

COMPANY PRESENTATION

SEPTEMBER 4TH 2019

MILAN, INDUSTRIAL DAY

 **BIESSE**GROUP

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IT'S THE FUTURE THAT MAKES HISTORY.

WE HAVE BEEN DESIGNING INNOVATION
FOR FIFTY YEARS, DRIVEN BY AN
INCREDIBLE ENGINE, POWERED BY
PEOPLE, PASSION AND PRECISION.



 **BIESSE**GROUP

OUR IDENTITY

OUR VALUES

 **BIESSEGROUP**

Biesse Group is a global leader founded in Pesaro in 1969 by Giancarlo Selci.
listed on the Borsa Italiana since 2001 – STAR segment.
The Group has a strong Italian identity and strongly believe in:

INNOVATION

RELIABILITY

RESPECT

THE VISION

 BIESSEGROUP

Biesse Group's vision is embodied by the word THINKFORWARD:

a stimulus to **LOOK AHEAD** and **ANTICIPATE**
THE FUTURE setting new standards to drive
TECHNOLOGICAL INNOVATION and
DIGITAL transformation.

ONE INDUSTRIAL GROUP

 BIESSE GROUP

We manufacture technology for processing wood, glass, stone, advanced materials and metal through specialised business units and 12 manufacturing sites in Italy and worldwide. We operate worldwide with our own key brands: Biesse, Intermac, Diamut, HSD.

4

MAIN BUSINESS DIVISIONS

12

PRODUCTION SITES

Winstore 3D K2

-Y

ALL OVER THE WORLD

 **BIESSEGROUP**

We support our colleagues everywhere in the world, using the most advanced management, sales and support system. Our global network enables us to be always close to our customers.

39 + 300

SUBSIDIARIES AND REPRESENTATIVE OFFICES

SELECTED DISTRIBUTORS

 **BIESSE**

 **INTERMAC**

BUSINESS MODEL

PRODUCTS



01 Machines

We design, manufacture and distribute a comprehensive range of machinery and technologies for processing wood, glass, stone, metal and advanced materials

02 Systems

We create engineered solutions, from plant design to production, implementation, installation and maintenance

03 Mechatronics

We design, manufacture and deliver high-tech mechanical and electronic components for machinery INDUSTRY 4.0 ready.

04 Tooling

We manufacture tools for the processing of glass, stone and ceramic. Its synergy with Intermac has enabled it to develop a range of tools, which in terms of reliability, have become a benchmark in the market.

05 Service

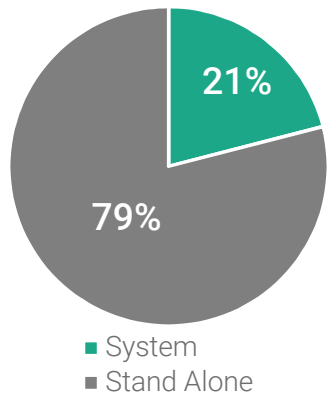
Through dedicated personnel, we provide professional pre-sale consulting services, and continuous after sales assistance to ensure the correct installation and start-up of machinery, software and Systems.

06 Software

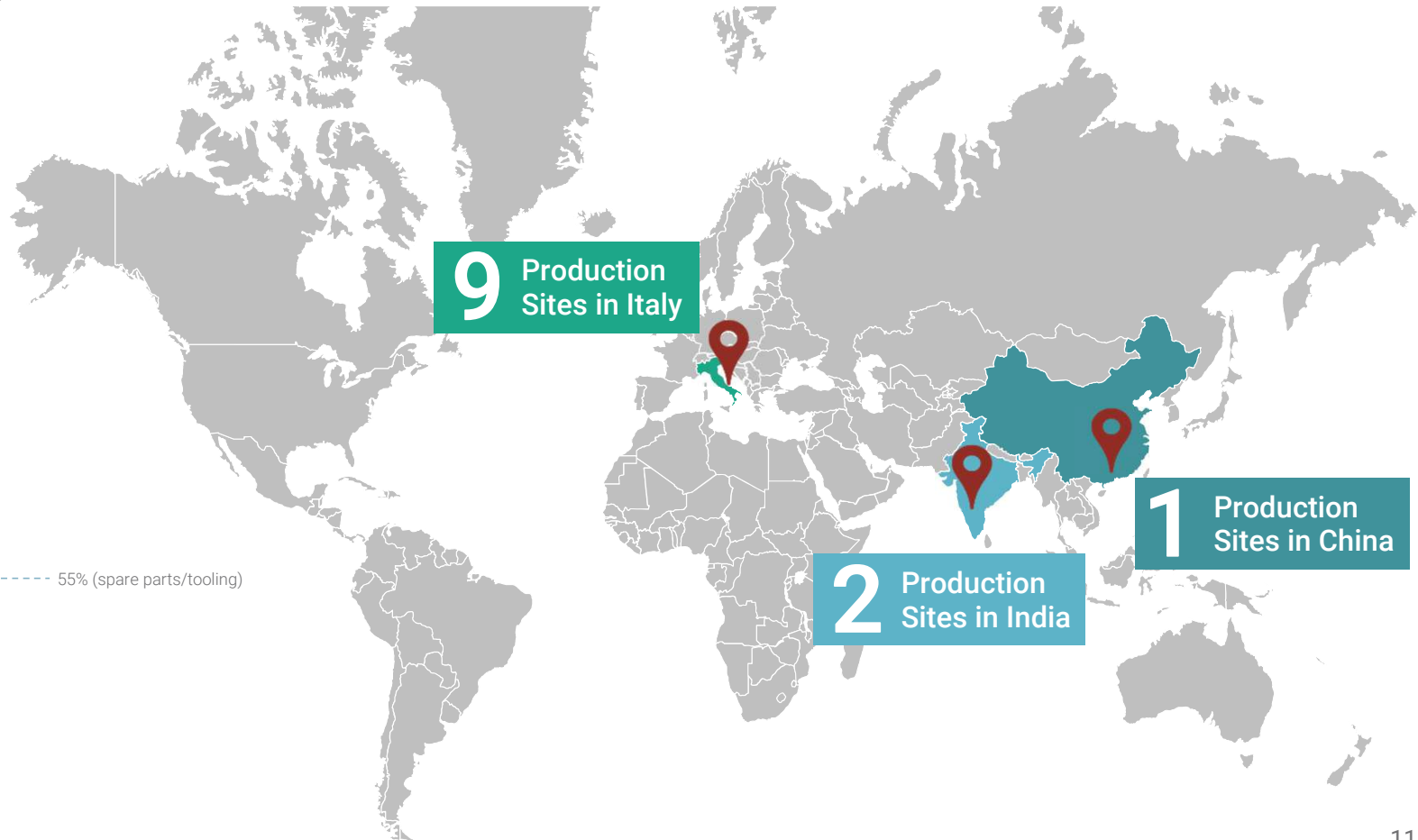
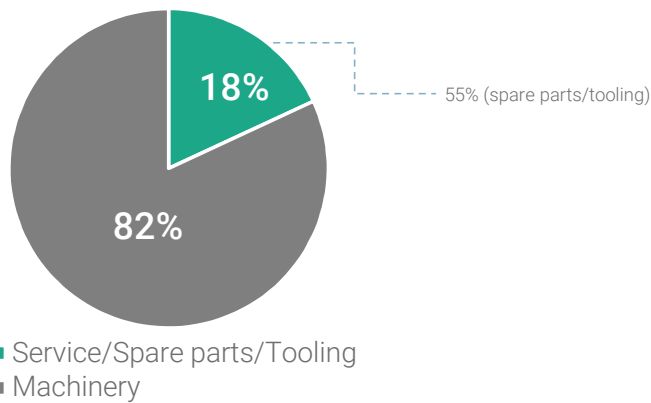
We have developed our software solutions by closely observing the work carried out by the customer every day, with simple interfaces, designed to make everyday use of the machine practical.

FOOTPRINT

Sales breakdown by type on machines sales



Sales breakdown by offering



CUSTOMERS

(BY SEGMENT)



furnishing-design



furnishing



frames (doors/windows)



housing-structural wood



furnishing-interiors

CUSTOMERS

(BY SEGMENT)

BIESSEGROUP



office furniture



advanced materials



glass



stone-marble



automotive

CUSTOMER SALES



a wide and fragmented customer base with no risk of concentration

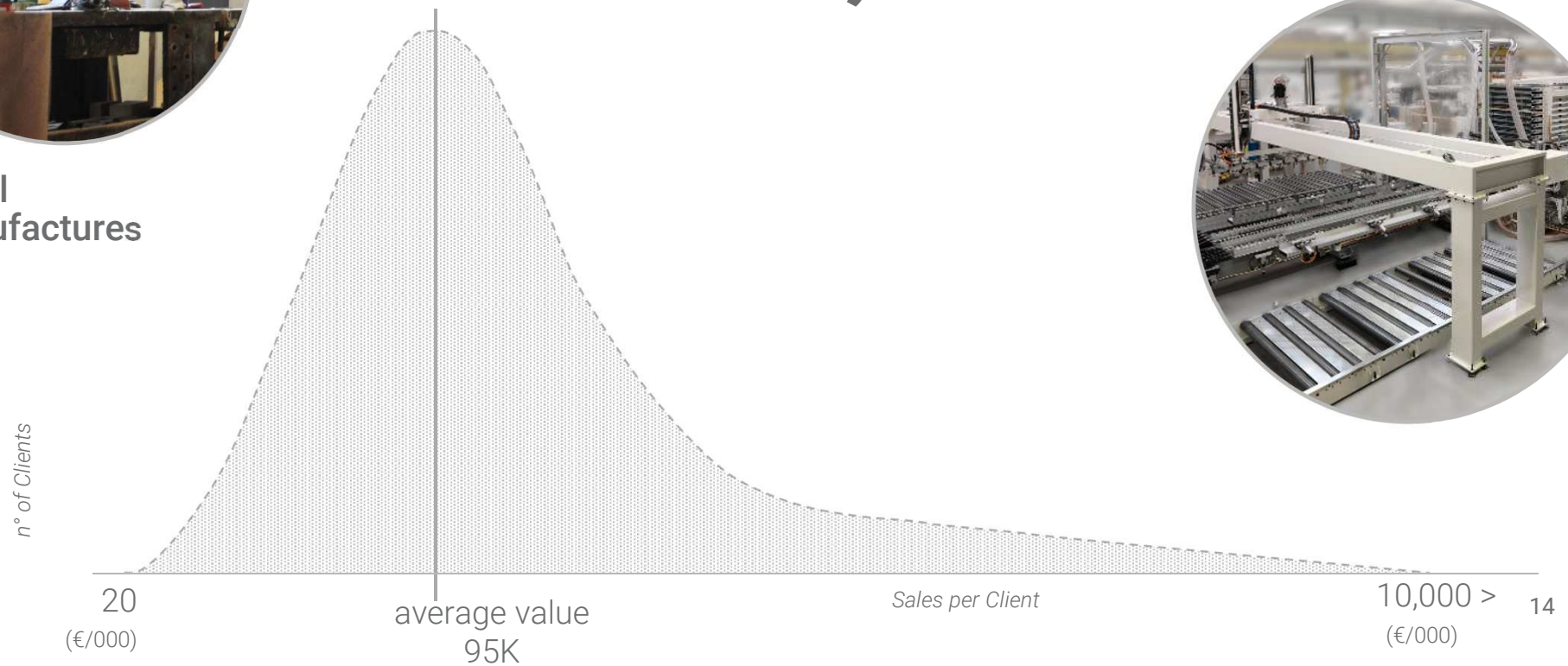
approx **> 66,000**



Small manufactures

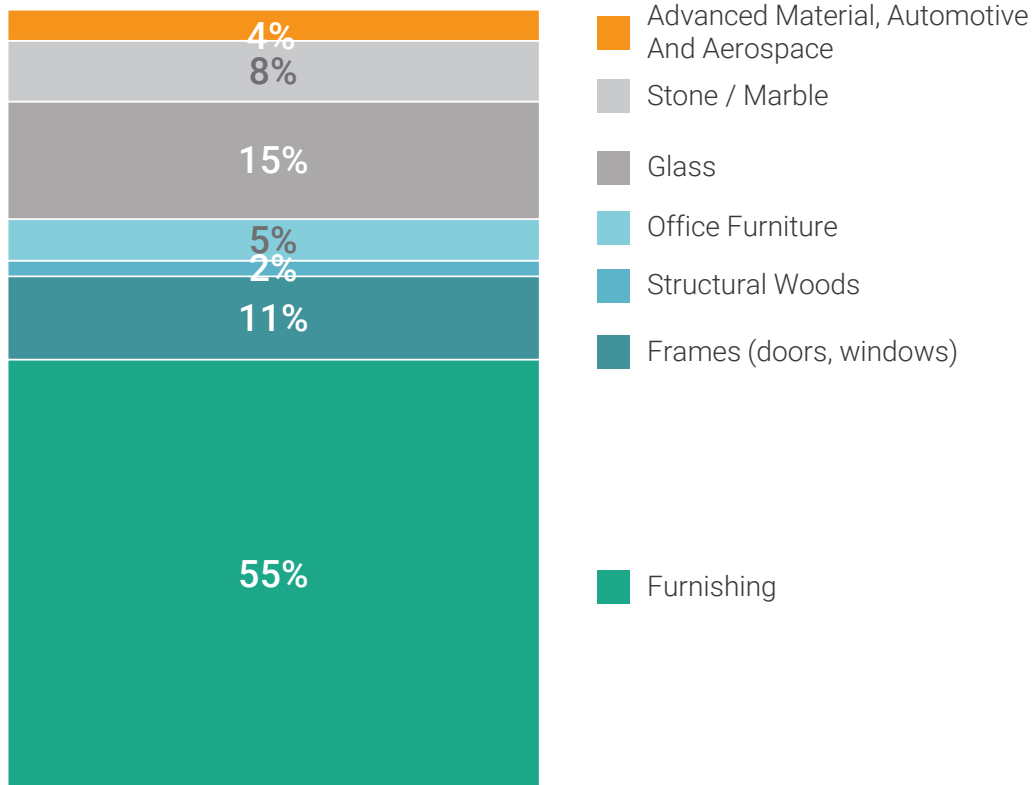


Medium/Large manufactures



CUSTOMERS - MAIN REFERENCE MARKETS

% breakdown of Biesse machines sales by macro-sector



2018



IH 2019 HIGHLIGHTS

orders intake -16.7% vs June 2018

€/mln

backlog 225.4 Euro mln

net consolidated sales: 344.2

net financial position: -33.8 with -26.1 Euro mln for IFRS 16

(IFRS 16 adopted since January 2019)

ebitda: 38.0 (incidence on sales 11.0%) with +3.1 Euro mln for IFRS 16

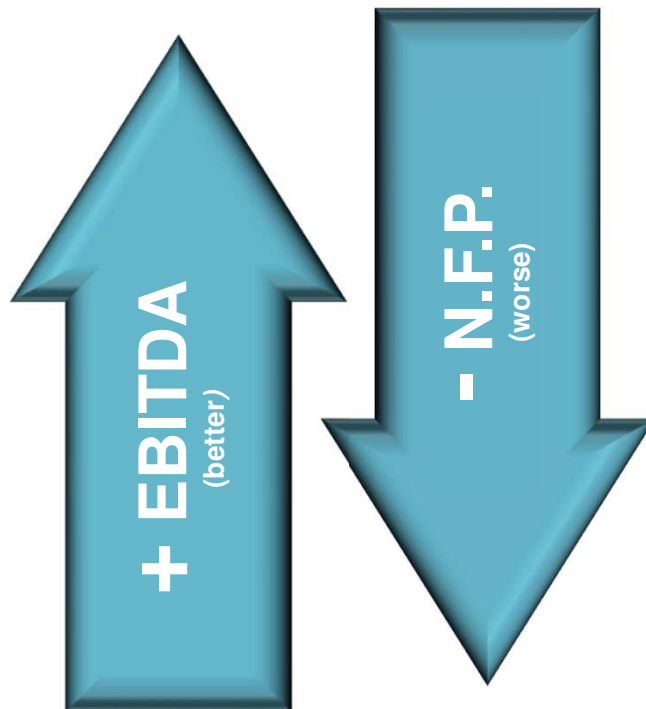
ebit: 20.1 (incidence on sales 5.8%) before non recurring items

net profit: 10.4 (incidence on sales 3.0%)

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IFRS 16 MAIN IMPACTS

".....IFRS 16 is an International Financial Reporting Standard (IFRS) providing guidance on accounting for leases. IFRS 16 was issued in January 2016 and will be effective for most companies that report under IFRS in 2019. Upon becoming effective, it will replace the earlier leasing standard, IAS 17.The new standard will provide much-needed transparency on companies' lease assets and liabilities, meaning that off balance sheet lease financing is no longer lurking in the shadows. It will also improve comparability between companies that lease and those that borrow to buy....."



FY 2018 effects:

EBITDA +6.9 Euro mln

N.F.P. -25 Euro mln

=====

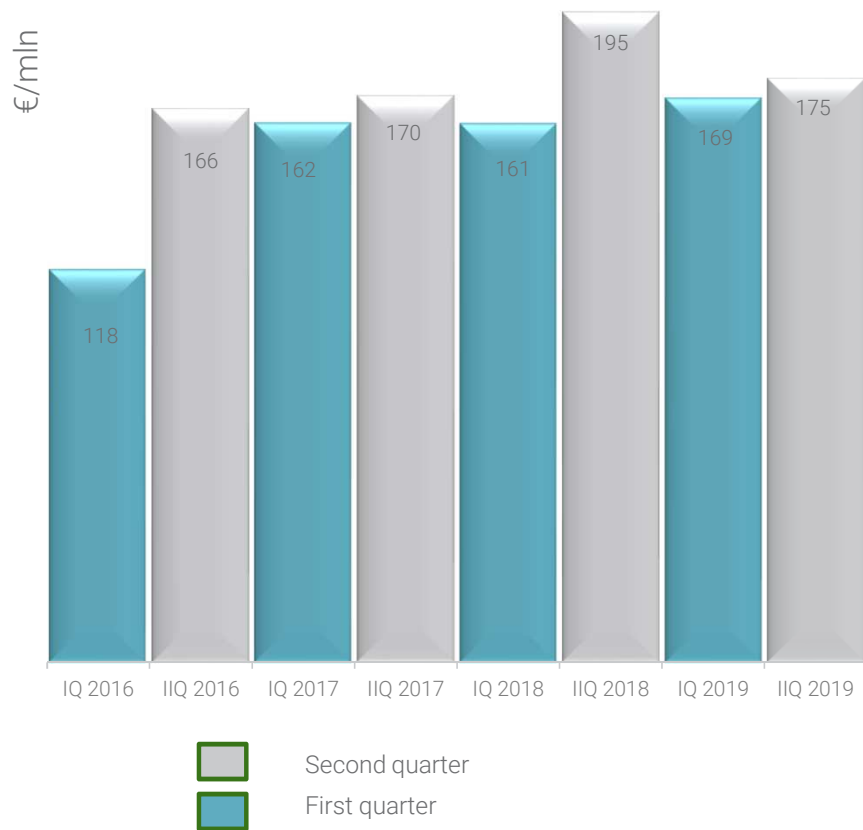
2019 IH effects:

EBITDA +3.1 Euro mln

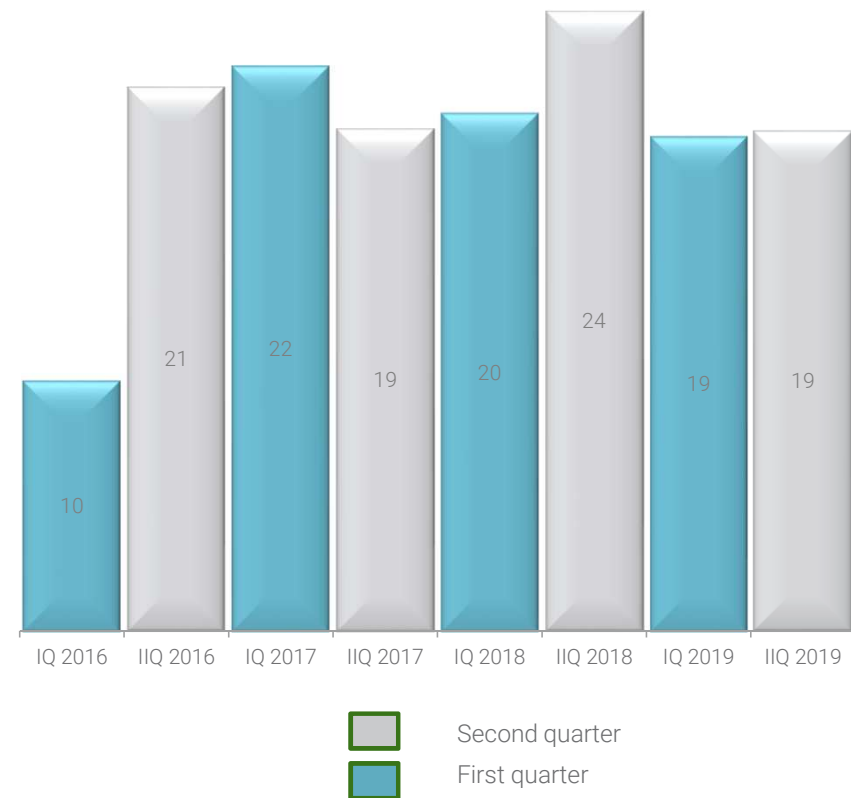
N.F.P. -26.1 Euro mln

BIESSE QUARTER BY QUARTER

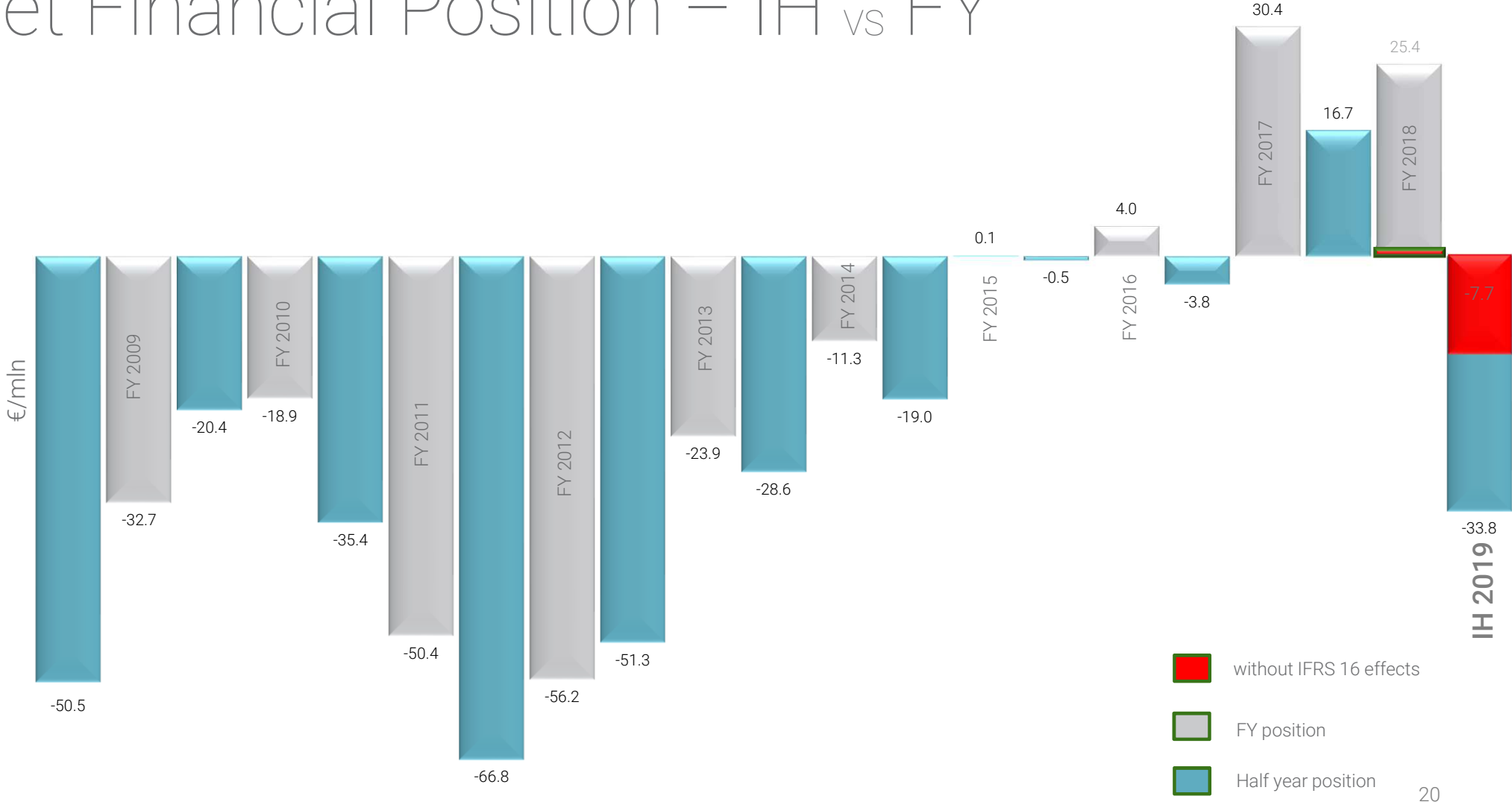
Sales by quarters



EBITDA by quarters



Net Financial Position – IH vs FY



extract of the P&L – IH 2019



€/mln	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	IH 2018	IH 2019
Net sales year -1	378.4 -1.2%	427.1 +12.3%	513.1 +21.5%	618.5 +19.1%	690.1 +11.6%	740.2 +7.3%	356.6	344.2 -3.5%
Value added %	143.5 37.3%	163.1 33.6%	212.4 40.3%	252.4 40.8%	288.6 41.8%	307.2 41.5%	150.3 42.1%	151.0 43.9%
Labour cost %	112.7 23.8%	128.2 30.0%	148.2 28.6%	176.6 28.6%	199.1 28.9%	214.6 29.0%	106.8 29.9%	113.1 32.9%
EBITDA %	30.3 8.2%	40.3 3.6%	64.1 12.4%	75.8 12.3%	89.5 13.0%	92.7 12.5%	43.5 12.2%	38.0 11.0%
EBIT %	18.1 4.8%	26.5 6.2%	43.8 8.4%	55.1 8.9%	63.6 9.2%	63.8 8.6%	30.3 8.5%	20.1* 5.8%

*before non recurring items

tax rate 35.8% 35.5%

CASHFLOW

€/mln	2014	2015	2016	2017	2018	IH 2019
Gross Cashflow % net sales	38.3 9.0%	46.3 8.9%	45.8 7.4%	75.4 10.9%	53.1 7.1%	4.3 1.2%
Investments % net sales	-20.8 4.9%	-25.3 4.8%	-32.1 5.0%	-39.2 5.8%	-45.0 6.1%	-50.4* 14.6%
Net Cashflow % net sales	17.5 4.1%	21.0 4.1%	13.7 2.2%	36.2 5.2%	8.1 1.1%	-46.1
dividends	-4.8 0.18 per share	-9.8 0.36 per share	-9.8 0.36 per share	-9.8 0.36 per share	-13.1 0.48 per share	-13.1 0.48 per share
Δ Net Debt	12.7	11.2	3.9	26.4	-5.0	-59.2*

*including € 26.6 from IFRS 16

*the delta is calculated between € +25.4 (December 2018 NFP) and € -33.8 (June 2019 NFP)

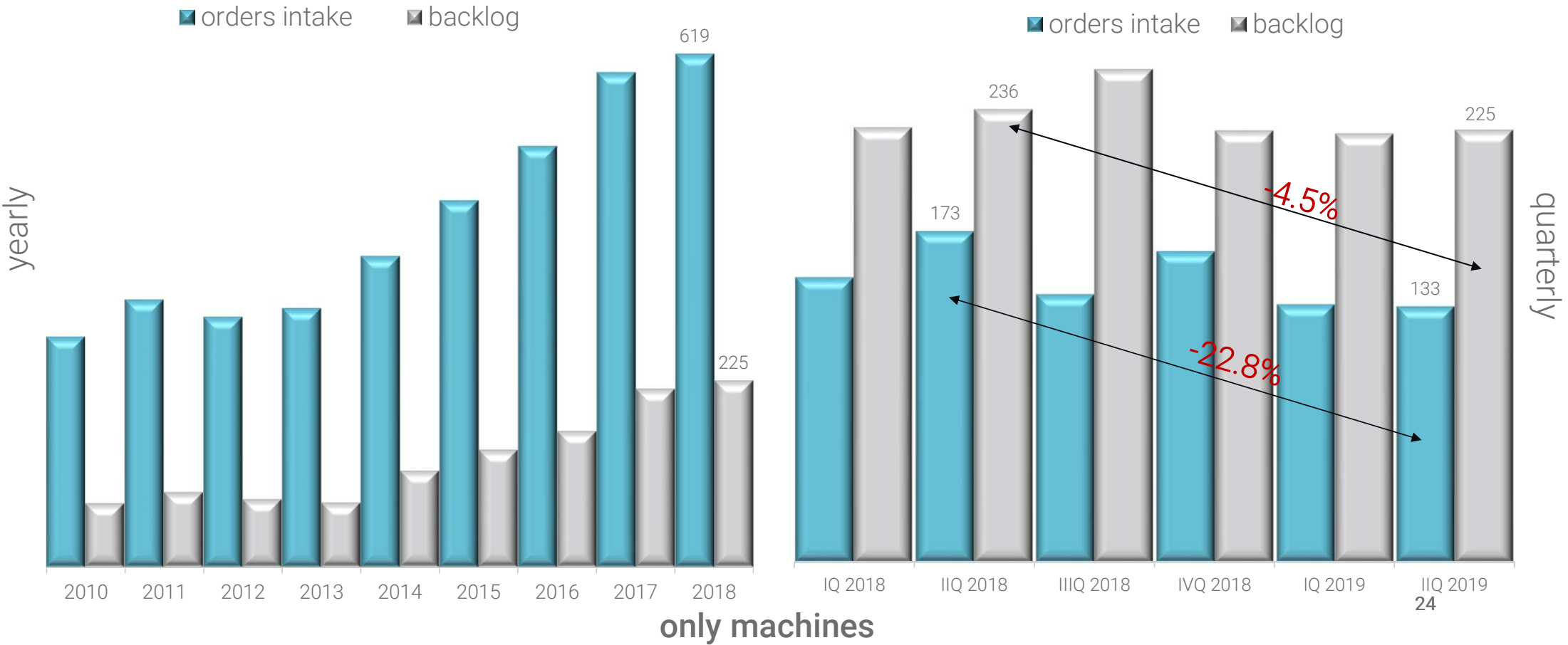
If we normalize December 2018 with the estimate IFRS 16, the delta is between € +0.4 and € -33.8= € ²²-34.2
 If we compare December 2018 NFP € +25.4 with June 2019 NFP € -7.7 without IFRS 16 the delta is € -33.1

O.N.W.C

	2014	2015	2016	2017	2018	<i>IH 2018</i> <i>(against the IH sales)</i>	<i>IH 2019</i> <i>(against the IH sales)</i>
inventories % net sales	23.0%	21.5%	21.1%	20.8%	22.1%	45.6%	54.5%
receivables % net sales	18.9%	20.3%	20.8%	17.3%	17.7%	37.7%	35.4%
payables % net sales	28.8%	29.5%	31.1%	32.4%	32.5%	68.4%	68.5%
O.N.W.C. % net sales	56 13.0%	63 12.2%	67 10.8%	39 5.6%	53.1 7.2%	53.1 14.9%	73.8 21.4%

GROUP ORDERS INTAKE & BACKLOG

ORDERS INTAKE IH 2019 vs IH 2018: -16.7%



quarterly

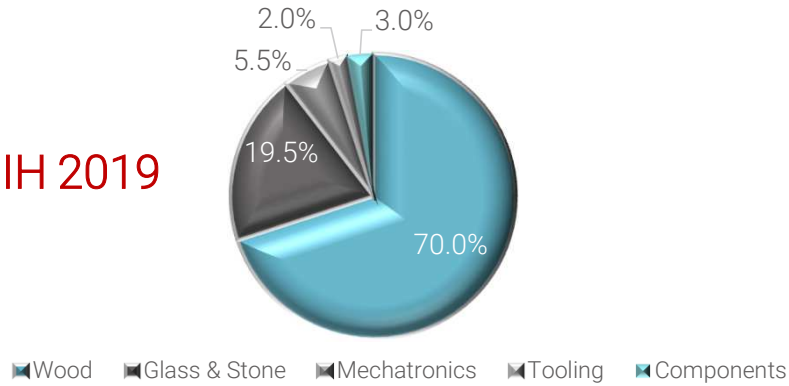
only machines

Sales breakdown- IH 2019

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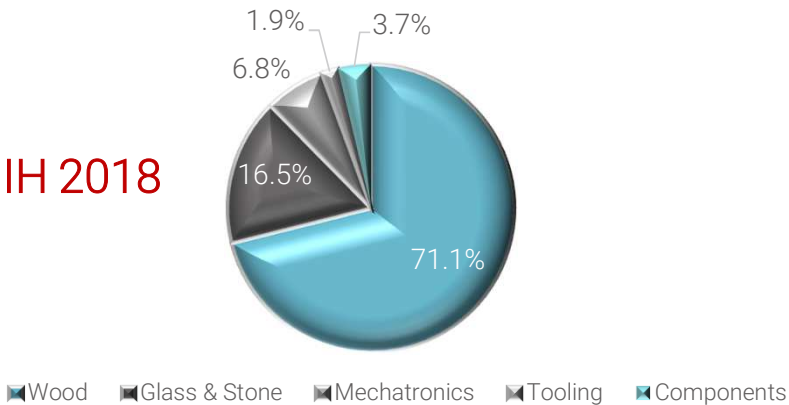
divisions

IH 2019



Wood Glass & Stone Mechatronics Tooling Components

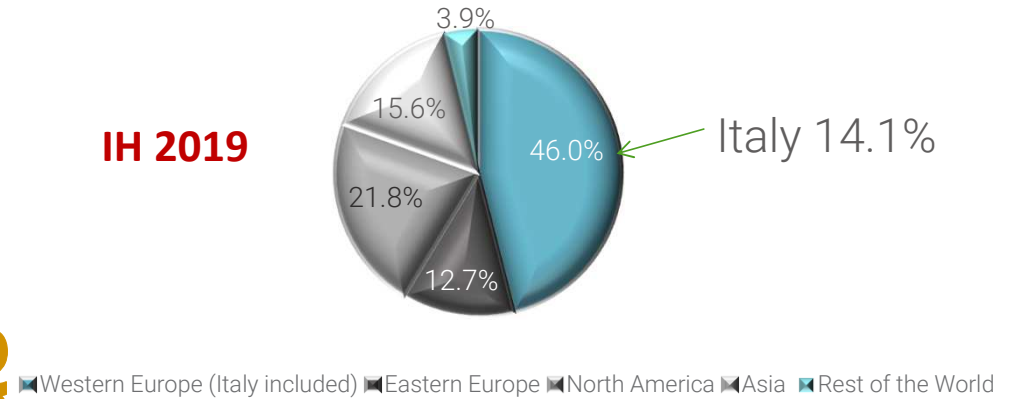
IH 2018



Wood Glass & Stone Mechatronics Tooling Components

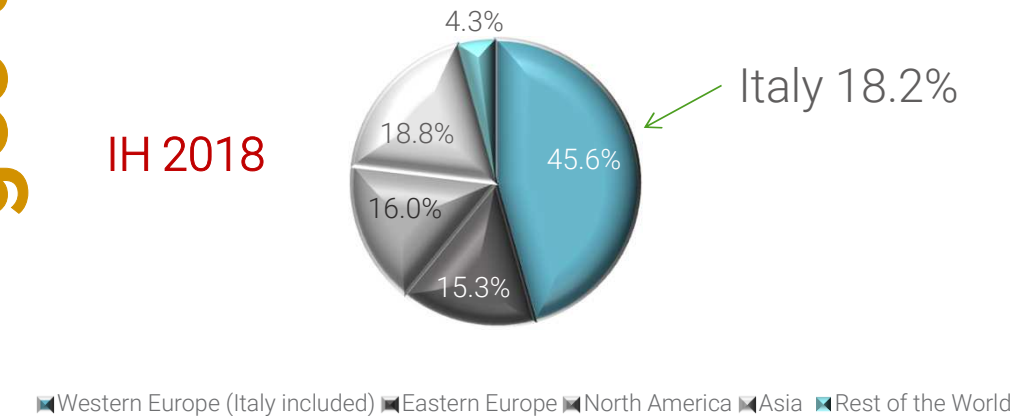
geo-areas

IH 2019



Western Europe (Italy included) Eastern Europe North America Asia Rest of the World

IH 2018



Western Europe (Italy included) Eastern Europe North America Asia Rest of the World

GROUP PEOPLE DISTRIBUTION

People distribution (1) (without interim people)



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	IH 2019
Production % of total people	1.250 46%	1.265 45%	1.175 44%	1.201 42%	1.335 42%	1.482 41%	1.494 39%	1,621 38%	1,471 36%
Service & After sale % of total people	577 21%	574 21%	613 22%	628 22%	690 22%	803 22%	894 23%	1,001 24%	1,000 25%
R&D % of total people	316 12%	338 12%	321 12%	361 13%	383 13%	436 12%	479 12.5%	551 13%	519 13%
Sales & Marketing % of total people	361 13%	364 13%	351 13%	439 15%	495 15%	587 16%	641 17%	715 17%	727 18%
G & A % of total people	233 9%	242 9%	235 9%	252 9%	273 9%	310 8.5%	338 8.8%	339 8%	340 8%
ITALY % of total people	1.656 61%	1.646 59%	1.547 57%	1.605 56%	1.780 56%	2.009 56%	2.176 56%	2,483 59%	2,458 61%
OUTSIDE ITALY % of total people	1.081 39%	1.136 41%	1.148 43%	1.276 44%	1.396 44%	1.609 44%	1.670 44%	1,744 41%	1,599 39%
TOTAL	2,737	2,782	2,695	2,881	3,176	3,618	3,846	4,227	4,057

People distribution (2)

number of employees: (without interim people)

IH 2019 vs FY 2018= -170 (-4%)

number interim people:

IH 2018 = 243

FY 2018 = 253

IH 2019 = 233

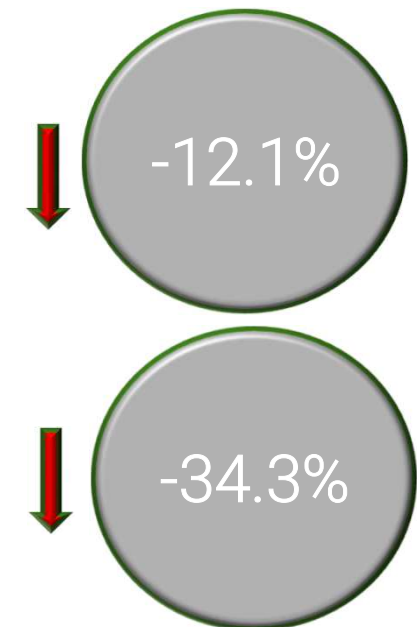
PROFIT WARNING

NEW vs OLD

3 years plan (2019e)

post profit warning (2019e)

delta



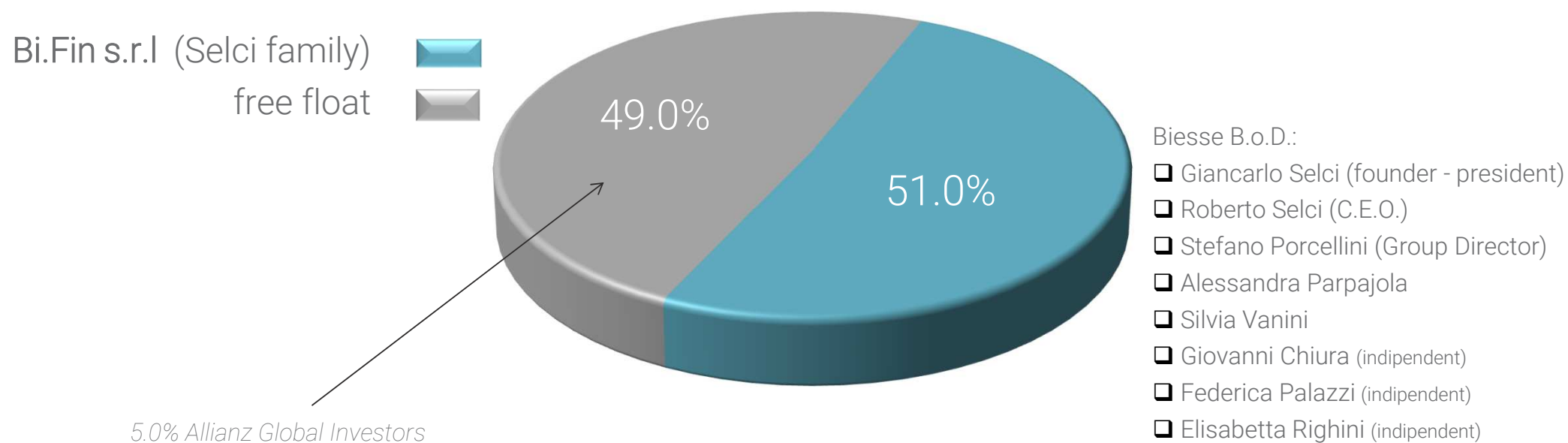
NEW vs OLD



- Brexit uncertainty (hard – soft exit)
- European political turmoils & tensions
- Lack of focused incentives and uncertain of a clear fiscal outlook
- Trade War escalation (U.S.A. – China - Europe)
- Currency (i.e. TRY-RUBLO) instability/depreciation vs Euro and USD decreasing the purchasing power

SHAREHOLDERS & B.O.D. STRUCTURE

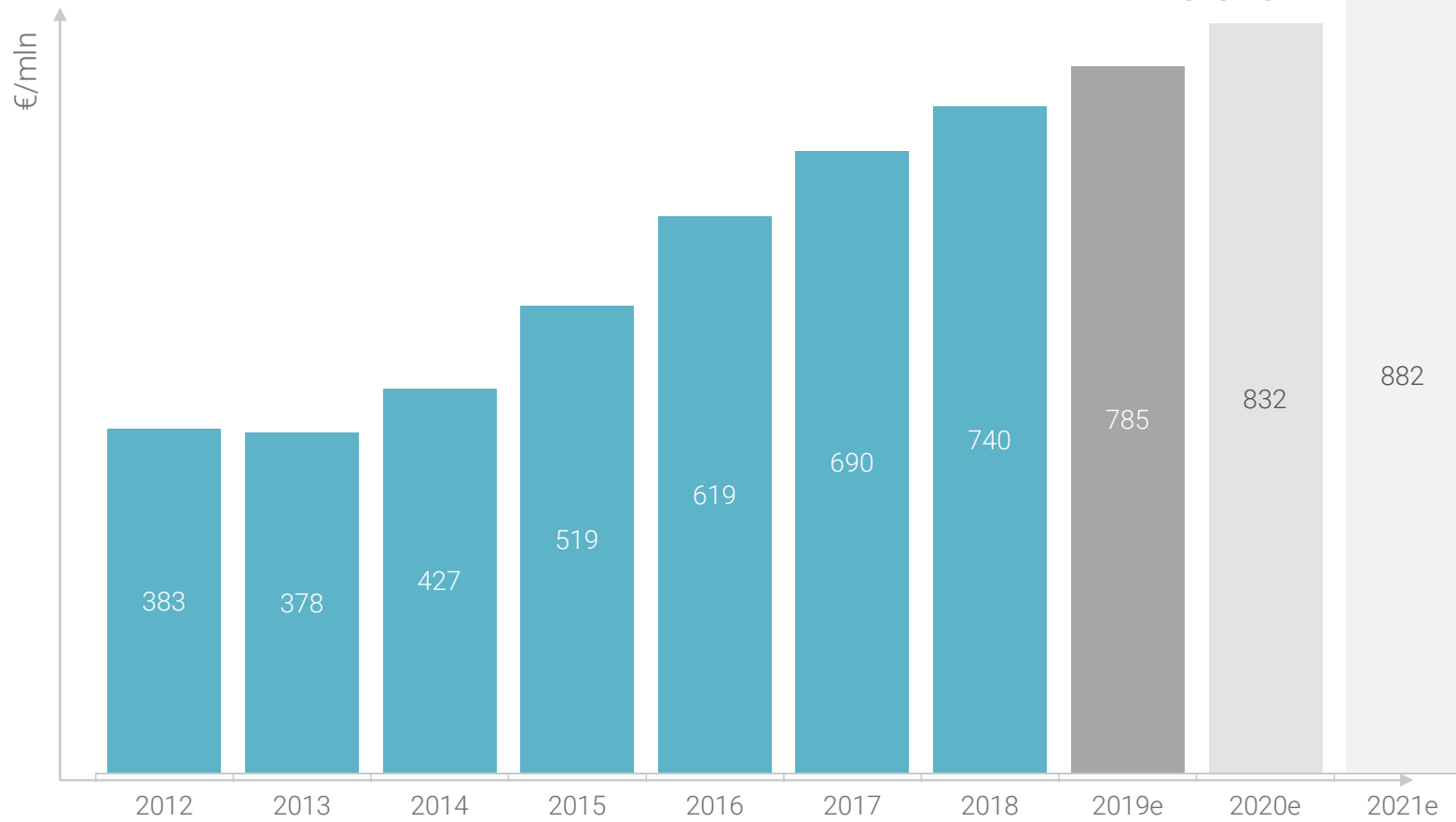
Shareholders breakdown by ownership Board of Directors



THREE YEARS PLAN REMIND

(THE OLD ONE)

NET SALES

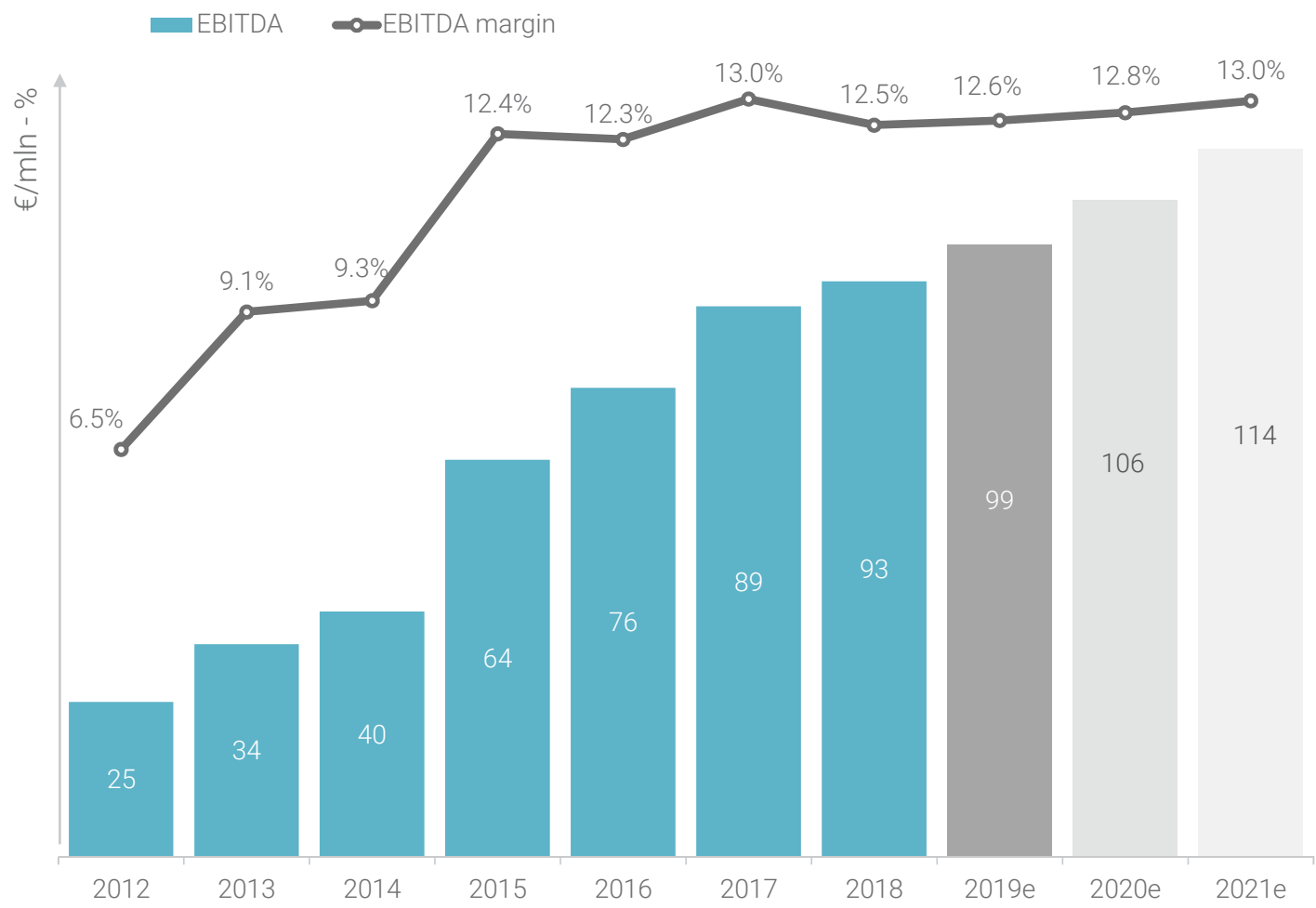


9.5%
CAGR
2018-2020

6%
CAGR
2018-2021

organic growth

EBITDA

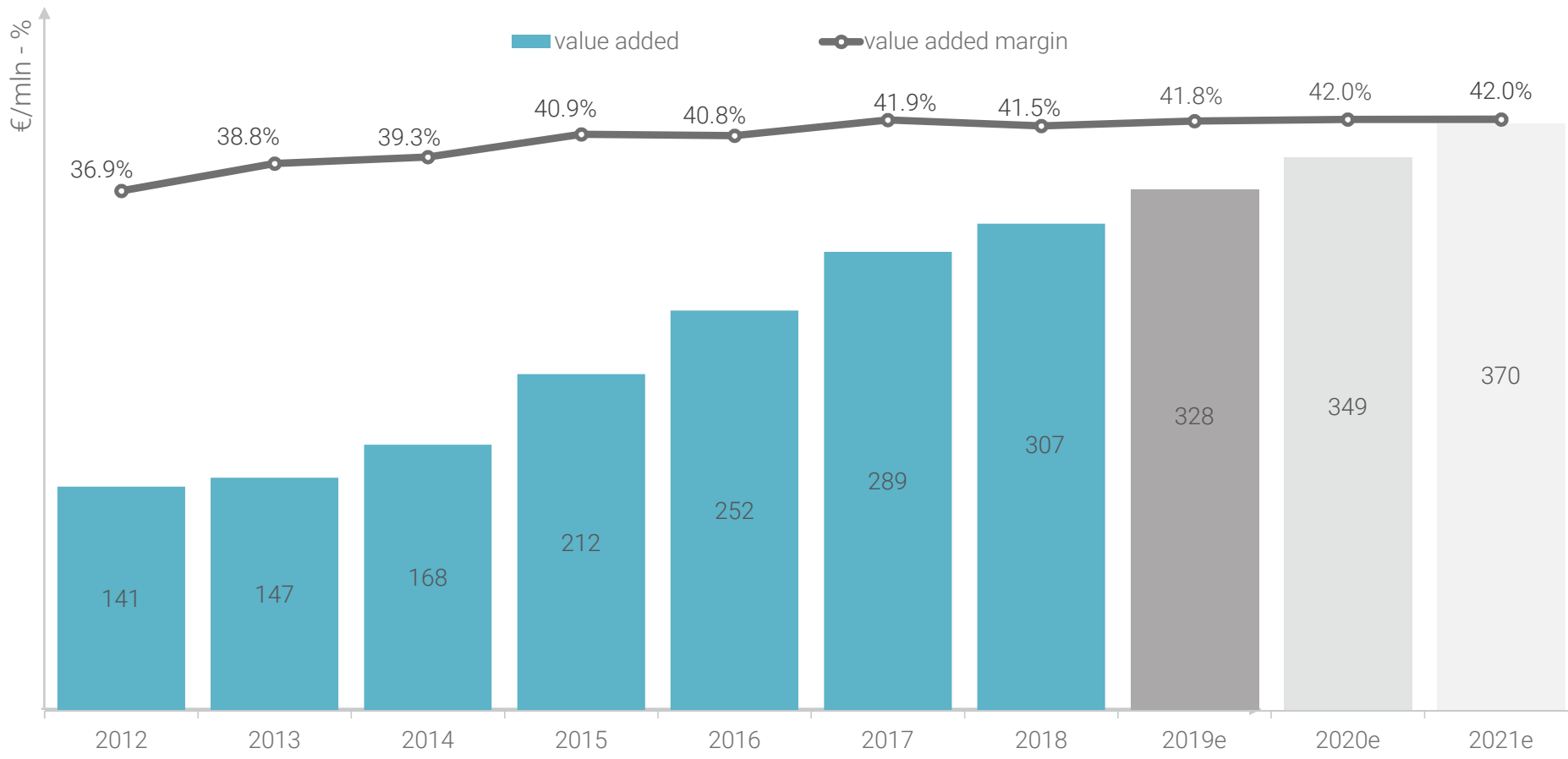


Without IFRS impacts

- ✓ **COGS** on Net Sales below **40%**
- ✓ **labour Cost** on Net Sales less than **30%**
- ✓ **overhead** on Net Sales less than **20%**

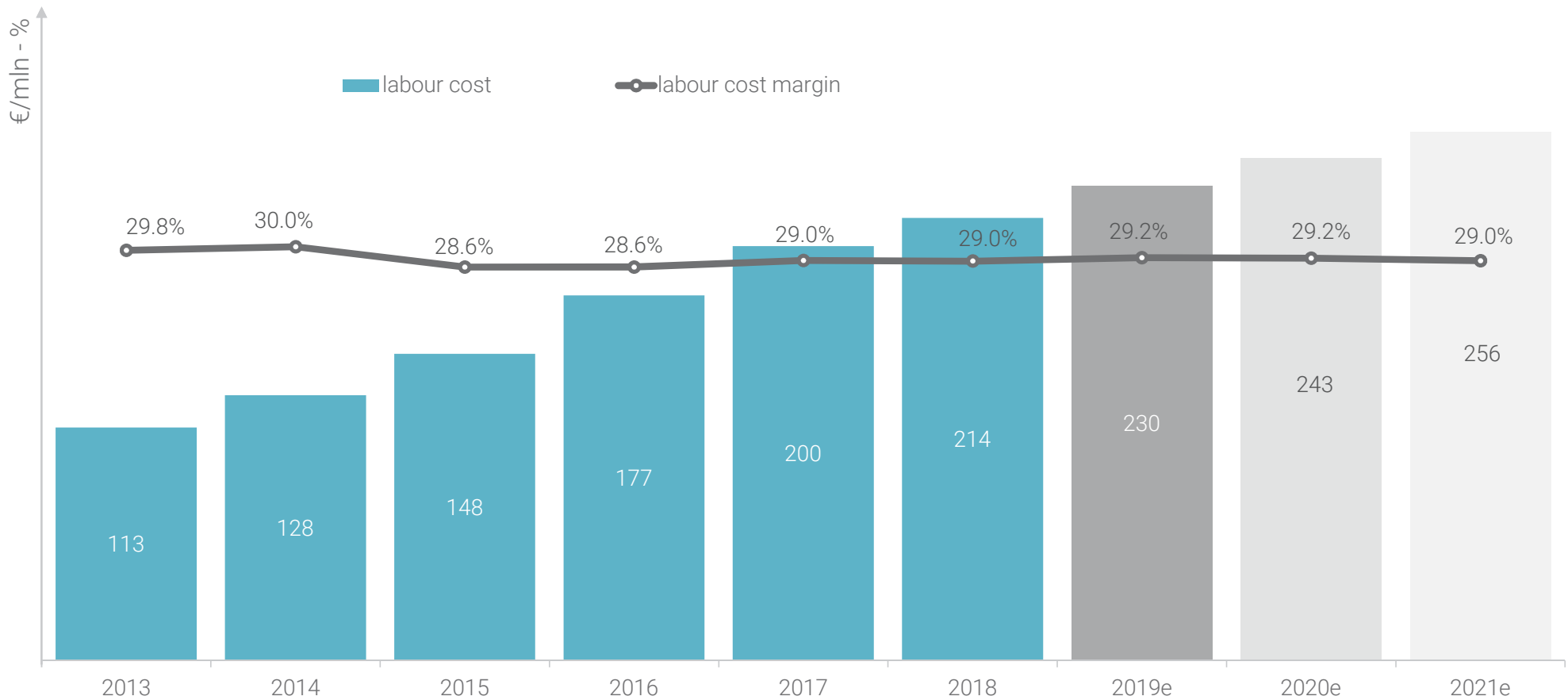
13.7%
EBITDA margin
2018-2020 plan

VALUE ADDED



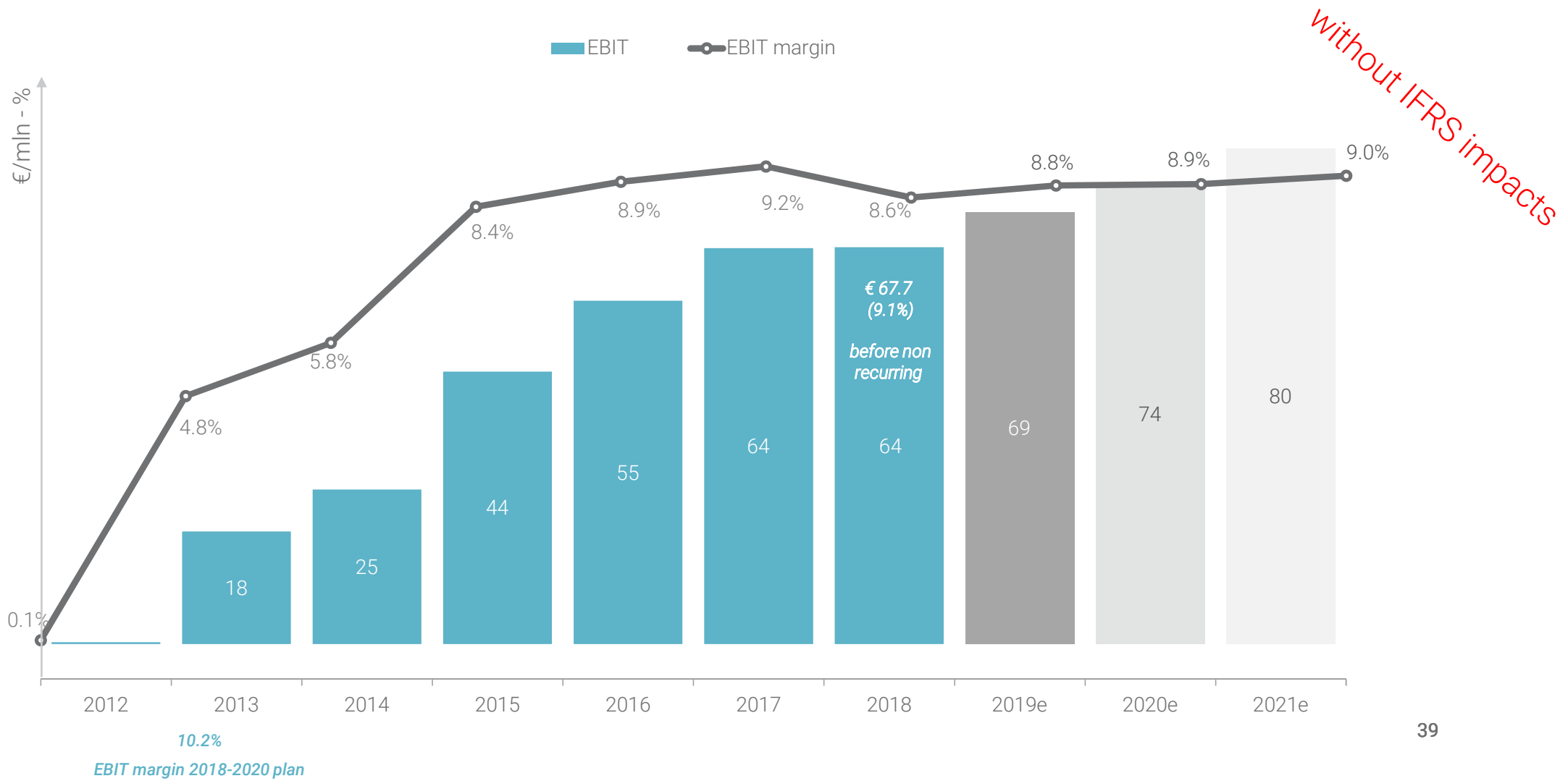
43%
Value Added margin 2018-2020 plan

LABOUR COST

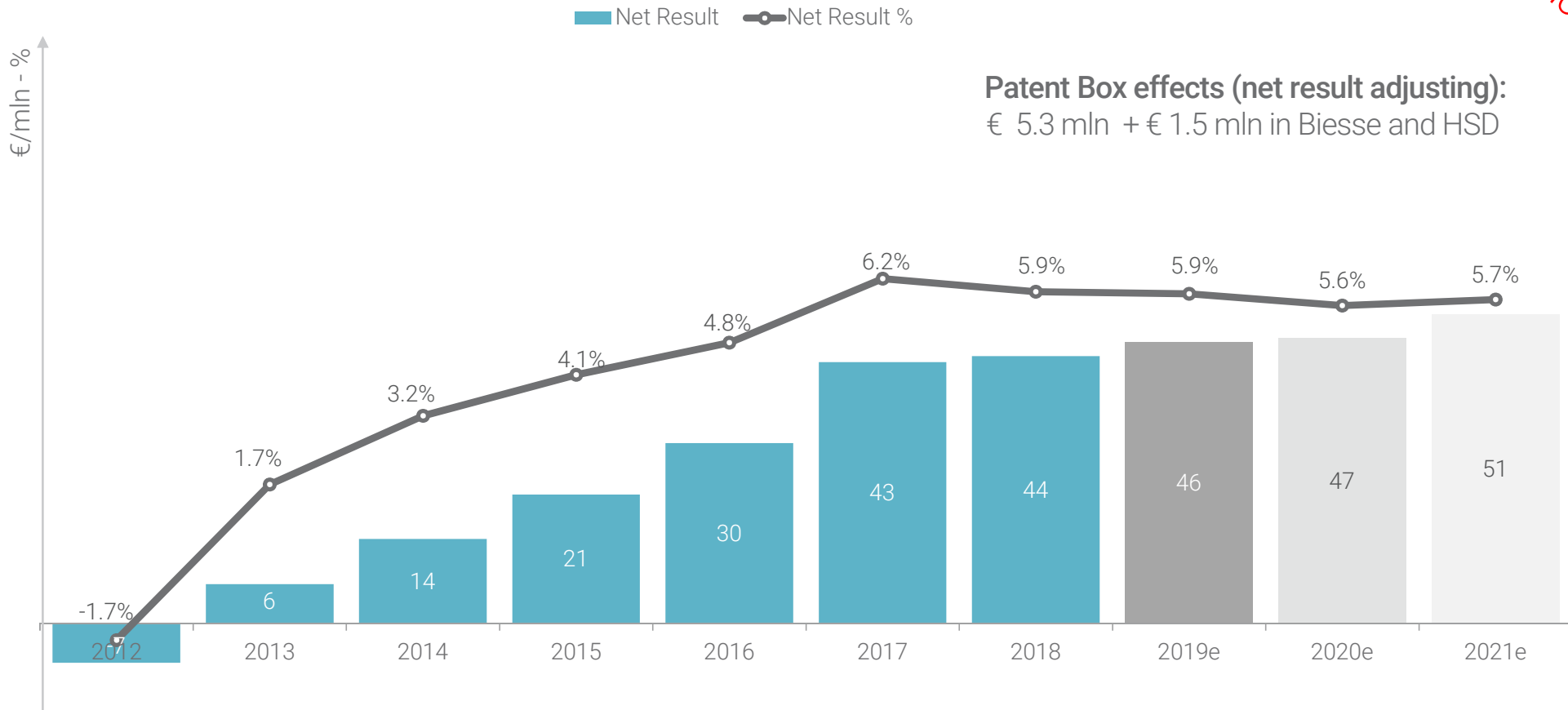


29.3%
Labour Cost margin 2018-2020 plan

EBIT

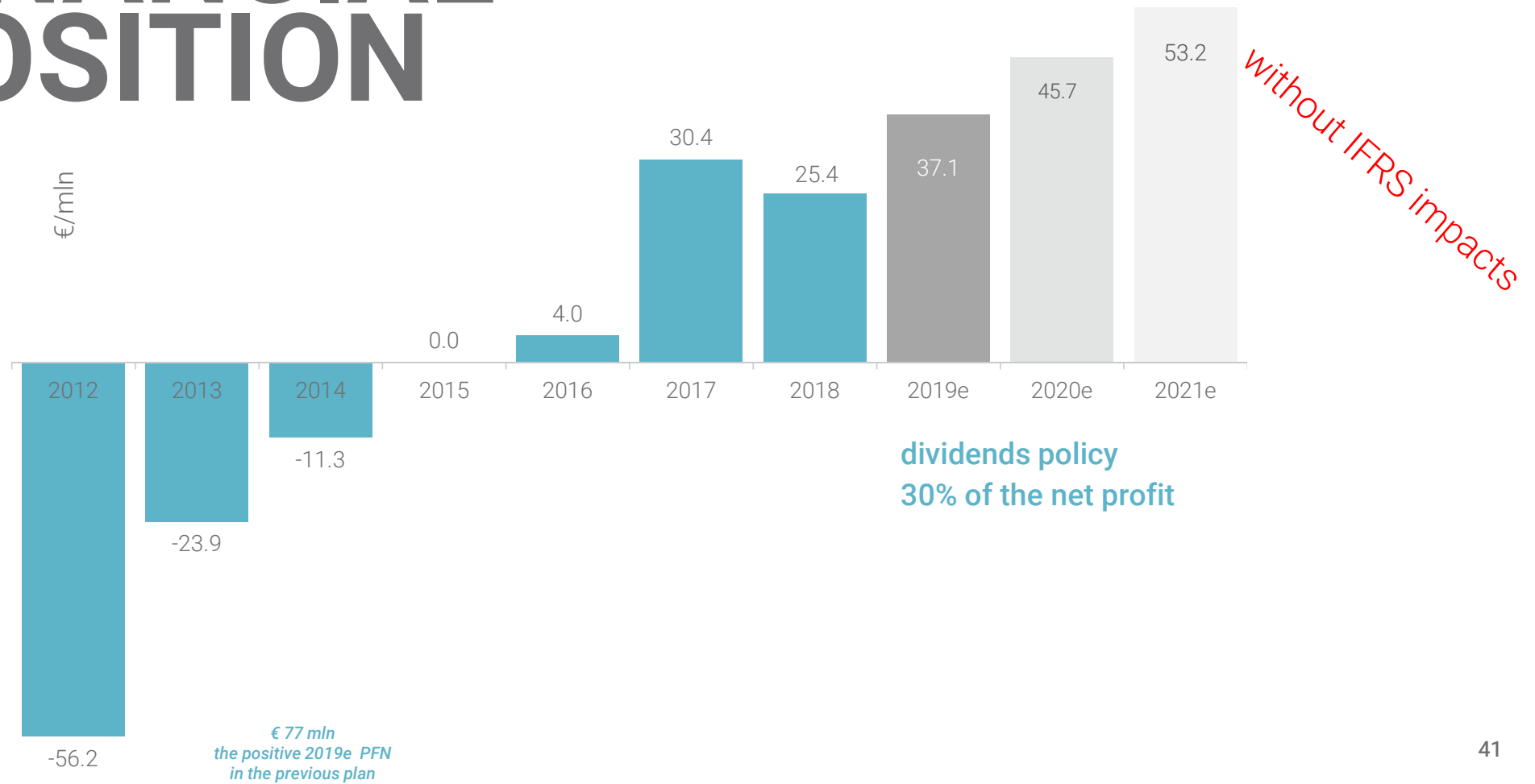


NET RESULT



Without IFRS impacts

NET FINANCIAL POSITION



CASHFLOW

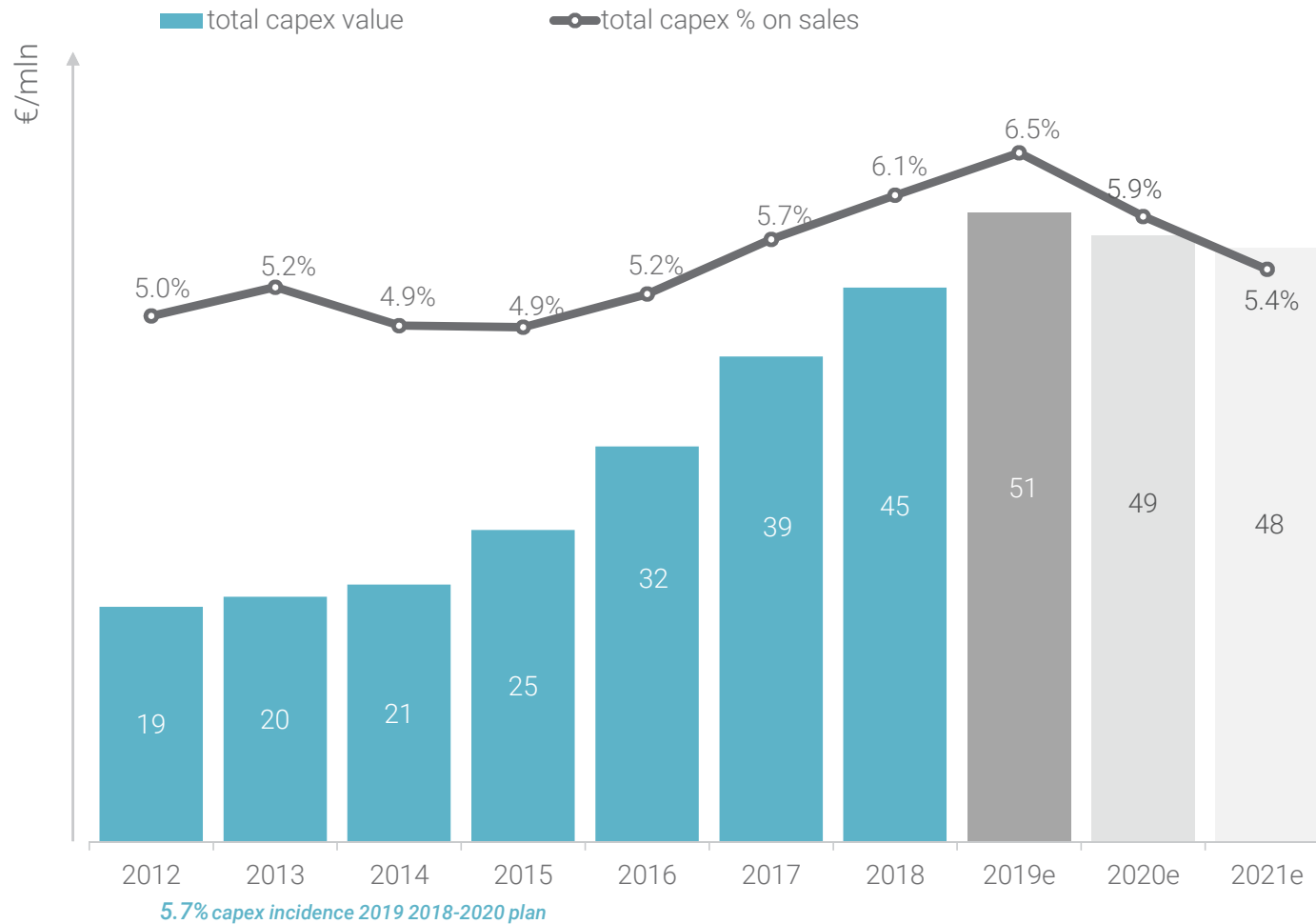
Without IFRS impacts

€/mln	2014	2015	2016	2017	2018	2021e
Gross Cashflow(*) % net sales	38 9.0%	46 8.9%	47 7.4%	74 10.9%	53 7.1%	69 7.9%
Capex % net sales	-21 4.9%	-25 4.9%	-32 5.2%	-39 5.7%	-45 6.1%	-48 5.4%
Net Cashflow % net sales	17 4.1%	21 4.1%	15 2.2%	35 5.2%	8 1.1%	21 2.4%
Dividends	-4.8 0.18 per share	-9.8 0.36 per share	-9.8 0.36 per share	-9.8 0.36 per share	-13.1 0.48 per share	-14.0 30% of net profit(e)

(*) Gross Cashflow calculated: net profit + amortization + provisions +/- delta operative CCN +/- delta funds (taxes)

without IFRS16 effects

CAPEX



2019e

tangible: € 32.9mln

intangible: € 18mln

main investments items:

- ✓ **Mechatronics** – HSD takeover of the Bi.Fin srl leasing (existing site in Gradara)
- ✓ **Wood – stand alone machines** vertical autho-warehouse (traslo)
- ✓ **Subsidiary** Biesse America campus
- ✓ **Components** Cosmec working centers
- ✓ **I.T.** Service CRM – product configurator – I.I.o.T.
- ✓ **R&D** (4% of the net sales)

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