

# REPORT

**TINFO**  
DIGITAL  
SIGN

## INTERIM REPORT

AT 30 JUNE 2019

 **BIESSEGROUP**



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Cover:

A subject of the Biesse Group 50 years campaign.  
1983 numerically controlled work centres made their début.  
2019 Biesse work centres are the most widely sold in the world.

# IT'S THE FUTURE THAT MAKES HISTORY.

WE HAVE BEEN DESIGNING INNOVATION  
FOR THE PAST FIFTY YEARS, DRIVEN BY AN INCREDIBLE  
ENGINE, POWERED BY PEOPLE, PASSION AND PRECISION.

[BIESSEGROUP.COM/50YEARS](https://biessegroup.com/50years)



# THE GRO UP

 **BIESSE**GROUP

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 **BIESSE**

 **INTERMAC**

 **DIAMUT**

MECHATRONICS

Biesse Group is a global leader in technologies for processing wood, glass, stone, plastic and metal. Founded in Pesaro in 1969 by Giancarlo Selci, the company has been listed on the STAR sector of Borsa Italiana since June 2001 and is currently a constituent of the FTSE IT Mid Cap index.

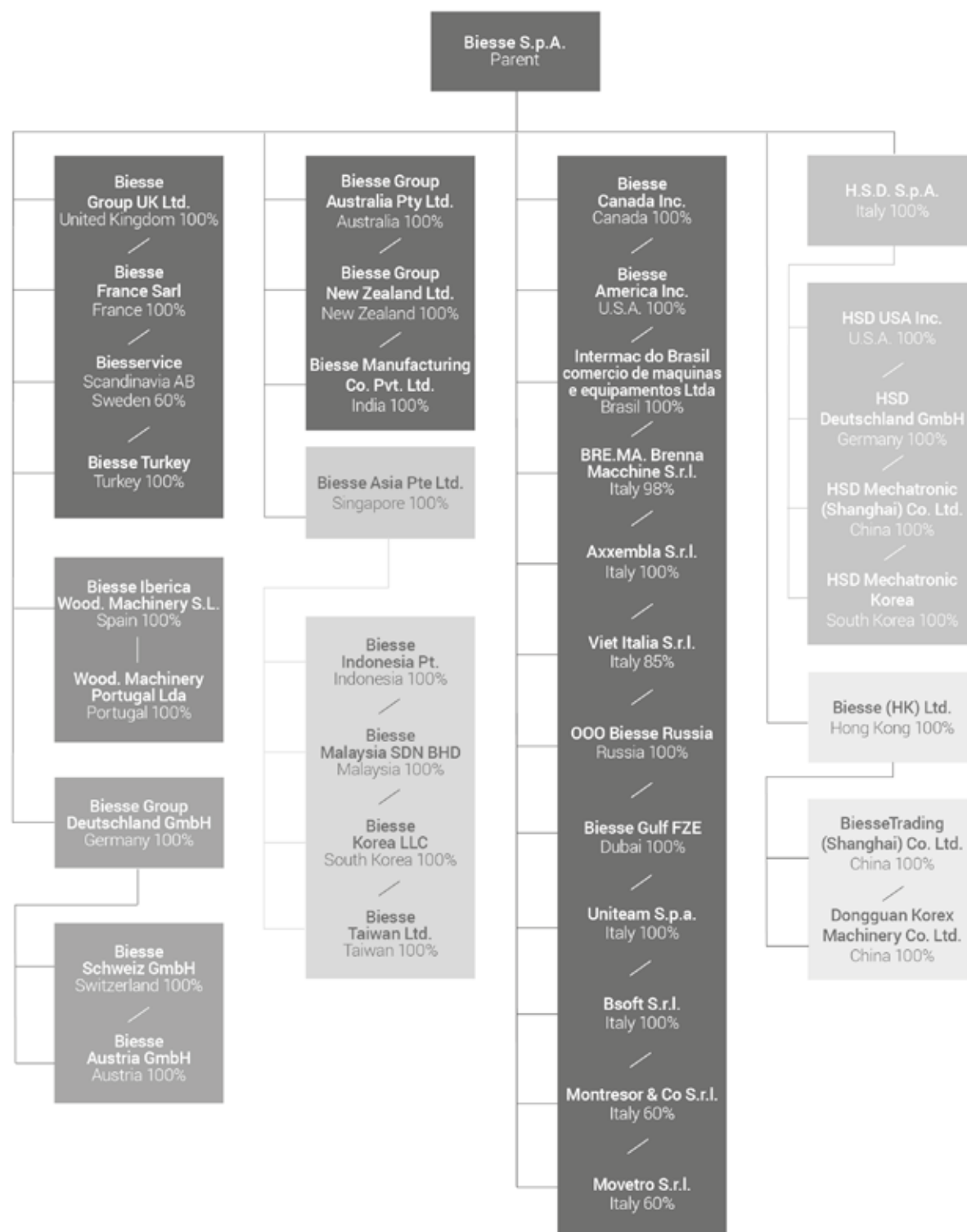


ROVER



# GROUP STRUCTURE

The following companies belong to the Biesse Group and are included in the scope of consolidation:



Compared with the financial statements for the year ended 31 December 2018, the consolidation scope underwent no changes.

Note: the different colours represent the subgroups of the control chain





# FINAN CIAL

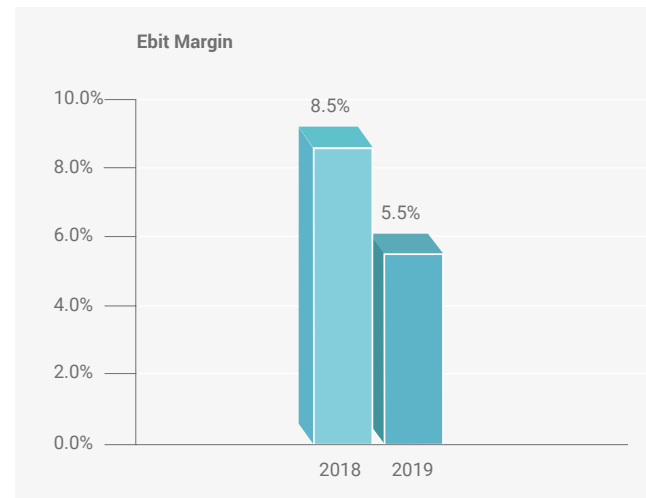
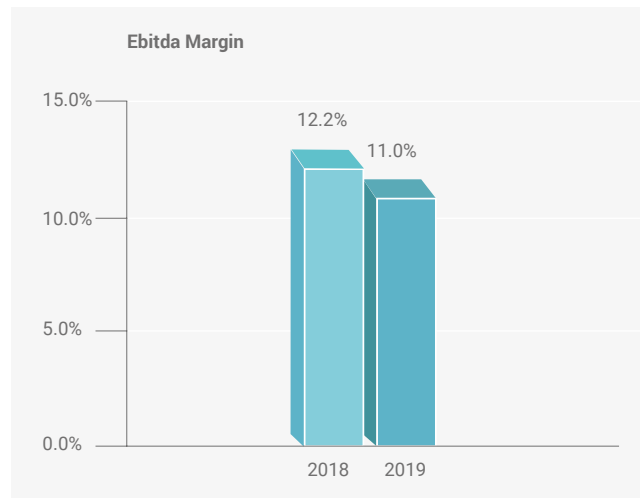
HIGHLIGHTS





# FINANCIAL HIGHLIGHTS

EURO 000'S	30 JUNE 2019	% ON SALES	30 JUNE 2018	% ON SALES	CHANGE %
Revenue from sales and services	344,224	100.0%	356,609	100.0%	(3.5)%
Normalised Value Added <sup>(1)</sup>	151,050	43.9%	150,261	42.1%	0.5%
Normalised EBITDA (Normalised gross operating profit) <sup>(1)</sup>	37,971	11.0%	43,499	12.2%	(12.7)%
Normalised EBIT (Normalised operating profit) <sup>(1)</sup>	20,134	5.8%	30,282	8.5%	(33.5)%
EBIT (Operating profit) <sup>(1)</sup>	19,092	5.5%	30,151	8.5%	(36.7)%
Profit for the year	10,350	3.0%	17,233	4.8%	(39.9)%

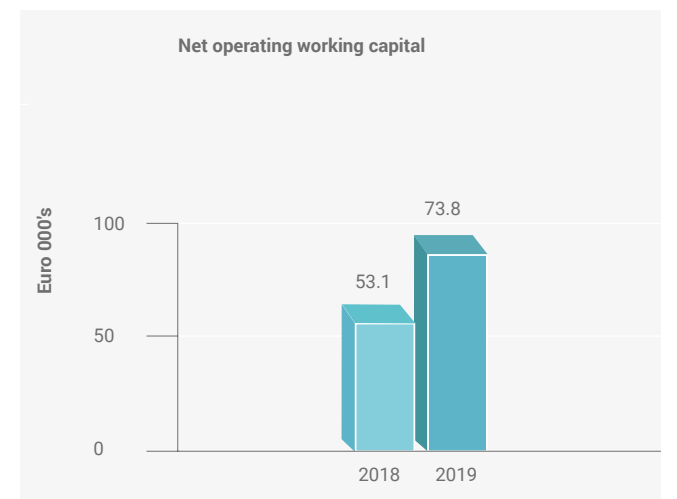
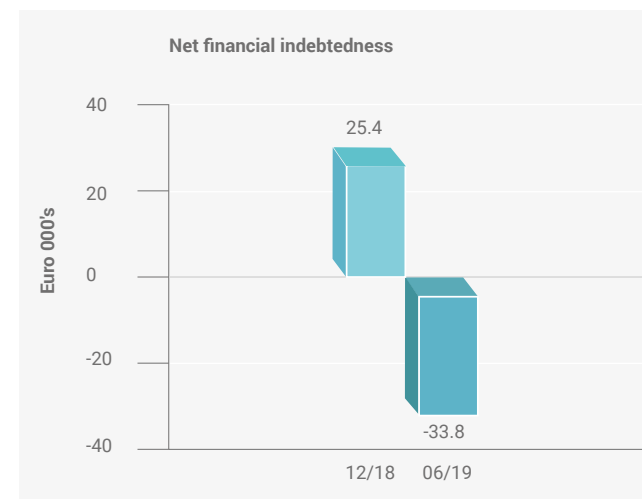


## Statement of financial position data and financial ratios

EURO 000'S	30 JUNE 2019	31 DECEMBER 2018
Net invested capital <sup>(1)</sup>	250,071	194,127
Equity	216,230	219,536
Net financial position <sup>(1)</sup>	33,841	(25,407)
Net operating working capital <sup>(1)</sup>	73,818	53,092
Gearing (net financial position/equity)	0.16	(0.12)
Fixed asset/standing capital ratio	0.97	1.17
Order intake	267,692	618,952

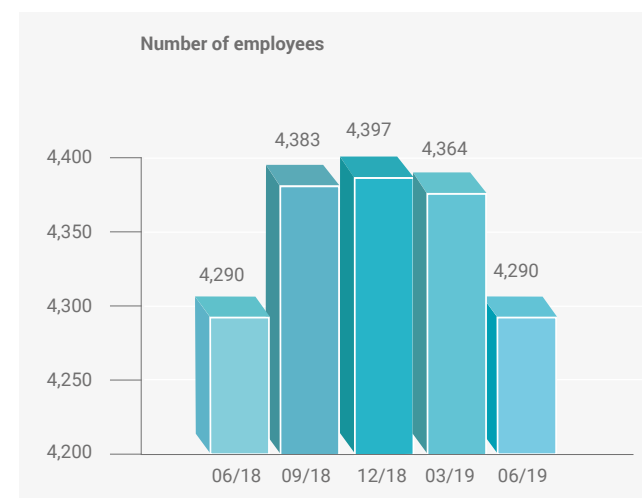
<sup>(1)</sup> The criteria for determining amounts relating to interim results and aggregate equity and financial data are described in the Directors' Report on Operations and the Notes to the Financial Statements.

EURO 000'S	30 JUNE 2019	30 JUNE 2018
Ebitda (Gross operating profit)	37,971	43,499
Change in net working capital	(22,873)	(17,738)
Change in other operating assets/liabilities	(11,012)	(6,611)
<b>Operating cash flow</b>	<b>4,086</b>	<b>19,150</b>
Cash flow used in investment activity	(23,720)	(19,973)
<b>Cash flow</b>	<b>(19,633)</b>	<b>(822)</b>
Foreign exchange rate differences	(13,148)	(13,149)
Effetto cambio su PFN	178	267
<b>Variazione dell'indebitamento finanziario netto (al netto dell'effetto IFRS16)</b>	<b>(32,604)</b>	<b>(13,704)</b>
Effetto IFRS 16 su impieghi per investimenti	(26,645)	-
<b>Variazione dell'indebitamento finanziario netto</b>	<b>(59,249)</b>	<b>(13,704)</b>



## Personnel

	30 JUNE 2019	30 JUNE 2018
Number of employees at year end	4,290	4,290



\* the figure includes temporary staff.

# CORPORATE BODIES

## BOARD OF DIRECTORS

- Chairman  
Managing Director  
Executive Director  
Executive Director and Strategic Director  
Executive Director and Group General Manager  
Lead Independent Director  
Independent Director  
Independent Director
- Giancarlo Selci  
Roberto Selci  
Alessandra Parpajola  
Silvia Vanini  
Stefano Porcellini  
Elisabetta Righini  
Giovanni Chiura  
Federica Palazzi

## BOARD OF STATUTORY AUDITORS

- Chairman  
Standing Statutory Auditor  
Standing Statutory Auditor  
Alternate Statutory Auditor
- Paolo de Mitri  
Dario de Rosa  
Silvia Cecchini  
Silvia Muzi

## CONTROL AND RISKS COMMITTEE – REMUNERATION COMMITTEE – RELATED PARTY COMMITTEE

- Elisabetta Righini (lead independent Director)  
Federica Palazzi

## SUPERVISORY BODY

- Domenico Ciccopiedi  
Elena Grassetti

## INDEPENDENT AUDITORS

- Deloitte & Touche S.p.A.





# DIRECTORS'

REPORT  
ON OPERATIONS





# GENERAL ECONOMIC OVERVIEW

## THE INTERNATIONAL BUSINESS CYCLE

In the first part of 2019, the underlying growth rate continued to ease worldwide, although higher than expected results were observed in some of the major advanced economies. This outcome is consistent with the results of economic surveys, which also indicate that the weak performance in international manufacturing activities will continue. After a period characterised by a certain degree of resilience, operations in the services sector have also shown signs of deterioration recently. According to forecasts, global growth should slow in 2019, based on an economic and political environment that is characterised by high and growing uncertainty (with repercussions on global investments) and worsening trade tensions between the United States and China. These adverse conditions are expected to continue to burden international economy and trade throughout the year, but the economic policy measures adopted recently should support the economy. Based on the current outlook, world growth is therefore expected to slow in 2019, but should stabilise over the medium term. World trade is initially expected to weaken more markedly this year, and to then strengthen over the medium term in line with economic activity. Inflationary pressures should remain contained globally, with downside risk intensifying due to growth.

Due to prolonged international trade tension and a slowdown of activity in China, there has been no reduction in risk for the global economic outlook. Long-term yields have weakened in developed countries, which are feeling the effects of the decline in forecast growth and the more accommodating position taken by the major central banks. The Federal Reserve has signalled that there may be future reductions in interest rates. The outlook for the global economy appears weak, notwithstanding the growth recorded in the first quarter of 2019. Among the advanced economies, GDP growth in the United States and Japan was primarily driven by inventory stockpiling and a contraction in imports during the first three months of the year, while final domestic demand weakened. According to the latest assessments from the corporate Purchasing Managers' Index (PMI) for the manufacturing sector, cyclical conditions have deteriorated in the second quarter for all major economies.

World trade has suffered a further contraction in the first three months of 2019 (down 0.8% on an annual basis). Imports decreased for the US, Japan and emerging Asia (particularly China), while imports in the Eurozone recorded a moderate increase. International trade performance has not only been affected by the weight of trade restrictions adopted last year, but also by the subsequent decline in investment and business confidence under the current climate.

## EUROZONE

Notwithstanding a slight acceleration at the beginning of 2019, economic activity in the Eurozone remains weak and is subject to downside risks. Inflation remains contained. The Governing Council of the European Central Bank (ECB) has extended monetary expansion policies, and has initiated discussion on further expansionary measures to be adopted in the absence of any improvement in the macroeconomic framework.

## USA

Economic activity in the United States has remained solid, despite the negative impact of trade disputes with China and a

less favourable external environment. Growth continues to be supported by the strength of the job market, favourable financial conditions and a fiscal stimulus policy, while the adverse effects that the partial shutdown of government activities has had on domestic demand should be temporary. Overall, real GDP grew at an annualised rate of 3.1% in the first quarter of 2019, up from 2.2% in the last quarter of last year. Nonetheless, data supporting the surprising first quarter growth also reflects transient factors such as positive inventory supplies and a fall in imports. Meanwhile, domestic demand has decreased, which indicates that core expansion is contained. The 12-month CPI inflation rate for all items increased to 2.0% in April, up from 1.9% of the previous month, mainly due to rising energy prices. Core CPI inflation (excluding food and energy) rose slightly to 2.1% in April. Forecast growth is expected to gradually return to a rate which will potentially be just below 2%, while CPI inflation is expected to remain slightly higher than 2% in the medium term.

## CHINA

China's growth has recorded a gradual slowdown. Annual GDP growth stabilised in the first quarter of 2019 thanks to a positive net export contribution from a greater decline in imports than exports. Looking beyond the volatile elements, the most recent indicators are showing a stable growth boost in the short term. A number of budgetary and monetary policy measures have recently been announced and implemented by Chinese authorities and this should weaken domestic demand, thereby leading to a controlled deceleration of activity over the course of the year. The recent worsening of trade tensions with the United States is expected to weigh heavily on trade, while its impact on growth is expected to be contained by policy measures. Over a longer horizon, progress made in implementing structural reforms should help China make an orderly transition towards a more moderate path to growth which is less dependent on investment and exports.

## JAPAN

In Japan, core growth performance remains moderate. In the first quarter of 2019, growth was stronger than expected at 0.5% (over the previous quarter), due to a number of transient factors including a large positive contribution from net exports due to a sharper contraction in imports than exports. Looking ahead, economic activity is expected to return to a moderate path to growth. A strong labour market and ongoing favourable financial conditions continue to support growth, notwithstanding the adverse effects faced by the economy in relation to weakness in foreign demand, particularly from China and the rest of Asia. It is expected that household spending will be brought forward so as to avoid the tax increase on consumer goods that is planned for October 2019. In turn, this could provide a temporary stimulus to economic activity over the summer months. In addition, budgetary measures aiming to offset the negative impact of increased taxation should support demand later in the year. Wage growth remains modest, notwithstanding the very tense job market situation. Forecast inflation remains stable and low levels are predicted for the future, indicating that inflation is likely to remain well below the Bank of Japan's target rate, at 2% over the medium term.

## UNITED KINGDOM

In the United Kingdom, growth registered an increase in the first quarter of 2019, due to the effects of a fiscal stimulus policy and significant inventory stockpiling. The last-minute postponement of the United Kingdom's long-expected European Union exit date and significant inventory stockpiling—together with an expansionary budgetary policy and better than expected results for consumption and investment—have produced quarterly real GDP growth of 0.5% in the first quarter after a modest 0.2% in the last quarter of 2018. Net exports made a negative contribution to aggregate growth, with imports increasing to rates rarely seen in the last 40 years. This was due, in part, to inventory stockpiling, while exports remained stable. Nonetheless, current indicators for the second quarter indicate that the broad core tendency is for growth to continue to weaken, in line with the trend observed since the Brexit referendum on EU membership. 12-month inflation rates as measured by CPI fell to 1.8% in the first quarter of 2019, slightly below the Bank of England's target of 2.0%. Net reductions in energy prices contributed to overall inflation rates, while mounting pressure came from domestic costs due to an increased labour cost per unit of production in the more vigorous wage growth environment of early 2019. The labour hike was substantially offset by a fall in import prices, since earlier post-referendum depreciation of the pound sterling has proceeded to wear itself out. Inflation rates as measured by CPI increased slightly to 2.1% in April 2019, mainly due to increases in retail energy prices and airfares over the Easter period. In the medium term, growth should remain below pre-referendum figures.

# BUSINESS SECTOR REVIEW

## UCIMU – SISTEMI PER PRODURRE

In the second quarter of 2019, the UCIMU index of machine tool orders showed a 31.4% decrease on the prior-year period. The absolute value of the index was 74.6 (100 base in 2015). This overall result was driven by a decided backwards step in orders received from both the domestic and international markets. In particular, orders received from domestic manufacturers showed a decrease of 43% when compared to the April-June period for 2018. The absolute value of the index stands at 84.4, with the absolute value for the half-year index being decidedly better at 106.8.

Italian manufacturers recorded a significant reduction in international orders as well, with a decline of 28.5% as compared to the second quarter of 2018. The absolute value of the index stands at 68.8, with the half-year index higher at 96.6.

Massimo Carboniero, the Chairman of UCIMU-SISTEMI PER PRODURRE, stated: "The quarterly results are a cause for concern among Italian machine tool manufacturers, who have long detected some cooling of demand. You could take into account the reduction in orders from the domestic market, given the record numbers placed in 2017 and in the first half of 2018, but the expectations linked to foreign market performance were decidedly different". "The decline in domestic orders," Massimo Carboniero continued, "shows that the domestic market is returning

## ITALY

After a modest increase recorded in the first three months of 2019, Italian economic activity has since remained stable or decreased slightly in spring. Weakness in the industrial cycle (which mainly reflects persistent trade tensions internationally) has only partially been offset by favourable activity in the service sector and construction industry. GDP growth returned to being just positive in the first quarter (0.1% over the previous period). Foreign trade, consumption and construction investment supported activity, which, however, was curbed by inventory destocking and a reduced investment in machinery, equipment and means of transport. The sharp drop in imports was mainly due to a decline in demand for transport means. The increase in value-added production was robust for the construction sector, while in the strictest sense it was moderate in the industry overall. By contrast, activity contracted in the service sector.

Based on information presently available, GDP is likely to either remain stable or decrease slightly in the second quarter.

to its normal physical size after the large positive shock caused by the Industry 4.0 measures. But even though we expected a change of pace, this recalibration process has proved to be particularly sudden in the first few months of the year. It has partly been caused by a lack of clarity on how the competitiveness measures will function, and the government should have made that information available to SMEs from the outset".

"With the Growth Decree recently being approved, super-depreciation has effectively been reinstated alongside hyper-depreciation once more" continued the Chairman of UCIMU-SISTEMI PER PRODURRE. "Only now do Italian manufacturing companies have a clear view of the measures available to them in deciding on the best investment for new machinery. We therefore expect that the third quarter index will record a positive result. Reactivating this measure represents the best instrument for encouraging the technological upgrades that are still needed by Italian manufacturers".

"On the foreign front," added Massimo Carboniero, "index readings processed by the Research Centre of UCIMU show signs that may be of concern for those who deliver more than half their production beyond our borders, such as machine tool manufacturers".



## TREND IN THE FIRST HALF OF 2019 AND MAIN EVENTS

At the end of the first half of 2019, the Biesse Group shows a slightly negative performance in terms of turnover (down 3.5% as compared to the same period last year). The order backlog amounted to approximately € 225 million, which is in line with the figures of December, but fell 4.5% if compared to June 2018 (which was positively affected by a number of large plant orders for the North American market).

When doing prior-year comparisons, it is worth recalling that record volumes were reported for the second quarter of 2018 (€ 194,311 thousand), which were similar in volume to the figures normally recorded at year-end.

As far as the performance for the period is concerned, the Biesse Group's revenue from sales and services for the first half of 2019 amounted to € 344,224 thousand, down 3.5% compared to the same prior-year period (€ 356,609 thousand in revenues). In the first six months of 2019, added value totalled € 151,050 thousand, thus rising by 0.5% over the same period last year.

EBITDA for the first half of 2019 totalled € 37,971 thousand, down € 5,528 thousand (-12.7%) compared to the same prior-year period. EBIT worsened in the same period as well, decreasing by € 10,148 thousand (€ 20,134 thousand in 2019 compared to € 30,282 thousand in the same prior-year period).

It should be noted that, after first-time application of IFRS 16 accounting standard, the impact on EBITDA (evidenced through lower rental fees) amounted to € 3,132 thousand.

Impairment and non-recurring items amounted to €1,042 thousand, which primarily included personnel expense related to voluntary termination benefits and provisions for pension.

On 21 June 2019, a press release was issued revising guidance for 2019. In particular, forecast consolidated revenue and margins for 2019 have been conservatively revised. Consolidated revenue is expected to be in the range of € 680-690 million, and EBITDA in the range of € 62-65 million. Given the uncertainty

about global economic performance, the BoD speculates that there may be a delay in reaching targets and goals, originally set for 2021, which may slide into 2022.

In light of statements made in the press release, the Group's Directors do not consider that there is any need to undertake a new valuation (impairment test) of goodwill upon publication of the results of operations as at 30 June 2019. Notwithstanding the lower expectations for the 2019 financial year, the baseline scenario does not call into question the medium-term objectives of the Group, which form the foundations for the impairment test as at 31 December 2018 (as approved on 26 February 2019). The group's objectives have been sustained even if forecasts are being made for a one-year delay in achieving them. In the overall context, the long-term trend may be less bright than in the past, but it remains in line with the assumptions used in sensitivity tests for testing impairment as at 31 December 2018 (with specific reference to assumptions of a halved CAGR of sales revenues), which did not highlight any critical issues. Furthermore, the latest valuation undertaken for the 2018 financial statements showed high levels of goodwill coverage for all CGUs.

As for the financial position, it should be noted that application of IFRS 16 resulted in an increase of € 23.5 million in property, plant and equipment (as of 1 January 2019 solely in relation to operating leases) at FTA date, along with an equal increase in indebtedness.

Net operating working capital rose by around € 20.7 million compared to December 2018. This change is mainly due to an increase in inventories of € 24.9 million in relation to the normal seasonality of the business and various movements related to the production of large plant and integrated lines (which resulted in longer material lead times).

## MAIN EVENTS

### PLANT, SOFTWARE AND SERVICES FOR FACTORY AUTOMATION

Trade fairs and events continue to be the focus of the marketing and communication strategy of the Biesse Group. These activities are an important opportunity to develop relations with the local area, allowing technical and commercial specialists of the Group to meet customers and study the specific needs of the market. Trade fairs provide an opportunity for people to get to know the company better, or to meet with people who are looking for new technology, plant, software and services for automating and digitising factories. The Group directly manages over 100 trade fairs and events a year from Headquarters, through company branches and in partnership with major retailers. These events concern various sectors such as woodworking, technological materials, glass, stone and metal, with different exhibition spaces, ranging from small areas with some stand-alone technology, to international industry exhibitions where real-life factories are reproduced with interconnected technological solutions, plant and services.

### FUTURE MAKING HISTORY, FUTURE ON TOUR

In 2019, the Biesse Group celebrates 50 years with a world tour of events dedicated to customers and a single common denominator:

the future. Believing in the future also means putting important investments into play so as to produce tools and machinery that provide customers with greater production efficiency and which simplify their work safely. This is achieved by improving integration between mechanics, electronics and software, and by making "smart" and "collaborative" products. "Future on Tour" kicked off in January at the Pesaro Headquarters, and will end in Russia in December 2019, with a total of 18 events in 15 countries over the course of the year. The programme also includes inauguration events for three new international Campuses: opening in Italy, Australia and Germany.

Biesse took part in the MECSPE trade fair in Parma, and the JEC World trade show in Paris—both dedicated to the technology used to process technological materials. In addition, Biesse participated in the CIFM/Interzum trade show in Guangzhou (the international trade fair dedicated to the entire wood and furniture supply chain) and in Delhiwood in India, with great support from the local branches. Among the main events for the Intermac brand were You+Tech at Intermac HQ in Pesaro (an exclusive event dedicated to industry specialists) and CamEurasia Glass Fair at the TUYAP Convention Center (undertaken in collaboration with the Sorglas Glass Machines dealer).

The Biesse Group also had a presence in Milan Design Week as



the technological partner of two excellent Italian design brands: LAGO and Arpa | Fenix. These partners share Biesse’s values, attention to environmental sustainability and investment in research and technology.

Automaction consisted of a stand of 6,000 square metres showcasing automation and digital interconnectivity. It had 49 technologies in action, along with three fully automated process solutions. Taking place at Ligna (Hannover, Germany), Biesse used Automaction to demonstrate how man and machine can connect.

China Glass and Lamiera trade shows also took place, along with several tech tours and events held at the Biesse Campuses at the Headquarters and also around the world, including Brianza, Triveneto, the Middle East and Asia. Two other stages of the Future on Tour event dedicated to customers took place in France and India.

SHAREHOLDERS' MEETING

On 30 April 2019, the Ordinary Shareholders’ Meeting approved in second call the Separate and Consolidated Financial Statements as at 31 December 2018. It was also resolved to distribute a dividend of € 0.48 per share (on 8 May 2019) gross of withholding tax (ex-dividend date 6 May 2019, record date 7 May 2019) for a total amount of € 13,148,660. The residual profit is almost totally allocated to the Extraordinary Reserve (parent company Biesse S.p.A.). The Shareholders’ Meeting also appointed a new member to the Board of Directors having agreed the prior increase in the number of board members. The new member of the Board of Directors is Ms Silvia Vanini, bringing the total number of board members to eight. Silvia Vanini also holds the position of Chief Organization & HR Officer of the Group.

INCOME STATEMENT HIGHLIGHTS

RECLASSIFIED INCOME STATEMENT AT 30 JUNE 2019

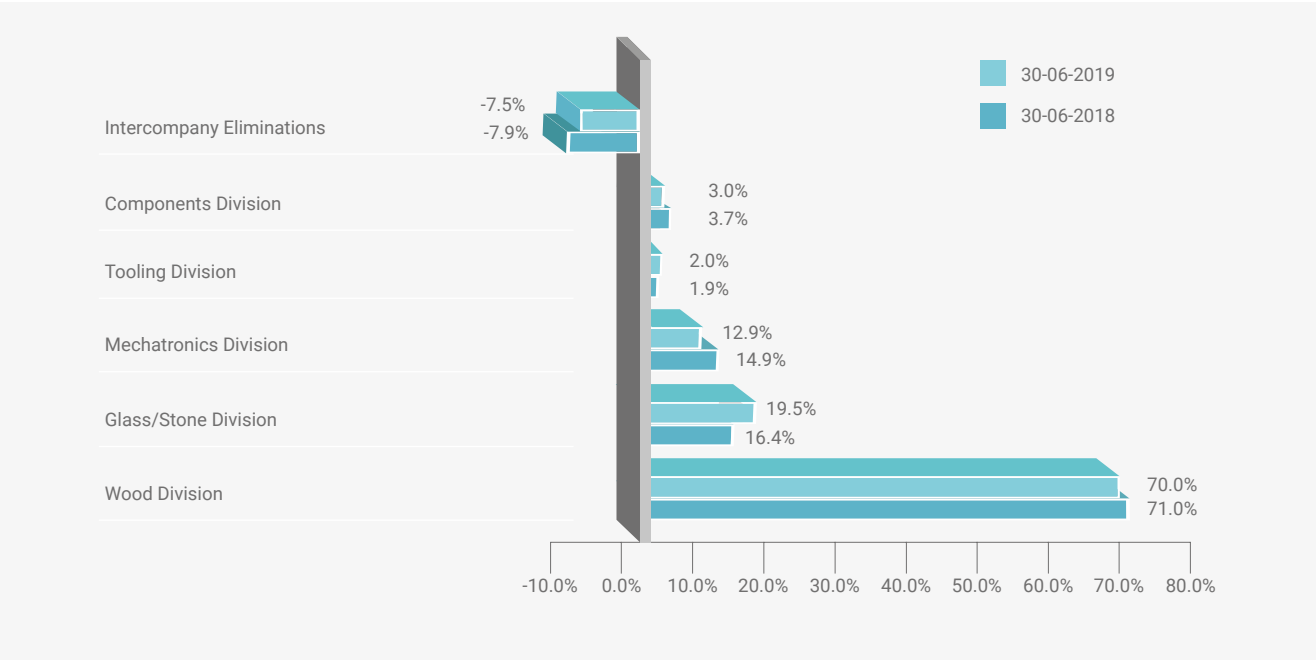
EURO 000'S	30 JUNE 2019	% ON SALES	30 JUNE 2018	% ON SALES	CHANGE %
Revenue from sales and services	344,224	100.0%	356,609	100.0%	(3.5)%
Change in inventories, wip, semi-finished products and finished products	20,466	5.9%	17,596	4.9%	16.3%
Other Revenues	3,524	1.0%	2,545	0.7%	38.5%
Revenue	368,213	107.0%	376,749	105.6%	(2.3)%
Raw materials, consumables, supplies and goods	(151,877)	(44.1)%	(154,780)	(43.4)%	(1.9)%
Other operating costs	(65,286)	(19.0)%	(71,709)	(20.1)%	(9.0)%
Normalised Value Added	151,050	43.9%	150,261	42.1%	0.5%
Personnel expense	(113,079)	(32.9)%	(106,762)	(29.9)%	5.9%
Normalised gross operating profit	37,971	11.0%	43,499	12.2%	(12.7)%
Depreciation and amortisation	(15,386)	(4.5)%	(11,228)	(3.1)%	37.0%
Provisions	(2,451)	(0.7)%	(1,989)	(0.6)%	23.3%
Normalised operating profit	20,134	5.8%	30,282	8.5%	(33.5)%
Impairment losses and non recurring-items	(1,042)	(0.3)%	(131)	(0.0)%	-
Operating profit	19,092	5.5%	30,151	8.5%	(36.7)%
Financial income	103	0.0%	130	0.0%	(21.3)%
Financial expense	(1,394)	(0.4)%	(1,104)	(0.3)%	26.3%
Net exchange rate gains (losses)	(1,743)	(0.5)%	(2,322)	(0.7)%	(25.0)%
Profit (Loss) before tax	16,058	4.7%	26,855	7.5%	(40.2)%
Income taxes	(5,707)	(1.7)%	(9,622)	(2.7)%	(40.7)%
Profit for the year	10,350	3.0%	17,233	4.8%	(39.9)%

Net revenue in the first half of 2019 showed a 3.5% decrease compared to the same period of 2018, from € 356,609 thousand to € 344,224 thousand. The Wood Division decreased from € 253,207 thousand to € 241,051 thousand (-4.8%), confirming its role as the Group's driver in terms of volumes (70% of the Group's revenue). The Glass & Stone Division made considerable progress, growing by 14.4% (turnover for the period: € 67,027 thousand). The Mechatronics Division fell from € 53,154 thousand to € 44,459 thousand (-16.4%), while the Components Division ended the first half down -19.8% (turnover for the period: € 10,491 thousand). Lastly, the Tooling Division increased by 3.5% (turnover of € 6.9 million).

As regards the geographical distribution of sales in the first half of 2019, a general decrease was recorded across the board, albeit with some variations in magnitude. The only exception was the North American market which increased by 31.6% (thanks to large plant sales). The greatest reductions were recorded in Asia/Oceania and Eastern Europe (down 19.8% and 19.5% respectively), with the Rest of the World falling by 12.6% (2019 turnover: € 13,337 thousand). Western Europe was confirmed as being the Group's core market, contributing 46% of Group turnover and recording a slight decrease from € 162,834 thousand to € 158,218 thousand (-2,8%).

BREAKDOWN OF REVENUE BY OPERATING SEGMENT

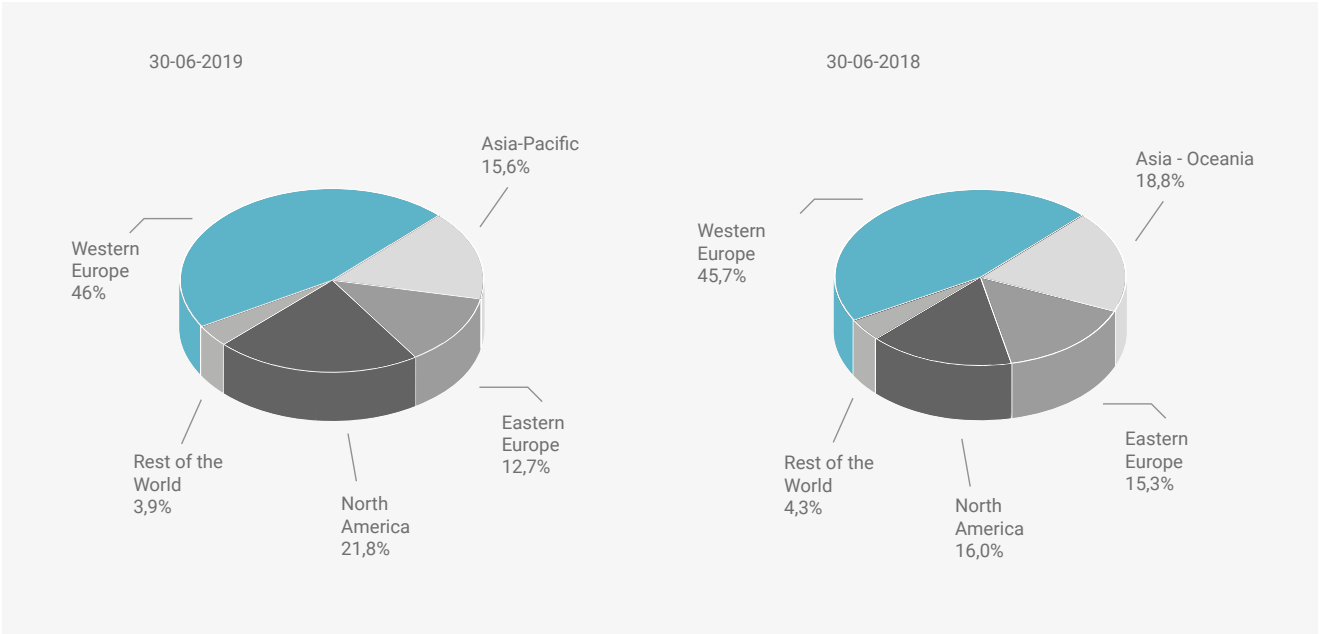
EURO 000'S	JUNE 30, 2019	%	JUNE 30, 2018	%	CHANGE %
Wood Division	241,051	70.0%	253,207	71.0%	(4.8)%
Glass/Stone Division	67,027	19.5%	58,606	16.4%	14.4%
Mechatronics Division	44,459	12.9%	53,154	14.9%	(16.4)%
Tooling Division	6,922	2.0%	6,685	1.9%	3.5%
Components Division	10,491	3.0%	13,085	3.7%	(19.8)%
Intercompany eliminations	(25,726)	(7.5)%	(28,128)	(7.9)%	(8.5)%
Total	344,223	100.0%	356,609	100.0%	(3.5)%





BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA

EURO 000'S	30 JUNE 2019	%	30 JUNE 2018	%	CHANGE %
Western Europe	158,218	46.0%	162,834	45.7%	(2.8)%
Asia-Pacific	53,723	15.6%	66,997	18.8%	(19.8)%
Eastern Europe	43,785	12.7%	54,418	15.3%	(19.5)%
North America	75,161	21.8%	57,101	16.0%	31.6%
Rest of the World	13,337	3.9%	15,258	4.3%	(12.6)%
Total	344,224	100.0%	356,608	100.0%	(3.5)%



The **value of production** in the first half of 2019 was € 368,213 thousand, down 2.3% compared to € 376,749 thousand at 30 June 2018. Inventories were replenished to cope with deliveries for the second half of the year, partially offsetting the previously mentioned decrease in sales for the period. The impact of consumption on the value of production is in line with figures of the previous year. After eliminating the effects of applying IFRS 16 (0.85% of the value of production),

which reduced the cost of using third-party assets to € 3,132 thousand, the impact of other operating expense decreased from 19% to 18.6%. As a result, the added value increased from € 150,261 thousand to € 151,050 thousand (an increase of 0.5% compared to the same period in 2018). This improved the impact of the added value on the value of production by around 1 percentage point.

EURO 000'S	30 JUNE 2019	%	30 JUNE 2018	%
Revenue	368,213	100.0%	376,749	100.0%
Raw materials and goods	151,877	41.2%	154,780	41.1%
Other operating costs	65,286	17.7%	71,709	19.0%
Service costs	58,615	15.9%	62,294	16.5%
Use of third party assets	2,274	0.6%	5,702	1.5%
Sundry operating expense	4,397	1.2%	3,713	1.0%
Value Added	151,050	41.0%	150,261	39.9%

In absolute terms, other operating expense decreased by € 6,423 thousand, with the reduction largely being attributable to services (- € 3,679 thousand) thanks to less reliance on external processing and technical services, and to the use of third-party assets primarily due to the application of IFRS 16 (- € 3,428 thousand). Other operating costs remained substantially unchanged. In the first six months of 2019, personnel expense amounted to € 113,079 thousand, up € 6,317 thousand (+5.9%) in absolute terms compared to the same prior-year period (€ 106,762 thousand). The change is mainly attributable to wages and salaries (+7.2% over the same period in 2018) and is due to the effect of costs linked to hiring new staff in the second half of 2018. This was done as part of the structural reinforcement policy that is required for supporting future development plans. An increase in uncertainty has been recorded in the core market, making it necessary to pay particular attention to business efficiency and organisational streamlining. This has led to a subsequent and consequent reduction in personnel expense. When breaking this figure down by quarter, it should be noted in particular that the amount for the first half of 2019 (€ 56,328 thousand) is actually in line with the amount for 2018 (€ 56,768 thousand). It should be further noted that the impact on revenues increased by 3.0%, from 29.9% in 2018 to 32.9% this year. EBITDA amounted to € 37,971 thousand at 30 June 2019 (€ 43,499 thousand in the same prior-year period), showing a decrease of 12.7%. As previously mentioned, it is noted that lower costs for the use of third-party assets had a positive effect on EBITDA (€ 3,132 thousand) following application of the new IFRS 16 standard. Depreciation and amortisation rose 37% overall (from € 11,228 thousand in 2018 to € 15,386 thousand this year). The increase in depreciation of property, plant and equipment mainly relates to first-time adoption of IFRS 16. As already established, this led to an increase in depreciation of € 3,773 thousand.

Provisions totalled € 2,451 thousand, up from €1,989 thousand in the first half of 2018. This movement was largely due to provisions for legal risks, penalties for customer disputes, pension and credit risks. Impairment and non-recurring items of € 1,042 thousand mainly relate to personnel expense for voluntary termination benefits, linked to individual transactions underwritten through workplace conciliation, and provisions for pensions. As regards financial operations, financial expense amounted to €1,292 thousand, deteriorating compared to the same period in 2018 (€ 974 thousand). Exchange rate risk management in the first six months resulted in a loss of € 1,743 thousand, improving compared to the € 2,322 thousand negative result in the same prior-year period, above all owing to the hedges on the US, Indian, Turkish and Chinese currencies. Exchange rate losses amounted to some € 1,802 thousand, deteriorating by about € 212 thousand compared to the same prior-year period. Unrealised exchange rate differences amounted to negative € 59 thousand, showing an improvement compared to the value as at 30 June 2018 (approximately € 673 thousand). Much of this was attributable to orders with longer lead times, which therefore increased the lag between the time when hedging is undertaken and the time of the actual billing and/or deposit. Pre-tax profit thus amounted to € 16,058 thousand. The estimated balance of income taxes was negative to the tune of € 5,707 thousand. The impact relating to current taxes was a negative € 6,897 thousand (IRES – corporate income tax: € 3,361 thousand; IRAP – regional business tax: € 1,078 thousand; taxes from foreign jurisdictions: € 2,557 thousand; previous-year taxes and other income taxes: € 99 thousand), deferred taxes were positive to the tune of € 1,189 thousand. The Tax rate slightly decreased compared to the previous year (around 34.8%). Therefore, the profit for the first six months of 2019 amounted to € 10,350 thousand.

# STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

EURO 000'S	30 JUNE 2019	31 JUNE 2018
Intangible assets	86,138	84,240
Property, plant and equipment	136,279	102,774
Financial assets	3,240	2,847
<b>Non-current assets</b>	<b>225,657</b>	<b>189,862</b>
Inventories	187,637	162,786
Trade receivables	122,016	134,331
Trade payables	(235,834)	(244,024)
<b>Net operating working capital</b>	<b>73,818</b>	<b>53,092</b>
Post-employment benefits	(13,536)	(12,550)
Provision for risk and charges	(12,986)	(10,737)
Other net payables	(34,169)	(35,526)
Net deferred tax assets	11,287	9,985
<b>Other net liabilities</b>	<b>(49,404)</b>	<b>(48,827)</b>
<b>Net invested capital</b>	<b>250,071</b>	<b>194,128</b>
Share capital	27,393	27,393
Profit for the previous year and other reserves	177,652	147,577
Profit for the year	10,278	43,672
Non-controlling interests	907	893
<b>Equity</b>	<b>216,230</b>	<b>219,536</b>
Bank loans and borrowings and loans and borrowings from other financial backers	117,956	57,900
Other financial assets	(2,147)	(288)
Cash and cash equivalents	(81,968)	(83,020)
<b>Net financial position (1)</b>	<b>33,841</b>	<b>(25,407)</b>
<b>Total sources of funding</b>	<b>250,071</b>	<b>194,128</b>

Compared to 31 December 2018, net intangible assets increased by approximately € 1.9 million due to increasing investments (mainly attributable to the capitalisation of R&D and ICT projects), net of relevant amortisation for the period (around € 7.2 million).

As for net property, plant and equipment, they increased by € 33.5 million with respect to 31 December 2018, net of the relevant depreciation for the period (€ 8.1 million). This increase is mainly attributable to first-time adoption of IFRS 16 (for an amount of € 26.7 million) and amounts concerning the regular replacement of work equipment.

Inventories increased by € 24,851 thousand overall compared to 31 December 2018. The change compared with year-end figures was due to rising inventories of finished goods (up € 10,828 thousand), semi-finished goods (up € 9,243 thousand), raw materials (up € 2,043 thousand) and spare part inventories (up € 2,271 thousand). With reference to the other items of Net Operating Working Capital, which increased by € 20,726 thousand overall compared to 31 December 2018, notably both trade payables and trade receivables were down, by € 8,190 thousand and € 12,315 thousand respectively.

## NET FINANCIAL POSITION

EURO 000'S	30 JUNE 2019	31 DECEMBER 2018
Cash	1,709	3,330
Cash and cash equivalents	80,259	79,690
<b>Cash and cash equivalents</b>	<b>81,968</b>	<b>83,020</b>
Financial assets	396	494
Other financial current assets	1,751	-
Current bank liabilities	(46,740)	(21,157)
Short term portion of non current liabilities	(7,035)	(370)
Other current financial debt	(440)	(1,189)
<b>Short-term financial indebtness</b>	<b>(54,214)</b>	<b>(22,716)</b>
<b>Short-term net financial indebtness</b>	<b>29,900</b>	<b>60,798</b>
Other non current financial liabilities	(63,741)	(35,390)
<b>Long-term financial indebtness</b>	<b>(63,741)</b>	<b>(35,390)</b>
<b>Financial indebtness</b>	<b>(33,841)</b>	<b>25,407</b>

The Group's net financial position as at 30 June 2019 was negative to the tune of € 33.8 million (after the effects of IFRS 16). Net financial position as at the end of June 2019 would have been a negative € 7.8 million if calculated on an adjusted basis to exclude the impact of IFRS 16.

Net invested capital amounted to € 250.1 million, up compared to € 194.1 million in December 2018. Equity amounted to € 216.2 million, down compared to € 219.5 million in December 2018.

# TRANSACTIONS WITH ASSOCIATES, PARENTS AND THE LATTER'S SUBSIDIARIES

At 30 June 2019, there were no associates. As regards transactions with the parent Bi.Fin. S.r.l., reference should be made to Note 25 in the Notes.

## OTHER RELATED-PARTY TRANSACTIONS

Fincobi S.r.l., Edilriviera S.r.l., SEMAR S.r.l. and Wirutex S.r.l. qualify as related parties. As for transactions during the first half of the year with these companies, reference should be made to Note 25 in the Notes.

# “ATYPICAL AND/OR UNUSUAL” TRANSACTIONS OCCURRED DURING THE PERIOD

In 2019, there were no such transactions.



# SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND FULL-YEAR OUTLOOK

As highlighted in sector studies about Biesse's core industries (Acimall, VDMA, UCIMU), the first half of 2019 showed a significant slowdown of demand after a positive cycle that lasted 4 years (2015-2018).

In particular, the studies were based on a large sample of markets/businesses and the negative delta of new orders in 2019 was found to be around -15% on average, as compared to the same period for 2018 (with a spike of -19% disclosed last March by Biesse's main competitor in the Wood sector). Notwithstanding the signals of interest received at the last LI-GNA trade fair (Hannover 27-31 May) and most recent AWFS (Las Vegas 17-20 July), the Group is not immune to this slowdown. The Board of Directors intends to conservatively adjust

forecasts for 2019, with expected consolidated revenue and margins being revised downwards.

Given that the volatility of demand makes such estimates very uncertain, at present, consolidated revenue is conservatively expected to range between € 680-690 million, and EBITDA to range between € 62-65 million. Nonetheless, the Group expects net financial position to be positive by year end (net of IFRS16 impact) also in light of the above revision.

As regards the level of margins projected for 2019, it should be reiterated that the Group wishes to protect investments in organisation, products and markets in which it operates, and is confident that this will continue to assert the company's position as a global leader.

## OTHER INFORMATION

At the date on which the Interim report at 30 June 2019 was approved, Biesse S.p.A. did not hold treasury shares. In addition, it should be noted that the parent company Biesse S.p.A. does not own shares in the parent nor did it own

or trade them during the first half of 2019. There is therefore nothing to disclose for the purposes of Article 2428, paragraph 2, sections 3 and 4 of the Italian Civil Code.

Pesaro, 02/08/2019

*The Chairman of the Board of Directors*  
Giancarlo Selci





# CONSOLIDATED

The background of the slide is a photograph of an industrial machine, likely a 3D printer or a similar manufacturing equipment, with a green overlay. The machine has various components, including a long horizontal track, a vertical support structure, and a control panel. The text "Winstore 3D K2" is visible on the machine's frame. The overall image is semi-transparent, allowing the text to be clearly visible.

## INTERIM FINANCIAL STATEMENTS

AT 30 JUNE 2019

# CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

EURO 000'S	NOTE	30 JUNE 2019	30 JUNE 2018
Revenues	4	344,224	356,609
Other operating income		3,524	2,545
Change in inventories of finished goods and work in progress		20,466	17,596
Purchase of raw materials and consumables		(152,492)	(154,911)
Personnel expense	6	(113,574)	(106,762)
Depreciation, amortisation and impairment		(17,763)	(13,217)
Other operating costs		(65,292)	(71,709)
<b>Operating profit</b>		<b>19,092</b>	<b>30,151</b>
Financial income		5,489	6,002
Financial expense		(8,523)	(9,298)
<b>Profit (Loss) before tax</b>		<b>16,058</b>	<b>26,855</b>
Income taxes	7	(5,707)	(9,622)
<b>Profit for the year</b>		<b>10,350</b>	<b>17,233</b>
Attributable to:			
Attributable to owners of the parent		10,278	17,163
Attributable to non-controlling interests		72	70
Earnings per share	8	0,38	0,63
Diluted (€/cents)	8	0,38	0,63

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019

EURO 000'S	NOTE	30 JUNE 2019	30 JUNE 2018
<b>Profit for the year</b>		<b>10,350</b>	<b>17,233</b>
Translation differences of foreign operations	17	183	272
Net gain/loss on cash flow hedges	21	(0)	(0)
Income taxes on other comprehensive income	21	0	0
<b>Items that may be reclassified to profit or loss</b>		<b>183</b>	<b>272</b>
Measurement of defined-benefit plans		(1,095)	(157)
Income taxes not on other comprehensive income		480	38
<b>Items that will not be reclassified to profit or loss</b>		<b>(615)</b>	<b>(119)</b>
<b>Total comprehensive income for the year</b>		<b>9,917</b>	<b>17,386</b>
Attributable to:			
Owners of the parent		<b>68</b>	<b>62</b>
Non-controlling interests		<b>9,849</b>	<b>17,324</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

EURO 000'S	NOTE	30 JUNE 2019	30 JUNE 2018
<b>ASSETS</b>			
Property, plant and equipment	10-11	136,279	102,774
Equipment and other items of property, plant and equipment	10-11	-	-
Goodwill	12	23,548	23,542
Other intangible assets	12	62,590	60,699
Deferred tax assets	7	13,459	12,323
Other financial assets and receivables (including derivatives)	0	3,240	2,847
Other revceables	0	0	0
<b>Total non current assets</b>		<b>239,116</b>	<b>202,185</b>
Inventories	13	187,637	162,786
Trade receivables	14	119,731	122,922
Contract Assets	15	2,285	11,409
Other revceables	0	26,379	27,459
Other financial assets and receivables (including derivatives)	23	396	494
Other financial assets due from related parties		-	-
Cash and cash equivalents	0	81,968	83,020
<b>Total current assets</b>		<b>418,395</b>	<b>408,089</b>
<b>TOTAL ASSETS</b>		<b>657,510</b>	<b>610,275</b>

EURO 000'S	NOTE	30 JUNE 2019	30 JUNE 2018
<b>EQUITY AND LIABILITIES</b>			
Share capital	16	27,393	27,393
Reserves	18	177,864	147,831
Retained earnings		(212)	(254)
Profit for the year		10,278	43,672
<b>Equity attributable to the owners of the parent</b>		<b>215,323</b>	<b>218,642</b>
Non-controlling interests		907	893
<b>TOTAL EQUITY</b>		<b>216,230</b>	<b>219,536</b>
Financial liabilities	19	70,291	35,390
Post-employment benefits		13,536	12,550
Deferred tax liabilities	7	2,172	2,338
Provisions for risks and charges	22	685	1,091
Other liabilities		1,032	1,102
<b>Total non current liabilities</b>		<b>87,717</b>	<b>52,471</b>
Financial liabilities	19	47,665	22,510
Provisions for risks and charges	22	12,301	9,646
Trade payables	20	230,054	238,243
Contracts Liabilities	21	5,780	5,780
Other liabilities		51,937	57,955
Tax payables	7	5,827	4,134
<b>Total Current liabilities</b>		<b>353,564</b>	<b>338,269</b>
<b>LIABILITIES</b>		<b>441,280</b>	<b>390,739</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>657,510</b>	<b>610,275</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2019

EURO 000'S	30 JUNE 2019	31 DECEMBER 2018
<b>OPERATING ACTIVITIES</b>		
Profit for the year	10,350	43,851
Change for:		
Income taxes	5,707	14,436
Depreciation and amortisation of tangible and intangible assets	14,817	22,820
Gains/losses from sales of property, plant and equipment	(19)	17
Impairment losses on intangible assets	0	217
Net Financial expense	1,232	3,046
<b>SUBTOTAL OPERATING ACTIVITIES</b>	<b>32,088</b>	<b>84,387</b>
Change in trade receivable	3,190	(3,542)
Change in inventories	(24,851)	(19,576)
Change in trade payables	(4,765)	14,328
Other changes in other operating assets and liabilities	(6,611)	(845)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>8,176</b>	<b>69,122</b>
Income tax paid	(919)	(14,813)
Interest paid	(559)	(550)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>6,698</b>	<b>53,759</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(10,428)	(24,392)
Proceeds from sale of property, plant and equipment	0	2,054
Acquisition of intangible assets	(9,084)	(22,791)
Proceeds from sale of intangible assets	0	457
Acquisitions of equity investments	0	0
Change in other financial assets	(376)	(182)
Interest received	0	94
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(19,888)</b>	<b>(44,760)</b>
<b>FINANCING ACTIVITIES</b>		
Change in financial activities/liabilities (including derivatives)	(18,193)	15,561
Finance lease payments	(196)	(312)
Other changes	2,723	(7,051)
Dividends paid	(13,148)	(13,144)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(14,445)</b>	<b>(4,946)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>34,697</b>	<b>4,054</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>83,020</b>	<b>78,902</b>
Effect of exchange rate fluctuations on cash held	(18)	64
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>81,968</b>	<b>83,020</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2019

EURO 000'S	SHARE CAPITAL	HEDGING AND TRANSLATION RESERVES	EQUITY RESERVES	OTHER RESERVES
<b>Opening balances at 01/01/2018</b>	<b>27,393</b>	<b>(6,815)</b>	<b>36,202</b>	<b>88,143</b>
Other comprehensive income		280		(120)
Profit for the year				
<b>Total comprehensive income/expense for the year</b>		<b>280</b>		<b>(120)</b>
Dividends paid				(13,159)
Allocation of profit for the previous year				42,558
Other movements				
<b>Closing balances at 30/06/2018</b>	<b>27,393</b>	<b>(6,535)</b>	<b>36,202</b>	<b>117,422</b>
<b>Closing balances at 31/12/2018</b>	<b>27,393</b>	<b>(6,063)</b>	<b>36,202</b>	<b>117,438</b>

EURO 000'S	TREASURY SHARES	PROFIT FOR THE YEAR	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
<b>Opening balances at 01/01/2018</b>	<b>(96)</b>	<b>42,558</b>	<b>187,385</b>	<b>952</b>	<b>188,337</b>
Other comprehensive income			160	(8)	152
Profit for the year		17,163	17,163	70	17,233
<b>Total comprehensive income/expense for the year</b>		<b>17,163</b>	<b>17,323</b>	<b>62</b>	<b>17,385</b>
Dividends paid			(13,159)	(90)	(13,249)
Allocation of profit for the previous year		(42,558)			-
Other movements	96		96		389
<b>Closing balances at 30/06/2018</b>		<b>17,163</b>	<b>191,645</b>	<b>924</b>	<b>192,569</b>
<b>Closing balances at 31/12/2018</b>		<b>43,672</b>	<b>218,642</b>	<b>893</b>	<b>219,536</b>

EURO 000'S	SHARE CAPITAL	HEDGING AND TRANSLATION RESERVES	EQUITY RESERVES	OTHER RESERVES
Opening balances at 01/01/2019	27,393	(6,063)	36,202	117,438
Other comprehensive income		187		(561)
Profit for the year				
Total comprehensive income/expense for the year		187		(561)
Dividends paid				(13,148)
Allocation of profit for the previous year				43,672
Other movements				(75)
Closing balances at 30/06/2019	27,393	(5,876)	36,202	147,326

EURO 000'S	TREASURY SHARES	PROFIT FOR THE YEAR	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Opening balances at 01/01/2019		43,672	218,642	893	219,536
Other comprehensive income			(374)	(59)	(433)
Profit for the year		10,278	10,278	72	10,350
Total comprehensive income/expense for the year		10,278	9,904	13	9,917
Dividends paid			(13,148)		(13,148)
Allocation of profit for the previous year		(43,672)			-
Other movements			(75)		(75)
Closing balances at 30/06/2019		10,278	215,323	908	216,230





# CONSOLIDATED



INTERIM FINANCIAL  
STATEMENTS

NOTES



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2019

## 1. GENERAL INFORMATION

### THE SUBJECT PREPARING THE FINANCIAL STATEMENTS

Biesse S.p.A. is an Italian company, with registered office in Pesaro, via della Meccanica 16.

The Biesse group (hereinafter referred to as the "Group") operates in the mechanical tool sector, and is wholly controlled by BI.Fin. S.r.l., a company operating in the production and sale of machinery and systems for processing wood, glass and stone. The Parent is listed on the Milan Stock Exchange in the STAR segment.

### REPORTING CRITERIA

The presentation currency for the Consolidated Financial Sta-

tements is the Euro, and the reported amounts and the amounts in the Notes to the Financial Statements are expressed in thousands of Euro, unless otherwise expressly indicated. This consolidated interim report was approved by the Board of Directors on 2 August 2019 and underwent limited auditing.

### SCOPE OF CONSOLIDATION

The consolidated statement of financial position and income statement as at 30 June 2019 include the financial statements of subsidiaries in addition to those of the parent company.

## LIST OF COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS

NAME AND REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	DIRECTLY CONTROLLED	INDIRECTLY CONTROLLED	OWNERSHIP VEHICLE	GRUPPO BIESSE
PARENT COMPANY						
<b>Biesse S.p.A.</b> Via della Meccanica, 16 Loc. Chiusa di Ginestreto (PU)	EUR	27,393,042				
ITALIAN SUBSIDIARIES:						
<b>HSD S.p.A.</b> Via della Meccanica, 16 Loc. Chiusa di Ginestreto (PU)	EUR	1,141,490	100%			100%
<b>Bre.Ma. Brenna Macchine S.r.l.</b> Via Manzoni, snc Alzate Brianza (CO)	EUR	70,000	98%			98%
<b>Viet Italia S.r.l.</b> Via della Meccanica, 16 Loc. Chiusa di Ginestreto (PU)	EUR	10,000	85%			85%
<b>Axxembla S.r.l.</b> Via della Meccanica, 16 Loc. Chiusa di Ginestreto (PU)	EUR	10,000	100%			100%
<b>Uniteam S.p.A.</b> Via della Meccanica 12 Thiene (VI)	EUR	390,000	100%			100%
<b>BSoft S.r.l.</b> Via Carlo Cattaneo, 24 Portomaggiore (FE)	EUR	10,000	100%			100%
<b>Montresor &amp; Co. S.r.l.</b> Via Francia, 13 Villafranca (VR)	EUR	1,000,000	60%			60%
<b>Movetro S.r.l.</b> Via Marco Polo, 12 Carmignano di Sant'Urbano (PD)	EUR	51,000	60%			100% <sup>1</sup>

NAME AND REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	DIRECTLY CONTROLLED	INDIRECTLY CONTROLLED	OWNERSHIP VEHICLE	GRUPPO BIESSE
FOREIGN SUBSIDIARIES:						
<b>Biesse America Inc.</b> 4110 Meadow Oak Drive – Charlotte, North Carolina – USA	USD	11,500,000	100%			100%
<b>Biesse Canada Inc.</b> 18005 Rue Lapointe – Mirabel (Quebec) – Canada	CAD	180,000	100%			100%
<b>Biesse Group UK Ltd.</b> Lamport Drive – Daventry Northamptonshire Great Britain	GBP	655,019	100%			100%
<b>Biesse France Sarl</b> 4, Chemin de Moninsable Brignais – France	EUR	1,244,000	100%			100%
<b>Biesse Group Deutschland GmbH</b> Gewerberstrasse, 6 Elchingen (Ulm) – Germany	EUR	1,432,600	100%			100%
<b>Biesse Schweiz GmbH</b> Luzernerstrasse 26 – 6294 Ermensee – Switzerland	CHF	100,000		100%	Biesse G. Deutschland GmbH	100%
<b>Biesse Austria GmbH</b> Am Messezentrum, 6 Salisburgo – Austria	EUR	685,000		100%	Biesse G. Deutschland GmbH	100%
<b>Biesservice Scandinavia AB</b> Maskinvagen 1 – Lindas – Sweden	SEK	200,000	60%			60%
<b>Biesse Iberica Woodworking Machinery s.l.</b> C/De La Imaginació, 14 Poligon Ind. La Marina – Gavà Barcellona – Spain	EUR	699,646	100%			100%
<b>WMP- Woodworking Machinery Portugal, Unipessoal Lda</b> Sintra Business Park, 1, São Pedro de Penaferrim, Sintra – Portugal	EUR	5,000		100%	Biesse Iberica W. M. s.l.	100%
<b>Biesse Group Australia Pty Ltd.</b> 3 Widemere Road Wetherill Park – Sydney – Australia	AUD	15,046,547	100%			100%
<b>Biesse Group New Zealand Ltd.</b> Unit B, 13 Vogler Drive Manukau – Auckland – New Zealand	NZD	3,415,665	100%			100%
<b>Biesse Manufacturing Co. Pvt. Ltd.</b> Jakkasandra Village, Sondekoppa rd. Nelamanga Taluk – Bangalore –India	INR	1,224,518,391	100%			100%
<b>Biesse Asia Pte. Ltd.</b> Zagro Global Hub 5 Woodlands Terr. – Singapore	EUR	1,548,927	100%			100%
<b>Biesse Indonesia Pt.</b> Jl. Kh.Mas Mansyur 121 – Jakarta – Indonesia	IDR	2,500,000,000		100%	Biesse Asia Pte. Ltd.	100%
<b>Biesse Malaysia SDN BHD</b> No. 5, Jalan TPP3 47130 Puchong -Selangor, Malaysia	MYR	5,000,000		100%	Biesse Asia Pte. Ltd.	100%
<b>Biesse Korea LLC</b> Geomdan Industrial Estate, Oryu-Dong, Seo-Gu – Incheon – South Korea	KRW	100,000,000		100%	Biesse Asia Pte. Ltd.	100%
<b>Biesse (HK) Ltd.</b> Room 1530, 15/F, Langham Place, 8 Argyle Street, Mongkok, Kowloon – Hong Kong	HKD	325,952,688		100%		100%
<b>Dongguan Korex Machinery Co. Ltd</b> Dongguan City – Guangdong Province China	RMB	239,338,950		100%	Biesse (HK) LTD	100%
<b>Biesse Trading (Shanghai) Co. Ltd.</b> Room 301, No.228, Jiang Chang No.3 Road, Zha Bei District,– Shanghai – China	RMB	76,000,000		100%	Biesse (HK) LTD	100%

NAME AND REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	DIRECTLY CONTROLLED	INDIRECTLY CONTROLLED	OWNERSHIP VEHICLE	GRUPPO BIESSE
FOREIGN SUBSIDIARIES:						
<b>Intermac do Brasil Comercio de Maquinas e Equipamentos Ltda.</b> Andar Pilotis Sala, 42 Sao Paulo – 2300, Brazil	BRL	12,964,254	100%			100%
<b>Biesse Turkey Makine Ticaret Ve Sanayi A.S.</b> Şerifali Mah. Bayraktar Cad. Nutuk Sokak No:4 Ümraniye,Istanbul – Turkey	TRY	45,500,000	100%			100%
<b>OOO Biesse Group Russia</b> Ul. Elektrozavodskaya, 27 Moscow, Russian Federation	RUB	59,209,440	100%			100%
<b>Biesse Gulf FZE</b> Dubai, free Trade Zone	AED	6,400,000	100%			100%
<b>Biesse Taiwan</b> 6F-5, No. 188, Sec. 5, Nanking E. Rd., Taipei City 105, Taiwan (ROC)	TWD	500,000		100%	Biesse Asia Pte Ltd.	100%
<b>HSD Mechatronic (Shanghai) Co. Ltd.</b> D2, 1st floor, 207 Taiguroad, Waigaoqiao Free Trade Zone – Shanghai – China	RMB	2,118,319		100%	Hsd S.p.A.	100%
<b>Hsd Usa Inc.</b> 3764 SW 30 <sup>th</sup> Avenue – Hollywood, Florida – USA	USD	250,000		100%	Hsd S.p.A.	100%
<b>HSD Mechatronic Korea LLC</b> 414, Tawontakra2, 76, Dongsan-ro, Danwon-gu, Ansan-si 15434, South Korea	KWN	101,270,000		1000%	HSD S.p.A.	100%
<b>HSD Deutschland GmbH</b> Brükenstrasse, 2 – Gingen – Germany	EUR	25,000		100%	Hsd S.p.A.	100%

<sup>1</sup> As a reminder, the contract to purchase Movetro S.r.l. provided for a put/call option on non-controlling interests. We have considered the possibility that the old ownership will exercise the put option (on 31 July 2022). We have valued such a transaction at the minimum price provided in the contract (€ 1 million discounted as at today). As a result, the company is still 100% consolidated even though only 60% of shares are currently held. Compared with the financial statements for the year ended 31 December 2018, the consolidation scope underwent no changes.

2. DECLARATION OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS, BASIS OF PRESENTATION AND CONSOLIDATION AND FOREIGN CURRENCY TRANSLATION PRINCIPLES

STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND GENERAL STANDARDS

The interim report has been prepared in accordance with the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standard Board ("IASB") and endorsed by the European Union, as well as with the implementing provisions issued pursuant to article 9 of Italian Law Decree 38/2005 and the CONSOB regulations and provisions regarding financial statements.

The report has been prepared on the historical cost basis, with the exception of derivative financial instruments, held-for-sale financial assets and financial instruments classified as available for sale, which are measured at fair value; the financial statements have been prepared also on a going concern basis.

This disclosure was prepared in accordance with the provisions of Consob (Commissione Nazionale per le Società e la Borsa – the regulatory authority for the Italian securities’ market), with particular reference to resolutions No. 15519 and 15520 of 27 July 2006 and to communication No. DEM6064293 of 28 July 2006.

The condensed consolidated interim financial statements were prepared in accordance with IAS 34 - Interim Financial Reporting. The accounting standards applied were the same as those already adopted for preparing the consolidated financial statements as at 31 December 2018, to which reference is made for the sake of completeness. Any exceptions are described in section 3.1 below “Accounting standards, amendments and IFRS interpretations effective as from 1 January 2019”.

The figures shown in this condensed consolidated interim financial statements are comparable with the same period of the previous year, unless otherwise indicated below. The financial statements as at 31 December 2018 are presented for comparative purposes. They contain a number of financial position and income statement reclassifications, as shown in the following table, which do not affect equity or prior-year result.

CONSOLIDATED FIGURES IN THOUSANDS OF EURO			
ITEM	BALANCE AT 31 DECEMBER 2018	RECLASSIFICATIONS	RESTATED BALANCE AT 31 DECEMBER 2018
Trade receivables	134,331	(11,409)	122,922
Trade payables	244,024	(5,780)	238,243

CONSOLIDATED FIGURES IN THOUSANDS OF EURO			
ITEM	BALANCE AT 30 JUNE 2018	RECLASSIFICATIONS	RESTATED BALANCE AT 30 JUNE 2018
Revenue	356,008	601	356,609
Other revenue	3,146	(601)	2,545

FINANCIAL STATEMENTS

All statements conform to the minimum content requirements set by the International Financial Reporting Standards and the applicable provisions laid down by national legislation and the CONSOB, and consist of:

Income Statement

Expenses are classified based on their nature, highlighting interim results with respect to operating and pre-tax profit (loss). Operating profit (loss) is calculated as the difference between net revenue and operating expense (including non-monetary costs relating to depreciation, amortisation and impairment losses on current and non-current assets, net of any reversal of impairment losses) and including capital gains and losses on the sale of non-current assets.

Statement of Comprehensive Income

This statement includes the components that make up the result for the year and the items of income and expense recognised directly in Equity arising from transactions other than those carried out with shareholders.

Statement of Financial Position

This statement shows a breakdown of current and non-current assets and liabilities, with the description in the Notes—for each item of assets and liabilities—of the amounts that are expected to be settled or recovered within or after 12 months from the reporting date.

An asset/liability is considered to be current when it satisfies any of the following criteria:

- It is expected to be recovered/settled, or intended for sale or consumption, in the Group's normal operating cycle.
- It is held primarily for the purpose of being traded.
- It is expected to be recovered/settled within 12 months after the reporting date.
- In the absence of all three conditions, the assets/liabilities are classified as non-current.

Statement of Changes in Equity

This statement shows the changes in the equity items related to:

- The allocation of the parent company's and subsidiaries’ profit for the year to non-controlling interests.
- Amounts relating to transactions with shareholders (purchase and sale of treasury shares).
- Any gains or losses net of any tax effects which, as required by IFRSs, are either recognised directly in equity (gains or losses from trading of treasury shares, actuarial gains or losses arising from the measurement of defined-benefit plans) or in a separate balancing item under equity (share-based payments for stock option plans).
- Changes in valuation reserves relating to derivative instruments hedging future cash flows, net of any tax effects.

Statement of Cash Flows

The Statement of Cash Flows is prepared using the indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Income and expense relating to interests, dividends received and income taxes are classified as cash flows according to the type of underlying transaction that generated them.

Cash and cash equivalents recognised in the statement of cash flows include the balance of this item at the reporting date. Foreign currency cash flows have been translated at the average exchange rate for the period.

Lastly, it should be noted that, with reference to Consob Resolution no. 15519 of 27 July 2006 on the format of financial statements, specific additional income statement and statement of financial position were included, highlighting significant related-party transactions, so as to improve the readability of the information.

The statements adopted are considered fit for fairly presenting the Group's performance, financial position and cash flows; in particular, we believe that the financial statements reclassified by nature provide reliable and material information for the purposes of correctly representing the Group's performance.



The average and final exchange rates used for accounting purposes were as follows:

CURRENCY	30 JUNE 2019		31 DECEMBER 2018	
	CLOSING	FINAL	CLOSING	FINAL
US Dollar / Euro	1,1298	1,1380	1,1810	1,1450
Brazilian Real / Euro	4,3417	4,3511	4,3085	4,4440
Canadian Dollar / Euro	1,5069	1,4893	1,5294	1,5605
Pound Sterling / Euro	0,8736	0,8966	0,8847	0,8945
Swedish Krone / Euro	10,5181	10,5633	10,2583	10,2548
Australian Dollar / Euro	1,6003	1,6244	1,5797	1,6220
New Zealand Dollar / Euro	1,6817	1,6960	1,7065	1,7056
Indian Rupee / Euro	79,1240	78,5240	80,7332	79,7298
Chinese Renmimbi Yuan / Euro	7,6678	7,8185	7,8081	7,8751
Swiss Franc / Euro	1,1295	1,1105	1,1550	1,1269
Indonesian Rupiah / Euro	16.039,1048	16.083,3500	16.803,2224	16.500,0000
Hong Kong Dollar /Euro	8,8611	8,8866	9,2559	8,9675
Malaysian Ringgit /Euro	4,6545	4,7082	4,7634	4,7317
South Korean Won /Euro	1.295,1984	1.315,3500	1.299,0713	1.277,9300
Turkish Lira/Euro	6,3562	6,5655	5,7077	6,0588
Russian Rouble/euro	73,7444	71,5975	74,0416	79,7153
UAE Dirham/euro	4,1491	4,1793	4,3371	4,2050
Taiwan Dollar/euro	34,9981	35,2965	35,5864	35,0223

3. MEASUREMENT CRITERIA, USE OF ESTIMATES AND RECLASSIFICATIONS

The preparation of the half-year report and related notes pursuant to IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosures relating to contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on historical experience and other factors deemed as material. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and the effect of any resulting changes is reflected in profit or loss in the reporting period in which the

estimates are reviewed if the review affects only that reporting period, or also in subsequent reporting periods if the review affects both the current year and future years. A summary follows of the critical judgements and the key assumptions made by management in applying the accounting standards regarding the future. They could have a significant impact on the amounts recognised in the consolidated financial statements or have the risk of resulting in material adjustments within the next year of the carrying amount of assets and liabilities.

ALLOWANCE FOR BAD DEBT

The allowance for bad debt reflects management’s estimates of impairment losses on the portfolio of receivables due from end customers and the sales network. The estimate of the allowance for bad debt is based on losses expected by the Group, calculated on the basis of past experience for similar receivables, current and historical past dues, losses and payments received, the careful monitoring of credit quality, and projections of economic and market conditions.

ALLOWANCE FOR INVENTORY WRITE-DOWNS

The allowance for inventory write-downs reflects management’s estimate of impairment losses expected by the Group and is calculated on the basis of past experience as well as historical and expected trends in the market for second-hand

equipment and spare parts, and any losses due to specific activities put into place by the companies included in the scope of consolidation.

RECOVERABLE AMOUNT OF NON-CURRENT ASSETS (INCLUDING GOODWILL)

Non-current assets include property, plant and equipment, intangible assets (including goodwill), equity investments and other financial assets. Management reviews on an ongoing basis the carrying amount of the non-current assets the Group owns and uses and the assets that are to be divested, whenever events and circumstances require such assessments. For goodwill and intangible assets with an indefinite useful life, this analysis is carried out at least once a year and whenever events and circumstances so require. The analysis of the

recoverability of non-current assets’ carrying amount is generally performed using estimates of cash flows expected from the use or sale of the assets and appropriate discount rates to calculate their present value. When the carrying amount of a non-current asset is impaired, the Group recognises an impairment loss equal to the difference between the carrying amount of the asset and the amount recoverable through its use or sale calculated with reference to the cash flows projections in the Group’s latest plans.

PRODUCT WARRANTIES

When a product is sold, the Group makes a provision for the relevant estimated warranty costs (annual and multi-year). Management establishes the amount of this provision on the basis of historical information regarding the nature, frequency and average cost of repairs under warranty. The Group is working to improve product quality and to minimise the cost of repairs under warranty.

PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

The provisions for employee benefits, the relevant assets, costs and net financial expense are measured with an actuarial method that requires the use of estimates and assumptions for measuring the net value of the liability or asset. The actuarial method considers financial variables such as, for instance, the discount rate or the long-term expected return on plan assets and the growth rates of salaries, and considers the probability that potential future events will occur using demographic variables such as, for instance, mortality rates and employee turnover or retirement rates. More precisely, the discount rates taken as reference are the

rates or rate curves on high-quality corporate bonds (Euro Composite AA interest-rate curve) in the respective reference markets. The expected return on assets is calculated on the basis of the different data provided by experts on long-term expectations of capital market yields, inflation, current yield on bonds, and other variables, and may be adjusted to take account of the asset investment strategies. The rates of future salary increases reflect the long-term expectation of the Group for the reference markets and inflation. Any change in any of these variables may affect future contributions to the provisions.

CONTINGENT LIABILITIES

The Group is subject to legal and tax claims regarding a wide range of issues that are within the jurisdiction of various countries. Owing to the uncertainties inherent to these issues, it is hard to make a reliable estimate of the outflow of resources that could arise from said disputes. The claims and disputes against the Group frequently arise from complex and difficult legal issues, subject to varying degrees of uncertainty, including the facts and circumstances inherent to each case, as well as the jurisdiction and the different laws applicable to each case. In the ordinary course of business, management consults with its own legal advisors as well as legal and tax experts. The Group recognises a liability for said disputes when it deems it probable that an outflow of financial resources will be required to settle the obligation and the relevant amount can be measured reliably. If an outflow of financial resources becomes probable but its amount cannot be determined, this fact is reported in the notes to the financial statements.

3.1. ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS EFFECTIVE AS FROM 1 JANUARY 2019

The following accounting standards, amendments and IFRS interpretations have been adopted for the first time as of 1 January 2019:

- On 13 January 2016, the IASB issued IFRS 16 - Leases. This is intended to replace the standard IAS 17 - Leases, along with interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases–Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard provides a new definition for leases and introduces criteria based on the concept of control over an asset (right of use) in order to distinguish lease contracts from service supply contracts based on the following: identification of the asset, right of substitution, right to obtain substantially all the economic benefits from using the asset, and lastly, the right to direct the use of the asset underlying the contract. The standard establishes a unique model for recognising and valuing lease contracts for the lessee. It requires the leased asset (including operating leases) to be recognised as an asset, along with a corresponding financial liability. By contrast, the standard does not include any significant changes for lessors. The Group has elected to apply the standard retrospectively, and has recognised the cumulative effect of first-time adoption as an adjustment to opening equity at 1 January 2019 as permitted under IFRS 16:C7-C13. The Group has elected

- not to restate comparative information for the 2018 financial year. In particular, where leases were previously classified as operating leases, the Group has accounted for the following:
  - a) A financial liability equal to the present value of remaining future payments as at the date of transition, with each contract discounted using the incremental borrowing rate applicable at the date of transition.
  - b) A right-of-use with the same value as the financial liability as at the date of transition, net of any accruals and deferrals related to the lease and recognised in the statement of financial position as at the reporting date.

The effects from the application of this standard are noted in section 11.

- On 12 October 2017, the IASB issued “Annual Improvements to IFRS Standards 2015–2017 Cycle”, which collects the amendments made to some standards as part of the annual process to improve the standards. The main amendments include:
  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendment clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. This process is not required if joint control is obtained.
  - IAS 12 Income Taxes: the amendment clarifies that all in-

come tax consequences of dividends (including payments on financial instruments classified within equity) should be recognised in a manner that is consistent with the transaction generating the profit (income statement, OCI or equity).

- IAS 23 Borrowing costs: the amendment clarifies that if any borrowings remain outstanding after the related qualifying asset is ready for its intended use or sale, they become part of the total funds used for calculating the borrowing cost.

The adoption of this amendment had no impact on the consolidated financial statements of the Group.

• On 7 February 2018, the IASB issued “Plant Amendment, Curtailment or Settlement (Amendments to IAS 19)”. The document clarifies how an entity should recognise a change to a defined benefit plan (i.e. a curtailment or settlement). The amendments require an entity to update their assumptions and remeasure the net asset or liability arising from the plan.

4. REVENUE AND ANALYSIS BY BUSINESS SEGMENT AND GEOGRAPHICAL AREA

ANALYSIS BY BUSINESS SEGMENT

The Group is currently organised into five operating divisions – Wood, Glass & Stone, Mechatronics, Tooling and Components – for management purposes. These divisions constitute the bases for the Group's reporting of segment information. The main activities are as follows:

**Wood** – production, distribution, installation and after-sales service of panel processing machines and systems.

**Glass & Stone** - production, distribution, installation and after-sales service of glass and stone processing machines.

The amendments clarify that after the occurrence of such an event, the entity must use updated assumptions to determine the current service cost and interest for the remainder of the reporting period after the change to the plan.

The adoption of this amendment had no impact on the consolidated financial statements of the Group.

• On 12 October 2017, the IASB issued “Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)”. This document clarifies the need to apply IFRS 9 (including impairment requirements) to other long-term interests in associates and joint ventures to which the equity method was not applied.

The adoption of this amendment had no impact on the consolidated financial statements of the Group.

**Mechatronics** - production and distribution of industrial mechanical and electronic components.

**Tooling** – production and distribution of Diamut-branded grinders and processing tools.

**Componenti** – production of mechanical components for wood and glass & stone processing machines.

Below is the information on these operating segments:

ANALYSIS BY BUSINESS SEGMENT AT 30 JUNE 2019

EURO 000'S	30 JUNE 2019	%	30 JUNE 2018	%
Wood Division	241,051	70.0%	253,207	71.0%
Glass/Stone Division	67,027	19.5%	58,606	16.4%
Mechatronics Division	44,459	12.9%	53,154	14.9%
Tooling Division	6,922	2.0%	6,685	1.9%
Components Division	10,491	3.0%	13,085	3.7%
Intercompany eliminations	(25,726)	-7.5%	(28,128)	-7.9%
Total	344,224	100.0%	356,609	100.0%

The Wood Division fell from € 253,207 thousand at 30 June 2018 to € 241,051 thousand (-4.8%), confirming its role as the Group's driver in terms of volumes. The Glass & Stone Division made considerable progress, growing by 14.4% (turnover for the period: € 67,027 thousand). The Mechatronics Division fell from € 53,154 thousand to € 44,459 thousand (-16.4%), while

the Components Division ended the first half down -19.8 % (turnover for the period: € 10,491 thousand). Lastly, the Tooling Division increased by 3.5 % (turnover of € 6,922 thousand). The following table summarises operating profit by business division as at 30 June:

EURO 000'S	WOOD	GLASS & STONE	TOOLING	MECHATRONICS	COMPONENTS	ELIMINATIONS	GROUP TOTAL
2019							
Operating profit of segment	13,426	3,702	94	7,004	53	0	24,280
Unallocated ordinary costs							(5,188)
Operating profit							19,092
2018							
Operating profit of segment	18,875	(362)	(205)	10,949	559	0	29,816
Unallocated ordinary costs							335
Operating profit							30,151

ANALYSIS BY GEOGRAPHICAL SEGMENT AT 30 JUNE 2019

Turnover

EURO 000'S	30 JUNE 2019	%	30 JUNE 2018	%
Western Europe	158,218	46.0%	162,834	45.7%
Asia-Pacific	53,723	15.6%	66,997	18.8%
Eastern Europe	43,785	12.7%	54,418	15.3%
North America	75,161	21.8%	57,101	16.0%
Rest of the World	13,337	3.9%	15,258	4.3%
Group Total	344,224	100.0%	356,608	100.0%

As regards the geographical distribution of sales in the first half of 2019, a general decrease was recorded across the board, albeit with some variations in magnitude. The only exception was the North American market which increased by 31.6% (thanks to large plant sales). The greatest reductions were recorded in Asia/Oceania and Eastern Europe (down 19.8% and 19.5% respectively), with the

Rest of the World falling by 12.6% (2019 turnover: € 13,337 thousand). Western Europe was confirmed as being the Group's core market, contributing 46% of Group turnover and recording a slight decrease from € 162,834 thousand to € 158,218 thousand (-2,8%).

5. SEASONALITY

The business segments in which the Biesse Group operates experience significant seasonality, since demand for machine tools is typically concentrated in the second part of the year (and especially in the last quarter). This is because of end customers' purchasing habits, which are significantly affected by expectations concerning investment incentive policies, as well as forecasts for their reference markets. Another aspect to be taken into account is the Group's structu-

re, as overseas branches (USA, Canada, Oceania, and Far East) generate on average a third of total business volumes. Given the lead time necessary for delivering machine tools to these markets, and that the end market is particularly sensitive to the turnaround between order and delivery, these branches normally replenish their inventories in the first half in order to handle year-end sales.

6. PERSONNEL EXPENSE

In the first half of 2019, personnel expense amounted to € 113,574 thousand, up € 6,812 thousand compared to the same period last year (€ 106,762 thousand, + 6.4%).

7. TAXES

The Italian corporate income tax (IRES) rate was 24% (24% in 2018) of the taxable income of the Parent company and the Italian subsidiaries, while income taxes for other jurisdictions are calculated based on the rates in force in the relevant countries. For the purposes of calculating the income tax expense for the period, the Group applied to the interim profit the tax rate applicable to the estimated year-end results. At 30 June 2019, the Group's deferred tax assets totalled €

13,459 thousand, up compared to 31 December 2018 (+ € 1,137 thousand). Management recognised deferred tax assets to the extent they are likely to be recovered; in doing so, it considered the forecasts for subsequent years consistent with those used for the purposes of impairment tests. Taxes recognised in the income statement amounted to € 5,707 thousand with a tax rate of 35.5%.

8. EARNINGS PER SHARE

Basic earnings per share for the period ended 30 June 2019 totalled 0.38 Euro/cent (0.63 Euro/cent in 2018) and were calculated by dividing the profit attributable to the owners of the Parent, amounting to € 10,278 thousand, by the weighted average number of ordinary shares outstanding during the period, which amounted to 27,393,042 (as in 2018).

At 30 June 2019, the number of treasury shares held was 0. As there were no dilutive effects, the same calculation is also applicable to diluted earnings per share. The calculations are shown in the following tables:

Profit attributable to owners of the Parent

EURO 000'S	2019	2018
Profit for the year	10,278	17,163
Weighted average number of shares used to calculate basic and diluted earnings per share	27,393	27,393
Base and diluted profit for the year (in Euro)	0.38	0.63

Weighted average number of outstanding ordinary shares

EURO 000'S	2019	2018
Weighted average number of outstanding shares – for the calculation of basic earnings	27,393	27,393
Effect of treasury shares	-	-
Weighted average number of outstanding shares – for the calculation of basic earnings	27,393	27,393
Dilutive effects	0	0
Weighted average number of outstanding shares – for the calculation of diluted earnings	27,393	27,393

9. DIVIDENDS

During the first half of the year, pursuant to the resolution of the Shareholders' Meeting of the Parent company held on 30 April 2019, shareholders received a dividend totalling around €

13,148 thousand (Euro 0.48 per ordinary share outstanding at the ex-dividend date–excluding treasury shares). The ex-dividend date was 6 May 2019.

10. PROPERTY, PLANT, EQUIPMENT AND OTHER ITEMS OF PROPERTY, PLANT AND EQUIPMENT

Please notethat first-time adoption of IFRS 16 resulted in a € 26.7 million increase in property, plant and equipment in the

reference period, in addition to amounts concerning the regular replacement of work equipment.

11. FIRST-TIME ADOPTION OF IFRS 16

The following section details the impact of adopting IFRS 16 Leases as from 1 January 2019. The Group has elected to use a modified retrospective approach.

As a result, the cumulative effect of IFRS 16 is recognised as an adjustment to the opening balance as at 1 January 2019, without restating the comparative information.

The following table shows the estimated impact from adopting IFRS 16, as at the date of transition:

M€	IMPACT AS AT THE DATE OF TRANSITION 01/01/2019
<b>Non-current assets</b>	
Right-of-use for land and buildings	19
Right-of-use for motor vehicles	4.5
Right-of-use for plant and IT infrastructure	0.1
<b>Total</b>	<b>23.5</b>
<b>Non-current liabilities</b>	
Non-current lease liabilities	20.4
<b>Current liabilities</b>	
Current lease liabilities	3.1
<b>Total</b>	<b>23.5</b>

RECONCILIATION OF LEASE COMMITMENTS

In order to provide guidance for understanding the impact from first-time adoption of the standard, the following table provides a reconciliation between future lease commitments—already referred to in paragraph U of the 2018 financial statements: “Accounting standards, amendments and interpreta-

tions endorsed by the European Union but not yet applicable and not adopted in advance by the Group as at 31 December 2018”—and the impact of adopting IFRS 16 from 1 January 2019.

M€	
<b>Operating lease commitments at 31 December 2018</b>	<b>27.2</b>
Minimum payments for finance lease liabilities as at 31 December 2018	2.0
Low-value lease payments	-0.1
Other changes	-
<b>Undiscounted finance lease liabilities as at 1 January 2019</b>	<b>29.1</b>
Effect of discounting	-3.6
<b>Finance lease liabilities as at 1 January 2019</b>	<b>25.5</b>
Present value of finance lease liabilities as at 31 December 2018	-1.9
<b>Additional finance lease liabilities as at 1 January 2019</b>	<b>23.5</b>

Please note that the weighted average of the incremental borrowing rate for financial liabilities held at 1 January 2019 was 2.8%.

In adopting IFRS 16, the Group elected not to use the exemption available under IFRS 16 paragraph 5(a) in relation to short-term leases.

However, the Group did take advantage of the exemption available under IFRS 16 paragraph 5(b) in relation to lease contracts where the underlying asset is categorised as a low-value asset (that is to say, the assets underlying the lease contract have a value of no more than €5,000 when new). The contracts to which this exemption was applied mainly fell into the following categories:

- Computers, telephones and tablets.
- Printers.
- Other electronic devices.
- Furniture and furnishings.

For these contracts, the introduction of IFRS 16 did not require a financial lease liability and corresponding right-of-use to be recognised, and lease payments are recognised in the income

statement on a straight-line basis for the duration of their respective contracts.

The Group elected not to use the practical expedient available in IFRS 16 for separating non-lease components, and consequently did not use the exemption granted under IFRS 16 paragraph 15 either. For both vehicles and apartments, the non-lease components have been identified and accounted for separately from the lease components.

Furthermore, with reference to transitional provisions, the Group elected to use the following practical expedients available when using a modified retrospective approach for transition:

- Excluding initial direct costs when measuring right-of-use as at 1 January 2019.
- Using information available as at the date of transition for determining lease terms, particularly with reference to exercising options to extend the lease term or to terminate the lease early.



The following tables shows a breakdown of right-of-use assets (net of corresponding depreciation) and lease liabilities as at the date of transition along with the related movement as at 30 June 2019.

M€	30/06/2019	IMPACT OF IFRS16 AS AT THE DATE OF TRANSITION 01/01/2019	EFFETTO IAS 17 01/01/2019
Non-current assets			
Right-of-use for land and buildings	28	19	0.1
Right-of-use for motor vehicles	4	4.5	-
Right-of-use for plant and IT infrastructure	2.6	0.1	2.6
<b>Total</b>	<b>34.5</b>	<b>23.5</b>	<b>2.7</b>
Non-current liabilities			
Non-current lease liabilities	26	20.4	1.6
Current liabilities			
Current lease liabilities	7	3.1	0.3
<b>Total</b>	<b>33</b>	<b>23.5</b>	<b>1.9</b>

The statement of financial position of the consolidated financial statements of the Group as at 30 June 2019 shows total leased assets of € 34.5 million (operating leases and finance leases), increasing of € 8.3 million due to the combined effects of IFRS 16 and IAS 17 as at 1 January 2019. The subsequent increase in leased assets since the date of the FTA is mainly due to new finance leases being entered into (about

12. GOODWILL AND OTHER INTANGIBLE ASSETS

GOODWILL

Compared to the end of the previous year, goodwill remained unchanged. The changes during 2019 are due to the exchange rate difference undergone by the Australian and American branches. Please also note that the contract to purchase Movetro S.r.l. provided for a put/call option on non-controlling interests. We have considered the possibility that the old ownership will exercise the put option (on 31 July 2022). We

€ 5.2 million), with the remainder being due to the signing of new operating leases which fall under the provisions of IFRS 16. Liabilities of € 33 million relate to the outstanding debt as at 30 June 2019, and are € 7.6 million higher compared to 1 January 2019 due to the new contracts which have been entered into.

have valued such a transaction at the minimum price provided in the contract (€ 1 million discounted as at today). The consolidation difference generated by this has been allocated to goodwill in the Glass segment.

The following table shows the allocation of goodwill by operating segment:

EURO 000'S	30 JUNE 2019	31 DECEMBER 2018
Wood	8,484	8,403
Glass & Stone	5,523	5,599
Mechatronics	5,599	5,599
Tooling	3,940	3,940
<b>Total</b>	<b>23,548</b>	<b>23,542</b>

As for the estimates of the recoverable amount, reference should be made to the note regarding measurement criteria, use of estimates and reclassifications. As already mentioned in the directors' report on operations, on 21 June 2019, a press release was issued revising guidance for 2019. In particular, forecast consolidated revenue and margins for 2019 have been conservatively revised. Consolidated revenue is expected to be in the range of € 680-690 million, and EBITDA in the range of € 62-65 million. Given the uncertainty about global economic performance, the BoD speculates that there may be a delay in reaching targets, and goals, which were originally set for 2021, may slide into 2022. In light of statements made in the press release, the Group's Directors do not consider that there is any need to undertake a

new valuation (impairment test) of goodwill upon publication of the results of operations as at 30 June 2019. Notwithstanding the lower expectations for the 2019 financial year, the baseline scenario does not call into question the medium-term objectives of the Group, which form the foundations for the impairment test as at 31 December 2018 (as approved on 26 February 2019). The group's objectives have been sustained even if forecasts are being made for a one-year delay in achieving them. In the overall context, the long-term trend may be less bright than in the past, but it remains in line with the assumptions used in sensitivity tests for testing impairment as at 31 December 2018 (with specific reference to assumptions of a halved CAGR of sales revenues), which did not highlight any critical issues. Furthermore, the latest valuation underta-

ken for the 2018 financial statements showed high levels of goodwill coverage for all CGUs. Lastly, at the time of preparing this report, the value of Biesse's shares continued to show company capitalisation which was

significantly higher than the shareholders' equity of the Group, despite share prices showing a contraction compared to recent financial years and to the year ended at 31 December 2018.

13. INVENTORIES

EURO 000'S	30 JUNE 2019	31 DECEMBER 2018
Raw materials, consumables and suppliers	56,493	54,450
Work in progress and semi-finished goods	26,404	16,697
Work in progress	-	-
Finished goods	86,023	75,194
Spare parts	18,717	16,445
<b>Inventories</b>	<b>187,637</b>	<b>162,786</b>

The carrying amount, equal to € 187,637 thousand, is net of the allowances for inventory write-downs, amounting to € 2,916 thousand for raw materials (€ 2,963 thousand at the end of 2018), € 2,772 thousand for spare parts (€ 2,553 thousand at the end of 2018), and € 3,014 thousand for finished goods (€ 2,799 thou-

sand at the end of 2018). The allowance for the write-downs of raw materials amounted to 4.9% as a percentage of the historical cost of the relevant inventories (5.2% at the end of 2018), the one for spare parts was 12.9% (13.4% at the end of 2018), and the one for finished goods 3.4% (3.6% at the end of 2018).

14. TRADE RECEIVABLES DUE FROM THIRD PARTIES

Trade receivables, amounting to € 119,731 thousand, are recognised net of the allowance for bad debt, which is conservatively estimated with reference to both non-performing loans and loans overdue more than 180 days in accordance with IFRS9.

Trade receivables were down € 3,190 thousand (before the relevant allowance for impairment) compared to December 2018. The allowance for impairment amounts to € 6,124 thousand.

15. CONTRACT ASSETS

Contract assets relating to outstanding orders are shown net of any corresponding advance payments, as detailed below:

EURO 000'S	30 JUNE 2019	31 DECEMBER 2018
Contract assets related to contract works	5,709	11,409
Advances received	(3,425)	-
<b>Total Contract Assets</b>	<b>2,285</b>	<b>11,409</b>

Assets from contracts with customers were defined as "Contract work in progress" until 31 December 2017 and were governed by IAS 11. With effect from the 2018 financial year, the same assets are defined by IFRS 15 as a company's right to receive consideration in return for goods or services transferred to the customer, when the right to consideration is conditional on something other than the passage of time. In the interim report as at 30 June 2019, the Group highlighted outstanding contract assets as a dedicated item in the statement of financial position and undertook the corresponding reclassification for the 2018 financial year for comparative purposes. Assets from contracts with customers were defined as "Contract work in progress" until 31 December 2017 and were governed by IAS 11. With effect from the 2018 financial

year, the same assets are defined by IFRS 15 as a company's right to receive consideration in return for goods or services transferred to the customer, when the right to consideration is conditional on something other than the passage of time. In the interim report as at 30 June 2019, the Group highlighted outstanding contract assets as a dedicated item in the statement of financial position and undertook the corresponding reclassification for the 2018 financial year for comparative purposes. The reduction compared to December 2018 can be attributed to invoicing of outstanding orders as at 30 June 2019. The outstanding orders are the same as those at 31 December 2018. The advances received were collected in relation to works in progress.

16. SHARE CAPITAL / TREASURY SHARES

Share capital amounts to € 27,393 thousand and consists of 27,393,042 ordinary shares, each with a par value of € 1 and dividend payable by the parent company.

At the date on which these financial statements were approved, the Group held no treasury shares.

17. HEDGING AND TRANSLATION RESERVES

At 30 June 2019, the translation reserve amounted to € 5,876 thousand (€ 6,063 thousand at the end of 2018). The reserves for the translation of foreign currency financial statements include the differences arising from the translation of the financial statements denominated in foreign currencies of coun-

tries that do not belong to the Eurozone (United States, Canada, Singapore, United Kingdom, Sweden, Switzerland, Australia, New Zealand, India, China, Indonesia, Hong Kong, Malaysia, South Korea, Brazil, Russia, Turkey, Taiwan and United Arab Emirates), and was down by € 187 thousand compared to the previous year.

18. OTHER RESERVES

The carrying amount was broken down as follows:

EURO 000'S	30 JUNE 2019	31 DECEMBER 2018
Legal reserve	5,479	5,479
Extraordinary reserve	115,325	96,462
Reserve for treasury shares	-	-
Retained earnings and other reserves	26,522	15,542
Other reserves	147,326	117,483

As indicated in the statement of changes in equity, the change in the item Other reserves mainly refers to the allocation of the

profit for 2018 (+ € 43,672 thousand) and the dividend distribution (- € 13,148 thousand).

19. FINANCIAL LIABILITIES

Compared to the financial statements for the year ended 31 December 2018, the Group's financial payables increased by € 60,056 thousand. This increase is mainly due to first-time adoption of IFRS 16 (with an impact of approximately €26 mil-

lion as at 30 June 2019). It is also noted that, in 2018, the Biesse Group negotiated and entered into a € 50 million 6-year credit line with BNP. As at 30 June 2019, it has been used for approximately € 30 million.

20. TRADE PAYABLES

Trade payables to third parties refer primarily to payables to suppliers for the procurement of materials delivered at the end of the period. It should be noted that trade payables are due within twelve months and it is believed that their carrying amount

at the reporting date is a reasonable approximation of their fair value. Trade payables to suppliers decreased by € 8,190 thousand compared to 2018, from € 238,243 thousand to € 230,054 thousand.

21. CONTRACT LIABILITIES

The item is broken down as follows:

EURO 000'S	30 JUNE 2019	31 DECEMBER 2018
Advanced received from customer	5,780	5,780
Contract liabilities related to contract works	0	0
Total contract liabilities	5,780	5,780

The high number of advances received from customers for orders not yet processed reflects the large volume of orders acquired at the reporting date. Advances received from customers consist of the receipts collected before work on orders had commenced.

Liabilities relating to outstanding orders refer to advances received from customers for works in progress, where such amounts exceed the level of progress of said works. For more details, please refer to the commentary provided in section 15 “Contract Assets”.

22. COMMITMENTS, CONTINGENT LIABILITIES AND RISK MANAGEMENT

COMMITMENTS

At the reporting date, there were no material commitments.

CONTINGENT LIABILITIES

The Parent company and some subsidiaries are parties to va-

rious lawsuits and disputes. Nevertheless, the Group believes that the settlement of such disputes will not give rise to further liabilities in addition to the amounts already set aside in a specific provision for risks. The financial statements include provisions for risks and

charges for € 12,986 thousand consisting of € 6,659 thousand for product warranty provision, € 1,285 thousand for provisions for tax risks, € 990 thousand for supplementary customer indemnity provision and € 4,052 thousand for other provisions for risks. At 31 December 2018, provisions for risks and charges amounted to € 10,737 thousand consisting of € 6,737 thousand for product warranty provision, € 367 thousand for provisions for supplementary customer indemnity, € 912 thousand for provisions for legal disputes and € 2,721 for other provisions for risks.

RISK MANAGEMENT

The Group is subject to financial risks connected to its operations:

- Market risks, consisting primarily of risks relating to fluctuations in exchange and interest rates.
- Credit risk, relating specifically to trade receivables and, to a lesser extent, other financial assets.
- Liquidity risk, with reference to the availability of financial resources to settle the obligations related to financial liabilities. The impact of the main raw materials, steel in particular, on the average value of the Group's products is marginal compared to the final production cost and, therefore, the Group has a limited exposure to the "commodities" risk.

EXCHANGE RATE RISK

The risk related to exchange rate fluctuations is represented by the potential fluctuation in the amount in Euro of the foreign currency position (or net foreign currency exposure), i.e. the algebraic result of sales invoices issued, outstanding orders, purchasing invoices received, the balance of foreign currency loans, and cash held in foreign currency. The risk management policy approved by the Board of Directors of the Parent provides that forward contracts (outright/currency swap) or also derivatives (currency option) can be used for exchange risk hedging.

INTEREST RATE RISK

The Group is exposed to fluctuations in interest rates with re-

ference to finance expense relating to payables due to banks and lease companies for fixed assets acquired under finance leases. Interest rate risks derive primarily from bank lending. Given the current trend in interest rates, the company confirms its decision not to hedge its own debt any further, as the level of interest rates is expected to remain substantially stable. During the first half, the Group did not enter into new long-term loans. The only credit line used is the one held with UBI Group, with approximately €30 million being drawn in the first half of the year. At the same time, the process of gradual reduction of existing loans continued to optimise the financial resources by lowering the overall funding cost.

CREDIT RISK

Credit risk refers to the Biesse Group's exposure to potential financial losses deriving from the failure of commercial and financial counterparties to fulfil their contractual obligations. The main exposure is towards customers. The management of credit risk is constantly monitored with reference both to the reliability of customers and to the control of cash receipts and debt collection management, if required. In the case of customers considered to be strategic by the Management, the credit limits attributed to them are defined and monitored. In other cases, the sale involves advance payments, lease-type payments and, in the case of foreign customers, letters of credit. In contracts relating to some sales without adequate guarantees, the Group reserves property rights on the goods being sold until the purchase price is paid in full. The carrying amount of financial assets, less any impairment for expected losses, represents the maximum exposure to credit risk. For more information on how the allowance for impairment was determined and on the characteristics of overdue receivables, please refer to Note 14 above on trade receivables.

LIQUIDITY RISK

Liquidity risk is the Group's risk connected with the difficulty in fulfilling its obligations related to financial liabilities.



## 23. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Below are the types of financial instruments included in the financial statements:

EURO 000'S	30 JUNE 2019	31 DECEMBER 2018
<b>FINANCIAL ASSETS</b>		
<b>Designated at fair value through profit or loss:</b>		
<i>Derivative financial assets</i>	396	494
<b>Measured at amortised cost:</b>		
<i>Trade receivables</i>	119,731	122,922
<i>Other assets</i>	4	3,825
<i>- other financial assets and non-current receivables</i>	3,240	2,847
<i>- other current assets</i>	1,008	977
<i>Cash and cash equivalents</i>	81,968	83,020
<b>FINANCIAL LIABILITIES</b>		
<b>Designated at fair value through profit or loss:</b>		
<i>Derivative financial liabilities</i>	440	982
<b>Measured at amortised cost:</b>		
<i>Trade payables</i>	230,054	168,181
<i>Bank loans and borrowings</i>	84,466	54,999
<i>Lease liabilities</i>	33,050	1,919
<i>Other current liabilities</i>	36,579	38,198

Financial assets and liabilities from derivative instruments are equal to the fair value of foreign currency hedging transactions ('forward' and 'swap' contracts) in place as at 30 June 2019. The Group has chosen not to adopt hedge accounting policies for recognising this type of instrument.

IFRS 13 identifies the three levels of FV:

Level 1 – input data used in the measurements are represented by quoted prices in active markets for assets or liabilities identical to those being measured.

Level 2 – input data other than quoted prices included within level 1 that are observable in the market, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3 – input data that are not based on observable market data.

Financial instruments measured at fair value are classified under Level 2. In the first half of 2019, there were no transfers between the various fair value levels indicated above.

## 24. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Please refer to the note in the Directors' Report on Operations for the details of events after the reporting date.

## 25. RELATED-PARTY TRANSACTIONS

The Group is directly controlled by Bi. Fin. S.r.l. (operating in Italy) and indirectly by Mr Giancarlo Selci (resident in Italy). Transactions between Biesse S.p.A. and its subsidiaries, which are entities related to the Parent, have been eliminated from the

consolidated financial statements and are not included in these notes. The details of transactions between the Group and other related entities are specified below.

EURO 000'S	REVENUE		COSTS	
	FOR THE PERIOD ENDED 30/06/2019	FOR THE YEAR ENDED 31/12/2018	FOR THE PERIOD ENDED 30/06/2019	FOR THE YEAR ENDED 31/12/2018
Bi. Fin. S.r.l.	-	-	(0)	196
<b>Other related companies</b>				
Fincobi S.r.l.	1	1	-	10
Se. Mar. S.r.l.	8	17	1,357	1,759
Wirutex S.r.l.	28	12	826	800
<b>Members of the Board of Directors</b>				
Members of the Board of Directors	1	1	1,150	958
<b>Members of the Board of Statutory Auditors</b>				
Members of the Board of Statutory Auditors	-	-	59	81
<b>Total</b>	<b>37</b>	<b>30</b>	<b>3,392</b>	<b>3,804</b>

EURO 000'S	REVENUE		COSTS	
	FOR THE PERIOD ENDED 30/06/2019	FOR THE YEAR ENDED 31/12/2018	FOR THE PERIOD ENDED 30/06/2019	FOR THE YEAR ENDED 31/12/2018
Parent				
Bi. Fin. S.r.l.	977	977	1,536	16
Other related companies				
Fincobi S.r.l.	-	-	56	-
Edilriviera S.r.l.	-	-	-	-
Se. Mar. S.r.l.	4	2	1,057	894
Wirutex S.r.l.	32	18	663	516
Members of the Board of Directors				
Members of the Board of Directors	-	-	-	190
Members of the Board of Statutory Auditors				
Members of the Board of Statutory Auditors	30	-	-	73
Total	1,044	1,027	3,313	1,689

The terms and conditions agreed with the above related parties do not differ from those that would have been established between parties at arm's length. The amounts payable to related parties are trade payables and refer to transactions un-

dertaken for the sale of goods and/or rendering of services.  
For full details regarding remuneration of Directors and Statutory Auditors, please see the Remuneration Report published on the company website [www.biesse.com](http://www.biesse.com).

Pesaro, 02/08/2019

*The Chairman of the Board of Directors*  
Giancarlo Selci

# CERTIFICATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 81-TER OF CONSOB REGULATION NO.11971 OF 14 MAY 1999 AS SUBSEQUENTLY AMENDED

The undersigned Giancarlo Selci, as Chairman, and Stefano Porcellini, as Manager in charge of financial reporting of Biesse S.p.A, having also taken into account the provisions of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998, hereby certify:

- The adequacy in relation to the characteristics of the business and
- The effective implementation of the administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements during the first half of 2019.

The assessment of the adequacy of administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements at 30 June 2019 is based on a process established by Biesse consistently with the Internal Control – Integrated framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is an internationally accepted reference framework.

We also certify that:

- a) The condensed consolidated interim financial statements:

- Have been drawn up in compliance with the applicable international accounting standards endorsed by the European Union in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and the Council dated 19 July 2002 and, in particular with IAS 34 – Interim Financial Reporting – as well as the enabling legislation for Article 9 of Italian Legislative Decree no. 38/2005.
- Are consistent with the entries in accounting books and records.

- As far as we know, they provide a true and fair view of the financial position, financial performance and cash flows of the issuer and the group of companies included in the consolidation.

b) The Directors' interim report contains references to significant events occurred during the reporting period and to their impact on the condensed consolidated interim financial statements, together with a brief description of the main risks and uncertainties for the remaining six months of the year as well as information on any material transactions undertaken with related parties.

Pesaro, 2 August 2019

*Chairman*  
Giancarlo Selci

*Manager in charge of financial reporting*  
Stefano Porcellini

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## RELAZIONE DI REVISIONE CONTABILE LIMITATA SUL BILANCIO CONSOLIDATO SEMESTRALE ABBREVIATO

**Agli Azionisti della  
Biesse S.p.A.**

### Introduzione

Abbiamo svolto la revisione contabile limitata del bilancio consolidato semestrale abbreviato, costituito dalla situazione patrimoniale-finanziaria, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni di patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative della Biesse S.p.A. e controllate (il "Gruppo Biesse") al 30 giugno 2019. Gli Amministratori sono responsabili per la redazione del bilancio consolidato semestrale abbreviato in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea. E' nostra la responsabilità di esprimere una conclusione sul bilancio consolidato semestrale abbreviato sulla base della revisione contabile limitata svolta.

### Portata della revisione contabile limitata

Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con Delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata del bilancio consolidato semestrale abbreviato consiste nell'effettuare colloqui, prevalentemente con il personale della società responsabile degli aspetti finanziari e contabili, analisi di bilancio ed altre procedure di revisione contabile limitata. La portata di una revisione contabile limitata è sostanzialmente inferiore rispetto a quella di una revisione contabile completa svolta in conformità ai principi di revisione internazionali (ISA Italia) e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti significativi che potrebbero essere identificati con lo svolgimento di una revisione contabile completa. Pertanto, non esprimiamo un giudizio sul bilancio consolidato semestrale abbreviato.

### Conclusioni

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato semestrale abbreviato del Gruppo Biesse al 30 giugno 2019 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

### Altri aspetti

Il bilancio consolidato per l'esercizio chiuso al 31 dicembre 2018 e il bilancio consolidato semestrale abbreviato per il periodo chiuso al 30 giugno 2018 sono stati rispettivamente sottoposti a revisione contabile e a revisione contabile limitata da parte di un altro revisore che il 25 marzo 2019 ha espresso un giudizio senza modifica sul bilancio consolidato e il 3 agosto 2018 ha espresso delle conclusioni senza modifica sul bilancio consolidato semestrale abbreviato.

DELOITTE & TOUCHE S.p.A.

**Fabio Pompei**  
Socio

Roma, 2 agosto 2019

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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