

Advanced information on sales figures

Information on the results and the financial position at the end of the financial year 2002 will be released early March 2003. A press conference will be held on the day of the Shareholders' meeting on April 3, 2003.

Tornos' sales 2002 in line with business plan**Moutier, 28th January 2003**

In the financial year 2002, the Tornos Group, which is a leading supplier of high precision turning technology and machine tools, posted consolidated gross sales of CHF 180.0 m (2001: CHF 372.8 m, Business plan 02: CHF 175,5 m). This substantial decrease, which is due to a significant decline in Tornos' key markets, was anticipated in light of the order intake in the first trimester 2002 and is in line with the business plan and the restructuring concept established in 2002.

The restructuring project has also been implemented in accordance to the plan.

Order intake remains volatile and gross sales for 2003 are expected in the same range as 2002. By aligning its operations to the changed business situation, Tornos responded rapidly to the challenging market requirements. In 2002, 76% (80%) of sales were posted in Europe, while 4% (14%) originated in North America, 9% (5%) in the Asia Region and 1% (1%) in the rest of the world. These figures show an improvement in some markets with high potential.

Detailed information on the financial statements 2002 will be released early March, 2003.

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Results until the end of October comply with the Business plan for 2002

Moutier, 20th November 2002.

In spite of the still difficult economic environment, the results of Tornos SA Holding per end of October comply with the business plan presented on the occasion of the general meeting. The board of directors basically expects that the figures budgeted in the business plan will be achieved.

In the last four months, a further flattening of the worldwide economic situation could be noticed. This has effects on companies' readiness to invest and leads to a decreasing demand in the machine industry. Nevertheless, Tornos Holding SA (Tornos) was able to increase its cumulative annual turnover until the end of October to CHF 140.2 million and is thus exactly within the budget. In consideration of current incoming orders, the annual turnover of CHF 175.5 million per year-end, which had been projected in the business plan for 2002, should be achieved.

Incoming orders until the end of October do not differ essentially from incoming orders in the first-half year 2002. 73.4% in the first half-year 2002 came from Europe, 13.6% from North America and 12.8% from Asia. Altogether, incoming orders of the whole industrial sector are still on a very low level. However, due to its good product range, Tornos was able to gain market shares.

In the first term, the operating cash flow (EBITDA) amounted to CHF -82.6 million. Due to the extraordinary expenses, as expected, it amounts to CHF -81.6 million and is thus within the budget for the year 2002.

In million CHF (1st January 2002 until 31st October 2002)

Sales: 140.2

Operating cash flow (EBITDA): -81.6

Net result: -112.7

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Structural optimization at Tornos

Moutier, 20th November 2002.

In spite of its good product range, the automatic lathe manufacturer Tornos has been affected, as was to be expected, by the worldwide persistent reluctance in making investments. Accordingly, the renewed management under François Frôté, President of the Board of Directors, and Raymond Stauffer, Delegate of the Board and General Director, has revised the business plan for 2003. In order to adjust the company's existing structure to the economic environment and to the drastically decreasing demand in the machine industry, additional structural adjustments will need to be carried out by Tornos Holding SA. Among others, a staff reduction of 150 jobs worldwide will be necessary. Most parts of the business plan introduced for 2002 will be fulfilled.

The sales figures of Tornos Holding SA (Tornos) per end of October 2002 demonstrate the expected decreasing demand in the industrial sector and the poor economic environment. In consideration of this development, which was mainly caused by extreme factors, as well as the situation realized by the renewed management as well as by the Board of Directors and its President François Frôté, a package of additional measures is essential. The target of this package is to adjust the capacities to realistic market expectations and to lead the biggest employer in the region of Moutier to breakeven in 2003.

Revised business plan for 2003

With an estimated turnover of CH 175 million, the persons in charge should be able to reach the planned turnover for 2002. The operating loss (EBITDA) will find its level at approximately CHF 77.5 million and will thus slightly be higher than the amount of approximately CHF 72.9 million, which was forecasted on the occasion of the general meeting on 28th June 2002. The complete group's loss for the current year would thus amount to CHF 111.0 million. The difference in the business plan of approximately CHF 7.0 million for 2002 results from restructuring costs, which are higher than originally anticipated.

In order to accelerate the fundamental changes at Tornos and in order to judge, at the same time, the potential risks in a better way, internal committees have been analyzing the company and its related fields carefully during the past few weeks. As a result of the actual economic situation and the recession in the metal industry, the persons in charge feel obliged to adjust the business plan for 2003 to the actual market situation. Therefore a turnover of CHF 174 million instead of CHF 200 million (estimate of June 2002) seems to be realistic.

The most drastic measure will be a further unavoidable staff reduction of 100 jobs in Moutier as well as 50 jobs in foreign subsidiaries. In addition, approximately 100 employees of the production department in Moutier (of a total of 500 employees as per 2003) will be on short-time. Notice of dismissal will be given within the next weeks. Regarding the employees concerned, Tornos is cooperating closely with the authorities of the cantons Bern and Jura. Furthermore, an internal job center has been created (offers will be taken under the telephone number 032 494 44 44 or per e-mail under contact@tornos.ch). The dialog with trade unions may be described as constructive, as those were informed about the decisions taken by means of an open and transparent information policy. Strict observance of the business plan 2002/2003 does not permit a social plan for the persons concerned.

Outstanding economizing measures

As a result of staff reduction and short-time work, personnel expenses will be reduced considerably next year. Further decisive savings can among others be carried out by cutting down the remaining operational expenses. The dismissals are of a structural nature and concern all departments. The planned reorganization aims at more simple structures in handling potential customers and will lead to a reduction of expenses in the sales, marketing and administration department. Adjusted structures in the sales and service area shall strengthen the whole group's market performance at a lower cost level. The cooperation between the parent company and the sales companies will also be improved. In order to face the loss of the current fiscal year, Tornos will not only realize economizing measures. Selling prices shall be analyzed carefully and possible additional services for the customer, which can be charged, shall be considered. These measures should lead to an improvement of the proceeds.

Return to profitable zone

These different measures form a wide basis for returning to the profitable zone in 2003. In consideration of the poor economic situation, which has hardly changed until now, a "non-profitable zero" in fiscal year 2003 still is an encouraging and realistic target. The combination of economizing measures, internal efforts, new cooperations as well as the realization of the above mentioned measures should achieve its purpose.

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Breakeven in 2003

Moutier, 20th November 2002.

Tornos Holding SA (Tornos) is planning to realize its turnaround in the coming fiscal year 2003. The biggest employer in the region of Moutier plans to be profitable in future. Prime priority in this context is adjusting capacities to realistic market expectations.

Direction towards profitability

In consideration of the measures that have been taken, signs regarding the recovery of Tornos are still good. In spite of the continuing decreasing demand for investment goods, Tornos has budgeted a "clear neutral zero" for the annual statement of accounts 2003. In order to achieve this realistic target, the strengthened and renewed management team under President of the Board of Directors François Frôté, consisting of Raymond Stauffer - Delegate of the Board, Francis Koller - Sales, Philippe Maquelin - Organization and Administration, Bernard Seuret - Production, and Financial Chief Martin Tschumi, who has experience with crisis situations, has taken over its tasks promptly and specifically.

Tornos' confidence depends on various factors: Thanks to an open information policy between the management and the representatives of the trade unions, one can talk of a constructive dialog. The various internal measures are carried as well by the staff. As a result of short-time work, Tornos will be able to maintain the know-how of approximately 100 concerned employees in the production sector.

Preparedness for revival

This is important: Should the economic climate change, this might mean increasing sales for Tornos again, and, in that case, Tornos would need to adapt very quickly to the new situation. In spite of decreasing sales on the world market, compared to competitors, Tornos' single and multi spindle automatic lathes still have market advantages.

The company will also consequently adapt to customer demands internally and will further optimize its processes as well as the cooperation among the individual divisions. On the market, Deco as well as MultiDeco with its groundbreaking concept of mobile head stock are still attracting great interest due to their cost effectiveness. As a result of the above mentioned optimizations, the existing product range will in addition profit from a better support now.



With its new strategy, Tornos is placing emphasis on the balanced diversification of its customers. Customers of the automotive industry, the electronics field and the medical sector will be handled in a specific manner. For the time being, Tornos is concentrating geographically on traditional industrial countries in Europe, North America and Asia.

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