

Tornos Group on budget in spite of a difficult market environment

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In the first six months of financial year 2003, the worldwide lathe manufacturer Tornos Group reached its budgeted sales and result targets. With almost identical sales figures, Tornos Group was able to control its loss significantly. As long as the economic situation does not change an almost balanced operating result should be achieved for financial year 2003.

A recovery of the economic situation on Tornos Group's key markets could not be noticed during the first half-year 2003. In particular, Tornos Group's most important markets U.S.A., Germany and Asia are still facing a rather difficult economic environment. Beside the consequent implementation of the cost-cutting measures previously decided, the first half-year 2003 was characterized by the elaboration of a new business-plan, the implementation of an adjusted organizational structure and the reinforcement of the management. The objective of this extensive and effective reorganization was to adapt Tornos Group's structures to market conditions.

Budget reached

During the first half-year 2003 and compared to the same period of the previous year the measures taken enabled the Group to reduce its loss significantly. Budget objective for the current financial year was met in spite of a prevailing difficult market environment. The result before interest, tax, depreciation and amortizations on goodwill (EBITDA) of CHF -192'000 (previous year CHF -27.1 million excluding restructuring effects), enables the lathe manufacturer to achieve an almost balanced result.

In 2002, the Group achieved gross sales of CHF 180.6 million, CHF 86.7 million of which were met in the first half-year. In the first six months of 2003, Tornos Group reached gross sales of CHF 83.8 million, which is slightly below half the sales budget for the year. Per June 30, 2003, the order backlog for machines (without customer services and spare parts) amounted to CHF 39.8 million. Compared to CHF 33.3 million per December 31, 2002, the order backlog has increased by 19.5%.

	June 30, 2003 (unaudited) TCHF	June 30, 2002 (audited) TCHF
Consolidated gross sales	83'784	86'749
Result before interest, tax, depreciation and goodwill amortization (EBITDA)	-192	-82'634 1)
Result before interest and tax (EBIT)	-4'740	-166'026 2)
Half-year result	-7'071	-167'249 2)
Cash at June 30	22'889	7'065
Shareholders' equity	75'227	-33'355
Employees	689	1'186

1) Including negative turnaround/restructuring effects of TCHF 55'580

2) Including negative turnaround/restructuring effects of TCHF 129'394

An almost balanced operating result

The development of the last months does not indicate any recovery. As a result of the unsteady economic situation worldwide and an actual order backlog for less than three months, it is difficult to give reliable forecasts on financial development during the second half-year 2003. As long as the economic development does not change compared to the first six months, the Board of Directors and Management still assume that an almost balanced operating result can be achieved with consolidated sales on last year's level. In the second half-year 2003, the measures previously taken will also result in an improvement of operating result. At present, the company has sufficient cash reserves, and the persons in charge are confident that existing credit lines can be extended at the end of 2003. In case key markets and related incoming orders do not develop according to expectations and budget, additional restructuring will be decided immediately by the Board of Directors and Management.

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