

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 paper, is positioned behind the text.

starrag

Engineering precisely what you value

Financial Year 2020: Media and Analyst Conference

Zurich, 5 March 2021

Agenda

■ **Highlights and business review**

Dr. Christian Walti, CEO

■ **Financial review**

Thomas Erne, CFO

■ **Strategy and outlook**

Dr. Christian Walti, CEO

■ **Q & A**

Disclaimer

This presentation contains forward looking statements which reflect Starrag Group's current views and estimates.

The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

Starrag Group does not accept any liability whatsoever with respect to the use of this presentation.

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Order intake, sales and income decline as expected – Slightly improvement in order intake and income in the second half of the year – Internal strengthening of the Group

- Order intake down 44% to CHF 192 million (down 42% at constant exchange rates)
- Sales down 29% to CHF 297 million (down 27% at constant exchange rates)
- Order backlog of CHF 174 million ensures capacity utilisation for 2021
- EBIT came to CHF 1.3 million (0.4% of sales)
- Net income almost balanced despite unfavourable environment
- Solid balance sheet with 55% equity ratio (previous year 53%)
- Waiver of dividend
- Major progress in strengthening the Group internally

Great progress towards strengthening in the Group internally

- Improving operational excellence
 - Project management with optimised process flows

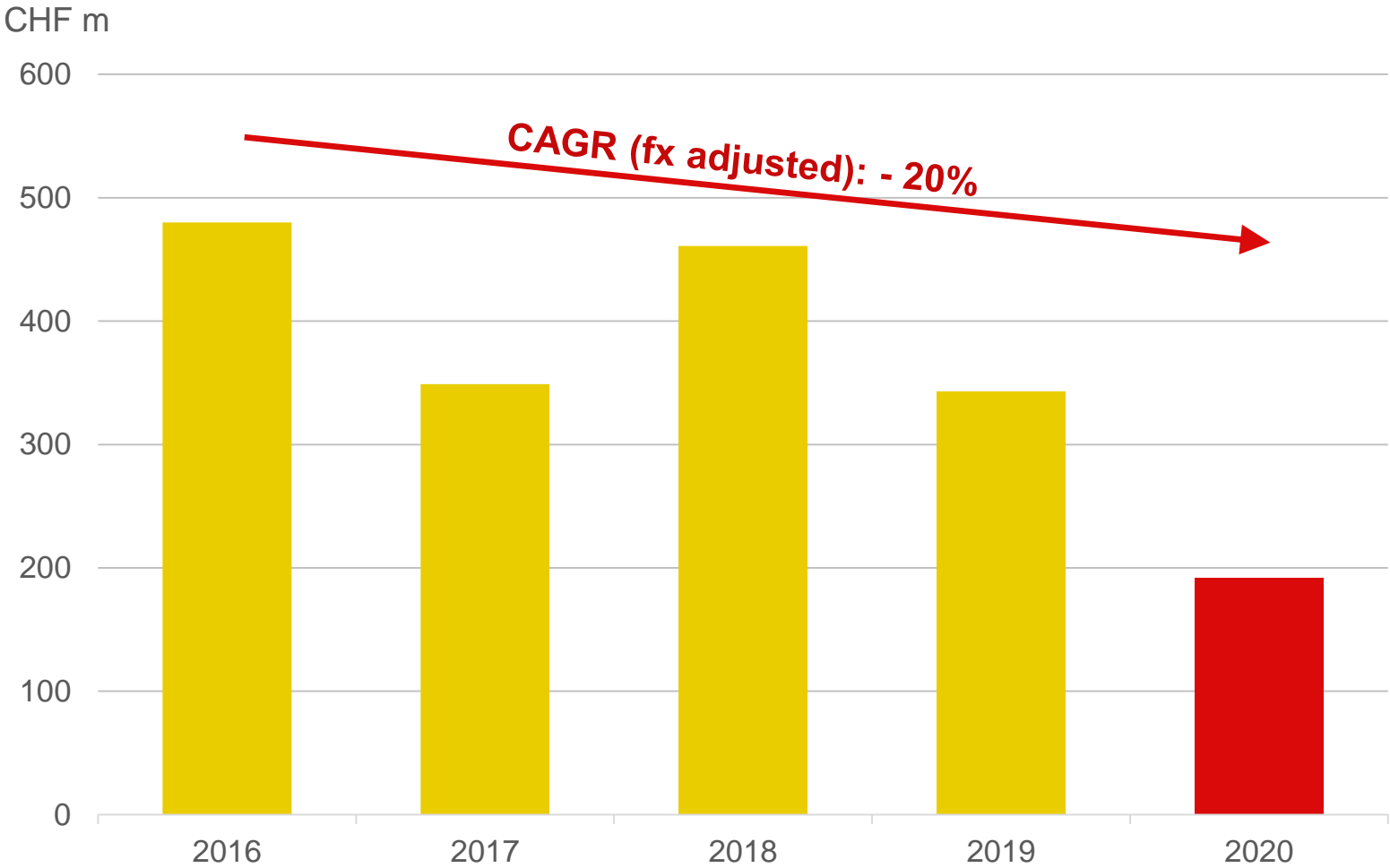
- Stronger cohesion of the Group through renewed leadership team
 - Better coordination of sales, supply chain management and production functions

- Group-wide integrated service
 - Market position in China and North America strengthened

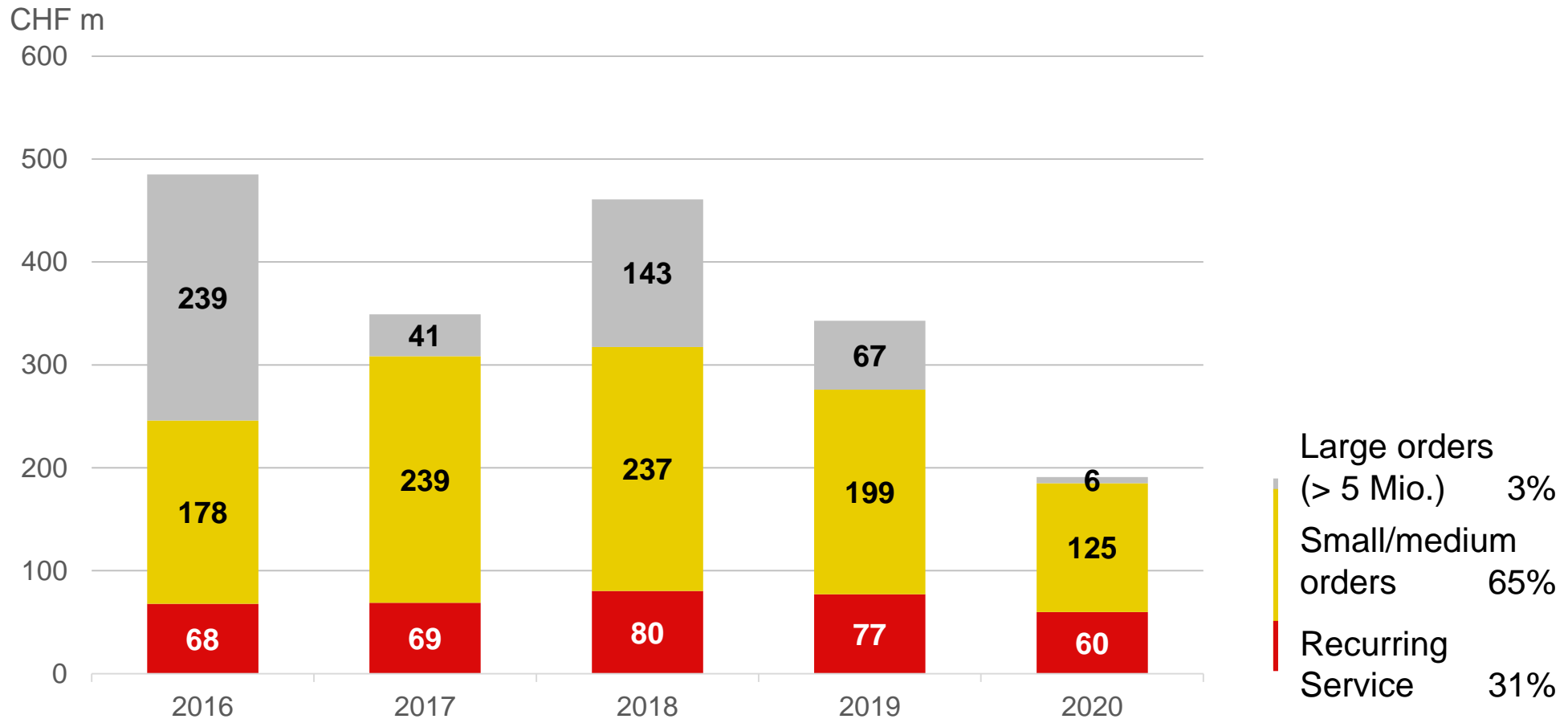
- Product innovations with application focus
 - Growth opportunities with new products in the customer industries

- Savings in 2020 of around CHF 20 million
 - Including numerous measures to reduce expenses: personnel costs, short-time work, material expenses for trade fairs/travel, reduction of fixed remuneration of the Board of Directors and Executive Board

Order intake dominated by large orders depending on the year

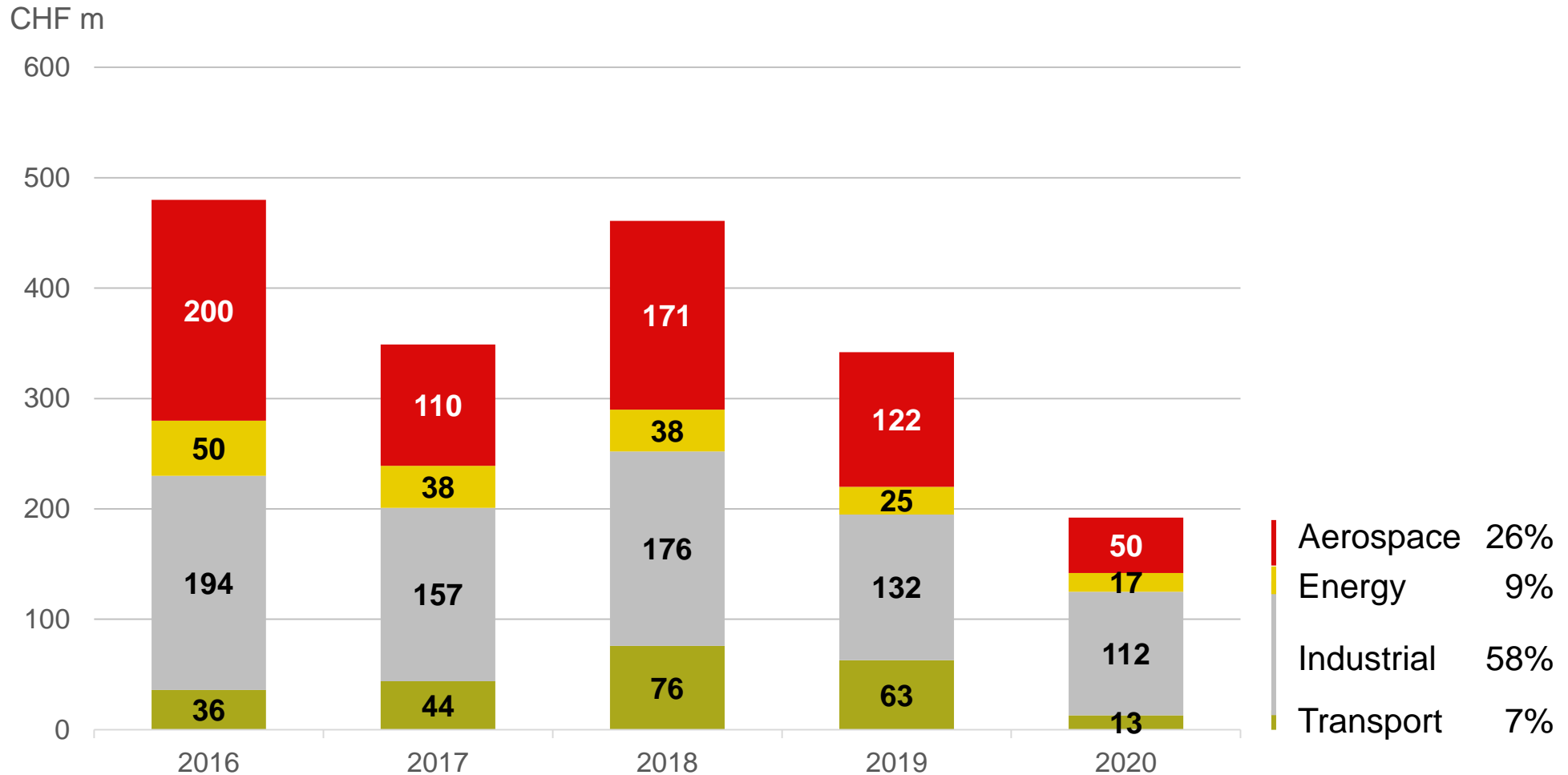


Order intake: Decline in all categories



- Large orders (Ø 2016-2020): CHF 99 million
- Corona-related shift in expected large orders
- Small/medium orders and recurring service below expectations due to Corona

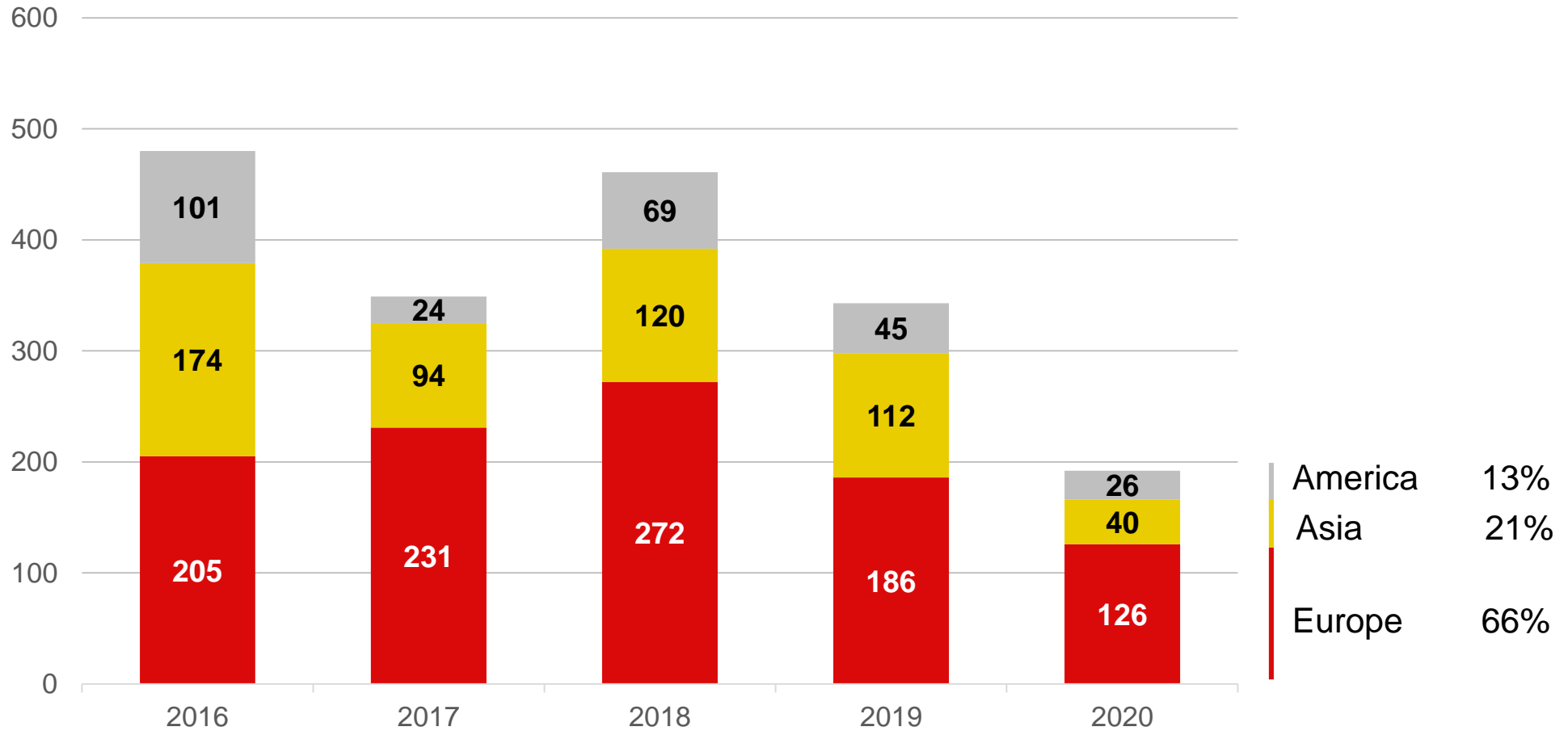
Order intake: Decline in all customer industries



■ Aerospace and Industrial declined, in particular due to Covid-19. Recovery of the markets expected in 2022/2023.

Order intake: Asia most affected

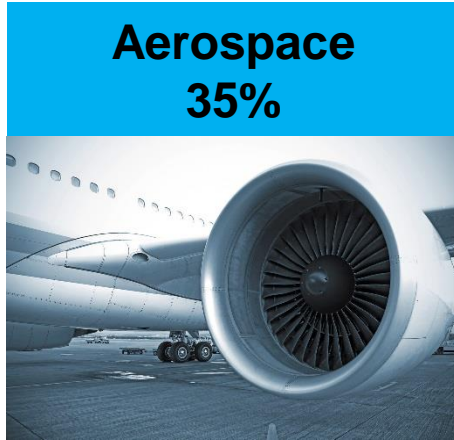
CHF m



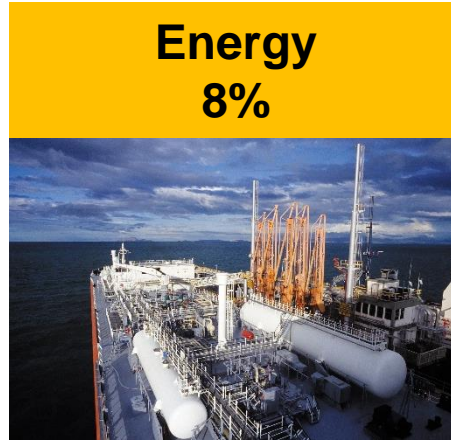
■ Decline in the important core region of Asia

Market trends by industry

Key markets Aerospace and Industrial with long-term positive perspective



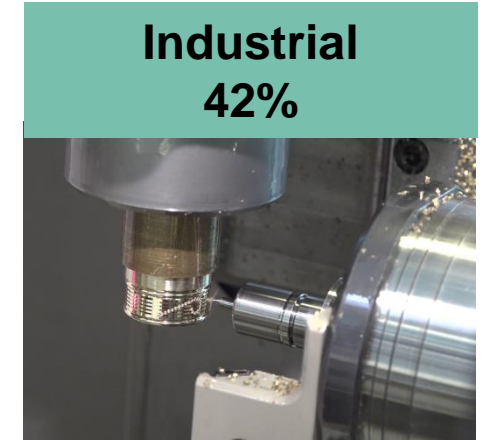
- Solid growth until 2019: temporary slump
- China to build own aero engines
- Increasing technical requirements (size, complexity, precision, alloys)
- MRO continues to grow (maintenance, repair, operation)



- Power plant investments concentrated on Asia
- Western power plant manufacturers with selective investments
- Oil&Gas: some growth for gas
- Large offshore wind farms as long-term trend, especially China



- Agriculture with positive outlook
- Construction equipment with differentiated development
- On-Road vehicles in crisis (low priority)
- Trucks and off-highway vehicles driven by emission regulations
- New opportunities through future mobility concepts



- Stationary machines with cyclic low
- Increasing demand for automation
- Jewelry and watch market remains interesting
- Growing market share in specific MedTech applications

Percentage based on average order intake 2018-2020

New manufacturing solution for complete machining of planetary gear carriers

Highest degree of precision, efficiency and process reliability

In cooperation with a robot cell two Heckert T45 machining centres offer the highest level of process integration

- Automated pallet-, gripper- and toolhandling
- Short set-up times
- Small production space
- Shortest process and throughput times



New formats for online-marketing

TecTalk: New interview series with Miriam Rickli

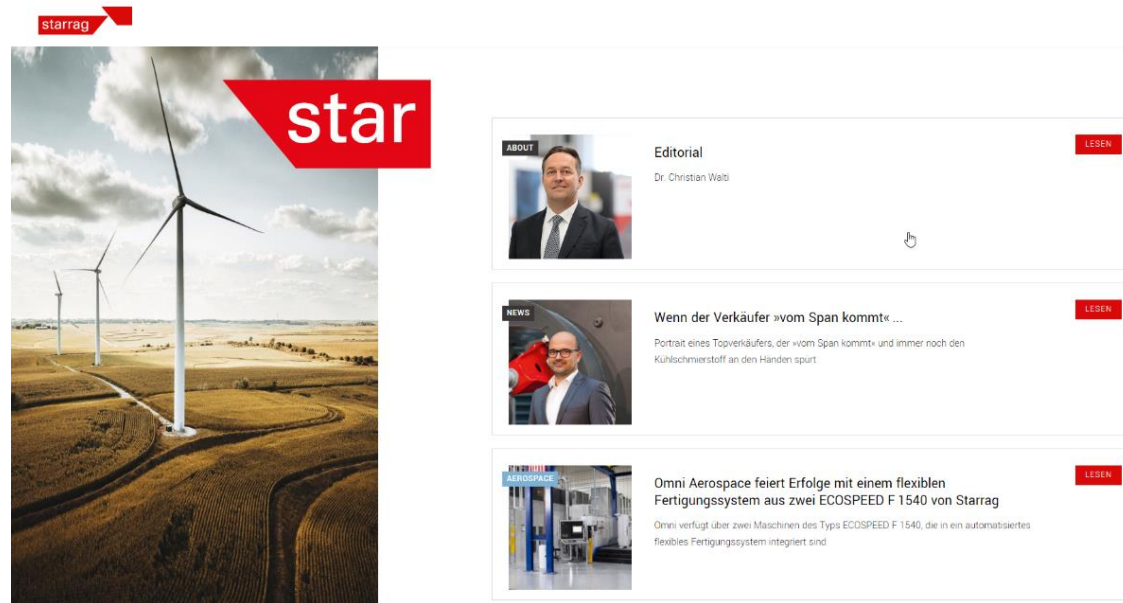
The TecTalk is a series of interviews in which the well-known moderator Miriam Rickli guides interested viewers through current technology topics and through interviews in customer plants. These interviews are published at monthly intervals on a dedicated landing page and on all Starrag's social media channels.



New formats for online-marketing

Star Digital: The new interactive version of our customer magazine Star

Networking with other articles, the web presence and the social media channels creates a lively mix that allows customers to obtain comprehensive information about content that is relevant to them. The integration of videos and additional picture galleries also allows customers to experience Starrag products dynamically.



The screenshot displays the Star Digital website interface. On the left, there is a large image of wind turbines in a field, with a red 'star' logo overlay. On the right, there is a list of three article cards, each with a 'LESEN' button.

- Card 1:** Editorial by Dr. Christian Weiß. Includes an 'ABOUT' tab and a 'LESEN' button.
- Card 2:** News article titled 'Wenn der Verkäufer »vom Span kommt« ...'. Includes a 'NEWS' tab and a 'LESEN' button.
- Card 3:** News article titled 'Omni Aerospace feiert Erfolge mit einem flexiblen Fertigungssystem aus zwei ECOSPEED F 1540 von Starrag'. Includes a 'NEWS' tab and a 'LESEN' button.

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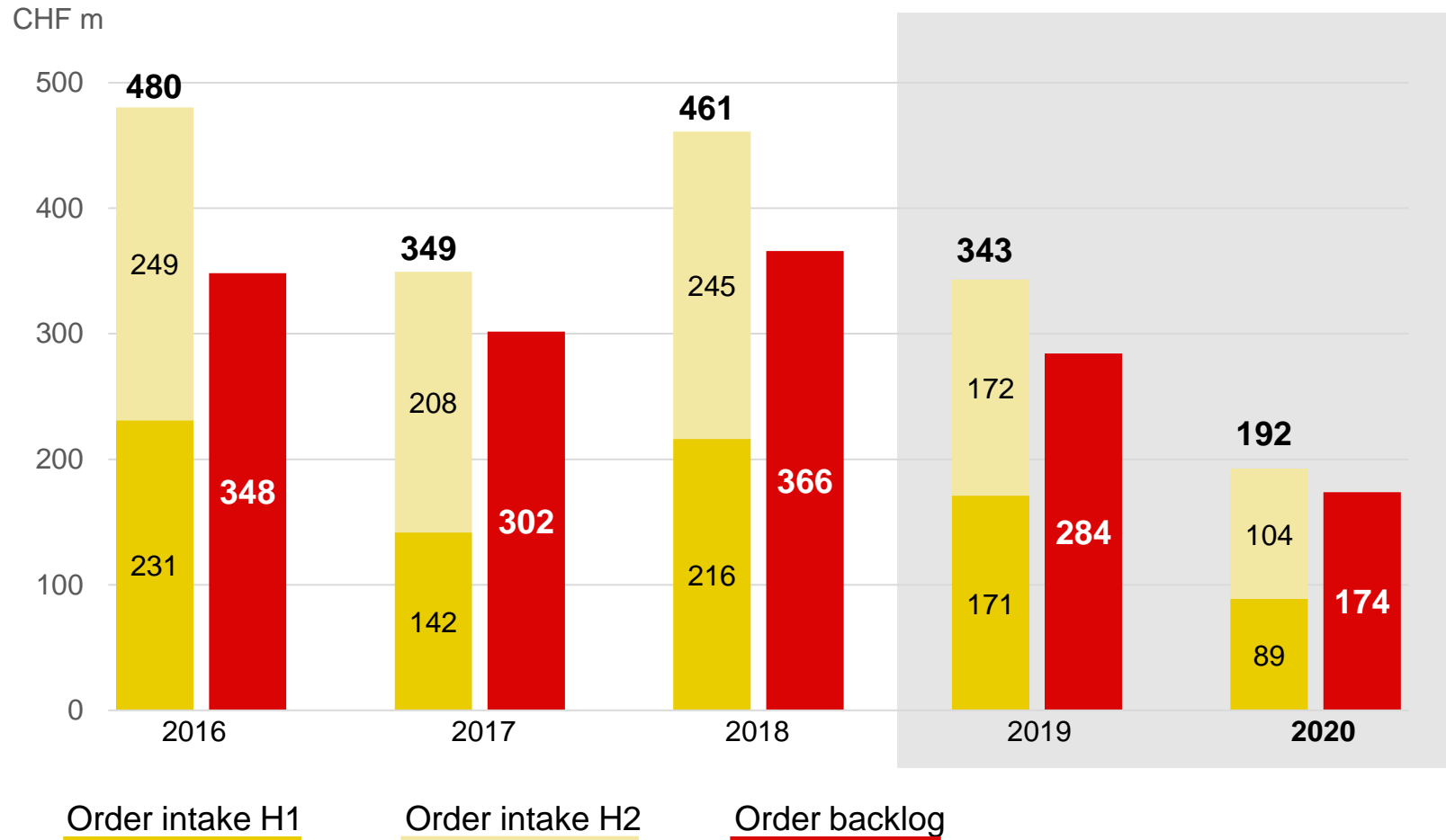
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■ Strategy and outlook

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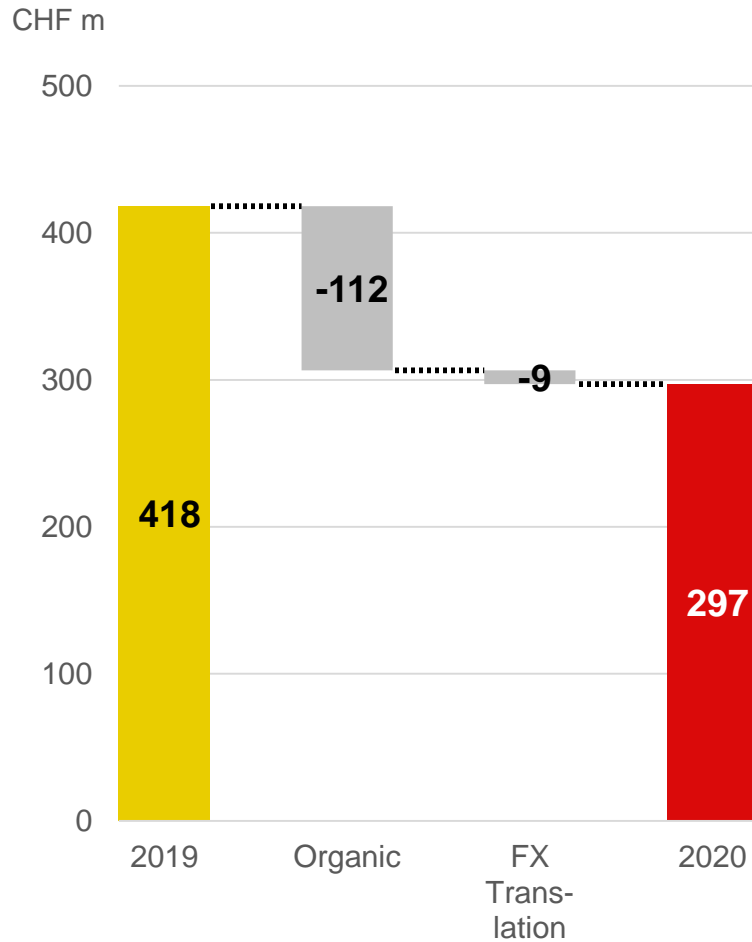
Order backlog ensures capacity utilisation



- Order intake 2020: -44% (fx adjusted -42%)
- Order backlog: -39% (fx adjusted -37%) → basic utilisation is secured

Sales development

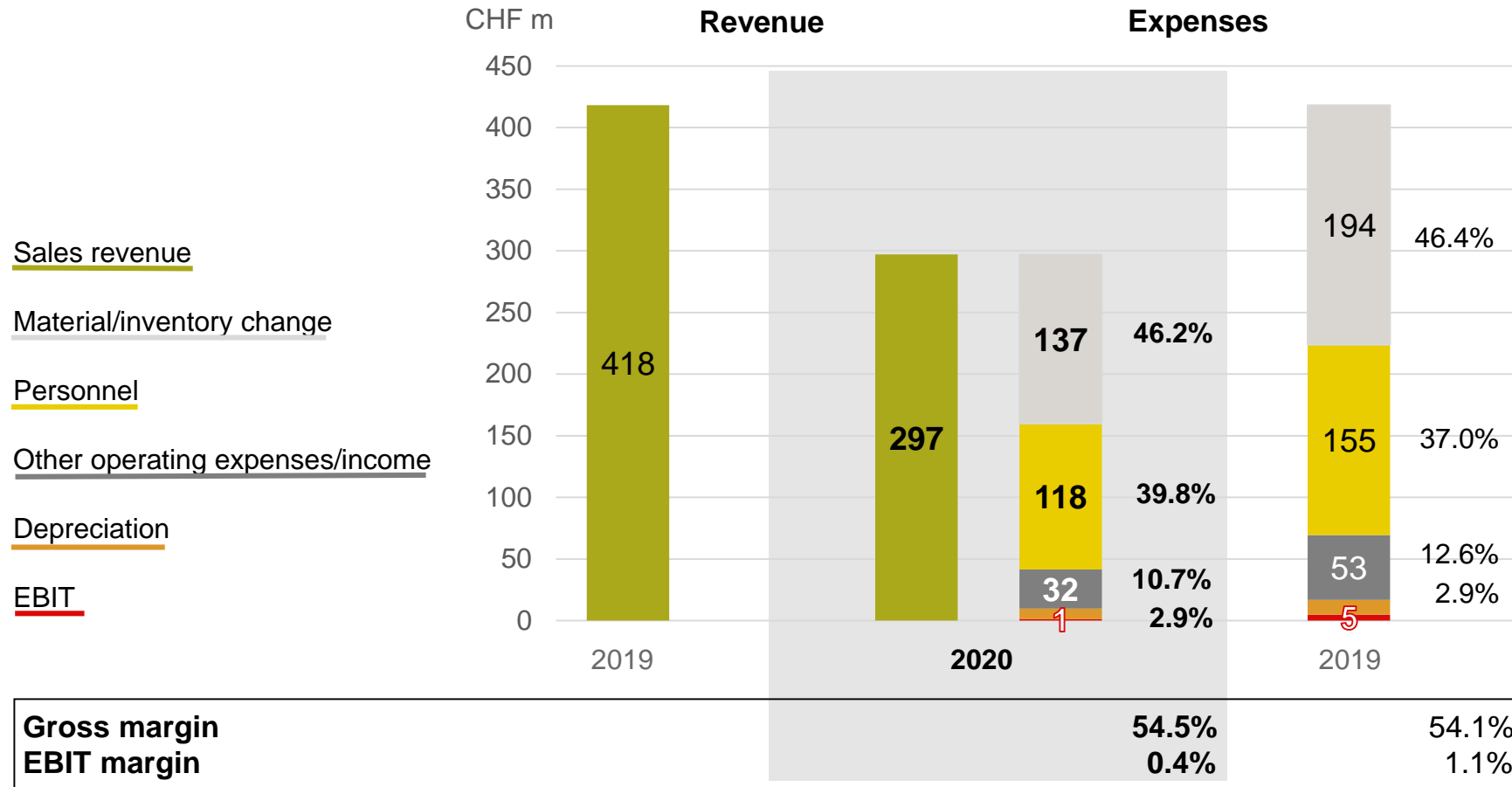
Sales -29%, fx adjusted -27%



Negative FX currency influence

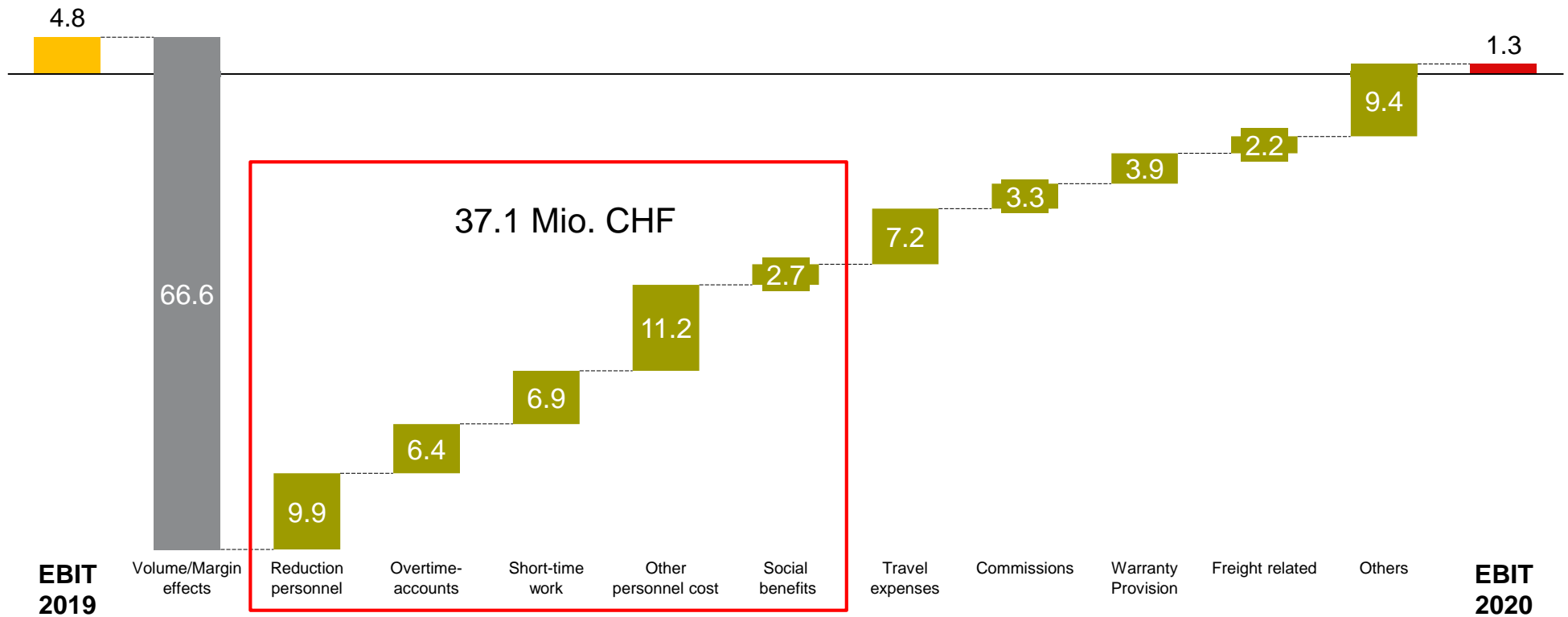
■ Weaker EUR/CHF translation rate
(2020: 1.0813, 2019: 1.1247)

Income statement: relief through savings programmes



- By using the possibility of short-time work, as well as by reducing time accounts and temporary employees, it was possible to save significant personnel costs.

EBIT bridge



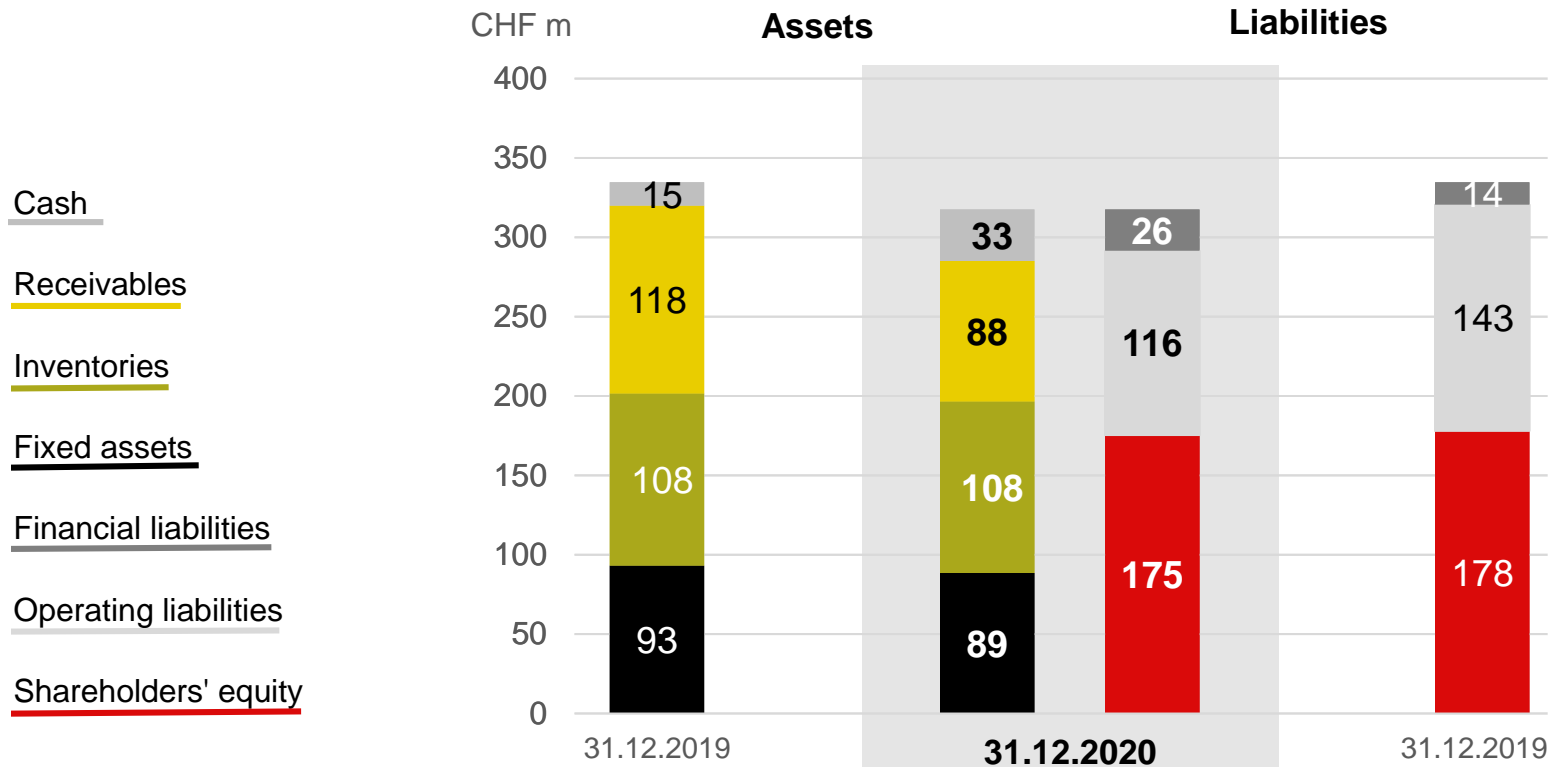
- **Cost savings: More than half of the volume/margin effect was captured through personnel savings of CHF -37 million.**

Starrag does not report a positive net profit in 2020

CHF m	2020	2019	Change
Operating result EBIT	1.3	4.8	-73%
Interest expenses, net	-0.3	-0.4	
FX result, net	-0.6	0.7	
Other financial result	-0.8	-1.2	
<i>Total financial result, net</i>	<i>-1.7</i>	<i>-1.0</i>	
Income before taxes	-0.5	3.8	-113%
Income tax expenses	-0.2	3.0	
Net income	-0.6	6.9	-109%
Earnings per share in CHF	-0.19	2.02	-109%

- EBIT impacted by Covid-19 pandemic and significant cost-saving measures
- Average interest rate 0.8% (2019: 0.9%)
- Capitalised loss carry forwards in German companies reduce income taxes

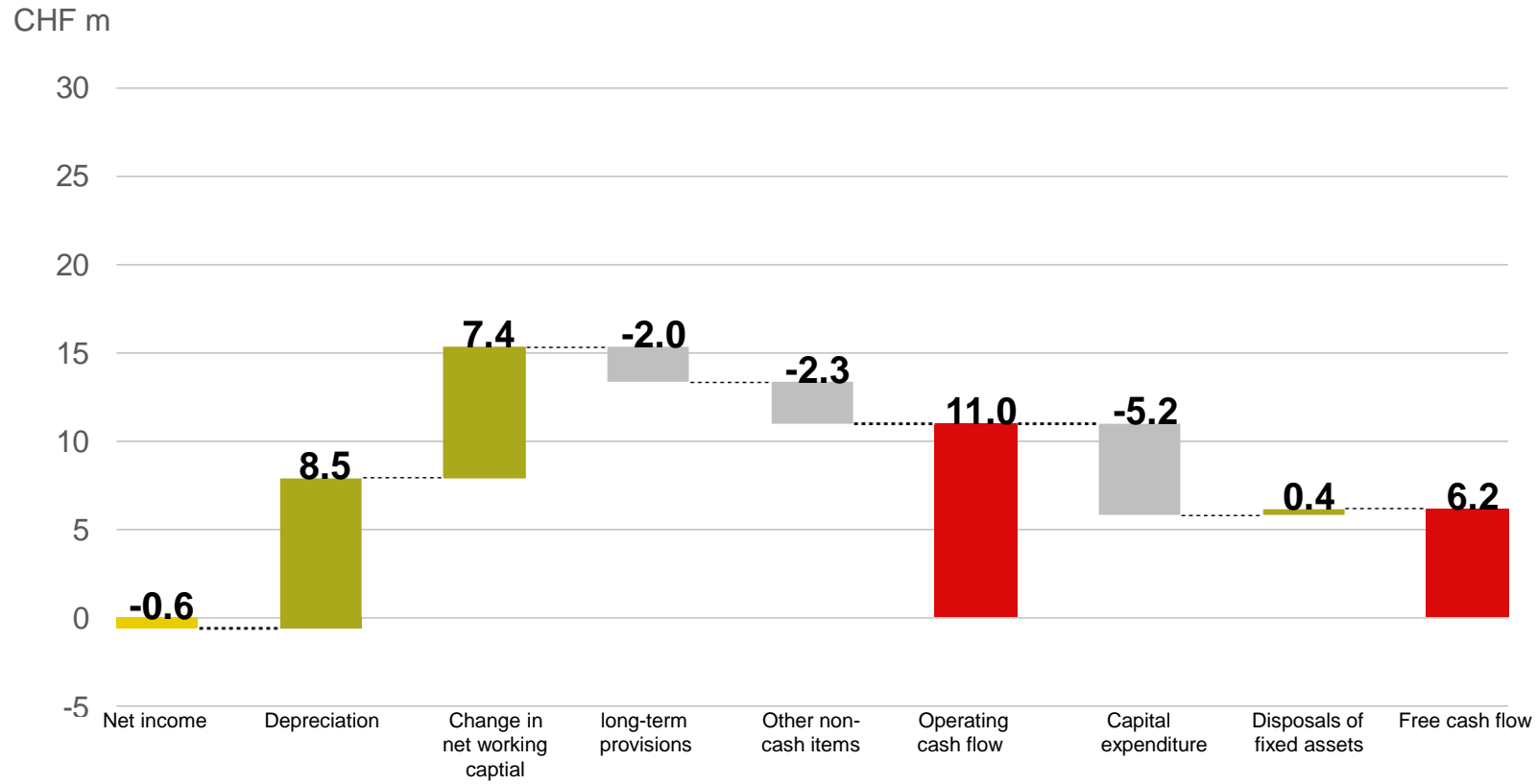
Balance sheet: Strong financial base



Net assets	335	318	
Net cash		7	1
Equity ratio		55%	53%

- **Solid equity ratio of 55%; positive net liquidity**
- **Reduction in balance sheet total due to lower capital commitment**

Intact free cashflow 2020



FY 2019:	6.9	12.0	-2.1	-6.5	-0.1	0.5	-5.1	3.0	8.3
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- **Solid cash flow from operating activities due to lower costs for net operating assets**
- **Restrained investment activity**

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Program "Starrag 2021" with medium-term horizon

2019

Review and consolidation
Accelerate change
Stable profitability

- Evaluate synergy potential in Starrag Group
- Optimize processes and project management
- Streamline organizational setup
- Sharpen product portfolio
- Improve value-based selling

2020

Value added co-operation in Group
Renewed product portfolio
Gain profitability

- Implement cost savings
- Exploit defined markets with application focused solutions
- Reduce risks in new orders
- Reduce delivery times
- R&D focus on flexible modules and customized options

2021

Readiness for growth
Reduced break-even
New orders with benchmark profitability

- Increase operational margin
- Growth in the strategic markets
- Increase competitiveness with new products and systems
- Increase flexibility to cope with fluctuating demands

Mid-term financial targets unchanged

- Growth rate 5% p.a.
- Profitability 8% EBIT margin
- Dividend ratio 35-50% of net profit

In local currencies and as average over the business cycle.

Continuation of the 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
- Increased focus on operational excellence across the entire value chain

Economic outlook 2021

■ Still characterised by Corona

■ Industry associations cautiously optimistic

- Second half of 2020 more positive than originally assumed
- VDMA expects production growth of around 4% for 2021

■ Expectations for customer industries

- Aerospace 2021 still restrained, recovery expected from 2022
- Industrial Willingness to invest depending on the development of Corona, Luxury Goods segment with positive signals
- Energy expected stability
- Transportation 2021 still restrained, recovery expected from 2022

■ Expectations by regions

- North America Positive impulses from the change of president and thanks to the strengthening of the local sales structures
- Europe Barely noticeable recovery before 2022
- Asia Remains most promising region for growth in the long term

Guidance 2021

Order intake

■ Significantly above 2020 (CHF 192 million)

Sales revenue

■ Within the framework of 2020 (CHF 297 million)

EBIT

■ Within the framework of 2020 (CHF 1.3 million)

Depending on COVID-19 development in the strategic target markets.

in local currencies

■ Setbacks 2020

- Incoming orders, sales and earnings below previous year due to Corona
- New orders and operating result slightly improved in the second half of the year - new orders expected for the first quarter of 2021
- Major progress in strengthening the Group internally with total savings of around CHF 20 million
- The Starrag Group remains financially stable, even in a pandemic, with a practically balanced net result

■ Outlook 2021

- Consistently continued strategy implementation
- Rigorous continuation of the "Starrag 2021" programme
- Order intake significantly above previous year
- Sales in line with previous year
- EBIT in line with previous year

Corporate calendar and Contact details

- 23.04.2021 Annual General Meeting
- 29.07.2021 Half-year report 2021
- 28.01.2022 Sales and orders 2021
- 04.03.2022 Presentation of 2021 results for analysts and media in Zurich
- 23.04.2022 Annual General Meeting in Rorschach

Thomas Erne, CFO

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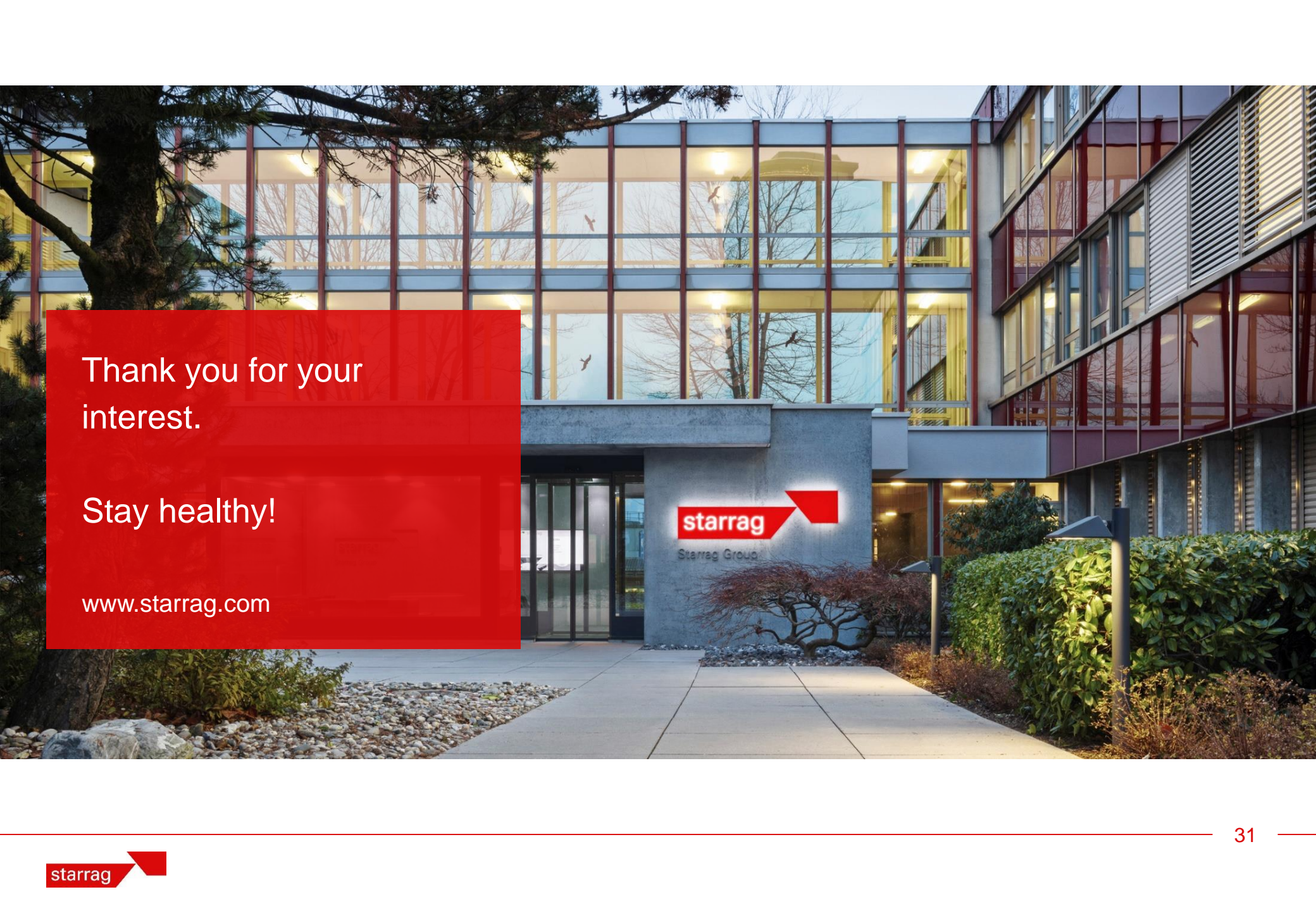
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Thank you for your
interest.

Stay healthy!

www.starrag.com

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starrag

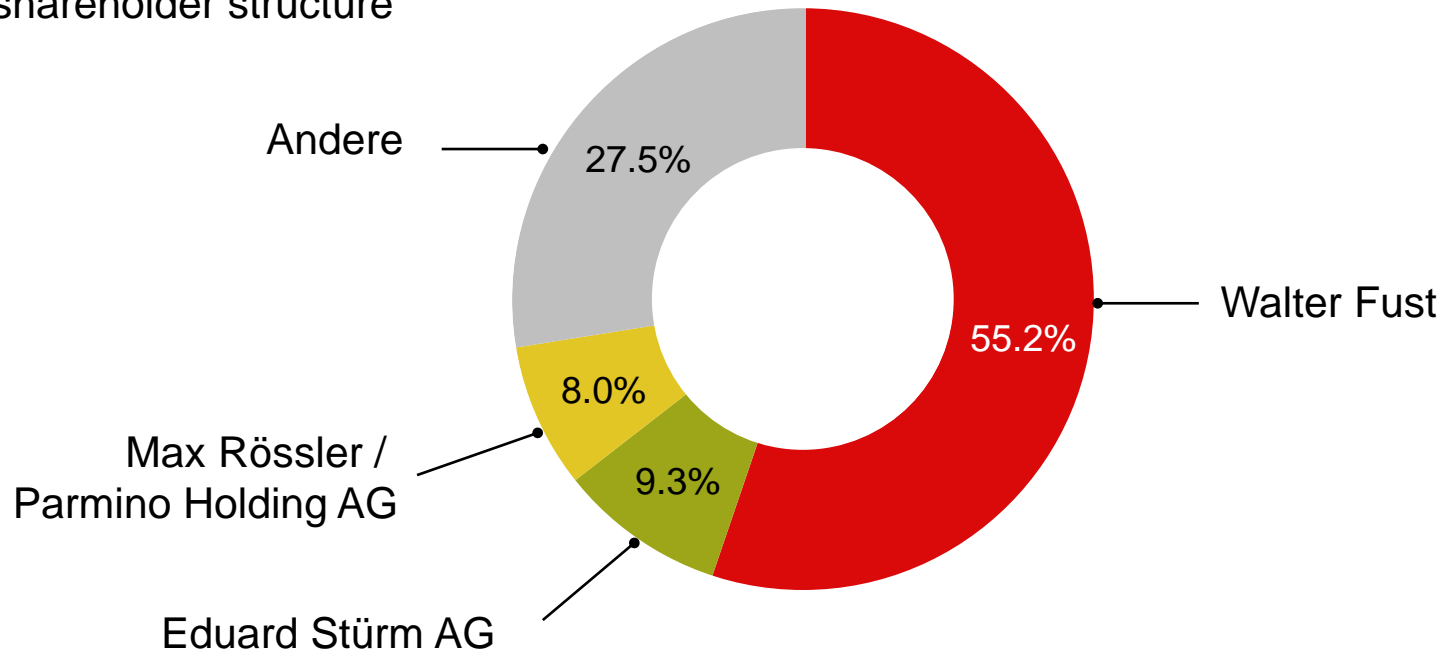
Engineering precisely what you value

Backup information

The background of the slide is a dark, high-contrast photograph of a metal structure, possibly a roof or a large industrial component. The structure features a prominent corrugated metal surface that recedes into the distance, creating a strong sense of perspective. The lighting is dramatic, highlighting the metallic textures and sharp edges of the structure. A large, semi-transparent dark grey shape is overlaid on the top half of the image, and a bright red geometric shape is in the bottom right corner.

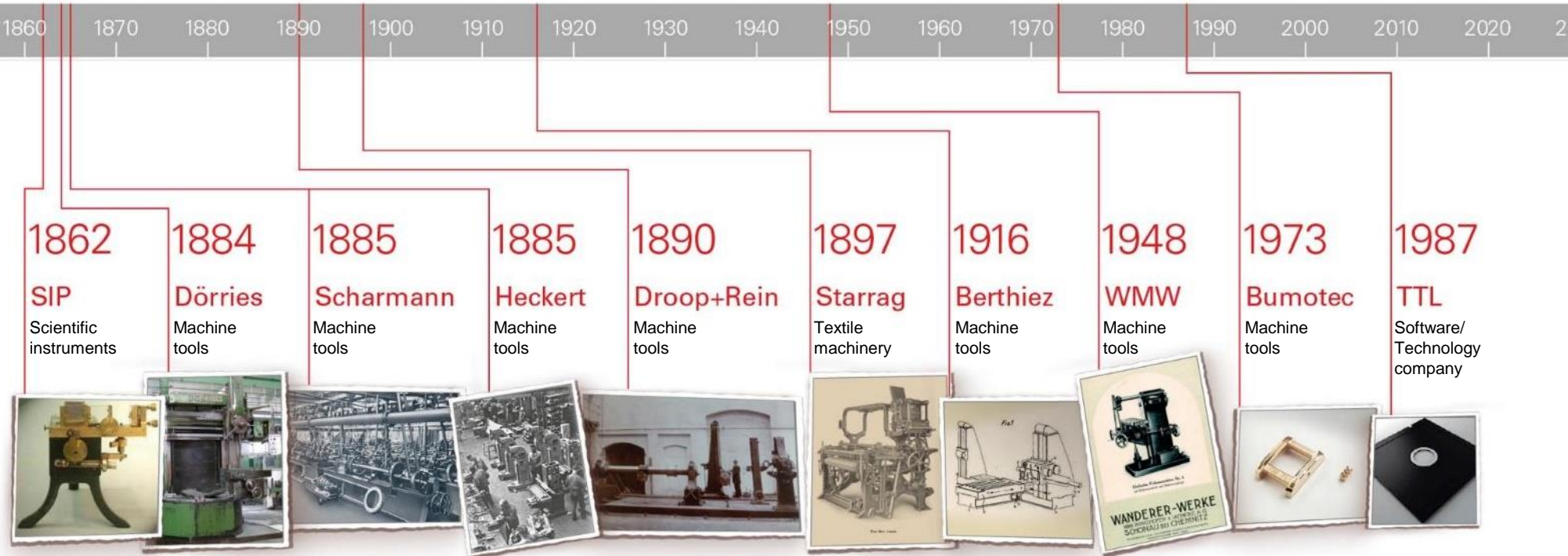
Share details (as of 31 December 2020)

- Market capitalization CHF 132 million
- Listed at SIX Swiss Exchange Main Standard
- Ticker: STGN, Valor number 236'106, ISIN CH00023610608
- 3'360'000 registered shares, nominal value of CHF 8.50 each
- Free float 28%
- Stable shareholder structure



150 years tradition in innovation

Key milestones for Starrag Group to become and remain a reliable long-term partner



At your service



Group Management



Dr. Christian Walti, CEO

(1967, Swiss)

- Since 01.06.2018: CEO and Head of Regional Sales
- 2012 – 2018 Head of Bosch Packaging Systems, Beringen, Switzerland
- 2005 – 2011 Delegate of the Board of Directors and CEO of Faes AG, Wollerau, Switzerland
- 2003 – 2004 Founding partner and shareholder of Stratocon AG, Baar, Switzerland
- 1999 – 2003 management functions at ABB Schweiz AG, Baden, Switzerland
- 1998 – 1999 Consultant at Capgemini Consulting AG, Zollikon, Switzerland

- PhD at University of St. Gallen, Switzerland
- Post graduate studies in Business Administration at University of St. Gallen, Switzerland



Thomas Erne, CFO

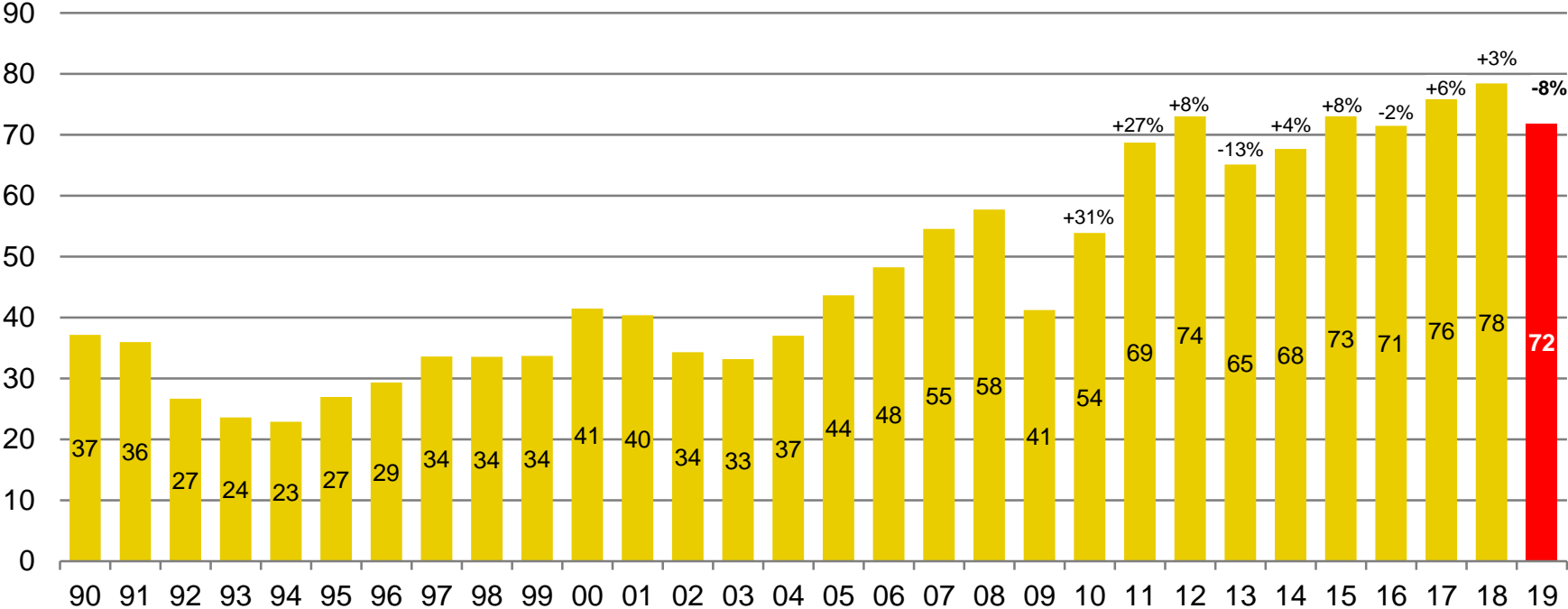
(1973, Swiss and German)

- Since 01.09.2020 CFO and Head of Corporate Center
- 2015 – 2020 CFO Europe at DMG Mori
- 2007 – 2015 Regional Finance Director at Zimmer Biomed
- 2006 – 2007 Senior Controller at Swissport
- 2004 – 2006 market development of the American business in finance at Atlanta Pharma AG
- 2002 – 2004 Trainee Program finance at Atlanta Pharma AG

- Degree in business administration from the University of Konstanz/DE

World production machine tools 1990 - 2019

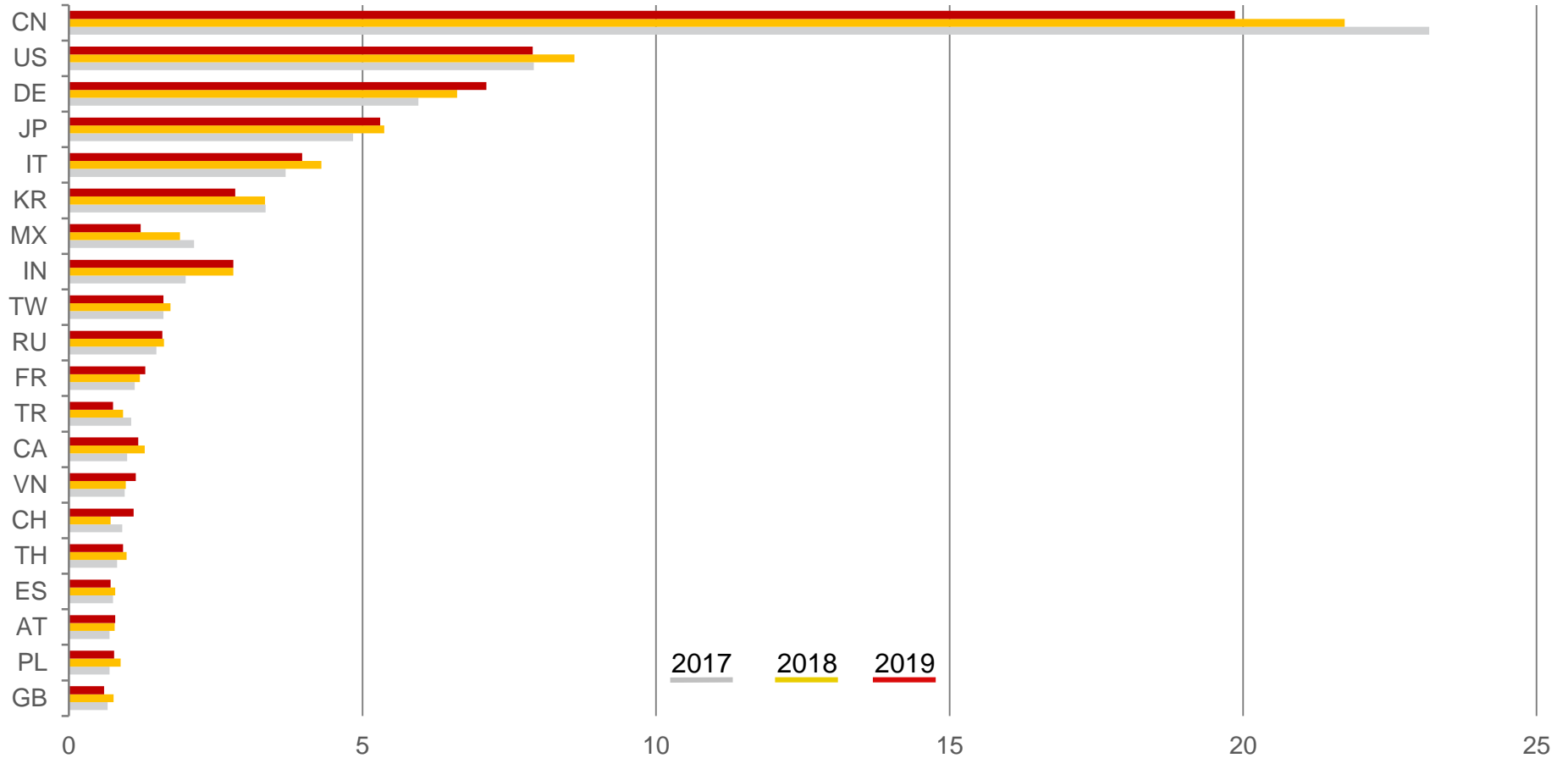
EUR b



Note: Without Parts/accessories; Source: VDW World Machine Tool Statistics 2019, up-dated 05.10.2020

World production machine tools 2017 - 2019: Top 20 countries

EUR b



■ **Top 20 consume 90% of the total EUR 71 billion machine tool market.**

Note: Without Parts/accessories: Source: VDW World Machine Tool Statistics 2019, up-dated 05.10.2020.