



TORNOS

Media & Analysts' Conference

Tornos Holding Ltd.

Zurich, March 9, 2020



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 2019**
Bruno Edelmann, CFO
- **Management Report**
Michael Hauser, CEO
- **Questions and Answers**

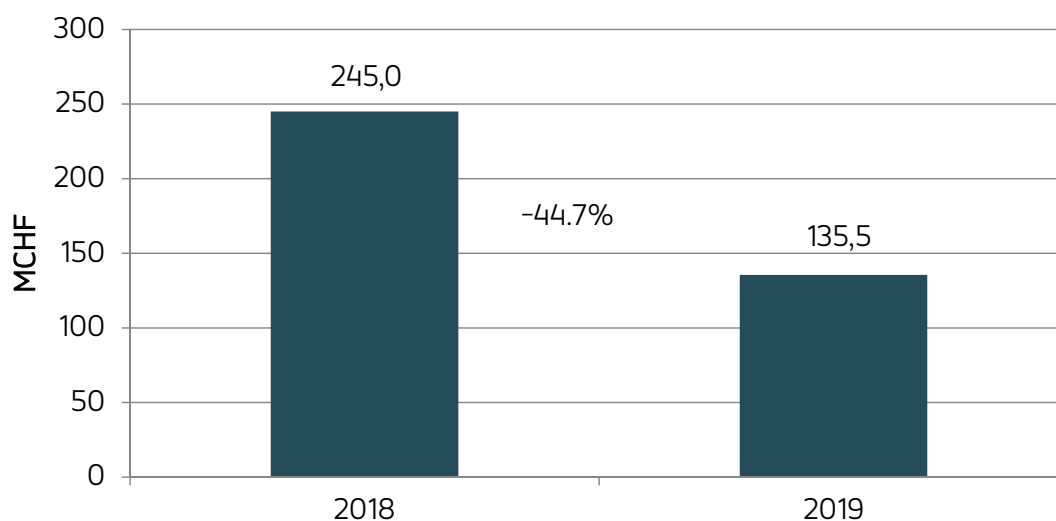


in MCHF	2019	2018
Net sales	205.3	214.9
EBITDA	10.7	19.3
EBIT	6.4	15.5
Net result	5.9	15.3
Net Cash	-0.9	35.7



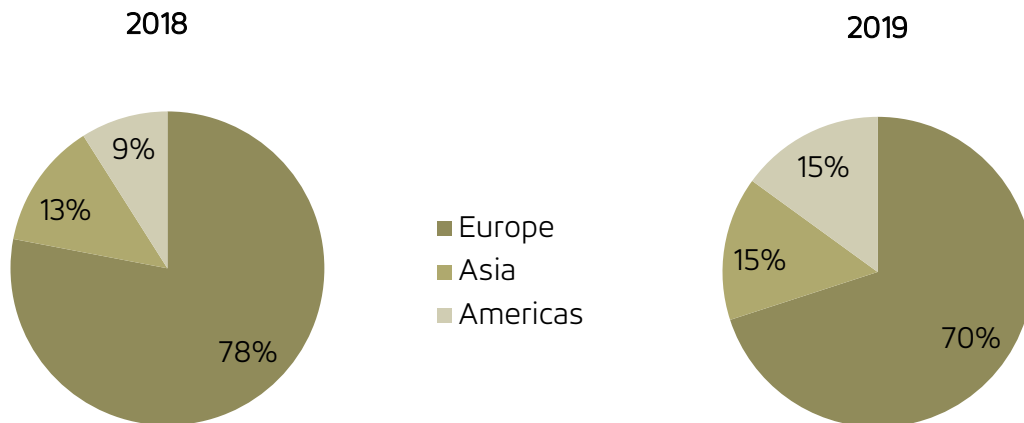
in MCHF	2019	2018	Diff.	in %
Order Intake	135.5	245.0	-109.5	-44.7%
Net Sales	205.3	214.9	-9.6	-4.4%
EBITDA	10.7	19.3	-8.6	-44.4%
in % of Net sales	5.2%	9.0%		
EBIT	6.4	15.5	-9.1	-58.5%
in % of Net sales	3.1%	7.2%		
Net Result	5.9	15.3	-9.4	-61.3%
in % of Net sales	2.9%	7.1%		
Free cash flow	-31.6	13.5	-45.1	n/a
Net cash	-0.9	35.7	-36.6	n/a
Employees	729	728	1	0.1%

Dissatisfying results!



Decline in order intake mainly due to the uncertainties in the automotive industry

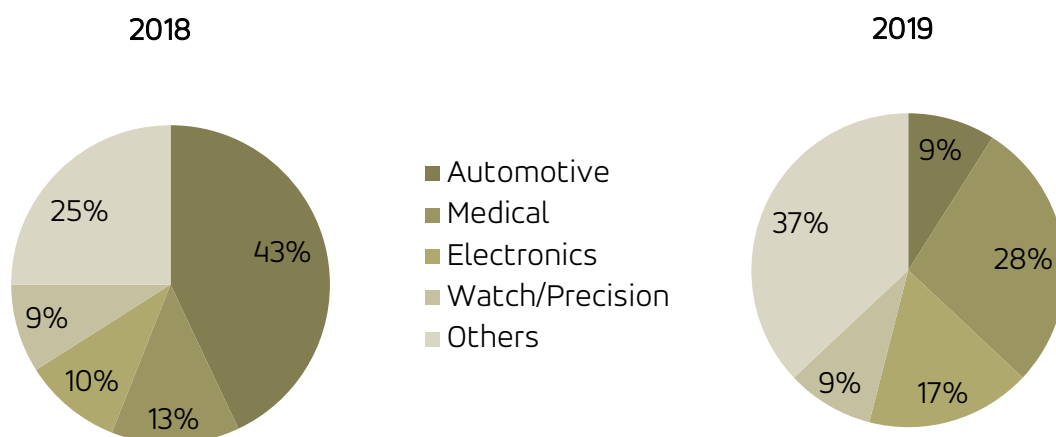
Order Intake Machines - Regions



- Europe remains the core region for Tornos
- Decline in order intake in all major regions within Europe
- Fewer orders from Asia and Americas region
- Potential for improvement in Asia and Americas

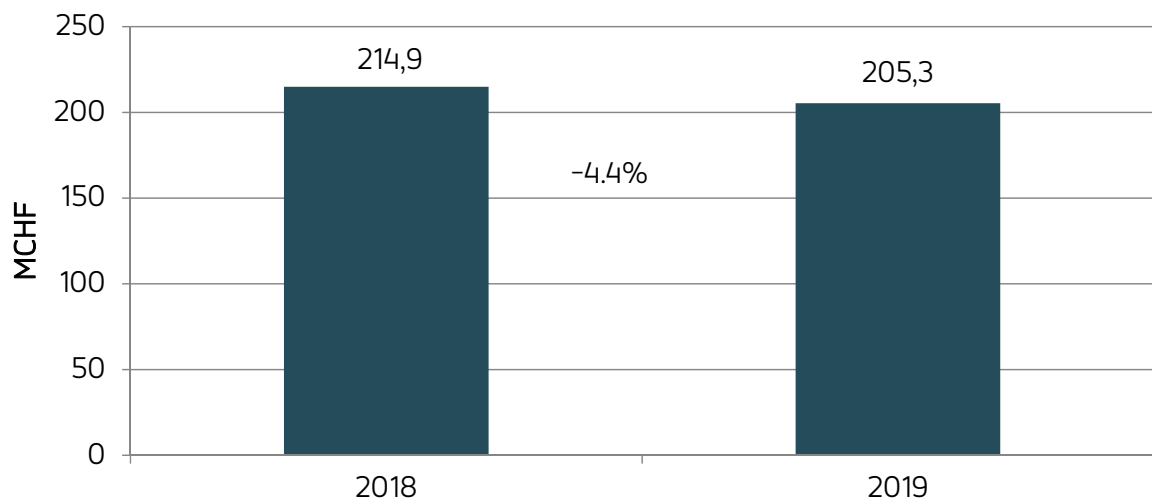
Order backlog turned down from MCHF 101 end of December 2018 to MCHF 34.2 end of December 2019

Order Intake Machines - Industries



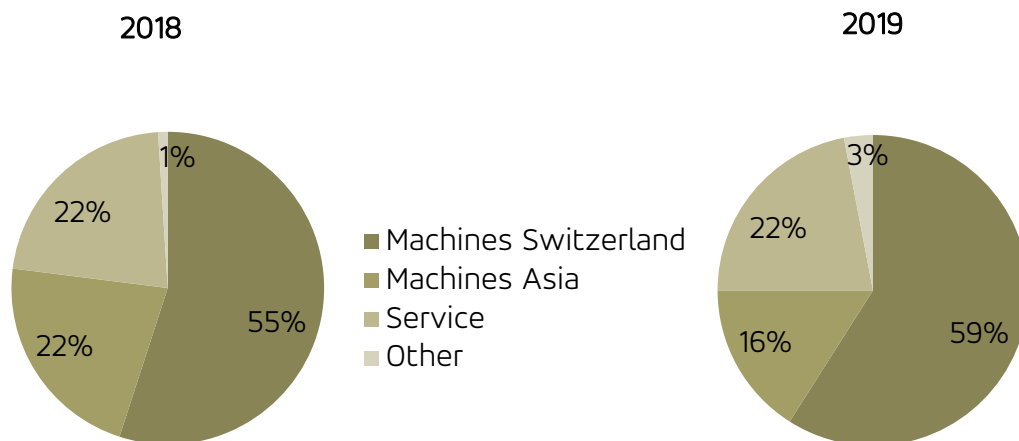
- Order Intake from Automotive industry substantially receded – uncertainties on the market and fewer combustion engine cars sold in 2019
- Medical industry is a new flagship; same level of Order Intake as last year
- Electronics industry slightly below prior year's Order Intake
- Order Intake of Watchmaking industry reduced by half

Broad field of applications for Tornos machines



Negative currency impact of MCHF 1.9

Financial Results 2019
Net Sales – Product Lines



- Slight increase in sales of machines from Switzerland
- First time decline in sales of Asia machines since the start of production
- In the service, refurbishing and used machine sub-business Tornos saw gains over the previous year

Increased demand for high-end machines from Switzerland

in MCHF	2019	in % of Sales	2018	in % of Sales
Net sales	205.3		214.9	
Gross profit	66.4	32.3%	73.6	34.3%
Marketing and sales	-31.3	-15.2%	-30.3	-14.8%
General and administrative expenses	-18.1	-8.8%	-17.8	-8.7%
Research and development	-10.1	-4.9%	-10.1	-4.9%
Other income	0.1	0.0%	0.6	0.3%
Other expenses	-0.6	-0.3%	-0.2	-0.1%
Operating expenses	-60.0	-29.2%	-57.8	-28.2%
Non-operating result	0.0	-0.2%	-0.3	-0.2%
EBIT	6.4	3.1%	15.5	7.2%

Decline in Gross Profit margin mainly resulting from the building of provision which is due to the increase of stock

in MCHF	2019	in % of Sales	2018	in % of Sales
EBIT	6.4	3.1%	15.5	7.2%
Financial income / expenses	-0.2	-0.1%	-0.2	-0.1%
Exchange result net	0.2	0.1%	0.4	0.2%
EBT	6.4	3.1%	15.7	7.6%
Income taxes	-0.5	-0.2%	-0.4	-0.2%
Net result	5.9	2.9%	15.3	7.1%

Poor Net result compared to previous year

Financial Results 2019 Change in Net Result

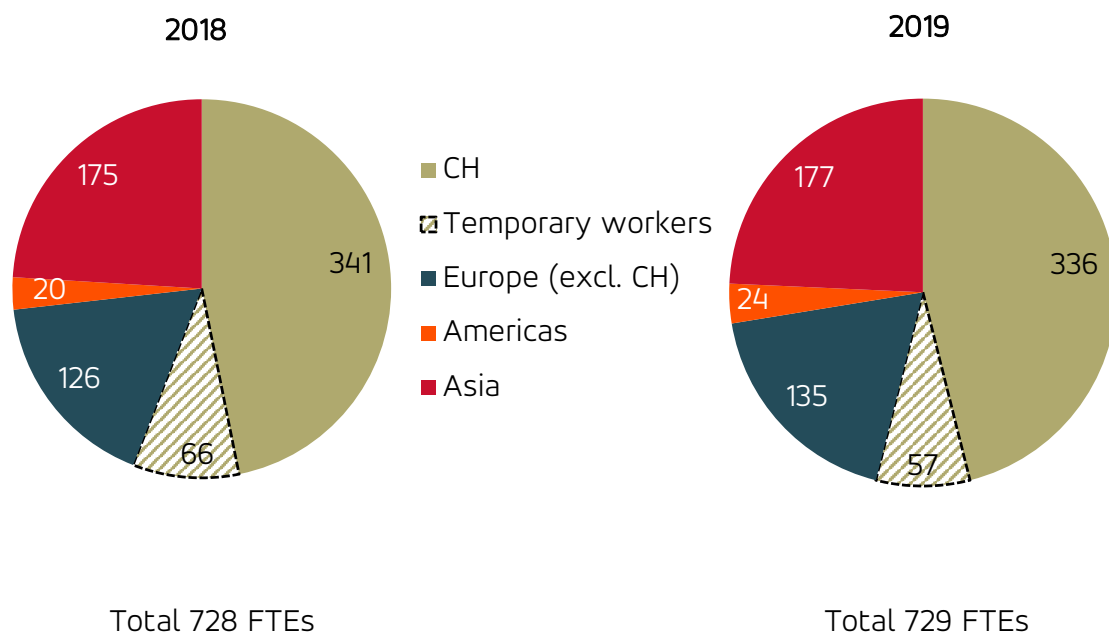
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Net result 2019 negatively affected by lower sales and margin as well as by higher operating cost

Financial Results 2019 Personnel – FTEs per Region

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The average number of employees during the year under review was 747 (2018: 692)

in MCHF	31.12.2019	in % of Total BS	31.12.2018	in % of Total BS
Cash and cash equivalents	14.4		35.9	
Trade receivables	16.9		24.7	
Inventories	101.9		81.6	
Other current assets	5.7		6.1	
Current assets	138.9	82.9%	148.3	84.1%
Non-current assets	28.6	17.1%	27.9	15.9%
Financial liabilities	15.3		0.3	
Trade and other payables	44.4		70.5	
Total liabilities	59.7	35.6%	70.8	40.2%
Shareholders' equity	107.8	64.4%	105.4	59.8%
Total balance sheet	167.5	100%	176.2	100%

Net cash of MCHF -0.9 (PY: MCHF 35.7)

in MCHF	2019	2018
Cash Flow from operating activities before changes in Net Working Capital	14.0	17.2
Changes in Net Working Capital	-41.0	2.0
Cash Flow from operating activities	-27.0	19.2
Cash Flow from investing activities	-4.6	-5.7
Free Cash Flow	-31.6	13.5

Cash Flow from operating activities before changes in NWC only MCHF 3.2 below PY figures

- The global economy cooled noticeably in 2019
- (European) Automotive industry in search of market focus
- Political uncertainties and protectionist trends dimmed the outlook
- Quo vadis Coronavirus?
- CHF strengthened against EUR; SNB in dilemma
- Medical and electronics industry are well running; watch industry okay
- 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
- Extremely difficult to formulate assessments and forecasts at present

April 15 Annual General Meeting 2020
3 p.m. at the Tornos Welcome Center

August 11 Half-year Results 2020

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Management Report

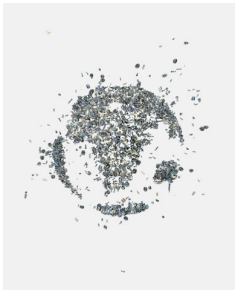
Michael Hauser – Chief Executive Officer

*Management Report
Introduction*

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Panta Rhei



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.

Management Report
Implementation of strategic measures in 2019



Customer Center Chicago, USA



Moutier warehouse activities outsourced



Tailor-made trainings by Tornos Academy



New plant in Xian, China

Management Report
New products launched in 2019

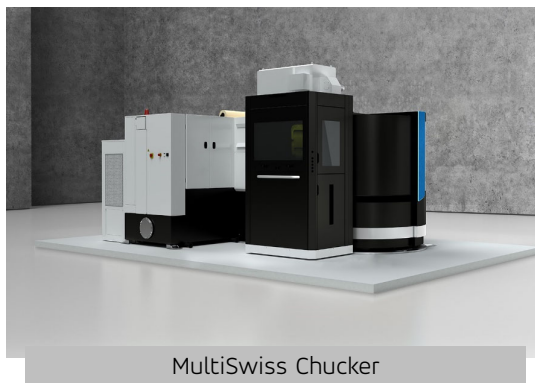
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SwissDECO TB



Swiss DT 26 S



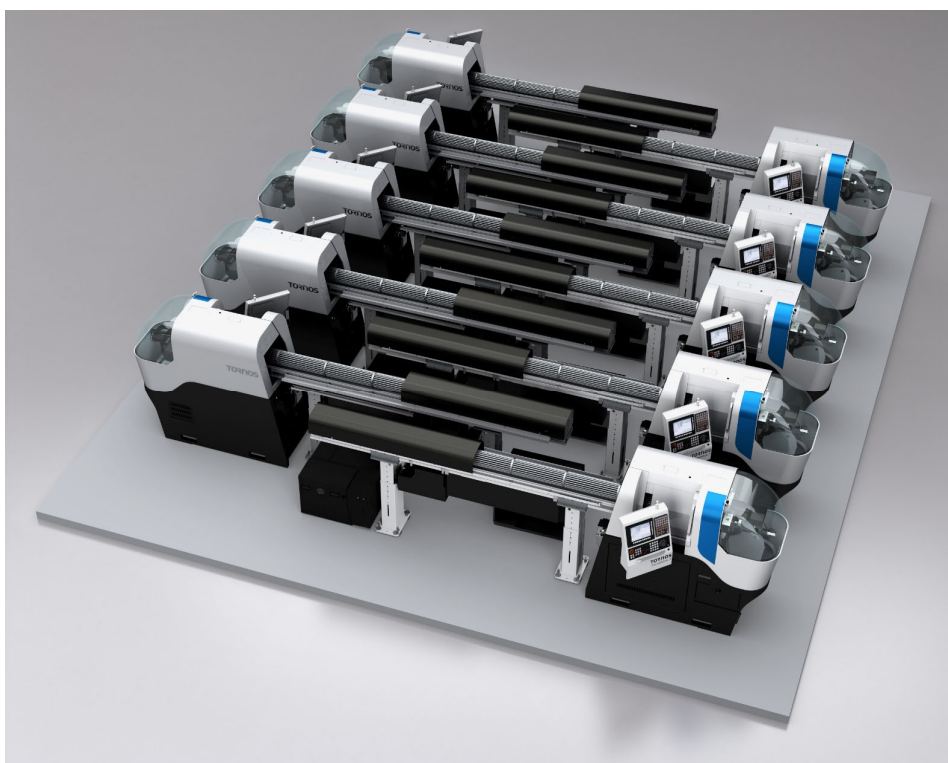
MultiSwiss Chucker



Swiss GT 26 + Automation

Management Report
SwissNano 7 finds avid customers

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2020



2020

- Increase top line
- Cost reduction
- Development and launch of new machining and service products
- Realign market focus

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THANK YOU FOR YOUR ATTENTION

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QUESTIONS & ANSWERS

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For more details on Tornos Group, please refer to www.tornos.com

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