

## **Promising start of the year for Tornos**

**Moutier, April 19, 2005 – The Tornos group is holding its General Meeting in Moutier today. It is an opportunity to present the good results generated not only in 2004 but also during the first quarter of 2005, to announce the launch of new machines, and to outline the prospects and strategies of the company.**

For 2004, Tornos had forecast a perceptible improvement of its results compared to financial 2003. And indeed, the measures implemented by the group's management made it possible to increase the company's performance month after month despite a difficult economic environment. This boost of momentum, reflecting in particular the more flexible organization of human resources and new processes in manufacturing, resulted in a vigorous start of financial 2005 and a first quarter that holds great promise.

Innovation has also kept up the pace. Two new machines are being launched this week on the occasion of a large in-house exhibition organized in parallel with the group's General Meeting. One of them is a refinement of an existing product, while the other is based on technological innovations and was developed in response to the needs of new markets.

At the operational level, priorities are concentrated on the improvement of after-sales service, the development of markets in Asia, and an improved responsiveness to cyclical fluctuations of the economy. In the interest of continued debt reduction within the group, no dividend will be paid out to the shareholders.

Finally, a change in the shareholder structure is a distinct possibility. The main shareholders may individually or jointly, pending approval by the stock market supervisory authorities, consider to dispose of their stake in full or in part.

These circumstances permit Tornos to confirm its forecast of growing sales.

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Moutier, April 19, 2005

### **Ordinary General Meeting**

The Tornos group is holding its General Meeting today in Moutier. According to an ordinary agenda, the board will announce the good results of financial 2004 and declare that no dividend will be distributed to the shareholders in order to give priority to the reduction of the group's debt.

### **Favorable first quarter 2005**

For the first three months of 2005, the group reports bookings of CHF 58.5 million. This corresponds to an increase of 1.3% versus the first quarter of 2004 (CHF 57.7 million), which had benefited from two exceptional orders totaling more than CHF 10 million. Gross sales rose by 40.3% to close at CHF 60.6 million (2004: CHF 43.2 million), and net profit amounted to CHF 4.3 million compared to a loss of CHF 5.1 in the same prior-year period. It should be remembered that financial 2004 had begun with a month of short-time work affecting the entire manufacturing sector, which caused a decline in invoicing and largely explains the loss incurred in the first quarter of 2004. At CHF 4.6 million, EBIT represents 7.6 % of gross sales for the period ending March 31, 2005. At this date, total assets amounted to CHF 177.3 million, and the equity capital of CHF 89.0 million represented 50.2% of total assets (compared to CHF 172.3 million and 48.5%, respectively, as at December 31, 2004). The group posted a debt of CHF 19.9 million (December 31, 2004: CHF 28.0 million), equivalent to a reduction of 28.9% during the quarter under review.

### **Tornos presents its new face to the financial community**

The two main shareholders of Tornos had supported the recapitalization of the group which took place in 2002. The restructuring process has been successful and is now bearing fruit. Tornos will seize this opportunity to present its new face to the financial community in the course of a "roadshow" for institutional investors which will take the company to Zurich, London and Frankfurt. Depending on the feedback obtained during the roadshow the main shareholders may individually or jointly, pending approval by the stock market supervisory authorities, consider to dispose of their stake in full or in part. Such a transaction would, however, be carried out in agreement with the Board of Directors and in view of enlarging the shareholder base without a dominant investor (less than 10%). The objective of this transaction is to replace financial shareholders with institutional shareholders.



### **New products**

The DECO 8sp and the MULTIDECO 32/6c will be launched this week at an in-house exhibition organized in parallel with the group's General Meeting. Whereas the MULTIDECO 32/6c is a refined version of an existing product with the aim of penetrating deeper into the group's traditional markets, the DECO 8sp is based on technological innovations and was developed in response to the needs of clearly identified new markets, particularly in the domain of mini hard disks and high-precision microtechnology components.

### **Perspectives**

For the current financial year, Tornos confirms its forecast of moderate growth in both sales and profitability. On the one hand, the markets remain volatile and a slowdown of demand during the second quarter cannot be ruled out. On the other hand, substantial resources will be dedicated to the development and introduction of new products. The impact of these new products on the influx of new orders will only become perceptible by the last quarter and are hardly likely to affect sales and earnings for financial 2005. At the operational level, priorities are focused on the improvement of after-sales service, the deployment of an organization in Asia, and greater flexibility in response to cyclical fluctuations of the economy.

<b>Tornos Group</b>	First quarter	First quarter	Change	Change
<b>Unaudited key figures in 1000 CHF</b>	2005	2004		% / pts
Bookings	58'483	57'734	749	1.3%
Backlog	47'955	51'165	-3'210	-6.3%
Gross sales	60'595	43'181	17'414	40.3% (1)
EBITDA	6'763	-2'018	8'781	N/A
<i>Gross sales %</i>	11.2%	-4.7%		+15.8 pts
EBIT	4'623	-4'085	8'708	N/A
<i>Gross sales %</i>	7.6%	-9.5%		+17.1 pts
Net profit / (loss)	4'349	-5'146	9'495	N/A
<i>Gross sales %</i>	7.2%	-11.9%		+19.1 pts
Net debt	19'912	40'556	-20'644	-50.9%
Equity	88'990	73'643	15'347	20.8%
<i>Total Balance sheet %</i>	50.2%	41.6%		+8.6 pts
Total Balance Sheet	177'315	176'913	402	0.2%
Capital expenditures	468	370	98	26.5%

Note (1)

In 2005 certain amounts have been reclassified in determining the amount of Gross sales compared to the method previously applied. The comparative information for the period ended 31 March 2004 has been adjusted accordingly. The net impact of the reclassification on previously reported Gross Sales for the year ended 31 December 2004 is an increase of KCHF 7'299 from KCHF 205'671 to KCHF 212'970.

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