

Forward-thinking  
solutions to leverage  
the fourth industrial  
revolution

 **BIESSEGROUP**

2017-2019

3-Years Business Plan extract



Biesse Group / Our values

# Excellence

**BIESSEGROUP**

2017-2019 three years Business Plan

A virtuous circle of excellence  
for a **constant growth**

Revenue

Profit

01

02

Cash

03



Biesse Group / Our values / Excellence

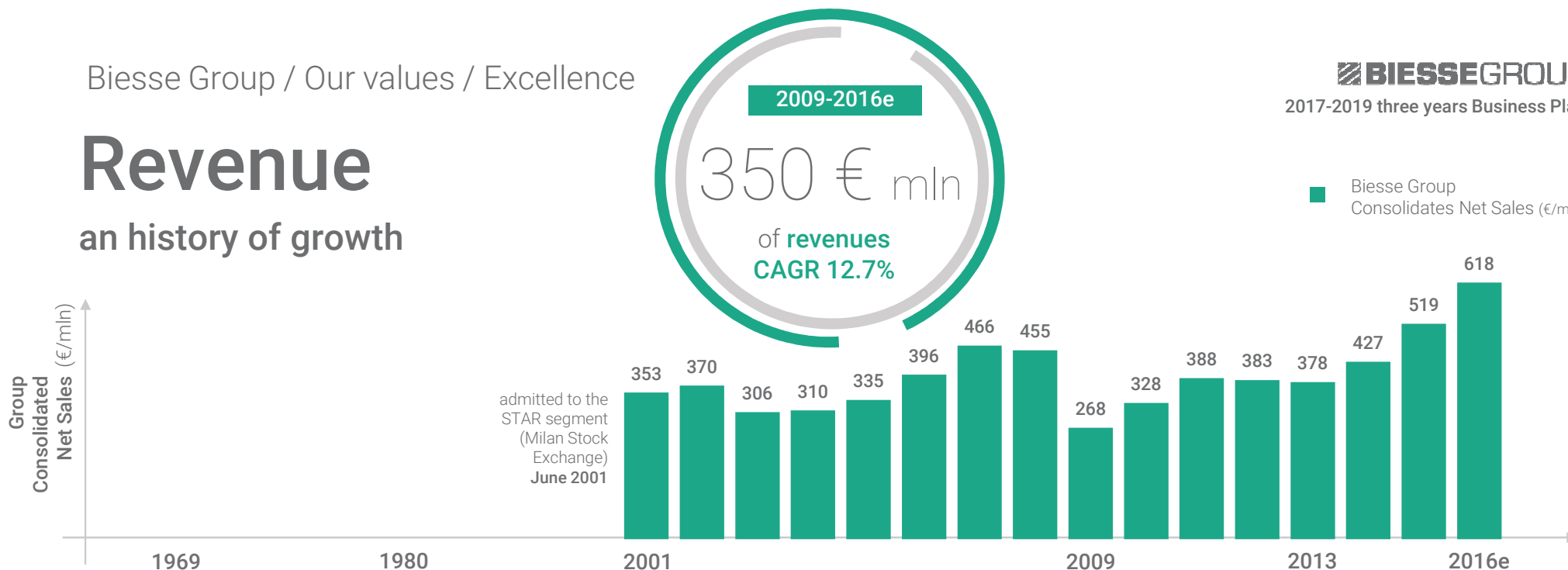
# Revenue

an history of growth

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■ Biesse Group  
Consolidates Net Sales (€/mln)



Wood



Glass



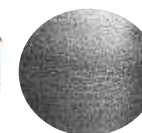
Mechatronics



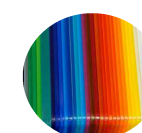
Stone



bSoft  
(software)



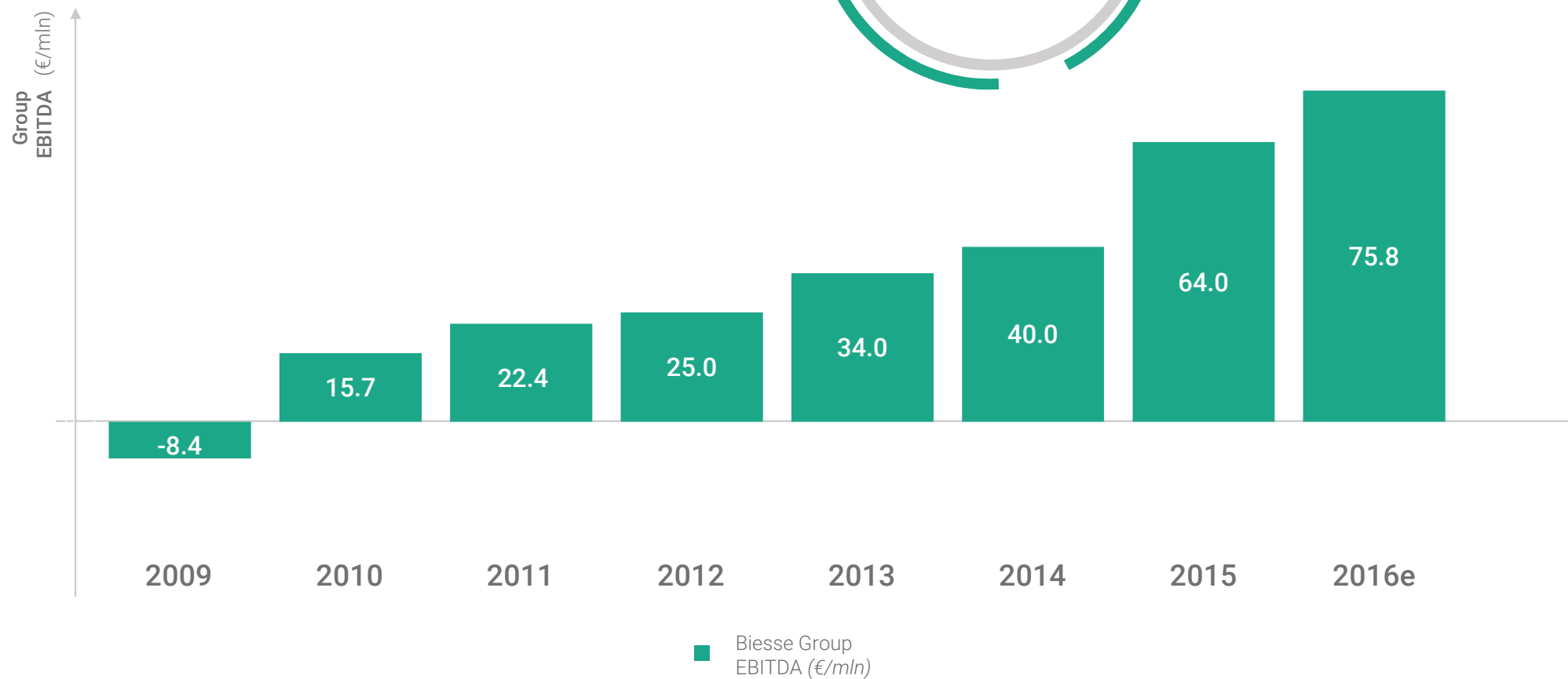
Metal



Plastic &  
Advanced  
Materials

# Profit

## EBITDA

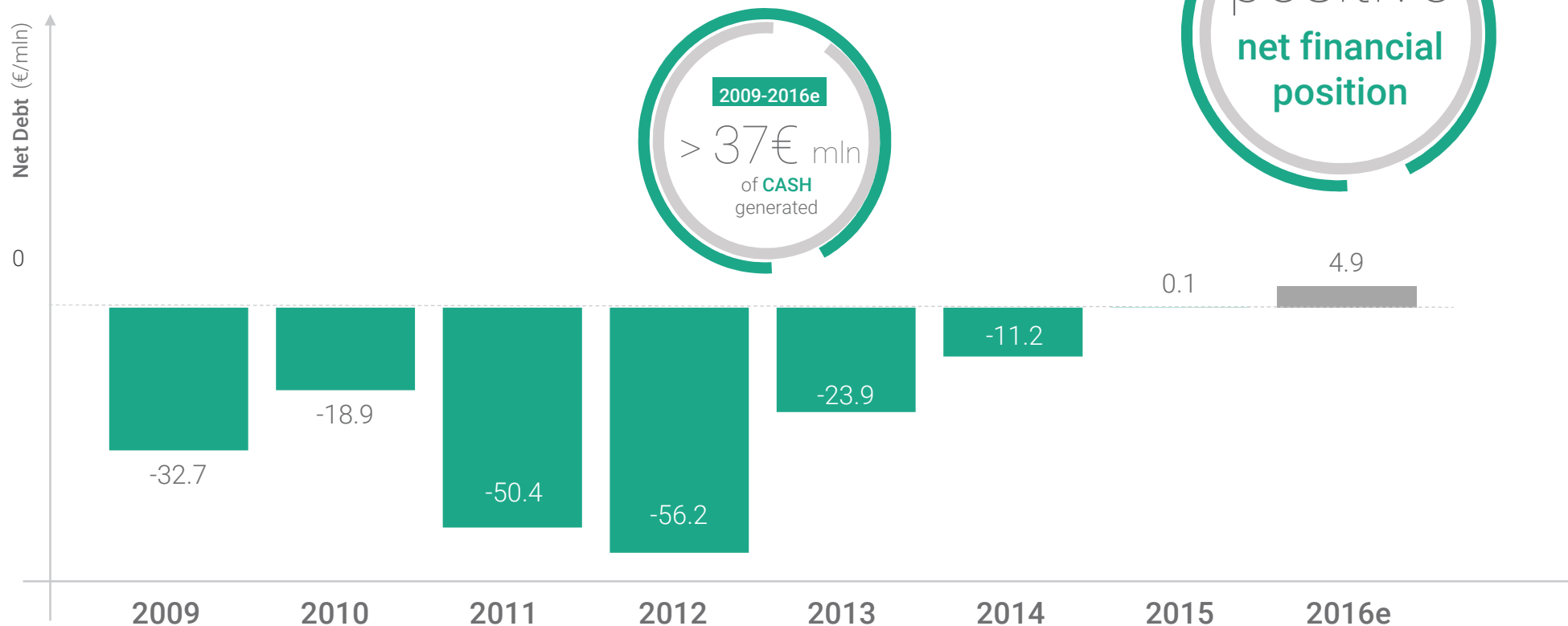




# Cash

## Net financial position

After dividends payment in 2014 - 2015 - 2016



Where we are: business plan update

# Strategy & Results

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2017-2019 three years Business Plan

2016e successes  
Execution on track



Where we are / Strategy & Results

# 2016e Successes

Net  
Sales

618,1  
€/mln

+19,1%  
on 2015

Order  
Intake

493,2  
€/mln

+11,4%  
on same  
period 2015

EBITDA

75,8  
€/mln

12,3%  
on Net Sales

EBIT

55,2  
€/mln

8,9%  
on Net Sales

Financial Position

Net

+4,9  
€/mln



# Execution **on track**



# Execution on track

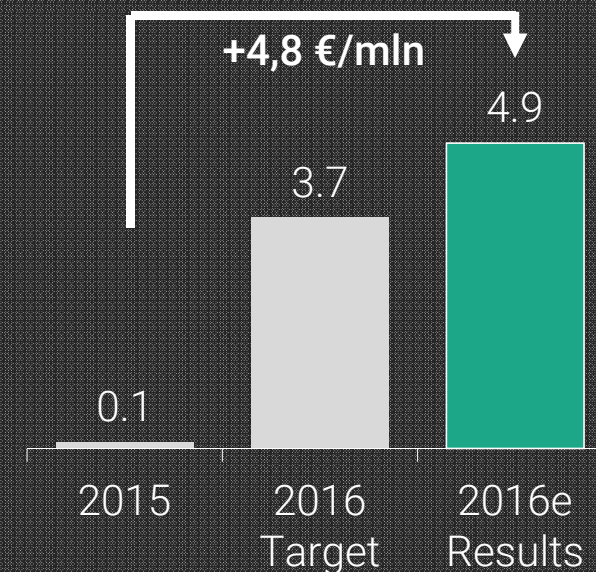
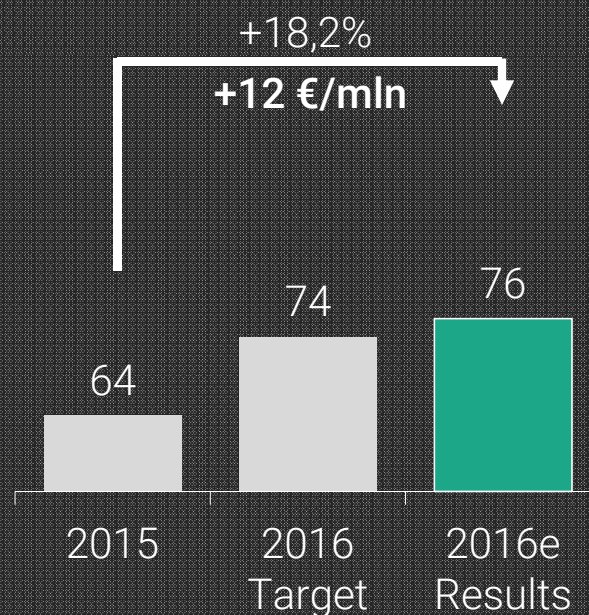
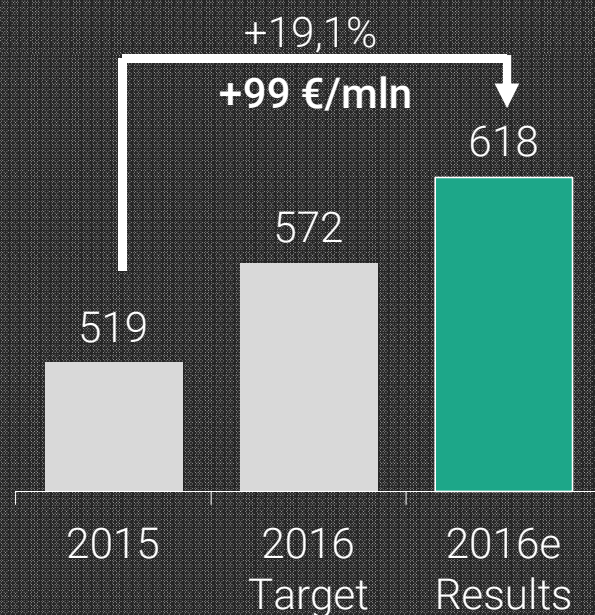
**Anticipating** plan  
Execution

**On track** with plan  
Execution

## Net Sales

## EBITDA

## N.F.P.



Where we are: business plan update

# Products

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Exceeding targets

Wood

Housing

Glass & Stone

Mechatronics

Tooling

Advanced Materials



Where we are / Products

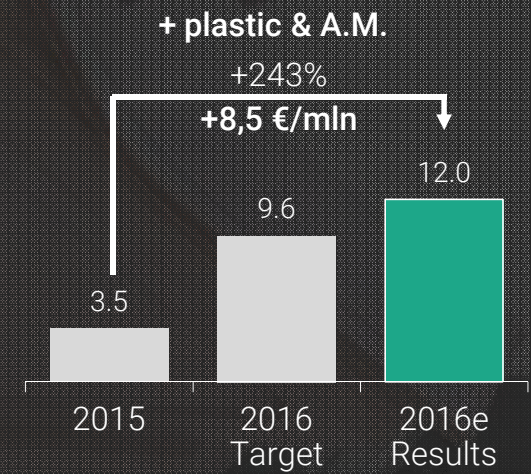
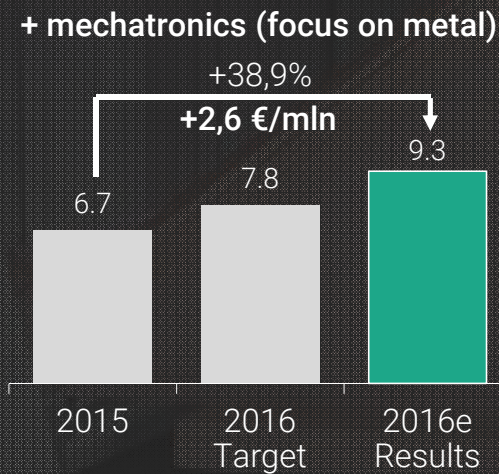
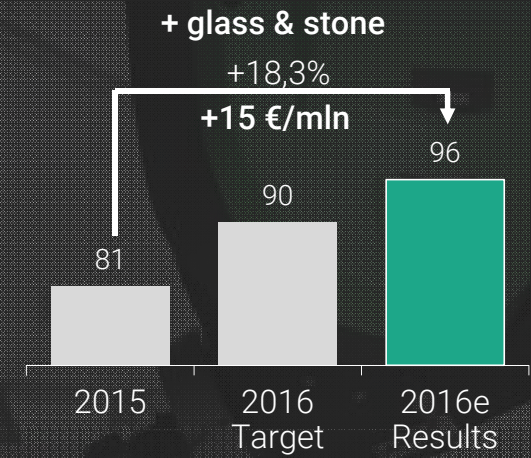
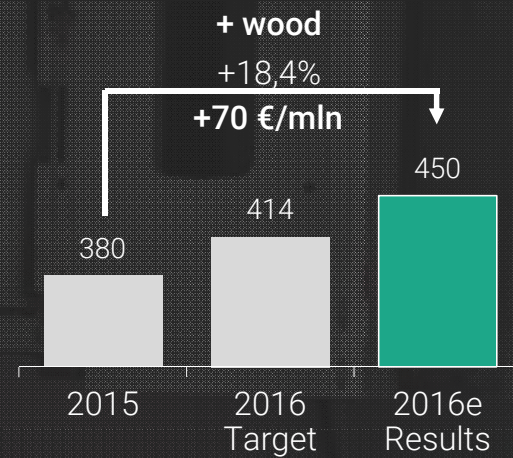
# Exceeding targets

Best-in-class  
Alignment



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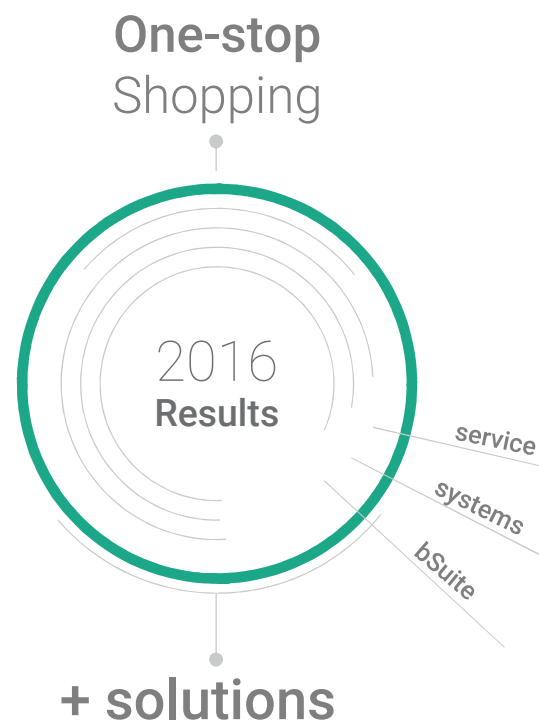
2017-2019 three years Business Plan



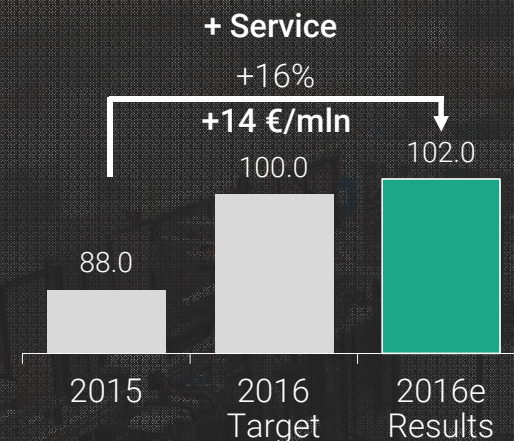


Where we are / Solutions

# Exceeding targets



**BIESSE GROUP**  
2017-2019 three years Business Plan

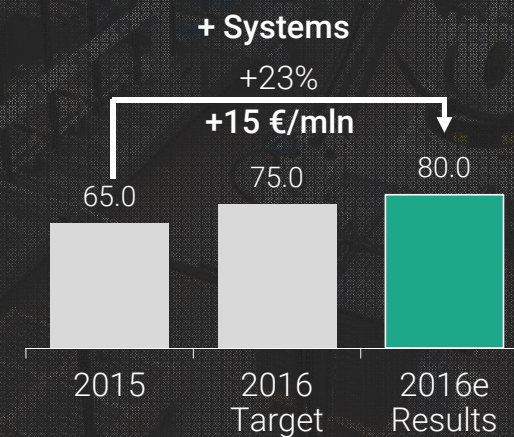


16,0%

System Incidence on  
Machine Sales in 2015

18,0%

System Incidence on  
Machine Sales in 2016e



Where we are: business plan update

# Customer Experience

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Exceeding targets

Close to customers

Feeling the products

Predicting customer needs

IIoT with Accenture & Microsoft



Where we are / Customer Experience

# Exceeding target



+ customer

Differentiation  
Take Over

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Revenues in **North  
America** in 2016

+18,4 mln/€

Revenues in **ASIA**  
in 2016

+26,7 mln/€

Revenues in **Western  
Europe** in 2016

+72,4 mln/€

+4  
New Local  
**Branches**

8.000  
**Demos** in 2016



Where we are / Customer Experience

# Predicting Customer needs

A new step towards  
the Factory of the Future

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*"For us 4.0 is not simply a number representing the so-called new industrial revolution, but a real commitment toward our customers to allow them, to achieve the highest level of efficiency"* - Federico Broccoli (Wood Division Director / Sales)



01  
Design



02  
Materials



03  
Production



04  
Shape &  
Installation

**Software**



**Materials Innovation**

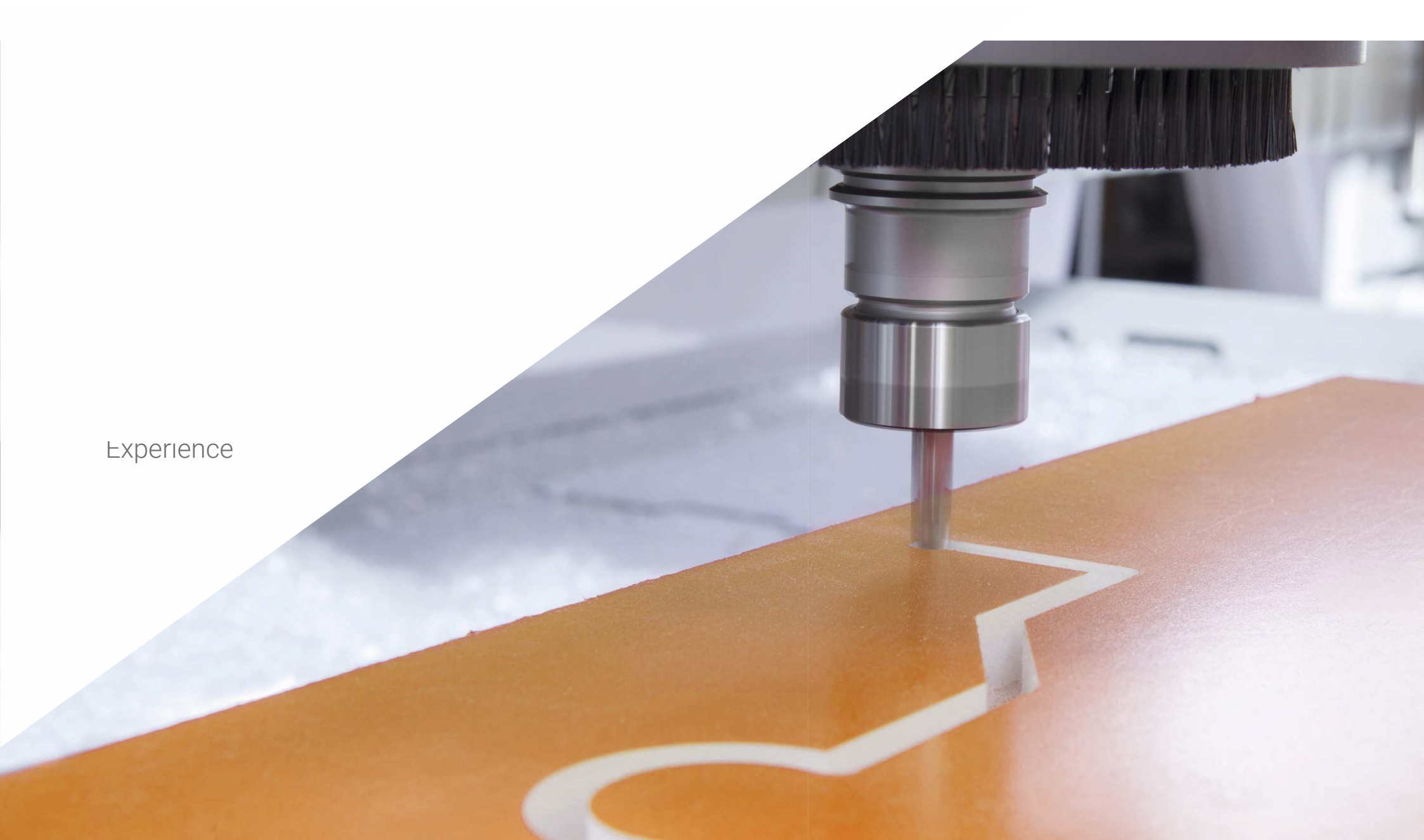


**Digital Manufacturing  
Machines**



**Industry 4.0**

Experience





Where we want to go / Continuous Growth

# More products New target

Metal  
**19** mln€  
2019 Target

Advanced  
Materials  
**30** mln€  
2019 Target



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**9%**

Wood Division Estimated  
CAGR 2017-2019

**4%**

Market Estimated  
CAGR 2017-2019

**12%**

G&S Division Estimated  
CAGR 2017-2019

**7%**

Market Estimated  
CAGR 2017-2019

**11%**

Mechatronics Division Estimated  
CAGR 2017-2019

**5%**

Market Estimated  
CAGR 2017-2019

**92%**

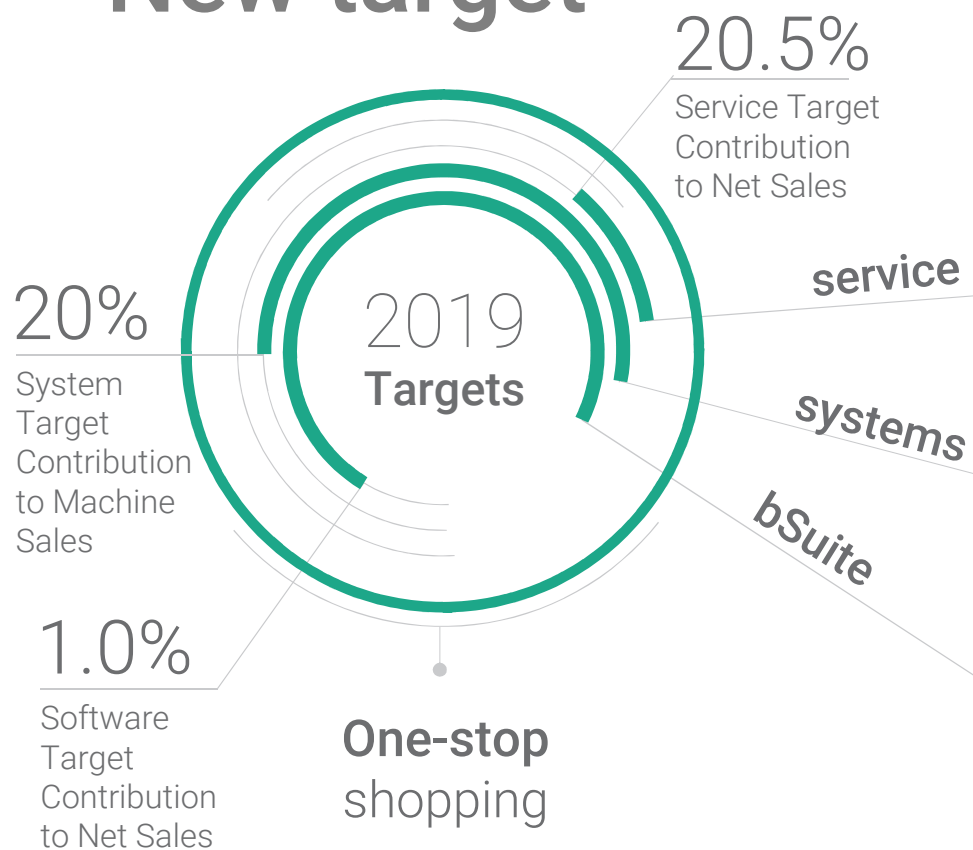
A.M. Division Estimated  
CAGR 2017-2019



Where we want to go / Continuous Growth

# More solutions

## New target



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To evolve to Service 2.0: from a "break and fix" approach to a proactive service

To increase our market share in the system solutions market.

To improve our software to keep offering to our Customers endless possibilities.



Where we want to go / More Products

# Advanced Materials\*

30 mln/€  
2019 target  
In advanced material  
segment

**\*Advanced materials**

- ✓ Carbon Fiber
- ✓ Foam
- ✓ Plastics
- ✓ Composite
- ✓ Aluminium
- ✓ Titanium

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01

Expand our **plastic working machineries** in order to meet the needs of the entire market.

02

**Extend our product range** drawing on the expertise of Uniteam to enhance its range of products and applications for machining **advanced composite materials** for several industries

application



Aerospace



Automotive



Marine



Packaging



Medical  
Devices



Renewable  
Energy



Defense and  
Ballistics



Visual  
communication

Where we want to go: 2019 new targets

# More Solutions

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2019 new targets

Service

Systems

bSuite



Where we want to go / More Solutions

# Service



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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 **proactive services**. On-site assistance
- ✓ **Spare Parts:** encourage a 24/7 assistance / no **down-time approach** with maintenance contracts / replacement parts warehouse with over 8.000 items
- ✓ **Continuous Training :** training dedicated to Biesse Field engineers, subsidiary and dealer personnel



Where we want to go / More Solutions

# Systems



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We **increased our market share becoming a leading company** in the engineering solutions sector.

The **guiding strategy** of the Biesse Systems team is based on clear **key concepts**:

- ✓ Definite lead times
- ✓ Automation
- ✓ Stock Management
- ✓ Modularity
- ✓ Total Quality



Where we want to go / More Solutions

# bSuite

1.0%

**Potential Software**  
Fees contribution to  
Net Sales

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01

**Consolidation. reliability and rationalization.**

Superior technology for creating synergies in machine automation.

02

**Technological superiority and sustainability.**

Ensuring advanced, sustainable know-how in order to develop intelligent machines.

03

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

04

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



Where we want to go / BCx

# Close to customers: **India & China**

In addition to the Italian sites, we boost manufacturing sites in **India** and **China**, to better **satisfy Customer worldwide**.

The two sites, **Bangalore** and **Dongguan** manufacture a **portfolio Local4Global**, distributing their products worldwide.

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01

Product Quality Made in Biesse

02

Local suppliers certified by Biesse Quality

03

Ongoing integration and training

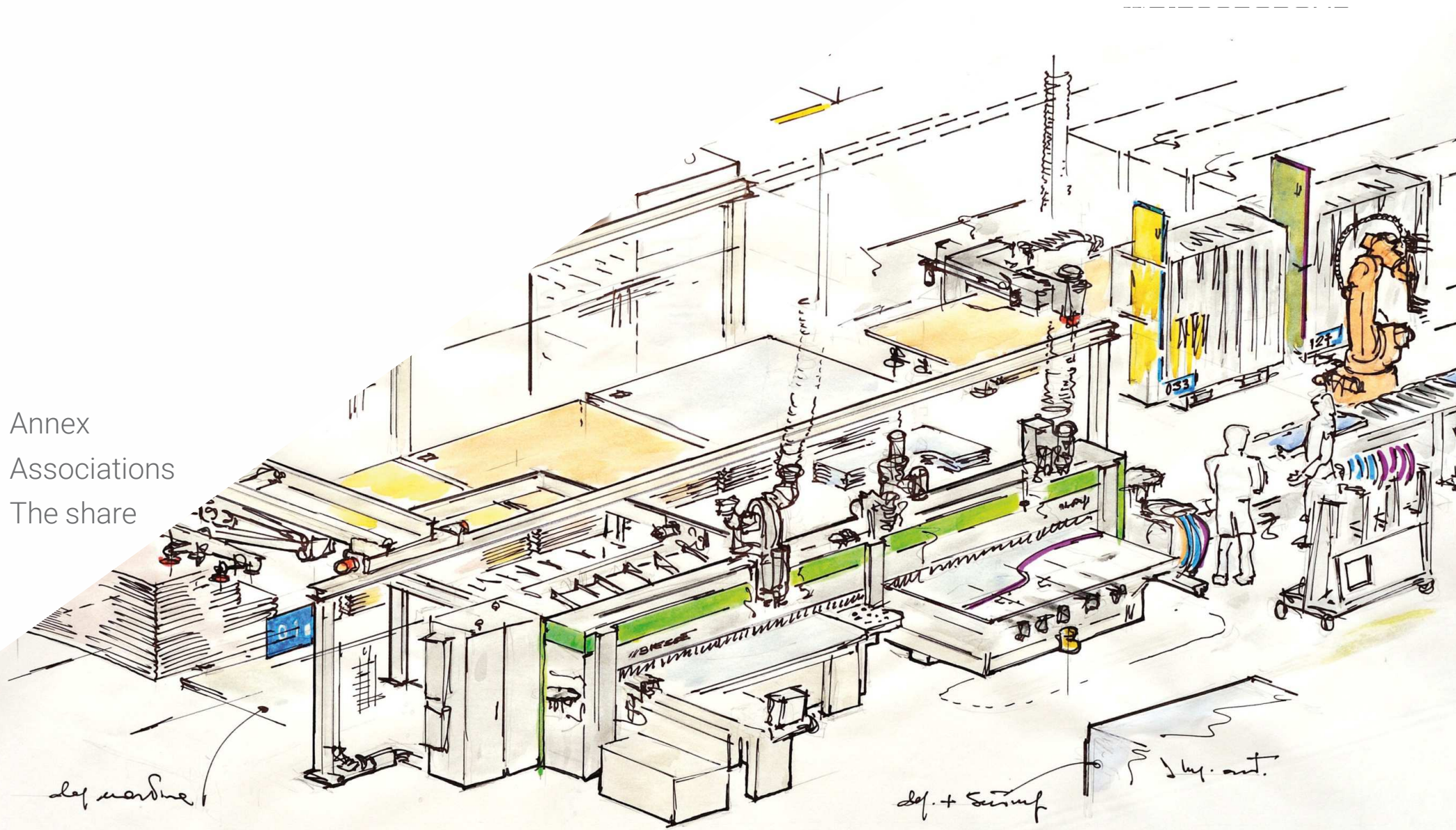
20%

2019 Target

production abroad quote



Annex  
Associations  
The share



def. machine

def. + service

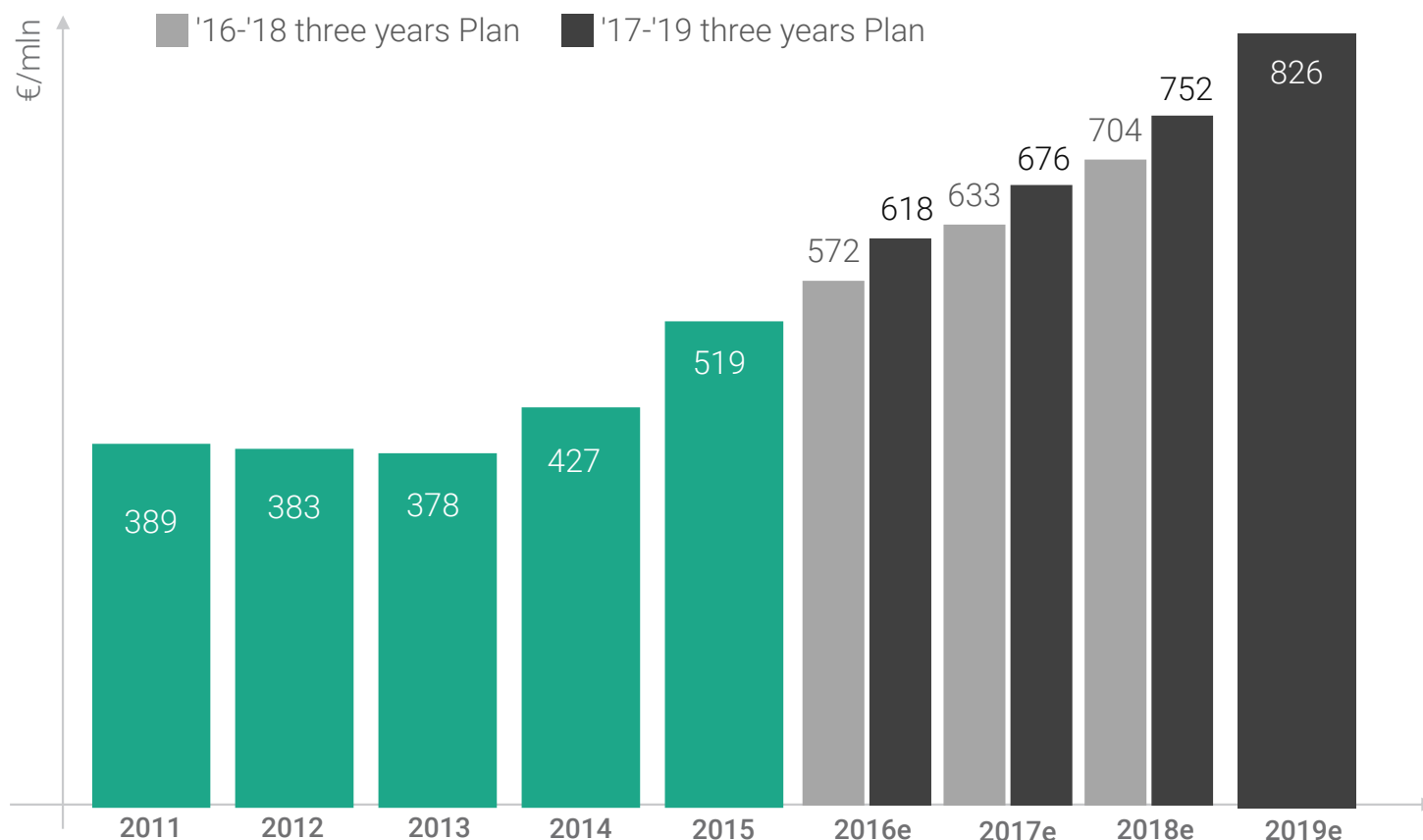
sky. ant.

Our future in figures

**BIESSEGROUP**

2017-2019 three years Business Plan

# Net Sales - Anticipating plan execution



**Confirming** the growth growth path to consolidate our **leadership**

- ✓ In 2016e **we went beyond our targets**, anticipating plan execution
- ✓ We yearn to achieve **higher targets in 2019** leveraging on our strategy: more products, more solutions, more customers



Our future in figures

# Stabilize Profitability



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**10,1 %**

Net sales  
CAGR 2017-2019

☑ Continue our growth path

**39%**

Target COGS  
incidence on Net Sales

☑ Optimize our **production cost**

**<30%**

Target Labor Cost  
incidence on Net Sales

☑ Invest in **human resources** and capabilities as growth driver, **controlling incidence** on net sales

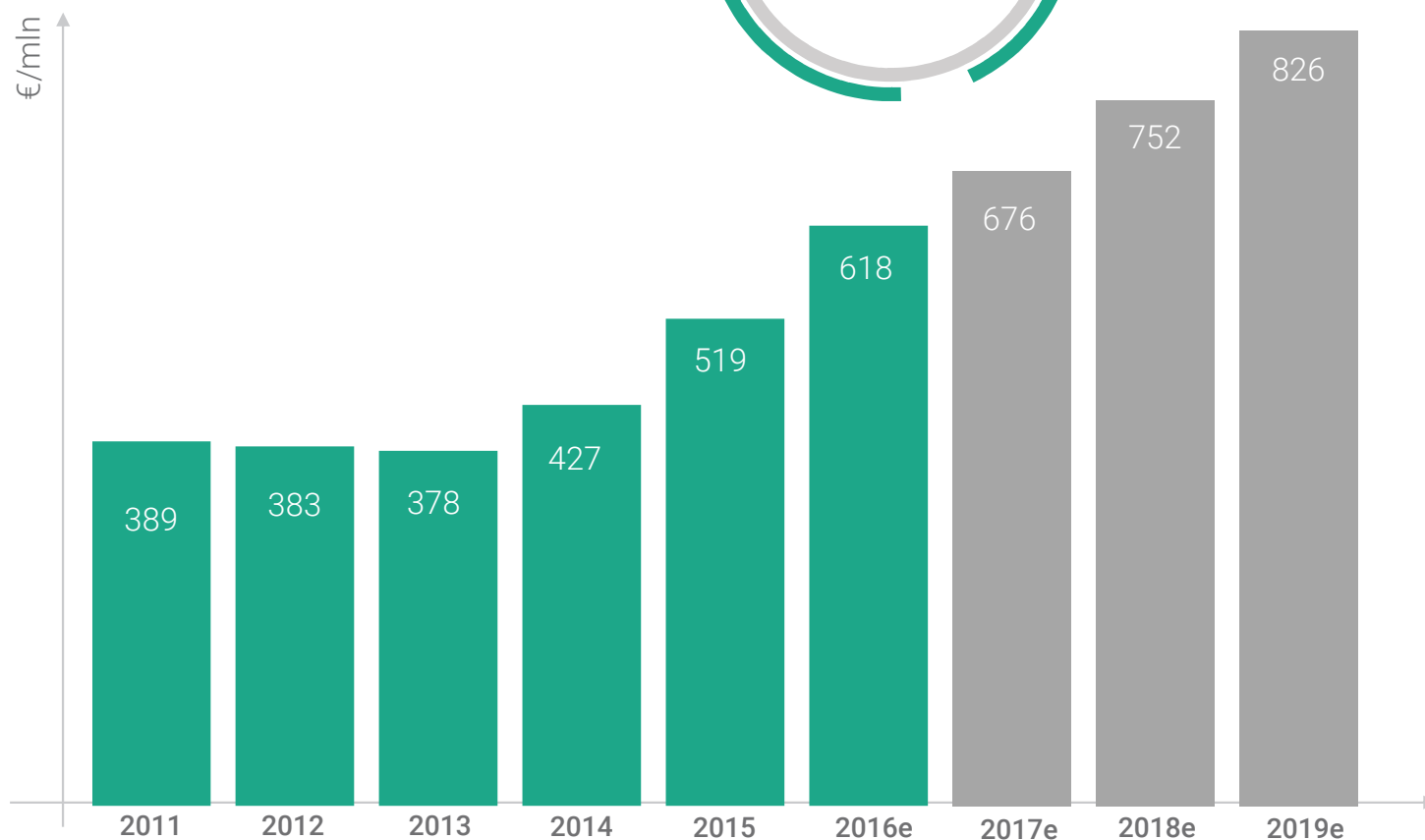
**<20%**

Target Overhead Cost on  
Incidence on Net Sales

☑ **Optimize** Overhead cost

Our future in figures / **Revenue**

# Net Sales



**BIESSEGROUP**

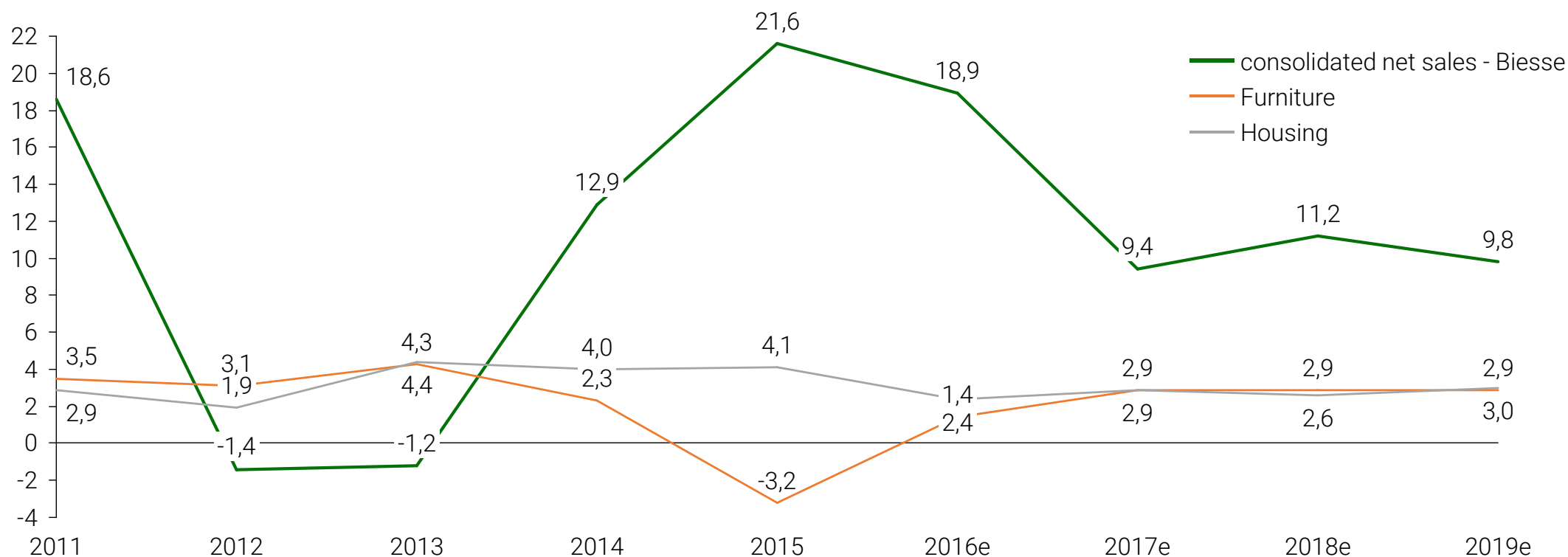
2017-2019 three years Business Plan

Continuing to pursue an **organic growth**.

- ✓ **Increasing our sales force.** subsidiaries, agents and distributors **worldwide**
- ✓ Growing **not only in the woodworking** machine sector, but also in the areas of glass, stone, mechatronics and advanced materials especially considering the after-sales services
- ✓ Continuing to **diversify into new sectors:** advanced materials and metal working

# Reference Market Housing - Furniture

Δ% year on year



Source: CSIL  
furniture demand  
(world) - CRESME

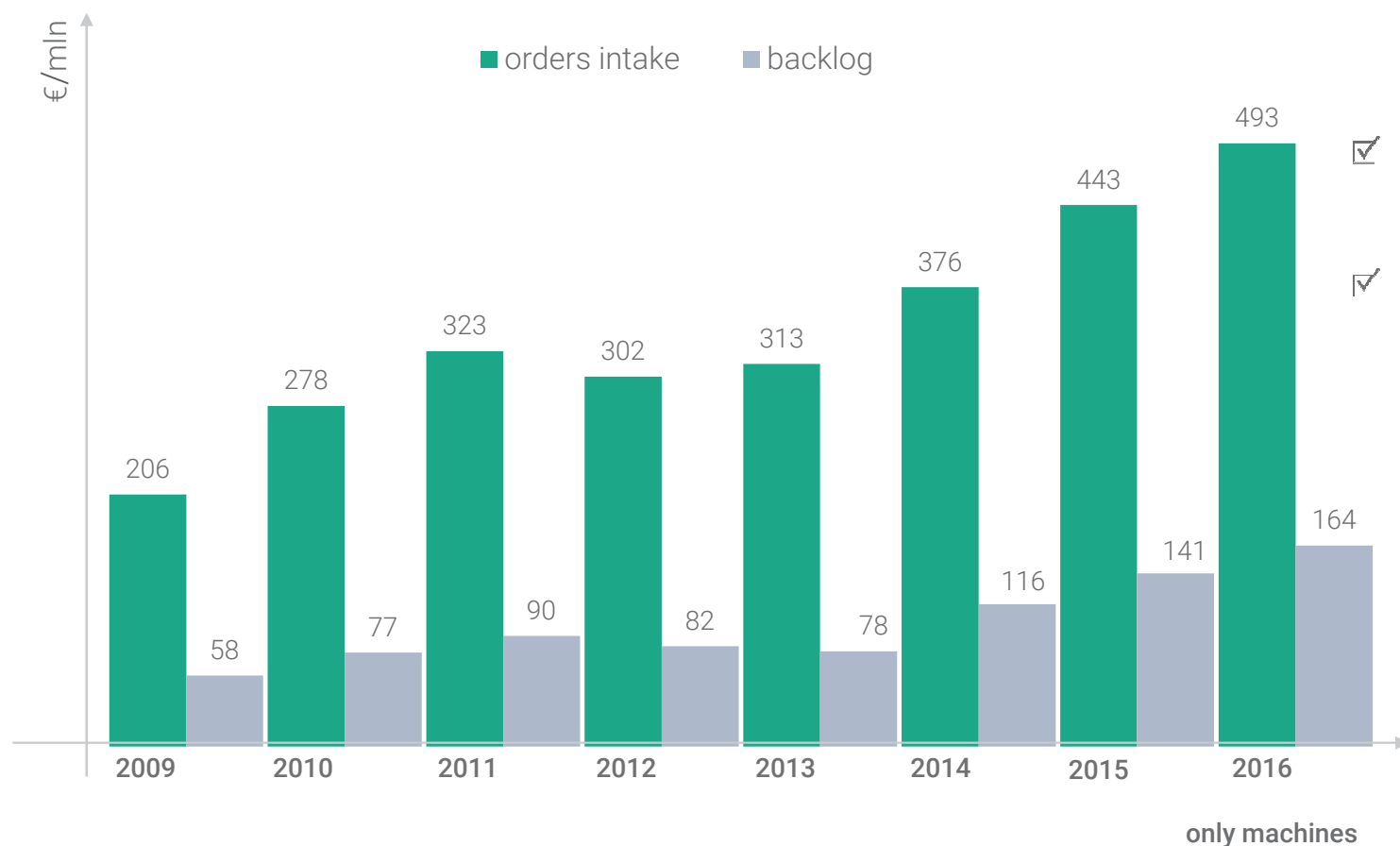
**+10.1%**  
Consolidated net sales Biesse  
CAGR 2017-2019

**+2.9%**  
Furniture  
2017-2019

**+2.8%**  
Housing  
2017-2019



# Group orders intake & backlog



✓ 2016: Group orders intake\* **+11%** (vs. the same period 2015)

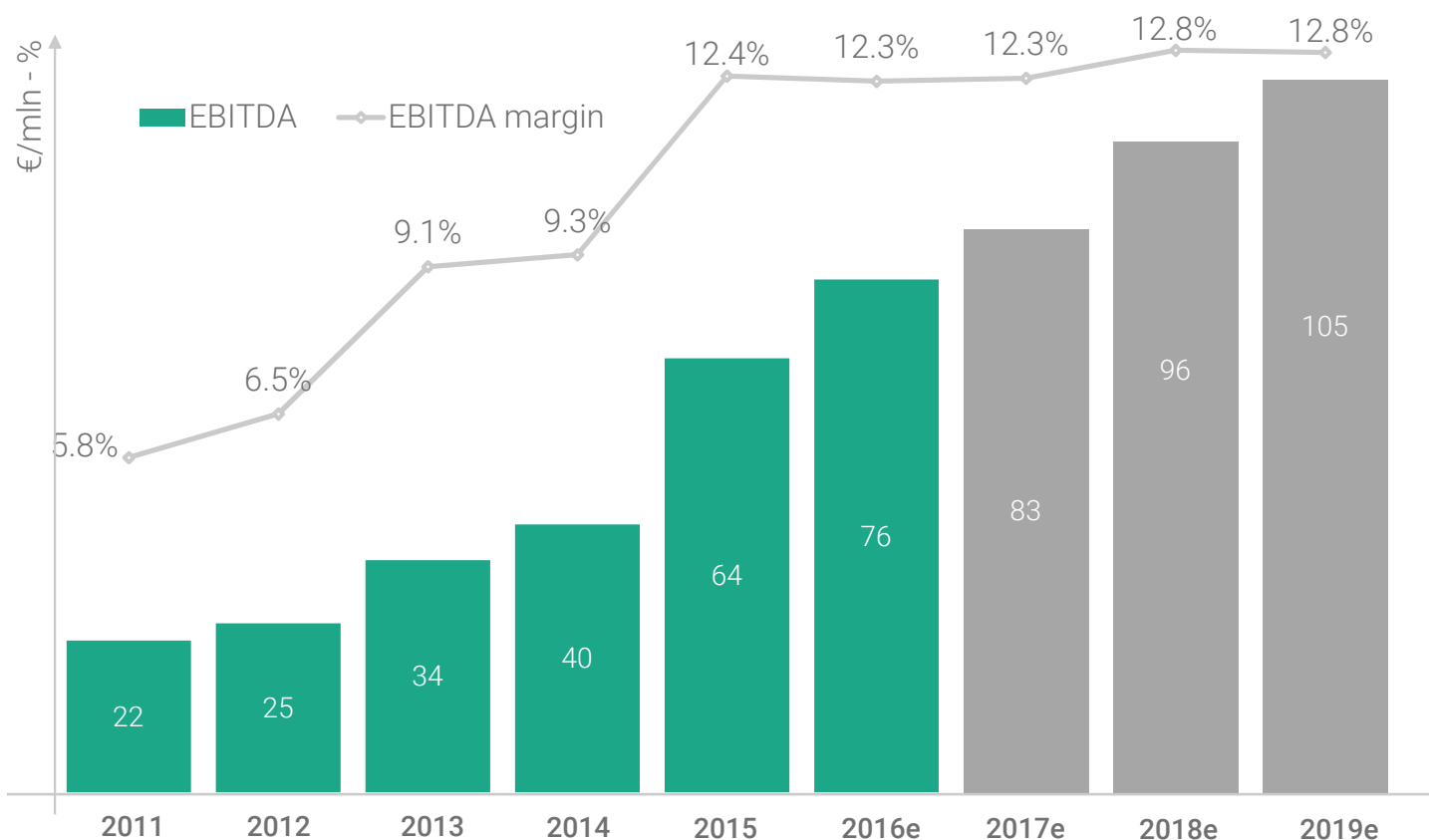
✓ 2016: Group backlog\* **+16%** (vs. the same period 2015)

Our future in figures / Profit

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# Ebitda

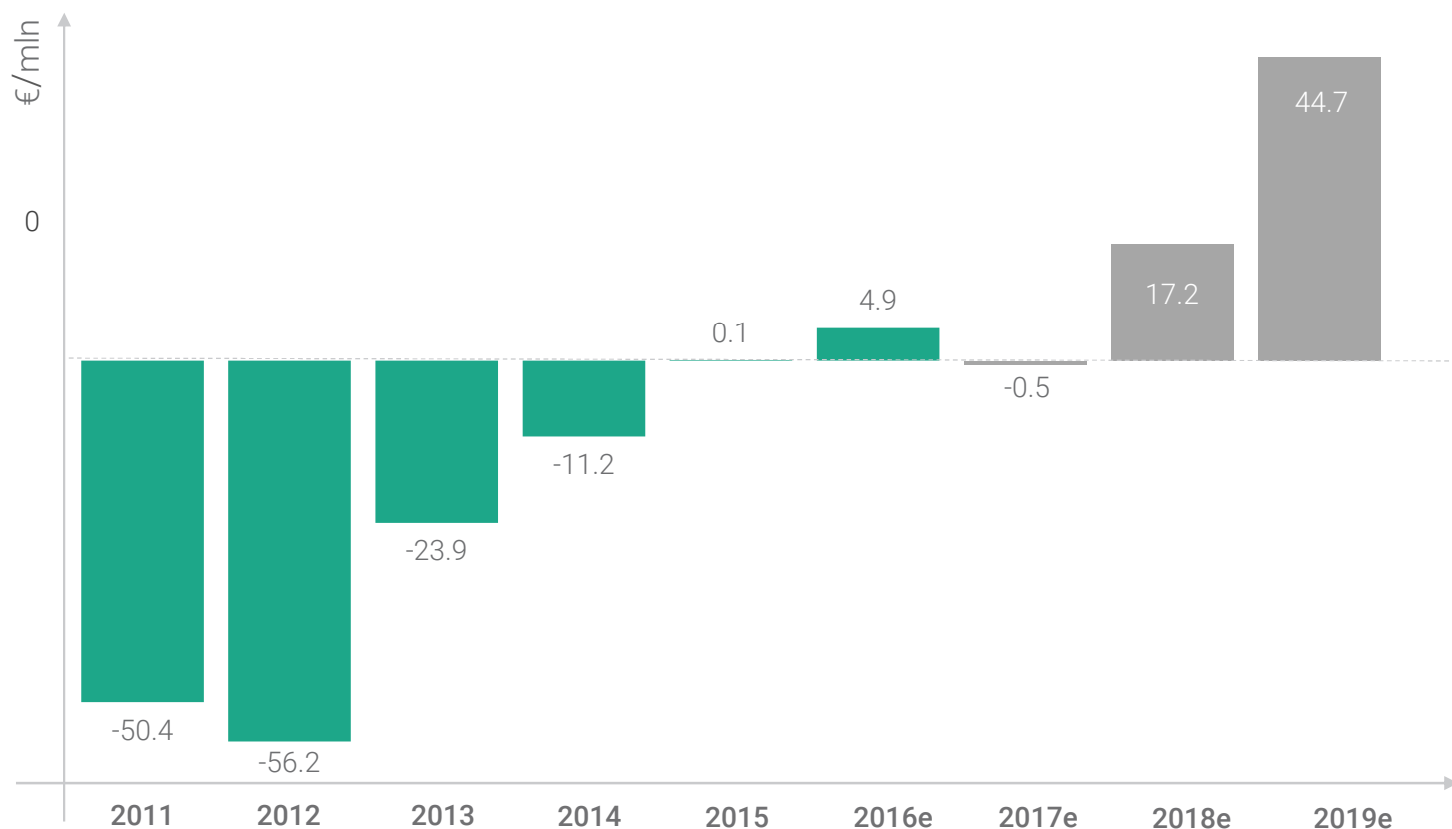


generation of  
value.

- ✓ Decreasing incidence of **COGS** on Net Sales through world production optimization and efficiency
- ✓ Maintaining **Labour Cost** incidence on Net Sales **below 30%**
- ✓ Maintaining **Overhead** incidence on Net Sales well **below 20%**



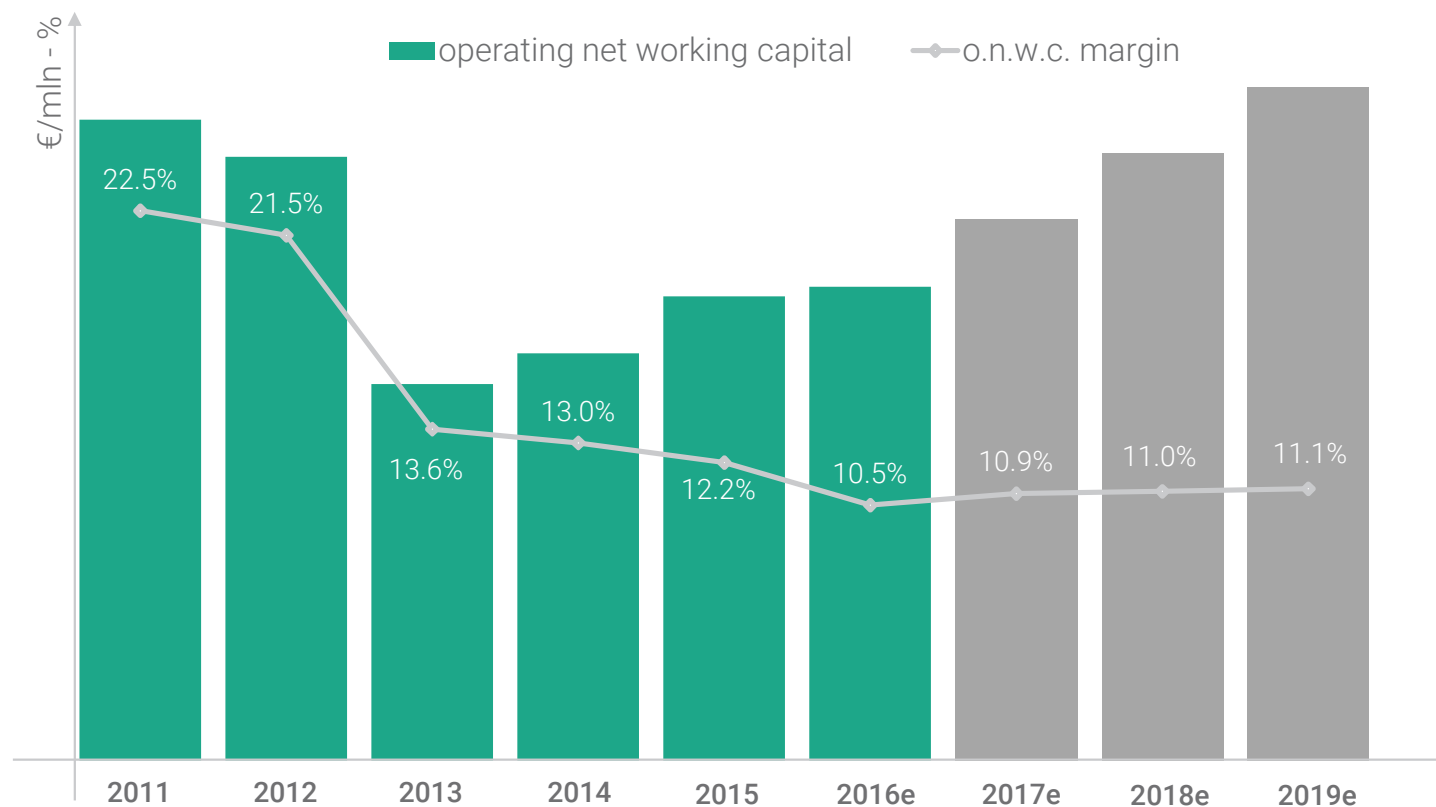
# Net Debt



**positive cash flow.**

- ✓ Starting point: **positive Net Financial Position** at the end of 2016
- ✓ Continuing to invest in **R&D** around **2% of Net Sales**
- ✓ **Cash Flow** finances the projected increasing CAPEX to support our growth forecast
- ✓ Paid yearly **dividends** (since 2014 for tree years) for a total amount of > € 24 mln

# Operating **Net Working Capital**

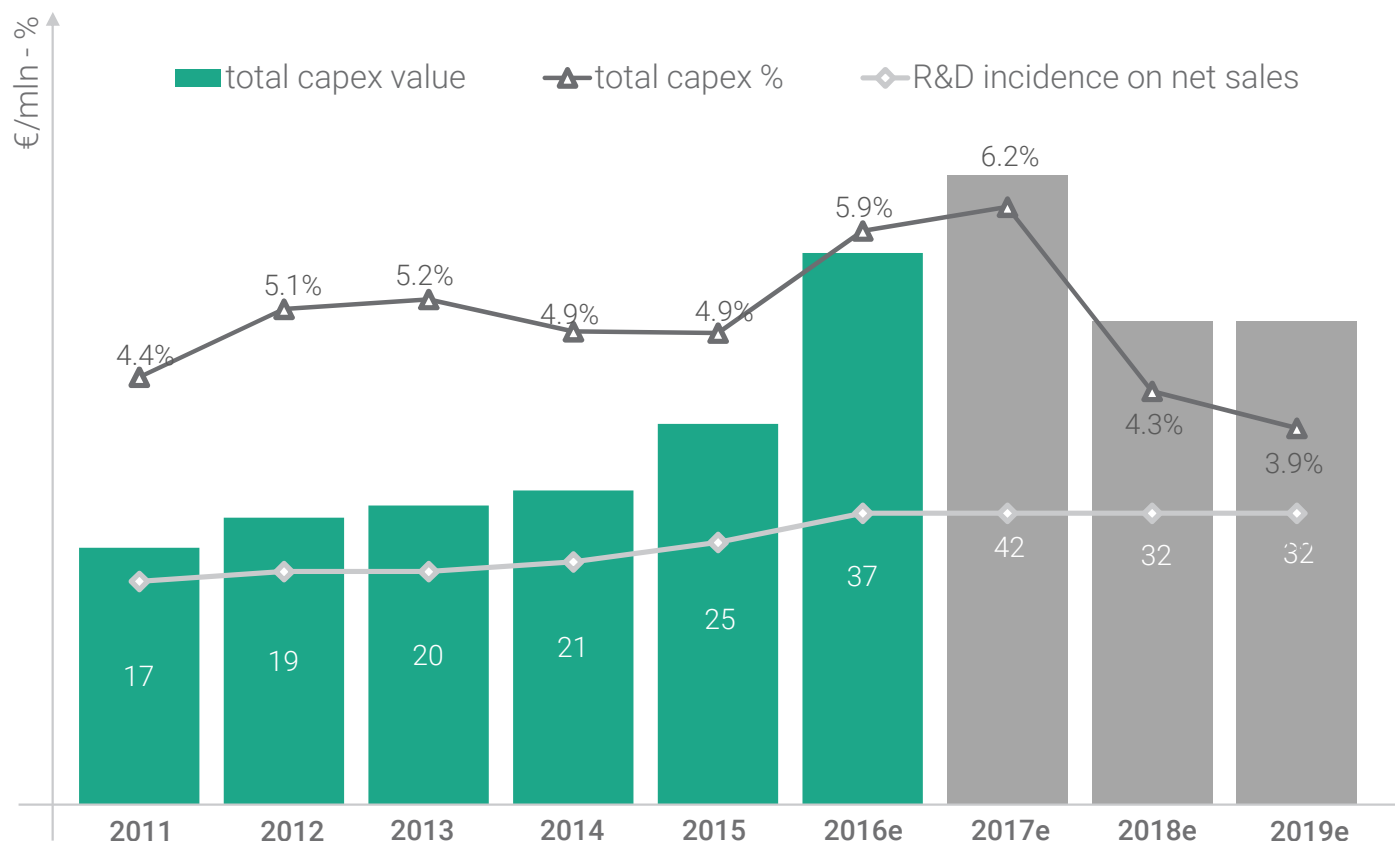


**control** our  
Operating Net  
Working Capital.

- ✓ Maintaining **Operating Net Working Capital** incidence on Net Sales well **below 12%**
- ✓ Maintaining our Group **inventories** below **21%** incidence on Net Sales
- ✓ Maintaining our Group **DSO** around **60 -65 days**
- ✓ Maintaining our Group **DPO** around **100-110 days**



# Capex\*



**continue our growth path through investments.**

**2017e**

tangible: € 24.4 mln

intangible: € 17.2 mln

main investments drivers:

- ✓ **Indian** Manufacturing Site
- ✓ **Chinese** durable goods investments (KOREX)
- ✓ **Mechatronics** Italian plant (HSD S.p.A.) components production machines
- ✓ **Metal Working** (internal phase): improvement of the components production
- ✓ **I.T.:** digital factory – PLM & CRM – Oracle implementation
- ✓ **R&D constant investment.** around 2% on net sales every year

*\*Potential growth strategy through M&A not included*

# Capex: **tangibles**

continue our growth path through investments



- ✓ **Indian** Manufacturing Site widening to meet the projected productive expansion



- ✓ **Chinese** Production Site upgrade and durable goods investments (KOREX) CNC lathe, vertical and horizontal working center machines



- ✓ **Mechatronics** Italian plant (HSD S.p.A.) components production machines (rotary tables) + american subsidiary new site (HSD U.S.A. subsidiary)



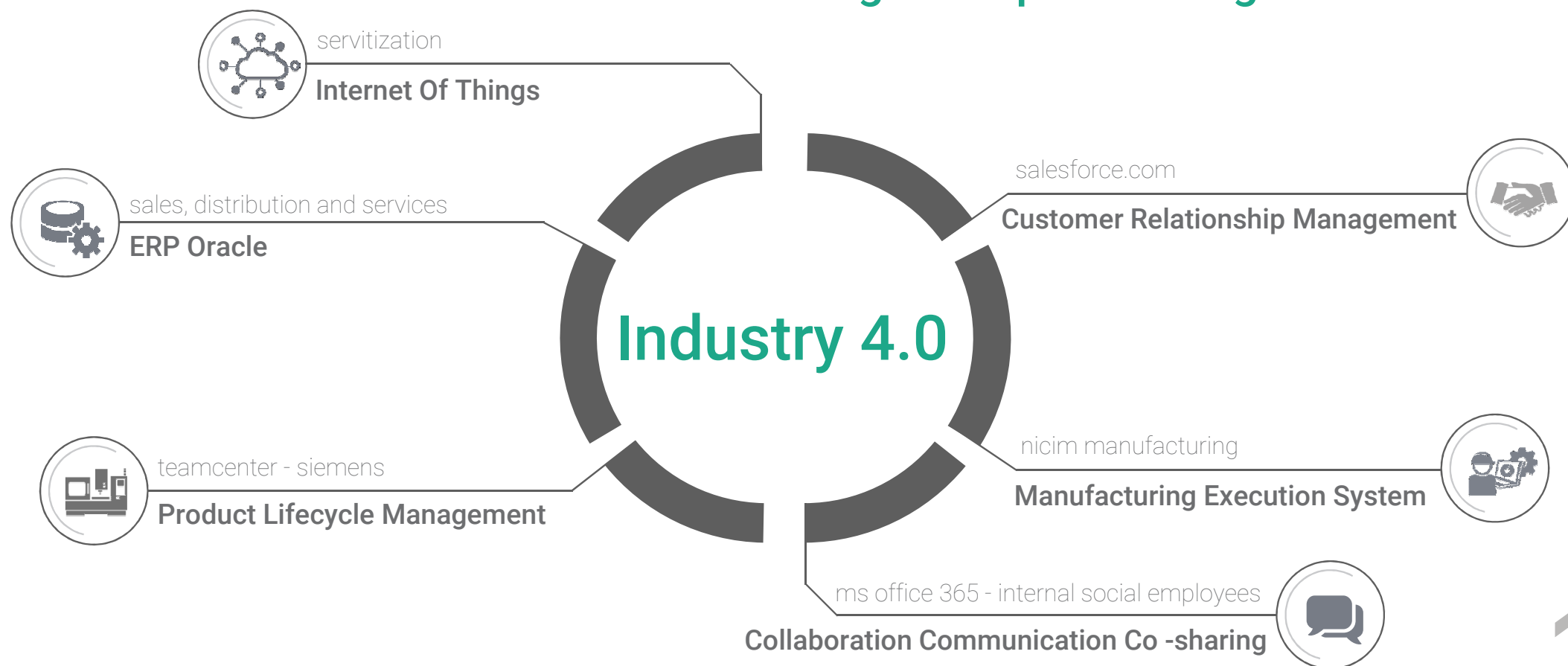
- ✓ **Metal working** (internal phase): improvement of the components production – durable goods investments,

## TANGIBLE ASSETS



# Capex: intangibles

continue our growth path through investments



Our future in figures / Other figures

**BIESSEGROUP**

2017-2019 three years Business Plan

# Extract of the P&L

€/mln	2013	2014	2015	2016e		2019e	Targets
<b>Net sales</b>	378.4	427.1	519.1	618.1	CAGR 10.1	825.7	
<b>year -1</b>	-1.2%	+12.9%	+21.5%	+19.1%			
Cost of good sold	155.9 41.2%	177.6 41.6%	206.1 39.8%	245.1 39.7%		322 39.0%	
<b>Value added</b>	147.0	167.8	212.4	251.7		347.3	
<b>%</b>	<b>38.8%</b>	<b>39.3%</b>	<b>40.9%</b>	<b>40.7%</b>	CAGR 11.3	<b>42.1%</b>	
Labour cost	112.7 29.8%	128.2 30.0%	148.2 28.6%	175.9 28.5%		241.9 29.3%	< 30% incidence
overhead	81.8 21.6%	91.0 21.3%	104.7 20.2%	124.8 20.2%		159.4 19.3%	< 20% incidence
<b>EBITDA</b>	34.3	39.6	64.1	75.8		105.4	
<b>%</b>	<b>9.1%</b>	<b>9.3%</b>	<b>12.4%</b>	<b>12.3%</b>	CAGR 11.6	<b>12.8%</b>	
<b>EBIT</b>	18.1	24.8	43.7	55.2*		78.7	
<b>%</b>	<b>4.8%</b>	<b>5.8%</b>	<b>8.4%</b>	<b>8.9%</b>	CAGR 12.5	<b>9.5%</b>	

\*after non recurring items



# Operating **Net Working Capital**

€/mln	2013	2014	2015	2016e	2019e	Targets
Inventories % net sales	22.8%	23.0%	21.5%	21.0%	20.2%	<21%
Receivables % net sales	20.1%	18.9%	20.3%	20.9%	20.6%	DSO 60-65 days
Payables % net sales	29.4%	28.8%	29.5%	31.5%	29.7%	DPO 100-110 days
Operating Net Working Capital	51.4	55.6	63.4	64.7	92.0	
% net sales	13.6%	13.0%	12.2%	10.5%	11.1%	

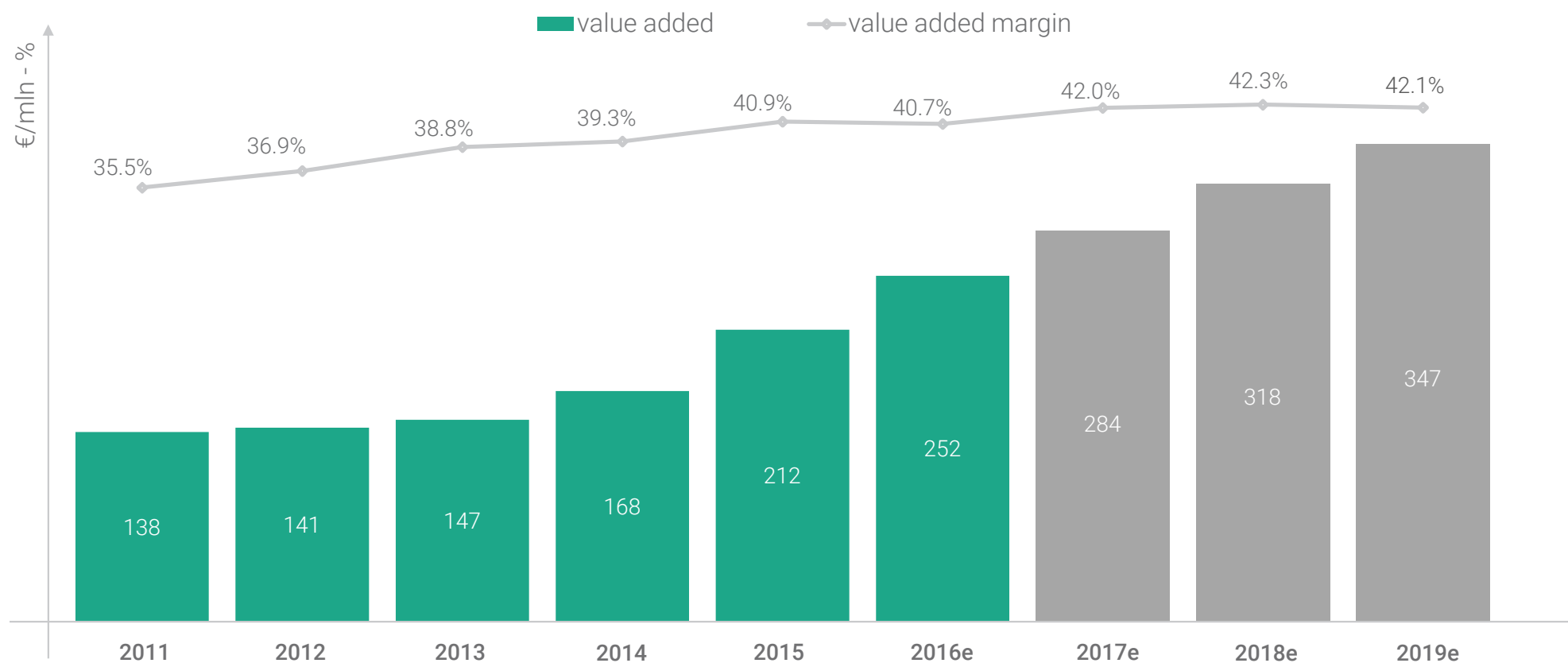
Our future in figures / **Other figures**

**BIESSEGROUP**  
2017-2019 three years Business Plan

# Cashflow - Net Debt

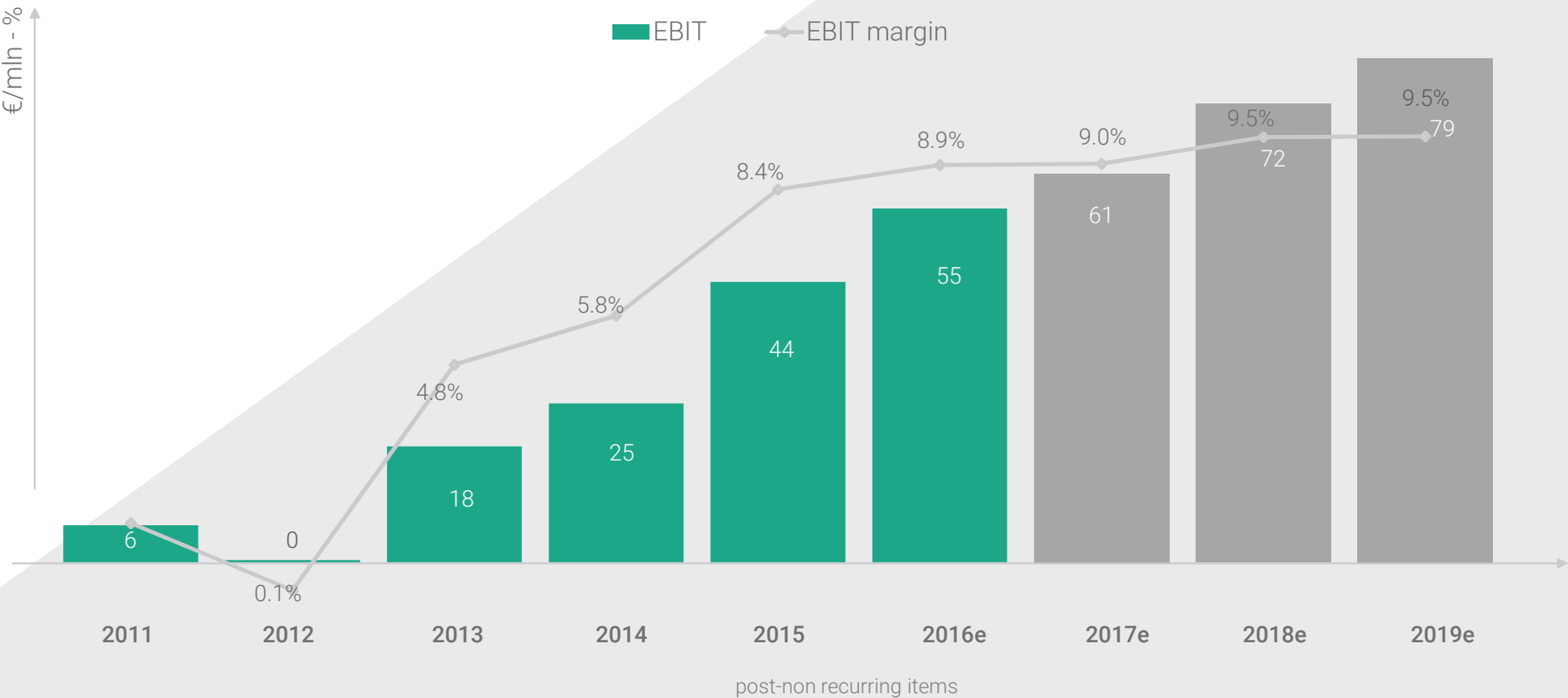
€/mln	2013	2014	2015	2016e	2019e
<b>Gross Cashflow</b>	52.0	38.3	46.3	51.1	69.3
% net sales	<b>13.8%</b>	<b>9.0%</b>	<b>8.9%</b>	<b>8.3%</b>	<b>8.4%</b>
Investments	-19.8	-20.8	-25.2	-36.5	-32.0
% net sales	5.2%	4.9%	4.9%	5.9%	3.9%
<b>Net Cashflow</b>	32.2	17.5	21.1	14.6	37.3
% net sales	<b>8.5%</b>	<b>4.1%</b>	<b>4.1%</b>	<b>2.4%</b>	<b>4.5%</b>
dividends		-4.8 0.18 per share	-9.8 0.36 per share	-9.8 0.36 per share	-9.8 0.36 per share
Δ Net Debt		12.7	11.3	4.8	
<b>Net Debt</b>	<b>-23.9</b>	<b>-11.2</b>	<b>0.1</b>	<b>4.9</b>	<b>44.7</b>

# Value added

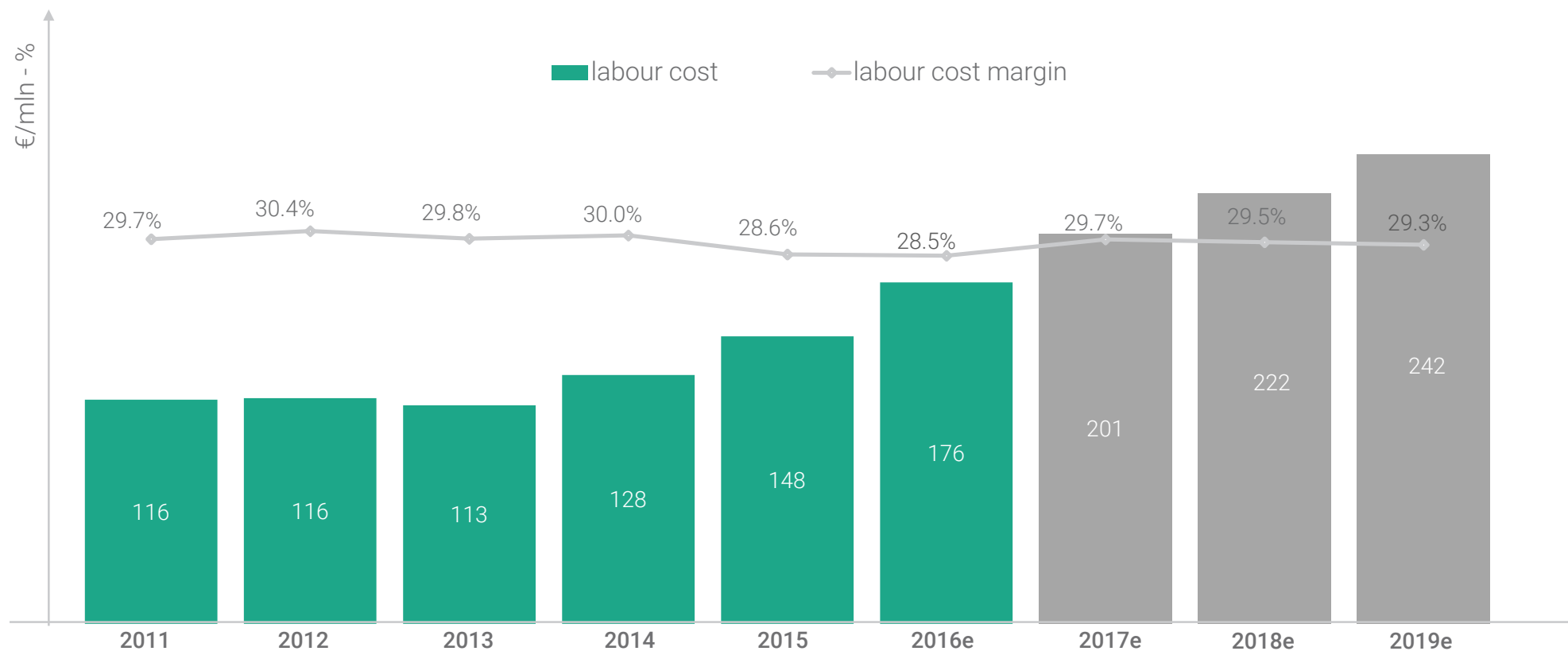




# Ebit



# Labour cost



## Our future in figures / Other figures

3-Years Business Plan 2017 - 2019

# People distribution (without interim people)

\* including Uniteam people (nr. 57)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Production</b> % of total people	965 41%	1.250 46%	1.265 45%	1.175 44%	1.201 42%	1.335 42%	1.482 41%
<b>Service &amp; After sale</b> % of total people	568 24%	577 21%	574 21%	613 22%	628 22%	690 22%	803 22%
<b>R&amp;D</b> % of total people	293 12%	316 12%	338 12%	321 12%	361 13%	383 13%	436 12%
<b>Sales &amp; Marketing</b> % of total people	340 13%	361 13%	364 13%	351 13%	439 15%	495 15%	587 16%
<b>G &amp; A</b> % of total people	202 9%	233 9%	242 9%	235 9%	252 9%	273 9%	310 8.5%
<b>ITALY</b> % of total people	1.660 70%	1.656 61%	1.646 59%	1.547 57%	1.605 56%	1.780 56%	2.009 56%
<b>OUTSIDE ITALY**</b> % of total people	708 30%	1.081 39%	1.136 41%	1.148 43%	1.276 44%	1.396 44%	1.609 44%
<b>TOTAL</b>	<b>2.368</b>	<b>2.737</b>	<b>2.782</b>	<b>2.695</b>	<b>2.881</b>	<b>3.176</b>	<b>3.618*</b>



# People distribution

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>ITALY</b> % of total people	1.660 70%	1.656 61%	1.646 59%	1.547 57%	1.605 56%	1.780 56%	2.009 56%
<b>OUTSIDE ITALY**</b> % of total people	708 30%	1.081 39%	1.136 41%	1.148 43%	1.276 44%	1.396 44%	1.609 44%
<b>TOTAL</b>	<b>2.368</b>	<b>2.737</b>	<b>2.782</b>	<b>2.695</b>	<b>2.881</b>	<b>3.176</b>	<b>3.618</b>

vs Dec 2015: **+442** (13.9%)

vs Dec 2014: **+737** (25.6%)

vs Jun 2016: **+159** (4.6%)

interim people at the end of Dec 2016: **181**  
(112 at the end of 2015)

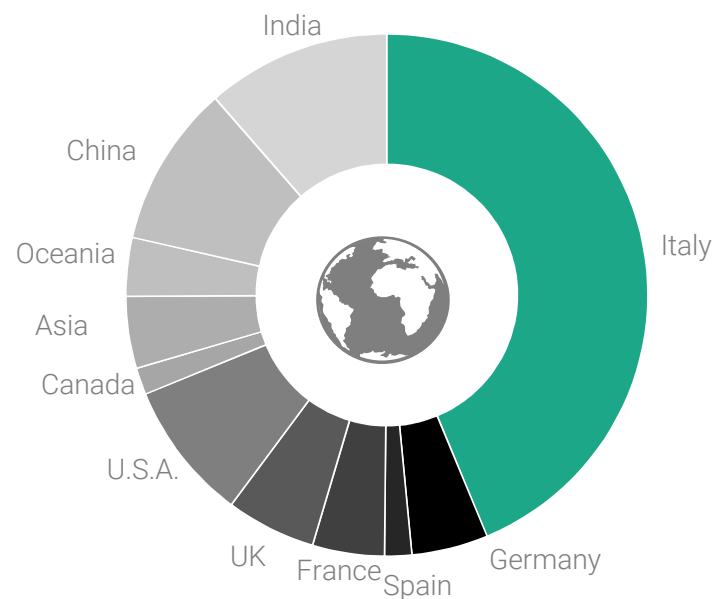
3.799

# People evolution

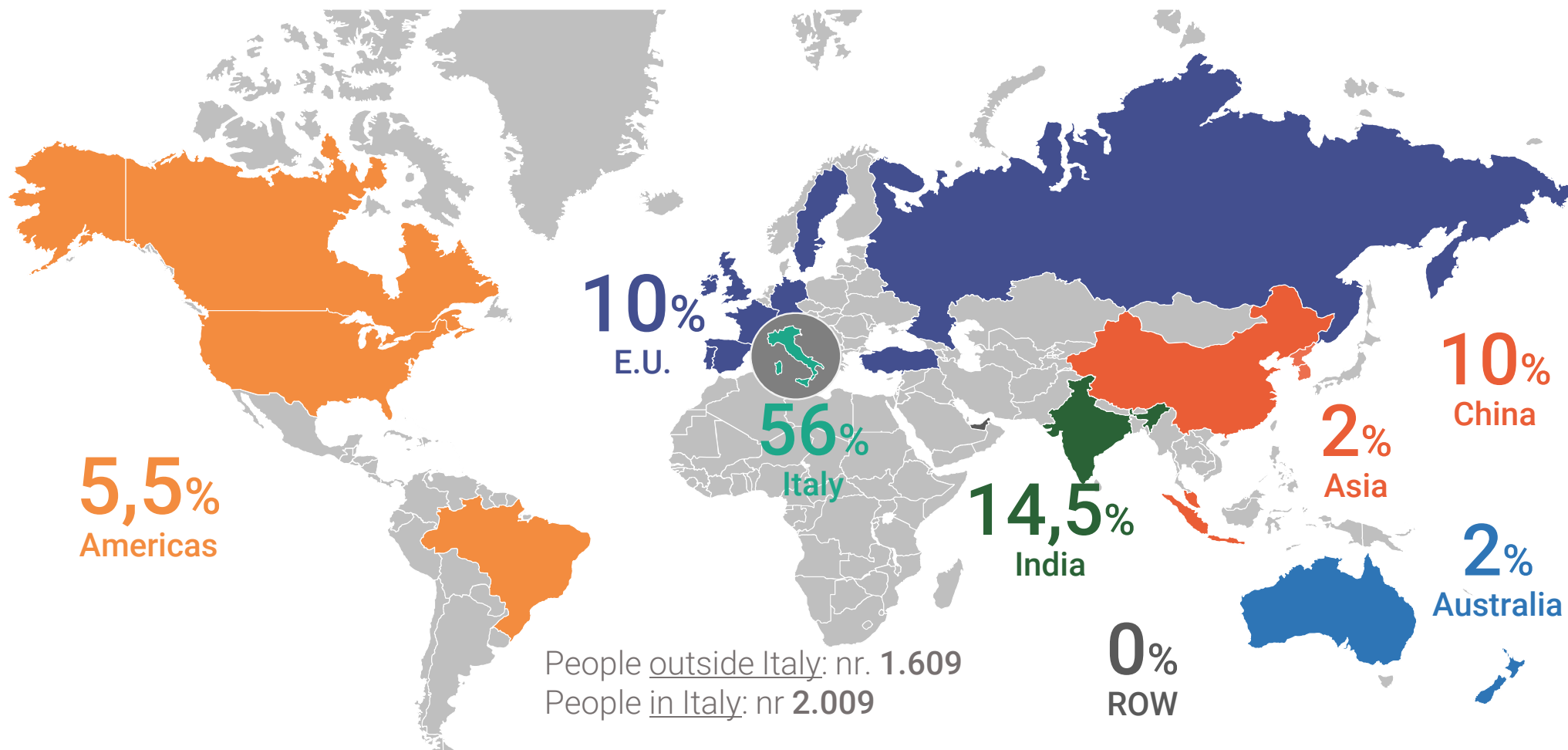
	FY 2016	FY 2017e	%
Production	1.482	1,574	+ 6.2
Service & After sale	803	934	+16.3
R&D	436	495	+13.5
Sales & Marketing	587	676	+15.2
G & A	310	324	+4.5
ITALY	2.009	2,166	+ 7.8
OUTSIDE ITALY	1.609	1,837	+ 14.2
<b>TOTAL</b>	<b>3.618</b>	<b>4,003</b>	<b>+10.6</b>

the labour cost increase is EURO 25.1 mln vs 2016 (29.7% 2017 incidence against net sale vs 28.5% in 2016)

Increase by countries



# People **distribution** by main countries - 2016



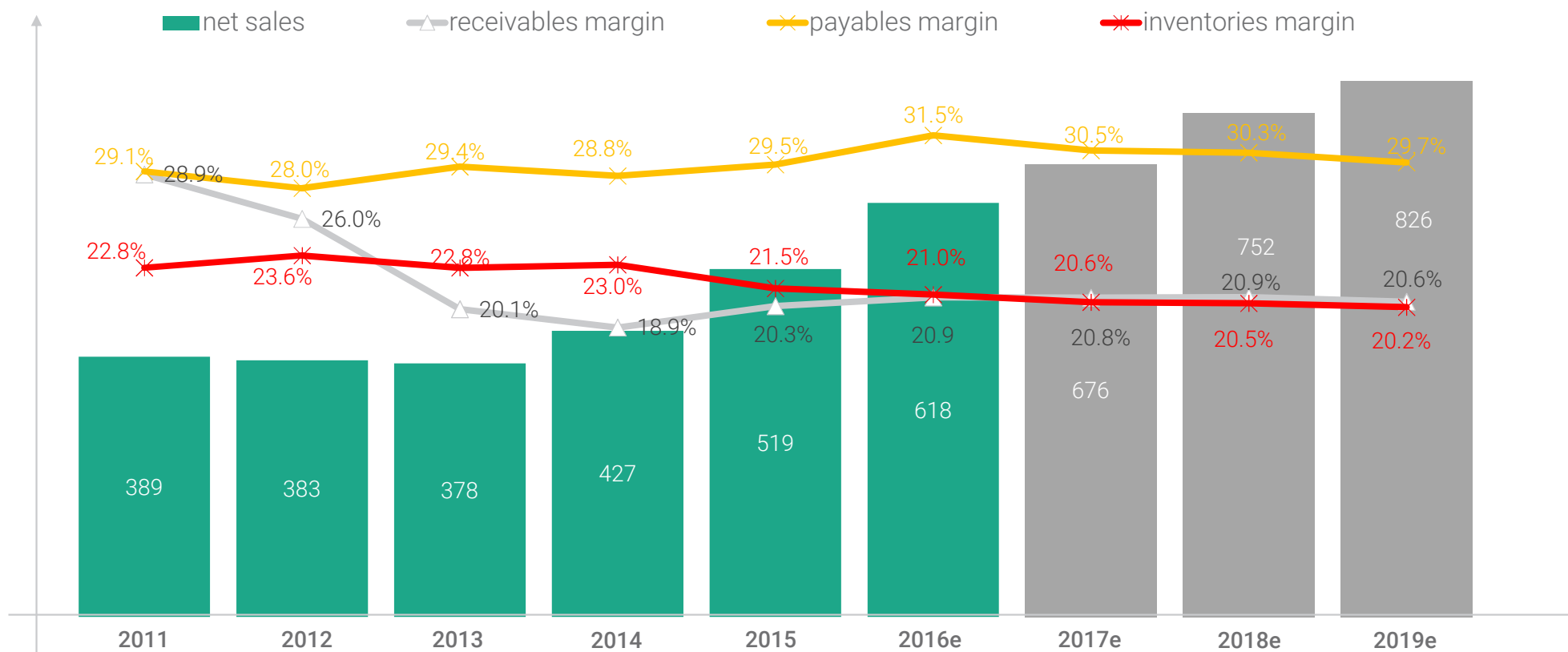


World map showing the distribution of people outside Italy by region. Italy is highlighted in green. Regions are color-coded: Americas (orange), E.U. (dark blue), China (red), Asia (light blue), Australia (dark blue), India (green), and ROW (grey). Percentages are shown for each region.

Region	Percentage
Americas	6%
E.U.	10,5%
China	10%
Asia	2%
Australia	2,5%
India	14,5%
ROW	0,5%

People outside Italy: nr. 1.837  
 People in Italy: nr 2.166

# Receivables - Payables - Inventories



Our future in figures / Annex

# Machines Market Value

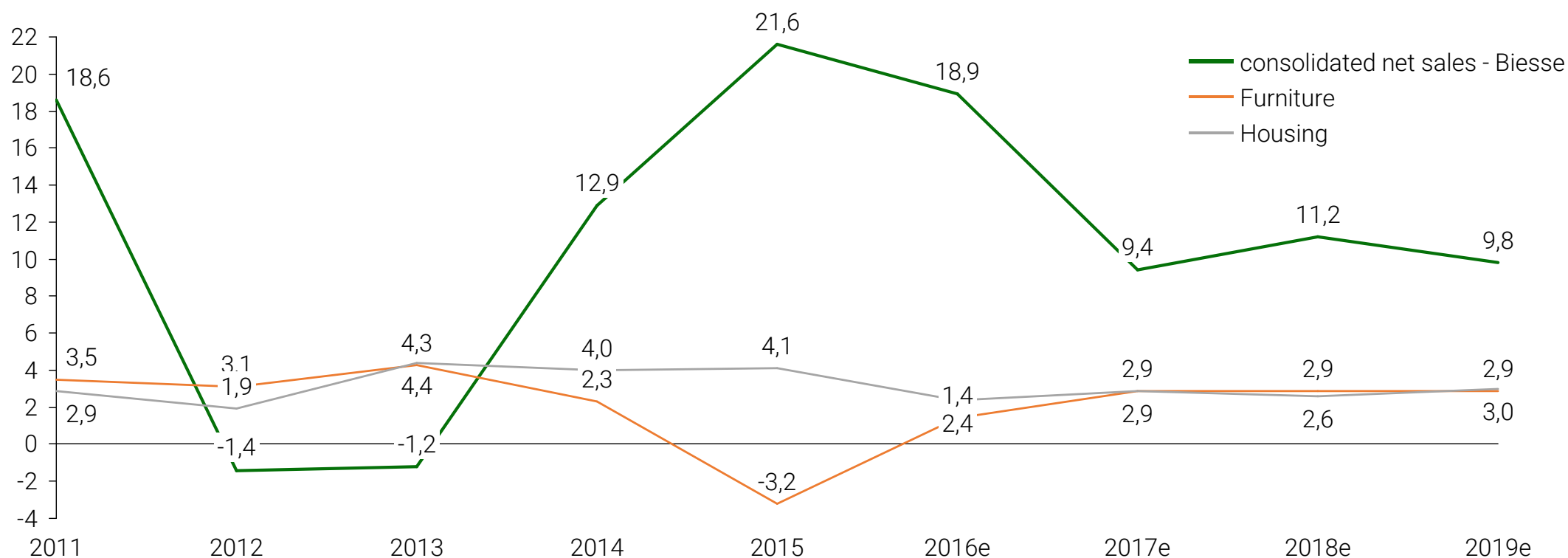
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# Housing - Furniture

Δ% year on year



**3.9** Historical correlation index (since 2004)

# Housing & Furniture - **Beta**



world furniture & housing average 2017-2019: **+2.9%**

historical correlation index (2004-2016): **3.9**

**THEORETICAL BIESSE GROW RATE: 11.3%**



[biessegroup.com](https://biessegroup.com)