Media release

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Key figures 2010

Continuing good profitability

- **Clearly positive results despite lower sales revenue**
- **Net income of CHF 8.1 million or CHF 32.66 per share**
- **Order intake of CHF 188 million, solid order backlog of CHF 104 million**
- **High operating cash flow leading to net cash of CHF 31 million**
- **Profit distribution of CHF 10 per share as withholding tax-free payout from additional paid-in capital**
- **Increase of share capital to refinance the acquisition of Dörries Scharmann**

Thanks to a strict cost management the StarragHeckert Group, listed on the SIX Swiss Exchange, achieved a clearly positive EBIT margin of 5.1% of sales revenue in 2010 (prior year 6.1%). Net income amounted to CHF 8.1 million. Due to the lower order backlog at the beginning of the year, StarragHeckert recorded a decline in sales revenue of 21%. The Board of Directors proposes a profit distribution of CHF 10 per share as withholding tax-free payout from additional paid-in capital.

With an order intake of CHF 188 million, a solid basis could be set. It represents an increase year-on-year of 0.3%, or +6.2% currency adjusted. The various customer segments paint a varied picture: order intake from the transport sector doubled year-on-year and is getting back to the record levels of 2007 and 2008. The precision engineering sector came in around 10% below 2009 figures, while the later-cycle sectors of aviation and power generation were considerably below the levels of the previous year.

Customers from China and Germany were responsible for significant growth, while order intake from Eastern Europe and Russia as well as from North America were weak. The order backlog decreased currency adjusted by 7.4% to solid CHF 104 million.

In 2010, StarragHeckert generated sales revenue of CHF 199 million, a decrease of 21.1% compared with the previous year. Currency adjusted, sales revenue dropped by 17.3%. The decrease is due to a lower order intake resulting from the worldwide economic downturn and the corresponding reduction of the order backlog. From the second half of 2010, there was a discernible reversal in the trend in sales revenues, which are still developing in positive terms, driven by the customer services business.

Despite declining sales revenue an EBIT margin of 5.1% (previous year 6.1%) could be achieved thanks to strict cost management. StarragHeckert's operating result EBIT achieved CHF 10.1 million and came in 34.4% below the previous year level (CHF 15.4 million). In the year under review, StarragHeckert generated a solid net profit of CHF 8.1 million (previous year CHF 11.5 million), equivalent to earnings per share of CHF 32.66.

With an equity ratio of 64.1% StarragHeckert’s capital structure remained very solid in 2010 (previous year 63.9%). Consistent adjustment of net current assets to the lower activity level has been rewarded once more with a high cash inflow from operations of CHF 32.2 million (previous year: 34.1 million). Net cash thus increased considerably compared to prior year, from CHF 10.4 million in 2009 to CHF 31.1 million.

Also in 2010, StarragHeckert invested targeted and launched three new products for the target markets. In addition, investments for the improvement of existing plants were made in Europe, while in emerging markets, investments went mainly into strategic projects, such as the opening of a technology centre in Bangalore/India, where customers get advice and support in the fields of technology and service in order to improve their productivity.

StarragHeckert expects that 2011 will show further recovery of the global machine tool market, although the high growth rates from before the economic crisis will hardly be reached. StarragHeckert and Dörries Scharmann together strive to even better penetrate their target markets and offer complete user-specific one-stop manufacturing solutions, which result in clear cost reductions in the production and thus in a higher customer value. Distortions in currency relations and increasing protectionism in certain markets are possible risks in 2011.

Upcoming increase in share capital

On 19th January 2011, StarragHeckert acquired Dörries Scharmann Group. The purchase price of EUR 70 million was financed by own liquid funds and by a bridge loan of majority shareholder Walter Fust in the amount of EUR 50 million. As stated in our previous press release, the loan is planned to be refinanced by an increase of the share capital.

The Board of Directors decided to carry out the capital increase within the next few weeks, with the object to replace the bridge loan from Walter Fust. For this reason, the Board of Directors submits to the Annual General Meeting of 9 April 2011 the request for a regular capital increase by a maximum of 100’800 shares. At the same time it is foreseen to implement a share split of 1:10 in order to facilitate the liquidity of StarragHeckert shares.

The new shares are planned to be sold following a book building process at market conditions, retaining the subscription rights of the present shareholders. Further details regarding the transaction – particularly the exact number of new shares to be issued – will be communicated at the Annual General Meeting on 9 April 2011. Majority shareholder Walter Fust will commit himself to fully exercise his subscription rights and to subscribe any new shares which have not been taken over by other shareholders.

Dörries Scharmann Key Figures 2010

According to the preliminary financial statement 2010, the Dörries Scharmann Group achieved sales revenue of EUR 137.4 million and an operating result EBIT of EUR 9.5 million, i.e. 6.9% of sales revenue. Net profit amounts to EUR 5.6 million. Due to the lower business caused by the economical crisis, the results are considerably lower than in the prior year, when sales revenue of EUR 158.3 million, an operating result EBIT of EUR 19.3 million (12.2% of sales revenue) and a net profit of EUR 12.0 million was achieved.

Order intake considerably declined in 2010 to EUR 102.7 million (prior year EUR 123.4 million) due to the economical crisis and the uncertainty in view of the ownership of

Dörries Scharmann. Order backlog by the end of 2010 of EUR 110.7 million represents an average capacity utilization of nine months. On 31 December 2010, Dörries Scharmann had net cash of EUR 16.5 million.

Pro forma figures showing the effects of the acquisition of Dörries Scharmann on StarragHeckert's financial statements 2010 will be published at the Annual General Meeting of 9 April 2011.

StarragHeckert together with Dörries-Scharmann is the global leading supplier of technologically advanced machine tools for boring, turning, milling and grinding of medium to large metallic or composite workpieces.

Principle customers are internationally active companies in the aerospace, energy, transport and engineering sectors. The products, together with the technology and service offerings allow customers to achieve significant productivity gains. Group products are marketed under the Starrag, Dörries, Heckert, Scharmann, SIP, Droop+Rein, TTL, Berthiez, WMW and Ecospeed brands.

Headquartered in Rorschach/Switzerland the group operates manufacturing plants in Switzerland, Germany, France, UK and India, as well as service and sales companies in various other countries.

The holding company is listed at the SIX Swiss Exchange (Symbol: STGN).

Rorschacherberg, 4 March 2011 StarragHeckert Holding AG

Key figures 2010 (without Dörries Scharmann)

CHF million	2010	2009	Change
Order intake	188.3	187.7	+0.3%
Order backlog	103.9	124.3	-17.3%
Sales revenue	199.2	252.5	-21.1%
Segment sales revenue BU 1	100.9	128.1	-21.2%
Segment sales revenue BU 2	98.1	123.8	-20.8%
Earnings before interest and taxes EBIT	10.1	15.4	-34.4%
Net income	8.1	11.5	-29.6%
Cash flow from operating activities	32.2	34.1	-5.6%
Capital expenditure	4.2	5.0	-16.0%
Free cash flow	28.0	29.1	-3.8%
Total assets	169.4	179.4	-6.1%
Net equity	108.5	114.7	-5.4%
Net cash	31.1	10.4	+199.0%
Staff counts as of 31.12.	739	783	-5.6%
- thereof Switzerland	288	329	-12.4%
- thereof Germany	331	363	-8.8%
Distribution of profits in CHF per share	10.00 [1]	15.00	-33.3%

[1] as withholding tax-free repayment from additional paid-in capital

The Annual Report 2010 is available for download on:

http://www.starragheckert.com/sh/index.php/en/investoren/annual reports .

Key figures 2010 Dörries Scharmann Group acquired at 19.01.2011

EUR million	***2010***	***2009***	***Change***
Order intake	*102.7*	*123.4*	*-16.8%*
Order backlog	*110.7*	*145.4*	*-23.9%*
Sales revenue	*137.4*	*158.3*	*-13.2%*
Earnings before interest and taxes EBIT	*9.5*	*19.3*	*-51.0%*
Net income	*5.6*	*12.0*	*-53.0%*
Total assets	*111.9*	*108.3*	*+3.4%*
Net equity	*41.1*	*45.6*	*-10.0%*
Net cash	*16.5*	*9.3*	*+77.4%*
Staff count as of 31.12.	*700*	*737*	*-5.0%*

according to IFRS as adopted by the EU, excluding effects of purchase price allocation as of 19.01.2011, preliminary and unaudited

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Forthcoming events

• Annual general meeting	9 April 2011
• Dividend payout (ex date)	12 April 2011
• Dividend payout (payment date)	15 April 2011
• Interim information first quarter 2011	6 May 2011
• Half-year report 2011	29 July 2011
• Interim information third quarter 2011	4 November 2011
• Preliminary information on annual results	25 January 2012
• Key figures 2011 / Annual report	9 March 2012
• Media and analysts conference in Zurich	9 March 2012
• Annual general meeting	20 April 2012

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