

The logo for starrag, featuring the word "starrag" in white lowercase letters on a red rectangular background. A red geometric shape, resembling a stylized 'S' or a folded piece of metal, is positioned to the right of the text.

starrag

Engineering precisely what you value

Presentation semi-annual report 2023

Rorschacherberg, July 27, 2023

Agenda

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The background image is a close-up of industrial machinery, possibly a metalworking process, with a diagonal split. The left side is dark and out of focus, while the right side is bright and shows detailed metal surfaces with sparks or coolant spray.

1 Business review

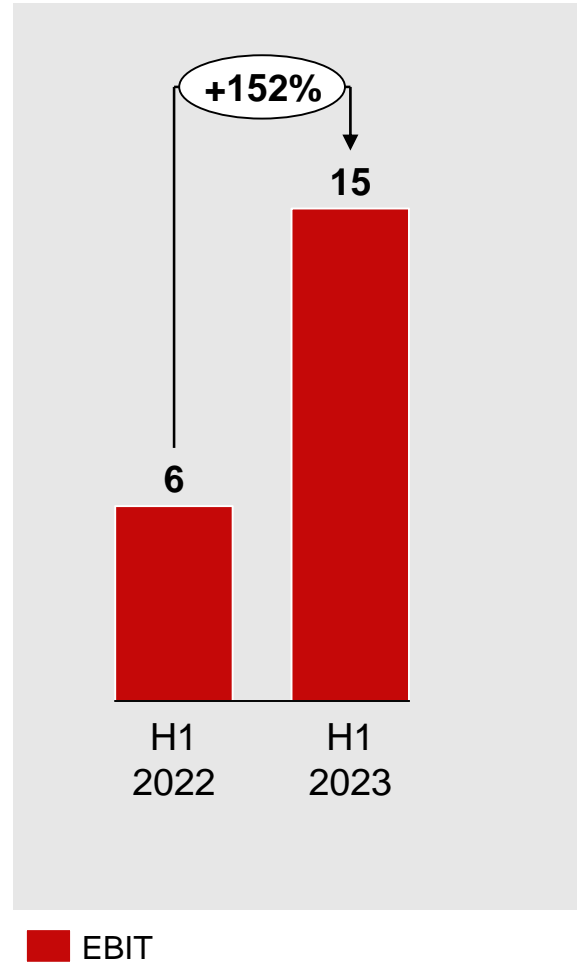
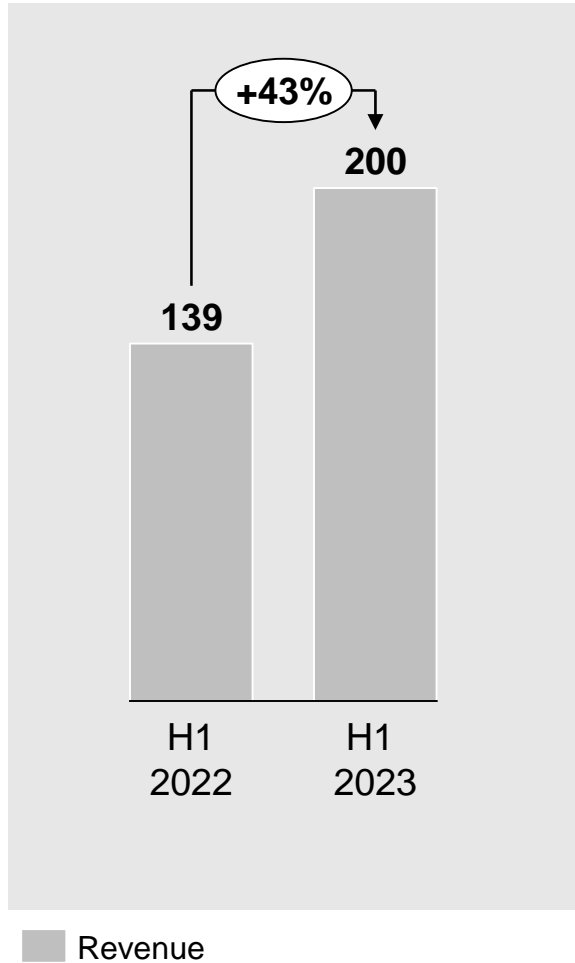
Martin Buyle
CEO

Key highlights H1 2023

- Positive expectations more than fulfilled
- Sales revenues in the first half-year increased by 43% to 199.9 CHF m compared to prior-year period
- Order intake of 183.3 CHF m maintained at a high level
- Order backlog of 307.5 CHF m ensures capacity utilization well into 2024
- Continued positive impact of structural cost reductions 2021/22 in reporting period
- Cost basis now on substantially and permanently lower level
- Efficient and profitable processing of high order backlog
- EBIT in the first half of 2023 more than doubled to 15.4 CHF m (7.7% of sales revenue) compared to prior-year period

Significant growth in sales revenues and EBIT

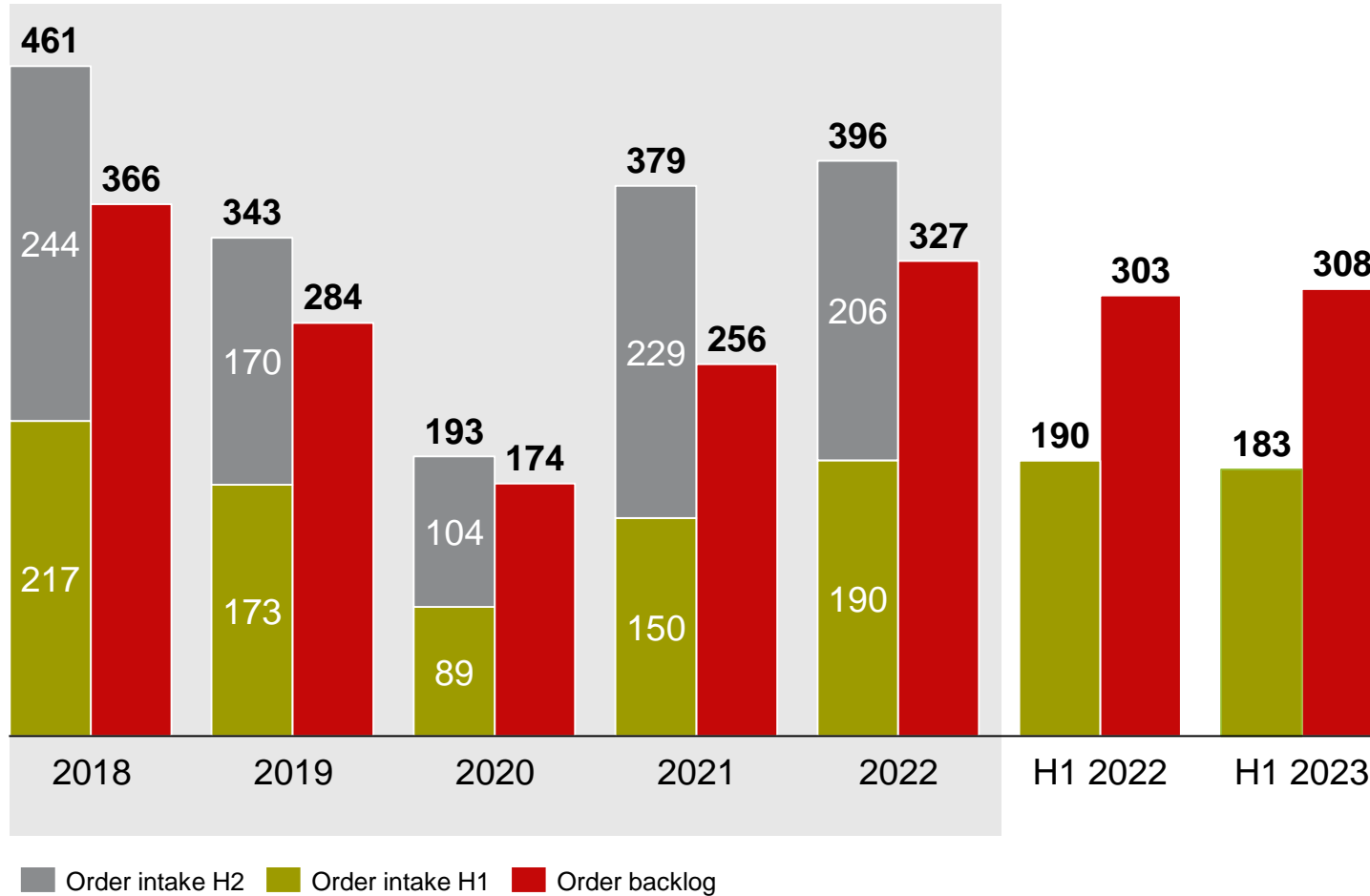
CHF m



- Significant growth in sales revenue of 43%. The bottlenecks in material procurement, that have impacted the sales revenue recognition in 2022, have been eliminated and the order-backlog could be processed timely
- The increase in sales revenue and the timely processing of the order backlog with an increase in productive hours has improved the EBIT by 9.3 CHF m to 15.4 CHF m (H1 2022 6.1 CHF m)

Order intake maintained at high level – solid order backlog

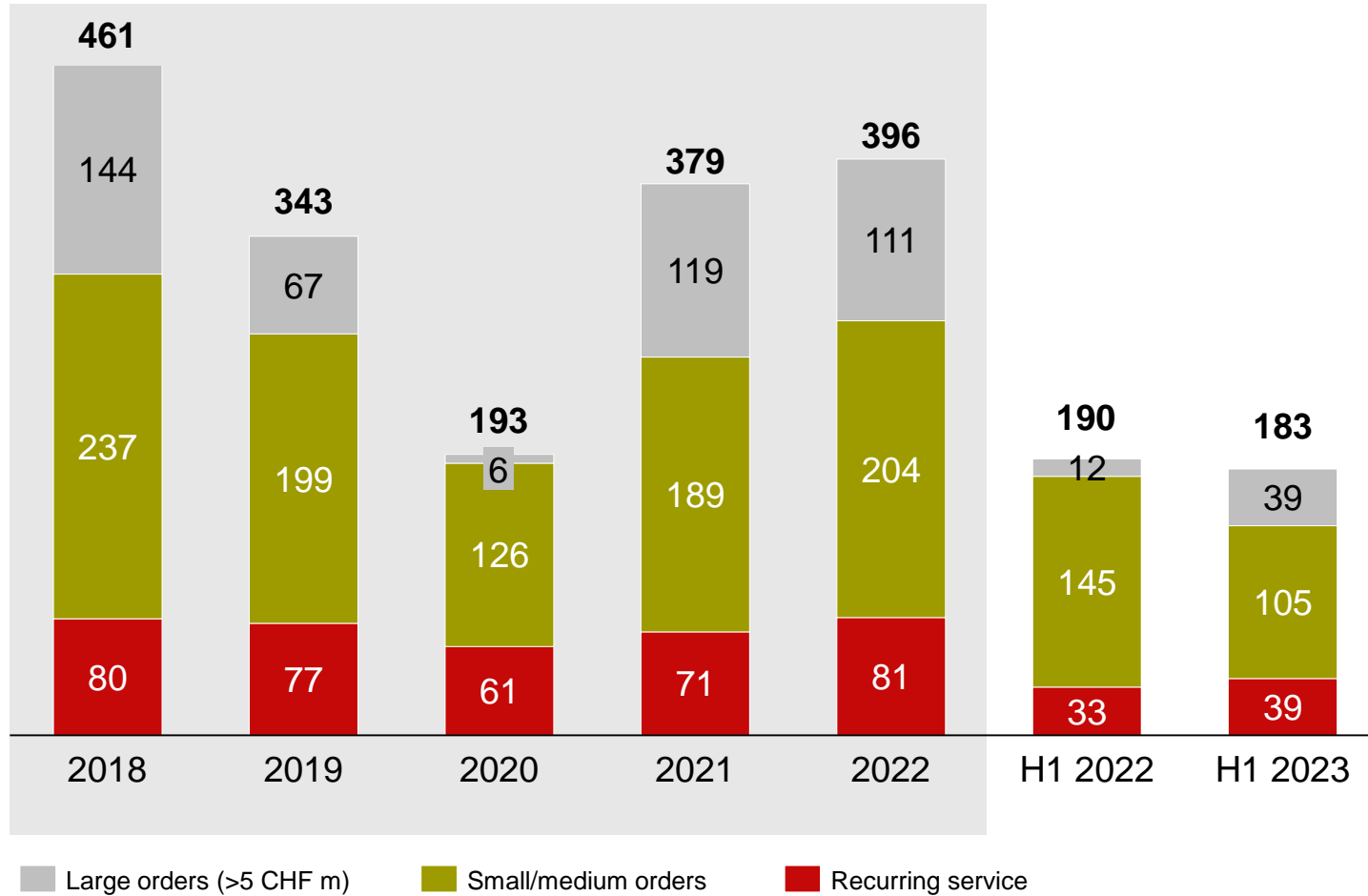
CHF m



- Order intake H1 2023 with 183 CHF m almost on level of prior year and within expectations
- Order backlog 307.5 CHF m, up 1.5% compared with H1 2022 resp. 6.0% down against end 2022

Order intake breakdown: stable recurring service

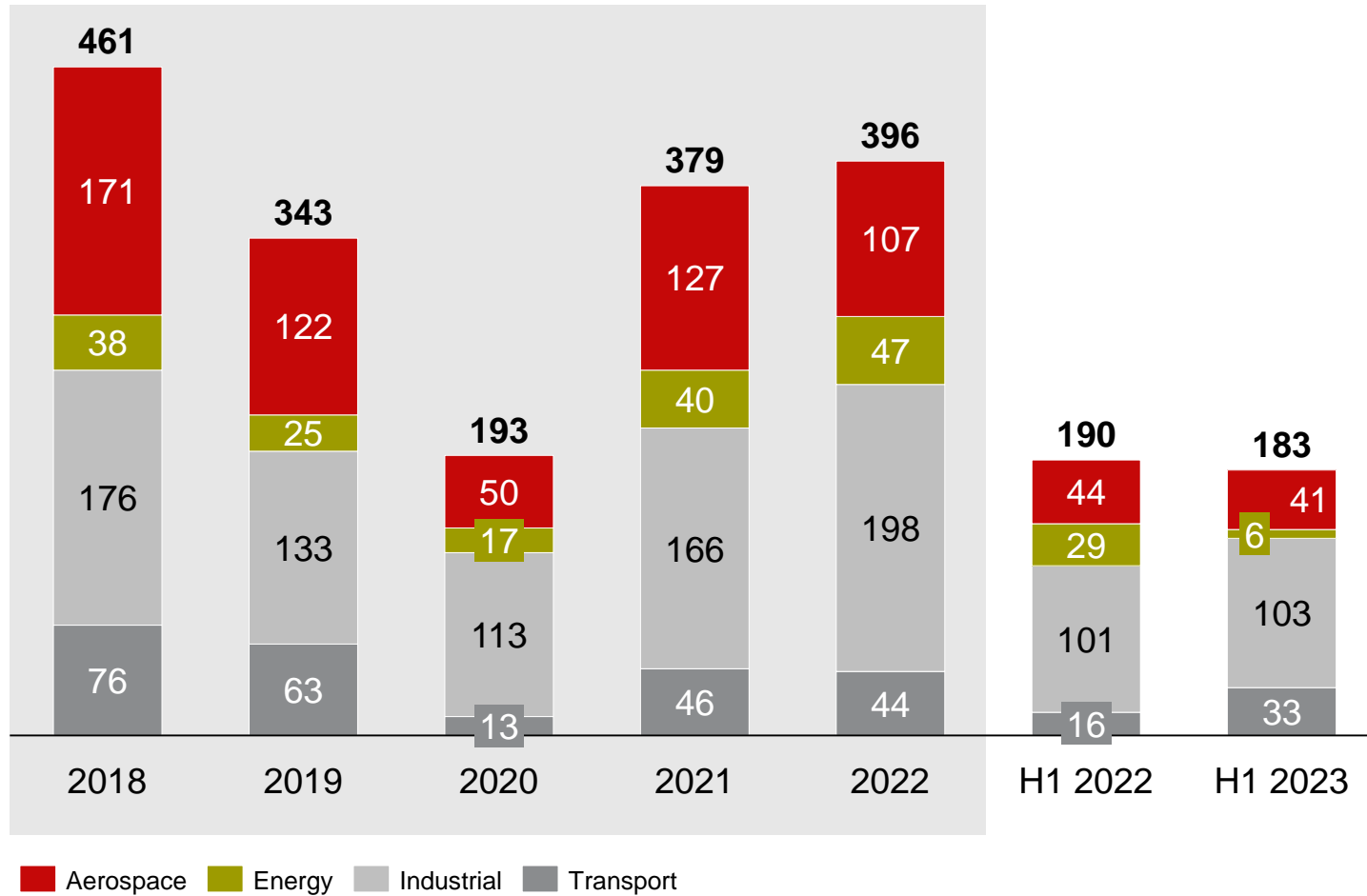
CHF m



- Increasing service share, small/medium orders down
- Customers increased capacity and ordered bundles which led to higher volume of large orders
- Small and medium size orders postponed due to uncertainties in the market

Order intake by industry: Industrial as largest customer segment

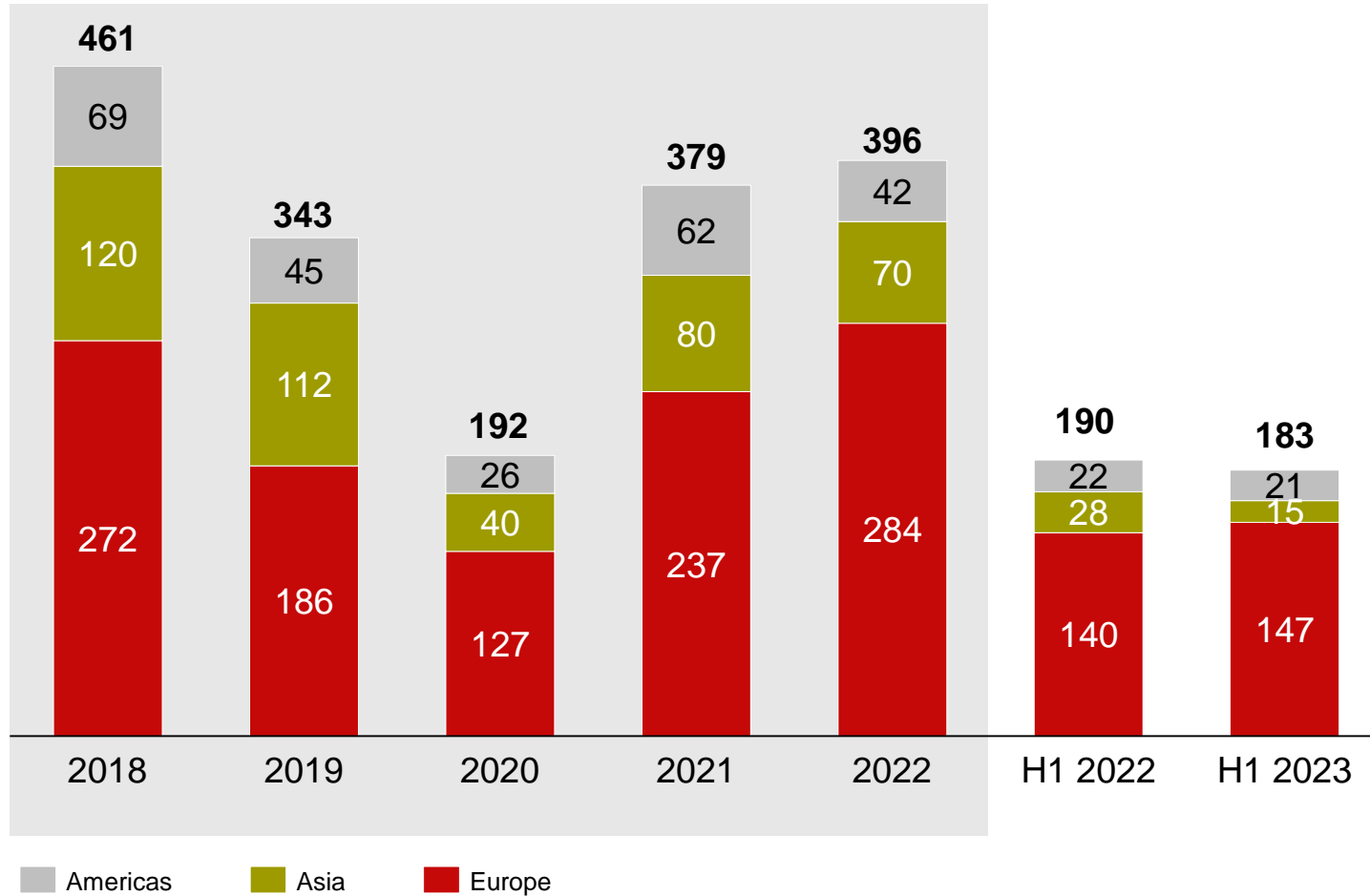
CHF m



- Growth in Industrial (key-driver Micro-mechanics)
- Transportation growth due to larger projects in the segment Trucks and Bus
- Europe is investing in Aerospace, but China and the US are holding back
- Investments in renewables on a low level in H1 2023

Order intake by region: Europe continues to be the dominant market

CHF m



- Europe on constant investment level
- Americas and China are holding back
- Current FX-rate EUR and JPY is in favor with Japanese suppliers (approx. 15-20% difference in price since beginning of 2023)

Market view: Starrag is well-positioned in key customer applications



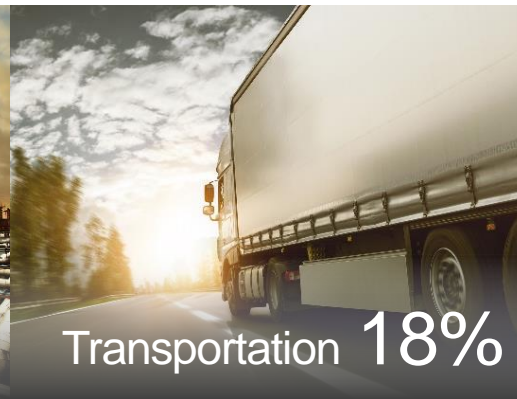
Aerospace 23%

- ✔ Strong trend towards single-aisle aircraft boost sales
- ✔ Increasing technical requirements (size, complexity, precision, alloys)
- ✔ China with high investment activity for own production of aircraft engines
- ✔ Defence industry expects release of funds



Energy 3%

- ✔ Sustained investment in wind farms for the next few years generates longer-term demand
- ✔ Western power plant manufacturers with selective investments
- ✔ Oil & Gas: Gas with some growth



Transportation 18%

- ✔ Agricultural machinery, like construction machinery, outlook remains positive
- ✔ On-road vehicles: transformation to e-mobility; new potentials through new frame structure components
- ✔ Trucks and off-highway vehicles: driven by emission regulations
- ✔ Defence industry expects release of funds



Industrial 56%

- ✔ Good demand from mechanical engineering
- ✔ Share of and demand for automated solutions continues to grow
- ✔ Jewellery and watch market develops favourably
- ✔ MedTech (implants) somewhat weakened by pandemic, but rapid recovery expected
- ✔ Defence industry expects release of funds

A constant stream of innovations ensures competitiveness of Starrag products

■ **Bumotec 191^{neo}** – a new edition of the top-of-the-range s191 model

- Highly flexible, basically twelve different machines in one platform
- The tool change time is reduced by around 15%
- The pick-up unit operates 12% faster than before
- Approx. 50% of Bumotec's order intake in H1 2023



■ **Heckert T55** - the new 5-axis horizontal machining center

- Particularly suitable for multitasking complete machining of workpieces weighing up to 700 kilograms
- Shortest non-productive times and machining times for maximum productivity
- Reduced space requirement



■ **3 new products** to be introduced at the **EMO Hanover (September 2023)**

Starrag continues to work on four strategic cornerstones

Focus



on the **most attractive market/product segments** and **regions** in order to better exploit the Group-wide growth and profit potential

Differentiation



Differentiation through **application competence, technology, service competence** and **premium market presence**

Portfolio



Better **scaling of the existing product portfolio** and competencies worldwide

Excellence



Increased focus on **operational excellence** across the **entire value chain**

2 Financial review

Thomas Erne
CFO

starrag

G/GF

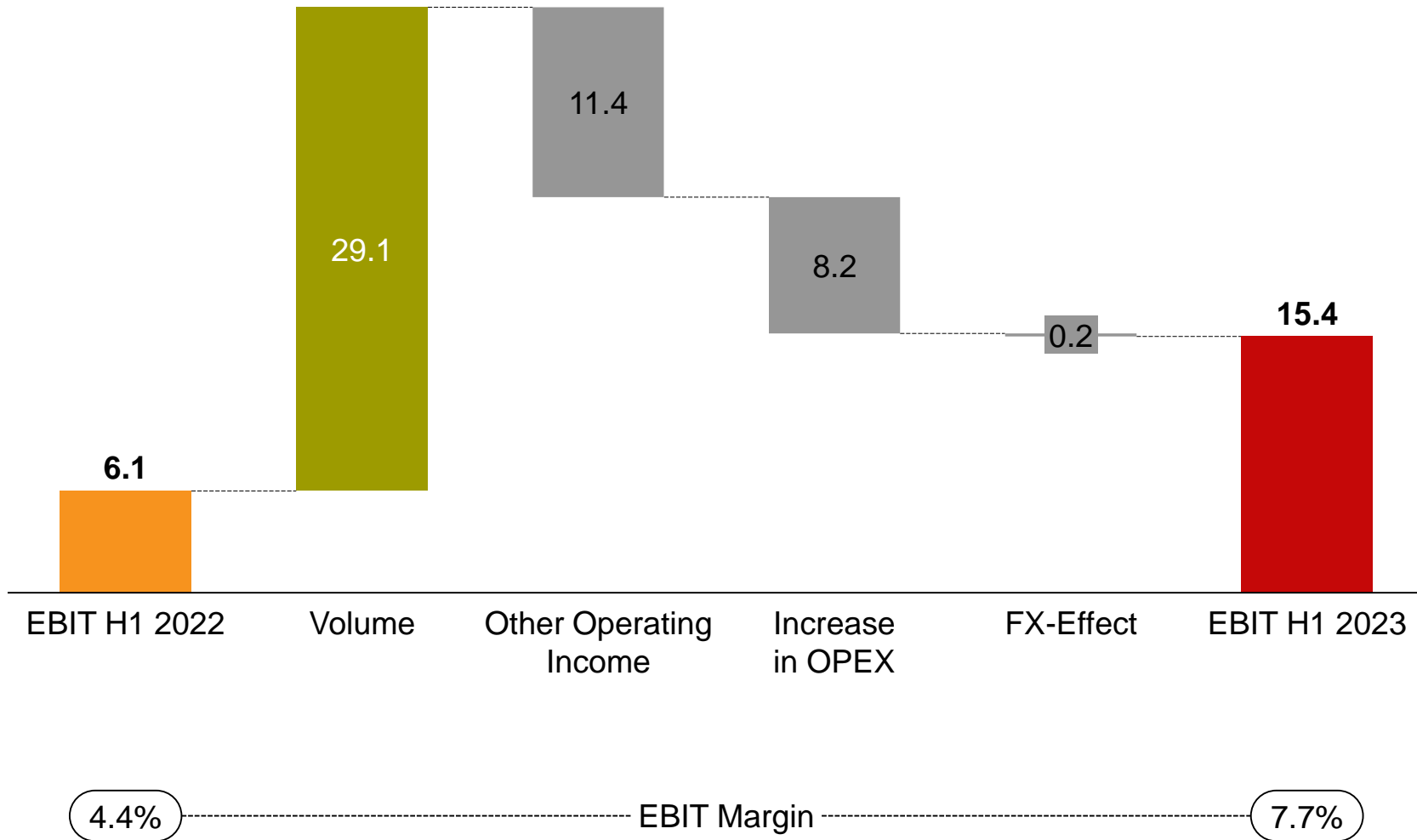
Strong increase on all P&L lines

CHF m	H1 2023	H1 2022	Change
Sales revenue	199.9	139.5	43.3%
EBITDA	19.1	9.9	76.5%
EBIT	15.4	6.1	152.1%
Interest expenses, net	-0.4	-0.1	n/a
FX result, net	+0.4	0.3	n/a
Other financial result	-0.4	-0.4	n/a
Total Financial result, net	-0.4	-0.2	n/a
Income before taxes	15.0	5.9	152.7%
Income tax expenses	-1.4	-0.9	n/a
Net income	13.6	5.0	169.9%
Earnings per share in CHF	4.05	1.50	169.5%

- High organic increase in sales revenue +66 CHF m excl. FX effects
- Significant increase in EBIT margin from 4.4% to 7.7%

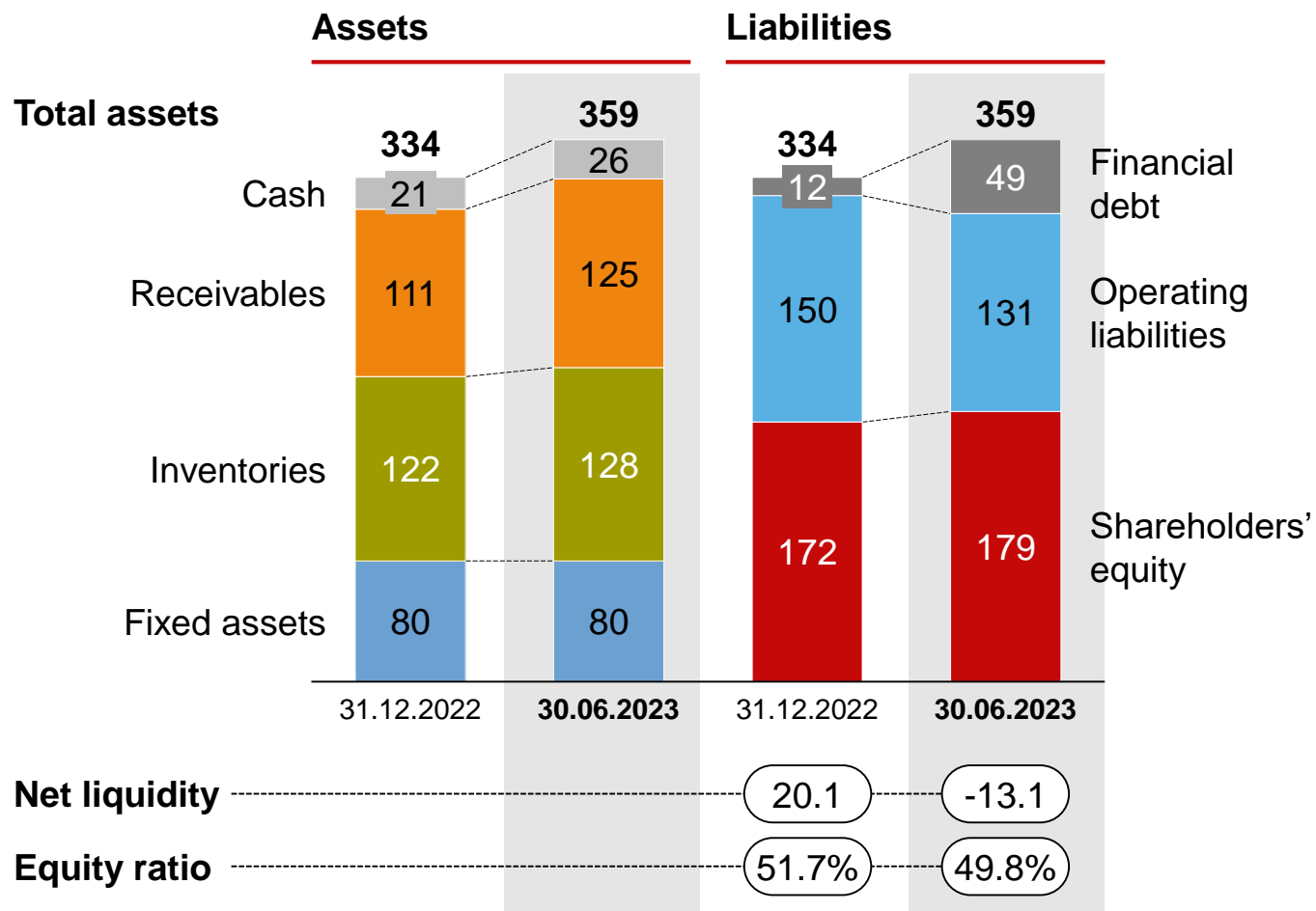
EBIT development

CHF m



Balance sheet: Equity and equity ratio continuously strong

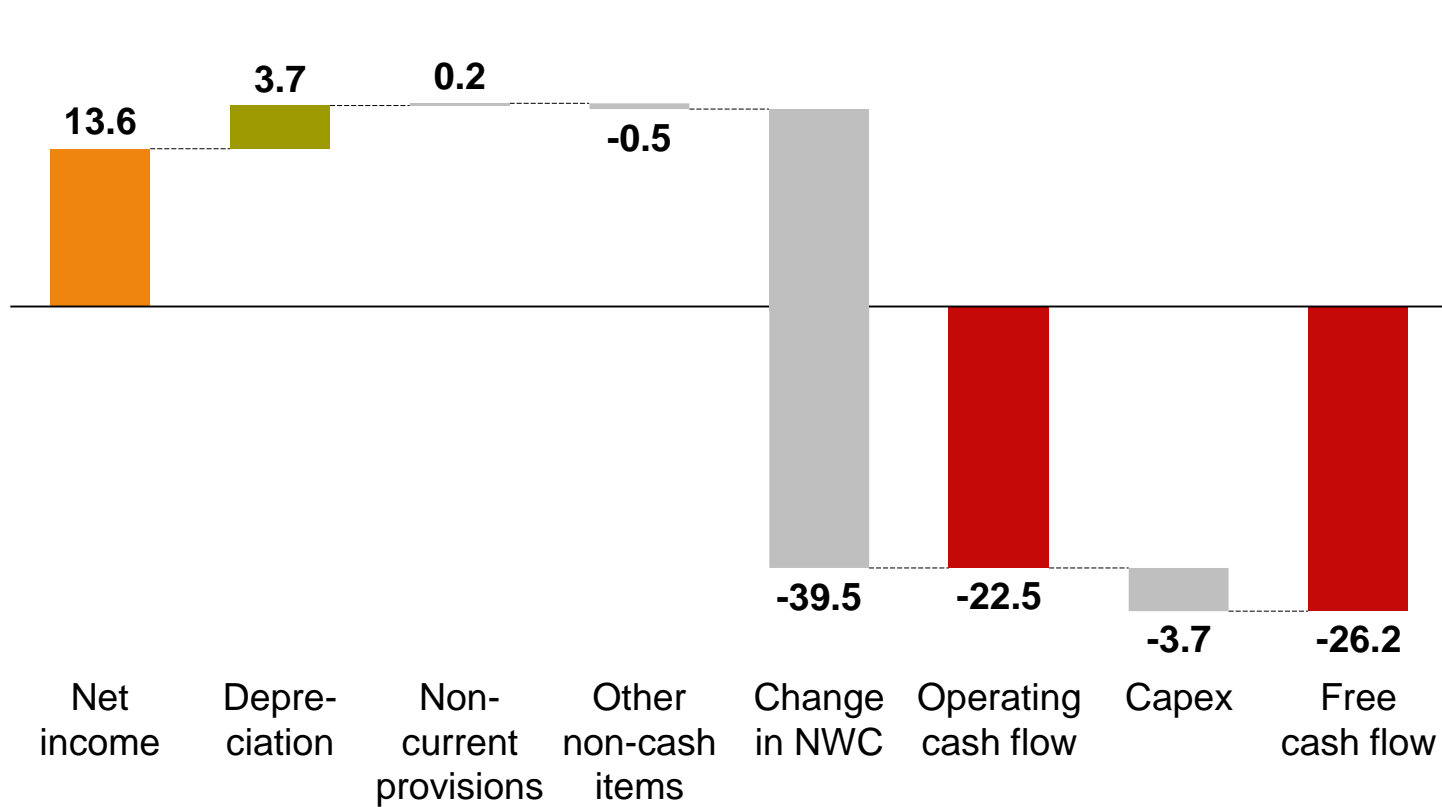
CHF m



- ▀ Increase in Working Capital
- ▀ Increase in Receivables due to higher invoicing in H1 2023
- ▀ Greater increase in financial debt due to financing activities of operational business, reduction in accruals for restructuring the production site in Mönchengladbach

Free cash flow impacted by increase in net working capital

CHF m



- ▀ Net income increased significant
- ▀ Change in NWC
 - ▀ due to decline in advanced payments for large machine projects
 - ▀ Increase in customer receivables due to higher volume in H1 2023 compared to prior year
 - ▀ Increase in inventories due to pressure in material availability
- ▀ Capex in line with target

3 Outlook

Martin Buyle
CEO

General outlook

- Global economic prospects with some question marks, e.g.
 - geopolitical developments
 - Inflation
 - general economic development

- Impact on Starrag Group's business hardly predictable

- Internal homework has been done

- Starrag Group therefore considerably more resilient to future challenges



- Good positioning in market with long-term growth potential

- Merger of Starrag with Tornos under evaluation

Guidance FY 2023

 Order intake +/- 2022	 Sales revenue > 2022	 EBIT > 2022
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Starrag adheres to medium-term financial targets

 <p>Sales revenue *</p> <p>plus 5% p.a.</p>	 <p>Profitability *</p> <p>8% EBIT margin</p>	 <p>Dividend ratio</p> <p>35-50% of net profit</p>
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- ✓ Low price-to-book ratio
- ✓ Low price-earnings ratio
- ✓ Low property valuation
- ✓ Solid balance sheet
- ✓ Dividend paying capacity

Corporate calendar

- January 26, 2024 Preliminary information on FY 2023
- March 8, 2024 Presentation of annual report 2023
- April 20, 2024 Annual General Meeting
- July 25, 2024 Semi-annual report 2024

Martin Buyle, CEO
Thomas Erne, CFO

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We are pleased to answer
your questions.

Thank you.

www.starrag.com

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