

# Approval of the Interim Financial Report to 31 March 2016

Compared to the same period of 2015:

- **Increase** in consolidated revenues **(+4.3%)** and in Group Order intake **(+5.5%)**
- backlog (to be executed) at the historical highest level **(Euro 163 million)**
- Net debt at **Euro 11.8 million (-7.1%)**

Values in Euro million	31.3.16	31.3.15
Consolidated revenues	117.6	112.8
Gross operating profit (EBITDA)	9.6	11.6
Operating profit (EBIT)	5.4	7.6
Net profit	3.1	3.9
Net debt	11.8	12.7

**Pesaro, 6 May 2016** - The Board of Directors of Biesse S.p.A. - a company listed in the STAR segment of the Italian stock exchange - has today approved the Consolidated Financial Statements for the 1st Quarter 2016.

The Biesse Group results for the period **1/1/16 – 31/3/16** are as follows:

- Net consolidated revenues of Euro 117.6 million (+4.3% compared with the same period of 2015)
- Value Added of Euro 50.9 million (+6.9% compared with the same period of 2015) representing a margin on revenues of 43.3% (42.2% in 2015)
- Gross operating profit (EBITDA) Euro 9.6 million (-17.1% compared with the same period of 2015) representing a margin on revenues of 8.2% (10.3% in 2015)
- Operating profit (EBIT) Euro 5.4 million (-29.2% compared with the same period of 2015) representing a margin on revenues of 4.6% (6.7% in 2015)
- Pre-tax profit of Euro 5.9 million (-8.2% compared with the same period of 2015) representing a margin on revenues of 5.0% (5.7% in 2015)
- Net profit of Euro 3.1 million (-19.0% compared with the same period of 2015) representing a margin on revenues of 2.7% (3.4% in 2015) with a tax rate of 47.1% (40.0% in March 2015)

“we started the 2016 with a growing quarter, for revenues and orders intake, - stated the *Biesse Group General Manager Biesse Dr. Stefano Porcellini* -, having the highest backlog in our history (Euro 163 million). We are a bit in late for what is regarding the turnover at the end of March. This is affecting the EBITDA and EBIT, but this late will be made up starting from the next quarter meeting the business plan target (turnover growth rate around 10%) even for the profitability”.

**Group net debt at 31 March 2016 was Euro 11.8 million**, an increase of Euro 11.9 million compared to 31 December 2015 which also reflects Biesse’s typical seasonality. However, there was an improvement in the net financial position compared with the same period of the previous year (- **Euro 0.9 million**).

Cash absorption in the first 3 months of 2016 is attributable to the change in net operating working capital (+ Euro 8.2 million compared to December 2015). The ratio of net operating working capital to Group consolidated revenues was substantially unchanged (March 2016 vs March 2015). Average revenue receipt days (DSO – Day sales outstanding) were stable as were payment periods to trade creditors (DPO – Days payable outstanding). Net invested capital was **Euro 154.3 million** representing an increase compared with the same period of 2015. Net shareholders’ funds totalled **Euro 142.5 million** (Euro 134.3 million at 31 March 2015).

#### Orders

The positive trend in order intake continued for the Group (machinery) through the first quarter of 2016 with a total increase – compared with the same period of the previous year - of **5.5%**. The total order backlog also increased by **31.0%** the value of which amounted to more than **Euro 163 million**. This month Biesse will participate in the wood sector’s most important Italian trade fair (the 25th edition of XYLEXPO - Milan 24-28 May) where it will exhibit 20 machines on a dedicated 2,000 sqm stand. It will be underlined with particular emphasis the Industrial Revolution 4.0 concepts, even realizing the significant progress achieved in the design of integrated equipment (panels and solid wood) and developments in integrated software solutions (bSolid).

#### Breakdown of revenues (by segment – geographical area)

The results confirm the predominance of the wood division (67.3%) compared to both glass/stone (18.5%) and mechatronics (16.9%). Although volumes reported by the “advanced materials” segment do not yet allow it to be defined as an autonomous business division, by 31 March this segment had already achieved 31% of its budget for this year which confirms its growth potential to Biesse.

From a geographical perspective, the share of revenues of the **Italian market was 12.9%** (12.4% at December 2015 – 10.3% at March 2015).

The macro-regional breakdown of revenues by geographical area was as follows:

- **Western Europe 43.0%** (39.8% in IQ 2015) +12.3% (**Italy included**)
- **Eastern Europe 13.3%** (16.0% in IQ 2015) – 13.6%
- **North America 20.2%** (16.4% in IQ 2015) + 28.7%
- **Asia Pacific 19.7%** (19.2% in IQ 2015) + 6.5%
- **Rest of the world 4.0%** (8.6% in IQ 2015) -51.6%

There are positive signs in **North America (+28.7%)**, **Western Europe (+12.3%)** and **Asia Pacific (+6.5%)** where the favourable economic climate, influenced by tax breaks and fiscal/financial incentives, continues to support demand for capital goods. Still missing other regions contribution (Brazil-Russia) due to specific turbulence and politico-economic instability.

#### **Dividends**

As previously announced the 29th April, the Group will pay to the Biesse shareholders a dividend of Euro 0.36 per share gross of withholding taxes (coupon no. 12 detachment 9 May - record date 10 May – payment 11 May) amounting to a total payout of Euro 9,857,895.12 net of treasury shares held at that date.

“In accordance with paragraph 2, clause 154-bis del T.U.F. (Testo Unico Finanziario-Consolidated Financial Law), the manager responsible for the preparation of the company accounting records of Gruppo Biesse, 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.”

## FINANCIAL STATEMENTS

### Income statement at 31 March 2016

	1Q 2016	% on sales	1Q 2015	% on sales	CHANGE %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>117,593</b>	<b>100.0%</b>	<b>112,794</b>	<b>100.0%</b>	<b>4.3%</b>
Change in inventories, wip, semi-finished and finished goods	9,488	8.1%	7,246	6.4%	30.9%
Other revenue	988	0.8%	466	0.4%	111.9%
<b>Revenue</b>	<b>128,068</b>	<b>108.9%</b>	<b>120,506</b>	<b>106.8%</b>	<b>6.3%</b>
Consumption of raw materials, consumables, supplies and goods	(51,521)	(43.8)%	(48,943)	(43.4)%	5.3%
Other operating expense	(25,643)	(21.8)%	(23,940)	(21.2)%	7.1%
<b>Added Value</b>	<b>50,904</b>	<b>43.3%</b>	<b>47,623</b>	<b>42.2%</b>	<b>6.9%</b>
Personnel expense	(41,254)	(35.1)%	(35,986)	(31.9)%	14.6%
<b>Gross Operating profit</b>	<b>9,651</b>	<b>8.2%</b>	<b>11,637</b>	<b>10.3%</b>	<b>(17.1)%</b>
Depreciation and amortisation	(4,326)	(3.7)%	(3,795)	(3.4)%	14.0%
Provisions	63	0.1%	(229)	(0.2)%	-
<b>Normalised Operating profit</b>	<b>5,388</b>	<b>4.6%</b>	<b>7,613</b>	<b>6.7%</b>	<b>(29.2)%</b>
Impairment losses and non recurring items	(23)	(0.0)%	-	-	-
<b>Operating profit</b>	<b>5,365</b>	<b>4.6%</b>	<b>7,613</b>	<b>6.7%</b>	<b>(29.5)%</b>
Finance income/expense	(335)	(0.3)%	(81)	(0.1)%	-
Net exchange rate losses	887	0.8%	(1,083)	(1.0)%	-
<b>Pre-tax profit/loss</b>	<b>5,917</b>	<b>5.0%</b>	<b>6,448</b>	<b>5.7%</b>	<b>(8.2)%</b>
Income taxes	(2,785)	(2.4)%	(2,581)	(2.3)%	7.9%
<b>Profit/Loss for the period</b>	<b>3,132</b>	<b>2.7%</b>	<b>3,867</b>	<b>3.4%</b>	<b>(19.0)%</b>

### Net Financial Position at 31 March 2016

	31 March 2016	31 December 2015	30 September 2015	30 June 2015	31 March 2015
<i>Euro 000's</i>					
Financial assets:	35,599	51,571	44,525	47,189	60,297
<i>Current financial assets</i>	16	17	16	17	26
<i>Cash and cash equivalents</i>	35,582	51,553	44,508	47,172	60,271
Short term finance lease payables	(457)	(489)	(422)	(408)	(412)
Short term bank loans and borrowings and loans from other financial backers	(27,069)	(28,209)	(36,503)	(31,640)	(29,402)
<b>Short Term Net Financial Indebtedness</b>	<b>8,072</b>	<b>22,873</b>	<b>7,600</b>	<b>15,141</b>	<b>30,484</b>
Medium/Long term finance lease payables	(1,236)	(1,514)	(1,555)	(1,672)	(1,769)
Medium/Long bank loans and borrowings	(18,621)	(21,234)	(31,810)	(32,463)	(41,380)
<b>Medium/Long Term Net Financial Indebtedness</b>	<b>(19,857)</b>	<b>(22,748)</b>	<b>(33,365)</b>	<b>(34,135)</b>	<b>(43,149)</b>
<b>Total Net Financial Indebtedness</b>	<b>(11,784)</b>	<b>126</b>	<b>(25,765)</b>	<b>(18,994)</b>	<b>(12,665)</b>

### Summary Balance Sheet date at 31 March 2016

	31 March 2016	31 December 2015	31 March 2015
<i>Euro 000's</i>			
Intangible assets	60,089	58,943	54,837
Property, plant and equipment	68,092	69,861	65,574
Financial assets	1,897	1,580	1,733
<b>Non current assets</b>	<b>130,079</b>	<b>130,385</b>	<b>122,144</b>
Inventories	129,341	111,374	117,680
Trade receivables	101,004	105,371	84,937
Trade payables	(158,702)	(153,344)	(134,374)
<b>Net Operating Working Capital</b>	<b>71,643</b>	<b>63,401</b>	<b>68,243</b>
Post-employment benefits	(13,319)	(13,536)	(14,407)
Provision for risk and charges	(10,721)	(11,731)	(9,614)
Other net payables	(34,442)	(37,202)	(30,505)
Net deferred tax assets	11,057	9,943	11,142
<b>Other net liabilities</b>	<b>(47,425)</b>	<b>(52,526)</b>	<b>(43,385)</b>
<b>Net Invested Capital</b>	<b>154,296</b>	<b>141,260</b>	<b>147,002</b>
Share capital	27,393	27,393	27,393
Profit/loss for the previous year/period and other reserves	111,753	92,746	102,874
Profit/Loss for the period	3,130	20,971	3,874
Non-controlling interests	236	275	196
<b>Equity</b>	<b>142,512</b>	<b>141,386</b>	<b>134,337</b>
Bank loans and borrowings and loans from other financial backers	47,383	51,445	72,962
Other financial assets	(16)	(17)	(26)
Cash and cash equivalents	(35,582)	(51,553)	(60,271)
<b>Net financial indebtedness</b>	<b>11,784</b>	<b>(126)</b>	<b>12,665</b>
<b>Total sources of funding</b>	<b>154,296</b>	<b>141,260</b>	<b>147,002</b>

in Pesaro in 1969 by Giancarlo Selci, Biesse S.p.A. has been listed on the STAR sector of Borsa Italiana since June 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 associates located in leading strategic markets.

The 34 directly controlled subsidiaries guarantee specialized after-sales assistance to clients whilst at the same time carrying out market research in order to develop new products. The Biesse Group currently has almost 3,300 employees in its main production sites in Pesaro, Alzate Brianza, Bangalore, Dongguan and its associates/branch 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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