



MICRONIC MYDATA

# Micronic Mydata

## Q1, 2014

Lena Olving, President and CEO  
Per Ekstedt, CFO

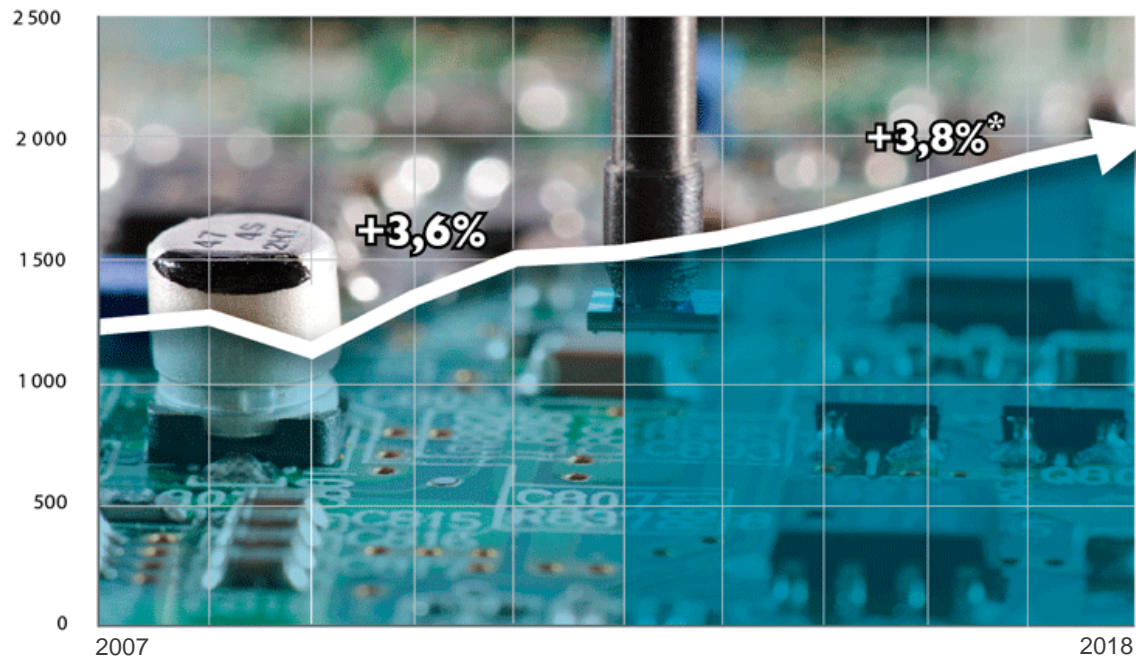
24 April, 2014

# Micronic Mydata operates in a growing market



- Electronics industry growth 2007-2012 was 3.6 %
- Electronics industry growth 2013 was 3.8 %
- Annual growth of 3.8% forecasted 2014-2018

Billion USD



\* Expected growth

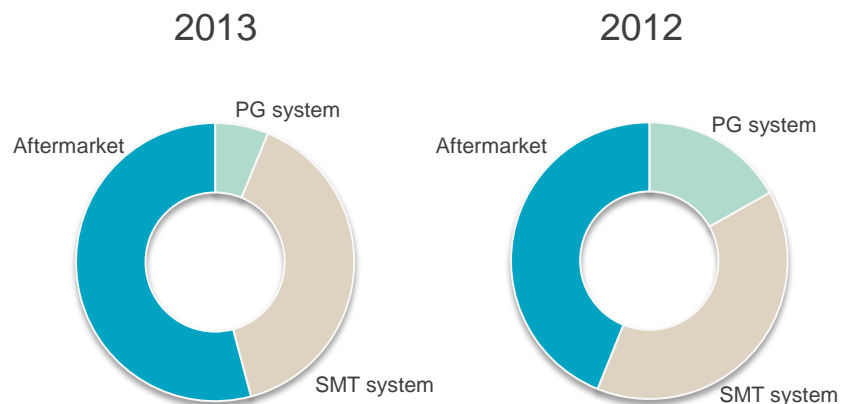




# Production solutions to the electronics industry

- Two business areas:
  - Pattern Generators (PG)
  - Surface Mount Technology (SMT)
- Strong presence close to customers
- Listed on NASDAQ OMX Stockholm, market cap as of 31 March: SEK 1,665 million
- Revenues 2013: SEK 997 million
- 518 employees at end of March

## Strategy for sustainable profitability



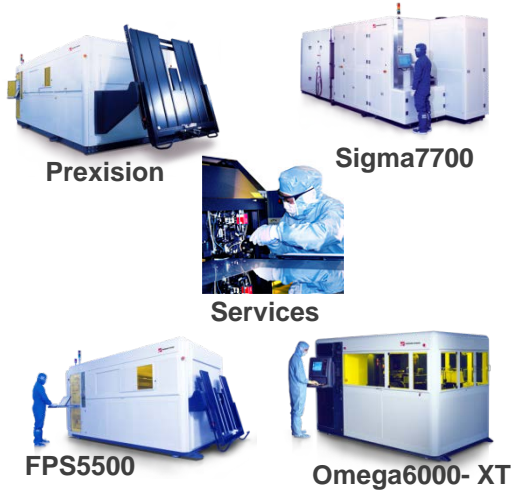
## Micronic Mydata world-wide sales and support



# Enabling consumer and industrial electronics



## Mask writers



## Direct writers

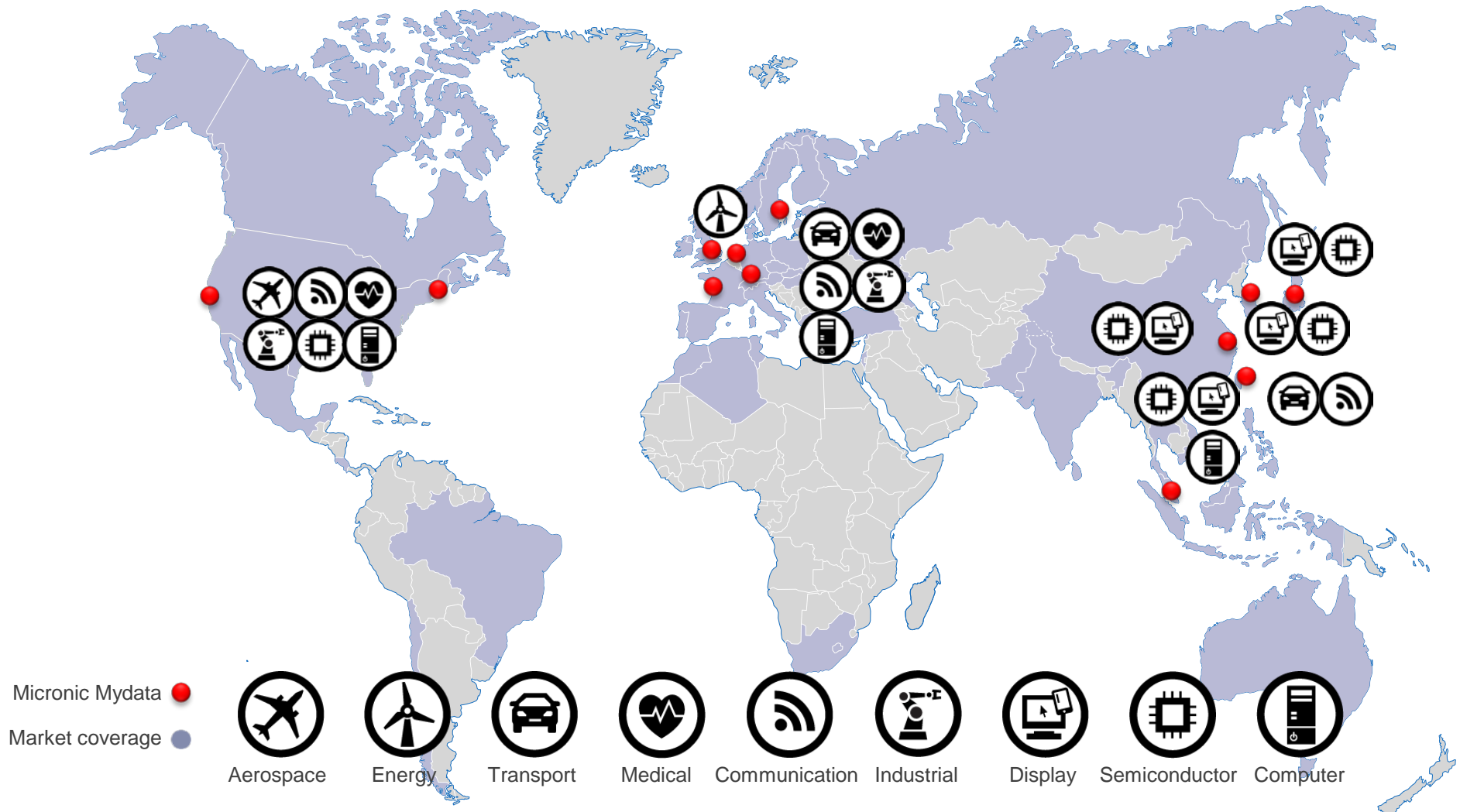


## SMT Equipment





# Micronic Mydata in the electronics market





# Micronic Mydata in the electronics market

## Domestic

*R&D, manufacturing, sales, service, corporate, demo and application center*

Employees	303
Revenue	2%
Purchases	63%

## EMEA

*Sales, service*

Employees	51
Revenue	30%
Purchases	26%

## Americas

*Sales, service, demo and application center*

Employees	50
Revenue	23%
Purchases	10%

## Asia

*Sales, service, demo and application center*

Employees	118
Revenue	45%
Purchases	2%



# Key events January-March 2014

---

- Market
  - The successful introduction of MY200 continues into further markets
  - SMT market believed to have bottomed
  - Continued high utilization of mask writers as the photomask volume is increasing
  - Launch of advanced mask writer Prexision-80 for display applications
  - Development within the electronics industry equipment market somewhat difficult to assess, which affects our ability to estimate the market short-term



# Key events January-March 2014

---

- Order intake/sales
  - Positive trend from Q4, 2013 continued in Q1
  - Continued stable aftermarket business
  - Order received for a Sigma7700 for semiconductor applications
- Earnings
  - Improved gross margin level in SMT
  - Positive EBIT without sales of PG systems





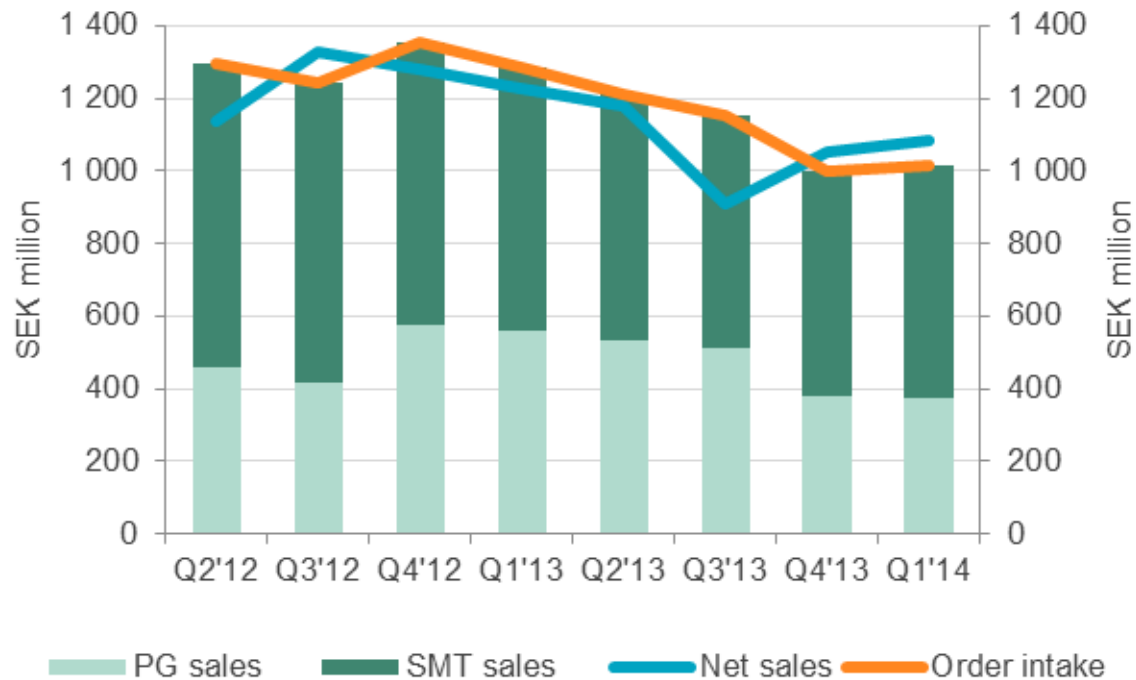
# Events after end of first quarter 2014

---

- Market
  - Orders received for two mask writers for FPS5500 from two different customers who already have mask writers from Micronic Mydata
- Corporate
  - Announcement of plans to change company name globally to Mycronic AB. The proposal will be put forward to the AGM on 6 May



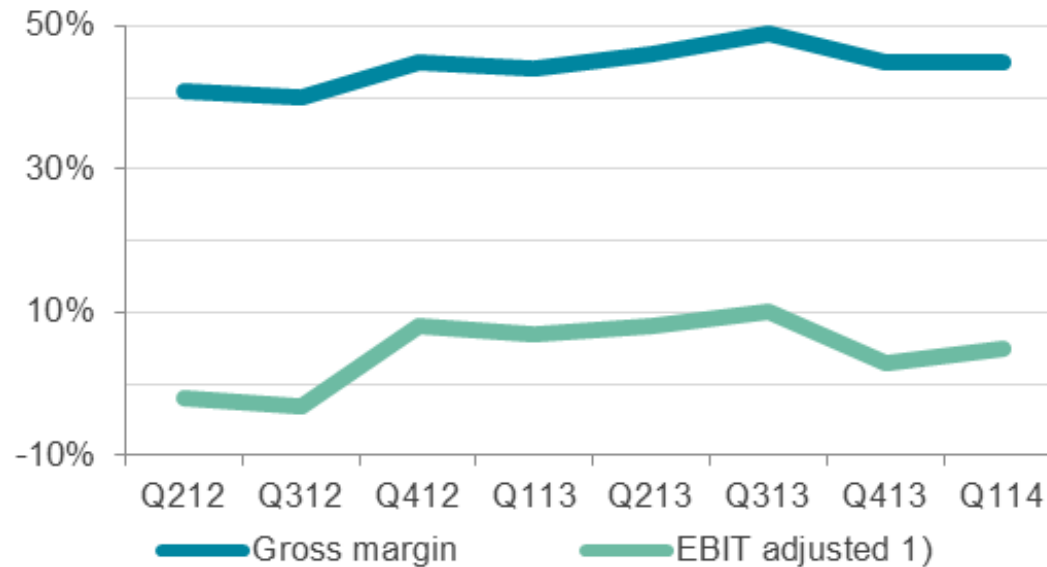
# Order intake/net sales, 12 months rolling



- Order intake rolling 12 months 1,083 MSEK
- Increased SMT order intake in Q4, 2013 continued in Q1, 2014
- PG order intake include a Sigma7700
- Order backlog MSEK 193 (121)
- SMT sales starting to recover in Q1, 2014 after weak 2013
- Aftermarket sales remain stable



# Margins, 12 months rolling



- Gross margin level maintained
- Positive EBIT, despite lack of PG system sales in Q1



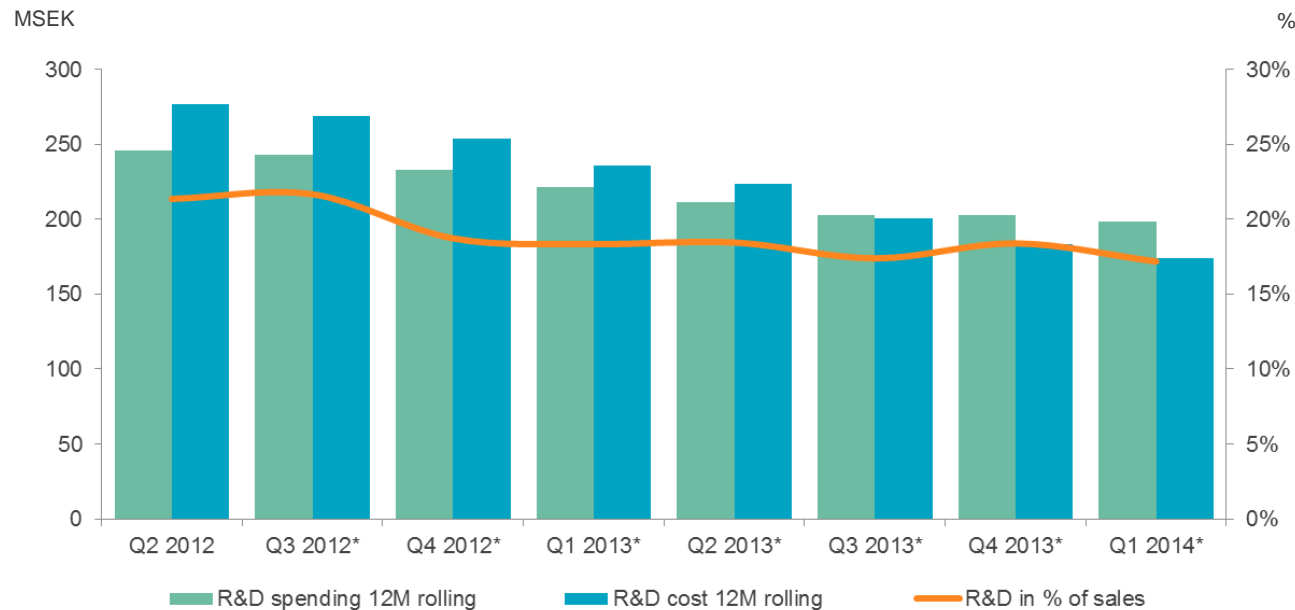
# The "bridge" Q1 2014 vs Q1 2013







# R&D expenses, 12 months rolling



- R&D costs 17% (18%) of net sales
- Successful launch of MY200 continues into further markets
- Launch of Prexision-80
- Capitalized expenses 9 (6) MSEK in SMT



# Profit and loss by segment, MSEK

	Q1 2014	Q1 2013	Rolling 12 mths	FY 2013
<b>Net Sales</b>				
SMT equipment	166	148	636	618
Pattern generators	76	79	377	379
<b>Group net sales</b>	<b>242</b>	<b>226</b>	<b>1,013</b>	<b>997</b>
<b>Gross margin</b>				
SMT equipment	43%	38%	43%	41%
Pattern generators	43%	49%	49%	50%
<b>Group gross margin</b>	<b>43%</b>	<b>42%</b>	<b>45%</b>	<b>45%</b>
<b>EBIT</b>				
SMT equipment	13	-4	34	17
Pattern generators	-8	-6	19	21
Amortization excess value	-2	-2	-6	-6
<b>Group EBIT</b>	<b>3</b>	<b>-11</b>	<b>46</b>	<b>32</b>



# Cash flow statements, MSEK

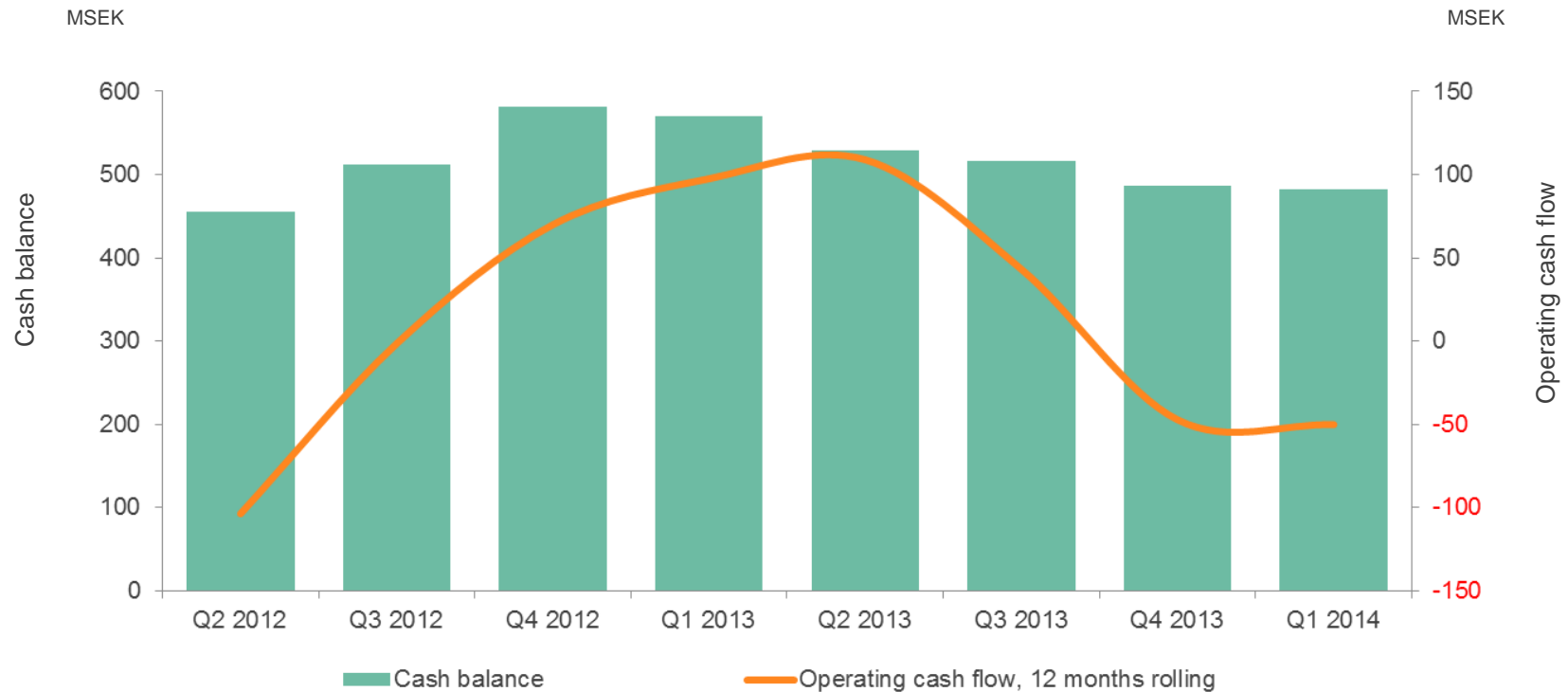
	Q1 2014	Q1 2013
Cash flow from operations	13	2
Change in working capital	-8	6
<b>Cash flow from operations after changes in working capital</b>	<b>5</b>	<b>8</b>
Investments in development	-9	-6
Other investments, net	-1	-1
<b>Cash flow before financing activities</b>	<b>-5</b>	<b>2</b>
Financing	0	-1
<b>Cash flow</b>	<b>-5</b>	<b>1</b>
<b>Cash at end of period*</b>	<b>482</b>	<b>570</b>

\* Including effect of exchange rate variances in cash

- Increase in inventories



# Operating cash flow, 12 months rolling



- Lower sales affected cash flow in 2013
- Cash balance of MSEK 482 at end of Q1 2014





# Financial summary Q1 2014

---

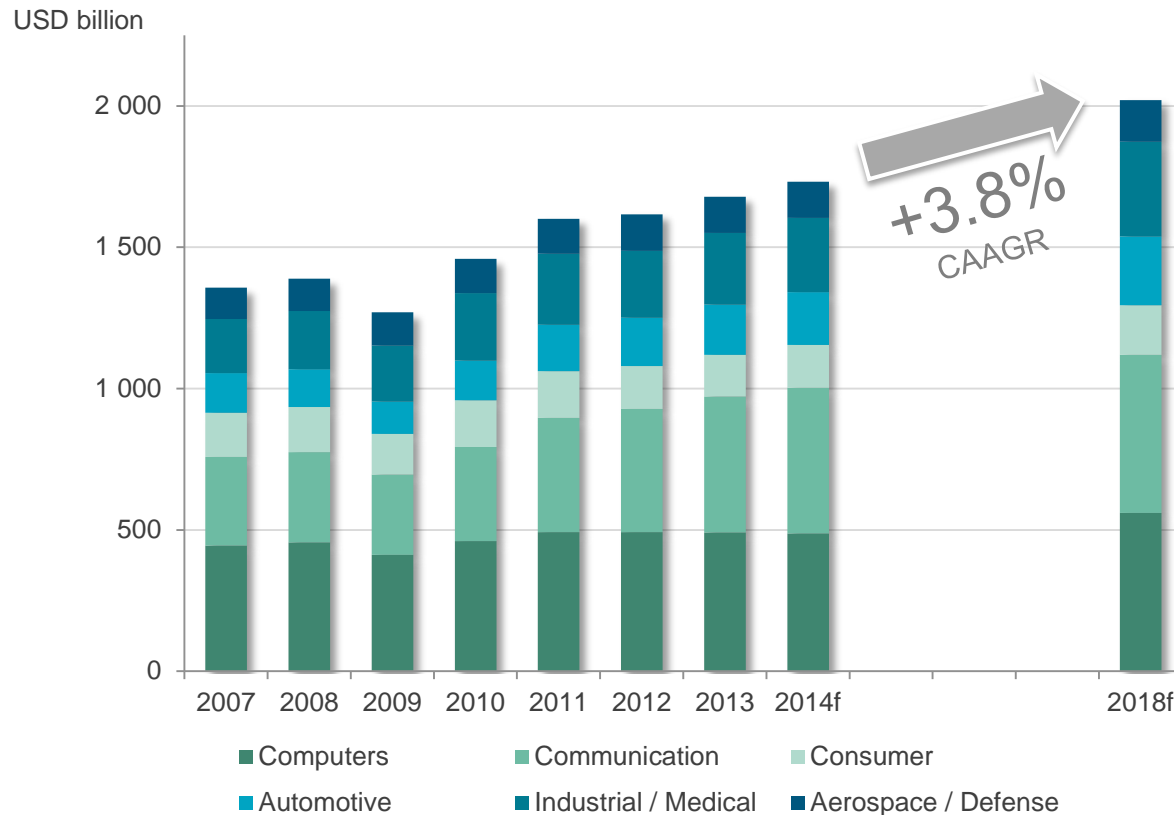
- SMT sales continued recovery beginning late Q4 2013
  - Aftermarket sales remain stable
- PG sales include no system sales
  - Aftermarket sales remain stable
- Maintaining consolidated gross margin level
  - Increased sales volumes in SMT
  - Favorable product mix in SMT
  - Slightly positive currency effects in SMT
- Products
  - Launch of MY200 continues into further markets
  - Launch of Prexision-80
- Sustained cost level



SMT Equipment  
Pick-and-place and  
Jet printing solutions

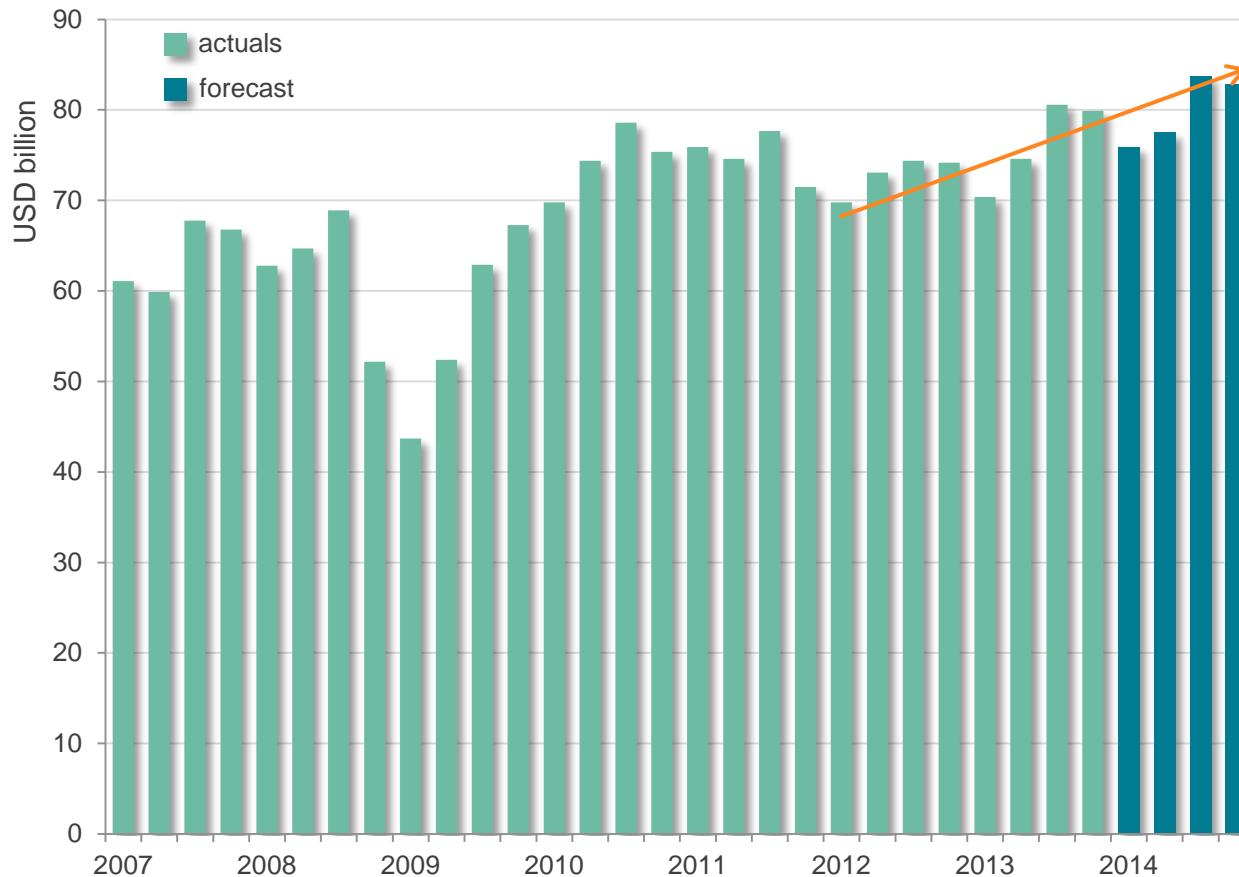


# Electronics industry development



- Electronics industry segments growth in 2013
  - communications +11%
  - industrial +5%
  - automotive +4%
  - medical +3%
- Electronics industry growth forecasted at 3% for 2014
- Long-term annual growth of 3.8% 2014-2018 expected

# Semiconductor market development



- Semiconductor market growth was 4.8%\* in 2013
- Outlook for 2014 indicates a growth of 4.7%

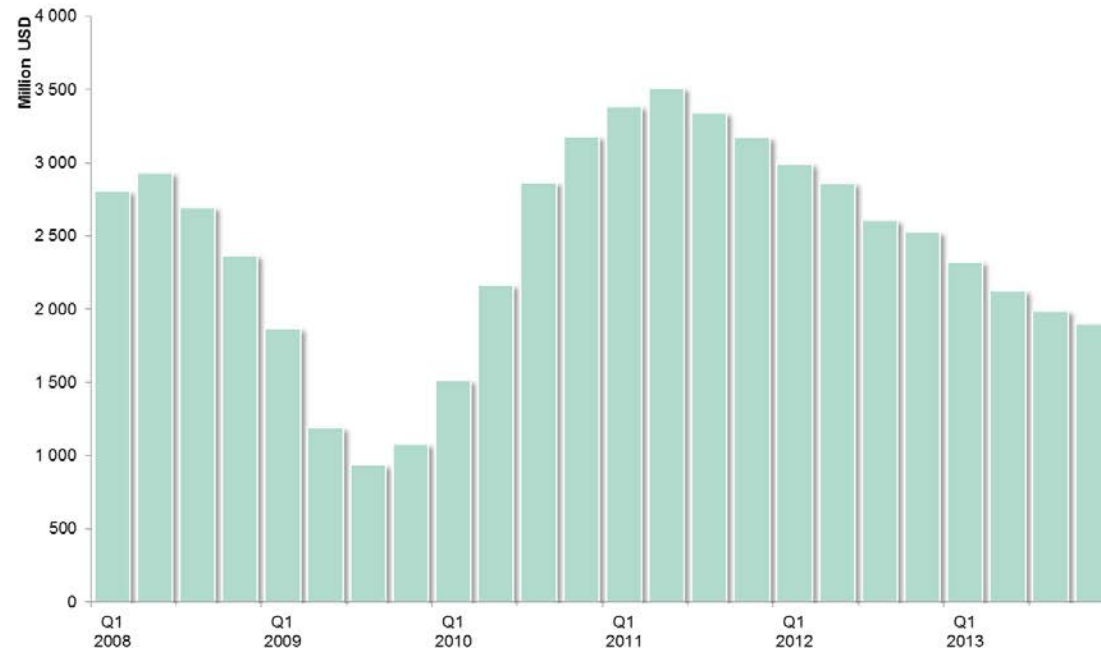
\*Growth driven by increased memory prices.



# SMT equipment market development



SMT equipment sales  
rolling 4 quarters



- Demand 2013 compared to 2012
  - Global SMT demand declined 25%
  - Micronic Mydata SMT declined 21%
- Micronic Mydata SMT sales increased 13% in Q1, 2014 compared to Q1, 2013
- The SMT market equipment normally follows the semi-conductor market with a delay of 2-3 quarters

# SMT summary



## Market summary

- Global SMT assembly equipment market declined 25% 2013
- Competition has increased
- Semiconductor industry forecasted to grow in 2014
- Indications for a recovery in the SMT equipment market in 2014
  - still difficult to assess



## Effects on Micronic Mydata

- Market conditions appears to have reached the bottom
- Interest in flexible equipment for high-mix production is strong
- Micronic Mydata is well positioned for a turn around
- Order intake improved in Q4 2013 and the trend continued into Q1 2014



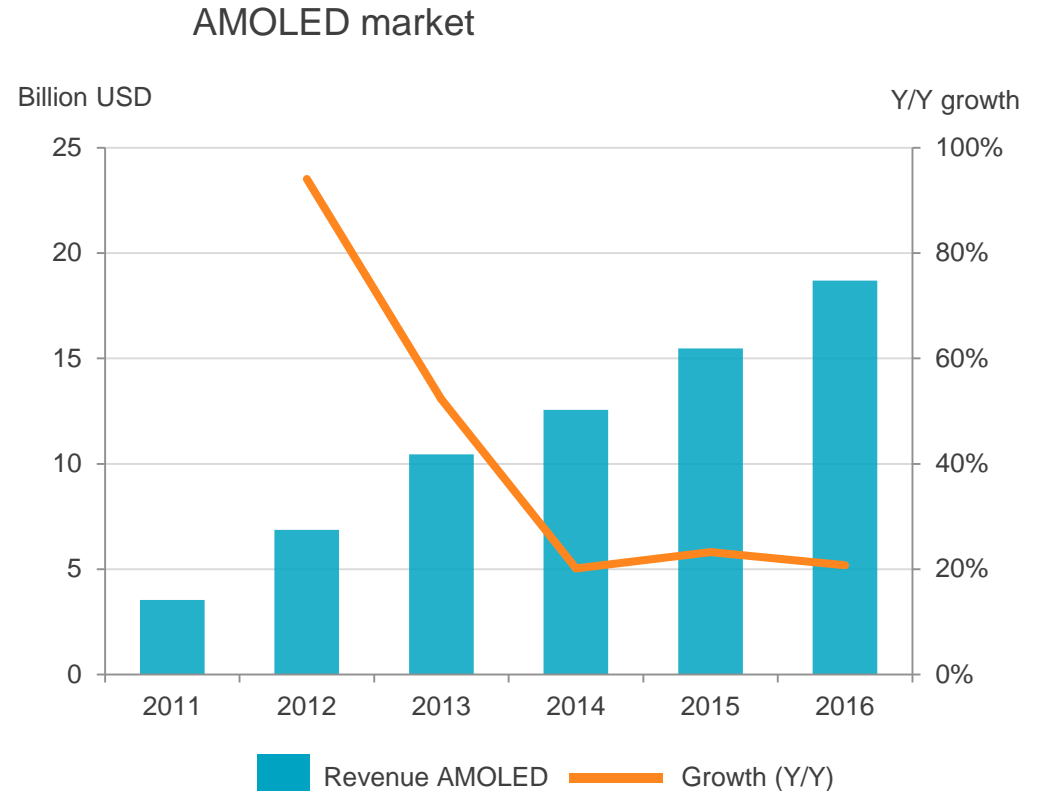
# Pattern Generators

## Mask writers and Direct writers



# Display market expected to grow

- Total display revenue forecast to increase 1% in 2014
- Display market expected to continuously grow over the coming years
- AMOLED will be the major driver for growth
- Trend towards higher resolution displays using less power
- Flexible displays continue to emerge during 2014
  - TV and mobile phone

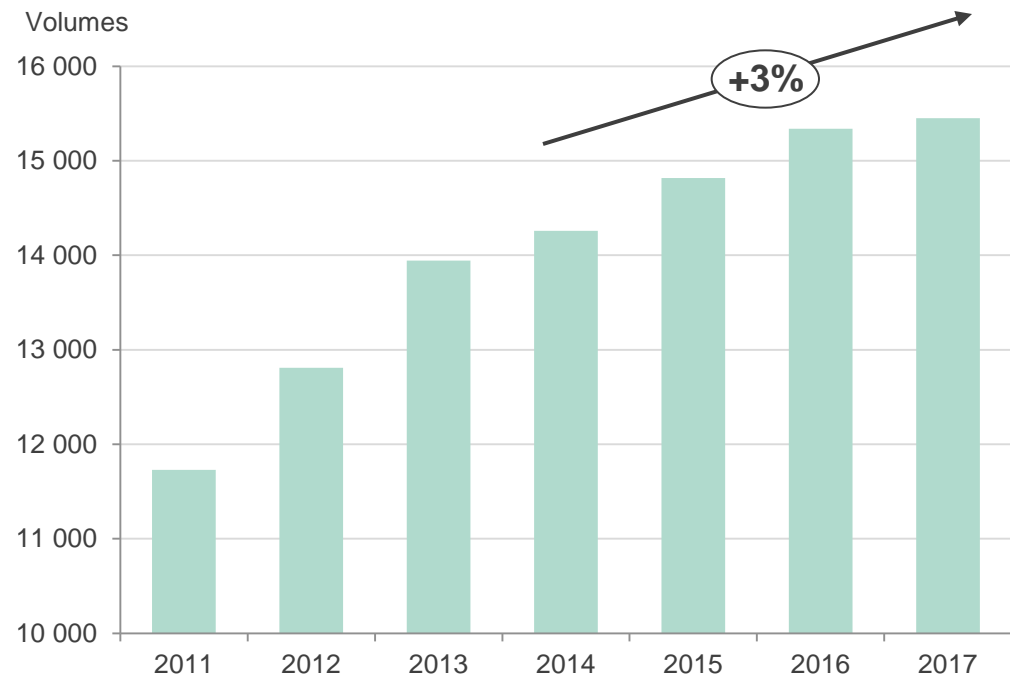






# Photomask volumes continue to increase

- Growing volumes have improved the photomask market:
  - High utilization
  - Photomask prices stabilizing
  - Photomask makers profitable
- Photomask volumes expected to grow by 3% yearly in 2014-2017
  - AMOLED is the main driver of photomask complexity

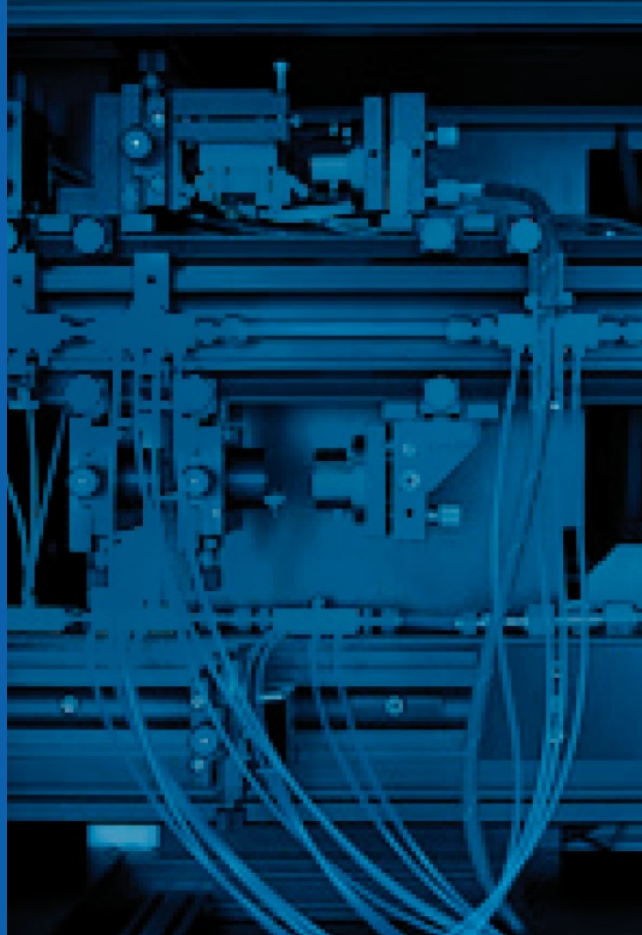


# PG summary



## Market summary

- Display and photomask volumes growing
- Photomask makers showing profitability
- AMOLED is the main driver of photomask complexity



## Effects on Micronic Mydata

- Trend towards more advanced display photomasks creates high-end capacity needs
- High utilization secures stable aftermarket sales
- Investments in new mask writers



# Financial objectives

---

- **Growth** – *net sales will reach SEK 2 billion at the end of the business plan period*
- **Earnings** – *over time EBIT will exceed 10 percent of net sales over a business cycle*
- **Capital structure** – *net debt will be less than 3 times the average EBITDA*

# Product Life Cycle Management – part of strategy to achieve sales objective

---



*Net sales will reach SEK 2 billion at the end of the business plan period*

## Focus on Product Life Cycle Management (PLCM)

- 5 year road-map
- Recent launches are results from PLCM
- Increased activities launching products

# Flexible equipment and advanced software

## for the modern SMT assembly shop floor



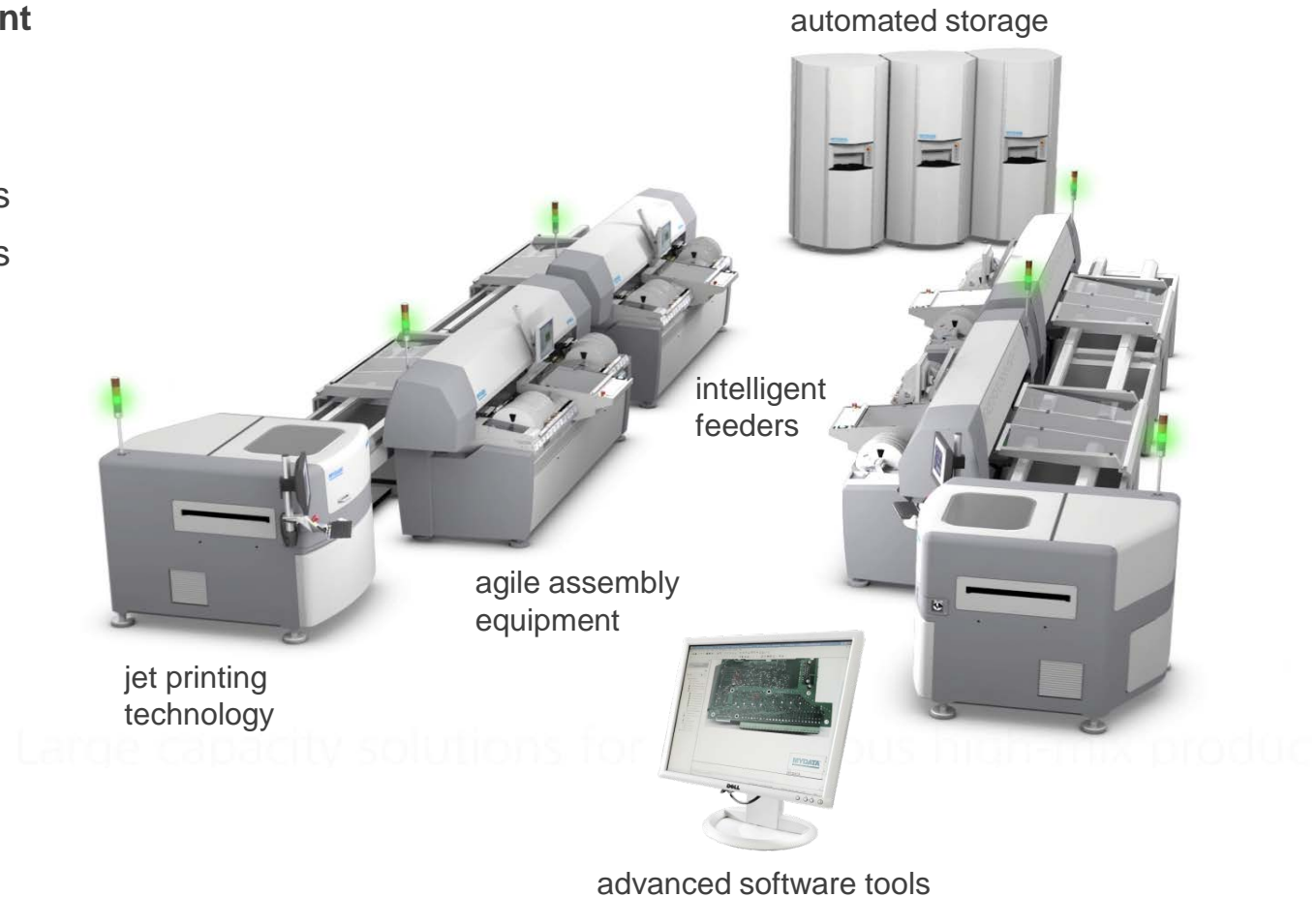
### High-mix production environment

- job changeovers 1 000's
- replenishments 10 000's
- feeder loads 100 000's
- stock movements 100 000's  
(per line and year)

### Requirements

### Production solution

- Flexible SMT equipment
- Efficient material handling
- Efficient information handling
- Efficient line operation
- Efficient machine programming



# MY200 performance series

for the modern SMT assembly shop floor



The new MY200 performance series features

- a new high-speed mount head
- a new line scan vision system

delivering twice the accuracy and higher effective throughput.



- A modern and flexible platform for high-mix electronics production
- Reduce changeover time and cost to a bare minimum - down to batch size one
- Market release 2013

# Storage solutions in production line

for the modern SMT assembly shop floor



The new high capacity storage solution SMD Tower models 2000 and 5130 provides

- 20% higher reel capacity within the same foot print
- capability to store feeders on-reel reducing kitting time for new jobs



- Reduces workload for any type of production environment.
- Delivers the correct material at the right time.
- Small footprint.
- Market release 2013



# MY500 Jet Printer

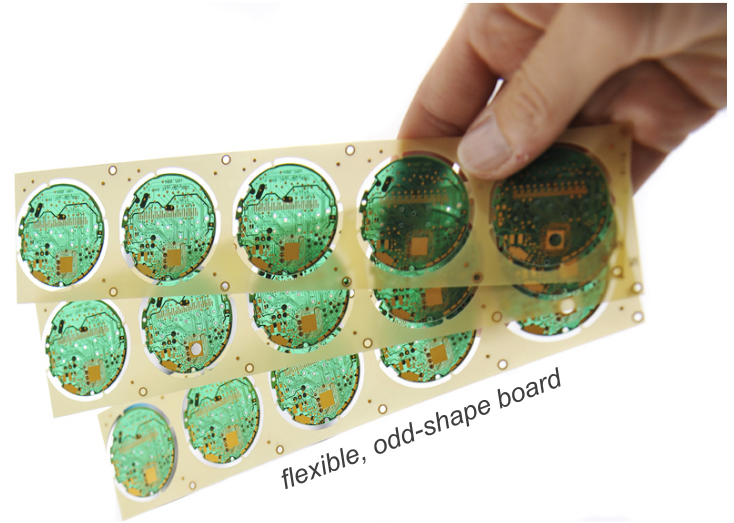
for the modern SMT assembly shop floor



## Key industry trends

As miniaturization continues the complexity of boards increases.

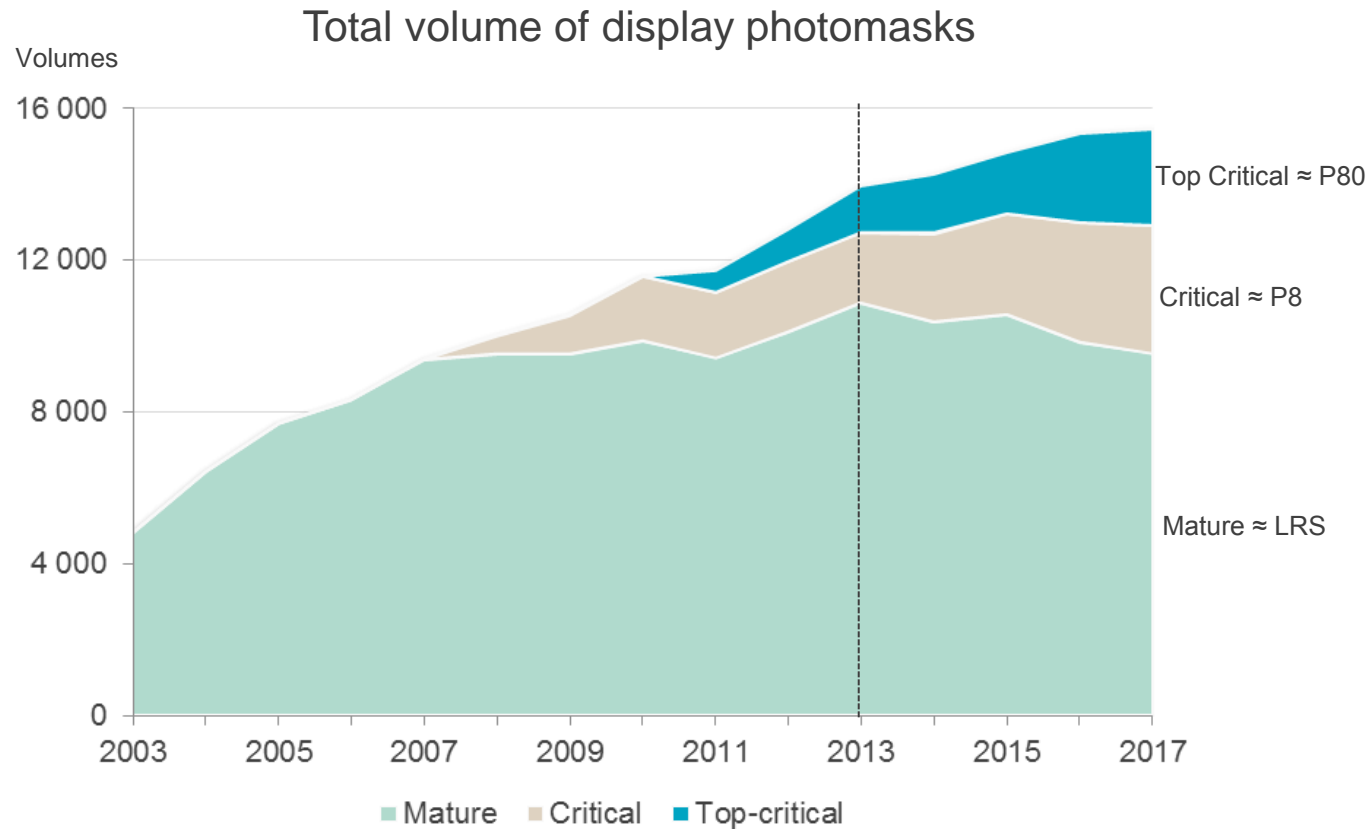
Traditional screen printers and dispensers have increasing challenges with applications like flexible boards, mixing of technologies, cavities, pin-in-paste, package-on-package and shielding.



There is increased interest for the MY500 solder paste jet printer as the combination of accuracy, speed and paste volume control can solve many of the process challenges facing today's electronics industry – also in high-volume applications.



# Display photomasks are getting more complex



- AMOLED and high resolution LCD displays driving need for critical photomasks
  - Resolution, line width uniformity and placement requirements sharply increasing
  - Image quality requirements can no longer be fulfilled by P8 even with less productivity



# Prexision-80

Improves mask shop and display maker profitability

## Key industry requirements for improved image quality

Requirements sharply increasing for

- resolution
- line width uniformity
- placement



These increasing image quality requirements cannot be fulfilled by current mask writers.

The Prexision-80 launched in Q1, 2014



# Prexision-80



## Improves mask shop and display maker profitability

### Mask Shop

- Improved productivity
- Mura reduction
- Yield improvement
- Easier production planning

### Panel Maker

- Reliable mask deliveries
- Yield improvement
- Higher display quality



# PLCM - summary

---

- Micronic Mydata's PLCM based on 5 year road-map
  - Business intelligence vital
  - Competition monitoring
  - Dialogue brings us closer to end customer
- Continuously working on PLCM
  - Successful launch of MY200 late 2013
  - High capacity storage solution SMD Tower launched 2013
  - Launch of advanced mask writer Prexision-80 in 2014



# Micronic Mydata outlook

---

- The assessment is that sales 2014 will be in the span of 1,150 - 1,250 MSEK