



# TORNOS

## AD HOC ANNOUNCEMENT pursuant to Art. 53 LR

Rorschacherberg/Moutier, October 26, 2023, 7 a.m.

**Joint conference call of Starrag and Tornos, today at 10 a.m.**

### **Starrag and Tornos Propose Merger**

- **Boards of Directors of Starrag and Tornos have signed merger agreement**
- **Promising prospects for all stakeholders**
- **Exchange ratio of 1 Tornos share to 0.1059 Starrag shares confirmed by fairness opinion**
- **Registered shares of Tornos Holding Ltd. to be delisted, Starrag Group Holding AG to be renamed StarragTornos Group Ltd.**
- **Michael Hauser intended to become Chairman and CEO of StarragTornos Group Ltd.**
- **Extraordinary General Meetings of Starrag and Tornos to vote on merger agreement on November 29 and 30, 2023 respectively**

As announced by the two companies on May 30, 2023, Starrag Group Holding AG and Tornos Holding Ltd. have been examining a merger of the two Groups of companies over the past months. Based on the now available positive audit and negotiation results, the two Boards of Directors have entered into a merger agreement on October 25, 2023. Each of the companies will convene an Extraordinary General Meeting. The Boards of Directors of Starrag Group Holding AG and Tornos Holding Ltd. will propose to their respective shareholders that this merger agreement be approved. The Extraordinary General Meeting of Starrag Group Holding AG will take place on November 29, 2023, the Extraordinary General Meeting of Tornos Holding Ltd. on November 30, 2023. Zürcher Kantonalbank acts as Financial Advisors on this transaction.

After a thorough examination of the planned merger between Starrag Group Holding AG and Tornos Holding Ltd., the Boards of Directors and Management Boards of both companies are convinced: The planned merger to form StarragTornos Group Ltd. will create a new, strong Group that will play a major role in shaping the future of the global metal-cutting machine tool industry.

#### **Strengthened Innovative Power**

Starrag and Tornos consider joining forces from a position of strength as the right strategic response to current and future challenges. The technologies and solutions of Starrag and Tornos "Rooted in Switzerland" are world leaders. By combining their technical know-how in the field of precision machine tools and complementary technologies, Starrag and Tornos are creating the conditions for new innovations and technological progress. The well-established brands of the two companies Starrag and Tornos are to remain in place after the merger.

### **Expansion of Presence in Important Markets**

The merger to form the new StarragTornos Group will make it possible to significantly increase the company's global market presence. Together, attractive customer segments can be further expanded. Geographically, this applies in particular to the regions of America and Asia. In addition, the position of both brands will be significantly strengthened in promising, growing customer industries such as medical technology or the luxury goods industry.

### **Attractive Potential for Synergies**

The merger will also increase operational efficiency and creates the conditions for an optimized value-adding structure. Complementary infrastructures can be used jointly. This applies, for example, to the mechanical production of both companies in Europe as well as to the production facilities of Starrag and Tornos in Asia. Synergies from joint procurement management will also have a positive impact on profitability.

### **Promising Prospects for all Stakeholders**

The merger and the joint future offer promising prospects for all stakeholders of the new StarragTornos Group: customers will benefit from technical innovations, new products and expanded services, employees will gain new opportunities for development and growth, and shareholders will enjoy an excellent foundation for sustainable shareholder value.

### **Merger by Absorption**

Provided that the Extraordinary General Meetings of Starrag Group Holding AG and Tornos Holding Ltd. approve the planned merger, the Board of Directors of Starrag Group Holding AG proposes to create new shares by increasing the share capital by CHF 17 876 528.50 from CHF 28 560 000.00 to CHF 46 436 528.50 through the issuance of 2 103 121 fully paid registered shares at a nominal value of CHF 8.50 each. The ordinary capital increase will be carried out excluding the subscription rights of the existing Starrag shareholders. The new shares will be used to exchange the existing shares of Tornos Holding Ltd. Upon exchange, Tornos shareholders will thus receive 0.1059 registered shares of Starrag Group Holding AG with a nominal value of CHF 8.50 each per Tornos share with a nominal value of CHF 1.00 each. Fractions arising from the exchange will be settled in cash. Tornos shareholders holding less than 10 shares who wish to remain shareholders of the merged company are requested to increase their holding of Tornos shares to at least 10 shares by December 7, 2023, at the latest, by purchasing additional shares on the stock exchange.

In the context of the merger, the Board of Directors of Starrag Group Holding AG proposes a name change of the company to StarragTornos Group Ltd.

The registered shares of Tornos Holding Ltd. shall be delisted and the newly issued registered shares of StarragTornos Group Ltd. shall be listed on SIX Swiss Exchange. These will be entitled to dividends for the first time for the financial year ending on December 31, 2023.

## Pro Forma Key Financial Figures (Unaudited)/Outlook

Starrag and Tornos jointly generated sales revenue of CHF 499.0 million, an operating result EBIT of CHF 29.6 million and a net result of CHF 20.8 million on a pro forma basis in the past financial year 2022. The new Group serves customers around the world with operations in 15 countries. It employs around 2000 people.

The new StarragTornos Group expects sales synergies in the range of CHF 10 to 15 million in the medium term as a result of the merger, through improved market presence and the ability to address new markets and industries. The expected cost synergies, in particular from higher purchasing volumes, optimized infrastructure costs and efficiency gains in logistics and distribution, are estimated at CHF 5 to 10 million. The medium-term target for the combined StarragTornos Group is average annual sales growth of around 5% and an EBIT margin (operating result EBIT as a percentage of sales revenue) in the order of 8%.

## Fairness Opinion

The financial adequacy of the exchange ratio was confirmed in a fairness opinion independently prepared by IFBC AG, Zurich. This can be viewed and downloaded from the websites of both companies.

## Management and Governance of the New StarragTornos Group Ltd.

The elected members of the Board of Directors of Starrag Group Holding AG will remain in office until the Annual General Meeting in 2024 even in the event of a merger. In addition to the election to the Board of Directors of StarragTornos Group Ltd., the following incumbent members of the Board of Directors of Tornos Holding Ltd. will be proposed at the Extraordinary General Meeting on November 29, 2023: François Frôté, Till Fust, Michel Rollier. As members of the Executive Board of the new StarragTornos Group are intended: Michael Hauser (CEO), Stéphane Pittet (CFO), Martin Buyle (Division CEO Starrag) and Jens Thing (Division CEO Tornos).

## Indicative Timetable

November 29, 2023	<b>Extraordinary General Meeting of Starrag Group Holding AG:</b> Approval of merger and merger agreement Approval of the ordinary capital increase in the context of the merger Introduction of a conditional share capital for the exercise of option rights existing under the employee stock option plan of Tornos Holding Ltd. Change of the company name to StarragTornos Group Ltd. in the context of the merger Election of current members of the Tornos Board of Directors to the Board of Directors of StarragTornos Group Ltd. Amendments to the Articles of Association and further resolutions
November 30, 2023	<b>Extraordinary General Meeting of Tornos Holding Ltd.:</b> Approval of merger and merger agreement
December 7, 2023	<b>Legal completion of the merger</b> Last trading day of Tornos Holding Ltd. on SIX Swiss Exchange Publication of the prospectus
December 8, 2023	First trading day of the new registered shares of StarragTornos Group Ltd. on SIX Swiss Exchange

## **Merger Documents for the Shareholders**

The merger agreement, the joint merger report, the report of the joint merger auditor, the pro forma figures and the fairness opinion, all dated October 25, 2023, as well as a brochure on the planned merger for the shareholders of Starrag Group Holding AG and Tornos Holding Ltd. will be available at the registered office of Starrag Group Holding AG and at the registered office of Tornos Holding Ltd. as of October 26, 2023. The annual reports of Starrag Group Holding AG and Tornos Holding Ltd. of the last three years as well as the semi-annual reports and semi-annual statutory financial statements as at June 30, 2023, will also be available. These documents can also be viewed and downloaded from the websites of the two companies with immediate effect.

## **Invitation to Joint Conference Call for Media, Analysts, and Investors**

A joint conference call will be held **today, Thursday, October 26, 2023, at 10 a.m.** due to the current event.

### **Speakers:**

Michael Hauser, Chairman of the Starrag Group and CEO of the Tornos Group;  
Christian Androschin, independent member of the Board of Directors of Starrag Group Holding AG

### **Dial-in Number:**

+41 (0)58 310 50 00

The conference call with subsequent questions and answers will be held in German. We ask participants to dial in approximately five to ten minutes before the start.

## **Download Ad Hoc Announcement Pursuant to Art. 53 LR and Presentation Documents for the Conference Call**

<https://investor.starrag.com>

<https://investors.tornos.com>

Further information on Starrag and Tornos can be found at [www.starrag.com](http://www.starrag.com) and [www.tornos.com](http://www.tornos.com).

This ad hoc announcement is sent simultaneously by Starrag Group Holding AG and by Tornos Holding Ltd. via their respective ad hoc distribution lists.

### **Contact:**

Michael Hauser, Chairman of the Starrag Group and Chief Executive Officer of the Tornos Group  
Stéphane Pittet, Chief Financial Officer of the Tornos Group  
Tel. +41 32 494 44 44, [investors@tornos.com](mailto:investors@tornos.com)

Martin Buyle, Chief Executive Officer of the Starrag Group  
Thomas Erne, Chief Financial Officer of the Starrag Group  
Tel. +41 71 858 81 11, [investor@starrag.com](mailto:investor@starrag.com)

### **Company profiles**

**Starrag Group** ([www.starrag.com](http://www.starrag.com)) is a global technology leader in manufacturing high-precision machine tools for milling, turning, boring and grinding workpieces of metallic, composite and ceramic materials. Customers include the leading companies in the customer industries aerospace, energy, industrial, micromechanics, and transportation. The portfolio of machine tools combined with extensive technology and services enables customers to make substantial progress in quality and productivity. The Starrag umbrella brand combines the Berthiez, Bumotec, Dörries, Droop+Rein, Ecospeed, Heckert, Scharmann, SIP, Starrag and TTL product divisions. Headquartered in Rorschacherberg, Switzerland, the Group operates production and development sites in Switzerland, Germany, France, the UK and India, as well as sales and service companies in key customer countries.

**Tornos Group** ([www.tornos.com](http://www.tornos.com)) is one of the global leaders for the development, production, and distribution of Swiss-type automatic lathes and multispindle turning machines. The company's history dates back to 1880 and marked the beginning of Swiss-type lathe technology. The company primarily manufactures CNC sliding headstock Swiss-type automatic lathes, multispindle machines, and precision machining centers for complex parts. Tornos is headquartered in Switzerland. A worldwide sales and service network offers unique solutions to customers in the target automotive, medical and dental technology, micromechanics, and electronics industries.

### **Disclaimer**

This ad hoc announcement pursuant to Art. 53 LR contains forward-looking statements such as projections, forecasts, and estimates. Such forward-looking statements involve certain risks and uncertainties that could cause actual results, performance, or events to differ materially from those anticipated in this ad hoc announcement. The forward-looking statements contained in this announcement are based on the current views and assumptions of Starrag Group Holding AG and Tornos Holding Ltd. respectively. Starrag Group Holding AG and Tornos Holding Ltd. do not assume any obligation to update or supplement this ad hoc announcement. The communication does not constitute an advertisement, offer, recommendation or invitation to purchase shares in any jurisdiction. It is for information purposes only. It does not constitute a prospectus within the meaning of Art. 35 et seq. of the Federal Act on Financial Services (FinSA).