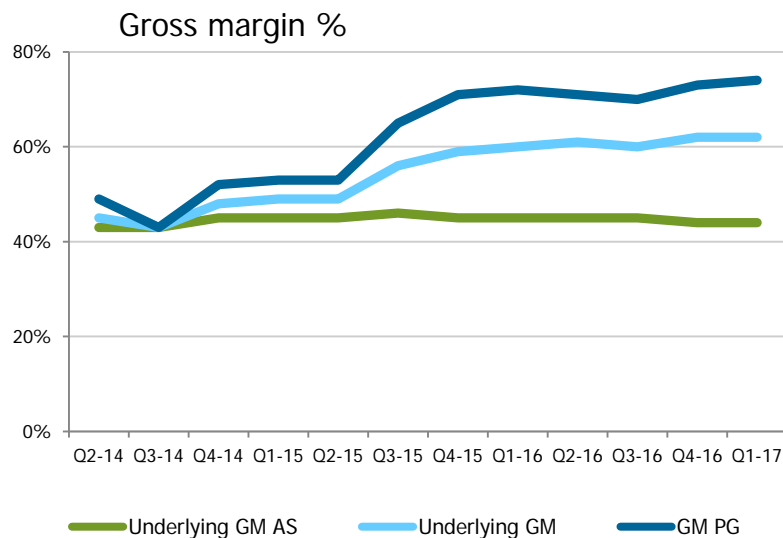


- Order intake, 653 MSEK, and net sales, 676 MSEK, including acquisitions
- PG order intake includes one mask writer and one mask writer upgrade
- Order backlog at 1,318 (1,516) MSEK, include nine PG systems, of which seven are planned for delivery during 2017

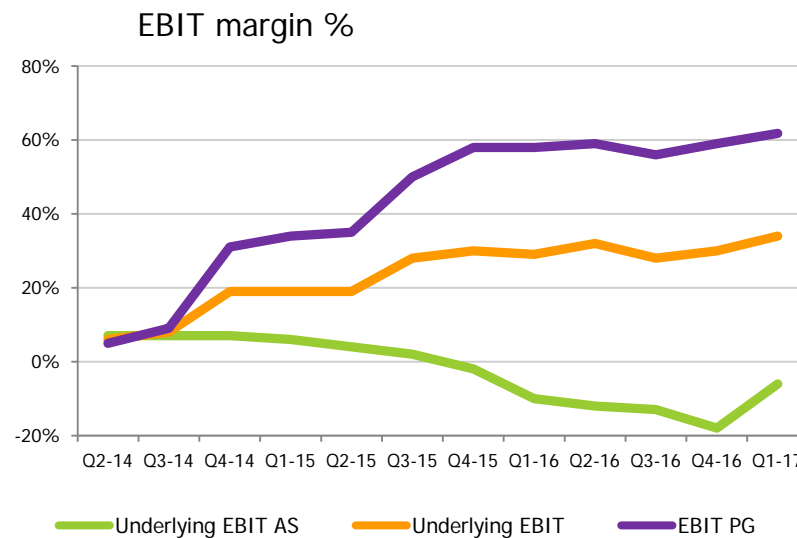
*The fourth quarter and full-year 2016 include Axxon and AEi from the respective acquisition day.*

# Margins

## 4 quarters rolling



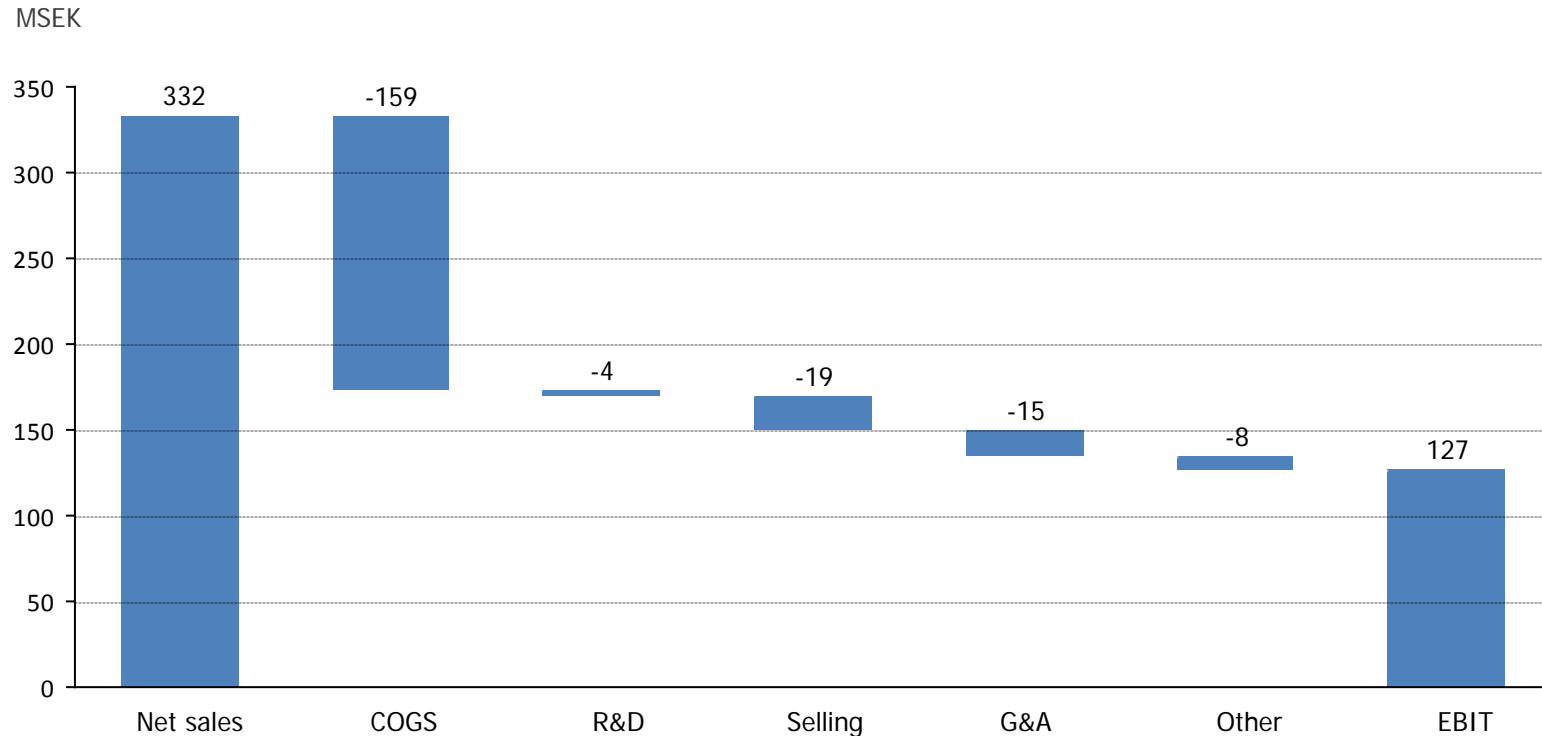
- Gross margin in Q1 54 % (55%)
- Gross margin affected negatively by costs related to acquisitions at 38 MSEK



- Q1 EBIT margin 23% (9%)
- Q1 underlying EBIT margin 31% (9%)
  - Costs related to acquisitions amount to 50 MSEK
  - All segments contribute to increase in EBIT

*The fourth quarter and full-year 2016 include Axson and AEi from the respective acquisition day.*

# The "bridge" Q1 2017 vs Q1 2016



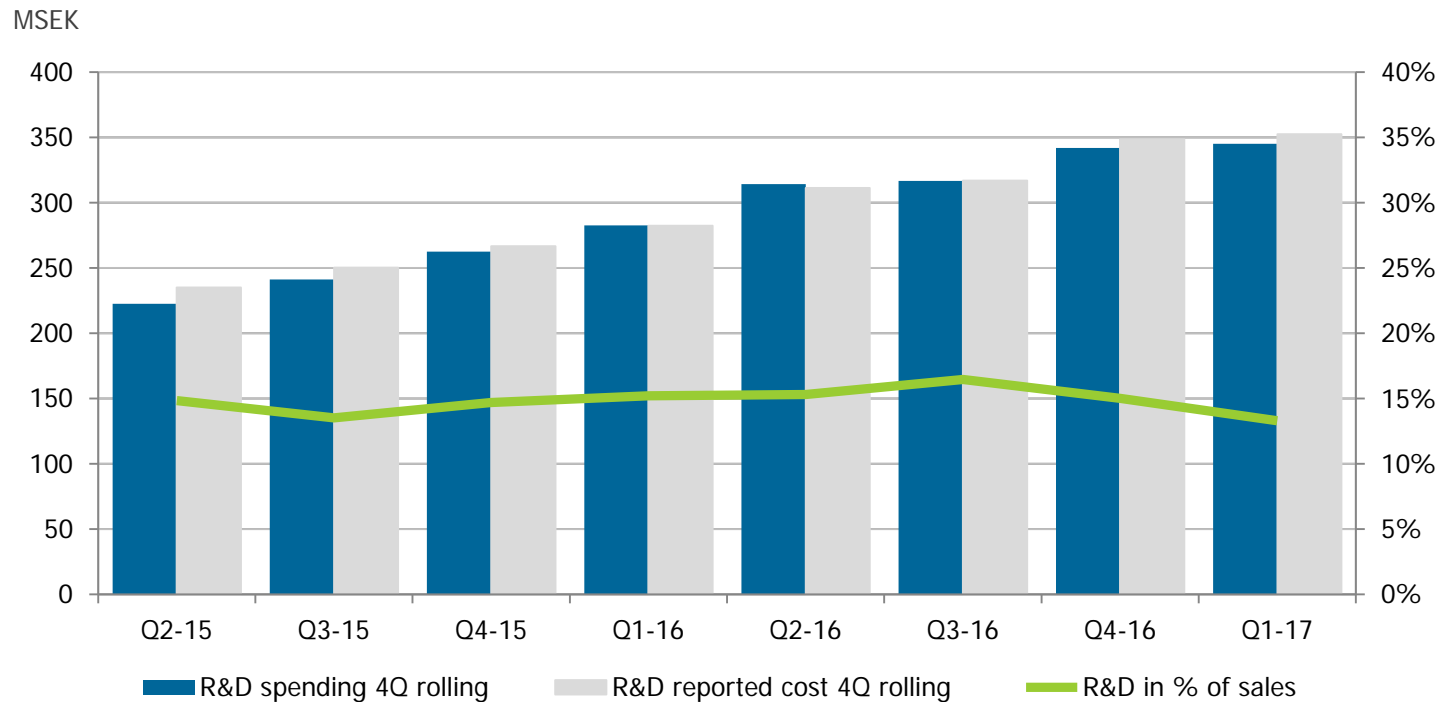
- Net sales from acquisitions contributed with 108 MSEK

- R&D expenses refer mainly to product development within Assembly Solutions – investments for growth

*Q1, 2017 include Axxon and AEI*

# R&D costs

## 4 quarters rolling



- R&D activities continue at high pace for future growth in line with strategy

*The fourth quarter and full-year 2016 include Axxon and AEi from the respective acquisition day.*

# Summary by segment, Q1 2017

	Q1 2017	Q1 2016
Assembly Solutions	340	152
Pattern Generators	313	642
<b>Order intake (MSEK)</b>	<b>653</b>	<b>794</b>
Assembly Solutions	276	51
Pattern Generators	1,042	1,465
<b>Order backlog (MSEK)</b>	<b>1,318</b>	<b>1,516</b>
Assembly Solutions	330	153
Pattern Generators	346	191
<b>Net sales (MSEK)</b>	<b>676</b>	<b>344</b>
Assembly Solutions	30%	40%
Pattern Generators	76%	66%
<b>Gross margin %</b>	<b>54%</b>	<b>55%</b>
Assembly Solutions	-17%	-35%
underlying EBIT margin AS	-2%	-34%
Pattern Generators	62%	44%
<b>EBIT margin %</b>	<b>23%</b>	<b>9%</b>
underlying EBIT margin Group	31%	9%

*Q1, 2017 include Axxon and AEI*

# Cash flow, MSEK

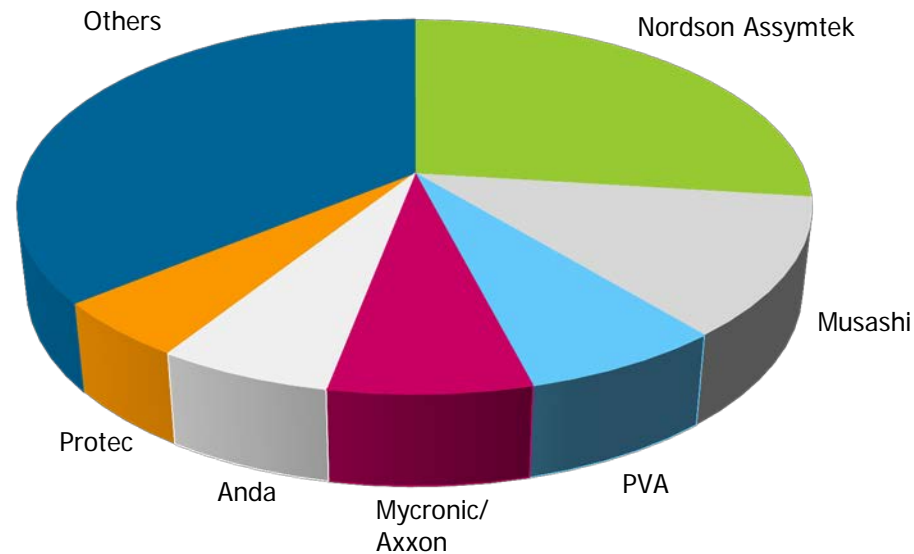
	Q1 2017	Q1 2016
Cash flow from operations	131	36
Change in working capital	71	277
<b>Cash flow from operations after changes in working capital</b>	<b>201</b>	<b>313</b>
Investments in development	-6	-5
Other investments	-35	-50
<b>Cash flow before financing activities</b>	<b>160</b>	<b>258</b>
Financing	-1	-
<b>Cash flow</b>	<b>159</b>	<b>258</b>
<b>Cash at end of period</b>	<b>369</b>	<b>1,157</b>

- Changes in working capital in Q1 primarily due to decrease in inventories, trade receivables and advance payments from customers
- Other investments related primarily to acquisitions

*Q1, 2017 include Axxon and AEI*

# Assembly Solutions

Dispensing market 2016 estimated at 600 MUSD



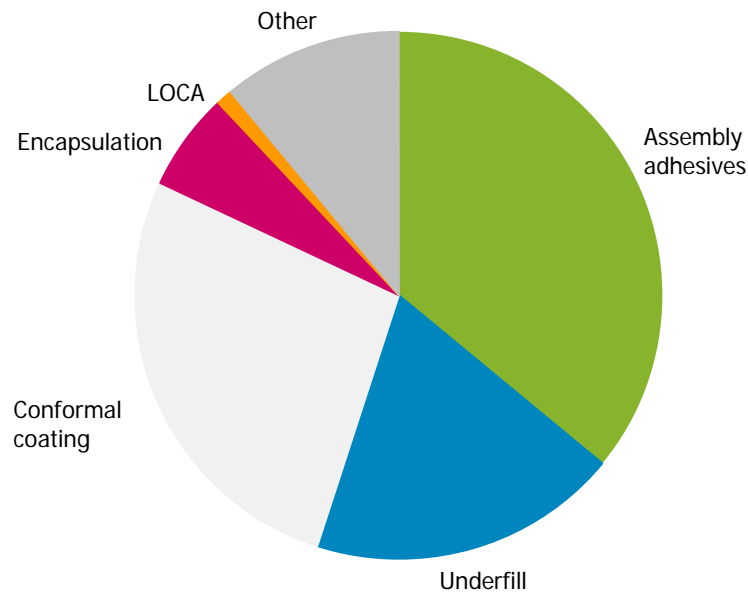
- China largest market >40% of total dispensing market
- Nordson Assymtek >25% market share
- Mycronic/Axxon number 4

Source: Prismark March 2017

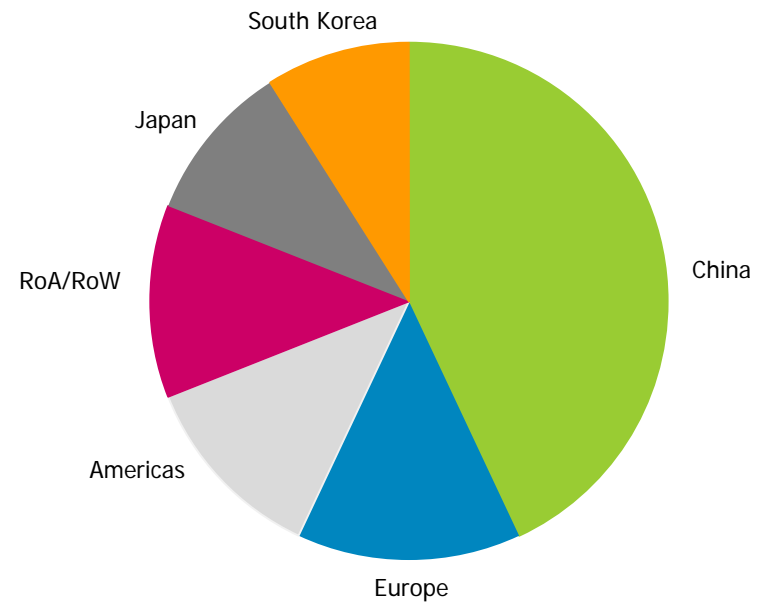
# Assembly Solutions

Dispensing market 2016 estimated at 600 MUSD

By application



By region



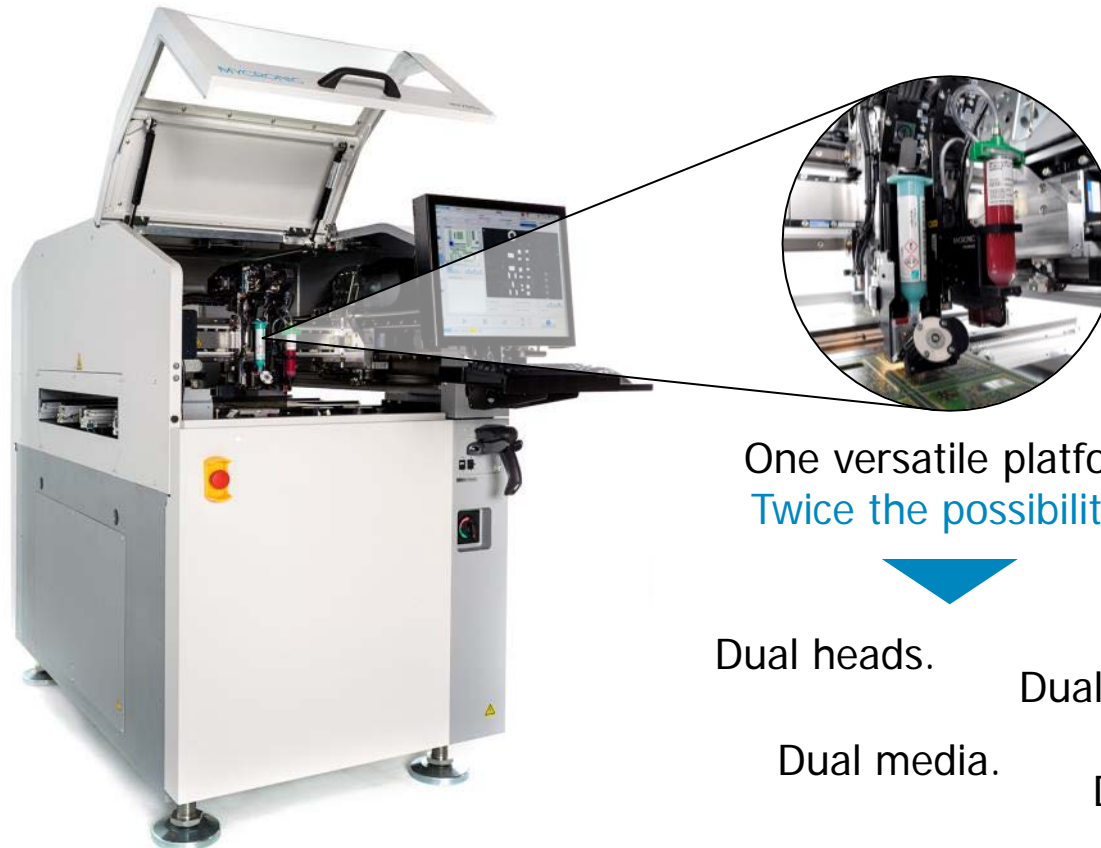
Source: Prismark March 2017



# MYPro series

The future of intelligent productivity

## MY700 Jet Printer and Jet Dispenser



One versatile platform.  
Twice the possibilities.

Dual heads.

Dual lanes.

Dual media.

Dual jobs.

# MY700 Jet Printer and Jet Dispenser

## Key benefits

MY700

- non-contact high-speed dispensing
- improves printing quality and yield
- unrivalled production flexibility
- reduces operational cost
- solves industry challenges
- compact footprint



dual heads for solder paste and assembly fluids



high-speed and high-accuracy



dual-lane, smart board handling and buffering



Database

one database for all machines



optimized solder paste deposits



automatic board stretch compensation



board revision on-the-fly



changeovers in no time



offline or online job program creation

# Industry needs faster dispensing

## a growth opportunity for Mycronic

### Segments

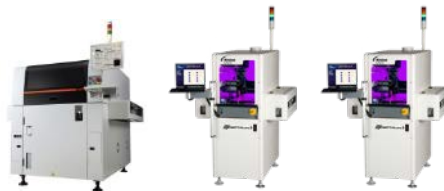
### Current line configuration

### Mycronic line configuration

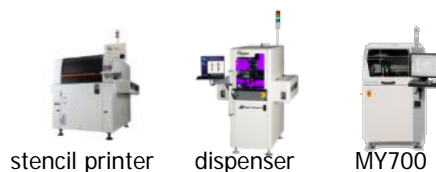
High-end electronics,  
low/mid volume



High volume electronics,  
smart phone boards



Semiconductor,  
LED technology



The new MY700 high-performance high-speed jet dispenser is up to 10 times faster than traditional dispensers and can replace several dispensers configured in-line.

# Complete range of dispensing equipment

Mycronic and Axxon product portfolios combined

table top dispensing



versatile in-line dispensing and coating systems

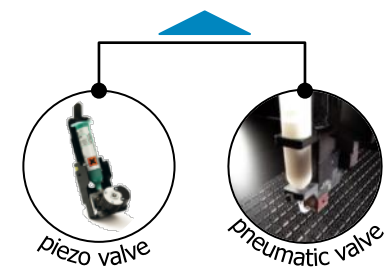
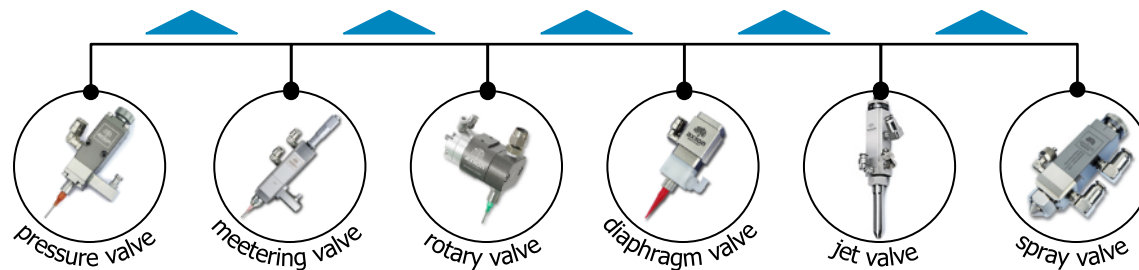


high-speed jet dispensing



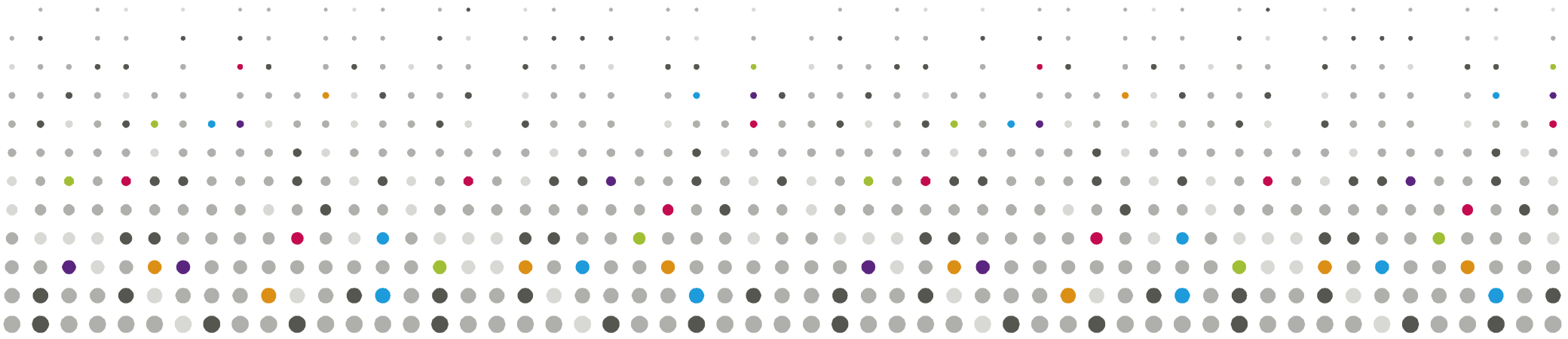
assembly adhesives, conductive glue, underfills, sealant, assembly fluids, inks, coatings, lubricants, RTV silica gel

solder paste, adhesives, assembly fluids



When passion meets innovation ●

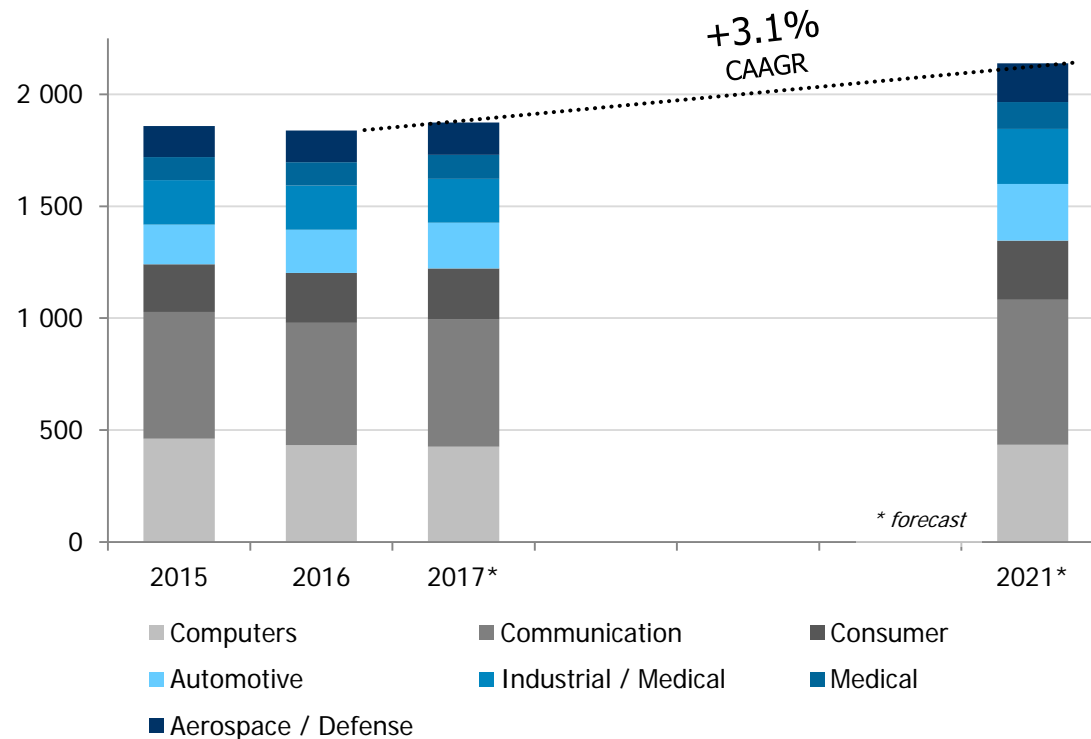
# Additional slides – market update



# Electronics industry systems market

## yearly development

USD billion



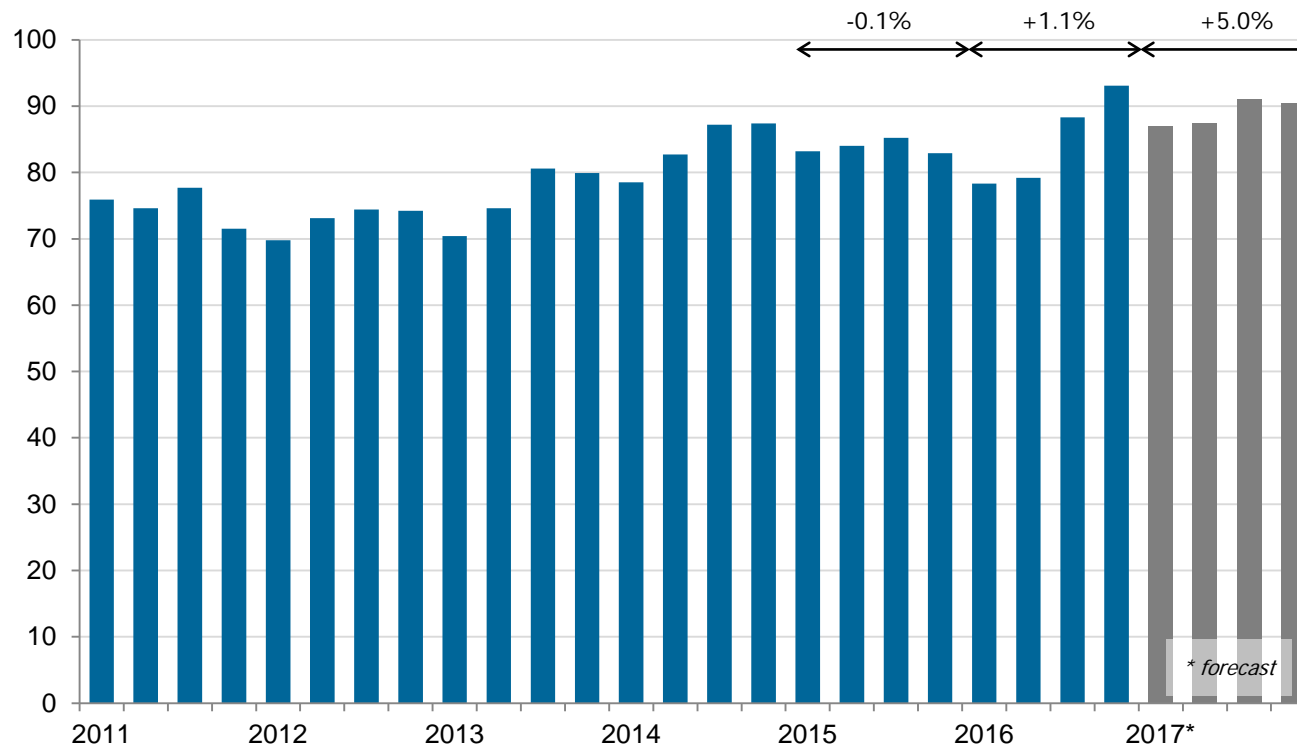
- Electronics systems market declined  $-1.1\%$  in 2016 to 1,838 billion USD
- Industry segments growing in 2016
  - automotive  $+9\%$
  - consumer  $+4\%$
  - aerospace/defense  $+2\%$
  - medical  $+2\%$
- Electronics systems growth forecasted to  $2.0\%$  in 2017
- Long-term annual growth of  $3.1\%$  forecasted 2016-2021

Source: Prismark, March 2017

# Semiconductor market

## quarterly development

USD billion



- Semiconductor market growth was 1.1% in 2016, with a strong H2
- Outlook for 2017 indicates a growth of 5.0%
- Annual long term growth at 3.7% until 2021

Source: Prismark, March 2017



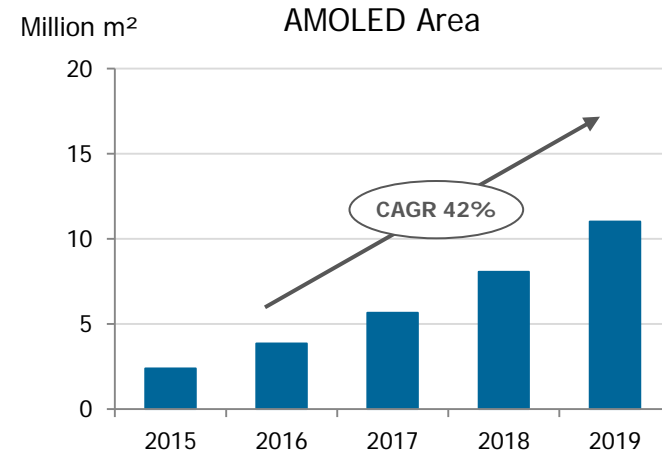
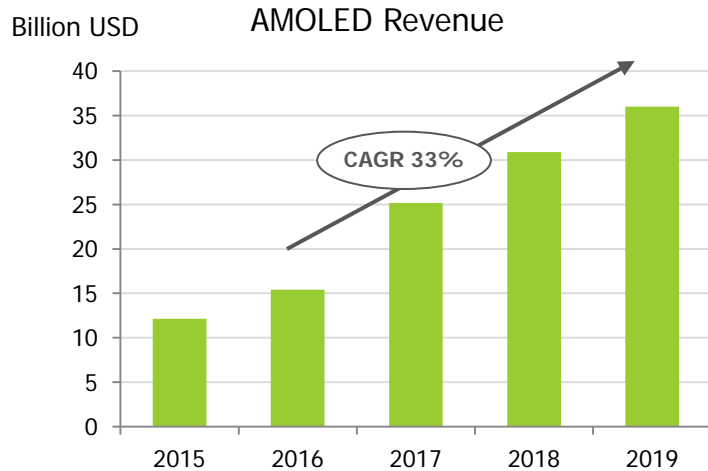
# Assembly Solutions– market update

- SMT equipment
  - After a decline of -19% in 2015 the global SMT equipment market turned around second half of 2016 and grew +5% in 2016
  - No external forecast provided for 2017 and onwards
- Dispensing
  - 2015 estimated market at 500 MUSD
  - 2016 market estimated at 600 MUSD
  - Mycronic the fourth largest supplier of dispensing equipment
  - No external forecast provided for 2017 and onwards
- Assembly automation
  - Automotive fastest growing segment in the electronics industry
  - Camera modules for ADAS growing fast
    - Estimated 40% growth of number of camera modules produced 2016
    - Estimated yearly growth of 23% 2017-2021 in number of camera modules

*Source: PROTEC MDC January 2017, Prismark March 2017, Mycronic*

# Display industry trends

## Technology transition LCD to AMOLED ongoing for mobile displays



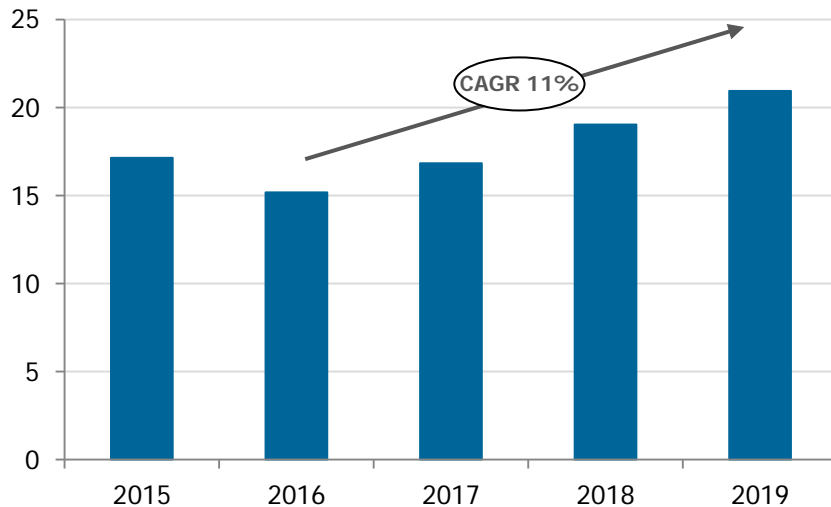
- AMOLED market share estimated to grow from 15% 2016 to 27% in 2019
  - Forecast of revenue and area expected to grow significantly more than previously predicted
  - The smartphone is the main application
- Decrease in factory capacity during re-build
- Ramp up expected in 2017

Source: IHS, April, 2017

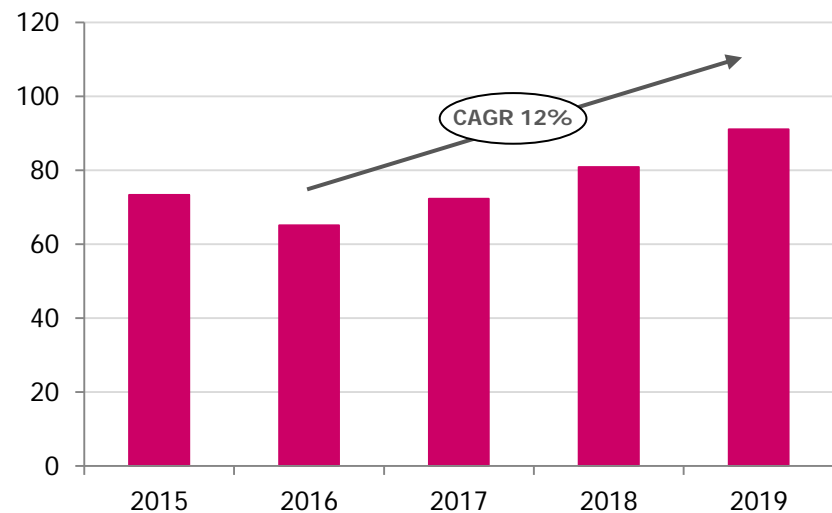
# Display photomask market

## Market rebound forecasted 2017

Photomasks,  
# thousands



Billion JPY



- In 2016 the display photomask market shrink for the first time since 2012
- Main reason for the decrease is the ongoing technology shift from LCD to AMOLED
  - Temporarily reduced capacity for photomasks during rebuild phase
- Positive market forecast going forward as new AMOLED fabs ramp up consumption of photomasks