

Ad hoc announcement pursuant to Art. 53 LR

StarragTornos Group's 2023 Annual Report:

StarragTornos Group records year-on-year increase in sales and leap in profits on a pro forma basis

- **Consolidated pro forma figures show a very pleasing performance**
- **EBIT²⁾ up 56.8%, net profit up 56.0%**
- **Excellent basis for significantly expanding market presence and customer segments**
- **Project organization set up to make optimum use of growth opportunities and synergy potential**

Rorschacherberg, March 15, 2024, 07:00 a.m.

Following the successful merger of Starrag and Tornos to form the StarragTornos Group in December 2023, the first joint annual figures – consolidated on a pro forma basis for the whole 2023 financial year – show a very pleasing performance. Compared to the pro forma figures for 2022, EBIT²⁾ increased by 56.8% from CHF 29.6 million to CHF 46.4 million, net profit by 56.0% from CHF 20.8 million to CHF 32.4 million, and net sales by 13.2% from CHF 499.0 million to CHF 564.7 million. The StarragTornos Group thus has an excellent basis for significantly expanding its market presence in the global metal-cutting machine tool industry and further expanding attractive customer segments.

Since the fusion between Starrag and Tornos was technically an absorption merger, the annual figures of Starrag are consolidated with the results of Tornos for the month of December 2023 in the Annual Financial Statements (12 months of Starrag Group plus 1 month of Tornos Group). To give a realistic picture of the overall development of the StarragTornos Group with the two divisions Starrag and Tornos, the Group also reported the pro forma figures for StarragTornos on an annual basis for 2023 and 2022 in its 2023 Annual Report (12 months of Starrag Group plus 12 months of Tornos Group). These show a significant increase in sales and a leap in profit.

In the 2023 financial year, StarragTornos achieved an order intake of CHF 528.7 million on a pro forma basis. This is 10.4% below the extraordinary high figure for 2022. However, the order backlog at the end of the year is still at a high level of CHF 340.8 million.

StarragTornos's order intake by target market in CHF million

	Group 2023	Group 2022	+/-%
Aerospace	83.8	71.5	+17%
MedTech & Dental	43.1	50.5	-15%
Luxury Goods	101.1	113.7	-11%
Energy	16.4	45.1	-64%
Transportation	52.0	48.6	+7%
Industrial	91.2	121.5	-25%
<i>Total Machines</i>	<i>387.6</i>	<i>450.9</i>	<i>-14%</i>
Service	141.1	139.0	+2%
Total	528.7	589.9	-10%

All figures on a pro forma basis

In the Aerospace target market, Starrag succeeded in once again increasing the very high order intake of 2022 in the reporting year. And the prospects in this target market remain promising: the latest edition of Airbus' Global Market Forecast (GMF) for the period 2023 – 2042 shows future traffic growth and demand for aircraft. Airbus forecasts that demand in passenger traffic will increase by 3.6% annually over the next 20 years. Air freight volumes are also expected to increase significantly. Demand for precision machine tools for workpieces made of metal, composite materials and ceramics will be correspondingly promising. Increased environmental regulations with regard to emissions and noise, the trend towards more economical engines and lighter structures as well as the use of new materials and technologies will also have a positive impact on demand in the Aerospace target market.

For Tornos, Industrial was the largest target market in 2023. It includes the Electronics market segment and the job shops, which themselves serve other Tornos target markets on a larger scale. The Industrial target market was followed by MedTech & Dental and Luxury Goods.

StarragTornos' order intake by region in CHF million

	Group 2023	Group 2022	+/-%
Europe	264.1	307.1	-14%
<i>Switzerland</i>	<i>94.2</i>	<i>118.7</i>	<i>-21%</i>
Americas	50.1	53.2	-6%
Asia	73.4	90.6	-19%
<i>Total Machines</i>	<i>387.6</i>	<i>450.9</i>	<i>-14%</i>
Service	141.1	139.0	+2%
Total	528.7	589.9	-10%

All figures on a pro forma basis

Starrag and Tornos are also a good fit in terms of geography. By merging, the Group has set a course for further growth in promising target markets. In Europe, StarragTornos is the fourth largest manufacturer of metal-cutting machine tools with a focus on turning and milling. The merger has also led to a significant improvement in its market position in North America and Asia. Thanks to the Group's global presence – also in the USA and India, for example – StarragTornos is ideally equipped for de-globalization and reshoring trends in the various target markets.

Net sales up 13.2%

Compared to 2022, net sales increased by 13.2% to CHF 564.7 million on a pro forma basis (plus 9.8% adjusted for currency effects).

Net sales (machines and service) in CHF million

	Group 2023	Group 2022	+/-%
Machines	428.4	371.3	+15%
Service	136.3	127.7	+7%
Total	564.7	499.0	+13%

All figures on a pro forma basis

Service business continues to grow

Starrag's and Tornos' service business continued to perform well in 2023, with sales in this area rising by 6.8% compared with 2022 on a pro forma basis. This business now accounts for 24.1% of total net sales at StarragTornos.

Starrag has further expanded its product range with predictive and preventive service solutions, ranging from the automated Remote Fingerprint to the all-inclusive ServicePLUS. With its automated Remote Fingerprint, Starrag machines can be examined remotely during operation and the smallest performance variances can be detected predictively. In total, its proactive service products contribute more than 10% to Starrag's service business.

The DECO 10 Plus offer, whereby Tornos customers could have their older DECO 10 machines upgraded to the latest technology, made a major contribution to the favorable development of the service business. Tornos also buys older systems back and – after fully reconditioning them – puts them back on the market in the spirit of a circular economy.

Significant improvement in profitability

The StarragTornos Group achieved a significant improvement in profitability compared to the previous year. On the basis of pro forma figures, StarragTornos increased EBIT²⁾ by an impressive 56.8% to CHF 46.4 million and net profit by 56.0% from CHF 20.8 million to CHF 32.4 million. This already includes the merger costs of CHF 1.7 million. The EBIT margin rose from 5.9% to 8.2%. The Starrag division made the largest contribution to this improvement. Starrag's profitability development is due on the one hand to the structural cost reductions implemented up to 2021 and the associated lower cost base. On the other hand, Starrag was able to process the high order backlog efficiently and profitably throughout the year.

Solidly financed

At 57.8%, the StarragTornos Group's equity ratio is at a very high level. Net liquidity was CHF 19.8 million at the end of 2023. Free cash flow²⁾ amounted to CHF 28.2 million, and investments in fixed assets to CHF 10.1 million, whereas investments in research and development amounted to CHF 29.2 million or 7.1% of net sales.

Share price and dividend

The year-end price of the StarragTornos share on December 31, 2023, was CHF 49.60. With a weighted average net profit per share of CHF 7.21, the P/E ratio is 6.88. There is thus great potential for a positive share price performance. At the General Meeting on April 20, 2024, the Board of Directors will propose to the shareholders a dividend of CHF 2.50 per share, which corresponds to a payout ratio of 34.7%.

Number of employees

At the end of the reporting year, StarragTornos Group employed 1,974 people (full-time equivalent). The average number of apprentices and interns during the year was 121.

Sustainability

In recent weeks, the Group has integrated the existing sustainability programs of Starrag and Tornos into a joint program called "Growing sustainable". This is the beginning of a holistic approach to StarragTornos' environmental, social and governance initiatives. It provides a fundamental framework for further development and effective activities. Detailed information can be found in the StarragTornos Sustainability Report, which is an integral part of the 2023 Annual Report (pages 46 to 81).

Limited currency impact

The StarragTornos Group is less affected by currency fluctuations than the Swiss industry average, as the majority of production and costs are incurred in the euro zone. This natural hedge stabilizes the Group's currency fluctuations. In order to further reduce the economic currency risk and thus maintain the competitiveness of the Swiss plants, the StarragTornos Group is focusing on continuous productivity increases and cost reductions at the Swiss sites in order to counteract the pressure of the fundamentally strong Swiss franc.

Positive outlook 2024

In view of the good order backlog and the promising prospects offered by the merger between Starrag and Tornos, StarragTornos is very well positioned for 2024. However, it is difficult to make specific forecasts due to the fact that global economic developments remain unpredictable. The ongoing war in Ukraine and the numerous political and social conflicts and unrest in other regions bring with them many uncertainties. This also includes inflationary and recessionary trends in various sales regions. However, the successful merger to form the StarragTornos Group offers the opportunity to significantly increase market presence worldwide and further expand attractive customer segments.

StarragTornos has set up a project organization to make optimum use of growth opportunities and efficiently realize synergy potential. A number of project teams with members from both divisions are working on defined projects in the areas of Procurement, Service, Innovation, Footprint Optimization at Production Sites, and Sales & Marketing.

Board of Directors

At the Annual General Meeting of StarragTornos Group AG, the two members of the Board of Directors François Frôté and Michel Rollier will not be standing for a further term of office. Both were members of the Board of Directors of Tornos Holding AG from 2002 to 2023, François Frôté as Chairman from the beginning. The Executive Board and the Board of Directors of StarragTornos Group AG would like to thank François Frôté and Michel Rollier for their many years of great commitment. They have played a key role in shaping the development of the Tornos Group in recent years and last year also contributed significantly to the successful merger of Starrag and Tornos to form the StarragTornos Group. François Frôté and Michel Rollier will not be replaced on the Board of Directors of StarragTornos Group AG. As proposed by the Board of Directors, the Board will consist of six members from the Annual General Meeting on April 20, 2024.

**Key figures of the StarragTornos Group for the 2023 and 2022 financial year
(pro forma and according to the Annual Financial Statements)**

(CHF 1,000) ¹	Pro forma ⁴⁾			Annual Financial Statements ⁵⁾		
	2023	2022	Change (%)	2023	2022	Change (%)
Order intake ²⁾	528 700	589 900	-10.4%	392 185	395 802	-0.9%
Net sales	564 693	499 000	13.2%	409 000	317 592	28.8%
EBITDA ²⁾	56 912	41 500	37.1%	43 491	26 291	65.4%
<i>as % of net sales</i>	10.1%	8.3%		10.6%	8.3%	
EBIT ²⁾	46 410	29 600	56.8%	35 686	18 563	92.2%
<i>as % of net sales</i>	8.2%	5.9%		8.7%	5.8%	
Net profit	32 439	20 800	56.0%	25 176	11 114	126.5%
<i>as % of net sales</i>	5.7%	4.2%		6.2%	3.5%	
Cash flow from operating activities	n/a	n/a	n/a	22 439	12 316	82.2%
Cash flow from investing activities	n/a	n/a	n/a	5 755	-5 944	n/a
Free cash flow ²⁾	n/a	n/a	n/a	28 194	6 372	342.5%
	31.12.2023	31.12.2022		31.12.2023	31.12.2022	
Order backlog ²⁾	340 792	395 346	-13.8%	340 792	326 953	4.2%
Net liquidity	n/a	n/a	n/a	19 831	20 108	-1.4%
Total equity	n/a	n/a	n/a	316 310	172 480	83.4%
<i>as % of balance sheet</i>	n/a	n/a	n/a	57.8%	50.8%	
Total balance sheet	n/a	n/a	n/a	547 186	339 458	61.2%
Employees (full-time equivalents) ³⁾	n/a	n/a	n/a	1 974	1 280	54.2%

1) Where not otherwise specified

2) Non-GAAP financial measure, see StarragTornos Annual Report 2023, page 125:
<https://starragtornos.com/en/publications/annual-reports>

3) Excluding apprentices and interns

4) Pro forma consolidated key figures, representing 12 months of Starrag Group and Tornos Group

5) 2023 consolidated financial key figures, representing 12 months of Starrag Group, 1 month of Tornos Group

6) 2022 financial key figures, representing 12 months of Starrag Group

Investor Relations and media contact

Stéphane Pittet, Chief Financial Officer, phone: +41 79 387 17 77, pittet.s@starragtornos.com

Next publication dates

March 15, 2024	Media and Analysts Conference in Zurich (10:00 a.m.)
April 20, 2024	Annual General Meeting in Rorschacherberg
July 25, 2024	Publication of Half-year Report 2024

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www.starragtornos.com

Further information on StarragTornos Group can be found at www.starragtornos.com.

Company profile

StarragTornos Group is one of the world's leading suppliers in the machine tool industry. In its two divisions Starrag and Tornos the Group develops, manufactures, and distributes precision machine tools for milling, turning, boring, grinding and complete machining of workpieces made of metal, composite materials, and ceramics. StarragTornos' customers include leading companies in the medical and dental technology, luxury goods, aerospace, energy, and transportation industries. In addition to its machine tool portfolio, StarragTornos Group offers comprehensive technology and after-sales services. StarragTornos Group employs a total of around 2,000 people. The Group's headquarters are located in Rorschacherberg (Switzerland). StarragTornos Group operates sales and service, production and development sites in Switzerland, Germany, France, Italy, Spain, Poland, the UK, the USA, Mexico, Brazil, China, Thailand, the Taiwan region, and India. The Group also has sales and service companies in all major customers' countries. StarragTornos Group AG is listed on SIX Swiss Exchange (ticker symbol STGN, security number 236106, ISIN CH0002361068).

In addition to historical information, this ad hoc announcement pursuant to Art. 53 LR contains forward-looking statements that involve risks and uncertainties.