

Half-year 2022 presentation

Rorschacherberg, 28 July 2022

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Agenda

■ **Market and business review**

■ **Financial review**

■ **Outlook**

Agenda

■ **Market and business review**

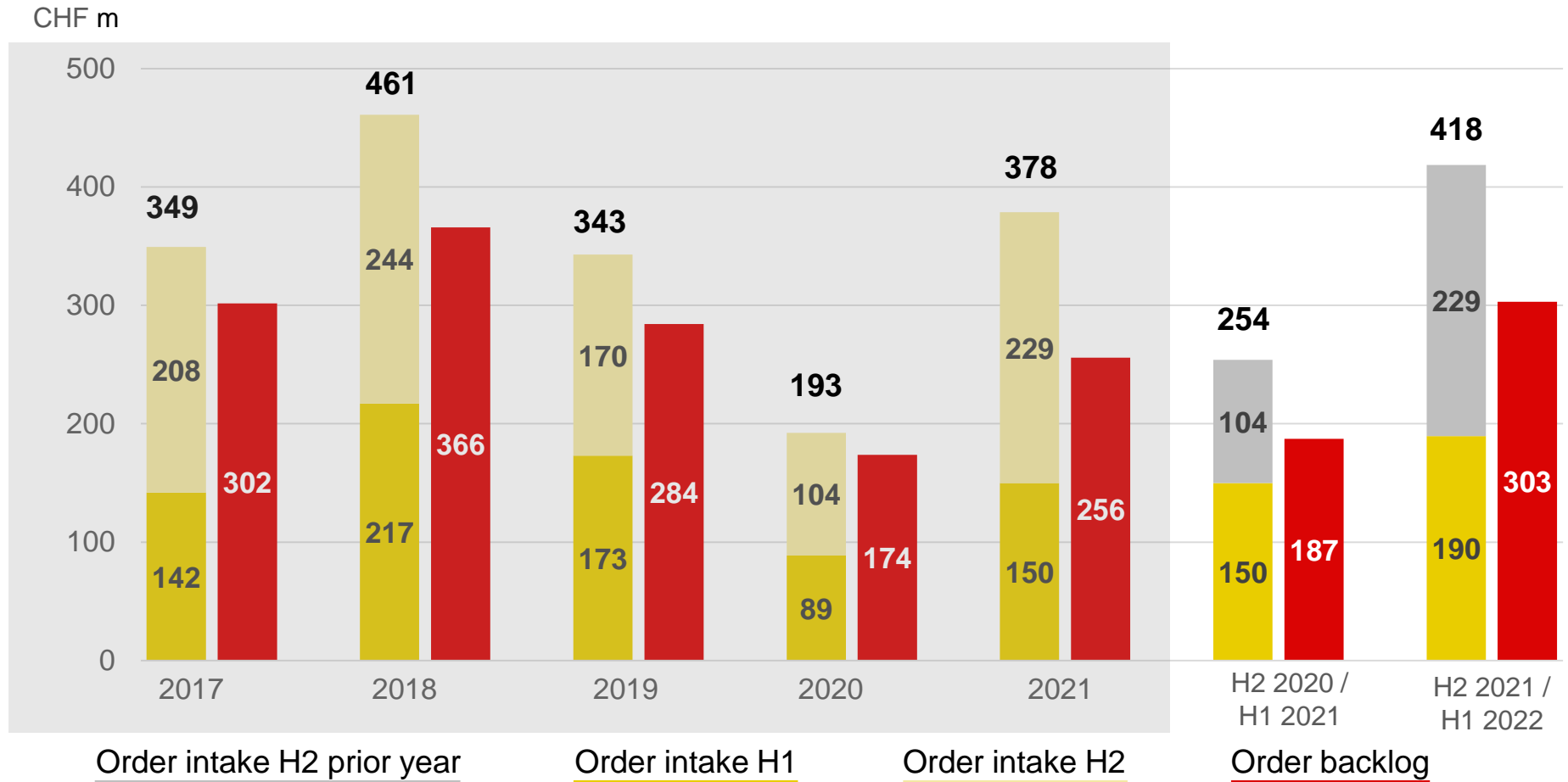
■ Financial review

■ Outlook

Substantial improvement of operating profit – Order intake clearly above prior-year period – Order backlog > CHF 300 million – Sales at prior-year level

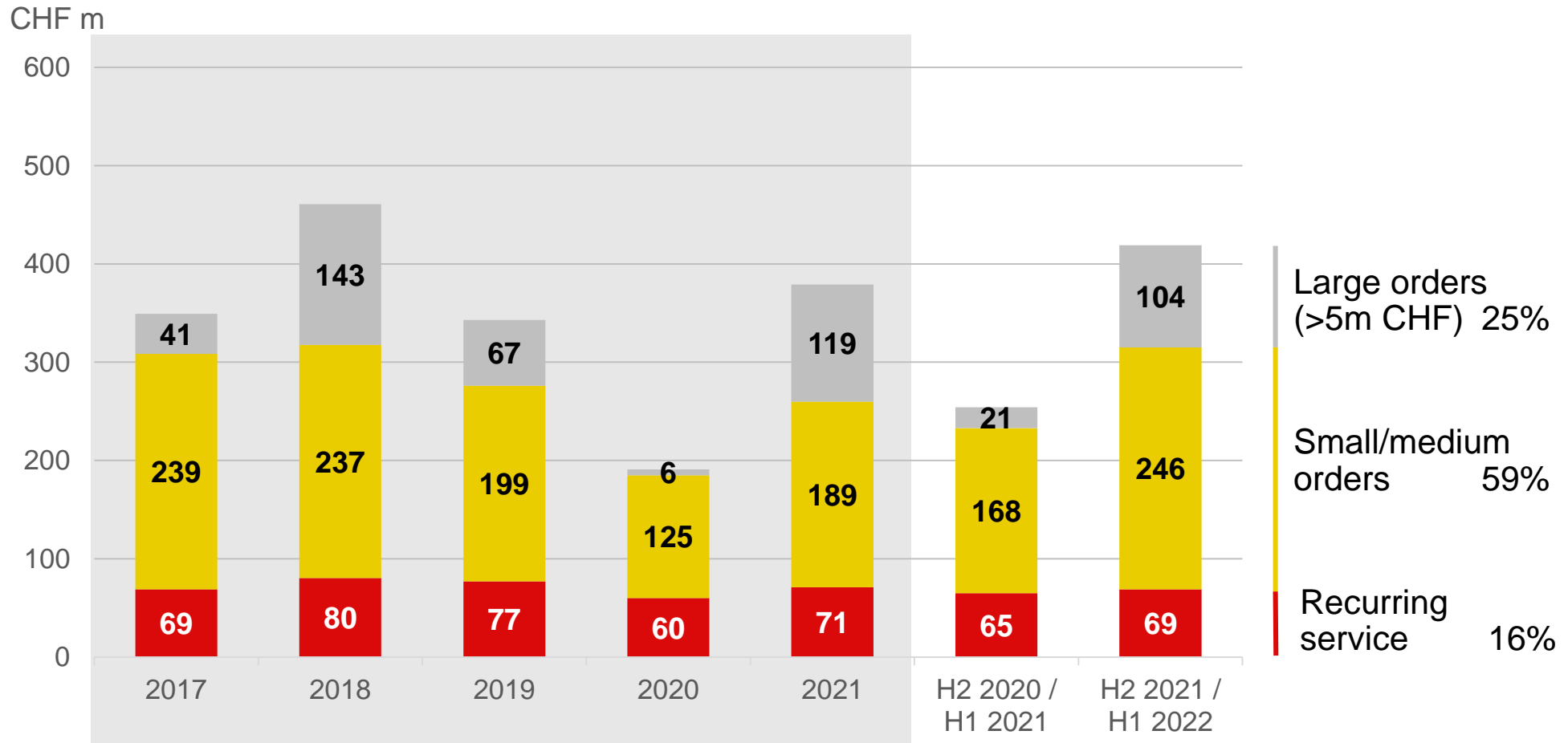
- EBIT up to CHF 6.1 million or 4.4% of sales – therefore clear increase compared to prior-year period (CHF 0.8 million / 0.6%) and full fiscal year 2021 (before restructuring costs CHF 4.8 million / 1.6%; after restructuring costs CHF -8.5 million / -2.9%)
- Order intake up 27% to CHF 189.7 million (fx adjusted up 29%)
- Order backlog of CHF 303.1 million (up 19% against end of 2021) ensures basic capacity utilization well into 2023
- Sales of CHF 139.5 million at prior-year level
- Net income of CHF 5.0 million or 3.6% of sales likewise clearly improved – per share up from CHF 0.01 to CHF 1.50

Strong order intake and substantial order backlog



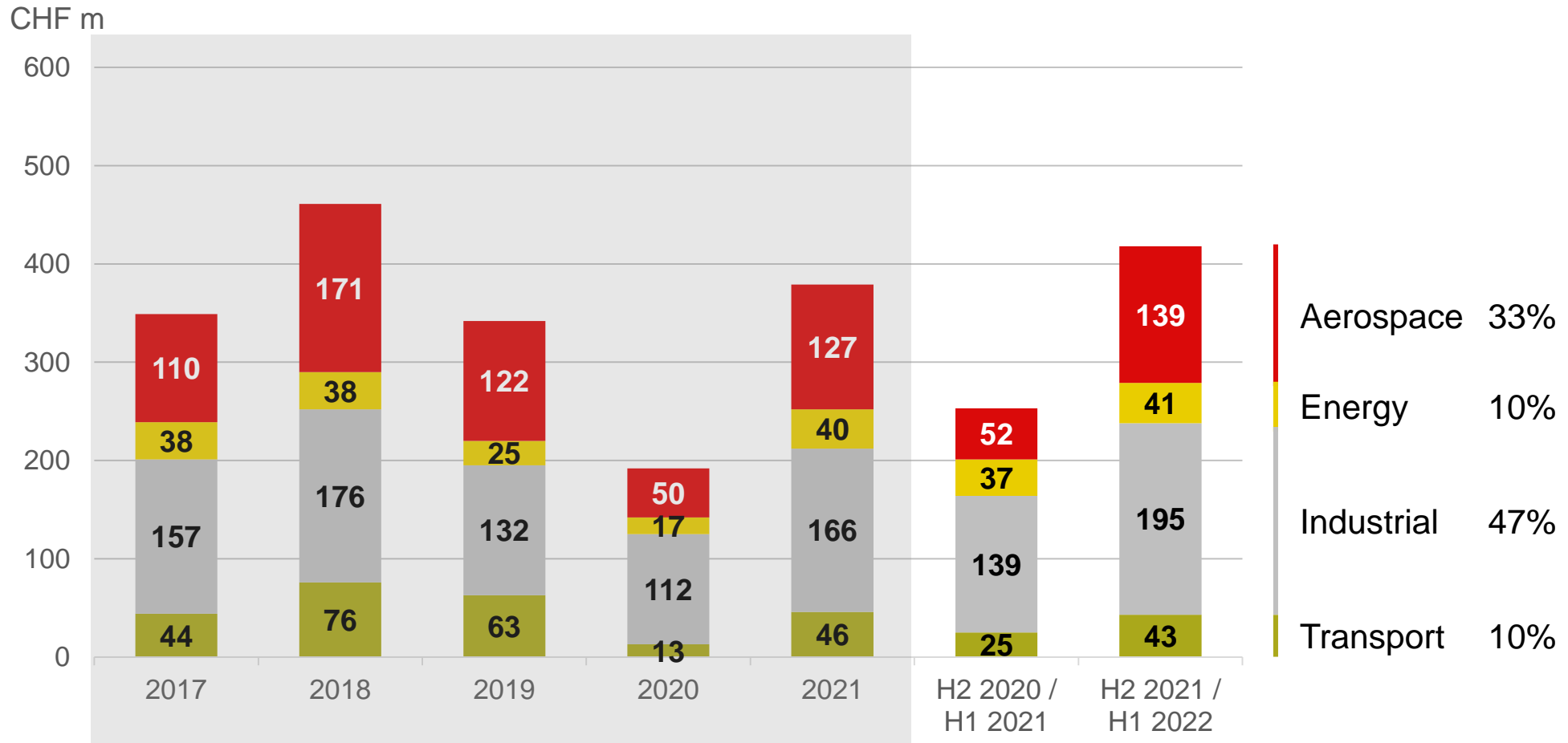
- Order intake last twelve months 418m CHF
- Order intake H1 2022 190m CHF, up 26.6%
- Order backlog 303m CHF, up 61.9% compared with H1 2021 resp. 18.5% up against end 2021

Order intake breakdown: Stable recurring service



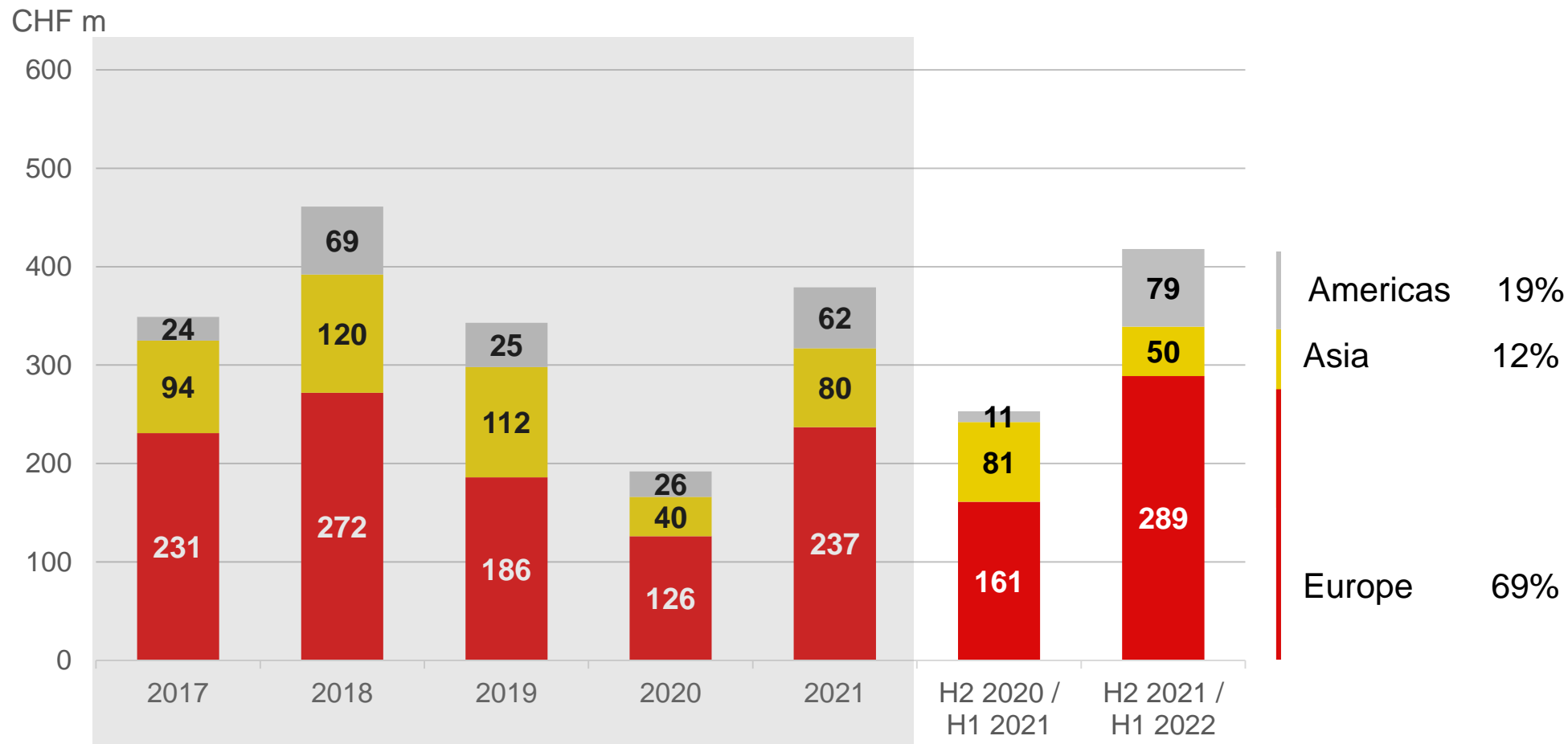
- Stable service share, small/medium orders suffering, but increasing in H1 2022
- Large orders difficult to forecast; average 2017-2021: 75 m CHF

Order intake by industry: Industrial and Aerospace clearly up



■ Recovery in Aerospace started and strong order Intake in Industrial

Order intake by region: Asia and Europe up, Americas down



■ Covid-19 still impacting all regions, but further recovery in first half-year 2022

Strong basis for long term earnings and sales growth

■ Programme „Starrag 2021“ implemented

- Considerable improvement in operational excellence
- Greater application expertise
- Streamlining of structures

■ Permanently lower cost basis

- In 2020 and 2021 over CHF 30 million (operating and staff costs)
- Full effect in the medium term

■ Therefore Starrag Group on profitable course for growth

■ Strong basis for permanent optimisation of earnings with a view to midterm targets:

- Operating margin of 8%
- Sales growth of 5%

Aerospace Technology Days 2022

Aerospace and Turbine Competence Center attracts with manufacturing expertise

- More than 200 participants from 22 countries attended the Technology Days, which took place at our location from 5 to 6 July 2022 after a 3-year interruption – due to Corona.
- Together with its cooperation partner ZEISS, we demonstrated how production and measurement technology work closely together to increase productivity and quality.
- Functional demonstrations at 12 stations



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

Multitasking — digital and ergonomic

Highly flexible: The Bumotec 191^{neo} is not just a single machining solution, but is basically twelve different machines in one platform. This diverse range is the only way to meet the specific requirements of typical users in the fields of medical technology, micromechanics and the luxury goods industry in an economical and technologically optimal way.

- The tool change time is reduced by around 15%
- The pick-up unit operates 12% faster than before



One for all - the new 5-axis horizontal machining center Heckert T55

Particularly suitable for multitasking complete machining of workpieces weighing up to 700 kilograms

The Heckert T55 is a highly productive multifunctional talent with a very compact, robust machine design and a low-vibration rotary swivel unit specially designed for turning operations.

- Shortest non-productive times and machining times for maximum productivity
- Reduced space requirement



Successful start to the trade fair year 2022

Starrag is exhibiting at the most important trade fairs after the long pandemic break

- MACH, Birmingham
- Global Industrie, Paris
- Airshow, Farnborough



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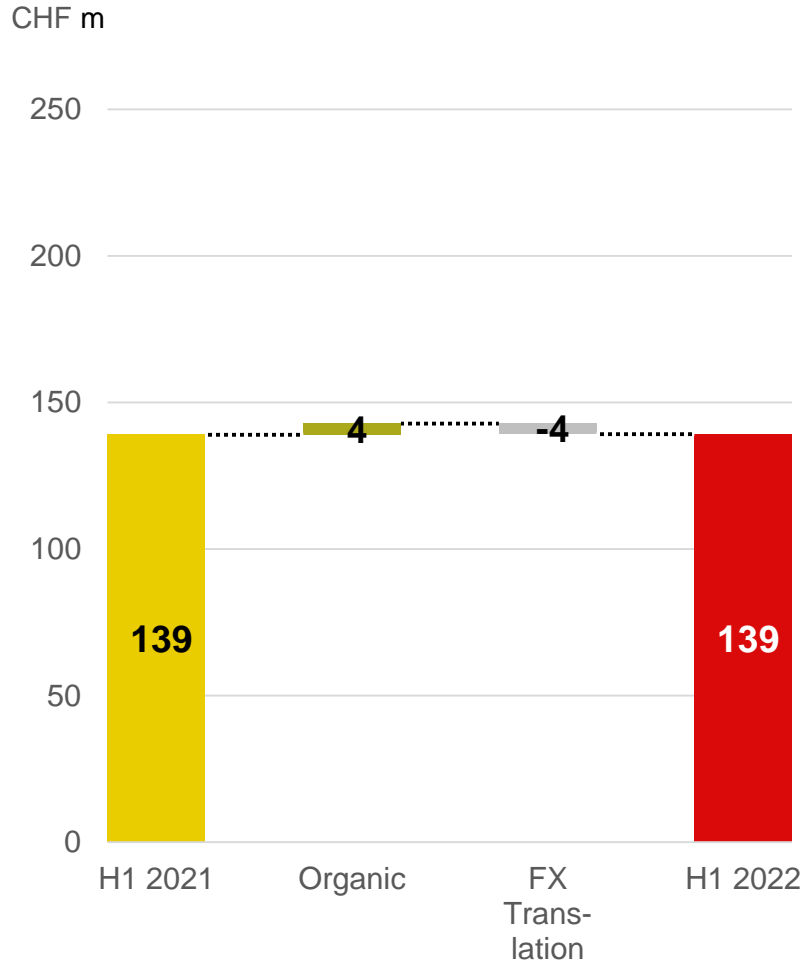
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Stable sales revenue

Sales revenue; fx adjusted +2.7%



Low organic increase due to

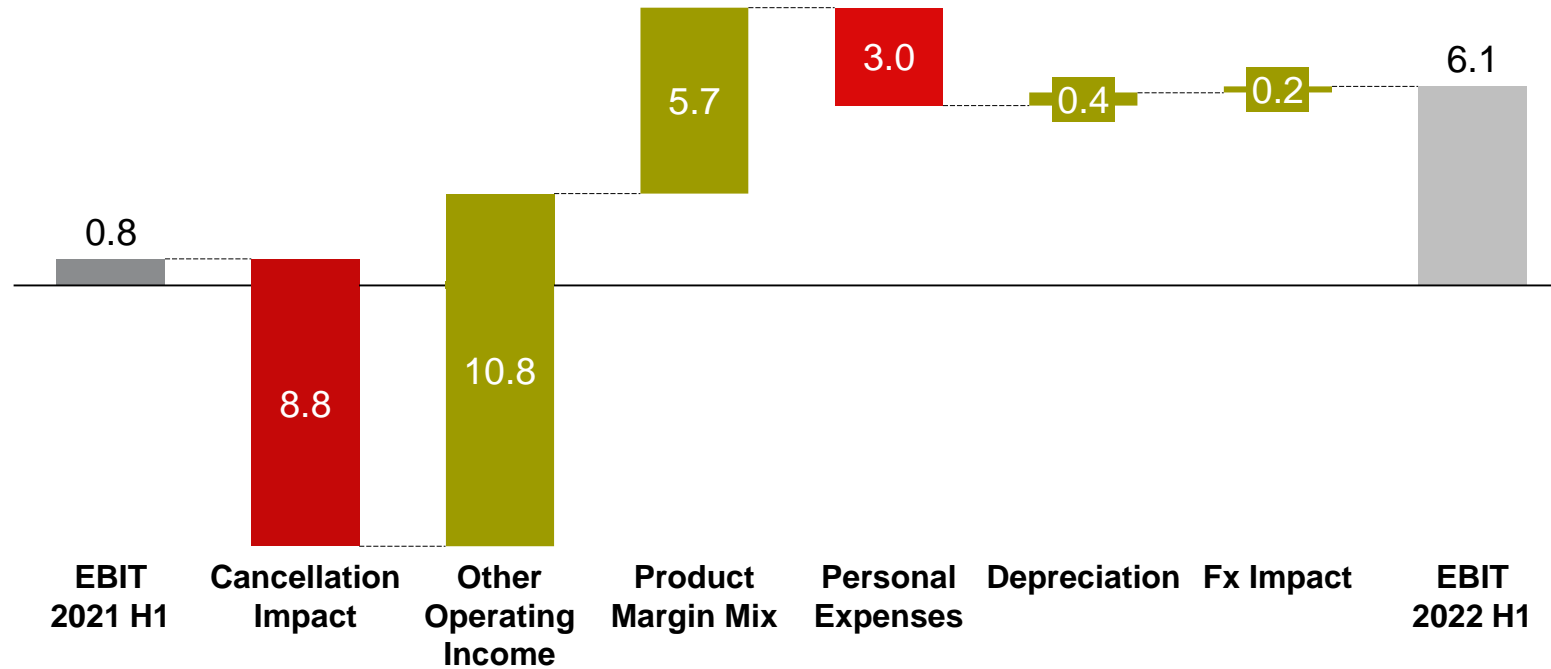
- High order intake H2 2021
- Delays in order fulfillment caused by Covid-19
- Cancellations due to the Ukraine war and other global political consequences

FX translation impact

- Stronger EUR/CHF translation rate (H1 2022: 1.0435 vs H1 2021: 1.1054)

EBIT development: extraordinary effect in Contribution from orders

CHF m



EBIT
Margin 0.6%

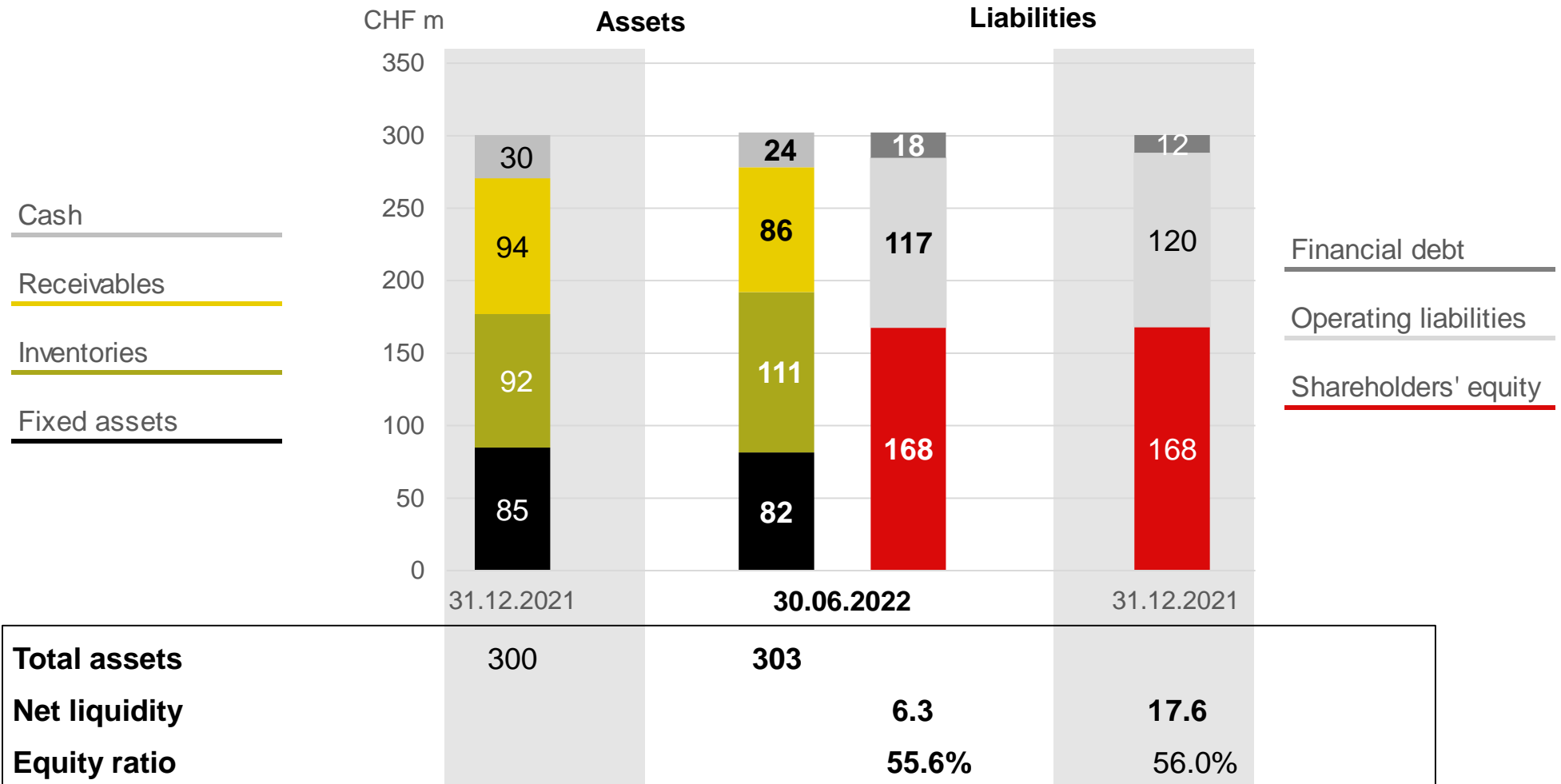
4.4%

Net income up

CHF m	H1 2022	H1 2021	Change
Operating result EBIT	6.1	0.8	663%
Interest expenses, net	-0.1	-0.3	67%
FX result, net	0.3	-	n/a
Other financial result	-0.4	-0.3	-33%
<i>Total Financial result, net</i>	<i>-0.2</i>	<i>-0.6</i>	67%
Income before taxes	5.9	0.2	n/a
Income tax expenses	-0.9	-0.2	n/a
Net income	5.0	0.0	n/a
Earnings per share in CHF	1.50	0.01	n/a

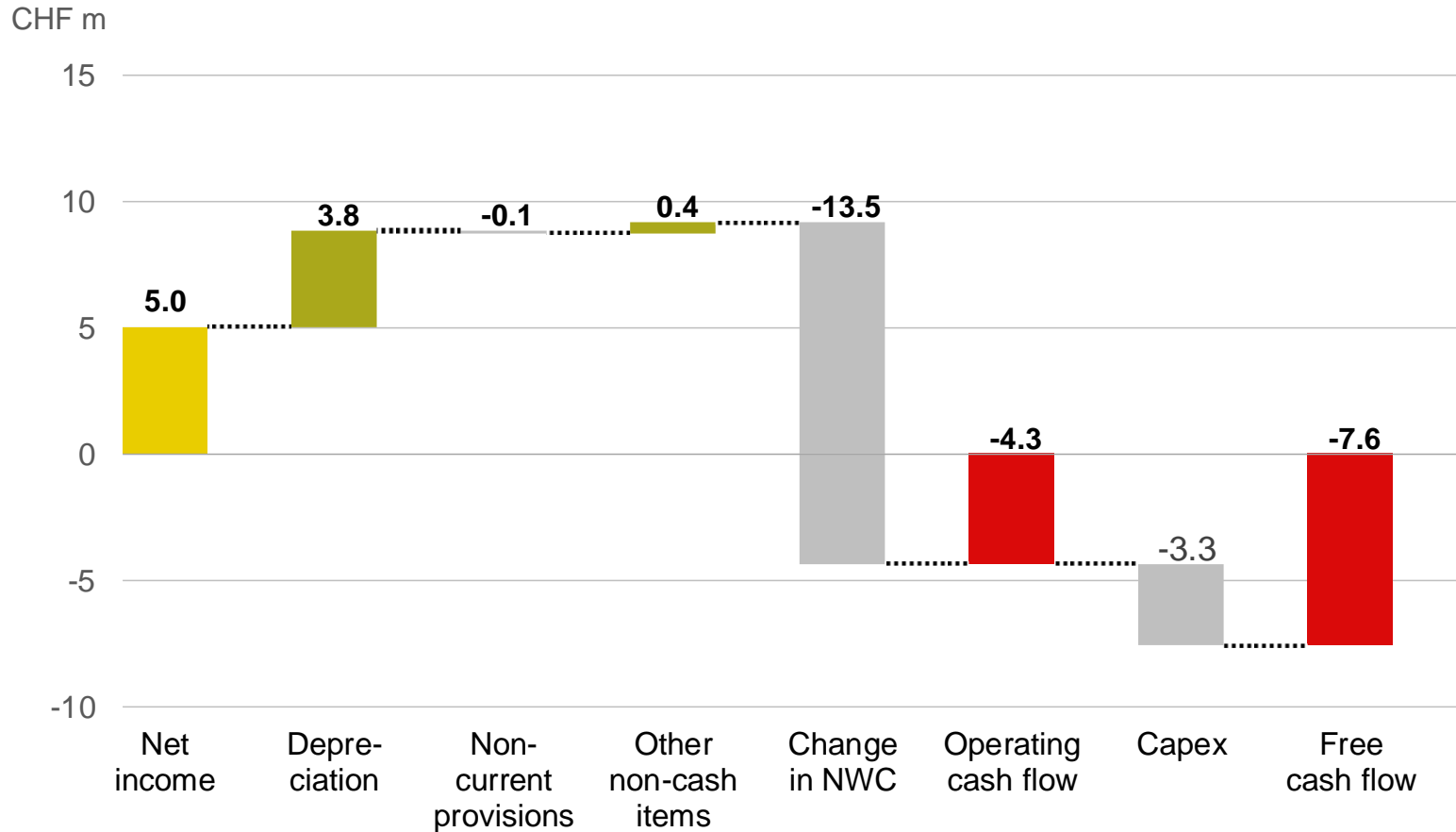
- Income tax expenses do cover provisions for deferred tax due to tax losses

Balance sheet: Equity and equity ratio continuously strong



- Increase in Working Capital, reduction in POC-Receivables due to higher invoicing in H1 2022
- 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



H1 2021:	0.0	4.2	-0.2	0.8	-11.8	-7.1	-2.6	-9.7
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- Greater increase in inventories due to pressure in material availability

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Continuation of strategy implementation

- Focus on the most attractive market/product segments and regions to better exploit the Group-wide growth and profit potential
- Differentiation through application competence, technology, service competence and premium market presence
- Better scaling of the existing product portfolio and competencies worldwide
- Ongoing focus on operational excellence across the entire value chain

Focus of strategic actions

Innovation

- Leading application competence
- Starrag Integrated Production System (digitalization; life cycle performance)
- Next generation of machine tools (machine + automatization + software)

Geographical footprint

- Europe
- North America
- China
- Hybrid sales in focus markets (direct and indirect)

Operational excellence

- Time-to-market and delivery times
- Customer proximity
- Project execution
- People development

General outlook

- Global economic prospects rather clouded
- Impact on Starrag Group's business in view of rapid changes and numerous influencing factors hardly predictable
- All the more important that internal homework is done

Financial outlook

	2021	H1 2021	H1 2022	Guidance FY 2022 (in local currencies)
Order intake	379	150	190	2022 ~ 2021
Sales	293	139	140	2022 ≥ 2021
EBIT margin	-2.9%	0.6%	4.4%	2022 >> 2021

Corporate calendar and Contact details

- 27.01.2023 Preliminary information on FY 2022
- 10.03.2023 Presentation of FY 2021 annual report and results to analysts/media
- 21.04.2023 Annual General Meeting in Rorschach
- 27.07.2023 Half-year report 2023

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We are pleased to answer
your questions.

Thank you.

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