

A woman with dark hair and glasses, wearing a light blue lab coat, is focused on operating a highly complex industrial machine. The machine is filled with various components, including pipes, cables, and mechanical parts. The scene is lit with a cool, blue light, creating a professional and technical atmosphere. The woman is positioned on the left side of the frame, looking intently at the machine's controls.

Invitation to the Annual General Meeting 2019

Including short version of Annual Report 2018

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A warm welcome

Dear Shareholders,

Although political and economic uncertainties increased during 2018, the Mikron Group enjoyed solid growth.

Mikron Automation in particular was able to book some large and very important orders which prove the trust of globally leading, blue-chip pharmaceutical customers. The cutting tool business also continued to benefit from very well utilized customer operations. More and more customers rely on our cutting tools, which often outperform competitor products by far. Finally, the service business also benefited from digitalization trends and from customers with good capacity utilization who required various kinds of services and regular spare parts supplies.

The innovation activities of Mikron Machining continued, while the release of the Mikron 6x6 machine at the AMB show attracted a great deal of attention and positive market feedback.

The appended short version of the Annual Report contains a review of the 2018 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, 25 April 2019
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

2018 financial year and outlook 2019

Heinrich Spoerry, Chairman of the Board of Directors

Bruno Cathomen, CEO Mikron Group

Javier Perez Freije, CFO Mikron Group

Questions from shareholders

Regular agenda items

Heinrich Spoerry, Chairman of the Board of Directors

approx. Annual General Meeting ends,
5.30 p.m. followed by a reception in the foyer

Agenda and proposals

1. Annual Report 2018

1.1 Management Report, Financial Statements of Mikron Holding AG and Consolidated Financial Statements 2018 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 2018 of the Mikron Group.

Remarks

A comprehensive review of the 2018 financial year is included in the Annual Report 2018 (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 13 ff. of this invitation.

1.2 Advisory vote on the Compensation Report 2018

Proposal

The Board of Directors proposes that the Compensation Report 2018 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 78 of the Annual Report 2018) 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 2018 financial year.

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

in CHF 1,000

Profit carried forward	26,063
Excess proceeds from sale of treasury shares	15
Loss/profit for the year	2,622
Profit carried forward	28,700

Proposal

- The Board of Directors proposes that
- 3.1 the retained earnings for the year ended 31 December 2018 be carried forward to new account.
 - 3.2 reserves from capital contributions in the amount of CHF 0.20 per share be allocated to voluntary (as per resolution) retained earnings, and a withholding tax-free distribution for 2019 of CHF 0.20 per share be stipulated.

Remarks

The Board of Directors proposes to the Annual General Meeting a withholding tax-free distribution for 2018 of CHF 0.20 per share. Based on a maximum of 16,712,744 shares, the total amount is CHF 3,342,548.80. No distribution is made on shares owned by Mikron Holding AG. Prior to this, reserves from capital contributions in the amount of CHF 0.20 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 2 May 2019. The final trading day on which shares will still be entitled to a distribution is 26 April 2019. Shares will be traded ex distribution from 29 April 2019.

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 2019. All members of the Board of Directors will be standing for re-election.

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 2020:

- 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 2018, Corporate Governance section, page 57.

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 2020.

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 2019. 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 2020:

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

5. Amendments to the Articles of Association

The Board of Directors has adjusted the Company's compensation system. The Board of Directors will now be partially remunerated with blocked shares of the company with effect from the coming term of office. A Long Term Incentive Plan will be introduced for Group Management (and also for other executives), which is also share-based for Group Management. These changes require an amendment to the Articles of Association.

5.1 Remuneration of the Board of Directors

Proposal

The Board of Directors proposes therefore to the General Meeting the following amendments to the Articles of Association (new text marked):

Art. 26 para 1:
Principles of compensation relating to the Members of the Board of Directors

The members of the Board of Directors shall receive a fixed basic fee, a fixed number of shares of the Company and a lump sum compensation for expenses that is determined by the full Board of Directors based on the proposal of the Remuneration Committee and subject to and within the limits of the aggregate

amounts approved by the General Meeting. *The Board of Directors shall determine the number of shares as well as the relevant terms and conditions, including the time of their allocation and any restrictions on transferability (minimum of three years).*

5.2. Remuneration payable to Group Management

Proposal

The Board of Directors proposes the following amendments to the Articles of Association (new text marked) to the General Meeting of Shareholders:

Art. 13. para 1 cipher 4

4. *the allocation of a number of shares for the members of the Executive Management pursuant to Art. 27 para. 3 for the ~~current~~ most recently concluded business year;*

Art. 27 para 3:

An additional variable compensation in form of shares of the Company may be provided to In addition, the members of the Executive Management may participate in the Company's Long Term Incentive Plan providing for an additional remuneration over three year planning periods, if the targets set by the Board of Directors in accordance with the Company's mid-term plan are reached. The number of shares is determined at the discretion of the Board of Directors

determines the maximum remuneration on an annual basis at its discretion with regard to taking into consideration the position, responsibility, duties and performance of each member. The compensation shall be determined annually in line with the target achievement and shall be paid out in form of shares of the Company pursuant to the average price for the respective plan period. The shares are transferred to the member after approval by the General Meeting and are blocked for a period of at least three years. By way of regulation the Board of Directors determines the details of the plan including the rules of payment of the remuneration in the event of a termination of employment of a plan participant.

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

6.1 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 540,000.

Remarks

The maximum total amount proposed is CHF 540,000 (previous year: CHF 460,000) for the six Members of the Board of Directors for the term of office until the next Annual General Meeting the basic fee (including remuneration for the work in the Board Committees), the flat-rate expenses as well as all contributions to the Social security. The total remuneration will be issued in the form of shares in Mikron Holding AG (maximum 25,000 shares) and otherwise in the form of cash amounts aligned. The shares to be allotted are blocked for at least 3 years.

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

6.2 Remuneration payable to Group Management

Proposal

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

- 6.2.1 The total fixed and performance-related remuneration which may be paid to Group Management during the 2020 financial year of maximum CHF 1.85 million.
- 6.2.2 The allocation of 20,610 shares for the past financial year 2018, which, valued at the price on 18 March 2019, corresponds to a value of CHF 144,270.

Remarks

The proposed total amount of a maximum of CHF 1.85 million is related to the compensation of the three members of Group Management. This includes a maximum compensation for the CEO of around CHF 0.7 million. In addition, an allocation of shares under the Long-Term Incentive Plan for the financial years 2018 to 2020 will be applied for the first time for the 2018 financial year.

The maximum total amount of CHF 1.85 million is made up of the following amounts for the respective compensation components:

- Basic remuneration: maximum of CHF 1.1 million. The Board of Directors will stipulate the actual remuneration for 2020 at the end of 2019.
- Variable remuneration: maximum of CHF 0.45 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 in relation to proposal 6.2.1 will be disclosed in the Compensation Report for 2020 and be the subject of the related advisory vote to be held at the Annual General Meeting in 2021.

7. 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 2020.

8. Election of the statutory auditor

Proposal

The Board of Directors proposes the re-election of PricewaterhouseCoopers AG, Bern, as statutory auditor for the 2019 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 2018 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, as a PDF file. Copies will also be on display at the Annual General Meeting. The invitation to the 2019 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 18 April 2019 are entitled to vote. No entries will be made in the share register from 19 to 25 April 2019.

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 10 April 2019 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 23 April 2019. 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 2019

Mikron Holding AG
Mühlebrücke 2
CH-2502 Biel
Tel. +41 32 321 72 00
Fax +41 32 321 72 01
ir.mma@mikron.com

Annual Report 2018
Short version

Highlights

CHF 362.3 million

The Mikron Group achieved an order intake of CHF 362.3 million in 2018 (previous year: CHF 278.9 million, +30%).

CHF 13.9 million

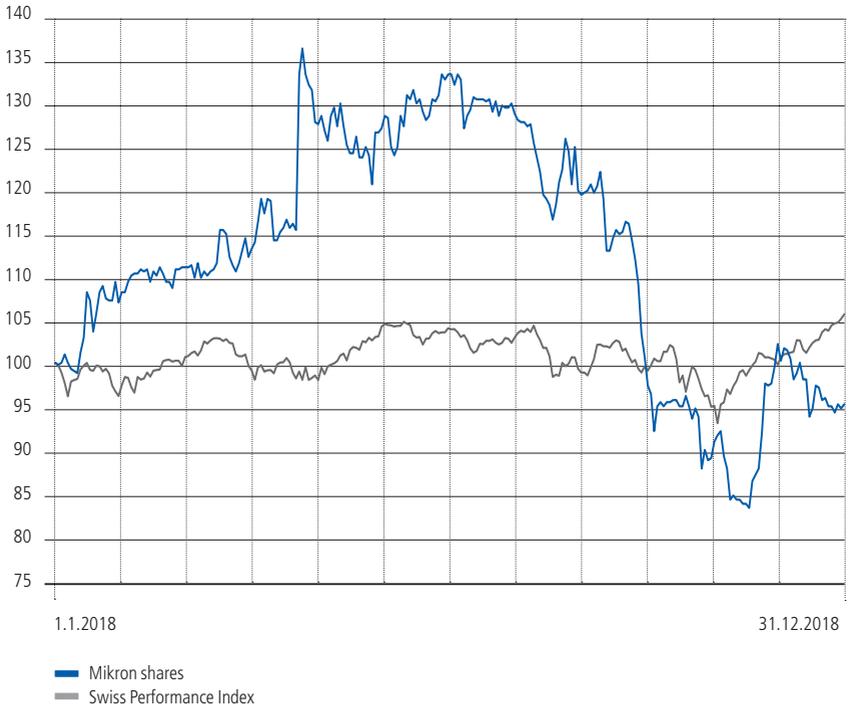
Mikron increased EBIT from CHF 2.8 million in 2017 to CHF 13.9 million in 2018.

CHF 195.7 million

The Mikron Group started 2019 with a record order backlog.

Share performance

as %



Key Figures 2018

in CHF million, except productivity and number of employees

2018

2017

+/-

	2018		2017		+/-
Key performance data					
Order intake	362.3		278.9		83.4 29.9%
Machining Solutions	162.2		152.9		9.3 6.1%
Automation	200.9		126.0		74.9 59.4%
Net sales	314.7		248.5		66.2 26.6%
Machining Solutions	160.3		124.1		36.2 29.2%
Automation	155.2		124.6		30.6 24.6%
Order backlog	195.7		157.2		38.5 24.5%
Machining Solutions	68.0		75.2		-7.2 -9.6%
Automation	128.2		82.2		46.0 56.0%
Productivity (added value/personnel expenses)	1.53		1.40		0.13 9.3%
Research and development	11.6		8.8		2.8 31.8%
Number of employees (end of year)	1,398		1,275		123 9.6%
Machining Solutions	695		627		68 10.8%
Automation	679		622		57 9.2%
Earnings					
EBITDA, as % of net sales	22.2	7.1%	11.2	4.5%	11.0
EBIT, as % of net sales	13.9	4.4%	2.8	1.1%	11.1
Machining Solutions	4.2	2.6%	-1.6	-1.3%	5.8
Automation	8.4	5.4%	3.1	2.5%	5.3
Operating result, as % of net sales	12.7	4.0%	1.3	0.5%	11.4
Profit for the year, as % of net sales	12.2	3.9%	1.2	0.5%	11.0
Cash flow					
Cash flow from operating activities (incl. changes in net working capital), as % of net sales	20.1	6.4%	15.6	6.3%	4.5 28.8%
Balance sheet					
Balance sheet total	289.5		265.7		23.8 9.0%
Current assets	185.0		170.5		14.5 8.5%
Cash and current financial assets	44.6		57.6		-13.0 -22.6%
Non-current assets	104.5		95.2		9.3 9.8%
Current liabilities	110.0		95.7		14.3 14.9%
Long-term liabilities	15.2		12.7		2.5 19.7%
Shareholders' equity, as % of balance sheet total	164.3	56.8%	157.3	59.2%	7.0 4.5%

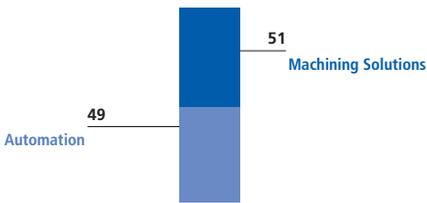
Sales

CHF 314.7 million

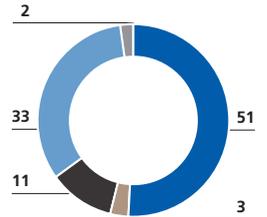
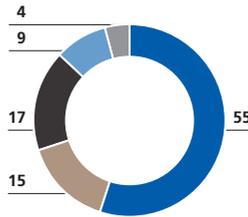
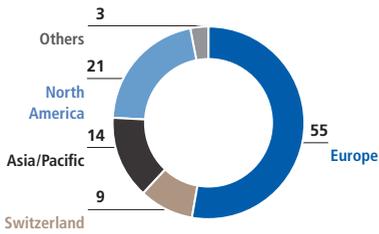
CHF 160.3 million

CHF 155.2 million

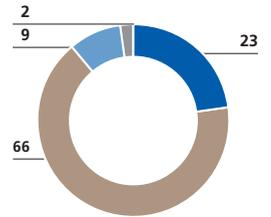
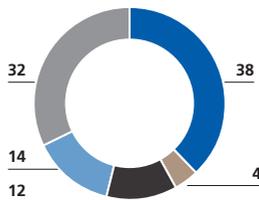
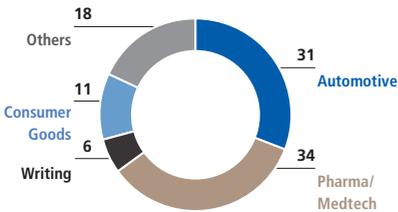
By segment in %



By region in %



By industry in %



Management Report (excerpt)

The Mikron Group significantly increased order intake and sales in 2018 compared with the previous year, while improving profitability. Both business segments contributed to this positive performance. Overall, the Group achieved sales of CHF 314.7 million (prior year: 248.5 million, + 26.6%) together with order intake of CHF 362.3 million (prior year: CHF 278.9 million, + 29.9%). The order backlog reached a record CHF 195.7 million on December 31, 2018 (end of 2017: CHF 157.2 million, + 24.5%). With EBIT at CHF 13.9 million (prior year: CHF 2.8 million, + 396.4%) the Group improved its EBIT margin from 1.1% in 2017 to 4.4%.

Group business review

Both business segments in the Mikron Group were able to strengthen their market positions in the year under review. The Group's capacity utilization across all the sites improved steadily over the year, with all operations working at full speed in the last few months. Both business segments had to deal with temporary supply bottlenecks in materials procurement. The high demand for its products meant that the Mikron Tool division reached its capacity limits, despite the continuous increase of capacity.

Mikron Automation established itself further as a leading technology supplier in the European and US pharmaceutical and med-tech industries. Asian demand for Mikron Automation assembly systems remained significantly lower than the volumes from Europe and the US.

As in the previous year, Mikron Machining Solutions made good use of the growing demand in its tool and service business. Demand for transfer machines was also good overall, despite being very unevenly distributed over the year. The resurgence in interest in Mikron's larger systems was particularly pleasing.

Order intake

The Mikron Group reported order intake of CHF 362.3 million in 2018, representing an increase of 29.9% against the prior year (CHF 278.9 million).

Europe (incl. Switzerland) remains Mikron's most important market, with approximately 49% of orders received in 2018 placed by European customers (previous year: 62%). The two strongest market segments are still the pharmaceutical/medtech industries with

40% and the automotive industry contributing 31% (prior year: both 31%) to the overall order intake. In North America, Mikron Automation made a significant contribution to the good order intake, while Mikron Machining Solutions remained below expectations with machine orders in this market. Compared with 2017, Mikron reported similar levels of order intake in Asia, mainly from the writing instruments and automotive industries.

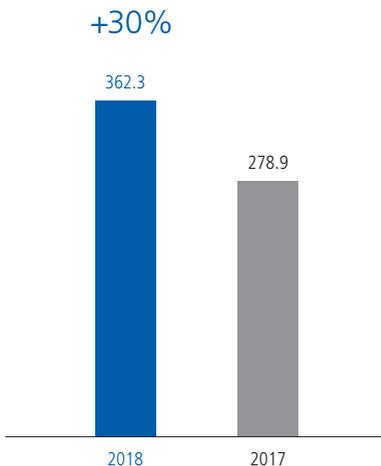
Net sales, capacity utilization and order backlog

Posting annual net sales of CHF 314.7 million, the Mikron Group exceeded the prior-year result (CHF 248.5 million, +26.6%) markedly.

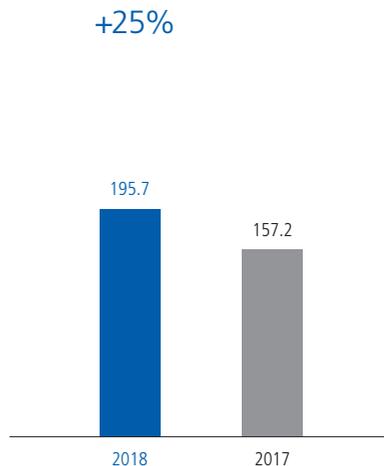
While Mikron Machining Solutions succeeded in increasing sales by 29.2%, the Automation business segment posted an increase of 24.6%.

Some sites were still underutilized at the beginning of 2018. However, the situation improved steadily in the course of the year overall, with most companies reporting good capacity utilization by the end of 2018. The Tools and Services areas were experiencing overload, which is resulting in long delivery times. Mikron expects demand in this area to continue and has therefore increased the relevant capacities, and will continue to increase it.

Order intake
in CHF million



Order backlog
in CHF million



Annual sales
in CHF

314.7 million

2018

248.5 million

2017

At CHF 195.7 million, the Mikron Group's order backlog at the end of 2018 was 24.5% higher than the prior-year figure, setting a new record. While the Machining Solutions business segment reported a year-on-year decline in order backlog of 9.6%, the Automation business segment increased the same figure by 56.0%.

Profitability

In the 2018 business year, the Mikron Group reported a significantly improved EBIT of CHF 13.9 million (previous year: CHF 2.8 million).

The EBIT profit of CHF 4.2 million (prior year: CHF -1.6 million) posted by the Machining

Solutions business segment represents an improvement in profitability. The better profitability reflects the higher level of machine and service sales in 2018, absorbing the costs for the development projects, while the tool business was able to increase its contribution. Mikron Automation reported an improved EBIT of CHF 8.4 million after the prior year's EBIT of CHF 3.1 million. The EBIT margin increased to 5.4% (prior year: 2.5%).

Mikron's net earnings for 2018 were CHF 12.2 million, compared to CHF 1.2 million in the prior year. Net earnings per share for the year 2018 came to CHF 0.74 (prior year: CHF 0.07). At the General Meeting on 25 April 2019, the Board of Directors of the Mikron Group will propose a distribution from capital contribution reserves of CHF 0.20 per share.

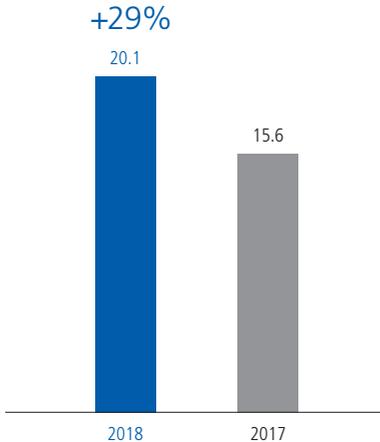
Balance sheet, financing and equity ratio

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

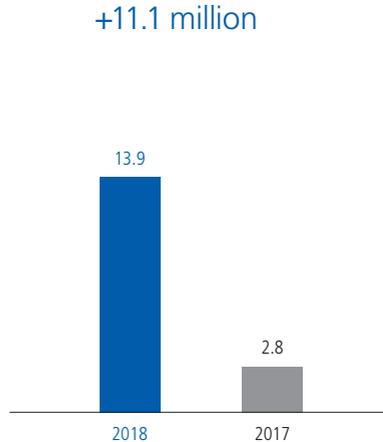
Cash and cash equivalents plus current financial assets of CHF 44.6 million significantly exceed interest-bearing liabilities of CHF 10.6 million. The current financial assets of CHF 17.0 million are mainly invested in high-quality Swiss franc bonds with a residual maturity of less than three years. The net cash position remained at a high CHF 33.8 million or 11% of net sales (prior year: 14%).

Net working capital decreased by CHF 0.8 million to CHF 32.3 million. Overall net working capital compared to net sales amounts to

Cash flow from operating activities
in CHF million



EBIT
in CHF million



10%, which is a further decrease compared with the prior year (13%). 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 started 2019 with a record order backlog, which is supporting its good capacity utilization and sales level particularly at Mikron Automation. Even though the general environment remains fragile, most of Mikron's key markets and, in particular, demand for services seem robust. The Group expects order intake to normalize on a somewhat lower level, however because cer-

tain large orders won in 2018 are not expected to be repeated in 2019. Overall, Mikron Group is expecting a further rise in sales and profitability.

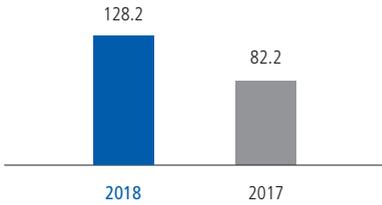
Mikron Automation

The Automation business segment saw a significant year-on-year improvement in many key business indicators in 2018. It reported an increase of some 60% in order intake, substantially higher sales, a marked improvement in profitability, and a record order backlog of CHF 128.2 million (end of 2017: CHF 82.2 million).

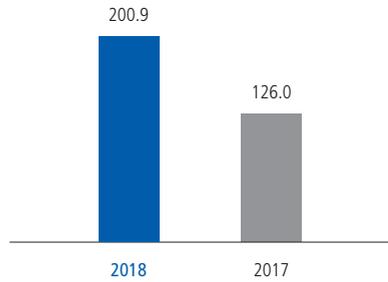
Mikron Automation's sales markets in Europe and America witnessed a surge in investment in the year under review. This provided the impetus for the business segment to win new customers at all sites both in its main market, comprising the pharmaceutical and medtech industries, as well as in the automobile and consumer goods industries. In Asia, with investments in fully automated assembly systems still sparse in the market segments covered by Mikron Automation, the order volume from this region again remained modest in 2018.

Except for Asia, all Mikron Automation sites reported considerably more orders in 2018 than in the prior year. The largest percentage increase was recorded by the Denver site – albeit compared with a somewhat modest prior-year baseline. In absolute terms, the highest order intake was posted by the business segment's headquarters in Switzerland.

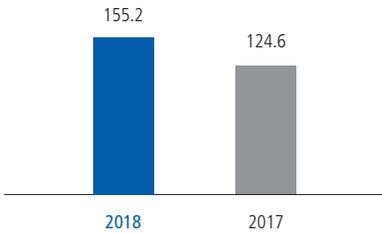
Order backlog
in CHF million



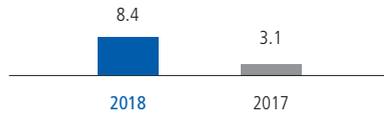
Order intake
in CHF million



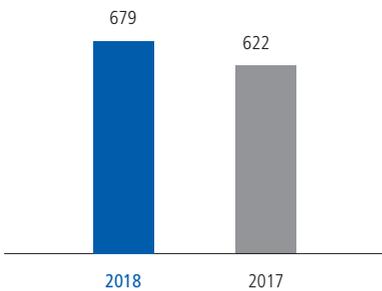
Net sales
in CHF million



EBIT
in CHF million



Number of employees



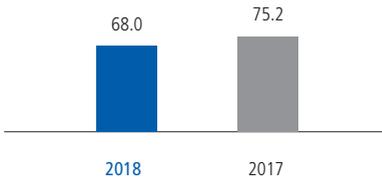
Mikron Machining Solutions

The Machining Solutions business segment posted a significant year-on-year improvement in sales and EBIT in 2018, starting the new year with decent order books. Both divisions contributed to the 29.2% increase in sales and the CHF 5.8 million improvement in EBIT.

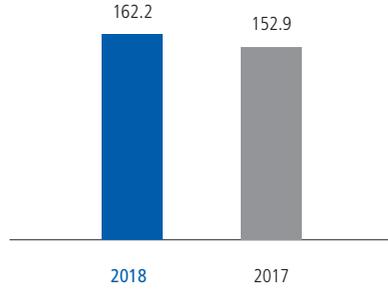
Since August 2018 the business segment has been operating as two divisions, Mikron Machining and Mikron Tool. This is intended to give both business areas a weightier presence in the market. In 2018, the Mikron Machining division profited from a generally solid demand in all key markets (automotive, electronics, watchmaking and writing instruments industries). In common with the sector as a whole, Mikron Machining also faced bottlenecks at various component suppliers. This called for a great deal of commitment and flexibility on the part of the procurement and project teams and in some instances resulted in unusually long delivery times.

The same applies to the Mikron Tool division. Demand for Mikron's high-tech tools remained very high in all market segments (automotive, medtech and watchmaking industries) throughout the year. Mikron Tool saw an exceptionally strong increase in sales to customers in the medtech industry, where demand for Mikron's range of tools for hard-to-machine materials was particularly high.

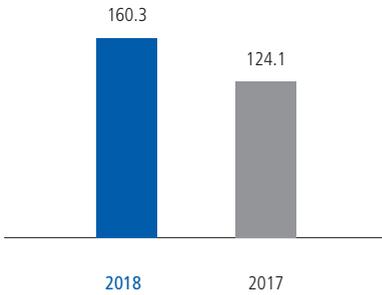
Order backlog
in CHF million



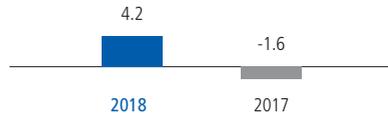
Order intake
in CHF million



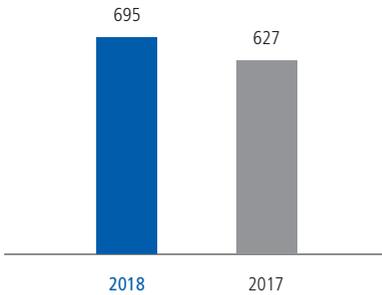
Net sales
in CHF million



EBIT
in CHF million



Number of employees



Consolidated Financial Statements 2018 of the Mikron Group

Consolidated income statement

CHF 1,000	2018		2017	
Net sales	314,692	100%	248,510	100%
Change in work in progress/finished goods	8,384		-292	
Capitalized own production	1,018		952	
Material costs and subcontractors	-127,336		-87,928	
Personnel expenses	-128,271		-114,906	
Other operating income	2,035		1,740	
Other operating expenses	-49,839		-38,894	
Depreciation of tangible assets	-6,242		-6,255	
Amortization of intangible assets	-1,704		-1,595	
Operating result	12,737	4.0%	1,332	0.5%
Financial result	-1,000		-536	
Ordinary result	11,737	3.7%	796	0.3%
Non-operating result	1,132		1,470	
Profit before taxes	12,869	4.1%	2,266	0.9%
Income taxes	-626		-1,110	
Profit	12,243	3.9%	1,156	0.5%
Net earnings per share – undiluted	0.74		0.07	
Net earnings per share – diluted	0.74		0.07	

Consolidated balance sheet

CHF 1,000	31.12.2018		31.12.2017	
Current assets				
Cash and cash equivalents	27,567		42,161	
Current financial assets	17,033		15,399	
Accounts receivable	24,110		18,958	
Inventories	65,532		47,651	
Net assets from customer projects	41,460		38,592	
Other current receivables	5,302		3,755	
Prepaid expenses	3,977		3,950	
Total current assets	184,981	63.9%	170,466	64.2%
Non-current assets				
Tangible assets	64,197		57,077	
Intangible assets	4,941		4,445	
Investment property	28,908		29,233	
Deferred tax assets	6,494		4,478	
Total non-current assets	104,540	36.1%	95,233	35.8%
Total assets	289,521	100.0%	265,699	100.0%
Current liabilities				
Short-term financial liabilities	1,967		15,913	
Accounts payable	25,971		22,135	
Net liabilities from customer projects	51,341		32,316	
Short-term provisions	5,805		4,297	
Other current liabilities	4,316		3,453	
Accrued expenses	20,629		17,588	
Total current liabilities	110,029	38.0%	95,702	36.0%
Long-term liabilities				
Long-term financial liabilities	8,605		7,948	
Long-term provisions	413		0	
Deferred tax liabilities	6,165		4,704	
Total long-term liabilities	15,183	5.2%	12,652	4.8%
Shareholders' equity				
Share capital	1,671		1,671	
Treasury shares	-4,092		-68	
Capital reserves	99,158		99,993	
Retained earnings	67,572		55,749	
Total shareholders' equity	164,309	56.8%	157,345	59.2%
Total liabilities and shareholders' equity	289,521	100.0%	265,699	100.0%

Consolidated statement of cash flow

CHF 1,000	2018	2017
Cash flow from operating activities		
Profit	12,243	1,156
Depreciation and amortization	7,946	7,850
Revaluation of investment property	386	508
Net gain (-)/loss (+) on sale of non-current assets	-33	-37
Changes in provisions	1,965	697
Changes in deferred taxes	-544	-46
Other non-cash items	495	-68
Movement in accounts receivable	-5,413	-3,314
Movement in inventories	-18,283	-1,808
Movement in net assets/liabilities from customer projects	15,907	5,077
Movement in accounts payable	2,996	4,666
Movement in other receivables and prepaid expenses	-1,586	-1,342
Movement in other current liabilities and accrued expenses	4,028	2,309
Cash flow from operating activities	20,107	15,648
Cash flow from investing activities		
Investments in tangible assets	-10,376	-7,151
Divestments of tangible assets	124	59
Investments in intangible assets	-1,572	-1,415
Divestments of intangible assets	0	0
Investments in investment property	-61	-176
Investments in financial assets	-9,336	-6,878
Divestments of financial assets	7,542	5,172
Cash flow from investing activities	-13,679	-10,389
Cash flow from financing activities		
Purchase of treasury shares	-4,092	-61
Sale of treasury shares	0	58
Distribution to shareholders	-835	-835
Increase (+)/repayment (-) of financial liabilities	-14,186	173
Repayment (-) of finance lease liabilities	-1,512	-1,085
Interest received	264	272
Interest paid	-477	-494
Cash flow from financing activities	-20,838	-1,972
Effect of exchange rate changes on cash and cash equivalents	-184	151
Net cash flow	-14,594	3,438
Increase (+)/decrease (-) of cash and cash equivalents	-14,594	3,438
Cash and cash equivalents at beginning of period	42,161	38,723
Cash and cash equivalents at end of period	27,567	42,161

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
2018 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 annual report for the year 2018. 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).

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 2018 had a market capitaliza-

tion of CHF 113.0 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 business 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 11 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) 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 2019
- **Eduard Rikli**, Dipl. Ing. ETH, Dr. sc. Tech. ETH, Swiss, born in 1951, Vice-Chairman, non-executive, first elected 2010, elected until 2019
- **Patrick Kilchmann**, Dipl. phys. ETH, lic. oec. HSG, Swiss, born in 1958, member, non-executive, first elected 2011, elected until 2019
- **Andreas Casutt**, Dr. iur., LL.M., Swiss, born in 1963, member, non-executive, first elected 2013, elected until 2019
- **Hans-Michael Hauser**, MSc Physics, MSc Mathematics, Engineer, MBA, German, born in 1970, member, non-executive, first elected 2016, elected until 2019
- **Paul Zumbühl**, Dipl. Ing., MBA, AMP. Swiss, born in 1957, member, non-executive, first elected 2018, elected until 2019

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).

- **Bruno Cathomen**, CEO, COO Mikron Machining Solutions, Swiss, born in 1967, joined 2009
- **Rolf Rihs**, COO Mikron Automation, Swiss, born in 1963, joined 2002
- **Javier Perez Freije**, CFO, Spanish, born in 1975, joined 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 2018 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, 2018, hold 3% or more of the voting rights of Mikron Holding AG.

Shareholders	31.12.2018		31.12.2017	
	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	1,199,048	7.2%	1,674,897	10.0%
Public shareholders	6,052,228	36.2%	5,605,169	33.5%
Board of Directors and Group Management	154,545	0.9%	125,755	0.8%
Total	16,712,744	100.0%	16,712,744	100.0%

The Mikron Group

The Mikron Group develops, produces and markets highly precise, productive and adaptable automation solutions, machining systems and cutting tools. Rooted in the Swiss culture of innovation, Mikron is a global partner to companies in the automotive, pharmaceutical, medtech, consumer goods, writing instruments and watchmaking industries.

The Mikron Group enables its customers to increase quality and industrial productivity. The Group has over 100 years of experience, state-of-the-art technologies, and a global service. The two business segments Mikron Automation and Mikron Machining Solutions are based in Switzerland (Boudry and Agno). Additional production sites are located in Germany, Singapore, China and the USA. Mikron Holding AG shares are traded on SIX Swiss Exchange (MIKN). The Mikron Group employs a total workforce of around 1,400.

Mikron Holding AG
Mühlebrücke 2
CH-2502 Biel

Phone +41 32 321 72 00
Fax +41 32 321 72 01

ir.mma@mikron.com

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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.

