



PRESS RELEASE

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Micronic presents its nine months result

Täby, Sweden, October 23, 2003 - Micronic Laser Systems AB (Stockholmsborsen's "Attract 40 list": MICR), is at the forefront in semiconductor and display laser pattern generators for the production of photomasks to the worldwide electronics industry.

Micronic today presents the Group's Interim Report for January 1 - September 30, 2003.

(Figures in brackets relate to the same period in 2002.)

- Net sales during the first nine months were SEK 238 (314) million, of which SEK 118 (45) million relates to the third quarter.
- The first nine months' result after financial items was SEK -101 (-111) million, of which SEK -4 (-53) million relates to the third quarter.
- The reporting period net result was SEK -73 (-59) million, which is equivalent to SEK -2,96 (-3,08) per share. The third quarter net result was SEK -3 (-31) million, equivalent to SEK -0,08 (-1,59) per share.
- Order intake during the first nine months was SEK 589 (386) million, of which the third quarter accounted for SEK 171 (128) million.
- Closing order book was SEK 573 (331) million.

"The third quarter has shown a continuing positive trend within the semiconductor industry. The equipment industry however, has continued to be weak, which we have experienced as precautionousness to make investments in new equipment. Our work to ensure shipment of the most advanced Sigma systems is progressing well", says Sven Lofquist, president and CEO of Micronic Laser Systems and continues: "Financially we are happy to see a small but positive cash flow during the last two quarters, not taking the new issue into account. The weak US dollar affects us negatively, but we intend to reduce our dependence on the currency. The order intake is still strong from the display market and we are now broadening our product range beyond pattern generation. During the summer we made progress within the maskless lithography market for semiconductor manufacturing as we and ASML signed a *Memorandum of Understanding* (MoU) to form a jointly owned company to focus on this market. We now foresee that invoicing will increase at a somewhat slower pace than expected. The order intake, on the other hand, is continuing to develop in a positive direction, which strengthened Micronic's position as a whole".



Third quarter key events

- Micronic's new share issue with preferential right for the existing shareholders was completed. The new share issue generated approximately SEK 316 million after transaction costs, with existing shareholders with preferential rights accounting for 99 percent of the total subscription. Remaining shares were allocated by the Board of Directors. After the new share issue, and outstanding warrants being exercised, the total number of shares amounts to 39,166,616, representing a share capital of SEK 39,166,616. In connection with the new share issue Investor has acquired subscription rights, equivalent to 1,750,000 shares, from the largest shareholder Industrifonden and holds, after utilization of these, approximately 4.5 percent of both capital and votes.
- Micronic received an order for an LRS11000-TFT3 laser pattern generator from an Asian customer. This is the second order for the system, which was introduced in April 2003. The system will be delivered during the fourth quarter of 2003.
- Micronic received yet another order for an LRS-series pattern generator from Japan. The system will be delivered during the second half of 2004.
- Micronic and ASML have signed a MOU to form a joint venture company that will focus on the optical maskless lithography market for semiconductor manufacturing.

Key events prior to third quarter

- Micronic entered into a Joint Development Agreement with Intel Corporation, USA. As part of this agreement, Intel has placed an order for a Sigma tool.
- Micronic received an order for a Sigma7300 system from a major Asian customer. The system is aimed for the most advanced applications for semiconductor photomasks.
- Micronic received orders for two LRS11000 laser pattern generators from customers in Asia. A new product within the LRS11000 series, LRS11000- TFT3, was introduced in April 2003.
- Micronic received a repeat order for an MP80+ laser pattern generator from a merchant photomask manufacturer in Asia. An additional order for an MP80+ laser pattern generator was received from Japan.

Markets and Micronic's products

Semiconductors

The third quarter was characterized by high utilization of production capacity and high volume sales of semiconductor components. Capital spending was predicted to ramp-up but remained flat. Most analysts now do not expect the ramp-up until 2004.

The photomask market has not yet shown any signs of recovery, which still means low demand for investments within the 130 nanometer technology node. Development is focused on coming generations, including the 65 nanometer node. Micronic's Sigma7300 photomask pattern generator, based on the SLM technology, is well positioned as it targets high productivity photomask manufacturing within the 90 and 65 nanometer technology nodes.



Micronic's Omega6000 product line is successfully used in new applications such as image sensors for digital cameras and mobile phones with cameras. Micronic used its experience and knowledge from the advanced display pattern generators on the Omega6000 platform to meet the special requirements for these applications.

During the first nine months Micronic received orders for two Sigma systems.

Display

The market for flat panel displays is growing rapidly with a number of fabs primarily targeted at LCD-TV in Taiwan, Korea and Japan. This expansion has increased the demand for display pattern generators. Micronic is also expanding its range of products to include systems for mask metrology. The market is not as big as the pattern generator market. The system is, however, built on the same platform and requires only a limited amount of development work.

During the first nine months Micronic received orders for four display systems, of which two orders came in the third quarter.

Multi Purpose

The field of application for Micronic's Multi Purpose (MP) systems includes advanced electronic packaging, passive displays and encoders. The electronic packaging market is strongly connected to the semiconductor market. The capacity utilization is high, but so far this has had a limited impact on the market for Micronic's MP systems.

During the first nine months Micronic received orders for two MP systems.

Maskless lithography

Micronic and ASML have signed an MoU to form a joint venture company that will focus on the optical maskless lithography market for semiconductor manufacturing. Legal procedures to form the company are now underway.

Financial information

Accounting principles

This interim report covers the Micronic group, where the parent company usually stands for approximately 90 percent of net sales. All sales of systems are made from Sweden while the subsidiaries offer customer support and service.

The same accounting principles are used as in the most recent annual report.

Order intake, invoiced sales and order backlog

Order intake during the first nine months of 2003 amounted to SEK 589 (386) million, consisting of eight new systems and service. In the third quarter order intake amounted to SEK 171 (128) million.

Net sales for the first nine months reached SEK 238 (314) million, and include sales of five systems, upgrades and service.

Closing order book amounted to SEK 573 (331) million.

Operating costs and profitability

The operating results for the first nine months were SEK -99 (-115) million. For the third quarter the operating results were SEK -4 (-56) million. Operating costs for the first nine months amounted to SEK 337 (430) million. These costs include cost of sales SEK 175 (172) million, R&D SEK 73 (153) million, sales and administration SEK 70 (94) million and other operating costs SEK 19 (11) million.



The gross margin during this period was approximately 26 percent, compared to a gross margin of 45 percent during the corresponding period last year. No systems were shipped during the first quarter. The weaker US dollar has had a negative impact on gross margin. At the same time, fixed production costs were deducted from gross profit, which has a significant impact during periods with relatively low sales. There are also non-recurring costs. As more deliveries were made during the third quarter gross margin increased.

R&D costs for the first nine months amounted to SEK 73 (153) million. Furthermore, development costs amounting to 121 (74) million were accounted for as intangible assets. Capitalization took place after an individual valuation of all development projects. Depreciation of activated development expenditures begins when the respective project starts to generate income and such depreciation amounted to approximately SEK 2 million during the first nine months of 2003. Out of the total expensed development costs SEK 2.3 (30.1) million are related to development of maskless lithography.

Sales and administration costs decreased during the first nine months of 2003 to SEK 70 (94) million. The reduction is a result of, among other things, actions taken during the latter part of 2002, including a reduction in the number of personnel by approximately ten percent and actions taken to reduce external costs.

In the first nine months, negative currency impact on operating result amounts to SEK 19 (11) million. This relates to the conversion of operating balance sheet items into Swedish kronor.

Earnings per share

The total number of shares issued is 39,166,616 as of the end of this report period and after the new issue. After full theoretical dilution the number of shares will be 41,102,616. Each share has a par value of SEK 1. In the first nine months earnings per share, without taking full dilution of warrants into consideration (due to the price difference between subscription price and current price), were SEK -2,96 (SEK -3,08).

Investments

During the first nine months of 2003, Micronic invested in tangible and intangible fixed assets amounting to SEK 172 (96) million. Investments in premises, machinery and equipment amounted to SEK 50 (37) million, of which SEK 47 (22) million was financed through leasing. Capitalized development expenditures accounted for SEK 121 (74) million.

Cash flow, liquid funds and financial position

During the first nine months, the Group's liquid funds increased by SEK 244 million to SEK 531 million, excluding an unutilised overdraft facility. Operations used SEK 77 million, while cash flow from decrease in working capital generated SEK 135 million. Net capital expenditure in tangible and intangible fixed assets and other long-term assets amounted to SEK 169 million; capitalized development expenditures accounted for most of this. The new issue, completed during the third quarter, generated SEK 316 million after transaction costs amounting to approximately SEK 11 million. Other external sources generated SEK 27 million. During the third quarter cash flow from operations was positive.

The equity/assets ratio was 55 (49) percent at the end of the period.



Future outlook

The positive trend within the semiconductor industry continues. The equipment industry has not yet seen any significant improvements in order intake. Micronic has seen an increase in order intake and has strengthened its position in the semiconductor market. The continued weak market for photomasks has meant delays in orders for Omega systems, which will have an impact on planned deliveries during this year. The strong market development for display market applications is expected to continue and Micronic expands its product range within this field of application to mask metrology systems.

The Board of Directors' previous expectation was that sales for this year would exceed last year's, although they probably would not reach the record levels of 2000 (SEK 704 million), and the order intake was expected to continue in a positive direction, well in line with the record year 2000 (SEK 759 million). The Board's previous expectation on order intake remains. As invoicing increases at a somewhat slower pace the Board of Directors' now expects that sales for 2003 will not reach last year's level.

Future reports

Year-end financial statement 2003	February 11, 2004
Annual General Meeting	March 24, 2004
Interim report January – March 2004	April 22, 2004
Interim report January – June 2004	July 9, 2004
Interim report January – September 2004	October 21, 2004

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Micronic Laser Systems AB (publ.)

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REVIEW REPORT

We have reviewed this interim report in accordance with the recommendation issued by FAR.

A review is considerably limited in scope compared with an audit.

Nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements of the Annual Accounts Act.

Stockholm October 23, 2003

Anders Ostberg
Authorised public accountant

Per Fridolin
Authorised public accountant

Micronic Laser Systems is a Swedish high-tech company engaged in the development, manufacture and marketing of a series of extremely accurate laser pattern generators for the production of photomasks. The technology involved is known as microlithography. Micronic's systems are used by the world's leading electronics companies in the manufacture of television and computer displays, semiconductor circuits and semiconductor packaging components. Micronic is located in Täby, north of Stockholm and at present has subsidiaries in the United States, Japan and in Taiwan. The company has 324 employees. Micronic maintains a web site at: <http://www.micronic.se>

PROFIT AND LOSS ACCOUNTS, Group

SEK million	July-Sept 03	July-Sept 02	Jan-Sept 03	Jan-Sept 02	Full Year 2002	Roll 12 months Oct - Sept
Net sales	117.6	44.6	237.7	314.4	496.1	419.3
Cost of good sold	-68.1	-34.5	-174.8	-171.9	-259.2	-262.0
Gross profit	49.5	10.1	62.9	142.5	236.9	157.3
Research & Development	-28.2	-44.9	-72.9	-152.6	-185.2	-105.5
Sales, G & A	-26.2	-21.8	-69.9	-94.3	-125.3	-100.7
Other income/costs	-0.7	1.0	-19.2	-10.7	-16.1	-24.6
Operating result	-4.2	-55.6	-99.1	-115.1	-89.7	-73.5
Result from financial investments	0.2	2.2	-1.9	3.9	3.0	-2.8
Result after financial items	-4.0	-53.4	-101.0	-111.2	-86.7	-76.3
Tax	1.1	22.8	27.8	52.0	23.3	19.9
Periodens resultat	-2.9	-30.6	-73.2	-59.2	-63.4	-56.4
Earnings/share before dilution, SEK	-0.08	-1.59	-2.96	-3.08	-3.30	-2.41
Earnings/share after dilution, SEK	-0.08	-1.59	-2.96	-3.08	-3.30	-2.41
Average no of shares before dilution, thousands	35,689	19,215	24,767	19,211	19,212	23,367
Average no of shares after full theoretical dilution.	37,702	21,794	26,994	21,794	21,551	25,622

CASH FLOW, Group

SEK million	July-Sept 03	July-Sept 02	Jan-Sept 03	Jan-Sept 02	Full Year 2002	Roll 12 months Oct - Sept
Cash flow from operations before change in working capital	15.3	-51.4	-77.2	-111.1	-71.7	-37.8
Change in working capital	19.2	73.7	134.5	-7.6	-25.3	116.8
Cash flow from operations	34.5	22.3	57.3	-118.7	-97.0	79.0
Cash flow from capital expenditure	-31.4	-45.6	-169.0	-117.4	-175.4	-227.0
Cash flow from financing	324.8	7.2	355.4	13.3	7.1	349.2
Increase/Decrease in liquid funds	327.9	-16.1	243.7	-222.8	-265.3	-201.2
Opening liquid funds	202.9	345.7	287.1	552.4	552.4	329.6
Closing liquid funds	530.8	329.6	530.8	329.6	287.1	530.8

KEY FIGURES, Group

	Jan-Sept 03	Jan-Dec 02	Jan-Sept 02
Profit margin, %	-42.5	-17.5	-35.4
Return on shareholders equity, %	-9.7	-9.5	-8.9
Equity/total assets, %	54.8	49.5	48.6
Equity/share before dilution SEK	35.7	32.9	33.2
Average number of employees	331	299	338
Capital expenditure, gross SEK million			
Intangible fixed assets	121.4	139.8	81.6
Buildings	-	3.0	2.8
Machinery and equipment	50.5	37.0	33.9

**BALANCE SHEET, Group**

SEK million	30 Sept, 03	31 Dec, 02	30 Sept, 02
ASSETS			
Fixed Assets			
Intangible fixed assets	273.8	157.3	103.3
Other fixed assets	321.6	275.1	222.3
Total fixed assets	595.4	432.4	325.6
Current assets			
Inventories	362.0	327.7	363.3
Current receivables	126.5	229.2	291.1
Cash and bank	530.8	287.1	329.6
Total current assets	1,019.3	844.0	984.0
Total assets	1,614.7	1,276.4	1,309.6
EQUITY AND LIABILITIES			
Equity			
Restricted equity	910.8	582.9	592.1
Non-restricted equity	-26.7	48.4	44.8
Total equity	884.1	631.3	636.9
Provisions	6.4	6.3	9.8
Convertible loan	-	320.0	320.0
Long-term interest-bearing liabilities	148.3	121.3	115.0
Short-term convertible loan	320.0	-	-
Other short-term liabilities	255.9	197.5	227.9
Total liabilities	730.6	645.1	672.7
Total equity and liabilities	1,614.7	1,276.4	1,309.6

EQUITY, Group

SEK million	Jan-Sept 03			Jan-Sept 02		
	Restricted Equity	Non Restricted Equity	Total	Restricted Equity	Non Restricted Equity	Total
Opening balance	582.9	48.4	631.3	592.4	104.8	697.2
New issue, warrants	12.5		12.5	1.1		1.1
New issue, net after transaction costs	315.8		315.8			
Remaining warrants, group companies				-0.1		-0.1
Currency differences	-0.4	-1.9	-2.3	-1.3	-0.8	-2.1
Net result for the reporting period		-73.2	-73.2		-59.2	-59.2
Closing balance	910.8	-26.7	884.1	592.1	44.8	636.9