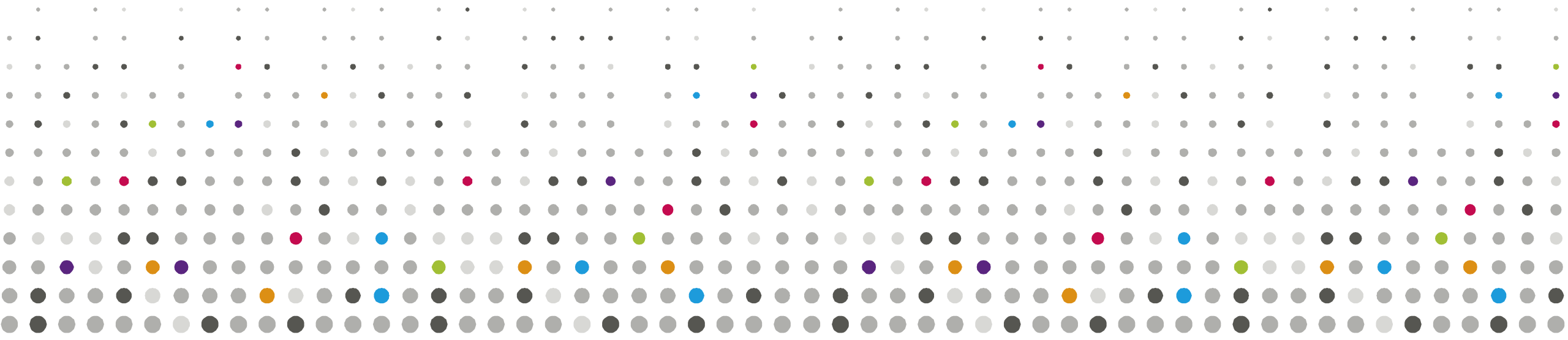


# Q1 2019 Report

April 25, 2019

Lena Olving  
President and CEO

Torbjörn Wingårdh  
CFO



# Important information

This presentation includes forward-looking statements including, but not limited to, statements relating to operational and financial performance, market conditions, and or similar matters. All forward-looking statements are based on our beliefs and assumptions based on information available at the time the assumption was made. Although the expectations described in these statements are assumed to be reasonable, there is no guarantee that such forward-looking statements will materialize or are accurate. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Mycronic undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or stock exchange regulations. Mycronic will not be liable for any loss or damage of any kind arising from the use of this information.

This presentation is intended to be one of several tools for investment decisions, regardless of the type of investment. Investors or potential investors are encouraged to supplement additional relevant material and information and to consult a financial adviser for all investment decisions.

# MYCRONIC



**Q1 2019 – Strong revenue growth and increased EBIT-margin**



# 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 sales are from outside  
Sweden

*Full year 2018 numbers*

# Business area 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

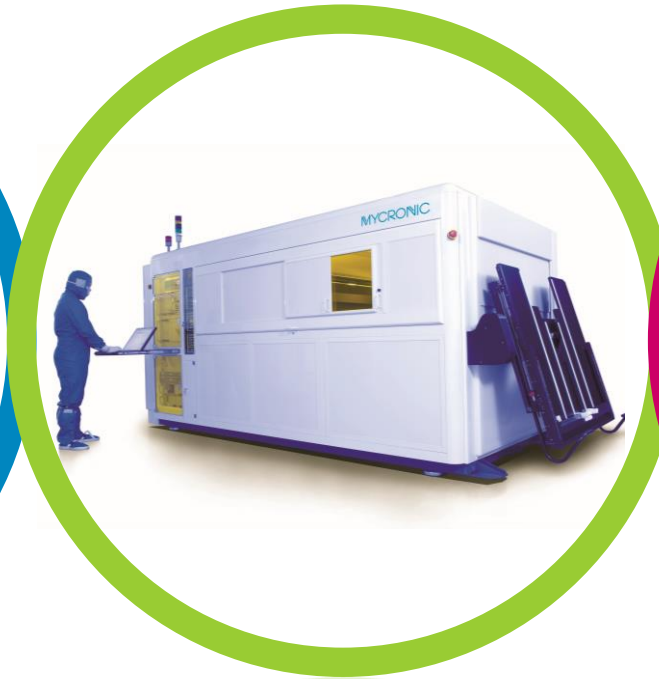
# Business area Pattern Generators

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

# Q1 2019 provides a good start to the year

Order intake  
growth  
**10%**

Group EBIT  
margin up  
**>10pp**

Positive  
performance  
from both  
business areas

Net sales  
growth  
**47%**

EBIT  
**406**  
MSEK  
**+107%**



# Q1 2019 – a good start

- Order intake increased 10% to 721 MSEK
  - Driven by positive development within Assembly Solutions
- Strong net sales up 47% to 1,105 MSEK
  - Good development in Assembly Solutions
    - Growth was 38%, of which organic growth was 18%
  - Pattern Generators present a strong Q1
    - Delivery of two systems and a major upgrade.
    - Partly explained by shift of revenue recognition from a shipped Prexision-10 from Q4 2018 to Q1 2019
- EBIT up 107% to 406 MSEK
  - EBIT margin improved by 10,6 pp to 36,7%
  - Assembly Solutions improves EBIT by >7 pp to 1%
- Order backlog at 1,525 MSEK – good base for 2019

*See Appendix on page 26 for market details*





# Product launches in Q1 2019

At the APEX trade show in San Diego in January Mycronic launched two new products within Assembly Solutions:

- The high-speed placer MY300HX
- The fine-pitch and odd-shape placer MY300EX

These new products offer a compact, flexible and future-proof pick-and-place line with speeds up to 100,000 components per hour

At the same event the MYPro Line™ concept was showcased: A complete line for the smart factory, optimized to ensure maximum uptime in even the most demanding production environments



# Key events after end of Q1 2019

Launch of Prexision Lite 8 mask writer at the Photomask Japan symposium on April 16

- Aimed at the low to mid end display market
- An attractive option for customers with a need to modernize their production in a cost efficient way with limited need for additional high-end capability
- Despite the clear trend towards more advanced photomasks for displays, the market for less complex photomasks will remain a significant and important segment
- The launch of Prexision Lite 8 broadens the offer of mask writers in order to support the different business strategies of our customers



## Outlook 2019

***The Board maintains its assessment 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 retail 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 shirt, is standing next to him, looking at the screen with a smile. In the background, there are other televisions and a sign that says "HOME CINEMA".

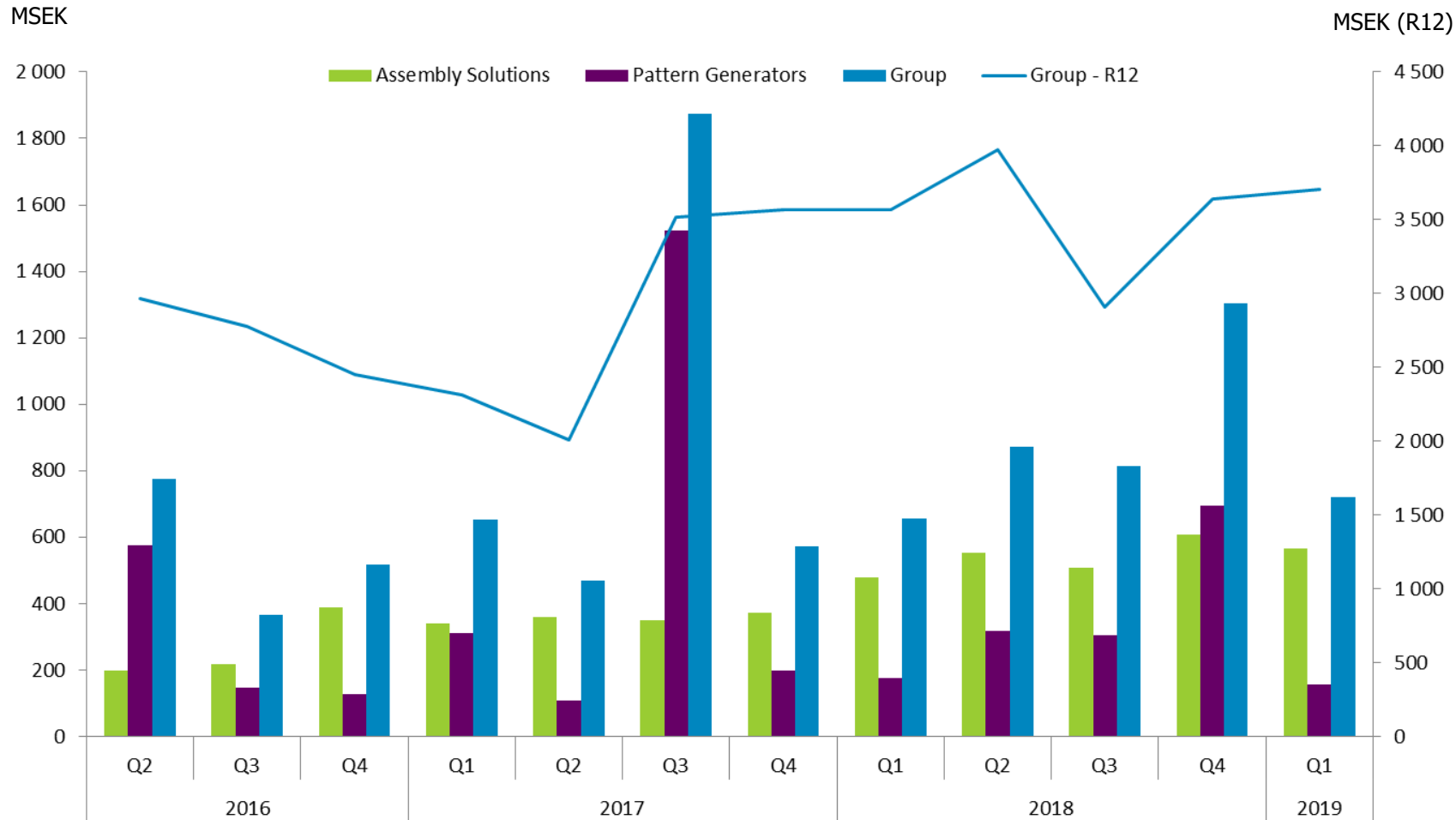
**Financial update**

**Torbjörn Wingårdh**

CFO



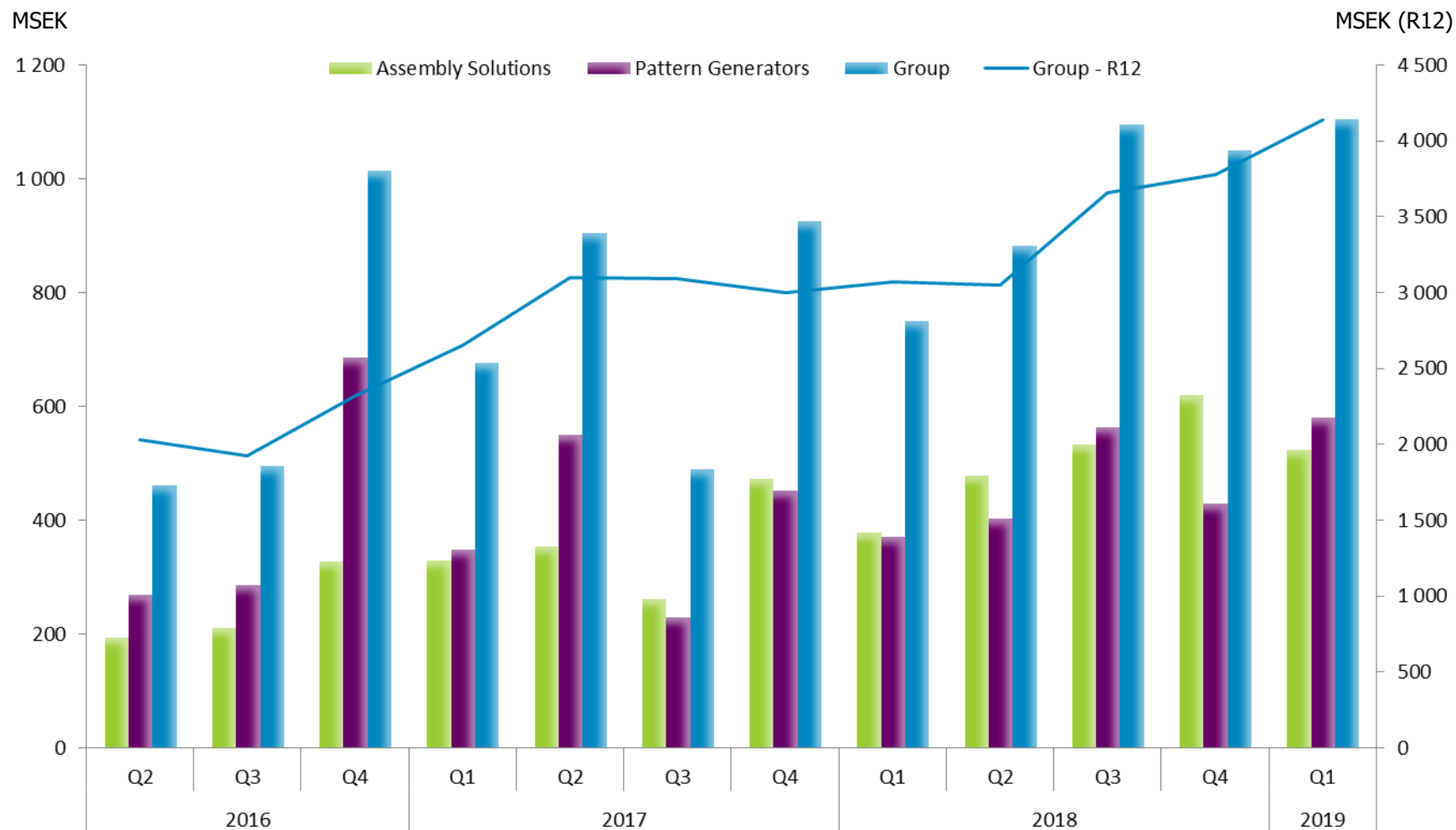
# Growth in order intake



- Group order intake growth of 10%
- Assembly Solutions increased 18% to 566 MSEK
  - Organic growth of 4%
- Pattern Generators received no new mask writer orders in the quarter
- Backlog at 1,525 (1,868) MSEK
  - Assembly Solutions at 553 (391) MSEK
  - Pattern Generators at 972 (1,477) MSEK

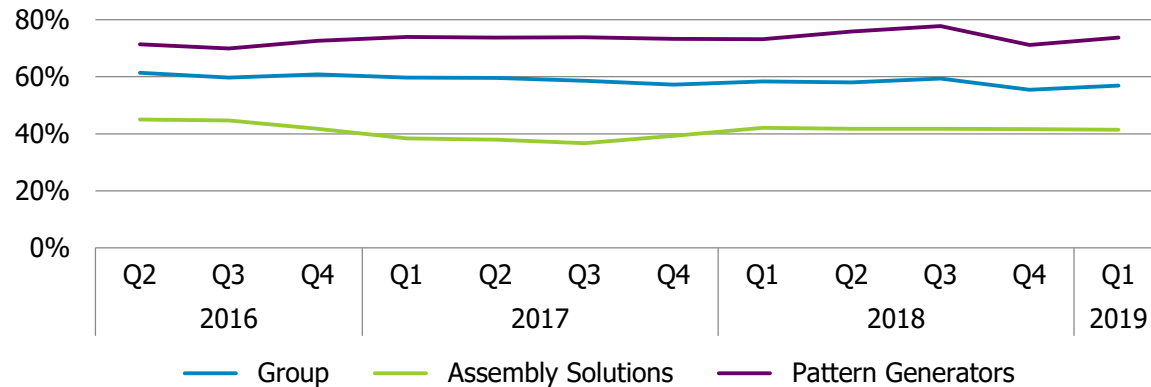
# Strong net sales

- Net sales increased 47% to 1,105 (750) MSEK
  - Assembly Solutions increased 38% to 524 (379) MSEK
  - Pattern Generators increased 56% to 581 (371) MSEK
    - Revenue recognition from a shipped Prexision-10 moved into Q1 2019
- 2 mask writers and a major upgrade delivered compared to 1 mask writer in Q1 2018
- Positive currency effects on net sales of 9% (-6%)



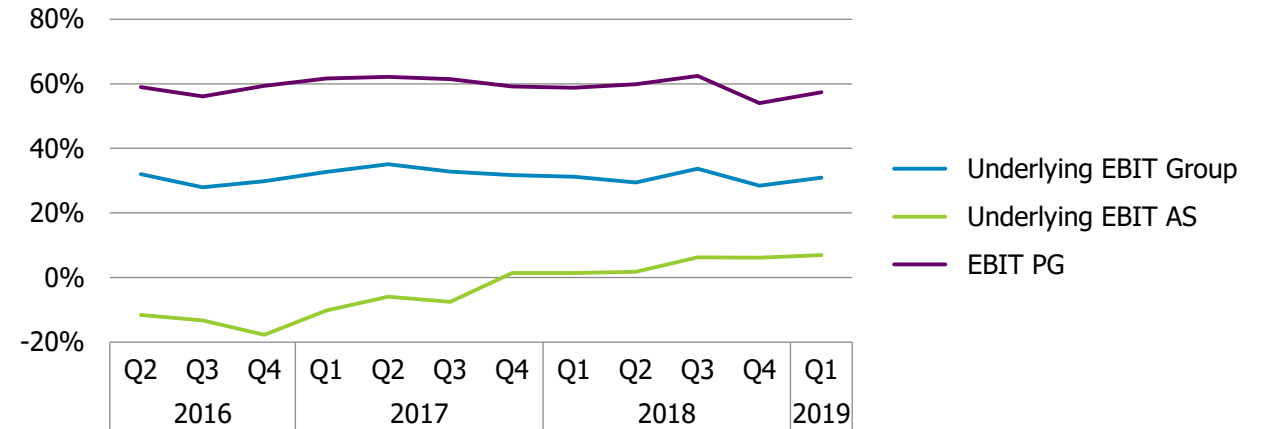
# Margins

Gross margin, 12 months rolling



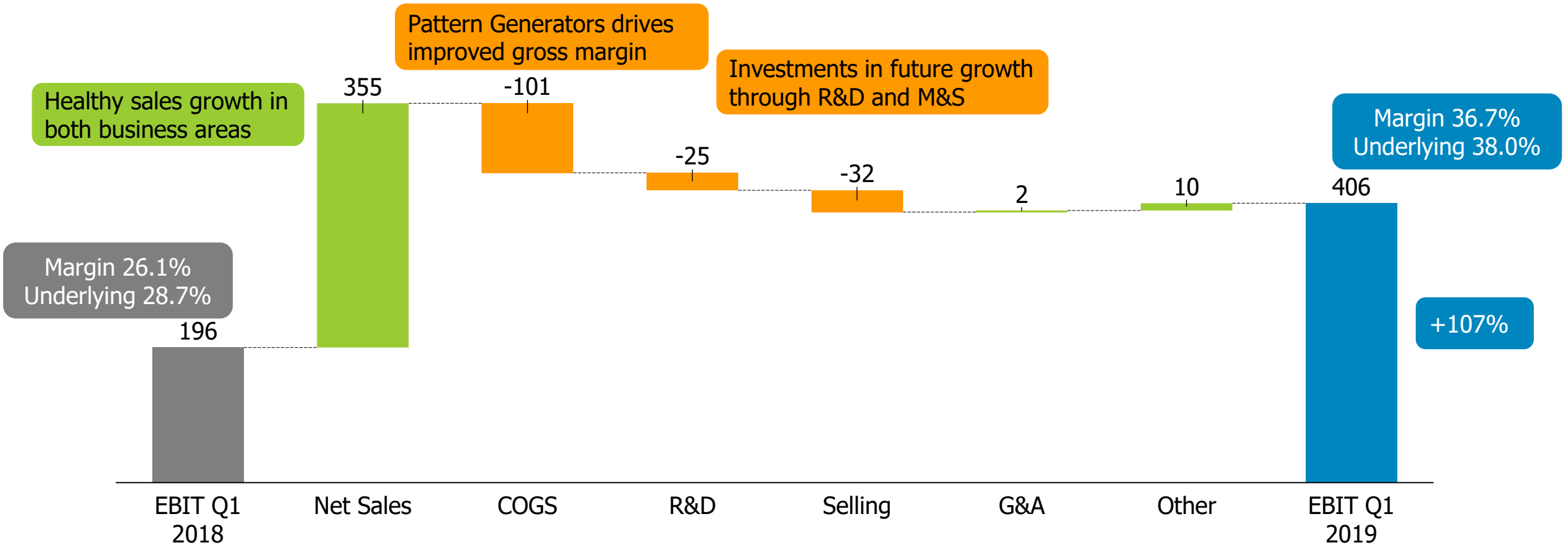
- Gross margin at 62.6% (58.4%)
  - Assembly Solutions somewhat lower due to different geographic & product mix and increased cost of material
  - Pattern Generators impacted by shift from Q4 to Q1 of a Precision-10

EBIT margin, 12 months rolling



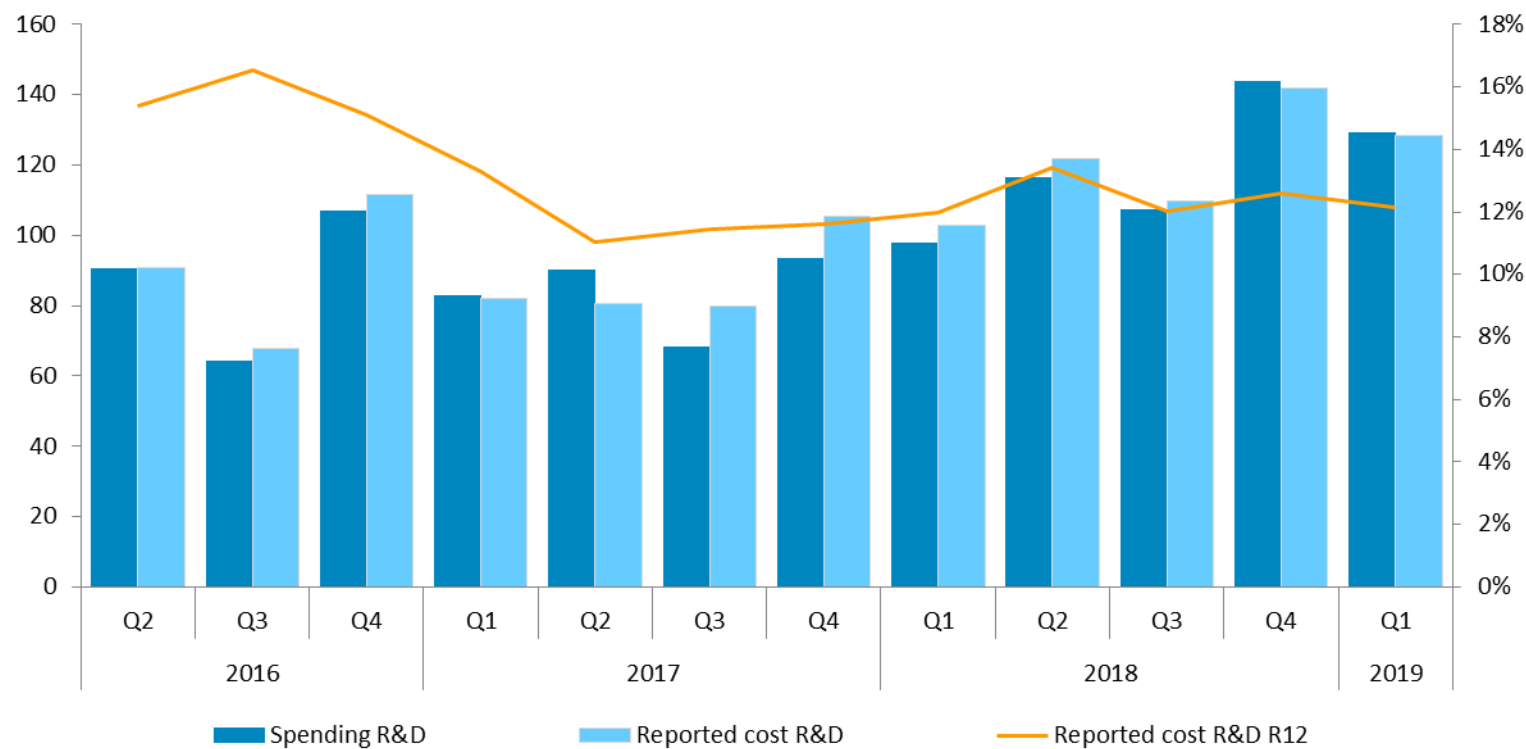
- EBIT margin at 36.7% (26.1%)
  - Assembly Solutions at 1.0% (-6.4%), an improvement of 7.4 pp, driven mainly by volume
  - Pattern Generators at 69.1% (59.6%)
- Underlying EBIT amounted to 420 (216) MSEK with a margin of 38.0% (28.7%)

# Strong EBIT growth





# R&D: Investments in growth



- R&D spending increased 31 MSEK from Q1 2018
  - Planned increase mainly driven by Pattern Generators
- Product development investments in line with growth strategy
- Rolling R&D spending to sales at 12% compared with industry average of 15%
- Increased R&D investments in Pattern Generators going forward

# Summary by business area, Q1 2019

	Q1 2019	Q1 2018
Assembly Solutions	566	480
Pattern Generators	156	176
<b>Order intake, MSEK</b>	<b>721</b>	<b>656</b>
Assembly Solutions	553	391
Pattern Generators	972	1,477
<b>Order backlog, MSEK</b>	<b>1,525</b>	<b>1,868</b>
Assembly Solutions	524	379
Pattern Generators	581	371
<b>Net sales, MSEK</b>	<b>1,105</b>	<b>750</b>
Assembly Solutions	41%	42%
Pattern Generators	82%	75%
<b>Gross margin, %</b>	<b>63%</b>	<b>58%</b>
Assembly Solutions	1%	-6%
Underlying EBIT margin AS	4%	-1%
Pattern Generators	69%	60%
<b>EBIT margin, %</b>	<b>37%</b>	<b>26%</b>
Underlying EBIT margin Group	38%	29%

- Increase in order intake driven by Assembly Solutions
- Pattern Generators backlog consists of 8 systems, with 6 planned deliveries in 2019
- Strong Pattern Generator sales positively impacted by delivery shift from Q4 to Q1 of a Prexision-10
- Different geographic & product mix and increased cost of material
- Assembly Solution improves EBIT margin and moves into positive Q1 numbers

# Cash flow YTD

<b>MSEK</b>	<b>2019</b>	<b>2018</b>
Cash flow from operations	368	161
Change in working capital	-300	-159
<b>Cash flow from operations after changes in working capital</b>	<b>68</b>	<b>2</b>
Investments in development	-6	0
Other investments, net	-18	-15
<b>Cash flow before financing activities</b>	<b>43</b>	<b>-13</b>
Financing	-12	0
<b>Cash flow</b>	<b>32</b>	<b>-13</b>
<b>Cash at end of period</b>	<b>873</b>	<b>808</b>

- Strong cash flow from operations
- Working capital change affected by decrease of non-interest bearing short term liabilities and increase in inventories and trade receivables
- Impact from IFRS 16

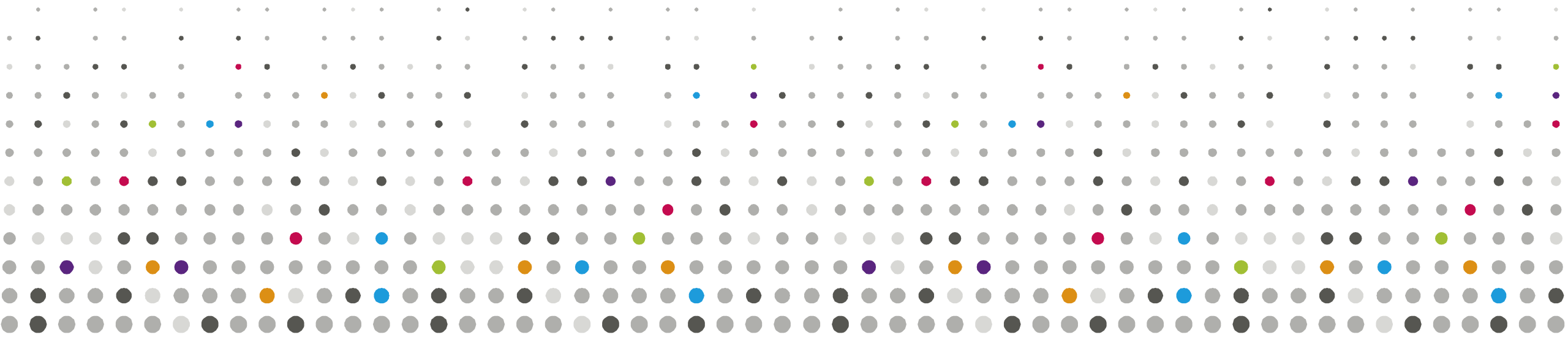
# Q&A





# APPENDIX

Q1 2019 Market update

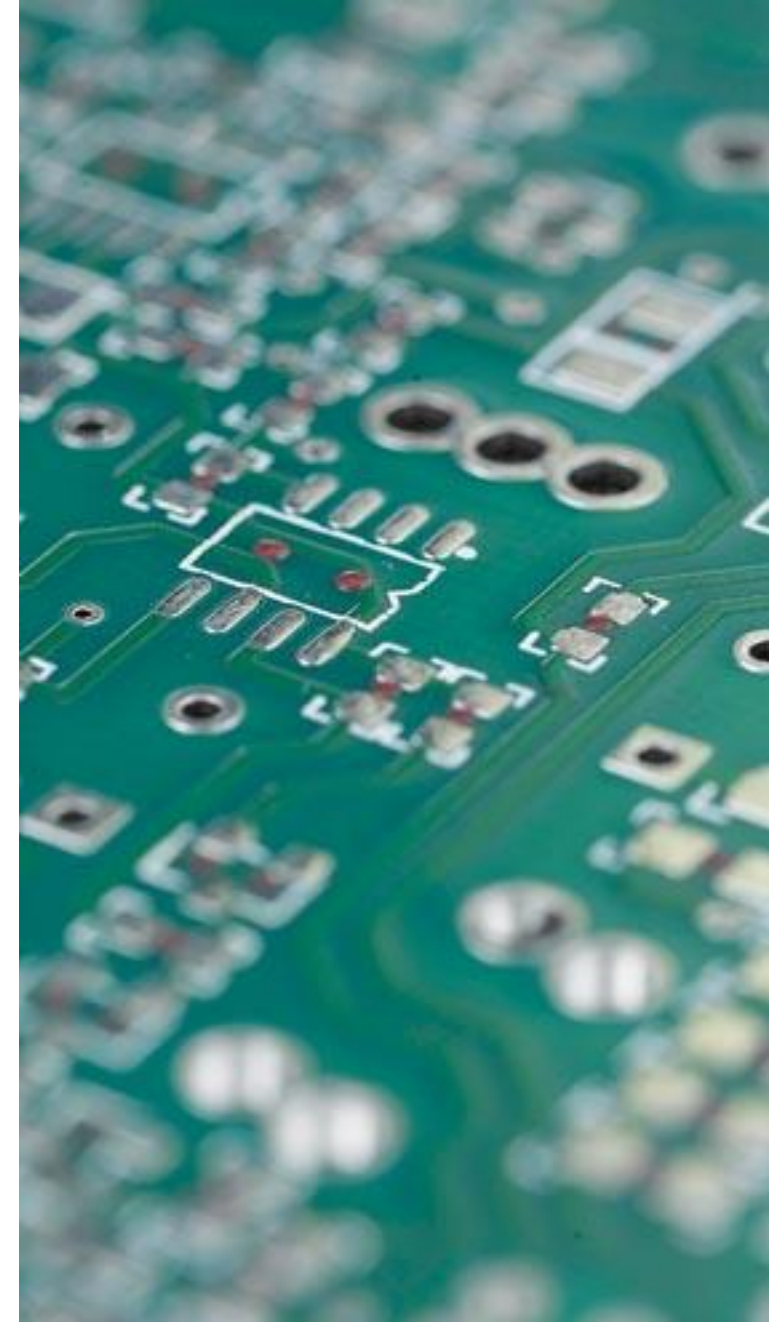


# Outcome 2018

## Market summary and updates

- Global electronics at +5.8% or 2,130 (from 2,131) BnUSD
- Semiconductors +13.7% and reached 469 BnUSD
- SMT assembly equipment +17% to 3,070 MUSD
- Dispensing equipment +1.3% to 780 MUSD
- Camera modules +27% and 165 million units
- Die bonding equipment +1.6% to 934 MUSD
- Display market actuals came in close to expectations, with -9% from 124 to 113 BnUSD
- Display photomasks +8% to around 704 MUSD

*Source: Prismark March and April 2019, PROTEC MDC January 2019, IHS April 2018, IHS May 2018*

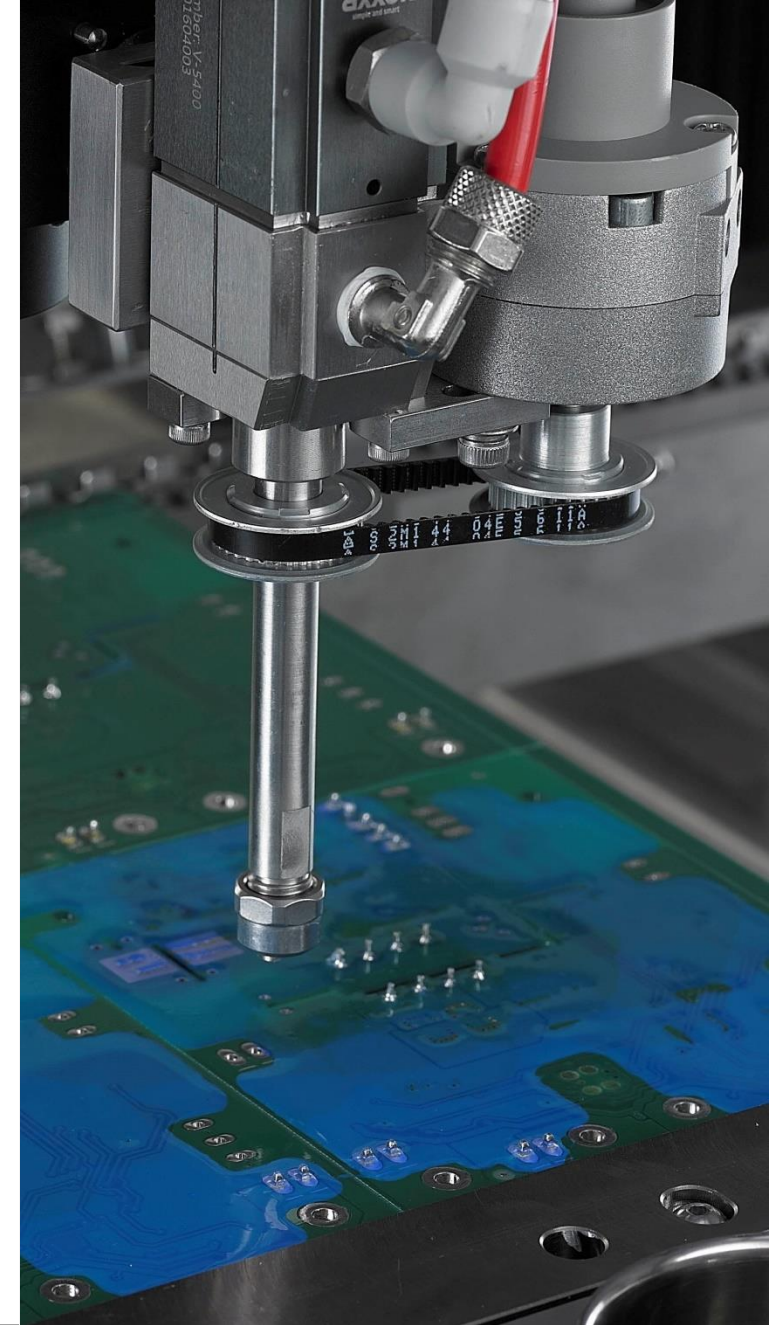


# Forecasts 2019

## Market summary and updates

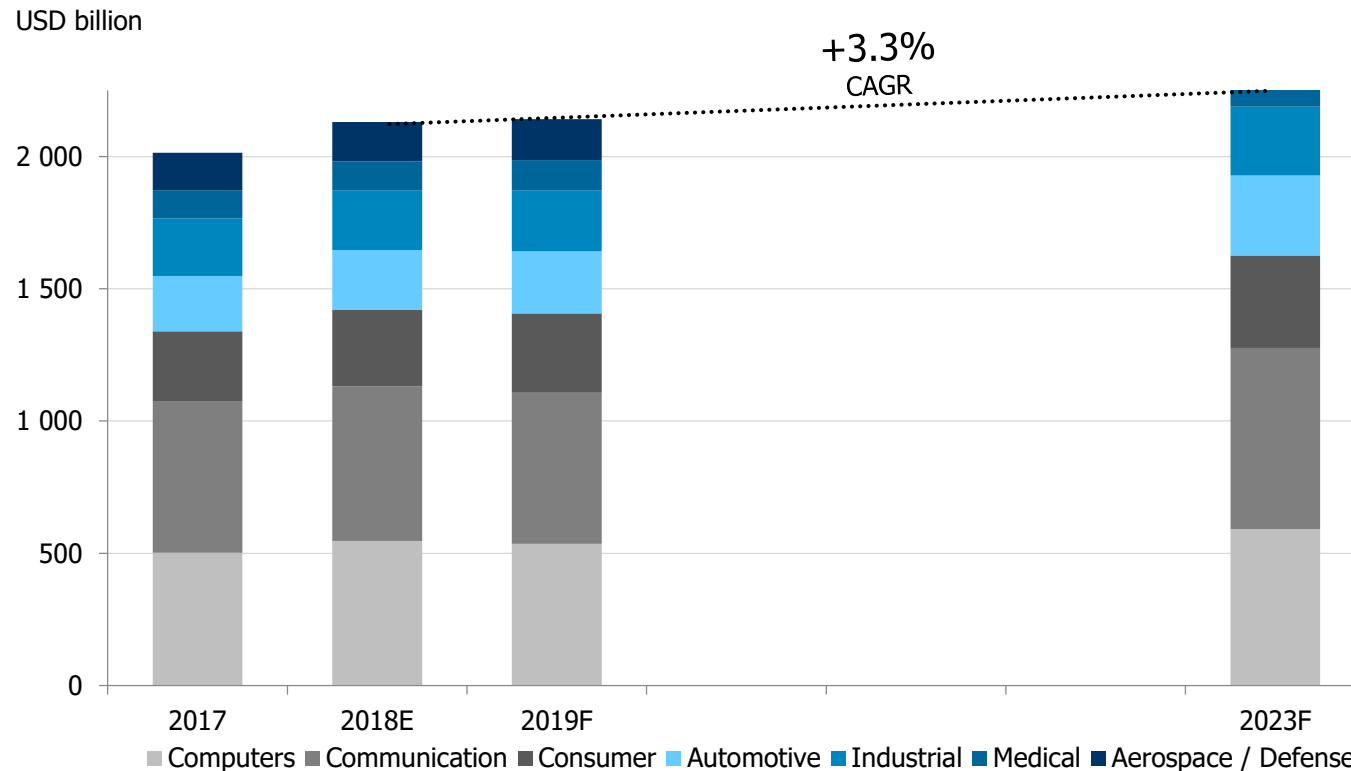
- Global electronics industry growth forecast 0.5% (from 2.9%) and 2,142 BnUSD
  - Long term forecast 2018 to 2023 indicates a CAGR of +3.3%
- Semiconductor industry growth forecast -4.0% and 450 BnUSD
  - Forecast 2019 to 2023 indicates a CAGR of +4.7%
- Camera modules forecast +15% to 190 million units
  - +14% CAGR 2018 to 2023 to 315 million units
- Displays expect an increase +1.3% to 115 BnUSD (from 113)
- Display photomasks +18% to 897 MUSD
- SMT market: not available
- Dispensing: not available

*Source: Prismark March and April 2019, PROTEC MDC January 2019, IHS April 2019, IHS May 2018.*



# Electronics industry systems

## Solid long term growth



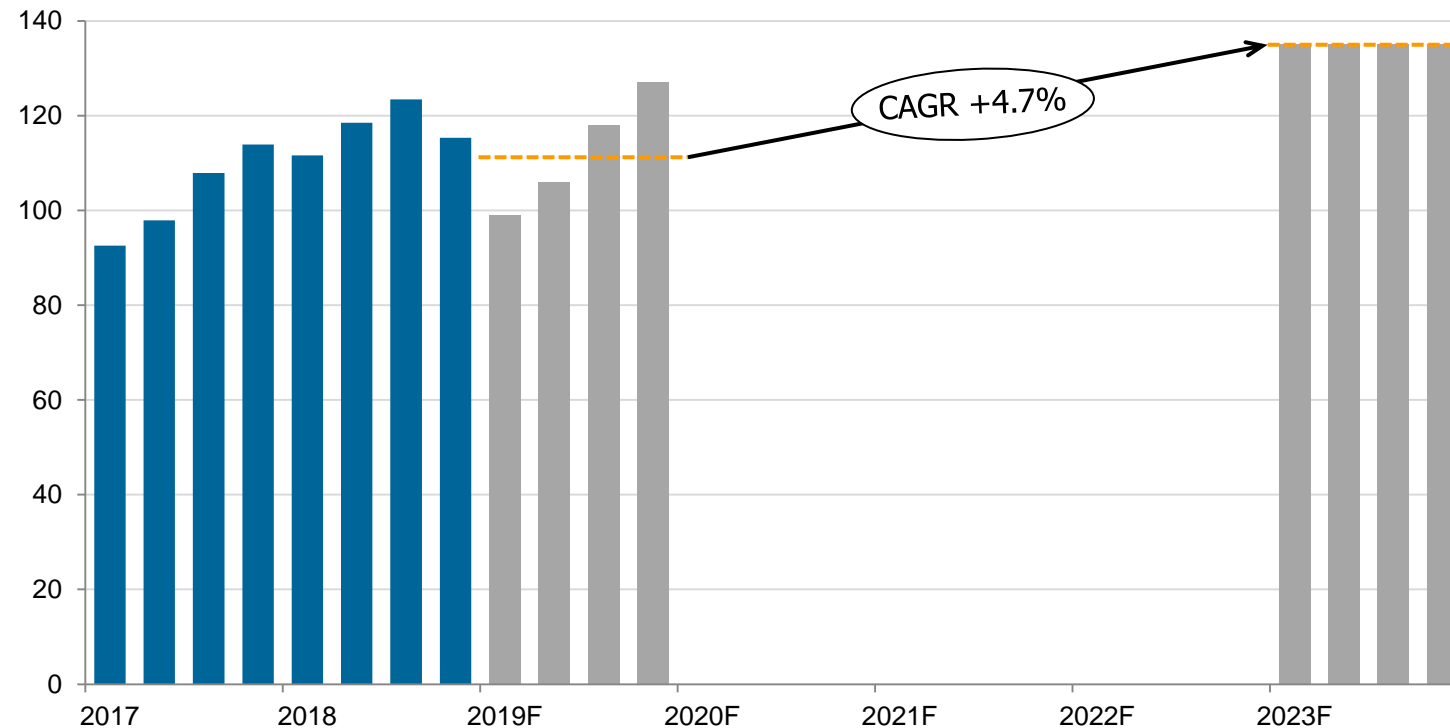
- +5.8% in 2018 to 2,130 BnUSD
- Expected growth of +0.5% in 2019 to 2,142 BnUSD with strongest development in segments
  - Aerospace +5%
  - Automotive +4%
  - Consumer +3%
  - Industrial +3%
  - Medical +3%
- +3.3% CAGR expected for 2018-2023

Source: Prismark, March 2019

# Semiconductors

## Quarterly development

Bn USD



- +13.7% in 2018 to 469 BnUSD
- -4.0% decline expected in 2019 to reach 450 BnUSD
- 2019 to 2023 CAGR forecast at +4.7% growth

Source: Prismark, March 2019



# 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\*

- 2018 market estimated at 780 MUSD
- Mycronic within the top 4 largest suppliers of dispensing equipment addressing the major part of the total market

### Assembly automation

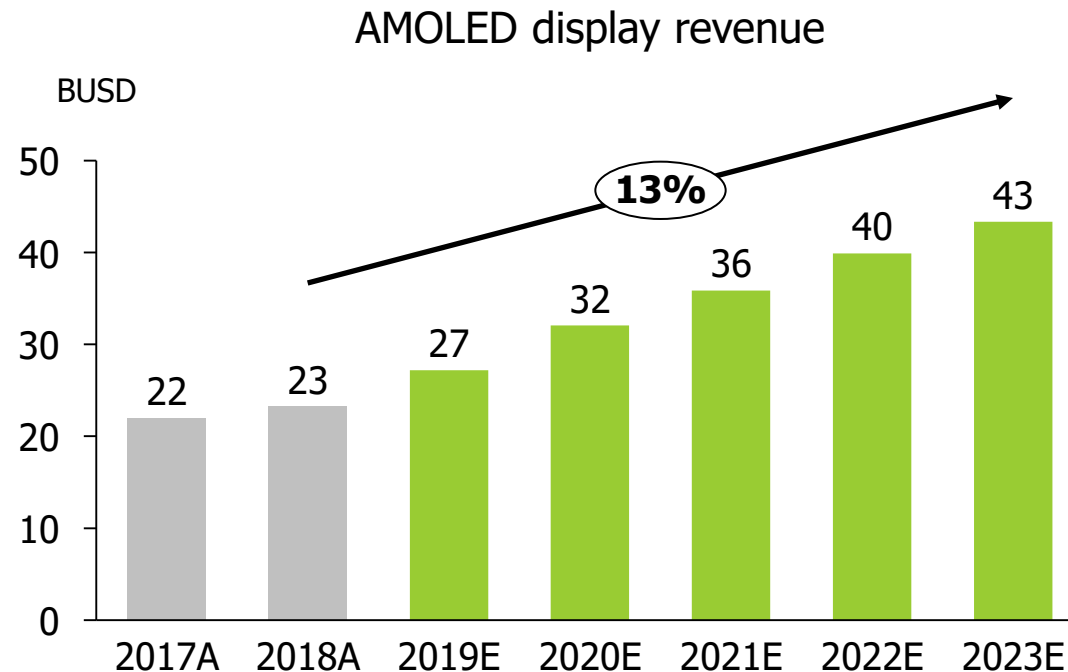
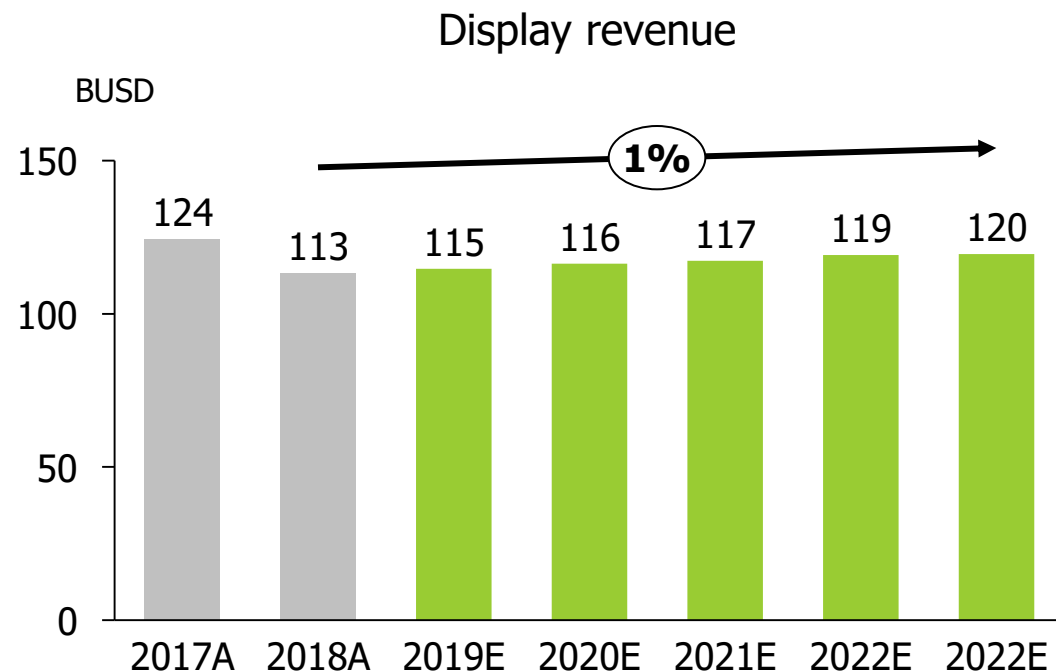
- Die bonding equipment market 2018 estimated at 934 MUSD
- Camera modules for ADAS is growing fast
  - Expected to grow 27% in 2018 to 165 million units
  - +14% CAGR 2018-2023 to reach 315 million units
  - Ongoing transition in China to actively aligned camera modules driven by more advanced automotive applications

*Source: PROTEC MDC January 2019, Prismark March and April 2019, Mycronic*

*\* No external forecast provided for 2019 and onwards*

# Pattern Generators

## Display market



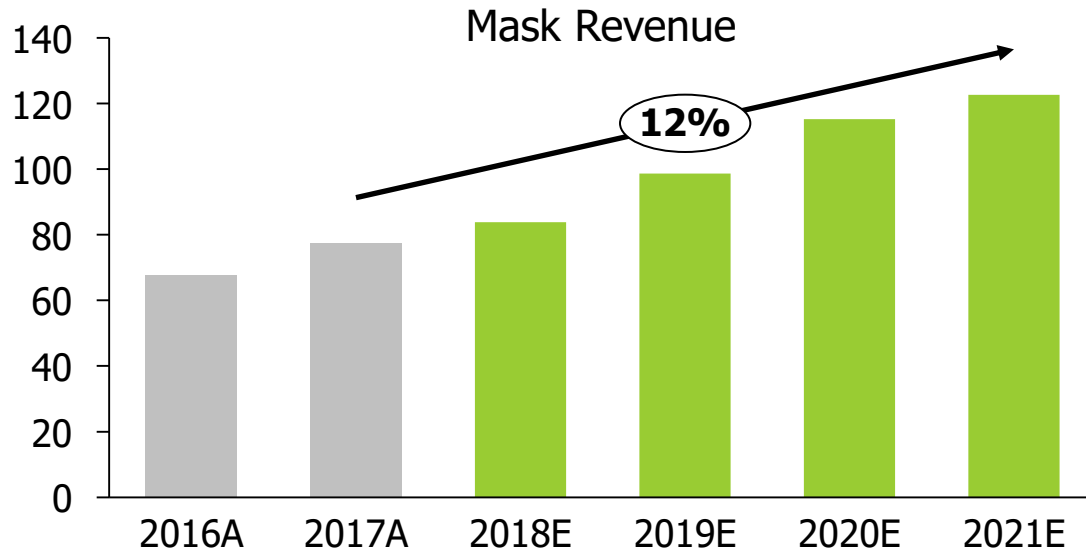
- Display market showed negative growth of 9% 2018 but forecast to turn to positive growth 2019
  - More stable supply/demand forecast 2019 compared to 2018 together with a trend towards more advanced displays
- Strong growth in AMOLED the coming years
  - Technology shift ongoing from LCD to AMOLED for mobile displays but now also in TV segment
  - AMOLED ratio goes from 24% of total display revenue 2018 to 36% of total display revenue 2022

Source: IHS April 2019

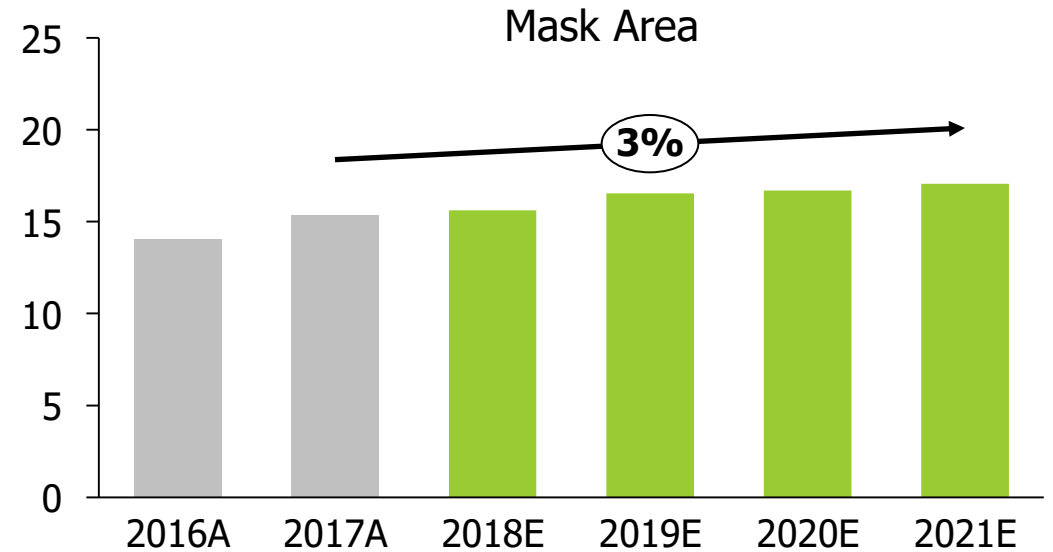
# Pattern Generators

## Positive photomask market

Billion Japanese Yen



Thousands of square meters

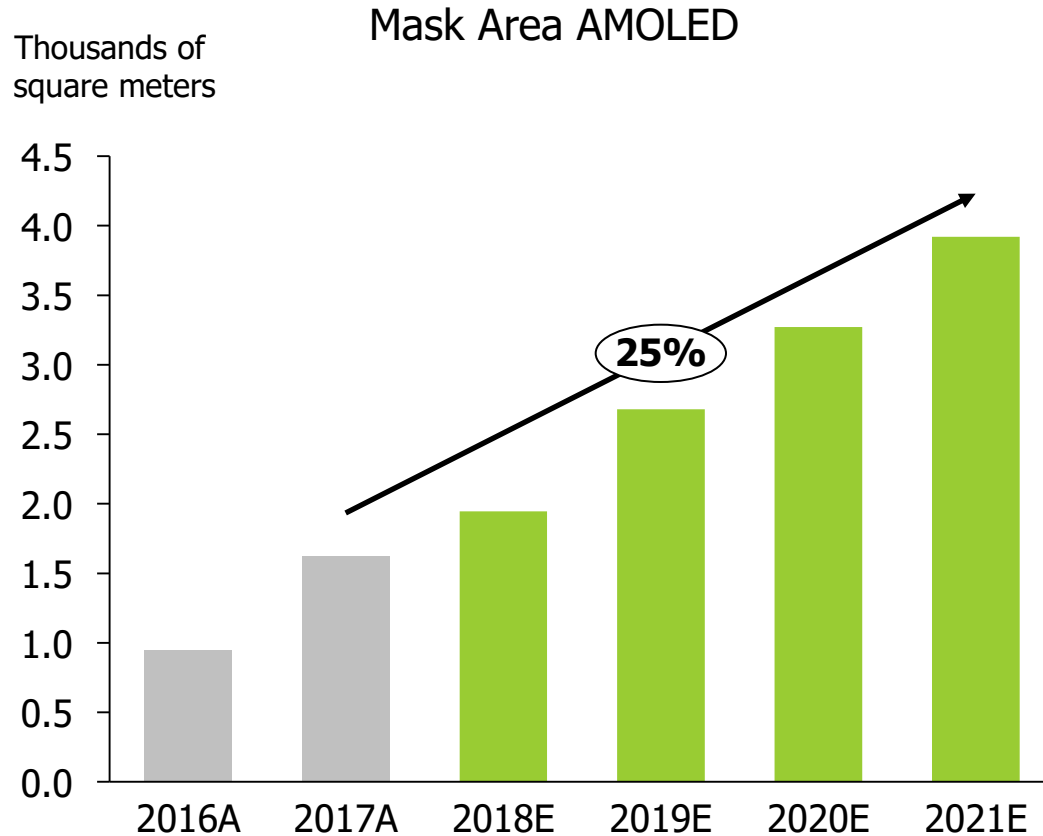


- Display mask market is positive for 2018 with a forecasted revenue growth of 8% according to latest forecast from May 2018
- Long term forecast remains positive both for revenue and area growth
  - Increased share of complex and high value masks due to AMOLED transition and transition to displays with 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)

# Pattern Generators

## Strong growth of photomasks for AMOLED displays



- 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

Source: IHS May 2018



When passion meets innovation ●