Press Release

Biesse approves Quarterly report to

30 September 2014

Highlights for first 9 months of 2014:

✓ Order intake - backlog – consolidated revenues:
double digit growth

- order intake for nine month period +20% compared to September 2013
- backlog +33.2% compared to September 2013
- consolidated revenues +12.7% compared to September 2013

✓ profitability:
improvement in all indicators of profitability

- value added +16.9% compared to September 2013
- ebitda +43.3% compared to September 2013
- ebit +84.1% compared to September 2013

✓ net profit :
Group result tripled

- increase of Euro 4.7 million compared to September 2013

✓ net debt:
drastic reduction in net debt

- down by Euro 22.0 million compared to September 2013

(values in Euro million)	III Q 2014	9 months 2014
• Consolidated Revenues	101.6	302.7
• Value Added	40.5	120.4
As % of revenues	(39.9%)	(39.8%)
• EBITDA	10,6	27,5
As % of revenues	(10.4%)	(9.1%)
• EBIT	6,5	16,2
As % of revenues	(6.4%)	(5.3%)
• Net Debt	28.3	

Pesaro, 14 November 2014 - The Board of Directors Biesse S.p.A. – a company listed in the STAR segment of the Italian stock exchange - has today approved the Financial report for the 3rd Quarter of 2013 and examined the results for the nine month period to 30 September 2014.

Results

The results for the Biesse Group for the period 1/7/14 – 30/9/14 are as follows:

- Net consolidated revenues of EURO 101.6 million*(+15.1% compared with the same period of 2013)*
- Value added of EURO 40.5 million *(+20.5% compared with the same period of 2013)* representing a margin on revenues of 39.9% (38.1% in 2013)
- Gross operating margin *(EBITDA)* EURO 10.6 million *(+38.3% compared with the same period of 2013)* representing a margin on revenues of 10.4% (8.7% in 2013)
- Operating result *(EBIT)* EURO 6.5 million *(+77.9% compared with the same period of 2013)* representing a margin on revenues of 6.4% (4.1% in 2013)
- Pre-tax result EURO 5.4 million *(+148.7% compared with the same period of 2013)* representing a margin on revenues of 5.3% (2.5% in 2013)
- Net profit of EURO 2.7 million *(EURO 0.8 million in the same period of 2013)* representing a margin on revenues of 2.7% (0.9% in 2013)

Consequently the results for the nine months to 30 September 2014 are as follows :

- Net consolidated revenues of EURO 302.7 million *(+12.7% compared with the same period of 2013)*
- Value added of EURO 120.4 million *(+16.9% compared with the same period of 2013)* representing a margin on revenues of 39.8% (38.4% in 2013)
- Gross operating margin *(EBITDA)* EURO 27.5 million *(+43.3% compared with the same period of 2013)* representing a margin on revenues of 9.1% (7.2% in 2013)
- Operating result *(EBIT)* EURO 16.2 million *(+84.1% compared with the same period of 2013)* representing a margin on revenues of 5.3 % (3.3% in 2013)

- Pre-tax result EURO 13.9 million *(+133.5% compared with the same period of 2013)* representing a margin on revenues of 4.6% (2.2% in 2013)
- Net profit of EURO 6.7 million *(EURO 1.9 million in the same period of 2013)* representing a margin on revenues of 2.2% (0.7% in 2013)

Net Financial Position and Balance sheet Data

Group Net Debt at 30 September 2014 was EURO 28.3 million, a significant improvement *(EURO 22.0 milion)* compared with the same period of 2013. Total cash flow management in the first 9 months of the current year – net of dividend payment *(EURO 4.8 million)* and disbursements for extraordinary activities *(EURO 3,7 million)*- generated cash flow of EURO 4.1 million. Group gearing at 30 September 2014 was 0.24 compared to 0.46 at September2013.

Net Invested Capital EURO 145.5 million – Net Equity EURO 117.1 million – Net Operating Working Capital EURO 63.4 million.

Net Operating Working Capital improved by Euro 12.9 million compared with the same period of 2013 particularly due to a reduction in trade receivables *(EURO 76.7 million in absolute terms at 30/9/14 representing a percentage of revenues of 25.3% compared to 28.4% at September 2013)* and also perceived with a reduction in the average of payment days *(DSO 60).*

Breakdown of revenues

The breakdown of consolidated revenues by geographical area reveals growth in Western Europe (+17.6% compared to the same period of 2013 - representing 28.8% of total sales) relating to contingent factors *(U.K. orders)* and to specific factors associated with the increasing quality of products *made in Biesse*. The domestic market, Italy, accounts for a stable proportion of consolidated revenues (10.2% of total sales) although the impact of any potential positive impact of incentives approved or under way have still yet to be felt. There was a substantial improvement in the volume of Biesse Group sales generated in North America *(+18.8%)*, in Eastern Europe *(+28%)* and in Asia-Australasia *(+8,3%)* compared to that reported for the first nine months of 2013.
The only market to show signs of slow down was South America (mainly Brazil) where Biesse's results did not match the ones achieved in the rest of the world. In the period ended 30 September 2014, Biesse generated 13.7% of its consolidated revenues in the so-called B.R.I.C. regions (Brazil-Russia-India-China) which was in line with the result for the period to end-June 2014.
The divisional breakdown reveals that the Wood sector accounted for the majority of total revenues *(72.0%)* ahead of the Glass/Stone and Mechatronics contributions even though the latter is in a strong growth phase.

Orders

At 30 September 2014 the aggregate Group order inflow rose by more than 20% compared to the first 9 months of the previous year, while in the third quarter of 2014 alone the order intake rose by 17.3% compared to the same period of the previous year. The Group's order intake for the first nine months of the year was 30% higher than it was in the same period of 2012.

The Group's backlog at end - September 2014 amounted to EURO 108.2 million *(+33.2% compared to September 2013 and +39.2% compared to end- 2013).*

The geographical breakdown of order intake – as well as that of the order portfolio – reflects the geographical breakdown of revenues confirming the continued improvement in demand in the Asia-Australasia and North

American markets.

Market

UCIMU - the Italian machine tools producers' trade association – reports a 7.8% increase in orders in the third quarter 2014 compared with the same period of the previous year, with a moderately positive outlook for the domestic market despite continuing difficulties in finding adequate financial backing to support capital investment *(cumulative annual index 86.7).* There was a notable rebound in domestic orders *(+19.1%)* which outperformed non-domestic orders *(+5.3%)* in avance of the positive impact of laws introduced in support of the sector (*e.g. Sabatini Laws*) which hopefully fall within the remit of the Stability Pact.

The latest press release issued by the Italian woodworking machinery and tools manufacturers' trade association, ACIMALL for the IIIrd quarter 2014 indicates a total increase in orders of 11.3% largely supported by foreign orders *(11.8%)* compared to domestic orders *(9.0%)*. The association's member companies' expectations for the immediate future are positive overall although there is still some uncertainty about the Italian market. Current values on a historical basis (*Italy and abroad*) remain lower than the average recorded in the preceding decade, with the order intake index equal to 71 (*reference base 100)* stable in non-expansionary area. A confidence indicator reflecting the aforementioned data shows that the average level obtained remains positive although the outlook for the Italian market remains weak.

According to VDMA *(the German mechanical engineering trade association)* the aggregate data to 30 September 2014 indicate a net increase in order intake of 24% and, while this data is only a partial indicator of the outlook for the wood-working machinery sector, the result is positive, particularly for the export sector. In the third quarter 2014 alone, the VDMA identified a 5% recovery in demand compared with the same period of 2013, while it expects growth of about 2% expected growth for 2015 is about 2% in confirmation of the extent to which positive expectations for the sector may be influenced by international economic and political uncertainties.

Events

The more than positive results achieved by Biesse's Wood division in the important trade fairs in Brisbane (Australia) and IWF of Atlanta (U.S.A.) are augmented by the favourable response to the *bInside* event held in Pesaro in October in the newly dedicated *concept space*. This internationally recognised exhibition achieved very significant results both in terms of participation *(2,500 visitors/clients from around the world)* and in terms of order intake. (*for further info* see http://www.biesse.com/it/it/binside)

At the end of the 3rd quarter, almost three years since the signing of the agreement to acquire the Centre Gain (China) Group, Biesse has increased to 100% its interest in the subsidiary Biesse Hong Kong Ltd (*from an initial 70%).* This acquisition is the confirmation of Biesse's commitment to an extremely significant geographical area in terms of size and potential. Biesse will therefore now be able to manage exclusively and directly its own production and commercial activities in China.

Forecast

In view of the results achieved to date and the macro-economic outlook, the updated forecast for the current year is as follows:

consolidated revenues: range EURO 415-420 million

ebitda: range EURO 40 – 41 million

ebit: range EURO 25 – 26 million

net debt: range EURO 22-25 million

Following the board meeting, Mr Stefano Porcellini*, the Chief Executive Officer of Biesse, stated: "The results for the first nine months of the year are definetely positive; over the past 18 months we have boldly invested in growth, - despite continuing market uncertainty – and the results have arrived. We are confident in our ability to achieve similarly impressive results for the full year 2014, and remaining faithful to the promises we made to our Shareholders and our employees too who, for several months now, have returned to their positions without further recourse to the social lay-off protected procedures."*

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

The Biesse Group operates in the market for machinery and systems for working wood, glass, marble and stone. Founded in Pesaro in 1969 by Giancarlo Selci, Biesse S.p.A. has been listed on the STAR sector of Borsa Italiana since June 2001.

The Company offers modular solutions from the design of turnkey plants for large furniture manufacturers to individual automatic machines and work stations for small and medium enterprises and the design and distribution of individual highly technological components.

As a result of its attention to research and innovation, Biesse can develop modular products and solutions capable of responding to a vast range of requirements from clients.

A multinational company, the Biesse Group distributes its products through a network of subsidiaries and associates located in strategic markets.

The 30 directly controlled subsidiaries guarantee specialized after-sales assistance to clients whilst at the same time carrying out market research in order to develop new products. The Biesse Group has more than 2,860 employees in its main production sites in Pesaro, Alzate Brianza, Bangalore, Dongguan and its associates/branch offices in Europe, North America, Latin America, the Middle and Far East Asia and Australasia. The Group also has no fewer than 300 resellers and agents enabling it to cover more than 100 countries.

FINANCIAL STATEMENTS

Income statement for the III quarter 2014

Euro 000's	3Q 2014	% on sales	3Q 2013	% on sales	CHANGE %
Revenue from sales and services	**101,581**	**100.0%**	**88,250**	**100.0%**	**15.1%**
Change in inventories, wip, semi-finished and finished goods	(934)	(0.9)%	(3,670)	(4.2)%	(74.6)%
Other revenue	296	0.3%	755	0.9%	(60.8)%
Revenue	**100,943**	**99.4%**	**85,334**	**96.7%**	**18.3%**
Consumption of raw materials, consumables, supplies and goods	(39,740)	(39.1)%	(32,706)	(37.1)%	21.5%
Other operating expense	(20,659)	(20.3)%	(18,979)	(21.5)%	8.8%
Added Value	**40,545**	**39.9%**	**33,650**	**38.1%**	**20.5%**
Personnel expense	(29,966)	(29.5)%	(25,999)	(29.5)%	15.3%
Gross Operating profit	**10,579**	**10.4%**	**7,650**	**8.7%**	**38.3%**
Depreciation and amortisation	(3,280)	(3.2)%	(3,484)	(3.9)%	(5.9)%
Provisions	(569)	(0.6)%	(550)	(0.6)%	3.4%
Normalised Operating profit	**6,729**	**6.6%**	**3,616**	**4.1%**	**86.1%**
Impairment losses and non recurring items	(260)	(0.3)%	20	0.0%	-
Operating profit	**6,469**	**6.4%**	**3,636**	**4.1%**	**77.9%**
Net finance expense	(404)	(0.4)%	(855)	(1.0)%	(52.7)%
Net exchange rate losses	(656)	(0.6)%	(606)	(0.7)%	8.2%
Pre-tax profit	**5,409**	**5.3%**	**2,175**	**2.5%**	**148.7%**
Income taxes	(2,681)	(2.6)%	(1,363)	(1.5)%	96.6%
Profit for the period	**2,728**	**2.7%**	**811**	**0.9%**	-

Income Statement for the period ended 30 September 2014

	September 2014	% on sales	September 2013	% on sales	CHANGE %
Euro 000's					
Revenue from sales and services	**302,707**	**100.0%**	**268,501**	**100.0%**	**12.7%**
Change in inventories, wip, semi-finished and finished goods	6,497	2.1%	3,238	1.2%	100.6%
Other revenue	1,037	0.3%	2,130	0.8%	(51.3)%
Revenue	**310,242**	**102.5%**	**273,869**	**102.0%**	**13.3%**
Consumption of raw materials, consumables, supplies and goods	(126,210)	(41.7)%	(111,661)	(41.6)%	13.0%
Other operating expense	(63,647)	(21.0)%	(59,184)	(22.0)%	7.5%
Added Value	**120,385**	**39.8%**	**103,024**	**38.4%**	**16.9%**
Personnel expense	(92,845)	(30.7)%	(83,799)	(31.2)%	10.8%
Gross Operating profit	**27,540**	**9.1%**	**19,225**	**7.2%**	**43.3%**
Depreciation and amortisation	(9,640)	(3.2)%	(9,985)	(3.7)%	(3.5)%
Provisions	(1,304)	(0.4)%	(689)	(0.3)%	89.4%
Normalised Operating profit	**16,596**	**5.5%**	**8,551**	**3.2%**	**94.1%**
Impairment losses and non recurring items	(428)	(0.1)%	234	0.1%	-
Operating profit	**16,168**	**5.3%**	**8,784**	**3.3%**	**84.1%**
Net finance expense	(1,227)	(0.4)%	(2,079)	(0.8)%	(41.0)%
Net exchange rate losses	(1,030)	(0.3)%	(747)	(0.3)%	37.9%
Pre-tax profit	**13,912**	**4.6%**	**5,959**	**2.2%**	**133.5%**
Income taxes	(7,246)	(2.4)%	(3,986)	(1.5)%	81.8%
Profit for the period	**6,665**	**2.2%**	**1,973**	**0.7%**	-

Net financial position at 30 September 2014

	30 September 2014	30 June 2014	31 March 2014	31 December 2013	30 September 2013
Euro 000's					
Financial assets:	29,913	29,359	27,975	36,099	24,605
Current financial assets	*1,095*	*1,044*	*1,039*	*949*	*949*
Cash and cash equivalents	*28,818*	*28,315*	*26,936*	*35,151*	*23,657*
Short term finance lease payables	(297)	(293)	(452)	(285)	(281)
Short term bank loans and borrowings and loans from other financial backers	(29,673)	(28,816)	(41,587)	(44,599)	(50,226)
Short-Term Net Financial Position	**(58)**	**250**	**(14,065)**	**(8,785)**	**(25,902)**
Medium/Long-term finance lease payables	(1,736)	(1,812)	(2,121)	(1,960)	(2,033)
Medium/Long-term bank loans and borrowings	(26,520)	(26,998)	(16,936)	(13,191)	(22,435)
Medium/Long-term Net Financial Indebtedness	**(28,256)**	**(28,810)**	**(19,057)**	**(15,151)**	**(24,468)**
Total Net Financial Indebtedness	**(28,313)**	**(28,560)**	**(33,122)**	**(23,936)**	**(50,370)**

Summary balance sheet data

	30 September 2014	31 December 2013	30 September 2013
Euro 000's			
Intangible assets	51,195	47,899	47,699
Property, plant and equipment	61,759	61,086	57,980
Financial assets	1,443	973	946
Non current assets	**114,397**	**109,958**	**106,625**
Inventories	103,762	86,273	93,550
Trade receivables	76,758	76,231	83,859
Trade payables	(117,120)	(111,102)	(101,086)
Net Operating Working Capital	**63,400**	**51,403**	**76,323**
Post-employment benefits	(13,619)	(12,795)	(12,928)
Provision for risk and charges	(9,544)	(8,975)	(10,161)
Other net payables	(20,726)	(16,547)	(16,811)
Net deferred tax assets	11,565	13,987	16,671
Other net liabilities	**(32,324)**	**(24,331)**	**(23,229)**
Net Invested Capital	**145,474**	**137,030**	**159,719**
Share capital	27,393	27,393	27,393
Profit/loss for the previous year/period and other reserves	82,938	79,077	79,768
Profit for the period	6,637	6,435	1,980
Non-controlling interests	193	190	209
Equity	**117,160**	**113,094**	**109,349**
Bank loans and borrowings and loans from other financial backers	58,226	60,035	74,975
Other financial assets	(1,095)	(949)	(949)
Cash and cash equivalents	(28,818)	(35,151)	(23,657)
Net financial indebtedness	**28,313**	**23,936**	**50,370**
Total sources of funding	**145,474**	**137,030**	**159,719**

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