# Innovation is our driving force

BIESSE GROUP

Quarterly report

at 31 March 2015

# Innovation is our driving force

**Innovation is the driving force for the way we do business, continuously striving for excellence to support our customers' competitiveness.**

We innovate to produce the most widely-sold processing centres at a global level.

We innovate to introduce new technology standards to the market.

We innovate to design production lines and systems for large enterprises.

We innovate to develop solutions and software programs to facilitate our customers' day-to-day work.

Innovation is hard-wired in our DNA.
Past, present and future.

BIESSEGROUP

# Contents

# Biesse Group

BIESSEGROUP

BIESSE / INTERMAC / DIAMUT / MECHATRONICS

In / 1 industrial group, 4 divisions and 8 production sites

How / € 14 million p/a in R&D and 200 patents registered

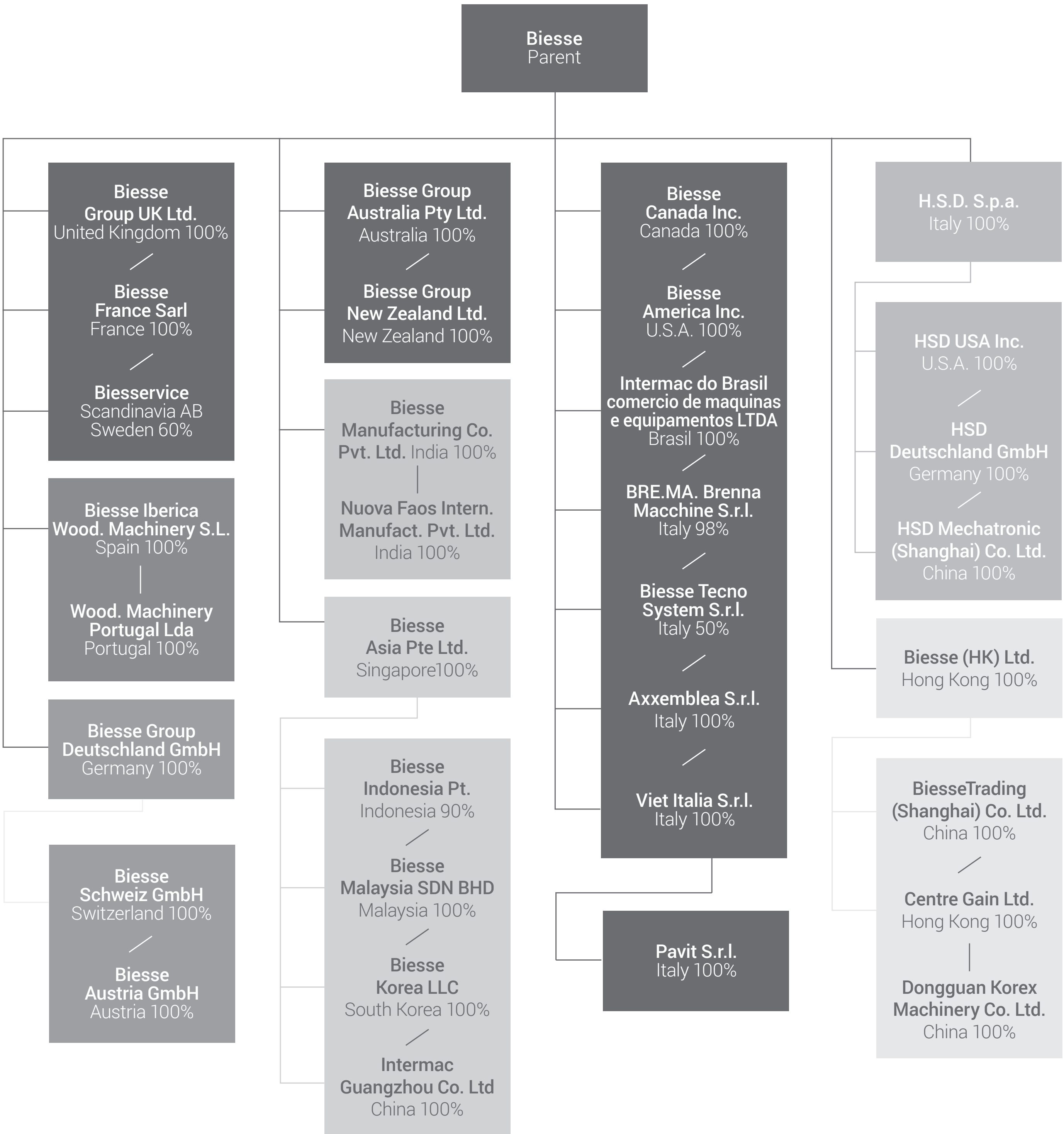
Where / 33 branches and 300 agents/certified dealer

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

We / 3,000 employees throughout the world

# Group structure

## The following companies belong to the Biesse Group and are included in the scope of consolidation:




Notes: The different colours represent the subgroups of the control chain

# Notes to the consolidated financial statements

The Biesse Group's consolidated quarterly report at 31 March 2015, unaudited, has been prepared pursuant to Article 154-ter, paragraph 2 of the Consolidated Law on Finance and in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRSs).
Accounting standards and measurement criteria are consistent with those of the 2014 Annual Report, to which reference should be made. Furthermore, it should be noted that:

- the quarterly financial statements have been prepared under the discrete method, taking the reference period as a separate period. In this respect, the quarterly income statement reflects the period's income statement components on an accruals basis;
- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 31 March 2015, adjusted, where necessary, to align them with Group accounting standards and policies;
- some of the economic information contained in this report presents interim profitability indicators such as gross operating profit (EBITDA). This indicator is considered by management to be an important parameter for measuring and assessing the Group's operational performance, in that it is not affected by the various methodologies adopted to determine taxable income, by the amount and features of capital employed, or by depreciation and amortisation policies. We should point out, however, that this indicator is not identified as an accounting measure for IFRS purposes, meaning that the criterion used to determine taxable income might not be consistent with what is reported by other groups or companies.

Compared with the annual report for the year ended 31 December 2014, the consolidation scope underwent the following changes:

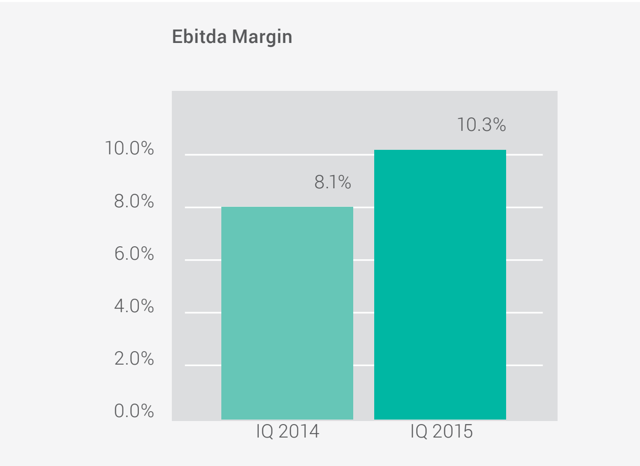
- Pavit S.r.l., a direct subsidiary of Viet Italia S.r.l. was included in the scope of consolidation on 27 February 2015, after the finalization of the purchase of Viet S.r.l. in liquidation, which also included the stake in the former company. Pavit S.r.l. is a company active in mechanical processing, whose output is largely absorbed by Viet Italia S.r.l.

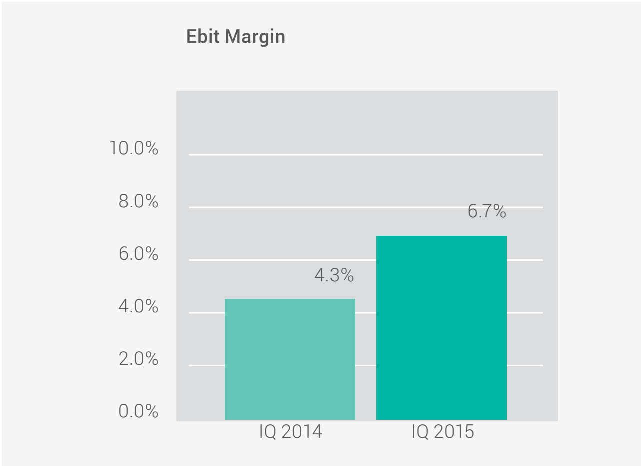
- Biesse Austria GmbH is now included in the scope of consolidation. The company is a direct subsidiary of Biesse Deutschland GmbH and it was established on 9 March 2015 with the purpose of marketing the Group's machines and providing after-sales service in Austria.

# Financial highlights

## Income Statement

| | IQ 2015 | % on sales | IQ 2014 | % on sales | Change % |
|---|---|---|---|---|---|
| *€ 000* | | | | | |
| Revenue from sales and services | 112,794 | 100.0% | 91,635 | 100.0% | 23.1% |
| Added value (1) | 47,623 | 42.2% | 38,362 | 41.9% | 24.1% |
| EBITDA | 11,637 | 10.3% | 7,395 | 8.1% | 57.4% |
| Ebit (Operating profit) (1) | 7,613 | 6.7% | 3,931 | 4.3% | 93.6% |
| Profit/Loss for the period | 3,867 | 3.4% | 1,592 | 1.7% | 142.9% |

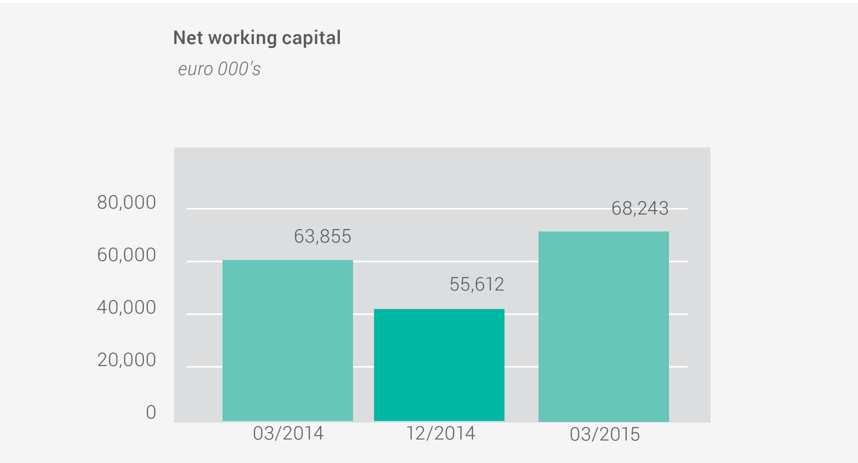



## Statement of Financial Position

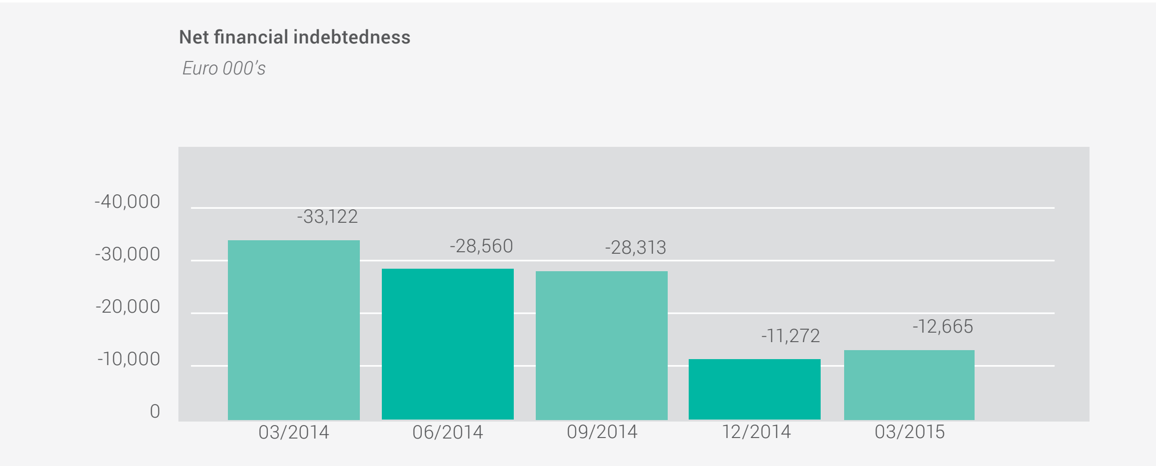
| | 31 March 2015 | 31 December 2014 | 31 March 2014 |
|---|---|---|---|
| *€ 000* | | | |
| Net invested capital (1) | 147,002 | 134,464 | 147,900 |
| Equity | 134,337 | 123,192 | 114,778 |
| Net financial indebtedness ([1]) | 12,665 | 11,272 | 33,122 |
| Net operating working capital [1] | 68,243 | 55,612 | 63,855 |
| Gearing (net financial position/equity) | 0.09 | 0.09 | 0.29 |
| Fixed asset/standing capital ratio | 1.12 | 1.08 | 1.05 |

[1] Amounts referring to interim results and to aggregate equity and financial figures. Relevant calculation criteria are provided in the Directors' Report on Operations.



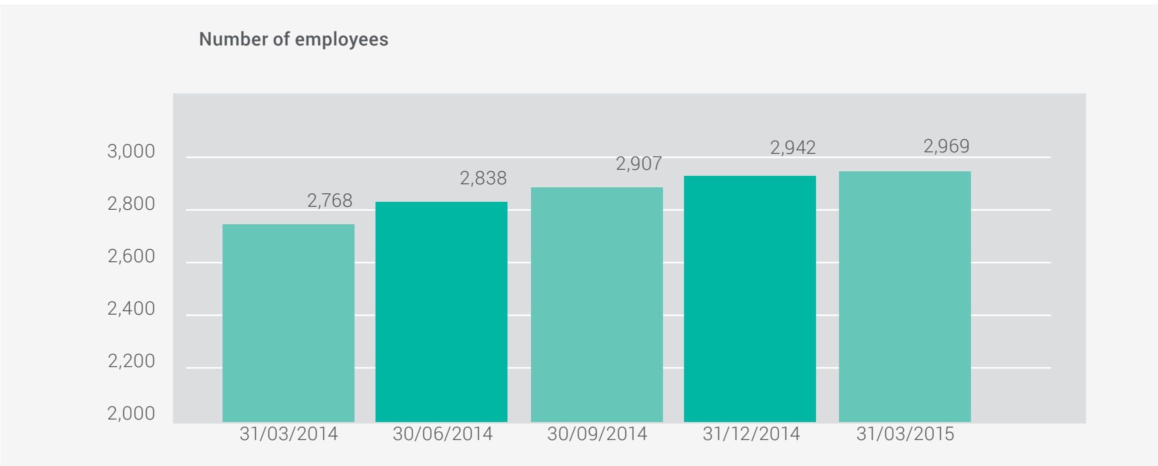
# Cash flow

| | 31 March 2015 | 31 March 2014 |
|---|---|---|
| *€000* | | |
| Ebitda (Gross operating profit) | 11,637 | 7,395 |
| Change in net working capital | (9,762) | (12,446) |
| Change in other operating assets/liabilities | (1,198) | (788) |
| **Operating cash flow** | **677** | **(5,839)** |
| Cash flow used in investment activity | (3,614) | (3,252) |
| **Cash flow** | **(2,937)** | **(9,091)** |
| Sale of treasuary shares | 3,304 | - |
| Foreign exchange rate differences | (1,760) | (94) |
| **Change in net financial indebtedness** | **(1,393)** | **(9,186)** |




# Personnel

| | 31 March 2015 | 31 March 2014 |
|---|---|---|
| Number of employees at period end | 2,969 | 2,768 |




* The figures include temporary staff.

# Company office holders

## Board of Directors

| | |
|---|---|
| Chairman | Roberto Selci |
| Managing Director | Giancarlo Selci |
| Executive Director | Alessandra Parpajola |
| Executive Director and Group General Manager | Stefano Porcellini |
| Executive Director | Cesare Tinti |
| Independent Director | Salvatore Giordano |
| Independent Director | Elisabetta Righini |

## Board of Statutory Auditors

| | |
|---|---|
| Chairman | Giovanni Ciurlo |
| Standing Statutory Auditor | Cristina Amadori |
| Standing Statutory Auditor | Riccardo Pierpaoli |
| Alternate Statutory Auditor | Silvia Cecchini |
| Alternate Statutory Auditor | Nicole Magnifico |

## Control and Risk Committee – Remuneration Committee – Related-Party Transactions Committee

Salvatore Giordano
Elisabetti Righini

## Supervisory Body

Salvatore Giordano
Domenico Ciccopiedi
Elena Grassetti
Elisabetti Righini

## Independent Auditors

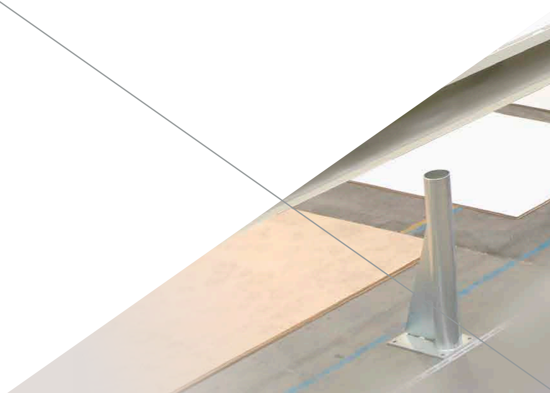
KPMG S.p.A.

# Main
# events

Events & exhibitions

Jan

On 29 January, Biesse took part in Ligna Preview where the top management of Deutsche Messe together with the director of the German association of engineering VDMA (Verband Deutscher Maschinen- und Anlagenbau e.V) illustrated the trends in the wood industry and the main novelties of the 2015 Ligna fair of May to more than 85 journalists from 25 countries and to major exhibitors.



# Events & exhibitions


LIGNA Preview

WINSTORE

## Feb

The Board of Directors of Biesse S.p.A. approved on 19 February 2015 the updating of the business plan for the 2015-2017 period. Based on the initiatives set out in the above business plan and on the assessment of the international macroeconomic situation, the results expected by the Biesse Group in the next three years are as follows:

- higher consolidated revenue at a CAGR of 8.1% (with an absolute value of € 540 million in 2017)
- higher added value with a record-breaking 42.5% as a percentage of revenue (with an absolute value of € 229 million in 2017)
- increasing operating profits:
    - ebitda margin 13.1% (with an absolute value of € 71 million in 2017)
    - ebit margin 10.0% (with an absolute value of € 54 million in 2017)
- aggregate investments of more than € 53 million in the 2015-2017 period
- positive free cashflow of almost € 69 million in the 2015-2017 period

On 27 February 2015, Viet Italia Srl, a company 100% owned by Biesse Spa, completed the purchase of Viet Srl in liquidation, for which there was a lease agreement for the business unit since 2011 with related irrevocable option to purchase the company. This transaction also involved the acquisition of the interest in Pavit S.r.l., a subsidiary of Viet S.r.l. in liquidation.

## Mar

On 3 March 2015, Biesse S.p.A. met in Paris some important investors in collaboration with its specialist Banca IMI. On that occasion, in addition to describing its activities and industrial projects underway, the top management of Biesse updated its indications concerning the 2014 financial year. On 5 March, the same meeting was held in London.

From 4 to 7 March, Biesse France took part in the Eurobois trade show in Lyon where it won the Eurobois Award on innovation for bSolid.

On 9 March 2015, Biesse Austria GmbH was established as a subsidiary of Biesse Deutschland GmbH with the purpose of marketing the Group's machines and providing after-sales service in Austria.

On 24-25 March 2015, Biesse S.p.A. took part in the 2015 Milan STAR Conference – the event organised by Borsa Italiana – in order to meet the national and international financial community.

From 28 March to 1 April 2015, the Biesse Group took part in Interzum 2015, the most complete trade fair for subcontracting in the furniture industry and semi-finished products in Guaghzhou (China), with over 500 sqm to show Biesse's technological excellence.


AirForce|System
BIESSE


DIAMUT

## Apr

On 27 April 2015, Axxembla S.r.l., a company 100% owned by Biesse Spa, completed the purchase of Asseservice S.r.l. in liquidation, for which in 2014 a lease agreement was signed for the business unit with related irrevocable option to purchase the company. The amount agreed to purchase the company was € 136 thousand, paid immediately, net of the liabilities assumed and the rents paid on the lease agreement for the business unit, as agreed by the parties.

On 30 April 2015, during the second call, the Ordinary Shareholders' meeting of Biesse S.p.A. approved the Financial Statements and the Consolidated Financial Statements for the 2014 financial year, both drafted in compliance with the IASs/IFRSs. The Shareholders' meeting then resolved, in light of the positive results achieved in 2014, to assign a dividend of € 0.36 for each eligible share (ex-dividend date 18 May 2015 – record date 19 May 2015), for a total outlay – net of treasury shares – of € 9,811,066.68.

The same Shareholders' meeting approved – after setting the number of its members – the composition of the Board of Directors and of the Board of Statutory Auditors of Biesse S.p.A., (terms in office for the 2015-2016-2017 financial years) both drawn from the list submitted by the majority shareholder.

In addition, the Shareholders' meeting also approved the new "LTI 2015-2017" incentive plan, the remuneration policy for 2014 as well as the treasury share purchase and disposal programme.

# Directors' report on operations

At the end of the first quarter of 2015, the Biesse Group's position is very positive both in terms of short-term trend (orders received) and results achieved (profitability). In spite of a slight decrease compared to 31 December 2014, which should be regarded as a typical trend attributable to seasonality, the financial position is strongly improving on the prior-year period.

At the end of March 2015, the order intake increased by 40% overall compared to the same period in 2014. This positive trend underlay the increase both in sales and finished and semi-finished product inventories.

As far as the performance for the period is concerned, Group revenues for the first three months of 2015 amounted to € 112,794 thousand, significantly up by +23.1% compared to the prior-year period (€ 91,635 thousand).

In the first three months of 2014 added value totalled € 47,623 thousand, up by +24.1% compared to the same period last year.

EBITDA for the first quarter of 2015 totalled € 11,637 thousand, up by € 4,242 thousand compared with the same period last year (+57.4%). EBIT improved in the same period as well, increasing by € 3,682 thousand (€ 7,613 thousand in 2015 compared to € 3,931 thousand for the same period in 2014).

As for the financial position, net operating working capital increased by around € 12.6 million compared to 31 December 2014. Inventories increased overall by € 19.6 million compared to 31 December 2014, the increase is aimed at handling deliveries in the coming months of 2015 in the light of the increase in orders. Trade receivables increased by around € 4.2 million and these changes were partially offset by the increase in trade payables by approximately € 11.2 million. It should be noted, however, that the figure decreased by around € 4.4 million compared to the same period last year, with an unchanged impact on expected annual revenue.

Finally, the Group's net financial indebtedness at 31 March 2015 amounted to approximately € 12.7 million deteriorating by only € 1.4 million compared to the figure at 31 December 2014 due to the trend in net operating working capital. As a matter of fact, the figure at 31 March 2015 improved significantly (by around € 20.5 million) compared to the same period last year, thus confirming positive cash flows for the period.

# General economic overview

## World economic trend

Regardless of the slight business slowdown in late 2014, the latest surveys continue to show robust global growth in early 2015. The world Purchasing Managers' Index, (PMI) rose again in March, marking sustained expansion of global GDP. On a quarterly basis, there was a slight rise in the first quarter 2015 compared to the previous period, returning to its long-term average.

Trends in developed economies were uneven over the first quarter, with a rise in the United States and the United Kingdom and a drop in Japan. In emerging countries PMI indices grew further in India and recovered in Brazil, remaining stable in China with a drop in Russia.

Recently global trade showed some weakening. In terms of volumes, growth in global import of goods barely reached 0.2 percent in January on the three-month moving average over the previous quarter and down compared to the 1.4 percent in December. This loss of momentum can be linked to a drop in import volumes in emerging markets, specifically in China, in part due to the Chinese New Year celebration. The pace of the growth of imports in developed economies has nevertheless continued to show general improvement, whilst the world PMI for new orders from abroad has remained stable in the first quarter of 2015, indicating constant expansion of world trade. Low energy prices have affected overall inflation internationally. Twelve-month inflation in OECD countries remained modest in February, at 0.6 percent, with the energy component continuing in its negative trend. The rate net of energy and food has dropped only slightly, to 1.7 percent while in the main non-OECD countries consumer price inflation rose in February and March. The increase was slight in China, in the wake of food price increases, and greater in Brazil and Russia. Trends in these latter two countries may be linked to growth in the prices of regulated goods and the impact of the depreciation of the rouble and the food embargo, respectively.

## Some market trend

### United States

Business was strong in the United States regardless of the weakening in late 2014 and some temporary signs of further weakening in early 2015. Real GDP rose by 0.5 percent over the previous period in the fourth quarter of 2014, from 1.2 percent in the third quarter, largely reflecting the negative contribution of foreign demand. Recent indicators showed a slight, though transitory slowdown in the first quarter of 2015, mainly due to the very cold weather and labour actions in some ports. Consumption levels remained robust, sustained by lower oil prices, improvement in household finances and a rise in consumer confidence. Underlying labour market trends also continue to be strong regardless of a slowdown in jobs creation in March. At the same time, inflation remained modest, reflecting low oil prices and a stronger US dollar. Overall twelve-month inflation measured by the consumer price index (CPI) was unchanged in February, after dropping into a slightly negative territory in January due to the drop in energy and import prices. The rate net of energy and food rose only slightly, reflecting higher utility prices.

### Japan

The recovery in Japan is still moderate and inflation continues its downward trend. After again showing positive rates of change in late 2014, the Japanese economy showed modest growth in early 2015. Industrial production and export volumes improved in the period up to February; however, this trend was accompanied by a significant increase of import volumes. Available monthly indicators of private consumption were still weak overall. Only the Tankan survey by the Bank of Japan for March 2015 reported an improvement in the confidence of non-manufacturing businesses compared to December 2014. At the same time, after a brief break at the end of the year, overall twelve-month inflation dropped to 2.2 percent in February, mostly due to lower energy prices. Excluding the estimated direct impact of the VAT increase in April 2014, overall twelve-month inflation came to 0.1 percent with the core inflation (measured net of energy and food) coming to 0.3 percent in February.

### United Kingdom

Available monthly indicators in the UK showed that the economy continued to expand at a strong rate toward the end of the year. In the fourth quarter of 2014 real GDP rose by 0.6 percent over the previous period, driven mainly by net exports, with domestic demand sustaining growth over 2015. Although it is expected that the correction to public and private sector finances will continue to affect growth, it is likely that the drop in energy prices will sustain real disposable income and economic activity. The unemployment rate levelled off at 5.7 percent in the three months up to January 2015. In February twelve-month inflation measured by the CPI dropped to zero, the lowest level achieved since the introduction of the index in 1989, in reaction to the drop of energy costs. The rate net of fresh food and energy dropped slightly to 1.1 percent.

### China

In China stimulus measures were introduced to counter the slowdown in growth. A broad series of indicators – including industrial production, retail sales and the manufacturing PMI – marked a slowdown in the GDP at the start of 2015. At the same time the residential real estate market remained sluggish with prices continuing to drop. In this context, China has introduced measures aimed at stimulating the real estate market by raising the maximum loan to value ratio and reducing the minimum holding period so that the property owner can take advantage of tax relief. These measures have been enacted to stop the economic slowdown by stimulating demand for housing by households and driving consumption.

### Russia

The economy continues to be depressed in Russia, where contrasting factors are limiting growth prospects. Economic activity should drop significantly in 2015 in the wake of the oil price drop, economic sanctions and the recent turmoil in financial markets. The reviewed budget approved by the Parliament in April provided for a reduction in public spending in 2015. Together with the considerable drop in revenues, this will bring about an annual deficit of 3.7 percent of GDP. The Russian Central Bank continues to adopt an accommodative monetary policy. In March it lowered the reference rate by more than 100 basis points, to 14 percent. The monetary market's liquidity conditions began to normalize, even though the banking system financing costs remain high. The recent appreciation of the rouble will contribute to attenuate inflation, but could have a negative impact on export earnings and reduce revenues.

### Eurozone

In the Eurozone, the signals of cyclic improvement are accentuating, although it is still subject to uncertainty. Consumer price inflation has remained slightly negative. The Eurosystem has launched a sovereign bond purchase programme, whose size has exceeded expectations of operators, with a significant impact on financial markets and the foreign exchange. The decline in expected inflation came to a halt.
The information available suggests that economic activity is showing a new but slight acceleration even in the first quarter of 2015. In March, The €-coin indicator, which provides a real-time estimate of the underlying trend of GDP in the Eurozone, rose slightly. Surveys among businesses confirm favourable prospects: in March, the Eurozone PMI was above a threshold compatible with expansion. In the early months of the year the recovery in industrial activity continued: in the January-February period, production grew by half a percentage point compared to the previous period, just as it did during the final two months of 2014.

Economic surveys and indications provided by professionals foresee very low inflation for 2015. In March, the expectations of households on consumer price trends and the intentions of businesses to change their price lists were still below the threshold compatible with price rises. According to analysts surveyed in that same month by Consensus Economics, the average inflation rate over 2015 should be at zero.

In order to achieve a suitable expansion of the budget of the Eurosystem and to contrast the risks connected with an excessively prolonged period of low price growth, last 22 January the Council decided to enhance its bond purchase programme, as a part of its monetary policy, announced last September, which had previously concerned asset-backed securities (ABS) and covered bonds, by including securities issued by Member States, by certain European institutions and local public agencies. Overall, purchases will amount to € 60 billion per month. This programme will run at least until September 2016, or until such a time that inflation in the area meets monetary policy objectives.

### Italy

The Italian economy has shown some more positive signals. In the fourth quarter of 2014, the decline in GDP came to a halt, owing to the acceleration of exports, continuing expansion in consumption and a slight recovery in investments. In the early months of this year, household and business confidence increased markedly. Resumption of the industrial cycle still requires consolidation.

In the fourth quarter of 2014, GDP was stable against the previous period. Capital accumulation resumed, however modestly (0.2 percent), after a slump which had been going on without interruption since early 2011. Investments were supported in particular by the purchase of transport vehicles, against a new drop in construction. Household consumption continued to expand moderately (0.1 percent). Foreign trade provided the main boost to GDP growth (0.4 percentage points), in the presence of a strong acceleration of exports and an even more contained increase in imports. Changes in stocks provided a negative contribution of 0.6 percentage points. Added value rose in the services sector, whilst dropping in construction, in the industrial sector and in agriculture.

According to Bank of Italy's assessments, after the weak recovery at the end of 2014, industrial production grew modestly in the early months of the new year. Based on these data, GDP rose slightly in the first quarter. In March, Bank of Italy's Ita-coin indicator, which gives an estimate of quarterly changes in GDP, excluding short-term fluctuations, improved. However, it continues to show residual underlying weakness in business activity trends.

More favourable signals are coming from quality surveys, which indicate increased confidence among households and businesses, especially in terms of future prospects. Further growth could be driven by the bond purchase programme recently approved by the ECB Governing Council. Business should also benefit from low oil prices. Lower energy expenses free resources, which households and businesses may use for consumption and investment. This could contribute to a rise of a half a percentage point in GDP over two years.

# Business sector review

## Ucimu - Sistemi per produrre

In the first quarter of 2015, the machine tools order index, prepared by the Business Culture and Research Centre of UCIMU-SISTEMI PER PRODURRE, recorded a 2.2% increase on the prior-year period.
Therefore, the positive trend registered by the machine tools order index from Italian manufacturers has extended to six consecutive quarters; even in this first quarter, as occurred throughout 2014, they achieved the best performance on the domestic market.
The domestic order index improved further, up by 15.4% compared to the first quarter of 2014, while the foreign order book was substantially unchanged (-1%) on the prior-year period. The absolute value of the index in the period from January to March was 119.3 (2010 base = 100).
Luigi Galdabini, chairman of UCIMU – SISTEMI PER PRODURRE, stated, "2015 has started on a positive note for Italian manufacturers, who, though keeping faith with their traditional attitude towards exports, have known how to fully exploit the increase in Italian demand for production systems" Galdabini concluded, "The positive trend in the domestic market index has clearly shown that the recovery of the Italian manufacturing industry has truly begun. It is now necessary to stimulate businesses to better prepare themselves to face the challenges that the near future will offer, beginning with the international trade show scheduled for this coming fall, EMO MILANO 2015, the global machine tools and automation trade fair to be held at the Milan Exposition Centre from 5 to 10 October."

## Acimall

According to Acimall (Association of Italian manufacturers of woodworking machines and accessories), order trends for the first quarter of 2015 have shown the usual breakdown between the domestic and the foreign market. Foreign sales, in particular, are increasing, even though the rise concerns the larger companies and those that offer high-end products. Even though the figures are very positive, those in the know expected the start of 2015 to be better, especially on the domestic market.

The customary survey, performed based on a statistical sample representing the entire sector, shows, for the Italian woodworking machinery and machine tools industry, an increase of 13.5% over the same period in the previous year.

Foreign orders grew by 19.1%, while in Italy orders decreased by 10.3%. The order book was 3 months; since the start of the current year there has been a 0.9% rise in prices.

According to the survey on the short-term business outlook, the sentiment for the second quarter is substantially positive. Balances are positive in both the domestic and foreign markets and this is a new tendency compared to historical trends.

According to 45% of the respondents, foreign orders will increase in the near term, whereas, according to 50% they will remain unchanged. The remaining 5% anticipates a drop (resulting in a positive difference of 40). On the other hand, the survey for the domestic market shows a decline according to 18% of the sample. Whereas, according to 59%, domestic sales will remain unchanged. 23% of the respondents forecast growth in the short term (the balance is 5).

### VDMA

In March 2015, machine tool order intake in Germany grew by 4 percent in real terms compared to the previous year. The German association of engineering VDMA (Verband Deutscher Maschinen- und Anlagenbau e.V) announced in Frankfurt a one percent increase in the domestic business and a greater improvement in foreign orders, up by six percent.

On a quarterly basis, less influenced by short-term fluctuations, between January and March 2015 orders grew at a two percent rate year-on-year. Orders from Germany decreased by two percent while foreign orders increased by three percent.

"International orders once again opened the way to the market in March, whilst domestic orders were only slightly better than the same period in the previous year. The global capital equipment market is moving slowly and this is not in line with the requirements of an actual recovery", stated VDMA head economist, Ralph Wiechers commenting on first quarter results.

# Financial statements

## Income Statement at 31 March 2015

| | IQ 2015 | % on sales | IQ 2014 | % on sales | change % |
|---|---|---|---|---|---|
| *€ 000* | | | | | |
| **Revenue from sales and services** | **112,794** | **100.0%** | **91,635** | **100.0%** | **23.1%** |
| Change in inventories, wip, semi-finished and finished goods | 7,246 | 6.4% | 7,711 | 8.4% | (6.0)% |
| Other revenue | 466 | 0.4% | 443 | 0.5% | 5.1% |
| **Revenue** | **120,506** | **106.8%** | **99,789** | **108.9%** | **20.8%** |
| Consumption of raw materials, consumables, supplies and goods | (48,943) | (43.4)% | (40,901) | (44.6)% | 19.7% |
| Other operating expense | (23,940) | (21.2)% | (20,527) | (22.4)% | 16.6% |
| **Added Value** | **47,623** | **42.2%** | **38,362** | **41.9%** | **24.1%** |
| Personnel expense | (35,986) | (31.9)% | (30,967) | (33.8)% | 16.2% |
| **Gross Operating profit** | **11,637** | **10.3%** | **7,395** | **8.1%** | **57.4%** |
| Depreciation and amortisation | (3,795) | (3.4)% | (3,185) | (3.5)% | 19.2% |
| Provisions | (229) | (0.2)% | (278) | (0.3)% | (17.7)% |
| **Operating profit** | **7,613** | **6.7%** | **3,931** | **4.3%** | **93.6%** |
| Finance income/expense | (81) | (0.1)% | (301) | (0.3)% | (73.2)% |
| Net exchange rate losses | (1,083) | (1.0)% | (302) | (0.3)% | - |
| **Pre-tax profit/loss** | **6,448** | **5.7%** | **3,329** | **3.6%** | **93.7%** |
| Income taxes | (2,581) | (2.3)% | (1,736) | (1.9)% | 48.7% |
| **Profit/Loss for the period** | **3,867** | **3.4%** | **1,592** | **1.7%** | **142.9%** |

Net revenues in the first quarter of 2015 showed an increase of 23.1% compared with the same period of 2014, rising from € 91,635 thousand to € 112,794 thousand.

As regards the breakdown of sales by division compared to the first quarter of 2015, note should be taken of the result achieved by the Glass/Marble Division which saw the biggest rise (+35.0%), with revenue increasing from € 13,688 thousand to € 18,483 thousand. The Wood Division, the leading segment of the Group in terms of volumes (€ 79,946 thousand), rose by 22.3% (with a positive impact on the Components Division, which rose by 26.1%); a significant increase was recorded also by the Mechatronics and Tooling Divisions, up by 16.8% and 17.0% respectively.
As regards the geographical breakdown of sales, the first quarter of 2015 featured significant increases in Asia-Pacific (+33.6%) and North America (+33.3%) compared to the same period last year. Western Europe confirms its position as the Biesse Group's core market, although its share of total revenue slightly decreased compared to the same period last year (from 41% to 40%). Finally, note should be taken of the increase in the Rest of the World (+53.9% year-on-year).

For further details on the sales analysis, reference should be made to the following tables in the section concerning segment reporting (pages 21 and 22).

Inventories increased overall by € 19.6 million compared to 31 December 2014 (the change compared to the year-end figure is mainly due to the € 5.6 million increase in semi-finished products, the € 6.5 million increase in raw materials and the € 5.5 million increase in inventories of finished goods) and their increase is aimed at handling deliveries in the coming months of 2015 in the light of the increase in orders intake.

The value of production in the first three months of 2015 was € 120,506 thousand, up by 20.8% compared to the first quarter of 2014, when it amounted to € 99,789 thousand.

The analysis of the impact of consumption and other operating expense, calculated on the value of production, shows a slight improvement in the impact of raw materials (equal to 40.6% against 41% in the same period in 2014), due to improved efficiency and the different sales mix, whilst the percent impact of other operating expense decreased from 20.6% to 19.9%.

| | IQ 2015 | % | IQ 2014 | % |
|---|---|---|---|---|
| *€ 000* | | | | |
| **Revenue** | **120,506** | **100.0%** | **99,789** | **100.0%** |
| Consumption of raw materials and goods | 48,943 | 40.6% | 40,901 | 41.0% |
| Other operating expense | 23,940 | 19.9% | 20,527 | 20.6% |
| Service costs | 20,628 | 17.1% | 17,400 | 17.4% |
| Use of third party assets | 2,014 | 1.7% | 1,838 | 1.8% |
| Sundry operating expense | 1,298 | 1.1% | 1,289 | 1.3% |
| **Added Value** | **47,623** | **39.5%** | **38,362** | **38.4%** |

The increase in absolute terms in Other operating expense by € 3,413 thousand is mainly attributable to Service costs (+ € 3,228 thousand). More in detail, this change is attributable to both "variable" cost items (for example: outsourced processing, third party technical services, sales commissions and transport fees) and to "fixed" cost items (for example: consultancy fees, travel and lodging expenses and trade fairs).

In the first three months of 2015 added value totalled € 47,623 thousand, up by 24.1% compared to the same period last year (€ 38,362 thousand). As a percentage of revenue it improved from 41.9% to 42.2%.

In the first three months of 2015 personnel expense amounted to € 35,986 thousand, up by € 5,019 thousand compared to the first quarter of 2014 (€ 30,967 thousand, +16.2%). The increase is essentially due to the increase in wages and salaries (€ +4,940 thousand, +16.9% compared to the prior-year period). This increase in costs arose from a combination of the increase in staff as part of the Group recruiting policy and the failure to implement the work-sharing agreement.

EBITDA amounted to € 11,637 thousand at 31 March 2015 (€ 7,395 thousand at 31 March 2014) showing an increase of 57.4%.

Depreciation and amortisation increased by 19.2% (going from € 3,185 thousand in 2014 to € 3,795 thousand for the current year). This change refers to both property, plant and equipment, which grew by € 235 thousand (from € 1,426 thousand to € 1,661 thousand, up by 16.5%), following implementation of the policy to increase investments and to the intangible assets, which grew by € 375 thousand (going from € 1,759 thousand to € 2,135 thousand, up by 21.3%).

Provisions for the period amounted to € 229 thousand, consistent with the previous year's figure (€ 278 thousand in the first quarter of 2014), mostly due to the adjustment of the product guarantee provision which increased due to the greater revenues for the period.

As regards financial operations, finance expense amounted to € 81 thousand and improved compared to 2014 (€ 301 thousand, -73.2%), in line with the improving debt position trend in the first quarter of 2015 compared with the prior-year period.

Exchange risk management in these first three months resulted in a loss of € 1,083 thousand, deteriorating compared to the same period last year (loss of € 302 thousand).

Therefore, pre-tax profit amounted to € 6,448 thousand.

The estimated balance of tax items was negative at € 2,581 thousand. The impact relating to current taxes was negative at € 1,580 thousand (IRAP – regional business tax: € 440 thousand; IRES – the corporate income tax: € 186 thousand; taxes from foreign jurisdictions: € 802 thousand; previous-year taxes: € 152 thousand). Finally, the impact relating to deferred taxes was negative at € 1,001 thousand.

Therefore, net income for the first three months of 2015 is positive at € 3,867 thousand.

## Net financial position at 31 March 2015

| | 31 March 2015 | 31 Decemebr 2014 | 30 September 2014 | 30 June 2014 | 31 March 2014 |
|---|---|---|---|---|---|
| *€000* | | | | | |
| Financial assets: | 60,297 | 54,359 | 29,913 | 29,359 | 27,975 |
| Current financial assets | 26 | 1,048 | 1,095 | 1,044 | 1,039 |
| Cash and cash equivalents | 60,271 | 53,310 | 28,818 | 28,315 | 26,936 |
| Short term finance lease payables | (412) | (301) | (297) | (293) | (452) |
| Short term bank loans and borrowings and loans from other financial backers | (29,402) | (20,511) | (29,673) | (28,816) | (41,587) |
| **Short Term Net Financial Indebtedness** | **30,484** | **33,547** | **(58)** | **250** | **(14,065)** |
| Medium/Long term finance lease payables | (1,769) | (1,659) | (1,736) | (1,812) | (2,121) |
| Medium/Long bank loans and borrowings | (41,380) | (43,159) | (26,520) | (26,998) | (16,936) |
| **Medium/Long Term Net Financial Indebtedness** | **(43,149)** | **(44,818)** | **(28,256)** | **(28,810)** | **(19,057)** |
| **Total Net Financial Indebtedness** | **(12,665)** | **(11,272)** | **(28,313)** | **(28,560)** | **(33,122)** |

At 31 March 2015, Group net financial indebtedness was € 12.7 million (gearing = 0.09). It deteriorated slightly compared to 31 December 2014 (+ € 1.4 million, +11%) but showed a significant improvement compared to the same period last year (- € 20.5 million, -61.76%).

It should be noted that, during the first quarter, 250,000 Biesse S.p.A treasury shares were sold on the market at an average price of € 13.214 per share (for an overall gross value of € 3,304 thousand).

Deterioration compared to 31 December 2014 is attributable to the trend in net operating working capital. This was largely due to the growth in sales volume, which caused a typical increase in the inventories of raw materials and semi-finished products (needed to meet higher production requirements) and of finished products (due to the need to replenish stocks due to the increase in orders).

However, the improvement compared to the previous year's quarters (notably to the first quarter of 2014) reflects the growing attention paid to the trend in net operating working capital. In addition, it should be noted that the consolidation of Pavit S.r.l. caused a negative impact on the net financial position of € 1.9 million compared to 31 December 2014.

## Summary Statement of Financial Position at 31 March 2015

| | 31 March 2015 | 31 December 2014 | 31 March 2014 |
|---|---|---|---|
| *€000* | | | |
| Intangible assets | 54,837 | 52,584 | 48,447 |
| Property, plant and equipment | 65,574 | 61,865 | 60,566 |
| Financial assets | 1,733 | 1,478 | 1,034 |
| **Non current assets** | **122,144** | **115,927** | **110,046** |
| Inventories | 117,680 | 98,051 | 96,960 |
| Trade receivables | 84,937 | 80,714 | 72,315 |
| Trade payables | (134,374) | (123,153) | (105,420) |
| **Net Operating Working Capital** | **68,243** | **55,612** | **63,855** |
| Post-employment benefits | (14,407) | (14,484) | (12,444) |
| Provision for risk and charges | (9,614) | (8,915) | (9,023) |
| Other net payables | (30,505) | (25,253) | (18,431) |
| Net deferred tax assets | 11,142 | 11,576 | 13,897 |
| **Other net liabilities** | **(43,385)** | **(37,076)** | **(26,002)** |
| **Net Invested Capital** | **147,002** | **134,464** | **147,900** |
| Share capital | 27,393 | 27,393 | 27,393 |
| Profit/loss for the previous year/period and other reserves | 102,874 | 81,834 | 85,647 |
| Profit/Loss for the period | 3,874 | 13,766 | 1,567 |
| Non-controlling interests | 196 | 200 | 170 |
| **Equity** | **134,337** | **123,192** | **114,778** |
| Bank loans and borrowings and loans from other financial backers | 72,962 | 65,630 | 61,096 |
| Other financial assets | (26) | (1,048) | (1,039) |
| Cash and cash equivalents | (60,271) | (53,310) | (26,936) |
| **Net financial indebtedness** | **12,665** | **11,272** | **33,122** |
| **Total sources of funding** | **147,002** | **134,464** | **147,900** |

Compared to 31 December 2014, net intangible assets increased by approximately € 2.2 million due to increasing investments (mainly attributable to R&D capitalisations) net of the relevant period amortisation (around € 2.1 million).

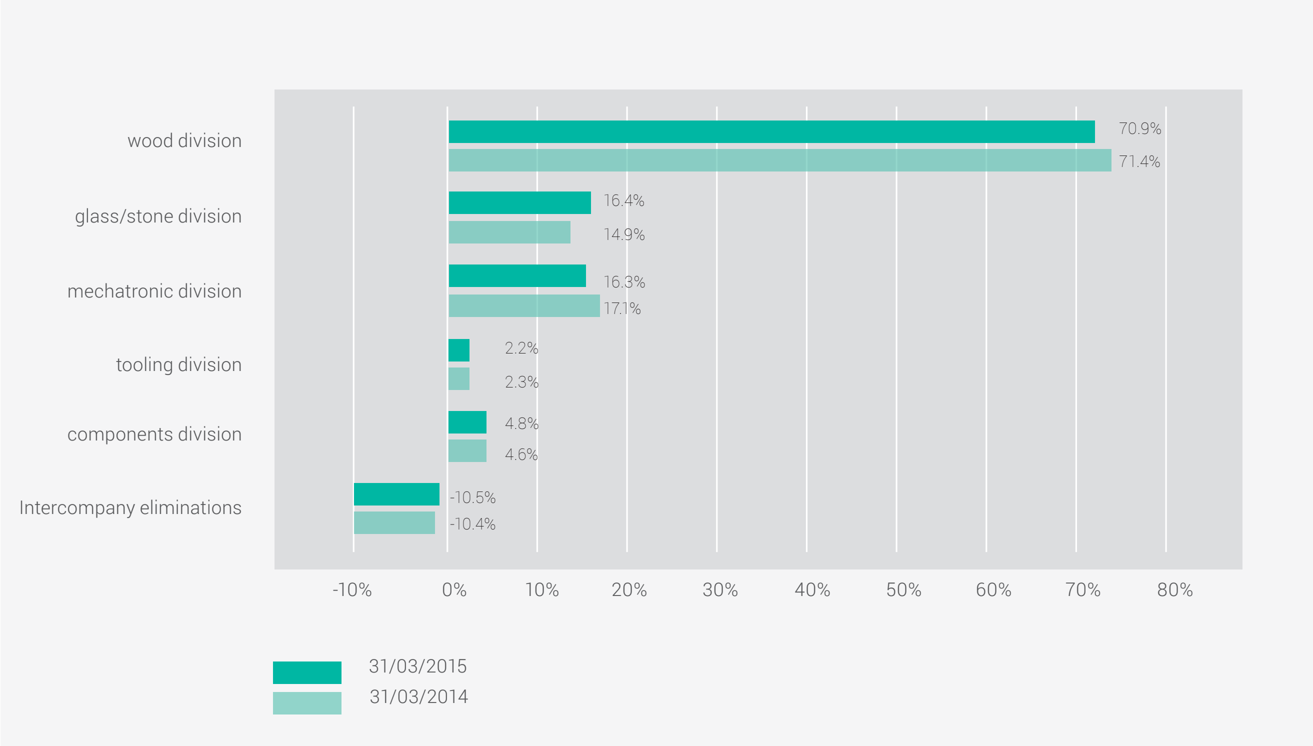
Compared to 31 December 2014, property, plant and equipment slightly increased by € 3.7 million, net of the relevant period depreciation.

Inventories increased overall by € 19,629 thousand compared to 31 December 2014. The change compared with year-end figures is due to the € 5,573 thousand increase in semi-finished products, to the € 6,516 thousand increase in raw materials, and to the € 5,515 thousand increase in inventories of finished products. Spare part inventories also showed a slight increase (equal to € 2,026 thousand). These variations are due to the significant increase in orders intake.

With reference to the other items of net operating working capital, which increased overall by € 12,631 thousand compared to 31 December 2014, worthy of mention is the increase in trade payables by € 11,221 thousand and in trade receivables by € 4,223 thousand.

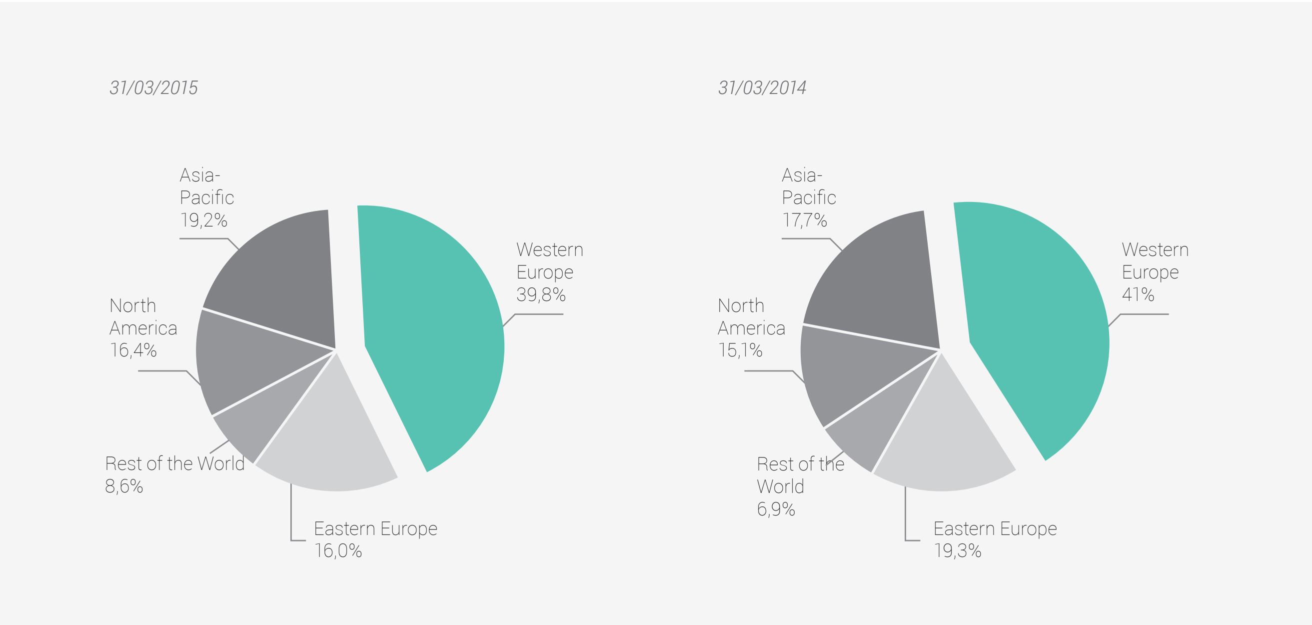
## Segment reporting - Breakdown by division

| | IQ 2015 | % | IQ 2014 | % | Var % 2015/2014 |
|---|---|---|---|---|---|
| *€ 000* | | | | | |
| Wood Division | 79,946 | 70.9% | 65,387 | 71.4% | 22.3% |
| Glass/Marble Division | 18,483 | 16.4% | 13,688 | 14.9% | 35.0% |
| Mechatronics Division | 18,345 | 16.3% | 15,705 | 17.1% | 16.8% |
| Tooling Division | 2,492 | 2.2% | 2,129 | 2.3% | 17.0% |
| Components Division | 5,359 | 4.8% | 4,250 | 4.6% | 26.1% |
| Intercompany eliminations | (11,831) | (10.5)% | (9,525) | (10.4)% | 24.2% |
| **Total** | **112,794** | **100.0%** | **91,635** | **100.0%** | **23.1%** |




## Segment reporting - Breakdown by geographical area

| | IQ 2015 | % | IQ 2014 | % | Var % 2015/2014 |
|---|---|---|---|---|---|
| *€ 000* | | | | | |
| Western Europe | 44,929 | 39.8% | 37,552 | 41.0% | 19.6% |
| Asia-Pacific | 21,709 | 19.2% | 16,243 | 17.7% | 33.6% |
| Eastern Europe | 18,036 | 16.0% | 17,716 | 19.3% | 1.8% |
| North America | 18,451 | 16.4% | 13,840 | 15.1% | 33.3% |
| Rest of the World | 9,668 | 8.6% | 6,284 | 6.9% | 53.9% |
| **Total** | **112,794** | **100.0%** | **91,635** | **100.0%** | **23.1%** |




Pesaro, 08 May 2015

The Chairman of the Board of Directors
Roberto Selci

# Annex

| | IQ 2015 | % on sales | IQ 2014 | % on sales | change % |
|---|---|---|---|---|---|
| *€000* | | | | | |
| Revenue from sales and services | 112,794 | 100.0% | 91,635 | 100.0% | 23.1% |
| Other revenues | 466 | 0.4% | 443 | 0.5% | 5.1% |
| **Net Revenues** | **113,260** | **100.4%** | **92,079** | **100.5%** | **23.0%** |
| COGS | (52,650) | (46.7)% | (42,124) | (46.0)% | 25.0% |
| **Gross Profit** | **60,610** | **53.7%** | **49,955** | **54.5%** | **21.3%** |
| Overhead | (12,987) | (11.5)% | (11,593) | (12.7)% | 12.0% |
| **Added Value** | **47,623** | **42.2%** | **38,362** | **41.9%** | **24.1%** |
| Personnel expense | (35,986) | (31.9)% | (30,967) | (33.8)% | 16.2% |
| **Gross Operating Income (EBITDA)** | **11,637** | **10.3%** | **7,395** | **8.1%** | **57.4%** |
| Depreciation and amortisation | (3,795) | (3.4)% | (3,185) | (3.5)% | 19.2% |
| Provisions | (229) | (0.2)% | (278) | (0.3)% | (17.7)% |
| **Net Operating Income (EBIT)** | **7,613** | **6.7%** | **3,931** | **4.3%** | **93.6%** |
| Financial revenues and expenses | (81) | (0.1)% | (301) | (0.3)% | (73.2)% |
| Net exchange rate losses | (1,083) | (1.0)% | (302) | (0.3)% | - |
| **Pre-tax profit/loss** | **6,448** | **5.7%** | **3,329** | **3.6%** | **93.7%** |
| Taxes | (2,581) | (2.3)% | (1,736) | (1.9)% | 48.7% |
| **Profit/Loss for the period** | **3,867** | **3.4%** | **1,592** | **1.7%** | **142.9%** |

## Certification pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance

The Manager charged with preparing the company's financial reports declares that, pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, the accounting information contained herein corresponds to the results contained in the company's documents and accounting books and records.

Manager charged with preparing
the company's financial reports
Cristian Berardi

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