

COMET Holding AG  
Half-Year Report

2016

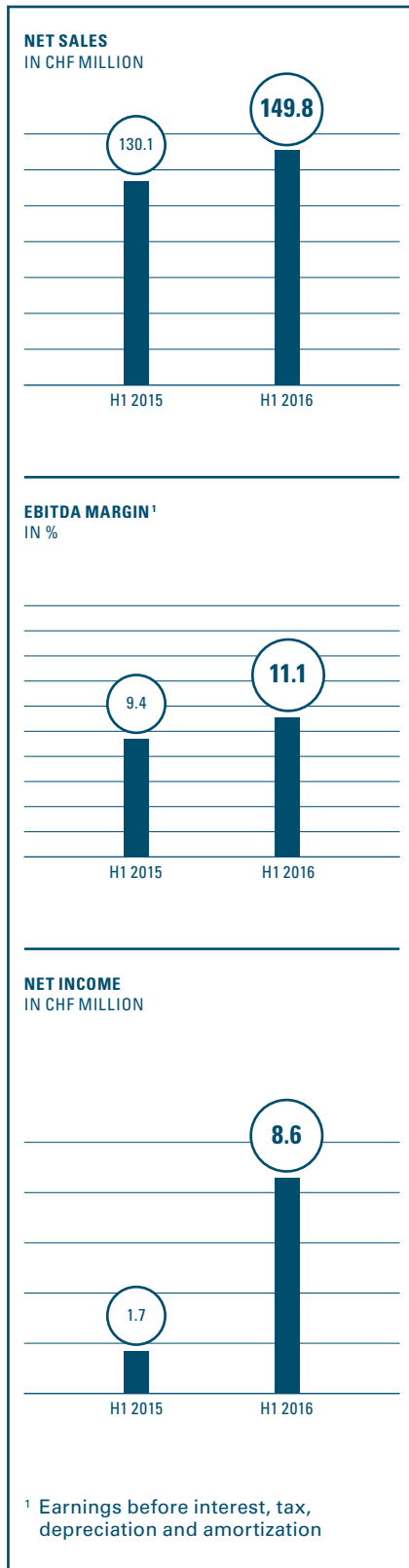
# The COMET Group

**The COMET Group is a globally leading Swiss technology company with a focus on the x-ray, radio frequency and ebeam businesses. For more than 65 years, we have been developing and manufacturing innovative, high-tech components and systems.**

With pioneering solutions, we support clients in a wide range of industries in improving and evolving their products and processes. In this way we help bring greater safety and security, mobility, sustainability and efficiency to many areas of life. Our high-performance x-ray systems for materials testing and inspection make vehicles safer and airport security checks more reliable. Plasma control modules from COMET are important in the efficient fabrication of computer chips with ever higher storage capacity. And thanks to our innovative ebeam technology, manufacturers are saving one-third of production costs for the sterilization of packaging while also improving their energy balance.

With our leading-edge products under the COMET, YXLON and ebeam brands, we are always challenging the limits of the physically possible. Our highly skilled experts work closely with customers in Europe, the USA and Asia and with well-known research institutions worldwide. The resulting tailored solutions generate lasting value-added for our customers and partners.

# COMET Group: Strong, profitable growth – Outlook confirmed



Strong, profitable growth in first half of 2016; COMET Group reaffirms outlook

- Revenue growth of 15.1% to CHF 149.8 million
- EBITDA margin of 11.1% on plan (H1 2015: 9.4%)
- Intensified investment in new applications, as per strategy
- Net income rises substantially to CHF 8.6 million (H1 2015: CHF 1.7 million)
- Outlook for 2016 reaffirmed: Sales of CHF 300-320 million and EBITDA margin of 11-13%
- Construction launch of expansion and successful CHF 60 million bond issue

With a strong first half of 2016 the COMET Group is confirming its strategic growth trajectory. Sales expanded by 15.1% year-over-year to CHF 149.8 million (H1 2015: CHF 130.1 million), or by 11.4% in local currencies. All four segments contributed to this vigorous performance. The COMET Group saw its strongest growth in the X-Ray Systems business (IXS), thanks to its high-resolution computed tomography systems. Business was also good in x-ray sources for non-destructive testing (the IXM segment) and in the PCT segment's high-end impedance matching networks for the semiconductor market. Important headway was also made by the Group's newest business segment, ebeam Technologies (EBT).

Executing its growth strategy, the COMET Group stepped up investment in the development of new applications based on its three core technologies of x-ray, radio frequency and ebeam. The higher sales and improved gross margin enabled EBITDA earnings to be pushed up by 35.4% to CHF 16.6 million (H1 2015: CHF 12.3 million). The EBITDA margin was on plan at 11.1% (H1 2015: 9.4%). Besides the heightened operating efficiency, there was also a positive effect of CHF 1.6 million from the adjustment of the conversion rate for certain pension obligations in Switzerland. Net income rose markedly to CHF 8.6 million (H1 2015: CHF 1.7 million). This result was helped by this year's absence of one-time currency translation losses of CHF 3.5 million that had weighed on the first half of 2015.

With the start of construction for the building expansion in Flamatt, the COMET Group created an important prerequisite for achieving its 2020 growth targets. To finance this construction project, the Group successfully placed a fixed-rate, five-year bond in the amount of CHF 60 million. As a result of this and the strong growth, total assets increased significantly from one year earlier and the equity ratio decreased as expected, to 51.7% (H1 2015: 58.2%).

To support an exclusive focus in the development of the individual business activities, the X-Ray & ebeam Technologies segment was split into two segments from January 2016: ebeam Technologies (EBT) and X-Ray Modules (IXM). The review of the segment results and the prior-year data have been adjusted (restated) accordingly in the segment reporting.

# Segment results

## **IXS – Strong growth in CT systems; investment in metrology as new application**

In the first half of the year, X-Ray Systems benefited especially from the growing demand for YXLON computed tomography (CT) solutions, which allow the three-dimensional visualization and inspection of the ever more complex components used in manufacturing. The segment boosted its sales by 25% to CHF 54.1 million (H1 2015: CHF 43.3 million). IXS registered its fastest growth in the aerospace, labs and R&D and foundries sectors. Under the Group's Strategy 2020, the segment invested in further building up its capabilities to move into metrology as a new application. This in combination with a higher share of project business in the revenue mix led to an EBITDA margin of 4.7% (H1 2015: 6.0%<sup>1</sup>). For the full year 2016 the IXS segment expects revenue growth to be in the mid single digits.

## **PCT – Continued profitable growth through high-end solutions**

Plasma Control Technologies (PCT) in the first six months delivered further growth from the strong comparative first half of the prior year. Sales of the segment rose 4.1% to CHF 60.4 million (H1 2015: CHF 58.0 million). Fueled by continued improvement in operational excellence, profitability increased at the gross margin level. Despite investment in new customer projects, this raised the EBITDA margin to 20.2% (H1 2015: 19.2%<sup>1</sup>). The strongest growth driver was the semiconductor market, as more and more manufacturers of mobile devices are deploying 3D memory chips in their products. The equipping of fabrication plants for the latest-generation, V-NAND memory chips gained momentum, particularly from the second quarter onward. PCT did well with its proven high-quality impedance matching networks. Additionally, PCT achieved various important design wins that will support future growth. With its high-performance vacuum capacitors, the business segment capitalized on the trend toward new display technologies in the flat panel market. For the year as a whole, PCT expects continuing stable demand from the semiconductor and flat panel industries, and thus a revenue trend in line with the growth of the Group.

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

Sales in the x-ray sources and portable x-ray modules business, operating as the Industrial X-Ray Modules segment since January 2016, grew by 12.1% to a new total of CHF 34.5 million (H1 2015: CHF 30.8 million). Next to a positive prevailing market sentiment, IXM's sales growth was driven by the complete modules for non-destructive testing and inspection that are offered under the successful strategy of forward integration. In the market for security inspection, the segment expanded its position and grew through new applications. The higher sales and the diverse measures to raise operating efficiency yielded a significant improvement in EBITDA margin to 24.1% (H1 2015: 14.4%). For the full year the management foresees continued revenue growth in the low double digits compared to 2015.

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

In the first half of the year the ebeam business, operating as the separate "ebeam Technologies" (EBT) segment since January 2016, focused on entering new applications and regions and on the integration of PCT Engineered Systems LLC, acquired in May 2015. Sales were CHF 8.1 million, which represented growth of 73.1% percent year-on-year.

<sup>1</sup> Restated

To help drive the planned strong growth, the segment is ramping up investment in areas of attractive potential in the food and digital printing sectors. For digital printing, EBT launched the ebeam Inkjet Dryer at drupa, the world's largest trade fair for the printing industry. The ebeam Inkjet Dryer is a novel product which allows the food-safe and individualized printing of packaging. In the food sector, the rollout with Tetra Pak is progressing on schedule. The project work with Bühler is also advancing, with the first field tests planned for 2017. Despite the increased investment in new applications and the integration of the acquired systems business, the EBITDA result improved slightly to a deficit of CHF 4.4 million (H1 2015: loss of CHF 5.0 million). For fiscal 2016 the segment is projecting sales growth at a rate above that of the Group as a whole.

**Confirming outlook: COMET Group well-positioned for on-track growth**

With its Strategy 2020, the COMET Group continues to focus on new areas of application for all three core technologies and on the intensified collaboration with key partners. What is critical is to take timely advantage of the attractive opportunities in the fields of ebeam, the Internet of Things, metrology and security inspection. With the accelerated capital expenditures for these growth initiatives, the COMET Group set the stage in the first half of 2016 for achieving its objectives. In terms of personnel, too, the COMET Group is positioned well, with new Executive Committee members Detlef Steck as head of the x-ray systems business since April 2016 and Thomas Polzer as Chief Operating Officer since August 2016. From January 1, 2017 the open position of head of corporate human resources will be assumed by Eric Dubuis, in addition to his responsibilities as IT director of the Group. Eric Dubuis has already previously led the human resources department on an interim basis and has provided key support to it in strategy matters. By filling the HR leadership role internally, the Group is assuring continuity in the implementation of its strategic goals to 2020.

For 2016 the COMET Group reaffirms its forecast from March of this year: The Board and management continue to expect the full year to see sales growth of CHF 300-320 million and an EBITDA margin of 11-13%.

**Media and analyst conference**

The published results for the first half of 2016 will be presented today, August 18, 2016 at 10:00 a.m. at the media and analyst conference in Zurich (location: SIX Swiss Exchange, Convention Point, Selnaustrasse 30).

**Conference call in English**

A conference call in English will be held today, August 18, 2016 from 3:45 p.m. to 4:30 p.m. CET, with Ronald Fehlmann, CEO, and Markus Portmann, CFO.

To participate, please dial in 10 to 15 minutes before the scheduled start of the call, using one of the following telephone numbers:

+41 (0)58 310 50 00 (Europe)

+44 (0)203 059 58 62 (UK)

+1 (1)631 570 5613 (USA)

## Consolidated balance sheet (unaudited)

In thousands of CHF

<b>Assets</b>	<b>June 30, 2016</b>	<b>%</b>	<b>Dec. 31, 2015</b>	<b>%</b>	<b>Change</b>	<b>June 30, 2015</b>
Cash and cash equivalents	56,985		24,295		32,690	18,404
Trade and other receivables	52,329		44,483		7,846	41,860
Other financial assets	27		25		2	166
Tax receivables	400		0		400	2,588
Inventories	77,067		65,820		11,247	67,338
Prepaid expenses	3,001		3,104		(103)	3,602
<b>Total current assets</b>	<b>189,809</b>	<b>60.8%</b>	<b>137,728</b>	<b>53.9%</b>	<b>52,081</b>	<b>133,958</b>
Property, plant and equipment	62,060		58,481		3,580	56,101
Intangible assets	50,404		50,454		(50)	48,511
Financial assets	262		349		(87)	323
Employee benefit plan assets	1,399		997		401	1,568
Deferred tax assets	8,339		7,633		706	5,600
<b>Total non-current assets</b>	<b>122,465</b>	<b>39.2%</b>	<b>117,914</b>	<b>46.1%</b>	<b>4,550</b>	<b>112,103</b>
<b>Total assets</b>	<b>312,274</b>	<b>100.0%</b>	<b>255,642</b>	<b>100.0%</b>	<b>56,632</b>	<b>246,061</b>
<b>Liabilities and shareholders' equity</b>						
Current debt	168		11,287		(11,119)	28,034
Trade and other payables	48,527		42,402		6,125	35,005
Other financial liabilities	4,163		4,177		(14)	2,202
Tax payables	656		2,201		(1,545)	186
Accrued expenses	14,648		10,440		4,208	14,868
Current provisions	6,461		5,993		468	5,514
<b>Total current liabilities</b>	<b>74,622</b>	<b>23.9%</b>	<b>76,499</b>	<b>29.9%</b>	<b>(1,877)</b>	<b>85,810</b>
Non-current debt	70,295		10,749		59,546	10,812
Non-current provisions	61		65		(3)	67
Employee benefit plan liabilities	1,830		1,795		35	1,766
Deferred tax liabilities	4,084		4,330		(246)	4,388
<b>Total non-current liabilities</b>	<b>76,270</b>	<b>24.4%</b>	<b>16,938</b>	<b>6.7%</b>	<b>59,332</b>	<b>17,033</b>
<b>Total liabilities</b>	<b>150,892</b>	<b>48.3%</b>	<b>93,438</b>	<b>36.6%</b>	<b>57,455</b>	<b>102,843</b>
Capital stock	7,745		7,738		7	7,738
Additional paid-in capital	37,581		45,615		(8,034)	45,629
Retained earnings	140,648		133,105		7,543	117,775
Foreign currency translation differences	(24,593)		(24,253)		(339)	(27,924)
<b>Total equity attributable to shareholders of COMET Holding AG</b>	<b>161,382</b>	<b>51.7%</b>	<b>162,205</b>	<b>63.4%</b>	<b>(823)</b>	<b>143,218</b>
<b>Total liabilities and shareholders' equity</b>	<b>312,274</b>	<b>100.0%</b>	<b>255,642</b>	<b>100.0%</b>	<b>56,632</b>	<b>246,061</b>

## Consolidated statement of income (unaudited)

In thousands of CHF	2016 Six months to June 30	2015		Change %
		Six months to June 30	Absolute	
Net sales	149,768	130,097	19,670	15.1%
Cost of sales	(90,620)	(81,910)	(8,710)	10.6%
<b>Gross profit</b>	<b>59,147</b>	<b>48,187</b>	<b>10,961</b>	<b>22.7%</b>
Other operating income	2,262	2,778	(516)	-18.6%
Development expenses	(17,575)	(14,771)	(2,804)	19.0%
Marketing and selling expenses	(22,616)	(19,257)	(3,358)	17.4%
General and administrative expenses	(10,098)	(9,502)	(596)	6.3%
<b>Operating income</b>	<b>11,121</b>	<b>7,435</b>	<b>3,687</b>	<b>49.6%</b>
Financing expenses	(2,874)	(7,309)	4,435	-60.7%
Financing income	2,173	3,347	(1,174)	-35.1%
<b>Income before tax</b>	<b>10,421</b>	<b>3,473</b>	<b>6,948</b>	<b>200.1%</b>
Income tax	(1,838)	(1,797)	(41)	2.3%
<b>Net income</b>	<b>8,582</b>	<b>1,676</b>	<b>6,906</b>	<b>412.1%</b>
Earnings per share in CHF, diluted and basic	11.09	2.17	8.92	411.1%
<b>Operating income</b>	<b>11,121</b>	<b>7,435</b>	<b>3,687</b>	<b>49.6%</b>
Amortization	1,493	1,080	413	38.2%
<b>EBITA</b>	<b>12,614</b>	<b>8,515</b>	<b>4,100</b>	<b>48.1%</b>
Depreciation	4,033	3,778	255	6.8%
<b>EBITDA</b>	<b>16,648</b>	<b>12,293</b>	<b>4,355</b>	<b>35.4%</b>

## Consolidated statement of comprehensive income (unaudited)

In thousands of CHF	2016 Six months to June 30	2015		Change %
		Six months to June 30	Absolute	
Net income	8,582	1,676	6,906	412.1%
<b>Other comprehensive income</b>				
Foreign currency translation differences	(339)	(8,712)	8,373	-96.1%
<b>Total items that will be reclassified to the income statement on realization</b>	<b>(339)</b>	<b>(8,712)</b>	<b>8,373</b>	<b>-96.1%</b>
Actuarial (losses) on defined benefit plans	(1,023)	(1,516)	493	-32.5%
Income tax	174	258	(84)	-32.5%
<b>Total items that will not subsequently be reclassified to the income statement</b>	<b>(849)</b>	<b>(1,258)</b>	<b>410</b>	<b>-32.5%</b>
<b>Total other comprehensive (loss)</b>	<b>(1,188)</b>	<b>(9,970)</b>	<b>8,782</b>	<b>-88.1%</b>
<b>Total comprehensive income/(loss)</b>	<b>7,394</b>	<b>(8,295)</b>	<b>15,689</b>	<b>-189.1%</b>

## Consolidated statement of cash flows (condensed and unaudited)

In thousands of CHF	<b>2016</b> <b>Six months to</b> <b>June 30</b>	2015 Six months to June 30	Change
Net cash provided by operating activities	2,658	5,484	(2,827)
Net cash (used in) investing activities	(9,239)	(14,061)	4,822
Net cash provided by financing activities	39,436	9,529	29,907
<b>Net increase in cash and cash equivalents</b>	<b>32,854</b>	<b>952</b>	<b>31,903</b>
Foreign currency translation (losses) on cash and cash equivalents	(165)	(1,107)	943
Net cash and cash equivalents at January 1	24,295	18,559	5,736
<b>Net cash and cash equivalents at June 30</b>	<b>56,985</b>	<b>18,404</b>	<b>38,581</b>

## Consolidated statement of changes in equity (unaudited)

In thousands of CHF	Equity attributable to shareholders of COMET Holding AG				
	Capital stock	Additional paid-in capital	Retained earnings	Foreign currency translation differences	Total share- holders' equity
<b>December 31, 2014</b>	<b>7,721</b>	<b>52,740</b>	<b>118,518</b>	<b>(19,212)</b>	<b>159,768</b>
Net income			1,676		1,676
Other comprehensive (loss)			(1,258)	(8,712)	(9,970)
<b>Total comprehensive loss</b>			<b>417</b>	<b>(8,712)</b>	<b>(8,295)</b>
Distribution to shareholders of COMET Holding AG		(8,493)			(8,493)
Increase in capital (for stock compensation)	17	1,381	(1,363)		36
Share-based payments (awarded in 2016)			202		202
<b>June 30, 2015</b>	<b>7,738</b>	<b>45,629</b>	<b>117,775</b>	<b>(27,924)</b>	<b>143,218</b>
<b>December 31, 2015</b>	<b>7,738</b>	<b>45,615</b>	<b>133,105</b>	<b>(24,253)</b>	<b>162,205</b>
Net income			8,582		8,582
Other comprehensive (loss)			(849)	(339)	(1,188)
<b>Total comprehensive income/(loss)</b>			<b>7,733</b>	<b>(339)</b>	<b>7,394</b>
Distribution to shareholders of COMET Holding AG		(8,512)			(8,512)
Increase in capital (for stock compensation)	7	477	(417)		68
Share-based payments (to be awarded in 2017)			227		227
<b>June 30, 2016</b>	<b>7,745</b>	<b>37,581</b>	<b>140,648</b>	<b>(24,593)</b>	<b>161,382</b>



## Notes to the interim consolidated financial statements (condensed and unaudited)

### 01 Significant accounting policies

The half-year report for the six months ended June 30, 2016 presents the consolidated financial statements of COMET Holding AG and its directly or indirectly controlled subsidiaries. The report was prepared in accordance with IAS 34, "Interim Financial Reporting", which forms part of the International Financial Reporting Standards (IFRS). The half-year report does not contain all information included in the annual accounts and should therefore be read in conjunction with the annual consolidated financial statements for 2015. The half-year report has not been audited by the independent auditors.

#### Changes in accounting policies

The accounting principles applied in the half-year report are those described in the 2015 annual consolidated financial statements, except for the changes set out below.

With effect from January 1, 2016, COMET has applied the following new or revised IFRS/IAS for the first time:

- IAS 1 – Amendments – Disclosure Initiative
- IAS 16 and IAS 38 – Amendments – Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 27 – Amendments – Equity Method in Separate Financial Statements
- IFRS 10, IFRS 12 and IAS 28 – Amendment – Investment Entities Consolidation Exception
- IFRS 11 – Amendment – Accounting for Acquisitions of Interests in Joint Operations
- Annual Improvements to IFRSs, published September 2014

The first-time application of the above new or amended standards and interpretations had no effect on the balance sheet and income statement in these financial statements.

#### Basis of consolidation

There have been no changes in the basis of consolidation since December 31, 2015.

In the prior year, COMET acquired sole ownership of PCT Engineered Systems LLC, Davenport, Iowa, USA, on May 1, 2015, and the company has been fully consolidated from that date.

#### Estimates

The preparation of the half-year report requires assumptions and estimates by management, which were made on the basis of the best knowledge and of all information available at the time. Adjustments to assumptions and estimates can have a material impact on future results, as such adjustments are recognized in the reporting period during which the assumptions and estimates change.

**Foreign currency translation**

The following exchange rates were used to translate the major currencies into Swiss francs:

Foreign currency translation		June 30, 2016		Closing rate		Average rate Six months to June 30	
				Dec. 31, 2015	June 30, 2015	2016	2015
USA	USD	1	0.980	1.001	0.931	0.982	0.948
Europe	EUR	1	1.088	1.087	1.042	1.096	1.058
China	CNY	1	0.147	0.154	0.150	0.148	0.152
Japan	JPY	100	0.955	0.832	0.761	0.881	0.789
Denmark	DKK	1	0.146	0.146	0.140	0.147	0.142
Republic of Korea	KRW	1,000	0.851	0.853	0.834	0.831	0.863

**02 Seasonality and other material influences on business**

For certain pension entitlements insured under the defined benefit plan in Switzerland, it was decided in the first half of 2016 to reduce the so-called conversion rate (the factor applied to occupational retirement assets at retirement age to arrive at an annual pension amount). This decision resulted in a one-time reduction in the present value of the defined benefit obligation measured in accordance with IFRS (IAS 19). As IFRS require such effects from plan changes to be recognized in profit or loss, the impact on income before tax in the first six months of the year was a total increase of CHF 1.6 million. Of this total, CHF 0.9 million was reflected in cost of sales, CHF 0.3 million was included in development expenses, CHF 0.1 million arose in marketing and selling expenses, and CHF 0.3 million was represented in general and administrative expenses. The breakdown of the effect by segment was CHF 0.5 million for the PCT segment, CHF 0.9 million for IXM and CHF 0.2 million for EBT (the ebeam Technologies segment).

The business of the segments Plasma Control Technologies, Industrial X-Ray Modules and ebeam Technologies is not subject to seasonal fluctuation. By contrast, the X-Ray Systems segment typically registers slightly higher sales in the second half of the year. As a result, in the latter half of the year the COMET Group as a whole tends to report higher sales than in the first six months (leaving aside macroeconomic influences). Details on the business performance by segment are provided in the first part of this report.

**03 Acquisition**

In 2016 to date no companies were acquired or disposed of, and there were no changes in the ownership interests that the Group controlled in other companies.

At May 1, 2015, COMET acquired sole ownership of PCT Engineered Systems LLC, Davenport, Iowa, USA. Acting as a system integrator, the company develops, manufactures and markets solutions for the curing and enhancement of plastic films and printing inks using electron beams (ebeam). Through the acquisition, COMET gained direct access to the ebeam end-user market and expanded its product portfolio. The new subsidiary has been assigned to the Group's ebeam Technologies segment.

The purchase price included a contingent consideration, which is governed by an earn-out agreement and is due for payment at the end of 2016. See note 5, "Financial instruments", for details on the measurement of the contingent consideration.

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**04 Segment reporting**

The Group is managed on the basis of the four operating segments described below, which are delineated based on the products and services offered. At the beginning of 2016 the X-Ray & ebeam Technologies segment was split into the Industrial X-Ray Modules segment and the ebeam Technologies segment. The segment reporting has been adjusted accordingly, including a restatement of the prior-year data to conform with the new segment structure. This had effects on the results of all segments, as the creation of the additional segment necessarily entailed the redistribution of overhead costs.

- The **Plasma Control Technologies** segment develops, manufactures and markets vacuum capacitors, radio frequency (RF) generators and RF impedance matching networks for the high-precision control of plasma processes required, for instance, in the production of memory chips and flat panel displays.
- The **X-Ray Systems** segment develops, manufactures and markets x-ray systems and services for non-destructive testing using x-ray and microfocus technology and computed tomography.
- The **Industrial X-Ray Modules** segment develops and manufactures highly compact x-ray sources and portable x-ray modules for non-destructive testing, steel metrology and airport security inspection.
- The **ebeam Technologies** segment develops compact ebeam sets and whole ebeam systems for the treatment of surfaces in the food and printing industries.

Segment operating income represents all revenues and expenses attributable to a particular segment. Only the costs and revenues of COMET Holding AG and net financial items and income taxes are not allocated to the segment results. These unallocated expenses and revenues are reported in the "Corporate" column.

The segment assets represent all operating assets. The following items are not allocated to operating segments: the assets of COMET Holding AG, all cash and cash equivalents, the item "other financial assets", and all current and deferred income tax assets.

**Six months to June 30, 2016**

In thousands of CHF

	Plasma Control Technologies (PCT)	X-Ray Systems (IXS)	Industrial X-Ray Modules (IXM)	ebeam Technologies (EBT)	Elimination of interseg- ment sales	Corporate	Consolidated
<b>Net sales</b>							
External net sales	60,372	53,731	27,525	8,140	0	0	149,768
Intersegment sales	0	342	6,946	0	(7,288)	0	0
<b>Total net sales</b>	<b>60,372</b>	<b>54,073</b>	<b>34,471</b>	<b>8,140</b>	<b>(7,288)</b>	<b>0</b>	<b>149,768</b>
<b>Earnings</b>							
Segment operating income/(loss)	10,605	1,144	6,663	(5,338)	(1,092)	0	11,981
Unallocated costs	0	0	0	0	0	(860)	(860)
<b>Operating income</b>	<b>10,605</b>	<b>1,144</b>	<b>6,663</b>	<b>(5,338)</b>	<b>(1,092)</b>	<b>(860)</b>	<b>11,121</b>
Financing expenses							(2,874)
Financing income							2,173
<b>Income before tax</b>							<b>10,421</b>
Income tax							(1,838)
<b>Net income</b>							<b>8,582</b>
<b>EBITDA</b>	<b>12,215</b>	<b>2,520</b>	<b>8,291</b>	<b>(4,426)</b>	<b>(1,092)</b>	<b>(860)</b>	<b>16,648</b>
EBITDA in % of sales	20.2%	4.7%	24.1%	-			11.1%
<b>Additions to non-current assets</b>							
Property, plant and equipment	800	430	1,244	5,999	0	0	8,473
Intangible assets	208	371	228	52	0	0	859
<b>Segment assets at June 30, 2016</b>	<b>89,248</b>	<b>83,169</b>	<b>67,378</b>	<b>7,347</b>	<b>0</b>	<b>65,132</b>	<b>312,274</b>
<b>Segment liabilities at June 30, 2016</b>	<b>12,832</b>	<b>31,468</b>	<b>10,205</b>	<b>14,538</b>	<b>0</b>	<b>81,849</b>	<b>150,892</b>

**Six months to June 30, 2015**

In thousands of CHF	Plasma Control Technologies (PCT) <sup>1</sup>	X-Ray Systems (IXS) <sup>1</sup>	Industrial X-Ray Modules (IXM) <sup>1</sup>	ebeam Technologies (EBT) <sup>1</sup>	Elimination of interseg- ment sales <sup>1</sup>	Corporate	Consolidated
<b>Net sales</b>							
External net sales	58,006	42,440	24,951	4,701	0	0	130,097
Intersegment sales	0	828	5,812	2	(6,642)	0	0
<b>Total net sales</b>	<b>58,006</b>	<b>43,268</b>	<b>30,763</b>	<b>4,703</b>	<b>(6,642)</b>	<b>0</b>	<b>130,097</b>
<b>Earnings</b>							
Segment operating income/(loss)	9,498	1,288	2,776	(5,295)	(9)	0	8,257
Unallocated costs	0	0	0	0	0	(823)	(823)
<b>Operating income</b>	<b>9,498</b>	<b>1,288</b>	<b>2,776</b>	<b>(5,295)</b>	<b>(9)</b>	<b>(823)</b>	<b>7,435</b>
Financing expenses							(7,309)
Financing income							3,347
<b>Income before tax</b>							<b>3,473</b>
Income tax							(1,797)
<b>Net income</b>							<b>1,676</b>
<b>EBITDA</b>	<b>11,118</b>	<b>2,582</b>	<b>4,432</b>	<b>(5,007)</b>	<b>(9)</b>	<b>(823)</b>	<b>12,293</b>
EBITDA in % of sales	19.2%	6.0%	14.4%	-			9.4%
<b>Additions to non-current assets</b>							
Property, plant and equipment	1,051	776	2,357	945	0	0	5,128
Intangible assets	96	616	403	6	0	0	1,120
<b>Segment assets at June 30, 2015</b>	<b>64,627</b>	<b>74,707</b>	<b>65,352</b>	<b>15,261</b>	<b>0</b>	<b>26,114</b>	<b>246,061</b>
<b>Segment liabilities at June 30, 2015</b>	<b>11,313</b>	<b>24,406</b>	<b>9,092</b>	<b>10,350</b>	<b>0</b>	<b>47,682</b>	<b>102,843</b>

<sup>1</sup> Values adjusted to reflect the new organizational and reporting structure.

**05 Financial instruments**

The following table shows the carrying amounts and fair values of financial instruments held at the balance sheet date, by category (excluding cash and cash equivalents).

In thousands of CHF	June 30, 2016			December 31, 2015		
	Carrying amount		Fair value	Carrying amount		Fair value
	Held for trading	Loans and receivables		Held for trading	Loans and receivables	
<b>Financial assets</b>						
Trade receivables		48,015	*		40,043	*
Derivative financial instruments (for foreign exchange hedging)	27		27	25		25
Financial assets		262	*		349	*
<b>Total</b>	<b>27</b>	<b>48,277</b>		<b>25</b>	<b>40,392</b>	
Of which current assets	27	48,015		25	40,043	
Of which non-current assets		262			349	
<b>Financial liabilities</b>						
	Held for trading	At amortized cost		Held for trading	At amortized cost	
Current debt		168	168		11,287	11,336
Contingent consideration	3,921		3,921	3,857		3,857
Payables		24,129	*		20,321	*
Derivative financial instruments (for foreign exchange hedging)	242		242	320		320
Non-current financial liabilities		70,295	73,288		10,749	11,711
<b>Total</b>	<b>4,163</b>	<b>94,592</b>		<b>4,177</b>	<b>42,357</b>	
Of which current liabilities	4,163	24,297		4,177	31,608	
Of which non-current liabilities		70,295			10,749	

\* The carrying amount approximates fair value.

There were no available-for-sale financial assets or held-to-maturity investments. IFRS require all financial instruments which are held at fair value, and all reported fair values, to be categorized into three classes (or "levels") according to whether the fair values are based on quoted prices in active markets (Level 1), on models using other observable market data (Level 2), or on models using unobservable inputs (Level 3).

The only financial instruments recognized at fair value by COMET were derivatives held for currency hedging and the liability for contingent consideration for the acquisition of PCT Engineered Systems LLC. The measurement of the derivatives falls into Level 2, and the measurement of the liability for contingent consideration represents Level 3, of the fair value measurement hierarchy under IFRS 13.

The deferred consideration specified in the purchase agreement for PCT Engineered Systems LLC, Davenport, Iowa, USA is contingent on the achievement of certain threshold values related to new orders received over a period of 12 months after the acquisition and to the resulting payments from customers. As a result of the actual new orders booked in the period from May 1, 2015 to April 30, 2016, and the budget margins and expected incoming customer payments, a further consideration of USD 4.0 million is expected to be paid.

The unobservable material inputs used in the valuation were the probability of the likely new orders; the resulting contingent consideration, for which a range of USD 0 to USD 4.0 million was assumed; and the discount rate of 11.3%.

The movement in the liability for contingent consideration was as follows:

In thousands of CHF	Liability for contingent consideration
Fair value at acquisition date	2,028
Unrealized fair value adjustment	1,482
Effect of foreign exchange and unwinding of discount	411
<b>Liability at June 30, 2016</b>	<b>3,921</b>

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**06 Financing income and expenses**

In thousands of CHF	Six months to June 30, 2016	Six months to June 30, 2015
Net interest expense	(683)	(429)
Net foreign currency translation (losses)	(18)	(3,533)
<b>Net financial result</b>	<b>(701)</b>	<b>(3,962)</b>

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**07 Contractual obligations**

On June 23, 2016, COMET AG signed a general contractor agreement for the expansion of the Flamatt facility for a lump sum price of CHF 38.5 million. Partial payments toward this total price become due according to the progress of construction. The final payment is due four months after COMET declares its final acceptance of the completed construction project; this acceptance is scheduled for June 18, 2018. The costs are being fully capitalized in property, plant and equipment and amortized over the expected useful life from the time of commissioning.

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**08 Impairment**

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually at September 30 or when there is an indication of impairment.

As there was no indication of impairment in the first half of the year, no impairment test was performed, i.e., the corresponding cash generating units were not measured.



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## 09 Financing

### 09.1 Debt

On April 20, 2016, COMET Holding AG issued a five-year, CHF 60 million bond. The issue price was 100% with a coupon of 1.875%. The bond was issued in connection with the financing of the new construction in Flamatt.

The bond is listed on the SIX Swiss Exchange (ISIN: CH0320619437).

### 09.2 Shareholders' equity

#### **Authorized capital for equity-based compensation**

In payment of variable compensation due to the Board of Directors and management for 2015, a total of 638 shares were issued in the first half of 2016 from authorized capital designated for equity compensation. In addition, the members of the Board of Directors were issued a total of 104 shares for Board fees due for the period to the 2016 Annual Shareholder Meeting. As a result, at the end of the reporting period, the remaining unissued authorized capital for equity-based compensation amounted to 21,769 shares, or CHF 217,690.

#### **Distribution to shareholders**

The Annual Shareholder Meeting on April 21, 2016 approved a distribution to shareholders of CHF 11.00 per share (prior year: CHF 11.00) from distributable paid-in capital. COMET Holding AG paid the distribution, which totaled CHF 8.5 million, on April 27, 2016.

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<b>10</b>	<b>Events after the balance sheet date</b>	There have been no events after the balance sheet date with a material effect on the amounts in this half-year report.
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<b>11</b>	<b>Release of the half-year report for publication</b>	At its meeting on August 11, 2016, the Board of Directors approved these interim financial statements for publication.
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**Contact**

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**Key dates**

November 23, 2016	Investor Day 2016
March 23, 2017	Publication of annual report 2016

**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 actual future outcomes or events may differ from such statements. Forward-looking statements in this document are projections of possible future developments. All forward-looking statements are made on the basis of information 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 results or otherwise.

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