



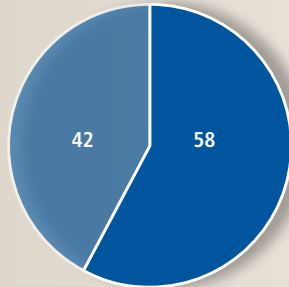
Short version

Annual Report 2011

Sales by segment in %

Total CHF 210.9 million

- Machining
- Automation

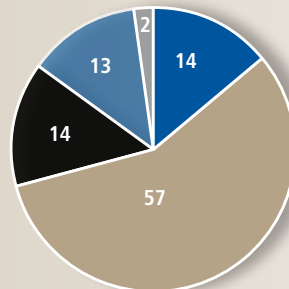


Mikron Group

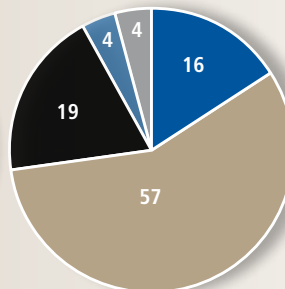
Sales by region in %

Total CHF 210.9 million

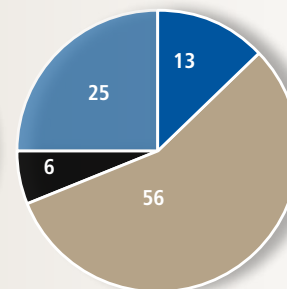
- Switzerland
- Europe
- Asia/Pacific, India
- North America
- Other markets



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Machining

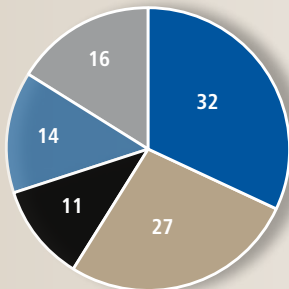


Automation

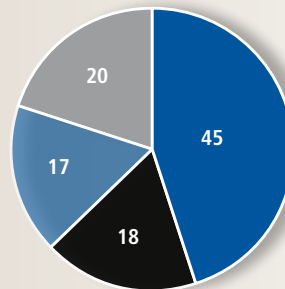
Sales by industry in %

Total CHF 210.9 million

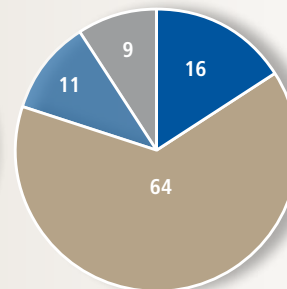
- Automotive
- Pharma/Medical Devices
- Writing
- Consumer Goods
- Other



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Machining

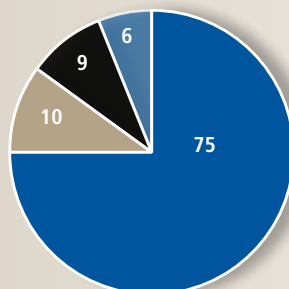


Automation

Employees by region in %

Total 972

- Switzerland
- Europe
- Asia/Pacific, India
- North America



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Key figures 2011

in CHF million, except productivity and number of employees

	2011		2010 restated		+/-	
Key performance data						
Order intake	225.0		219.8		5.2	2.4%
Machining	148.3		121.2		27.1	22.4%
Automation	77.1		99.6		-22.5	-22.6%
Net sales	210.9		182.5		28.4	15.6%
Machining	123.3		103.4		19.9	19.2%
Automation	88.1		79.9		8.2	10.3%
Order backlog	95.9		84.2		11.7	13.9%
Machining	61.7		37.2		24.5	65.9%
Automation	34.2		46.6		-12.4	-26.6%
Operating output	212.0		181.0		31.0	17.1%
Productivity (added value/personnel expenses)	1.48		1.39		0.1	6.5%
Research and development	6.1		5.5		0.6	10.9%
Number of employees (end of year)	972		902		70.0	7.8%
Machining	512		464		48.0	10.3%
Automation	455		432		23.0	5.3%
Earnings						
Operating result, as % of net sales	7.4	3.5%	0.5	0.3%	6.9	n.a.
Earnings before interest and taxes (EBIT), as % of net sales	9.4	4.5%	3.1	1.7%	6.3	n.a.
Machining	7.1	5.8%	1.4	1.4%	5.7	n.a.
Automation	0.1	0.1%	0.0	0.0%	0.1	n.a.
Profit for the year, as % of net sales	7.1	3.4%	1.6	0.9%	5.5	n.a.
Cash flow						
Cash flow from operating activities (incl. movement in net working capital), as % of net sales	8.0	3.8%	14.9	8.2%	-6.9	-46.3%
Balance sheet						
Balance sheet total	219.1		206.6		12.5	6.1%
Current assets	136.7		126.7		10.0	7.9%
Cash and current financial assets	50.0		51.2		-1.2	-2.3%
Non-current assets	82.4		79.9		2.5	3.1%
Current liabilities	53.2		50.5		2.7	5.3%
Long-term liabilities	17.7		15.1		2.6	17.2%
Shareholders' equity, as % of balance sheet total	148.2	67.6%	140.9	68.2%	7.3	5.2%

Report of the Board of Directors

Dear Shareholders,

After a 2010 characterized by a marked recovery in the capital goods sector, demand for capital expenditure on machinery and equipment cooled considerably in the second half of 2011. The uncertainties arising from the sovereign debt crisis resulted in an appreciable weakening in the demand for capital goods in Europe. Like the Swiss export industry as a whole, the Mikron Group found the continued appreciation of the Swiss franc a severe challenge. However, despite these tough conditions, the Group was able to record a strong increase in earnings and substantial growth in sales, and to end the year with a gratifying order backlog.

Thanks to growth in its net sales, improvements in the product mix, a marked gain in productivity and further progress in risk management, Mikron improved its EBIT to CHF 9.4 million in 2011 (prior year: CHF 3.1 million) and its operating result to CHF 7.4 million (prior year: CHF 0.5 million). Based on these strong results, the Board of Directors of the Mikron Group will be proposing a distribution of CHF 0.12 per share to the Annual General Meeting.

Mikron improved its EBIT to CHF 9.4 million in 2011.

The automotive industry was the key driving force behind the demand for capital goods worldwide in 2011. In the medical devices and pharmaceuticals industries, by contrast, the discussions on national over-indebtedness and healthcare savings resulted in a hesitant approach to investment decisions and significant price pressure.

Order intake and net sales

The Mikron Group posted an order intake of CHF 225.0 million in 2011 (prior year: CHF 219.8 million; +2%) and met its target for growth with a 16% increase in net sales to CHF 210.9 million (prior year: CHF 182.5 million). Order backlog at the end of the year stood at a healthy CHF 95.9 million (prior year: CHF 84.2 million; +14%).

Mikron met its target for growth with a 16% increase in net sales to CHF 210.9 million.

While the Machining segment posted stronger than expected growth in its order intake, which rose by 22% to a pleasing CHF 148.3 million (prior year: CHF 121.2 million), the Automation segment clearly missed the previous year's excellent performance (CHF 99.6 million), with order intake for 2011 totalling CHF 77.1 million (-23%). Mikron Automation was particularly hard hit by the currency developments experienced over the course of the year. However, it increased net sales by 10% to CHF 88.1 million (prior year: CHF 79.9 million).

Earnings performance

Despite the competitive disadvantages imposed by currency developments, Mikron succeeded overall in meeting its earnings targets for 2011. The Group raised its earnings before interest and taxes (EBIT) to CHF 9.4 million (prior year: CHF 3.1 million), and its operating result to CHF 7.4 million (prior year: CHF 0.5 million). The main contributor to this positive development was Mikron Machining.



Bruno Cathomen, Chief Executive Officer

Heinrich Spoerry, Chairman of the Board

Profit and shareholders' equity

The Mikron Group's profit rose from CHF 1.6 million to CHF 7.1 million in 2011. This corresponds to earnings per share of CHF 0.43. The Group's financial stability is reflected in its equity ratio of 67.6%.

Cash flow

The Mikron Group succeeded in maintaining a high level of cash and cash equivalents, including current financial assets in excess of 20% of total assets in 2011. Mikron is free of net debt: cash and cash equivalents of CHF 50.0 million significantly exceed interest-bearing liabilities of just CHF 15.4 million. In the year under review free cash flow totaled CHF 0.5 million (without the purchase of the production site for Mikron Tool SA Agno), compared with CHF 13.0 million in the previous year (excluding changes in financial assets). Higher net working capital as a result of increased business volume more than compensated for the sharp improvement in profit.

Outlook

Mikron expects to generate net sales of some CHF 220 million in the 2012 financial year on the back of a good order backlog and positive signals from our customers. This figure excludes net sales from the recently acquired IMA Automation Berlin. The higher sales volume and improved productivity should generate an EBIT margin slightly superior to 2011. However, EBIT is especially susceptible to any weakening of the euro.

Thanks

We would like to express our sincere thanks to all Mikron Group employees for their hard work, dedication and loyalty. In spite of a healthy order situation overall, 2011 was a year of great uncertainty, many changes and, in some cases, very challenging projects, which we were only able to tackle successfully due to the dedication and flexibility of every one of our employees. We would also like to say a big thank you to our customers, and to you, our shareholders, for the trust you place in us through your financial involvement with the Mikron Group.

Yours sincerely

Heinrich Spoerry, Chairman of the Board
Bruno Cathomen, Chief Executive Officer

Mikron Automation

Mikron Automation is one of the world's leading manufacturers of customized, highly productive automation solutions for high-precision assembly and testing of products up to hand-size.

Business trend | In 2011, order intake at Mikron Automation was hard hit by the sharp appreciation of the Swiss franc, in particular at the Boudry site. Against this backdrop, with CHF 77.1 million, the division missed its target of achieving similar order intake figures to the previous year's by a substantial margin (CHF 99.6 million, -23%). Despite the tough conditions, however, Mikron Automation was able to acquire some important new customers in all regions over the course of the year thanks to the new EcoLine product platform and the high performance and precision of the G05 product platform. With many of these customers, the potential for repeat orders is significant.

Thanks to the healthy order backlog at the beginning of the year, Mikron Automation was able to boost its year-on-year net sales in 2011 to CHF 88.1 million (prior year: CHF 79.9 million, +10%). Capacity utilization was strong for the year as a whole and across all sites. However, it fluctuated considerably from month to month and site to site.

Under the pressure imposed by the strong Swiss franc, Mikron Automation conducted a stringent cost control exercise at all its sites. In order to enhance the natural hedging, the division beefed up the proportion of purchases made in euros, especially at the main site in Boudry. Mikron Automation also increased productivity in the in-house production operations in Boudry by way of targeted investments and the introduction of a two-shift system. The division has consciously held back from making any structural adjustments so as to retain the extensive knowledge and experience of its employees.

Human Resources | In Singapore and Shanghai, Mikron Automation expanded its capacities in line with strategy. Despite a tight labour market, the division succeeded in attracting new employees with the required skills. The two Asian sites are thus well prepared to expand the business further in the years to come.

In its branch office in the USA, Mikron Automation made adjustments to management structures and replaced some members of the management team at mid-year. In the second half of the year, the sales team was augmented. The division was able to reap the fruits of this investment at the end of the year, when two major new US customers opted for Mikron assembly solutions.

Technology | During the year under review, Mikron Automation successfully launched the latest version of its G05 assembly platform to positive customer feedback. In addition, the G05 platform was upgraded to include a high-performance 4-axis gantry. Mikron Automation further augmented its order intake for projects based on its Mikron EcoLine platform. At its "Technology Days" in Boudry in May 2011, it premiered the new Pilot EcoLine, a flexible assembly system which will make it easier for customers experiencing rising volumes to implement gradual increases in capacity. Customer interest in the Pilot EcoLine is considerable, and Mikron Automation had already received a number of orders for the system by the end of 2011.

Outlook | Due to the strength of the Swiss franc, the pressure on margins in Europe looks set to persist in 2012. The general uncertainty engendered by the debt crisis is also having an impact on customer investment behaviour; new investments are being approved only hesitantly. However, many customers are operating at full capacity, which is creating a need to expand capacity in many areas. Thanks to its use of standard product platforms, Mikron Automation is able to deliver its solutions faster than its competitors, an advantage which is not to be underestimated.

Cost pressures are set to persist in the pharmaceutical and medical device industries. However, new opportunities are arising for Mikron Automation in its business with generics manufacturers. In addition, validation requirements are continuing to grow, and not all competitors will be able to satisfy them. The automotive industry still has substantial investment projects on its books for the current year, in many cases triggered by new products. For Asia, the division anticipates that the trend towards increasing automation will intensify in the long term, because good employees are hard to find in many regions of Asia, wage costs are rising and the growing need for high quality standards will force Asian manufacturers to switch from manual work to automated processes with ever increasing frequency. With its production facilities in Singapore and Shanghai, the division can serve Asian customers from a local base.

Mikron Automation's priorities for 2012 include further lowering its cost base and enhancing productivity in order to offset the competitive disadvantage imposed by the strong Swiss franc. In the 2011 financial year the division augmented its sales teams in all regions, and will continue to invest in the global sales and service operations in 2012 and to prioritize innovation in order to continue to grow and create added value for the customers.

Mikron Machining

Mikron Machining is a leading supplier of customized, highly productive machining solutions for the manufacturing of complex high-precision components made of metal.

Business trend | On the whole, Mikron Machining's business performed well throughout 2011, despite the challenges raised by the rapid and extreme appreciation of the Swiss franc. This meant that the division had to withdraw from a few projects due to concerns about their profitability. In some cases, the currency effects would have led to an unacceptable erosion of margins. The tools and service businesses were particularly hard hit by the currency developments in 2011. Currency and cost developments will remain a source of uncertainty and a major challenge in 2012.

Overall, Mikron Machining enjoyed a very pleasing development of order intake, achieving a healthy CHF 148.3 million (prior year: CHF 121.2 million; +22%). It remains highly diversified in terms of product mix, markets and applications. Net sales grew a little less strongly, to CHF 123.3 million (prior year: CHF 103.4 million; +19%). This is due to the fact that several of the new orders received constitute large and complex projects which will only be fully reflected in net sales in 2012. The division was able to acquire a number of new customers and applications in 2011. While this will entail additional project risks, it also offers the opportunity to gain new repeat orders.

Human Resources | In view of the growing volume of orders, a priority for Mikron Machining throughout 2011 was to attract competent and motivated new employees and to provide targeted opportunities for development and training to the existing team. The division's headcount grew by a little more than 10%. During this process, the division also came to realize that the supply of young engineers and technicians in Ticino and the rest of Switzerland is not always enough to meet current demand. However, the division was able to avoid shortages through expeditious recruitment of outstanding engineers and technicians from neighbouring areas of Italy. In addition, several new employees decided to move to Ticino from German-speaking Switzerland. In Germany as well, aligning headcounts with growing capacity needs was a challenge. Recruitment of specialists and technical experts will remain an important issue for Mikron Machining in both countries.

In its training activities, the division attached great importance to language skills and to specific technical training. In the year under review, many employees were considerably involved with the ERP system SAP, which went live in January 2012.

Technology | With its transfer technology-based solutions, Mikron helps customers all over the world to set new standards in their production processes and to maintain or extend their market leadership. At the EMO trade fair 2011, Mikron Machining presented its latest machining system, the Multistar NX-24, which combines high productivity with flexibility and the greatest of precision. At the same time, Mikron Tool presented the CrazyDrill Flex, an innovative, flexible micro drill capable of providing a diameter range of 0.1 to 1.2 millimetres and unbeatable drilling depths.

Outlook | It is extremely difficult to formulate an accurate assessment of how the economic environment will develop in 2012. Events on the financial markets and in the political arena cannot be predicted, and it is impossible to say what influence they will have on the real economy. The performance of the Swiss franc going forward also remains a source of great uncertainty. In general, Mikron Machining's customers are confident regarding their own markets. However, they are quick to point out the fragility of the overall environment. The Machining business segment is going into 2012 with a healthy order backlog and an excellent customer base. In view of the significant backlog demand prevailing in 2011, the division is proceeding on the assumption that there will be a slight cyclical decline in new orders in 2012. Nevertheless, it should be able to further augment its sales in comparison to 2011.

Mikron Machining invested significantly in new production equipment and systems in 2011. The division's priority in 2012 will be to successfully commission the new equipment and systems, thereby to increase efficiency, and, as well as developing new products, to make further improvements to the existing range. Moreover, Mikron Machining will be realizing a number of major projects to renew the infrastructure in Ticino over the coming year.

Consolidated income statement

CHF 1,000	2011		2010	
			restated	
Net sales	210,948		182,453	
Change in work in process/finished goods	476		-2,519	
Capitalized own production	552		1,051	
Operating output	211,976	100.0%	180,985	100.0%
Material costs and subcontractors	-76,460		-68,941	
Personnel expenses	-91,325		-80,844	
Other operating income	1,272		2,537	
Other operating expenses	-29,970		-24,605	
Depreciation of tangible assets	-5,549		-5,988	
Amortization of intangible assets	-2,521		-2,651	
Operating result	7,423	3.5%	493	0.3%
Financial result	-1,368		-1,015	
Ordinary result	6,055	2.9%	-522	-0.3%
Non-operating result	1,958		2,560	
Profit before taxes	8,013	3.8%	2,038	1.1%
Income taxes	-879		-449	
Profit	7,134	3.4%	1,589	0.9%

Mikron

Consolidated balance sheet

CHF 1,000	31.12.2011		31.12.2010 restated	
Current assets				
Cash and cash equivalents	26,231		28,036	
Current financial assets	23,745		23,145	
Accounts receivable	13,196		12,272	
Inventories	33,251		31,257	
Net assets from customer projects	34,236		26,094	
Other receivables	2,663		3,759	
Prepaid expenses	3,368		2,119	
Total current assets	136,690	62.4%	126,682	61.3%
Non-current assets				
Tangible assets	43,515		40,050	
Intangible assets	6,933		8,226	
Investment property	27,950		27,200	
Assets from employer contribution reserve	0		606	
Deferred tax assets	4,011		3,817	
Total non-current assets	82,409	37.6%	79,899	38.7%
Total assets	219,099	100.0%	206,581	100.0%
Current liabilities				
Short-term financial liabilities	606		580	
Accounts payable	17,798		16,222	
Net liabilities from customer projects	13,788		14,142	
Short-term provisions	3,491		3,263	
Other current liabilities	2,056		2,730	
Accrued expenses	15,500		13,558	
Total current liabilities	53,239	24.3%	50,495	24.4%
Long-term liabilities				
Long-term financial liabilities	14,805		12,891	
Long-term provisions	201		345	
Deferred tax liabilities	2,665		1,901	
Total long-term liabilities	17,671	8.1%	15,137	7.3%
Shareholders' equity				
Share capital	1,671		1,671	
Treasury shares	-186		-51	
Capital reserves	108,670		108,670	
Retained earnings	38,034		30,659	
Total shareholders' equity	148,189	67.6%	140,949	68.2%
Total liabilities and shareholders' equity	219,099	100.0%	206,581	100.0%

Consolidated statement of cash flow

CHF 1,000	2011	2010 restated
Cash flow from operating activities		
Profit	7,134	1,589
Income taxes	837	431
Depreciation and amortization	8,070	8,639
Gains (-) / losses (+) on sale of non-current assets	-28	-758
Changes in provisions	97	-3,473
Other non-cash items	-1,416	1,674
Cash flow from operating activities before changes in net working capital	14,694	8,102
Movement in accounts receivable	-926	1,616
Movement in inventories	1,734	5,976
Movement in net assets from customer projects, other receivables and prepaid expenses	-9,231	-9,896
Movement in accounts payables	1,110	4,506
Movement in net liabilities from customer projects, other current liabilities and accrued expenses	642	4,618
Cash flow from operating activities	8,023	14,922
Cash flow from investing activities		
Investments in tangible assets	-8,824	-1,549
Divestments of tangible assets	96	1,312
Investments in intangible assets	-1,240	-1,593
Investments in investment property	-977	-47
Investments in financial assets	-5,040	-23,145
Divestments of financial assets	4,440	0
Cash flow from investing activities	-11,545	-25,022
Cash flow from financing activities		
Purchase of treasury shares	-1,073	-622
Sales of treasury shares	406	362
Increase (+) / repayment (-) of short-term financial liabilities	0	-4,363
Increase (+) / repayment (-) of long-term financial liabilities	2,520	-3,450
Increase (+) / repayment (-) of finance lease liabilities	-580	-725
Interest received	639	201
Interest paid	-197	-324
Cash flow from financing activities	1,715	-8,921
Effect of exchange rate changes on cash	2	-355
Net cash flow	-1,805	-19,376
Increase (+) / decrease (-) of cash and cash equivalents	-1,805	-19,376
Cash and cash equivalents at beginning of period	28,036	47,412
Cash and cash equivalents at end of period	26,231	28,036

Mikron

Notes

1. General Information

Mikron Holding AG is a limited company under Swiss law, domiciled in Biel. Its shares are listed on the SIX Swiss Exchange.

The full financial report 2011 is available or can be ordered on the Mikron website (www.mikron.com/reports).

2. Accounting principles

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER. However, the data presented in the short version of this report should be read in conjunction with the full financial report for the year 2011. This short version does not fulfill all the disclosure requirements of Swiss GAAP FER nor are the accounting principles set out.

3. Scope of consolidation

The consolidated financial statements include Mikron Holding AG, Biel, and all Swiss and foreign companies where it directly or indirectly holds more than 50 percent of the voting rights or exercises control by some other form.

On 31 December 2011 Mikron Corp. Monroe was merged into Mikron North America Corp. At the same time Mikron North America Corp. was renamed Mikron Corp. Monroe. Otherwise there were no changes in the scope of consolidated companies.

4. Events after the balance sheet date

On 1 February 2012 Mikron announced that IMA Automation Berlin GmbH will be acquired from the Feintool Group. At time of publication, IMA Automation Berlin had a workforce of 70 and generated annual sales of approximately EUR 11 million in 2011. The acquisition is subject to approval by the German Bundeskartellamt (competition authority).

The Mikron Group

The Mikron Group is a globally operating, technologically leading supplier of machining and automation solutions for high-volume and high-precision production. With over 100 years of experience, rooted in Swiss innovation and quality culture, the Mikron Group is a long-term process and technology partner to many industry leaders.

The Group's powerful and reliable machines, systems and tools fulfill the highest standards in terms of precision, economy and flexibility. A comprehensive range of services rounds off the market offering.

The Mikron Group's operations are divided into the two divisions Mikron Machining and Mikron Automation. The Group employs a workforce of almost 1000, the majority of them at its two main sites in Agno (Switzerland) and Boudry (Switzerland). Further facilities are located in Rottweil (Germany), Denver and Monroe (USA), Singapore and Shanghai (China).

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Except for the historical information contained herein, the statements in this short version of the annual report are forward-looking statements that involve risks and uncertainties.