

## AD HOC ANNOUNCEMENT

**This is an ad hoc announcement pursuant to Article 53 of the Listing Rules (LR) of the SIX Exchange Regulation Ltd.**

Moutier, August 10, 2021, 7.00 a.m.

Report on the first half of 2021 for the Tornos Group:

### **Tornos achieves marked improvements at all levels**

- **Very positive business development for all product groups in all markets**
- **Massive sales increase and improved cost structure led to significantly improved profitability**
- **Major challenges due to bottlenecks in the global supply chain**

In the first half of 2021, business developed very positive for the Tornos Group. Following an extremely difficult year 2020, in which Tornos' business was at times almost paralyzed worldwide, the Group achieved massive growth in both order intake and sales. This applies to all product groups and sales markets. During the first six months of this year, all production plants were running at full capacity. By the end of 2020, Tornos was able to end short-time working in all business units. Despite relatively high inventory levels at the beginning of the year, Tornos' production sites occasionally faced major challenges in meeting the desired delivery times. This was due in particular to frequent interruptions in the global supply chain for raw materials and vendor products. The regulations and precautionary measures imposed by the Covid-19 pandemic also made business more difficult in the first half of 2021. In many countries, machine installations and service calls were only possible with great additional effort.

Nevertheless, the Tornos Group succeeded in significantly improving profitability. In addition to the massive increase in sales, the cost structure, which has improved significantly since 2020, and the write-back of value adjustment provisions due to the reduction in inventories also had a positive impact on the EBIT<sup>2)</sup>.

#### **Management changes**

At the end of April 2021, the Board of Directors of the Tornos Group appointed Stéphane Pittet to succeed Luc Widmer as the new Chief Financial Officer (CFO)

and member of the General Management of the Tornos Group. The 48-year-old MBA has broad experience in finance and controlling, strategy development, human resources, and information technology, gained in various management positions at Swatch Group and Richemont. He will take over his new assignment at Tornos at the beginning of September 2021.

## **Development of key figures**

Overall, the Tornos Group generated order intake of CHF 104.6 million in the first half of 2021 (first half of 2020: CHF 42.8 million, +144.3%) and net sales of CHF 84.4 million (first half of 2020: CHF 56.2 million, +50.2%). EBIT<sup>2)</sup> improved from CHF -13.1 million to CHF 11.1 million. Excluding the write-back of value adjustment provisions in the amount of CHF 6.5 million and the book gain from a property sale in the UK of CHF 0.7 million, EBIT<sup>2)</sup> for the first half of 2021 would be CHF 3.9 million.

Fortunately, the Tornos Group was able to acquire numerous new customers and significantly increase its order intake in all its sales markets in the first half of 2021. This applies in particular to the automotive industry, which was by far the most important market for Tornos until 2018. In 2019, order intake collapsed completely in this area, and it was only toward the end of last year that a slight recovery of the market was noticeable again. In the first half of 2021, this market segment is again leading the way for Tornos, followed by medical and dental technology and the electronics market segment, in which Tornos was also able to achieve disproportionately high growth in the reporting period.

What applies to the industries also applies to the order intake in the regions: Tornos was able to grow everywhere in the first half of 2021. The development in China stands out here. Tornos has significantly strengthened its market position in China, particularly with its locally manufactured Swiss-type automatic lathes. Within Europe, demand from Italy was especially strong. In São Paulo, Brazil, Tornos established a new customer center in the first half of 2021, primarily for the medical and dental technology market.

## **Multispindle machines in demand again**

The EvoDECO and SwissNano Swiss-type automatic lathes produced in Switzerland attracted significantly more customers in all sales markets in the first half of 2021 than in the previous year. Particularly striking, however, was the increase in demand for the MultiSwiss multispindle machines, sales of which had suffered particularly badly in the previous year due to the very special market conditions.

## **Circular economy with DECO 10 Plus**

Tornos' service and spare parts business also recovered. Despite the still sometimes severe travel restrictions due to the Covid-19 pandemic, this area was able to increase sales by 45%. The DECO 10 Plus offer launched by Tornos last year has become well established. It allows customers to have their older DECO 10 machines upgraded to the latest technology. Tornos also buys back older machines and, in the spirit of a circular economy, puts them back on the market after a complete overhaul—to state-of-the-art.

## **Product launches**

In the first half of 2021, Tornos successfully launched two new Swiss DT series Swiss-type automatic lathes specifically tailored to the North American and Chinese markets. In addition, Tornos expanded its services and in particular further developed its remote service.

## **Outlook**

An outlook is still very difficult in view of the continuing major uncertainties. In view of the high order backlog at mid-year, Tornos also expects significantly better results for the second half of 2021 than in the previous year. How sustainable the upswing will be is still difficult to assess today. A good part of the market development in the first half of 2021 is likely to be based on catch-up effects attributable to the Covid-19-year 2020. The availability of raw materials and vendor parts and their price development also remain uncertain. With its product portfolio, which is excellently geared to customer needs, its steadily expanding services and its flexible structure, the Tornos Group is in any case well equipped for the future.

## Unaudited key figures

<b>Tornos Group</b> (in CHF 1'000) <sup>1)</sup>	<b>1<sup>st</sup> HY 2021</b> 1.1.-30.6.2021	<b>1<sup>st</sup> HY 2020</b> 1.1.-30.6.2020	<b>Difference</b>	<b>Difference in %</b>
<b>Order intake</b>	<b>104 640</b>	<b>42 834</b>	61 806	144.3%
<b>Net sales</b>	<b>84 389</b>	<b>56 170</b>	28 219	50.2%
<b>EBITDA</b> <sup>2)</sup>	<b>13 182</b>	<b>-10 988</b>	24 170	n/a
<i>in % of net sales</i>	15.6%	-19.6%		
<b>EBIT</b> <sup>2)</sup>	<b>11 109</b>	<b>-13 089</b>	24 198	n/a
<i>in % of net sales</i>	13.2%	-23.3%		
<b>Net result</b>	<b>11 644</b>	<b>-13 908</b>	25 552	n/a
<i>in % of net sales</i>	13.8%	-24.8%		
<b>Cash flow from operating activities</b>	<b>18 581</b>	<b>-8 781</b>	27 362	n/a
<b>Cash flow from investing activities</b>	<b>877</b>	<b>804</b>	73	9.1%
<b>Free cash flow</b> <sup>2)</sup>	<b>19 458</b>	<b>-7 977</b>	27 435	n/a
	<b>30.6.2021</b>	<b>31.12.2020</b>		
<b>Net cash</b> <sup>2)</sup>	<b>15 401</b>	<b>-4 992</b>	20 393	n/a
<b>Total equity</b>	<b>90 200</b>	<b>77 927</b>	12 273	15.7%
<i>in % of total balance sheet</i>	66.2%	60.8%		
<b>Total balance sheet</b>	<b>136 314</b>	<b>128 176</b>	8 138	6.3%
<b>Employees</b> (full-time equivalents) <sup>3)</sup>	<b>613</b>	<b>603</b>	10	1.7%

1) Unless otherwise stated

2) Non-GAAP financial indicator, see to <https://investors.tornos.com/en/content/publications>

3) Without apprentices

The report on the first half of 2021 for the Tornos Group is available for download at <https://investors.tornos.com/en>.

## **Next publication dates**

January 19, 2022      Order intake and sales 2021  
March 7, 2022        Annual report 2021 / Media and analyst conference, Zurich  
April 13, 2022        Annual General Meeting, Moutier

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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 multispindle machines. The company's history dates back to 1880 and marked the beginning of Swiss-type lathe technology. The company primarily manufactures CNC sliding headstock Swiss-type automatic lathes, multispindle machines, and precision machining centers for complex parts. Tornos is headquartered in Switzerland. A worldwide sales and service network offers unique solutions to customers in the target automotive, medical and dental technology, micromechanics, and electronics industries. The Tornos Group employs around 600 persons (FTE's) in total.

In addition to historical information, this media release contains statements about the future which include risks and uncertainties.