

## **Tornos broadly in line with expectations**

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**In the first nine months of the current fiscal year, the worldwide lathe manufacturer Tornos Group is broadly in line with the expected results. Due to slightly higher sales compared to the previous year's period, the loss was reduced significantly. However, incoming orders remained slightly below expectations. Provided that the fourth quarter develops according to plan, a positive operating cash flow (EBITDA) should be achieved in fiscal year 2003.**

After the first nine months of the current fiscal year, there is still no sign of recovery on Tornos Group's key markets. The important key market U.S.A. is still passing through a deep crisis in the machine tool industry. Also, the French and Italian markets are still in a weak condition. A slightly improved course of business can only be noticed in Germany. Thanks to the consistent realization of numerous cost-cutting measures, expenses could be reduced considerably compared to the same period of last year, which had a favourable effect on the result.

### **Budgeted results achieved, incoming orders slightly below budget**

The budgeted values could be met on a seasonal basis. In the first nine months, gross sales revenues of CHF 128.3 million (in 2002 CHF 125.0 million) were increased by 2.6% compared to last year. Due to an improved gross margin and considerable cost-cutting measures, compared to the last fiscal year the loss was reduced significantly and a positive operating cash flow (EBITDA) could be achieved.

In the current fiscal year, the lathe manufacturer achieved cumulated sales of CHF 97.3 million with machines. Thus, compared to an amount of CHF 87.1 million in the same period last year, incoming orders increased by 11.7%. Nevertheless, the budgeted figures for incoming orders could not be reached after nine months. Per September 30, 2003 the order backlog of machines (without service and spare parts) amounted to CHF 39.3 million, compared to CHF 33.3 million per December 31, 2002.



### **Moderate outlook**

Due to the incoming orders of the last months, the sales performance in the last quarter might be slightly below expectations, which means that the targeted operational break-even result most probably cannot be achieved. However, provided that the fourth quarter is according to plan, sales revenues for the whole year 2003 are expected to be slightly lower than last year with a clearly positive result before interest, taxes and depreciation (EBITDA).

The recent international trade fair EMO in Milan was very encouraging for the Tornos Group, as numerous orders were received. Altogether, Tornos is expecting a stable to moderately improving economic situation in 2004.

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