

Financial Year 2023

Media and Analysts' Conference

Shaping the future of the global metal-cutting machine tool industry

Media and Analysts' Conference

Speakers



Michael Hauser
CEO



Stéphane Pittet
CFO

Agenda

01 Successful Merger

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Successful Merger



Michael Hauser
CEO



Stéphane Pittet
CFO

Successful Merger

Successful Merger StarragTornos



Merger approved by an overwhelming majority of shareholders at the end of November 2023.



Together we want to shape the future of the global metal-cutting machine tool industry.

Successful Merger

Leading supplier in the global machine tool industry



Merger from a position of strength

Starrag und Tornos are joining forces as manufacturers of precision machine tools to create sustainable stakeholder value



Promising growth opportunities

Long-term profitable growth thanks to enhanced technological competence and innovative power, focus on growth markets and new customer applications (e.g. in MedTech), efficient use of strong global presence (e.g. in Asia), expansion of services business



Added value thanks to synergy effects

Improved profitability through optimization of the shared value-adding chain (combined procurement, production networks, strong joint service organization)

Reporting

Pro forma vs. official annual financial statement



Absorption merger

→ Annual Figures of Starrag are consolidated with the results of Tornos for the month of December 2023

12 months of Starrag Group plus 1 month of Tornos Group

Realistic picture

→ Pro forma figures for StarragTornos on an annual basis for 2023 and 2022

12 months of Starrag Group plus 12 months of Tornos Group



Business Development

Business Development

Key figures at a glance

(CHF million)	Pro forma ²⁾			Annual Financial Statements ³⁾		Annual Financial Statements ⁴⁾	
	2023	2022	Change (%)	2023	2022	Change (%)	
Order intake ¹⁾	528.7	589.9	-10.4%	392.2	395.8	-0.9%	
Net sales	564.7	499.0	13.2%	409.0	317.6	28.8%	
EBIT ¹⁾	46.4	29.6	56.8%	35.7	18.6	92.2%	
Net profit	32.4	20.8	56.0%	25.2	11.1	126.5%	
Order backlog ¹⁾	340.8	395.3	-13.8%	340.8	327.0	4.2%	

1. Non-GAAP financial measure, see page 125 in the 2023 Annual Report of the StarragTornos Group
2. Pro forma consolidated key figures, representing 12 months of Starrag Group and Tornos Group
3. 2023 consolidated financial key figures, representing 12 months of Starrag Group, 1 month of Tornos Group
4. 2022 financial key figures, representing 12 months of Starrag Group

Business Development

Order intake by target markets

	Group 2023	Group 2022	+/-%
Aerospace	83.8	71.5	+17%
Med Tech & 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%
Total Machines	387.6	450.9	-14%
Service	141.1	139.0	+2%
Total	528.7	589.9	-10%

Pro forma figures in CHF million (non-audited)

Business Development

Order intake by region

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

Pro forma figures in CHF million (non-audited)

Business Development

Net sales (machines and service)

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

Financial Report

Financial Report



Michael Hauser
CEO



Stéphane Pittet
CFO

Financial Report

Pro forma vs. financial results

Profit & loss

Pro forma
Real aggregated performance (non audited)

FY Starrag
FY Tornos

Accounting standards
Financial results (audited)

FY Starrag
1 Month Tornos (December 2023 only)

Balance sheet

Picture per 31.12.2023 (audited)

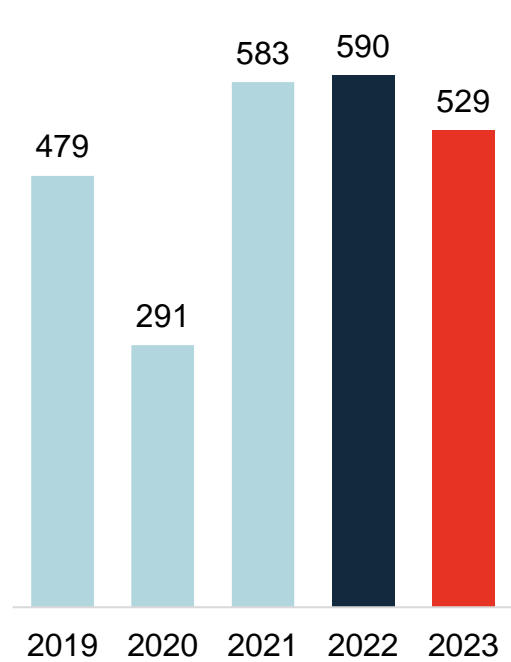
Cash flow

Financial view (audited)

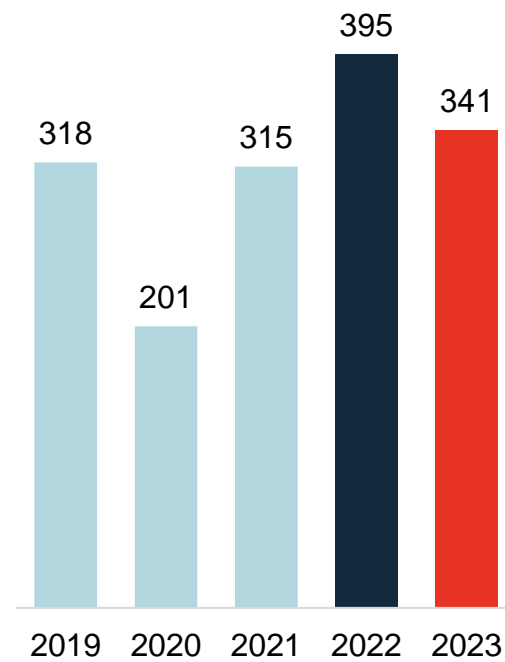
Financial Report

At a glance – 5-year comparison

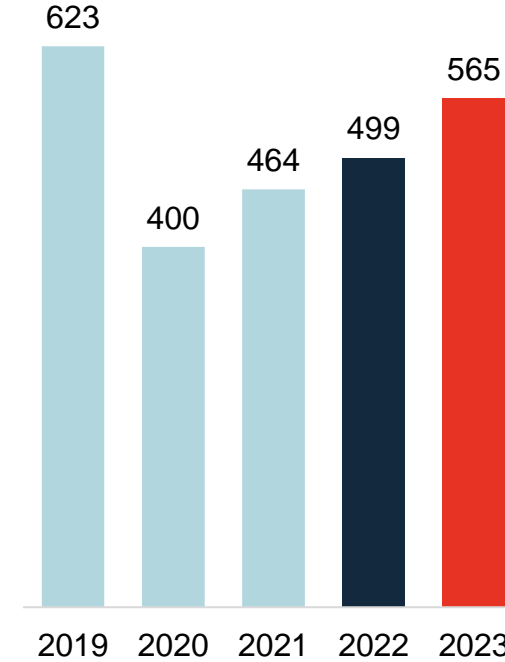
Order intake



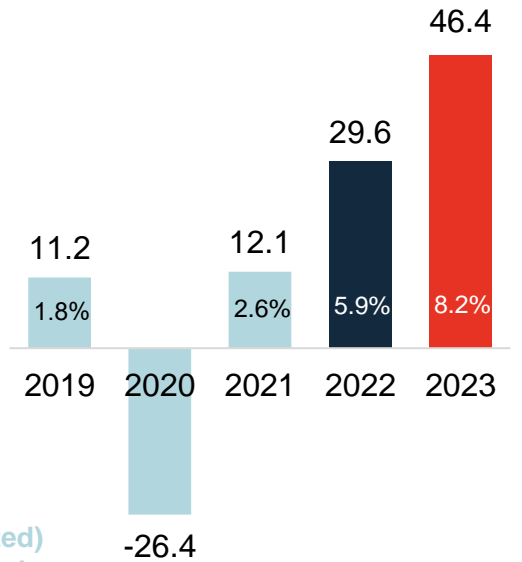
Order backlog



Net sales



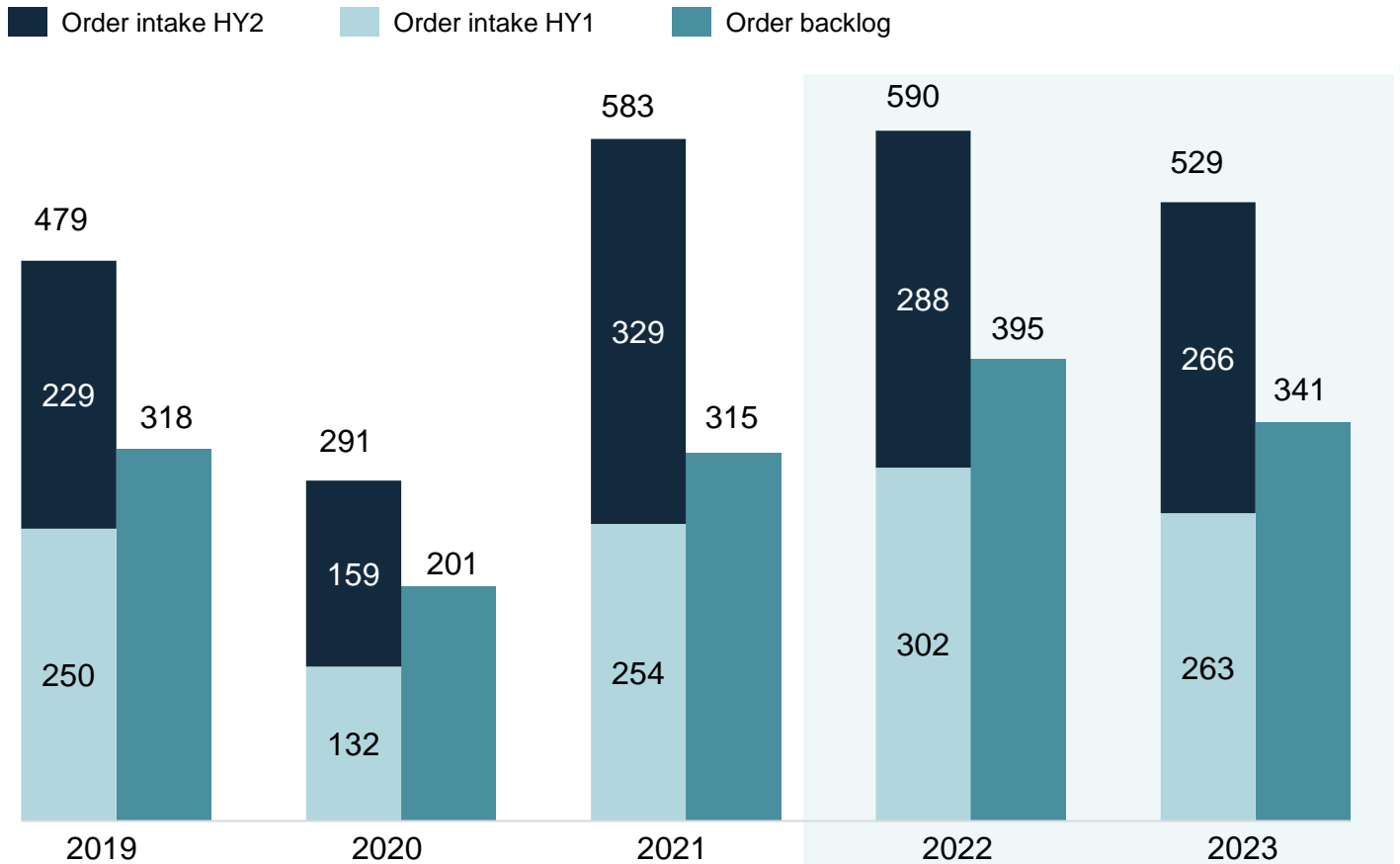
EBIT



Pro forma figures in CHF million (non-audited)
% = EBIT margin

Financial Report

Order backlog ensures capacity utilization



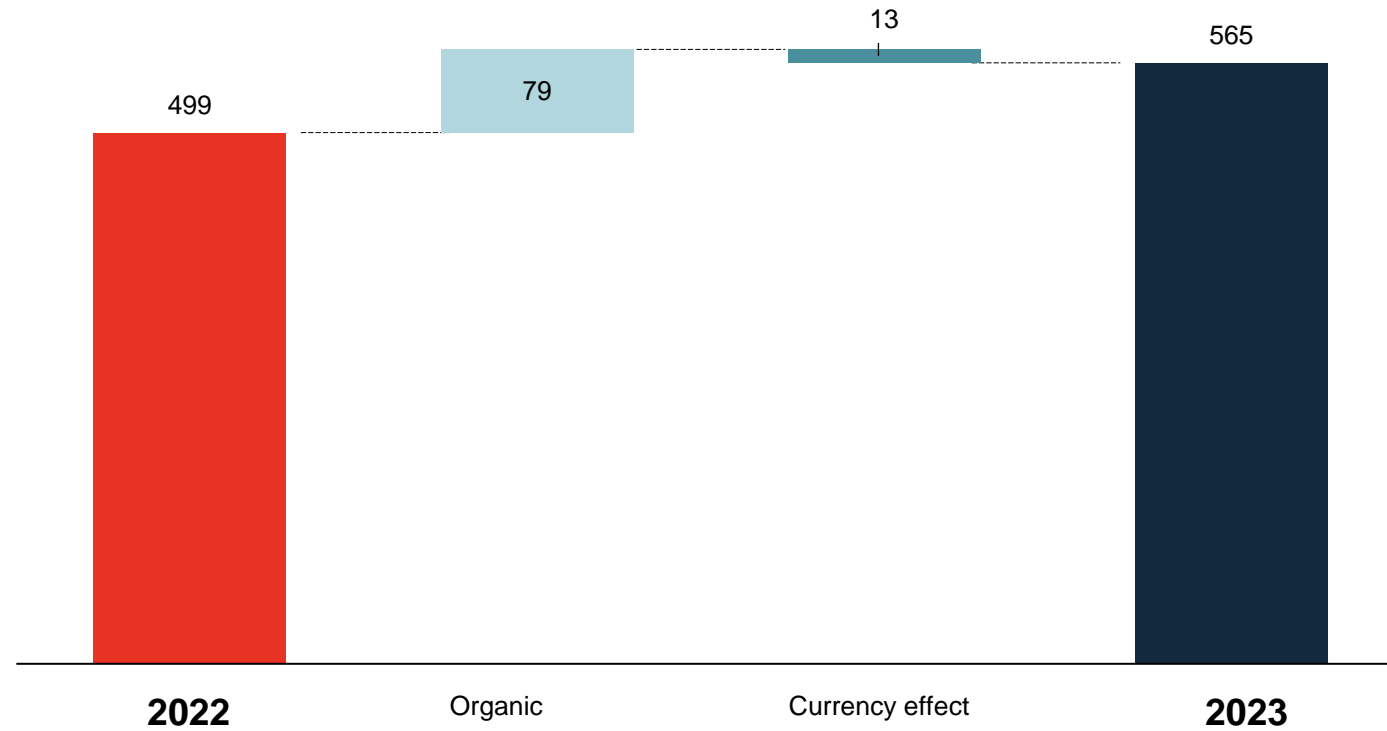
- **Order intake 2023:** Contraction but good resistance considered the economical context
- **Order backlog:** Capacity utilization secured with a strong backlog at the beginning of the year

Pro forma figures in CHF million (non-audited)

Financial Report

Leap in sales in 2023 +13.1%, foreign currency adjusted +15.8%

Net sales +13.1%

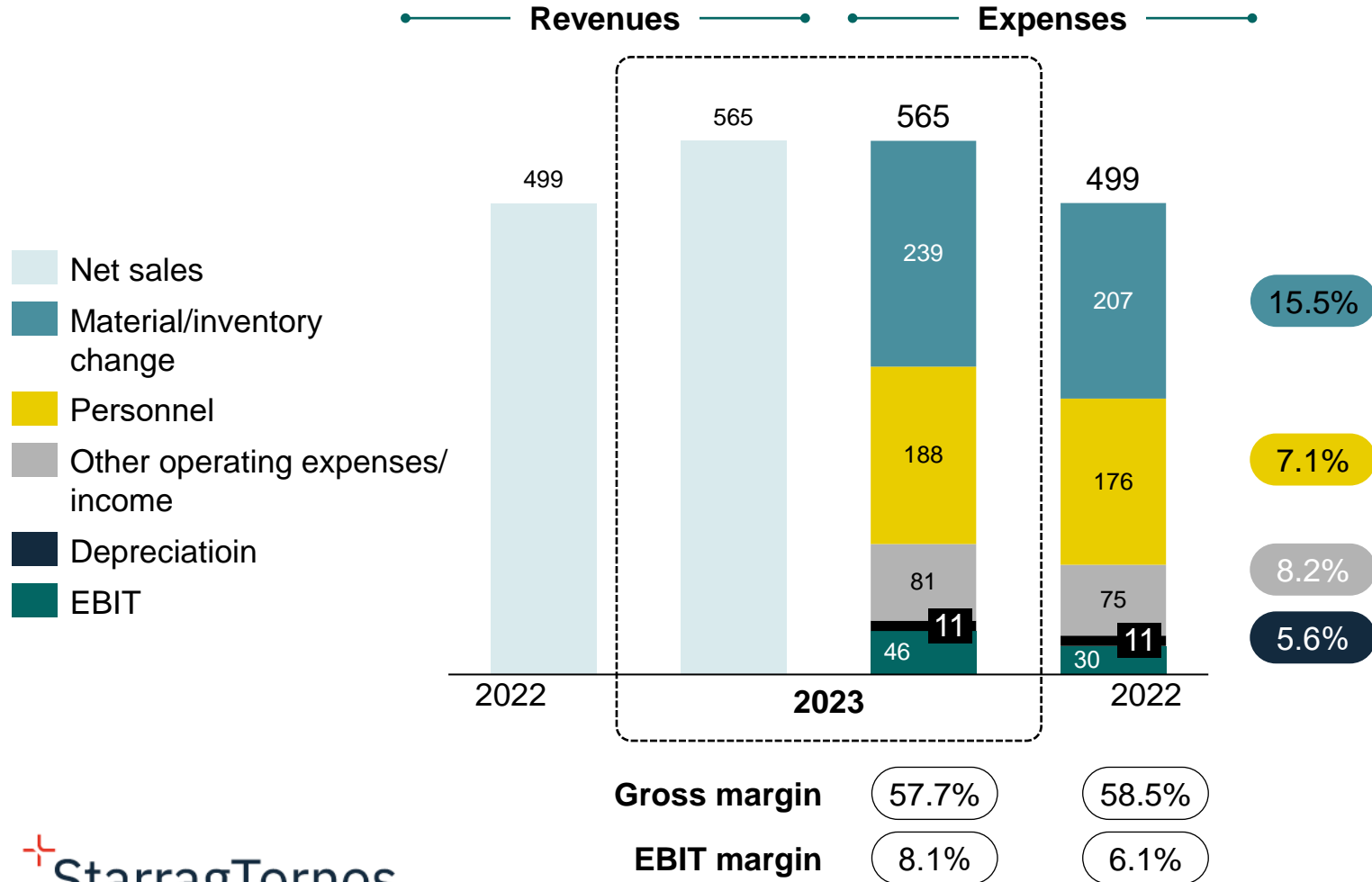


Material effect from currency fluctuations

- Limited impact

Pro forma figures in CHF million (non-audited)

Financial Report Income statement



- Significant increase in sales and operating result. Target of EBIT margin of **8%** exceeded.
- Increase by **13.2%** in sales and by **56.8%** in EBIT

Pro forma figures in CHF million (non-audited)

Financial Report

Key figures at a glance

(CHF million)	Pro forma ²⁾ (non audited)	Pro forma ²⁾ (non audited)	Annual Financial Statements ³⁾ (audited)	Annual Financial Statements ⁴⁾ (audited)
	2023	2022	2023	2022
Order intake ¹⁾	528.7	589.9	392.2	395.8
Net sales	564.7	499.0	409.0	317.6
EBITDA ¹⁾	56.9	41.5	43.5	26.3
EBIT ¹⁾	46.4	29.6	35.7	18.6
Net profit	32.4	20.8	25.2	11.1

- Good resistance in the order entry
- Increase of performance in sales thanks to a better production output
- Profitability massively improved

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Pro forma figures (non-audited)

Financial Report

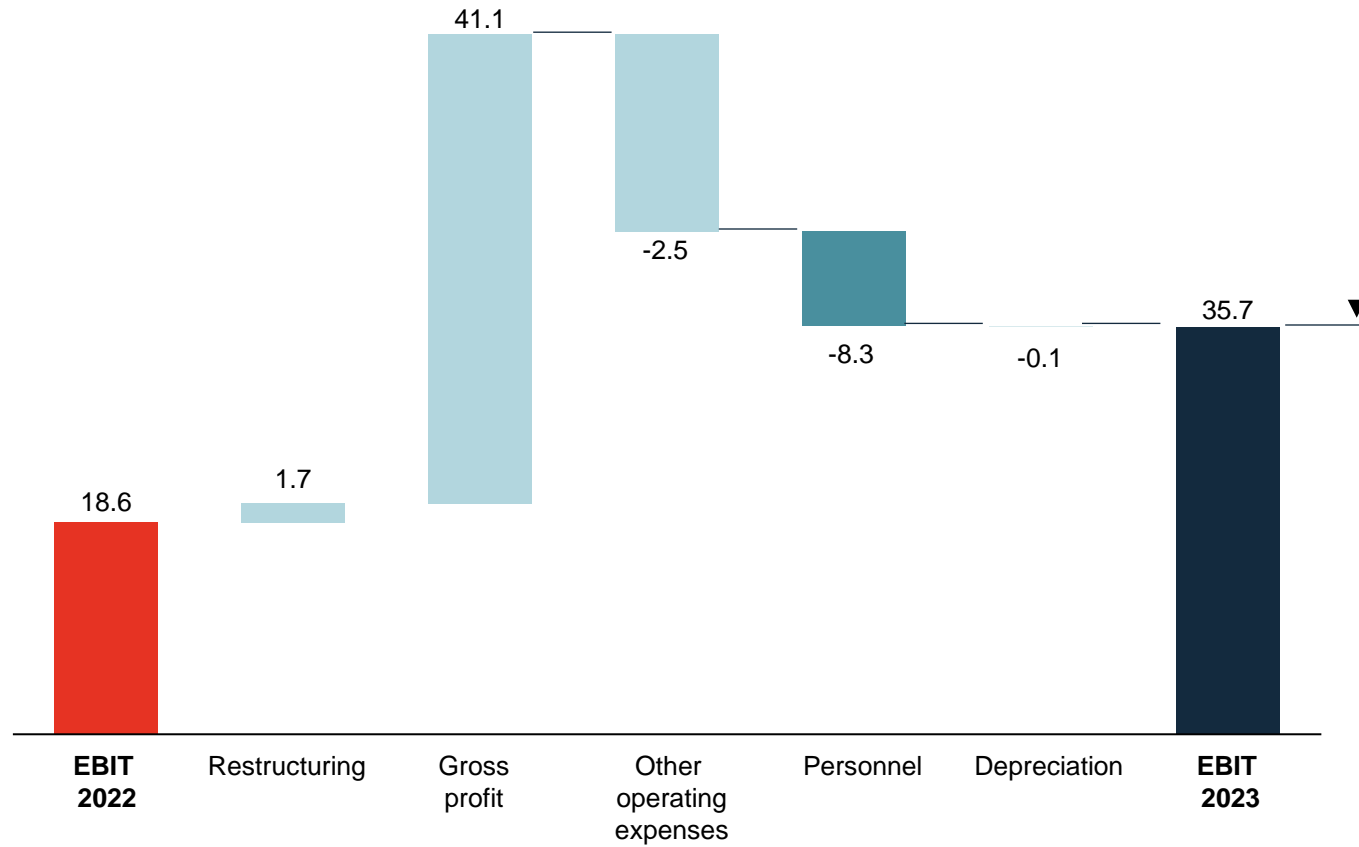
Financial result

(CHF million)	2023	2022
Operating result EBIT	35.7	18.6
Interest expense, net	-1.4	-0.3
Other financial result	-2.7	-0.2
Financial result, net	-4.1	-0.5
Profit before taxes	31.6	18.1
Income tax expenses	-6.4	-7.0
Net profit	25.2	11.1
Earnings per share in CHF	7.21	3.31

- Balance sheets positions in foreign currencies have impacted our financial results
- Still potential savings with carry forward losses in various group entities
- Massive improvement of the earning per share

Financial Report

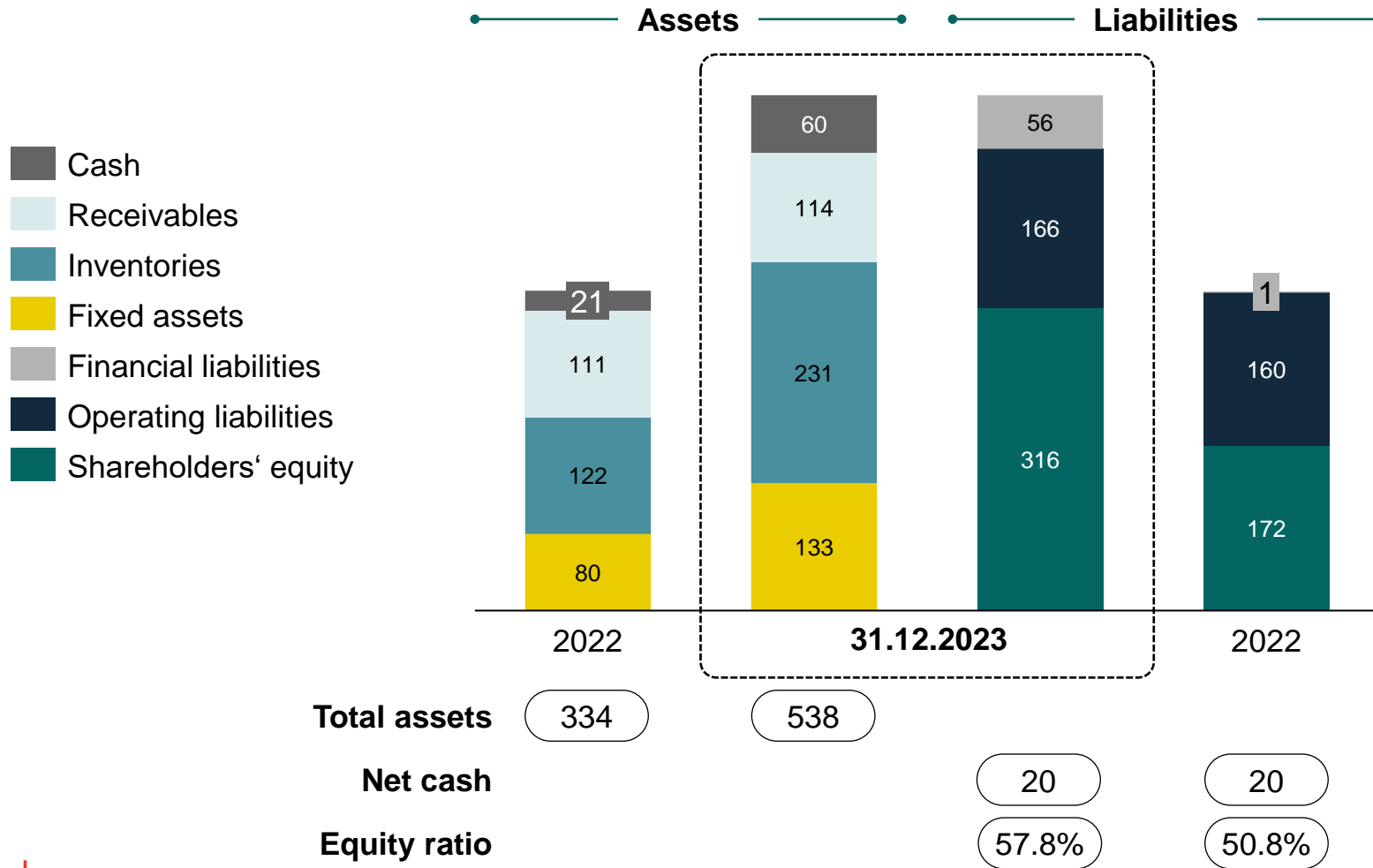
EBIT Bridge



- EBIT almost doubled in 2023 thanks to the increase in production output and limited increase in indirect costs

Financial Report

Balance sheet: Strong financial base

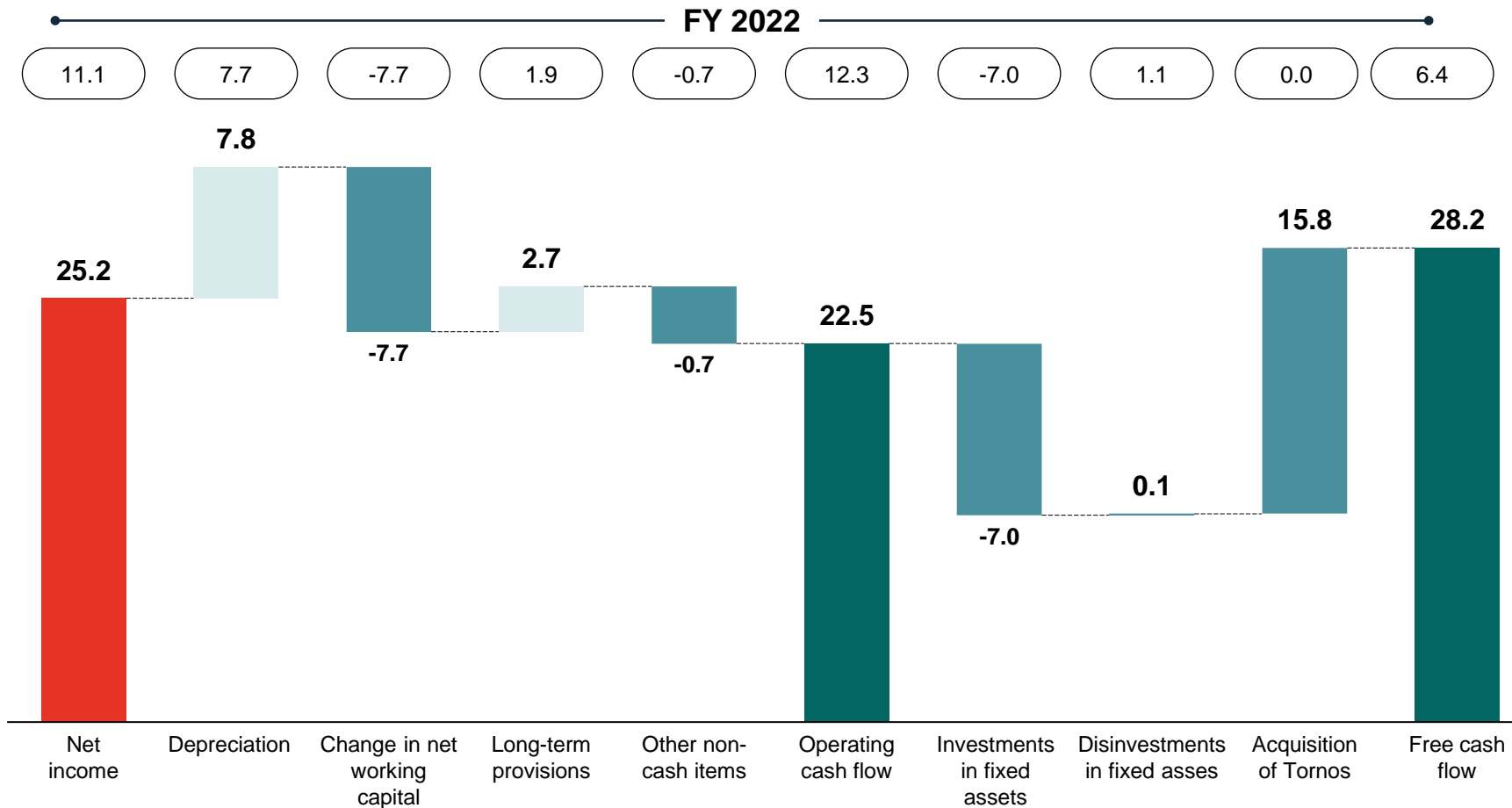


- Solid equity ratio of 58.7%
- Net liquidity of CHF 20 million
- Increase in total assets mainly due to the merge with Tornos Holding Ltd. on December 7, 2023
- Current high inventories:
 - Opportunities for short term sales
 - Potential for strengthening further the cash situation

Financial in CHF million result (audited)

Financial Report

Intact free cash flow



- Figures strongly influenced by the merge transaction
- Still a healthy cash flow, despite increase in working capital

Financial result in CHF million (audited)

Financial Report

Market capitalization ~ CHF 260 million

Equity according to balance sheet	CHF 316.3 million
Market value according to merger fairness opinion	CHF 568 million
Net profit (pro forma) Percentage of the market capitalization	CHF 32.4 million 12.3%
Dividend payout Percentage of the market capitalization	CHF 13.7 million 5.6%
Insurance value Land and real estate Machinery and equipment	CHF 287 million CHF 113 million
Average trading value (last 3 m.) Free float at current price	2000 units/day (~ CHF 100'000) CHF 110 million

Share value in no relation with our performance and our size

StarragTornos is a great opportunity for Investors!

Sustainability



Michael Hauser
CEO



Stéphane Pittet
CFO



Sustainability

Sustainability ESG Strategy



Environment

Reduce greenhouse gases and waste, reduce fossil energy consumption, promote renewable energies



Products

Improve energy efficiency of products. Ecological design and circular economy



People

Valuing employees, promoting talent, preventing discrimination, fostering long-term relationships



Ethics and Governance

Maintain corporate values, enforce compliance, minimize risks, ensure data protection and cybersecurity

The ESG Strategy of StarragTornos is based on the **Global Reporting Initiative (GRI)**, the **Task Force on Climate-related Disclosures (TCFD)** and the **Sustainable Development Goals (SDGs)** of the United Nations.



Stories

Innovation and precision:
at the heart of industry, from aeronautics to
fine watchmaking and ultrasonic surgery

Stories

Innovation and precision:
at the heart of industry,
from aeronautics to fine
watchmaking and
ultrasonic surgery



Benchmark in the aircraft industry

A highly dynamic duo



Client: Premium AEROTEC's Varel plant, north Germany



Project: Highly complex machining components made of aluminum and titanium



Manufacturing system: Starrag ECOSPEED F 2040, consisting of two linked machining centers

ECOSPEED F 2040

- Reduction of machining time: Unique drive concept due to parallel kinematic machining head Sprint Z3
- Higher process reliability and long-term stability: No manual rework required due to high machining quality and outstanding surface quality
- Increased productivity: Rapid cutting of workpieces through full 5-axis machining and excellent acceleration in all axes

High-power ultrasound for dentistry and surgery

The specialist in high-power ultrasound



Client: ACTEON



Project: ultrasonic dental and surgical equipment



Manufacturing system: EvoDECO 16,
EvoDECO 10, DECO 10, DECO 13.



EvoDECO

- Unique productivity thanks to 4 independent tool systems
- Motor power
- Flexibility enabling the production of the most complex workpieces thanks to the modular tool system
- B axis (EvoDECO 16)

DECO

- Complete product range, with no fewer than 3 machines available in a diameter of 36 mm
- All equipped with 3 independent tool systems
- Exceptional operating flexibility and user-friendly

Small, sophisticated, exclusive And playing a starring role



Client: Niru Diamonds Israel, Tel Aviv (Niru Swiss)



Project: Jewelry and watchmaking



Manufacturing system: Bumotec s191V

Bumotec s191V

- Cycle time reduction: Complete complex parts in one set-up from a blank or a short bar
- Wider market opportunities: Machining of hard material such as tough ceramic
- A small footprint multi-tasks machining center: A wide range of processes and multiple machine configurations (fixed machining table, axis rotation with multiple clamping systems, ...)



Strategy

Strategy

Cornerstones of the StarragTornos strategy

Customer and market-oriented innovation

We create added value for our customers:

- Expertise in entire machining systems – from software development to application and system integration through to after-sales service
- World leading technologies and solutions
- “Rooted in Switzerland”
- Customer and market-oriented innovations
- Systematic modularization of products for new market segments

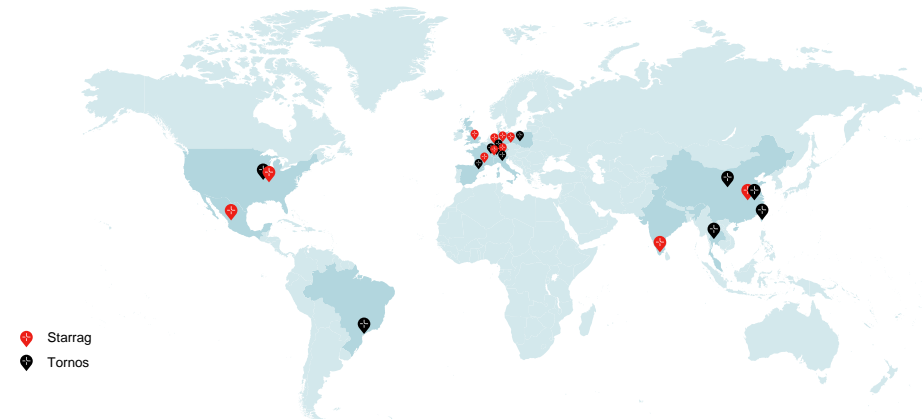
Worldwide geographical presence

- Sales and service, production, and research and development centres

Americas: USA, Mexico, Brazil

Europe: Switzerland, France, Italy, Germany, Spain, Poland, UK

Asia: China, Thailand, Taiwan region, India



- Short and direct communication channels
- Quick responses
- Fast and efficient supply of parts

Strategy

Cornerstones of the StarragTornos strategy

Comprehensive Services



Strong focus on services – in line with sustainability requirements and the circular economy


Operational Excellence

Strengthening of position through the targeted use of operational synergies



Strategy

Target markets

Target markets	 Aerospace	 MedTech & Dental	 Luxury Goods	 Energy	 Transport	 Industrial
Growth drivers	<ul style="list-style-type: none"> • Globalization and desire for mobility • Increasing environmental demands • Satellite technology • Space travel • Defense 	<ul style="list-style-type: none"> • Demographic change • Technical progress • Leisure sports accidents • Cost pressure 	<ul style="list-style-type: none"> • Rising incomes and the pursuit of wealth • Financial investments 	<ul style="list-style-type: none"> • Substitution of fossil energy • Growing global energy demand • Compliance with international standards 	<ul style="list-style-type: none"> • Increasing demand for food • Changing customer preferences 	<ul style="list-style-type: none"> • Increasing urbanization • Stricter environmental regulations • Increasing miniaturization and more complex workpieces
Sectors (examples)	<ul style="list-style-type: none"> • Civil and military OEMs • Suppliers to the aircraft industry 	<ul style="list-style-type: none"> • Orthopedics • Dental industry • Medical instruments 	<ul style="list-style-type: none"> • Watchmaking industry • Luxury goods 	<ul style="list-style-type: none"> • Wind turbines • Steam and gas turbines • Oil & gas 	<ul style="list-style-type: none"> • Construction and agricultural machinery • Truck & Bus 	<ul style="list-style-type: none"> • Large machine parts • Job Shops • Locking and connector industries • Hydraulics & Penumatics industries

Strategy

Brand strategy and product ranges

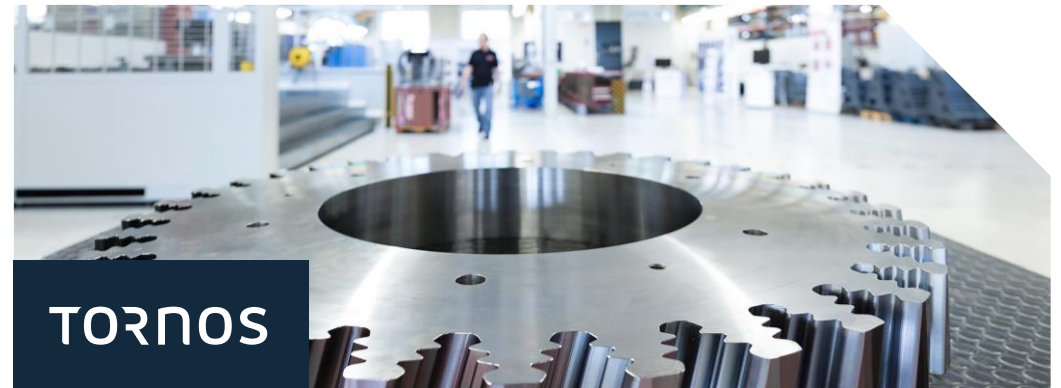


Tornos' product ranges

- Swiss-type automatic lathes (SwissDeco, EvoDeco, Swiss XT, Swiss GT, Swiss DT, SwissNano)
- Multispindle machines (MultiSwiss)
- Milling systems (BA)

Starrag's product ranges

- Berthiez
- Bumotec
- Dörries
- Droop+Rein
- ECOSPEED
- Heckert
- Scharmann/Ecoforce
- SIP
- Starrag
- TTL





Outlook

Outlook

Promising opportunities

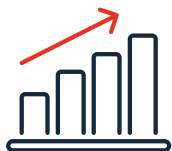
New opportunities thanks to merger:

- Possibility to significantly increase global market presence
- Further expansion of attractive customer segments
- New fields of activity and markets thanks to worldwide scalability of our expertise

In the medium term, we are aiming for an annual increase in sales of 5% and an EBIT margin of over 8%.



Investment Case StarragTornos Group



Targeted annual increase in sales of
5%



Targeted EBIT margin of over
8%



Attractive dividend with a payout ratio of
35-50%



P/E ratio of
6.9
offers great potential for positive share price performance

Disclaimer

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for your attention