

## MEDIA RELEASE

Moutier, March 12, 2018, 7.00 a.m.

### **Tornos returns to profit**

- **Successful product and service innovations**
- **Significant improvement in EBIT, net result and cash flow**
- **High order backlog for 2018**
- **The Board of Directors is proposing a distribution of CHF 0.15 per share**

The Tornos Group posted very pleasing results in the 2017 financial year. Compared with the previous year, it achieved significant improvements in all key figures and increased the EBIT margin to 5.3%. This good performance is particularly attributable to the revised product range and the innovative customer service portfolio. The Tornos Group was able to make excellent use of the upturn in the target markets during the reporting year, strengthening its position considerably in the various market segments and regions.

#### **EBIT improves by CHF 12.5 million**

At CHF 178.8 million, net sales for the Tornos Group for 2017 were 31.3% up on the previous year's figure of CHF 136.2 million; order intake at CHF 207.0 million was even 55.1% higher than the corresponding year-back figure of CHF 133.5 million. The order backlog as at December 31, 2017 stood at CHF 63.6 million (December 31, 2016: CHF 30.4 million). At CHF 9.5 million, the operating result (EBIT) for the reporting year was CHF 12.5 million higher than the previous year's figure of CHF -3.0 million, which is equivalent to an EBIT margin of 5.3%. The net result came to CHF 8.2 million (2016: CHF -3.6 million).

Thanks to the massive reduction in net working capital by CHF 22.8 million, the Tornos Group posted free cash flow of CHF 28.4 million in the 2017 financial year (2016: CHF -15.6 million).

#### **Demand in the higher price segment**

After machinery sales in the higher-price segment of Tornos' target markets had suffered from a very sluggish investment climate in 2016, demand for these products rose markedly in 2017. Order intake for machines produced by Tornos in Moutier (Switzerland) rose disproportionately strongly in 2017. In the medium-price category too, Tornos significantly exceeded the already impressive figure for the previous year. Around half of the machines sold by Tornos were manufactured in Asia.

## **Automotive industry is most important target market**

The automotive industry was once again the most important market segment for Tornos in 2017: The Group generated 45.0% of its order intake (previous year: 28.5%) in this segment. Medical and dental technology accounted for an 18.0% share of Tornos' order intake (previous year: 13.7%). Although Tornos sold more machines than in the previous year in the electronic market segment too, the percentage share of this market segment declined from 12.7% to 7.5%. The percentage share of the watchmaking industry market segment fell from 11.5% to 3.9% in the year under review. The remaining 25.6% (previous year: 33.6%) came from sub-suppliers ("job shops"), which supply parts to the four industries mentioned above, and from smaller industries such as aviation or pneumatics/hydraulics.

## **Increase across all machinery ranges**

Tornos increased sales in the reporting year across all its machinery ranges. Sales of its multispindle machines more than doubled in 2017 compared with 2016. As well as the smaller MultiSwiss machines offered since 2011, the multispindle machines – which have a larger workpiece diameter and were launched at the end of 2016 – enjoyed particularly strong demand in the market. However, Tornos also posted a year-on-year rise in sales of the higher-price Swiss-type automatic lathes (single-spindle) that are manufactured in Moutier. Sales of Swiss-type automatic lathes in the mid-price segment were also highly encouraging: after an already good sales figure in 2016, Tornos once again generated significant growth in sales of these products in 2017.

## **Operating expenses**

The operating expenses of the Tornos Group increased by CHF 5.1 million in 2017 to CHF 53.7 million (previous year: CHF 48.6 million). Marketing and sales expenses rose by CHF 2.4 million due to more extensive sales activities, while research and development costs were up CHF 2.6 million. General and administrative expenses showed a slight increase of CHF 0.4 million. On the other hand, the Tornos Group recorded a gain of CHF 0.4 million from the sale of patents no longer required for operations.

## **Research and development**

At CHF 10.4 million, research and development expenses rose in 2017 compared to 2016 (CHF 7.8 million). This was firstly due to the ramping-up of development work aimed at ensuring constant innovation of the machine program and secondly to further development of machine control systems in the context of Industry 4.0. In addition, Tornos is developing a new Swiss-type automatic lathe in the higher-price segment.

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

In the reporting year, Tornos sold property surplus to operational requirements for a sum amounting to CHF 3.1 million. This resulted in a gain of CHF 1.4 million in 2017.

## **Micro-milling machine business under a single brand in future**

The Tornos Group will merge and strengthen its activities in the micro-milling machines business and will market them in future under the uniform Tornos brand. A logical next step will involve the integration of the subsidiary Almac SA, La Chaux-de-Fonds, into Tornos SA, Moutier, at the end of 2018. All employees of Almac SA will be taken over by Tornos SA.

## **Distribution to shareholders**

At the General Meeting on April 11, 2018, the Board of Directors will propose to the shareholders a tax-exempt distribution of CHF 0.15 per share by means of a reduction in the share capital.

## **Outlook**

The Tornos Group began the year with full order books. The target markets are stable, and there is high demand for Tornos' innovative, high-quality products. The Group's employees are confronted with the welcome challenge of delivering the numerous orders on time and to Tornos' uncompromising standards. At the present time, Tornos is expecting the business to do better in 2018 than in the previous year.

## Key figures 2017 and 2016

<b>Tornos Group</b>				
(in CHF 1'000)*	<b>2017</b>	<b>2016</b>	Difference	Difference in %
Order intake	207'025	133'494	73'531	55.1%
Net sales	178'758	136'169	42'589	31.3%
EBITDA	12'856	-323	13'179	n/a
<i>in % of net sales</i>	7.2%	-0.2%		
EBIT	9'498	-2'987	12'485	n/a
<i>in % of net sales</i>	5.3%	-2.2%		
Net result	8'249	-3'604	11'853	n/a
<i>in % of net sales</i>	4.6%	-2.6%		
Cash flow from operating activities	32'439	-14'206	46'645	n/a
Cash flow from investing activities	-4'044	-1'425	-2'619	n/a
Free cash flow	28'395	-15'631	44'026	n/a
	<b>31.12.2017</b>	<b>31.12.2016</b>		
Net cash	23'428	-4'765	28'193	n/a
Total equity	90'240	80'352	9'888	12.3%
<i>in % of total balance sheet</i>	63.0%	62.6%		
Total balance sheet	143'310	128'283	15'027	11.7%
Employees (full-time equivalents)**	668	631	37	5.9%

\* Unless otherwise stated

\*\* Without apprentices

**Next publication dates:**

April 11, 2018      Annual General Meeting, Moutier  
August 14, 2018    Half-year report 2018

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

Link to

- [Annual report 2017](#)
- [Letter to the shareholders - Management report 2017](#)

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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, placing Tornos at the beginning of Swiss-type lathe technology. The Group 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 670 employees (FTEs), Tornos Group generated sales of CHF 178.8 million in 2017.

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