

# MEDIA RELEASE

## **Strategic initiatives having positive and encouraging impact – half-year results below expectations**

**Moutier, August 13, 2013 – In the first half of 2013, Tornos Holding SA recorded consolidated gross sales of CHF 79.2 million. The operating result (EBIT) stood at CHF –8.5 million. As a consequence of the ongoing strategic reorientation aimed at greater internationalization, the Group's activities are being resized over the medium term.**

In the first half of 2013, orders totalled CHF 84.9 million (CHF 103.3 million in 2012), of which CHF 41.0 million came in during the second quarter. As a result, the drop compared to the same period last year was scaled back from –32.2% at the end of the first quarter to -17.9%. The situation in the countries of southern Europe that have been hardest hit by the euro crisis appears to be stabilizing. This is reflected in growing demand for Tornos products, which is stronger than last year even if it is still below expectations. The overall positive trend in the first half of 2013 was thanks to the Swiss and German markets. Indicators from the United States are positive, in contrast to the situation in Asia, where order flow is modest. Overall, the improvement is due to demand for automatic lathes, in particular the SwissNano, and the multi-spindle lathe MultiSwiss.

With gross sales of CHF 79.2 million (CHF 97.0 million in 2012), the drop compared to the prior-year period has been reined in from –31.5% in the first quarter to –18.4% at the end of the first half. The total breaks down into CHF 34.9 million in the first quarter and CHF 44.2 million in the second. The first-half operating result (EBIT) stood at CHF -8.5 million, compared to CHF -6.4 million for the same period last year. This drop is mainly due to lower volumes, which was predictable given the low level of orders in hand at the end of 2012 and at the start of 2013.

With the capital increase of CHF 30.6 million gross carried out at the end of May 2013 the Group has a solid equity base of 53.5% (2012: 50.0%) of the total balance sheet. Together with the optimization of net working capital this results in a net cash position of CHF 4.1 million (2012: net debt of CHF –28.3 million).

### **Very positive response to new products**

The recently launched new products are performing well. Although still short of the desired level, orders for MultiSwiss multi-spindle lathes, primarily from the key automotive and medical segments, were at almost the same level at the end of the first half as for the whole of 2012. The SwissNano, an automatic single spindle sliding headstock lathe designed specifically for the watchmaking industry that was just introduced last March, has already brought in more orders than its predecessor did in the whole of last year. This situation also reflects customers' very positive response to the new products. The third quarter will see the launch of the new EvoDECO to complete the new family of high-end products designed to supersede the DECO product line.

The development and production of new entry level and mid-range products will be done by the new company Tornos Xi'an which has its own production capacity. These products will be marketed in the Asia region through the Tornos distribution network, and in China in collaboration with its partner. This company, which is currently being set up, constitutes an integral component of Tornos' internationalization strategy.

Preparations for the launch this year of another new entry level model intended for the Asian market are proceeding on schedule.

### **Outlook**

The outlook for future business activity remains difficult to predict and, in addition, no significant improvement in the investment climate is expected for machine tool manufacturers in Europe. Consequently, it is unlikely that the Group will be able to make good the operating loss from the beginning of the year in the course of the second half. The impact of the strategy and its six major axes define clear objectives for the coming years. The Group will continue to vigorously pursue the implementation of its strategy. In other words, it will continue to strengthen its capacity for innovation in the high- and mid-range. Thus, in the context of re-equilibrating markets and, as a consequence, of evolving customer requirements, new machines that will guarantee the future product mix are at the planning stage. In view of the process of focusing the product range and the anticipated drop in volumes at the Swiss site, structures will undergo constant adaptation. Tornos will increasingly focus on introducing and optimizing lean structures.

<b>Tornos Group</b>	First quarter 2013	First quarter 2012 <sup>1</sup>	Second quarter 2013	Second quarter 2012 <sup>2</sup>	First half 2013	First half 2012 <sup>2</sup>	Difference	Difference % / pts
<b>Unaudited key figures</b> (in KCHF unless stated otherwise)								
Order intake	43'811	64'659	41'042	38'665	84'853	103'324	-18'471	-17.9%
Gross sales	34'910	50'976	44'240	46'065	79'150	97'041	-17'891	-18.4%
EBITDA	-6'211	1'362	-146	-5'402	-6'357	-4'040	-2'317	-57.4%
<i>in % of Gross sales</i>	<i>-17.8%</i>	<i>2.7%</i>	<i>-0.3%</i>	<i>-11.7%</i>	<i>-8.0%</i>	<i>-4.2%</i>		<i>-3.8 pts</i>
EBIT	-7'272	89	-1'210	-6'448	-8'482	-6'359	-2'123	-33.4%
<i>in % of Gross sales</i>	<i>-20.8%</i>	<i>0.2%</i>	<i>-2.7%</i>	<i>-14.0%</i>	<i>-10.7%</i>	<i>-6.6%</i>		<i>-4.1 pts</i>
Net profit / (net loss)	-7'032	-1'181	-4'886	-5'475	-11'918	-6'656	-5'262	-79.1%
<i>in % of Gross sales</i>	<i>-20.1%</i>	<i>-2.3%</i>	<i>-11.0%</i>	<i>-11.9%</i>	<i>-15.1%</i>	<i>-6.9%</i>		<i>-8.2 pts</i>
Net cash / (net debt)	-24'044	-27'508	4'082	-28'261	4'082	-28'261	32'343	N/A
Equity	71'524	117'075	97'795	105'687	97'795	105'687	-7'892	-7.5%
<i>in % of Total balance sheet</i>	<i>38.8%</i>	<i>53.1%</i>	<i>53.5%</i>	<i>50.0%</i>	<i>53.5%</i>	<i>50.0%</i>		<i>3.5 pts</i>
Total balance sheet	184'274	220'578	182'675	211'494	182'675	211'494	-28'819	-13.6%
Capital expenditure in tangible fixed assets	163	241	101	554	264	795	-531	-66.8%

<sup>1</sup> Restatement following the adoption of the IAS 19 revised standard.

<sup>2</sup> Restatement following the adoption of IAS 19 revised standard and corrected in compliance with the agreement with the SIX Exchange Regulation of March 18, 2013.

The French version of this media release is definitive.

The Tornos Group's report on the first half of 2013 (available in French, English and German) and the consolidated financial statements (in English) are available for download at <http://www.tornos.com/en/content/financial-report>

Next publication date: November 14, 2013 (figures Q3/2013)

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

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#### Company profile

Tornos Group is one of the global leaders for the development, production and distribution of Swiss-type automatic lathes and multi-spindle machines. The company's history dates back to 1880 and marked the beginning of Swiss-type lathe technology. Tornos primarily manufactures CNC Swiss-type (sliding headstock) turning machines, multi-spindle machines with numerical or cam control, machining centers for complex parts requiring high precision (Almac), and surface treatment equipment for the anodization of metal parts (Cyklos). Tornos is headquartered in Switzerland. Through a global sales and service network, unique solutions are supplied to customers in dedicated market segments such as Automotive, Medical and dental technology, Micromechanics, and Electronics. With its approximately 650 employees, Tornos Group generated sales of CHF 184.4 million in 2012.