

# PRESS RELEASE

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## Alliance between Tornos and Tsugami

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Tornos and Tsugami are two firms of similar size in the machine tool sector. Today they are signing a framework partnership agreement. The underlying logic of the agreement is that the two groups are complementary in terms of their product range and geographical markets, in which each of them holds a leadership position. Under the terms of the agreement, contracts will be signed in the future in a number of areas such as research and development, procurement, production and distribution. The first two such contracts are currently being drawn up. The first will involve Tsugami producing entry-level single-spindle machines for which Tornos has supplied the specification and which it will then distribute through its own sales network. Under the second contract, Tsugami will distribute multispindle machines in Japan and Asia. Other agreements will be signed in future. With this in mind, the Board of Directors of Tornos is setting up an ad hoc committee, an approach also being followed by Tsugami. Representatives of these two bodies will form the Alliance Committee. Membership of that committee will also include representatives of the companies' respective Boards acting as Senior Advisors of the Alliance for each firm, together with senior managers from the companies directly involved in projects set up under the contracts. The Senior Advisors may also be invited to attend Board meetings of the partner company. To cement the links between the two groups and symbolise the importance of the alliance for the two partners, each company has decided to acquire 1 million shares in the other in the market.

### What the alliance means for Tornos

Established in 1914, Tornos is based in Switzerland. Its main products are automatic, single-spindle sliding headstock lathes and automatic multispindle lathes. All these machines are positioned in the middle to upper end of the range. Tornos has a strong presence in Europe, which accounts for almost 80% of its sales. The first project under this alliance will give Tornos access to a complementary line of entry-level single-spindle products. The second will enhance penetration in Asia of its multispindle machines, replicating the business model already working successfully in the USA under its alliance with Hydromat.

### What the alliance means for Tsugami

Established in 1937, Tsugami is based in Japan and has a number of production sites in Asia. Its main product lines are automatic lathes, machining centres, rolling machines and grinding machines. In the sliding headstock automatic lathe market in which Tornos operates, Tsugami products are positioned at entry level and in the mid-range. Tsugami has a strong presence in Asia, which accounts for over 80% of its sales. The first project under this alliance will enable Tsugami to leverage its production capacity more intensively. The second will optimize the use of its distribution channels in Asia.

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