

BIESSE: RESULTS FOR THE 1ST HALF 2005 APPROVED
MARGINS GROW STILL FURTHER

The Board of Directors of Biesse S.p.A. today approved the Report for the 1st half of 2005, the first accounting document to be drawn up according to international accounting principles (IAS/IFRS*).

- Net revenue €149.6 million (+1.2% compared to the same period of 2004)
- EBITDA € 15.9 million (10.6% of net revenue), +39.8% with respect to 2004
- EBIT € 9 million (6% of net revenue), +58.5% with respect to 2004
- Pre-tax profit €7.3 million (4.9% of net revenues) not directly comparable with the previous June 2004 results (Profit for €13.4 million in June 2004) due to a capital gains on real estate amounting to €10.3 million.
- Net profit €4.5 million not directly comparable with the previous June 2004 results (Profit for € 6.0 million in June 2004) due to a capital gains on real estate amounting to €10.3 million.
- Net Financial Position (IAS/IFRS*) negative by € 45.2 million (negative for € 86 the result of June 2004), -47.5%.

Pesaro, 29th September 2005 – Today the Board of Directors of Biesse SpA, a company with headquarters in Pesaro listed in the Star segment of the Italian Stock Exchange, approved the results for the 1st half of 2005.

This balance sheet has been drawn up using the International Accounting Principles ("IFRS") issued by the International Accounting Standards Board, and the comparative data for the corresponding period of 2004 have therefore been rearranged and re-calculated according to the new accounting principles.

The economic context in which Biesse operates has been characterised by a world economy that, during the first half of 2005, continued to consolidate the improvements recorded in 2004, this being expressed in good growth of the global GIP, estimated at 4.3% (FMI 2005 estimate, +5.1% as a whole for 2004) in spite of the existing geopolitical uncertainty and strong areas of imbalance, such as the instability in the Middle East, tension on oil prices with consequent impact on the principal raw materials and, last but not least, a Euro/Dollar exchange rate that is still unfavourable for European exports, although it has improved slightly with respect to December 2004.

Recovery continues to be unevenly distributed through the main geographical areas: the results of the driving American economy have been reasonable (FMI 2005 estimate +3%), and the results for Far East countries are still very good (+7.1%), being influenced in particular by the performance of China. The Euro area, which increased its GIP by only 1%, confirms a state of slower, more fragile growth, with worrying figures for Italy and Germany, where growth is expected to be around zero. Also based on figures released by Acimall, - the woodworking machinery sector association – the balance for the second quarter of 2005 for Italian woodworking machines and technology is still negative, although to a lesser extent than the previous quarter. The second quarter of 2005, in effect, saw a 3.5 percent reduction in orders with respect to the same period of 2004, as compared with the 11.4 percent of January-March 2005 (again compared with the first three months of the previous year).

The data from analysis of the economic situation drawn up by the Acimall Study department underline, more specifically, a drop of 1.7% in foreign orders and a drop of 9.6% in internal orders, results which, as in the past, show Biesse over-performing thanks to its position in the higher technology sector and to the widespread and efficient distribution network for all its Business Divisions (Wood-Glass&Marble-Mechatronics).

During the period **January – June 2005** the following were recorded:

- Net revenue € 149.6 million (1.2% compared to the same period of 2004)
- Value Added € 58.5 million (+12.3% compared to the same period of 2004), with a 39.1% ratio to net revenue
- EBITDA € 15.9 million (+39.8% compared to the same period of 2004), with a 10.6% ratio to net revenue
- EBIT € 9 million (+58.5% compared to the same period of 2004), with a 6% ratio to net revenue
- Pre-tax profit € 7.3 million (profit of € 13.4 million during the same period of 2004, including extraordinary components totalling € 10.3 million deriving from the real estate operation completed during the first quarter of 2004), with a 4.9% ratio to net revenues
- Net profit € 4.5 million (profit per share of €0.1719), with a 3.0% ratio to net revenues





Press release

Analysis of revenue by geographical area and business sector, characterised by a relatively seasonal trend due to the fact that the request for machine tools is normally concentrated in the second part of the year, is as follows:

- EU area 55.5% (54.5% as at June 2004)
- North America 13.3% (14.9% as at June 2004)
- Rest of the World 31.5% (30.6% as at June 2004)

- Wood Division 74% (72% as at June 2004)
- Glass/Marble Division 17.2% (18.3% as at June 2004)
- Mechatronics Division 6% (6.3% as at June 2004)
- Other components 2.8% (3.4% as at June 2004)

The Net Financial Position at June 30, 2005, reclassified according to the new international accounting principles, was negative by € 45.2 million, with an improvement of € 6.2 million in the net debt as compared with December 31, 2004. When compared to the same period of 2004, the positive delta rises to € 41 million (-47.5%). It must also be noted that last May dividends amounting to a total of € 3.2 million were paid out.

30 June 2005	31 December 2004	30 June 2004	31 December 2003
€ -45.2 million	€ - 51.4 million	€ -86.2 million	€ -119.5 million

Net of the impact due to application of the international accounting principles, the net indebtedness of the Group would have amounted to € 37 million. The difference can be attributed mainly to reclassification of payables to factoring companies, rectification of treasury shares and extensive application of IAS 17.

Important events occurring after the end of the half-year period

At the beginning of August the holding in the affiliated company Biesse China Co. Ltd, amounting to € 0.4 million (Joint venture with local partner) was transferred. This transfer falls within the current company strategy, which gives priority to direct investments over other forms of shared management with third party economic entities or joint ventures.

Reconciliation of the balance sheets as at 1 January and 31 December 2004 with IFRS, as well as reconciliation of the economic results for 2004, complete with explanatory notes, have been subjected to full auditing. The auditing company Deloitte & Touche will make their report available within the term set down by law, and will file it along with this half-yearly balance sheet and publish it on the company web site www.biessegroup.com

*“Having brilliantly recovered the negative gap in turnover during the second quarter is an indication of how Biesse is able to profit from a recovery in demand in its reference sector, and this, albeit with the necessary caution dictated by the world economic situation, allows us to be even more optimistic for the final balance sheet for 2005.” comments the President of Biesse S.p.A., Roberto Selci. “ It is particularly necessary to underline how the recovery in profitability that started in the last part of 2004 has continued during the first six months of this year. This is partly due to the strategies implemented to control company costs and improve production efficiency. Our medium-term goals, which are indicated in the latest Industrial Plan approved, * are mainly aimed at increasing Biesse profitability by improving our organisation and our ability to provide product innovation using state-of-the-art technology that increasingly responds to customer requirements. ”*

(*On September 14th Biesse S.p.A. approved its industrial plan for the three-year period 2006-2008)



Press release



The Biesse Group operates in the market of machinery and systems involved in processing wood, glass and marble.

The Company offers modular solutions that range from the design of turnkey systems for large furniture manufacturers to individual automatic machines and workstations for small- and medium-sized companies, to the design and sale of individual high-tech components.

Thanks to its orientation towards innovation and research, Biesse is able to develop products and modular solutions that can meet the varied needs of a broad customer base.

As a multinational with production plants in Italy, the Biesse Group markets its products through a network of subsidiaries and 17 branch offices located in strategic markets.

The branch offices ensure specialised after-sales service to the customers, while also carrying out market research aimed at developing new products. The Biesse Group has a staff of 1,868 people distributed over its seven manufacturing sites located in Pesaro, Bergamo, Turin, Alfonsine (RA), Anzola (BO), Lugo (RA) and its branch offices in Europe, North America, Asia and Oceania.

For further information

Alberto Amurri

Biesse S.p.A. I.R. Manager

www.biessegroup.com

Tel. 0721 439107 – 3351219556

Alberto.amurri@biesse.it

