

PRESS RELEASE

Business slowdown in a wait-and-see market

Moutier, 8 May 2012

Slowdown in new orders confirmed

The Tornos Group's order intake in the 1st quarter of 2012 totalled CHF 64.7 million, a reduction of 17.5% compared to the same period last year. This confirms the slowdown observed in the second half of 2011 and the forecasts for a relatively weak first half in the 2012 fiscal year. The slowdown is centred on the European market, particularly the southern countries that are affected by the debt crisis, and to a lesser extent on the American markets. Positive developments in the Asian markets are unable to fully compensate for it. Customers in all sectors are generally taking a wait-and-see attitude towards investment projects in spite of an ample reserve of work.

Reduction in sales and break-even operating profit

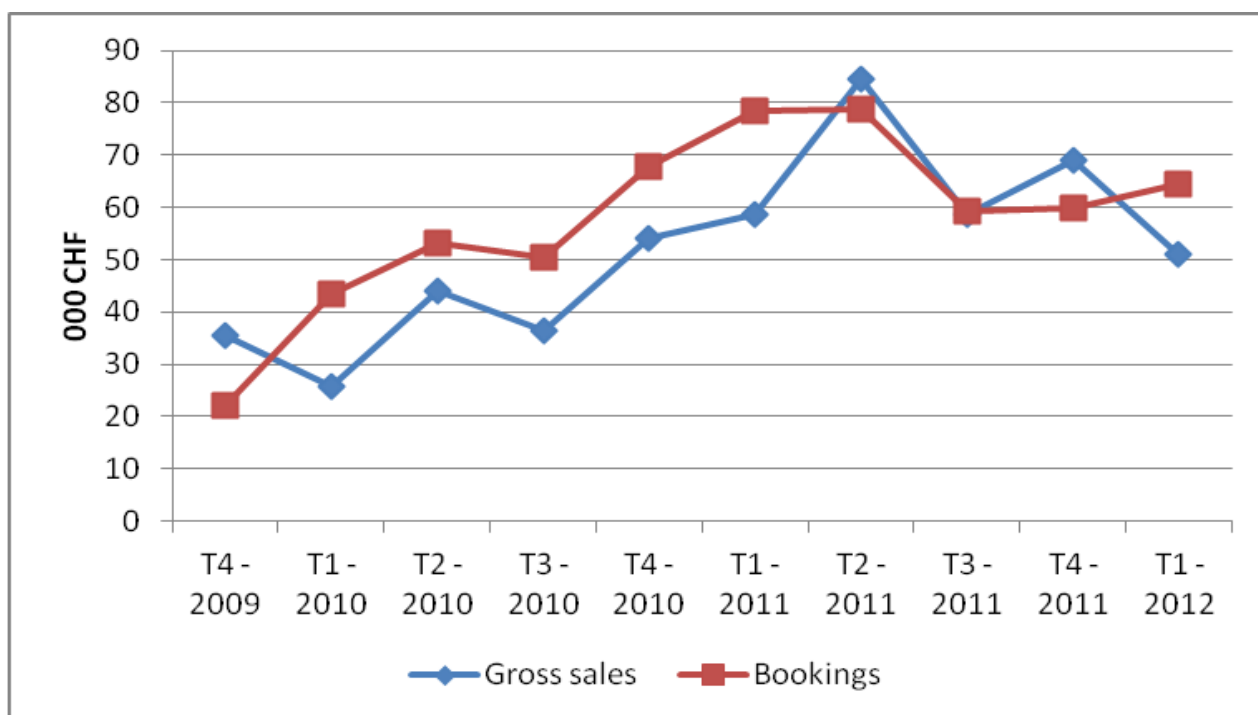
Gross sales are down 12.9% on the first quarter of 2011, at CHF 51.0 million. A weak first quarter had been expected after the drop in activity over the second half of last year, and a temporary adjustment of production capacity to bring it into line with sales levels is taking place during May, as announced in the press release of 5 April 2012. Taking into account this level of sales, it was possible to achieve a more or less break-even operating profit (EBIT) of CHF 0.1 million, compared to a profit of CHF 3.0 million for the same period in 2011. The result was a net loss of CHF 1.2 million, due in particular to exchange losses, whereas the Group recorded a profit of CHF 1.5 million in 2011.

Net debt stands at CHF 27.5 million, a much lower level than at 31 March 2011, thanks to the cash flow generated by operations in 2011. The deterioration in the debt position compared to the end of the previous year (CHF -8.0 million) is largely due to a temporary increase in inventory intended in particular for the delivery of equipment that had been earmarked for the period of reduced production capacity.

The Group is on a very solid footing with regard to equity, which is equal to 59.9% of the total balance sheet (52.1% at 31 March 2011).

Outlook for 2012

With the weakness of the first quarter lingering into the start of this second quarter, as well as reduced visibility on the course of future business activity, the Group remains very cautious in regard to the outlook for the 2012 financial year and, in these circumstances, has decided not to publish forecasts. The policies previously implemented to keep operating costs under control and resort to partial short-time working are still the company's preferred tool to mitigate the impact of low volumes while preserving the Group's industrial and commercial potential.



Tornos Group Unaudited Key Figures (in KCHF unless otherwise stated)	First quarter 2012	First quarter 2011	Difference	Difference % / pts
Bookings	64'659	78'403	-13'744	-17.5%
Gross sales	50'976	58'550	-7'574	-12.9%
EBITDA	1'362	4'116	-2'754	-66.9%
<i>in % of Gross sales</i>	<i>2.7%</i>	<i>7.0%</i>		<i>-4.4 pts</i>
EBIT	89	3'007	-2'918	-97.0%
<i>in % of Gross sales</i>	<i>0.2%</i>	<i>5.1%</i>		<i>-5.0 pts</i>
Net profit / (Net loss)	-1'181	1'548	-2'729	-176.3%
<i>in % of Gross sales</i>	<i>-2.3%</i>	<i>2.6%</i>		<i>-5.0 pts</i>
Net cash / (Net debt)	-27'508	-40'383	12'875	-31.9%
Equity	130'470	113'032	17'438	15.4%
<i>in % of Total balance sheet</i>	<i>59.9%</i>	<i>52.1%</i>		<i>+7.8 pts</i>
Total balance sheet	217'951	217'137	814	0.4%
Capital expenditures in tangible fixed assets	241	513	-272	-53.0%

For further information please go to: www.tornos.com

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