

**Good second quarter – expectations confirmed!**

Moutier, 15<sup>th</sup> August 2006

**Favourable economy and successful new product launches**

Economic activity firmed up considerably during the second quarter of 2006, and the success of the new products launched in 2005 translated into a significant volume of real business. New orders booked in the second quarter of 2006 reached a new record of CHF 76.9 million – up 18.2% from the first quarter. The order intake in the first half stood at CHF 142.0 million, or 19.2% higher than in the same period last year.

**Sales and results on the right track**

The natural time lag between order booking and invoicing, not to mention the low level of orders booked during the second half of 2005, means that sales figures still do not reflect this increased activity. Although gross sales in the second quarter advanced by 19.2% compared with the previous three months and by 13.9% compared with the year-back period, the improvement is not visible in figures for the first half overall. After the first six months of 2006, gross sales stood at CHF 114.9 million, which is 0.5% lower year-on-year.

As at 30<sup>th</sup> June 2006, net profit stood at CHF 6.4 million, CHF 4.3 million of which was attributable to the second quarter alone as business had already been boosted by the revival described above. Although the result for the first half of 2006 is 26.2% lower than for H1 2005 (CHF 8.6 million), the group is relatively satisfied with profitability levels. Given the additional costs that are inherent in new product launches, as well as the economic climate described above, these results bear witness to the flexibility of the Group's cost structures and its great ability to respond to changes in trends.



Equity of CHF 106.2 million accounts for 60.0% of the balance sheet total of CHF 177.1 million. As at 30<sup>th</sup> June 2006, the Group had net debt of CHF 13.1 million – CHF 2.4 million higher than at 31<sup>st</sup> December 2005. This increase is the result of accrued cashflow requirements associated with the strong growth in activity.

### **Outlook for 2006**

At the time of writing, fiscal 2006 has so far developed in line with our expectations and our Group budget. We are standing by the guidance issued previously. The Group is forecasting an EBIT margin of 6 to 7% on sales in the range CHF 235 to 250 million for 2006.

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<b>Tornos Group</b> <b>Unaudited Key Figures</b> <small>(in KCHF unless otherwise stated)</small>	<b>First quarter 2006</b>	<b>First quarter 2005</b>	<b>Second quarter 2006</b>	<b>Second quarter 2005</b>	<b>First semester 2006</b>	<b>First semester 2005</b>	<b>Change</b>	<b>Change % / bps</b>
Bookings	65'089	58'483	76'942	60'642	142'031	119'125	22'906	19.2%
Gross sales	52'397	60'595	62'473	54'839	114'870	115'434	-564	-0.5%
EBITDA	4'412	6'763	7'111	6'492	11'523	13'255	-1'732	-13.1%
Gross sales %	8.4	11.2	11.4	11.8	10.0	11.5		-1.5 bps
EBIT	2'085	4'623	4'803	4'311	6'888	8'934	-2'046	-22.9%
Gross sales %	4.0	7.6	7.7	7.9	6.0	7.7		-1.7 bps
Net profit	2'060	4'349	4'311	4'289	6'371	8'638	-2'267	-26.2%
Gross sales %	3.9	7.2	6.9	7.8	5.5	7.5		-2 bps
Net debt	10'568	19'912	13'146	20'718	13'146	20'718	-7'572	-36.5%
Equity	102'121	88'990	106'197	94'369	106'197	94'369	11'828	12.5%
Total Balance sheet %	58.8	50.2	60.0	56.1	60.0	56.1		3.9 bps
Total Balance sheet	173'774	177'315	177'062	168'227	177'062	168'227	8'835	5.3%
Capital expenditures	240	468	733	944	973	1'412	-439	-31.1%