

MEDIA RELEASE

Moutier, March 8, 2021, 7 a.m.

Tornos Group Earnings Report for 2020:

Tornos has started the year 2021 well equipped

- **Adjusted capacities and massive reduction in costs**
- **Increase in order backlog since mid-2020**
- **Inventory provides considerable flexibility**

Tornos looks back on a very difficult financial year. The COVID-19 crisis hit the Tornos Group hard at the start of 2020. Together with the structural collapse in demand from the automotive industry, this had a massive impact on the Group's order intake and sales. Tornos responded promptly with rigorous cost-cutting measures and adjustments to adapt the cost structure to the new market conditions. Thanks to lathes and machines featuring cutting-edge technology and to a product mix covering a broad price-performance spectrum, Tornos is well-equipped for a future market recovery. The favorable trend in demand in the fourth quarter of 2020 and the slight increase in the order backlog since mid-2020 are encouraging signs.

In the year under review, the Tornos Group posted total net sales of CHF 103.4 million (2019: CHF 205.3 million) and order intake of CHF 98.0 million (2019: CHF 135.5 million). The operating result before interest, taxes, depreciation and amortization (EBITDA²) for 2020 came to CHF -23.6 million (2019: CHF 10.7 million), the operating result (EBIT²) to CHF -27.7 million (2019: CHF 6.4 million), the net result to CHF -29.9 million (2019: CHF 5.9 million). Without the allowance for inventories, EBIT² for 2020 would be CHF -9.4 million and the net result (excluding the one-off effect from the property sale) would amount to CHF -14.8 million.

Massive reduction in costs

Rigorous saving measures in the year under review yielded a sizeable reduction in expenses to the tune of CHF 38.9 million per year. At the same time, net income was sharply burdened by the increase in allowance for inventories (CHF 18.3 million), necessitated by slower stock turnover and lower consumption. Should sales begin to revive and inventories be reduced at some point in the future, provisions could likewise be written back accordingly, which will be reflected in net profit. Thanks to a significant reduction in base costs, the Group headed into 2021 with improved liquidity. The sale of the factory building on Rue de l'Ecluse in Moutier contributed CHF 3.2 million to the 2020 bottom line.

Further enhancement of flexibility

In Moutier, both the centralization of production at the main site on Rue Industrielle and the renovation of the office building with a new reception center and conference rooms are now complete. A portion of the warehouse infrastructure including associated logistics is now operated by a third-party specialist, enhancing flexibility within our organization. In October the Group dedicated a new plant in Xi'an, China. Tornos machines are developed and manufactured there, mainly for the Chinese market. The production start has gone well. The plant has been a major factor in a noticeable expansion of the Group's sales in China. Due to COVID-19 restrictions, Tornos Italy had to postpone the dedication ceremony for the new customer center in Milan from May to October 2020.

Sales trend

Tornos generated net sales of CHF 103.4 million in the year under review (2019: CHF 205.3 million, -49.6%). At constant exchange rates, net sales would have been CHF 106.0 million (-48.4% compared to 2019). In the Group's home market of Switzerland, net sales of CHF 24.9 million were CHF 21.9 million below the previous year's figure (-46.8%). In the rest of Europe, net sales fell by CHF 65.8 million (- 60.0%) to CHF 43.8 million. In the Americas, net sales declined by 11.3 million, from CHF 26.1 million to CHF 14.8 million. Asia's (including rest of the world) share at CHF 19.9 million for the year under review was some 13.1% below the prior year figure. Overall, the various regions accounted for the following shares of the Tornos Group's net sales in 2020: Switzerland 24.1% (2019: 22.8%); rest of Europe 42.3% (2019: 53.4%); Americas 14.3% (2019: 12.7%); Asia (including rest of the world) 19.2% (2019: 11.2%).

In the service and spare parts business, Tornos recorded net sales of CHF 32.0 million, CHF 13.8 below the prior year figure (2019: CHF 45.8 million). Sales of spare parts were particularly hard-hit, but the service business suffered as well. Service technicians were unable to visit customers at all during the lockdowns, while even at other times service calls remained severely restricted.

Operating expenses

The Tornos Group's operating expenses decreased by CHF 17.0 million in 2020 to CHF 43.0 million (previous year: CHF 60.0 million). Marketing and sales expenses were down by CHF 8.9 million. General administrative expenses declined by CHF 2.5 million, research and development expenses by CHF 4.9 million.

Research and development

Tornos invested a total of CHF 5.2 million (2019: CHF 10.1 million) in research and development in 2020. Even in this difficult year, the Group continued to advance its various machine innovation projects as well as development of the scalable and user-friendly TISIS machine programming and communication software. At present more than 2100 Tornos machines already feature TISIS.

Distribution to shareholders

Given the current economic situation, the Board of Directors will not be proposing a dividend distribution.

Outlook

During the past year the Tornos Group has adjusted capacity and cost structure in response to the changed market situation, leaving it well equipped to face 2021. Moreover, the available inventory provides the Group with considerable flexibility to respond quickly to any demand surge that may emerge in the current year. Given the continuing unpredictable impacts of the pandemic, a detailed forecast for 2021 is not currently possible.

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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 and marked the beginning of Swiss-type lathe technology. The company primarily manufactures CNC sliding headstock Swiss-type automatic lathes, multispindle machines, and precision machining centers for complex parts. Tornos is headquartered in Switzerland. A worldwide sales and service network offers unique solutions to customers in the target automotive, medical and dental technology, micromechanics, and electronics industries. The Tornos Group employs around 600 persons (FTE's) in total.

In addition to historical information, this media release contains statements about the future which include risks and uncertainties.

Key figures, 2020 and 2019

Tornos Group				
(in CHF 1 000) ¹⁾	2020	2019	Change	Change (%)
Order intake	97 984	135 498	-37 514	-27.7%
Net sales	103 388	205 309	-101 921	-49.6%
EBITDA ²⁾	-23 576	10 741	-34 317	n/a
<i>as % of net sales</i>	-22.8%	5.2%		
EBIT ²⁾	-27 685	6 431	-34 116	n/a
<i>as % of net sales</i>	-26.8%	3.1%		
Net result	-29 852	5 926	-35 778	n/a
<i>as % of net sales</i>	-28.9%	2.9%		
Cash flow from operating activities	-3 440	-26 992	23 552	n/a
Cash flow from investing activities	304	-4 590	4 894	n/a
Free cash flow ²⁾	-3 136	-31 582	28 446	n/a
	Dec. 31, 2020	Dec. 31, 2019		
Net cash ²⁾	-4 992	-874	-4 118	n/a
Total equity	77 927	107 809	-29 882	-27.7%
<i>as % of balance sheet</i>	60.8%	64.4%		
Total balance sheet	128 176	167 507	-39 331	-23.5%
Employees (full-time equivalents) ³⁾	603	729	126	-17.3%

1) where not otherwise specified

2) Non-GAAP financial indicator, see Tornos Financial Report 2020, pages 4 and 5 (<https://investors.tornos.com/en/content/publications>)

3) excluding apprentices

Next publication dates

April 14, 2021 Annual General Meeting 2021
(No physical attendance possible)
August 10, 2021 2021 Half-Year Report

Download media release

<https://investors.tornos.com/en>

Further information on Tornos can be found at www.tornos.com