

# Q2 2020

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# Q2 Performance

Anders Lindqvist, President & CEO



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# Agenda

- Q2 in short
- Business Areas performance
- Divisional development and market view
- Financial details
- Strong platform
- Q&A



# Mycronic solutions enable products for everyday life



# Q2 in short

Resilient operations secure limited COVID-19 impact

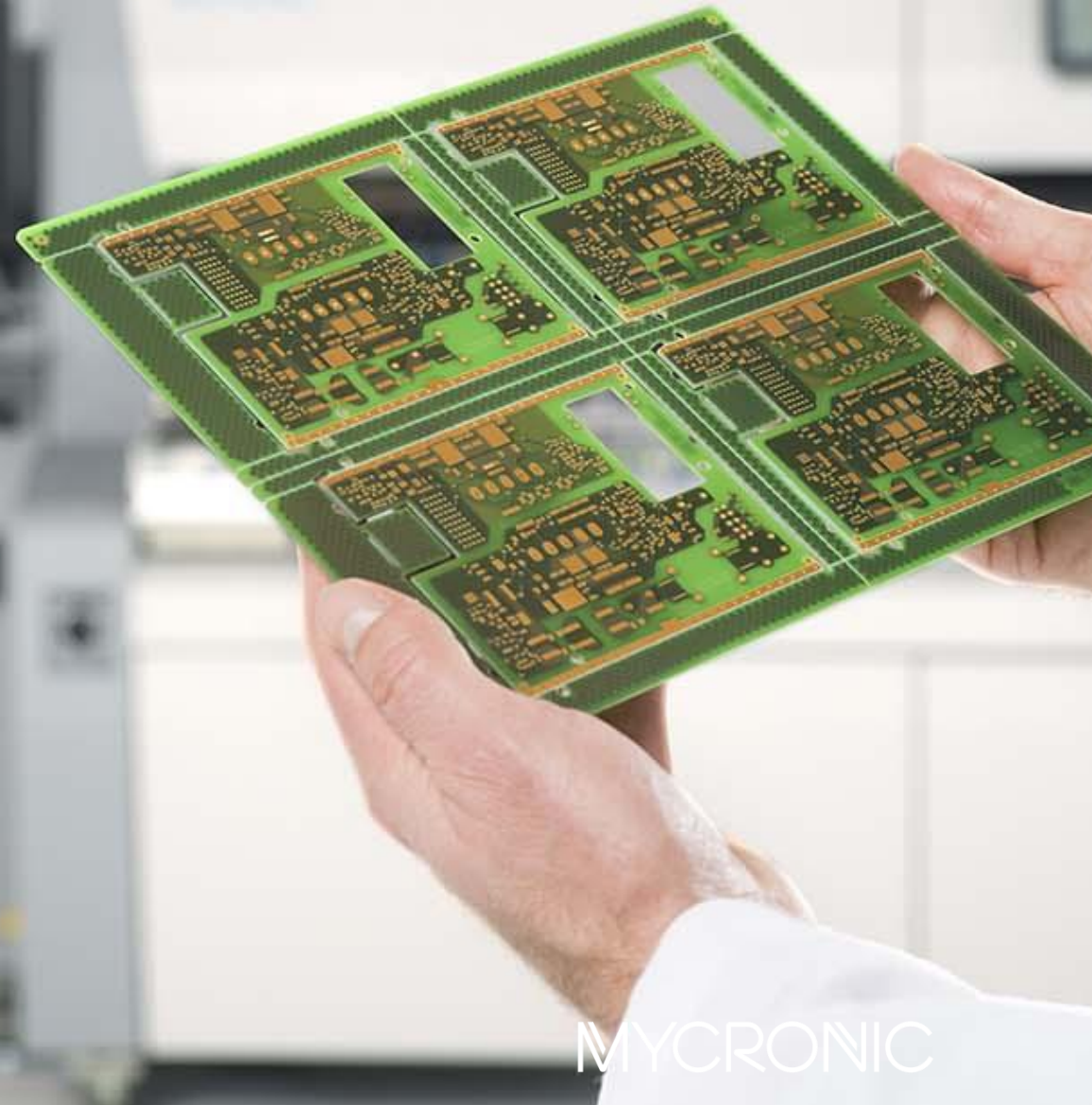
- Stable and diversified business
  - Robust order backlog at SEK 2.4 Billion
  - Assembly Solutions backlog up 38% and Pattern Generators up 135%
  - Limited impact on net sales with -3%
- Mixed quarter in Assembly Solutions
  - Strong performance in division High Volume
  - Lockdowns affect division High Flex in Europe and USA
  - Division Global Technologies balanced from strong Optoelectronic segment and slow Camera module segment
- Pattern Generators shows robust development
- Local presence secures customer support
- 2020 net sales outlook of SEK 4.1 billion remains
  - However, uncertainty in global economy has further intensified



# Business Area **Assembly Solutions**

Mixed performance

- Net sales up 1% driven by division High Volume
  - Strong momentum in dispensing segment in China
- Strong order backlog up 38%
- Efficiency improvements in division High Flex and division Global Technologies implemented
- EBIT improved to SEK 20 million and 3% margin
  - >10% EBIT margin target 2021 confirmed



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# Division **High Volume**

Strong performance

- Strong momentum
  - Good development of Chinese market
  - Strong key accounts
- Limited COVID-19 impact
- Entries in new segments
  - Semiconductor and Automotive
- Challenging to find new hires



# Division **High Flex**

Covid-19 drives slowdown

- Lockdowns in Europe and USA
  - Challenge to execute service
  - Very slow April and May
  - Slightly improved June
  - Germany and the Nordics stable
- Customer investments on hold
- Continued streamlining activities
- Still examples of good orders including full line solutions

# Division **Global Technologies**

Mixed development

- Good development in Optoelectronics
  - Underlying growth from datacenters and communications roll-out
  - Robust recovery in Chinese market
- Slow activity in Camera module segment
  - Automotive strongly affected by COVID-19
  - Camera module operations locked down due to government action
  - Recovery slow

# Business Area **Pattern Generators**

Stable development

- 3 systems delivered
  - P10 delivered in Q2 on customer initiative
  - A larger upgrade moved to H2 due to COVID-19
  - Net sales at SEK 503 million
- First 2 FPS-systems based on the Evo platform delivered
- Delivery plan for H2 intact
  - 5 systems and 1 major upgrade
- EBIT at SEK 261 million and 52% margin impacted by product mix
- Utilization rate high
- All service activities on track



# Long-term performance

## Net sales target

Outlook 2020 **4,100** MSEK

**5,000** MSEK latest by 2023

## Profitability

**>15%** EBIT margin over a business cycle

Assembly Solutions **>10%** FY 2021

Pattern Generators at continued healthy level

## Capital structure

Net debt **<3x** average EBITDA calculated over three years

# Q2 Financials

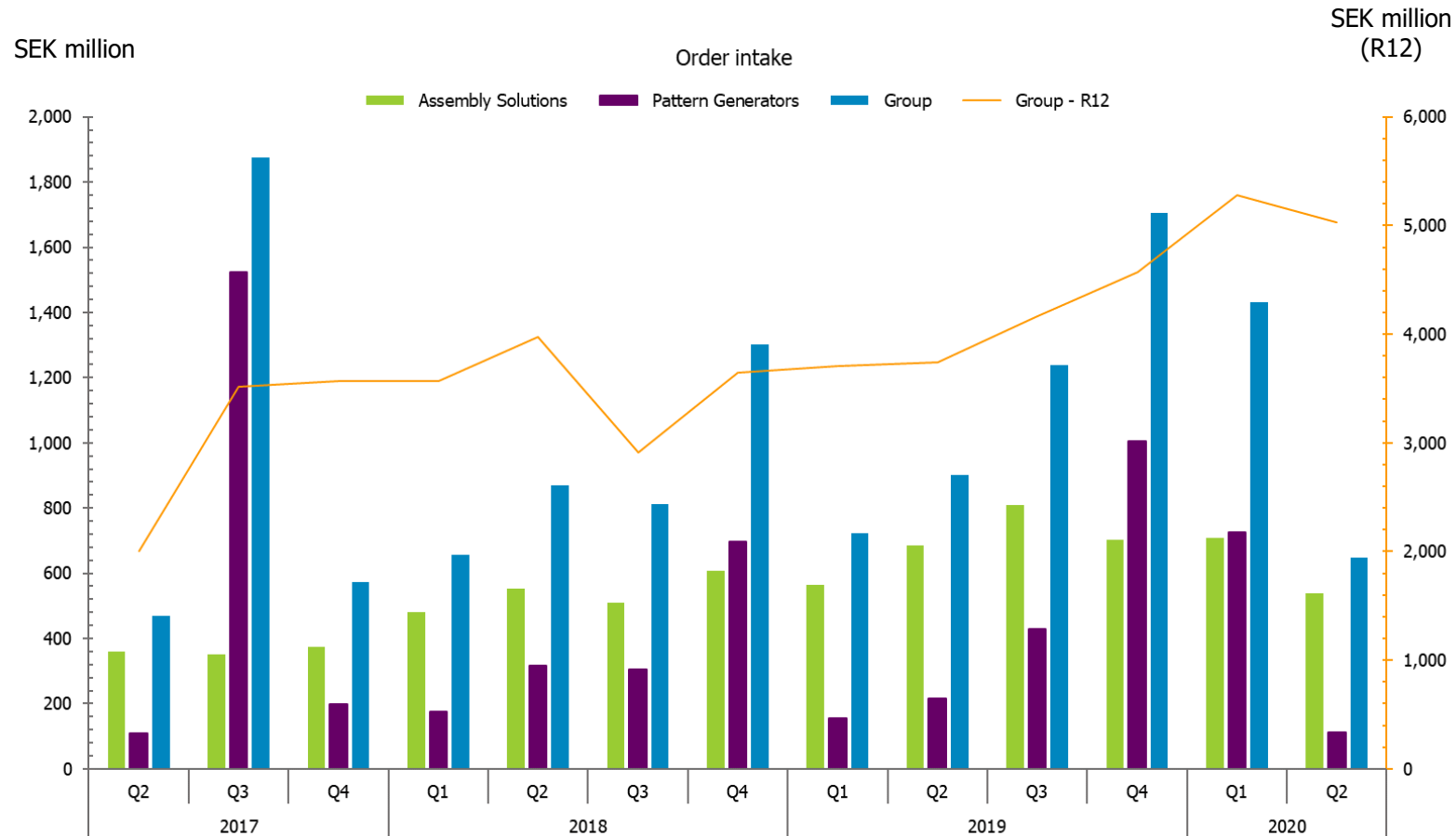
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# Robust order backlog

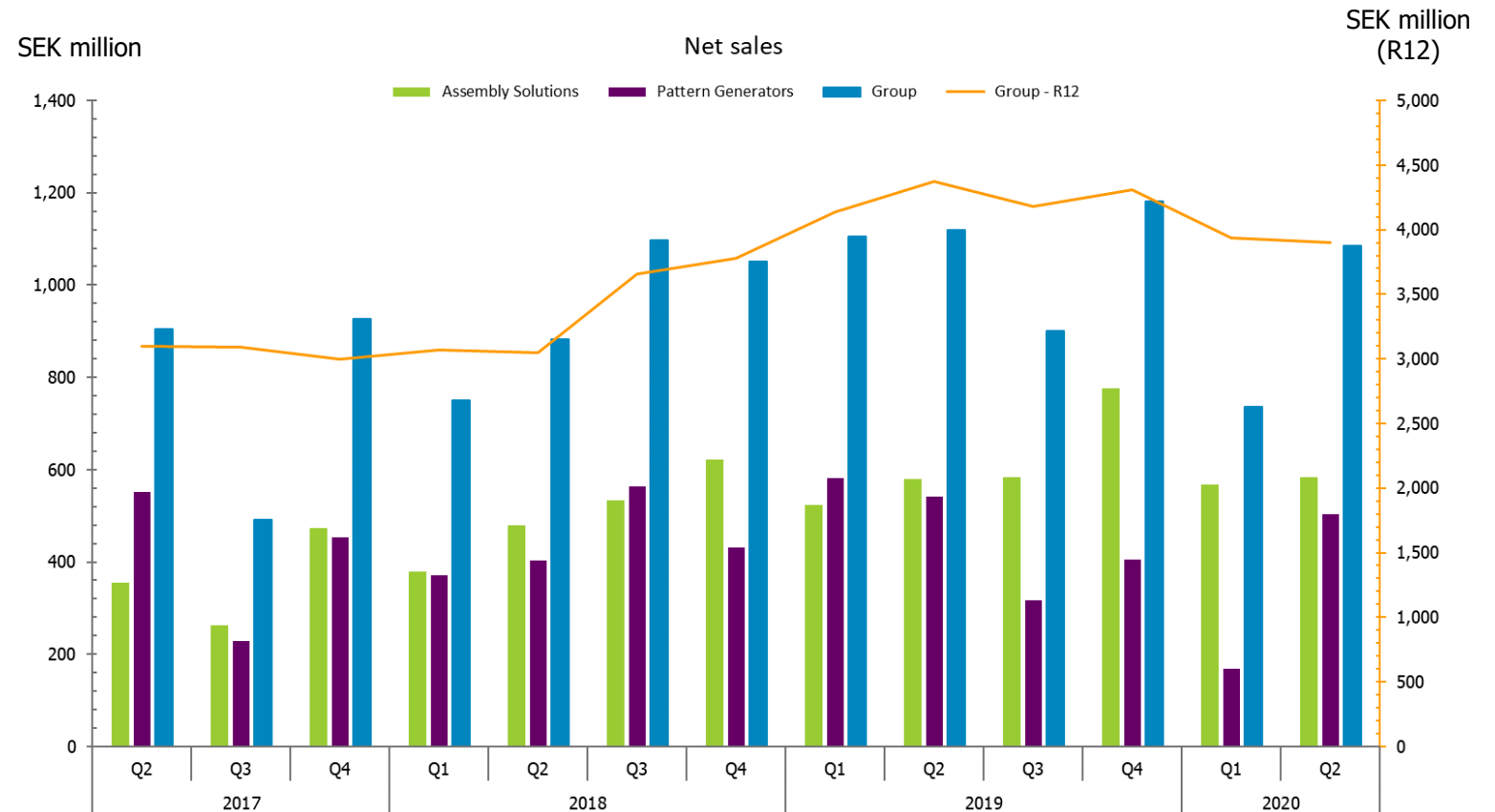


- Group R12 at SEK 5.0 billion
- Q2 order intake decreased 28% to SEK 651 million
  - Assembly Solutions -21%
  - Pattern Generators -49%
- Backlog at SEK 2,425 (1,301) million
  - Assembly Solutions +38% to SEK 903 (654) million
  - Pattern Generators +135% to SEK 1,522 (647) million
  - 5 mask writer systems and 1 major upgrade scheduled for H2

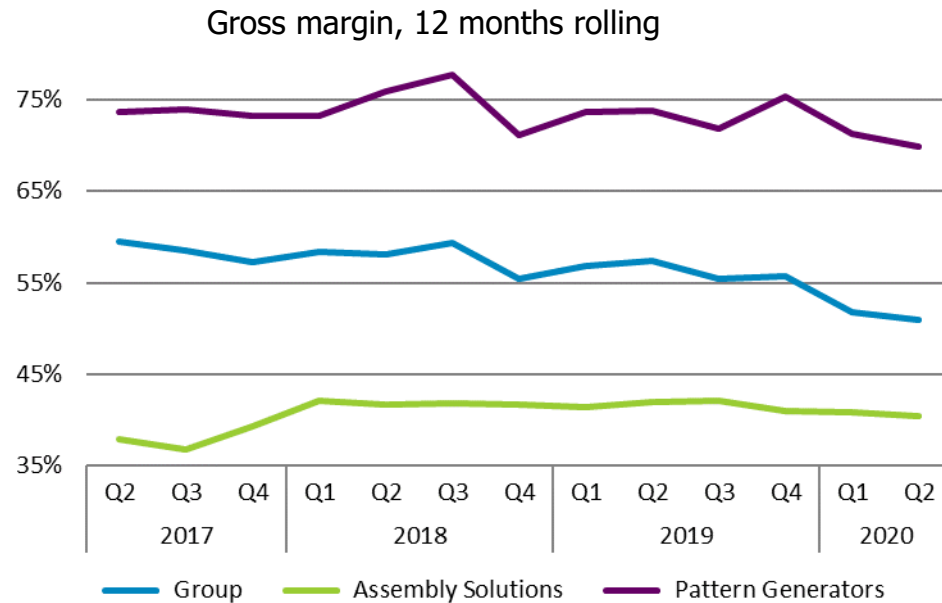


# Net sales

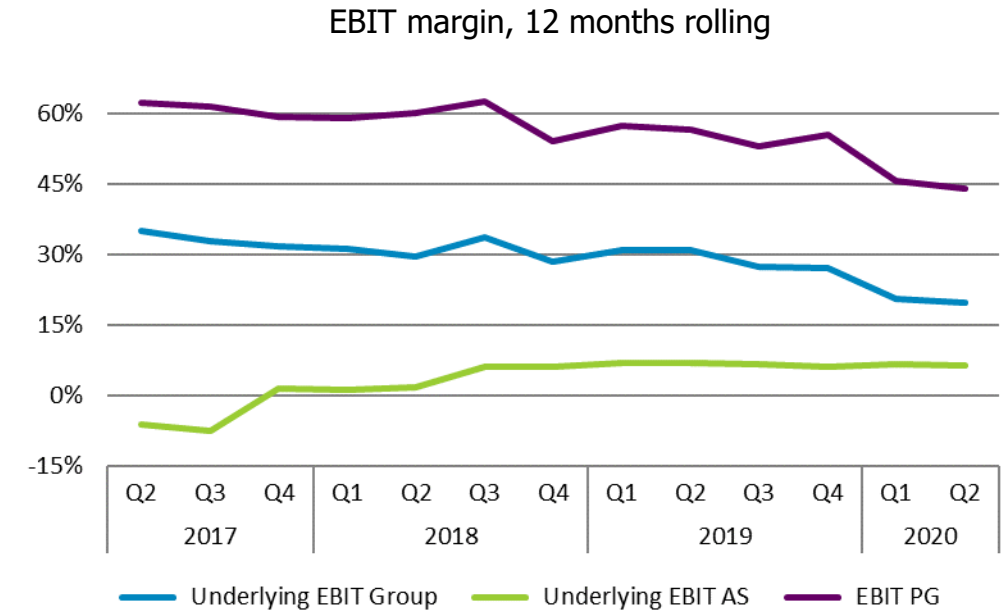
- 3 Pattern Generator systems delivered including a P10 compared with 3 system in Q2 2019 including a P800
- Q2 net sales decreased 3% to SEK 1,086 (1,120) million
  - Assembly Solutions increased 1% to SEK 583 (579) million from good momentum in China
  - Pattern Generators decreased 7% to SEK 503 (541) million due to product mix
- Neutral currency effects



# Margin development

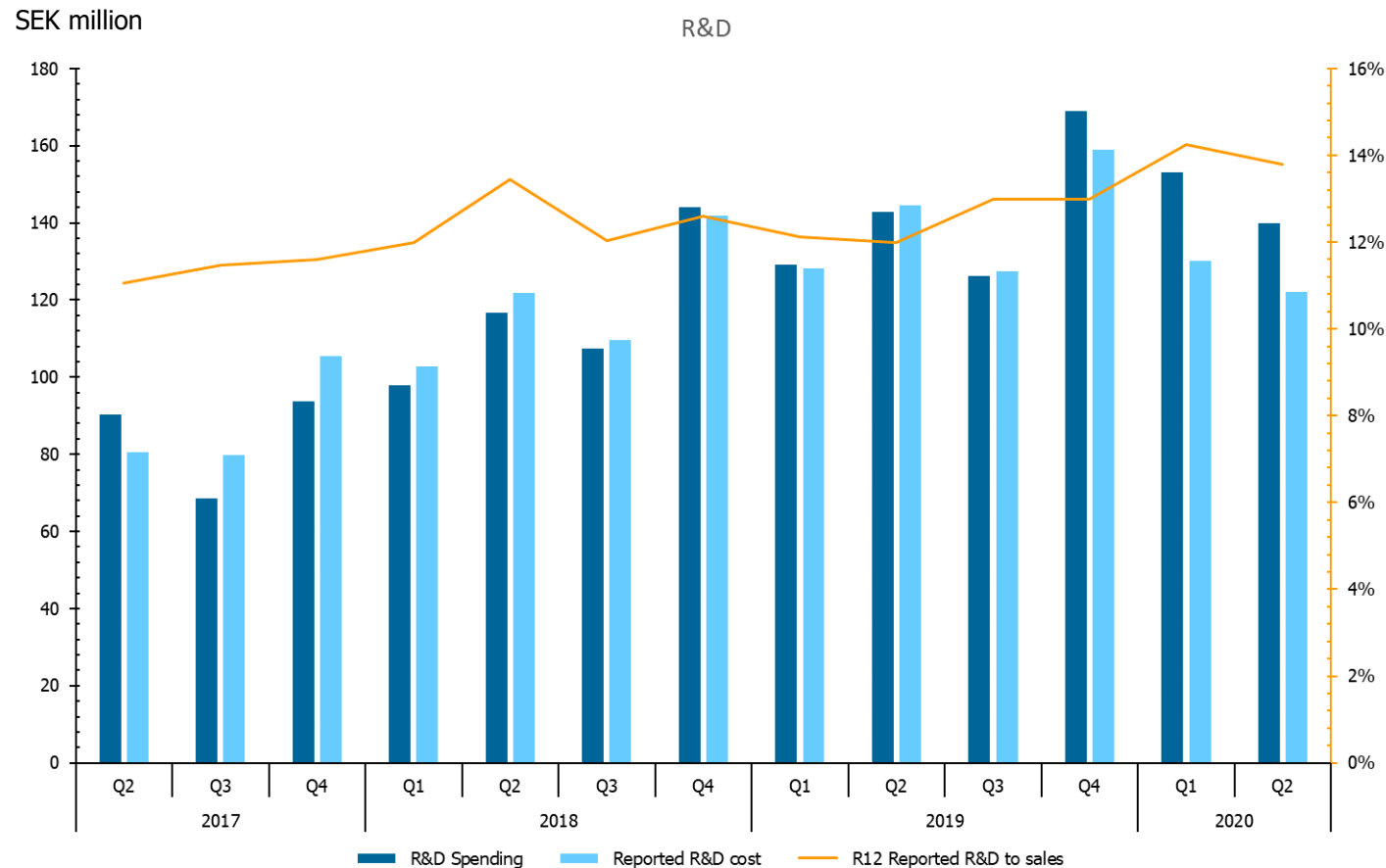


- Q2 gross margin at 55.7% (58.7)
  - Assembly Solutions at 41.8% (43.2)
  - Pattern Generators at 71.7% (75.3)



- Q2 EBIT margin at 25.8% (28.3)
  - Assembly Solutions increase to 3.4% (2.9) including SEK 9 (15) million acquisition related costs
  - Assembly Solutions underlying EBIT margin decrease to 5.1% (5.5)
  - Pattern Generators at 51.8% (55.8). The decrease is mainly due to product mix

# R&D for innovation and growth



- R&D spending slightly lower than in Q2 2019
- Capitalizations of SEK 23 million
- Rolling R&D cost-to-sales ratio at 13.8% (12.0)



# Strong cash position

<b>MSEK</b>	<b>Q2 2020</b>	<b>Q2 2019</b>
Cash flow from operations before change in working capital	310	310
Change in working capital	-328	-154
<b>Cash flow from operations</b>	<b>-18</b>	<b>157</b>
Investing activities	-53	-20
Financing activities	177	-309
<b>Cash flow for the period</b>	<b>106</b>	<b>-173</b>
Cash, opening balance	911	873
Exchange difference	-33	-4
<b>Cash at end of period</b>	<b>984</b>	<b>696</b>

- Change in working capital mainly explained by increased trade receivables and decreased customer advances
- Credit facilities of SEK 200 million utilized out of SEK 2 billion revolver
- Dividend of SEK 195.8 million paid in Q3
- Strong cash position of SEK 984 million

# Final remark

Anders Lindqvist, President & CEO



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# Strong platform for further growth

## ➤ Scalable structure with new organization in place

- Clear leadership and accountability

## ➤ Leading products and solutions

- Continuous investments in next generation solutions

## ➤ Strong balance sheet

- M&A activities included in growth strategy

## ➤ Customer obsession

- Clear market and customer focus

## ➤ Long term growth strategy remains intact

- Short-term and long-term financial outlook confirmed



# Q&A

