

*Technology for shaping  
everyday materials*

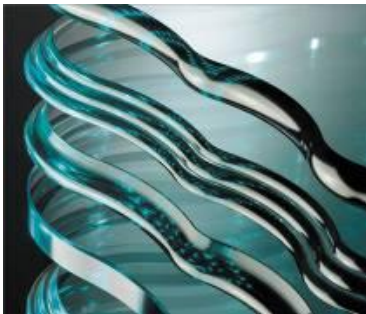
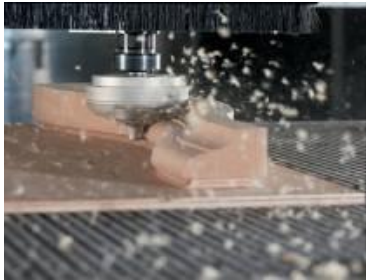
Company presentation

June 2012



**BIESSE**

# Wood – Glass&Stone - Mechatronic





- ▶ Biesse produces machine tools and systems for the secondary processing of wood, glass and stone, together with associated numerical controls, motors, software and precision components

## Biesse has achieved operating excellence due to the following key factors:

worldwide extensive direct sales network and support capabilities

strong commitment and investments in R&D

flexible and slim business model  
-lean company-

one-stop-shop for superior quality products

integrated supply network



## Market position

- ▶ **1st** the world's largest manufacturer of computer numerically controlled (CNC) centres for wood – glass&stone working
- ▶ **2nd** largest Italian producer of automated woodworking machinery
- ▶ **2nd** largest worldwide provider of turn-key systems for major companies
- ▶ **4th** largest manufacturer of woodworking machinery worldwide

# our history

**1978** Realized the first numerical control boring machine for wood: Logic Control

**1983** Rover: the first machining centre for the processing of wood is built

**1987** Intermac is established: The company produces machining centres for processing and engineering glass and stone

**1991** HSD is established: the company realizes and sells mechanical components and numerical controls

**1991** Biesse becomes international: the first foreign branches are opened

**1992** Biesse starts “the acquisition period”: aimed operations in wood/glass&stone/components and distribution network areas

**1994** Biesse Engineering is established: new business unit fully dedicated to project and realize entire lines and integrated systems

**1998** Biesse group is formed. It's composed of three divisions: wood, mechatronic, glass and stone

**1999** “Centro di Formazione e studi” (Biesse School) is established

**2001** Biesse is quoted on the Italian stock exchange (listed in STAR segment)

**2006** Bre.Ma. is acquired: the company designs and realizes vertical numerical control boring-inserting machine for the processing of wood

**2007** AGM Inc (U.S.A.) is acquired: former distributor for glass & stone machinery becomes InterMac U.S.A. subsidiary

**2008** New plants for the wood division: Bangalore (India) first foreign production site

**2009** Biesse Group incorporates Digipac brand - packaging technology –

**2009 Biesse open new subsidiaries in Switzerland and Dubai**

**2010** BiesseInside hosts for the first time 4 listed companies (Indesit-Elica-Prima Industrie-Sabaf) to meet the financial community during an internal open-house

**2011** Biesse appoints a new C.E.O. – Giorgio Pitzurra

**2011** VIET - historic wood brand for calibration and sanding machines - added to the Group

**2011** Biesse acquires, through the Centre Gain Ltd (Hong Kong), /Korex Machinery Dongguan (China)

1969 “The beginning”





**Italy – Pesaro H.O.**  
Milano-Treviso-Bergamo



**U.K.**  
Daventry



**Suisse**  
Lucerna



**Sweden**  
Jonkoping



**Russia**  
Moscow



**Germany**  
Elchingen  
Loehne  
Gingen



**France**  
Lyon



**Spain**  
Barcelona



**Portugal**  
Syntra



**U.A.E.**  
Dubai



**India**  
Bangalore



**Indonesia**  
Jakarta



**Malaysia**  
Kuala Lumpur



**Australia**  
Sidney  
Brisbane  
Adelaide  
Melbourne  
Perth



**New Zealand**  
Auckland



**U.S.A. & Canada**  
Charlotte. N.C.  
Ft. Lauderdale FL.  
Toronto - Montreal



**Asia**  
Singapore



**China**  
Shanghai  
Dongguan

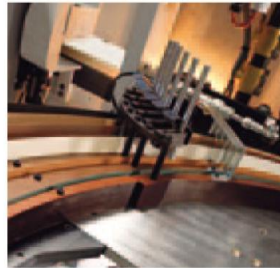
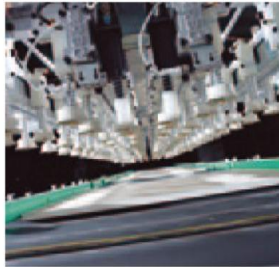


Biesse Wood Division is part of the Biesse Group, an industrial reality which employs a worldwide staff of more than 2.700 people on a production surface area of over 100.000 square metres in Italy. Biesse Wood Division develops and produces machinery for the furniture and carpentry industry, and offers a full range of solutions covering the entire industrial processing cycle for wood, wood derivatives, composite materials and non-ferrous alloys. Sizing, edgebanding, boring, sanding, routing, inserting, assembling, handling: for each working cycle Biesse guarantees a complete range of technological solutions. Stand alone machines or complete processing lines meeting high quality standards.

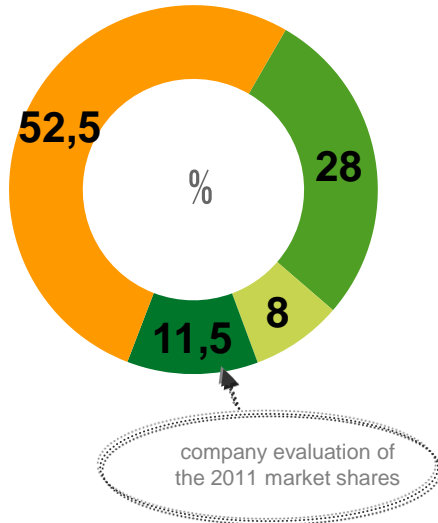




# Wood

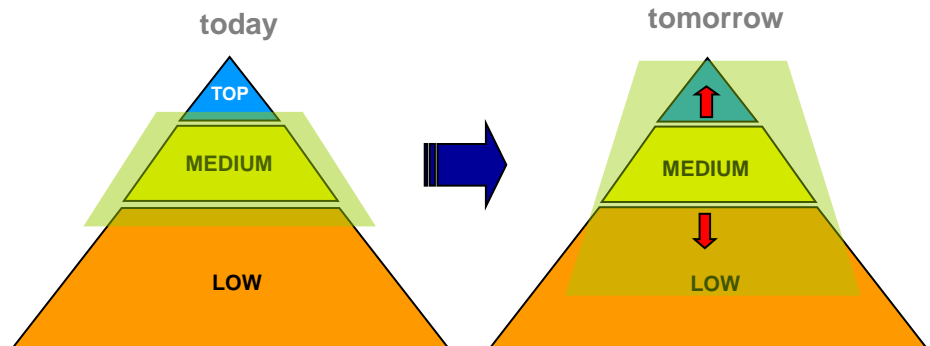






- Rest of the Market same product segment
- HOMAG same product segment
- SCM same product segment
- BIESSE

- woodworking machines market consensus growth 5.5%
- approx 3% of market shares increase in three years time
- entire **secondary phase** dimension € 3.8 bln
- **secondary phase** dimension where Biesse is insisting € 2.1 bln



# Glass & Stone



born in 1987, Intermac Glass & Stone Division is part of the Biesse Group, an Italian company quoted in the Star segment of the Italian stock exchange.

the division develops and distributes machinery for flat glass processors and, in general, for the furniture, architecture and automotive industries. It has over 250 employees and occupies a production area of more than 25,000 square metres, with production units located in Pesaro and Lugo (Ravenna) central Italy.

the glass division is made up of 4 different brands:

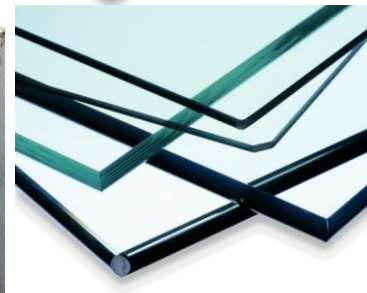
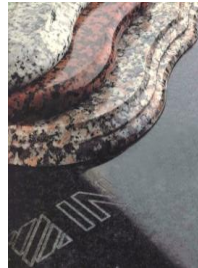
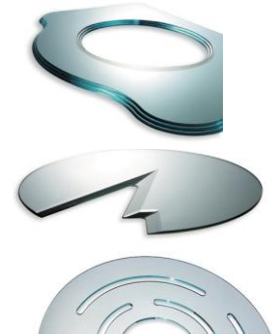
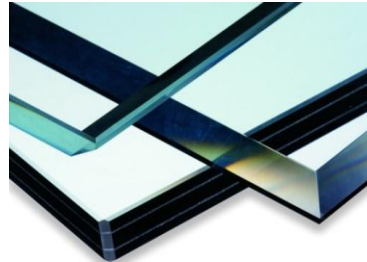
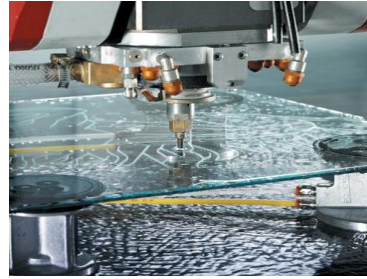
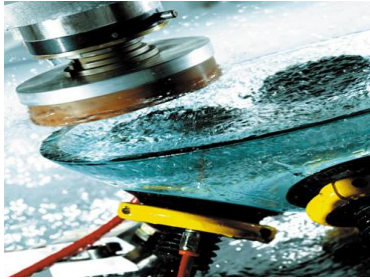
- **Intermac** - specialist in high-tech work centres, cutting tables and waterjet machines since 1987;
- **Busetti** - leader in the sector of double edgers. The company's range of machinery also includes those for the handling of glass sheets, as well as automatic and semi-automatic drills;
- **Diamut** - diamond tools, shaped wheels, grooving wheels, bevelling wheels, resin wheels, routers, and drill bits.

the stone division is made up of 2 different brands:

- **Intermac** - specialist in high-tech work centres since 1987;
- **Diamut** - diamond tools, shaped wheels, grooving wheels, bevelling wheels, resin wheels, routers, and drill bits.

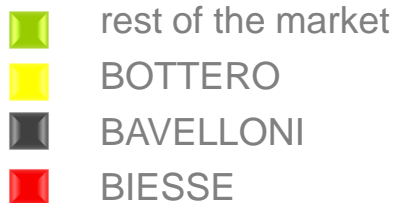
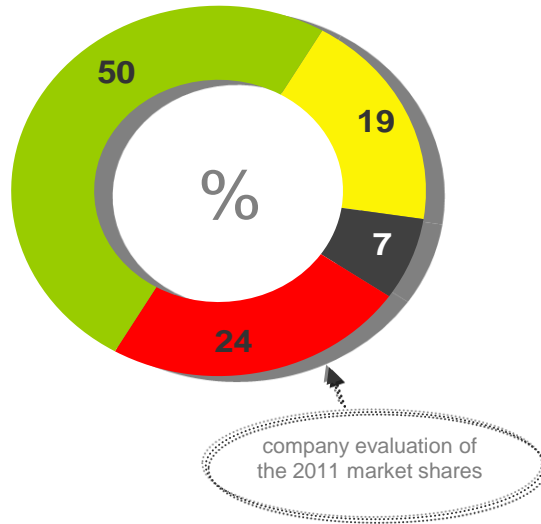


# Glass & Stone





## Italian Association: GIMAV



→ Basically an “italian manufacturing “ market

→ Biesse S.p.A. (Intermac brand) and Bavelloni (Glaston Group-Finland) are the only listed companies

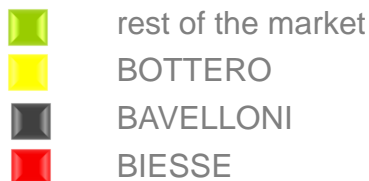
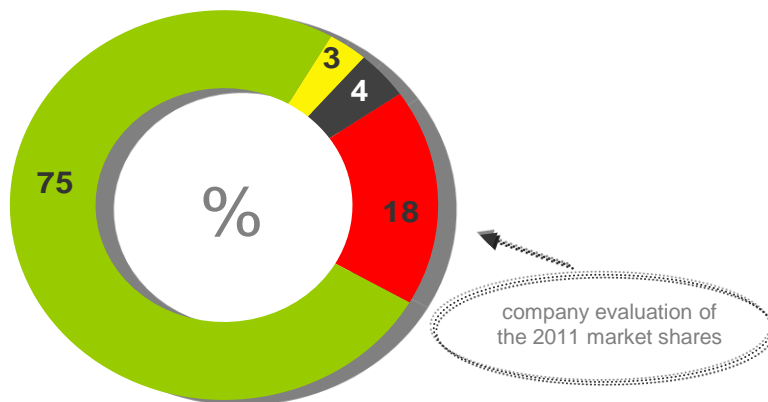
**€ 235,000,000.**

Value of reference markets  
(where Biesse is insisting)

(company evaluation)



## Italian Association: Marmomacchine



→ Biesse clear worldwide market leader

→ Biesse S.p.A. (Intermac brand) and Bavelloni (Glaston Co.) are the only listed companies

**€ 45,000,000.**

Value of reference markets  
(where Biesse is insisting)

(company evaluation)



3 branches located on main markets, with the aim to assure immediate and highly qualified customer service

*HSD USA (Fort Lauderdale, FL)  
HSD Deutschland (Goeppingen)  
HSD China (Shanghai)*





# Some of our major clients (wood)



HOWDENS  
JOINERY CO.



HERMANOS VAQUER, S.A.



GRUPPO SPAGNOL



Havelock | Europa PLC



# Some of our major clients (glass&stone)



**seele**



福耀集团  
FUYAO GROUP



...with an highly fragmented customer base

# Some of our major clients (mechatronic)





sales breakdown

Group orders intake

Group backlog

growth driver & mission

India & China production sites  
details

# Biesse : Group sales breakdown March 31<sup>st</sup> 2012



## B.R.I.C. : 15%

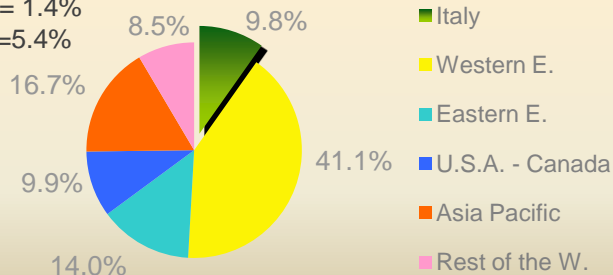
Brasile=4.3%

Russia=3.9%

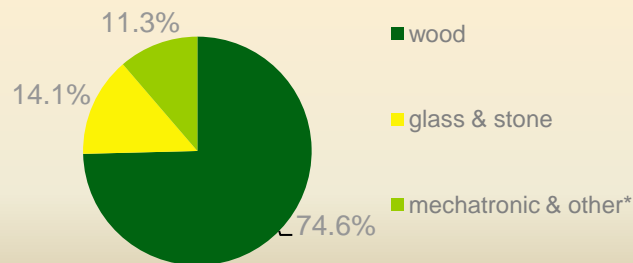
India= 1.4%

Cina=5.4%

### by countries

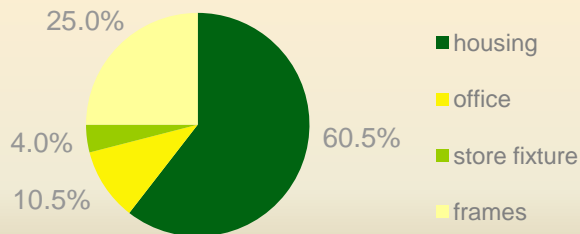


### by business division

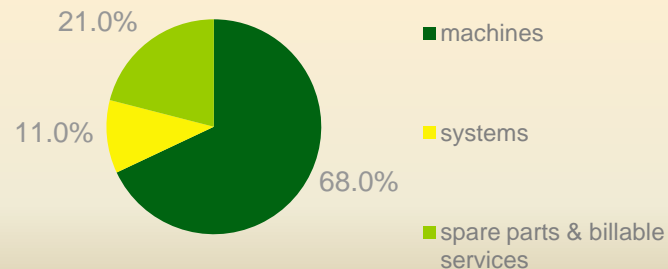


\*after intercompany

### by end users



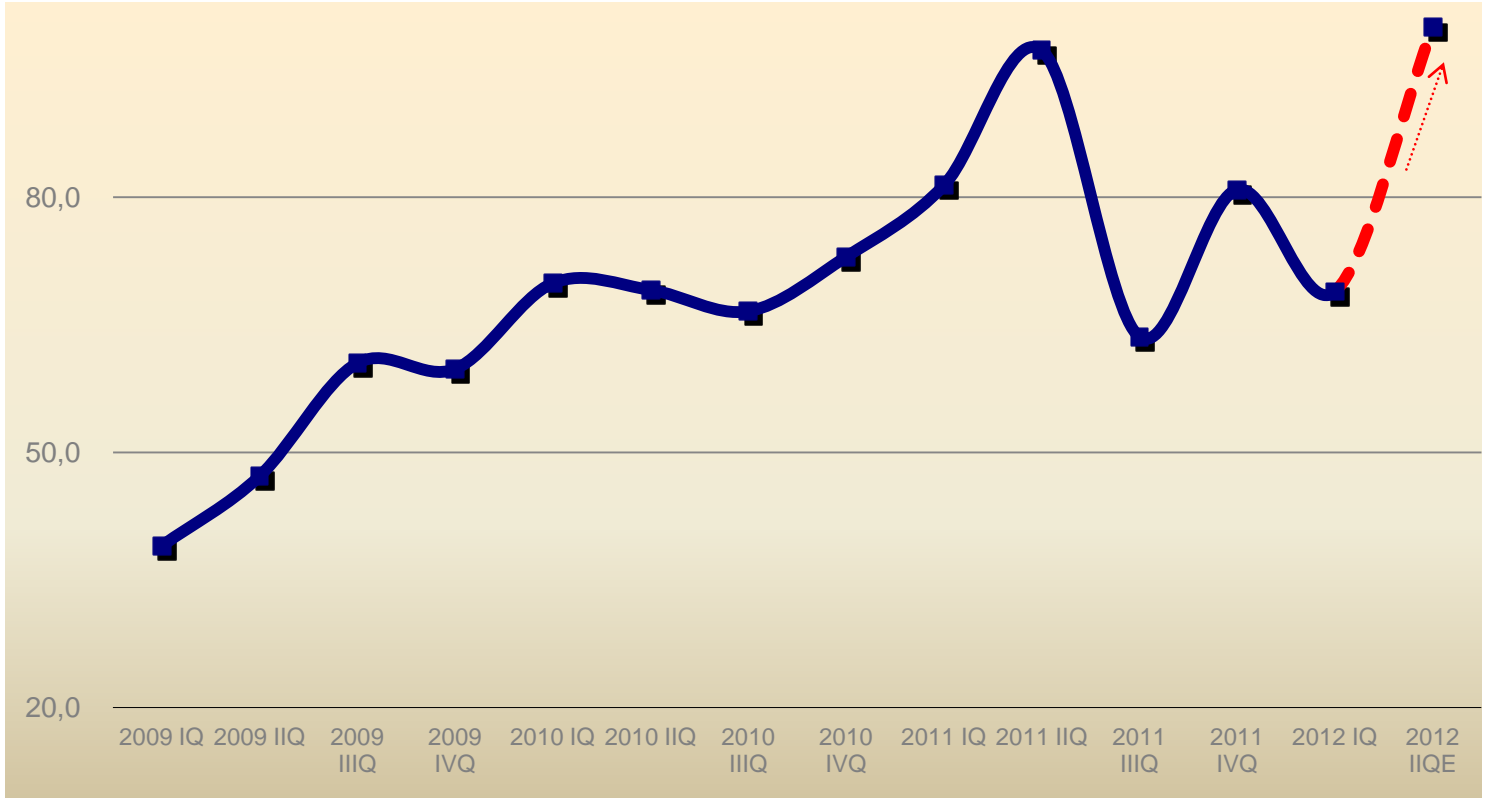
### by type



# Group orders intake: quarterly trend 2009-2012



€/min

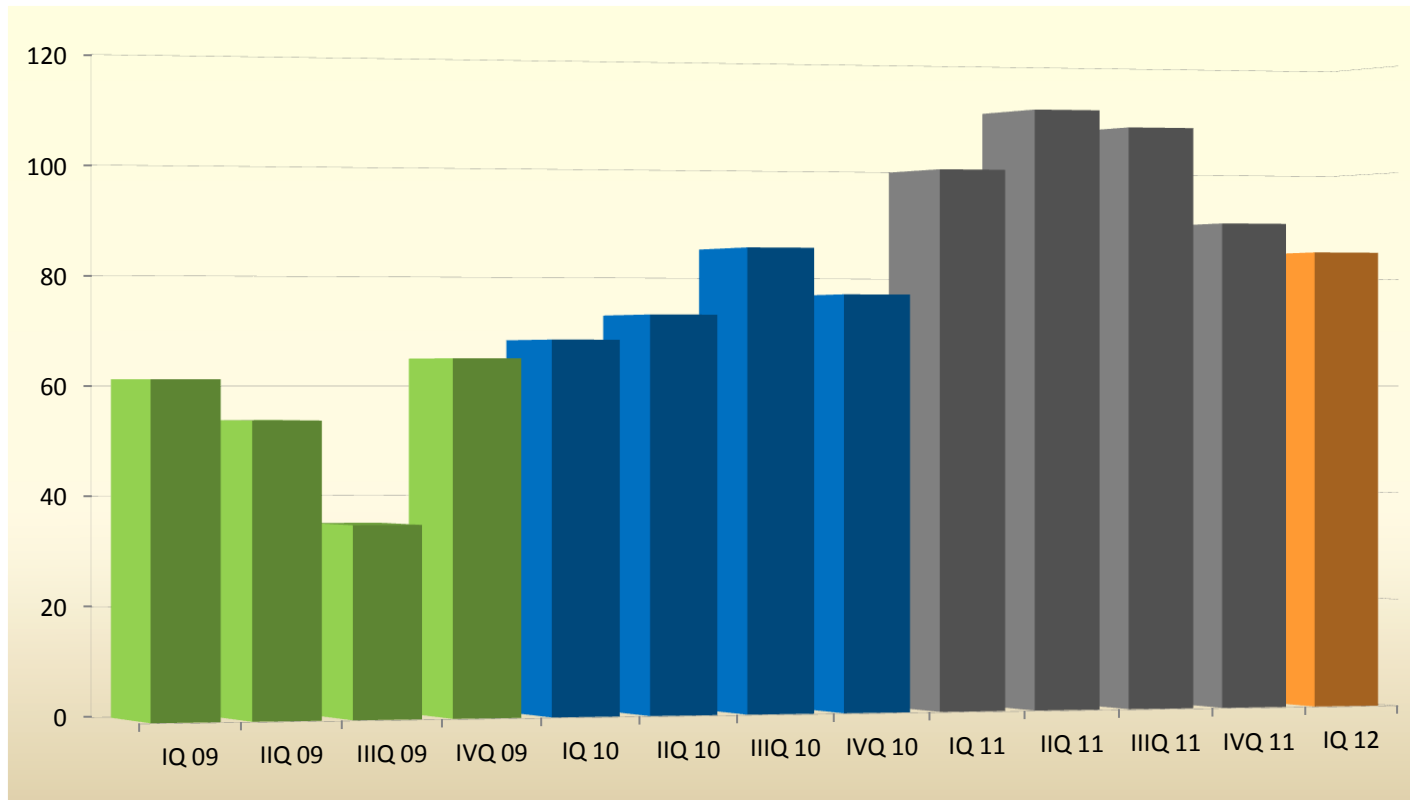




# Group orders backlog: quarterly trend 2009 – 2012



€/min





## growth:

- increase the consolidated turnover beating the market growth rate expectations - *especially in our business sectors* - catching the positive impulse deriving from the “emerging” countries. (BRIC)
- gain market shares against our competitors in any business area and sector
- reinforce our world-wide sale and distribution network (APAC & Americas)
- open new potential and attractive end markets
- strengthen Biesse reputation in large projects/key customers
- maintain an important R & D through focused investments
- expand the post-sale services improving their quality

## efficiency:

- complete and extend the cost cutting activity.
- speed up and increase the reduction of the products/production costs
- simplify/unify of the engineering process for a better standardization of the “offer range”



1. **technology:** mechatronic division as “owner” of the technology evolution and development
2. **product:** innovation trend binded together to consolidation & simplification of the entire products gamma
3. **geographic breakdown:** increase our APAC presence, being in Asia “as a company”
  - direct garrison (localization) in the north/south America
  - progressive integration and management of the “new” chinese acquisition”
4. **systems:** focus on a “dedicated mentality” regarding the systems division potentiality (*“systems are not machines”*)

# Factory location: Bangalore (India)



# Biesse products: India



# Factory location: Dongguan (China)

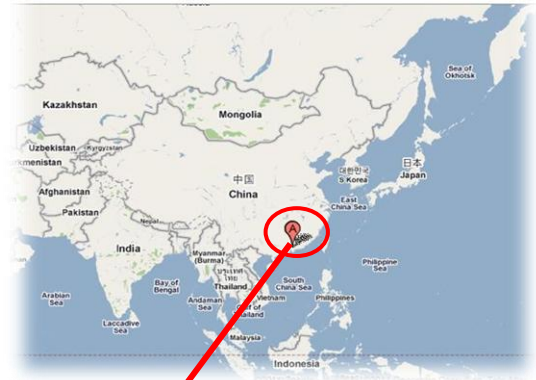


## location:

Chashan Industrial Park, Chashan Town, Dongguan City, Guangdong Province,

(廣東省, 東莞市, 茶山鎮, 茶山工業園)

东莞家力机械有限公司  
中華人民共和國廣東省東莞市茶山鎮茶山工業園



in the southern part of China.



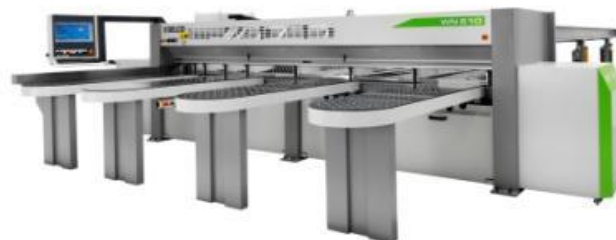


# Dongguan Factory



- The Factory is solely owned by Korex for a remaining term of 43 years.
- The existing floor area is 43,000 m<sup>2</sup> with a reserved permitted buildable area of 22,000 m<sup>2</sup>. nr. 360 employees
- Only 60% of its production capacity is utilized based on the present operation

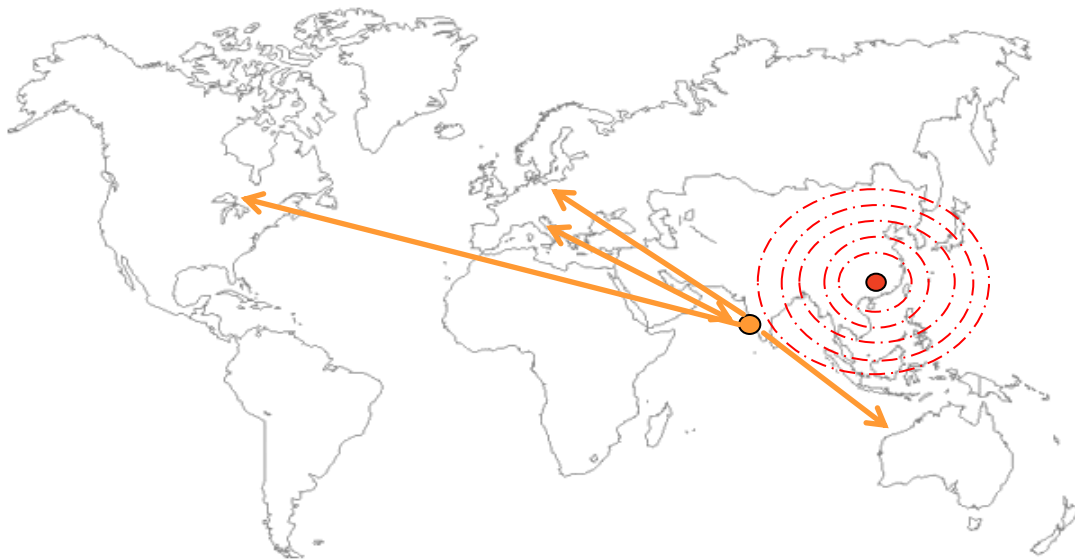
# Biesse products: China



# Expectations



- ❑ INDIA activity: production – sale & sourcing (domestic and export)
- ❑ CHINA activity: production – sale & sourcing (domestic and export)



# financials: 2012 IQ results & three years business plan remind



consolidated sales

P & L details



ebitda & ebit evolution

cashflow & net debt

ratios & shareholders

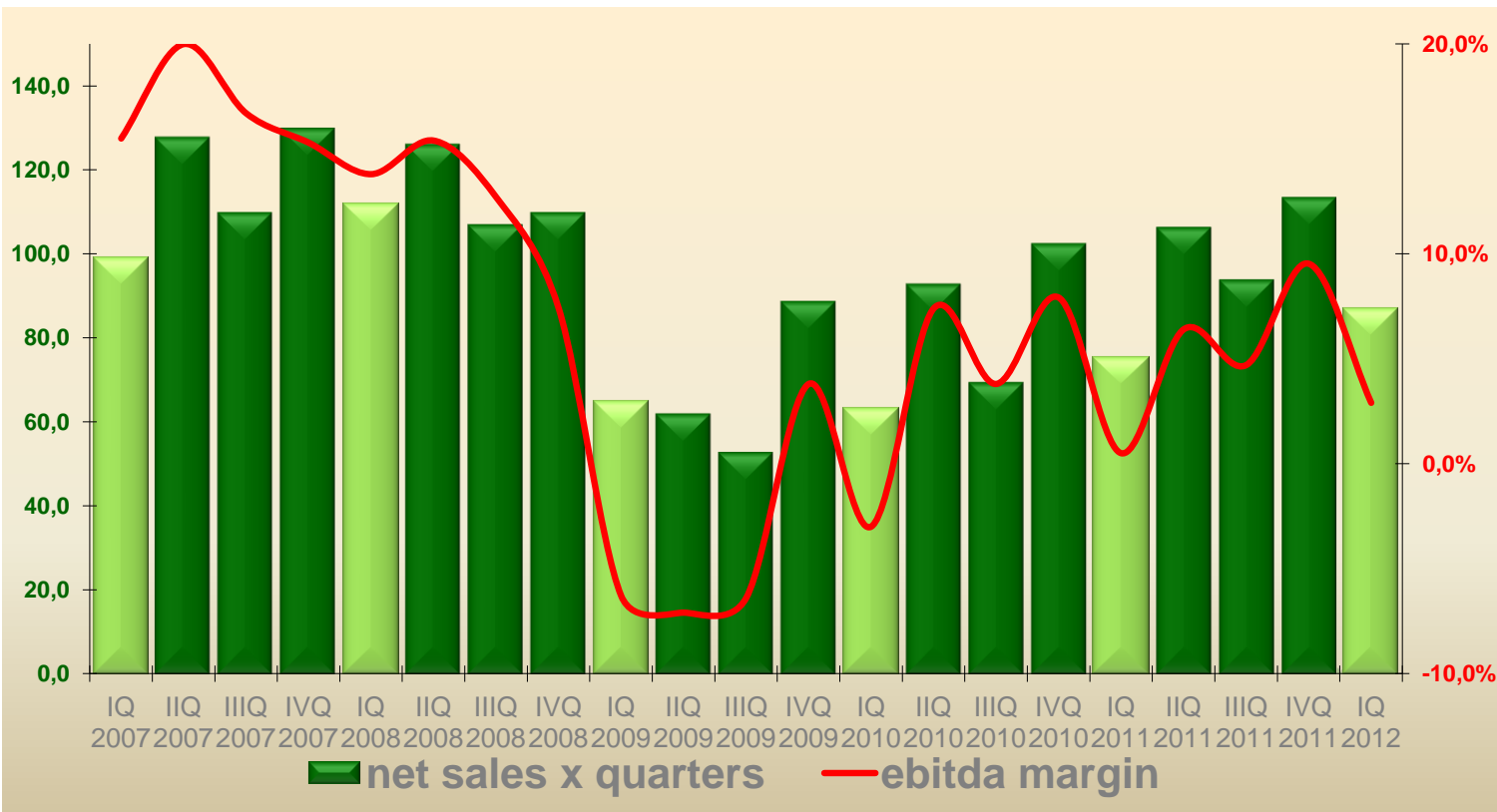
# Group P&L details: March 31<sup>st</sup> 2012



€/mln

	IQ 2011	FY 2011	IQ 2012
<i>Net Sales</i>	75.3	388.5 +18.6%	86.8 +15,3%
<i>Value Added</i> % of net sales	29.8 39.5%	138.0 35.5%	33.9 39.0%
<i>Labour cost</i> % of net sales	29.4 39.1%	115.6 29.7%	31.4 36.1%
<i>EBITDA</i> % of net sales	0.3 0.5%	22.4 5.8%	2.5 2.9%
<i>EBIT</i> % of net sales	-2.9 -3.9%	5.7 1.5%	-1.0 -1.2%

# quarterly trend: net sales – ebitda margin



# Group Net O.W.C.: March 31<sup>st</sup> 2012



€/mln

	IQ 2011	FY 2011	IQ 2012
<i>Inventories</i> % on net sales	96.9	88.5 22.8%	96.2
<i>Trade receivables</i> % on net sales	81.7	112.2 28.9%	109.2
<i>Trade payables</i> % on net sales	108.2	113.1 29.1%	116.0
<i>N.O.W.C.</i> % on net sales	70.4	87.6 22.5%	89.4



# Group Cashflow – Net debt: **March 31<sup>st</sup> 2012**



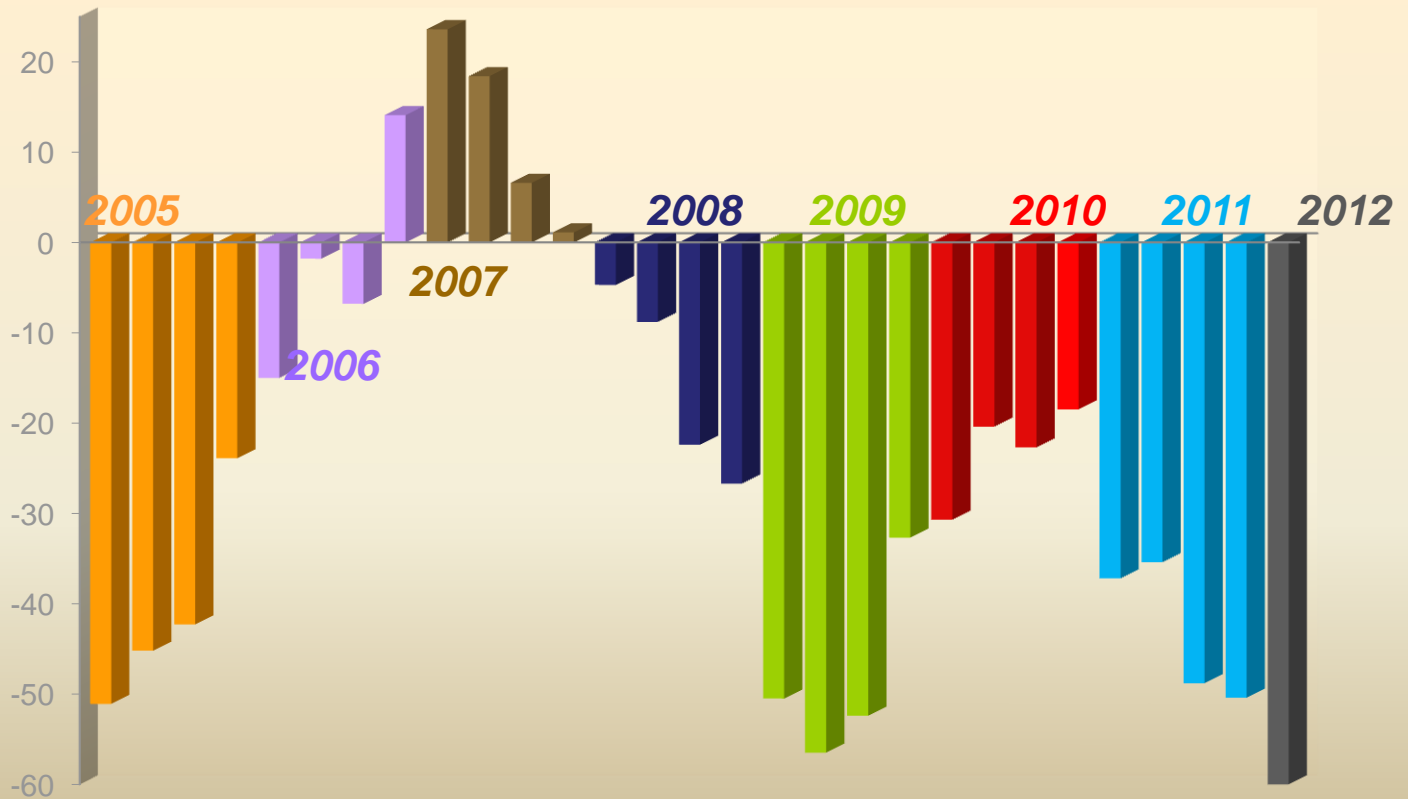
€/mln

	<b>IQ 2011</b>	<b>FY 2011</b>	<b>IQ 2012</b>
<i>Gross Cashflow</i>	<b>-15.6</b>	<b>-15.3</b>	<b>-7.8</b>
<i>Net total Capex</i> <i>% of net sales</i>	<b>-2.7</b> 3.6%	<b>-16.2</b> 4.2%	<b>-3.7</b> 4.2%
<i>Free Cashflow</i>	<b>-18.3</b>	<b>-31.5</b>	<b>-11.5</b>
<i>N.F.P.</i>	<b>-37.2</b>	<b>-50.4</b>	<b>-61.9</b>

# Net financial position: quarterly trend 2005-2012 (IQ)



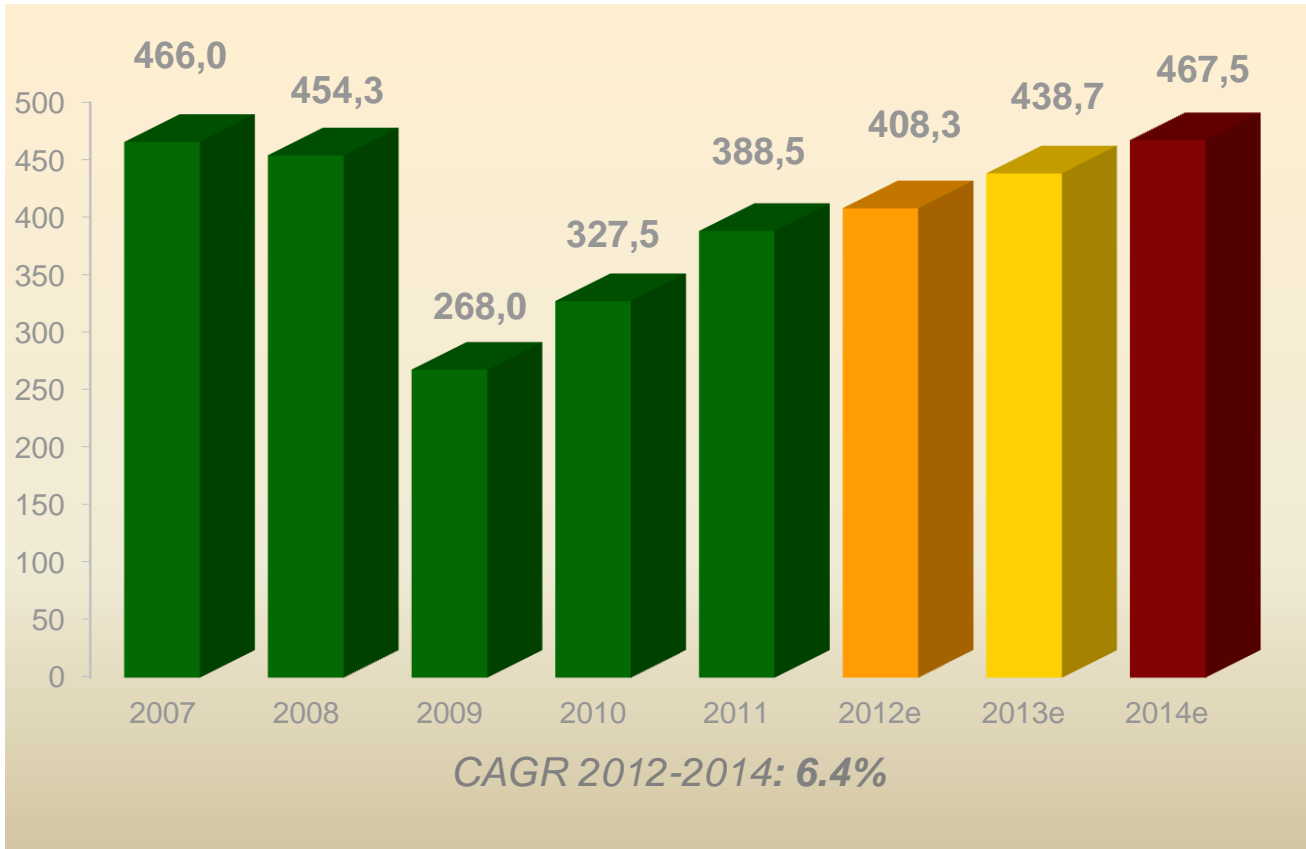
€/mIn



# Group consolidated revenues – yearly trend



€/mln



# Group P&L details: 3 years plan



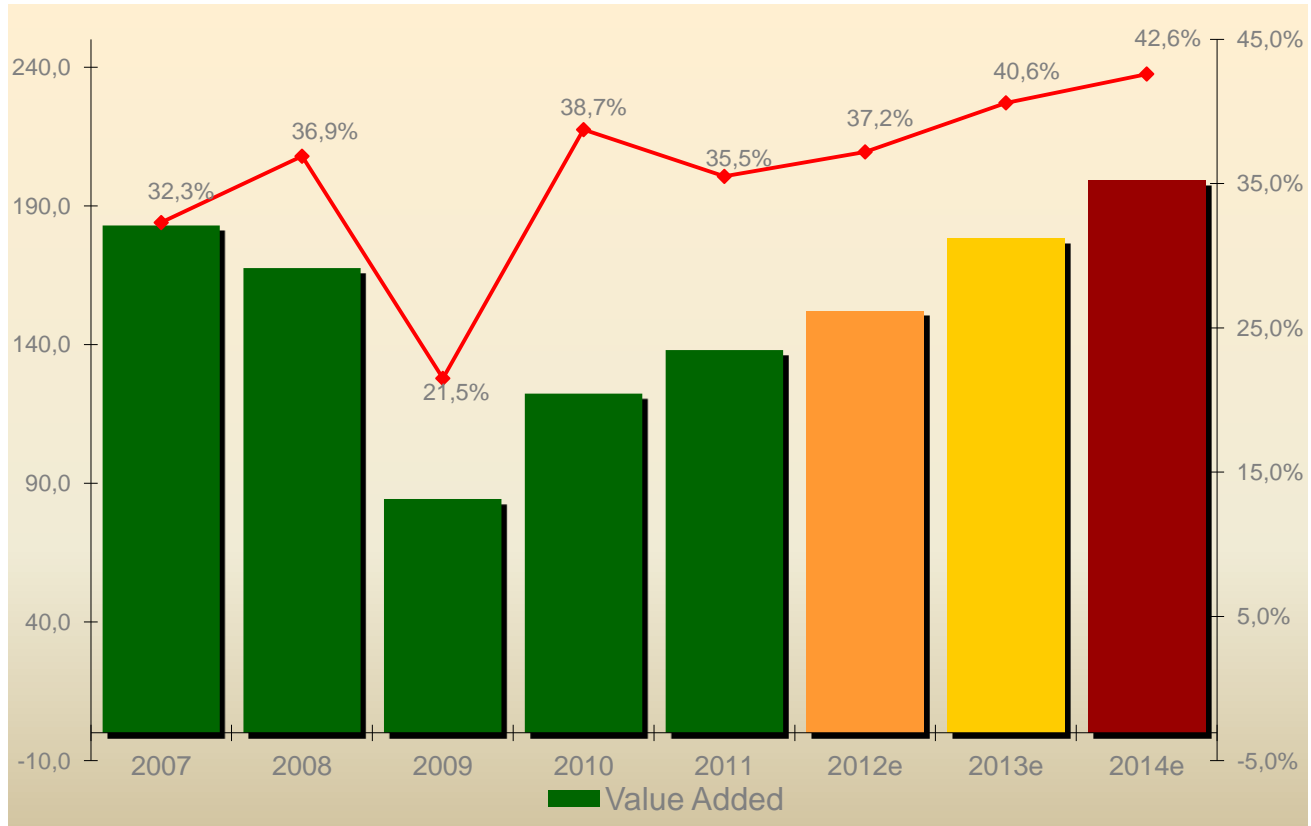
€/mln

	FY 2010	FY 2011	FY 2012e	FY 2013e	FY 2014e	2011 vs 2014
<i>Net Sales</i>	<b>327.5</b> +22.2%	<b>388.5</b> +18.6%	<b>408.3</b> +5,1%	<b>438.7</b> +7.4%	<b>467.5</b> +6.6%	+79.0 €
<i>Value Added</i> % of net sales	<b>123.4</b> 37.7%	<b>138.0</b> 35.5%	<b>152.1</b> 37.2%	<b>178.2</b> 40.6%	<b>199.0</b> 42.6%	+61.0 €
<i>Labour cost</i> % of net sales	<b>107.7</b> 32.9%	<b>115.6</b> 29.7%	<b>120.1</b> 29.4%	<b>126.9</b> 28.9%	<b>130.8</b> 28.0%	+15.2 €
<i>EBITDA</i> % of net sales	<b>15.7</b> 4.8%	<b>22.4</b> 5.8%	<b>32.0</b> 7.8%	<b>51.4</b> 11.7%	<b>68.2</b> 14.6%	+45.8 €
<i>EBIT</i> % of net sales	<b>0.1</b> ---%	<b>5.7</b> 1.5%	<b>15.1</b> 3.7%	<b>34.3</b> 7.8%	<b>51.1</b> 10.9%	+45.4 €
<i>EBIT (normal.)</i> % of net sales		<b>7.1</b> 1.8%				

# Group Value Added evolution: 3 years plan



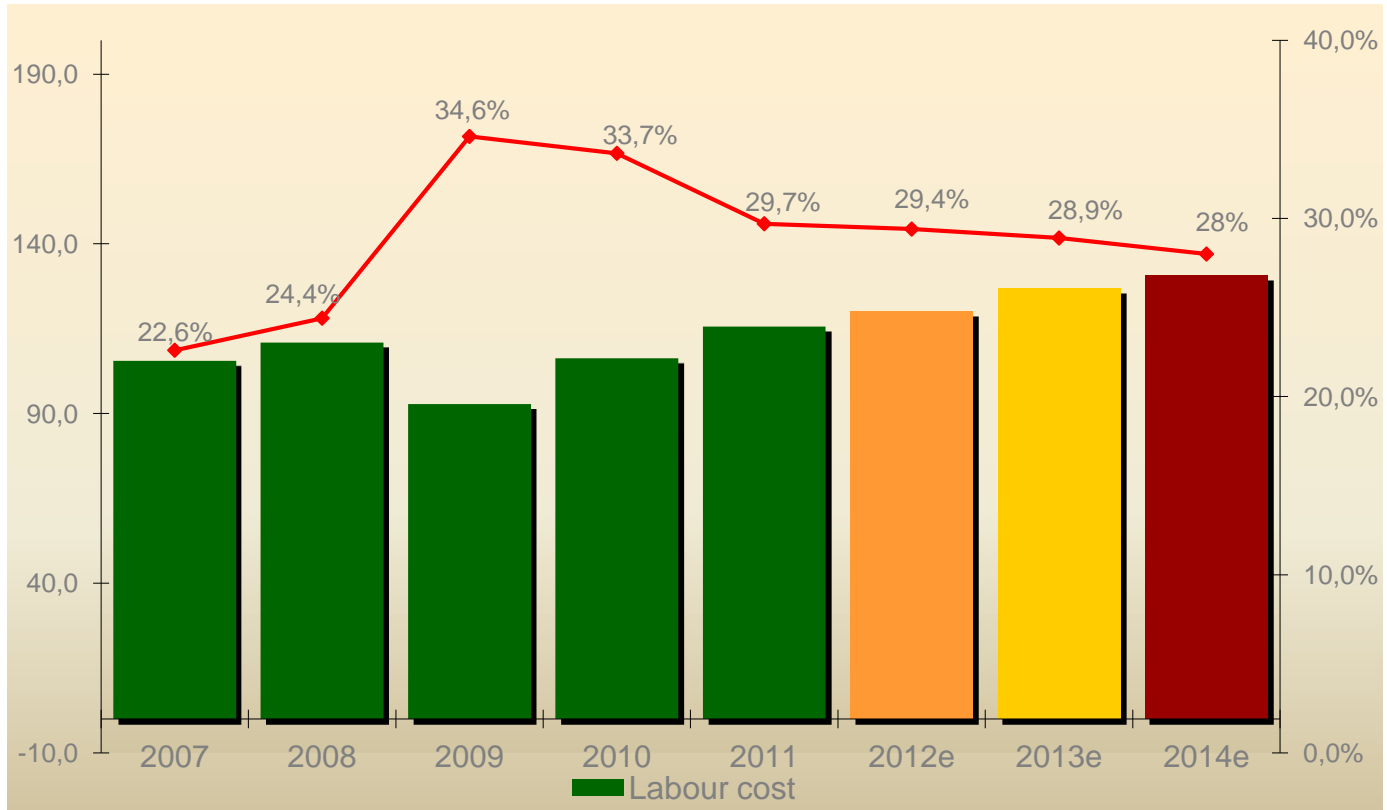
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# Group Labour cost evolution: 3 years plan



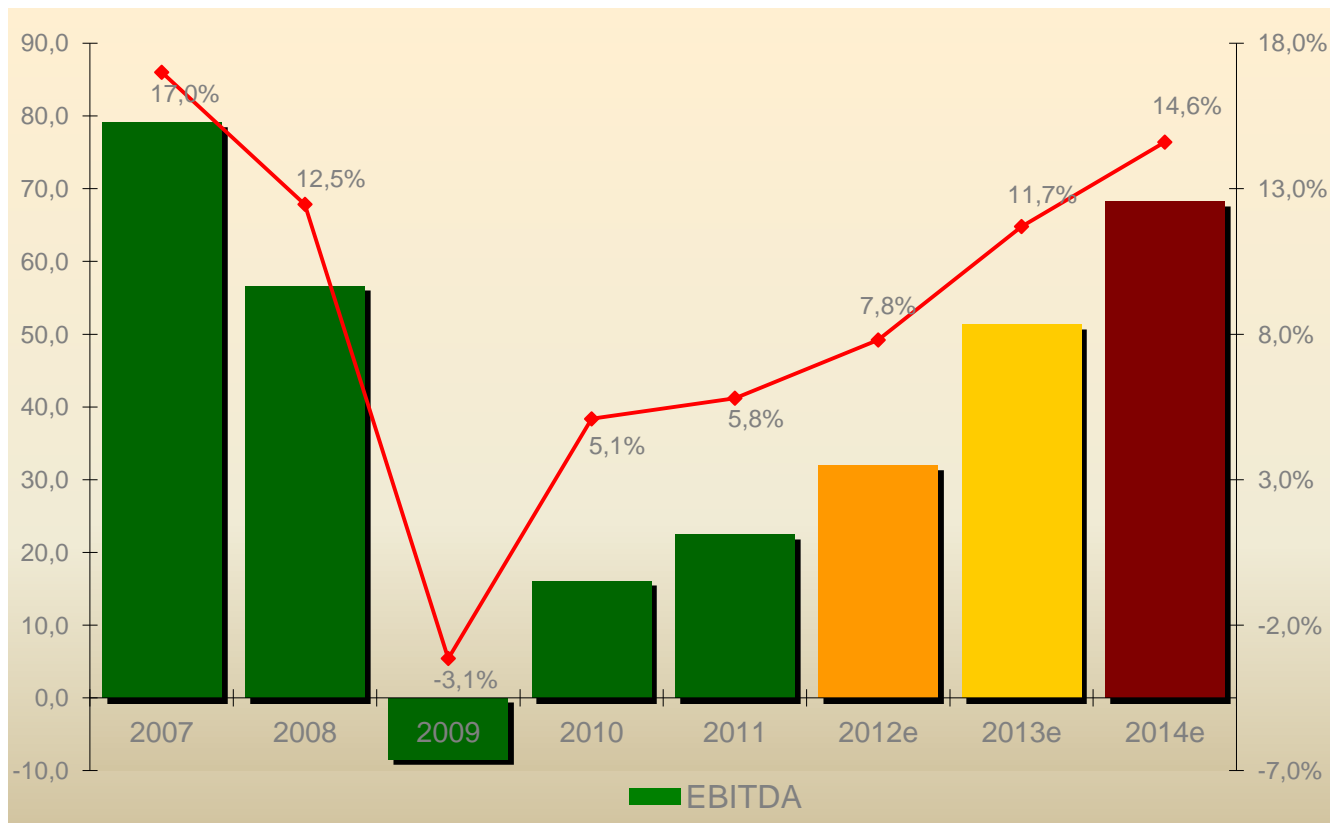
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# Group EBITDA evolution: 3 years plan



€/mln





# Group EBIT evolution: 3 years plan



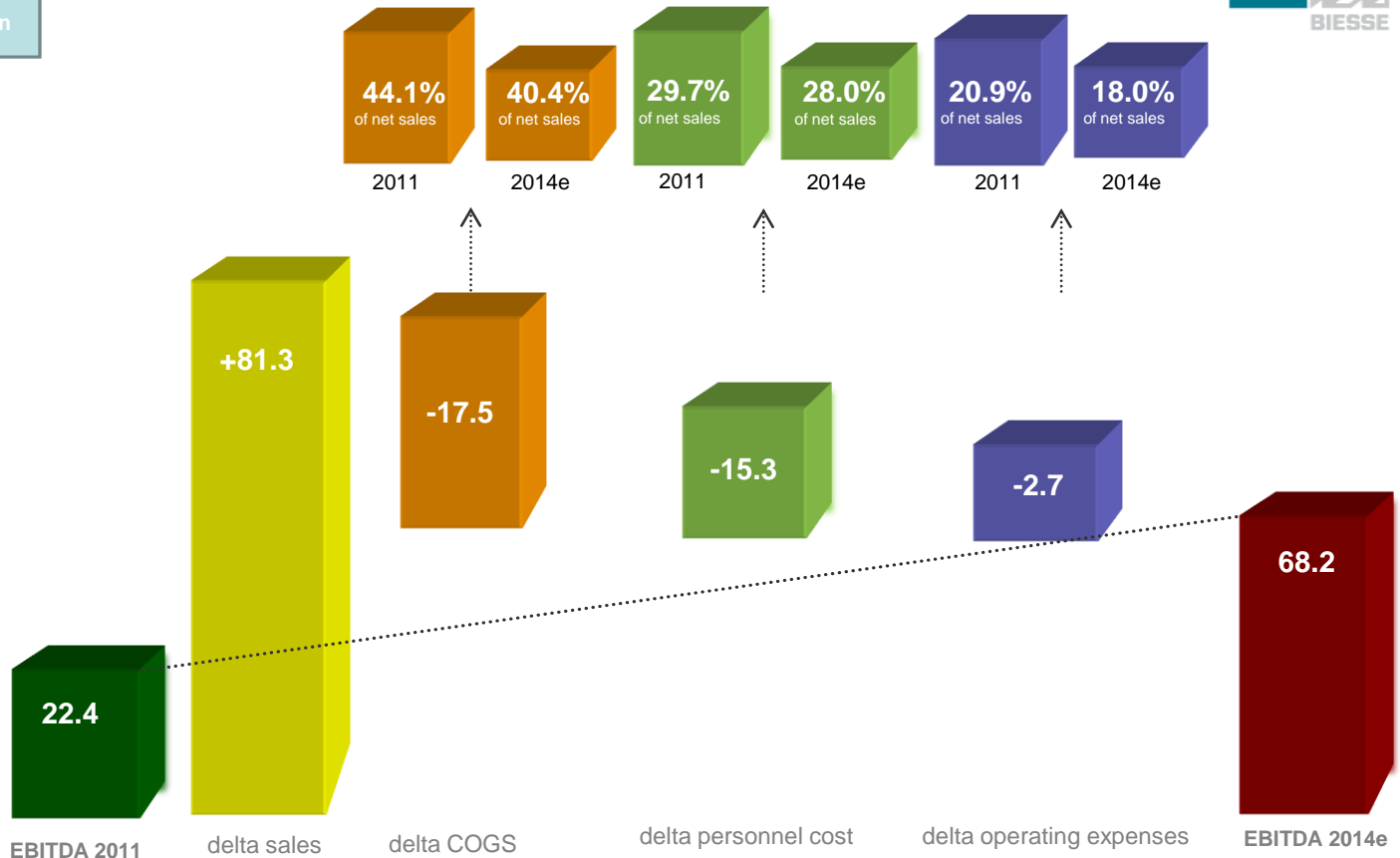
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# Group EBITDA bridge: 2011 - 2014e



€/mln



# Group Net Operating Working Capital: 3 years plan



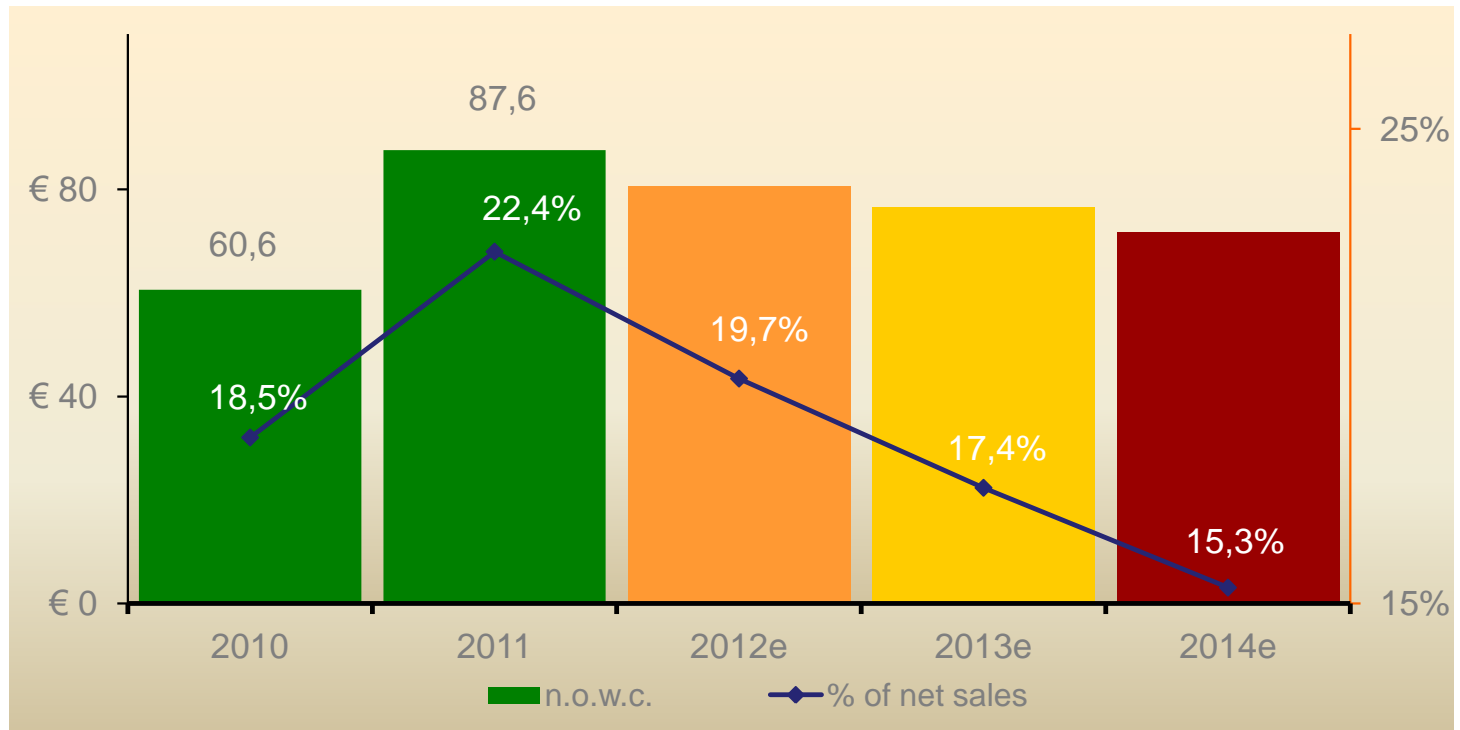
€/mln

		A	B	A+B			
	2010	2011	China	2011	2012e	2013e	2014e
<i>Inventories</i> % on net sales	<b>81.3</b> 24.8%	80.2	8.3	<b>88.5</b> 22.8%	21.2%	19.1%	17.1%
<i>Trade receivables</i> % on net sales	<b>90.4</b> 27.6%	110.0	2.2	<b>112.2</b> 28.9%	26.6%	26.5%	26.3%
<i>Trade payables</i> % on net sales	<b>111.1</b> 33.9%	111.8	1.3	<b>113.1</b> 29.1%	28.1%	28.1%	28.1%
<i>N.O.W.C.</i> % on net sales	<b>60.6</b> 18.5%	78.4	9.2	<b>87.6</b> 22.5%	19.7%	17.4%	15.3%

# Group net operating working capital: 3 years plan



€/mln



# Group Cashflow – Net Financial Position: 3 years plan



€/mln

**FY 2010**   **FY 2011**   **2012e**   **2013e**   **2014e**

2012-2013-2014

Gross Cashflow

25.9	-15.3	33.5	48.3	65.1
------	-------	------	------	------

+146.9 €

Net total Capex  
% of net sales

-12.1 3.8%	-16.2 4.2%	-20.2 4.9%	-14.5 3.0%	-14.0 3.0%
---------------	---------------	---------------	---------------	---------------

-48.7 €

Free Cashflow

13.8	-31.5	13.3	33.8	51.1
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+98.2 €

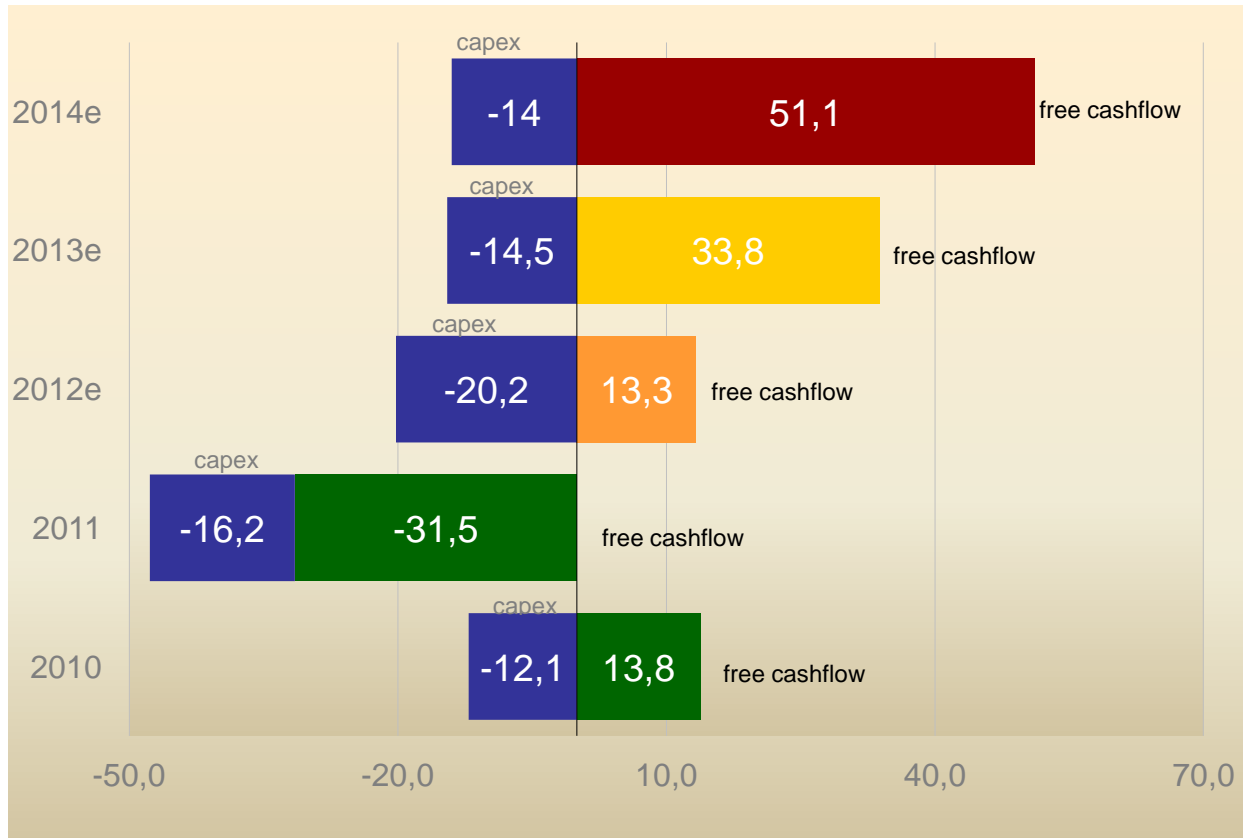
N.F.P.

-18.9	-50.4	-37.1	-3.3	47.8
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# Group Cashflow: free cashflow & total capex 3 years plan



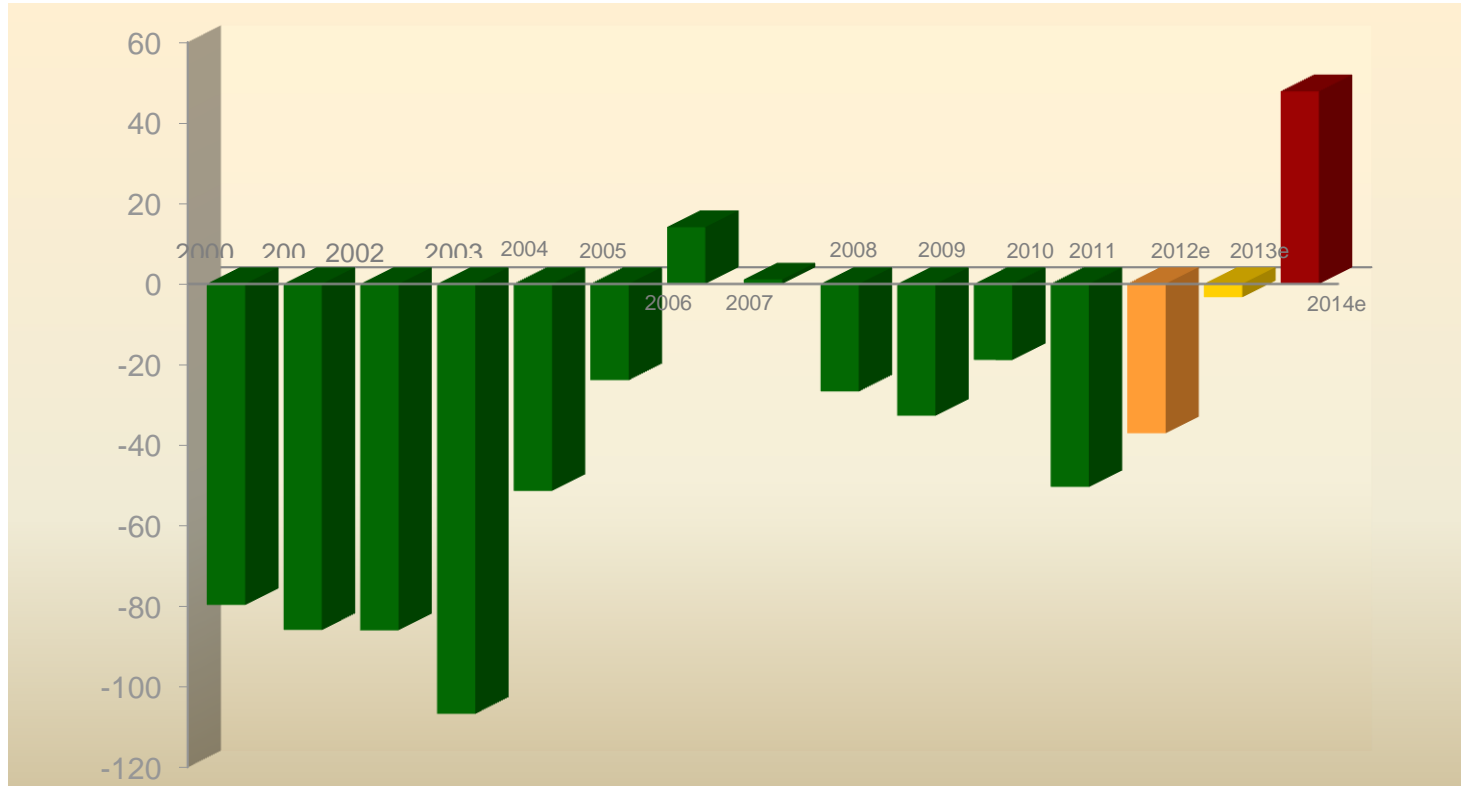
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# Net financial position: yearly trend & forecast

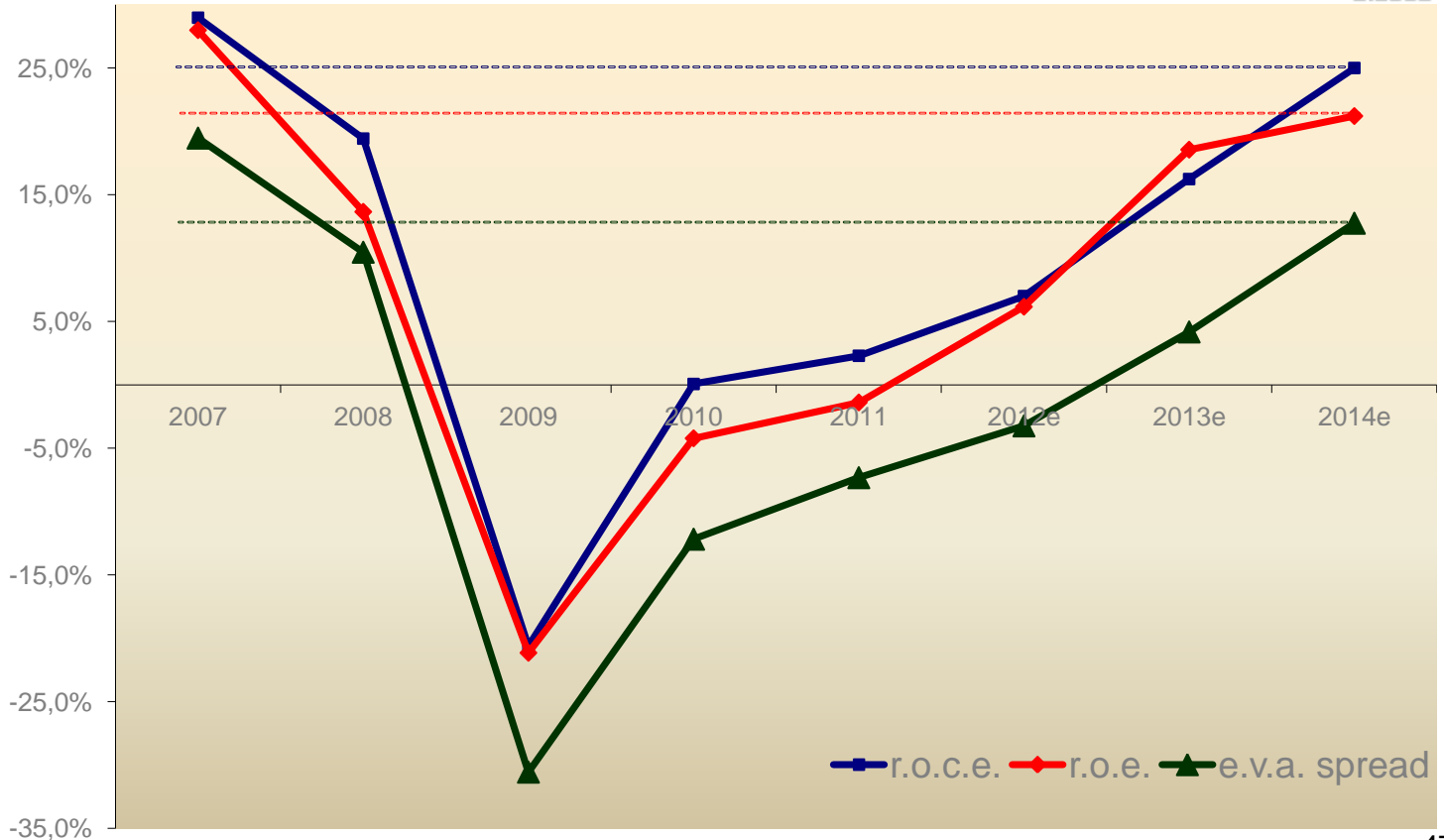


€/mln



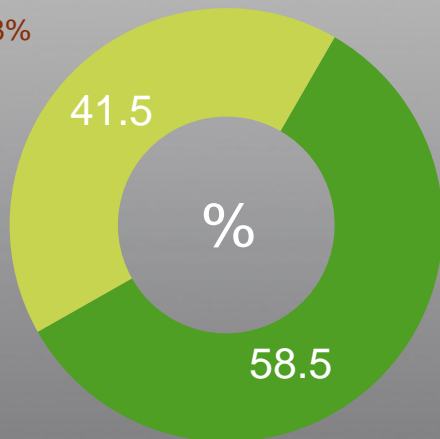


# Group ratios: 2007-2014e



shareholders breakdown > 2%

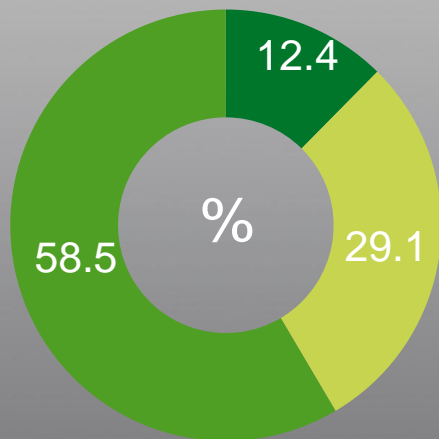
treasury shares: 1.78%



-  Bi.Fin s.r.l. (Selci family)
-  free float\*

\* Including treasury shares

shareholders breakdown “by type”

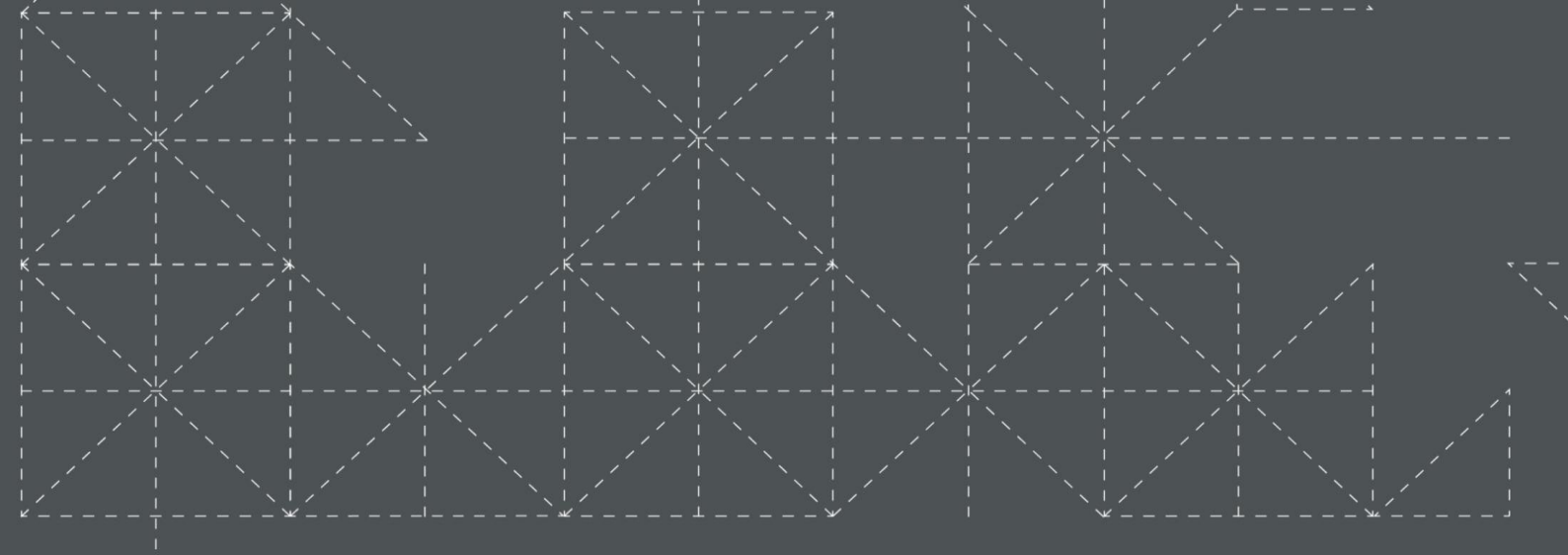


- retail
- institutional
- Selci family



## disclaimer

- ➔ This presentation has been prepared by Biesse S.p.A. for information purposes only and for use in presentations of the Group's results and strategies.
- ➔ For further details on the Biesse S.p.A.. reference should be made to publicly available information. including the Quarterly Reports, the Annual Reports and the Three Years Business Plan.
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# appendix

# Wood: products evolution



Numeric controlled machining center Rover A edge



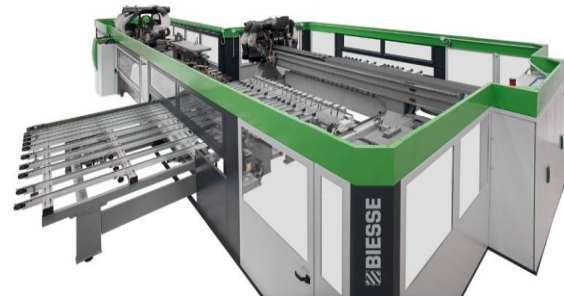
Numeric controlled machining center Rover A 5 axes



Automatic edgbanding machine Akron 1330



Multicenter Uniprof WMS



# Wood: products evolution



Vertical drilling machine Skipper V31



automatic calibrating/sanding machines



Panel sizing center WNT 630

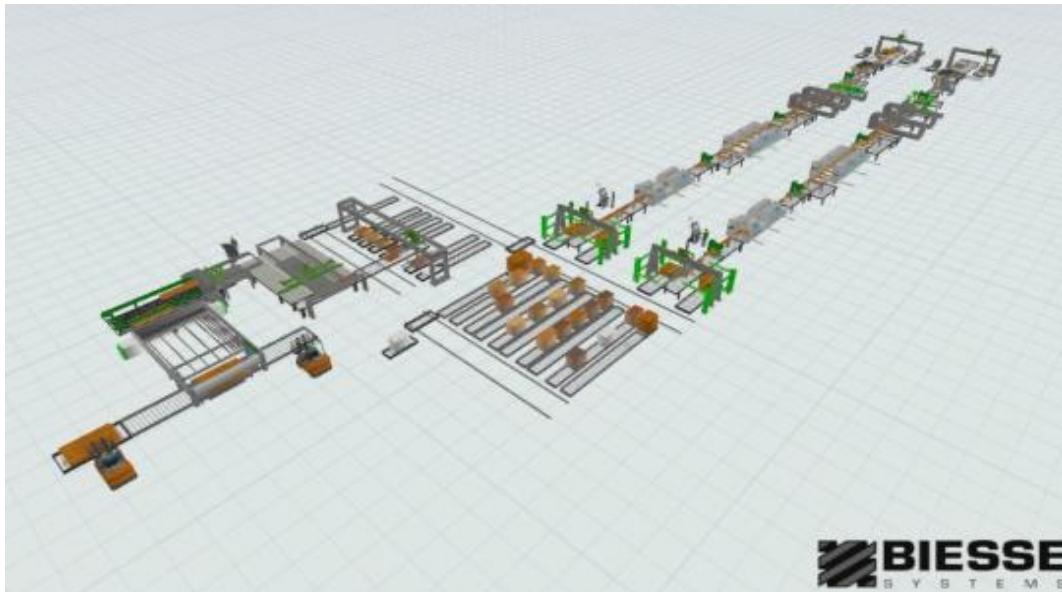




# Wood: products evolution Biesse Systems



- The Biesse Group has strengthened Biesse Systems with the addition of new highly specialised project management and engineering personnel
- Aim: to reinforce the design and development of plant/lines and to improve the competitive position



# Glass & Stone: products evolution



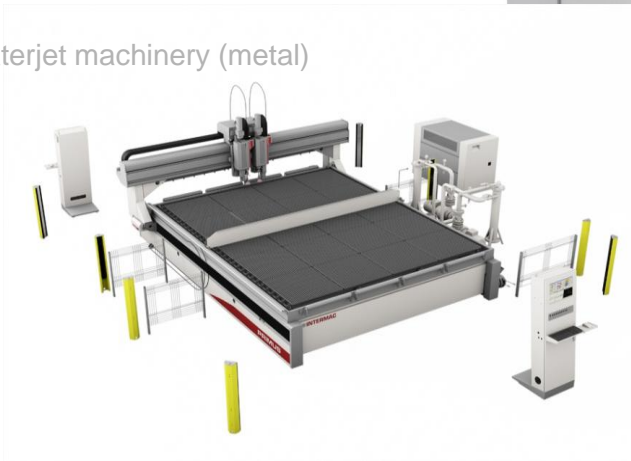
Genius LM-A for building (Glass)



Master series (Stone)



Primus series waterjet machinery (metal)



# Mechatronic: products evolution



Automatic and manual Electros spindle for wood, plastic, glass, marble, metal



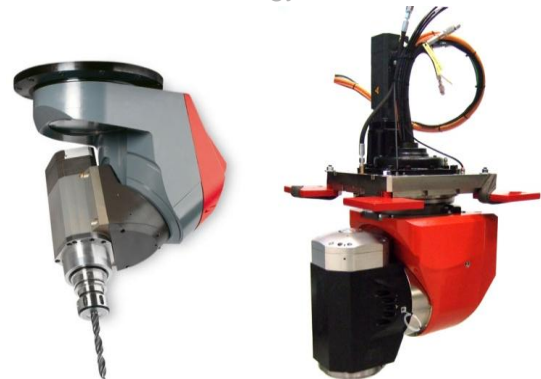
Smart Motors, Brushless Motors and Rotor/Stator



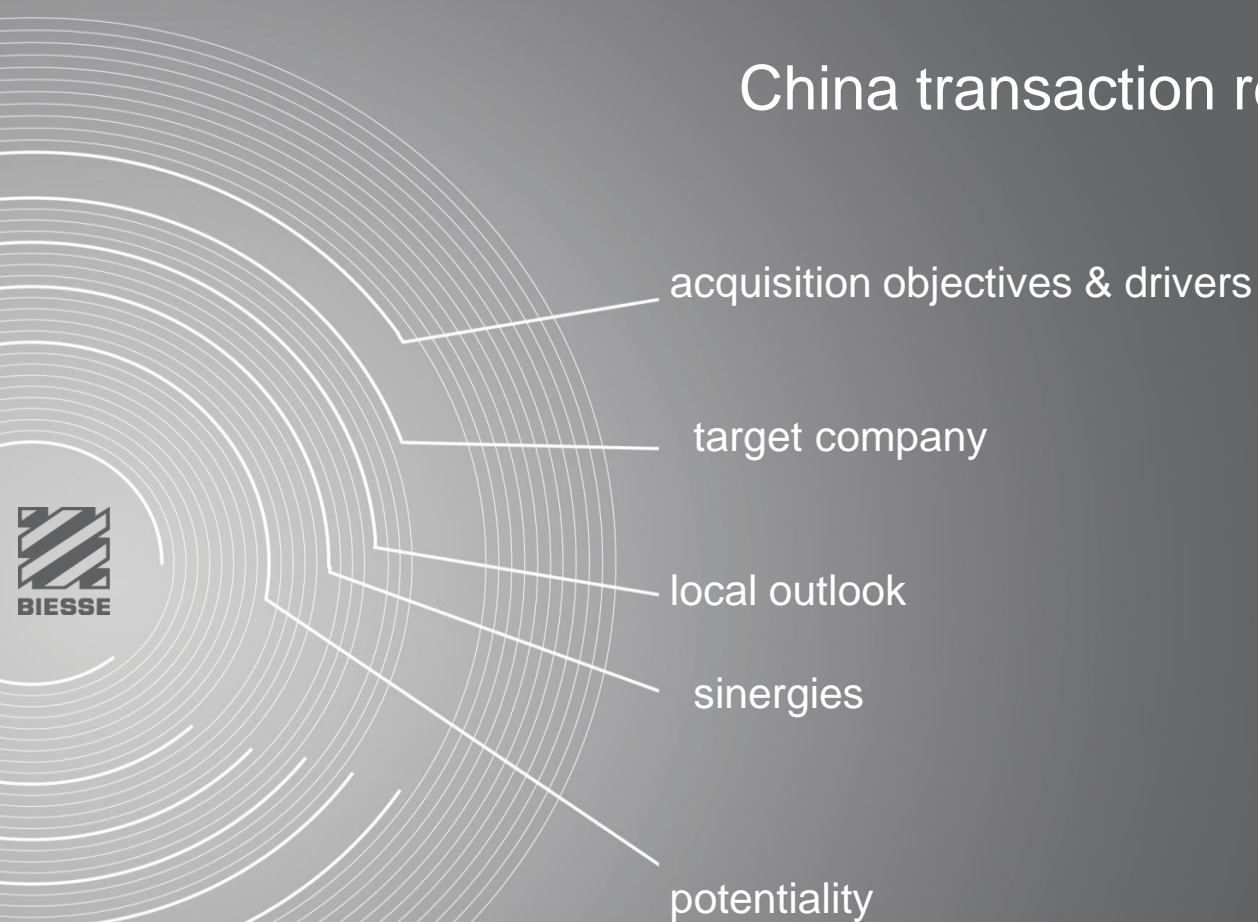
Boring Units and Right Angle Head for wood, plastic, glass, marble

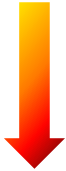


5 Axis Technology



# China transaction remind:





## **Biesse objectives**

- Acquire Brand
- Manufacturing Base
- Market share
- Development capability
- Strong partnerships



## **Biesse drivers**

- Woodworking machines low-end Brand
- Wide & well supported manufacturing district
- 2-3 % of local market share
- Know how and development capability
- Reliable partner & management team



## **the existing business:**

- manufacturing of “entry level” to “middle range” furniture machineries up to European standard of quality;
- the products are sold to customers in the territories of China, Europe and Russia and other such as Middle East, North America, South Africa and India.

## **the existing markets:**

- China (50%);
- Europe and Russia (40%) ;
- others such as Middle East, North America, South Africa and India (10%)

# Target companies: existing products (extract)





# Target companies: factory equipment







## China:

- the world's third largest nominal GDP at 33.54 trillion yuan (US\$4.91 trillion).
- increase on demand for new commercial and residential premise:- lead to domestic demand for furniture in the Mainland China – hence the demand for woodworking machineries.
- In the year of 2008, the recorded demand of woodworking machineries was over 10 trillion with an estimated increase of 10% per annum.

# Outlook: woodworking market analysis



<b>Turnover - Value /000 Euros</b>	<b>2010</b>	<b>2011</b>
<b>TOTAL</b>	108,000	120,000
<b>BIESSE</b>	5,800	10,000
<b>Mkt share</b>	5.4%	8.3%

<b>Turnover - Value /000 Euros</b>	<b>2010</b>	<b>2011</b>
<b>TOTAL Market of Reference*</b>	250,000	375,000

- sector potential high growth rate
- best competitor (Homag) performing more than € 100 mln turnover in 2011



## The “new” Group will benefit of:

- technology**: enlargement of the whole products gamma “Made in China” due to the increasing utilization of the Biesse technology.
- manufacturing knowledge and management experience**: improve the quality of the products with the Biesse experience being a worldwide leader (manufacturer & distributor).
- distribution network** : use of the high potential China Distribution Networks – Biesse & Wellex - to increase sales and profits concerning the entire products gamma, including turnkey factories and engineered systems.



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