

STARRAG AND TORNOS **BUILDING THE FUTURE** **TOGETHER**

Presentation for Media, Analysts, and Investors



October 26, 2023

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STARRAGTORNOS GROUP – LEADING SUPPLIER IN THE GLOBAL MACHINE TOOL INDUSTRY



MERGER FROM A POSITION OF STRENGTH

Starrag und Tornos are joining forces as manufacturers of precision machine tools to create sustainable stakeholder value



PROMISING GROWTH OPPORTUNITIES

Long-term profitable growth thanks to enhanced technological competence and innovative power, focus on growth markets and new customer applications (e.g. in MedTech), efficient use of strong global presence (e.g. in Asia), expansion of services business



ADDED VALUE THANKS TO SYNERGY EFFECTS

Improved profitability through optimization of the shared value-adding chain (combined procurement, production networks, strong joint service organization)

SUMMARY OF THE TRANSACTION



TRANSACTION DETAILS

- Merger to form the StarragTornos Group Ltd.
- Listed on SIX Swiss Exchange, Zurich
- Existing Starrag shares (3 360 000 registered shares at a nominal value of CHF 8.50 each) will remain in place and be converted into registered shares of StarragTornos Group Ltd. by a change of company name.
- Ordinary capital increase by CHF 17 876 528.50 (from CHF 28 560 000.00 to CHF 46 436 528.50) by issuing 2 103 121 new shares
- Exchange ratio: 0.1059 Starrag shares for 1 Tornos share (confirmed by an independently prepared fairness opinion by IFBC AG, Zurich)
- The approval of the shareholders of Starrag Group Holding AG and Tornos Holding Ltd. for the planned merger is mandatory at the Extraordinary General Meetings

INDICATIVE TIMELINE

- Extraordinary General Meeting of Starrag Group Holding AG
 - Approval of merger and merger agreement
 - Approval of the ordinary capital increase in the context of the merger
 - Introduction of conditional share capital for the exercise of option rights existing under the employee stock option plan of Tornos Holding Ltd.
 - Change of company name to StarragTornos Group Ltd. in the context of the merger
 - Election of current members of the Tornos Board of Directors to the Board of Directors of StarragTornos Group Ltd.
 - Amendments to the Articles of Association and further resolutions
- Legal completion of the merger
- Last trading day for Tornos registered shares on SIX Swiss Exchange
- Publication of the prospectus



October 26, 2023



November 29, 2023

November 30, 2023

December 7, 2023



December 8, 2023



- Announcement of the merger
- Conference call for media, analysts, and investors
- Publication of invitations to the extraordinary general meetings
- Publication of pro forma financial figures and fairness opinion



- Extraordinary General Meeting of Tornos Holding Ltd.
 - Approval of merger and merger agreement

- 1st trading day for the new StarragTornos registered shares on SIX Swiss Exchange



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STARRAG AND TORNOS

TWO STRONG COMPANIES WITH TRADITION

A GLOBAL TECHNOLOGY LEADER ...

... in the development, production, and distribution of high-precision machine tools for milling, drilling, grinding and complete machining workpieces of metallic, composite and ceramic materials.



A TRADITIONAL SWISS COMPANY ...

... headquartered in Rorschacherberg, Switzerland. Operates production and development sites in Switzerland, Germany, France, the UK and India, as well as sales and service companies in key customer countries.

A GLOBAL TECHNOLOGY LEADER ...

... for the development, production, and distribution of Swiss-type automatic lathes, multispindle machines, bar millers and precision machining centers for complex parts.



A TRADITIONAL SWISS COMPANY ...

... headquartered in Moutier, Switzerland. Operates production and development sites in Switzerland, Poland, Italy, China and the Taiwan region, as well as sales and service companies in key customer countries.

STARRAG AND TORNOS

A PERFECT MATCH

Aerospace, Energy, Industry, Micromechanics, Luxury Goods,
MedTech & Dental, Transport

Customer base in Europe, Americas, Asia
Production and development sites: CH, DE, F, UK, IN

Berthiez, Bumotec, Dörries, Droop+Rein, ECOSPEED Heckert,
Scharmann, SIP, Starrag, TTL

1-2 in Luxury Goods | # 2-3 in Aero Engines/MRO | # 2-3 in
Power Turbines | # 2-3 in Structural Components Aerospace (aluminum,
titanium, CFC)

CHF 317.6 million

1280 FTE



MedTech & Dental, Electronics, Watchmaking, Aerospace,
Automotive

Customer base in: Switzerland, Europe, Americas, Asia
Production and development sites: CH, CN, TW, PL, IT

SwissNano, Swiss DT, Swiss GT, EvoDECO, SwissDECO,
MultiSwiss, BA

1-2 in MedTech Europe | # 2-3 in multispindle automatic lathes
(MedTech and Watchmaking industries: # 1 in multispindle automatic
lathes)

CHF 181.4 million

680 FTE

STRONG FINANCIAL PROFILE

Financial year 2022
In CHF million

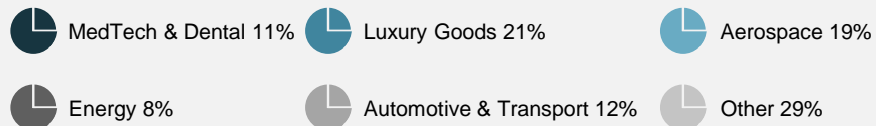
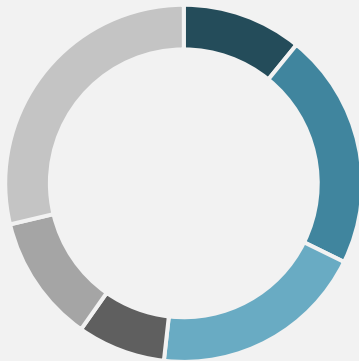
	Starrag	Tornos	StarragTornos combined Pro forma basis
Order intake	395.8	194.1	589.9
Sales revenue	317.6	181.4	499.0
EBITDA <i>in % of sales revenue</i>	26.3 8.3%	19.9 11.0%	41.5 8.3%
Operating result EBIT <i>in % of sales revenue</i>	18.6 5.8%	16.5 9.1%	29.6 5.9%
Net result <i>in % of sales revenue</i>	11.1 3.5%	14.1 7.8%	20.8 4.2%
Net liquidity	20.6	22.7	43.3
Equity ratio	51.7%	67.5%	57.6%

STARRAG AND TORNOS JOINT PROFILE (PRO FORMA 2022)

ORDER INTAKE

(combined 2022: CHF 589.9 million)

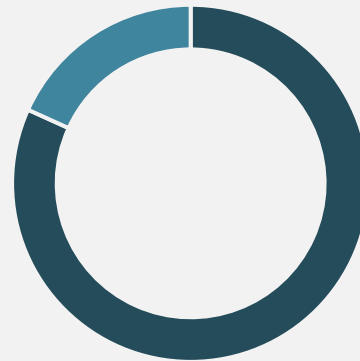
MARKET SEGMENTS



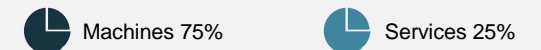
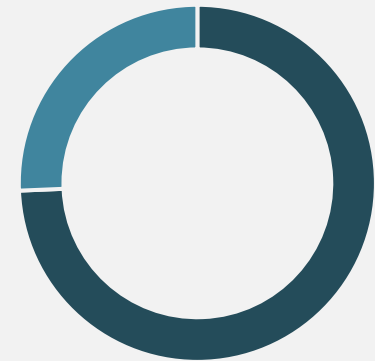
SALES

(combined 2022: CHF 499.0 million)

REGIONS



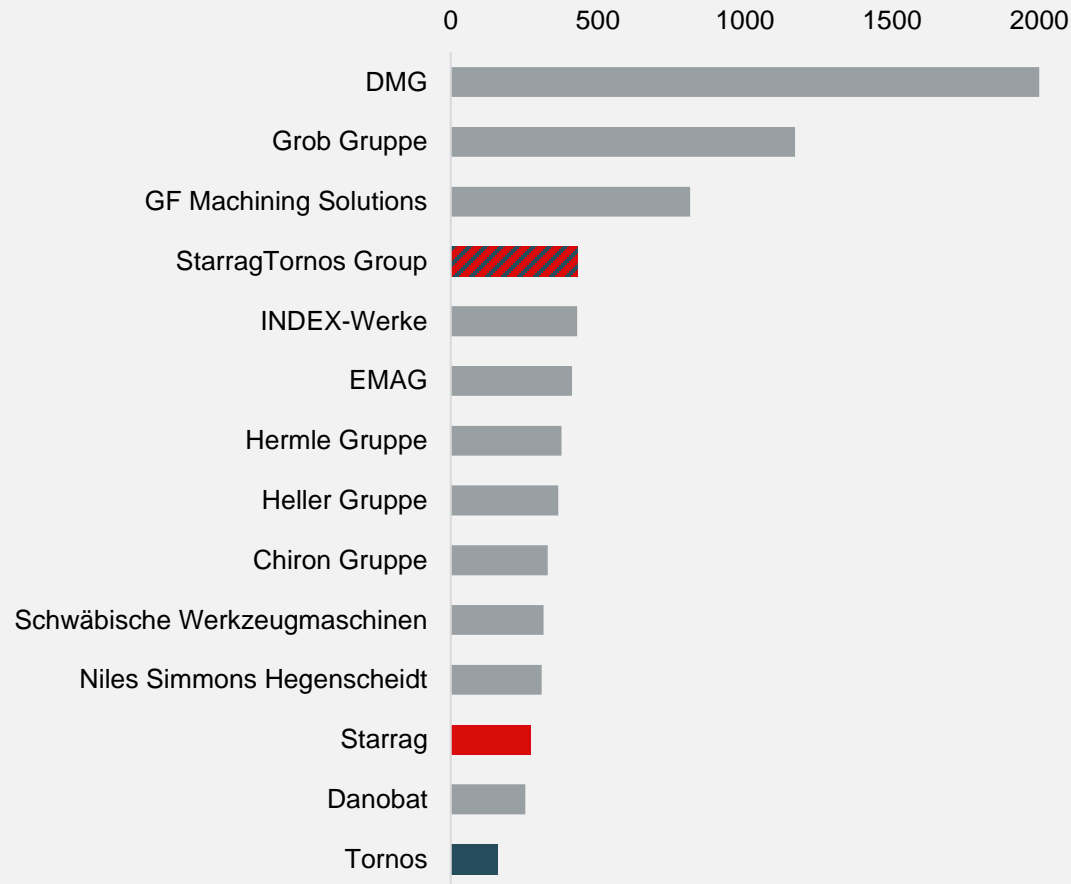
MACHINES AND SERVICES



- Excellent starting position **to further develop attractive regional markets** (e.g. the USA) and **customer industries or applications** (e.g. medical technology) as well as **global presence** (e.g. in Asia).
- Very high **service share** of total sales opens up **additional growth potential** through greater joint customer proximity.

Manufacturers with focus on turning and milling

EUR mio



Sources: Statista.com Largest manufacturers of cutting machine tools in Europe by sales in 2021, date of publication December 2022; excluding United Grinding Group, Fives-Group, DVS, as mainly manufacturers of grinding machines; own data Starrag and Tornos

STARRAGTORNOS GROUP

STRONG COMPETITIVE POSITION IN A LARGE, STRUCTURALLY GROWING MARKET

- StarragTornos Group will become the **fourth largest manufacturer** of cutting* machine tools **in Europe** (with focus on turning and milling)
- Strong market position in Europe promotes **global** competitiveness
- Improved competitive position increases **opportunities for cooperations** and **targeted acquisitions**
- Global** consumption of machine tools in 2022 around EUR 78 billion**.
 - Market growth 2022/2021 of around 12%
 - Market as a whole thus back to pre-pandemic level
 - Market of cutting machine tools in 2022 around EUR 55 billion
 - Addressable market for StarragTornos Group precision machines around EUR 14 billion.

* The main machining processes are milling, drilling, turning and grinding

** Sources: cecimo Interim Report 2022; own calculations by Starrag and Tornos for addressable market

STARRAGTORNOS GROUP

IMPRESSIVE INDUSTRIAL LOGIC



MERGER STRENGTHENS THE GLOBAL PRESENCE OF BOTH COMPANIES

- Both have a very strong market position in Europe and excellent complement in Americas and Asia
- Use of additional market potential in the future



IDEAL COMPLEMENT TO THE TWO PRODUCT PORTFOLIOS FOR PRECISION MACHINE TOOLS

- Merger strengthens the technological competence and competitiveness



COMBINATION OF THE TWO COMPANIES REDUCES RISKS IN ECONOMIC CYCLES

- Leveling the economic cycles of the customer industries jointly served by Starrag and Tornos



MERGER OFFERS ADDITIONAL OPERATIONAL DEVELOPMENT OPPORTUNITIES

- Improved profitability through production networks, optimized use of shared value structure (e.g. in mechanical manufacturing), combined purchasing

**Merger to form
StarragTornos Group
offers advantages for
customers, employees,
and shareholders**



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CORNERSTONES OF THE JOINT COMPANY STRATEGY

1 CUSTOMER FOCUS

- Increase in **customer value** and **satisfaction**
- Cooperation in **attractive growth markets**
- **Organic growth** through market and technology synergies and **expansion of service business**
- Further growth potential through **targeted acquisitions**

2 WORLDWIDE GEOGRAPHICAL PRESENCE

- **Strengthening** of market position in **Europe**
- Clear **focus on growth** in **Americas** and **Asia**
- Further strengthening of **global presence in the service business**



3 OPERATIONAL EXCELLENCE

- **Increasing the overall value of the company** by leveraging **complementary strengths in value creation** and the opportunity **to use production** sites in China, the Taiwan region and India, **as well as optimizing procurement**
- Increase **financial strength and profitability** – **positive earnings accretion** expected from 2025 onwards

1

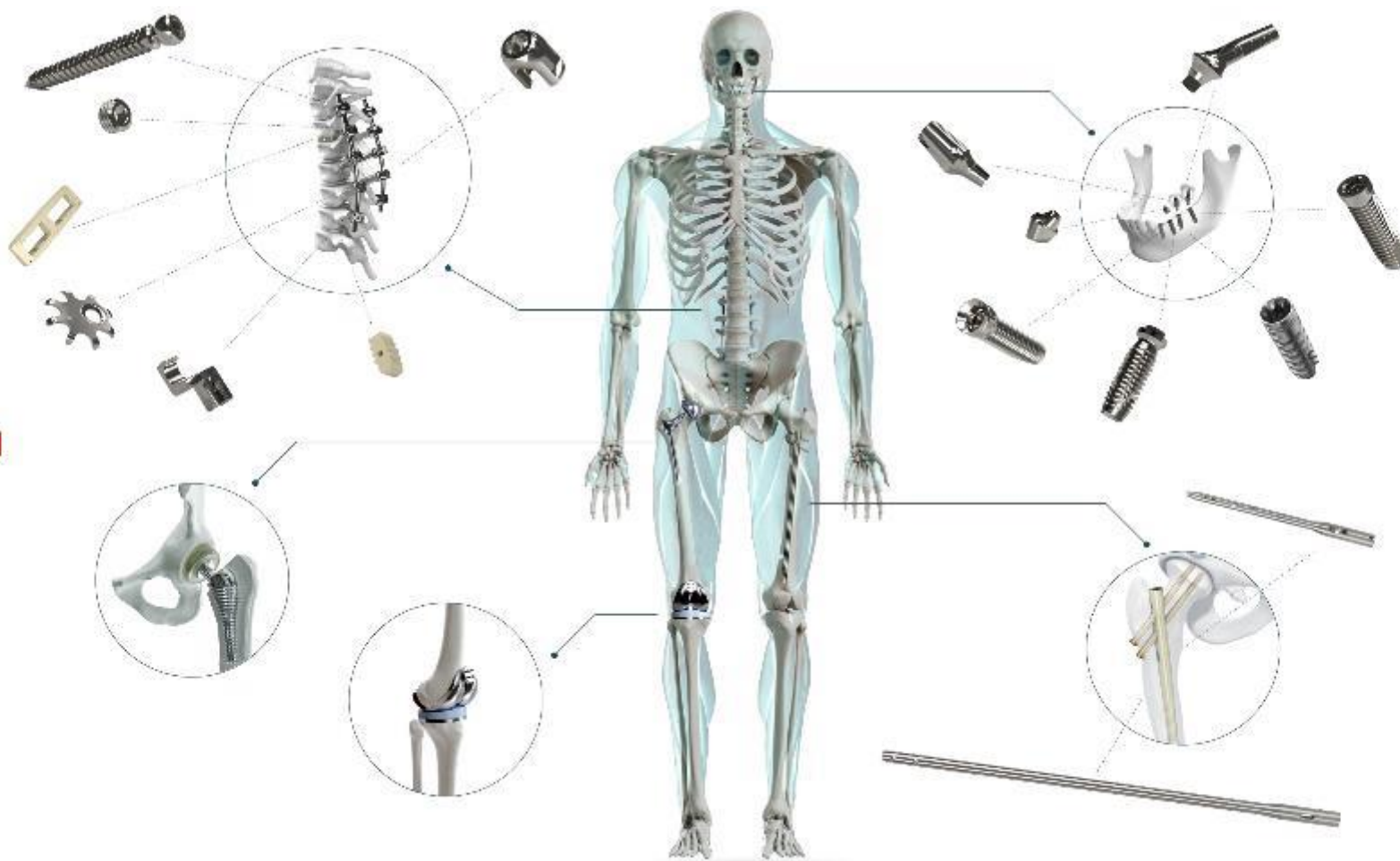
CUSTOMER FOCUS
GROWTH MARKETS ADDRESSED

	MedTech & Dental	Luxury Goods	Aerospace	Energy	Transport & Industrial
MARKET SEGMENTS STARRAGTORNOS					
GROWTH DRIVERS	<ul style="list-style-type: none"> Demographic change Technical progress Leisure sports accidents Cost pressure 	<ul style="list-style-type: none"> Rising incomes and the pursuit of wealth Financial investments 	<ul style="list-style-type: none"> Globalization and desire for mobility Increasing environmental demands Satellite technology Space travel Defense 	<ul style="list-style-type: none"> Substitution of fossil energy Growing global energy demand Compliance with international standards 	<ul style="list-style-type: none"> Increasing urbanization Increasing demand for food Stricter environmental regulations Changing customer preferences
SECTORS (examples)	<ul style="list-style-type: none"> Orthopedics Dental industry Medical instruments 	<ul style="list-style-type: none"> Watchmaking industry Luxury goods 	<ul style="list-style-type: none"> Civil and military OEMs Suppliers to the aircraft industry 	<ul style="list-style-type: none"> Wind turbines Steam and gas turbines Oil & gas 	<ul style="list-style-type: none"> Construction and agricultural machinery Trucks & buses Large mold manufacturing and automotive suppliers

1

CUSTOMER FOCUS

EXAMPLE OF MEDTECH AND DENTAL



TORNOS



1

CUSTOMER FOCUS EXAMPLE OF LUXURY GOODS

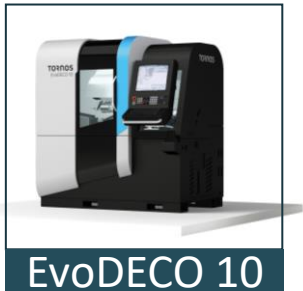


s100



s1000

TORNOS



EvoDECO 10

2

WORLDWIDE GEOGRAPHICAL PRESENCE STRENGTHENS COMPETITIVENESS

- **Strong market position in Europe** is an excellent basis for further expansion in **Americas and Asia**
- **Attractive regional markets** covered better worldwide thanks to **complementary presence**
- Production facilities and subsidiaries worldwide ensure **customer proximity** and promote **close partnerships**
- **Building structures** that are **only possible** together

📍 Starrag

📍 Tornos



Americas: USA, Mexico, Brazil **Europe:** Switzerland, France, Italy, Germany, Spain, Poland, UK, Türkiye **Asia:** China, Thailand, Taiwan region, India

2

JOINT DEVELOPMENT OF WORLDWIDE GEOGRAPHICAL PRESENCE

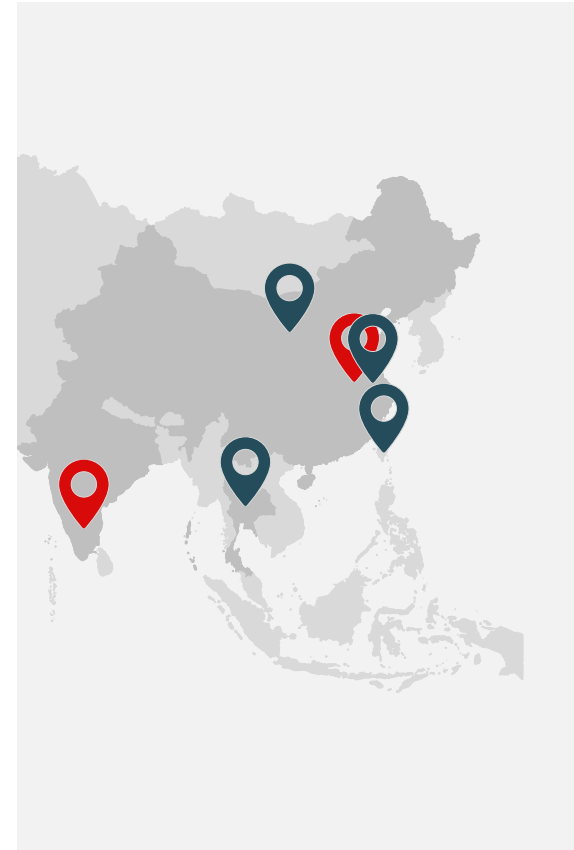


Accelerating growth in the attractive markets of the Americas region

- **Use and expansion** of existing sales and service network
- **Key drivers:** technological advances in aerospace, MedTech, and renewables, and transformation in transportation/automotive
- **Taking advantage of the re-shoring trend** in critical industries and the opportunities presented by the **Inflation Reduction Act**

Americas: USA, Mexico, Brazil

October 26, 2023



Expanding the geographic footprint in Asia through innovation and collaboration

- **Working** existing markets more effectively
- **Driving innovation** and leveraging technological synergies
- Further **expanding** the already excellent **customer service**
- **More flexible use** of the existing **production network**
- Opening up **new markets**

Asia: China, Thailand, Taiwan region, India

3

OPERATIONAL EXCELLENCE HIGH POTENTIAL FOR SYNERGIES

Technological synergies

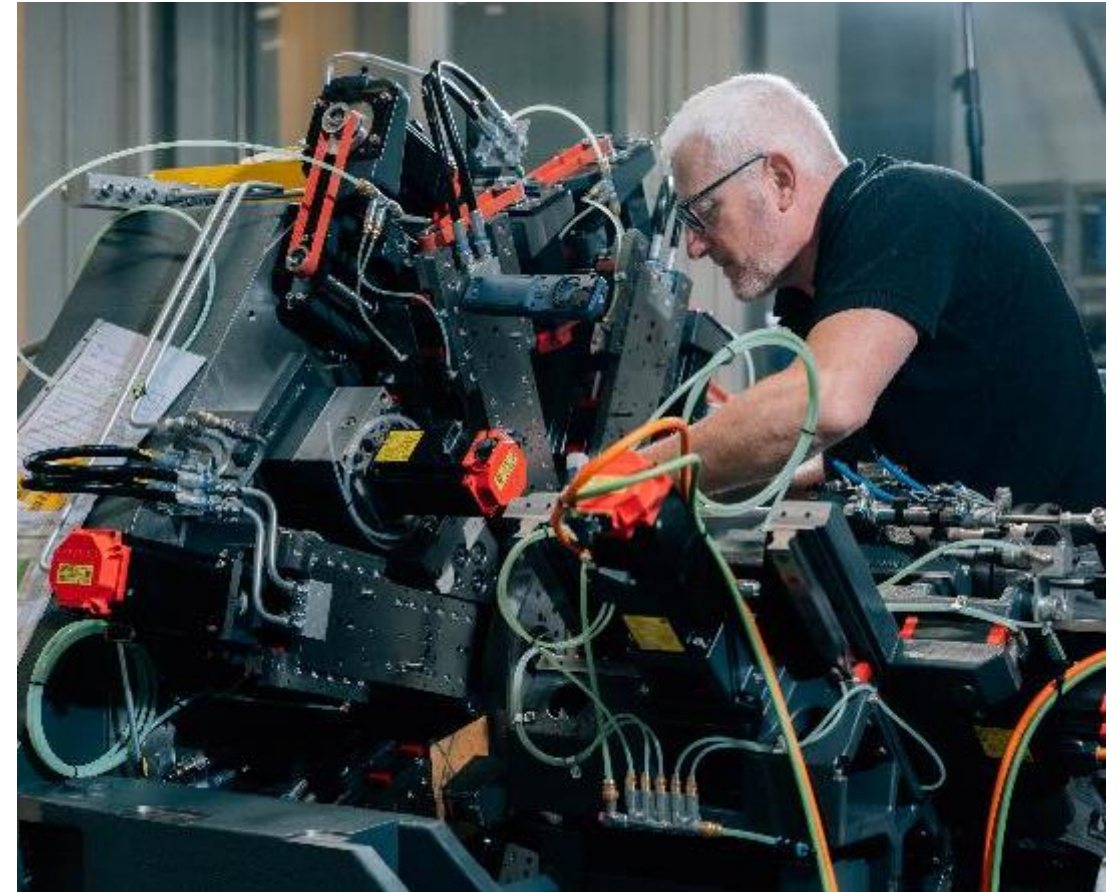
Pooling strengths in the development of high-precision machine tools



3

OPERATIONAL EXCELLENCE EXPECTED POTENTIAL FOR SYNERGIES

- **Sales synergies of CHF 10 to 15 million** in the medium term (compared to pro forma basis 2022) through the improved market presence and the development of new markets and industries (joint use of distribution networks, cross-selling) **will increase competitiveness**
- Expected **cost synergies** in the medium term of **CHF 5 to 10 million** (compared to pro forma basis 2022) through **higher purchasing volume/bundling**, optimized infrastructure costs and efficiency gains in logistics and distribution
- **Positive impact** on profit expected from 2025 onwards
- **Medium-term target** for combined **StarragTornos Group**
 - Average annual sales growth of around 5%
 - Targeted EBIT margin in the order of 8%



STARRAGTORNOS GROUP ESG STRATEGY



Environment

Reduce greenhouse gases and waste, reduce fossil energy consumption, promote renewable energies



Products

Improve energy efficiency of products. Ecological design and circular economy



People

Valuing employees, promoting talent, preventing discrimination, fostering long-term relationships



Ethics and Governance

Maintain corporate values, enforce compliance, minimize risks, ensure data protection and cybersecurity

The ESG Strategy of StarragTornos is based on the **Global Reporting Initiative (GRI)**, the **Task Force on Climate-related Disclosures (TCFD)** and the **Sustainable Development Goals (SDGs)** of the United Nations.



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TRANSACTION STRUCTURE

Current structure

Capital increase / exchange

Structure after merger



Share capital

CHF 28 560 000.00 divided into
3 360 000 registered shares with
a nominal value of CHF 8.50
each

Capital increase

CHF 17 876 528.50 by issuing
2 103 121 registered shares with
a nominal value of CHF 8.50

Share capital

CHF 46 436 528.50 divided into
5 463 121 registered shares with
a nominal value of CHF 8.50
each



Share capital

CHF 19 877 671.00 divided into
19 877 671 registered shares
with a nominal value of CHF
1.00 each

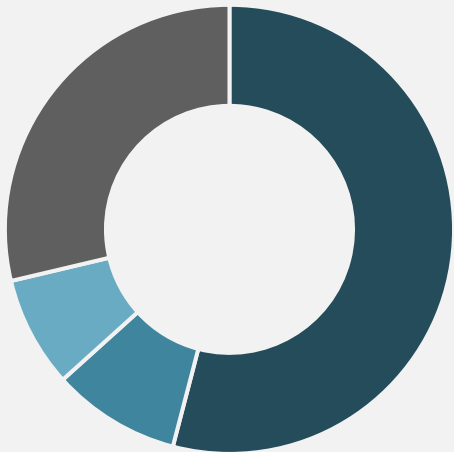
Exchange ratio (0.1059 Starrag
shares for 1 Tornos share)

Note: Treasury shares held by Tornos will not be exchanged but will be canceled as part of the transaction.

CHANGE IN SHAREHOLDER STRUCTURE – FREE FLOAT

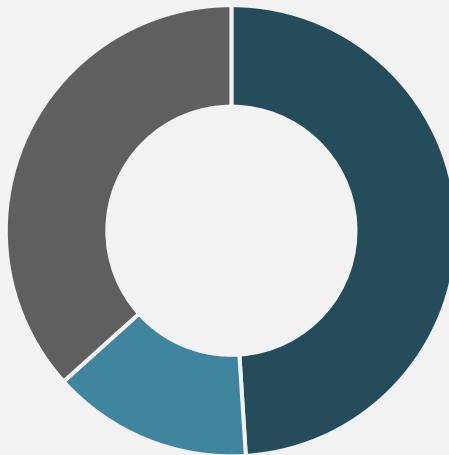
SHAREHOLDER STRUCTURE BEFORE MERGER

STARRAG



■ Walter Fust ■ Eduard Stuermer AG
■ Max Walter Rössler ■ Free Float

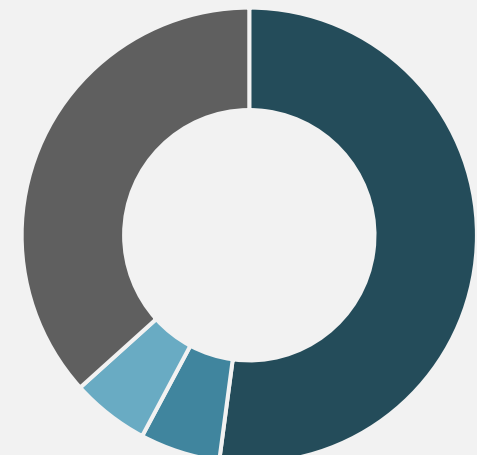
TORNOS



■ Walter Fust ■ Michel Rollier
■ Free Float

SHAREHOLDER STRUCTURE AFTER MERGER

STARRAGTORNOS



■ Walter Fust ■ Eduard Stuermer AG
■ Michel Rollier ■ Free Float

ANALYSIS OF THE BOARDS OF DIRECTORS OF STARRAG AND TORNOS

Independent Board Committees

- Independent Board Committees of both Boards of Directors have been established
- Members are:
 - For Starrag: Christian Androschin, Adrian Stürm and Bernhard Iseli
 - For Tornos: François Frôté and Michel Rollier

Fairness Opinion

- IFBC AG, Zurich, was jointly commissioned to issue an independent fairness opinion for the attention of the Boards of Directors of Starrag and Tornos
- In this fairness opinion, IFBC AG confirms that the exchange ratio agreed by the companies is fair and appropriate from a financial point of view



The Boards of Directors and management of both companies are confident that together they will form a high-performance, innovative and technologically leading, globally active company in the machine tool industry



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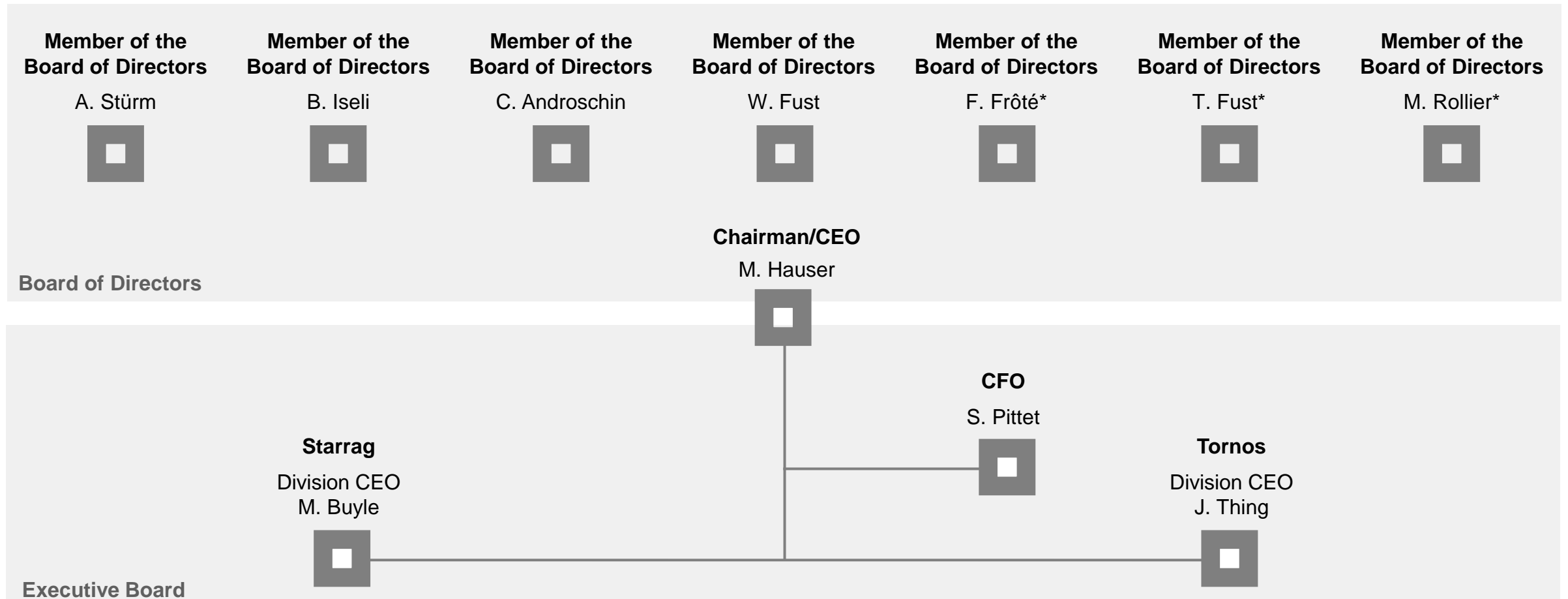
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STARRAGTORNOS GROUP AG

PLANNED GROUP STRUCTURE AS OF DECEMBER 8, 2023





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CONCLUSION

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Long-term, profitable growth by focusing on growth markets with attractive margins

2

Expansion of geographical presence in Americas and Asia and strengthening of market position in Europe

3

Development of cutting-edge technology for customers in the markets addressed

4

Excellent product portfolio and strong brand names

5

Shareholder value thanks to high profitability and cash flow and a strong balance sheet

New StarragTornos Group:
A STRONG STRATEGIC PARTNER