

Preliminary Financial Statement for the FY 2019 approved

<i>figures in Euro million</i>	2019	2018	delta
Net Revenues	705.9	741.5	-4.8%
Gross Operating Profit (EBITDA)	77.0	92.7	-17.2%
Operating Profit (EBIT)*	39.6	67.7	-41.5%
Profit before taxes	23.4	58.3	-59.8%
Net Profit	13.0	43.8	-70.3%

**before non recurring items*

- Report on Corporate Governance for the year 2019 approved
- Report on Remuneration for the year 2019 approved
- Sustainability Report for the year 2019 approved (Consolidated non-financial declaration)

Pesaro, 13 March 2020 – The Board of Directors of Biesse S.p.A. – a company operating in the market for machinery and systems for working wood, glass, marble-stone and advanced materials, listed in the STAR segment of Borsa Italiana, the Italian Stock Exchange, approved the Financial Statements for the financial year ended 31 December 2019 at its meeting held today in Pesaro.

The consolidated results of the Biesse Group for the 12 months of 2019 were as follows::

- Net revenues Euro 705.9 million (-4.8% compared to the same period of 2018)
- Value Added Euro 297.8 million (-6.3% compared to the same period of 2018) incidence 42.2%
- EBITDA Euro 77.0 million (-3.1% compared to the same period of 2018) incidence 10.9%
- EBIT (before non-recurring items) Euro 39.6 million (-41.5% compared to the same period of 2018) incidence 5.6%
 - EBIT (after non-recurring items) Euro 29.6 million (-53.5% compared to the same period of 2018)
- Profit before taxes Euro 23.4 million (-59.8% compared to the same period of 2018) incidence 3.3%
- Net Profit Euro 13.0 million (-70.3 compared to the same period of 2018) incidence 1.8% – tax rate 44.5%

Net Financial Position

At 31 December 2019 the Group Net Financial Position was **negative** for Euro **18.6 million** including the impact of Euro 26.6 million due to the application of the IFRS 16 (net of the IFRS 16 the net financial position would be **positive for Euro 8.0 million**).

The Group investments, always netted by the IFRS effects, are Euro 42 million. Paid ordinary dividends the last May 2019 to the Biesse shareholders for a total amount of Euro 13.1 million (0.48 cents per share).

Geographical and divisional breakdown of revenues

From the geographical point of view, the Group net sales (consolidated revenues) was as follows (macro-areas) at the end of December 2019:

- Western Europe 47.2% (44.8% nel 2018) -of which Italy 16.2% (18.5% in 2018)
- Eastern Europe 12.6% (13.4% in 2018)
- North America 21.3% (16.2% in 2018) with an annual increase in volumes of 27.9%
- Asia Pacific 15.0% (22.2% in 2018)
- Rest of the World 3.8% (3.5% in 2018)

For what concerns the main business divisions breakdown:

- Wood 71.8% (71.7% in 2018)
- Glass/Stone 18.3% (17.4% in 2018)
- Mechatronic (before intercompany elisions) 11.9% (13.0% in 2018)

Capital position:

at 31 December 2019 the Group Net Shareholders Fund is Euro 218.7 million (219.5 million at 31 December 2018).
at 31 December 2019 the Group Net Invested Capital is Euro 237.3 million (194.1 million at 31 December 2018).

Economic environment – order intake:

The international context is showing evident and relevant instabilities that are negatively affecting the forecasts, short and medium term ones. Uncertainties and generalized fears bring unavoidable large fallout even for the Biesse expectations, moreover already impacted by the progressive world economic-financial sentiment deterioration.

The Group orders intake (only machinery) at the end of 2019 is lower for 17% compared to the same period 2018, while the Group orders backlog -at the end of December 2019- was Euro 197 million (-12.8% compared the same period 2018).

The constantly negative evolving of the recent facts is unfortunately producing an important acceleration of the impacts - social and economic- affecting the international markets. This can only sharpen the difficulties that Biesse must face despite its financial strength and its organizational efforts.

Dividends:

In consideration of the progressive degeneration of the actual context, with an evident and always greater economic-social uncertainty, the Biesse Board of Directors prudentially decided to avoid the payment of the ordinary dividend.

Sustainability report, Corporate Governance and Remuneration reports:

At its meeting today the Biesse Board of Directors also approved the Sustainability Report for the 2019 year, the Remuneration Report and the Governance Report, both for the 2019 year.

Biesse Shareholders Meeting:

The Biesse Board of Directors convened the Biesse Ordinary Shareholders Meeting for the next 21 April 2020 Pesaro 9.00 a.m. (first convocation) and eventually for the next 8 May 2020 -same time and place- the second convocation to deliberate and approve the following items on the Agenda:

1. The Financial Statements at 31 December 2019; the Board of Directors' management report and the disclosure of non-financial information prepared in accordance with Legislative Decree 254/2016; the reports of the Board of Statutory Auditors and of the independent audit firm for the Financial Statements at 31 December 2019; resolutions pertaining thereto and resulting therefrom. Presentation of the Consolidated Financial Statements at 31 December 2019.
2. Allocation of the 2019 net profit of Biesse S.p.A.
3. The remuneration policy of the Biesse Group for the 2019
4. Presentation of the remuneration Policy and deliberations regarding the second section of the Report
5. Integration of the Board of Statutory auditors, inherent and consequent deliberations

Further information on the items on the Ordinary Shareholders Meeting and on the documents that it will be asked to approve is provided in the Notice convening the Ordinary Shareholders Meeting as requested by the law.

IN VIEW OF THE ACTUAL SITUATION AND OF THE POTENTIAL FOR DEVELOPMENT BIESSE INFORMS THAT THE ORDINARY SHAREHOLDERS' MEETING COULD BE HELD IN A PLACE AND IN A DATE OTHER THAN THAT ORIGINALLY INDICATED SO FAR AS PROVISIONS ISSUED REGARDING THE CORONA VIRUS EMERGENCY PROHIBIT OR DISCOURAGE EVENTS ORGANIZATION AS THE SHAREHOLDERS' MEETING PRECISELY.

"In accordance with paragraph 2, clause 154-bis del T.U.F. (Testo Unico Finanziario-Consolidated Financial Law) the manager responsible for the preparation of the company accounting records of Biesse, Dr. Pierre LaTour, declares that the company accounting information contained in the present communication corresponds to the results contained in the group's records, books and accounts."

BIESSE 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 constructions, ship-building and aerospace industries. The Group invests around 4% of its annual revenue in research and development and has registered over 200 patents. It operates through 12 industrial sites, 39 branches, 300 agents and selected dealers, exporting around 85% 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 has been listed in the STAR segment of the Italian Stock Exchange since June 2001. It actually has more than 4,100 employees distributed in the main sites based in Pesaro, Gradara, Padova, Villafranca (VR), Thiene (VI), Alzate Brianza (CO), Bangalore, Dongguan and the foreign subsidiaries and representative offices in Europe, North America, Latin America, Middle and Far East, Asia and Oceania.

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FINANCIAL STATEMENTS

Income Statement for the year ended 2019 highlighting non-recurring items

	2019	% on sales	2018	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	705,872	100.0%	741,527	100.0%	(4.8)%
Change in inventories, wip, semi-finished products and finished products	652	0.1%	14,026	1.9%	(95.4)%
Other Revenues	6,417	0.9%	5,361	0.7%	19.7%
Revenue	712,940	101.0%	760,913	102.6%	(6.3)%
Raw materials, consumables, supplies and goods	(286,429)	(40.6)%	(309,430)	(41.7)%	(7.4)%
Other operating costs	(128,723)	(18.2)%	(144,255)	(19.5)%	(10.8)%
Normalised added value	297,789	42.2%	307,229	41.4%	(3.1)%
Personnel expense	(221,057)	(31.3)%	(214,553)	(28.9)%	3.0%
Normalised gross operating profit	76,732	10.9%	92,676	12.5%	(17.2)%
Depreciation and amortisation	(33,851)	(4.8)%	(22,820)	(3.1)%	48.3%
Provisions	(3,327)	(0.5)%	(2,187)	(0.3)%	52.2%
Normalised operating profit	39,554	5.6%	67,669	9.1%	(41.5)%
Impairment losses and non recurring-items	(9,911)	(1.4)%	(3,897)	(0.5)%	-
Operating profit	29,644	4.2%	63,772	8.6%	(53.5)%
Financial income	497	0.1%	350	0.0%	42.1%
Financial expense	(2,987)	(0.4)%	(2,362)	(0.3)%	26.5%
Net exchange rate losses	(3,711)	(0.5)%	(3,472)	(0.5)%	6.9%
Pre-tax profit	23,443	3.3%	58,287	7.9%	(59.8)%
Income taxes	(10,441)	(1.5)%	(14,436)	(1.9)%	(27.7)%
Profit for the year	13,002	1.8%	43,851	5.9%	(70.3)%

Reclassified Income Statement for the year ended 31 December 2019

	2019	% on sales	2018	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	705,872	100.0%	741,527	100.0%	(4.8)%
Change in inventories, wip, semi-finished products and finished products	652	0.1%	14,026	1.9%	(95.4)%
Other revenues	6,417	0.9%	5,361	0.7%	19.7%
Revenue	712,940	101.0%	760,913	102.6%	(6.3)%
Raw materials, consumables, supplies and goods	(287,038)	(40.7)%	(309,561)	(41.7)%	(7.3)%
Other operating costs	(128,726)	(18.2)%	(147,470)	(19.9)%	(12.7)%
Added value	297,176	42.1%	303,882	41.0%	(2.2)%
Personnel expense	(221,576)	(31.4)%	(214,841)	(29.0)%	3.1%
Gross operating profit	75,601	10.7%	89,041	12.0%	(15.1)%
Depreciation and amortisation	(33,287)	(4.7)%	(22,820)	(3.1)%	45.9%
Provisions	(7,901)	(1.1)%	(2,233)	(0.3)%	-
Impairment losses	(4,769)	(0.7)%	(217)	(0.0)%	-
Operating profit	29,644	4.2%	63,772	8.6%	(53.5)%
Net financial expense	(2,490)	(0.4)%	(2,012)	(0.3)%	23.7%
Net exchange rate losses	(3,711)	(0.5)%	(3,472)	(0.5)%	6.9%
Pre-tax profit	23,443	3.3%	58,287	7.9%	(59.8)%
Income taxes	(10,441)	(1.5)%	(14,436)	(1.9)%	(27.7)%
Profit for the year	13,002	1.8%	43,851	5.9%	(70.3)%

Statement of financial position highlights at 31 December 2019

	31 December 2019	31 December 2018
<i>Euro 000's</i>		
Intangible assets	83,228	84,240
Property, plant and equipment	139,710	102,774
Financial assets	2,640	2,847
Non-current assets	225,578	189,862
Inventories	155,498	162,786
Trade receivables and contract assets	116,973	127,957
Trade payables	(132,673)	(162,591)
Contract liabilities	(67,536)	(75,652)
Net operating working capital	72,262	52,500
Post-employment benefits	(12,711)	(12,550)
Provision for risk and charges	(18,053)	(10,737)
Other net payables	(40,249)	(34,933)
Net deferred tax assets	10,458	9,985
Other net liabilities	(60,555)	(48,235)
Net invested capital	237,285	194,127
Share capital	27,393	27,393
Profit for the previous year and other reserves	177,397	147,577
Profit for the year	13,027	43,672
Non-controlling interests	858	893
Equity	218,675	219,536
Bank loans and borrowings and loans and borrowings from other financial backers	107,323	57,900
Other financial assets	(2,653)	(288)
Cash and cash equivalents	(86,061)	(83,020)
Net financial position (1)	18,609	(25,407)
Total sources of funding	237,285	194,127

Net financial indebtedness at 31 December 2019

	31st December 2019	30th September 2019	30th June 2019	31st March 2019	31st December 2018
<i>Euro 000's</i>					
Financial assets:	88,714	69,518	84,115	67,788	83,514
<i>Current financial assets</i>	2,653	2,128	2,147	35	494
<i>Cash and cash equivalents</i>	86,061	67,391	81,968	67,753	83,020
Short-term financial lease payables	(7,415)	(2,158)	(485)	(350)	(349)
Short-term bank loans and borrowings and loans from other financial institutions	(46,859)	(47,373)	(47,179)	(26,287)	(22,367)
Short-term net financial position	34,440	19,988	36,450	41,151	60,798
Medium/Long-term financial lease payables	(27,043)	(29,879)	(32,565)	(27,167)	(1,569)
Medium/Long-term bank loans and borrowings	(26,006)	(32,728)	(37,726)	(30,700)	(33,821)
Medium/Long-term net financial position	(53,049)	(62,607)	(70,291)	(57,867)	(35,390)
Total net financial position	(18,609)	(42,619)	(33,841)	(16,716)	25,407