Media Release

Initial information on fiscal year 2017

Higher sales – solid order backlog representing more than one year of production

- **Sales up 9% to CHF 405 million, up 8% in local currency**
- **Order backlog of CHF 302 million secures capacity utilization for well over one year**
- **Order intake of CHF 349 million below the previous year's record high**
- **Expected EBIT margin 2017 significantly higher y-o-y**

Order intake declined as expected

Results for the 2017 fiscal year are as expected already when presenting the first-half results last July. Order intake of CHF 349 million was 27% below the all time high of CHF 480 million from the previous year (-28% in local currency). The first-half order intake of CHF 142 million improved to a much better CHF 208 million in the second half.

Looking at order intake from the key customer industries, the steepest drop in new orders came from the Aerospace segment as customers deferred some decisions following the above-average order activity in the previous year. Order intake from the Industrial segment receded as well, but management was pleased to see that the incipient positive trend observed in the Luxury Goods segment during the first half did gain more momentum during the second half. Incoming orders were lower in the Energy segment, while Transportation segment orders rose after stagnating in the previous year.

A true highlight was when Starrag Group acquired in the second half some prestigious orders from the Swiss watch industry, this especially thanks to innovations in our multi-spindle machining centers with their unsurpassed precision and high productivity.

With regard to the main sales regions, Europe did well, whereas order intake from Asia and North America did not reach previous year's high level, as it had to be expected.

Sales well above the 2016 level

Strong sales growth of 9% to CHF 405 million was likewise in line with expectations. At constant exchange rates, sales grew 8%. Orders on hand at the end of 2017 amounted to CHF 302 million. Compared to the end of 2016, this represents a 13% decrease, but compared to the figure reported at the end of June 2017, the order backlog increased by 6%. The orders on hand continue to represent more than one year of production.

Readying the next generation of machine tools for Industry 4.0

Management pressed ahead with the execution of its 2020 Strategy in 2017. Starrag Group is systematically moving towards Industry 4.0. A key element of this transformative journey is a production system developed in-house called "Integration Production System" (IPS), which serves as a platform for the discretionary automation and digitization of production processes, whether for single machines or entire production lines, which will also enable new applications. Not surprisingly, the IPS and a range of next-generation machine tools offering tremendous improvements in productivity attracted considerable attention at the EMO Hannover trade fair last September. First customer orders have already been placed.

Operating margin expected to be considerably higher y-o-y

Thanks to the high added-value of Starrag machines for customers, particularly with regard to the new products launched on the market, as well as the intensive continued concentration on defined strategic market segments and regions, and the numerous strategic and operative measures to increase operational excellence, the EBIT margin for 2017 will be significantly higher than in 2016 (2.5%), as communicated earlier. The expected margin for the second half of last year will fall slightly short of the first-half margin due to customer delays in the execution of several projects.

The 2017 annual report with the complete financial statements will be published on the occasion of analysts and media conference on 9 March 2018 in Zurich.

Engineering precisely what you value

Starrag Group is a global technology leader in manufacturing high-precision machine tools for milling, turning, boring and grinding workpieces of metallic, composite and ceramic materials. Principle customers are internationally active companies in the Aerospace, Energy, Transportation and Industrial sectors. In addition to its portfolio of machine tools, Starrag Group provides integrated technology and maintenance services that significantly enhance customer productivity.
The products are marketed under the brand Starrag and include the product ranges Berthiez, Bumotec, Dörries, Droop+Rein, Ecospeed, Heckert, Scharmann, SIP, Starrag and TTL. 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 the most important customer countries.

Starrag Group Holding AG is listed on the SIX Swiss Exchange.

Rorschacherberg, 26 January 2018 Starrag Group Holding AG

Key figures 2017 (preliminary, not audited)

CHF million	2017	2016	Change	In local currency
Order intake	349	480	-27%	-28%
Order backlog	302	348	-13%	-16%
Sales revenue	405	372	+9%	+8%

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Furthcoming events

- Key figures 2017 / Annual Report 9 March 2018
- Press conference on annual results in Zürich 9 March 2018
- Annual general meeting 28 April 2017
- Half-year report 2018 27 July 2018
- Preliminary information on annual results 2018 25 January 2019
