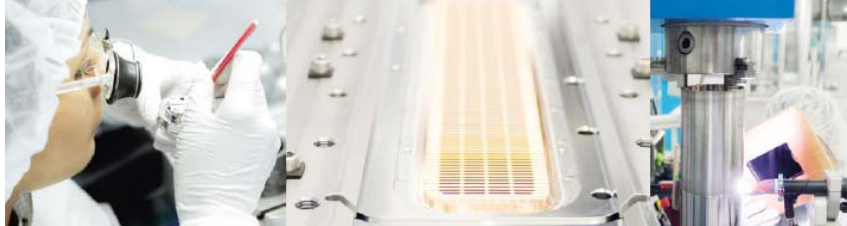


Zurich, August 20, 2015

## Presentation of results for first half of 2015



Ronald Fehlmann, CEO  
Markus Portmann, CFO



## Agenda

1	COMET Group at a Glance	R. Fehlmann
2	Review of H1 2015 Group and Business Segments	R. Fehlmann
3	Financial Results	M. Portmann
4	Outlook for 2015	R. Fehlmann
5	Questions & Answers	All

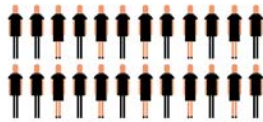


Introduction

## COMET Group at a glance: Leading worldwide with x-ray, RF and ebeam technology

>1050

EMPLOYEES WORLDWIDE



14

LOCATIONS WORLDWIDE



FOUNDED 1948,  
HEADQUARTERS IN FLAMATT (CH)

COMETGROUP

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Introduction

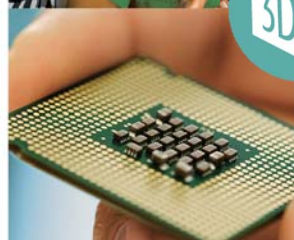
## Global trends as enablers of strong growth

Smart  
Mobility



Environment &  
Saving  
Resources

Miniaturiz-  
ation



Reliability,  
Safety and  
Performance



COMETGROUP

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Introduction


## Focusing on three key technologies, COMET Group delivers leading solutions

<p><b>X-ray</b></p> <p><b>Non-destructive testing</b> Inspection, quality control in automotive, electronics and other industries</p> <p><b>Security</b> Cargo &amp; luggage inspection</p>  <p>About 52% of Group sales</p>	<p><b>RF power</b></p> <p><b>Plasma control</b> Semiconductor LED Thin-film Med tech</p>  <p>About 44% of Group sales</p>	<p><b>ebeam</b></p> <p><b>Sterilization</b> Food and pharma packaging</p> <p><b>Business development</b> Inactivation of dry food Curing Sterilization of tissue-based products</p>  <p>About 4% of Group sales</p>
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Introduction

## Worldwide presence has grown to 14 locations by acquisition of PCT Engineered Systems LLC



- Flamatt, CH (HQ)
- Hamburg, DE
- Hattingen, DE
- Heilbronn, DE
- Stolberg, DE
- Copenhagen, DK
- Beijing, CN
- Shanghai, CN
- Yokohama, JP
- San José, US
- Hudson, US
- Shelton, US
- Davenport, US
- Sales and service network

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## Agenda

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Review of H1 2015

## H1 2015: COMET Group shows robustness in a more challenging environment ...

- ✓ Net income same as previous year's at constant currency rates
- ✓ Growth of 15% in operating earnings (EBITDA)
- ✓ New orders up 4%
- ✓ Sound balance sheet figures
- ✓ Solid cash flow provided by operating activities allowing for increased investing activities

Review of H1 2015

## ... which allows the continuing dynamic implementation of the strategy

- ebeam business strengthened by acquisition of PCT Engineering Systems
- Bühler: ebeam project with second big partner made official
- Hexagon: Alliance with major player to tap future opportunities in CT and metrology
- Mirtec: Cooperation to help customers to leverage industry 4.0 benefits
- Building permit applied for in project to expand production capacity in Flamatt

**PCT**

**BUHLER**

**HEXAGON**

**MIRTEC**



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Review of H1 2015

## H1 2015: Factors influencing results

	Sales	Profitability	Impact on	
<b>External</b>	Exchange rates	-	+	Group
	Low oil and gas prices	-		XET
	Asia growth	-		IXS
<b>Internal</b>	Reorganization of CT business	-	-	IXS
	Cost management		+	Group
	Acquisition of PCT Engineered Systems LLC	+	-	XET

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Review of H1 2015

## H1 2015: COMET Group slightly below H1 2014 with improved operating earnings

<b>Net sales in CHF</b>	-1.9% vs. year-earlier period, from 132.6m to 130.1m
<b>Net income in CHF</b>	-62.2% vs. year-earlier period, from 4.4m to 1.7m
<b>EBITDA in CHF</b>	+14.6% vs. year-earlier period, from 10.7m to 12.3m
<b>EBITDA margin</b>	+1.3% points vs. year-earlier period, from 8.1% to 9.4%

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Review FY 2015

## H1 2015: Sound balance sheet figures

<b>Operating Cash flow in CHF</b>	-56.9% vs. year-earlier period, from 12.7m to 5.5m
<b>Net debt in CHF</b>	increased mainly due to acquisition vs. year-earlier period, from 12.3m to 20.4m
<b>Equity ratio</b>	-0.9% points vs. year-earlier period, from 59.3% to 58.2%

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Review of H1 2015

## H1 2015: PCT with continued profitable growth; challenging environment reflected in x-ray

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	X-Ray Systems	Plasma Control Technologies	X-Ray & ebeam Technologies
	<b>-18.4%</b>	<b>+10.3%</b>	<b>-1.6%</b>
Net sales in CHF	<b>43.3m</b> (H1 2014: 53.0m)	<b>58.0m</b> (H1 2014: 52.6m)	<b>34.8m</b> (H1 2014: 35.4m)
EBITDA margin	<b>6.3%</b> (H1 2014: 5.3%)	<b>18.4%</b> (H1 2014: 15.3%)	<b>-0.8%</b> (H1 2014: 4.1%)

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X-Ray Systems

## IXS: Profitability improved, tire market contraction in China, expecting stronger H2

**12.4% decrease in sales in local currencies**

- Downturn in tire market due to changed regulations in China
- As expected, missing revenue from CT systems as a result of the low backlog and the reorganization last year

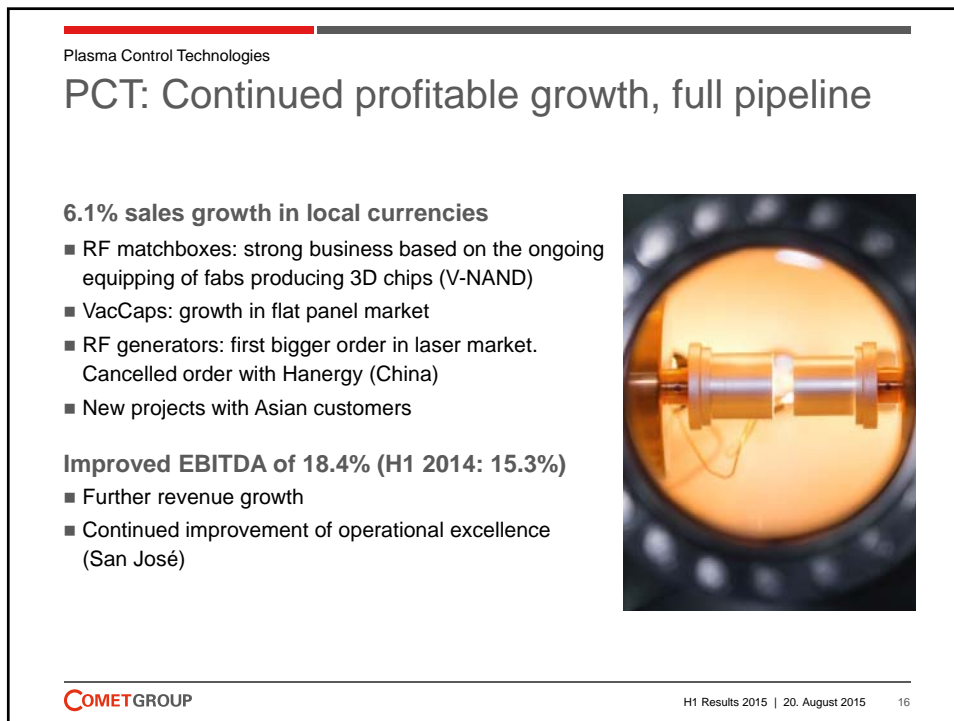
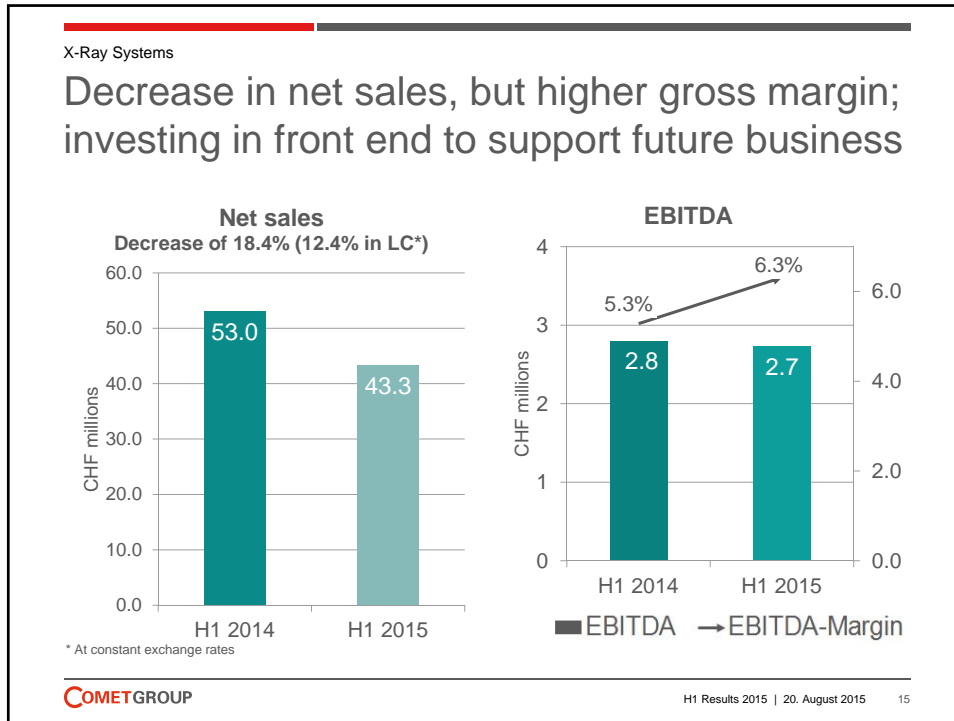
**6.3% EBITDA margin vs. 5.3% in H1 2014**

- Further operational improvements
- Favorable product mix
- Positive currency effects

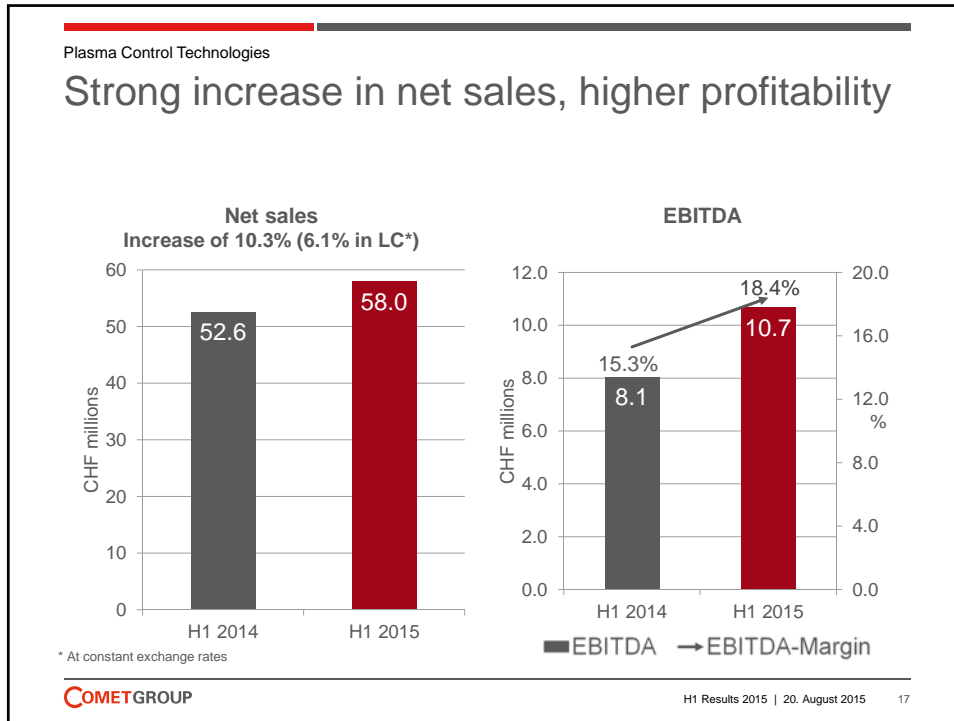
**Partnerships with Hexagon and Mirtec as important steps for addressing market trends like industry 4.0 and metrology**



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X-Ray & ebeam Technologies

## XET: Low oil and gas prices and stronger CHF pose challenge in NDT, ebeam passes milestones

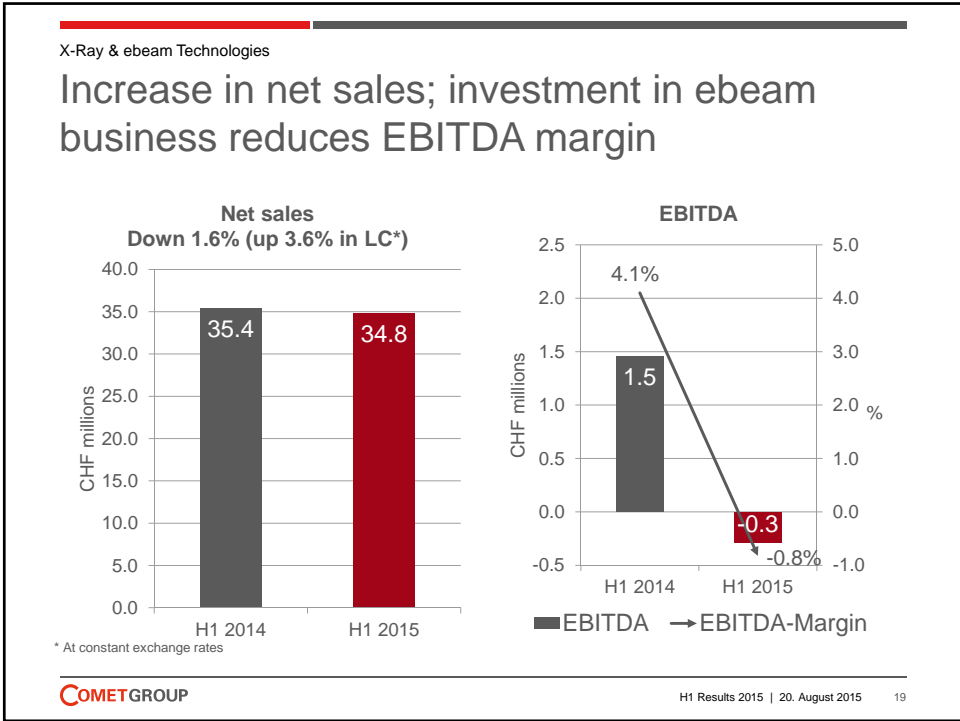
**3.6% growth in local currencies including acquisition of PCT Engineered Systems**

- NDT sales negatively impacted by:
  - Reduced customer spending in pipelines and sorting due to lower oil and gas prices
  - Strong CHF weighing on sales, which are primarily generated in the eurozone

**Reduced EBITDA margin of -0.8% (H1 2014: positive 4.1%)**

- Negative impact of strong CHF
- Cost of acquisition and integration of PCT Engineered Systems

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X-Ray & ebeam Technologies

### ebeam reached important strategic milestones

**Acquisition of PCT Engineered Systems**

- COMET now a fully integrated powerhouse for low-energy ebeam
- Market reach extended to end-customers

**Official launch of ebeam-based packaging machine E3 by Tetra Pak at FISPAL in Brazil**

- Ongoing preparations of facility and supply chain to scale up production of ebeam engines

**Bühler as second strong partner to develop more applications**

- Preliminary testing successful and encouraging basis for further collaboration

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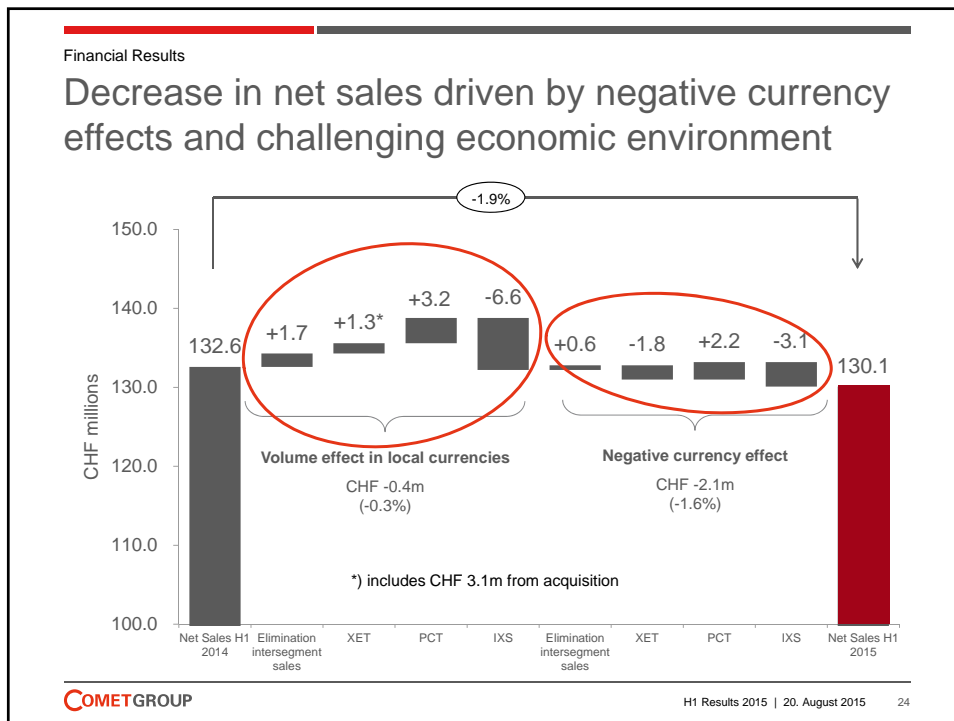
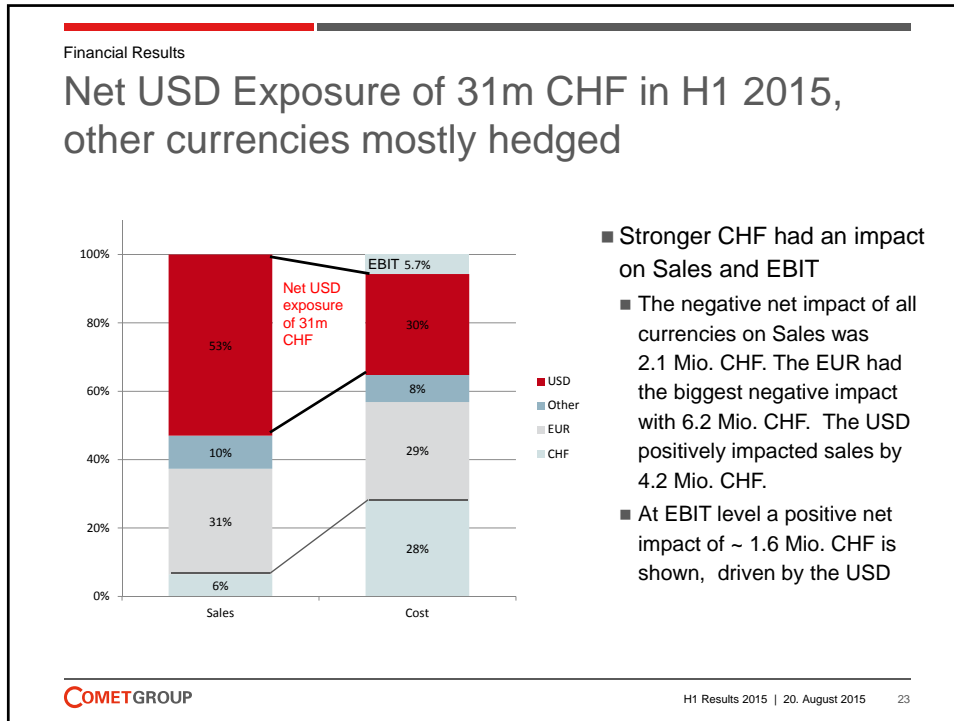
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### Financial Results

## Increased Incoming Orders and improved operating Performance

in CHF thousands	H1		Change	
	2015	2014	Absolute	in%
<b>Incoming orders</b>	142'942	137'895	5'047	4%
<b>Net sales</b>	130'097	132'583	-2'486	-2%
Cost of sales	-81'910	-83'845	1'935	
<b>Gross profit</b>	48'187	48'738	-551	
<b>Gross profit margin in %</b>	37.0%	36.8%	0.2%	
Other operating income	2'778	1'646	1'132	
Development expenses	-14'771	-15'547	776	
SG&A	-28'759	-29'336	577	
<b>Operating income (EBIT)</b>	7'435	5'500	1'935	
Financing result and income taxes	-5'759	-1'072	-4'687	
<b>Net income</b>	1'676	4'428	-2'752	
<b>EPS in CHF</b>	2.17	5.75	-3.58	
<b>EBITDA</b>	12'293	10'728	1'565	
<b>EBITDA margin in %</b>	9.4%	8.1%	1.4%	

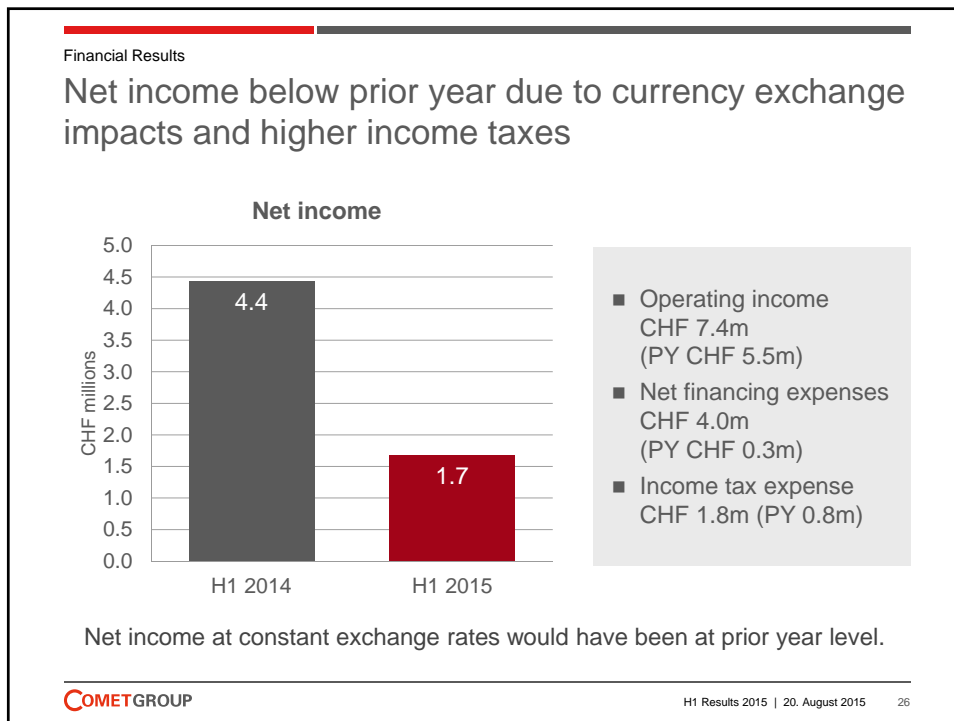


Financial Results

### At constant exchange rates EBITDA margin increased by 0.6% points despite lower sales

Bridge June YTD 2015 vs. PY	as reported	@ constant	@ constant	FX impact	@ current	M&A	as reported	@ nominal
	June YTD 2014	FX rates	FX rates, w/o M&A		June YTD 2015		FX rates, w/o M&A	June YTD 2015
		Δ						Δ
Sales	132.6	-3.6	129.0	-2.1	127.0	3.1	130.1	-2.5
EBITDA	10.7	0.5	11.2	1.5	12.7	-0.4	12.3	1.5
Financial expense	-0.3	-0.1	-0.4	-3.5	-4.0		-4.0	-3.7
Total income tax	-0.8	-0.7	-1.5	-0.5	-2.0	0.2	-1.8	-1.0
Net income	4.4	0.0	4.4	-2.4	2.1	-0.4	1.7	-2.7
Sales Growth in %		-2.7%	-2.7%	-1.6%	-4.2%	2.4%	-1.9%	
EBITDA Margin in %	8.1%	0.6%	8.7%	1.3%	10.0%	-0.5%	9.4%	1.3%
€	1.22	-	1.22	-	1.06	-	1.06	-13%
\$	0.89	-	0.89	-	0.95	-	0.95	6%

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Financial Results

## Higher finance costs due to mostly extraordinary losses on foreign currency balances

**Net financing items amounted to an expense of CHF 4.0m (PY CHF 0.3m), reflecting the following factors:**

- Interest expenses decreased to CHF 0.4m (PY CHF 0.6m)
- The stronger CHF following the SNB's decision to remove its cap on the currency's value against the EUR led to losses on foreign currency balances of CHF -3.5m (PY gain of CHF 0.3m).
  - Extraordinary adjustments on IC loans and net working capital
  - Transactions in EUR almost naturally hedged
  - Net exposure in USD partly hedged by forward exchange contracts

### Currency impact on balance sheet:

- A currency translation loss of CHF 8.7m was recorded directly to equity (mainly EUR and USD)

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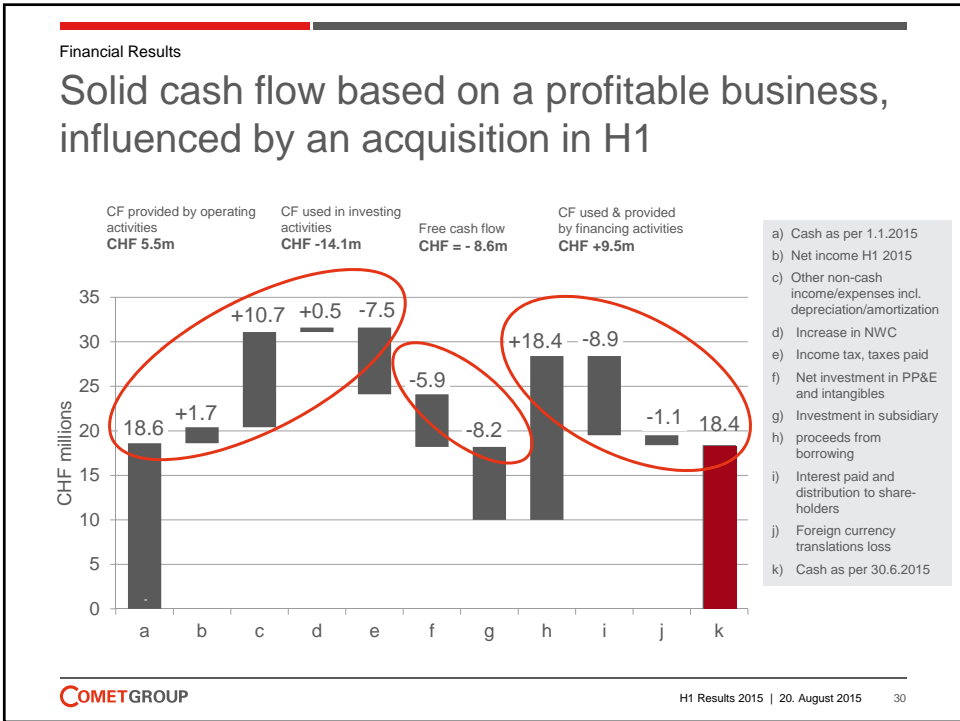
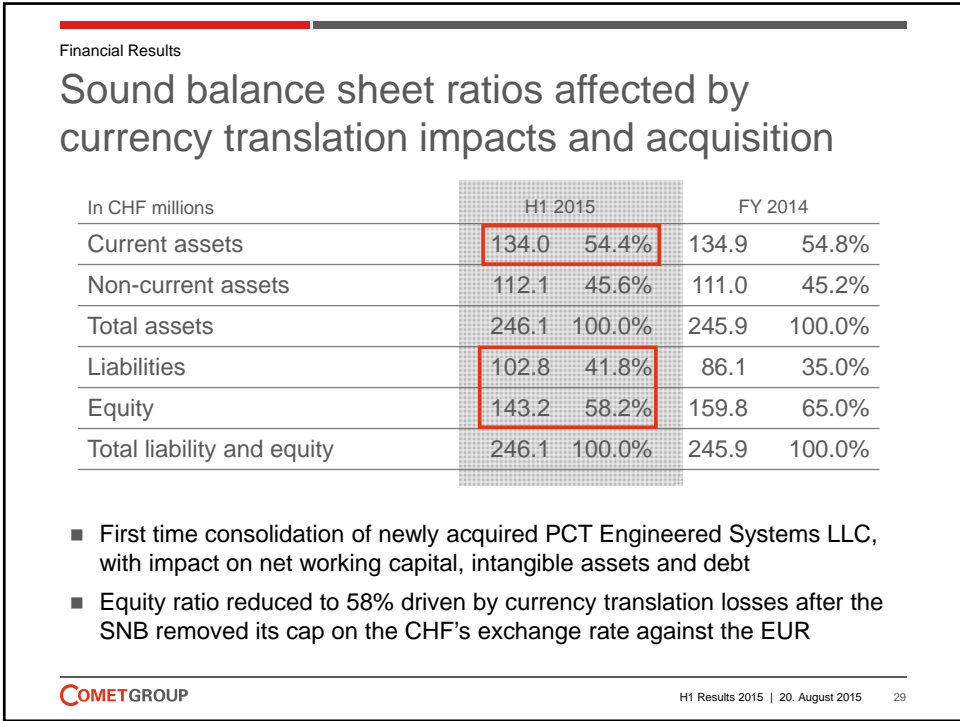
Financial Results

## Income tax rate temporary up to 52% impacted by currency exchange rate effects

- The reported tax rate of 52% is driven by an extraordinary translation loss on Holding level without tax shield
- Applying the expected Group base tax rate of 28%, the EBT of CHF 3.5m would lead to an expected tax expense of CHF 1.0m
- Total income tax expense reported sums up to CHF 1.8m (PY CHF 0.8m). The difference to the expected tax expense of CHF 0.8m is explained as follows:
  - Non-tax deductible part of currency translation losses: CHF -0.7m
  - Non-recognition of tax losses: CHF -0.2m (no DTA recognized on tax losses)
  - Other effects, net: CHF 0.1m
- The expected effective tax rate for FY 2015 is approx. 35%

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Financial Results

## Rolling average working capital increased, driven by acquired working capital

### Working capital ratios (12 m avg)

- Total net working capital increased by CHF 5.5m (CHF 3.1m excluding PCT Engineered Systems LLC). Net working capital in % of net sales reached 25.3% (PY 24.4%) reflecting the acquisition
- Decrease in trade receivables (net of prepayments by customers) to CHF 20.6m (PY CHF 33.6m) reflecting the lower net sales compared to second half 2014. DSO (monthly average days sales outstanding) reached 36 days (PY 41 days)
- Inventories increased to CHF 67.3m (PY CHF 51.9m), reflecting the first time inclusion of PCT Engineered Systems LLC with CHF 9.3m and the planned growth in H2 2015. DIO (monthly average days inventory outstanding) reached 75 days (PY 71 days)

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Financial Results

## Non-current assets almost unchanged, impacted by currency effects and acquisition

### Non-current assets increased by CHF 1.1m or 0.9%

- Compared to prior year-end property, plant and equipment and intangible assets increased by CHF 3.5m
  - CHF 8.4m acquired with PCT Engineered Systems LLC
  - Cash capital expenditures as a mixture of replacement and capacity increases totaled CHF 6.2m (PY CHF 4.7m), divestments CHF 0.3m
  - Depreciation of non-current assets totaled CHF 3.8m; amortization: CHF 1.1m (including CHF 0.8m on intangibles recognized from PPA)
  - Negative translation effects totaled CHF 6.0m
- Pension assets decreased to CHF 1.6m (PY CHF 3.1m) as a result of the further decreased interest rates (higher present value of defined benefit obligation) in the Swiss plans (directly recorded in equity)
- Deferred tax assets decreased to CHF 5.6m (PY CHF 6.5m) reflecting "consumption" through profits recognized

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Financial Results

## Strong equity ratio of 58.2% despite significant extraordinary foreign currency impacts

**Current liabilities increased by CHF 20.0m, mainly driven by:**

- Increase in bank debt related to the acquisition of PCT Engineered Systems LLC, increased capital expenditures and dividend payments
- lower income tax payable

**Non-current liabilities fell by CHF 3.3m, mainly due to:**

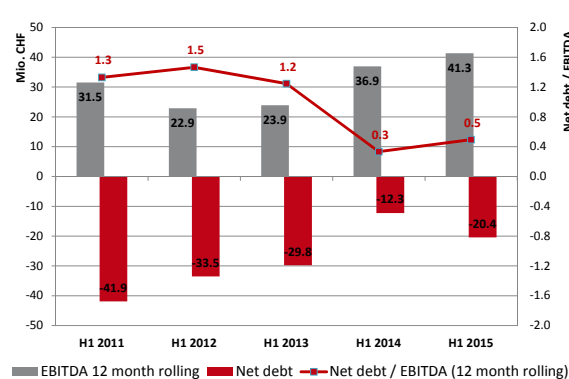
- Non-current debt becoming current (current debt CHF 28.0m, non-current 10.8m)

**Equity ratio decreased from 65.0% to 58.2% (H1 2014: 59.3%):**

- Total comprehensive income of CHF -8.3m for H1 2015
  - Net income CHF 1.7m, actuarial loss on defined benefit plans net of tax CHF -1.3m, foreign currency translation losses CHF -8.7m
- Share-based payments of CHF 0.2m
- Distribution to shareholders of CHF 11.00 per share totaling CHF -8.5m

Financial Results

## Net debt in H1 increased to CHF 20.4m Ratio Net Debt / EBITDA with 0.5 very solid



Increase in net debt to CHF 20.4m (PY CHF 12.3m), related to

- Acquisition of PCT Engineered Systems LLC
- increased capital expenditures and dividend payments

Net debt at year-end expected to reach ~ CHF 10m

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### Outlook

## Outlook for 2015: Raised forecast for Net sales and EBITDA

**COMET Group expects a strong and profitable H2 and thus raises its forecast for 2015 to**

- Net sales of CHF 290-310m
- an EBITDA margin of 13.5-14.5%




### Based on

- updated foreign exchange rates (CHF 0.95 per USD and 1.06 per EUR)
- additional net sales related to the acquisition of PCT Engineered Systems LLC (effective May 1, 2015)
- challenging economic environment

Outlook

Full year 2015: Sales of CHF 290m to CHF 310m at an EBITDA margin of 13.5% to 14.5%


H2 2015 vs. H1 2015

COMET Group		Sales in CHF
X-Ray Systems	Significant sales increase expected, coming from all customer segments. Tire: yoy sales will not reach 2014 level.	
X-Ray & ebeam Technologies	Industrial X-Ray: significant organic growth expected in all markets.  ebeam: Integration of PCT Engineered Systems, continued preparation of rollout for Tetra Pak, business development with Bühler and other projects; single digit share of group sales in 2015	
Plasma Control Technologies	Commercialization of design wins, continued high demand from semicon market expected, Q3 much stronger expected than Q4	

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H1 2015: Important steps achieved for further mid- and long-term growth

A strategy update and a presentation on the “Growth Levers 2016+” will be given at:



**COMET Group Investor Day 2015**  
 Tuesday, November 24, 2015  
 from 10:00 a.m. to around 3:15 p.m.  
 COMET AG, Herrengasse 10, 3175 Flamatt (CH)

**The program**

- Plenary presentations by our management team
- Presentations by high-profile clients
- Interactive break-out sessions

An official invitation with full program details will follow at the end of September.

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## Q&A

## Financial calendar for the COMET Group

24 November, 2015	Investor Day
17 March, 2016	Publication of 2015 annual report
21 April, 2016	General Assembly in Berne

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

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