

Media Release

Flamatt, Switzerland – November 2, 2018

Comet Group adjusts outlook for full fiscal 2018

The Comet Group is currently confronted with a sharper decrease in orders from the semiconductor market than had been expected as recently as August 2018. At the same time, a softening in a number of other markets, such as the automotive sector and security inspection, is weighing on the Group's business. Comet attributes this to, among other factors, the increased uncertainty in the economic and geopolitical environment. The associated sales reduction, along with various shifts in the product mix and slightly higher-than-expected one-time costs in connection with the implementation of the earnings improvement program in the X-Ray Systems business, are leading to lower profitability for 2018. In 2019, the result will be helped by the absence (compared with 2018) of non-recurring expenses and of the operating loss in Davenport, all of which amount to a total of about CHF 17 million at EBITDA level in 2018.

The management of the Comet Group expects results in fiscal year 2018 to come in below the most recent guidance issued in August: Sales in 2018 are projected to reach CHF 430-440 million (instead of CHF 440-460 million). The EBITDA margin is now expected to measure between 7% and 9% (rather than 10-12%).

The management of the Comet Group has launched further cost-saving steps in order to reduce the under-recovery of costs. In addition to the already communicated profit improvement measures in the X-Ray Systems (IXS) division and the ebeam (EBT) business, all divisions are also generally adjusting their costs. However, the Group continues to invest as budgeted in its future-oriented projects. The implementation of these initiatives is on track.

For 2019, a positive difference compared to 2018 will be made by the non-recurrence of exceptional expenses of about CHF 17 million at EBITDA level. This figure is made up of non-recurring one-time losses of approximately CHF 7 million in the ebeam division and about CHF 5 million in the IXS division, as well as the absence of around CHF 5 million of losses incurred through the divestiture of the ebeam systems business.

Overview by division

The **Plasma Control Technologies (PCT)** division is projecting sales for the full year 2018 at slightly below the strong prior-year result. Shifts in the product mix and high investment in development projects for the future will significantly reduce the EBITDA margin compared to last year, although it will remain at a high absolute level. Based on customer communications and on market studies, the Comet Group expects the semiconductor market to recover again starting in the middle of 2019.

The **X-Ray Systems (IXS)** division has been carrying out the profit improvement measures in the second half of 2018 promptly and in accordance with their planned scope. For 2018 as a whole, the division sees sales down from the prior year and, given the high one-time costs of about CHF 5 million, predicts an EBITDA loss

in the mid-single digits. For 2019 the Comet Group, as announced in August, anticipates an EBITDA margin comparable with 2017 of approximately 6%.

The **ebeam Technologies (EBT)** division will probably have completed the divestiture of the ebeam systems business in Davenport, Iowa, USA, by the end of 2018. The associated non-recurring costs, coinciding with the division's significantly lower sales compared to last year, will result in a considerable loss of about CHF 20 million at EBITDA level. For 2019 the Comet Group foresees the ebeam business as posting an EBITDA loss in the mid-single digits.

The **X-Ray Modules (IXM)** division predicts that, as a consequence of the currently slowing pace of business, sales in 2018 will be in line with the prior year. Despite cost pressure and underutilization in IXM's fabrication of intermediate products for further processing by the Group, Comet expects that short-term cost reduction measures will allow this division to hold EBITDA steady relative to 2017.

Conference call on the 2018 financial outlook, in English

A conference call in English will be held today, November 2, 2018 at 9.00 a.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)

Investor Day

The Comet Group's annual Investor Day will be held on November 13, 2018 in Flamatt, Switzerland. At that time the Group will comment in more detail on the 2019 outlook.

Media Relations

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Key dates

November 13, 2018	Investor Day
March 14, 2019	Publication of full-year results 2018
April 25, 2019	Annual Shareholder Meeting

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.