

# PRESS RELEASE

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## Best Quarter ever Record Year-End results

**Micronic Group, Fourth Quarter Report, October 1 – December 31, 2000 and Year-end Report, 1 January – 31 December 2000.**

**Täby, Sweden, February 1, 2001 - Micronic Laser Systems AB (OM Stockholm Exchange: MICR) is at the forefront in semiconductor and display laser pattern generators for the production of photomasks to the world wide electronic industries.  
Micronic today announces best quarter ever and record year-end results.**

(Figures in brackets relate to the October 1 – December 31, 1999 and January 1 – December 31, 1999 periods.)

- Q4, highest profit ever after financial items, amounting to MSEK 75 (loss 65).  
Record full-year profit after financial items was MSEK 90 (loss 73).
- Q4, best net sales ever, amounting to MSEK 359 (39).  
Record full-year net sales of MSEK 704 (213), an increase of 231%
- Q4, best order intake ever, amounting to MSEK 243 (151).  
Record full-year order intake amounting to MSEK 759 (292).
- Closing order book of MSEK 307 (210), all of which is expected to be delivered and invoiced during 2001.
- The total number of employees was 304 (206) at the end of the year.

“We are very proud that we could satisfy our customers expectations and ship record high volumes of systems during Q4. We are also proud to show a record high profit to our shareholders, despite continued high R&D investments to further consolidate our successful entry into the semiconductor market. Our highly motivated and competent staff has made this possible”, says Bert Jeppsson, Micronic’s President and CEO.

**Key events in fourth quarter**

- Micronic received its first order for a Sigma pattern generator based on the new Spatial Light Modulator (SLM) technology for semiconductor applications. The system is designed for 0.13 µm technology and delivery is scheduled for the second half of 2001.



- Micronic has extended its partnership with the Fraunhofer Institute for Microelectronic Circuits and Systems (IMS) and acquired an exclusive worldwide license covering all semiconductor direct-write applications based on Micronic's use of the spatial light modulator (SLM) technology.
- Micronic's Board has appointed Sven Löfquist as President and CEO of Micronic Laser Systems AB with effect from March 13, 2001. The Board intends to nominate Bert Jeppsson, the present president and CEO, as executive chairman of the company in connection with the Annual General Meeting scheduled for March 13, 2001.

## **Markets and Micronic products**

### **Semiconductors**

The semiconductor pattern generator segment accounted for 32 (6)% of Micronic's sales in 2000, which corresponds to five shipped systems whereof one is an upgrade.

Dataquest estimates (January 2001) that the pattern generator market was MUS\$ 328 in 2000, split evenly between laser and electron-beam, and forecasts that it will grow to MUS\$ 409 in 2001 and MUS\$ 502 in 2002. The forecast corresponds to a 23% CAGR (compound annual growth rate). Systems for the state-of-art typically dominate the sales. The 0.18  $\mu$ m technology is in volume production today and the industry is moving through 0.15  $\mu$ m technology and is starting to build capacity for 0.13  $\mu$ m.

During the fourth quarter, Micronic received two orders for Omega6000 systems: one from Hoya Corporation, a Japanese photomask manufacturer for an Omega6600, designed for the 0.15  $\mu$ m technology node. The other order was for an Omega6005 from Japan. These orders span the width of Micronic's product mix - from Omega6005 to the most advanced Omega6600 - which meets semiconductor industry requirements from 0.5 to 0.15  $\mu$ m technology nodes.

Beyond the 0.15  $\mu$ m node, beginning with the 0.13  $\mu$ m node, Micronic is developing a wavelength-independent photomask writing technology. This technology is based on the SLM technology (Spatial Light Modulator) and represents a paradigm shift in photomask pattern generation. It has characteristics that can satisfy the requirements for several generations of semiconductors and Micronic has attracted considerable interest in this new technology and its potential. In October, Micronic received the first order for its new Sigma laser pattern generator based on the SLM technology for the 0.13  $\mu$ m design node. The order was placed by DuPont Photomasks, Inc., one of the world's leading photomask manufacturers, for delivery during the second half of 2001.

### **Displays**

The display segment accounted for 53 (72)% of Micronic's sales in 2000, which corresponds to eight shipped systems whereof one is an upgrade.

Sales of advanced TFT (Thin Film Transistor) pattern generators were very strong in Q4. During Q3 and Q4 five TFT systems were shipped. These sales reflect the strong demand for additional capacity and higher performance in the TFT market.

The average growth rate between the years 1999-2005 for the end product, the TFT-LCD, is expected to be 23% (Source: DisplaySearch 2000). The TFT pattern generator market in 2000 was approximately MUS\$ 40, an increase of over 100 per cent compared to 1999. Micronic estimates the market for pattern generators to reach MUS\$ 70 in 2003.

### **Multi Purpose**

The Multi Purpose segment accounted for 7 (5)% of Micronic's sales in 2000, which corresponds to four shipped systems.

Micronic received two orders for MP systems and shipped one system during the quarter. The primary application is high-end electronic packaging. The orders came from existing customers, which reflects their satisfaction with these MP systems that clearly meet the requirements of the packaging market.

### **Order intake, invoiced sales and order backlog**

Net sales for the quarter were above expectations and amounted to MSEK 359 (39).

Full-year net sales amounted to MSEK 704 (213).

During 2000, 17 (7) systems were shipped whereof two are upgrades. Five systems were shipped during Q4.

A strong customer demand resulted in one rescheduled delivery from Q1, 2001 into Q4, 2000.

The order intake amounted to MSEK 243 (151) for Q4, and to MSEK 759 (292) for the full-year.

The closing order book amounted to MSEK 307 (210) all of which is expected to be delivered and invoiced during 2001. Laser pattern generators for the display segment, including Multi Purpose systems, accounted for 26 (60)% of the order book, and semiconductor systems for 74 (40)%.

Currency effects related to valuation of order intake, invoicing and order book is handled according to the following principles. Order intake and invoicing are posted according to actual spot exchange rates, respectively. Closing balance of the order book is calculated according to the exchange rate at the end of the period and with respect to hedgings related to the order book. This causes a recalculation of the opening balance of the order book of 1999 from MSEK 194 to MSEK 210. Comparisons concerning the order book for 1999 are based on MSEK 210.

### **Operating costs**

Operating costs including change in work in progress for the full-year amounted to MSEK 621 (289). These costs include cost of sales MSEK 269, R&D MSEK 191, G&A MSEK 133 and other costs MSEK 28.

The investments and research activities have been focused on the development of the SLM technology and the introduction of the Omega6000 product line. Additional resources have been applied to securing shipment of the high-end TFT-LCD pattern generators.

In 2000, the number of employees increased from 206 to 304 (48%). Most of the new personnel are employed in development, production and service.

The service organization has expanded rapidly during the year in Japan, Taiwan and the United States, and the number of employees rose from 23 to 39. In 2000, service accounted for 8 (18)% of sales, or MSEK 53 (39), and Micronic had 34 (29) service contracts with customers around the world.

### **Profitability**

The quarterly profit after financial items amounted to MSEK 75 (loss 65). The accumulated profit after financial items was MSEK 90 (loss 73).

### **Earnings per share**

The total number of shares in issue is 19,100,583. After full dilution, including warrants net after withdrawals, the company will have 20,193,733 shares in issue. Each share has a par value of SEK 1.

Earnings per share, after tax and full dilution, amounted to SEK 3.52 (loss: SEK 3.37). The Board of directors proposes that no dividend is to be paid and that the profit of the year is to be carried forward.

### **Capital expenditure**

Net capital expenditure during the year relates to investments in the parent company's property and machinery in order to increase development and production capacity, totaling MSEK 64.

### **Cash-flow**

During the year liquid funds rose by MSEK 236 (-67) to MSEK 319 (83). Operations have generated MSEK 121 (-42). Funds tied up in working capital (liquid funds excluded) have increased by MSEK 292 (17). Capital expenditure in fixed assets amounts to MSEK 65 (12). External funds supplied amount to MSEK 472 (4).

### **Liquid funds and financial position**

The Group had a strong financial position at the end of the year. The closing balance of funds amounted to MSEK 319 (83), excluding an unutilized overdraft facility. This substantial improvement is due to an increase in equity related to the IPO and the redemption of options during the year amounting to MSEK 468.

The closing equity ratio was 72 (46) %.

As per 19 January, 2001 payments for MSEK 186 were received reducing the customers receivables.

### **Legal action in progress**

Micronic took legal action in the United States against Etec Systems, Inc. (now an Applied Materials, Inc. company) in January, 2000, including a request that the court establish that Micronic is not violating one of Etec's patents. In March, Etec filed an answer to the complaint, including a claim that Micronic is infringing this patent.

Micronic has filed a motion with the court, on which the court has yet to rule, asking that the court determine that the patent at issue is invalid. Similarly, the court has not yet ruled on a motion filed by Etec which asks the court to dismiss certain of Micronic's other defenses to Etec's claims.

A hearing was held on January 24, 2001 regarding the proper construction of the patent claims at issue. The court's ruling on claim construction is expected within the next month. No trial date has yet been set, nor is trial expected to commence before Fall, 2001.

### **Future outlook**

Micronic's largest markets are Japan, Asia and the United States.

According to Dataquest, January 2001, the wafer fab equipment market is expecting a correction in order increase (an estimated growth of 11% for 2001), after a record-breaking growth of over 70% in 2000. However, the forecast for the semiconductor photomask and pattern generator market implies continued growth (an estimated growth of 25%). A large part of the wafer fab equipment installed during 2000, will come on line this year, requiring an increased demand of photomasks for the 0.18 and 0.15  $\mu\text{m}$  node. In addition, the introduction of the 0.13  $\mu\text{m}$  node will trigger additional demand for advanced photomasks during 2001 and 2002. In this growing market we believe Micronic will continue to take market shares.

The market for photomasks for the production of TFT-LCD displays continues to be of high importance for Micronic. Demands for increased resolution and display size will create a demand for advanced pattern generators in 2001, but at a slightly lower pace than in 2000. We believe the size of our display market to double within the next 2-3 years.

In the early part of 2001 certain production slots will be used for Sigma systems to secure volume installation during 2002. This implies that sales during the first half of 2001 will be soft.

The Board of directors presently estimates that sales in 2001 will show a continued strong growth, profit will therefore develop in a similar way as last year and thus be negative for the first quarter. However, for the full year the operating margin will be in line with our long term financial goals.

Micronic closely monitors the market's development to make sure that the company's resources are in line with our customer needs.

### **Annual General Meeting**

The Annual General Meeting will be held at 5.00 pm on March 13, 2001 at Åva Gymnasium in Täby, Stockholm.

### **Miscellaneous**

This interim report has not been subject to examination by the company's auditors.

#### Future reports

Annual report 2000	March 2001
January – March 31st 2001	April 24
April – June 30th 2001	July 19
July – September 30th 2001	October 23

Täby, February 1, 2001  
Micronic Laser Systems AB (publ.)

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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 and Japan and a service office in Taiwan.

**PROFIT AND LOSS ACCOUNTS**

SEK million	GROUP		PARENT COMPANY		GROUP		PARENT COMPANY	
	Jan-Dec00	Jan-Dec99	Jan-Dec00	Jan-Dec99	Q4 00	Q4 99	Q4 00	Q4 99
Net sales	704.3	213.4	665.2	196.7	359.1	39.5	352.0	33.3
Change in work in progress	14.8	6.5	14.8	6.4	-38.0	4.9	-38.0	5.2
Other operating income	0.0	1.4	0.0	1.1	0.0	1.5	0.0	1.5
Operating costs. Incl. depreciation	-635.7	-295.2	-596.7	-279.9	-247.2	-111.4	-232.2	-106.4
<b>Operating profit/loss</b>	<b>83.4</b>	<b>-73.9</b>	<b>83.3</b>	<b>-75.7</b>	<b>73.9</b>	<b>-65.5</b>	<b>81.8</b>	<b>-66.4</b>
Result from financial investments	6.7	0.6	8.0	2.4	1.0	0.4	1.2	0.6
<b>Profit/loss after financial items</b>	<b>90.1</b>	<b>-73.3</b>	<b>91.3</b>	<b>-73.3</b>	<b>74.9</b>	<b>-65.1</b>	<b>83.0</b>	<b>-65.8</b>
Appropriations	0.0	0.0	0.6	1.7	0.0	0.0	0.6	1.7
Tax on profit of the year	-19.0	20.0	-16.6	20.3	-18.9	20.0	-16.6	20.3
<b>Net profit/loss for the year</b>	<b>71.1</b>	<b>-53.3</b>	<b>75.3</b>	<b>-51.3</b>	<b>56.0</b>	<b>-45.1</b>	<b>67.0</b>	<b>-43.8</b>

BALANCE SHEET					Q INCOME STATEMENT 2000					
SEK million	Dec 31, 00	Dec 31, 99	Dec 31, 00	Dec 31, 99	SEK million	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2000 Total
<b>ASSETS</b>					<b>Net sales</b>	49.0	134.3	161.9	359.1	704.3
<b>Fixed assets</b>	<b>112.3</b>	<b>83.8</b>	<b>112.5</b>	<b>86.1</b>	<b>Q on Q</b>	18%	174%	20%	122%	
<b>Current assets</b>					<b>Y on Y</b>	15%	65%	224%	809%	
Inventories	163.9	90.8	159.3	84.9	<b>Cost of Sales</b>	-27.1	-62.7	-63.7	-116.0	-269.5
Current receivables	350.2	51.7	342.7	43.9	<b>%</b>	-55%	-47%	-39%	-32%	-38%
Cash and bank	318.7	83.1	310.1	79.3	<b>Gross Profit</b>	21.9	71.6	98.3	243.1	434.8
<b>Total current assets</b>	<b>832.7</b>	<b>225.6</b>	<b>812.1</b>	<b>208.2</b>	<b>%</b>	45%	53%	61%	68%	62%
<b>Total assets</b>	<b>945.1</b>	<b>309.4</b>	<b>924.6</b>	<b>294.3</b>	<b>R&amp;D</b>	-31.5	-39.0	-33.5	-86.7	-190.6
<b>EQUITY AND LIABILITIES</b>					<b>%</b>	-64%	-29%	-21%	-24%	-27%
<b>Equity</b>					<b>Sales G&amp;A</b>	-17.2	-25.0	-32.3	-58.5	-133.0
Restricted equity	579.9	113.2	558.6	90.4	<b>%</b>	-35%	-19%	-20%	-16%	-19%
Non-restricted equity	99.7	28.2	99.4	24.2	<b>Other Costs</b>	-3.6	-4.7	4.4	-24.0	-27.8
<b>Total equity</b>	<b>679.5</b>	<b>141.4</b>	<b>658.0</b>	<b>114.6</b>	<b>%</b>	-7%	-3%	3%	-7%	-4%
Untaxed reserves	0.0	0.0	33.6	34.2	<b>EBIT</b>	-30.4	2.9	37.0	73.9	83.4
Provisions	10.1	23.5	0.0	13.5	<b>%</b>	-62%	2%	23%	21%	12%
Long-term interest-bearing liabilities	54.8	51.6	50.2	49.2	<b>Interest</b>	0.8	2.5	2.3	1.0	6.7
Other liabilities	200.6	93.0	182.7	82.8	<b>%</b>	2%	2%	1%	0%	1%
<b>Total liabilities</b>	<b>255.4</b>	<b>144.6</b>	<b>232.9</b>	<b>132.0</b>	<b>Pretax Profit</b>	-29.5	5.4	39.3	74.9	90.0
<b>Total equity and liabilities</b>	<b>945.1</b>	<b>309.4</b>	<b>924.6</b>	<b>294.3</b>	<b>%</b>	-60%	4%	24%	21%	13%
<b>KEY FIGURES</b>					<b>Tax</b>	-0.1	0	0	-18.9	-19.0
Profit margin	12.8%	-34.1%	13.8%	-36.4%	<b>%</b>					-3%
Liquid ratio, <sup>1)</sup>	71%	44%	71%	42%	<b>Extraordinary IT</b>	0	0	0	0	0
Net cash, MSEK <sup>2)</sup>	257.3	26.7	263.6	31.6	<b>%</b>					
Equity/assets ratio	72%	46%	74%	47%	<b>Rep Net Profit<sup>7)</sup></b>	-29.6	5.4	39.3	56.0	71.1
Equity, MSEK <sup>3)</sup>	679.5	141.4	682.3	139.2	<b>%</b>	-61%	4%	24%	16%	10%
No. of shares, x 1000 <sup>4)</sup>	20 194	15 807	20 194	15 807						
Equity/share, SEK <sup>5)</sup>	33.46	9.60	33.60	9.46						
Earnings/share <sup>6)</sup>	3.52	-3.37	3.73	-3.24						
Average no. of employees	240	166	208	149						
Capital expenditure, gross										
Buildings	33.8	1.9	33.8	1.9						
Machinery and equipment	30.1	9.4	23.1	5.7						

1) Sum of current receivables and liquid funds as % of total assets.

2) Liquid funds less interest-bearing liabilities.

3) Equity including 72% of untaxed reserves.

4) Including warrants net after withdrawals.

5) All outstanding options have been taken into account in the calculation.

6) Earnings per share including options, based on the result after tax.

7) Net profit adjusted for deferred tax is MSEK 87.9 (-74.3).