


A hand is shown from the top, holding a thin metal rod that is part of a spinning top. The spinning top is a brass-colored metal piece with a conical body and a pointed tip. It is positioned just above a highly reflective surface, which creates a clear mirror image of the spinning top and the hand. The background is a soft, out-of-focus light gray.

TORNOS

## *Media & Analysts' Conference*

*Tornos Holding Ltd.*

Zurich, March 11, 2019



### *Media and 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 2018**  
Bruno Edelmann, CFO
- **Strategy 2018-2020 – Status update**  
Michael Hauser, CEO
- **Questions and Answers**



in MCHF	2018	2017
Net sales	214.9	178.8
EBIT	15.5	9.5
Net result	15.3	8.2

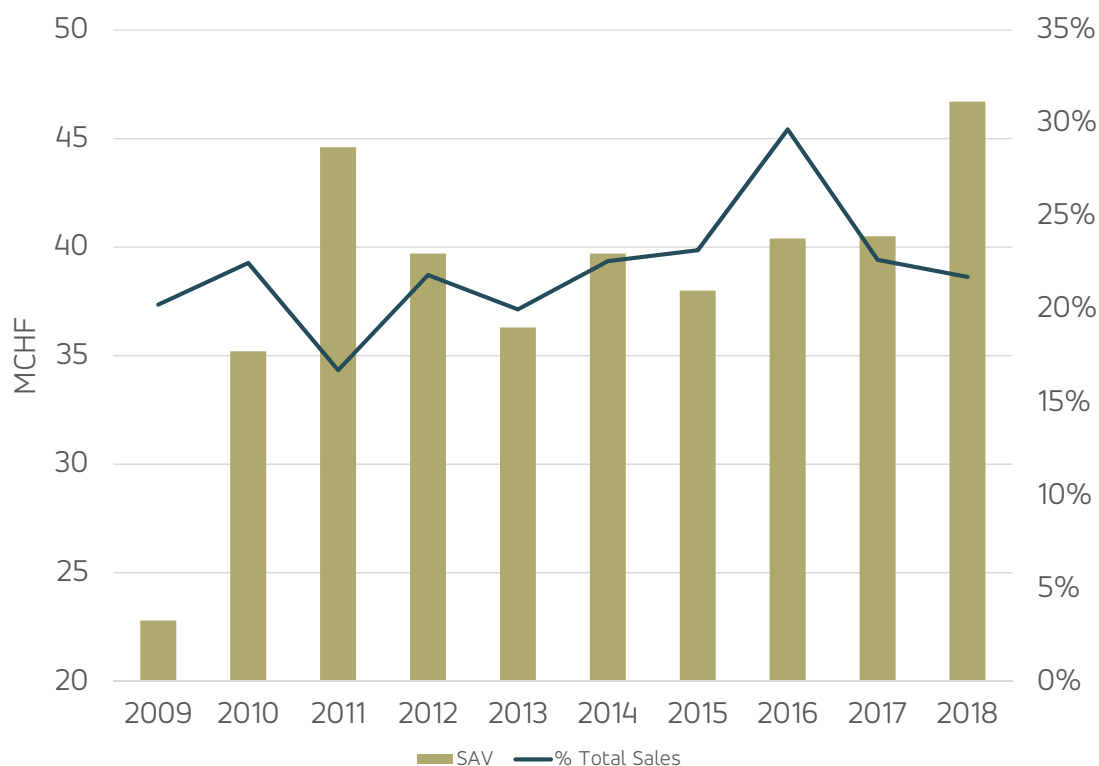
Overall Review  
Key Financials prior years

in MCHF	2018	2005
Net sales	214.9	219.7
EBIT	15.5	14.2
<i>EBIT margin</i>	<i>7.2%</i>	<i>6.5%</i>

in MCHF	2015	2010
Net sales	164.0	156.7
EBIT	2.4	-13.5
<i>EBIT margin</i>	<i>1.4%</i>	<i>-8.6%</i>

in MCHF	2017	2014
Net sales	178.8	175.8
EBIT	9.5	2.8
<i>EBIT margin</i>	<i>5.3%</i>	<i>1.6%</i>

Service Sales 2009 – 2018 (in CHF and % of Total Sales)

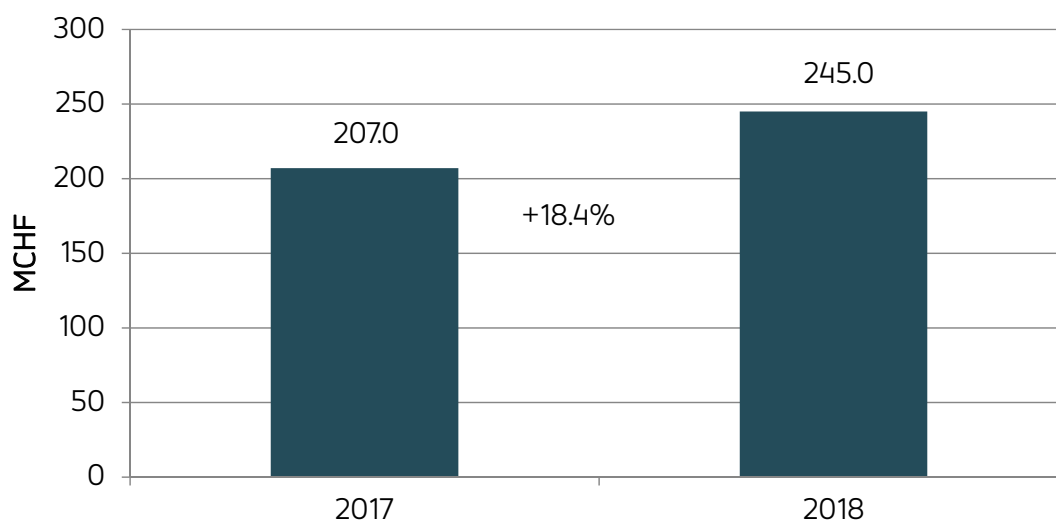


Financial Results 2018

Bruno Edelmann – Chief Financial Officer

in MCHF	2018	2017	Diff.	in %
Order Intake	245.0	207.0	38.0	18.4%
Net Sales	214.9	178.8	36.1	20.2%
EBITDA	19.3	12.9	6.4	50.4%
in % of Net sales	9.0%	7.2%		
EBIT	15.5	9.5	6.0	63.0%
in % of Net sales	7.2%	5.3%		
Net Result	15.3	8.2	7.1	85.8%
in % of Net sales	7.1%	4.6%		
Free cash flow	13.5	28.4	-14.9	-52.6%
Net cash	35.7	23.4	12.3	52.2%
Employees	728	668	60	9.0%

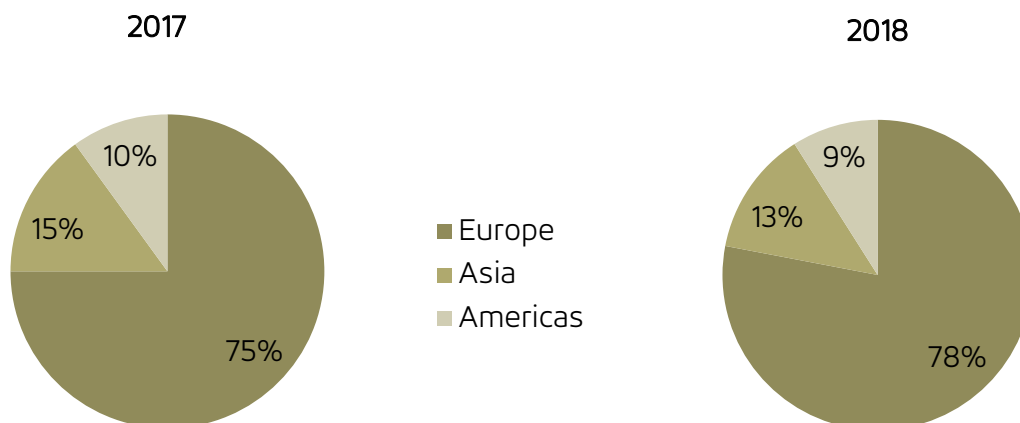
Tornos made clear advances across the board



In terms of number of machines, 13% more orders than in 2017; high demand in multispindle machines

## Financial Results 2018 Order Intake Machines - Regions

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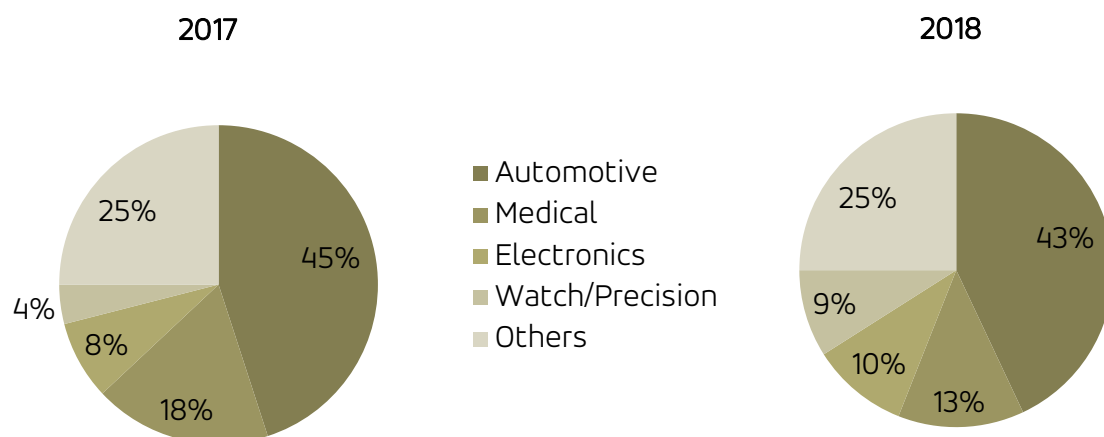


- Europe remains the core region for Tornos
- Gratifying increase in order intake in Switzerland
- Less orders from Asia, mainly from outside the Greater China region
- Significant increase in order intake in Americas

Order backlog at CHF 101 Mio., equivalent to more than six months' work

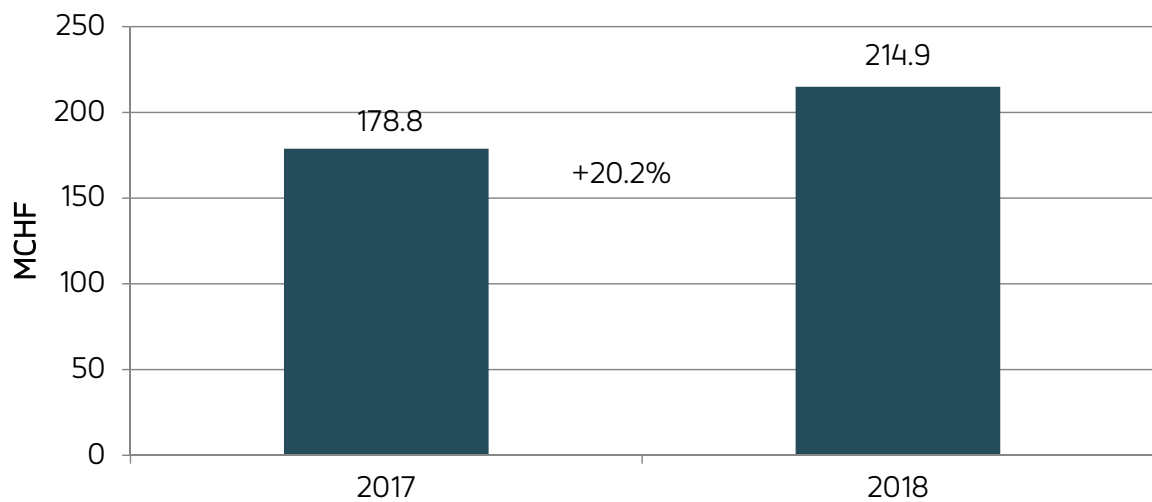
## Financial Results 2018 Order Intake Machines - Industries

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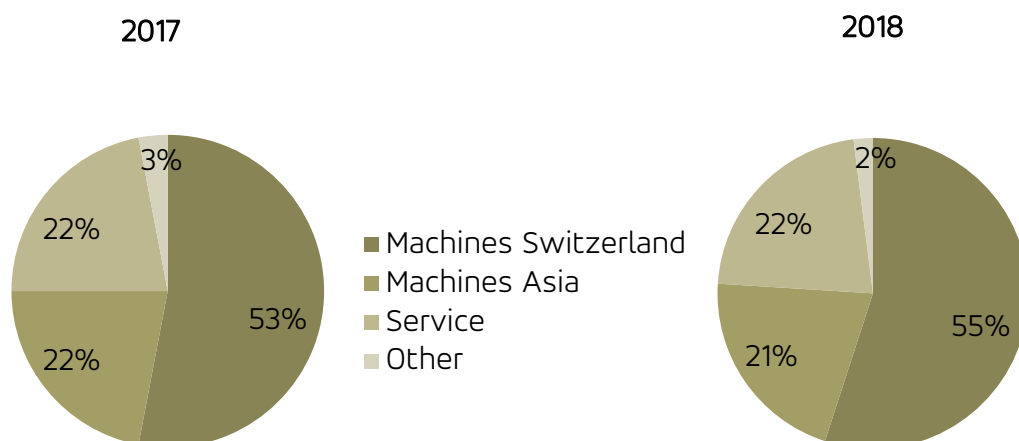
- Automotive remains the most important market in terms of share
- Order intake in the Medical industry reduced due to postponement of major order
- Substantial increase in orders from the Electronics industry
- Recovery of the Watchmaking industry; orders almost tripled

Broad field of applications for Tornos machines



Second year with double-digit increase in Net Sales

Financial Results 2018  
Net Sales – Product Lines



- Increased 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; +15% in sales

All Tornos products have contributed to the significant increase in Net Sales

in MCHF	2018	in % of Sales	2017	in % of Sales
Net sales	214.9		178.8	
<b>Gross profit</b>	<b>73.6</b>	<b>34.3%</b>	<b>61.9</b>	<b>34.6%</b>
Marketing and sales	-30.3	-14.1%	-27.3	-15.2%
General and administrative expense	-17.9	-8.3%	-16.4	-9.2%
Research and development	-10.1	-4.7%	-10.4	-5.8%
Other income - net	0.5	0.2%	0.4	0.2%
<b>Operating expenses</b>	<b>-57.8</b>	<b>-26.9%</b>	<b>-53.7</b>	<b>-30.0%</b>
Non-operating result	-0.3	-0.2%	1.3	0.7%
<b>EBIT</b>	<b>15.5</b>	<b>7.2%</b>	<b>9.5</b>	<b>5.3%</b>

Best EBIT-Margin since business year 2007

in MCHF	2018	in % of Sales	2017	in % of Sales
<b>EBIT</b>	<b>15.5</b>	<b>7.2%</b>	<b>9.5</b>	<b>5.3%</b>
Financial income / expense	-0.2	-0.1%	-0.6	-0.3%
Exchange result net	0.4	0.2%	-0.2	-0.1%
<b>EBT</b>	<b>15.7</b>	<b>7.3%</b>	<b>8.7</b>	<b>4.9%</b>
Income taxes	-0.4	-0.2%	-0.5	-0.3%
<b>Net result</b>	<b>15.3</b>	<b>7.1%</b>	<b>8.2</b>	<b>4.6%</b>

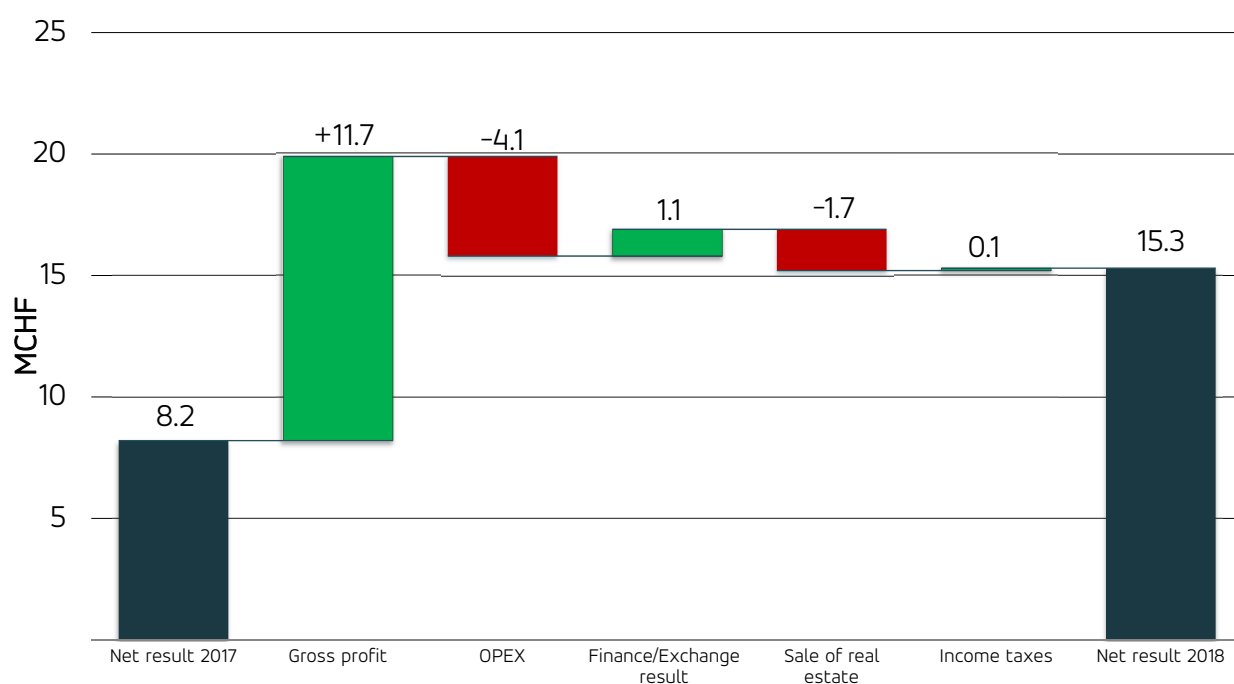
Net result improved by CHF 7.1 million compared to PY



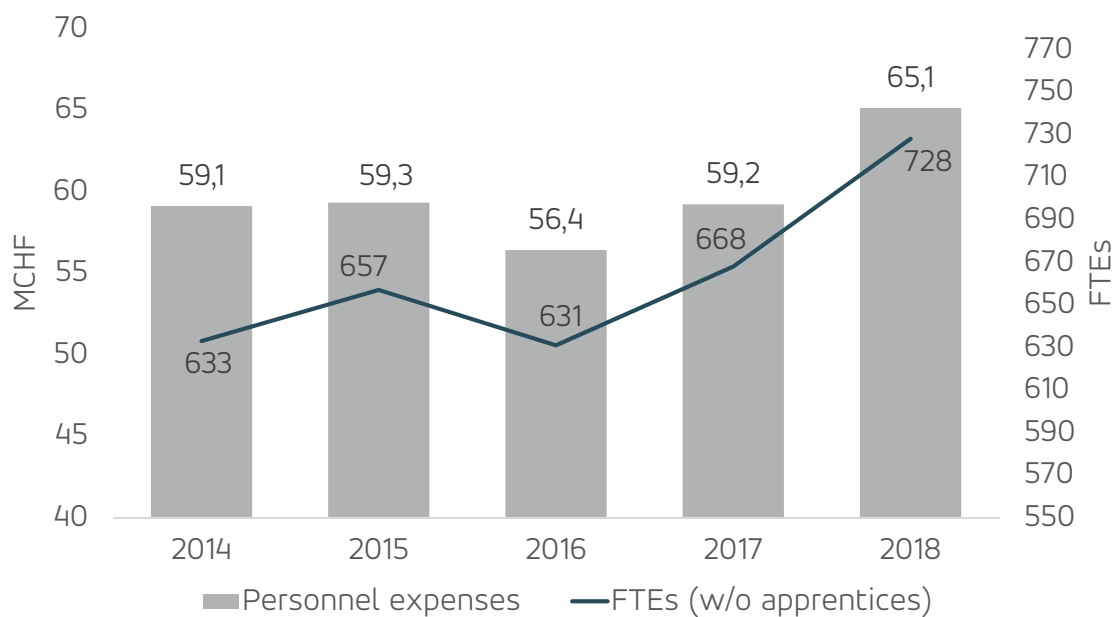
in MCHF	2018	in % of Sales	2017	in % of Sales
EBITDA	19.3	9.0%	12.9	7.2%
Depreciation and amortization	-3.8	-1.8%	-3.4	-1.9%
EBIT	15.5	7.2%	9.5	5.3%

EBITDA +CHF 6.4 million and EBIT +CHF 6,0 million compared to PY figures

Financial Results 2018  
Change in Net Result

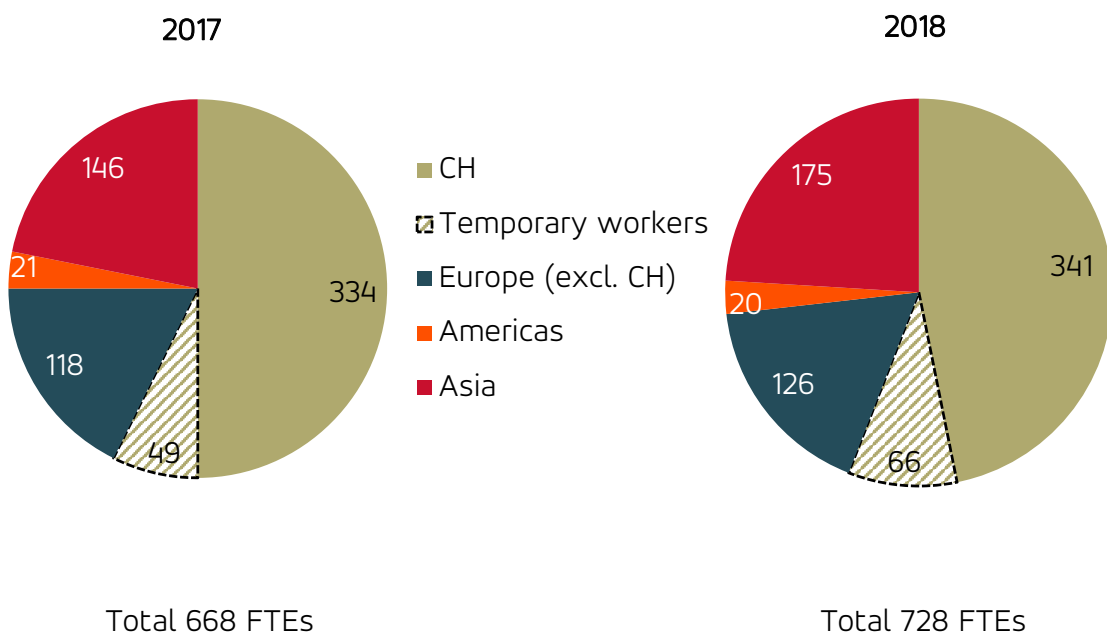


Positive improvement in Gross profit covered additional expenses in OPEX; negative effect from sale of real estate in previous year



Average number of FTEs in 2018 was 692 (2017: 644)  
Sales per FTE increased from TCHF 257 to TCHF 311

Financial Results 2018  
Personnel – FTEs per Region



Increase in FTEs to deal with the high workload

in MCHF	31.12.2018	in % of Total BS	31.12.2017	in % of Total BS
Cash and cash equivalents	35.9		23.7	
Trade receivables	24.7		20.5	
Inventories	81.6		68.2	
Other current assets	6.1		4.8	
<b>Current assets</b>	<b>148.3</b>	<b>84.1%</b>	<b>117.2</b>	<b>81.8%</b>
<b>Non-current assets</b>	<b>27.9</b>	<b>15.9%</b>	<b>26.1</b>	<b>18.2%</b>
Financial liabilities	0.3		0.3	
Trade and other payables	70.5		52.8	
<b>Total liabilities</b>	<b>70.8</b>	<b>40.2%</b>	<b>53.1</b>	<b>37.0%</b>
<b>Shareholders' equity</b>	<b>105.4</b>	<b>59.8%</b>	<b>90.2</b>	<b>63.0%</b>
<b>Total balance sheet</b>	<b>176.2</b>	<b>100%</b>	<b>143.3</b>	<b>100%</b>

Net cash of MCHF 35.7 (PY: MCHF 23.4); NWC 22.5% to Net Sales (PY: 26.2%)

Financial Results 2018  
Cash Flow Statement

in MCHF	2018	2017
Cash Flow from operating activities before changes in Net Working Capital	17.2	9.6
Changes in Net Working Capital	2.0	22.8
<b>Cash Flow from operating activities</b>	<b>19.2</b>	<b>32.4</b>
Cash Flow from investing activities	-5.7	-4.0
<b>Free Cash Flow</b>	<b>13.5</b>	<b>28.4</b>

Again improvement in NWC after the record in previous year

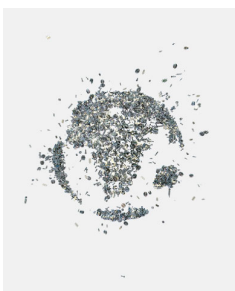
- Look back on 2018 with satisfaction; economy was thriving
- Political uncertainties and protectionist trends dimmed the outlook
- CHF strengthened against EUR
- Automotive industry still positive; trend towards electric and hybrid cars
- Medical and electronics industry are well running
- Recovery 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
- Uncertainties which make forecast difficult; expecting a good year

April 10	Annual General Meeting 2019 3 p.m. at the Tornos Welcome Center
August 13	Half-year Results 2019

## Strategy 2018-2020 Status update

Michael Hauser – Chief Executive Officer

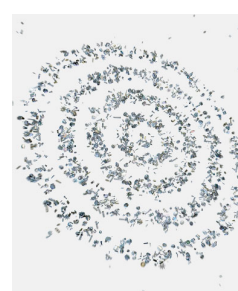
### Strategy 2018-2020 Six strategic thrusts



Internationalize  
our business.



Strengthen our  
flexibility.



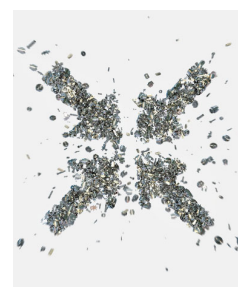
Grow through  
Innovation.



Establish Tornos'  
services as a  
differentiator.



Enhance our operational  
excellence.



Deliver unique  
solutions for targeted  
market segments.



Looking ahead

## Priorities and outlook for 2018

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- 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

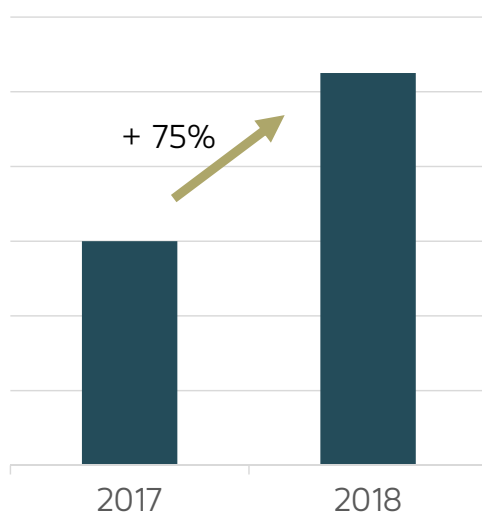
\* Slide used at the 2018 Media & Analysts' Conference.

Priorities and outlook for 2018: A short review

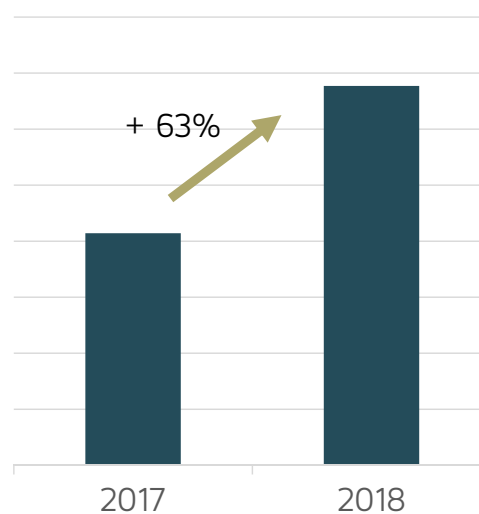
## Ensure deliveries: e.g. MultiSwiss production

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Units produced



Sales MCHF





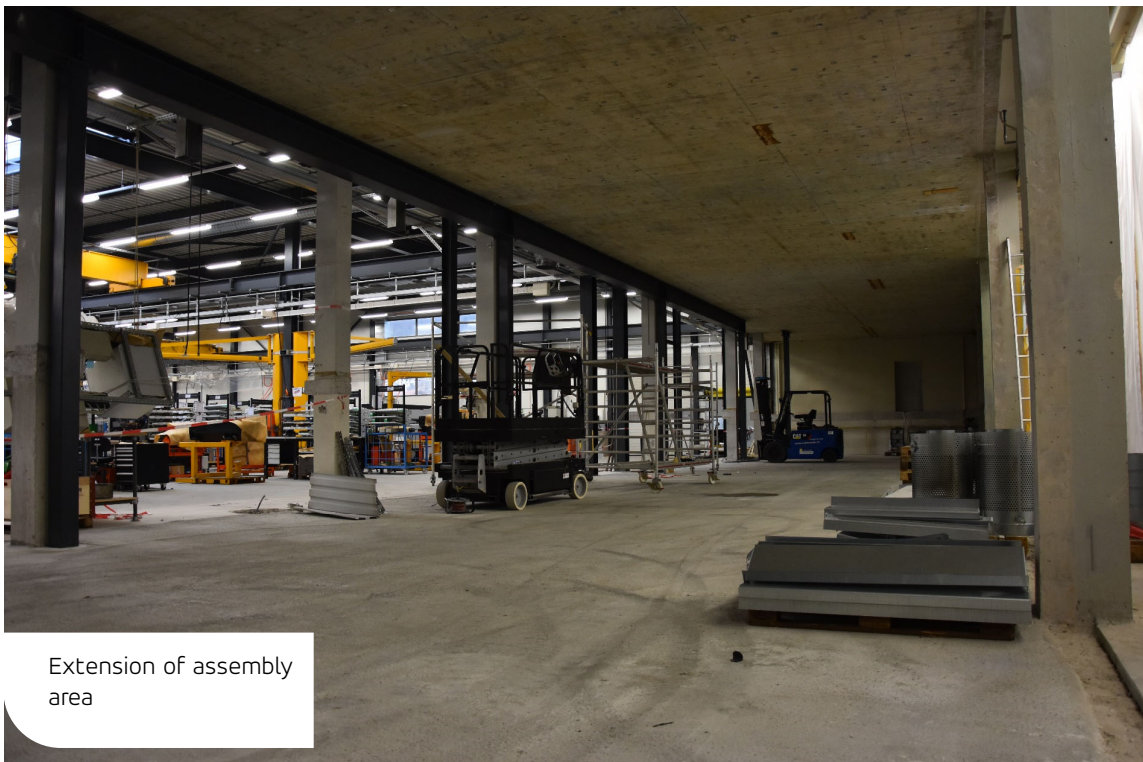
Priorities and outlook for 2018: A short review  
*Ramp up Taiwan operation*

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Priorities and outlook for 2018: A short review  
*Concentrate activities in Moutier on one location*

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Extension of assembly  
area





Mill-Turn center  
(Moutier/CH)



Pallet handling  
system  
(Moutier/CH)



*Priorities and outlook for 2018: A short review*  
*Establish worldwide Customer Centers*

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Welcome Center  
and meeting hub  
(Moutier/CH)

*Priorities and outlook for 2018: A short review*  
*Establish worldwide Customer Centers*

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Customer Center  
(Shanghai/CN)



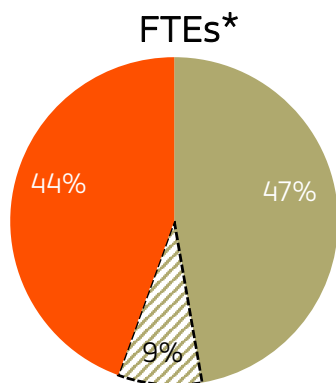
SwissNano 7



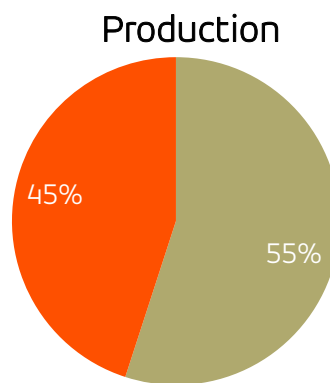
Swiss DT 26 S

- 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.

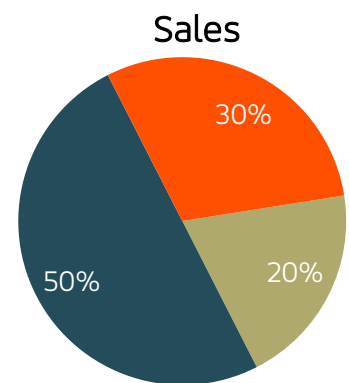




■ CH ■ CH Temps ■ ROW

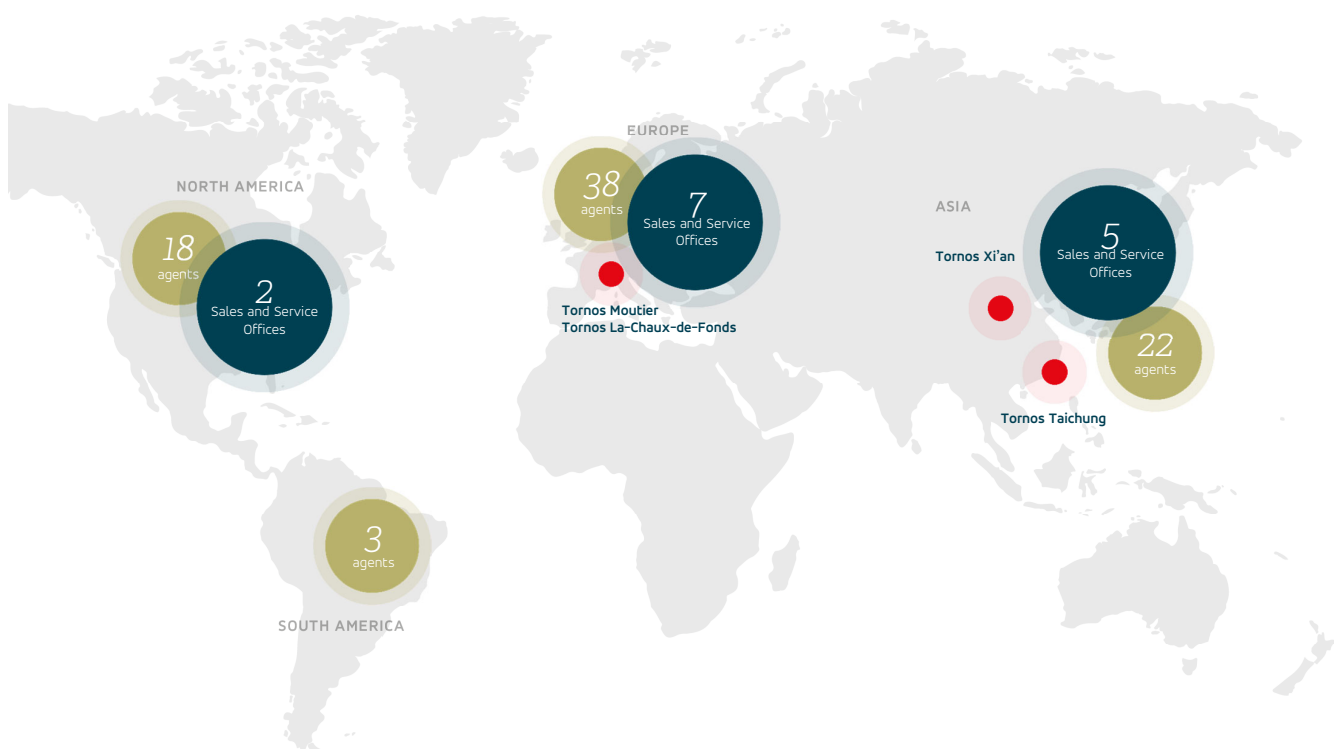


■ CH ■ ROW



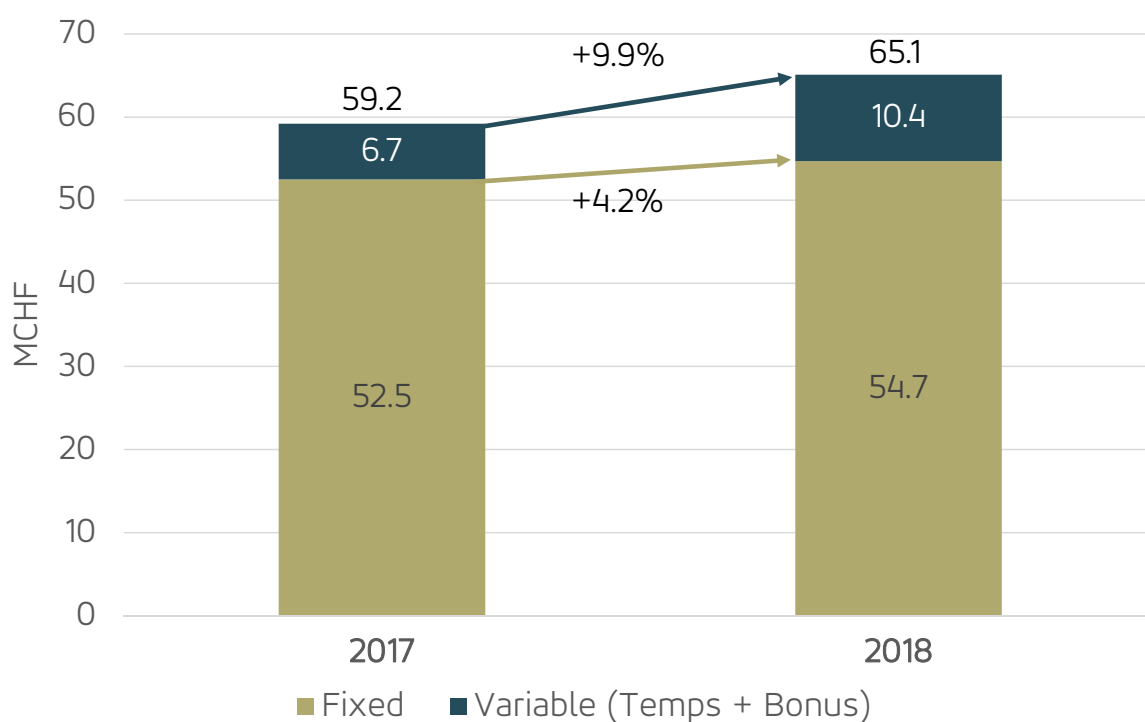
■ CH ■ EU ■ ROW

\* FTE: Full-time equivalent

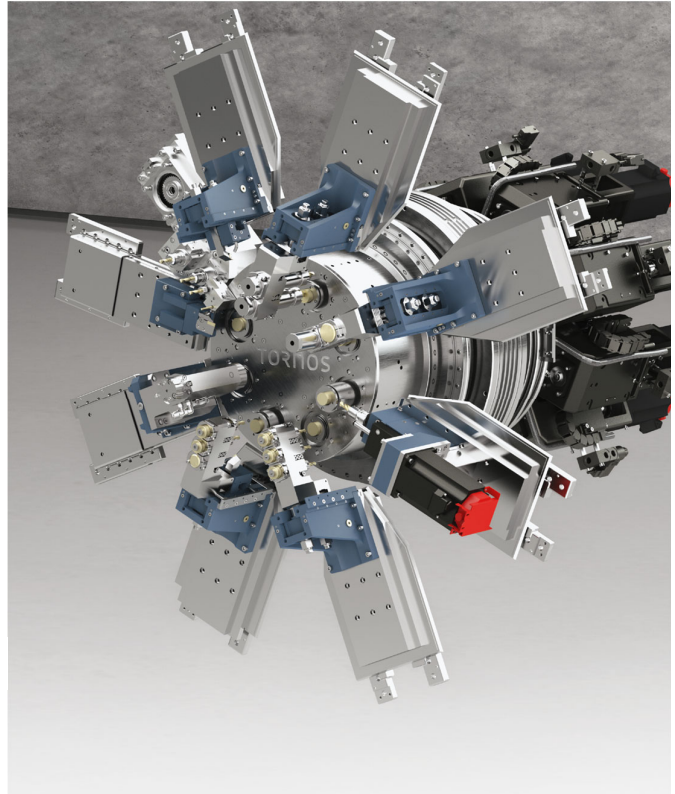
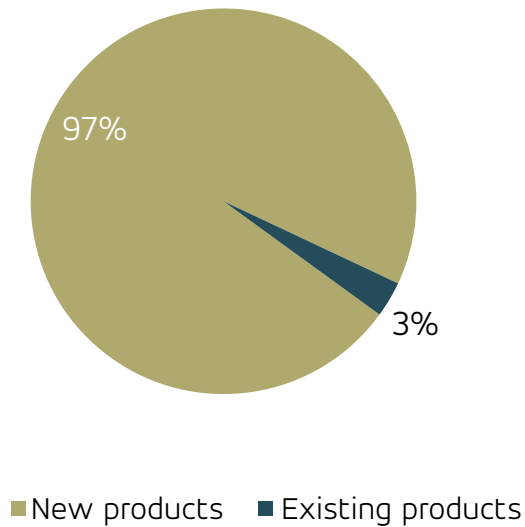




Strategy 2018-2020  
Strengthen our flexibility (Personnel expenses)



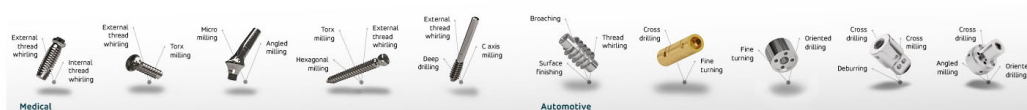
### Product portfolio



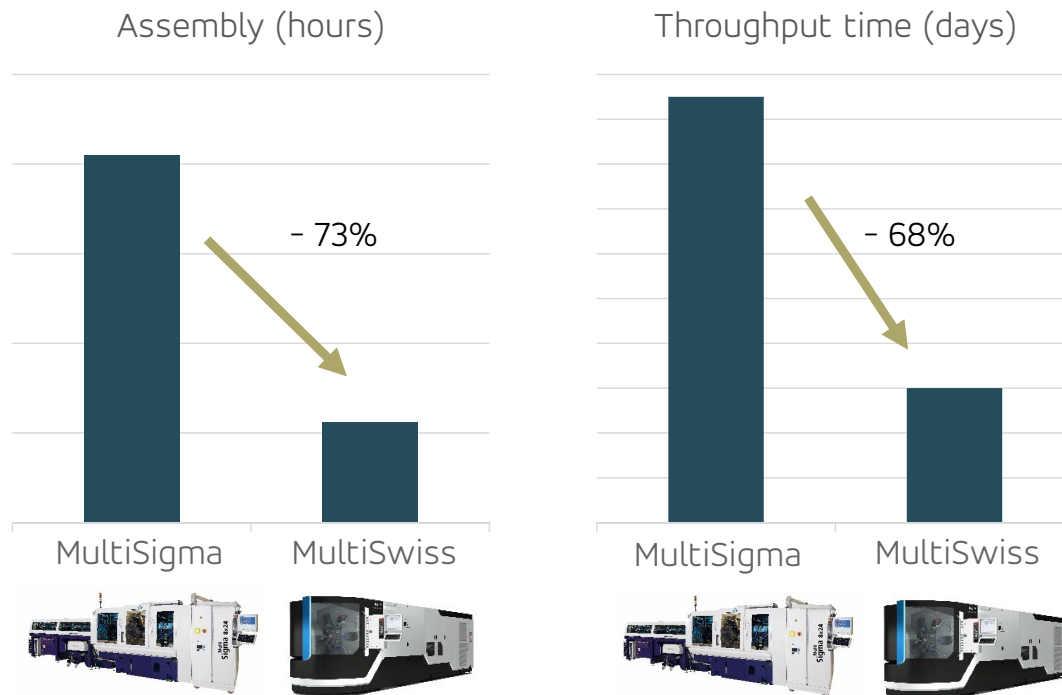
## Tornos Academy

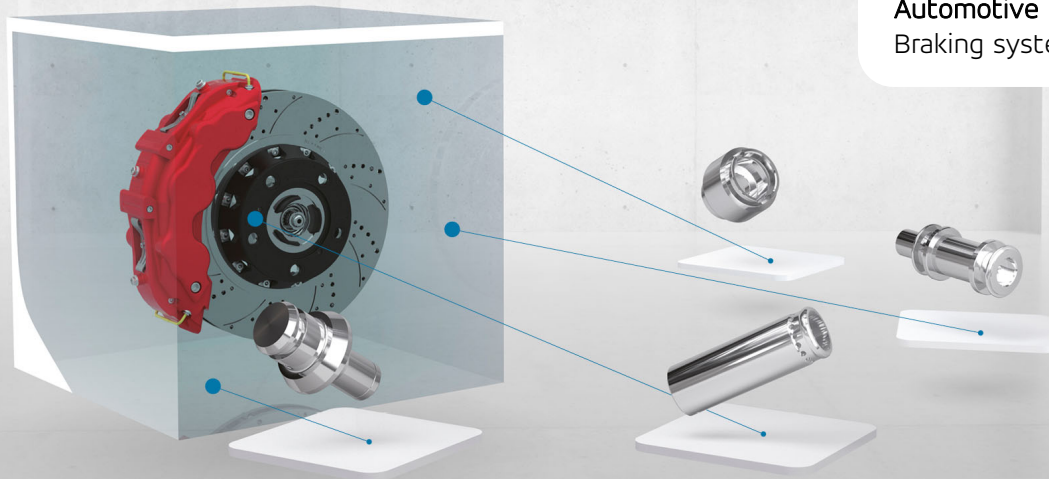
Keeps you turning  
toward greater  
productivity

	DESIGN AND PROGRAM FOR SETUP	SPECIFIC SETUP ACCEPTANCE
OBJECTIVE	Design and validate a part setup on your machine according to acceptance conditions	Validate your project in the presence of your team in our factory
CONTENT	<ul style="list-style-type: none"> <li>Analyze the part drawing and acceptance criteria</li> <li>Elaborate the manufacturing process</li> <li>Perform the machine setup</li> <li>Optimize the production time and chip management</li> <li>Inspect the parts</li> <li>Define the specific tooling according your application</li> </ul>	<ul style="list-style-type: none"> <li>Review the machine and related equipment</li> <li>Check the machine geometry protocol</li> <li>Examine the test part protocol</li> <li>Confirm results with respect to your specifications</li> </ul>
PREREQUISITE	Not applicable	Not applicable
PARTICIPANTS	According to your needs	According to your needs
DURATION	According to your needs	One day

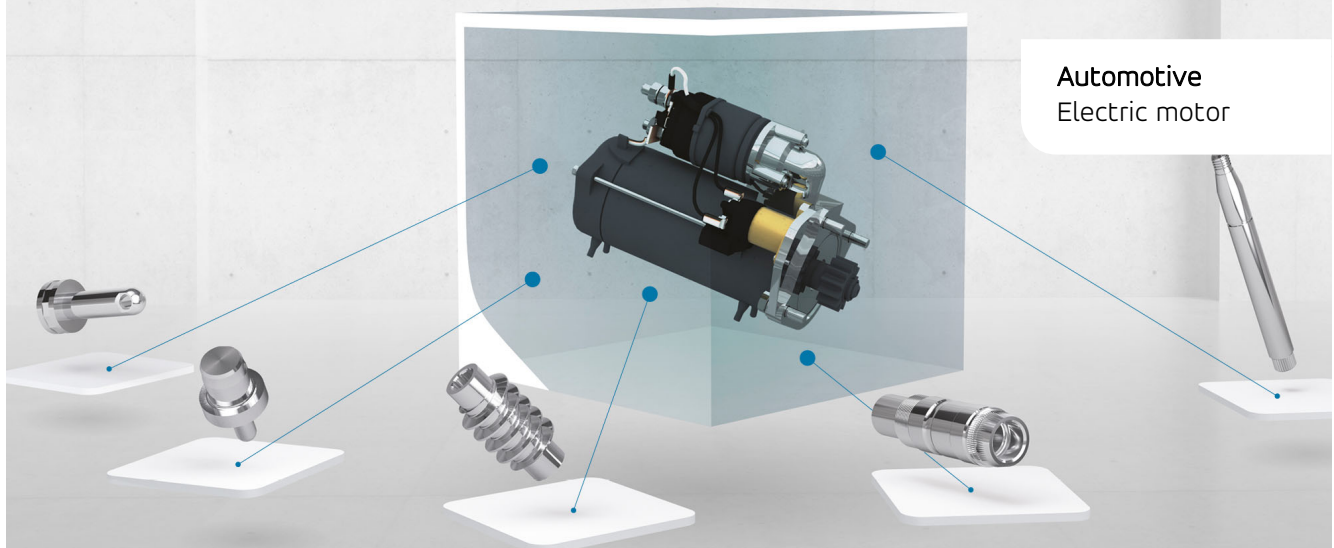






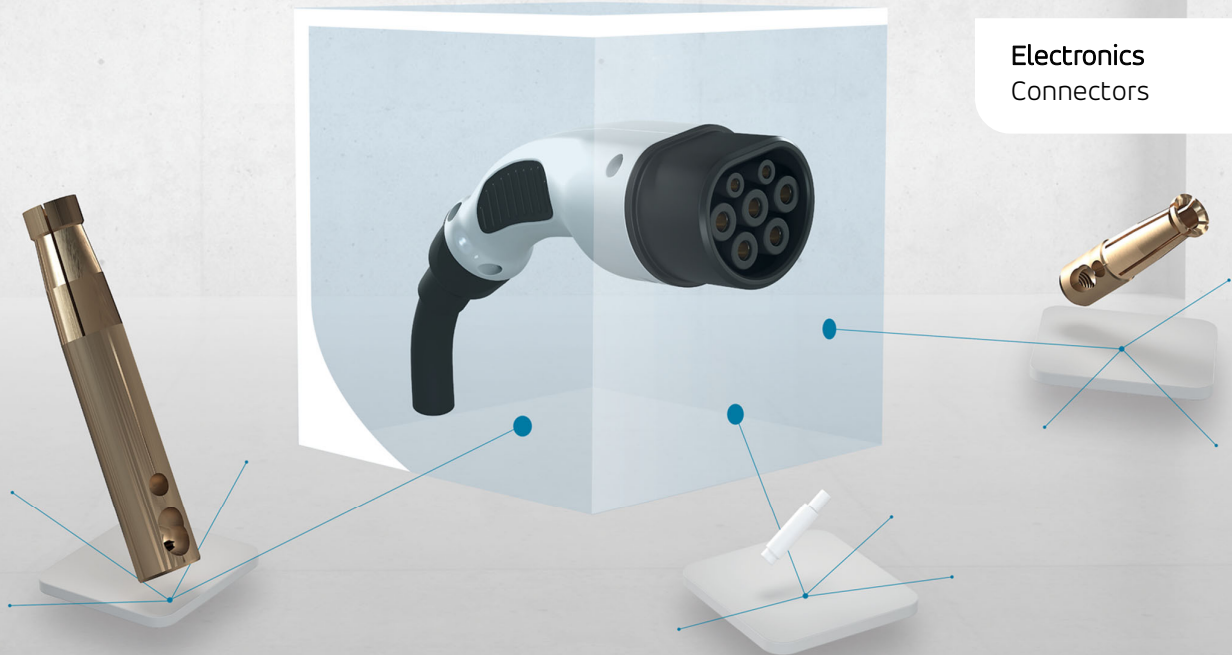


**Automotive**  
Braking system



**Automotive**  
Electric motor

**Electronics**  
Connectors

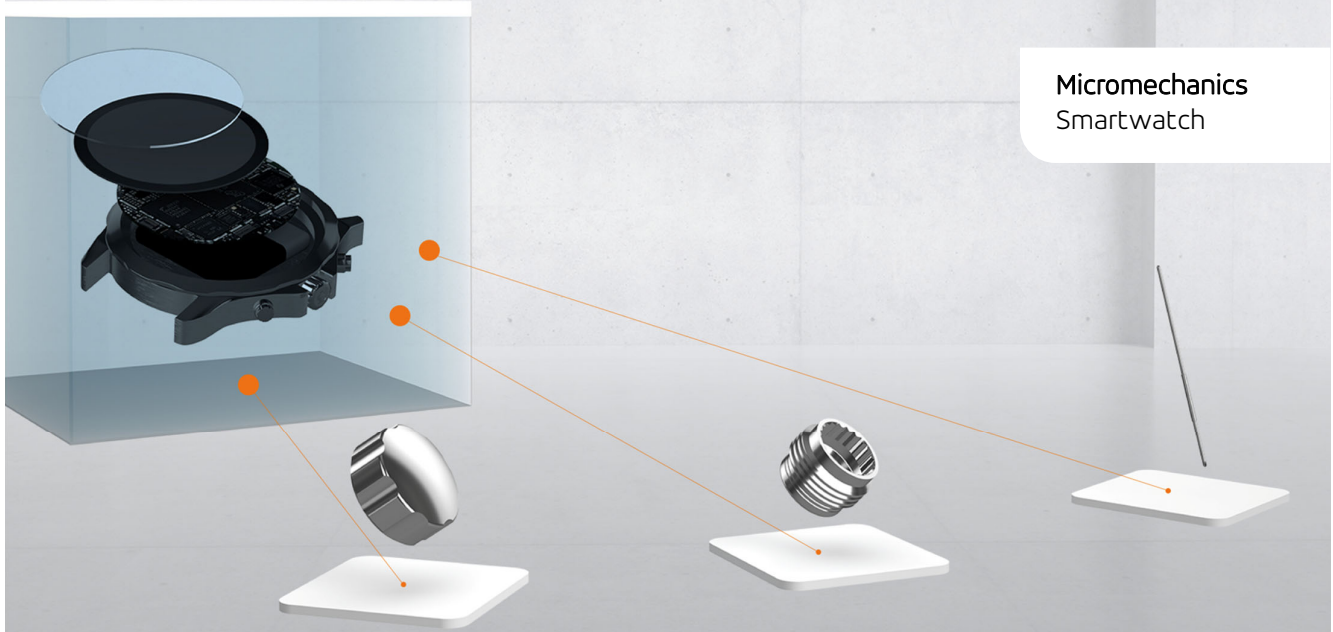


**Electronics**  
Household appliances

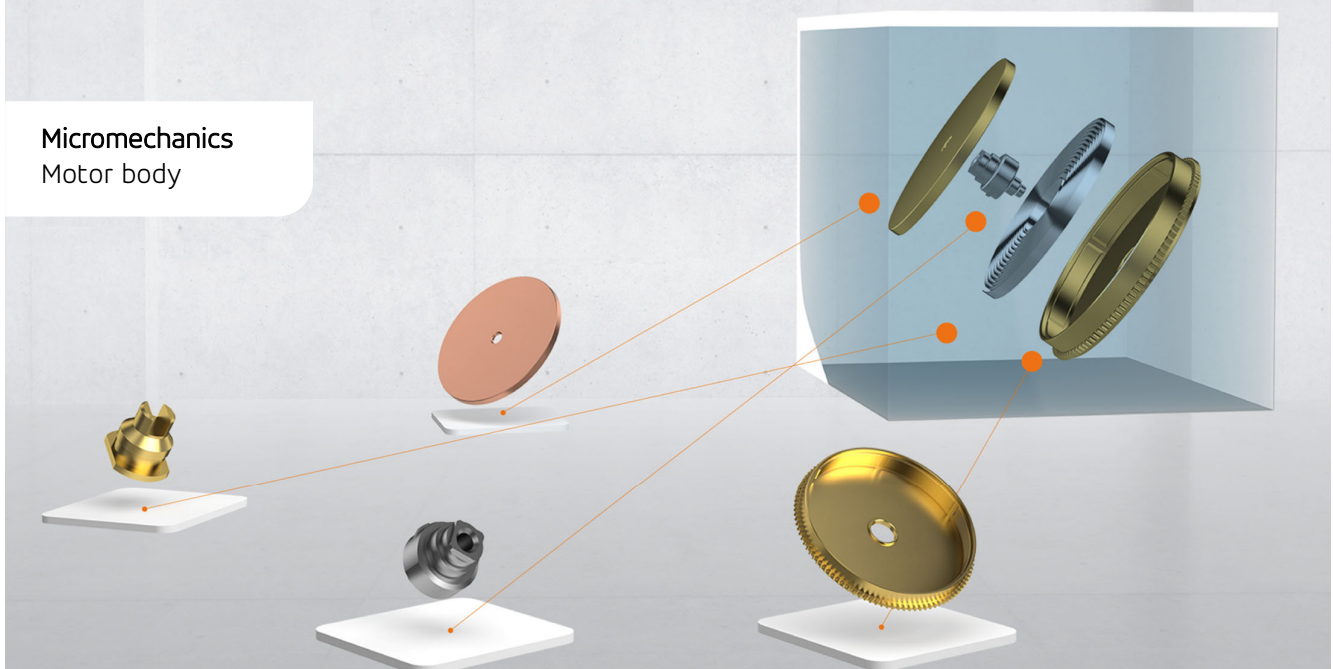




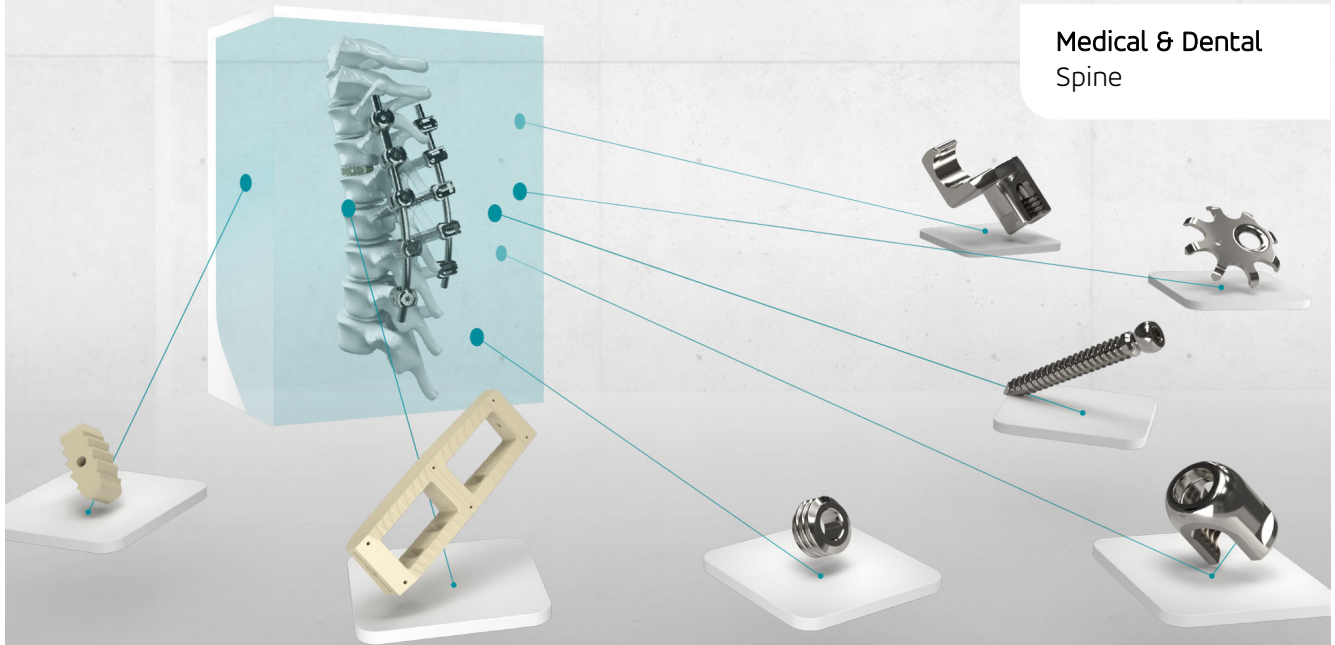
**Micromechanics**  
Smartwatch



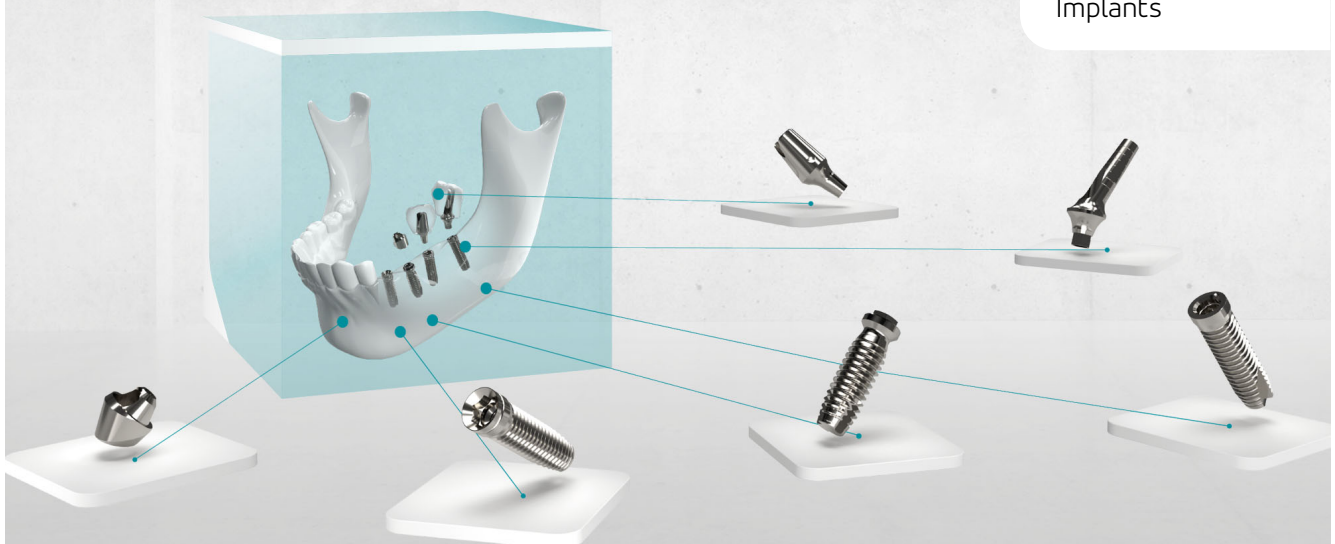
**Micromechanics**  
Motor body



**Medical & Dental  
Spine**



**Medical & Dental  
Implants**



- Process orders and deliver machines on time.
- Increase production output.
- Expand assembly activities in China.
- Establish worldwide Customer Centers and global roll-out of Tornos Academy.
- Launch new products.

**TORNOS**

*THANK YOU FOR YOUR ATTENTION*

# *QUESTIONS & ANSWERS*



*Tornos Holding Ltd.*  
*Inquiries*

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Investor and media relations: Bruno Edelmann

+41 32 494 42 33

[investors@tornos.com](mailto:investors@tornos.com) / [communications@tornos.com](mailto:communications@tornos.com)

For more details on Tornos Group, please refer to [www.tornos.com](http://www.tornos.com)

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