PRESS RELEASE

For immediate release

Sales doubled despite strong Swiss franc

Moutier, 12 August 2011
ad hoc release to be in line with written communication to shareholders

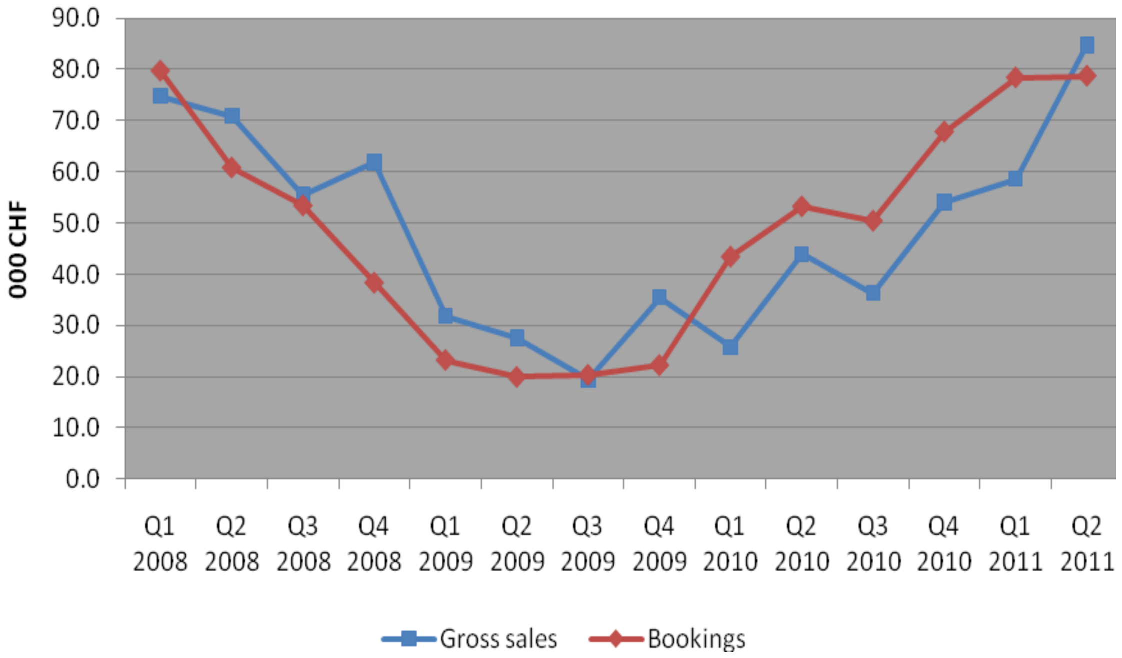
Substantial growth in new orders
During the first half of 2011, the Tornos Group received orders worth CHF 157.1 million, including CHF 78.7 million in the second quarter. This was 62.6% up on the first six months of the preceding year, when the company received orders worth CHF 96.6 million. During the first half of 2011, the economic situation in all the Group's target markets was favourable, enabling it to benefit from customers' investments in capacity renewal and expansion. Business grew very pleasingly in Switzerland and southern Europe, where strong growth in the watchmaking and automotive industries was reflected in sustained machine sales. Thanks to its substantial presence in southern Europe, where customers particularly appreciate its technical support and servicing organizations, the Group gained market share despite the unfavourable exchange rate situation. In northern Europe, there was increased demand from the automotive industry for multispindle lathes capable of efficiently producing large series of parts, particularly in the second quarter. In the United States, Tornos benefited from its customers' expansion of production capacities in medical technology. In Asia, the Group is focusing on the segment covering high-price top-of-the-range products, where it has gained a number of new customers, chiefly in the electronic and automotive industries.

Strong increase in sales and net earnings
There was also positive growth in gross sales, which stood at CHF 143.3 million for the first half of 2011. CHF 58.6 million of this was billed in the first quarter and CHF 84.7 million in the second. This represents growth of 105.5% on the first half of 2010, when revenues were CHF 69.7 million. Despite this generally positive picture, however, one negative factor should be mentioned: exchange rate trends in recent months have been very unfavourable and have had a strongly negative impact on the Group's margins. Given this context of adverse currency movements, first-half EBIT can be described as good: the figure of CHF 10.9 million was equivalent to an EBIT margin of 7.6%. This performance can be explained by two trends acting in opposite directions: on the one hand, gross margin undershot its target (32.8% as opposed to 40%) due to the strong Swiss franc, while utilization of production capacity was still low in the first quarter of 2011; but on the other hand, lower-than-expected operating costs partly offset this margin erosion and brought EBIT back up to a reasonable level. Net profit was CHF 5.4 million, in contrast to the net loss posted for the same period of 2010. The Group recorded a positive operating cash flow of CHF 8.6 million compared with CHF 5.5 million for the same period in 2010. Net debt was CHF 34.3 million, down CHF 4.3 million on the beginning of the year. Shareholders' equity of CHF 120.3 million at 30 June 2011 represented 54.1% of the balance sheet total of CHF 222.6 million.

Overcoming the strong Swiss franc
The appreciation of the Swiss franc has become a major preoccupation since the middle of the second quarter. Tornos is having to contend with the fact that it has more costs in Swiss francs than billing. Declining margins and/or competitiveness are the consequences of this situation, since the market finds it difficult to accept any increase in prices in euros or US dollars.

Unfortunately, there is no way to completely eliminate the currency handicap that the Swiss franc represents for Switzerland's exporting companies. Nowadays, the group markets its products at a price that reflects the margin that its wishes to obtain. It justifies having higher prices than its European and Japanese competitors by providing products that are more innovative and better suited to the market than theirs, based on technologically advanced solutions and accompanied by high-quality advice and an after-sales service on which customers can rely. The Group is striving to increase the proportion of costs billed to it in euros and US dollars by buying, as far as possible, parts and modules produced in the euro and US dollar zones in order to benefit from more extensive natural hedging of exchange rate risk than it has at the moment. Finally, Tornos is also endeavouring to improve productivity at its factories in Moutier and La Chaux-de-Fonds. These measures should enable the Group to successfully combat the appreciation of the Swiss franc.

Outlook
In view of the annual shutdown of its business and customers' holidays, Tornos expects a fairly weak third quarter followed by a strong pick-up in the fourth quarter. Overall, the Group expects second-half deliveries of about the same order of magnitude as the first half. But its sales and operating result may continue to decline on account of the exchange rate situation. Provided that the debt crisis in Europe and the United States does not cause a new recession and that exchange rates stabilize, the Group expects gross sales of CHF 250 to 280 million and an EBIT margin of 5 to 7% for the year as a whole.



Tornos Group **Unaudited Key Figures** (in KCHF unless otherwise stated)	First quarter 2011	First quarter 2010	Second quarter 2011	Second quarter 2010	First half 2011	First half 2010	Difference	Difference % / pts
Bookings	78’403	43'408	78’719	53'207	157’122	96’615	60’507	*62.6%*
Gross sales	58’550	25'804	84’729	43'921	143’279	69’725	73’554	*105.5%*
EBITDA	4’116	-6'190	9’001	-4’744	13’117	-10’934	24’051	*-220.0%*
in % of Gross sales	*7.0%*	*-24.0%*	*10.6%*	*-10.8%*	*9.2%*	*-15.7%*		*+24.8 pts*
EBIT	3’007	-7'208	7’942	-5'722	10’949	-12’930	23’879	*-184.7%*
in % of Gross sales	*5.1%*	*-27.9%*	*9.4%*	*-13.0%*	*7.6%*	*-18.5%*		*+26.2 pts*
Net profit / (Net loss)	1’548	-7'692	3’852	-6’545	5’400	-14’237	19’637	*-137.9%*
in % of Gross sales	*2.6%*	*-29.8%*	*4.5%*	*-14.9%*	*3.8%*	*-20.4%*		*+24.2 pts*
Net cash / (Net debt)	-40’383	-28'631	-34’346	-22'278	-34’346	-22’278	-12’068	*54.2%*
Equity	113’032	121'815	120’321	116'448	120’321	116’448	3’873	*3.3%*
in % of Total Balance sheet	*52.1%*	*64.7%*	*54.1%*	*60.0%*	*54.1%*	*60.0%*		*-5.9 pts*
Total Balance sheet	217’137	188'196	222’571	194'064	222’571	194’064	28’507	*14.7%*
Capital expenditures in tangible fixed assets	513	45	559	345	1’072	390	682	*174.9%*

The report of the Tornos group for the first half of 2011 (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

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