

Heightened agility and reduced costs

After a weak first six months at IXS, the Comet Group launched a sweeping earnings improvement program in this division that will already gain traction in 2019. Interim management responsibility for the division was transferred to Matthias Barz. With effect from December 1, 2018, Thomas Wenzel, who had been its Vice President of Technology since 2015, was appointed as the new President of the IXS division.

The weakness of business, the high investment in the advancement of the product portfolio, and one-off costs for the program to improve future earnings completed at the end of 2018, resulted in an EBITDA margin of -1.1% (prior year: 5.9%). The Comet Group is confident that IXS, with its organization tuned for higher efficiency, will be able to deliver profitable growth again from 2019. The target for 2019 is an EBITDA margin of about 6%.

An important success factor for Xylon is the steady further development of the product range. With the FF20 and FF35 systems as well as the new Cougar and Cheetah EVO systems for electronics component in-

420
Employees

7
Locations



spection available since the beginning of 2018, IXS already realized substantial sales in the same fiscal year. Innovation awards for the FF35 CT Metrology and the Cheetah EVO Plus x-ray inspection system validate the direction taken. As well, the successful launch of the FF85 CT marked another milestone in the implementation of the division's portfolio renewal.

IXM
INDUSTRIAL X-RAY MODULES

Core business

The Industrial X-Ray Modules division (IXM) develops, manufactures and markets innovative, x-ray-based components and modules for non-destructive testing and security inspection.

Products

- Industrial x-ray components and sources
- Portable x-ray modules

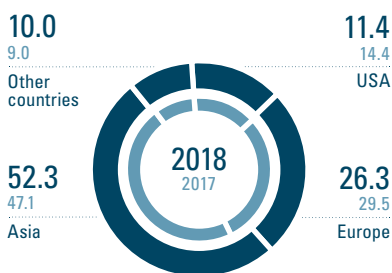
Applications

Non-destructive testing, safety inspection, thickness measurement of steel and other applications.

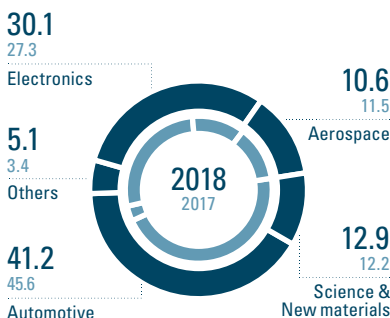
Customers

Suppliers to the automotive, aerospace, pipeline and steel industries; end customers in the oil and gas business and in security inspection.

Sales split by region
In percent



Sales split by market
In percent



IXM further expanded its position in the NDT market, while the security inspection business showed a strong contraction for market reasons. On balance, IXM's sales grew by 3.0% to CHF 81.2 million and EBITDA operating earnings further improved by 11.6% to CHF 20.0 million. The EBITDA margin was 24.7%.

The Industrial X-Ray Modules division (IXM), led since January 2018 by Stephan Haferl, successfully continued to grow its position in the core business of non-destructive testing (NDT). The business volume in the NDT segment, which accounts for more than two-thirds of IXM's sales, grew by 11.0%. While sales with the sister division IXS were down, sales gains were made with other customers. Especially in the USA, the division was able to win business with its robust, portable Smart EVO x-ray solutions for pipeline inspection in the oil and gas sector. This was reflected in compel-

ling growth of IXM's sales in the USA. The previous years' investments in the innovative iVario™ generator also paid off: Large numbers of customers integrated the new product within a few months of its introduction. This clear signal of wide acceptance of the new concept is all the more significant as IXM possesses a large installed base in the generator market.

In the security inspection business the division, which had expected 2018 to be in line with the previous year, was faced with a surprisingly steep market correction that entailed a decline of 25.6% in sales. The reasons were postponed major projects in the sector, subdued investment in expansion and upgrading, and delays in the introduction of new, innovative solutions in this market, which is dependent on government investment.

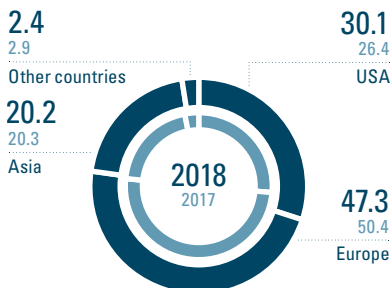
Across all market segments in 2018, IXM noted an encouragingly strong increase in sales to small and medium-sized customers – a definite endorsement of the excellent price-performance ratio of the division's high-end products.

Improved margins thanks to profitable growth in portable x-ray units

The strong results in portable x-ray inspection devices for oil and gas companies drove a pronounced margin improvement in the core business segment of non-destructive testing. This more than made up for the decrease in security inspection sales, one-time effects of the production relocation in Flamatt, and (due to the slowing of business at some customers) productivity reductions in the pre-manufacturing of intermediate products for use by the Group. Operating earnings at EBITDA level improved in 2018 from the year before. In a demanding year this translated into an increase in EBITDA margin to 24.7% (prior year: 22.8%).

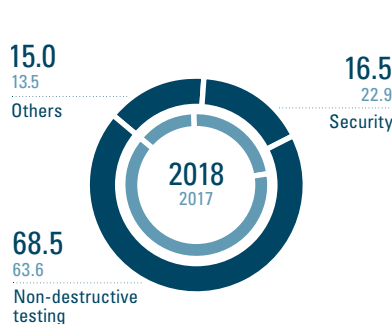
Sales split by region

In percent



Sales split by market

In percent



314

Employees

5

Locations

