

# MEDIA RELEASE

## **Significant increase in new orders**

**Moutier, November 4, 2014 – Driven by successful product launches as well as existing products, levels of new orders remained encouraging, up substantially on the previous year.**

Order intake in the first nine months increased by 28.7% compared with the prior-year figure (2013: CHF 115.6 million) to CHF 148.8 million. This indicates that the marked year-on-year rise in demand for Tornos machines in evidence since the start of 2014 continued over the summer months.

## **Favorable response to new mid-range products – demand for multi-spindle machines from Moutier still strong**

Complementing the high-end products made in Switzerland, the mid-range products from the Group's manufacturing sites in Asia, first unveiled to the market this summer, are being positively received by customers. Particularly in Asia and at the leading IMTS trade show in Chicago (USA), the reaction from users in this sector has underlined their strong interest in these easy-to-operate machines. A gratifying number of orders have already been received. The products also met with lively interest at top trade fairs AMB in Stuttgart (Germany) and BIMU in Milan (Italy) at the end of the third quarter, additionally bolstering new orders in Europe for the rest of the year.

## **Steps underway to make manufacturing more flexible – high backlog of orders providing solid basis**

The goal of outsourcing a much higher proportion of manufacturing operations to allow Tornos to respond more flexibly to fluctuations in demand is part of the strategic plan. Determined efforts to build the necessary network of suppliers able to satisfy Tornos' very high precision standards are proving more time-consuming than originally envisaged. Despite temporary hires to ramp up capacity and due to seasonal constraints, machine output could not yet entirely match the upturn in demand for Tornos products. Owing to a further year-on-year increase in order intake, the backlog of orders grew to CHF 51.8 million, stretching into the second quarter of 2015.

Consequently, net sales for the first nine months amounted to CHF 126.3 million (prior-year period: CHF 102.8 million), representing an increase of 22.9%. This led to an operating result (EBIT) of CHF -0.8 million (2013: CHF -15.2 million) at the end of September 2014. Tornos continues to aim for a balanced operating result for the year as a whole, based on IFRS as well as on Swiss GAAP FER accounting standards.

## **Switch to Swiss GAAP FER accounting standards**

Tornos Holding Ltd. has been using International Financial Reporting Standards (IFRS) since 2002. The company switches from IFRS to the Swiss GAAP FER accounting standards. The decision marks Tornos' wish to adopt a more pragmatic set of standards with comparable information content which are in line with the needs of a medium-sized international company and entail less complexity and fewer costs. Transparent, true and fair reporting will continue to be guaranteed under Swiss GAAP FER. The changeover will have a positive impact on the operating result in the amount of approximately CHF 2.2 million. Compared to the figures mentioned in the Half-year report 2014, the balance sheet will be relieved from activated development cost (intangible assets) and activated deferred tax assets amounting to

approximately CHF 7.1 million. Furthermore, pension plan liabilities recognized in accordance with IAS 19R of approximately CHF 21.0 million are to be removed from the balance sheet. The Annual Report 2014 is to contain a reconciliation statement.

As a consequence of the changeover to Swiss GAAP FER accounting standards, Tornos Holding Ltd. will need to transfer from the Main Standard to the Domestic Standard segment of SIX Swiss Exchange in compliance with the latter's requirements. SIX Swiss Exchange has approved Tornos Holding Ltd.'s respective application. The last day of trading in the Main Standard is scheduled for November 21, 2014, and the first day of trading in the Domestic Standard for November 24, 2014.

<b>Tornos Group</b>	First quarter 2014	First quarter 2013	Second quarter 2014	Second quarter 2013	Third quarter 2014	Third quarter 2013	9 months 2014	9 months 2013	Difference	Difference
<b>Unaudited Key Figures</b> (in KCHF unless otherwise stated)										% / pts
Order intake	50'334	43'811	51'685	41'042	46'814	30'780	148'833	115'633	33'200	28.7%
Net sales	43'213	33'861	47'078	42'416	36'017	26'498	126'308	102'775	23'533	22.9%
EBITDA	554	-6'211	2'361	-146	-1'144	-5'661	1'771	-12'018	13'789	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>-21.4%</i>	<i>1.4%</i>	<i>-11.7%</i>		<i>N/A</i>
EBIT	-342	-7'272	1'487	-1'210	-1'979	-6'698	-834	-15'180	14'346	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>-5.5%</i>	<i>-25.3%</i>	<i>-0.7%</i>	<i>-14.8%</i>		<i>N/A</i>
Net income/(loss) for the period	-359	-7'032	913	-4'886	-1'373	-5'704	-819	-17'622	16'803	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>-3.8%</i>	<i>-21.5%</i>	<i>-0.6%</i>	<i>-17.1%</i>		<i>N/A</i>
Net cash/(Net debt)	-1'900	-24'044	16'485	4'082	17'557	3'751	17'557	3'751	13'806	368.1%
Equity	71'986	71'524	70'302	97'795	69'344	90'400	69'344	90'400	-21'056	-23.3%
<i>in % of Total balance sheet</i>	<i>51.2%</i>	<i>38.8%</i>	<i>46.2%</i>	<i>53.5%</i>	<i>48.4%</i>	<i>52.4%</i>	<i>48.4%</i>	<i>52.4%</i>		<i>-4.0 pts</i>
Total balance sheet	140'584	184'274	152'016	182'675	143'200	172'466	143'200	172'466	-29'266	-17.0%
Capital expenditures in tangible fixed assets	91	163	60	101	240	94	391	358	33	9.2%

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

Next publication dates:

January 27, 2015: Order intake and Sales 2014

March 16, 2015: Full-year result for 2014

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, 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.