

PRESS RELEASE

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Tornos 2007: Net profit doubled

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Growth in sales and profitability

For 2007, Tornos was aiming for sales growth of around 10% accompanied by an expected improvement in the EBIT margin of between 7.5% and 8.5%. These targets have been exceeded. In the year under review, gross sales advanced to CHF 287.4 million, representing an increase of 14.7% on the previous financial year (2006: CHF 250.5 million). EBIT was CHF 32.7 million (2006: CHF 17.6 million), representing a margin of 11.4%. It should be noted that this result includes CHF 2.9 million in non-recurring income. If we ignore these, the EBIT margin would be 10.4% in comparison with 7.0% in 2006. The year closed with net profit of CHF 35.1 million, more than double that of the previous year (2006: CHF 17.2 million). However, it should be mentioned that last year's result includes exceptional items totalling CHF 6.2 million from the above-mentioned non-recurring profits and deferred tax credits of CHF 3.4 million. As at 31.12.07, equity had increased to CHF 160.2 million, accounting for 73.2% of the balance sheet total of CHF 218.9 million. In 2007 the group thus wiped out its debts and had a net cash surplus of CHF 27.3 million at 31 December 2007, unlike in 2006 where the group had a net debt of some CHF 7.4 million.

Distribution to shareholders by reimbursing the par value

In view of these positive results, the Board of Directors will propose to the Annual General Meeting on 8 April 2007 that a dividend of CHF 0.50 per share be distributed. The intention is to effect this distribution by reimbursing the par value of each share, which will go from CHF 5 to CHF 4.50.

New products

After the introduction at the beginning of the year of the DECO 10e, which is aimed at the connector technology market, the EMO European machine tool fair held in September 2007 provided the backdrop for the unveiling of three new machines. The Sigma 32 is an extension of the product line launched in 2005 to complement our machine range for high-precision parts of average geometric complexity. The Micro 7, designed for the manufacture of watch parts, made its public debut and will be available from the second quarter of 2008. The MultiAlpha 8x20 chucker was presented with an automatic feed and palletization system for finished parts. The market reaction to all these products has been extremely favourable.

Geographical coverage

The significant growth that has been experienced in Asia over the past four years has been thwarted by organisational problems which were only resolved last Autumn. As a result, Asia's share of our order book for machines fell to 9% compared to 16% in the previous year. In contrast, the commercial alliance signed with Hydromat USA and the restructuring of Tornos Technologies US have borne fruit. Sales of machines in America therefore bounced back to 15% of the total, in comparison with 8% one year ago. Europe and the rest of the world's share has been stable at 76% of the total for the last two years.

Outlook for 2008

Since the beginning of this year, the Group has completed two key strategic steps: It began by signing a commercial alliance with Tsugami and later acquired Almac SA. As a result, the forecast for 2008 is now higher than was originally specified in the strategy communicated on 1 October, 2007. Assuming that the economy remains stable in relation to the previous year, and taking into account the cyclical nature of this business, we are forecasting sales of CHF 320 million for 2008 with an EBIT margin of around 10%.

Tornos Group Key Figures (in KCHF unless otherwise stated)	2007	2006	2005	2004	2003
Bookings	283'645	257'269	212'527	224'972	170'553
Gross sales	287'384	250'515	222'622	212'969	174'683
EBITDA	39'343	26'475	23'208	19'414	9'734
<i>Gross sales %</i>	<i>13.7%</i>	<i>10.6%</i>	<i>10.4%</i>	<i>9.1%</i>	<i>5.6%</i>
EBIT	32'746	17'614	14'249	10'966	388
<i>Gross sales %</i>	<i>11.4%</i>	<i>7.0%</i>	<i>6.4%</i>	<i>5.1%</i>	<i>0.2%</i>
Net profit (loss)	35'137	17'249	12'835	6'778	-2'820
<i>Gross sales %</i>	<i>12.2%</i>	<i>6.9%</i>	<i>5.8%</i>	<i>3.2%</i>	<i>-1.6%</i>
Net cash / (net debt)	27'263	-7'375	-10'793	-28'024	-44'883
Equity	160'179	118'458	100'168	83'538	78'427
<i>Total Balance sheet %</i>	<i>73.2%</i>	<i>61.4%</i>	<i>60.4%</i>	<i>48.5%</i>	<i>43.7%</i>
Total Balance sheet	218'912	192'972	165'810	172'273	179'529
Capital expenditures	9'065	3'254	2'867	3'647	1'554

The annual report of the Tornos Group (available in three languages), as well as the consolidated financial statements (in English only) are available for download at <http://www.tornos.com/invest-dnld-e.html>

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