

Media Release

Initial information on fiscal year 2016

Record-high order intake– order backlog tops one year – sales slightly higher

- Order intake plus 44% to CHF 480 million, plus 43% in local currency
- Order backlog of CHF 348 million secures capacity utilization for well over a year
- Sales plus 2% to CHF 372 million, plus 1% in local currency
- Steadfast implementation of strategic focus on attractive market segments, regions and on operational excellence intensified
- Expected EBIT margin 2016 on the order of the first six month and thus significantly below previous year
- Cooperation with Klingelberg Group

Record-high order intake

At CHF 480 million, an increase of 44% versus the extraordinary low previous year (CHF 333 million), Starrag Group received more new orders in 2016 than ever before in its 120-year history. Factoring out exchange-rate movements, order intake increased by 43%. New orders were up in almost every customer industry, led by the Aerospace segment, which accounted for about 40% of all new orders received during the year under review. Order intake from industrial customers also rose. Most of the growth in this segment came from the classic manufacturing sectors, whereas incoming orders from the Luxury Goods segment and especially the watch making industry were lower overall. New orders from the Energy segment also rose, while orders from the Transport segment remained at the year-ago level.

Another reference project for a reputable customer in North America was acquired in the second half of the year. This order for large machines with a value in the mid-double-digit

million range shows that the company's focus on strategic market segments is bearing fruit.

Viewed by sales region, Asia and North America fueled most of the growth in new orders, with Asia again contributing more than one-third of all new orders received group-wide. European orders also picked up, albeit at a much slower pace.

Slightly higher sales

Sales for 2016 amounted to 372 million CHF, an increase of 2% from the previous year (CHF 364 million). At constant exchange rates, sales increased 1%. Orders on hand at the end of 2016 amounted to CHF 348 million (plus 47%), which secures the company's capacity utilization for well over a year. Thanks to the surge in order intake, the book-to-bill ratio (ratio of new orders to sales) rose to 1.29, well above threshold of one (previous year 0.92).

As already announced in mid-December, the operating margin originally forecast for the second half of the year was not attainable. Starrag Group therefore expects the EBIT margin for the full 2016 financial year to be around the level reported for the first six months of the year (1.9%), which is well below the margin for the previous year.

Focus on attractive market segments and regions

In order to counter the volatility in customer ordering patterns and the pressure on prices, Starrag Group intensified its efforts to focus on defined strategic markets segments and regions as well as operational excellence last year in order to safeguard and improve the order intake and to achieve the expected operating results.

Cooperation with Klingelnberg Group

Starrag Group has agreed to cooperate with Klingelnberg Group, a global leader specializing in gear technology, within the scope of a joint innovation project to develop and produce a five-axis machine for full-spectrum machining of gear wheels that will enable multiple processing steps to be performed with the same machine, thereby creating considerable value added for the customer. The new machine will be marketed by Klingelnberg and will make its public debut at the EMO trade show in Hannover this September. Both partners have also concluded a sourcing alliance.

Jan Klingelberg, CEO of the owner-managed Klingelberg Group: *“We have complementary profiles in terms of target markets and with respect to our strong technology expertise. Starrag, for example, offers sweeping coverage of the aviation and aerospace markets, while we are strong in the automobile manufacturing industry. Combining our complementary technology competencies puts us in a position to generate even more value for the customer.”* The two partners are likely to explore other joint projects as well.

The 2016 annual report and with the complete financial statements will be published on the occasion of the conference for analysts and media representatives on 10 March 2017 in Zurich.

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.

Die Starrag Group ist an der SIX Swiss Exchange kotiert (STGN).

Rorschacherberg, 26 January 2017

Starrag Group Holding AG

Key figures 2016 (preliminary, not audited)

CHF million	2016	2015	Change	In local currency
Order intake	480	333	+44.1%	+42.6%
Order backlog	348	238	+46.5%	+45.8%
Sales revenue	372	364	+2.2%	+1.3%

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Furthcoming events

- 2016 financial statements / Annual Report 10 March 2017
- Press conference on annual results in Zürich 10 March 2017
- Annual general meeting 28 April 2017
- Half-year report 2017 27 July 2017
- Sales / Order Intake 2017 26 January 2018

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.