



# Capital Market Day 2020

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# Agenda

- 01** Comet Group - strategic focus on core competencies and markets
- 02** Comet positioned to capitalize on macro environment
- 03** Delivery to promise in 2020
- 04** Future growth opportunities: 2021 and beyond
- 05** 2020 - a year of progress



01

# **Comet Group – strategic focus on core competencies and markets**

# Leverage our strengths

## One Company

Comet Group

## Two Technologies

Radio-frequency  
Power

X-ray

## Three Divisions

Plasma-control  
technology

X-ray Systems

X-ray Modules

## Four primary End Industries

Semiconductors &  
Electronics

Automotive

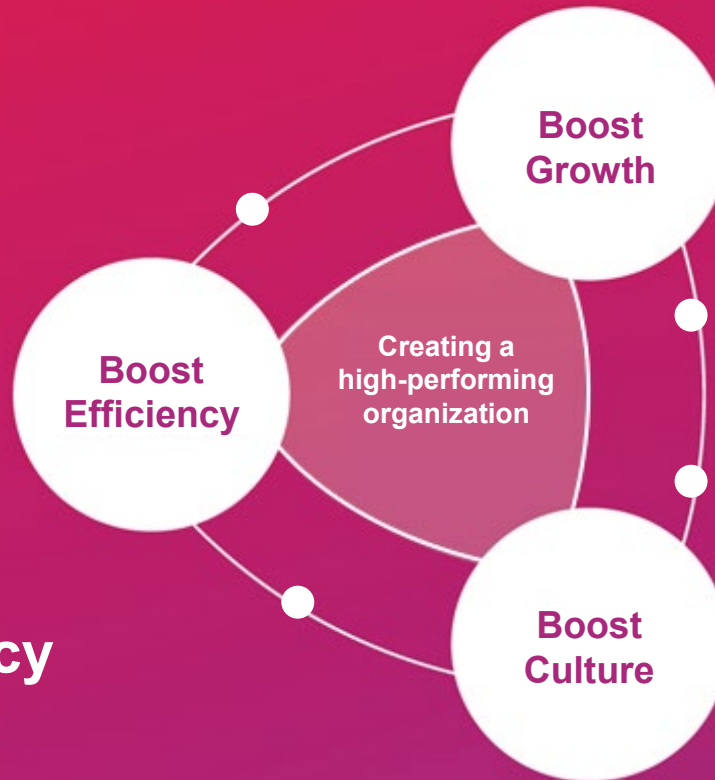
Aerospace

Security

# Developing Comet into a high-performing organization

## Commercial excellence

Strengthen technology-driven market leadership by boosting commercial skills



## Outside-In

Key to success:  
customer value creation

## Speed & sense of urgency

Accelerate product development & go-to-market

## Empowerment

At mid- and working level,  
encourage risk taking

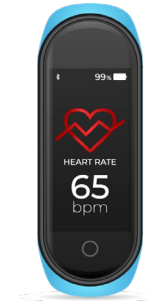
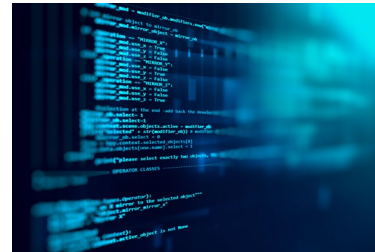
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# Comet positioned to capitalize on macro environment

# COVID-19 has accelerated the digital transformation of society

More die and packaged die drives more demanding plasma & inspection processes

- Cloud Storage
- Data Centers
- Gaming



- Smart Home
- Ultra Fast Broadband
- Video Conference

- Artificial Intelligence (AI)
- Machine Learning (ML)
- Deep Learning (DL)

- Broadband
- Wireless
- 5G Connectivity

- Remote Healthcare/Wearables
- IoT (Sensors)
- Robotics / Industry 4.0

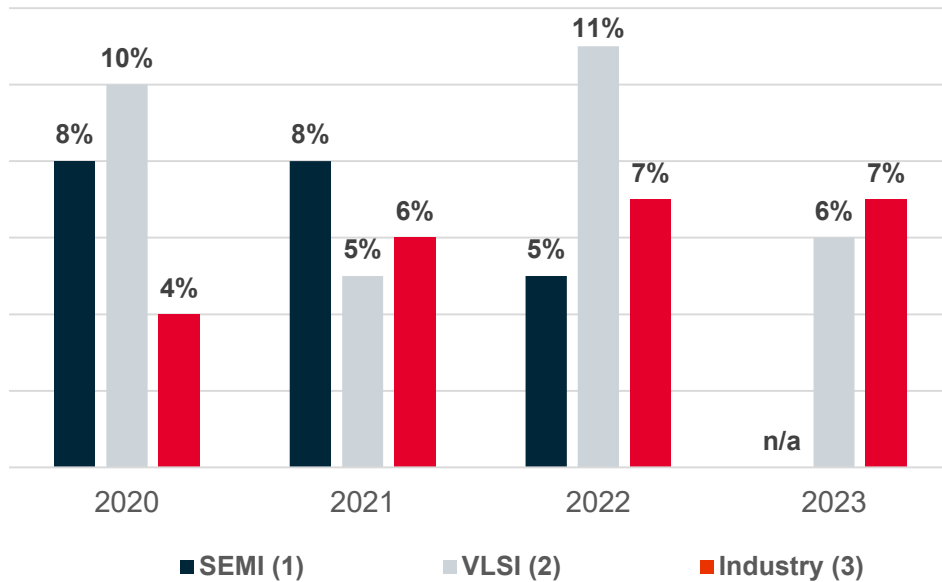
Near- to mid-term

Digitalization

Long-term

# Wafer Fab Equipment (WFE) spending forecasts suggest a strong business environment for Comet

## Semis WFE industry y-o-y % growth in capital spending ...



Sources: (1) SEMI global industry association, October 2020

(2) VLSI Consultancy, October 2020 (3) mean of three estimates, large semi producers, Aug to Oct 2020

## ... and Comet's view for three scenarios for FY 2021

### Most Likely: 2021 +5% YoY WFE Spending

- High Performance Computing, 5G rollout continues
- World's largest foundry further differentiates, Apple 5G successful
- China continues investment in sovereign capability

### Alternate 1: 2021 flat to -5% WFE Spending

- China investment stalls
- World-wide economy deteriorates

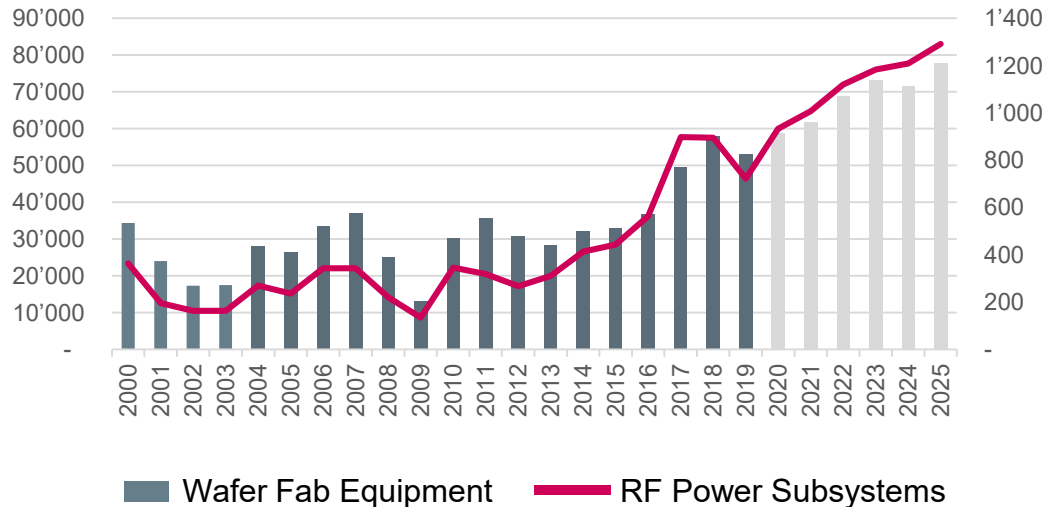
### Alternate 2: 2021: +10% YoY WFE Spending

- New Administration in the United States
- 5G adoption accelerates, putting capacity pressure on 5 nm design rule
- DRAM investment accelerates (NAND already strong)
- China rolls out alternate to 5 nm chipsets

# Radio-frequency subsystems spend growing

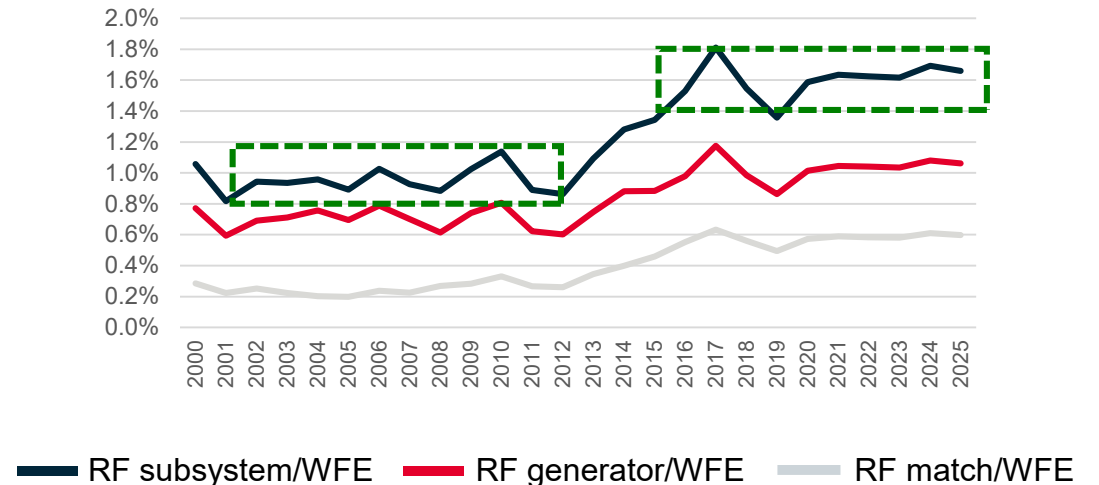
RF subsystems: increasingly critical in semiconductor production equipment

RF Subsystems to WFE (in million USD)



Source: VLSI

RF Power Ratio to WFE



Sources: VLSI, company data

# Traditional markets challenged in 2020 ... but some bright spots

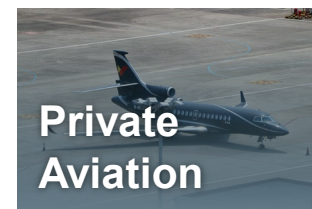
Growth drivers in ....

... Automotive ...



- **Strong investment in electrification and autonomous driving**
- Current environment: market crawling back up from April lows, China snaps back

... Aerospace ...



- **Structural growth in Asia**
- Historic reduction in traffic and aircraft demand
- Defense spending largely unaffected

03

# Delivery to promise in 2020

# Key milestones achieved in 2020

## Comet Group

- Divestment of eBeam as anticipated
- Ongoing IMD program to foster cultural change
- Proactive measures limited the COVID impact on financials and on health of our staff
- New CEO and CFO hired to drive change

## Plasma-control Technology (PCT)

- Production site in Penang operational in less than ten months
- State-of-the-art factory for new RF Generator in Aachen (GER)
- Expansion of capacitor production in Flamatt
- Several wins of strategic projects in matchboxes in the U.S., growing market share in China

## X-ray systems (IXS)

- Acquisition of Montreal-based ORS to shift up a gear in Artificial Intelligence (AI) and Machine/Deep Learning
- Transformation underway to adapt to current environment
- Proven first commercial successes of new products/variants
- Narrowed product range from 7 to 3 platforms, completion 2021
- Investing in NDT for semiconductors, electronics

## X-ray modules (IXM)

- Initiated transfer of open Microfocus X-ray sources from Hamburg to Flamatt to penetrate the semi/electronics markets
- Renewed x-ray sources product portfolio to keep/expand leading market position in traditional industries
- Quick implementation of efficiency measures
- Initial setup of supply chain for generators in Penang

# Comet Group: accomplishments to date

eBeam divested to years-long development partner



Virtual program with IMD to accelerate cultural change



Resilient to impact from COVID-19

Strong first half-year 2020 results:

- Net sales +3% vs. H1 2019
- EBITDA margin 10.3% (H1 2019: 4.8%)
- Free cash flow and Equity ratio stable

Filled CEO and CFO positions



CEO Kevin Crofton (Sept 1)



CFO Lisa Pataki (Oct 1)

# PCT: expanded production facilities in Europe and Asia

Several wins of strategic projects in matchboxes in the USA, growing market share in China

State-of-the-art factory ready for production of new RF Generator in Aachen, Germany

Expansion of capacitor production in Flamatt, Switzerland

Penang, Malaysia:

First production ten months after decision

Comet location (3'700 m<sup>2</sup>) within walking distance to future location of a tier 1 WFE customer

Penang, new production site



Aachen,  
RF Generator production



# IXS: realignment of x-ray systems progressing – focus on portfolio, costs and new markets

Realignment / transformation underway to adapt to current business environment

Invested in Artificial Intelligence, Machine Learning, Deep Learning: acquisition of Montreal-based Object Research Systems (ORS)

Proven first commercial successes of new products and variants: UX20 for x-ray, and FF85 for CT inspections of medium to large cast parts

Narrowed product range from 7 to 3 platforms, completed by 2021

Targeted R&D investment for NDT for semiconductors, electronics



**Inspect  
Award 2020**  
UX20 –  
category  
automation

# IXM: new product adoption ahead of expectations

Rapid adoption of **ION** modules for diverse Security applications by approx. 10 customers



**Cargo inspection**

Sales of novel **Mesofocus** experiencing strong pull from NDT customers (automotive, aerospace)



**Car/Portal Inspection**

Multiple **Pluto** units already sold to 3<sup>rd</sup> parties (Electronics), ahead of plan



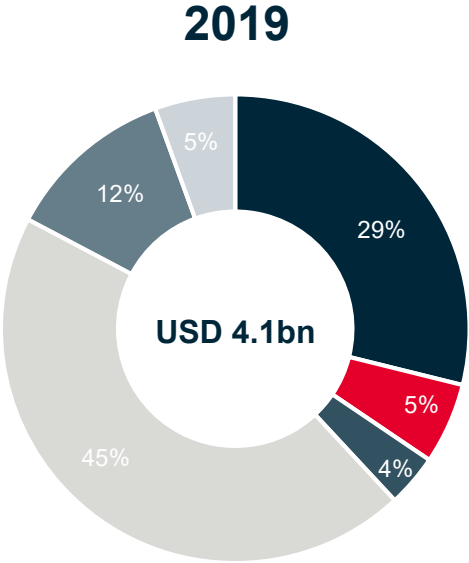
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# Future growth opportunities: 2021 and beyond

# Comet Group: dynamic growth in Comet's focus markets

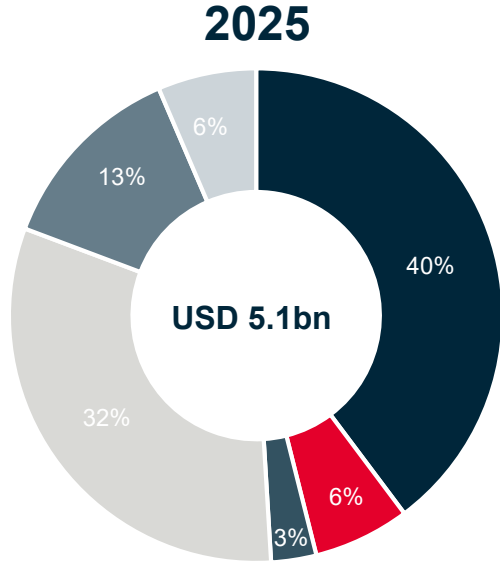
**TAM**  
Total available market

- Semi/Electronic
- Automotive
- Aerospace
- Security
- SnM (inc. Medical)
- Other

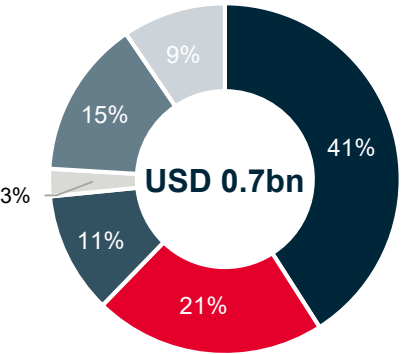


**CAGR 2019 – 2025**

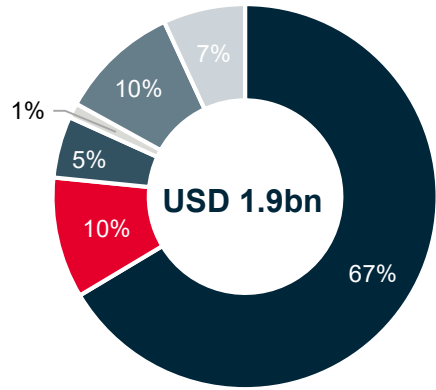
**~ 3%**



**SAM**  
Served available market



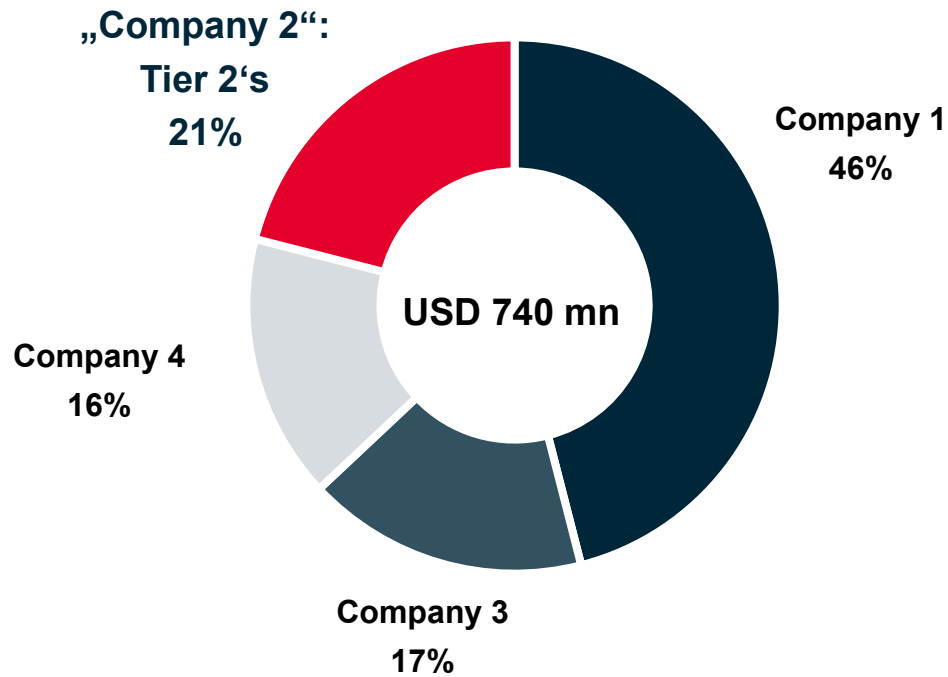
**~ 18%**



Sources: VLSI, company data

# PCT: opportunity to increase share of wallet with tier 2 customers

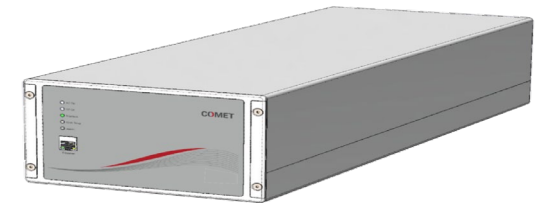
RF Power Spend by OEM [%, 2019]



Source: VLSI 2020

## Target all plasma processes in memory, foundry, logic

- Note: Qualification takes time:
  - 9 to 15 months tier 1's
  - 6 to 9 months tier 2's
- First revenue in 2021, ramp-up in 2022



# IXM: expanding market share and served available market with innovative products

## New Markets

- Enter Semi / Electronics with new microfocus **Xplorer**
- Transfer of open **Microfocus** sources production and R&D to Flamatt

## Extend existing markets

Security and NDT (stationary and portable) to be extended with innovative products:

- **Mesofocus** product family: Metrology and high-end CT
- **ION** family: entry into integrated x-ray sources/modules

**Future opportunities:** Transfer **iVario** generator manufacturing to Penang



# IXS: three pillars on the road to sustainable profitability

## Successful transformation to current environment

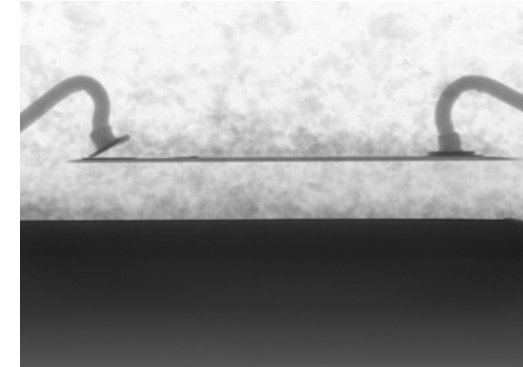
- Achieve profitability in 2021

## Product portfolio focused on strategic markets

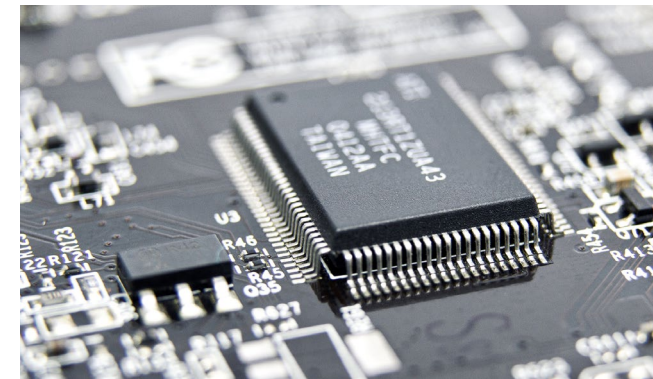
- Reduce legacy systems

## Position for growth

- Strengthen position in high-growth semi advanced packaging inspection market
- ORS acquisition – enhancing yields:  
from defect detection to understanding production processes; ability to predict and steer processes



X-ray image of a detached bond die



05

# 2020 – a year of progress

# Business Update: confident for 2020

- **Strategy execution on track**
- Trends observed in HY continued in the second half-year:
  - Buoyant demand from the semiconductor sector
  - Softer market in automotive and aerospace to continue but some pockets of growth (China, Defense)
- For FY 2025, Comet confirms its ambitions:  
CAGR ~15% / EBITDA margin ~25% / ROCE ~30%

## Guidance FY 2020

Revenue (in million CHF)

**385 to 395**

EBITDA margin (in %)

**13.0 to 14.0**

# 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.

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