TORNOS

MEDIA RELEASE

For immediate release

Third quarter marked by Group transformation measures

Moutier, 13 November 2012

Order intake

In the course of the third quarter, the Group booked new orders worth a total of CHF 34.0 million. This represents a 42.6% drop compared to the year-back period (2011: CHF 59.2 million). The seasonal effect of the summer holidays resulted in a slightly lower level of orders than in the two previous quarters. Cumulative orders for the first nine months of the year amounted to CHF 137.4 million, which represents a reduction of 36.5% compared to the same period last year.

Tornos presented its machining centres at major trade fairs in Germany (AMB in Stuttgart) and in Italy (BIMU in Milan). Two new models attracted great interest from customers by virtue of the excellent quality they offer for the price.

Restructuring costs impact negative result – reinforced financing structure

Gross sales for the third quarter totalled CHF 31.5 million, 46.4% lower than the gross sales reported in the same quarter of the 2011 fiscal year. On a cumulative basis, sales thus amounted to CHF 128.5 million, down 36.4% from the previous year (2011: CHF 202.0 million).

The operating result (EBIT) stood at CHF -10.9 million at 30 September 2012, compared to EBIT of CHF 12.1 million for the same period of the previous year. In the third quarter of the current year, the Group achieved EBIT of CHF -8.3 million; this figure strongly reflects the costs of the restructuring exercise announced and implemented during September. As a result, provisions of CHF 3.7 million were created in the quarter for personnel costs. Factoring out these one-time costs, EBIT would have been CHF -4.6 million for the third quarter and CHF -7.2 million for the first nine months of the year. The significant decrease compared to 2011 is primarily due to a decline in volume that the extensive adoption of short-time working – including for much of the third quarter – was unable to entirely compensate, and to a lesser extent to slightly lower gross margins (30.1% compared to 32.4% during the same period in 2011). The lower margins are attributable to the weak volume, increased competitive pressure, and the effect of the strong Swiss franc on sales prices abroad.

After factoring in the financial result – composed mainly of bank interest charges worth CHF 1.6 million and foreign exchange losses of CHF 0.4 million – as well as tax credits of CHF 1.5 million, the Group's net loss as at 30 September 2012 totals CHF 11.4 million.

Operating cash flow is negative CHF 11.6 million, which has resulted in an increase in net debt to CHF 32.1 million as at 30 September 2012.

In its media release dated 16 October 2012, the Group announced that it had taken steps to strengthen its financing. Credit limits with bank syndicates that were still as high as CHF 50 million at the balance sheet date have been reduced to a total of CHF 35 million. Two industrial shareholders have loaned the Group CHF 40 million. In this context, shareholders' equity will be increased by CHF 30 million in 2013, which will enable the Group to reduce the shareholders' loans to CHF 10 million.

Outlook

The Group has already announced in the press release on its half-year results that sales will fall short of the CHF 200 million threshold and that this will lead to a negative operating result. This forecast is proving correct, as the second-half upturn in demand that the Group was anticipating at the beginning of the year has not materialised, and uncertainties still weigh on the markets in which the Group operates.

Further information on Tornos can be found at www.tornos.com

Contact: Patrick G. Köppe, Head of Marketing and Communications
Tel. +41 32 494 45 46, Fax +41 32 494 49 04, koeppe.p@tornos.com

Tornos Group **Unaudited Key Figures** (in KCHF unless otherwise stated)	First quarter 2012	First quarter 2011	Second quarter 2012	Second quarter 2011	Third quarter 2012	Third quarter 2011	9 months 2012	9 months 2011	Difference	Difference % / pts
Bookings	64'659	78'403	38'665	78'719	34'028	59'243	137'352	216'365	-79'013	*-36,5%*
Gross sales	50'976	58'550	46'065	84'729	31'466	58'712	128'507	201'991	-73'484	*-36,4%*
EBITDA	1'362	4'116	-1'561	9'001	-7'149	2'224	-7'348	15'341	-22'689	*-147,9%*
in % of Gross sales	2,7%	7,0%	-3,4%	10,6%	-22,7%	3,8%	-5,7%	7,6%		*-13.3 pts*
EBIT	89	3'007	-2'607	7'942	-8'343	1'169	-10'861	12'118	-22'979	*-189,6%*
in % of Gross sales	0,2%	5,1%	-5,7%	9,4%	-26,5%	2,0%	-8,5%	6,0%		*-14.4 pts*
Net profit / (Net loss)	-1'181	1'548	-2'188	3'852	-8'075	1'300	-11'444	6'700	-18'144	*-270,8%*
in % of Gross sales	-2,3%	2,6%	-4,7%	4,5%	-25,7%	2,2%	-8,9%	3,3%		*-12.2 pts*
Net cash / (Net debt)	-27'508	-40'383	-28'261	-34'346	-32'104	-26'253	-32'104	-26'253	-5'851	*22,3%*
Equity	130'470	113'032	125'411	120'321	116'495	121'756	116'495	121'756	-5'261	*-4,3%*
in % of Total Balance sheet	59,9%	52,1%	59,3%	54,1%	57,4%	54,6%	57,4%	54,6%		*+2.8 pts*
Total Balance sheet	217'951	217'137	211'583	222'571	202'871	223'107	202'871	223'107	-20'236	*-9,1%*
Capital expenditures in tangible fixed assets	241	513	554	559	197	408	992	1'480	-488	*-33,0%*