

Year-end Report, January-December 2018

2018 – order intake, net sales and EBIT once again at record levels

“We deliver a quarter with good growth and strong order intake, while we are laying a fantastic year behind us, in which for the first time in Mycronic’s history, we achieved an EBIT of more than SEK 1 billion, an increase of 21 percent from the preceding year. We reported growth of 26 percent and ended the year with net sales of SEK 3.8 billion. We are reinforcing and strengthening our position in several of our market segments, which is reflected in the Assembly Solutions business area’s improvement of its EBIT margin by nearly 10 percentage points for the full year,” says Lena Olving, President and CEO.

Fourth quarter

- Order intake increased 128 percent to SEK 1,303 (572) million
- Net sales increased 14 percent to SEK 1,052 (926) million and 8 percent based on constant exchange rates
- EBIT amounted to SEK 151 (306) million, down 51 percent due to a postponement of revenue recognition from 2018 to 2019 for a Prexision-10, together with the product mix. The EBIT margin was 14 (33) percent
- The underlying EBIT was SEK 186 (343) million, a decline of 46 percent. The underlying EBIT margin was 18 (37) percent
- Earnings per share amounted to SEK 1.33 (2.32)

January-December

- Order intake increased 2 percent to SEK 3,642 (3,567) million, which must be viewed in comparison with the record order for mask writers of USD 90-100 million in September 2017
- Net sales increased 26 percent to SEK 3,781 (3,000) million and 24 percent based on constant exchange rates
- EBIT rose 21 percent to SEK 1,020 (844) million, corresponding to an EBIT margin of 27 (28) percent.
- The underlying EBIT rose 13 percent to SEK 1,076 (951) million, corresponding to an underlying EBIT margin of 28 (32) percent
- Earnings per share were SEK 8.09 (6.37)
- The Board of Directors proposes a dividend of SEK 3.00 (2.50) per share to the 2019 Annual General Meeting

Outlook 2019

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

Group summary	Q4		Jan-Dec	
	2018	2017*	2018	2017*
Order intake, SEK million	1,303	572	3,642	3,567
Net Sales, SEK million	1,052	926	3,781	3,000
Book-to-bill	1.2	0.6	1.0	1.2
Order backlog, SEK million	1,904	1,963	1,904	1,963
Gross margin, %	47.4%	61.7%	55.5%	57.2%
EBIT, SEK million	151	306	1,020	844
EBIT margin, %	14.3%	33.1%	27.0%	28.1%
Underlying EBIT margin, %	17.7%	37.0%	28.5%	31.7%
Earnings per share before/after dilution, SEK	1.33	2.32	8.09	6.37
Cash Flow, SEK million	611	67	4	609
<i>Changes in net sales</i>				
Total growth, %	14%	-8%	26%	29%
Organic growth, %	0%	-11%	16%	14%
Growth from acquisitions,%	9%	7%	8%	16%
Currency effects, %	5%	-4%	2%	-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



We have a fantastic year behind us, in which for the first time in Mycronic's history, we achieved an EBIT of more than SEK 1 billion, an increase of 21 percent from the preceding year. We reported growth of 26 percent and ended the year with net sales of SEK 3.8 billion, exceeding the target we set at the beginning of the year, even if we exclude the acquisition of MRSI Systems. We are reinforcing

and strengthening our position in several of our market segments, which is reflected in the Assembly Solutions business area's improvement of its EBIT margin by nearly 10 percentage points for the full year.

The fourth quarter of the year also ended on a strong note, with net sales growth of 14 percent. Regarding orders, we grew 128 percent, driven by a strong quarter from both of our business areas, which jointly generated an order intake of SEK 1,303 million. The net sales for both the quarter and the full year are to be seen from the perspective that we shipped a Precision-10 during the fourth quarter, for which, on the customer's initiative, the terms of delivery entailed revenue recognition being postponed until the beginning of 2019 instead of the end of 2018. Together with the product mix, this contributed to a lower EBIT and margin for the quarter year-on-year.

In the fourth quarter of the year, the Pattern Generators business area received orders from customers in Asia for a Precision-8 and a Precision-800, both with limited functionality, and two FPS systems. It is particularly satisfying to see the second order for our most recent mask writer, the Precision-800. Fully equipped, the system sets an entirely new standard for the world's photomasks. Looking ahead to 2019, this means that we now have eight planned deliveries. Despite the postponement of the revenue recognition for a Precision-10 that I described above, the business area had stable net sales for the quarter, nearly in line with the preceding year.

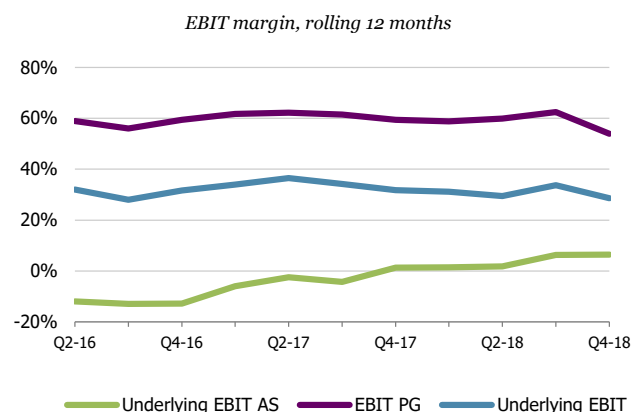
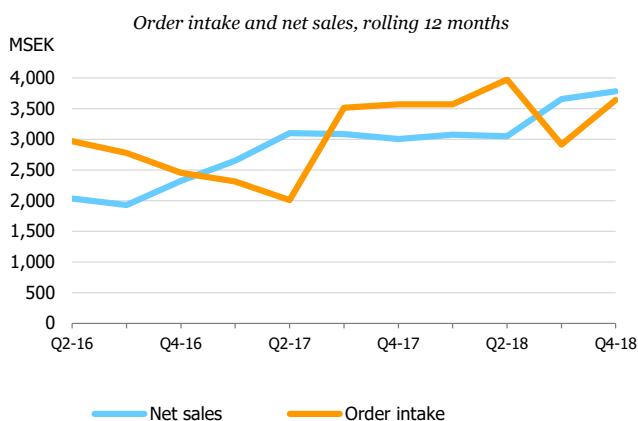
The variation in volumes and product mix between the quarters is a natural feature of the business area's operations and this was reflected by a lower EBIT and margin during the quarter than for the corresponding period in 2017.

The Assembly Solutions business area also had a strong end to the last quarter of the year, with a net sales growth of 31 percent and an order intake that increased 62 percent. As I mentioned at the beginning, we improved our operating margin by nearly 10 percentage points to 3 percent for the full year. This strong and gratifying performance was driven by the consistent implementation of our strategy in recent years. Our investments have created an attractive product portfolio, which now offers a complete production line. Our acquired units are continuing to deliver significant contributions, while we are also beginning to see results from expanding cross sales to the units' customer bases.

Slightly more than a month into 2019, we have a confident view of the coming year. At the same time as we continue to invest in the offering of tomorrow, I expect that the investments we have made in recent years will continue to deliver results, while also helping us to support our customers with the best and most efficient solutions. The strategic approach of recent years has created a solid platform for continued growth. If we look ahead to the year that has just begun we have, together with the Board of Directors, determined that we will accomplish net sales of about SEK 4 billion, excluding any acquisitions made during the year.

Our ability to be one step ahead and understand the customers' needs is a continuous process that ensures that we conduct the right product development and have a competitive offering that creates value for our customers. It is part of the strategic effort that we began already five years ago and which, together with the excellent efforts of our coworkers, laid the foundations for the record year in 2018. Finally, for this reason, I want to express my warm thanks to all coworkers at Mycronic.

Lena Olving, CEO and President



Financial performance, Group

	Q4		Jan-Dec	
	2018	2017*	2018	2017*
Order intake, SEK million	1,303	572	3,642	3,567
Order backlog, SEK million	1,904	1,963	1,904	1,963
Net Sales, SEK million	1,052	926	3,781	3,000
Gross profit, SEK million	498	571	2,098	1,716
Gross margin, %	47.4%	61.7%	55.5%	57.2%
EBIT, SEK million	151	306	1,020	844
EBIT margin, %	14.3%	33.1%	27.0%	28.1%
Underlying EBIT, SEK million	186	343	1,076	951
Underlying EBIT margin, %	17.7%	37.0%	28.5%	31.7%
EBITDA, SEK million	172	329	1,094	919

* Restated for comparability, see Note 1.

MRSI Systems included as of June 1, 2018. Vi TECHNOLOGY included as of October 30, 2017.

Fourth quarter

Order intake increased 128 percent, driven by a strong quarter from both of our business areas, which jointly generated an order intake of SEK 1,303 (572) million, corresponding to organic growth of 117 percent.

Net sales increased 14 percent to SEK 1,052 million, with unchanged organic sales, excluding positive currency effects of SEK 43 million. Assembly Solutions showed strong growth, both organic and from acquisitions in recent years. Pattern Generators executed 2 planned deliveries compared with 2 in the preceding year. However, net sales were somewhat lower than the preceding year due to the product mix, but mainly because we shipped a Prexision-10 during the fourth quarter, for which, on the customer's initiative, the terms of delivery entailed revenue recognition being postponed until the beginning of 2019 instead of the end of 2018. Acquisitions made during the year (MRSI Systems) contributed SEK 78 million to net sales during the quarter.

The postponement of the revenue recognition of a Prexision-10 from 2018 to 2019, combined with a less favorable product mix, also had an impact on the EBIT for the quarter, which declined 51 percent and amounted to SEK 151 (306) million, corresponding to an EBIT margin of 14 (33) percent. EBIT for the quarter was impacted by a negative discount effect of SEK 14 million relating to an earn-out for Axxon because a lower discount rate is applied when the conditions for payment are met. The earn-out is expected to be paid in the fourth quarter of 2019. Acquisition-related costs affected earnings in an amount of SEK 35 (37) million, of which SEK 4 (2) million impacted gross profit. The underlying EBIT amounted to SEK 186 (343) million, corresponding to an EBIT margin of 18 (37) percent.

January-December

Order intake for the full year increased 2 percent to SEK 3,642 (3,567) million, corresponding to organic negative growth of 4 percent. The order intake has a challenging comparison and must be seen from the perspective that Pattern Generators had a large order from Photonics of USD 90-100 million in September 2017. Through planned deliveries, the order backlog decreased 3 percent to SEK 1,904 (1,963) million.

Net sales were strong and increased 26 percent to SEK 3,781 (3,000) million during the year. Organic growth was 16 percent, excluding positive currency effects of SEK 62 million. Assembly Solutions and Pattern Generators both developed well, with growth of 42 and 12 percent, respectively. During the year, Pattern Generators executed 7 planned deliveries compared with 10 in the preceding year. Assembly Solutions showed strong growth, both organic and from acquisitions in recent years. Acquisitions made during the year (MRSI Systems) contributed SEK 146 million to net sales.

EBIT rose 21 percent to SEK 1,020 (844) million, corresponding to an EBIT margin of 27 (28) percent. The result was affected primarily by healthy volumes. Revaluation of an earn-out relating to the acquisition of AEI had a positive impact of SEK 55 million on the result. AEI has developed well since the acquisition in 2016, but the criteria for the earn-out were not met. Acquisition-related costs amounted to SEK 56 (107) million, of which SEK 19 (42) million affected the gross profit. EBIT was impacted by a negative discount effect of SEK 14 million relating to an earn-out for Axxon. The earn-out is expected to be paid in the fourth quarter of 2019.

The underlying EBIT amounted to SEK 1,076 (951) million, corresponding to an EBIT margin of 28 (32) percent.

Cash flow and financial position

Cash and cash equivalents at the end of the year amounted to SEK 829 million, compared with SEK 813 million at the end of 2017. Cash flow amounted to SEK 4 (609) million for the full year. Cash flow from operating activities amounted to SEK 702 (984) million. Working capital claimed SEK 225 million, mainly through increased capital tied up in inventories and trade receivables related to the company's growth. Tied-up capital was positively impacted by customer payments for deliveries scheduled for the first quarter of 2019.

Investments totaled SEK 440 million, of which the acquisition of MRSI accounted for SEK 353 million and the earn-out of RoyoTech for SEK 15 million. Other investments comprised the capitalization of product development in an amount of SEK 10 (21) million and tangible assets.

Financing activities claimed SEK 258 million, of which dividends of SEK 245 million were paid out during the second quarter.

Financial performance per business area

	Q4		Jan-Dec	
	2018	2017	2018	2017
Assembly Solutions				
Order intake, SEK million	608	374	2,149	1,424
Order backlog, SEK million	507	290	507	290
Net Sales, SEK million	621	473	2,012	1,419
Gross profit, SEK million	268	207	839	557
Gross margin, %	43.1%	43.8%	41.7%	39.3%
EBIT, SEK million	18	8	69	-88
EBIT margin, %	2.9%	1.8%	3.5%	-6.2%
Underlying EBIT, SEK million	53	45	125	19
Underlying EBIT margin, %	8.6%	9.6%	6.2%	1.3%
R&D expenditures, SEK million	-87	-68	-312	-267
R&D costs, SEK million	-85	-80	-322	-280

MRSI Systems included as of June 1, 2018. Vi TECHNOLOGY included as of October 30, 2017.

Assembly Solutions

The business area end the year with a strong fourth quarter, with increasing net sales, improved margins and an order intake that increased 62 percent to SEK 608 (374) million, corresponding to organic growth of 46 percent. For the full year, order intake increased 51 percent to SEK 2,149 (1,424) million, corresponding to organic growth of 36 percent. The order backlog increased 75 percent to SEK 507 (290) million.

Net sales also demonstrated a solid performance during the quarter, growing 31 percent to SEK 621 (473) million. Organic growth was 7 percent, excluding positive currency effects of SEK 29 million. For the full year, net sales increased 42 percent to SEK 2,012 (1,419) million, corresponding to organic growth of 20 percent, excluding positive currency effects of SEK 64 million.

The positive trend during the year was driven by the investments in recent years in an attractive product portfolio, in which we now offer a complete production line. Our acquired units are continuing to deliver significant

contributions, while we are also beginning to see results from expanding cross sales to the units' customer bases.

EBIT for the quarter increased to SEK 18 (8) million, corresponding to an EBIT margin of 3 (2) percent. EBIT for the full year improved SEK 157 million to SEK 69 (-88) million, with an EBIT margin of 3 (-6) percent. The result was affected primarily by healthy delivery volumes. The result for the year includes a positive effect of SEK 55 million from a revalued earn-out attributable to the acquisition of AEi in 2016. Since the acquisition, AEi has developed well, but the criteria for the earn-out were not met. EBIT for the quarter was impacted by a negative discount effect of SEK 14 million relating to an earn-out for Axxon because a lower discount rate is applied when the conditions for payment are met. The earn-out is expected to be paid in the fourth quarter of 2019.

Acquisition-related costs impacted the result in an amount of SEK 35 (37) million for the fourth quarter and SEK 56 (107) million for the year. Of acquisition-related costs, SEK 4 (2) million impacted gross profit during the quarter and SEK 19 (42) million for the full year.

The underlying EBIT amounted to SEK 53 (45) million for the quarter and SEK 125 (19) million for the year. This corresponds to an EBIT margin of 9 (10) and 6 (1) percent, respectively.

The development costs that include existing product development and investments in development for future

growth amounted to SEK 85 (80) million for the fourth quarter and SEK 322 (280) million for the full year. The increases are mainly due to development costs in the acquired companies Vi TECHNOLOGY and MRSI Systems.

	Q4		Jan-Dec	
	2018	2017*	2018	2017*
Pattern Generators				
Order intake, SEK million	695	198	1,492	2,143
Order backlog, SEK million	1,397	1,672	1,397	1,672
Net Sales, SEK million	430	453	1,769	1,581
Gross profit, SEK million	231	364	1,259	1,158
Gross margin, %	53.6%	80.4%	71.2%	73.3%
EBIT, SEK million	134	298	955	936
EBIT margin, %	31.1%	65.9%	54.0%	59.2%
R&D costs, SEK million	-57	-26	-154	-68

* Restated for comparability, see Note 1.

Pattern Generators

The business area end the year with a strong fourth quarter, with order growth of 252 percent to SEK 695 (198) million. During the quarter, orders were secured for four mask writers from customers in Asia, comprising two FPS systems, a Prexision-8 with limited functionality and a Prexision-800 with limited functionality. The full-year order intake of SEK 1,492 (2,143) million has a challenging comparable resulting from the record order from Photonics of USD 90-100 million, which the business area received in September 2017.

The year's net sales increased by 12 percent to SEK 1,769 (1,581) million, while for the quarter, it decreased 5 percent to SEK 430 (453) million. Both periods must be considered from the perspective that we shipped a Prexision-10 during the fourth quarter, for which, on the customer's initiative, the terms of delivery entailed revenue recognition being postponed until the beginning of 2019 instead of the end of 2018. During the year, 7 systems were delivered, compared to 10 systems in 2017 and during the quarter, 2 systems were delivered, compared to 2 systems in the preceding year. The fourth quarter was positively affected by currency effects of SEK 14 million for the quarter and negatively by SEK 2 million for the year.

EBIT for the year rose 2 percent to SEK 955 (936) million, corresponding to an EBIT margin of 54 (59) percent. EBIT for the quarter declined 55 percent and amounted to SEK 134 (298) million, corresponding to an EBIT margin of 31 (66) percent. The decline is attributable to the postponement of the revenue recognition of a Prexision-10 from 2018 to 2019, combined with a less favorable product mix in the period.

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

Development costs increased according to plan to SEK 57 (26) million for the quarter and to SEK 154 (68) million for the full year, due to development of the next generation of mask writers along with further development of existing products.

The order backlog totalling SEK 1,397 (1,672) million comprises 10 systems, 8 of which have planned deliveries for 2019, including the Prexision-10 for which revenue recognition was postponed from 2018 to 2019. The order backlog also contains a major upgrade with delivery in 2019.

The electronics industry

The global electronics industry grew 6.5 percent in 2017 to USD¹ 2,013 billion and for 2018, the growth was 5.9 percent. For 2017, the semiconductor market grew 22 percent, corresponding to USD¹ 412 billion. 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 3.7 percent for the period 2017-2022¹. Segments with the strongest expected growth during this five-year period are electronics for the automotive industry, consumer electronics, data storage, wireless infrastructure, the aviation industry, and medical and industrial applications. The semiconductor market is expected to demonstrate average annual growth¹ of 1.6 percent over the years 2018-2022.

Size/growth	2018F	2017	2016
Electronics industry, percentual change ¹	+5.9%	+6.5%	+0.2%
Semiconductor industry, percentual change ¹	+14%	+21.7%	+1.1%
SMT, percentual change ²	+17%	+32%	+5%
Dispensing, USD million ³	not available	770	600
Camera modules, units, million ¹	155	130	97
Displays, USD, billion ⁴	114	124	105
Photomasks, percentual change in value ⁵	+8%	+14%	-6%
Photomask area, thousand sq. Meters ⁵	15.6	15.4	14.1

Assembly Solutions

SMT and dispensing market

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 million² with the strongest growth in China and Japan. For the full-year 2018, the growth was 17 percent. All markets showed a positive trend during the period, with the strongest performance in Europe and the rest of Asia (excluding Japan and China). The dispensing equipment market had sales of USD 770 million³ in 2017. 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 2017 amounted to 130 million units and the forecast for 2022 is for production of 300 million units, corresponding to annual growth of 18 percent³. Mycronic offers, through AEi, automated production solutions for assembly and testing of camera modules. With the acquisition of the US company MRSI Systems, Mycronic now also offers die bonding equipment. The global market in 2017 amounted to USD 919 million⁷. MRSI is operating in a fast-growing sub-segment for die bonding equipment with extremely high precision.

Pattern Generators

During 2017, the display market grew 19 percent to USD 124 billion, corresponding to 3.7 billion units⁴. 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, the market is expected to decline 8 percent to USD 114 billion⁴. At present, the availability of displays is good, which means lower price levels where it is IHS's assessment that prices are to some extent beginning to stabilize and positive growth of 3 percent to USD 117 billion⁴ is expected in 2019. Growth for AMOLED in 2018 is expected to reach 11 percent, corresponding to a level of USD 24 billion⁴, which entails an upward adjustment compared with the previous forecast. During 2019, AMOLED is expected to grow 21 percent to USD 30 billion⁴, driven by an increased share of AMOLED displays. More manufacturers are also starting to produce displays based on this technology. At the same time, the total display area is also continuing to increase the drive for larger displays and more displays in new products, such as in vehicles.

Photomask market for displays

In 2017, the photomask market grew 14 percent to USD 704 million^{5, 6}, driven by an increased need for photomasks for AMOLED and an increased demand from China. The forecast for 2018 was for growth of 8 percent to USD 762 million^{5, 6}, 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 2.7 percent for 2017-2021⁵ where IHS has adjusted growth in AMOLED downwards from high levels, and weighed in that some older display factories may close because of new modern factories in China. However, the estimate of area growth for AMOLED photomasks remains strong, with an average area growth of 25 percent for the years 2017-2021⁵, which drives the need for P80 and P800 capacity. During the fourth quarter of 2018, the degree of utilization on Mycronic's mask writers was at high levels.

1) Prismark, latest forecast December 2018

2) Protec MDC, January 2019

3) Prismark, May 2018

4) IHS, latest forecast October 2018

5) IHS, May 2018

6) 110 YEN/USD used by Mycronic for conversion

7) VLSI Research, June 2018

Other

The Parent Company

Mycronic AB is the Group's Parent Company.

The Parent Company's net sales amounted to SEK 2,621 (2,335) million. EBIT was SEK 943 (803) million. Research and development expenditures are expensed as incurred.

Cash and cash equivalents at the end of the year amounted to SEK 538 million, compared with SEK 596 million at the end of 2017.

Events after the end of the period

In January 2019, Mycronic launched two new pick-and-place machine models at the IPC APEX Expo in the US. These two new compact models, the MY300HX and the MY300EX, offer extended configuration possibilities that significantly improve customers' production capacity while also maintaining a high level of process quality and availability for demanding applications.

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, 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 February 7, 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.

Finansiell kalender

The 2018 Annual Report will be published on www.mycronic.com	April 8, 2019
Interim Report January - March 2019	April 25, 2019
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

The Board of Directors and President certify that the Year-end Report gives a true and fair view of the Parent Company's and Group's operations, financial position and results of operations, and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Täby, February 7, 2019
Mycronic AB (publ)

Lena Olving
CEO and President

Patrik Tigerschiöld
Chairman of the Board

Anna Belfrage
Board member elected by the AGM

Katarina Bonde
Board member elected by the AGM

Tobias Böök
Representing Akademikerna

Ulla-Britt Fräjdin-Hellqvist
Board member elected by the AGM

Per Holmberg
Board member elected by the AGM

Robert Larsson
Board member elected by the AGM

Peter Sundström
Representing Unionen

*Mycronics vision**

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

*Mycronics mission**

- We aim to be the market leader within our key segments across the globe
- We continuously improve and develop innovative solutions, products and services to meet the changing needs of our customers
- We do not compromise with our goal to deliver sustainable growth, profitability and shareholder value
- We meet our challenging goals by engaging the passion and talent of people dedicated to deliver

Mycronic's long-term financial goals 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

For further information, contact:

Lena Olving
CEO and President
08 638 52 00
lena.olving@mycronic.com

Torbjörn Wingårdh
CFO
08 638 52 00
torbjorn.wingardh@mycronic.com

Tobias Bülow
Director IR & Corporate
Communications
0734 018 216
tobias.bulow@mycronic.com

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
Reg office: Stockholm
Reg no: 556351-2374
VAT no: SE556351237401

Group

Consolidated profit and loss accounts, SEK million	Note	Q4		Jan-Dec	
		2018	2017*	2018	2017*
Net sales	1, 5	1,051.6	925.7	3,780.6	3,000.1
Cost of goods sold	1	-553.2	-354.3	-1,683.1	-1,284.1
Gross profit		498.4	571.3	2,097.5	1,716.0
Research and development	6	-141.9	-105.4	-476.1	-348.0
Selling expenses		-132.6	-92.9	-420.8	-309.8
Administrative expenses		-61.7	-60.8	-228.1	-181.4
Other income and expenses	1	-11.5	-6.2	47.6	-32.5
EBIT		150.7	306.0	1,020.0	844.2
Financial income and expenses		-2.4	-2.6	-8.9	-8.6
Profit/loss before tax		148.2	303.4	1,011.1	835.6
Tax	1	-18.2	-76.0	-218.6	-212.3
Net Profit/loss		130.1	227.3	792.5	623.4
Earnings per share before/after dilution, SEK		1.33	2.32	8.09	6.37
Average number of shares, thousand		97,917	97,917	97,917	97,917
Results attributable to owners of the Parent Company		127.5	227.7	789.5	623.8
Results attributable to non-controlling interests		2.6	-0.4	2.9	-0.4
		130.1	227.3	792.5	623.4

Consolidated statement of comprehensive income, SEK million	Q4		Jan-Dec	
	2018	2017*	2018	2017*
Net Profit/loss	130.1	227.3	792.5	623.4
Other comprehensive income				
<i>Items not to be reclassified to profit/loss, after tax</i>				
Actuarial loss from defined benefits to employees	-2.0	-3.2	-2.0	-3.2
<i>Items to be reclassified to profit/loss, after tax</i>				
Translation differences at translating foreign entities	22.3	28.7	69.3	-48.3
Changes in cash flow hedges	0.1	-2.2	-16.1	9.4
Total comprehensive income	150.4	250.6	843.6	581.3
Total comprehensive income attributable to owners of the Parent Company	147.8	251.0	840.7	581.7
Total comprehensive income attributable to non-controlling interests	2.6	-0.4	2.9	-0.4
	150.4	250.6	843.6	581.3

* Restated for comparability, see Note 1.

Consolidated statements of financial position, SEK million	Note	31 Dec 18	31 Dec 17*
ASSETS			
Fixed assets			
Intangible assets		1,380.6	1,037.0
Tangible assets		106.0	69.5
Non-current receivables		22.5	17.1
Deferred tax assets	1	83.4	68.8
Total fixed assets		1,592.5	1,192.4
Current assets			
Inventories		868.2	588.6
Trade receivables		663.9	512.4
Other current receivables		246.1	138.4
Cash and cash equivalents		828.6	812.7
Total current assets		2,606.8	2,052.0
Total assets		4,199.3	3,244.4
EQUITY AND LIABILITIES			
Equity	1	2,379.0	1,780.2
Liabilities			
Other non-current liabilities		97.9	269.3
Deferred tax liabilities		162.7	118.8
Total long-term liabilities		260.6	388.1
Short-term interest-bearing liabilities		1.3	12.6
Trade payables		236.4	154.7
Other current liabilities	1	1,322.1	908.8
Total current liabilities		1,559.7	1,076.1
Total liabilities		1,820.3	1,464.2
Total equity and liabilities		4,199.3	3,244.4

*Restated for comparability, see Note 1.

Consolidated cash flow statements, SEK million	Q4		Jan-Dec	
	2018	2017	2018	2017
Cash flow from operating activities				
before changes in working capital	178.4	319.8	927.6	812.8
Change in working capital	453.7	-165.0	-225.2	171.0
Cash flow from operating activities	632.1	154.8	702.4	983.8
Cash flow from investing activities	-21.0	-88.1	-440.5	-181.1
Cash flow from financing activities	-0.1	0.0	-258.2	-193.6
Cash flow for the period	610.9	66.7	3.7	609.1
Cash and cash equivalents, opening balance	215.9	741.6	812.7	208.6
Exchange difference for cash and cash equivalents	1.7	4.4	12.2	-5.0
Cash and cash equivalents, closing balance	828.6	812.7	828.6	812.7

Consolidated statement of changes in equity, SEK million	note	Jan-Dec	
		2018	2017*
Opening balance	1	1,780.2	1,394.3
Dividend		-244.8	-195.8
Transactions with non-controlling interests		-	0.4
Total comprehensive income		843.6	581.3
Closing balance		2,379.0	1,780.2
Of which holdings of non-controlling interests		2.9	0.0

Other key figures *	Jan-Dec	
	2018	2017*
Equity per share, SEK	24.30	18.18
Return on equity (rolling 12 months), %	38.1%	39.1%
Return on capital employed (rolling 12 months), %	49.0%	52.6%
Net cash, SEK million	827.3	800.0
Average number of employees	1,175	962

* Restated for comparability, see Note 1.
Other than key figures presented on page 1.

Parent Company

Profit/loss accounts in summary, Parent Company, SEK million	Note	Q4		Jan-Dec	
		2018	2017*	2018	2017*
Net sales	1	690.6	679.7	2,621.1	2,334.9
Cost of goods sold	1	-378.3	-241.4	-1,076.0	-936.9
Gross profit		312.3	438.3	1,545.1	1,398.0
Other operating expenses	1	-192.5	-182.9	-602.3	-594.5
EBIT		119.8	255.4	942.8	803.5
Result from financial items		20.6	2.8	25.6	4.8
Profit/loss after financial items		140.4	258.2	968.4	808.3
Appropriations		-234.9	-204.0	-234.9	-204.0
Profit/loss before tax		-94.5	54.2	733.5	604.3
Tax	1	27.1	-8.3	-160.8	-134.9
Net Profit/loss		-67.4	45.9	572.7	469.4
Total comprehensive income		-67.4	45.9	572.7	469.4

Balance sheets in summary, Parent Company, SEK million	Note	31 Dec 18	31 Dec 17*
ASSETS			
Fixed assets			
Intangible and tangible assets		55.5	37.4
Financial assets	1	1,765.9	1,281.2
Total fixed assets		1,821.4	1,318.6
Current assets			
Inventories		446.2	346.6
Current receivables		639.1	426.6
Cash and cash equivalents		538.1	595.8
Total current assets		1,623.5	1,369.0
TOTAL ASSETS		3,444.9	2,687.6
EQUITY AND LIABILITIES			
Equity	1	1,636.3	1,308.4
Untaxed reserves		645.7	410.8
Other non-current liabilities		7.4	184.6
Other current liabilities	1	1,155.5	783.8
TOTAL EQUITY AND LIABILITIES		3,444.9	2,687.6

*Restated for comparability, see Note 1.

Notes

Note 1 Accounting principles

This year-end 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 except for the changes described below.

The character of financial assets and liabilities are essentially the same as they were on December 31, 2017. As was the case at the end of 2017, the carrying amounts and fair values are deemed to essentially correspond with one another.

IFRS 9, Financial instruments, has been applied by the Group and the Parent Company since January 1, 2018. IFRS 9 contains amended classification categories compared with IAS 39. The amended classification did not result in any change in carrying amounts upon the transition to IFRS 9. According to IFRS 9, allowances are made for expected credit losses when a credit exposure exists, usually on initial recognition. However, this amendment did not have any material transition effect, which is why no such effect was recognized in equity. As of January 1, 2018, the Group applies hedge accounting in accordance with IFRS 9. All hedging relationships existing at the time of transition to IFRS 9 qualified for continued hedge accounting and did not result in any transition effect. The Group did not restate the comparative year 2017, which is recognized according to IAS 39.

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 Group and the Parent Company as of January 1, 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 Pattern Generators.

	Q4	Jan-Dec
Effect on Group and Parent Company income statements, SEK million	2017	2017
Net sales	-5.4	-1.1
Cost of goods sold	0.8	-3.5
Other income and expenses	-1.2	0.9
EBIT	-5.8	-3.7
Tax	1.3	0.8
Net Profit/loss	-4.5	-2.9
Effect on earnings per share	-0.05	-0.03
Entire effect is attributable to owners of the Parent Company		

Effect on Group statements of financial position and Parent Company balance sheets, SEK million		31 Dec 17
ASSETS		
Deferred tax assets		5.7
Total assets		5.7
EQUITY AND LIABILITIES		
Other current liabilities		25.9
Total liabilities		25.9
Accumulated profit/loss		-17.3
Net profit for the year		-2.9
EQUITY		-20.2
Total equity and liabilities		5.7
Effect on Group and business area Pattern Generators order backlogs, SEK million		35.8

As of January 1, 2019, IFRS 16 Leases replaces IAS 17 Leases and the associated interpretations IFRIC 4, SIC 15 and SIC 27. IFRS 16 entails that a majority of all lease contracts shall be recognized in the statement of financial position. In 2018, Mycronic identified and evaluated the lease contracts of the Group and analyzed the impact of the transition to IFRS 16. Mycronic applies IFRS 16 from January 1, 2019 using the modified retrospective transition method which means that no comparative information for previous periods will be restated.

The transition to IFRS 16 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 liability comprises the discounted remaining lease payments as of January 1, 2019. The right-of-use asset equals the lease liability adjusted for prepaid or accrued lease payments recognized in the statement of financial position on the first day of application. Thus, the transition to IFRS 16 has no effect on equity. The lease payments previously recognized as operating expenses will be replaced by depreciation of the right-of-use assets recognized in EBIT and interest expense on the lease liability, which is recognized as a financial expense. The lease payment is distributed between amortization of the lease liability and payment of interest. At the transition to IFRS 16, the present value of all remaining lease payments has been computed by using Mycronic's average incremental borrowing rates. At the date of the initial application, the following preliminary adjustments are recognized in Mycronic's statement of financial position:

Right-of-use assets	SEK 174 million
Lease liabilities	SEK 174 million

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, 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 period ended

In January 2019, Mycronic launched two new pick-and-place machine models at the IPC APEX Expo in the US. These two new compact models, the MY300HX and the MY300EX, offer extended configuration possibilities that significantly improve customers' production capacity while also maintaining a high level of process quality and availability for demanding applications.

Note 5 Revenue and segment reporting

Revenue by geographical market, SEK million	Q4		Jan-Dec	
	2018	2017*	2018	2017*
EMEA	224.1	205.1	756.5	566.9
North and South America	338.6	108.6	689.6	365.5
Asia	488.8	612.0	2,334.5	2,067.6
	1,051.6	925.7	3,780.6	3,000.1
of which, system sales	766.8	688.1	2,677.4	2,089.1
of which, after market sales	284.8	237.6	1,103.2	911.0
	1,051.6	925.7	3,780.6	3,000.1
of which, goods transferred at a point in time	873.3	799.7	3,125.9	2,482.3
of which, services transferred over time	178.3	125.9	654.7	517.8
	1,051.6	925.7	3,780.6	3,000.1

SEK million	Q4		Jan-Dec	
	2018	2017*	2018	2017*
Net sales				
Assembly Solutions	621.3	472.9	2,011.9	1,419.1
Pattern Generators	430.3	452.7	1,768.7	1,581.0
	1,051.6	925.7	3,780.6	3,000.1
EBIT				
Assembly Solutions	17.9	8.5	69.5	-87.6
Pattern Generators	133.7	298.5	954.6	935.9
Amortization of previously acquired intangible assets	-1.0	-1.0	-4.0	-4.0
Group	150.7	306.0	1,020.0	844.2

* Restated for comparability, see Note 1.

Note 6 Research and development costs

Research and development costs, SEK million	Q4		Jan-Dec	
	2018	2017	2018	2017
<i>R&D expenditures</i>				
Assembly Solutions	-86.8	-67.7	-311.5	-267.0
Pattern Generators	-57.2	-25.9	-154.5	-68.3
	-144.0	-93.6	-466.0	-335.3
<i>Capitalization of development costs</i>				
Assembly Solutions	7.0	0.0	10.0	21.0
<i>Amortization of capitalized development*</i>				
Assembly Solutions	0.0	-9.1	-3.7	-24.1
	7.0	-9.1	6.3	-3.1
<i>Amortization of acquired technology</i>				
Assembly Solutions	-4.8	-2.8	-16.5	-9.6
Reported cost	-141.9	-105.4	-476.1	-348.0

* As of the third quarter of 2018, amortization of capitalized development is included in the cost of acquisition for inventory, which in turn will affect the consolidated cost of goods sold. In view of the fact that amortization amounts to relatively small amounts, comparative figures have not been recalculated.

Note 7 Acquisitions

Acquisition of MRSI Systems, LLC

During the second quarter, Mycronic acquired 100 percent of the shares in MRSI Systems, LLC in the US. The purchase price amounted to USD 40.7 million on a cash and debt-free basis. Under certain conditions, based on parameters such as sales and earnings, an additional purchase price up to a maximum of USD 20.2 million will be paid in 2020. The total acquisition price amounts to SEK 429 million. The acquisition analysis was finalized in the fourth quarter without any material changes. In the acquisition analysis, intangible assets in the form of technology, customer relationships, brand and goodwill were identified. The useful lives of technology and customer relationships have been estimated to seven years. According to the acquisition analysis, goodwill amounts to SEK 239 million. Goodwill is primarily attributable to the company's strong position as an external supplier in a growth market and to the competence of the company's employees, as well as synergies such as global presence within its current market segment. The acquisition price is adjusted for earn-outs, which are estimated at fair value. Transaction costs regarding the acquisition amount to SEK 7 million. The company was consolidated into the Mycronic Group as of June 1, 2018

SEK million	31 Dec 18
Acquisition price MRSI	
Cash paid for the acquisition	390.1
Deferred considerations for the acquisition (estimated fair value)	39.4
Total	429.4
Acquired assets and liabilities at fair value	
Intangible assets	83.9
Tangible assets	10.3
Long-term receivables	1.9
Inventories	84.4
Current receivables	29.8
Cash and cash equivalents	37.0
Non-current liabilities	-2.0
Current liabilities	-54.6
Total	190.6
Goodwill	238.8
Changes in consolidated cash and cash equivalents as of the acquisition	
Cash paid for the acquisition	390.1
Cash and cash equivalents in the acquired subsidiary	-37.0
Total	353.1

MRSI's operations have impacted consolidated net sales in the amount of SEK 146 million and contributed SEK 24 million to consolidated EBIT from the acquisition date. If the acquisition had been executed at the beginning of the year, consolidated net sales would have been impacted in the amount of SEK 196 million and EBIT by SEK 20 million.

Acquisition of Japanese development partner

During the second quarter, 70 percent of the shares in a Japanese development partner were acquired with an option to acquire the remaining 30 percent no later than 3 years after the acquisition date. The total acquisition price amounted to SEK 9 million. According to the final acquisition analysis, goodwill amounts to SEK 1 million. The company was consolidated into the Mycronic Group as of June 1, 2018.

Earn-out Axxon

In October 2016, 80 percent of the shares in Shenzhen Axxon Automation Co. Ltd (Axxon) were acquired with the option of acquiring the remaining 20 percent after three years for RMB 80-180 million. At the end of 2018, it was confirmed that the conditions for the maximum earn-out had been met in accordance with the earlier assessment. This confirmation entailed that the future discount rate was adjusted downward from 12.2 percent to 4.2 percent. This discount had a negative impact on earnings of SEK 14 million. The transaction is expected to be completed in the fourth quarter of 2019.

Note 8 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.

Acquisition-related costs

Acquisition-related costs include expensing of acquired inventories at fair value, amortization of acquired intangible assets, revaluation of earn-outs 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

Increase of 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 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. The underlying EBIT margin is underlying EBIT as a percentage of net sales. Used to show how the operations develop and perform without the impact of acquisition-related costs.

	Jan-Dec	
	2018	2017*
Return on equity		
Net profit/loss (rolling 12 months)	792.5	623.4
Average shareholders' equity	2,079.6	1,595.9
	38.1%	39.1%
Return on capital employed		
Profit/loss before tax (rolling 12 months)	1,011.1	835.6
Financial expenses	11.5	9.4
Profit/loss before financial expenses	1,022.6	845.0
Average balance sheet total	3,721.8	2,999.9
Average non-interest-bearing liabilities	1,635.3	1,392.3
Average capital employed	2,086.5	1,607.6
	49.0%	52.6%
Book-to-bill		
Order intake	3,641.9	3,567.2
Net sales	3,780.6	3,000.1
	1.0	1.2
EBITDA		
EBIT	1,020.0	844.2
Depreciation/Amortization	73.9	74.7
	1,093.9	919.0
Underlying EBIT		
EBIT	1,020.0	844.2
Acquisition-related costs included in:		
Cost of goods sold	18.6	42.3
Operating expenses	37.0	64.5
	1,075.6	951.0
Equity per share		
Equity at balance day	2,379.0	1,780.2
No. of shares at end of period, thousand	97,917	97,917
	24.30	18.18
Earnings per share		
Net Profit/loss	792.5	623.4
No. of shares at end of period, thousand	97,917	97,917
	8.09	6.37
Net cash, SEK million		
Cash and cash equivalents	828.6	812.7
Interest-bearing liabilities	-1.3	-12.6
	827.3	800.0

* Restated for comparability, see Note 1.

Quarterly data	Q4 18	Q3 18	Q2 18	Q1 18*	Q4 17*	Q3 17*	Q2 17*	Q1 17
Order Intake Assembly Solutions	607.7	508.4	553.5	479.9	374.4	351.4	358.6	339.9
Order Intake Pattern Generators	695.4	304.2	316.9	176.0	197.6	1,522.6	109.9	312.8
	1,303.1	812.5	870.5	655.9	571.9	1,874.0	468.5	652.7
Order Backlog Assembly Solutions	506.6	519.8	544.9	391.1	290.3	371.5	280.4	276.2
Order Backlog Pattern Generators	1,397.0	1,131.0	1,390.1	1,477.1	1,672.3	1,926.2	633.8	1,077.2
	1,903.6	1,650.8	1,935.0	1,868.2	1,962.6	2,297.7	914.3	1,353.4
Net Sales Assembly Solutions	621.3	533.1	478.5	379.0	472.9	261.7	354.4	330.1
Net Sales Pattern Generators	430.3	563.4	403.8	371.2	452.7	229.4	550.9	348.1
	1,051.6	1,096.4	882.3	750.2	925.6	491.1	905.3	678.1
Gross Profit Assembly Solutions	267.6	216.2	194.7	160.2	207.3	102.0	148.3	99.9
Gross Profit Pattern Generators	230.8	445.4	304.3	278.2	364.0	159.1	373.3	262.0
	498.4	661.6	499.0	438.4	571.3	261.1	521.6	361.9
Gross Margin Assembly Solutions	43.1%	40.6%	40.7%	42.3%	43.8%	39.0%	41.8%	30.3%
Gross Margin Pattern Generators	53.6%	79.1%	75.4%	75.0%	80.4%	69.4%	67.8%	75.3%
	47.4%	60.3%	56.6%	58.4%	61.7%	53.2%	57.6%	53.4%
R&D expenses Assembly Solutions	-84.7	-73.7	-85.9	-77.4	-79.6	-64.5	-63.6	-72.0
R&D expenses Pattern Generators	-57.2	-35.9	-36.0	-25.4	-25.9	-15.1	-17.1	-10.2
Total R&D expenses	-141.9	-109.6	-121.8	-102.8	-105.4	-79.7	-80.6	-82.2
Selling expenses	-132.6	-109.6	-97.4	-81.1	-92.9	-66.8	-80.1	-69.9
Administrative expenses	-61.7	-55.4	-52.9	-58.1	-60.8	-39.8	-41.1	-39.8
Other income/expenses	-11.5	48.6	10.7	-0.3	-6.2	-8.9	-4.9	-12.5
EBIT	150.7	435.6	237.6	196.1	306.0	65.9	314.9	157.4
Of which EBIT Assembly Solutions	17.9	79.1	-3.4	-24.2	8.5	-44.6	3.6	-55.1
Of which EBIT Pattern Generators	133.7	357.5	242.0	221.3	298.5	111.6	312.3	213.5
EBIT margin	14.3%	39.7%	26.9%	26.1%	33.1%	13.4%	34.8%	23.2%
Equity per share after tax	24.30	22.76	19.41	19.95	18.18	15.62	15.55	15.55
Net earnings per share	1.33	3.55	1.77	1.44	2.32	0.45	2.46	1.14
Closing share price	118.10	93.05	100.20	106.80	85.00	111.75	76.75	91.75

* Restated for comparability, see Note 1.