technology for shaping everyday life materials

Milan,14 May 2014

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Company view

1.1

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.

BIESSEGROUP

BIESSE / INTERMAC / DIAMUT / MECHATRONICS

In / 1 industrial group, 4 business areas and 8 production sites

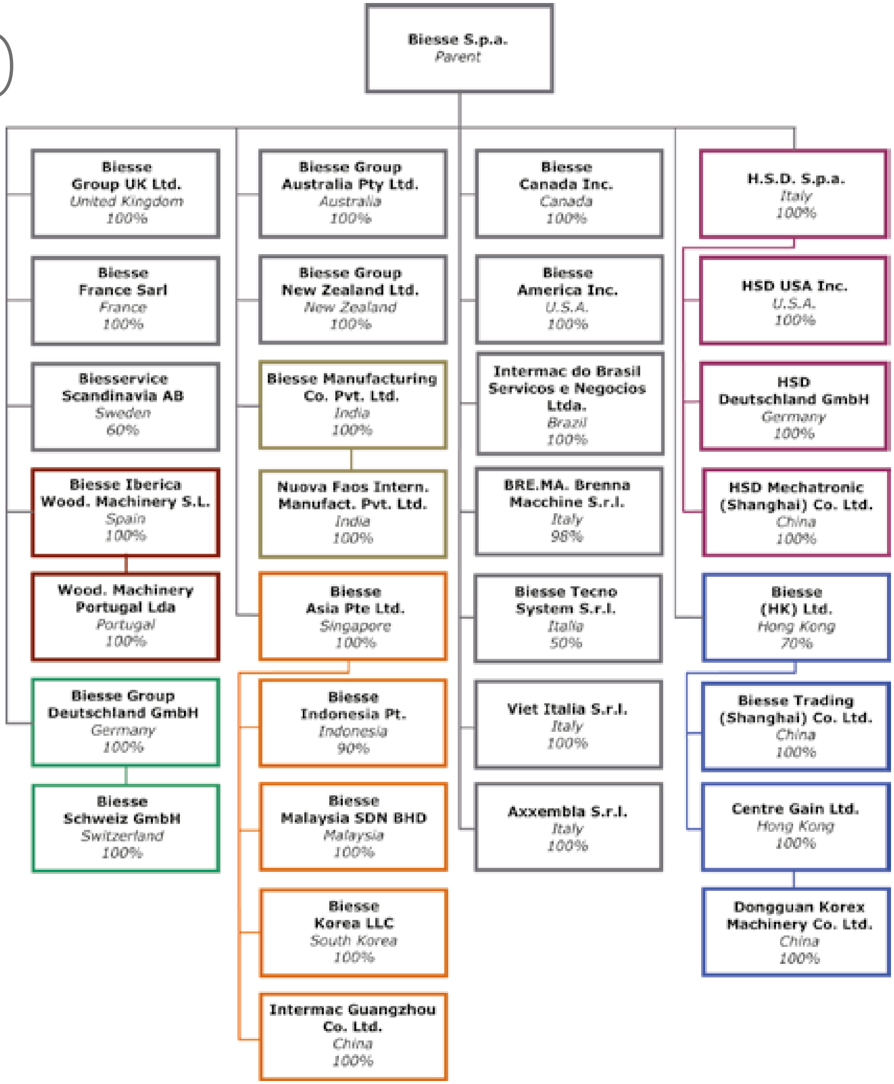
How / € 14 million p/y (real) in R&D and 200 patents registered

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

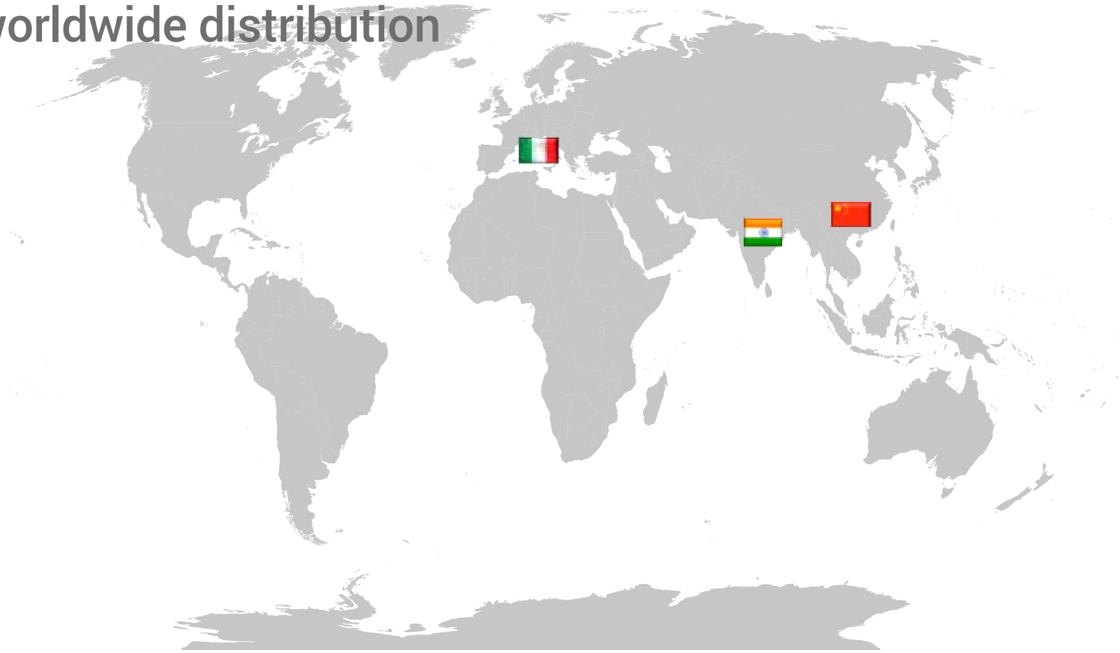
We / 2700 employees throughout the world

Biesse Group



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.


technology for shaping everyday life materials

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
Rover B

Cnc solutions for glass & stone


INTERMAC
MASTER
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

AGC AGC Glass

SAINT-GOBAIN GLASS

RIOU glass

glaströsch

福耀集团 FUYAO GROUP

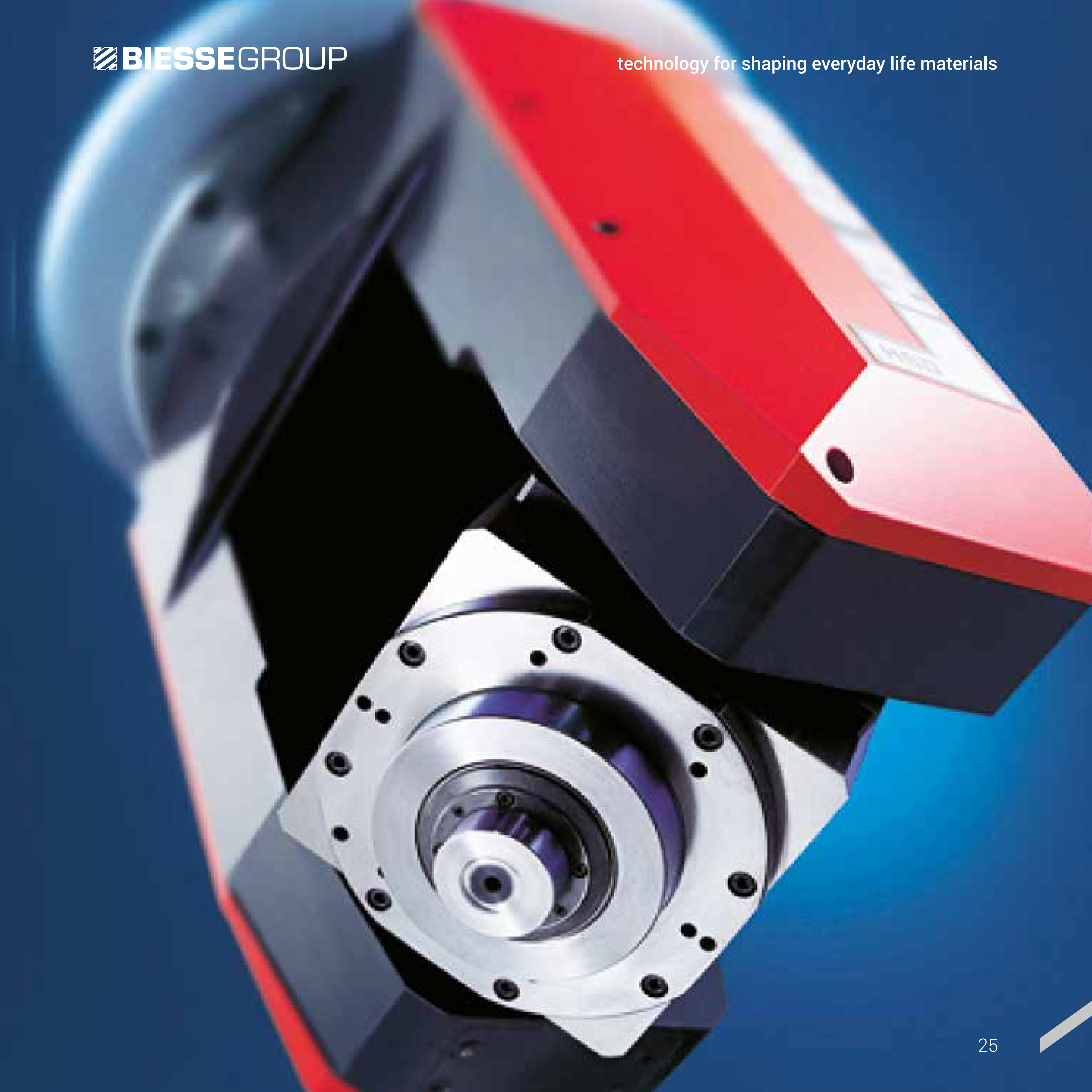
Tenaris

FLACHGLAS WERNBERG

North Glass 北玻


BIESSEGROUP
technology for shaping everyday life materials

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**

Financials

2.1

Highlights IQ 2014

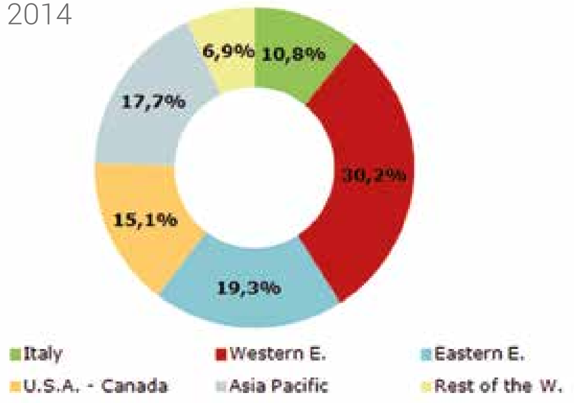
net sales	ebitda	ebit	net result	net debt
91.6 ↑	7.4 ↑	3.9 ↑	1.6 ↑	33.1 ↑

- increase of **net sales**
- strong recovery in profitability **(ebitda & ebit)**
- increase of the positive **net result**
- slight increase of the **net debt**
- **orders intake** rise (+21.6% compared to March 2013)

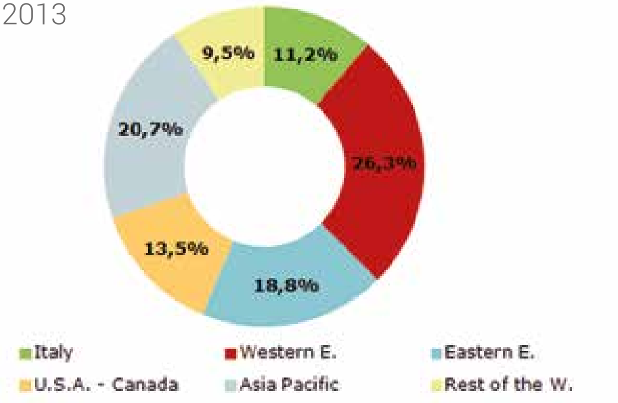
€/mln

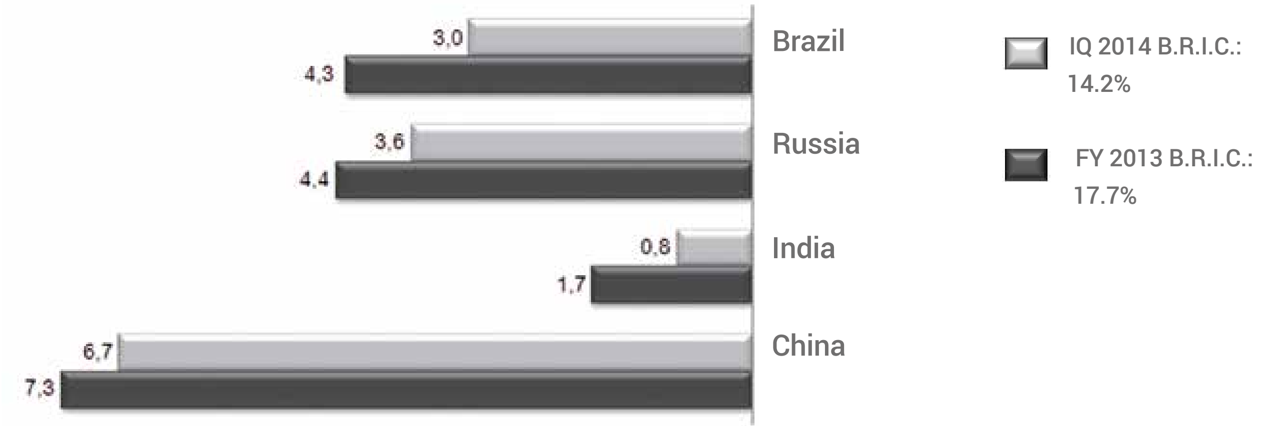
Biesse: geo-breakdown consolidated sales

IQ 2014



FY 2013



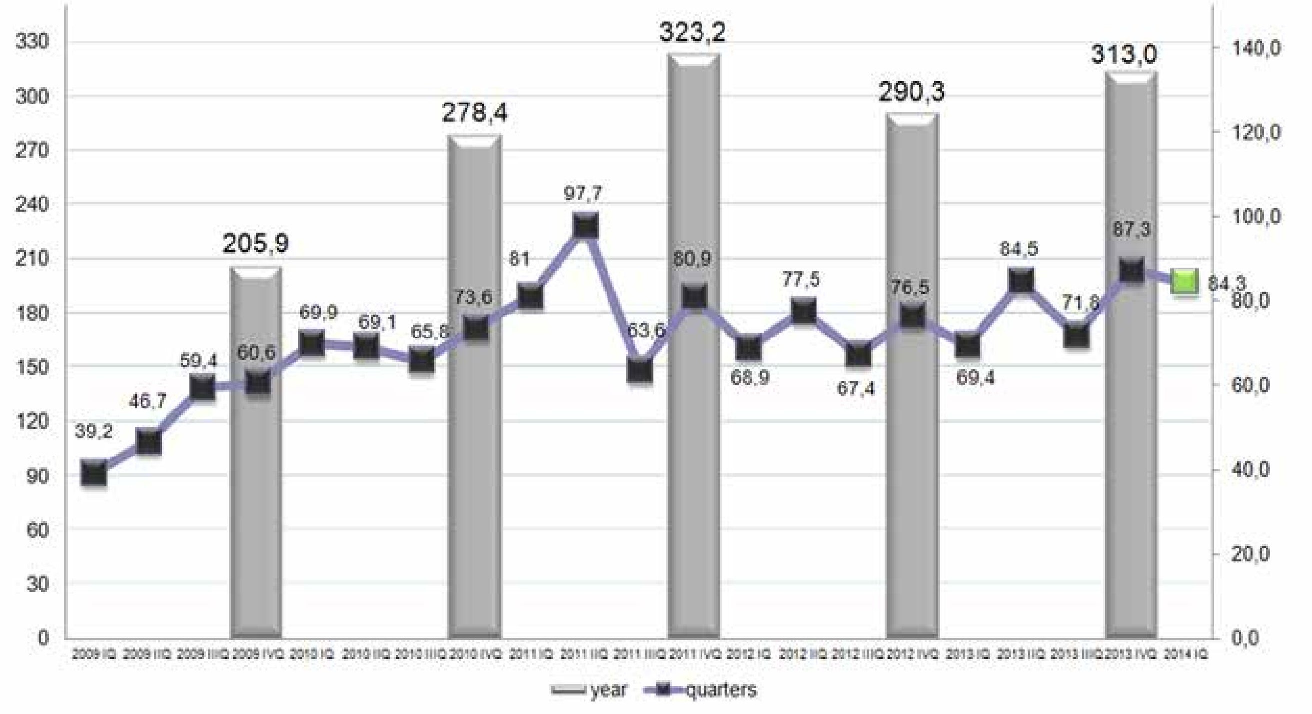


Group orders intake

€/mln

IQ 2014: € 84.3 mln
+ 21.6% vs IQ 2013
+ 22% vs IQ 2012

backlog: € 83.5 mln
+ 5.8% vs IQ 2013
+ 7.4% vs FY 2013

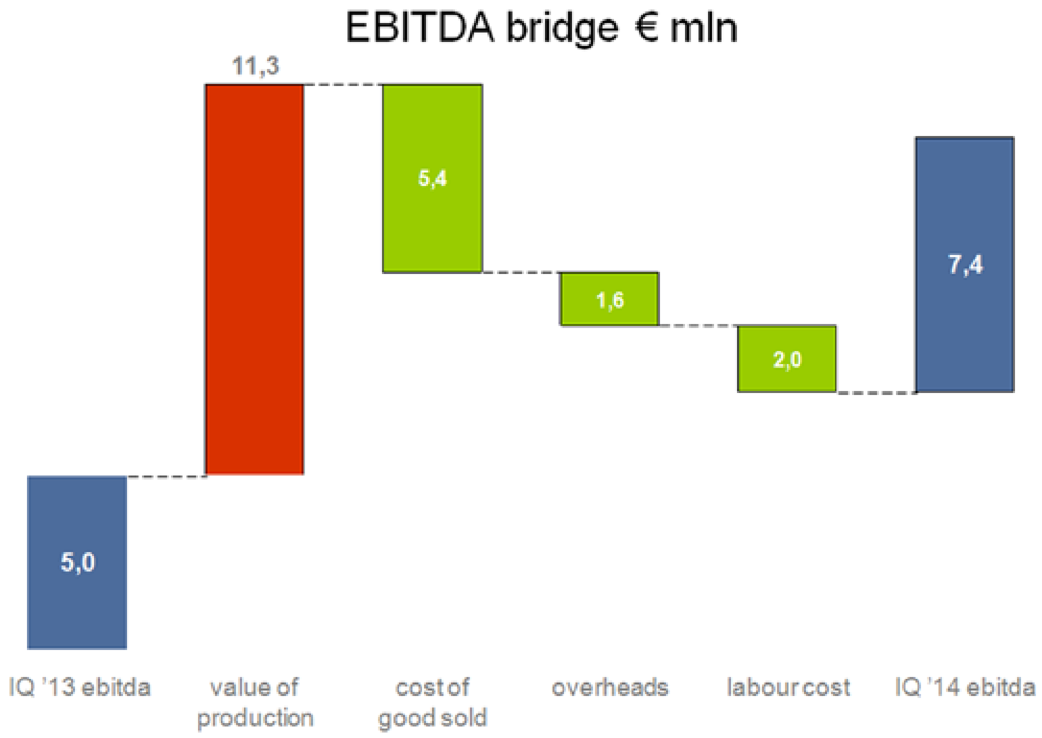


P & L IQ 2014

€/mln	IQ 2013	FY 2013	IQ 2014
Net sales	84.4	378.4 *-1.2%*	91.6 *8.6%*
Value added % of net sales	34.0 *40.3%*	146.9* *38.8%*	38.4 *41.9%*
Labour cost % of net sales	29.0 *34.4%*	112.6 *29.8%*	31.0 *33.8%*
EBITDA % of net sales	5.0 *5.9%*	34.3* *9.1%*	7.4 *8.1%*
EBIT % of net sales	1.5 *1.8%*	18.1* *4.8%*	3.9 *4.3%*
Net result % of net sales	0.3 *0.3%*	6.4 *1.7%*	1.6 *1.7%*
		3.0 non recurring items *	

*real estate appreciation - provisions and depreciation

Operative efficiency: EBITDA IQ 2013 – IQ 2014 bridge



Group breakdown: people at the 31.03.2014

Total	IQ 2014 2,748 + 53		2013 2,695		2012 2,782		2011 2,737	
Production	1,175	43%	1,175	44%	1,265	45%	1,250	41%
Service & after sales	586	21%	613	23%	574	21%	577	24%
R & D	340	12%	321	12%	338	12%	316	12%
Sales & marketing	390	14%	351	13%	364	13%	361	14%
Administra-tion	257	9%	235	9%	242	9%	233	9%
Domestic	1,565	57%	1,547	57%	1,646	59%	1,656	70%
Foreign	1,183	43%	1,148	43%	1,136	41%	1,081	30%

Financial statement IQ 2014

€/mln

operating working capital € 63.8

trade payables DPO 111 days
€ 105.4
(101.4 year -1)

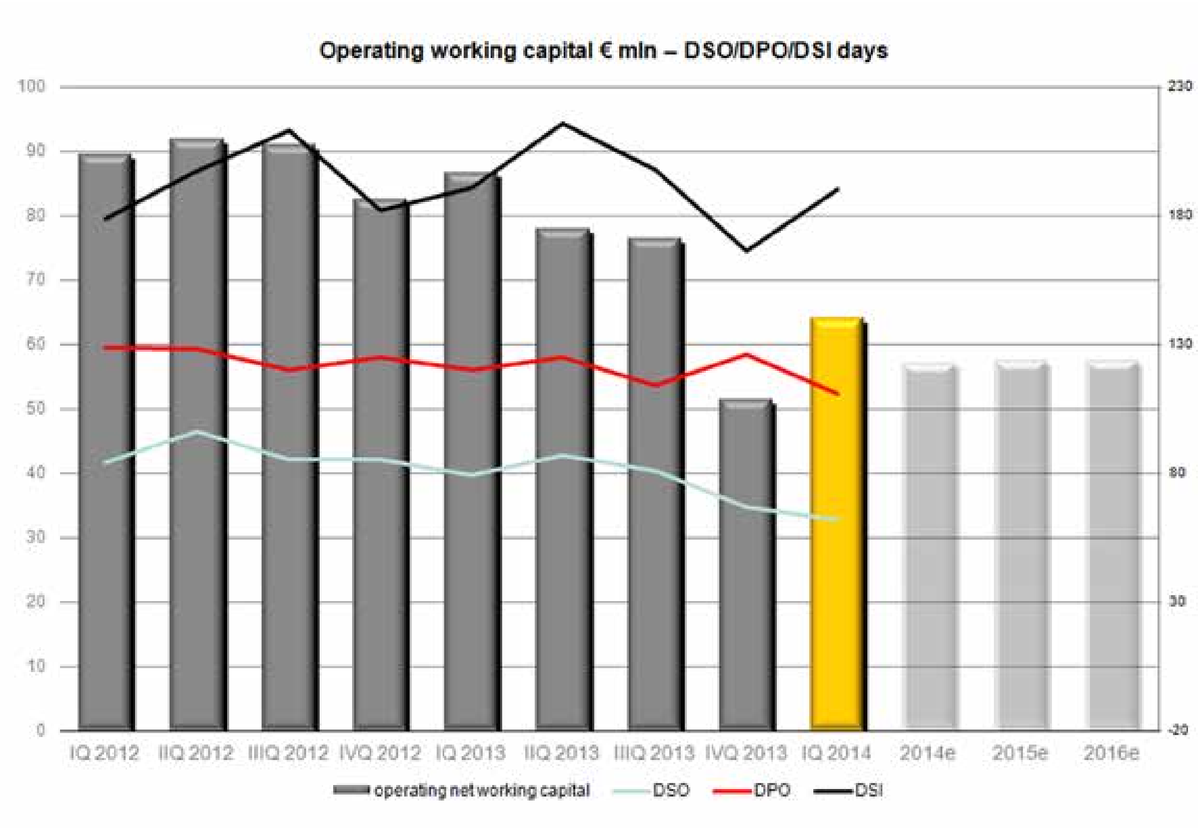
inventories DSI 190 days
€ 97.0 (96.1 year -1)

trade receivables DSO 62 days
€ 72.3 (91.9 year -1)

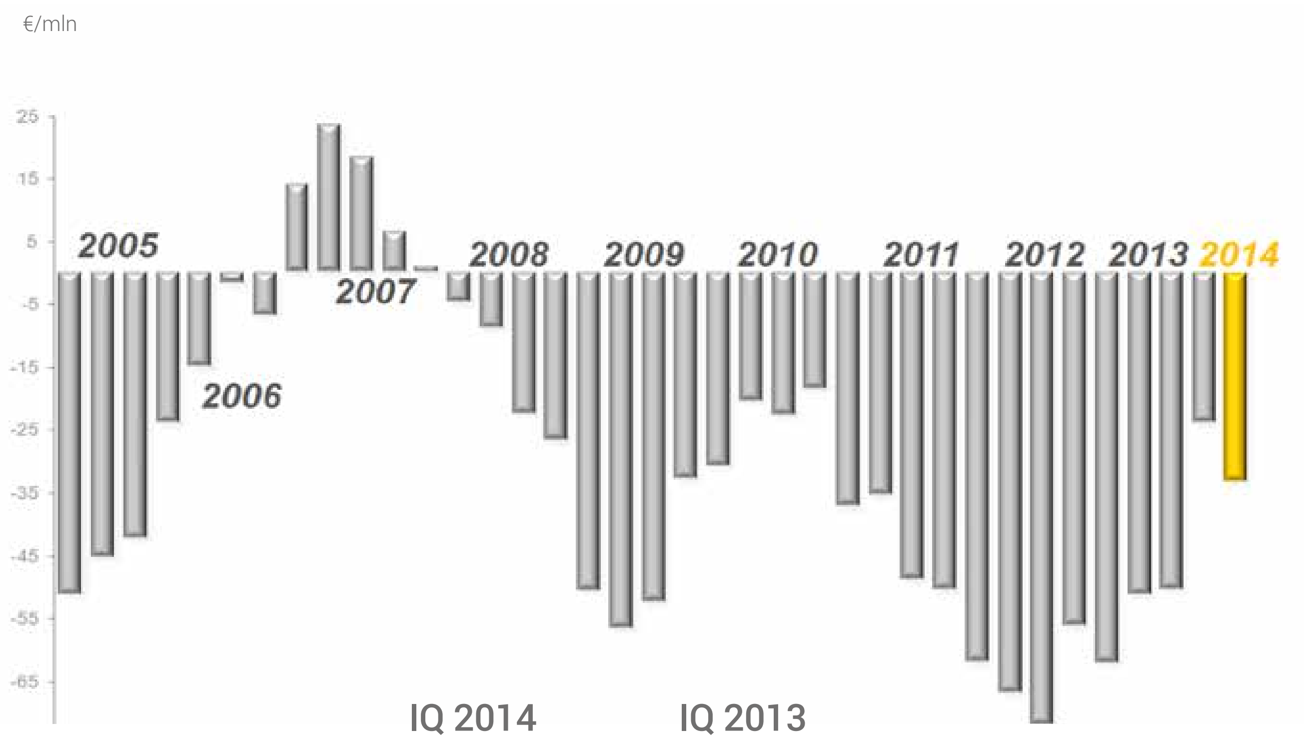
IQ 2014
- Invested Capital € 147.8
- Equity € 114.7

IQ 2013
- Invested Capital € 173.1
- Equity € 111.1

Operating net working capital: quarterly trend

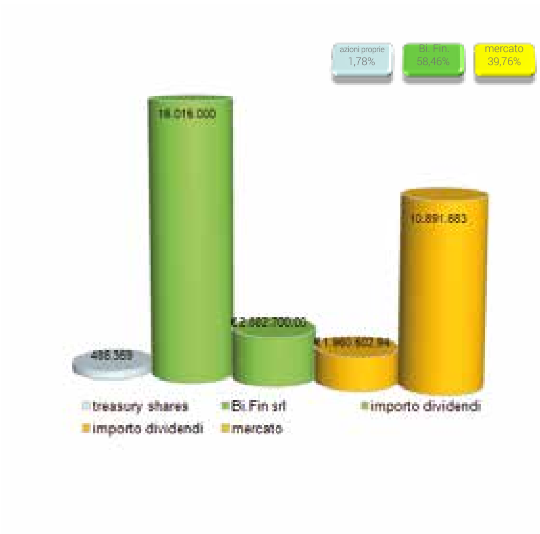


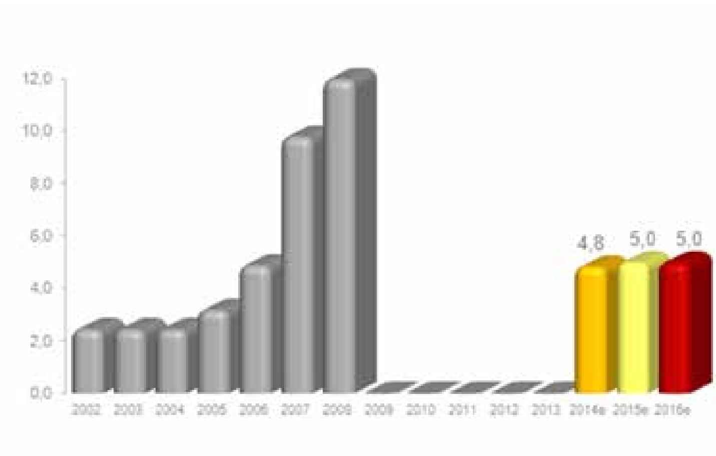
Net debt by IQ 2014



	IQ 2014	IQ 2013	
Net debt	33.1	62.0	-28.9 € vs March 2013 + 9.2 € vs December 2013

Dividends 2014 approved



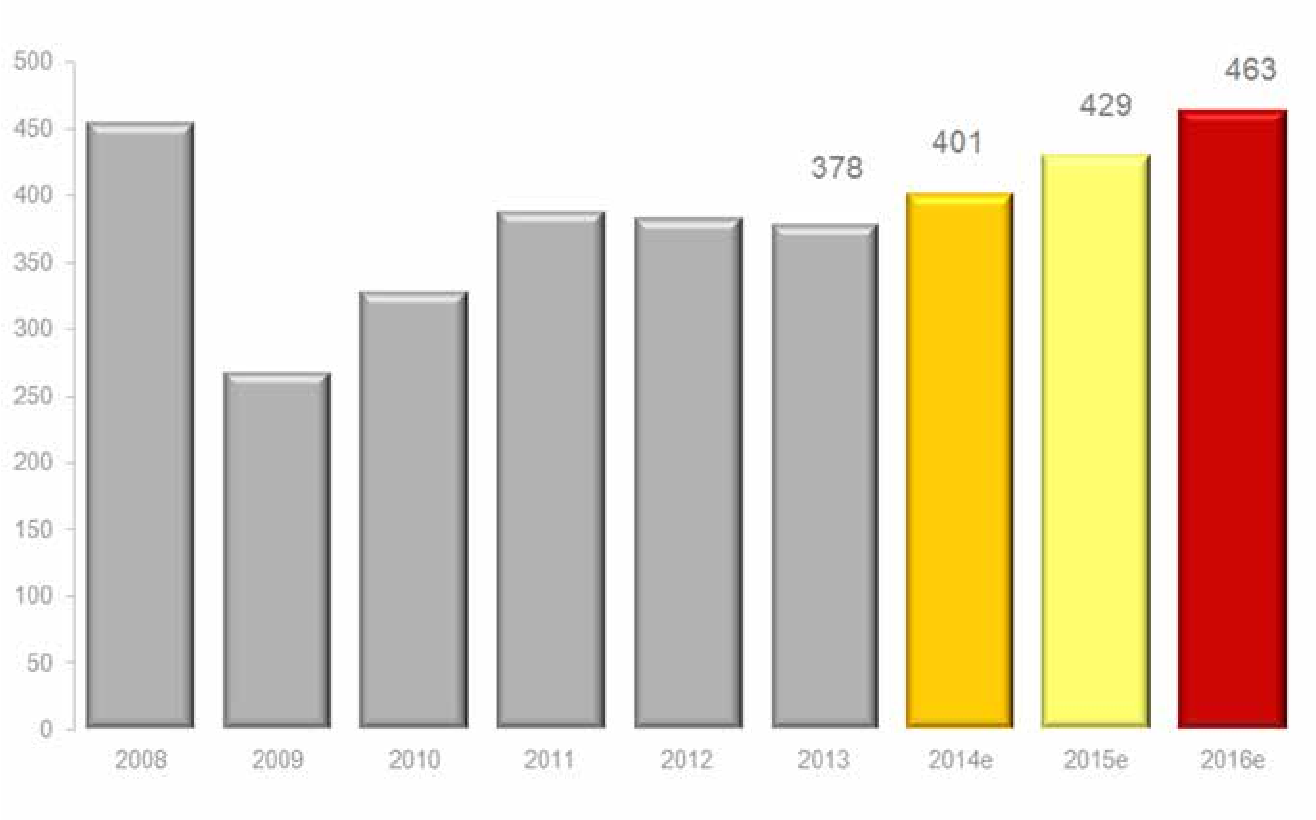


- **dividends**: € 4,843,202.94 - Bi.Fin. € 2,882,700
- **payout**: € 0,18 x share - 58,8% (Biesse S.p.A. net result)

Consolidated net sales

€/mln

CAGR 2014-2016: 7.0%



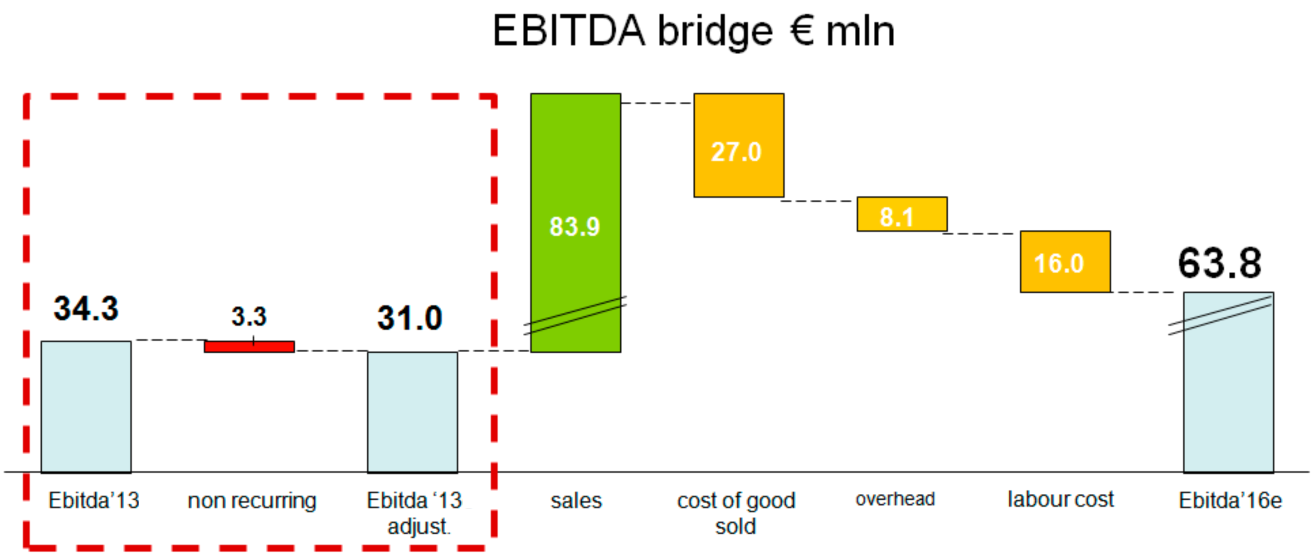
P & L

€/mln	FY 2012	FY 2013	FY 2013 reclassified	FY 2014e	FY 2015e	FY 2016e	Δ 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



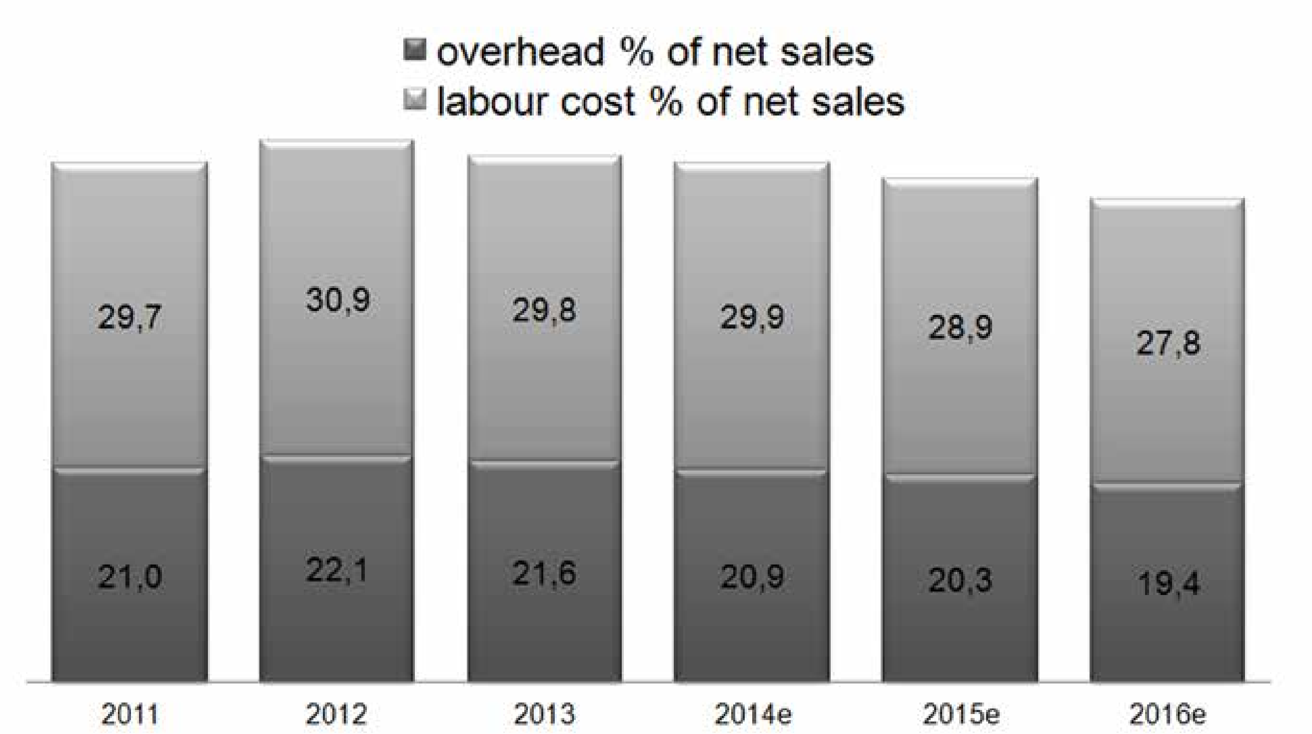
Massive sales positive delta supports the EBITDA increase.
Costs (goods-overhead-labour) growth is lower than the sale increase.

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%



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	

Operativing net working capital

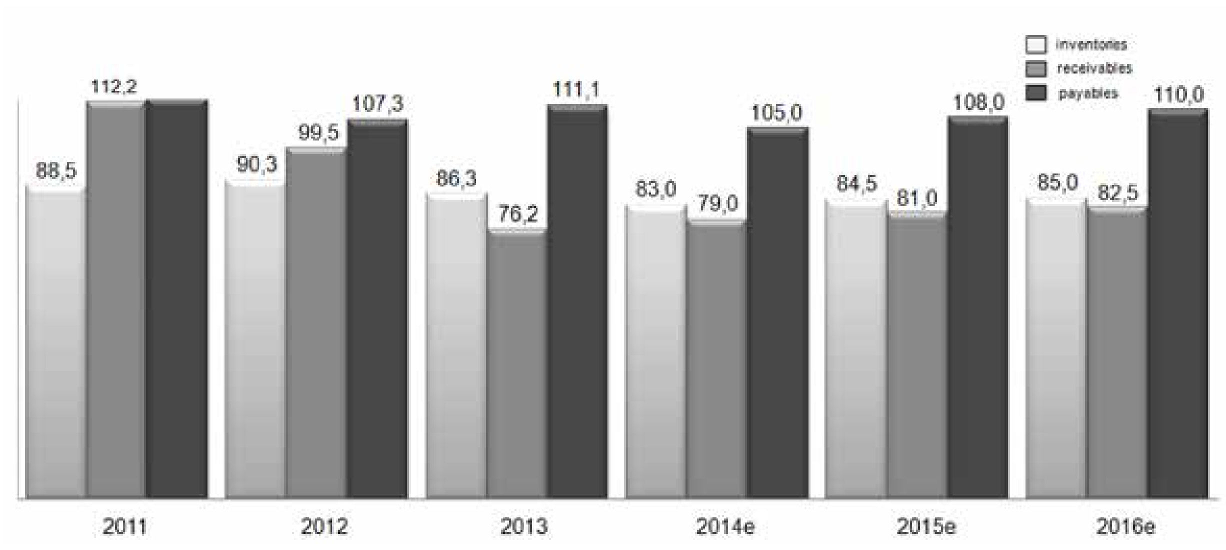
€/mln	2012	2013	2014e	2015e	2016e
inventories	90.3	86.3	83.0	84.5	85.0
% of net sales	23.6%	22.8%	20.7%	19.7%	18.3%
	DSI 182	DSI 165			
trade receivables	99.5	76.2	79.0	81.0	82.5
% of net sales	26.0%	20.1%	19.7%	18.9%	17.8%
	DSO 85	DSO 67			
trade payables	107.3	111.1	105.0	108.0	110.0
% of net sales	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**			

Operativing net working capital

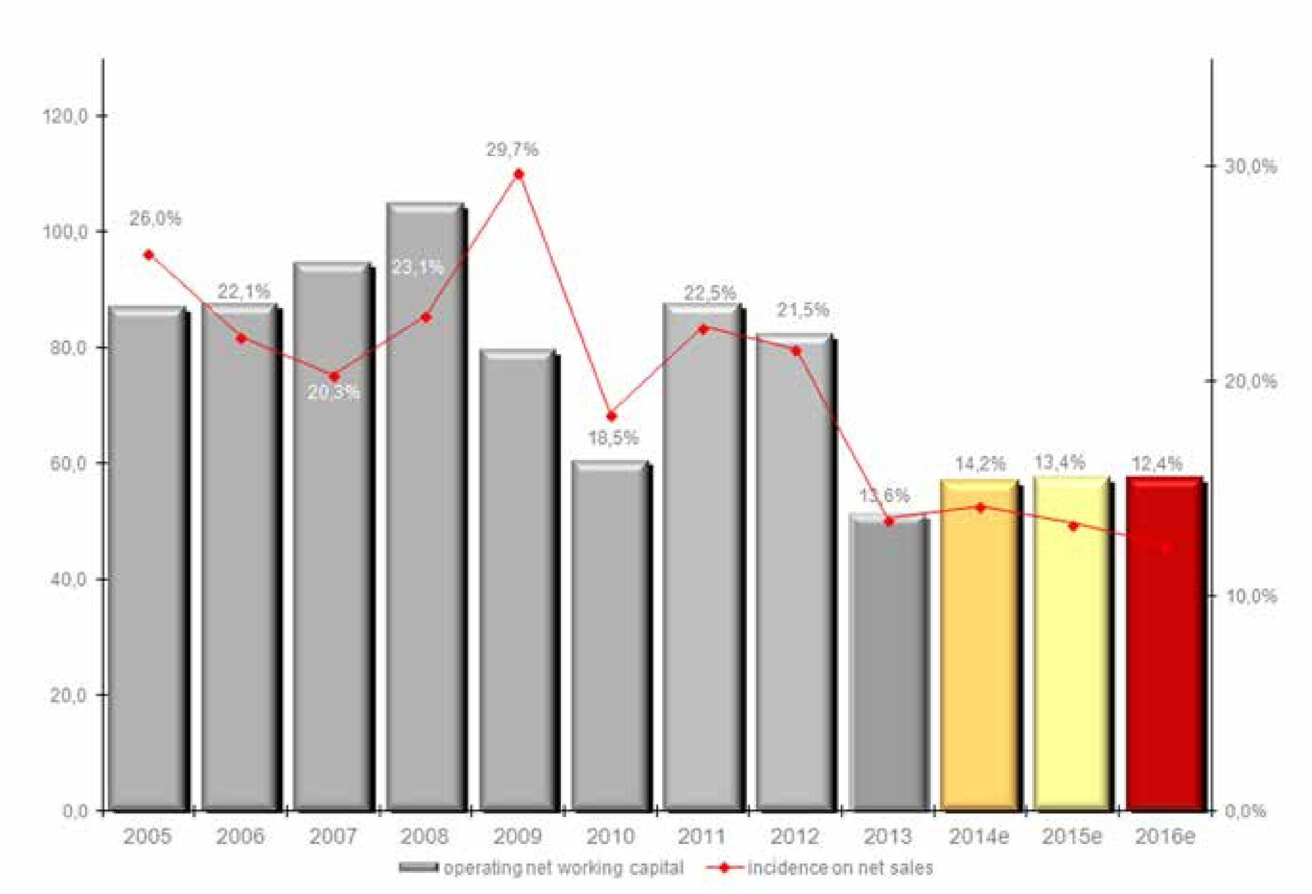
€ mln

- **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%

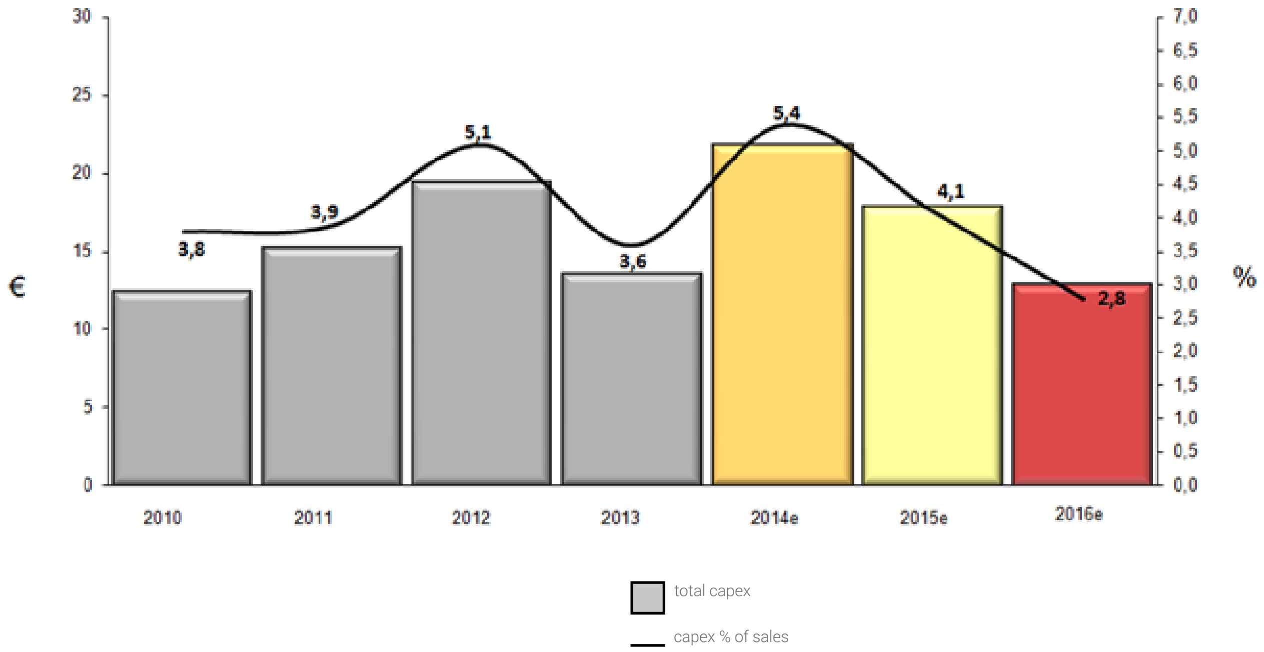


Operativing net working capital



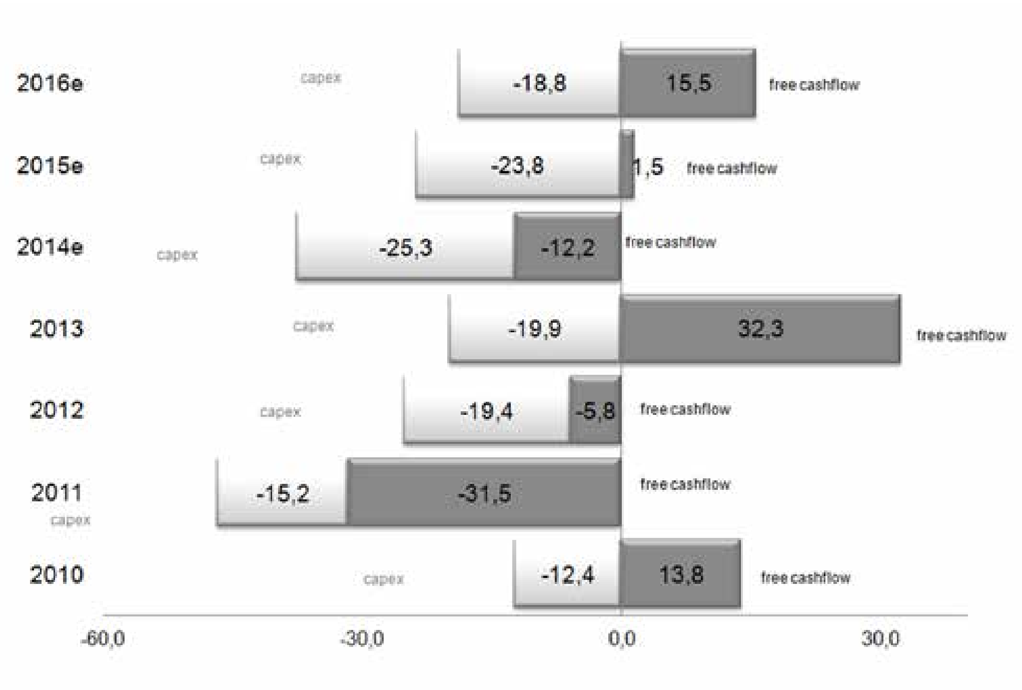
Capex

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

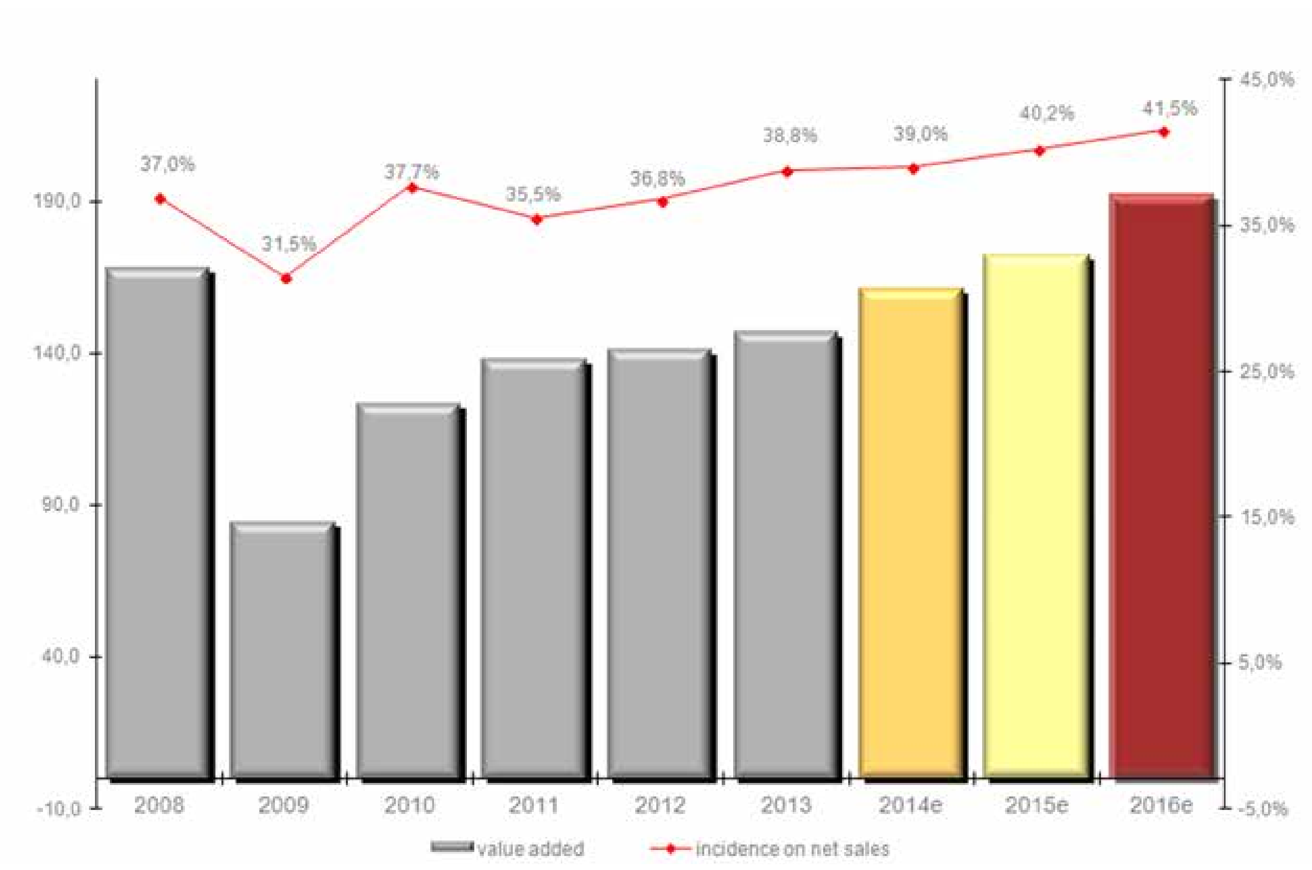


Group cashflow: free cashflow & total capex

€ mln



Value added



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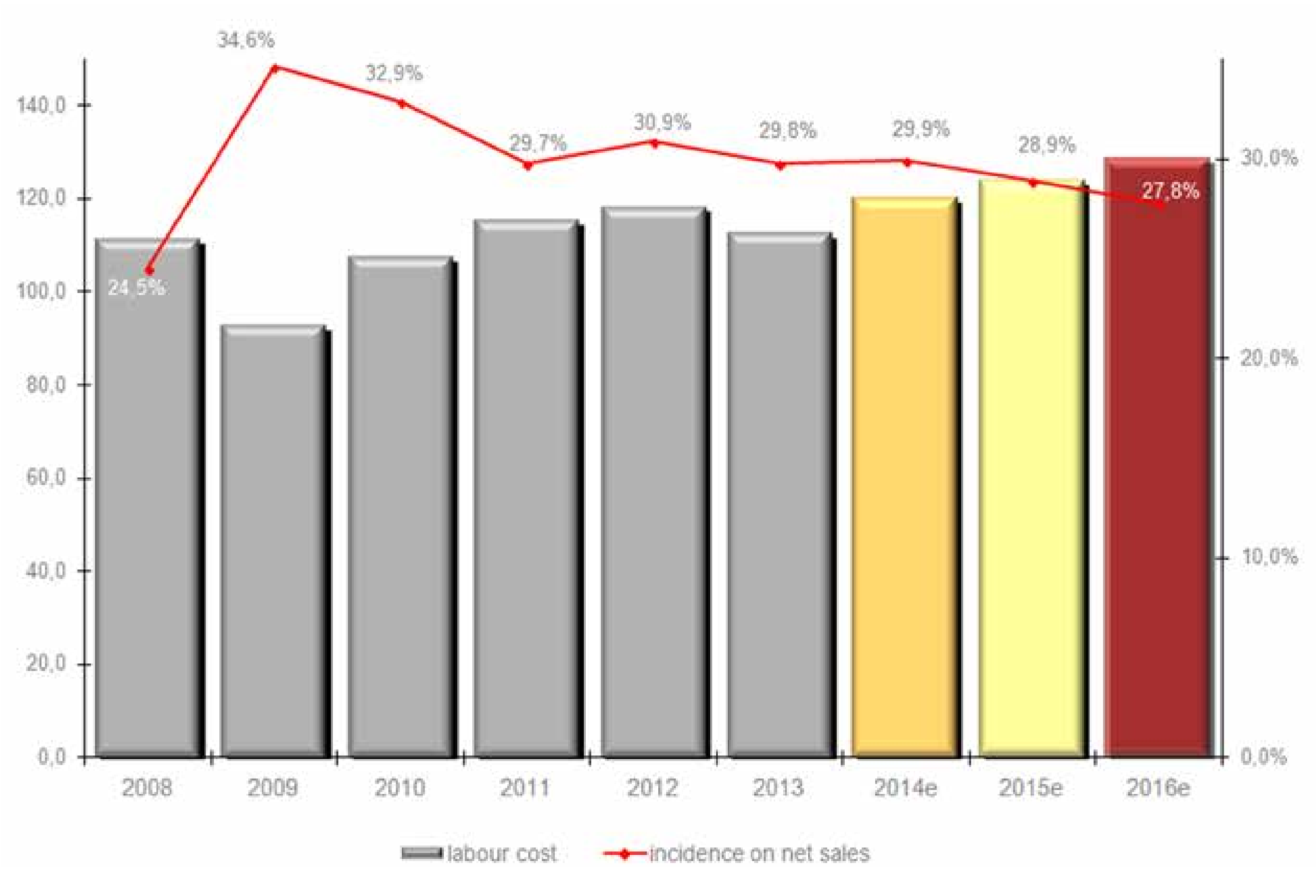
Labour cost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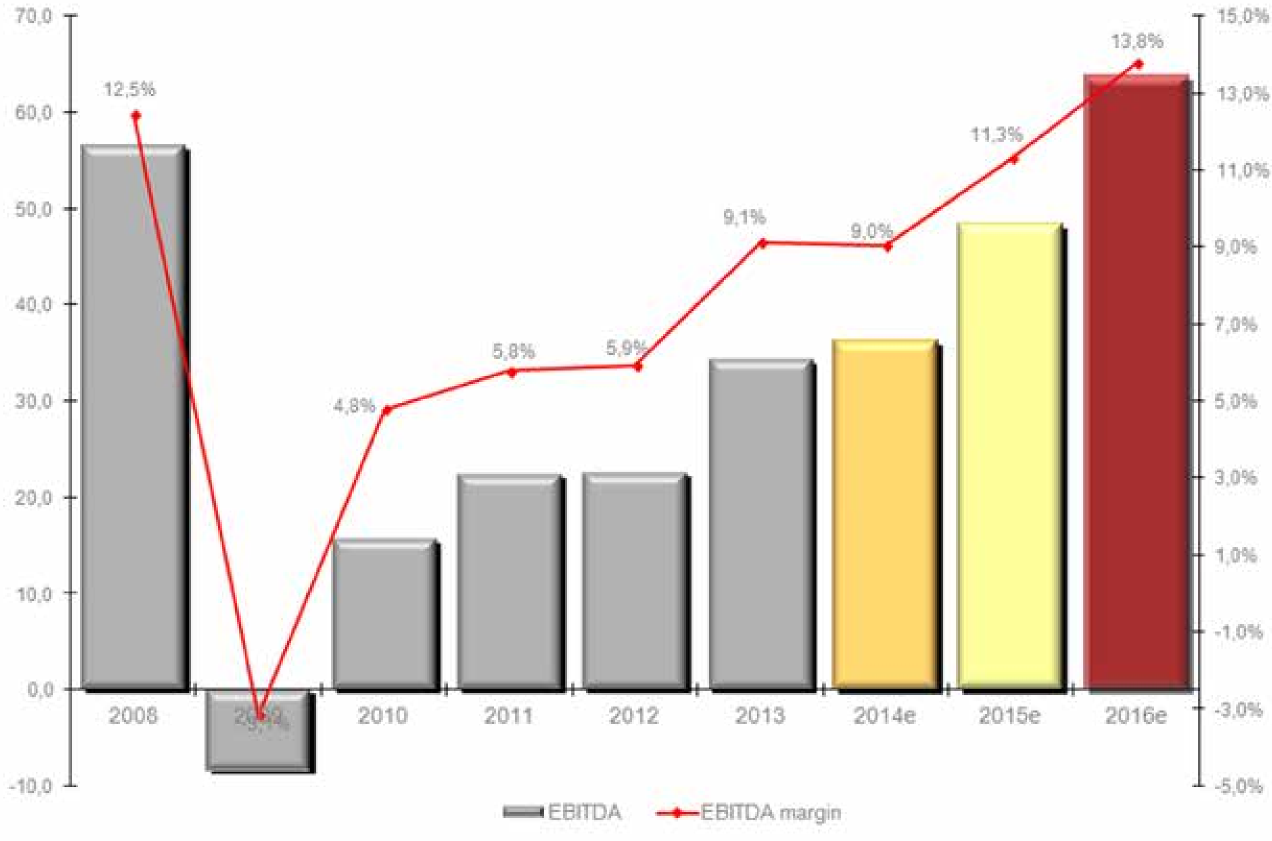
labour cost
incidence on net sales

EBITDA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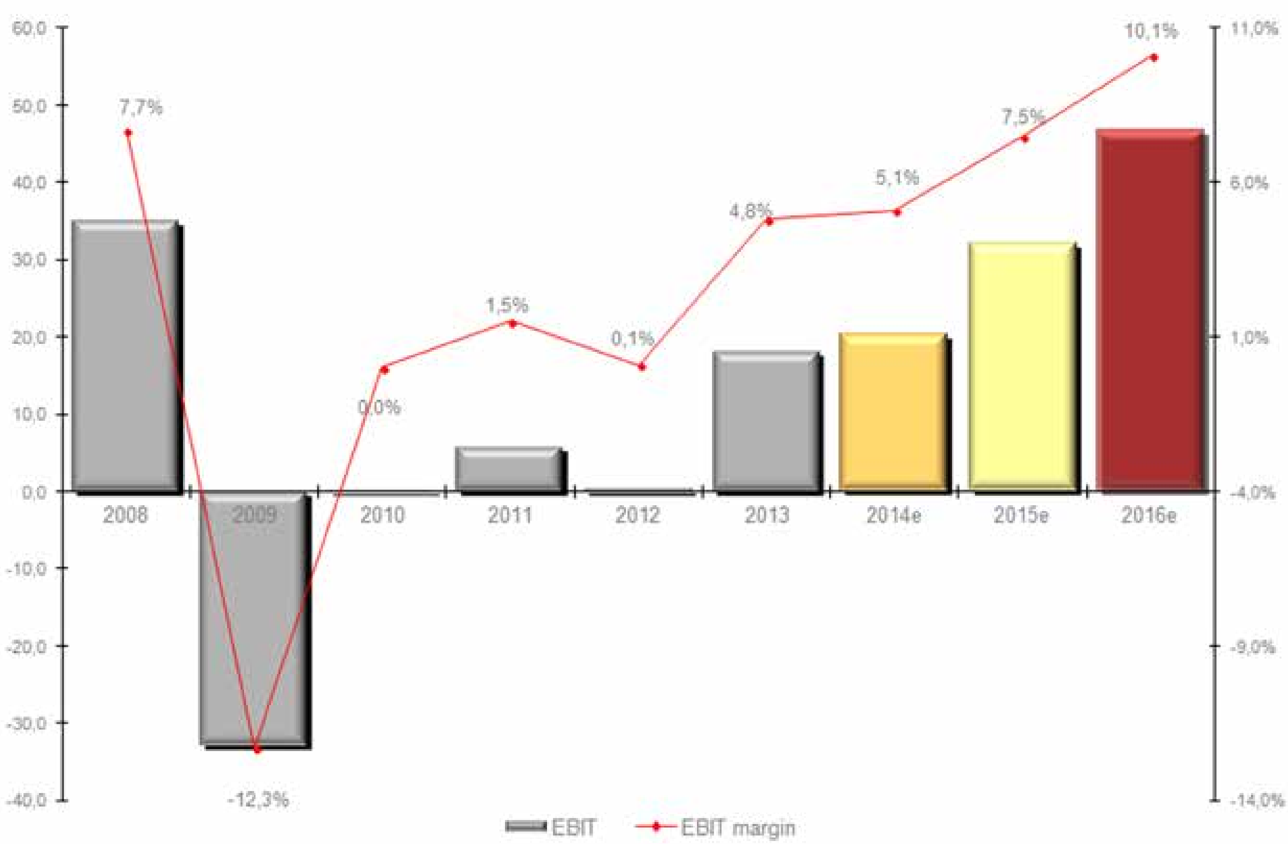
EBITDA margin

EBIT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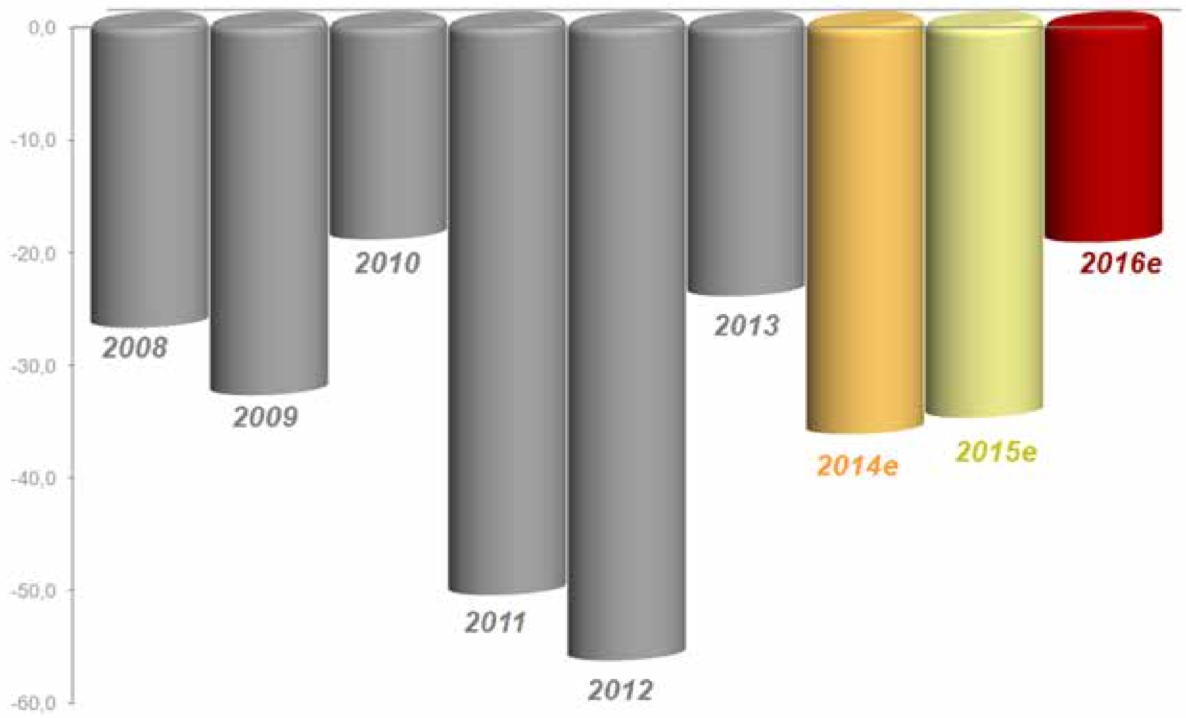
EBIT margin

Net debt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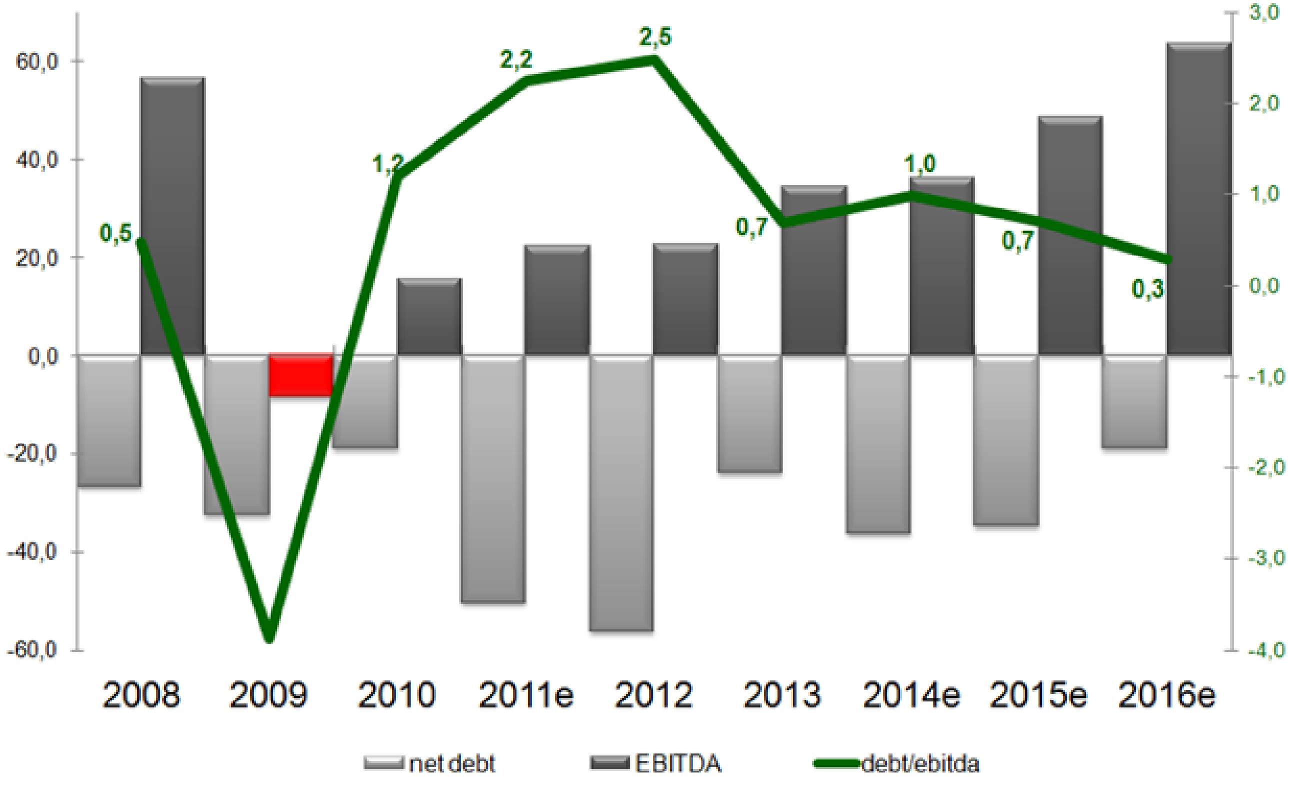
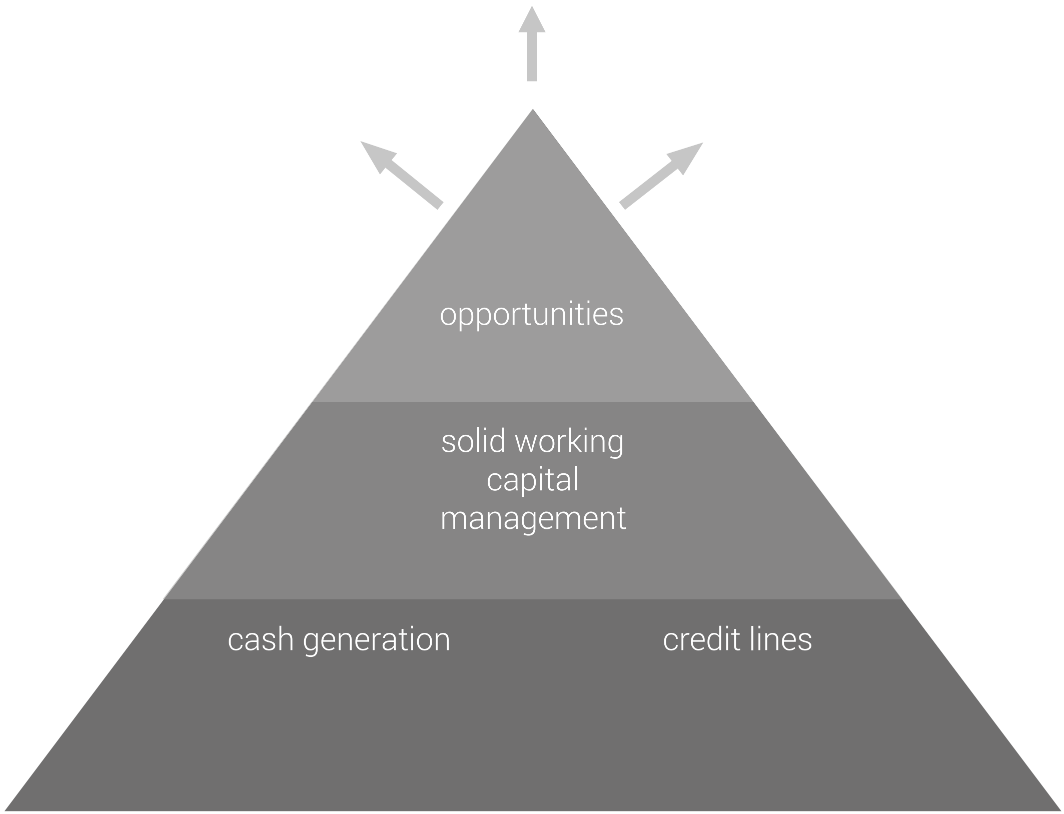
Group net debt on ebitda



Financial situation: headroom for investments



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