

A hand is shown from the top right, holding a brass spinning top. The spinning top is positioned on a highly reflective white surface, creating a clear reflection. The background is a soft, out-of-focus light grey.

TORNOS

Media & Analysts' Conference

Tornos Holding Ltd.

Zurich, March 12, 2018



Media & Analysts Conference
Speakers

TORNOS

François Frôté – *Chairman of the Board*

Bruno Edelmann – *Chief Financial Officer*

Michael Hauser – *Chief Executive Officer*

- **Welcome**
- **Overall Review**
François Frôté, Chairman
- **Financial Results 2017**
Bruno Edelmann, CFO
- **Strategic reorientation**
 - Status update 2012-2017
 - Strategy 2018-2020Michael Hauser, CEO
- **Questions and Answers**



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Overall Review

François Frôté – Chairman of the Board

MCHF	2017	2016
Net sales	178.8	136.2
EBITDA	12.9	-0.3
EBIT	9.5	-3.0
Net result	8.2	-3.6
Net cash	23.4	-4.8

MCHF	2017	2014
Net sales	178.8	175.8
EBITDA	12.9	5.5
EBIT	9.5	2.8
Net result	8.2	2.9

Financial Results 2017

Bruno Edelmann – Chief Financial Officer



Financial Results 2017 Summary

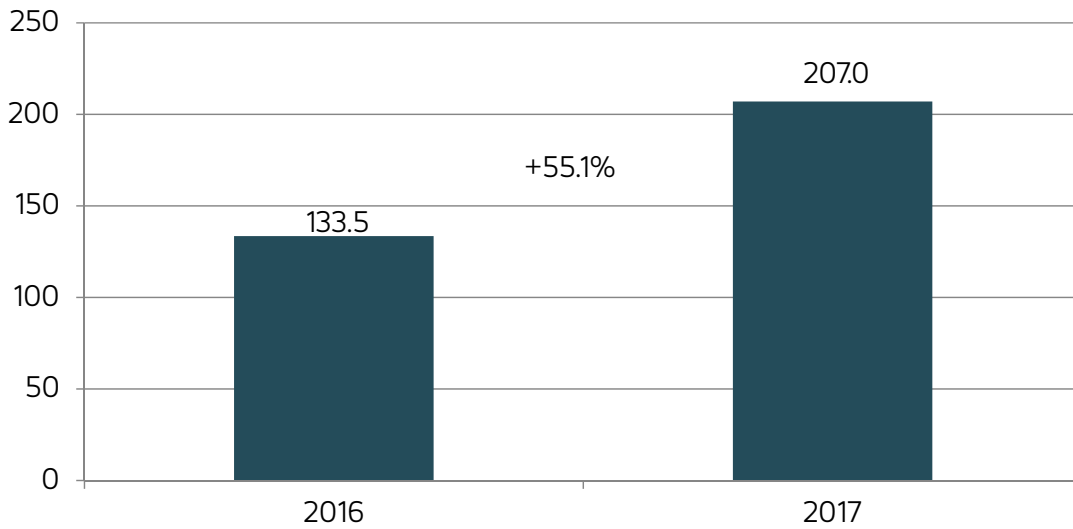
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- Order intake increased by MCHF 73.5 or 55.1% to MCHF 207.0
- Net sales increased by MCHF 42.6 or 31.3% to MCHF 178.8
- EBITDA MCHF 12.9 vs. MCHF -0.3 PY; EBITDA Margin of 7.2%
- EBIT MCHF 9.5 vs. MCHF -3.0 PY; EBIT Margin of 5.3%
- Net result MCHF 8.2 vs. MCHF -3.6 PY; profit margin of 4.6%
- NWC fell by MCHF 22.8 to MCHF 46.9; 26.2% to annual Net Sales
- Free cash flow MCHF 28.4
- Net cash position of MCHF 23.4 compared to MCHF -4.8 as at end 2017



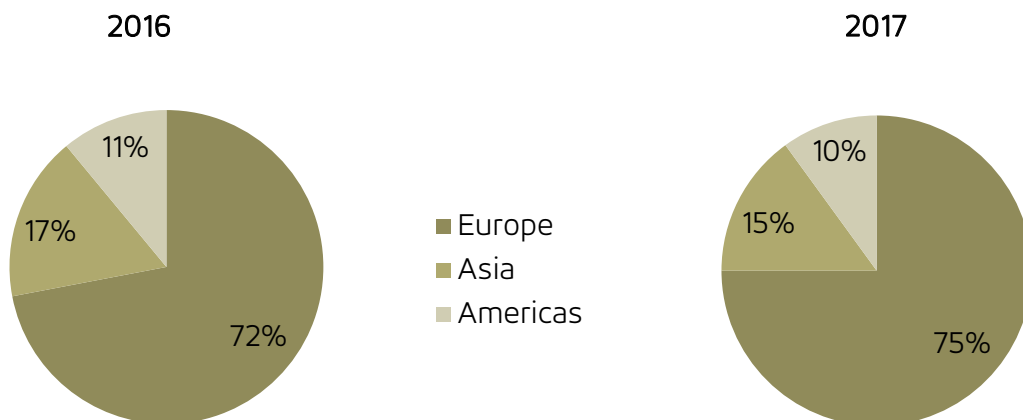
Tornos made clear advances across the board

MCHF



In terms of number of machines; 37% more orders than in 2016; high demand in multipindle machines

Financial Results 2017
Order Intake Machines - Regions

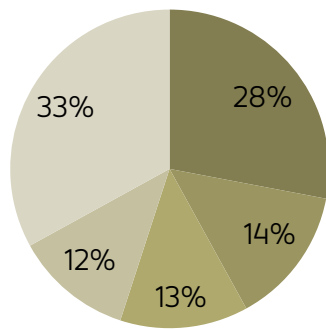


- Europe remains the core region for Tornos
- Gratifying order intake in Switzerland
- Order intake in Asia more than doubled
- Also slight increase in Americas

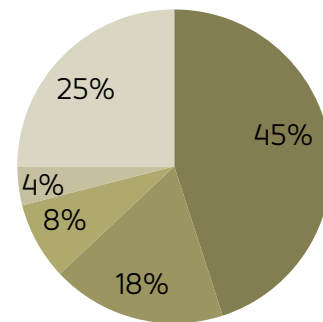
Growth potential in Americas and Asia

2016

2017



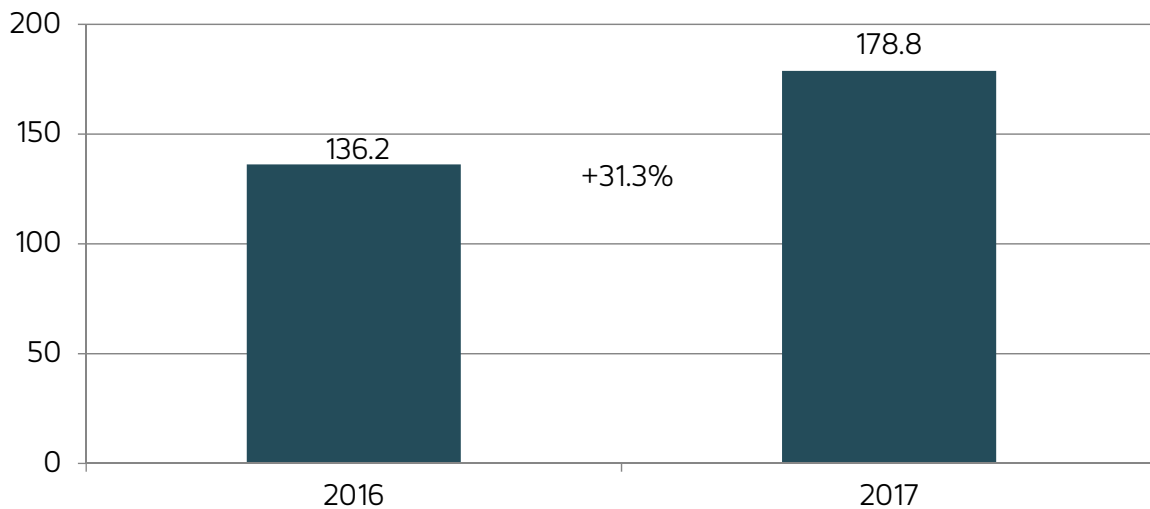
- Automotive
- Medical
- Electronics
- Watch/Precision
- Others



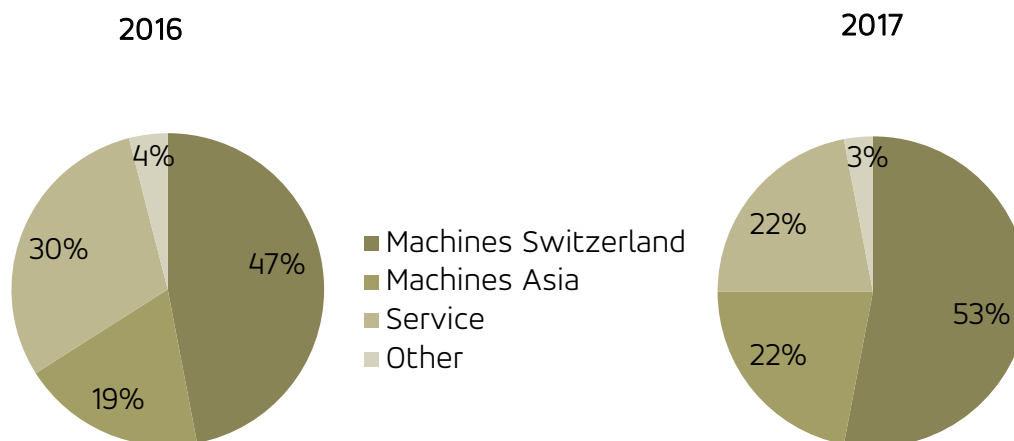
- Automotive remains the most important market in terms of share
- Order intake in Medical more than doubled
- Also slight increase in Electronics industry
- Difficult market environment in Watchmaking industry

Broad fields of application for Tornos machines

MCHF



Increase in Net Sales in all regions and group of machines



- High demand of high-end machines from Switzerland
- Gratifying development in sale of Swiss-type machines from Asia
- Service and spare parts as an important business domain

Sales in multispindle machines doubled compared to PY

in MCHF	2017	in % of Sales	2016	in % of Sales
Net sales	178.8		136.2	
Gross profit	61.9	34.6%	44.5	32.7%
Marketing and sales	-27.3	-15.2%	-24.9	-18.3%
General and administrative expense	-16.4	-9.2%	-16.0	-11.7%
Research and development	-10.4	-5.8%	-7.8	-5.7%
Other income - net	0.4	0.2%	0.1	0.0%
Operating expenses	-53.7	-30.0%	-48.6	-35.7%
Non-operating result	1.3	0.7%	1.1	0.8%
EBIT	9.5	5.3%	-3.0	-2.2%

EBIT improved by CHF 12.5 million compared to PY

in MCHF	2017	in % of Sales	2016	in % of Sales
EBIT	9.5	5.3%	-3.0	-2.2%
Financial income / expense	-0.6	-0.3%	-0.6	-0.4%
Exchange result net	-0.2	-0.1%	0.3	0.2%
EBT	8.7	4.9%	-3.3	-2.4%
Income taxes	-0.5	-0.3%	-0.3	-0.2%
Net result	8.2	4.6%	-3.6	-2.6%

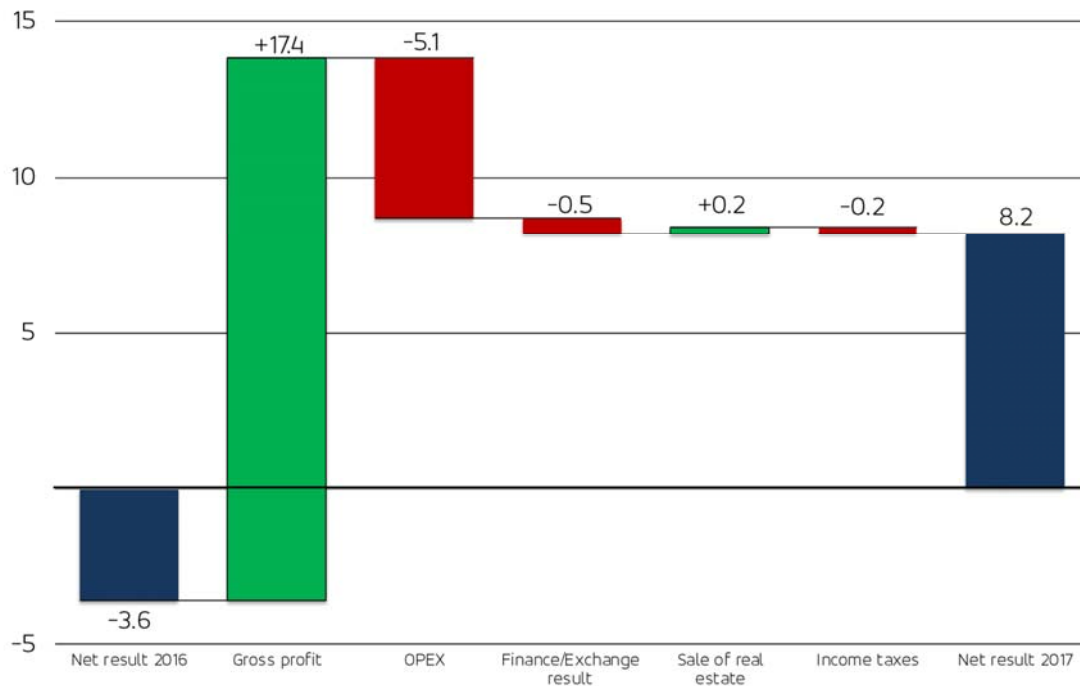
Net result improved by CHF 11.8 million compared to PY

in MCHF	2017	in % of Sales	2016	in % of Sales
EBITDA	12.9	7.2%	-0.3	-0.2%
Depreciation and amortization	-3.4	-1.9%	-2.7	-2.0%
EBIT	9.5	5.3%	-3.0	-2.2%

EBITDA and EBIT substantially above PY figures

Financial Results 2017
Change in Net Result

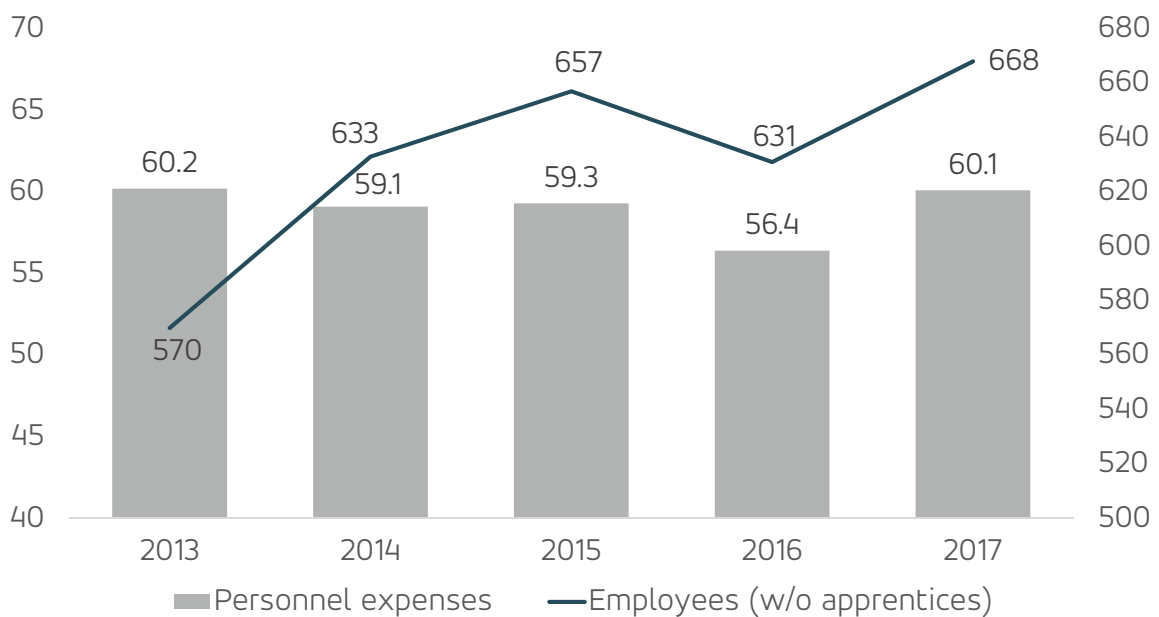
MCHF



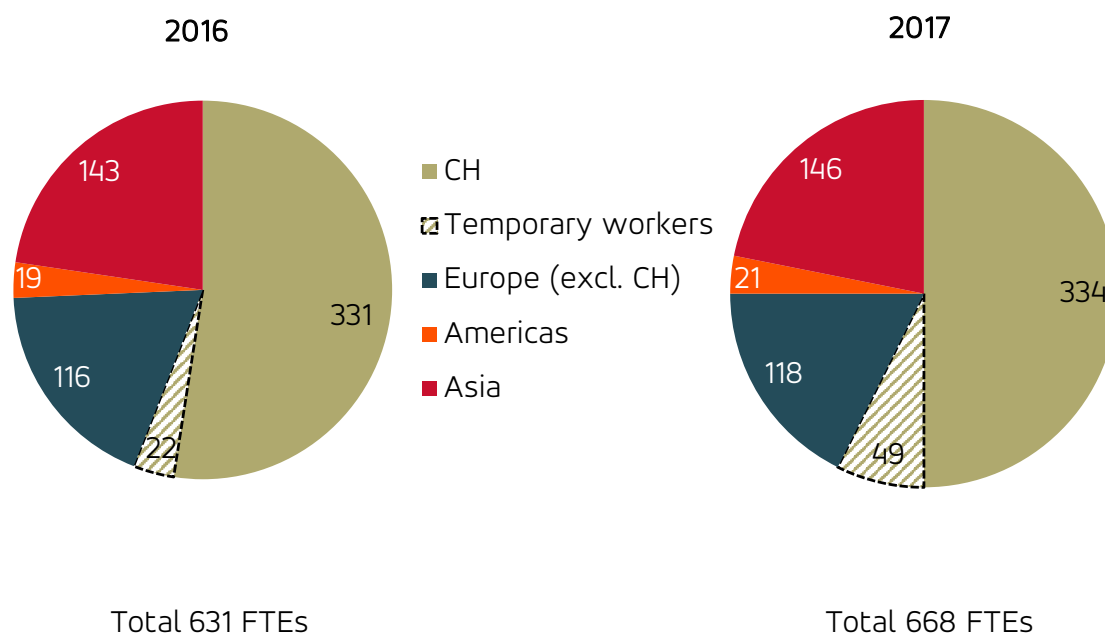
Positive improvement in Gross Profit covered additional expenses in OPEX and Finance

Financial Results 2017
Personnel Expenses

MCHF



Average number of employees in 2017 was 644 (2016: 638)
Tornos employed 40 apprentices in 2017



Increase of 27 temporary workers in Switzerland in 2017 to deal with the high workload

in MCHF	31.12.2017	in % of Total BS	31.12.2016	in % of Total BS
Cash and cash equivalents	23.7		9.6	
Trade receivables	20.5		18.7	
Inventories	68.2		67.0	
Other current assets	4.8		9.3	
Current assets	117.2	81.8%	104.6	81.5%
Non-current assets	26.1	18.2%	23.7	18.5%
Financial liabilities	0.3		14.4	
Trade and other payables	52.8		33.5	
Total liabilities	53.1	37.0%	47.9	37.4%
Shareholders' equity	90.2	63.0%	80.4	62.6%
Total balance sheet	143.3	100%	128.3	100%

Net cash of MCHF 23.4 vs. MCHF -4.8 in PY; solid equity at 63.0%

<i>in MCHF</i>	2017	2016
Cash Flow from operating activities before changes in Net Working Capital	9.6	-0.7
Changes in Net Working Capital	22.8	-13.5
Cash Flow from operating activities	32.4	-14.2
Cash Flow from investing activities	-4.0	-1.4
Free Cash Flow	28.4	-15.6

Free cash flow positively impacted by the changes in Net Working Capital

- World economy staged a fundamental recovery in 2017
- Overall risk awareness relaxed
- CHF weakened against EUR → positive for export-oriented companies
- Automotive business is booming; also medical industry is running well
- Recovery in watchmaking industry
- Tornos is well positioned in all market segments thanks to the new machines launched
- Further measures to simplify, increase flexibility, reduce costs and increase sales are in place
- Source of finance secured
- Optimistic atmosphere due to full order books
- Tornos is expecting the business to do better in 2018 than in previous year

- April 11 Annual General Meeting 2018
3 p.m. at the Tornos Welcome Center
Rue Industrielle 11, 2740 Moutier
- August 14 Half-year Results 2018



- Internationalization of business
- Strengthen flexibility
- Growth through innovation
- Make service a business
- Enhance operational excellence
- Offer unique solutions for targeted market segments

Priorities and outlook for 2017: A short review
On course for the future

Looking ahead
Priorities and outlook for 2017

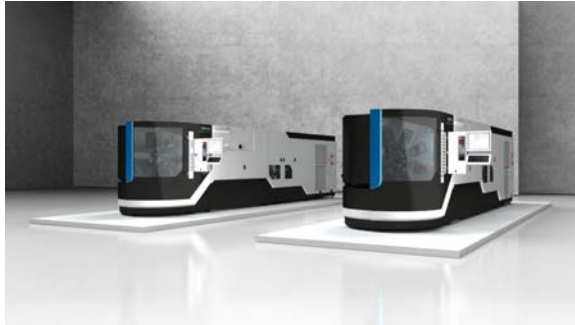
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Conclude strategic reorientation according to mid-term plan:

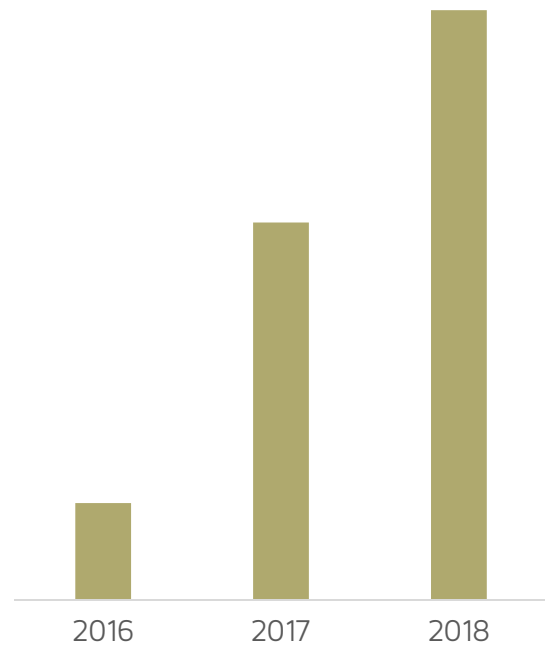
- Capitalize on latest products
- Push phase-out of old products
- Fully exploit outsourcing
- Adapt and simplify organization and structures
- Keep pace on innovation
- Elaboration of Strategy 2018-2022

TORNOS Media & Analysts' Conference March 14, 2017 AB

- **MultiSwiss 8x26**
- **MultiSwiss 6x32**



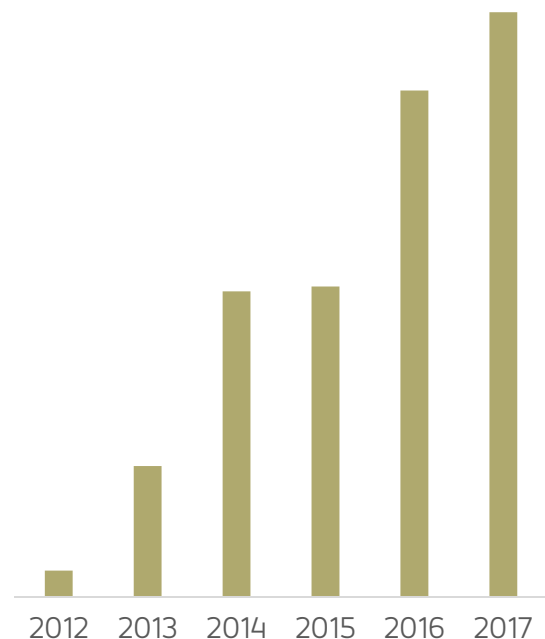
- 2016: First presented in September during the AMB fair in Stuttgart, Germany
- 2017: A strong increase in demand
- 2018: We are sold out



- **Swiss GT and DT range**



- Complete program of entry and mid-range machines for global markets





- Last machine of the model SAS 16.6 (market introduction: 1959) leaves the Moutier assembly line with honor
- No provisions were required
- Interesting after-sales business potential for installed machines



Delivery of preassembled machine cabinets



Large machine investments have been made

- 76% reduction of internal mechanical workshop
- Electrical preassembly, sheet metal production, internal surface treatment department outsourced
- 350 articles outsourced
- Internationalization of staff
- +115% increase in purchase volume; CHF 1.1 million savings p.a.
- Introduction of LEAN in logistics
- Investments in high-end machinery
- Structural costs savings CHF 4.9 million p.a (variabilization)

Adapt and simplify organization and structures



Rue Industrielle 49, Moutier

- Streamlining of real estate portfolio:
 - Sale of building in Moutier
- Merge and strengthen activities in the field of micro-milling machines by consolidating brand portfolio under one single brand: Tornos
- Concentrating machine assembly in one building in Moutier



Rue Industrielle 111, Moutier

Keep pace on innovation

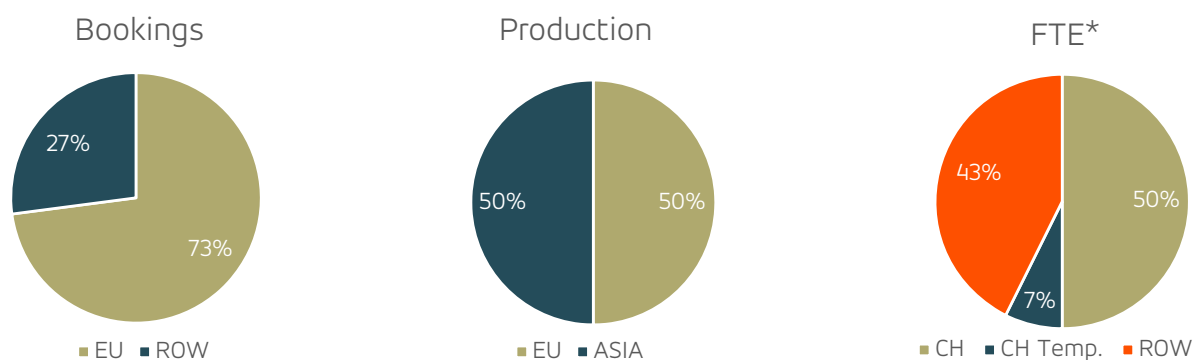


- September 2017 marked the world premiere of the new SwissDECO at the EMO Hannover trade fair
- A new high-end, multitasking Swiss-type platform built in Moutier
- Enabling autonomous parts production
- Developed for very demanding market segments (e.g., Automotive and Medical & Dental)
- Easy-to-use and operator-centric solution
- Industry 4.0 ready

Six strategic thrusts

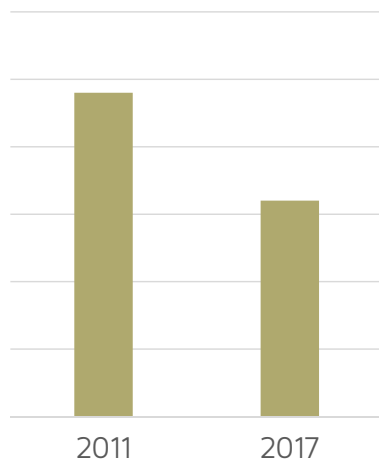
- Internationalization of business
- Strengthen flexibility
- Growth through innovation
- Make service a business
- Enhance operational excellence
- Offer unique solutions for targeted market segments

Progress in internationalization of business

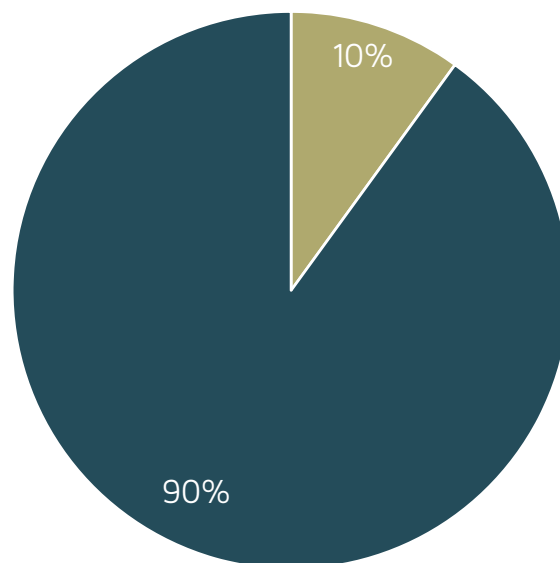
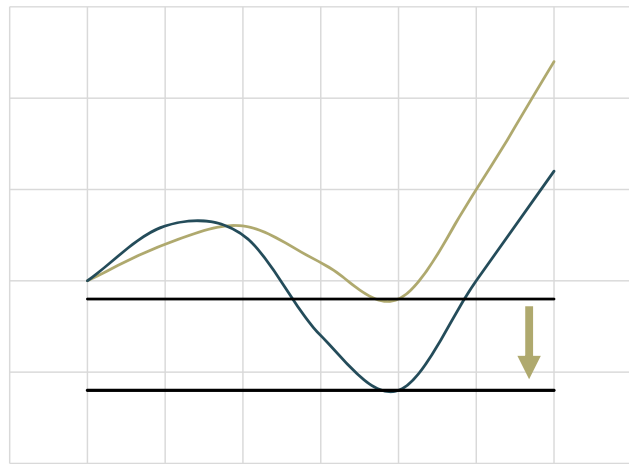


* FTE: Full-time equivalent

Break even



Sales



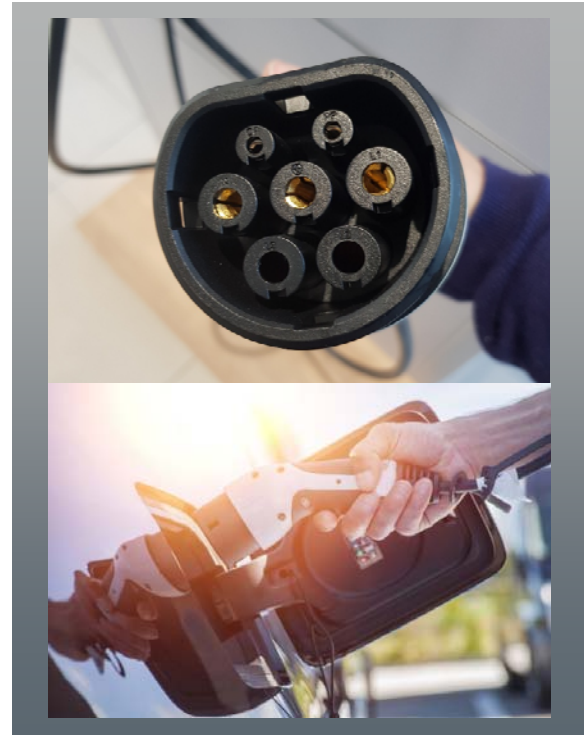
■ Old products ■ New products



- Internationalize our business
- Strengthen our flexibility
- Grow through innovation
- **Establish Tornos' services as a differentiator**
- Enhance operational excellence
- **Deliver unique solutions for targeted market segments**

Deliver unique solutions for targeted market segments
 Automotive: A solution for e-mobility

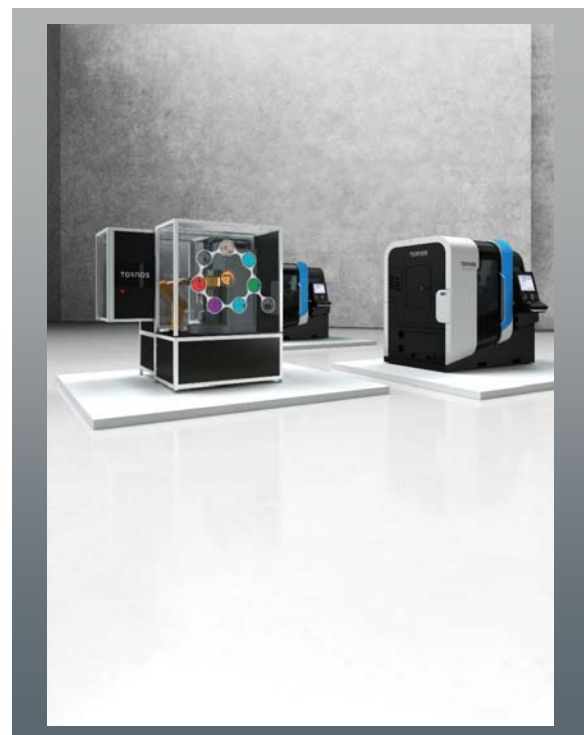
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Deliver unique solutions for targeted market segments
 Medical & Dental: A solution for the medical industry

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- The Robot Cell i4.0 is an automated production unit that advances autonomy
- One solution for cleaning, measuring and storing of parts
- In-process corrections with closed loop monitoring



- Ensure deliveries
- Ramp up Taiwan operation
- Concentrate activities in Moutier on one location
- Invest in infrastructure, automation and machinery
- Establish worldwide customer centers
- Launch new products

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THANK YOU FOR YOUR ATTENTION!

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QUESTIONS & ANSWERS



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