

Media release on Annual Report 2014

Strong sales growth by Mikron in the USA

Biel, 9 March 2015, 7.00 a.m. – In 2014 the Mikron Group reported a slight increase in sales overall and was able to hold order intake at the prior-year level. However, contrary to Mikron's own targets and expectations, the Group did not succeed in increasing profitability as well, with EBIT at CHF 4.6 million (prior year: CHF 5.2 million). While the Automation business segment achieved a significant improvement in profitability, the Machining business segment fell well short of the corresponding figures for the prior year. The Board of Directors will be proposing to the Annual General Meeting a distribution from capital reserves of CHF 0.05 per share (prior year: CHF 0.10 per share).

The Mikron Group increased its annual sales by 3% to CHF 249.1 million in the year under review (prior year: CHF 241.1 million). This growth is attributable solely to the Automation business segment, which enjoyed healthy capacity utilization levels at the Boudry and Denver locations and saw a 9% increase in sales to CHF 126.8 million (prior year: CHF 116.8 million). Thanks to the reassuring development of tool and service activities and despite a disappointing performance in terms of machinery business, the Machining business segment reported sales of CHF 123.8 million, only marginally below the previous year's level (prior year: CHF 125.2 million). In the year under review, capacity utilization within the Group was very unevenly distributed and in some cases unsatisfactory. It proved correspondingly difficult to plan and manage capacity. Europe remains the dominant geographic market for the Mikron Group, accounting for 53% of all sales. Both business segments profited from the recovery in the US industrial sector. Overall, the US accounted for 25% of Group sales (prior year: 12%). Thanks to a shift in orders within the Automation business segment in the direction of Asia, Mikron increased sales in this region by 13% to CHF 27.5 million (prior year: CHF 24.3 million).

The Mikron Group reported order intake of CHF 244.8 million in 2014, which was broadly at the same level as the prior year (CHF 246.4 million). While the Automation business segment achieved growth of 10%, the Machining business segment recorded a decrease of 12%. Demand from the medical devices, pharmaceutical and consumer goods industries in the US generated an exceptionally high order intake at Mikron Automation.

Profitability

With EBIT of CHF 4.6 million (1.8% of sales), the Mikron Group largely fell short of its profitability target. While the Automation business segment achieved a significant improvement in earnings with EBIT of CHF 2.7 million (prior year: CHF -4.6 million), the Machining business segment suffered a severe setback, reporting EBIT of CHF -0.6 million (prior year: CHF 6.2 million). This mainly reflects the significant fluctuations in order intake at a generally disappointingly low level and the related capacity utilization problems. The operating result was impacted not only by an uneven distribution of work, but also by additional costs during the final phase of several customer projects. The strong performance by Mikron Machining's tool and service business was, unfortunately, not sufficient to offset this decrease.

Net earnings

After factoring in the financial results and income taxes, the Mikron Group's net earnings for 2014 amounted to CHF 2.2 million, showing virtually no change against the previous year's figure (CHF 2.4 million). With earnings below expectations, and in view of the new challenges facing the Group following the decision of the Swiss National bank to abandon the ceiling on the euro, the Board of Directors will be proposing to the Annual General Meeting a distribution from capital reserves of CHF 0.05 per share (prior year: CHF 0.10 per share).

Outlook

For 2015 the Mikron Group assumes an essentially unchanged difficult, but relatively stable economic environment. Automotive production is set to increase globally, and novel eco-friendlier transmission systems will further stimulate demand for new machining and automation solutions. Mikron also expects to benefit from the growing need for self-medication and for precision assembly solutions. However, the positive economic development projected for the US is offset by continuing major uncertainties in Europe and parts of Asia. Many customers in these regions are very cautious regarding their investments. In addition, the removal of the floor against the euro by the Swiss National Bank creates major new challenges for Swiss export companies such as the Mikron Group. In response, Mikron has already introduced numerous measures to secure sales and reduce costs and will continue to do so. Taking this into consideration, in 2015 the Mikron Group should be able to achieve a similar level of net sales and EBIT as in the prior year.

Key figures for the Mikron Group in 2014

	2014	2013	+/-
CHF million (except number of employees)			
Order intake	244.8	246.4	-0.6%
- Machining	110.9	125.8	-11.8%
- Automation	134.5	121.8	10.4%
Net sales	249.1	241.1	3.3%
- Machining	123.8	125.2	-1.1%
- Automation	126.8	116.8	8.6%
Order backlog	117.4	122.4	-4.1%
- Machining	46.9	57.6	-18.6%
- Automation	70.1	65.1	7.7%
Number of employees	1,162	1,109	4.8%
- Machining	565	534	5.8%
- Automation	592	572	3.5%
EBIT	4.6	5.2	-11.5%
- Machining	-0.6	6.2	-109.7%
- Automation	2.7	-4.6	158.7%
Profit for the year	2.2	2.4	-8.3%
Operating cash flow	6.7	10.6	-36.8%
Balance sheet total	237.3	232.1	2.2%
Equity ratio	65.5%	66.1%	-0.6%

Publication of annual results for 2014

The annual results will be published at the same time as this media release in the form of the 2014 Annual Report: www.mikron.com/reports

Brief profile of the Mikron Group

The Mikron Group markets machining and automation solutions, enabling customers around the world to master their precision manufacturing processes. Rooted in a culture of Swiss innovation, Mikron is a leading supplier to the automotive, medical devices, pharmaceutical, consumer goods, writing instruments and watch-making industries. The two divisions, Mikron Automation and Mikron Machining, are based in Boudry and Agno, Switzerland, with additional production facilities in Germany, Singapore, China and the United States. The Mikron Group employs approximately 1,200 people who work to provide Mikron customers with an experience that reflects over 100 years of leadership in high-performance and high-precision production. Mikron Holding AG is listed on SIX Swiss Exchange (MIKN).

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Investor Relations Calendar of Events

16 April 2015, 04.00 p.m. – Annual General Meeting 2015

23 July 2015, 07.00 a.m. – Media release: Semiannual results 2015

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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