

approved the consolidated quarterly report as at 30 September 2019

highlights **IIIQ quarter** - progressive **9 months**:

✓ **orders intake - backlog - turnover:**

- orders intake (*products only*): (-16.5% compared to September 2018)
- backlog (*only products*): 206.4 million euros
- consolidated net revenues: 511.1 million euros (-2.0% on the same period of 2018)

✓ **margins:**

- added value: 219.3 million euros
- ebitda: 56.0 million euros
- ebit: 29.4 million euros before non-recurring events for 2.4 million euros

✓ **net profit :**

- 14.8 million euros

✓ **Group net financial position:**

- negative for 42.6 million euros (including the negative impact of IFRS 16 of 26.9 million euros)

(amounts in million euros)	<u>IIIQ quarter 2019</u>	<u>9 months 2019</u>
• consolidated revenues	166.9	511.1
• added value <i>incidence on revenues</i>	68.2 (40.9%)	219.3 (42.9%)
• EBITDA <i>incidence on revenues</i>	18.0 (10.8%)	56.0 (11.0%)
• EBIT* <i>incidence on revenues*</i>	9.2 (5.5%)	29.4 (5.7%)

*before non-recurring events for 2.4 million euros

Pesaro, 30 October 2019 - The Board of Directors of Biesse S.p.A. -**company listed on the STAR segment of the Italian Stock Exchange**- today approved the Report for the **third quarter of 2019**, examining the progressive results as at **30 September 2019**.

Results

As regards the economic and financial data for the period 1/7/19 - 30/9/19, the Biesse Group has achieved:

- Consolidated net revenues: 166.9 million euros (+1.0% on the same period of 2018)
- Added value: 68.2 million (+1.3% compared to the same period of 2018) euros, 40.9% incidence on revenues
- Gross operating margin (EBITDA): 18.0 million euros (+3.5% compared to the same period of 2018), 10.8% incidence on revenues
- Operating result (EBIT): 9.2 million euros (-24.2% compared to the same period of 2018), 5.5% incidence on revenues
- Pre-tax profit: 6.4 million euros (-32.1% compared to the same period of 2018), 3.8% incidence on revenues
- Net profit: 4.4 million euros (-29.5% compared to the same period of 2018), 2.6% incidence on revenues

As a result, the progressive total as at 30 September 2019 (nine months) was:

- Consolidated net revenues: 511.1 million euros (-2.0% on the same period of 2018)
- Added value: 219.3 million euros (+0.8% compared to the same period of 2018), 42.9% incidence on revenues
- Gross operating margin (EBITDA): 56.0 million euros (-8.1% compared to the same period of 2018), 11.0% incidence on revenues, with a positive IFRS 16 effect of 4.7 million euros
- Operating result (EBIT): 29.4 million euros (-30.8% compared to the same period of 2018), 5.7% incidence on revenues, before non-recurring events for 2.4 million euros
- Pre-tax profit: 22.4 million euros (-38.1% compared to the same period of 2018), 4.4% incidence on revenues
- Net profit: 14.8 million euros (-37.2% compared to the same period of 2018), 2.9% incidence on revenues - tax rate at 34.1%

The Group C.F.O. Pierre Giorgio Sallier de La Tour stated "The 30 September results are confirming the difficulties of our reference markets as well as the coolness of the world demand for durable goods, as moreover already announced the June 21st. All the volatility and uncertainty causes are remaining *-political and economic-*, hindering any resumption prospect. Despite the recovery of the consolidated revenues we realized during these 9 months, it's remaining clear the perception we're still living a strong negative phase. In addition, the actual orders intake reiterates an evident slowdown (-16,5% vs September 2018), while the orders backlog *-in absolute value-* is more than 205 Euro mln and it represents a production visibility for not more than 4 months. The recent events we attended or we internally organized, were concluded in a satisfactory way, both for the number of visitors and for the interest they demonstrated, although these feedback can't be enough to overturn the actual feeling. From the balance sheet point of view the pressure on the operative working capital elements is not relevant; the Net Financial Position forecasted for this year end, before the IFRS 16 impacts, is remaining positive".

Net Financial Position & Balance Sheet Data

The Group's net financial position as at **30 September 2019** was negative for **42.6 million EUROS**, worsening (62.0 million euros) compared to the same period in 2018. The impact of IFRS 16 within the NFP as at 30 September 2019 amounted to 26.9 million euros. Taking into account also this effect, since the beginning of the year, - *net of the payment of dividends to shareholders and the balance of the main extraordinary components* - ordinary operations **drained liquidity for 22.7 million euros** (adjusted NFP delta).

Net Invested Capital: 265.1 million euros - Shareholders' equity: 222.5 million euros - C.C.N.O. (Operating net working capital) 88.7 million euros. **Operating Net Working Capital** has a 17.35% incidence on revenues (incidence on revenues at 10.17% in September 2018)

Within the **Operating Net Working Capital**, Payables to Suppliers suffered the most evident worsening (September 2019 vs. September 2018).

DSO 48 days (the same vs September and December 2018)

DPO 107days (119days September 2018 – 118days December 2018)

Breakdown of consolidated revenues by geographical area and division

The breakdown of consolidated revenues shows - from a geographical point of view - a slight decrease (-1.8%) in sales in Western Europe (*as a percentage of sales 45.5%*), with the domestic component at **14.3%** (*down from the same period of the previous year when it was 17.4%, but constant compared to last June*).

Also in comparison with the same period of 2018, strong is the increase in the contribution of the North American area, with an incidence of 23% on consolidated revenues (*+40.8% the growth rate*) mainly due to big systems orders.

On the other hand, the Eastern Europe segment (*representing 12.4% of consolidated revenues*) as well as the Asian segment both fell (*-19.7% Eastern Europe and -22.1% Asia*). Asia is remaining with 15.3% incidence on consolidated revenues.

For what is concerning the main 3 business divisions, the Wood sector continued to dominate (*71.8% of revenues*) compared to both Glass/Stone/Marble (*18.0% of revenues*) and Mechatronics (*12.4% before elisions*). The contribution of the "advanced materials" segment is growing, even though it does not represent an autonomous business division.

Orders

As at **30 September 2019**, the progressive value of Group orders intake (*products only*) - compared to the same period of the previous year - was 16.5% lower. The Group backlog (*products only*) at the end of **September 2019** amounted to over 206.4 million euros (*-8.5% compared to the end of 2018*).

Events

Also this year the internal event Biesse Inside (Pesaro 3-5 October) dedicated to technologies for the processing of wood and technological materials has been organized. In addition to confirming - by improving them - its commitment and constant attention to its customers, Biesse was able to show its progress in digital innovation and integration (digital factory). More than 3,000 people from all over the world participated in this event held on the Biesse campus (5,000 square meters). The interest shown in both the new technological solutions and the in-depth studies and workshops proposed by Biesse exceeded expectations.

Forecast

Waiting to update the targets of the Group's Three-Year Business Plan for the three-year period 2020-2022, in the light of the results achieved to date and the most recent macro-economic expectations at global level, the updated forecast for the current year is as follows:

consolidated revenues: expected range 695-705 million euros

ebitda: expected range 70-75 million euros

Conference Call

Today (30 October at 4 p.m.), following the approval of the results, Biesse will hold a telephone conference call to comment on what has already been achieved during the 9 months of 2019. A brief supporting presentation (PDF file) will also be available on the company website www.biessegroup.com, investor relations section.

Appointment of the Manager responsible for preparing the accounting reports

During today's meeting, the Board of Directors of Biesse appointed Pierre Giorgio Sallier de La Tour, the Group's C.F.O., as the manager responsible for preparing the company's accounting reports pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance.

"The manager responsible for preparing the company's accounting reports (Dr. Pierre Giorgio allier de La Tour) declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records

specific notice regarding the deposit at the Company's registered of the Consolidated Financial Statement 30 September 2019 will be published the 31 October in the Italia Oggi newspaper. (copy of this notice regarding the deposit is even available on our Group website www.biessegroup.com)

BIESSE S.p.A. - Biesse Group is a global leader in technology for processing wood, glass, stone, plastic, and metal. It designs, manufactures and distributes machines, integrated systems and software for manufacturers of furniture, door/window frames and components for the construction, ship-building and aerospace industries. It invests an average of more €14 million per year in R&D, boasting over 200 registered patents. The company operates through 12 industrial sites, 39 branches, and 300 agents and selected dealers, exporting 90% of its production. Its customers include some of the most prestigious names in Italian and international design. Founded in Pesaro in 1969 by Giancarlo Selci, Biesse SpA has been listed in the STAR segment of the Italian Stock Exchange since June 2001. More than 4,000 the employees today in its facilities (production & distribution) based in Pesaro, Gradara, Padova, Villafranca (VR), Thiene (VI), Alzate Brianza (CO), Bangalore, Dongguan and in its branches/representative offices in Europe, North America, Latin America, the Middle & Far East, Asia and Oceania.

FINANCIAL STATEMENTS

Income Statement 30 September 2019 highlighting non-recurring items

	30 September 2019	% on sales	30 September 2018	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	511.142	100,0%	521.824	100,0%	(2,0)%
Change in inventories, wip, semi-finished products and finished products	10.874	2,1%	23.914	4,6%	(54,5)%
Other Revenues	4.206	0,8%	4.514	0,9%	(6,8)%
Revenue	526.221	103,0%	550.252	105,4%	(4,4)%
Raw materials, consumables, supplies and goods	(209.593)	(41,0)%	(226.777)	(43,5)%	(7,6)%
Other operating costs	(97.354)	(19,0)%	(105.878)	(20,3)%	(8,1)%
Normalised Value Added	219.274	42,9%	217.597	41,7%	0,8%
Personnel expense	(163.296)	(31,9)%	(156.697)	(30,0)%	4,2%
Normalised gross operating profit	55.978	11,0%	60.900	11,7%	(8,1)%
Depreciation and amortisation	(23.918)	(4,7)%	(16.845)	(3,2)%	42,0%
Provisions	(2.693)	(0,5)%	(1.590)	(0,3)%	69,4%
Normalised operating profit	29.367	5,7%	42.465	8,1%	(30,8)%
Impairment losses and non recurring-items	(2.368)	(0,5)%	(1.493)	(0,3)%	58,6%
Operating profit	26.998	5,3%	40.972	7,9%	(34,1)%
Financial income	191	0,0%	211	0,0%	(9,5)%
Financial expense	(2.253)	(0,4)%	(1.655)	(0,3)%	36,1%
Net exchange rate gains (losses)	(2.528)	(0,5)%	(3.318)	(0,6)%	(23,8)%
Profit (Loss) before tax	22.408	4,4%	36.209	6,9%	(38,1)%
Income taxes	(7.650)	(1,5)%	(12.723)	(2,4)%	(39,9)%
Profit for the year	14.759	2,9%	23.486	4,5%	(37,2)%

Net financial indebtedness at 30 September 2019

	30th September 2019	30th June 2019	31st March 2019	31st December 2018	30th September 2018
<i>Euro 000's</i>					
Financial assets:	69.518	84.115	67.788	83.308	91.114
<i>Current financial assets</i>	2.128	2.147	35	288	336
<i>Cash and cash equivalents</i>	67.391	81.968	67.753	83.020	90.778
Short-term financial lease payables	(2.158)	(485)	(350)	(349)	(336)
Short-term bank loans and borrowings and loans and borrowings	(47.373)	(47.179)	(26.287)	(22.161)	(43.133)
Short-term net financial position	19.988	36.450	41.151	60.798	47.645
Medium/Long-term financial lease payables	(29.879)	(32.565)	(27.167)	(1.569)	(1.662)
Medium/Long-term bank loans and borrowings	(32.728)	(37.726)	(30.700)	(33.821)	(26.579)
Medium/Long-term net financial position	(62.607)	(70.291)	(57.867)	(35.390)	(28.241)
Total net financial position	(42.619)	(33.841)	(16.716)	25.407	19.403

Statement of financial position highlights at 30 September 2019

	30 September	31 December
	2019	2018
<i>Euro 000's</i>		
Intangible assets	85.332	84.240
Property, plant and equipment	139.260	102.774
Financial assets	2.725	2.847
Non-current assets	227.317	189.862
Inventories	176.928	162.786
Trade receivables	114.148	134.331
Trade payables	(202.390)	(244.024)
Net operating working capital	88.686	53.092
Post-employment benefits	(13.217)	(12.550)
Provision for risk and charges	(13.627)	(10.737)
Other net payables	(34.774)	(35.526)
Net deferred tax assets	10.701	9.985
Other net liabilities	(50.916)	(48.827)
Net invested capital	265.086	194.128
Share capital	27.393	27.393
Profit for the previous year and other reserves	179.431	147.577
Profit for the year	14.756	43.672
Non-controlling interests	886	893
Equity	222.466	219.536
Bank loans and borrowings and loans and borrowings from other financial backers	112.137	57.900
Other financial assets	(2.128)	(288)
Cash and cash equivalents	(67.391)	(83.020)
Net financial position (1)	42.619	(25.407)
Total sources of funding	265.086	194.128

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