



Micronic Laser Systems is a Swedish high-tech company active in the development, manufacturing and marketing of extremely accurate laser pattern generators used to produce photomasks. The technology is called microlithography. Micronic's systems are used by the world's leading electronics corporations in the manufacturing of television screens, flat panel displays and semiconductor components.

## Micronic Group 1999 Year-end release

41E

For the period January 1<sup>st</sup> – December 31<sup>st</sup> 1999

- The order intake was very strong due to the recovery in Asia and the entrance into the semiconductor market and amounted to MSEK 292 (168), an increase of 74 per cent. During the second half of 1999 the order intake was MSEK 201 (97).
- The order backlog at year-end amounted to MSEK 194 (117), of which MSEK 189 (117) is expected to be invoiced during 2000.
- Net sales amounted to MSEK 213 (268), which represents a drop by 20 per cent. In 1999, 7 (13) systems were delivered.
- Expenses related to R&D increased and amounted to MSEK 69 (42).
- Income after financial items was MSEK -73 (profit 43).
- Earnings per share after full tax decreased to a loss of SEK 3.37 (profit 2.13).
- The number of employees increased by 55 to a total of 206 at the end of the year.
- An Initial Public Offering of the company on the OM Stockholm Exchange is decided to take place during the first half of 2000.

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## Significant events in 1999

- The product series Omega6000, a new generation of laser pattern generators for the semiconductor industry, was launched during the autumn. Micronic entered into a delivery and development agreement with Du Pont Photomasks Inc. concerning the Omega6000 series. A second order was received from another of the world's leading manufacturers of semiconductor photomasks.

- For the display segment a new machine platform which is adaptable to future production requirements was launched. A more flexible and user-friendly laser pattern generator was launched for the multi purpose segment.

- Development work on a new wavelength-independent photomask writing technique, SLM, that has been in progress since the autumn of 1998, picked up speed during the year. The work is being carried out in co-operation with the German research institute, Fraunhofer IMS. The technique is primarily intended for the next generation of semiconductor writers.

- Order intake increased to MSEK 292, which is a 74 per cent increase compared to 1998 (MSEK 168). During the second half of 1999 order intake amounted to MSEK 201, making this period one of the strongest in the company's history. Received orders 1999 corresponds to 9 (6) systems. Order backlog at year-end was MSEK 194 (117) of which MSEK 189 (117) will be delivered during 2000.

- Number of employees increased by 55 to 206 at year-end, an increase by 36 per cent. The increase was mainly in technology, production and development.

- On September 9<sup>th</sup>, Bert Jeppsson took over as president.

- An Initial Public Offering of the company on the OM Stockholm Exchange is decided to take place during the first half of 2000.

## Markets

The display segment accounted for 72 per cent of Micronic's sales in 1999. The segment contains various types of end-products, from the more traditional cathode-ray screen to flat-screen liquid crystal displays (LCDs), and plasma displays.

**Flat-screen displays** accounted for a significant portion of sales in this segment in 1999. Systems for the production of TFT photomasks and colour

filters were delivered. Micronic also received several orders for systems from a whole new generation of laser pattern generators for TFT.

During the year, Micronic delivered one system for the writing of photomasks for the production of **plasma displays** (PDPs) up to a maximum of 1,700 x 1,100 mm in dimension.

For the **multi purpose** segment two systems were delivered during the year.

With the launch of the Omega6000 product series, Micronic entered the **semiconductor market**, a market that is significantly larger than the display market. During the autumn, orders were received from the world's leading producers of semiconductor photomasks in the United States and Japan. The first Omega6000 system was delivered to DuPont Photomasks Inc. in September.

## Orders, invoicing and income

In 1999, the market recovery in Asia combined with Micronic's entry into the semiconductor market resulted in a significant increase in order intake for the year. During 1999, order intake amounted to MSEK 292 of which MSEK 201 was ordered during the second half of the year. In total, this represented an increase by 74 per cent compared to order intake during 1998. Net sales for 1999 was affected by the low order intake during 1998 and net sales decreased with 20 per cent to MSEK 213. During 1999, 7 (13) systems were shipped. Order backlog as of 31 December 1999 amounted to MSEK 194, of which MSEK 189 is expected to be invoiced during 2000.

The service organisation is experiencing strong growth in Japan, Taiwan and the United States, and the number of employees increased from 12 to 23. In 1999, service accounted for 18 per cent of sales, or MSEK 39 (7 per cent, MSEK 15), and Micronic had 29 (15) service contracts with customers around the world.

The loss after financial items for 1999 was MSEK 73 (profit 43). Non-recurring costs of MSEK 23 have affected the result, and are stated as items affecting comparability. Beside the drop in sales, the decrease in the result is among other things due to the continued expansion of R&D during the year amounting to MSEK 69 (42) and to an increase in personnel costs to MSEK 109 (88) mainly referable to technically skilled employees.

### **Earnings per share**

The number of shares in issue, including options (1,806,050), amounts to 15,806,633 after full dilution. Each share has a par value of SEK 1.

Earnings per share after full tax and full dilution amounted to a loss of SEK 3.37 (profit 2.13).

### **Capital expenditure**

Capital expenditure during the period amounted to MSEK 11 (16), of which MSEK 2 relates to the expansion of the company's premises to increase development and production capacity.

### **Liquidity and financial position**

Closing liquid funds at year-end amounted to MSEK 83 (150). The group's unutilised (bank) overdraft facility amounted to MSEK 28 (25). The equity/assets ratio was 46 per cent (66).

### **Future development**

An economic recovery in Asia began during 1999 and recently order intake has been very strong. During the second half of 1999 order intake more than doubled compared to the same period during 1998. As of 31 January 2000 the order backlog was MSEK 267 (117), after invoicing MSEK 24 during January. In excess of 90 per cent of the present order backlog is expected to be invoiced during 2000. However, a majority of the product deliveries are scheduled for the second half of 2000 resulting in relatively low revenues, and thus negative margins, during the first and second quarter 2000.

Micronic has also during the past six months introduced a new generation of products for the current main market, pattern generators for display photomasks. The products build on the new technology developed for the semiconductor market.

The recovery in the display market coincides with Micronic's entrance in the semiconductor market. Micronic has sold semiconductor systems to leading customers on the main markets, the United States and Japan, and believe at present that future products based on present and future technologies will be competitive. Taken together, this should enable Micronic to show strong growth in the years ahead.

### **Annual General Meeting**

The Annual General Meeting will be held at 5.00 p.m. on March 7<sup>th</sup>, 2000 at the Täby Park Hotel in Täby, Stockholm

### **Financial information**

Annual report 1999	March 2000
January – March 31 <sup>st</sup> 2000	April 2000
January – June 30 <sup>th</sup> 2000	August 2000
January – Sept 30 <sup>th</sup> 2000	November 2000

Täby, February 2<sup>nd</sup>, 2000

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## PROFIT AND LOSS ACCOUNTS

SEK million

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
Net sales	213.4	268.4	196.7	263.0
Change in work in progress	6.4	5.7	6.5	5.6
Other operating income	1.5	1.5	1.1	0.9
Operating costs, including depreciation	-295.2	-231.7	-279.9	-229.7
<b>Operating profit/loss</b>	<b>-73.9</b>	<b>43.9</b>	<b>-75.6</b>	<b>39.8</b>
Result from financial investments	0.6	-1.1	2.3	-1.0
<b>Profit/loss after financial items</b>	<b>-73.3</b>	<b>42.8</b>	<b>-73.3</b>	<b>38.8</b>
Appropriations	-	-	1.8	-7.8
Tax on profit of the year	20.0	-11.5	20.2	-8.8
<b>Net profit/loss for the year</b>	<b>-53.3</b>	<b>31.3</b>	<b>-51.3</b>	<b>22.2</b>

## BALANCE SHEETS

SEK million

### ASSETS

<b>Fixed assets</b>	<b>83.8</b>	<b>60.3</b>	<b>86.1</b>	<b>67.0</b>
<b>Current assets</b>				
Inventories	90.8	60.2	84.9	56.0
Current receivables	51.7	24.6	44.0	22.4
Cash and bank	83.1	149.6	79.3	145.9
<b>Total current assets</b>	<b>225.6</b>	<b>234.4</b>	<b>208.2</b>	<b>224.3</b>
<b>Total assets</b>	<b>309.4</b>	<b>294.7</b>	<b>294.3</b>	<b>291.3</b>

### EQUITY AND LIABILITIES

#### Equity

Restricted equity	113.2	113.3	90.4	90.4
Non-restricted equity	28.2	80.1	24.2	75.5
<b>Total equity</b>	<b>141.4</b>	<b>193.4</b>	<b>114.6</b>	<b>165.9</b>

#### Untaxed reserves

	-	-	34.2	35.9
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#### Provisions

	23.5	10.4	13.5	0.0
Long-term interest-bearing liabilities	48.8	47.7	46.4	47.7
Other liabilities	95.7	43.2	85.6	41.8
<b>Total liabilities</b>	<b>144.5</b>	<b>90.9</b>	<b>132.0</b>	<b>89.5</b>
<b>Total equity and liabilities</b>	<b>309.4</b>	<b>294.7</b>	<b>294.3</b>	<b>291.3</b>

## KEY FIGURES

Profit margin, %	-34	16	-37	15
Liquid ratio, %*	44	59	42	58
Net cash, MSEK**	26.7	100.7	31.7	97.0
Equity/assets ratio, %	46	66	47	66
Equity, MSEK***	141	193	139	192
No. of shares, x 1,000****	15,807	14,721	15,807	14,721
Equity/share, SEK*****	8.94	13.14	8.80	13.03
Earnings/share, SEK *****	-3.37	2.13	-3.24	1.51
Average no. of employees	166	140	149	128
Capital expenditure				
- Buildings	1.9	9.6	1.9	9.6
- Machinery and equipment	9.5	6.6	5.7	6.6

\*) Sum of current receivables and liquid funds as % of balance sheet total.

\*\*) Liquid funds less interest-bearing liabilities

\*\*\*) Equity including 72% of untaxed reserves

\*\*\*\*) Including options granted to employees and key partners, of which 19,000 have not been allotted.

\*\*\*\*\*) All outstanding options have been taken into account in the calculation

# MICRONIC

## LASER SYSTEMS

\*\*\*\*\* Earnings per share: based on the result after full tax.