

# Biesse approves the quarterly report to **30 September 2015**

## highlights 9 months 2015:

### ✓ **Order intake - backlog - revenues:**

- **order intake +13%** compared to September 2014
- **backlog +34.7%** compared to September 2014
- **consolidated revenues +20.6%** compared to September 2014

### ✓ **profitability:**

- **value added +25.2%** compared to September 2014
- **ebitda +56.7%** compared to September 2014
- **ebit +82.4%** compared to September 2014

### ✓ **net profit :**

- **increase of EURO 8.2 million** compared to September 2014

### ✓ **net debt:**

- **down by EURO 2.5 million** compared to September 2014



*( values in EURO million )***III Quarter 2015****9 months 2015**

• <b>Consolidated revenues</b>	<b>119.6</b>	<b>365.1</b>
• <b>Value Added</b> <i>As % of revenues</i>	<b>48.8</b> (40.8%)	<b>150.7</b> (41.3%)
• <b>EBITDA</b> <i>As % of revenues</i>	<b>14.2</b> (11.9%)	<b>43.1</b> (11,8%)
• <b>EBIT</b> <i>As % of revenues</i>	<b>9.3</b> (7.8%)	<b>29.5</b> (8.1%)
• <b>Net Debt</b>	<b>25.8</b>	

Pesaro, 13 November 2015 - The Board of Directors of Biesse S.p.A. - **a company listed in the STAR segment of the Italian stock exchange in the FTSE IT Mid-Cap category**- has today approved the interim report for the **3rd Quarter 2015** and examined the results for the nine month period to **30 September 2015**.

**Results**

The results for the Biesse Group for the period **1/7/15 – 30/9/15** are as follows:

- Net consolidated revenues of EURO 119.6 million (+17.7% compared with the same period of 2014)
- Value Added EURO 48.8 million (+20.3% compared with the same period of 2014) representing a margin on revenues of 40.8% (39.9% in 2014)
- Gross Operating Margin (EBITDA) EURO 14.2 million (+34.3% compared with the same period of 2014) representing a margin on revenues of 11.9% (10.4% in 2014)
- Operating Result (EBIT) EURO 9.3 million (+44.0% compared with the same period of 2014) representing a margin on revenues of 7.8% (6.4% in 2014)
- Pre-tax Profit EURO 8.1 million (+49.1% compared with the same period of 2014) representing a margin on revenues of 6.7% (5.3% in 2014)
- Net Profit EURO 4.4 million (EURO 2.7 million in the same period of 2014) representing a margin on revenues of 3.7% (2.7% in 2014)

Consequently the results for the **nine months to 30 September 2015** are as follows:

- Net consolidated revenues of EURO 365.1 million (+20.6% compared with the same period of 2014)
- Value Added EURO 150.7 million (+25.2% compared with the same period of 2014) representing a margin on revenues of 41.3% (39.8% in 2014)
- Gross Operating Margin (EBITDA) EURO 43.1 million (+56.7% compared with the same period of 2014) representing a margin on revenues of 11.8% (9.1% in 2014)
- Operating Result (EBIT) EURO 29.5 million (+82.4% compared with the same period of 2014) representing a margin on revenues of 8.1 % (5.3% in 2014)
- Pre-tax Profit EURO 26.5 million (+90.4% compared with the same period of 2014) representing a margin on revenues of 7.3% (4.6% in 2014)
- Net Profit EURO 14.9 million (EURO 6.7 million in the same period of 2014) representing a margin on revenues of 4.1% (2.2% in 2014) – tax rate 43.9%

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### Net Financial Position and Balance sheet Data

Group Net Debt at **30 September 2015** of **EURO 25.8 million**, shows an improvement of (EURO 2,5 million) compared with the same period of 2014. Total cash flow management in the first nine months of the current year – net of dividend payments and disbursements for extraordinary activities and taking into account the normal cyclical business seasonal nature – **absorbed EURO 6.8 million of cashflow**.

Group gearing at 30 September 2015 was 0.19 compared with 0.24 at end-September 2014.

Net Invested Capital: EURO 161.5 million – Net Equity: EURO 135.7 million – Net Operating Working Capital: EURO 75.4 million.

Net Operating Working Capital has risen in absolute terms since the start of the year (cash absorption) by EURO 19.8 million (at 30/9/15 it represented a ratio of 20.7% calculated as the value of Net Operating Working Capital / Consolidated revenues for the 9 month period).

Stable the Group DSO at 60 days (receivables) and the Group DPO at 115 days (payables) at end- September 2015.

Increased the total value of inventories (+EURO 25.5 million compared to December 2014) although the percentage of inventories on sales is improving (at 30/9/15 the ratio was 33.9% vs 34.3% in the same period of 2014 calculated as the Value of Inventories / Consolidated revenues for the 9 month period).

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### Geographical and divisional breakdown of Consolidated Revenues

The breakdown of Consolidated Revenues by geographical area reveals a slight increase in sales in Western Europe (39.7% of total revenues ) including a growing domestic market (representing 12.7% of consolidated sales) both compared to the position at end-2014 (10.4%) and compared to the same period of last year (10.2% at end-September 2014).

The comparison with the same period of 2014 reveals -most notably- the strong increase of the contribution from North America (the U.S.A. particularly) which reported a net growth of +54.4% in its share of consolidated revenues (September 2015 vs September 2014). Due to this result the North America area is representing the 18.1% of the consolidated turnover.

The only negative performance came from Eastern Europe due to well-known economic and political turbulence in the region – particularly Russia – and the consequent repercussions on its currency (rouble).

The divisional breakdown reveals the continued predominance of the Wood sector (72.7% of revenues) compared to the Glass/Stone/Marble division (15.5%) and Mechatronics (15.1% excluding intra group sales).

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### Orders

At **30 September 2015** the aggregate Group orders intake (machinery only) rose by almost 13% compared to the first 9 months of the previous year. Identical growth in the third quarter of 2015 alone. Compared with 2013, the aggregate 9 month Group order inflow has risen by more than 40%.

The Group backlog at end-**September 2015** amounted to EURO 146 million (+34.7% compared with September 2014 and +25.4% compared with the position at end-2014).

The geographical breakdown of order intake – as with the order portfolio- reflects the breakdown of consolidated revenues confirming the improvement in demand in the U.S.A., Western Europe and Asia-Australasia.

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## Market

UCIMU - the Italian machine tools producers' trade association – reports a total increase in orders of 16.3% in the third quarter 2015 alone, compared with the same period of the previous year (*representing eight consecutive quarters of growth*), with a positive improvement in domestic orders (+5%) and with an even greater increase in foreign orders (+18.5%). According to the association the outlook highlights and hopes for further incentives to support the sector – both financially and fiscally – in the context of a sector scenario driven by a general growth.

The latest report published by the Italian woodworking machinery and tools manufacturers' trade association, **ACIMALL**, indicates total growth in orders of 7.2% for the third quarter 2015 largely boosted –as incidence- by the domestic market (12.5%) compared to growth in foreign orders (6.9%). The association's member companies' expectations –for the immediate future- are largely positive with uncertainties limited to some foreign markets. On an historic basis the actual values (*Italy and abroad*) –despite the growing demand- remain lower than the average recorded in the preceding decade and, while showing a recovery, the order intake index is 93 (*basis of reference 100*). According to **VDMA** (*the German mechanical engineering trade association*) the aggregate data for order inflow to **30 September 2015** do not exhibit much optimism, but indicate as a contingent factor only an increase in volatility and a continued decline in the share of exports compared with the share of domestic sales although these are insufficient to support changes to cautious expectations of a full year 2015 growth.

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## Events

In addition to the excellent results of our participation in the most important global trade fairs, Biesse also organised the now traditional **BiesselInside** event in Pesaro in October within its own dedicated concept space of more than 5,000 sq m. This internationally recognised exhibition achieved very significant results both in terms of participation (*record 2,500 visitors/clients from all around the world*) and in terms of order inflow.

The Group also reinforced its international structure through its recent acquisition in Turkey (*October 2015*) aimed at expanding and improving its commercial and distribution capacity in a geographical region for which short and medium term growth prospects are significant.

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## Forecast

In view of the results achieved to date and the global macro-economic outlook the updated forecast for the current year\* is as follows:

**consolidated revenues:** range EURO 500-510 million

**ebitda:** range EURO 58 – 60 million

**net debt:** range EURO 10 -15 million

\*The business plan for the period 2016-2018 will be approved within the next three months

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"The results we obtained at 30 September – *commented the Executive Director Mr. Stefano Porcellini* – and the trend of the current quarter are both confirming that the 2015 will be a record year for the Biesse Group turnover. "



*“the manager responsible for the preparation of the company accounting records (Dr. Cristian Berardi) declares that the company accounting information contained in the present communication corresponds to the results contained in the group’s records, books and accounts In accordance with paragraph 2, clause 154-bis del T.U.F. (Testo Unico Finanziario-Consolidated Financial Law)”*

*The Biesse Group operates in the market for machinery and systems for working wood, glass, marble, and stone. Established in Pesaro in 1969 by Giancarlo Selci, Biesse SpA has been listed since June 2001 in the STAR segment of the Italian Stock Exchange and is currently listed in FTSE IT Mid Cap index.*

*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 leading strategic markets.*

*Its 34 directly controlled subsidiaries guarantee specialised after-sales service to clients while at the same time conducting market research into new product development.*

*At present Biesse Group has about 3,100 employees in its main production facilities located in Pesaro, Alzate Brianza, Bangalore, Dongguan and in its subsidiaries/associate offices in Europe, North America, Latin America, the Middle East, Asia and Australasia. The Group also has more than 300 resellers and agents enabling it to cover more than 100 countries.*



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## FINANCIAL STATEMENTS

### *Income statement for the IIIrd quarter 2015*

	3Q 2015	% on sales	3Q 2014	% on sales	CHANGE %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>119.578</b>	<b>100,0%</b>	<b>101.581</b>	<b>100,0%</b>	<b>17,7%</b>
Change in inventories, wip, semi-finished and finished goods	(1.364)	(1,1)%	(934)	(0,9)%	46,1%
Other revenue	580	0,5%	296	0,3%	95,9%
<b>Revenue</b>	<b>118.794</b>	<b>99,3%</b>	<b>100.943</b>	<b>99,4%</b>	<b>17,7%</b>
Consumption of raw materials, consumables, supplies and goods	(46.258)	(38,7)%	(39.740)	(39,1)%	16,4%
Other operating expense	(23.755)	(19,9)%	(20.659)	(20,3)%	15,0%
<b>Added Value</b>	<b>48.780</b>	<b>40,8%</b>	<b>40.545</b>	<b>39,9%</b>	<b>20,3%</b>
Personnel expense	(34.570)	(28,9)%	(29.966)	(29,5)%	15,4%
<b>Gross Operating profit</b>	<b>14.211</b>	<b>11,9%</b>	<b>10.579</b>	<b>10,4%</b>	<b>34,3%</b>
Depreciation and amortisation	(3.911)	(3,3)%	(3.280)	(3,2)%	19,2%
Provisions	(753)	(0,6)%	(569)	(0,6)%	32,4%
<b>Normalised Operating profit</b>	<b>9.547</b>	<b>8,0%</b>	<b>6.729</b>	<b>6,6%</b>	<b>41,9%</b>
Impairment losses and non recurring items	(229)	(0,2)%	(260)	(0,3)%	(12,1)%
<b>Operating profit</b>	<b>9.318</b>	<b>7,8%</b>	<b>6.469</b>	<b>6,4%</b>	<b>44,0%</b>
Net finance expense	(434)	(0,4)%	(404)	(0,4)%	7,4%
Net exchange rate losses	(819)	(0,7)%	(656)	(0,6)%	24,9%
<b>Pre-tax profit</b>	<b>8.064</b>	<b>6,7%</b>	<b>5.409</b>	<b>5,3%</b>	<b>49,1%</b>
Income taxes	(3.690)	(3,1)%	(2.681)	(2,6)%	37,6%
<b>Profit for the period</b>	<b>4.375</b>	<b>3,7%</b>	<b>2.728</b>	<b>2,7%</b>	<b>60,3%</b>



**Income Statement for the period ended 30 September 2015**

	September 2015	% on sales	September 2014	% on sales	CHANGE %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>365.131</b>	<b>100,0%</b>	<b>302.707</b>	<b>100,0%</b>	<b>20,6%</b>
Change in inventories, wip, semi-finished and finished goods	15.216	4,2%	6.497	2,1%	134,2%
Other revenue	2.559	0,7%	1.037	0,3%	146,7%
<b>Revenue</b>	<b>382.906</b>	<b>104,9%</b>	<b>310.242</b>	<b>102,5%</b>	<b>23,4%</b>
Consumption of raw materials, consumables, supplies and goods	(156.337)	(42,8)%	(126.210)	(41,7)%	23,9%
Other operating expense	(75.865)	(20,8)%	(63.647)	(21,0)%	19,2%
<b>Added Value</b>	<b>150.703</b>	<b>41,3%</b>	<b>120.385</b>	<b>39,8%</b>	<b>25,2%</b>
Personnel expense	(107.544)	(29,5)%	(92.845)	(30,7)%	15,8%
<b>Gross Operating profit</b>	<b>43.159</b>	<b>11,8%</b>	<b>27.540</b>	<b>9,1%</b>	<b>56,7%</b>
Depreciation and amortisation	(11.681)	(3,2)%	(9.640)	(3,2)%	21,2%
Provisions	(1.752)	(0,5)%	(1.304)	(0,4)%	34,4%
<b>Normalised Operating profit</b>	<b>29.726</b>	<b>8,1%</b>	<b>16.596</b>	<b>5,5%</b>	<b>79,1%</b>
Impairment losses and non recurring items	(229)	(0,1)%	(428)	(0,1)%	(46,6)%
<b>Operating profit</b>	<b>29.498</b>	<b>8,1%</b>	<b>16.168</b>	<b>5,3%</b>	<b>82,4%</b>
Net finance expense	(791)	(0,2)%	(1.227)	(0,4)%	(35,5)%
Net exchange rate losses	(2.218)	(0,6)%	(1.030)	(0,3)%	115,3%
<b>Pre-tax profit</b>	<b>26.489</b>	<b>7,3%</b>	<b>13.912</b>	<b>4,6%</b>	<b>90,4%</b>
Income taxes	(11.614)	(3,2)%	(7.246)	(2,4)%	60,3%
<b>Profit for the period</b>	<b>14.875</b>	<b>4,1%</b>	<b>6.665</b>	<b>2,2%</b>	<b>123,2%</b>



## Net financial position at 30 September 2015

	30 September	30 June	31 March	31 December	30 September
	2015	2015	2015	2014	2014
<i>Euro 000's</i>					
Financial assets:	44.525	47.189	60.297	54.359	29.913
<i>Current financial assets</i>	16	17	26	1.048	1.095
<i>Cash and cash equivalents</i>	44.508	47.172	60.271	53.310	28.818
Short term finance lease payables	(422)	(408)	(412)	(301)	(297)
Short term bank loans and borrowings and loans from other financial backers	(36.503)	(31.640)	(29.402)	(20.511)	(29.673)
<b>Short-Term Net Financial Position</b>	<b>7.600</b>	<b>15.141</b>	<b>30.484</b>	<b>33.547</b>	<b>(58)</b>
Medium/Long-term finance lease payables	(1.555)	(1.672)	(1.769)	(1.659)	(1.736)
Medium/Long-term bank loans and borrowings	(31.810)	(32.463)	(41.380)	(43.159)	(26.520)
<b>Medium/Long-term Net Financial Indebtedness</b>	<b>(33.365)</b>	<b>(34.135)</b>	<b>(43.149)</b>	<b>(44.818)</b>	<b>(28.256)</b>
<b>Total Net Financial Indebtedness</b>	<b>(25.765)</b>	<b>(18.994)</b>	<b>(12.665)</b>	<b>(11.272)</b>	<b>(28.313)</b>



**Summary balance sheet data at 30 September 2015**

	30 September 2015	31 December 2014	30 September 2014
<i>Euro 000's</i>			
Intangible assets	57.397	52.584	51.195
Property, plant and equipment	67.150	61.865	61.759
Financial assets	1.543	1.478	1.443
<b>Non current assets</b>	<b>126.090</b>	<b>115.927</b>	<b>114.397</b>
Inventories	123.600	98.051	103.762
Trade receivables	97.074	80.714	76.758
Trade payables	(145.238)	(123.153)	(117.120)
<b>Net Operating Working Capital</b>	<b>75.436</b>	<b>55.612</b>	<b>63.400</b>
Post-employment benefits	(13.279)	(14.484)	(13.619)
Provision for risk and charges	(10.427)	(8.915)	(9.544)
Other net payables	(25.954)	(25.253)	(20.726)
Net deferred tax assets	9.584	11.576	11.565
<b>Other net liabilities</b>	<b>(40.077)</b>	<b>(37.076)</b>	<b>(32.324)</b>
<b>Net Invested Capital</b>	<b>161.449</b>	<b>134.464</b>	<b>145.474</b>
Share capital	27.393	27.393	27.393
Profit/loss for the previous year/period and other reserves	93.228	81.834	82.938
Profit for the period	14.841	13.766	6.637
Non-controlling interests	222	200	193
<b>Equity</b>	<b>135.684</b>	<b>123.192</b>	<b>117.160</b>
Bank loans and borrowings and loans from other financial backers	70.290	65.630	58.226
Other financial assets	(16)	(1.048)	(1.095)
Cash and cash equivalents	(44.508)	(53.310)	(28.818)
<b>Net financial indebtedness</b>	<b>25.765</b>	<b>11.272</b>	<b>28.313</b>
<b>Total sources of funding</b>	<b>161.449</b>	<b>134.464</b>	<b>145.474</b>



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