

Welcome to the Media and Analysts Conference

Zurich, 8th March 2013

berthiez
bumotec
dörries
droop+rein
heckert
scharmann
sip
starrag
ttl
wmw

Agenda

- | | |
|----------------------------|-----------------------|
| ▪ Overview | Walter Fust, Chairman |
| ▪ Markets and technologies | Frank Brinken, CEO |
| ▪ Financial review | Gerold Brütsch, CFO |
| ▪ Outlook | Frank Brinken, CEO |
| ▪ Questions and answers | |

Agenda

- | | |
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2

Overview 2012

- Order intake CHF 364 million – up 5 %
- Sales revenue CHF 384 million – up 8 %
- Solid backlog at year end CHF 239 million
- Improved EBIT margin from 5.4 % to 5.7 %
- Solid net profit of CHF 13.6 million or CHF 4.00 per share
- Sustainable shareholder return, CHF 1.80 dividend pay-out in 2013 (up 33 %)

3

Order intake benchmark: Starrag Group vs. Sector



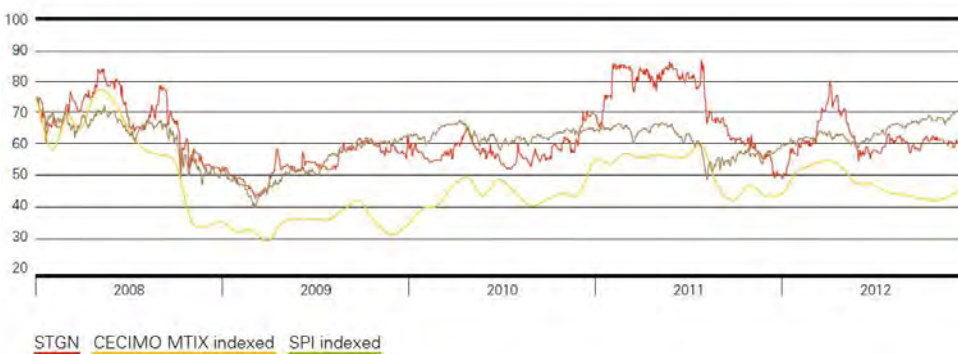
4 quarter rolling

4

Attractive total shareholder return

Share price

CHF



- Total shareholder return: 1 year = 26.7% p.a.
3 years = 6.2% p.a.
5 years = -2.4% p.a.

5

Bumotec: New market perspectives

- Opening up additional sales opportunities in the watch/jewellery and medical technology client sectors
- New markets for Starrag Group with attractive growth potential
- Complementing established Industrial target market
- Benefits for Aerospace target market (solutions for fuel systems, gyroscope components and electrical connection and sensor parts)
- First synergies with Bumotec extending its radius of activities into previously virtually untapped regions through Starrag Group's locations
- Capacity expansion with new building near to current location of Sâles in planning stage

6

Strong positioning

- Ideally placed to profit from growth dynamics in Asian region:
India: new production plant with technology center and extension of machine range specifically designed for emerging markets
- Various new products to come on the market in 2013 and 2014
- Groupwide strengthening and streamlining of all business functions with the continuous improvement of internal processes and closeness to market:
e.g. purchasing, production, sales, customer services

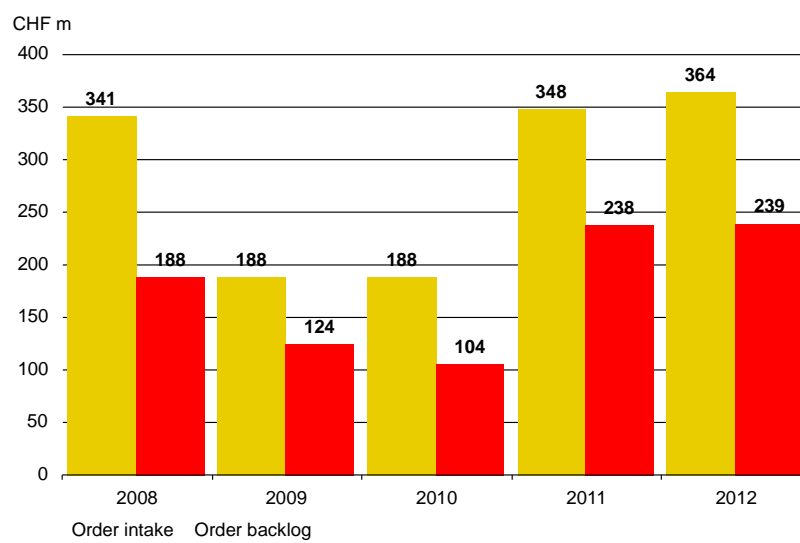
7

Agenda

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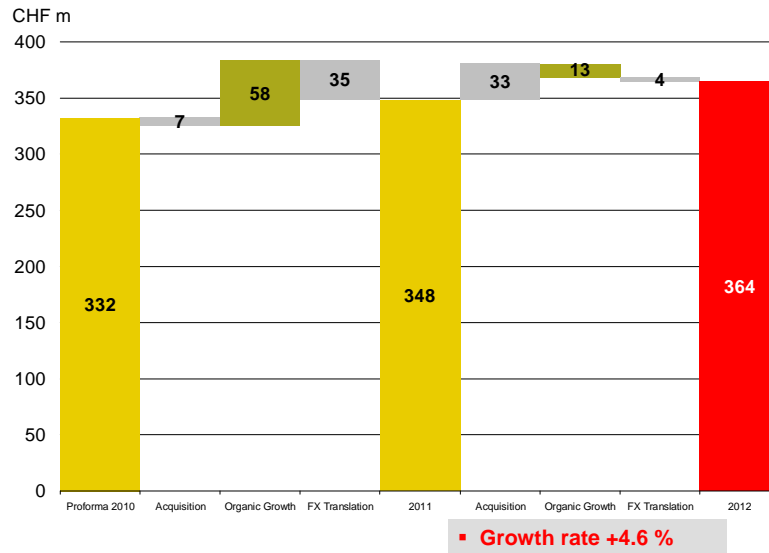
8

Order intake and backlog



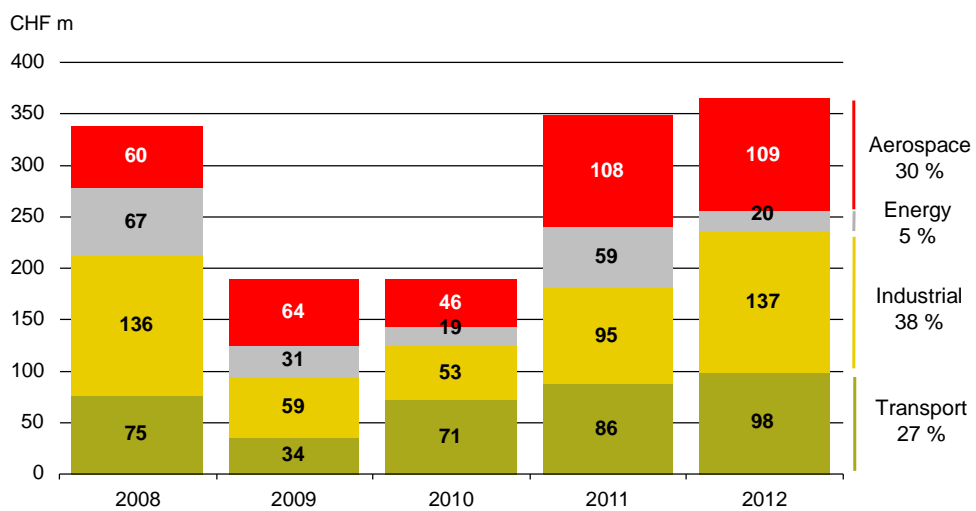
9

Development of order intake



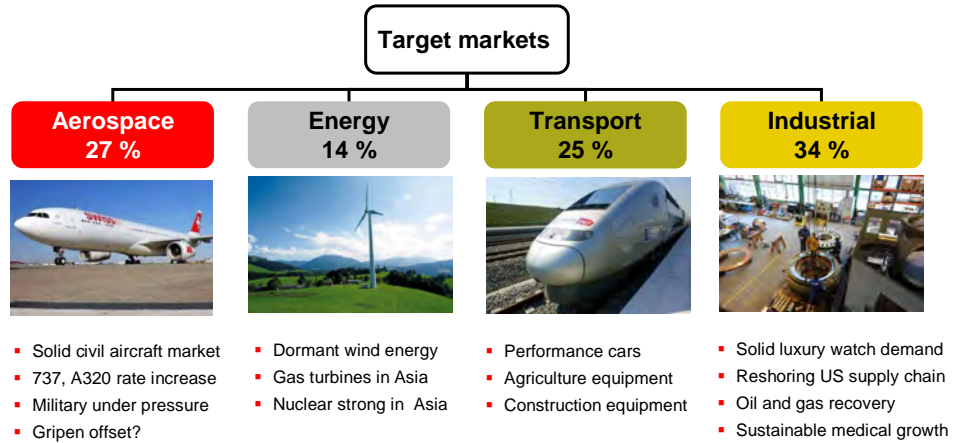
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Order intake by market segment



11

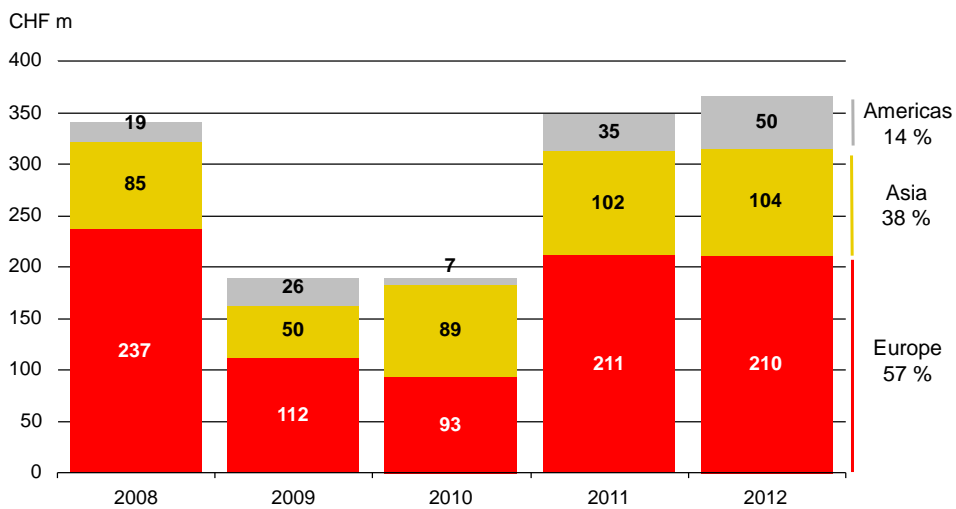
Market segment trends



Note: Percentages based on order intake 2008 – 2012.

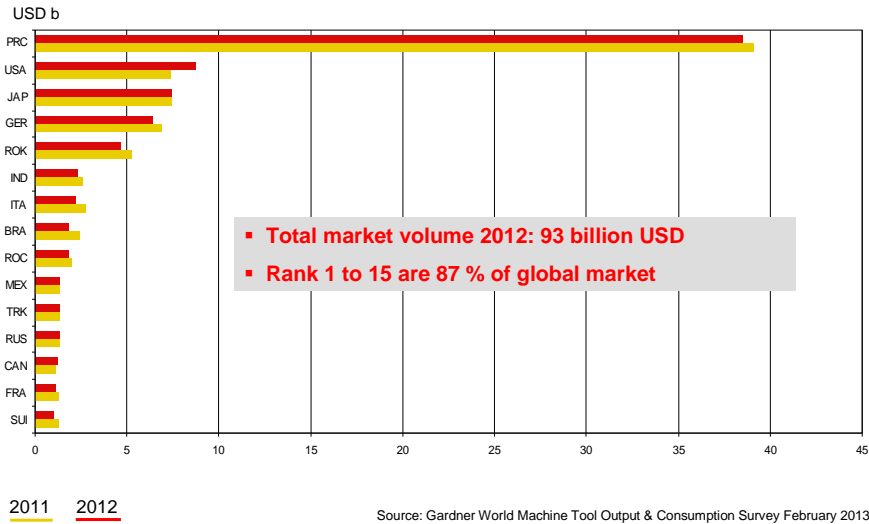
12

Order intake by region



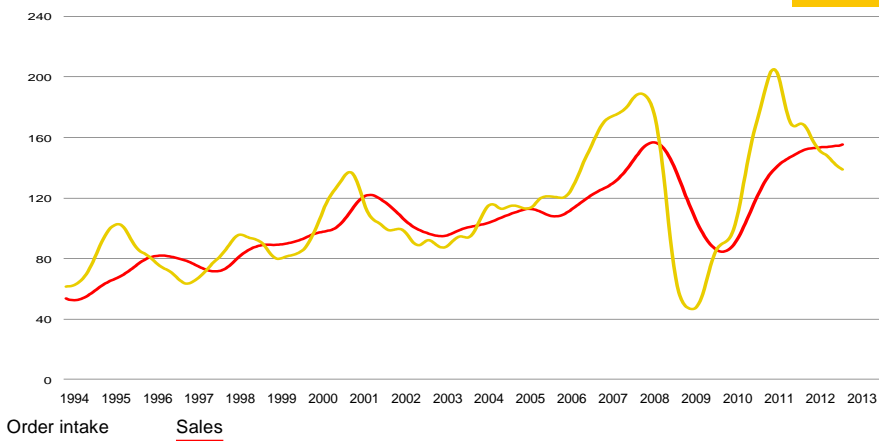
13

World machine tool consumption



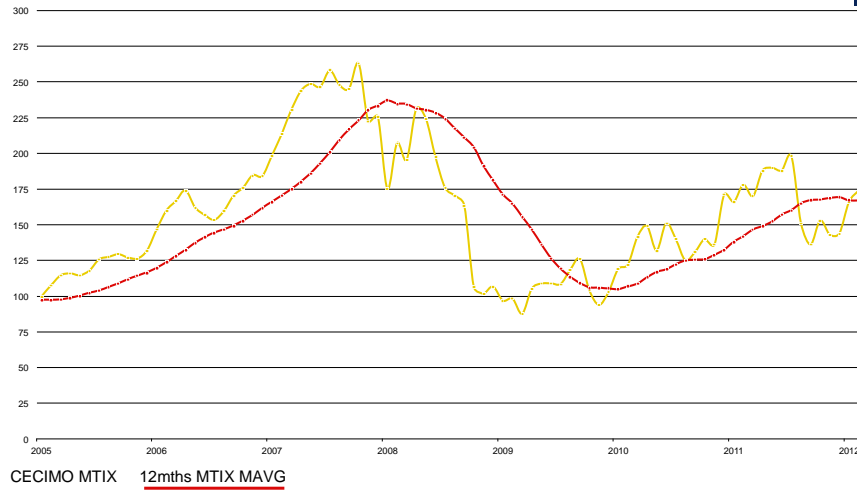
Machine tool industry Germany

Cutting machine tool: order intake and sales



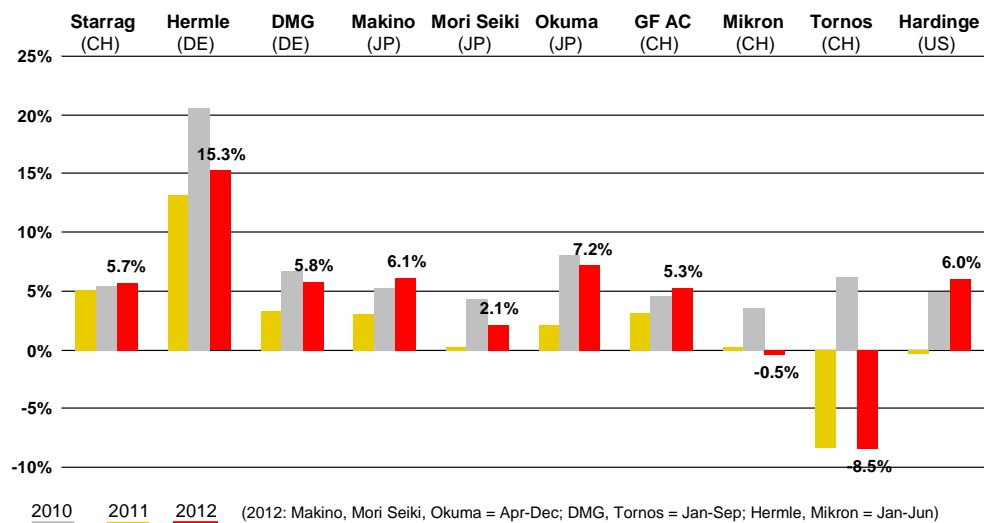
Note: indexed base sales 2010=100, Data till January 2013
Source: monthly order intake statistic VDMA, VDW

Cecimo MTIX confirms positive outlook



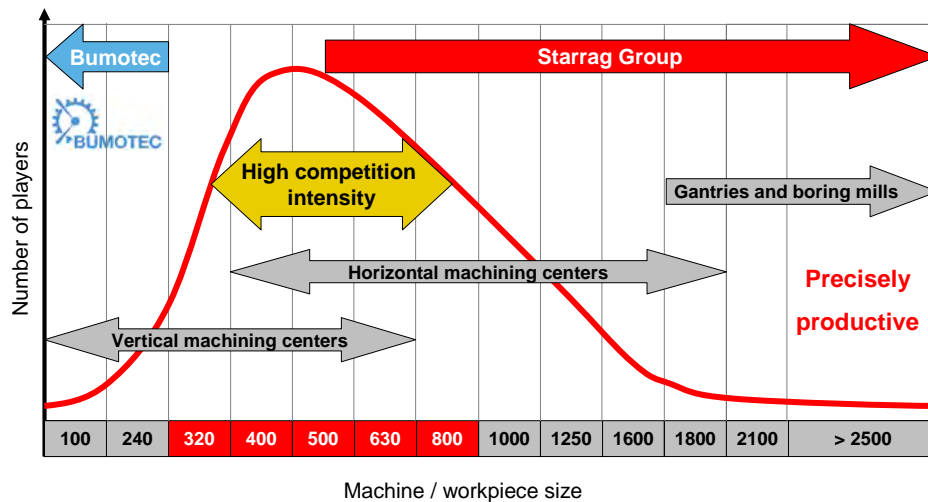
16

EBIT margin peer group



17

Unchanged strategic direction



18

Bumotec description

- Development, manufacturing and sale of Swiss made standard high precision machine tools
- Customers in the watch and jewellery, medical technology, aerospace and connecting industries
- Meeting the highest technical requirements for the manufacturing of high precision parts at industrial pace
- Offering a large array of services for optimal use of its machines by the customers
- Sales through own sales force in Switzerland and China and supported by independent sales representatives in many other countries
- More than 40 million CHF of sales revenue with attractive profitability, debt free
- 150 employees

19

Bumotec has excellent relationships in the luxury sector

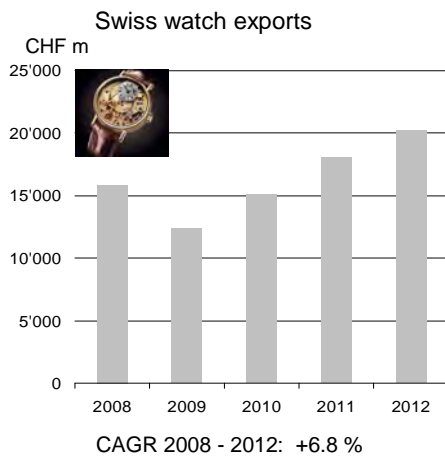


- 80% of sales into markets with growth rate significantly above GDP

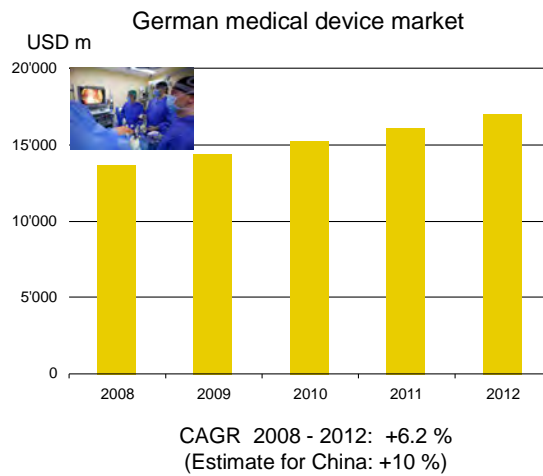
Source: Bumotec sales revenue, 2008 – 2011 H1

20

New markets with sustainable growth potential



Source: Federation of the Swiss Watch Industry, www.fhs.ch.



Source: The Medica

21

Bumotec: One of 10 strong brands

starrag

Starrag Group

- Each brand with high level of customer trust in its specific application area
- Innovative technologies of each brand radiate across all group brands
- Collaboratively fulfilling our promise: long-time total customer satisfaction

berthiez
bumotec
dörries
droop+rein
heckert
scharmann
starrag



22

Chairman's Silver Award for Innovation



- Team made up of employees from British Aerospace Systems and the Starrag Group
- Breakthrough technology of safety-critical titanium aircraft components: "Two heads are better than one"
- All quality criteria surpassed, best equipment efficiency, in 24/6 operation, „Works like a Swiss watch“
- One of over 3'000 nominations

23

Innovation: Large Droop+Rein successfully and on time



- Machine weight: 610 tons
- Working length: 21 m
- Working width: 9 m
- Max. workpiece: 400 tons
- Transport : > 50 trucks

24

Relentless innovation enhances our technology leadership

2 new powerful machines for the airfoil markets



- Leading technical solution for turbine blade manufacturing



25

Three pillars for future success updated

- Adaptation of vision and mission according to latest developments
- Vision: to become the leading manufacturer of highly productive, durable complete solutions for precision machining
- Mission: ensure that our products guarantee the utmost in productivity to our customers throughout their entire life cycle
- Values: Living our five central corporate values:
 - Committed employees
 - Customer orientation
 - Innovation
 - Quality
 - Sustainable value creation



26

Successful trade fairs with Bumotec brand

Leading trade fairs 2012:

IMTS Chicago and AMB Stuttgart

- Market introduction of two new products
- Valuable and excellent customer feedback
- Bumotec machine exhibited



27

Customer service: Back to full fitness thanks to retrofit

Before:



After:



- Comprehensive retrofit of conventional machines with modern CNC controls
- Re-establishing excellent mechanical accuracy
- Shorter lead times for customers
- Leading to precision and productivity better than at first delivery
- Availability of 98 % and more

28

In the top 20 in terms of performance

- Ranked number 20 in the combined overall performance of 200 or so SPI companies (without banks/financial services)
- Based on EBITDA growth and Total Shareholder Return over three years, relative to peer group



Source: Ranking by Obermatt
(an international financial research company specialized in indexing operating performance)

29

Integration of Dörries Scharmann bearing fruit

- Joint sales and service organisation (particularly non-European markets)
 - Expanded levels of technical expertise
 - Quicker reaction times to market changes
- 1st cross selling successes realized
- Combined procurement of components and services
- Common global client relationship management (CRM) tool successfully implemented
- Completed in the course of 2012

30

Key achievements 2012

- New market perspectives thanks to Bumotec
- Integration of Dörries Scharmann bearing fruit
- Further strengthening of presence in Asia – opening of new production plant in India
- Updated vision and mission statement for future success
- Innovation / investment / processes > optimisation on all fronts
- Various new products launched for promising oil & gas and jet engine market
- On-going training and seminar offerings to further improve employee qualifications

31

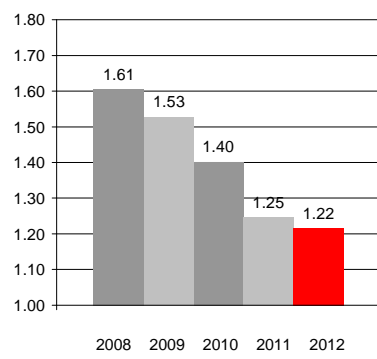
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32

Starrag Group is less exposed than other Swiss industrials

Average EUR-CHF exchange rate

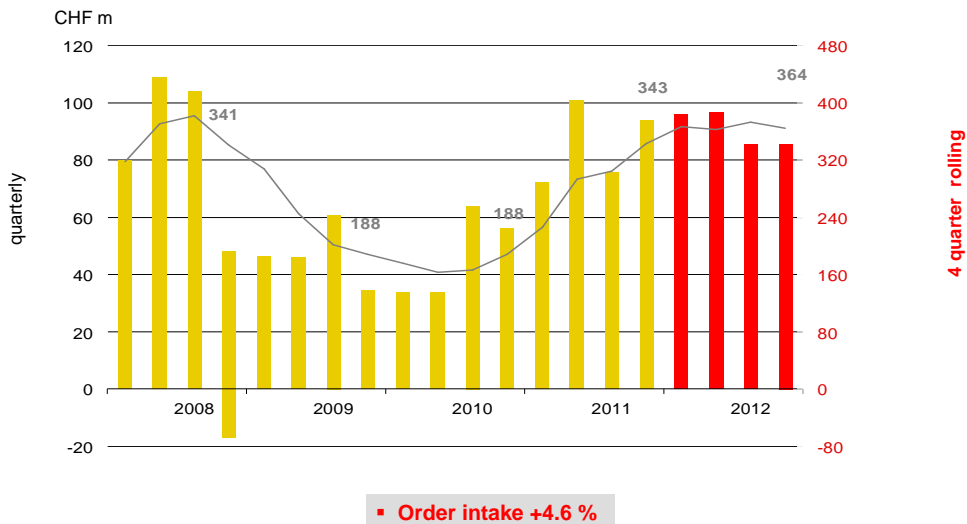


- Good natural hedge
- Competitive advantage due to weak Euro
- Translation impact flattens out:

	CHF m	%
Order intake		
- 2012 to 2011	-4	-1 %
- 2011 to 2010	-35	-11 %
Sales revenue		
- 2012 to 2011	-4	-1 %
- 2011 to 2010	-37	-10 %

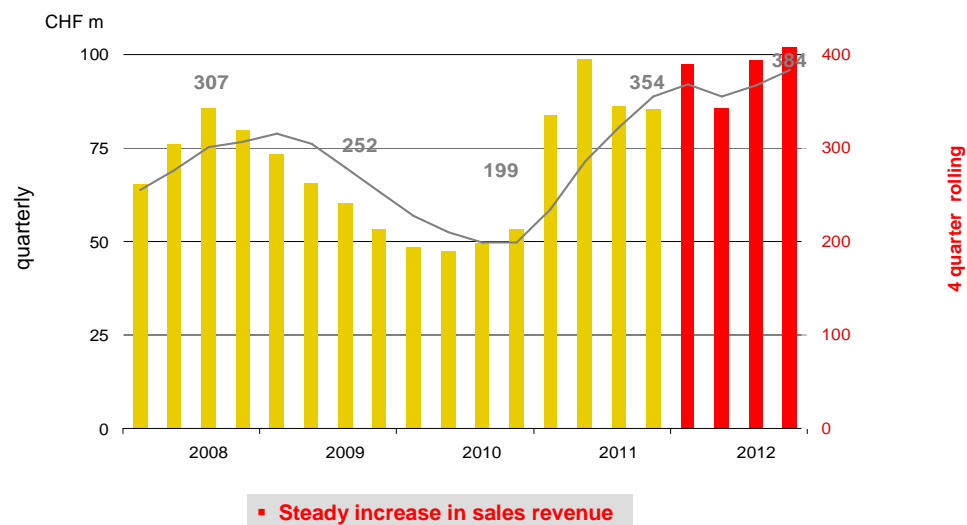
33

Order intake



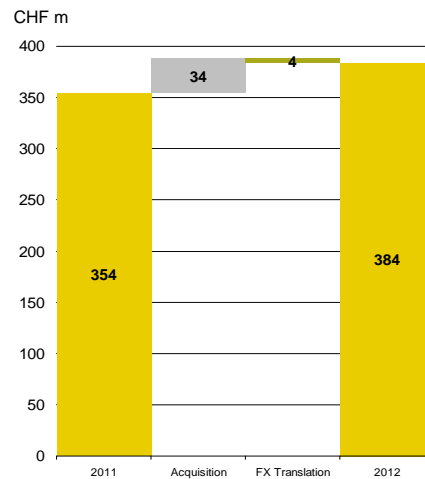
34

Sales revenue



35

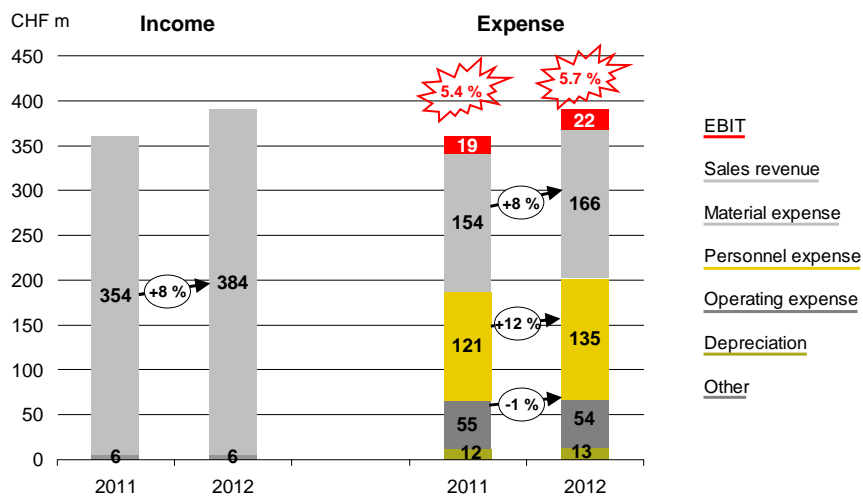
Increased sales revenue thanks to acquisitions



▪ Sales revenue +8.3 %

36

Income statement - EBIT



▪ Improved cost ratio, increased earnings power

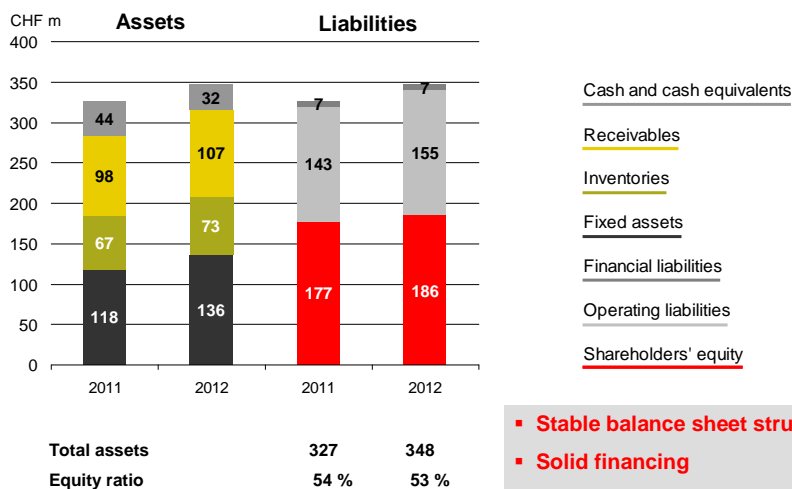
37

From EBIT to net profit

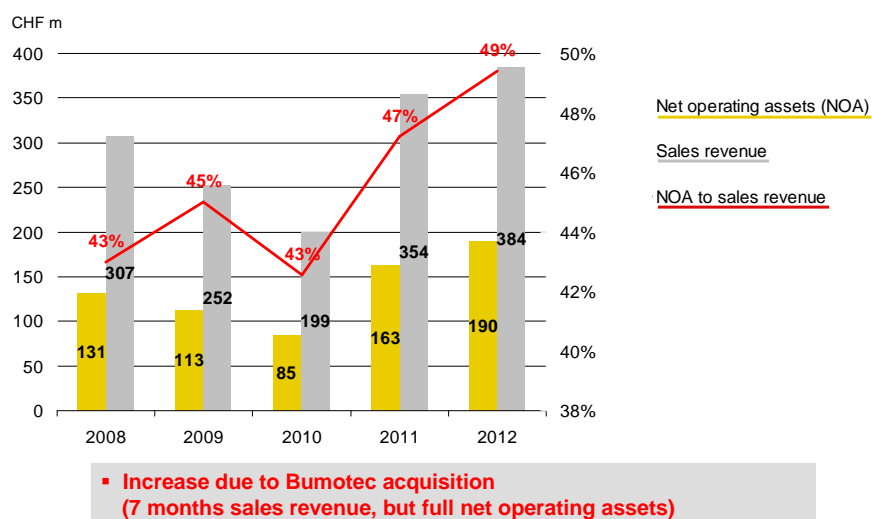
	CHF m	2012	2011
EBIT		21.7	19.1
Interest		-	-0.4
FX result		-1.0	0.8
Other		-1.4	-2.3
Earnings before tax EBT		19.3	17.2
Income tax		-5.7	-6.4
Earnings after tax EAT		13.6	10.8
Tax rate		29 %	37 %

- Lower interest and other finance costs due to Dörries Scharmann integrated into Starrag Group's financing structure
- Negative FX result due to non-hedged loans between group companies
- Lower effective tax rate due to earnings share from lower taxable countries and due to tax provisions no longer necessary

Balance sheet

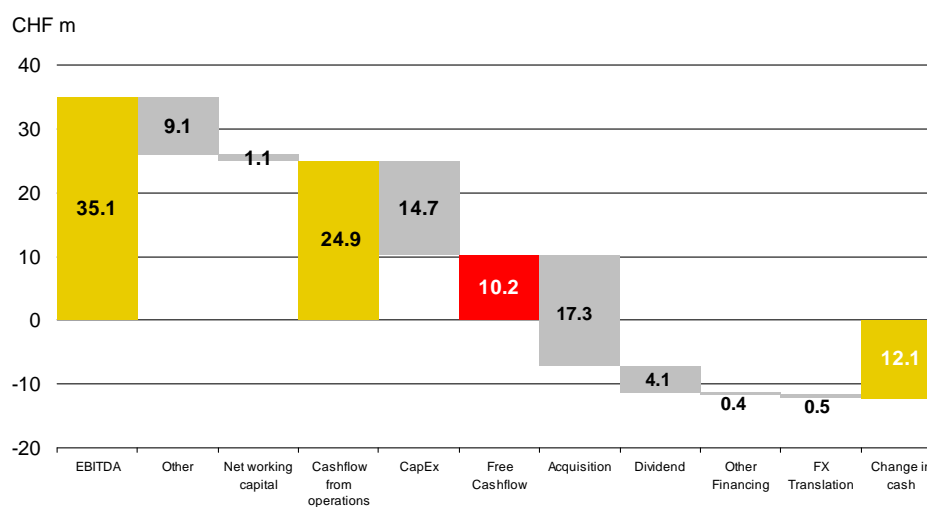


Capital employed



40

Solid free cashflow



41

Continuous investment into the future

- Fully self-financed acquisition of Bumotec
- CHF 15 million capital expenditure
 - IT systems, machinery and means of production, new technologies and products (CHF 10 million)
 - Construction of production plant in Bangalore/India (CHF 5 million)
- Significant investment in research and development
 - Two major product innovations launched in 2012
 - Continuous development of existing product lines
 - Customer specific development

42

Share information

	2012	2011
Earnings per share (in CHF)	4.00	3.25
Profit distribution per share (in CHF)	1.80	1.20
Share price at year end (in CHF)	61.60	49.55
Market capitalization (CHF million)	207.0	166.5
- as % of shareholders' equity	112 %	95 %
Total shareholder return	26.7 %	-26.7 %

1) Withholding tax free from capital reserve

- **Total shareholder return:** 1 year = 26.7% p.a.
 3 years = 6.2% p.a.
 5 years = -2.4% p.a.

Increased order intake, sales and net income, balance sheet strength sustained

- Order intake up 5 % to CHF 364 m – sales increased by 8 % to CHF 384 m
- EBIT up 14 % to CHF 22 m – increase in operating margin to 5.7 % - equity ratio of 7.3 %
- 26 % increase in net income to CHF 14 m – earnings per share CHF 4.00
- Solid balance sheet with equity ratio of 53 % after the self-financed acquisition of Bumotec SA
- Dividend payment of CHF 1.80 per share (+ 50 %) not subject to Swiss withholding tax out of reserves from capital contributions
- Management extended to include Jean-Daniel Isoz as head of new Business Unit 4 (Bumotec and SIP)

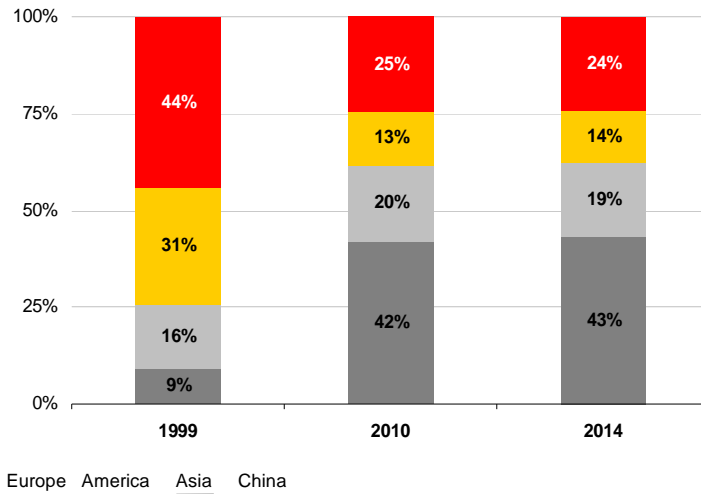
44

Agenda

- | | |
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45

Machine Tool Consumption continues to drift to Asia



Source: Oxford Economics 2011, CECIMO Estimates 2011

46

Bangalore plant opened on time and in budget



Ground breaking
July 2011



January 2012



January 2013

47

New plant in India inaugurated 25 January



48

Impressions from the grand opening



Consul General Germany
Consul General Switzerland



Fmr. Chairman Saxena
Hindustan Aeronautics Ltd



Chief Minister
Minister for Trade and Manufacturing



Our receptionists



Manjunath and our new machine



Sure, it works

49

Strategic priorities 2013

- Various new products in pipeline to be launched on the market in 2013 and 2014 incorporating groupwide technology synergies
- Further strengthen global sales and customer support organisation for all brands, including Bumotec
- Intensified market penetration in emerging countries: Russia, India
- Continued optimisation of processes and procedures associated with the integration of Dörries Scharmann contributed to increased cooperation, cost-efficiency and strengthening in terms of development, purchasing, CRM, sales, customer services and IT across the Group
- Ramp-up of production plant in Bangalore/India
- Strict cost and working capital management on all levels

50

Financial targets

	Guidance 2013	Mid-term target
Order intake growth	Order intake FY 2013 > FY 2012	5 - 8 % p.a.
Organic sales growth	Sales revenue FY 2013 > FY 2012	5 - 8 % p.a.
EBIT margin	EBIT margin FY 2013 > 2012	8 % p.a. over the cycle
Dividend policy	30 - 40 % of net income	30 - 40 % of net income

51

Sustainable value creation for our shareholders

- Starrag Group steadily creating value for investors
 - Only listed manufacturer with continued positive results throughout the latest recession
 - Increased dividend pay-out ratio of 30 % to 40 % of net income as from fiscal 2012
- Various initiatives over the last years made Starrag Group more resilient towards cycle swings
 - Concentration on upmarket solutions
 - Additional market perspectives thanks to Bumotec and Dörries Scharmann
 - Market development in emerging markets (China, India, Russia)
 - Regionalisation of application engineering and customer service organization
 - Successful implementation and execution of improvement programs
- Starrag Group is well positioned for sustainable long-term success
 - Focused strategy in activity fields with high entry barriers and limited competition
 - Leading positions in attractive target markets with blue chip customers
 - Strong sales and customer service organization in all important industrial markets and also well established in Asia
 - Collaborative development of innovative products and solutions

52

Corporate calendar / Contact

- | | |
|--------------|---|
| ▪ 12.04.2013 | Annual general meeting in Rorschacherberg |
| ▪ 07.05.2013 | Q1 2013 results |
| ▪ 26.07.2013 | Letter to shareholders on H1 2013 results |
| ▪ 05.11.2013 | Q3 2013 results |
| ▪ 27.01.2014 | Initial information on 2013 results |
| ▪ 07.03.2014 | Presentation of 2013 results for analysts and the media in Zurich |
| ▪ 12.04.2014 | Annual general meeting in Rorschacherberg |

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Gerold Brüttsch, CFO, Phone +41 71 858 81 11, Fax +41 71 858 82 30

Further Information:

<http://www.starrag.com>

investor@starrag.com

53

Agenda

- | | |
|----------------------------|-----------------------|
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| ▪ Outlook | Frank Brinken, CEO |
| ▪ Questions and answers | |

54

We look forward to your questions!



55

Legal note

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. 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 Starrag Group or the market in the securities of Starrag Group.

We would be pleased to invite you to a buffet lunch.

Thank you for your interest!

berthiez
bumotec
dörries
droop+rein
heckert
scharmann
sip
starrag
ttl
wmw

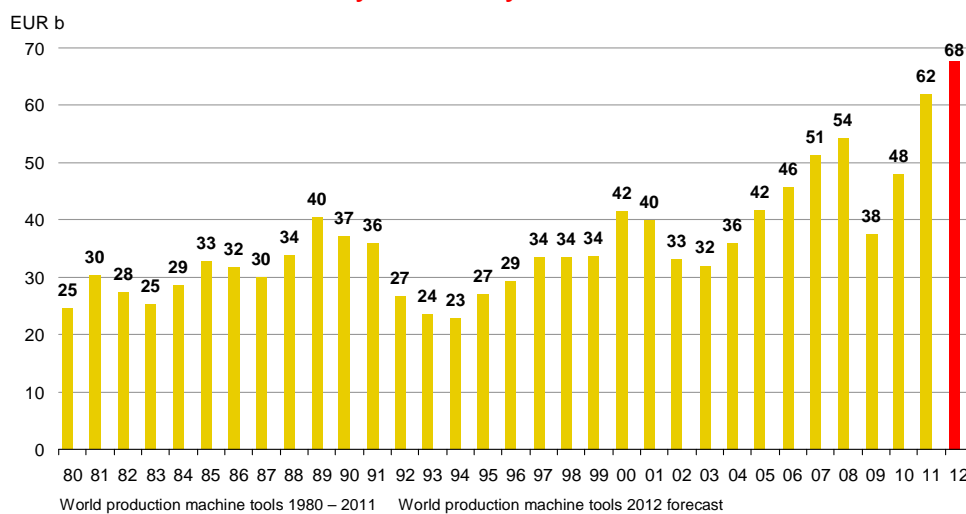
High-precision machine tools for greater productivity

Starrag Group is a global technology leader in manufacturing high-precision machine tools for milling turning, boring and grinding of small, medium-sized and larger workpieces of metallic and composite materials. Principle customers are internationally active companies in the aerospace, energy, transport and industrial engineering 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, 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 service subsidiaries in numerous other countries.

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

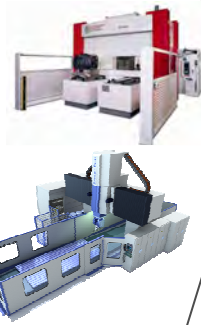
Machine tool industry is still cyclical



Source: Gardner World Machine Tool Output & Consumption Survey February 2013, Verein Deutscher Werkzeugmaschinenfabriken (VDW) World Statistics, update June 26th 2012.

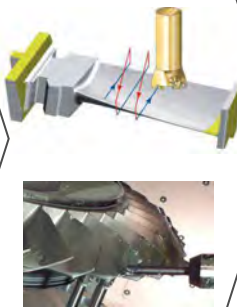
Common strategy based on three pillars

Leading metal cutting machine tools



- Milling, turning, boring, grinding
- High-end products
- Precisely productive

Leading cutting technology support



- Center of Production Excellence
- Engineering services
- Software, programming
- Multi tasking machines

Leading global customer service



- Through life cycle support
- Preventive maintenance programs
- Global spare parts availability

60

Target markets and product positioning

	Aerospace	Energy	Transport	Industrial
Share of 2012 order intake	30 %	5 %	27 %	38 %
Business Unit 1 - Starrag - TTL	■ ■	■ ■		
Business Unit 2 - Heckert - WMW		■	■ ■	■ ■
Business Unit 3 - Berthiez - Dörries - Droop+Rein - Scharmann	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■
Business Unit 4 - Bumotec - SIP	■ ■		■	■ ■

■ = Main Application
■ = Application

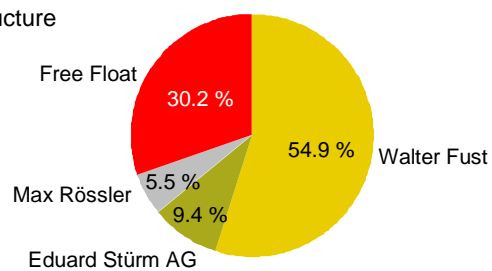
61

Global presence



Share details

- Market capitalisation CHF 207.0 million
- Listed at SIX Swiss Exchange Main Standard
 - Symbol STGN, Valor number 236'106, ISIN CH00023610608
- 3'360'000 registered shares with a nominal value of CHF 8.50 each
- Stable shareholder structure



Top management



Walter Fust (1941, Swiss)

has been a member of Starrag Group Holding AG's Board of Directors since 1988 and its Chairman since 1992.

From 1997 to 2009 he was a member of the Board of Directors of Jelmoli Holding AG (Chairman until 2007), in which he held a majority shareholding from 1996 to 2003. He was the founder of Dipl. Ing. Fust AG, which was listed on the stock market in 1987 and subsequently acquired by Jelmoli Holding AG in 1994, which later sold Dipl. Ing. Fust AG to Coop in 2007.

Walter Fust holds a degree in engineering from the Swiss Federal Institute of Technology in Zurich (ETHZ). He has never held an executive position in Starrag Group and he does not have any significant business relationships with the Group.



Dr. Frank Brinken (1948, Swiss)

assumed office as CEO of Starrag Group in 2005.

He previously served as president and delegate to the Board of Directors of Maag Pump Systems

Textron AG in Zurich. After holding a position in research and industrial consulting at the Plastics Processing Institute (IKV) in Aachen, he joined Georg Fischer as Product Manager and then served as a Business Unit Head at Alusuisse-Lonza before accepting the position of CEO at Maag Pump Systems AG in 1995. Frank Brinken has been a member of the Board of Directors of Tornos Holding AG in Moutier, Switzerland since April 2011.

He earned a degree in mechanical engineering at the University of Aachen and later completed a marketing program at the University of St. Gallen and an international management program at the Wharton Business School of the University of Pennsylvania.



Gerold Brüttsch (1966, Swiss)

has been Chief Financial Officer (CFO) of Starrag Group since 2000 and since 2005 Deputy CEO and Head of Corporate Center.

Gerold Brüttsch previously served as Chief Financial Officer of an international machine manufacturing company (Müller Martini Buchbinde-System AG) and as an auditor with KPMG in Zurich and San Francisco.

Gerold Brüttsch is a graduate of the School of Economics and Business Administration in St. Gallen and earned his degree in business administration in 1990. He is a Swiss Certified Accountant and U.S. Certified Public Accountant.

Our pedigree: 150 years tradition for innovation

SIP	Dörries Scharmann	Heckert	Droop+Rein	Starrag	Berthiez	Bumotec
Geneva	Mönchengladbach	Chemnitz	Bielefeld	Rorschach	St. Etienne	Sâles
1862	1884	1885	1890	1897	1916	1973
Scientific instruments	Machine tools	Bicycle manufacturing	Machine tools	Textile machinery	Machine tools	