

Media Release

Program to sustainably increase profitability

- **Starrag Group sharpens its focus on targeted markets**
- **Group-level management of sales force**
- **Transition to product-oriented Business Units with a clear application focus**
- **Integrated Operations unit for supply chain management, manufacturing and sub-assemblies**
- **New Group management structure as of 1 July 2019**
- **Planned reduction of about 150 jobs in Mönchengladbach**
- **Annual cost savings of CHF 8 to 10 million from fiscal 2021**

Rorschacherberg, Thursday, 25 April 2019 – The Starrag Group Holding AG (SIX: STGN), a global technology leader in high-precision machine tools for milling, turning, boring and grinding workpieces of metallic, composite and ceramic materials, today announced organizational and personnel changes aimed at sustainably improving the Group's competitiveness.

Concretization of “Starrag 2021” program

In its publication of results for fiscal 2018 on 8 March 2019, Starrag Group also outlined the main objectives of the “Starrag 2021” program and announced the first of numerous measures that will be taken to achieve a lasting improvement in profitability. A further strengthening of focus on customer needs, greater competitiveness and sweeping optimization of the entire value chain to increase the operational excellence at every stage of the value chain and throughout the company are the primary aims of “Starrag 2021”. More specifically, the program will focus on optimizing the product portfolio and extracting synergies, strengthening company management and improving project management.

New Group structure with stronger focus on target markets and associated application skills

To achieve the aforementioned objectives, the Board of Directors is introducing a realignment that will take effect on 1 July 2019 and allow the Group to address its target markets even more effectively. Sales operations will be placed under a common management structure with three teams – “Aerospace and Turbines”, “Industrial and Transportation” and “Luxury Goods and Med Tech”. The regional sales organizations will also be assigned to the Group-wide sales organization.

The Business Units will be reorganized by product range (clusters) to take better advantage of synergies. The “High Performance Systems“ unit includes the product ranges Starrag and Ecospeed, the “Horizontal Machining Systems” unit the ranges Heckert, Scharmann/Ecoforce and WMW, the “Large Parts Machining Systems” unit the ranges Dörries, Berthiez and Droop+Rein, and the “Ultra Precision Machining Centers” unit the ranges Bumotec and SIP. In the future, these four business units will focus their activities within their product range on development, customer quotes, order fulfillment, design engineering, operational purchasing, final assembly, order delivery and customer acceptance. The existing Group-wide Customer Service unit will continue to grow in importance.

The role of a Head Group Operations will also be created to leverage the synergies the Group offers more effectively, especially in the areas of supply chain management, procurement, manufacturing and sub-assemblies.

Job reduction planned at Mönchengladbach site

The pending realignment of Starrag Group will lead to the loss of approximately 150 of the current 380 jobs at the company’s site in Mönchengladbach. In the future the site will focus primarily on the Ecospeed product range and Customer Service. The product ranges Dörries, Berthiez and Droop+Rein will be managed in an integrated from the Bielefeld site. Works council members have been informed and talks are under way to arrange the best possible solutions for the affected employees. Starrag Group will provide an update on the outcome of these talks in due time.

Sustained improvement in profitability from 2021 onward

Starrag expects the implementation of the extensive program of measures will lead to non-recurring expenses in the low double-digit millions. Upon completion, annual costs should be CHF 8 to 10 million lower from 2021 onward. Based on 2018 key figures, this would correspond to a sustained EBIT margin increase of 2.0 to 2.5 percentage points. Sales targets are maintained.

Management changes

The reorganization also entails management changes and an enlargement of the Executive Board. As of 1 July 2019, the Executive Board will consist of CEO Christian Walti and CFO Gerold Brütsch and the heads of the four newly defined Business Units Bernhard Bringmann (High Performance Systems), Stefan Breu a.i. (Horizontal Machining Systems), Marcus Queins a.i. (Large Parts Machining Systems) and Jean-Daniel Isoz (Ultra Precision Machining Systems) – and the heads of the three group-wide operating units – Günter Eller (Customer Service), Christian Walti a.i. (Sales) and Stefan Breu (Operations).

Bernhard Bringmann has been the head of the Starrag plant in Rorschach since 2014 and has been with Starrag Group since 2008. Stefan Breu is joining the company from Bosch Packaging Systems, where he served as General Manager. Prior to that, he held various executive positions at Schleuniger Group, SIG Combibloc, SIKA and former Atel. Marcus Queins has been working for Starrag in Mönchengladbach since 2005 and has held the position of Head of Technology since 2008. The interim management functions are to be filled in the near future.

Marcus Otto, Head of the previous Business Unit Transportation & Industrial Components and member of the Starrag Group's Executive Board for three years, has decided not to extend his contract. He will be relinquishing his management function as of 30 June 2019. The Board of Directors and Executive Board regret his decision to leave. They thank him for his deep commitment and successful work for the Starrag Group and wish him the best for the future.

Mid-term sales and profit goals confirmed

With these measures, the Board of Directors and the Executive Board are confident that the mid-term sales and profit targets will be reached. After successful implementation of

the “Starrag 2021” program, the Group is targeting average sales growth of 5% across the cycle and an EBIT margin of at least 8%.

High-precision machine tools for greater productivity

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 and Turbines, Industrial and Transportation as well as Luxury Goods and Med Tech sectors. In addition to its portfolio of machine tools, Starrag Group provides integrated technology and maintenance services that significantly enhance customer quality and productivity.

The umbrella brand Starrag unites the product ranges Berthiez, Bumotec, Dörries, Droop+Rein, Ecospeed, 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 the most important customer countries.

The shares of Starrag Group Holding AG are listed on the SIX Swiss Exchange.

For further information: www.starrag.com

For further information please contact

Dr. Christian Walti
CEO
Phone +41 71 858 81 11

media@starrag.com

Gerold Brütsch
CFO
Phone +41 71 858 81 11

investor@starrag.com

New management organization (effective 1 July 2019):

CEO Dr. Christian Walti			
Sales Dr. Christian Walti a.i.			
Aerospace and Turbines	Industrial and Transportation	Luxury Goods and Med Tech	
High Performance Systems Dr. Bernhard Bringmann	Horizontal Machining Systems Dr. Stefan Breu a.i.	Large Parts Machining Systems Dr. Marcus Queins a.i.	Ultra Precision Machining Centers Jean-Daniel Isoz
Product range: - Ecospeed - Starrag - TTL	Product range: - Heckert - Scharmann/Ecoforce - WMW	Product range: - Berthiez - Dörries - Droop+Rein	Product range: - Bumotec - SIP
Customer Service Günther Eller			
Operations Dr. Stefan Breu Supply chain management / Strategic procurement / Manufacturing / Sub-assemblies			
CFO / Corporate Center Gerold Brüttsch			

Profile Dr. Stefan Breu



Dr. Stefan Breu (1964, Swiss) will serve as Head of Group Operations of Starrag Group as of 1 July 2019, responsible for supply chain management, strategic procurement, manufacturing and sub-assemblies.

He previously served since 2017 in various executive positions with Bosch Packaging Systems, Beringen/Switzerland (former SIG Division SIGpack), where as General

Manager he was responsible for the entire unit's operations. From 2015 to 2016 he was Chief Operating Officer of Schleuniger Group. Prior to that he was Head of Global Production and Supply Chain of SIG Combiblock Group from 2008 to 2014. His earlier professional career included operational responsibility of SIKA's China business (from 2005 to 2008) and various executive positions in marketing, trading, sales and production at ATEL (1995 bis 2005), where he ultimately served as Head of Group Operation and member of its Executive Board.

Stefan Breu holds a degree in mechanical engineering from ETH Zurich and a Ph.D. in economics from the University of St. Gallen. He also completed the International Executive Program at INSEAD Fontainebleau and the Stanford Executive Program at Stanford University, USA.

Profile Dr. Bernhard Bringmann



Dr. Bernhard Bringmann (1977, Swiss and German) will serve as Head of the Business Unit High Performance Systems, which comprises the Starrag and Ecospeed product lines, as of 1 July 2019.

He has managed Starrag's factory in Rorschach since 2015, which belonged to the former Aerospace & Energy Business Unit, and was responsible for the Aero Engine and Power Turbine market segments and the centralized functions in the Aero Structure market segment. In 2014, he headed the then Business Unit 1 and was responsible for the Starrag brand in Rorschacherberg (Switzerland) and the TTL technology subsidiary in Haddenham (UK).

Bernhard Bringmann joined Starrag in 2008 as head of test operations. From 2009, he was deputy head of R&D, from 2010, Starrag Group Chief Innovation Officer, and from 2012 he assumed the role of Chief Technology Officer at Starrag Rorschacherberg. Prior to joining Starrag, he served as a research fellow at ETH Zurich.

Bernhard Bringmann holds a Ph.D. from ETH Zurich and a Master of Science in Mechanical Engineering from Rensselaer Polytechnic Institute in Troy/USA.

Forthcoming events

- | | |
|------------------------------------|-----------------|
| • Annual General Meeting | 26 April 2019 |
| • Ex date dividend pay-out | 30 April 2019 |
| • Record date dividend pay-out | 2 May 2019 |
| • Payment date dividend pay-out | 3 May 2019 |
| • Half-year report 2019 | 24 July 2019 |
| • Sales and orders 2019 | 24 January 2020 |
| • Key figures 2019 / Annual report | 6 March 2020 |
| • Annual General Meeting | 25 April 2020 |

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.