

Zurich, August 18, 2016

## Presentation of results for first half of 2016



Ronald Fehlmann, CEO  
Markus Portmann, CFO



## Agenda

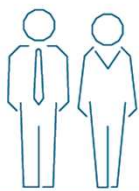
1	COMET Group at a Glance	R. Fehlmann
2	Review of H1 2016 Group and Business Segments	R. Fehlmann
3	Financial Results	M. Portmann
4	Outlook for 2016	R. Fehlmann
5	Questions & Answers	All



COMET Group at a glance

## Swiss company with leading technologies and global presence


**EMPLOYEES**



**~1100**  
EMPLOYEES  
WORLDWIDE

**~200**  
IN R & D

**13**  
LOCATIONS  
WORLDWIDE




**NET SALES  
IN CHF MILLION**

2015	<b>282.3</b>
2014	287.9
2013	249.6

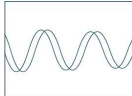
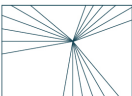

**99%**  
OF SALES OUTSIDE  
OF SWITZERLAND

FOUNDED 1948,  
HEADQUARTERS IN FLAMATT (CH)



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## Turning innovative technologies into solutions that add value

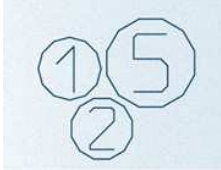
<p><b>RF power</b></p>  <p><b>Plasma control</b> Semiconductor Flat panel (O)LED Med tech</p> <p style="color: red;">~ 40% of Group sales*</p>	<p><b>X-Ray</b></p>  <p><b>Non-destructive testing &amp; Security</b> Cargo &amp; luggage inspection</p> <p style="color: red;">~ 54% of Group sales*</p>	<p><b>ebeam</b></p>  <p><b>Surface treatment</b> Sterilization of food packaging, curing and cross-linking of materials</p> <p style="color: red;">~6% of Group sales*</p>
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## With a strong first half of 2016 COMET Group is confirming its strategic growth trajectory



Sales expanded by 15.1%


EBITDA margin on plan

Net income rises substantially from 1.7m to 8.6m CHF

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PCT	IXM	IXS	EBT
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All four segments contributed to the sales growth and invested in new promising applications




Construction launch in Flamatt as important prerequisite for achieving growth targets 2020

COTN	COT16
103.5 CHF	
0.00 %	
<small>08/05/2016 2:00 PM</small>	



Successful CHF 60 million bond issue



COMET Group one of the most trustworthy companies - ranked 18th from amongst 1100.

Review of H1 2016

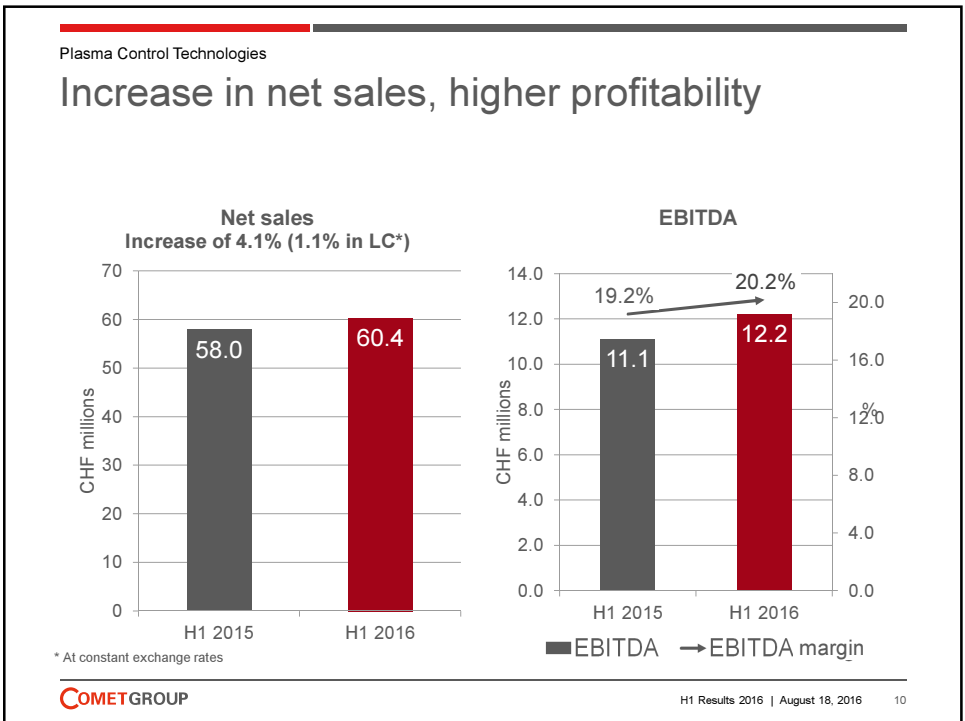
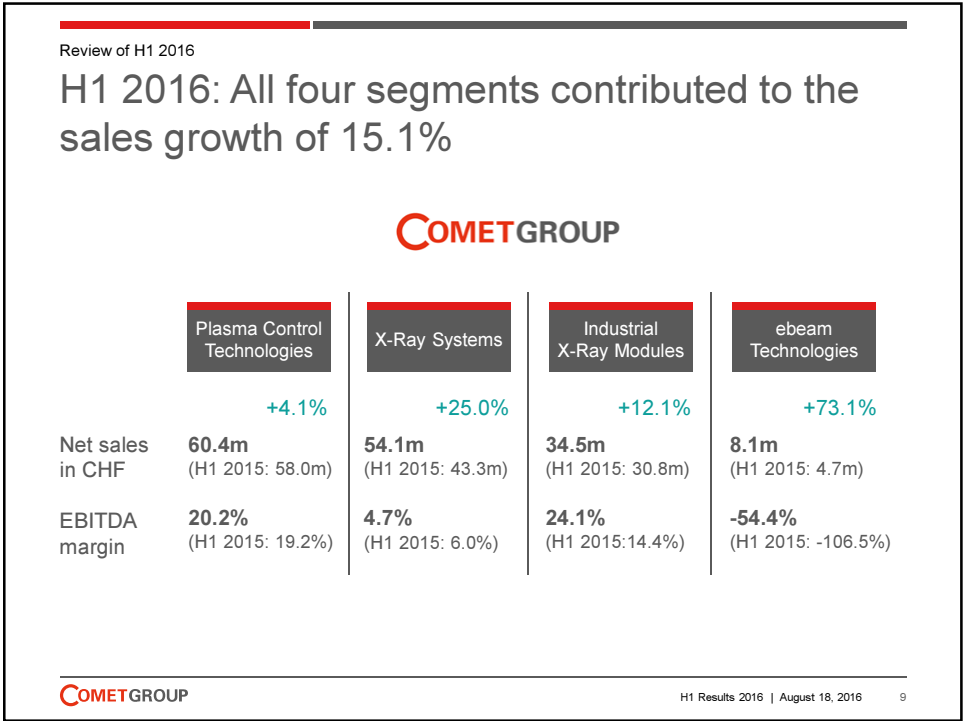
## H1 2016: Strong profitable growth

<b>Net sales in CHF</b>	+15.1% vs. H1 2015, from 130.1m to 149.8m
<b>Net income in CHF</b>	+412.1% vs. H1 2015, from 1.7m to 8.6m
<b>EBITDA in CHF</b>	+35.4% vs. H1 2015, from 12.3m to 16.6m
<b>EBITDA margin</b>	+1.7% points vs. H1 2015, from 9.4% to 11.1%

Review of H1 2016

## H1 2016: Sound balance sheet figures, even with increased investments

<b>Operating Cash flow in CHF</b>	-51.5% vs. H1 2015, from 5.5m to 2.7m
<b>Net debt in CHF</b>	-6.9m vs. H1 2015, from 20.4m to 13.5m
<b>Equity ratio</b>	-6.5% points vs. H1 2015, from 58.2% to 51.7%



Plasma Control Technologies

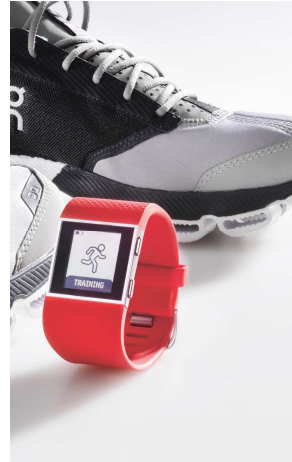
## PCT: Continued profitable growth through high-end solutions

### 1.1% sales growth in local currencies

- sales and design-wins with high-end RF matchboxes in the semiconductor market as more and more manufacturers of mobile devices are using 3D memory chips
- Growing demand in flat panel market mainly for vacuum capacitors
- new generation of highly robust and reliable RF generators successfully tested by several customers, and going into volume production in H2

### Improved EBITDA of 20.2% (H1 2015: 19.2%)

- Continued improvement of operational excellence
- Improvements in marketing showing results (e.g.; value-based pricing)

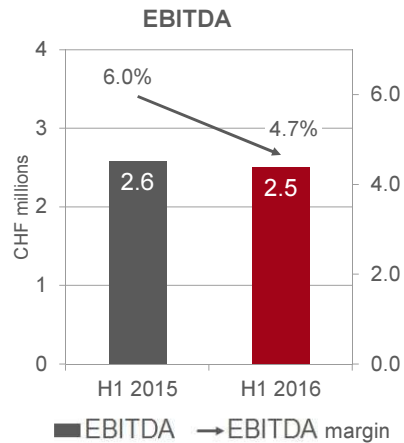
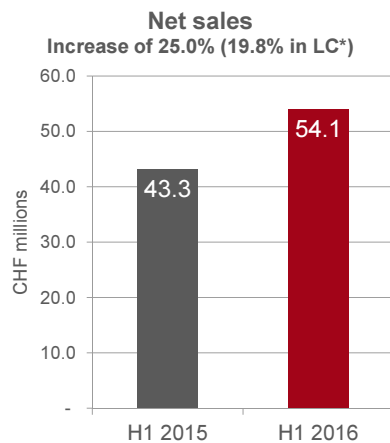


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X-Ray Systems

## Strong increase in net sales, reduced EBITDA margin



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X-Ray Systems

## IXS: Strong growth with CT systems, regaining market share in customized systems

19.8% sales growth in local currencies

- Growth with computed tomography (CT) solutions especially in the aerospace, labs and R&D, and foundries sectors – as 3D visualization helps to inspect the ever more complex components used in manufacturing

4.7% EBITDA margin vs. 6.0% in H1 2015

- Further investment in capabilities to move into metrology as a new application
- Increased share of project business in sales mix (with lower margins)

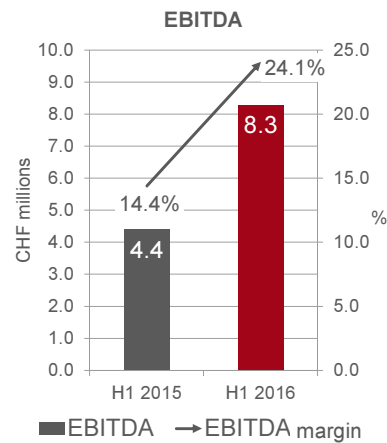
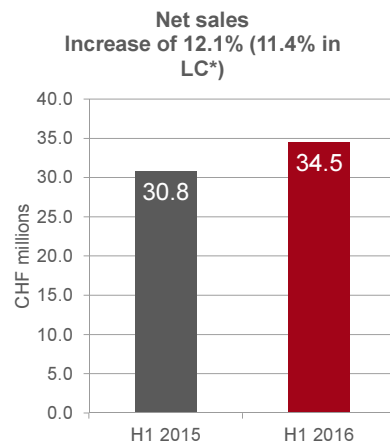


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Industrial X-Ray Modules

## Increase in net sales; strong increase in EBITDA margin



\* At constant exchange rates

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Industrial X-Ray Modules

## IXM: Back on growth trajectory; forward integration strategy generates sales in core business

11.4% growth in local currencies driven by

- Successful strategy of forward integration (offering complete XRS sources)
- Growth in security inspection, including in new applications
- Development of key account business

EBITDA margin of 24.1% (H1 2015: 14.4%) thanks to increased marketing activities and various successful operational excellence initiatives

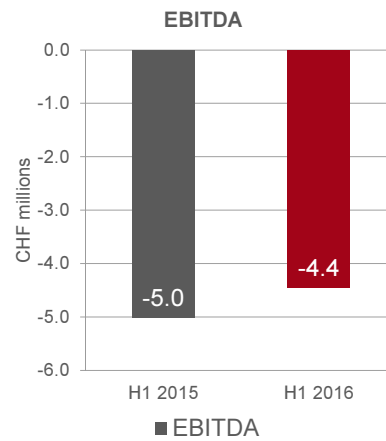
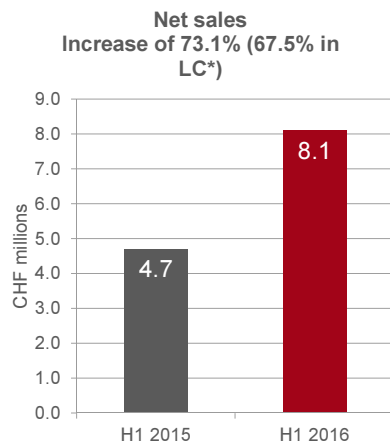


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ebeam Technologies

## Increase in net sales; negative EBITDA as a result of high investments



\* At constant exchange rates

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ebeam Technologies

## EBT: Investment in new applications and integration of PCT Engineered Systems LLC

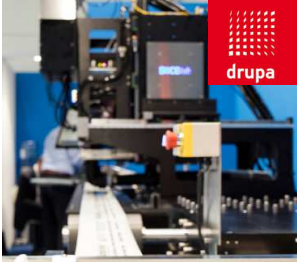

Growth of 67.5% in local currencies

Ramp up of investments in the attractive potentials of food and digital printing

- Launch of ebeam Inkjet Dryer which allows food-safe, individualized digital printing
- Rollout with Tetra Pak on schedule
- Advancing project work with Bühler: first field tests planned for 2017

EBITDA improved slightly to a negative CHF 4.4m (H1 2015: CHF -5.0m) despite:

- Increased investment in new applications (such as digital printing and food sterilization)
- Integration of the acquired systems business

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Financial Results

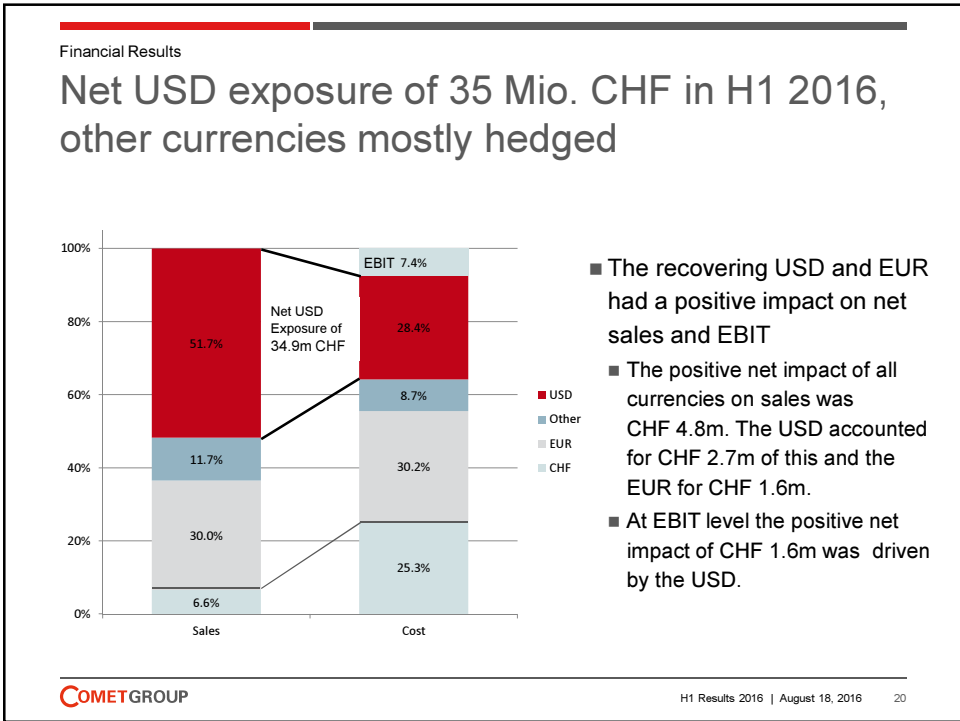
### Increasing new orders, strong net sales and improved operating performance

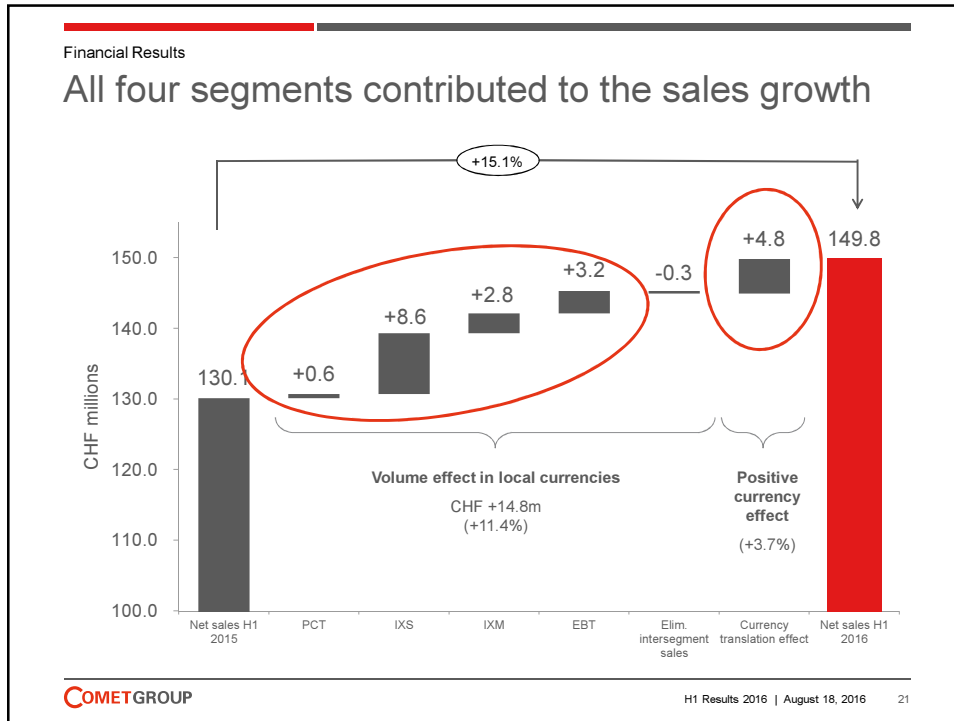
in CHF thousands	H1		Change	
	2016	2015	Absolute	In %
Incoming orders	162'233	142'942	19'291	13%
Backlog	90'848	77'525	13'323	17%
Book-to-bill	1.08	1.10		-2%
Net sales	149'768	130'097	19'671	15%
Cost of sales	-90'620	-81'910	-8'710	
Gross profit	59'147	48'187	10'960	
Gross profit margin in %	39.5%	37.0%	2.5%	
Other operating income	2'262	2'778	-516	
Development expenses	-17'575	-14'771	-2'804	
SG&A	-32'714	-28'759	-3'955	
Operating income (EBIT)	11'121	7'435	3'686	
Financing result and income taxes	-2'539	-5'759	3'220	
Net income	8'582	1'676	6'906	
EPS in CHF	11.09	2.17	8.92	
EBITDA	16'648	12'293	4'355	
EBITDA margin in %	11.1%	9.4%	1.7%	

investment in growth initiatives

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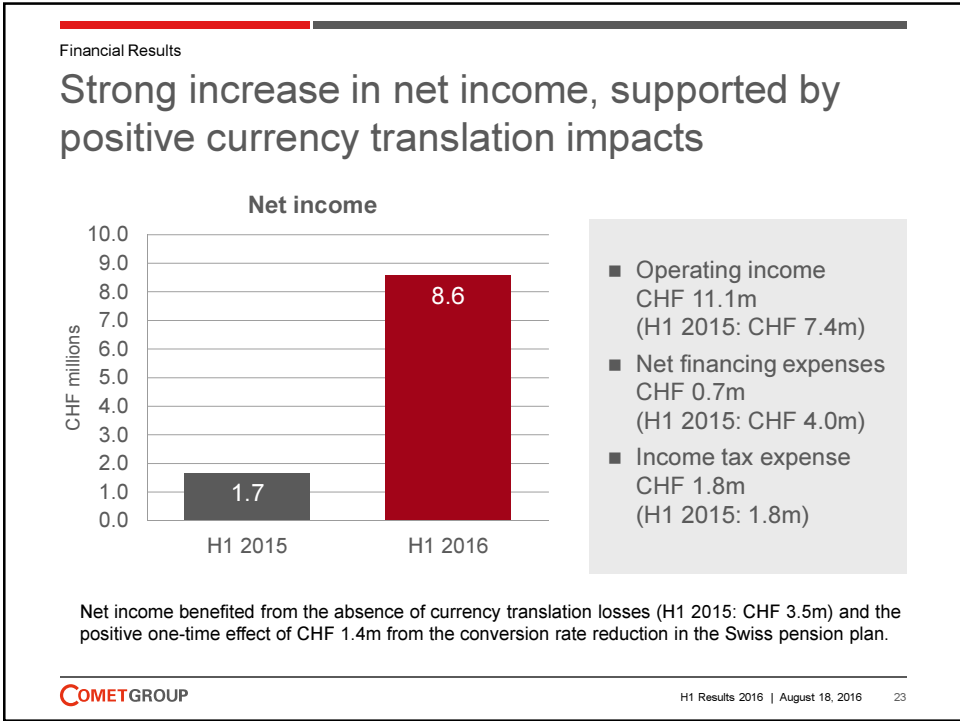
Financial Results

### At comparable values, EBITDA margin on prior year level despite increased investments

Bridge June YTD 2016 vs. PY	as reported	@ constant FX rates	@ constant FX rates and before IAS19	FX impact	IAS19 impact	as reported	@ nominal FX rates vs. PY
	June YTD 2015	Δ	June YTD 2016			June YTD 2016	Δ
Sales	130.1	14.8	144.9	4.8	-	149.8	19.7
EBITDA	12.3	1.2	13.5	1.5	1.6	16.6	4.4
Net financial expense	-4.0	-0.3	-4.2	3.5	-	-0.7	3.3
Total income tax	-1.8	0.7	-1.1	-0.5	-0.2	-1.8	-0.0
Net income	1.7	0.9	2.6	4.6	1.4	8.6	6.9
Sales Growth in %	9.4%	-0.1%	11.4%	3.7%	-	15.1%	1.7%
EBITDA Margin in %	9.4%	-0.1%	9.3%	0.8%	1.0%	11.1%	1.7%
€	1.06	-	1.06	0.04	-	1.10	4%
\$	0.95	-	0.95	0.03	-	0.98	3%

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Financial Results

### Bond issue results in higher interest expense, minor effects on FX side

**Net financing items amounted to a net expense of CHF 0.7m (H1 2015: CHF 4.0m), reflecting the following factors:**

- Interest expenses increased to CHF 0.7m (H1 2015: CHF 0.4m) due to higher gross debt
- Year-to-date only minor FX impact on finance cost (H1 2015: loss of CHF 3.5m).
  - Transactions in EUR almost fully naturally hedged
  - Net exposure in USD partly hedged by forward exchange contracts

**Currency impact on balance sheet:**

- A small currency translation loss of CHF 0.3m (H1 2015: CHF 8.7m) was recorded directly in equity (mainly EUR and USD)

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Financial Results

## Income tax rate temporary down to 18%, related to a high YTD share of profits in Switzerland

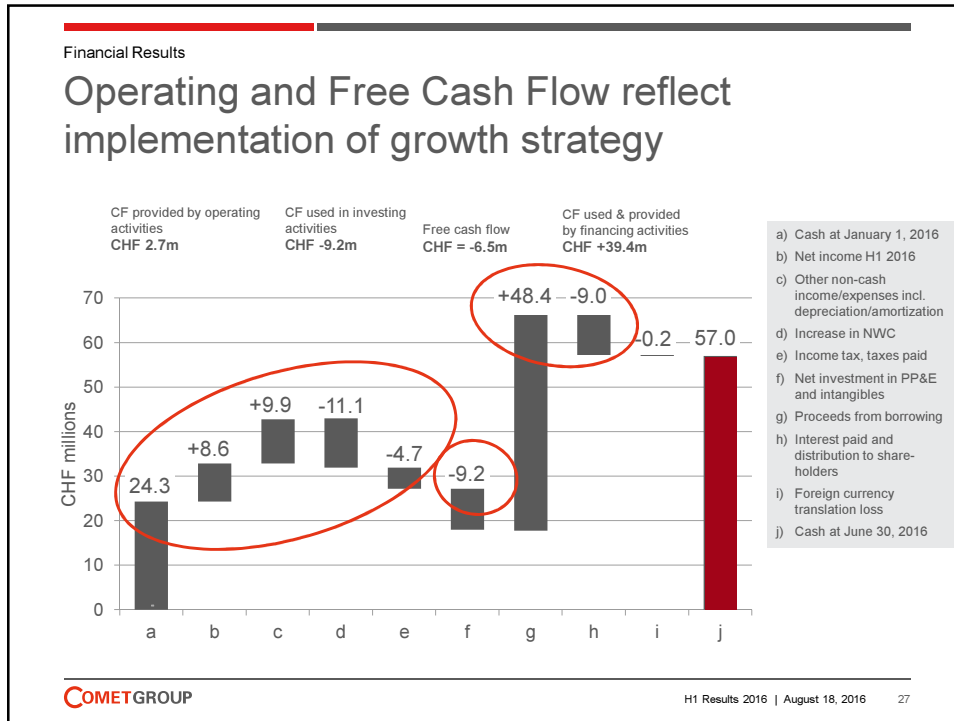
- Applying the expected Group base tax rate of 28%, the EBT of CHF 10.4m would lead to an expected tax expense of CHF 2.9m
- Total income tax expense reported was CHF 1.8m (H1 2015: CHF 1.8m). The difference of CHF 1.1m from the expected tax expense is mainly the result of the extraordinary high share of the Group's taxable income generated in Switzerland
- The effective tax rate for FY 2016 is expected at approximately 25%

Financial Results

## Sound balance sheet ratios driven by an increase in total assets and liabilities (bond issue)

In CHF millions	H1 2016		FY 2015	
Current assets	189.8	60.8%	137.7	53.9%
Non-current assets	122.5	39.2%	117.9	46.1%
Total assets	312.3	100.0%	255.6	100.0%
Liabilities	150.9	48.3%	93.4	36.6%
Equity	161.4	51.7%	162.2	63.4%
Total liability and equity	312.3	100.0%	255.6	100.0%

- Increase in NWC related to the actual and expected growth of net sales
- Successful placement of CHF 60m bond to finance growth (due to investment in new building / production capacity in Flamatt)
- Equity ratio decreased to 52% following the issuance of the bond (due to the increase in the balance sheet total)



Financial Results

## Rolling 12-month average working capital in % of net sales further improved

**Working capital ratios (based on 12-month averages)**

- Total net working capital increased by CHF 8.3m from one year earlier. Net working capital in % of net sales reached 24.6% (H1 2015: 25.3%), reflecting ongoing efforts to optimize working capital positions.
- Increase in trade receivables (net of prepayments by customers) to CHF 24.8m (H1 2015: CHF 20.6m) as a result of higher net sales compared to H1 2015. DSO (monthly average days sales outstanding) was brought down to 23 days (H1 2015: 36 days).
- Inventories increased to CHF 77.1m (H1 2015: CHF 67.3m), reflecting planned growth in H2 2016 over H1 2015. DIO (monthly average days inventory outstanding) reached 86 days (H1 2015: 75 days).

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Financial Results

## Non-current assets increased due to capital expenditure

**Non-current assets increased by CHF 4.6m or 3.9%**

- Compared to prior year-end property, plant and equipment and intangible assets increased by CHF 3.5m
  - Cash capital expenditures as a mixture of replacement, capacity increases and first investments in new production facility in Flamatt totaled CHF 9.3m (H1 2015: CHF 6.2m); divestments were CHF 0.2m
  - Depreciation of non-current assets totaled CHF 4.0m; amortization was CHF 1.5m (including CHF 1.0m on intangibles recognized from PPA )
  - Negative translation effects totaled CHF 0.1m
- Pension net assets increased to CHF 1.4m (2015 year-end: CHF 1.0m) mainly due to two opposing effects in the Swiss pension plan: the reduced conversion rate (positive effect of CHF 1.6m in pre-tax profit) and the decreased interest rates (negative effect of CHF 1.0m recorded directly to equity)

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Financial Results

## Strong equity ratio of 51.7% despite significant increase in balance sheet total

**Current liabilities eased by CHF 1.9m from year-end, mainly driven by:**

- Repayment of current bank debt
- Increase in trade accounts payable and reduction in tax payables

**Non-current liabilities increased by CHF 59.3m, largely due to:**

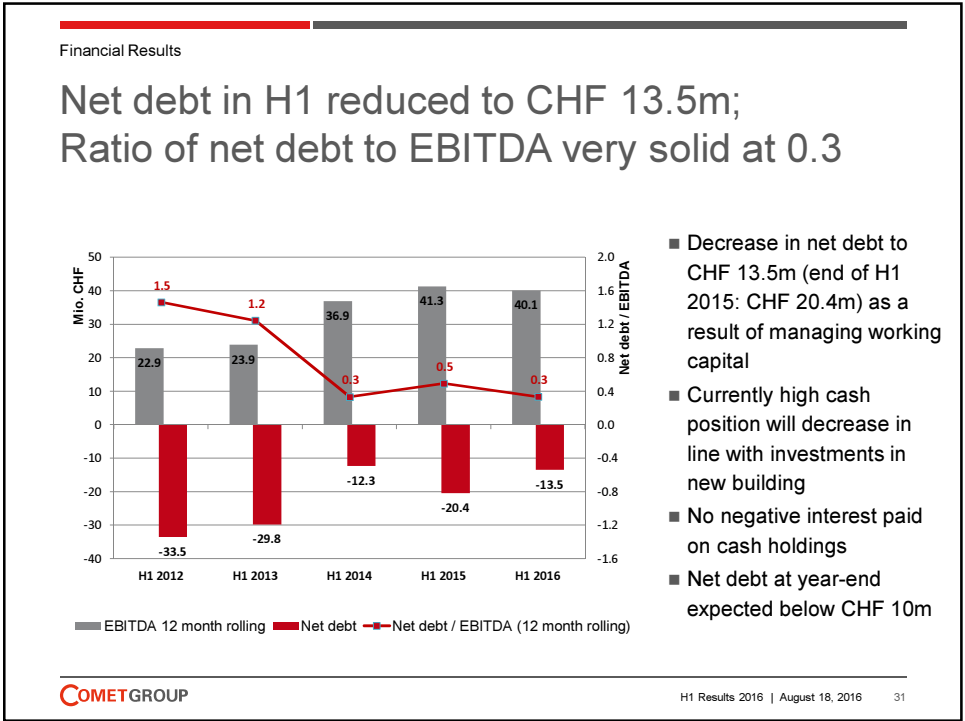
- Issuance of CHF 60m bond to finance expansion of production capacity in Flamatt

**Equity ratio decreased to 51.7%, from 63.4% at year-end (H1 2015: 58.2%):**

- Total comprehensive income of CHF 7.4m for H1 2016
  - Net income CHF 8.6m; actuarial loss on defined benefit plans net of tax CHF 0.9m; foreign currency translation losses of CHF 0.3m
- Share-based payments of CHF 0.3m
- Distribution to shareholders of CHF 11.00 per share, totaling a CHF 8.5m pay-out

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Outlook

## Confirming outlook COMET Group well-positioned for on-track growth

For 2016, the COMET Group expects:

- sales growth to CHF 300m to CHF 320m, and
- an EBITDA margin between 11% and 13%

Based on foreign exchange rates of:

- CHF 0.95 per USD
- CHF 1.05 per EUR

## The COMET Group is on a growth trajectory. For more details, join us on Investor Day!

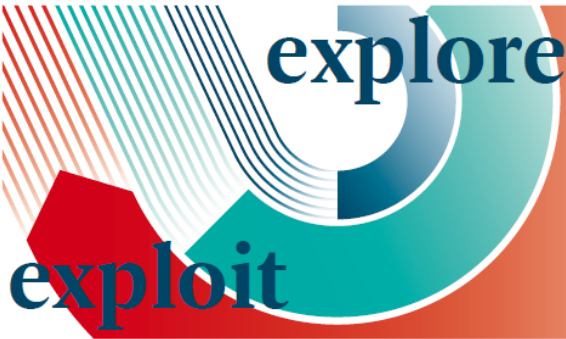
With new applications and strong partnerships, we are shifting into high gear. Following the principle of "exploit & explore", the aim is to strengthen our core business and at the same time create and seize new opportunities. Look behind the scenes of our growth engine – save the date now:

### COMET Group INVESTOR DAY 2016

Wednesday,  
November 23, 2016,  
10:00 a.m. to about 3:00  
p.m.

COMET AG, Flamatt

An official invitation with full program  
details will follow at beginning of  
October 2016



## Q&A

## Financial calendar for the COMET Group

November 23, 2016	Investor Day
March 23, 2017	Publication of 2016 annual report
April 20, 2017	Annual shareholder meeting in Berne

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

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