

# PRESS RELEASE

16/03/2009



**BIESSE**

**The Board of Directors of Biesse approves the Preliminary 2008 Consolidated Financial Statements and the 2009-2011 Three-year Business Plan**

**BIESSE GROUP:**

**2008 CONSOLIDATED REVENUES FALL SLIGHTLY  
OPERATING PROFIT AND NET PROFIT DECLINE  
THE BOARD APPROVES THE 2009-2011 THREE-YEAR  
BUSINESS PLAN**

**CONSOLIDATED INCOME STATEMENT – 2008 RESULTS**

<i>Values in € million</i>	31.12.08	31.12.07	% change
Net revenues	454.3	466.0	(2.5%)
Gross operating profit (Ebitda)	56.6	79.1	(28.5)
Net operating profit (Ebit)	35.0	65.4	(46.4%)
Pre-tax profit (Ebt)	31.3	62.7	(50.1%)
Net profit	19.7	41.7	(52.6%)

- Biesse Group Net Debt of € 26.7 million at 31 December 2008
- The 2008 Corporate Governance Report is approved
- The ordinary Shareholders' Meeting is called for 10.00 am on 28 April 2009 in first convocation (with any eventual second convocation the next day at the same time)
- The 2009-2011 Three-year Business Plan is approved

**Pesaro, 16 March 2009** – The Board of Directors of Biesse S.p.A., the company which operates in the market for machinery and systems for working wood, glass and stone and which is listed on the STAR segment of the Borsa Italiana, Milan, approved its preliminary financial statements for the financial period to 31 December 2008 at a meeting held in Pesaro today.

The consolidated results of Biesse Group for the full twelve-months of 2008 are as follows:

- Consolidated net revenues of €454.3 million (-2.5% compared with the same period of 2007);
- Added value of €167.5 million (-8.5% year-on-year), equal to a margin on revenues of 36.9%;
- Ebitda of €56.6 million (-28.5% year-on-year), equal to a margin on revenues of 12.5%;
- Ebit\* of € 35.0 million (-46.4% year-on-year) equal to a margin on revenues of 7.7%;
- Pre-tax profit of € 31.3 million (-50.1% year-on-year), equal to a margin on revenues of 6.9%;
- Net profit of €19.7 million (-52.6% year-on-year), equal to a margin on revenues of 4.3%



**\*The 2008 financial year included "extraordinary and non-recurring items" (due to impairment tests and prudent provisions to the risk provision for trade debtors) for a total of € 7.4 million. For example, the adjusted EBIT would be € 42.4 million, representing a margin on revenues of 9.3%.**

A further difference between the year-end 2007 and 2008 statements is the absence in the statements to 31 December 2008 of "non-recurring revenues" deriving from curtailment (the effect on the actuarial calculation of the application of the 2007 reform of staff-leaving indemnities (T.F.R.)), which had an effect equivalent to € 1.7 million (0.4% of revenues) on the consolidated results of the 2007 financial year.

#### *Net debt*

At 31 December 2008, Group Net Debt was €26.7 million, an increase of €4.3 million compared to 30 September 2008 and of €27.8 million compared to the end of 2007. The year-end 2008 figure was impacted not only by the continuous deterioration in the macro-economic scenario but also by extraordinary items that included €12 million of dividends and over €6.8 million for the share buy-back.

#### *Shareholders' funds*

At 31 December 2008, Group Shareholders' Funds were €152.2 million, an increase of € 0.5 million compared to year-end 2007.

#### *Corporate Governance*

At the Board of Directors meeting, the 2008 Report on Biesse Corporate Governance, containing details of the adoption of the Organisational Model and the Supervisory body as decreed by Law Decree 231/2001 and by the ICFR (Internal Control over Financial Reporting) model L. 28 December 2005, no. 262, was also approved

#### *Shareholders' Meeting*

Following approval of the 2008 Preliminary Financial Statements, the Board of Directors agreed to convene the Biesse Shareholders Meeting on 28 April 2009 at 10.00 am in first convocation and, if required, at the same time on 29 April 2009 in second convocation. The Shareholders Meeting in addition to approving the Financial Statements to 31 December 2008, the Directors' report on operations, the reports of the Board of Statutory Auditors and the Independent Auditors, and the Consolidated Financial Statements, must appoint, as specified in the agenda of the meeting, the new Board of Directors and Board of Statutory Auditors of Biesse, the current mandates of which expired at the end of the 2008 financial year.

#### *Buy Back*

The share buy back project, approved in January 2008 by Biesse S.p.a., had, at the reporting date (31 December 2008) resulted in the acquisition of 711,359 shares (2.60% of the share capital) for a total payment of €6.8 million (an average book value of €9.6139 per share).

#### *The macro-economic scenario*

The most authoritative economic analysts agree that the current recession is, without doubt, in terms of intensity, global spread and aggressive speed, the most violent systemic crisis since the time of the so-called "Great Depression" of the 1930s.

Globalisation, which in periods of economic growth/stability increases opportunities for diversification and, therefore, tends to reduce risks, has ended up becoming a transmission belt and accelerator, rather than a shock absorber, for the spread of the crisis.

Signs of the impending recession were already evident in summer 2007 – when the problems of the US sub-prime mortgage market became evident -, but few economists foresaw such dramatic, deep and potentially long-lived consequences for the real economy.

The global crisis has progressively intensified and spread: the growth outlook for the world economy has shown a marked deterioration; zero growth is now forecast, with some even



expecting a contraction of the world economy, whilst, in Italy, domestic GDP is expected to decline 2.7%.

#### *The reference sector - wood*

The current world economic and financial crisis has affected the wood working machinery sector.

The negative trend in orders, which has characterized the sector since the start of 2008, peaked in the fourth quarter, affecting both the export and the domestic markets.

The survey carried out by Acimall, - the national association for the wood working machinery sector - , on the basis of a statistical sample representative of the whole sector, reveals a 38.8% decrease in orders.

More in detail, export orders fell 39.2% whilst on the Italian market the decline was 37.8%.

Figures from the German association, VDMA, for the same machinery sub-sector, "Holzbearbeitungsmaschinen", for the three-month period November 2008 - January 2009 show a shocking -59% in order intake (-19% in revenues, due to the pre-existing order portfolio).

Turning again to the Acimall analysis, in 2008, prices increased on average 1.3% whilst production visibility at the end of the quarter, according to the survey sample, was about 1.8 months.

The qualitative survey for the period, based on the response of companies that partook in it, showed the following: 63% of those interviewed reported a decrease in production; 30% reported stability and only 7% reported an increase.

Employment was stable for 50% of the sample surveyed; it fell for 47% and only 3% of those interviewed reported an increase.

Stocks were stable in 47% of cases, declining in 30% and increasing for the remaining 23%.

The survey on the future outlook is obviously affected by the recessionary trend of the real economy in all its variables. A pessimistic climate, already noted in the preceding quarter, was confirmed as far as concerned the market trend in 2009. Of those surveyed, 67% believe that foreign orders will decline further whilst the remaining 33% of those interviewed expect them to remain unchanged.

None of those that partook in the survey expected an increase in orders in the immediate future; the same opinion was expressed also regarding the domestic market.

#### *The 2009-2011 Three-Year Business Plan*

Despite the marked uncertainty and volatility affecting all the reference markets, the Biesse Board of Directors meeting today approved the new Business Plan covering the three-year period 2009-2011, which incorporates its vision and strategies for the period in question. The continuing very negative trend of the economic sectors in which Biesse is involved, which are historically cyclical, has badly damaged the ability to retain an acceptable global order intake level. As a result of this contraction, never before experienced, last November Biesse introduced drastic measures aimed at containing fixed costs and those directly attributable to personnel. Specifically regarding this point, the approved Plan contains very clear directives concerning the need to adapt speedily the company structure to the economic trends in order to achieve greater flexibility and efficiency. Given that in less difficult times - two years ago - the company had already initiated a significant review of its production methodology and an analysis of the organizational structure, the Three-Year Plan approved today contains moderate hopes that the company can face up to the crisis in the best condition possible. Given everything that has been written above and the sector analyses in our possession, the summary outlook is as follows:

*NET CONSOLIDATED REVENUES: 2009-2011 CAGR -3.5%*

*EBITDA: 2009-2011 CAGR +3.3% (EBITDA margin 2011: 15.3%)*



*EBIT: 2009-2011 CAGR +10.7% (EBIT margin 2011: 11.7%)  
Total 2009-2011 Free Cash Flow: € 53-58 million  
2011 Net Financial Position positive: > € 25 million*

With regard to the changes to the rules concerning the listing of issuers controlling non-EU companies, the company declares that it is in compliance with the requirements of articles 36 and 37 of Consob ruling no. 16191 for the enactment rules of the decree law of 24 February 1998, no. 58 regarding markets.

***As required by paragraph 2 article 154-bis of the Financial Consolidation Act (T.U.F.), the manager responsible for drawing up the company accounts of Biesse Group, Stefano Porcellini, declares that company accounting information contained in this press release corresponds to the company documents, books and accounting records.***

*"Today we have filed a result for 2008 that was substantially positive and which, given what is happening in these weeks, seems to have belonged to an economic cycle that is now over," stated Roberto Selci, Chairman of Biesse S.p.A., following the Board Meeting. "Unmitigated pessimism is never the best way of overcoming difficulties, but the adversities that we face and will continue to face for at least the whole of 2009 have never been experienced before and are such that we must use all means possible to identify the correct counter-measures. I fully concur with the analysis expressed by many that the outlook for our future growth is inextricably linked to a return to stability in the financial sector, and, in particular, to that regarding the credit markets. It is undeniable that those, like us, that manufacture and sell goods essential for medium-small and large companies, capital goods, cannot function without the continuous support of the banking world (leasing) in general. Once this phase of stagnation in indispensable financial support passes, I believe that global demand can be effectively revitalised through targeted commercial actions and technological innovation, both of which are present in our company's DNA.*

*Despite these considerations, however, there still remains deep uncertainty and considerable difficulties in formulating guidance for the next three years; given this, in approving the 2009-2011 Three-Year Business Plan, the Board of Directors wished to reflect what Biesse is doing internally to complete its reorganisation projects and also what has happened to global markets in the first months of 2009. The decline in the order intake has been and remains significant and, given the data from the main sector associations, there is currently no sign of a reversal in this trend or attenuation in this phenomenon. Nevertheless, my belief in our operations and even more in our strategic industrial decisions has never been greater. We hope that the excellence of the work we have done and are doing will bear positive results in the immediate future and leave Biesse a renewed and streamlined company."*



**The Biesse Group**

*Biesse 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 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 20 associates located in strategic markets.*

*The associates guarantee specialized post-sales assistance to clients whilst at the same time carrying out market research in order to develop new products. The Biesse Group has over 2,450 employees in its main production sites in Pesaro, Novafeltria, Alzate Brianza, Bergamo, Turin, and Bangalore and the 30 associates / branch offices in Europe, North America, Asia and Australasia. The Group also has no less than 300 resellers and agents which enable it to cover more than 100 countries.*

Contacts: **Alberto Amurri I.R.**  
**Manager**  
Biesse S.p.A  
[www.biessegroup.com](http://www.biessegroup.com)  
Tel. +39 0721 439107  
+39 3351219556  
[alberto.amurri@biesse.it](mailto:alberto.amurri@biesse.it)

**Mirella Villa Comunicazione S.r.l.**  
**Mirella Villa / Adriana Liguori**  
Tel. +39 02-4980162  
Mob. +39 335 7592701 / 334  
3202718  
[mirella.villa@villacomunicazione.it](mailto:mirella.villa@villacomunicazione.it)  
[adriana.liguori@villacomunicazione.it](mailto:adriana.liguori@villacomunicazione.it)

