

**The Board of Directors of Biese approves the Consolidated Six-Month Interim Results at 30 June 2012**

# PRESS RELEASE

- consolidated revenues and profitability increase
- net result improves (+21.7% compared to first-half 2011) despite the impact of financial expenses and taxes

## **CONSOLIDATED INCOME STATEMENT – FIRST HALF 2012**

Euro million	Ist half 2012	Ist half 2011	% change
Net revenues	<b>192.1</b>	181.5	+5.8%
Value added	<b>71.0</b>	67.4	+5.3%
EBITDA	<b>9.4</b>	7.2	+29.6%
<i>EBIT before non-recurring items</i>	<b>1.3</b>	---	
EBIT	<b>0.9</b>	0.2	
Net result	<b>-3.3</b>	-4.2	+21.7%



**Pesaro, 3 August 2012**

The Board of Directors of Biesse S.p.A., a multinational company registered in Pesaro and active in the sector of wood, glass and stone-working machinery and listed on the STAR segment of Borsa Italiana, today met and approved the **Consolidated Six Month Interim Financial Statements** to **30 June 2012**:

- Consolidated revenues of € 192.1 million (+5.8% compared to the same period of 2011)
- Value added of € 71.0 million (+5.3% compared to the same period of 2011), a margin on revenues of 37.0% (37.1% in first semester 2011)
- EBITDA of € 9.4 million (+29.6% compared to the same period of 2011), a margin on revenues of 4.9% (4.0% in first semester 2011)
- EBIT before non-recurring items of € 1.4 million, a margin on revenues of 0.7%
- EBIT of € 0.9 million (a positive figure of € 0.2 million in the same semester of 2011), a margin on revenues of 0.5% (0.1% in the first semester 2011)
- Pre-tax loss of € 1.5 million (a loss of € 2.2 million in the same period of 2011)
- Consolidated net loss of € 3.3 million (net loss of € 4.2 million in the same period of 2011)

**Net debt**

At 30 June 2012, **Group net debt** was **€ 66.8 million**, an increase of € 4.9 million compared to the figure at 31 March 2012 and an increase of € 16.4 million compared to that at the end of December 2011. This cash absorption reflects not only non-recurring items (€ 4.8 million) but also the financial requirements to complete important R&D and preventative CAPEX projects in the first semester of the current financial year.

As regards the balance sheet situation, the negative trend in **Operating Net Working Capital** (+€ 4.2 million compared to the figure at 31 December 2011) was primarily due to an increase in total inventories as other items of operating net working capital (*trade payables and receivables*) continued to benefit from the focus on virtual cash flows (*resulting in a consolidation in the DSO and DPO figures*).

Despite the necessary caution regarding the international political and economic scenario, Biesse expects an increase in cash flow from normal operations in the second half of 2012 due to the normal cyclicity of its business.

**Order intake – geographical breakdown of revenues**

The Group order intake in the first semester of 2012 compared to the same period of 2011 -which included the acquisition of important orders for engineering lines (*i.e. Howdens U.K. for a total of € 12 million*) - was down 18% but up 5% when compared to the first semester of 2010.

At 30 June 2012, the production backlog was ca. € 90 million (-1.9% compared to the figure at 31 December 2011).

The geographical breakdown of consolidated revenues once again shows a lower weighting of revenues from Western Europe (43.2% compared to 46.3% in June 2011) but an increase in those from Eastern Europe (17.9% compared to 17.2%), from Far East Asia/Asia Pacific (18% compared to 17.8%), and in the total from emerging markets (11.5%



compared to 10.1%). There were also some positive signs of apparent recovery in the North American market compared to the recent negative trend (9.4% compared to 8.6%),

Within the Western European market, the domestic market accounted for 10.8% of revenues, a significant decline compared to the figure of the same period of the preceding financial year (Italy accounted for 15.5% of revenues at 30 June 2011).

Revenues from the B.R.I.C. area were 18.6% of total consolidated revenues at 30 June 2012 (14.1% at 30 June 2011) with the leading markets being the countries of Far East Asia and Latin America (China and Brazil), the areas which Biesse expects to provide the major growth in the short and medium terms.

## Sector analysis

### UCIMU (Italy)

Whilst not representing the main reference sector for Biesse it should be noted that the index for orders in machine tools, published by the Centro Studi & Cultura di Impresa of UCIMU-SISTEMI PER PRODURRE (the Italian Machine Tools, Robots and Automation Manufacturers' Association), shows a decline of 20.6% compared to the same period of the preceding financial year for an absolute value of 71.5 (2005=100).

This figure comprises a drop in domestic orders of 11.5% compared to the second quarter of 2011 for an absolute value of 52.4 and confirms the weak demand in Italy, in particular for technological investments in production - where the crisis has almost become structural. The figures for foreign orders also show a decline of 23%, compared to the figure for April-June 2011, with a drop in the absolute value to 78.5.

As regards the full-year 2012, figures from Centro Studi UCIMU indicate that exports should increase 12.3% compared to the provisional figure for 2011, a reflection of the efforts made by Italian companies outside the domestic market and the importance of foreign demand to Italian companies.

### VDMA (Germany)

The report at the end of May 2012 from the German federation, VDMA (Verband Deutscher Maschinen- und Anlagenbau - German Engineering Federation), showed that machinery orders had declined 6% with orders from the domestic market declining at double the rate of foreign orders (8% compared to 4%).

Although VDMA is cautiously optimistic on the short-term trends in order intakes, expectations remain extremely negative, particularly for the Eurozone countries (-7%).

### Other resolutions

The Board of Directors has given the authority and powers accorded Mr Giorgio Pitzurra, who is resigning, to Cavaliere del Lavoro Mr Giancarlo Selci. The co-optation of the eighth Board member will be effected during the next October 31<sup>st</sup> 2012 meeting.

The Board also appointed Mr. Stefano Porcellini – already an executive member of the Board of Directors of Biesse – the new Director General of the Group and appointed Mr Cesare Tinti as the director of the Wood Division and Mr Rodolfo Scatigna as the director of the Glass & Stone Division.



During today's meeting of the Board of Directors, Mr Cristian Berardi was appointed, with prior approval of the Board of Statutory Auditors, manager responsible for the preparation of the company accounting records -an office previously held by Mr Porcellini- in accordance with the requirements of Law no.262 of 28 December 2005 on savings protection and market governance and of Article 18 bis of the Company's Articles of Association.

#### Comment

With regard to the outlook for the second part of the 2012 financial year, given the existing order backlog and the current macroeconomic background, there could be a potential limited decline in third quarter revenues compared to the same period in 2011 and a possible risk to those of the fourth quarter; this is due to a weaker than expected order intake between May and July 2012. During the summer months, important exhibitions will be held in Australia (Awisa-Sydney) and the USA (IWF-Atlanta) which should permit a fuller understanding of the likely trend in the fourth quarter 2012, which is usually the most important quarter of each financial year and decisive in reaching the targets of the business plan.

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*“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 the Biesse Group (Stefano Porcellini) declares that the company accounting information contained in the present communication corresponds to the results contained in the group's records, books and accounts”*



**Six-Month Income Statement at 30 June 2012**

<i>Euro 000's</i>	<b>1H 2012</b>	<b>% on sales</b>	<b>1H 2011</b>	<b>% on sales</b>	<b>CHANGE %</b>
<b>Net revenue</b>	<b>192,086</b>	<b>100.0%</b>	<b>181,565</b>	<b>100.0%</b>	<b>5.8%</b>
Change in inventories, wip, semi-finished and finished goods	8,595	4.5%	15,809	8.7%	(45.6)%
Other revenue	746	0.4%	1,418	0.8%	(47.4)%
<b>Value of Production</b>	<b>201,427</b>	<b>104.9%</b>	<b>198,792</b>	<b>109.5%</b>	<b>1.3%</b>
Consumption of raw materials, consumables, supplies and goods	(88,503)	(46.1)%	(91,862)	(50.6)%	(3.7)%
Other operating expense	(41,902)	(21.8)%	(39,492)	(21.8)%	6.1%
<b>Added Value</b>	<b>71,021</b>	<b>37.0%</b>	<b>67,438</b>	<b>37.1%</b>	<b>5.3%</b>
Personnel expense	(61,641)	(32.1)%	(60,197)	(33.2)%	2.4%
<b>Gross Operating profit</b>	<b>9,381</b>	<b>4.9%</b>	<b>7,241</b>	<b>4.0%</b>	<b>29.6%</b>
Depreciation and amortisation	(6,940)	(3.6)%	(6,199)	(3.4)%	12.0%
Provisions	(1,084)	(0.6)%	(835)	(0.5)%	29.8%
<b>Normalised Operating profit</b>	<b>1,357</b>	<b>0.7%</b>	<b>206</b>	<b>0.1%</b>	<b>-</b>
Impairment losses and non recurring items	(465)	(0.2)%	0	0.0%	
<b>Operating profit</b>	<b>891</b>	<b>0.5%</b>	<b>206</b>	<b>0.1%</b>	<b>-</b>
Finance income/expense	(1,705)	(0.9)%	(1,086)	(0.6)%	57.0%
Exchange rate losses	(674)	(0.4)%	(1,308)	(0.7)%	(48.5)%
<b>Pre-tax profit(loss)</b>	<b>(1,488)</b>	<b>(0.8)%</b>	<b>(2,188)</b>	<b>(1.2)%</b>	<b>(32.0)%</b>
Income taxes	(1,816)	(0.9)%	(2,029)	(1.1)%	(10.5)%
<b>Loss for the year</b>	<b>(3,304)</b>	<b>(1.7)%</b>	<b>(4,217)</b>	<b>(2.3)%</b>	<b>(21.7)%</b>



**Summary Statement of Financial Position at 30 June 2012**

	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
Euro 000's	<b>2012</b>	<b>2011</b>	<b>2011</b>
Intangible assets	50,170	48,027	45,959
Property, plant and equipment	64,309	63,652	53,897
Financial assets	1,278	1,140	732
<b>Non current assets</b>	<b>115,757</b>	<b>112,819</b>	<b>100,588</b>
Inventories	97,963	88,459	97,712
Trade receivables	111,436	112,207	94,608
Trade payables	(117,592)	(113,124)	(124,366)
<b>Net Operating Working Capital</b>	<b>91,807</b>	<b>87,542</b>	<b>67,954</b>
Post-employment benefits	(10,202)	(10,544)	(10,727)
Provision for risk and charges	(9,936)	(9,438)	(7,402)
Other net receivables/payables	(19,104)	(24,778)	(12,843)
Net deferred tax assets/liabilities	16,209	15,437	15,797
<b>Other net assets/liabilities</b>	<b>(23,033)</b>	<b>(29,323)</b>	<b>(15,175)</b>
<b>Net Invested Capital</b>	<b>184,531</b>	<b>171,038</b>	<b>153,367</b>
Share capital	27,393	27,393	27,393
Profit/loss for the previous period and other reserves	92,991	95,028	94,240
Loss for the period	(3,292)	(2,438)	(3,924)
Non controlling interests	659	680	278
<b>Equity</b>	<b>117,751</b>	<b>120,663</b>	<b>117,986</b>
Due to bank and other financial institutions	86,438	73,629	64,904
Other financial assets	(712)	(650)	(453)
Cash and cash equivalents	(18,946)	(22,604)	(29,069)
<b>Net financial indebtedness</b>	<b>66,780</b>	<b>50,375</b>	<b>35,381</b>
<b>Total sources of funding</b>	<b>184,531</b>	<b>171,038</b>	<b>153,367</b>



**Net Financial Position at 30 June 2012**

Euro 000's	30 June	31 March	31 December	30 September	30 June
	2012	2012	2011	2011	2011
Financial assets	19,659	22,035	23,254	26,580	29,523
Current financial assets	712	700	650	2,794	453
Cash and cash equivalents	18,946	21,335	22,604	23,786	29,069
ST finance lease liabilities	(261)	(444)	(464)	(1,438)	(1,452)
Bank and other ST financial debt	(78,715)	(68,969)	(45,400)	(49,510)	(56,366)
<b>Short Term Net Financial Indebtedness</b>	<b>(59,317)</b>	<b>(47,378)</b>	<b>(22,610)</b>	<b>(24,368)</b>	<b>(28,295)</b>
M/L term finance lease liabilities	(2,381)	(2,447)	(2,519)	(2,565)	(2,660)
M/L term bank debt	(5,082)	(12,040)	(25,245)	(21,852)	(4,426)
<b>M/L Term Net Financial Indebtedness</b>	<b>(7,463)</b>	<b>(14,487)</b>	<b>(27,765)</b>	<b>(24,417)</b>	<b>(7,086)</b>
<b>Total Net Financial Indebtedness</b>	<b>(66,780)</b>	<b>(61,866)</b>	<b>(50,375)</b>	<b>(48,785)</b>	<b>(35,381)</b>

Biesse operates in the market for machinery and systems for working wood, glass, marble and stone. Founded in Pesaro in 1969 by Giancarlo Selci, Biesse S.p.A. has been listed on the STAR sector of Borsa Italiana since 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 strategic markets.

The 30 directly controlled branches guarantee specialized post-sales assistance to clients whilst carrying out market research in order to develop new products. The Biesse Group has over 2,400 employees in its main production sites in Pesaro, Alzate Brianza, Bangalore and the associates/branch offices in Europe, North America, Asia, Asia Pacific 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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