

## Interim report January-March 2018

### Good growth for net sales and EBIT continues

"I'm pleased with the way this year has started. Net sales continued to increase mainly through organic growth, while EBIT increased 25 percent to SEK 196 million. Growth for the quarter reflects Mycronic's capacity to understand and follow technology trends to develop efficient production solutions for our customers," says Lena Olving, President and CEO.

### First quarter January-March 2018

- The order intake was on par with the previous year and amounted to SEK 656 (653) million
- Net sales increased 11 percent to SEK 750 (678) million and 17 percent when calculated using constant exchange rates
- EBIT increased 25 percent to SEK 196 (157) million, with an EBIT margin of 26 percent
- The underlying EBIT increased 4 percent to SEK 216 (207) million, with an underlying EBIT margin of 29 percent
- Earnings per share amounted to SEK 1.44 (1.14)

### Outlook 2018

The Board's assessment remains that consolidated net sales will be at a level of SEK 3,500 million in 2018.

### Events after the end of the quarter

On 18 April, 2018, business area Pattern Generators launched the FPS8100 for the multi-purpose segment, with improved performance, stability and write speeds, all of which allow for efficient production of photomasks for the manufacture of Fine Metal Masks. On 24 April 2018, an order for a replacement system based on Prexision-8 was received.

Group summary	Jan-March 18	Jan-March 17*	Rolling 12*	Jan-Dec 17*
Order intake, SEK million	656	653	3,570	3,567
Net Sales, SEK million	750	678	3,072	3,000
Book-to-bill	0.9	1.0	1.2	1.2
Order backlog, SEK million	1,868	1,353	1,868	1,963
Gross margin, %	58.4%	53.4%	58.3%	57.2%
EBIT margin, %	26.1%	23.2%	28.7%	28.1%
Underlying EBIT margin, %	28.7%	30.6%	31.2%	31.7%
Earnings per share before/after dilution, SEK	1.44	1.14	6.67	6.37
Cash Flow, SEK million	-13	159	437	609
<i>Changes in net sales</i>				
Total growth, %	11%	97%	16%	29%
Organic growth, %	13%	59%	8%	14%
Growth from acquisitions,%	4%	32%	11%	16%
Currency effects, %	-6%	6%	-3%	-1%

\*In this report, comparative figures are restated to account for the effects of the new accounting standard for revenue recognition, IFRS 15 Revenue from Contracts with Customers. See Note 1 for details regarding these effects.

## CEO comments

After a record-breaking 2017, it is gratifying that 2018 has started so well for Mycronic, with growth of 17 percent excluding currency effects, of which acquisitions accounted for 4 percent.

During the quarter, we continued investing in product development, with an increase in investments within Pattern Generators (PG). In February, Assembly Solutions (AS) launched the SMD Tower 8000 – a new, ultra-compact storage tower with enhanced capacity – at the APEX show in San Diego. On April 18, PG launched the FPS8100 for the multi-purpose segment, which allows for efficient production of photomasks for the manufacture of Fine Metal Masks.

The year began strong for AS, which is reflected in an increase of 41 percent in the order intake compared with the first quarter of 2017. The business area has been positively affected by continued strong demand within surface mounting, as well as from the additional contribution that the last two years of strategic acquisitions are now generating. Net sales increased at a slower pace than the order intake and have been adversely affected by temporary supply disruptions from sub-contractors. Vi TECHNOLOGY's products are now being marketed through all of Mycronic's sales channels. During the quarter, a multiple order in the MYPro product series was received and delivered to Asia, which represents a breakthrough in a new market segment.

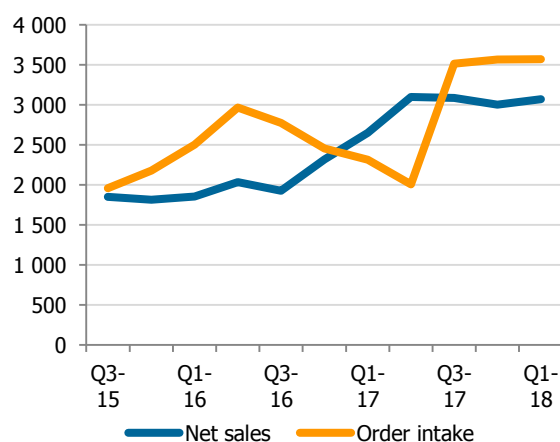
PG did not receive any new orders for mask writers in the first quarter, which explains the lower order intake compared to the corresponding period of 2017. Net sales increased 16 percent excluding currency effects. At the end of the quarter, the first Prexision-800 was delivered, which means that our customer Photronics is now first to have the world's most advanced mask writer for production of the most complex photomasks for the display industry.

The CES exhibition took place in Las Vegas in early January. It is the world's largest trade show for new products and future innovations within consumer electronics. My impression is that our efforts within product development, together with our acquisition strategy, places us in a strong position. There was a great deal of focus on displays at the show, where improved quality, larger size, and the fact that they are being used in more products was emphasized. New display technologies are also being developed which could complement AMOLED and LCD in the long-term. Additionally, more and more electronics can be found in demanding, rugged environments that expose products to, for example, moisture, vibration and large temperature variations, which drives the need for better and more sophisticated dispensing solutions to protect the electronics. The amount and complexity of electronics for the automotive industry is also growing rapidly, including more cameras per vehicle. These are all examples of trends that affirm our investments in product development and acquisitions. Understanding and keeping up with new technology trends is an important part of Mycronic's work to develop efficient production solutions for our customers - now and in the future.

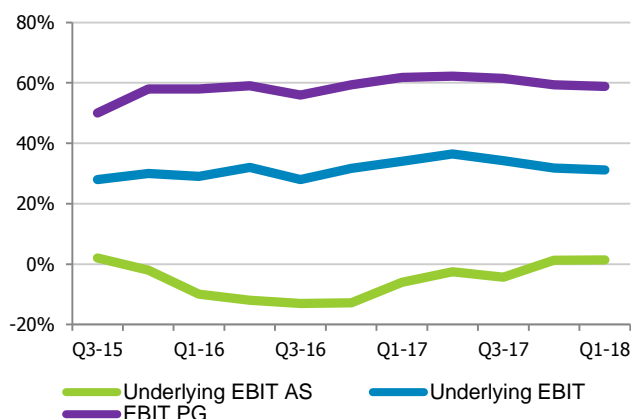
*Lena Olving, CEO and President*



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



Profitability trend EBIT %, rolling 4 quarters



## Financial performance, Group

	Jan-March 18	Jan-March 17*	Rolling 12*	Jan-Dec 17*
Order intake, SEK million	656	653	3,570	3,567
Order backlog, SEK million	1,868	1,353	1,868	1,963
Net Sales, SEK million	750	678	3,072	3,000
Gross profit, SEK million	438	362	1,793	1,716
Gross margin, %	58.4%	53.4%	58.3%	57.2%
EBIT, SEK million	196	157	883	844
EBIT margin, %	26.1%	23.2%	28.7%	28.1%
Underlying EBIT, SEK million	216	207	960	951
Underlying EBIT margin, %	28.7%	30.6%	31.2%	31.7%
EBITDA, SEK million	212	172	959	919

Vi TECHNOLOGY included as of 30 October, 2017

\*Restated for comparability, see Note 1.

### First quarter January-March 2018

The order intake for the first quarter was in line with the corresponding period of 2017 and included a multiple order for AS in Asia within the MYPro product series, representing a breakthrough for Mycronic in a new market segment. PG received no orders for mask writers during the quarter. In the first quarter of 2017, orders for a mask writer and a mask writer upgrade were received.

Net sales for the quarter increased 11 percent to SEK 750 (678) million, corresponding to 17 percent based on constant exchange rates and included one (two) mask writer. Net sales were adversely impacted by negative currency effects in the amount of SEK 41 (22) million. Recalculated to the same exchange rates that prevailed during the first quarter of 2017, net sales amounted to SEK 792 million.

Consolidated EBIT increased 25 percent and has been affected by acquisition-related costs in the amount of SEK 20 (50) million relating to acquisitions completed in 2016 and 2017. Acquisition-related costs do not relate to operating activities. Rather, they comprise changes in value to earn-outs, amortization of acquired intangible assets, and expensing of acquired inventories at fair value for Vi TECHNOLOGY. The underlying EBIT, which shows the operational activity trend, amounted to SEK 216 (207) million, corresponding to an underlying EBIT margin of 29 (31) percent.

Of the acquisition-related costs, SEK 1 (38) million was charged against gross profit, and the gross margin adjusted for these costs was 59 percent.

The Group increased its development expenditures by SEK 15 million to SEK 98 million. Efforts were related to the development of the next generation of mask writers

and further development of existing PG products. Investments within AS remained at the same level as for the first quarter of last year.

Selling and administrative expenses increased SEK 30 million, mainly due to operating expenses in Vi TECHNOLOGY, investments in the sales organization and integration expenses of acquired companies.

### Cash flow and financial position

Consolidated cash and cash equivalents at the end of the first quarter were SEK 808 million, compared to SEK 813 million on 31 December, 2017. Cash flow was SEK -13 (159) million. Cash flow from operating activities was SEK 2 million, attributable to positive results, which were partly offset by an increase in the amount of working capital tied up.

Investments claimed SEK 15 (41) million and related primarily to tangible fixed assets.

## Financial performance per business area

Assembly Solutions	Jan-March 18	Jan-March 17	Rolling 12	Jan-Dec 17
Order intake, SEK million	480	340	1,564	1,424
Order backlog, SEK million	391	276	391	290
Net Sales, SEK million	379	330	1,468	1,419
Gross profit, SEK million	160	100	618	557
Gross margin, %	42.3%	30.3%	42.1%	39.3%
EBIT, SEK million	-24	-55	-57	-88
EBIT margin, %	-6.4%	-16.7%	-3.9%	-6.2%
Underlying EBIT, SEK million	-5	-5	20	19
Underlying EBIT margin, %	-1.2%	-1.6%	1.4%	1.3%
R&D expenditures, SEK million	-73	-73	-267	-267
R&D costs, SEK million	-77	-72	-285	-280

*Vi TECHNOLOGY included as of 30 October, 2017*

During the first quarter, the order intake for AS increased 41 percent compared with the corresponding period in 2017. Organic growth was 25 percent. This contributed to the order backlog increasing to a new record level of SEK 391 million.

Net sales increased during the quarter by 15 percent to SEK 379 (330) million. Organic growth was 10 percent, excluding currency effects. Net sales were affected by delivery challenges experienced by subcontractors and negative currency effects in the amount of SEK 10 million. Recalculated to the same exchange rates that prevailed during the first quarter of 2017, net sales amounted to SEK 389 million.

The underlying gross margin was 42.6 (41.7) percent. Acquisition-related expenses in the amount of SEK 1 (38) million were charged to the gross profit.

The underlying EBIT margin was -1.2 (-1.6) percent. EBIT for AS now includes costs for Vi TECHNOLOGY and was burdened by increased expenses for selling, administration and development.

Acquisition-related expenses amounted to SEK 20 (50) million and consisted of revaluation of earn-outs, amortization of acquired intangible assets, as well as expensing of acquired inventories at fair value in Vi TECHNOLOGY.

Development expenditures, including Vi TECHNOLOGY, remained at the same level as for the corresponding period of 2017 and included product development of existing products and investments for future growth.

The inspection equipment product portfolio acquired through Vi TECHNOLOGY in October 2017 is now being marketed through all of Mycronic's sales channels.

During the quarter, Mycronic announced their participation in a new industrial cooperation led by Nokia focusing on flexible production concepts for the future within the electronics industry, where we contribute with our jet printing technology. Mycronic also participates actively in standardization initiatives within the electronics industry for Industry 4.0.

Pattern Generators	Jan-March 18	Jan-March 17*	Rolling 12*	Jan-Dec 17*
Order intake, SEK million	176	313	2,006	2,143
Order backlog, SEK million	1,477	1,077	1,477	1,672
Net Sales, SEK million	371	348	1,604	1,581
Gross profit, SEK million	278	262	1,175	1,158
Gross margin, %	75.0%	75.3%	73.2%	73.3%
EBIT, SEK million	221	214	944	936
EBIT margin, %	59.6%	61.3%	58.8%	59.2%
R&D costs, SEK million	-25	-10	-83	-68

\*Restated for comparability, see Note 1.

During the first quarter of 2018, no new orders for mask writers were received, which led to a decrease in the order intake of 44 percent compared with the corresponding period in 2017, when PG received orders for a mask writer and a mask writer upgrade.

The closing order backlog comprised nine systems, of which seven systems for delivery in 2018 and two systems for delivery in 2019, as well as two major upgrades of previously delivered mask writers.

During the first quarter, one (two) mask writer was delivered – the first Prexision-800. With this delivery, Mycronic's customer Photronics became the first to acquire the world's most advanced mask writer for display manufacturing.

Net sales increased 7 percent to SEK 371 (348) million, representing an increase of 16 percent, based on constant exchange rates. Net sales were adversely impacted by negative currency effects in the amount of SEK 31 million. Recalculated to the same exchange rates that prevailed during the first quarter of 2017, net sales amounted to SEK 402 million.

Gross profit and EBIT, which are affected by volumes and the product mix, amounted to SEK 278 (262) million and SEK 221 (214) million respectively.

Development expenditures increased during the quarter to SEK 25 (10) million and related to the development of the next generation of mask writers and further development of existing products.

In April 2018, the FPS8100 for the multi-purpose segment was launched with improved performance, stability, and writing speeds. This allows for efficient production of photomasks for the manufacture of Fine Metal Masks, which are used for deposition of organic material in the production of OLED displays.

On 24 April 2018, an order for a replacement system based on Prexision-8 was received.

## The electronics industry

The global electronics industry grew by 6.2 percent in 2017 to USD 2,003 billion. For 2017, the semiconductor market demonstrated growth of 21.7 percent, corresponding to USD 412 billion. This rise can be attributed to an increase in the number of semiconductor circuits manufactured and higher prices for memory circuits.

### Outlook

Growth for the electronics industry is forecast at 3.0 percent annually for the period 2017-2022<sup>1</sup>. Industry segments with the strongest expected growth during this five-year period are electronics for the automotive industry, the aviation industry, consumer electronics, industrial applications and wireless infrastructure. For 2018-2022, the semiconductor market is expected to grow on average 1.4 percent<sup>1</sup> annually.

Size/growth	2018F	2017	2016
Electronics Industry, percentual change <sup>1</sup>	+4.5%	+6.2%	+0.2%
Semiconductor industry, percentual change <sup>1</sup>	+7.7%	+21.7%	+ 1.1%
SMT, percentual change <sup>2</sup>	not available	+32%	+5%
Dispensing, USD million <sup>3</sup>	not available	710	600
Camera modules, units, million <sup>1</sup>	200	161	107
Displays, USD, billion <sup>4</sup>	122	124	105
Photomasks, percentual change in value <sup>5</sup>	+16%	+16%	-6%
Photomasks, units, thousands <sup>5</sup>	19.3	18.6	16.6

## Assembly Solutions

### SMT & dispensing market area

The global market for SMT equipment has annual sales of approximately USD 4,800 million. The segment SMT robots for component mounting grew 32 percent in 2017 to USD 2,615 million<sup>2</sup>, where markets in China and Japan demonstrated 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 on the dispensing equipment market was USD 710 million in 2017.

Mycronic's product portfolio comprises production systems for component mounting, non-contact application of solder paste, inspection equipment, automated storage solutions, equipment for dispensing and coating of circuit boards and high-speed dispensing of solder paste. During the first quarter of 2018, Mycronic introduced a new storage tower for electronics components, in the product series SMD Tower, with increased storage capacity.

### Assembly automation market area

A growing segment within the electronics industry is electronics for the automotive industry. One segment of automotive electronics is camera modules for advanced driver support, or Advanced Driver Assistance Systems (ADAS). In 2017, manufacturing of camera modules is estimated to have reached 161 million units, and by 2022 the forecast is for more than 333 million units to be produced globally, corresponding to annual growth of 16 percent on average. Mycronic offers automated production solutions for assembly and testing of camera modules.

## Pattern Generators

In 2017, the display market is estimated to have grown by 19 percent to USD 124 billion, which corresponds to 3.7 billion units<sup>4</sup>. This growth is attributable to a stable price trend for existing displays, and a shift towards more advanced AMOLED and high-resolution displays. In 2018, a weaker trend is expected on the display market, and the assessment is for a decline of two percent. This is somewhat lower than forecast in the assessment at year-end 2017, and one of the reasons is a weaker than expected demand for AMOLED displays. Growth of AMOLED displays remains, however, strong and in 2018 the AMOLED market is expected to grow 15 percent to USD 26 billion<sup>4</sup>. The total display area continues to increase as displays get larger and are increasingly being used in new products, for example, cars. One new idea discussed during the quarter was microLED displays, a technology similar to AMOLED, but with another type of light source. Like LCD and AMOLED displays, a driver circuit (TFT backplane) is required to control each pixel and producing a TFT backplane requires photomasks. This display technology is in an early phase of development and any possible manufacturing in larger volumes is still several years in the future. If the technology is successful, it is expected to complement AMOLED and LCD displays<sup>6</sup>.

### Photomask market area

The photomask market entered 2017 tentatively, but gradually developed in a more positive direction during the year. The assessment is that the market rebounded in 2017 because of the increased requirement for photomasks for AMOLED, and that it grew by 16 percent to USD 730 million<sup>5</sup>. The forecast from April/May 2017 for 2018 is also positive with growth of 16 percent to USD 850 million. Growth is driven by the greater proportion of advanced photomasks for AMOLED as well as an increasing number of G10 photomasks to meet increasing needs in China. Mycronic is the only supplier of production equipment for the manufacture of advanced photomasks for the display industry. During the first quarter of 2018, the degree of utilization on Mycronic's mask writers was at high levels.

<sup>1</sup>) Market data from Prismark, latest forecast March 2018. The calculation model for camera modules has been updated in this report to include more sensor applications. The calculation model for the electronics industry has been updated in this report to include new applications within the computer segment. The changes affect both historical and forecasted data.

<sup>2</sup>) Market data from Protec MDC, January 2018.

<sup>3</sup>) Market data from Prismark, March 2018 and Mycronic.

<sup>4</sup>) Market data from IHS, latest forecast April 2018.

<sup>5</sup>) IHS, April/May 2017.

<sup>6</sup>) Yole Développement, 2017



## Other

### The Parent Company

Mycronic AB is the Group's Parent Company.

The Parent Company's net sales during the first quarter amounted to SEK 554 (547) million. EBIT amounted to SEK 209 (186) million. Research and development expenditures are expensed as incurred.

Cash and cash equivalents at the end of the first quarter amounted to SEK 608 million, compared with SEK 596 million at year-end 2017.

### The Nomination Committee

The composition of the Nomination Committee for the 2018 Annual General Meeting (AGM) is:

Henrik Blomquist, Bure Equity  
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, and is tasked with putting forth proposals for Board members and Board chairman, and for remuneration of Board members and auditors.

### AGM 2018

Mycronic AB's AGM will be held on 8 May, 2018 at 17:00 in Industrisalen at Näringslivets Hus, Storgatan 19, Stockholm.

### 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. The information was submitted for publication through the contact persons listed below on 26 April, 2018 at 8 am.

Financial reports and press releases are published in Swedish and English. These are available on the website [www.mycronic.com](http://www.mycronic.com).

This report has not been reviewed by the Company's auditors.

### Financial calendar

AGM 2018	8 May, 2018
Interim report January-June 2018	13 July, 2018
Interim report January-September 2018	24 October, 2018

Täby, 26 April 2018

*Lena Olving,*  
*President and CEO*

### Contact persons at Mycronic:

Lena Olving,  
President and CEO  
+46 8 638 5200  
[lena.olving@mycronic.com](mailto:lena.olving@mycronic.com)

Torbjörn Wingårdh  
CFO  
+46 8 638 5200  
[torbjorn.wingardh@mycronic.com](mailto:torbjorn.wingardh@mycronic.com)

## *Mycronic's vision\**

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

## *Mycronic's 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 announced in February 2017*

### Growth

Consolidated net sales including acquisitions will reach SEK 5 billion at the end of the business plan period, four to seven years.

### Profitability

EBIT will exceed 15 percent of net sales over a business cycle.

### Capital structure

Net debt should be less than 3 times the average EBITDA (earnings before interest, tax, depreciation, and amortization, interest and tax). The 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. In each case, account shall be taken of the Company's financial position, profitability trends, growth potential and future investment needs.

## *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 headquarters are 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, visit our website [www.mycronic.com](http://www.mycronic.com).

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

*\* The Company's vision and mission are expressed in the Group's corporate language English.*

## **Mycronic AB (publ)**

Mycronic AB (publ)  
PO Box 3141  
SE-183 03 Täby  
Sweden

Tel: +46 8 638 52 00  
Fax: +46 8 638 52 90

[www.mycronic.com](http://www.mycronic.com)

Reg office: Stockholm  
Reg no: 556351-2374

Vat no: SE556351237401



Consolidated profit and loss accounts, SEK million	Jan-March 18	Jan-March 17*	Rolling 12*	Jan-Dec 17*
Net sales, Note 1,5	750.2	678.1	3,072.2	3,000.1
Cost of goods sold, Note 1	-311.8	-316.2	-1,279.7	-1,284.1
<b>Gross profit</b>	<b>438.4</b>	<b>361.9</b>	<b>1,792.5</b>	<b>1,716.0</b>
Research and development, Note 6	-102.8	-82.2	-368.6	-348.0
Selling expenses	-81.1	-69.9	-321.0	-309.8
Administrative expenses	-58.1	-39.8	-199.7	-181.4
Other income and expenses, Note 1	-0.3	-12.5	-20.3	-32.5
<b>EBIT</b>	<b>196.1</b>	<b>157.4</b>	<b>882.9</b>	<b>844.2</b>
Financial income and expenses	-1.7	-2.7	-7.6	-8.6
<b>Profit/loss before tax</b>	<b>194.4</b>	<b>154.7</b>	<b>875.3</b>	<b>835.6</b>
Tax, Note 1	-53.1	-43.4	-222.0	-212.3
<b>Net Profit/loss</b>	<b>141.3</b>	<b>111.3</b>	<b>653.3</b>	<b>623.4</b>
Earnings per share before/after dilution, SEK	1.44	1.14	6.67	6.37
Average number of shares, thousand	97,917	97,917	97,917	97,917
Results attributable to owners of the Parent Company	141.2	111.3	653.7	623.8
Results attributable to non-controlling interests	0.1	0.0	-0.3	-0.4
	<b>141.3</b>	<b>111.3</b>	<b>653.4</b>	<b>623.4</b>

SEK, million	Jan-March 18	Jan-March 17*	Rolling 12*	Jan-Dec 17*
<b>Net Profit/loss</b>	<b>141.3</b>	<b>111.3</b>	<b>653.3</b>	<b>623.4</b>
<b>Other comprehensive income</b>				
<i>Items not to be reclassified to profit/loss, after tax</i>				
Actuarial loss from defined benefits to employees	-	-	-3.2	-3.2
<i>Items to be reclassified to profit/loss, after tax</i>				
Translation differences at translating foreign entities	43.4	-2.9	-2.0	-48.3
Changes in cash flow hedges	-11.7	4.2	-6.5	9.4
<b>Total comprehensive income</b>	<b>173.0</b>	<b>112.6</b>	<b>641.6</b>	<b>581.3</b>
Total comprehensive income attributable to owners of the Parent Company	172.9	112.6	641.9	581.7
Total comprehensive income attributable to non-controlling interests	0.1	0.0	-0.3	-0.4
	<b>173.0</b>	<b>112.6</b>	<b>641.6</b>	<b>581.3</b>

\*Restated for comparability, see Note 1.

Consolidated cash flow statements, SEK million	Jan-March 18	Jan-March 17	Rolling 12	Jan-Dec 17
Cash flow from operating activities				
before changes in working capital	160.8	130.5	843.1	812.8
Change in working capital	-158.7	70.9	-58.6	171.0
<b>Cash flow from operating activities</b>	<b>2.2</b>	<b>201.4</b>	<b>784.5</b>	<b>983.8</b>
Cash flow from investing activities	-14.9	-40.8	-155.2	-181.1
Cash flow from financing activities	0.0	-1.2	-192.4	-193.6
<b>Cash flow for the period</b>	<b>-12.7</b>	<b>159.4</b>	<b>436.9</b>	<b>609.1</b>
Cash and cash equivalents, opening balance	812.7	208.6	368.7	208.6
Exchange difference for cash and cash equivalents	8.5	0.7	2.8	-5.0
Cash and cash equivalents, closing balance	808.4	368.7	808.4	812.7

**Consolidated statements of financial position**

SEK, million	31 March 18	31 March 17*	31 Dec 17*
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	1,067.8	1,070.5	1,037.0
Tangible assets	75.7	59.4	69.5
Non-current receivables	20.6	21.6	17.1
Deferred tax assets, Note 1	72.0	62.4	68.8
<b>Total fixed assets</b>	<b>1,236.1</b>	<b>1,213.9</b>	<b>1,192.4</b>
<b>Current assets</b>			
Inventories	715.1	551.7	588.6
Trade receivables	518.1	397.4	512.4
Other current receivables	123.3	104.2	138.4
Cash and cash equivalents	808.4	368.7	812.7
<b>Total current assets</b>	<b>2,165.0</b>	<b>1,422.0</b>	<b>2,052.0</b>
<b>Total assets</b>	<b>3,401.1</b>	<b>2,635.9</b>	<b>3,244.4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity, Note 1</b>	<b>1,953.2</b>	<b>1,506.9</b>	<b>1,780.2</b>
<b>Liabilities</b>			
Other non-current liabilities	234.6	264.5	269.3
Deferred tax liabilities	114.3	75.7	118.8
<b>Total long-term liabilities</b>	<b>349.0</b>	<b>340.2</b>	<b>388.1</b>
Short-term interest-bearing liabilities	13.3	9.5	12.6
Trade payables	200.7	130.4	154.7
Other current liabilities, Note 1	885.0	648.9	908.8
<b>Total current liabilities</b>	<b>1,098.9</b>	<b>788.8</b>	<b>1,076.1</b>
<b>Total liabilities</b>	<b>1,447.9</b>	<b>1,129.0</b>	<b>1,464.2</b>
<b>Total equity and liabilities</b>	<b>3,401.1</b>	<b>2,635.9</b>	<b>3,244.4</b>

**Consolidated statement of changes in equity**

SEK, million	Jan-March 18	Jan-March 17*	Jan-Dec 17*
<b>Opening balance, Note 1</b>	<b>1,780.2</b>	<b>1,394.3</b>	<b>1,394.3</b>
Dividend	-	-	-195.8
Transactions with non-controlling interests	-	-	0.4
Total comprehensive income	173.0	112.6	581.3
<b>Closing balance</b>	<b>1,953.2</b>	<b>1,506.9</b>	<b>1,780.2</b>
Of which holdings of non-controlling interests	0.1	0.0	0.0

Other key figures	Jan-March 18	Jan-March 17*	Jan-Dec 17*
Equity per share, SEK	19.95	15.39	18.18
Return on equity (rolling 4Q), %	37.8%	43.7%	39.1%
Return on capital employed (rolling 4Q), %	50.7%	59.0%	52.6%
Net cash, SEK million	795.1	359.2	800.0
Average number of employees	1030	919	962

Other than key figures presented on page 1.

\*Restated for comparability, see Note 1.

<b>Profit/loss accounts in summary, Parent Company, SEK million</b>	<b>Jan-March 18</b>	<b>Jan-March 17*</b>	<b>Rolling 12*</b>	<b>Jan-Dec 17*</b>
Net sales, Note 1	553.5	547.2	2,341.2	2,334.9
Cost of goods sold, Note 1	-217.5	-214.7	-939.7	-936.9
<b>Gross profit</b>	<b>336.0</b>	<b>332.5</b>	<b>1,401.5</b>	<b>1,398.0</b>
Other operating expenses, Note 1	-127.3	-146.9	-574.9	-594.5
<b>EBIT</b>	<b>208.8</b>	<b>185.6</b>	<b>826.6</b>	<b>803.5</b>
Result from financial items	1.3	0.2	5.9	4.8
<b>Profit/loss after financial items</b>	<b>210.0</b>	<b>185.8</b>	<b>832.5</b>	<b>808.3</b>
Appropriations	-	-	-204.0	-204.0
<b>Profit/loss before tax</b>	<b>210.0</b>	<b>185.8</b>	<b>628.5</b>	<b>604.3</b>
Tax, Note 1	-49.1	-40.9	-143.1	-134.9
<b>Net Profit/loss</b>	<b>161.0</b>	<b>144.9</b>	<b>485.4</b>	<b>469.4</b>
<b>Total comprehensive income</b>	<b>161.0</b>	<b>144.9</b>	<b>485.4</b>	<b>469.4</b>

<b>Balance sheets in summary, Parent Company, SEK million</b>	<b>31 March 18</b>	<b>31 March 17*</b>	<b>31 Dec 17*</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible and tangible assets	40.7	37.9	37.4
Financial assets, Note 1	1,318.0	1,203.2	1,281.2
<b>Total fixed assets</b>	<b>1,358.7</b>	<b>1,241.2</b>	<b>1,318.6</b>
<b>Current assets</b>			
Inventories	434.3	315.1	346.6
Current receivables	418.6	332.1	426.6
Cash and cash equivalents	608.3	208.5	595.8
<b>Total current assets</b>	<b>1,461.1</b>	<b>855.6</b>	<b>1,369.0</b>
<b>TOTAL ASSETS</b>	<b>2,819.8</b>	<b>2,096.8</b>	<b>2,687.6</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity, Note 1</b>	<b>1,469.4</b>	<b>1,179.8</b>	<b>1,308.4</b>
Untaxed reserves	410.8	206.8	410.8
Other non-current liabilities	199.7	167.2	184.6
Current liabilities, Note 1	740.0	543.0	783.8
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,819.8</b>	<b>2,096.8</b>	<b>2,687.6</b>

\*Restated for comparability, see Note 1.

## Note 1 - Accounting principles

This interim report for the Group has been prepared in accordance with IAS 34, Interim Financial Reporting, as well as 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 accounting principles, estimates and assumptions used in this report are in accordance with the most recent annual report.

The character of financial assets and liabilities are essentially the same as they were on 31 December, 2017. As was the case at the end of 2017, reported values are the same as fair values.

IFRS 9, Financial Instruments, enters into force for the financial year beginning 1 January, 2018 or later. The standard has not had any material effect on the Group's financial statements.

IFRS 15, Revenue from Contracts with Customers, replaces all previously published standards and interpretations for managing revenues with a single model for revenue recognition. The standard is being applied by the Mycronic Group and the Parent Company as of 1 January, 2018 with full retrospective. When applying the new standard, system sales within Pattern Generators are divided into separate performance obligations, with the result that a minor portion of system revenue

will be reported over time and later than for the previous standard. The new standard's effects on the comparative figures in this report are shown below. All adjustments relate to business area PG.

<b>Effect on Group and Parent Company income statements, SEK million</b>	<b>Jan-March 17</b>	<b>Rolling 12</b>	<b>Jan-Dec 17</b>
Net sales	1.8	-2.9	-1.1
Cost of goods sold	-1.8	-1.7	-3.5
Other income and expenses	-1.1	2.0	0.9
<b>EBIT</b>	<b>-1.1</b>	<b>-2.6</b>	<b>-3.7</b>
Tax	0.2	0.6	0.8
<b>Net Profit/loss</b>	<b>-0.9</b>	<b>-2.0</b>	<b>-2.9</b>
Effect on earnings per share	-0.01	-0.02	-0.03
Entire effect is attributable to owners of the Parent Company			

<b>Effect on Group statements of financial position and Parent Company's balance sheets, SEK million</b>	<b>31 March 17</b>	<b>31 Dec 17</b>
<b>ASSETS</b>		
Deferred tax assets	5.1	5.7
<b>Total assets</b>	<b>5.1</b>	<b>5.7</b>
<b>EQUITY AND LIABILITIES</b>		
Other current liabilities	23.3	25.9
<b>Total liabilities</b>	<b>23.3</b>	<b>25.9</b>
Accumulated profit/loss	-17.3	-17.3
Net profit for the year	-0.9	-2.9
<b>EQUITY</b>	<b>-18.2</b>	<b>-20.2</b>
<b>Total equity and liabilities</b>	<b>5.1</b>	<b>5.7</b>
<b>Effect on Group and business area PG order backlog, SEK million</b>	<b>34.9</b>	<b>35.8</b>

## Note 2 - Transactions with related parties

Transactions with related parties are described in Note 12 of the 2017 Annual Report. The scope and focus of these transactions did not change significantly during the period.

## Note 3 - Risks and uncertainty factors

There are a number of risks and uncertainty factors of an operational and financial character to which the Group is exposed through its operations, and these are described in the 2017 Annual Report. Mycronic is exposed to country-specific risks such as political decisions or overarching changes to the regulatory framework on partially new markets, both geographically and product-wise.

## Note 4 - Events after the end of the quarter

On 18 April, 2018, business area Pattern Generators launched the FPS8100 for the multi-purpose segment, with improved performance, stability, and write speeds, allowing for efficient production of photomasks for the manufacture of Fine Metal Masks. On 24 April 2018, an order for a replacement system based on Prexision-8 was received.

## Note 5 – Income and segment reporting

### Revenue by geographical market,

SEK, million	Jan-March 18	Jan-March 17*	Rolling 12*	Jan-Dec 17*
EMEA	170.2	115.1	622.1	566.9
North and South America	94.8	112.6	347.7	365.5
Asia	485.2	450.4	2,102.4	2,067.6
	<b>750.2</b>	<b>678.1</b>	<b>3,072.2</b>	<b>3,000.1</b>

SEK, million	Jan-March 18	Jan-March 17*	Rolling 12*	Jan-Dec 17*
<b>Net sales</b>				
Assembly Solutions	379.0	330.1	1,468.0	1,419.1
Pattern Generators	371.2	348.0	1,604.2	1,581.0
	<b>750.2</b>	<b>678.1</b>	<b>3,072.2</b>	<b>3,000.1</b>
<b>EBIT</b>				
Assembly Solutions	-24.2	-55.1	-56.7	-87.6
Pattern Generators	221.3	213.5	943.6	935.9
Amortization of previously acquired intangible assets	-1.0	-1.0	-4.0	-4.0
<b>Group</b>	<b>196.1</b>	<b>157.4</b>	<b>882.9</b>	<b>844.2</b>

\*Restated for comparability, see Note 1.

## Note 6 – Research and development expenses

### Research and development costs

SEK, million	Jan-March 18	Jan-March 17	Rolling 12	Jan-Dec 17
<i>R&amp;D expenditures</i>				
Assembly Solutions	-72.5	-72.8	-266.7	-267.0
Pattern Generators	-25.4	-10.2	-83.5	-68.3
	<b>-97.9</b>	<b>-83.0</b>	<b>-350.2</b>	<b>-335.3</b>
<i>Capitalization of development costs</i>				
Assembly Solutions	0.0	6.0	15.0	21.0
<i>Amortization of capitalized development</i>				
Assembly Solutions	-1.8	-2.9	-23.0	-24.1
	<b>-1.8</b>	<b>3.1</b>	<b>-8.0</b>	<b>-3.1</b>
<i>Amortization of acquired technology</i>				
Assembly Solutions	-3.1	-2.4	-10.3	-9.6
<b>Reported cost</b>	<b>-102.8</b>	<b>-82.2</b>	<b>-368.6</b>	<b>-348.0</b>

## **Note 7** – Definitions and reconciliation alternative performance measures, etc.

The European Securities and Markets Authority (ESMA) has published guidelines regarding alternative performance measures for publicly traded companies. Alternative performance measures relate to financial key figures used by management to control and evaluate the Group's business, and which cannot be directly inferred from the financial statements. These ratios are also considered to be of interest to external analysts and investors who monitor the Company. For definitions of other key ratios please refer to the Annual Report.

### *Book-to-bill*

Order intake in relation to net sales. Indicates future development of net sales.

### *Capital employed*

Balance sheet total less non-interest-bearing liabilities. Used to show a company's 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 a company's results per share.

### *EBITDA*

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

### *Equity per share*

Equity on 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 and cash equivalents*

Cash and cash equivalents less interest-bearing liabilities.

### *Order backlog*

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

### *Order intake*

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

### *Organic growth*

Increase of net sales excluding increase related to acquisitions, recalculated to the previous year's currency rates, as a percentage of the previous year's net sales. Net sales from acquired companies are included in the calculation of organic growth as of the first day of the first month which falls 12 months after the date of acquisition.

### *Return on capital employed*

Earnings before financial expenses as a percentage of average capital employed. Used to show the return on capital needed for operations

### *Return on equity*

Net profit/loss as a percentage of average equity. Used to demonstrate the return on shareholder capital over time.

### *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 expenses. The underlying EBIT margin is underlying EBIT as a percentage of net sales.



<b>Return on equity</b>	<b>Jan-March 18</b>	<b>Jan-March 17*</b>	<b>Rolling 12*</b>	<b>Jan-Dec 17*</b>
Net profit/loss (rolling 4Q)	653.3	613.7	653.3	623.4
Average shareholders' equity	1,730.0	1,403.0	1,730.0	1,595.9
	<b>37.8%</b>	<b>43.7%</b>	<b>37.8%</b>	<b>39.1%</b>
<b>Return on capital employed</b>				
Profit/loss before tax (rolling 4Q)	875.3	812.6	875.3	835.6
Financial expenses	8.2	4.7	8.2	9.4
<i>Profit/loss before financial expenses</i>	883.5	817.3	883.5	845.0
Average balance sheet total	3,018.5	2,356.5	3,018.5	2,999.9
Average non-interest-bearing liabilities	1,277.1	971.3	1,277.1	1,392.3
<i>Average capital employed</i>	<b>1,741.5</b>	<b>1,385.2</b>	<b>1,741.5</b>	<b>1,607.6</b>
	<b>50.7%</b>	<b>59.0%</b>	<b>50.7%</b>	<b>52.6%</b>
<b>Book-to-bill</b>				
Order intake	655.9	652.7	3,570.4	3,567.3
Net sales	750.2	678.1	3,072.2	3,000.1
	<b>0.9</b>	<b>1.0</b>	<b>1.2</b>	<b>1.2</b>
<b>EBITDA</b>				
EBIT	196.1	157.4	882.9	844.2
Depreciation/Amortization	15.4	14.3	75.8	74.7
	<b>211.5</b>	<b>171.7</b>	<b>958.8</b>	<b>919.0</b>
<b>Underlying EBIT</b>				
EBIT	196.1	157.4	882.9	844.2
<i>Acquisition-related costs</i>				
Cost of goods sold	1.1	37.9	5.6	42.3
Operating expenses	18.4	11.9	71.0	64.5
	<b>215.6</b>	<b>207.2</b>	<b>959.5</b>	<b>951.0</b>
<b>Equity per share</b>				
Equity at balance day	1,953.2	1,506.9	1,953.2	1,780.2
No. of shares at end of period, thousand	97,917	97,917	97,917	97,917
	<b>19.95</b>	<b>15.39</b>	<b>19.95</b>	<b>18.18</b>
<b>Earnings per share</b>				
Net Profit/loss	141.3	111.3	653.3	623.4
No. of shares at end of period, thousand	97,917	97,917	97,917	97,917
	<b>1.44</b>	<b>1.14</b>	<b>6.67</b>	<b>6.37</b>
<b>Net cash, SEK million</b>				
Cash and cash equivalents	808.4	368.7	808.4	812.7
Interest-bearing liabilities	-13.3	-9.5	-13.3	-12.6
	<b>795.1</b>	<b>359.2</b>	<b>795.1</b>	<b>800.0</b>

\*Restated for comparability, see Note 1.

<b>Quarterly data</b>	<b>Q1-18</b>	<b>Q4-17*</b>	<b>Q3-17*</b>	<b>Q2-17*</b>	<b>Q1-17*</b>	<b>Q4-16</b>	<b>Q3-16</b>	<b>Q2-16</b>
Order Intake Assembly Solutions	479.9	374.4	351.4	358.6	339.9	389.2	219.0	199.3
Order Intake Pattern Generators	176.0	197.6	1,522.6	109.9	312.8	128.9	148.4	575.4
	<b>655.9</b>	<b>571.9</b>	<b>1,874.0</b>	<b>468.5</b>	<b>652.7</b>	<b>518.1</b>	<b>367.5</b>	<b>774.7</b>
Order Backlog Assembly Solutions	391.1	290.3	371.5	280.4	276.2	266.4	65.4	57.0
Order Backlog Pattern Generators	1,477.1	1,672.3	1,926.2	633.8	1,077.2	1,075.6	1,633.5	1,771.3
	<b>1,868.2</b>	<b>1,962.6</b>	<b>2,297.7</b>	<b>914.2</b>	<b>1,353.4</b>	<b>1,342.0</b>	<b>1,698.9</b>	<b>1,828.3</b>
Net Sales Assembly Solutions	379.0	472.9	261.7	354.4	330.1	329.1	210.6	193.6
Net Sales Pattern Generators	371.2	452.7	229.4	550.8	348.1	686.8	286.2	269.0
	<b>750.2</b>	<b>925.6</b>	<b>491.1</b>	<b>905.2</b>	<b>678.1</b>	<b>1,015.9</b>	<b>496.8</b>	<b>462.5</b>
Gross Profit Assembly Solutions	160.2	207.3	102.0	148.3	99.9	118.3	98.2	91.4
Gross Profit Pattern Generators	278.2	364.0	159.1	373.3	262.0	546.9	197.3	169.7
	<b>438.4</b>	<b>571.3</b>	<b>261.1</b>	<b>521.6</b>	<b>361.9</b>	<b>665.2</b>	<b>295.5</b>	<b>261.2</b>
Gross Margin Assembly Solutions	42.3%	43.8%	39.0%	41.8%	30.3%	35.9%	46.6%	47.2%
Gross Margin Pattern Generators	75.0%	80.4%	69.4%	67.8%	75.3%	79.6%	68.9%	63.1%
	<b>58.4%</b>	<b>61.7%</b>	<b>53.2%</b>	<b>57.6%</b>	<b>53.4%</b>	<b>65.5%</b>	<b>59.5%</b>	<b>56.5%</b>
R&D expenses Assembly Solutions	-77.4	-79.6	-64.5	-63.6	-72.0	-91.2	-62.0	-73.4
R&D expenses Pattern Generators	-25.4	-25.9	-15.1	-17.1	-10.2	-20.4	-5.7	-17.5
Total R&D expenses	-102.8	-105.4	-79.7	-80.6	-82.2	-111.7	-67.7	-90.9
Selling expenses	-81.1	-92.9	-66.8	-80.1	-69.9	-85.2	-53.4	-49.2
Administrative expenses	-58.1	-60.8	-39.8	-41.1	-39.8	-58.2	-31.7	-23.3
Other income/expenses	-0.3	-6.2	-8.9	-4.9	-12.5	-4.9	5.7	8.1
<b>EBIT</b>	<b>196.1</b>	<b>306.0</b>	<b>65.9</b>	<b>314.9</b>	<b>157.4</b>	<b>405.2</b>	<b>148.4</b>	<b>105.9</b>
Of which EBIT Assembly Solutions	-24.2	8.5	-44.6	3.6	-55.1	-71.5	-11.4	-21.5
Of which EBIT Pattern Generators	221.3	298.5	111.6	312.3	213.5	477.7	160.8	127.8
EBIT margin	26.1%	33.1%	13.4%	34.8%	23.2%	39.9%	29.9%	22.9%
Equity per share after tax	19.95	18.18	15.62	15.55	15.39	14.42	11.35	10.07
Net earnings per share	1.44	2.32	0.45	2.46	1.14	3.12	1.17	0.83
Closing share price	106.80	85.00	111.75	76.75	91.75	98.00	107.00	62.75

\*Restated for comparability, see Note 1.