

Mycronic, interim report January-September 2017

Record high order intake

"Mycronic reports a record high order intake of SEK 1,874 million and SEK 2,995 million for the third quarter and the first nine months of the year respectively. We have seen strong demand from our customers within the photomask industry with orders for nine PG (Pattern Generators) systems and several upgrades. Within AS (Assembly Solutions), we have developed a modern and broad product offering and launched several new product platforms. We enter the fourth quarter with a strong backlog also for AS. Our investments in product development also continue," says Lena Olving, CEO and President.

Third quarter July-September 2017

- Order intake was SEK 1,874 (367) million
- Net sales were SEK 484 (497) million
- EBIT was SEK 63 (148) million
- Underlying EBIT was SEK 72 (149) million
- Earnings per share was SEK 0.42 (1.17)

January-September 2017

- Order intake was SEK 2,995 (1,936) million
- Net sales were SEK 2,070 (1,303) million
- EBIT was SEK 536 (286) million
- Underlying EBIT was SEK 606 (287) million
- Earnings per share was SEK 4.03 (2.25)

Outlook 2017

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

Group summary	July-Sep 17	July-Sep 16	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Order intake, SEK million	1,874	367	2,995	1,936	3,513	2,455
Net sales, SEK million	484	497	2,070	1,303	3,086	2,319
Book-to-bill	3.9	0.7	1.4	1.5	1.1	1.1
Order backlog, SEK million	2,269	1,699	2,269	1,699	2,269	1,342
Gross margin, %	53.6%	59.5%	55.3%	57.2%	58.6%	60.8%
EBIT margin, %	13.1%	29.9%	25.9%	21.9%	30.5%	29.8%
Underlying EBIT margin, %	15.0%	29.9%	29.3%	22.0%	34.2%	31.7%
Earnings per share, before and after dilution, SEK	0.42	1.17	4.03	2.25	7.15	5.38
Cash flow, SEK million	489	81	542	-122	-34	-699
<i>The share</i>						
Closing price, SEK	111.75	107.00	111.75	107.00	111.75	98.00
Market cap, SEK million	10,942	10,477	10,942	10,477	10,942	9,596
<i>Changes in net sales</i>						
Organic growth, %	-13%	-22%	34%	6%	37%	19%
Currency effects, %	-6%	4%	2%	2%	3%	3%
Growth from acquisitions, %	16%	0%	23%	1%	21%	6%
Total growth, %	-3%	-18%	59%	9%	60%	28%

CEO comments

It is gratifying to report today the highest order intake ever for a single quarter as well as for a nine month period. Order intake developed favorably within both of our business areas, even if demand for mask writers was more pronounced during the third quarter. The order backlog, SEK 2,269 million at the end of the third quarter, is full as regards advanced mask writers for 2018 and starting to build up for deliveries in 2019.

Net sales for the third quarter were somewhat lower than for the same period last year. This is not unusual. A single quarter can be affected by e.g. delivery of mask writers. Net sales for the first nine months of 2017 increased 59 percent. Organic growth was 34 percent. We also report continuing good profitability. The consolidated EBIT margin for the first nine months reached 26 percent. EBIT was burdened by acquisition-related costs unrelated to operational activities. The underlying operations, i.e. our operational activities excluding acquisition-related costs, reached an EBIT margin of 29 percent.

According to market data, the global surface mount equipment market showed growth of 21 percent during the first half of 2017 compared with the same period in 2016. Our large investments in product development within surface mount equipment has resulted in the launch of the MYPro series, including two new product platforms, the MY700 and the MY300, for dispensing and for mounting of components. The response from customers has been good since our solutions respond to challenges within advanced electronics production. It is gratifying to see the result of this in terms of high order intake and record high order backlog for surface mount equipment. However we are not pleased with third quarter net sales and EBIT regarding AS. The quarter was negatively affected in the short term by, among other things, challenges within the supply chain for ramp up of platform changes.

I am still pleased to say that all parts of business area AS contributed to the improvement of the underlying result for the nine months period and that operations in Axxon and AEi develop in accordance with our expectations. We are now the fourth largest supplier globally of dispensing equipment, and Axxon's products are now being sold via all the Group's sales channels. AEi has also strengthened its global presence through Mycronic's established channels, and has experienced favorable growth.

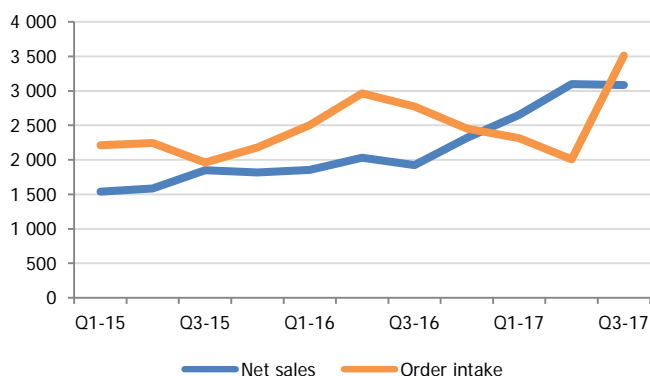
Within the display industry, a shift is underway toward a greater proportion of AMOLED displays. At the same time, there are plans for more advanced display manufacturing in China, in so-called G10 fabs that are producing large displays, primarily for TV. This also creates a need for advanced photomask manufacturing locally in China. These two factors explain the large investments that have been announced, and which resulted in record high order intake for business area PG.

We are already well into the fourth quarter with continued intense activities among our customers within all our product areas. Our investments in product development continue within surface mount equipment, as well as within other parts of business area AS, in order to further broaden our offering and the addressable market.

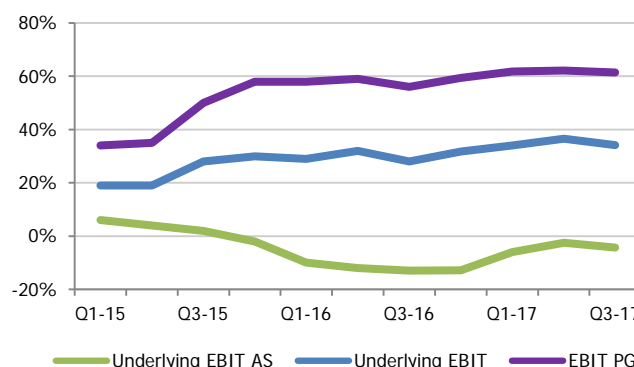
Lena Olving, CEO and President



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



Profitability, EBIT %, rolling 4 Q



Financial performance, Group

	July-Sep 17	July-Sep 16	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Order intake, SEK million	1,874	367	2,995	1,936	3,513	2,455
Order backlog, SEK million	2,269	1,699	2,269	1,699	2,269	1,342
Net sales, SEK million	484	497	2,070	1,303	3,086	2,319
Gross profit, SEK million	259	295	1,145	745	1,810	1,410
Gross margin, %	53.6%	59.5%	55.3%	57.2%	58.6%	60.8%
EBIT, SEK million	63	148	536	286	941	691
EBIT margin, %	13.1%	29.9%	25.9%	21.9%	30.5%	29.8%
Underlying EBIT, SEK million	72	149	606	287	1,054	735
Underlying EBIT margin, %	15.0%	29.9%	29.3%	22.0%	34.2%	31.7%
EBITDA, SEK million	86	157	588	309	1,003	724

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

Third quarter July-September 2017

The third quarter was characterized by record high order intake. AS order intake included two multiple equipment orders within the MYPro series that was launched in April. Within PG, orders for eight (one) systems were received and included the first P-800, as well as upgrades of two mask writers.

Net sales for the quarter included one (two) mask writer and was burdened by negative currency effects in the amount of SEK -36 (+21) million. Recalculated to the exchange rates prevailing during the third quarter 2016, net sales amounted to SEK 520 million. Net sales for Axxon and AEi during the third quarter amounted to SEK 82 million.

Consolidated EBIT was burdened by acquisition-related costs of SEK 9 million. These costs, which are unrelated to operating activities, include amortization of acquired intangible assets and revaluation of earn-outs. The underlying EBIT, which shows how operational activities developed and performed, amounted to SEK 72 (149) million, and the underlying EBIT margin was 15 (30) percent.

Interim period January-September 2017

The order intake for the first nine months was record high, just below SEK 3 billion. The order intake within AS comprised amongst other things four multiple orders; two for Jet Printer MY600 for new application areas and two for production lines with the newly launched product platforms MY300 and MY700. Within PG, orders for nine (nine) systems were received as well as three orders for upgrades of previously delivered mask writers.

Net sales for the first nine months included eight (five) systems and positive currency effects in the amount of SEK 26 (25) million. Recalculated to the exchange rates prevailing during the corresponding period 2016, net sales were SEK 2,044 million. Net sales for Axxon and AEi amounted to SEK 303 million for the first nine months.

Acquisition-related costs for the first nine months of 2017 amounted to a total of SEK 70 million. Of the acquisition-related costs, gross profit and hence the gross margin was charged with SEK 40 million. Adjusted for these costs the gross margin amounted to 57 percent. Expensing of acquired inventory was finished at the end of the first half year.

Development expenditures increased during the first nine months with SEK 7 million to SEK 242 million. The Group introduced the MYPro series including two new product platforms. At the same time, investments continue within the traditional surface mount area, within the acquired operations and within PG to develop next generation mask writers.

Sales and administrative expenses increased SEK 104 million and is explained mainly by operating expenses in the acquired companies, investments in the sales organization as well as acquisition-related costs.

Cash flow and financial position

Consolidated cash and cash equivalents at the end of the third quarter were SEK 742 million, compared to SEK 209 million at year-end 2016. Cash flow was SEK 542 (-122) million. The Group reported a positive cash flow from operations of SEK 829 million. This is explained by positive results and by advance payments from customers.

Investments claimed SEK 93 (54) million. SEK 31 million was paid for another five percent of the shares in Axxon, as well as an additional earn-out of SEK 43 million relating to Axxon. An adjustment of the purchase price of AEi has resulted in a refund of SEK 24 million, related to a contractual settlement of the balance sheet at acquisition date. Other investments include product development, SEK 21 (8) million and fixed assets.

Financing activities utilized SEK 194 million, of which dividends of SEK 196 million were paid out in the second quarter.

Financial performance business areas

Assembly Solutions, AS	July-Sep 17	July-Sep 16	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Order intake, SEK million	351	219	1,050	570	1,439	960
Order backlog, SEK million	372	65	372	65	372	266
Net sales, SEK million	262	211	946	557	1,275	886
Gross profit, SEK million	102	98	350	251	469	370
Gross margin, %	39.0%	46.6%	37.0%	45.1%	36.7%	41.7%
EBIT, SEK million	-45	-11	-96	-86	-168	-157
EBIT margin, %	-17.1%	-5.4%	-10.2%	-15.4%	-13.1%	-17.8%
Underlying EBIT, SEK million	-35	-11	-26	-85	-55	-113
Underlying EBIT margin, %	-13.5%	-5.3%	-2.8%	-15.2%	-4.3%	-12.8%
Development costs, SEK million	-65	-62	-200	-200	-291	-291

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

During the first nine months, order intake within AS increased 84 percent and included four multiple orders; two for MY600 for new application areas and two for production lines with the newly launched product platforms MY300 and MY700. Order intake developed well in the acquired companies Axxon and AEi.

Net sales increased 70 percent to SEK 946 million. Organic growth was 14 percent. Acquisitions contributed SEK 303 million. Net sales were positively impacted by currency effects in the amount of SEK 11 million. Recalculated to the exchange rates that prevailed during the same period 2016, net sales amounted to SEK 935 million.

The surface mount equipment order backlog was at record level, especially as regards pick-and-place machines, while third quarter net sales were impacted short-term by supply chain challenges for ramp up of platform changes.

EBIT for AS was charged with acquisition-related costs of SEK 70 million, which included expensing of acquired inventories at fair value, amortization of acquired intangible assets and revaluation of earn-outs.

Of these acquisition-related costs, SEK 40 million was charged to the gross profit. The adjusted gross margin amounted to 41 percent. The dispensing market area has had quality issues related to one customer specific application, while the production automation market area normally shows lower gross margins. The remaining parts of AS report gross margins at the 2016 level. The underlying EBIT reached SEK -26 (-85) million.

Development expenditures included product development for existing products and investments for future growth. Other operating costs include increased selling expenses and operating expenses in acquired companies.

Pattern Generators	July-Sep 17	July-Sep 16	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Order intake, SEK million	1,523	148	1,945	1,366	2,074	1,495
Order backlog, SEK million	1,897	1,634	1,897	1,634	1,897	1,076
Net sales, SEK million	223	286	1,124	746	1,811	1,433
Gross profit, SEK million	157	197	794	494	1,341	1,041
Gross margin, %	70.6%	68.9%	70.7%	66.1%	74.1%	72.6%
EBIT, SEK million	109	161	635	374	1,113	851
EBIT margin, %	48.9%	56.2%	56.5%	50.0%	61.5%	59.4%
Development costs, SEK million	-15	-6	-42	-37	-63	-57

The PG order intake for the first nine months included nine (nine) systems, three upgrades and aftermarket. The transition from LCD to AMOLED, as well as the planned ramp up of advanced display manufacturing in China, explains the demand and order intake.

During the first nine months, eight (five) systems were delivered; five for display applications and three for the multi-purpose segment. Net sales were positively impacted by currency effects in the amount of SEK 14 million. Recalculated to the exchange rates which prevailed during the same period 2016, net sales amounted to SEK 1,110 million.

The order backlog at end of period comprised eleven systems; one FPS and one P-80 for delivery in 2017, eight systems for delivery in 2018 and one system in 2019. The order backlog also comprised two major upgrades of previously delivered mask writers. The order book is full for 2018 as regards advanced systems.

Gross profit and EBIT are affected by volume and product mix and amounted to SEK 794 (494) million and SEK 635 (374) million respectively.

Development costs, SEK 42 (37) million, refer mainly to development of the next generation mask writers.

Electronics industry

The global electronics industry experienced a slight positive trend in 2016 with growth of 0.2 percent to USD 1,871 billion. The industry segments with greatest growth 2016 were electronics with application areas within the automotive industry, and consumer electronics.

During the first half of 2017, the semiconductor market demonstrated an increase of 21 percent compared with the same period 2016, mainly explained by higher memory prices.

Future outlook

Growth for the electronics industry is forecast at 3.2 percent annually for the period 2016-2021. For 2017, the forecast is for growth of 3.3 percent. Industry segments with the strongest expected growth for the five year period are electronics for the automotive industry, wireless infrastructure, consumer electronics and industrial applications.

For 2017 the semiconductor forecast has been revised upward to growth of 17.0 percent or USD 396 billion. For the period 2018-2021 the semiconductor market is expected to demonstrate average annual growth of 0.4 percent.

Size/growth	2017F ⁵⁾	2016	2015
Electronics industry change in percent ¹	+3.3%	+0.2%	-0.1%
Semicon industry , change in percent ¹	+17.0%	+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	124	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 pick-and-place machine segment had a turnover of USD 1,980 million in 2016, or growth of 5 percent. During the first half year of 2017, the market grew 21 percent compared to the same period last year, with the markets in China, Japan and North America demonstrating the strongest trend. Dispensing equipment is found within production of surface-mounted electronics and where electronics components are manufactured and packaged. Turnover on the dispensing equipment market was USD 600 million in 2016.

Mycronic's product portfolio comprises systems for mounting of components, 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 first half of 2017, Mycronic introduced the product series MYPro, including the products MY700 and MY300. Market introduction has continued globally and the products have been well-received by the market.

Production automation market area

A growing segment within the electronics industry is electronics for the automotive industry, as cars are being equipped with an increasing amount of electronics. Camera modules for advanced driver assistance systems, ADAS, is a segment within automotive electronics. During 2016, an estimated 77 million camera modules were manufactured, and for 2021 the forecast is that more than 210 million units will be produced globally. Via 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 18 percent in 2017 to USD 124 billion. 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. During the second half year, activity decreased and the market declined for the first time since 2012. This is due to the shift from LCD to AMOLED technology, as several LCD factories were rebuilt for AMOLED. During the reconstruction phase capacity drops somewhat, which results in temporarily lower demand for photomasks. Another factor that temporarily lowers the demand is a production deficit of AMOLED displays. In order to meet demand for the AMOLED displays, manufacturers focused on existing models and put fewer resources into R&D. The assessment is that the market will rebound in 2017 when new fabs ramp up the need for AMOLED photomasks. The initial assessment for growth of 11 percent has been revised upward to 16 percent. In the longer term the new G10 fabs under construction are expected to increase the need for complex photomasks, particularly in China. During the second quarter of 2017, the utilization of Mycronic's mask writers rose to a level which has held steady during the third quarter.

1) Market data from Prismark, latest update September 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 October 2017.

5) Estimate for 2017: Prismark (September 2017), Protec MDC (July 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 nine months of 2017 were SEK 1,651 (1,182) million and comprised eight systems.

EBIT reached SEK 520 (277) million. Research and development expenditures are expensed as they occur.

Cash and cash equivalents amounted to SEK 586 million at end of the third quarter, compared to SEK 60 million at year-end 2016.

Nomination committee

The composition of the nomination committee for the 2018 AGM is:

Henrik Blomquist, Bure
Thomas Ehlin, Fjärde AP-fonden
Joachim Spetz, Swedbank Robur Fonder
Patrik Tigerschiöld, chairman of the board

The nomination committee represents 47 percent of shares and votes. The nomination committee is tasked with putting forth proposals for board members and board chairman, and for remuneration of board members and auditor. The 2018 AGM will be held on 8 May, 2018.

Täby, 19 October 2017
Mycronic AB (publ)

Lena Olving
CEO and President

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 19 October 2017, at 8 am.

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

Financial calendar

Full-year report 2017	7 February, 2018
Interim report January-March 2018	26 April, 2018
Annual General Meeting 2018	8 May, 2018
Interim report January-June 2018	13 July, 2018

*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 and flexibility requirements for the electronics industry. Mycronic's headquarter 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

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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	July-Sep 17	July-Sep 16	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Net sales, note 5	484.3	496.8	2,070.1	1,303.4	3,086.0	2,319.3
Cost of goods sold	-224.9	-201.3	-925.4	-558.3	-1,276.1	-909.0
Gross profit	259.3	295.5	1,144.7	745.1	1,809.9	1,410.2
Research and development expenses, note 6	-79.7	-67.7	-242.6	-236.7	-354.2	-348.4
Selling expenses	-66.8	-53.4	-216.9	-153.5	-302.1	-238.7
Administrative expenses	-39.8	-31.7	-120.6	-79.6	-178.8	-137.8
Other income and expenses	-9.8	5.7	-28.5	10.7	-33.4	5.8
EBIT	63.2	148.4	536.2	285.8	941.4	691.0
Financial income and expenses	-1.2	-0.8	-6.0	-0.8	-6.8	-1.6
Profit/loss before tax	62.0	147.6	530.2	285.0	934.6	689.4
Tax	-20.5	-32.9	-135.8	-64.6	-234.3	-163.1
Net profit	41.5	114.8	394.4	220.4	700.3	526.3
Earnings per share before/after dilution, SEK	0.42	1.17	4.03	2.25	7.15	5.38
Average number of shares, thousand	97,917	97,917	97,917	97,917	97,917	97,917

Consolidated comprehensive income, SEK million	July-Sep 17	July-Sep 16	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Net profit	41.5	114.8	394.4	220.4	700.3	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	-34.6	8.8	-77.0	26.4	-83.5	19.9
Changes in cash flow hedges	-2.2	1.7	11.6	-11.7	13.8	-9.5
Total comprehensive income	4.7	125.3	329.0	235.1	628.9	535.0

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

Consolidated cash flow statements in summary, SEK million	July-Sep 17	July-Sep 16	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Cash flow from operations before changes in working capital	62.0	98.9	493.0	242.9	904.8	654.7
Changes in working capital	407.8	-20.8	336.0	80.7	62.5	-192.8
Cash flow from operations	469.8	78.1	829.0	323.6	967.2	461.9
Cash flow from investing activities	19.5	3.1	-93.0	-54.0	-806.9	-768.0
Cash flow from financing activities	-0.6	0.0	-193.6	-391.7	-194.3	-392.4
Cash flow	488.8	81.2	542.5	-122.1	-34.0	-698.6
Cash and cash equivalents, opening balance	258.2	700.7	208.6	897.7	786.3	897.7
Exchange differences	-5.4	4.3	-9.4	10.6	-10.7	9.4
Cash and cash equivalents, closing balance	741.6	786.3	741.6	786.3	741.6	208.6

Consolidated statements of financial position, SEK million	30 Sep 17	30 Sep 16	31 Dec 16
ASSETS			
Fixed assets			
Intangible assets	985.6	185.4	1,085.2
Tangible assets	64.6	41.9	60.1
Long-term receivables	17.6	24.4	22.9
Deferred tax assets	56.0	54.5	56.5
Total fixed assets	1,123.8	306.0	1,224.6
Current assets			
Inventories	542.7	375.3	574.8
Trade receivables	410.8	443.5	596.8
Other current receivables	96.1	91.0	150.5
Cash and cash equivalents	741.6	786.3	208.6
Total current assets	1,791.2	1,696.1	1,530.6
Total assets	2,915.0	2,002.1	2,755.3
EQUITY AND LIABILITIES			
Equity	1,544.8	1,111.6	1,411.6
Liabilities			
Other long-term liabilities	240.6	45.7	258.8
Deferred tax liabilities	75.0	14.9	76.1
Total long-term liabilities	315.6	60.6	334.9
Short-term interest-bearing liabilities	12.2	-	10.7
Trade payables	161.7	98.6	185.8
Other current liabilities	880.7	731.3	812.2
Total current liabilities	1,054.6	829.9	1,008.7
Total liabilities	1,370.2	890.5	1,343.6
Total equity and liabilities	2,915.0	2,002.1	2,755.3

Consolidated statements of changes in equity in summary, SEK million	30 Sep 17	30 Sep 16	31 Dec 16
Opening balance	1,411.6	1,268.2	1,268.2
Dividend	-195.8	-391.7	-391.7
Total comprehensive income	329.0	235.1	535.0
Closing balance	1,544.8	1,111.6	1,411.6

Other key figures*	30 Sep 17	30 Sep 16	31 Dec 16
Equity per share, SEK	15.78	11.35	14.42
Return on equity (rolling 4Q), %	52.7%	38.0%	39.3%
Return on capital employed (rolling 4Q), %	70.6%	49.2%	51.4%
Net cash, SEK million	729.4	786.3	197.9
Average number of employees	931	513	577

* Other than key figures presented on page 1.

Profit and loss accounts in summary, Parent Company, SEK million	July-Sep 17	July-Sep 16	Jan-Sep 17	Jan-Sep 16	Jan-Dec 16
Net sales	372.0	454.4	1,650.9	1,181.6	2,020.6
Cost of goods sold	-176.4	-190.4	-691.2	-526.5	-756.1
Gross profit	195.6	264.0	959.8	655.1	1,264.5
Other operating expenses	-126.0	-121.0	-440.2	-377.7	-534.1
EBIT	69.5	143.0	519.6	277.3	730.4
Result from financial items	1.0	-0.8	2.1	-0.8	-0.5
Profit/loss after financial items	70.5	142.2	521.6	276.6	729.9
Appropriations	-	-	-	-	-181.8
Result before tax	70.5	142.2	521.6	276.6	548.1
Tax	-18.1	-31.3	-120.4	-60.8	-121.4
Net profit/loss	52.4	110.9	401.3	215.8	426.7
Total comprehensive income	52.4	110.9	401.3	215.8	426.7

Balance sheets in summary, Parent Company, SEK million	30 Sep 17	30 Sep 16	31 Dec 16
ASSETS			
Fixed assets			
Intangible and tangible assets	40.1	26.0	37.6
Financial assets	1,142.1	186.9	1,202.0
Total fixed assets	1,182.1	212.9	1,239.6
Current assets			
Inventories	309.8	287.2	281.0
Other current receivables	354.2	429.1	519.0
Cash and cash equivalents	585.9	662.2	60.0
Total current assets	1,250.5	1,378.5	860.0
TOTAL ASSETS	2,432.1	1,591.4	2,099.6
EQUITY AND LIABILITIES			
Equity	1,257.6	841.2	1,052.1
Untaxed reserves	206.8	25.0	206.8
Other non-current liabilities	148.6	0.2	164.3
Current liabilities	819.1	725.0	676.4
TOTAL EQUITY AND LIABILITIES	2,432.1	1,591.4	2,099.6

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.

Mycronic is currently completing the analysis of the effects of the new IFRS standard for revenue recognition, IFRS 15, which will enter into force on 1 January, 2018. According to the company's preliminary conclusions, the new standard will have minor effects in the PG business area. Overall, the standard is not expected to have significant impact on the Group's revenue recognition.

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 of new product areas.

Note 4 – Events after the end of the third quarter

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

Note 5 –Segment reporting

SEK million	July-Sep 17	July-Sep 16	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Net sales						
Assembly Solutions	261.7	210.6	946.1	556.9	1,275.2	886.0
Pattern Generators	222.6	286.2	1,124.0	746.5	1,810.8	1,433.3
	484.3	496.8	2,070.1	1,303.4	3,086.0	2,319.3
EBIT						
Assembly Solutions	-44.6	-11.4	-96.1	-85.8	-167.6	-157.3
Pattern Generators	108.9	160.8	635.3	373.6	1,113.0	851.2
Amortization of previously acquired intangible assets	-1.0	-1.0	-3.0	-1.9	-4.0	-2.9
Group	63.2	148.4	536.2	285.8	941.4	691.0
Revenue geographical market, SEK million						
EMEA	112.9	102.2	361.8	270.2	474.8	383.2
Americas	56.3	80.9	256.9	248.0	352.2	343.2
Asia	315.0	313.7	1,451.4	785.2	2,259.0	1,592.9
	484.3	496.8	2,070.1	1,303.4	3,086.0	2,319.3

Note 6 – Research and development costs

SEK million	July-Sep 17	July-Sep 16	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
<i>R&D expenditure</i>						
Assembly Solutions	-53.5	-58.5	-199.3	-197.9	-286.1	-284.7
Pattern Generators	-15.1	-5.7	-42.4	-36.7	-62.8	-57.1
	-68.5	-64.2	-241.7	-234.6	-348.9	-341.8
<i>Capitalization of development</i>						
Assembly Solutions	0.0	0.0	21.0	7.6	21.0	7.6
<i>Amortization of capitalized development</i>						
Assembly Solutions	-9.1	-3.3	-15.1	-9.3	-18.3	-12.5
	-9.1	-3.3	5.9	-1.7	2.7	-4.9
<i>Amortization of acquired technology</i>	-2.1	-0.2	-6.8	-0.5	-8.1	-1.8
R&D costs	-79.7	-67.7	-242.6	-236.7	-354.2	-348.4

Note 7 – Acquisitions

Updated acquisition analysis Automation Engineering, Inc., AEi

An adjustment of the acquisition price of AEi was made during the third quarter, regarding a contractual settlement related to an adjustment of working capital in the balance sheet at the acquisition date. This has resulted in a refund of SEK 24 million. The work to assign values of acquired assets and liabilities continued during the quarter and resulted in a lower valuation of intangible assets, primarily customer relations. The effect of these changes burdened the third quarter profit in the amount of SEK 2 million.

Updated acquisition analysis AEi, SEK million	Jan-Dec 2016	Adjustment	Sep 2017
Acquisition			
Cash paid for acquisitions	313.0	-25.9	287.1
Deferred considerations for acquisitions (estimated fair value)	68.7	0.3	69.0
	381.7	-25.6	356.1
Acquired assets and liabilities at fair value			
Intangible assets	145.2	-13.7	131.5
Tangible assets	4.5	0.0	4.5
Financial assets	0.6	0.0	0.6
Inventories	65.7	-13.2	52.5
Short-term receivables	26.3	-2.9	23.4
Cash and cash equivalents	28.3	-0.1	28.2
Short-term liabilities	-65.0	-0.3	-65.3
Total	205.7	-30.3	175.4
Goodwill	176.0	4.7	180.7

Note 8 – 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 company's results per share.

EBITDA

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

Equity per share

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

Net cash

Cash and cash equivalents less 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 date 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 average capital employed. Used to show return on capital needed for operations.

Underlying EBIT and underlying EBIT margin

EBIT excluding 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-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Net result (rolling 4q)	700.3	415.7	700.3	526.3
Average equity	1,328.2	1,093.2	1,328.2	1,339.9
	52.7%	38.0%	52.7%	39.3%

Return on capital employed	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Earnings before tax (rolling 4q)	934.6	536.5	934.6	689.4
Financial expenses	7.3	1.2	7.3	2.0
<i>Earnings before financial expenses</i>	941.9	537.7	941.9	691.5
Average total assets	2,458.6	1,780.3	2,458.6	2,248.7
Average non interest-bearing liabilities	1,124.3	687.2	1,124.3	903.5
<i>Average capital employed</i>	1,334.3	1,093.2	1,334.3	1,345.3
	70.6%	49.2%	70.6%	51.4%

Book-to-bill	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Order intake	2,995.3	1,936.4	3,513.4	2,454.5
Net sales	2,070.1	1,303.4	3,086.0	2,319.3
	1.4	1.5	1.1	1.1

EBITDA	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
EBIT	536.2	285.8	941.4	691.0
Depreciation/amortization	52.2	22.8	62.0	32.6
	588.4	308.6	1,003.4	723.7

Underlying EBIT	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
EBIT	536.2	285.8	941.4	691.0
<i>Acquisition-related costs</i>				
Cost of good sold	40.2	-	60.9	20.6
Operating expenses	29.8	1.3	51.9	23.4
	606.2	287.1	1,054.2	735.1

Equity per share	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Equity on balance day	1,544.8	1,111.6	1,544.8	1,411.6
Number of shares at end of period	97,917	97,917	97,917	97,917
	15.78	11.35	15.78	14.42

Earnings per share	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Net result	394.4	220.4	700.3	526.3
Number of shares at end of period	97,917	97,917	97,917	97,917
	4.03	2.25	7.15	5.38

Net cash	Jan-Sep 17	Jan-Sep 16	Rolling 12	Jan-Dec 16
Cash and cash equivalents	741.6	786.3	741.6	208.6
Interest-bearing liabilities	-12.2	0	-12.2	-10.7
	729.4	786.3	729.4	197.9

Quarterly data - Group	Q 3-17	Q 2-17	Q 1-17	Q 4-16	Q 3-16	Q 2-16	Q 1-16	Q 4-15
Order intake Assembly Solutions	351.4	358.6	339.9	389.2	219.0	199.3	152.1	202.4
Order intake Pattern Generators	1,522.6	109.9	312.8	128.9	148.4	575.4	642.1	635.5
	1,874.0	468.5	652.7	518.1	367.5	774.7	794.3	837.9
Order backlog Assembly Solutions	371.5	280.4	276.2	266.4	65.4	57.0	51.3	51.8
Order backlog Pattern Generators	1,897.0	597.0	1,042.2	1,075.6	1,633.5	1,771.3	1,464.9	1,014.0
	2,268.6	877.4	1,318.4	1,342.0	1,698.9	1,828.3	1,516.2	1,065.8
Net sales Assembly Solutions	261.7	354.4	330.1	329.1	210.6	193.6	152.7	220.5
Net sales Pattern Generators	222.6	555.1	346.2	686.8	286.2	269.0	191.3	400.9
	484.3	909.6	676.3	1,015.9	496.8	462.5	344.0	621.3
Gross profit Assembly Solutions	102.0	148.3	99.9	118.3	98.2	91.4	61.7	96.2
Gross profit Pattern Generators	157.3	375.2	262.0	546.9	197.3	169.7	126.8	308.4
	259.3	523.5	361.9	665.2	295.5	261.2	188.4	404.7
Gross margin Assembly Solutions	39.0%	41.8%	30.3%	35.9%	46.6%	47.2%	40.4%	43.6%
Gross margin Pattern Generators	70.6%	67.6%	75.7%	79.6%	68.9%	63.1%	66.3%	76.9%
	53.6%	57.6%	53.5%	65.5%	59.5%	56.5%	54.8%	65.1%
<i>R&D costs Assembly Solutions</i>	<i>-64.5</i>	<i>-63.6</i>	<i>-72.0</i>	<i>-91.2</i>	<i>-62.0</i>	<i>-73.4</i>	<i>-64.7</i>	<i>-69.1</i>
<i>R&D costs Pattern Generators</i>	<i>-15.1</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>
Total R&D costs	-79.7	-80.6	-82.2	-111.7	-67.7	-90.9	-78.2	-80.2
Selling expenses	-66.8	-80.1	-69.9	-85.2	-53.4	-49.2	-51.0	-42.4
Administrative expenses	-39.8	-41.1	-39.8	-58.2	-31.7	-23.3	-24.7	-25.1
Other income and expenses	-9.8	-7.3	-11.4	-4.9	5.7	8.1	-3.1	-5.5
EBIT	63.2	314.4	158.5	405.2	148.4	105.9	31.5	251.4
Of which Assembly Solutions	-44.6	3.6	-55.1	-71.5	-11.4	-21.5	-52.9	-18.3
Of which Pattern Generators	108.9	311.8	214.6	477.7	160.8	127.8	84.9	270.2
EBIT margin	13.1%	34.6%	23.4%	39.9%	29.9%	22.9%	9.2%	40.5%
Equity per share	15.78	15.73	15.58	14.42	11.35	10.07	13.27	12.95
Net result per share	0.42	2.46	1.15	3.12	1.17	0.83	0.24	1.99
Closing share price	111.75	76.75	91.75	98.00	107.00	62.75	73.25	82.25

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

To the Board of Mycronic AB (publ), corporate identity number 556351-2374

Introduction

We have reviewed the condensed interim report for Mycronic AB (publ) as at September 30, 2017 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 18 October, 2017

Ernst & Young AB

Erik Sandström
Authorized Public Accountant