

Media & Analysts Conference

Tornos Holding Ltd.

Zurich, March 15, 2016

A small, solid olive-green square is positioned to the left of the "Speakers" header.

Speakers

François Frôté – *Chairman of the Board*

Bruno Edelmann – *Chief Financial Officer*

Michael Hauser – *Chief Executive Officer*

Agenda

Welcome

Overall Review

François Frôté, Chairman

Financial Results 2015

Bruno Edelmann, CFO

Strategy 2017 – status update

Michael Hauser, CEO

Questions and Answers



Overall Review

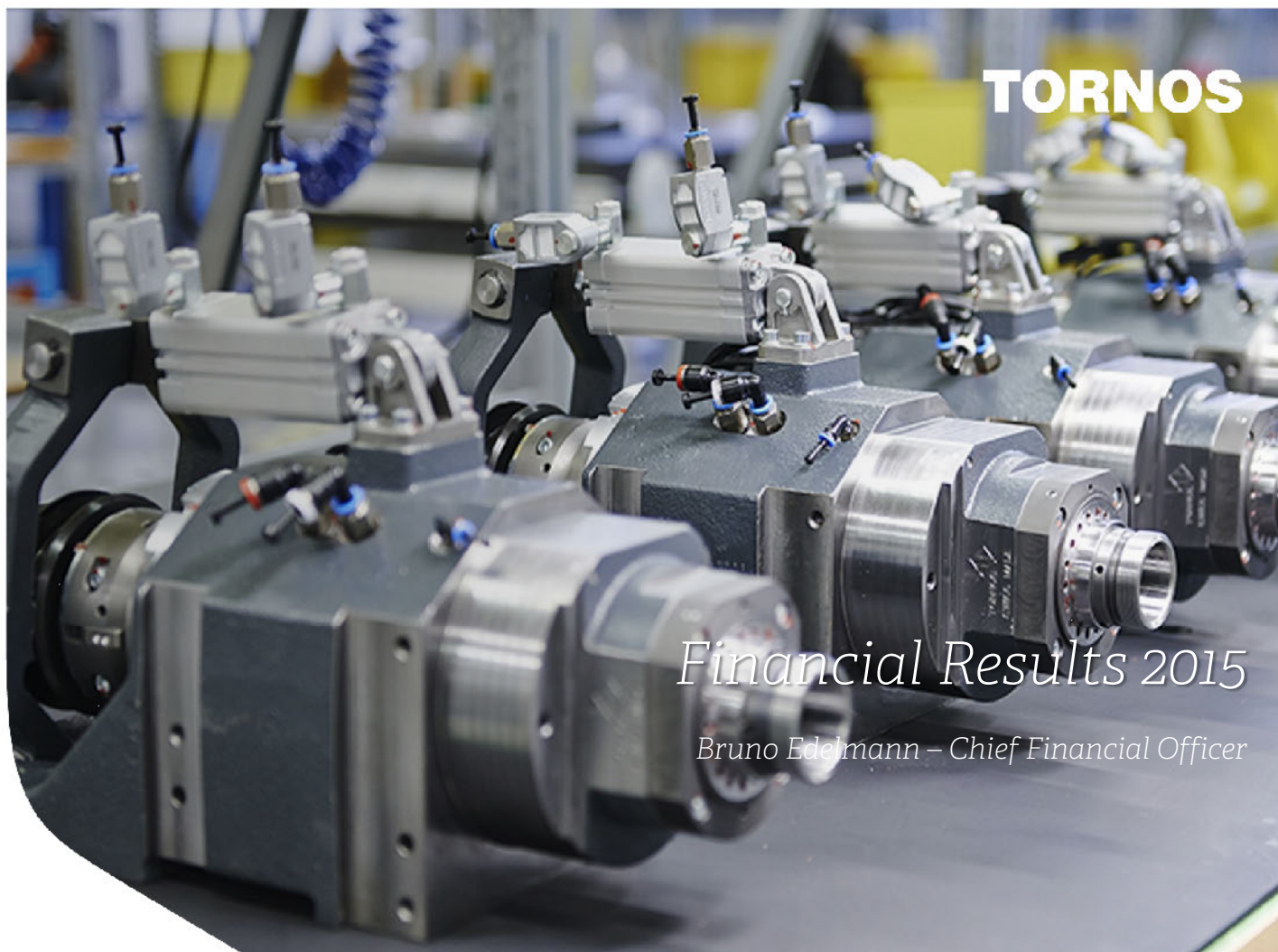
François Frôté – Chairman of the Board

Key Financials

MCHF	2015	2014
Order intake	160.0	183.2
Net sales	164.0	175.8
EBITDA	4.9	5.5
EBIT	2.4	2.8
Net result	0.9	2.9
Net cash	11.3	15.1

Achievements

- Positive result despite difficult conditions
- Internationalization and transformation on track
- New products successfully launched
- Lower break-even point
- No dependency on banks
- New products to be launched in 2016
- M&A not excluded



TORNOS

Financial Results 2015

Bruno Edelmann – Chief Financial Officer

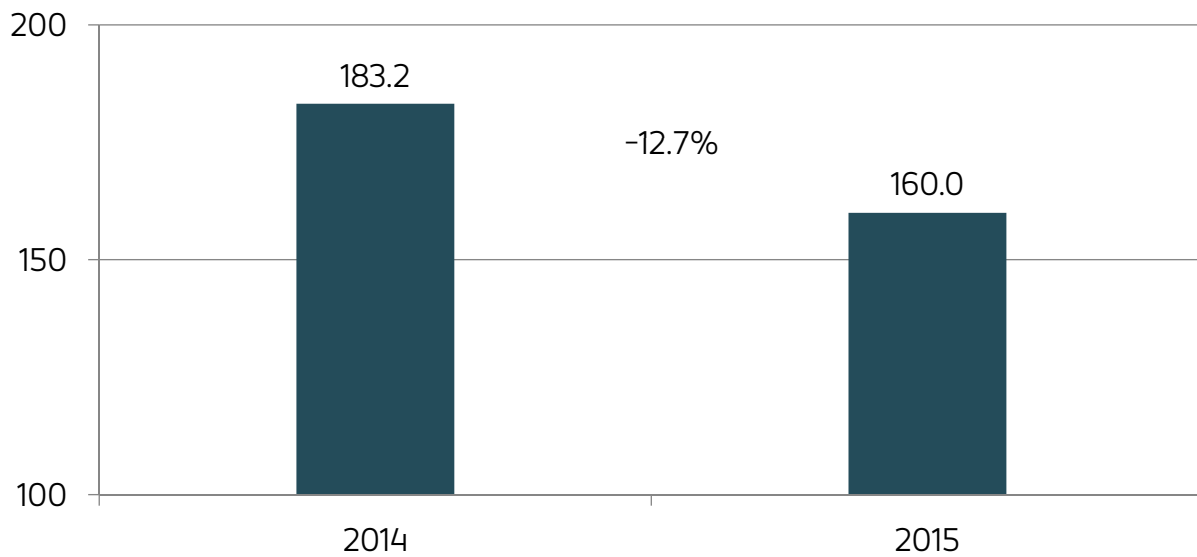
Financial Results Summary

- Order intake down by MCHF 23.2 or 12.7% to MCHF 160.0
→ currency adjusted: MCHF -10.4 or -5.7%
- Net sales down by MCHF 11.8 or 6.7% to MCHF 164.0
→ currency adjusted: MCHF -3.3 or -1.9%
- EBIT MCHF 2.4 vs. MCHF 2.8 PY
- Net result MCHF 0.9 vs. MCHF 2.9 PY
- Free Cash Flow MCHF -2.3
- Net cash position at MCHF 11.3 compared to MCHF 15.1 as at end 2014

▶ Positive result in challenging market and currency environment

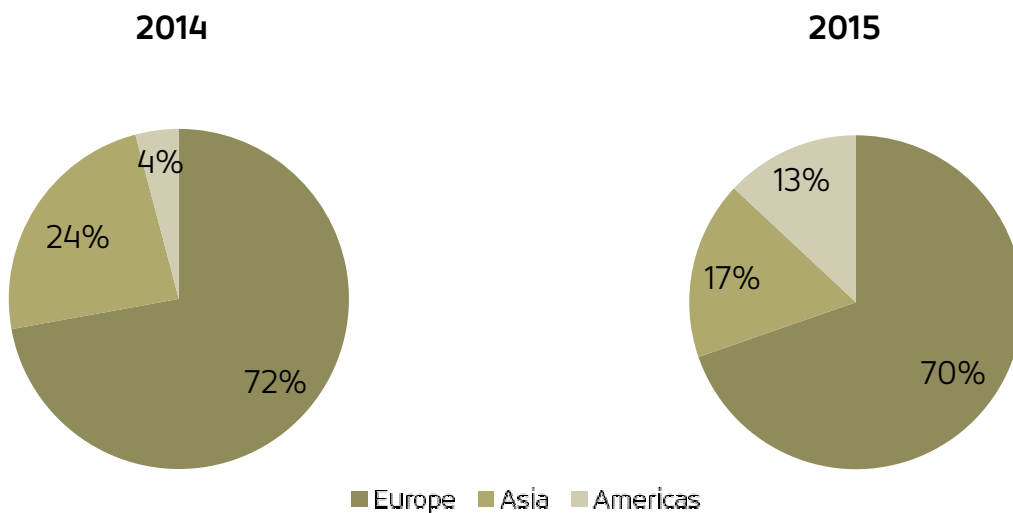
Order intake

MCHF



► Currency effect of -7.0% or MCHF -12.8

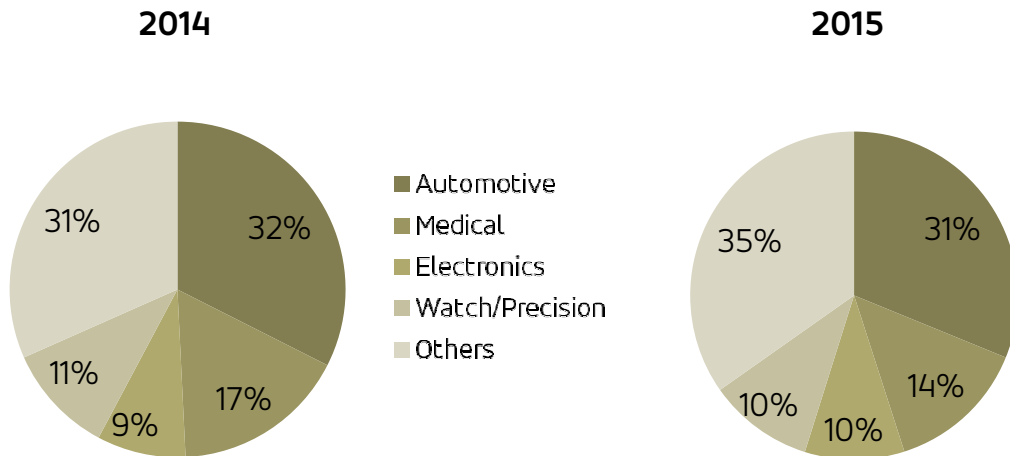
Order intake machines - regions



- Europe remains the core region for Tornos
- Gratifying development in the Americas region due to new sales network
- Disappointing decline in Asia in 2015; still growth potential for the next few years

► Growth potential in Americas and Asia

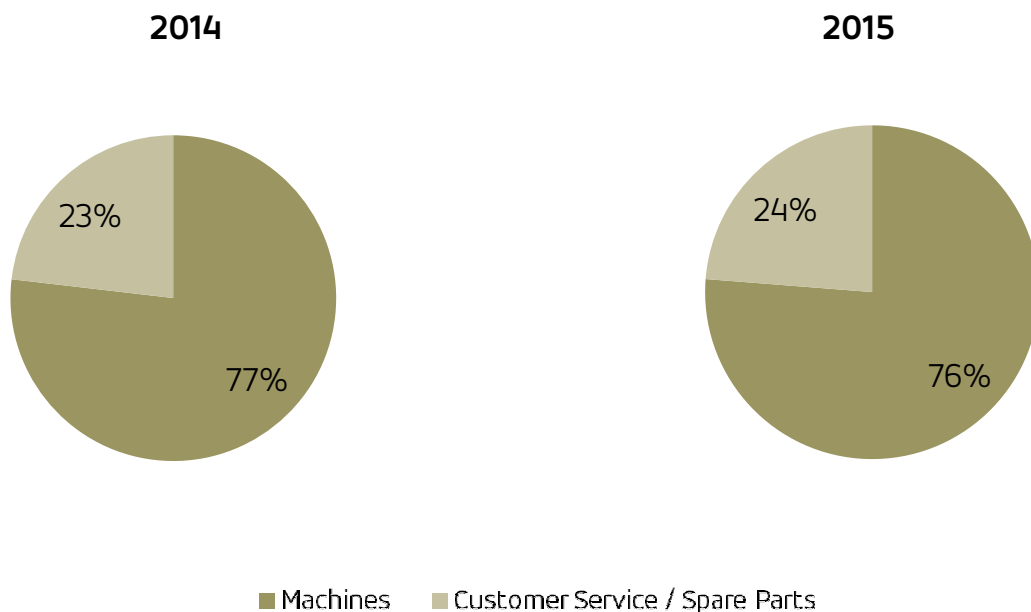
Order intake machines - industries



- Automotive remains the most important market in terms of share
- In medical, some orders received from well-known global companies
- Slightly increase of electronics industries; high-tech connectors for aviation
- Watch making industry has been struggling
- More and more general machine shoppers and other smaller industries

Broad fields of application for Tornos machines

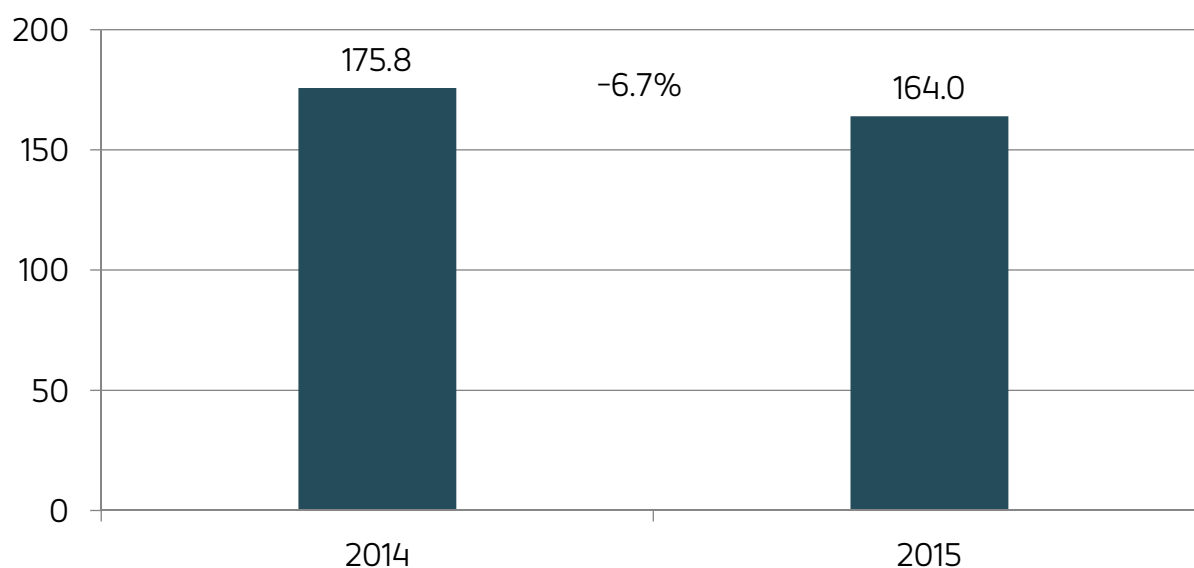
Order intake - machines / CS



Customer Service / Spare Parts as an important part of Tornos business

Net sales

MCHF



► Currency effect of 4.8% as the main reason for the decline

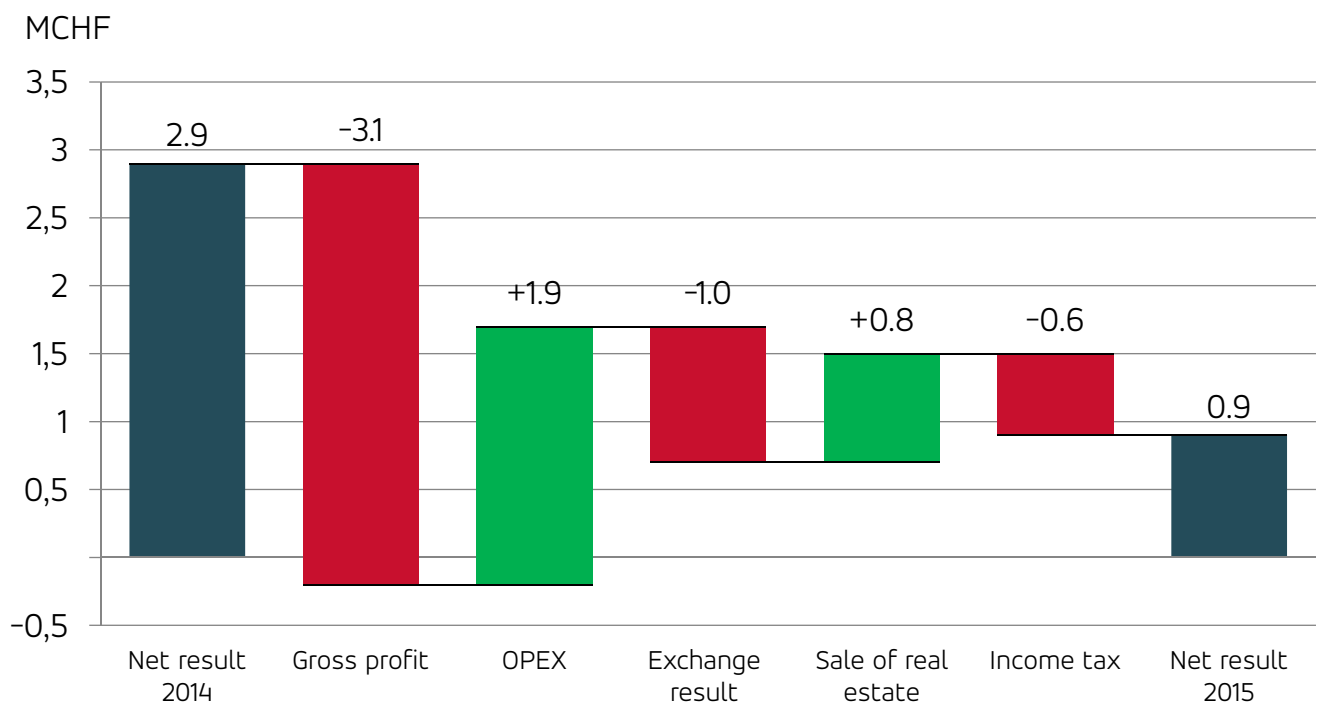
Income statement – 1/2

<i>in MCHF</i>	2015	<i>in % of Sales</i>	2014	<i>in % of Sales</i>
Net sales	164.0		175.8	
Gross profit	49.3	30.1%	52.5	29.9%
Marketing and sales	-22.9	-14.0%	-26.0	-14.8%
General and administrative expense	-17.1	-10.4%	-17.5	-10.0%
Research and development	-7.9	-4.8%	-7.0	-4.0%
Other income - net	0.1	0.0%	0.8	0.5%
Operating expenses	-47.8	-29.2%	-49.7	-28.3%
Operating result	1.5	0.9%	2.8	1.6%

► Net cost savings of MCHF 1.9 at OPEX

<i>in MCHF</i>	2015	in % of Sales	2014	in % of Sales
Operating result	1.5	0.9%	2.8	1.6%
Financial income / expense	-0.4	-0.2%	-0.4	-0.2%
Exchange result net	0.0	0.0%	0.9	0.5%
Ordinary result	1.1	0.7%	3.3	1.9%
Non-operating result	0.8	0.5%	0.0	0.0%
Earnings before income taxes	1.9	1.2%	3.3	1.9%
Income tax	-1.0	-0.6%	-0.4	-0.3%
Net result	0.9	0.6%	2.9	1.6%

Non operating result coming from the sale of real estate



Compared to PY, Net result negatively influenced by non controllable cost

Financial Results

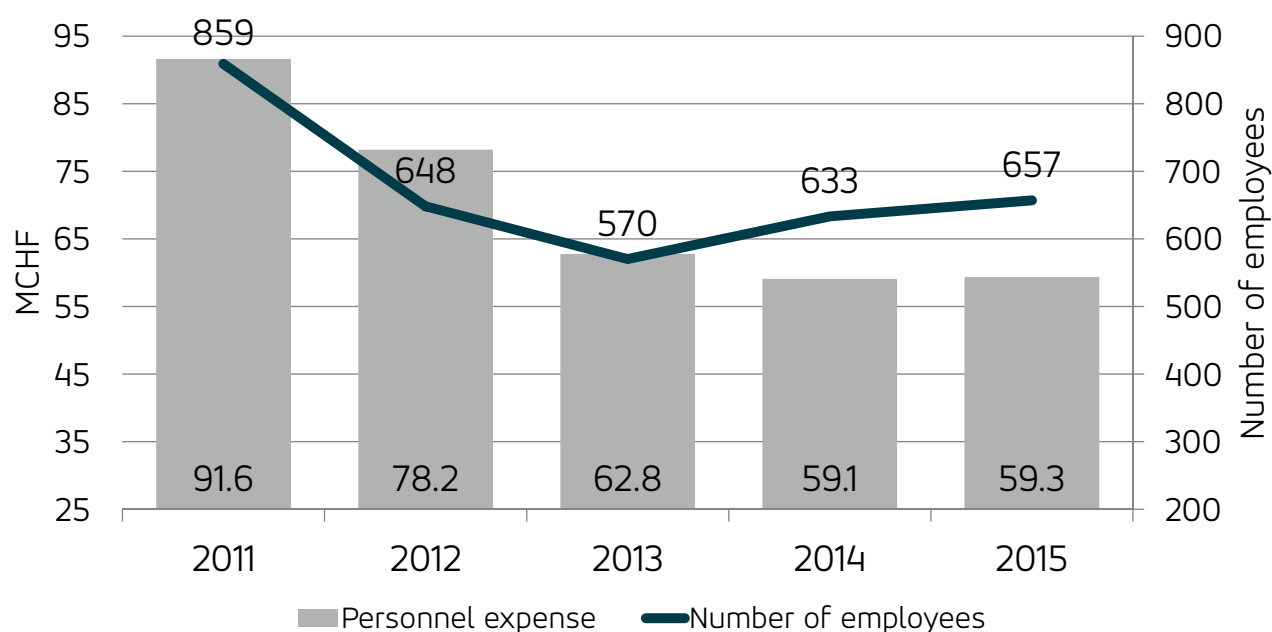
EBITDA to EBIT

<i>in MCHF</i>	2015	in % of Sales	2014	in % of Sales
EBITDA	4.9	3.0%	5.5	3.1%
Depreciation and amortisation	-2.5	-1.6%	-2.7	-1.5%
EBIT	2.4	1.4%	2.8	1.6%

EBIT only MCHF 0.4 below previous year

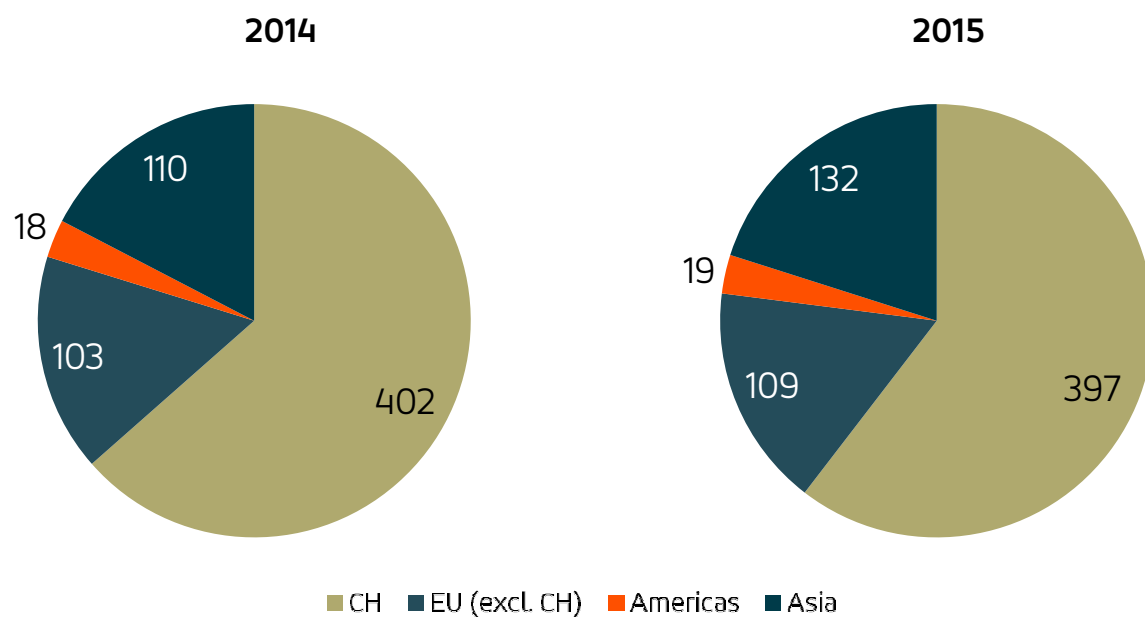
Financial Results

Personnel expenses



Personnel expenses on PY level in spite of the increase of FTE's

Personnel – FTE's per region



Total 633 FTE's

Total 657 FTE's

Additional personnel in Asia (+22 FTE) to cope with the increasing production volume

Balance Sheet

<i>in MCHF</i>	2015	in % total BS	2014	in % total BS
Cash and cash equivalents	20.6		15.4	
Trade receivables	23.2		21.6	
Inventories	64.1		57.1	
Other current assets	8.7		11.6	
Current assets	116.6	82.8%	105.7	79.8%
Non-current assets	24.2	17.2%	26.7	20.2%
Financial liabilities	9.3		0.3	
Trade and other payables	47.4		46.9	
Total liabilities	56.7	40.3%	47.2	35.7%
Shareholders' equity	84.1	59.7%	85.2	64.3%
Total balance sheet	140.8	100%	132.4	100%

Net cash at MCHF 11.3 vs. 15.1 in PY; still solid equity of 59.7%

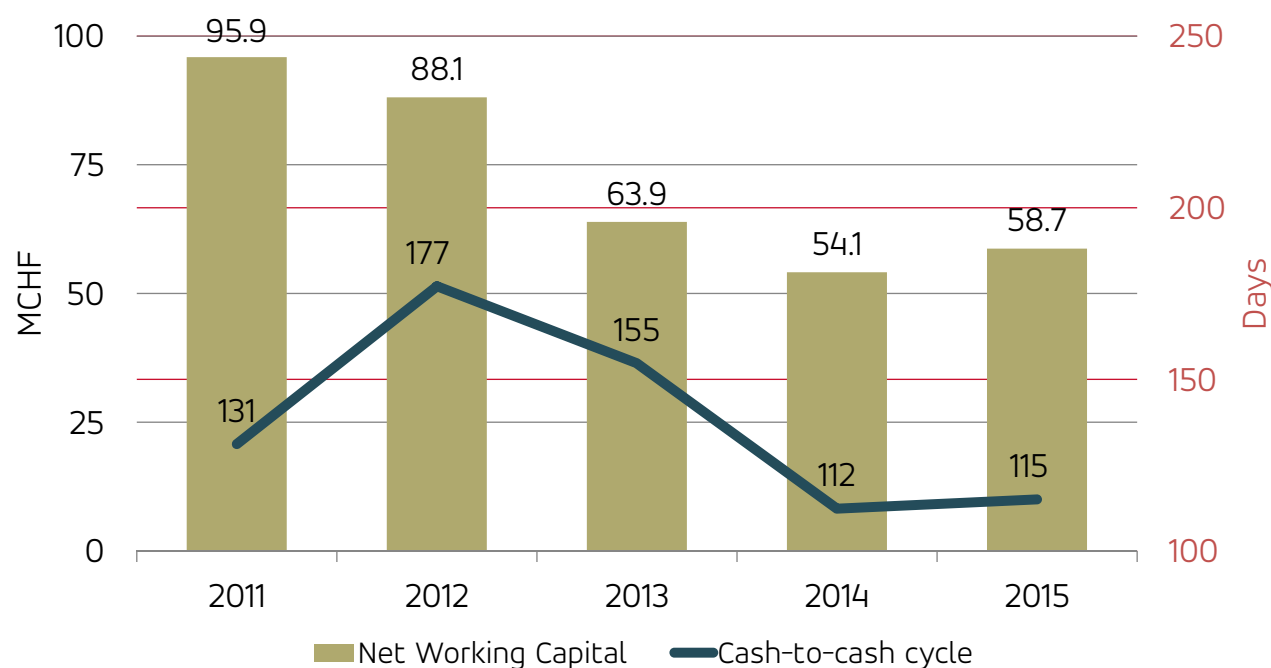
Cash Flow Statement

in MCHF

	2015	2014
Cash Flow from operating activities before changes in Net Working Capital	0.5	7.4
Changes in Net Working Capital	-2.8	6.5
Cash Flow from operating activities	-2.3	13.9
Cash Flow from investing activities	0.0	-0.3
Free Cash Flow / (Drain)	-2.3	13.6

Free Cash Flow negatively impacted by the changes in Net Working Capital

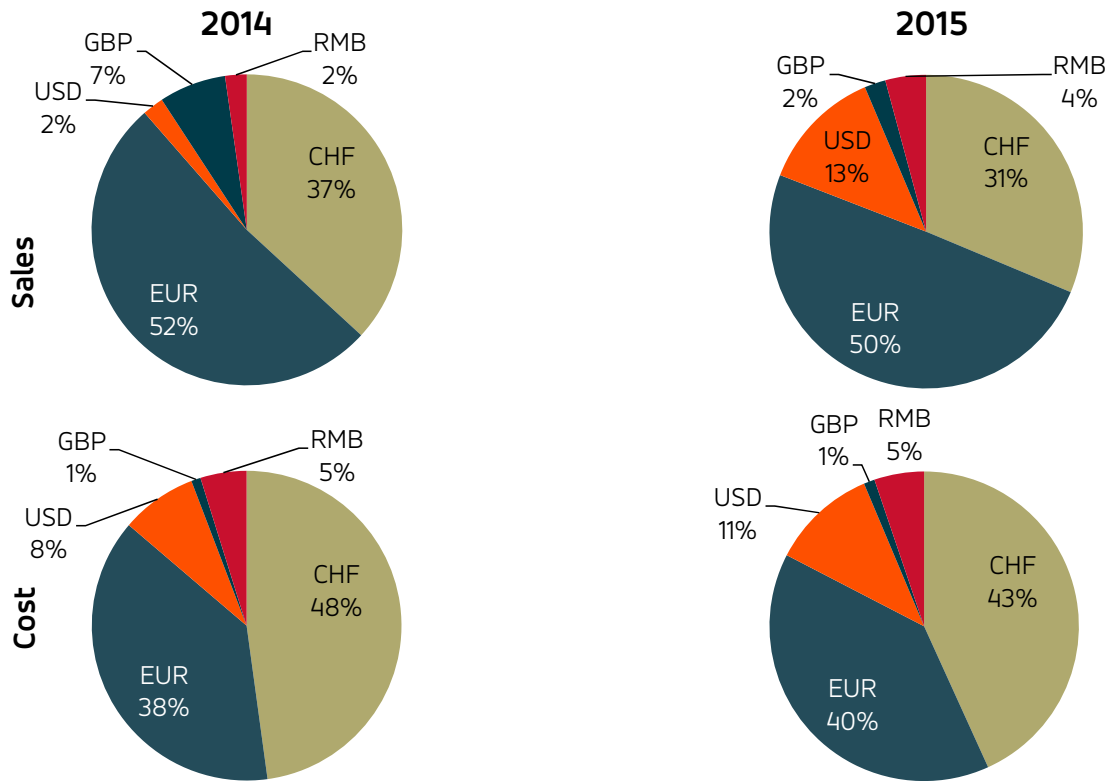
Net Working Capital



Slight increase due to inventory

Financial Results

FOREX exposure



Increasing share of USD; EUR exposure reduced

Financials

Accompanied measures 2016

Market	<ul style="list-style-type: none"> Multiple project program to increase top-line as well as to improve margin
Operations	<ul style="list-style-type: none"> To push LEAN assembly for Swiss machines
Supply Chain	<ul style="list-style-type: none"> Specific cost reduction actions General price reductions Further outsourcing
FTE	<ul style="list-style-type: none"> Selected measures aligned with the Tornos strategy
NWC	<ul style="list-style-type: none"> Improve Net Working Capital, mainly in Inventory

Fit for the Future

- Positive result despite a challenging business year
 - EBIT MCHF 2.4
 - Net result MCHF 0.9
- Solid financial basis
 - Net cash position MCHF 11.3
 - Equity ratio 59.7%
- Ongoing cost reduction program
- Secured sources of finance



Calendar of events 2016

April 13 Annual General Meeting
2 p.m. at the Foyer Moutier

August 16 Half-year Results 2016

*Strategic reorientation 2017
Status update 03/2016*

Michael Hauser – Chief Executive Officer

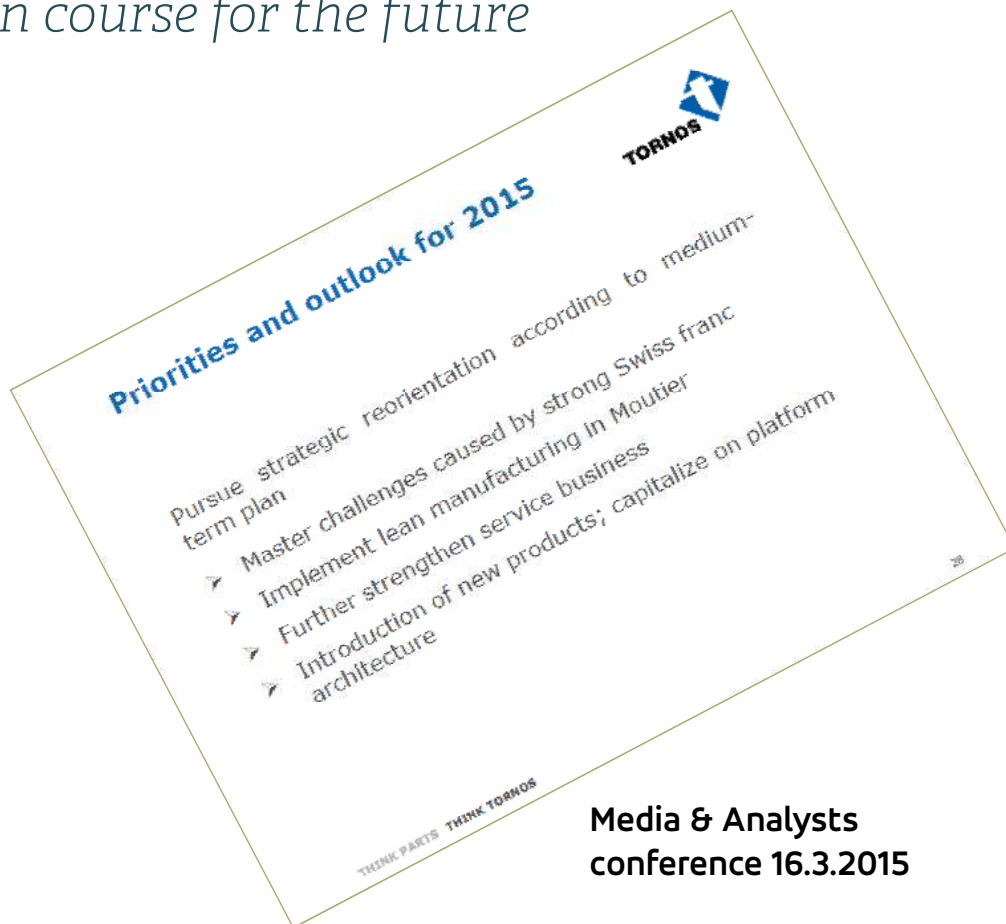
Strategy 2012-2017

Six strategic thrusts

1. Internationalization of business
2. Strengthen flexibility
3. Growth through innovation
4. Make service a business
5. Enhance operational excellence
6. Offer unique solutions for targeted market segments

Priorities and outlook for 2015

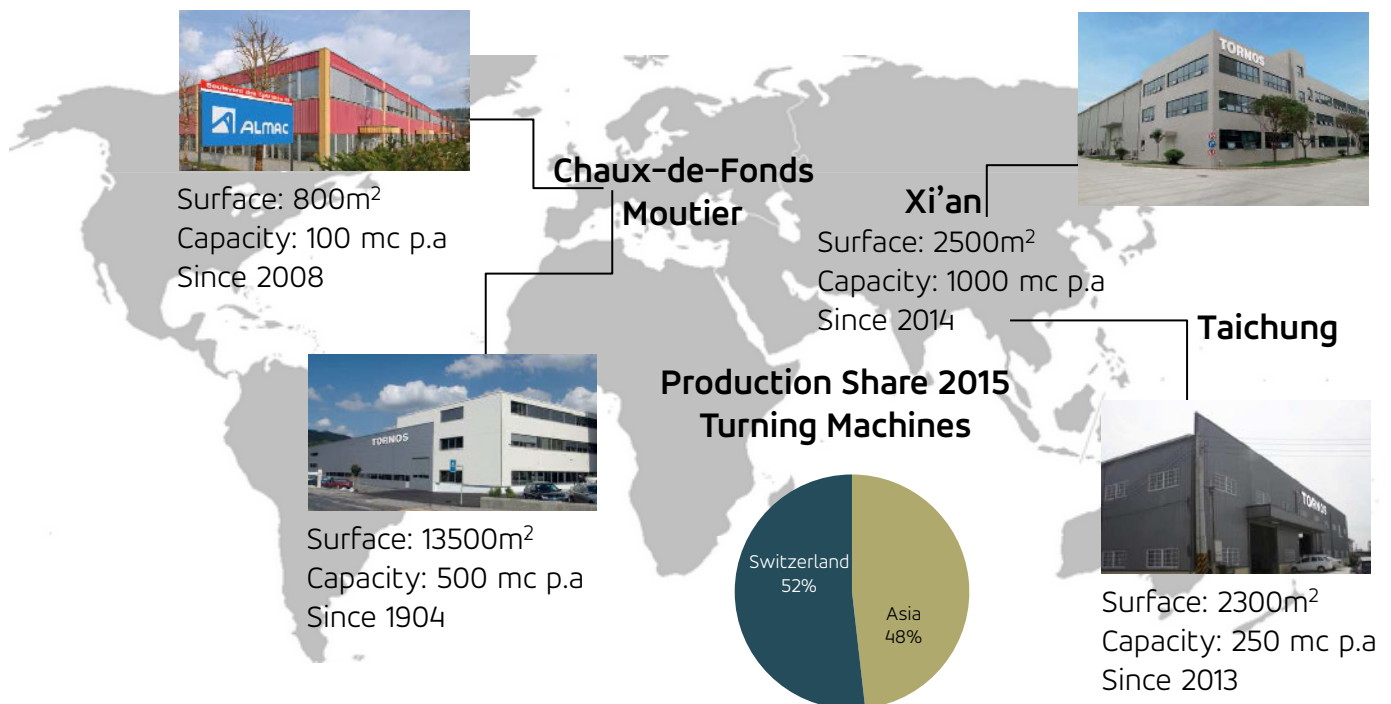
On course for the future



Media & Analysts
conference 16.3.2015

Internationalization of business

Geographical production footprint



Development and production capacities in the Asian growth markets
More balanced footprint responding to industry's shift to Asia

Internationalization of business

Tornos Xi'an

History

- Chinese JV (Tornos with 70% stake)
- Announcement of JV in Q2/2013
- First product (CT 20) delivered in Q1/2014
- Relocation to new facility (Oct 2014)
- New products Swiss DT 13 and Swiss DT 26 developed and launched in Q3/2015 and Q1/2016

FTE 58 (overall)

Capacity max. 1000 units/year



- Sufficient capacity for future product lines
- Tornos Xi'an to become the Asian «backbone» for mid-range products

Internationalization of business

Tornos Taiwan

History

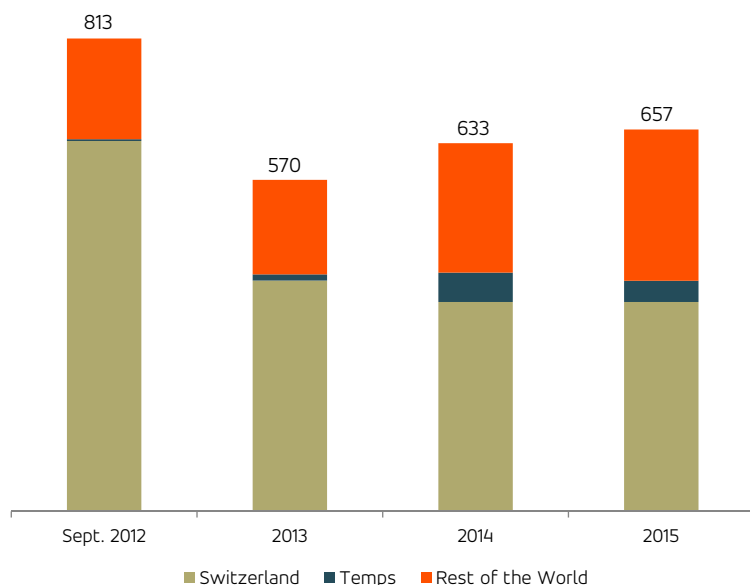
- Taiwanese OEM contract manufacturer selected in 2012
- 1st product (Swiss ST 26 NCE) presented in Q4/2012; delivery Q1/2013
- 2nd product (Swiss GT 26) presented in Q3/2014; delivery Q4/2014
- 3rd product (Swiss GT 13) developed and presented in Q3/2015
- New options developed (eg B-axis)

FTE 25 plus subcontractor's staff

Capacity max. 250 units/year



- Security of supply and delivery thanks to geographic diversification
- Tornos Taiwan to become development, sourcing and service hub in Asia



FTE Tornos Group

2015 vs 2014 +3.7%

2015 vs 9/2012 -19%

FTE Switzerland (fix)

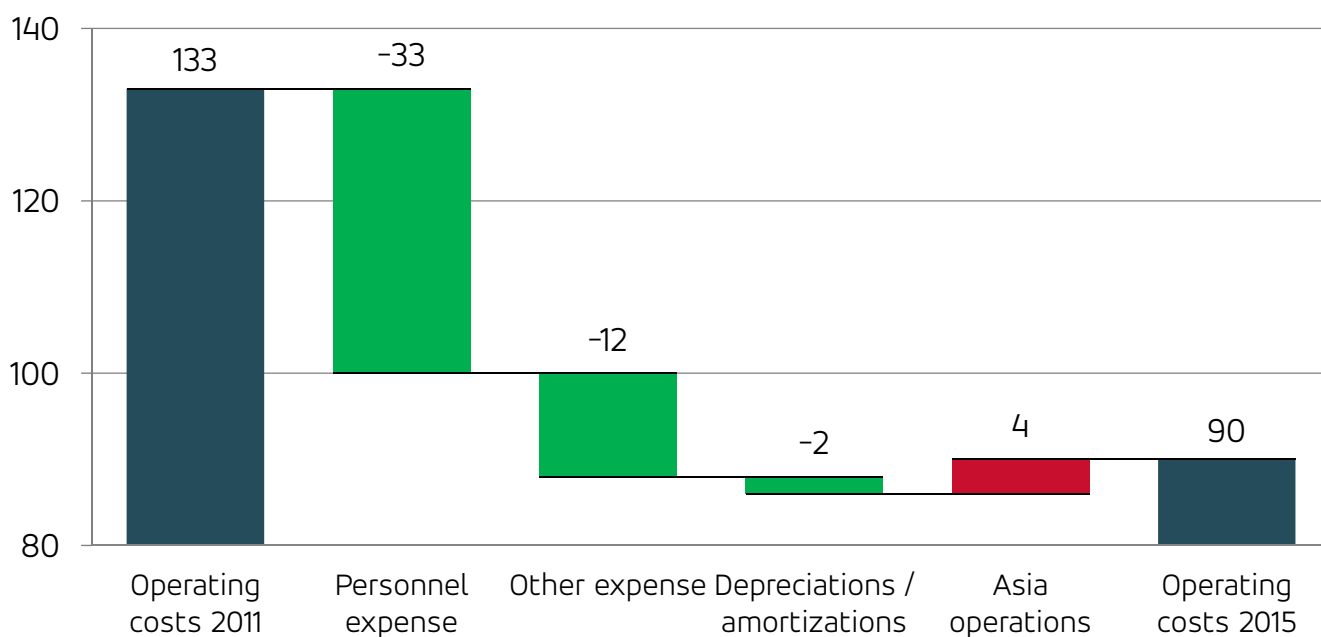
2015 vs 2014 0%

2015 vs 9/2012 -43%

Sales, Application and Service remained unchanged

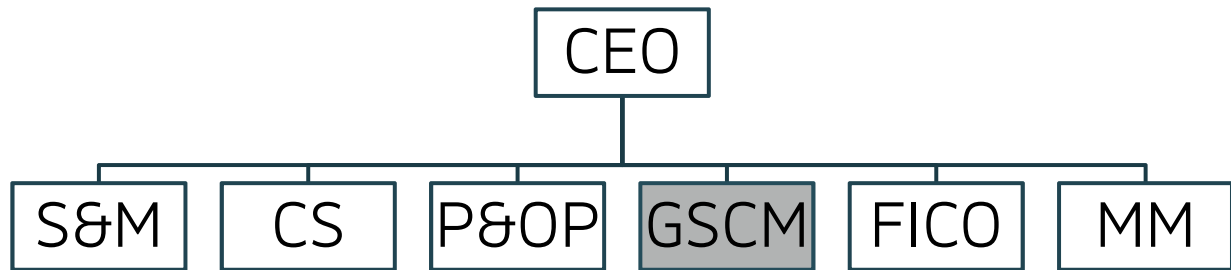
FTE increase mainly in Asia due to growing production volume

MCHF



What we said in 2012: cost reduction of MCHF 30 – 35

What was achieved: > MCHF 40 sustainable cost reduction



S&M (Sales & Marketing), CS (Customer Service), P&OP (Products & Operations), GSCM (Global Supply Chain Management), FICO (Finance & Controlling), MM (MicroMilling)

- Presented at EMO Hanover 2011
- Outperforms competition in terms of precision and application variety
- Growing number of projects in three target market segments
- Repeat orders
- Over 150 machines delivered
- MultiSwiss counts for 24% of total machine sales
- Growth rate +66% (2013), +41% (2014) and +9% (2015)



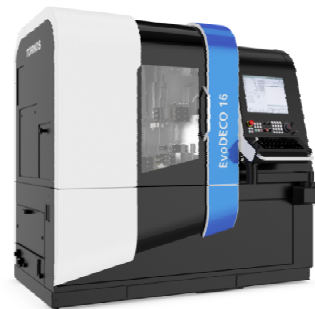
MultiSwiss

Growth through innovation
High-end for high precision

- EvoDECO 32 introduced at EMO Hanover 2013
- High precision for medical and dental industries
- New design with improved performance
- 100% developed and manufactured in Switzerland
- New EvoDECO 10 and 16 introduced in 2015



EvoDECO 10



EvoDECO 16

Growth through innovation
EvoDECO-range completed



Growth through innovation

Mid-range for high precision

- Introduced at 5th Tornos Watch Days 2013
- Innovative Swiss-type mid-range product
- Tailored to high precision applications (focus on micromechanics)
- Common platform with Micromilling
- 100% developed and manufactured in Switzerland
- Growth rate +54% (2015)



SwissNano



BA 1008

Growth through innovation

Mid-range for global markets

- Swiss GT 26 as first platform based Swiss-type lathe from Tornos Taiwan
- Key components (spindles and guidebushes) from Switzerland
- Commercialized in Europe and the USA
- Great interest due to price/performance ratio
- Targeting all key segments
- TISIS software applicable
- Swiss GT 13 launched in Q4 2015



Swiss GT 13 (2015)



Swiss GT 26 (2014)

Entry-level for emerging markets

- Second platform-product Asia
Swiss DT 13 and Swiss DT 26
- Introduced in China at the end of
2015; globally in 2016
- Well perceived by customers
- Sold through two sales channels
(direct / indirect) in China
- Key components from Switzerland



Swiss DT 13 (2015)



Swiss DT 26 (2016)

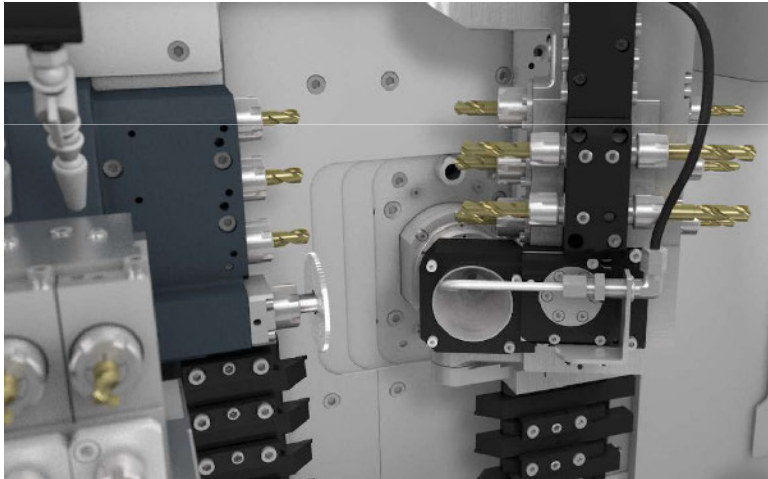
TISIS software Industry 4.0 ready

- Expert system with user-friendly
state-of-the-art Man Machine
Interface (MMI)
- Virtual set-up, programming and
monitoring
- Addresses the needs of Industry 4.0
- Vision Systems (new)
- CAM Integrated (new)



Growth through innovation

Key components development



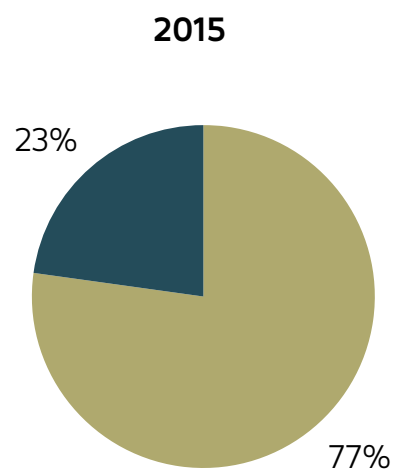
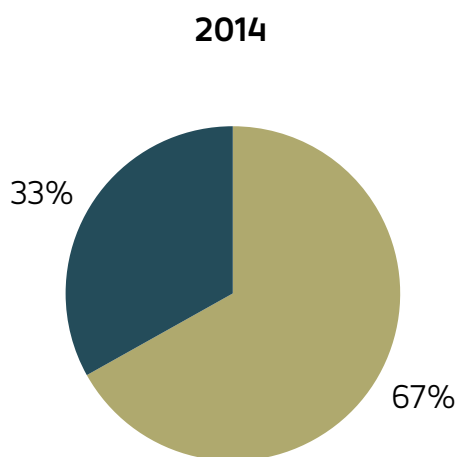
B-axis on Swiss GT 26



Motor-spindles

Growth through innovation

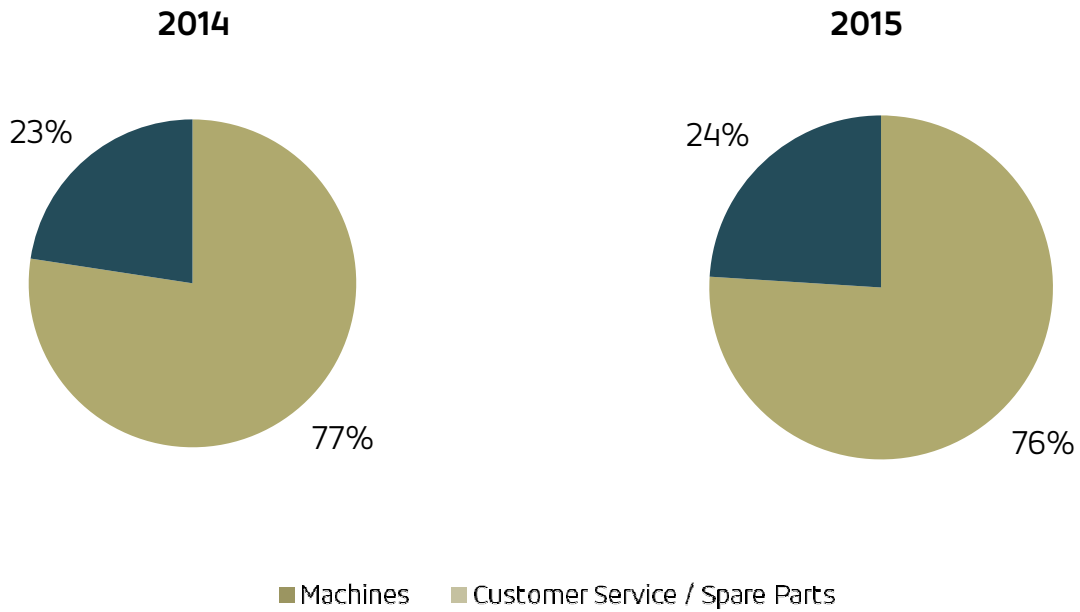
Portfolio renewal on track



■ New ■ Phase-out

Product portfolio renewal in full swing
Further novelties to hit the market in 2016

Reliable revenue contribution



Overhauling business growing

New Service products well accepted

LEAN Concept



Up to 35% productivity gain due to LEAN approach

Lead time reduction 66%

Assembly surface reduction 45%

Priorities and outlook for 2016

Pursue strategic reorientation according to mid-term plan

- Enhance operational excellence in all departments
- Fully implement LEAN manufacturing in Moutier
- Increase flexibility by maximizing Outsourcing
- Further strengthen Service business
- Introduce new products

TORNOS

We keep you turning

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



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THANKS FOR YOUR ATTENTION!

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QUESTIONS & ANSWERS



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