

PRESS RELEASE

15 March 2012



BIESSE

BIESSE GROUP

Preliminary 2011 Financial Statements approved by the Board of Directors

- Strong growth in revenues and operating margins
- Return to pre-tax profit

CONSOLIDATED INCOME STATEMENT – FINANCIAL YEAR 2011

(Euro millions)	31.12.11	31.12.10	change %
Net Revenues	388.5	327.5	+18.6%
Gross Operating Margin (Ebitda)	22.4	15.7	+42.8%
Operating Margin (Ebit)	5.7	0.1	
Pre-tax result	2.5	-2.5	
Net result	-2.4	-5.7	+57.4%

- **Net debt** of €50.4 million, representing a €15 million increase compared to end-June 2011, €1.6 million higher than at September 2011 and €31.4 million higher than at 31.12.10
- The **Corporate Governance** report for 2011 has been approved.
- **The Ordinary Meeting of Biesse shareholders is called** for the 27 April 2012 at 10.00 a.m. in Pesaro in first convocation (and if necessary in second convocation on the following day at the same time and place)



Pesaro, 15 March 2012 - The Board of Directors of Biesse S.p.A. - the company which operates in the market for wood glass and stone processing machinery and systems 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 financial year ended 31.12.2011.

The Consolidated Results achieved by the Biesse Group for the 12 months of 2011 are as follows:

- Net Consolidated Revenues € 388.5 million (+18.6% compared with the same period of 2010)
- Value Added € 138.0 million (+11.8% compared with the same period of 2010) representing a margin on revenues of 35.5%
- EBITDA of € 22.4 million (+42.8% compared with the same period of 2010) representing a margin on revenues of 5.8%
- EBIT of € 5.7 million (positive result of € 0.1 million in the same period of 2010) representing a margin on revenues of 1.5%
 - **EBIT before non-recurring expenses was € 7.1 million representing a margin on revenues of 1.8%**
- Pre-tax result of € 2.5 million (negative result of € 2.5 million in the same period of 2010) representing a margin on revenues of 0.6%
- Net Result negative for € 2.4 million, which has been more than halved compared with the same period of 2010 (negative result of €5.7 million)

Net Financial Position:

The Group Net Financial Position at 31 December 2011 shows Net Debt of € 50.4 million which was € 15 million more than at June 2011, € 1.6 million higher than at September 2011 and € 31.4 million higher than at the end of 2010.

The end- 2011 result was affected by an “extraordinary” item related to the acquisition of the Chinese company, which involved total debt of about € 7 million (*payment for acquisition of company and pre-existing debt*).

To this should be added the higher investments relating to the VIET brand, the further development of the Indian site and the launch of new products. The overlap between the new and existing product ranges (*phase-in and phase-out*), resulted in cash absorption as reflected in the trend of operating net working capital.

Geographical breakdown of revenues – key sectors

The geographical breakdown of Group net revenues is as follows:

Western Europe 44.0% (49.6% in 2010) of which **Italy 14.1%** (18.5% in 2010)

Eastern Europe 17.5% (15.6% in 2010)

North America 9.5% (9.3% in 2010)

Asia Pacific 18.9% (16.7% in 2010)

Rest of the World 10.1% (8.7% in 2010)

As evidenced by the various trade associations– Italian and foreign – the expansionary phase that continued through to the end of the first half of 2011, gradually tailed off from the start of the Autumn with stagnation in domestic demand offset by a robust level of exports. Each of the relevant trade associations, ACIMALL, UCIMU, FEDERMECCANICA and VDMA, though to slightly differing degrees, expects a further deterioration in the economic climate at least in the first half of 2012 which will have inevitable repercussions on the development of demand at an international level.

Ratio(s)

Gross Operating Margin (EBITDA) / net revenues: 5.8% (4.8% at end-2010)

Net Debt / Gross Operating Margin (EBITDA): -2.2 (-1.2 at end- 2010)

Net Debt / Shareholders' Funds: 0.42 (0.15 at end-2010)

Capital position:

Group Net Shareholders' Funds at 31 December 2011 was € 120.6 million (€ 122.9 million at 31 December2010)

Corporate Governance:

Today's meeting of the Board of Directors also approved the Corporate Governance Report of Biesse for the calendar year 2011 in accordance with article 123-bis of the TUF (Consolidated Financial Law), updated on the basis of the latest regulations issued by Borsa Italiana.



Ordinary Meeting of Biesse shareholders:

Having approved the preliminary Financial Statements for 2011, the Board of Directors called for an Ordinary Meeting of Biesse Shareholders on the 27 April at 10.00 a.m. (first convocation) with second convocation on the following day if necessary. The agenda for the meeting includes the following items:

- a. Approval of the Financial Statements for the year to 31 December 2011, the Directors' report on operations, the report of the Board of Statutory Auditors and the Independent Auditors' report - presentation of the Consolidated Financial statements for the year to 31 December 2011;
- b. Appointment of the Board of Directors (renewal)
- c. Appointment of the Board of Statutory Auditors (renewal)
- d. Approval of the new loyalty plan called "Long Term Incentive 2012-2014 for Biesse S.p.A."
- e. Approval of the Biesse Group remuneration policy

Three Year Plan 2011-2013:

On 10 February 2012 the Board of Directors of Biesse approved a new **Three Year Industrial Plan** for the period 2012-2014 which includes the following economic and financial characteristics:

- Growth in Consolidated Revenues (CAGR 6.4%)
- Increase in Value Added (CAGR 13%) representing a margin on revenues > 42% in 2014
- Increase in EBITDA (CAGR 44.9%) representing a margin on revenues > 14% in 2014
- Improvement in EBIT (CAGR 107%) representing a margin on revenues > 10% in 2014
- Return to positive e.p.s. (€ 1.50 in 2014)
- Positive Net Financial Position in 2014 (total free cashflow over the three years of almost € 100 million)

"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, 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."



Income statement at 31 December 2011

<i>Euro 000's</i>	31 December 2011	% on sales	31 December 2010	% on sales	CHANGE %
Net revenue	388,530	100.0%	327,522	100.0%	18.6%
Change in inventories, wip, semi-finished and finished goods	1,499	0.4%	5,897	1.8%	(74.6)%
Other revenue	2,129	0.5%	4,316	1.3%	(50.7)%
Value of Production	392,158	100.9%	337,735	103.1%	16.1%
Consumption of raw materials, consumables, supplies and goods	(172,781)	(44.5)%	(143,639)	(43.9)%	20.3%
Other operating expense	(81,379)	(20.9)%	(70,714)	(21.6)%	15.1%
Added Value	137,998	35.5%	123,382	37.7%	11.8%
Personnel expense	(115,580)	(29.7)%	(107,683)	(32.9)%	7.3%
Gross Operating profit	22,418	5.8%	15,700	4.8%	42.8%
Depreciation and amortisation	(13,096)	(3.4)%	(12,454)	(3.8)%	5.2%
Provisions	(2,254)	(0.6)%	(2,572)	(0.8)%	(12.4)%
Net Operating profit before non recurring items	7,069	1.8%	674	0.2%	-
Impairment losses and non recurring items	(1,314)	(0.3)%	(568)	(0.2)%	-
Net Operating profit	5,755	1.5%	106	0.0%	-
Finance income/expense	(2,394)	(0.6)%	(2,157)	(0.7)%	11.0%
Exchange rate gains/losses	(861)	(0.2)%	(478)	(0.1)%	80.1%
Pre-tax result	2,500	0.6%	(2,529)	(0.8)%	--
Income taxes	(4,947)	(1.3)%	(3,211)	(1.0)%	54.1%
Loss for the period	(2,446)	(0.6)%	(5,741)	(1.8)%	(57.4)%



Summary statement of financial position

Euro 000's	December 2011	December 2010
Intangible assets	48,027	44,281
Property, plant and equipment	63,652	55,834
Financial assets	1,140	738
Non current assets	112,819	100,853
Inventories	89,880	81,326
Trade receivables	110,786	90,390
Trade payables	(113,124)	(111,134)
Net Operating Working Capital	87,542	60,582
Post-employment benefits	(10,544)	(10,855)
Provision for risk and charges	(9,438)	(8,547)
Other net receivables/payables	(24,778)	(16,407)
Net deferred tax assets/liabilities	15,437	16,210
Other net assets/liabilities	(29,323)	(19,600)
Net Invested Capital	171,038	141,835
Share capital	27,393	27,393
Profit/loss for the previous period and other reserves	95,028	100,694
Loss for the period	(2,438)	(5,392)
Non controlling interests	680	220
Equity	120,663	122,914
Due to bank and other financial institutions	73,629	44,733
Other financial assets	(650)	0
Cash and cash equivalents	(22,604)	(25,812)
Net financial indebtedness	50,375	18,921
Total sources of funding	171,038	141,835



Net financial indebtedness

Euro 000's	31 December	30 September	30 June	31 March	31 December
	2011	2011	2011	2011	2010
Financial assets:	23,254	26,580	29,523	24,866	25,812
<i>Current financial assets</i>	650	2,794	453	0	0
<i>Cash and cash equivalents</i>	22,604	23,786	29,069	24,866	25,812
ST finance lease liabilities	(464)	(1,438)	(1,452)	(2,215)	(2,217)
Bank and other ST financial debt	(45,400)	(49,510)	(56,366)	(47,943)	(33,535)
Short Term Net Financial Indebtedness	(22,610)	(24,368)	(28,295)	(25,292)	(9,940)
M/L term finance lease liabilities	(2,519)	(2,565)	(2,660)	(2,973)	(2,998)
M/L term bank debt	(25,245)	(21,852)	(4,426)	(8,984)	(5,983)
M/L Term Net Financial Indebtedness	(27,765)	(24,417)	(7,086)	(11,957)	(8,981)
Total Net Financial Indebtedness	(50,375)	(48,785)	(35,381)	(37,250)	(18,921)

The Biesse Group 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 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 strategic markets.

The 30 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 has more than 2,700 employees in its main production sites in Pesaro, Alzate Brianza, Bangalore Dongguan and its associates/branch offices in Europe, North 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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