Strategy update: The growth story accelerates

Dr. René Lenggenhager
CEO, Comet Group
Agenda

1. The Comet Group at a Glance
2. Strategy Update
3. The Growth Story Accelerates
We are a Swiss company with high competency in three leading technologies …
The Comet Group at a glance

… enabling faster, more efficient processes and safer products in many industries

Semiconductors
Microchips & Sensors
Displays

49.4%
of H1 2017
Group sales
The Comet Group at a glance

... enabling faster, more efficient processes and safer products in many industries

43.7% of H1 2017 Group sales
The Comet Group at a glance

... enabling faster, more efficient processes and safer products in many industries

- X-ray
- Treatment of surfaces, sterilization, inactivation
- RF power
- Non-destructive testing, computed tomography
- Plasma Control

Food
Printing

6.9% of H1 2017 Group sales
Agenda

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Comet Group is set up for growth and moving closer to its original growth targets for 2020.

### Status update

<table>
<thead>
<tr>
<th>Original target for 2020: Sales in CHFm</th>
<th>EBITDA %</th>
<th>Strategic building blocks and growth engine prove successful</th>
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</thead>
<tbody>
<tr>
<td>~500</td>
<td>16-18</td>
<td></td>
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<tr>
<td>Net sales in CHFm 2017E</td>
<td>2017E</td>
<td></td>
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<tr>
<td>430-450</td>
<td>EBITDA %</td>
<td></td>
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The Comet Group growth engine: Where do we stand with initiatives started in 2016?

2016

**Growth Initiatives** (examples 2016)
- RF power (PCT)
- Metrology (IXS)
- Tetra Pak rollout (EBT)

**Business Development** (examples 2016)
- Project with Bühler (EBT)
- Digital printing (EBT)
- Further ebeam applications
- CT-Inline (IXS)
- Security (IXM)

**Ongoing Business** (examples 2016)
- Market expansion
- KAM
- Growth initiatives on segment level

**Operational Excellence** (examples 2016)
- Improve gross margin
- Strengthen supply chain
- Leadership
- Expand management toolbox
Operational Excellence – Initiatives on plan, and to be accelerated

**Gross margin**
- Improved by 1% point H1 2017 vs. H1 2016

**Management toolbox**
- Introduction of new multi PM and collaboration tools

**Strengthening of leadership**
- Senior leadership programme completed
- Further rollout to next level ongoing

**Strengthening of supply chain**
- Introduction of global lead buyer concept
- Building expansion in Flamatt on plan
- Successful expansion of PCT production
Strategy update

Business Development: 2 cases transferred to GI; 2 at higher maturity stage, 5 new cases
Strategy update

Growth Initiatives: Inactivation of dry food and security as new GI, Tetra Pak rollout adjusted

**RF power (PCT)**
New RF power generation; preparation of all R&D locations; team set up; **Key project for growth after 2020.**

**Inactivation of dry food (Bühler)**
Project transferred from R&D to business at customer; **First orders in.**

**Tetra Pak rollout (EBT)**
Ongoing at slower than expected pace. Importance of ebeam confirmed. Delayed market entry due to new product platform. **Transferred into OB and new BD started.**

**Metrology (IXS)**
Launch of FF CT 20 and 35 Metrology systems at Control; **First orders in.**

**Security (IXM)**
Feasibility proven for 2 customer projects. **Development of OEM solution started.**
Strategy update 2017: Comet Group growth engine

Ongoing Business as strongest driver within the growth engine

**PCT**
- Strong growth drivers like AI, VR, big data
- Broaden application and customer base

**IXS**
- Market to strongly grow due to Industry 4.0, investments to leverage growth potential
- Capitalize on experience as solution provider

**EBT**
- “Start-up” business
- Expand BD focus to applications outside food and printing, long-term focus

**IXM**
- Solid business with growth potential esp. in security market
- Explore new applications / markets
Comet Group on track with its growth engine

**Growth Initiatives**
- RF power (PCT)
- Metrology (IXS)
- Project with Bühler (EBT)
- Security (IXM)

**Business Development**
- Digital printing (EBT)
- CT inline (IXS)
- Egg treatment (EBT)
- Electronics 4.0 (IXS)
- ebeam+ (outside food / printing)
- CT tire metrology (IXS)
- Tetra Pak NGPL (EBT)

**Ongoing Business**
- Country and cross-selling with KAM
- Segment growth initiatives (incl. ongoing Tetra business)

**Operational Excellence**
- Improve gross margin
- Strengthen supply chain
- Expand management toolbox
- Agile leadership
- Lean manufacturing/office

New category
Agenda

1. The Comet Group at a glance
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The growth story accelerates

Four focus topics will enhance growth and help set stage for robust growth even beyond 2020.

- Digitalization
- Diversification
- Go-to-Market
- Speed & Agility
The growth story accelerates

Four focus topics will enhance growth and help set stage for robust growth even beyond 2020

Digitalization

Diversification

Go-to-Market

Speed & Agility
The growth story accelerates

Digitalization – a huge opportunity leveraging the three technologies of the Comet Group

- Autonomous vehicles
- Internet of things
- Additive manufacturing
- Augmented reality
  - Virtual reality
- Cloud computing
- Big data
- Artificial intelligence
The growth story accelerates

New waves: The Comet Group is part of this revolution with its three technologies

- PC + Internet Era
  - High performance
  - Low Power
  - Innovative display

- Mobile + Social Media Era
  - High performance

- A.I. + Big Data Era
  - High performance
  - Low power
  - Cost-effective scaling
  - Advanced display

Development potential

Source: AMAT
Digital agenda set up to innovate on all levels of the organization

The growth story accelerates
Digitization & Digitalization: Projects already ongoing in three key areas

**Smart factory**

*In Flamatt:*
- Multi-shuttle logistics in FLA
- Automation: linking inventory, production and controlling (SAP)
- Automated collection and processing of test data

**Smart products & services**

*IXM:*
- Smart EVO
- iVario

*IXS:*
- Cheetah EVO
- Cougar EVO

**Smart processes**

- Smart Lab for PCT R&D
- Automation in production processes
- CRM and BI Toolset
- Full rollout of Jira/Confluence
The growth story accelerates

Smart product example:
Pilot demo platform for predictive maintenance

More details in breakout session
The growth story accelerates

Smart process example: Automation in Flamatt

Decentralized decision-making already in place for more than 150 machines; Concept to be rolled out to whole production
Four focus topics will enhance growth and help set stage for robust growth even beyond 2020.
The growth story accelerates

Projects to expand and diversify business portfolio on three levels

Overview of selected initiatives

**Regional expansion**
- Develop focused Asia group strategy (CN, JP, KR, TW)
- Manufacturing and engineering in China
- Intensify IXS market initiatives in US & EU

**Applications**
- Explore
  - ebeam applications outside food and printing
  - RF power outside semi market
  - Lab One as an enabler in Silicon Valley

**Products & Services**
- Expansion of global service products
- Develop high performance RF power solutions
Comet Group Investor Day 2017

Diversification: Yxlon smart service products covering the whole system life cycle

Example

Enabler

- Flexible & digitalized customer workflows with perfect fit with or to our business
- Digitization of field assets
- Service case management
- Solution & knowledge management
The growth story accelerates

Four focus topics will enhance growth and help set stage for robust growth even beyond 2020

Digitalization  Diversification

Go-to-Market  Speed & Agility
The growth story accelerates

Speed & Agility – Customers want ever faster development and time-to-market

As product development cycles become shorter and shorter, the game has changed from yield maximization to yield ramp.

Ronen Benzion, VP and GM, AMAT
Process Diagnostics and Control

Comet to increase agility and speed on four levels

- Culture
- Processes
- Leadership
- Competencies
The growth story accelerates

**Speed & Agility: Setting up a smart RF power lab will shorten test times**

**Example on process level**

- 1:1 testing of RF power solutions
- Real time data processing and analysis
- 24/7
- Dedicated local area network (LAN), data server for **big data**
- Remote testing from all over the world

**Smart Lab**

Flamatt
The growth story accelerates

Four focus topics will enhance growth and help set stage for robust growth even beyond 2020

- Digitalization
- Go-to-Market
- Operational Excellence
- Business Development
- Ongoing Business
- Diversification
- Speed & Agility
The growth story accelerates

Go-to-Market - Enabling more powerful market presence and access for new applications

- Market access
- Cross-selling
  - RF power
  - X-ray
  - ebeam
- Exploit growing potential in China
- Customer centricity
  - CRM integration
  - Lead management
  - Marketing automation
  - Social media
  - Webinars
  - Whitepapers
  - Digital footprint
  - Pricing and discount management
- Lab One
- Exploit growing potential in China
The growth story accelerates

Enabling faster collaboration with partners across technologies

**Lab ONE:** Innovate. Implement. Accelerate.
Our four accelerators for growth beyond 2020

**Digitalization**
- Smart factory
- Smart products & services
- Smart processes

**Go-to-Market**
- Customer centricity
- Market access
- Cross-selling (Lab One)

**Diversification**
- Regions
- Applications
- Products & Services

**Speed & Agility**
- Leadership
- Culture
- Processes
- Competencies
The growth story accelerates

Let’s take a closer look to strategic updates of our segments
RF power business

*The presentation will be available on our website: www.comet-group.com*
X-ray business

*The presentation will be available on our website: www.comet-group.com
ebeam Technologies

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Comet Group expects further strong growth and should already achieve 2020 targets in 2019

Summary

Growth to be accelerated based on enhanced growth engine with four additional levers

- Comet to continuously generate value-added despite investments in new applications, capacity and technology
- All segments will contribute to top line growth
- M&A to complement capabilities
Thank you!