


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 Group

Half-year results 2013

26 July 2013

A large background image showing a view of the Earth from space, with the sun rising over the horizon, creating a bright glow and lens flare effects. The Earth's surface shows continents and oceans. A dark, semi-transparent triangular shape is overlaid on the right side of the image.

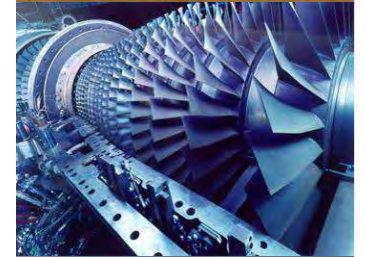
berthiez
bumotec
dörries
droop+rein
heckert
scharmann
sip
starrag
ttl
wmw

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.

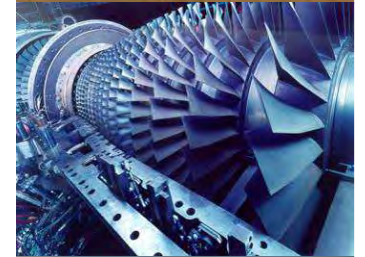
Half-year 2013 presentation

- ▀ Markets
- ▀ Financial Review
- ▀ Strategic Update
- ▀ Outlook



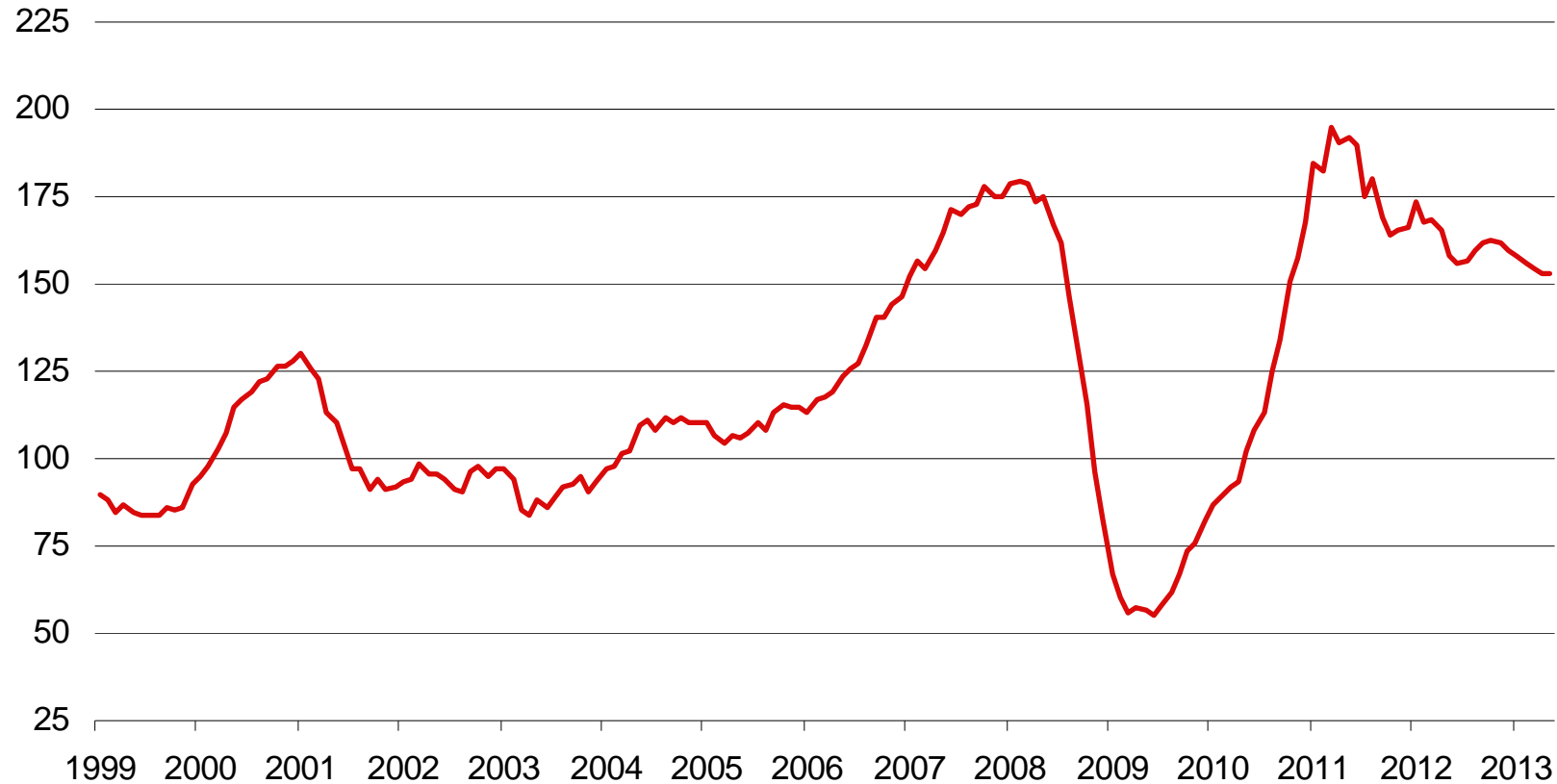
Order intake and sales increased – EBIT margin of 5 %

- Order intake up 7 % compared to prior year's period
- Sales increase by 9 %
- EBIT 9.1 million CHF or 4.6 percent of sales
- Net income 5.7 million CHF or 2.9 percent of sales
- Higher order intake and sales expected for full fiscal 2013



Order intake machine tool industry Germany

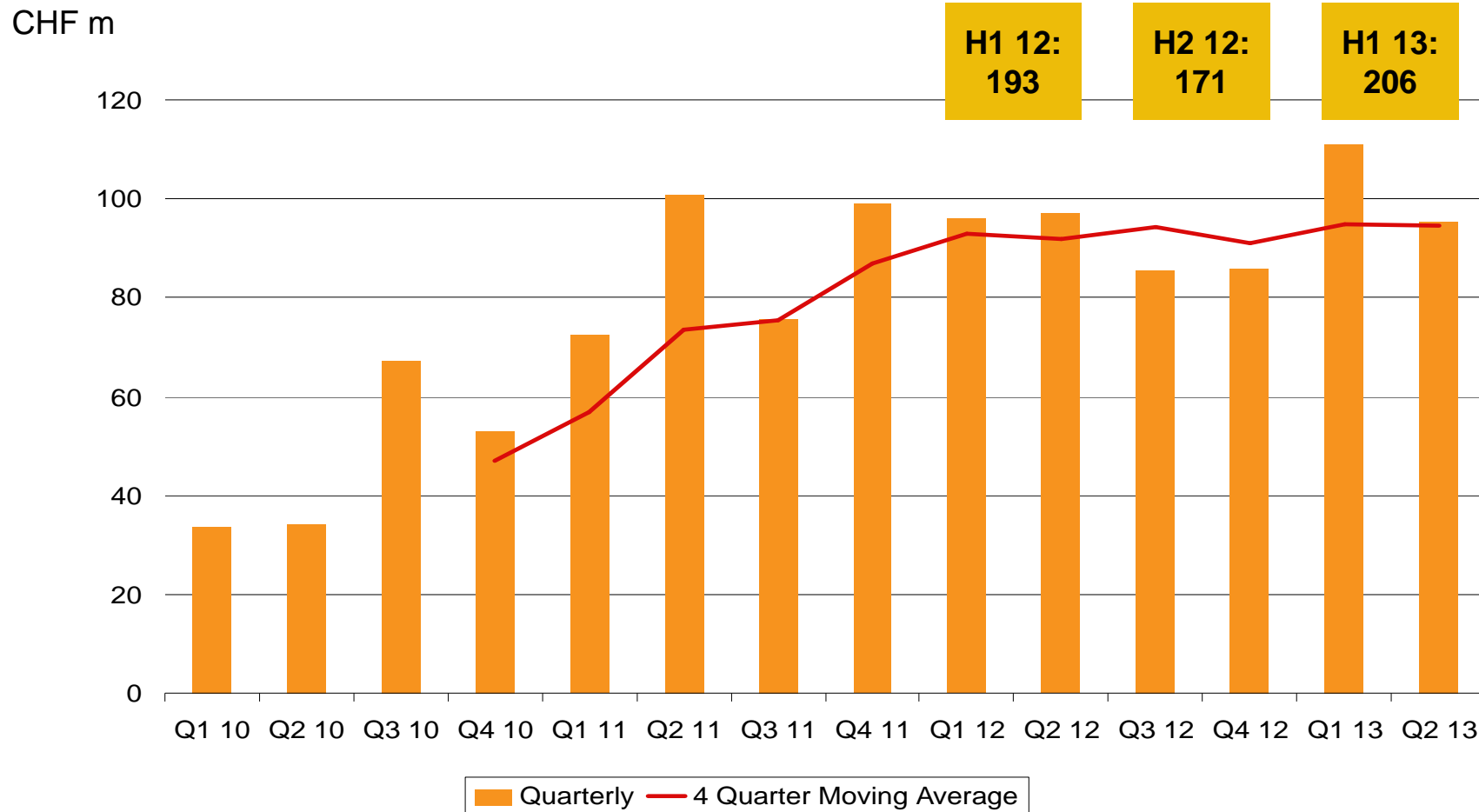
Index



Order intake, 6 months rolling, to May 2013, index base = sales 2010

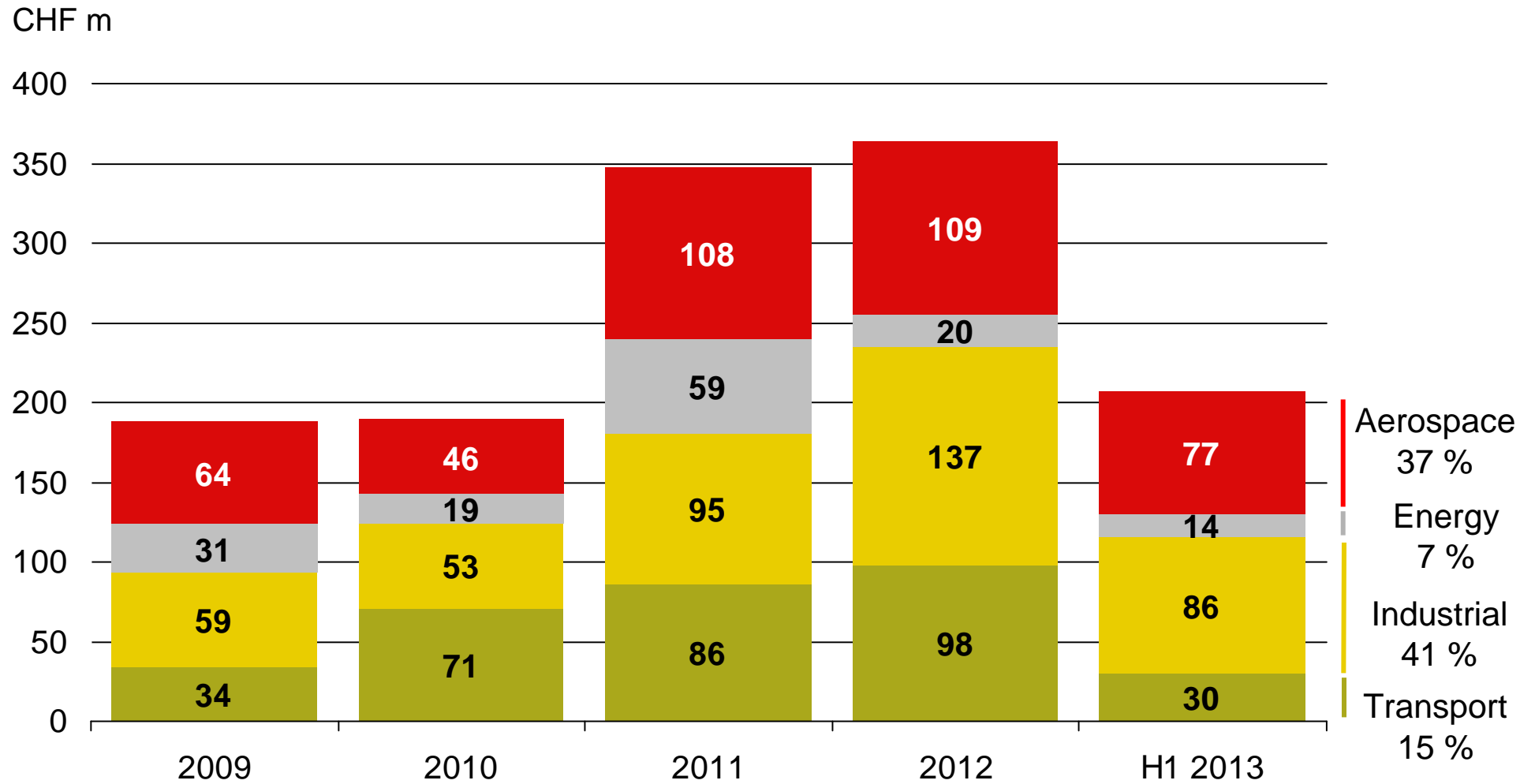
German machine tool market Jan-May 2013 -17 % to prior year period

Continuous increase in order intake

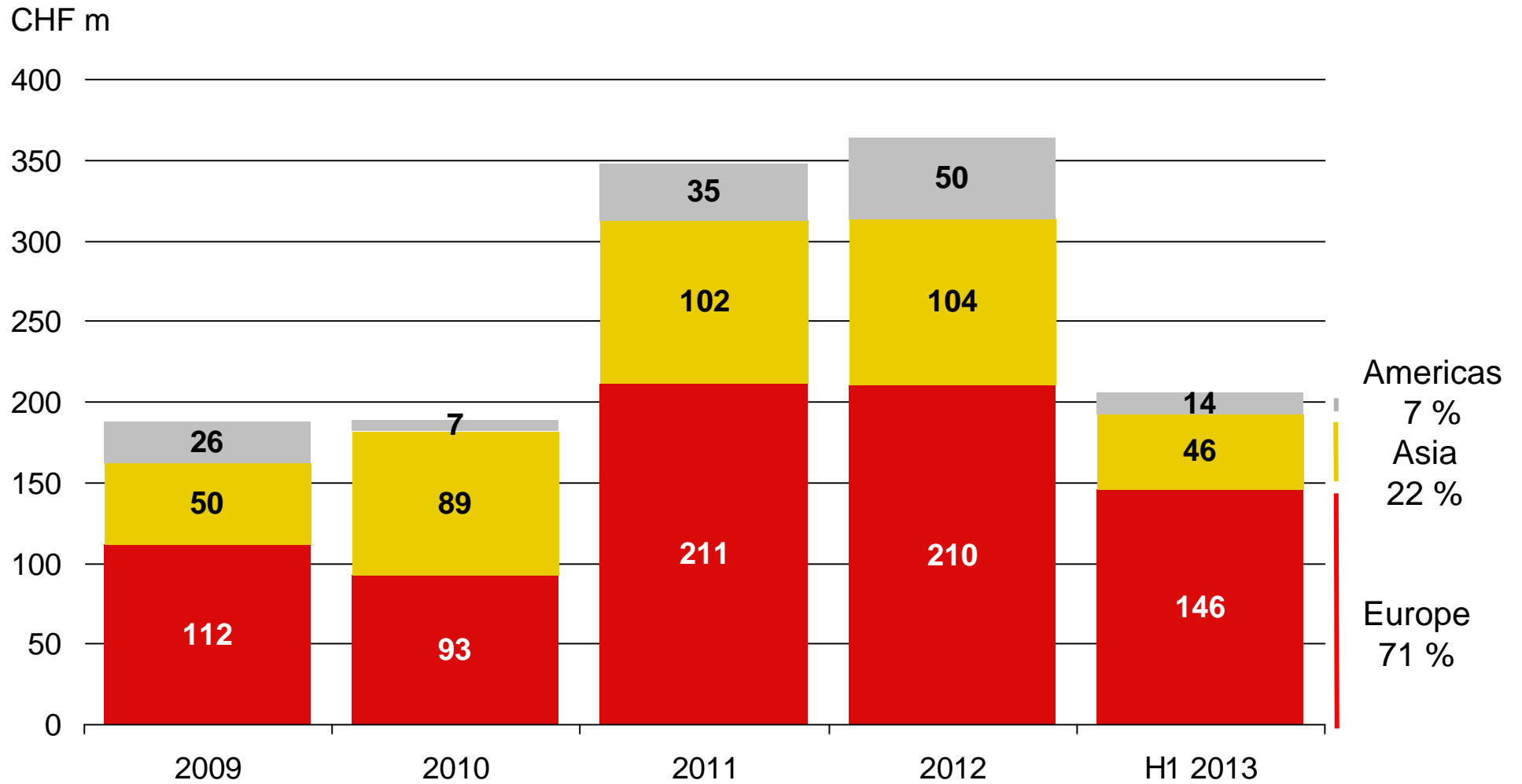


- ▾ Increase +6.8 % to H1 2012 and +20.5 % to H2 2012
- ▾ Organically -5.7 % to strong H1 2012

Order intake by market segment



Order intake by region



Continuous investment into future success

- CHF 4.8 m capex in H1 2013
 - improvements in factories
 - IT platforms including integration

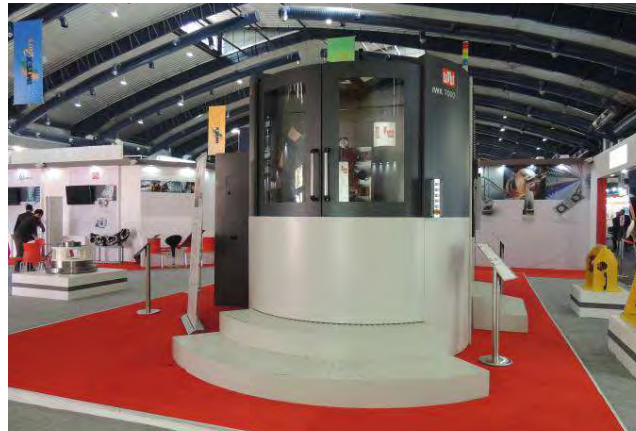
- 3 new products developed for presentation at major machine tool fair EMO in September

- Increase of Bumotec manufacturing capacities in planning status

New plant in India inaugurated 25 January 2013

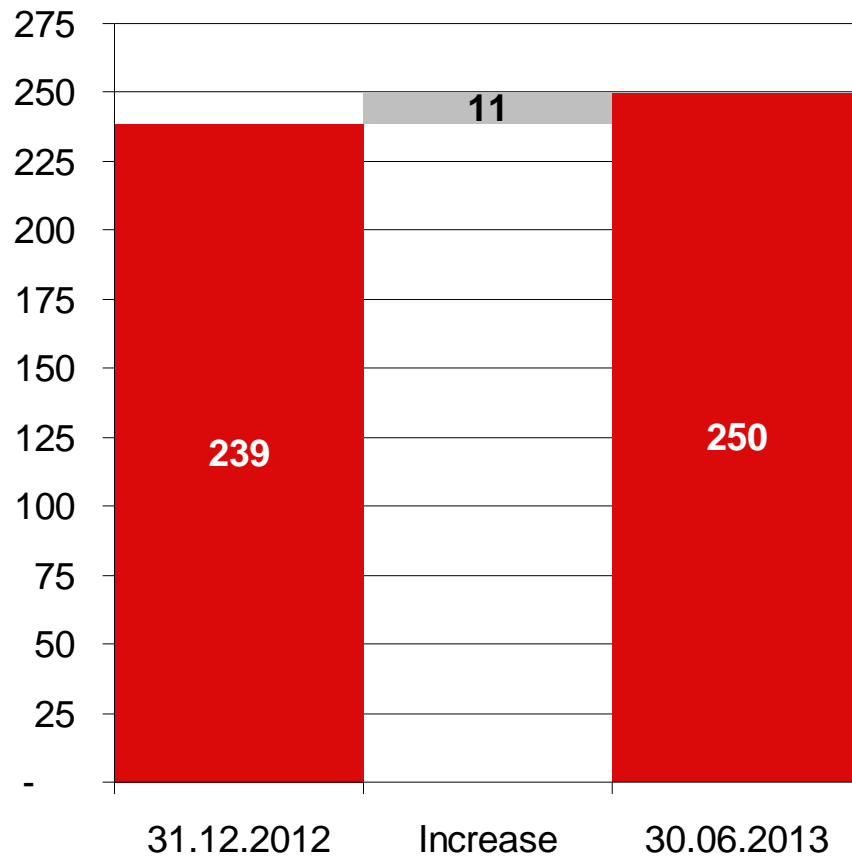


Newly developed product introduced at IMTEX in Bangalore



Order backlog

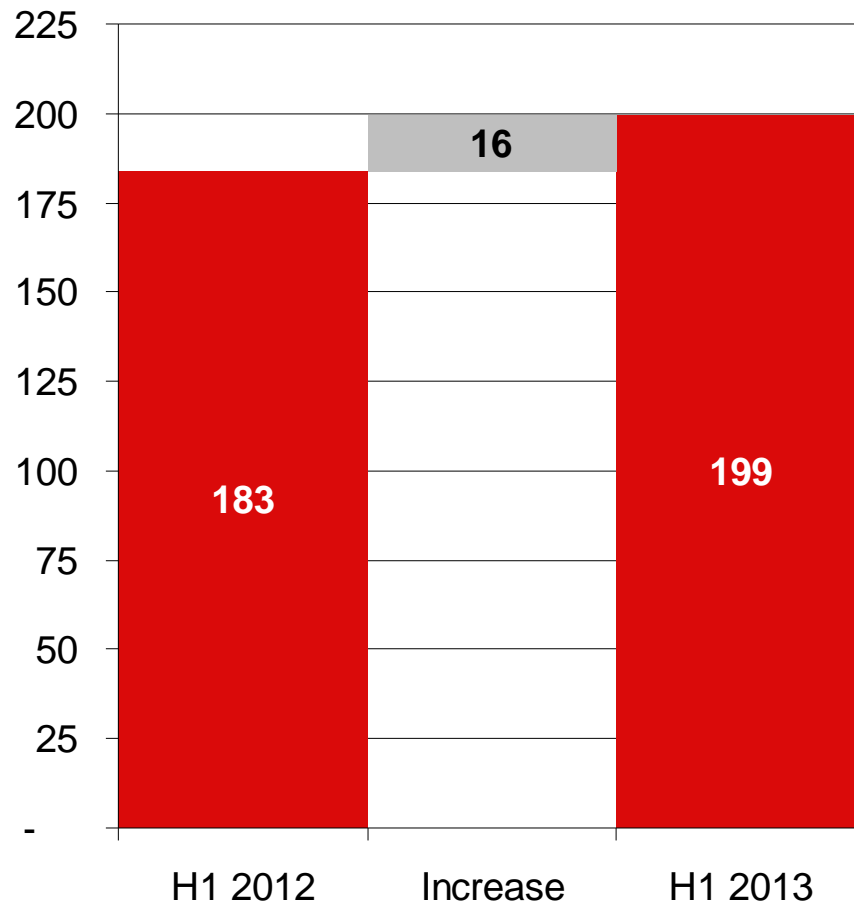
CHF m



- Order backlog increased due to positive book-to-bill ratio of 1.03
- Slightly higher Euro FX rate of 1.2452 compared to 1.2193 as of 31.12.2012

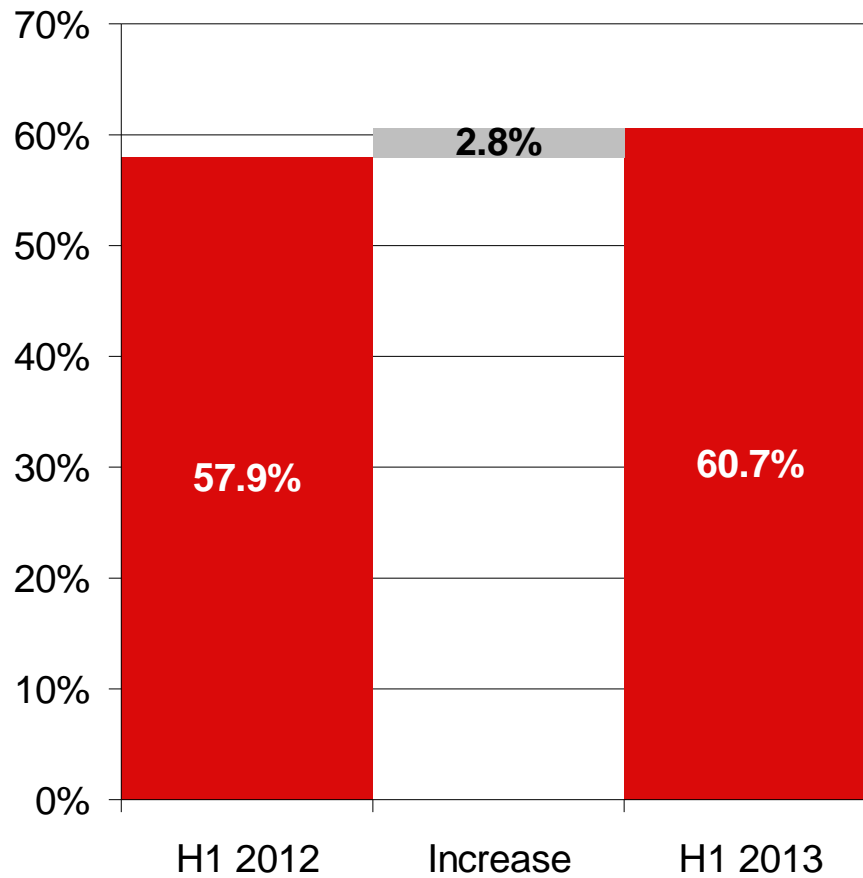
Sales revenue

CHF m



- Sales up by 8.8 %
- Bumotec acquisition effect
- Slightly higher Euro FX rate of 1.2415 compared to 1.2177 in prior year period
- Organic decrease of 4.3 % due to lower orders in H2 2012

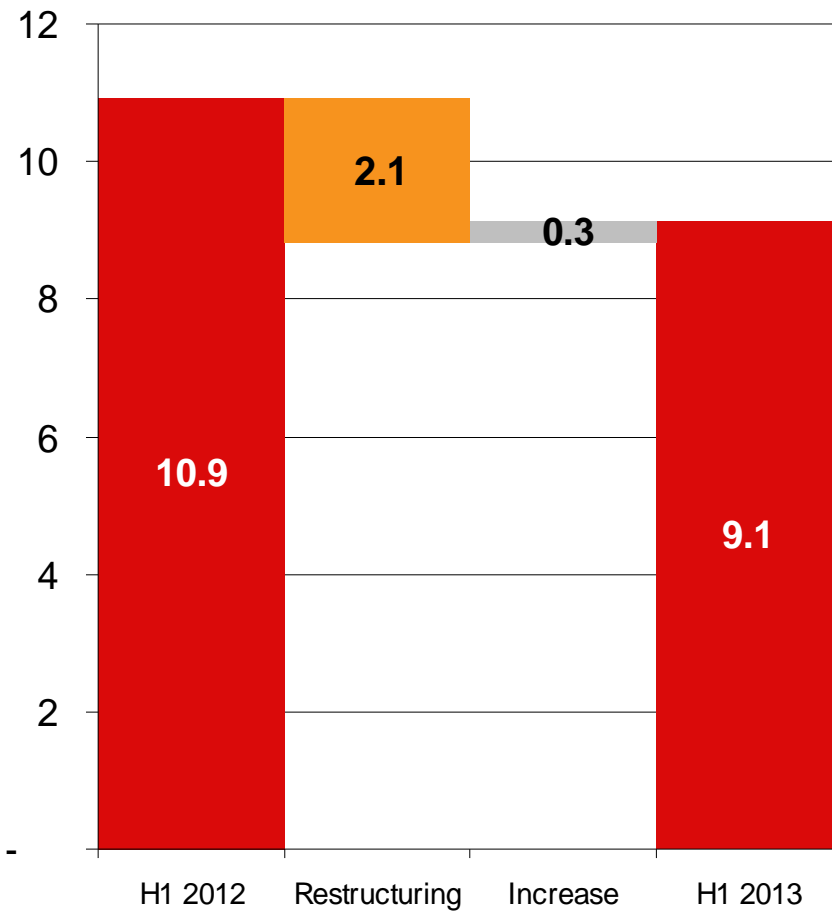
Gross margin



- Significant gross margin increase
- Bumotec's higher level of vertical integration
- Timing effects

EBIT

CHF m



EBIT decrease by 16 %

EBITR margin 5.6 %

Slightly above full-year 2012 (5.5 %) but below H1 2013 (6.0 %)

Overview of key figures (I)

	in million CHF	H1 2013	H1 2012 restated ¹⁾	Change
Order intake		206.4	192.9	7.0 %
Sales revenue		199.4	183.4	8.8 %
EBIT		9.1	10.9	-16 %
EBIT as percentage of sales revenue		4.6 %	6.0 %	-23 %
Net income		5.7	6.9	-17 %
Net income as percentage of sales revenue		2.9 %	3.8 %	-24 %
Earnings per share (in CHF)		1.67	2.02	-17 %
Return on equity		6.1 %	8.6 %	-29 %
Cash flow from operations		-3.6	12.7	n/a
Capital expenditure		4.8	6.0	-20 %
Free cashflow		-8.4	6.6	n/a

■ H1 2013 results impacted by a CHF 2.1 million restructuring charge

¹⁾ restated due to the application of the amended IAS 19 Employee Benefits

Overview of key figures (II)

	in million CHF	30.06.2013	31.12.2012 restated ¹⁾	Change
Order backlog		249.7	238.6	4.7 %
Total assets		343.1	347.2	-1.2 %
Net cash		10.3	24.9	-59 %
Shareholder's equity		187.2	183.6	2.0 %
Equity ratio		55 %	53 %	3.8 %
Employees at year end		1'659	1'644	1.0 %

- ▀ Continued high levels of equity financing
- ▀ Decrease in net cash due to advance purchasing for expected orders and lower liabilities

¹⁾ restated due to the application of the amended IAS 19 Employee Benefits

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 optimization of processes and procedures associated with the integration of Dörries Scharmann and Bumotec contribute 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
- Increase of Bumotec manufacturing capacities
- Strict cost and working capital management on all levels

Outlook full fiscal 2013

- Ongoing low visibility due to uncertain market developments on all target markets
- Recent strong recovery of aerospace market
- No recovery expected in wind energy segment
- Declining growth rates of Chinese economy as a challenge
- Increased competition pressure in India due to weakened JPY and currently lower demand
- Stimulus expected from Hanover EMO in September – three new machines to be presented

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

Corporate calendar / Contact

- 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
- 09.05.2014 Q1 2014 results
- 26.07.2014 Half-year report 2014

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Further Information:

<http://www.starrag.com>


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starrag

Starrag Group

We are pleased to answer your questions.

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berthiez
bumotec
dörries
droop+rein
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sip
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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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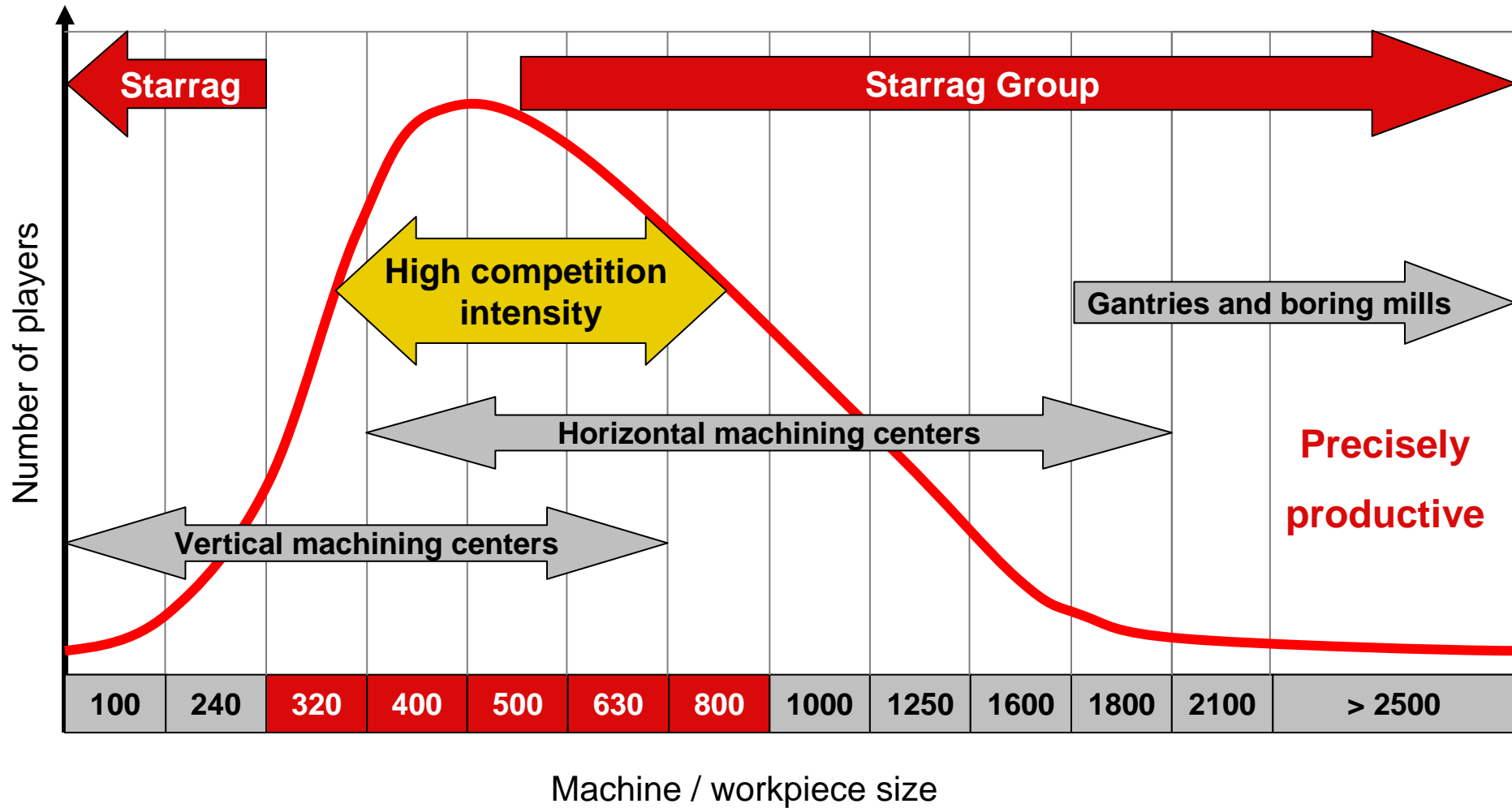
High-precision machine tools for greater productivity

Starrag Group is a global technology leader in manufacturing high-precision 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, Industrial and Transport 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.

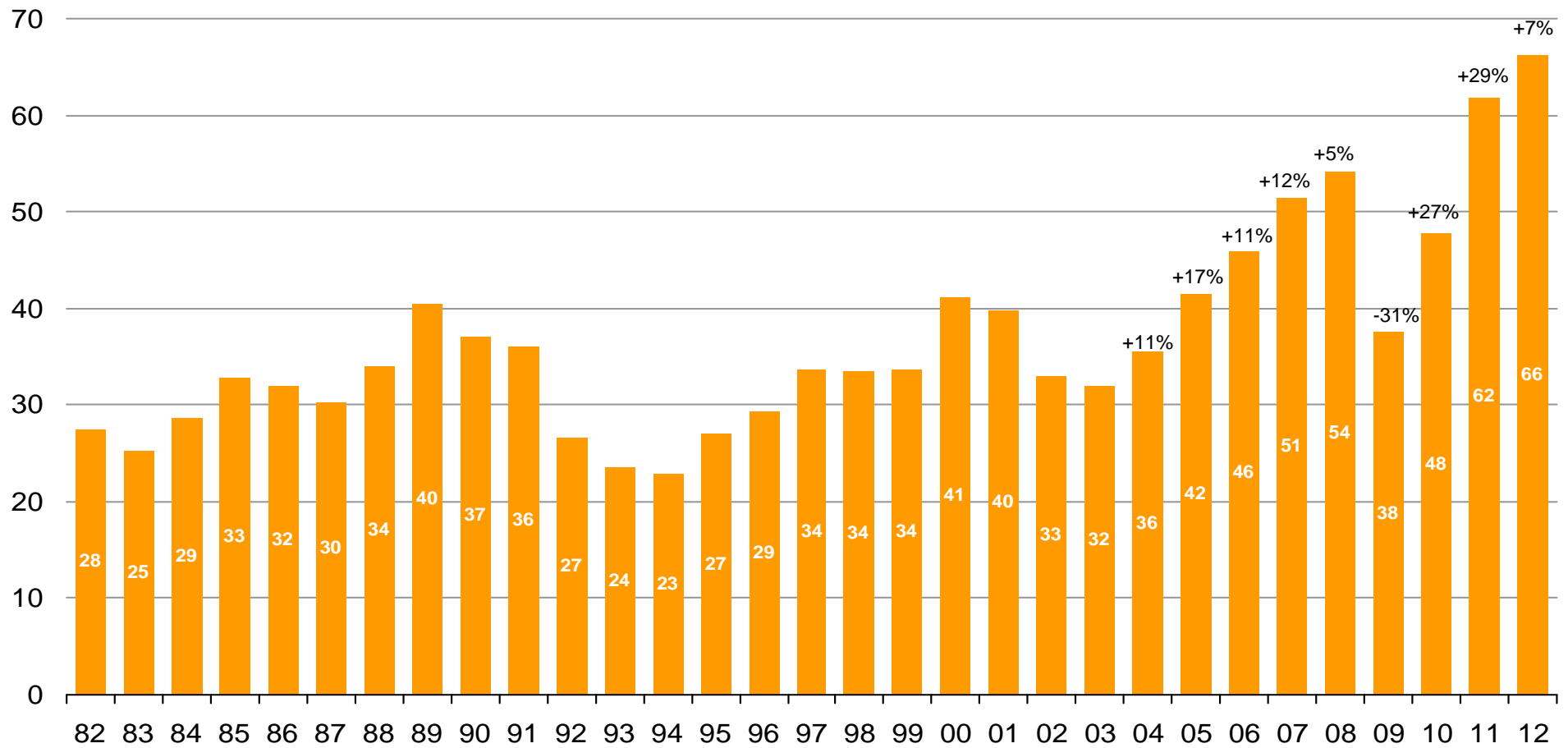
Starrag Group is listed on the SIX Swiss Exchange (STGN).

Unchanged strategic direction



World machine tool production cycle

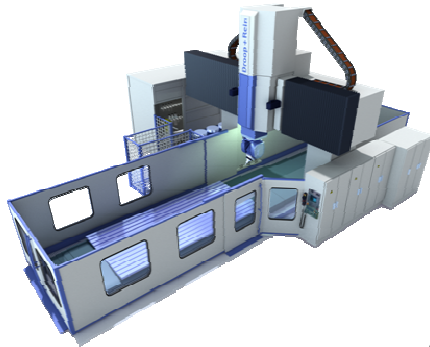
EUR b



World production machine tools 1982 – 2012

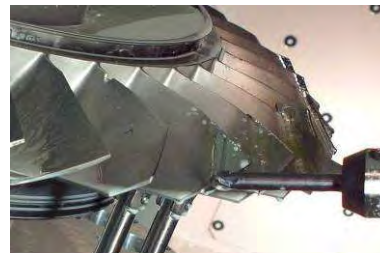
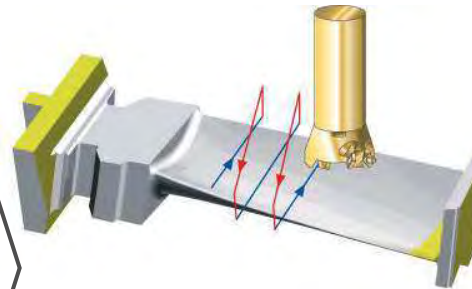
Common strategy based on three pillars

Leading metal cutting machine tools



- Milling, turning, boring, grinding, multi-tasking
- One set-up machining concept
- High-end products
- Precisely productive

Leading cutting technology support































- Center of Production Excellence
- Engineering services
- Software, programming
- Pilot series, production support

Leading global customer service



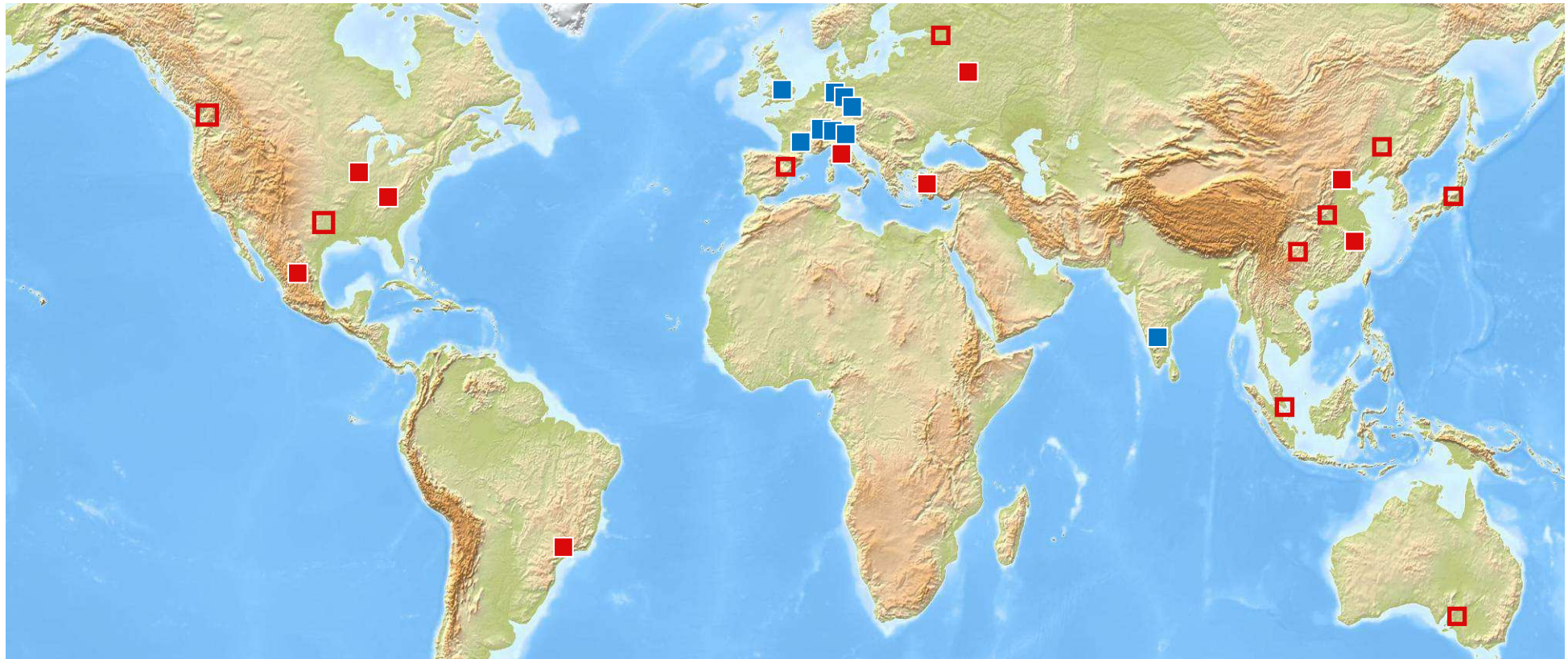
- Through life cycle support
- Multilingual service engineers
- Preventive maintenance programs
- Global spare parts availability

Target markets and product positioning


	Aerospace	Energy	Industrial	Transport
Share of 2010-2012 order intake	29 %	11 %	32 %	28 %
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


Global presence in sales, application and service support



- Manufacturing plant, Sales and service organization

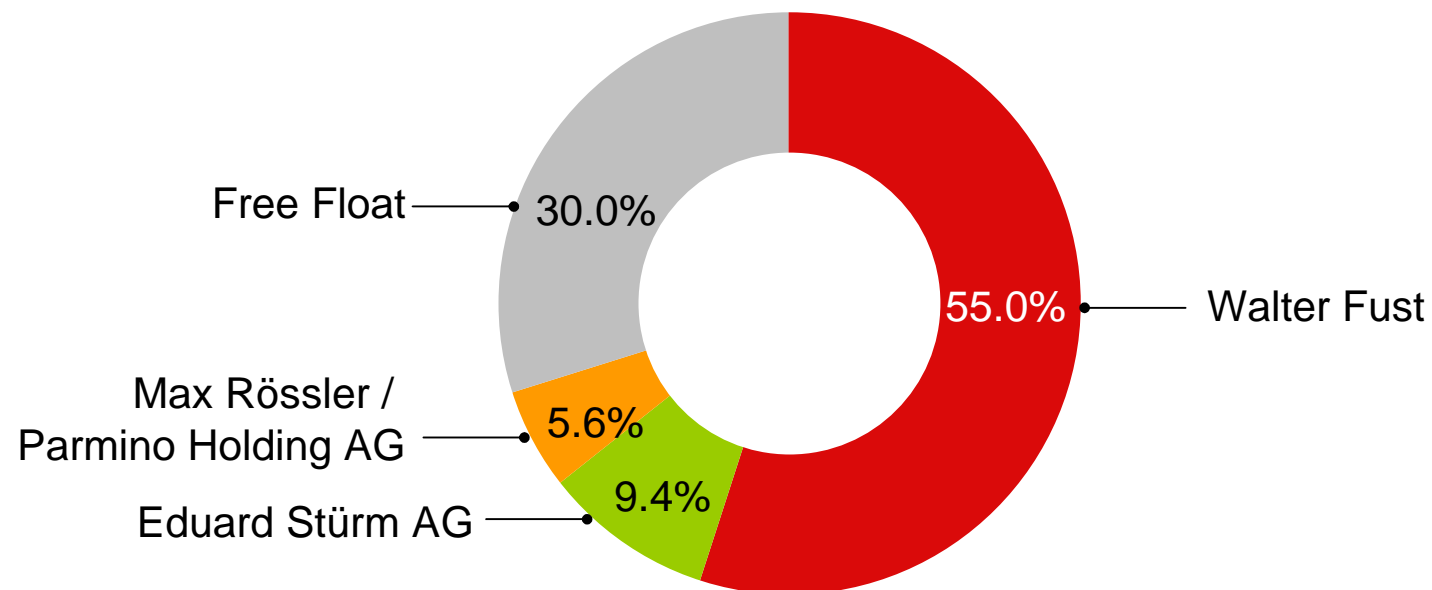

- Sales and service organization


- Service organization



Share details

- Market capitalization CHF 210 million as per 30 June 2013
- 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 (as of 31 December 2012)



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	TTL
Geneva	Mönchengladbach	Chemnitz	Bielefeld	Rorschach	St. Etienne	Sâles	Aylesbury
							
1862	1884	1885	1890	1897	1916	1973	1987
Scientific instruments	Textile machine components	Bicycle manufacturing	Machine tools	Textile machinery	Machine tools	Machine tools	Software/technology company
