

# PRESS RELEASE

For immediate release

## Light at the end of the tunnel

Moutier, 17 August 2010

### Mid-year recovery

Two and a half years after the onset of the recession, we are beginning to see light at the end of the tunnel. The low point of the economic cycle was reached in mid-2009 and, since the first quarter of 2010, there has been a welcome change in the trend of orders received. This recovery has become even more marked during the 2nd quarter. Halfway through the year, the end of the crisis appears to be confirmed, and it is increasingly probable that the situation will be fundamentally different in 2011. If so, the Tornos group will feel the full benefits of the crisis strategy implemented since January 2008, the main aim of which has been to avoid dismantling our industrial and commercial capability, thereby enabling business activity to resume immediately once the first signs of recovery appeared. A number of factors suggest that this phase is now starting. In particular, high capacity usage by the majority of our clients indicates that industry is close to the start of an investment cycle which, during 2011, should bring business levels close to those seen in 2007. The only blot on this otherwise encouraging landscape is the euro/Swiss franc exchange rate which is penalizing Swiss exporters in European markets and depressing their results.

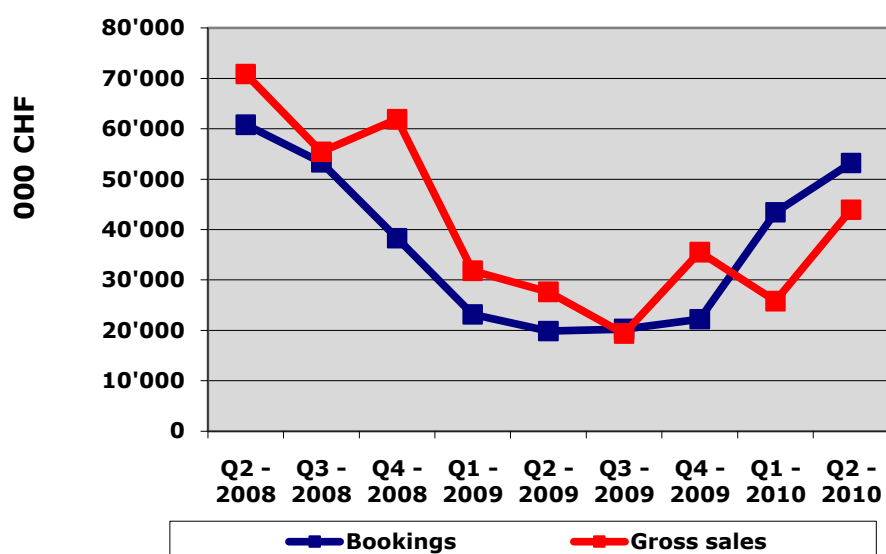
In the first half of 2010, the group booked orders worth CHF 96.6 million, CHF 43.4 million of which were in the first quarter and CHF 53.2 million in the second. This represents an increase of 124.7% over the same period in 2009 (when orders were CHF 43.0 million).

### Results improving

With a slight time lag, the sales figure is a reflection of orders received. Turnover totalled CHF 25.8 million and CHF 43.9 million in the first and second quarters respectively. First-half sales therefore came to CHF 69.7 million which, in comparison to last year (CHF 59.5 million), represents an increase of CHF 17.3%. Although business levels are improving, they remain low in absolute terms, and production capacity usage was no better than around 45% in the first six months. Hence, although some improvement is discernible, first-half results are heavily negative, with a net loss of CHF 14.2 million compared to CHF 15.5 million in the same period last year. At the operating level (EBIT) the loss was CHF 12.9 million versus CHF 16.6 million in the first half of 2009, while operating cash flow for the first six months was CHF 5.5 million positive compared to a CHF 21.2 million cash outflow last year. The Group's net debt stands at CHF 22.3 million, a reduction of CHF 2.3 million compared to 31 December 2009. As at 30 June 2010, equity of CHF 116.4 million accounted for 60% of the balance sheet total of CHF 194.1 million.

### Outlook

Although visibility is still poor, and the possibility of a "double-dip" recession caused by the euro crisis cannot be ruled out, 2010 sales should reach CHF 150 million. Thus, if the probable recovery is confirmed, it will only have a minor impact on results for the current financial year because the benefit will only be felt in the fourth quarter. Sales of CHF 150 million would imply annual average capacity utilization of around 50%, which would once again trigger sharply negative results for full-year 2010.



<b>Tornos Group</b>	First quarter 2010	First quarter 2009	Second quarter 2010	Second quarter 2009	First half 2010	First half 2009	Difference	Difference
<b>Unaudited Key Figures</b> (in KCHF unless otherwise stated)								% / pts
Bookings	43'408	23'154	53'207	19'850	96'615	43'004	53'611	124.7%
Gross sales	25'804	31'827	43'921	27'635	69'725	59'462	10'263	17.3%
EBITDA	-6'190	-5'815	-4'744	-8'250	-10'934	-14'065	3'131	-22.3%
<i>in % of Gross sales</i>	<i>-24.0%</i>	<i>-18.3%</i>	<i>-10.8%</i>	<i>-29.9%</i>	<i>-15.7%</i>	<i>-23.7%</i>		<i>+8 pts</i>
EBIT	-7'208	-7'438	-5'722	-9'131	-12'930	-16'569	3'639	-22.0%
<i>in % of Gross sales</i>	<i>-27.9%</i>	<i>-23.4%</i>	<i>-13.0%</i>	<i>-33.0%</i>	<i>-18.5%</i>	<i>-27.9%</i>		<i>+9.4 pts</i>
Net profit / (Net loss)	-7'692	-6'125	-6'545	-9'350	-14'237	-15'475	1'238	-8.0%
<i>in % of Gross sales</i>	<i>-29.8%</i>	<i>-19.2%</i>	<i>-14.9%</i>	<i>-33.8%</i>	<i>-20.4%</i>	<i>-26.0%</i>		<i>+5.6 pts</i>
Net cash / (Net debt)	-28'631	-3'521	-22'278	-16'193	-22'278	-16'193	-6'085	37.6%
Equity	121'815	148'043	116'448	139'359	116'448	139'359	-22'911	-16.4%
<i>in % of Total Balance sheet</i>	<i>64.7%</i>	<i>73.8%</i>	<i>60.0%</i>	<i>72.3%</i>	<i>60.0%</i>	<i>72.3%</i>		<i>-12.3 pts</i>
Total Balance sheet	188'196	200'680	194'064	192'805	194'064	192'805	1'259	0.7%
Capital expenditures in tangible fixed assets	45	79	345	190	390	269	121	45.0%

The report of the Tornos group for the first half of 2010 (in three languages) and the consolidated accounts (only in English) are available for downloading from <http://www.tornos.com/invest-dnld-e.html>

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

**Contact:** Geri Staudenmann or Julia Moreno, Geri Staudenmann Kommunikation, Biel  
Phone +41 32 345 24 44, Fax +41 32 345 24 48, [info@geristaudenmann.ch](mailto:info@geristaudenmann.ch)