

Tornos on course to achieve its budget in the first quarter of 2003

Moutier, 03. April 2003.

The Tornos Group is on course to achieve its budget in the first quarter of 2003. Order intake, sales and the financial result are in line with the budget set in November 2002. The targets achieved have resulted in cash flow being slightly ahead of budget. The trend in the first quarter of 2003 is mainly due to the positive effects of the restructuring carried out last year. The measures that were instigated in November and have already been partially implemented are beginning to show results. The strong Swiss Franc, however, has had some negative effects.

Due to the current performance, Tornos has been able to waive the retrenchment of 20 production people announced in November. However short-time work will be introduced in May for some production sections. Hereby the company will maintain high flexibility in the processing of orders and, furthermore, the existing manufacturing know-how will be kept within the company.

With regard to the prospects for the remainder of the current year, reliable forecasts are difficult due to the great uncertainty in our key markets. For the 2003 business year, the Board of Directors and the Management are expecting a balanced operating result in an economic environment which continues to be difficult and on the basis of consolidated sales at the same level as the previous year. However, should the economic development and particularly the order intake not meet the budget, the Board of Directors and the Management will introduce additional measures without delay. The Board of Directors and the Management are also confident that the credit facilities will be extended beyond their expiry at the end of 2003.

Concerning the figure section of today's media conference, we refer you to the media information dated 4 March 2003.

Tornos broadly in line with expectations

Moutier, 04. March 2003.

The world-wide known automatic lathe manufacturer Tornos group achieved a turnover of CHF 180.6 million in the financial year 2002 (previous year: CHF 372.8 million).

Sales fell sharply due to the worldwide investment crisis. As a consequence of the changed economic conditions, the group had to be restructured. The result before interest, taxes, depreciation and amortization (EBITDA) was minus CHF 85.1 million (previous year: plus CHF 11.4 million). The consolidated net result of minus CHF 121.4 million (previous year: minus CHF 29.9 million) is in line with the restructuring plan and also in line with the expectations already communicated several times. Due to the financial restructuring Tornos today has an improved balance sheet with an equity ratio of 39,9% and net debt of CHF 42,2 million (previous year: 113,7 million).

Depending on international political developments, it seems likely that an improvement of order intake level in the machine industry will only take effect in the second half-year of the financial year 2003. The board of directors and the management expect therefore to reach a turnover similar to 2002.

Difficult financial year 2002

The financial year 2002 was an extremely difficult year for the machining- electrical- and metallurgy industries. The continuously declining sales development of the whole industry for a consecutive seven quarters forced the whole industry as well as Tornos to accept deep changes.

After continuous growth over several years, the break-down in the IT and electronics industry as well as the decline in overall economic activity in North America and Europe led to a decrease and a cancellation of orders. Despite cost reduction measures already taken in autumn 2001, a Task Force organised by the board of directors decided to prepare an operational restructuring and a financial reorganization in co-operation with the financing banks in the middle of year 2002 to adapt the cost structure to the new situation.

The aim was to adapt the company from a turnover size of approx. CHF 400 million to a turnover size of approx. CHF 200 million.

Financial year 2002 in line with the restructuring plan

The final figures 2002, which contain the costs of the structural optimisation decided in November 2002, show a sales volume of CHF 180.6 million and a net loss of CHF 121.4 million which correspond to the compiled restructuring concept formed in May 2002.

Healthier balance sheet

The balance sheet of Tornos was restructured as well. Shareholders capital was written off and risen again. Therefore new cash meanings of CHF 60.0 million were paid in. Furthermore adjustments of value in the current and fixed assets as well as restructuring provisions had to be installed. The total restructuring charges amount to CHF 145.7 million. On the other hand, bank loans and accounts payable of a total amount of CHF 69.9 million were abandoned. The net effect of the restructuring amounts to CHF 75.8 million.

Objective reached with an almost breakeven EBITDA for 2002

In the fourth quarter 2002 the cash loss was drastically reduced. While in the first six month of 2002 the results showed a cumulated EBITDA of minus CHF 82.6 million, the company reached an almost breakeven EBITDA in the second half-year. Moreover in the second half of 2002 the operational and financial restructuring was applied according to plan. The board of directors elected at the general assembly that took place on June 28, 2002 implemented the new business model. The approved action plan contains, among other measures, the improvement of the organisational structure and the product portfolio, the optimisation of the manufacturing capacities and the further development of sales and marketing. All measures aim to improve the efficiency of the company and to adapt the cost structure to the changing economic cycles.

Perspectives 2003

For the financial year 2003 the board of directors and the management expect to reach an almost breakeven operating result in a still weak economic market and on the basis of a consolidated turnover on the same level as the previous year. However, if the economic development and the order intake should not correspond to the budget figures, the board of directors and the management will implement further measures.



Figures of Tornos-Group

In Mio. CHF	2002	2001
Turnover	180,6	372,8
Europe	75,9%	79,5%
North America	14,9%	13,9%
Asia	8,4%	5,4%
Others	0,8%	1,2%
EBITDA	-85,1	11,4
1. Quarter	-14,0	8,3
2. Quarter	-68,6	10,3
3. Quarter	-1,0	-0,9
4. Quarter	-1,5	-6,3
EBIT	-176,3	-8,4
Net results before restructuring effects	-45,6	-27,7
Net results after restructuring effects	-121,4	-29,9
Balance sheet	205,2	372,8
Shareholders equity	81,9	135,6
Net debt	42,2	113,7
Net cash used in operational activities	-31,9	6,8
Net cash used in investment activities	-3,6	-9,6
Net cash used in financial activities	51,4	-4,4

On April 3, 2003, day of the general assembly, a press conference "results 2002" will take place in Moutier.

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