

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 above and to the right of the text.

starrag

Engineering precisely what you value

Financial Year 2021: Media and Analyst Conference

Zurich, 4 March 2022

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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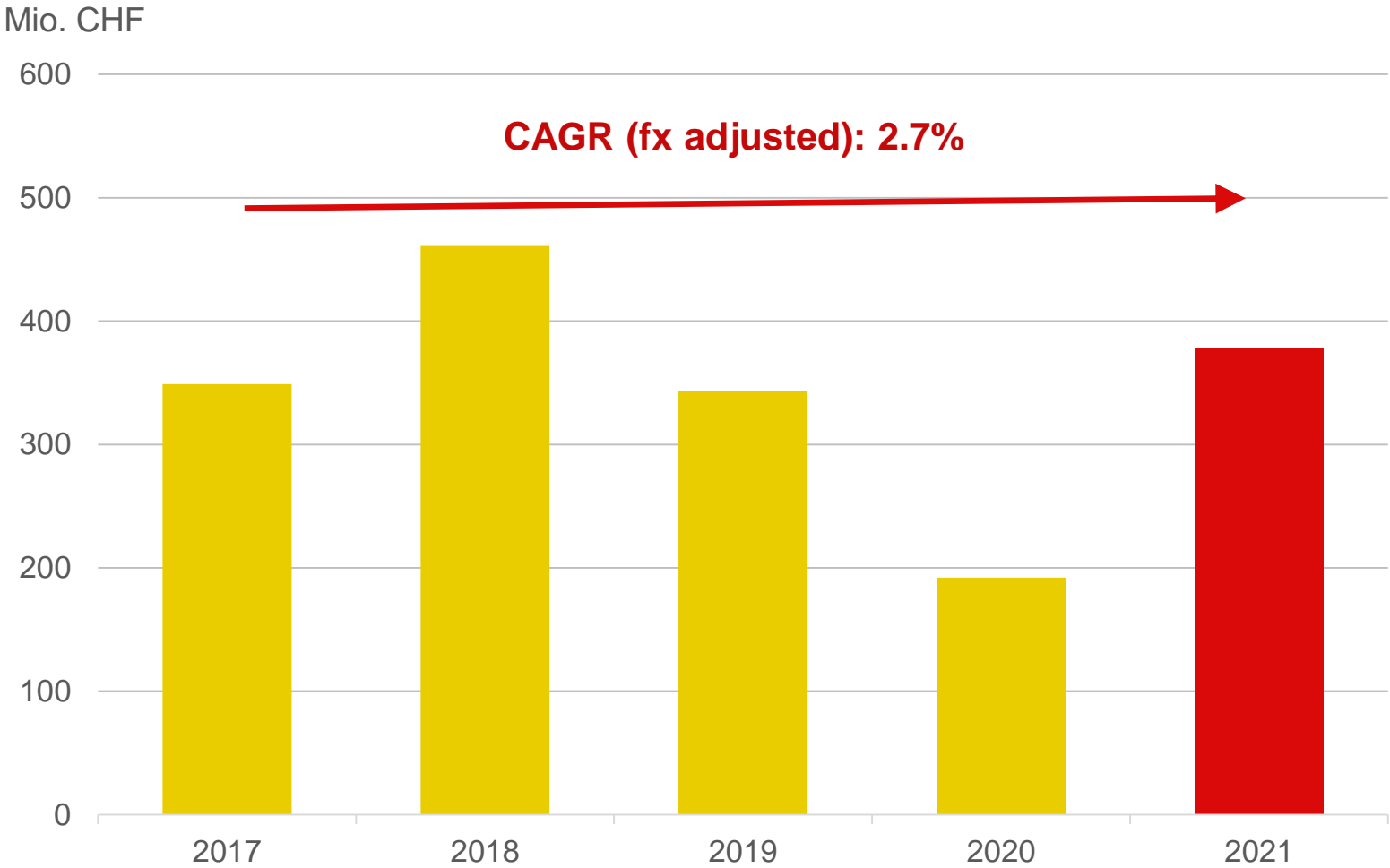
Order intake nearly doubled – Significant increase in order backlog – Sales at the same level as in the previous year – further improvement in operating earnings – Dividend proposed

- Order intake up 97% to CHF 379 million (up 96% at constant exchange rates)
- Order backlog of CHF 256 million (up 47%) secures capacity utilisation beyond 2022
- Sales maintained virtually unchanged at CHF 293 million (down 2%)
- EBIT before restructuring at CHF 4.8 million or 1.6% of sales (previous year: CHF 1.5 million / 0.5%), down CHF 8.5 million after restructuring
- Due to restructuring expenses, net result of CHF -5.4 million
- High equity ratio of 56% in line with previous years
- Restructuring program largely implemented
- Dividend of 1.00 CHF per registered share proposed

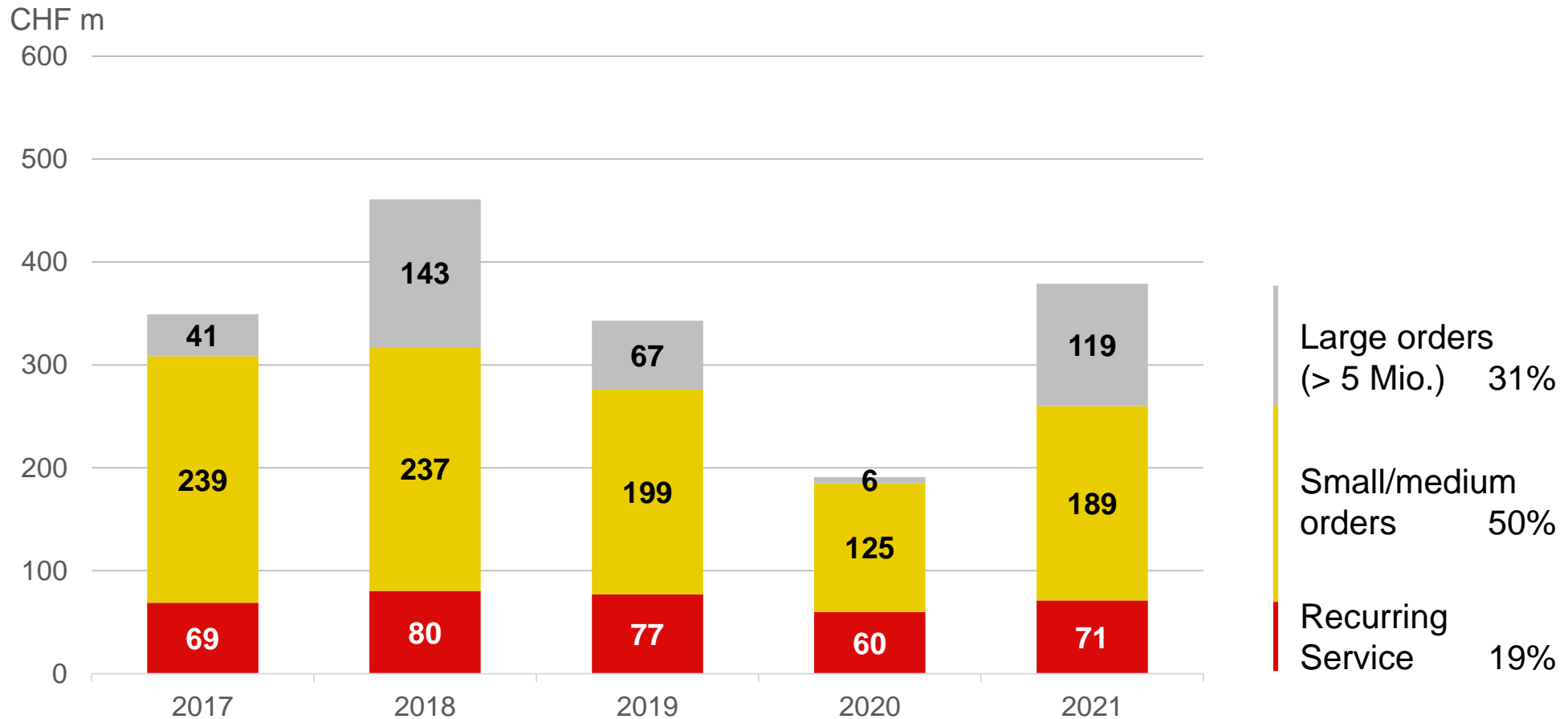
Group strengthened with «Programme 2021»

- «Programme 2021» largely completed in the reporting year
 - Significant increase in operational excellence
 - Renewed management team
 - Strengthened application competence
 - Streamlining of structures
- This creates the preconditions for a lasting optimisation of earnings
- First successes already visible in 2021 – full impact in the coming years
- 2020/21 Permanent reduction of operating cost and personnel costs by a total of more than CHF 30 million

Order development influenced by large orders and external factors



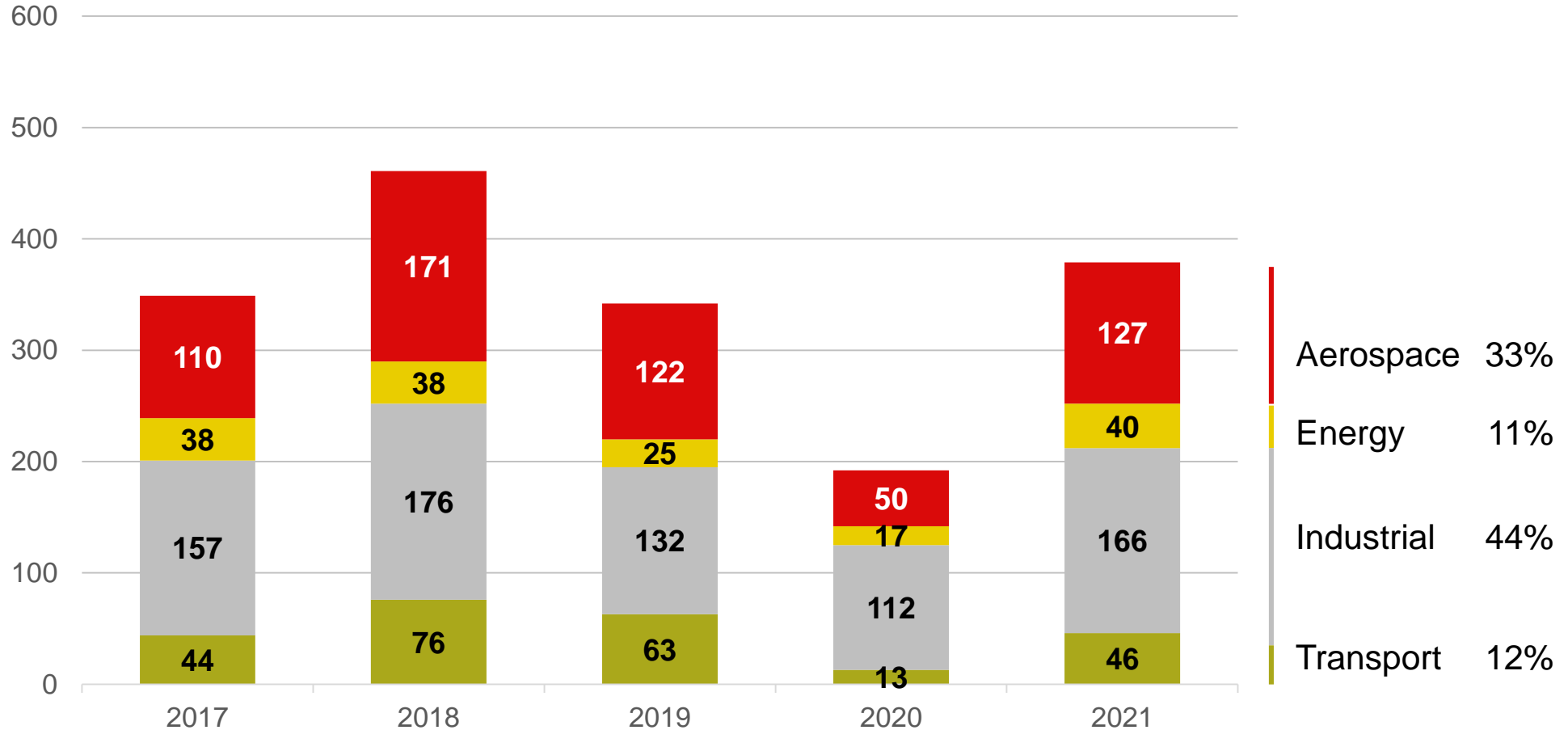
Order intake by order size: Plus in all categories, primarily large orders



- Large orders back in line with previous years (Ø 2017-2021): CHF 75 million
- Small/medium orders and especially recurring service with lower volatility = higher stability

Order intake by sector: increase throughout

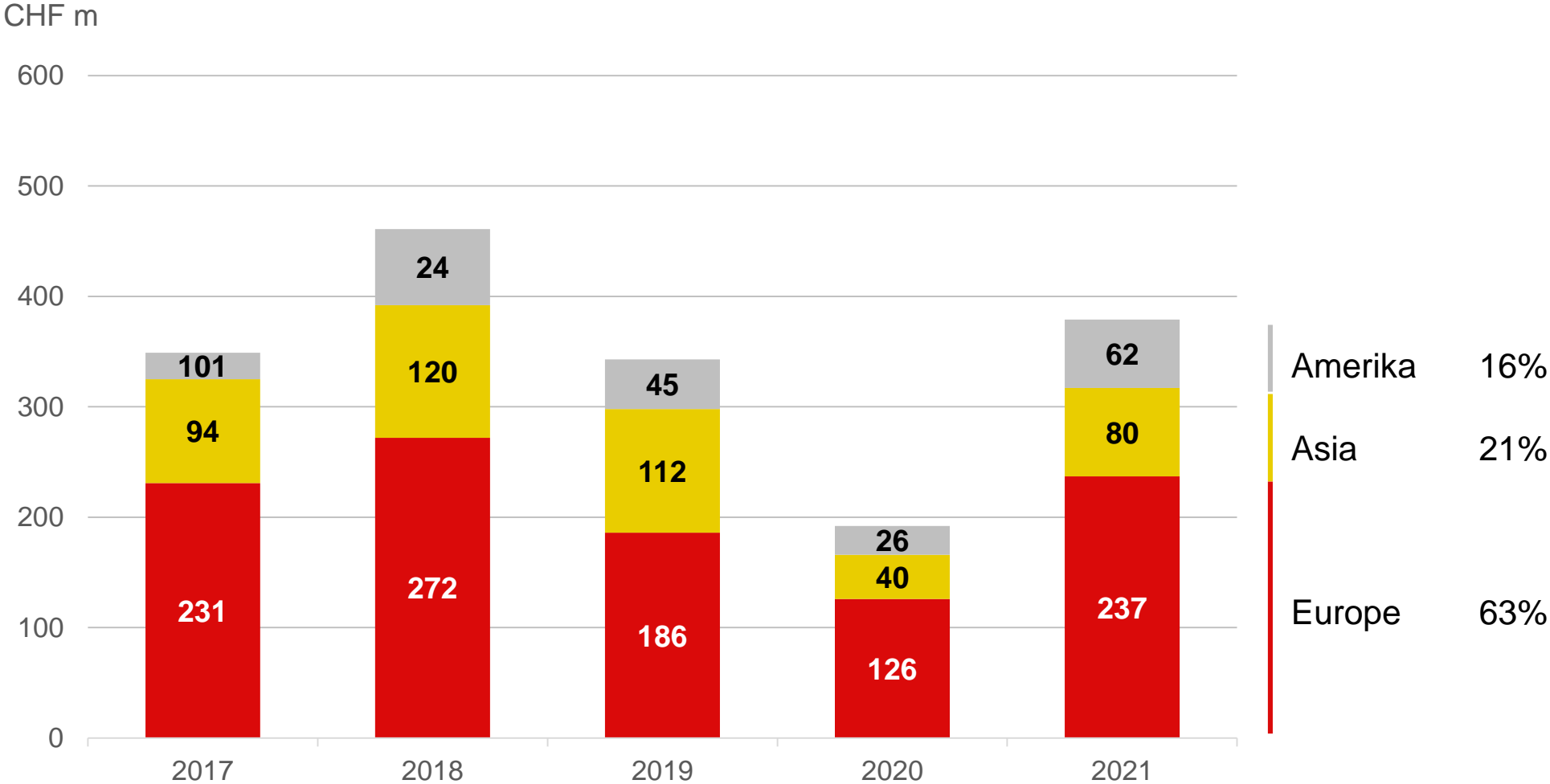
CHF m



■ Aerospace more than doubled thanks to space business

■ Industrial plus 44%

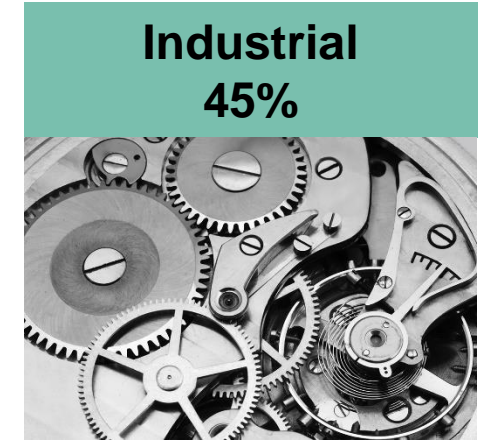
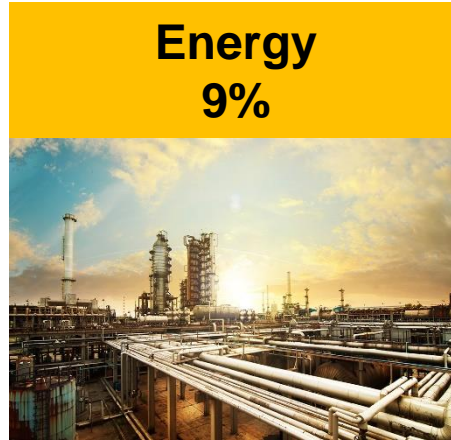
Order Intake by region: Europe with biggest plus



■ Largest increase in Europe, followed by Asia and Amerika

Market trends by industry

Key markets Aerospace and Industrial with long-term positive perspective



- Catch-up effect after temporary slump due to pandemic
- Increasing technical requirements (size, complexity, precision, alloys)
- China with high investment activity for own production of aircraft engines

- Sustainable 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

- Agriculture: Positive outlook continues
- Construction equipment: differentiated development
- On-road-vehicles: Transformation to e-mobility; new potentials through new frame structure components
- Trucks and off-highway vehicles : driven by emission regulations

- 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

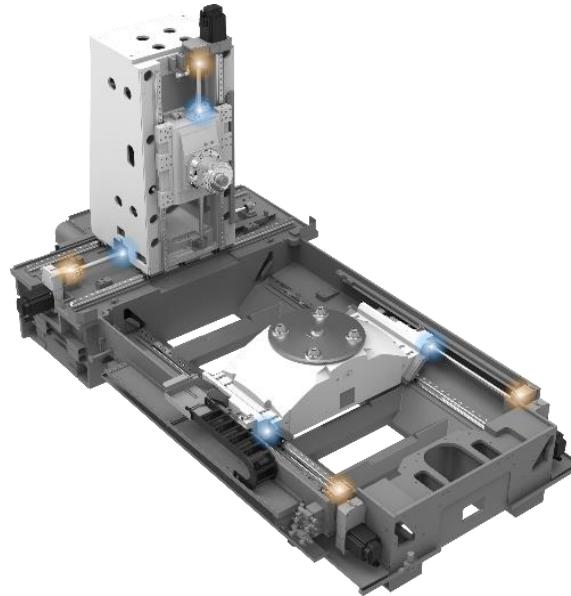
Percentage: average order intake 2019-2021

Faster health check for the BAZ

The new online Fingerprint offers a fast, qualified machine analysis

Customer benefits

- ✔ Save on maintenance and resource costs
 - Plan repairs according to the degree of wear
 - Reschedule personnel during repair times
- ✔ Prevent unplanned machine failures due to wear and tear
- ✔ Increase machine availability
- ✔ Reduce workpiece costs

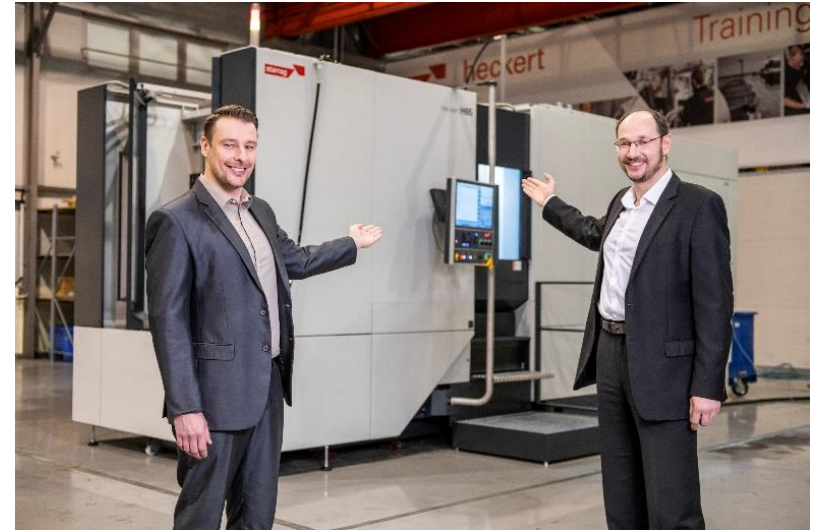
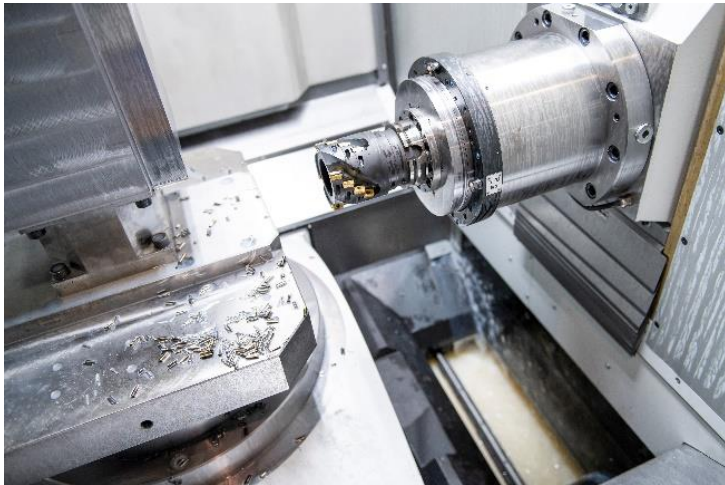


Virtual World Premiere from Chemnitz

Virtual World Premiere from Chemnitz

Customer benefits

- ✔ Low costs per part due to maximum productivity
- ✔ Highly dynamic solution for heavy machining up to 1.5 tonnes on 24 m²
- ✔ Thanks to reduced downtime it works faster and is more energy-efficient



Virtual showroom Starrag Vuadens

Virtual tour through the entire Bumotec and SIP machine portfolio

Customer benefits

- Optimised machining solutions for the sectors of Luxury Goods, Med Tech and Micromechanics
- 32 different demo applications available



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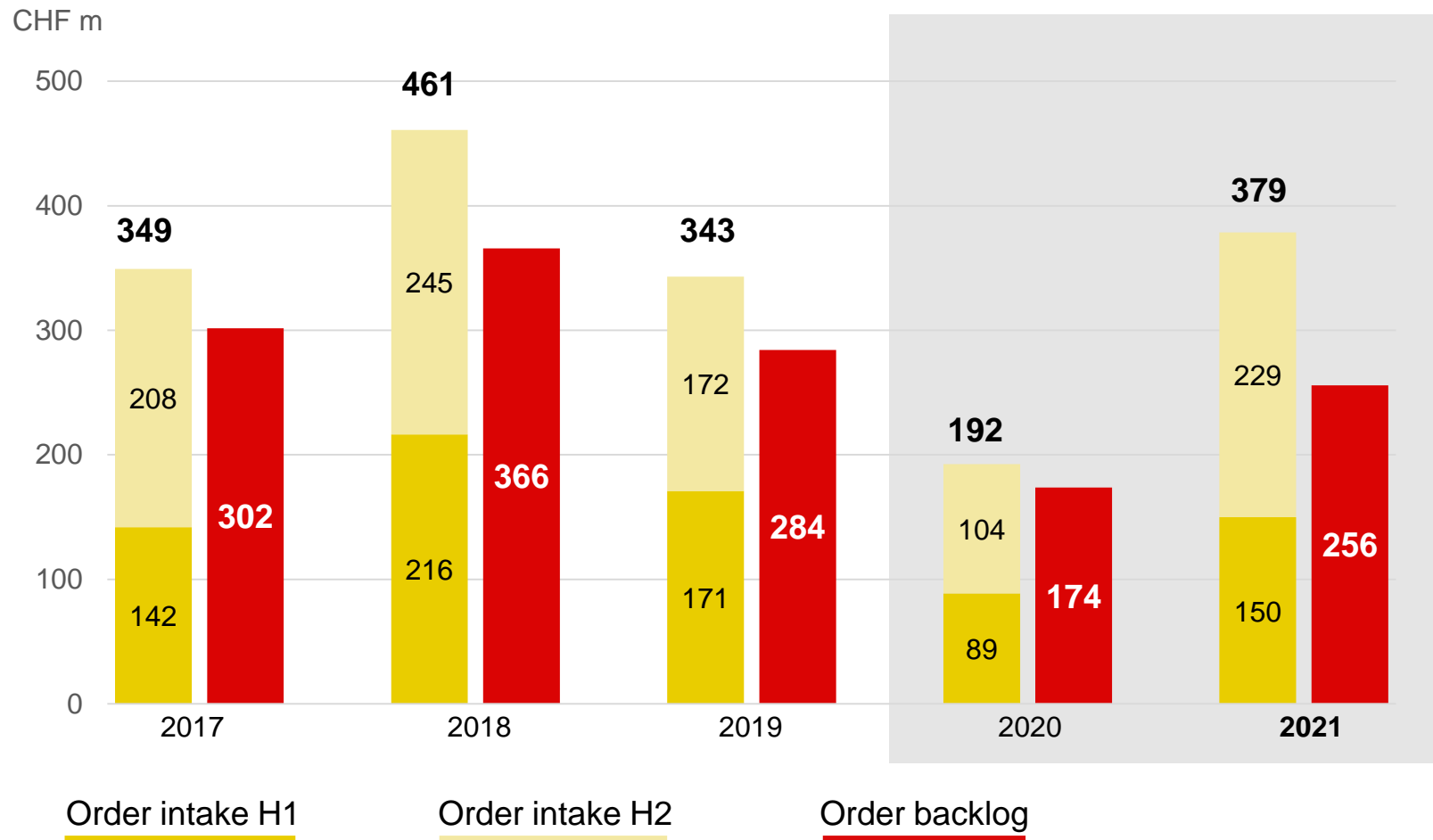
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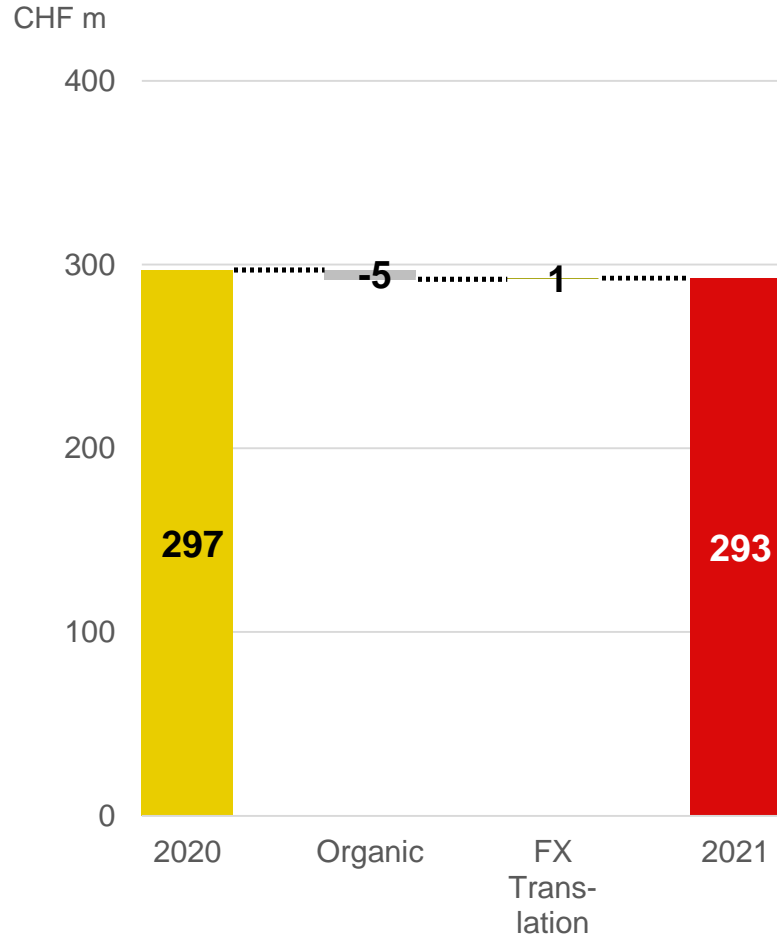
Order backlog ensures capacity utilisation



- Order intake 2021: +97% (fx adjusted +96%)
- Order backlog: +47% (fx adjusted +49%) → basic capacity utilisation secured in 2022

Sales development

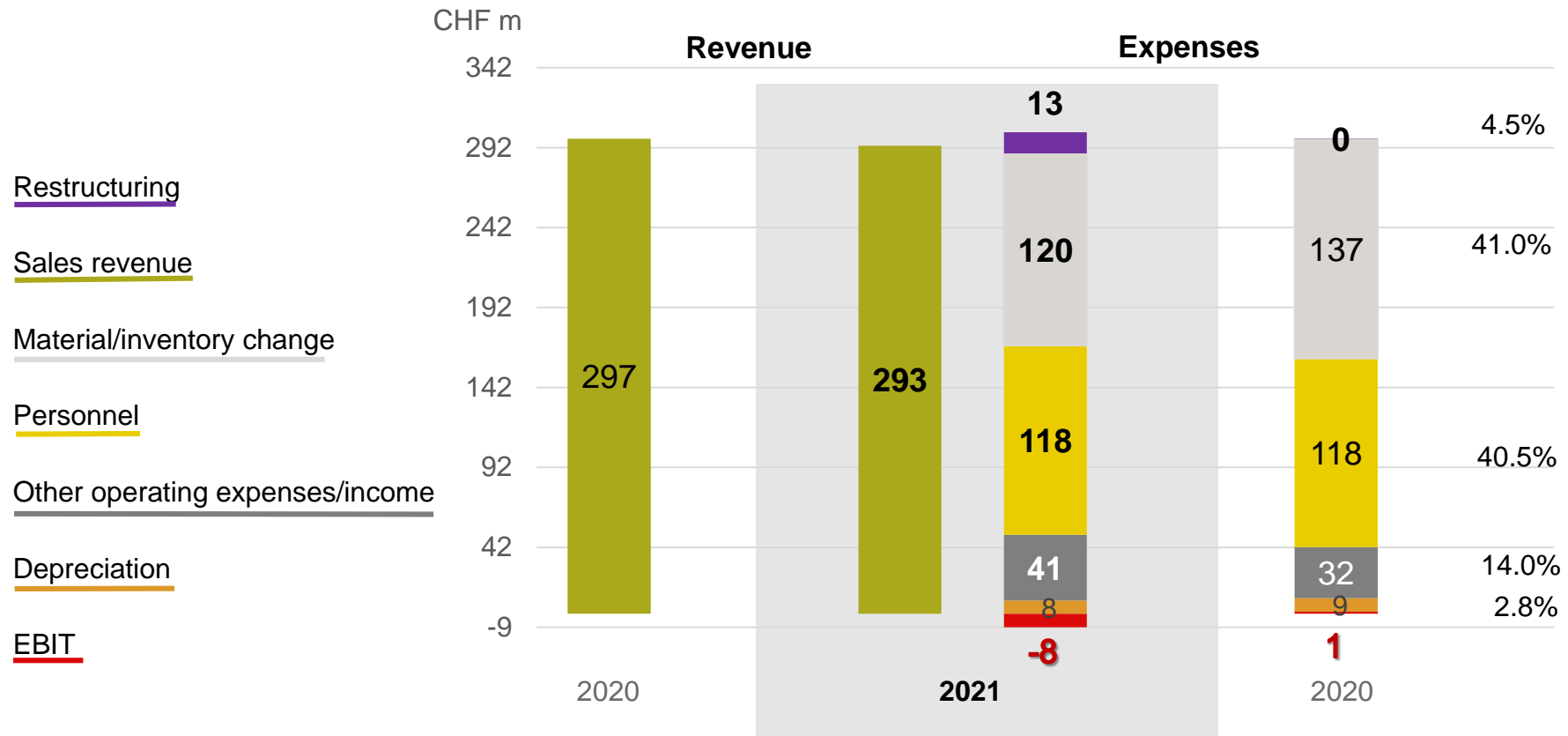
Sales -2%, fx adjusted -2%



Low effect from currency fluctuations

■ Euro (2021: 1.0935, 2019: 1.0813)

Income statement: relief through savings programmes



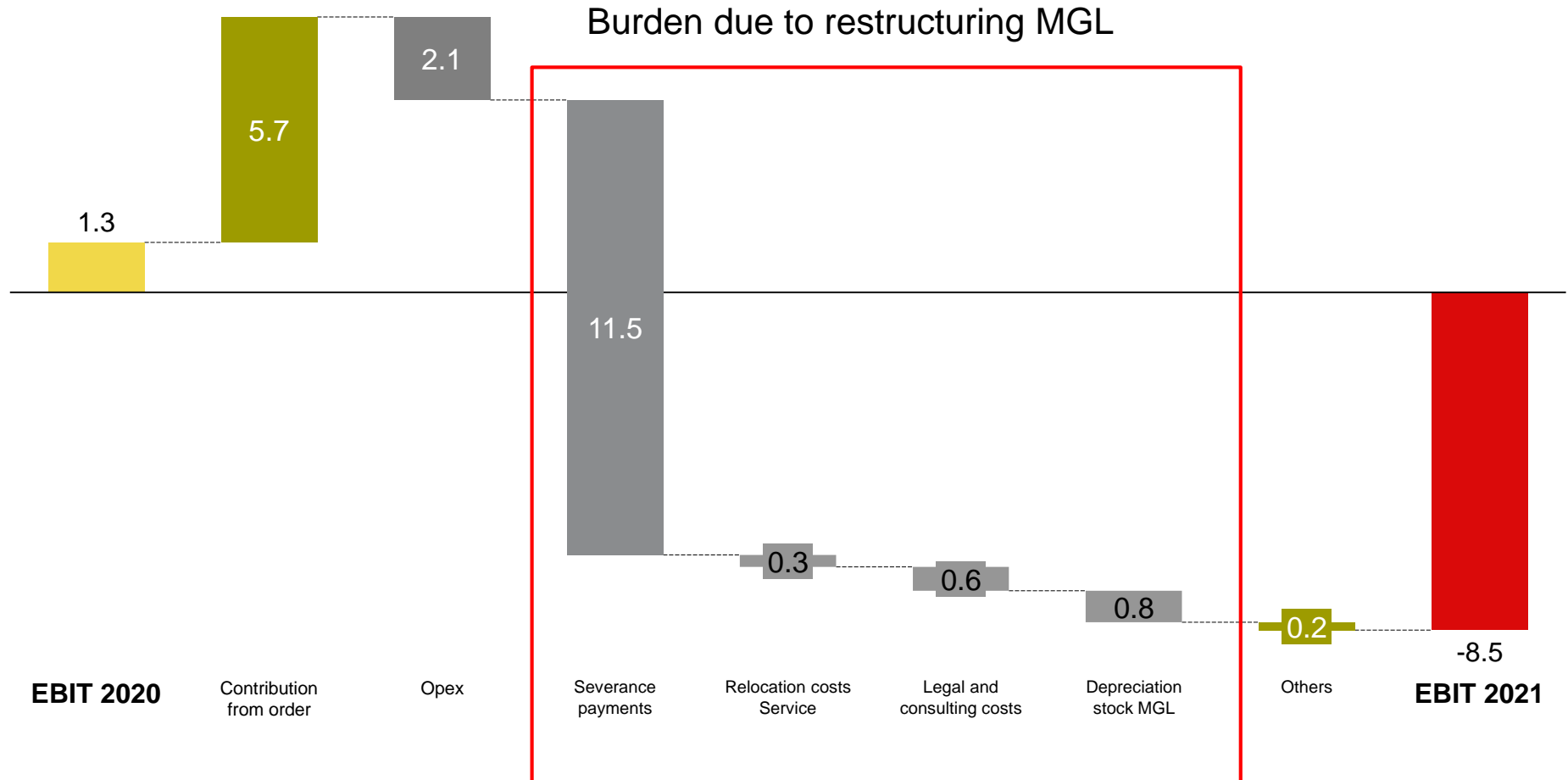
Gross margin
EBIT margin

59.0%
-2.9%

53.8%
0.4%

- Small savings form short-time work in the first half of the year.

EBIT bridge



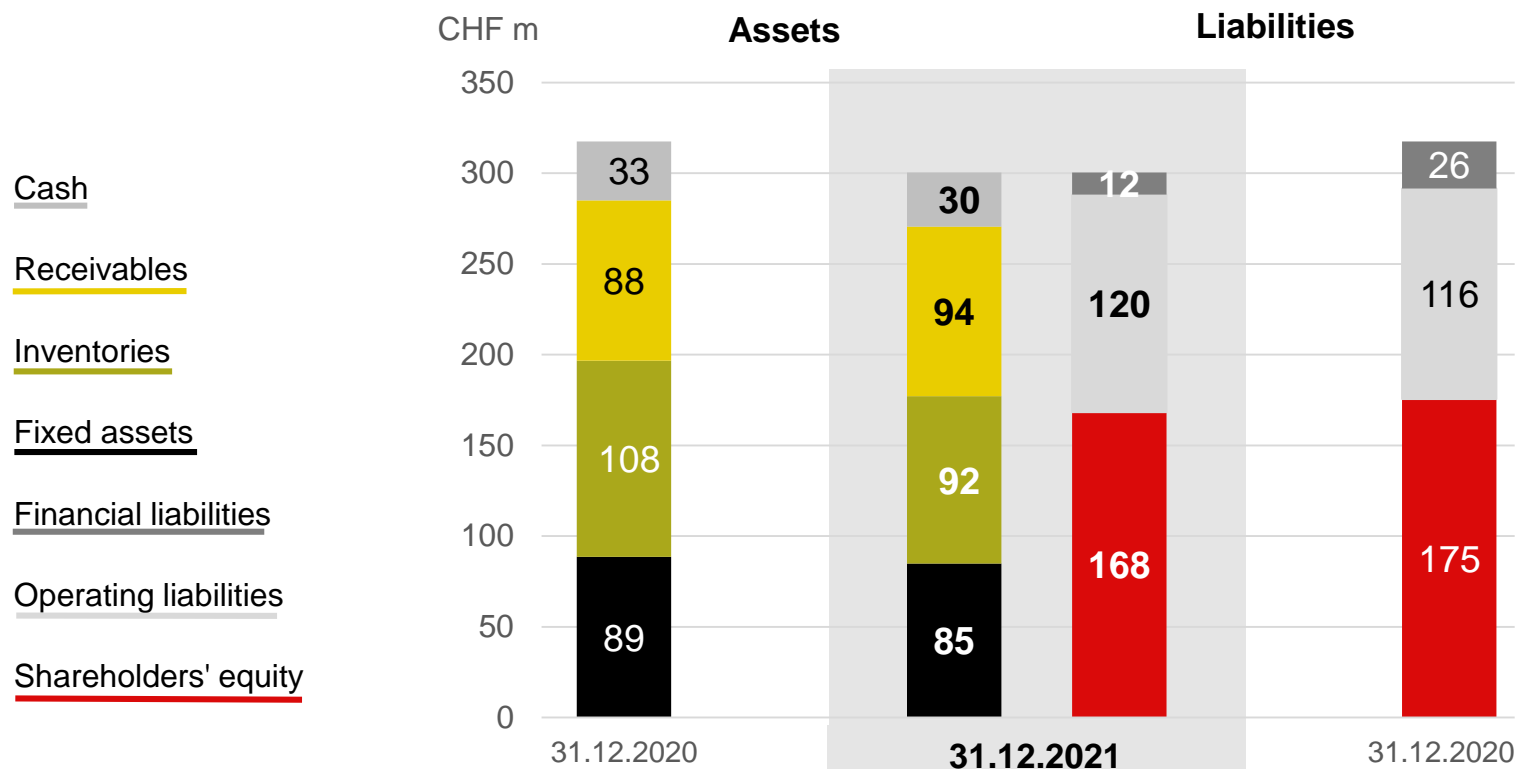
- Restructuring costs burden EBIT in 2021 with 13.3 million CHF. Before restructuring, EBIT is on an upward trend at 4.8 million CHF and 1.6 sales percentage points.

2021 burdened by restructuring

CHF m	2021	2020	Change
Operating result EBIT	-8.5	1.3	-9.8
Interest expenses, net	-0.5	-0.3	-0.2
FX result, net	1.3	-0.6	1.9
Other financial result	-0.9	-0.8	-0.1
<i>Total financial result, net</i>	<i>-0.1</i>	<i>-1.7</i>	<i>1.6</i>
Income before taxes	-8.6	-0.5	-8.1
Income tax expenses	3.2	-0.2	3.4
Net income	-5.4	-0.6	-4.8
Earnings per share in CHF	-1.61	-0.19	-1.42

- EBIT influenced by restructuring cost of CHF 13.3 million
- Average interest rate 0.8% (2020: 0.8%)
- Capitalised loss carry forwards in German companies reduce income taxes

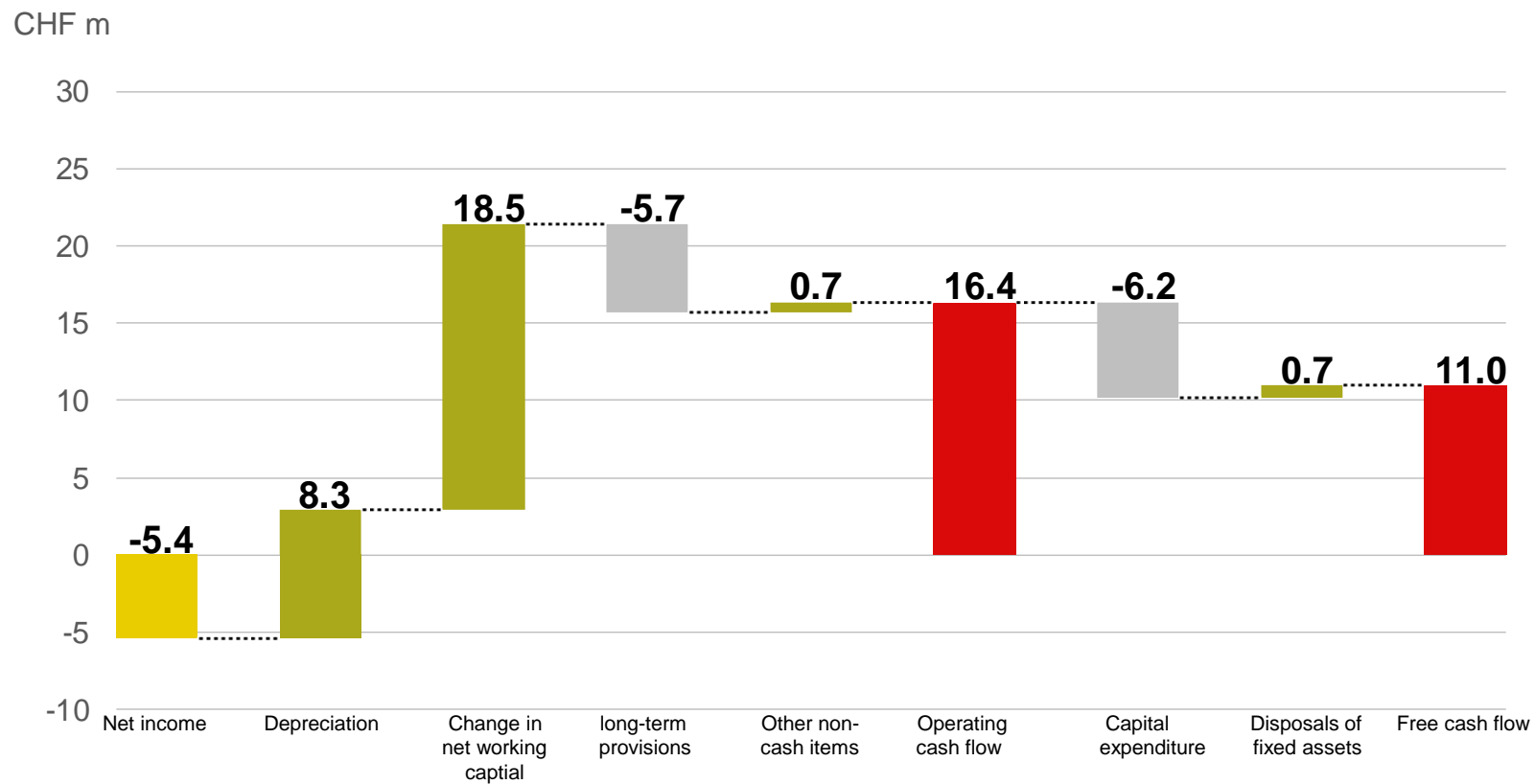
Balance sheet: Strong financial base



Net assets	318	300	
Net cash		18	7
Equity ratio		56%	55%

- **Solid equity ratio of 56%; positive net liquidity of CHF 18 million**
- **Reduction in balance sheet total due to lower capital commitment**

Intact free cash flow 2021



FY 2020:	-0.6	8.5	7.4	-2.0	-2.3	11.0	-5.2	0.4	6.2
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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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Goals of “Programm 2021” achieved

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 plus 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 2028

✓ Prospects fundamentally confident

- VDW expects double-digit growth in order intake

✓ External risks

- Impaired by pandemic events
- Geopolitical disortions

✓ Expectations for customer industries

- Aerospace Stronger recovery of the aviation sector
- Industrial Positiv signals already in 2021, especially in the Luxury Goods segment
- Energy Behaviour optimistic after order increase in 2021
- Transportation Further improvement expected

✓ Expectations by regions

- North America With some potential, depending on the course of the central bank FED
- Europe Furher recovery expected after pandemic-ridden previous year
- Asia Still market region with the most attractive growth prospects

Guidance 2022

Order intake

▀ Below 2021 (CHF 379 million)

Sales revenue

▀ Significantly above 2021 (CHF 293 million)

EBIT

▀ Significantly above 2021 (CHF 4.8 million before restructuring costs)

Prerequisites:

Financial year 2022 not affected by pandemic events or any geopolitical distortions!

in local currencies

■ Setbacks 2021

- Order intake and operating income significantly above previous year
- Earnings impacted by Mönchengladbach restructuring expenses – reconciliation of interests concluded with works council
- “Programme 2021” for internal strengthening of the Group practically completed
- Permanently lower operating cost base achieved
- Crisi-proof despite double challenge of pandemic / internal restructuring

■ Outlook 2022

- Strategy implementation continues unchanged
 - Focus on high-growth and high-profit market segments
- Significantly higher operating result
 - Further convergence towards medium-term earnings targets

Corporate calendar and Contact details

- 23.04.2022 Annual General Meeting
- 28.07.2022 Half-year report 2022
- 27.01.2023 Sales and orders 2022
- 10.03.2023 Presentation of 2022 results for analysts and media
- 21.04.2023 Annual General Meeting

Thomas Erne, CFO

investor@starrag.com

www.starrag.com

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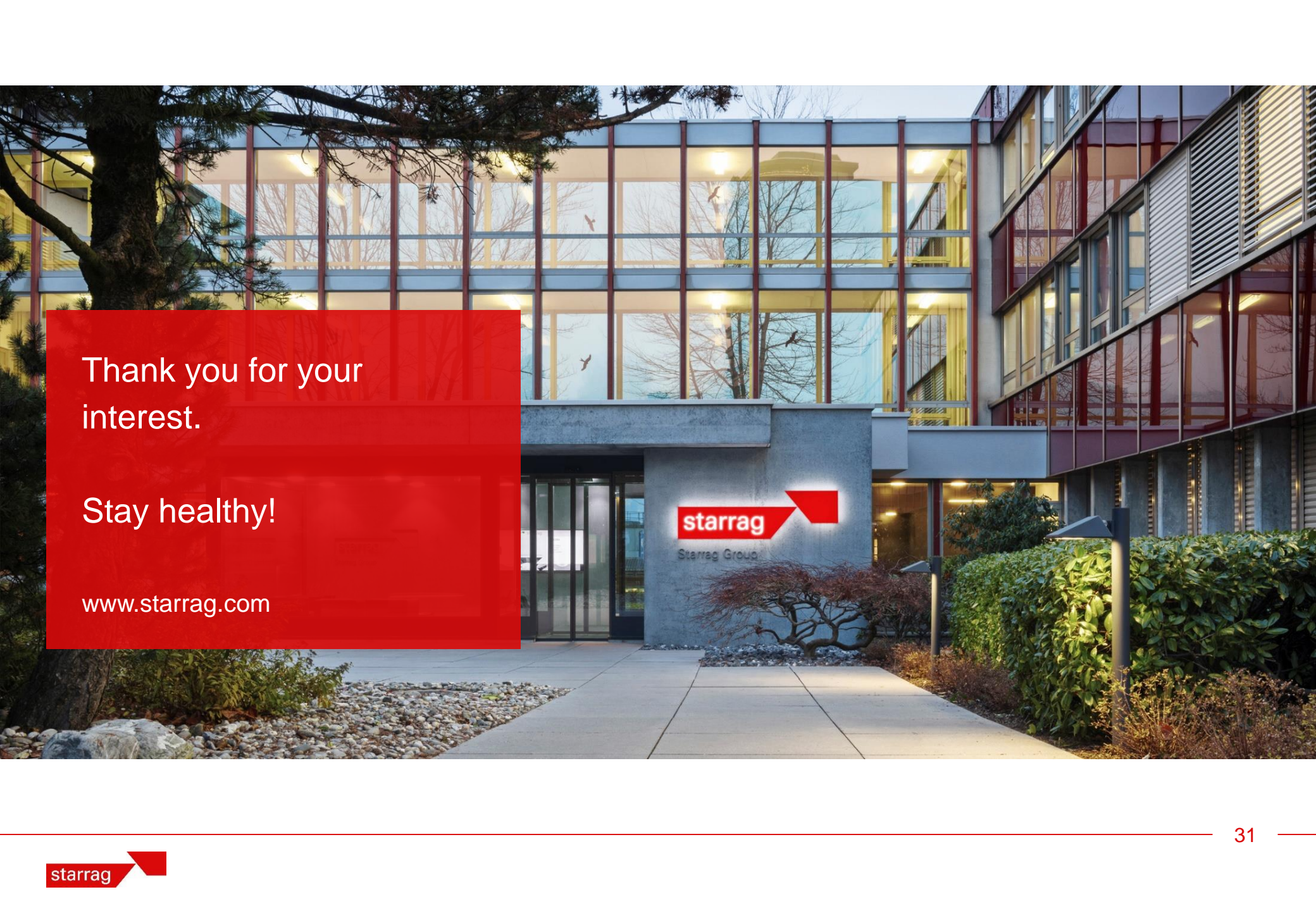
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Thank you for your
interest.

Stay healthy!

www.starrag.com

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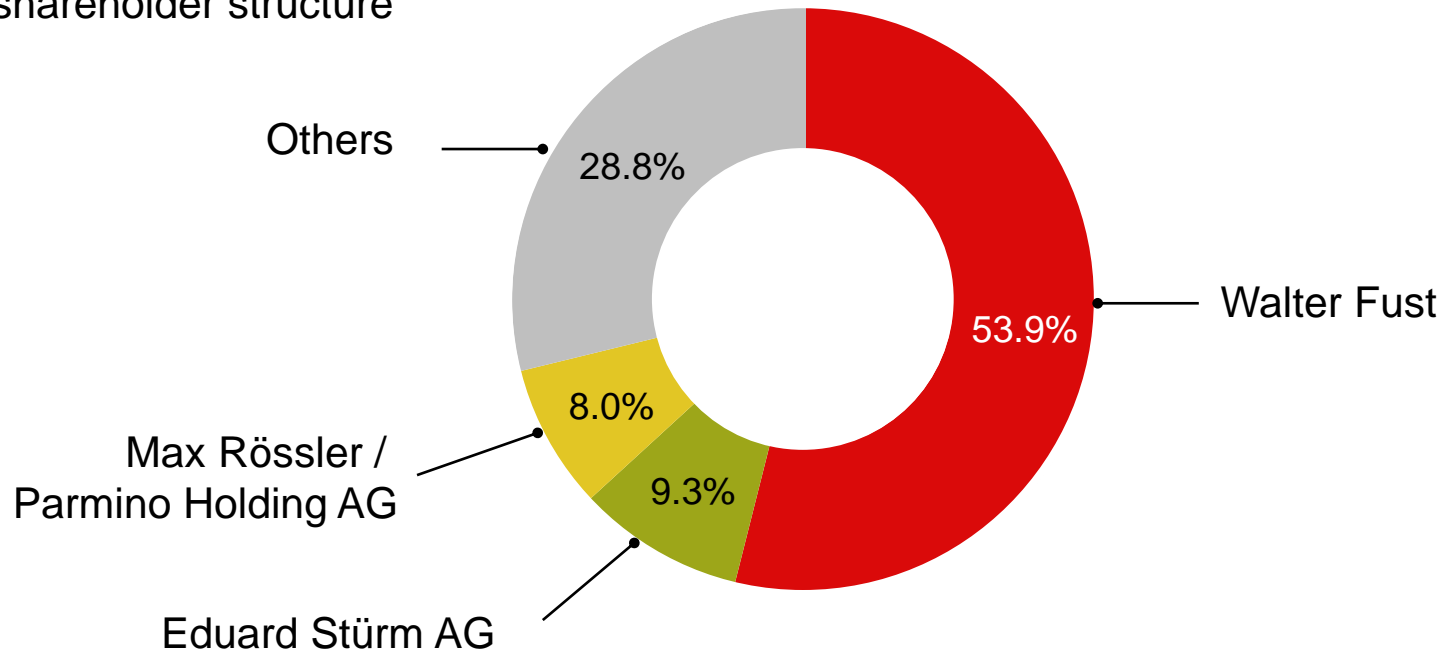
Engineering precisely what you value

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 overlaid on the bottom right corner.

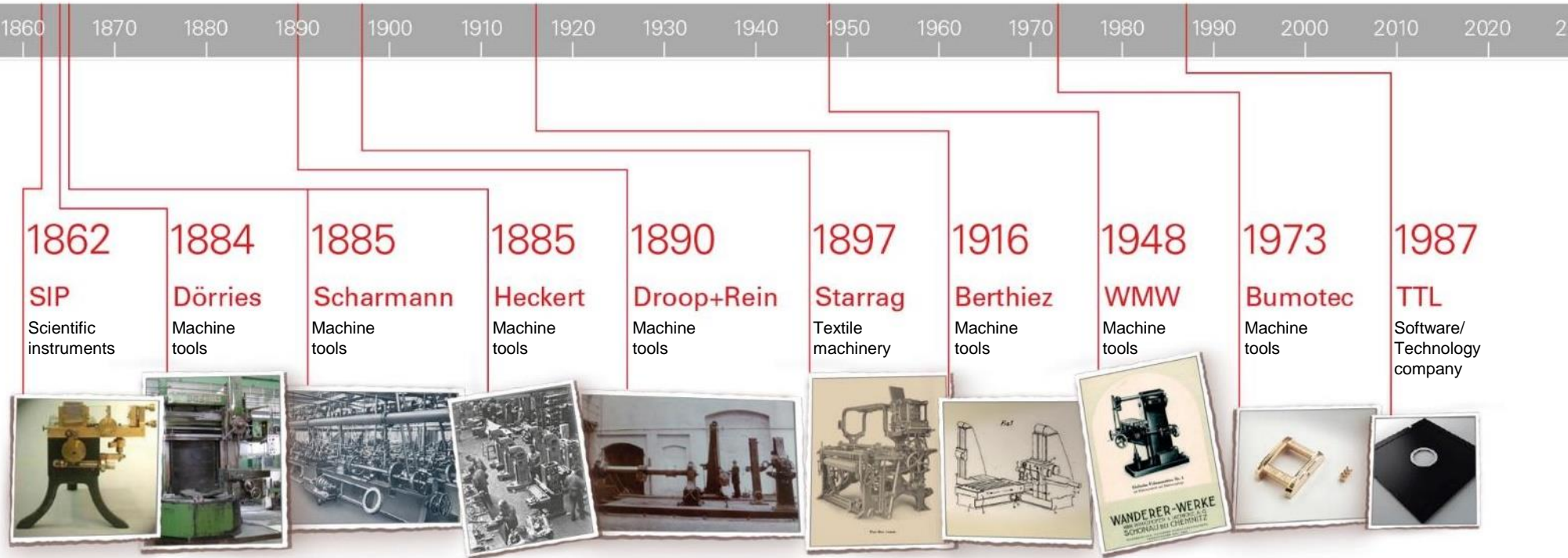
Share details (as of 31 December 2021)

- Market capitalization CHF 157 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 29%
- 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

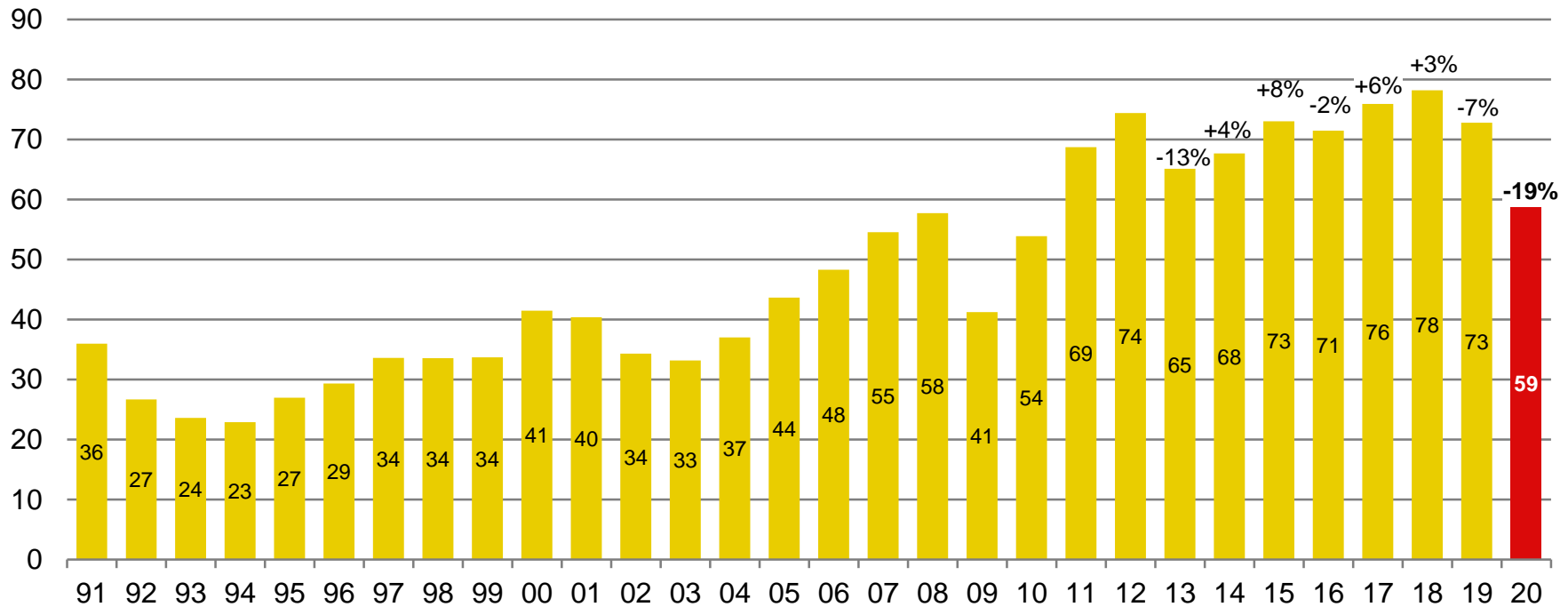
(1973, Swiss and German)

- 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 1991 - 2020

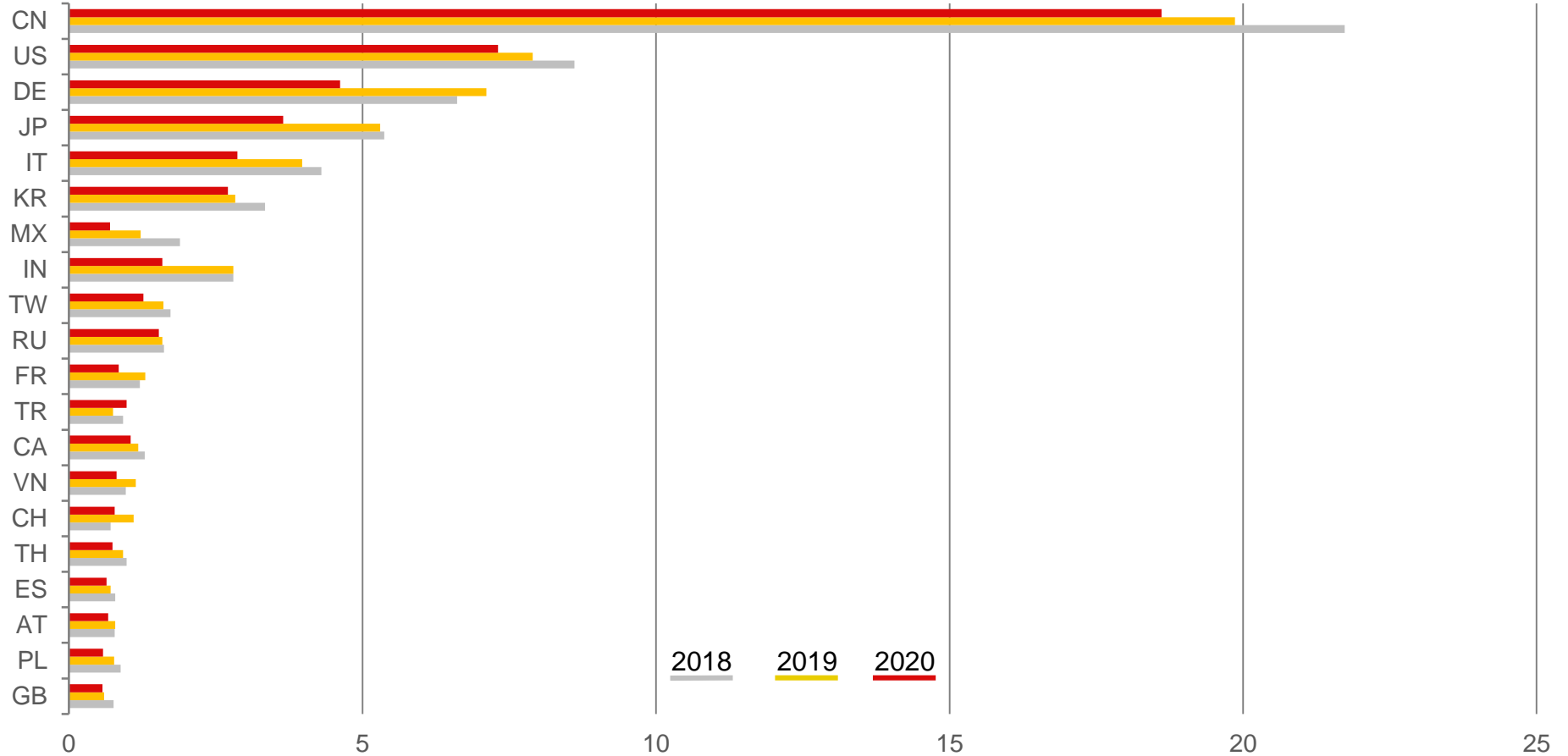
EUR b



Note: Without Parts/accessories; Source: VDW World Machine Tool Statistics 2020, up-dated 01.10.2021

World production machine tools 2018 - 2020: Top 20 countries

EUR b



■ **Top 20 consume 92% of the total EUR 57 billion machine tool market.**

Note: Without Parts/accessories: Source: VDW World Machine Tool Statistics 2020, up-dated 01.10.2021.