

PRESS RELEASE

5 August 2011



BIESSE

“Technology for shaping everyday materials”

The Board of Directors of Biesse approves the Consolidated First-Half Financial Statements to
30 June 2011

BIESSE GROUP

- revenues and margins recovering
- net result impacted by financial expenses and taxes

1st Half 2011:

- net revenues up **16.5%** (€ **181.5 million**) compared to the same period of 2010
- added value € **67.4 million** (+**13.5%** compared to the same period of 2010)
- EBITDA € **7.2 million** (+**46.2%** compared to the same period of 2010)
- EBIT € **0.2 million** (negative for € **1.7 million** in the same period of 2010)
- net debt € **35.4 million** (€ **37.3 million** at 31/3/11 and €18.9 million at 31/12/10)

CONSOLIDATED INCOME STATEMENT – 1H 2011

(€ million)	1H 2011	1H 2010
consolidated net revenues	181.5	155.9
value added	67.4	59.4
EBITDA	7.2	4.9
EBIT	0.2	-1.7
net result	-4.2	-3.7
net financial position	-35.4	-20.4



Pesaro, 5 August 2011

The Board of Directors of Biesse S.p.A., a multinational company based in Pesaro manufacturing machinery and systems for working wood, glass and stone and listed on the STAR sector of the Borsa Italiana today approved the **Consolidated First-Half Financial Statements** for the period **1.1.11 – 30.6.11**:

- Consolidated revenues of € 181.5 million (+ 16.5% compared to the same period of 2010)
- Value added of € 67.4 million (+ 13.5% compared to the same period of 2010) with a margin on revenues of 37.1% (38.1% in 1H 2010)
- EBITDA of € 7.2 million (+46.2% compared to the same period of 2010) with a margin on revenues of 4.0% (3.2% in 1H 2010)
- EBIT of € 0.2 million (negative for € 1.7 million in the same period of 2010) with a margin on revenues of 0.1%
- Negative pre-tax result of € 2.2 million (negative for € 1.9 million in the same period of 2010)
- Negative net result of € 4.2 million (negative for € 3.7 million in the same period of 2010)

Comment

As planned, Biesse reinvested part of the operating profit generated by higher revenues in the 2011 first half in marketing and product development.

In particular, improvements were made to the international distribution and sales networks and investments were made in the design and manufacture of new highly technological machines and systems for progressive launch in world markets during the current year and in 2012.

These actions, necessitated also by the gradual integration of the VIET brand in the Group, could give added impetus to the planned growth in both consolidated volumes and profitability for the second part of this financial year.

Financial Position

At **30 June 2011**, **Group net debt** was **€ 35.4 million**, a € 1.9 million improvement on the figure at 31 March 2011. Compared to year-end 2010, the deterioration in the net financial position was confined to € 16.5 million, which, in the absence of one-off items, was due to cash absorption for completing important R&D projects and planned investments for the first semester of the current financial year.

The trend in **Net Working Capital** (+€ 7.3 million compared to year-end 2010) was negatively impacted by the increase in inventories (*re-stocking – phase in & phase out of new products*) as the other components of trade payables and receivables continued to benefit from a focus on the good management of financial flows.

In the second part of the 2011y, whilst remaining cautious regarding the trend in the international macro-economic scenario, Biesse should confirm its capacity to produce cash flow in line with the initial expectations for this year.

Group order intake – Geographic breakdown of revenues

The Group order intake in the first semester 2011 increased 28.5% compared to the same period of 2010. The increase compared to the first semester 2009 was 107.1% whilst the backlog at 30 June 2011 was over €111.0 million (+44.8% compared to the figure at 31 December 2010).

The geographic breakdown of consolidated revenues points to a continued downsizing of Western Europe (46.3% compared to 55.5% at June 2010) and an increase in revenues from Eastern Europe (17.2% compared to 13.3%) and



Far East Asia/Asia Pacific (17.8% compared to 14.5%). The domestic market accounted for 15.5% of revenues, a distinct decline compared to the same period of the previous financial year (26.7% at June 2010) when it was, in part, affected by the investment incentives under the “Tremonti” law. .

Revenues from BRIC countries were 14.1% of total Group revenues at end of June 2011 confirming that Biesse Group can expect stronger growth in sales from these countries in the immediate future. In particular, the Far Eastern and Latin American markets (*principally China and Brazil*) are the areas on which Biesse is focusing its attention to expand its presence and its growth potential.

Macro-economic environment – Sector analysis

In the first quarter 2011, the national association, ACIMALL – *wood-working machinery sector* – indicated a 20.4% increase in total orders but for the April-June period it announced that the growth in order intake had fallen sharply to 0.4% and that the overall outlook for the full-year was continuing to be influenced by the current difficult international macro-economic scenario.

The German association - *VDMA Erband Deutscher Maschinen- und Anlagenbau* - German Engineering Federation – also recently announced that the order intake for the whole sector was up just 1% year-on-year in the month of June with domestic business volumes down 14% but foreign orders up 10% (compared to the same period of 2010). VDMA also stated that the outlook in Germany and in other Euro countries seemed “less rosy than expected” even if the trend in the *machinery and plant sector* in the first semester of this year is expected to show a considerable increase (+23%) compared to the first semester 2010.

The first semester 2011 order intake figure released by the Business Culture and Research Centre of UCIMU – *Association of Italian Manufacturers of Machine tools, Automated Machinery and Robotics* showed an increase of 16.3% compared to the same period of 2010 and an index value of 101.5 (*base 2005 = 100*) mainly due to the contribution of exports, which rose 37.4%.



“The Manager with responsibility for preparing the accounts of Biesse (Mr Stefano Porcellini) declares, in accordance with paragraph 2 article 154 bis of the Consolidated Finance Act that the accounting information contained in the present communication corresponds to the results contained in the Group’s records, books and accounts.”

First-Half Income Statement at 30 June 2011

Euro 000's	30 June 2011	% on sales	30 June 2010	% on sales	CHANGE %
Net revenue	181,565	100.0%	155,881	100.0%	16.5%
Change in inventories, wip, semi-finished and finished goods	15,809	8.7%	3,054	2.0%	-
Other revenues	1,418	0.8%	988	0.6%	43.5%
Value of Production	198,792	109.5%	159,922	102.6%	24.3%
Consumption of raw materials, consumables supplies and goods	(91,862)	(50.6)%	(66,767)	(42.8)%	37.6%
Other operating expenses	(39,492)	(21.8)%	(33,735)	(21.6)%	17.1%
Added Value	67,438	37.1%	59,420	38.1%	13.5%
Personnel expense	(60,197)	(33.2)%	(54,467)	(34.9)%	10.5%
Gross Operating profit (loss)	7,241	4.0%	4,953	3.2%	46.2%
Depreciation and amortisation	(6,199)	(3.4)%	(5,760)	(3.7)%	7.6%
Provisions	(835)	(0.5)%	(942)	(0.6)%	(11.4)%
Net Operating profit (loss)	206	0.1%	(1,748)	(1.1)%	--
Finance income/expense	(1,086)	(0.6)%	(805)	(0.5)%	34.9%
Exchange rate differences gains (losses)	(1,308)	(0.7)%	669	0.4%	--
Pre-tax loss	(2,188)	(1.2)%	(1,885)	(1.2)%	16.1%
Income taxes	(2,029)	(1.1)%	(1,855)	(1.2)%	9.4%
Loss for the period	(4,217)	(2.3)%	(3,739)	(2.4)%	12.8%



Summary Statement of Financial Position

	30 June 2011	31 December 2010	30 June 2010
Euro 000's			
Intangible assets	45,959	44,281	43,156
Property, plant and equipment	53,897	55,834	58,022
Finacial assets	732	738	867
Non current assets	100,588	100,853	102,045
Inventories	97,712	81,326	70,921
Trade receivables	94,608	90,391	89,243
Trade payables	(124,366)	(111,134)	(95,817)
Net Operating Working Capital	67,954	60,583	64,347
Post-employment benefits	(10,727)	(10,855)	(11,252)
Provision for risk and charges	(7,402)	(8,547)	(7,940)
Other net receivables/payables	(12,843)	(16,408)	(17,591)
Net deferred tax assets/liabilities	15,797	16,210	16,570
Other net assets/liabilities	(15,175)	(19,600)	(20,213)
Net Invested Capital	153,367	141,836	146,178
Share capital	27,393	27,393	27,393
Result for the previous period and other reserves	94,240	100,694	101,601
Loss for the period	(3,924)	(5,392)	(3,580)
Non controlling interests	278	220	372
Equity	117,986	122,915	125,786
Due to bank and other finacial institutions	64,904	44,733	50,191
Other financial assets	(453)	0	0
Cash and cash equivalents	(29,069)	(25,812)	(29,799)
Net financial indebtedness	35,381	18,921	20,392
Total source of funding	153,367	141,836	146,178



Net Financial Position

Euro 000's	30 June	31 March	31 December	30 September	30 June
	2011	2011	2010	2010	2010
Financial assets	29,523	24,866	25,812	24,786	29,799
Current financial assets	453	0	0	0	0
Cash and cash equivalents	29,069	24,866	25,812	24,786	29,799
ST finance lease liabilities	(1,452)	(2,215)	(2,217)	(2,188)	(2,185)
Bank and other ST financial debt	(56,366)	(47,943)	(33,535)	(33,796)	(35,770)
Net Short Term Financial Indebtedness	(28,295)	(25,292)	(9,940)	(11,198)	(8,156)
M/L term finance lease liabilities	(2,660)	(2,973)	(2,998)	(4,040)	(4,120)
M/L term bank debt	(4,426)	(8,984)	(5,983)	(7,463)	(8,116)
Net M/L Term Financial Indebtedness	(7,086)	(11,957)	(8,981)	(11,503)	(12,236)
Total Net Financial Indebtedness	(35,381)	(37,250)	(18,921)	(22,700)	(20,392)

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. it 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 2,400 employees in its main production sites in Pesaro, Alzate Brianza, Bangalore and its associates/branch offices in Europe, North America, the Middle East, Asia and Australasia. The Group also has no fewer than 300 resellers and agents enabling it to cover more than 100 countries.

**BIESSE**

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