Media Release

Mid-year report 2011

Advancing order intake – significant increase in earnings

- **Clear organic growth in order intake of 70%, or CHF 58 million**
- **Sales revenue currency and acquisition adjusted 20% over prior year period**
- **EBIT more than doubled to CHF 9.3 million**
- **Net income increased by 79% to CHF 5.4 million or CHF 1.94 per share**
- **Integration of Dörries Scharmann on track**

Order intake of StarragHeckert listed at the SIX Swiss Exchange increased to CHF 173 million by 155% compared to prior year period (currency and acquisition adjusted +70%). Sales revenue increased by 90% to CHF 182 million compared to the same period 2010. Currency and acquisition adjusted, this is an increase by 20%. Accordingly, earnings before interest and taxes EBIT more than doubled from CHF 3.8 million to CHF 9.3 million. Net income amounts to CHF 5.4 million or CHF 1.94 per share.

Clear organic growth

In the first half year, order intake amounted to CHF 173.3 million compared to CHF 67.9 million in the prior year period. Currency and acquisition adjusted, this represents an organic growth of CHF 58.2 million 69.6%. The market segments engineering and transport benefit from a considerably higher capacity utilization. In aerospace, civil aircraft construction also shows a significant recovery in orders while there are delays with military projects. In wind and conventional energy activity remains low. Growth in order intake is currently carried mainly by European customers, while also in the USA and in Asia a positive growth rate could be achieved.

Sales revenue amounts to CHF 182.8 million compared to CHF 96.1 million in the same period 2010, representing a currency and acquisition adjusted increase of 19.5%. Due to the lower Euro, sales revenue has reached less than half of pro-forma sales revenue for the full year 2010. Mainly due to the weak Euro but also due to the low order intake by Dörries Scharmann (pro-forma: CHF 259.2 million per 31.12.2010) the order backlog decreased to CHF 230.1 million per 30.06.2011. Since the second quarter 2011 the book-to-bill-ratio is slightly positive with 1.02.

Significant increase in earnings

The EBIT margin increased from 4.0% in prior year's period to 5.1%. This means an increase from CHF 3.8 million to CHF 9.3 million. Net income rose by 79% to CHF 5.4 million or CHF 1.94 per share. The considerably weaker Euro had an adverse translation effect of CHF 0.6 million on net income, or CHF 0.22 per share.

Total assets amount to CHF 320.9 million as per 30 June 2011, being CHF 11.5 million below the pro-forma value per 31 December 2010, mainly due to the Euro translation. The capital structure remains very solid. After the acquisition of Dörries Scharmann and the capital increase closed at the beginning of May, a comfortable equity ratio of 53.5% results.

Continuous investment into the future

In the first half year 2011, StarragHeckert invested CHF 5.3 million for the acquisition of the land for our new technology and manufacturing plant in Bangalore/India as well as to rationalize processes and improve performance at the European plants. Start of the construction of the plant in India is scheduled in the course of this summer. Investment in research and development will be kept on prior year's level. As in the past, StarragHeckert will present again two major product innovations on this year's EMO – the most important machine tool fair worldwide – taking place in Hannover in September 2011.

Procurement as challenge

Procurement of material has increasingly become a challenge due to price increases and considerable delivery delays on the side of our suppliers as some of the component manufacturers have reduced or transferred their production capacities in the course of the economic crisis. On our part, this was addressed by the adjustment of prices, which will lead to positive effects from the second half year.

Resilience against strong Swiss Franc

The strong Swiss Franc impacted StarragHeckert mainly with translation effects at the consolidation of the key figures of the German plants. In fact, the average Euro exchange rate has depreciated by 15% compared to the first half year 2010. The operating risks from the currency fluctuation are not least thanks to the acquisition of Dörries Scharmann relatively minor, as sales revenue as well as costs incurred are to a significant part in Euro.

Integration of Dörries Scharmann on track

The integration of Dörries Scharmann in our group is managed by a steering committee with four members of both companies and is moving on track. Six subject-specific Task Force Groups supporting the Committee have taken up their task in April 2011. Similar corporate cultures and identical values have proved to be a great advantage in the integration process and will facilitate a quick implementation of our vision “One Team – One Company”. Synergies with regard to the growth of our order volume shall be realized with clear priority.

Limited visibility

The visibility in our sales markets remains limited. The market segments engineering and transport benefit from a considerably higher degree of capacity utilization. Civil aviation also shows a significant recovery in orders. On the other hand, the uncertainties in connection with the debt crisis are not a sound base for long-term investment decisions. The high volatility of the currency markets and the continuously strong Swiss Franc make forecasts even more difficult. Still, StarragHeckert is expecting that the order intake will continue to develop positively. In the second half of 2011, sales revenue and earnings are expected in the same range as in the first half year.

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 Rorschacherberg/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, 29 July 2011 StarragHeckert Holding AG

Key Figures

in million CHF	30.06.2011 [1]	30.06.2010	31.12.2010	31.12.2010 Pro Forma [2]
Order Intake	173.3	67.9	188.3	332.4
Order Backlog	230.1	92.5	103.9	259.2
Sales Revenue	182.8	96.1	199.2	391.9
Segment Sales Revenue BU1	39.6	52.0	100.9	100.9
Segment Sales Revenue BU2	64.7	44.0	98.1	98.1
Segment Sales Revenue BU3	78.2	-	-	192.7
Operating Profit EBIT	9.3	3.8	10.1	22.5
EBIT as % of Sales Revenue	5.1%	4.0%	5.1%	5.7%
Net Income	5.4	3.0	8.1	14.4
Net Income per Share (in CHF)	1.94	1.21	3.27	4.29
Cash Flow from Operating activities	-6.6	15.1	32.2	62.3
Capital Expenditures	70.9	2.1	4.2	8.1
Free Cash Flow	-11.9	13.0	28.0	54.2
Total Assets	320.9	173.2	169.4	332.5
Shareholders' Equity	171.8	110.6	108.5	177.9
Return on Equity	6.2%	5.5%	7.5%	8.1%
Net Debt	10.0	21.7	31.1	31.3
Headcount	1'452	746	739	1'439

1) including Dörries Scharmann from first consolidation on 19 January 2011.

2) Pro Forma, as if the acquisition of Dörries Scharmann and the capital increase completed on 2 May 2011 already have taken place on 31 December 2009.

The Mid-Year Report 2011 is available for download on:
http://www.starragheckert.com/sh/index.php/en/investoren/annual-reports .

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Forthcoming events

• 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
• Interim information first quarter 2012	4 May 2012
• Mid-year report 2012	27 July 2012

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. StarragHeckert 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 StarragHeckert or the market in the securities of StarragHeckert.