



Press release pursuant to articles 66 and 71bis of the Issuers Regulations:
Biesse lightens its subsidiary structure and transfers real estate assets to the Holding company

Pesaro, 23 December 2003 – At an extraordinary meeting today, the Board of Directors of Biesse S.p.A., listed on the STAR segment of the Italian Stock Exchange, deliberated to **transfer some of its real estate assets to the financial company Bi.Fin S.r.l.**, wholly-owned by the Selci family, the major shareholder in Biesse S.p.A. In the listed company's chain of control, Bi.Fin S.r.l. wholly owns Biesse Holding S.p.A., in turn a shareholder in Biesse S.p.A. directly and indirectly for 60.23%.

In addition, the Selci family will make a **€15,000,000 capital increase** in Bi.Fin S.r.l. Not only will this capital injection finance the real estate transaction – aided by **€50,000,000 in pooled bank loans** in favour of Bi.Fin S.r.l. –, it is also a clear sign that as major shareholder, the family is committed to the relaunching the Biesse group.

The pooled bank loan in favour of Bi.Fin is in the advanced stage of negotiations and is a suspension clause for the entire transaction.

In fact, this transaction is part of the wider process to consolidate Biesse S.p.A.'s debt and modify its duration with a view to increasing the value of its assets, freeing up significant financial resources.

The real estate transfer amounts to **€53,986,000** and involves the buildings included in the production site at Chiusa di Ginestreto (province of Pesaro) which Bi.Fin S.r.l. will rent back to Biesse S.p.A. for €2,900,000 a year.

In exchange for this transfer, Biesse S.p.A. will receive a payment allowing it to lower its short-term debt, generating an around **€30,400,000 capital gain on the real estate sale.**

The pool of banks providing financial assistance to Bi.Fin S.r.l. appraised both the sales price for the real estate assets and the annual rental charge. Moreover, to provide a greater safeguard and confirmation of the consistency of the transaction, Biesse S.p.A. gave a mandate to an external appraiser to carry out an identical assessment which, in the event, did produce results consistent with those illustrated above.

It is also pointed out that the Biesse group has absolutely no plans to change the amount of compensation paid to the directors of Biesse S.p.A. and/or of its subsidiary Companies.

During this same meeting, the Biesse S.p.A. Board of Directors also **approved the transfer of 100% of Schelling Anlagenbau GmbH.**

The underlying reason for this transfer was mainly the **reduced expectation that the Austrian company will return to profitability in the short-run (EBIT shows a €5,600,000 loss as at 30 September 2003).** Consequently, Biesse



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has decided to transfer its share capital in Schelling in a **management buy-out transaction**.

The transaction calls for the exchange of share capital against the total transfer of all bank debts and the replacement of the bank guarantees given by Biesse S.p.A. (amounting to €7,500,000), generating a capital loss, due to the total write-off of the equity investment, estimated at around €23,000,000, resulting also from the partial waiving of intra-Group receivables and a recapitalisation of the Austrian company's net equity.

The transaction will also have a **positive fallout**:

- **on the Biesse group's debt** owed to third parties, **decreasing it by €12,700,000** (the amount of debt owed by Schelling as at 30 November 2003) in view of the fact that the buyers are acquiring the share capital with all rights and liabilities attributable to Schelling, including the company's debts;
- **on the Group's fixed costs** since the sale of Schelling will lead to a **reduction in staff by 288 persons, lowering payroll costs** (these fixed costs for all of 2003 are estimated at around €14,000,000).

The agreements signed by the parties also allow the possibility for Biesse to use some important patent rights for ten years, allowing the Company to be present in the construction of complete turn-key plants and factories through its own brand name "Biesse Engineering". The parties did not sign a non-competition agreement, so Biesse may continue to directly serve the pre-existing "large customers" segment and/or new customers acquired through Schelling.

The Biesse Group manufactures and markets machines and systems for the processing of wood, glass, and marble.

The Company offers modular solutions ranging from the design of "turn-key" plants for the large furniture industry, 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 excels in developing products and modular solutions capable of responding to a wide range of needs and customers.

A multinational company with production plants in Italy and Austria, the Biesse Group markets its own products through a network of subsidiary companies and 22 branch offices located in strategic markets.

The branch offices provide customers with specialised post-sales assistance while at the same time conducting market research aimed at new product development.

The Biesse Group employs around 2,200 persons spread over seven manufacturing sites located in Pesaro, Bergamo, Turin, Alfonsine (province of Ravenna), Anzola (province of Bologna), Schwarzach (Austria), and the branch offices in Europe, North and South America, Asia, and the Pacific region.

For further information

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