

MEDIA RELEASE

Positive first-half result – Tornos benefits from increasing growth momentum in target markets

Moutier, August 12, 2014 – The Tornos Group made further steps towards a return to financial health in the first half of 2014. Both new orders and sales improved significantly compared to the previous year, enabling the company to record a positive half-year result. The second half of 2014 will see the launch of new standard-segment products.

New orders in the reporting period amounted to CHF 102.0 million and were therefore 20.2% above the value of the prior-year period (2013: CHF 84.9 million). Net sales developed similarly, coming in at CHF 90.3 million, a rise of 18.4% compared to the prior-year figure (2013: CHF 76.3 million). Accordingly, the Group achieved a positive net result of CHF 0.6 million (attributable to owners of the parent), compared to a net loss of CHF 11.9 million in the prior-year period. At EBIT level, a profit of CHF 1.1 million (2013: CHF –8.5 million) was recorded. EBITDA amounted to CHF 2.9 million (2013: CHF –6.4 million).

The improvement in the operating result is attributable to systematic efficiency improvements, higher utilization of production capacity, and improved margins. Streamlined management of sales activities and the adjusted product mix, which includes an increasing proportion of new products, resulted in a rise in gross margin to 29.2%.

While sales volume increased strongly, operating costs came in at CHF 25.7 million, a decline of CHF 2.1 million on the prior-year period that included short-time working compensation of CHF 1.0 million. This results in a sustainable cost reduction of CHF 3.1 million or 10.6% compared to 2013.

Thanks to targeted measures, operating cash flow amounted to CHF 15.3 million (2013: CHF –0.9 million), and net cash improved from CHF 0.7 million as at December 31, 2013 to CHF 16.5 million. The substantial inflow of liquidity was above all attributable to the reduction in net current assets, with accounts receivable declining despite the growth in sales. Additionally, an increase in advance payments by customers as well as reduction in stock strengthened the positive effect.

Significant recovery in southern Europe, Asia enjoying increasing growth momentum

Around three quarters of new orders in the first half of 2014 came from customer projects in Europe. The growth in new orders in Switzerland, Germany, and, in particular, southern Europe was pleasing. A number of customer projects that have continually been postponed month after month were completed. The main growth drivers in Europe were the core segments automotive and medical/dental technology.

Asia too benefited from a substantial rise in demand. A new sales and service location with exhibition space was opened in Dongguan in southern China.

Outlook

Tornos is resolutely continuing its efforts to restore itself to full health. The targeted internationalization of the Group enters a decisive phase this year. New products are coming to market from the production sites in Asia, which means that customers outside Europe also have access to a range of standard machines that is tailored to the needs of the market, something that Tornos could not offer in the past. The new, modern production facility in Xi'an

(China) will be occupied in this autumn. Key components requiring a high level of expertise will continue to be manufactured in Switzerland and then installed in machines at the Group's different production sites.

Tornos will be presenting its latest-generation products at a large number of trade fairs during the second half of the year, particularly IMTS in Chicago (USA), AMB in Stuttgart (Germany) and BIMU in Milan (Italy).

Comparable business development is anticipated for the second half of the year, assuming the usual seasonal slowdown over the summer months. On the assumption that the economic environment does not change significantly, the prospects from today's perspective of achieving a balanced operating result for the year as a whole look promising.

Tornos Group	First quarter 2014	First quarter 2013	Second quarter 2014	Second quarter 2013	First half 2014	First half 2013	Difference	Difference
Unaudited Key Figures (in KCHF unless otherwise stated)								% / pts
Order intake	50'334	43'811	51'685	41'042	102'019	84'853	17'166	20.2%
Net sales	43'213	33'861	47'078	42'416	90'291	76'277	14'014	18.4%
EBITDA	554	-6'211	2'361	-146	2'915	-6'357	9'272	n.a.
<i>in % of Net sales</i>	<i>1.3%</i>	<i>-18.3%</i>	<i>5.0%</i>	<i>-0.3%</i>	<i>3.2%</i>	<i>-8.3%</i>		<i>n.a.</i>
EBIT	-342	-7'272	1'487	-1'210	1'145	-8'482	9'627	n.a.
<i>in % of Net sales</i>	<i>-0.8%</i>	<i>-21.5%</i>	<i>3.2%</i>	<i>-2.9%</i>	<i>1.3%</i>	<i>-11.1%</i>		<i>n.a.</i>
Net income/(loss) for the period *	-359	-7'032	913	-4'886	554	-11'918	12'472	n.a.
<i>in % of Net sales</i>	<i>-0.8%</i>	<i>-20.8%</i>	<i>1.9%</i>	<i>-11.5%</i>	<i>0.6%</i>	<i>-15.6%</i>		<i>n.a.</i>
Net cash/(Net debt)	-1'900	-24'044	16'485	4'082	16'485	4'082	12'403	303.8%
Equity *	71'986	71'524	70'302	97'795	70'302	97'795	-27'493	-28.1%
<i>in % of Total balance sheet</i>	<i>51.2%</i>	<i>38.8%</i>	<i>46.2%</i>	<i>53.5%</i>	<i>46.2%</i>	<i>53.5%</i>		<i>-7.3 pts</i>
Total balance sheet	140'584	184'274	152'016	182'675	152'016	182'675	-30'659	-16.8%
Capital expenditures in tangible fixed assets	91	163	60	101	151	264	-113	-42.8%

* Attributable to owners of the parent

The French version of this media release is the official one.

The Tornos Group's report on the first half of 2014 (available in French, English and German) and the interim consolidated financial statements (in English) are available for download at <http://investors.tornos.com/en/content/publications-0>

Next publication date:

November 4, 2014: 3rd quarter results 2014

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

Investor relations: Luc Widmer, Chief Financial Officer
Phone +41 32 494 42 33, Fax +41 32 494 49 04, widmer.l@tornos.com

Media relations: Patrick G. Köppe, Head of Marketing and Communications
Phone +41 32 494 45 46, Fax +41 32 494 49 03, koeppe.p@tornos.com

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.