

Ad hoc announcement pursuant to Art. 53 LR

StarragTornos Group's 2024 Annual Report:

StarragTornos Group further strengthened its position in key market segments

- **Significant increase of order intake in Aerospace, Energy and Transportation**
- **Significantly more orders from the defense industry**
- **Marked decline in demand in the Luxury Goods and Industrial market segments**
- **Measures on the cost and sales sides showed first effects in second half of 2024**
- **Service business and synergy program on track**

Rorschacherberg, March 14, 2025, 07:00 a.m.

In its first full financial year following the merger in December 2023, the StarragTornos Group performed well in a difficult economic environment and further improved its position in important markets such as Aerospace, Energy and Transportation. Many new orders came from the defense industry. The share of this industry in the machinery business of the StarragTornos Group increased from 5% in 2023 to 23% in 2024. However, due to the marked decline in demand in the Luxury Goods and Industrial market segments, incoming orders, net sales, and the order backlog at the end of the year were lower overall compared to the pro forma figures for the 2023 financial year.

The StarragTornos Group's order intake in 2024 amounted to CHF 476.3 million. This is 9.9% below the pro forma figure for the 2023 financial year (CHF 528.7 million) — i.e., below the consolidated order intake of Starrag and Tornos in 2023. Net sales fell by 12.5% from CHF 564.7 million (pro forma 2023) to CHF 494.1 million in the 2024 financial year. At the end of the year, the StarragTornos Group had an order backlog of CHF 326.0 million (end of 2023: CHF 340.8 million, - 4.3%).

StarragTornos Group's order intake by market segment

in CHF million

	2024	2023¹⁾	
Aerospace	90.3	83.8	+7.7%
Med Tech & Dental	38.4	43.1	-10.8%
Luxury Goods	51.6	101.1	-48.9%
Energy	32.3	16.4	+96.9%
Transportation	57.3	52.0	+10.1%
Industrial	73.5	91.2	-19.4%
Total Machines	343.4	387.6	-11.4%
Service	132.9	141.1	-5.8%
Total	476.3	528.7	-9.9%

1) On a pro forma basis (12 months of Starrag plus 12 months of Tornos)

During the reporting year, the Aerospace sector became the StarragTornos Group's largest market segment. The Starrag division was able to consolidate its excellent market position in civil and military aviation and further increase its record order intake of 2023. Starrag generated a large share of its order intake in the North American Aerospace market.

According to forecasts published by Airports Council International (ACI) and Statista, passenger kilometers are expected to continue to grow significantly over the next fifteen years. The long-term outlook for this market segment therefore remains promising. Air freight volumes are also expected to increase significantly. Demand for precision machine tools for workpieces made of metal, composites and ceramics in the Aerospace market segment will be correspondingly promising.

Developments in the Energy market segment were equally encouraging. The Starrag division grew in both the traditional and renewable energy sectors. With regard to renewable energy, the division focused on the Chinese market. The StarragTornos Group also saw a significant boost in new orders in the Transportation market segment. The Tornos division increased its new orders in this area by 37.7%. This is mainly due to a geographical shift by OEMs and first-tier suppliers to source components from more competitive markets. The emerging markets continued to support the combustion engine with new investments in additional capacity.

In the Industrial market segment, which includes the Electronics segment and the Job Shops, which themselves serve other Starrag and Tornos market segments on a larger scale, both divisions had to accept cyclically related declines. This also applies to a lesser extent to the MedTech & Dental market segment. Due to the economic development in the reporting year and the associated reluctance to invest, demand in the Luxury Goods market segment fell sharply. In this difficult situation, both divisions of the StarragTornos Group managed to maintain their market shares and successfully launch new innovative products onto the market.

StarragTornos Group's order intake by region

in CHF million

	2024	2023 ¹⁾	+/-%
Europe	194,3	264,1	-26,4 %
<i>Switzerland</i>	62,2	94,2	-34,0%
Americas	99,5	50,1	+98,6%
Asia	49,7	73,4	-32,3%
Total Machines	343,4	387,6	-11,4%
Service	132,9	141,1	-5,8%
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1) On a pro forma basis (12 months of Starrag plus 12 months of Tornos)

In Europe, and particularly in Switzerland, the StarragTornos Group suffered a marked decline in order intake. This is directly related to the decline in the Luxury Goods market segment. Swiss watchmakers in particular were very cautious about making investments in 2024. By contrast, the StarragTornos Group almost doubled its order intake in North America. The Americas region increased from CHF 50.1 million to CHF 99.5 million in the reporting year. The driving force behind this development was large customer projects in the Aerospace and Energy market segments. In Asia, order intake fell by 32.3% to CHF 49.7 million. This is mainly due to the restrained economic

development and the increasing autonomy aspirations in China. However, the Tornos division is still well positioned here, thanks to its local production operations. The Starrag division is successful in China with its offerings in the high-performance segment and in renewable energy.

Thanks to the Group's global presence, StarragTornos is ideally equipped for the de-globalization and reshoring trends seen in the various market segments.

Net sales

On a pro forma basis, net sales fell by 12.5% compared with the previous year's high level to CHF 494.1 million. Excluding currency effects, net sales amounted to CHF 500.1 million.

Service business on track

Starrag's and Tornos' service business continued to perform well, with net sales in this area at the same level as in 2023 on a pro forma basis. This business accounts for 27% of total net sales at Starrag and 31% at Tornos. The DECO 10 Plus offer, whereby Tornos customers could have their older DECO 10 machines upgraded to the latest technology, again made a major contribution to this development in 2024. Tornos also buys back older systems and — after fully reconditioning them — puts them back on the market in the spirit of a circular economy.

Starrag relies on comprehensive service solutions and, increasingly, on proactive solutions with a forward-looking and preventive character such as the automated remote fingerprint. This allows Starrag machines to be remotely examined during operation, and to detect even the smallest performance deviations in advance. Overall, proactive service products contributed 13% to Starrag's service business in the reporting year.

Stabilization of earnings situation

Compared to the previous year, EBIT decreased from CHF 46.4 million on a pro forma basis to CHF 15.4 million. The EBIT margin declined from 8.2% to 3.1%. Net profit decreased from CHF 32.4 million to CHF 11.9 million. The main reason for this development was the 12.5% reduction in net sales. In addition, the change in the sales mix, with a lower weighting of higher-margin products, had a negative impact on the margin.

On the other hand, order execution was on track in all areas, with no major impact on margins. In order to stabilize the earnings situation, StarragTornos has already initiated countermeasures on the cost and sales side with effect from the second quarter. The Executive Board is monitoring these measures on a permanent basis.

Solidly financed

The StarragTornos Group's equity ratio is at a high level of 57.4%. Net liquidity amounted to CHF - 0.3 million at the end of 2024. The negative free cash flow of CHF -7.0 million (2023: CHF + 28.2 million) is due to an increase in trade receivables and a decrease in trade payables. Investments in property, plant and equipment totaled CHF 17.9 million, whereas investments in research and development amounted to CHF 37.5 million or 7.6% of net sales (2023: CHF 35.6 million or 6.3% on a pro forma basis). The focus here was on projects that combine new innovative features, support customers in minimizing their production costs and integrate sustainability concepts into the design of the products.

Infrastructure projects and investments

The Starrag plant in Chemnitz is not only the development and production site for the Heckert product range, but also a center of competence for parts machining for the entire StarragTornos Group. Particularly large, high-precision, and valuable components are manufactured here. In order to make this important operation even more efficient, flexible, and versatile, a manufacturing cell with a length of more than 30 meters has been installed. The second important part of the investment is a large machining center. This investment goes hand in hand with the consolidation of all mechanical production activities in a fully modernized hall. In the reporting year, the new machining center in Chemnitz started producing large parts for Tornos.

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. In Germany, Tornos moved its Customer Center from Pforzheim to a modern facility in Heimsheim, located in an industrial park in the greater Stuttgart area and perfectly suited to Tornos' business activities. The facility includes a modern showroom, a well-equipped training center, a warehouse, and ample office space for the various technical and applications support departments.

Synergy program on track

When the Starrag Group and Tornos merged in December 2023, a program was set up to identify and exploit the synergy potential between the two companies. The implementation of this program started in January 2024. For example, StarragTornos aligned the Group-wide procurement in order to realize synergies in purchasing. During the year, StarragTornos defined further specific actions for all the synergy opportunities identified. These are progressing according to plan.

Sustainability

In 2024, the StarragTornos Group made significant progress in integrating sustainability into its business strategy by establishing new internal structures and responsibilities. The groundwork has now been laid for us to set specific and measurable actions. Detailed information on this can be found in the Sustainability Report, which forms an integral part of StarragTornos Group's 2024 Annual Report.

Share price and dividend

The year-end price of the StarragTornos share on December 31, 2024, was CHF 37.00. With net income per share of CHF 2.17, this corresponds to a P/E ratio of 17.06. There is thus potential for a positive share price performance. At the Annual General Meeting on April 17, 2025, the Board of Directors will propose to the shareholders a dividend of CHF 1.00 per share, which corresponds to a payout ratio of 46.1%.

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 StarragTornos Group has had a new CEO since June 1, 2024. Michael Hauser, who led the Group as both CEO and Chairman of the Board of Directors since the successful merger of Starrag Group and Tornos, handed over operational responsibility to Martin Buyle. In September, the Board of Directors of StarragTornos Group appointed Markus Jäger as the new Chief Financial Officer (CFO) and member of the Executive Board of StarragTornos Group, with effect from October 1, 2024. He succeeded Stéphane Pittet who left the Group to take up a new professional challenge.

It is with great sadness that the StarragTornos Group has learned of the death of Walter Fust, member of the Group's Board of Directors and majority shareholder. Walter Fust passed away on February 4, 2025. His stake in the Group will remain in the family. It is not planned to elect a new member to the Board of Directors at the Annual General Meeting on April 17, 2025.

Outlook 2025

The economic outlook for 2025 remains challenging. There are currently no clear signs of a long-term upturn, the economic environment is still characterized by uncertainty, and there is a threat of new trade barriers. New growth opportunities will arise from StarragTornos Group's strengthened market position in the defense industry within the Aerospace and Transportation segments. The order backlog provides the Group with a solid basis for 2025. It continues to follow a cautious but flexible course in order to be able to react quickly to changes. StarragTornos Group will rigorously pursue its synergy program and actively exploit opportunities as they arise.

Investor Relations and media contact

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Next publication dates

March 14, 2025	Media and analysts' conference in Zurich (10:00 a.m.)
April 17, 2025	Annual General Meeting in Rorschach, Carmen-Würth-Saal
July 25, 2025	Publication of semiannual report 2025

Download ad hoc announcement pursuant to Art. 53 LR

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

Further information on the 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 its 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.

2024 key figures for the StarragTornos Group compared to the previous year (according to the annual financial statements and pro forma)

CHF 1 000 ¹⁾	Financial Statements			Pro forma ⁴⁾	
	2024	2023 ⁵⁾	Change	2023	Change
Order intake ²⁾	476 347	392 185	21.5%	528 700	-9.9%
Net sales	494 056	409 000	20.8%	564 693	-12.5%
- Starrag division	365 587	391 980	-6.7%	391 980	-6.7%
- Tornos division	128 469	17 020	654.8%	172 713	-25.6%
EBITDA ²⁾	27 533	43 491	-36.7%	56 912	-51.6%
as % of net sales	5.6%	10.6%		10.1%	
EBIT ²⁾	15 423	35 686	-56.8%	46 410	-66.8%
as % of net sales	3.1%	8.7%		8.2%	
Net profit	11 850	25 176	-52.9%	32 439	-63.5%
as % of net sales	2.4%	6.2%		5.7%	
Cash flow from operating activities	7 720	22 439	-65.6%	n/a	n/a
Cash flow from investing activities	-14 749	5 755	-356.3%	n/a	n/a
Free cash flow ²⁾	-7 029	28 194	-124.9%	n/a	n/a

	31.12.2024	31.12.2023 ⁶⁾	Change
Order backlog ²⁾	326 026	340 792	-4.3%
Net liquidity	-271	19 831	-101.4%
Total equity	316 110	316 310	-0.1%
as % of balance sheet	57.4%	57.8%	
Total balance sheet	550 870	547 186	0.7%
Outstanding shares	5 463 121	3 493 000	56.4%
Employees (full-time equivalents) ³⁾	1 981	2 056 ⁷⁾	-3.6%

Selected key figures per share	2024	2023	
Net profit (CHF)	2.17	7.21	-69.9%
Dividend (CHF)	1.00 ⁸⁾	2.50	-60.0%
Payout ratio (%)	46.1%	54.2%	-15.0%
Year-end price StarragTornos share (CHF)	37.0	49.6	-25.4%
P/E ratio on December 31	17.06	6.88	148.0%

- 1) Where not otherwise specified
- 2) Non-GAAP financial measure, see 2024 StarragTornos Annual Report, page 218
- 3) Excluding apprentices and interns
- 4) Pro forma consolidated financial key figures, representing 12 months of Starrag Group and Tornos Group
- 5) Consolidated financial key figures, representing 12 months of Starrag Group, 1 month of Tornos Group
- 6) According to the financial statements of StarragTornos Group AG
- 7) As discovered after publication, the figure published in the Annual Report 2023 (1,974) was incorrect
- 8) Proposed by the Board of Directors