

Media Release

Starrag Group corrects 2016 guidance – greater focus on strategically important market segments

Recent business trends have compelled Starrag Group to lower the full-year guidance it gave in July 2016. The downward revision is attributed to a significantly weaker course of business in Luxury Goods, a key market segment for the Group, that was not foreseen in the summer.

As announced with the release of results for the first half of the year, orders received for 2016 as a whole will clearly exceed the 2015 number. However, these orders will not feed through to sales until 2017 and beyond. 2016 sales in local currency are expected to be around the level achieved in 2015.

The originally projected operating margin for the second half will not be achieved. The EBIT margin for 2016 as a whole is now projected to approximate the margin reported for the first six months of the year.

Furthermore, business activity continues to be impacted by economic as well as political uncertainty, as well as the persisting pressure on prices and volatile order flows. This situation makes Starrag Group even more determined to focus on the strategic market segments in its efforts to increase order intake. Order processing is one of the areas being optimized to improve profitability and additional measures to lower costs and raise productivity are being taken at every operating site.

Despite the currently weak demand in Luxury Goods, Starrag Group will remain active in this market segment given the attractive long-term profile and it has clearly intensified its marketing activities in the Asian high-volume markets. Starrag Group is also building on its already strong position as a market leader in the Aerospace segment by offering more products and services for avionics, for the production of small electric and electronic components.

Company profile Starrag Group:

Starrag Group is a global technology leader in manufacturing high-precision machine tools for milling, turning, boring and grinding workpieces of metallic, composite and ceramic materials. Principal customers are internationally active companies in the Aerospace & Energy, Transportation & Industrial Components and Precision Engineering 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 and 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 services subsidiaries in numerous other countries.

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

Rorschacherberg, 15 December 2016

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Forthcoming events

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| • Preliminary information on annual results 2016 | 26 January 2017 |
| • Key figures 2016 / Annual report | 10 March 2017 |
| • Annual general meeting | 28 April 2017 |
| • Half year report 2017 | 27 July 2017 |

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. The 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 the Starrag Group or the market in the securities of the Starrag Group.