

BIESSEGROUP

Company presentation – Milan, 15 September ISMO Conference 2015



Biesse Group is a global leader in the technology for processing wood, glass, stone, plastic, advanced materials and metal.

Founded in Pesaro in 1969 by Giancarlo Selci, the company has been listed on the Stock Exchange (STAR segment) since June 2001.



Innovation is our driving force

Innovation is the driving force in the way we do business, continuously striving for excellence to support our customers' competitiveness.

We innovate to produce the most widely-sold processing centres in the world.

We innovate to introduce new technology standards to the market We innovate to design production lines and systems for large enterprises.

We innovate to develop solutions and software programs to facilitate our customers' day-to-day activities.

Innovation is hard-wired in our DNA. Past, present and future.





Worldwide distribution

Italy

Brianza Triveneto

U.K.

Daventry

Switzerland

Luzern

Sweden *

Jönköping

Russia

Moscow

Germany

Elchingen Löhne Gingen France

Lyon

Spain

Barcellona

Portugal

Lisbona

U.A.E.

Dubai

North America

Charlotte Montreal Toronto

Los Angeles

Forth Lauderdale

Brazil

San Paolo

India

Bangalore

Mumbai

Noida

China

Shanghai

Dongguan

Guangzhou

Asia

Singapore

Kuala Lumpur

Jakarta Seoul

Oceania

Sydney Brisbane

Melbourne

Perth

Auckland





Intermac

Since 1987

Specialised in the glass and stone processing sector.
Solutions for the flat glass and stone processing industry and for the furniture, construction and

automotive industry.

Today

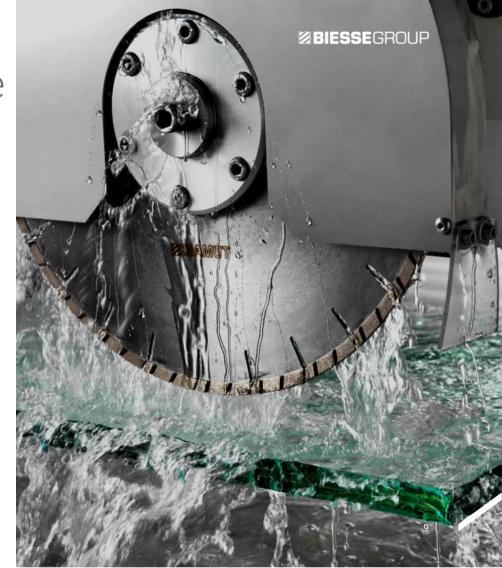
Is one of the most prestigious brands in this sector.



Cutting-edge

Diamut creates customised diamond and binder mixes tools developed and field-tested on the basis of customers requirements.

Using high-tech tools, it is possible to process any material, from stone through to concrete, ceramic, glass and manmade materials.



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Wide customer base in more than 120 countries



Major customers wood



Major customers glass & stone





Major customers **mechatronic**

















"..show them Inside.."

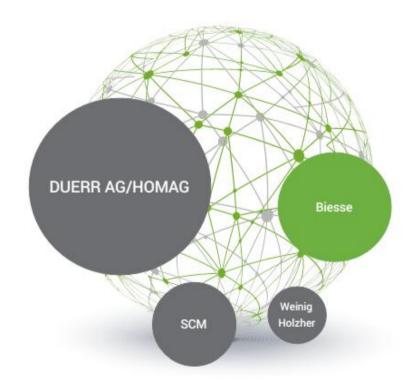
Biesse Inside (Pesaro, Italy) but not only... dedicated and large show rooms in the most important subsidiaries



Main world competitors

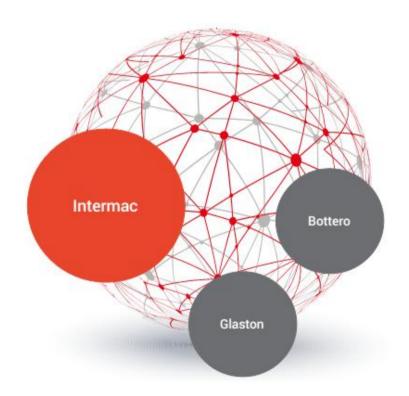


Main world competitors: wood



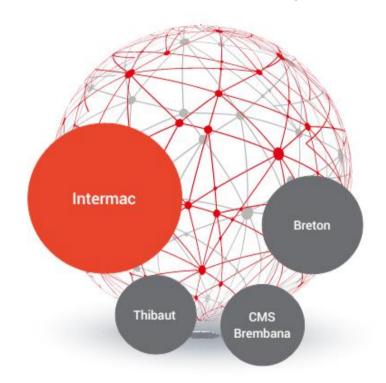


Main world competitors: glass



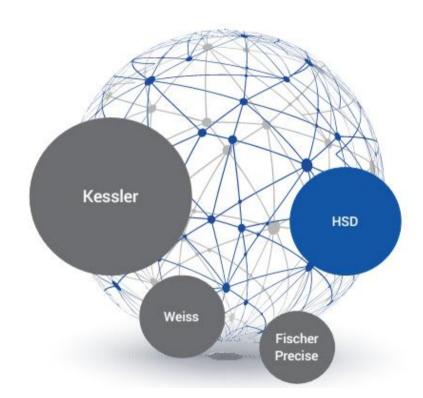


Main world competitors: stone





Main world competitors: mechatronics

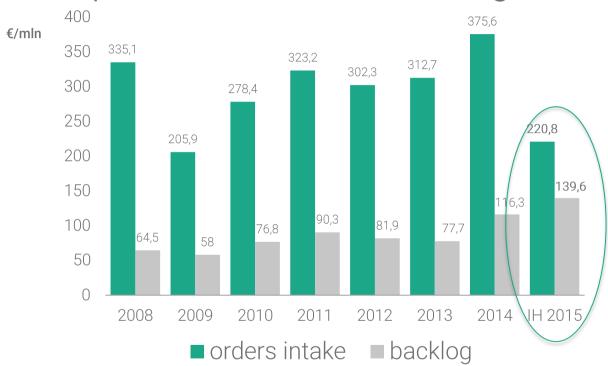


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Orders intake & backlog



Group order intake & backlog



•IH 2015: Group order intake +13% (vs the same period 2014)

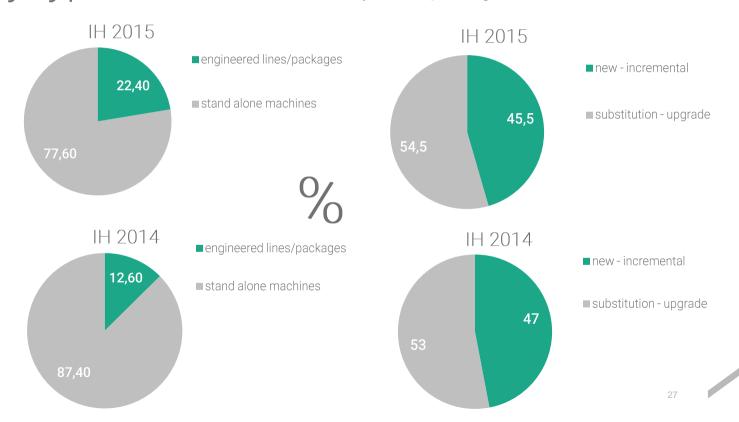
•IH 2015 : Group backlog **+29.5%** (vs the same period 2014)

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Breakdown

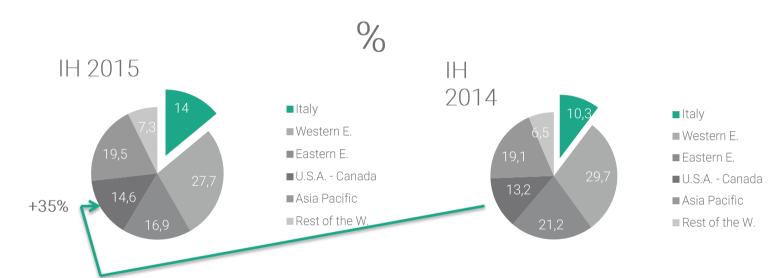


Orders backlog breakdown by type & destination (company evaluation)





Sales breakdown by country

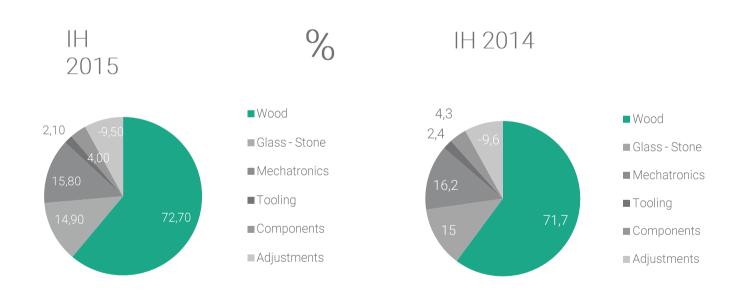


IH 2015 B.R.I.C. 11.8%

IH 2014 B.R.I.C. 14.5%



Sales breakdown by division



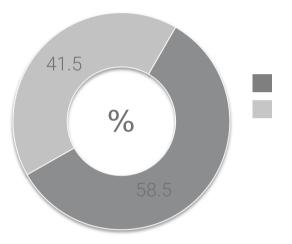


Employees breakdown by destination

	June 2015	2014	2013	2012	2011	2010
manufacturing	1,222	1,201	1,175	1,265	1,250	965
%	41%	42%	44%	45%	46%	41%
service & after-sales	655	628	613	574	577	568
%	22%	22%	23%	21%	21%	24%
R&D	366	361	321	338	316	293
%	12%	13%	12%	12%	12%	12%
sales & marketing	453	439	351	364	361	340
%	15.4%	15%	13%	13%	13%	14%
g & a	251	252	235	242	233	202
%	9%	9%	9%	9%	9%	9%
Italy	1,638	1,605	1,547	1,646	1,656	1660
%	56%	56%	57%	59%	61%	70%
outside Italy	1,309	1,276	1,148	1,136	1,081	708
	44%	44%	43%	41%	39%	30%
TOTAL	2,947 *	2,881	2,695	2,782	2,737	2,368
*without temporary workers	^					



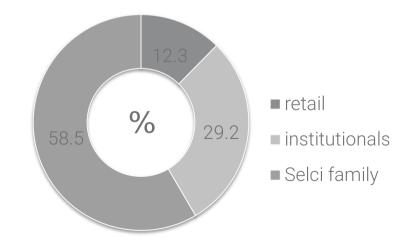
Shareholders breakdown



Bi.Fin s.r.l (Selci family) free float



- •JP Morgan Asset Management 1.9%
- •Credit Agricole 1.7%
- •Amundi SA 1.3%



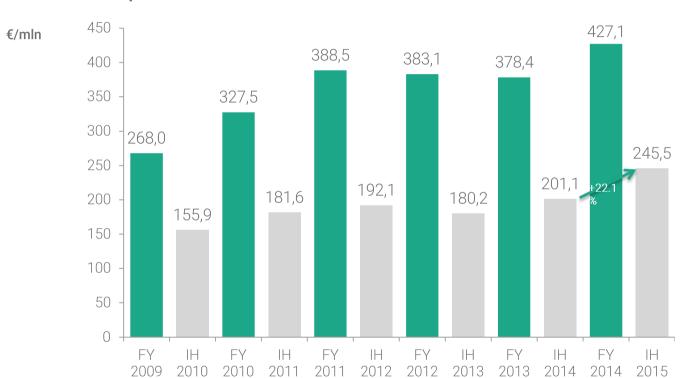
Source Factset & Bloomberg

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IH 2015: consolidated financial



Group turnover





P&L: main items

€/mln	IH 2014	IH 2015	Delta %
Net sales	201.1	245.5	+22.1%
Value added	79.8 39.7%	101.9 41.5%	+27.7%
Labour cost	62.9 31.3%	72.9 29.7%	+16.1%
EBITDA	16.9 8.4%	28.9 11.8%	+70.7
EBITDA EBIT			+70.7 +108.1%
	8.4% 9.7	11.8% 20.2	



Operating net working capital

€/m	IH 2014	IH 2015	Delta€
inventory % over IH net sales	98.7 49.1%	124.3 50.6%	25.6
trade receivables % over IH net sales	78.5 39.0%	99.6 40.6%	21.1
trade payables % over IH net sales	118.8 59.1%	157.2 64.0%	38.4
operating net working capital	58.4	66.8	8.4
% over IH net sales	29.0%	27.2%	

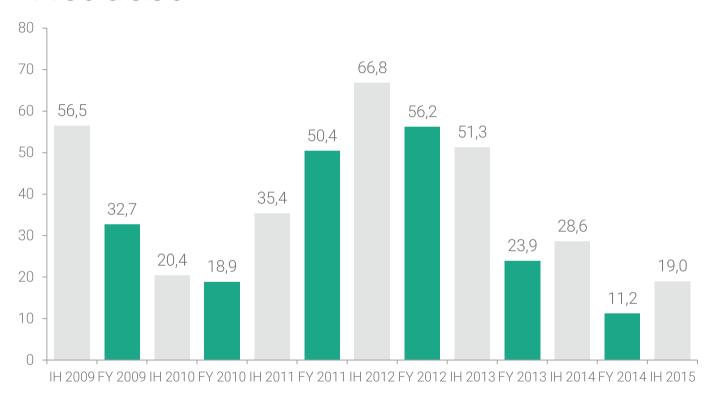


Cashflow

€/mln	IH 2014	IH 2015	Delta€
OPERATIVE cashflow	9.0	9.7	+0.7
Investments	-8.8	-11.4	+2.6
FREE cashflow	0.1	-1.7	-1.8
<u>dividends paid</u>	-4.8	-9.8	

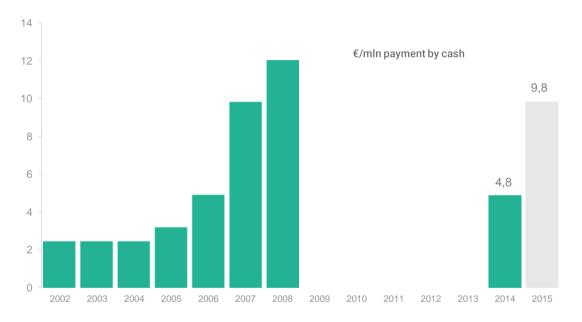


Net debt





Dividends paid



2015	may 18th (may 20th value date)	
dividends payment	€ 9,811,066.68	
payout	0.36 x share	67.7% (2014 Biesse s.p.a. net result)

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Three years business plan extract to remind (February 2015)



target market shares

actions:

target growth more product
more network
more discipline

target efficiency

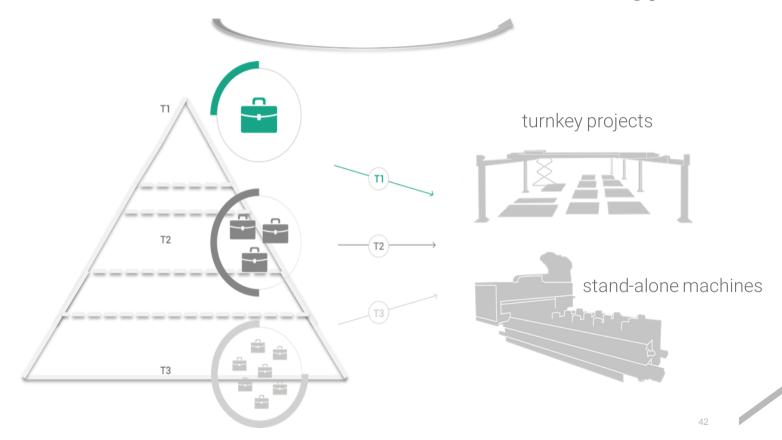
target excellence

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Strategy 2015-2017 main driver

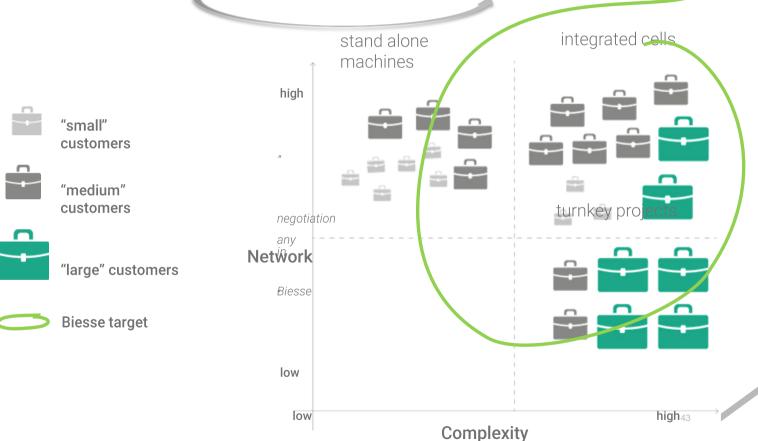


From tri-band offer to dual strategy





From tri-band offer to dual strategy







More network



- subsidiaries & trade channel development, increased headcount for foreign subsidiaries (salespeople & engineers), enhanced training and expertise
- development of Latin America sales network /manufacturing (Brazil) and of Asia sales network
- development of overseas manufacturing (India and China)
- group marketing & communications



More discipline



financials orders

market shares

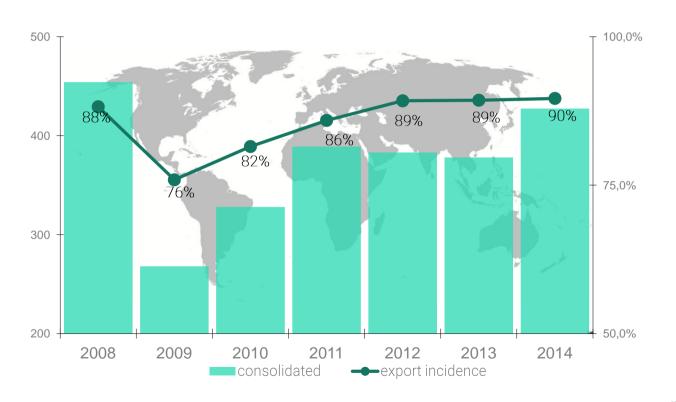
- control non-strategic structural costs
- pay-off for software upgrades (financial incentive to upgrade)
- tight control of operating net working capital
- product reliability/quality as a key factor for the reduction of collection days (DSO ratio)
- increase organic cashflow, reduce net debt and pay regular dividends

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Subsidiaries – trade channel



Export share of consolidated revenues





Subsidiaries: guidelines

- invest in human resources and capabilities as growth drivers (network & technology)
- transform the management approach from EBIT-driven to EBIT-consciuos >>> focus on market share and growth
- improve after-sales service quality to gain customers' trust
- enhance sales and marketing integration



Trade channel: guidelines

- consolidate market share for cutting, edgebanding and drilling for the top of the market range
- hire specialised staff and dedicated (resident) key account managers to develop line and cell sales in particular
- focus on "growth" customers target group in the medium-high range segment, with a focus on "productiong upgrade"
- **strenghten** the dealer network for the "stand-alone machine range" (salespeople, engineers, service engineers) to increase the integration with "made in Biesse" products manufactured in China and India
- monitor discount policies to safeguard sales margin, increasing the perception of the "business offer system" and preventing price conflicts

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2015 highlights and recent events



2015 highlights

orders intake & backlog

- •orders intake:worldwide growth driven by technological and reliable products despite markets difficulties
- •backlog (machines to be invoiced): constantly exceeding € 100 mln. with a turnover visibility (average) of 4-5 months
- ·market shares: perception of an increase in all the business divisions

from Hannover to Las Vegas (world fairs - wood)

- LIGNA Hannover May 11-15: Biesse exhibition area had 96,000. partecipants with a record increase (+63%) for orders intake (vs 2013 edition)
- AWFS Las Vegas: July 22-25: record orders intake with more than 1,000. partecipants

cashflow

- ·higher operative cashflow: allowed an increase in investments and dividends paid
- •net debt reduction: enlarged the capability to use the exceeding cash-facilities



China events

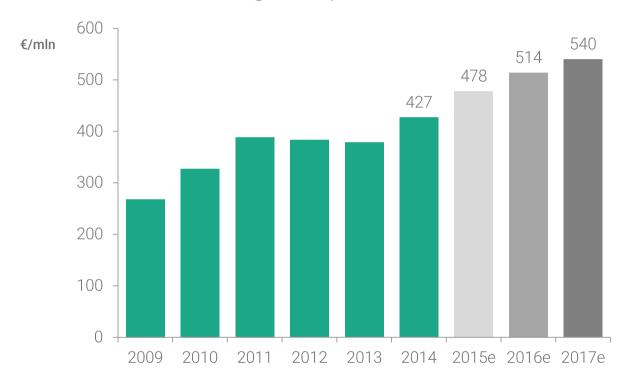
- at the end of July China was directly absorbing less than € 13 mln turnover (incidence 4.5%); due to the actual economic turbolences and the short term GDP projections, the initial target of around € 22 mln turnover appear hard to be reached
- the so-called **chinese panic** and the consequent **markets volatility increase** seems to be mainly a financial issue; the impacts on the **real economy** (i.e. capital goods demand) will be closely monitored and evaluated especially in our business sectors
- notwithstanding this Biesse will keep alive all the actions initially projected for this area (strenghtening the entire organisation / expanding and reinforcing the local sales and post-sales network)
- Biesse will continue to develop the local dedicated production site (Dongguan-China) mainly for domestic demand and in order to neutralize the €/CNY effects

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Three years business plan figures to remind (February 2015)



consolidated group turnover



CAGR 2015 -2017: 8.1%



consolidated P&L: main items

€/mln	2013	2014	2015e	2016e	2017e
Net sales	378,4	427,1	478,2	514,1	540,1
Cost of goods sold	156,5	171,2	187,1	201,5	210,5
Labour	112,7	128,2	142,0	151,0	158,6
overhead	81,4	89,7	97,8	99,4	101,9
EBITDA	30,9	40,9*	52,8	63,7	70,7
EBIT	15,1	26,5**	36,0	47,0	54,0

^{*}before non-recurring items for 1.3 euro mln.

^{**} before non-recurring items for 1.7 euro mln.



operating net working capital

€/m	2013	2014	2015°	2016°	2017e
inventory % over net sales	86.3 22.8%	98.1 23.0%	107.5 22.5%	113.6 22.1%	117.7 21.8%
trade receivables % over net sales	76.2 20.1%	80,7 18.9%	90.0 18.8%	95.0 18.5%	100.0 18.5%
trade payables % over net sales	111.1 29.4%	123.2 28.8%	135.0 28.2%	140.0 27.2%	145.0 26.8%
operating net working capital % over net sales	51.4 13.6%	55.6 13.0%	62.5 13.1%	68.6 13.3%	72.7 13.5%

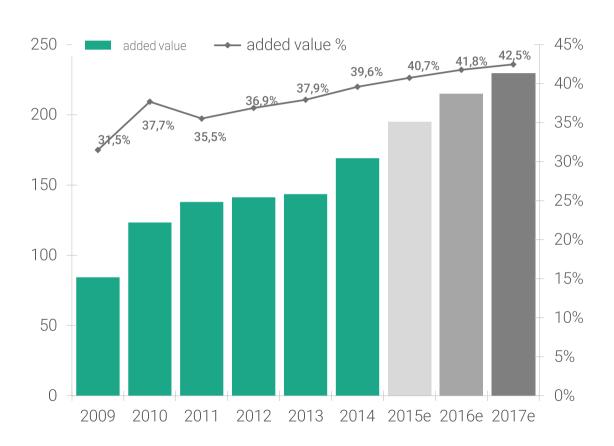


cashflow - net debt

€/mln	2013	2014	2015e	2016e	2017e
gross cashflow % over net sales	52.1 13.8%	38.3 9.0%	32.3 6.8%	41.4 8.1%	48.5 9.0%
investments % over net sales	-19.9 5.2%	-20.8 4.9%	-22.7 4.7%	-15.4 3.0%	-15.4 2.9%
free cashflow % over net sales	32.3 8.5%	17.5 4.1%	9.6 2.0%	26.0 5.1%	33.1 6.1%
<u>dividends</u>		-4.8	-9.8 0.36 per share	-9.8 0.36 per share	-9.8 0.36 per share
delta net debt		12.7	-0.2	16.2	23.3
net debt (net financial position)	-23.9	-11.2	-11.4	+4.9	+28.2

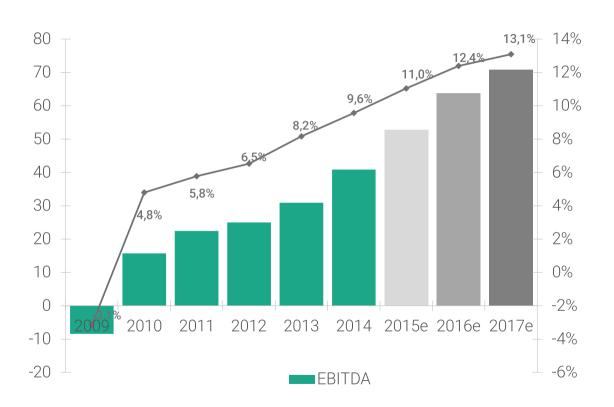


added value



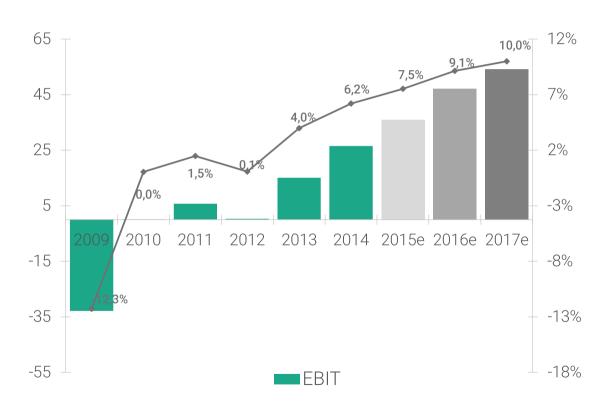


ebitda



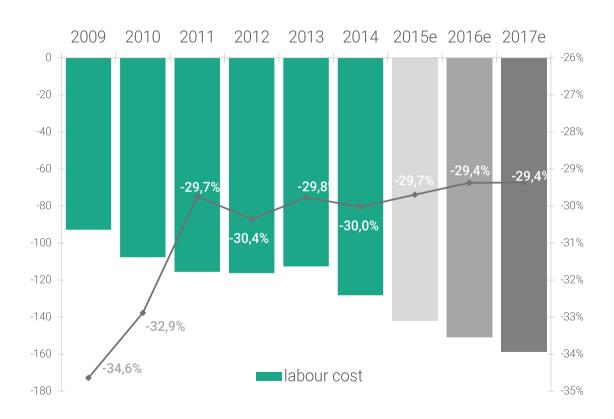


ebit



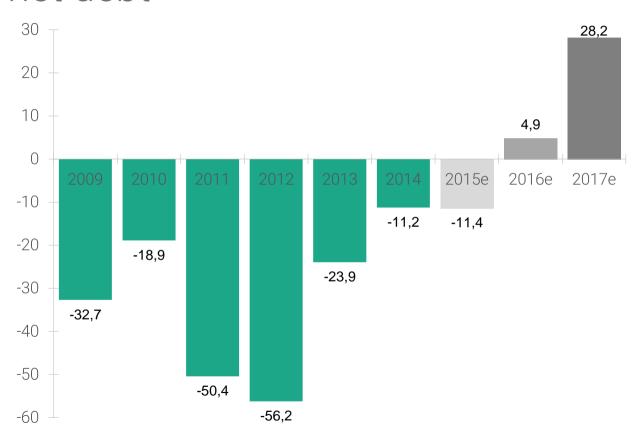


labour cost



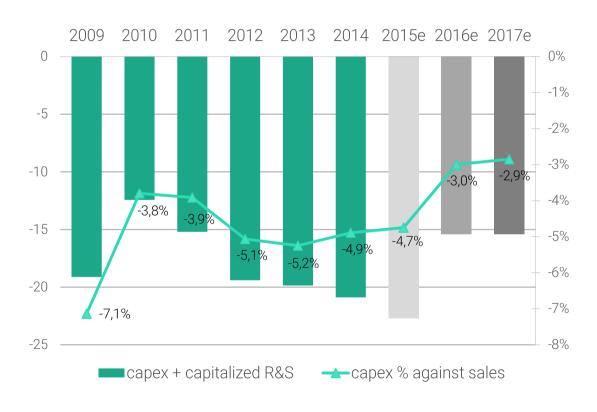


net debt



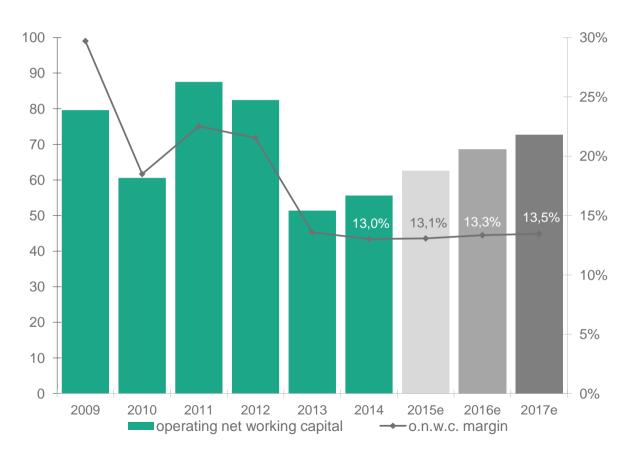


capex + capitalized R&S



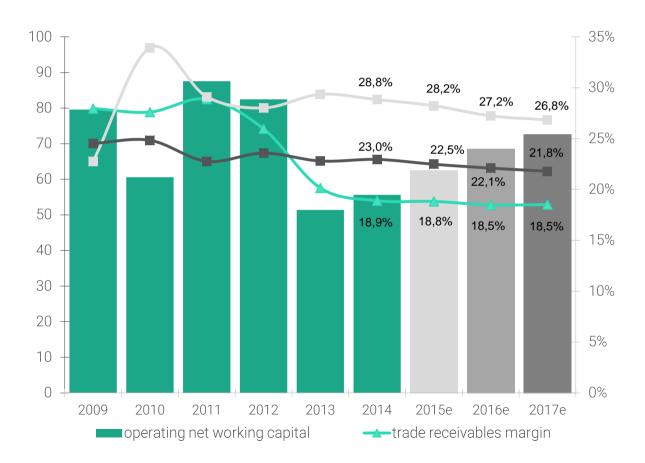


operating net working capital





receivables – payables - inventories



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