

## MEDIA RELEASE

Moutier, March 11, 2019, 7.00 a.m.

### **Tornos again significantly improves result**

- **20% increase in sales**
- **Marked improvement in EBIT and net result**
- **Full order books for 2019**
- **The Board of Directors is proposing a dividend of CHF 0.28 per share (previous year: CHF 0.15 per share)**

In 2018, the Tornos Group again greatly improved all key figures and increased the EBIT margin to 7.2%. This good performance is particularly attributable to its market-optimized product range, innovative customer solutions, and attractive services. The Tornos Group was again able to make excellent use of the high demand in the target markets during the reporting year, strengthening its position in the various market segments and regions.

#### **EBIT improved by CHF 6.0 million**

In the year under review, the Tornos Group posted total net sales of CHF 214.9 million (2017: CHF 178.8 million, +20.2%) and order intake of CHF 245.0 million (2017: CHF 207.0 million, +18.4%). The operating result (EBIT) for 2018 came to CHF 15.5 million (2017: CHF 9.5 million, +63.0%), and the net result was CHF 15.3 million (2017: CHF 8.2 million, +85.8%). In 2018, the Tornos Group once again generated a positive free cash flow, of CHF 13.5 million (including an improvement in net working capital of CHF 2.0 million; 2017: CHF 28.4 million, including an improvement in net working capital of CHF 22.8 million). For the successful, targeted management of its net working capital, Tornos received the Swiss Working Capital Management Award 2018 in the Performance Excellence category at the Swiss Working Capital Management Summit in Zurich at the end of August. The number of people employed by the Tornos Group increased from 668 at the end of 2017 to 728 at the end of 2018. 66 of these were temporary employees.

#### **Solid demand for all machine types**

Compared with the previous year, Tornos boosted sales in all product ranges. This was the case for machines manufactured in Asia (China and Taiwan) as well as those made in Moutier (Switzerland). In the MultiSwiss multispindle product line alone, Tornos was able to improve order intake by 48% compared with the previous year.

New orders for single-spindle automatic lathes manufactured in Moutier rose by 12% and orders for those made in Asia by 19%. Compared with the previous year, Tornos increased the number of machines sold by around 13% in 2018. Almost half of the machines sold by Tornos were manufactured in Asia.

The automotive industry was once again the most important market segment for Tornos in 2018: 42.9% (previous year: 45.0%) of order intake was generated in this segment. Medical and dental technology saw its share of orders fall from 18.0% to 12.9%. A major project was still pending at the end of the year, but there is a good chance it will be completed in 2019. The percentage share for the electronics market segment went up from 7.5% to 9.6%. Pleasing progress was made in the watchmaking segment. After a weak 2017, orders almost trebled in the year under review. The percentage share for this market segment rose from 3.9% to 9.3%. The remaining 25.3% (previous year: 25.6%) came from sub-suppliers (known as job shops), which supply parts to the four industries mentioned above, and from smaller industries such as aviation and pneumatics/hydraulics.

At a record CHF 101.0 million, the Tornos Group's order backlog at the end of the financial year was 58.8% above the figure for the previous year (December 31, 2017: CHF 63.6 million). This is equivalent to more than six months' orders.

Tornos was also able to continue the positive trend of recent years in the service and spare parts business. This area posted net sales of CHF 46.7 million in 2018, thus beating the previous year's result (CHF 40.5 million) by a gratifying 15.2%. The strong spare parts business as well as the increasingly successful used machinery business contributed.

## **Operating expenses**

The operating expenses of the Tornos Group increased by CHF 4.1 million in 2018 to CHF 57.8 million (previous year: CHF 53.7 million). Marketing and sales expenses rose by CHF 3.0 million and general administration costs by CHF 0.9 million as a result of more extensive sales activities and a higher volume of orders.

## **Research and development**

At CHF 10.1 million, research and development expenses in 2018 remained at much the same level as in the previous year (2017: CHF 10.4 million). Tornos successfully pressed ahead with its various innovation projects, in both the multispindle and the Swiss-type lathes segments. In the second half of 2018, Tornos brought to market the SwissNano 7, an automatic lathe for machining larger-dimension parts. This sets new standards in terms of ergonomics, energy consumption, tool consumption and low noise levels. The SwissDECO automatic lathe is based on a completely new modular platform and sets standards in the high-end segment. Demand for this new platform already exists and it has gone into production.

New standards are also being set by the automation solutions offered by Tornos; these are constantly being developed further. In the year under review, Tornos added several new modules to its scalable, user-friendly TISIS machine communication and programming software. TISIS is the gateway to Industry 4.0 for Tornos customers. Almost one in two Tornos machines sold are now equipped with this machine communication and programming software.

## **Centralization in Moutier and globalization in the sales markets**

Tornos is committed to qualitative growth. The Group intends to globalize its business further and become more flexible in all areas. In the year under review, Tornos agreed to sell its factory building in Rue de l'Ecluse in Moutier at the end of 2019. Tornos is to centralize production at the main site in Rue Industrielle, Moutier, expand the plant and simplify its processes. In future, all Tornos machines produced in Switzerland will be assembled in this plant.

In Taichung, Taiwan, Tornos is now able to fully assemble its machines itself. The lean production line is based on a concept that has already been successfully implemented in Xi'an, Moutier and La Chaux-de-Fonds. In Shanghai, China, Tornos opened its new Customer Center in November. In the USA, Tornos has moved to a larger building, and in Germany, the company is planning a new technology center that will bring it closer to its customers.

## **Distribution to shareholders**

At the General Meeting on April 10, 2019, the Board of Directors will propose to the shareholders a tax-free dividend of CHF 0.28 per share. The distribution in the previous year came to CHF 0.15 per share.

## **Change in the Board of Directors**

Frank Brinken, who has been a member of the Board of Directors for many years, will not be standing for re-election in 2019. To succeed him, the Board of Directors will propose Till Fust to the Annual General Meeting. The latter is a business economist who is currently completing a Master's in International Economics. As the grandson of the main shareholder Walter Fust, he will ensure the family's continuity on the Board of Directors of Tornos.

## **Outlook for 2019**

The Tornos Group is starting 2019 with a record order backlog, as well as new products and services. Recent geopolitical developments are causing considerable uncertainty, which makes it extremely difficult to formulate assessments and forecasts at present. However, a range of products and services carefully tailored to customer requirements makes Tornos well equipped to react rapidly and efficiently to developments in the individual markets.

## Key figures 2018 and 2017

<b>Tornos Group</b>				
(in CHF 1'000)*	<b>2018</b>	<b>2017</b>	Difference	Difference in %
Order intake	245'009	207'025	37'984	18.4%
Net sales	214'864	178'758	36'106	20.2%
EBITDA	19'331	12'856	6'475	50.4%
<i>in % of net sales</i>	9.0%	7.2%		
EBIT	15'486	9'498	5'988	63.0%
<i>in % of net sales</i>	7.2%	5.3%		
Net result	15'327	8'249	7'078	85.8%
<i>in % of net sales</i>	7.1%	4.6%		
Cash flow from operating activities	19'116	32'439	-13'323	-41.1%
Cash flow from investing activities	-5'661	-4'044	-1'617	n/a
Free cash flow	13'455	28'395	-14'940	-52.6%
	<b>31.12.2018</b>	<b>31.12.2017</b>		
Net cash	35'663	23'428	12'235	52.2%
Total equity	105'356	90'240	15'116	16.8%
<i>in % of total balance sheet</i>	59.8%	63.0%		
Total balance sheet	176'247	143'310	32'937	23.0%
Employees (full-time equivalents)**	728	668	60	9.0%

\* Unless otherwise stated

\*\* Without apprentices

### Next publication dates

April 10, 2019      Annual General Meeting 2019

August 13, 2019    Half-year report 2019

Further information on Tornos can be found at [www.tornos.com](http://www.tornos.com)

Finance contact: Bruno Edelmann, Chief Financial Officer  
Tel. +41 32 494 42 33, [edelmann.b@tornos.com](mailto:edelmann.b@tornos.com)

Media contact: Rolph Lucassen, Head of Marketing Communications & Brand Management  
Tel. +41 32 494 44 34, [lucassen.r@tornos.com](mailto:lucassen.r@tornos.com)

## **Company profile**

Tornos Group is one of the global leaders for the development, production and distribution of Swiss-type automatic lathes and multispindle machines. The company's history dates back to 1880, placing Tornos at the beginning of Swiss-type lathe technology. The Group primarily manufactures CNC Swiss-type (sliding headstock) turning machines, multispindle machines, and machining centres for complex parts requiring high precision. Tornos is headquartered in Switzerland. Through a global sales and service network, unique solutions are supplied to customers in dedicated market segments such as Automotive, Medical and dental technology, Micromechanics, and Electronics. With its 728 employees (FTEs), Tornos Group generated sales of CHF 214.9 million in 2018.

Except for the historical information contained herein, the statements in this media release are forward-looking statements that involve risks and uncertainties.