

Interim Report January–September 2019

Strong order intake and launches for the future

“Order intake increased by 52 percent, with strong contributions from both Assembly Solutions and Pattern Generators. The third quarter signaled the launch of Evo, Mycronic’s new control platform, which will form a cornerstone of our mask writers and strengthen our customer offering. After the end of the quarter, SLX was launched, which is Mycronic’s new mask writer for the semiconductor market,” says Anders Lindqvist, President and CEO.

Third quarter

- Order intake increased 52 percent to SEK 1,238 (813) million
- Net sales decreased 18 percent to SEK 900 (1,096) million and 20 percent based on constant exchange rates
- EBIT was SEK 198 (436) million, a decline of 55 percent. The EBIT margin was 22 (40) percent
- The underlying EBIT was SEK 202 (409) million, a decline of 51 percent. The underlying EBIT margin was 22 (37) percent
- Earnings per share were SEK 1.52 (3.55)

January–September

- Order intake increased 22 percent to SEK 2,861 (2,339) million
- Net sales increased 15 percent to SEK 3,125 (2,729) million and 9 percent based on constant exchange rates
- EBIT was SEK 920 (869) million, an increase of 6 percent. The EBIT margin was 29 (32) percent
- The underlying EBIT was SEK 955 (890) million, an increase of 7 percent. The underlying EBIT margin was 31 (33) percent
- Earnings per share amounted to SEK 7.22 (6.77)

Outlook 2019

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

Events after the end of the period

An order was received on October 10 for two Prexision Lite 8 Evo mask writers, which are Mycronic’s first orders for this product. On October 18, an order was received for a Prexision 8 Evo mask writer. SLX was launched on October 23, and is Mycronic’s new mask writer for the semiconductor industry.

Group summary	Q3		Jan-Sep		Rolling 12 month	Jan-Dec 2018
	2019	2018	2019	2018		
Order intake, SEK million	1,238	813	2,861	2,339	4,164	3,642
Net Sales, SEK million	900	1,096	3,125	2,729	4,177	3,781
Book-to-bill	1.4	0.7	0.9	0.9	1.0	1.0
Order backlog, SEK million	1,639	1,651	1,639	1,651	1,639	1,904
Gross margin, %	51.7%	60.3%	58.1%	58.6%	55.4%	55.5%
EBIT, SEK million	198	436	920	869	1,071	1,020
EBIT margin, %	21.9%	39.7%	29.5%	31.9%	25.6%	27.0%
Underlying EBIT margin, %	22.4%	37.3%	30.5%	32.6%	27.3%	28.5%
Earnings per share before/after dilution, SEK	1.52	3.55	7.22	6.77	8.55	8.09
Cash Flow, SEK million	118	-84	-23	-607	588	4
<i>Changes in net sales</i>						
Total growth, %	-18%	123%	15%	32%	14%	26%
Organic growth, %	-20%	97%	6%	23%	5%	16%
Growth from acquisitions,%	-	15%	3%	8%	5%	8%
Currency effects, %	2%	11%	5%	1%	5%	2%

CEO comments



These days, I am often asked how Mycronic has been affected by the trade dispute between the USA and China, and how the Assembly Solutions business area has been affected by the slowdown in the electronics industry. In fact, the impact on Mycronic has been limited so far, which is reflected in the 52 percent increase in order intake during the third quarter. In some cases, the effects in the short term may even be

positive, for example when customers in China decide to take back previously outsourced production and therefore need to invest in new production equipment.

During the quarter, the Dispensing division in Assembly Solutions demonstrated a favourable performance in China and broadened its offering and customer base to new segments by adapting products to satisfy market demand. Net sales in the business area grew by 4 percent adjusted for currency effects. Assembly Solutions continues to focus on work to improve profitability and achieve an EBIT margin of above 10 percent. This is for example done by realizing synergies at various levels and by developing the aftermarket business.

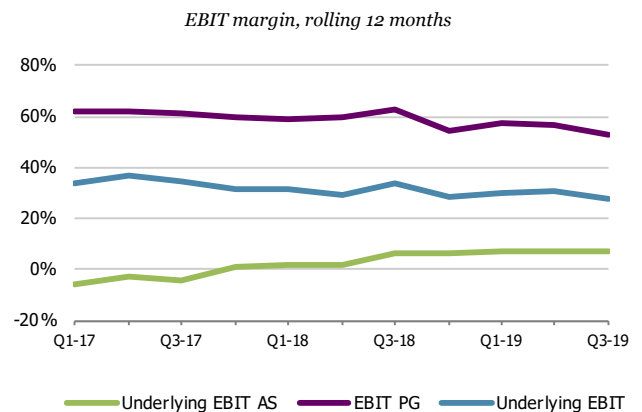
Pattern Generators received an order during the third quarter for a limited Prexision 10 mask writer. During the quarter, one mask writer was delivered, compared with two mask writers during the corresponding quarter last year, which led to lower net sales and EBIT margin.

In April, the Prexision Lite 8 became available in the market, after which Evo was launched at the end of the third quarter, representing Mycronic's new control platform. Evo will form a cornerstone of our mask writers and strengthen our customer offering.

On October 23, SLX was launched, a new laser mask writer for the semiconductor industry, which means we are again supplying newly developed systems to this market. We expect good future growth based on long-term and stable trends and a growing need to replace and upgrade the installed base of laser mask writers. With its investments in recent years in the product portfolio for mask writers for displays, Mycronic has established technology and know-how that can be reused, which creates very favorable conditions to also leverage the opportunities in the semiconductor segment. With our existing installed base of semiconductor mask writers with the majority of our customers, we know the market very well and have in-depth expertise of the technical requirements that must be fulfilled. This launch has broadened our customer offering for Pattern Generators and further confirms our position in the market for mask writers.

It is gratifying to see that we are, in many ways, harvesting the fruits of our investments in product development. These investments will continue, even if the distribution between Assembly Solutions and Pattern Generators will shift over time.

Anders Lindqvist, President and CEO



Financial performance, Group

	Q3		Jan-Sep		Rolling 12 month	Jan-Dec 2018
	2019	2018	2019	2018		
Order intake, SEK million	1,238	813	2,861	2,339	4,164	3,642
Order backlog, SEK million	1,639	1,651	1,639	1,651	1,639	1,904
Net Sales, SEK million	900	1,096	3,125	2,729	4,177	3,781
Gross profit, SEK million	465	662	1,815	1,599	2,314	2,098
Gross margin, %	51.7%	60.3%	58.1%	58.6%	55.4%	55.5%
EBIT, SEK million	198	436	920	869	1,071	1,020
EBIT margin, %	21.9%	39.7%	29.5%	31.9%	25.6%	27.0%
Underlying EBIT, SEK million	202	409	955	890	1,141	1,076
Underlying EBIT margin, %	22.4%	37.3%	30.5%	32.6%	27.3%	28.5%
EBITDA, SEK million	270	455	1,063	922	1,235	1,094

MRSI Systems included as of June 1, 2018.

Third quarter

Order intake increased 52 percent to SEK 1,238 (813) million. Assembly Solutions reported continuing strong order intake, with an increase of 59 percent compared with the corresponding period in 2018. Pattern Generators received an order during the quarter for a Prexision 10 mask writer, with production limited to a photomask size of up to generation 8.

Net sales decreased 18 percent to SEK 900 (1,096) million. Organic net sales decreased 20 percent, excluding positive currency effects of SEK 27 million. Assembly Solutions reported growth of 10 percent. During the quarter, Pattern Generators delivered one mask writer, compared with two mask writers in the third quarter of 2018, which led to a decline in net sales of 44 percent.

EBIT for the quarter decreased 55 percent to SEK 198 (436) million, which is primarily a result of fewer deliveries for Pattern Generators. The EBIT margin was 22 (40) percent.

Acquisition-related costs had an adverse effect on earnings for the third quarter of SEK 4 million, compared with a positive SEK 27 million in the corresponding period one year earlier. This includes SEK 36 million attributable to impairment of intangible assets in AEi, and a positive effect of SEK 50 million from a revaluation of contingent considerations attributable to the acquisition of MRSI.

The underlying EBIT fell 51 percent to SEK 202 (409) million, corresponding to an underlying EBIT margin of 22 (37) percent.

January–September

The order intake for the first nine months rose 22 percent to SEK 2,861 (2,339) million, corresponding to growth of 15 percent excluding acquisitions. Assembly Solutions reported

continuing favorable growth, with an increase of 34 percent. The order backlog decreased 1 percent to SEK 1,639 million.

Net sales increased 15 percent to SEK 3,125 (2,729) million, where Assembly Solutions in particular contributed to the growth. Organic growth was 6 percent, excluding positive currency effects of SEK 134 million. During the period, Pattern Generators completed delivery of six mask writers and a major upgrade, compared with five mask writers during the corresponding period in 2018.

EBIT rose 6 percent to SEK 920 (869) million, corresponding to an EBIT margin of 29 (32) percent.

Acquisition-related costs amounted to SEK 34 (20) million, and consisted of amortization and impairment of acquired intangible assets and changes in value and revaluation of contingent considerations. The underlying EBIT rose 7 percent to SEK 955 (890) million, corresponding to an underlying EBIT margin of 31 (33) percent.

Cash flow and financial position

Consolidated cash and cash equivalents at the end of September amounted to SEK 826 million, compared with SEK 829 million at the end of 2018. Cash flow amounted to SEK -23 (-607) million for the first nine months of the year. Cash flow from operating activities amounted to SEK 326 (70) million. Working capital tied up increased during the period by SEK 455 (661) million as a result of capital tied up in inventories and trade receivables related to the company's growth. This also included 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 69 (420) million, of which SEK 13 (3) million related to the capitalization of product development and SEK 10 million pertained to investments in other intangible assets, including information systems.

Investments in tangible assets totaled SEK 47 million and included the refurbishment of new premises in the USA and an upgrade of Mycronic's premises in Täby to a modern environmental standard.

Financing activities utilized SEK 280 (258) million, of which SEK 294 (245) million related to dividends to shareholders paid out during the second quarter.

Financial performance per business area

	Q3		Jan-Sep		Rolling 12 month	Jan-Dec 2018
	2019	2018	2019	2018		
Assembly Solutions						
Order intake, SEK million	809	508	2,059	1,542	2,667	2,149
Order backlog, SEK million	879	520	879	520	879	507
Net Sales, SEK million	584	533	1,687	1,391	2,308	2,012
Gross profit, SEK million	239	216	703	571	971	839
Gross margin, %	40.9%	40.6%	41.7%	41.1%	42.1%	41.7%
EBIT, SEK million	46	79	68	52	86	69
EBIT margin, %	7.9%	14.8%	4.0%	3.7%	3.7%	3.5%
Underlying EBIT, SEK million	50	52	102	72	155	125
Underlying EBIT margin, %	8.6%	9.8%	6.0%	5.2%	6.7%	6.2%
R&D expenditures, SEK million	-79	-72	-241	-225	-328	-312
R&D costs, SEK million	-81	-74	-244	-237	-329	-322

MRSI Systems included as of June 1, 2018.

Assembly Solutions

In the third quarter, order intake for Assembly Solutions was strong and increased 59 percent compared with the corresponding period in 2018. During the first nine months of the year, order intake increased 34 percent compared with the corresponding period last year, with growth of 23 percent excluding acquisitions. The strong order intake contributed to an increase in the backlog of orders by 69 percent to a new record level of SEK 879 (520) million.

Net sales increased 10 percent during the quarter to SEK 584 (533) million. Organic growth was 4 percent, excluding positive currency effects of SEK 27 million. For the nine-month period, net sales increased 21 percent to SEK 1,687 (1,391) million, which corresponds to organic growth of 8 percent, excluding positive currency effects in the amount of SEK 92 million.

During the third quarter, EBIT amounted to SEK 46 (79) million, corresponding to an EBIT margin of 8 (15) percent. 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. EBIT also includes a positive effect of SEK 50 million from a revalued earn-out 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 the assessment is that the criteria for the contingent consideration have not been met. By comparison, the third quarter of 2018 included a positive effect of SEK 55 million

from a revaluation of contingent considerations related to the acquisition of AEi. For the first nine months of the year, EBIT reached SEK 68 (52) million with an EBIT margin of 4 (4) percent.

Acquisition-related costs, including impairment of intangible assets and changes in value of contingent considerations, had a negative impact of SEK 4 million on the result in the third quarter, compared with a positive impact of SEK 27 million in the corresponding period last year. Acquisition-related costs for the first nine months of the year had a negative impact of SEK 34 (20) million on the result.

Underlying EBIT amounted to SEK 50 (52) million in the quarter, corresponding to an EBIT margin of 9 (10) percent. In the first nine months, the underlying EBIT amounted to SEK 102 (72) million, corresponding to an EBIT margin of 6 (5) percent.

Research and development consists of existing product development and investments in future growth. Development costs for the third quarter amounted to SEK 81 (74) million and SEK 244 (237) million for the first nine months.

During the quarter, the business area received a number of orders for several systems as a result of a successful cross sales strategy and has begun to benefit from the compact pick-and-place machine models MY300HX and MY300EX launched earlier this year. The focus for these machines is to

achieve high-precision and flexible production with speeds of up to 100,000 components per hour.

Pattern Generators	Q3		Jan-Sep		Rolling	Jan-Dec
	2019	2018	2019	2018	12 month	2018
Order intake, SEK million	430	304	802	797	1,497	1,492
Order backlog, SEK million	760	1,131	760	1,131	760	1,397
Net Sales, SEK million	317	563	1,438	1,338	1,869	1,769
Gross profit, SEK million	227	445	1,113	1,028	1,343	1,259
Gross margin, %	71.7%	79.1%	77.3%	76.8%	71.9%	71.2%
EBIT, SEK million	153	357	856	821	990	955
EBIT margin, %	48.2%	63.5%	59.5%	61.3%	53.0%	54.0%
R&D expenditures, SEK million	-47	-36	-157	-97	-214	-154
R&D costs, SEK million	-46	-36	-156	-97	-213	-154

Pattern Generators

Order intake for the quarter increased 41 percent compared with the third quarter of 2018 and included an order for a limited Prexision 10 system, compared with orders for two multipurpose systems and a major upgrade during the third quarter of 2018. For the first nine months, order intake amounted to SEK 802 (797) million. The order backlog amounted to SEK 760 (1,131) million and includes seven systems, two of which have planned deliveries for 2019 and five for 2020.

One mask writer was delivered in the third quarter compared with two mask writers in the third quarter of the preceding year. During the first nine months of the year, delivery was completed of six mask writers and a major upgrade, compared with five mask writers during the corresponding period in 2018. Net sales decreased 44 percent during the quarter to SEK 317 (563) million. For the first nine months, net sales increased 7 percent to SEK 1,438 (1,338) million. The nine-month period was positively impacted by currency effects of SEK 42 million.

EBIT for the quarter declined 57 percent to SEK 153 (357) million, corresponding to an EBIT margin of 48 (64) percent. The result was affected primarily by lower delivery volumes. Fluctuations between quarters are natural for the business area's operations, as orders for and deliveries of advanced mask writers are irregular. This is why the trend should be considered over a longer period. EBIT for the first nine months of the year increased 4 percent to SEK 856 (821) million, corresponding to an EBIT margin of 60 (61) percent.

Development costs increased to SEK 46 (36) million for the quarter and SEK 156 (97) million for the nine-month period.

The third quarter marked the launch of Evo, Mycronic's new control platform for mask writers. Evo is a new electronics architecture together with new software that enables increased automation, for example in robot solutions and increased production yield for customers in the manufacture of photomasks. Evo also enables a substantial increase in opportunities for data analysis and will be a cornerstone of Mycronic's mask writers in the future.

On October 10, after the end of the period, an order was received for two Prexision Lite 8 Evo mask writers for delivery in 2021, representing Mycronic's first orders for this product. On October 18, an order was received for a Prexision 8 Evo mask writer for delivery in 2020.

SLX was launched on October 23, and is Mycronic's new mask writer for the semiconductor industry. The assessment is that future market growth will be healthy and that the right conditions exist to leverage business opportunities in this segment.

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 3.3 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 -0.1 percent. The semiconductor market declined by 15.0 percent¹ in the first half of 2019 compared with the first half 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 7.2 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.

Size/growth	2019F	2018	2017
Electronics industry, percentual change ¹	-0.1%	+5.9%	+6.5%
Semiconductor industry, percentual change ¹	-13.6%	+13.7%	+21.7%
SMT, percentual change ²	not available	+17%	+32%
Dispensing, USD million ³	not available	780	770
Camera modules, units, million ³	190	165	130
Displays, USD, billion ⁴	105	113	124
Photomasks, percentual change in value ⁵	+9%	+12%	+18%
Photomask area, thousand sq. meters ⁵	16.3	15.9	15.4

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 grew 17 percent in 2018 to USD 3,070 million². The market declined 12 percent in the first half of 2019 compared with the corresponding period in the previous year, driven primarily by a negative trend in Europe, China and Japan. 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

An earlier assessment of the display market for 2019, with growth of 1 percent and stabilization of prices, has been revised to an expectation of growth of -7 percent⁴ and a continuing surplus of displays, which is exerting downward pressure on prices for both LCD and AMOLED displays. The trend toward a larger share of advanced displays will, however, continue. In 2019, AMOLED is expected to grow 7 percent to USD 25 billion⁴, driven by an increased share of AMOLED displays and that more 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 September 2019.

2) Protec MDC, July 2019.

3) Prismark, April 2019

4) IHS Markit, latest forecast October 2019.

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 first nine months amounted to SEK 2,136 (1,931) million. EBIT was SEK 940 (823) million.

Cash and cash equivalents at the end of the third quarter amounted to SEK 425 million, compared with SEK 538 million at the end of 2018.

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 October 24, 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 reviewed by the company's auditor.

Financial calendar

Full-year report 2019	February 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
Full-year report 2020	February 10, 2021

Täby, October 24, 2019
Mycronic AB (publ)

Anders Lindqvist
President and CEO

Mycronic's vision

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

Mycronic's mission

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

Mycronic's long-term financial goals announced in February 2017

Growth

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

Profitability

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

Capital structure

Net debt should be less than 3 times the average EBITDA (earnings before interest, tax, depreciation, and amortization). The average is calculated over three years.

Mycronic's dividend policy

The objective of the company is to provide both good returns and value growth. Between 30 and 50 percent of net profit will be distributed to the shareholders, provided the company has a net debt lower than 3 times EBITDA after stipulated dividend. In each case, account shall be taken of the Company's financial position, profitability trends, growth potential and future investment needs.

About Mycronic

Mycronic AB is a Swedish high-tech company engaged in the development, manufacture and marketing of production equipment with high precision and flexibility requirements for the electronics industry. Mycronic's headquarters are located in Täby, north of Stockholm and the Group has subsidiaries in France, Japan, China, the Netherlands, Singapore, the United Kingdom, South Korea, Germany and the USA. Mycronic (MYCR) is listed on Nasdaq Stockholm. www.mycronic.com

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Group

Consolidated profit and loss accounts, SEK million	Note	Q3		Jan-Sep		Rolling	Jan-Dec
		2019	2018	2019	2018	12 month	2018
Net sales	5, 6	900.5	1,096.4	3,125.3	2,729.0	4,176.9	3,780.6
Cost of goods sold		-435.0	-434.8	-1,310.3	-1,129.9	-1,863.4	-1,683.1
Gross profit		465.5	661.6	1,815.1	1,599.1	2,313.5	2,097.5
Research and development	7	-127.4	-109.6	-400.1	-334.2	-542.0	-476.1
Selling expenses		-152.6	-109.6	-392.9	-288.2	-525.6	-420.8
Administrative expenses		-54.8	-55.4	-171.3	-166.4	-233.0	-228.1
Other income and expenses		66.9	48.6	69.8	59.0	58.3	47.6
EBIT	1	197.5	435.6	920.5	869.3	1,071.2	1,020.0
Financial income and expenses	1	0.0	-0.3	-1.6	-6.5	-4.1	-8.9
Profit/loss before tax		197.4	435.3	918.9	862.8	1,067.1	1,011.1
Tax	1	-48.3	-88.0	-211.9	-200.4	-230.1	-218.6
Net Profit/loss		149.1	347.3	706.9	662.4	837.0	792.5
Earnings per share before/after dilution, SEK		1.52	3.55	7.22	6.77	8.55	8.09
Average number of shares, thousand		97,917	97,917	97,917	97,917	97,917	97,917
Company		146.8	347.1	702.3	662.1	829.8	789.5
Results attributable to non-controlling interests		2.3	0.20	4.6	0.3	7.2	2.9
		149.1	347.3	706.9	662.4	837.0	792.5

Consolidated statement of comprehensive income, SEK million	Q3		Jan-Sep		Rolling	Jan-Dec
	2019	2018	2019	2018	12 month	2018
Net Profit/loss	149.1	347.3	706.9	662.4	837.0	792.5
Other comprehensive income						
<i>Items not to be reclassified to profit/loss, after tax</i>						
Actuarial profit/loss from defined benefits to employees	-	-	-	-	-2.0	-2.0
<i>Items to be reclassified to profit/loss, after tax</i>						
Translation differences at translating foreign entities	61.8	-45.1	122.6	50.3	147.7	75.3
Hedging of net investment in foreign entities	-4.7	10.5	-12.7	-3.3	-15.5	-6.1
Changes in cash flow hedges	-14.2	15.7	-13.1	-16.3	-12.9	-16.1
Total comprehensive income	192.0	328.4	803.8	693.2	954.2	843.6
Total comprehensive income attributable to owners of the Parent Company	189.5	328.2	799.1	692.9	946.8	840.7
Total comprehensive income attributable to non-controlling interests	2.4	0.2	4.8	0.3	7.4	2.9
	192.0	328.4	803.8	693.2	954.2	843.6

Consolidated statements of financial position, SEK million	Note	30 Sep 19	30 Sep 18	31 Dec 18
ASSETS				
Fixed assets				
Intangible assets		1,412.1	1,374.5	1,380.6
Tangible assets	1	282.6	97.9	106.0
Non-current receivables		60.0	22.1	22.5
Deferred tax assets	1	108.4	85.4	83.4
Total fixed assets		1,863.1	1,579.9	1,592.5
Current assets				
Inventories		1,085.4	923.0	868.2
Trade receivables		773.7	792.8	663.9
Other current receivables	1	235.6	251.2	246.1
Cash and cash equivalents		826.2	215.9	828.6
Total current assets		2,921.0	2,182.9	2,606.8
Total assets		4,784.1	3,762.7	4,199.3
EQUITY AND LIABILITIES				
Equity				
	1	2,883.1	2,228.5	2,379.0
Long-term liabilities				
Long-term interest-bearing liabilities	1	142.3	-	-
Deferred tax liabilities		160.5	296.8	162.7
Other non-current liabilities		51.4	113.0	97.9
Total long-term liabilities		354.1	409.8	260.6
Short-term liabilities				
Short-term interest-bearing liabilities	1	68.4	0.9	1.3
Trade payables		274.2	264.9	236.4
Other current liabilities		1,204.3	858.5	1,322.1
Total current liabilities		1,546.9	1,124.4	1,559.7
Total liabilities		1,901.0	1,534.2	1,820.3
Total equity and liabilities		4,784.1	3,762.7	4,199.3

Consolidated cash flow statements, SEK million	Note	Q3		Jan-Sep		Rolling	Jan-Dec
		2019	2018	2019	2018	12 month	2018
Cash flow from operating activities							
before changes in working capital		102.9	369.4	781.4	731.7	977.3	927.6
Change in working capital		-0.8	-261.5	-455.0	-661.4	-18.8	-225.2
Cash flow from operating activities	1	102.1	107.9	326.4	70.3	958.5	702.4
Cash flow from investing activities		-24.7	-37.9	-69.1	-419.5	-90.1	-440.5
Cash flow from financing activities	1	41.0	-154.0	-279.9	-258.1	-280.0	-258.2
Cash flow for the period	1	118.5	-84.0	-22.5	-607.3	588.4	3.7
Cash and cash equivalents, opening balance		696.2	306.4	828.6	812.7	215.9	812.7
Exchange difference for cash and cash equivalents		11.5	-6.5	20.2	10.5	21.9	12.2
Cash and cash equivalents, closing balance		826.2	215.9	826.2	215.9	826.2	828.6

Consolidated statement of changes in equity, SEK million	Jan-Sep		Jan-Dec
	2019	2018	2018
Opening balance	2,379.0	1,780.2	1,780.2
Dividend to owners	-293.7	-244.8	-244.8
Dividend to non-controlling interests	-5.9	-	-
Total comprehensive income	803.8	693.2	843.6
Closing balance	2,883.1	2,228.5	2,379.0
Of which holdings of non-controlling interests	7.0	0.3	2.9

Other key figures *	Jan-Sep		Jan-Dec
	2019	2018	2018
Equity per share, SEK	29.44	22.76	24.30
Return on equity (rolling 12 months), %	32.7%	47.4%	38.1%
Return on capital employed (rolling 12 months), %	40.5%	62.4%	49.0%
Net cash, SEK million	615.5	215.0	827.3
Average number of employees	1,327	1,140	1,175

*In addition to key figures presented on page 1

Parent Company

Profit/loss accounts in summary, Parent Company, SEK million	Q3		Jan-Sep		Rolling	Jan-Dec
	2019	2018	2019	2018	12 month	2018
Net sales	518.1	741.0	2,135.6	1,930.5	2,826.3	2,621.1
Cost of goods sold	-217.4	-231.0	-777.4	-697.7	-1,155.7	-1,076.0
Gross profit	300.7	510.0	1,358.3	1,232.8	1,670.5	1,545.1
Other operating expenses	-102.1	-165.5	-418.7	-409.9	-611.1	-602.3
EBIT	198.6	344.4	939.6	823.0	1,059.4	942.8
Result from financial items	26.1	3.1	36.4	5.1	56.9	25.6
Profit/loss after financial items	224.7	347.5	976.0	828.1	1,116.3	968.4
Appropriations	-	-	-	-	-234.9	-234.9
Profit/loss before tax	224.7	347.5	976.0	828.1	881.4	733.5
Tax	-48.1	-77.8	-209.3	-187.9	-182.2	-160.8
Net Profit/loss	176.6	269.7	766.6	640.2	699.2	572.7
Total comprehensive income	176.6	269.7	766.6	640.2	699.2	572.7

Balance sheets in summary, Parent Company, SEK million	30 Sep 19	30 Sep 18	31 Dec 18
ASSETS			
Fixed assets			
Intangible and tangible assets	69.8	47.4	55.5
Financial assets	1,927.8	1,731.8	1,765.9
Total fixed assets	1,997.6	1,779.2	1,821.4
Current assets			
Inventories	464.7	487.7	446.2
Current receivables	824.3	726.9	639.1
Cash and cash equivalents	424.9	12.8	538.1
Total current assets	1,713.9	1,227.4	1,623.5
TOTAL ASSETS	3,711.6	3,006.6	3,444.9
EQUITY AND LIABILITIES			
Equity	2,109.2	1,703.7	1,636.3
Untaxed reserves	645.7	410.8	645.7
Long-term interest-bearing liabilities	39.6	-	-
Other non-current liabilities	4.6	211.2	7.4
Total long-term liabilities	44.2	211.2	7.4
Short-term interest bearing liabilities	20.3	-	-
Other current liabilities	892.2	680.9	1,155.5
Total current liabilities	912.5	680.9	1,155.5
TOTAL EQUITY AND LIABILITIES	3,711.6	3,006.6	3,444.9

Notes

Note 1 Accounting policies

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

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

Effects of IFRS 16 Leases

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

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

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

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

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

Reconciliation of operating lease obligations, SEK million

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

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

	Q3	Jan-Sep
Effects on consolidated profit and loss accounts, SEK million	2019	2019
EBIT	0.0	-0.3
Financial income and expenses	-0.5	-1.5
Tax	0.0	0.1
Net Profit/loss	-0.5	-1.7
EBITDA	13.5	39.2

Effects on Group statements of financial position, SEK million	30 Sep 2019
ASSETS	
Tangible assets	154.0
Deferred tax assets	0.1
Total fixed assets	154.1
Other current receivables	-5.4
Total assets	148.7
EQUITY AND LIABILITIES	
Net profit/loss	-1.7
Total equity	-1.7
Long-term interest-bearing liabilities	102.7
Short-term interest-bearing liabilities	47.7
Total liabilities	150.4
Total equity and liabilities	148.7

	Q3	Jan-Sep
Effects on consolidated cash flow statements, SEK million	2019	2019
Cash flow from operating activities	13.4	39.2
Cash flow from financing activities	-13.4	-39.2
Cash flow for the period	0.0	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

An order was received on October 10 for two Prexision Lite 8 Evo mask writers, which are Mycronic's first orders for this product. On October 18, an order was received for a Prexision 8 Evo mask writer. SLX was launched on October 23, and is Mycronic's new mask writer for the semiconductor market.

Note 5 Revenue from Contracts with Customers

Revenue by geographical market, SEK million	Q3		Jan-Sep		Rolling	Jan-Dec
	2019	2018	2019	2018	12 month	2018
EMEA	189.8	164.8	517.3	532.4	741.4	756.5
North and South America	145.0	115.0	782.5	350.9	1,121.1	689.6
Asia	565.6	816.7	1,825.6	1,845.6	2,314.4	2,334.5
	900.5	1,096.4	3,125.3	2,729.0	4,176.9	3,780.6
Revenue by type of good/service, SEK million						
System	600.5	743.0	2,245.1	1,910.6	3,011.9	2,677.4
Aftermarket	300.0	353.4	880.2	818.4	1,165.0	1,103.2
	900.5	1,096.4	3,125.3	2,729.0	4,176.9	3,780.6
Timing of revenue recognition, SEK million						
Goods transferred at a point in time	700.5	925.2	2,550.3	2,252.7	3,423.5	3,125.9
Services transferred over time	200.0	171.2	575.0	476.3	753.4	654.7
	900.5	1,096.4	3,125.3	2,729.0	4,176.9	3,780.6

Note 6 Segment reporting

SEK million	Q3		Jan-Sep		Rolling	Jan-Dec
	2019	2018	2019	2018	12 month	2018
Net sales						
Assembly Solutions	583.8	533.1	1,686.9	1,390.6	2,308.2	2,011.9
Pattern Generators	316.7	563.4	1,438.5	1,338.4	1,868.8	1,768.7
	900.5	1,096.4	3,125.3	2,729.0	4,176.9	3,780.6
EBIT						
Assembly Solutions	45.9	79.1	67.8	51.5	85.8	69.5
Pattern Generators	152.7	357.5	856.0	820.8	989.8	954.6
Amortization of previously acquired intangible assets	-1.0	-1.0	-3.0	-3.0	-4.0	-4.0
Group	197.5	435.6	920.5	869.3	1,071.2	1,020.0

Note 7 Research and development expenses

Research and development costs, SEK million	Q3		Jan-Sep		Rolling	Jan-Dec
	2019	2018	2019	2018	12 month	2018
<i>R&D expenditures</i>						
Assembly Solutions	-78.8	-71.6	-241.0	-224.7	-327.8	-311.5
Pattern Generators	-47.5	-35.9	-157.2	-97.2	-214.4	-154.5
	-125.8	-107.5	-398.2	-322.0	-542.3	-466.0
<i>Capitalization of development costs</i>						
Assembly Solutions	2.5	2.7	11.8	3.0	18.8	10.0
Pattern Generators	1.0	-	1.5	-	1.5	-
<i>Amortization of capitalized development*</i>						
Assembly Solutions	-	-	-	-3.7	-	-3.7
	3.6	2.7	13.3	-0.7	20.3	6.3
<i>Amortization of acquired technology</i>						
Assembly Solutions	-5.1	-4.8	-15.2	-11.6	-20.1	-16.5
Reported cost	-127.4	-109.6	-400.1	-334.2	-542.0	-476.1

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

Note 8 Definitions and reconciliation alternative performance measures, etc.

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

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

Acquisition-related costs

Acquisition-related costs include expensing of acquired inventories at fair value, amortization 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 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

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-Sep		Rolling	Jan-Dec
	2019	2018	12 month	2018
Return on equity				
Net profit/loss (rolling 12 months)	837.0	889.8	837.0	792.5
Average shareholders' equity	2,555.8	1,878.8	2,555.8	2,079.6
	32.7%	47.4%	32.7%	38.1%
Return on capital employed				
Profit/loss before tax (rolling 12 months)	1,067.1	1,166.2	1,067.1	1,011.1
Financial expenses	10.3	10.9	10.3	11.5
Profit/loss before financial expenses	1,077.4	1,177.1	1,077.4	1,022.6
Average balance sheet total	4,273.4	3,341.1	4,273.4	3,721.8
Average non-interest-bearing liabilities	1,611.8	1,455.7	1,611.8	1,635.3
Average capital employed	2,661.6	1,885.4	2,661.6	2,086.5
	40.5%	62.4%	40.5%	49.0%
Book-to-bill				
Order intake	2,860.7	2,338.9	4,163.7	3,641.9
Net sales	3,125.3	2,729.0	4,176.9	3,780.6
	0.9	0.9	1.0	1.0
EBITDA				
EBIT	920.5	869.3	1,071.2	1,020.0
Depreciation/Amortization	142.2	52.6	163.5	73.9
	1,062.7	921.9	1,234.7	1,093.9
Underlying EBIT				
EBIT	920.5	869.3	1,071.2	1,020.0
Acquisition-related costs included in:				
Cost of goods sold	-	15.0	3.7	18.6
Operating expenses	34.1	5.3	65.8	37.0
	954.6	889.6	1,140.7	1,075.6
Equity per share				
Equity at balance day	2,883.1	2,228.5	2,883.1	2,379.0
No. of shares at end of period, thousand	97,917	97,917	97,917	97,917
	29.44	22.76	29.44	24.30
Earnings per share				
Net Profit/loss	706.9	662.4	837.0	792.5
No. of shares at end of period, thousand	97,917	97,917	97,917	97,917
	7.22	6.77	8.55	8.09
Net cash, SEK million				
Cash and cash equivalents	826.2	215.9	826.2	828.6
Interest-bearing liabilities	-210.7	0.9	-210.7	-1.3
	615.5	215.0	615.5	827.3

Quarterly data	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17*
Order Intake Assembly Solutions	808.9	684.6	565.6	607.7	508.4	553.5	479.9	374.4
Order Intake Pattern Generators	429.5	216.5	155.7	695.4	304.2	316.9	176.0	197.6
	1,238.4	901.1	721.3	1,303.1	812.5	870.5	655.9	571.9
Order Backlog Assembly Solutions	878.7	653.9	553.0	506.6	519.8	544.9	391.1	290.3
Order Backlog Pattern Generators	760.3	647.0	971.9	1,397.0	1,131.0	1,390.1	1,477.1	1,672.3
	1,638.9	1,300.9	1,524.9	1,903.6	1,650.8	1,935.0	1,868.2	1,962.6
Net Sales Assembly Solutions	583.8	579.0	524.1	621.3	533.1	478.5	379.0	472.9
Net Sales Pattern Generators	316.7	540.9	580.9	430.3	563.4	403.8	371.2	452.7
	900.5	1,119.9	1,105.0	1,051.6	1,096.4	882.3	750.2	925.6
Gross Profit Assembly Solutions	239.0	250.1	214.0	267.6	216.2	194.7	160.2	207.3
Gross Profit Pattern Generators	227.1	407.3	478.2	230.8	445.4	304.3	278.2	364.0
	465.5	657.5	692.1	498.4	661.6	499.0	438.4	571.3
Gross Margin Assembly Solutions	40.9%	43.2%	40.8%	43.1%	40.6%	40.7%	42.3%	43.8%
Gross Margin Pattern Generators	71.7%	75.3%	82.3%	53.6%	79.1%	75.4%	75.0%	80.4%
	51.7%	58.7%	62.6%	47.4%	60.3%	56.6%	58.4%	61.7%
R&D expenses Assembly Solutions	-81.4	-85.6	-77.4	-84.7	-73.7	-85.9	-77.4	-79.6
R&D expenses Pattern Generators	-46.4	-58.6	-50.6	-57.2	-35.9	-36.0	-25.4	-25.9
Total R&D expenses	-127.4	-144.6	-128.2	-141.9	-109.6	-121.8	-102.8	-105.4
Selling expenses	-152.6	-127.6	-112.7	-132.6	-109.6	-97.4	-81.1	-92.9
Administrative expenses	-54.8	-60.6	-55.9	-61.7	-55.4	-52.9	-58.1	-60.8
Other income/expenses	66.9	-7.5	10.4	-11.5	48.6	10.7	-0.3	-6.2
EBIT	197.5	317.3	405.7	150.7	435.6	237.6	196.1	306.0
Of which EBIT Assembly Solutions	45.9	16.6	5.3	17.9	79.1	-3.4	-24.2	8.5
Of which EBIT Pattern Generators	152.7	301.8	401.5	133.7	357.5	242.0	221.3	298.5
EBIT margin	21.9%	28.3%	36.7%	14.3%	39.7%	26.9%	26.1%	33.1%
Equity per share after tax	29.44	27.49	28.01	24.30	22.76	19.41	19.95	18.18
Net earnings per share	1.52	2.50	3.20	1.33	3.55	1.77	1.44	2.32
Closing share price	121.90	112.80	132.50	118.10	93.05	100.20	106.80	85.00

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

Review report

To: Mycronic AB (publ), corporate identity number 556351-2374

Introduction

We have reviewed the condensed interim report for Mycronic AB (publ) as at September 30, 2019 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, October 24, 2019

Ernst & Young AB

Erik Sandström

Authorized Public Accountant