

Mycronic, interim report January-June 2017

Mycronic doubled net sales with favorable profitability

Mycronic's net sales for the first half of 2017 increased 97 percent compared with last year. The underlying EBIT margin was 34 percent. "A half year characterized by continuing growth with profitability, and with significant launches that improve customers' productivity", says Lena Olving, CEO and President.

Second quarter April-June 2017

- Order intake was SEK 469 (775) million
- Net sales were SEK 910 (463) million
- EBIT was SEK 314 (106) million
- Underlying EBIT was SEK 325 (106) million
- Earnings per share was SEK 2.46 (0.83)

First half-year January-June 2017

- Order intake was SEK 1,121 (1,569) million
- Net sales were SEK 1,586 (807) million
- EBIT was SEK 473 (137) million
- Underlying EBIT was SEK 534 (138) million
- Earnings per share was SEK 3.60 (1.08)

Outlook 2017

The Board's assessment remains, that net sales in 2017 will be at the level SEK 2,800 million.

Events after the end of the second quarter

Mycronic has received two orders for mask writers replacing older systems for manufacturing of display photomasks. The systems are scheduled to be delivered during the first half and second half of 2018 respectively. These orders are not included in the reported order intake or order backlog for the first half year.

Group summary	April-June 17	April-June 16	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Order intake, SEK million	469	775	1,121	1,569	2,007	2,455
Net sales, SEK million	910	463	1,586	807	3,099	2,319
Book-to-bill	0.5	1.7	0.7	1.9	0.6	1.1
Order backlog, SEK million	877	1,828	877	1,828	877	1,342
Gross margin, %	57.6%	56.5%	55.8%	55.7%	59.6%	60.8%
EBIT margin, %	34.6%	22.9%	29.8%	17.0%	33.1%	29.8%
Underlying EBIT margin, %	35.8%	23.0%	33.7%	17.1%	36.5%	31.7%
Earnings per share, before and after dilution, SEK	2.46	0.83	3.60	1.08	7.90	5.38
Cash flow, SEK million	-106	-462	54	-203	-442	-699
<i>The share</i>						
Closing price, SEK	76.75	62.75	76.75	62.75	76.75	98.00
Market cap, SEK million	7,515	6,144	7,515	6,144	7,515	9,596
<i>Changes in net sales</i>						
Organic growth, %	65%	61%	63%	35%	32%	19%
Currency effects, %	8%	1%	7%	1%	5%	3%
Growth from acquisitions, %	24%	1%	27%	1%	16%	6%
Total growth, %	97%	63%	97%	37%	52%	28%

CEO comments

It is gratifying to be able to report today that the first half of 2017 was characterized by good demand for Mycronic's products. Consolidated net sales increased 97 percent, from both organic growth within Assembly Solutions and Pattern Generators, and from the acquired operations.

We can also report continued good profitability. Consolidated EBIT for the first half of the year reached 30 percent. EBIT was burdened by acquisition-related costs unrelated to operational activities. These costs will remain for some time, even if they are greatest during the current year. The underlying business, i.e. our operational activities excluding acquisition-related costs, achieved an operating margin of 34 percent.

As we deliver growth with profitability, we are continuing our substantial investments into product development to ensure continued long-term growth.

During the first half of the year, our efforts resulted in the introduction of the MYPro product series for efficient electronics production. During April and May, we have successfully launched two new machine platforms within the MYPro series, the MY700 and MY300, for dispensing and component mounting. The response and ratings from customers tell us that we are doing the right things as we respond to manufacturers' challenges within advanced electronics production.

Mycronic has also commenced sales of Axxon's products through all of the Group's sales channels. Our combined broad product range offers good possibilities to solve the customers' needs within many different application areas. We are now the fourth largest supplier of dispensing equipment worldwide.

Market data shows that the global market for SMT equipment grew for full-year 2016, despite a sluggish first half-year. This positive trend continued during the first quarter of 2017, with growth of 10 percent compared to the same period in 2016.

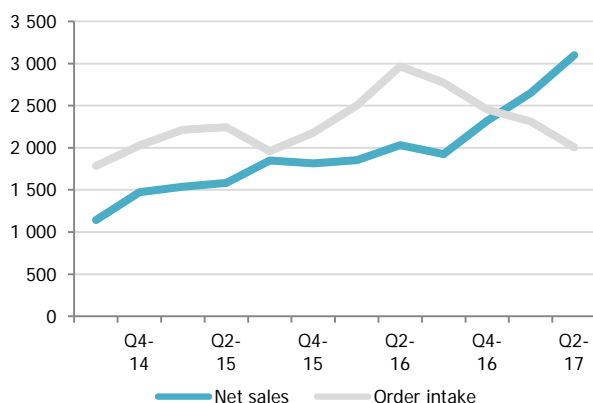
Within the display industry, a shift toward a greater proportion of AMOLED displays is underway. This causes a temporary loss of production capacity during the reconstruction phase, and development activity decreases. This led to a decline in the photomask market in 2016. We now see that the degree of utilization on mask writers at customer sites is once again on the rise. Both our customers and their customers are showing increased activity. The assessment is that production capacity will increase in 2017 as reconstructed production lines are brought into operation. Through dialogue with our customers, we also understand that the proportion of large TV displays is growing, which creates an additional need for equipment for efficient photomask production. Hence, planning is now underway for new, so-called G10 fabs for production of these larger displays.

All in all, I look forward to a second half year with continuing good demand in all our product areas.

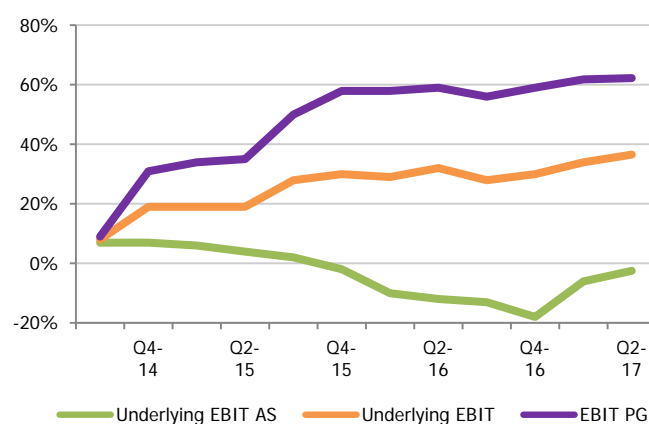
Lena Olving, CEO and President



Order intake and net sales, rolling 4 Q, SEK million



Profitability, EBIT %, rolling 4 Q



Financial performance, Group

	April-June 17	April-June 16	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Order intake, SEK million	469	775	1,121	1,569	2,007	2,455
Order backlog, SEK million	877	1,828	877	1,828	877	1,342
Net sales, SEK million	910	463	1,586	807	3,099	2,319
Gross profit, SEK million	524	261	885	450	1,846	1,410
Gross margin, %	57.6%	56.5%	55.8%	55.7%	59.6%	60.8%
EBIT, SEK million	314	106	473	137	1,027	691
EBIT margin, %	34.6%	22.9%	29.8%	17.0%	33.1%	29.8%
Underlying EBIT, SEK million	325	106	534	138	1,131	735
Underlying EBIT margin, %	35.8%	23.0%	33.7%	17.1%	36.5%	31.7%
EBITDA, SEK million	329	113	502	151	1,075	724

Axxon and AEi are included from the respective acquisition day in Q4, 2016.

Second quarter April-June 2017

The order intake for Assembly Solutions for the second quarter included a third multiple order for the Jet Printer MY600. Within Pattern Generators, no mask writer order was received. During the second quarter of the previous year, orders for three mask writers were received.

Net sales for the quarter included five (two) mask writers and positive currency effects in the amount of SEK 39 (2) million. Recalculated to the same exchange rates prevailing during the second quarter 2016, net sales amounted to SEK 870 million. Net sales for Axxon and AEi during the second quarter amounted to SEK 113 million.

Consolidated EBIT was burdened by acquisition-related costs of SEK 11 million. These costs, which are unrelated to operating activities, include the expensing of acquired inventories at fair value, amortization of acquired intangible assets and revaluation of earn-outs. These acquisition-related costs are greatest during the current year. The underlying EBIT, which shows how operational activities developed and performed, amounted to SEK 325 (106) million, and the underlying EBIT margin was 36 (23) percent.

First half-year January-June 2017

The order intake for the first half-year consisted of equipment and aftermarket. The order intake for Assembly Solutions included two multiple orders for the Jet Printer MY600. Within Pattern Generators, orders for one mask writer and one mask writer upgrade were received. For the first half-year 2016, orders for eight mask writers were received.

Net sales for the first half-year included seven (three) mask writers and positive currency effects in the amount of SEK 61 (4) million. Recalculated to the same exchange rates prevailing during the first half-year 2016, net sales were SEK 1,524 million.

Net sales for Axxon and AEi, which were acquired at the end of 2016, amounted to SEK 221 million for the first half-year.

Expensing of acquired inventory is completely finished at the end of the first half-year. Total acquisition-related costs for the first half of 2017 amounted to SEK 61 million. During the remaining two quarters of this year, these costs are expected to be in line with the second quarter.

Of acquisition-related costs, gross profit was charged with SEK 42 million. Hence the gross margin was also impacted negatively. Adjusted for these costs, the gross margin amounted to 58 percent.

After the acquisitions, the Group also has operations in China and the USA. Development expenditures increased with SEK 3 million to SEK 173 million. The Group has introduced the MYPro product series and two new machine platforms. Sales and administrative expenses increased SEK 83 million, which include operating expenses in the acquired companies.

Cash flow and financial position

Consolidated cash and cash equivalents at the end of the first half-year were SEK 258 million, compared to SEK 209 million at year-end 2016. Cash flow was SEK 54 (-203) million. The Group reported a positive cash flow from operations of SEK 359 million. This is explained by the positive result, partly offset by increased capital tied up in working capital.

Investments claimed SEK 113 (57) million. These related mainly to the purchase price of SEK 31 million paid in January 2017 for another five percent of the shares in Axxon, additional earn-outs of SEK 43 million relating to Axxon and investments in product development, SEK 21 million.

Financing activities utilized SEK 193 million, of which dividends of SEK 196 million, were paid out in the second quarter.

Financial performance business areas

Assembly Solutions	April-June 17	April-June 16	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Order intake, SEK million	359	199	698	351	1,307	960
Order backlog, SEK million	280	57	280	57	280	266
Net sales, SEK million	354	194	684	346	1,224	886
Gross profit, SEK million	148	91	248	153	465	370
Gross margin, %	41.8%	47.2%	36.3%	44.2%	38.0%	41.7%
EBIT, SEK million	4	-21	-51	-74	-134	-157
EBIT margin, %	1.0%	-11.1%	-7.5%	-21.5%	-11.0%	-17.8%
Underlying EBIT, SEK million	15	-21	9	-73	-30	-113
Underlying EBIT margin, %	4.1%	-10.9%	1.4%	-21.2%	-2.5%	-12.8%
Development costs, SEK million	-64	-73	-136	-138	-289	-291

Axxon and AEi are included from the respective acquisition day in Q4, 2016.

Assembly Solutions includes the companies Axxon and AEi, which were acquired in 2016.

Demand for the Group's production solutions has been favorable. During the first six months, both the order intake and net sales almost doubled compared to the previous year. The order intake included two multiple orders for the Jet Printer MY600. Net sales increased, both organically and through acquisitions, which contributed SEK 221 million. Net sales were positively impacted by currency effects in the amount of SEK 25 million. Recalculated to the same exchange rates that prevailed during the first half-year of 2016, net sales amounted to SEK 660 million.

Gross profit and EBIT for Assembly Solutions was charged with acquisition-related costs. These costs, totaling SEK 61 million, include expensing of acquired

inventories at fair value, amortization of acquired intangible assets and revaluation of earn-outs. Of these costs, SEK 42 million was charged against the gross profit. The adjusted gross margin amounted to 42 percent for the first half year. The SMT and dispensing market area's gross margin was in line with the 2016.

The underlying EBIT reached SEK 9 (-73) million. All parts of business area Assembly Solutions contributed to the improvement of the underlying result.

Development expenditures increased SEK 7 million and included product development for the Group's existing products as well as investments for future growth. During the first half-year, these efforts resulted in two new product platforms being introduced.

Other operating expenses increased mainly through the acquired operations.

Pattern Generators	April-June 17	April-June 16	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Order intake, SEK million	110	575	423	1,218	700	1,495
Order backlog, SEK million	597	1,771	597	1,771	597	1,076
Net sales, SEK million	555	269	901	460	1,874	1,433
Gross profit, SEK million	375	170	637	296	1,381	1,041
Gross margin, %	67.6%	63.1%	70.7%	64.4%	73.7%	72.6%
EBIT, SEK million	312	128	526	213	1,165	851
EBIT margin, %	56.2%	47.5%	58.4%	46.2%	62.2%	59.4%
Development costs, SEK million	-17	-17	-27	-31	-53	-57

The order intake for the first half-year included one mask writer, an upgrade and aftermarket, compared with eight mask writers in the corresponding period last year. The ongoing technology shift from LCD to AMOLED has affected short-term demand. As manufacturers bring their refitted production facilities into operation, the need for photomasks, and hence demand, is expected to rise.

During the first half-year, seven (three) mask writers, four for display applications and three for the multi-purpose segment were delivered. Net sales were positively impacted by currency effects in the amount of SEK 36 million.

Recalculated to the same exchange rates which prevailed during the first half of 2016, net sales amounted to SEK 865 million. The order backlog comprises four mask writers, including two which are estimated for delivery in 2017.

Gross profit and EBIT, which were affected by volume and the product mix, amounted to SEK 637 (296) million and SEK 526 (213) million respectively.

Development expenditures amounted to SEK 27 (31) million. Development activities are mainly focused on the ongoing development of the next generation of mask writers.

Electronics industry

After several years of growth, the global electronics industry declined 0.5 percent in 2016 to USD 1,850 billion. Industry segments that resisted this trend and which experienced the greatest growth were electronics with applications within the automotive industry, and consumer electronics such as TVs.

During the first half of 2016, the semiconductor market demonstrated a weak performance, declining 6 percent compared to the same period in 2015. After a strong second half year, full-year growth in 2016 came in at 1.1 percent.

Future outlook

Growth for the electronics industry is forecasted at 3.0 percent annually for the period 2016-2021. For 2017, the forecast is for growth of 2.1 percent. Industry segments with the strongest expected growth over the five-year period are electronics for the automotive industry, wireless infrastructure, consumer electronics and industrial applications.

The positive trend on the semiconductor market is expected to continue with average annual growth of 2.6 percent for the period 2018-2021. The 2017 forecast has been revised upward to growth of 9.5 percent.

Size/growth	2017F ⁵⁾	2016	2015
Electronics industry change in percent ¹	+2.1%	-0.5%	-0.1%
Semicon industry , change in percent ¹	+9.5%	+1.1%	-0.2%
SMT, change in percent ²	Not available	+5%	-19%
Dispensing, USD billion ³	Not available	600	500
Camera modules, million units ¹	92	77	55
Displays, USD billion ⁴	127	105	114
Photomasks, change in percent ⁴	+16%	-6%	+6%
Photomasks, thousand units ⁴	18.6	16.6	17.2

Assembly Solutions

SMT & dispensing market area

The global market for SMT equipment has annual sales of approximately USD 4,000 million. The segment for surface mount machines had a turnover of USD 1,980 million in 2016, or growth of 5 percent. During the first quarter of 2017, the market grew by 10 percent compared with the same period last year, with the market in China demonstrating the strongest growth. Dispensing equipment can be found in the production of surface-mounted electronics and in the manufacturing and packaging of electronics components. Turnover for the dispensing equipment market was USD 600 million in 2016.

Mycronic is the fourth largest supplier and addresses the major part of the market.

Mycronic's product portfolio comprises systems for component mounting, non-contact application of solder paste, automated storage solutions, equipment for dispensing and coating of circuit boards and high-speed dispensing of solder paste. During the second quarter of 2017, Mycronic introduced the MYPro product series, including the MY700 and MY300 products.

Production automation market area

A growing segment within the electronics industry is electronics for the automotive industry, as cars are being equipped with more electronics. One segment within automotive electronics is camera modules for advanced driver assistance systems, ADAS. In 2016, manufacturing of camera modules is estimated at 77 million units, and by 2021 the forecast is for more than 210 million units to be produced globally. Through AEI, Mycronic offers automated production solutions for assembly and test of camera modules.

Pattern Generators

The display market rebounded in the second half of 2016 and is expected to grow 21 percent in 2017 to USD 127 billion. A better balance between supply and demand, and the transition toward more advanced AMOLED and high-resolution displays, is expected to drive growth. The total display area is growing as displays get larger and are increasingly used in new products, for example in cars.

Photomask market area

Mycronic is the only supplier of production equipment for the manufacture of advanced photomasks for the display industry. The photomask market performed strongly in early 2016, but during the second half-year, activity decreased and the market declined for the first time since 2012. The decrease of 6 percent, however, was lower than the initial assessment of -11 percent and results primarily from the transition from LCD to AMOLED technology. During the reconstruction phase of factories, capacity is reduced temporarily. In order to simultaneously meet the demand for AMOLED displays, manufacturers focused on existing models and put fewer resources into R&D. The assessment is that the market will rebound in 2017 as the new AMOLED fabs ramp up the need for photomasks. The initial assessment for growth of 11 percent has been revised upward to 16 percent. In the longer term, the new G10 fabs that are under construction are expected to increase the need for complex photomasks. Market development in 2016 was reflected in slightly lower utilization of Mycronic's mask writers during the second half-year. In the second quarter of 2017, the utilization rate has once again increased.

1) Market data from Prismark, latest update June 2017.

2) Market data from Protec MDC, January 2017.

3) Market data from Prismark, March 2017 and Mycronic.

4) Market data from IHS, , latest update May 2017.

5) Estimate for 2017: Prismark (June 2017), Protec MDC (April 2017), IHS (April/May 2017). Actuals per quarter are not always available.

Other

Parent Company

Mycronic AB is the Group's Parent Company. Product development and sales of mask writers are conducted in the Parent Company. During 2016, Mycronic Technologies AB merged into the Parent Company. After the merger, all operations which occurred previously in the subsidiary, are now conducted in the Parent Company.

The Parent Company's net sales in the first six months of 2017 were SEK 1,279 (727) million and comprised seven mask writers.

EBIT reached SEK 465 (134) million. Research and development expenditures are expensed as they occur.

Cash and cash equivalents at end of the first half-year amounted to SEK 128 million, compared to SEK 60 million at year-end 2016.

Financial information

Mycronic AB (publ) is listed on NASDAQ Stockholm, Mid Cap, MYCR. The information in this report is published in accordance with the EU Market Abuse Regulation and the Swedish Securities Act. The information was submitted for publication, through the contact persons stated below (page 7), on 14 July 2017, at 8 am.

Financial reports and press releases are published in Swedish and English and are available on the website www.mycronic.com.

Review of interim report

This interim report has not been reviewed by the auditor.

Financial calendar

Interim report Januari-September 2017 19 October, 2017

Full year report 2017 7 February, 2018

Interim report January-March 2018 26 April, 2018

The board of directors and the CEO hereby give their assurance that this semi-annual report provides a true and fair picture of the business activities, financial position and results of operations of the Parent Company and the Group, and describes the significant risks and uncertainties to which the Parent Company and the Group are exposed.

Täby, 14 July 2017
Mycronic AB (publ)

Lena Olving
CEO and President

Patrik Tigerschiöld
Chairman of the board

Katarina Bonde
Board member elected by AGM

Tobias Böök
Representing Akademikerna

Ulla-Britt Fräjdin-Hellqvist
Board member elected by AGM

Per Holmberg
Board member elected by AGM

Magnus Lindquist
Board member elected by AGM

Peter Sundström
Representing Unionen

*Mycronics vision**

The business partner of choice, enabling the future of electronics.

*Mycronics mission**

We aim to be the market leader within our key segments across the globe.

We continuously improve and develop innovative solutions, products and services to meet the changing needs of our customers.

We do not compromise with our goal to deliver sustainable growth, profitability and shareholder value.

We meet our challenging goals by engaging the passion and talent of people dedicated to deliver.

Mycronic's long-term financial goals

Growth

Consolidated net sales including acquisitions will reach SEK 5 billion, at the end of the period covered by the business plan, 4 to 7 years.

Profitability

EBIT (earnings before interest and tax) will exceed 15 percent of net sales over a business cycle.

Capital structure

Net debt will be less than 3 times the average EBITDA (earnings before depreciation, amortization, interest and tax). Average is calculated over three years.

Mycronic's dividend policy

The objective of the company is to provide both good 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 lower 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.

About Mycronic

Mycronic AB is a Swedish high-tech company engaged in the development, manufacture and marketing of production equipment with high precision och flexibility requirements for the electronics industry. Mycronic's headquartes are located in Täby, north of Stockholm and the Group has subsidiaries in China, France, Germany, Japan, Singapore, South Korea, the Netherlands, Taiwan, United Kingdom and the United States. For more information, see our web site at: www.mycronic.com

Mycronic AB (publ) is listed on NASDAQ Stockholm, Mid Cap: MYCR.

This report is a translation of the Swedish version. In the event of any differences between this translation and the Swedish original version, the Swedish version has precedence.

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Consolidated profit and loss accounts, SEK million	April-June 17	April-June 16	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Net sales, note 5	909.6	462.5	1,585.9	806.5	3,098.6	2,319.3
Cost of goods sold	-386.1	-201.3	-700.5	-356.9	-1,252.6	-909.0
Gross profit	523.5	261.2	885.4	449.6	1,846.0	1,410.2
Research and development expenses, note 6	-80.6	-90.9	-162.9	-169.0	-342.3	-348.4
Selling expenses	-80.1	-49.2	-150.0	-100.1	-288.7	-238.7
Administrative expenses	-41.1	-23.3	-80.8	-48.0	-170.7	-137.8
Other income and expenses	-7.3	8.1	-18.7	5.0	-17.8	5.8
EBIT	314.4	105.9	473.0	137.4	1,026.6	691.0
Financial income and expenses	-2.0	0.0	-4.7	-0.1	-6.3	-1.6
Profit/loss before tax	312.4	105.9	468.2	137.3	1,020.3	689.4
Tax	-71.6	-24.2	-115.3	-31.7	-246.7	-163.1
Net profit	240.7	81.7	352.9	105.6	773.6	526.3
Earnings per share before/after dilution, SEK	2.46	0.83	3.60	1.08	7.90	5.38
Average number of shares, thousand	97,917	97,917	97,917	97,917	97,917	97,917

Consolidated comprehensive income, SEK million	April-June 17	April-June 16	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Net profit	240.7	81.7	352.9	105.6	773.6	526.3
Other comprehensive income						
<i>Items not to be reclassified to profit/loss, after tax</i>						
Actuarial loss from defined benefits to employees	-	-	-	-	-1.7	-1.7
<i>Items to be reclassified to profit/loss, after tax</i>						
Translation differences at translating foreign entities	-39.5	14.9	-42.4	17.6	-40.1	19.9
Changes in cash flow hedges	9.7	-17.7	13.8	-13.4	17.7	-9.5
Total comprehensive income	210.9	78.9	324.3	109.9	749.5	535.0

The entire results are attributable to owners of the Parent Company.

Consolidated cash flow statements in summary, SEK million	April-June 17	April-June 16	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Cash flow from operations before changes in working capital	300.5	108.3	431.0	144.0	941.7	654.7
Changes in working capital	-142.7	-176.0	-71.8	101.5	-366.1	-192.8
Cash flow from operations	157.8	-67.7	359.2	245.5	575.6	461.9
Cash flow from investing activities	-71.7	-2.1	-112.5	-57.1	-823.4	-768.0
Cash flow from financing activities	-191.8	-391.7	-193.0	-391.7	-193.8	-392.4
Cash flow	-105.7	-461.5	53.7	-203.3	-441.6	-698.6
Cash and cash equivalents, opening balance	368.7	1,156.7	208.6	897.7	700.7	897.7
Exchange differences	-4.7	5.6	-4.1	6.3	-0.9	9.4
Cash and cash equivalents, closing balance	258.2	700.7	258.2	700.7	258.2	208.6

Consolidated statements of financial position, SEK million	30 June 17	30 June 16	31 Dec 16
ASSETS			
Fixed assets			
Intangible assets	1,039.3	188.6	1,085.2
Tangible assets	65.7	35.8	60.1
Long-term receivables	20.0	37.7	22.9
Deferred tax assets	55.8	49.1	56.5
Total fixed assets	1,180.7	311.2	1,224.6
Current assets			
Inventories	486.5	349.2	574.8
Trade receivables	500.1	278.9	596.8
Other current receivables	126.0	169.6	150.5
Cash and cash equivalents	258.2	700.7	208.6
Total current assets	1,370.8	1,498.3	1,530.6
Total assets	2,551.6	1,809.5	2,755.3
EQUITY AND LIABILITIES			
Equity	1,540.1	986.4	1,411.6
Liabilities			
Other long-term liabilities	261.4	43.0	258.8
Deferred tax liabilities	79.0	14.0	76.1
Total long-term liabilities	340.5	57.0	334.9
Short-term interest-bearing liabilities	13.0	-	10.7
Trade payables	134.3	95.4	185.8
Other current liabilities	523.6	670.7	812.2
Total current liabilities	671.0	766.1	1,008.7
Total liabilities	1,011.4	823.1	1,343.6
Total equity and liabilities	2,551.6	1,809.5	2,755.3

Consolidated statements of changes in equity in summary, SEK million	Jan-June 17	Jan-June 16	Jan-Dec 16
Opening balance	1,411.6	1,268.2	1,268.2
Dividend	-195.8	-391.7	-391.7
Total comprehensive income	324.3	109.9	535.0
Closing balance	1,540.1	986.4	1,411.6

Other key figures*	Jan-June 17	Jan-June 16	Jan-Dec 16
Equity per share, SEK	15.73	10.10	14.42
Return on equity (rolling 4Q), %	61.2%	57.8%	39.3%
Return on capital employed (rolling 4Q), %	80.9%	71.2%	51.4%
Net cash, SEK million	245.2	700.7	197.9
Average number of employees	928	505	577

* Other than key figures presented on page 1.

Profit and loss accounts in summary, Parent Company, SEK million	April-June 17	April-June 16	Jan-June 17	Jan-June 16	Jan-Dec 16
Net sales	733.5	529.8	1,279.0	727.3	2,020.6
Cost of goods sold	-301.9	-257.2	-514.8	-336.1	-756.1
Gross profit	431.7	272.6	764.2	391.2	1,264.5
Other operating expenses	-153.5	-223.8	-299.3	-256.8	-534.1
EBIT	278.2	48.8	464.9	134.3	730.4
Result from financial items	0.9	0.0	1.1	0.0	-0.5
Profit/loss after financial items	279.1	48.8	466.0	134.3	729.9
Appropriations	-	-	-	-	-181.8
Result before tax	279.1	48.8	466.0	134.3	548.1
Tax	-64.5	-21.1	-105.6	-29.5	-121.4
Net profit/loss	214.6	27.7	360.4	104.8	426.7
Total comprehensive income	203.0	27.7	348.8	104.8	426.7

Balance sheets in summary, Parent Company, SEK million	30 June 17	30 June 16	31 Dec 16
ASSETS			
Fixed assets			
Intangible and tangible assets	39.7	26.2	37.6
Financial assets	1,154.2	200.1	1,202.0
Total fixed assets	1,193.9	226.3	1,239.6
Current assets			
Inventories	271.3	266.6	281.0
Other current receivables	448.9	347.6	519.0
Cash and cash equivalents	127.9	592.6	60.0
Total current assets	848.0	1,206.8	860.0
TOTAL ASSETS	2,041.9	1,433.1	2,099.6
EQUITY AND LIABILITIES			
Equity	1,205.2	730.2	1,052.1
Untaxed reserves	206.8	25.0	206.8
Other non-current liabilities	166.1	0.2	164.3
Current liabilities	463.9	677.7	676.4
TOTAL EQUITY AND LIABILITIES	2,041.9	1,433.1	2,099.6

In June 2016, Mycronic Technologies AB (org nummer 556238-6739) merged into the Parent Company through absorption of wholly-owned subsidiary. At the merger, the Parent Company took over all assets and liabilities in Mycronic Technologies AB.

Note 1 - Accounting policies

This interim report for the Group has been prepared in accordance with IAS 34, Interim Financial Reporting, and applicable parts of the Annual Accounts Act. The report for the Parent Company has been prepared in accordance with Chapter 9 of the Annual Accounts Act. For the Group and the Parent Company, the same accounting principles, estimates and assumptions have been used in this report as were used in the most recent annual report.

The character of financial assets and liabilities are essentially the same as they were on 31 December, 2016. As was the case at the end of 2016, reported values are the same as fair values.

During the year, Mycronic has continued to evaluate the effects of IFRS 15 - Revenue from Contracts with Customers, a new standard for revenue recognition which enters into force on 1 January, 2018. According to the company's preliminary conclusions, the new standard will have minor effects of an immaterial nature on the Group's revenue recognition. Analysis is ongoing and quantification of the effects will be presented in conjunction with the third quarter interim report.

Note 2 – Transactions with related parties

Transactions with related parties are described in note 12 in the annual report 2016. The scope and focus of these transactions have not changed significantly during the period.

Note 3 – Risks and uncertainties

There are a number of risks and uncertainty factors of an operational and financial character to which the group is exposed. These are described in the 2016 annual report. Through acquisitions during 2016, operations in China have expanded. Mycronic is exposed to country specific risks, such as political decisions or overall changes in rules and regulations on markets which are partly new for the company, geographically and product-wise.

Those risks which are most prominent in the short-term relate to the results of efforts within product development and launches within new product areas.

Note 4 – Events after year-end

Mycronic has received two orders for mask writers replacing older systems for manufacturing of display photomasks. The systems are scheduled to be delivered during the first half and second half of 2018 respectively. These orders are not included in the reported order intake or order backlog for the first half year.

There are no events after the end of the quarter which have had a significant impact on the results or financial positions of the company.

Note 5 –Segment reporting

SEK million	April-June 17	April-June 16	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Net sales						
Assembly Solutions	354.4	193.6	684.5	346.3	1,224.2	886.0
Pattern Generators	555.1	269.0	901.4	460.3	1,874.4	1,433.3
	909.6	462.5	1,585.9	806.5	3,098.6	2,319.3
EBIT						
Assembly Solutions	3.6	-21.5	-51.5	-74.4	-134.4	-157.3
Pattern Generators	311.8	127.8	526.5	212.7	1,165.0	851.2
Amortization of previously acquired intangible assets	-1.0	-0.5	-2.0	-0.9	-4.0	-2.9
Group	314.4	105.9	473.0	137.4	1,026.5	691.0
Revenue geographical market, SEK million						
EMEA	133.8	86.5	248.9	167.9	464.2	383.2
Americas	88.0	104.6	200.6	167.1	376.7	343.2
Asia	687.8	271.5	1,136.4	471.5	2,257.7	1,592.9
	909.6	462.5	1,585.9	806.5	3,098.6	2,319.3

Note 6 – Research and development costs

SEK million	April-June 17	April-June 16	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
<i>R&D expenditure</i>						
Assembly Solutions	-73.1	-73.2	-145.9	-139.4	-291.2	-284.7
Pattern Generators	-17.1	-17.5	-27.3	-31.0	-53.4	-57.1
	-90.2	-90.7	-173.2	-170.4	-344.7	-341.8
<i>Capitalization of development</i>						
Assembly Solutions	15.0	2.9	21.0	7.6	21.0	7.6
<i>Amortization of capitalized development</i>						
Assembly Solutions	-3.1	-2.9	-6.0	-6.0	-12.5	-12.5
	11.9	0.0	15.0	1.6	8.5	-4.9
<i>Amortization of acquired technology</i>	-2.3	-0.2	-4.7	-0.3	-6.1	-1.8
R&D costs	-80.6	-90.9	-162.9	-169.0	-342.3	-348.4

Note 7 – Definitions and reconciliation

ESMA (The European Securities and Markets Authority) has issued guidelines regarding alternate ratios for listed companies.

Alternate ratios relate to financial key figures used by management, to control and evaluate the Group's business, which can not be directly inferred from the financial statements. These ratios are also considered to be of interest to external investors and analysts who monitor the company. For definitions of other key figures see the annual report.

Book-to-bill

Order intake in relation to net sales. Used to show future expected net sales development.

Capital employed

Total assets reduced by non-interest bearing liabilities. Used to show the ability to meet capital needs from operations.

Earnings per share

Net result divided by the number of shares at the end of the period. Used to show the value of the company per share.

EBITDA

Operating result (EBIT) before depreciation and amortization, interest and tax. EBITDA is a component in expressing the financial goals and in the dividend policy.

Equity per share

Equity at balance day divided by the number of shares at the end of the period. Used to set the value of the company per share.

Net cash

Cash and cash equivalents minus interest-bearing liabilities.

Order intake

Orders received for goods and aftermarket, valued at average exchange rates. The order intake also includes revaluation of the order backlog at closing exchange rate. Used to show orders received.

Order backlog

Remaining orders for goods, valued at the closing date exchange rate. Used to show secured future net sales of goods.

Return on equity

Net result in percent of average equity. Used to show return on shareholders capital over time.

Return on capital employed

Earnings before financial expenses in percent of capital employed. Used to show return on capital needed for operations.

Underlying EBIT and underlying EBIT margin

EBIT adjusted for acquisition-related costs. These costs include expensing of acquired inventories at fair value, amortization of acquired intangible assets, revaluation of earn-outs and transaction costs. The underlying EBIT margin is underlying EBIT as a percentage of net sales.

Return on equity	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Net result (rolling 4 q)	773.6	528.8	773.6	526.3
Average equity	1,263.3	915.1	1,263.3	1,339.9
	61.2%	57.8%	61.2%	39.3%

Return on capital employed	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Earnings before tax (rolling 4 q)	1,020.3	650.8	1,020.3	689.4
Financial expenses	6.8	0.6	6.8	2.0
<i>Earnings before financial expenses</i>	1,027.1	651.4	1,027.1	691.5
Average total assets	2,180.6	1,567.0	2,180.6	2,248.7
Average non interest-bearing liabilities	910.8	652.0	910.8	903.5
<i>Average capital employed</i>	1,269.8	915.1	1,269.8	1,345.3
	80.9%	71.2%	80.9%	51.4%

Book-to-bill	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Order intake	1,121.2	1,569.0	2,006.8	2,454.5
Net sales	1,585.9	806.5	3,098.6	2,319.3
	0.7	1.9	0.6	1.1

EBITDA	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
EBIT	473.0	137.4	1,026.6	691.0
Depreciation/amortization	29.0	13.6	48.0	32.6
	502.0	151.0	1,074.6	723.6

Underlying EBIT	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
EBIT	473.0	137.4	1,026.6	691.0
<i>Acquisition-related costs</i>				
Cost of good sold	41.9	-	62.6	20.6
Operating expenses	18.9	0.9	41.4	23.4
	533.8	138.3	1,130.5	735.1

Equity per share	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Equity on balance day	1,540.1	986.4	1,540.1	1,411.6
Number of shares at end of period	97,917	97,917	97,917	97,917
	15.73	10.07	15.73	14.42

Earnings per share	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Net result	352.9	105.6	773.6	526.3
Number of shares at end of period	97,917	97,917	97,917	97,917
	3.60	1.08	7.90	5.38

Net cash	Jan-June 17	Jan-June 16	Rolling 12	Jan-Dec 16
Cash and cash equivalents	258.2	700.7	258.2	208.6
Interest-bearing liabilities	-13.0	-	-13.0	-10.7
	245.2	700.7	245.2	197.9

Quarterly data - Group	Q 2-17	Q 1-17	Q 4-16	Q 3-16	Q 2-16	Q 1-16	Q 4-15	Q 3-15
Order intake Assembly Solutions	358.6	339.9	389.2	219.0	199.3	152.1	202.4	202.3
Order intake Pattern Generators	109.9	312.8	128.9	148.4	575.4	642.1	635.5	356.3
	468.5	652.7	518.1	367.5	774.7	794.3	837.9	558.6
Order backlog Assembly Solutions	280.4	276.2	266.4	65.4	57.0	51.3	51.8	69.9
Order backlog Pattern Generators	597.0	1,042.2	1,075.6	1,633.5	1,771.3	1,464.9	1,014.0	779.4
	877.4	1,318.4	1,342.0	1,698.9	1,828.3	1,516.2	1,065.8	849.3
Net sales Assembly Solutions	354.4	330.1	329.1	210.6	193.6	152.7	220.5	207.3
Net sales Pattern Generators	555.1	346.2	686.8	286.2	269.0	191.3	400.9	397.6
	909.6	676.3	1,015.9	496.8	462.5	344.0	621.3	604.9
Gross profit Assembly Solutions	148.3	99.9	118.3	98.2	91.4	61.7	96.2	99.0
Gross profit Pattern Generators	375.2	262.0	546.9	197.3	169.7	126.8	308.4	293.8
	523.5	361.9	665.2	295.5	261.2	188.4	404.7	392.8
Gross margin Assembly Solutions	41.8%	30.3%	35.9%	46.6%	47.2%	40.4%	43.6%	47.8%
Gross margin Pattern Generators	67.6%	75.7%	79.6%	68.9%	63.1%	66.3%	76.9%	73.9%
	57.6%	53.5%	65.5%	59.5%	56.5%	54.8%	65.1%	64.9%
<i>R&D costs Assembly Solutions</i>	<i>-63.6</i>	<i>-72.0</i>	<i>-90.0</i>	<i>-61.8</i>	<i>-73.2</i>	<i>-64.6</i>	<i>-69.2</i>	<i>-53.1</i>
<i>R&D costs Pattern Generators</i>	<i>-17.1</i>	<i>-10.2</i>	<i>-20.4</i>	<i>-5.7</i>	<i>-17.5</i>	<i>-13.5</i>	<i>-11.1</i>	<i>-8.7</i>
Total R&D costs	-80.6	-82.2	-111.7	-67.7	-90.9	-78.2	-80.2	-61.8
Selling expenses	-80.1	-69.9	-85.2	-53.4	-49.2	-51.0	-42.4	-44.5
Administrative expenses	-41.1	-39.8	-58.2	-31.7	-23.3	-24.7	-25.1	-22.1
Other income and expenses	-7.3	-11.4	-4.9	5.7	8.1	-3.1	-5.5	-2.4
EBIT	314.4	158.5	405.2	148.4	105.9	31.5	251.4	261.9
Of which Assembly Solutions	3.6	-55.1	-71.5	-11.4	-21.5	-52.9	-18.3	2.5
Of which Pattern Generators	311.8	214.6	477.7	160.8	127.8	84.9	270.2	259.9
EBIT margin	34.6%	23.4%	39.9%	29.9%	22.9%	9.2%	40.5%	43.3%
Equity per share	15.73	15.58	14.42	11.35	10.07	13.27	12.95	10.98
Net result per share	2.46	1.15	3.12	1.17	0.83	0.24	1.99	2.33
Closing share price	76.75	91.75	98.00	107.00	62.75	73.25	82.25	46.00