



 **BIESSE**GROUP

Geneva, October 2015



Biesse Group

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.



How
Where
With
We

- more than 200 patents registered
- 34 branches and representative offices
300 agents/certified dealers
- customers in
120 countries
- almost 3,100 employees
(temporary workers included)
throughout the world

4

worldwide distribution – direct presence



* foreign production site

Biesse

Since 1969

Specialised in the woodworking segment.
Solutions for joiners and large furniture, windows, doors and
wood building components manufacturers.



 **BIESSE**GROUP

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.

Technological independence

Mechatronics

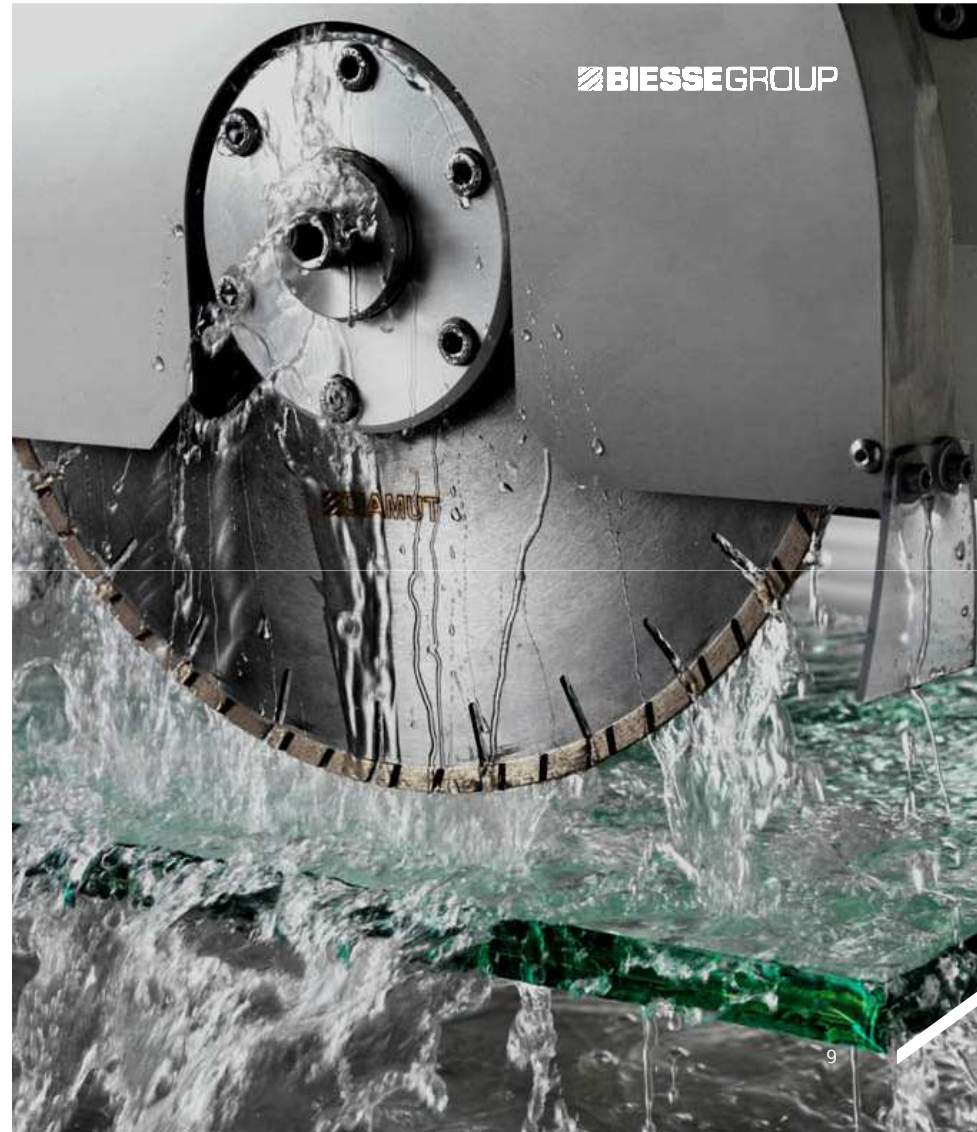
Biesse Group directly designs and manufactures all high-tech components for its machines.

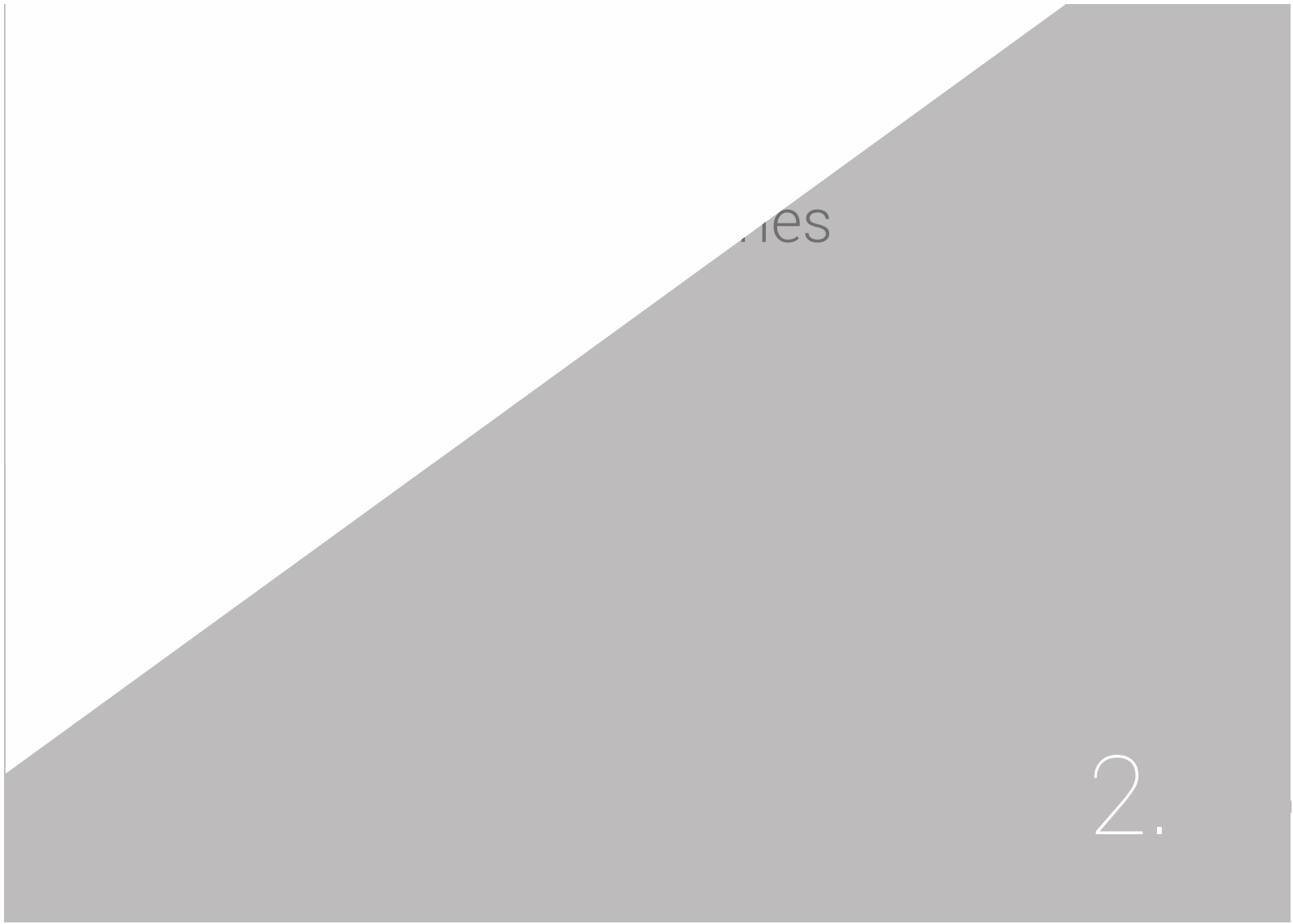
Thanks to a dedicated business unit specialised in Mechatronics, it manufactures key components to guarantee high performance and competitive advantage to its customers.

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 man-made materials.





Major customers wood



Major customers glass & stone



Major customers mechatronic



Lago, Italy



FIAM, Italy

BIESSE GROUP





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The Sagrada Família sites bets on Biesse

Moda Life, Turkey

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VKDP, Russia

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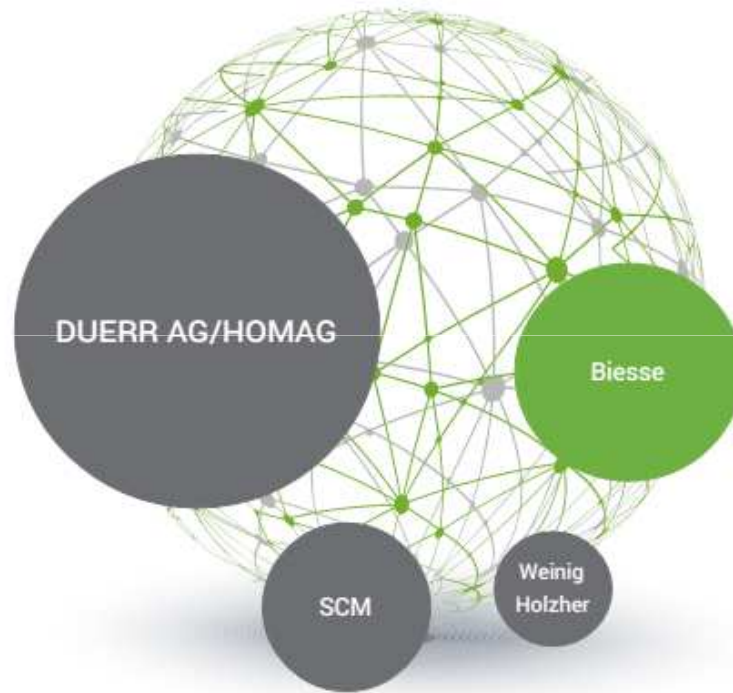
SCA Indústria de Móveis, Brazil





Main world competitors: **wood**

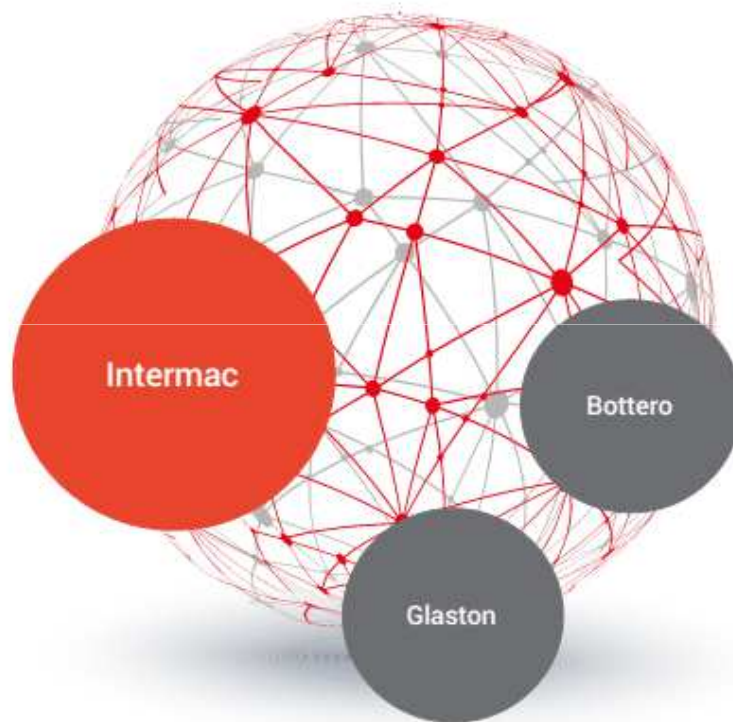
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company evaluation

Main world competitors **glass**

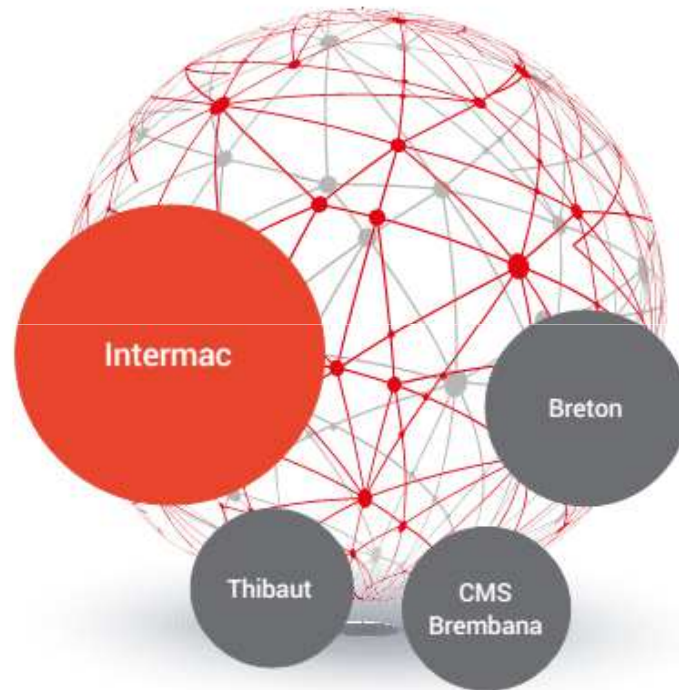
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company evaluation

Main world competitors **stone**

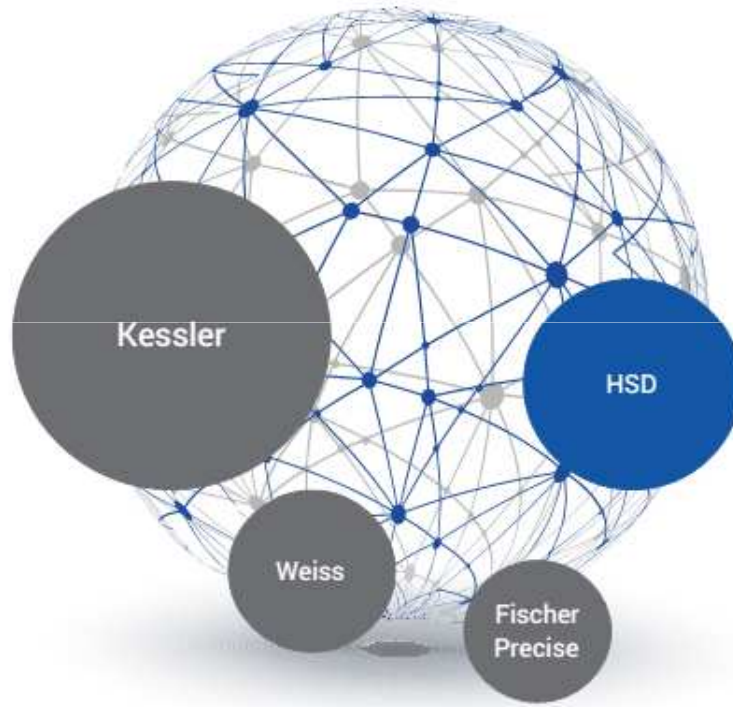
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company evaluation

Main world competitors **mechatronics**

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company evaluation



2015 ongoing main highlights (world fairs-network-show rooms)

from Hannover -through Las Vegas- to Pesaro

- **LIGNA** – Hannover May 11-15 :Biesse exhibition area had around 96,000. participants with a record increase (+63%) of orders intake (vs 2013 edition)
- **AWFS** – Las Vegas:July 22-25 : record orders intake with more than 1,000. participants
- **InsideBiesse**– Pesaro October 15-17 : in-house event (5,000 s.m. wood showroom) to demonstrate software & automation evolutions

strengthening of the Group foreign structure

- **Turkey**: acquisition of the 80% of the former main turkish distributor Nury Baylar to create the **Biesse Turkiye** subsidiary
- **Turkey**: strong cooperation with the turkish local partners to improve sales, distribution and service
- **Turkey**: “the land of furniture” located in a strategic area to connect the Mediterranean countries and those in the Middle East

show rooms & buildings

- **new buildings**: Kuala Lumpur – Charlotte (N.C.)
- **new show rooms**: Los Angeles – Kuala Lumpur – Sydney – China - Brazil (Intermac) to rise the existing ones (nr. 13 in total) all over the world



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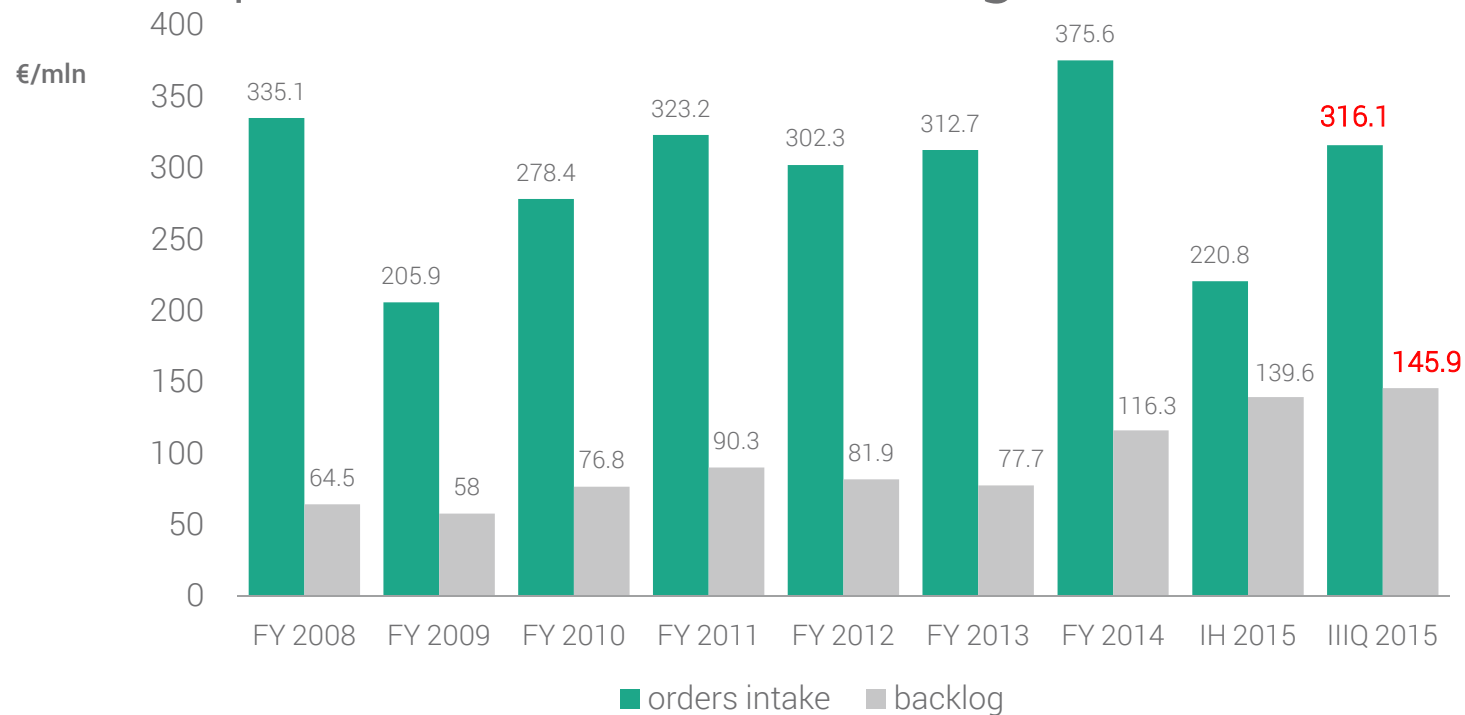
Biesse

“..show them Inside..”

dedicated and large
show rooms in the most
important countries



Group order intake & backlog

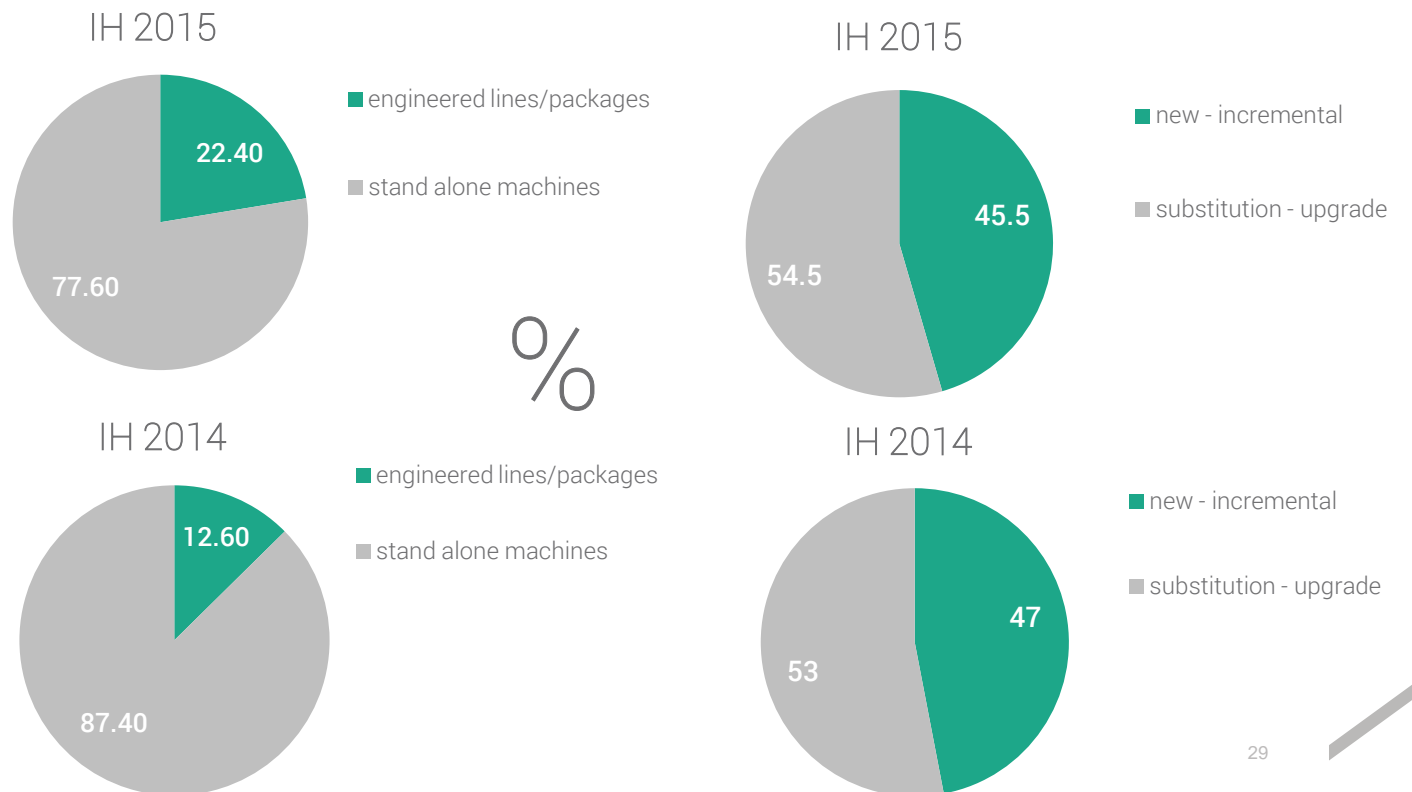


- IH 2015 : Group orders intake **+13%** (vs the same period 2014)
- IH 2015 : Group backlog June 2015 **+29.5%** (vs the same period 2014)

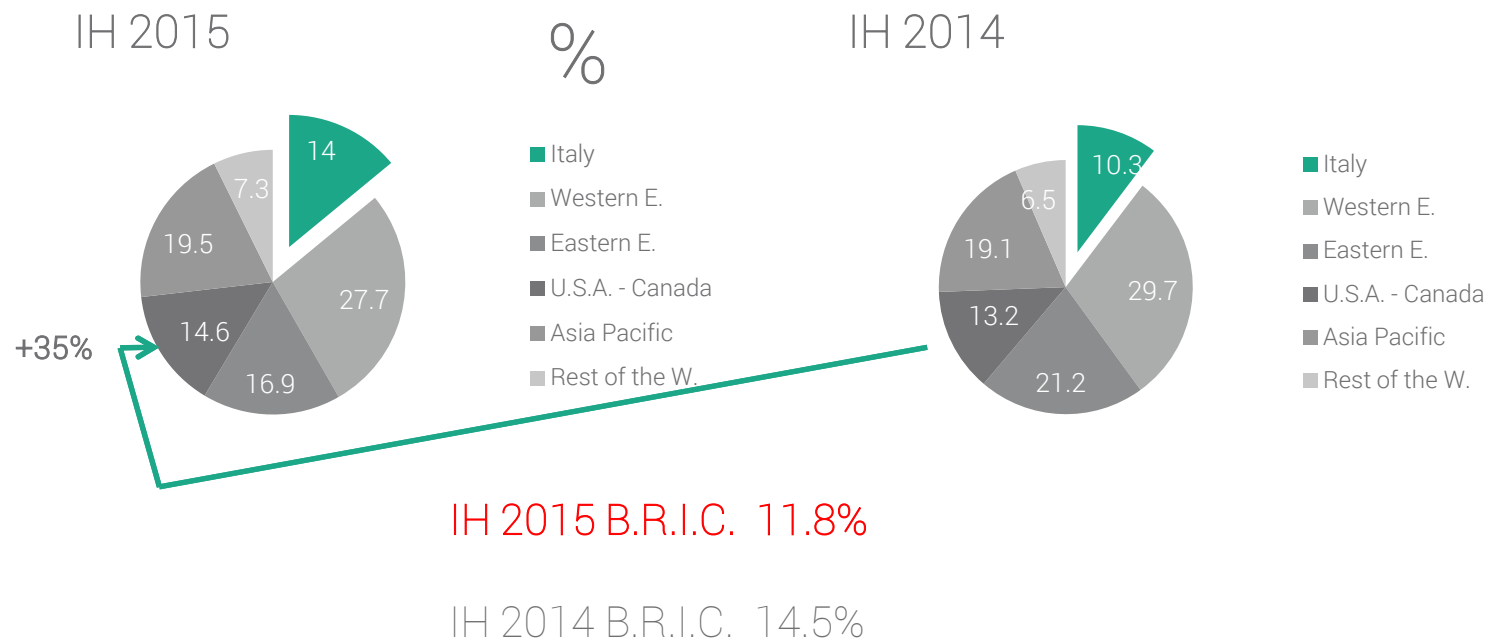
• **September update: orders intake +12.9%** (vs the same period 2014)



orders backlog breakdown by type & destination *(company evaluation)*



Sales breakdown by country

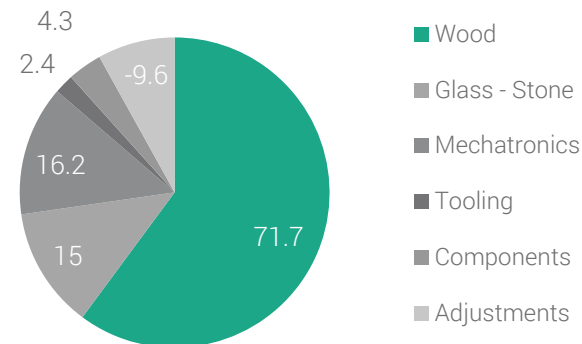
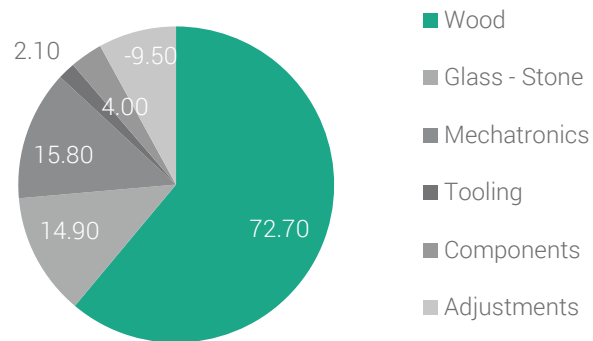


Sales breakdown by division

IH 2015

%

IH 2014

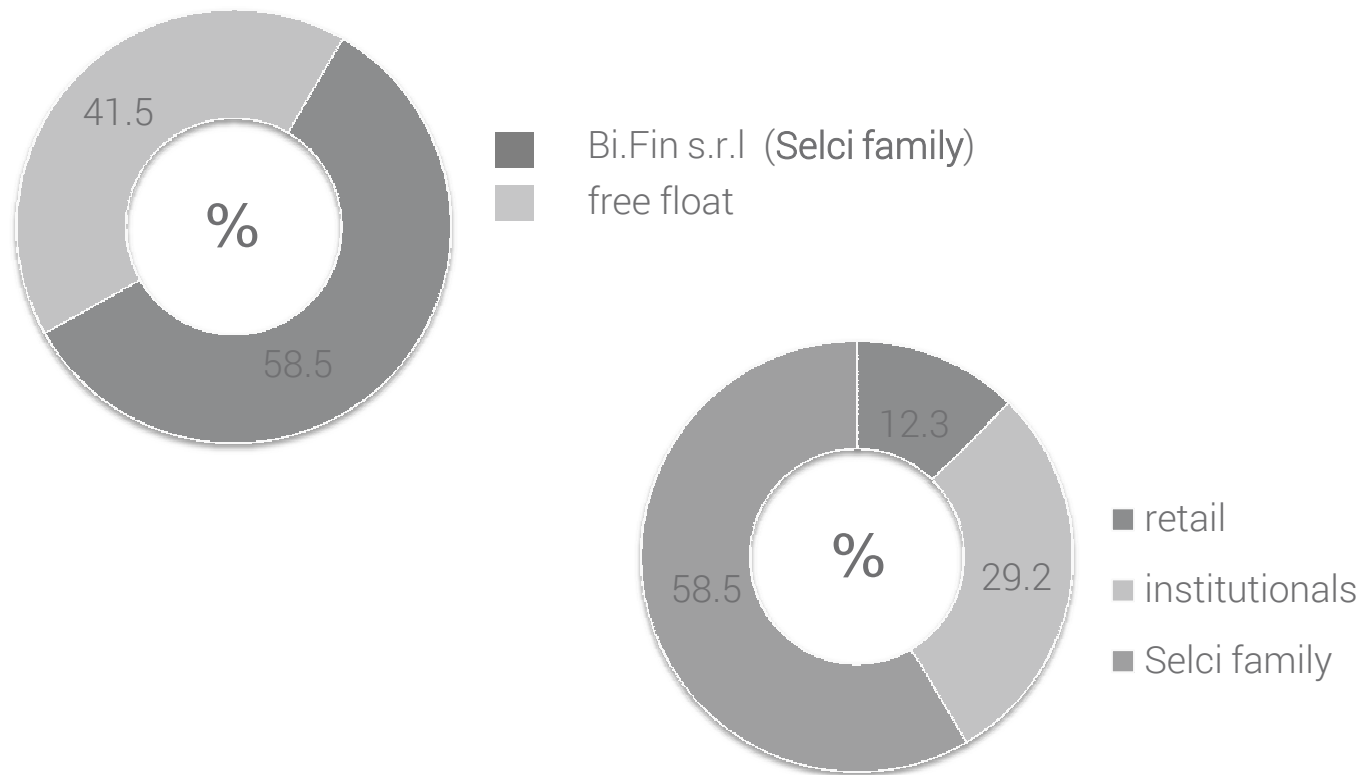


employees breakdown by destination

	June 2015	2014	2013	2012	2011	2010
manufacturing %	1,222 41%	1,201 42%	1,175 44%	1,265 45%	1,250 46%	965 41%
service & after-sales %	655 22%	628 22%	613 23%	574 21%	577 21%	568 24%
R&D %	366 12%	361 13%	321 12%	338 12%	316 12%	293 12%
sales & marketing %	453 15.4%	439 15%	351 13%	364 13%	361 13%	340 14%
g & a %	251 9%	252 9%	235 9%	242 9%	233 9%	202 9%
Italy %	1,638 56%	1,605 56%	1,547 57%	1,646 59%	1,656 61%	1660 70%
outside Italy %	1,309 44%	1,276 44%	1,148 43%	1,136 41%	1,081 39%	708 30%
TOTAL	2,947*	2,881	2,695	2,782	2,737	2,368

*without temporary workers

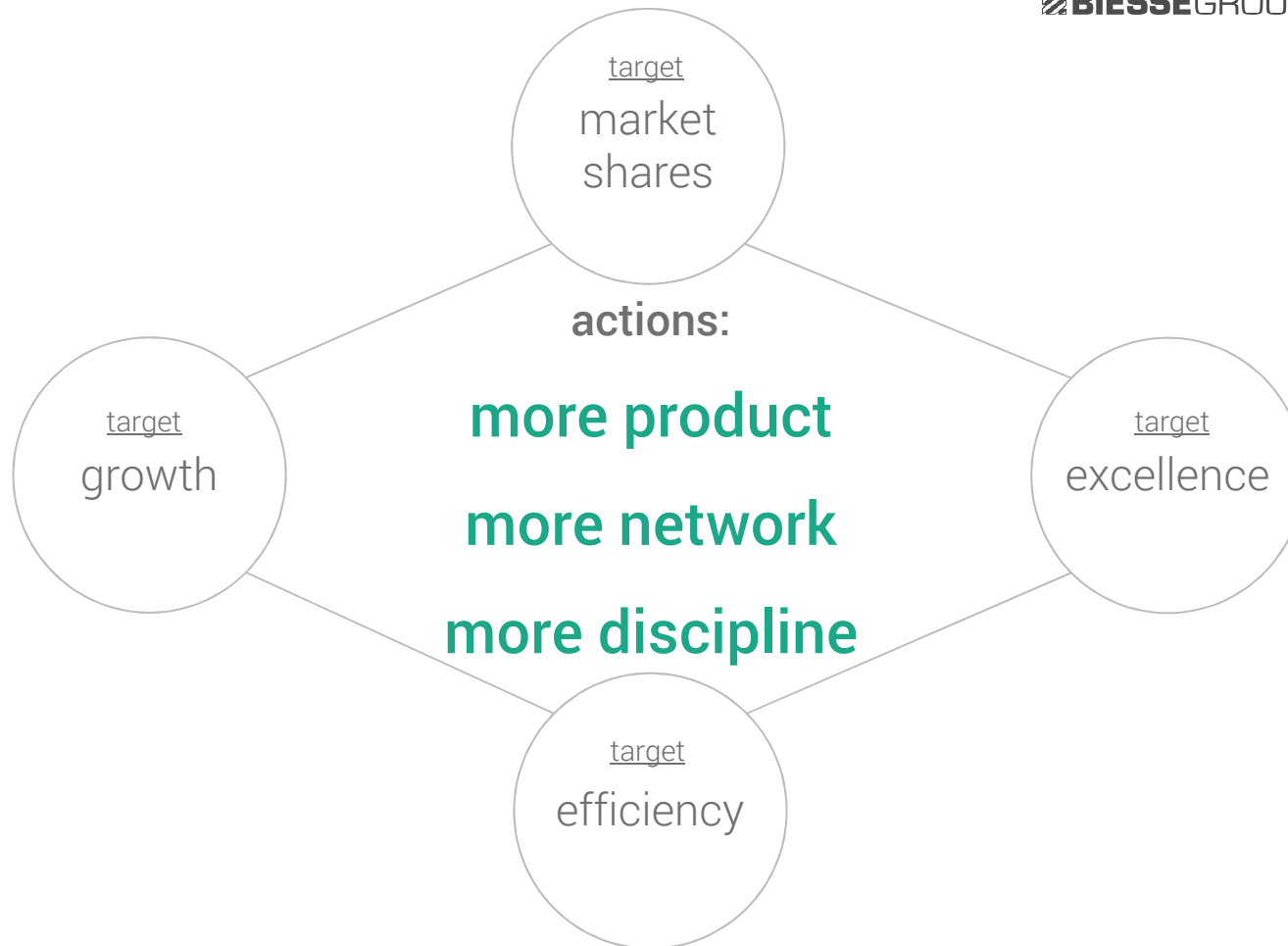
Shareholders breakdown



Source Factset & Bloomberg

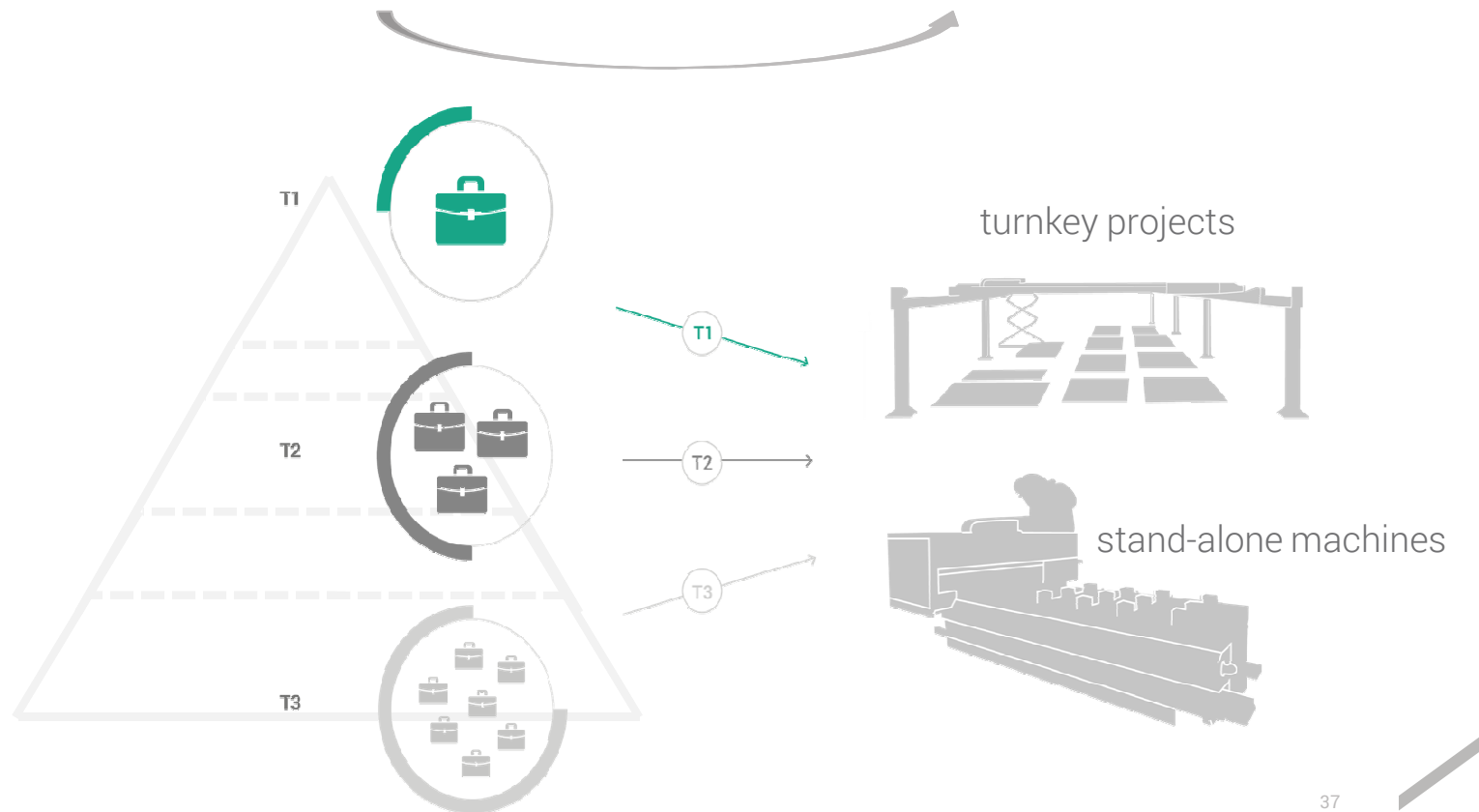


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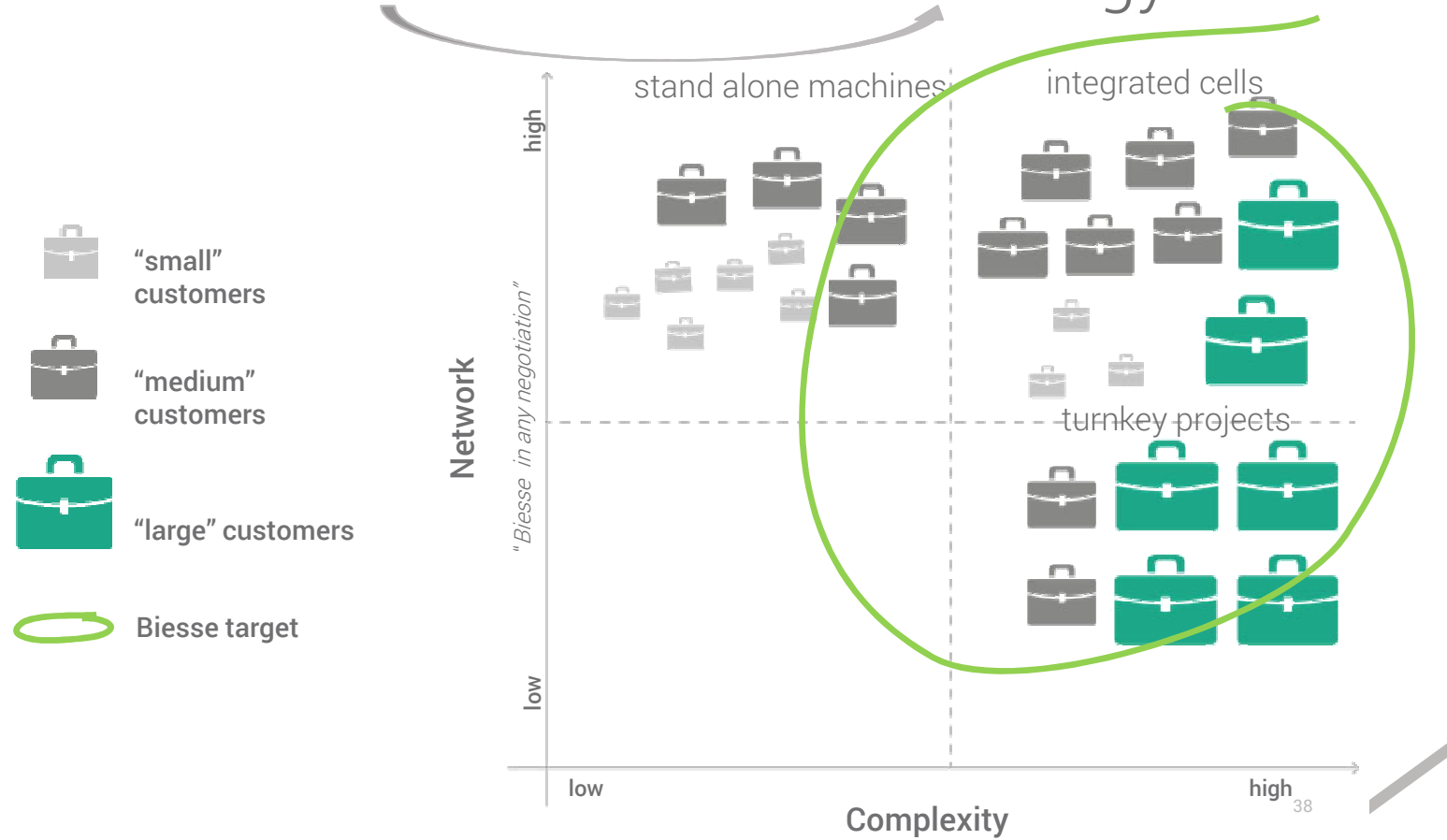




From tri-band offer to dual strategy



From tri-band offer to dual strategy



More product

- plastic *
- metal (*HSD*) **
- bSuite (*software*)
- Systems / cells (*batch one lines- winstore range*)
- new glass and stone range

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

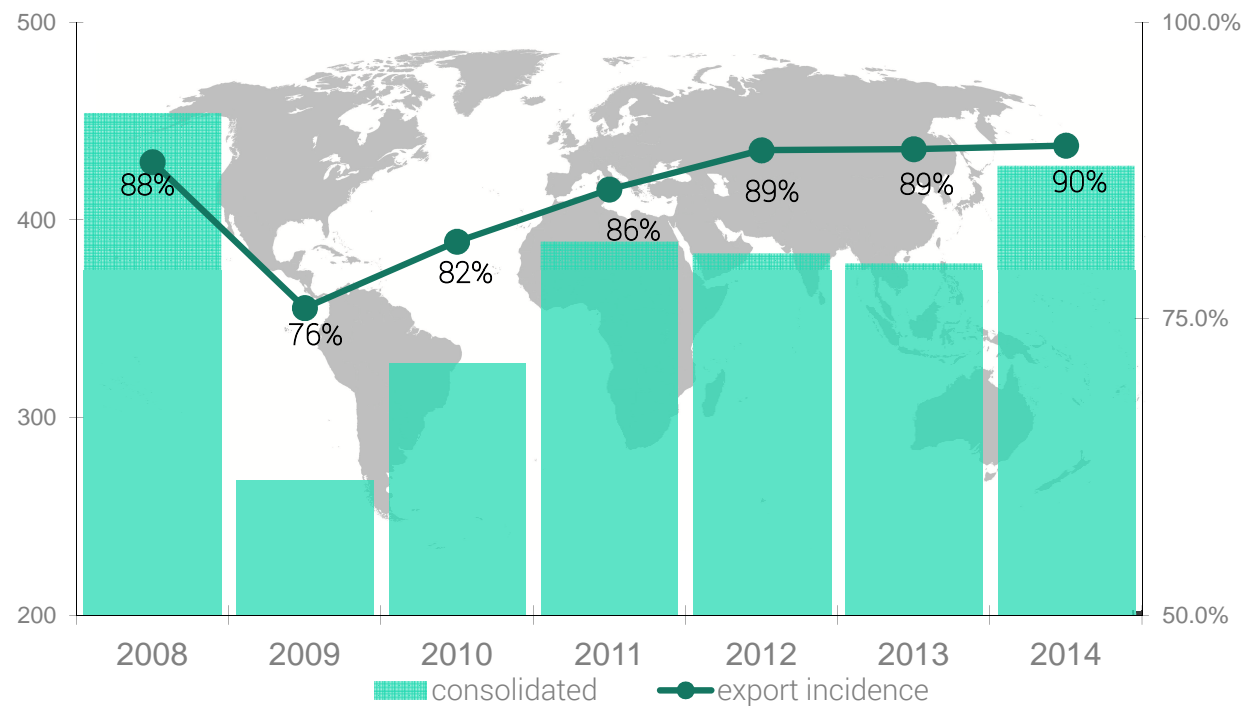


- control non-strategic structural costs
- pay-off for software upgrades (*financial incentive to upgrade*)
- tight control of operating net working capital
- product reliability/quality as a key factor for the reduction of collection days (*DSO ratio*)
- increase organic cashflow, reduce net debt and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

financials
orders
market shares



export share of consolidated revenues



subsidiaries: guidelines

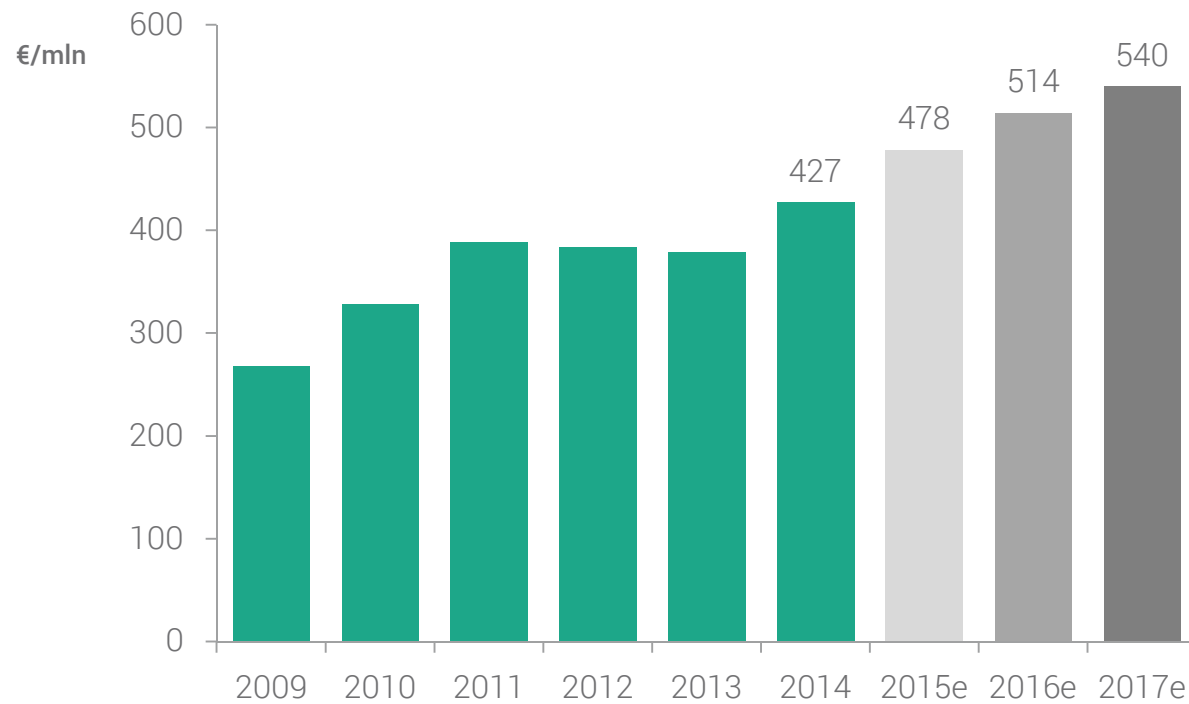
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- A faint, light gray world map is visible in the background of the slide, centered behind the list of guidelines.
- invest in human resources and capabilities as growth drivers
(network & technology)
 - transform the management approach from EBIT-driven to EBIT-conscious >>> 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”
 - **strengthen** 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



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 cost	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.

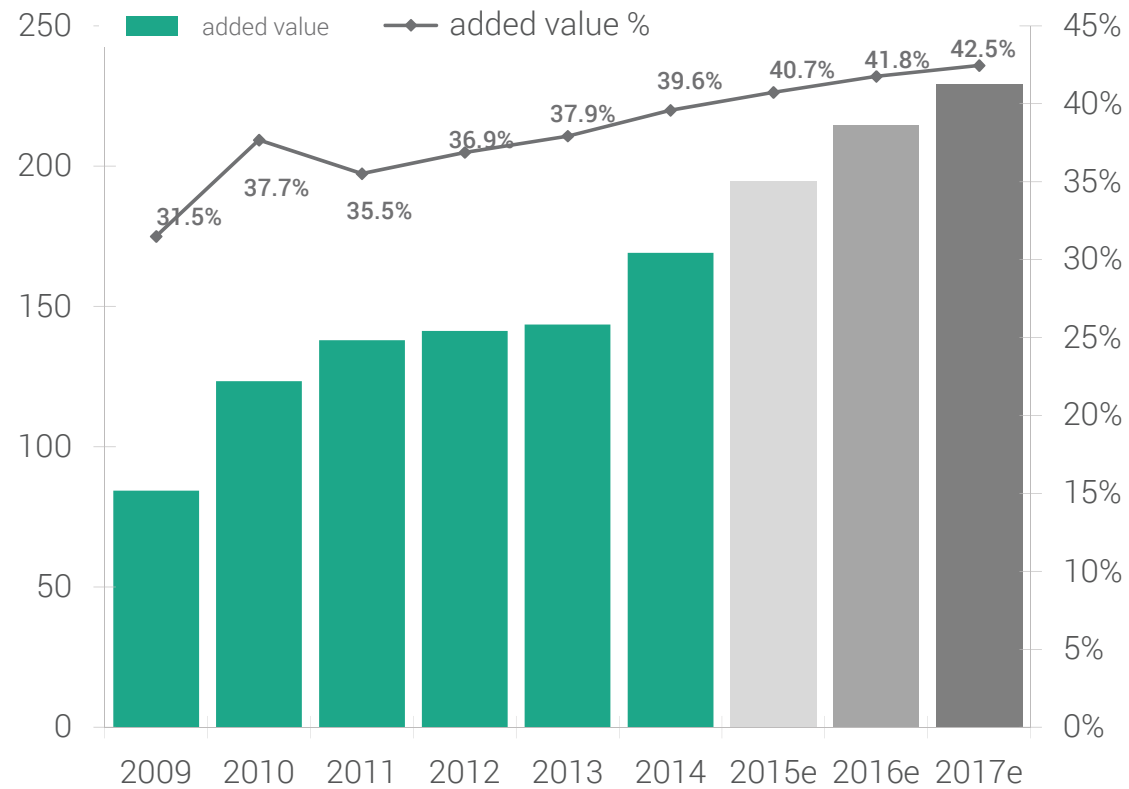
operating net working capital

€/m	2013	2014	2015e	2016e	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%

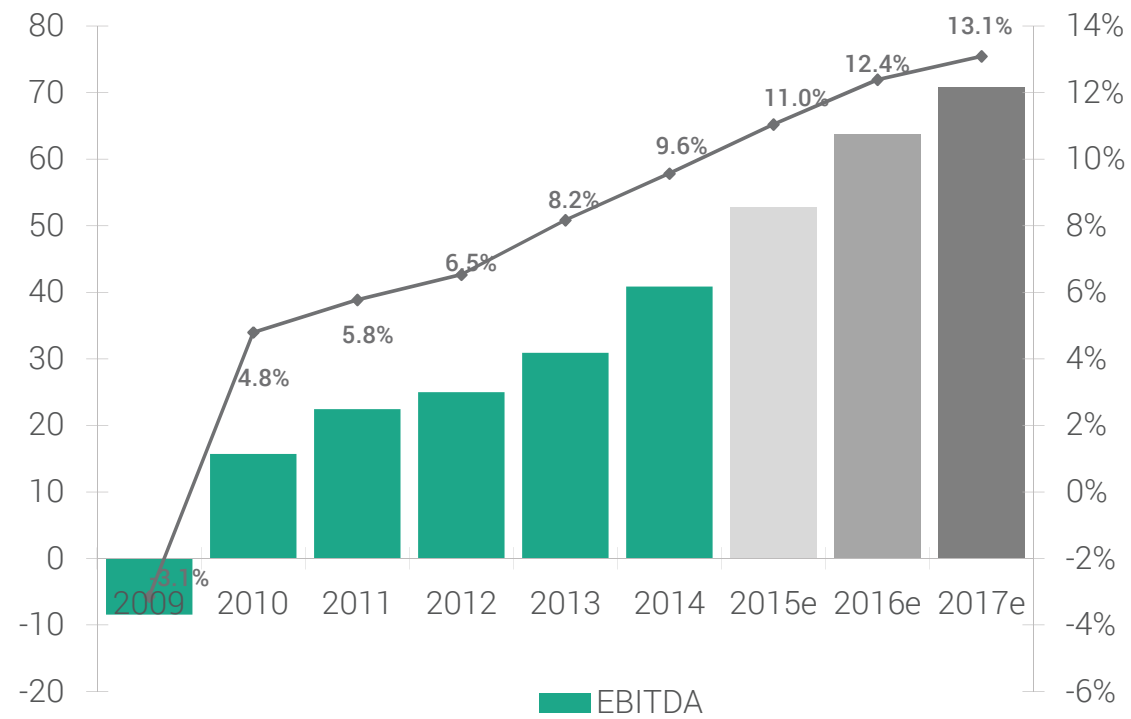
cashflow – net debt

€/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

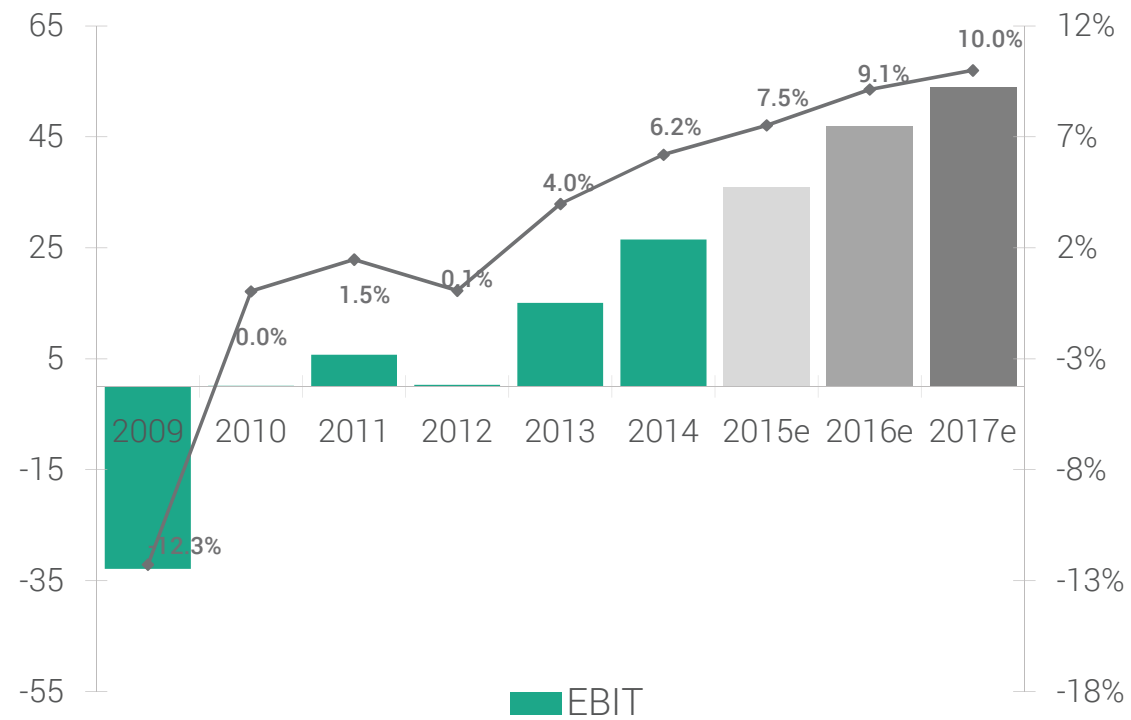
added value



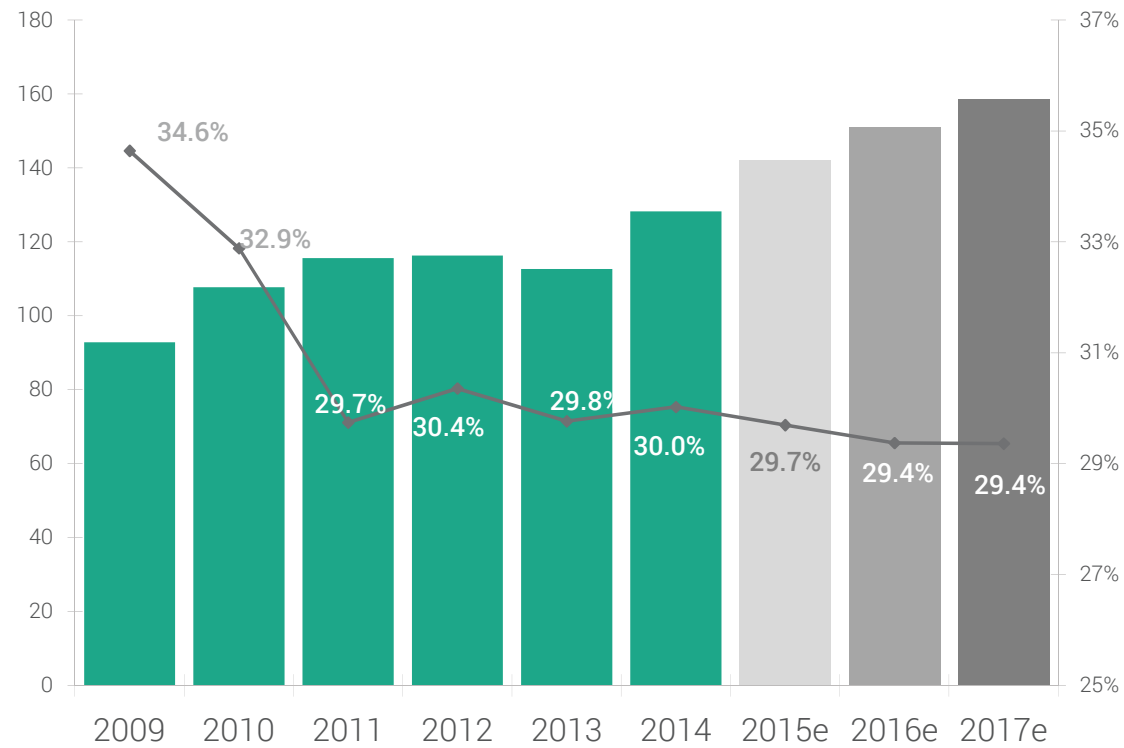
ebitda



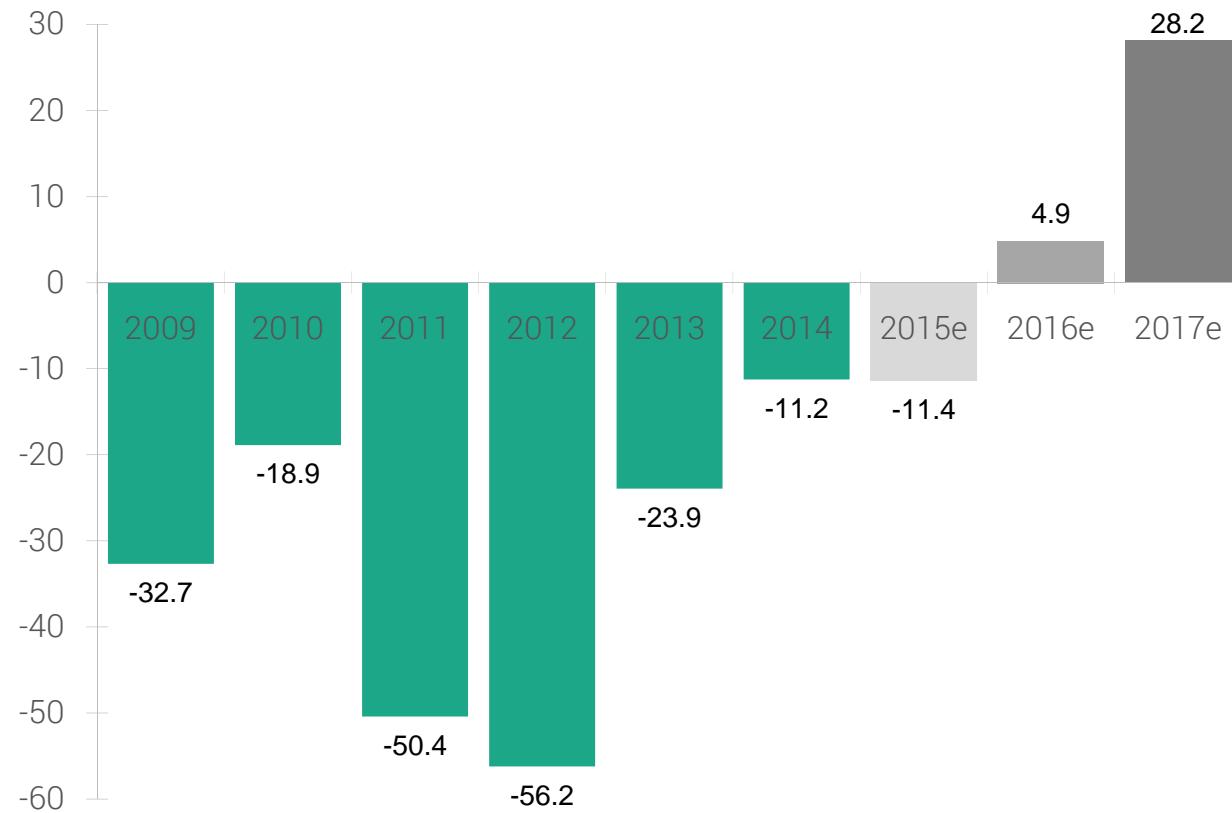
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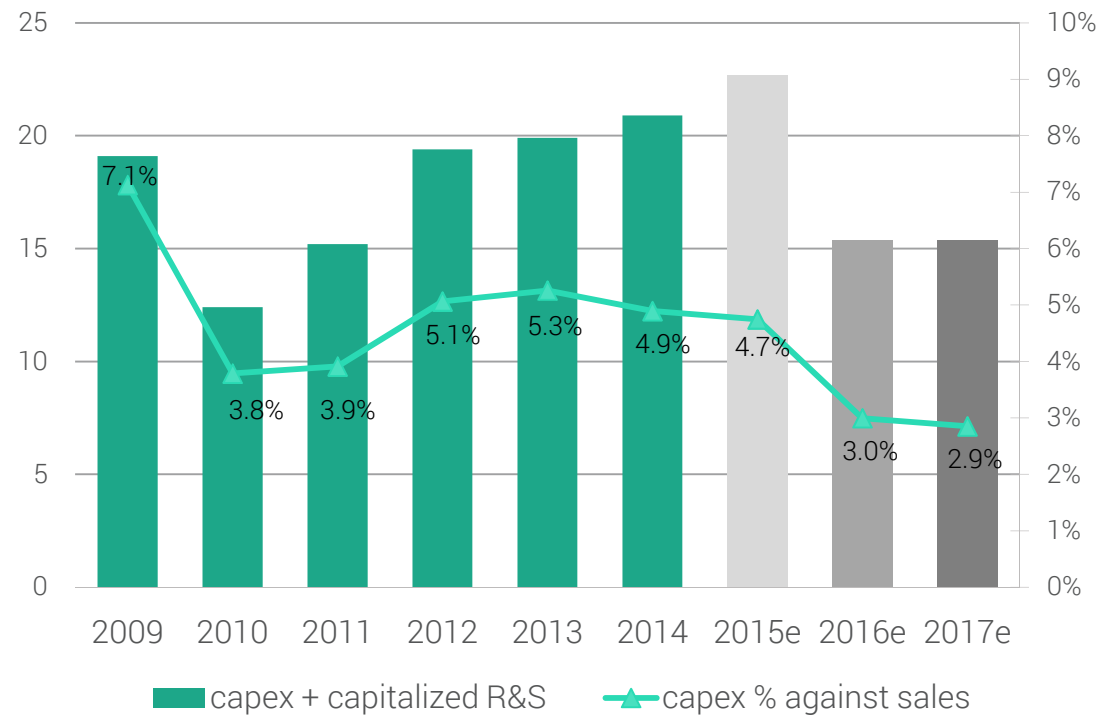
labour cost



net financial position

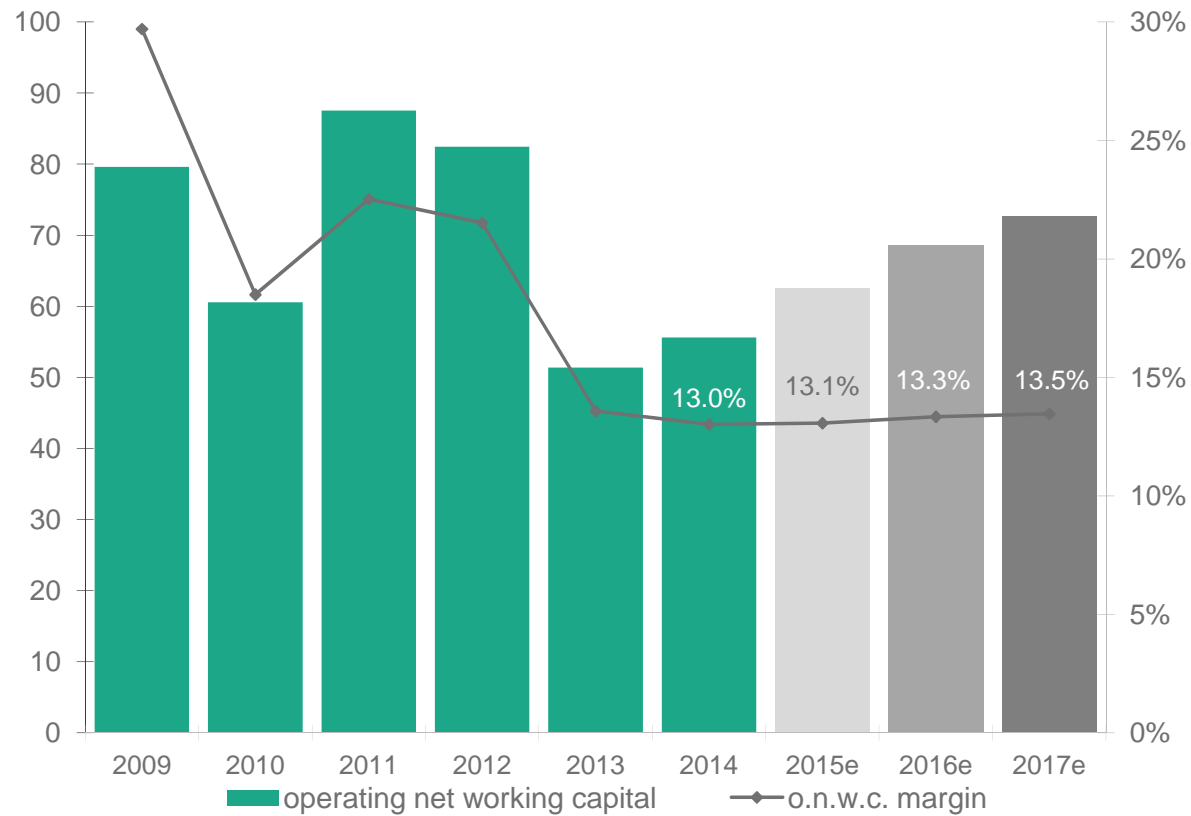


capex + capitalized R&S

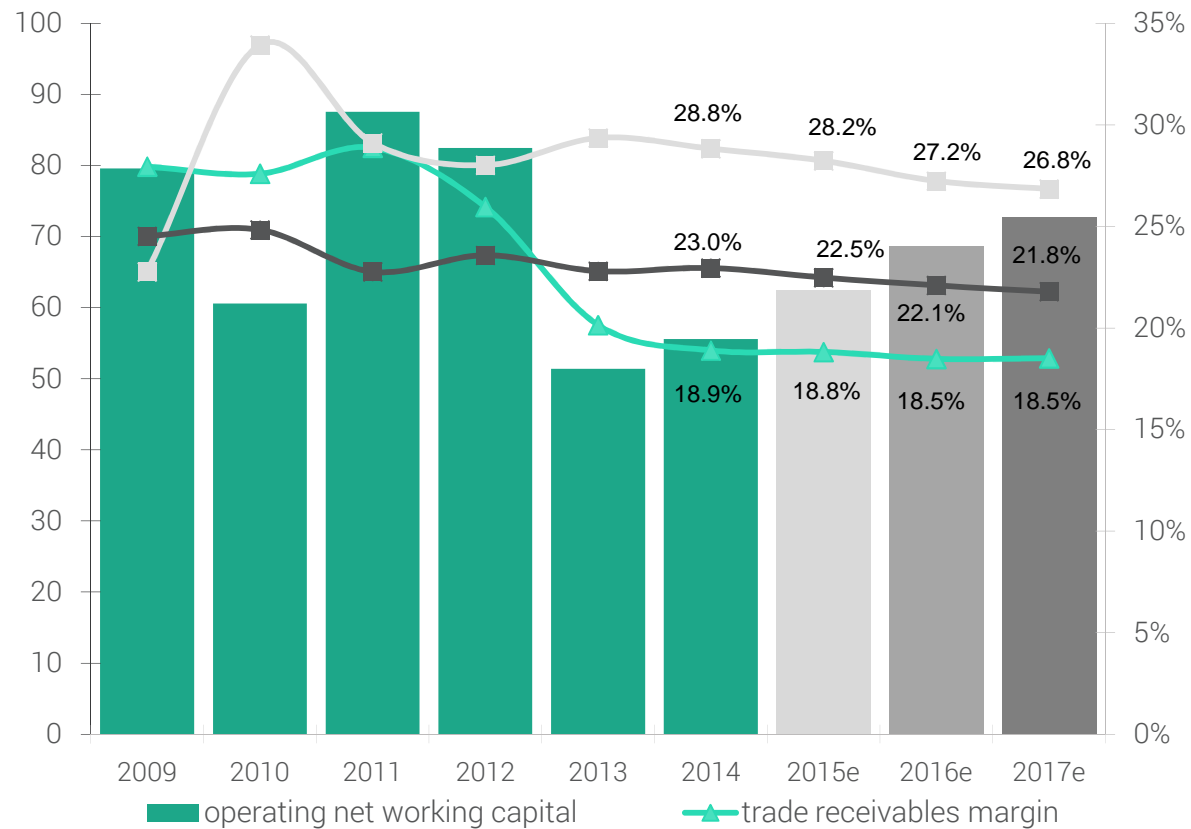


IH 2015 (capex + capitalized R&S) : € 11.45 mln. (4.7% incidence)

operating net working capital



receivables – payables - inventories

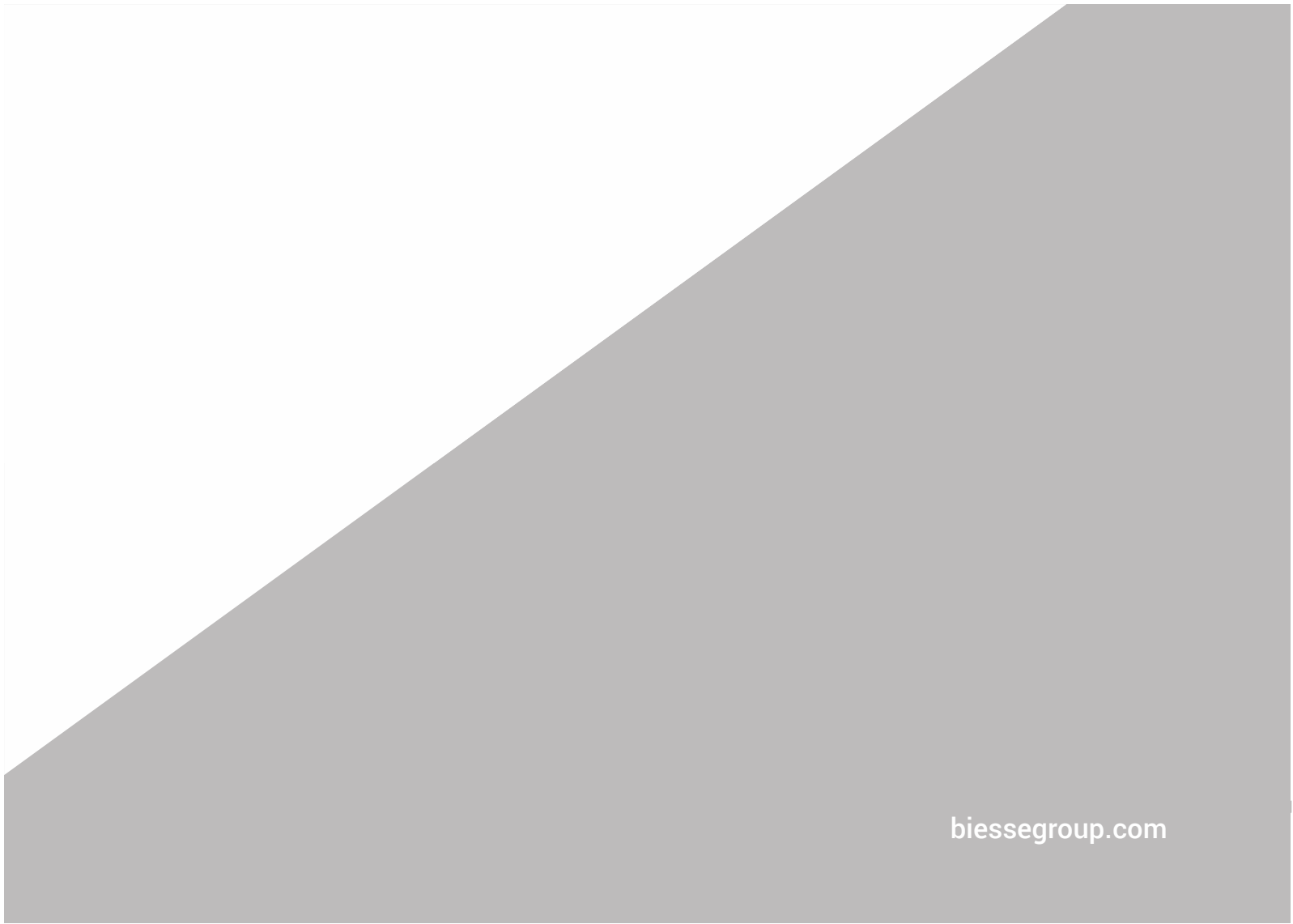


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biessegroup.com



plastics and advanced materials*

assumptions

- Leveraging Biesse CNC machine design know-how
- Leveraging Biesse sales network and reputation on the market

Target

- Penetrating the plastics and advanced materials sectors. Global market size estimated at 21 bn Euro.
- Cutting, milling and moulding machinery. Global market size estimated at 2,5 bn Euro.

estimated turnover for the first three years:

➤2015 turnover	€ 3,000,000 (at the end of the first 9 months € 1.87 mln)
➤2016 turnover	€ 5,000,000
➤2017 turnover	€10,000,000

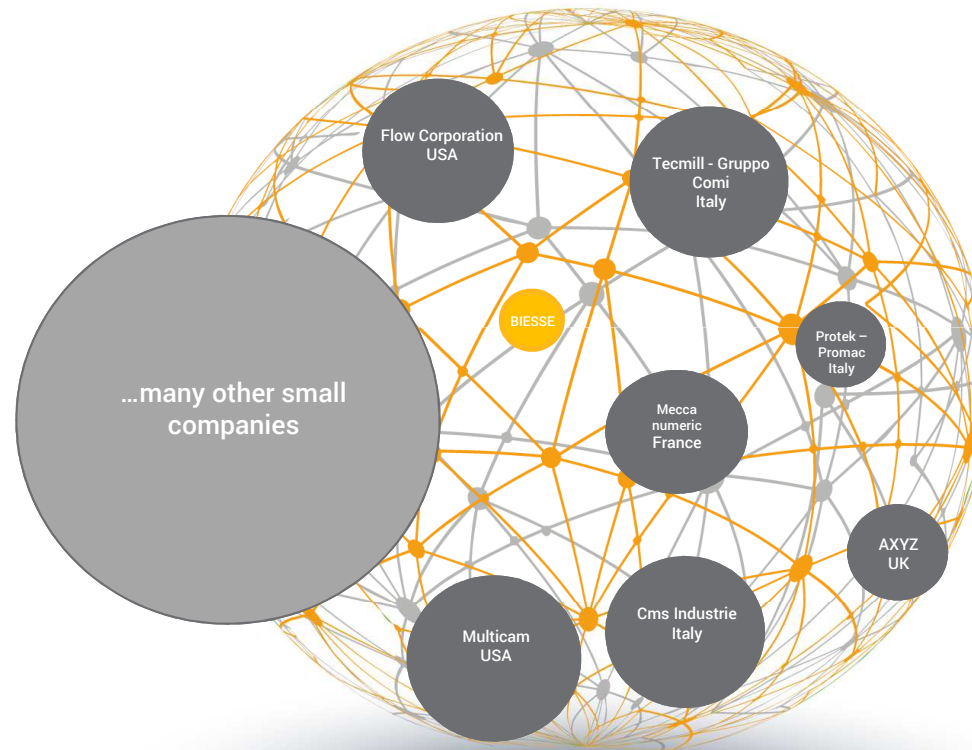
Market breakdown



foam
composites
technicals components
visual communications

Main world competitors **plastic - advanced material**

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Plastics and advanced materials

sectors:

- technicals components
- composites
- visual communications



Plastics and advanced materials: cnc



sectors:
- foam
- visual communications



sectors:
- technicals components
- visual communications

Plastics and advanced materials: CNC Rover B



sectors:
- technicals parts
- composite

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Plastics and advanced materials water jet

sectors:

- technicals components
- composites
- foam
- visual communications





metal

assumptions

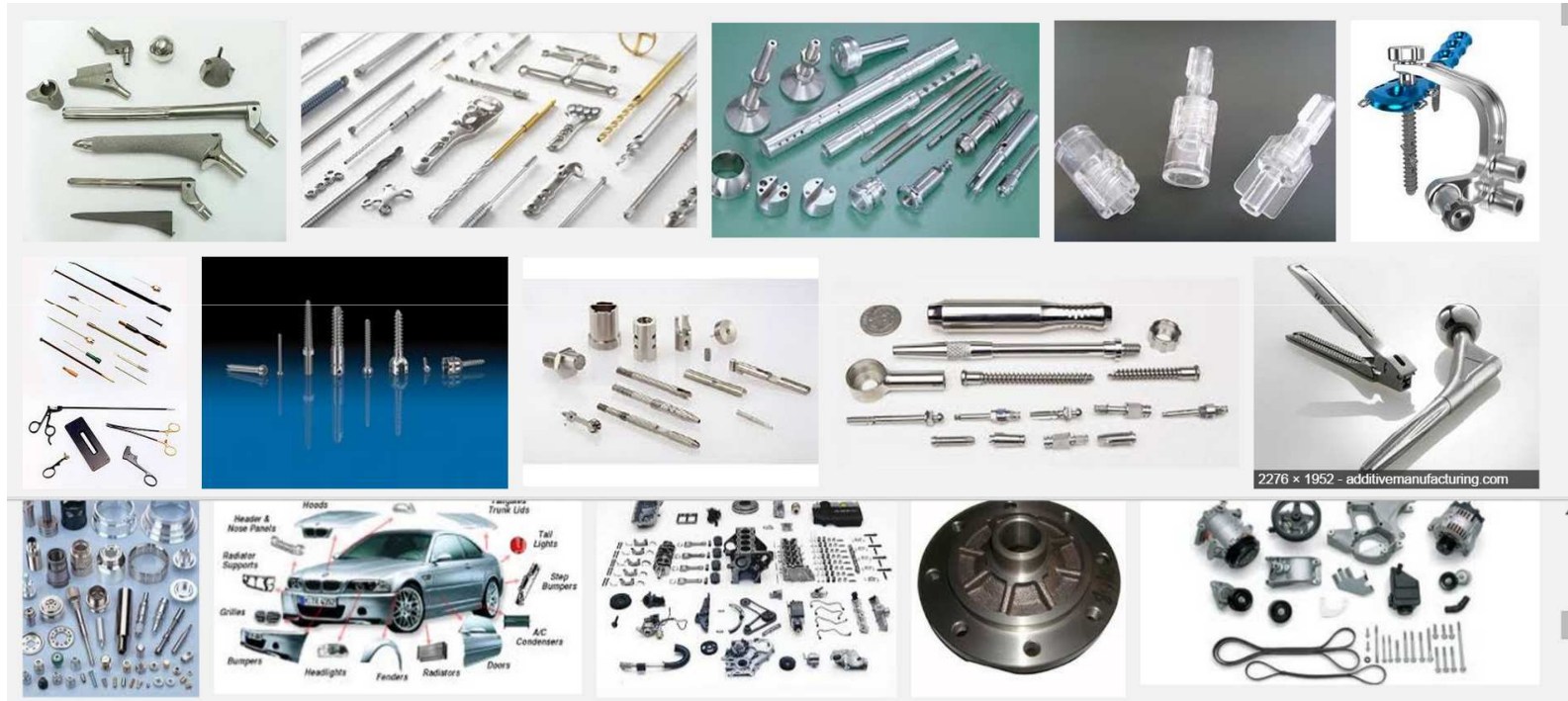
- Leveraging HSD know-how and excellence in designing electrospindles and electroheads for machine tools (*metal, alloy and composite materials*)
- Leveraging HSD sales network and market reputation

target

- Market share increase - growth in the metal sector (*in 2014, total turnover of 2.5 m Euro with limited product range offering*)
- Estimated size of targetable market 120 m Euro.
- Target market share (*wood, plastic, aluminium, composite materials 60%*)
- Estimate size of targetable market 280 m Euro.
- HSD share
 - 2015 turnover € 5,600,000 (2% of metal market)
 - 2016 turnover € 8,400,000 (3% of metal market)
 - 2017 turnover € 11,200,000 (4% of metal market)

new metal markets:
- automotive, aerospace and medical

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metal

tapping centre machines

- automotive
- aerospace
- energy
- marine



metal

Gantry-type high-speed milling machines

- automotive
- aerospace
- energy
- marine

