Ad hoc announcement pursuant to Art. 53 LR

Results for the first half of 2022

Substantial improvement in operating earnings – order intake significantly up year on year – order backlog over CHF 300 million – sales at the same level as in the previous year

- **EBIT at CHF 6.1 million or 4.4% of sales – up from CHF 0.8 million or 0.6% in the first half of 2021 and CHF -8.5 million or -2.9% in the financial year 2021 as a whole, i.e. a considerable rise**
- **Order intake up 27% to CHF 189.7 million (up 29% at constant exchange rates)**
- **Order backlog of CHF 303.1 million (up 19% compared with the end of 2021) ensures capacity utilisation until well into 2023**
- **Sales at the previous year's level (CHF 139.5 million)**
- **Net income per share up from CHF 0.01 to CHF 1.50**

Rorschacherberg, 28 July 2022 – Starrag Group has today announced its half-year results for 2022. They confirm the positive expectations expressed in March 2022 for the year as a whole. Following the restructuring that took place in the previous year, the Group is on course for profitable growth.

Order intake up again – sales at the same level as in the previous year

The order intake increased by 27% to CHF 189.7 million compared with the first half of 2021 (up 29% at constant exchange rates) despite some losses in business with Russia. At CHF 139.5 million, sales were unchanged (up 3% at constant exchange rates) owing to interruptions in supply chains and partly to delays/adjustments to certain projects. At 1.36, the book-to-bill ratio (incoming orders to sales) was slightly above the level of the financial year 2021.

The performance of the order intake was once again encouraging. As a result, the order backlog increased again, up by 18.5% to CHF 303.1 million compared with the end of 2021 and by as much as 61.8% compared with the middle of 2021. This solid order backlog ensures capacity utilisation until well into 2023.

Breakdown by region and sector

In regional terms, the main increase was in Europe, which accounted for 69% of new orders in the period under review. North America also performed well – unlike in the first half of 2021. The order intake from Asia, on the other hand, was significantly lower owing to the ongoing pandemic and restrictions on personal mobility.

In terms of sectors, the most significant increase was in Industrial (47% of the order intake across the Group), followed by Aerospace. Energy and Transportation ended the period at approximately the same level as a year earlier.

Restructuring beginning to bear fruit

As already reported, the “Starrag 2021” programme – which has been running over a number of years and aims to optimise the Group’s earnings in the long term – was virtually completed in the past financial year. This was already positively reflected in the 2021 results to some extent, and the programme continued to bear fruit in the period under review – with an associated positive impact on profitability. Excluding restructuring costs, operating earnings before interest and taxes (EBIT) had already come to CHF 4.8 million or 1.6% of sales in 2021 as a whole, and were as high as CHF 6.1 million or a margin of 4.4% in just the first half of 2022. At CHF 5.0 million or 3.6% of sales, the level of net income was also pleasing (having been balanced in the same period a year earlier).

Balance sheet solid

Starrag Group’s balance sheet remains strong, with a high level of property assets and a low level of debt. As a result of conservative writedowns on property and tangible fixed assets, the balance sheet has a high level of hidden reserves.

At 55.6%, the equity ratio remains solid (it stood at 56.0% at the end of 2021). At the end of June, net liquidity amounted to CHF 6.4 million, while free cash flow came to CHF -7.6 million, compared with CHF -9.7 million in the first half of 2021.

Foundations laid for strengthening earnings in the long term

Starrag Group's operational excellence was strengthened significantly, its application expertise improved further, and its structures were streamlined. This is allowing the Group to operate on a permanently lower cost basis. Even though this has already been positively reflected in the results in recent months, it will not be until the medium term that the impact is fully evident. Starrag Group has thus laid the foundations for achieving its medium-term earnings and sales objectives.

Outlook for 2022

The outlook for the global economy has deteriorated in recent weeks and months for well-publicised reasons. Given the rapid changes, it is virtually impossible to predict the extent to which Starrag Group will be directly affected. This relates in particular to estimating the order intake in the coming months. Nevertheless, it is expected that the figure for the year as a whole will be on the scale of the previous year given the encouraging level of new orders in 2021 and the first half of 2022. In the case of sales, an increase is expected in the light of the recent order intake, but this will also depend on the functioning of global supply chains and the performance of the global economy. With regard to the year as a whole, Starrag Group still expects operating earnings and the associated margin to be significantly higher than in the previous year.

High-precision machine tools for greater productivity

Starrag Group is a global technology leader in manufacturing high-precision machine tools for milling, turning, boring and grinding workpieces of metallic, composite and ceramic materials. Principle customers are internationally active companies in the Aerospace, Energy, Transportation and Industrial (Industrial Components, Luxury Goods, Med Tech) sectors. In addition to its portfolio of machine tools, Starrag Group provides integrated technology and maintenance services that significantly enhance customer quality and productivity.

The umbrella brand Starrag unites the product ranges Berthiez, Bumotec, Dörries, Droop+Rein, Ecospeed, Heckert, Scharmann, SIP, Starrag, TTL and WMW. Headquartered in Rorschach/Switzerland, the Starrag Group operates manufacturing plants in Switzerland, Germany, France, the UK and India, and has established a network of sales and services subsidiaries in the most important customer countries.

The shares of Starrag Group Holding AG are listed on the SIX Swiss Exchange.

For further information: www.starrag.com

Key figures of Starrag Group

CHF million	**2022** 01.01.-30.06	2021 01.01.-30.06.	Change	2021 01.01.-31.12.
Order intake	189.7	149.8	+26.6%	378.7
Sales revenue	139.5	139.3	+0.1%	292.6
Operating result EBIT	6.1	0.8	+654.4%	-8.5
Net income	5.0	0.0	n/a	-5.4
EBIT as % of sales revenue	4.4%	0.6%	n/a	0.4%
Return on equity (ROE)	6.0%	0.0%	n/a	-2.9%
Cash flow from operating activities	-6.2	-7.1	+15.1%	16.4
Capital expenditure	3.3	3.0	+9.5%	6.2
Free cash flow	-7.6	-9.7	+27.7%	11.0
Earnings per share (in CHF)	1.50	0.01	n/a	-1.61
Employees (average full-time equivalents)	1’267	1‘327	-4.5%	1‘316

CHF million	**30.06.2022**	31.12.2021	Change	30.06.2021
Order backlog	303.1	255.8	+18.5%	187.2
Total assets	302.3	300.4	+0.6%	338.4
Net liquidity (+) / Net debt (-)	+6.4	+17.6	-63.7%	-3.0
Shareholders’ equity	168.0	168.3	-0.1%	177.1
Equity ratio	55.6%	56.0%	n/a	52.3%

See also „Additional definitions of performance indicators“ on page 69 of the Annual Report 2021.

The half-year report 2022 is available for download at:
https://investor.starrag.com/en-us/news/financial_reports

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Upcoming events

• Sales and orders 2022	27 January 2023
• Key figures 2022 / Annual report	10 March 2023
• Annual General Meeting	21 April 2023
• Half year report 2023	27 July 2023

The economic projections and predictions contained in this information relate to future facts. Such projections and predictions are subject to risks, uncertainties and changes which cannot be foreseen and which are beyond the control of the issuer. The Starrag Group is therefore not in a position to make any representations as to the accuracy of economic projections and predictions or their impact on the financial situation of the Starrag Group or the market in the securities of the Starrag Group.

Rorschacherberg


Vuadens


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