

MEDIA RELEASE

For immediate distribution

Significant progress made under difficult circumstances

Moutier, March 17, 2014 – In the year under review, the Tornos Group completed an important stage in its strategic reorientation. Compared with the previous year, orders for new products launched since 2011 as a percentage of total orders were more than three times higher. With its financing that is entirely based on private loans, the Group has a solid financial footing.

The 2013 financial year was marked by two factors that are important for the Tornos Group. The first is the macroeconomic environment, which remained difficult and negatively impacted on the Group's results. The second is the strategic reorientation of the Group, which began in autumn 2012 and was largely implemented throughout 2013. This repositioning significantly and durably altered the Group's foundation, and its cost, which is one time, has had a significant effect on the results for the year. At CHF 155.3 million, gross sales fell by 16.0% compared with the CHF 184.8 million achieved in 2012.

Profitability strongly impacted by nonrecurring charges and elements

At EBIT level, the Group is reporting a loss of CHF 35.9 million (2012: CHF -22.3 million) and a pre-tax loss of CHF 37.2 million (2012: CHF -25.7 million). Net earnings amount to CHF -45.6 million (2012: CHF -22.6 million). The results referred to include nonrecurring charges and elements. These charges are due to the cessation of the surface treatment systems business (CHF 5.2 million), the streamlining of the product portfolio, including adjustments to provisions for obsolescence (CHF 12.9 million), the redimensioning of the company (CHF 0.8 million), the realignment of distribution structures (CHF 0.3 million), losses on customer projects (CHF 0.5 million), and amortization of deferred tax assets (CHF 8.6 million). These various expense items were partially offset by the sale of shares held as financial investments in the amount of CHF 1.7 million, resulting in a net negative impact of CHF 26.6 million (2012: 11.0 million). Corrected for exceptional charges and elements, the net loss stands at CHF 19.0 million (2012: CHF -11.6 million).

In spite of an unfavorable economic context, implementation of the strategic realignment has been rigorously pursued. The process of adapting the organization and streamlining the structure has resulted in a headcount reduction in Switzerland of almost 40 percent over the past 15 months. The streamlining of the company's structure has resulted in the downsizing of the management team from seven to three members. The effect of the measures taken during the financial year is not fully reflected in the overall result for 2013. Nevertheless, the reduced cost base has already had a positive impact and the break-even point has been lowered. The effect of the measures described became increasingly apparent as the year progressed. Today the company has greater flexibility to cope with fluctuations in regional demand.

Significant contrasts in developments by geographical region

The 2013 financial year ended with CHF 151.9 million in order intake (2012: CHF 176.6 million), a decline of 14.0%. In Europe, the trend was positive compared to the previous year, influenced by the strong upturn in business in Western Europe. This improvement was supported by vigorous growth in Germany due to two new products that become increasingly successful in the markets. The development in Asia mirrored the lower activities observed in machine tool consumption in the important markets. In the United States, the medical and

dental technology and automotive sectors bear important growth potential that has not yet been fully tapped. For this reason, with a new management in place, the distribution network has been adjusted over the past year. The Tornos Group's solid foundation in the automotive, medical and dental technology, micromechanics and electronics market segments enabled it to compensate at least partly the fluctuations in demand in these areas.

With a view to dynamic markets in Asia

One of the Group's major goals with the strategic reorientation is to develop and distribute own machines for the entry-level and mid-range product segments. To achieve this goal, Tornos has teamed up with a local partner to set up a new company in China, Tornos (Xi'an) Machine Works Co., Ltd., that is dedicated to the development and production of machines that meet the requirements of local markets.

As a complement to the operation in China, the partnership entered into with a Taiwanese firm in 2012 is progressing with success and represents an additional pillar in the Group's internationalization.

These initiatives will enable Tornos to strengthen its position in the mid-range segment with new, competitively priced, quality products that it can market worldwide.

With SwissNano, EvoDECO and MultiSwiss lathes, and Almac's BA 1008 milling machine and VA 1008 machining center, the Group manufactures its high-end products in Switzerland.

Systematic orientation of the Group for the future

The product portfolio has been reviewed in the light of the developments in the global market and the new production sites available within the Group. It has been considerably slimmed down and currently focuses almost exclusively on the latest generation of products that has been launched within the past five years.

The strategic analysis also included Cyklos, the surface treatment solution that was acquired in 2011 and which has been operating since then as a startup. As part of the strategic rationalization of activities, the decision has been made to turn over the surface treatment activities to another company, which will continue this business.

Solid financial footing

Despite the poor results reported in 2012 and 2013, the Tornos Group remains on a solid financial footing. The capital increase in May 2013 and the reduction in net working capital carried the Group into a positive net cash situation. Equity amounts to 51.1% of the total balance sheet. Tornos Group amended its financing structure in January 2014. It is today entirely based on loans granted by two industrial shareholders at attractive conditions.

Outlook for 2014

In 2013, the Tornos Group completed an important stage in its strategic reorientation as regards its structure and organization. As a result, its cost structure will be significantly improved, which will in turn lower its break-even point. The transition to an adapted product portfolio that is geared to forward-looking, platform-based products is in full swing. The growth in order intake for new products is encouraging. The first goal for 2014 is to launch additional products. The direction that Tornos has chosen for its product development and manufacturing activities will enable it to develop new outlets outside Europe using its own resources. Provided there is no deterioration in the economic situation in Europe and the investment climate in Asia, and in China in particular, remains stable, the Group expects to post a result close to breakeven in 2014.

Comparison of key figures 2013 and 2012

Tornos Group (in KCHF unless otherwise stated)	2013	2012¹
Order intake	151'868	176'607
<i>Year on year change %</i>	<i>-14.0%</i>	<i>-36.1%</i>
Gross sales	155'250	184'826
<i>Year on year change %</i>	<i>-16.0%</i>	<i>-31.8%</i>
EBITDA	-28'340	-7'590
<i>Gross sales %</i>	<i>-18.3%</i>	<i>-4.1%</i>
EBIT	-35'946	-22'348
<i>Gross sales %</i>	<i>-23.2%</i>	<i>-12.1%</i>
Net profit / (net loss)	-45'599	-22'630
<i>Gross sales %</i>	<i>-29.4%</i>	<i>-12.2%</i>
Net cash / (net debt)	705	-23'813
Equity	72'818	81'850
<i>Total balance sheet %</i>	<i>51.1%</i>	<i>43.5%</i>
Total balance sheet	142'520	188'177
Capital expenditures in tangible fixed assets	415	1'216

¹ Restatement following the adoption of the IAS 19 revised standard.

The French version of this media release is definitive.

The Tornos Group Annual Report 2013 (in three languages) and the Consolidated Financial Statements 2013 are available for download at <http://investors.tornos.com/en/content/publications> .

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Further information on Tornos can be found at 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, and machining centers for complex parts requiring high precision (Almac). 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 570 employees (in FTE), Tornos Group generated sales of CHF 155.3 million in 2013.