

COMPANY PRESENTATION

AUTUMN 2020

 **BIESSEGROUP**

OUR IDENTITY

OUR VALUES

 **BIESSEGROUP**

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 believes in:

INNOVATION
INTEGRITY
PROACTIVITY

THE VISION

 BIESSEGROUP

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

412

MAIN BUSINESS
DIVISIONS

PRODUCTION
SITES

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.

ALL OVER THE WORLD

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

39
+ 300


SUBSIDIARIES AND
REPRESENTATIVE
OFFICES

SELECTED
DISTRIBUTORS

 **BIESSEGROUP**

 **BIESSE**
 **DIAMUT**
 **INTERMAC**

SUPPORTING OUR CUSTOMERS

 BIESSEGROUP

Customers in 120
countries:
manufacturers of
furniture, design
items and
door/window frames,
producers of
elements for the
building, nautical and
aerospace industries.

CUSTOMERS IN

120

COUNTRIES

WITH OUR PEOPLE

 **BIESSE**GROUP

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 that are part of the Biesse family.

> 4k

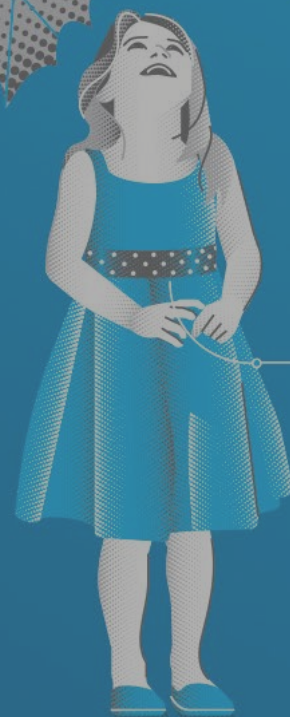
EMPLOYEES*

* temporary workers included

SUSTAINABILITY

PLANNING FOR A MORE SUSTAINABLE FUTURE

 **BIESSE**GROUP



All activities are carried out in recognition of the moral and social responsibilities that we have towards our stakeholders, in the belief that the achievement of sales objectives cannot overlook our values of honesty, integrity, fair competition and correctness in dealings with all our stakeholders, including shareholders, customers, employees, suppliers and local communities.

CSR HIGHLIGHTS

 **BIESSEGROUP**

ECONOMIC SUSTAINABILITY

More than

300

persons involved in
R&D activities

89%

of purchases by our
manufacturing plants in Italy,
India and China come from local
suppliers

SOCIAL SUSTAINABILITY

95%

of employees have
permanent contracts

+100K

hours of training
provided to personnel during
the course of 2019

ENVIRONMENTAL SUSTAINABILITY

+37.5%

photovoltaic panels installed
compared to the previous year

92%

of waste products
are non-hazardous

2020 MAIN TARGETS

A stylized plant with a grey stem and a dark grey pot. The leaves are large and teardrop-shaped. One leaf in the center has a complex circuit board pattern. Two other leaves have a wood grain pattern. Several smaller, teardrop-shaped leaves with a dotted pattern are floating in the background.

 BIESSEGROUP

REDUCTION OF THE EMISSION IN THE
ATMOSPHERE

at least

-40% CO₂

*

Through strategies of carbon footprint reduction aimed
at utilising energy from renewable sources combined
with energetic efficiency.

**CO₂ scope 2 market based*

2020 MAIN TARGETS

 **BIESSE**GROUP

**CERTIFICATION OF THE HEALTH AND
SAFETY SYSTEM FOR BIESSE SPA**

ISO 45001

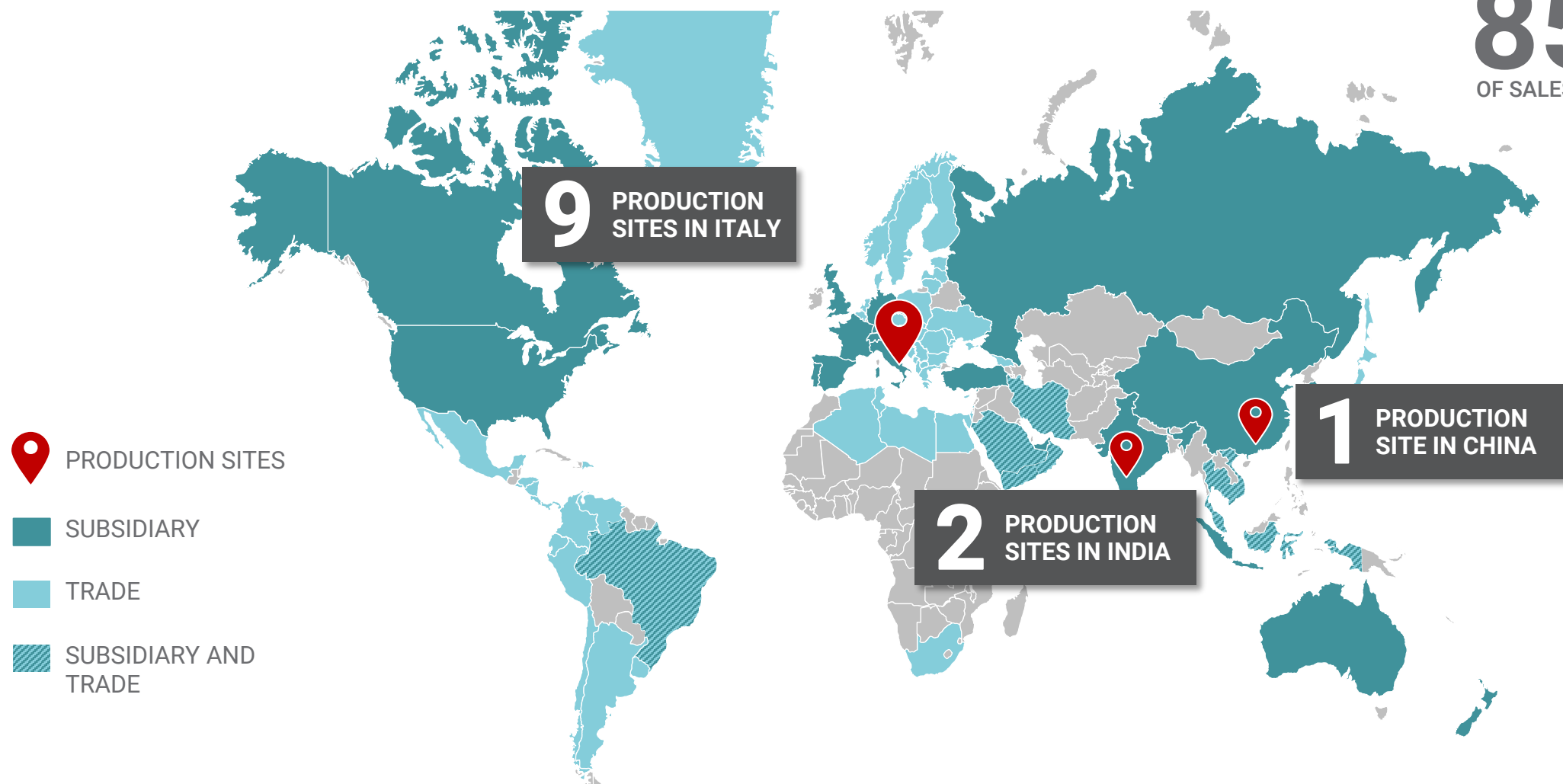
Biesse Spa has started the process of formalization and certification of the health and safety system in accordance with ISO 45001 international standards.



GLOBAL ORGANIZATION

EXPORT
APPROX.

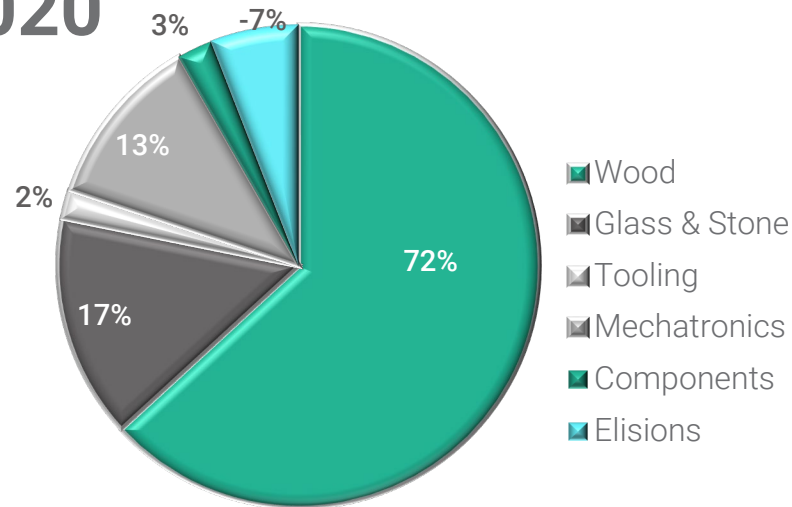
85%
OF SALES



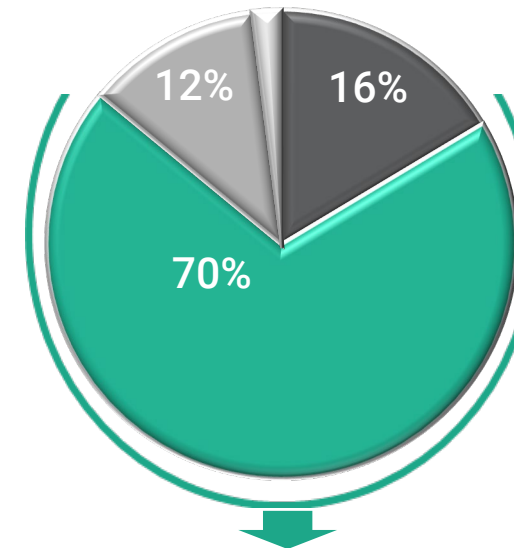
SALES BREAKDOWN

IH 2020

BY DIVISION



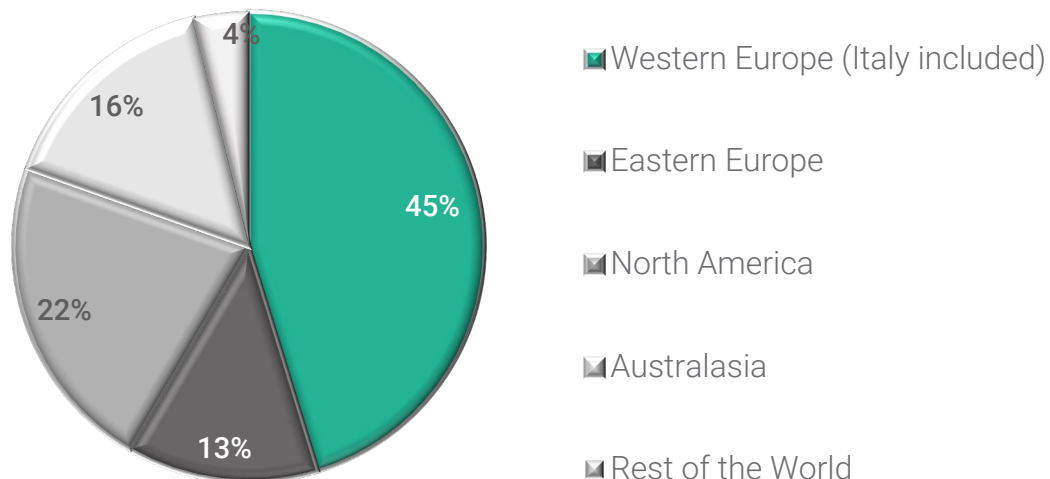
BY OFFERING



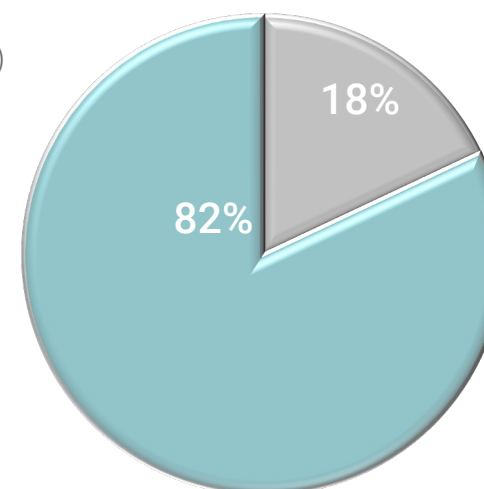
- Service/Spare parts
- Machines
- Mechatronics
- Tooling

BY GEO-AREAS

Italy 13.4%



BY TYPE OF MACHINES SALES



- System
- Stand Alone

CUSTOMERS

 **BIESSE**GROUP



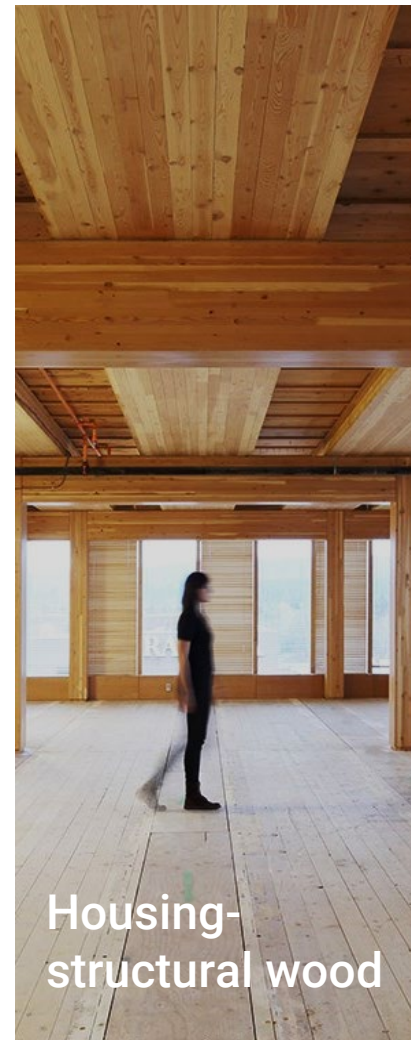
Furnishing



Furnishing



Frames
(doors/windows)



Housing-
structural wood



Housing

CUSTOMERS

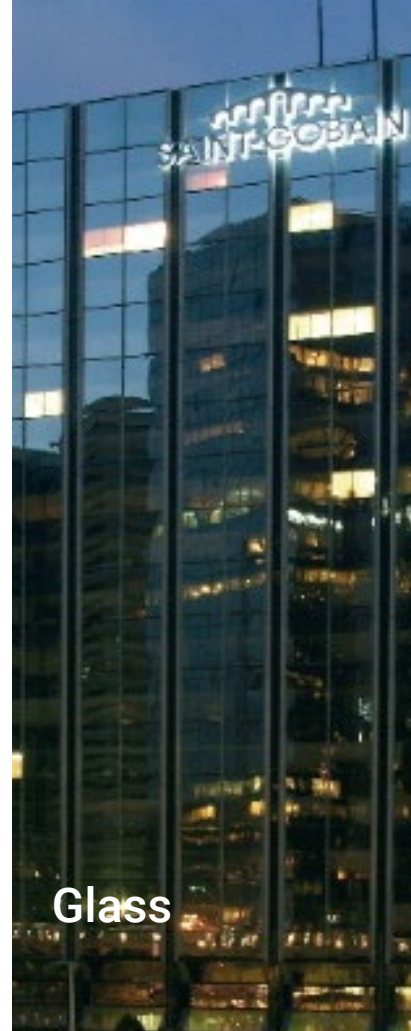
 **BIESSE**GROUP



Office
furniture



Advanced
materials



Glass



Stone-marble



Automotive

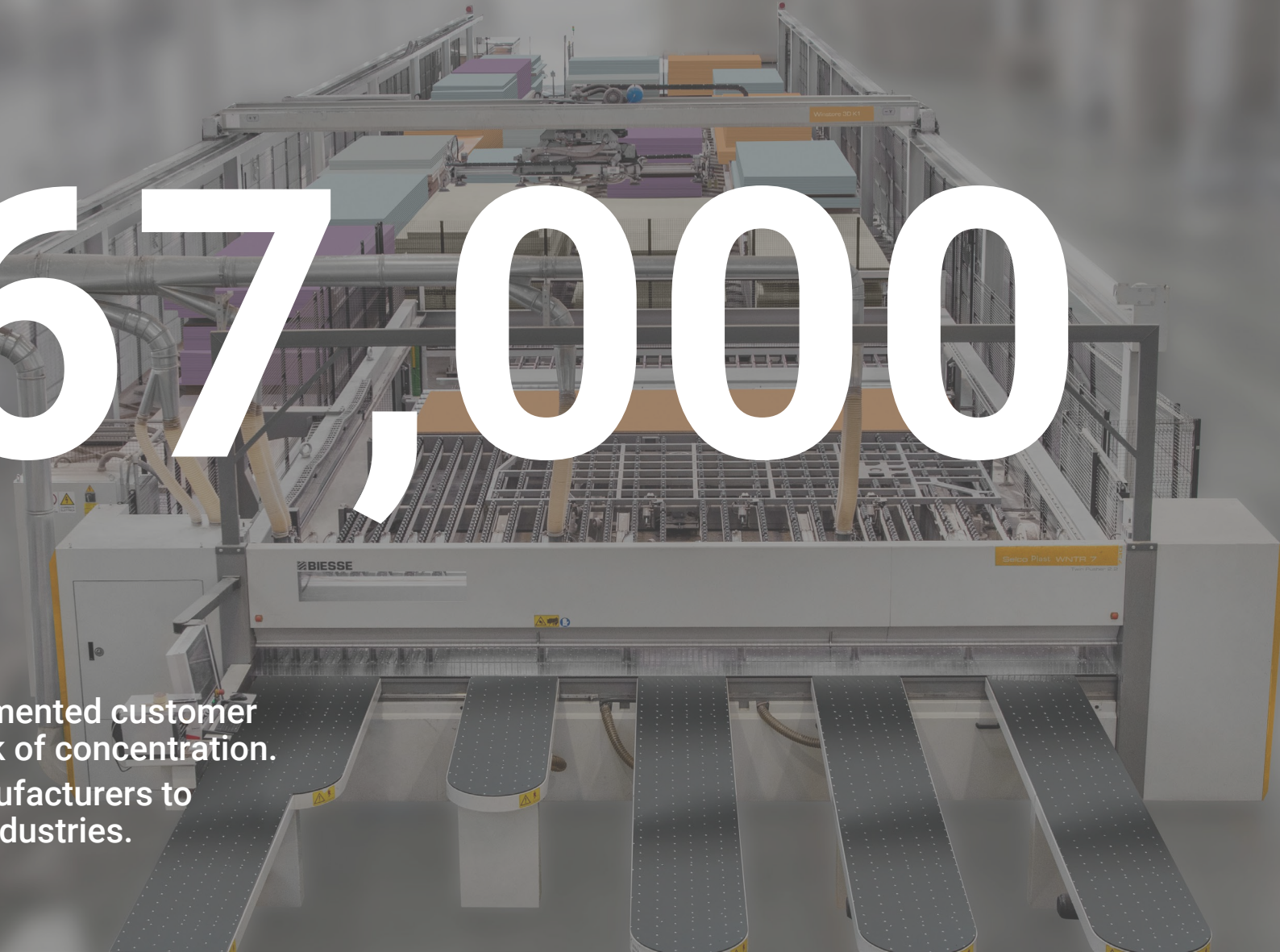


CUSTOMER SALES

 BIESSEGROUP

> 67,000

A wide and fragmented customer base with no risk of concentration.
From small manufacturers to medium/large industries.

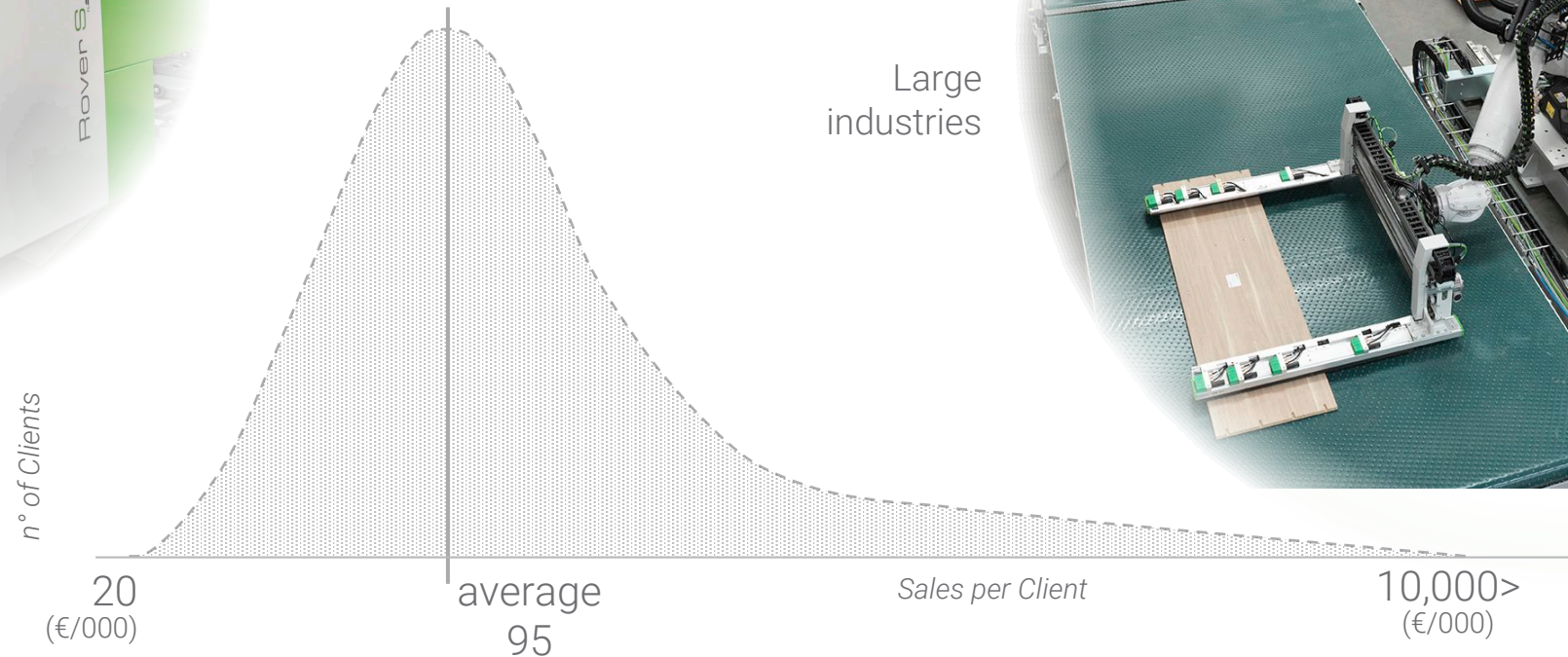


CUSTOMERS

A wide and fragmented
customer base with low
risk of concentration



Small-medium
companies



Large
industries



STRATEGY

RECAP

STRATEGY

In the next 3 years, Biesse's strategy will be focusing on **four main directives**: the strengthening of our offering through Digitalisation and Product Innovation supported by the reorganization of the Company's processes and the extension of our sales network.

Digitalisation

Enable the Smart Factory

- SOPHIA
- Services
- Software

Product Innovation

Enhance Product Offering

- Wood
- Glass & Stone
- Advanced Materials
- Ceramics

One Company

Establish a new operating model

- Consistent management model
- One Leadership
- Shared tools & processes

Network Expansion

Enlarge Global Distribution

- Increase brand awareness through distribution and marketing on **Advanced Materials**
- Leverage existing distribution network for **Structural Wood**
- Dedicated salesforce for the **Metal segment**
- **New subsidiaries** to expand geographical presence

BIESSE SMART FACTORY

THE MARKET EXPECTS

Solutions that allow manufacturing companies of the fourth industrial revolution to evolve technologically, combining human skill and experience with total production automation and interconnectivity.

BIESSE RESPONDS

with advanced technologies and services that can digitalise and automate factories and production processes, optimising all their main assets - whether technological, strategic, organisational or human.

SOPHIA: SMART FACTORY ENABLER

Digital transformation

The use of Artificial Intelligence solutions and IoT technologies enable our clients to remotely activate and manage their manufacturing systems.

Biesse responds to the future

SOPHIA is a central hub of services connected to machines. The future objective is to evolve the platform into a centralised coordinator of services based on Artificial Intelligence.



Predictive Maintenance



Smart Objects



Internet of Things



Machine Learning

"Focus on your work, Sophia takes care of the rest".

SOPHIA RESULTS

>2,000

Connected Machines by
SOPHIA in 2019

>50,000

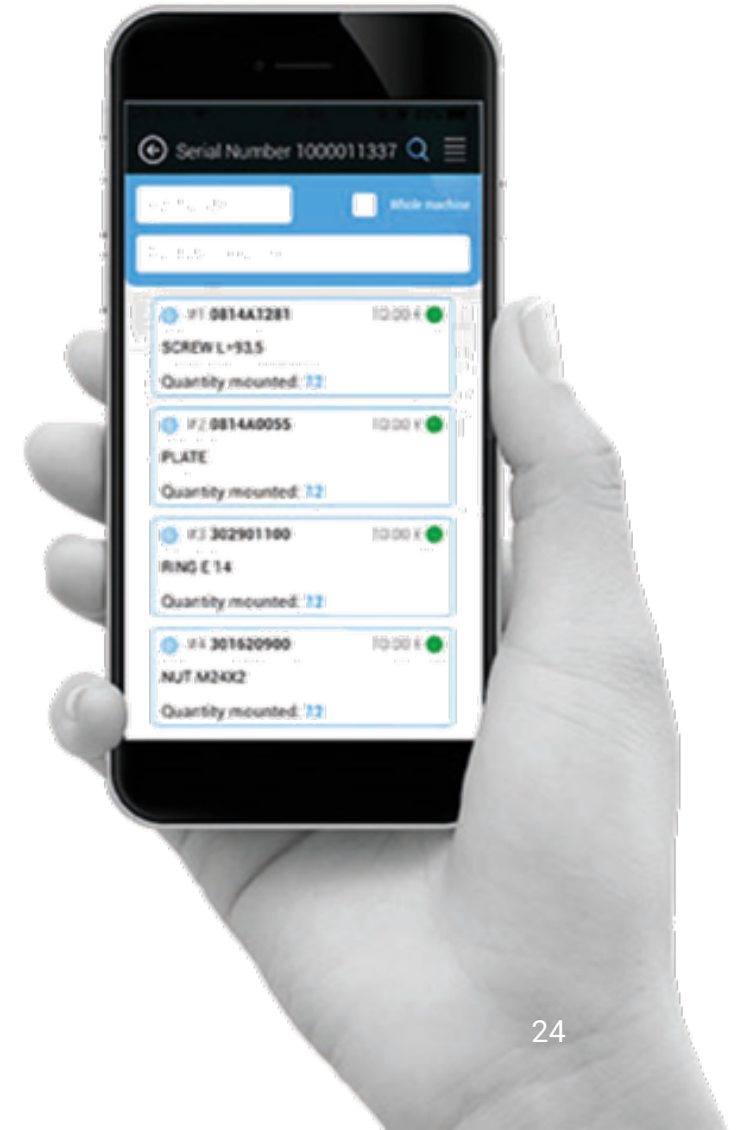
Carts Created on
Parts, the Online and in-app
SOPHIA Marketplace

1 Hour

With SOPHIA the average
response time for a machine
downtime ticket is 1 hour in
80% of cases

90%

of Customers in Italy and 70%
worldwide have renewed the
service



SOPHIA TARGETS

 **BIESSE**GROUP

>50%

Spare Parts order on
SOPHIA Marketplace
(Parts) by 2022

Route to the future

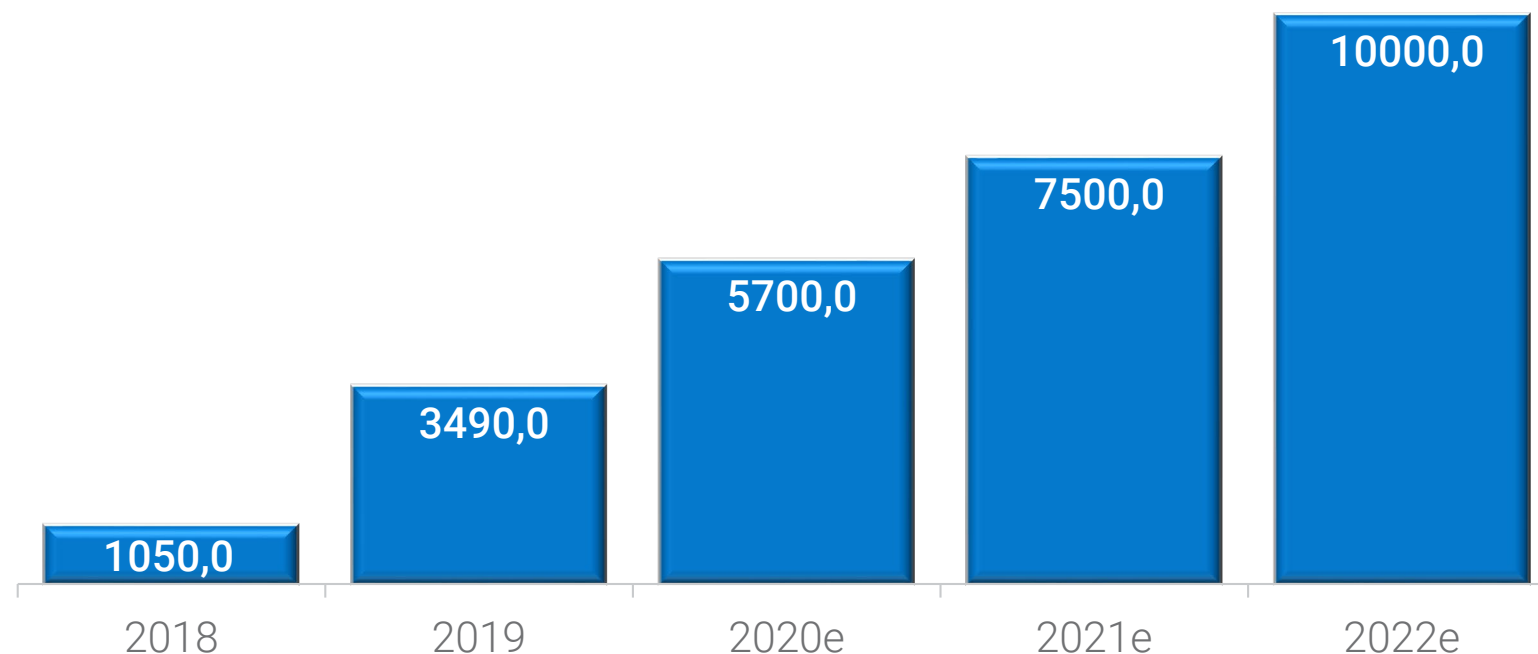
Digital innovation creates the future: an inevitable process, that is yet to be developed in machinery industry.

SOPHIA paves the way for the future of Industry 4.0, starting now.

*Number of **SOPHIA packages** sold with new machines and renewal 2018-2022*

SOPHIA will be in
>10,000

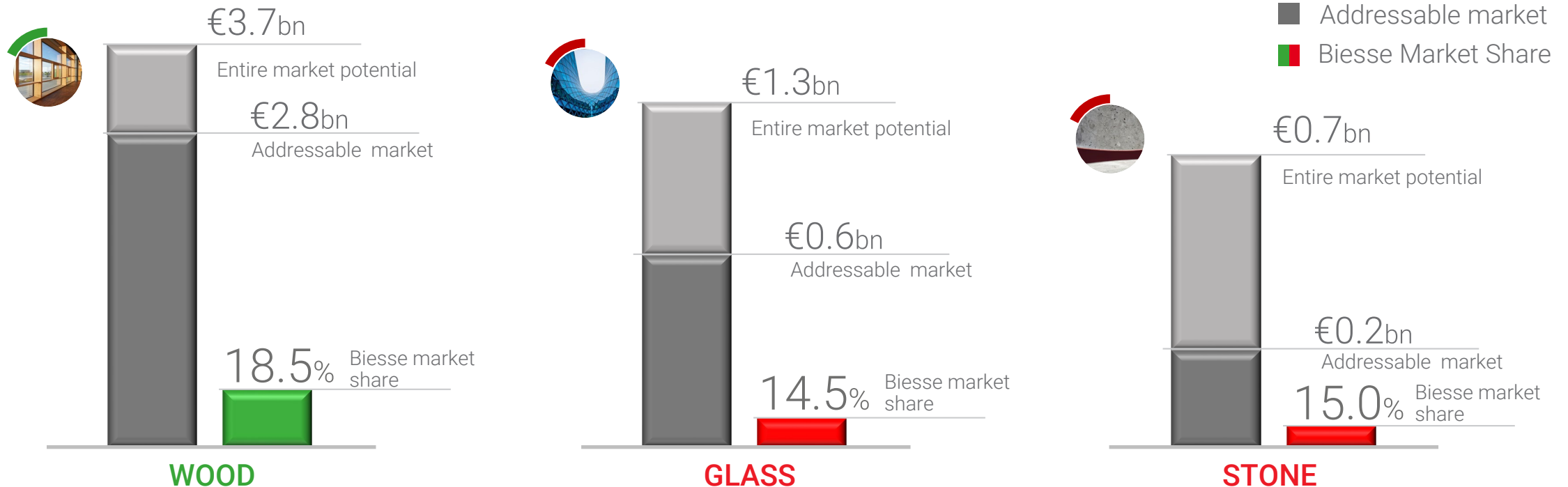
machines sold by 2022 and
make them intelligent.



CORE SEGMENTS MARKET 2019

 **BIESSE**GROUP

We are in leading positions in our reference markets: Wood, Glass, Stone working machines.
We want to consolidate our positioning fostering product innovation



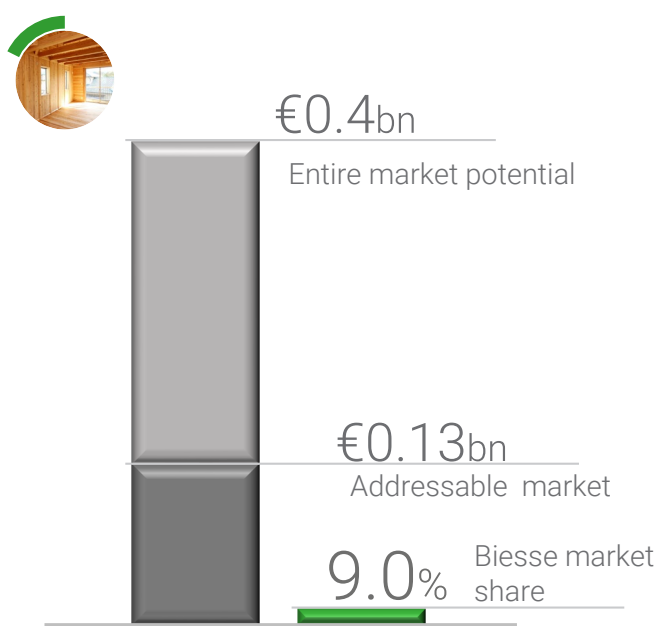
We are in **leading** positions
in the sector.

We are the world **industry leader** in
the glass processing market in which
we operate.

We are the world **industry leader** in
the stone market in which we
operate.

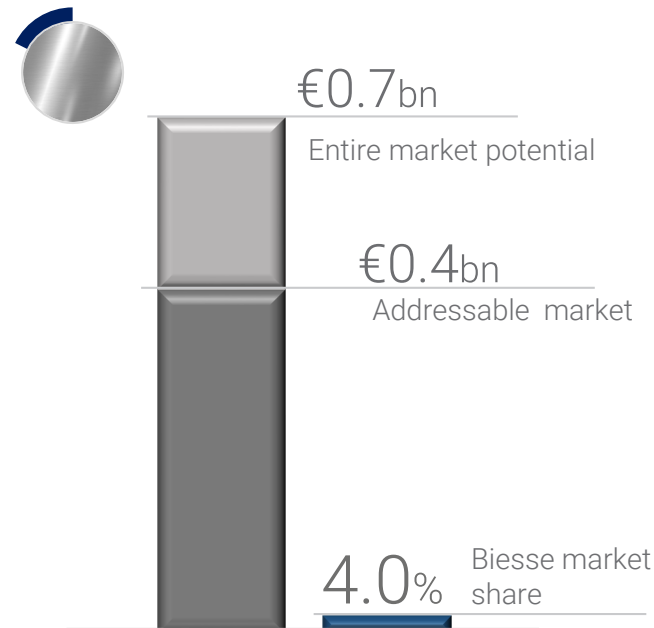
NEW SEGMENTS MARKET 2019

We entered in new market segments, we want to continue to increase our market penetration.



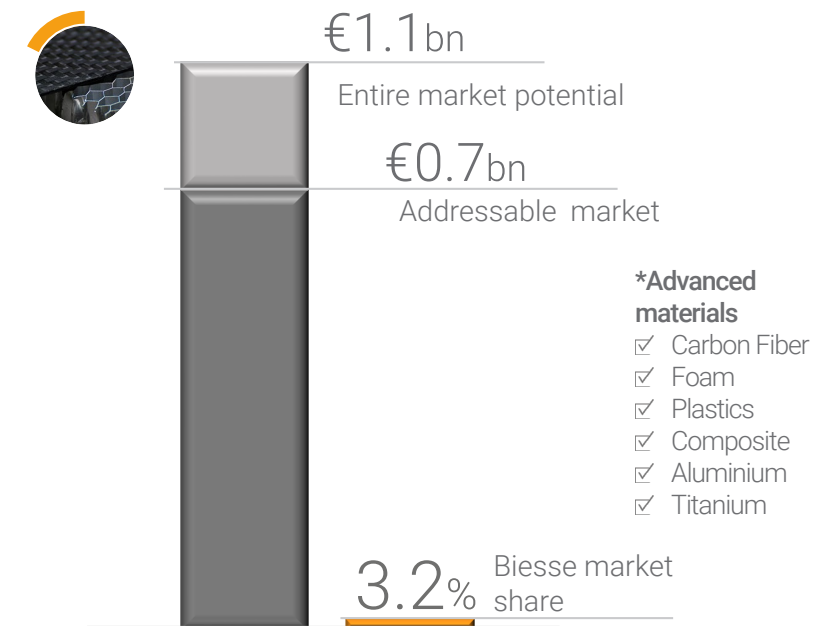
STRUCTURAL WOOD

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



METAL (MECHATRONICS)

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



ADVANCED MATERIALS

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

IH 2020

EXTRACT OF THE P&L

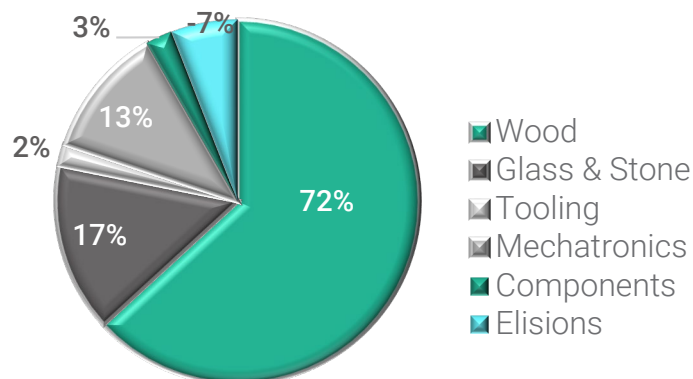
€/mln	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	IH 2019	IH 2020
Net sales <i>year -1</i>	427 +12.9%	519 +21.5%	618 +19.1%	690 +11.6%	741 +7.4%	705.9 -4.8%	344.2	256.7 -25.4%
Cost of goods sold	171 40.1%	206 39.7%	245 39.6%	270 39.1%	295 39.9%	286 40,6%	156.4 45.4%	124.7 48.6%
Labour & Overhead cost	219 51.3%	253 48.7%	301 48.7%	335 48.6%	359 48.5%	350 49.6%	113.1 32.9%	89.9 35.0%
EBITDA %	40 9.3%	64 12.4%	76 12.3%	89 12.9%	93 12.5%	77 10.9%	39.1 11.4%	22.5 8.8%
EBIT* %	25 5.8%	44 8.4%	55 8.9%	64 9.2%	64 8.6%	30* 4.2%	20.1 5.8%	4.4 1.7%

*before non recurring items

SALES BREAKDOWN

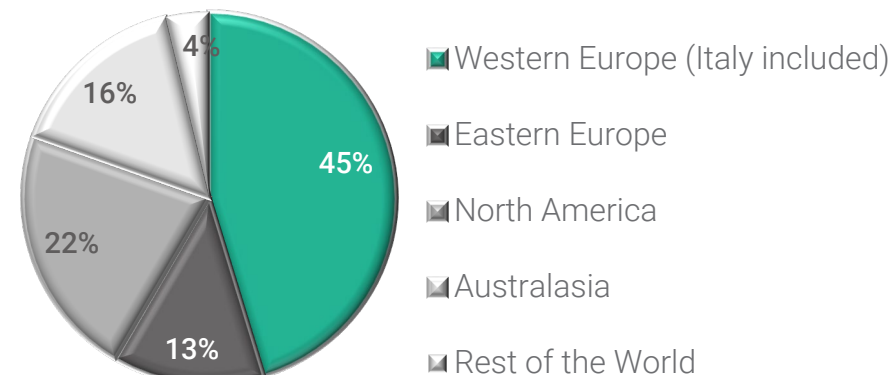
IH 2020

BY DIVISION



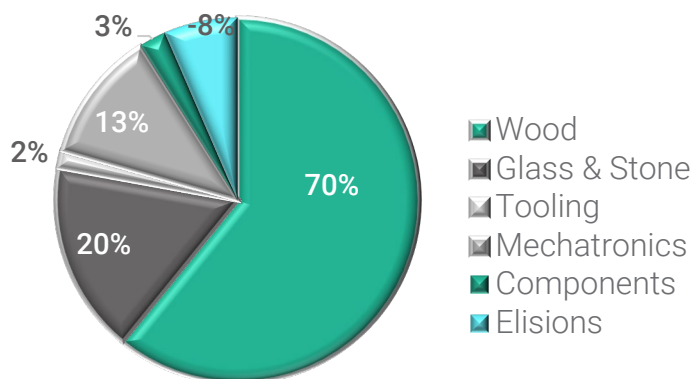
BY GEO-AREAS

Italy 13.4%



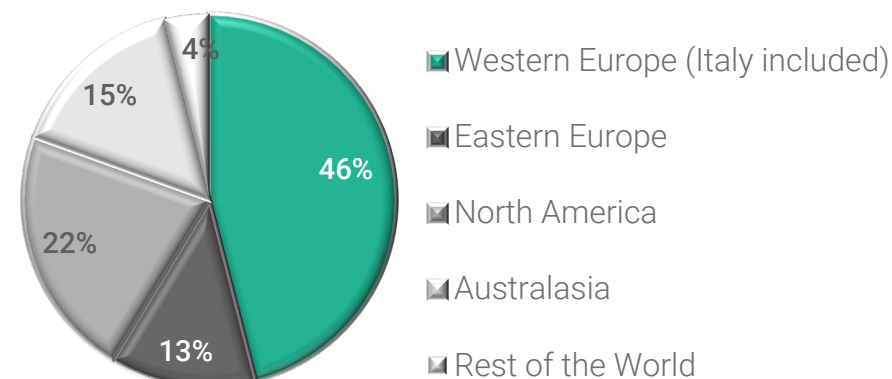
IH 2019

BY DIVISION



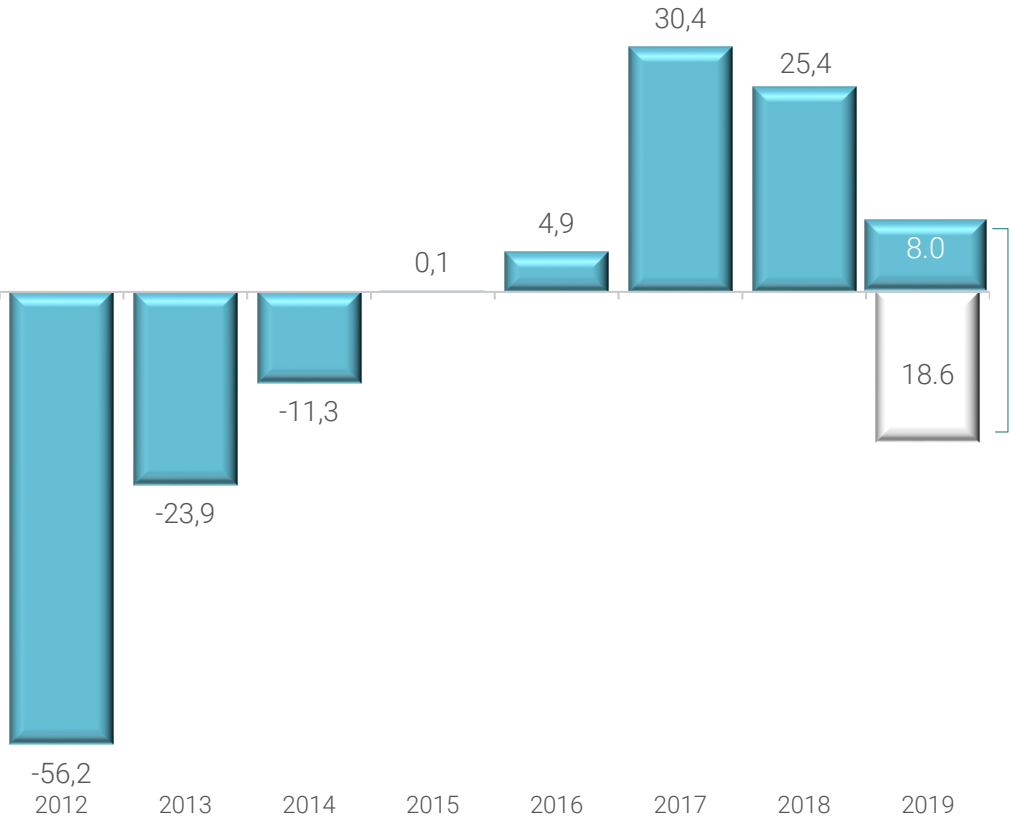
BY GEO-AREAS

Italy 14.1%

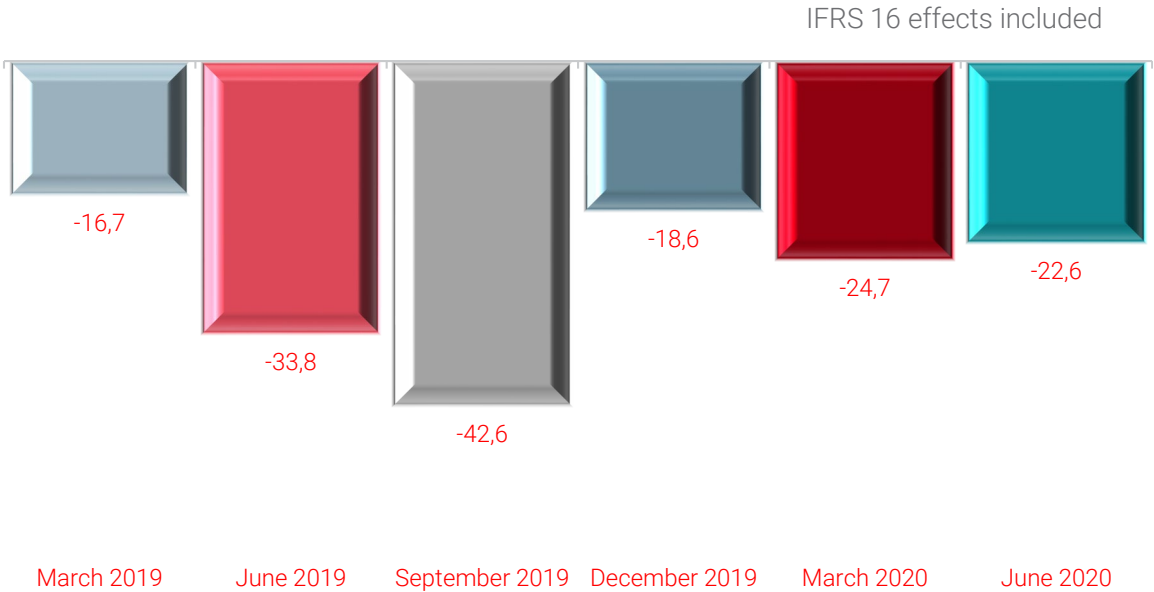


NET DEBT

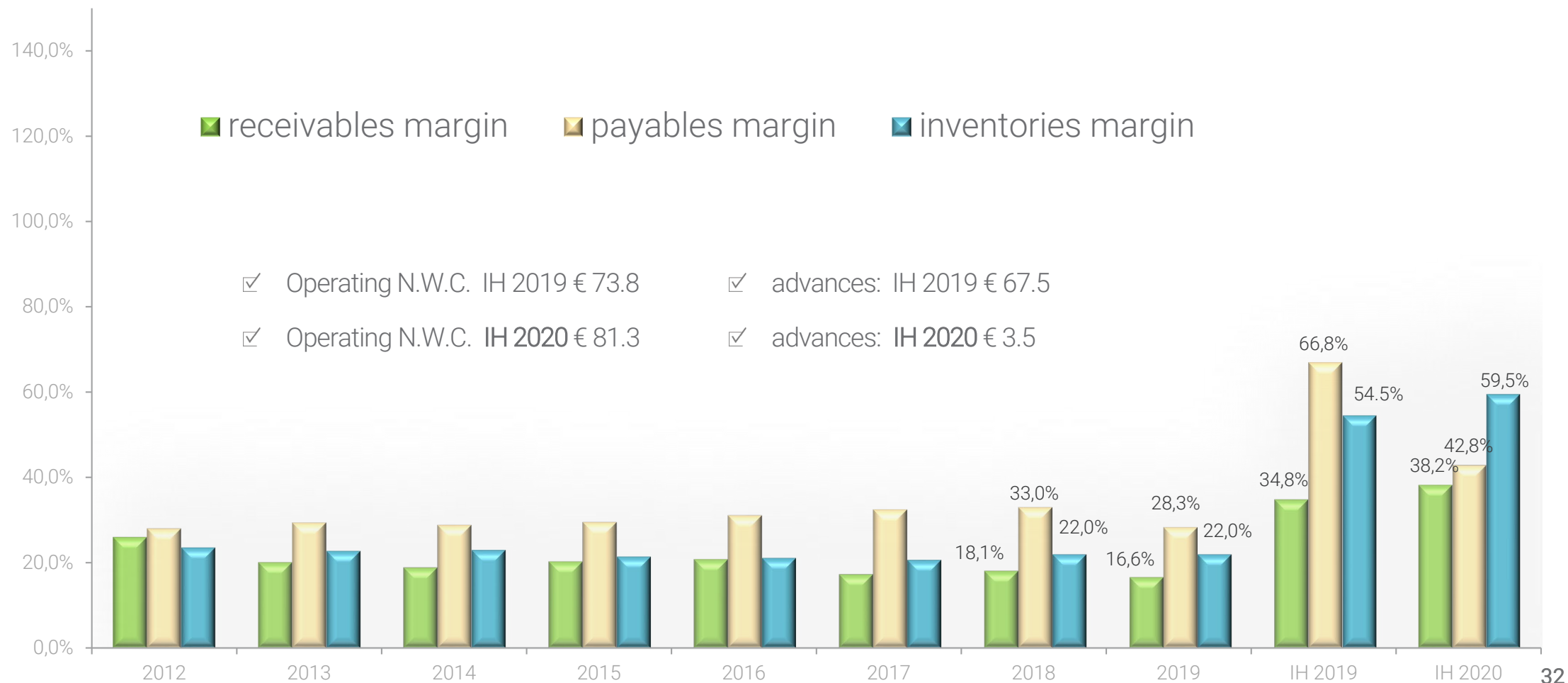
€/mln



-26.6 €/mln
IFRS 16 effects

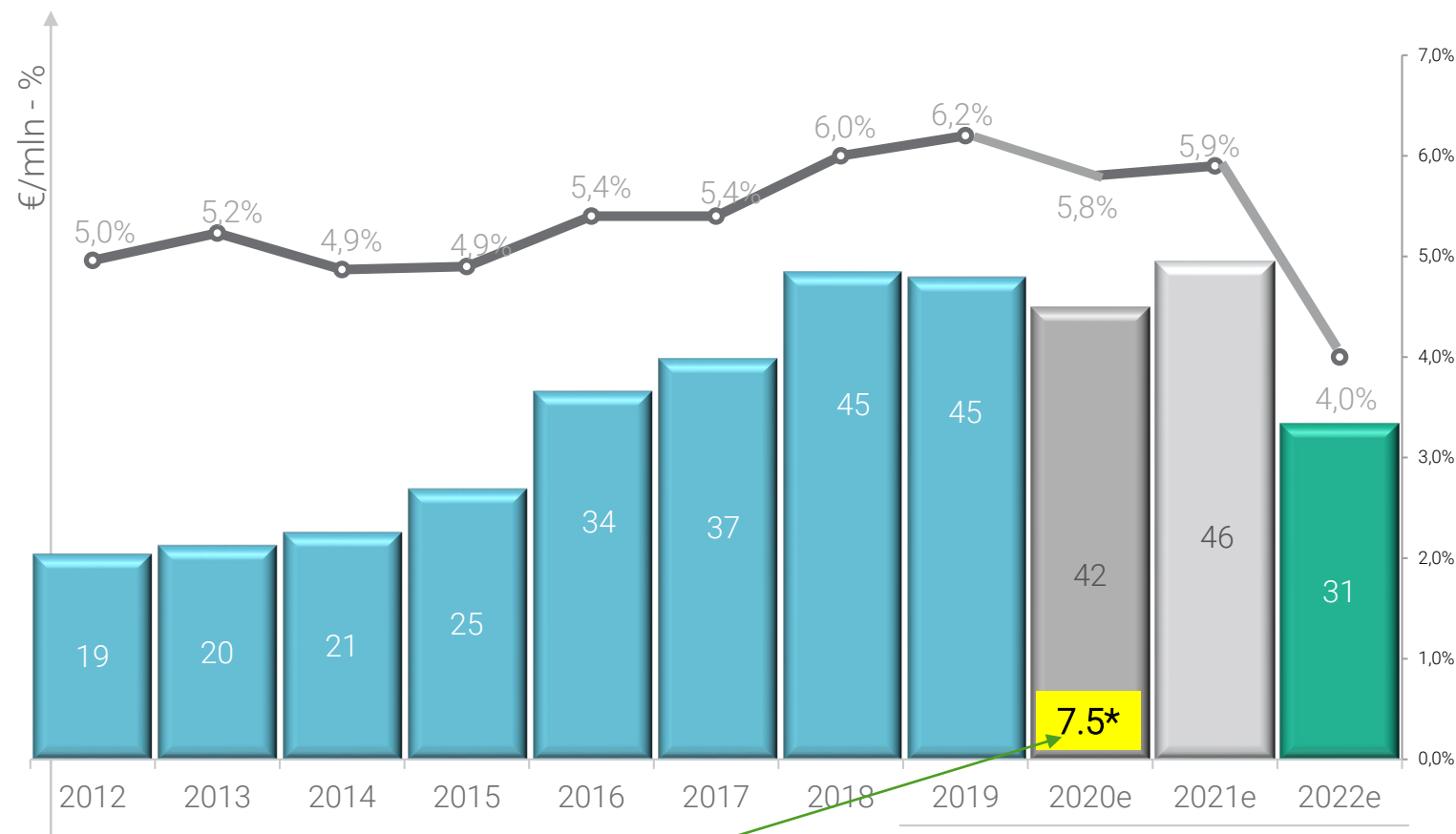


RECEIVABLES PAYABLES INVENTORIES



CAPEX

total capex value total capex % on sales



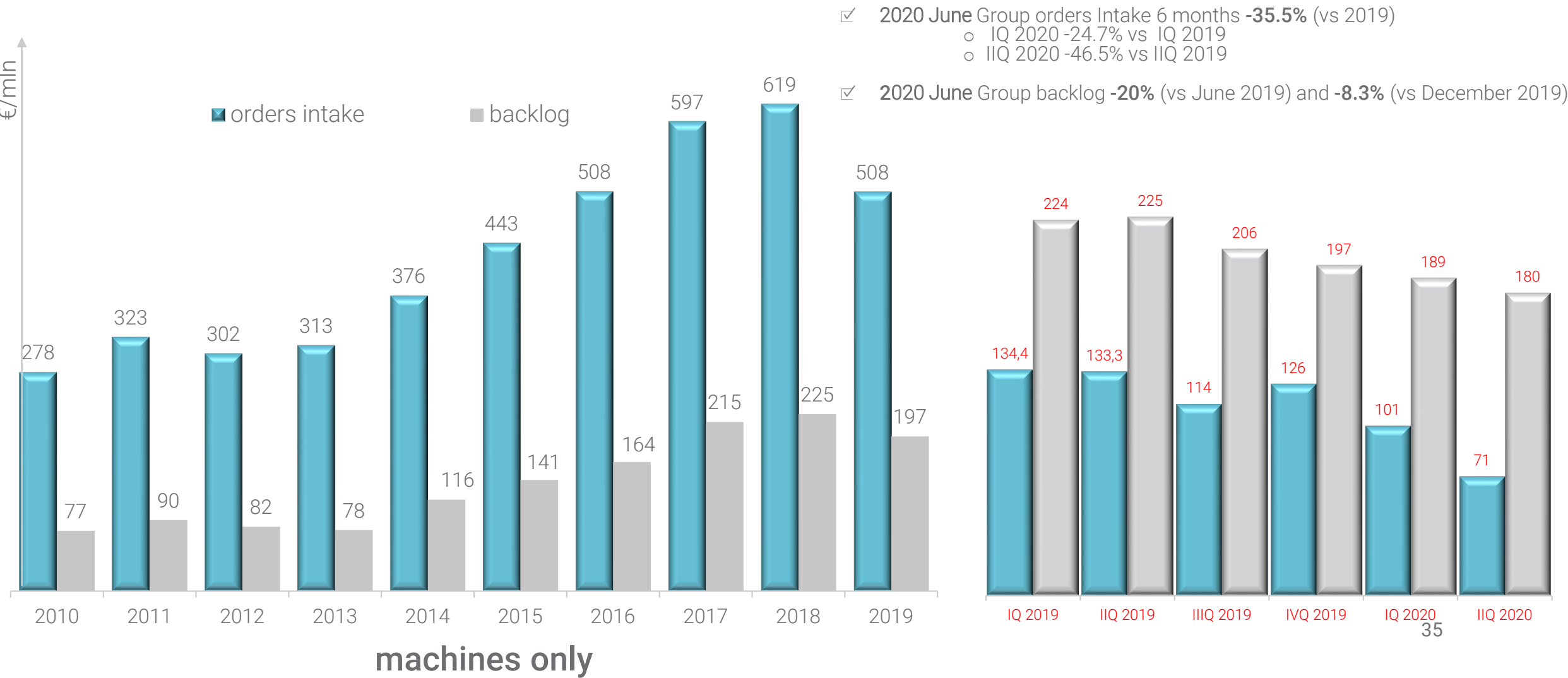
Main investments items in the plan period 2020-2022: (tangible average 55.9%)

- ✓ **Components** Cosmec (mechanical components) new plant and working centers
- ✓ **India** – expansion of the manufacturing plant
- ✓ **Subsidiary** Biesse America campus
- ✓ **Supply chain** – investments in the logistics network
- ✓ **R&D** capitalized
- ✓ Divestment of the **Chinese plant**

* R&D (2.3% of net sales) included

ORDERS INTAKE & BACKLOG

GROUP ORDERS INTAKE & BACKLOG



STAFF DISTRIBUTION

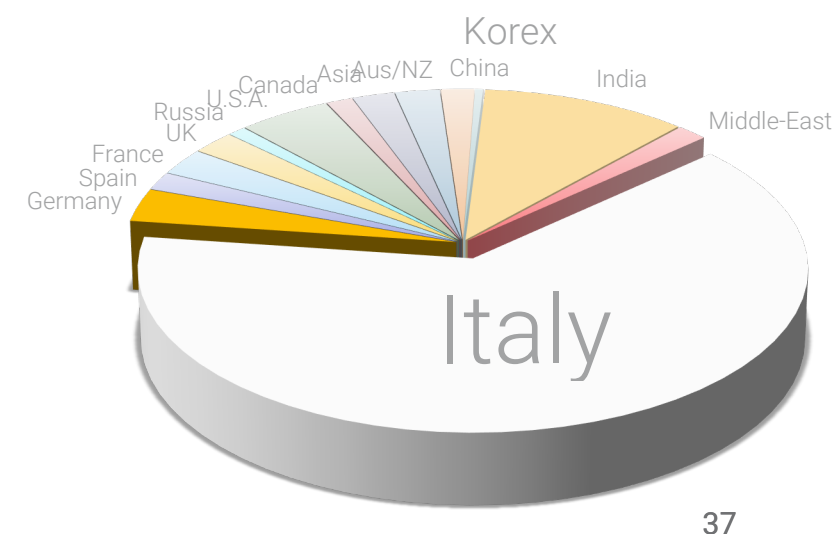
STAFF DISTRIBUTION

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	IH 2020
ITALY % of total people	1,646 59%	1,547 57%	1,605 56%	1,780 56%	2,009 70%	2,176 57%	2,483 59%	2,418 62%	2,420 64%
OUTSIDE ITALY % of total people	1,136 41%	1,148 43%	1,276 44%	1,396 44%	1,609 44%	1,670 43%	1,744 41%	1,509 38%	1,373 36%
TOTAL	2,782	2,695	2,881	3,176	3,618	3,846	4,227	3,927	3,793

interim people at the end of March 2020: 298
Interim people at the end of June 2020: 248

total 4,041
(-4.35% vs March)

	FY 2019	IH 2020	%
Production	1,386	1,295	-6.57%
Service & After Sales	992	989	-0.30%
R&D	482	486	0.83%
Sales & Marketing	685	653	-4.67%
G&A	382	370	-3.14%
ITALY	2,418	2,420	0.08%
OUTSIDE ITALY	1,509	1,373	-9.01%
TOTAL	3,927	3,397	-3.41%



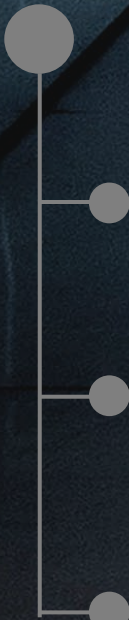
STAFF DISTRIBUTION

(without interim people)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	IH 2020
Production % of total people	1,264 45%	1,175 44%	1,201 42%	1,335 42%	1,482 41%	1,494 39%	1,621 38%	1,386 35%	1,295 34%
Service & After sale % of total people	574 21%	613 22%	628 22%	690 22%	803 22%	894 23%	1,001 24%	992 25%	989 26%
R&D % of total people	338 12%	321 12%	361 13%	383 13%	436 12%	479 12,5%	501 12%	482 12%	486 13%
Sales & Marketing % of total people	364 13%	351 13%	439 15%	495 15%	587 16%	641 17%	715 17%	685 17%	653 17%
G&A % of total people	242 9%	235 9%	252 9%	273 9%	310 8,5%	338 8,8%	389 9%	382 10%	370 10%
ITALY % of total people	1,646 59%	1,547 57%	1,605 56%	1,780 56%	2,009 56%	2,176 56%	2,483 59%	2,418 62%	2,420 64%
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TOTAL	2,782	2,695	2,881	3,176	3,618	3,846	4,227	3,927 -3,4%	3,793

COVID-19 CRISIS

FACE THE CRISIS



Our main goals:

- a) keep safe our people
- b) re-think and re-organize our business model
- c) be ready and reactive for the future changes

FACE THE CRISIS

Our main goals:

- a)
 - ☐ adopt all available health measures to keep safe our people
 - ☐ smart working increase-prolong
 - ☐ constant internal communication
- b)
 - ☐ review the operating activities, adapting our model to the customers request
 - ☐ support and focus the margins, maintaining the liquidity
 - ☐ do not give up / slow down the innovation in technology (R&D investments)
- c)
 - ☐ internal analysis regarding the organizational measures to be taken in respect of the laws (health)
 - ☐ external analysis of any possible impact of the Covid-19, especially for the future development
 - ☐ evaluate all the possible steps to be taken considering our ESG commitment

FACE THE CRISIS

Focus on cost containment:

Labour cost

- ☐ forced collective holidays (residual balance if any)
- ☐ CIGO (temporary lay-off scheme)

Cost cutting

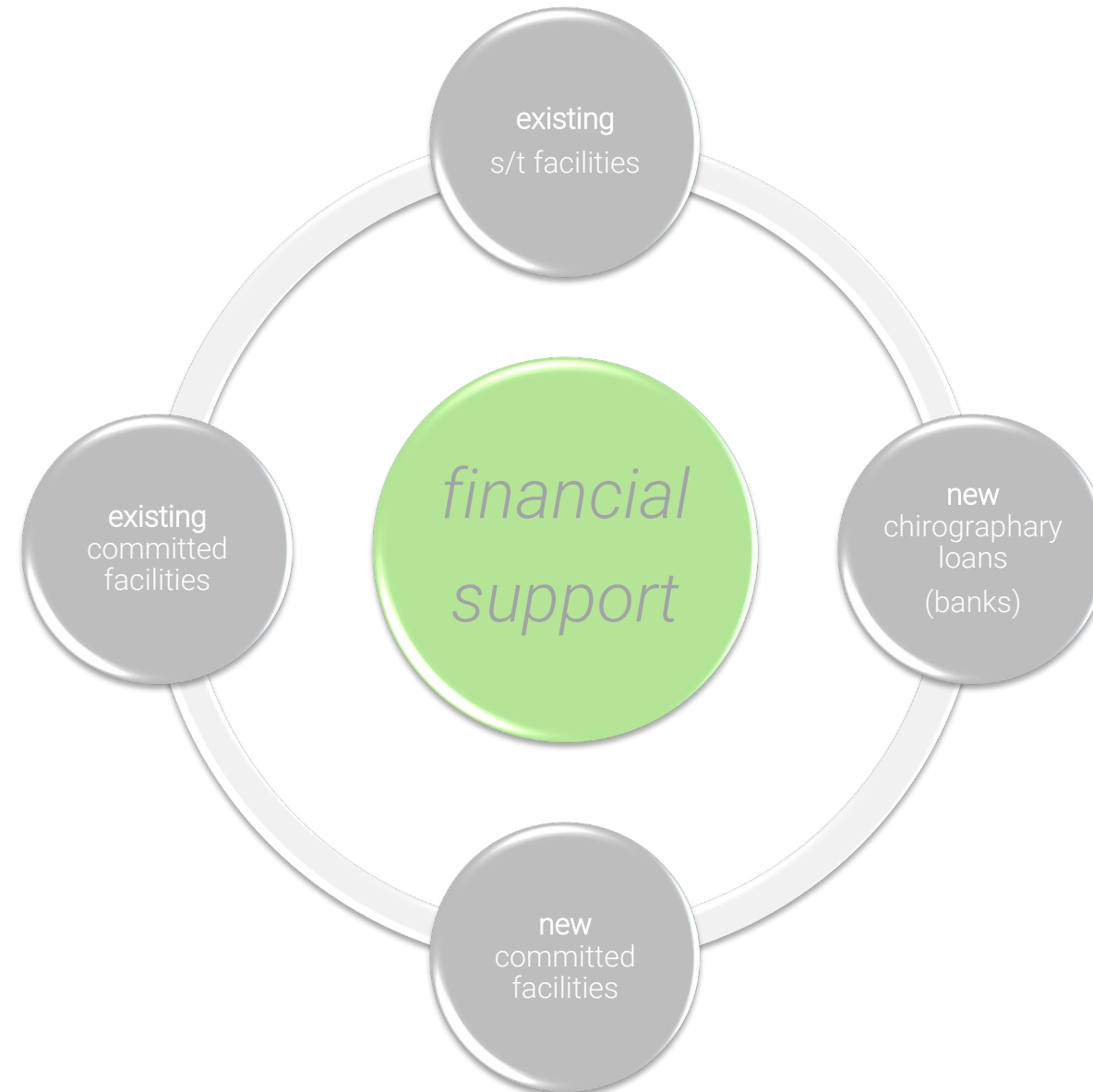
- ☐ travel, exhibitions and marketing costs reduction
- ☐ renegotiation of key contracts (fixed costs)

Investments

- ☐ CAPEX reduction
- ☐ postponement of the NON-Strategic projects

FINANCIAL SUPPORT

FINANCIAL SUPPORT



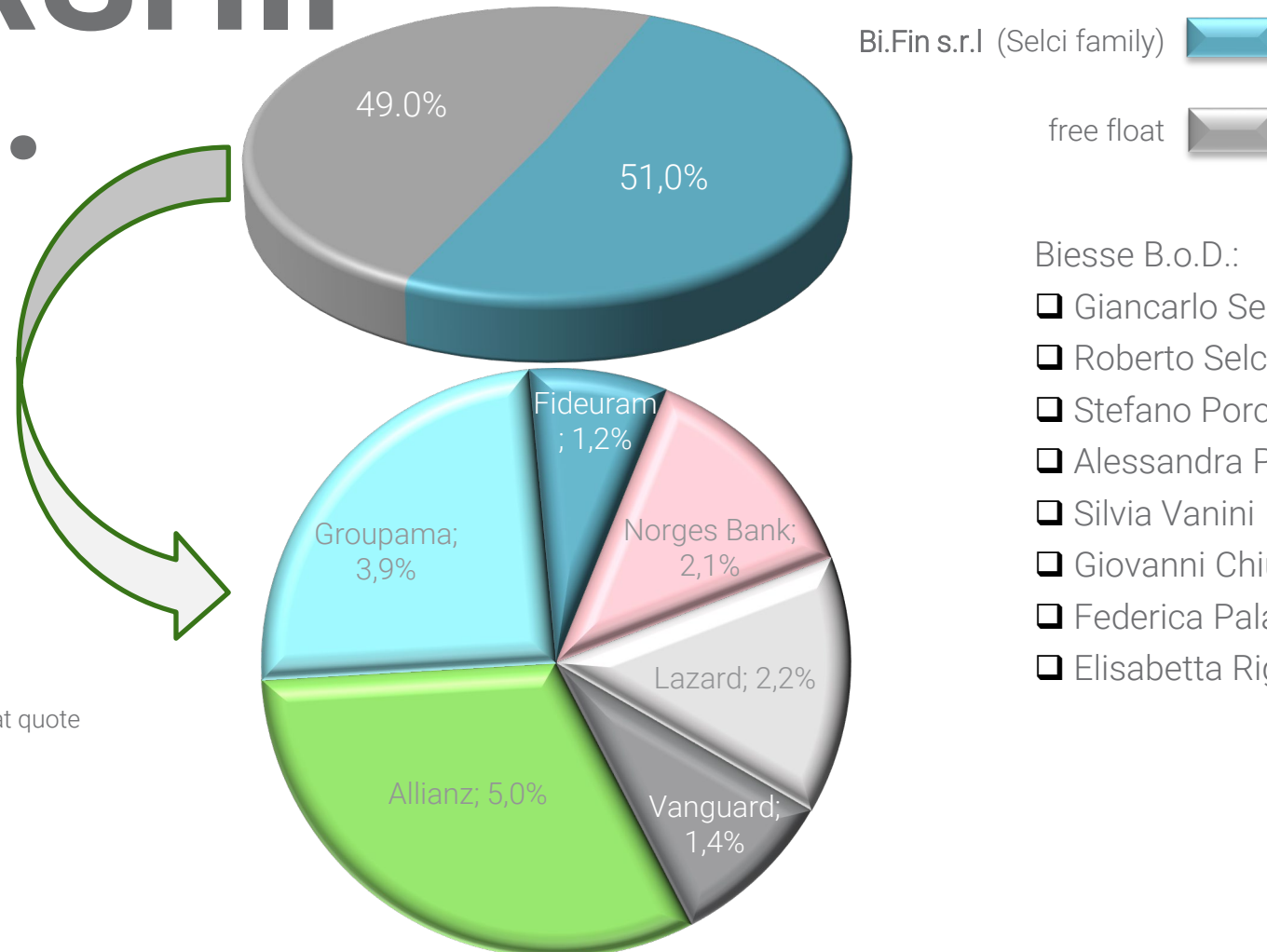
- ✓ confirmed the existing short term facilities
- ✓ confirmed the existing committed facilities
- ✓ obtained new committed facilities (> 24 months)
- ✓ obtained new M/T loans (> 18 months)

SHAREHOLDERS

B.o.D.

SHAREHOLDERS BREAKDOWN BY OWNERSHIP & B.O.D.

 **BIESSE**GROUP



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