



## Invitation to the Annual General Meeting 2018

Including short version of Annual Report 2017

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## A warm welcome

Dear Shareholders,

We are pleased to invite you to the Annual General Meeting of Mikron Holding AG. The firming global economy and improved investment climate created more and more interest in the Mikron Group's products and services over the past financial year. The good capacity utilization of customers' production systems led to great demand for high-performance cutting tools and Mikron's range of services in particular. Numerous customers ordered retrofits for existing systems to be able to benefit from advances made in digitalization in the sense of Industry 4.0, and to increase the productivity of their machines.

As expected, the second half of 2017 was much better than the first for the Mikron Group, as shown by all the key figures, especially order intake. The fact that our Group was still unable to fully meet the expectations published mid-year is due to orders which our customers postponed to 2018.

The appended short version of the Annual Report contains a review of the 2017 financial year. The full Annual Report is available in English on our website. You can also order a print version from us.

Please use the enclosed form to register to attend the Annual General Meeting or appoint a proxy. Alternatively, you may vote electronically. The relevant information can be found on the "Registration/appointment of proxy" form.



Heinrich Spoerry  
Chairman of the Board of Directors

# Program Annual General Meeting

## Date and place

Thursday, 12 April 2018  
Kongresshaus Biel, Zentralstrasse 60

## Program

- 3.00 p.m.** Doors open, registration and security clearance
- 4.00 p.m.** Annual General Meeting commences
- Welcome address  
Heinrich Spoerry, Chairman of the Board of Directors
- 2017 financial year and outlook 2018  
Heinrich Spoerry, Chairman of the Board of Directors  
Bruno Cathomen, CEO Mikron Group  
Martin Blom, CFO Mikron Group
- Questions from shareholders
- Regular agenda items  
Heinrich Spoerry, Chairman of the Board of Directors
- approx. 5.30 p.m.** Annual General Meeting ends,  
followed by a reception in the foyer

# Agenda and proposals

## 1. Annual Report 2017

### 1.1 Management Report, Financial Statements of Mikron Holding AG and Consolidated Financial Statements 2017 of the Mikron Group; reports of the statutory auditor

#### Proposal

The Board of Directors proposes the approval of the Management Report, the Financial Statements of Mikron Holding AG and the Consolidated Financial Statements 2017 of the Mikron Group.

#### Remarks

A comprehensive review of the 2017 financial year is included in the Annual Report 2017 (available in English only), which also contains the reports of the statutory auditor, information on corporate governance, and the Compensation Report. A short version of the Annual Report can be found on pages 14 ff. of this invitation.

### 1.2 Advisory vote on the Compensation Report 2017

#### Proposal

The Board of Directors proposes that the Compensation Report 2017 be approved. An advisory vote will be held in accordance with Art. 13 of the Articles of Association.

#### Remarks

The Compensation Report (pages 74 to 77 of the Annual Report 2017) outlines the principles and elements of the remuneration payable to the Board of Directors and Group Management. It details the remuneration paid in the year under review to the members of the Board of Directors and Group Management, and shows their shareholdings in Mikron Holding AG.

## 2. Discharge of members of the Board of Directors and Group Management

#### Proposal

The Board of Directors proposes to discharge the members of the Board of Directors and Group Management for the 2017 financial year.

## 3. Appropriation of retained earnings, allocation and appropriation of reserves from capital contributions

#### in CHF 1,000

Profit carried forward	30,709
Excess proceeds from sale of treasury shares	-3
Loss/profit for the year	-4,643
<b>Profit carried forward</b>	<b>26,063</b>

**Proposal**

- The Board of Directors proposes that
- 3.1 the retained earnings for the year ended 31 December 2017 be carried forward to new account.
- 3.2 reserves from capital contributions in the amount of CHF 0.05 per share be allocated to voluntary (as per resolution) retained earnings, and a withholding tax-free distribution for 2018 of CHF 0.05 per share be stipulated.

**Remarks**

The Board of Directors proposes to the Annual General Meeting a withholding tax-free distribution for 2017 of CHF 0.05 per share. Based on a maximum of 16,712,744 shares, the total amount is CHF 835,637. No distribution is made on shares owned by Mikron Holding AG. Prior to this, reserves from capital contributions in the amount of CHF 0.05 per share with a par value of CHF 0.10 each are to be allocated to voluntary (as per resolution) retained earnings. Provided this proposal is approved by the Annual General Meeting, the payout will be made on 18 April 2018. The final trading day on which shares will still be entitled to a distribution is 13 April 2018. Shares will be traded ex distribution from 16 April 2018.

**4. Elections relating to the Board of Directors****4.1 Members of the Board of Directors**

The one-year term of office of the entire Board of Directors expires at the Annual General Meeting 2018. All members of the Board of Directors will be standing for re-election. The Board of Directors proposes to the Annual General Meeting that a further member be elected.

**Proposal**

The Board of Directors proposes that the following be elected for a term of one year until the conclusion of the Annual General Meeting 2019:

- 4.1.1 Heinrich Spoerry, Swiss (born in 1951)
- 4.1.2 Eduard Rikli, Swiss (born in 1951)
- 4.1.3 Patrick Kilchmann, Swiss (born in 1958)
- 4.1.4 Andreas Casutt, Swiss (born in 1963)
- 4.1.5 Hans-Michael Hauser, German (born in 1970)
- 4.1.6 Paul Zumbühl, Swiss (born in 1957)

**Remarks**

For more information on current members of the Board of Directors standing for re-election, please see the Annual Report 2017, Corporate Governance section, page 59.

The Board of Directors proposes that Paul Zumbühl also be elected for a term of one year until the conclusion of the Annual General Meeting 2019. This will be the first step in the renewal of the board planned for the coming years.

Paul Zumbühl (born 1957, Swiss national) has been CEO of the Interroll Group since 2000. Under his leadership, Interroll has become a global leader in the manufacture of key products and services for in-house logistics. Prior to this, Mr. Zumbühl held various management positions with international corporate groups. He has a degree in engineering from Lucerne School of Engineering and an MBA from the joint program of the Universities of Boston, Bern and Shanghai, as well as an AMP from Kellogg Business School, Chicago, USA.

**4.2 Chairman of the Board of Directors****Proposal**

The Board of Directors proposes the re-election of Heinrich Spoerry as Chairman of the Board of Directors for a term of one year until the conclusion of the Annual General Meeting 2019.

**4.3 Members of the Remuneration Committee**

The one-year term of office of the members of the Remuneration Committee expires at the Annual General Meeting 2018. Both members will be standing for re-election. The Board of Directors intends to reappoint Patrick Kilchmann as Chairman of the Remuneration Committee, provided he is re-elected by the Annual General Meeting.

**Proposal**

The Board of Directors proposes the election of the following as members of the Remuneration Committee for a term of one year until the conclusion of the Annual General Meeting 2019:

- 4.3.1 Patrick Kilchmann, Swiss (born in 1958)
- 4.3.2 Andreas Casutt, Swiss (born in 1963)

## 5. Approval of the total future remuneration payable to the Board of Directors and Group Management

### 5.1 Remuneration payable to the Board of Directors

#### Proposal

The Board of Directors proposes the approval of the total remuneration payable to the members of the Board of Directors for the period up to the next Annual General Meeting of maximum CHF 460,000.

#### Remarks

The proposed total amount of maximum CHF 460,000 includes unchanged remuneration for the five re-elected members of the Board of Directors. This amount was increased compared with the previous year to allow for remuneration payable to the additional member proposed for election. The total sum contains the basic fee, including remuneration for work in the committees of the Board of Directors, lump-sum compensation for expenses, as well as all social insurance contributions, and is paid out as a fixed fee.

The remuneration effectively paid will be disclosed in the Compensation Report for the 2018 financial year and be the subject of the related advisory vote to be held at the Annual General Meeting in 2019.

### 5.2 Remuneration payable to Group Management

#### Proposal

The Board of Directors proposes that the following be approved as remuneration payable to Group Management:

- 5.2.1 The total fixed and performance-related remuneration which may be paid to Group Management during the 2019 financial year of maximum CHF 1.8 million.
- 5.2.2 The allocation of 10,000 shares for the past financial year 2017, which, valued at the price on 12 March 2018, corresponds to a value of CHF 81,000.

#### Remarks

The proposed total amount of maximum CHF 1.8 million is for the remuneration of three members of Group Management. It includes maximum remuneration for the CEO of approximately CHF 0.7 million. In addition, a proposal for an allocation of shares will again be made in 2019. Factoring in the allocation of shares, the amount is slightly lower than the total remuneration approved by the Annual General Meeting for 2018. This is attributable to the revised longterm incentive plan for the years 2018 to 2020.

The total amount comprises the following amounts for the respective remuneration components:

- Basic remuneration: maximum of CHF 1.1 million. The Board of Directors will stipulate the actual remuneration for 2019 at the end of 2018.
- Variable remuneration: maximum of CHF 0.4 million, subject to maximum attainment of targets by all members of Group Management.
- Pension and supplementary benefits, as well as employer contributions to social insurance: maximum of CHF 0.3 million. The amount of the effective obligations depends, among other factors, on the basic and variable remuneration effectively paid, on the age structure of the members of Group Management and on the insurance contributions.

The remuneration effectively paid will be disclosed in the Compensation Report for 2019 and be the subject of the related advisory vote to be held at the Annual General Meeting in 2020.

## 6. Election of the independent proxy

#### Proposal

The Board of Directors proposes the re-election of Urs Lanz, notary and advocate from Nidau, as the independent proxy until the conclusion of the Annual General Meeting 2019.

## 7. Election of the statutory auditor

#### Proposal

The Board of Directors proposes the re-election of PricewaterhouseCoopers AG, Bern, as statutory auditor for the 2018 financial year.

## Organizational information

### Annual Report

The Annual Report (Review of Operations, Financial Report of Mikron Holding AG and of the Mikron Group) as well as the auditor's reports for 2017 are available for inspection at the company's administrative offices at Güterstrasse 20, 4900 Langenthal, Switzerland.

The Annual Report can be ordered using the registration form and is available on Mikron's website, [www.mikron.com](http://www.mikron.com), as a PDF file. Copies will also be on display at the Annual General Meeting. The invitation to the 2018 Annual General Meeting can also be viewed on Mikron's website.

### Right to vote

Those shareholders of Mikron Holding AG entered in the share register as "with voting rights" up to and including 6 April 2018 are entitled to vote. No entries will be made in the share register from 7 to 12 April 2018.

### Admission cards and appointment of proxy

With the enclosed document "Registration/appointment of proxy", shareholders can order admission cards, or may opt to be represented. Admission cards will be sent out from 27 March 2018 onwards. Shareholders are asked to send this document, together with the instruction form if required, as quickly as possible to ShareCommServices AG, Europastrasse 29, CH-8152 Glattbrugg.

Shareholders also have the option of registering or appointing the independent proxy online until 4 p.m. on 10 April 2018. Information regarding the online platform and your personal access data can be found in the "Registration/appointment of proxy" document.

In accordance with the law and the Articles of Association, shareholders who do not wish to attend the Annual General Meeting in person may opt to be represented as follows:

- by a person appointed by the shareholder, or
- by the independent proxy, Mr. Urs Lanz, notary and advocate, Hauptstrasse 54, 2560 Nidau, Switzerland.

### Other information

The Annual General Meeting will be held in German. Shareholders attending the Annual General Meeting are also invited to a reception immediately after the meeting.

Biel, March 2018

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Annual Report 2017  
Short version

## Highlights

### CHF 278.9 million

The Mikron Group achieved an order intake of CHF 278.9 million in 2017 (previous year: 243.6 million, +15%).

### CHF 15.6 million

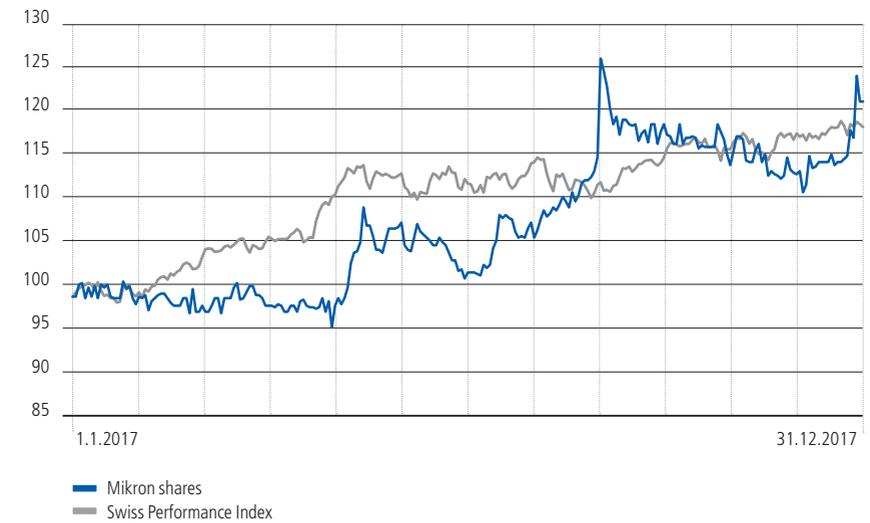
With CHF 15.6 million Mikron increased cash flow from operating activities by 22%.

### Anticipated growth

For 2018, the Mikron Group is anticipating a growth in sales and subsequently an improvement in EBIT.

#### Share performance

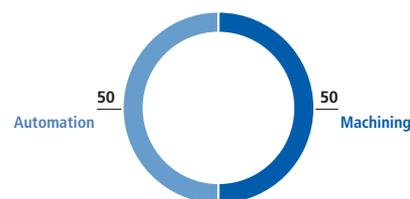
as %



## Key Figures 2017

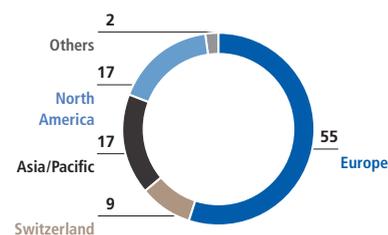
in CHF million, except productivity and number of employees	2017	2016	+/-			
<b>Key performance data</b>						
Order intake	278.9	243.6	35.3	14.5%		
Machining	152.9	114.8	38.1	33.2%		
Automation	126.0	128.9	-2.9	-2.2%		
Net sales	248.5	256.0	-7.5	-2.9%		
Machining	124.1	116.4	7.7	6.6%		
Automation	124.6	139.6	-15.0	-10.7%		
Order backlog	157.2	122.9	34.3	27.9%		
Machining	75.2	42.3	32.9	77.8%		
Automation	82.2	80.8	1.4	1.7%		
Productivity (added value/personnel expenses)	1.40	1.39	0.01	0.7%		
Research and development	8.8	7.1	1.7	23.9%		
Number of employees (end of year)	1,275	1,249	26	2.1%		
Machining	627	590	37	6.3%		
Automation	622	636	-14	-2.2%		
<b>Earnings</b>						
EBITDA, as % of net sales	11.2	4.5%	12.6	4.9%	-1.4	-11.1%
EBIT, as % of net sales	2.8	1.1%	4.1	1.6%	-1.3	-31.7%
Machining	-1.6	-1.3%	-5.2	-4.5%	3.6	n.a.
Automation	3.1	2.5%	7.5	5.4%	-4.4	-58.7%
Operating result, as % of net sales	1.3	0.5%	2.8	1.1%	-1.5	-53.6%
Profit for the year, as % of net sales	1.2	0.5%	2.3	0.9%	-1.1	-47.8%
<b>Cash flow</b>						
Cash flow from operating activities (incl. changes in net working capital), as % of net sales	15.6	6.3%	12.8	5.0%	2.8	21.9%
<b>Balance sheet</b>						
Balance sheet total	265.7	251.8	13.9	5.5%		
Current assets	170.5	158.2	12.3	7.8%		
Cash and current financial assets	57.6	52.3	5.3	10.1%		
Non-current assets	95.2	93.6	1.6	1.7%		
Current liabilities	95.7	68.6	27.1	39.5%		
Long-term liabilities	12.7	26.8	-14.1	-52.6%		
Shareholders' equity, as % of balance sheet total	157.3	59.2%	156.3	62.1%	1.0	0.6%

Mikron Group 2017



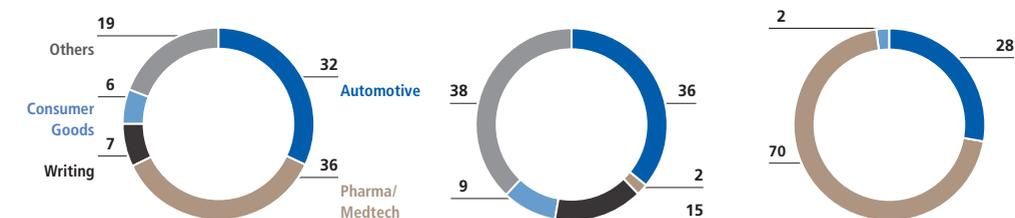
Sales by segment in %  
Total CHF 248.5 million

Machining 2017



Sales by region in %  
Total CHF 248.5 million

Automation 2017



Sales by industry in %  
Total CHF 248.5 million

## Management Report (excerpt)

The Mikron Group succeeded in increasing order intake in the second half of the 2017 financial year. The volatile order intake for machining and automation systems caused unequally loaded capacities throughout the year. Overall, the Group achieved annual order intake of CHF 278.9 million (previous year: CHF 243.6 million, +15%), net sales of CHF 248.5 million (previous year: 256.0 million, -3%) and EBIT of CHF 2.8 million (previous year: CHF 4.1 million, -32%). The innovation initiatives launched in 2016 proceeded as planned. For 2018, the Mikron Group is anticipating a growth in sales and subsequently an improvement in EBIT.

### Group business review

The general economic environment was stable overall in 2017. Demand for investment projects also picked up in the second half of the year. Mikron's customers reported high capacity utilization rates throughout the year, which led to solid demand for tools and the various services provided by Mikron. Numerous customers ordered retrofits for existing systems to be able to benefit from advances made in digitalization and to increase the productivity of their machines. 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 were met later than hoped for, and altogether not entirely as predicted, is attributable to delays in order intake for a number of large-scale customer projects.

Mikron Automation began the business year with a solid order backlog. It was, however,

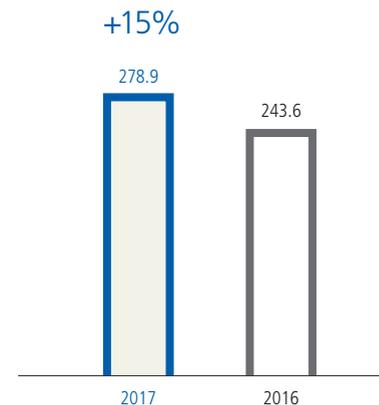
spread very unevenly over the individual sites. While the Mikron companies in Europe also attracted larger new orders from the pharmaceutical and medtech industries, in particular Mikron Denver's order intake remained well below expectations into the third quarter. Uncertainty over America's health and tax policy clearly left its mark on the US pharmaceutical and medtech markets. In Asia, Mikron Automation succeeded in establishing further new customer relationships. Nevertheless, Asian demand for Mikron Automation assembly systems remained significantly lower than the volumes from Europe and the US.

Mikron Machining responded to growing demand in its tool and service business by investing in additional production systems and hiring new staff. The encouraging increase in order intake in the extremely cyclical machinery business in the fourth quarter came from the watchmaking, writing instruments and automotive industries.

### Order intake

The Mikron Group reported order intake of CHF 278.9 million in 2017, representing an increase of 15% against the prior year (CHF 243.6 million). The increase in local currencies was slightly lower at 14%. Until the third quarter, order intake for Mikron Machining's machinery business was extremely volatile and generally too low. It was mainly in the fourth quarter that Mikron Machining was able to profit from the positive economic environment and surpass the very low prior-year figure by as much as 33% to report order intake of CHF 152.9 million for the year. Mikron Automation posted order intake of CHF 126.0 million, 2% lower than the corresponding prior-year figure (CHF 128.9 million). The decrease is due primarily to a large volume of customer orders being postponed until the new year.

Order intake  
in CHF million

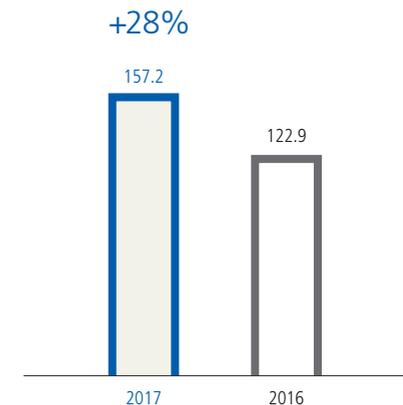


Europe remains Mikron's most important market, with approximately 55% of orders received in 2017 placed by European customers (previous year: 52%). The two strongest market segments are still the automotive industry and the pharmaceutical/medtech industries, both contributing with 31% (prior year: 35%) to the overall order intake.

### Net sales, capacity utilization and order backlog

Posting annual sales of CHF 248.5 million, the Mikron Group fell short of the prior-year result (CHF 256.0 million, -3%) as previously announced. While Mikron Machining succeeded in increasing sales by 7% on the back of strong tool and service business, the Automation business segment posted a decrease of 11% after the solid growth in sales achieved in the previous year. Following a very weak first

Order backlog  
in CHF million



half in 2017, Mikron Automation was able to match prior-year sales in the second half.

### Profitability

In the 2017 business year, the Mikron Group reported EBIT of CHF 2.8 million, falling short of the prior-year result (CHF 4.1 million).

The EBIT loss of CHF -1.6 million (prior year: CHF -5.2 million) posted by the Machining business segment represents an improvement in profitability. The loss reflects the low level of machine sales, especially in the first half of 2017, as well as the costs for the development projects. Excluding the latter, the EBIT margin would have been positive. Mikron Automation, after a good result in 2016, reported much lower EBIT of CHF 3.1 million (prior year: CHF 7.5 million). Considering that sales dropped by -11%, Mikron Automation achieved a decent 2.5% EBIT margin.

Mikron's net earnings for 2017 were CHF 1.2 million, compared to CHF 2.3 million in the prior year. Net earnings per share for the year 2017 came to CHF 0.07 (prior year: CHF 0.14). At the General Meeting on April 12, 2018, the Board of Directors of the Mikron Group will propose an unchanged distribution from capital contribution reserves of CHF 0.05 per share.

### Investment property

The investment property in Nidau (Switzerland) generated a net income of CHF 1.5 million (prior year: CHF 1.3 million). With a pre-impairment net yield of 6.8% (prior year: 6.9%) this is an attractive investment of liquid assets not required for operational purposes.

### Annual sales in CHF

2017

248.5 million

2016

256.0 million

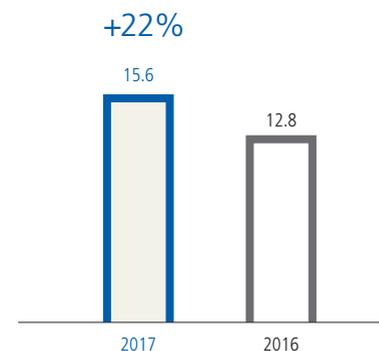
In 2015, Mikron was informed by one of the lessees (a company renting around 60% of the building) of its intention to move out by mid-2019 at the latest. Various courses of action were evaluated over the past few months, the most promising of which are being pursued further.

### Balance sheet, financing and equity ratio

Overall, the Mikron Group's balance sheet remains very strong. Mikron is free of net debt and reports a healthy equity ratio.

Cash and cash equivalents plus current financial assets of CHF 57.6 million significantly exceed interest-bearing liabilities of CHF 23.3 million. The current financial assets of CHF 15.4 million are mainly invested in high-quality Swiss franc bonds with a residual maturity of less than three years. The net cash position increased to CHF 34.3 million or 14% of net sales (prior year: 11%).

### Cash flow from operating activities in CHF million

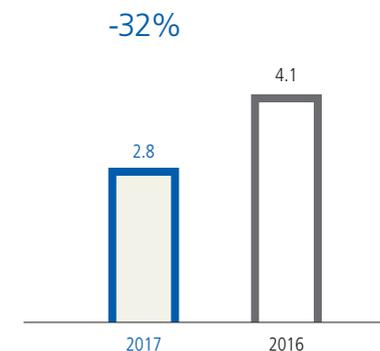


Net working capital decreased by CHF 5.8 million to CHF 33.1 million. Overall net working capital compared to net sales amounts to 13%, which is a further decrease compared with the prior year (15%). This was driven by a solid level of prepayments received from projects sold just before year-end and continuously tight management of outstanding bills.

### Outlook

The Mikron Group assumes there will be no fundamental change in market conditions with continuing well utilized customer operations. Services and Tool are expected to benefit further, if this trend is confirmed. Mikron expects the US market to offer growth opportunities for Mikron Automation, once the uncertainties in the US health system are resolved, and the tools business. The ongoing good capacity utilization for the automotive industry could offer new opportunities for Mikron Machining, while the general trend

### EBIT in CHF million



towards self-medication and a generally ageing population is beneficial to Mikron Automation. For the Swiss companies, the recently weakened Swiss franc – though still strong – could be less of a handicap. Nevertheless, Mikron expects the fierce competition (prices as well as other terms and conditions) for machining and automation systems to continue.

Net sales are expected to grow based on the relatively high but unequally distributed backlog. The level of sales growth will depend on the timely availability of resources and materials, as well as order intake in the first half of 2018. Higher net sales are expected to result in higher profitability. The Machining business segment continues to drive forward its innovation activities, which is having a considerable impact on the Group's short-term result. For 2018, Mikron expects an improvement in EBIT.

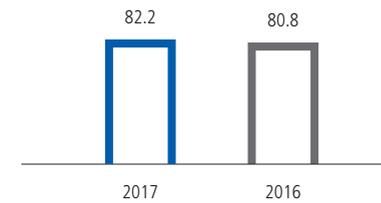
## Mikron Automation

The generally positive economic environment has not been comprehensively reflected in the Automation business segment's financial figures for 2017. For a number of projects with considerable sales values, definitive orders did not come in until the beginning of 2018. In Switzerland, the business segment succeeded in maintaining its solid prior-year level of orders and in defending its leading market position.

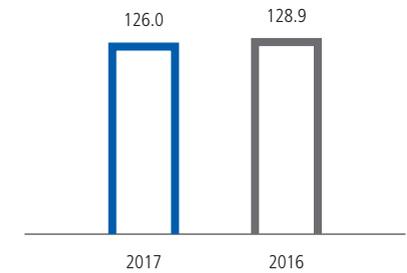
The pharmaceutical and medtech industries remained Mikron Automation's most important market segment in 2017 as well. In the year under review, the business segment attracted new key customers from these two industries in all the regions it serves. The solid order intake from Europe translated into high capacity utilization rates at the Boudry site in particular. With some US customers choosing to wait, several orders planned for 2017 were not placed until early 2018. In Asia, investments in fully automated systems continue to be relatively sparse in the market segments covered by Mikron. Accordingly, Mikron Automation's order volume from this region was still modest in 2017.

The business segment reported an increase in the share of orders from the European automotive industry. New orders were placed by various customers from this segment with whom Mikron Automation has enjoyed a long-standing partnership.

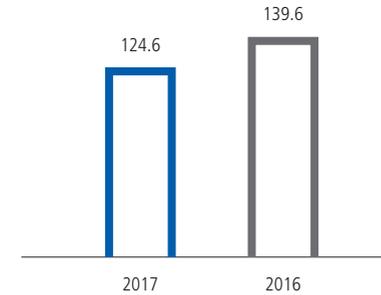
**Order backlog**  
Total CHF million



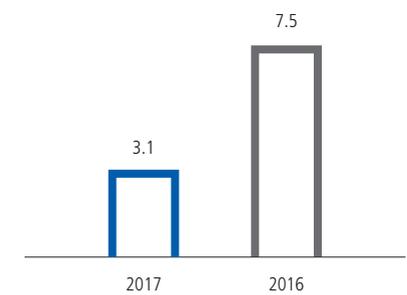
**Order intake**  
Total CHF million



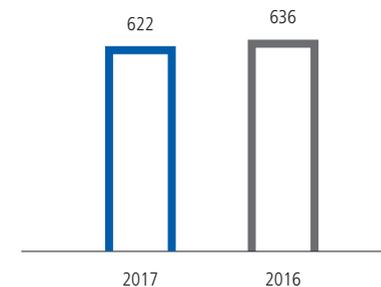
**Net sales**  
Total CHF million



**EBIT**  
Total CHF million



**Number of employees**



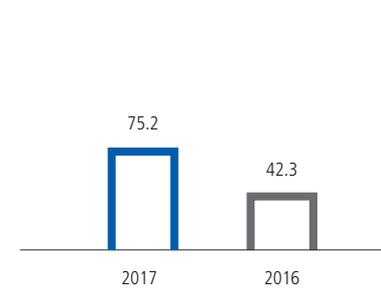
## Mikron Machining

Substantial reticence on the part of customers in building up new production capacities had an impact on the Machining business segment up until summer 2017. However, in the last few months of the year, Mikron Machining was able to secure orders expected from various regions and markets, allowing the business segment to significantly improve both sales and EBIT compared with the previous year and to start the new year with full order books. The service and tool business continued to perform well.

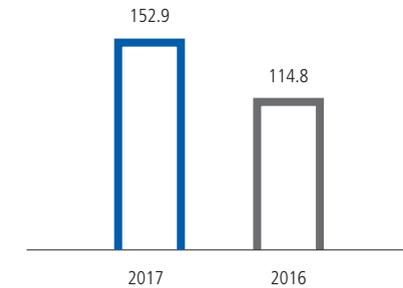
Mikron Machining's machines business was again mainly focused on Europe in 2017. However, Mikron Machining was also able to realize important sales successes in China and other regions of Asia. The development of the US market remained below expectations for Mikron in the machines business, despite a considerable sales drive. Mikron Machining has established itself very well in the service and tool business in the USA, and the business segment can report initial successes with direct sales of tools in China.

As expected, Mikron Machining received further orders from the electronics market segment, though not quite to the extent of the previous year. In the second half of the year, demand for machines from the writing instruments industry increased significantly, and towards the end of the year Mikron Machining was once again able to acquire large-scale and challenging projects from the automotive and watchmaking industries.

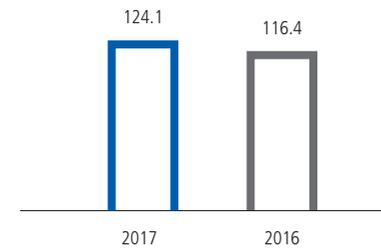
**Order backlog**  
Total CHF million



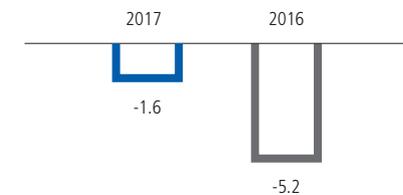
**Order intake**  
Total CHF million



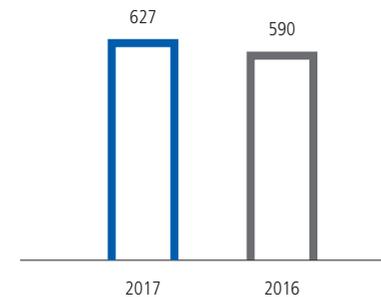
**Net sales**  
Total CHF million



**EBIT**  
Total CHF million



**Number of employees**



# Consolidated Financial Statements 2017 of the Mikron Group

## Consolidated income statement

CHF 1,000	2017		2016	
<b>Net sales</b>	<b>248,510</b>	<b>100%</b>	<b>255,986</b>	<b>100%</b>
Change in work in progress/finished goods	-292		-2,203	
Capitalized own production	952		0	
Material costs and subcontractors	-87,928		-89,055	
Personnel expenses	-114,906		-113,610	
Other operating income	1,740		1,253	
Other operating expenses	-38,894		-41,768	
Depreciation of tangible assets	-6,255		-5,983	
Amortization of intangible assets	-1,595		-1,847	
<b>Operating result</b>	<b>1,332</b>	<b>0.5%</b>	<b>2,773</b>	<b>1.1%</b>
Financial result	-536		-948	
<b>Ordinary result</b>	<b>796</b>	<b>0.3%</b>	<b>1,825</b>	<b>0.7%</b>
Non-operating result	1,470		1,341	
<b>Profit before taxes</b>	<b>2,266</b>	<b>0.9%</b>	<b>3,166</b>	<b>1.2%</b>
Income taxes	-1,110		-829	
<b>Profit</b>	<b>1,156</b>	<b>0.5%</b>	<b>2,337</b>	<b>0.9%</b>
Net earnings per share – undiluted	0.07		0.14	
Net earnings per share – diluted	0.07		0.14	

## Consolidated balance sheet

CHF 1,000	31.12.2017		31.12.2016	
<b>Current assets</b>				
Cash and cash equivalents	42,161		38,723	
Current financial assets	15,399		13,530	
Accounts receivable	18,958		15,445	
Inventories	47,651		45,313	
Net assets from customer projects	38,592		38,929	
Other current receivables	3,755		2,918	
Prepaid expenses	3,950		3,325	
<b>Total current assets</b>	<b>170,466</b>	<b>64.2%</b>	<b>158,183</b>	<b>62.8%</b>
<b>Non-current assets</b>				
Tangible assets	57,077		54,643	
Intangible assets	4,445		4,673	
Investment property	29,233		29,604	
Deferred tax assets	4,478		4,652	
<b>Total non-current assets</b>	<b>95,233</b>	<b>35.8%</b>	<b>93,572</b>	<b>37.2%</b>
<b>Total assets</b>	<b>265,699</b>	<b>100.0%</b>	<b>251,755</b>	<b>100.0%</b>
<b>Current liabilities</b>				
Short-term financial liabilities	15,913		1,576	
Accounts payable	22,135		16,655	
Net liabilities from customer projects	32,316		28,054	
Short-term provisions	4,297		3,528	
Other current liabilities	3,453		2,892	
Accrued expenses	17,588		15,930	
<b>Total current liabilities</b>	<b>95,702</b>	<b>36.0%</b>	<b>68,635</b>	<b>27.3%</b>
<b>Long-term liabilities</b>				
Long-term financial liabilities	7,948		21,988	
Deferred tax liabilities	4,704		4,784	
<b>Total long-term liabilities</b>	<b>12,652</b>	<b>4.8%</b>	<b>26,772</b>	<b>10.6%</b>
<b>Shareholders' equity</b>				
Share capital	1,671		1,671	
Treasury shares	-68		-68	
Capital reserves	99,993		100,828	
Retained earnings	55,749		53,917	
<b>Total shareholders' equity</b>	<b>157,345</b>	<b>59.2%</b>	<b>156,348</b>	<b>62.1%</b>
<b>Total liabilities and shareholders' equity</b>	<b>265,699</b>	<b>100.0%</b>	<b>251,755</b>	<b>100.0%</b>

## Consolidated statement of cash flow

CHF 1,000	2017	2016
<b>Cash flow from operating activities</b>		
Profit	1,156	2,337
Depreciation and amortization	7,850	7,830
Revaluation of investment property	508	702
Net gain (-)/loss (+) on sale of non-current assets	-37	-7
Changes in provisions	697	360
Changes in deferred taxes	-46	-164
Other non-cash items	-68	86
Movement in accounts receivable	-3,314	2,408
Movement in inventories	-1,808	780
Movement in net assets/liabilities from customer projects	5,077	-5,709
Movement in accounts payable	4,666	2,296
Movement in other receivables and prepaid expenses	-1,342	1,200
Movement in other current liabilities and accrued expenses	2,309	680
<b>Cash flow from operating activities</b>	<b>15,648</b>	<b>12,799</b>
<b>Cash flow from investing activities</b>		
Investments in tangible assets	-7,151	-5,379
Divestments of tangible assets	59	9
Investments in intangible assets	-1,415	-1,473
Divestments of intangible assets	0	10
Investments in investment property	-176	-618
Investments in financial assets	-6,878	-9,050
Divestments of financial assets	5,172	10,261
<b>Cash flow from investing activities</b>	<b>-10,389</b>	<b>-6,240</b>
<b>Cash flow from financing activities</b>		
Purchase of treasury shares	-61	-77
Sale of treasury shares	58	63
Distribution to shareholders	-835	-835
Increase (+)/repayment (-) of financial liabilities	173	-431
Repayment (-) of finance lease liabilities	-1,085	-782
Interest received	272	400
Interest paid	-494	-446
<b>Cash flow from financing activities</b>	<b>-1,972</b>	<b>-2,108</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>151</b>	<b>35</b>
<b>Net cash flow</b>	<b>3,438</b>	<b>4,486</b>
<b>Increase (+)/decrease (-) of cash and cash equivalents</b>	<b>3,438</b>	<b>4,486</b>
Cash and cash equivalents at beginning of period	38,723	34,237
Cash and cash equivalents at end of period	42,161	38,723

## 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 annual report 2017 is available or can be ordered on the Mikron website:  
[www.mikron.com/reports](http://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 annual report for the year 2017. 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 subsidiaries which the parent company, directly or indirectly, controls either by holding more than 50% of the voting rights or by some other form of control.

## Corporate Governance and Compensations

The full corporate governance and compensation reports are part of the full annual report, which is available on the Mikron website ([www.mikron.com/reports](http://www.mikron.com/reports)).

### Corporate structure

Based in Biel, Mikron Holding AG is organized as a holding company under Swiss law and directly or indirectly holds all Mikron companies worldwide. Mikron Holding AG is listed on SIX Swiss Exchange in Zurich (Security Symbol MIKN/ISIN CH0003390066) and on 31 December 2017 had a market capitaliza-

tion of CHF 122.0 million. The Mikron Group is organized by divisions. For the purposes of reporting, two business segments and the Corporate Service organization have been identified.

### Principles of the Mikron Group compensation policy

#### Fair and transparent

The compensation models are simple, clearly structured and transparent. They guarantee fair remuneration that reflects responsibilities and competencies.

#### Results- and performance-based

Part of the remuneration paid is linked directly to the Mikron Group's results and to individual performance.

#### Long-term incentive

Part of the compensation can be paid in the form of shares subject to a lockup period. This gives recipients a share in the company's long-term performance and ensures alignment with shareholder interests.

#### Geared to the labor market

Compensation is geared to the market environment so as to attract and retain talent managers and employees.

The segments are structured according to product and service type and encompass all the functions required by an independent company, such as sales, development, production, logistics and administration. The centralized special departments, such as Accounting and Controlling, Treasury, Corporate Communications and Corporate IT Services, are part of the Corporate Service, which supports the individual companies as well as the Board of Directors and Group Management in their management and control functions. Among other things, the Corporate Service reports the income and expenditure related to an industrial property that is not required for operations and is rented out to third parties.

The Mikron Group consists of eleven active companies worldwide. The corporate structure and the companies are listed on page 129 of the Annual Report. The Mikron Group's management structure is independent of its legal structure.

### Board of Directors

The Board of Directors is entrusted with the ultimate direction of the Company as well as the supervision of the management. It represents the Company towards third parties and attends to all matters which are not delegated to or reserved for another corporate body of the Company by law, the Articles of Association or the regulations. It issues guidelines on corporate policy and keeps itself informed about the course of business. The duties of Mikron Holding AG's Board of Directors are defined in the Swiss Code

of Obligations, the Articles of Association ([www.mikron.com/aaa](http://www.mikron.com/aaa)) and the Organizational Rules.

The company's Board of Directors consists of five members. None of them maintains a significant business relationship with the Group.

- **Heinrich Spoerry**, lic. oec., MBA, Swiss, born in 1951, Chairman, non-executive, first elected 2001, elected until 2017
- **Eduard Rikli**, Dipl. Ing. ETH, Dr. sc. Tech. ETH, Swiss, born in 1951, Vice-Chairman, non-executive, first elected 2010, elected until 2017
- **Patrick Kilchmann**, Dipl. phys. ETH, lic. oec. HSG, Swiss, born in 1958, member, non-executive, first elected 2011, elected until 2017
- **Andreas Casutt**, Dr. iur., LL.M., Swiss, born in 1963, member, non-executive, first elected 2013, elected until 2017
- **Hans-Michael Hauser**, MSc Physics, MSc Mathematics, Engineer, MBA, German, born in 1970, member, non-executive, first elected 2016, elected until 2017

### Group Management

The Board of Directors delegates the task of operational management to the members of Group Management. Group Management comprises the CEO, the CFO and the division heads (COO).

## Corporate Governance and Compensations

- **Bruno Cathomen**, CEO, COO Mikron Machining, Swiss, born in 1967, joined 2009
- **Rolf Rihs**, COO Mikron Automation, Swiss, born in 1963, joined 2002
- **Martin Blom**, CFO, Swiss, born in 1971, joined 2005

Martin Blom has resigned from his position and will leave the Group as of April 2018.

#### Auditors

The Annual General Meeting elects the auditors for one year at a time. Since 2004, PricewaterhouseCoopers AG, Berne has held the auditing mandate at Mikron Holding AG, its companies and the Mikron Group. Since the 2015 business year Norbert Kühnis, as lead auditor, has been responsible for the mandate.

#### Compensations

Overall responsibility for defining the basic principles of compensation lies with the Annual General Meeting. The Board of Directors determines compensation within the boundaries defined by the General Meeting. It approves the compensation paid to members of the Board of Directors, the Board Chairman and the entire Group Management.

Information on the compensation paid in 2017 can be found in the full annual report.

#### Significant Shareholders

The following table illustrates the shareholder structure of Mikron Holding AG. It also lists and names those shareholders who, as at December 31, 2017, hold 3% or more of the voting rights of Mikron Holding AG.

Shareholders	31.12.2017		31.12.2016	
	Number of shares of CHF 0.10 par value each		Number of shares of CHF 0.10 par value each	
Ammann Group Holding AG	6,958,335	41.6%	6,958,335	41.6%
Rudolf Maag	2,348,588	14.1%	2,348,588	14.1%
Veraison SICAV	1,674,897	10.0%	1,674,897	10.0%
Public shareholders	5,605,169	33.5%	5,605,169	33.5%
Board of Directors and Group Management	125,755	0.8%	125,755	0.8%
<b>Total</b>	<b>16,712,744</b>	<b>100.0%</b>	<b>16,712,744</b>	<b>100.0%</b>

## 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 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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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.

