For immediate release

PRESS RELEASE

Good results in spite of a strong Swiss franc

Moutier, 19 March 2012

The Tornos Group is today holding a press conference to present its 2011 results. It is scheduled to take place at the Zurich Stock Exchange at 11 a.m., when the information summarized below will be presented and analyzed in detail.

Targets achieved

The Group's goal for 2011 was to target significant growth in turnover, in the range of CHF 250 - 300 million, with an EBIT margin of 5 to 8%. In spite of the strength of the Swiss franc and a lower level of activity than anticipated during the second half year, the Group achieved its targets. Gross sales in 2011 were CHF 271.1 million, an increase of 69.3% compared to the previous year. Benefiting from an increased volume of activity, EBIT margin has returned to positive territory at 6.1% compared to -8.4% in 2010. The financial year closed with a net profit of CHF 10.7 million, compared to a net loss of CHF 18.1 million the previous year. On 31 December 2011, shareholders' equity stood at CHF 129.4 million, representing 58.6% of the balance sheet total of CHF 220.7 million. At this date, the Group's net debt stood at CHF 19.5 million, compared to CHF 38.7 million the previous year. Free cash flow for the financial year totalled CHF 21.8 million, derived in large part from the Group's profits. The results recorded in 2011 reflect the positive economic climate in all segments of the Group's key markets, in particular over the first half year, as well as the Group's ability to respond quickly to growing demand through increased production capacity.

The impact of a strong Swiss franc

The strength of the Swiss franc had a negative impact on results for 2011. With the average euro exchange rate dropping from CHF 1.38 in 2010 to CHF 1.25 in 2011 and the US dollar rate declining from CHF 1.04 to CHF 0.89 over the same period, the Group was confronted with the challenge of a declining operating profit margin. In response to this challenge, the Group implemented a number of measures, such as higher selling prices in foreign currencies, renegotiating business relations with its suppliers and partners, and an improvement in the operational excellence of every sector of the company. With steady exchange rates, consolidated gross sales for 2011 would have been CHF 291.0 million. Thus, the shortfall in sales revenues due solely to the impact of deteriorating exchange rates is 6.9% of sales and, thanks to the measures taken, the negative impact of exchange rate fluctuations on EBIT was limited to a decline of approximately CHF 7.3 million.

Very strong economic conditions in the first half year in all markets

The economic context in the first half year was very strong, with a pick-up in all key market segments and in all regions. Business grew very pleasingly in Switzerland and southern Europe, where strong growth in the watchmaking and medical industries was reflected in sustained machine sales. In northern Europe, particularly in the second quarter, there was increased demand from the automotive industry for multi-spindle lathes capable of efficiently producing large series of parts. In the United States, the Group benefited from customers' expansion of production capacities in medical technology. There was a good level of activity in the second half year, although market dynamics were less brisk than in the first half. Whereas orders from the watchmaking and medical sectors continued at a high level, customers in the electronic and automotive sectors became more hesitant to place orders. Fortunately, as a counterbalance, Asian customers, particularly in China and Taiwan, have become increasingly aware of the competitive advantages of multi-spindle machine technology.

Product innovations

Several new products as well as a new technology were launched in 2011. The new EvoDeco 10 was launched in May 2011. At the EMO trade fair in Hanover in September 2011, the Group launched two new machines and presented a new technology. The MultiSwiss is a revolutionary product, a new frontal machine with multiple sliding headstocks that has no direct competitor on the market. The Delta 38 is a new single-spindle machine capable of machining parts with a diameter of up to 38 mm, whereas the existing range was limited to a maximum diameter of 32 mm. These two new machines not only target the Group’s traditional markets, but also new fields of application. Cyklos is the third innovation presented at EMO. This is a new surface treatment technology for metallic components that treats the parts inside an autonomous machine. As a result, it is environmentally friendly, and because it has such a small footprint, it can very easily be integrated into any machine tooling workshop where it will provide its users with significant advantages in terms of cost savings and faster production. This new range of products is in line with the strategy of offering complete production systems that cover the whole value creation chain for the Group’s customers.

Outlook for 2012

In the current uncertain economic situation related in particular to the public debt crisis in Europe, it is difficult to make forecasts for 2012. Consensus in the specialized press is predicting relatively modest growth in Europe and more solid growth in the US and emerging markets. In this context, the plan for 2012 is based on slower economic activity than in 2011, compensated, however, by the positive effect of new products launched in the final months of 2011. In this perspective, subject to stable exchange rates and to all the reservations inherent in the cyclical nature of its business, the Group is expecting sales and profits for 2012 to be comparable to the figures achieved in 2011, albeit with a weaker first half year and a stronger second half than in 2011. In fact, the Group targets a strong second half of 2012 to compensate the weak start into the financial year. In this turbulent economic climate, General Management will be very attentive to the evolution of the economic situation and will immediately adjust the Group’s production capacity and organizational structures if need be.

Key figures for 2011 compared to 2010

Tornos Group Key figures In KCHF unless otherwise stated	**2011**	**2010**
Bookings	276'320	214'739
Year on year change %	*28.7%*	*151.2%*
Gross sales	271'051	160'069
Year on year change %	*69.3%*	*40.0%*
EBITDA	20'998	-9'663
Gross sales %	*7.7%*	*-6.0%*
EBIT	16'646	-13'496
Gross sales %	*6.1%*	*-8.4%*
Net profit/(net loss)	10'677	-18'086
Gross sales %	*3.9%*	*-11.3%*
Net cash/(net debt)	-19'473	-38'691
Equity	129'401	111'486
Total Balance Sheet %	*58.6%*	*53.0%*
Total Balance Sheet	220'676	210'538
Capital expenditures in tangible fixed assets	1'762	509

The Annual Report of the Tornos Group (available in three languages) and the consolidated accounts (only in English) are available for download at www.tornos.com

Contact: Mrs Deborah Mueller, Assistant to CEO
Tel: +41 32 494 42 35, fax: +41 32 494 49 04, mueller.d@tornos.com