




starrag

Starrag Group

Half-year results 2012

27 July 2012



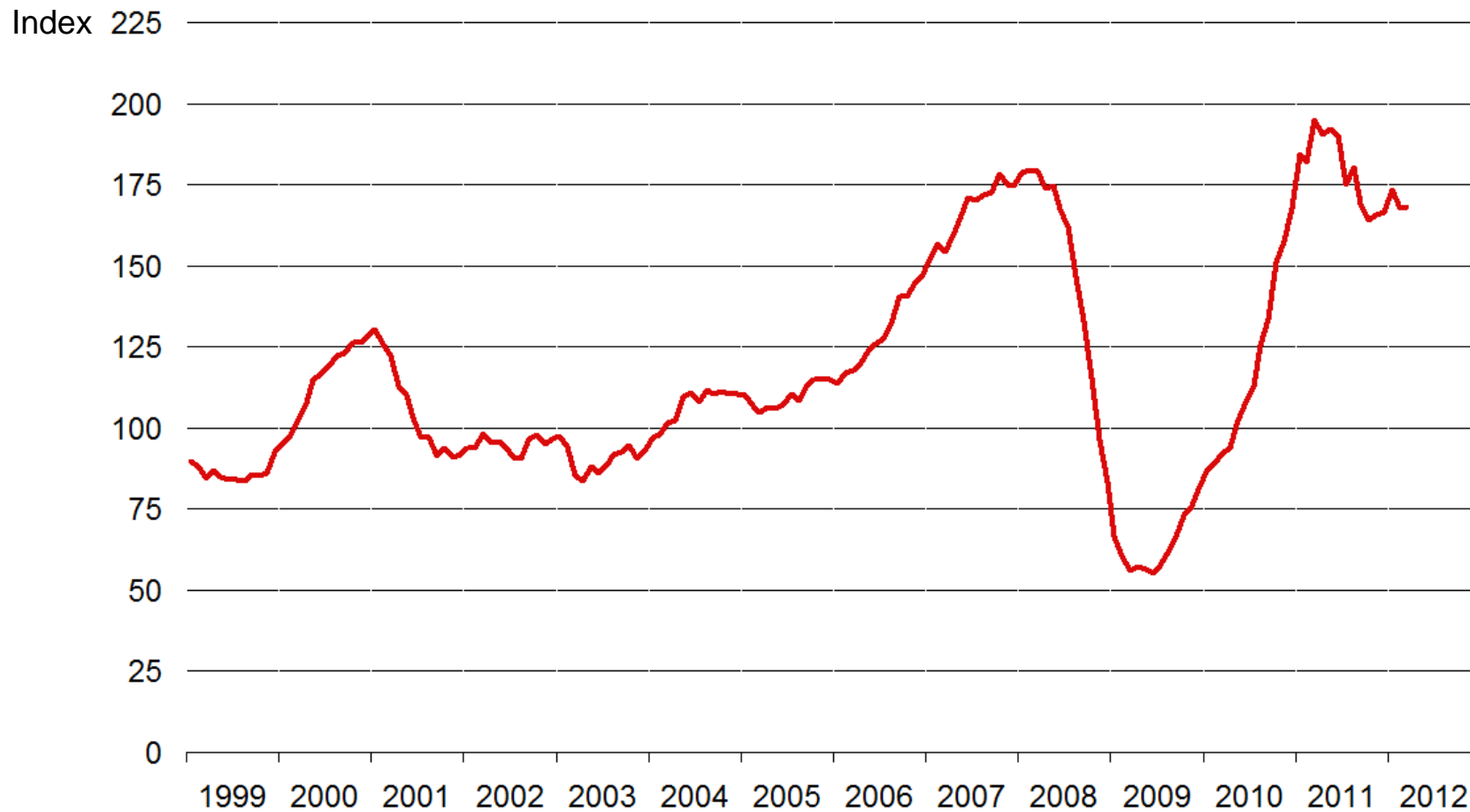
berthiez
bumotec
dörries
droop+rein
heckert
scharmann
sip
starrag
ttl
wmw

Success in a tough market environment

- Order intake up 11 %, backlog for nine months
- Increased EBIT (+26 %), slight rise in sales
- EBIT margin up to 6.4 %
- First synergies apparent from completed Dörries Scharmann integration
- Advances into new target markets with Bumotec acquisition
- Second half-year set to follow in a similar vein

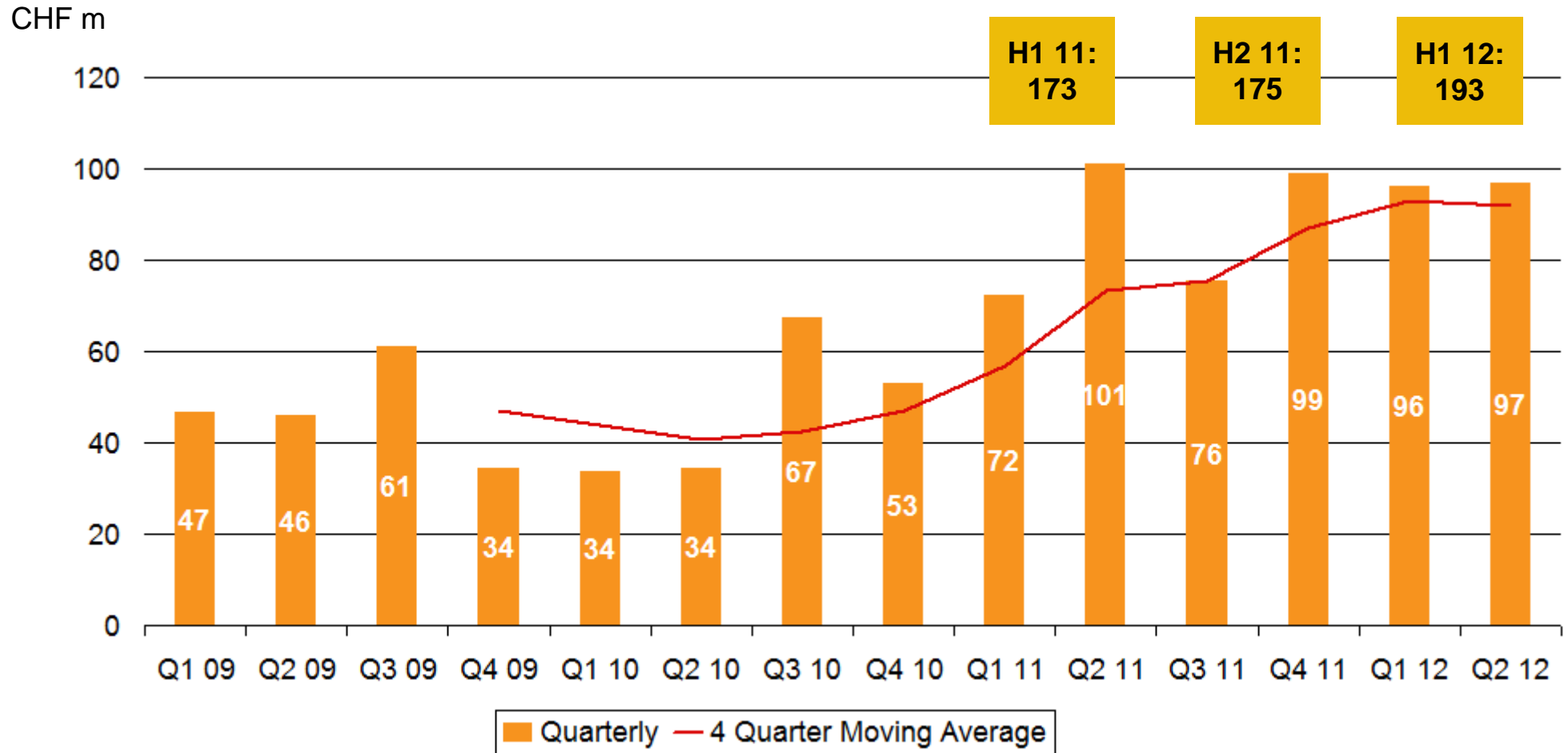


Order intake machine tool industry Germany

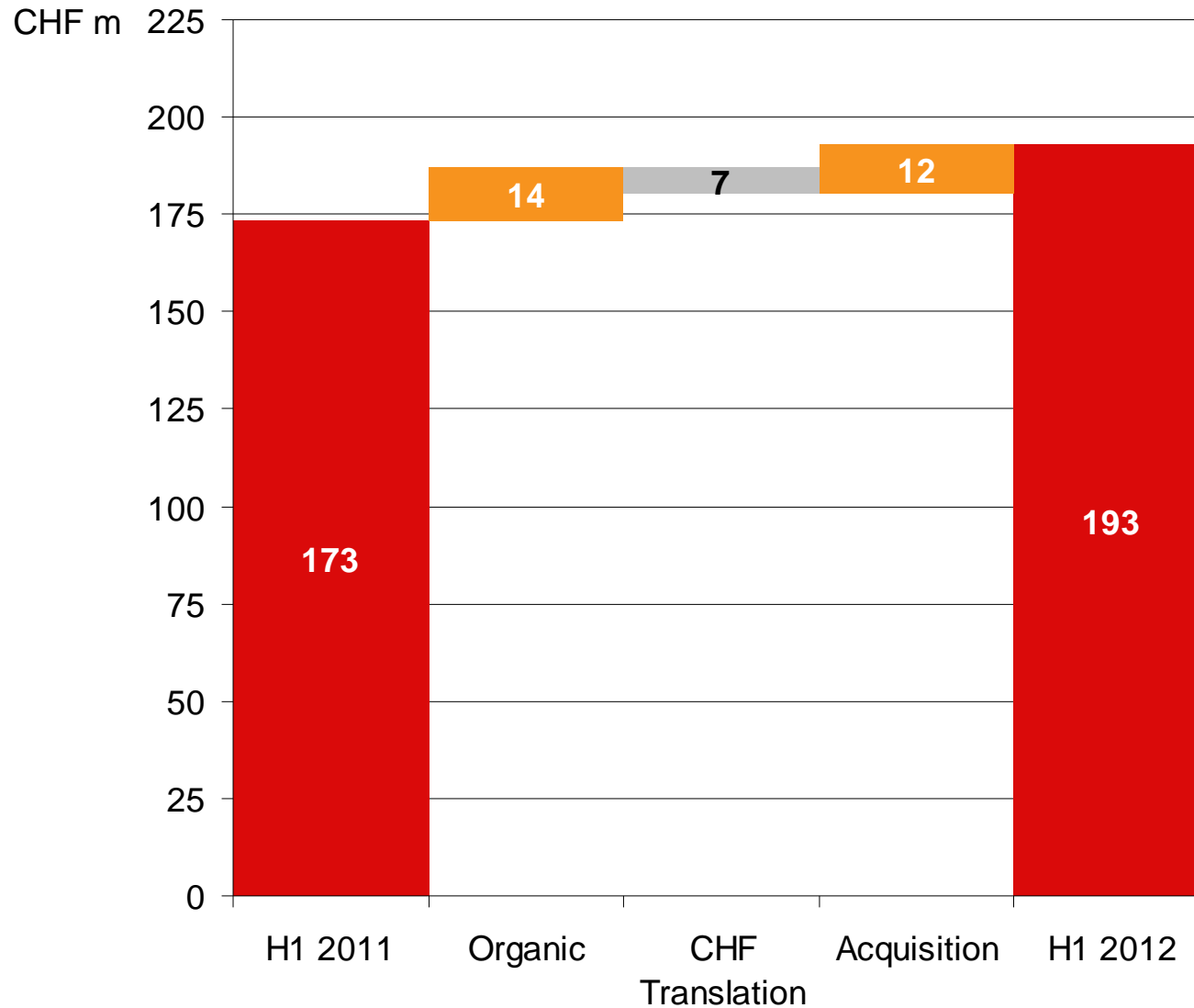


Order intake, 6 months rolling, to May 2012, index base = sales 2010

Continuous increase in order intake



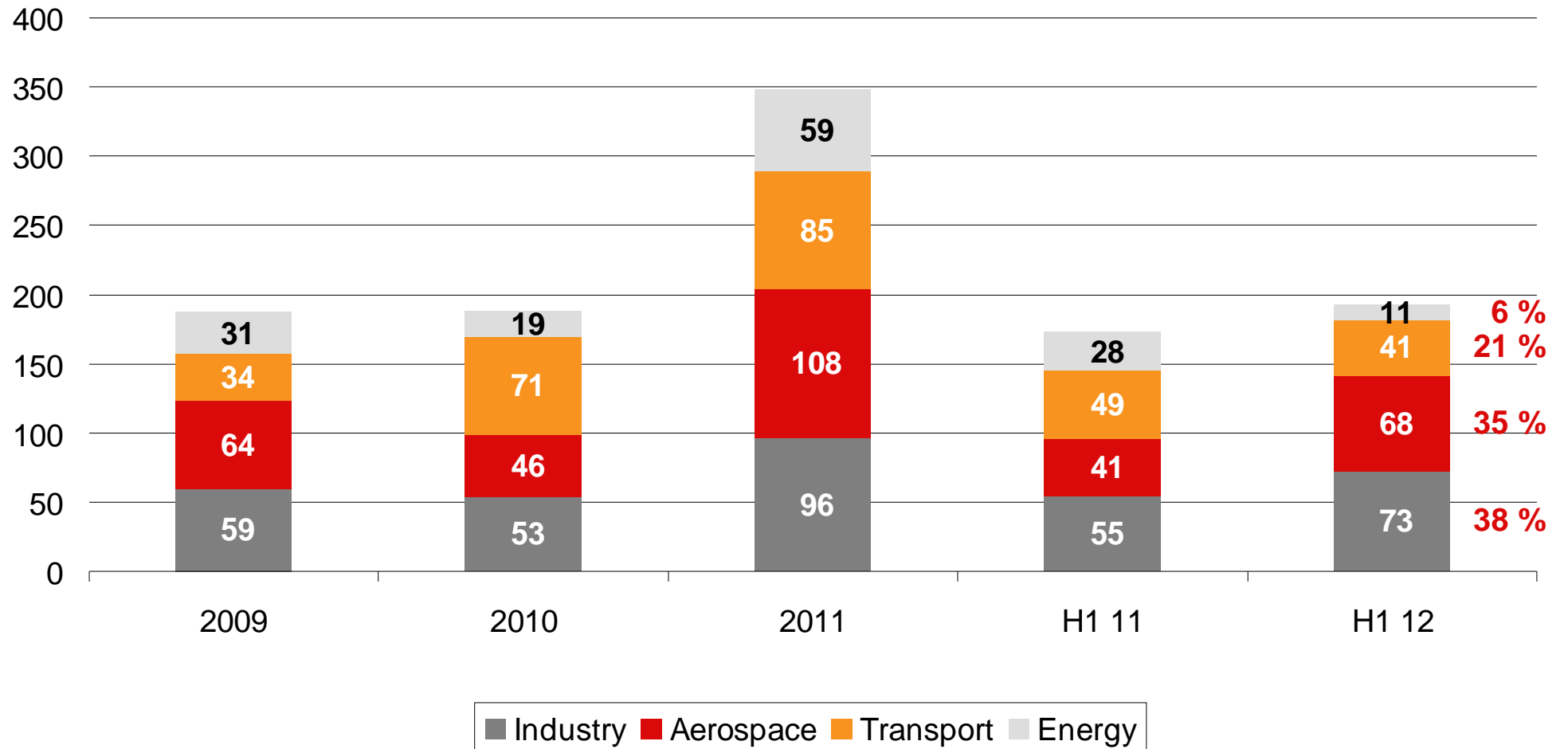
Order intake



- Organic growth of CHF 14 m indicates market share gains
- Lower Euro FX rate of 1.2177 compared to 1.2852 in H1 2011
- Acquisition effects from Bumotec and Dörries Scharmann acquisitions

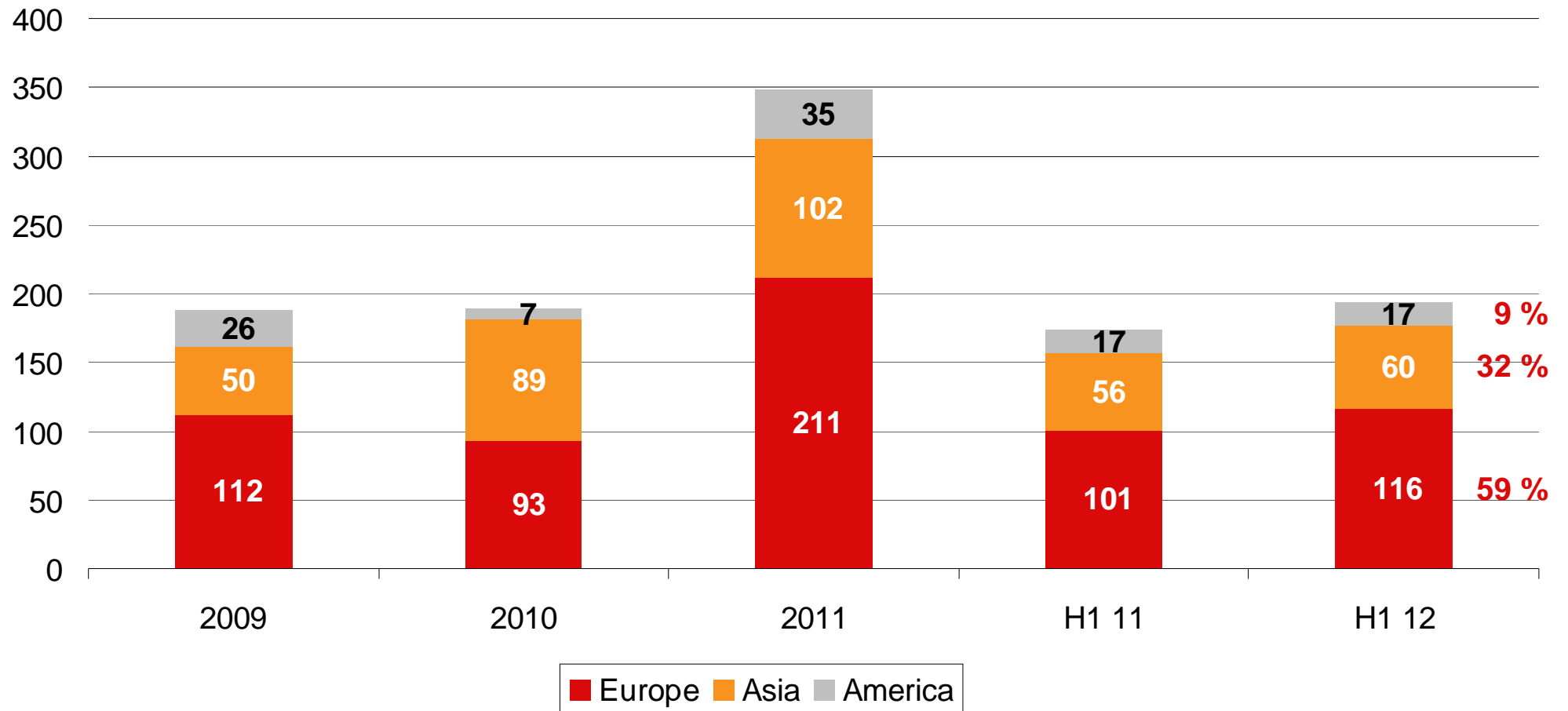
Order intake by industry

CHF m



Order intake by region

CHF m



Continuous investment into future success

- Acquisition of Bumotec SA
 - Extending target markets to watches and jewellery and medical technology
 - Complementing existing product portfolio
 - Situated in Sâles (Fribourg), Switzerland
 - Highly profitable, debt-free and lean
 - CHF 40 m sales in 2011, 150 employees

- CHF 6.2 m capex in H1 2012
 - CHF 4.9 m for European factories and IT integration
 - CHF 1.3 m for new manufacturing plant in Bangalore/India

- New line of compact machining centers developed for the needs of the Indian market

- Two new machines with new machining concepts for serial production of big components to be launched this autumn

New manufacturing plant in Bangalore, India

June 2012:



Jan 2013:



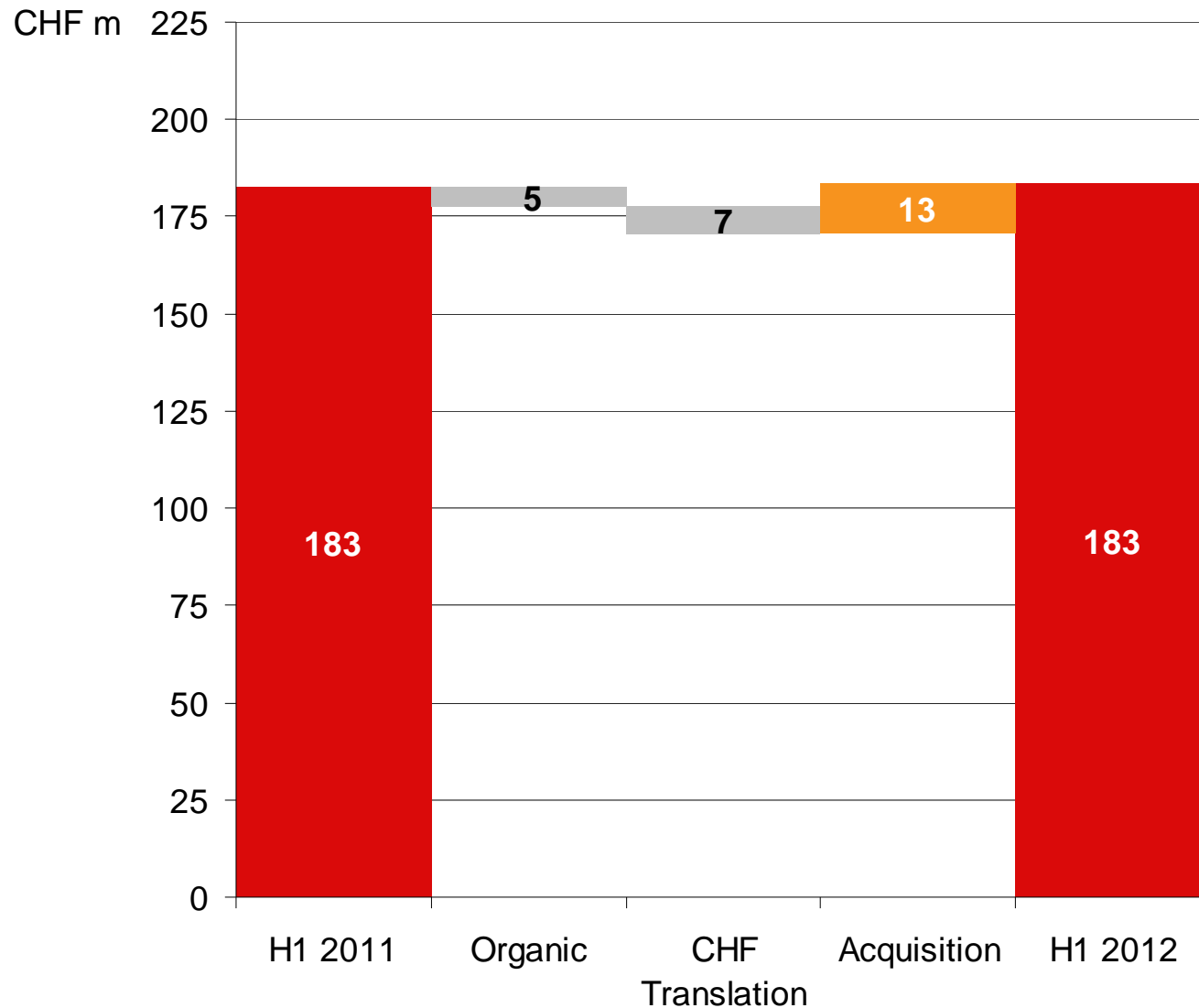
Procurement remains challenge

- Ongoing price increases and delivery delays on the side of suppliers, less adherence to schedules
- Higher need for quality assurance of components delivered by suppliers
- Starrag Group's answer: optimization of procurement organization as per beginning of 2012, based on external analysis

Integration of Dörries Scharmann almost complete

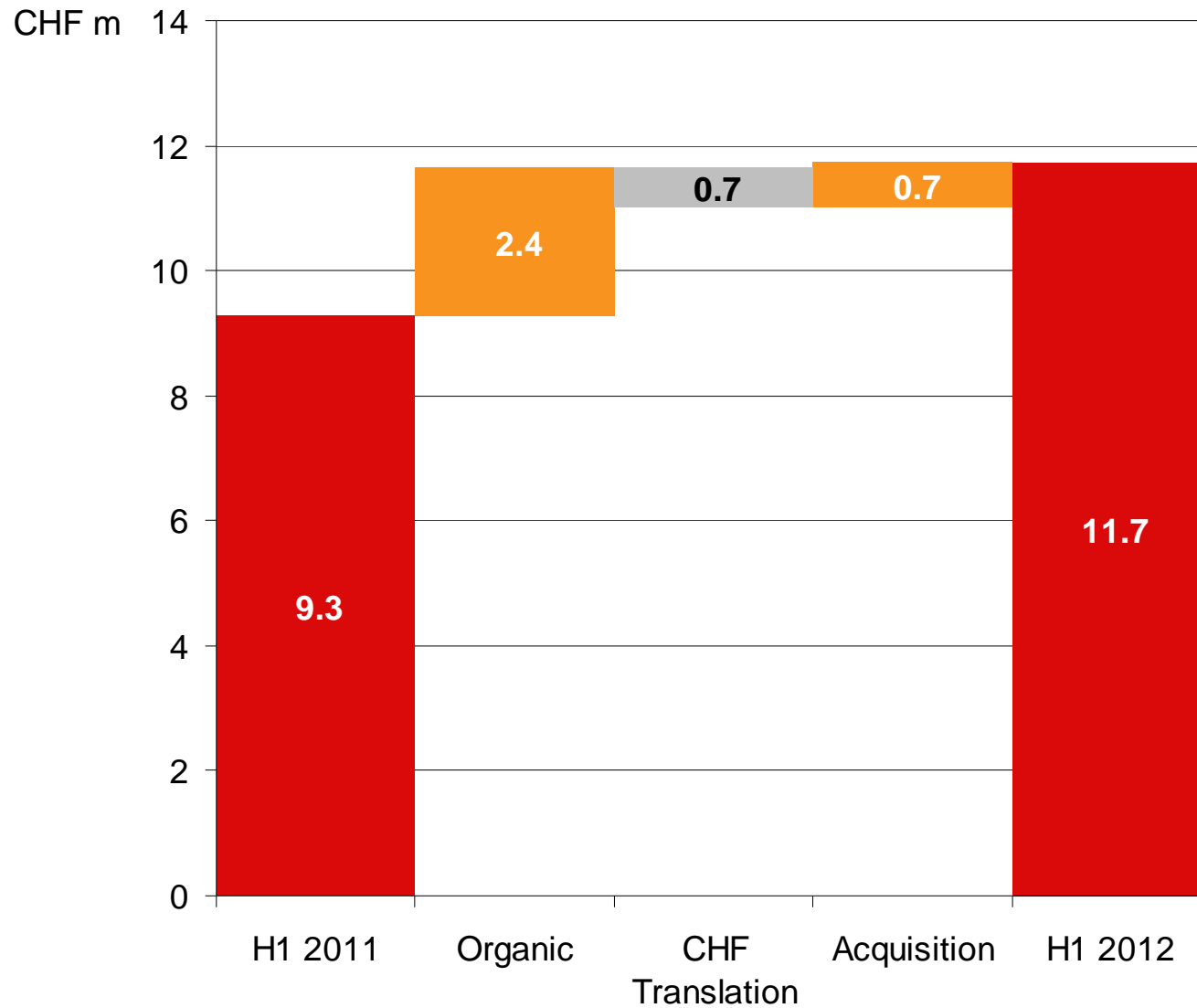
- Common appearance as Starrag Group since March 2012
- Specific brands' marketing strengthened
- Joint sales organization in China, India, Russia, UK and USA
- Introduction of global CRM tool in Q2 2012
- Common procurement of components and services led to first synergies – full effect from 2013
- Migration of the former two SAP systems into one common Starrag Group system will be completed in Q3 2012

Sales revenue



- Sales FX and acquisition adjusted 2.9 % below H1 2011
- Impact of lower order backlog at Dörries Scharmann
- Lower Euro FX rate of 1.2177 compared to 1.2852 in H1 2011
- Acquisition effects from Bumotec and Dörries Scharmann acquisitions

EBIT



- EBIT up by 26 %
- EBIT Margin up to 6.4 % (H1 2011: 5.1 %)
- Better average margins on orders (product mix and timing of order processing)
- Strict cost management

Organic growth and significant earnings increase

in million CHF	H1 2012	H1 2011	Change	Comments
Order intake	192.9	173.3	+11 %	▪ see slide 3
Order backlog	260.2	230.1	+13 %	▪ Increase due to Bumotec acquisition
Sales revenue	183.4	182.8	+0.3 %	▪ see slide 9
EBIT	11.7	9.3	+26 %	▪ see slide 10
Net income	7.6	5.4	+41 %	▪ Stable financial result of CHF -1.1 m ▪ Tax rate down to 29%
Earnings per Share (CHF)	2.23	1.94	+15 %	▪ Euro translation impact -0.13 CHF
Return on Equity	8.6 %	6.2 %	+38 %	

Solid free cash flow and strong balance sheet

in million CHF	H1 2012	H1 2011	Change	Comments
Cash Flow from Operations	12.7	-6.6	n/a	<ul style="list-style-type: none"> ▪ Strict working capital management: <ul style="list-style-type: none"> - Increase in inventory of CHF 5.0 m - Decrease in other net working capital of CHF 6.5 m
Capital expenditure	23.3	70.9	-67 %	<ul style="list-style-type: none"> ▪ Bumotec acquisition ▪ Capex for European factories, IT integration and manufacturing plant in Bangalore, India
Free cash flow	6.6	-11.9	n/a	<ul style="list-style-type: none"> ▪ Strict working capital management
Total Assets	339.9	320.9	+5.9 %	<ul style="list-style-type: none"> ▪ CHF 30m increase due to Bumotec acquisition ▪ Remaining change from original business
Net cash	21.3	10.0	+113 %	<ul style="list-style-type: none"> ▪ Increase thanks to solid free cash flow and despite cash payment of Bumotec acquisition
Shareholders' Equity	178.2	171.8	+3.7 %	
Equity ratio	52 %	54 %	-2.0 %	<ul style="list-style-type: none"> ▪ Strong partner for customers emphasized by comfortable equity basis >50%

Outlook 2012

- Industrial and transport market segments running at high level of production capacity
- High capacity utilization in civil aerospace segment due to higher delivery rhythm and production ramp up of new aircraft models
- No short-term recovery expected in military aviation and energy segments
- Uncertainty due to European debt crisis and loss in momentum in Chinese market leading to projects put on hold
- Sales revenue and earnings in H2 2012 along the same lines as in H1 2012 expected

Financial Targets

	Guidance 2012	Mid-term target
Order intake growth	Order intake FY 2012 > FY 2011	5-8 % p.a.
Organic sales growth	Sales revenue FY 2012 > FY 2011	5-8 % p.a.
EBIT margin	EBIT margin FY 2012 > 2011	8 % p.a. over the cycle
Dividend policy	25 - 33 % of net income	25 - 33 % of net income

CONFIRMED

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.

Agenda / Contact

02.11.2012	Q3 2012 results
25.01.2013	Initial information on 2012 results
08.03.2013	Key figures 2012 / Annual report
08.03.2013	Presentation of 2012 results for analysts and the media in Zurich
12.04.2013	Annual general meeting in Rorschacherberg
06.05.2013	Q1 2013 results
26.07.2013	Half-year report 2013

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Further Information:

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The logo for starrag, featuring the word "starrag" in white lowercase letters on a red rectangular background. To the right of the text is a red geometric shape consisting of two overlapping triangles pointing towards each other.

starrag

Starrag Group

We are pleased to answer your questions.

A large background image showing a view of the Earth from space. The sun is visible on the left, creating a bright glow and lens flare. The Earth's surface shows continents and oceans. A dark, triangular shape overlaps the top right corner of the image.

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

Back-up slides



Starrag Group

Strong brands enhancing the overall potential for success



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
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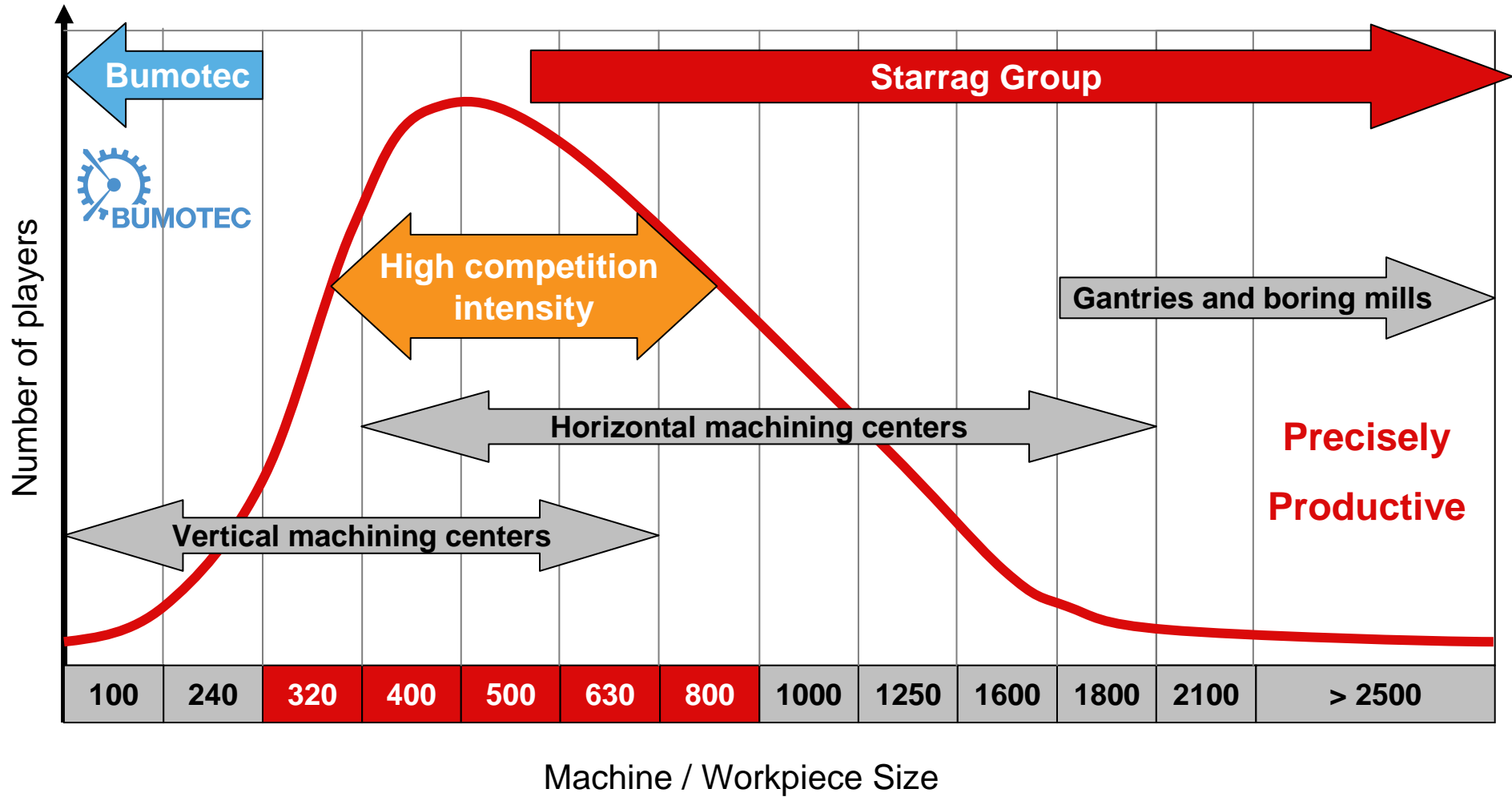
High-precision machine tools for greater productivity

Starrag Group is a global technology leader in manufacturing high-precision machining tools for milling turning, boring and grinding of mid-sized to large workpieces of metallic and composite materials. Principle customers are internationally active companies in the aerospace, energy, transport and industrial 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.

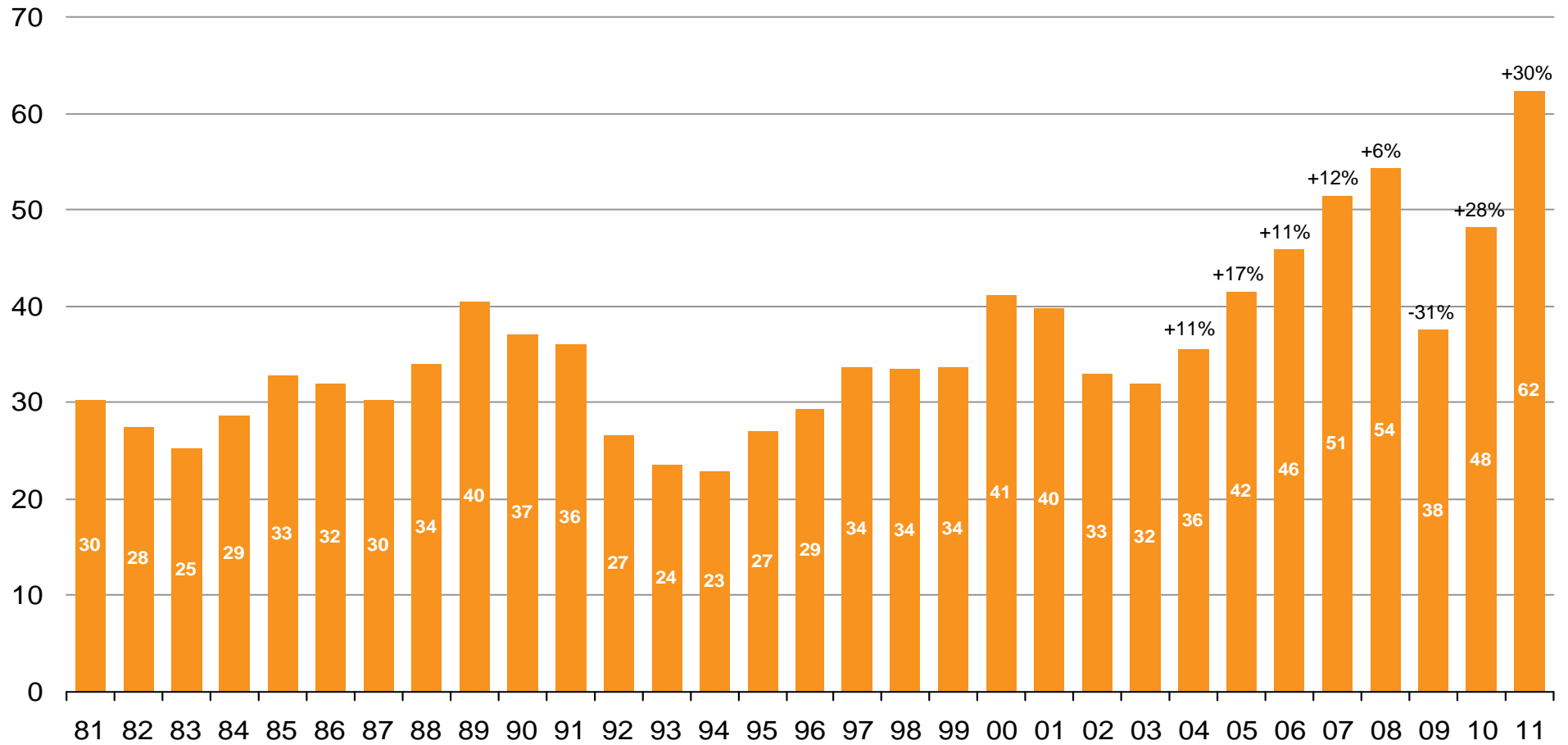
Starrag Group is listed on the SIX Swiss Exchange (STGN).

Unchanged strategic direction



Starting a new machine tool cycle

EUR b

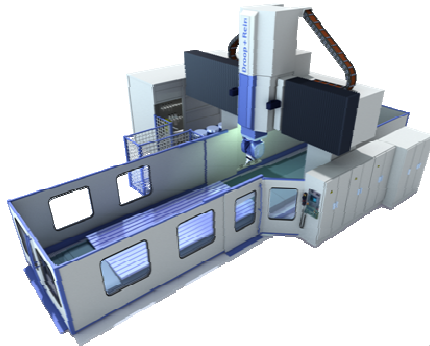


World machine tool production
(without parts, add-ons; 2011 preliminary).

Source: VDW, world machine tool statistics, 15 March 2012.

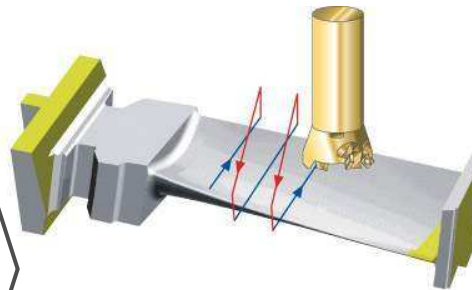
Common strategy based on three pillars

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

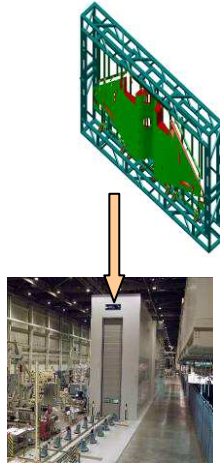
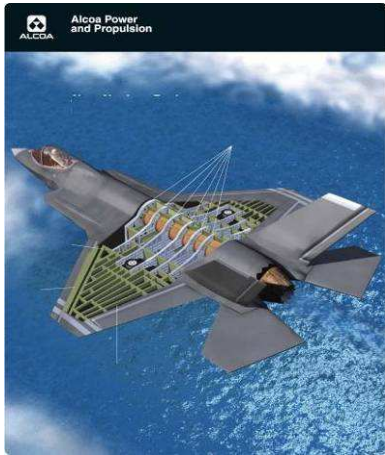
Target markets and product positioning

	Aerospace	Energy	Transport	Industrial
Share of 2011 order intake	31 %	27 %	25 %	17 %
				
Business Unit 1 - SIP - Starrag - TTL				
Business Unit 2 - Heckert - WMW				
Business Unit 3 - Berthiez - Dörries - Droop+Rein - Scharmann				

 = Main Application
 = Application

Applications

Aerospace: Machining of complete wings



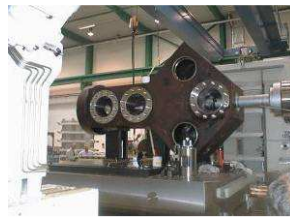
Energy: Blades for steam turbine



Industrial: Oil & gas industry



Subsea
oil
valve



Drilling
rock bits



Transport: Gear box for agricultural equipment



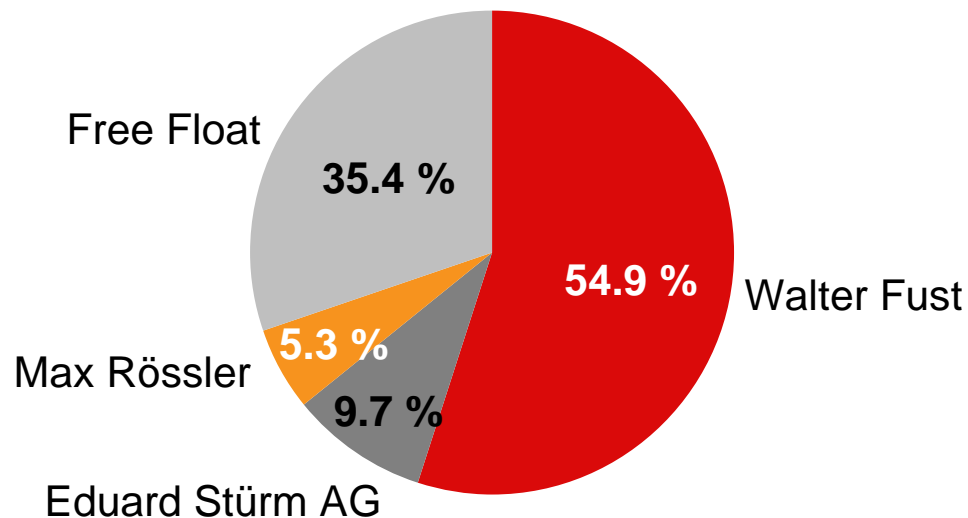
Global presence



- Manufacturing plant
- Sales and service subsidiary
- Sales representative

Share details

- Market capitalisation CHF 191.5 million (as of 30 June 2012)
- 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.

Mr. Brüttsch previously served as Chief Financial Officer of an international machine manufacturing company 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

