

Ad hoc announcement pursuant to Art. 53 LR

StarragTornos Group records pleasingly stable order intake and temporary decline in sales and EBIT

- **Marked increase in order intake in the Aerospace target market**
- **Promising product launches in both divisions**
- **Successful opening of the new production plant in the Taiwan region**
- **Synergy program on track**

Rorschacherberg, July 25, 2024, 07:00 a.m.

In the first half of 2024, a mixed picture emerged for the StarragTornos Group. Due to the economic developments in important markets, particularly Transportation and Luxury Goods, the StarragTornos Group's net sales and EBIT in the first half of 2024 were lower than the pro forma figures for the first half of 2023 (i.e. compared to the cumulative half-year figures for Starrag and Tornos in 2023). In other markets, however, the Group continued to grow. Overall, order intake for the first half of 2024 was similar to 2023 on a pro forma basis.

The Group achieved an order intake²⁾ of CHF 255.5 million in the first half of 2024 (pro forma first half of 2023: CHF 263.1 million, -2.9%) and net sales of CHF 254.9 million (pro forma first half of 2023: CHF 295.6 million, -13.8%). As a result, the book-to-bill ratio improved from 0.89 to 1.00. The order backlog²⁾ of CHF 350.1 million (end of June 2024) was above the year-end figure for 2023 (CHF 340.8 million, +2.7%).

Order intake²⁾ by target market in CHF million

In the first half of 2024, order intake²⁾ by target market was as follows:

| | 1.1.-30.6.2024 | 1.1.-30.6.2023* | +/-% |
|-----------------------|----------------|-----------------|--------------|
| Aerospace | 41.2 | 24.7 | +66.8% |
| MedTech & Dental | 18.2 | 24.9 | -26.9% |
| Luxury Goods | 41.0 | 64.5 | -36.4% |
| Energy | 11.5 | 3.5 | +228.6% |
| Transportation | 18.7 | 30.2 | -38.1% |
| Industrial | 55.6 | 47.7 | +16.6% |
| Total machines | 186.2 | 195.5 | -4.8% |
| Service | 69.3 | 67.6 | +2.5% |
| Total | 255.5 | 263.1 | -2.9% |

* On a pro forma basis

In the *Aerospace* target market, StarragTornos saw a strong rise in large orders for commercial aircraft applications and a massive increase in its order intake²⁾ compared to the pro forma

figures for the first six months of 2023. The prospects in this target market remain promising: Market studies predict future traffic growth and demand for aircraft over the next two decades. 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. In the *Energy* target market, StarragTornos also recorded a marked increase in order intake.

The *Transportation* target market, which includes the Agriculture, Passenger Cars & Motorcycles, Truck & Bus, and Railway & Marines segments, tends to be very sensitive to economic fluctuations. Accordingly, demand in this segment fell significantly in the first half of 2024. The *MedTech & Dental* and *Luxury Goods* target markets were also affected by the economic downturn. Both experienced a considerable temporary drop in demand in the first half of 2024.

Industrial was the largest target market for StarragTornos in the first half of 2024, with a 16.6% increase in order intake²⁾ compared to the pro forma figures for the first half of 2023. It includes the Electronics market segment and the job shops, which in turn serve other StarragTornos target markets to a greater extent.

Order intake²⁾ by region in CHF million

| | 1.1.-30.6.2024 | 1.1.-30.6.2023* | +/-% |
|-----------------------|----------------|-----------------|--------------|
| Europe | 128.3 | 135.5 | -5.3% |
| <i>Switzerland</i> | 32.0 | 55.9 | -42.8% |
| Americas | 27.6 | 20.2 | +36.6% |
| Asia | 30.3 | 39.8 | -23.9% |
| Total machines | 186.2 | 195.5 | -4.8% |
| Service | 69.3 | 67.6 | +2.5% |
| Total | 255.5 | 263.1 | -2.9% |

* On a pro forma basis

In Europe, StarragTornos is the fourth largest manufacturer of metal-cutting machine tools with a focus on turning and milling. This region remains by far the most important sales market for the StarragTornos Group, although the Group has suffered a substantial temporary drop in demand here, particularly in Switzerland. Thanks to the Group's global presence—also in the USA and India, for example—StarragTornos is ideally equipped for the de-globalization and reshoring trends in the various target markets.

Net sales (machines and service) in CHF million

| | 1.1.-30.6.2024 | 1.1.-30.6.2023* | +/-% |
|--------------|----------------|-----------------|---------------|
| Machines | 191.5 | 229.2 | -16.4% |
| Service | 63.4 | 66.4 | -4.5% |
| Total | 254.9 | 295.6 | -13.8% |

* On a pro forma basis

The Starrag division contributed CHF 187.1 million to net sales (Starrag Group, first half of 2023: CHF 199.9 million), the Tornos division CHF 67.8 million (Tornos Group, first half of 2023: CHF 95.7 million).

Starrag's and Tornos' service business continued to perform well in the first half of 2024, with net sales in this area of CHF 63.4 million, compared to CHF 66.4 million on a pro forma basis for Starrag and Tornos in the first half of 2023. This business now accounts for 25% of total net sales at StarragTornos.

Profitability

Due to the decline in net sales, EBIT²⁾ and net profit for the first half of 2024 were below the pro forma figures for the first half of 2023. EBIT²⁾ fell from CHF 23.4 million to CHF 9.5 million (- 59.3%) and net profit from CHF 19.8 million to CHF 6.6 million (-66.9%). Two one-off effects had an impact on the profitability of StarragTornos Group in the first half of 2024: a negative effect of CHF -2.9 million was caused by the write-off of a markup on assets in connection with the merger of Starrag Group and Tornos in December 2023, while a positive effect of CHF +4.9 million resulted from an adjustment to the depreciation method (details on page 18 of StarragTornos Group's Half-year Report 2024).

Successful product launches

Mid-way through the year, the Starrag division launched a new vertical turning machine in the Dörries product range. Designed for applications in the energy/wind power sector, this innovative turning solution features an excellent price/performance ratio, low energy consumption, low weight, and a small footprint.

The Tornos division introduced its Swiss XT during the period under review. It is currently being exhibited at various trade shows and customer presentations around the world and is attracting a great deal of interest. With its three independent tooling systems and individually adjustable axes, the Swiss XT is specifically designed for the complex molded parts used in the automotive, hydraulic, pneumatic, and medical industries.

Grand opening in Taiwan

In the Taiwan region, Tornos celebrated the opening of its new plant in March 2024. Covering an area of 12 000 m², it not only provides optimum conditions for the continued successful production of Tornos machines in the medium and lower price segments, but also opens up excellent development opportunities for the entire StarragTornos Group in the region.

Synergy program on track

When Starrag Group and Tornos merged in December 2023, a program was set up to identify and exploit the synergy potential between the two groups. The implementation of this program began in January 2024. For example, StarragTornos created the position of Chief Purchasing Officer (CPO), whose main task is to realize synergies in purchasing. In the first half of the year, StarragTornos defined further specific action for all the identified synergy opportunities. These are progressing according to plan.

Board of Directors and Executive Board

Since the Annual General Meeting of StarragTornos Group AG on April 20, 2024, the Board of Directors has comprised six members, as François Frôté and Michel Rollier did not stand for re-election. The Board of Directors and the Executive Board of StarragTornos Group AG would like to thank François Frôté and Michel Rollier for their great commitment to Tornos over many years.

The StarragTornos Group has had a new CEO since June 1, 2024. Michael Hauser, who has led the Group as both CEO and Chairman of the Board of Directors since the successful merger of Starrag Group and Tornos, has handed over operational responsibility to Martin Buyle.

Outlook

It is still very difficult to make specific forecasts due to the fact that global economic developments remain unpredictable. Weakening demand in some target markets is expected to continue until the end of the year. For the 2024 financial year as a whole, order intake for the StarragTornos Group is expected to be comparable with 2023. In terms of net sales and the EBIT margin, StarragTornos expects the results for the second half of the year to be similar to those in the first half of 2024. StarragTornos Group's communicated medium- and long-term targets remain unchanged. The joint course as the StarragTornos Group offers the opportunity to significantly increase StarragTornos' market presence worldwide, and to further expand attractive customer segments.

Key figures of StarragTornos Group for the first half of 2024 (according to the Interim Financial Statements and pro forma)

(Unaudited, in CHF 1 000)¹⁾

| | Interim Financial Statements | | | Pro forma ⁴⁾ | |
|-------------------------------------|---------------------------------|-------------------------------------|------------|-------------------------|------------|
| | 2024 01.01.-30.06. | 2023 ⁵⁾ 01.01.-30.06. | Change (%) | 2023 01.01.-30.06. | Change (%) |
| Order intake ²⁾ | 255 487 | 183 357 | 39.3% | 263 045 | -2.9% |
| Net sales | 254 945 | 199 878 | 27.6% | 295 605 | -13.8% |
| - Starrag division | 187 124 | | | | |
| - Tornos division | 67 821 | | | | |
| EBITDA ²⁾ | 15 624 | 19 091 | -18.2% | 28 711 | -45.6% |
| as % of net sales | 6.1% | 9.6% | | 9.7% | |
| EBIT ²⁾ | 9 526 | 15 426 | -38.2% | 23 418 | -59.3% |
| as % of net sales | 3.7% | 7.7% | | 7.9% | |
| Net profit | 6 567 | 13 616 | -51.8% | 19 839 | -66.9% |
| as % of net sales | 2.6% | 6.8% | | 6.7% | |
| Cash flow from operating activities | -33 392 | -22 518 | n/a | n/a | n/a |
| Cash flow from investing activities | -8 982 | -3 725 | n/a | n/a | n/a |
| Free cash flow ²⁾ | -42 374 | -26 243 | n/a | n/a | n/a |

| | 30.06.2024 | 31.12.2023 ⁶⁾ | Change (%) |
|---|------------|--------------------------|------------|
| Order backlog ²⁾ | 350 065 | 340 792 | 2.7% |
| Net liquidity | -36 058 | 19 831 | -281.8% |
| Total equity | 311 636 | 316 310 | -1.5% |
| as % of balance sheet | 56.0% | 57.8% | |
| Total balance sheet | 556 584 | 547 186 | 1.7% |
| Employees (full-time equivalents) ³⁾ | 2 017 | 2 015 ⁷⁾ | 0.1% |
| Net profit per share (CHF) | 1.20 | 7.21 | -83.3% |

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 interim consolidated financial key figures representing the first half of 2023 for Starrag Group and Tornos

5) According to the interim financial statements of Starrag Group Holding AG

6) According to the annual financial statements of StarragTornos Group AG

7) As discovered after publication, the figure published in the Annual Report 2023 (1,974) was incorrect.

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Next publication dates

| | |
|------------------|--|
| July 25, 2024 | Conference call for media, analysts, and investors (10:00 a.m.) |
| January 30, 2025 | Order intake and net sales 2024 |
| March 14, 2025 | Annual report 2024 / Media and analyst conference (10:00 a.m., Zurich) |
| April 17, 2025 | Annual General Meeting, Rorschach |

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).

Download ad hoc announcement pursuant to Art. 53 LR

<https://starragtornos.com/en/publications/ad-hoc-and-other-announcements/>

Download StarragTornos Half-year Report 2024

<https://starragtornos.com/en/publications/half-year-reports/>

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

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