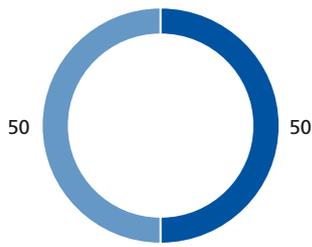


Annual Report 2015  
Short version

**Sales by segment in %**

Total CHF 228.6 million

- Machining
- Automation

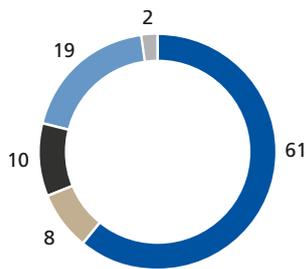


Mikron Group

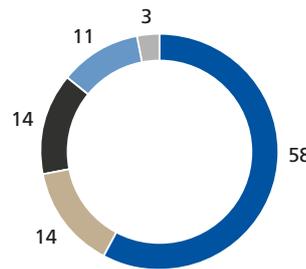
**Sales by region in %**

Total CHF 228.6 million

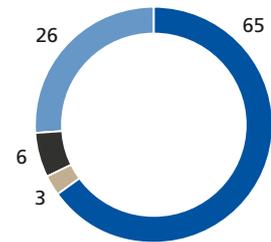
- Europe
- Switzerland
- Asia/Pacific
- North America
- Other markets



Mikron Group



Machining

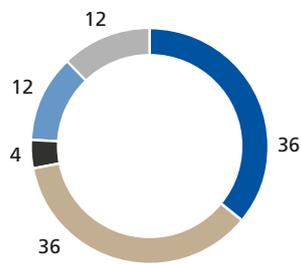


Automation

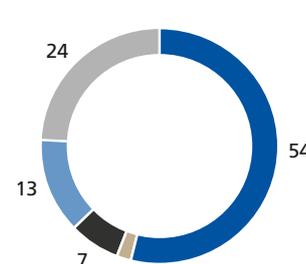
**Sales by industry in %**

Total CHF 228.6 million

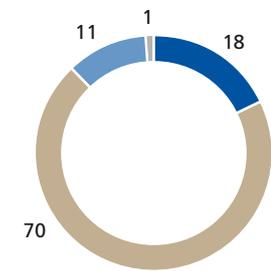
- Automotive
- Pharma/Medical Devices
- Writing
- Consumer Goods
- Other



Mikron Group



Machining

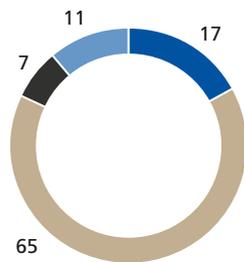


Automation

**Employees by region in %**

Total 1,181

- Europe
- Switzerland
- Asia/Pacific
- North America



Mikron Group

# Key Figures 2015

in CHF million, except productivity and number of employees

2015

2014

+/-

	2015		2014		+/-	
<b>Key performance data</b>						
Order intake	264.6		244.8		19.8	8.1%
Machining	120.2		110.9		9.3	8.4%
Automation	144.9		134.5		10.4	7.7%
Net sales	228.6		249.1		-20.5	-8.2%
Machining	113.8		123.8		-10.0	-8.1%
Automation	114.9		126.8		-11.9	-9.4%
Order backlog	142.9		117.4		25.5	21.7%
Machining	43.8		46.9		-3.1	-6.6%
Automation	99.5		70.1		29.4	41.9%
Operating output	232.0		256.9		-24.9	-9.7%
Productivity (added value/personnel expenses)	1.37		1.37		0.00	0.0%
Research and development	5.7		5.8		-0.1	-1.7%
Number of employees (end of year)	1,181		1,162		19	1.6%
Machining	598		560		38	6.8%
Automation	563		582		-19	-3.3%
<b>Earnings</b>						
Earnings before interest, taxes, depreciation, amortizations and impairments (EBITDA), as % of net sales	10.0	4.4%	12.0	4.8%	-2.0	-16.7%
Earnings before interest and taxes (EBIT), as % of net sales	2.5	1.1%	4.6	1.8%	-2.1	-45.7%
Machining	-4.3	-3.8%	-0.6	-0.5%	-3.7	n.a.
Automation	4.3	3.7%	2.7	2.1%	1.6	59.3%
Operating result, as % of net sales	1.1	0.5%	2.7	1.1%	-1.6	-59.3%
Profit for the year, as % of net sales	0.9	0.4%	2.2	0.9%	-1.3	-59.1%
<b>Cash flow</b>						
Cash flow from operating activities (incl. changes in net working capital), as % of net sales	15.5	6.8%	6.7	2.7%	8.8	131.3%
<b>Balance sheet</b>						
Balance sheet total	243.9		237.3		6.6	2.8%
Current assets	151.5		154.4		-2.9	-1.9%
Cash and current financial assets	48.8		42.2		6.6	15.6%
Non-current assets	92.4		82.9		9.5	11.5%
Current liabilities	63.4		62.7		0.7	1.1%
Long-term liabilities	25.9		19.2		6.7	34.9%
Shareholders' equity, as % of balance sheet total	154.6	63.4%	155.3	65.5%	-0.7	-0.5%



Bruno Cathomen,  
Chief Executive Officer

Heinrich Sperry,  
Chairman of the Board  
of Directors

## Dear Shareholders,

The past business year proved to be very challenging for the Mikron Group. Right at the start of the year, the Swiss National Bank's decision to discontinue its currency floor against the euro resulted in considerable pressure on margins at our Swiss sites. In addition, the investment climate for our highly productive manufacturing and assembly systems was characterized by major global caution in the first half of the year. It was not until the second half that the Mikron Group's key sales markets started to recover, meaning that overall we increased our annual order intake slightly by the end of the year.

Thanks to operational progress in other areas the Mikron Group achieved positive EBIT in 2015, although its profitability still falls short of the strategic targets. We will not lose sight of this – even in this difficult economic environment.

Given the good order intake in the last quarter of the year under review, we are cautiously optimistic about the 2016 financial year. Over the year as a whole, we are expecting a considerable increase in sales and an improved EBIT margin. However, since the projects awarded towards the end of 2015 will mainly impact on sales in the second half of 2016, it is likely to be much stronger than the first six months.

The 2015 financial year was a very demanding one. I would like to thank all of Mikron's employees for their tireless dedication, our customers for their confidence, and you, our valued shareholders, for your loyalty.



Heinrich Spoerry,  
Chairman of the Board of Directors



Bruno Cathomen,  
Chief Executive Officer

# Management Report

The 2015 financial year proved to be very challenging for the Mikron Group. Following the Swiss National Bank's decision in January 2015 to discontinue its currency floor against the euro, the three Swiss companies were suddenly exposed to considerable pressure on margins. In addition, the investment climate for the Mikron Group's highly productive manufacturing and assembly systems was characterized by major global caution in the first half of the year. It was not until the second half that the Group's key sales markets started to recover, meaning that overall Mikron increased its annual order intake slightly by the end of the year.

Right at the start of the 2015 financial year National Bank's decision to discontinue its currency floor against the euro, resulted in considerable pressure on margins and huge uncertainties at the three Swiss companies. All customer projects in progress booked in euros instantly dropped in value. Potential customers for Mikron's highly productive machining and assembly systems were also very reticent about making investment decisions, especially in the first half of the year. On the back of the visible recovery witnessed by key markets in the second half, Mikron was able to increase annual order intake from CHF 244.8 million to CHF 264.6 million. The Group reported a decrease in annual sales from CHF 249.1 million to CHF 228.6 million (-8%). Despite the difficult business climate, the Group recorded positive EBIT of CHF 2.5 million (prior year: CHF 4.6 million). While the Automation business segment again achieved a significant improvement in profitability, the Machining business segment fell well short of the corresponding figures for the prior year. Thanks to a good order intake level in the fourth quarter, Mikron is looking to the 2016 financial year with confidence. Over the year as a whole, the Group is expecting a considerable increase in sales and an improved EBIT margin. However, since the projects awarded towards the end of 2015 will mainly impact on sales in the second half of 2016, it is likely to be much stronger than the first six months.

## Group business review

In response to the decision by the Swiss National Bank to discontinue the minimum exchange rate against the euro, the Mikron Group immediately introduced a variety of measures at the Swiss sites to lower costs and increase efficiency. Among the steps taken, the Group renegotiated its purchasing terms and looked into further purchasing options in the euro zone. Mikron increased working hours during a number of months to accommo-

date the changed circumstances, and wages were frozen until further notice. It also reduced operating costs at the Swiss sites and revisited key investment decisions. These measures enabled Mikron to secure capacity utilization at the sites in Switzerland and to retain employees, but the price was a significant reduction in margins over several months. While the various steps taken began to impact positively on results in the second half of the year, the figures for the Machining business segment's machinery business nonetheless remained disappointing. However, the Group still achieved an EBIT margin of around 4% in this period.

In spite of the major short-term challenges faced, the Mikron Group did not lose sight of its medium and longterm goals and rigorously pressed ahead with its priority innovation and growth projects. Mikron took occupancy of its new manufacturing facility in Denver on schedule in October. This creates a strong foundation for further growth by Mikron Automation in the USA. The Group also bolstered activities in the tool business with a new technology center in Ticino. One of the center's pivotal tasks is to strengthen Mikron's already high innovation rate in the tool segment. The Group has thus created the ideal environment for customer-specific trials and development projects as well as for the regular training of employees and distribution partners. Mikron has made further advances in the development of control software, electronics and mechanics for automation systems and metal-removing machinery.

Detailed business reviews for the two business segments can be found on pages 10 to 11 (Mikron Automation) and pages 12 to 13 (Mikron Machining).

## Outlook

The Mikron Group expects the market environment to stay challenging in 2016. The Swiss companies' margins will remain under heavy pressure. The Group continues to anticipate robust demand for automation solutions in Europe and the USA from the pharmaceutical, medical devices and consumer goods industries. The situation in the automotive industry is still very uncertain. While this market is extremely important for Mikron Machining in particular, for the Group as a whole it is likely to lose in significance compared to the pharmaceutical and medical devices industries. Mikron is projecting an increase in order intake in Asia following efforts to strengthen the sales organization. The Group is also expecting moderate growth in demand for tools.

Thanks to a good order intake level in the fourth quarter of 2015, Mikron is looking to the 2016 financial year with confidence. The Group is expecting a considerable increase in sales and an improved EBIT margin, and anticipates a much stronger second half of the year.

## Order intake

The Mikron Group reported order intake of CHF 264.6 million in 2015, representing a sizeable increase over the prior year (CHF 244.8 million, +8%). In local currencies, the growth amounted to 9%. The low prior-year figure for the Machining business segment meant that its increase was somewhat more pronounced than in the Automation business segment. In both segments, the growth was generated entirely in the second half of the year. Considerable differences between the individual sites were also evident within each of the two segments.

Overall, the situation in the niche markets served by Mikron remained highly challenging. In the USA, Mikron succeeded in optimally tapping into the solid demand from the medical devices, pharmaceutical and consumer goods industries for automation solutions. In Europe too, the Automation business segment reported significantly more orders than in 2014 – mainly from the pharmaceutical and medical devices industries – and with margins only slightly lower than prior-year levels. Improvements introduced in the areas of market development and project execution have already had a positive impact on orders for the European sites. Demand for machining and automation solutions from the automotive industry was still very sluggish and unpredictable. Nevertheless, Mikron Machining won a number of new orders in the year under review – from existing and new customers alike. Besides projects from the electric plug sector, Mikron Machining

also acquired some attractive orders from the watchmaking industry.

Demand remained modest in Asia. Most notably, orders for automation systems were well below expectations. Machining systems for the writing instruments industry were the only segment to generate more orders than anticipated.

The Mikron Group is satisfied with the level of service business in both segments and with the performance of the tool business within the Machining business segment, especially given the negative impact of exchange rate developments.

## Net sales, capacity utilization and order backlog

Adjusted for currency, the Mikron Group's annual sales were only around 1% below the prior-year level. In actual terms, net sales were down by 8% to CHF 228.6 million in the year under review (prior year: CHF 249.1 million). Both business segments posted lower figures than in 2014: Mikron Automation CHF 114.9 million (prior year: CHF 126.8 million, -9%) and Mikron Machining CHF 113.8 million (prior year: CHF 123.8 million, -8%).

The Mikron Group's capacity utilization rate in the first half of 2015 was generally unsatisfactory, and even critical at individual sites. It improved considerably in the course of the second half. While in the first few months of the year some sites were still benefiting from healthy order backlogs carried over from 2014, others were already facing capacity underutilization early on. In light of the high level of specialism of our employees and our endeavors to meet customers' expectations, Mikron could only partly offset the uneven distribution of the workload by transferring production and projects or temporarily relocating staff.

In the year under review, Mikron Machining's tools business saw a significant increase in sales – up almost 12% when adjusted for currency. Service business in both segments was also encouraging, with sales up by a total of 3%.

Europe (including Switzerland) remained the dominant market for the Mikron Group, accounting for 69% of all sales. Both business segments were also able to profit from the robust state of US industry. While Mikron no longer achieved the extremely high sales levels posted there in the prior year, the Group still generated 19% of its sales in the US (prior year: 25%). After the orders transferred within the Automation business segment to

Asia had been completed at the beginning of the year, Mikron's sales in this region decreased to CHF 22.5 million (prior year: CHF 27.5 million). This represents a share in sales of 10%.

At CHF 142.9 million, the Mikron Group's order backlog at the end of 2015 was 22% higher than the corresponding prior-year figure, with orders in hand still very unevenly distributed over the sites. Some orders relate to financially attractive longer-term projects which are not scheduled for completion in 2016.

### Profitability

In 2015, the Mikron Group reported EBIT of CHF 2.5 million, equating to an EBIT margin of 1.1%. One-off, currency exchange effects at the beginning of the year had a negative impact of just under CHF 2 million on projects in progress. Even allowing for this one-off effect, the Mikron Group's profitability is still well short of the strategic targets.

Whereas the EBIT of CHF 4.3 million (prior year: CHF 2.7 million) posted by the Automation business segment represents a further significant improvement in profitability, the Machining business segment suffered another setback, reporting EBIT of -4.3 million (prior year: CHF -0.6 million). This mainly reflects the significant fluctuations in order intake at a disappointingly low level and the related capacity utilization problems. The operating result was impacted not only by an uneven distribution of workload, but also by lower margins and by additional costs during the final phase of several customer projects. The strong performance by Mikron Machining's tool and service business was not sufficient to offset these negative factors.

### Net earnings

Mikron's net earnings for 2015 were CHF 0.9 million, compared to CHF 2.2 million in the prior year. The Board of Directors will be proposing to the Annual General Meeting a distribution from reserves from capital contributions of CHF 0.05 per share (prior year: CHF 0.05 per share).

### Financing and equity ratio

The Mikron Group continues to be essentially debt-free and reports an equity ratio of 63% (prior year: 65%).

The net cash position (cash and cash equivalents plus current financial assets less interestbearing liabilities) as at 31 December 2015 amounted to CHF 26 million.

### Cash flow

Strict management of net working capital and prepayments on orders signed before the end of the year led to an operational free cash flow (without changes in financial assets) of CHF 2.3 million (prior year: CHF -2.6 million). This shows that Mikron was able to cover investments for the financial year – including the new-build in Denver – completely from operational cash flow.

# The Mikron Group

The Mikron Group develops, produces and markets automation and machining systems that enable extremely precise and productive manufacturing processes. Rooted in the Swiss culture of innovation, the group is a globally leading partner to companies in the automotive, medical devices, pharmaceutical, consumer goods, writing instruments and watchmaking industries.

The two divisions, Mikron Automation and Mikron Machining, are based in Switzerland (Boudry and Agno). The company has additional production facilities in Germany, Singapore, China and the US. The 1,200 employees of the Mikron Group can draw on over 100 years of experience in the production of high-precision systems for large-series product manufacture. Mikron Holding AG shares are traded on SIX Swiss Exchange (MIKN).

## Corporate Story

The Mikron Group's core business is enabling productivity and quality improvements in the manufacturing processes of our customers. Mikron's products and solutions support industrial production companies in a wide variety of sectors in manufacturing their products more quickly and cost-effectively, thus reducing unit costs, space requirements, and staffing costs. In addition to all of this, they also increase manufacturing quality. Mikron's ultimate goal is to enable its customers to improve their competitiveness and profitability in creating added value with innovative turn-key solutions.

With its gear-cutting machines and tools, Mikron, a company rooted in the Swiss culture of innovation, contributed significantly to the industrialization of Swiss watchmaking in the first half of the last century. Today, Mikron markets machining and automation solutions for high-precision manufacturing processes. Worldwide. It is a partner to companies mainly in the automotive, medical devices, pharmaceutical, consumer goods, writing instruments and watchmaking industries.

## Mission

As a global, leading supplier of high-volume, high-precision machining and automation solutions, the Mikron Group helps its customers to be market and business leaders by increasing industrial productivity and quality.

## 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. These include inhalers, insulin syringes, gasoline injection nozzles and airbag initiators.

## Mikron Machining

Mikron Machining is the leading supplier of customized, highly productive machining systems for the manufacturing of complex high-precision components made of metal such as turbocharger housings, injection nozzles and ballpoint pen tips. Mikron Machining develops and produces the necessary high-performance cutting tools itself, and these are regarded as some of the best in the world.

# Mikron Automation

Despite the challenging conditions, Mikron Automation achieved record order intake in the year under review. The fact that sales nonetheless fell short of expectations is attributable to a weak order intake in Europe in the first nine months of the year and a project postponement in the US. Operational progress made by the business segment resulted in EBIT of CHF 4.3 million (prior year: CHF 2.7 million).

## Business performance

During the first three quarters, Mikron Automation's markets in Europe and Asia were characterized by uncertainties and a reticence to invest. To compound matters, following the Swiss National Bank's decision to discontinue its currency floor against the euro, the Swiss site in Boudry saw margins heavily squeezed and faced enormous competitive pressure. Mikron Automation swiftly took measures to counter these developments. In the final months of the reporting year, the Automation business segment won a number of large orders from the European pharmaceutical and medical devices industries. Throughout the year, Mikron Automation continued to turn in a very encouraging performance in the US, acquiring numerous new orders from the pharmaceutical and medical devices industries in particular. Even though the overall volume of business remained unexpectedly low in Asia, Mikron Automation won several customer projects at the end of the year.

The pharmaceutical and medical devices industries are still by far the key market for the Automation business segment, but it also managed to win new orders from the automotive industry in 2015.

Despite the strong Swiss franc, Mikron Automation posted record order intake of CHF 144.9 million in 2015 (prior year: CHF 134.5 million). This favorable outcome was due mainly to the large number of new orders reported by the Swiss site in Boudry and the US site in Denver. At CHF 99.5 million at the end of 2015 (prior year: CHF 70.1 million), the high order backlog gives us confidence for 2016. It includes several longer-term projects that will still be ongoing beyond end-2016.

In the year under review, the healthy order intake did not yet feed through to sales, which at CHF 114.9 million were considerably lower than expected (prior year: CHF 126.8 million). This is attributable to relatively weak order intake up to the end of the third quarter in Europe and a project

postponement in the US caused by delays in the product development process on the customer's side.

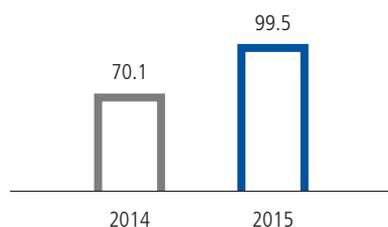
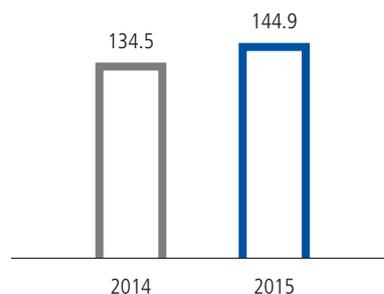
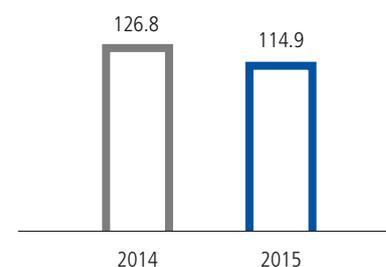
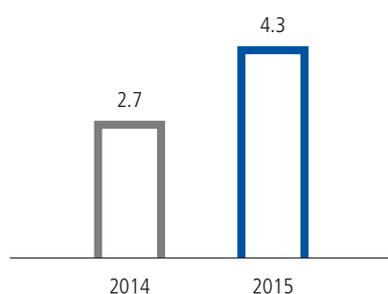
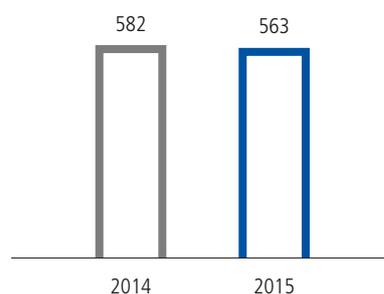
Factoring out the currency-related value adjustments on ongoing projects at the beginning of the year, the business segment would have achieved EBIT of CHF 5.5 million (prior year CHF 2.7 million). This underscores the sustained operational progress made by the Automation business segment. EBIT effectively came to CHF 4.3 million.

## Technology and innovations

To improve its competitive profile, the Automation business segment continued to drive forward key innovation and improvement projects. Mikron Automation stepped up product development, primarily at the headquarters in Boudry. The results of these efforts include an innovative machine control software designed to simplify operation and offering many new functionalities. This will increase efficiency both for the customer and for Mikron itself. Mikron Automation also rolled out a patented transfer system enabling cost-effective component feeds.

## Strategic projects

In the course of 2015, Mikron Automation completed a number of key strategic projects at different sites. Mikron took occupancy of a new building in Denver. Almost 7,000 square meters in area, it provides space to accommodate modern workplaces and even more efficient processes, and supports further growth in the US market. The building technologies installed in the new-build are state of the art. The business segment made headway harmonizing and optimizing processes in Berlin, focusing in particular on streamlining the supply chain and bringing project team organization up to the Mikron Automation standard.

**Order backlog**  
Total CHF million**Order intake**  
Total CHF million**Net sales**  
Total CHF million**EBIT**  
Total CHF million**Number of employees**

## Employees

At the end of December 2015, Mikron Automation had a headcount of 563 (prior year: 582). The decrease in Asia contrasts with further substantial growth in the US. Although capacity utilization was temporarily lower, the Automation business segment kept the headcount in Switzerland virtually unchanged in order to safeguard crucial know-how and be equipped to handle the strong increase in volume that is emerging in 2016. In a further effort to secure skilled workers, the Boudry site has doubled the number of apprentices, with eight new multi-skilled mechanic trainees taken on at Mikron in fall 2015. There are also plans to set up an apprenticeship program in the US in 2016 based on the vocational education and training model in place in Switzerland. Mikron Automation remains highly committed to the professional development of employees. In the 2015 financial year, for instance, a number of younger managers were selected to take part in a Group-wide multi-block management and leadership training program. The professional development curriculum at the Boudry site also included wide-scale efforts to sensitize employees to reducing energy consumption.

## Outlook

Thanks to the solid order backlog, Mikron Automation is beginning the new financial year on a confident note. In the US and Switzerland in particular, the challenge for management is to deliver the acquired projects on time with the available capacities. The portfolio of work in hand includes repeat orders in addition to large new orders offering major potential for the future.

Since the market environment is likely to prove tough in 2016 too, customers' investment behavior continues to be difficult to assess. Visibility in the individual markets is still low. The pharmaceutical and medical devices industries will remain the most important market segments for Mikron Automation.

The business segment will continue to invest in product and process development in 2016, focusing on a variety of measures to cut costs and raise efficiency and quality.

# Mikron Machining

Higher earnings and sales in the tool and service business plus sluggish machinery activities sums up the 2015 financial year for Mikron Machining. The market's strong reticence to invest in Mikron's machining systems, a correspondingly low order intake particularly in the first half, depressed margins and a number of highly demanding customer projects all conspired to produce disappointing EBIT of CHF -4.3 million (prior year: CHF -0.6 million) for the Mikron Machining business segment.

## Business performance

In 2015, the Machining business segment found itself operating in a market environment where demand for tools and spare parts was solid, but customers were extremely reticent about investing in Mikron machining systems. Despite the considerable interest shown in Mikron Machining's offers for new systems, investment decisions were a very long time not materializing. This caution was evident in both Europe and the US market. While Germany remains Mikron Machining's key market, the business segment also won an increasing number of projects from market segments outside the German automotive industry in the year under review. The Chinese market fell short of expectations, above all in the first half, but picked up again in the final months of the reporting year.

The electronics segment was the source of the strongest growth in demand seen by Mikron Machining in 2015, as borne out by the sale of several machines for the production of plugs and connectors. Demand from the writing instruments segment was also solid, in particular toward the end of the reporting year.

In spite of the challenging environment, Mikron Machining succeeded in increasing order intake from the prior year's modest CHF 110.9 million to CHF 120.2 million (+8.4%). Encouraging levels of demand from the US as well as the positive knock-on effects of past investments and the special measures initiated at the beginning of the year translated into a good financial performance for Mikron Machining's tool business. Service business was also encouraging overall. By contrast, machinery business was sluggish: excessively low order intake during the first half in particular, narrower margins and a large number of highly demanding customer projects produced a generally disappointing result. Sales of CHF 113.8 million (prior year: CHF 123.8 million) and EBIT of CHF -4.3 million (prior year: CHF -0.6 million) in the reporting year both figured lower than in 2014. With an order backlog of

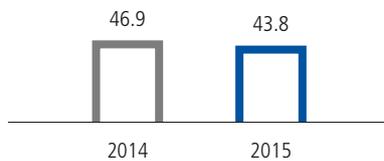
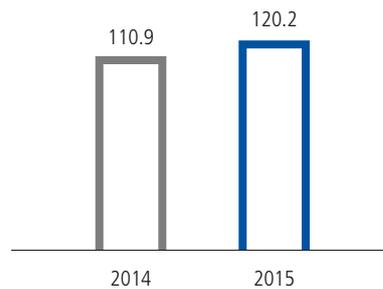
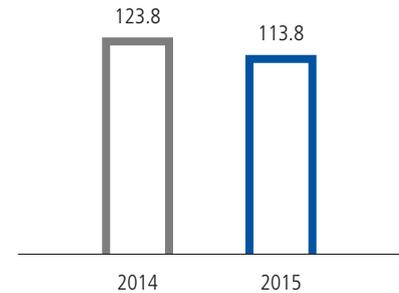
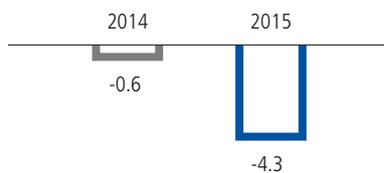
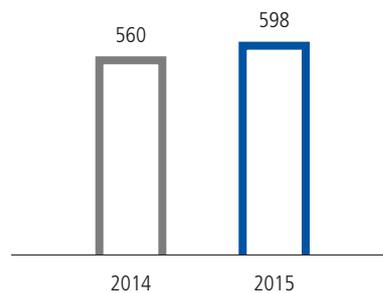
CHF 43.8 million, Mikron Machining is also beginning the 2016 financial year on a relatively subdued footing.

## Technology and innovations

Mikron Machining introduced enhancements for several of its products in the year under review. It includes for instance a new loading module which was developed for the Mikron Multistep machining system and garnered initial positive customer feedback at the EMO trade show in Milan. The business segment has made extensive improvements to a number of other machines as well. Where feasible, Mikron Machining adjusted the supplier base in line with the changed currency situation. In addition to rolling out new tools, Mikron Tool opened a new technology center for product developments, sales training, and testing in Agno. Mikron Tool also went live with its own website at [www.mikrontool.com](http://www.mikrontool.com) to showcase standardized and customized tools.

## Strategic projects

In the wake of the Swiss National Bank's decision in January 2015 to discontinue its currency floor against the euro, Mikron Machining had to act fast and introduce special measures to reduce costs and increase efficiency at the Swiss site in Agno. Despite the prevailing uncertainty, the business segment kept its sights on long-term directed measures and invested in machines and infrastructure in 2015. Amongst other, the lighting in the Mikron Tool buildings was modernized and the machine inventory expanded. Internal logistics and operational shop floor management were also improved. Furthermore, the Machining business segment reinforced its distribution and service organization in China and the US. Despite immense pressure on costs and a shortage of skilled staff, Mikron Machining continued investing in the development and management of products in both Agno and

**Order backlog**  
Total CHF million**Order intake**  
Total CHF million**Net sales**  
Total CHF million**EBIT**  
Total CHF million**Number of employees**

Rottweil, firm in the conviction that innovation is the most effective key to remaining competitive.

**Employees**

At the end of 2015, Mikron Machining employed a total of 598 people (prior year: 560). Mikron Tool hired new employees to underpin additional growth. In the machinery business, the distribution and service organization was strengthened further. Mikron Machining also took on staff from a partner company that had been selling Mikron machines in China for years. Other skilled workers were recruited by Mikron Machining to put into practice the existing stock of ideas for innovation. In Agno in particular, it proved very difficult to find qualified multilingual professionals and managers. A considerable degree of flexibility was demanded of staff at the Swiss sites in the year under review. Besides a raft of other measures, the majority of employees agreed to work longer hours for the same wage. Thanks to the productivity gains achieved, Mikron Tool was able to reinstate normal working hours in October 2015.

**Outlook**

In its latest report, the European Association of Machine Tool Industries aptly sums up the current global economic situation with the following terms: volatility, uncertainty, complexity and ambiguity. It is difficult to make projections in this situation. Mikron Machining is assuming that the European economy will carry on moving forward at a halting pace, while remaining generally stable. It expects to see the US economy continue trending in a moderately positive direction. The Asian market is especially hard to gauge. Mikron Machining is looking to profit from the process of industrial modernization underway in China and to win new customers in other Asian countries as well.

Mikron Tool's strong performance is expected to continue in 2016, and novel ideas will fuel further profitable growth for the service business. The Machining business segment expects the run of major challenges facing the machinery business to persist and will counter them with technical improvements and innovations, increased productivity as well as systematic personnel and organizational development.

# Consolidated Financial Statements 2015 of the Mikron Group

## Consolidated income statement

CHF 1,000	2015		2014	
Net sales	228,588		249,134	
Change in work in progress/finished goods	3,309		6,832	
Capitalized own production	98		982	
<b>Operating output</b>	<b>231,995</b>	<b>100.0%</b>	<b>256,948</b>	<b>100.0%</b>
Material costs and subcontractors	-86,158		-112,249	
Personnel expenses	-106,739		-105,836	
Other operating income	1,023		1,413	
Other operating expenses	-32,094		-30,464	
Depreciation of tangible assets	-5,415		-5,255	
Amortization of intangible assets	-1,558		-1,904	
<b>Operating result</b>	<b>1,054</b>	<b>0.5%</b>	<b>2,653</b>	<b>1.0%</b>
Financial result	-1,155		-1,627	
<b>Ordinary result</b>	<b>-101</b>	<b>-0.0%</b>	<b>1,026</b>	<b>0.4%</b>
Non-operating result	1,417		1,943	
<b>Profit before taxes</b>	<b>1,316</b>	<b>0.6%</b>	<b>2,969</b>	<b>1.2%</b>
Income taxes	-394		-743	
<b>Profit</b>	<b>922</b>	<b>0.4%</b>	<b>2,226</b>	<b>0.9%</b>

## Consolidated balance sheet

CHF 1,000	31.12.2015		31.12.2014	
<b>Current assets</b>				
Cash and cash equivalents	34,237		26,292	
Current financial assets	14,603		15,922	
Accounts receivable	17,762		16,297	
Inventories	46,017		47,972	
Net assets from customer projects	31,422		42,168	
Other current receivables	2,498		3,997	
Prepaid expenses	4,984		1,705	
<b>Total current assets</b>	<b>151,523</b>	<b>62.1%</b>	<b>154,353</b>	<b>65.1%</b>
<b>Non-current assets</b>				
Tangible assets	53,645		44,135	
Intangible assets	5,119		5,818	
Investment property	29,650		29,510	
Deferred tax assets	3,936		3,438	
<b>Total non-current assets</b>	<b>92,350</b>	<b>37.9%</b>	<b>82,901</b>	<b>34.9%</b>
<b>Total assets</b>	<b>243,873</b>	<b>100.0%</b>	<b>237,254</b>	<b>100.0%</b>
<b>Current liabilities</b>				
Short-term financial liabilities	1,380		380	
Accounts payable	14,864		20,471	
Net liabilities from customer projects	26,067		21,716	
Short-term provisions	3,172		3,129	
Other current liabilities	2,677		3,401	
Accrued expenses	15,200		13,613	
<b>Total current liabilities</b>	<b>63,360</b>	<b>26.0%</b>	<b>62,710</b>	<b>26.4%</b>
<b>Long-term liabilities</b>				
Long-term financial liabilities	21,580		14,368	
Long-term provisions	0		181	
Deferred tax liabilities	4,362		4,693	
<b>Total long-term liabilities</b>	<b>25,942</b>	<b>10.6%</b>	<b>19,242</b>	<b>8.1%</b>
<b>Shareholders' equity</b>				
Share capital	1,671		1,671	
Treasury shares	-52		-151	
Capital reserves	101,663		102,497	
Retained earnings	51,289		51,285	
<b>Total shareholders' equity</b>	<b>154,571</b>	<b>63.4%</b>	<b>155,302</b>	<b>65.5%</b>
<b>Total liabilities and shareholders' equity</b>	<b>243,873</b>	<b>100.0%</b>	<b>237,254</b>	<b>100.0%</b>

## Consolidated statement of cash flow

CHF 1,000	2015	2014
<b>Cash flow from operating activities</b>		
Profit	922	2,226
Depreciation and amortization	6,973	7,159
Revaluation investment property	581	218
Net gain (-) / loss (+) on sale of non-current assets	16	-217
Changes in provisions	-79	-1,191
Changes in deferred taxes	-773	213
Other non-cash items	1,244	1,518
<b>Cash flow from operating activities before changes in net working capital</b>	<b>8,884</b>	<b>9,926</b>
Movement in accounts receivable	-1,778	-1,003
Movement in inventories	1,260	-5,296
Movement in net assets / liabilities from customer projects	14,047	3,524
Movement in accounts payable	-5,990	-154
Movement in other receivables and prepaid expenses	-1,971	236
Movement in other current liabilities and accrued expenses	1,064	-539
<b>Cash flow from operating activities</b>	<b>15,516</b>	<b>6,694</b>
<b>Cash flow from investing activities</b>		
Investments in tangible assets	-11,794	-5,353
Divestments of tangible assets	62	219
Investments in intangible assets	-777	-2,317
Investments in investment property	-721	-1,838
Investments in financial assets	-5,887	-4,084
Divestments of financial assets	7,000	951
<b>Cash flow from investing activities</b>	<b>-12,117</b>	<b>-12,422</b>
<b>Cash flow from financing activities</b>		
Purchase of treasury shares	-52	0
Sale of treasury shares	171	0
Distribution to shareholders	-834	-1,668
Increase (+) / repayment (-) of financial liabilities	5,679	-50
Repayment (-) of finance lease liabilities	-380	-253
Interest received	461	465
Interest paid	-215	-208
<b>Cash flow from financing activities</b>	<b>4,830</b>	<b>-1,714</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-284</b>	<b>450</b>
<b>Net cash flow</b>	<b>7,945</b>	<b>-6,992</b>

# 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 2015 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 2015. 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.

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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.



