


 **BIESSE**GROUP

technology for shaping
everyday life materials

Milan, 18 September 2014

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Company view

Biesse Group



Biesse Group is a multinational leader in the technology for processing wood, glass, stone, plastic and metal.

Founded in Pesaro in 1969, by Giancarlo Selci, the company has been listed on the Stock Exchange (STAR segment) since June 2001.

 **BIESSE**GROUP

 **BIESSE** /  **INTERMAC** /  **DIAMUT** / MECHATRONICS

In /

1 industrial group, 4 business areas and 8 production sites

How /

around € 14 million p/y (real) in R&D and more than 200 patents registered

Where /

30 branches and 300 agents/selected dealers

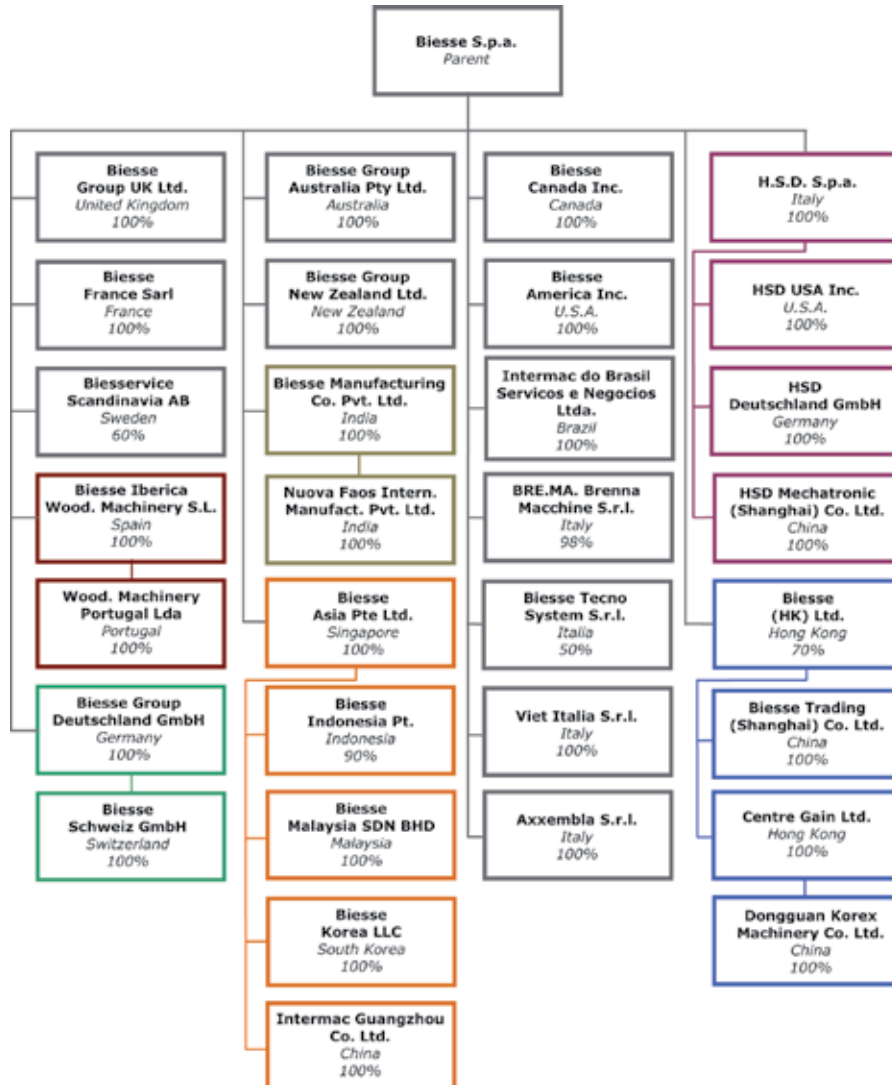
With /

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

We /

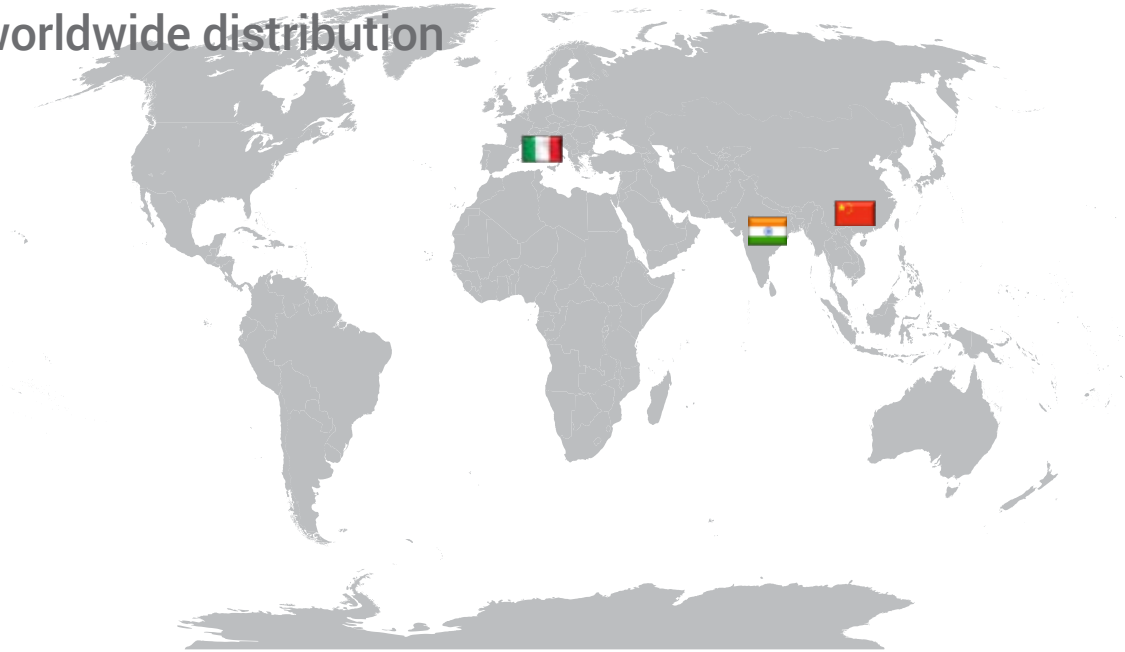
more than 2800 employees all over the world

Biesse Group structure



Made In Biesse

for worldwide distribution



Italy: production
(wood - glass - stone - tools - mechatronic)

India: production & sourcing (wood)

China: production & sourcing
(wood - glass - stone)

Worldwide distribution

Subsidiaries & representative offices

Italy
Brianza
Triveneto

U.K.
Daventry

Switzerland
Luzern

Sweden
Jönköping

Russia
Moscow

Germany
Elchingen
Löhne
Gingen

France
Lyon

Spain
Barcellona

Portugal
Lisbona

U.A.E.
Dubai

North America
Charlotte
Montreal
Toronto
Los Angeles
Forth Lauderdale

Brazil
San Paolo

India
Bangalore
Mumbai
Noida

China
Shanghai
Dongguan
Guangzhou

Asia
Singapore
Kuala Lumpur
Jakarta
Seoul

Oceania
Sydney
Brisbane
Melbourne
Perth
Auckland



User-friendly technology

The 5-axis operating section, equipped with 13 kW HSD spindle and with 360° continuous rotation on the vertical and horizontal axes, enables the machining of complex-shaped pieces ensuring quality, precision and absolute reliability over time.

The high technological content of the machining centres most widely sold in the world meets the requirements of wood industry professionals. It is the perfect combination of Italian genius and innovation.



Biesse global leadership

- **1st** world largest manufacturer CNC centre 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 woodworking machinery worldwide

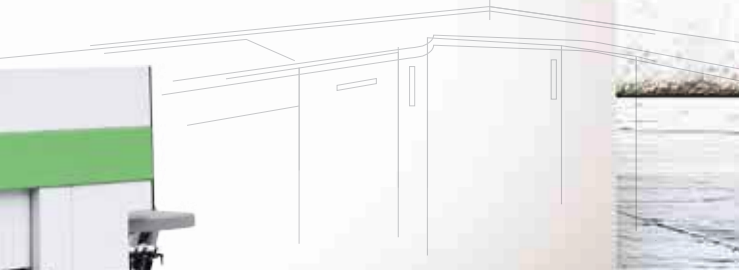
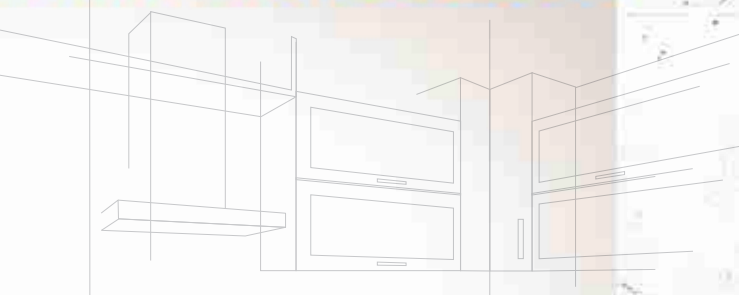
Key success factor

- Worldwide extensive direct sales network & support capabilities
- Strong commitment and investment in R&D
- Flexible and slim business model – the lean company
- One stop shop for superior quality products
- Integrated supply network

Cnc solutions for wood



 **BIESSE**



Cnc solutions for glass & stone



 **INTERMAC**



Made With Biesse

Biesse Group technologies join forces with Lago's innovation and total quality management processes.

Against the crowded backdrop of Italian design, Lago stamps its own identity as an emerging brand through exciting products and an open approach to the contamination of art and business, combined with innovation efforts aimed at sustainable development. "We created a number of projects, or rather, concepts - states Daniele Lago - that have shaped Lago as we see it today: we saw design as a cultural vision that applies not only to individual products, but rather to the entire business chain". "Flexibility is the key word here at Lago" says Carlo Bertacco, Manufacturing Manager. "We started to introduce the concept of processing only outstanding orders, that enabled us to reduce our footprint and empty the site from the very beginning". "The machinery that we purchased – states Bertacco – is great, it entailed a limited investment versus the capabilities it offers and is linked to a specific manufacturing approach. What I am talking about is a given manufacturing volume with Lago-standard quality levels and the possibility of customising as late as possible, at the customer's request: in short, the very basic principles of lean manufacturing".

Source: IDM Furniture Industry
Lago, our customer since 1999, is one of most prestigious Italian furniture brands in the world.

<http://www.lago.it>



Major customers wood





Major customers glass & stone





Major customers mechatronic



Service & Parts



Direct, seamless co-ordination of service requests between Service and Parts.

Support for Key Customers by dedicated Biesse personnel, either in-house and/or at the customer's site.



The Biesse Group promotes, nurtures and develops close and constructive relationships with customers in order to better understand their needs and improve its products and after-sales service through two dedicated areas: Biesse Service and Biesse Parts.

With its global network and highly specialised team, it offers technical service and machine/component spares everywhere in the world on-site and 24/7 on-line.

Biesse Service

- Machine and system installation and commissioning
- Training centre dedicated to Biesse Field engineers, subsidiary and dealer personnel; client training directly at client's site.
- Overhaul, upgrade, repair and maintenance.
- Remote troubleshooting and diagnostics.
- Software upgrade.

500 /

Biesse engineers in Italy and worldwide

50 /

Biesse engineers manning a Teleservice Centre

550 /

certified Dealer engineers

120 /

training courses in a variety of languages every year

Biesse Parts

- Original Biesse spares and spare kits customised for different machine models.
- Spare part identification support.
- Offices of DHL, UPS and GLS logistics partners located within the Biesse spare part warehouse, with multiple daily pick-ups.
- Order fulfilment time optimised thanks to a global capillary distribution network with de-localised, automated warehouses.

87%  of downtime machine orders fulfilled within 24 hours

95%  of orders delivered in full on time

100  spare part staff in Italy and worldwide

500  orders processed every day



Highlights

2.1

Highlights IH 2014

orders intake & backlog

- **beating** the sector associations (italian and german ones) indications
- Group backlog **exceeding** the € 100 mln since 2011

from Milan to Atlanta

- **positive feedback** from the international fairs all over the world -from Xylexpo (Milan) to IWF (Atlanta)-

Cashflow

- **growing** operative cashflow matching the dividends paid (May 2014)

recent world fairs

- AWISA Brisbane August 6-9: great results at the Australian Woodworking Industry Suppliers to confirm the Biesse leadership in that area. Orders intake almost **three times more than the 2012 edition**.
- IWF Atlanta August 20-23: orders intake **more than double vs the latest edition (2012)** attesting the north america economy is recovering. Housing sector and consumer confidence are both supporting the capital equipment demand even for the near term future.

growth drivers

- **commitment to increase market shares** (wood-glass-stone) in the most active areas (Asia - Eastern Europe - North and Latin America).
- use the **expected megatrend urbanization**, even exceeding the local GDP development, strenghtening the sale&distribution structure and organization network.

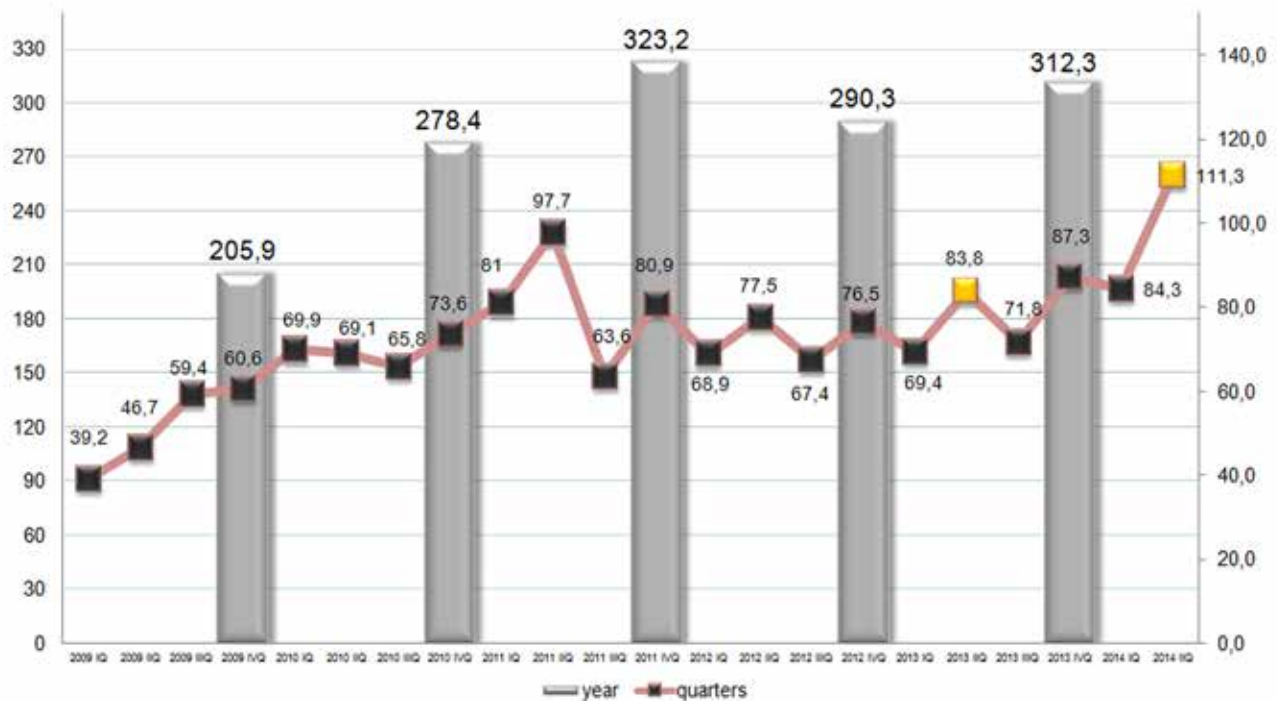
products

- **prosecution of the entire product gamma** renewal (wood-glass-stone) - partially started during the 2013 -
- **blinside event (Pesaro, 9-11 October)** - hosting a huge customers figures - will be the occasion to show new products evolution and the technical innovations created by Biesse research depts (wood division).

2.1 Highlights

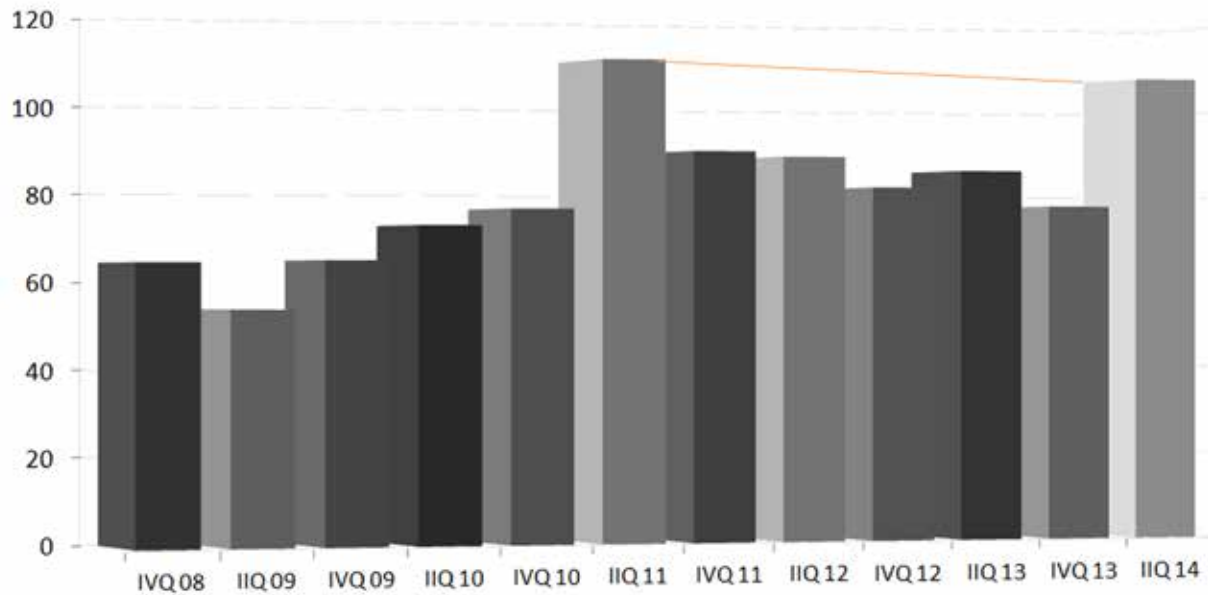
Group orders intake

IH 2014: € 195.6 mln +27.7%
IH 2013: € 153.2 mln



Group backlog

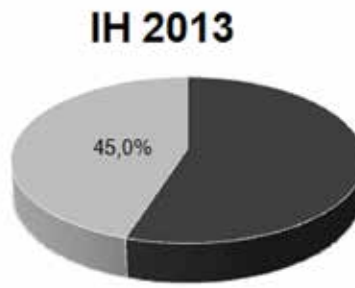
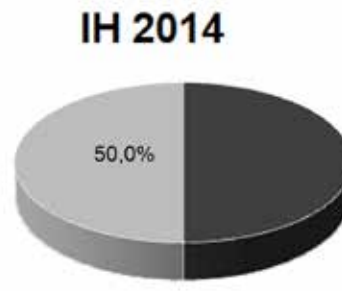
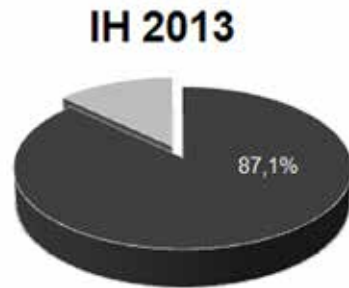
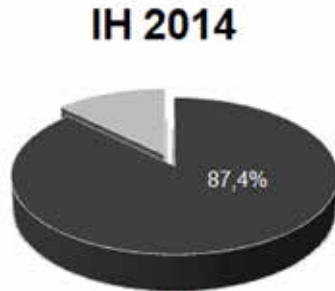
IH 2014: € 107.7 mln +25.4%
 IH 2013: € 85.9 mln





Orders backlog breakdown per type & destination: **wood**



- engineered lines
- stand alone machines

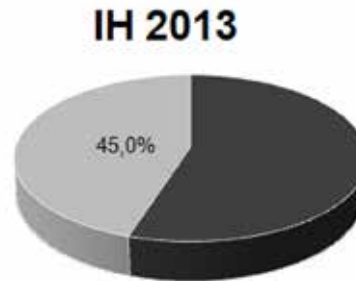
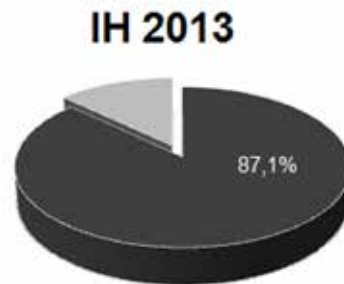
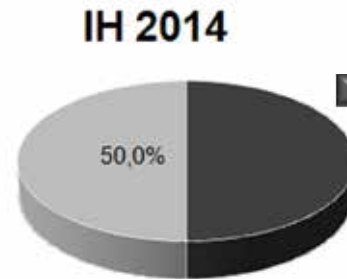
- new-incremental
- substitution upgrade



Orders backlog breakdown per type & destination: **glass**

 engineered lines
 stand alone machines

 new-incremental
 substitution upgrade



Main competitors (wood) flash situation

HOMAG



DÜRR and Homag as a question mark? After the July takeover announcement, opportunities or risks for the market leader?

SCM
Group



“strenght points” become “weak points”? Products and organization structure to be re-thought?

Weinig
Holzher



unity is strenght? What next after the acquisition?

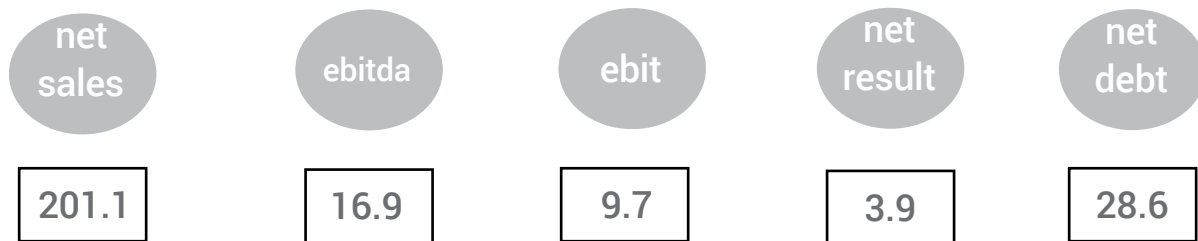


IH 2014 Financials

3.1

IH 2014

€/mln



- double digit increase of **the consolidated revenues**
- strong increase of profitability (**ebitda & ebit**)
- more than tripled the positive **net result**
- decrease of the **net debt**

P & L IH 2014

€/mln	IH 2013	FY 2013	IH 2014
Net sales	180.2	378.4 -1.2%	201.1 11.6%
Value added	69.4	146.9*	79.8
% of net sales	38.5%	38.8%	39.7%
Labour cost	57.8	112.6	62.9
% of net sales	32.1%	29.8%	31.3%
EBITDA	11.6	34.3*	16.9
% of net sales	6.4%	9.1%	8.4%
EBIT	5.1	18.1*	9.7
% of net sales	2.9%	4.8%	4.8%
Net result	1.1	6.4	3.9
% of net sales	0.6%	1.7%	2.0%

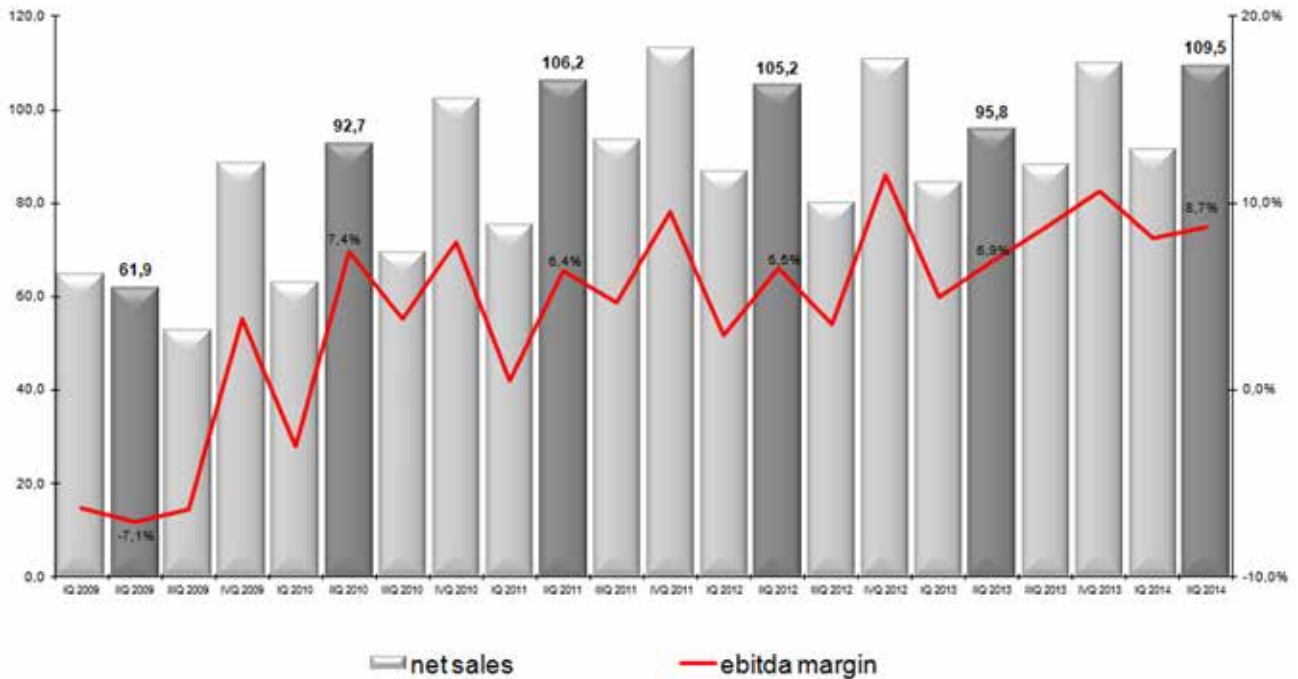
Tax rate 53.7%
IRAP affected
(29.3% without IRAP)

*real estate appreciation - provisions and depreciation

3.0
non recurring items *

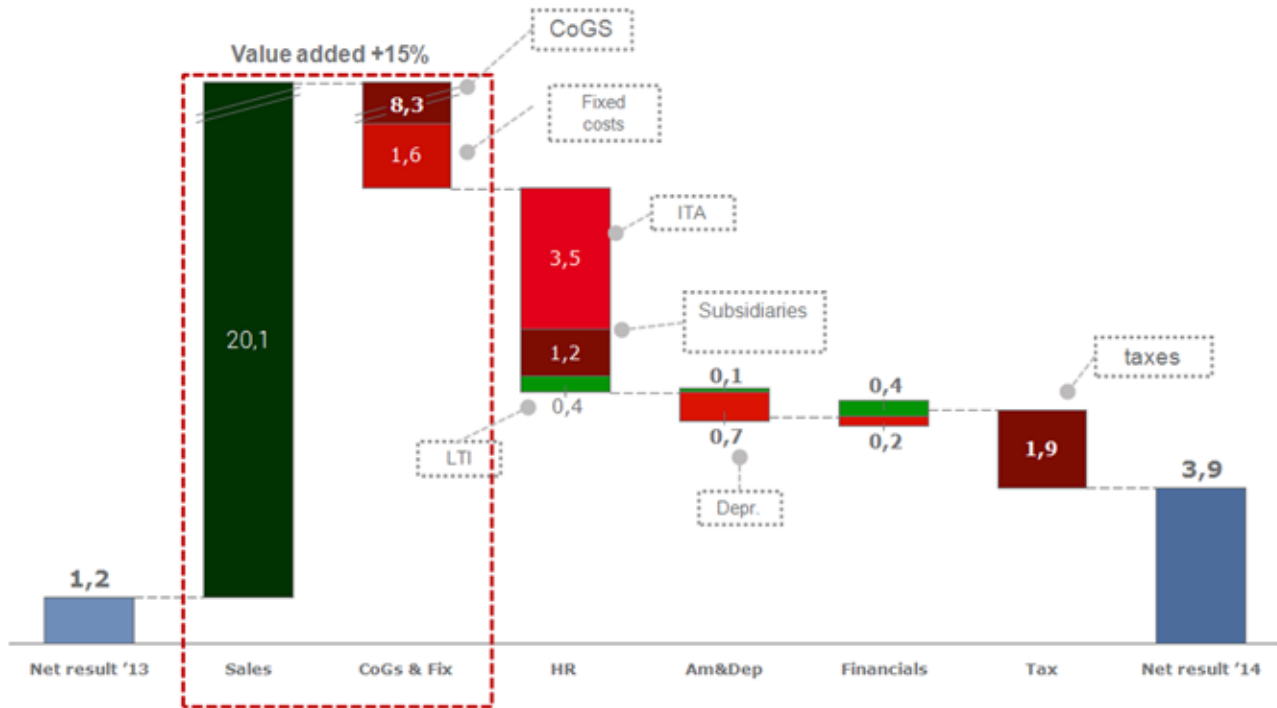
Group Consolidates Sales: Quarterly Trend

€/mln



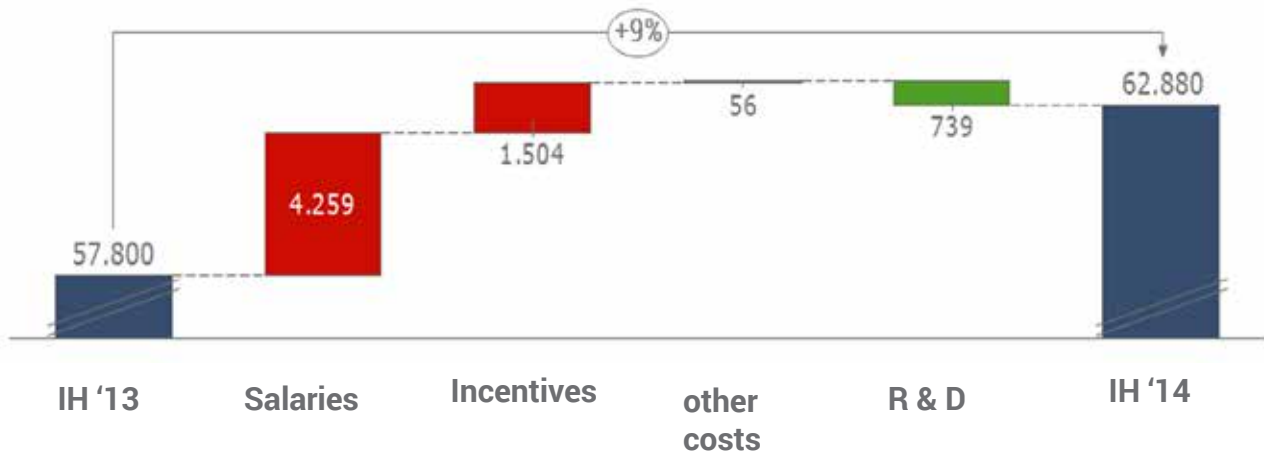
Net result bridge: IH 2014 vs IH 2013

€/mln



IH 2014: personnel cost

Personnel increase
+ 127 people in 6 months

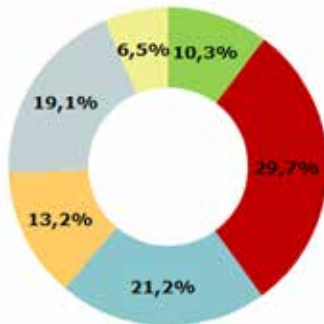


Group breakdown: people at the 30.06.2014

Total	IH 2014 2,822		2013 2,695		2012 2,782		2011 2,737	
Production	1,190	42%	1,175	44%	1,265	45%	1,250	41%
Service & after sales	603	21%	613	23%	574	21%	577	24%
R & D	342	12%	321	12%	338	12%	316	12%
Sales & marketing	419	15%	351	13%	364	13%	361	14%
Administration	268	9%	235	9%	242	9%	233	9%
Domestic	1,580	56%	1,547	57%	1,646	59%	1,656	70%
Foreign	1,242	44%	1,148	43%	1,136	41%	1,081	30%

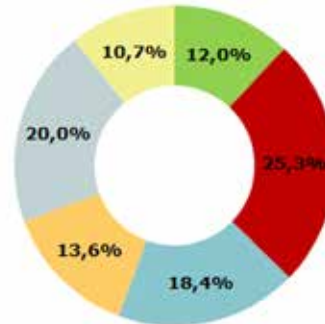
Biesse: geo-breakdown consolidated sales

IH 2014

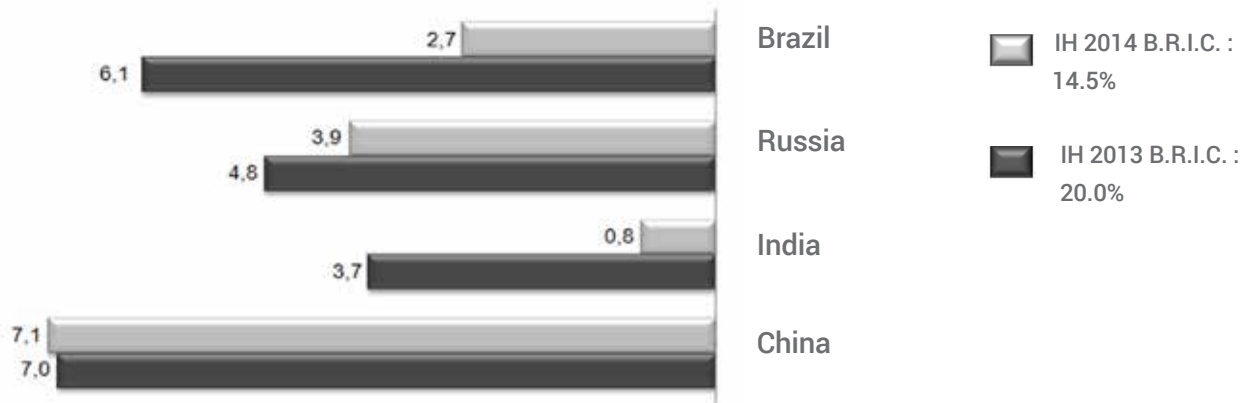


■ Italy
■ Western E.
■ Eastern E.
■ U.S.A. - Canada
■ Asia Pacific
■ Rest of the W.

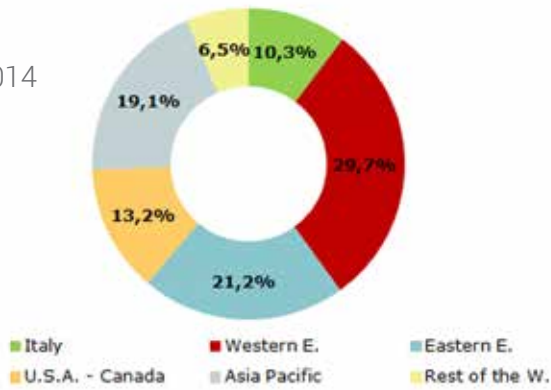
IH 2013



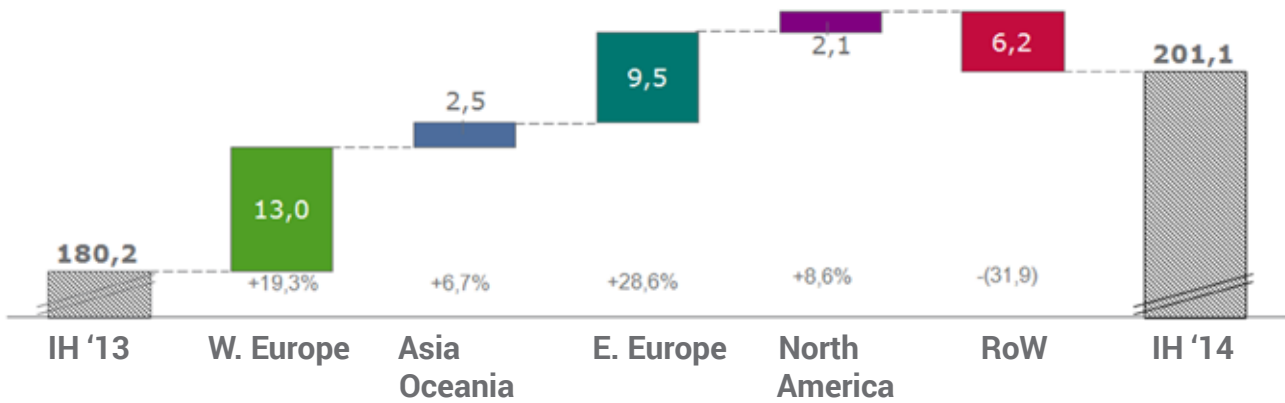
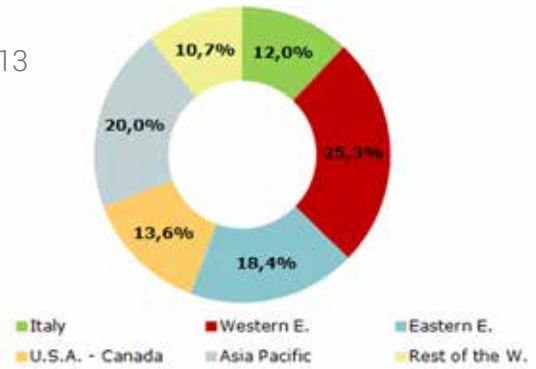
■ Italy
■ Western E.
■ Eastern E.
■ U.S.A. - Canada
■ Asia Pacific
■ Rest of the W.



IH 2014

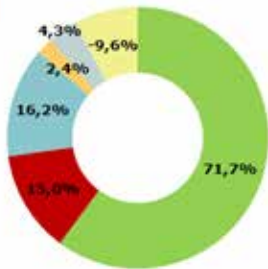


IH 2013



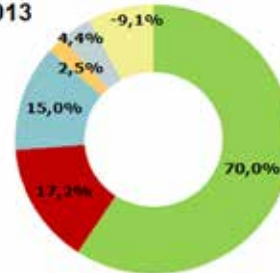
Biesse: divisions breakdown consolidated sales

IH 2014

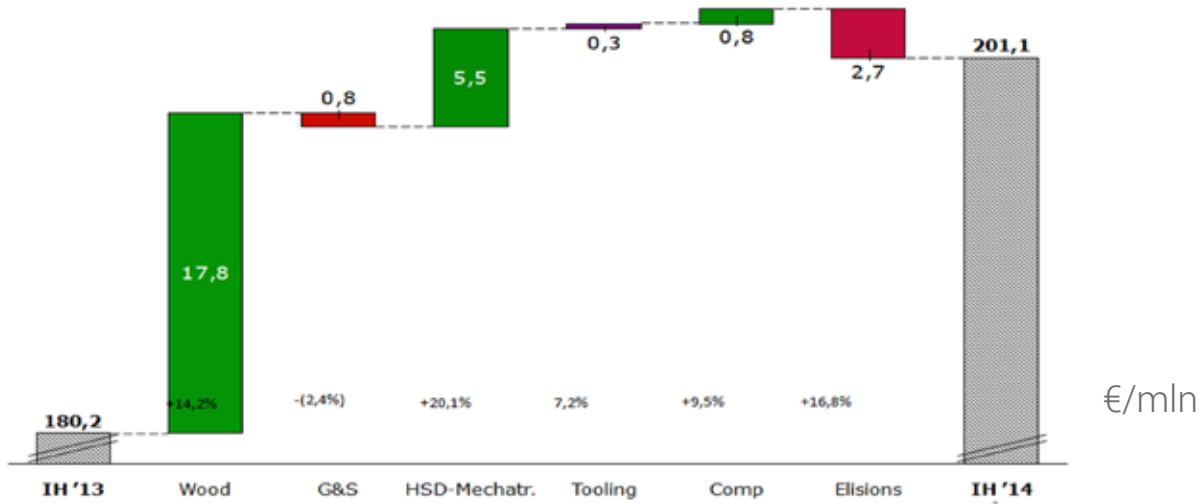


■ wood ■ G&S ■ HSD - Mechatr ■ tooling ■ compon ■ I/C

IH 2013



■ wood ■ G&S ■ HSD - Mechatr ■ tooling ■ compon ■ I/C



Financial statement IH 2014

€/mln



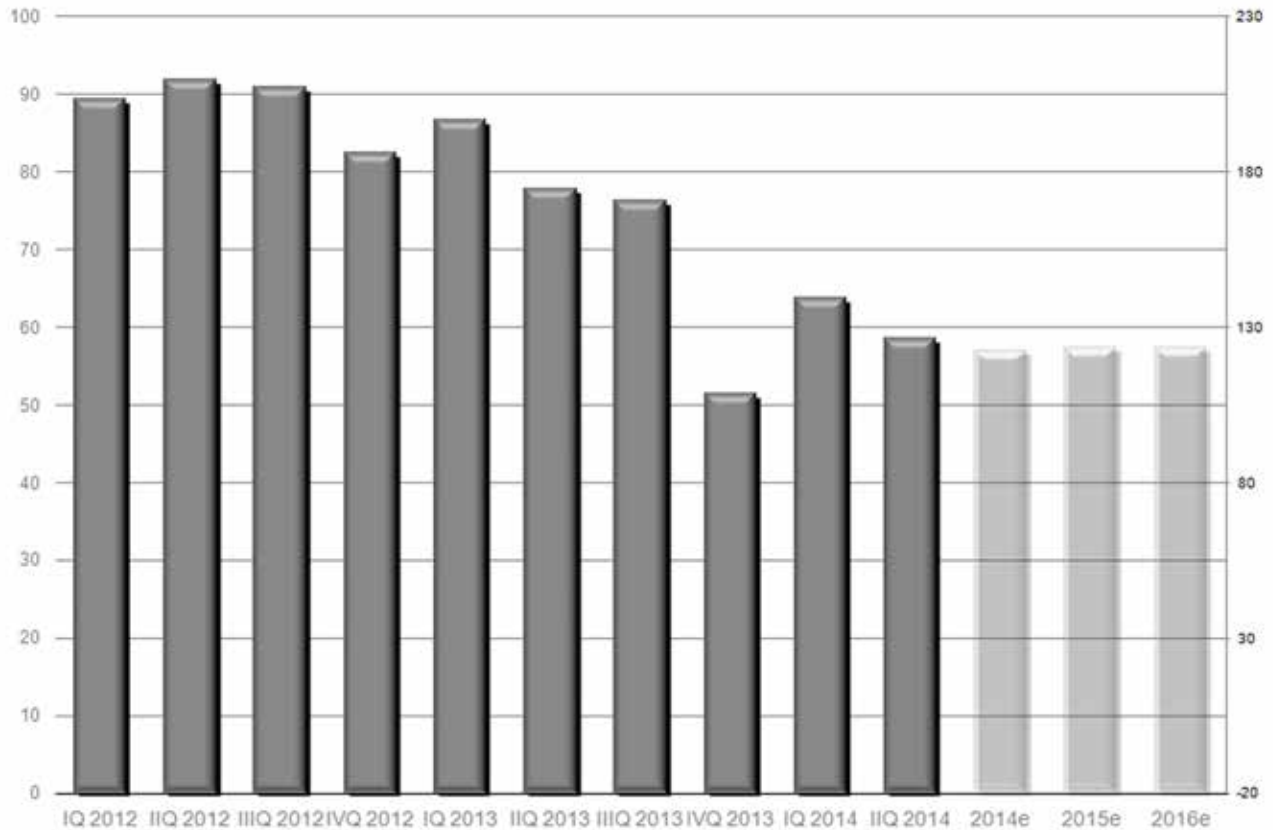
IH 2014

- Invested Capital € 140.7
- Equity € 112.1

IH 2013

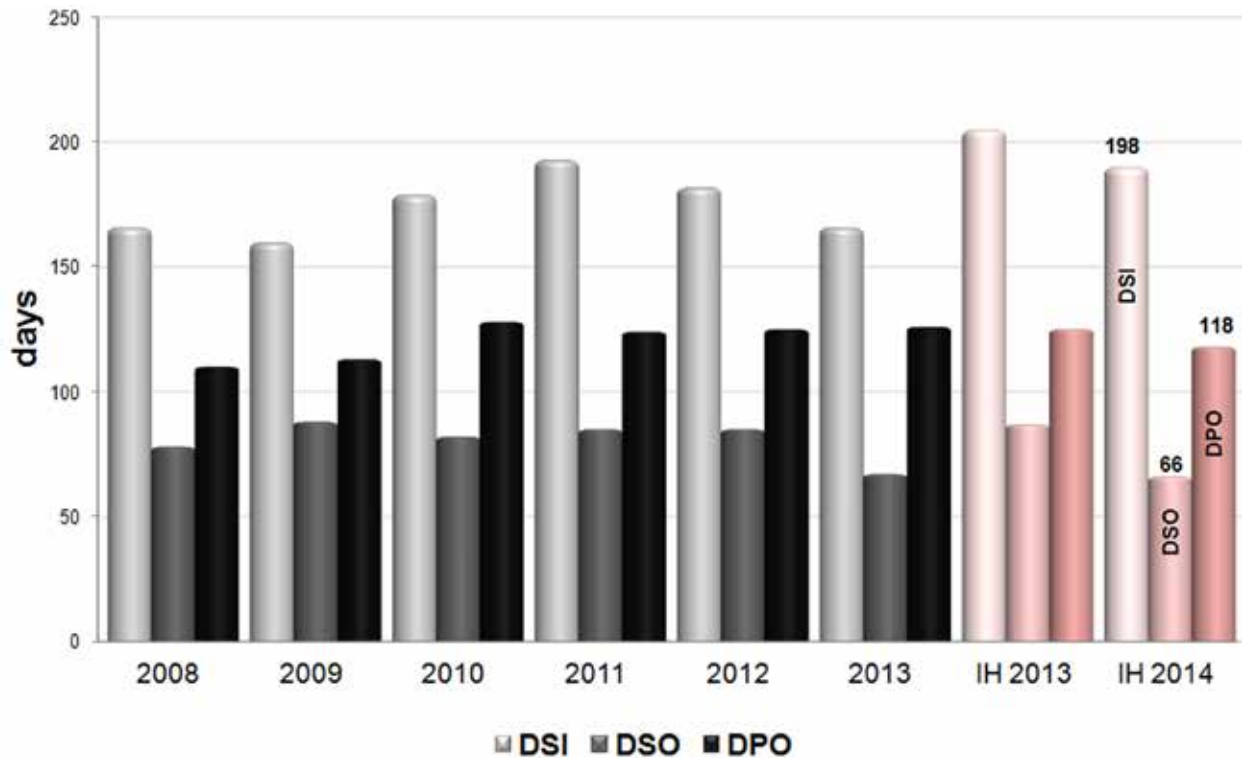
- Invested Capital € 161.3
- Equity € 110.1

Operating net working capital: quarterly trend

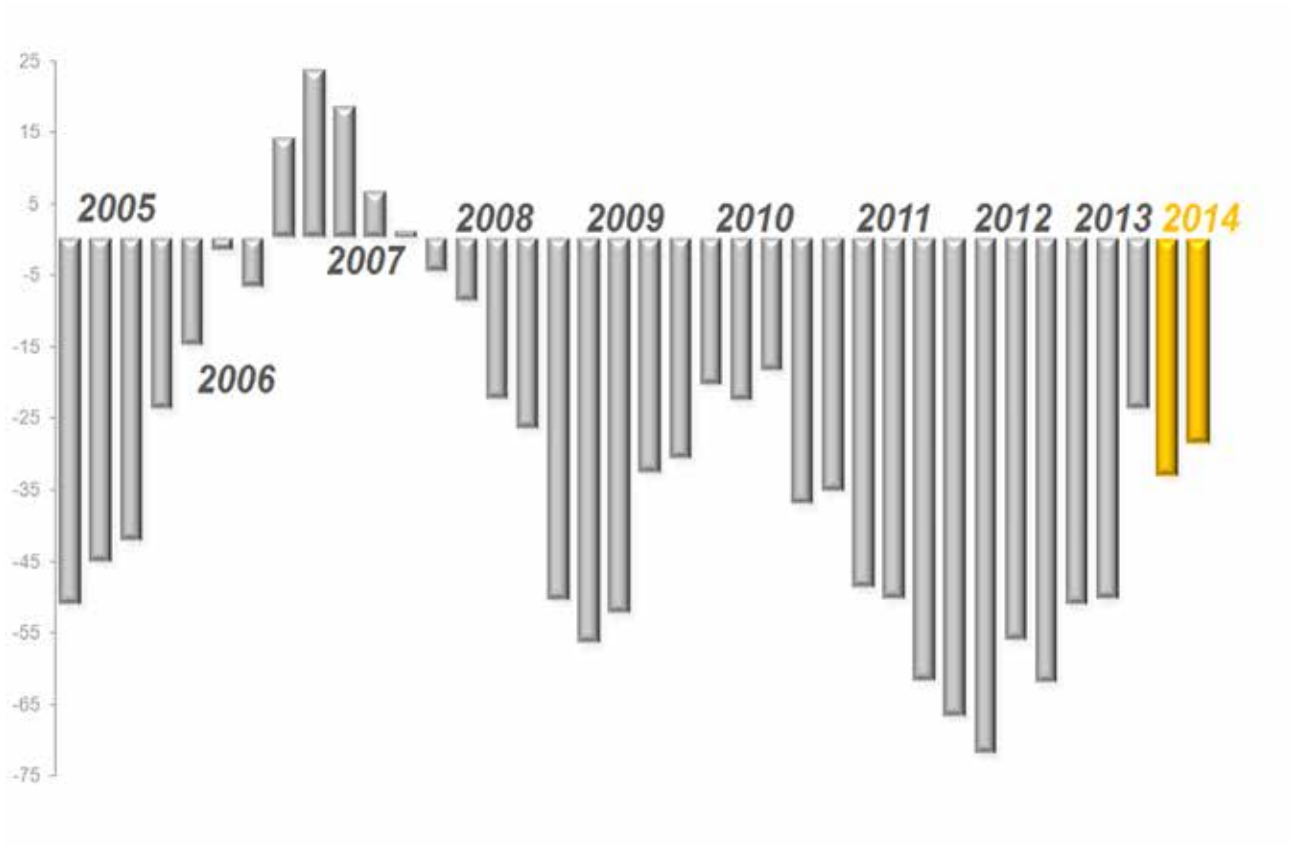


incidence against net sales 29,1% (43,2% year -1).

Operating net working capital: DSI-DSO-DPO



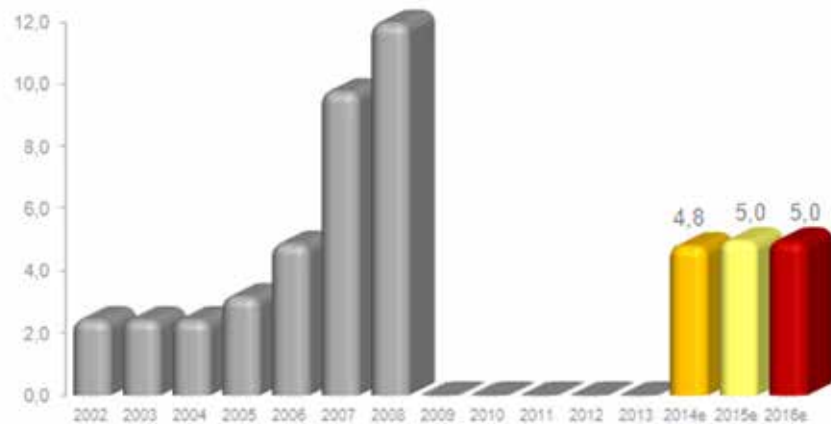
Net debt IH 2014



	IH 2014	IH 2013	
<i>Net debt</i>	28.6	51.3	-4.6 € vs March 2014 -22.7 € vs June 2013 -38.2 € vs June 2012

Dividends 2014 paid in May

Dividends history



- **dividends:** € 4,843,202.94
- **payout:** € 0,18 x share - 58,8% (Biesse S.p.A. net result)



Three years plan remind

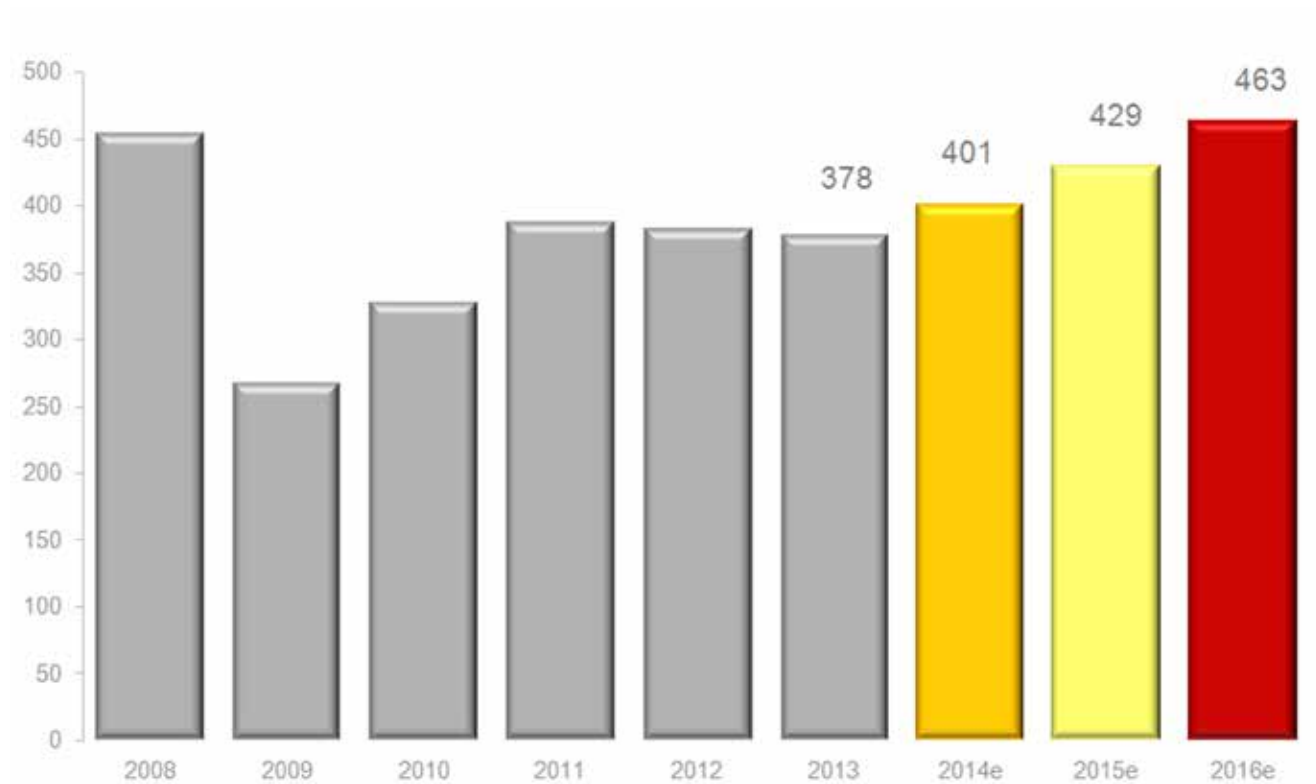
4.1

4.1 Three years plan remind


Consolidated net sales

€/mln

CAGR 2014-2016: 7.0%



P & L

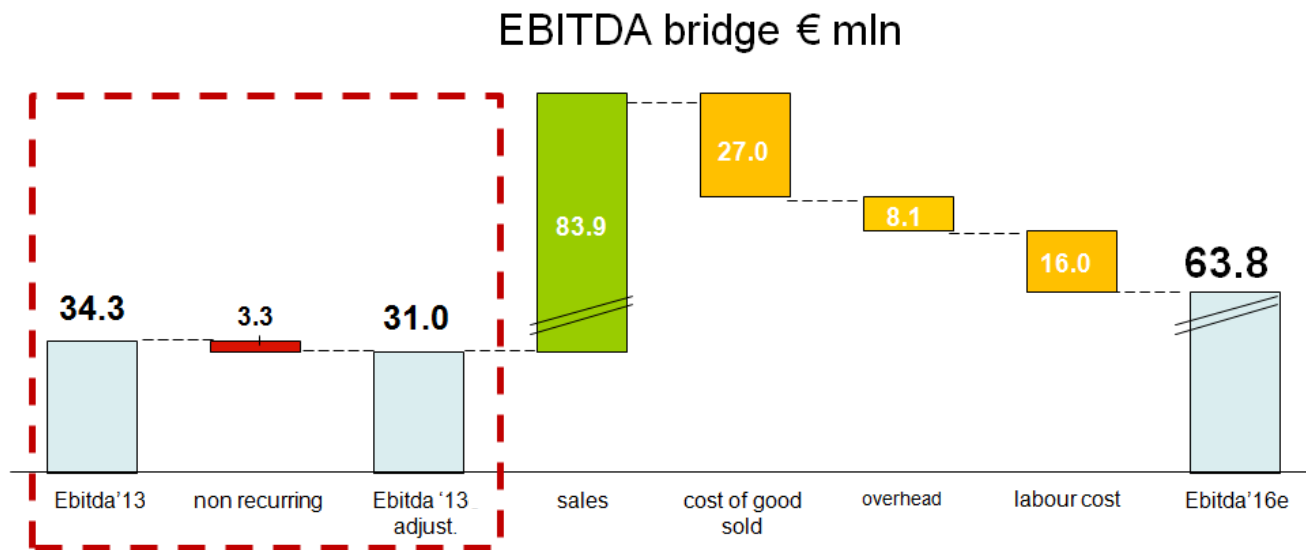
€/mln	FY 2012	FY 2013	FY 2013 reclassified	FY 2014e	FY 2015e	FY 2016e	 2013 vs 2016
Net sales	383.1 -1.4%		378.4 -1.2%	401.0 6.0%	429.1 7.0%	463.4 8.0%	+85 €
Value added % of net sales	141.0 36.8%	143.6 37.9%	146.9* 38.8%	156.2 39.0%	172.4 40.2%	192.4 41.5%	+57.5 €
Labour cost % of net sales	118.4 30.9%		112.6 29.8%	120.0 29.9%	124.0 28.9%	128.6 27.8%	+16.0€
EBITDA % of net sales	22.6 5.9%	31.0 8.2%	34.3* 9.1%	36.2 9.0%	48.4 11.3%	63.8 13.8%	+29.5€
EBIT % of net sales	0.3 0.1%	15.1 4.0%	18.1* 4.8%	20.3 5.1%	32.0 7.5%	46.8 10.1%	+28.7€

3.0

non recurring items *

*real estate appreciation - provisions and depreciation

Operative efficiency: EBITDA 2013-2016 bridge



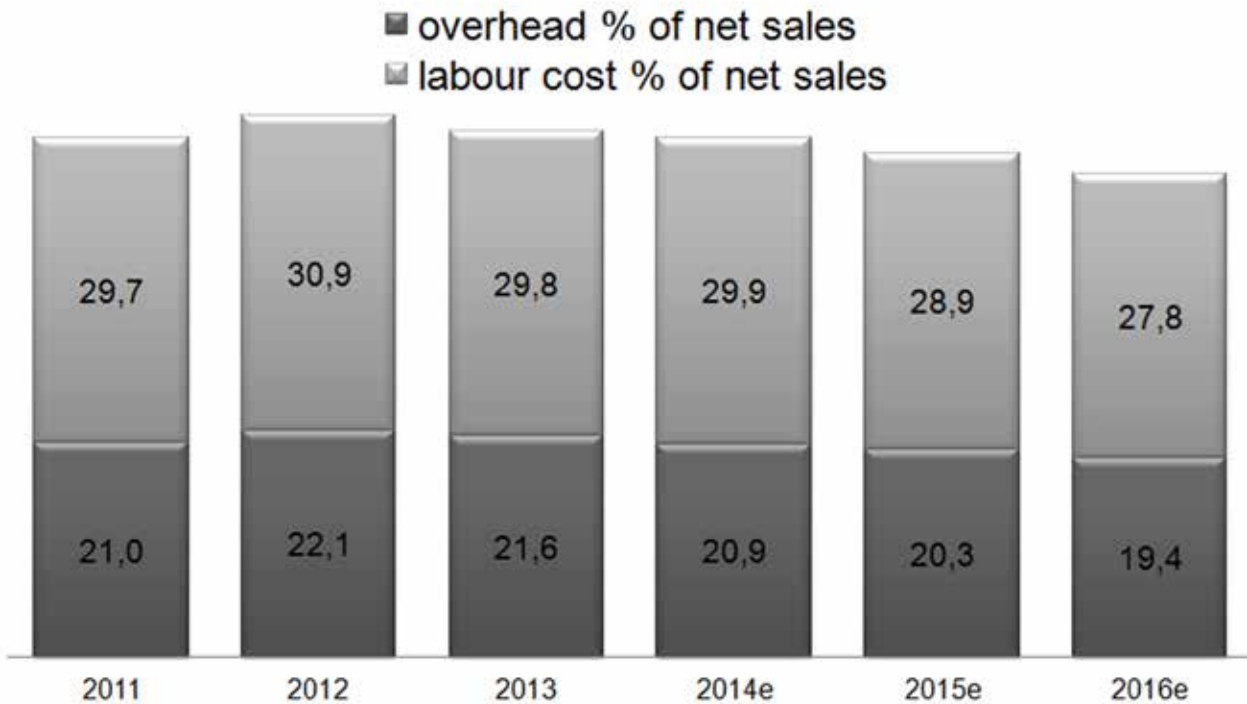
Massive sales positive delta supports the EBITDA increase.
Costs (goods-overhead-labour) growth is lower than the sale increase.

Costs

- overhead*
- labour cost**

* during the 2014- 2016 period the overhead expenses incidence will move from 21,6% to 19,4%

**during the 2014-2014 the labour cost incidence will move from 29,8% to 27,8%



4.1 Three years plan remind

Cashflow - net debt

€/mln	2012	2013	2014e	2015e	2016e	2014 2015 2016
		delta o.n.w.c. € 31.1				
Gross Cashflow	13.6	45.8	14.6	24.3	33.3	+72.2 €
Investments % of net sales	-19.4 5.0%	-13.5 3.6%	-21.8 5.4%	-17.8 4.1%	-12.8 2.8%	- 52.4€
net cashflow	-5.8	32.3	-7.2	6.5	20.5	+19.8€
		dividends	-5	-5	-5	
Net debt	-56.2	-23.9	-36.1	-34.6	-19.1	

Operativng net working capital

€/mln	2012	2013	2014e	2015e	2016e
inventories	90.3	86.3	83.0	84.5	85.0
% of net sales	23.6%	22.8%	20.7%	19.7%	18.3%
	DSI 182	DSI 165			
trade receivables	99.5	76.2	79.0	81.0	82.5
% of net sales	26.0%	20.1%	19.7%	18.9%	17.8%
	DSO 85	DSO 67			
trade payables	107.3	111.1	105.0	108.0	110.0
% of net sales	28.0%	29.4%	26.2%	25.2%	23.7%
	DPO 125	DPO 127			
O.N.W.C.	82.5	51.4	57.0	57.5	57.5
% of net sales	21.5%	13.6%	14.2%	13.4%	12.4%

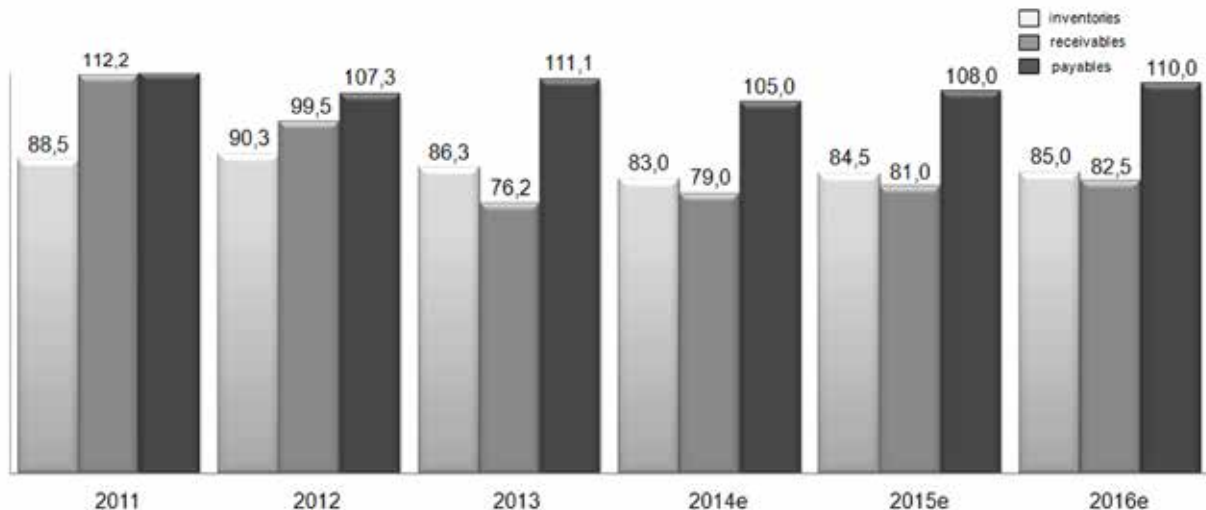
historical record:
the lowest amount

Operativig net working capital

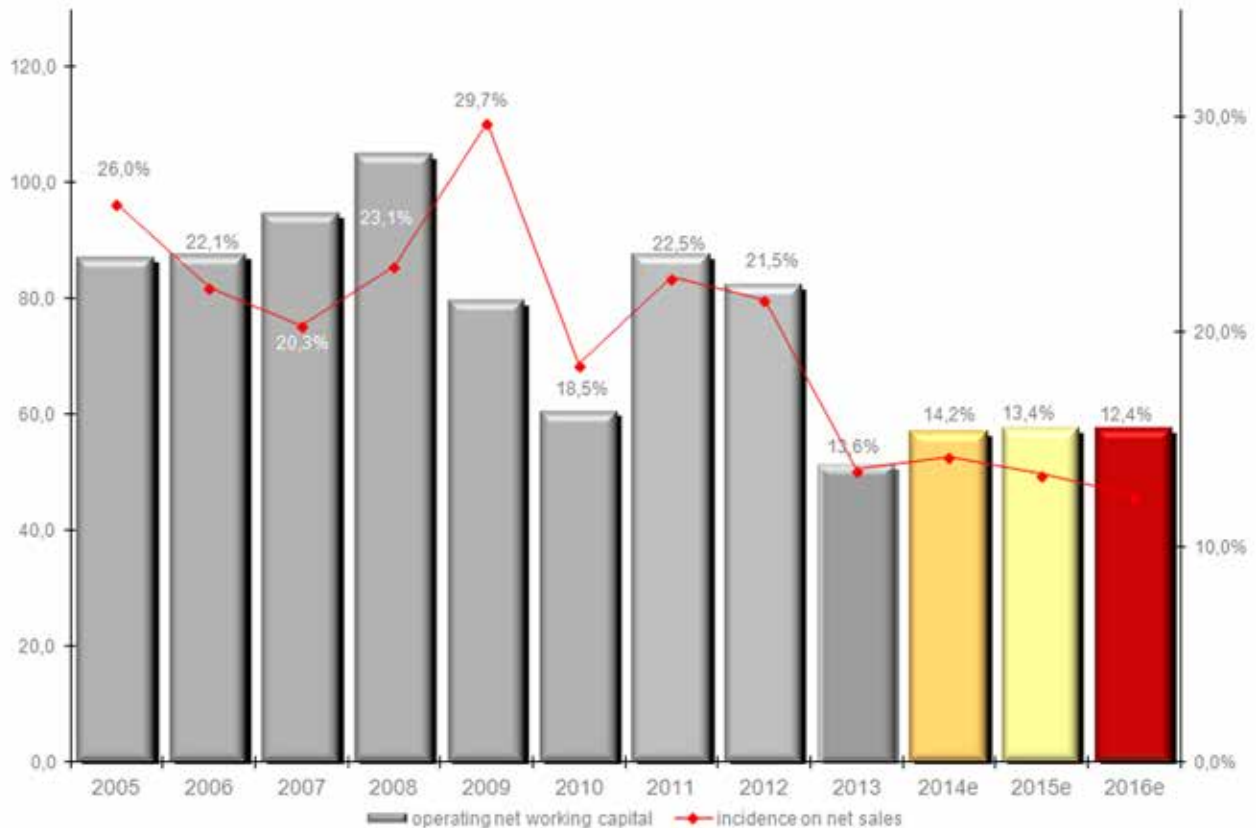
€ mln

- **Inventories** : during the 2014-2016 period the incidence on the net sales will move from 22,8% to 18,3% DSI (-10gg)
- **Trade receivables**: during the 2014-2016 period the incidence on the net sales will move from 20,1% to 17,8% DSO (-5gg)
- **Trade payables**: during the 2014-2016 period the incidence on the net sales will move from 29,4% to 23,7% DPO (-15gg)

during the 2014-2016 period the incidence of the O.N.W.C. will move from 13,6% to 12,4%

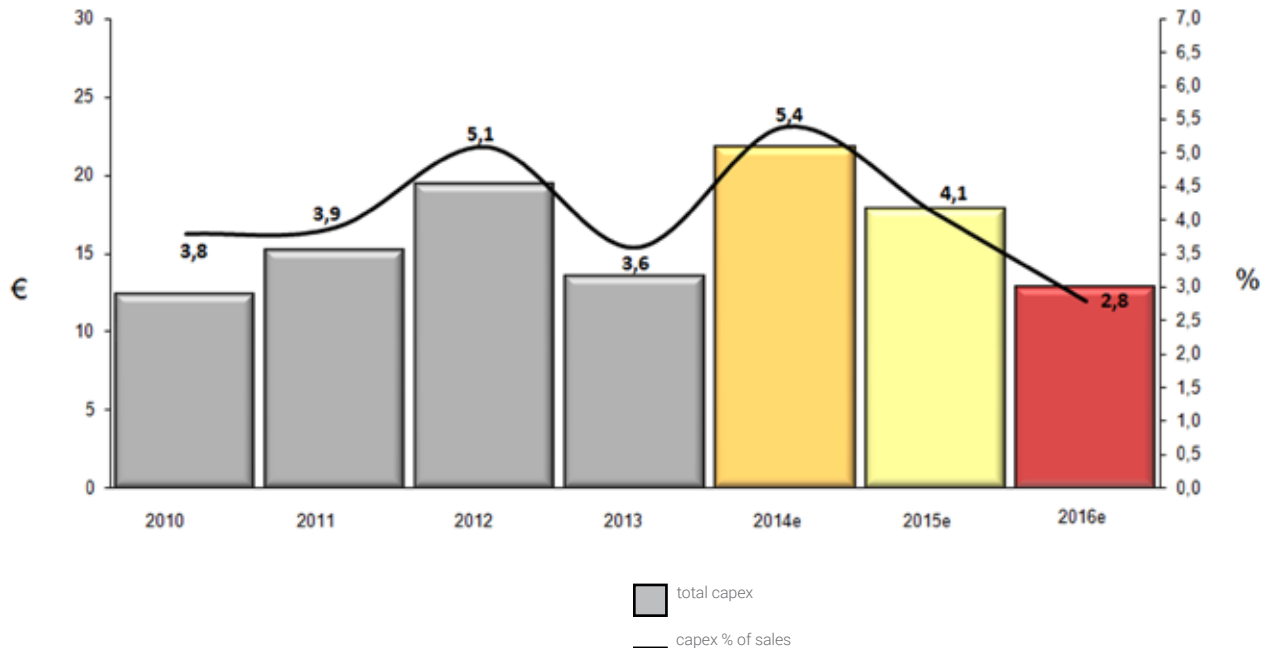


Operativig net working capital



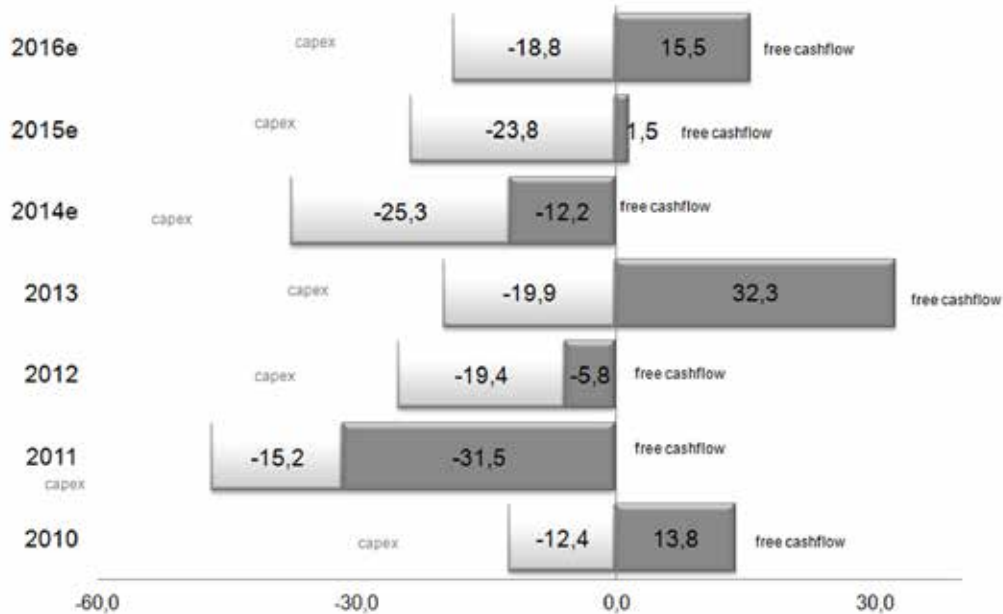
Capex

Maintenance capex & the R&D capex.
During the 2014 & 2015 years special investments
(i.e. Cosmec/India) have been considered.

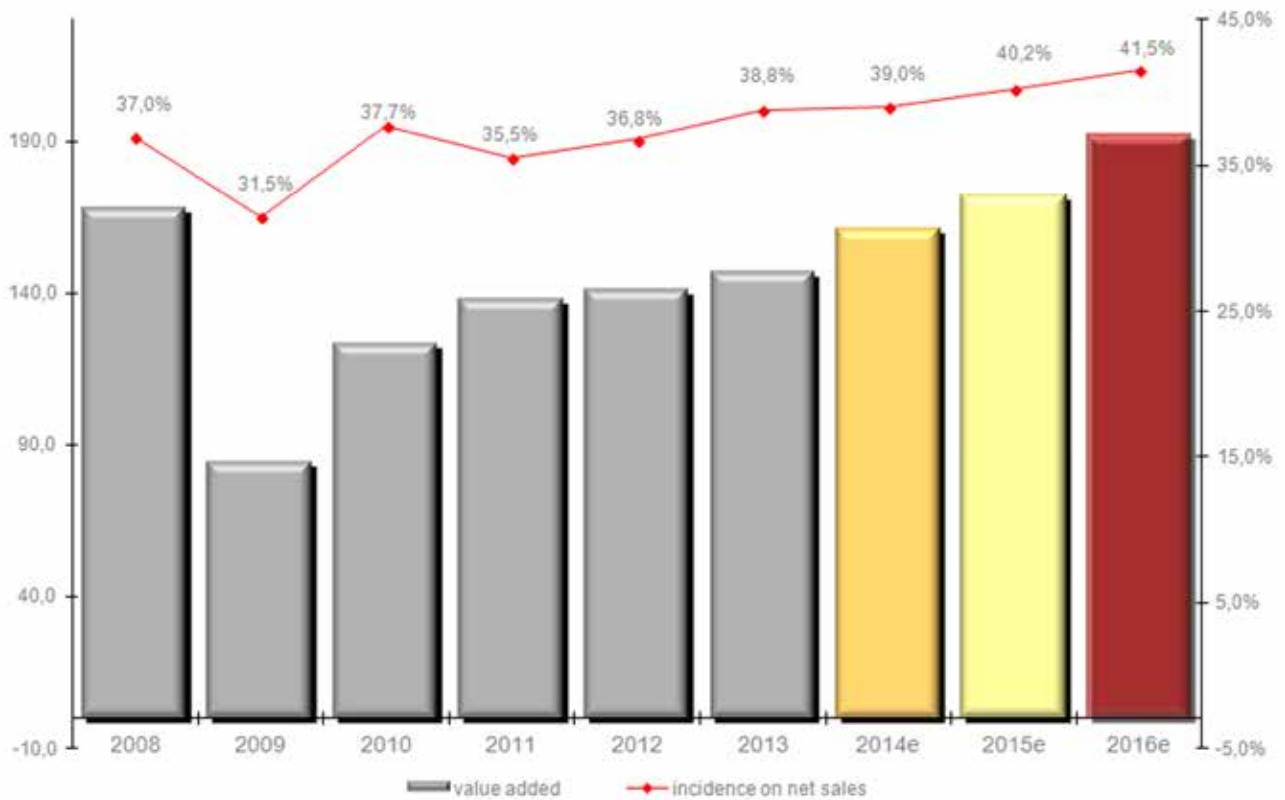


Group cashflow: free cashflow & total capex

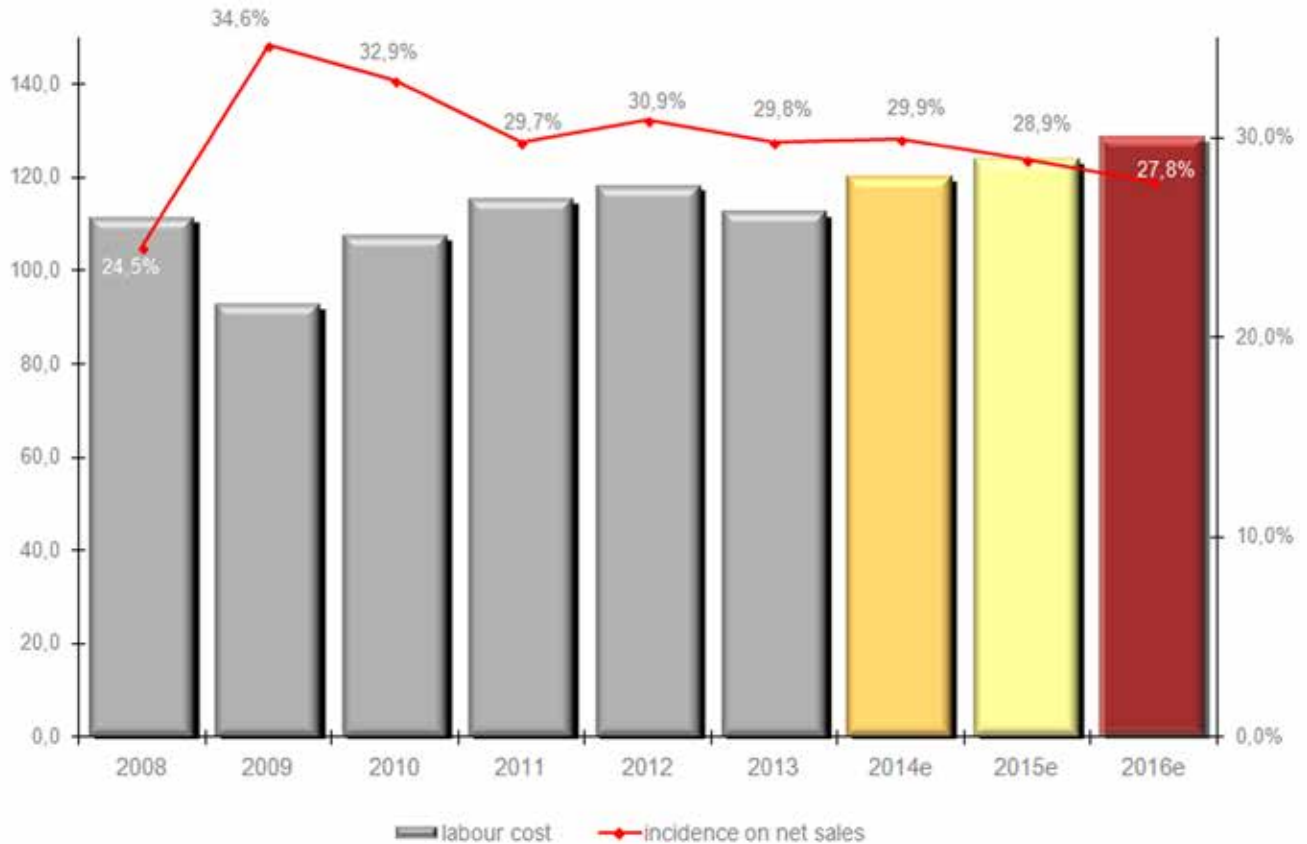
€ mln



Value added

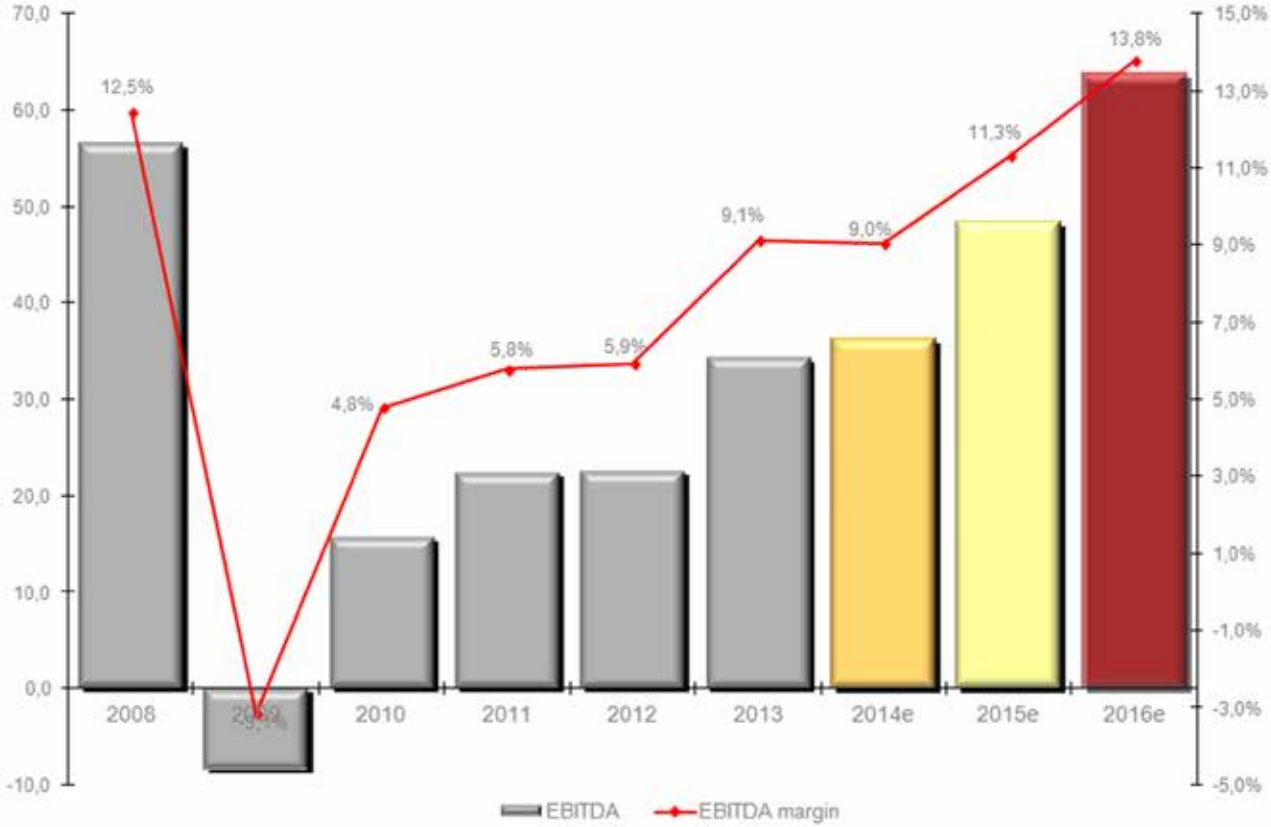


Labour cost

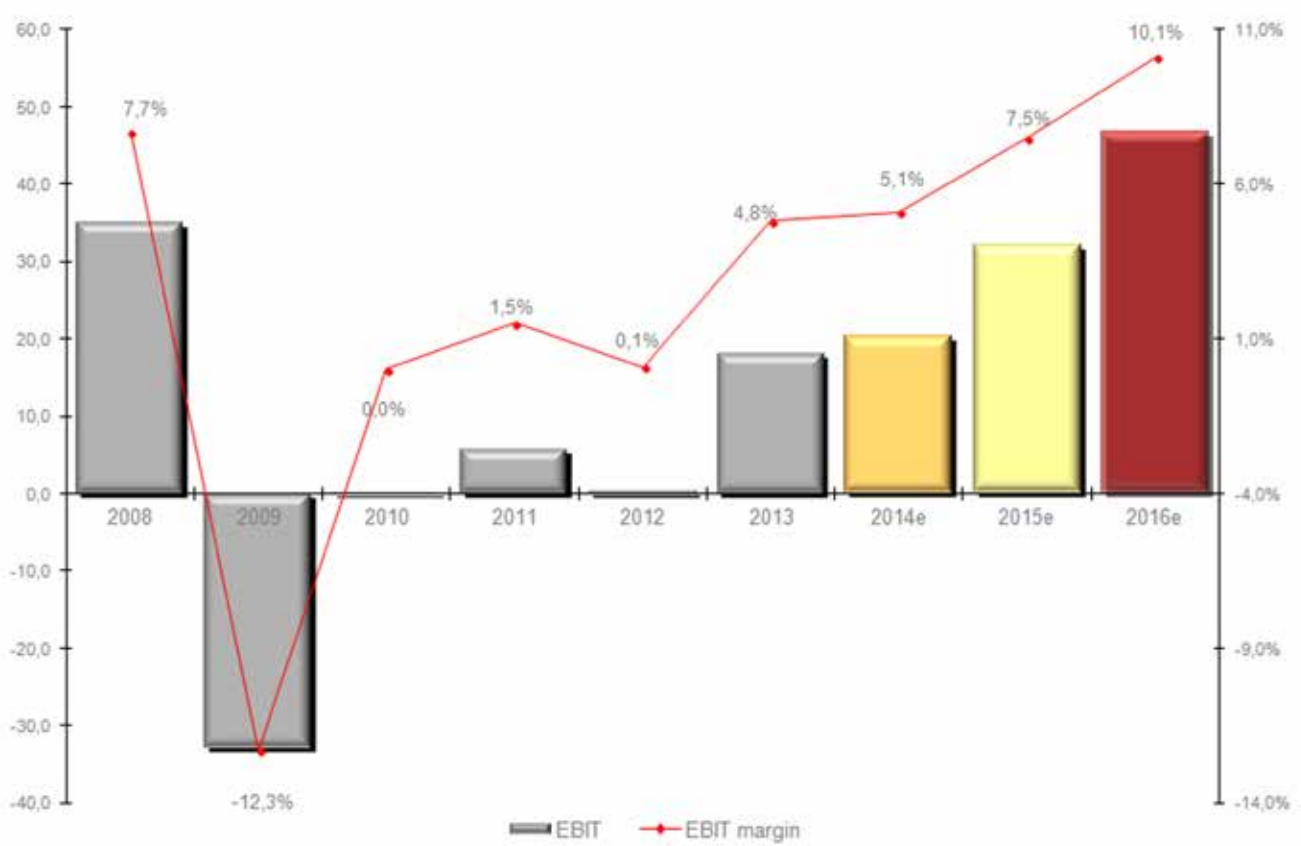


4.1 Three years plan remind

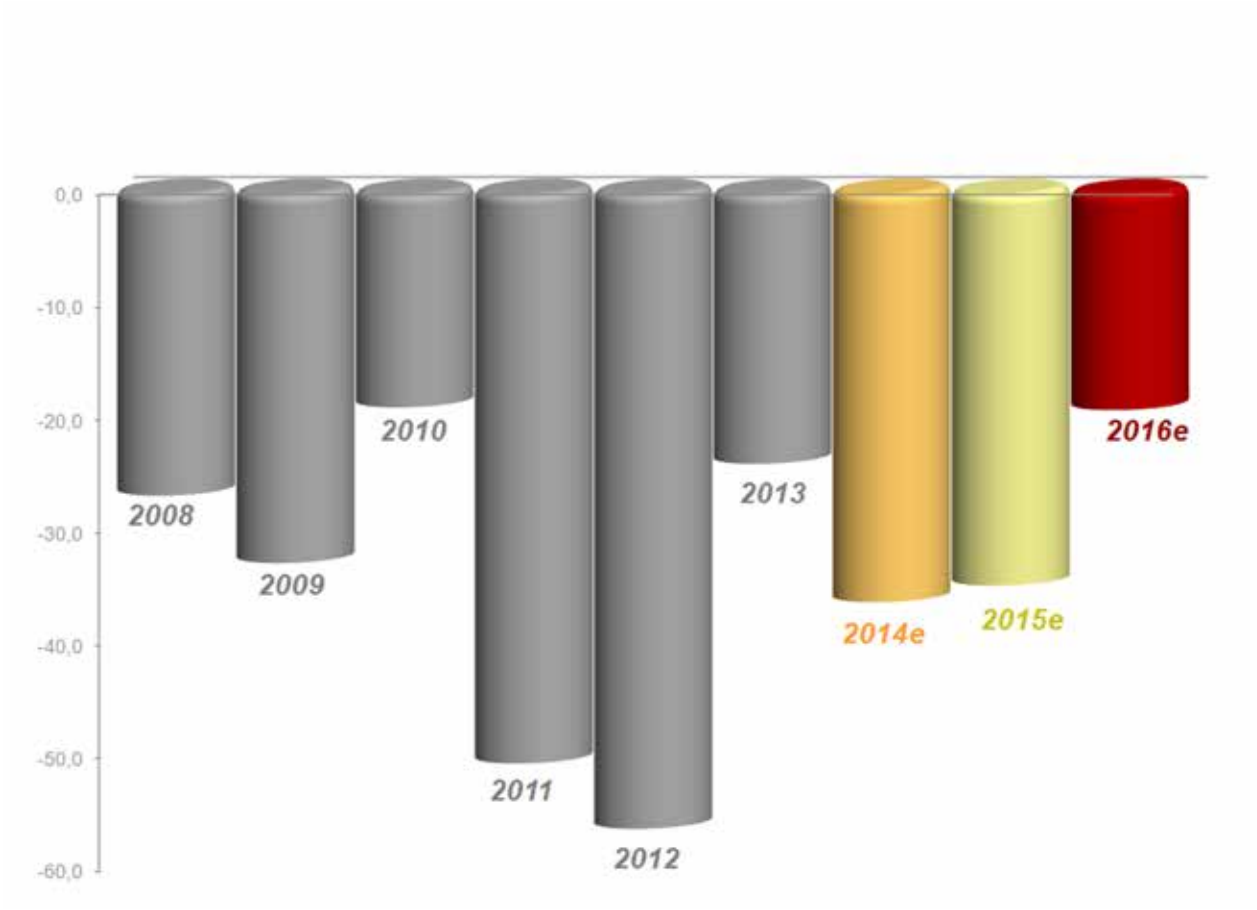
EBITDA



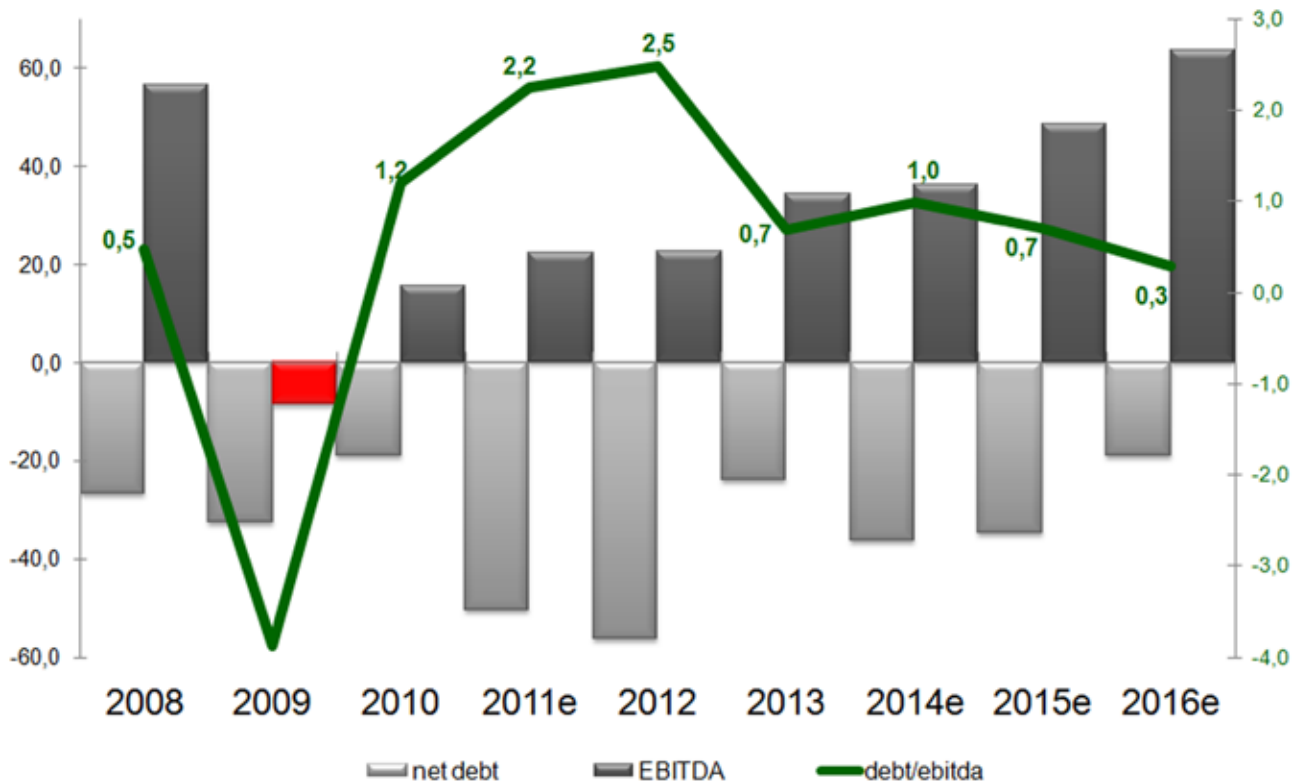
EBIT



Net debt



Group net debt on ebitda



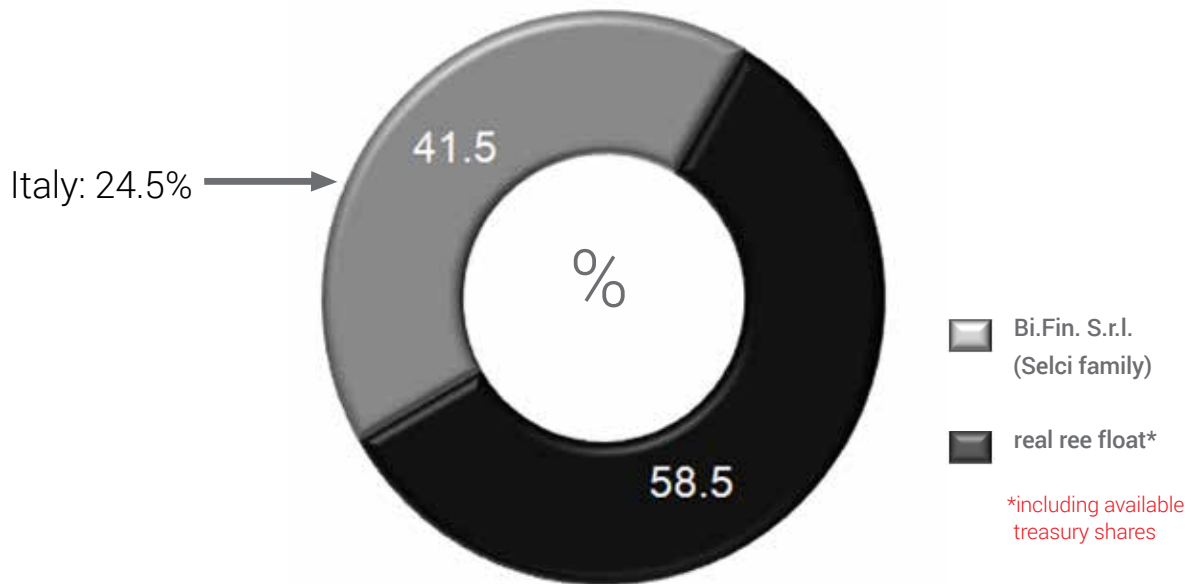


Other

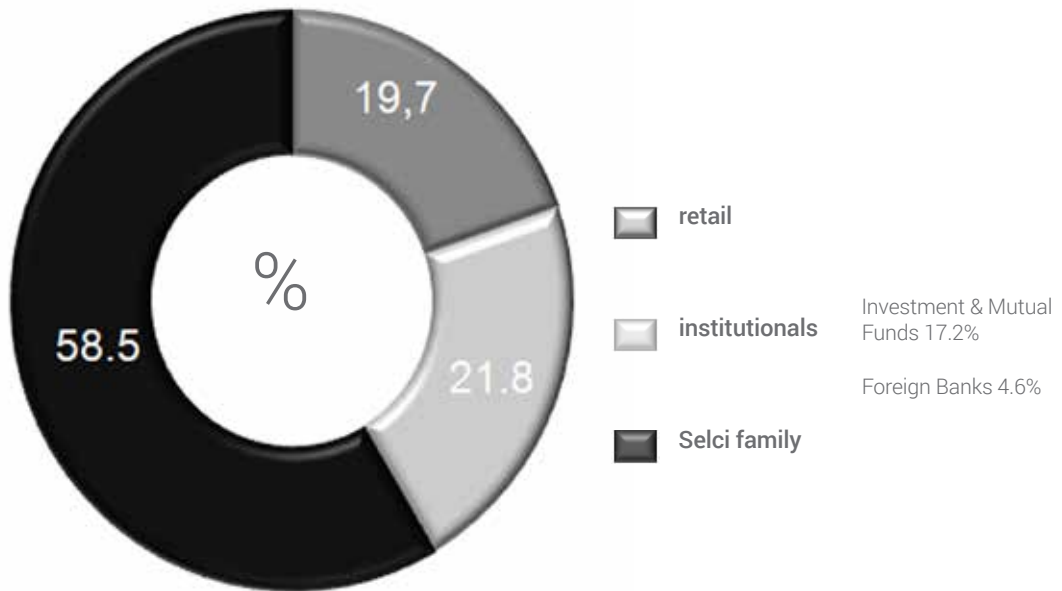
5.1

Shareholders breakdown "by country"

available treasury shares: 1.16%



Shareholders breakdown "by type"



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