

Zurich, March 15, 2018

Presentation of full year results 2017

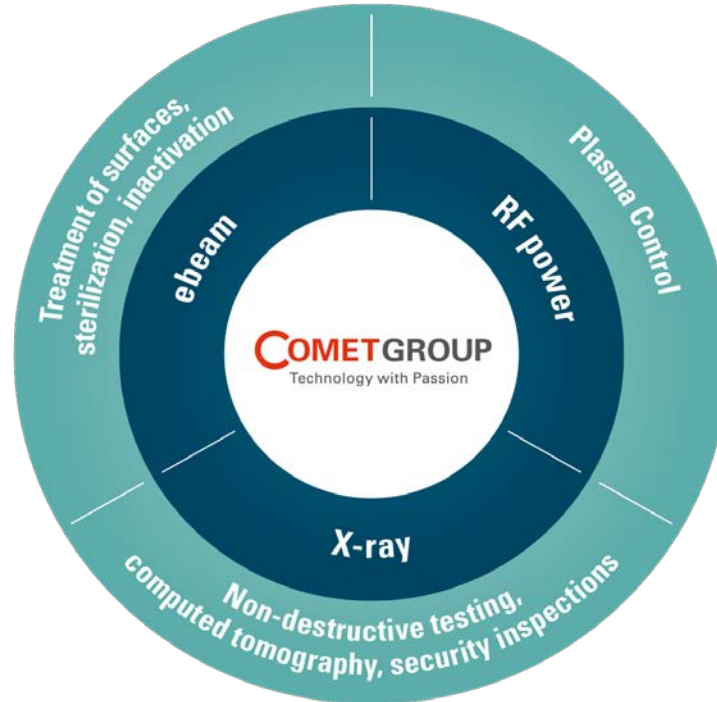


Dr. René Lenggenhager, CEO
Markus Portmann, CFO

Agenda

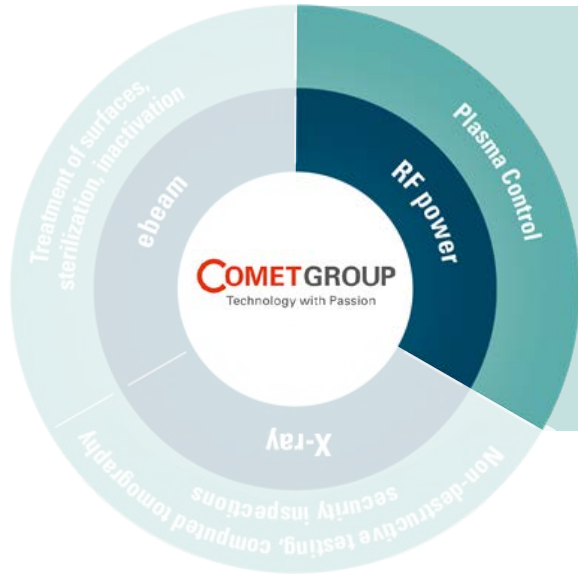
1	Comet Group at a Glance	R. Lenggenhager
2	Review 2017 Group and Business Segments	R. Lenggenhager
3	Financial Results	M. Portmann
4	Outlook for 2018	R. Lenggenhager
5	Questions & Answers	All

We are a Swiss company with high competency in three leading technologies ...



The Comet Group at a glance

... enabling faster, more efficient processes and safer products in many industries



Semiconductors
Microchips & Sensors
Displays

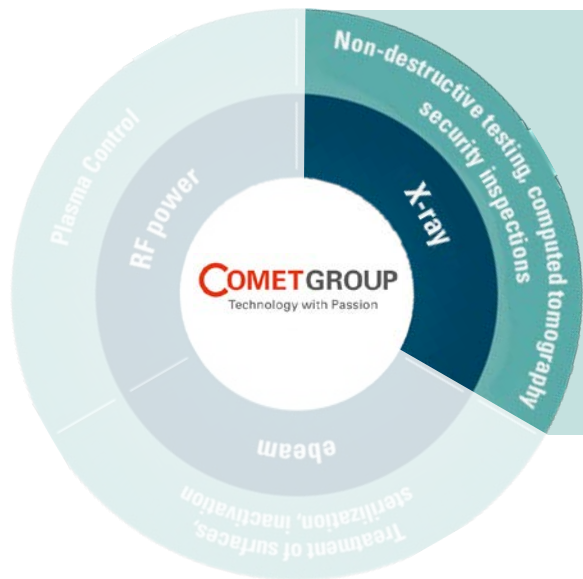
48%
of 2017
Group sales



COMET

The Comet Group at a glance

... enabling faster, more efficient processes and safer products in many industries



Electronics
Automotive / Foundries
Aerospace
Security

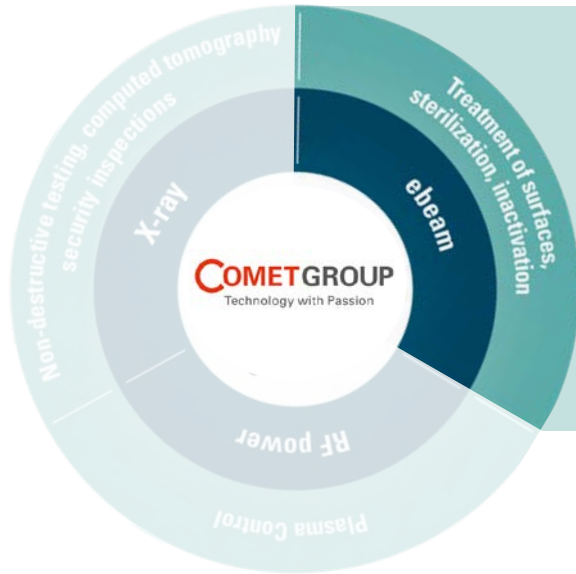
45%
of 2017
Group sales



COMET / YXLON

The Comet Group at a glance

... enabling faster, more efficient processes and safer products in many industries



Food
Printing

7%
of 2017
Group sales



Strong global presence boosted with opening of Lab One, the joint technology and application center in Silicon Valley



14

Locations
worldwide

Sales outside
Switzerland

99%

Employees

>1400

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Comet Group delivers further strong results

Growth	Net sales in CHF	Up 31.9% year-over-year from 332.4m to 438.4m
Profitability	Net income in CHF	Up 29.7% year-over-year from 27.3m to 35.5m
	EBITDA margin	Up 0.2% points year-over-year from 14.3% to 14.5%
	Operating cash flow in CHF	Increase year-over-year from 33.2m to 38.4m

Strong balance sheet despite the investment in growth

Quality of Balance Sheet	Net debt in CHF	Increased net debt year-over-year from -4.4m (= net cash) to 7.4m (= net debt)
	Equity ratio	Up 1.6% points year-over-year from 51.1% to 52.7%
Earning power	Economic profit in CHF	Up 50.3% year-over-year from 10.8m to 16.2m
	Return on capital employed	Up 1.5% points year-over-year from 14.7% to 16.2%

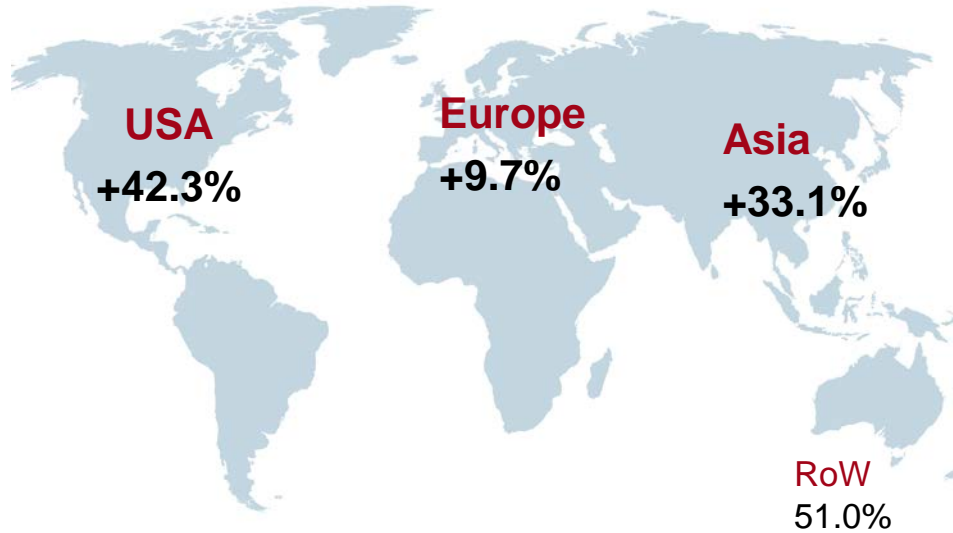
The sales growth was driven by all four segments ...

COMETGROUP

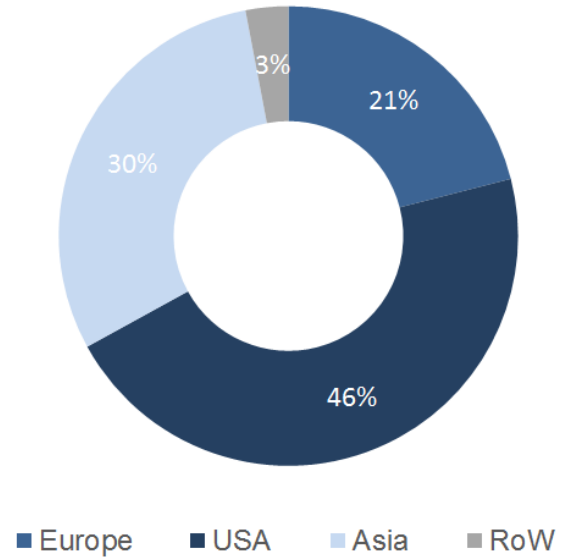
	PCT	IXS	IXM	EBT
	+53.0%	+13.0%	+13.2%	+74.6%
Net sales in CHF	210.5m (FY 2016: 137.6m)	137.3m (FY 2016: 121.4m)	78.8m (FY 2016: 69.6m)	29.5m (FY 2016: 16.9m)
EBITDA margin	26.5% (FY 2016: 22.5%)	6.1% (FY 2016: 9.4%)	22.8% (FY 2016: 23.7%)	n/a

... and all core regions

Growth rate by region



Geographical distribution of net sales



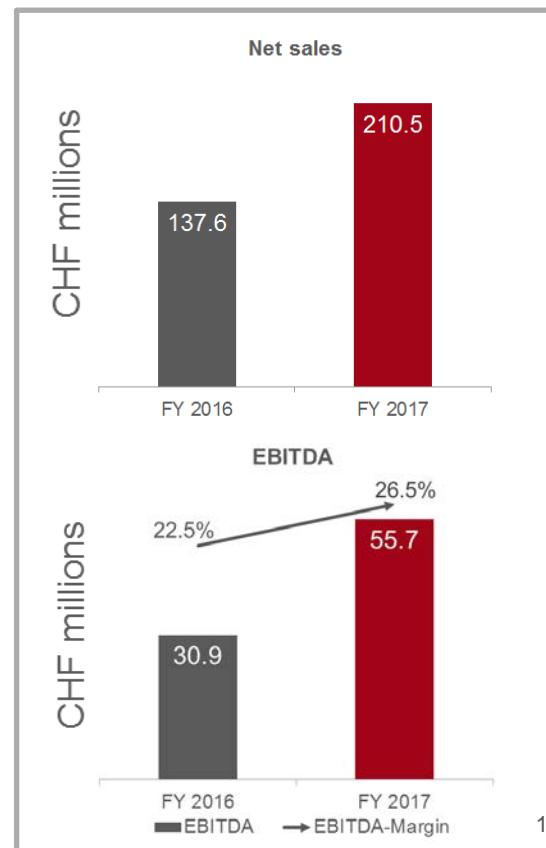
PCT delivers the fifth consecutive year of record results

53.0% sales growth in local currencies

- More than proportional growth with high-end RF solutions based on equipment of new chip fabrication plants with US customers
- Increased business in China
- Successful sales ramp thanks to strong supplier network and maximum possible expansion of manufacturing capacity

26.5% EBITDA margin (up 4% points)

- High sales volume realized within its existing production capacity
- Cost savings in the supply chain made up for investments
 - in expansion of production infrastructure in Shanghai and San José and
 - in product innovation



Strong partnerships and innovation are success factors

Investment to be accelerated

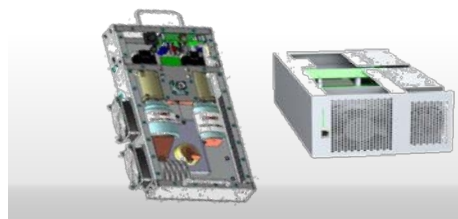
- Awards for innovation and partnership



- Successful start of "cito Plus" sales

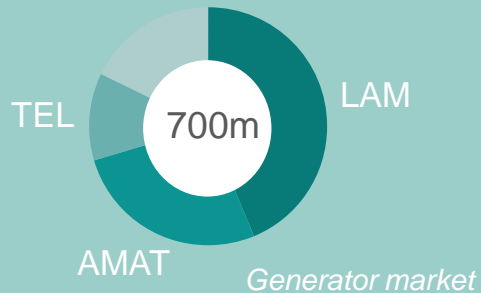


- Work on new RF power platform to be launched



Customers are waiting for the new RF generator

“We are highly interested in the new RF power generator to replace the old ones in our fabs.” Asian Customer



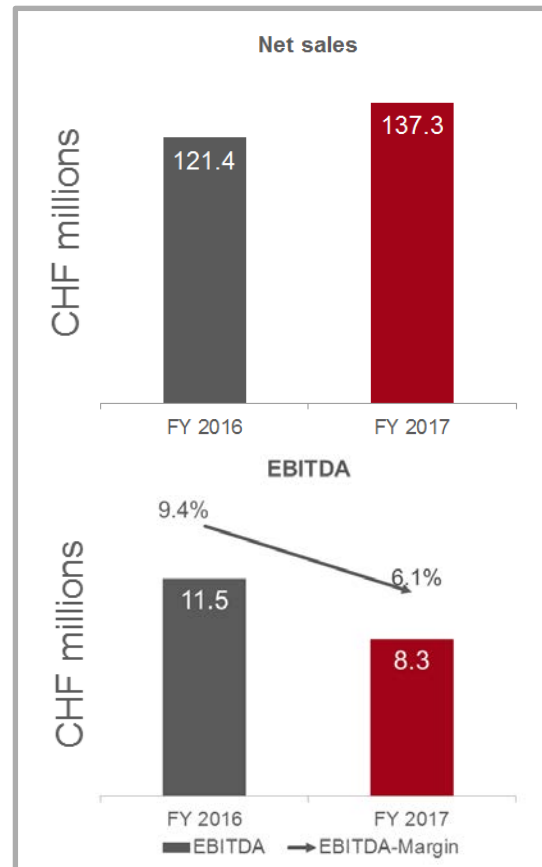
IXS: Expansion of market position, high investment in renewal of product portfolio

12.4% sales growth in local currencies

- Mainly with large computed tomography (CT) systems
 - in the automotive industry
 - in the refocused “science & new materials” segment
- Market position in China strengthened; successful expansion in the Japanese and Southeast Asian market

6.1% EBITDA margin vs. 9.4% in the previous year

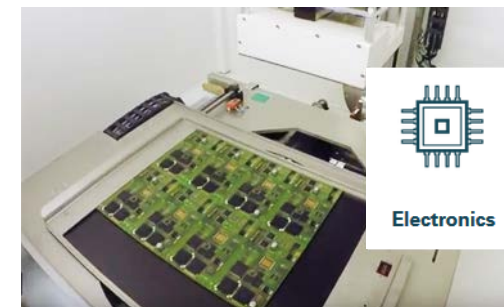
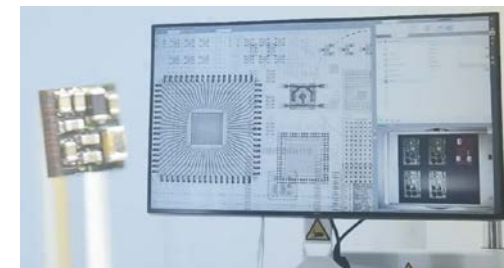
- Higher-than-average expenses for product portfolio renewal
- Investment in metrology as new application
- Investment in market presence in certain countries



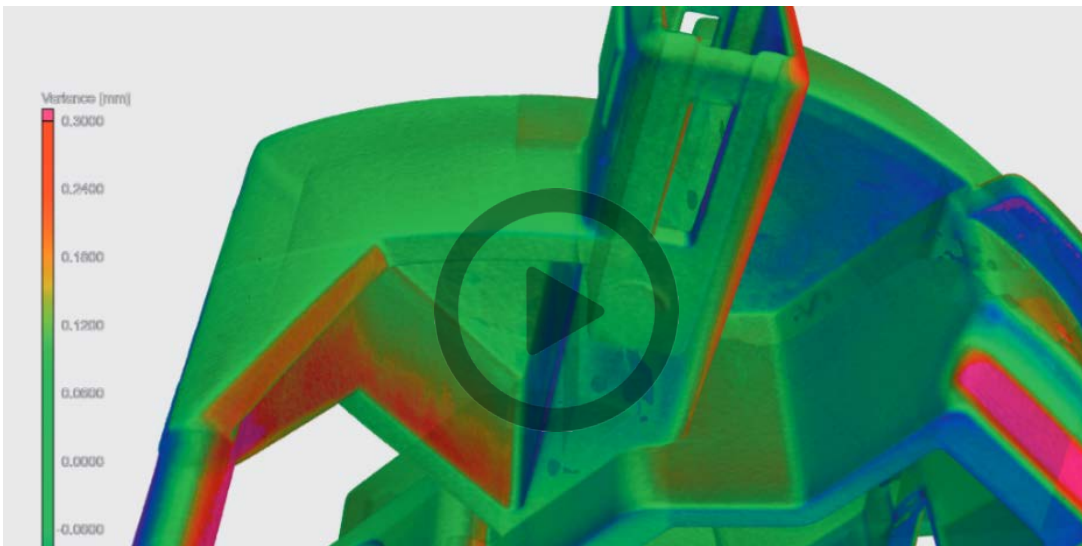
Sharpened strategic focus as solution provider for Industry 4.0 applications

Launch of high-performance CT inspection systems Cougar & Cheetah Evo

Further investment in portfolio innovation



Successful launch and first sales of FF Metrology systems



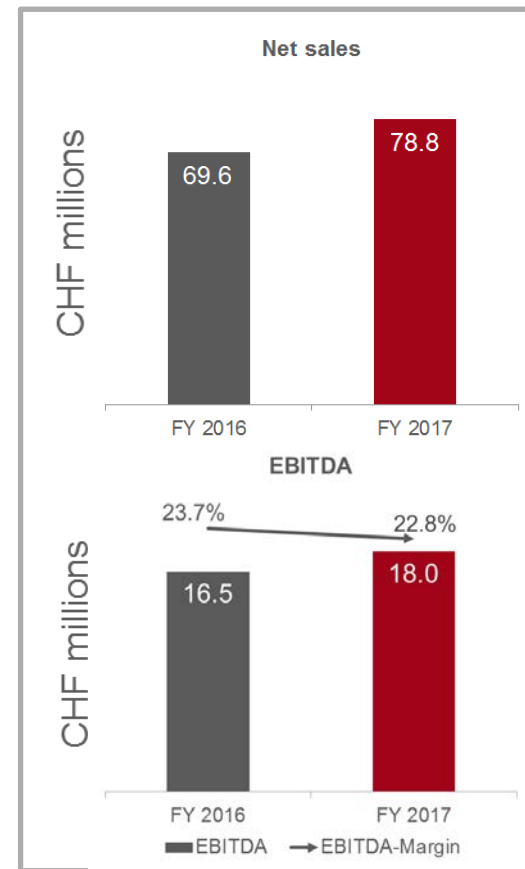
IXM: Profitable growth in all markets and regions

12.5% sales growth in local currencies in all markets and regions

- 6% growth in NDT core business
- 45% growth in the security market with highly reliable x-ray sources that are tailored to the various specific needs

22.8% EBITDA margin (2016: 23.7%)

- Higher volume and productivity gains were offset by
 - currency impacts and
 - a negative one time effect from the change-over of pension plans in CH



Launch of iVario

IoT capable,
for a broad range of
applications



For further growth
in the core
markets of non-
destructive testing
and security



Aerospace



Automotive



Security

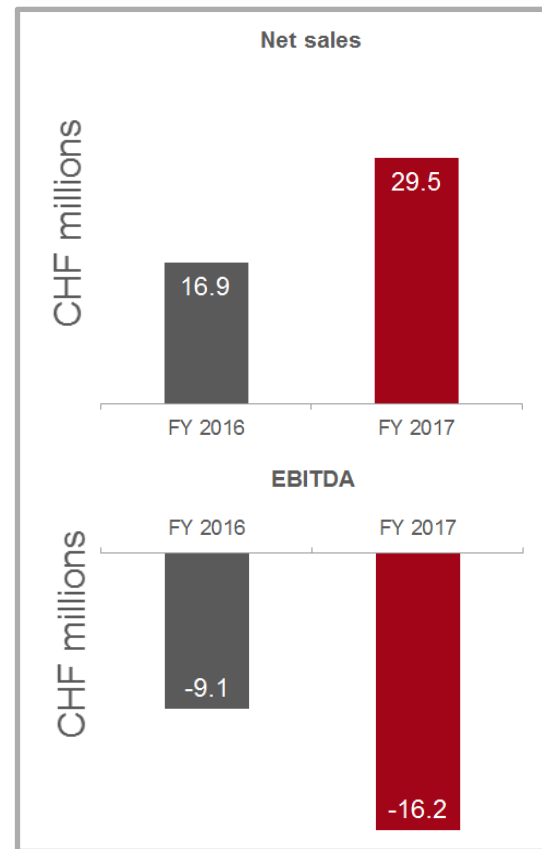
EBT: Development of new applications; high costs in systems business weigh on bottom line

73.8% increase in sales in local currencies based on

- Increased modules business (rollout Tetra Pak)
- High backlog of orders from the prior year in the systems business that were now filled
- Rise in sales of EB Labs

EBITDA decreased to a negative CHF 16.2m (2016: neg. CHF 9.1m)

- Investment in new applications, e.g. demonstrators (EBE)
- Renovation of product portfolio, professionalization of processes in systems business to address increased competition (EBS)



Further investment in new applications in partnership with Uteco, Bühler and Tetra Pak

- Launch of ebeam-based digital printing machine, GAIA
- Field tests for the inactivation of dry foods successful, substantiating the effectiveness of ebeam
- Updated strategy to integrate ebeam in new product generation will lead to a delay in sales revenue; Tetra Pak fully committed

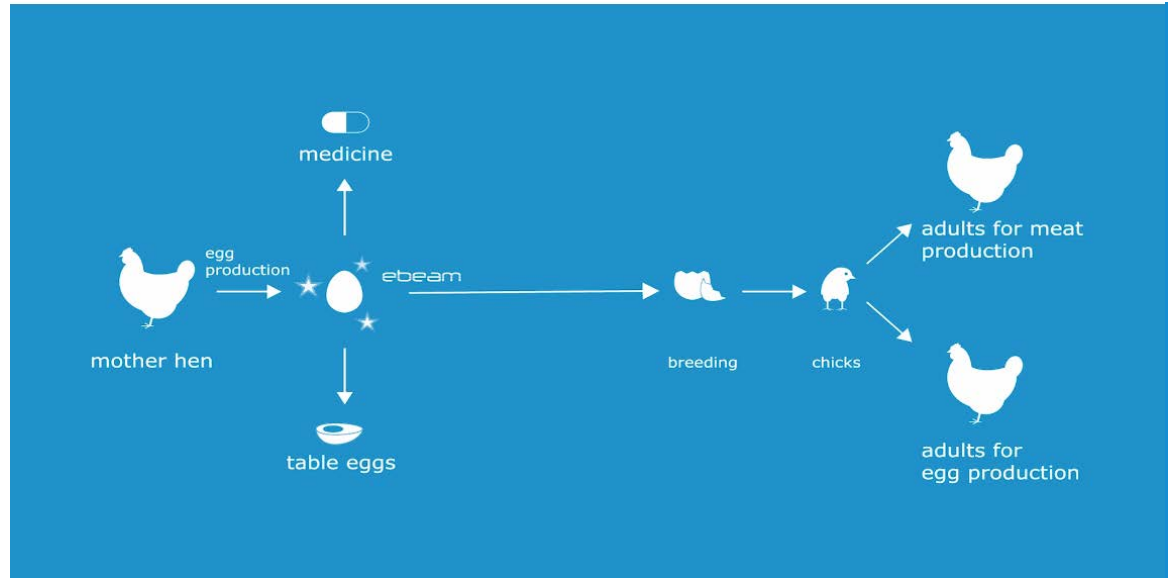


ebeam systems
redesigned and
standardized to
address
competitive
market situation



Treatment of hatching eggs: a new application in partnership with Bell Food Group

Demonstrator built, field tests in 2018



Agenda

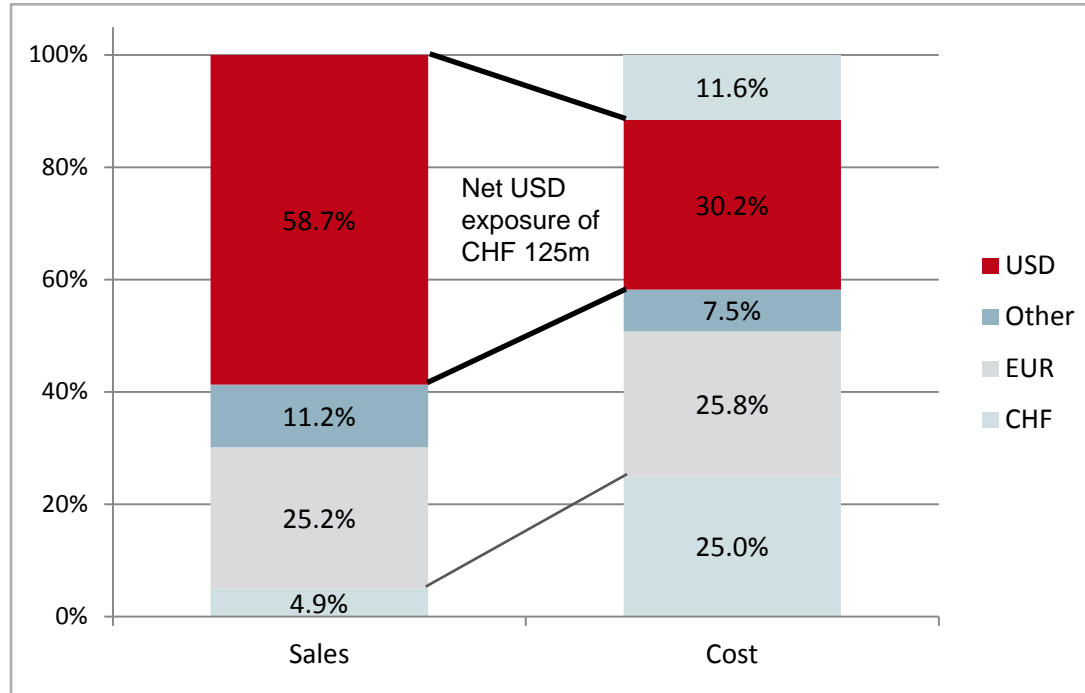
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Higher new orders, strong net sales and improved operating performance

in CHF thousands	FY		Change	
	2017	2016	Absolute	In %
New orders	441'987	358'980	83'007	23%
Backlog	109'356	105'456	3'900	4%
Book-to-bill	1.01	1.08		-6%
Net sales	438'355	332'437	105'918	32%
Cost of sales	-257'943	-197'428	-60'515	
Gross profit	180'412	135'009	45'403	
Gross profit margin in %	41.2%	40.6%	0.6%	
Other operating income	6'580	5'820	760	
Development expenses	-48'967	-37'470	-11'497	
SG&A	-87'129	-66'886	-20'243	
Operating Income (EBIT)	50'895	36'473	14'422	
Financial result and income taxes	-15'436	-9'137	-6'299	
Net income	35'460	27'336	8'124	
EPS in CHF	4.58	3.53	1.05	

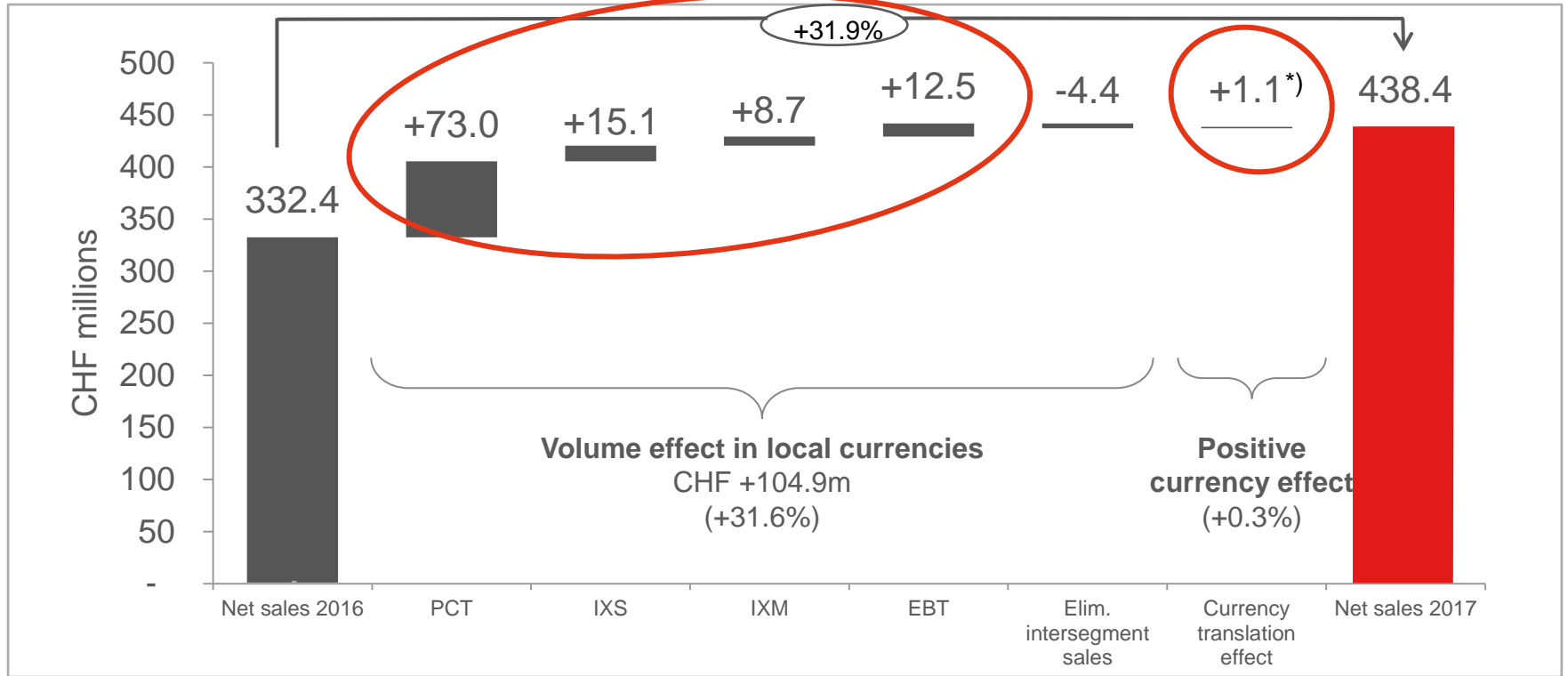
- IO/BL in line with expected growth
- Gross profit margin improvement driven by operation initiatives, e.g.
 - Lean and automation initiative
 - Quality improvement
 - Global logistics initiative
- Number of growth initiatives increased; structure adjusted to underlying growth
- Total functional costs as % of sales flat at 30% despite high investments
- Higher income taxes due to higher net income and US Tax Cuts and Job Act

Net USD exposure of CHF 125m in 2017; other currencies mostly naturally hedged



- Increased USD exposure as sales in USD are growing faster than costs
- Foreign exchange rates had a negative impact on EBIT of CHF 0.6m
- +/- 0.01 CHF/USD impacts net sales by CHF 2.5m and EBITDA-Margin by 0.2% points

Strong sales growth, mainly driven by PCT



EBITDA margin increase of 1.6% on a comparable basis

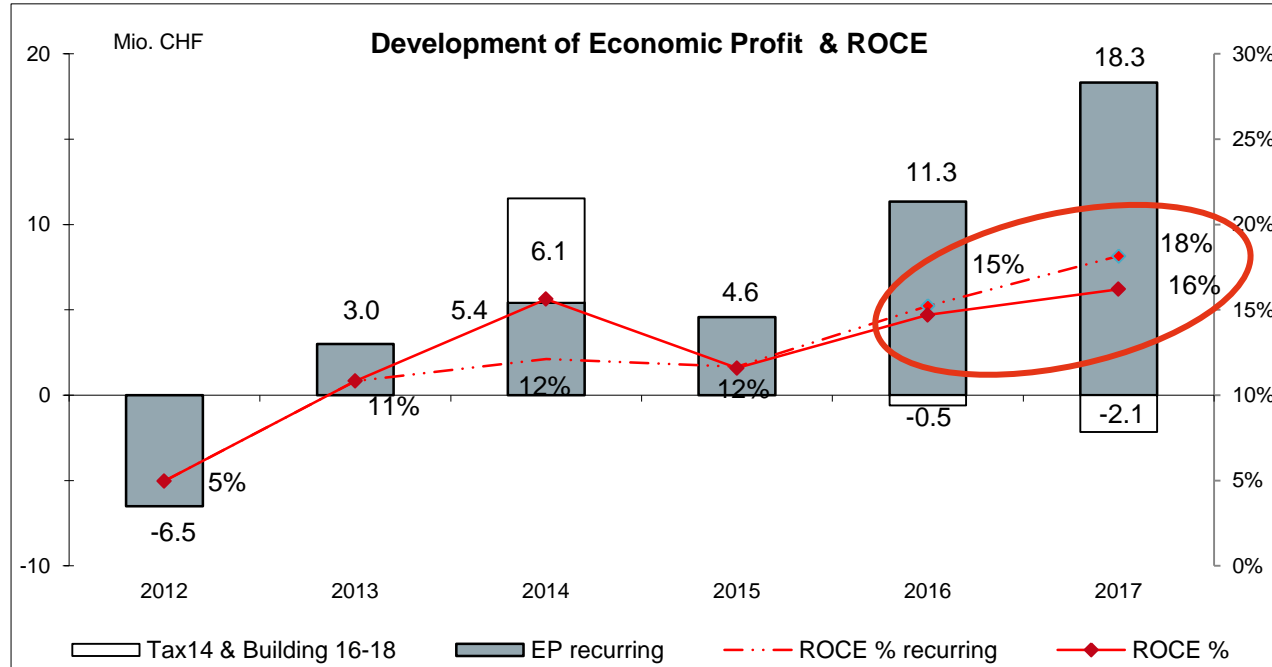
Reconciliation Dec YTD 2017 vs. PY	as reported December YTD 2016	IAS19 (1)	before IAS19 December YTD 2016	@ constant FX rates Δ	@ constant FX rates and bevor IAS19 December YTD 2017	FX impact	IAS19 (2)	(3) US impacts (TC / Tax)	as reported December YTD 2017	@ nominal FX rates vs. PY Δ
Sales	332.4	-	332.4	104.9	437.3	1.1	-	-	438.4	106.0
EBITDA	47.7	-1.6	46.1	21.9	68.0	-0.6	-2.5	-1.5	63.4	15.7
Financial expense	-0.4	-	-0.4	0.1	-0.3	-0.6	-	-	-0.9	-0.5
Total income tax	-8.8	0.2	-8.6	-5.1	-13.7	0.2	0.4	-1.5	-14.6	-5.8
Net income	27.3	-1.4	25.9	15.7	41.6	-1.0	-2.1	-3.0	35.5	8.2
Economic Profit	10.8	-1.4	9.4	12.3	21.7	-0.4	-2.1	-3.0	16.2	5.4
Sales Growth in %					31.6%	0.3%			31.9%	
EBITDA Margin in %	14.3%	-0.4%	13.9%	1.6%	15.5%	-0.1%	-0.6%	-0.3%	14.5%	0.2%
€	1.09	-	1.09	-	1.09	0.02	-	-	1.11	0.02
\$	0.99	-	0.99	-	0.99	-0.01	-	-	0.98	-0.01

One-time impacts: (1) positive impact due to reduction of the conversation rate

(2) negative impact due to pension plan change

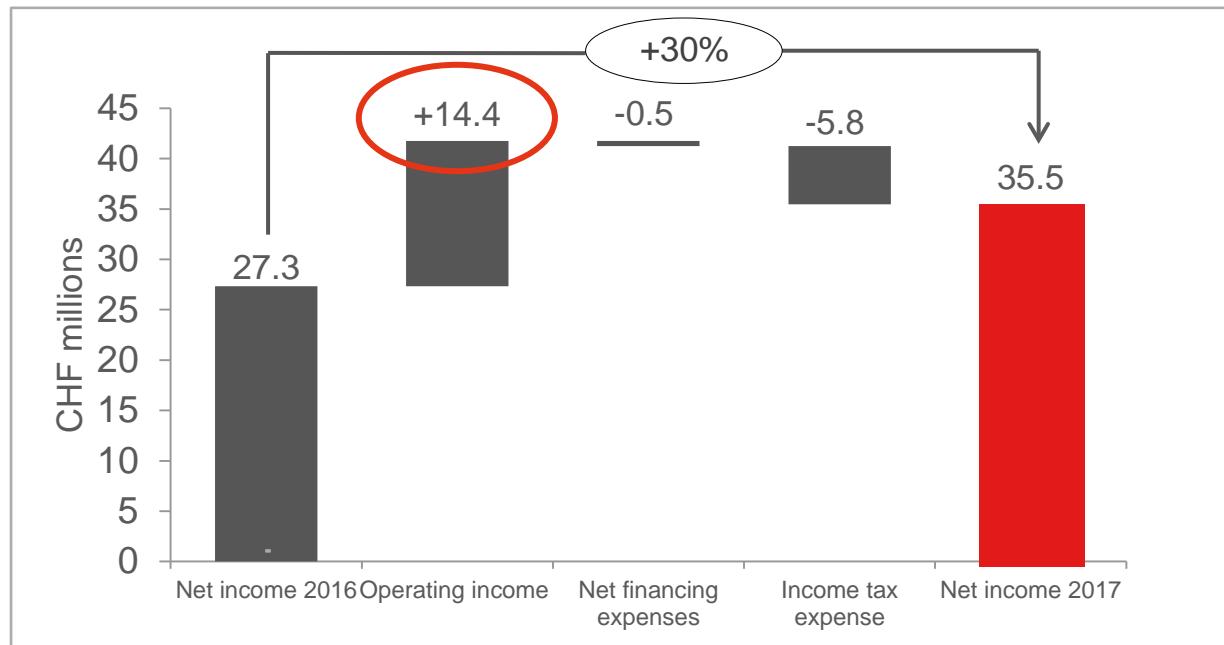
(3) negative impact related to a non tax deductible trade compliance incident and the DTA write-off related to the US Tax Cut and Job Act

Increase of 50% in economic profit means further growth in value for shareholders



- Economic profit of CHF 16.2m realized in 2017, equaling a return on capital employed of 16.2% (vs. cost of capital at 9%)
- The increase was mainly driven by the strong profitable sales growth of PCT

Strong increase in net income driven by profitable sales growth



EPS: CHF 3.53

CHF 4.58

- Operating income
CHF 50.9m
(PY CHF 36.5m)
- Net financing expenses
CHF 0.9m
(PY CHF 0.4m)
- Income tax expense
CHF 14.6m
(PY CHF 8.8m)

Foreign exchange gains due to weaker CHF

Net financing items amounted to an expense of CHF 0.9m

(PY CHF 0.4m), reflecting the following factors:

- Interest expenses decreased to CHF 1.3m (PY CHF 1.5m) due to mortgage payback
- The net currency translation gain recorded in the income statement was CHF 0.4m (PY gain of CHF 1.1m)
 - Almost naturally hedged for most currencies other than the USD
 - Net exposure in USD partly hedged by forward exchange contracts

Currency impact on balance sheet:

- A currency translation gain of CHF 3.0m was directly recorded in equity (related to net investments in foreign entities)

2017 normalized effective tax rate at 25%

- Reported effective tax rate of 29.1% includes one-off impacts of
 - 3.0% points US Tax Cuts & Jobs Act (revaluation loss on deferred tax assets of CHF 1.5m)
 - 1.1% points non-tax-deductible expense (US trade compliance cost)

- Actual income tax reported totaled CHF 14.5m comprising
 - items with positive impact on the effective tax rate such as
 - Tax credits for R&D and domestic manufacturing: CHF 0.8m
 - Partial tax exemption by the Canton of Fribourg: CHF 1.6m
 - items with an adverse impact on effective tax rate such as
 - Revaluation loss on deferred tax items: CHF 1.5m (US Tax Cuts & Jobs Act)
 - Non-tax-deductible expense: CHF 0.7m (up from PY CHF 0.1m)
 - Other impacts: CHF 0.8m (up from PY CHF 0.4m)

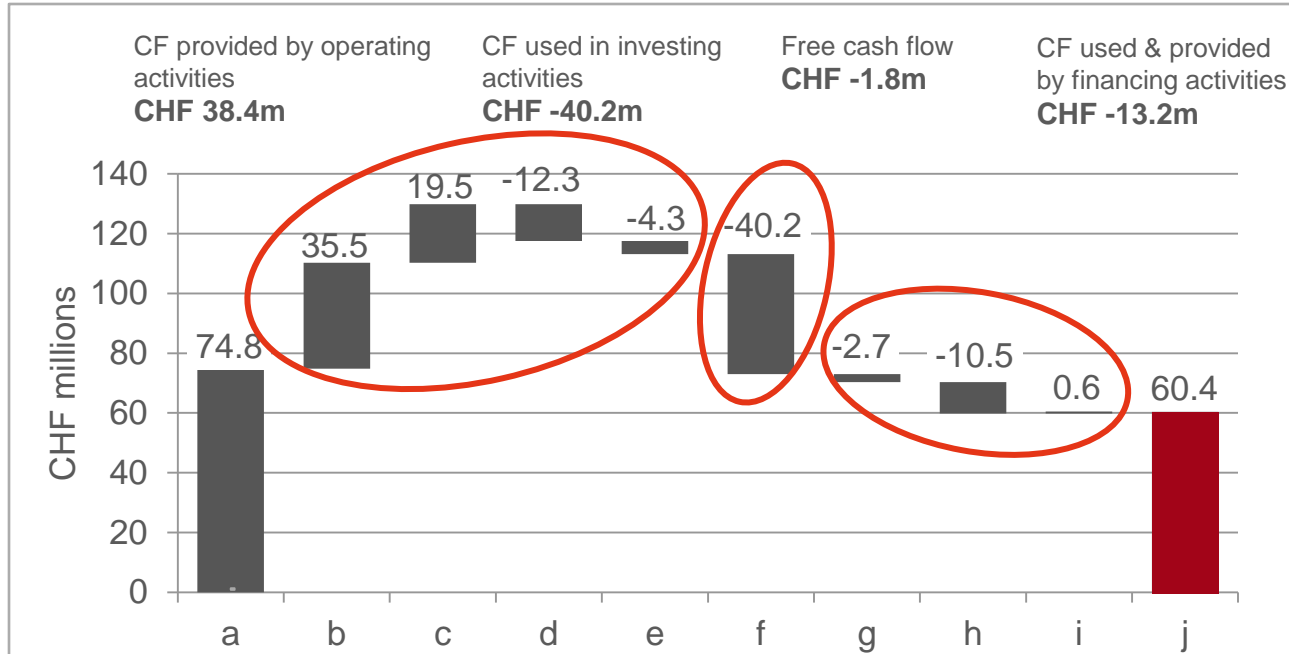
- The expected effective tax rate for 2018 is approx. 24%

Growing balance sheet and improved ratios

In CHF millions	2017		2016	
Current assets	237.4	60.6%	220.0	63.8%
Non-current assets	154.2	39.4%	124.9	36.2%
Total assets	391.5	100.0%	344.9	100.0%
Liabilities	185.1	47.3%	168.6	48.9%
Equity	206.4	52.7%	176.3	51.1%
Total liability and equity	391.5	100.0%	344.9	100.0%

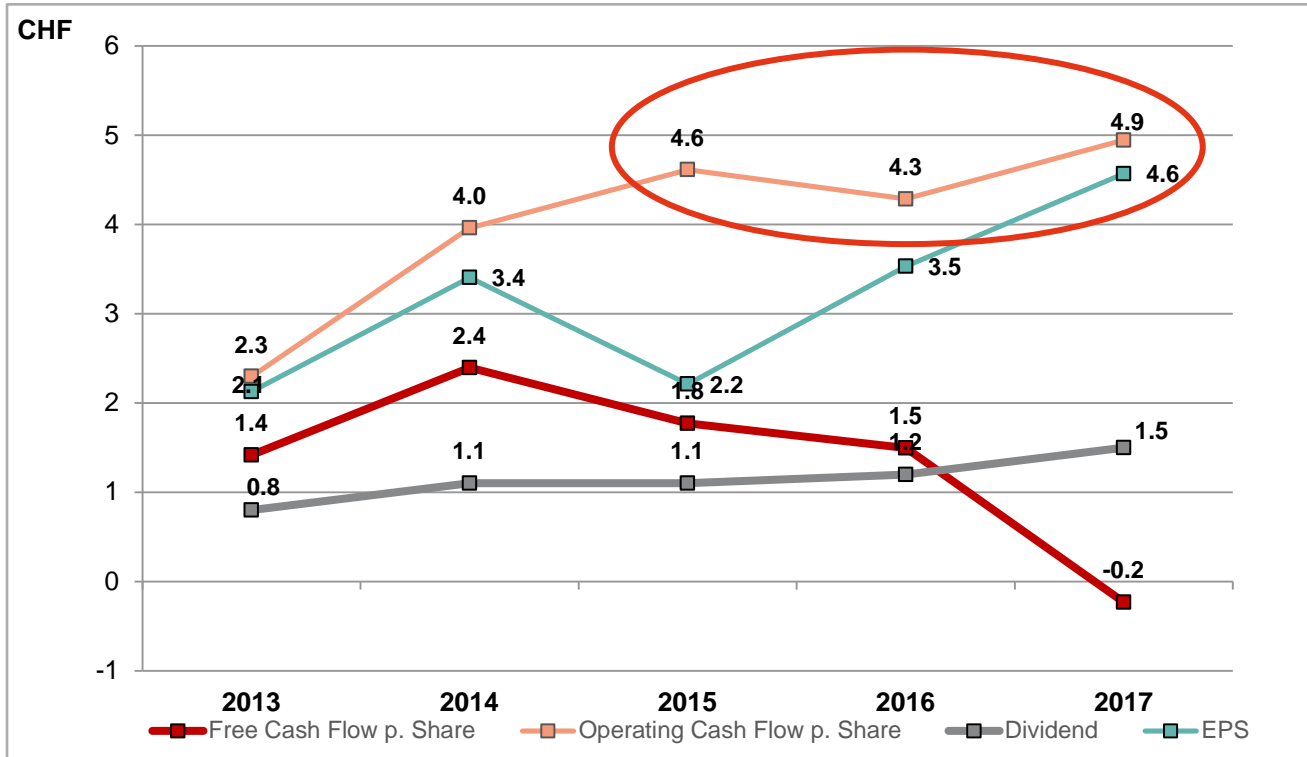
- Increase in working capital related to the actual and expected growth in net sales
- Increase in non-current assets reflecting investments in new building and expansion of production capacity
- ROCE increased to 16.2 % (increase in NOPAT surpassed increase in capital employed)

Operating and free cash flow reflect execution of growth strategy and investment in construction



- a) Cash as of 1.1.2017
- b) Net income 2017
- c) Other non-cash income/expenses incl. depreciation/amortization
- d) Increase in NWC
- e) Income tax and taxes paid
- f) Net investment in new building, equipment and intangible assets
- g) Repayment of debt
- h) Interest paid and distribution to shareholders
- i) Foreign currency translation gain
- j) Cash as of 31.12.2017

Strong operating KPIs per share ¹



- Ongoing strong operating cash flow is supporting further investment in growth initiatives and increased capital expenditures
- Free cash flow negative due to significant investment in new production building in Flamatt

Working capital ratios further improved

Working capital ratios

- Total net working capital increased by CHF 16.9m, driven by a strong year-end performance (high trade receivables balance) and a strong order backlog (rising inventory balance)
- Monthly average net working capital in % of net sales decreased to 23.2% (PY 24.0%), reflecting the ongoing working capital optimization efforts
 - Inventories increased to CHF 93.9m (PY CHF 81.5m). DIO (monthly average days inventory outstanding) decreased by 8 days to 76 days (PY 84 days)
 - Increase in trade receivables (net of prepayments by customers) to CHF 42.8m (PY CHF 27.6m). DSO (monthly average days sales outstanding) increased to 29 days (PY 24 days)

Non-current assets influenced by capital expenditure for building expansion in Flamatt

Non-current assets increased by CHF 29.3m or 23.4%

- Property, plant and equipment and intangible assets increased by CHF 30.1m
 - Capital expenditure in new building in Flamatt amounted to CHF 26.6m
 - Cash capital expenditures – excluding new building in Flamatt – as a mixture of replacement and capacity increases totaled CHF 14.9m, divestments were CHF 1.5m
 - Depreciation of non-current assets totaled CHF 8.1m; amortization: CHF 4.4m
 - Positive translation effects totaled CHF 2.6m
- Deferred tax assets decreased to CHF 7.2m (PY CHF 8.1m) mainly as a result of the US tax reform

Equity increased in absolute and relative terms, driven by profitability

Current liabilities increased by CHF 15.5m, mainly driven by:

- Increase in trade payables, accrued expenses and provisions

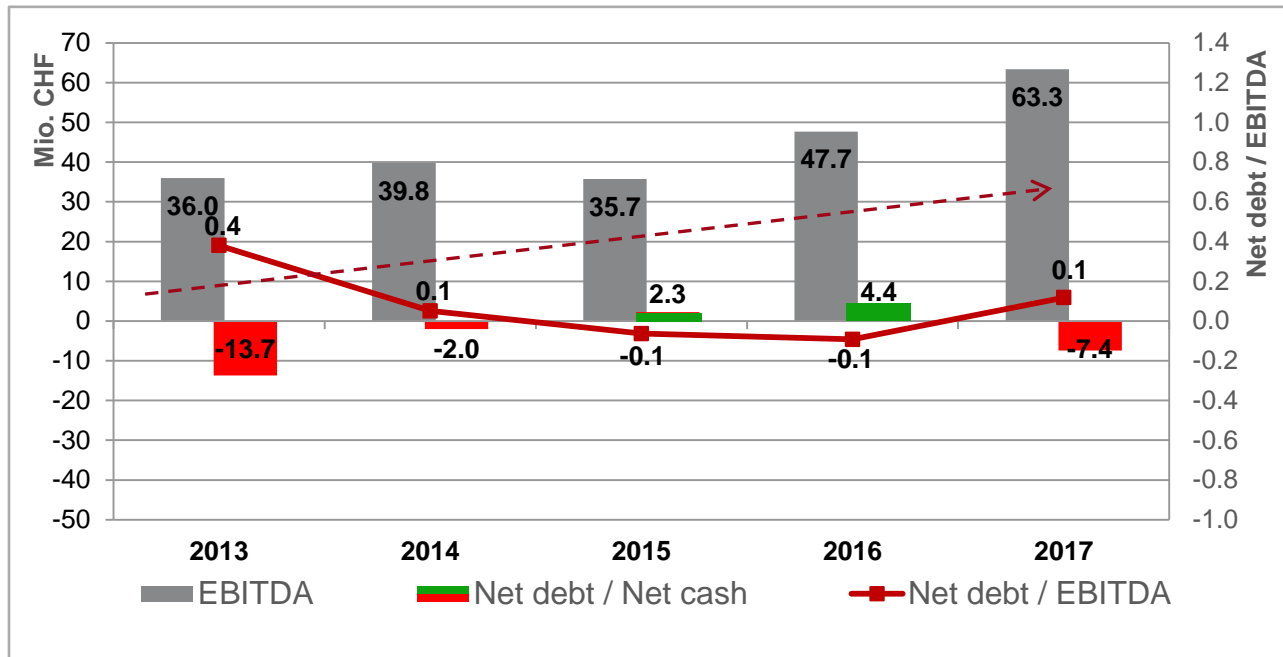
Non-current liabilities increased by CHF 1.0m, mainly due to:

- Pension liabilities (change in Swiss plans)

Equity ratio increased from 51.1% to 52.7%:

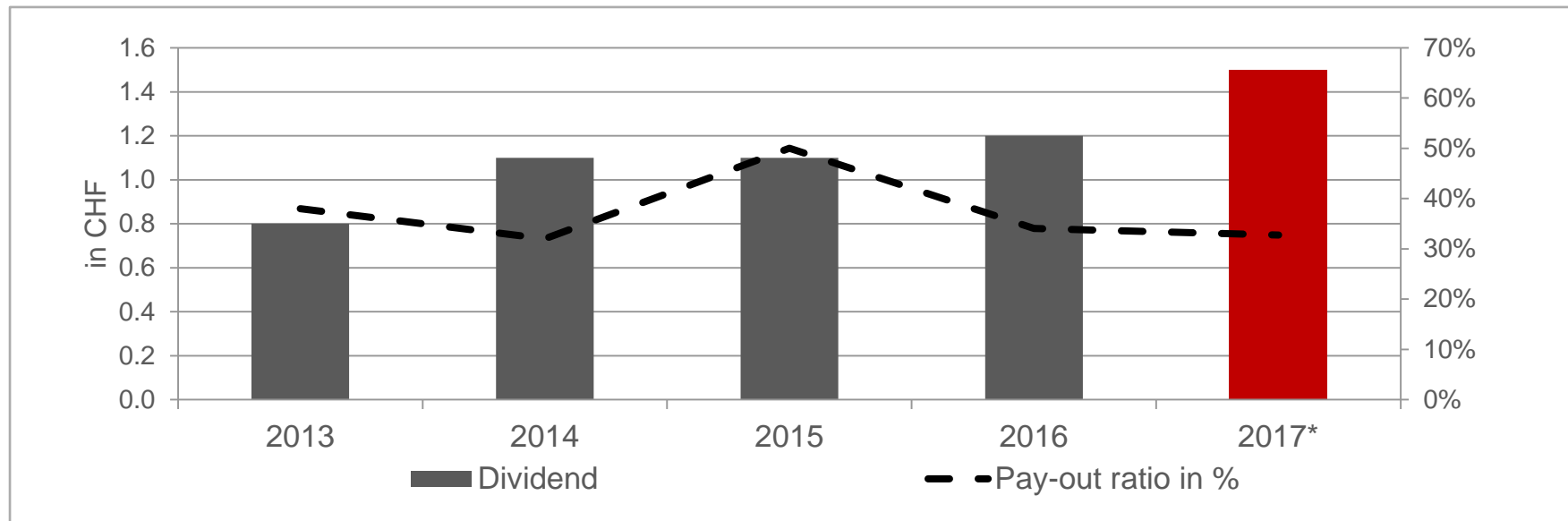
- Total comprehensive income of CHF 38.5m for 2017
 - Net income: CHF 35.5m
 - Foreign currency translation gains: CHF 3.0m
- Share-based payments of CHF 0.9m
- Distribution to shareholders of CHF 1.20 per share, totaling CHF 9.3m

Very solid net debt to EBITDA ratio at 0.1x



- Strong increase in EBITDA allows to finance ongoing investments in growing business
- As a result net debt to increased to CHF 7.4m (2016: from net cash CHF 4.4m)

Distribution to shareholders from distributable paid-in capital increased vs. prior year¹



* The Board of Directors proposes to distribute CHF 1.50 per share from distributable paid-in capital (pay-out ratio of 33%)

¹ Prior period dividends restated to reflect the ten-for-one stock split of April 28, 2017

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Executive Committee strengthened with P. Hafner and S. Haferl, CEO to take a.i. lead of ebeam business

CEO

R. Lenggenhager

CIO

E. Dubuis

CFO

M. Portmann

CHRO

P. Hafner

Communications

I. Najorka

COO

T. Polzer

Plasma Control Technologies

M. Kammerer



X-Ray Systems

D. Steck



X-Ray Modules

S. Haferl



ebeam Technologies

a.i. R. Lenggenhager



Continuing, value-generating growth expected

Net sales in Mio. CHF

460-490

FX: 1.15 EUR/CHF, 0.93 USD/CHF

ROCE in %

17-20

EBITDA margin of 14-16%

Segment perspective

Group	Sales	➔	Profitability (EBITDA margin)	➔
PCT	Growth in matchboxes and vacuum capacitors in semiconductor market	➔	Accelerated development of innovative RF power platform to realize design-in and enter this new market from 2020 onwards	➔
IXS	Growth especially in new products in electronics and metrology	➔	Product portfolio renewal (NDT), investment in innovation (inline-CT, data analysis, machine learning) and market presence	↘
IXM	Ongoing solid growth in non-destructive testing; security sales expected to remain at existing high level	➔	Higher volume combined with cost-optimized products and processes; investment in expansion of iVario product platform	↗
EBT	Strong mid-term potential; short-term: delayed Tetra Pak rollout (EBE) and increased competition for EBS	➔	Continued high investment in new applications; reduced losses in EBS business	➔

Comet Group is confident it will already achieve its 2020 targets in 2019

Comet is rounding out its successful growth engine model with four new levers to gear up for coming needs.



Comet to continuously generate value-added despite investments in new applications, capacity and technology

Financial calendar for the Comet Group

April 26, 2018	Annual shareholder meeting in Berne
August 16, 2018	Publication of 2018 half-year report
November 13, 2018	Investor Day

For more details on our business performance and financial results, please see our annual report at <http://www.comet-group.com>, or contact

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Disclaimer

This document contains forward-looking statements about the Comet Group that may be subject to uncertainty and risk. Readers should therefore be aware that such statements may deviate from actual future outcomes or events. Forward-looking statements in this document are projections of possible future developments. All forward-looking statements are made on the basis of data available to Comet at the time of preparation of this document. The Comet Group assumes no obligation whatsoever to update or revise forward-looking statements in this document, whether as a result of new information, future events or otherwise.

Thank you for your interest!

