

Half Year Results of Tornos in compliance with the new business plan

Moutier, August 28, 2002

The Board of Directors of Tornos Holding SA informs that despite the anticipated substantial loss incurred in the first half year the restructuring of the company is pursued as adopted by the annual general meeting of June 28, 2002 and is as well in line with the Business plan presented at that meeting to the shareholders.

Tornos carried on facing a difficult economic environment in the first half of 2002. Consolidated gross sales declined by 58% to CHF 86.7 million (previous first half-year: CHF 206.1 million). The significant decrease is the result of a major downturn in key markets, concerning the Telecommunication and Electronic Components suppliers and the North American industries. Despite the restructuring measures decided in October 2001 and extensive part-time engagement, the company was not able to reduce its cost structure rapidly enough to respond to the much lower demand for its high quality products. Subsequently, the earnings before interest, tax, depreciation and amortisation (EBITDA) were negative by CHF 27,1 million (prior to restructuring) or negative by CHF 82.6 million (post inclusion of valuation adjustments for inventories and restructuring provisions), compared with a positive EBITDA of CHF 18.6 million in the first half-year of 2001. These results are in line with the business plan presented to the annual general meeting of the shareholders in June 2002.

As a consequence of the timing difference between the restructuring of assets, which took place in the first semester of 2002, and the restructuring of the liability and equity part of the balance sheet, which will take place in the second semester of 2002, a technical net loss of CHF 167.2 million resulted as per June 30, 2002 compared to CHF 6.1 million in the previous year. In excess of the items already reflected in EBITDA the impairment loss on intangible assets accounted for CHF 73.8 million of the net loss resulting at the end of June 2002.

Figures in CHF mio.	HY 2001	HY 2002
Gross Sales	206.1	86.7
EBITDA before restructuring charges(1)	18.6	-27.1
EBITDA after restructuring charges	18.6	-82.6
Net loss (2)	6.1	167.2
Net debt (2)	113.7	124.6
Shareholders equity (2)	135.6	-33.4
Order Intake	168	71
Order backlog	164	58.5

(1) Restructuring charges include inventories write down of CHF39.5 million, redundancy costs of CHF7.7 million and other provisions of CHF8.3 million for expenses to be incurred in the planned restructuring process.

(2) after restructuring of assets but before restructuring of the liability and equity part of the balance sheet



73.4% (79.5%) of the products were invoiced to Europe, 13.6% (15.4%) to North America and 12.8% (4.5%) to Asia. Even though customers confirm the good performance and high quality of the products, order intake has been slow due to the uncertainty in the key industries of Tornos' customers.

As a consequence of the adverse economic development, Tornos is undergoing a significant operational and financial restructuring, with the objective to stop the monthly cash drain before year-end 2002 and return to profitability in 2003. The financial restructuring is being pursued in accordance with the plan presented to the annual general meeting of the shareholders on June 28, 2002 and shall be completed with the second part of the capital increase consisting of a rights offering to the existing shareholders, the issuance of shareholder options and the debt/equity swap of creditors in September 2002.

Holders of Tornos registered shares will be offered up to 4'600'000 new registered shares out of the ordinary capital created at the company's annual general meeting on June 28, 2002. The subscription period for the rights offering will commence on September 9, 2002 with subscriptions due by September 17, 2002. On September 9, 2002 holders of registered shares will be granted 2'300'000 shareholder options entitling each holder of two options to subscribe for one new registered share.

The offering circular (in German language only) detailing the various transactions can be ordered at Tornos or can be downloaded from www.tornos.ch after September 9, 2002. This documentation provides comprehensive information regarding the Tornos Group, its restructuring and the offering of new shares and shareholders options. It has to be consulted prior to an investment decision.

The new board of directors is in the process of updating the strategy of the Tornos Group. Information regarding the expected future development will probably be available in October/November 2002.

Information schedule of the Tornos Group

End of September 2002	Result of the rights offering
October/November	Strategy update
November 5, 2002	Third quarter sales report
January 28, 2003	Preliminary information regarding 2002 results
March 4, 2003	Financial report 2002
April 3, 2003	Annual general meeting of the shareholders in Moutier

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