

Biesse: approves quarterly report to 30 September 2016

Highlights 9 months 2016:

- order intake- backlog - revenues:
 - order intake **+13.4%** compared to September 2015
 - backlog **+16.5%** compared to September 2015
 - consolidated revenues **+19.5%** compared to September 2015
- profitability:
 - value added **+18.0%** compared to September 2015
 - ebitda **+17.6%** compared to September 2015
 - ebit **+24.2%** compared to September 2015
- net profit:
 - increase of Euro 6 million compared to September 2015 (**+40.4%**)
- net debt:
 - down by Euro 9.1 million compared to September 2015 (**-35.3%**)

(values in EURO million)

III° Quarter 2016

9 months 2016

• Consolidated revenues	152.7	436.4
• Value Added	61.5	177.9
<i>As % of revenues</i>	(40.3%)	(40.8%)
• EBITDA	20.4	50.8
<i>As % of revenues</i>	(13.4%)	(11.6%)
• EBIT	16.1*	36.9*
<i>As % of revenues</i>	(10.6%)	(8.5%)
• Net debt	Euro 16.7 million	

*before non-recurring items

Pesaro, 11 November 2016 - 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 2016 and examined the results for the nine month period to 30 September 2016.

Results

The results for the Biesse Group for the period 1/7/16 – 30/9/16 are as follows:

- Net consolidated revenues of EURO 152.7 million (+27.7% compared with the same period of 2015)
- Value Added EURO 61.5 million (+26.1% compared with the same period of 2015) representing a margin on revenues of 40.3%
- Gross Operating Margin (EBITDA) EURO 20.4 million (+43.9% compared with the same period of 2015) representing a margin on revenues of 13.4%
- Operating Result (EBIT) EURO 16.1 million (+69% compared with the same period of 2015) representing a margin on revenues of 10.6% before non-recurring items
- Pre-tax Profit EURO 14.9 million (+84.7% compared with the same period of 2015) representing a margin on revenues of 9.8%
- Net Profit EURO 9.1 million (+108.8% compared with the same period of 2015) representing a margin on revenues of 6.0%

Consequently, the results for the nine months to 30 September 2016 are as follows:

- Net consolidated revenues of EURO 436.4 million (+19.5% compared with the same period of 2015)
- Value Added EURO 177.9 million (+18.0% compared with the same period of 2015) representing a margin on revenues of 40.8%
- Gross Operating Margin (EBITDA) EURO 50.8 million (+17.6% compared with the same period of 2015) representing a margin on revenues of 11.6%
- Operating Result (EBIT) EURO 36.9 million (+24.2% compared with the same period of 2015) representing a margin on revenues of 8.5% before non-recurring items
- Pre-tax Profit EURO 35.7 million (+34.8% compared with the same period of 2015) representing a margin on revenues of 8.2%
- Net Profit EURO 20.9 million (+40.4% compared with the same period of 2015) representing a margin on revenues of 4.8% – tax rate 41.5%

Net financial position and balance sheet data

Group Net Debt at **30 September 2016** was **EURO 16.7 million**, and shows an improvement (EURO 9.1 million) compared with the same period of 2015. Total cash flow management in the first 9 months of the current year – net of dividend payments to shareholders, non-characteristic components and taking into account the normal seasonal pattern of business – **absorbed EURO 16.8 million of liquid resources**.

Group gearing at 30 September 2016 was 0.11 compared with 0.19 at end-September 2015.

Net Invested Capital: EURO 166.8 million – Net Equity: EURO 150.2 million – Net Operating Working Capital: EURO 72.0 million.

Net Operating Working Capital has risen in absolute terms since the start of the year (cash absorption) of EURO 8.6 million, while vs the same 2015 period there is a reduction of EURO 3.5 million.

The Group recovery days ratio (Days Sales Outstanding) improved (DSO 55 days) while Group payable days (Days Payable Outstanding) remained stable (DPO 113 days) at end-September 2016.

Geographical and divisional breakdown of Consolidated Revenues

The breakdown of Consolidated Revenues by geographical area reveals a 29.5% increase in sales in Western Europe (43% of total revenues) reflecting an increase in the proportion of domestic revenues (13.3% of total revenues) compared both to the full year 2015 (12.4% of total revenues) and to the same period of the previous year (12.7% of total revenues at end-September 2015). There were no immediate repercussions of the Brexit referendum which, for the time being, appears to have had a greater impact on the financial environment.

The comparison of results with the same period of 2015 reveals an increase in the contribution from the North American market with an increase of +13.5% in its share of consolidated revenues (September 2016 vs September 2015) despite the political and economic tension and uncertainties related to the U.S. elections. As a consequence of these results the North American market accounted for 17.2% of Biesse Group consolidated revenues at 30 September 2016.

Increased for the 24,8% the Oceania Far East Asia segment with an incidence on the consolidated net sales of 20,6%.

The Eastern European market also revealed a positive performance despite intrinsic difficulties in these markets -particularly in Russia- and the consequent repercussions on the value of the principal exchange rate of this area (rouble). There was a 7.3% increase in revenues from this area at end-September, with the region contributing 14.9% of consolidated revenues.

Of the Group's 3 main business divisions, the Wood sector continues to predominate (72.5% of revenues) compared to the Glass/Stone/Marble division (15.7% of revenues) and Mechatronics (14.7% excluding intra group sales). The contribution of the "advanced materials" segment continues to grow although it does not yet represent a separate business segment for management purposes.

Orders

At **30 September 2016** the aggregate Group order inflow (machinery only) rose by 13.4% compared to the order book at the same point of the previous year. Compared with 2014, the aggregate 9 month Group order inflow – has risen by more than 28%.

The Group backlog at end-**September 2016** amounted to EURO 170 million (+16.5% compared with September 2015 and +22.2% compared with the position at end-2015).

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.

Market

Data provided by UCIMU (the Italian machine tools producers' trade association) for the 3rd Quarter of 2016 reveals a decline in orders of 5.8% compared with the same period of the previous year. This contraction is largely characterised by a decline in orders from foreign markets, while, on the contrary, the indications from the domestic market show an increase of 11% (thirteenth consecutive quarter of growth). There was a positive impact from incentives to support the sector, the effectiveness of which has convinced the Government to incorporate them as one of the pillars of its National Industrial Plan 4.0 (Stability Law for 2017).

Events

In addition to the excellent results of our participation in the most important global trade fairs, Biesse also organised the now traditional *InsideBiesse* 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 (*a record of more than 3,000 visitors/clients from all around the world*) and in terms of order inflow (*about EURO 10 million*). As testimony to the excellent response to this event, it will be effectively replicated on 17-19 November 2016 in order to satisfy the numerous requests to participate that remain outstanding after the original event. Amongst the highlights of this event will be a review of the potential offered by digitalisation in the manufacturing sector and the fundamental concepts underpinning the thematic concepts of "Industry 4.0", all of which will be incorporated in the theme of the "Smart 4 all" programme which Biesse has dedicated to this event, which is consistent and in line with the Government's proposals regarding subsidies (*super/hyper depreciation*).

Forecast

In expectation of the approval of the new rolling Three Year Industrial Plan (*February 2017*), and also 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 595 - 598 million

ebitda: range EURO 68 – 71 million

net financial position: range EURO zero / +5 million

Mr. Stefano Porcellini, Group General Manager stated that, *"The results for the period to 30 September and the trend for the current quarter indicate that 2016 will – once again – be a record year for Biesse Group revenues, which should grow by about 15% compared with the previous year, approaching our extraordinary target of EURO 600 million. All business segments are increasing their market share, thanks to our innovative and reliable product range and a distribution and service network of which we are extremely proud, and in which we continue to make substantial investments to accompany our clients ever closer to the challenges set by INDUSTRY 4.0"*.

Conference Call

Following the dissemination of the results today, Biesse will hold a short conference call (*11 November at 16.00 hours*) to comment on the results achieved in the first nine months of 2016. An audio recording of the full conference call, together with a concise supporting presentation will immediately be made available in the investor relations section of the Company's website www.biessegroup.com.

"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 3,700 employees in its main production facilities located in Pesaro, Thiene,

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.

FINANCIAL STATEMENTS

Income statement for the 3rd quarter 2016

	3Q 2016	% on sales	3Q 2015	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	152,650	100.0%	119,578	100.0%	27.7%
Change in inventories, wip, semi-finished and finished goods	(1,360)	(0.9)%	(1,364)	(1.1)%	(0.3)%
Other revenue	433	0.3%	580	0.5%	(25.4)%
Revenue	151,722	99.4%	118,794	99.3%	27.7%
Consumption of raw materials, consumables, supplies and goods	(63,494)	(41.6)%	(46,258)	(38.7)%	37.3%
Other operating expense	(26,713)	(17.5)%	(23,755)	(19.9)%	12.5%
Added Value	61,515	40.3%	48,780	40.8%	26.1%
Personnel expense	(41,071)	(26.9)%	(34,570)	(28.9)%	18.8%
Gross Operating profit	20,444	13.4%	14,211	11.9%	43.9%
Depreciation and amortisation	(4,535)	(3.0)%	(3,911)	(3.3)%	16.0%
Provisions	224	0.1%	(753)	(0.6)%	-
Normalised Operating profit	16,133	10.6%	9,547	8.0%	69.0%
Impairment losses and non recurring items	(750)	(0.5)%	(229)	(0.2)%	-
Operating profit	15,383	10.1%	9,318	7.8%	65.1%
Net finance expense	(366)	(0.2)%	(434)	(0.4)%	(15.9)%
Net exchange rate losses	(126)	(0.1)%	(819)	(0.7)%	(84.6)%
Pre-tax profit	14,891	9.8%	8,064	6.7%	84.7%
Income taxes	(5,757)	(3.8)%	(3,690)	(3.1)%	56.0%
Profit for the period	9,134	6.0%	4,375	3.7%	108.8%

Income Statement for the period ended 30 September 2016

	September 2016	% on sales	September 2015	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	436,434	100.0%	365,131	100.0%	19.5%
Change in inventories, wip, semi-finished and finished goods	14,223	3.3%	15,216	4.2%	(6.5)%
Other revenue	2,674	0.6%	2,559	0.7%	4.5%
Revenue	453,332	103.9%	382,906	104.9%	18.4%
Consumption of raw materials, consumables, supplies and goods	(187,962)	(43.1)%	(156,337)	(42.8)%	20.2%
Other operating expense	(87,471)	(20.0)%	(75,865)	(20.8)%	15.3%
Added Value	177,899	40.8%	150,703	41.3%	18.0%
Personnel expense	(127,132)	(29.1)%	(107,544)	(29.5)%	18.2%
Gross Operating profit	50,766	11.6%	43,159	11.8%	17.6%
Depreciation and amortisation	(13,151)	(3.0)%	(11,681)	(3.2)%	12.6%
Provisions	(691)	(0.2)%	(1,752)	(0.5)%	(60.6)%
Normalised Operating profit	36,924	8.5%	29,726	8.1%	24.2%
Impairment losses and non recurring items	(773)	(0.2)%	(229)	(0.1)%	-
Operating profit	36,152	8.3%	29,498	8.1%	22.6%
Net finance expense	(1,143)	(0.3)%	(791)	(0.2)%	44.5%
Net exchange rate losses	696	0.2%	(2,218)	(0.6)%	-
Pre-tax profit	35,705	8.2%	26,489	7.3%	34.8%
Income taxes	(14,824)	(3.4)%	(11,614)	(3.2)%	27.6%
Profit for the period	20,882	4.8%	14,875	4.1%	40.4%

Net financial position at 30 September 2016

	30 September 2016	30 June 2016	31 March 2016	31 December 2015	30 September 2015
<i>Euro 000's</i>					
Financial assets:	33,432	41,200	35,599	51,571	44,525
<i>Current financial assets</i>	17	30	16	17	16
<i>Cash and cash equivalents</i>	33,414	41,170	35,582	51,553	44,508
Short term finance lease payables	(137)	(137)	(457)	(489)	(422)
Short term bank loans and borrowings and loans from other financial backers	(40,331)	(26,750)	(27,069)	(28,209)	(36,503)
Short-Term Net Financial Position	(7,037)	14,314	8,072	22,873	7,600
Medium/Long-term finance lease payables	(54)	(92)	(1,236)	(1,514)	(1,555)
Medium/Long-term bank loans and borrowings	(9,594)	(14,770)	(18,621)	(21,234)	(31,810)
Medium/Long-term Net Financial Indebtedness	(9,648)	(14,863)	(19,857)	(22,748)	(33,365)
Total Net Financial Indebtedness	(16,685)	(549)	(11,784)	126	(25,765)

Summary balance sheet data

	30 September 2016	31 December 2015	30 September 2015
<i>Euro 000's</i>			
Intangible assets	62.618	58.943	57.397
Property, plant and equipment	76.112	69.861	67.150
Financial assets	2.412	1.580	1.543
Non current assets	141.141	130.385	126.090
Inventories	134.029	111.374	123.600
Trade receivables	123.608	105.371	97.074
Trade payables	(185.653)	(153.344)	(145.238)
Net Operating Working Capital	71.985	63.401	75.436
Post-employment benefits	(14.524)	(13.536)	(13.279)
Provision for risk and charges	(11.144)	(11.731)	(10.427)
Other net payables	(33.555)	(37.202)	(25.954)
Net deferred tax assets	12.940	9.943	9.584
Other net liabilities	(46.282)	(52.526)	(40.077)
Net Invested Capital	166.844	141.260	161.449
Share capital	27.393	27.393	27.393
Profit/loss for the previous year/period and other reserves	101.673	92.746	93.554
Profit for the period	20.899	20.971	14.515
Non-controlling interests	195	275	222
Equity	150.159	141.386	135.684
Bank loans and borrowings and loans from other financial backers	50.116	51.445	70.290
Other financial assets	(17)	(17)	(16)
Cash and cash equivalents	(33.414)	(51.553)	(44.508)
Net financial indebtedness	16.685	(126)	25.765
Total sources of funding	166.844	141.260	161.449

Alberto Amurri
 IR & Financial Manager Biesse S.p.A.
 T: +39 0721439107 | +39 335 1219556
 www.biessegroupp.com, Investor Relations section
 alberto.amurri@biesse.com