

## MEDIA RELEASE

Moutier, March 14, 2017, 7 a.m.

### **Tornos remains on course**

- **Market share regained thanks to new products**
- **Growing significance of service business**
- **Severe reluctance to invest by the automotive supply industry depresses EBIT and net result**

The Tornos Group is now well on the way to becoming a financially strong, internationally established, flexible company with a high capacity for innovation and lean manufacturing processes. The fact that the key figures for 2016 do not reflect the progress made in recent years can be attributed to a marked reluctance in the target markets – especially in the automotive supply industry – to invest in capital equipment, during the year under review. This had a considerable impact on the Tornos Group's net sales, order intake and result.

#### **Considerable fourth-quarter increase in order intake**

In the 2016 financial year, the Tornos Group posted total net sales of CHF 136.2 million (2015: CHF 164.0 million, -16.9%) and order intake of CHF 133.5 million (2015: CHF 160.0 million, -16.6%). Tornos was able to increase order intake considerably in the fourth quarter. The EBIT for the reporting year came to CHF –3.0 million (2015: CHF 2.4 million), and the net result was CHF –3.6 million (2015: CHF 0.9 million).

#### **Change in the product mix**

Looking at 2016 as a whole, Tornos received more orders in terms of machine numbers than it did in 2015. The fact that order intake nevertheless fell is attributable to the change in the product mix, with more standard machines being sold in the medium price category, and fewer machines in the more expensive price category. This was particularly true for multispindle machines, which are manufactured in Moutier and mainly used in the automotive industry.

During the year under review, Tornos also received significantly fewer machine orders from Europe (excluding Switzerland), and especially Germany, than in the previous year. On the other hand, there was a gratifying rise in orders from Switzerland, with an increase of about 10%. Although the Swiss watchmaking industry remains reluctant to invest, Tornos was nevertheless able to obtain attractive orders and gain market share in this segment. This was in no small part thanks to the SwissNano machine, which is produced in Moutier. Tornos sold about 80% more models of this innovative Swiss-type automatic lathe in 2016 than it did in the previous year. By contrast, the upward trend seen in 2015 was not sustained in the American market. Order intake also declined in Asia (including other regions).

## **Automotive industry remains most important market segment**

Despite its marked reluctance to place orders, the automotive industry remained by far the most important market segment for Tornos, accounting for 28.5% (previous year: 31.2%) of order intake. Next came medical and dental technology with 13.7% (previous year: 13.9%). The electronics market segment performed well, increasing its share of total order intake from 9.8% to 12.7%. For Tornos, this segment is now ahead of the watchmaking industry, which accounted for 11.5% (previous year: 10.4%). The remaining 33.6% (previous year: 34.7%) came from sub-suppliers (known as job shops), which supply parts to the four industries mentioned above, and from smaller industries such as aviation or pneumatics/hydraulics.

In the service and spare parts business, Tornos generated net sales of CHF 40.4 million in 2016 (previous year: CHF 38.0 million, +6.3%). The share that this business contributed to total net sales thus rose from 23.2% in the previous year to 29.7%.

## **Operating expenses**

As in 2015, Tornos was once again able to cut operating expenses significantly in 2016, reducing them by CHF 3.0 million to CHF 44.7 million (-6.4%). It did so with the help of cost-cutting measures introduced at the start of January 2016. The extra savings came to about CHF 1.0 million for marketing and sales, CHF 1.1 million for general and administrative expenses and CHF 0.9 million for research and development.

## **Sale of property surplus to operational requirements**

In the reporting year, Tornos sold property surplus to operational requirements for a sum amounting to CHF 1.9 million. This resulted in a gain of CHF 1.1 million.

## **Research and development**

One of the Tornos Group's research and development priorities in 2016 was to complete the additions to the medium-price-segment product range. Tornos has expanded this range to a total of seven models through the addition of the Swiss GT 32 and Swiss DT 13 machines. These machines are achieving gratifying sales. In the multispindle segment, Tornos has also added two models to the MultiSwiss product range. The initial market response was very positive, with Tornos obtaining a pleasing number of orders for these new MultiSwiss machines in the fourth quarter of 2016.

## **Outlook**

It is difficult to make predictions for the 2017 financial year. Global economic development and companies' willingness to invest will be determined by the political changes in Europe and the USA, as well as a large number of other influencing factors. The automotive industry remains reluctant to invest, and there is as yet no sign of the investment trend in the watchmaking industry reversing. Thanks to the innovative machines launched in 2016, Tornos is well positioned in all market segments and well equipped for an upturn in demand. The Group is not announcing any specific sales and earnings targets for 2017.

## Key figures 2016 and 2015

<b>Tornos Group</b>	<b>2016</b>	<b>2015</b>	<b>Difference</b>	<b>Difference in %</b>
in CHF 1'000*				
<b>Order intake</b>	<b>133'494</b>	<b>160'049</b>	-26'555	-16.6%
<b>Net sales</b>	<b>136'169</b>	<b>163'954</b>	-27'785	-16.9%
<b>EBITDA</b>	<b>-323</b>	<b>4'921</b>	-5'244	n/a
<i>in % of Net sales</i>	<i>-0.2%</i>	<i>3.0%</i>		
<b>EBIT</b>	<b>-2'987</b>	<b>2'369</b>	-5'356	n/a
<i>in % of Net sales</i>	<i>-2.2%</i>	<i>1.4%</i>		
<b>Net result</b>	<b>-3'604</b>	<b>895</b>	-4'499	n/a
<i>in % of Net sales</i>	<i>-2.6%</i>	<i>0.6%</i>		
<b>Cash flow from operating activities</b>	<b>-14'206</b>	<b>-2'337</b>	-11'869	-507.9%
<b>Cash flow from investing activities</b>	<b>-1'425</b>	<b>40</b>	-1'465	n/a
<b>Free cash flow</b>	<b>-15'631</b>	<b>-2'297</b>	-13'334	-580.5%
	<b>31.12.2016</b>	<b>31.12.2015</b>		
<b>Net cash</b>	<b>-4'765</b>	<b>11'303</b>	-16'068	n/a
<b>Total equity</b>	<b>80'352</b>	<b>84'111</b>	-3'759	-4.5%
<i>in % of Total balance sheet</i>	<i>62.6%</i>	<i>59.7%</i>		
<b>Total balance sheet</b>	<b>128'283</b>	<b>140'798</b>	-12'515	-8.9%
<b>Employees (Full-time equivalents)**</b>	<b>631</b>	<b>657</b>	-26	-4.0%

\* Unless otherwise stated

\*\* Without apprentices

## **Next publication dates**

April 12, 2017      Annual General Meeting 2017

August 15, 2017    Half-year report 2017

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

Investor and media relations: Bruno Edelmann, Chief Financial Officer  
Tel. +41 32 494 42 33, fax +41 32 494 49 04, [edelmann.b@tornos.com](mailto:edelmann.b@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 630 employees (FTE), Tornos Group generated sales of CHF 136 million in 2016.

Except for the historical information contained herein, the statements in this media release are forward-looking statements that involve risks and uncertainties.