

# Approval of preliminary Financial Statements 2016

<i>Figures in Euro millions</i>	<b>2016</b>	<b>2015</b>	<b>delta</b>
Net Revenues	618.5	519.1	+19.1%
Gross Operating Margin (EBITDA)	75.8	64.1	+18.3%
Operating Result (EBIT)*	56.3	43.8	+28.5%
Pre-tax Profit	52.4	38.5	+36.2%
Net Profit	29.5	21.1	+39.9%
Net Financial Position	<b>+4.9</b>	<b>+0.1</b>	<b>Euro 4.8 mn.</b>

\* before non-recurring items

#### Other resolutions/approvals:

- proposed dividend distribution of Euro 0.36 per share (payout of 44.9% of the net profit for 2016 of the parent company Biesse S.p.A.)
- convocation of an Ordinary Meeting of Biesse shareholders for 09.30 on 27 April 2017 in Pesaro in first convocation (and, if required, in second convocation on the following day at the same time and place)
- Corporate Governance Report approved for 2016

Pesaro, 14 March 2017 - The Board of Directors of Biesse S.p.A. - *the company which operates in the market for machinery and systems for the processing of wood, glass/stone and advanced materials and which is listed in the STAR segment of the Italian stock exchange* - during today's meeting in Pesaro has approved the preliminary financial statements for the year ended 31.12.2016.

**The Consolidated Results** achieved by the Biesse Group for the 12 months of 2016 are as follows:

- Net revenues Euro 618.5 million (+19.1% compared with the same period of 2015)
- Value Added Euro 252.4 million (+18.9% compared with the same period of 2015)
- EBITDA Euro 75.8 million (+18.3% compared with the same period of 2015)
- EBIT (before non-recurring items of Euro 1.28 million) Euro 56.3 million (+28.5% compared with the same period of 2015)
  - EBIT (post non-recurring items) Euro 55.1 million (+25.9% compared with the same period of 2015)
- Pre-tax profit Euro 52.4 million (+36.2% compared with the same period of 2015)
- Net profit Euro 29.5 million (+39.9% compared with the same period of 2015) – tax rate 43.8%

#### **Net Financial Position:**

At 31 December 2016 the Group's Net Financial Position was positive for Euro 4.9 million representing an improvement of Euro 4.4 million compared to the position at end-June 2016 and Euro 21.6 million higher than at end-September 2016. The improved profitability combined with continued focus on the trend of Net operating working capital remain the foundations of the cash generation (free cashflow of Euro 14.6 million) and the consequent reduction in debt was achieved net of dividend distribution (cash-outflow of more than Euro 9.8 million) and investment made. The positive delta of the Net Financial Position compared to last December totalled Euro 4.8 million.

#### **Geographical/ divisional breakdown of revenues**

The geographical breakdown of Group net sales (consolidated revenues) at the end of December 2016 is as follows:

- Western Europe 45.4% (40.1% in 2015) -of which Italy 15.5% (12.4% in 2015)- with a year-on-year increase in volumes of 34.9%
- Eastern Europe 12.6% (17.0% in 2015) with a year-on-year decline in volumes of 12.2%
- North America 17.7% (17.5% in 2015) with a year-on-year increase in volumes of 20.2%
- Asia Pacific 20.8% (26.1% in 2015) with a year-on-year increase in volumes of 26.1%
- Rest of the World 3.5% (5.6% in 2015) with a year-on-year decline in volumes of 25.6%

The divisional breakdown of revenues by principal segment is as follows:

- Wood division 72.9% (73.2% in 2015)
- Glass/stone division 15.5% (15.6% in 2015)
- Mechatronics division 14.0% (14.2% in 2015)
- Tooling division 1.9% (2.0% in 2015)

#### **Capital position:**

Group Net Shareholders' Funds at 31 December 2016 were Euro 159.7 million (Euro 141.4 million at 31 December 2015). Net Invested Capital at end-2016 was Euro 154.8 million (Euro 141.3 million at 31 December 2015).

#### **Economic context – order intake:**

The international macro-economic climate, despite some country-specific exceptions (Brazil-Russia) in which politico-economic uncertainty persists, is showing widespread indications of recovery. The leading trade associations for the Wood, Glass & Stone sectors report that 2016 should show a gradual improvement in sector results and also project moderate optimism for 2017 (average growth is forecast to be in the range 5-8%). Expectations for the sectors served by the Mechatronics division are much more positive, where growth – beyond organic development of the core business- is tied to the potential for product diversification and therefore of the end-user markets (metals – advanced materials).

On the basis of the results achieved in 2016 Biesse has significantly outperformed the indications given for its core sectors, both in terms of order intake and in terms of growth in its production order book. Total order intake for the Biesse Group in 2016 was 11% higher than in 2015, while the order book totalled more than Euro 164 million at end-2016 (+16% compared to 2015).

#### **Dividends:**

In addition to approving the preliminary financial statements for 2016 the Board of Directors discussed the possibility of distributing a dividend to Biesse shareholders. Taking into consideration the positive results achieved in 2016 the Board of Directors of Biesse decided to propose a dividend – gross of withholding taxes - of Euro 0.36 per share with rights to receive dividends (payout of 44.9% of the 2016 net profit of the parent company Biesse S.p.A.) which will be submitted for the approval of the Ordinary Meeting of Shareholders convened for 27 April 2017 at 09.30 (first convocation) and, if appropriate, at the same time on 28 April 2017 (second convocation). The total cash outlay for the company resulting from the dividend distribution, as proposed, (net of treasury shares) amounts to Euro 9.857 million and will be enacted by detachment of coupon no.13 on 8 May for payment on 10 May 2017 record date 9 May 2017. The remaining attributable net profit would be allocated to the Extraordinary Reserve (Biesse S.p.A. parent company)

#### **Corporate Governance:**

Today's meeting of the Board of Directors also approved the Corporate Governance Report of Biesse for the calendar year 2016 updated to comply with the most recently issued regulations.

#### Ordinary Meeting of Biesse shareholders:

Having approved the preliminary financial statements for 2016, the Board of Directors called an Ordinary Meeting of Biesse shareholders to be held at 09.30 on 27 April 2017 (first convocation) allowing, if appropriate, for second convocation on the following day, to discuss the following agenda:

1. Approval of the Financial Statements for the financial year to 31 December 2016; the Directors' report on operations; the report of the Board of Statutory Auditors and the Independent Auditors' report on the Financial Statements for the financial year to 31 December 2016; and to discuss all matters arising therefrom. Presentation of the Consolidated Financial statements for the year to 31 December 2016.
2. Allocation of the results for the 2016 financial year of Biesse S.p.A.;
3. Approval of the Remuneration Policy of Biesse S.p.A.;

For further information, please refer to the published notice of meeting, to the individual items on the Agenda and to the documents submitted to the Shareholders' Meeting, which will be published in accordance with and in under the requirements of the relevant laws.

*“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 for the year to 31 December 2016

	2016	% on sales	2015	% on sales	CHANGE %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>618.489</b>	<b>100,0%</b>	<b>519.108</b>	<b>100,0%</b>	<b>19,1%</b>
Change in inventories, wip, semi-finished and finished goods	11.502	1,9%	6.626	1,3%	73,6%
Other revenue	3.548	0,6%	4.025	0,8%	(11,9)%
<b>Revenue</b>	<b>633.539</b>	<b>102,4%</b>	<b>529.759</b>	<b>102,1%</b>	<b>19,6%</b>
Consumption of raw materials, consumables, supplies and goods	(256.579)	(41,5)%	(212.742)	(41,0)%	20,6%
Other operating expense	(124.564)	(20,1)%	(104.655)	(20,2)%	19,0%
<b>Normalised added value</b>	<b>252.396</b>	<b>40,8%</b>	<b>212.362</b>	<b>40,9%</b>	<b>18,9%</b>
Personnel expense	(176.551)	(28,5)%	(148.222)	(28,6)%	19,1%
<b>Normalised gross operating profit</b>	<b>75.845</b>	<b>12,3%</b>	<b>64.139</b>	<b>12,4%</b>	<b>18,2%</b>
Depreciation and amortisation	(17.858)	(2,9)%	(15.460)	(3,0)%	15,5%
Provisions	(1.645)	(0,3)%	(4.823)	(0,9)%	(65,9)%
<b>Normalised operating profit</b>	<b>56.341</b>	<b>9,1%</b>	<b>43.857</b>	<b>8,4%</b>	<b>28,5%</b>
Impairment losses and non recurring-items	(1.279)	(0,2)%	(128)	(0,0)%	-
<b>Operating profit</b>	<b>55.062</b>	<b>8,9%</b>	<b>43.729</b>	<b>8,4%</b>	<b>25,9%</b>
Net finance expense	(1.534)	(0,2)%	(3.069)	(0,6)%	(50,0)%
Net exchange rate losses	(1.144)	(0,2)%	(2.193)	(0,4)%	(47,9)%
<b>Pre-tax profit</b>	<b>52.385</b>	<b>8,5%</b>	<b>38.467</b>	<b>7,4%</b>	<b>36,2%</b>
Income taxes	(22.921)	(3,7)%	(17.412)	(3,4)%	31,6%
<b>Profit for the year</b>	<b>29.464</b>	<b>4,8%</b>	<b>21.055</b>	<b>4,1%</b>	<b>39,9%</b>

## Balance Sheet at 31 December 2016

	31 December 2016	31 December 2015
<i>Euro 000's</i>		
Intangible assets	65.218	58.943
Property, plant and equipment	81.939	69.861
Financial assets	2.346	1.580
<b>Non-current assets</b>	<b>149.503</b>	<b>130.385</b>
Inventories	130.785	111.374
Trade receivables	128.748	105.371
Trade payables	(192.613)	(153.344)
<b>Net operating working capital</b>	<b>66.920</b>	<b>63.401</b>
Post-employment benefits	(13.746)	(13.536)
Provision for risk and charges	(11.994)	(11.731)
Other net payables	(45.890)	(37.202)
Net deferred tax assets	10.011	9.943
<b>Other net liabilities</b>	<b>(61.618)</b>	<b>(52.526)</b>
<b>Net invested capital</b>	<b>154.804</b>	<b>141.260</b>
Share capital	27.393	27.393
Profit for the previous year and other reserves	102.656	92.746
Profit for the year	29.384	20.971
Non-controlling interests	290	275
<b>Equity</b>	<b>159.723</b>	<b>141.386</b>
Bank loans and borrowings and loans from other financial backers	41.462	51.445
Other financial assets	(87)	(17)
Cash and cash equivalents	(46.295)	(51.553)
<b>Net financial indebtedness</b>	<b>(4.919)</b>	<b>(126)</b>
<b>Total sources of funding</b>	<b>154.804</b>	<b>141.260</b>

## Net Financial Position at 31 December 2016

	31 December 2016	30 September 2016	30 June 2016	31 March 2016	31 December 2015
<i>Euro 000's</i>					
Financial assets:	46.381	33.432	41.132	35.599	51.571
<i>Current financial assets</i>	87	17	30	16	17
<i>Cash and cash equivalents</i>	46.295	33.414	41.102	35.582	51.553
Short-term finance lease payables	(111)	(137)	(137)	(457)	(489)
Short-term bank loans and borrowings and loans from other financial backers	(33.769)	(40.331)	(26.773)	(27.069)	(28.209)
<b>Short-term net financial indebtedness</b>	<b>12.501</b>	<b>(7.037)</b>	<b>14.223</b>	<b>8.072</b>	<b>22.873</b>
Medium/Long-term finance lease payables	(43)	(54)	(92)	(1.236)	(1.514)
Medium/Long-term bank loans and borrowings	(7.539)	(9.594)	(14.770)	(18.621)	(21.234)
<b>Medium/Long-term net financial indebtedness</b>	<b>(7.582)</b>	<b>(9.648)</b>	<b>(14.863)</b>	<b>(19.857)</b>	<b>(22.748)</b>
<b>Total net financial indebtedness</b>	<b>4.919</b>	<b>(16.685)</b>	<b>(640)</b>	<b>(11.784)</b>	<b>126</b>

**BIESSE S.p.A.** - The Biesse Group operates in the market for machinery and systems for working wood, glass, marble/stone and advanced materials. Founded in Pesaro in 1969 by Giancarlo Selci, Biesse S.p.A. has been listed on the STAR sector of Borsa Italiana since June 2001. Since October 2017 it has also been a constituent of the 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 strategic markets.

The 37 directly controlled subsidiaries and representative offices 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 3,800 employees in its main production sites in Pesaro, Thiene, 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 no fewer than 300 resellers and agents enabling it to cover more than 100 countries

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