

Media Release

Nine-month results for 2014

Slightly higher EBIT margin – sales unchanged – lower order intake

- Sales CHF 288 million (minus 1 %, currency adjusted +/- 0 %)
- Operating profit (EBIT) CHF 13.0 million – operating margin 4.5 %
- Order intake minus 19 % to CHF 269 million
- Order backlog still high at CHF 254 million
- Successful exhibits at trade shows

Lower order intake as customers defer decisions

Orders received by Starrag Group during the first three quarters of 2014 amounted to CHF 269 million, 18.8 % less than in the below the exceptionally strong prior year period. At constant exchange rates, order intake was down 18.1 %. As already communicated in the half-year report, this decline reflects looming economic and geopolitical uncertainty on the international stage, which has caused some customers to postpone action on investment projects.

New orders declined only in region Europe and that decline can be traced to the large orders that had been received in 2013, resulting in a higher than normal order intake as well as to lower investment activity in Russia. On the other hand, incoming orders from Asia and North America continued to rise during the period under review.

Looking at the various customer target groups, new orders from the Aerospace sector were lower compared to the exceptionally strong prior-year period. New orders in the Industrial sector were unchanged overall but were again higher in the watch and jewellery sub-segment. Transport closed the reporting period with a higher order intake thanks in particular to demand from the automobile industry. Incoming orders in the Energy sector remained weak. While there have been some initial signs that business in this sector could be bottoming out, an uptrend is not expected until the medium term.

Flat sales – high order backlog

Sales revenues in the first three quarters of 2014 amounted to CHF 288 million, 1.0 % less than in the comparable period of last year. At constant exchange rates sales were exactly in line with the figure reported for the first nine months of 2013. Orders on hand as of 30 September 2014 remained at the high level of CHF 254 million (-7.5 %). The book-to-bill ratio (the ratio of new orders to sales) amounted to 0.93.

Slightly higher EBIT – unchanged net profit

A slightly higher operating profit (EBIT) of CHF 13.0 million (+1.6 % y-o-y) resulted in an operating margin of 4.5 percentage points (4.4 %). Net profit remained unchanged at CHF 9.4 million, or 3.3 % of sales (3.2 % in the previous year period).

Equity ratio increases to 57 %

Total assets at the end of September 2014 amounted to CHF 340million, a slight reduction of 1.5 % compared to the prior-year figure (CHF 345 million). Negative free cash flow and the increase in net debt to CHF 5.6 million (CHF 3.4 million) can be attributed to the lower level of advance payments received for work in progress as of the reporting date and to the input costs incurred to process orders on hand. Given the increase in shareholders' equity and slight decrease in total balance sheet assets, the equity ratio rose from 54.5 % at the nine-month mark last year to 56.7 % at the end of the current reporting period.

Positive feedback at trade shows

The throngs of visitors at the IMTS, the premier manufacturing technology trade fair in North America which was held in Chicago in September, are an indication of the growing strength of the US economy. Starrag Group presented two machine tools for applications in the medical technology and micro-mechanical industries that offer unparalleled precision and productivity. The response from visitors at its exhibit was very positive.

At the AMB in Stuttgart, another trade fair held in September that has established itself as the most important metal-working trade show for German-speaking markets alongside the EMO, Starrag Group was again honoured to receive an Innovation Award from MM Maschinenmarkt, a German trade journal. Starrag Group developed a technology for use in the multifunction machine category that eliminates the need for subsequent finishing operations on workpiece surfaces. This award strengthens the confidence that having the

right product will ensure the company's continued business success even in Europe, where the general economic environment has recently weakened.

Capacity expansion at Bumotec on track – investments in further optimization

The capacity expansion project moved forward with the start of construction for the new Bumotec factory in mid-September. In 2016 Bumotec will be able to move from its current location in Sâles to the neighbouring town of Vuadens. Starrag Group has invested a total of CHF 6.3 million in fixed assets so far this year. Besides the initial costs for the new Bumotec factory, these expenditures have been made to optimize operations at various sites and to upgrade information technology infrastructure and thereby improve efficiency.

Outlook for fiscal year 2014

The tepid economic recovery in Europe, together with the heightened economic and geopolitical uncertainty seen during recent months and the divergent trends in the various markets targeted by Starrag Group, make it difficult to give an accurate forecast for the entire year. Order intake for the full fiscal year is expected to be lower than in the previous year. Sales as well as profit margins should be about the same as in 2013. Initial results from the various measures taken to improve efficiency and to capture attractive market opportunities should become visible from 2015.

Company profile Starrag Group:

Starrag Group is a global technology leader in manufacturing high-precision machine tools for milling, turning, boring and grinding of small, medium-sized and larger workpieces of metallic and composite materials. Our customers are primarily internationally active companies in the Aerospace, Transport, Industrial and Energy sectors. In addition to its portfolio of machine tools, Starrag Group provides integrated technology and maintenance services that significantly enhance customer productivity.

Starrag Group products are marketed under the following strategic brands: Berthiez, Bumotec, Dörries, Droop+Rein, 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 numerous other countries.

Starrag Group is listed on the SIX Swiss Exchange (STGN).

Rorschacherberg, 4 November 2014

Starrag Group Holding AG

Key figures Starrag Group

CHF million	2014 01.01.-30.09.	2013 01.01.-30.09.	Change	2013 01.01.-31.12.
Order intake	268.6	330.9	-18.8 %	424.9
Sales revenue	288.4	291.4	-1.0 %	390.7
Earnings before interest and taxes EBIT	13.0	12.8	1.6 %	19.0
Net income	9.4	9.4	0 %	13.5
Earnings per share (in CHF)	2.76	2.75	0.4 %	3.97
EBIT as % of sales revenue	4.5 %	4.4 %	n.a.	4.9 %
Net income as % of sales revenue	3.3 %	3.2 %	n.a.	3.5 %
Return on equity (ROE)	6.7 %	6.7 %	n.a.	7.1 %
Cash flow from operating activities	-9.4	-15.0	n.a.	8.8
Capital expenditure	6.3	7.3	-13.7 %	11.2
Free cashflow	-15.7	-22.2	n.a.	-2.3
CHF million	30.09.2014	31.12.2013	Change	30.09.2013
Order backlog	254.2	274.7	-7.5 %	280.0
Total assets	340.2	348.7	-2.4%	345.3
Net debt	5.6	-16.1	n.a.	3.4
Shareholders' equity	193.0	193.6	-0.3 %	188.3
Equity ratio	56.7 %	55.5 %	n.a.	54.5 %
Headcount	1'635	1'667	-1.9 %	1'670

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Forthcoming events

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| • Preliminary information on annual results 2014 | 26 January 2015 |
| • Key figures 2014 / Annual report | 6 March 2015 |
| • Annual general meeting | 24 April 2015 |
| • Interim information first quarter 2015 | 8 May 2015 |
| • Half year report 2015 | 24 July 2015 |
| • Interim information third quarter 2015 | 3 November 2015 |

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.