

## AD HOC ANNOUNCEMENT pursuant to Art. 53 LR

Moutier, July 26, 2023, 7.00 a.m.

Report on the first half of 2023 for the Tornos Group:

### **Tornos posts marked improvement in operating result**

- **Significantly more orders from the electronics industry**
- **Stable demand for SwissNano**
- **Merger with Starrag being evaluated**

The Tornos Group has started 2023 with a record high order backlog. Compared to the first half of 2022, the Group again achieved a slight increase in sales in the first half of 2023. EBIT<sup>2)</sup> decreased slightly in absolute terms. A comparison of the result for this half-year with the adjusted EBIT<sup>2)</sup> for the first half of 2022 (excluding the special effect from the writeback of value adjustment provisions) shows a marked improvement.

With regard to new investments on the customer side, the Tornos Group felt significant uncertainty in some sales markets, which was reflected in various project postponements. This led to a decline in order intake, particularly in the USA and Europe. On a positive note, demand for Tornos products increased noticeably again towards the end of the half-year.

#### **Development of key figures**

Overall, Tornos generated order intake of CHF 79.7 million in the first half of 2023 (first half of 2022: CHF 98.3 million, -18.9%) and net sales of CHF 95.7 million (first half of 2022: CHF 93.7 million, +2.2%). EBIT<sup>2)</sup> for the first half of 2023 amounted to CHF 8.0 million (first half of 2022: CHF 8.8 million, or CHF 4.2 million excluding the special effect from the writeback of value adjustment provisions).

(in CHF million)	<b>1<sup>st</sup> HY 2023</b>	<b>1<sup>st</sup> HY 2022</b>
EBIT <sup>2)</sup> (margin)	8.0 (8.3%)	8.8 (9.4%)
EBIT adjusted <sup>2)</sup> (margin)	8.0 (8.3%)	4.2 (4.5%)

#### **Significant increase in orders in the electronics industry**

The share of orders from the automotive industry decreased significantly for Tornos in the reporting period – from 16.2% in the first half of 2022 to 9.5% in the first half of 2023. With a share of 29.7%, Tornos again received the most orders from the medical and dental technology sector (first half of 2022: 24.5%). Compared with the record high figure from the first half of 2022 (CHF 18.2 million), the absolute value here fell by 10.5% to CHF 16.3 million. By contrast, Tornos saw a 58.5% increase in the electronics industry – from CHF 7.6 million in the first half of 2022 to CHF 12.0 million. Its share of Tornos' order intake now amounts to 21.8% (first half of 2022: 10.2%), while that of the watchmaking industry is 19.3% (first half of 2022: 14.6%).

## **Stable demand for SwissNano produced in Switzerland**

The SwissNano Swiss-type automatic lathe produced in Switzerland continued to enjoy good demand in the first half of 2023. The MultiSwiss multispindle machines were most affected by project postponements. It is pleasing to note that MultiSwiss machines are also increasingly in demand outside the automotive industry. For machines produced by Tornos in the Taiwan region and in China, demand in the first half of 2023 was slightly lower than in the corresponding period of the previous year.

## **Service and spare parts business expanded further**

Tornos' service and spare parts business continued to perform well. Compared with the first half of 2022, Tornos was able to increase sales in this area by a further 4%. The DECO 10 Plus offer, which allows Tornos customers to have their older DECO 10 machines upgraded to the latest technology, is still going well. Equally successful is Tornos' initiative to buy back older machines and put them back on the market in the spirit of a circular economy, after a complete overhaul to the latest state of the art.

## **Tornos evaluates a merger with Starrag**

On May 26, 2023, the Board of Directors of Tornos Holding Ltd. decided to evaluate a possible merger of the Tornos Group with the Starrag Group. Both groups of companies are active worldwide. They are excellently positioned in their target markets and have a portfolio that is well aligned with customer needs. The market performances of Tornos and Starrag would complement each other excellently. The merger would strengthen the position of both partners and offer great development potential in all areas. In the case of a possible merger, the Tornos and Starrag brands are to be retained. No job cuts would be planned in this context either. The process of clarification and the discussions between Tornos and Starrag on a possible merger are still ongoing. Tornos will provide information in due course about the next steps in negotiations with Starrag.

## **Outlook**

The Tornos Group still has a good order backlog and remains confident for the second half of 2023. However, concrete forecasts are still not possible. The development of demand in the individual markets and the availability of raw materials and vendor parts as well as their price development remain uncertain. In general, uncertainties in the global markets remain very high.

## Unaudited key figures

<b>Tornos Group</b> (in CHF 1 000) <sup>1)</sup>	<b>1<sup>st</sup> HY 2023</b> 1.1.-30.6.2023	<b>1<sup>st</sup> HY 2022</b> 1.1.-30.6.2022	<b>Difference</b>	<b>Difference in %</b>
<b>Order intake</b>	79 688	<b>98 297</b>	-18 609	-18.9%
<b>Net sales</b>	95 727	<b>93 677</b>	2 050	2.2%
<b>Order backlog</b>	50 140	<b>62 297</b>	-12 157	-19.5%
<b>EBITDA</b> <sup>2)</sup>	9 620	<b>10 651</b>	-1 031	-9.7%
<i>in % of net sales</i>	10.0%	11.4%		
<b>EBIT</b> <sup>2)</sup>	7 992	<b>8 796</b>	-804	-9.1%
<i>in % of net sales</i>	8.3%	9.4%		
<b>EBIT adjusted</b> <sup>2)</sup>	7 992	4 174	3 818	91.5%
<i>in % of net sales</i>	8.3%	4.5%		
<b>Net result</b>	6 223	<b>8 782</b>	-2 559	-29.1%
<i>in % of net sales</i>	6.5%	9.4%		
<b>Cash flow from operating activities</b>	-5 698	<b>5 931</b>	-11 629	n/a
<b>Cash flow from investing activities</b>	-5 988	<b>-1 721</b>	-4 267	247.9%
<b>Free cash flow</b> <sup>2)</sup>	-11 686	<b>4 210</b>	-15 896	n/a
	<b>30.6.2023</b>	<b>31.12.2022</b>		
<b>Net cash</b> <sup>2)</sup>	720	17 630	-16 910	-95.9%
<b>Total equity</b>	109 388	108 359	1 029	0.9%
<i>in % of total balance sheet</i>	65.6%	65.9%		
<b>Total balance sheet</b>	166 662	164 355	2 307	1.4%
<b>Employees</b> (full-time equivalents) <sup>3)</sup>	691	681	10	1.5%

1) Unless otherwise stated

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

3) Without apprentices

The report on the first half of 2023 for the Tornos Group is available for download at <https://investors.tornos.com/en>.

## **Upcoming publication dates**

January 17, 2024	Order intake and sales 2023
March 4, 2024	Annual report 2023 / Media and analyst conference (10.00 a.m., Moutier)
April 10, 2024	Annual General Meeting, Moutier

## **Download ad hoc announcement pursuant to Art. 53 LR**

<https://investors.tornos.com/en>

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 700 persons (FTE's) in total.

*In addition to historical information, this ad hoc announcement pursuant to Art. 53 LR contains statements about the future which include risks and uncertainties.*