

Media release on Annual Report 2017

Mikron sees significant increase in order intake

Biel, March 12, 2018, 7.00 a.m. – As expected, the second half of the year proved much better for the Mikron Group than the first. This is reflected in all three key indicators: order intake, sales and EBIT. The fact that the expectations published mid-year could nevertheless not be met is due to orders for a number of large customer projects coming in later than hoped. Over the year as a whole, order intake for Mikron manufacturing and automation systems was very volatile, resulting in an uneven distribution of production capacities. With incoming orders totalling CHF 278.9 million (previous year: CHF 243.6 million, +15%), the Group posted total annual sales of CHF 248.5 million (previous year: CHF 256.0 million, -3%) and EBIT of CHF 2.8 million (previous year: CHF 4.1 million, -32%). The innovation initiative launched in 2016 is on track. For 2018 the Group expects 10 to 20% growth in sales and, as a consequence, an improvement in EBIT.

In 2017, the general economic environment was stable overall, and demand for larger investment projects also picked up in the second half of the year. With Mikron customers' production systems running at high capacity utilization levels, demand for tools and Mikron's range of services was good. Numerous customers ordered retrofits for existing systems to be able to benefit from advances made in digitalization in the context of Industry 4.0 and to increase the productivity of their machines. With orders for a number of large customer projects coming in later than hoped, the expectations published mid-year could not be fully met.

Order intake

In the 2017 financial year, the Mikron Group saw 15% year-on-year growth in incoming orders to CHF 278.9 million. Up toward the end of the third quarter, the intake of orders for Mikron Machining's systems business was very volatile and generally too low. Thanks to the sound economic environment above all in the fourth quarter, the business segment posted order intake of CHF 152.9 million, representing an overall increase of 33% compared with the low prior-year figure. Mikron Automation reported a 2% year-on-year decrease in order intake to CHF 126.0 million in 2017, due primarily to customer orders being postponed until the new year.

Net sales and order backlog

With annual sales of CHF 248.5 million, the Mikron Group was not quite able to reach the previous year's result (CHF 256.0 million, -3%). While Mikron Machining succeeded in increasing sales by 7% on the back of strong tool and service business, the Automation business segment faced a decrease of 11%. After a very weak first half, Mikron Automation reported second-half sales in line with the corresponding year-back figure. At CHF 157.2 million, the Mikron Group's order backlog at the end of 2017 was 28% higher than the prior-year figure.

Profitability

With EBIT at CHF 2.8 million in 2017, the Mikron Group fell short of the previous year's result of CHF 4.1 million. While the Machining business segment witnessed an improvement in profitability, EBIT remains negative at CHF -1.6 million (previous year: CHF -5.2 million). The loss is mainly due to the low level of sales in the machinery business, especially in the first half of the year. Innovation project costs also put profitability under pressure. Factoring out this innovation spend, Mikron Machining would have achieved a positive EBIT margin. Following the good result recorded in 2016, Mikron Automation faced a significant decline in EBIT, from CHF 7.5 million to CHF 3.1 million in the 2017 financial year. Taking into account the 11% decrease in sales, the business segment still reported a solid EBIT margin of 2.5%.

Net result

In the year under review, the Mikron Group posted a net result of CHF 1.2 million (previous year: CHF 2.3 million) or CHF 0.07 per share (previous year: CHF 0.14). The Board of Directors will be proposing to the Annual General Meeting an unchanged distribution from capital reserves of CHF 0.05 per share.

Innovation initiative

The Mikron Group innovation initiative launched in 2016 is on track. In 2017, Mikron invested a total of CHF 8.8 million (previous year: CHF 7.1 million) in the development and expansion of new products and product platforms. This is equivalent to 3.5% of sales.

Outlook

The Mikron Group is not anticipating any fundamental changes in market conditions in 2018. Customer system capacity utilization rates are expected to remain high, which will continue to impact positively on the service and tool business. The tool business is looking to tap into further encouraging development opportunities on the US market. This is also true for Mikron Automation, once the uncertainties in the healthcare system have been resolved. The business segment should also be able to profit from the trend toward self-medication and from the fact that people are living increasingly longer. New market opportunities will present themselves to Mikron Machining in 2018 with capacity utilization still high in the automotive industry.

Given that orders in hand are relatively high – though they are unevenly distributed among the various production locations – Mikron expects 10 to 20% growth in sales for 2018 and thus an improvement in EBIT.

Key figures for the Mikron Group

	2017	2016	+/-
CHF million*			
Order intake	278.9	243.6	14.5%
- Machining	152.9	114.8	33.2%
- Automation	126.0	128.9	-2.2%
Net sales	248.5	256.0	-2.9%
- Machining	124.1	116.4	6.6%
- Automation	124.6	139.6	-10.7%
Order backlog	157.2	122.9	27.9%
- Machining	75.2	42.3	77.8%
- Automation	82.2	80.8	1.7%
Number of employees	1,275	1,249	2.1%
- Machining	627	590	6.3%
- Automation	622	636	-2.2%
EBIT	2.8	4.1	-31.7%
- Machining	-1.6	-5.2	n. a.
- Automation	3.1	7.5	-58.7%
Profit for the year	1.2	2.3	-47.8%
Operating cash flow	15.6	12.8	21.9%
Balance sheet total	265.7	251.8	5.5%
Equity ratio	59.2%	62.1%	-2.9%

*except number of employees and %

Publication of annual results for 2017

The annual results will be published at the same time as this media release in the form of the 2017 Annual Report: www.mikron.com/reports

Brief profile of the Mikron Group

The Mikron Group develops, produces and markets highly precise, productive and adaptable automation solutions, machining systems and cutting tools. Rooted in the Swiss culture of innovation, Mikron is a global partner to companies in the automotive, pharmaceutical, medtech, consumer goods, writing instruments and watchmaking industries. The Mikron Group enables its customers to increase quality and industrial productivity. The Group has over 100 years of experience, state-of-the-art technologies, and a global service. The two divisions, Mikron Automation and Mikron Machining, employ a total workforce of around 1,275. They are based in Switzerland (Boudry and Agno). Additional production sites are located in Germany, Singapore, China and the US. Mikron Holding AG shares are traded on SIX Swiss Exchange (MIKN).

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Investor Relations Calendar

April 12, 2018, 04.00 p.m. – Annual General Meeting 2018

July 24, 2018, 07.00 a.m. – Media release: Semiannual results 2018

Except for the historical information contained herein, the statements in this media release are forward-looking statements that involve risks and uncertainties.

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