

Interim Report January–March 2019

Robust growth in net sales and strengthened EBIT margin

“I am very pleased to note that the first quarter of 2019 was strong. Net sales grew 47 percent at the same time as EBIT improved 107 percent and EBIT margin was strengthened by almost 11 percentage points. Assembly Solutions performed well and Pattern Generators’ strong figures were boosted by the deferral of a delivery of a Prexision system from the fourth quarter of 2018 to the first quarter of 2019,” says Lena Olving, President and CEO.

First quarter

- Order intake increased 10 percent to SEK 721 (656) million
- Net sales increased 47 percent to SEK 1,105 (750) million and 37 percent based on constant exchange rates
- EBIT was SEK 406 (196) million, an increase of 107 percent. The EBIT margin was 37 (26) percent
- The underlying EBIT was SEK 420 (216) million, an increase of 95 percent. The underlying EBIT margin was 38 (29) percent
- Earnings per share amounted to SEK 3.20 (1.44)

Outlook 2019

The Board’s assessment remains that consolidated net sales for 2019 will be at a level of SEK 4 billion, excluding any acquisitions made in 2019.

Events after the end of the quarter

Prexision Lite 8 was launched on April 16, 2019, and targets the small and medium-sized segments in the market for photomasks for displays. Prexision Lite 8 is a complement to the more advanced Prexision 8 and broadens the range of mask writers to address the different needs of Mycronic’s customers.

Group summary	Q1		Rolling 12 month	Jan-Dec 2018
	2019	2018		
Order intake, SEK million	721	656	3,707	3,642
Net Sales, SEK million	1,105	750	4,135	3,781
Book-to-bill	0.7	0.9	0.9	1.0
Order backlog, SEK million	1,525	1,868	1,525	1,904
Gross margin, %	62.6%	58.4%	56.9%	55.5%
EBIT, SEK million	406	196	1,230	1,020
EBIT margin, %	36.7%	26.1%	29.7%	27.0%
Underlying EBIT margin, %	38.0%	28.7%	31.0%	28.5%
Earnings per share before/after dilution, SEK	3.20	1.44	9.85	8.09
Cash Flow, SEK million	32	-13	48	4
<i>Changes in net sales</i>				
Total growth, %	47%	11%	35%	26%
Organic growth, %	33%	13%	21%	16%
Growth from acquisitions,%	5%	4%	8%	8%
Currency effects, %	9%	-6%	6%	2%

CEO comments



After completing another record year, we can see that the trend in the first quarter of 2019 was also strong. We had a good start to 2019, with growth of 47 percent, a sharp improvement in EBIT margin and increased order intake. This is partly explained by a deferral in revenue recognition for a Prexision system from the fourth quarter of 2018 to the first quarter of 2019, as previously communicated in the third-

quarter interim report and the year-end report.

Mycronic's goal for the year is to reach net sales of SEK 4 billion, excluding any acquisitions. By providing our customers with the best and most efficient production solutions, we enable growth at the same time as we improve the ability of our customers to achieve flexible and profitable electronics production. At the APEX Expo in San Diego at the end of January, Mycronic introduced two new compact pick-and-place machine models, which offer highly flexible electronics production with speeds up to 100,000 components per hour. At the same time, we demonstrated a complete SMT line, intended for smart factories and optimized for maximum availability even in the toughest production environments.

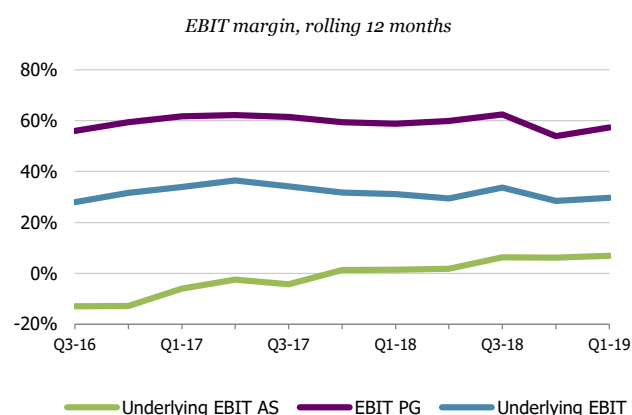
The Assembly Solutions business area began the year by reporting an increase in order intake, net sales and EBIT compared with the first quarter of 2018. However, the gross margin deteriorated slightly due to a less favorable regional and product mix in addition to higher material costs, while the EBIT margin improved by just over 7 percentage points and remained positive.

Our Pattern Generators business area received no orders for new mask writers during the first quarter, which was also the case in the first quarter of 2018. Net sales grew 56 percent and EBIT margin strengthened by almost 10 percentage points to 69 percent. The launch of Prexision Lite 8 in April has further broadened the range of mask writers to address the different needs of Mycronic's customers.

Our success in delivering attractive customer solutions, and thereby recording strong growth for the past five years, is largely thanks to Mycronic's ability to innovate and courage to always be one step ahead. The long-term and focused work by talented and dedicated employees has strengthened the company in all respects. We therefore have a solid foundation for sustained profitable growth.

I am now presenting my final quarterly report, after almost six years as CEO, and would like to thank all employees and stakeholders for making my time at Mycronic into an exceptional journey. From May 16, I will continue to follow Mycronic with great interest as a shareholder and I am confident that Team Mycronic, under the leadership of incoming CEO Anders Lindqvist, will do its utmost to continue to deliver unique production solutions that facilitate the electronics production of the future for Mycronic's customers.

Lena Olving, President and CEO



Financial performance, Group

	Q1		Rolling 12 month	Jan-Dec 2018
	2019	2018		
Order intake, SEK million	721	656	3,707	3,642
Order backlog, SEK million	1,525	1,868	1,525	1,904
Net Sales, SEK million	1,105	750	4,135	3,781
Gross profit, SEK million	692	438	2,351	2,098
Gross margin, %	62.6%	58.4%	56.9%	55.5%
EBIT, SEK million	406	196	1,230	1,020
EBIT margin, %	36.7%	26.1%	29.7%	27.0%
Underlying EBIT, SEK million	420	216	1,280	1,076
Underlying EBIT margin, %	38.0%	28.7%	31.0%	28.5%
EBITDA, SEK million	440	212	1,322	1,094

MRSI Systems included as of June 1, 2018.

January–March 2019

Order intake increased 10 percent to SEK 721 (656) million, driven by strong order intake in Assembly Solutions. In Pattern Generators, no orders for mask writers were received during the quarter.

Net sales increased 47 percent to SEK 1,105 million, with organic growth of 33 percent, excluding positive currency effects of SEK 70 million. Assembly Solutions reported strong growth of 38 percent, which was largely organic although the acquisition last year of MRSI also contributed to growth. Pattern Generators completed delivery of two mask writers and a major upgrade, compared with one mask writer during the first quarter of 2018. This included a Prexision-10 for which, on the customer's initiative, the terms of delivery entailed revenue recognition being deferred until the beginning of 2019 instead of the end of 2018.

EBIT for the quarter increased 107 percent to SEK 406 (196) million due to positive contributions from both business areas, resulting in an EBIT margin of 37 (26) percent.

Acquisition-related expenses affected earnings in an amount of SEK 15 (20) million, and consisted of amortisation of

acquired intangible assets and changes in value of contingent considerations. The underlying EBIT rose 95 percent to SEK 420 (216) million, corresponding to an underlying EBIT margin of 38 (29) percent.

Cash flow and financial position

Consolidated cash and cash equivalents at the end of the first quarter amounted to SEK 873 million, compared with SEK 829 million at the end of 2018. Cash flow amounted to SEK 32 (-13) million during the quarter. Cash flow from operating activities amounted to SEK 68 (2) million. Working capital increased by SEK 300 million, primarily linked to a reduction in current operating liabilities in connection with the previously announced delivery of the Prexision system during the first quarter of 2019. Working capital also increased as a result of capital tied up in inventories and trade receivables related to the company's growth.

Investments totaled SEK 24 (15) million and encompassed capitalisation of product development SEK 6 (0) million as well as investments in tangible assets, including an upgrade of Mycronic's premises in Täby to a modern environmental standard.

Financial performance per business area

Assembly Solutions	Q1		Rolling	Jan-Dec
	2019	2018	12 month	2018
Order intake, SEK million	566	480	2,235	2,149
Order backlog, SEK million	553	391	553	507
Net Sales, SEK million	524	379	2,157	2,012
Gross profit, SEK million	214	160	893	839
Gross margin, %	40.8%	42.3%	41.4%	41.7%
EBIT, SEK million	5	-24	99	69
EBIT margin, %	1.0%	-6.4%	4.6%	3.5%
Underlying EBIT, SEK million	20	-5	150	125
Underlying EBIT margin, %	3.8%	-1.2%	6.9%	6.2%
R&D expenditures, SEK million	-78	-73	-317	-312
R&D costs, SEK million	-77	-77	-322	-322

MRSI Systems included as of June 1, 2018.

Assembly Solutions

In the first quarter, order intake for Assembly Solutions increased 18 percent compared with the corresponding period in 2018. Organic growth was 4 percent. The backlog of orders increased 41 percent to SEK 553 (391) million.

Net sales demonstrated a strong trend during the first quarter, growing 38 percent to SEK 524 (379) million. Organic growth was 18 percent, excluding positive currency effects of SEK 37 million.

The gross margin decreased slightly during the quarter due to a less favorable regional and product mix and higher material costs.

EBIT for the quarter increased to SEK 5 (-24) million, corresponding to an EBIT margin of 1 (-6) percent. The EBIT margin was burdened by an increase in marketing initiatives.

Acquisition-related expenses affected earnings in an amount of SEK 15 (20) million, and consisted of amortisation of acquired intangible assets and changes in value of contingent considerations. The underlying EBIT amounted to SEK 20 (-5) million, corresponding to an EBIT margin of 4 (-1) percent.

Research and development consists of existing product development and investments in future growth. Development costs for the quarter amounted to SEK 77 (77) million.

At the APEX Expo in San Diego at the end of January, Assembly Solutions introduced two new compact pick-and-place machine models, which enable highly flexible electronics production with speeds up to 100,000 components per hour. At the same time, a complete SMT line was demonstrated, intended for smart factories and optimized for maximum availability even in the toughest production environments. The launch continued at Productronica in China in March.

During the quarter, Mycronic also took part in industrial collaborations involving future production concepts linked to Industry 4.0 and 5G technology with leading Swedish industrial companies at the Mobile World Congress in Barcelona and at Hannover Messe in Germany in April. Mycronic has contributed to this collaboration through its know-how and technology relating to intelligent storage solutions in smart factories.

The business area continued to report a favorable performance in the dispensing field and new figures from Prismark show that Mycronic in 2018 was ranked as the fourth largest manufacturer of dispensing equipment, an important step towards Mycronic's goal to become one of the two largest global manufacturers.

	Q1		Rolling	Jan-Dec
	2019	2018	12 month	2018
Pattern Generators				
Order intake, SEK million	156	176	1,472	1,492
Order backlog, SEK million	972	1,477	972	1,397
Net Sales, SEK million	581	371	1,978	1,769
Gross profit, SEK million	478	278	1,459	1,259
Gross margin, %	82.3%	75.0%	73.7%	71.2%
EBIT, SEK million	401	221	1,135	955
EBIT margin, %	69.1%	59.6%	57.4%	54.0%
R&D costs, SEK million	-51	-25	-180	-154

Pattern Generators

During the first quarter, Pattern Generators received no orders for new mask writers, which was also the case in the first quarter of 2018.

During the quarter, two systems and a major upgrade were delivered, compared with one system during the first quarter of 2018.

Net sales increased 56 percent to SEK 581 (371) million and were positively impacted by the shipment of a Prexision-10 in the fourth quarter of 2018 for which, on the customer's initiative, the terms of delivery entailed revenue recognition being deferred until the beginning of 2019 instead of the end of 2018. The quarter was positively impacted by currency effects of SEK 33 million.

EBIT rose 81 percent to SEK 401 (221) million, corresponding to an EBIT margin of 69 (60) percent.

Fluctuations between quarters are natural for the business area, which is why the trend should be considered over a longer period.

Planned product initiatives are progressing and development costs have thereby risen to SEK 51 (25) million for the quarter due to the development of the next generation of mask writers along with further development of existing products.

The backlog of orders amounted to SEK 972 (1,477) million and includes eight systems, six of which have planned deliveries for 2019.

Prexision Lite 8 was launched on April 16, 2019, after the end of the quarter, and targets the small and medium-sized segments in the market for photomasks for displays. Prexision Lite 8 is a complement to the more advanced Prexision 8 and broadens the range of mask writers to address the different needs of Mycronic's customers. The market for less complex photomasks will continue to be an important segment for Mycronic's customers and Prexision Lite 8 is an attractive and modern production solution for these segments. It is part of Mycronic's trade-in program but can also be purchased without the trade-in machine and would then cost USD 10-16 million.

The electronics industry

The global electronics industry is assessed to have grown 5.8 percent in 2018 to USD 2,130 billion¹. For 2018, the semiconductor market grew 13.7 percent, corresponding to USD 469 billion¹. This increase can be attributed to the number of semiconductor circuits manufactured and higher prices for memory circuits.

Outlook

Annual growth for the electronics industry is forecast at 3.3 percent for the period 2018-2023¹. Segments with the strongest expected growth during this five-year period are electronics for the wireless infrastructure, data storage, the automotive industry, the aviation industry and consumer electronics. For 2019, growth in the electronics industry is forecast at 0.5 percent. The semiconductor market is expected to report a negative trend in 2019 and contract by 4 percent¹ to USD 450 billion, but is expected to be positive during the 2019-2023 period as a whole, with average annual growth of 4.7 percent¹.

Size/growth	2019F	2018	2017
Electronics industry, percentual change ¹	+0.5%	+5.8%	+6.5%
Semiconductor industry, percentual change ¹	-4%	+13.7%	+21.7%
SMT, percentual change ²	not available	+17%	+32%
Dispensing, USD million ³	not available	780	770
Camera modules, units, million ⁴	190	165	130
Displays, USD, billion ⁴	115	113	124
Photomasks, percentual change in value ⁵	+18%	+8%	+14%
Photomask area, thousand sq. Meters ⁵	16.5	15.6	15.4

Assembly Solutions

SMT and dispensing market area

The global market for SMT equipment has annual sales of approximately USD 5,300 million⁸. The segment SMT robots for component mounting grew 17 percent in 2018 to USD 3,070 million², with the strongest growth in markets in the rest of Asia (excluding Japan and China) and in Europe and the Americas. The dispensing equipment market had sales of USD 780 million³ in 2018. Mycronic's product portfolio comprises production systems for component mounting, non-contact high-speed dispensing of solder paste, inspection equipment, automated storage solutions, and equipment for dispensing and coating of circuit boards.

Assembly automation market

A growing segment within the electronics industry is electronics for the automotive industry. One sub-segment of

automotive electronics is camera modules for advanced driver support, or Advanced Driver Assistance Systems (ADAS). Manufacture of camera modules in 2018 amounted to 165 million units and the forecast for 2023 is for production of 315 million units, corresponding to annual growth of 14 percent³. Mycronic offers, through AEi, automated production solutions for assembly and testing of camera modules. With the acquisition of the American company MRSI Systems, Mycronic now also offers die bonding equipment, with a global market in 2018 of USD 934 million⁷. MRSI is operating in a fast-growing sub-segment for die bonding equipment with extremely high precision.

Pattern Generators

The display market decreased 9 percent in 2018 to USD 113 billion, corresponding to 3.7 billion units⁴. The negative growth is primarily a result of the negative price development as the supply of displays increased during the first part of 2018. Prices are expected to stabilize in 2019. The trend toward more advanced displays will continue and positive growth of 1 percent to USD 115 billion⁴ is expected in 2019. Growth for AMOLED in 2018 was 6 percent, corresponding to a level of USD 23 billion⁴, which entails a downward adjustment compared with the previous forecast. During 2019, AMOLED is expected to grow 17 percent to USD 27 billion⁴, driven by an increased share of AMOLED displays, as more manufacturers start producing displays based on this technology. Meanwhile, the total display area is also increasing driven by larger screens and more screens in new products, such as in vehicles. The total manufactured display area grew in 2018 by 11 percent and growth in 2019 is forecast at 5 percent.

Photomask market for displays

According to the latest annual IHS report from May last year, the market is forecast to grow 8 percent to USD 762 million in 2018 and the forecast for 2019 is for growth of 18 percent to USD 897 million^{5,6}. Growth is driven by a higher proportion of advanced photomasks for AMOLED and an increased need for G10 photomasks in China⁵. The forecast for total area growth is an average of 3.0 percent for 2018-2021⁵. Strong growth for AMOLED photomasks is expected, with an annual area growth of 26 percent for 2018-2021⁵, which drives the need for photomasks produced by P80 and P800 systems.

1) Prismark, latest forecast March 2019

2) Protec MDC, January 2019

3) Prismark, April 2019

4) IHS, latest forecast April 2019

5) IHS, May 2018 (annual update)

6) 110 YEN/USD used by Mycronic for conversion

7) VLSI Research, March 2019

8) Prismark April 2019, Protec January 2019, Mycronic analysis

Other

Parent Company

Mycronic AB is the Group's Parent Company.

The Parent Company's net sales amounted to SEK 805 (554) million during the first quarter. EBIT was SEK 425 (209) million.

Cash and cash equivalents at the end of the first quarter amounted to SEK 464 million, compared with SEK 538 million at the end of 2018.

Nomination Committee

The Nomination Committee for Mycronic's 2019 AGM comprises: Henrik Blomquist, Bure Equity, Thomas Ehlin, Fourth AP Fund, Joachim Spetz, Swedbank Robur Fonder and Patrik Tigerschiöld, Chairman of Mycronic. The Nomination Committee represented 47.4 percent of votes and shares as of August 31, 2018.

Annual General Meeting 2019

Mycronic AB's Annual General Meeting will be held at 5:00 p.m. on May 9, 2019, in Industrisalen, Näringslivets hus, Storgatan 19, in Stockholm, Sweden.

Dividend proposal

In accordance with the dividend policy, the Board of Directors is proposing to the Annual General Meeting a dividend of SEK 3.00 (2.50) per share, totaling SEK 293.7 (244.8) million.

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 8) on April 25, 2019, at 8:00 a.m.

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

This report was not reviewed by the company's auditor.

Financial calendar

Annual General Meeting	May 9, 2019
Interim Report January-June 2019	July 17, 2019
Interim Report January-September 2019	October 24, 2019
Full-year report 2019	February 6, 2020

Täby, April 25, 2019
Mycronic AB (publ)

Lena Olving
President and CEO

*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). 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 located in Täby, north of Stockholm and the Group has subsidiaries in France, Japan, China, the Netherlands, Singapore, the United Kingdom, South Korea, Germany and the USA. Mycronic (MYCR) is listed on Nasdaq Stockholm. www.mycronic.com

** The company's vision and mission are expressed in the common corporate language, English.*

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Group

Consolidated profit and loss accounts, SEK million	Note	Q1		Rolling 12 month	Jan-Dec 2018
		2019	2018		
Net sales	5, 6	1,105.0	750.2	4,135.4	3,780.6
Cost of goods sold		-412.9	-311.8	-1,784.2	-1,683.1
Gross profit		692.1	438.4	2,351.2	2,097.5
Research and development	7	-128.2	-102.8	-501.5	-476.1
Selling expenses		-112.7	-81.1	-452.4	-420.8
Administrative expenses		-55.9	-58.1	-225.9	-228.1
Other income and expenses		10.4	-0.3	58.2	47.6
EBIT	1	405.7	196.1	1,229.6	1,020.0
Financial income and expenses	1	-1.3	-1.7	-8.6	-8.9
Profit/loss before tax		404.4	194.4	1,221.0	1,011.1
Tax	1	-91.5	-53.1	-257.0	-218.6
Net Profit/loss		312.9	141.3	964.0	792.5
Earnings per share before/after dilution, SEK		3.20	1.44	9.85	8.09
Average number of shares, thousand		97,917	97,917	97,917	97,917
Results attributable to owners of the Parent Company		312.6	141.2	960.9	789.5
Results attributable to non-controlling interests		0.3	0.1	3.1	2.9
		312.9	141.3	964.0	792.5

Consolidated statement of comprehensive income, SEK million	Q1		Rolling 12 month	Jan-Dec 2018
	2019	2018		
Net Profit/loss	312.9	141.3	964.0	792.5
Other comprehensive income				
<i>Items not to be reclassified to profit/loss, after tax</i>				
Actuarial loss from defined benefits to employees	-	-	-2.0	-2.0
<i>Items to be reclassified to profit/loss, after tax</i>				
Translation differences at translating foreign entities	71.7	53.1	93.9	75.3
Säkring av nettoinvestering i utlandsverksamhet	-13.3	-9.7	-9.7	-6.1
Changes in cash flow hedges	-7.2	-11.7	-11.6	-16.1
Total comprehensive income	364.1	173.0	1,034.6	843.6
Total comprehensive income attributable to owners of the Parent Company	363.7	172.9	1,031.3	840.7
Total comprehensive income attributable to non-controlling interests	0.4	0.1	3.3	2.9
	364.1	173.0	1,034.6	843.6

Consolidated statements of financial position, SEK million	Note	31 Mar 19	31 Mar 18	31 Dec 18
ASSETS				
Fixed assets				
Intangible assets		1,428.9	1,067.8	1,380.6
Tangible assets	1	283.6	75.7	106.0
Non-current receivables		21.9	20.6	22.5
Deferred tax assets	1	93.8	72.0	83.4
Total fixed assets		1,828.2	1,236.1	1,592.5
Current assets				
Inventories		916.6	715.1	868.2
Trade receivables		750.5	518.1	663.9
Other current receivables	1	178.7	123.3	246.1
Cash and cash equivalents		872.5	808.4	828.6
Total current assets		2,718.3	2,165.0	2,606.8
Total assets		4,546.5	3,401.1	4,199.3
EQUITY AND LIABILITIES				
Equity	1	2,743.1	1,953.2	2,379.0
Liabilities				
Long-term interest-bearing liabilities	1	116.0	-	-
Deferred tax liabilities		162.3	114.3	162.7
Other non-current liabilities		101.8	234.6	97.9
Total long-term liabilities		380.1	349.0	260.6
Short-term interest-bearing liabilities	1	50.4	13.3	1.3
Trade payables		216.2	200.7	236.4
Other current liabilities		1,156.8	885.0	1,322.1
Total current liabilities		1,423.4	1,098.9	1,559.7
Total liabilities		1,803.4	1,447.9	1,820.3
Total equity and liabilities		4,546.5	3,401.1	4,199.3

Consolidated cash flow statements, SEK million	Note	Q1		Rolling 12 month	Jan-Dec 2018
		2019	2018		
Cash flow from operating activities					
before changes in working capital		368.0	160.8	1,134.8	927.6
Change in working capital		-300.4	-158.7	-366.9	-225.2
Cash flow from operating activities	1	67.7	2.2	767.9	702.4
Cash flow from investing activities	1	-24.3	-14.9	-449.9	-440.5
Cash flow from financing activities	1	-11.8	0.0	-270.0	-258.2
Cash flow for the period	1	31.6	-12.7	48.0	3.7
Cash and cash equivalents, opening balance		828.6	812.7	808.4	812.7
Exchange difference for cash and cash equivalents		12.3	8.5	16.1	12.2
Cash and cash equivalents, closing balance		872.5	808.4	872.5	828.6

Consolidated statement of changes in equity, SEK million	Jan-Mar		Jan-Dec 2018
	2019	2018	
Opening balance	2,379.0	1,780.2	1,780.2
Dividend	-	-	-244.8
Total comprehensive income	364.1	173.0	843.6
Closing balance	2,743.1	1,953.2	2,379.0
Of which holdings of non-controlling interests	3.3	0.1	2.9

Other key figures *	Jan-Mar		Jan-Dec 2018
	2019	2018	
Equity per share, SEK	28.01	19.95	24.30
Return on equity (rolling 12 months), %	41.1%	37.8%	38.1%
Return on capital employed (rolling 12 months), %	50.5%	50.7%	49.0%
Net cash, SEK million	706.1	795.1	827.3
Average number of employees	1,276	1,030	1,175

*In addition to key figures presented on page 1

Parent Company

Profit/loss accounts in summary, Parent Company, SEK million	Q1		Rolling	Jan-Dec
	2019	2018	12 month	2018
Net sales	804.8	553.5	2,872.4	2,621.1
Cost of goods sold	-250.5	-217.5	-1,109.0	-1,076.0
Gross profit	554.3	336.0	1,763.4	1,545.1
Other operating expenses	-129.2	-127.3	-604.3	-602.3
EBIT	425.1	208.8	1,159.1	942.8
Result from financial items	4.5	1.3	28.9	25.6
Profit/loss after financial items	429.6	210.0	1,188.0	968.4
Appropriations	-	-	-234.9	-234.9
Profit/loss before tax	429.6	210.0	953.1	733.5
Tax	-91.9	-49.1	-203.7	-160.8
Net Profit/loss	337.7	161.0	749.4	572.7
Total comprehensive income	337.7	161.0	749.4	572.7

Balance sheets in summary, Parent Company, SEK million	31 Mar 19	31 Mar 18	31 Dec ÅÅ
ASSETS			
Fixed assets			
Intangible and tangible assets	67.0	40.7	55.5
Financial assets	1,820.6	1,318.0	1,765.9
Total fixed assets	1,887.6	1,358.7	1,821.4
Current assets			
Inventories	468.3	434.3	446.2
Current receivables	760.5	418.6	639.1
Cash and cash equivalents	463.6	608.3	538.1
Total current assets	1,692.4	1,461.1	1,623.5
TOTAL ASSETS	3,580.0	2,819.8	3,444.9
EQUITY AND LIABILITIES			
Equity	1,974.0	1,469.4	1,636.3
Untaxed reserves	645.7	410.8	645.7
Other non-current liabilities	7.8	199.7	7.4
Other current liabilities	952.5	740.0	1,155.5
TOTAL EQUITY AND LIABILITIES	3,580.0	2,819.8	3,444.9

Notes

Note 1 Accounting policies

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting together with applicable provisions in the Swedish Annual Accounts Act. The report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act. For the Group and Parent Company, accounting policies, valuation policies and assumptions were applied in accordance with the latest annual report with the exception of the changes described below. The accounting principles of the segments are the same as for the Group with the exception of IFRS 16 Leases, see below.

The nature of financial assets and liabilities is in all material respects the same as on December 31, 2018. As was the case at the end of 2018, the carrying amounts and fair values are deemed to essentially correspond with one another.

Effects of IFRS 16 Leases

As of January 1, 2019, IFRS 16 Leases replaces the previous standard, IAS 17 Leases and the associated interpretations IFRIC 4, SIC 15 and SIC 27. IFRS 16 entails that a majority of all leases are recognized in the statement of financial position. When the standard came into force, Mycronic applied the modified retrospective approach, entailing that comparative information from prior periods is not presented. The lease liability comprised the discounted remaining lease payments at January 1, 2019. For all leases, the right-of-use asset was an amount corresponding to the lease liability adjusted for prepaid or accrued lease payments recognized in the statement of financial position on the first day of application. Accordingly, the transition to IFRS 16 had no effect on equity.

Mycronic has elected to apply the practical exemptions regarding leases where the underlying asset has a low value and for leases with a lease term of less than 12 months. These leases are not included in amounts recognized in the statement of financial position. Nor are leases included that were originally of a term longer than 12 months but which end in 2019. Mycronic's material leases currently primarily comprise rented premises, but also vehicles and office equipment. Rented premises are presented as one class of underlying assets, and vehicles and office equipment under Other, as they are not considered material individually. In the transition to IFRS 16, these leases are recognized in the statement of financial position, which involves an increase in the Group's total assets as a result of the addition of right-of-use assets and lease liabilities. The lease payments recognized earlier as other external expenses have been replaced by depreciation costs for the right-of-use assets, which are recognized in EBIT and interest on the lease liability, which is recognized as a financial expense. The lease fee is divided between repayment of the lease liability and payment of interest.

The Parent Company utilizes the exception included in RFR 2 Accounting for Legal Entities and all leases have continued to be recognized as operating leases. Moreover, IFRS 16 is not applied in segment reporting.

In the transition to IFRS 16, all remaining lease payments were measured at present value applying Mycronic's incremental borrowing rate. The average borrowing rate on January 1, 2019 was 1.3 percent. When the standard came into force, the following adjustments were recognized in the Group's statement of financial position:

Right-of-use assets	SEK 179.5 million
<i>of which Rented premises</i>	<i>SEK 168.4 million</i>
Prepaid expenses	SEK -5.4 million
Lease liabilities	SEK 174.1 million

Reconciliation of operating lease obligations, SEK million

Future lease charges for operating leases as of December 31 2018	193.0
Adjustment of IAS 17 lease payments	-5.4
Contracts regarding short-term leases charged against profit	-7.3
Contracts regarding leases of low value assets charged against profit	-1.0
Discounting with the application of the Group's incremental borrowing rate	-5.2
Reported lease liability as of January 1 2019	174.1

The effects of the new standard are shown in the tables below.

Effect on consolidated profit and loss accounts, SEK million	Q1 2019
EBIT	-0.1
Financial income and expenses	-0.5
Tax	0.0
Net Profit/loss	-0.6
EBITDA	12.8

Effect on Group statements of financial position, SEK million	31 Mar 2019
ASSETS	
Tangible assets	170.8
Deferred tax assets	0.0
Total fixed assets	170.9
Other current receivables	-5.5
Total assets	165.4
EQUITY AND LIABILITIES	
Net profit/loss	-0.6
Total equity	-0.6
Long-term interest-bearing liabilities	116.0
Short-term interest-bearing liabilities	49.9
Total liabilities	166.0
Total equity and liabilities	165.4

Effect on consolidated cash flow statements, SEK million	Q1 2019
Cash flow from operating activities	12.7
Cash flow from investing activities	-1.8
Cash flow from financing activities	-10.9
Cash flow for the period	0.0

Note 2 Transactions with related parties

Transactions with related parties are described in Note 13 of the 2018 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, these are described in the 2018 Annual Report. Mycronic is exposed to country-specific risks such as political decisions or overarching changes to the regulatory framework, both geographically and product-wise.

Note 4 Events after the end of the quarter

Prexision Lite 8 was launched on April 16, 2019, and targets the small and medium-sized segments in the market for photomasks for displays. Prexision Lite 8 is a complement to the more advanced Prexision 8 and broadens the range of mask writers to address the different needs of Mycronic's customers.

Note 5 Revenue from Contracts with Customers

	Q1		Rolling	Jan-Dec
Revenue by geographical market, SEK million	2019	2018	12 month	2018
EMEA	168.4	170.2	754.7	756.5
North and South America	399.8	94.8	994.6	689.6
Asia	536.8	485.2	2,386.1	2,334.5
	1,105.0	750.2	4,135.4	3,780.6
Revenue by type of good/service, SEK million				
System	827.5	534.8	2,970.1	2,677.4
Aftermarket	277.5	215.4	1,165.3	1,103.2
	1,105.0	750.2	4,135.4	3,780.6
Timing of revenue recognition, SEK million				
Goods transferred at a point in time	924.5	605.5	3,444.9	3,125.9
Services transferred over time	180.5	144.7	690.5	654.7
	1,105.0	750.2	4,135.4	3,780.6

Note 6 Segment reporting

	Q1		Rolling	Jan-Dec
SEK million	2019	2018	12 month	2018
Net sales				
Assembly Solutions	524.1	379.0	2,157.0	2,011.9
Pattern Generators	580.9	371.2	1,978.4	1,768.7
	1,105.0	750.2	4,135.4	3,780.6
EBIT				
Assembly Solutions	5.3	-24.2	99.0	69.5
Pattern Generators	401.5	221.3	1,134.7	954.6
Amortization of previously acquired intangible assets	-1.0	-1.0	-4.0	-4.0
Group	405.7	196.1	1,229.6	1,020.0

Note 7 Research and development expenses

	Q1		Rolling	Jan-Dec
Research and development costs, SEK million	2019	2018	12 month	2018
<i>R&D expenditures</i>				
Assembly Solutions	-78.5	-72.5	-317.5	-311.5
Pattern Generators	-50.6	-25.4	-179.7	-154.5
	-129.2	-97.9	-497.3	-466.0
<i>Capitalization of development costs</i>				
Assembly Solutions	6.0	0.0	16.1	10.0
<i>Amortization of capitalized development*</i>				
Assembly Solutions	0.0	-1.8	-1.8	-3.7
	6.0	-1.8	14.2	6.3
<i>Amortization of acquired technology</i>				
Assembly Solutions	-5.0	-3.1	-18.4	-16.5
Reported cost	-128.2	-102.8	-501.5	-476.1

*From the third quarter of 2018, the amortization of capitalized development costs is included in the acquisition cost of inventories, which by extension impacts the cost of goods sold in the Group. Given that the amortization is for relatively insignificant amounts, the comparative figures were not restated.

Note 8 Definitions and reconciliation alternative performance measures, etc.

The European Securities and Markets Authority (ESMA) has issued guidelines regarding alternative performance measures for listed companies.

These relate to financial key figures used by management, to control and evaluate the Group's business, which cannot be directly inferred from the financial statements. Alternative performance measures are also considered to be of interest to external investors and analysts who monitor the company. For definitions of other key ratios, please refer to the Annual Report.

Acquisition-related costs

Acquisition-related costs include expensing of acquired inventories at fair value, amortization of acquired intangible assets, revaluation of contingent considerations and transaction expenses.

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

Change in net sales or order intake excluding increase related to acquisitions, recalculated to the previous year's currency rates, as a percentage of the previous year's net sales or order intake. Net sales and order intake 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 return on capital needed for operations.

Return on equity

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

Underlying EBIT and underlying EBIT margin

Underlying EBIT consists of operating profit/loss excluding acquisition-related costs. The underlying EBIT margin is underlying EBIT as a percentage of net sales. Used to describe how operations are developing and performance excluding acquisition-related costs.

	Jan-Mar		Rolling	Jan-Dec
Return on equity	2019	2018	12 month	2018
Net profit/loss (rolling 12 months)	964.0	653.3	964.0	792.5
Average shareholders' equity	2,348.1	1,730.0	2,348.1	2,079.6
	41.1%	37.8%	41.1%	38.1%
Return on capital employed				
Profit/loss before tax (rolling 12 months)	1,221.0	875.3	1,221.0	1,011.1
Financial expenses	10.1	8.2	10.1	11.5
Profit/loss before financial expenses	1,231.1	883.5	1,231.1	1,022.6
Average balance sheet total	3,973.8	3,018.5	3,973.8	3,721.8
Average non-interest-bearing liabilities	1,535.8	1,277.1	1,535.8	1,635.3
Average capital employed	2,438.0	1,741.5	2,438.0	2,086.5
	50.5%	50.7%	50.5%	49.0%
Book-to-bill				
Order intake	721.3	655.9	3,707.4	3,641.9
Net sales	1,105.0	750.2	4,135.4	3,780.6
	0.7	0.9	0.9	1.0
EBITDA				
EBIT	405.7	196.1	1,229.6	1,020.0
Depreciation/Amortization	33.9	15.4	92.3	73.9
	439.6	211.5	1,321.9	1,093.9
Underlying EBIT				
EBIT	405.7	196.1	1,229.6	1,020.0
Acquisition-related costs included in:				
Cost of goods sold	-	1.1	17.5	18.6
Operating expenses	14.7	18.4	33.3	37.0
	420.4	215.6	1,280.4	1,075.6
Equity per share				
Equity at balance day	2,743.1	1,953.2	2,743.1	2,379.0
No. of shares at end of period, thousand	97,917	97,917	97,917	97,917
	28.01	19.95	28.01	24.30
Earnings per share				
Net Profit/loss	312.9	141.3	964.0	792.5
No. of shares at end of period, thousand	97,917	97,917	97,917	97,917
	3.20	1.44	9.85	8.09
Net cash, SEK million				
Cash and cash equivalents	872.5	808.4	872.5	828.6
Interest-bearing liabilities	-166.4	-13.3	-166.4	-1.3
	706.1	795.1	706.1	827.3

Quarterly data	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17*	Q3 17*	Q2 17*
Order Intake Assembly Solutions	565.6	607.7	508.4	553.5	479.9	374.4	351.4	358.6
Order Intake Pattern Generators	155.7	695.4	304.2	316.9	176.0	197.6	1,522.6	109.9
	721.3	1,303.1	812.5	870.5	655.9	571.9	1,874.0	468.5
Order Backlog Assembly Solutions	553.0	506.6	519.8	544.9	391.1	290.3	371.5	280.4
Order Backlog Pattern Generators	971.9	1,397.0	1,131.0	1,390.1	1,477.1	1,672.3	1,926.2	633.8
	1,524.9	1,903.6	1,650.8	1,935.0	1,868.2	1,962.6	2,297.7	914.3
Net Sales Assembly Solutions	524.1	621.3	533.1	478.5	379.0	472.9	261.7	354.4
Net Sales Pattern Generators	580.9	430.3	563.4	403.8	371.2	452.7	229.4	550.9
	1,105.0	1,051.6	1,096.4	882.3	750.2	925.6	491.1	905.3
Gross Profit Assembly Solutions	214.0	267.6	216.2	194.7	160.2	207.3	102.0	148.3
Gross Profit Pattern Generators	478.2	230.8	445.4	304.3	278.2	364.0	159.1	373.3
	692.1	498.4	661.6	499.0	438.4	571.3	261.1	521.6
Gross Margin Assembly Solutions	40.8%	43.1%	40.6%	40.7%	42.3%	43.8%	39.0%	41.8%
Gross Margin Pattern Generators	82.3%	53.6%	79.1%	75.4%	75.0%	80.4%	69.4%	67.8%
	62.6%	47.4%	60.3%	56.6%	58.4%	61.7%	53.2%	57.6%
R&D expenses Assembly Solutions	-77.4	-84.7	-73.7	-85.9	-77.4	-79.6	-64.5	-63.6
R&D expenses Pattern Generators	-50.6	-57.2	-35.9	-36.0	-25.4	-25.9	-15.1	-17.1
Total R&D expenses	-128.2	-141.9	-109.6	-121.8	-102.8	-105.4	-79.7	-80.6
Selling expenses	-112.7	-132.6	-109.6	-97.4	-81.1	-92.9	-66.8	-80.1
Administrative expenses	-55.9	-61.7	-55.4	-52.9	-58.1	-60.8	-39.8	-41.1
Other income/expenses	10.4	-11.5	48.6	10.7	-0.3	-6.2	-8.9	-4.9
EBIT	405.7	150.7	435.6	237.6	196.1	306.0	65.9	314.9
Of which EBIT Assembly Solutions	5.3	17.9	79.1	-3.4	-24.2	8.5	-44.6	3.6
Of which EBIT Pattern Generators	401.5	133.7	357.5	242.0	221.3	298.5	111.6	312.3
EBIT margin	36.7%	14.3%	39.7%	26.9%	26.1%	33.1%	13.4%	34.8%
Equity per share after tax	28.01	24.30	22.76	19.41	19.95	18.18	15.62	15.55
Net earnings per share	3.20	1.33	3.55	1.77	1.44	2.32	0.45	2.46
Closing share price	132.50	118.10	93.05	100.20	106.80	85.00	111.75	76.75

*Restated to account for the effects of the new accounting standard for revenue recognition, IFRS 15 Revenue from Contracts with Customers.