

## Media Release

Flamatt, Switzerland – March 15, 2018

# Comet delivers further strong results; expects continuing value-generating growth

- Powerful sales growth of 32% to CHF 438.4 million
- EBITDA margin of 14.5% (2016: 14.3%)
- Rise in net income to CHF 35.5 million (2016: CHF 27.3 million)
- Higher dividend of CHF 1.50 per share
- Outlook for 2018: Expecting sales of CHF 460-490 million and ROCE of 17-20%

The Comet Group accelerated its growth in 2017. It expanded the business with key accounts, developed relationships with prospective customers, mastered the challenge of meeting the high demand, and also moved ahead in important projects to prepare for future growth.

Consolidated net sales rose to CHF 438.4 million, surpassing the prior year by CHF 106 million. All regions and business segments contributed to the sales growth. The high sales volume drove a significant increase in the Group's EBITDA operating earnings to CHF 63.4 million (2016: CHF 47.7 million). Net income climbed by 29.7% to CHF 35.5 million (2016: CHF 27.3 million). This was despite one-off effects that detracted from net income, such as an adjustment to the pension plans in Switzerland, the new US tax legislation, and a provision in the USA. Return on capital employed (ROCE) increased from 14.7% to 16.2%. With an equity ratio of 52.7%, the Group is very soundly financed. Despite the demands of generating the pronounced sales growth, the ratio of net working capital to sales improved, easing to 23% (2016: 24%), an indicator of the Group's improved operating efficiency.

### **PCT: Superior growth driven by semiconductor market**

With sales growth of 53% to CHF 210.5 million, Plasma Control Technologies (PCT) had its fifth consecutive year of record results. Thanks to its strong position in the market for high-end RF solutions, PCT benefited disproportionately from the expansion of manufacturing capacity in the semiconductor market and increased its business with key accounts in the USA. In Asia, where the Chinese market is rapidly growing in prominence through the creation of local production capacity, sales increased by 32%. Sales of the highly stable "cito Plus" generator, which entered serial production, were also off to a good start. Leveraging a broad-based network of suppliers, PCT successfully met the strong demand with on-quality, on-time deliveries. The high sales volume, coupled with cost savings in the supply chain, led to a strong improvement in profitability. This was achieved despite the costs of investment in product innovation and in the expansion of production infrastructure in Shanghai and San José. Operating earnings at EBITDA level rose from CHF 30.9 million to CHF 55.7 million and the EBITDA margin correspondingly increased significantly to 26.5% (2016: 22.5%).

### **IXS: Expansion of market position, high investment in product portfolio renewal**

X-Ray Systems (IXS) increased its sales by 13% to CHF 137.3 million. The highest growth for IXS was achieved in large computed tomography (CT) systems in two core markets: the automotive industry, and the refocused "science & new materials" market segment (formerly "labs/R&D"). IXS focused its strategy in 2017. With a strengthened management team, it engaged in a sweeping program to renew its product portfolio, reduce complexity and thus create important conditions for profitable growth. A key milestone in



Technology with Passion

#### Comet AG

Herrengasse 10, CH-3175 Flamatt, Switzerland

T +41 31 744 9000, F +41 31 744 9090, info@comet-group.com, www.comet-group.com

the tapping of new applications was achieved with the launch of the FF CT metrology system and the Cougar EVO and Cheetah EVO systems. Through continual investment in the further development of its product software, IXS is working to also enable in-line applications going forward. These and other investments in the renewal of the product portfolio, combined with intensified market development efforts, were associated with a decrease in EBITDA margin to 6.1% (2016: 9.4%).

#### **IXM: Profitable growth in all markets and regions**

In the Industrial X-Ray Modules (IXM) segment, sales rose by 13.2% to CHF 78.8 million. The segment's strongest growth was in its customized, highly reliable x-ray sources sold into the security inspection market. Helped by the recovery in the manufacturing and energy sector, IXM also saw moderate sales growth in the core business of non-destructive testing. A highlight was the successful market launch of the new IoT-capable iVario™ x-ray generator. Thanks to the sales increase and effective measures to raise productivity, IXM improved its EBITDA operating earnings by 9% to CHF 18.0 million. As this gain was, however, more than offset by currency impacts and a negative effect from the change-over of the defined-benefit pension plans in Switzerland to a fully insured model, the EBITDA margin eased slightly to 22.8% (2016: 23.7%).

#### **EBT: Development of new applications; high costs in systems business weigh on bottom line**

The emerging and expanding ebeam Technologies segment (EBT) almost doubled its sales, to CHF 29.5 million (2016: CHF 16.9 million). Besides the growth in sales of its modules and EB Lab systems, a high backlog of orders from the previous year in the systems business was filled in 2017. EBT rigorously continued its strategy of developing the business through new applications and invested in the joint projects with its partners. Thus, the new ebeam-based GAIA printing system was launched together with Uteco. The field tests for the bacterial inactivation of dry foods using ebeam, a project by Bühler, were successful. With Bell Food Group AG, a demonstrator was developed for the treatment of hatching eggs. The rollout with Tetra Pak in the area of beverage packaging sterilization developed in line with expectations. Tetra Pak will, however, adjust the further rollout to match its updated strategy and is planning to integrate ebeam directly in the new product generation, which will lead to a delay in sales revenue. In the systems business, competition grew more intense. High investments in the professionalization of processes and in the product portfolio weighed on the year's result. This and the budgeted investment in new applications increased the loss at EBITDA level to CHF 16.5 million (2016: CHF 9.1 million). Through cost reduction measures and a consistent refocusing of the product portfolio on standardized systems, EBT created important conditions for improving the profitability of the systems business.

#### **Key foundations put in place for future growth**

In 2017 the Comet Group deepened its relationships with existing and prospective customers, widened its market access, invested in innovative solutions and worked to enhance its operating efficiency. Innovative new products like the IoT-capable iVario™ x-ray generator, the highly stable cito Plus RF generator and the FF CT metrology systems were launched with success. In the ebeam business, projects with partners continued to progress and a new application was announced. The Group made important forward-looking investments in the expansion of the software competencies and in test and development infrastructure, exemplified by the ultra-modern Smart Lab in Flamatt for testing the new RF generators. Lab One, opened in October in Silicon Valley as a landmark step, is the Comet Group's first test and application center to provide all its technologies under one roof.

The construction work for the expansion of manufacturing capacity in Flamatt is progressing as planned. The move-in date is expected for late summer 2018. The new construction not only creates urgently needed space for further growth but the advanced facilities there will also improve operating efficiency.

With the Group's preparations to fully utilize its potential – through digitalization, further diversification, increasing the agility of the organization, and improvement of market access – important efforts are underway to ready Comet for the future. To even better meet the demands which further strong growth in business places on the company, the management team was reinforced at the Executive Committee level. René Lenggenhager as CEO has been leading the Group since May 2017. With the addition of Prisca Hafner as Chief Human Resources Officer in January 2018, the CHRO position (previously part of a dual role) is now staffed separately. Also with effect from January 2018, Stephan Haferl became president of the IXM segment.

Following the decision of Charles Flükiger to leave the Group, the EBT segment will be led by CEO René Lenggenhager on an interim basis from April 2018. The search for a new president of EBT is in progress. Charles Flükiger will remain fully available to the company until he leaves. The Board already takes this opportunity to thank him for his great commitment over the past 37 years.

### **Higher distribution**

At the Annual Shareholder Meeting on April 26, 2018, the Board of Directors will propose a distribution of CHF 1.50 per share from distributable paid-in capital (2017: CHF 1.20), exempt from Swiss anticipatory tax. This represents a dividend of 33% of the Group's net income.

### **Outlook**

The Board and management are confident that in the years ahead the Comet Group will steadily continue to generate value-added and that it will already reach its 2020 growth target of sales of CHF 500 million and an EBITDA margin of 16-18% in 2019. For 2018 they expect sales of CHF 460 million to CHF 490 million and a return on capital employed (ROCE) of between 17% and 20%. The EBITDA margin for 2018 is projected at between 14% and 16%.

### **Media and analyst conference**

The detailed annual results are published on March 15, 2018 and presented at 10:00 a.m. CET on the same day at the media and analyst conference in Zurich (location: **Restaurant Au Premier**, Bahnhofplatz 15, Alcina Room ("Raum Alcina"), 8001 Zurich, in the Hauptbahnhof (Zurich main railway station)).

### **Conference call in English**

A conference call in English will be held today, March 15, 2018 from 4:15 p.m. to 5:00 p.m. CET, with René Lenggenhager, CEO, and Markus Portmann, CFO.

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

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

+44 (0) 207 107 0613 (UK)

+1 (1)631 570 5613 (USA)

### **Media Relations**

Ines Najorka

Corporate Communications

T +41 31 744 99 96

ines.najorka@comet.ch

### **Key dates**

April 26, 2018	Annual Shareholder Meeting
August 16, 2018	Publication of half-year report
November 13, 2018	Investor Day

---

### **Comet Group**

The Comet Group is a globally leading, innovative Swiss technology company focused on the x-ray, radio frequency and ebeam businesses. With premium high-tech components and systems, we enable customers in numerous industries to both enhance the quality of their products and make their manufacturing more efficient and eco-friendly. Our innovative solutions under the Comet, Yxlon and ebeam brands are in demand for applications such as non-destructive testing and security inspection, the coating and treatment of surfaces, and non-contact sterilization.

Based in Flamatt, Switzerland, the Comet Group has a presence in all world markets. We employ more than 1,400 people worldwide, including over 500 in Switzerland. Besides production facilities in China, Denmark, Germany, Switzerland and the USA, we maintain various subsidiaries in the USA, China, Japan and Korea. Comet (COTN) is listed on the SIX Swiss Exchange.