

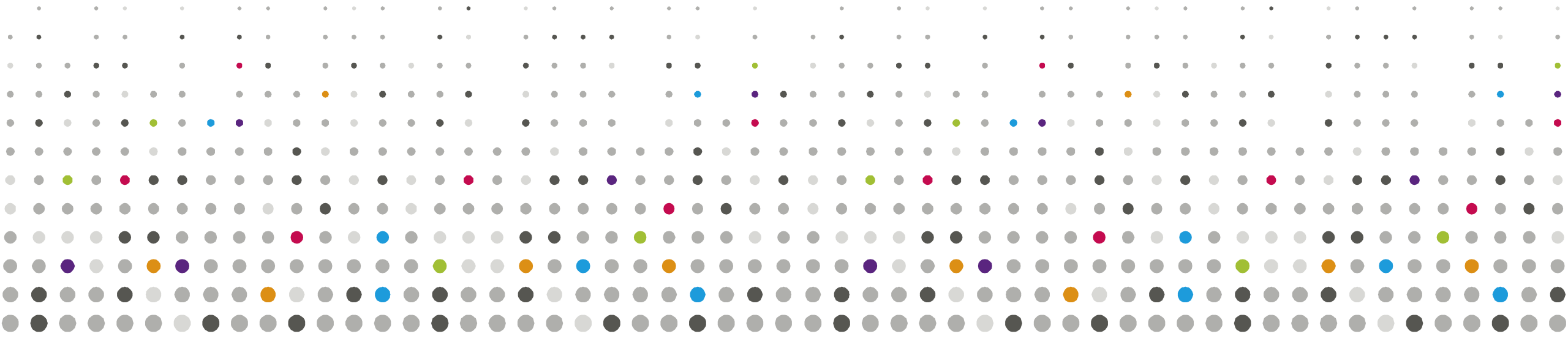
Q4 Report

February 7, 2019

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President and CEO

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CFO

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Important information

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MYCRONIC



**2018 – order intake, net sales and EBIT
again at record levels**

Mycronic in brief



>40

years of experience
in innovation

>1,200

employees in ten
countries

Mycronic is represented
in

>50

countries

The power of innovation
is proven by

>500

patents

>12,000

production systems at
more than 3,000
customers

>99%

of consolidated net sales
are outside Sweden

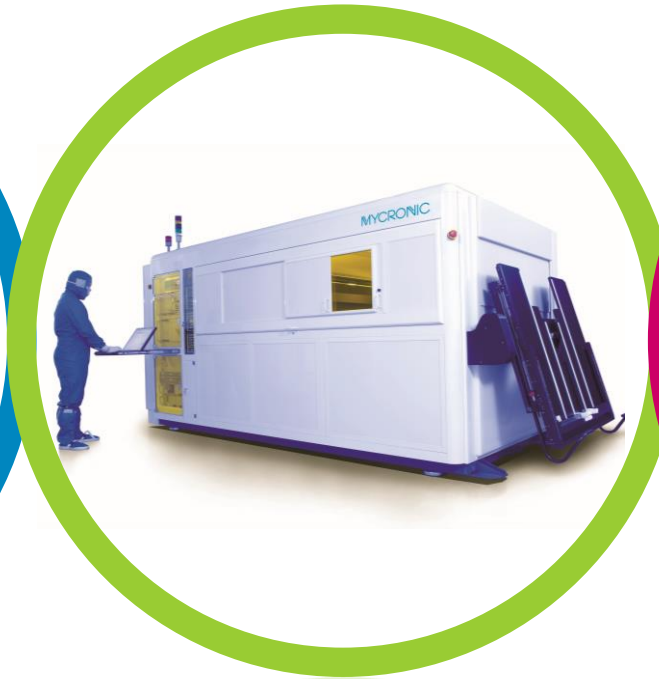
Mycronic's Pattern Generator solutions

Indispensable for the display industry



Display

Precision mask writer & metrology series
Precision-8, Precision-80, Precision-800, Precision MMS



Multi-purpose

FPS series
FPS-6100, FPS-8100



Aftermarket products

Service contracts & value adding products
Display, Multi-purpose and Semicon

Mycronic's Assembly Solutions

Broad product offering for efficient electronics manufacturing

Surface Mount Technology

Inspection

Dispensing

Assembly Automation



- 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
- Ultra-high precision die bonding equipment

2018 – a new record year

Net sales
growth **26%**

Assembly
Solutions
EBIT margin up
10pp

EBIT
> 1,000
MSEK
+21%

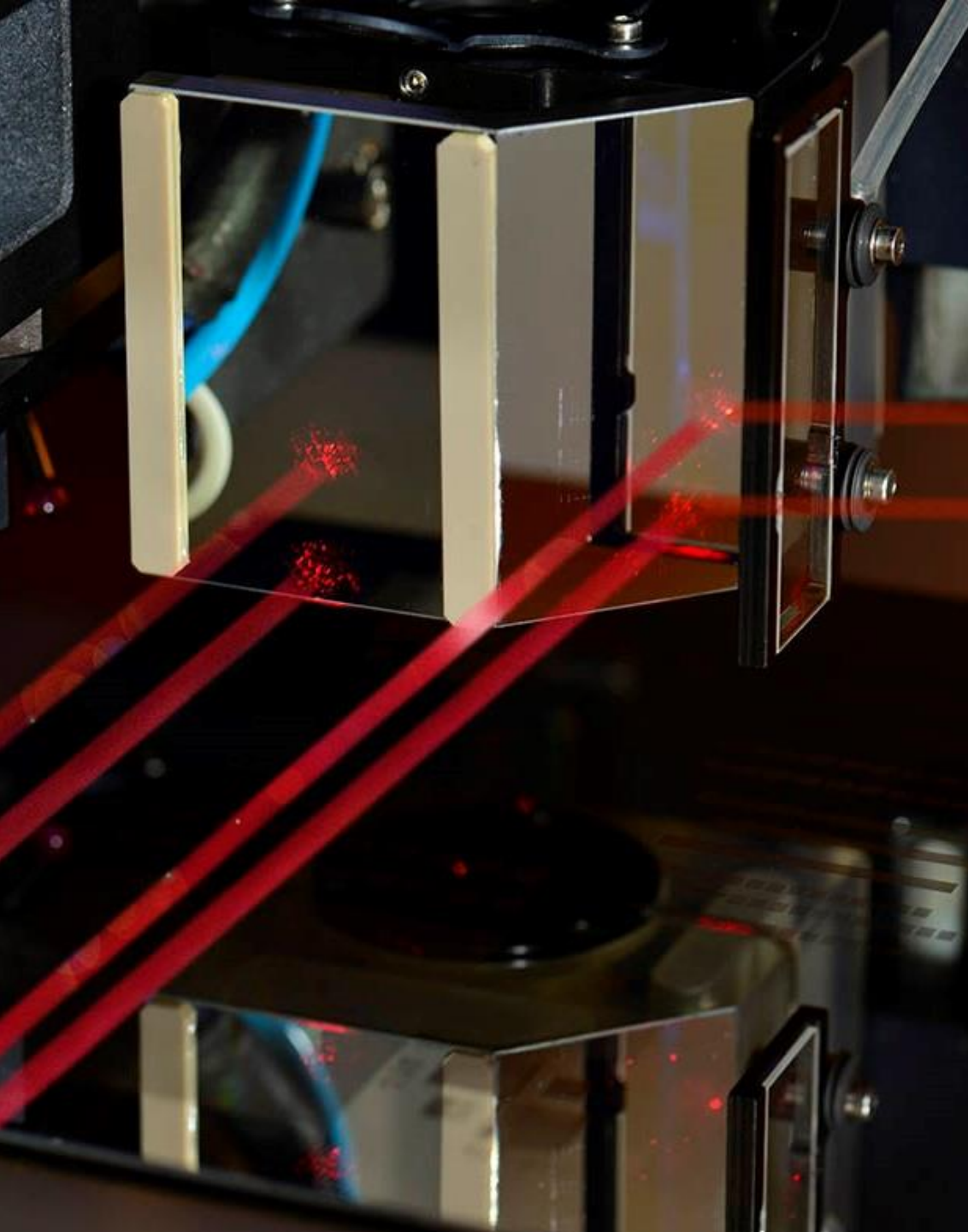
Good base with
1,904
MSEK order
backlog

Strong platform
for future
growth

2018 – a new record year

- Order intake increased 2% to 3,642 MSEK
 - Strong development within both business areas
 - Good performance from acquisitions
- Strong net sales up 26% to 3,781 MSEK
 - Good momentum in Assembly Solutions
 - Investments in M&A and product portfolio pay off
 - Increased cross-selling
 - Pattern Generators continue at strong and stable level
 - 7 systems delivered
 - Revenue recognition from a shipped Prexision-10 moved into 2019
- Important and stable aftermarket
- EBIT up 21% to 1,020 MSEK
 - EBIT over 1 Bn SEK for the first time
 - Move of Prexision-10 revenue recognition into 2019
- Order backlog at 1,904 MSEK – good base for 2019





Q4: Strong order intake

- Order intake increased 128% to 1,303 MSEK (+2% FY)
 - Strong development within both business areas
 - Good performance from acquisitions
 - 2 FPS-systems, 1 limited Precision-8 and 1 limited Precision-800
- Strong net sales up 14% to 1,052 MSEK (+26% FY)
 - Assembly Solutions up 31% (+42% FY)
 - Investments in M&A and product portfolio pays off
 - Increased cross-selling
 - Pattern Generators -5% (+12% FY)
 - Revenue recognition from a shipped Precision-10 moved into 2019
 - Product mix
 - Variation between quarters of delivery volumes for mask writers
- EBIT at 151 MSEK with a margin of 14% (1,020, 27% FY)
 - Precision-10 revenue recognition and product mix
 - FY EBIT over 1 Bn SEK for the first time
- Order backlog at 1,904 MSEK – good base for 2019
 - 8 planned mask writer deliveries
 - Solid Assembly Solutions backlog

Attractive market

Fundamentals supporting growth

Continued growth
expected in global
electronics
industry

**Solid market
development** in the
Assembly Solutions
electronics segments

**Favorable
consumer trends** in
display end market

See Appendix for further details

Dividend proposal

20% increase

In accordance with the dividend policy, the Board of Directors propose to the AGM a dividend of SEK 3.00 (2.50) per share

Dividend policy

Provided that the Company's net debt is lower than three times EBITDA after the stipulated dividend, 30 to 50 percent of the Company's profit after tax is distributed to shareholders.

Outlook 2019

The Board's assessment is that consolidated net sales for 2019 will be at a level of SEK 4 billion, excluding any acquisitions made in 2019

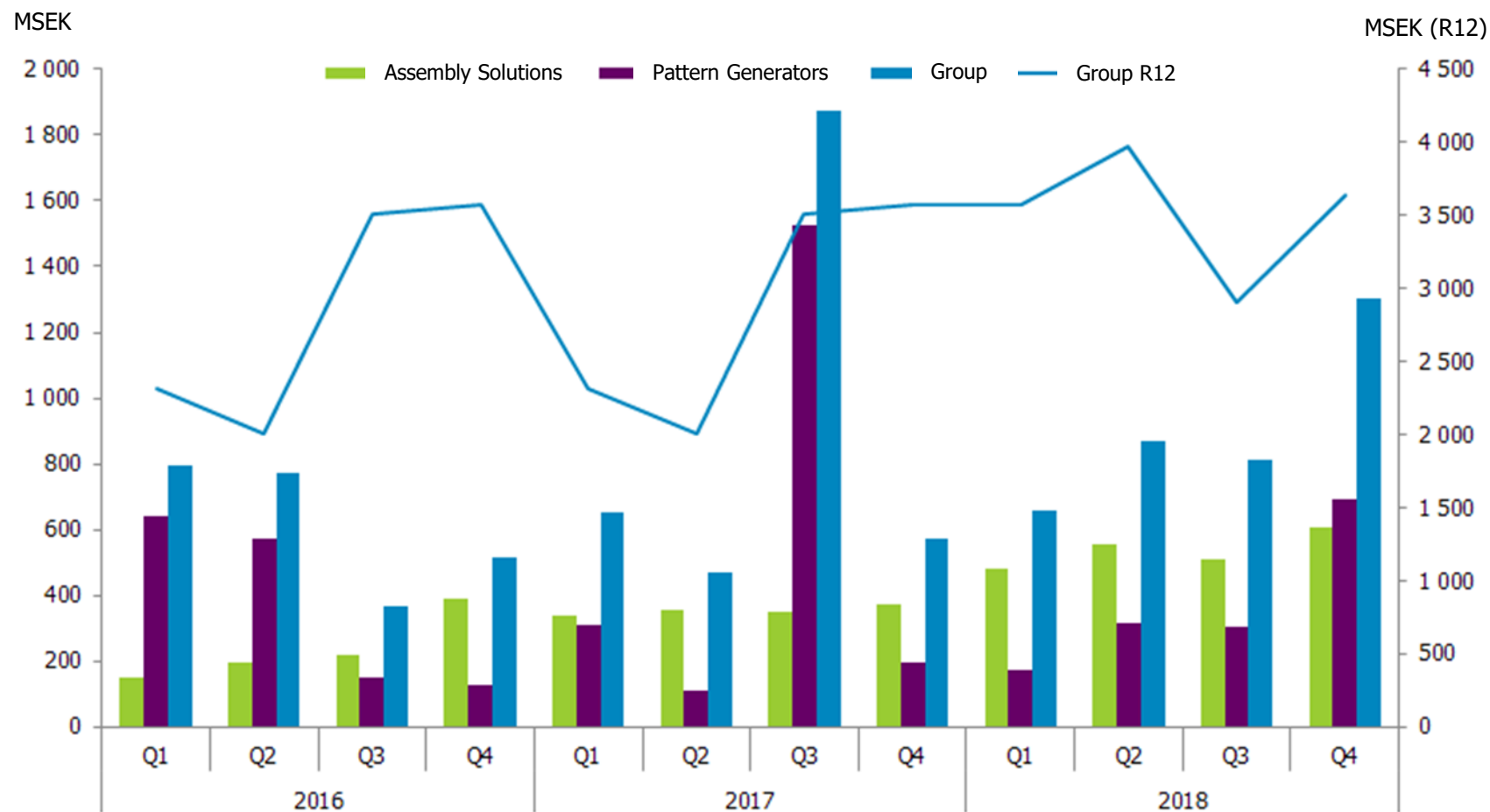
A man and a woman are standing in a modern electronics store, looking at a large television mounted on a wall. The man, wearing a light blue striped shirt, is pointing at the screen with his right index finger. The woman, wearing a white blouse, is standing next to him, looking at the screen with a smile. In the background, there are other TVs and a sign that says "HOME CINEMA".

Financial update

Torbjörn Wingårdh

CFO

Strong order intake

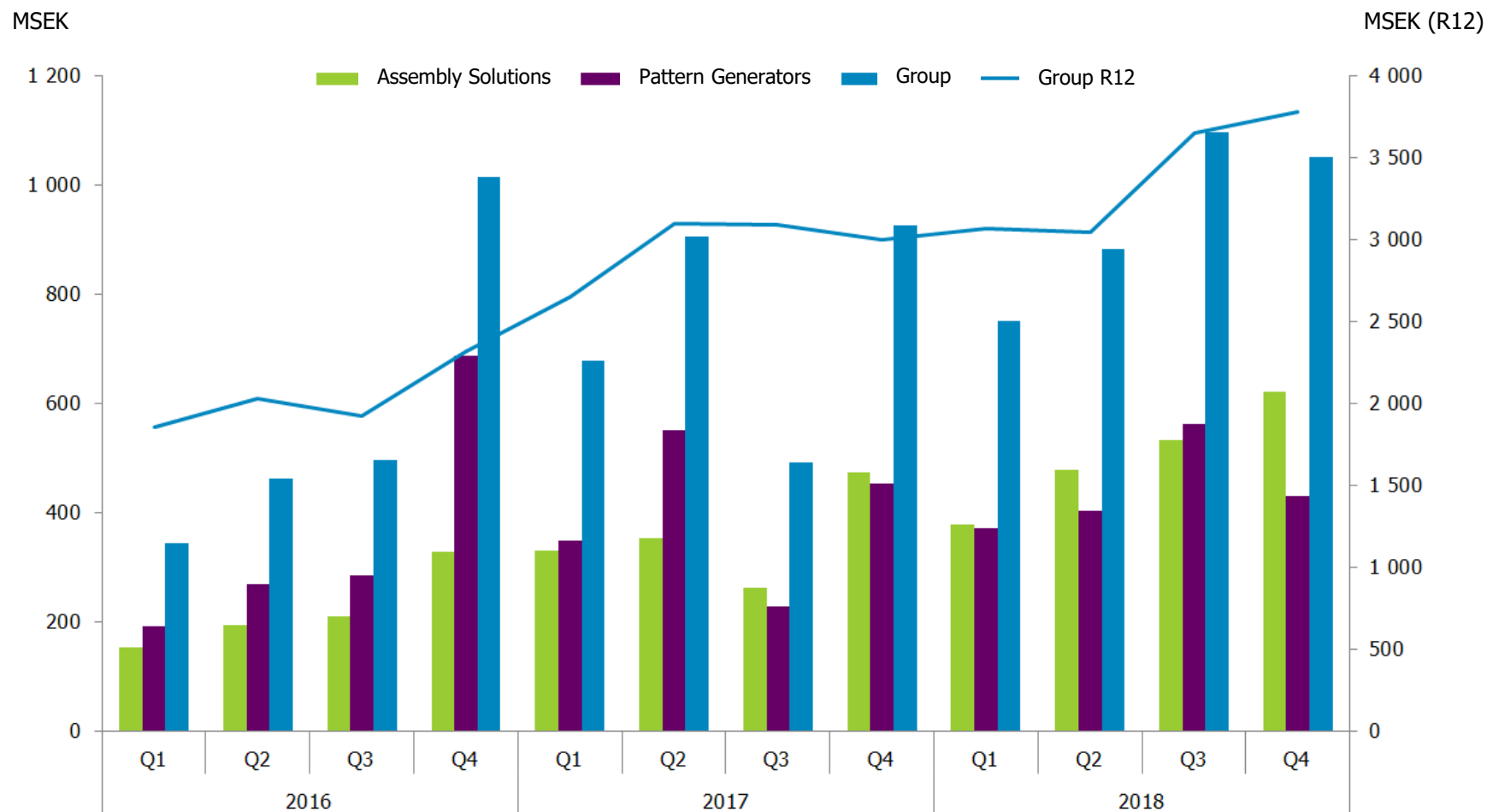


- Assembly Solutions increased 62% to 608 MSEK (FY: +51% to 2,149)
 - Strong dispensing market in Asia
 - Organic growth of 46% (FY: +36%)
- Pattern Generators increased 252% to 695 MSEK (FY: -30% to 1 492)
 - 2 FPS, 1 limited Precision-8 and 1 limited Precision-800
 - 90-100 MUSD order in Q3 2017 give challenging FY comparison
- Backlog at 1 904 MSEK
 - Assembly Solutions at 507 MSEK
 - Pattern Generators at 1 397 MSEK

FY = Full-year

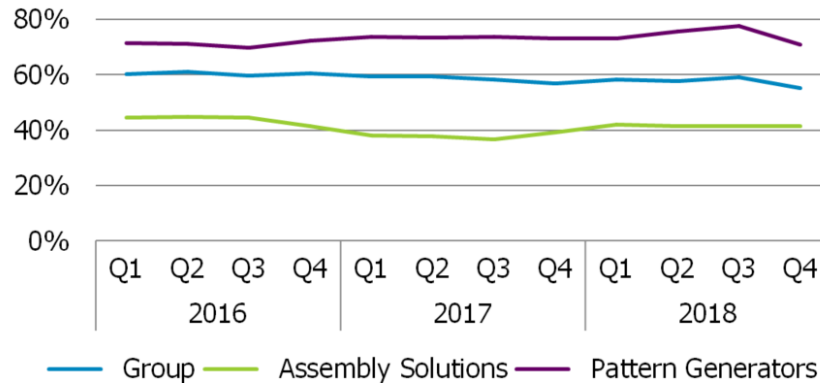
Strong net sales

- Net sales increased 14% to 1,052 MSEK (FY: +26% to 3781)
 - Strong volumes but less favorable maskwriter mix
 - Assembly Solutions increased 31% to 621 MSEK (FY: +42% to 2,012)
 - Pattern Generators decreased 5% to 430 MSEK (FY: +12% to 1,769)
 - Revenue recognition from a shipped Precision-10 moved into 2019
- 2 mask writers delivered compared to 2 last year (FY: 7 compared with 10 last year)
- Currency effects on net sales of 43 MSEK (FY: 62)
- Important and stable aftermarket



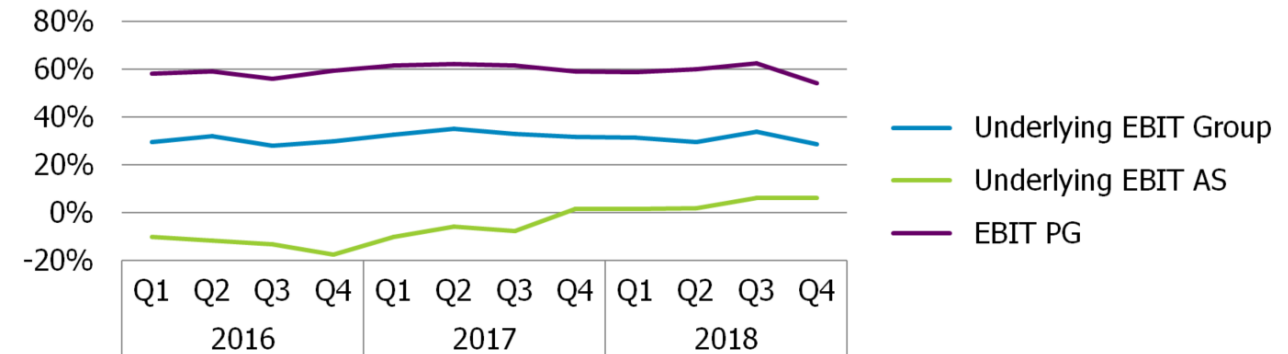
Q4 margins

Gross margin, 12 months rolling



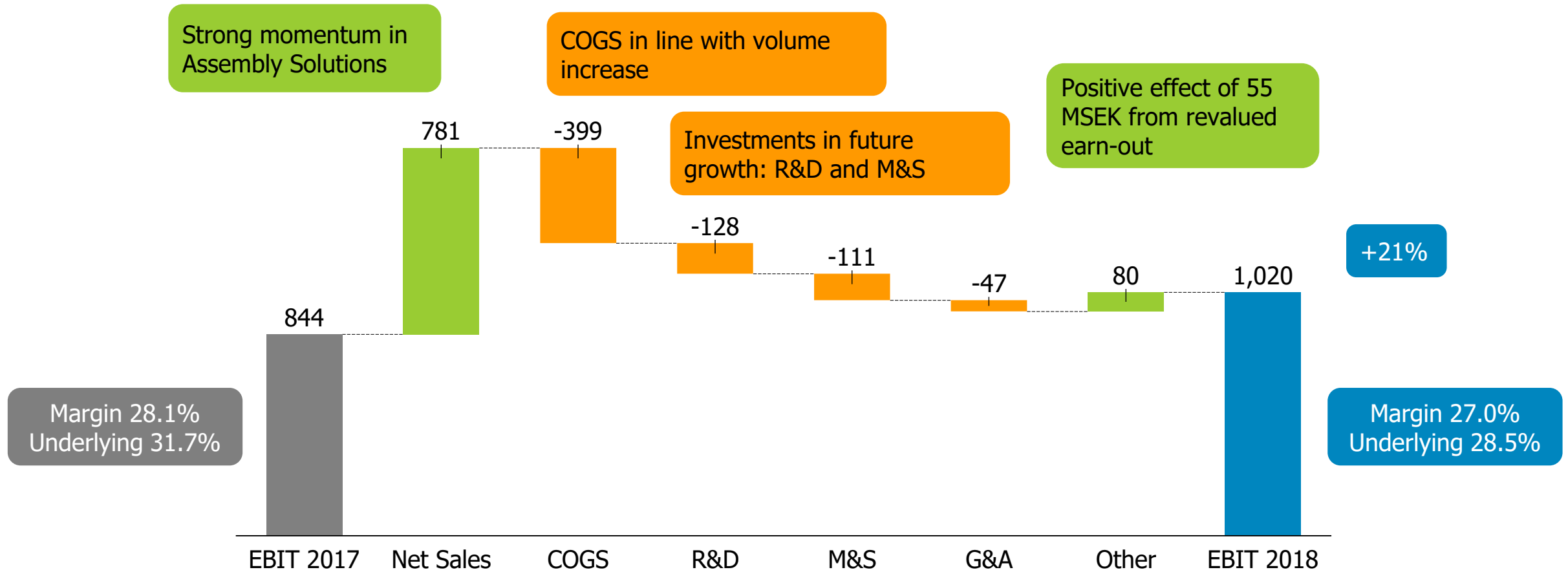
- Gross margin at 47.4% (FY: 55.5%)
 - Revenue recognition from a shipped Precision-10 moved into 2019
 - Product mix
 - Fast growing Assembly Solutions increases its weighting in the group numbers

EBIT margin, 12 months rolling

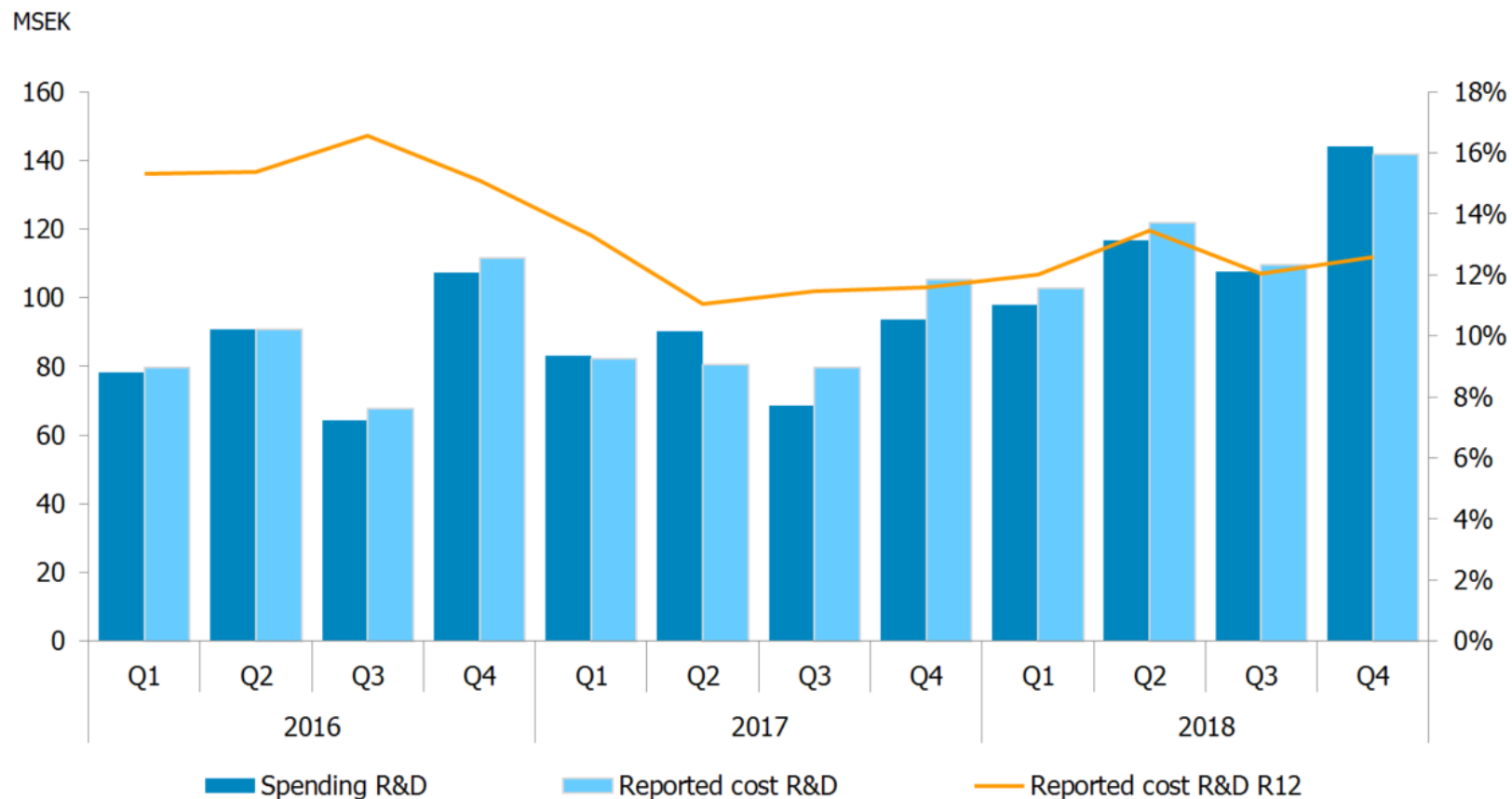


- EBIT margin at 14.3% (FY: 27.0%)
 - Assembly Solutions at 2.9% (FY: 3.5%). Full year improves 9.7 pp to 3.5% driven mainly by volume
 - AEi: Positive effect of 55 MSEK from a revalued earn-out
 - Axxon: Negative interest rate change effect of 14 MSEK from earn-out
 - Pattern Generators at 31.1% (FY: 54.0%)
 - Revenue recognition from a shipped Precision-10 moved into 2019 and product mix
- Underlying EBIT amounted to 186 MSEK (FY 1,076) with a margin of 17.7% (FY: 28.5%)

Strong EBIT growth



R&D: Driving innovation



- R&D spending increased 50 MSEK from Q4 2017
 - Next generation mask writers, general product development and acquired companies
- Product development will continue in line with growth strategy
- Rolling R&D spending to sales at 12.3% compared with industry average of 15%
- Increased allocations going forward in Pattern Generators

Summary by business area, Q4 2018

	Q4 2018	Q4 2017
Assembly Solutions	608	374
Pattern Generators	695	198
Order intake, MSEK	1,303	572
Assembly Solutions	507	290
Pattern Generators	1,397	1,672
Order backlog, MSEK	1,904	1,963
Assembly Solutions	621	473
Pattern Generators	430	453
Net sales, MSEK	1,052	926
Assembly Solutions	43%	44%
Pattern Generators	54%	80%
Gross margin, %	47%	62%
Assembly Solutions	3%	2%
Underlying EBIT margin AS	9%	10%
Pattern Generators	31%	66%
EBIT margin, %	14%	33%
Underlying EBIT margin Group	18%	37%

- Strong order momentum in Assembly Solutions
- Robust order intake in Pattern Generators with 4 systems
- Good backlog with 8 planned mask writer deliveries in 2019
- Strong contribution from acquired units
- Revenue recognition from a shipped Prexision-10 moved into 2019 and product mix affected margins and Pattern Generator sales

Summary by business area, FY 2018

	2018	2017
Assembly Solutions	2,149	1,424
Pattern Generators	1,492	2,143
Order intake, MSEK	3,642	3,567
Assembly Solutions	507	290
Pattern Generators	1,397	1,672
Order backlog, MSEK	1,904	1,963
Assembly Solutions	2,012	1,419
Pattern Generators	1,769	1,581
Net sales, MSEK	3,781	3,000
Assembly Solutions	42%	39%
Pattern Generators	71%	73%
Gross margin, %	55%	57%
Assembly Solutions	3%	-6%
Underlying EBIT margin AS	6%	1%
Pattern Generators	54%	59%
EBIT margin, %	27%	28%
Underlying EBIT margin Group	28%	32%

- Strong order momentum in Assembly Solutions
- Robust order intake in Pattern Generators but challenging comparison
- Good backlog with 8 planned mask writer deliveries in 2019
- Record sales with strong contribution from acquired units
- Assembly Solutions EBIT margin up 10 pp
- Revenue recognition from a shipped Prexision-10 moved into 2019 affected margins

Cash flow 2018

MSEK	2018	2017
Cash flow from operations	928	813
Change in working capital	-225	171
Cash flow from operations after changes in working capital	702	984
Investments in development	-10	-21
Other investments, net	-430	-160
Cash flow before financing activities	262	803
Financing	-258	-194
Cash flow	4	609
Cash at end of period	829	813

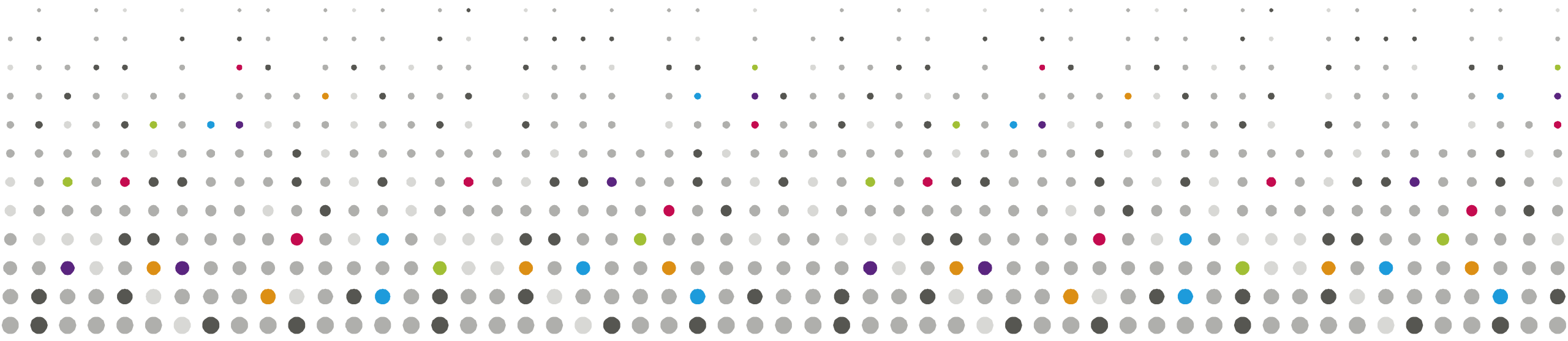
- Working capital change mainly driven by growth strategy with increased inventory and receivables
- MRSI acquisition represents 353 MSEK of the total investments
- In total 245 MSEK was paid as dividend

Q&A



APPENDIX

Q4 2018 Market update

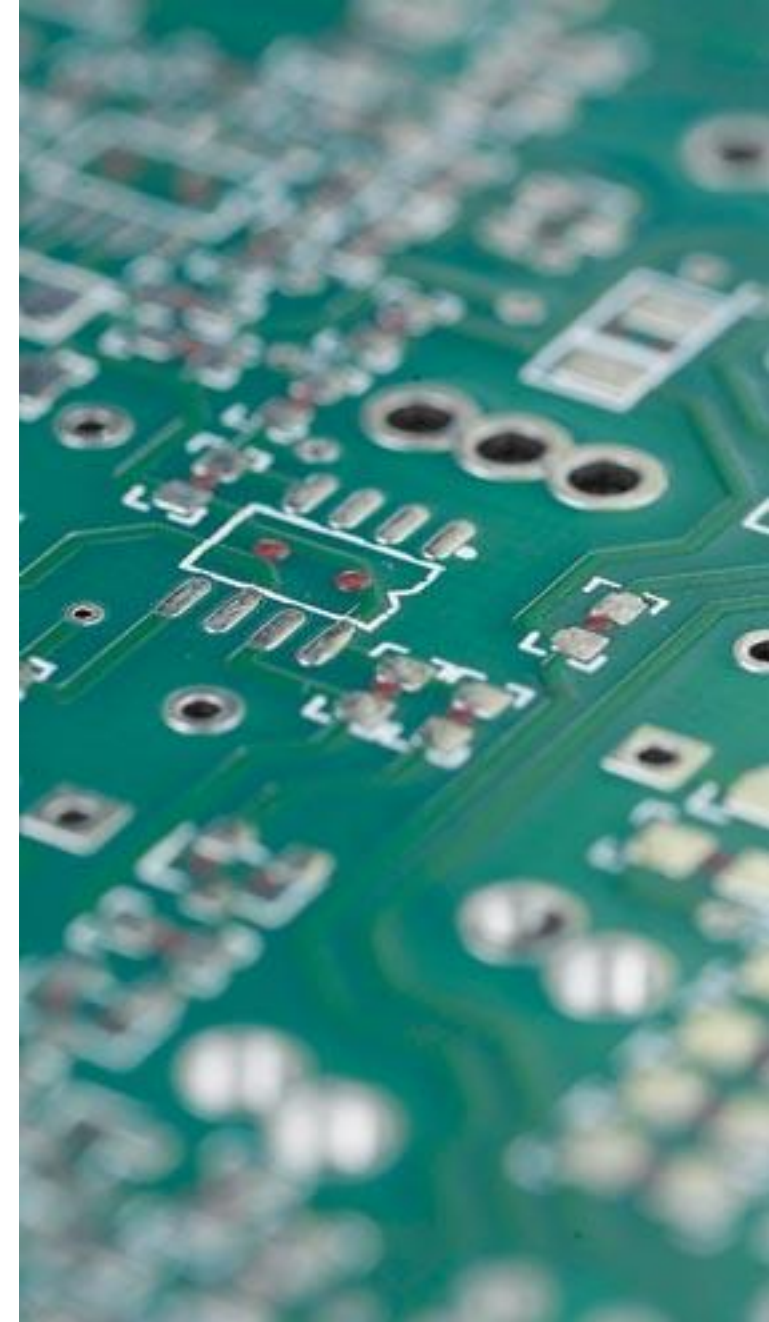


Outcome 2017

Market summary and updates

- Global electronics at +6.5% or 2,013 (from 2,017) BnUSD
- Semiconductors +21.7% and reached 412 BnUSD
- SMT assembly equipment +32% to 2,615 MUSD
- Dispensing equipment +28% to 770 MUSD
- Camera modules +34% and 130 million units
- Display market actuals came in close to expectations, with +19% from 105 to 124 BnUSD
- Display photomasks +14% to around 704 MUSD

Source: Prismark May / December 2018, PROTEC MDC January 2019, IHS April 2018, IHS May 2018

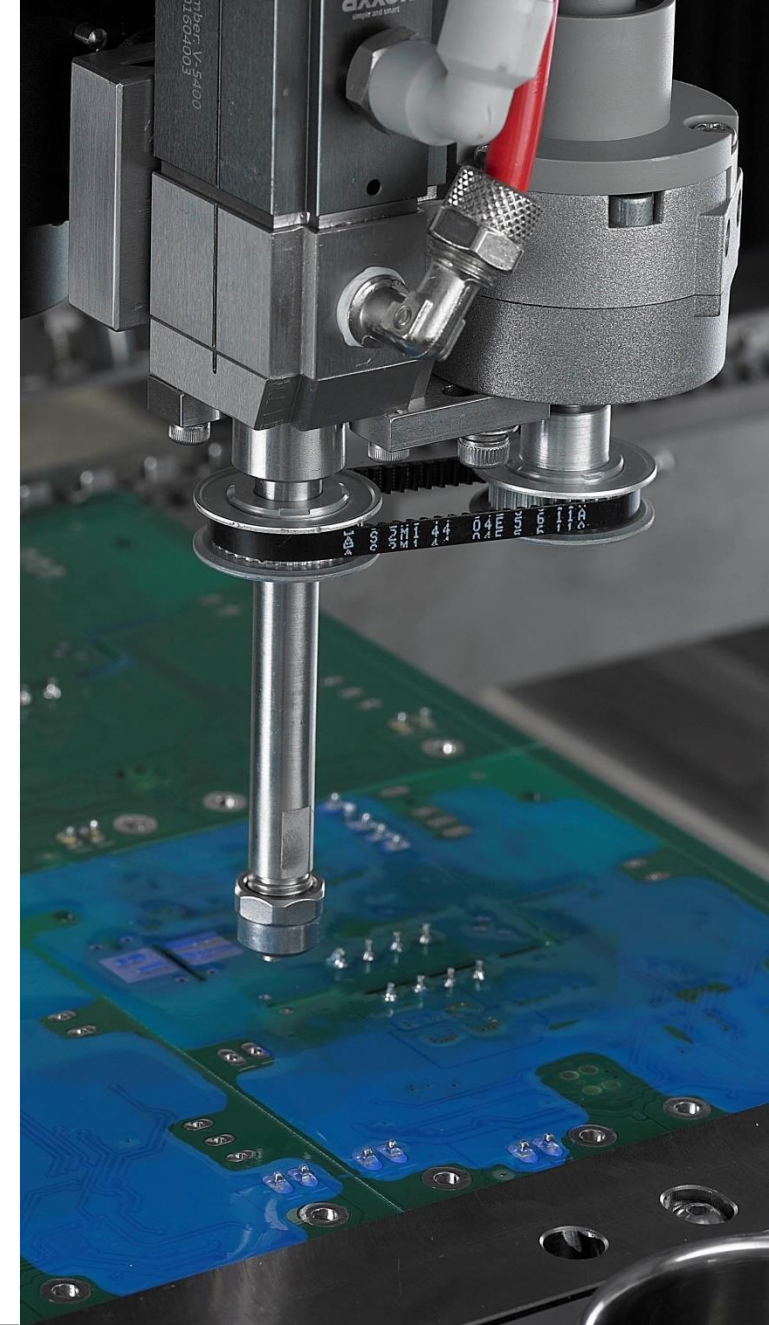


Forecasts 2018

Market summary and updates

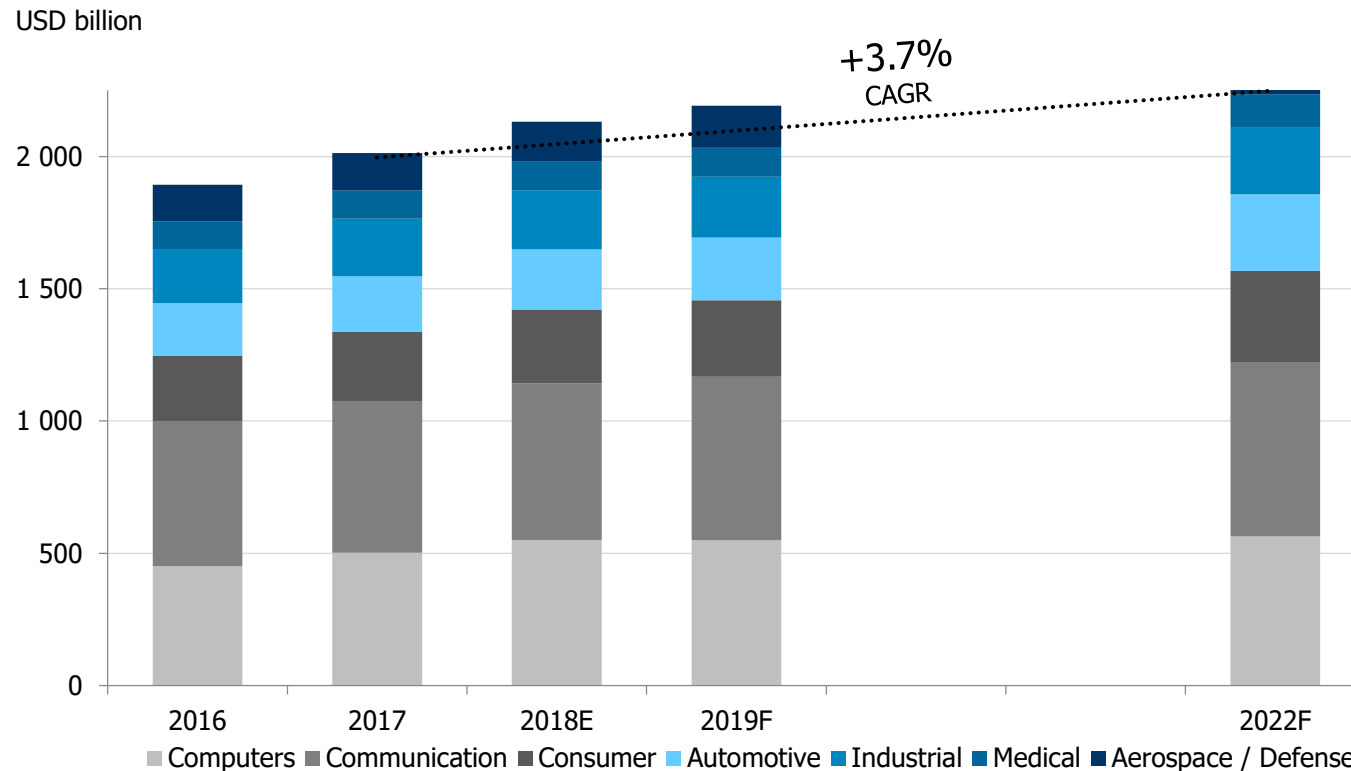
- Global electronics forecast revised to 5.9% (from 5.4%) and 2,131 BnUSD
 - Long term forecast over 2017 to 2022 indicates a CAGR of +3.7% (from 3.5%)
- Semiconductor industry growth forecast 14.0% and 470 BnUSD
 - Forecast 2018 to 2022 indicates a CAGR of +1.6%
- Camera modules forecast +19% to 155 million units
 - +18% CAGR 2018-2022 to 300 million units
- Displays expects a decrease to 114 BnUSD (from 124)
- Display photomasks +8% to 762 MUSD
- SMT market grew +17% in 2018 (actual)
- Dispensing: Not available

Source: Prismark May / December 2018, PROTEC MDC January 2019, IHS April 2018, IHS April/May 2017.



Electronics industry systems

Solid long term growth



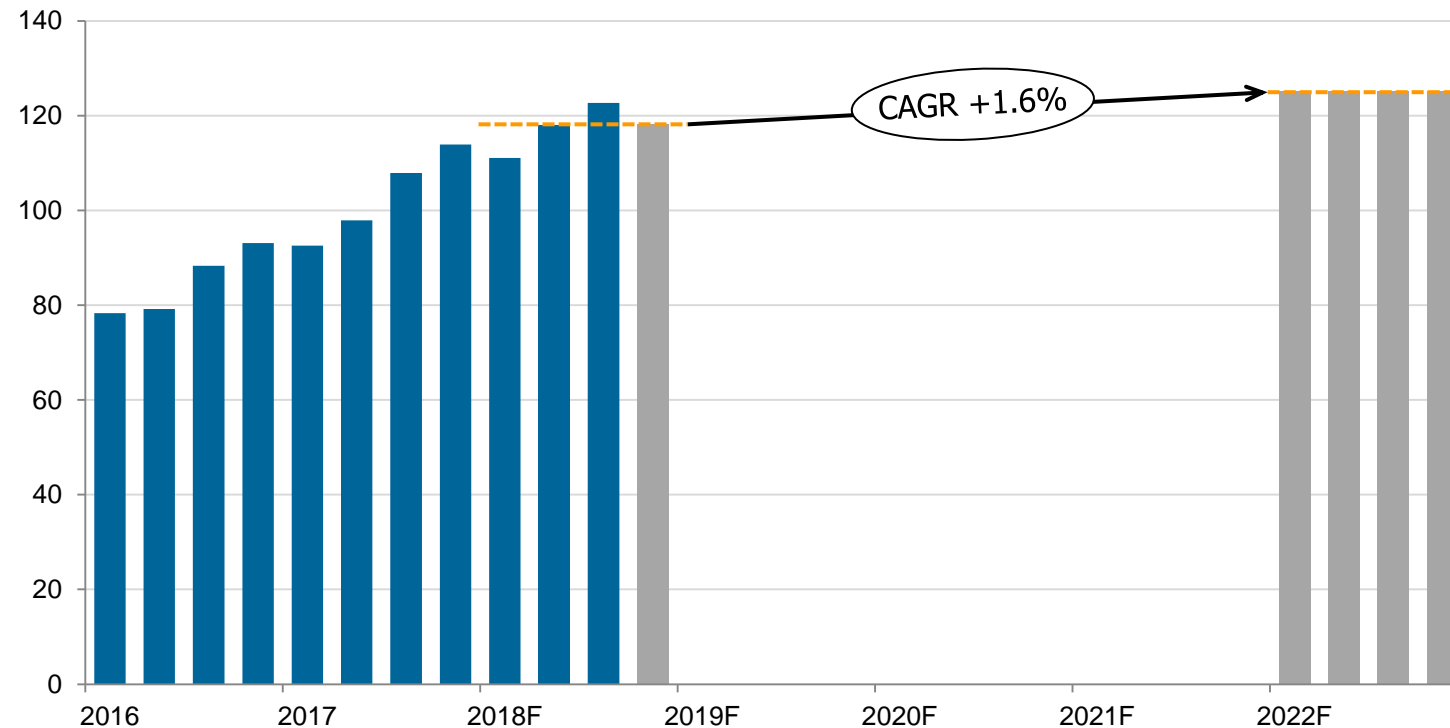
- +6.5% in 2017 to 2,013 BnUSD
- Expected growth of +5.9% in 2018 to 2,131 BnUSD
- Forecasted growth of +2.9% in 2019 to 2,192 BnUSD, with strongest development in segments
 - Aerospace +5%
 - Automotive +4%
 - Communication +4%
 - Consumer +3%
- +3.7% CAGR expected for 2017-2022

Source: Prismark, December 2018

Semiconductors

Quarterly development

Bn USD



- +21.7% in 2017 to 412 BnUSD
- +14.0% growth expected in 2018 to reach 470 BnUSD
- 2018 to 2022 CAGR forecasted at +1.6% growth

Source: Prismark, December 2018

Assembly Solutions

Market update

SMT equipment

- 2018 saw a positive development for assembly equipment with a growth of 17% compared to full year 2017. Positive development in all regions with strongest development in other Asia (China and Japan excluded), Europe and Americas.

Dispensing*

- 2017 market estimated at 770 MUSD
- Mycronic within the top 5 largest suppliers of dispensing equipment addressing the major part of the total market

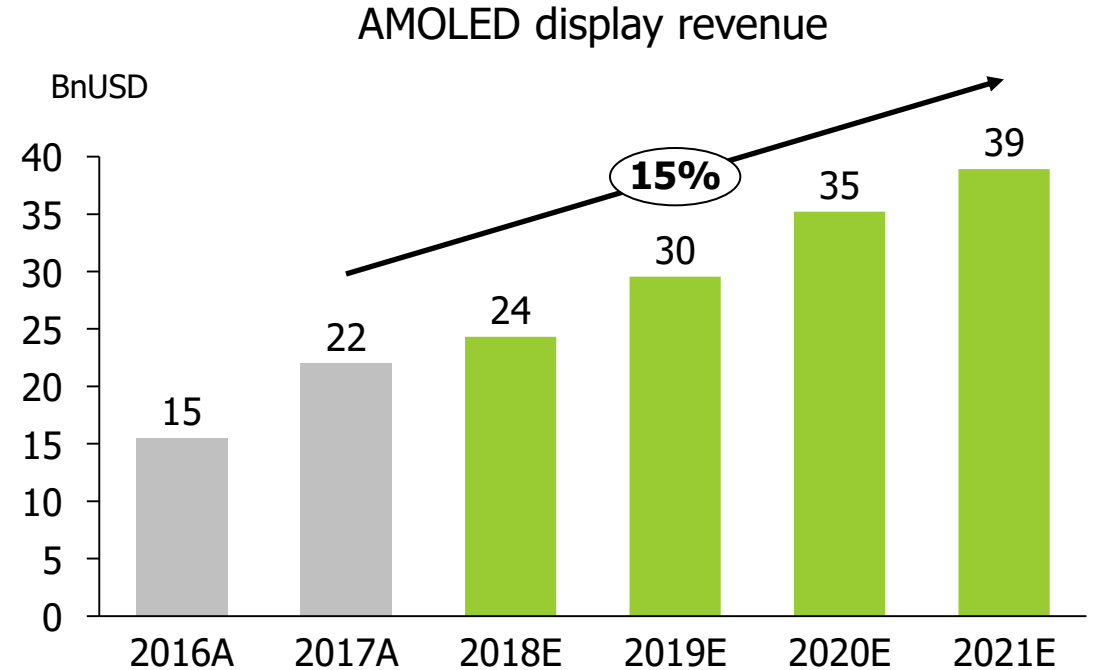
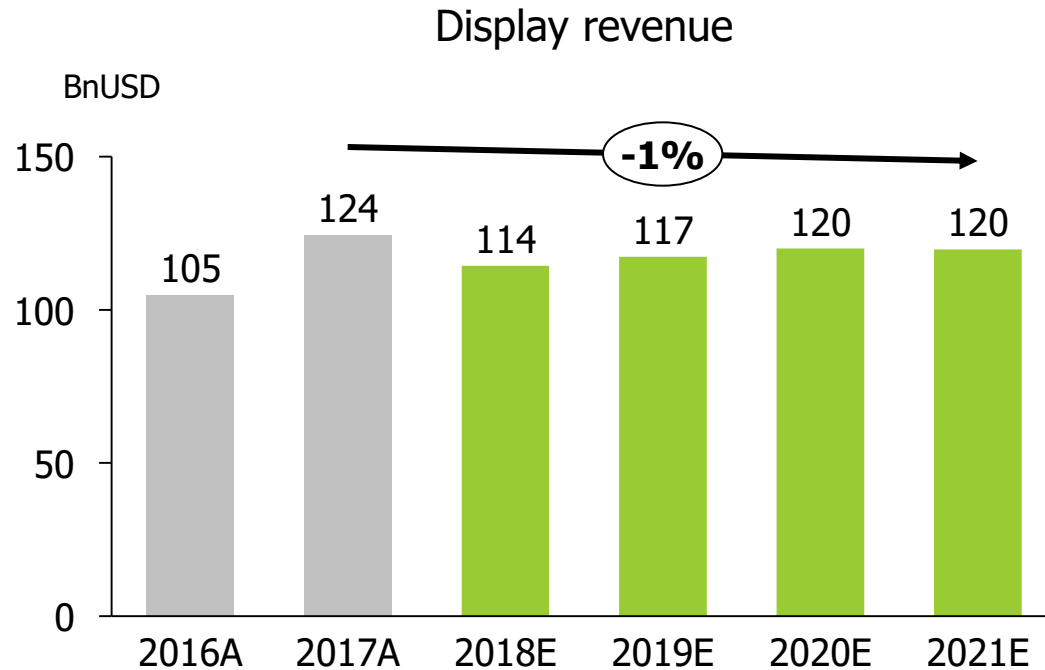
Assembly automation

- Die bonding equipment market 2017 estimated at 919 MUSD
- Camera modules for ADAS is growing fast
 - Estimated 34% growth or 130 million units produced 2017
 - Expected to grow 19% in 2018 to 155 million units
 - +18% CAGR 2018-2022 to reach 300 million units
 - Ongoing transition in China to actively aligned camera modules driven by more advanced automotive applications

Source: PROTEC MDC January 2019, Prismark May 2018, Mycronic ** No external forecast available for 2018*

Pattern Generators

Display market



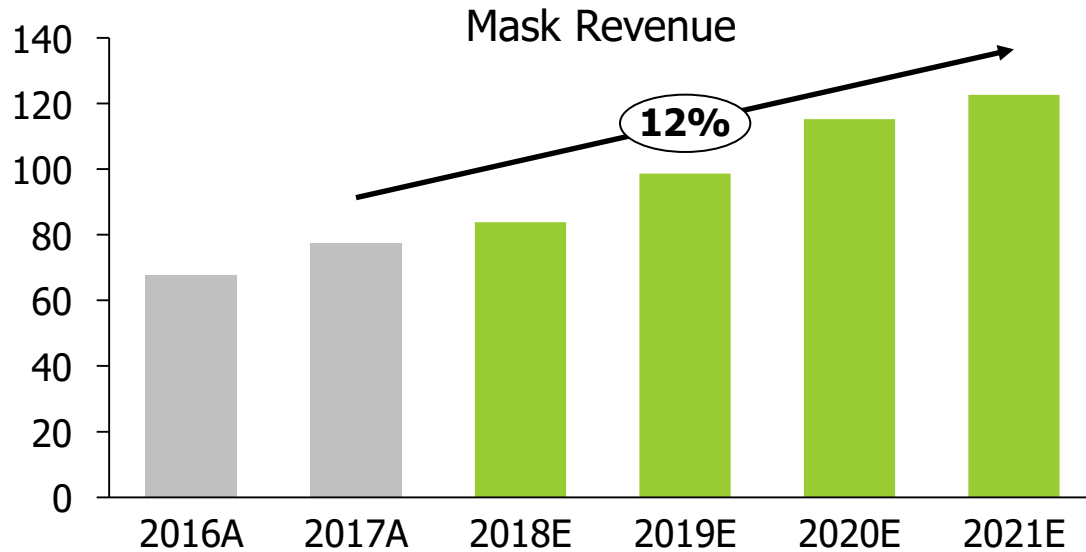
- Display market forecasted to show a negative growth of 8% 2018
 - Relaxed supply/demand situation drives price pressure, although prices starts to stabilize
- Strong growth in AMOLED the coming years
 - Technology shift ongoing from LCD to AMOLED for mobile display and now also in TV segment
 - AMOLED ratio goes from 18% of total display revenue 2017 to 32% of total display revenue 2021

Source: IHS Jan 2019

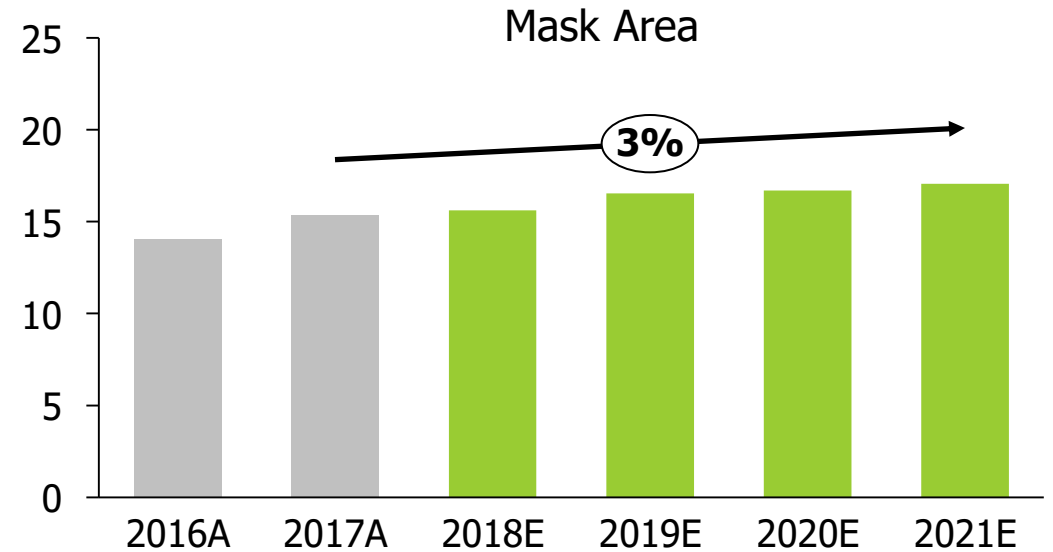
Pattern Generators

Positive photomask market

Billion Japanese Yen



Thousands of square meters

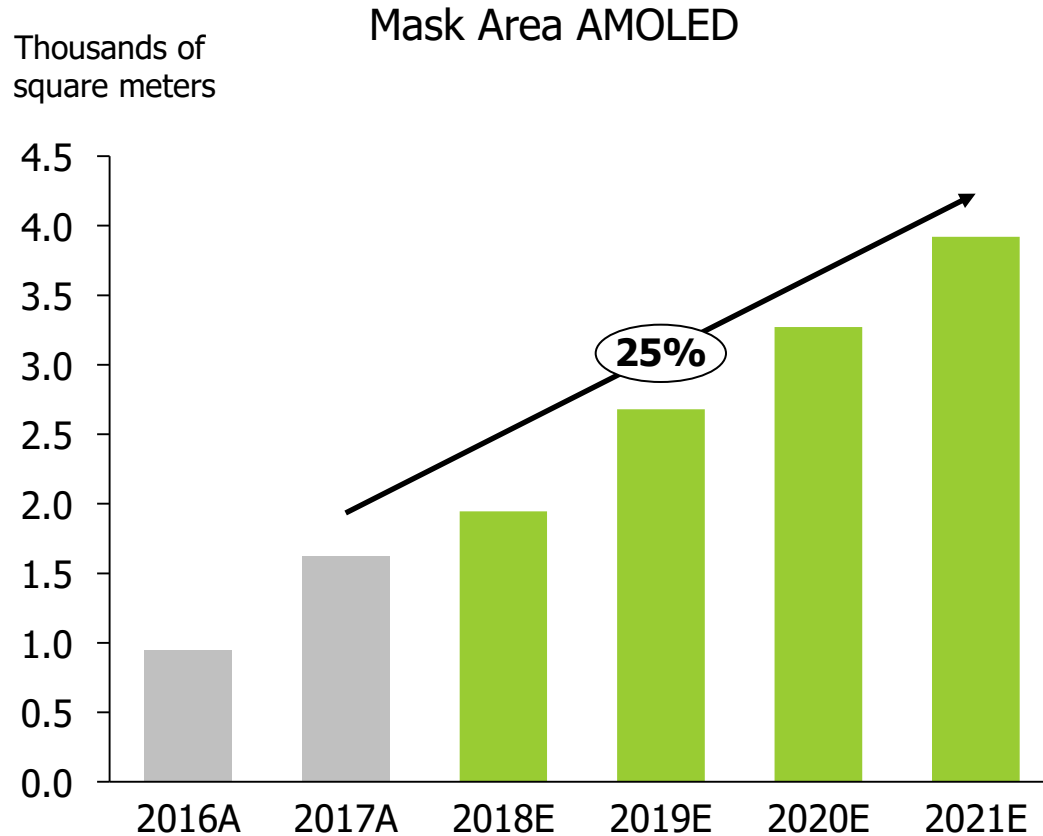


- Forecast for the display mask market is positive for 2018 with a forecasted revenue growth of 8% according to latest forecast from May 2018
- Long term forecast remains positive both for revenue and area growth
 - Increased share of complex and high value masks due to AMOLED transition and transition to displays with higher resolution
 - Increased share of G10 masks to support new G10 fabs ramping up in China

Source: IHS May 2018 (Display photomask market is forecasted in JPY by IHS since it is mainly priced in that currency). Published once a year.

Pattern Generators

Strong growth of photomasks for AMOLED displays



Source: IHS May 2018

- Technology shift from LCD to AMOLED for mobile displays drives demand for AMOLED photomasks
 - Share of AMOLED photomasks will grow from 11% 2017 to 23% 2021 in relation to the total photomask area
- Photomasks for AMOLED is typically more complex than for LCD
 - More complex circuit design in each pixel
 - Requires a higher image quality and tighter specs
- Expected to drive need for P80/P800 capacity on the market

When passion meets innovation ●