Ad hoc announcement in accordance with Art. 53 LR

Results for the first half of 2021

Strong recovery in the order intake – same level as in the previous year despite slightly lower sales – order backlog remains substantial and balance sheet remains solid

- **Order intake up 69% to CHF 150 million**
- **Sales down 10% to CHF 139 million**
- **Substantial order backlog for the second half of the year and beyond (CHF 187 million)**
- **EBIT CHF 0.8 million (0.6% of sales)**
- **Structural optimisation to bring about a sustained improvement in earnings**

Rorschacherberg, 29 July 2021 – Starrag Group Holding AG (SIX: STGN), a leading global technology supplier of high-precision machining tools for milling, turning, boring and grinding work pieces of metallic, composite and ceramic materials, has today announced its half-year results for 2021. They essentially confirm the expectations expressed in March for 2021 as a whole.

Sharp increase in orders
After the slight increase in new orders in the second half of 2020, the trend strengthened in the first half of 2021, with the result that, at CHF 150 million, the order intake exceeded the previous year's figure by 69% (66% at constant exchange rates).

Sales fell owing to the Covid-19-related lower order backlog at the end of 2020, albeit to a lesser extent than in the previous year. At CHF 139 million, sales revenue was 10% below the figure for the same period in 2020 (11% at constant exchange rates), but was practically unchanged compared with the second half of 2020.

Breakdown by region and sector
In terms of regions, there were significant increases in Europe and, in particular, Asia, where the order intake more than tripled compared with the same period last year. Conversely, there was a significant decrease in new orders from customers in North America, which can be explained by customers in Aerospace being cautious.

With regard to sectors, a widespread recovery is evident. The one exception was Aerospace, which continued to be affected by the Covid-19-related impairment of the global aviation sector. Compared with the same period a year ago, there were considerable increases in Industrial – which is the most important sector by a distance for Starrag – as well as Transportation and not least Energy thanks to major wind power projects.

Order backlog ensures capacity utilisation for the second half of the year and beyond

The order backlog for new equipment amounted to CHF 187 million at the end of the period under review, which was 8% higher than at the end of 2020. This solid order backlog ensures capacity utilisation for the second half of the year and beyond. In addition, recurring demand for services is also linked to new equipment business.

Stable operating earnings

The operating result (EBIT) was CHF 0.8 million, compared with CHF 0.6 million in the first half of 2020 and CHF 0.7 million in the second half, despite the fall in the volume of sales. The operating margin was 0.6% (compared with 0.4% in the same period last year). It should be borne in mind that a further CHF 5 million or so of operating costs was saved in the period under review as part of the “Starrag 2021” programme and thanks to additional measures to bring about a sustained increase in profitability. This was after approx. CHF 20 million had been saved in the whole of 2020. Conversely, the lower sales had a negative impact on operating earnings. Net income was balanced (compared with CHF 0.5 million in the same period last year); per share, it was CHF 0.01 (down from CHF 0.15).

Continued strong and flexible financing

As at 30 June 2021, the balance sheet total stood at CHF 338.4 million, which was 7% above the level at the end of 2020. Shareholders’ equity amounted to CHF 177.1 million, up from CHF 175.5 million at the end of 2020. As a result, the equity ratio remained high at 52.3% (albeit down from 55.3%). Net debt remained at a low level, standing at CHF 3 million at the end of the period under review. In addition, Starrag Group’s high level of financial flexibility is reflected in the conservative valuation of the balance sheet items, as well as the substantial property portfolio (it has its own production network).

Streamlining structures to optimise earnings in the long term

So far this year, Starrag Group has been able to benefit from the way the markets have performed in general, as well as the progress made in pursuing the “Starrag 2021” programme. It will continue these efforts systematically. Regardless of this, the basic strategy to concentrate on the market segments and regions that offer the best growth and earnings potential is proving to be right.

Following the job cuts that had already been carried out in Mönchengladbach in 2019, the business situation at this site and in Bielefeld requires further structural and personnel measures in the interests of optimising earnings in the long term*.

In this context, the Ecospeed centre of excellence (market leader for flexible production systems in the Aerospace target market) is to be relocated to the Rorschacherberg site in order to make further use of group synergies and to create a world-leading centre of excellence for the development of high-precision machines and solution for manufacture of complex aircraft components. The structures for service and retrofit in Mönchengladbach will be maintained and continue to ensure first-class customer support. Once the measures have been implemented, production will cease in Mönchengladbach. Alternative uses are being sought for the Mönchengladbach production site.

At the same time, application-orientated product development is being intensified for the target markets and harmonised within Starrag Group in order to exploit additional earnings and growth potential. These measures will considerably improve Starrag Group's strength, flexibility and earnings potential.

Outlook for 2021

Forecasts regarding the Covid-19-related restrictions in the next few months remain uncertain. However, as more and more people around the world are now vaccinated, it does not seem far-fetched to assume that the negative effects will increasingly tail off. All in all, the markets have recovered well in recent weeks and months. The speed at which investment picks up in the Aerospace target market will also be important for Starrag in the coming months.

It may be assumed from this assessment and the sharp rise in new orders in the first half of the year that the order intake for the year as a whole will significantly exceed the previous year's figure. Starrag Group also expects an increase in sales in the second half of the year. However, this is likely to be smaller owing to the fall in new orders in the previous year. With regard to earnings, the Executive Board believes that the recovery that has been apparent since the second half of 2020 will continue – not least as a result of the aforementioned measures.

** We refer you to the simultaneous ad hoc notification in accordance with the SIX Swiss Exchange Listing Rules (www.starrag.com).*

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 Starrag Group

CHF million	**2021** 01.01.-30.06	2020 01.01.-30.06.	Change	2020 01.01.-31.12.
Order intake	149.8	88.8	+68.7%	192.5
Sales revenue	139.3	155.4	-10.3%	297.1
Operating result EBIT	0.8	0.6	+33.0%	1.3
Net income	0.0	0.5	-96.3%	-0.6
EBIT as % of sales revenue	0.6%	0.4%	n/a	0.4%
Return on equity (ROE)	0.0%	0.6%	n/a	-0.3%
Cash flow from operating activities	-7.1	-8.8	+19.0%	11.0
Capital expenditure	3.0	3.4	-12.5%	5.2
Free cash flow	-9.7	-11.9	+18.5%	6.2
Earnings per share (in CHF)	0.01	0.15	-94.5%	-0.19
Employees (average full-time equivalents)	1‘327	1‘455	-8.8%	1‘414

CHF million	**30.06.2021**	31.12.2020	Change	30.06.2020
Order backlog	187.2	173.7	+7.8%	213.0
Total assets	338.4	317.5	+6.6%	316.9
Net liquidity (+) / Net debt (-)	-3.0	+6.6	-146.4%	-11.5
Shareholders’ equity	177.1	175.5	+0.9%	176.7
Equity ratio	52.3%	55.3%	n/a	55.8%

See also „Additional definitions of performance indicators“ on page 89 of the Annual Report 2020.

The half-year report 2021 is available for download at:

https://investor.starrag.com/en-us/news/financial_reports

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Forthcoming events

• Sales and orders 2021	29 January 2022
• Key figures 2021 / Annual report	4 March 2022
• Annual General Meeting	23 April 2022
• Half year report 2022	28 July 2022

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.