



Zurich | March 14, 2019

Full-Year Results 2018

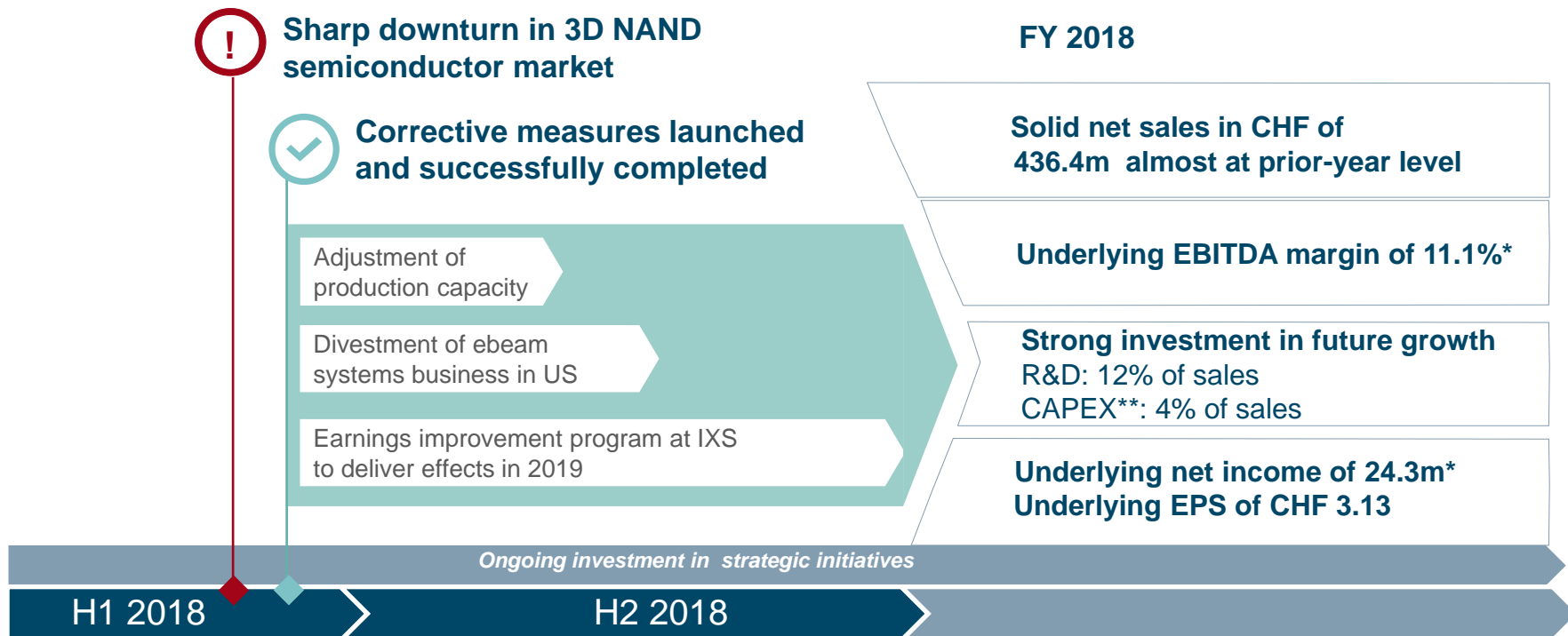
Dr. René Lenggenhager, CEO
Markus Portmann, CFO

1	Status Update	R. Lenggenhager
2	Review of FY 2018 Divisions	R. Lenggenhager
3	Financial Results	M. Portmann
4	Outlook	R. Lenggenhager
5	Questions & Answers	All

Status Update



Comet demonstrates resilience in managing cyclical downturn

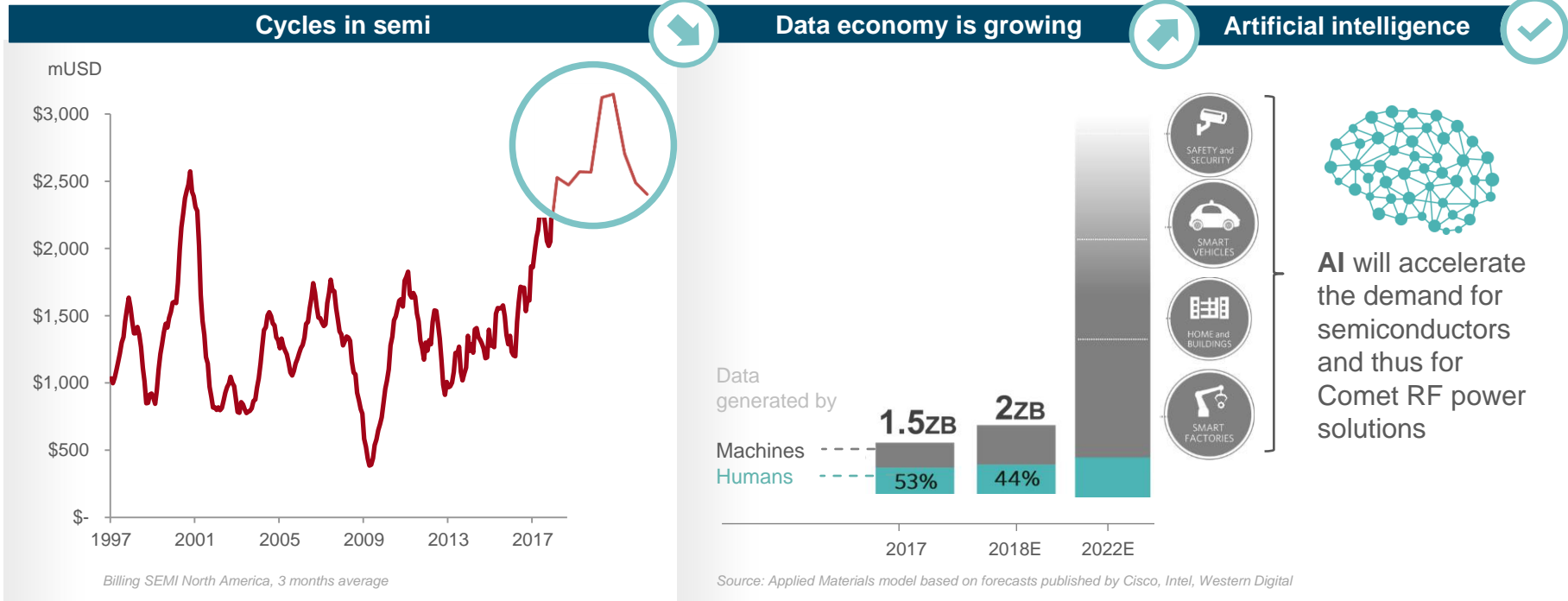


* Underlying means excluding one-off costs of CHF 10.5m on EBITDA and CHF 12.0 m on net income level for corrective measures

** In manufacturing equipment, excl. new building

Comet is facing a cyclical downturn in semiconductor equipment market

Underlying growth drivers for the future are intact



As a global technology leader, Comet offers an innovative technology platform to enable key global trends





Review of 2018

Divisions

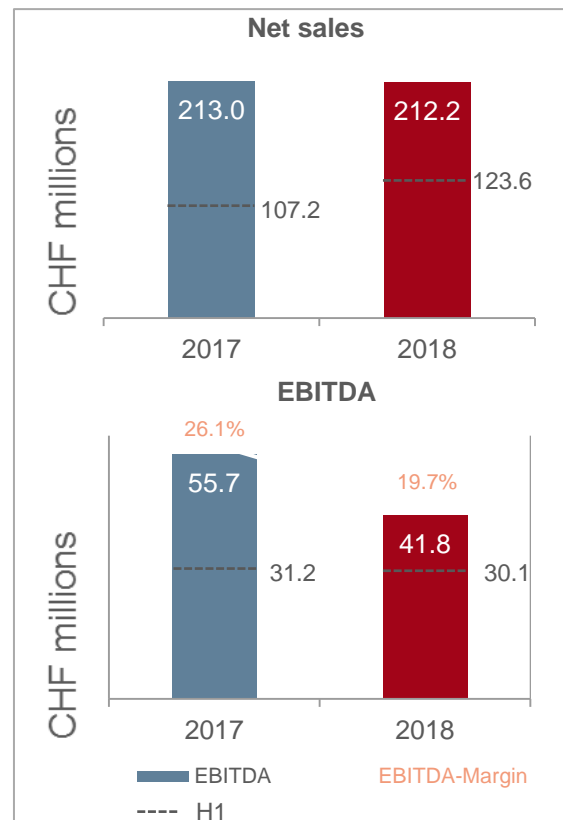
PCT: Solid performance despite cyclical downturn of the semiconductor market in H2

Sales at previous year's level in local currencies

- H2 28% down vs. record high H1 due to slowdown in demand for 3D NAND memory chips and postponements of WFE projects in H2
- Rapid adjustment of capacity in all locations; preparations for upturn
- Smart lab for automated testing of new RF generators put into operation

EBITDA margin at 19.7%

- Unfavorable product mix
- Higher investment in strategic R&D projects to develop new RF system solution for growth after 2020



Development of modular, flexible and highly precise generator on plan to address new market from 2020 onwards

Future requirements in semi:

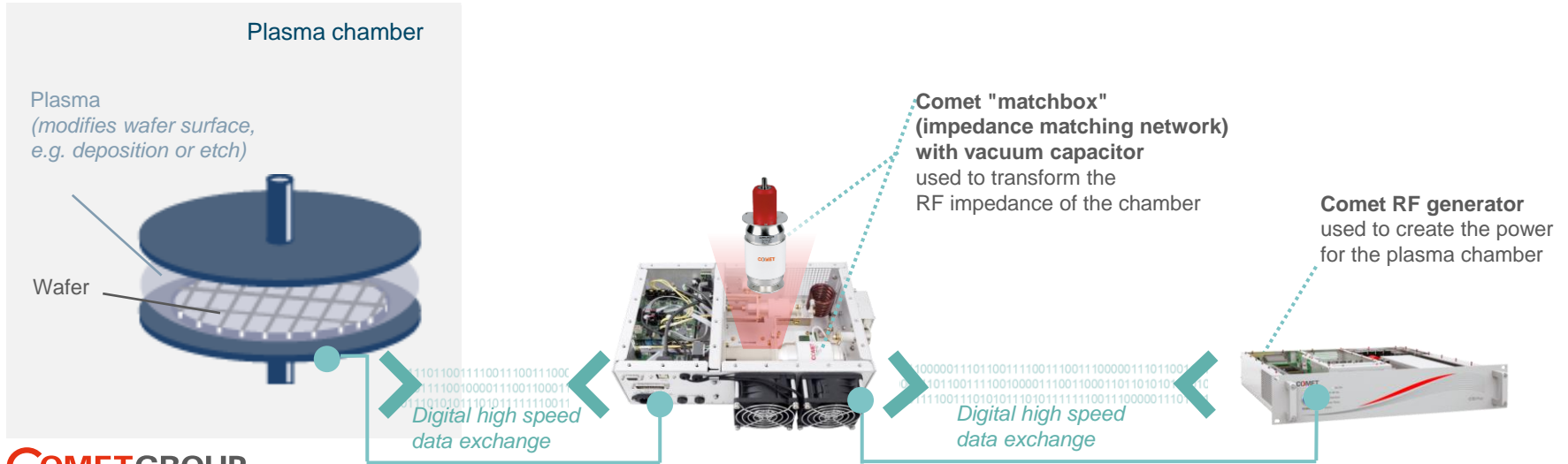
- Advanced RF control systems
- Higher measurement accuracy
- Increased repeatability

Integrated RF systems from COMET will provide:

- Data-driven process analysis and optimization
- New features for advanced RF plasma process control
- Flexible and quickly customizable RF solutions

Generator market size

~CHF 700 m



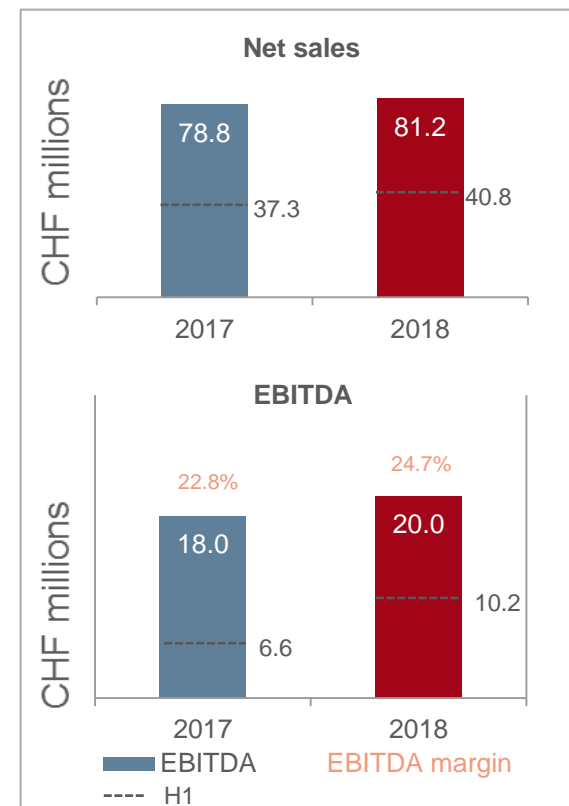
IXM: Pronounced margin improvement; expansion of position in core market of non-destructive testing

1.3% sales growth in local currencies due to

- Increasing sales of robust, portable Smart EVO X-ray solutions for pipeline inspection in the US more than compensated for weak security market
- Investments in the innovative iVario generator family started to pay off

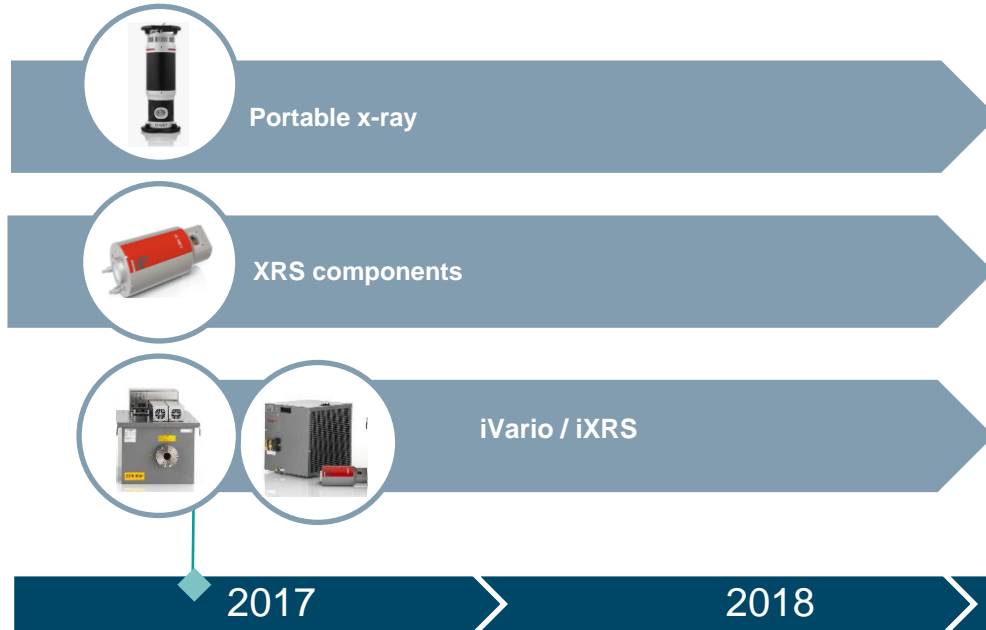
24.7% EBITDA margin (up 1.9 pps)

- Strong growth in portable products
- Despite one-off costs for the expansion of the plant in Flamatt and productivity losses in prefabrication as a result of the slowdown in business at individual customers



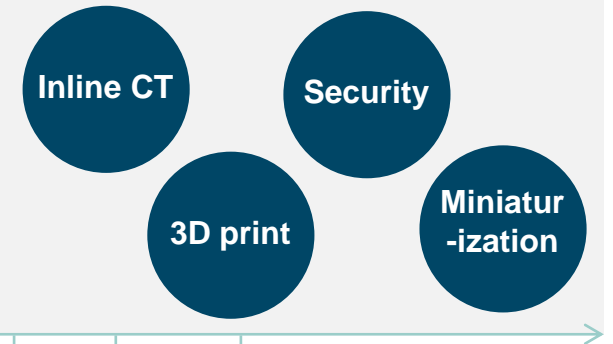
Addressing market trends based on strong modular product portfolio and new developments

Success based on 3 product segments



Addressing customer needs and trends

Based on continued mass customization, new products/upgrades and customer projects planned for new applications in:



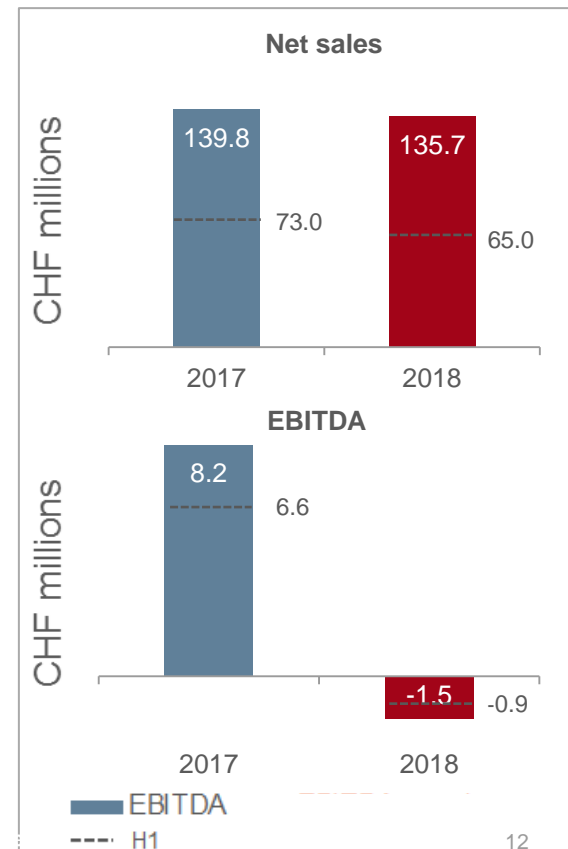
IXS: Product portfolio renewal taking effect; measures to improve earnings completed

4.7% sales decline in local currencies compared to previous year

- New and enhanced products already delivering results after a weak H1
 - Mainly in electronics, tire inspection as well as science & new materials
 - Decrease in wheels and casting market for which product renewals were still in progress
- Strong backlog and incoming orders for new products

Adjusted EBITDA of CHF 2.4m

- One-time costs for profit improvement program that will have impact in 2019
- Strong investment in product renewal



Portfolio renewal on track, first positive effects, focused pipeline for 2019



FF 20/35 CT



FF 85 CT



Cheetah / Cougar EVO



WI26G

**New products/ features
in the pipeline for 2019
addressing needs in:**

- Electronics
- Automotive
- Aerospace



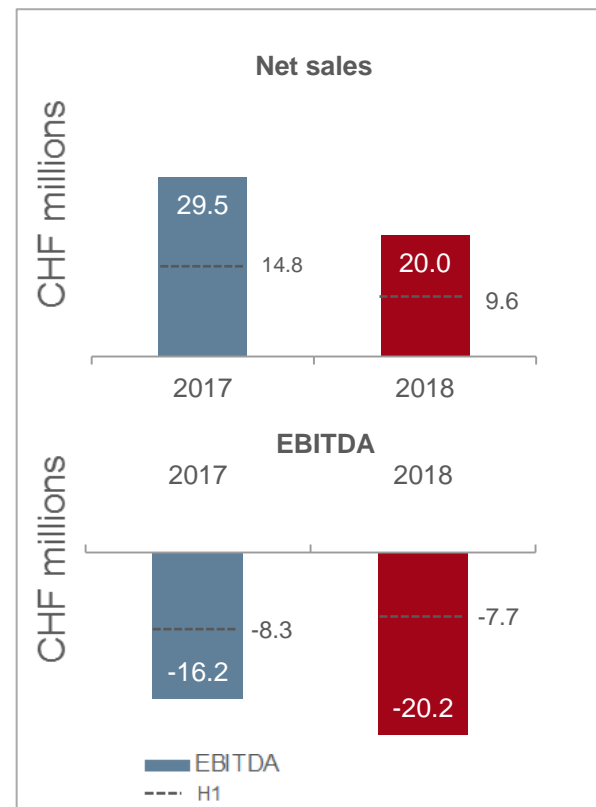
EBT: Realignment for more focus and lower cost base in 2019

33% sales decline in local currencies

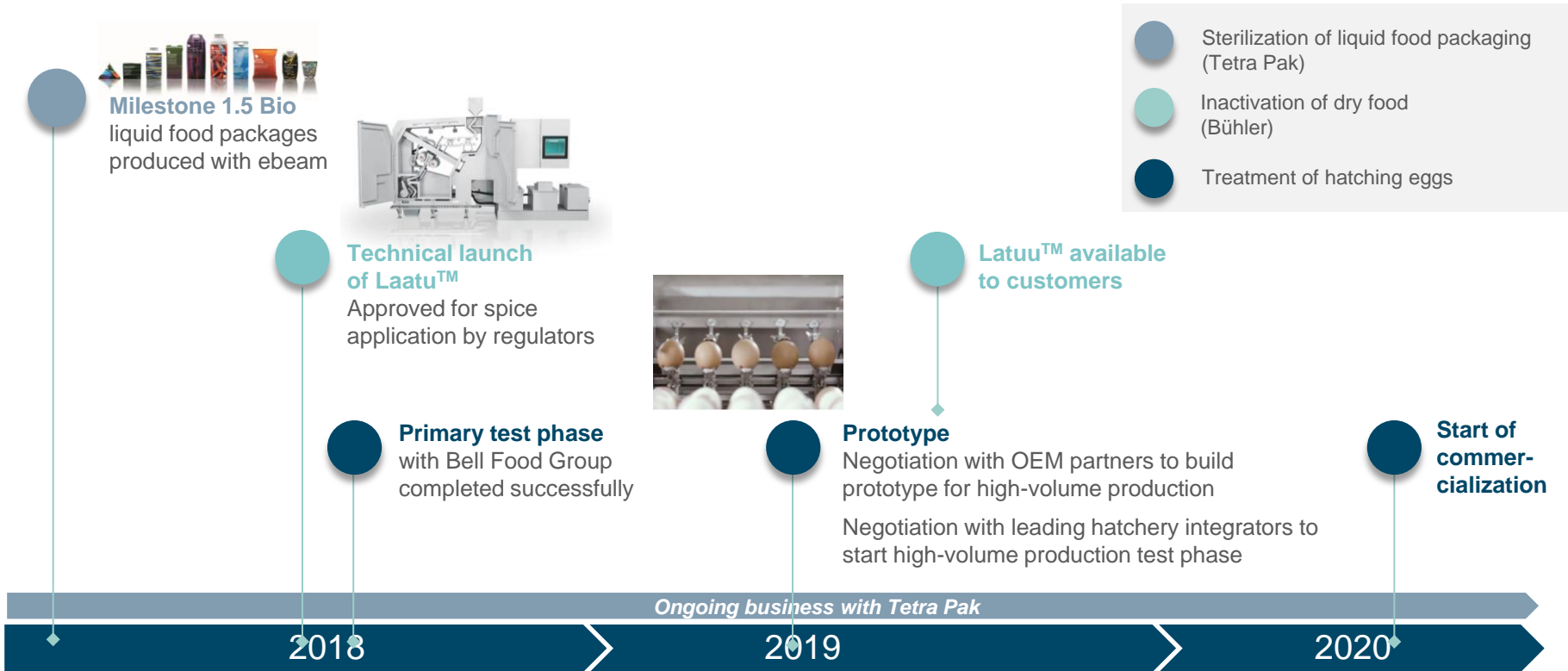
- Prior year's investments in product portfolio of large ebeam systems did not meet expectations
- Divestment of loss-making manufacturer of large systems in US completed in H2
- Focusing on the promising OEM components and modules business (with a new and attractive financial footing), reducing current losses, raising operational excellence and lowering costs

EBITDA at CHF -20.2m (adjusted at CHF -13.6m)

- CHF14.5m of this related to the now-divested ebeam systems business in the US
- Continued high investments in strategic applications



Progress with OEM modules and component business projects





Financial Results

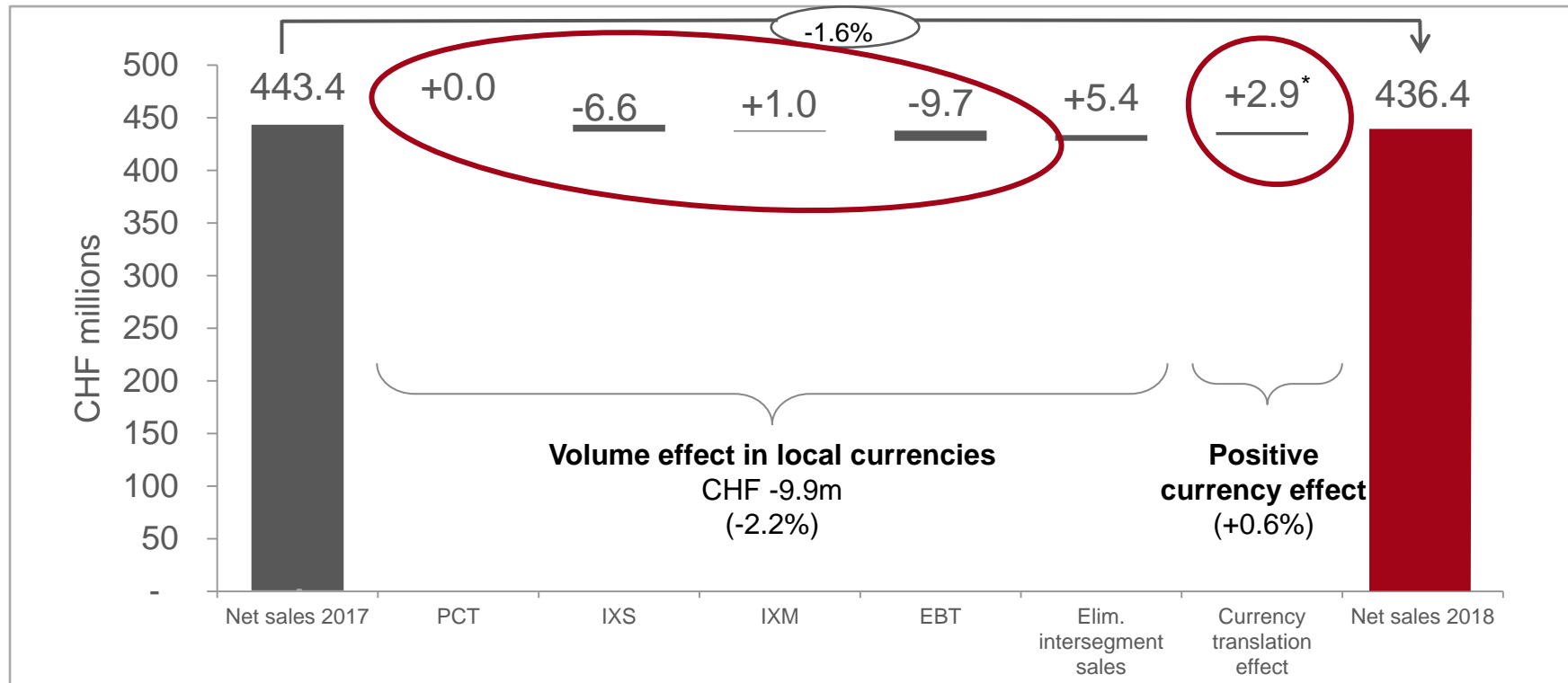
Net sales nearly matched the record 2017* level, Profitability impacted by one-time effects

in CHF millions	FY		Change	
	2018	2017*	Absolute	In %
New orders	436.5	442.0	-5.5	-1%
Backlog	113.8	109.4	4.4	4%
Book-to-bill	1.00	1.00		0%
Net sales	436.4	443.4	-7.0	-2%
Cost of sales	-265.9	-262.5	-3.4	
Gross profit	170.4	180.9	-10.4	
Gross profit margin in %	39.1%	40.8%	-1.7%	
Other operating income	4.2	4.1	0.1	
Development expenses	-53.9	-47.1	-6.8	
SG&A	-96.2	-87.1	-9.1	
Loss on divestment	-6.6	-	-6.6	
Operating Income (EBIT)	18.0	50.7	-32.8	
Financial result and income taxes	-5.7	-15.4	9.7	
Net income	12.3	35.3	-23.1	
EPS in CHF	1.58	4.56	-2.98	

* All 2017 figures shown throughout the presentation are after IFRS 15 restatement

- Increased backlog, mainly at IXS
- Lower gross profit margin, influenced by lower sales volumes and one-time effects
- Total functional costs impacted by
 - one-time costs of CHF 14m and
 - investments in ongoing business
- Corrective actions for earnings improvement completed:
 - Adjustment of production capacity
 - Streamlining of x-ray systems business
 - Divestiture of the ebeam systems manufacturer in Davenport

Solid sales performance in a difficult environment



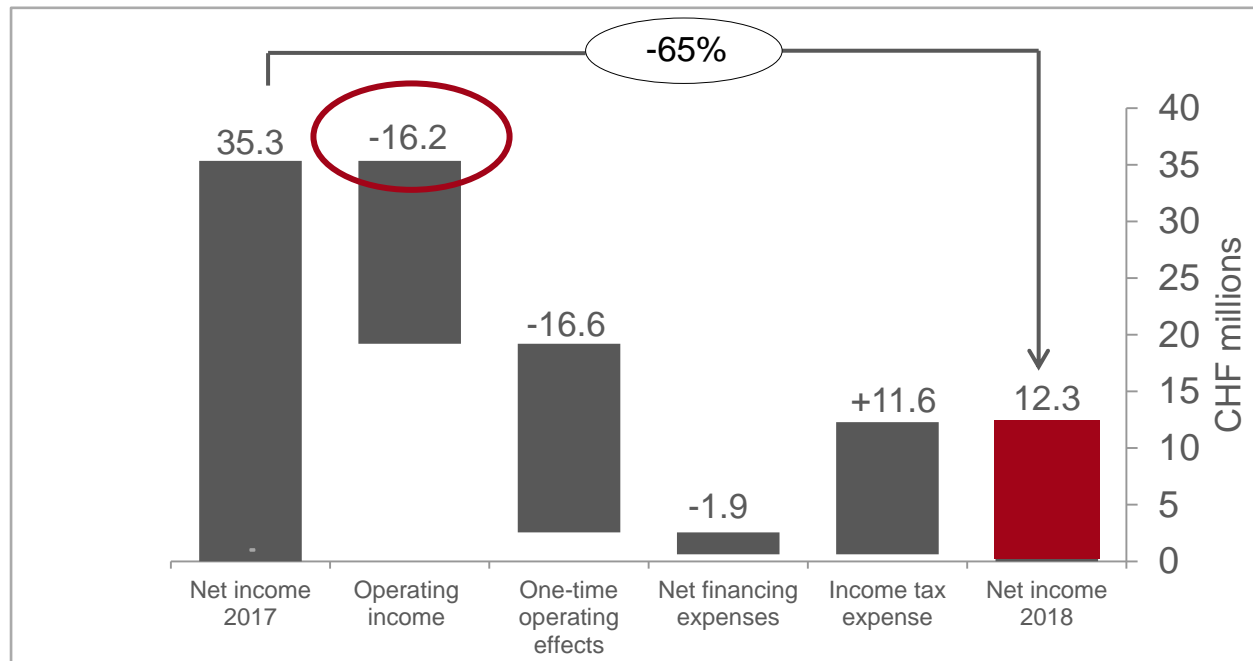
EBITDA margin before one-time costs at 11.1%

Reconciliation Dec YTD 2018 vs. PY	As reported Dec YTD 2017	IAS19	Before IAS19 Dec YTD 2017	Δ @ local currencies	@ local currencies, before EBS & IXS Dec YTD 2018	FX impact vs. PY	@ nominal FX rates, before EBS & IXS Dec YTD 2018	EBS impact	IXS impact	As reported Dec YTD 2018	@ nominal FX rates vs. PY Δ
Sales	443.4	-	443.4	-9.9	433.4	2.9	436.4	-	-	436.4	-7.0
EBIT	50.7	2.5	53.2	-17.5	35.7	-1.2	34.5	-12.7	-3.9	18.0	-32.8
Financial expense	-0.9	-	-0.9	0.0	-0.9	-2.0	-2.8	-	-	-2.8	-1.9
Total income tax	-14.5	-0.4	-14.9	7.3	-7.6	0.2	-7.4	3.3	1.3	-2.9	11.7
Net income	35.3	2.2	37.5	-10.2	27.3	-3.0	24.3	-9.4	-2.6	12.3	-23.1
Economic Profit	16.4	2.2	18.6	-12.5	6.1	-1.0	5.1	-9.4	-2.6	-6.9	-23.4
EBIT	50.7	2.5	53.2	-17.5	35.7	-1.2	34.5	-12.7	-3.9	18.0	-32.8
Depreciation & Amortization	12.5	-	12.5	1.3	13.7	-	13.7	6.1	-	19.8	7.4
EBITDA	63.2	2.5	65.7	-16.2	49.5	-1.2	48.3	-6.6	-3.9	37.8	-25.4
Sales growth in %					-2.2%	0.6%	-1.6%			-1.6%	
EBITDA margin	14.3%	0.5%	14.8%	-3.4%	11.4%	-0.3%	11.1%	-1.5%	-0.9%	8.7%	-5.6%

1) The fx impact (USD -0.6%, EUR +3.9%) and

2) the impacts of both EBS (impairment of fixed assets & divestiture costs) and IXS (restructuring) are deducted from the reported 2018 FY results (in total, EBS and IXS impacted the EBITDA margin by 2.4%)

Net income before one-time effects at CHF 24.3m



- Operating income (EBIT) of CHF 18.0m (PY CHF 50.8m) impacted by one-time effects of CHF 16.6m
- Net financing expenses CHF 2.8m (PY CHF 0.9m)
- Income tax expense CHF 2.9m (PY CHF 14.5m)

EPS: CHF 4.56

CHF 1.58

Limited foreign currency translation losses

Net financing items amounted to an expense of CHF 2.8m (PY CHF 0.9m), reflecting the following factors:

- **Interest expenses** decreased to CHF 0.8m (PY CHF 1.3m) due to mortgage payback in 2017 & higher capitalization of bond interest related to the new building in Flamatt
- The net **currency translation loss** recorded in the income statement was CHF 2.0m (PY gain of CHF 0.4m)
 - Almost naturally hedged for most currencies other than the USD
 - Net exposure in USD partly hedged by forward exchange contracts

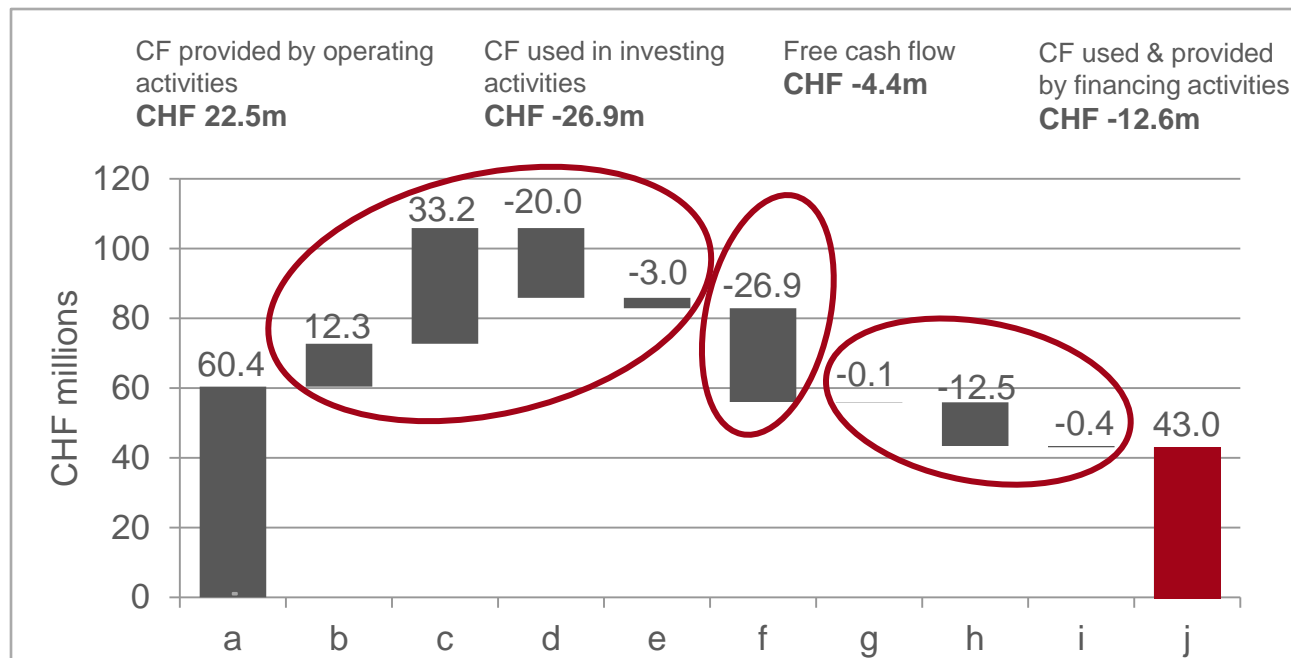
Currency impact on balance sheet:

- A currency translation loss of CHF 1.7m was directly recorded in equity (related to net investments in foreign entities)

2018 normalized tax rate at 24%

- Reported effective tax rate of 18.9% includes
 - 4.5 pps recognition and **use of tax loss carry-forwards** not recognized in prior years
 - 0.6 pps other impacts as described below
- Actual income tax reported totaled CHF 2.9m (PY CHF 14.5m), comprising:
 - Items with a positive impact on the effective tax rate such as
 - Partial **tax exemption** by the Canton of Fribourg: CHF 0.5m
 - Other impacts: CHF 0.2m
 - Items with an adverse impact on effective tax rate such as
 - **Non-tax-deductible expense**: CHF 0.4m (down from PY CHF 0.7m)
 - Other impacts: CHF 0.2m (down from PY CHF 0.8m)
- For 2019 the effective tax rate is expected to increase to 28% (less favorable mix of earnings)

Negative free cash flow driven by low profitability and significant investments



- a) Cash as of Jan. 1, 2018
- b) Net income in 2018
- 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 loss
- j) Cash as of Dec. 31, 2018

Strong balance sheet ratios

In CHF millions	2018		2017	
Current assets	206.1	56.0%	235.3	60.4%
Non-current assets	161.7	44.0%	154.5	39.6%
Total assets	367.8	100.0%	389.8	100.0%
Liabilities	167.7	45.6%	188.2	48.3%
Equity	200.0	54.4%	201.5	51.7%
Total liabilities and equity	367.8	100.0%	389.8	100.0%

- Decrease in current assets related to (i) lower inventories and (ii) cash-out for investment in new building (with a corresponding increase in non-current assets; despite Davenport divestiture)
- Decrease in liabilities mainly related to lower trade and other payables
- Strong equity ratio of 54.4%

Initiatives identified to optimize working capital

Working capital ratios

- Total net **working capital* increased** by CHF 3.1m, despite lower inventories, driven by a slow-down in business activities in H2 (leading to lower prepayments by customers and a lower trade payables balance)
- Monthly average net working capital in % of net sales was 24.5% (PY 21.7%), reflecting the change in inventory level over the year. Optimization measures were initiated.
 - **Inventories decreased** to CHF 91.1m (PY CHF 102.8m), caused mainly by the disposal of ebeam systems business in Davenport. DIO (monthly average days inventory outstanding) increased by 10 days to 90 days (PY 80 days) driven by lower sales
 - **Increase in trade receivables** (net of prepayments by customers) to CHF 33.4m (PY CHF 26.7m). DSO (monthly average days sales outstanding) constant at a low 20 days (PY 20 days)

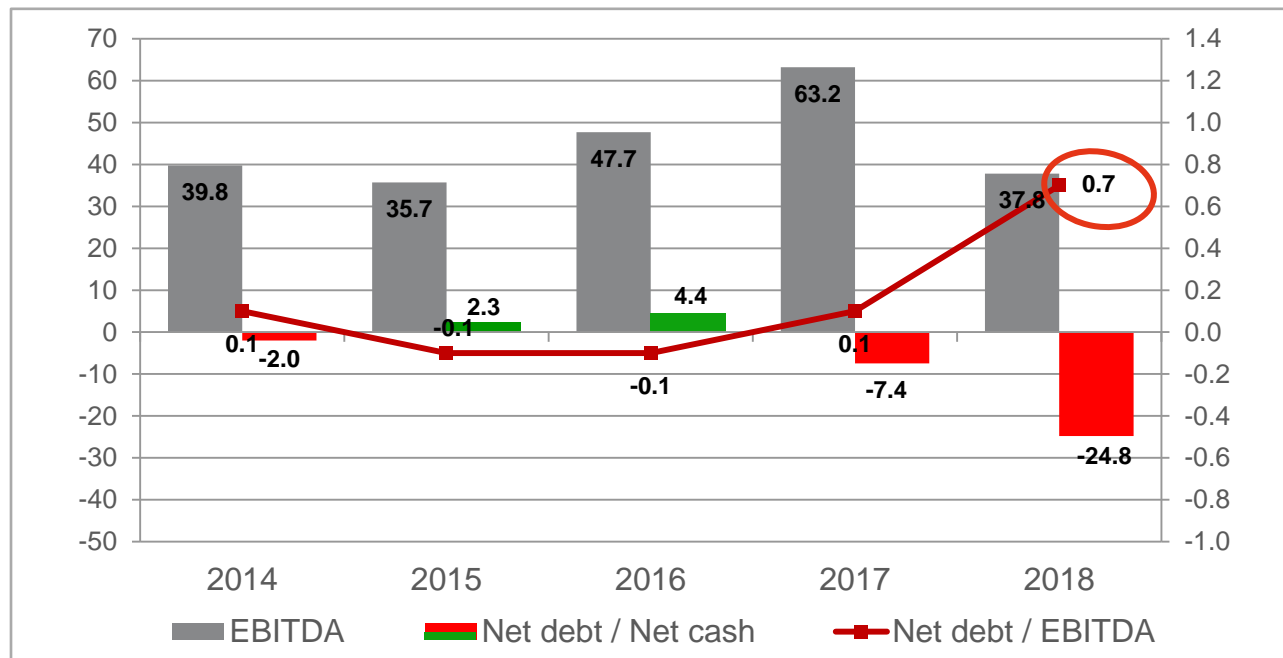
* Net working capital represents trade receivables, contract liabilities, inventories, trade payables, and sales commissions.

Non-current assets influenced by EBS divestiture and capital expenditures for capacity expansion in Flamatt

Non-current assets increased by CHF 7.2m or 4.7%

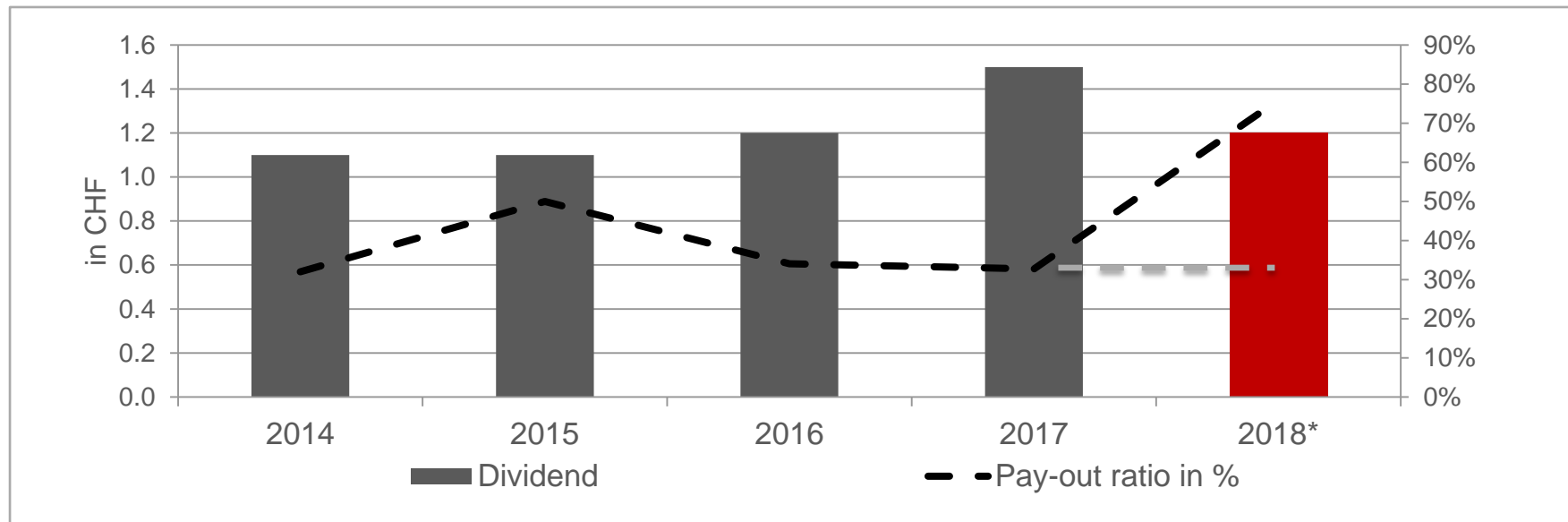
- Property, plant and equipment and intangible assets increased by CHF 7.7m
 - Items that increased PPE and intangible assets:
 - Capital expenditure in **new building** in Flamatt amounted to CHF 14.3m
 - Capital expenditure – excluding new building in Flamatt – as a mixture of **replacement and capacity increase** totaled CHF 16.4m, disposals were CHF 1.9m
 - Items that decreased PPE and intangible assets:
 - **Depreciation** of non-current assets totaled CHF 8.5m; **amortization**: CHF 5.3m
 - Impairment of PPE totaled CHF 0.7m and impairment of intangible assets totaled CHF 5.4m (total **EBS impairment** of CHF 6.1m)
 - Negative translation effects totaled CHF 1.2m
- Net deferred tax assets increased to CHF 7.1m (PY CHF 6.4m) as a result of the recognition of tax loss carryforwards

Leverage ratio (net debt to EBITDA) at a low level of 0.7



- Ongoing investments and a profitability reduction lead to an expected increase in leverage ratio to 0.7
- Planned investments in future businesses can be financed based upon a low net debt and a normalized EBITDA

Distribution to shareholders of CHF 1.20 per share




* The Board of Directors proposes to distribute CHF 1.00 per share from distributable paid-in capital and CHF 0.20 per share as a regular dividend (pay-out ratio reaches 38% based upon adjusted EPS of CHF 3.13)


Outlook




Comet Group is entering 2019 on a sound basis




**Strong balance sheet
&
low net debt**



**Completion of
corrective measures
at IXS and EBT –
impact in 2019**



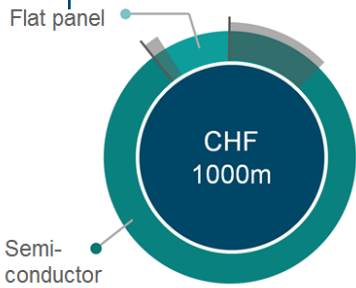
**Non-recurring
expenses (CHF 10.5m)
and non-recurring losses
from divested business
(CHF 8m) in EBITDA
vs. 2018**



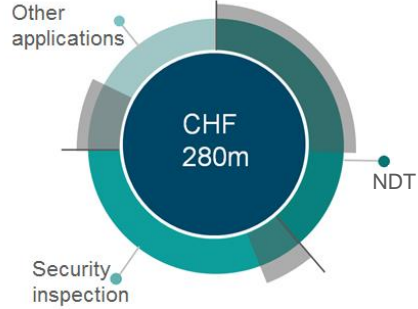
**Strong technology
platform; underlying
drivers of
business intact**

Outlook

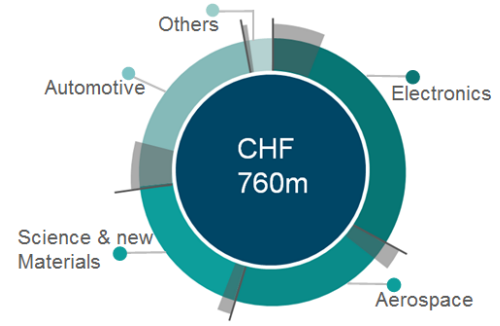
Comet group is well positioned to address attractive market potential



COMET



COMET



YXLON



ebeam

- PCT / IXM / IXS
- Addressable market ■ Current market share
- EBT
- Core/ existing applications ■ Future potential



Outlook 2019 in detail

Expectations

PCT

Underlying drivers intact; currently low visibility re exact timing of upturn in semiconductor market, especially in relevant 3D NAND market segment; H1 2019 expected to be about 10% to 20% below H2 2018

IXS

Slightly higher revenues based on strong incoming orders with new products; EBITDA margin of around 6% based on the earnings improvement in 2018 and further investment in product portfolio

IXM

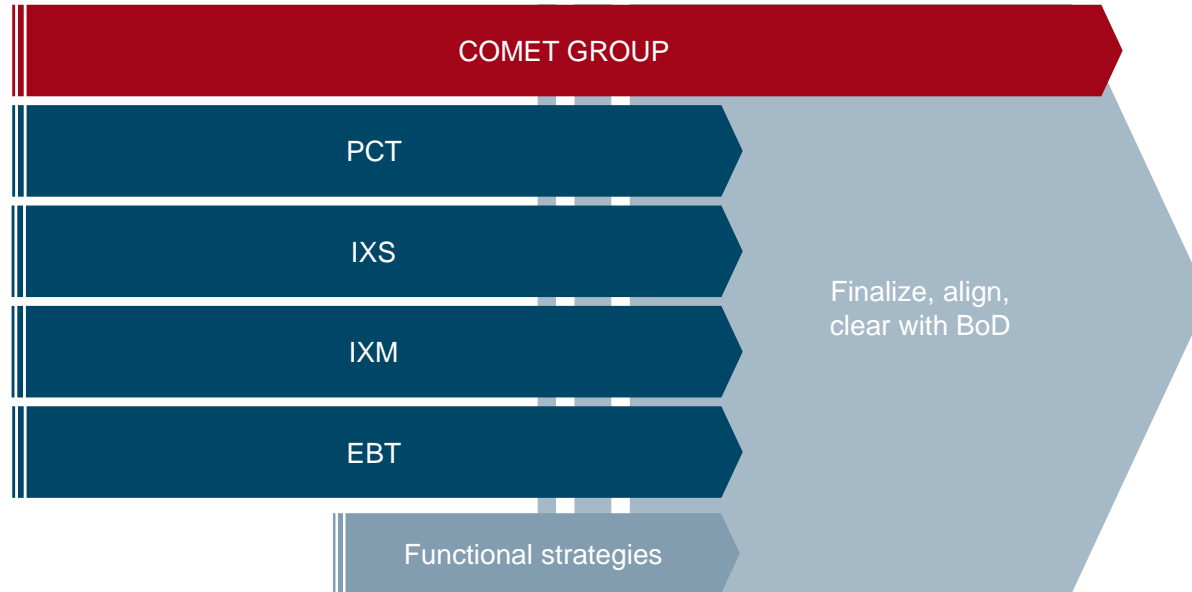
Sales growth similar to 2018; coming from both non-destructive testing and security applications; slight further improvement in EBITDA margin

EBT

Sales of CHF 15m and EBITDA loss of not more than 5 CHFm – based on existing agreements with customers, optimized cost base and continued investments in new applications

Strategy process

We are working on the longer-term strategy both at the Group level and at divisions level, linking both closely





Questions and answers



Annex

Solid net sales, close to prior-year record numbers*; Profitability impacted by one-time effects

Growth	Net sales in CHF	Decrease of 1.6% year-over-year from 443.4m to 436.4m
Profitability	Net income in CHF	Decrease of 65.3% year-over-year from 35.3m to 12.3m
	EBITDA margin	Decrease of 5.6% pps year-over-year from 14.3% to 8.7%
	Operating cash flow in CHF	Decrease year-over-year from 38.3m to 22.5m

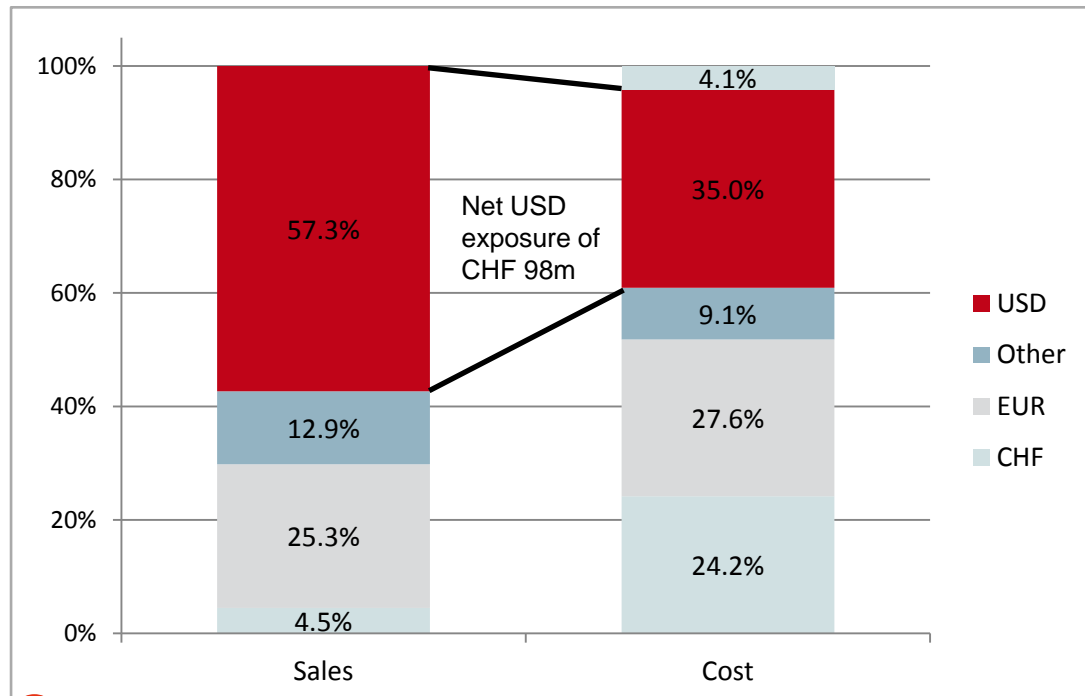
* All 2017 figures shown throughout the presentation are after IFRS 15 restatement

Improved equity ratio and ongoing low net debt ratio despite substantial investments

Quality of balance sheet	Net debt in CHF	Increase in net debt vs. 2017, from 7.4m to 24.8m
	Equity ratio	Up 2.7% pps vs. 2017 from 51.7% to 54.4%
Earning power	Economic profit * in CHF	Decrease of 69% year-over-year from 16.4m to 5.1m
	Return on capital employed *	Decrease of 5.4 pps year-over-year from 16.5% to 11.1%

* Recurring EP/ROCE, before one-time cost effects from EBS & IXS in 2018

Net USD exposure of CHF 98m in 2018; EUR slightly negatively hedged



- USD exposure in % of sales down to 22.4% (PY 28.2%), driven by slowdown of business activities
- +/-0.01 CHF/USD impacts on a full-year basis: net sales +/- CHF 2.5m; EBITDA margin +/- 0.2 pps
- Foreign currency translation showed a negative impact of CHF 1.2m on EBITDA (of which the USD accounted for CHF 0.7m and the EUR for CHF 0.4m)

Overview of organization

CEO

R. Lenggenhager

CIO

E. Dubuis

CFO

M. Portmann

CHRO

P. Hafner

Communication

I. Najorka

Plasma Control Technologies

M. Kammerer



X-Ray Systems

T. Wenzel



X-Ray Modules

S. Haferl



ebeam Technologies

R. Lenggenhager (interim)



Financial calendar for the Comet Group

April 25, 2019	Annual shareholder meeting in Berne
August 15, 2019	Publication of H1 2019 results
November 21, 2019	Investor Day

More details on our business performance and financial results:

<http://www.comet-group.com>



Markus Portmann
Chief Financial Officer
T +41 31 744 99 58



Ines Najorka
VP Corp. Communications
T + 41 31 744 99 96

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