

# Half-year 2021 presentation

Rorschacherberg, 29 July 2021

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# Agenda

■ **Market and business review**

■ **Financial review**

■ **Outlook**

# Agenda

■ **Market and business review**

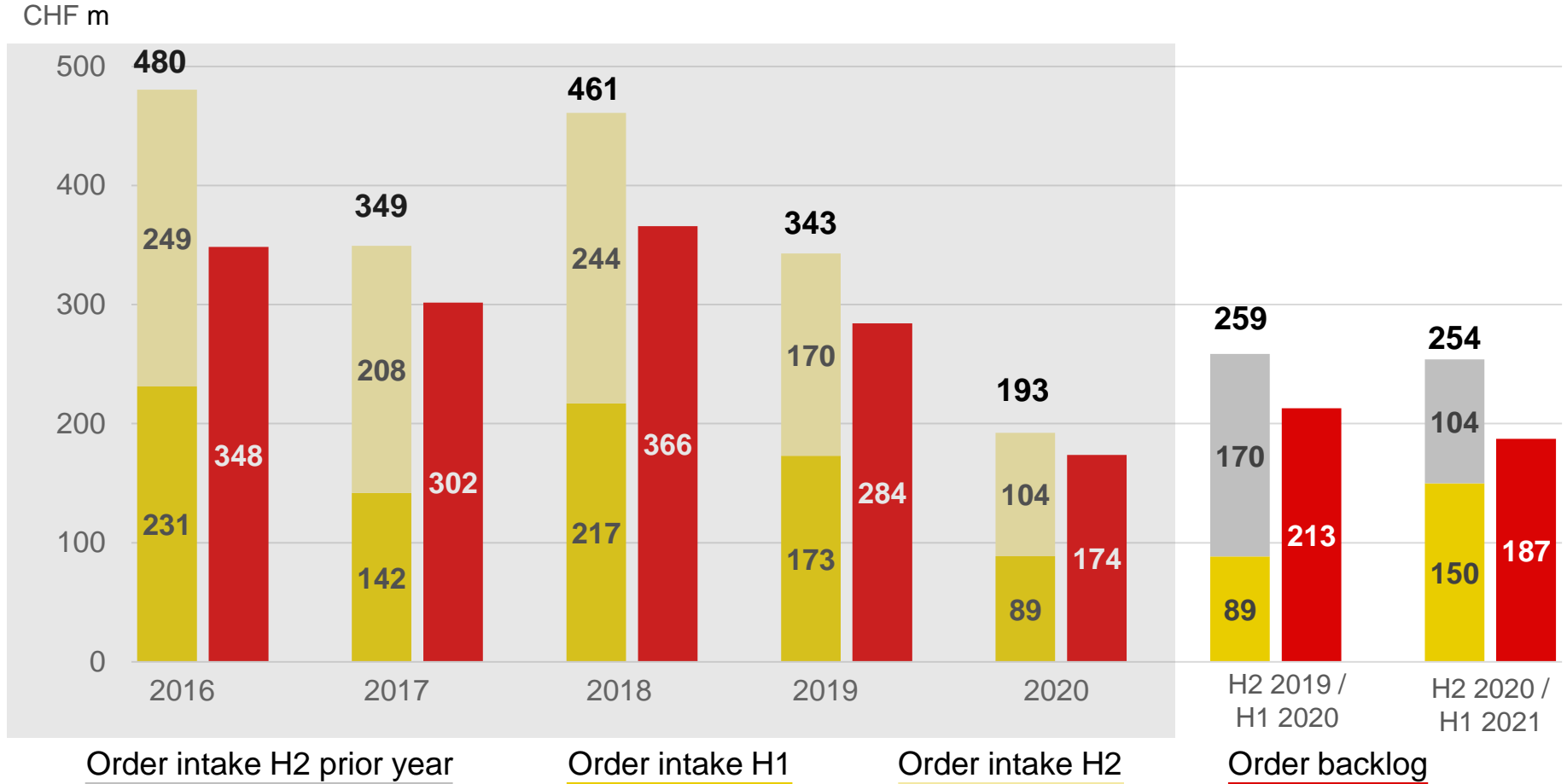
■ Financial review

■ Outlook

## Strong recovery of order intake – Profit on prior year level in spite of slightly lower sales – Continuously substantial order backlog and solid balance sheet

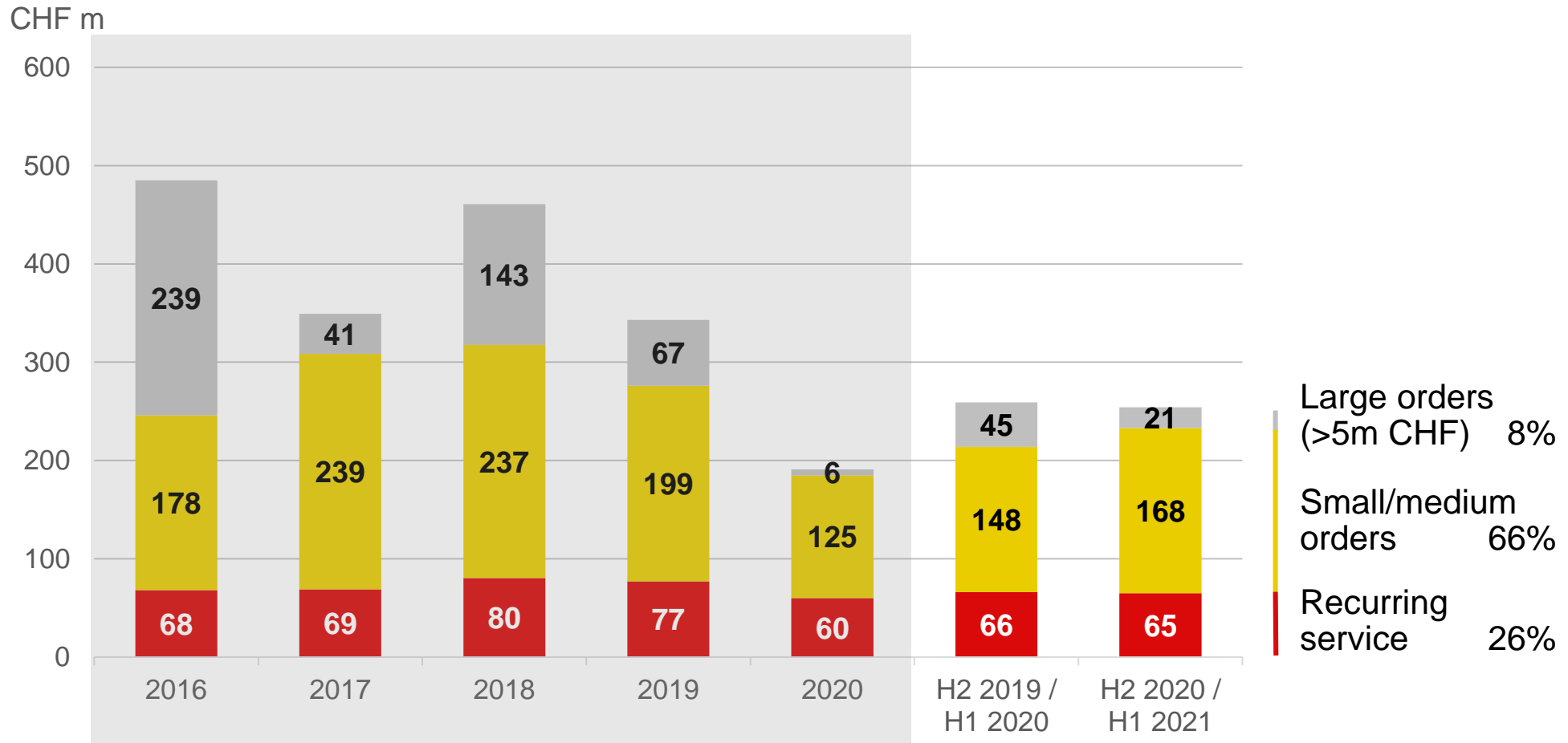
- Order intake up 69% to CHF 150 million
- Sales down 10% to CHF 139 million
- Substantial order backlog of CHF 187 million ensures basic capacity utilization for second half 2021 and beyond
- Operating profit EBIT CHF 0.8 million or 0.6% of sales
- Net income CHF 0.0 million
- Structural optimization for sustainable improvement of profitability

# Strong recovery of order intake and substantial order backlog



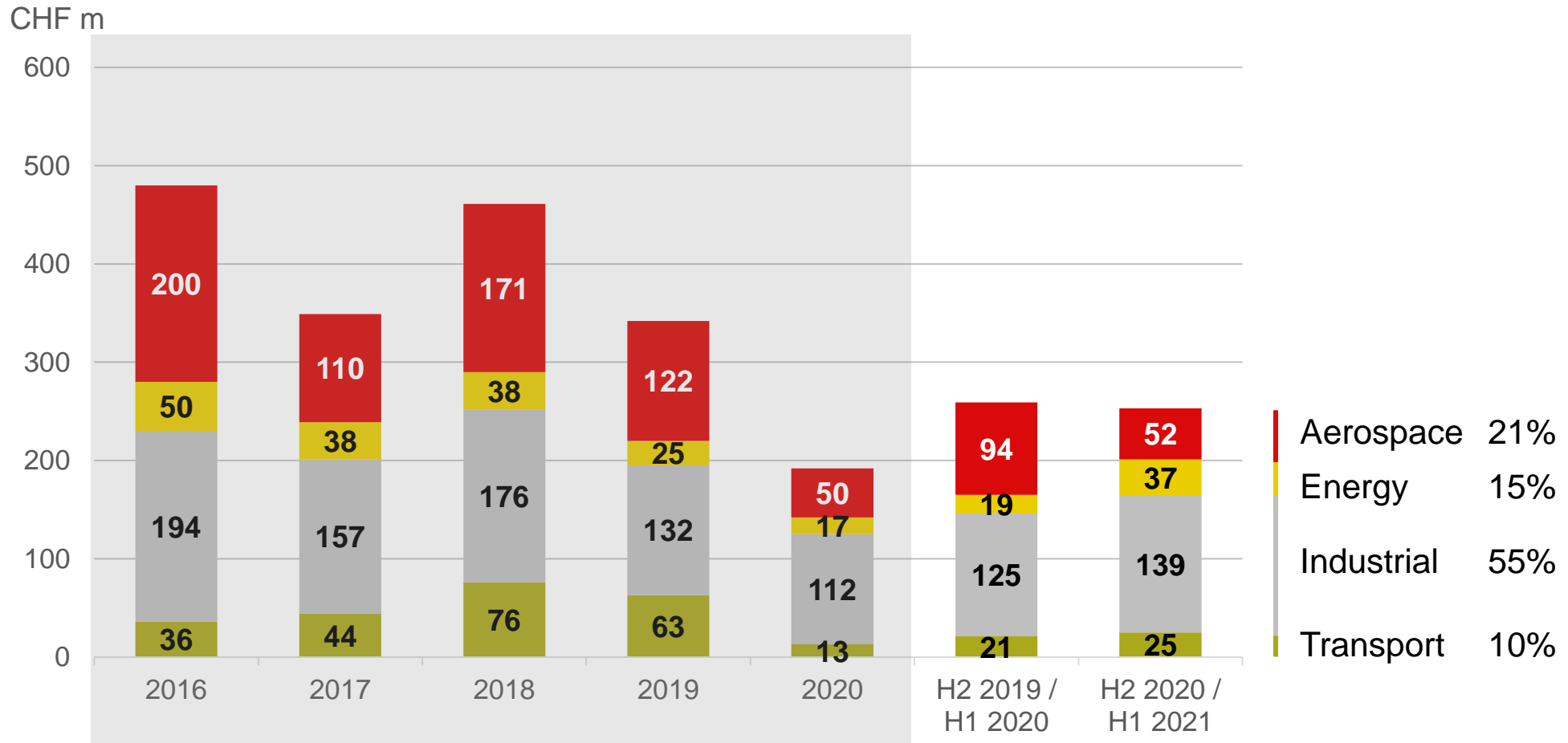
- Order intake last twelve months 254m CHF, fx adjusted down -0.6%
- Order intake H1 2021 150m CHF, up 68.7%
- Order backlog 187m CHF, down 12.1% compared with H1 2020 resp. 7.8% up against end 2020

## Order intake breakdown: Recurring service more stable



- Stable service share, small/medium orders suffering, but increasing in H1 2021
- Large orders difficult to forecast; average 2016-2020: 64m CHF (without extraord. 2016)

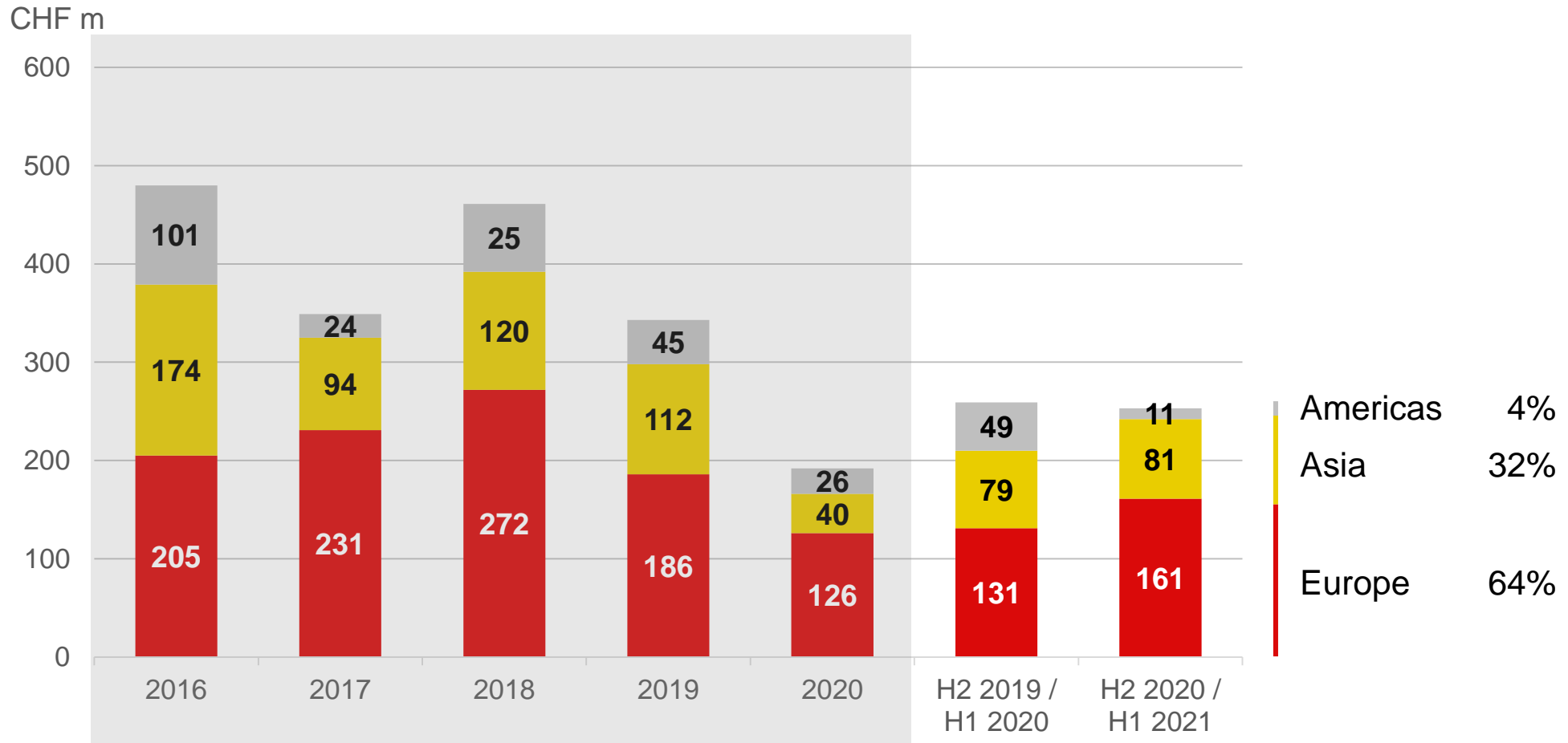
## Order intake by industry: all up except Aerospace



■ Covid-19 impacting all industries, but recovery in half-year 2021 except Aerospace



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



- Covid-19 impacting all regions, but recovery in half-year 2021 except Americas

# Structural optimization for sustainable improvement of profitability

## ■ Operational

- Already around CHF 25 million savings in operating costs in full year 2020 and half year 2021

## ■ Strategic

- Structural optimization
  - 150 jobs to be reduced in Mönchengladbach and Bielefeld
  - Shift competence center Ecospeed to Rorschacherberg to better profit from group synergies (Aerospace)
  - Maintain structures for service and retrofit in Mönchengladbach to ensure first class customer support
  - Closure of manufacturing in Mönchengladbach – Look out for alternative use of facilities
  - Negotiations for social compensation plan to start within next days
- Intensification and group-wide harmonization of application competence to open up additional profit and growth potentials

**■ = Important steps to make Starrag Group more powerful, flexible and profitable**

# Unchanged strategy and clear operational focus

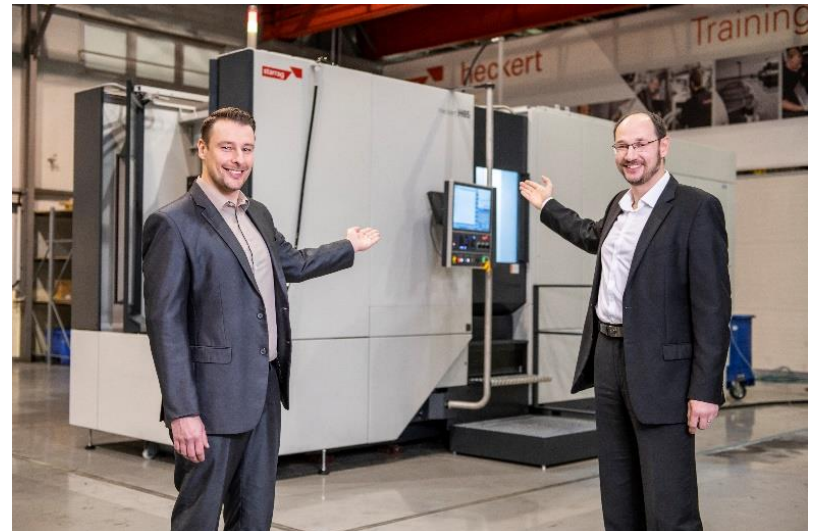
- Unchanged strategy: Concentration on market segments and regions with best growth and margin potential
  - Even more focused on China
  - Further strengthening of sales organization (Group CSO)
  - Further developing service business (new offers, active selling, capacity expansion)
  - Launch of new generation of mid-sized horizontal machining centers
  
- Operational focus on
  - Efficient use of resources
  - Achievement of cost reduction targets
  - Strict risk management in tendering process
  - Accurate multi-project management in order processing

# Virtual premiere: 4-axis horizontal machining centre Heckert H65

## Low costs per part due to maximum productivity

On 24 m<sup>2</sup>: Highly dynamic solution for heavy machining up to 1.5 tonnes

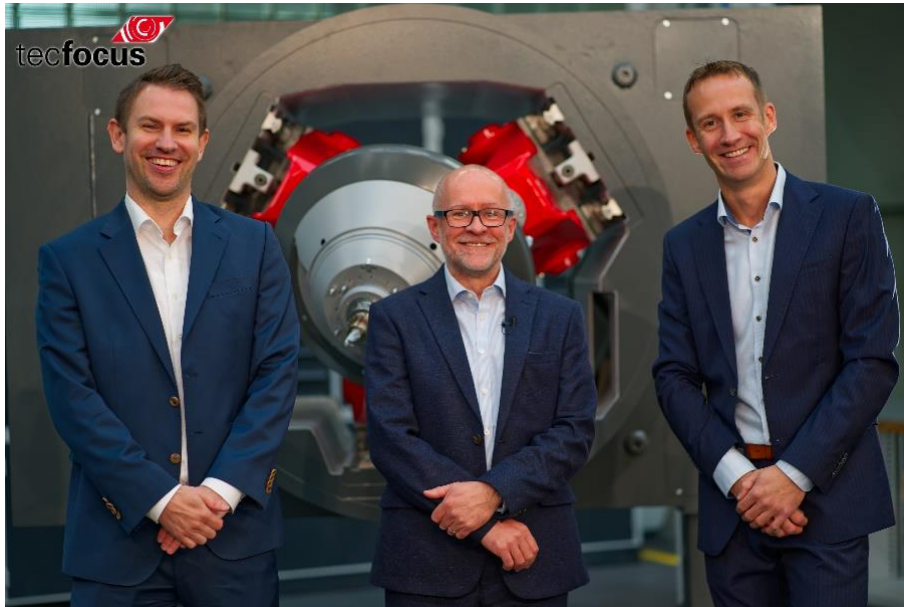
- ✓ Top dynamic performance
- ✓ High cutting capacity
- ✓ High payload
- ✓ High process reliability
- ✓ High efficiency and productivity



# New formats for online marketing

New TecFocus:

- offers exciting information and innovative machining solutions for metalworking
- At the first TecFocus, interested parties learned more about the market's most productive solution for aluminum structural parts for aircrafts

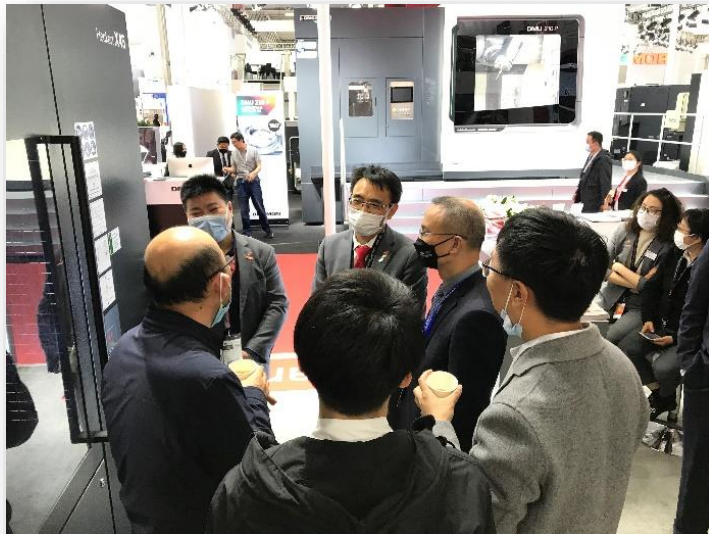




# Trade fair participation in China

CIMT Beijing:

- 382 qualified leads at CIMT 2021 (China International Machine Tool Show) that real trade fairs are still a magnet for our customers.



# Agenda

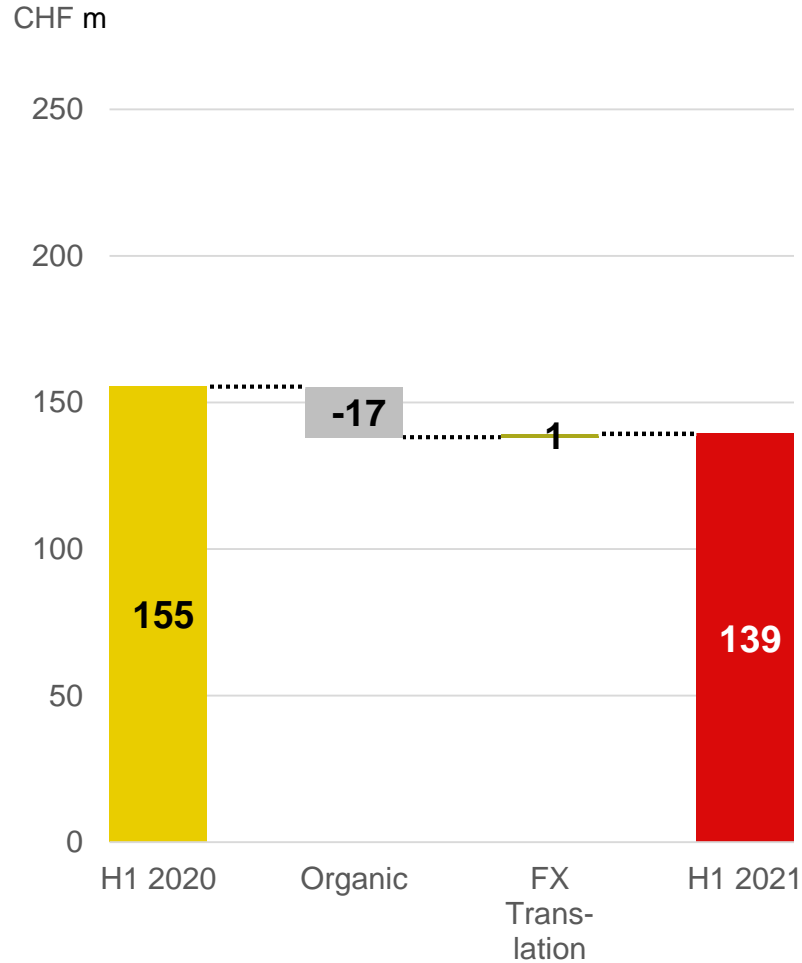
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# Significant decline in sales revenue

## Sales revenue -10%, fx adjusted -11%



Organic decrease due to

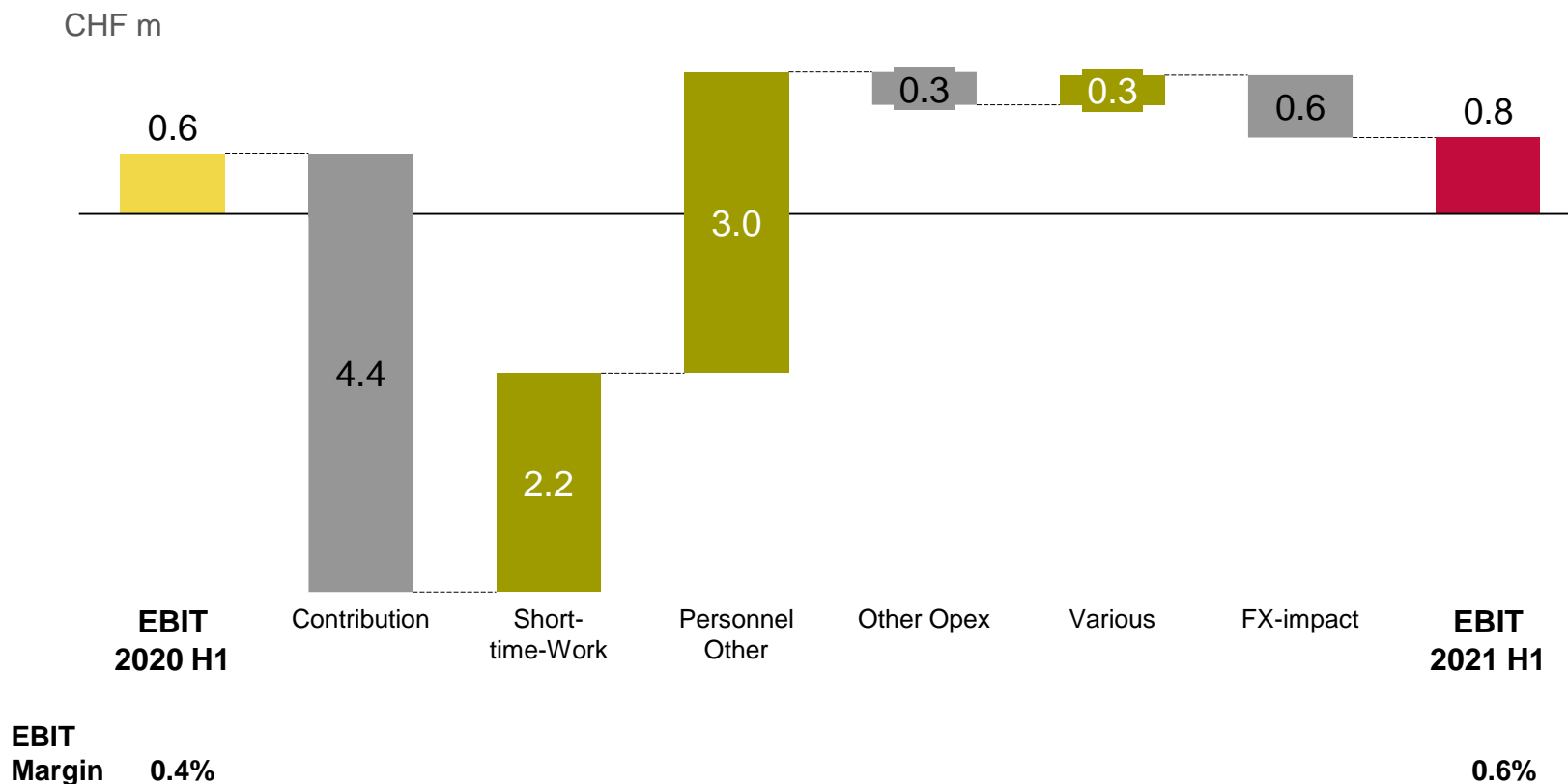
- Low order intake H1 2020
- Delays in order fulfillment caused by Covid-19

FX translation impact

- Stronger EUR/CHF translation rate (H1 2021: 1.1054 vs 1.0757 in H1 2020)



# EBIT development: cost savings compensating volume impact

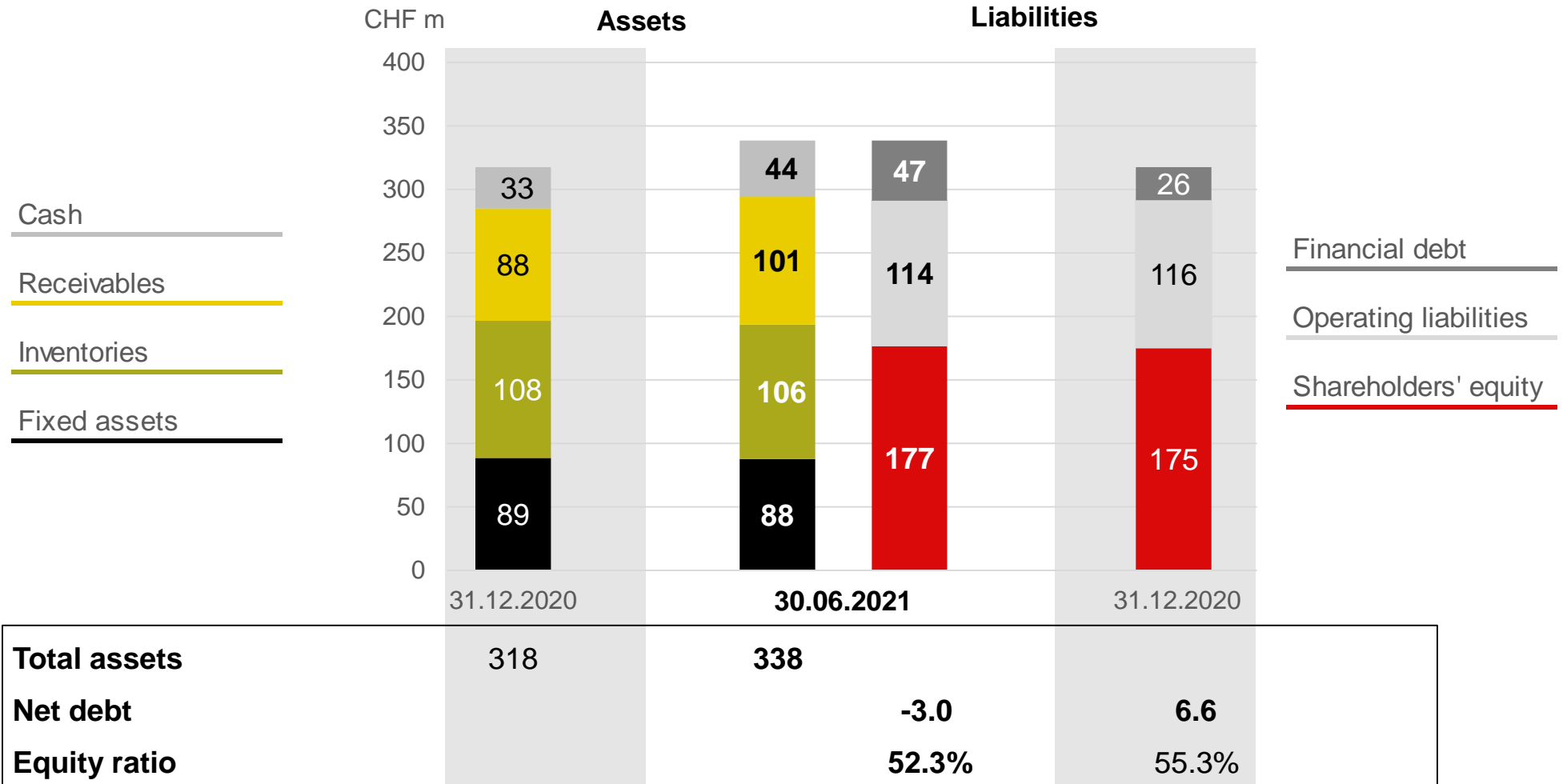


## Net income down with deferred tax impact in German sites

| CHF m                              | H1 2021     | H1 2020     | Change |
|------------------------------------|-------------|-------------|--------|
| <b>Operating result EBIT</b>       | <b>0.8</b>  | <b>0.6</b>  | 33%    |
| Interest expenses, net             | -0.3        | -0.1        | -200%  |
| FX result, net                     | -           | -0.3        | n/a    |
| Other financial result             | -0.3        | -0.4        | 25%    |
| <i>Total Financial result, net</i> | <i>-0.6</i> | <i>-0.8</i> | 25%    |
| <b>Income before taxes</b>         | <b>0.2</b>  | <b>-0.2</b> | n/a    |
| Income tax expenses                | -0.2        | 0.8         | -125%  |
| <b>Net income</b>                  | <b>0.0</b>  | <b>0.6</b>  | -97%   |
| <b>Earnings per share in CHF</b>   | <b>0.01</b> | <b>0.15</b> | -93%   |

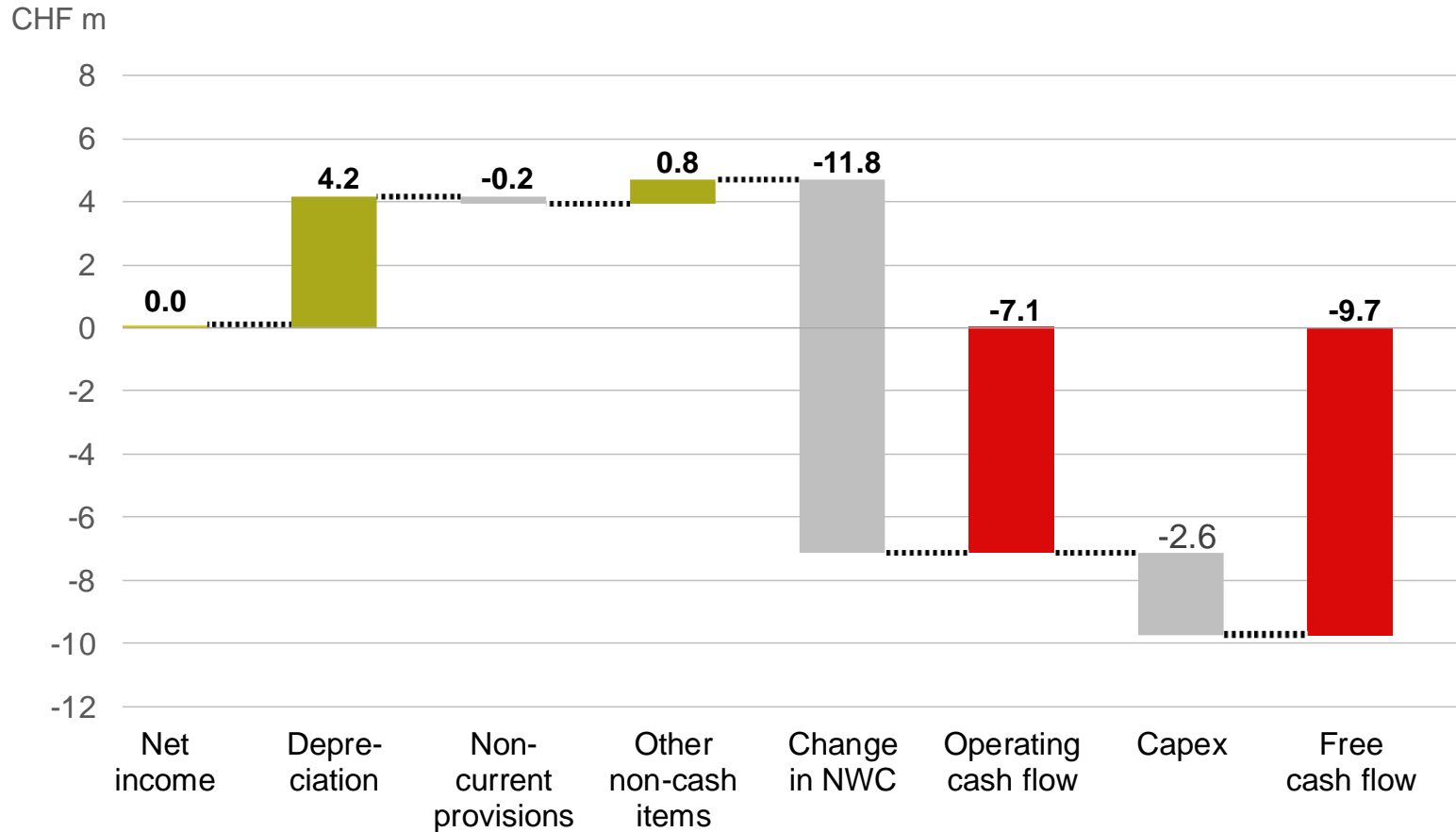
- Income tax expenses do cover provisions for deferred tax due to tax losses 2020/2021

# Balance sheet: Equity and equity ratio continuously strong



- Increase in total assets due to higher Receivables and Cash
- Increase in financial debt due to financing activities of operational business

# Free cash flow impacted by increase in net working capital



|                 |            |            |            |             |              |             |             |              |
|-----------------|------------|------------|------------|-------------|--------------|-------------|-------------|--------------|
| <b>H1 2020:</b> | <b>0.5</b> | <b>4.3</b> | <b>0.2</b> | <b>-0.3</b> | <b>-13.4</b> | <b>-8.8</b> | <b>-3.1</b> | <b>-11.9</b> |
|-----------------|------------|------------|------------|-------------|--------------|-------------|-------------|--------------|

- Decrease in net working capital due to lower operating activities due to Covid19 in the first H1 2021

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## In general improved prospects

- Probably less impact of Covid-19 in the months to come
- General market recovery faster than originally expected
- Nevertheless ongoing uncertainties to delay customer decisions
- Pace of recovery of investments by Aerospace customers important in the months to come

# Focus of strategic actions reinforced

## Innovation

- Leading application competence
- Starrag Integrated Production System (Industry 4.0)
- Next generation of machine tools (H series)
- Dedicated automation concepts

## Geographical footprint

- USA
- China
- Dealer network in key markets

## Operational excellence

- Simplifying go to market
- Sales effectiveness
- Customer service readiness
- Project management
- People development

# Financial outlook

|               | 2020 | H1 2020 | H1 2021 | <b>Guidance 2021</b><br>(in local currencies) |
|---------------|------|---------|---------|---|
| Order intake  | 193  | 89      | 150     | 2021 >> 2020                                  |
| Sales revenue | 297  | 155     | 139     | 2021 ≥ 2020                                   |
| EBIT margin   | 0.4% | 0.4%    | 0.6%    | 2021 > 2020                                   |



## Corporate calendar and Contact details

- 28.01.2022 Preliminary information on FY 2021
- 04.03.2022 Presentation of FY 2021 annual report and results to analysts/media in Zurich
- 23.04.2022 Annual General Meeting in Rorschach
- 28.07.2022 Half-year report 2022

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your questions.

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