

AD HOC ANNOUNCEMENT pursuant to Art. 53 LR

Moutier, March 7, 2022, 7.00 a.m.

Tornos Group Earnings Report for 2021:

Tornos reports highly gratifying results for fiscal year 2021

- **Massive growth in order intake, sales, and order backlog**
- **Significantly improved profitability**
- **Year-end order backlog more than doubled**

The Tornos Group reports highly gratifying results for fiscal year 2021. Following an extremely difficult 2020, in which the Group's business was at times almost paralyzed worldwide, Tornos achieved massive growth in both order intake and sales. This applies to all product groups and sales markets. Throughout the year, all Tornos' production plants ran at full capacity. The relatively high inventory levels at the beginning of the year greatly helped the Group to meet its customers' desired delivery times. This was particularly important given the frequent interruptions in the global supply chain for raw materials and vendor products. The regulations and precautionary measures necessitated by the Covid-19 pandemic made business even more difficult. In many countries, machine installations and service calls were only possible with great additional effort.

Significantly improved cost-structure pays off

Despite the difficult operating environment, Tornos managed to significantly improve profitability. This was due to the massive increase in sales and also because of the significantly improved cost structure in place since 2020. The write-back of value adjustment provisions owing to the reduction in inventories likewise had a significant impact on the Group's EBIT²⁾ for 2021.

Overall, the Tornos Group generated order intake of CHF 204.6 million in 2021 (2020: CHF 98.0 million, +108.8%) and net sales of CHF 171.5 million (2020: CHF 103.4 million, +65.9%). EBIT²⁾ improved from CHF -27.7 million to CHF 20.6 million. Excluding the write-back of value adjustment provisions in the amount of CHF 9.8 million and the book gain from a property sale in the UK of CHF 0.7 million, EBIT²⁾ for the 2021 financial year would be CHF 10.1 million. Due to the gratifying cash flow, Tornos was able to repay the shareholder loan and the foreign Covid-19 loans. By the end of 2021, the Tornos Group was almost completely debt-free. At CHF 59.3 million, the Tornos Group's order backlog at the end of the year was more than twice as high as a year ago (end of 2020: CHF 27.2 million).

Marked growth in all sales markets

The Tornos Group achieved significant growth in all its sales markets in the year under review. This applies in particular to the medical and dental technology industry, which accounts for a 24.1% share of net sales. Tornos' leading role in this market was emphasized in the year under review when the renowned MedTech Outlook Magazine presented Tornos with the "Top Medical Device Manufacturing Companies in Europe 2021" award.

In the automotive industry, which was by far the most important market for Tornos until 2018, the company also regained its former strength. Order intake collapsed completely in this area in 2019, and it was only toward the end of last year that a slight recovery of the market was noticeable again. In the 2021 financial year, this market segment contributed 19.5% of annual net sales. It is worth noting that in the automotive segment, only a small part of Tornos' sales is still directly related to the combustion engine. Many new Tornos machines are used for the production of brake systems, wiper motors, connectors for electric motors, and various ready-made parts.

The situation in the sales markets also applies to the regions: Tornos was able to grow everywhere in 2021. Its development in Europe (especially Italy) and in the Americas (especially Brazil) stands out here. In São Paulo, Brazil, Tornos established a new customer center in 2021, primarily for the medical and dental technology market. Tornos has also significantly strengthened its market position in China, particularly with its locally manufactured Swiss-type automatic lathes.

Multispindle machines in demand again

The EvoDeco and SwissNano Swiss-type automatic lathes produced in Switzerland attracted significantly more customers in all sales markets than in the previous year. What was particularly striking, however, was the increase in demand for MultiSwiss multispindle machines, sales of which had suffered especially badly in the previous year due to the extraordinary market conditions.

Circular economy with DECO 10 Plus well established

Tornos' service and spare parts business also recovered in the year under review, with Tornos expanding its services and, in particular, further developing its remote service. Despite the—at times still severe—travel restrictions due to the Covid-19 pandemic, this area was able to increase sales by 36.4%.

The DECO 10 Plus offer launched by Tornos last year has become well established. It allows customers to have their older DECO 10 machines upgraded to the latest technology. Tornos also buys back older machines and, in the spirit of a circular economy, puts them back on the market after a complete overhaul—to state-of-the-art standards.

Distribution to shareholders

At the General Meeting on April 13, 2022, the Board of Directors will propose to the shareholders a tax-exempt distribution of CHF 0,25 per share by means of a reduction in the share capital.

Outlook

It is still very difficult to provide an outlook in view of the continuing major uncertainties. Following the pleasing business performance in 2021, Tornos started the new financial year in good shape with a good order backlog and continued strong demand for its products. The Group's product portfolio is excellently geared to customer needs. With its steadily expanding services, its flexible structure, and its broad diversification in various industries and geographical markets, the Group is very well equipped for the future. Tornos is considerably more independent of the market cycles typical for the industry than in the past. However, the impact of the ongoing global shortage of raw materials on purchase prices and thus on the EBIT margin in the current year remains difficult to assess.

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Photo caption

- #01 **Board of Directors**
From left to right: Walter Fust, François Frôté, Michel Rollier, Till fust
- #02 **General Management**
From left to right: Jens Thing, Michael Hauser, Stéphane Pittet
- #03 Multispindle machines in demand again
- #04 Circular economy with DECO 10 Plus well established

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 640 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, 2021 and 2020

Tornos Group				
(CHF 1 000) ¹⁾	2021	2020	Change	Change (%)
Order intake	204 612	97 984	106 628	108.8%
Net sales	171 488	103 388	68 099	65.9%
EBITDA ²⁾	24 625	-23 576	48 201	n/a
<i>as % of net sales</i>	<i>14.4%</i>	<i>-22.8%</i>		
EBIT ²⁾	20 581	-27 685	48 267	n/a
<i>as % of net sales</i>	<i>12.0%</i>	<i>-26.8%</i>		
Net result	20 329	-29 852	50 180	n/a
<i>as % of net sales</i>	<i>11.9%</i>	<i>-28.9%</i>		
Cash flow from operating activities	30 285	-3 440	33 725	n/a
Cash flow from investing activities	474	304	170	55.9%
Free cash flow ²⁾	30 759	-3 136	33 895	n/a
	31.12.2021	31.12.2020		
Net cash ²⁾	26 631	-4 992	31 623	n/a
Total equity	98 768	77 927	20 841	26.7%
<i>as % of balance sheet</i>	<i>68.2%</i>	<i>60.8%</i>		
Total balance sheet	144 914	128 176	16 738	13.1%
Employees (full-time equivalents) ³⁾	640	603	37	6.1%

1) where not otherwise specified

2) Non-GAAP financial indicator, see Tornos Financial Report 2021, pages 4 and 5 (<https://investors.tornos.com/en/content/publications>)

3) excluding apprentices

Upcoming publication dates

April 13, 2022 Annual General Meeting, Moutier
(No physical attendance possible)

August 10, 2022 2022 Half-Year Report

Download ad hoc announcement pursuant to Art. 53 LR

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

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