



Media & Analyst Conference

Tornos Holding Ltd

Zurich, March 18, 2013



Speakers

François Frôté – *Chairman of the Board*

Michael Hauser – *Chief Executive Officer*

Luc Widmer – *Chief Financial Officer*



Agenda

Welcome

Overall Review

François Frôté, Chairman

Financial Results 2012

Luc Widmer, CFO

Review 2012 – Market development and impact Strategy 2017 – Implementation status

Michael Hauser, CEO

Questions and Answers



Overall Review

François Frôté – *Chairman of the Board*



Financial Results 2012

Luc Widmer – *Chief Financial Officer*

Financial Results 2012

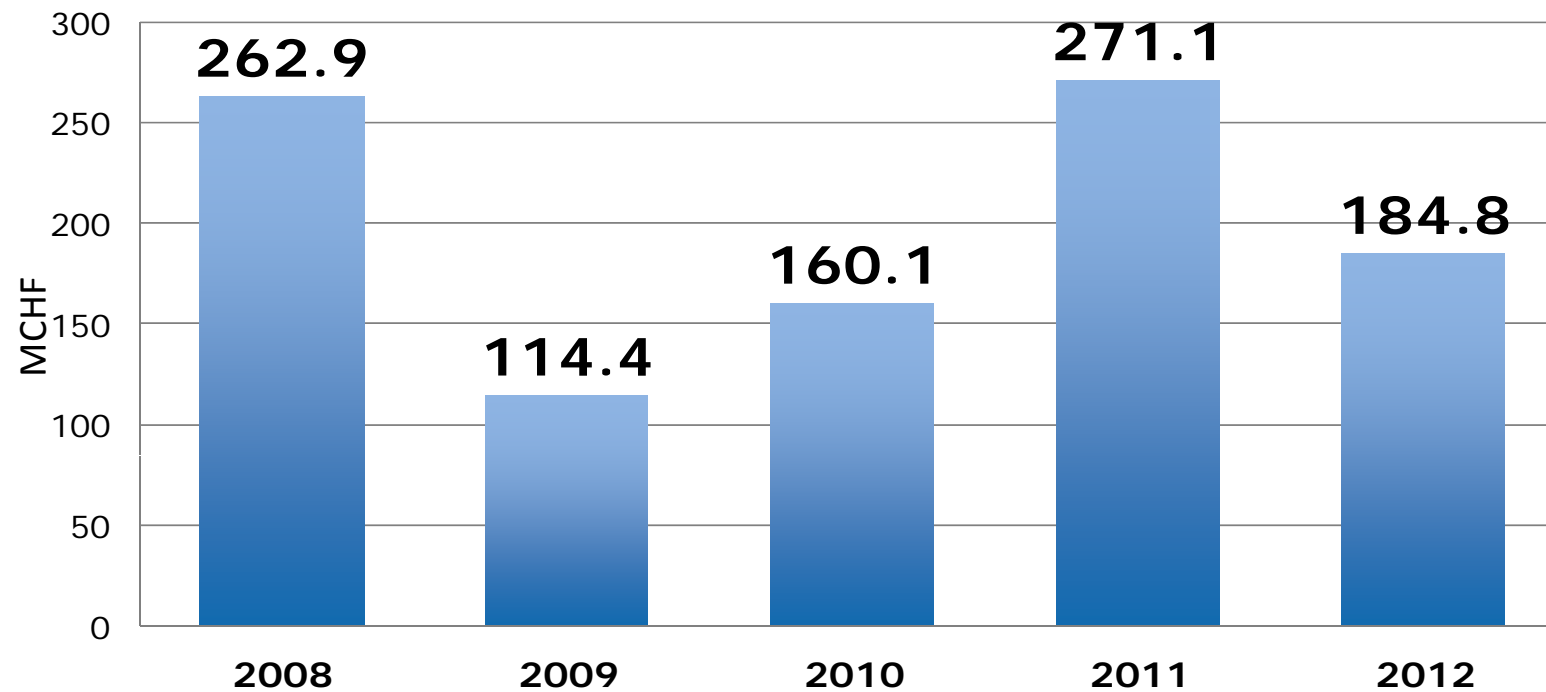
Summary of key figures



- Order intake MCHF 176.6 – down by -36.1%
- Gross sales MCHF 184.8 – down by -31.8%
- EBIT MCHF -24.9, underlying MCHF -10.9
- Net result MCHF -24.5, underlying MCHF -13.6
- Free cash flow of MCHF -8.9
- Net working capital MCHF 88.1 – improved MCHF 7.7
- Net debt MCHF -23.8
- Equity MCHF 103.4 – 56.2% of the balance sheet

Financial Results 2012

Gross sales



- 2012 HY1: MCHF 97.0, HY2: MCHF 87.8

Financial Results 2012

Net sales distribution by region



MCHF	2010	2011	2012
Switzerland	32.1	57.6	39.2
△ yoy		79.2%	-31.9%
Other European countries	85.8	150.9	79.4
△ yoy		75.9%	-47.4%
North America	22.4	27.3	13.9
△ yoy		22.0%	-49.1%
Asia	13.5	23.4	45.7
△ yoy		73.3%	95.4%
ROW	2.9	7.7	3.3
△ yoy		164.1%	-57.3%
Total	156.7	266.9	181.5
△ yoy		70.3%	-32.0%

- Asia containing bulk sales

Financial Results 2012

Consolidated income statement



MCHF	2010	2011	2012
Gross sales	160.1	271.1	184.8
Rebates and discounts	-3.4	-4.2	-3.3
Net sales	156.7	266.9	181.5
Cost of sales	-113.5	-180.8	-136.3
Gross profit	43.2	86.1	45.2
Marketing and sales	-30.9	-37.0	-32.0
General and administrative expenses	-18.0	-21.3	-20.8
Research and development	-7.9	-11.7	-18.0
Other income / (expenses) - net	0.1	0.5	0.7
Operating income / (loss) (EBIT)	-13.5	16.6	-24.9
Finance expenses - net	-3.4	-3.5	-2.2
Exchange gains / (losses) - net	-4.0	-0.4	-0.8
Income / (loss) before income taxes	-20.9	12.7	-27.9
Income tax credit / (charge)	2.8	-2.0	3.4
Net income / (loss)	-18.1	10.7	-24.5
EBITDA	-9.7	21.0	-10.1

Financial Results 2012

Consolidate statement of cash flows



MCHF	2011	2012
Cash flow from operating activities	25.7	-7.1
Cash flow from investing activities	-3.9	-1.8
Cash flow from financing activities	-8.6	2.8
Variation of cash & cash equivalents	13.2	-6.1

Financial Results 2012

Consolidated balance sheet



Assets MCHF	2011	2012	Liabilities/Equity MCHF	2011	2012
Cash	17.1	10.9	Current liabilities	88.1	37.9
	7.7%	5.9%		39.9%	20.6%
Current	142.7	127.1	Non cur. liabilities	3.2	42.8
	64.7%	69.1%		1.5%	23.2%
Non current	60.9	46.1	Equity	129.4	103.4
	27.6%	25.0%		58.6%	56.2%
Total assets	220.7	184.1	Total liab./equity	220.7	184.1

- Solid equity base

Financial Results 2012

Transformation and non recurrent costs



MCHF	2012
Goodwill	-2.9
Impairment intangible assets	-7.1
Personnel restructuring costs	-4.4
Gain on sale of building	0.4
Net impact on operating result	-14.0
Calculated tax impact	3.1
Net impact on net result	-10.9

- Impairment on intangible assets referring to discontinued product developments

Financial Results 2012

Underlying profit & loss statement



MCHF	Actual 2012	One-time	Underlying 2012
Gross sales	184.8		184.8
Rebates and discounts	-3.3		-3.3
Net sales	181.5		181.5
Cost of sales	-136.3	6.3	-130.0
Gross profit	45.2	6.3	51.5
Marketing and sales	-32.0	0.5	-31.5
General and administrative expenses	-20.8	0.3	-20.5
Research and development	-18.0	7.3	-10.7
Other income / (expenses) - net	0.7	-0.4	0.3
Operating income / (loss) (EBIT)	-25.0	14.0	-10.9
Finance expenses - net	-2.2		-2.2
Exchange gains / (losses) - net	-0.8		-0.8
Income / (loss) before income taxes	-27.9	14.0	-13.9
Income tax credit / (charge)	3.4	-3.1	0.3
Net income / (loss)	-24.5	10.9	-13.6
EBITDA	-10.1	4.0	-6.1

Financial Results 2012

Restatement interim financial statements 2012



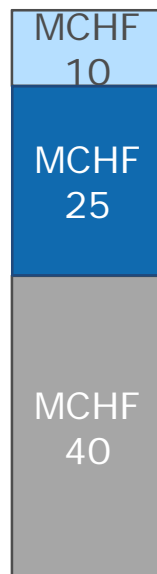
June 30, 2012 [MCHF]	Actual	Impact	Restated
Gross sales	97.0		97.0
Rebates and discounts	-1.2		-1.2
Net sales	95.8		95.8
Cost of sales	-65.4	-3.8	-69.2
Gross profit	30.4	-3.8	26.6
Marketing and sales	-16.4		-16.4
General and administrative expenses	-10.9		-10.9
Research and development	-6.1		-6.1
Other income / (expenses) - net	0.5		0.5
Operating income / (loss) (EBIT)	-2.5	-3.8	-6.3
Finance expenses - net	-1.1		-1.1
Exchange gains / (losses) - net	-0.3		-0.3
Income / (loss) before income taxes	-3.9	-3.8	-7.7
Income tax credit / (charge)	0.5	0.6	1.1
Net income / (loss)	-3.4	-3.2	-6.6

Preliminary information (non IFRS)

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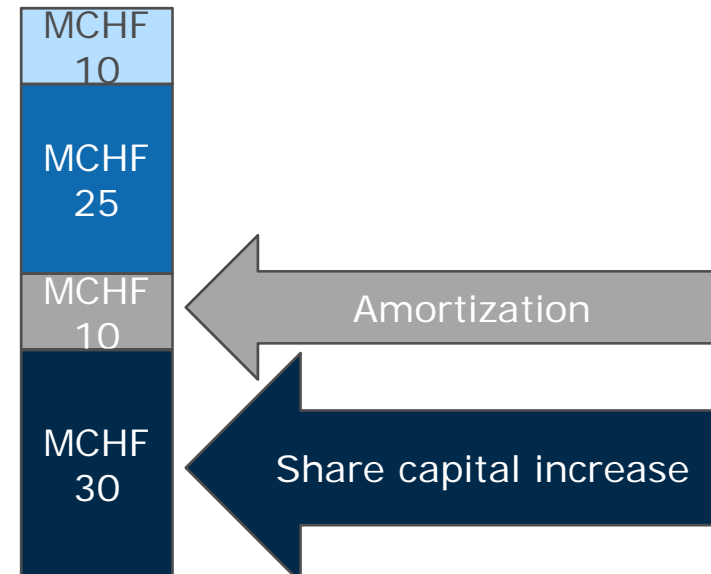
Financial Results 2012

Share capital increase 2013



Credit facilities comprising

- MCHF 40 shareholder loan
- MCHF 25 committed credit line
- MCHF 10 committed auxiliary facility



Share capital increase

- MCHF 30
- Open to all shareholders
- 100% subscription guaranteed

- Share capital increase within the next six months

Calendar of events 2013



April 16 Annual General Meeting, 3 p.m. at the Foyer Moutier

May 7 First quarter results 2013

August 13 First half-year results 2013

November 5 Third quarter results 2013



Review 2012

Market development and impact

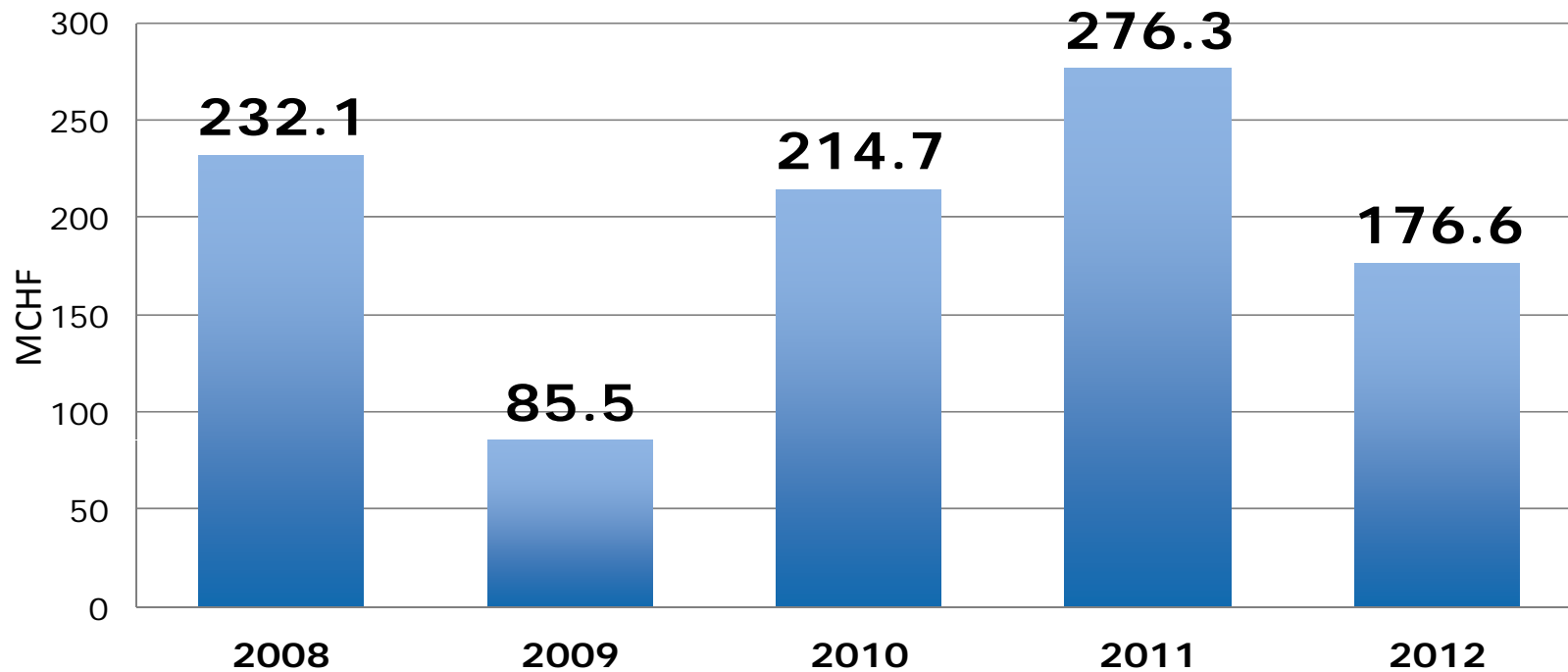
Strategy 2017

Implementation status

Michael Hauser – *Chief Executive Officer*

Review 2012

Order intake below expectations



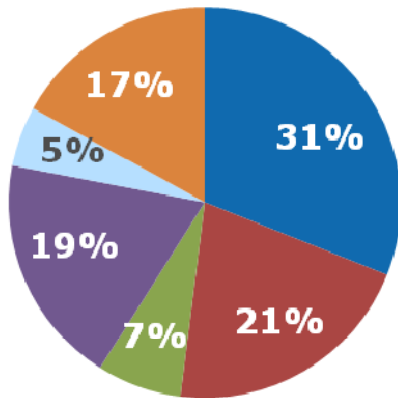
- Order intake: -36.1% versus 2011
- 2nd semester 2012 weaker than expected

Review 2012

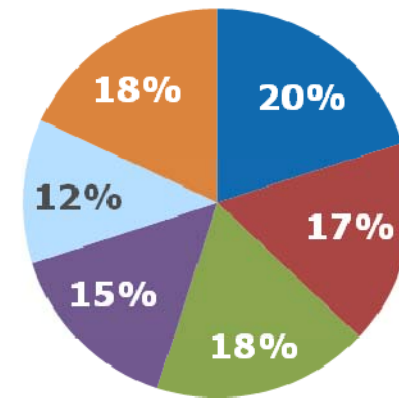
Two key market segments suffered



2011



2012



- Automotive
- Medical/Dental
- Electric/Electronic
- Watch industry
- Job shop
- Others

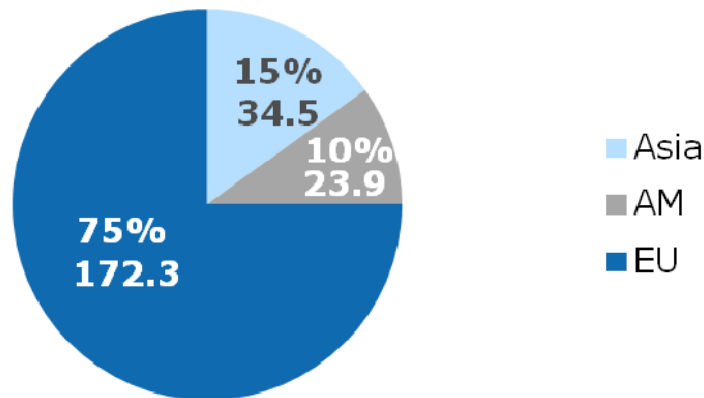
- Automotive: stagnation in Europe
- Medical industry: consolidation continues

Review 2012

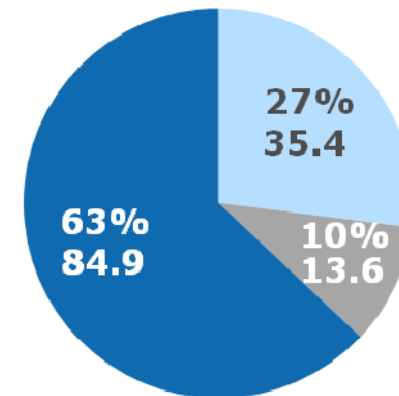
Order intake by region



2011



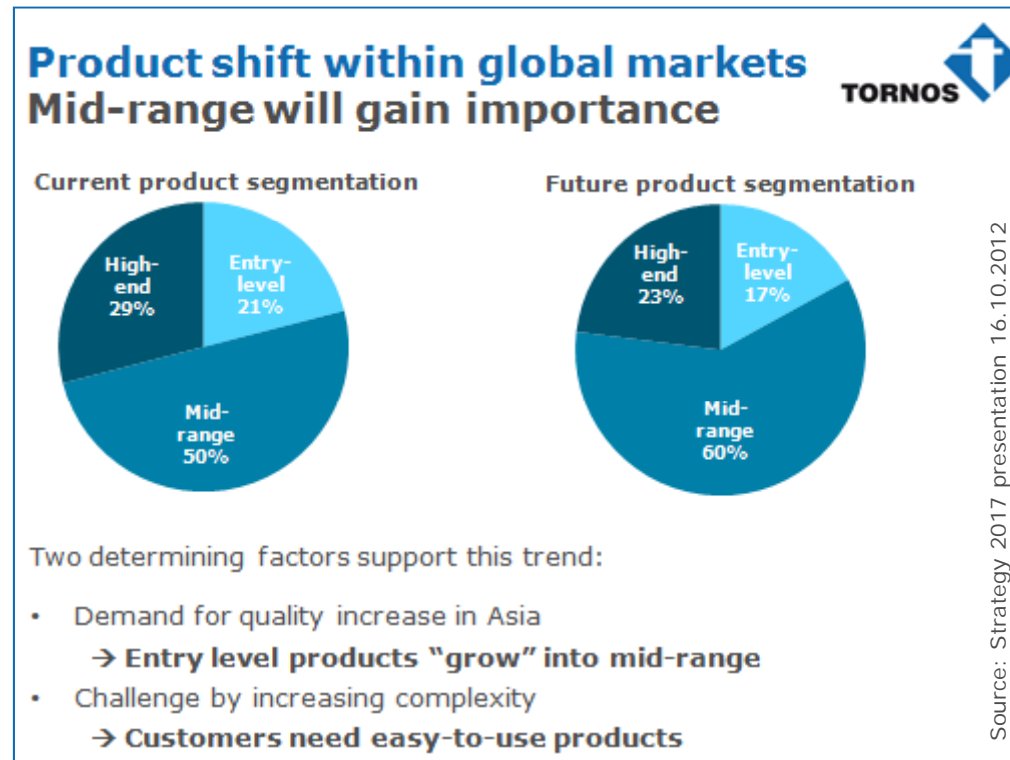
2012



- Europe: Significant drop (southern Europe -58%)
- US: No bulk orders as in previous years
- Asia: Substantial improvement

Review 2012

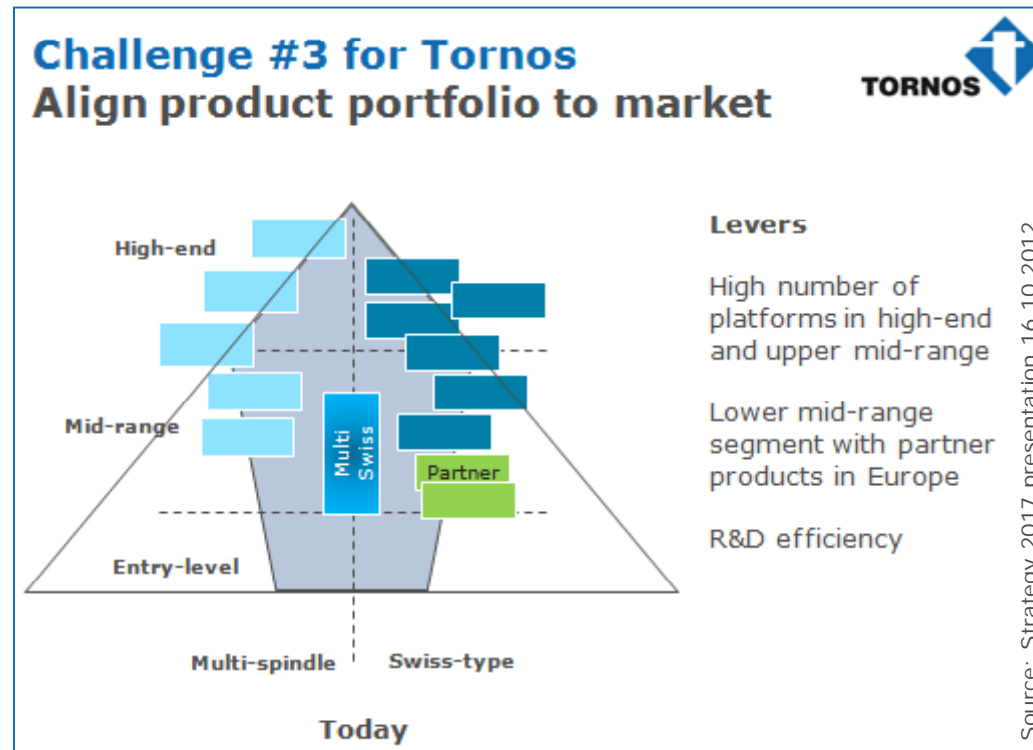
Impact on product segmentation



- Bottom-up pressure on high-end business

Review 2012

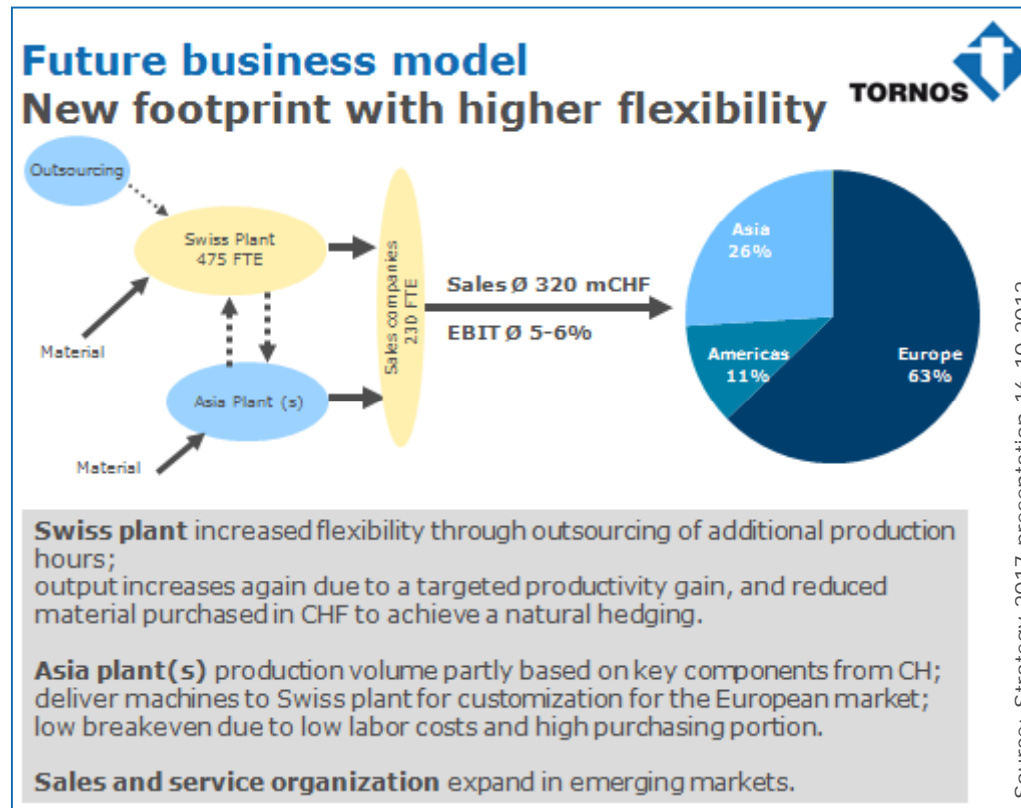
Impact on future portfolio



- Realignment of future product portfolio → reallocation of resources
- Impairment of intangible assets and goodwill MCHF 10.0

Review 2012

Impact on footprint Switzerland



- Footprint Switzerland: Restructuring and FTE reduction (-30%)
- Related nonrecurring costs: MCHF 4.4
- Sale of building: positive one-time effect MCHF + 0.4

Strategy 2012 – 2017

Six strategic thrusts



- 1 **I**nternationalization of business
- 2 Strengthen **f**lexibility
- 3 **G**rowth through innovation
- 4 Make **s**ervice a business
- 5 Enhance operational **e**xcellence
- 6 Offer **u**nique solutions for targeted market segments



Strategy 2017 – Status

Product novelties



MultiSwiss *Multi-spindle*



- Introduction at EMO Hanover 2011
- Order intake 48 units since launch
- New applications for multi-spindle products



Micromechanics



Medtec



Automotive



Electronics

Strategy 2017 – Status

Product novelties



Swiss ST 26

Swiss-type



- Introduced at IMTS Chicago (USA), Metalex (TH) and DMP (CN)
- Well accepted and right positioned mid-range product
- Special application packages for targeted segments
- Activities 2013
 - Market launch in Europe
 - Product line extension

Strategy 2017 – Status

Product novelties



ALMAC CU 2007 / CU 3007

Micro milling



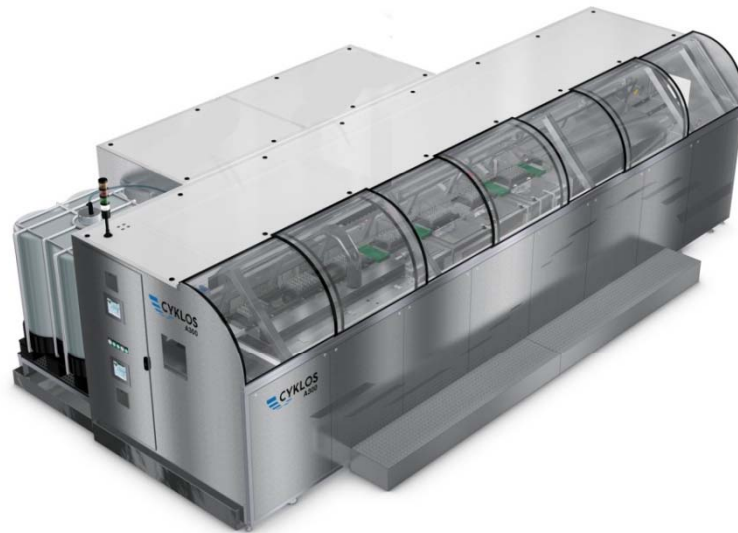
- Introduction at AMB Stuttgart 2012
- Joint development with a Taiwanese partner
- Extend applications into further market segments
- Market launch in 2013

Strategy 2017 – Status

Product novelties

Cyklos

Surface processing system



- First machines installed and accepted
- Stable process results
- Automotive sector shows strong interest
- Further marketing and sales efforts needed (paradigm shift)

Strategy 2017 – Status

Product innovation



SwissNano *Swiss-type*



- World premiere at 5th Tornos Watch Days 2013
- Next event: Baselworld
- Innovative mid-range product for high-precision applications (focus on micromechanics)
- Time-to-market 14 months
- Developed and manufactured 100% in Switzerland
- Potential for setting a new trend?

Strategy 2017 – Status

Product innovation



SwissNano Technische Daten **Persönliche Einrichtung** Erfahrung Fotos

[Persönliche Einrichtung](#) | [Pakete](#) | [Ein Angebot anfordern](#)

Eigene Farbgestaltung

SwissNano

Single color 

- Purple Grapes
- Green Acid
- Pink Diva
- Orange Pumpkin
- Blue Ocean
- Yellow Summer
- Black Graphite
- Red Passion

Two-colored 

- Purple Grapes
- Green Acid
- Pink Diva
- Orange Pumpkin
- Blue Ocean
- Yellow Summer
- Black Graphite
- Red Passion



The image shows a 3D rendering of the SwissNano machine, which is a compact, orange and white industrial device with a transparent protective enclosure and a control panel on top.

Sprachen ^ Kontakt Copyright Datenschutz Teilen:    

News & exhibitions

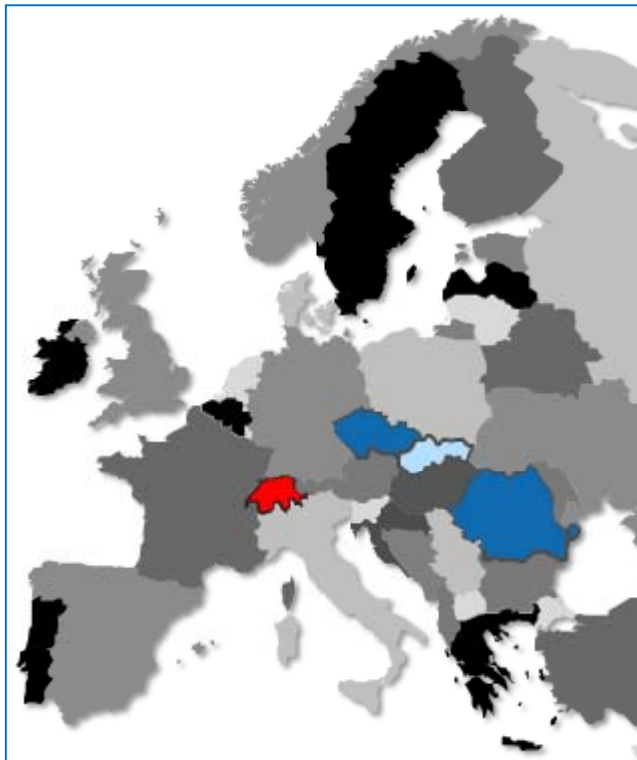
Strategy 2017 – Status

Asia initiative



- Taiwan operations (joint development and production of upper mid-range products) well on track
- Supply with spare parts from new hub in Shanghai fully operational
- Market coverage increase in China
- Further activities to support aforementioned activities are ongoing

Strategy 2017 – Status Structure & Processes



- New spindle center in Moutier (opening in 2013)
- «Inhouse outsourcing» of machining activities
- Increased sourcing from lower cost countries
- Time-to-market acceleration
- Continuous process optimization in Swiss plants («lean» concept)

Priorities 2013



Pursue strategic reorientation according to medium-term plan

- Strengthen footprint Asia
- Further process and structure optimization
- Capitalize on new products

Cope with economic environment

- Foreign exchange rate volatility and pressure
- Public debt crisis

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