

## MEDIA INFORMATION

For immediate release

### **Tornos reaches targeted results in fiscal year 2003**

Moutier, March 23, 2004

As already announced earlier, the worldwide automatic lathe manufacturer Tornos Group achieved sales of CHF 174.7 million (last year: CHF 180.6 million) in the fiscal year 2003. In spite of a slight decrease of 3.3%, mainly resulting from the difficult economic environment and an unfavourable development of the US currency, sales achieved are in line with expectations. With CHF 9.7 million, the result before interest, tax and depreciation (EBITDA), (last year: CHF -85.1 million respectively CHF -27.9 million before restructuring effects) corresponds to budgeted values. With a result before interest and tax (EBIT) of CHF 0.4 million (last year: CHF -176.3 million respectively CHF -43.0 million before restructuring effects) the main objective – to achieve a balanced operating result – could be achieved. Also, a considerable reduction of the net loss from CHF -121.4 million (last year: CHF -45.6 million before restructuring effects) to CHF -2.8 million could be achieved. Tornos has as of 31 December 2003 a self-financing level of 43.7% (last year: 39.9%) and a net level of debt of CHF 44.9 million (last year: CHF 42.2 million). As compared to the fiscal year 2002, order intake increased by 10.7% from CHF 154.1 million to CHF 170.6 million. For the current fiscal year, sales of CHF 180.0 to 190.0 million and a balanced net result are expected.

#### **Fiscal year 2003 has been difficult again**

Once more, the fiscal year 2003 proved to be a difficult year for the machine, electrical and metal industry. And again, the forecast regarding economic recovery did not really materialize as anticipated, especially with regard to the investment goods industry. In addition, the weak US Dollar had negative impacts on export-orientated companies. In spite of these negative conditions, Tornos was able to achieve its budgeted targets and to regain the confidence of its customers and partners. The reorganization and restructuring measures planned in 2002 were implemented consistently. In the first year after the restructuring, previously agreed upon and introduced measures to cut costs and to improve margins already led to considerable improvements. Furthermore, a business plan, laying down in detail targets, activities, and measures for the next few years was prepared.

### **Targets reached in 2003**

In spite of difficult planning and uncertain prospects per year-end 2002, it was possible to achieve the budgeted result for 2003 - especially due to a strong fourth quarter - on all levels. Despite slightly lower sales, the highest objective - a balanced operating result - was met with a profit before interest and tax (EBIT) of CHF 0.4 million. Operational activities resulted in a positive cash flow of CHF 3.6 million (last year: -31.9 million). Thanks to implemented cost-cutting measures, a considerable reduction of total expenditures was achieved. Targets to adjust the cost structure to a sales volume of CHF 180.0 million and to create slimmer structures and more efficient working processes were achieved. Additional measures to cut costs and to increase efficiency will become effective in the current fiscal year.

### **Outlook 2004**

For the fiscal year 2004, the Board of Directors and the Management expect sales of CHF 180.0 to 190.0 million with a balanced net result. The implemented measures have led to improved competitiveness and an increasing independence of economic cycles. However, should the economic development and thus incoming orders not correspond to the budgeted expectations, the Board of Directors and the Management will immediately introduce further measures.



## Key figures of Tornos Group accounts

In million CHF

	2003	2002
Net sales	174.7	180.6
Share Europe	84%	76%
Share North America	13%	14%
Share Asia	2%	8%
Share other regions	1%	2%
EBITDA	9.7	-85.1
1st quarter	-1.0	-14.0
2nd quarter	0.8	-68.6
3rd quarter	1.7	-1.0
4th quarter	8.2	-1.5
EBIT	0.4	-176.3
Net result before restructuring effects	-2.8	-45.6
Net result after restructuring effects	-2.8	-121.4
Balance total	179.5	205.2
Equity capital	78.4	81.9
Net indebtedness	44.9	42.2
Cash flow resulting from operational activities	3.6	-31.9
Cash flow resulting from investment activities	-0.2	-3.6
Cash flow resulting from financing activities	-13.2	51.4

The General Meeting will take place on April 13, 2004 in Moutier.

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