

## Media release

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### **Acquisition of the German Dörries Scharmann closed**

- **Substantial increase of business activities**
- **Two strong and profitable companies find each other**
- **Ideal combination: same target markets, complementary products**
- **Now in the top league of European manufacturers of machine tools**
- **Financing of the transaction planned through capital increase**

**The acquisition of the Dörries Scharmann Group by StarragHeckert Holding AG announced at the beginning of this week has been completed on 19 January 2011. StarragHeckert substantially strengthens its position in its target markets aerospace, energy generation, transport and precision mechanical engineering by practically doubling its business volume. Action plans to enhance benefits to our customers and capitalize the synergies from the merger are being developed and will be implemented immediately .**

The acquisition was finalized on Wednesday afternoon with notarizing the purchase and sale contract. StarragHeckert has taken over 100% of the Dörries Scharmann machine tool company group. The purchase price of 70 million EUR is financed by own liquid funds and a bridge loan of 50 million EUR by the majority shareholder Walter Fust. The loan is planned to be refinanced by an increase of the shareholder capital in the next few months. The presently strong Swiss Franc is certainly benefiting the transaction.

#### **Successful Dörries Scharmann**

The Dörries Scharmann Technologie GmbH with headquarters in Mönchengladbach, Germany produces machine tools of the renowned brands Dörries, Droop+Rein, Ecospeed, Scharmann and Berthiez for drilling, turning, milling and grinding of middle sized to very large working pieces. The company is a leader in this industry sector. The products which are exported worldwide cover the whole field of machining working processes. The company has manufacturing plants in Germany (Mönchengladbach, Bielefeld) and in France as well as own sales branches in Great Britain, USA, Brazil, Russia and China.

#### **Increase of earnings per share**

Dörries Scharmann stayed profitable even throughout the recent economical crisis and achieved with 790 employees a turnover of around 130 million EUR in 2010. In 2009, the company realised a profit in a high single-digit EUR million range. The FY 2010 earning figures are not available yet. The acquisition will have a positive impact on earnings per share. At purchase date, Dörries Scharmann had net cash of approx. 10 million EUR.

#### **An ideal combination in every respect**

The accumulated turnover of the two companies with 1'500 employees, amounts to around 400 million CHF. The industrial logical for the merger is evident in view of the same target markets and their complementary product range. Both companies have in the past been focusing on the upper quality segment. Main customers worldwide are large financially solid global companies in the fields of aerospace, power generation, transport and precision mechanical engineering.

Whereas StarragHeckert is strong in the complex machining of large titanium working pieces, Dörries Scharmann completes StarragHeckert's product range with its leading machine tools for machining aluminium and composites, both for the aerospace industry. As a common denominator and unique advantage for the customers, the products allow productivity on a very high level with at the same time lowest manufacturing costs. In the energy sector, a broad range of turning lathes and large precision machining centers for the manufacturing of gas and steam turbines and for the increasing need of wind energy plants can be offered in future. In the sector transportation, the successful product portfolio of StarragHeckert in the field of horizontal machining centers is enlarged by large machining centers of Dörries Scharmann, for the production of mouldings for car body dies. Finally, the product segment precision engineering is completed by the combination of ultra-precision machining centers by SIP and the grinding machines by Berthiez, by the precision engineering centers of StarragHeckert and the products of Droop+Rein.

From the geographical point of view, a broader presence in North America, India, Brazil and Russia is a result of the merger, also a substantially stronger market position in China.

The acquisition yields a broad and well-balanced product portfolio which is unmatched in the machine tool field and which will offer additional market potential for the coming years. Both companies follow the same philosophy: strive for leadership in technology and help customers achieve highest possible productivity and high precision at the same time. This strategy clearly differs from mass producers in the middle and low class segment. Many employees from both companies have known each other for years due to a long common customer base both served by StarragHeckert and Dörries Scharmann, which will no doubt facilitate a fast integration.

#### **Preserving the original established brands**

Dörries Scharmann will continue to be present on the market with the established product brands and will continue to be managed by the existing team under the leadership of CEO Dr. Norbert Hennes and CFO Daniel Rosenthal. A common integration team will set up detailed action plans to optimize organisation and processes, and achieve synergies. It is planned that all manufacturing plants of Dörries Scharmann – Mönchengladbach, Bielefeld, Erfurt, St. Etienne – and those of StarragHeckert - Rorschacherberg, Geneva, Chemnitz and Haddenham – will be maintained.

Both companies declare the merger as an ideal solution. Frank Brinken, CEO of StarragHeckert: "We fit perfectly in every respect, the preconditions for a successful common future are ideal. This is the more so as in the past we have closely observed the development of Dörries Scharmann and we know that the entire management of Dörries Scharmann welcomes the acquisition." Norbert Hennes, CEO of Dörries Scharmann, comments: "We are very happy having found in StarragHeckert a financially and technologically strong industrial partner, ensuring that the Dörries Scharmann companies can approach a stable future. I look forward to exploring the great opportunities which this merger will bring us."

Rorschacherberg, 19 January 2011

StarragHeckert Holding AG

*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 year's 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 (Beijing and Shanghai), the USA (Cincinnati, Dallas and Los Angeles), Canada, France, India, the UK, Russia and Turkey. The shares of StarragHeckert are quoted on the Swiss Stock Exchange SIX (symbol: STGN).

**Dörries Scharmann** manufactures world machine tools of the renowned Dörries, Scharmann, Droop+Rein, Ecospeed and Berthiez brands for high performance drilling, turning, milling and grinding of middle sized to very large working pieces. Main customers worldwide are large financially solid global companies in the fields of aerospace, energy generation, transport and precision mechanical engineering. Dörries Scharmann has production plants in Mönchengladbach/Germany, Bielefeld/Germany and St. Etienne/France and sales and service companies in China, the UK, the USA and Russia.

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#### **Forthcoming events**

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| • Key figures 2010                       | 26 January 2011 |
| • Financial Results / Annual Report 2010 | 4 March 2011    |
| • Media and analysts conference          | 4 March 2011    |
| • Annual general meeting                 | 9 April 2011    |
| • Interim information first quarter 2010 | 6 May 2011      |
| • Half-year report 2009                  | 29 July 2011    |
| • Interim information third quarter 2010 | 4 November 2011 |

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*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.*