When passion meets innovation

Mycronic Q4 and Full Year 2017

Lena Olving, CEO
Torbjörn Wingårdh, CFO
Thomas Stetter, Sr VP & General Manager, Business Area Assembly Solutions

7 February, 2018

Mycronic in short

>40
years of experience in innovation

>1,050
employees
in ten countries

>50
Mycronic is represented
in more than
50 countries

>490
patents proves the power
of innovation.

>3,000
customers use production
equipment from
Mycronic

>98%
of consolidated
net sales are
outside Sweden

Mycronic’s Assembly Solutions

Broad product offering for efficient electronics manufacturing

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

- Solder Paste Inspection (SPI)
- Automated Optical Inspection (AOI)
- Advanced software suite (Sigma)

- Broad range of dispensing and coating systems

- Camera module assembly equipment

Mycronic’s Pattern Generator solutions

Indispensable for the display industry

Display

Multi-purpose

Value Added Products

- Prexision mask writer & metrology series

- FPS series

- Upgrades and modifications to improve mask quality

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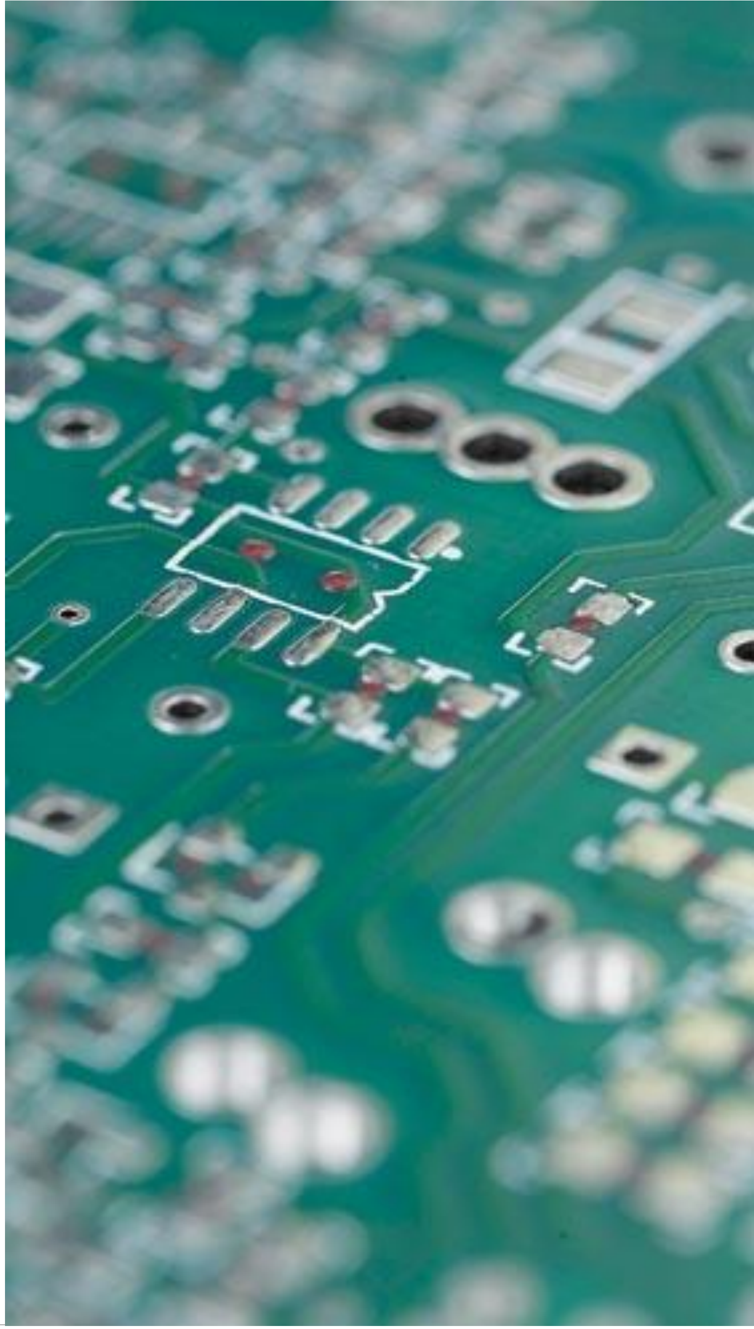
Key events 2017

- Marketplace
  - The global electronics industry growth in 2017 revised upwards, from 3.3% to 3.7% to reach 1 940 BUSD.
  - The semiconductor industry growth forecast in 2017 also revised upwards, from 17% to 22.5% to 415 BUSD.
  - SMT assembly equipment grew 32 percent in 2017 to 2,615 MUSD.
  - Dispensing equipment market 600 MUSD in 2016.
  - Camera module market high growth - estimated CAGR of 23% 2017-2021.
  - Photomask market estimated to have grown 16% in 2017, to 730 MUSD.
  - Market update slides for reference available at the end of the presentation, pages 31-37.
- Products & Sales
  - Launch of MY700 and MY300 in the new MYPro product series.
  - Launch of MYSmart series at trade fair Productronica.
  - Prexision-800 launched in 2016 – first order received.
  - Prexision-MMS launched in 2015 – two orders received.
  - Orders for FPS 6100 launched in 2016 – two orders received.

Source: Protec January 2018, Prismark December2017



Order intake, net sales and earnings on record levels

- Record high order intake of 3,567 MSEK.
  - Assembly Solutions order intake increased 48%.
  - Growth in Pattern Generators was 43%, including 10 mask writers, among them the first Prexision-800.
- Net sales increased 29% - of which 16 percentage points from acquisitions - to 3,001 MSEK.
  - Assembly Solutions net sales increased 60%, with 19% organic growth.
  - Pattern Generators net sales increased 10%.
- EBIT 848 MSEK, resulting in an EBIT margin of 28%.
- Underlying EBIT 955 MSEK, with an underlying EBIT margin of 32%.
- Order backlog of 1,927 MSEK.
  - Order book for advanced mask writers full for 2018.

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Corporate events during 2017

- Business Area Assembly Solutions established, February.
- Thomas Stetter new Sr VP & General Manager, Business Area Assembly Solutions, July.
- Acquisition of Vi TECHNOLOGY, October.
- Charlott Samuelsson acting Sr VP & General Manager, Business Area Pattern Generators, November.
- Prosales Award ”B2B Commercial Excellence Company 2017”, November.
- Employer Branding Award ”Karriärföretag”, November.
- Executed call option in RoyoTech, to reach 100% ownership, December.

Dividend proposal according to policy

- According to policy the board proposes to the AGM a dividend of SEK 2.50 (2.00) per share, a total of SEK 244.8 (195.8) million, approximately 39 percent of net profit.

Dividend policy

The objective of the company is to provide both solid returns and value growth.

Between 30 and 50 percent of net profit will be distributed to the shareholders, provided the company has a net debt less than 3 times EBITDA after stipulated dividend.

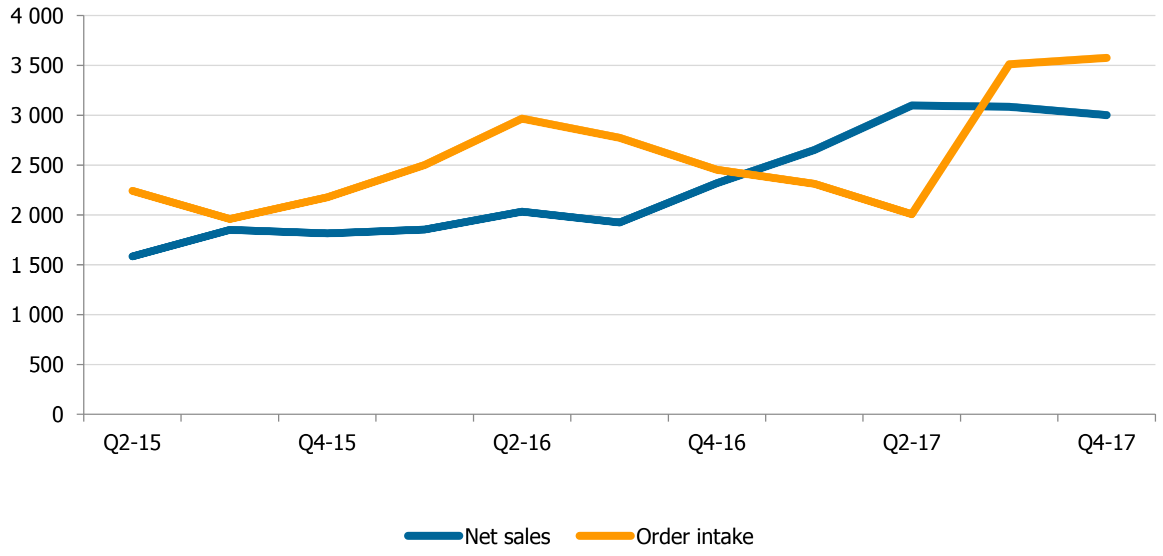
On each occasion the financial position, profitability trend, growth potential and future investment requirements of the company shall be taken into account.

Mycronic Outlook 2018

The assessment of the Board of Directors is that net sales in 2018 will be at the level of SEK 3,500 million.

Order intake and net sales

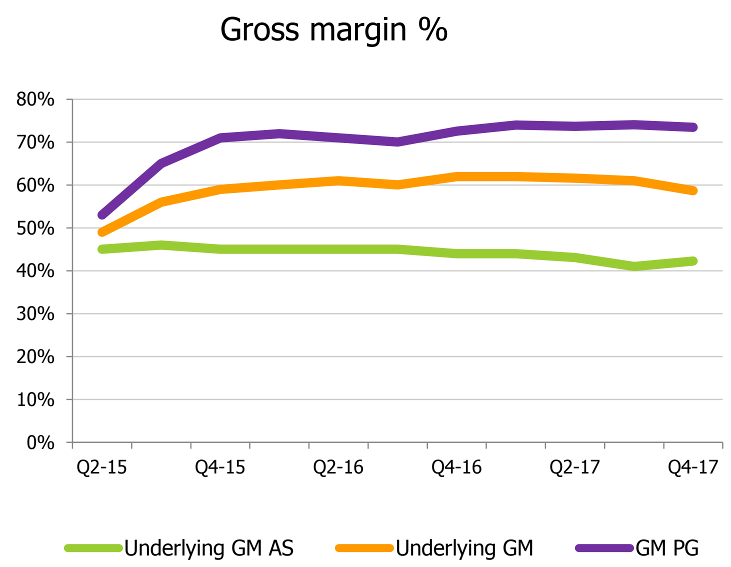
MSEK, 4 quarters rolling

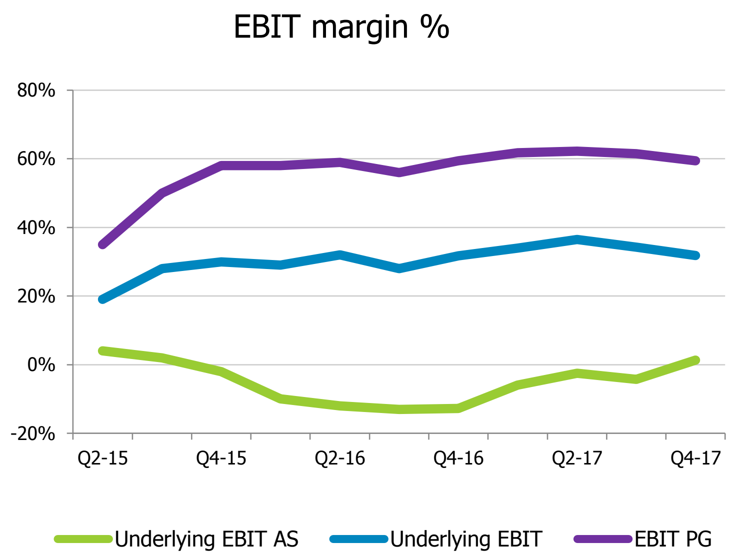


- Order intake January-December 3,567 MSEK.
- Assembly Solutions order intake increased 48%.
- Pattern Generators order intake increased 43% and comprised ten mask writers, including the first P-800.
- Book-to-bill 1.2.
- Net sales reached 3,001 MSEK.
- Order backlog of 1,927 (1,342) MSEK, includes eight mask writers and two MMS metrology systems.
  - Eight systems for delivery in 2018 and two in 2019.
- Negative currency effects on net sales January-December of 22 MSEK.
- Vi TECHNOLOGY contributed 34 MSEK to net sales.

Margins

4 quarters rolling

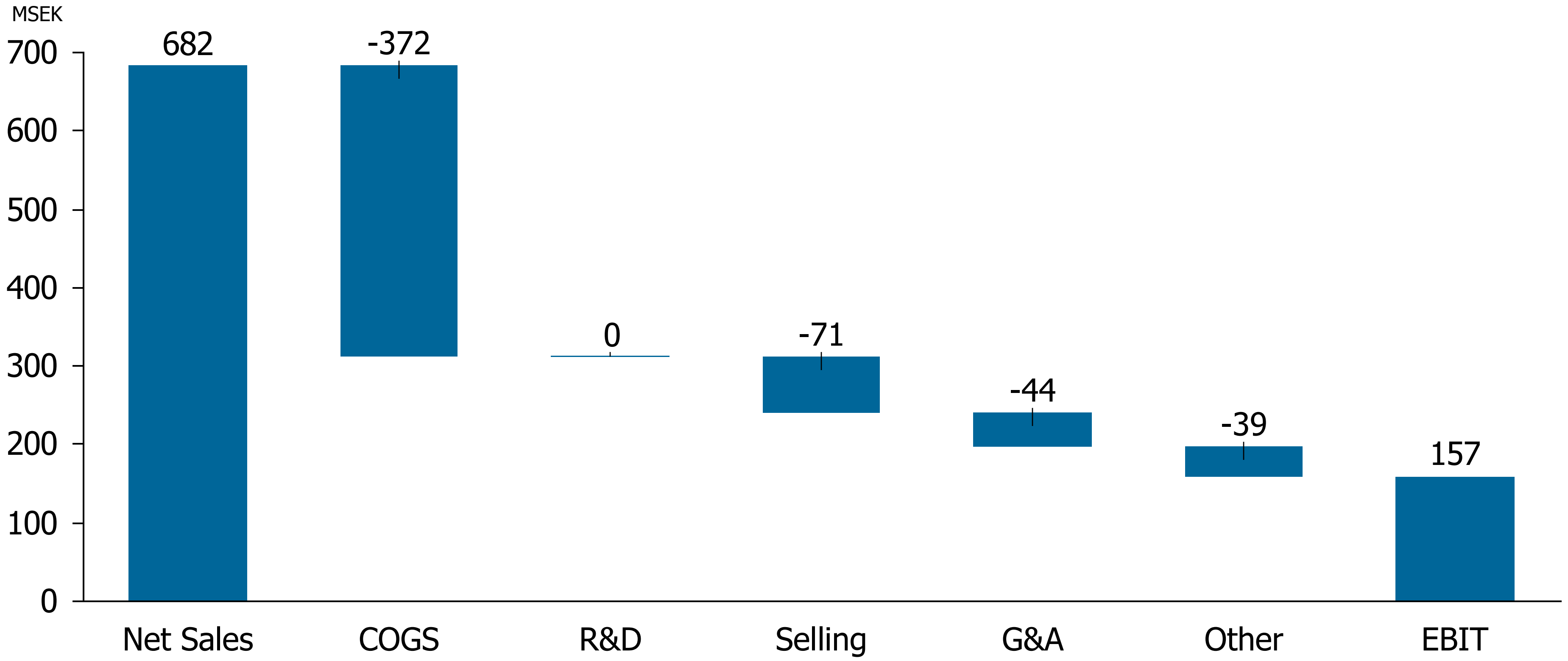




- Gross margin January-December 57%.
- Gross margin January-December affected negatively by acquisition-related costs of 42 MSEK, underlying gross margin 59%
- Improved gross margin in Assembly Solutions, however reduced Group gross margin due to increase in relative size of Assembly Solutions.

- EBIT margin 28% (848 MSEK), with underlying EBIT margin 32% (955 MSEK).
- Assembly Solutions had positive EBIT in Q4 and positive underlying EBIT full year 2017.
- EBIT margin impacted by 107 MSEK in acquisition-related costs.

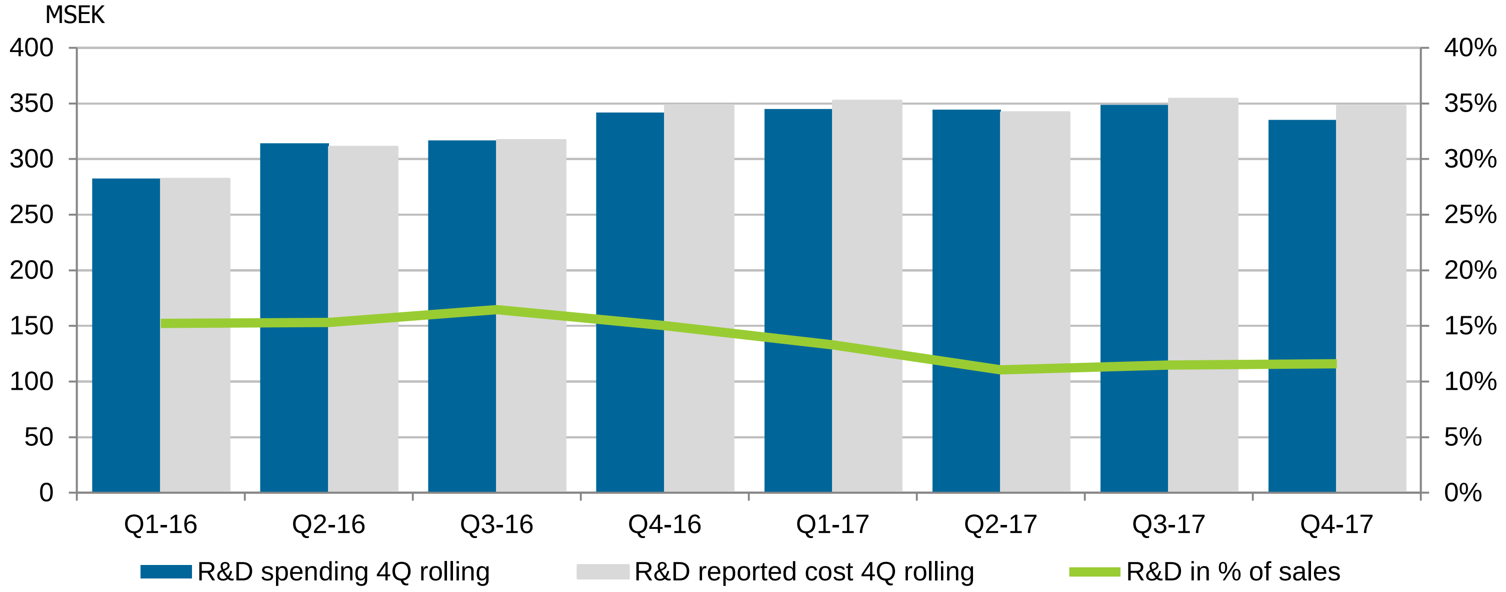
Bridge between 2017 and 2016



- Total growth 29%, consisting of organic growth 14%, acquisitions 16% and currency effects -1%.
- R&D at the same level as in 2016, including R&D-spending in acquired companies (see further comments on page 14).
- Increase in Selling mainly explained by acquisitions and investments in the sales organization.
- Increase in G&A mainly explained by acquisitions.
- Other mainly attributable to revalued earn-outs relating to acquisitions.

R&D costs

4 quarters rolling



- Total R&D spending remained the same as in 2016, while leading to lower R&D as a percentage of sales.
- Introduction of the MYPro series resulted in lower R&D spending during H2 2017, but was offset by R&D spending in the acquired companies.
- Current R&D spending as a percentage of sales is below estimated industry average of ~15%. Mycronic growth strategy requires preparedness to increase spending to industry average if and when needed.
- Product development will continue in line with growth strategy within both Assembly Solutions and Pattern Generators.

Summary by segment, Q4 2017

	Q4 2017	Q4 2016
Assembly Solutions	374	389
Pattern Generators	198	129
Order intake (MSEK)	**572**	**518**
Assembly Solutions	290	266
Pattern Generators	1,636	1,076
Order backlog (MSEK)	**1,927**	**1,342**
Assembly Solutions	473	329
Pattern Generators	458	687
Net sales (MSEK)	**931**	**1,016**
Assembly Solutions	44%	36%
Pattern Generators	80%	80%
Gross margin %	**62%**	**66%**
Assembly Solutions	2%	-22%
underlying EBIT margin AS	10%	-9%
Pattern Generators	66%	70%
EBIT margin %	**33%**	**40%**
underlying EBIT margin Group	37%	44%

Summary by segment, 2017

	2017	2016
Assembly Solutions	1,424	960
Pattern Generators	2,143	1,495
Order intake (MSEK)	**3,567**	**2,455**
Assembly Solutions	290	266
Pattern Generators	1,636	1,076
Order backlog (MSEK)	**1,927**	**1,342**
Assembly Solutions	1,419	886
Pattern Generators	1,582	1,433
Net sales (MSEK)	**3,001**	**2,319**
Assembly Solutions	39%	42%
Pattern Generators	74%	73%
Gross margin %	**57%**	**61%**
Assembly Solutions	-6%	-18%
underlying EBIT margin AS	1%	-13%
Pattern Generators	59%	59%
EBIT margin %	**28%**	**30%**
underlying EBIT margin Group	32%	32%

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Cash flow

	2017	2016
Cash flow from operations	813	655
Change in working capital	171	-193
Cash flow from operations after changes in working capital	**984**	**462**
Investments in development	-21	-8
Other investments, net	-160	-760
Cash flow before financing activities	**803**	**-306**
Financing	-194	-392
Cash flow	**609**	**-699**
Cash at end of period	**813**	**209**

- Strong cash flow from strong results, higher advance payments from customers, and a decrease in customer receivables.
- Other investments, related primarily to acquisitions and earn-outs, were lower in 2017.

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Assembly Solutions (AS) Update

Thomas Stetter, Sr VP & General Manager, Business Area Assembly Solutions

Productronica 2015: Focus on SMT and Jet Printing

Productronica 2017: A comprehensive Assembly Solution portfolio

Mycronic's Assembly Solutions

Broad product offering for efficient electronics manufacturing

Highlights 2017:

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- Launch of MYPro platform (all new MY300 & MY700)
- All time high in Order Intake
- Several multiple deals awarded

* Jet printing & dispensing
* Pick-and-place assembly equipment
* Component storage systems
* Advanced software solutions

Highlights 2017:

Vi TECHNOLOGY MYCRONIC

- Fast track implementation (Sales & Marketing)
- Positive contribution in first 2 months

* Solder Paste Inspection (SPI)
* Automated Optical Inspection (AOI)
* Advanced software suite (Sigma)

Highlights 2017:

axxon

- Continued growth in home market China
- Successful launch of MYSmart platform (MYD, MYC, MYT)
- New applications

* Broad range of dispensing and coating systems

Highlights 2017:

aei

- Further penetration of target customer group (Tier 1 automotive)
- New customer wins (China)
- New leadership in place

* Camera module assembly equipment

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Mycronic's Assembly Solutions

Broad product offering for efficient electronics manufacturing

Highlight 2017:

- Significant revenue growth (+60% Y/Y, +19% organic)
- Positive underlying EBIT of 19 MSEK for 2017 (+132 MSEK improvement)
- Positive EBIT of 9 MSEK in Q4
- Foundation for global organization set

M&A as enabler to realize & accelerate our ambition

'Mycronic aims at becoming a global high precision/high flexibility equipment supplier with an environmentally sustainable offering of products, services and software. We target electronics materials and assembly, factory automation and precision manufacturing within selected industries.'

SMT

Full-line provider of flexible high precision SMT solutions

VI TECHNOLOGY MYCRONIC

RoyoTech

Dispensing

Expanding in an attractive growth market with aim to become global #2 dispensing company

axxon MYCRONIC

Assembly Automation

Gain leading positions in high precision niche markets with high growth potential

aei MYCRONIC

Mycronic 4.0 software suite

- Material handling and tracking
- Fast change overs
- SPC

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M&A opened a significantly larger market window

Increased market potential >1,200 MUSD

Assembly Automation

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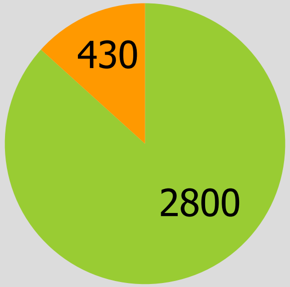
ADAS[1] to drive demand for camera sensors, unit growth from 77 to 92 Mio[2] modules (2017 vs. 2016)

SMT & Dispensing

Market[3]
3,230 MUSD



+ 1,170 MUSD additional market potential

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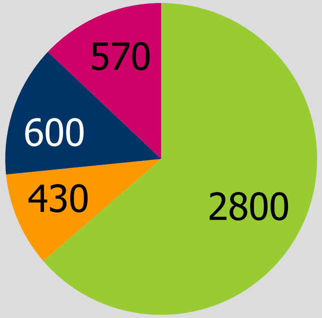
RoyoTech

Market[3]
4,400 MUSD



1) ADAS=Advanced Driver Assistance Systems
2) Market Data from Prismark (last updated December 2017)
3) Market Data 2017 from Prismark (last updated Sep 2017) Protec (2018); Mycronic analysis; Inspection&Dispensing: Market data for 2016; Inspection only SPI/AOI Inline

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Full-line SMT solution provider

Broadest offering of SMT assembly equipment

SMT
Full line
Solution
Provider

VI TECHNOLOGY MYCRONIC

RoyoTech

Mycronic 4.0 software suite
- Material handling and tracking
- Fast change overs
- SPC

MY700 Jet Printer
Solder paste and glue jetting

Π series
3D solder paste inspection (SPI)

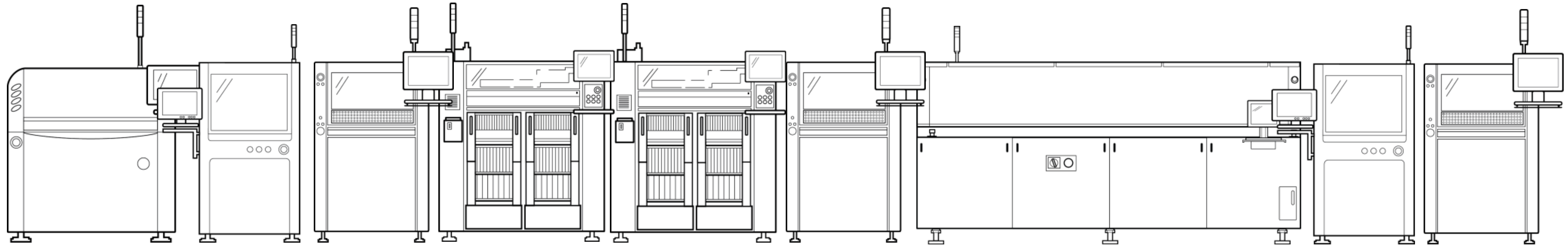
MY300
Pick-and-place for high-mix applications

K3D series
3D automated optical inspection (AOI)

MYSmart series
For any dispensing need

SMD Tower
Smart storage solutions

The SMT line



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Dispensing: Complete range of equipment for in-line and stand alone purposes

Mycronic and Axxon product portfolios combined

Dispensing

Expanding in an attractive growth market with aim to become global #2 dispensing company

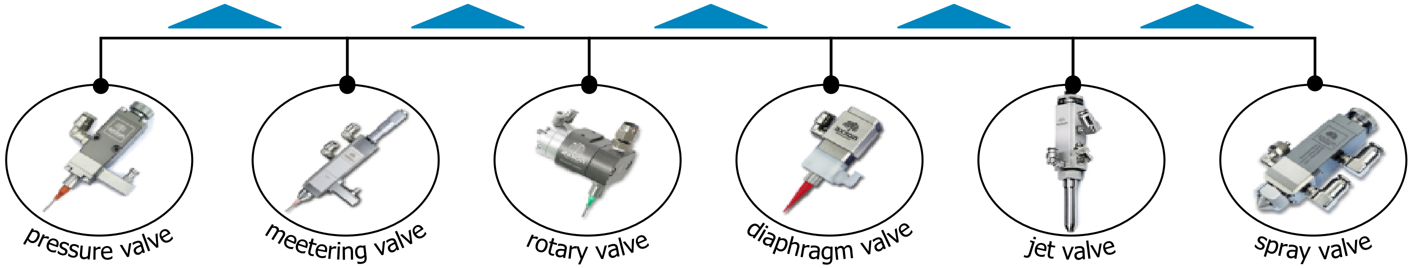
table top dispensing

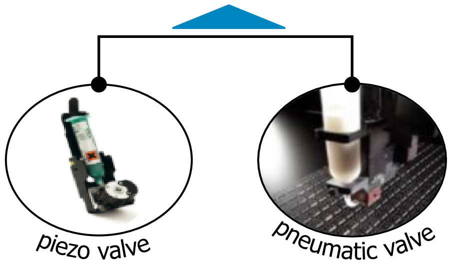
versatile in-line dispensing and coating systems

high-speed jet dispensing

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

solder paste, adhesives, assembly fluids



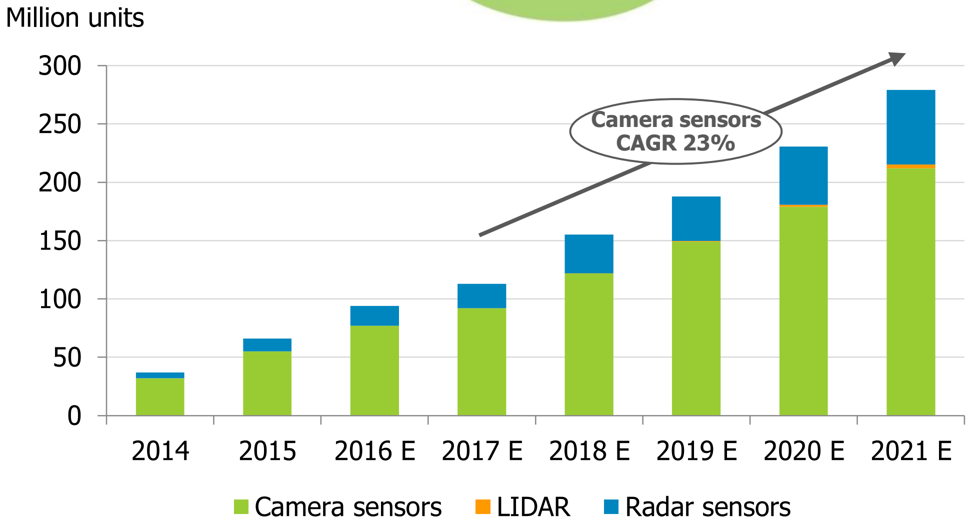


AEi: Leading camera module assembly equipment supplier for the automotive industry

Assembly Automation
Gain leading positions in high precision niche markets with high growth potential

- AEi is market and technology leader in the Camera Module Assembly & Test (CMAT) market for the automotive sector
- Very strong growth (CAGR 23% 2017-2021) expected for automotive camera sensors driven by ADAS and Autonomous Driving

Sensors for ADAS applications



Convenience	Safety	Autonomous	
→ 2014 2015 2016 2017 2018 2019 2020 2021 2022 →			
General information	Passive warning	Active safety intervention	Active primary vehicle control

ADAS = Advanced Driver Assistance Systems

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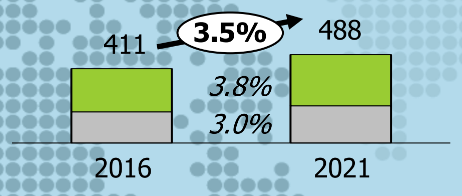
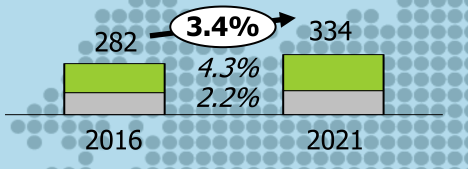
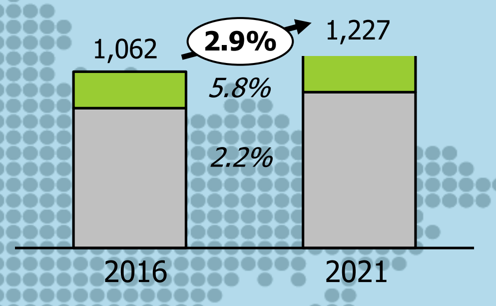
We significantly increased global reach and footprint

Electronics industry production forecast — **3.1% (global)**







	Americas	EMEA	Asia
Revenue Split AS	**24%**	**40%**	**36%**
Installed Base (Systems)	**~2000**	**~3300**	**~3700**
Customer Support Staff	**~50**	**~75**	**~115**

Revenue, Installed base & Personnel data 2017

- Defense/Aerospace, Industrial/Medical, Automotive (4.5% CAGR)
- Computer, Communication, Consumer (2.3% CAGR)

Source: Prismark April 2017
All values in BUSD

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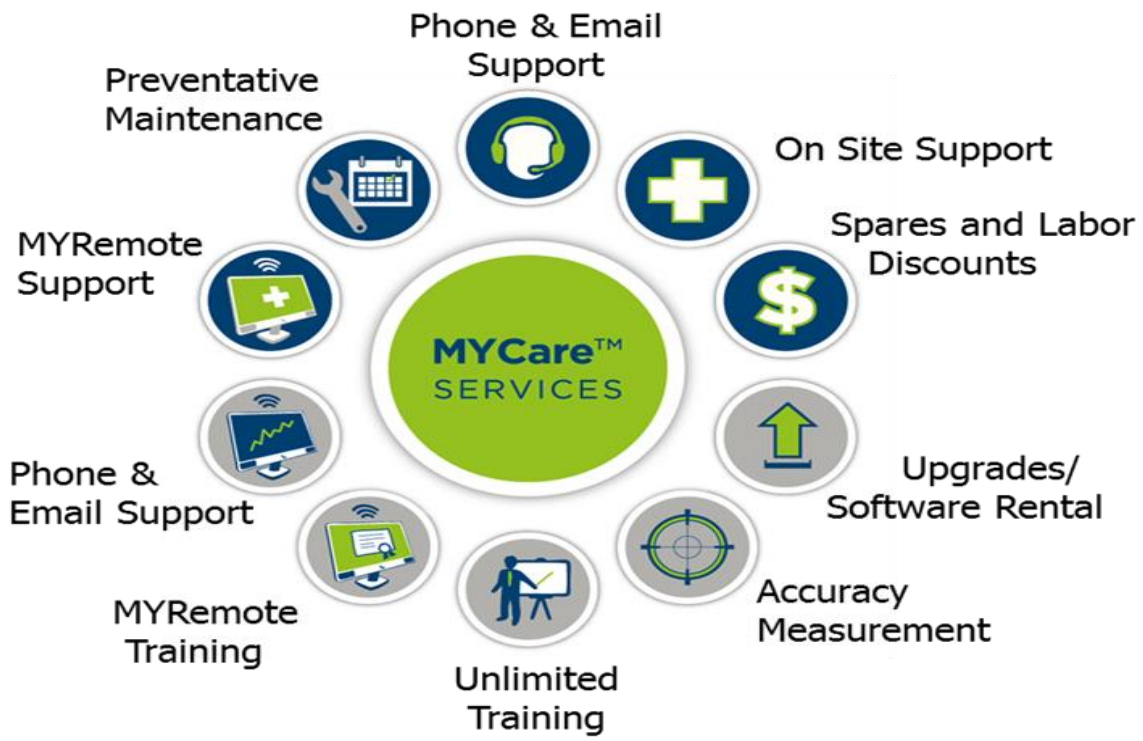
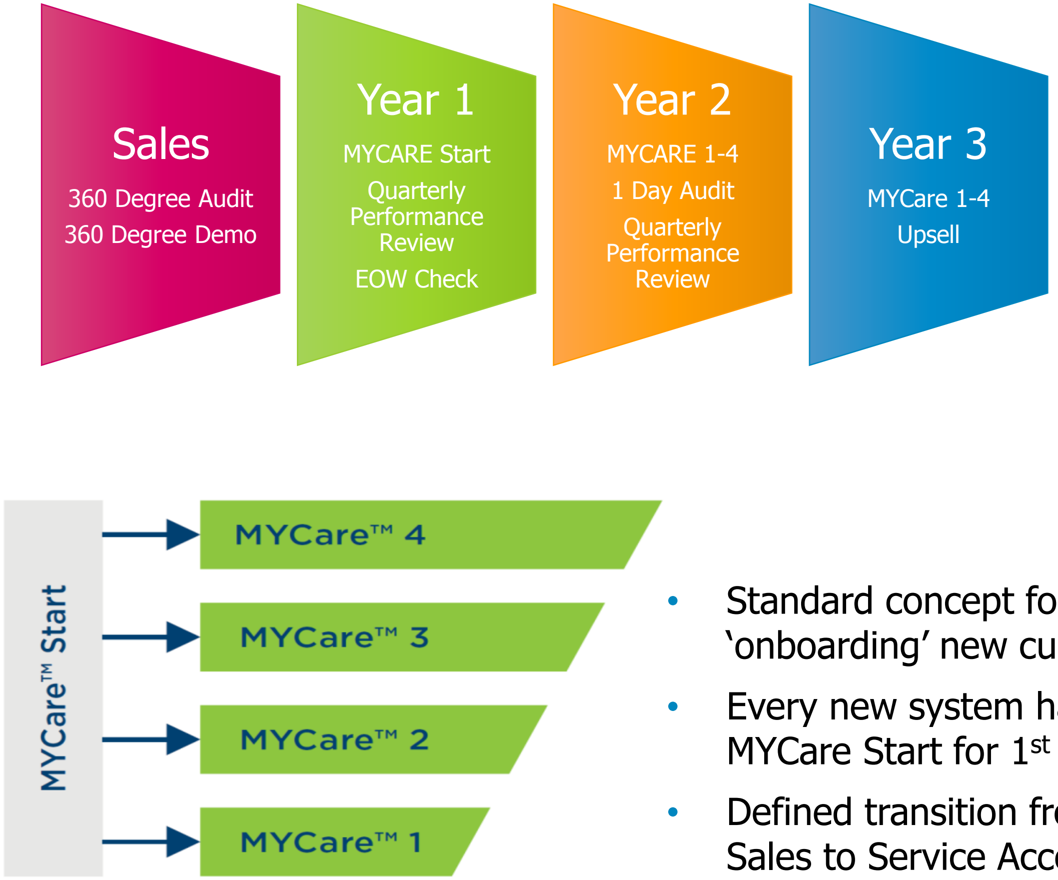
After Market – MYCare concept to systematically increase share of recurring revenue





- Standard concept for 'onboarding' new customer
- Every new system has MYCare Start for 1st year
- Defined transition from Sales to Service Account Management

After Market: Roll-out of MYCare concept

Significant potential to further grow AS After Market business

Proven success: Example SMT Europe

Growth in revenue and customer penetration (2017 vs. 2013):

- **+49% After Market Revenue growth**
- **MYCare penetration growth: 60% to 75%**

Implementation plan

- **Roll-out of MYCare concept** to newly acquired parts of AS with less focus on After Market so far
- Harvest **short-term synergies** (e.g. Spare Part Logistics; one organization)
- **Global Service Community** to continuously grow After Market share of revenue and penetration rate
- Leverage **Digitalisation** to internally increase **efficiency** and to create additional **customer value**

We see significant potential to further grow our After Market business

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Appendix 1 – market update Q4

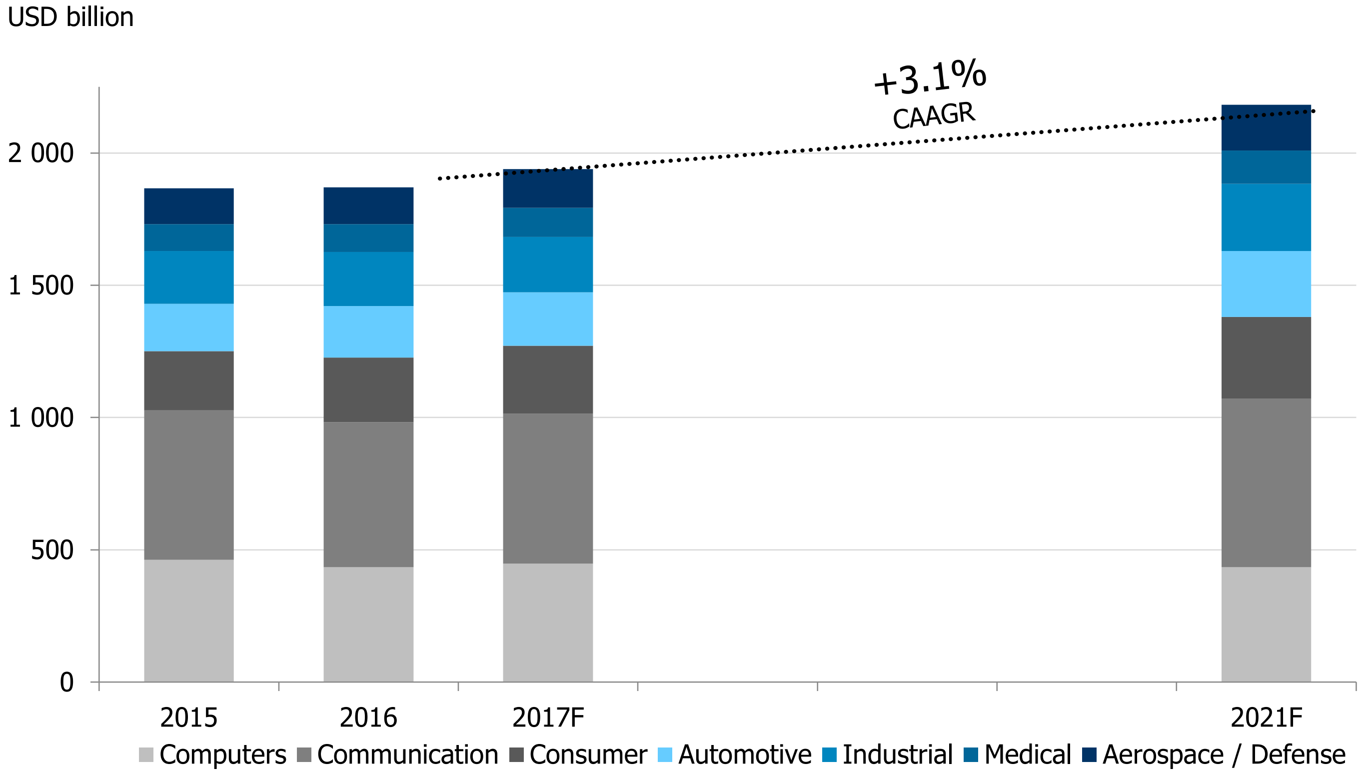
Market update – changes since last update

- The following changes have been made in external data since our last update in October 2017
  - Electronics industry
    - Estimate for 2017 is revised up from +3,3 to +3.7 percent, from USD 1,933 billion to USD 1,940 billion.
    - Forecast 2016 to 2021 revised down from CAAGR +3,2% to +3,1%, from USD 2,190 billion to USD 2,182 billion.
  - Semiconductor market
    - Estimate for 2017 revised from +17 to +22.5 percent.
    - Forecast for 2018 revised up from +1,0% to +7,0%.
    - Forecast for 2018 to 2021 revised up from CAGR +0,4% to +1,4%.
  - Display market
    - Estimate for 2017 revised up from 124 BUSD to 125 BUSD.

Source: Prismark, December 2017

Electronics industry systems market

Yearly development



- Global electronics industry forecast growth of 3.7% in 2017 to 1,940 billion USD.
- Industry segments growing in 2017
  - aerospace +5%
  - consumer +5%
  - medical +5%
  - communication +4%
- Long-term annual growth of +3.1% forecast for the period 2016-2021.

Source: Prismark, December 2017

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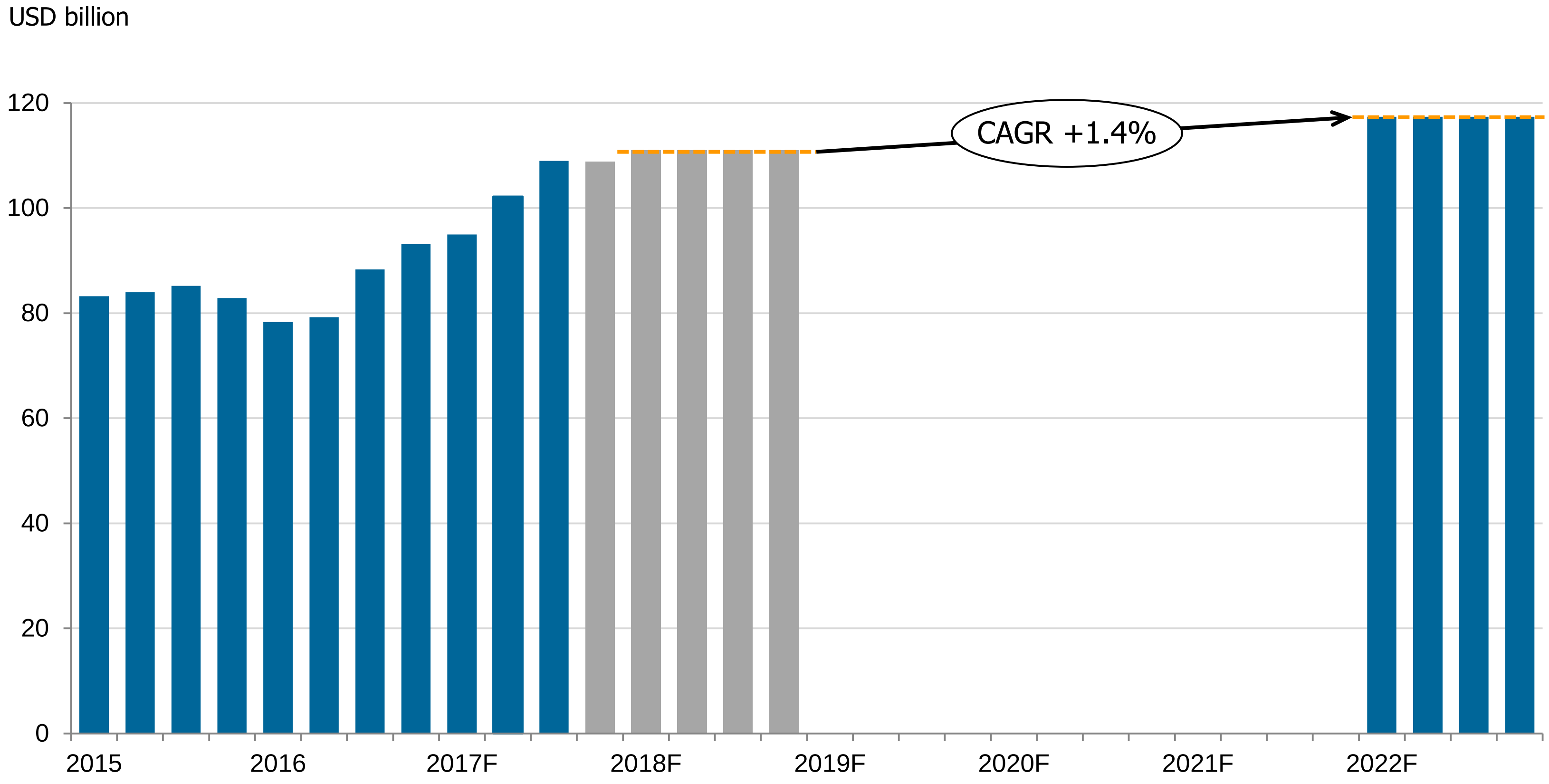
Semiconductor market

Quarterly development



- Semiconductor market growth in Q1-Q3 2017 was +25% compared to Q1-Q3 2016
- Outlook for FY 2017 indicates a growth of +22.5%
- Annual long term growth at +1.4% 2018 to 2022

Source: Prismark, November 2017

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Assembly Solutions– market update

SMT equipment *

- 2017 saw a positive development with growth of 32%, to USD 2,610 million.
  - Markets in China and Japan exhibited the strongest development.

Dispensing *

- 2016 market estimated at 600 MUSD
- Mycronic the fourth largest supplier of dispensing equipment addressing the major part of the total market

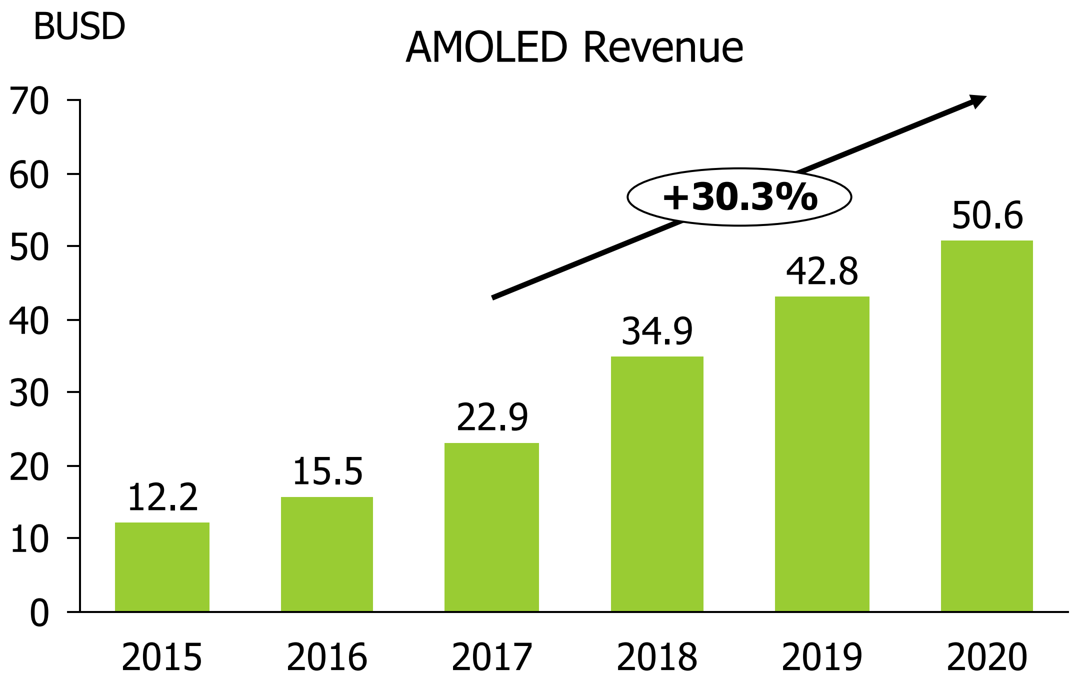
Assembly automation

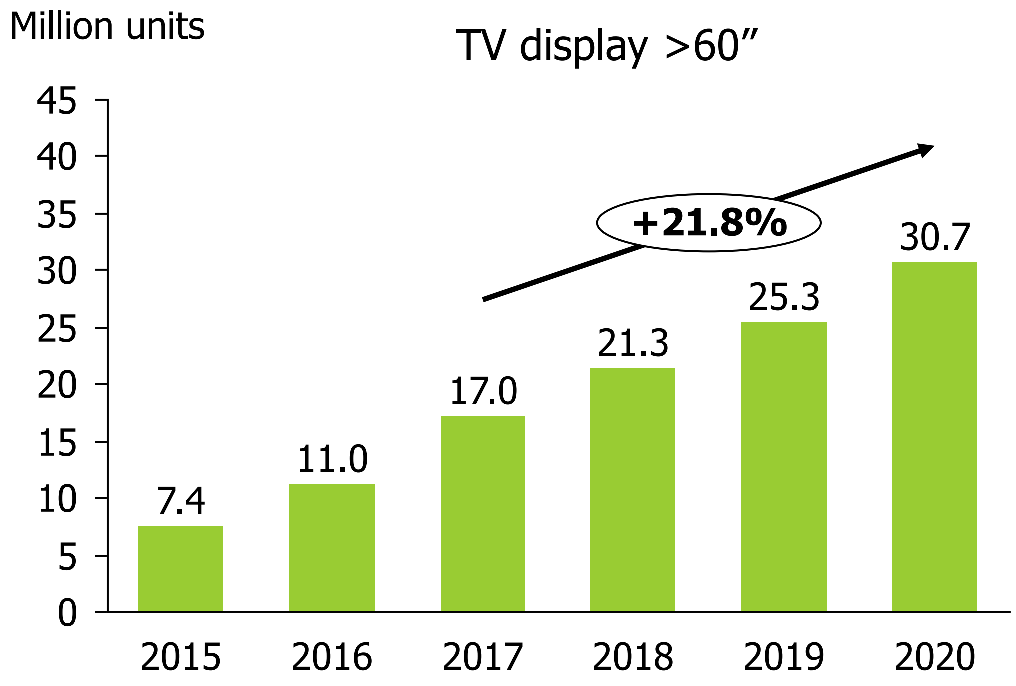
- Automotive fastest growing segment in the electronics industry
- Camera modules for ADAS growing fast
  - Estimated 19% growth of number of camera modules produced in 2017, to 92 million units.
  - Estimated yearly growth of 23% 2017-2021 in number of camera modules

* No external forecast provided for 2017 and onwards

Source: PROTEC MDC January 2018, Prismark December 2017, Mycronic

Technology transition from LCD to AMOLED and ramp up of large TV production





- Fast AMOLED growth the coming years
  - AMOLED market share estimated to grow from 15% 2016 to 35% in 2020, an upward revision.
- The smartphone is the main application
  - Drivers are better image quality, smaller display thickness, flexible properties and enables lower power consumption

- Many new G10 display fabs under construction or in planning phase
  - Large TV (>60”) is the main driver
- Substantial investments in the growing Chinese display market.
- Driving demand for photomasks.

Source: IHS, Jan 2018

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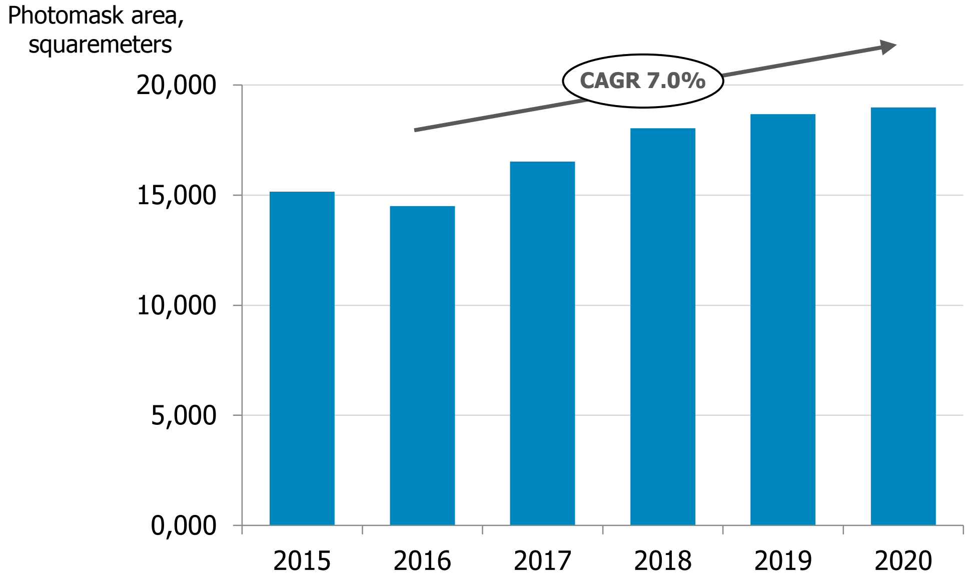
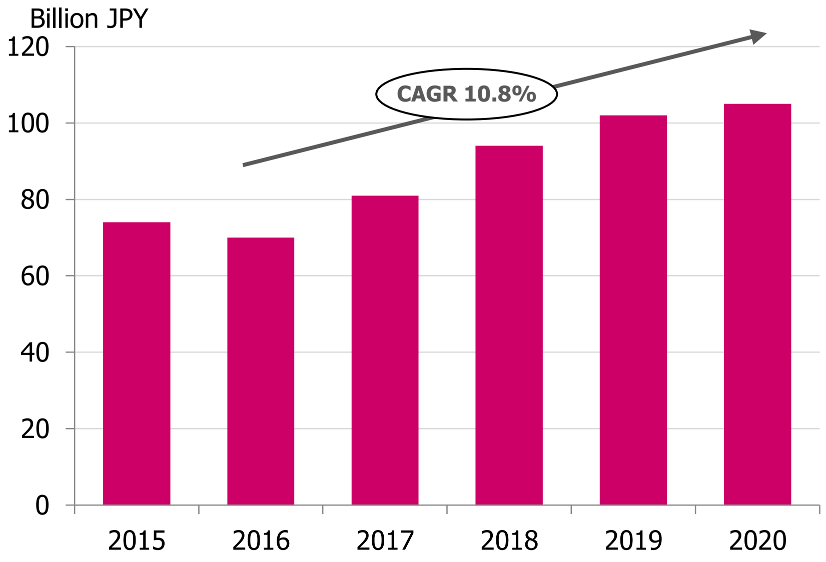
Display photomask market

Market rebound forecast 2017





- 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 need for photomasks during rebuild phase
- Positive market forecast going forward as new AMOLED and G10 fabs ramp up photomask consumption

Source: IHS May 2017

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