

## Media release

### Key figures 2009

#### Strong Free Cash Flow

### Good profitability in ambitious market environment

- Strong market position, innovation and timely capacity adjustment leads to clearly positive EBIT of 6.1% of sales revenue
- Net income of CHF 11.5 million or CHF 46.09 per share
- Positive free cash flow of CHF 29.2 million
- Profit distribution of CHF 15 per share as par value repayment

Despite declining volume the StarragHeckert Group, listed on the SIX Swiss Exchange, achieved a clearly positive EBIT margin of 6.1% of sales revenue. Thanks to strict measures to adapt net working capital to the volume lowered by the recession, free cash flow could be increased distinctly. Net income amounted to CHF 11.5 million, equivalent to earnings of CHF 46.09 per share. The Board of Directors proposes a profit distribution of CHF 15 per share as par value repayment.

StarragHeckert had mastered the global slump in demand for machine tool clearly better than the industry average. As a result of the much lower order intake, sales revenue decreased currency-adjusted by 15% in 2009. Thanks to the timely implemented cost cuts, earnings before interest and taxes (EBIT) of CHF 15.4 million or 6.1% of sales revenue could be reported. Thus, StarragHeckert remained in the top group of European machine tool industry.

Synchronous with the load reduction in the plants, capacity reduction and cost structure had been adapted to the lower market demand. The necessary measures included the reduction of third party cost, use of labour hour banks, short-time work and staff reductions implemented with social sense of responsibility.

The results were affected by additional charges caused by the recession amounting to CHF 12 million. This amount included the strict valuation of inventories due to lower expected business volumes and provisions for costs associated with the implemented capacity reductions. Accordingly, net income decreased from CHF 24.8 million to CHF 11.5 million. Because of the declining results the compensation for the Board of Directors decreased by 54% and for the Group Management by 29%.

Also in 2009, three new products were launched. These new products increased StarragHeckert's technology and cost leadership in the energy, aerospace and precision machinery sector. Our decentral sales and customer service network was further expanded in the industrial regions in Europe, Asia and North America where we maintain a direct bilateral contact with our key accounts through a network of wholly owned subsidiaries.

The set-up of a technology center and manufacturing facility in India could only be realized with delays. This project shall now be accelerated under new leadership. Beginning of March 2010, Mr. A. N. Chandramouli (52) joined StarragHeckert Group as Managing Director India. A. N. Chandramouli studied Mechanical Engineering and holds a Master of Business Administration. He has many years of professional experience in the Indian industry and was last the Indian CEO of a globally active machine tool group. A. N. Chandramouli has extensive knowledge and experience in this industry and has a proven success record with the set-up of a machine tool business in India.

In the current environment reliable forecasts for the current year are very difficult. StarragHeckert started the new business year with a solid order backlog of CHF 124 million. Nevertheless, plant capacities will remain underutilized. In order to safeguard profitability, StarragHeckert will have to continue considerable capacity adaptations particularly also by short-time work. Overall it can be assumed that sales revenue and earnings for 2010 will be lower than in prior year.

*StarragHeckert globally provides a comprehensive range of technologically advanced precision milling machines, as well as productivity enhancing software and engineering solutions, engineering and process optimisation projects and a wide range of special tools for customers in the aerospace, energy, transport and precision machine industry. The company brings to bear a nearly 150 years old heritage of technological innovation to help its customers to be more productive, efficient, precise and innovative.*

*StarragHeckert includes production plants in Rorschacherberg/Switzerland (Starrag), Chemnitz/Germany (Heckert), Geneva/Switzerland (SIP) and Haddenham/UK (TTL), as well as sales and service companies in China (Shanghai and Beijing), the USA (Cincinnati, Dallas and Seattle), France, the UK, India, Russia, Spain and Turkey. The shares of StarragHeckert are quoted on the Swiss Stock Exchange SIX (symbol: STGN).*

Rorschacherberg, 12 March 2010

StarragHeckert Holding AG

## **Key figures 2009**

|  | <b>CHF million</b> | <b>2009</b>        | <b>2008</b> | <b>Change</b> |
|--|--------------------|--------------------|-------------|---------------|
| Order intake                             |                    | 187.7              | 341.2       | - 45.0%       |
| Order backlog                            |                    | 124.3              | 187.8       | - 33.8%       |
| Sales revenue                            |                    | 252.5              | 306.9       | - 17.7%       |
| Segment sales revenue BU 1               |                    | 128.1              | 125.1       | + 2.4%        |
| Segment sales revenue BU 2               |                    | 123.8              | 181.1       | - 31.7%       |
| Earnings before interest and taxes EBIT  |                    | 15.4               | 35.1        | - 56.1%       |
| Net income                               |                    | 11.5               | 24.8        | - 53.6%       |
| Cash flow from operating activities      |                    | 34.1               | 9.2         | + 270.6%      |
| Capital expenditure                      |                    | 5.0                | 12.1        | - 58.7%       |
| Free cash flow                           |                    | 29.1               | -2.7        | n/a           |
| Total assets                             |                    | 179.4              | 223.7       | - 19.8%       |
| Net equity                               |                    | 114.7              | 108.0       | + 6.2%        |
| Net cash                                 |                    | 10.4               | - 13.7      | n/a           |
| Staff counts as of 31.12.                |                    | 783                | 782         | + 0.1%        |
| - thereof Switzerland                    |                    | 329                | 341         | - 3.5%        |
| - thereof Germany                        |                    | 363                | 365         | - 0.5%        |
| Distribution of profits in CHF per share |                    | 15.00 <sup>1</sup> | 20.00       | - 25.0%       |

<sup>1</sup> as par value repayment

### **For further information please contact**

Dr. Frank Brinken  
CEO StarragHeckert Holding AG  
Tel. +41 71 858 81 11  
Fax +41 71 858 82 09

Gerold Brütsch  
CFO StarragHeckert Holding AG  
Tel. +41 71 858 81 11  
Fax +41 71 858 82 30

[media@starraghecker.com](mailto:media@starraghecker.com)

[investor@starragheckert.com](mailto:investor@starragheckert.com)

[www.starragheckert.com](http://www.starragheckert.com)

[www.ttl-solutions.com](http://www.ttl-solutions.com)

### **Forthcoming events**

- |   |                 |
|---|-----------------|
| • Key figures 2009 / Annual report 2009     | 12 March 2010   |
| • Media and analysts conference             | 12 March 2010   |
| • Annual general meeting                    | 16 April 2010   |
| • Interim information first quarter 2010    | 10 May 2010     |
| • Half-year report 2010                     | 6 August 2010   |
| • Interim information third quarter 2010    | 19 October 2010 |
| • Preliminary information on annual results | 26 January 2011 |
| • Key figures 2010 / Annual report 2010     | 4 March 2011    |
| • Media and analysts conference             | 4 March 2011    |

---

*This news release includes “forward-looking statements” that involve risks, uncertainties and changes in circumstances, which may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. Political, economic, climatic, currency, tax, regulatory, technological, competitive and other factors could cause actual results to differ materially from those anticipated in the forward looking statements. Additional information regarding these risk factors and uncertainties is published from time-to-time, including in but not limited to its annual report.*