

Our customers define the shape of the world, we make it possible.

April 2016

BIESSEGROUP



BIESSEGROUP

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Group description / Purposes & beliefs

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Who / How / Where / With / We / Innovation / Reliability / Sustainability

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Strategy (wood, glass & stone, mechatronics)

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Annex





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 Italian Stock Exchange *(STAR)* since June 2001. Starting from October 2015 Biesse is included in the Mid-Cap segment.

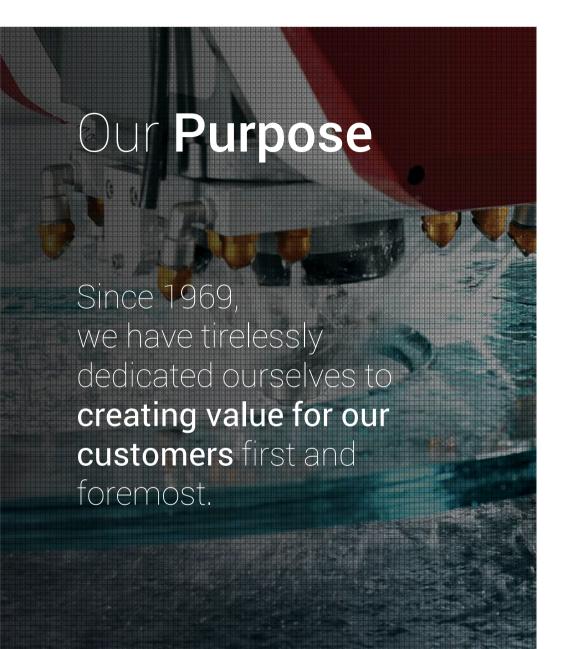


Our Beliefs

We believe in challenging standards, in thinking forward and in acting differently.
Creating advanced technologies and beautifully-designed solutions is the key to transforming our beliefs into real value.

We shape our customer dreams.





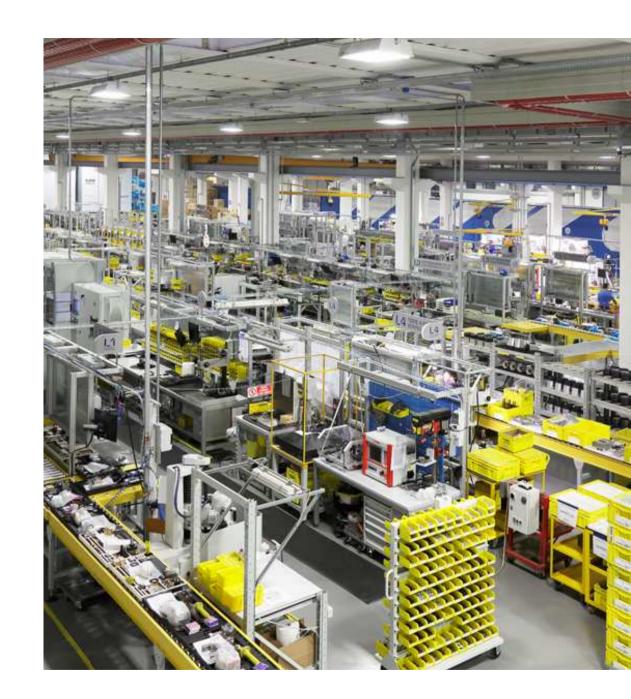
"...back when we were simply producing machines, I was talking with a dear friend, and realised that the rough, imprecise way he was working was ineffective, and above all, dangerous to his personal safety. At that moment, I recognised a need for change, and immediately understood that we could do something - we could introduce innovative new ways of working, automate processes, and above all, create safer working conditions. A new kind of machine was about to be born".

Generalo Sela Founder and CEO

Think4ward

becoming a **4.0 factory**.

- Implementing lean production in order to fully satisfy customer requirements, increasing quality and reducing waste.
- Understanding **sector trends** and deciding when and how to invest in order to grow.
- Finding the **best solutions** ahead of competitors.
- Anticipating customers' needs.



Think4ward

creating 4.0 factories for our customers.

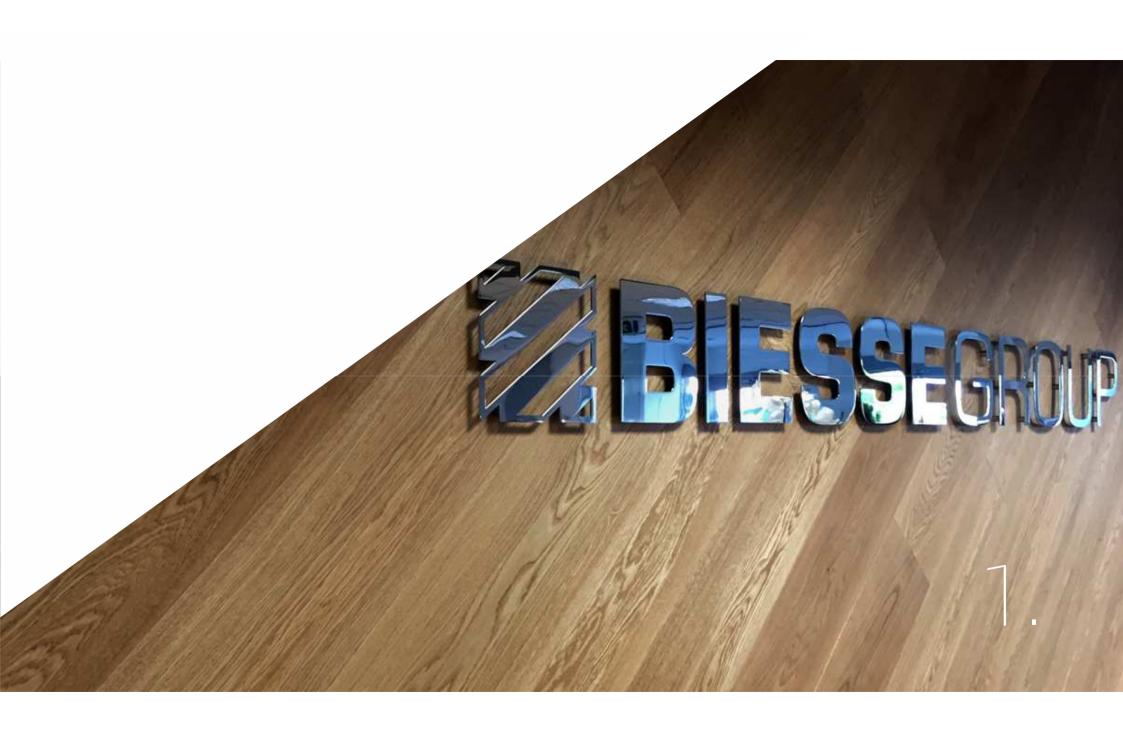
Forward-thinking automation and software solutions to help our customers leverage the fourth industrial revolution.

- ✓ Orders processed on the same day.
- ✓ Custom-designed, integrated machines.
- ✓ Streamlined, intelligent warehousing.
- ☑ Impeccable quality and simplified processes without unnecessary costs.

Meeting tomorrow's demands today.







We manufacture machines and components for wood, glass, stone, plastic and metal processing through specialised business units and 8 manufacturing sites in Italy and worldwide.

industrial group business divisions

production sites





Where

We support our colleagues everywhere in the world, using the most advanced management, sales and support system. Our global network enables us to be always close to our customers.

34

branches and representative offices

300

agents & certified dealers



With

Customers in 120 countries



Allen Organ, U.S.A

ME



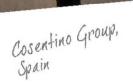


Made With Intermac



Made With Biesse





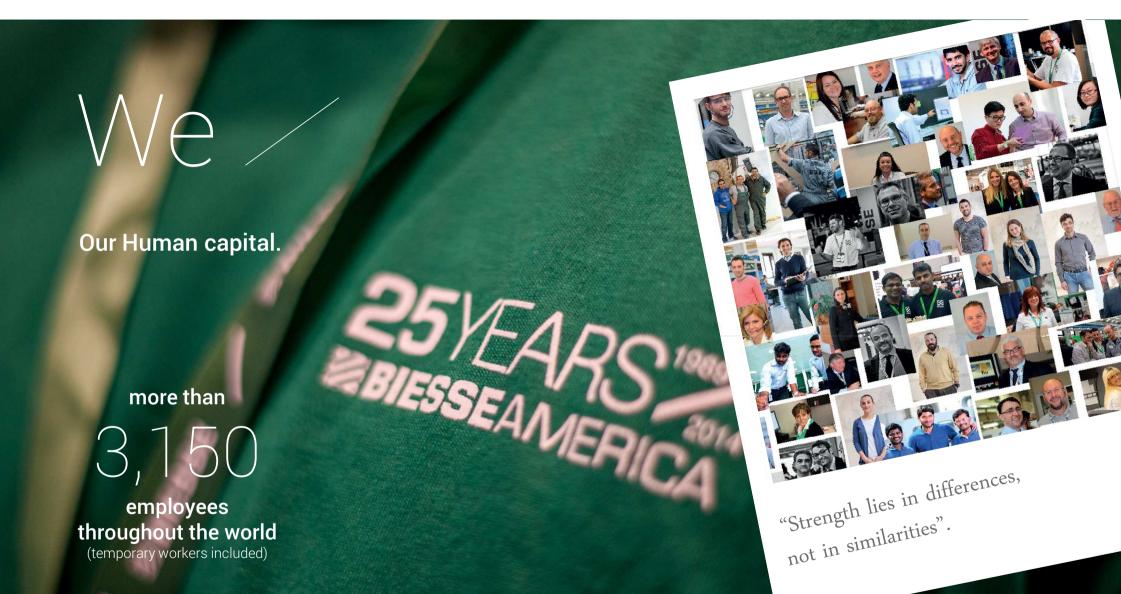


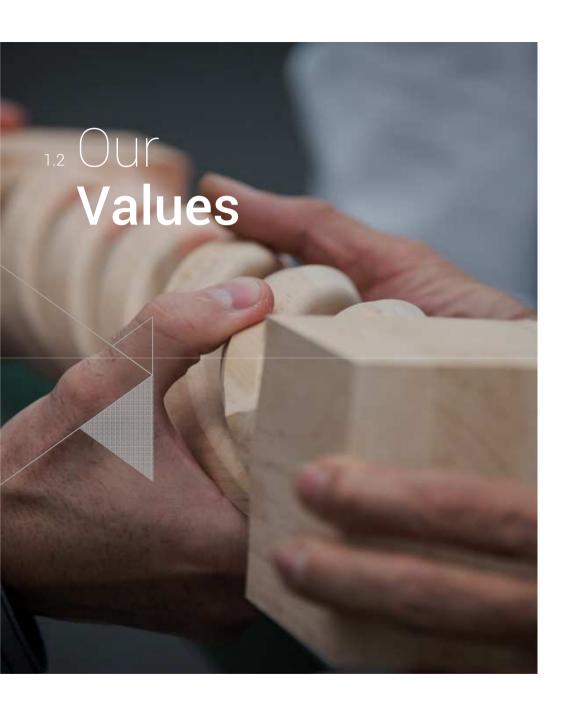


Fiam, Italy

Mad

15





Innovation
Reliability
Sustainability
Excellence

Our values /

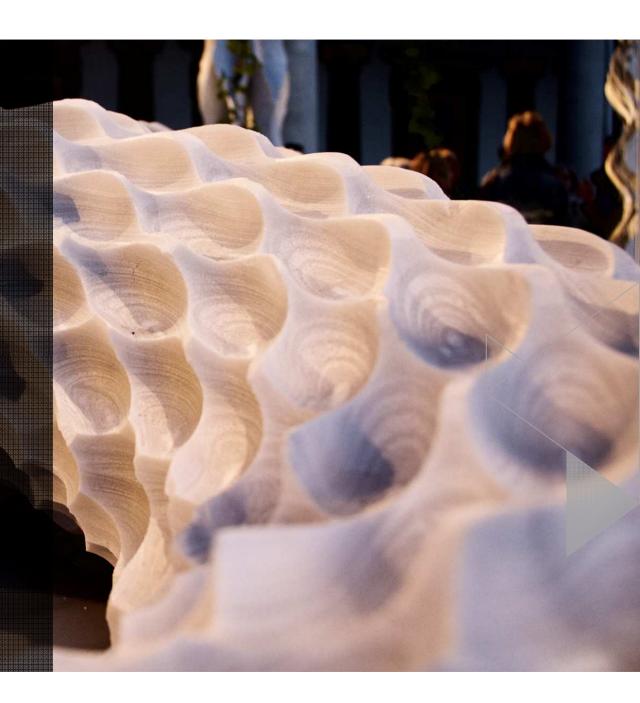
Innovation

meets creativity.

Our pillars to mastering innovation:

- ✓ Customer focus
- ✓ Internet of Things
- ✓ Digital Manufacturing✓ Industry 4.0 / Think4ward

Biesse, the perfect combination of **innovation** and italian creativity.



Our values /

Innovation

generates value.

Some of our leading technology solutions:

- Automatic blade change on beamsaws
- ✓ 5-axis operating unit
- ☑ Air Force System
- ∀ Twin Pusher



Our values / Reliability to enhance trust and compliance. Trusted & Loyal Winning & Committed Growing & Qualified Satisfied **Employees Investors** Customers **Partners OUR MAIN PRINCIPLES** ✓ Mutual trust and transparency✓ Unrestricted and clear communications ✓ Sharing of knowledge and experience 20

BIESSEGROUP

Sustainability

to get widespread goodwill and strong reputation.

Society

Our values /

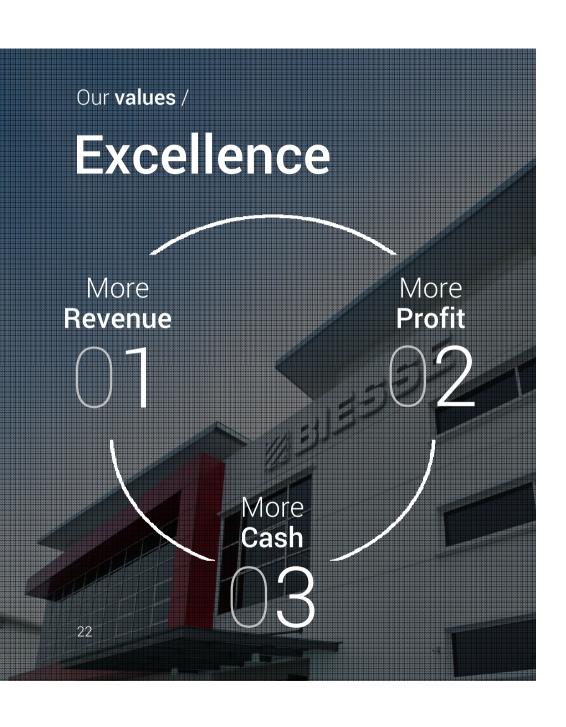
Environment

People

Regulation

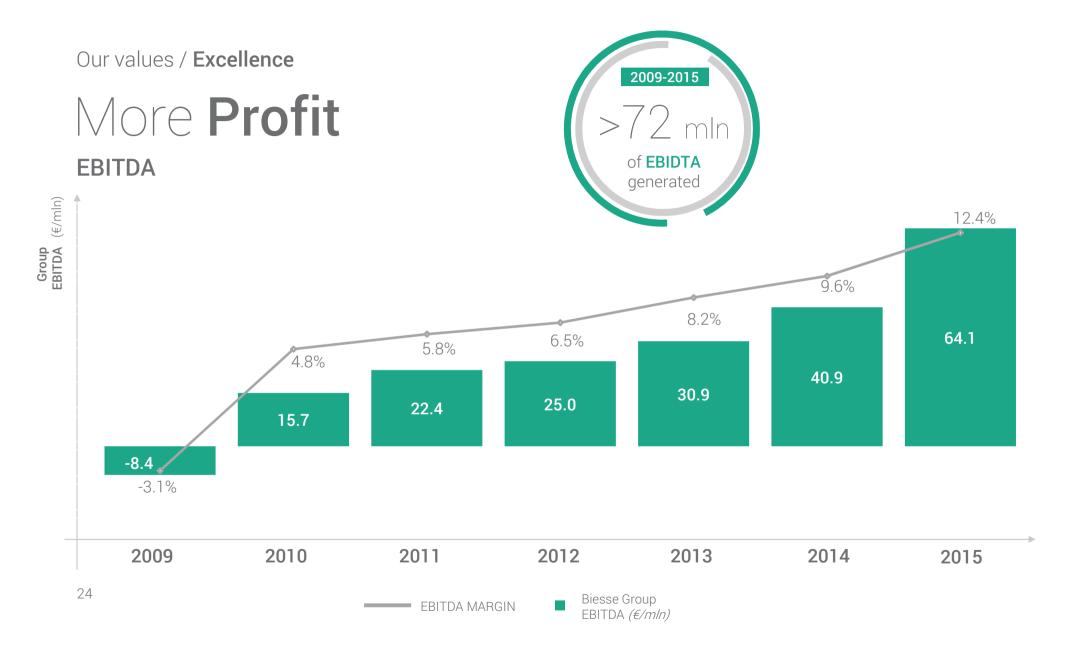
Financial

Only the culture of strictly adherence to **good compliance** can keep our Group ahead on **sustainable** basis.



for a consistent growth.



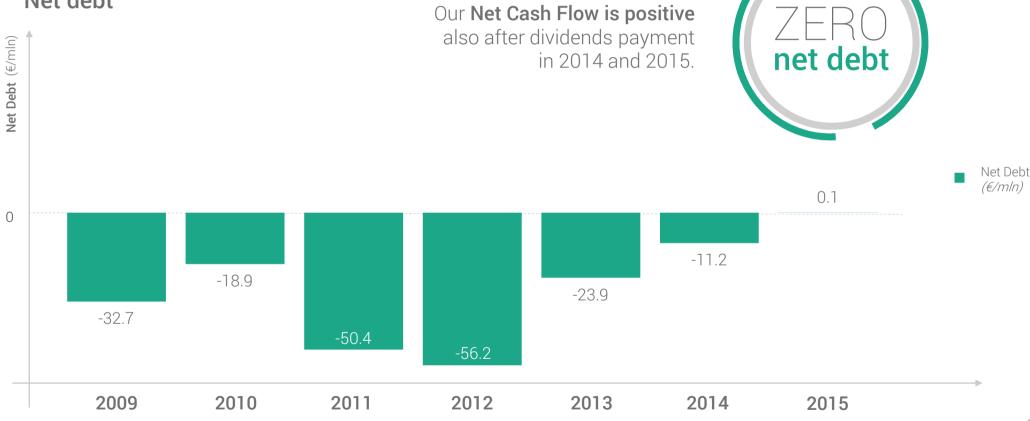


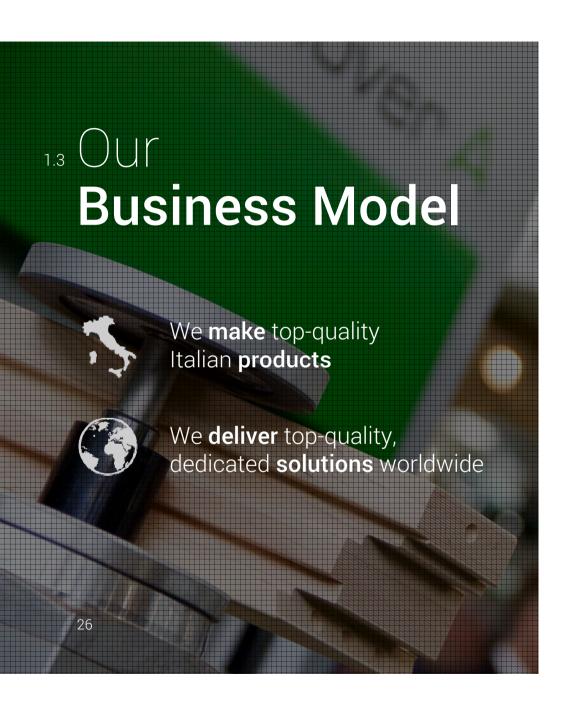
Our values / Excellence

BIESSEGROUP

More Cash

Net debt





key points
Knowledge
Delivery
Products
Customers

Knowledge



Our **Business Model** / Global presence and network



Our Business Model / Wide offering for a wide customer base

Our **Products**

02



WOOD







PLASTIC



METAL

Systems

We create engineered solutions, from plant design to production, implementation, installation and maintenance

01

04

Machines

We design, manufacture and distribute a comprehensive range of machinery and technologies for processing wood, glass, stone and, in recent years, plastics.

03

Mechatronics

BIESSEGROUP

We design, manufacture and deliver high-tech mechanical and electronic components for machinery.

Tooling

We create customized diamond and binder mixes for stone and glass processing machinery.



Made With Biesse Group technologies

Our Business Model

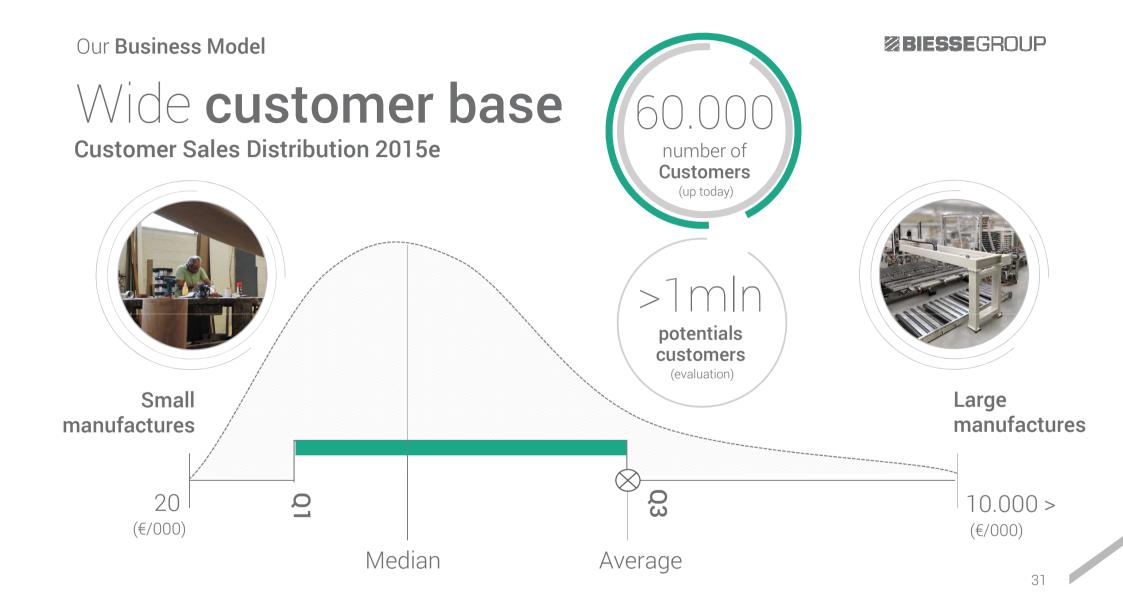
Our main customers

Ikea Howdens Masonite Colombini Group Veneta Cucine Roland Gerling Lube Cucine Lago Fiam Onsrud Heian Saint Gobain Pilkington Fidia Glaströsch Cosentino Sauder

TYPE OF CUSTOMERS

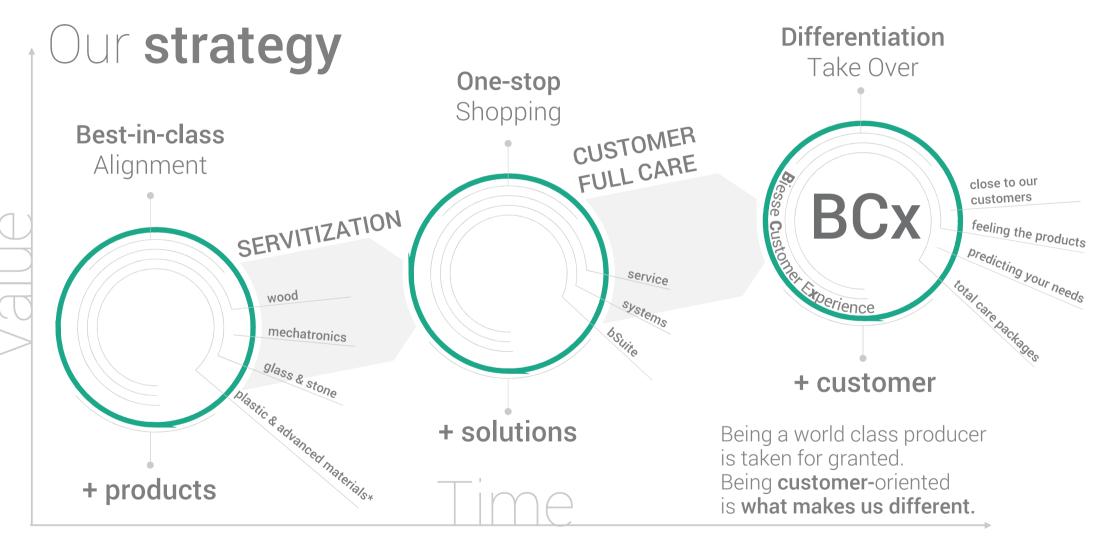
- ✓ Joiners
- ✓ Makers of large furniture items
- ✓ Windows and doors
 ✓
- ✓ Wood building companies and manufacturers

- Glass workers
- ✓ Marble workers
- ✓ Windows✓ Furniture
- ✓ Kitchen companies and manufacturers
- ✓ Wood machinery producers
- Aluminum machinery producers
- ✓ Plastic machinery producers
- ✓ Metal machinery producers



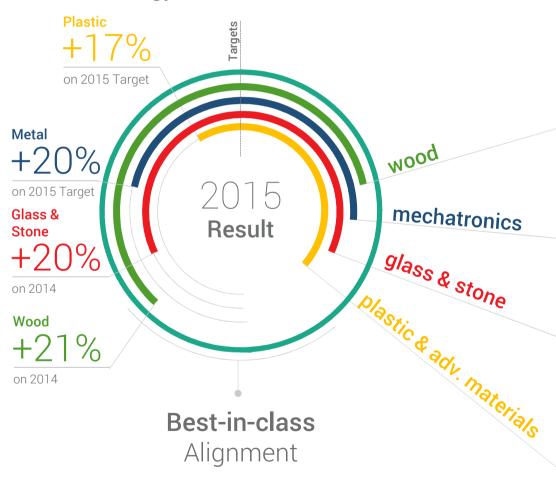






+ Products

Our strategy in action



BIESSEGROUP

We reinforced our industry-leading position, increasing our market share in the actual products segment.

We successfully introduced electrospindles and electroheads for machine tools for metals.

We **enhanced our product offering** and became more competitive on the market.

We successfully transferred our product knowledge to the new business unit and achieved great results.

35

+ Products

Our new targets



4% Wood Division Estimated Market Estimated CAGR 2015-2018 CAGR 2015-2018 5% Market Estimated Mechatronics Unit Estimated CAGR 2015-2018 CAGR 2015-2018 **G&S** Division Estimated Market Estimated CAGR 2015-2018 CAGR 2015-2018

Plastic & A.M. Division Estimated CAGR 2015-2018

WOOD Think4ward Our strategy in action

+ Products



+ Products
Wood



Glass & Stone





+ Products Glass





Mechatronics



Maintain and reinforce our leading positioning in the Wood- Aluminum- Plastic (WAP) sector Reinforce our partnership with our current customers **Diversify** into other sectors, continuing to expand our presence in the metal sector and replicating our WAP standards of excellence in new sectors **Mechatronics Unit Estimated Market** Estimated CAGR 2015-2018 CAGR 2015-2018

Mechatronics

Focus

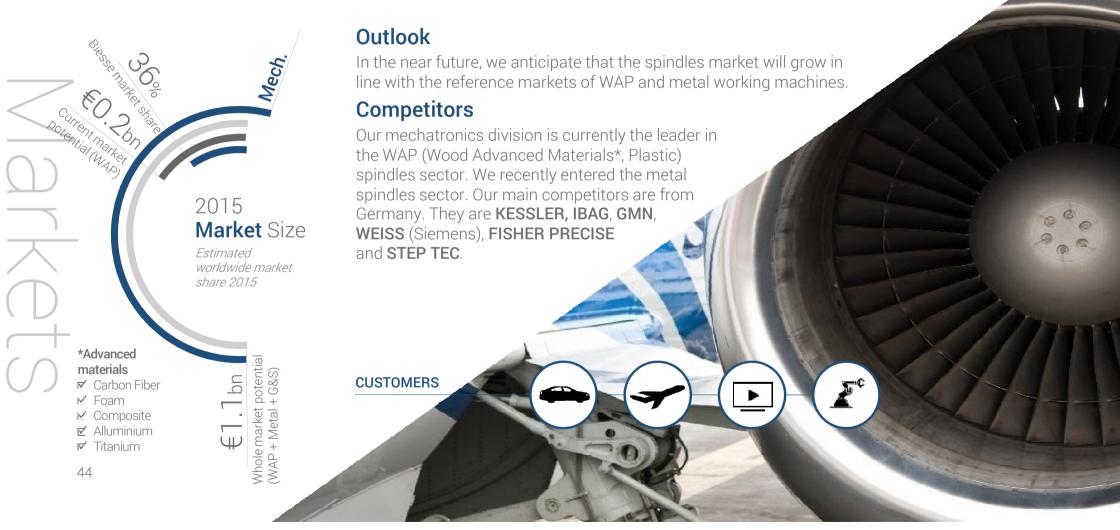
Metal Sector

Strategy in numbers

+ Products







BIESSEGROUP

Mechatronics



Biesse Group directly designs and manufactures all **high-tech components** for its machines. Through our Mechatronics Unit, we guarantee our **technological independence**.

The vocation of our Mechatronics Unit is **continuous innovation**. Until a few years ago, our business activity was focused on creating and selling mechanical components.

Now, we create and sell **smart devices** and **smart mechanical components**

Our devices interact with the machinery to support **predictive logics** with regard to functionality, performance and preventive maintenance of the machines, and of the factory as a whole.

Our product reliability, our technologically-advanced offering, our ability to introduce innovation into the market. These are our Competitive Advantages.



Mechatronics

Sector **Diversification** Offering structure *Advanced materials ✓ Carbon Fiber ✓ Foam ✓ Composite ☑ Alluminium ✓ Titanium

46

Our Mechatronics Division is the **trailblazer for expansion** into new sectors.

We successfully entered the advanced materials* & plastic processing machinery sector, thanks to our dedication to constant innovation.

Through our capability to create top-quality solutions, we also **successfully entered the metal** electro-spindles sector.

Our Mechatronics Division is the key to breaking into new sectors and diversifying our business.



Mechatronics

Product Innovation Offering structure

We combined 2 Axis Heads and Direct Drive Technology

- ☑ improved working precision due to the absence of mechanical stress
- ✓ improved positioning speed
- ✓ extended reliability.

We will introduce new electrospindles models to enhance our offering in the metal sector

- ✓ Medium size spindles
- ✓ Large size spindles



Advanced Materials*

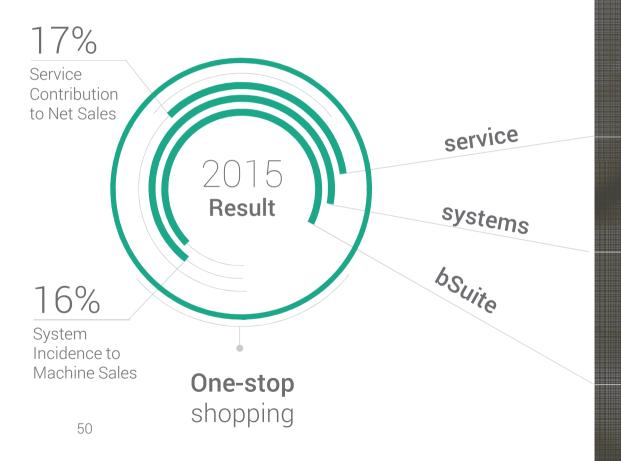






2.2 + Solutions

Our strategy in action



We are continually strengthening our services worldwide. We continue to invest in the training of our engineers, in order improve the level of service we deliver

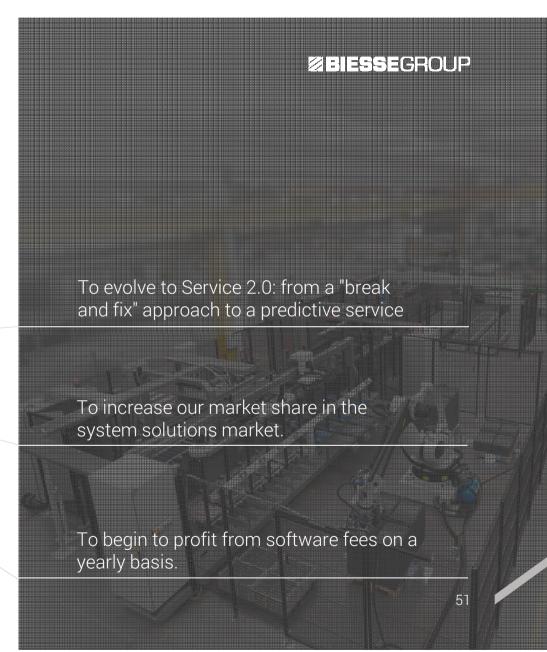
We have successfully adopted a Lean Production approach, and have implemented an order management system which covers each stage, from sales to installation.

We have successfully developed new tools to satisfy the majority of our customers' software requirements with a single, integrated solution.

+ Solutions

Our new targets

18,5% Service Target Contribution to Net Sales service Result System systems Target Contribution to Machine Sales 0,5% Software **One-stop** Target Contribution shopping to Net Sales



+ Solutions Service



Our network supports our customers worldwide. Through Biesse service and Biesse parts, we offer technical services and machine/component spares to businesses anywhere in the world on-site, as well as on-line - 24/7.

Our Service will evolve to **Service 2.0**

- ☑ Proactivity: leave "break-and -fix" service logics in the past and move onto predictive services
- ▼ Spare Parts: encourage a 24/7 assistance / no down-time approach with maintenance contracts
- ✓ Maintain excellence in terms of service levels

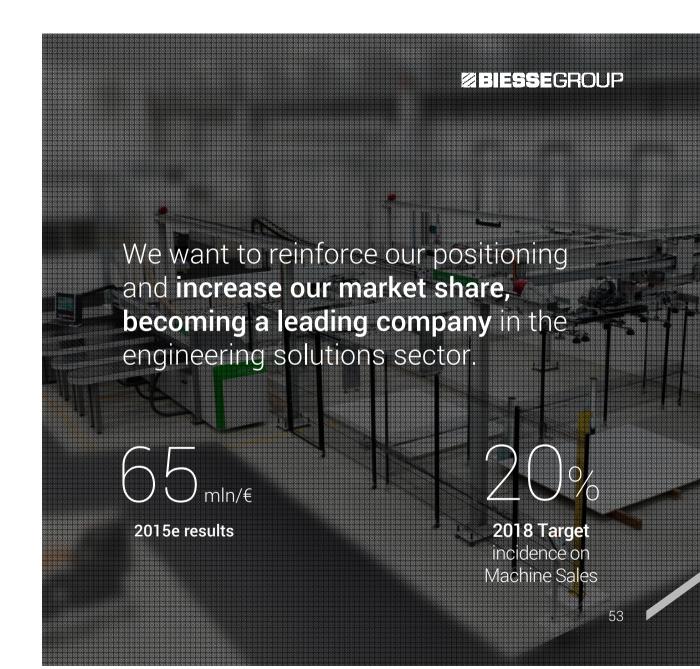
18,5%

2018 Target incidence on Net Sales

+ Solutions

Systems





+ Solutions

Systems



Biesse Systems is a team of sector experts, capable of understanding and anticipating business needs, who work with the customer from inception through to system installation and testing.

From **engineering to the manufacturing,** from the installation to the after-sales support, we are able to realize **complete** solutions for our Clients.

- Boost our sales and after-sales approach
- 2 Ensure dedicated and highly-specialized services with key accounts for 360-degree customer management
- **Enhancing** our offering of flexible systems

+ Solutions **bSuite**



BIESSEGROUP

Consolidation, reliability and rationalization.
Superior technology for creating synergies in machine automation.

Technological superiority and sustainability. Ensuring advanced, sustainable know-how in order to develop intelligent machines.

Simple, smart software. Meeting growing technological needs through application software and smart apps.

Business software. Business-oriented software to enhance collaboration with our customers' businesses.

O, 5% Potential Software Fees contribution to Net Sales

55

+ Solutions

bSuite



bPlatformChallenging market standards.



bSolid is a 3D cad cam software application



bEdge is a bSuite plug-in, seamlessly integrated for edgebanding planning.



bWindows is a seamlessly integrated plug-in for the planning of windows/door frames.



bNest is the bSuite plugin specifically for nesting operations.



bProcess is the tool that allows in a simple and intuitive way to organize production for a cell of machines.

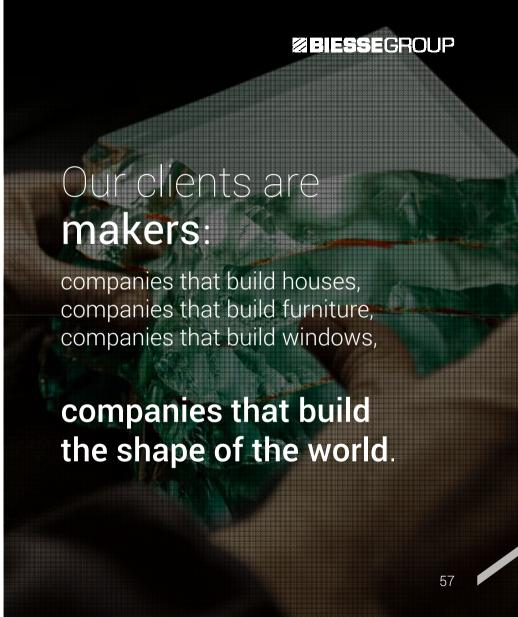


bCabinet is the bSuite plugin for furniture design.

2.3 Biesse Customer Experience

Our strategy in action

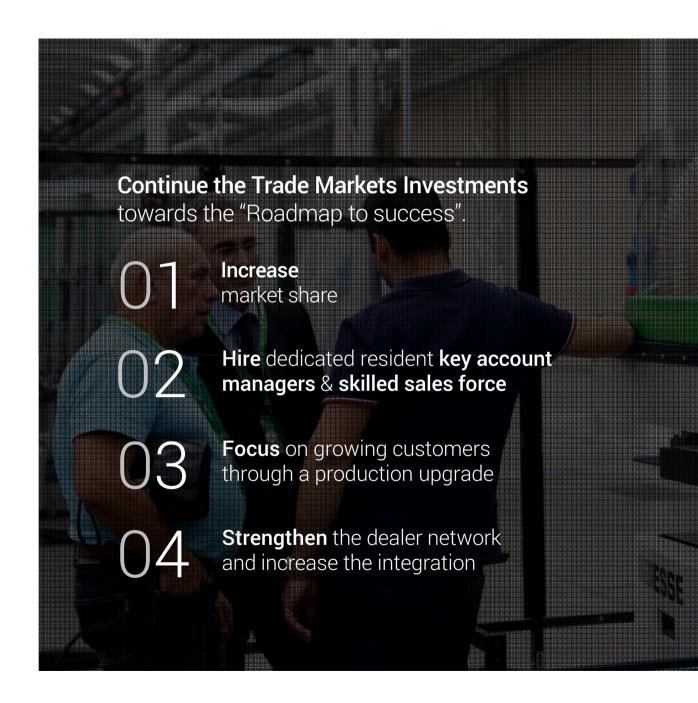




Close to our customers



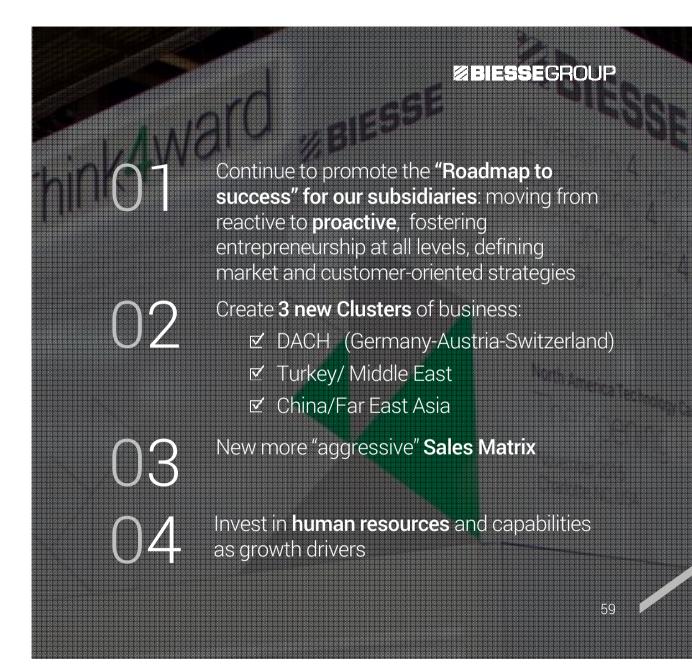
We want to strengthen our **dealer network** - this is crucial in helping us to engage our clients.



Close to our customers

BCX

We will continue to **expand our global presence** - we want to be close to our customers.



Close to our customers



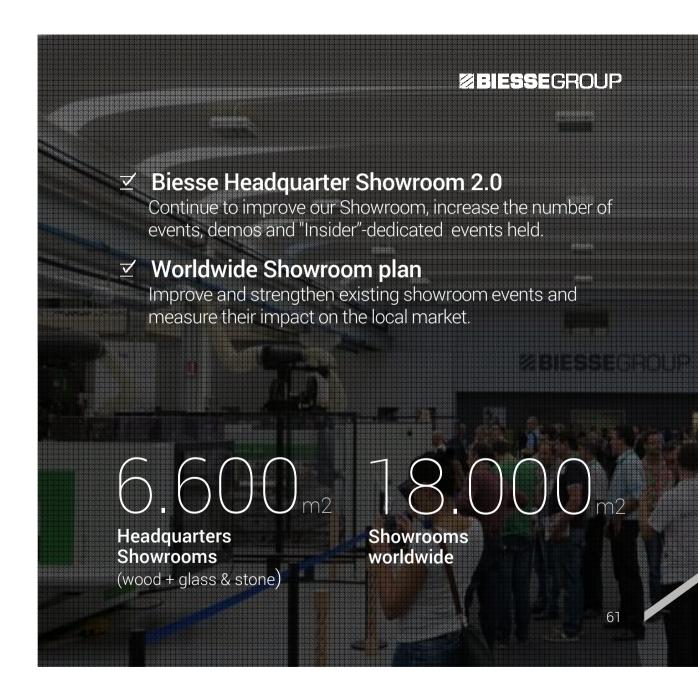
The production abroad is constantly growing in **India** & **China**.



Feeling the products



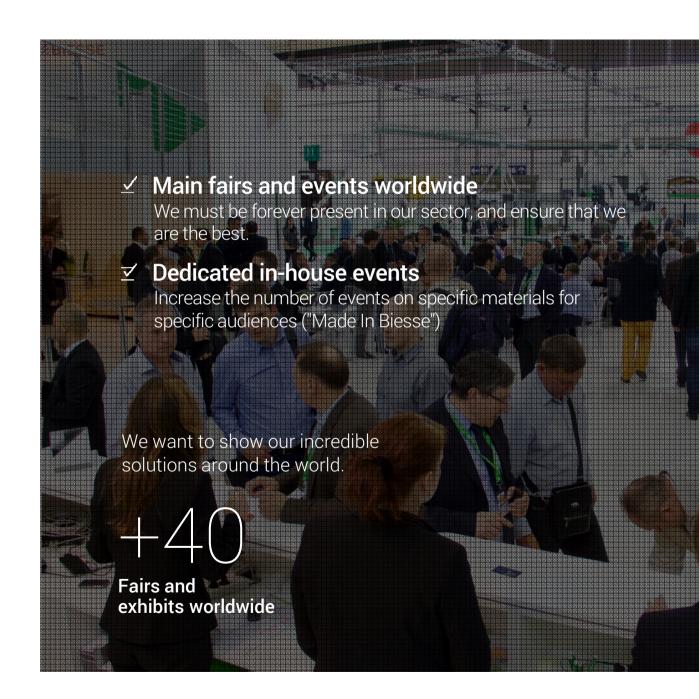
In order to create a **360-degree experience** for our **customers worldwide**, **we have** designed a roadmap that will help us to increase **brand awareness**, engage our customers and improve **the Biesse customer experience**.



Feeling the products



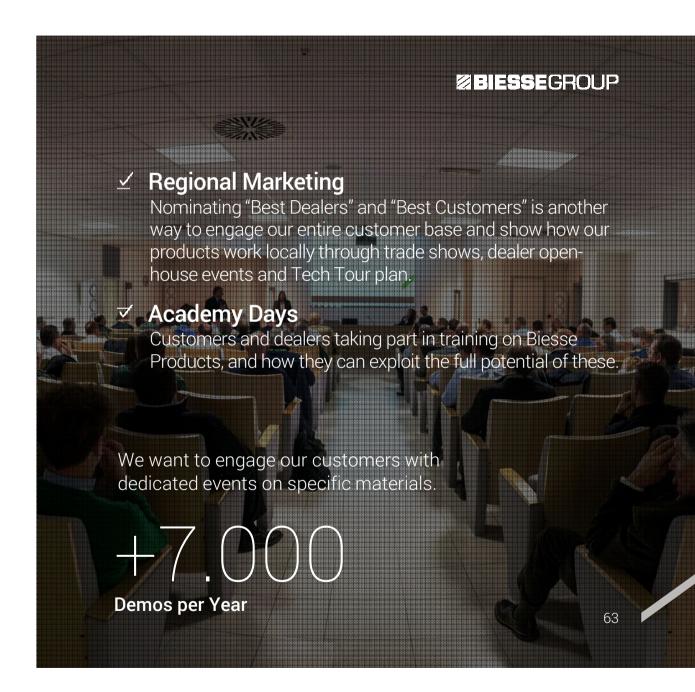
We want our customers to **see** how our products work. We want our customers to touch our products, to understand how they can satisfy their needs. We want our customers to live the **Biesse Experience**.



Feeling the products



By demonstrating the perfect functionality of our products and engaging our customers through training and events, we will spread the Biesse Experience worldwide.



Total Care



Our Total Care package not only contributes to building **long-term relationships** with our customers - it also exceeds the standards of the packages offered within the **industries** in which we operate.

Total Care is a multi-year Warranty and Financial Plan currently **testing in UK and Canada**.

Customer Experience

Total Care is definitely not a 'marketing tactic' – it is a long-term strategy designed to make dealing with Biesse an easy, enjoyable and rewarding experience.

Peace of Mind

Total Care enables customers to run their business. Cover for preventive maintenance, breakdowns and even damage due to operator error are all included.

○ Confidence

Our multi-years warranty is based on our excellent machine reliability statistics.

Investment
The cost of own

The cost of ownership and the risks normally associated with purchasing and operating capital plants are minimized.

At the end of the 5-year plan, customers can decide to upgrade to a new machine, and the original machine is placed on the second user market, with the benefits of a full service history and increased value.

Predicting your needs



We make

Smart Factory

of our Customers.

ØFIESSEGROUP

We offer **innovative solutions** with high levels of flexibility, not only thanks to our production logic, but also the ability of our machines to adapt to **customer requirements in accordance with** the increased availability of information **(IoT).**

The Internet of Things, transformed from a simple resource to a central element of the Customer Value Chain.

In 2013 we were the **first to introduce smart devices to** the Wood- Aluminum- Plastic (WAP) sector.

Our working approach evolved from a break-and-fix logic to a more advanced, **predictive logic**.

Now we want to drive our Customer into the Future.

6,





Our **2015** in figures

Extract of the P&L

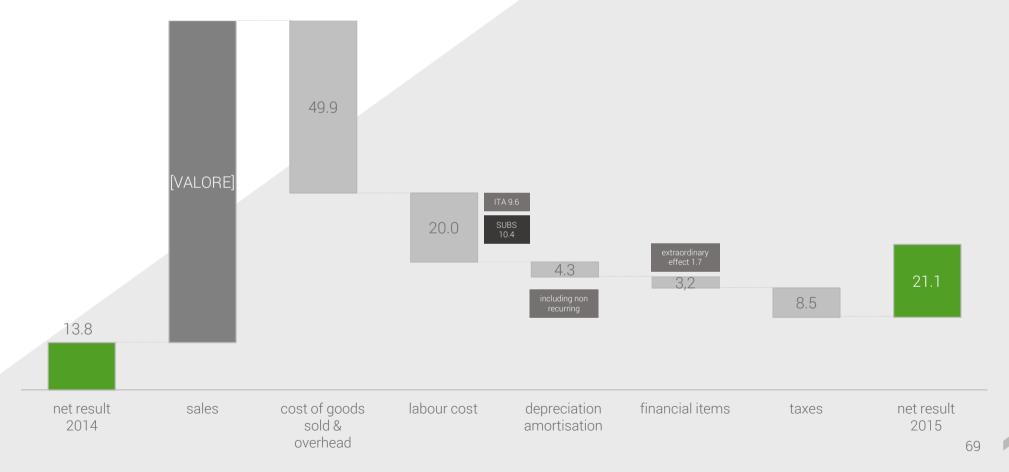


€/mln	2013	2014	2015	
Net sales year -1	378,4 -1,2 %	427,1 +12,9 %	519,1 +21,5%	CAGR 10.7
Cost of good sold	156,5 41,4%	171,2 40,1%	206.1 39,8%	
Value added %	143,5 37,9 %	169,1 39,6 %	212,4 40, 9%	CAGR 12,0%
Labour cost	112,7 29,8%	128,2 30,0%	148,2 28,6%	
overhead	81,4 21,5%	89,7 21,0%	104,7 20,2%	
EBITDA %	30,9 8,2 %	40,9 9,6 %	64,1 1 2,4 %	CAGR 14.2
EBIT* % Net Result %	18,1 4,8 % 4,3 1,1 %	26,5 6,2 % 13,8 3,2 %	43,8 8,4% ^{21,1} 4,1%	CAGR 17,9% CAGR 29,4%
68 * before non recurring items	1,170	tax rate 39,1 %	45,3%	311011 =0,1.4

Our 2015 in figures

BIESSEGROUP

Net Result bridge 2014 vs 2015



Our 2015 in figures

Tax rate comments



projected tax rate for the plan **34%**

Compared to the previous year, the **2015 tax rate increase** is mainly due to:

- increase of the Corporate tax
 Italy +€ 7.6 mln abroad + € 2.0 mln)
- 2. conservative approach to the D.T.A. use (i.e. China & Spain)
- **3.** stop of the previous year losses exercise
- **4.** positive effect of the IRAP decrease in Italy (- €1.4 mln)

BIESSEGROUP

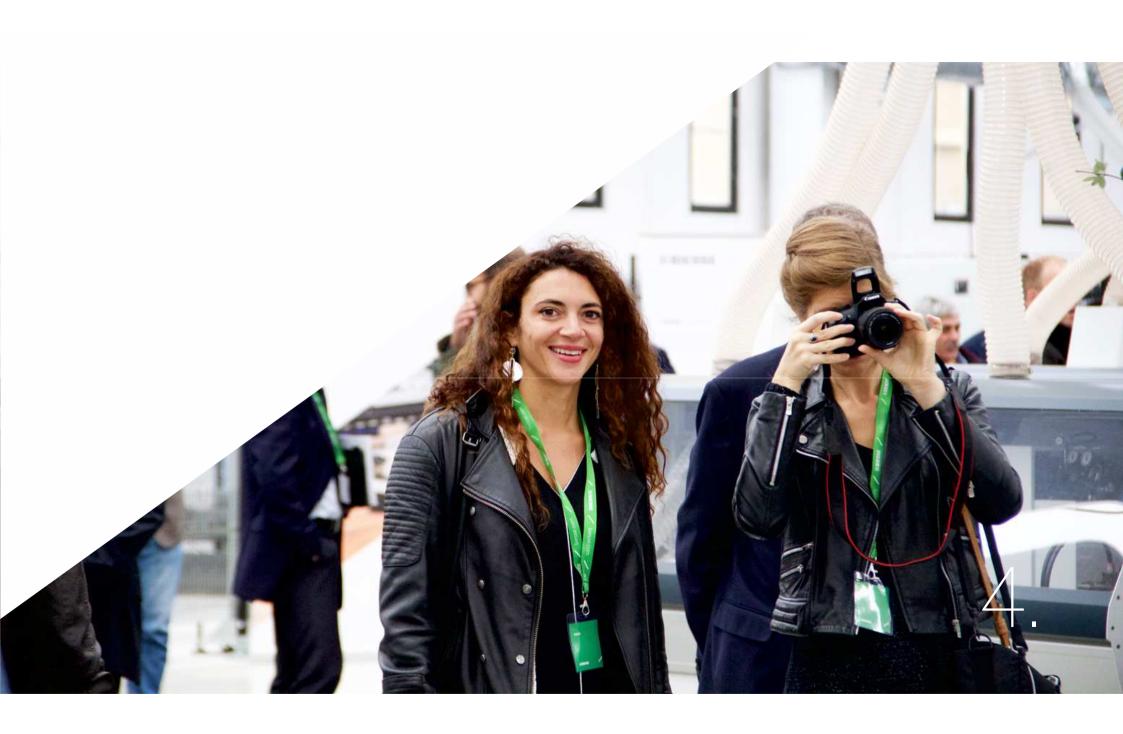
Our **2015** in figures

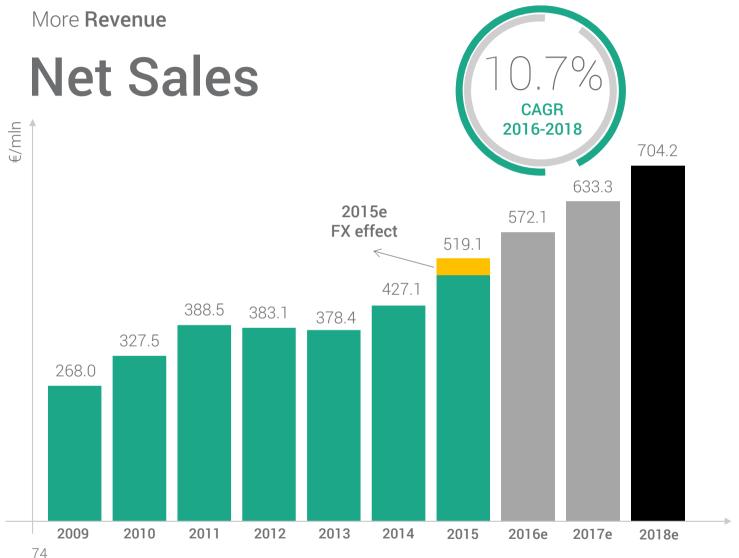
Cashflow - Net Debt

€/mln	2013	2014
Gross Cashflow % net sales	52.1 13.8 %	38.3 9.0 %
Investments % net sales	-19.9 5.2%	-20.8 4.9%
Net Cashflow %	32.3 8.5 %	17.5 4.1 %
Dividends		-4.8 € 0.18 per share
Delta Net debt	32.3	12,7
NET FINANCIAL POSITION	-23.9	-11.2

2015	
46.3	
70.0	
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8.9%	
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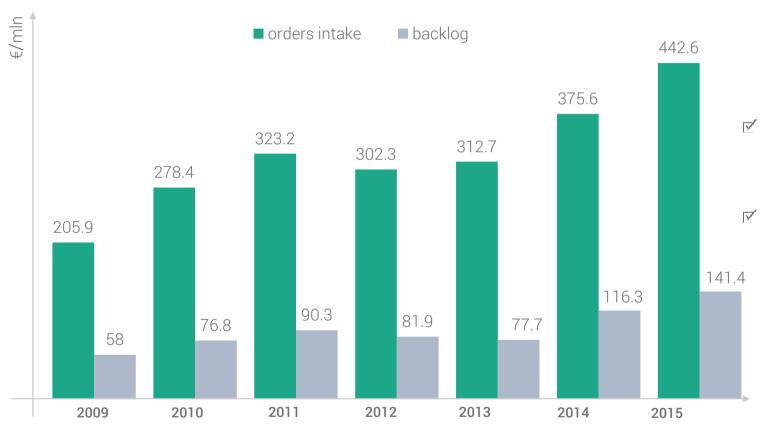
Continuing to pursue **organic growth**.

- *⊴* Same perimeter
- ✓ Increasing our sales force, agents and distributors worldwide
- ☑ Growing in all the outstanding business division: not only in the woodworking machine sector, but also in the areas of glass, stone and mechatronics
- ✓ Continuing to diversify into new sectors: advanced materials* and metal working

More **Revenue**

BIESSEGROUP

Group order intake & backlog



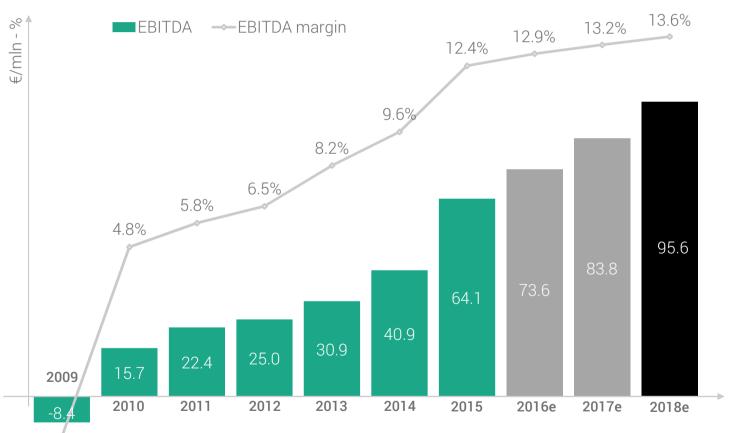
Continue to increase our sales.

- ✓ 2015: Group backlog
 December 2015 +21,5% (vs.
 the same period 2014)

More **Profit**

-3.1%

Ebitda



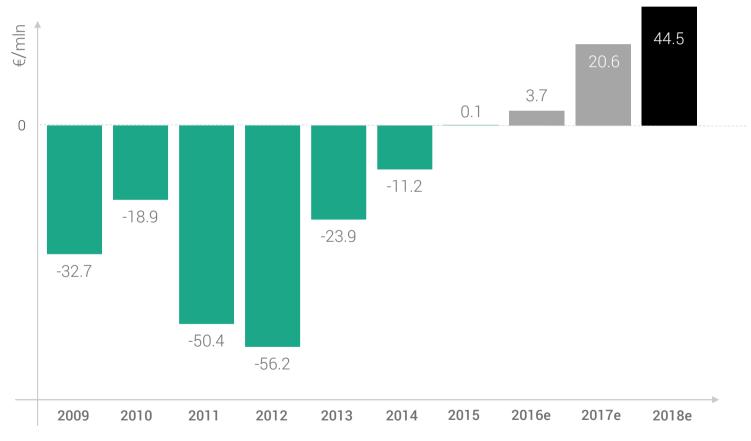
Continue to increase generation of value.

- □ Pecreasing incidence of COGS on Net Sales through footprint optimization and efficiency
- Maintaining Labour Cost incidence on Net Sales below 29%
- ✓ Maintaining Overhead incidence on Net Sales below 20%

More Cash

BIESSEGROUP

Net Debt

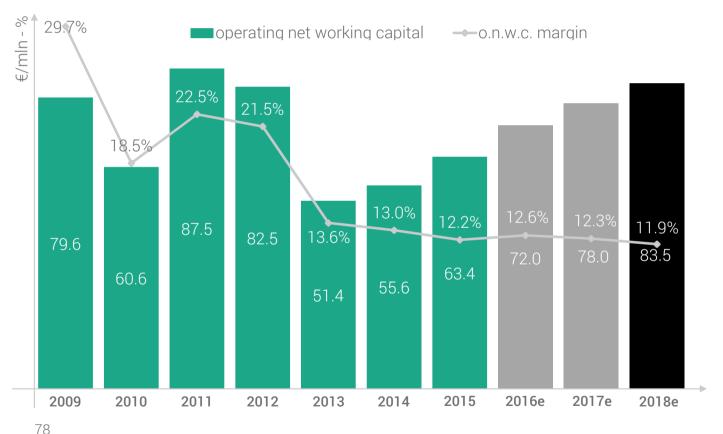


Continue to generate a positive cash flow.

- ✓ Starting from Zero Net Debt in 2015
- ☑ 2016 investing Cash Flow in an "extraordinary" CAPEX to support our growth forecast

More Cash

Operating Net Working Capital

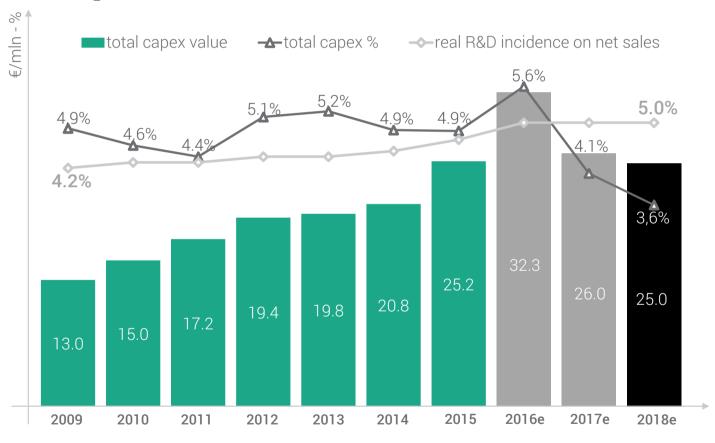


Continue to strictly **control** our Operating Net Working Capital.

- ✓ Maintaining Operating Net Working Capital incidence on Net Sales well below 14%
- ✓ Maintaining our Group inventories below 22% incidence on Net Sales
- ✓ Maintaining our Group DSO around 60 days
- ✓ Maintaining our Group DPO around 110 days

More Cash **■ BIESSEGROUP**

Capex



Invest to continue our growth path.

2016

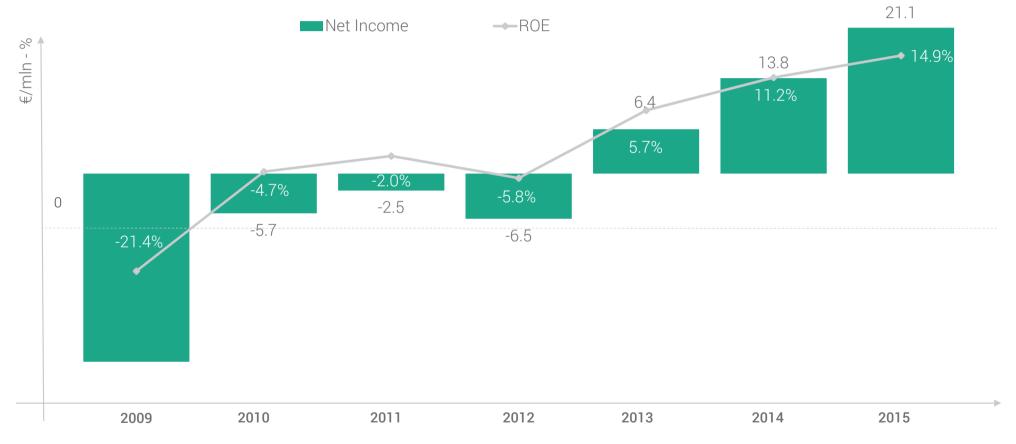
Main Investments drivers

- ✓ **Indian** Manufacturing Site Expansion (+10.000m²)
- ☑ Chinese Production Site Lean Manufacturing Adoption
- ✓ Mechatronics Italian new plant for R&D and production (10.000m²)
- ▼ R&D constant investment, around 5% on net sales every year





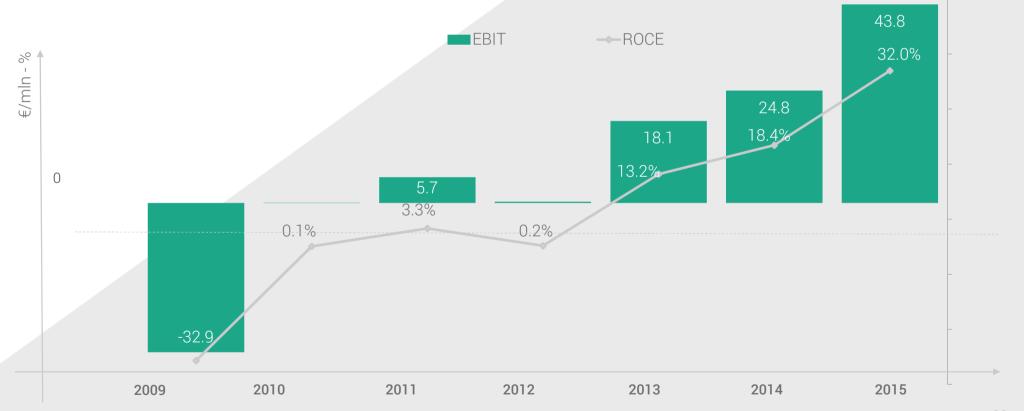
ROE



Annex **⊠ BIESSEGROUP**

ROCE

Before taxes & non recurring item



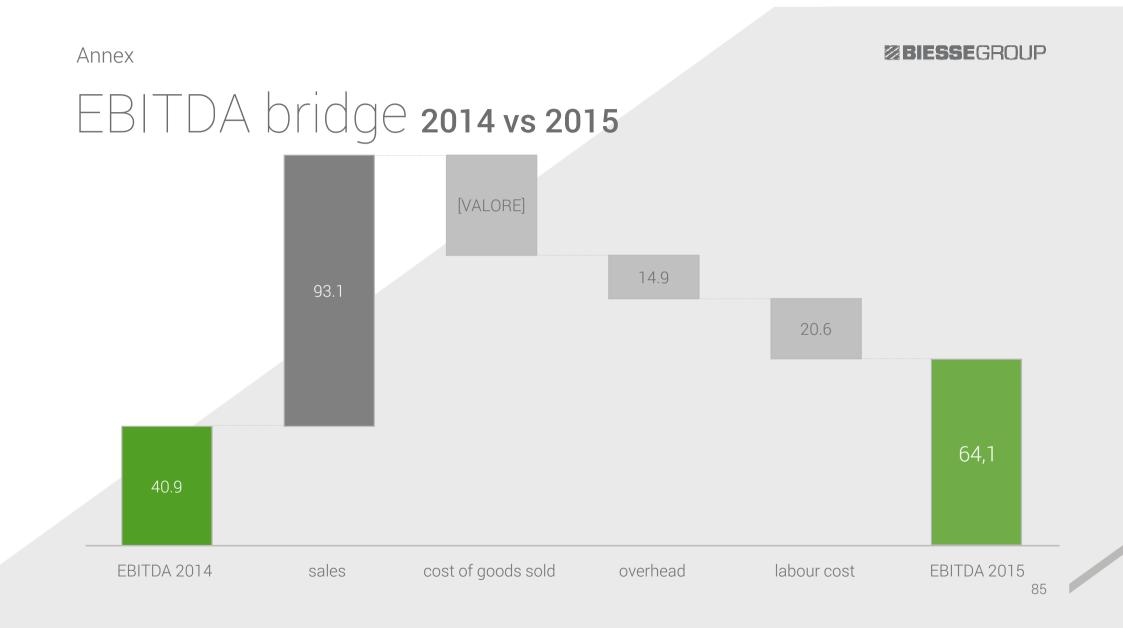
* before non recurring items

Extract of the P&L

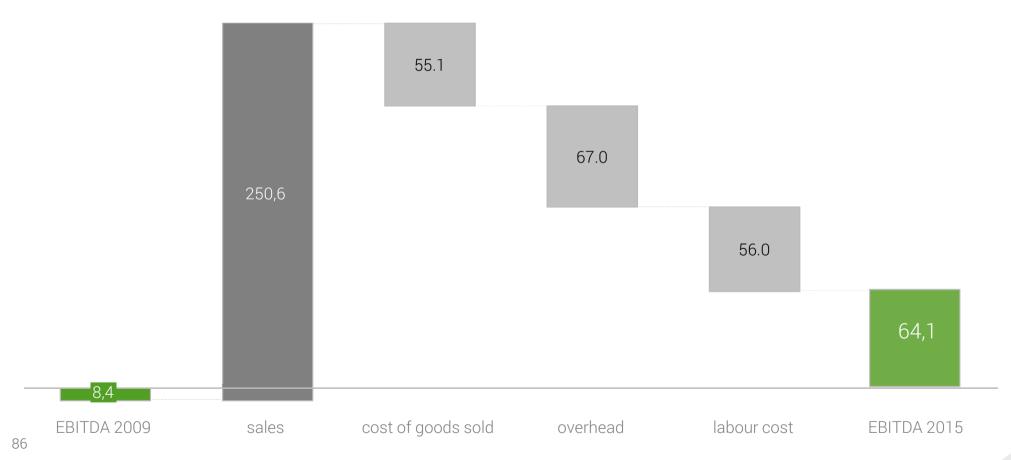
	€/mln	2013	2014	2015	+17%	2018e	Targets
	Net sales year -1	378,4 -1,2 %	427,1 +12,9 %	519,1 +21,5 %	CAGR 10.7	704,2 +11,2 %	decrease COGS incidence % on Net Sales of 1.2%
	Cost of good sold	156,5 41 ,4%	171,2 40,1%	^{206.1} 39,8%		^{271,8} 38,6%	through footprint optimization and efficiency
	Value added	143,5	169,1	212,4		298,6	-
	%	37,9%	39,6%	40,9%	CAGR 12,0%	42,4%	
	Labour cost	112,7 29,8 %	128,2 30,0 %	148,2 28,6%		203,,0 28,8%	< 29% incidence
	overhead	81,4 21,5%	89,7 21,0%	104,7 20,2%		136,0 19,3 %	< 20% incidence
	EBITDA	30,9	40,9	64,1		95,6	
	%	8,2%	9,6%	12,4%	CAGR 14.2	13,6%	
	EBIT*	18,1	26,5	43,8		71,6	
84	%	4,8%	6,2%	8,4%	CAGR 17,9%	10,2%	

Growth

Rate without FX effect



EBITDA bridge 2009 vs 2015



Annex **⊠ BIESSEGROUP**

Operating Net Working Capital

	€/mln	2013	2014	2015	2018e	Targets
	Inventories % net sales	22,8%	23,0%	21,5%	19,4%	<22%
	Receivables % net sales	20,1%	18,9%	20,3%	19,1%	DSO 60 days
	Payables % net sales	29,4%	28,8%	29,5%	26,6%	DPO 110 days
Ор	erating Net Working Capital % net sales	51,4 13,6%	55,6 13,0%	63,4 12,2%	83,5 11,9%	

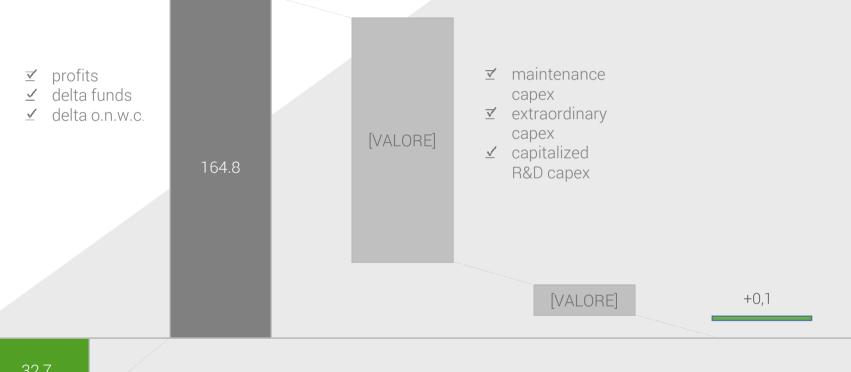
Cashflow - Net Debt

	€/mln	2013	2014	2015	2016e	2017e	2018e
	Gross Cashflow % net sales	52,1 13,8%	38,3 9,0 %	46,3 8,9 %			64,1 9,1 %
	Investments % net sales	-19,9 5,2%	-20,8 4,9 %	-25,2 4,9%			-25,0 3,5%
	Net Cashflow % net sales	32,3 8,5 %	17,5 4,1 %	21,1 4,1%			39,1 5,6 %
	Dividends		-4,8 0.18 per share	-9,8 0.36 per share 71% of 2014 net result		Target Dividend	
	Δ Net Debt		12,7	11,3		0% of Net	
\	Net Debt	-23,9	-11,2	0,1		nesuit	44,5
	Δ Net Debt	-23,9	0.18 per share 12,7	71% of 2014 net result 11,3	F	Dividend Payments	44,

88

BIESSEGROUP Annex

Cashflow bridge 2009 vs 2015



32,7

NFP 2009

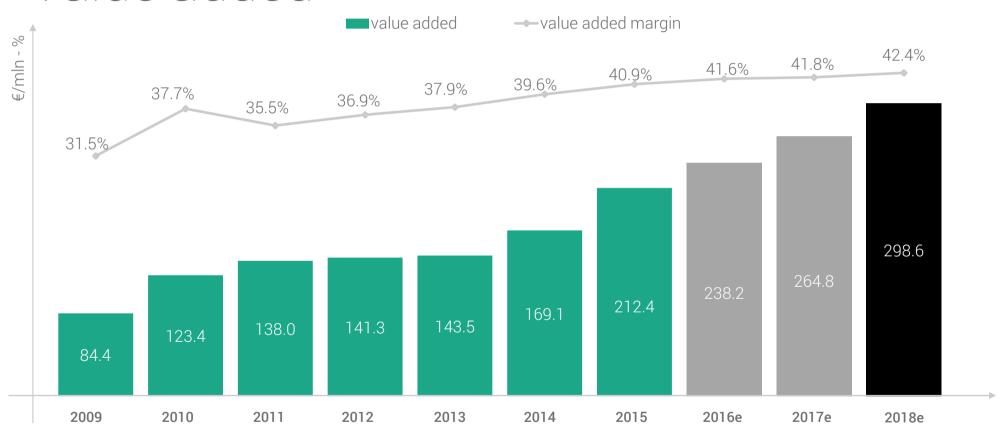
gross cashflow

investments

dividends (2014-2015)

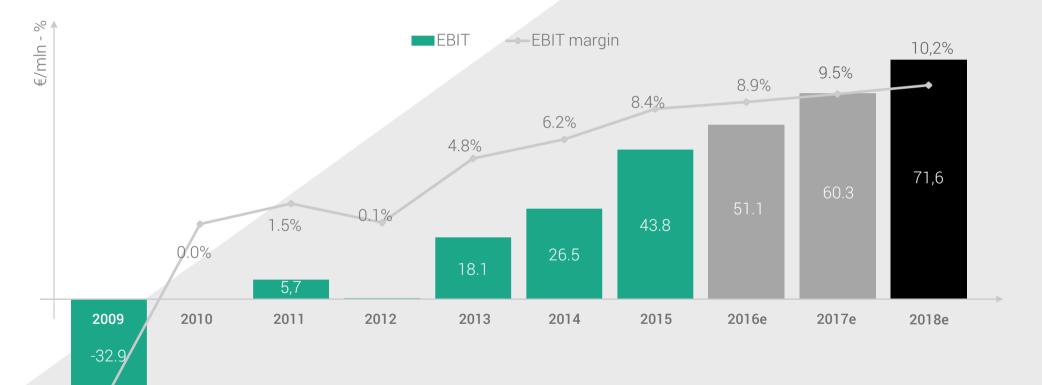
NFP 2015

Value added



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Ebit



* before non recurring items

9

Labour cost

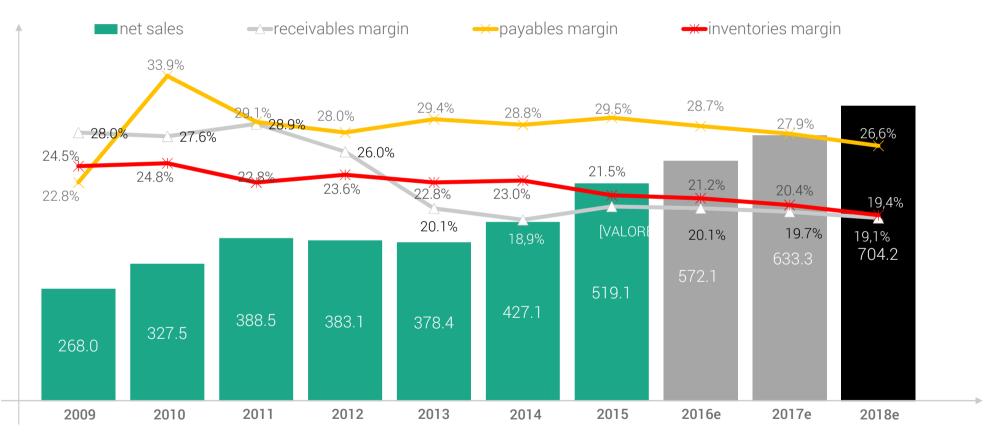


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Group People Distribution

· ·	_						
	2010	2011	2012	2013	2014	2015	2018e
Production % of total people	965 41%	1.250 46%	1.265 45%	1.175 44%	1.201 42%	1.335 42%	
Service & After sale % of total people	568 24%	577 21%	574 21%	613 22%	628 22%	690 22%	
R&D % of total people	293 12%	316 12%	338 12%	321 12%	361 13%	383 13%	
Sales & Marketing % of total people	340 13%	361 13%	364 13%	351 13%	439 15%	495 15,6% 2015 vs 2010 increase 45.6%	
G & A % of total people	202 9%	233 9%	242 9%	235 9%	252 9%	273 9%	
ITALY % of total people	1660 70%	1.656 61%	1.646 59%	1.547 57%	1.605 56%	1.780 56%	50%
OUTSIDE ITALY % of total people	708 30%	1.081 39%	1.136 41%	1.148 43%	1.276 44%	1.396 44%	50%
TOTAL revenue x employee	2.368	2.737	2.782	2.695	2.881	3.176 2015 vs 2010 increase 34.1%	

Receivables - Payables - Inventories





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