

# PRESS RELEASE

16 March 2011



**BIESSE**

# BIESSE GROUP

## The Board of Directors of Biesse approves the preliminary consolidated financial statements for 2010

### CONSOLIDATED INCOME STATEMENT – RESULTS FOR THE YEAR 2010

<i>Figures in Euro million</i>	<b>31.12.10</b>	<b>31.12.09</b>	Change %
Net Revenues	327.5	268.0	+22.2%
Gross Operating Margin (Ebitda)	15.7	-8.4	+286.9%
Operating Margin (Ebit)	0.1	-32.9	+100.3%
Pre-Tax Result	-2.5	-36.3	+93.1%
Net Result	-5.7	-27.2	+79.0%

- **Net Debt** of € 18.9 million improved by € 1.5 million compared with the position at end-June 2010, by € 3.8 million compared with the position at end-September 2010 and by € 13.8 million compared with the position at 31.12.09
- The **Corporate Governance** report for the year 2010 has been approved
- **The Ordinary Meeting of Biesse Shareholders is called** for 28 April 2011 at 10.00 in Pesaro in first convocation (the second convocation is for the following day at the same time and place)



**BIESSE**

*Pesaro, 16 March 2011 - 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 approved the preliminary financial statements for the financial year ended 31.12.2010.*

**The consolidated results** achieved by Biesse Group for the 12 months of 2010 are as follows:

- Net Consolidated Revenues € 327.5 million (+22.2% compared with the same period of 2009)
- Value Added € 123.4 million (+46.2% compared with the same period of 2009) representing a margin on revenues of 37.7%
- EBITDA of € 15.7 million (negative result of € 8.4 million in the same period of 2009) representing a margin on revenues of 4.8%
- EBIT of € 0.1 million (negative result of € 32.9 million in the same period of 2009)
- Pre-Tax result negative for € 2.5 million (negative result of € 36.3 million in the same period of 2009)
- Net Result negative for € 5.7 million (negative result of € 27.2 million for the same period of 2009)

**Net Financial Position:**

The Group Net Financial Position at 31 December 2010 revealed Net Debt of € 18.9 million, an improvement of € 1.5 million compared with the position at June 2010, of € 3.8 million compared with the position at end-September 2010 and of € 13.8 million compared with the position at year-end 2009.

**Geographical breakdown of revenues:**

The geographical breakdown of Group net revenues is as follows:

Italy 18.5%  
Western Europe 31.2%  
Eastern Europe 15.6%  
North America 9.3%  
Asia Pacific 16.7% (4.7% China)  
Rest of the World 8.7%

**Ratio(s)**

Gross Operating Margin (EBITDA) / net revenues: 4.8% (compared to a margin of -3.1% at end-2009)  
Net Debt / Gross Operating Margin (EBITDA): -1.2 (compared to a ratio of +3.9 at end-2009)  
Net Debt / Shareholders' Funds: 0.15 (compared to a ratio of 0.26 at end-2009)

**Shareholders' Funds:**

Group Net Equity at 31 December 2010 totalled € 122.9 million (€ 126.8 million at 31 December 2009)

**Corporate Governance:**

Today's meeting of the Board of Directors also approved the Corporate Governance Report of Biesse for the calendar year 2010 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 2010 the Board of Directors has called an Ordinary Meeting of Shareholders for 28 April at 10.00 (first convocation) with the second convocation scheduled for the following day. The Agenda will include approval of the Preliminary Financial Statements for 2010, confirmation of the appointment of Mr. Giorgio Pitzurra as the new Chief Executive Officer who was co-opted on to the Board of Directors of Biesse last January and the restoration of the composition of the Board of Statutory Auditors of Biesse S.p.A. by the appointment of a new Acting Statutory Auditor and two new Alternate Statutory Auditors.



### Macro-Economic situation – trend of orders 2011:

According to the figures for orders acquired by the Italian industry published by Acimall - the national association of producers of woodworking machinery – in its press release of 3 February < The sector has risen 12.3% compared with the same period of the previous year (foreign orders have risen 13.4% while domestic orders have risen by just 9.1%).

Meanwhile, figures reported by the the Business Culture and Research Centre of UCIMU, the association of Italian producers of machine tools, robots and automated equipment indicate that < the index of Italian machine tool orders, in the fourth quarter of 2010, registered an increase of 45% compared with the same period of 2009, continuing the growth trend that began at the start of 2010; the absolute value of the index, 108,6, has therefore returned to a level that is higher than the base year index (2005=100) >.

However, the figures published by the Research Centre indicate a distinct variance between the domestic order intake and orders received from export markets. The index for foreign order intake rose by 80.7% compared with the fourth quarter of 2009, while the index for domestic orders received actually fell by 8.3%.

On an annual basis, order intake rose by 36% compared with 2009, due to the increase in foreign orders (+50.2%) and domestic orders (+15.5%, accumulated in the first six months).

The annual order intake reported by the German association VDMA (Erband Deutscher Maschinen- und Anlagenbau - German Engineering Federation) registered a +44% increase in cumulative order intake for the full year 2010; figures for the German market rose +38%, while orders received from international markets rose by +46%.

Although the opening months of 2011 were characterised and affected by politico-economic uncertainties, Biesse achieved an order intake that was 24% higher than for the same period of 2010 and 95% higher than for the same period of 2009. Orders received in the full year 2010 rose by 35% compared with the previous year.

### Three Year Industrial Plan 2011-2013:

On 21 December 2010 the Board of Directors of Biesse approved a new Three Year Industrial Plan for the period 2011-2013 indicating weighted average growth in revenues in the range 11 - 12 %. The projected Gross Operating Income (EBITDA) for 2013, expressed as a margin on consolidated revenues, is expected to exceed 14%, while the attention given by the Group to all the components of the financial and net equity position should have a positive impact on the trend of Net Debt during the three year period 2011-2013. By end -2013, the Net Financial Position, net of budgeted investment, is expected to be positive as a result of total cash flow in excess of € 40-45 million over the three year period

The key elements of that characterise Biesse's Industrial Plan, reflect the group's clear focus on reducing industrial costs, reinforcing its commercial distribution capacity, technical innovation through investment targeted on the renewal and broadening of its product range and the efforts made to improve after-sales technical service. In addition to all of this is its constant attention to the development of management leadership skills as a key factor in the sustainable growth of the company's value over the long term.

"Since my arrival at Biesse in January, I have been able to see how extremely dynamic this company is" *the new Chief Executive, Giorgio Pitzurra, stated following the Board meeting* "Having approved its industrial plan at the end of 2010, Biesse has begun to implement significant investments in the areas of products – organisation – information systems and business units.

During the current year, however, it is essential that the focus must be on the execution of our projects, as a necessary factor in allowing us to arrive in 2012 with the necessary momentum to enable us to achieve the objectives established in the three year strategic plan".

*Mr. Pitzurra added* "we are convinced that another important contribution to this end could come from greater utilisation of our Indian location (*i.e. Bangalore*) as a true and proper business centre for all of Asia. We believe that our presence here and the specific investments we have made in this geographic region favour Biesse's growing commercial penetration in markets that, according to recent forecasts and macro-economic trends, have excellent development potential over the short and medium term.



## 2010 Income Statement

	31 December 2010	% on sales	31 December 2009	% on sales	CHANGE %
<i>Euro 000's</i>					
<b>Revenues from sales and services</b>	<b>327,522</b>	<b>100.0%</b>	<b>268,006</b>	<b>100.0%</b>	<b>22.2%</b>
Change in inventories, wip, semi-finished and finished goods	5,897	1.8%	(23,414)	(8.7)%	--
Other revenues	4,316	1.3%	4,699	1.8%	(8.2)%
<b>Value of Production</b>	<b>337,735</b>	<b>103.1%</b>	<b>249,292</b>	<b>93.0%</b>	<b>35.5%</b>
Consumption of materials, accessory products and goods	(143,639)	(43.9)%	(105,839)	(39.5)%	35.7%
Other operating expenses	(70,714)	(21.6)%	(59,391)	(22.2)%	19.1%
<b>Value Added</b>	<b>123,382</b>	<b>37.7%</b>	<b>84,062</b>	<b>31.4%</b>	<b>46.8%</b>
Staff costs	(107,683)	(32.9)%	(92,498)	(34.5)%	16.4%
<b>Gross Operating Income</b>	<b>15,700</b>	<b>4.8%</b>	<b>(8,436)</b>	<b>(3.1)%</b>	<b>--</b>
Depreciation and amortisation	(12,454)	(3.8)%	(13,318)	(5.0)%	(6.5)%
Provisions	(2,572)	(0.8)%	(6,120)	(2.3)%	(58.0)%
<b>Net Operating Income normalized</b>	<b>674</b>	<b>0.2%</b>	<b>(27,874)</b>	<b>(10.4)%</b>	<b>--</b>
Impairment losses and non recurring items	(568)	(0.2)%	(5,105)	(1.9)%	(88.9)%
<b>Net Operating Income</b>	<b>106</b>	<b>0.0%</b>	<b>(32,979)</b>	<b>(12.3)%</b>	<b>--</b>
Finance income/expense	(2,157)	(0.7)%	(3,204)	(1.2)%	(32.7)%
Gains (Losses) on exchange rate differences	(478)	(0.1)%	(131)	0.0%	-
<b>Profit (Loss) before tax</b>	<b>(2,529)</b>	<b>(0.8)%</b>	<b>(36,314)</b>	<b>(13.5)%</b>	<b>(93.0)%</b>
Taxes	(3,211)	(1.0)%	9,122	3.4%	--
<b>Profit (Loss) of the year</b>	<b>(5,741)</b>	<b>(1.8)%</b>	<b>(27,192)</b>	<b>(10.1)%</b>	<b>(78.9)%</b>



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## Balance sheet figures

	31 December 2010	31 December 2009
<i>Euro 000's</i>		
Intangible	44,281	41,073
Tangible	55,834	57,431
Finacial	738	616
<b>Fixed assets</b>	<b>100,853</b>	<b>99,119</b>
Inventories	81,326	63,242
Trade receivables	90,391	77,307
Trade payables	(111,134)	(60,977)
<b>Net Operating Working Capital</b>	<b>60,582</b>	<b>79,572</b>
Retirement benefit liabilities	(10,855)	(11,857)
Provision for risk and charges	(7,196)	(10,067)
Other net receivables/payables	(17,758)	(13,018)
Deferred tax assets/liabilities	16,210	15,805
<b>Other net assets/liabilities</b>	<b>(19,600)</b>	<b>(19,137)</b>
<b>Net Invested Capital</b>	<b>141,835</b>	<b>159,555</b>
Share capital	27,393	27,393
Result of the previous period and other reserves	100,694	125,636
Result of the period	(5,392)	(26,696)
Minority interests	220	517
<b>Net Equity</b>	<b>122,914</b>	<b>126,850</b>
Bank debt and other finacial liabilities	44,733	63,853
Cash and equivalentents	(25,812)	(31,148)
<b>Net financial position</b>	<b>18,921</b>	<b>32,704</b>
<b>Financial sources</b>	<b>141,835</b>	<b>159,555</b>



**Net Financial Position as at December 31<sup>st</sup>, 2010**

	<b>31 December 2010</b>	<b>30 September 2010</b>	<b>30 June 2010</b>	<b>31 March 2010</b>	<b>31 December 2009</b>
<i>Euro 000's</i>					
Financial assets:	25,812	24,786	29,799	31,517	31,148
<i>Liquidity</i>	25,812	24,786	29,799	31,517	31,148
ST finance lease liabilities	(2,217)	(2,188)	(2,185)	(2,219)	(2,290)
Bank and other ST financial debt	(33,535)	(33,796)	(35,770)	(44,756)	(42,988)
<b>Net Short Term Financial Position</b>	<b>(9,940)</b>	<b>(11,198)</b>	<b>(8,156)</b>	<b>(15,458)</b>	<b>(14,130)</b>
M/L term finance lease liabilities	(2,998)	(4,040)	(4,120)	(5,133)	(5,225)
M/L term bank debt	(5,983)	(7,463)	(8,116)	(10,079)	(13,349)
<b>Net M/L Term Financial Position</b>	<b>(8,981)</b>	<b>(11,503)</b>	<b>(12,236)</b>	<b>(15,211)</b>	<b>(18,575)</b>
<b>Total Net Financial Position</b>	<b>(18,921)</b>	<b>(22,700)</b>	<b>(20,392)</b>	<b>(30,669)</b>	<b>(32,704)</b>

*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 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*

*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. At end 2010 the Biesse Group had 2,368 employees in its main production sites in Pesaro, Alzate Brianza, Bangalore and its associates/branch offices in Europe, North 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.*

**Alberto Amurri**

I.R. &amp; Group Financial Manager

contacts: [www.biesse.com](http://www.biesse.com)  
tel. +39 0721 439107  
+39 335 1219556

alberto.amurri@biesse.com

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