

Non-GAAP Financial Measures

Tornos supplements its Swiss GAAP FER results with non-GAAP financial measures. The main non-GAAP financial measures are EBIT, EBITDA, Net cash and Free Cash flow.

EBIT and EBITDA

Tornos defines EBITDA as operating result plus non-operating result excluding depreciation on tangible fixed assets and amortization on other intangible assets and EBIT as operating result plus non-operating result. Tornos believes that EBITDA and EBIT are important performance indicators because they provide a measure of comparability to other companies with different capital or legal structures, which accordingly may be subject to disparate interest rates and effective tax rates, and to companies which may incur different depreciation and amortization expenses, or impairment charges related to fixed and intangible assets.

In CHF 1'000	2019	2018
Operating result	6'374	15'808
Non-operating result	57	-322
EBIT	6'431	15'486
Depreciation and amortization	4'310	3'845
EBITDA	10'741	19'331

Free Cash flow

Tornos defines Free Cash Flow as cash flow from operating activities plus cash flow from investing activities. Tornos believes that Free Cash Flow is an important information because it represents the cash Tornos is generating after required investment in its asset base are done and therefore can be used to cover financing requirements or be distributed to shareholders.

Net cash

Tornos defines Net cash as cash and cash equivalents less the interest bearing borrowing (current and non-current). Tornos believes that Net cash is an important information because it presents the available cash and take in consideration of the shareholder loan.

In CHF 1'000	2019	2018
Cash and cash equivalents	14'440	35'926
Interest bearing borrowings (current)	-15'113	-84
Interest bearing borrowings (non-current)	-201	-179
Net Cash	-874	35'663