

Year-end Report, January-December 2019

Strong development of order intake, net sales and EBIT

"I am pleased today to present another successful year for Mycronic, particularly in light of the global unrest and the slowdown in the electronics industry that characterized 2019. Order intake amounted to SEK 4,567 million, up 25 percent compared with the previous record year of 2018. In parallel, net sales increased 14 percent to SEK 4,307 million, with positive currency effects of SEK 171 million. EBIT rose 10 percent to SEK 1,124 million, with both business areas contributing to the improvement," says Anders Lindqvist, President and CEO.

Fourth quarter

- Order intake increased 31 percent to SEK 1,706 (1,303) million
- Net sales rose 12 percent to SEK 1,181 (1,052) million and 9 percent based on constant exchange rates
- EBIT was SEK 204 (151) million, an increase of 35 percent. The EBIT margin was 17 (14) percent
- The underlying EBIT was SEK 214 (186) million, an increase of 15 percent. The underlying EBIT margin was 18 (18) percent
- Earnings per share were SEK 1.57 (1.33)

January-December

- Order intake increased 25 percent to SEK 4,567 (3,642) million
- Net sales rose 14 percent to SEK 4,307 (3,781) million and 9 percent based on constant exchange rates
- EBIT was SEK 1,124 (1,020) million, an increase of 10 percent. The EBIT margin was 26 (27) percent
- The underlying EBIT was SEK 1,169 (1,076) million, an increase of 9 percent. The underlying EBIT margin was 27 (28) percent
- Earnings per share were SEK 8.74 (8.09)
- The Board of Directors proposes a dividend of SEK 3.25 (3.00) per share to the 2020 Annual General Meeting

Outlook 2020

The Board's assessment is that consolidated net sales for 2020 will be at a level of SEK 4.1 billion, excluding any acquisitions made in 2020. Contrary to 2019, a majority of the mask writer deliveries will take place during the second half of the year.

Events after the end of the period

On January 16, Mycronic received an order for an SLX mask writer, Mycronic's first order for this recently launched product. On January 22, a new Group structure was announced, which will take effect on April 1, 2020.

Group summary	Q4		Jan-Dec	
	2019	2018	2019	2018
Order intake, SEK million	1,706	1,303	4,567	3,642
Net Sales, SEK million	1,181	1,052	4,307	3,781
Book-to-bill	1.4	1.2	1.1	1.0
Order backlog, SEK million	2,164	1,904	2,164	1,904
Gross margin, %	49.4%	47.4%	55.7%	55.5%
EBIT, SEK million	204	151	1,124	1,020
EBIT margin, %	17.2%	14.3%	26.1%	27.0%
Underlying EBIT margin, %	18.1%	17.7%	27.1%	28.5%
Earnings per share before/after dilution, SEK	1.57	1.33	8.74	8.09
Cash Flow, SEK million	-157	611	-180	4
<i>Changes in net sales</i>				
Total growth, %	12%	14%	14%	26%
Organic growth, %	9%	0%	7%	16%
Growth from acquisitions, %	-	9%	2%	8%
Currency effects, %	4%	5%	5%	2%

CEO comments



I am pleased today to present another successful year for Mycronic, particularly in light of the global unrest and the slowdown in the electronics industry that characterized 2019. Order intake amounted to SEK 4,567 million, up 25 percent compared with the previous record year of 2018. In parallel, net sales increased 14 percent to SEK 4,307 million, with positive currency effects of SEK 171

million. EBIT rose 10 percent to SEK 1,124 million, with both business areas contributing to the improvement.

The fourth quarter marked a strong close to the year, with order intake increasing by 31 percent, sales by 12 percent and EBIT by 35 percent. In Pattern Generators, the increase of 44 percent in order intake was driven by several orders during the quarter. Sales were somewhat lower while EBIT was higher compared with the corresponding quarter last year on account of a more advantageous product mix. Order intake for Assembly Solutions rose 16 percent while net sales rose 25 percent, the primary driver behind both of which was the favorable performance of the Dispensing division in China.

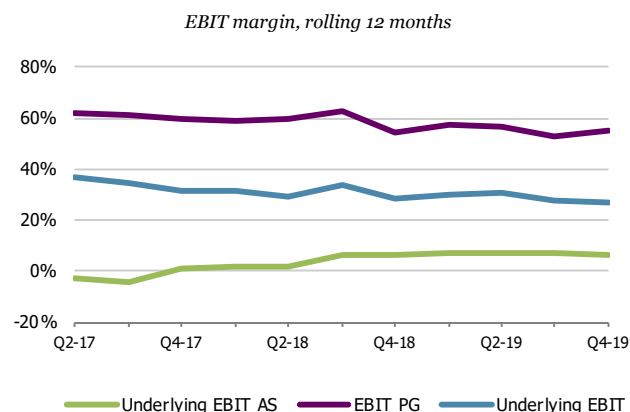
For Mycronic, 2019 was also a year distinguished by launches of new products and offerings that prepare the ground for the future. Pattern Generators has expanded its customer offering of mask writers for displays with the launch of Prexision Lite 8 and with the launch of SLX we can now offer cost-efficient laser mask writers for the semiconductor industry. For both of these new products, we received orders shortly after launch, which is a confirmation that we are on the right track in terms of our customer-centric development.

In Assembly Solutions, we strengthened our overall offering to our customers during the year, adding new compact machine models for component mounting, a new and unique system that improves process quality upon application of solder paste and an upgraded platform for three dimensional inspections of circuit boards. In addition, we launched a flexible and high-accuracy die bonding machine for volume production of optoelectronics and new dispensing robots with advanced motion systems for dispensing mounting fluids in connection with the manufacture of mobile phones.

On January 22, 2020, we announced the introduction of a new Group structure aimed at enabling continued profitable growth and achieving an EBIT margin in excess of 10 percent in Assembly Solutions, which will be structured into three divisions: High Flex, High Volume and Global Technologies. The new structure is better aligned with the market and entails an increased customer focus with more rapid customer-centric decisions and an improved capability to adapt local operations to individual market needs.

Outlook 2020: The assessment of the Board and I is that consolidated net sales for 2020 will be at a level of SEK 4.1 billion, excluding any acquisitions. Despite the very strong order backlog, the first half of the year will be considerably weaker than the corresponding period in 2019, since a majority of planned mask writer deliveries will take place during the second half of the year. I confirm that Mycronic's financial goals stand firm, including the growth target to reach net sales of SEK 5 billion by 2023 at the latest.

Anders Lindqvist, President and CEO



Financial performance, Group

	Q4		Jan-Dec	
	2019	2018	2019	2018
Order intake, SEK million	1,706	1,303	4,567	3,642
Order backlog, SEK million	2,164	1,904	2,164	1,904
Net Sales, SEK million	1,181	1,052	4,307	3,781
Gross profit, SEK million	584	498	2,399	2,098
Gross margin, %	49.4%	47.4%	55.7%	55.5%
EBIT, SEK million	204	151	1,124	1,020
EBIT margin, %	17.2%	14.3%	26.1%	27.0%
Underlying EBIT, SEK million	214	186	1,169	1,076
Underlying EBIT margin, %	18.1%	17.7%	27.1%	28.5%
EBITDA, SEK million	244	172	1,307	1,094

MRSI Systems included as of June 1, 2018.

Fourth quarter

The Group's order intake increased 31 percent to SEK 1,706 (1,303) million. Assembly Solutions reported continuing healthy order intake, with an increase of 16 percent compared with the corresponding period in 2018, mainly driven by a favorable trend in the Dispensing division in China. Order intake in Pattern Generators increased 44 percent. During the quarter, an order was received for two Prexision Lite 8 Evo mask writers, Mycronic's first order for this recently launched product, and one Prexision 8 Evo. In addition, an order was received for the most advanced mask writer Prexision 800 Evo, the Prexision MMS measurement system and a major upgrade order.

Net sales increased 12 percent to SEK 1,181 (1,052) million. Excluding positive currency effects of SEK 37 million, net sales increased by 9 percent. Assembly Solutions reported growth of 25 percent, with growth of 19 percent excluding currency effects. During the quarter, Pattern Generators delivered two systems, compared with two systems and a major upgrade in the fourth quarter of 2018. Net sales decreased 6 percent.

EBIT for the quarter increased 35 percent to SEK 204 (151) million, which is primarily a result of the more favorable product mix in Pattern Generators and lower acquisition-related costs in Assembly Solutions. EBIT margin was 17 (14) percent.

Acquisition-related costs had an adverse effect on earnings for the fourth quarter of SEK 11 million, compared with SEK 35 million in the corresponding period one year earlier.

The underlying EBIT rose 15 percent to SEK 214 (186) million, corresponding to an underlying EBIT margin of 18 (18) percent.

January–December

The order intake for the full-year rose 25 percent to SEK 4,567 (3,642) million, corresponding to growth of 21 percent excluding acquisitions. Both business areas reported healthy growth in the order intake, with Assembly Solutions increasing 29 percent and Pattern Generators 21 percent. The backlog of orders increased 14 percent to SEK 2,164 (1,904) million.

Net sales increased 14 percent during the year to SEK 4,307 (3,781) million, with primarily Assembly Solutions driving growth. Organic growth was 7 percent, excluding positive currency effects of SEK 171 million.

EBIT rose 10 percent to SEK 1,124 (1,020) million, corresponding to an EBIT margin of 26 (27) percent.

Acquisition-related costs amounted to SEK 45 (56) million, and consisted of amortization and impairment of acquired intangible assets and changes in value and revaluation of contingent considerations. This includes SEK 36 million attributable to impairment of intangible assets in AEi, and a positive effect of SEK 50 million from a confirmed revaluation of contingent considerations attributable to the acquisition of MRSI. Underlying EBIT rose 9 percent to SEK 1,169 (1,076) million, corresponding to an underlying EBIT margin of 27 (28) percent.

Cash flow and financial position

The Group's cash and cash equivalents at the end of the year amounted to SEK 655 million, compared with SEK 829 million at the end of 2018. Cash flow amounted to SEK -180 (4) million for the full-year. Cash flow from operating activities amounted to SEK 545 (702) million. Working capital tied up increased during the year by SEK 498 (225) million as a result of capital tied up in trade receivables and inventories related to the company's growth. This also includes a reduction in current operating liabilities in

connection with the delivery of a Prexision system during the first quarter of 2019.

Investments amounted to SEK 399 (440) million, with the contingent consideration for the remaining 20 percent of the shares in Axxon in the fourth quarter accounting for SEK 248 million. Investments in tangible assets totaled SEK 109 million and included the refurbishment of new premises in the USA and an upgrade of Mycronic's premises in Täby.

Other investments comprised the capitalization of product development in an amount of SEK 29 (10) million and other intangible assets of SEK 14 million, for example information systems.

Financing activities utilized SEK 326 (258) million, of which SEK 294 (245) million related to dividends to shareholders paid out during the second quarter.

Financial performance per business area

	Q4		Jan-Dec	
	2019	2018	2019	2018
Assembly Solutions				
Order intake, SEK million	703	608	2,762	2,149
Order backlog, SEK million	805	507	805	507
Net Sales, SEK million	776	621	2,463	2,012
Gross profit, SEK million	308	268	1,011	839
Gross margin, %	39.6%	43.1%	41.0%	41.7%
EBIT, SEK million	42	18	110	69
EBIT margin, %	5.4%	2.9%	4.5%	3.5%
Underlying EBIT, SEK million	53	53	155	125
Underlying EBIT margin, %	6.8%	8.6%	6.3%	6.2%
R&D expenditures, SEK million	-99	-87	-340	-312
R&D costs, SEK million	-99	-85	-344	-322

MRSI Systems included as of June 1, 2018.

Assembly Solutions

In the fourth quarter, order intake increased 16 percent compared with the corresponding period in 2018. For the full-year, order intake increased 29 percent compared with the year-earlier period, with growth of 21 percent excluding acquisitions. The backlog of orders increased 59 percent to SEK 805 (507) million.

Net sales increased 25 percent during the quarter to SEK 776 (621) million, mainly driven by the favorable performance of the Dispensing division in China, but also with contributions from the Assembly automation and SMT divisions. Growth was 19 percent, excluding positive currency effects of SEK 40 million. For the full-year, net sales increased 22 percent to SEK 2,463 (2,012) million, corresponding to organic growth of 11 percent, excluding positive currency effects of SEK 131 million.

The gross margin declined in the fourth quarter to 40 (43) percent as a result of a less favorable product mix.

EBIT for the quarter amounted to SEK 42 (18) million, corresponding to an EBIT margin of 5 (3) percent. For the full-year, EBIT reached SEK 110 (69) million with an EBIT margin of 4 (3) percent.

Acquisition-related costs impacted the result in an amount of SEK 11 (35) million for the fourth quarter. Acquisition-

related costs for the full-year had an impact of SEK 45 (56) million on the result. This included SEK 36 million in costs attributable to impairment of intangible assets in the form of customer relationships in AEi, due to a slight downward adjustment to growth expectations for the global automotive industry. The result also includes a positive effect of SEK 50 million from a confirmed revalued contingent consideration related to the acquisition of MRSI in the second quarter of 2018. MRSI has developed positively with continuing healthy market growth since the acquisition, but not all the criteria for the contingent consideration have been met.

Underlying EBIT amounted to SEK 53 (53) million in the quarter, corresponding to an underlying EBIT margin of 7 (9) percent. In the full-year, the underlying EBIT amounted to SEK 155 (125) million, corresponding to an EBIT margin of 6 (6) percent.

Research and development consists of existing product development and investments in future growth. Development costs for the fourth quarter amounted to SEK 99 (85) million and SEK 344 (322) million for the full-year.

	Q4		Jan-Dec	
	2019	2018	2019	2018
Pattern Generators				
Order intake, SEK million	1,004	695	1,805	1,492
Order backlog, SEK million	1,359	1,397	1,359	1,397
Net Sales, SEK million	405	430	1,844	1,769
Gross profit, SEK million	277	231	1,389	1,259
Gross margin, %	68.3%	53.6%	75.3%	71.2%
EBIT, SEK million	163	134	1,019	955
EBIT margin, %	40.3%	31.1%	55.3%	54.0%
R&D expenditures, SEK million	-70	-57	-227	-154
R&D costs, SEK million	-59	-57	-215	-154

Pattern Generators

The order intake for the fourth quarter increased 44 percent to SEK 1,004 (695) million and included an order for two Prexision Lite 8 Evo mask writers, Mycronic's first orders for this product, and one Prexision 8 Evo. In addition, an order was received for the most advanced mask writer Prexision 800 Evo, the Prexision MMS measurement system and a major upgrade order. The order intake for the full-year increased 21 percent to SEK 1,805 (1,492) million. The backlog of orders amounted to SEK 1,359 (1,397) million and includes ten systems and a major upgrade. Seven of these systems and a major upgrade are scheduled for delivery in 2020, with two systems and a major upgrade planned for the first half of the year and five systems in the second half of the year, which is in accordance with what has previously been communicated. When it was announced in December 2019, the upgrade was planned for the first quarter of 2020 but at the request of the customer, it has been deferred to the second quarter of 2020.

Two systems were delivered in the fourth quarter compared with two systems and a major upgrade in the year-earlier quarter. Net sales declined 6 percent to SEK 405 (430) million. Eight systems and a major upgrade were delivered in the full-year, compared with seven systems and a major upgrade in 2018. Net sales increased 4 percent to SEK 1,844 (1,769) million. The fourth quarter was negatively impacted by currency effects of SEK 3 million, while the full-year was positively impacted by currency effects of SEK 40 million.

The gross margin for the quarter rose to 68 (54) percent due to a more favorable product mix.

EBIT for the quarter increased 22 percent to SEK 163 (134) million, corresponding to an EBIT margin of 40 (31) percent. EBIT was affected primarily by a more favorable product mix. EBIT for the full-year rose 7 percent to SEK 1,019 (955) million, corresponding to an EBIT margin of 55 (54) percent.

Development costs increased to SEK 59 (57) million for the quarter and SEK 215 (154) million for the full-year due to the development of Prexision Lite 8, the new control platform Evo and the SLX mask writer. These investments will continue in 2020, together with the development of the next generation of mask writers.

After the end of the period, an order was received on January 16 for an SLX mask writer, which is Mycronic's first order for this recently launched product. The order has a value in the range of USD 4-5 million and delivery is planned for the first quarter of 2021.

The electronics industry

The global electronics industry grew 5.9 percent in 2018 to USD 2,132 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 3.2 percent for the period 2018–2023¹. Segments with the strongest expected growth during this five-year period are electronics for wireless communication infrastructure, data storage, the automotive industry, consumer electronics and industrial applications. For 2019, growth in the electronics industry is forecast at 0.5 percent*. The semiconductor market declined by 14.7 percent¹ in the first three quarters of 2019 compared with the corresponding period of 2018 and is expected to contract by 13.6 percent¹ to USD 405 billion for the full-year 2019. The semiconductor market is expected to grow 7.4 percent in the second half of 2019 compared with the first half of the year and is forecast to be positive during the 2019–2023 period as a whole, with average annual growth of 6.4 percent¹.

**Mycronic has chosen to report the market trend as determined by statistics. As this information is not yet available for 2019, we have instead indicated the market's expectations for full-year 2019*

Size/growth	2019F	2018	2017
Electronics industry, percentual change ¹	+0.5%	+5.9%	+6.5%
Semiconductor industry, percentual change ¹	-13.6%	+13.7%	+21.7%
SMT, percentual change ²	-10%**	+17%	+32%
Dispensing, USD million ³	not available	780	770
Camera modules, units, million ³	190	165	130
Displays, USD, billion ⁴	108	113	124
Photomasks, percentual change in value ⁵	+9%	+12%	+18%
Photomask area, thousand sq. meters ⁵	16.3	15.9	15.4

***Actual, not forecast*

Assembly Solutions

SMT and dispensing market area

The global market for SMT equipment has annual sales of approximately USD 5,300 million⁶. The segment SMT robots for component mounting declined 10 percent in 2019 compared with 2018 to USD 2,750 million², a generally negative trend where, however, parts of Southeast and East Asia went against the tide and reported growth. 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, including coating of circuit boards.

Assembly automation market area

AEi offers automated production solutions for assembly and testing of camera modules. A growing segment within the electronics industry is electronics for the automotive industry, which includes 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.

MRSI Systems offers die bonding equipment and is operating in a fast-growing sub-segment with extremely high precision.

Pattern Generators

The display market has improved and the earlier assessment of growth of -7 percent in 2019 has been revised upwards to -5 percent⁴, since the oversupply in the market is decreasing and leading to a more stable price trend. The assessment is that the trend toward a larger share of advanced displays will continue. During 2019, AMOLED is expected to grow 11 percent to USD 26 billion⁴, driven by an increased share of AMOLED displays and that more display manufacturers are starting to produce displays based on this technology. Meanwhile, the total display area is also increasing driven by larger screens and more screens in new products.

Photomasks for displays market area

The market grew by 12 percent to USD 814 million in 2018 and the forecast for 2019 is for growth of 9 percent to USD 886 million^{5,7}. 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 2.3 percent per year for 2018–2023⁵. Strong growth for AMOLED photomasks is expected, with an annual area growth of 19 percent for 2018–2023⁵, which drives the need for photomasks produced by Prexision 80 and Prexision 800 systems.

1) Prismark, latest forecast December 2019

2) Protec MDC, January 2020

3) Prismark, April 2019

4) IHS Markit, latest forecast January 2020.

5) IHS Markit, June 2019 (annual update)

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

7) 110 YEN/USD used by Mycronic for conversion

Other

Parent Company

Mycronic AB is the Group's Parent Company.

The Parent Company's net sales for the full year amounted to SEK 2,833 (2,621) million. EBIT was SEK 1 028 (943) million.

Cash and cash equivalents at the end of the year amounted to SEK 246 million, compared with SEK 538 million at the end of 2018.

Nomination Committee

The Nomination Committee for Mycronic's 2020 Annual General Meeting comprises: Henrik Blomquist, Bure Equity, Thomas Ehlin, Fjärde AP-fonden, Hans Ek, SEB Investment Management AB and Patrik Tigerschiöld, Chairman of Mycronic. The Nomination Committee represented 43.1 percent of votes and shares as of August 21, 2019.

Annual General Meeting 2020

Mycronic AB's Annual General Meeting will be held at 5:00 p.m. on May 7, in Vasateatern, Vasagatan 19 in Stockholm.

Dividend proposal

In accordance with the dividend policy, the Board of Directors is proposing to the Annual General Meeting a dividend of SEK 3.25 (3.00) per share, totaling SEK 318.2 (293.7) million.

Financial information

Mycronic AB (publ) is listed on NASDAQ Stockholm, Large Cap. 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 February 6, 2020, 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 and Sustainability Report 2019 published	April 6, 2020
Interim Report January-March 2020	April 23, 2020
Annual General Meeting	May 7, 2020
Interim Report January-June 2020	July 16, 2020
Interim Report January-September 2020	October 22, 2020
Year-end Report 2020	February 10, 2021

The Board of Directors and the CEO hereby give their assurance that this Year-end Report provides a true and fair picture of the business activities, financial position and results of operations of the Parent Company and the Group and describes the significant risks and uncertainties to which the Parent Company and the Group are exposed.

Täby, February 6, 2020
Mycronic AB (publ)

Anders Lindqvist
President and CEO

Patrik Tigerschiöld
Chairman of the Board

Anna Belfrage
Board member elected by AGM

Katarina Bonde
Board member elected by AGM

Staffan Dahlström
Board member elected by AGM

Johan Densjö
Representing Unionen

Ulla-Britt Fräjdin-Hellqvist
Board member elected by AGM

Robert Larsson
Board member elected by AGM

Jörgen Lundberg
Representing Akademikerna

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

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Group

Consolidated profit and loss accounts in summary, SEK million	Note	Q4		Jan-Dec	
		2019	2018	2019	2018
Net sales	5, 6	1,181	1,052	4,307	3,781
Cost of goods sold		-598	-553	-1,908	-1,683
Gross profit		584	498	2,399	2,098
Research and development	7	-159	-142	-559	-476
Selling expenses		-148	-133	-541	-421
Administrative expenses		-66	-62	-237	-228
Other income and expenses		-8	-11	62	48
EBIT	1	204	151	1,124	1,020
Financial income and expenses	1	-1	-2	-2	-9
Profit/loss before tax		203	148	1,122	1,011
Tax	1	-51	-18	-263	-219
Net Profit/loss		152	130	859	792
Earnings per share before/after dilution, SEK		1.57	1.33	8.74	8.09
Average number of shares, thousand		97,822	97,917	97,893	97,917
Results attributable to owners of the Parent Company		153	127	855	790
Results attributable to non-controlling interests		-1	3	4	3
		152	130	859	792

Consolidated statement of comprehensive income in summary, SEK million	Q4		Jan-Dec	
	2019	2018	2019	2018
Net Profit/loss	152	130	859	792
Other comprehensive income				
<i>Items not to be reclassified to profit/loss, after tax</i>				
Actuarial profit/loss from defined benefits to employees	-2	-2	-2	-2
<i>Items to be reclassified to profit/loss, after tax</i>				
Translation differences at translating foreign entities	-67	25	56	75
Hedging of net investment in foreign entities	0	-3	-13	-6
Changes in cash flow hedges	32	0	19	-16
Total comprehensive income	115	150	919	844
Total comprehensive income attributable to owners of the Parent Company	116	148	915	841
Total comprehensive income attributable to non-controlling interests	-1	3	4	3
	115	150	919	844

Consolidated statements of financial position in summary, SEK million	Note	31 Dec 19	31 Dec 18
ASSETS			
Fixed assets			
Intangible assets		1,366	1,381
Tangible assets	1	447	106
Non-current receivables		50	22
Deferred tax assets	1	97	83
Total fixed assets		1,960	1,592
Current assets			
Inventories		1,109	868
Trade receivables		826	664
Other current receivables	1	250	246
Cash and cash equivalents		655	829
Total current assets		2,839	2,607
Total assets		4,800	4,199
EQUITY AND LIABILITIES			
Equity	1	2,978	2,379
Long-term liabilities			
Long-term interest-bearing liabilities	1	252	-
Deferred tax liabilities		226	163
Other non-current liabilities		54	98
Total long-term liabilities		532	261
Short-term liabilities			
Short-term interest-bearing liabilities	1	66	1
Trade payables		288	236
Other current liabilities		936	1,322
Total current liabilities		1,289	1,560
Total liabilities		1,822	1,820
Total equity and liabilities		4,800	4,199

Consolidated cash flow statements in summary, SEK million	Note	Q4		Jan-Dec	
		2019	2018	2019	2018
Profit/loss before tax		203	148	1,122	1,011
Adjustments for non-cash items and paid income tax		59	30	-79	-84
Change in working capital		-43	454	-498	-225
Cash flow from operating activities	1	219	632	545	702
Cash flow from investing activities		-330	-21	-399	-440
Cash flow from financing activities	1	-46	0	-326	-258
Cash flow for the period	1	-157	611	-180	4
Cash and cash equivalents, opening balance		826	216	829	813
Exchange difference for cash and cash equivalents		-14	2	6	12
Cash and cash equivalents, closing balance		655	829	655	829

Consolidated statement of changes in equity in summary, SEK million	Jan-Dec	
	2019	2018
Opening balance	2,379	1,780
Dividend to owners	-294	-245
Dividend to non-controlling interests	-6	-
Swap agreement related to own shares	-21	-
Equity-settled share based payments	1	-
Total comprehensive income	919	844
Closing balance	2,978	2,379
Of which holdings of non-controlling interests	6	3

Other key figures *	Jan-Dec	
	2019	2018
Equity per share, SEK	30.46	24.30
Return on equity (rolling 12 months), %	32.1%	38.1%
Return on capital employed (rolling 12 months), %	39.9%	49.0%
Net cash, SEK million	337	827
Average number of employees	1,349	1,175

*In addition to key figures presented on page 1

Parent Company

Profit/loss accounts in summary, Parent Company, SEK million	Q4		Jan-Dec	
	2019	2018	2019	2018
Net sales	698	691	2,833	2,621
Cost of goods sold	-319	-378	-1,097	-1,076
Gross profit	378	312	1,736	1,545
Other operating expenses	-290	-192	-708	-602
EBIT	88	120	1,028	943
Result from financial items	15	21	51	26
Profit/loss after financial items	103	140	1,079	968
Appropriations	-273	-235	-273	-235
Profit/loss before tax	-170	-95	806	734
Tax	41	27	-169	-161
Net Profit/loss	-129	-67	637	573
Total comprehensive income	-129	-67	637	573

Balance sheets in summary, Parent Company, SEK million	31 Dec 19	31 Dec 18
ASSETS		
Fixed assets		
Intangible and tangible assets	92	56
Financial assets	1,893	1,766
Total fixed assets	1,985	1,821
Current assets		
Inventories	463	446
Current receivables	871	639
Cash and cash equivalents	246	538
Total current assets	1,580	1,623
TOTAL ASSETS	3,565	3,445
EQUITY AND LIABILITIES		
Equity	1,960	1,636
Untaxed reserves	919	646
Long-term interest-bearing liabilities	28	-
Other non-current liabilities	4	7
Total long-term liabilities	32	7
Short-term interest bearing liabilities	19	-
Other current liabilities	636	1,156
Total current liabilities	654	1,156
TOTAL EQUITY AND LIABILITIES	3,565	3,445

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 million
<i>of which Rented premises</i>	<i>SEK 168 million</i>
Prepaid expenses	SEK -5 million
Lease liabilities	SEK 174 million

Reconciliation of operating lease obligations, SEK million

Future lease charges for operating leases as of December 31 2018	193
Adjustment of IAS 17 lease payments	-5
Contracts regarding short-term leases charged against profit	-7
Contracts regarding leases of low value assets charged against profit	-1
Discounting with the application of the Group's incremental borrowing rate	-5
Reported lease liability as of January 1 2019	174

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

	Q4	Jan-Dec
Effects on consolidated profit and loss accounts, SEK million	2019	2019
EBIT	-1	-1
Financial income and expenses	-1	-2
Tax	0	0
Net Profit/loss	-2	-3
EBITDA	14	53

Effects on Group statements of financial position, SEK million	31 Dec 2019
ASSETS	
Tangible assets	273
Deferred tax assets	0
Total fixed assets	274
Other current receivables	-6
Total assets	268
EQUITY AND LIABILITIES	
Net profit/loss	-3
Total equity	-3
Long-term interest-bearing liabilities	225
Short-term interest-bearing liabilities	47
Total liabilities	271
Total equity and liabilities	268

	Q4	Jan-Dec
Effects on consolidated cash flow statements, SEK million	2019	2019
Cash flow from operating activities	14	53
Cash flow from financing activities	-14	-53
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 period

On January 16, Mycronic received an order for an SLX mask writer, Mycronic's first order for this recently launched product. On January 22, a new Group structure was announced, which will take effect on April 1, 2020.

Note 5 Revenue from Contracts with Customers

Revenue by geographical market, SEK million	Q4		Jan-Dec	
	2019	2018	2019	2018
EMEA	225	224	743	756
North and South America	223	339	1,005	690
Asia	733	489	2,559	2,335
	1,181	1,052	4,307	3,781
Revenue by type of good/service, SEK million				
System	854	767	3,099	2,677
Aftermarket	328	285	1,208	1,103
	1,181	1,052	4,307	3,781
Timing of revenue recognition, SEK million				
Goods transferred at a point in time	982	873	3,533	3,126
Services transferred over time	199	178	774	655
	1,181	1,052	4,307	3,781

Note 6 Segment reporting

SEK million	Q4		Jan-Dec	
	2019	2018	2019	2018
Net sales				
Assembly Solutions	776	621	2,463	2,012
Pattern Generators	405	430	1,844	1,769
	1,181	1,052	4,307	3,781
EBIT				
Assembly Solutions	42	18	110	69
Pattern Generators	163	134	1,019	955
Amortization of previously acquired intangible assets	-1	-1	-4	-4
Effects from IFRS 16	-1	-	-1	-
Group	204	151	1,124	1,020

Note 7 Research and development expenses

Research and development costs, SEK million	Q4		Jan-Dec	
	2019	2018	2019	2018
<i>R&D expenditures</i>				
Assembly Solutions	-99	-87	-340	-312
Pattern Generators	-70	-57	-227	-154
	-169	-144	-567	-466
<i>Capitalization of development costs</i>				
Assembly Solutions	5	7	17	10
Pattern Generators	11	-	12	-
<i>Amortization of capitalized development*</i>				
Assembly Solutions	-	-	-	-4
	16	7	29	6
<i>Amortization of acquired technology</i>				
Assembly Solutions	-5	-5	-20	-16
Reported cost	-159	-142	-559	-476

*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 and impairment of acquired intangible assets, changes in value and 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 attributable to the owners of the Parent Company divided by the average number of shares before and after dilution. 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

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 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 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 performing excluding acquisition-related costs.

	Jan-Dec	
	2019	2018
Return on equity		
Net profit/loss (rolling 12 months)	859	792
Average shareholders' equity	2,679	2,080
	32.1%	38.1%
Return on capital employed		
Profit/loss before tax (rolling 12 months)	1,122	1,011
Financial expenses	11	12
Profit/loss before financial expenses	1,133	1,023
Average balance sheet total	4,500	3,722
Average non-interest-bearing liabilities	1,661	1,635
Average capital employed	2,838	2,087
	39.9%	49.0%
Book-to-bill		
Order intake	4,567	3,642
Net sales	4,307	3,781
	1.1	1.0
EBITDA		
EBIT	1,124	1,020
Depreciation/Amortization	182	74
	1,307	1,094
Underlying EBIT		
EBIT	1,124	1,020
Acquisition-related costs included in:		
Cost of goods sold	-	19
Operating expenses	45	37
	1,169	1,076
Equity per share		
Equity at balance day	2,978	2,379
No. of shares at end of period, thousand	97,775	97,917
	30.46	24.30
Earnings per share before/after dilution, SEK		
Net Profit/loss attributable to owners of the Parent Company	855	790
Average no. of shares before dilution, thousand	97,893	97,917
Average no. of shares after dilution, thousand	97,895	97,917
	8.74	8.09
Net cash, SEK million		
Cash and cash equivalents	655	829
Interest-bearing liabilities	-318	-1
	337	827

Quarterly data	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Order Intake Assembly Solutions	703	809	685	566	608	508	554	480
Order Intake Pattern Generators	1,004	430	216	156	695	304	317	176
	1,706	1,238	901	721	1,303	813	870	656
Order Backlog Assembly Solutions	805	879	654	553	507	520	545	391
Order Backlog Pattern Generators	1,359	760	647	972	1,397	1,131	1,390	1,477
	2,164	1,639	1,301	1,525	1,904	1,651	1,935	1,868
Net Sales Assembly Solutions	776	584	579	524	621	533	478	379
Net Sales Pattern Generators	405	317	541	581	430	563	404	371
	1,181	900	1,120	1,105	1,052	1,096	882	750
Gross Profit Assembly Solutions	308	239	250	214	268	216	195	160
Gross Profit Pattern Generators	277	227	407	478	231	445	304	278
	584	465	657	692	498	662	499	438
Gross Margin Assembly Solutions	39.6%	40.9%	43.2%	40.8%	43.1%	40.6%	40.7%	42.3%
Gross Margin Pattern Generators	68.3%	71.7%	75.3%	82.3%	53.6%	79.1%	75.4%	75.0%
	49.4%	51.7%	58.7%	62.6%	47.4%	60.3%	56.6%	58.4%
R&D expenses Assembly Solutions	-99	-81	-86	-77	-85	-74	-86	-77
R&D expenses Pattern Generators	-59	-46	-59	-51	-57	-36	-36	-25
Total R&D expenses	-159	-127	-145	-128	-142	-110	-122	-103
Selling expenses	-148	-153	-128	-113	-133	-110	-97	-81
Administrative expenses	-66	-55	-61	-56	-62	-55	-53	-58
Other income/expenses	-8	67	-8	10	-11	49	11	-0
EBIT	204	198	317	406	151	436	238	196
Of which EBIT Assembly Solutions	42	46	17	5	18	79	-3	-24
Of which EBIT Pattern Generators	163	153	302	401	134	357	242	221
EBIT margin	17.2%	21.9%	28.3%	36.7%	14.3%	39.7%	26.9%	26.1%
Equity per share after tax	30.46	29.44	27.49	28.01	24.30	22.76	19.41	19.95
Earnings per share before/after dilution	1.57	1.52	2.50	3.20	1.33	3.55	1.77	1.44
Closing share price	185.10	121.90	112.80	132.50	118.10	93.05	100.20	106.80