

COMPANY PRESENTATION

STAR CONFERENCE

LONDON 22-23 OCTOBER 2019

 **BIESSE**GROUP





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IT'S THE FUTURE THAT MAKES HISTORY.

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



 **BIESSEGROUP**

OUR IDENTITY

OUR VALUES

 **BIESSE**GROUP

Biesse Group is a global leader founded in Pesaro in 1969 by Giancarlo Selci.
Listed on the Borsa Italiana since 2001- STAR segment.
The Group has a strong Italian identity and strongly believe in:

INNOVATION

RELIABILITY

RESPECT

THE VISION

 **BIESSE** GROUP

Biesse Group's vision is embodied by the word THINKFORWARD:

a stimulus to **LOOK AHEAD** and **ANTICIPATE**
THE FUTURE setting new standards to drive
TECHNOLOGICAL INNOVATION and
DIGITAL transformation.

ONE INDUSTRIAL GROUP

 **BIESSE GROUP**

We manufacture technology for processing wood, glass, stone, advanced materials and metal through specialised business units and 12 manufacturing sites in Italy and worldwide.

We operate worldwide with our own key brands: Biesse, Intermac, Diamut, HSD.

4

MAIN BUSINESS DIVISIONS

12

PRODUCTION SITES

Winstore 3D K2

-Y

ALL OVER THE WORLD

 **BIESSE**GROUP

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

39 + 300


**SUBSIDIARIES AND
REPRESENTATIVE
OFFICES**

**SELECTED
DISTRIBUTORS**

 **BIESSE**

 **INTERMAC**

WITH OUR PEOPLE

 **BIESSEGROUP**

We acknowledge that People are essential to our development, because the ability to innovate and pursue excellence in the realisation of products is the consequence of the passion and dedication of all those are part of the Biesse family.

4,000

**(temporary workers included)*

EXCELLENCE

 **BIESSE** GROUP

A virtuous circle of
excellence
for a constant growth.

Revenue

01

Profit

02

Cash

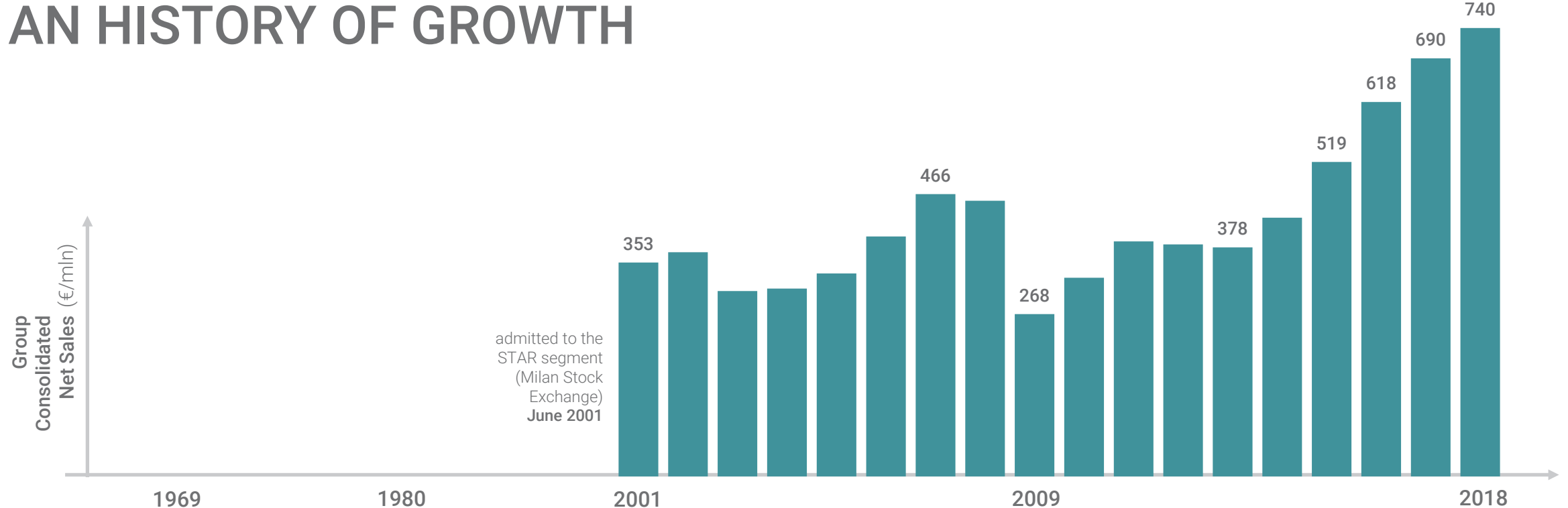
03

BIESSE


REVENUE

AN HISTORY OF GROWTH

 **BIESSE**GROUP



1969

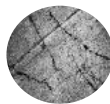


Wood

1980



Glass



Stone

2001

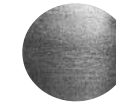


Mechatronics

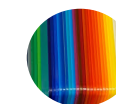
2009



bSoft
(software)



Metal



Plastic & Advanced
Materials

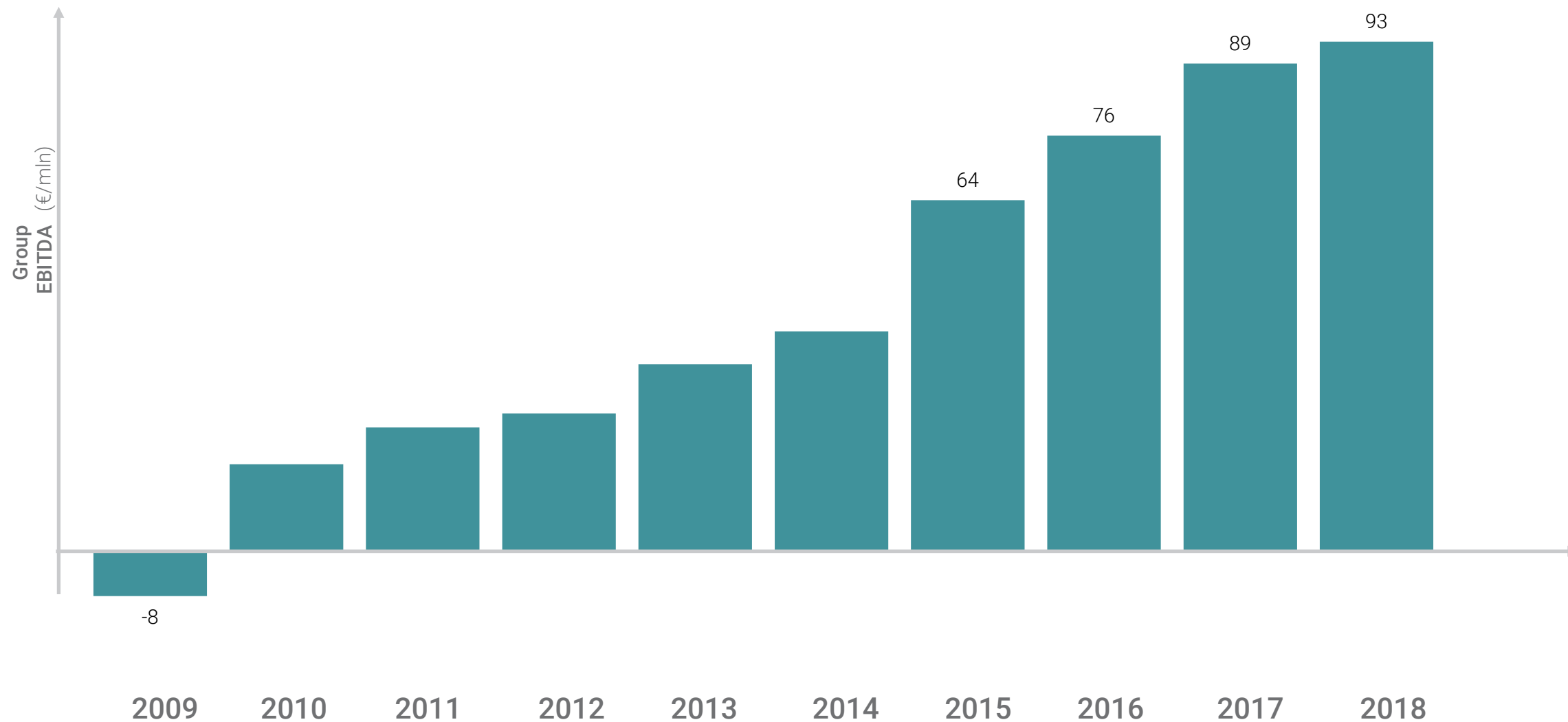
SOPHIA



Housing

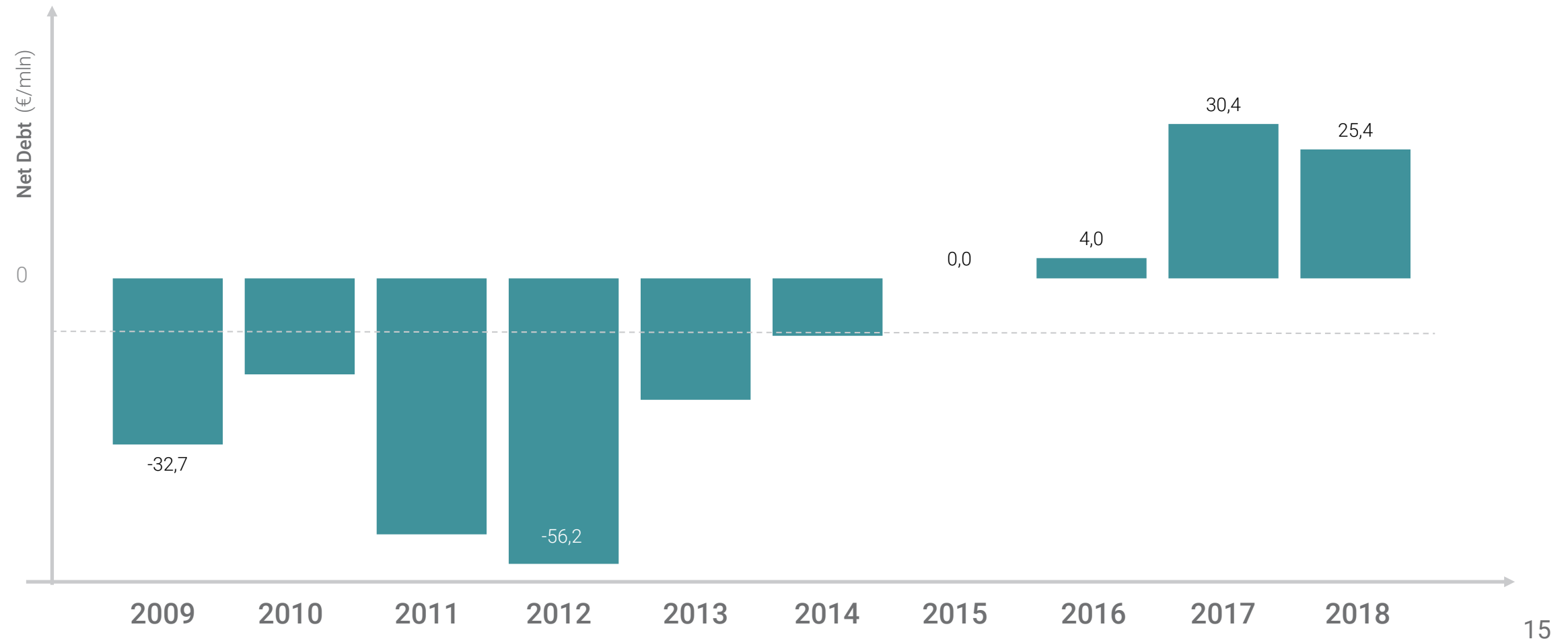
2018

PROFIT



CASH

NET FINANCIAL POSITION



BUSINESS MODEL & CUSTOMERS

BIESSE MODEL

01 Machines

We design, manufacture and distribute a comprehensive range of machinery and technologies for processing wood, glass, stone, metal and advanced materials.

02 Systems

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

03 Mechatronics

We design, manufacture and deliver high-tech mechanical and electronic components for machinery INDUSTRY 4.0 ready.

04 Tooling

We manufacture tools for the processing of glass, stone and ceramic. Its synergy with Intermac has enabled it to develop a range of tools, which in terms of reliability, have become a benchmark in the market.

05 Service

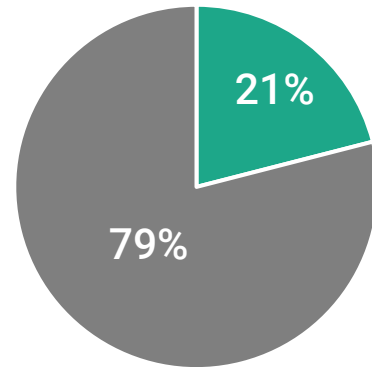
Through dedicated personnel, we provide professional pre-sale consulting services, and continuous after sales assistance to ensure the correct installation and start-up of machinery, software and Systems.

06 Software

We have developed our software solutions by closely observing the work carried out by the customer every day, with simple interfaces, designed to make everyday use of the machine practical.

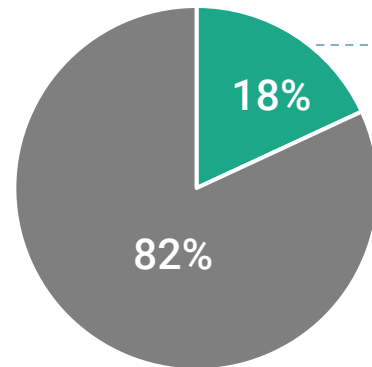
FOOTPRINT

Sales breakdown
by type on machines sales

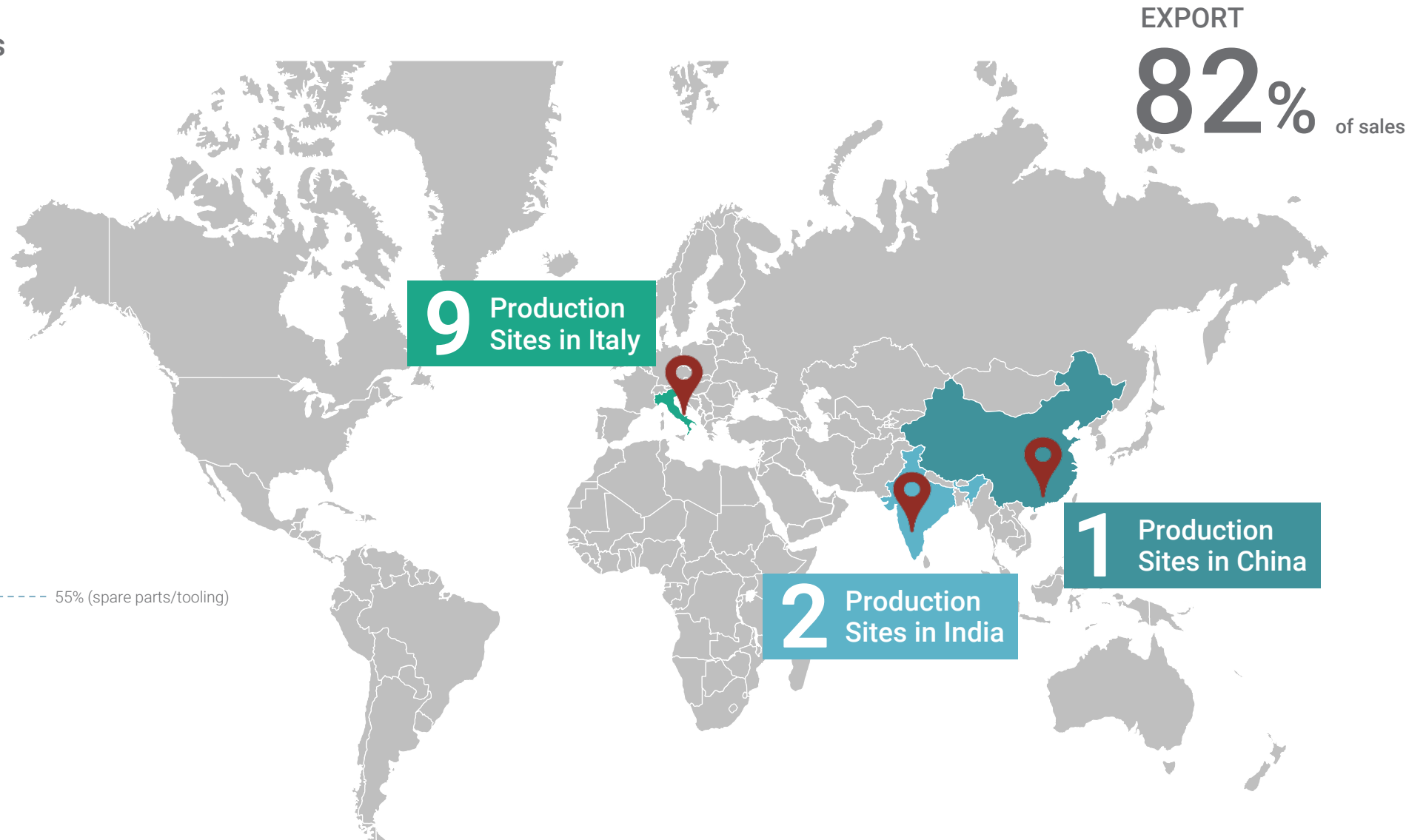


■ System
■ Stand Alone

Sales breakdown by
offering

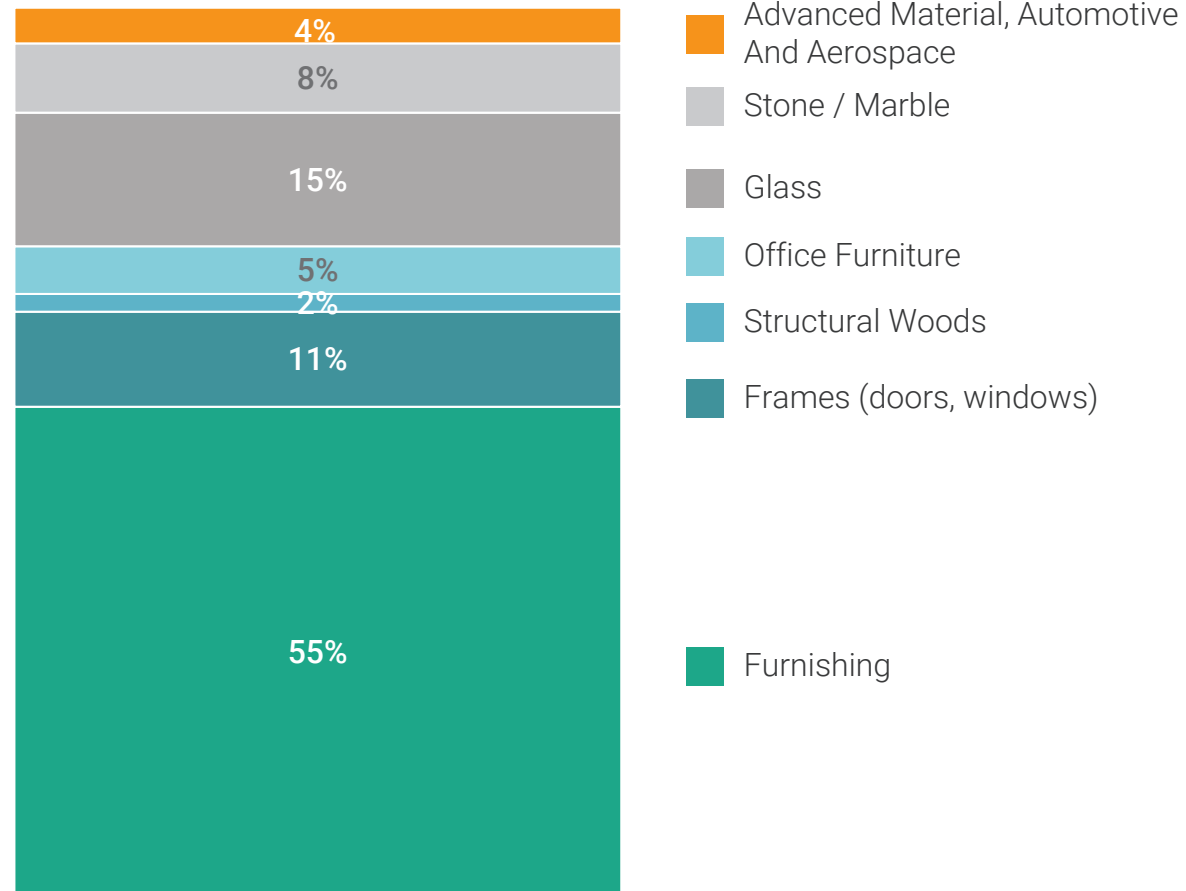


■ Service/Spare parts/Tooling
■ Machinery



CUSTOMERS - MAIN REFERENCE MARKETS

% breakdown of Biesse machines sales by macro-sector



2018



CUSTOMER BASE

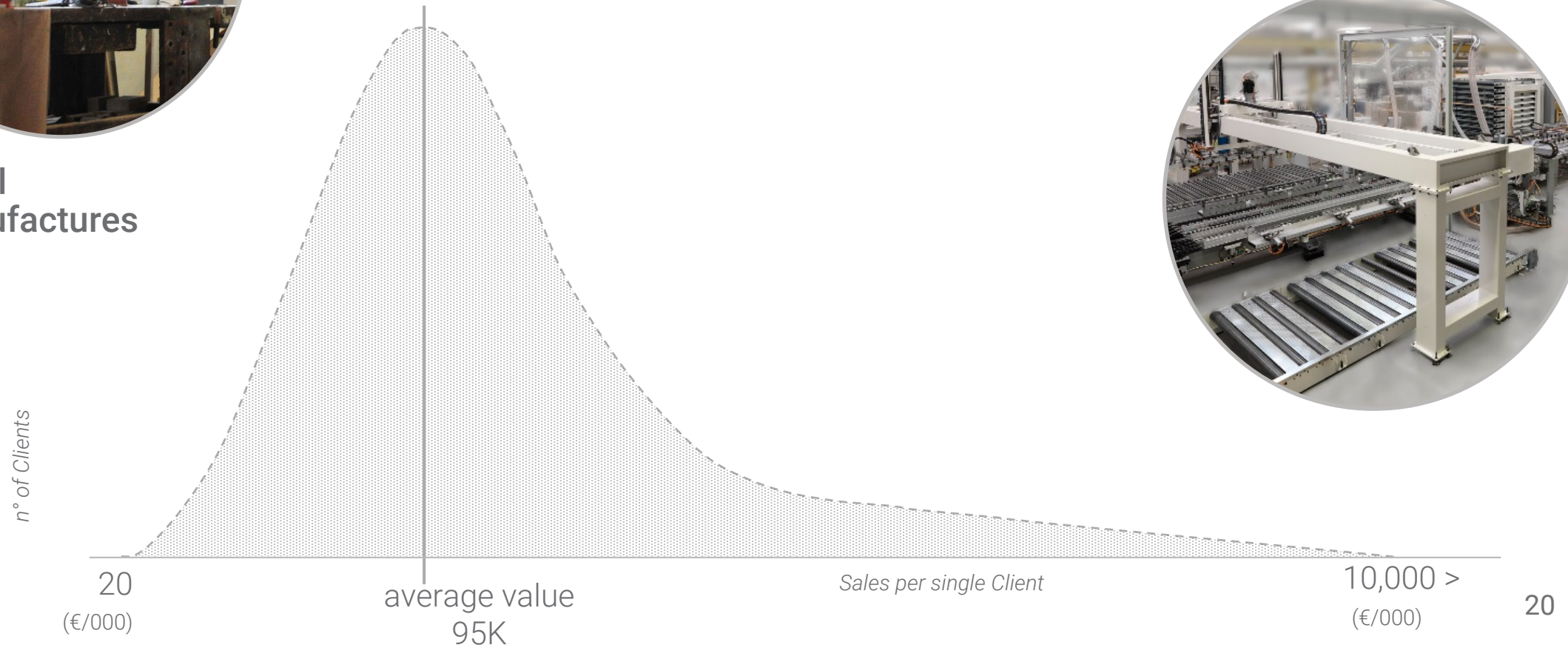


Small
manufactures

a wide and fragmented customer base

approx **> 66,000**

Medium/Large
manufactures



CUSTOMERS

(SELECTION BY SEGMENT)

 **BIESSE**GROUP



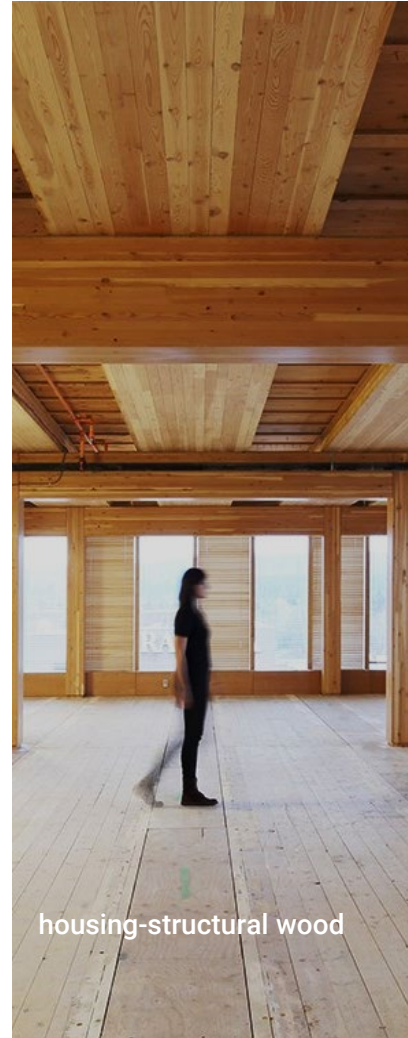
furnishing-design



furnishing



frames (doors/windows)



housing-structural wood



furnishing-interiors

CUSTOMERS

(SELECTION BY SEGMENT)

 **BIESSE**GROUP



office furniture



advanced materials



glass



stone-marble

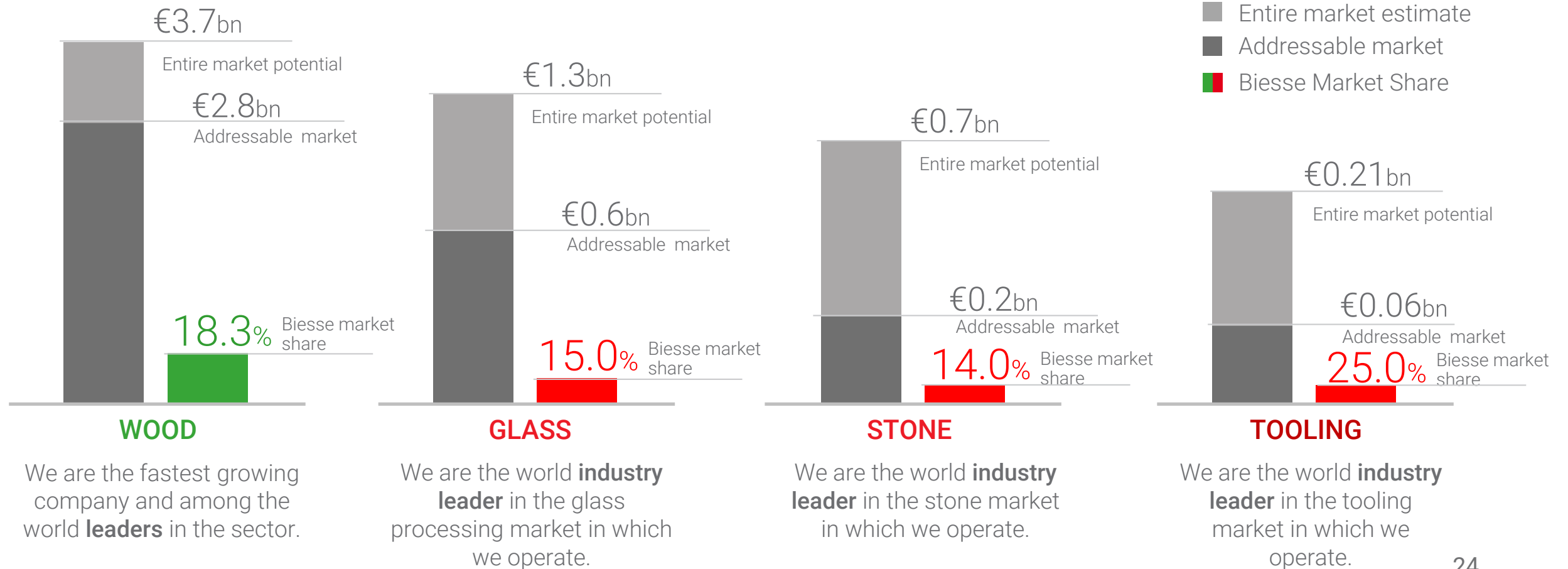


automotive

MARKET SHARES & STRATEGY

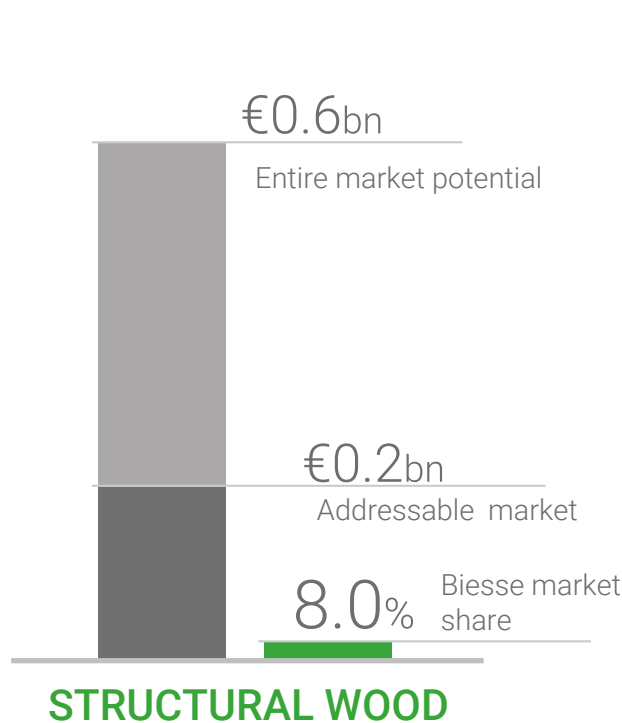
CORE SEGMENTS MARKET SHARES 2018

BIESSE ESTIMATES

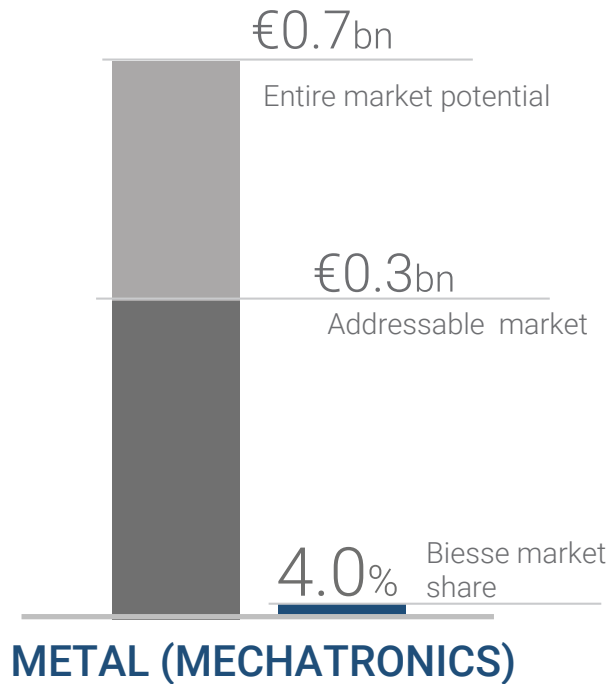


NEW SEGMENTS MARKET SHARE 2018

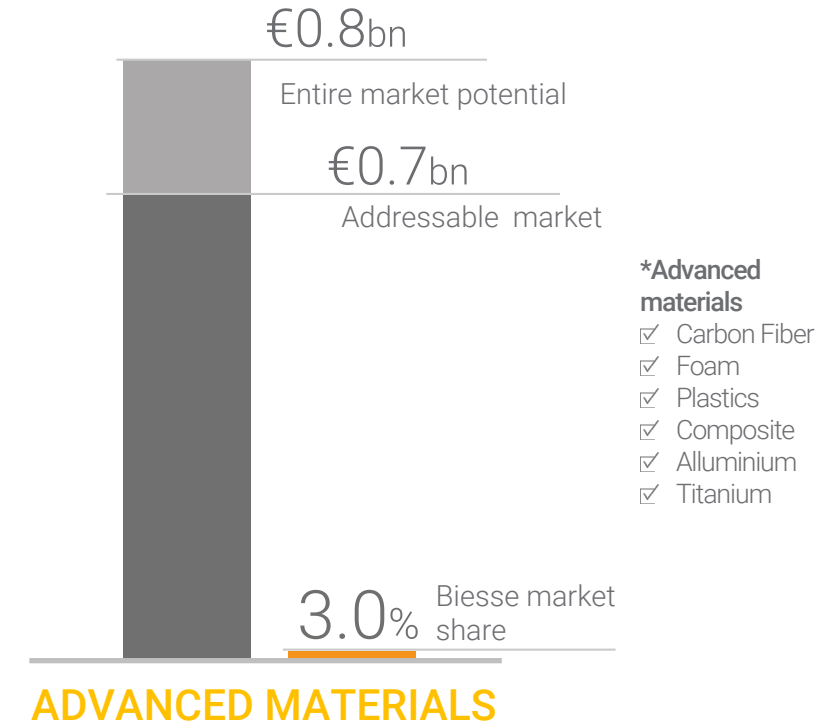
BIESSE ESTIMATES



Our competitors are mainly located in Germany and in Italy. The most important are **Hundegger** (the Market Leader), **HOMAG** and **Weinmann**.

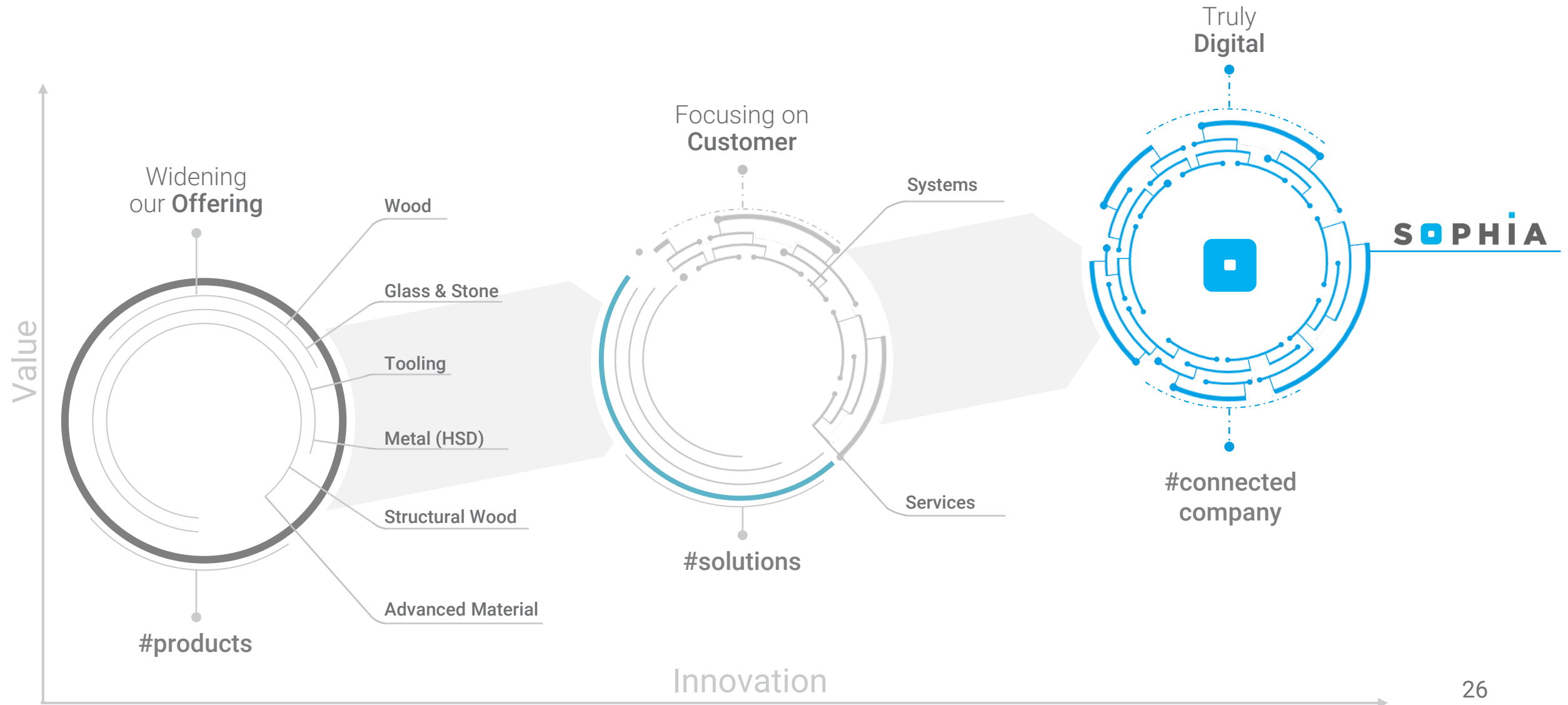


Our main competitors are **KESSLER**. **IBAG**. **GMN**. **WEISS** (Siemens). **FISHER** and **STEPTEC**.



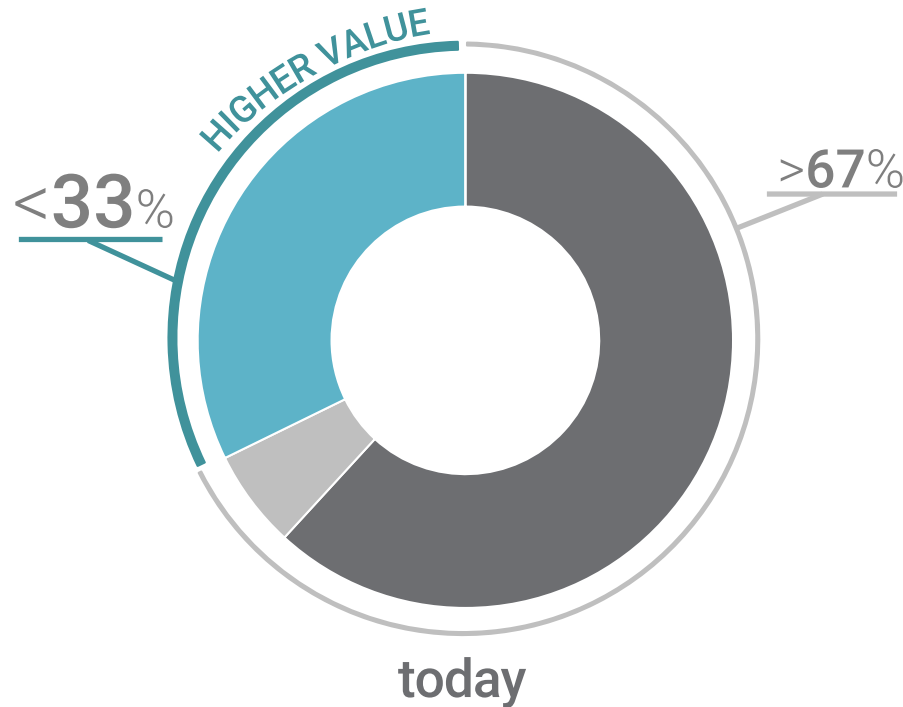
Highly fragmented market, our main competitors are **Geiss**, **Belotti CMS Industrie**, **Breton**, **Mecanumeric**, and **Multicam**.

OUR STRATEGY



OUR STRATEGY

Widening our offering - products



Focusing on Customer

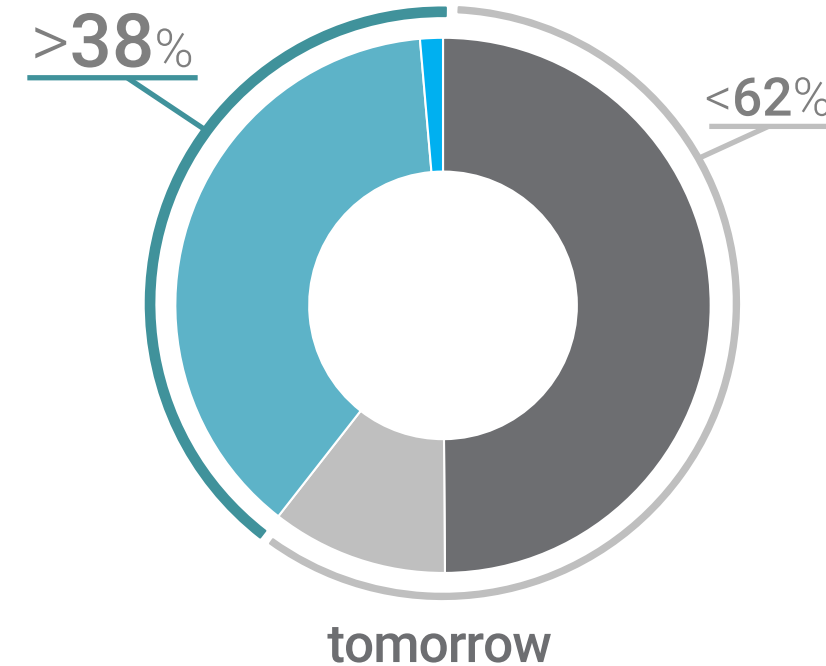


Systems
Services

Truly Digital



SOPHIA

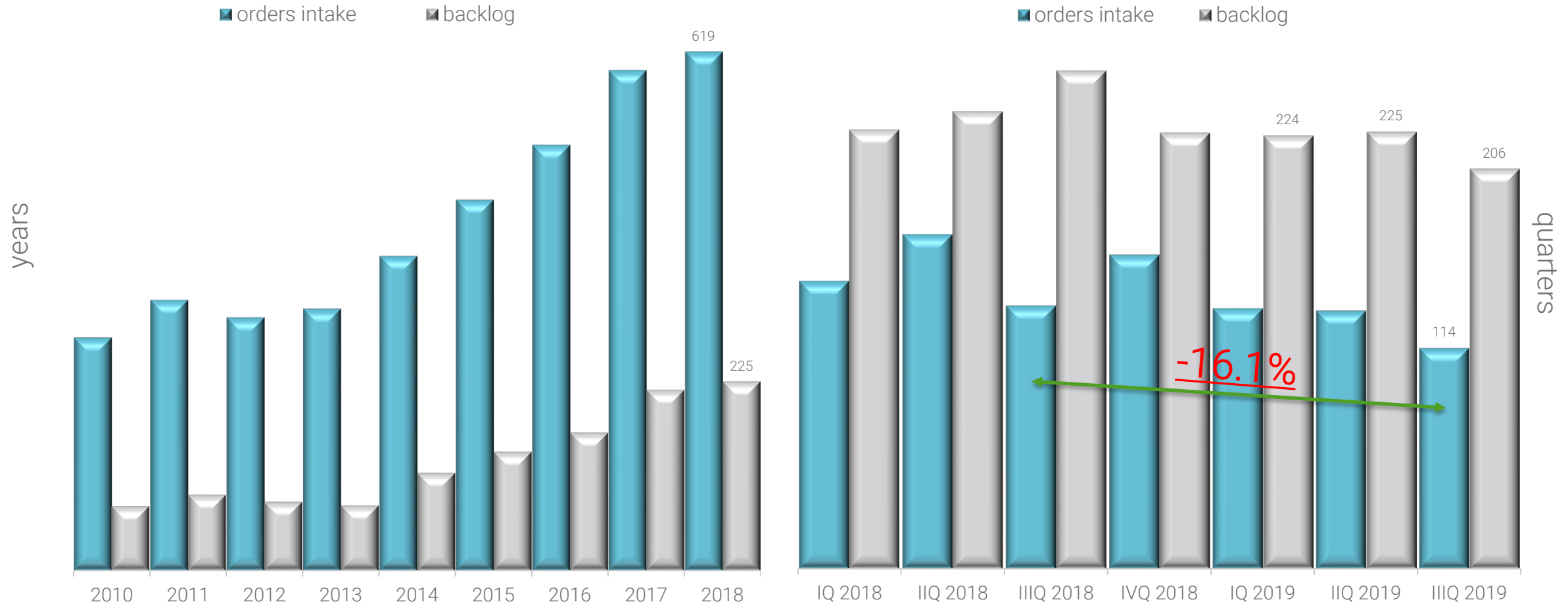


ORDERS & SALES BREAKDOWN

ORDERS INTAKE & BACKLOG

ORDERS INTAKE:
9 MONTHS 2019 vs 9 MONTHS 2018 = -16.5%

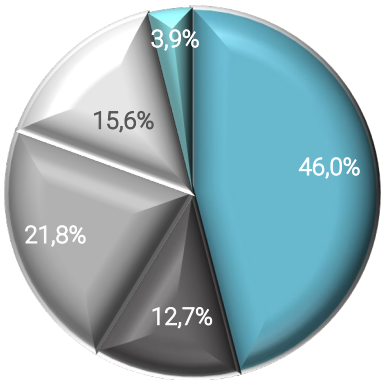
IH 2019 vs IH 2018: -16.7%



without spare parts & services

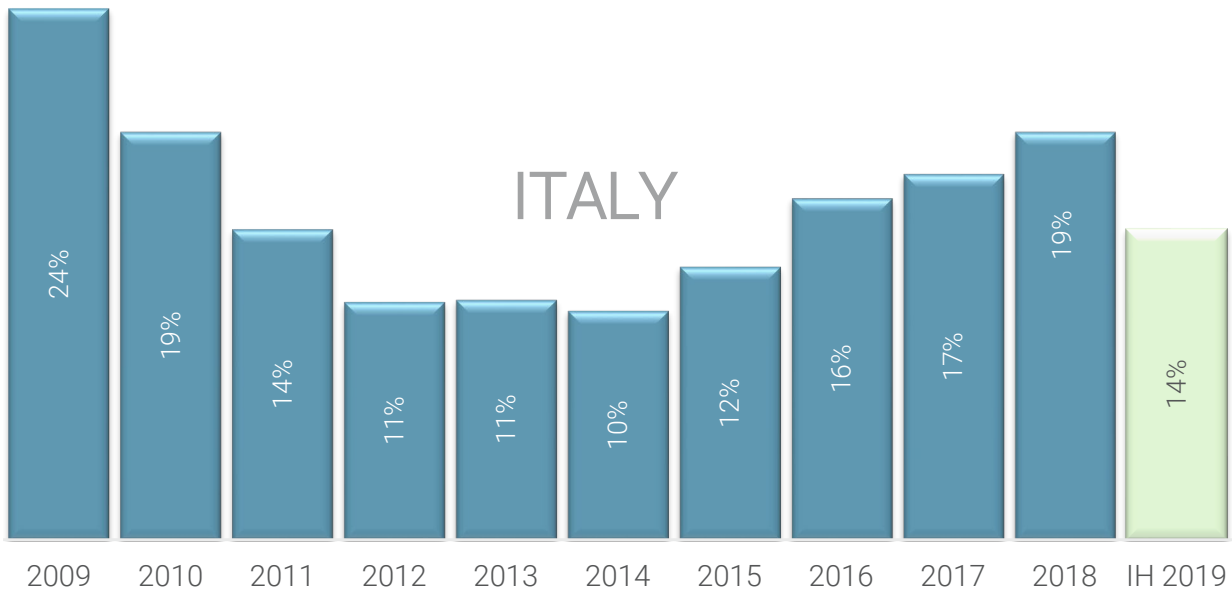
SALES BREAKDOWN

IH 2019

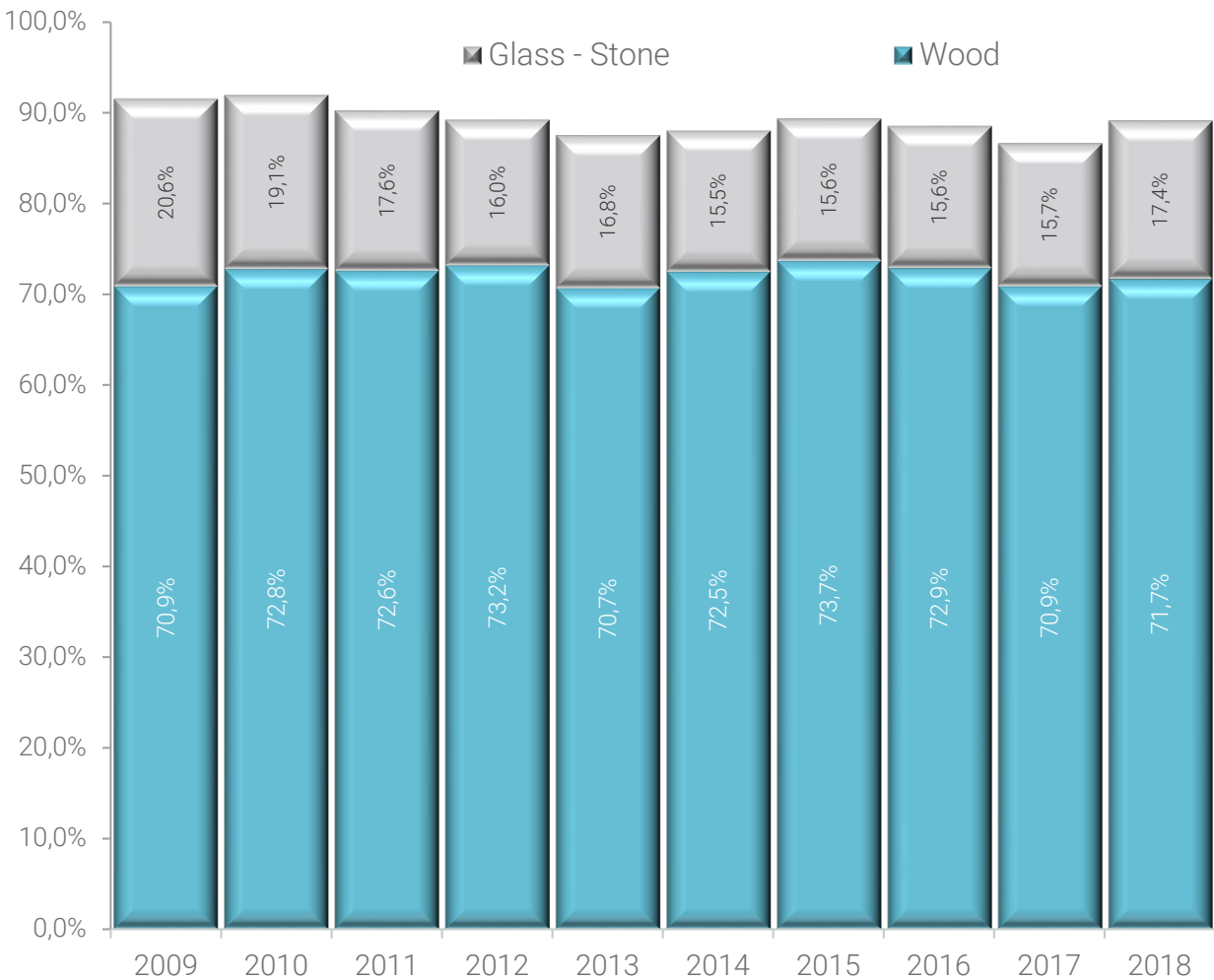


■ Western Europe (Italy included)
■ North America
■ Rest of the World

■ Eastern Europe
■ Asia



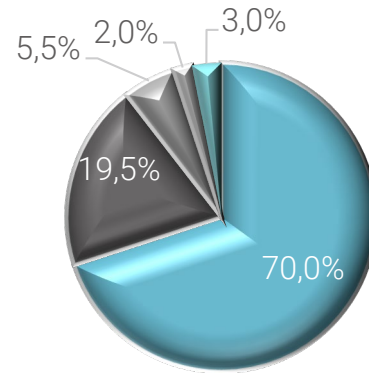
ITALY



SALES BREAKDOWN

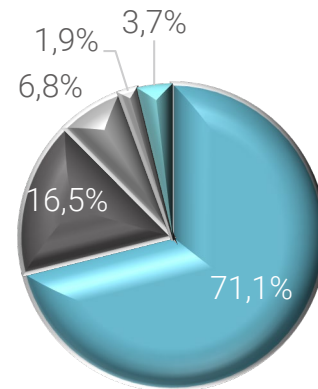
divisions

IH 2019



Wood Glass & Stone Mechatronics Tooling Components

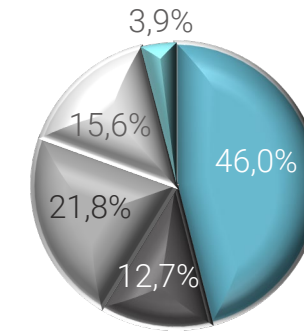
IH 2018



Wood Glass & Stone Mechatronics Tooling Components

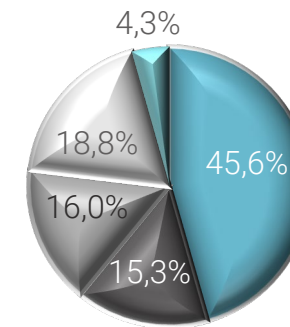
geo-areas

IH 2019



Western Europe (Italy included) Eastern Europe
North America Asia
Rest of the World

IH 2018



Western Europe (Italy included) Eastern Europe
North America Asia
Rest of the World

PROFIT WARNING & ESTIMATES

PRESS RELEASE

THE PROFIT WARNING

Pesaro June 21st 2019

As highlighted by the sector studies regarding the Biesse industries of reference (Acimall, VDMA, UCIMU) – surveys moreover confirmed by the official and unofficial orders intake data stated by the main competitors of the Group, the first 5 months of the 2019 have seen a considerable coolness of the demand, after a positive cycle lasted 4 years (2015-2018). In particular, for this wide sample basket of markets/companies, the negative delta between the 2019 new orders compared to the same period 2018 is amounting on average around -15% (with a peak of -19% communicated the last March by the main Biesse competitor in wood).

Despite the great Biesse performance during the LIGNA fair (Hannover, 27-31 May, more than 40 mln. of Euro of signed orders, confirming our offer and sale organization excellence), the Group can't shirk this slowdown dynamics and the Board of Directors intends prudently rectify the guidance for the FY 2019 lowering the forecast for consolidated sales and margins.

Given that the actual demand volatility is making extremely aleatory any estimate, the consolidated sales are - at present - expected to be in a range of **680-690 mln of Euro** and the **EBITDA in a range of 62-65 mln of Euro**. The Group is anyway forecasting for the current year, despite the revision above mentioned, a positive Net Financial Position (before any IFRS 16 impact).

For what is concerning the levels of the projected marginality for the FY 2019, it is good to reiterate that the Group will is to protect the investments regarding organization, products and markets in which it operates, being sure that this is the correct path to re-confirm our world leadership as soon as the demand will start again.

In the end, the consensus regarding the world economy trend for the next 12-18 months remains uncertain due to the widespread political and economic instability pervading the markets; consequently there is an objective complexity to read the demand for the three years plan 2019-2021.

So, with this state of the things, we can only assume a shift to the FY 2022 of the targets originally fixed for the FY 2021.



- Brexit uncertainty (elections-referendum)
- European political turmoils (i.e. Italy)
- Lack of focused incentives and a clear fiscal policy (Industry 4.0)
- Trade War fate (U.S.A. - China - Europe)
- Hong Kong tensions (Chinese impacts)
- Currency (i.e. turkish lira-rublo-renminbi) instability/weakness vs Euro (lower purchasing power)
- Perception of an increasing volatility (lower consumers confidence)

3 YEARS PLAN VS PROFIT WARNING

3 years plan (2019e)

net sales 785.0

% vs 2018 +6.1

EBITDA 98.9

EBITDA margin 12.6%

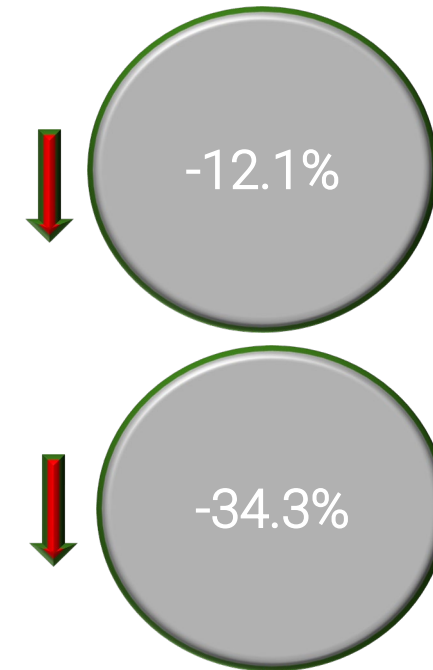
post profit warning (2019e)

net sales 690.0

% vs 2018 -6.8

EBITDA 65.0

EBITDA margin 9.4%

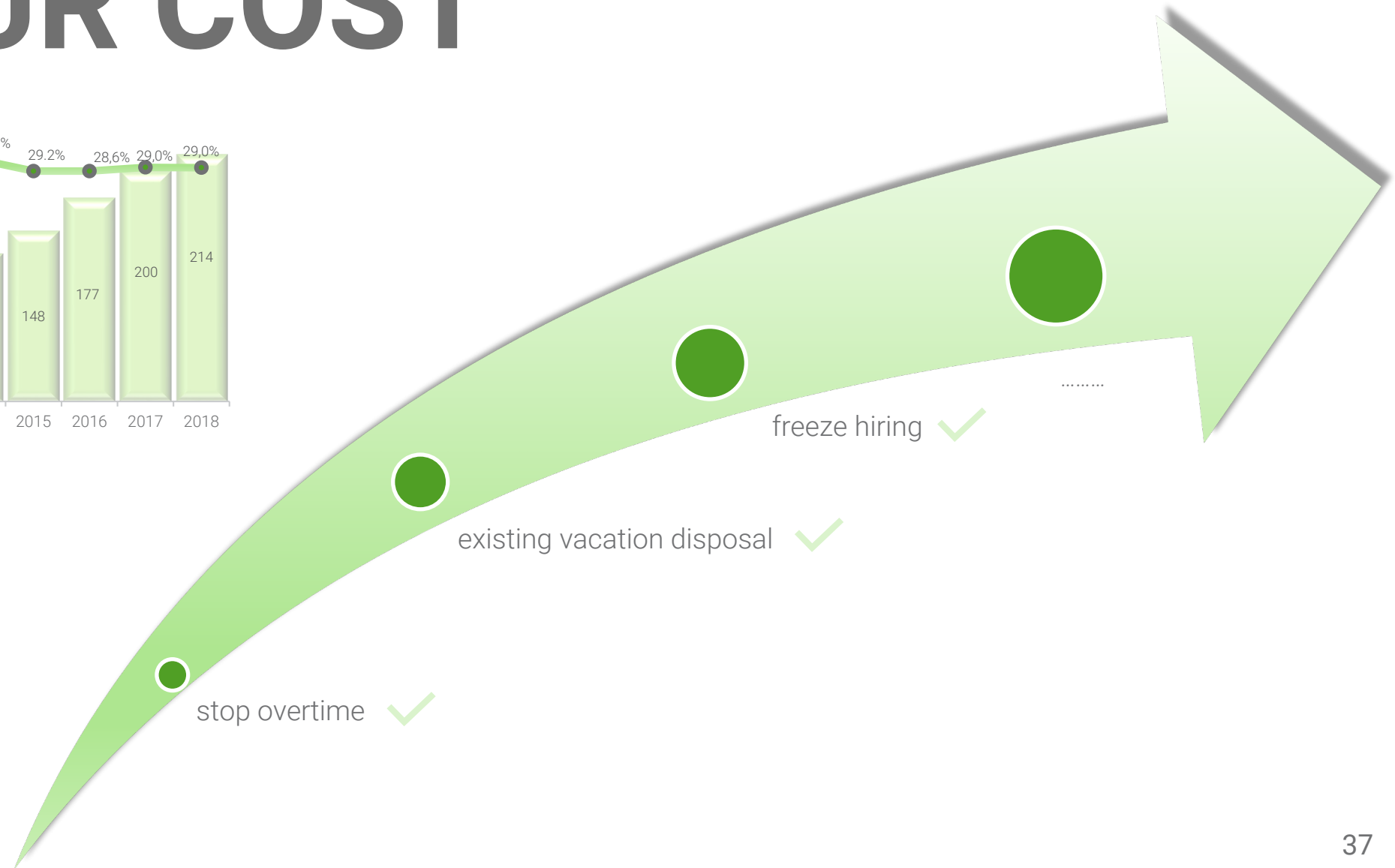
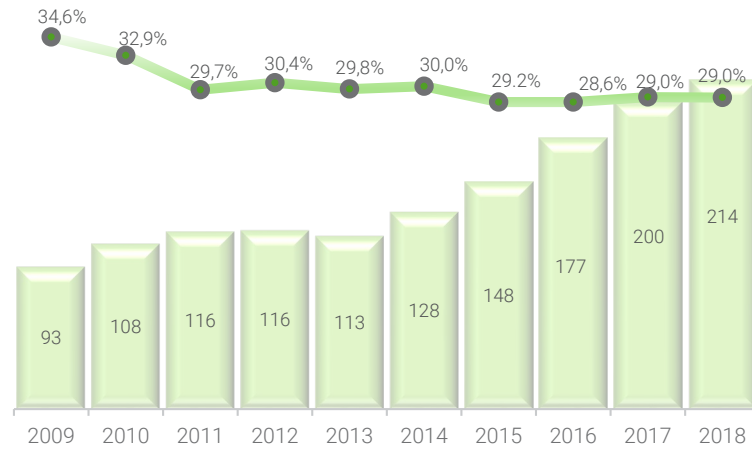


LATEST EXPECTATIONS

	2018	<i>IH2019</i>	FY2019 _e
net sales	740.2 +7.3%	<i>344.2</i> -3.5%	695-705 range
ebitda	92.7 12.5%	<i>38.0</i> 11.0%	70-75 range
ebit*	67.7 9.1%	<i>20.1</i> 5.8%	36-41 range

*before non recurring items

ACTION PLAN – LABOUR COST



GROUP PEOPLE DISTRIBUTION

PEOPLE DISTRIBUTION



(1)

(without interim people)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Sept 2019
Production % of total people	1.250 46%	1.265 45%	1.175 44%	1.201 42%	1.335 42%	1.482 41%	1.494 39%	1,621 38%	1,441 36%
Service & After sale % of total people	577 21%	574 21%	613 22%	628 22%	690 22%	803 22%	894 23%	1,001 24%	1,000 25%
R&D % of total people	316 12%	338 12%	321 12%	361 13%	383 13%	436 12%	479 12.5%	551 13%	521 13%
Sales & Marketing % of total people	361 13%	364 13%	351 13%	439 15%	495 15%	587 16%	641 17%	715 17%	708 17.7%
G & A % of total people	233 9%	242 9%	235 9%	252 9%	273 9%	310 8.5%	338 8.8%	339 8%	332 8.3%
ITALY % of total people	1.656 61%	1.646 59%	1.547 57%	1.605 56%	1.780 56%	2.009 56%	2.176 56%	2,483 59%	2,437 61%
OUTSIDE ITALY % of total people	1.081 39%	1.136 41%	1.148 43%	1.276 44%	1.396 44%	1.609 44%	1.670 44%	1,744 41%	1,565 39%
TOTAL	2,737	2,782	2,695	2,881	3,176	3,618	3,846	4,227	4,002

PEOPLE DISTRIBUTION

(2)

number of employees: (without interim people)

Sept 2019 vs Sept 2018= -127 (-3.1%)

Sept 2019 vs Dec 2018= -225 (-5.3%)

number of interim people:

Sep 2018 = 262

Dec 2018 = 253

Sep 2019 = 206

CONSENSUS & MULTIPLES

consensus web

	2015	2016	2017	2018	2019e	2020e	2021e
NET SALES	519.1	618.5	690.1	740.2	686.0	701.0	722.0
delta%	21.5%	19.1%	11.6%	7.3%	-7.3%	2.2%	3.0%
EBITDA	64.1	75.8	89.5	92.7	64.2	70.0	76.5
EBITDA %	12.4%	12.3%	13.0%	12.5%	9.4%	10.0%	10.6%
EBIT	43.7	55.1	63.6	63.8	33.5	38.2	42.8
EBIT %	8.4%	8.9%	9.2%	8.6%	4.9%	5.4%	5.9%
Net result	21.1	29.5	42.8	43.8	20.5	21.7	26.1
net result %	4.1%	4.8%	6.2%	5.9%	3.0%	3.1%	3.6%

2019e - 3Y business plan

	2015	2016	2017	2018	2019e	
NET SALES	519.1	618.5	690.1	740.2	785.0	
delta%	21.5%	19.1%	11.6%	7.3%	6.1%	6.0%
EBITDA	64.1	75.8	89.5	92.7	98.9	7.3%
EBITDA %	12.4%	12.3%	13.0%	12.5%	12.6%	
EBIT	43.7	55.1	63.6	63.8	69.3	7.7%
EBIT %	8.4%	8.9%	9.2%	8.6%	8.8%	
Net result	21.1	29.5	42.8	43.8	46.0	5.0%
net result %	4.1%	4.8%	6.2%	5.9%	5.9%	

multiples

0.4	SALES 2019e
4.2	EBIT 2019e
2.9	EBITDA 2019e

consensus Bloomberg

	2015	2016	2017	2018	2019e	2020e	2021e
NET SALES	519.1	618.5	690.1	740.2	688.0	705.7	718.5
delta%	21.5%	19.1%	11.6%	7.3%	-7.0%	2.6%	1.8%
EBITDA	64.1	75.8	89.5	92.7	64.8	71.0	77.0
EBITDA %	12.4%	12.3%	13.0%	12.5%	9.4%	10.1%	10.7%
EBIT	43.7	55.1	63.6	63.8	34.3	39.6	44.3
EBIT %	8.4%	8.9%	9.2%	8.6%	5.0%	5.6%	6.2%

2019e - profit warning

	2015	2016	2017	2018	2019e	
NET SALES	519.1	618.5	690.1	740.2	690.0	
delta%	21.5%	19.1%	11.6%	7.3%	-6.8%	
EBITDA	64.1	75.8	89.5	92.7	65.0	
EBITDA %	12.4%	12.3%	13.0%	12.5%	9.4%	
EBIT	55.1	63.6	63.8	69.3	35.0	
EBIT %	10.6%	10.3%	9.2%	9.4%	5.1%	

multiples

0.4	SALES 2019e
8.3	EBIT 2019e
4.5	EBITDA 2019e

market

target price

10.65	30-set	
13.5		-21.1%

Banca IMI **buy**

Banca Akros **neutral**

Exane BNP **neutral**

Alantra **hold**

291.7

market cap

MULTIPLES COMPARISON

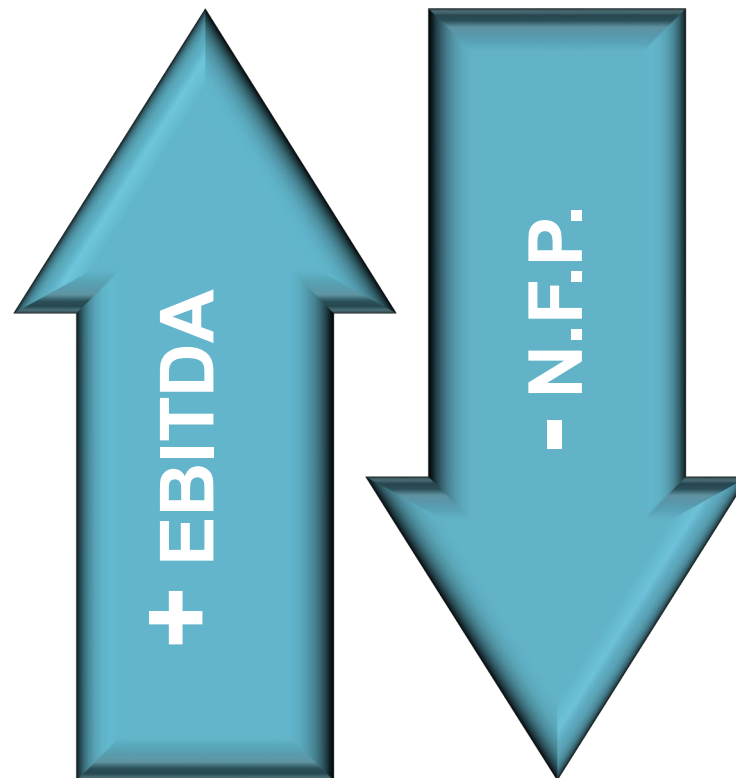
Companies	EV/EBIT 2019	EV/EBITDA 2019
Biesse S.p.A.	9.6x	5.1x
<i>average</i>	12.8x	7.9x
<i>min</i>	9.2x	5.1x
<i>max</i>	18.4x	11.3x
Interpump Group S.p.A.	14.2x	11.3x
Brembo S.p.A.	11.1x	6.9x
Prima Industrie S.p.A.	12.7x	6.7x
IMA S.p.A.	13.5x	10.3x
Duerr AG	9.2x	6.6x
Elica S.p.A.	13.4x	5.7x
Krones AG	18.4x	8.7x
KUKA AG	---	6.9x
Guangzhou KDT Machinery LTD	11.0x	9.6x
Nanxing Machinery LTD	---	---

IFRS 16

DEFINITION AND IMPACTS

IFRS 16 MAIN IMPACTS

“.....IFRS 16 is an International Financial Reporting Standard (IFRS) providing guidance on accounting for leases. IFRS 16 was issued in January 2016 and will be effective for most companies that report under IFRS in 2019. Upon becoming effective, it will replace the earlier leasing standard, IAS 17.The new standard will provide much-needed transparency on companies’ lease assets and liabilities, meaning that off balance sheet lease financing is no longer lurking in the shadows. It will also improve comparability between companies that lease and those that borrow to buy.....”



FY 2018 effects:

EBITDA 6.9 Euro mln (positive)

N.F.P. 25 Euro mln (negative)

=====

FY 2019e effects:

EBITDA 6.5-7.0 Euro mln (positive)

N.F.P. 25-26 Euro mln (negative)

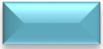

SHAREHOLDERS

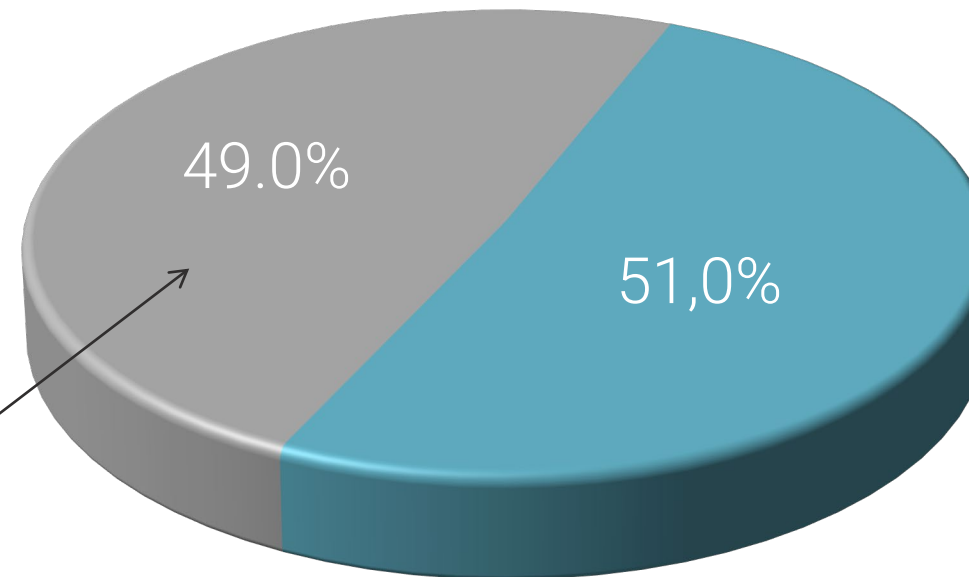
BREAKDOWN BY OWNERSHIP

B.o.D.

STRUCTURE

SHAREHOLDERS BREAKDOWN BY OWNERSHIP BOARD OF DIRECTORS

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



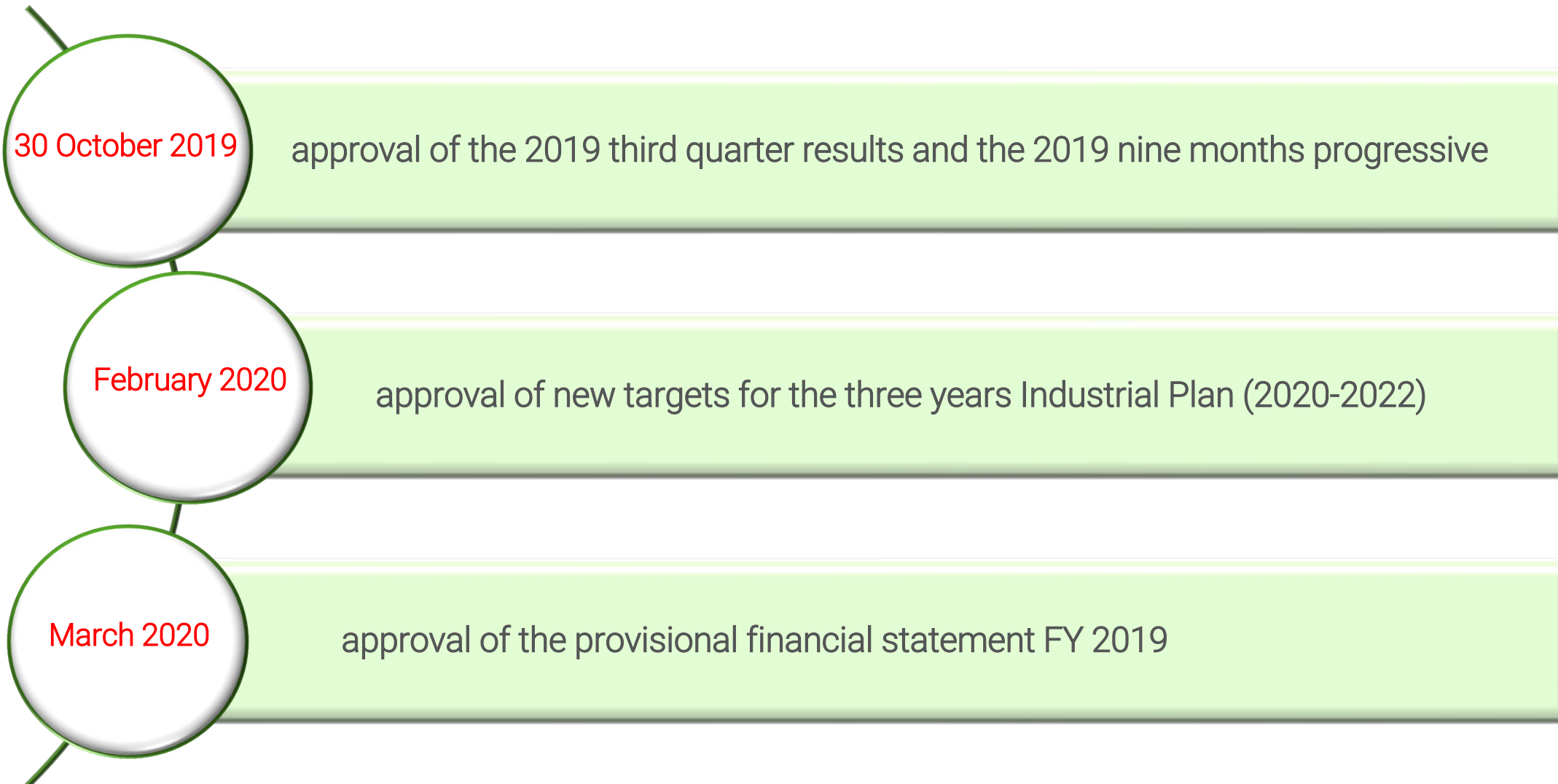
5.0% Allianz Global Investors

Biesse B.o.D.:

- ☐ Giancarlo Selci (founder - president)
- ☐ Roberto Selci (C.E.O.)
- ☐ Stefano Porcellini (Group Director)
- ☐ Alessandra Parpajola
- ☐ Silvia Vanini
- ☐ Giovanni Chiura (independent)
- ☐ Federica Palazzi (independent)
- ☐ Elisabetta Righini (independent)

FINANCIAL CALENDAR

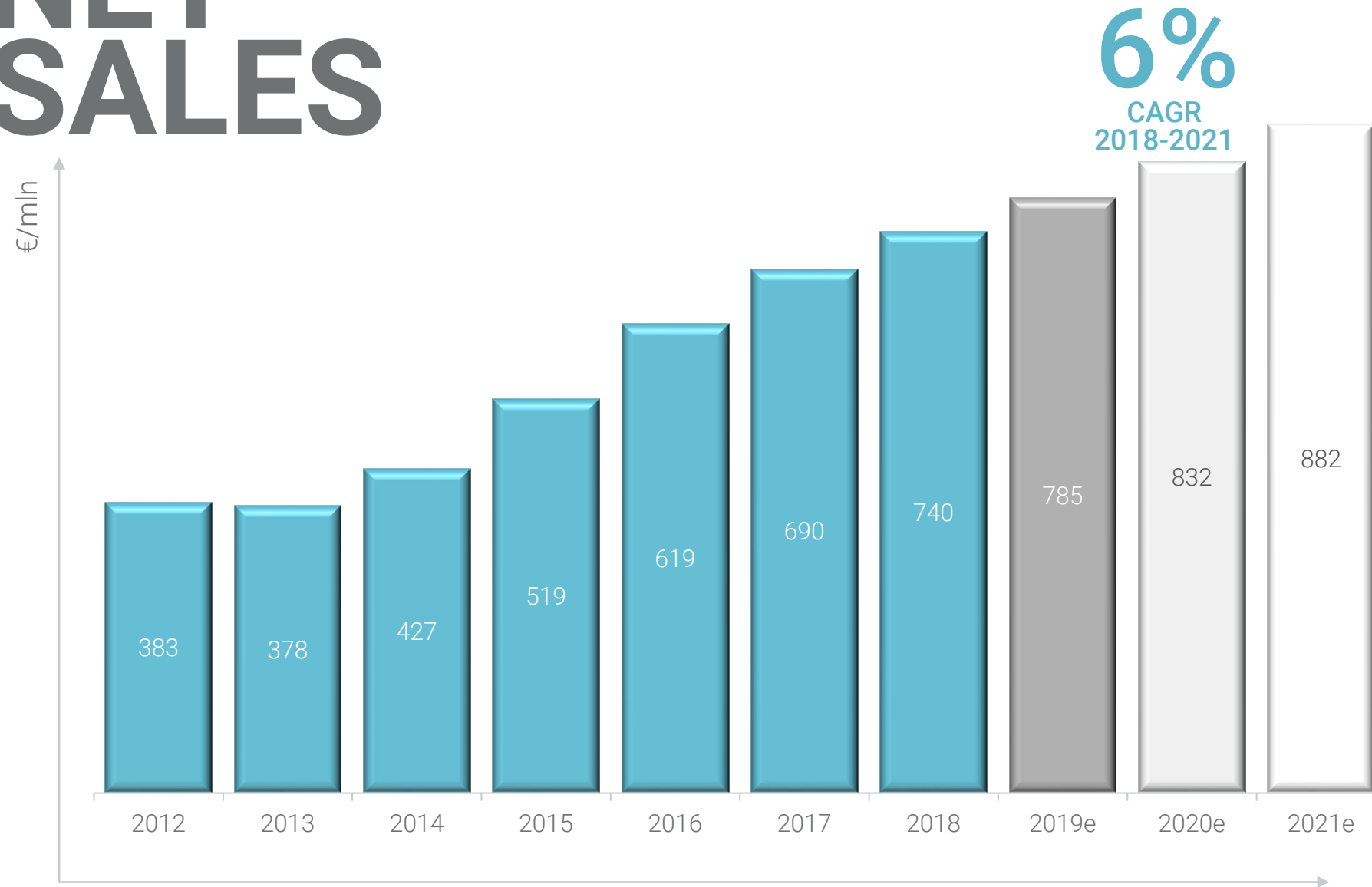
FINANCIAL CALENDAR



THREE YEARS PLAN

(EXTRACT FEBRUARY 2019)

NET SALES

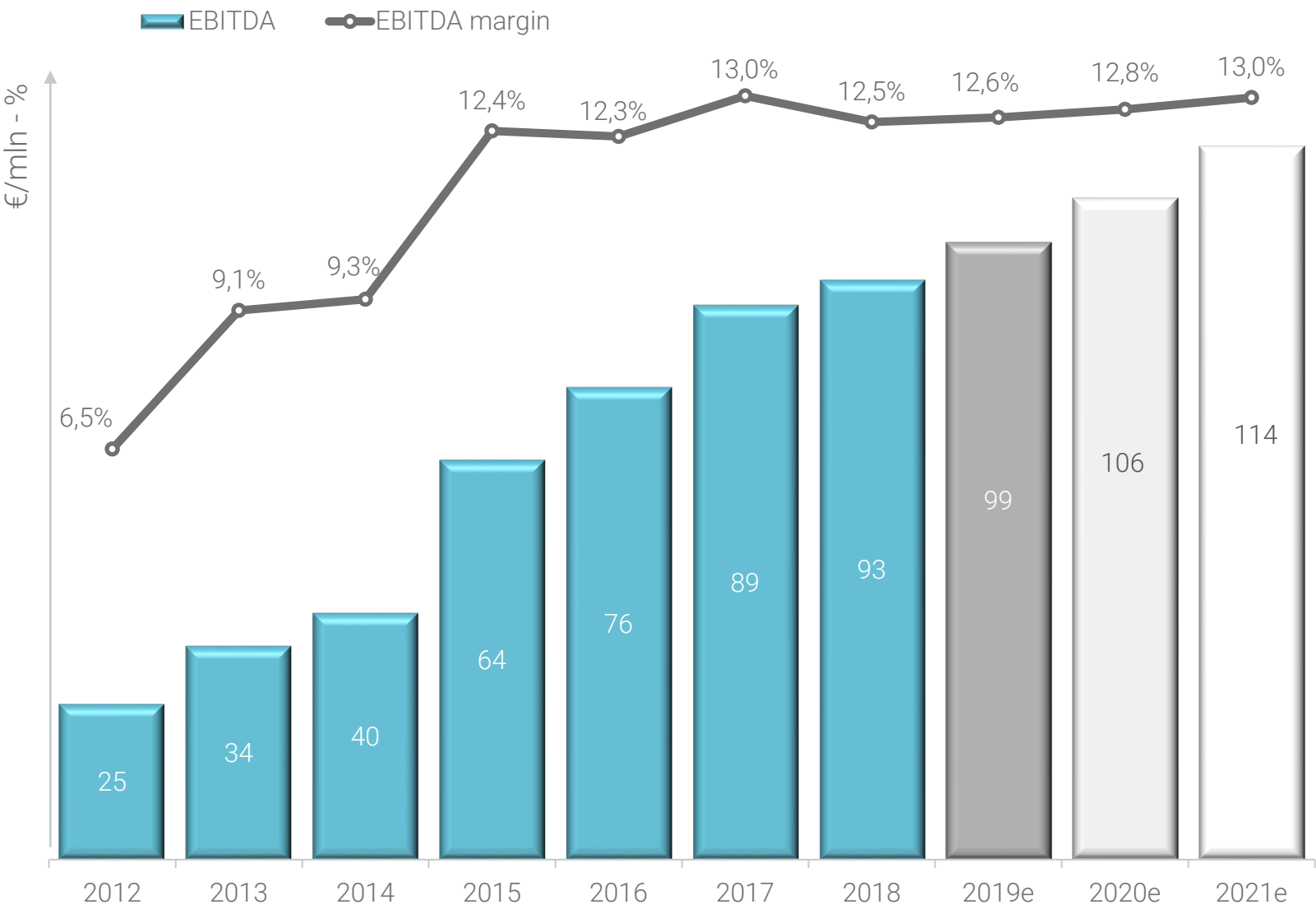


6%
CAGR
2018-2021

**Organic
growth**

9.5%
CAGR
2018-2020

EBITDA

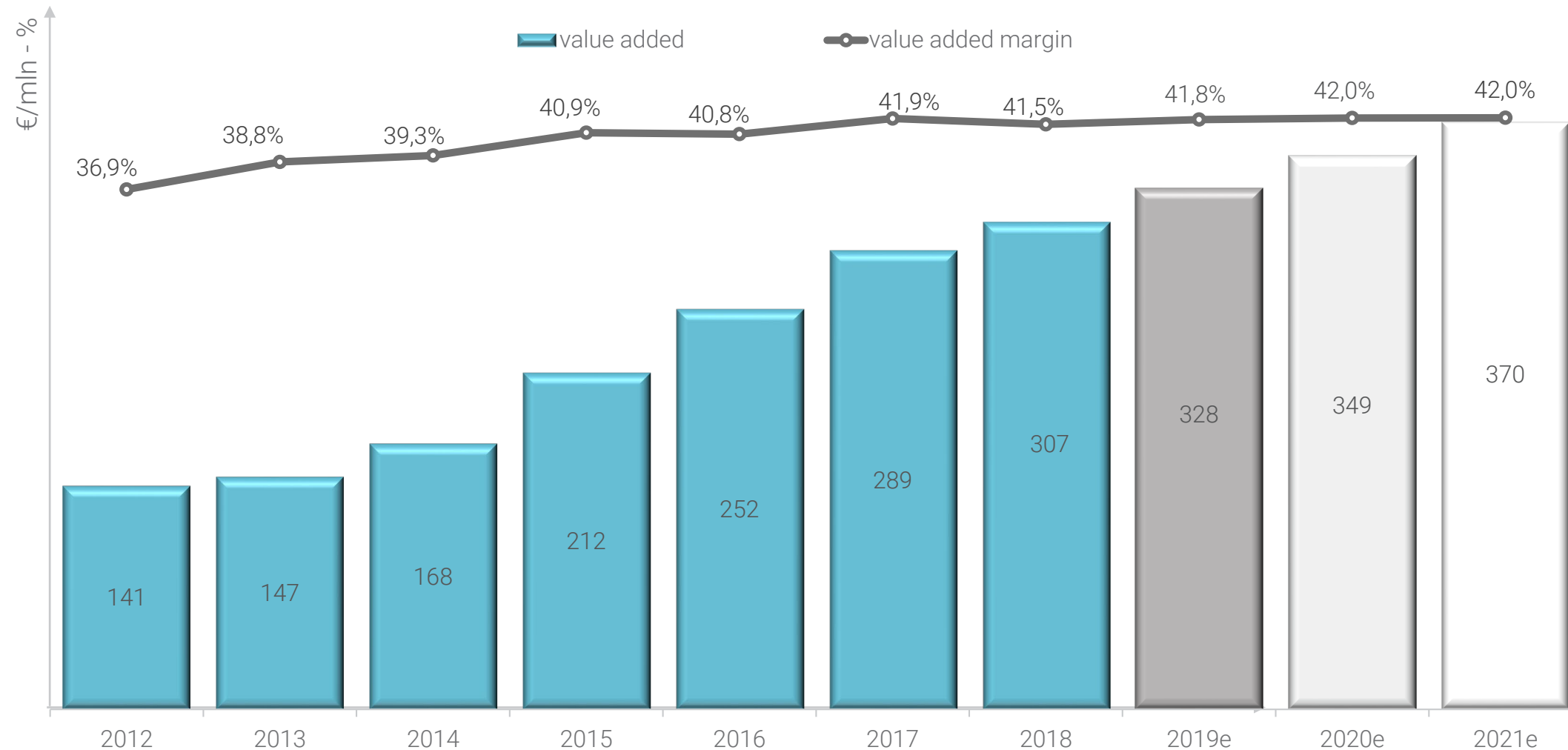


without IFRS impacts

- ✓ **COGS** on Net Sales below **40%**
- ✓ **labour Cost** on Net Sales less than **30%**
- ✓ **overhead** on Net Sales less than **20%**

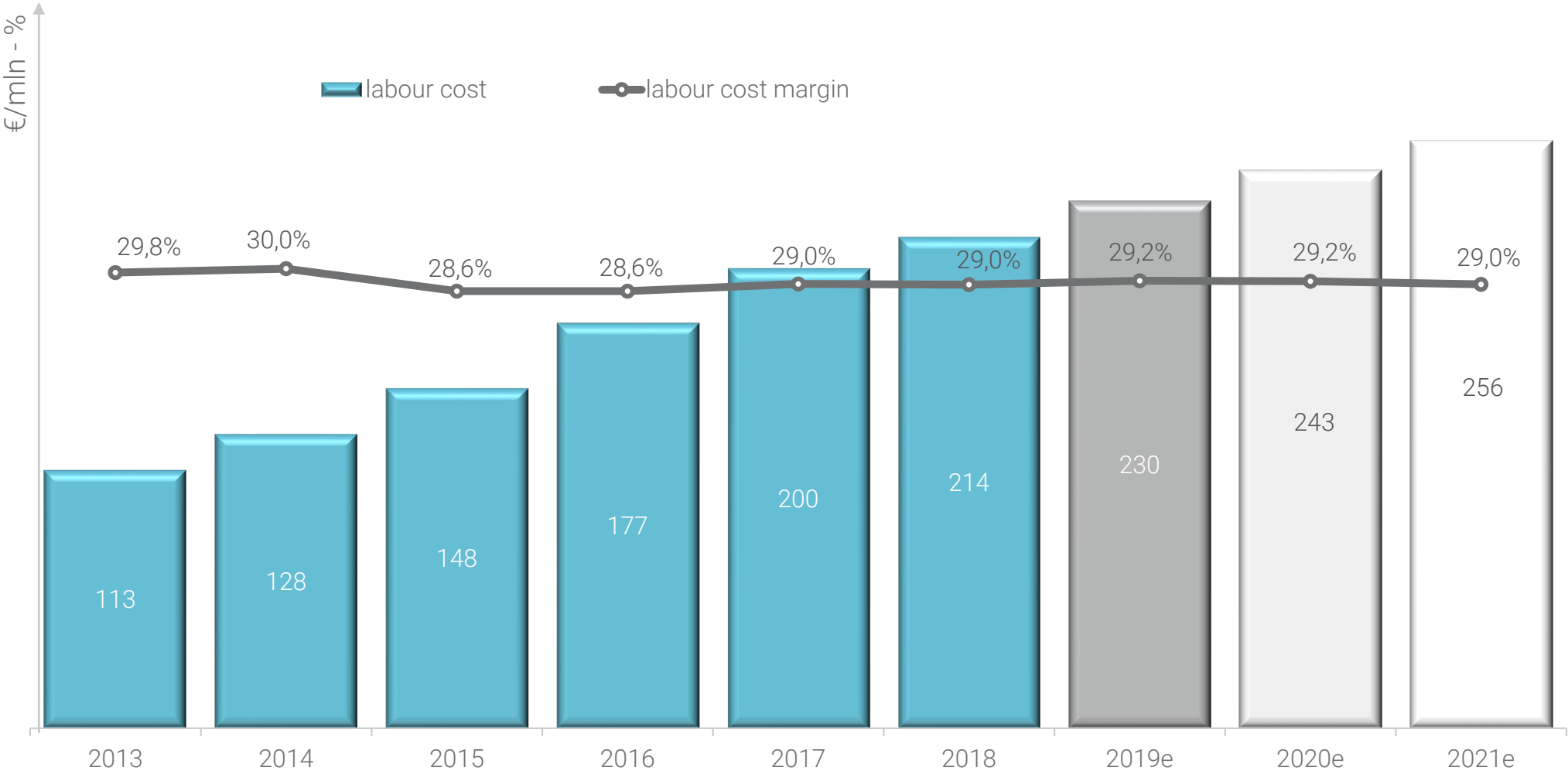
13.7%
EBITDA margin
2018-2020 plan

VALUE ADDED



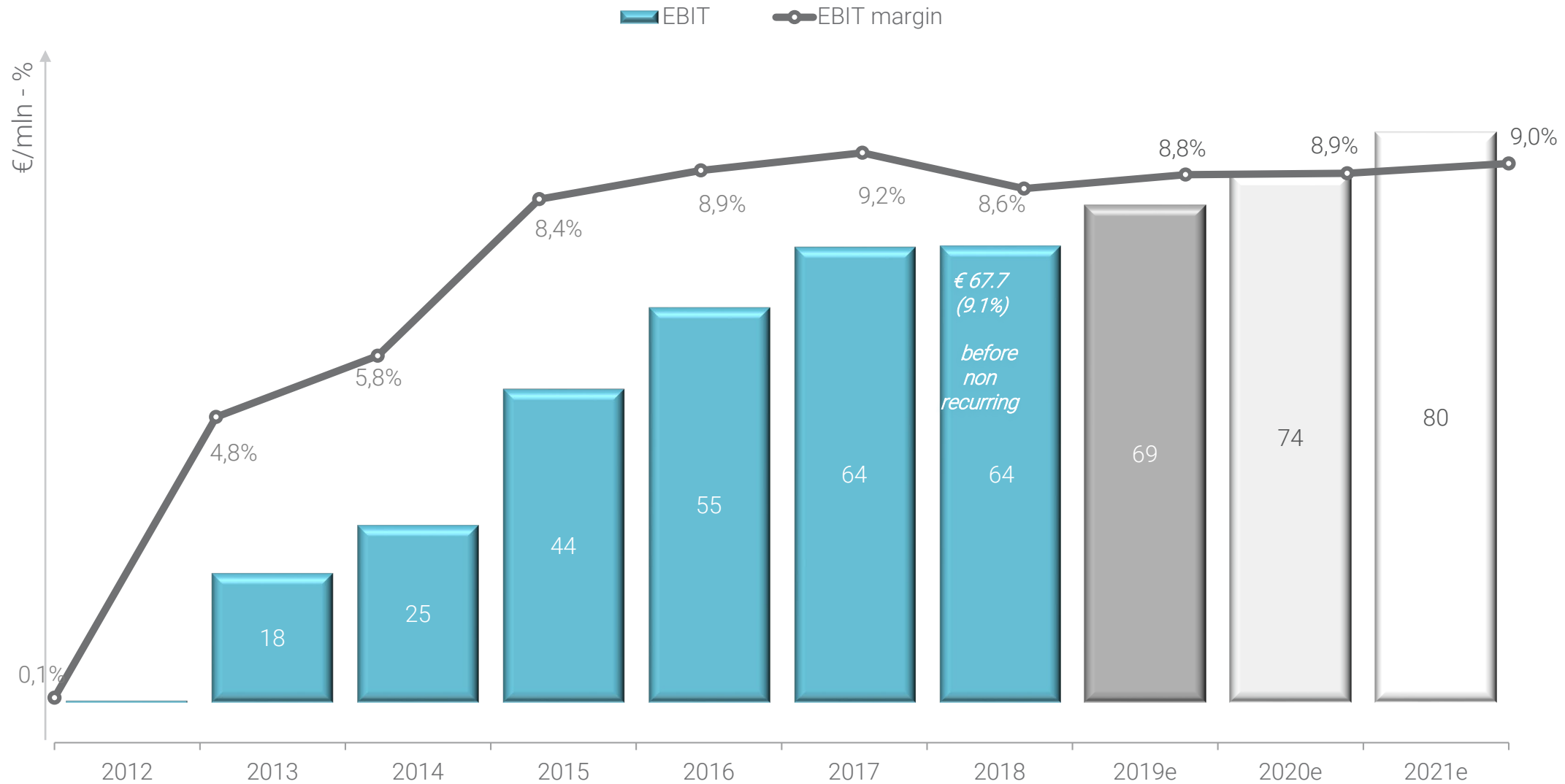
43%
Value Added margin 2018-2020 plan

LABOUR COST



29.3%
Labour Cost margin 2018-2020 plan

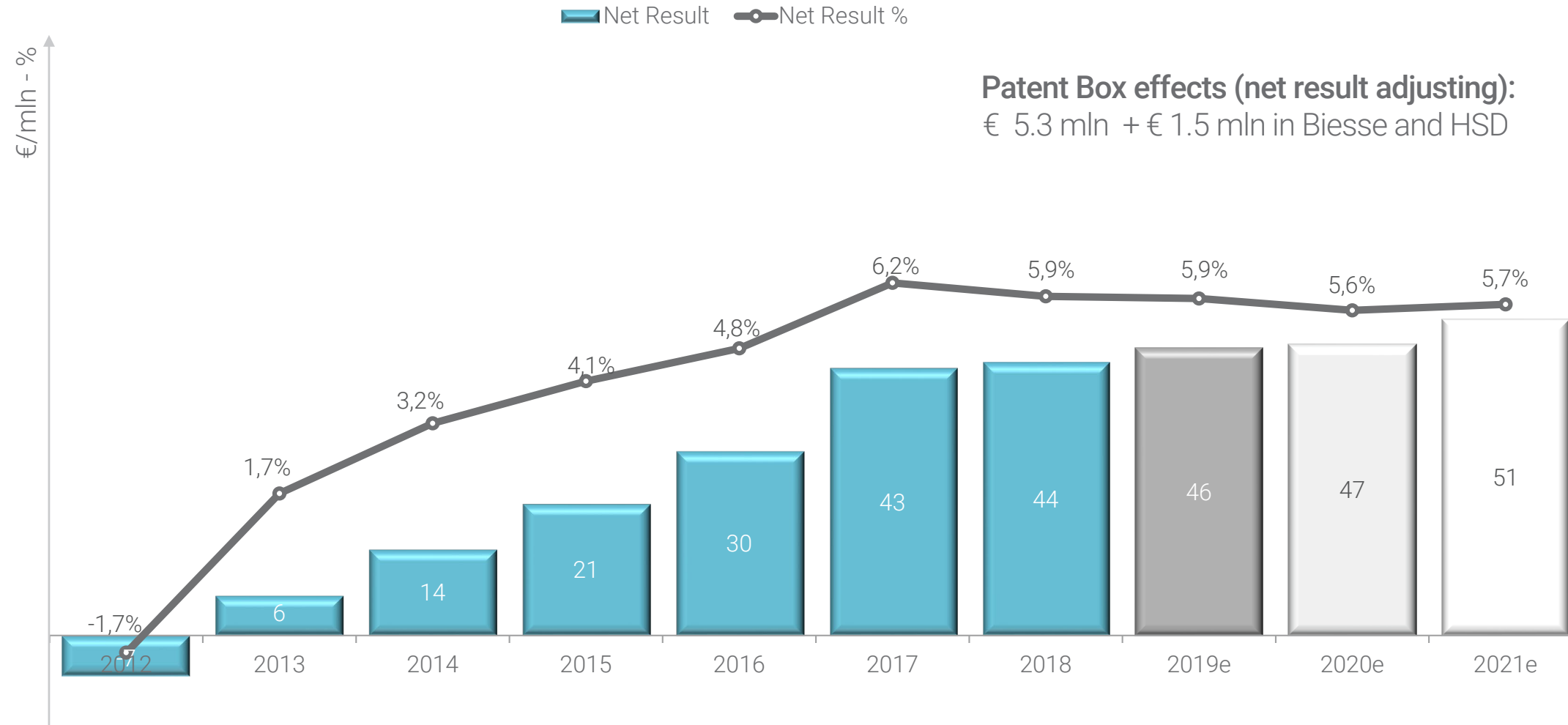
EBIT



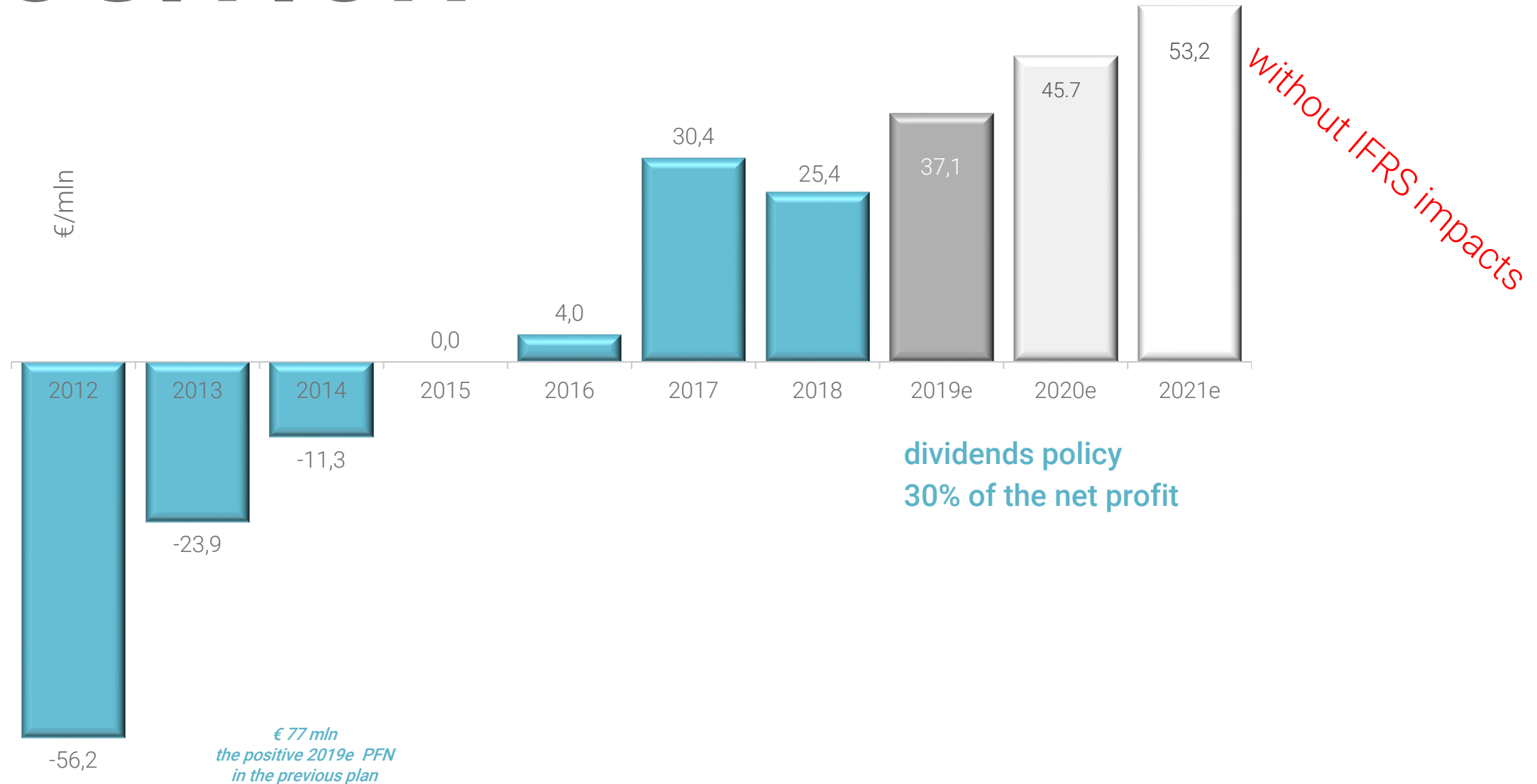
10.2%

EBIT margin 2018-2020 plan

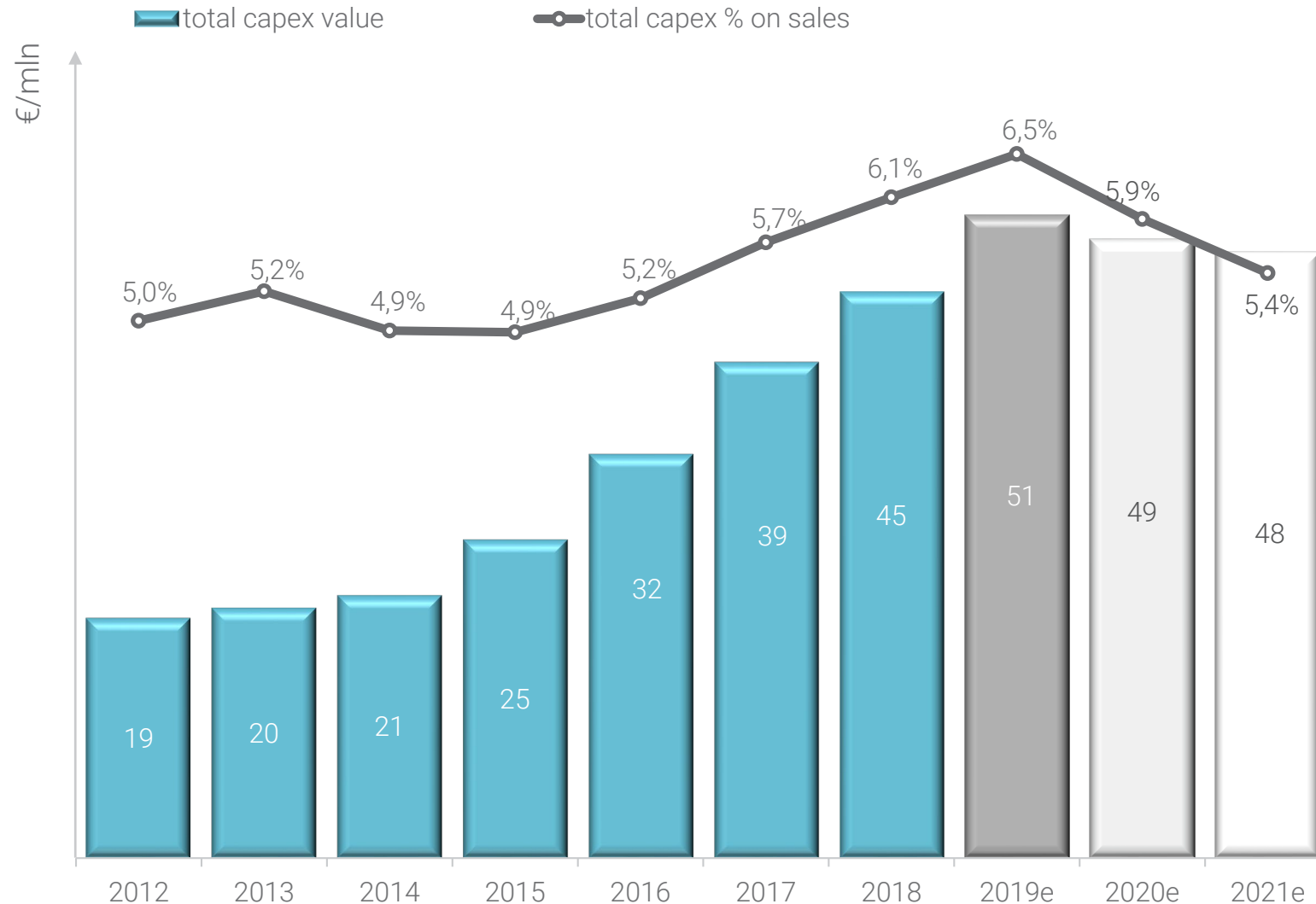
NET RESULT



NET FINANCIAL POSITION



CAPEX



5.7% capex incidence 2019 2018-2020 plan

2019e

tangible: € 32.9mln

intangible: € 18mln

main investments items:

- ✓ **Mechatronics** – HSD takeover of the Bi.Fin srl leasing (existing site in Gradara)
- ✓ **Wood – stand alone machines** vertical auto-warehouse (traslo)
- ✓ **Subsidiary** Biesse America campus
- ✓ **Components** Cosmec working centers
- ✓ **I.T.** Service CRM – product configurator – I.I.o.T.
- ✓ **R&D** (4% of the net sales)



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