HALF-YEAR RESULTS 2019

Agenda

Comet Group's First Half of 2019 at a Glance 3
Financial Results 10
Strategic Direction 19
Outlook 26
Questions & Answers 29
First Half of 2019 at a Glance

PERFORMANCE AT A GLANCE

Difficult market environment weighs on first-half results
Comet’s financial footing remains robust

Sequential decrease in semi equipment market
... from the already weaker H2 2018. Tightening of trade tariffs.

Investments in R&D continued
... in order to ensure future growth. Positive impact from profit improvements at IKS. Drop at PCT, however, could not be compensated for.

Stronger cash flow
... as a result of rigorous net working capital management, improved operating activities and CAPEX freeze.

Robust financial footing

177
Net sales in CHFm (-23.8 vs. H1 2018)

4.8%
EBITDA margin (vs. 13.8% in H1 2018)

8%
Operating Cash flow margin (vs. 2% in H1 2018)

48.8%
Equity ratio
PERFORMANCE AT A GLANCE

Performance of Comet Group and divisions

<table>
<thead>
<tr>
<th>Division</th>
<th>Net sales in CHFm</th>
<th>EBITDA in CHFm</th>
<th>% of Group sales in H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCT</td>
<td>177</td>
<td>73.1</td>
<td>(41%*)</td>
</tr>
<tr>
<td>IXM</td>
<td>73.1</td>
<td>36.8</td>
<td>(17%*)</td>
</tr>
<tr>
<td>IXS</td>
<td>67.3</td>
<td>7.0</td>
<td>(38%*)</td>
</tr>
<tr>
<td>EBT</td>
<td>7.0</td>
<td>-3.0</td>
<td>(4%*)</td>
</tr>
</tbody>
</table>

-23.8% vs. H1 2018

-40.9% vs. H1 2018

-17.6% vs. H2 2018

-9.8% vs. H1 2018

+3.5% vs. H1 2018

-26.9% vs. H1 2018

CONDITIONS IN KEY MARKETS

Overall mixed trends in Comet’s main industries in H1

**Semi-conductors**
- Weak demand, high inventory levels at equipment manufacturers
- Industry reached the lowest point and is likely poised for moderate growth in the quarters ahead.
- Trade conflicts led to push-outs for additional capacity.
- Longer-term growth drivers remain attractive due to digitalization, the ubiquity of the internet of things, artificial intelligence and new technologies.

**NDT – Electronics**
- High demand as key accounts in China continue to invest and new factories are being built in SEA
- Strategy of moving from off-line to at-line systems is showing initial results
- Strong growth drivers as smaller and more complex parts need to be inspected using x-ray/CT vs. just optical inspection
- Overall increased demand from automation and IoT in high-end applications

**NDT – Automotive**
- Mixed trend due to uncertainties caused by trade conflicts, but also by transition to new technologies
- Ramp-up of e-mobility leading to shift in parts inspection from castings to electronics and 3D manufacturing
- Transition may lead to postponed investment decisions by end consumers

Trade tensions and increased tariffs
CONDITIONS IN KEY MARKETS

Overall mixed trends in Comet’s main industries in H1

NDT – Aerospace
- Positive trend as market transitions from analog to digital inspection solutions, which Yxlon supports with features like Assisted Defect Recognition

Security inspection
- Temporarily reduced investment by customers in freight and baggage screening (relevant for Comet) to invest more in checkpoints, where Comet does not yet have a presence

NDT – Oil & Gas
- US oil and gas production has spiked, however, investment in inspection significantly reduced vs. strong H1 2018
- Ongoing sanctions against Iran have created a climate of volatility

Trade tensions and increased tariffs

CONDITIONS IN KEY MARKETS

Indications of recovery in semiconductor market in 2020

SEMI summary of semiconductor forecasts for 2020

<table>
<thead>
<tr>
<th></th>
<th>Apr-19</th>
<th>Jun-19</th>
<th>May-19</th>
<th>Apr-19</th>
<th>Jun-19</th>
<th>May-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>11.7%</td>
<td>8.7%</td>
<td>7%</td>
<td>7%</td>
<td>6.8%</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

Average growth = 7.8%

Semiconductor Industry Association (SIA) data for June 2019

“...The memory data in June is clearly showing the surprising strength that lead to July price stabilization …

Clearly, we have shifted suddenly from customer depletion of inventory to customer build…”
CONDITIONS IN KEY MARKETS

Indications of recovery in semi equipment market in 2020

SEMI summary of the equipment market
Forecast of 2020

SEMI Equipment Association
as of July, 2019

“Taiwan will become the largest market in 2019 …

China will be the largest market in 2020.”

Financial Results
**Impact IFRS 16 restatement on financial key indicators**

### H1 2019

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Restated</td>
</tr>
<tr>
<td>EBITDA</td>
<td>8.5</td>
<td>32.1</td>
</tr>
<tr>
<td>In % of sales</td>
<td>4.8%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Depreciation &amp; amortization</td>
<td>-9.7</td>
<td>-14.5</td>
</tr>
<tr>
<td>EBIT</td>
<td>-1.2</td>
<td>17.6</td>
</tr>
<tr>
<td>In % of sales</td>
<td>-0.7%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Financial result</td>
<td>-2.3</td>
<td>-0.8</td>
</tr>
<tr>
<td>Income taxes</td>
<td>0.4</td>
<td>-2.3</td>
</tr>
<tr>
<td>Net income</td>
<td>-3.1</td>
<td>14.5</td>
</tr>
<tr>
<td>In % of sales</td>
<td>-1.8%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

### H1 2019 Change

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018*</th>
<th>Absolute</th>
<th>In %</th>
</tr>
</thead>
<tbody>
<tr>
<td>New orders</td>
<td>185.5</td>
<td>236.5</td>
<td>-51.0</td>
<td>-21.6%</td>
</tr>
<tr>
<td>Backlog</td>
<td>120.7</td>
<td>129.9</td>
<td>-9.2</td>
<td>-7.1%</td>
</tr>
<tr>
<td>Net sales</td>
<td>177.0</td>
<td>232.4</td>
<td>-55.4</td>
<td>-23.8%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>64.4</td>
<td>93.8</td>
<td>-29.4</td>
<td>-29.4%</td>
</tr>
<tr>
<td>Gross profit margin in %</td>
<td>36.4%</td>
<td>40.4%</td>
<td>-4.0%</td>
<td></td>
</tr>
<tr>
<td>Other operating income</td>
<td>2.3</td>
<td>2.6</td>
<td>-0.3</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Development expenses</td>
<td>-25.5</td>
<td>-27.6</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>-42.4</td>
<td>-51.3</td>
<td>8.9</td>
<td></td>
</tr>
<tr>
<td>Operating Income (EBIT)</td>
<td>-1.2</td>
<td>17.6</td>
<td>-18.8</td>
<td></td>
</tr>
<tr>
<td>Financial result</td>
<td>-2.2</td>
<td>-0.8</td>
<td>-1.4</td>
<td></td>
</tr>
<tr>
<td>Income taxes</td>
<td>0.4</td>
<td>-2.3</td>
<td>2.7</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>-3.1</td>
<td>14.5</td>
<td>-17.6</td>
<td></td>
</tr>
<tr>
<td>EPS in CHF</td>
<td>-0.40</td>
<td>1.87</td>
<td>-2.27</td>
<td></td>
</tr>
<tr>
<td>Operating Income (EBIT)</td>
<td>-1.2</td>
<td>17.6</td>
<td>-18.8</td>
<td></td>
</tr>
<tr>
<td>Amortization &amp; depreciation</td>
<td>9.7</td>
<td>14.5</td>
<td>-4.8</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>8.5</td>
<td>32.1</td>
<td>-23.6</td>
<td></td>
</tr>
<tr>
<td>EBITDA margin in %</td>
<td>4.8%</td>
<td>13.8%</td>
<td>-9.0%</td>
<td></td>
</tr>
</tbody>
</table>

* All 2018 figures IFRS 16 restated

**FINANCIAL RESULTS**

**Full IFRS 16 restatement with adjustment of prior period**
- Increased EBITDA and EBIT margin: operating lease expense are split into depreciation and interest costs
- Gross-up of balance sheet: recognition of right-of-use asset and lease liability

**Net sales and net income impacted by sharp decline of the semi-conductor market**

- Slightly decreased backlog, but stable
- Lower gross profit margin due to lower sales volumes
- Functional costs reduced by CHF 11.0m; on-going high investments in R&D activities
- Financial result driven by higher interest costs of CHF -1.0m and foreign currency translations of CHF -1.2m
**FINANCIAL RESULTS**

**Sales performance affected by downturn of PCT**

Sales performance was negatively affected by the downturn of PCT. The chart illustrates the volume effect in local currencies, which resulted in a decrease of CHF 56.4 million (-24.2%) and a positive currency effect of 0.4%.

**EBITDA driven by PCT Sales performance**

EBITDA was driven by the performance of PCT. The margin decreased from 13.8% to 4.8%. The negative effects were partly offset by a positive currency effect of 0.4%.
FINANCIAL RESULTS

Net income driven by lower Sales/lower Operating income, positive impact through one-off item

FINANCIAL RESULTS

Decreasing USD exposure; structural cost base in CHF

- Structural cost base in CHF remains
- USD net exposure decreased due to lower business activities in USD
- Natural hedge of EUR
- Slight increase in net exposure of other currencies (CNY, JPY)
- Weaker EUR main reason for foreign currency loss of CHF 1.2m incurred
**CASH MANAGEMENT**

**Stronger operating Cash-Flow as a result of consequent net working capital management**

<table>
<thead>
<tr>
<th>in CHF millions</th>
<th>H1 2019</th>
<th>Change</th>
<th>Absolute</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018*</td>
<td></td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>14.4</td>
<td>4.2</td>
<td>10.2</td>
</tr>
<tr>
<td>in % of net sales</td>
<td>8.1%</td>
<td>1.8%</td>
<td></td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>-8.5</td>
<td>-17.4</td>
<td>8.9</td>
</tr>
<tr>
<td>Free Cash-Flow</td>
<td>5.9</td>
<td>-13.2</td>
<td>19.1</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>-5.0</td>
<td>-14.8</td>
<td>9.8</td>
</tr>
<tr>
<td>Net in-/decrease in cash and cash equivalents</td>
<td>0.9</td>
<td>-28.0</td>
<td>28.9</td>
</tr>
<tr>
<td>Foreign currency translation differences on cash and cash equivalents</td>
<td>-0.2</td>
<td>0.2</td>
<td>-0.4</td>
</tr>
</tbody>
</table>

- Positive impact from reduction of NWC CHF 6.2m
- Free Cash-Flow improved due to operating activities and CAPEX freeze
- Main financing activities:
  - bridge-loan of CHF 7.8m
  - dividend payment of CHF -9.3m
  - interest and lease liabilities repayment of CHF -2.3m (IFRS 16)

**FINANCIAL RESULTS**

**Robust balance sheet ratios**

<table>
<thead>
<tr>
<th>in CHF millions</th>
<th>H1 2019</th>
<th>31.12.2018*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>199.1</td>
<td>206.1</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>175.9</td>
<td>174.2</td>
</tr>
<tr>
<td>Total assets</td>
<td>375.0</td>
<td>380.3</td>
</tr>
</tbody>
</table>

- Decrease in current assets related to accounts receivables (CHF -3.1m) and inventories (CHF -4.6m)
- Increase in liabilities mainly related to short term financing (CHF 7.8m)
- Decrease in equity ratio related to net loss of the period (CHF -3.1m), actuarial losses recognized in other indirect income (CHF -2.3m) and changes in cumulative translation adjustments (CHF -0.8m), partly compensated by lower dividend (CHF 2.3m)
STRATEGIC REALIGNMENT

Current assessment of Comet Group after 3 months of leadership

TO LEVERAGE
- State of the art technology in most areas
- Highly skilled and motivated workforce who are eager to outperform
- Long-term partnerships with leading companies in our main markets who want to grow with us
- RF and x-ray technology are key enablers in progressive digitalization of society. Attractive potential with existing and new customers based on innovation and product portfolio expansion
- Services have high potential to grow
- Robust financial basis

TO IMPROVE
- Reduction of complexity \(\Rightarrow\) more focus on profitable market growth
- Invest in capabilities in the area of artificial intelligence, machine learning and data analysis
- Expansion in high volume markets with a high degree of standardization and a high probability of remaining or becoming market leader
- Operational excellence and the ability to manage the cycles through make-or-buy decisions
- Expansion of our footprint in Asia as the biggest end-market now and in the future
Addressing the Semiconductor/Electronic and related markets

Installed Capacity to 2023

- More RF power solutions needed to support efficient production of micro-devices and new technologies
- More x-ray solutions needed to inspect increasingly smaller and more complex memory chips (multi-chip modules)

CAGR: 7%
(2019 to 2023)

Source: SEMI, June 2019

STRATEGIC FOCUS

Focusing on plasma control and x-ray technologies and developing strategic options for ebeam

Technology
- RF power
- X-ray
- ebeam

- Strengthen the core
- Evaluate options
- Expand services
STRATEGIC DIRECTION

Strengthen the RF power business

- Leverage unique position as one-stop shop for all three components of the RF power unit, expanding the portfolio
- Continue on innovation path with the new unique RF power generator
- Adjust structures, costs and processes
- Expand business activities in Asia, exploiting market potential

**RF power unit**

- Vacuum capacitor
- Matchbox
- Generator

**Product innovations**

Example of new RF power generator: successfully presented to key customers in June 2019

**Focus**

Increase flexibility to buffer cyclical swings more effectively

---

STRATEGIC DIRECTION

Reposition the x-ray systems business

- Focus on profitable, high-growth market segments with high volume, standardization and the ability to become number one in the market
- Reduce complexity in markets and products, standardize
- Medium-term ambition to significantly improve profitability

**Focus and expand offering of services**

Solution provider – Production partner

**Shift to better integrated solutions**

- in-line and at-line based on
  - Artificial Intelligence
  - Machine Learning
  - Data analysis

---
STRATEGIC DIRECTION

Strengthen x-ray modules and components

- Address substantial potential for growth in existing and new applications and markets
- Continued expansion of product portfolio to address more applications and new markets through launch of additional products
- Transfer of components from IXS to IXM to increase market share

Supporting customer needs and trends

- Inline CT
- Security
- 3D print
- Miniaturization
- Portable x-ray
- XRS components
- iVario / IXRS

Outlook
SUMMARY

Optimistic market outlook – Comet Group is taking the necessary actions for future profitable growth

Fundamental growth drivers intact
Moderate recovery of semi market expected in 2020

Strong financial footing

Strategic focus

Measures to considerably increase efficiency are underway

Outlook

While the effects of geopolitical upheaval remain difficult to predict, Comet believes that the bottom of the semiconductor cycle has been reached and demand in the semiconductor market will recover again in 2020.

For the full year 2019 the management and Board of Directors expect:

<table>
<thead>
<tr>
<th>Net sales in CHFm</th>
<th>EBITDA margin in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>350 to 370</td>
<td>7.0 to 8.5</td>
</tr>
</tbody>
</table>

2019E
Questions and Answers

Thank you for your interest