

**From recovery to consolidation:
For the transition year 2004, the Tornos group forecasts an improved
result compared with the budget.**

Moutier, 24 August 2004.

After the crisis gone through in 2002, 2003 was the year of recovery and 2004 is the year of consolidation of the actions undertaken for the reconstruction of the group. The main strategic priorities for the current year cover the revitalisation of product research and development, and the strengthening of geographical coverage. At the operational level, the permanent reduction of costs and improving their flexibility in response to cyclical variations are priority objectives.

Improvement of the economic situation since March

As foreseen, 2004 started at a low level. Though certain industries had already recorded signs of economic improvement since the last quarter of 2003, this was not the case in the area of machine tools. Under these conditions and in accordance with the pre-established action plan, the year started with a partial shutdown period affecting the whole of production.

From the point of view of orders received, the months of January and February were relatively slack. March was an excellent month, and this improvement has been confirmed in the following months. The value of orders received for the half-year is CHF 116.5 million, an increase by 33.4% compared with the same period of the previous financial year (CHF 87.3 million).

Improved results

The improvement in orders received referred to above did not yet have any marked impact on the sales figures for the first six months, which increased only moderately to CHF 87.2 million, against CHF 83.8 million for the same period of the previous year.

The net result recorded for the first half-year shows a loss of CHF 4.6 million, compared with a loss of CHF 7.1 million for the same period of the previous financial year. It should however be pointed out that this result is affected by a non-recurring charge of CHF 4.2 million arising indirectly from the partial shutdown introduced in January 2004.



The operational cash flow works out at CHF 13.1 million (5.4 million on June 30, 2003) and the net indebtedness which amounted to CHF 44.9 million on December 31, 2003, totals only CHF 35.5 million at the end of June 2004. It should be noted that the proportion of equity capital to the total of the balance sheet now reaches 44%.

Forecast 2004: Growth in sales and result

Subject to a stable economic situation during the second half-year, the group forecasts for 2004 incoming orders to a value slightly in excess of CHF 200 million, compared with CHF 170.6 million for the year 2003. The 2004 forecast for the group turnover lies in the range of CHF 190 to 195 million, a sum greater than the 2004 budget figure and to the CHF 174.7 million reached in 2003. In this context, a slightly positive result is expected for the financial year, compared with a budget at break-even and a loss of CHF 2.8 million for the previous financial year.

This release is sent out together with the report of the board of directors for the first half of 2004. The consolidated accounts (in English) can be viewed on the companies' homepage: www.tornos.ch/news

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