

## BIESSE: POSITIVE Q3 2003

*Pesaro, 12 November 2003* – The Board of Directors of Biesse Spa – a company with headquarters in Pesaro listed on the Star segment of the Italian Stock Exchange and one of the world leading operators in the market of machinery and systems for the processing of wood, glass and stone – approved the Quarterly Report at 30 September 2003.

Revenues were affected by the difficulties that marked the reference sector, with a reduction by 11.8% in turnover in Q3 compared to the previous year (from €79.0 million to €69.7 million) and by 12% compared to the year-to-date figure (from €240.2 million to €211.4 million). Despite this, **Biesse achieved the first positive results of the restructuring and streamlining plan** underway.

In fact, Biesse showed **significant savings in the structure of costs - both variable and fixed - thus succeeding in limiting the loss in profitability due to the reduction in revenues.**

In particular, the following is to be noted:

- **a reduction in the ratio of the cost of raw material to the value of production, that went from 46.2% (2002) to 44.2%** (absolute value: €-6.4 million) this year (the quarter from July to September 2003 recorded a promising 42.5%);
- **a reduction in personnel cost** by 3.6% (absolute value: over €2.5 million) compared to the first nine months and by 5.3% QoQ;.....and
- **a reduction in costs for services** by 6% compared to the first nine months (slightly less than € 3 million), and by 11% QoQ.

Consequently, **the added value** reached in Q3 was €23.7 million, with a **ratio** to the value of production **of 34.2%, up compared to Q3 2002 (32.9%),** and to Q2 2003 (32.1%). The added value compared to the overall nine-month period was €73.2 million (compared to €79.4 million in the same period of the previous year) with a ratio that increased **from 31.1% to 31.9%.**

**Gross operating profit** in Q3 amounted to €3.6 million, equivalent to 5.2% of the value of production, compared to €5.1 million in the same period of the previous year (6.4% of the value of production), while gross operating profit for the first nine months of the year was €6.0 million (2.6% of the value of production), compared to €9.7 million in the first nine months of 2002 (3.8% of the value of production). Here again, a positive trend emerged compared to Q2 2003 when GOP ratio amounted to 2.4% for Q3 and 1.5% for the nine months.

**Operating profit** for Q3 was €0.1 million, equivalent to 0.2% of the value of production (€1.5 million in Q3 2002), while for the first nine months operating loss was €4.5 million, compared to a positive operating profit of €0.3 million in the same period of the previous year.

**The net financial position** was negative at -€120.7 million, marking an improvement of €7 million compared to €113.7 for the previous quarter. This figure is in line with the Group's historic trend that is marked by high absolute values at



## Press Release



the end of Q2 and Q3, that drop at the end of the year due to larger turnover volumes.



"Despite the difficult international economic situation, which is marked by uncertainty and in particular by the weakness registered in the reference sectors, Biesse maintained its market leadership thanks to its ability to develop new products, and penetrate new segments and high-potential markets," *highlights Roberto Selci, Chairman of the Biesse Group.* "The results achieved during this quarter also confirmed the soundness of our streamlining action especially with reference to cost-cutting and process restructuring. Biesse will continue along this path and will focus on continuing and strengthening the recovery of its profitability."

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*The Biesse Group operates in the market of machinery and systems involved in processing wood, glass and stone. 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, over the years Biesse has perfected a highly efficient manufacturing process capable of developing products and modular solutions that can meet the varied needs of a broad customer base.*

*As a multinational with production plants in Italy and Austria, the Biesse Group markets its products through a network of subsidiaries and 22 branch offices located in strategic markets. The branch offices ensure specialized after-sales service to the customers, while also developing and carrying out feasibility studies and market research aimed at developing new products. The Biesse Group has a staff of 2,200 people distributed over its seven manufacturing sites located in Pesaro, Bergamo, Turin, Alfonsine and Lugo (Italy), Schwarzach and Altach (Austria) and its branch offices in Europe, North and South America, Asia and Oceania.*

