



Annual report 2001

TORNOS HOLDING SA



TORNOS is one of the world leaders in the design of automatic single-spindle and multispindle lathes. As a specialist in these fields, TORNOS provides solutions adapted to the various important market sectors, including the automobile industry, connector industry, medical and dental implantology, security, information technology and even house automation.

The company offers avant-garde technological solutions in three product ranges, specifically developed for the different types of parts that have to be executed.

The research and development division serves the whole TORNOS Group and any technological advances are systematically passed on to the three business units.

Contributing to the future of the small parts turning industry, TORNOS is continuously coming up with new solutions that are more finely tuned to market requirements and where the quality demands are ever increasing.

Its speedy reaction and desire to satisfy customer requirements, the very nature of its products, services and processes that are constantly being updated, as well as the company's willingness to be open to new ideas, reinforce the lead that TORNOS has in difficult markets where its clients benefit from high added-value parts and from solutions that are finely tuned to meet customer requirements.

The year 2000 was a record year for the company, which saw its DECO concept, both for single spindle and multispindle application, being applied in more than 50 countries.

In 2001, TORNOS achieved an increase in selling more than 1000 machines for a turnover of 372.8 millions Swiss francs. It was also a very bad year for our worldwide customers; the result of the company was then badly affected.



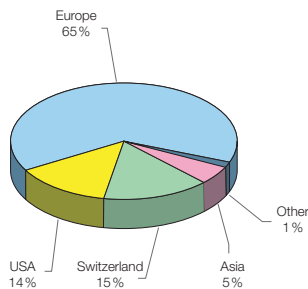
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Tornos in 2000-2001

Geographic distribution



Turnover CHF 372.8 mio. in 2001

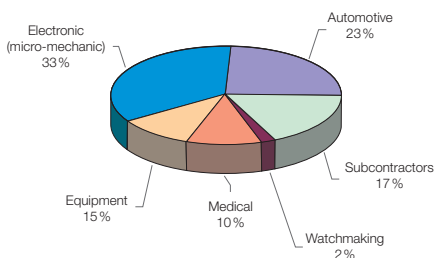
TORNOS is one of the first international suppliers of automatic single-spindle and multispindle lathes. In 2001, the TORNOS Group had a workforce of more than 1250, with the majority working at the production site in Moutier. Its major clients are involved in the production of parts for the electronics, connector technology, automobile and medical sectors, not to forget the horological industry. Approximately 85 % of sales are achieved abroad, in Europe, the USA and Asia.

Events 2000-2001

- ◆ January 2000. TORNOS resumes the lathe and turning center activities of the Schaublin company.
- ◆ In 2000, TORNOS sells around 800 DECO machines, thus representing a market share estimated at 23%
- ◆ During this same year, TORNOS introduces 3 new products.
- ◆ Organization by business unit is now decided – the services divisions are split up and staff must now follow a training schedule.
- ◆ TB-DECO (programming software) has been adapted to Windows NT 4, meaning that the time to work out a program has been reduced by 50 % !
- ◆ In February 2001, TORNOS-BECHLER and TORNOS-SCHAUBLIN change their name to TORNOS.
- ◆ March 2001. TORNOS is quoted for the first time on the stock exchange.
- ◆ September 2001. TORNOS presents four new products, including for the first time, a lathe with headstock benefiting from the DECO concept.



Fields of activities

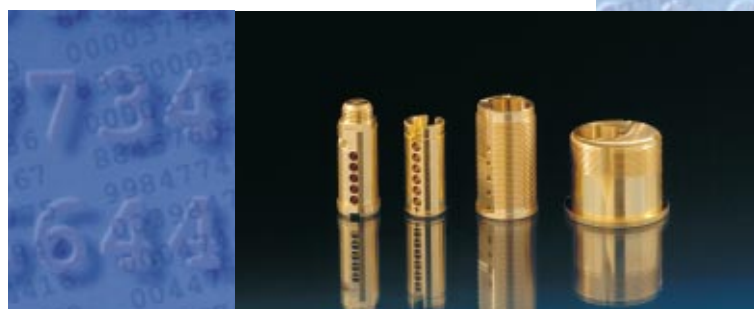


Turnover CHF 372.8 mio. in 2001

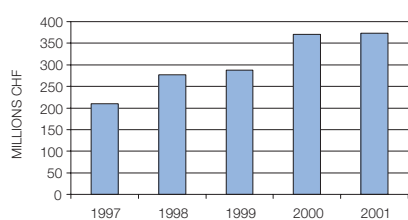


Tornos – Key data

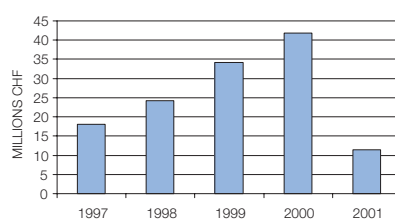
	1999	2000	2001
Sales Million CHF	288.7	370.1	372.8
% change	+ 7.2	+ 28.2	+ 0.73
Operating cash-flow (EBITDA)	34.1	41.9	11.4
As a % of sales	11.8	11.3	3.06
Operating results (EBIT)	19.2	24.9	- 8.4
As a % of sales	6.7	6.7	2.3
Net result	- 7.2	9.5	- 29.9
As a % of sales	- 2.5	2.6	- 8.0
Expenditure on research and development Million CHF	11.0	14.0	13.0
As a % of sales	3.8	3.8	3.5
Investments in fixed and intangible assets Million CHF	16.0	10.0	14.8
Orders received Million CHF	212.0	437.0	213.4
% change	-	+ 106.0	- 51.2
Number of employees End of year	963	1231	1293
Average sales per employee 1000 CHF	307	337	295



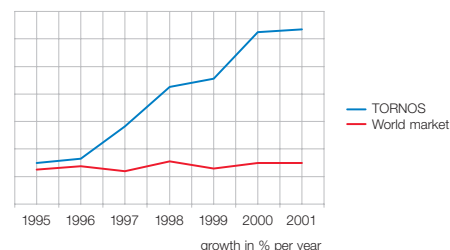
Turnover 1997-2001



EBIDTA 1997-2001



Comparative growth



Message from Mr. Kellerhals

Chairman of the board



Ladies, Gentlemen, Clients and Shareholders,

Following the enormous strides, which widely exceeded market growth for more than 5 years, TORNOS was forced – in 2001 – to adapt to the underlying trends of the world economy.

What a lot of market upheavals since the company was quoted on the stock exchange! The decline in the consumption of small turned parts, especially in mobile phones, and the wait-and-see policy of the American markets has had strong repercussions on the world economy since April 2001. The events of September resulted in a more serious decline, which was very cruelly felt by company customers. This crisis has had direct and drastic repercussions on TORNOS.

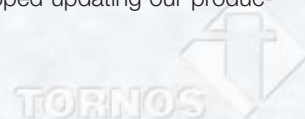
When the company was first quoted on the stock exchange, TORNOS announced sales of CHF 370 million for the previous year and hoped to reach the CHF 400 million mark during its first year as a publicly-quoted company. This forecast was realistic at the time, since the company had the capacity to achieve such a result. To illustrate this, if we were to use a fiscal year running from July 2000 to June 2001, rather than January to December, we would obtain sales amounting to CHF 426.6 million and an EBITDA of CHF 48.4 million. This demonstrates that the market was ready to absorb such a volume and that our capacity and strategy were well matched to face demand.

The slump in the market during the second half of 2001 had a negative effect on the results of the fiscal year. Sales for 2001 merely amounted to 372.8 million, representing an increase of only 0.73 % compared with the year 2000. As for the EBITDA, this only came to 11.4 million, showing a decline in sales in 2000 from 11.3 % to 3.06 % in 2001. This represents a 72.8 % drop. The order book for the first half amounted to 168 million, finally to reach CHF 250 million for the whole year. The economic situation, the poor exchange rates and cancellations of orders totaling CHF 62 million meant that the company started the year 2002 with an order book for machines amounting to CHF 70 million (2001: CHF 207 million, 2000: CHF 58 million).

Unfortunately, the net result will drop from +2.6 million in 2000 to -8.0 million in 2001.

During the same period – and this after four years, during which time we employed almost 700 people, thereby creating a net growth of approximately 500 workplaces – we were forced to reduce our workforce by 200 employees, so that we could adapt to the market situation.

We were also forced to make a difficult choice with regard to our production tool based on two completely different hypotheses : should be halt our investments – i.e. the program of “Renewal” and risk mortgaging the good running of the company when the market picks up again? Or should we rather limit the results in the short-term and ensure that we are capable of standing up to the recovery when this happens? We finally decided on the second option: despite a sound financial policy, we never stopped updating our production tool.





The investments made for the new products presented at EMO in Hanover in September 2001, enabled us to propose solutions that perfectly match market requirements. Despite the world economic situation, the enthusiasm with which these machines were greeted proved to us that the DECO concept still remained a formidable tool.


The Board and management are convinced that the products of the company (both the latest products and those which have already been tried and tested), correspond to a concept of the future and that TORNOS is still technologically well placed to meet customer requirements. The company is continuing to supply well above-average products and services.

Traditionally, a cyclical market, like the one in which TORNOS is active, has its ups and downs. The DECO concept proposed by TORNOS since 1996 encountered such a rate of success that the company only really felt the warning signs of a new crisis, when the markets in fact, started to collapse. Nowadays, certain signs give us hope that the market will recover by the end of 2002 or beginning of 2003. The technological solution offered by TORNOS continues to be amongst the best available on the market and is unique in terms of concept and customer potential. These are remarkable benefits allowing us, when the today's difficulties are overcome, to face the future with a certain amount of confidence.

The financial bottlenecks that have occurred in the first months of the current year led to a restriction of the commercial activity and thus to another fall of the gross sales and losses for the TORNOS Group (from January to April: Gross sales CHF 51,4 million, loss of CHF 28,39 million). The board of directors is however trustful in the measures of cleansing which will be submitted to the general meeting of the shareholders and which will have to make possible for the company to recover from the economic situation of the TORNOS group at the latest for the end of year 2002. Actions directly touching the factory and in particular the field of the staff will become essential.

Ladies, gentlemen, customers and shareholders, please rest assured that our priority objective is to safeguard the continued existence of the company by enabling it to make a new start on a more sound basis.

On behalf of the Board
Franz Kellerhals

TORNOS 

A company serving its customers

Welcome

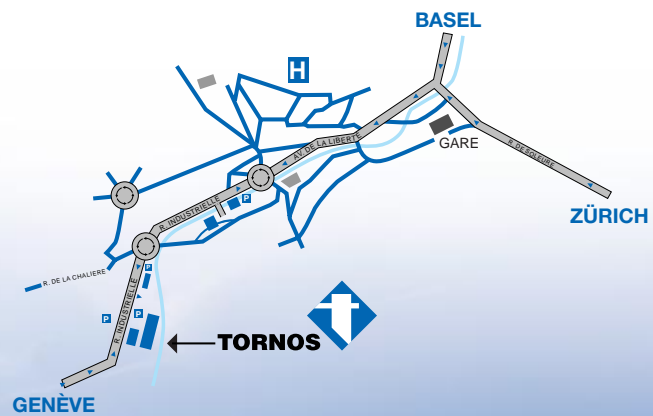
As you can see from this brochure, the company as a whole is undergoing rapid change to enable it to provide you with a better service. We have grown from a medium-size production plant to a big, international group.

The company launched a “renewal policy” with the aim of building up its facilities to meet market demand. Therefore, we invite you to see what has become of TORNOS.

Location

Moutier, the center of the small-parts turning industry, is a small town in the heart of Europe, which is easily accessible via the motorway network. TORNOS is also well situated due to its proximity to three international airports. Access to the large European and world-wide markets is extremely easy.

Moutier, the historic precision-working center, benefits above all from a “micro technical” environment – the result of specialist know-how development, coupled with an incomparable quality of life. This explains the very high level of skills and the loyalty shown by our employees.





Staff

The men

Roughly 1000 staff – our colleagues – work in TORNOS Moutier in 2001. They have grown with the company. Precision culture and quality are part of their everyday life. Since several years project, nearly all staff have undergone some training to enhance their skills even further. The rate of staff turnover is low, thus enabling the company to retain a very high level of know-how.

Organization

TORNOS used, as its reference point, the business unit to renew and completely reorganize its processors and logistics, i.e. :

- ◆ The DECO 2000 automatic single spindle lathes
- ◆ The automatic multispindle lathes
- ◆ TORNOS lathes and turning centres.

This organization, which is ideally complemented by central departments serving the entire company, means that TORNOS is able develop three large additional product types with respect to part diameter and type of operation, based very closely on customer requirements.



TORNOS

The company

Research and development

Using the latest computer-aided designs and with its software development department and basic research division, the company is well equipped to anticipate the technological evolutions of the markets and to come up with the latest solutions!

Means of production

A new infrastructure, new buildings, automatic machining systems and the transformation of the company are quite visible here. The production facilities of each operator have been upgraded. A "production cells" strategy now puts man right at the center of production. A drastic reduction in machine passage time, leading to increased company efficiency, was achieved with an excess of 300,000 machining hours per annum, the complete renewal of logistics and a just-in-time production policy.





Assembly

A philosophy aimed at customer satisfaction, considering the requirements of all those involved on the assembly line and making each employee responsible for his work means that the company is allowed to assemble and produce machines on a just-in-time basis.

In 2001, TORNOS built about 30 machines per week (all type mixed).



Sales

With its very concentrated sales network comprising TORNOS staff and highly motivated agents, the TORNOS sales network offers advice and services within easy reach of its customers, throughout the world.



Company philosophy

Placing the customer at the center of all concepts by way of the following :

- ◆ reducing production times
- ◆ reducing the volume of work in progress, which ties up capital
- ◆ improving productivity
- ◆ continuous training and maximum involvement
- ◆ developing the ability to listen and disseminate information clearly.

Significance

- ◆ Increased efficiency
- ◆ Much shorter product development cycle
- ◆ Reduction in costs
- ◆ Increase in quality, by increasing the responsibility of all parties involved
- ◆ Motivated and skilled work-force

The reorganization and formalization of processes also led to the company being awarded its certificate to ISO 9001/2000.

For our shareholders, this philosophy is based on mid-term vision. These kind of elements are nowadays essentials to allow the company to face the difficulties of the economic world situation. Unfortunately, these future oriented tools that let the company all capacities to exploit the future potential of the market were not powerful enough to damper the crisis of 2001.



Our task

Having been involved in the production of automatic lathes for more than 120 years, our priority is customer satisfaction, which we achieve by developing, supplying and following through new small parts turning facilities, best adapted to requirements.

Our customer commitment is geared towards :

- ◆ Customer satisfaction
- ◆ Product development
- ◆ Trained, responsible and motivated staff
- ◆ Establishing long-term relations
- ◆ Continued improvement

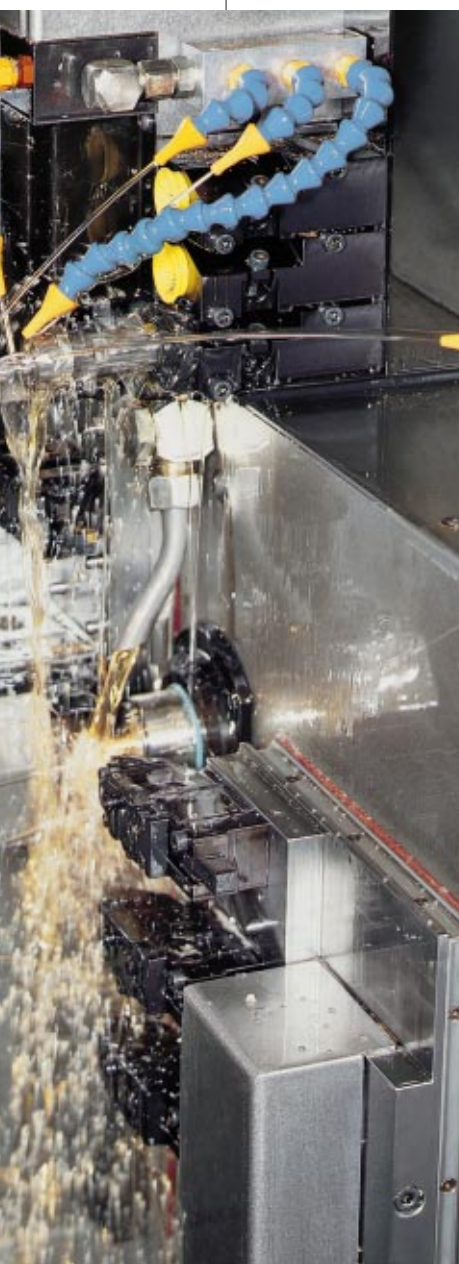
A working philosophy is needed to guarantee the long-term service of the company and its environment. Staff are well aware of this and are working towards this end.

Services

In order to maximize its presence in the market and provide high-quality services, the company offers several services associated with the actual sale of machines.

One such example is the company's training center, which provides training adapted to all the necessary aspects to ensure complete understanding of its machines and software systems.

Or the test center that allows to try tomorrow's solutions in real situation.



An international presence

TORNOS has several subsidiary sales and services outlets.

The company's geographical and cultural proximity, coupled with a common language, ensure a response which is perfectly adapted to the various markets.

The subsidiaries, the majority of which were set up during the 60s, are small, flexible and highly equipped structures providing the same services as Moutier, namely training, after-sales, personal consultancy and so on.

The "TORNOS Group" now includes its latest company, TORNOS Services SA, a company specializing in the sale of spares for cam-operated and traditional CNC lathes. This company guarantees the TORNOS quality parts to first generation lathes.

In order to guarantee a consistent world-wide presence, TORNOS is represented in more than 80 countries by agents acting as the company's ambassadors and thus benefiting from large-scale support and training.

It doesn't matter where in the world – our services and facilities are always identical. Should you require further information about our agencies, please consult our Internet site on

www.tornos.ch, which will provide you with an updated list of contacts.

La Roche S/ Foron France



Brookfield CT USA



Assago/Mi Italy



Plorzheim Germany



Coalville United Kingdom



Granollers Spain



Services

The services offered by TORNOS are provided at all stages of negotiation between the company and its clients. Before the sale, the company offers personal consultancy, proceeds with a specific analysis of requirements and calculations. During the sale, it makes the test center available, whilst also proceeding with tests and SPC inspection. The after-sales service is a close and efficient off-site facility.

This philosophy corresponds to our field of activities; the customers are really long terms partners of the company.

Training courses

In every country where there is a subsidiary, whether in France, Italy, Spain, England, Germany and the USA, all DECO 2000 purchasers may avail themselves of the on-site training in fully equipped facilities. Some agents provide this service themselves (especially Australia and Sweden).

As far as the other countries are concerned, special support is provided from Moutier.



New products

TORNOS, always in search of the optimum solution for its clients, provided the perfect synthesis of its vast experience in the DECO 2000 concept.

Combining the benefits of NC lathes, such as universality, flexibility and precision, with those of cam-operated lathes, such as speed, reliability and productivity, the new PNC DECO 2000 product family has now been divided into three:

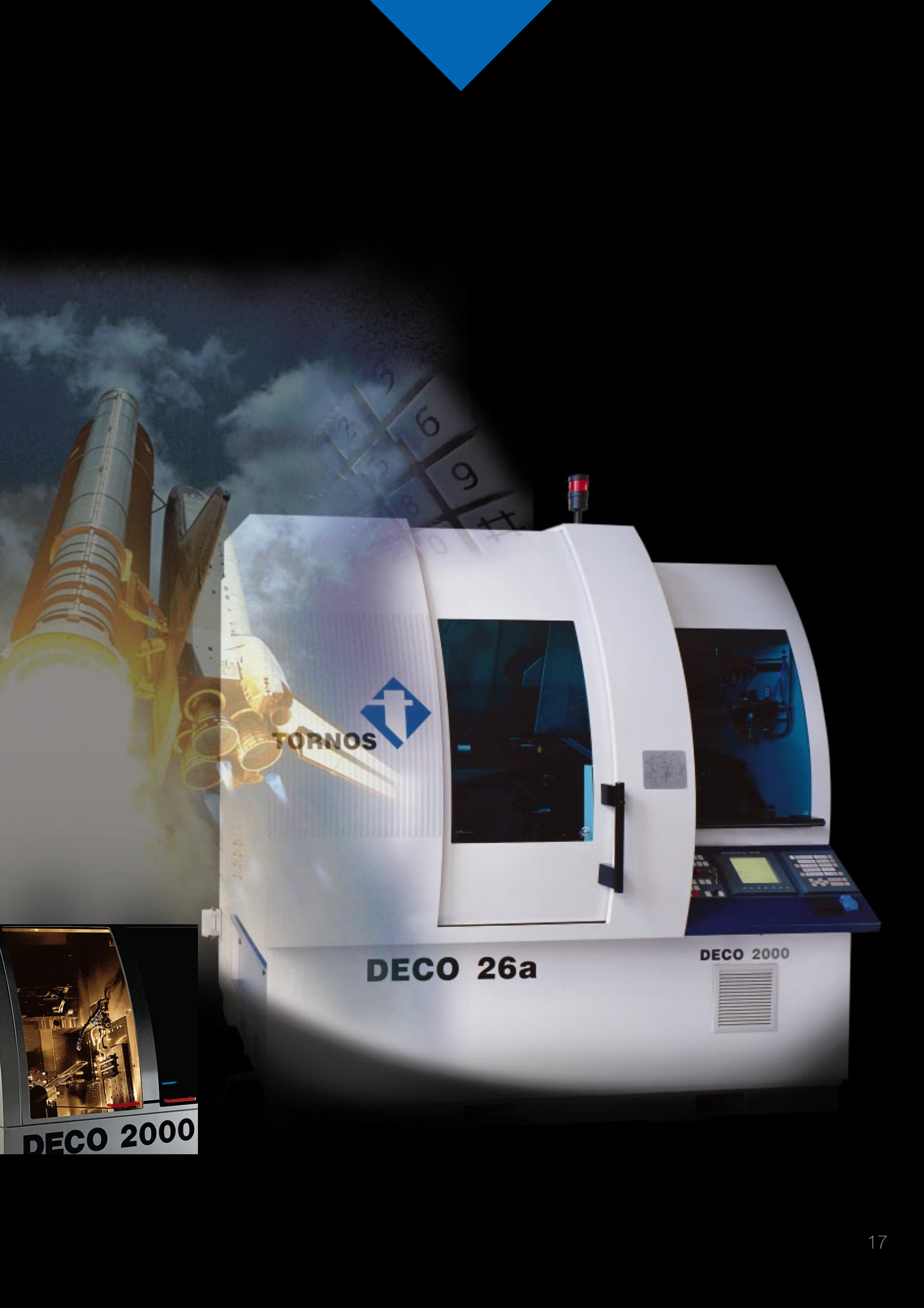
- ◆ DECO a & b slidinghead automatic single spindle lathes
- ◆ MULTIDECO automatic multispindle lathes
- ◆ Fixed headstock single spindle automatic lathes

This concept, which has been implemented with the help of modern information processing, is based on three aspects :

- ◆ optimized mechanics
- ◆ parallel PNC DECO numeric control
- ◆ TB-DECO programming software.

This new system, based on replacing the cams with virtual electronic cams and parallel NC control, guarantees unrivalled versatility and productivity.





TORNOS

DECO 26a

DECO 2000



DECO 2000

Salient points

Programming is 100% in masked time on a PC not located on the machine. Despite the exceptional programming convenience, this computerized system will allow the DECO and MULTIDECO machines to develop greater power, without having to touch the actual machine itself.

This product family can now offer incomparable benefits, which, when coupled with those included in the DECO concept, (i.e. combining two generations of benefits) mean that the DECO 2000 and MULTIDECO have now become the vital tools of the modern economy.

Three product ranges...

The sliding head single spindle automatic lathes are undergoing continuous evolution. The range of operations is extremely wide, with the company offering a consistent range with several basic kinematics versions, coupled with a policy of unit and option interchangeability.

The MULTIDECO family adopts the benefits of the DECO 2000 by incorporating the power of the multispindle lathes. The permanently developing range is becoming wider all the time, offering even greater possibilities in terms of manufacturing capacity.

The fixed headstock product family is the perfect synthesis of the DECO concept combined to "fixed headstock" technology with new markets being opened up to the company. The first product of this new family was launched last September. Thanks to this, a new customer base will be able to take advantages of the DECO Concept.



...controlled by a single software system

TB-DECO, the core of the company's product renewal, is a software system which has been entirely developed by the company. It takes account of developments in operating systems and owes its remarkable power to modern operating systems.



A reactive organization in the form of business units

The market sector is getting larger for TORNOS products

The international market for automatic lathes has enjoyed continuous growth over these last few years. Although some markets collapsed, such as telecommunications, during year 2001 and thanks to the increase of the product range of the company that provides solutions for each type of part on each size, we must rely on a growing market in the future.

The capacities of the products provided by the company allow its customers to realise parts more and more technologically advanced.

TORNOS wants to participate in the development of the market

To do this, the company needs strengths in

- ◆ Market leadership at technological level
- ◆ Global range of products
- ◆ Extensive capacity for innovation
- ◆ Competitive cost structure
- ◆ Organization of distribution and international service

These are incorporated in an organizational structure that encourages independent decision-making and total orientation towards targeted markets. Product appropriateness to these markets is reinforced.



"Sliding headstock single-spindle" business unit

By M. Philippe Charles,
Head of technical sales

To date, more than 3000 sliding headstock DECO 2000 lathes, with capacities of 7, 10, 13, 20 and 26-32 mm, have been installed at our clients.

There is no doubt that the DECO concept has revolutionized the world of small parts turning by providing these markets with new means of machining, the productivity of which has never been equaled over the six years since its launch. With its DECO products, Tornos is now providing high precision machining solutions for simple to highly complex parts, whatever the batch sizes may be.

Such a concept, which has proved so successful, is rarely the result of chance!

This is, above all, an excellent definition of market requirements coupled with a development team that enabled and will continue to enable the company to offer the best technological machining solutions.

The DECO 2000 concept is also a catalytic element in a new company initiative, where every employee is involved in the company's success.

Our sales network is marketing no less than six different models of sliding headstock lathes, comprising more than 10 different kinematics versions. As for the client, he has the option of machining simple to complex parts from bars with a diameter from 1 to 32 mm - the traditional range of small parts turning. Even as standard products, the TORNOS machines therefore fulfill perfectly the customer's requirements.

For this business unit, the year 2001 was extremely important in that we set up the main operating and co-ordination structures.

We worked to simplify our structures complying with the requirements of ISO 9001/2000 certification program on the basis of a general aspect and dispensed with the various working and item definition procedures as part of our company's ISO 9001.

Our in-house activities are geared more and more towards "customer satisfaction" around global solutions, which should allow us to continue improving the reliability and quality of our products and services. Our Research & Development department works hand in hand with our sales net in order to determine optimally the new automatic that will complete our range.

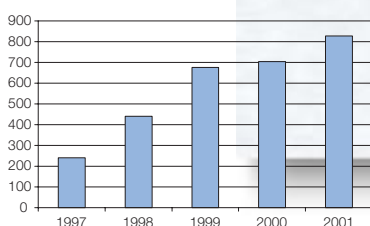
The main aim of our business unit is obviously overall customer satisfaction and reinforcing our technological leadership position in the sliding headstock market through the development of new, fine-tuned machining solutions.

We are the forerunners and innovators and will remain so for our valued customers.



Philippe Charles

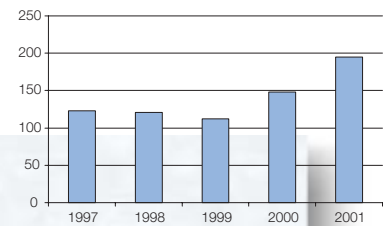
Installed single spindle machines



"MULTISPINDLE" business unit

M. Francis Koller
Director and Head of the
"technical sales" dept.

Installed multispindle machines



The MULTIDECO is making an impact on the market!

With its world-renowned SAS 16.6 lathe (AS-14) TORNOS has occupied a leading position since 1959, as a manufacturer of small capacity parts (diameters up to 16 mm) where the diameter-to-length ratio is 1:5, even for very large series runs. The main sectors of activity include the car and connector industries.

Since 1996, TORNOS has been developing and marketing the famous DECO concept. The application of this concept to its single-spindle, sliding headstock lathes, revolutionized the small-parts turning world. It was in 1997 that TORNOS launched its first multispindle product fitted with a control based on the DECO concept: This was the MULTIDECO 26/6 lathe, with a capacity of 26 mm running with 6 spindles.

To revolutionize the multispindle world was not at all a simple matter: The first hurdle was convincing all those operators of conventional multispindle lathes. The main advantages of the MULTIDECO were however immediately revealed by its user-friendly operation, its versatility, flexibility of use and standard tooling, etc... For the first time, a multispindle automatic offered simultaneously flexibility and profitability for the smaller batch requirement

However, being fully convinced that the MULTIDECO concept was the concept of the future, TORNOS launched 2 new products in rapid succession in 1999 and 2000, namely the MULTIDECO 20/6 and MULTIDECO 20/8.

The MULTIDECO is making an impact on the market.

Our main clients are not only very familiar with their current markets but also fully aware of the future trends in small parts turning. The reduction of the batch sizes, the higher complexity and precision of the turned parts, require a flexible and productive solution. Several customers already own more than 10 MULTIDECO machines each, both in Europe and the USA.

The MULTIDECO solution really offers advantages without competition, mainly thanks to the DECO concept that combines flexibility, user-friendly operation and performance!

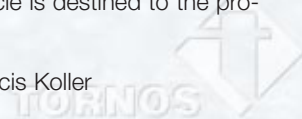
This new product has also made its impact on a far wider market than that developed using conventional multispindle lathes. It has become of interest for the manufacture of parts, which were previously machined on single spindle sliding headstock lathes or fixed headstock lathes, especially as the batch sizes needed to achieve payback are now considerably smaller.

On the way of its success with the MULTIDECO multispindle lathe, TORNOS is now pursuing and developing new applications and lines.

It is in this spirit that TORNOS has launched in 2001 the MULTIDECO 32/6i. It represents a new philosophical approach and meets the most urgent of our customer expectations. This product – a 32 mm capacity machine - is in fact a complete turning cell (i.e. machine, bar feeder and various peripherals developed simultaneously).

Further new products destined to very precise segments of production are being developed, as for example MULTIDECO 20/8 in a version with 2 parts per cycle is destined to the production of simple turned parts at a very high output.

Francis Koller



"Single spindle fixed headstock" business unit

M. Alain Flury –
Head of the DECO 42f Project



A new opportunity to benefit from the DECO concept ...

This year, everything centered on the DECO 42 f. We reorganized the already existing teams and formed new ones, combining the vast experience and know-how gained to present a totally new product, benefiting from more than the sum of this technical expertise. The outcome: 4 key patents for the first fixed headstock DECO machine and high expectations of the market.

The overall organization of the business unit is focused on implementing an adequate structure so as to guarantee irreproachable quality and service, from the time this new generation of machines is launched.

With the DECO 42 f we have the facility to cover a new, potential, yet very important market, by providing a completely new solution. If we take account of the very high development potential, coupled with the knowledge and experience gained with the DECO, and the know-how acquired from Schaublin, I truly believe that the adventure that is starting today, will create a real "DECO effect". The turned parts market for the new fixed headstock automatic should allow us to relive the success experienced with the DECO sliding headstock automatics (more than 3500 machines sold) and with the multispindle version, which is showing very promising results.

In terms of customer satisfaction and solutions, it is our aim to offer a lathe incorporating the DECO philosophy – in other words, a standard product (covering the majority of technological market requirements) that has a highly favorable quality/price/productivity ratio and offers simultaneously very high flexibility. The fields of application, i.e. automobile, connectors, medical, ball bearings and generally high precision turning, are in all, similar to those involving the DECO single spindle automatic, but for machining larger bar diameters.

The global volume of the market segment concerned by this new product is at least as important as the one concerned by our DECO sliding headstock range from 7 to 26 mm. (consistency 1 to 32 mm).

In comparison with the introduction of the DECO sliding headstock automatic six years ago, three elements are to-day totally different and favorable to us: First of all, we benefit from the experience gained with the sliding headstock DECO (over 3500 machines in operation all over the world), proving the potential and the soundness of the concept. Secondly, most of the TORNOS customers are already active on the field concerned by our DECO 42f. For them, the transfer will be very simple, given the fact that the concept and programming is the same. Thirdly, the modern world has changed a lot since 1996, a time when PC programming and the very idea of IT posed a stumbling block, unlike the situation today.

The steps taken by TORNOS today reinforce the perpetuity of our customer's choice and justify the pioneering spirit, which they have been involved in over the past 6 years.

To conclude, I would just like to point out that, in the heading of this brief presentation, I wrote that the DECO 42f offers "a new opportunity to benefit from the DECO concept". It is a real chance for our customers to take advantage of the latest technological improvements and for our company, it represents a great potential of development which we shall not miss!

Alain Flury



TORNOS



DECO 2000



TORNOS



TORNOS



A wide range of applications

Based on the principle of producing intricate small formed parts in small, medium-sized and large batches, parts turning now provides excellent solutions in all areas of activity, thanks to the DECO 2000, MULTIDECO and TORNOS automatics.



A brief appraisal of some of the sectors recently covered by TORNOS, will demonstrate, far better than long involved theories, the nature of small-parts turning in today's world.

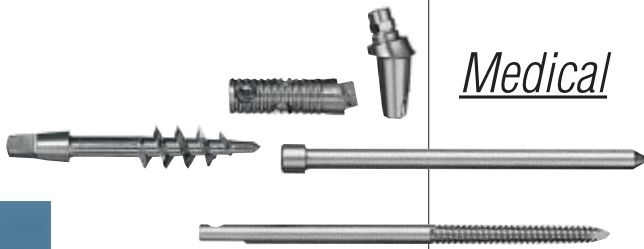




The car industry



Hundreds of different parts are produced by small-parts turning. These include vent screws, ABS system parts, airbag, suspension, toggle joints, engine parts, etc.



Medical



Highly elaborate applications, made from materials which are exceptionally difficult to machine, such as titanium and stainless steel, demand original machining solutions which have been fully mastered, such as thread whirling (where the tool turns at very high speeds). TORNOS is a specialist in these sectors and has already produced several and varied parts, such as bone screws, spinal hooks, dental implants and so on.

Clock making



One of the strengths of the Swiss economy, small parts turning is closely linked with the development of the mechanical watch. Infinitely small parts and tight measuring tolerances, coupled with maximum productivity make this highly specific sector a high consumer of small, formed parts, to include crowns, winding mechanisms, miscellaneous screws, balances etc.



Connector industry



World development in electricity and electronics continually pushed the benefits of small-parts turning to the production of even smaller and more precise parts.

From the computer to the cooker, household and electronic appliances... not forgetting all the machines and capital goods, which all include formed parts.





Safety and security



In today's environment, security and safety take on an ever important role and here too, the small-parts turning industry offers specific applications. Ranging from alarm systems to lock cylinders, a vast number of parts have undergone small-parts turning, including connectors, cylinder lock stators and rotors, probe elements etc...

By virtue of its comprehensive equipment and number of axes, the DECO 2000 has opened up new machining facilities in this sector.

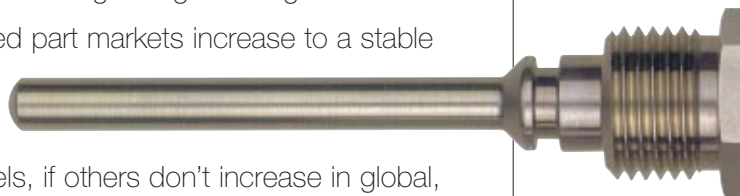
High precision



Small parts turning affects all sectors, from the tip of a pen to the screw for a nuclear power station, via ball bearings, fittings or parts for the gas industry – the nature of small-parts turning is something that cannot be denied.

TORNOS works in all these sectors to the complete satisfaction of its customers, whilst continuing to face ever growing challenges.

Some turned part markets increase to a stable volume with small fluctuations in levels, if others don't increase in global, solutions requiring high precision turned parts continue to grow due to new innovations within the field. For example, the emergence and continual development of ABS systems and airbags and other new technological advancements allows certain turned part markets to continue to grow.



A little history

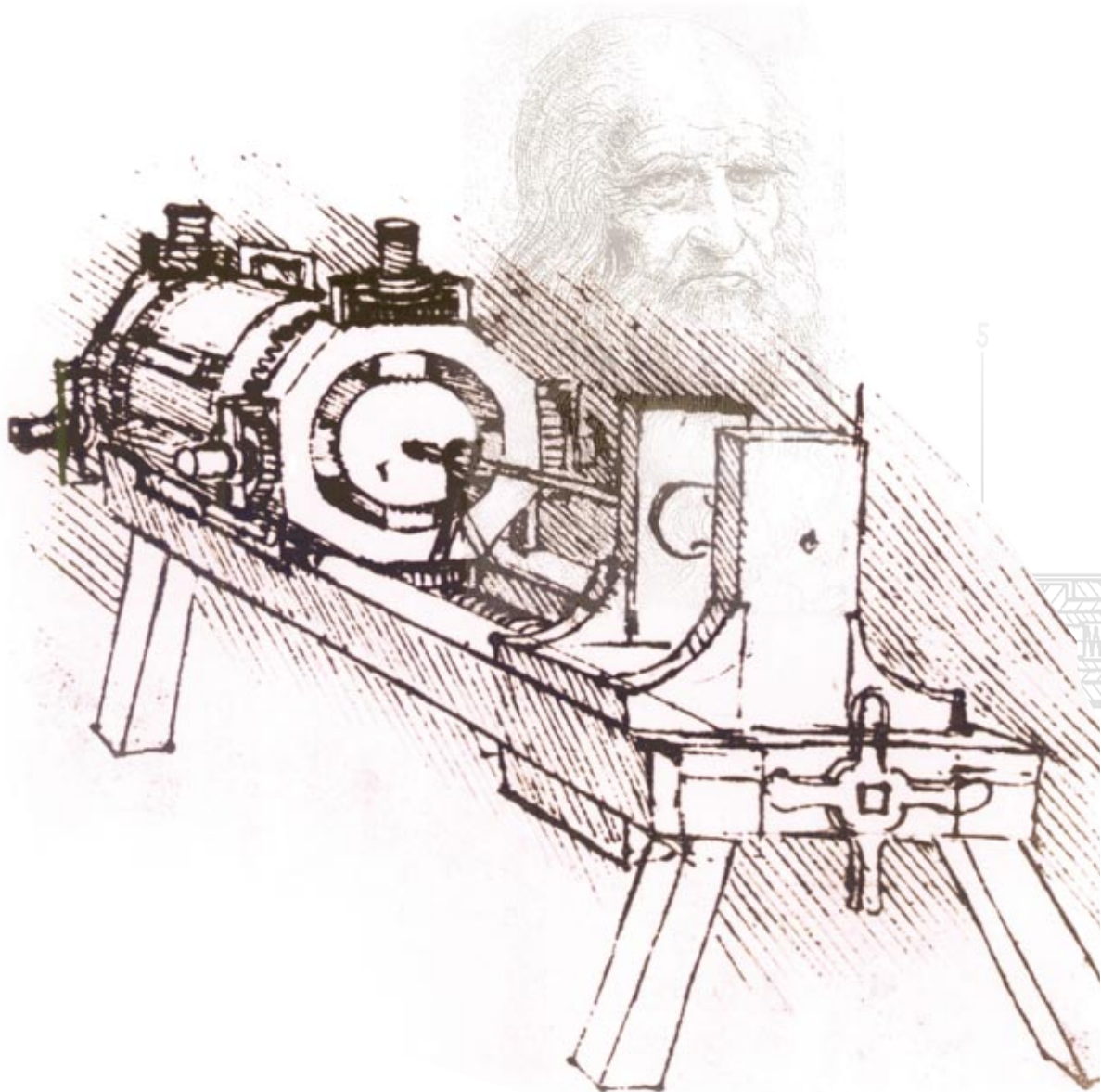
TORNOS is extending part of a millennium concept of which one of the most famous contributors is none other than Leonardo da Vinci.

The oldest machine tool ever discovered was the lathe. Even during the Bronze Age, craftsmen were working on arc lathes. The potter's wheel came later.

Around 1500, Leonardo da Vinci designed the bases of continuous turning. His lathe, like many of his inventions, were well ahead of their time.

It was only during the 19th century that the bases of modern mechanics pursued this development and hit upon the automatic lathe.

The cams are now doing the jobs which used to be carried out by the workforce!





From around 1880, bar machining processes were being developed in the Moutier region. The first lathes vied with ingenuity to achieve the

formidable efficiency of the time, despite the rudimentary tooling. They were already hinged around one, if not two cam shafts, thus laying the foundations for the spectacular rise of the region.

Moutier, the cradle of the small-parts turning industry, sees its expansion closely linked to three local companies, TORNOS, BECHLER and PETERMANN. The competition between these

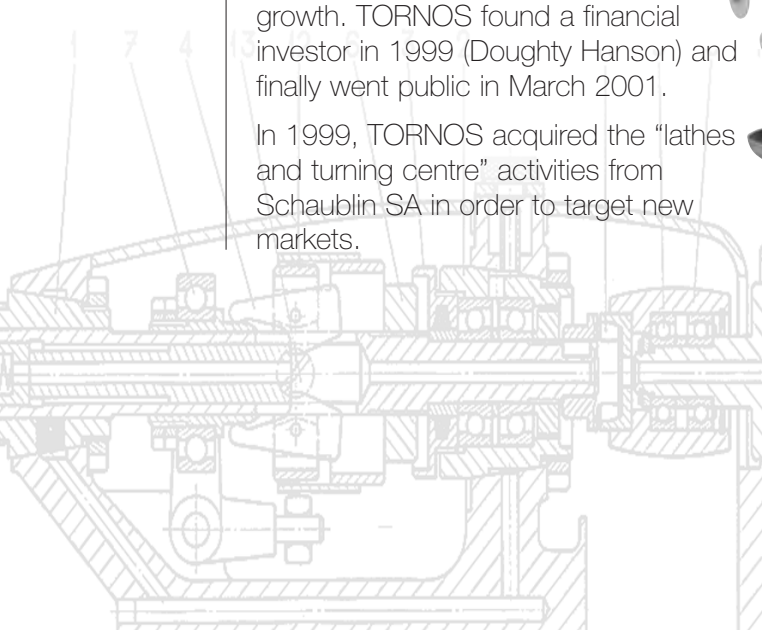
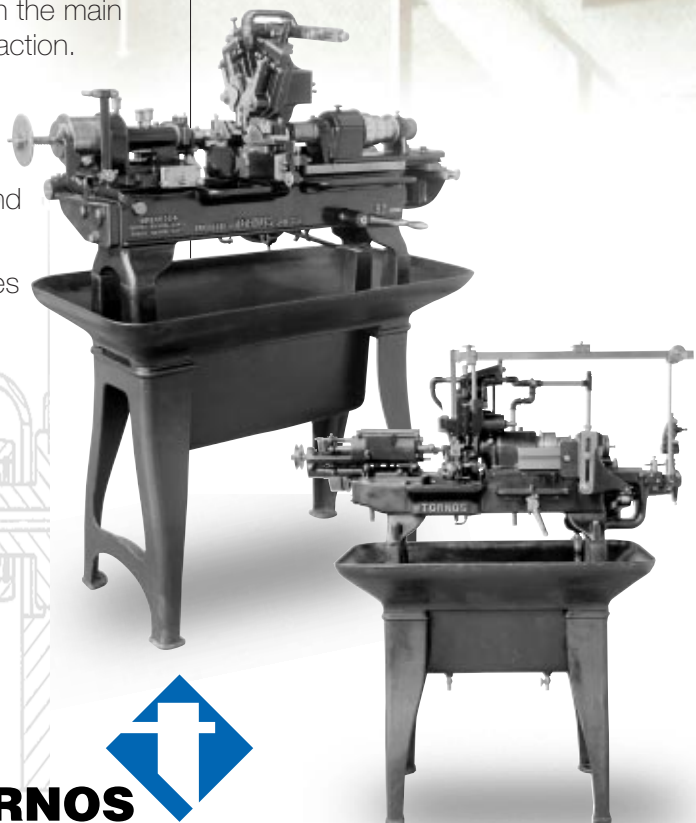
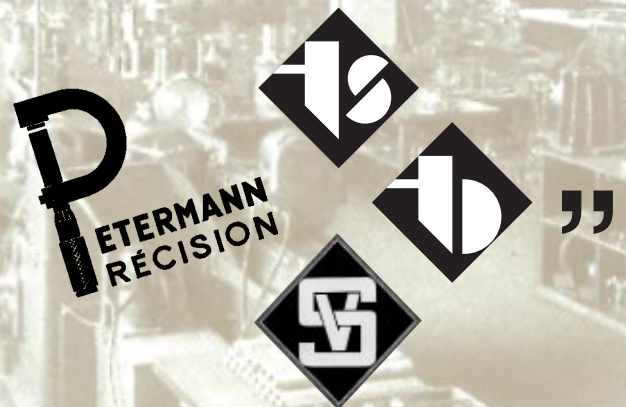
” **TORNOS** **BECHLER** ”

companies, through maximum synergy, has benefited them all, thus leading to a unique development, with the companies challenging each other to provide the best possible solutions for their clients.

These three companies, striving for excellence, have now become a single entity, with the main objective of providing customer satisfaction.

Then the company looked for a solution with the aim of financing its growth. TORNOS found a financial investor in 1999 (Doughty Hanson) and finally went public in March 2001.

In 1999, TORNOS acquired the “lathes and turning centre” activities from Schaublin SA in order to target new markets.



TORNOS

Officers and Directors

Board of Directors

This organization is unchanged since TORNOS became listed at the stock exchange.

Franz Kellerhals Chairman of the board

Mr. Kellerhals is chairman of the board since TORNOS became listed at the stock exchange. He has achieved legal studies at the law schools of the Universities of Geneva, Berne, Chicago and Stanford. He was Professor and is member of the Bernese Bar. Partner of his own law firm in Berne, he is specialised in economy related cases.

Anton Menth CEO, Delegate of the board

Mr Menth was CEO and delegate of the board from 1995 to April 30, 2002. M. Menth stay member of the board. Graduate biologist and physicist of the ETH Zürich he also earned a management degree at the Harvard Business School.

André Richoz

Graduate physicist he also holds an MBA. Specialized in the management of international groups, Mr. Richoz has gathered a high experience in various fields of activities including automation, mechanics, medical and chemical industry and telecommunication.

Paul Häring

Bachelor of Arts from the Golden Gate University he also earned his MBA from the University of California. He joined Feintool in 1990 as vice president responsible for finance and administration and became CFO of the same company in 1996.

Patrick Smulders

Patrick Smulders received his BA and MBA at Harvard University. Mr. Smulders is a managing director of Doughty Hanson & Co.

Management

Philippe Montavon CFO

Mr. Montavon served as production manager and assistant to the management before he became CFO in 1988. He earned his degree in mechanical and industrial engineering at the Technicum Biel and in controlling at the Institut Français de Gestion.

Bernard Seuret Production Manager

Mr. Seuret joined TORNOS in 1969. He earned his degree as an ETS engineer for electronics and served as assistant to the production director and director of assembly before becoming head of the Production department in 2000.

Lukas Weiss Research and Development Director

Mr. Weiss is director of the Research and Development Department of TORNOS since 1997. He earned his degree as an electrical engineering at the Swiss Federal Institute of Technology (ETH) in Zurich. Mr. Weiss joined TORNOS in 1995 as assistant to the management.

Nick Wälli Head of Sales Organisation

Mr. Wälli joined TORNOS in 1999 as assistant to the CEO. From the beginning of 2000, he has been responsible for the sales organisation. Mr. Wälli holds a degree in finance and accounting from the University of St. Gallen.

Philippe Holzer Director of Human Resources

Mr. Holzer achieved his studies at the HEC Lausanne. Since 1975 he has been director of Human Resources. His high sense of diplomacy serves the harmonious development of the company.

Henri Cortat Vice-Director

Mr. Cortat earned his degrees as an operating technician and purchase manager. He joined the company in 2001 as head of the logistics and of the production control. In November 2001, he has been appointed as vice-director of the company.

In duty since 2002

Pierre-Claude Jaquier, CEO

In TORNOS since March 2002, the new CEO, Mr Pierre-Claude Jaquier, took over his duty at March.30, 2002. After studies achieved in the region of Valais, he obtained his degree as an Engineer for Mechanics at the Ecole Polytechnique Fédérale in Lausanne. He then attended different master management courses in Switzerland and abroad

Hans-Peter Weidlich Director of the "Multispindle" Business Unit

Mr. Weidlich joined the company in January 2002. He earned his degree as an EPF engineer and holds a post-certificate in management. He gathered a high management experience in the field of automation and machine tool production.



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