

Innovation is our  
driving force

The logo for Biesse Group, featuring a square icon with diagonal stripes to the left of the company name in a bold, sans-serif font.

**BIESSEGROUP**

Quarterly report  
at 30 September 2015

# Innovation is our driving force



**Innovation is the driving force for the way we do business, continuously striving for excellence to support our customers' competitiveness.**

We innovate to produce the most widely-sold processing centres at a global level.

We innovate to introduce new technology standards to the market.

We innovate to design production lines and systems for large enterprises.

We innovate to develop solutions and software programs to facilitate our customers' day-to-day work.

Innovation is hard-wired in our DNA. Past, present and future.



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Biesse Group



# **BIESSE**GROUP

 **BIESSE**

 **INTERMAC**

 **DIAMUT**

**MECHATRONICS**

In 

1 industrial group, 4 divisions and 8 production sites

How 

€ 14 million p/a in R&D and 200 patents registered

Where 

34 branches and 300 agents/certified dealer

With 

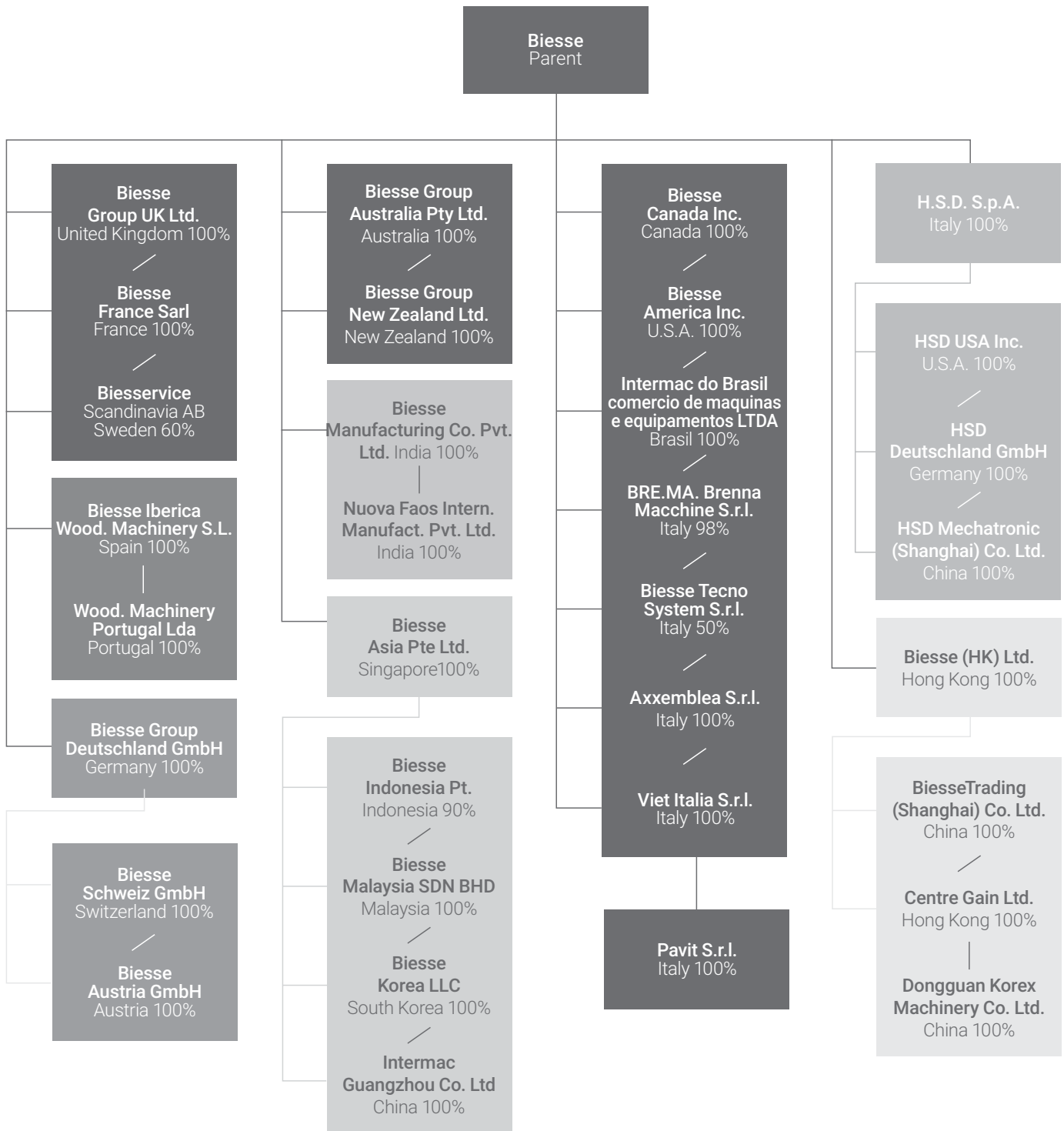
customers in 120 countries: manufacturers of furniture, design items and door/window frames, producers of elements for the building, nautical and aerospace industries

We 

3,200 employees throughout the world

# Group structure

The following companies belong to the Biesse Group and are included in the scope of consolidation:



Notes: The different colours represent the subgroups of the control chain

# Notes to the consolidated financial statements

The Biesse Group's consolidated quarterly report at 30 September 2015, unaudited, has been prepared pursuant to Article 154-ter, paragraph 2 of the Consolidated Law on Finance and in accordance with the Consob Issuers' Regulations. It also complies with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB).

Accounting standards and measurement criteria are consistent with those of the 2014 Annual Report, to which reference should be made. Furthermore, it should be noted that:

- the quarterly financial statements have been prepared under the discrete method, taking the reference period as a separate period. In this respect, the quarterly income statement reflects the period's income statement components on an accruals basis;
- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 30 September 2015, adjusted, where necessary, to align them with the Group's accounting policies;
- some of the economic information contained in this report presents interim profitability indicators such as gross operating profit (EBITDA). This indicator is considered by management to be an important parameter for measuring and assessing the Group's operational performance, in that it is not affected by the various methodologies adopted to determine taxable income, by the amount and features of capital employed, or by depreciation and amortisation policies. We should

point out, however, that this indicator is not an IFRS measure, meaning that the criterion used to determine taxable income might not be consistent with what is reported by other Groups or Companies;

- to make the data presented in this report as understandable and comparable as possible, the effects of non-recurring items and events have been isolated and shown on a separate line of the income statement.

Compared with the 2014 annual report, the consolidation scope underwent the following changes:

- Pavit S.r.l., a direct subsidiary of Viet Italia S.r.l., was added to the scope of consolidation on 27 February 2015 following the acquisition of Viet S.r.l. in liquidation, which included also the equity investment in the company concerned. Pavit S.r.l. is a company active in mechanical processing whose output is largely absorbed by Viet Italia S.r.l.;
- Biesse Austria GmbH is now included in the scope of consolidation. The company was established by Biesse Deutschland GmbH on 9 March 2015 to sell the Group's equipment and provide after-sales service in Austria;
- the merger of the company Nuova Faos International Manufacturing Pvt. Ltd. into the parent Biesse Manufacturing Co. Pvt. Ltd., completed on 31 March 2015. This extraordinary transaction was the final step in the rationalisation of the organisational structure of the Indian subsidiaries.



# Company office holders

## **Board of Directors**

Chairman  
Managing Director  
Executive Director  
Executive Director and Group General Manager  
Executive Director  
Independent Director  
Independent Director

Roberto Selci  
Giancarlo Selci  
Alessandra Parpajola  
Stefano Porcellini  
Cesare Tinti  
Salvatore Giordano  
Elisabetta Righini

## **Board of Statutory Auditors**

Chairman  
Standing Statutory Auditor  
Standing Statutory Auditor  
Alternate Statutory Auditor  
Alternate Statutory Auditor

Giovanni Ciurlo  
Cristina Amadori  
Riccardo Pierpaoli  
Silvia Cecchini  
Nicole Magnifico

## **Control and Risk Committee – Remuneration Committee – Related-Party Transactions Committee**

Salvatore Giordano  
Elisabetta Righini

## **Supervisory Body**

Salvatore Giordano  
Domenico Ciccopiedi  
Elena Grassetto  
Elisabetta Righini

## **Independent Auditors**

KPMG S.p.A.



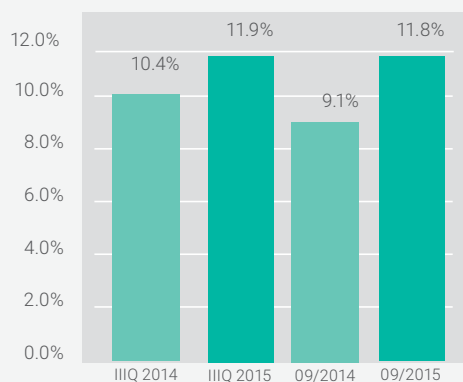
# Financial highlights

## Income Statement

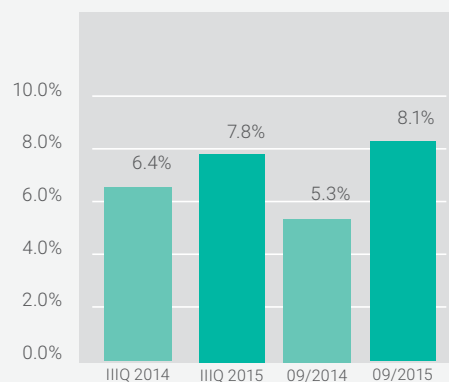
	30 September 2015	% on sales	30 September 2014	% on sales	Change %
<i>Euro 000's</i>					
Revenue from sales and services	365,131	100.0%	302,707	100.0%	20.6%
Added value <sup>(1)</sup>	150,703	41.3%	120,385	39.8%	25.2%
EBITDA (Gross operating profit) <sup>(1)</sup>	43,159	11.8%	27,540	9.1%	56.7%
Normalised EBIT (Normalised operating profit) <sup>(1)</sup>	29,726	8.1%	16,596	5.5%	79.1%
EBIT (Operating profit) <sup>(1)</sup>	29,498	8.1%	16,168	5.3%	82.4%
Profit for the period	14,875	4.1%	6,665	2.2%	123.2%

	III Q 2015	% on sales	III Q 2014	% on sales	Change %
<i>Euro 000's</i>					
Revenue from sales and services	119,578	100.0%	101,581	100.0%	17.7%
Added value <sup>(1)</sup>	48,780	40.8%	40,545	39.9%	20.3%
EBITDA (Gross operating profit) <sup>(1)</sup>	14,211	11.9%	10,579	10.4%	34.3%
Normalised EBIT (Normalised operating profit) <sup>(1)</sup>	9,547	8.0%	6,729	6.6%	41.9%
EBIT (Operating profit) <sup>(1)</sup>	9,318	7.8%	6,469	6.4%	44.0%
Profit for the period	4,375	3.7%	2,728	2.7%	60.3%

Ebitda Margin



Ebit Margin



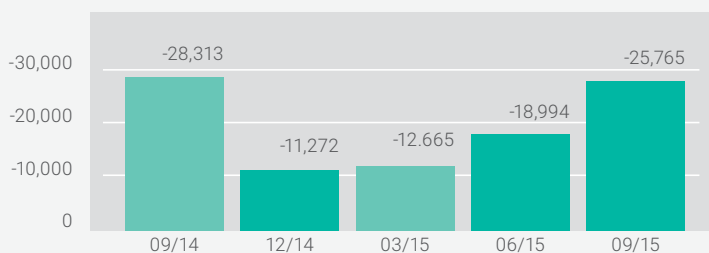
## Statement of Financial Position

	30 September 2015	31 December 2014	30 September 2014
<i>Euro 000's</i>			
Net Invested Capital <sup>(1)</sup>	161,449	134,464	145,474
Equity	135,684	123,192	117,160
Net financial indebtedness <sup>(1)</sup>	25,765	11,272	28,313
Net operating working capital <sup>(1)</sup>	75,436	55,612	63,400
Gearing (net financial position/equity)	0.19	0.09	0.24
Fixed asset/standing capital ratio	0.92	0.93	0.96

<sup>(1)</sup> Amounts referring to interim results and to aggregate equity and financial figures. The relevant calculation criteria are provided in the Directors' Report on Operations.

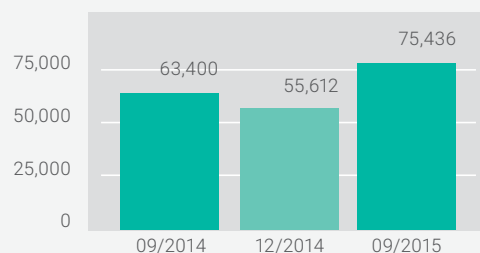
### Net financial indebtedness

Euro 000's



### Net operating working capital

Euro 000's



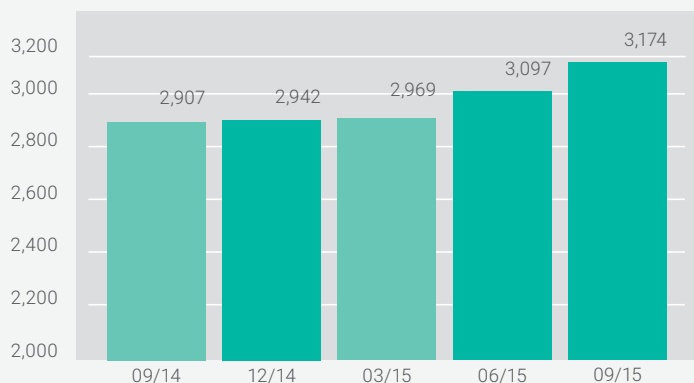
## Cash flow

	30 September 2015	30 September 2014
<i>Euro 000's</i>		
EBITDA (Gross operating profit)	43,159	27,540
Change in net working capital	(19,722)	(11,765)
Change in other operating assets/liabilities	(14,339)	1,572
<b>Operating cash flow</b>	<b>9,099</b>	<b>17,347</b>
Cash flow used in investment activity	(18,274)	(16,657)
<b>Cash flow</b>	<b>(9,175)</b>	<b>690</b>
Dividends paid	(9,824)	(4,879)
Treasury shares sold	4,498	479
Exchange rate gains (losses)	7	(668)
<b>Change in net financial indebtedness</b>	<b>(14,494)</b>	<b>(4,378)</b>

## Personel

	30 September 2015	30 September 2014
Number of employees at period end	3,174	2,907

### Number of employees



The figures include temporary staff.

# Directors' report on operations



MISSISSAUGA

# General economic overview

## The international business cycle

Global growth prospects for this year and the next are exposed to the risk that China's economy will slow down more than expected, affecting international trade.

Economic activity continues expanding in the main advanced economies, although at different rates. America's GDP rose more than expected in the second quarter (+3.9 percent), and the latest data point to continued growth in the third quarter, albeit at a more modest pace. In the United Kingdom, GDP continues growing in line with forecasts. Meanwhile, in Japan economic activity still appears unstable: GDP unexpectedly contracted in the second quarter (-1.2 percent), as both exports and consumption fell, and the indications for the third quarter are mixed.

As for emerging economies, recently the focus has been on China's slowdown, which contributed to depress commodity prices to their lowest level since the 2008-09 crisis. This negatively affects growth in the main exporting countries. Recessionary pressures have intensified in Brazil and Russia, causing confidence to deteriorate.

According to the International Monetary Fund's forecasts released in October, global economic activity will slow down this year. The IMF marginally lowered its 2015 projections for advanced economies and pared back more significantly those for emerging countries, especially in light of the severe downturn in Brazil and Russia. The world economy is expected to accelerate slightly in 2016, although there are now increased risks to the downside associated with a more serious slump in China and the tensions that the beginning of the US monetary policy normalisation may cause.

## Eurozone

In the second quarter, the Eurozone's GDP was up 0.4 percent on the previous quarter. Economic activity was driven mainly by foreign trade, as exports picked up steadily while imports fell. Among the area's major economies, GDP was up in Italy and Ger-

many and stagnated in France. The latest indicators suggest that during the summer economic activity grew at the same pace as in the previous quarter across virtually all the largest countries. However, there are new risks to the downside associated with the weakness in world trade and the turmoil in currency and financial markets.

According to the ECB's September projections, the Eurozone will grow 1.4 percent this year and 1.7 percent in 2016. Growth estimates were slightly lower than in June, especially because of the slowdown in trade with emerging countries.

## Italy

Based on the most recent data, Italy seems to be out of its long recession. In the second quarter, economic activity was up 0.3 percent on the previous period, buoyed by domestic demand and specifically household spending—mostly in durable goods. Investments fell, especially in the construction industry, but the build-up of machinery, equipment and intangible goods, after slipping in the first quarter of this year, resumed the moderately positive trend that started in late 2014. Added value rose in the service and industrial sectors, whereas it fell once again in construction and agriculture. The most recent indicators suggest that in the third quarter GDP grew at the same pace as in the previous period, driven by the acceleration in services and manufacturing.

# Business sector review

## Ucimu - Sistemi per produrre

In the third quarter of 2015, the machine tools order index, prepared by the Business Culture and Research Centre of UCIMU-SISTEMI PER PRODURRE, recorded a 16.3% increase on the prior-year period. Specifically, domestic orders were up 5% year-on-year, and foreign orders did even better, rising by 18.5%.

Luigi Galdabini, the Chairman of UCIMU-SISTEMI PER PRODURRE, stated: "the survey confirms that Italy's machine tools industry is doing well, showing that it is capable of seizing the opportunities offered by the recovery in domestic and international demand".

## Acimall

According to Acimall (the Association of Italian manufacturers of machines and accessories for processing wood), the third quarter showed a robust increase in orders, consolidating the recovery that began in early 2015. The most positive element is the double-digit growth in the domestic market. In addition, the super depreciation provisions recently introduced in the Budget Law should give further momentum to the demand starting from the fourth quarter of 2015.

The customary survey, conducted among a statistical sample representing the entire sector, shows that the Italian woodworking machinery and machine tools industry grew 7.2% over the prior-year period. Foreign orders rose 6.9%, while domestic ones were up 12.5%.

As for the survey outlining the sector's short-term trend, the indications for the next quarter are generally favourable. The balance for foreign markets is positive, whereas for Italy opinions vary among respondents.

## VDMA

In September 2015, machine tool orders in Germany dropped by 13 percent compared to the previous year. Indeed, the VDMA (Verband Deutscher Maschinen -und Anlagenbau e.V - German Engineering Federation), which represents the various segments of the mechanical engineering industry, reported a 1% rise in domestic activity and an 18% fall in foreign trade year-on-year.

On a quarterly basis, less influenced from short-term fluctuations, between July and September 2015 orders contracted by 1% compared to the prior-year period. Domestic orders were up 8%, whereas foreign orders slipped by 6%.

"The mechanical engineering industry has deteriorated during the year due to China's slowdown. So far, however, it has managed to compensate for it by expanding in the conventional industrialised markets", said Ralph Wiechers, the VDMA chief economist.

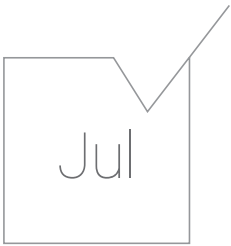


# Main events



Events & exhibitions

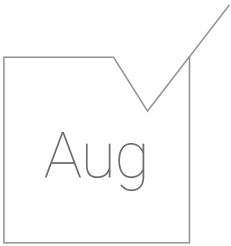




On 7 July 2015, the Pesaro-Urbino chapter of Confindustria - the Italian employers' association—held its general meeting for the first time on a company's premises (specifically, at Biesse's new Tech Centre). The title of the event was "Our history: energy for the future".

From 22 to 25 July 2015, Biesse America took part in the 2015 AFWS Fair in Las Vegas, attracting over 1000 visitors from 750 companies—an astounding success. Biesse showcased a comprehensive range of machines, from entry-level products to cutting-edge technological solutions.





From 6 to 8 August 2015, São Paulo hosted the Grand Opening of Intermac do Brasil, the new Latin American branch of the Glass and Stone Division that will bolster the Group's presence in this strategic country.





From 8 to 12 September 2015, the CIFF - China International Furniture Fair - was held in Shanghai. Visitors had the opportunity to attend demonstrations of Biesse's latest technological innovations.

On 15 September 2015, Biesse participated in the event "Italian Stock Market Opportunities Conference", organised by Banca IMI, meeting the Italian and international financial community.

On 21 September 2015, Biesse S.p.A. entered into an agreement to buy 80% of the Turkish company Nury Baylar A.S. for €970 thousand. The Istanbul-based firm has been selling woodworking machinery since 1971. The acquisition closed in the first few days of October with the transfer of the shares.

From 30 September to 3 October 2015, Intermac and Diamut were at the 50th edition of Marmomacc 2015, the world's largest event for the stone industry. The event was held in Verona and attracted an impressive number of visitors.





TRAKIYE



the 34th Biesse  
Group Subsidiary  
**BiesseGroup'un 34.  
Grup Şirketi**

Biesse Grouping is present in Turkey through its subsidiary company, in order to be at the head of the Turkish group manufacturing industry.

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On 5 October 2015, Biesse took part in the “STAR Conference 2015” organised by Borsa Italiana in London, meeting the international financial community.

From 5 to 10 October 2015, HSD Mechatronics was in Milan at EMO, the international trade show dedicated to the machine tool, robot and automation industry. This year’s edition set a record with visitors coming from 120 countries.

From 6 to 9 October 2015, the BWS and Drema trade fairs, both dedicated to woodworking technologies, were simultaneously held in Salzburg and Poland, respectively.

From 6 to 10 October 2015, Intermac and Diamut attended Vitrum, the international trade show dedicated to glass processing technologies, in Milan. Visitors had the opportunity to see Diamut’s machine tools in action during a demonstration at the Intermac Live Demo Area.

From 10 to 14 October 2015, Biesse participated in the Tüyap Wood Processing Machinery show in Istanbul. On the occasion, it announced the opening of the new Turkish subsidiary, the result of a Joint Venture with Nury Baylar.

Effective 15 October 2015, Biesse is listed on the FTSE Italia Mid Cap index, meeting the relevant free float and liquidity requirements. Therefore, starting from said date, Biesse is no longer listed on the Small Cap index, although it is still part of the STAR segment.

From 15 to 17 October 2015, a new edition of Biesse Inside was held at the company’s Headquarters in Pesaro, attracting visitors from all over the world. They had the opportunity to learn about Biesse’s latest technologies and visit the manufacturing facilities, taking a close look at the machines as they communicated among themselves through automation systems and real-time networking software.

On 29 October 2015, the controlling shareholder Bi.Fin. S.r.l. completed the placement of 2,044,500 Biesse ordinary shares, representing 7.464% of the share capital. This way, Bi.Fin S.r.l. wants to support and increase the liquidity of Biesse’s stock, also in light of the growing interest from Italian and international institutional investors.

## Events & exhibitions



# Financial statements

## Income Statement for the third quarter of 2015

	30 September 2015	% on sales	30 September 2014	% on sales	Change %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>119,578</b>	<b>100.0%</b>	<b>101,581</b>	<b>100.0%</b>	<b>17.7%</b>
Change in inventories, wip, semi-finished and finished goods	(1,364)	(1.1)%	(934)	(0.9)%	46.1%
Other revenue	580	0.5%	296	0.3%	95.9%
<b>Revenue</b>	<b>118,794</b>	<b>99.3%</b>	<b>100,943</b>	<b>99.4%</b>	<b>17.7%</b>
Consumption of raw materials, consumables, supplies and goods	(46,258)	(38.7)%	(39,740)	(39.1)%	16.4%
Other operating expense	(23,755)	(19.9)%	(20,659)	(20.3)%	15.0%
<b>Added Value</b>	<b>48,780</b>	<b>40.8%</b>	<b>40,545</b>	<b>39.9%</b>	<b>20.3%</b>
Personnel expense	(34,570)	(28.9)%	(29,966)	(29.5)%	15.4%
<b>Gross Operating profit</b>	<b>14,211</b>	<b>11.9%</b>	<b>10,579</b>	<b>10.4%</b>	<b>34.3%</b>
Depreciation and amortisation	(3,911)	(3.3)%	(3,280)	(3.2)%	19.2%
Provisions	(753)	(0.6)%	(569)	(0.6)%	32.4%
<b>Normalised Operating profit</b>	<b>9,547</b>	<b>8.0%</b>	<b>6,729</b>	<b>6.6%</b>	<b>41.9%</b>
Impairment losses and non recurring items	(229)	(0.2)%	(260)	(0.3)%	(12.1)%
<b>Operating profit</b>	<b>9,318</b>	<b>7.8%</b>	<b>6,469</b>	<b>6.4%</b>	<b>44.0%</b>
Net finance expense	(434)	(0.4)%	(404)	(0.4)%	7.4%
Net exchange rate losses	(819)	(0.7)%	(656)	(0.6)%	24.9%
<b>Pre-tax profit</b>	<b>8,064</b>	<b>6.7%</b>	<b>5,409</b>	<b>5.3%</b>	<b>49.1%</b>
Income taxes	(3,690)	(3.1)%	(2,681)	(2.6)%	37.6%
<b>Profit for the period</b>	<b>4,375</b>	<b>3.7%</b>	<b>2,728</b>	<b>2.7%</b>	<b>60.3%</b>

## Income Statement at 30 September 2015

	30 September 2015	% on sales	30 September 2014	% on sales	Change %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>365,131</b>	<b>100.0%</b>	<b>302,707</b>	<b>100.0%</b>	<b>20.6%</b>
Change in inventories, wip, semi-finished and finished goods	15,216	4.2%	6,497	2.1%	134.2%
Other revenue	2,559	0.7%	1,037	0.3%	146.7%
<b>Revenue</b>	<b>382,906</b>	<b>104.9%</b>	<b>310,242</b>	<b>102.5%</b>	<b>23.4%</b>
Consumption of raw materials, consumables, supplies and goods	(156,337)	(42.8)%	(126,210)	(41.7)%	23.9%
Other operating expense	(75,865)	(20.8)%	(63,647)	(21.0)%	19.2%
<b>Added Value</b>	<b>150,703</b>	<b>41.3%</b>	<b>120,385</b>	<b>39.8%</b>	<b>25.2%</b>
Personnel expense	(107,544)	(29.5)%	(92,845)	(30.7)%	15.8%
<b>Gross Operating profit</b>	<b>43,159</b>	<b>11.8%</b>	<b>27,540</b>	<b>9.1%</b>	<b>56.7%</b>
Depreciation and amortisation	(11,681)	(3.2)%	(9,640)	(3.2)%	21.2%
Provisions	(1,752)	(0.5)%	(1,304)	(0.4)%	34.4%
<b>Normalised Operating profit</b>	<b>29,726</b>	<b>8.1%</b>	<b>16,596</b>	<b>5.5%</b>	<b>79.1%</b>
Impairment losses and non recurring items	(229)	(0.1)%	(428)	(0.1)%	(46.6)%
<b>Operating profit</b>	<b>29,498</b>	<b>8.1%</b>	<b>16,168</b>	<b>5.3%</b>	<b>82.4%</b>
Net finance expense	(791)	(0.2)%	(1,227)	(0.4)%	(35.5)%
Net exchange rate losses	(2,218)	(0.6)%	(1,030)	(0.3)%	115.3%
<b>Pre-tax profit</b>	<b>26,489</b>	<b>7.3%</b>	<b>13,912</b>	<b>4.6%</b>	<b>90.4%</b>
Income taxes	(11,614)	(3.2)%	(7,246)	(2.4)%	60.3%
<b>Profit for the period</b>	<b>14,875</b>	<b>4.1%</b>	<b>6,665</b>	<b>2.2%</b>	<b>123.2%</b>

# Directors' report on operations

At the end of the third quarter of 2015, the Group's position is still positive both in terms of short-term trend (orders received) and results achieved (profitability). Concerning the financial position, the Group's net financial indebtedness amounted to €25.8 million, up from €14.5 million in December 2014 due to, among other things, non-operating expenses such as the 2014 dividend distribution (totalling €9.8 million).

As for the order intake, at the end of September 2015 there was an approximately 12.9% increase on the prior-year period overall (€316 million compared to €280 million of the same period last year), confirming the positive trend already seen in the first six months of the year (+13% over the same period of 2014).

This, combined with the sales forecasts for the last quarter of the year, determined the increase in finished and semi-finished product inventories at the end of the period, so as to support sales in the fourth quarter.

As regards the performance for the period, in the first nine months of the year the Group's revenue amounted to €365,131 thousand, sharply up compared to the prior-year period (+20.6%). Also the third quarter, which usually is not the best quarter of the year, confirmed and consolidated the positive trend: the Group generated €119,578 thousand in revenue, up 17.7% compared to the prior-year period (€101,581 thousand).

In the first nine months of 2015, added value totalled €150,703 thousand, up 25.2% year-on-year (or up 20.3% with reference to the third quarter only).

EBITDA for the first nine months of 2015 totalled €43,159 thousand, up €15,620 thousand compared with the same period last year (+56.7%). As a percentage of revenue, it increased from 9.1% to 11.8%. EBIT improved in the same period as well, rising by €13,330 thousand (€29,498 thousand in 2015 compared to €16,168 thousand in the prior year). As a percentage of revenue, it increased from 5.3% to 8.1%.

As detailed in the following Notes, the Wood and Glass/Stone Divisions reported excellent results for the first nine months of 2015, thanks to the increase in sales volumes (+21.8% and +21.2%, respectively), the different sales mix by distribution channel (increasing importance of their own sales branches, with significant investments in the direct sales force) and by product (high-end items with a greater technological content), and improvements in production efficiency. Also the Mechatronics Division performed strongly, continuing to grow volumes and profits.

The third quarter helped improve the Group's performance, with EBITDA rising by €3,632 thousand and EBIT by €2,849 thousand.

As for the financial position, net operating working capital was up nearly €19.8 million from December 2014. This was mainly due to the approximately €25.5 million increase in in-

ventories. It should be noted that the company has been building up inventories to support the scheduling of the deliveries planned for the final part of the year, especially as far as the subsidiaries are concerned. This is necessary to meet the year-end targets. In terms of overall working capital, the impact was partially offset by the nearly €22.1 million increase in trade payables, while trade receivables rose about €16.4 million.

Net operating working capital was up approximately €12 million year-on-year.

Finally, as at 30 September 2015 the Group's net indebtedness totalled approximately €25.8 million, up from 31 December 2014 but down nearly €2.5 million from 30 September 2014, largely as a result of the cash flows resulting from the considerable improvement in operating performance.

## Notes to the financial statements

Net revenue for the first nine months of 2015 totalled €365,131 thousand, up 20.6% compared to 30 September 2014 (€302,707 thousand). This trend was confirmed by the third quarter's positive performance: net revenue amounted to €119,578 thousand, sharply up (+17.7%) compared to the prior-year period (€101,581 thousand).

The breakdown of revenue by segment shows that, compared to the same period in 2014, all Divisions registered increases. Specifically, the Wood and Glass/Stone Divisions improved their performance by +21.8% (with revenue rising from €217,921 thousand to €265,337 thousand) and +21.2% (revenue up from €46,573 thousand to €56,469 thousand), respectively. The Mechatronics Division grew 17.2%, and also the Tooling (+3.0%) and Components (+3.7%) Divisions made some progress.

The geographical breakdown of sales compared to the prior-year period showed a particularly positive performance for North America (+54.4%), accounting for a larger share of consolidated turnover (from 14.1% to 18.1%). Also Western Europe had a strong showing (+23.0%), confirming its position as the Group's reference market and increasing its share of consolidated turnover from 39.0% to 39.7%. Finally, also Asia-Oceania and the Rest of the World grew significantly—by 17.9% and 15.2%, respectively. The only area that saw a decline was Eastern Europe (-2.8% compared with the prior-year period), mainly because of the severe contraction of the Russian market.

For further details on the sales analysis, see the following tables in the Segment reporting section.

Other revenue included €1,244 thousand in non-recurring income arising from the acquisition of Viet S.r.l. in liquidation and the ensuing termination of the relevant business lease agreement. In accordance with the purchase offer, in the period between the bid's submission and the company's acquisition, the Biesse Group paid €741 thousand under the business lease and set aside €503 thousand for future charges concerning the residual value guarantee for property, plant and equipment.

Since the Group successfully completed the acquisition, the amounts paid under the lease were considered as a down-payment on the acquisition of Viet S.r.l. in liquidation, in accordance with the purchase agreement. Concerning the property, plant and equipment used during the lease but not owned by the acquiree, at the end of the lease they were returned to the lessor without paying any amount to the latter; therefore, the residual value guarantee was reversed through profit or loss.

Inventories rose €25.5 million overall from 31 December 2014. The change was largely due to the €4.0 million increase in semi-finished products, the €8.6 million increase in raw materials, and the €13.0 million increase in inventories of finished goods, as the company prepared to meet the deliveries planned for the next few months in order to accomplish the year-end targets.

The value of production for the first nine months of 2015 amounted to €382,906 thousand, up 23.4% from €310,242 thousand as at September 2014.

The quarterly analysis shows a €1,364 thousand decrease in stock production (in the third quarter of 2014, inventories of finished and semi-finished products declined by €934 thousand); overall, the value of production thus increased by €17,851 thousand (+17.7%) compared with the same period in 2014.

The analysis of consumption and other operating expenses as a proportion of the value of production, rather than of revenue, shows a stable adsorption of raw materials (40.8% compared to 40.7% at 30 September 2014).

Other operating expenses, although they were up in absolute terms, fell from 20.5% to 19.8%. They largely refer to "Services" (€11,351 thousand), which consist of both "variable" cost items (for example: outsourced processing, third party technical services, sales commissions and transport fees) and "fixed" cost items (travel and lodging expenses, trade fairs and maintenance).

	30 September 2015	%	30 September 2014	%
<i>Euro 000's</i>				
<b>Revenue</b>	<b>382,906</b>	<b>100.0%</b>	<b>310,242</b>	<b>100.0%</b>
Consumption of raw materials and goods	156,337	40.8%	126,210	40.7%
Other operating expense	75,865	19.8%	63,647	20.5%
<i>Service costs</i>	65,680	17.2%	54,329	17.5%
<i>Use of third party assets</i>	6,298	1.6%	5,590	1.8%
<i>Sundry operating expense</i>	3,888	1.0%	3,727	1.2%
<b>Added Value</b>	<b>150,703</b>	<b>39.4%</b>	<b>120,385</b>	<b>38.8%</b>

In the first nine months of 2015, added value totalled €150,703 thousand, up 25.2% compared to the same period last year (€120,385 thousand). As a percentage of revenue, it rose from 39.8% to 41.3%.

In the first nine months of 2015, personnel expense amounted to €107,544 thousand, up €14,699 thousand (+15.8%) compared to the prior-year period (€92,845 thousand). The increase was largely attributable to the fixed costs represented by wages and salaries (€13,204 thousand, +15.0% year-on-year) and the variable costs related to performance and other bonuses (€783 thousand, +13.1% on the prior-year period).

At 30 September 2015, EBITDA was positive to the tune of €43,159 thousand, compared to €27,540 thousand at 30 September 2014. In the third quarter of 2015, it amounted to €14,211 thousand, compared to €10,579 thousand in the same period last year.

Depreciation and amortisation rose 21.2% overall (from €9,640 thousand in 2014 to €11,681 thousand this year). Depreciation increased by €751 thousand (up 17.3% from €4,344 thousand to €5,095 thousand), and amortisation by €1,290 thousand (from €5,296 thousand to €6,586 thousand, +24.4%).

Provisions totalled €1,752 thousand, up from €1,304 thousand in the first nine months of 2014, mainly due to the adjustment to the product warranty provision (€391 thousand).

Impairment losses and non-recurring items were negative to the tune of €229 thousand and referred to development costs no longer considered strategic.

As regards financing activities, finance expense amounted to €791 thousand, down a significant 35.5% compared to the same period in 2014 (€1,277 thousand).

Exchange risk management in the first nine months resulted in a loss of €2,218 thousand, compared to the €1,030 thousand loss in the prior-year period.

Pre-tax profit amounted to €26,489 thousand.

The estimated balance of tax items was a negative €11,614 thousand. The impact relating to current taxes was a negative €10,166 thousand (IRAP – regional business tax: €1,568 thousand; IRES – corporate income tax: €5,348 thousand; taxes from foreign jurisdictions: €2,367 thousand; prior years' taxes: €841 thousand; other taxes: €42 thousand) while deferred taxes were negative to the tune of €1,448 thousand.

Therefore, profit for the first nine months of 2015 amounted to €14,875 thousand.

## Net financial position at 30 September 2015

	30 September 2015	30 June 2015	31 March 2014	31 December 2014	30 September 2014
<i>Euro 000's</i>					
Financial assets:	44,525	47,189	60,297	54,359	29,913
<i>Current financial assets</i>	16	17	26	1,048	1,095
<i>Cash and cash equivalents</i>	44,508	47,172	60,271	53,310	28,818
Short term finance lease payables	(422)	(408)	(412)	(301)	(297)
Short term bank loans and borrowings and loans from other financial backers	(36,503)	(31,640)	(29,402)	(20,511)	(29,673)
<b>Short-Term Net Financial Position</b>	<b>7,600</b>	<b>15,141</b>	<b>30,484</b>	<b>33,547</b>	<b>(58)</b>
Medium/Long-term finance lease payables	(1,555)	(1,672)	(1,769)	(1,659)	(1,736)
Medium/Long-term bank loans and borrowings	(31,810)	(32,463)	(41,380)	(43,159)	(26,520)
<b>Medium/Long-term Net Financial Indebtedness</b>	<b>(33,365)</b>	<b>(34,135)</b>	<b>(43,149)</b>	<b>(44,818)</b>	<b>(28,256)</b>
<b>Total Net Financial Indebtedness</b>	<b>(25,765)</b>	<b>(18,994)</b>	<b>(12,665)</b>	<b>(11,272)</b>	<b>(28,313)</b>

At 30 September 2015, the Group's net financial indebtedness was approximately €25.8 million (gearing = 0.19). This marked an improvement over the prior-year period (- €2.5 million), but also a €14.5 million increase from 31 December 2014 that may be considered the inevitable result of the Group's business.

The figure at 30 September 2015 reflected the distribution of the 2014 dividend to shareholders, amounting to nearly €9.8 million. Furthermore, the consolidation of the company Pavit S.r.l. caused the net financial position to deteriorate by €1.9 million compared to the end of the previous year.

In addition, during the first half Biesse S.p.A. disposed of 322,467 treasury shares at an average price of €13.905 per share (gross total: €4.483 million) and awarded 57,612 shares to Biesse employees under the Long-Term Incentive Plan (LTI).

Using the necessary caution in looking at the outlook for the reference market and the international political and economic scenario, in the final months of 2014 the Group expects a further increase in the cash flows from operations, also due to the seasonality factor.

## Summary Statement of Financial Position

	30 September 2015	31 December 2014	30 September 2014
<i>Euro 000's</i>			
Intangible assets	57,397	52,584	51,195
Property, plant and equipment	67,150	61,865	61,759
Financial assets	1,543	1,478	1,443
<b>Non current assets</b>	<b>126,090</b>	<b>115,927</b>	<b>114,397</b>
Inventories	123,600	98,051	103,762
Trade receivables	97,074	80,714	76,758
Trade payables	(145,238)	(123,153)	(117,120)
<b>Net Operating Working Capital</b>	<b>75,436</b>	<b>55,612</b>	<b>63,400</b>
Post-employment benefits	(13,279)	(14,484)	(13,619)
Provision for risk and charges	(10,427)	(8,915)	(9,544)
Other net payables	(25,954)	(25,253)	(20,726)
Net deferred tax assets	9,584	11,576	11,565
<b>Other net liabilities</b>	<b>(40,077)</b>	<b>(37,076)</b>	<b>(32,324)</b>
<b>Net Invested Capital</b>	<b>161,449</b>	<b>134,464</b>	<b>145,474</b>
Share capital	27,393	27,393	27,393
Profit/loss for the previous year/period and other reserves	93,228	81,834	82,938
Profit for the period	14,841	13,766	6,637
Non-controlling interests	222	200	193
<b>Equity</b>	<b>135,684</b>	<b>123,192</b>	<b>117,160</b>
Bank loans and borrowings and loans from other financial backers	70,290	65,630	58,226
Other financial assets	(16)	(1,048)	(1,095)
Cash and cash equivalents	(44,508)	(53,310)	(28,818)
<b>Net financial indebtedness</b>	<b>25,765</b>	<b>11,272</b>	<b>28,313</b>
<b>Total sources of funding</b>	<b>161,449</b>	<b>134,464</b>	<b>145,474</b>

Compared to 31 December 2014, net intangible assets increased by €4.8 million. This was largely because of the capitalisation of approximately €6 million in R&D expenses for new products, €1.5 million in new ICT investments, and €2.6 million in trademarks, patents and know how acquired as part of the acquisition of the business unit Viet S.r.l. in liquidation—all net of the relevant amortisation for the period (about €6.6 million).

Compared to 31 December 2014, net intangible assets rose €5.3 million. Besides the amounts concerning the regular replacement of work equipment, the Group bolstered the Biesse America and Biesse Asia branches (spending a total €1.8 million), opening the new service centre in Anaheim (California) and the new sales office in Kuala Lumpur (Malaysia). There were also nearly €3.2 million in investments in plants and equipment, associated with the relocation of the manufacturing facilities of HSD S.p.a. and Viet Italia S.r.l. to Gradara (province of Pesaro and Urbino) and Pesaro, respectively. Finally, the reported amount includes the facility and the relevant plants and machines of Pavit S.r.l. acquired following the purchase of the parent Viet S.r.l. in liquidation.

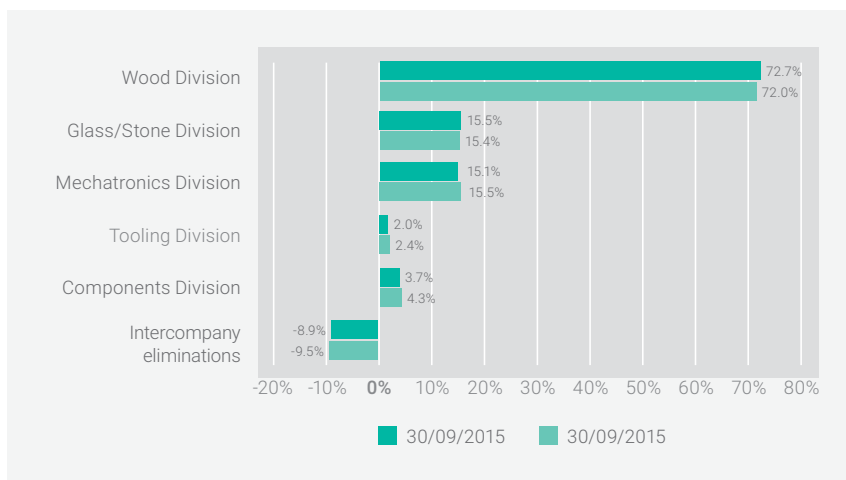
Inventories rose €25,549 thousand overall since the end of last year. This was mainly due to the €8,623 thousand increase in raw materials and the €13,028 thousand increase in finished products, so as to support the scheduling of the deliveries planned for the last months of the year and thus accomplish the 2015 targets.

The rise in inventories was also affected by €727 thousand in exchange rate differences.

With reference to the other items of Net Operating Working Capital, which was up nearly €19,824 thousand compared to 31 December 2014, trade payables grew by €22,085 thousand and trade receivables by €16,360 thousand. Lastly, the overall change in Net Operating Working Capital was negatively affected by exchange rate differences totalling €493 thousand.

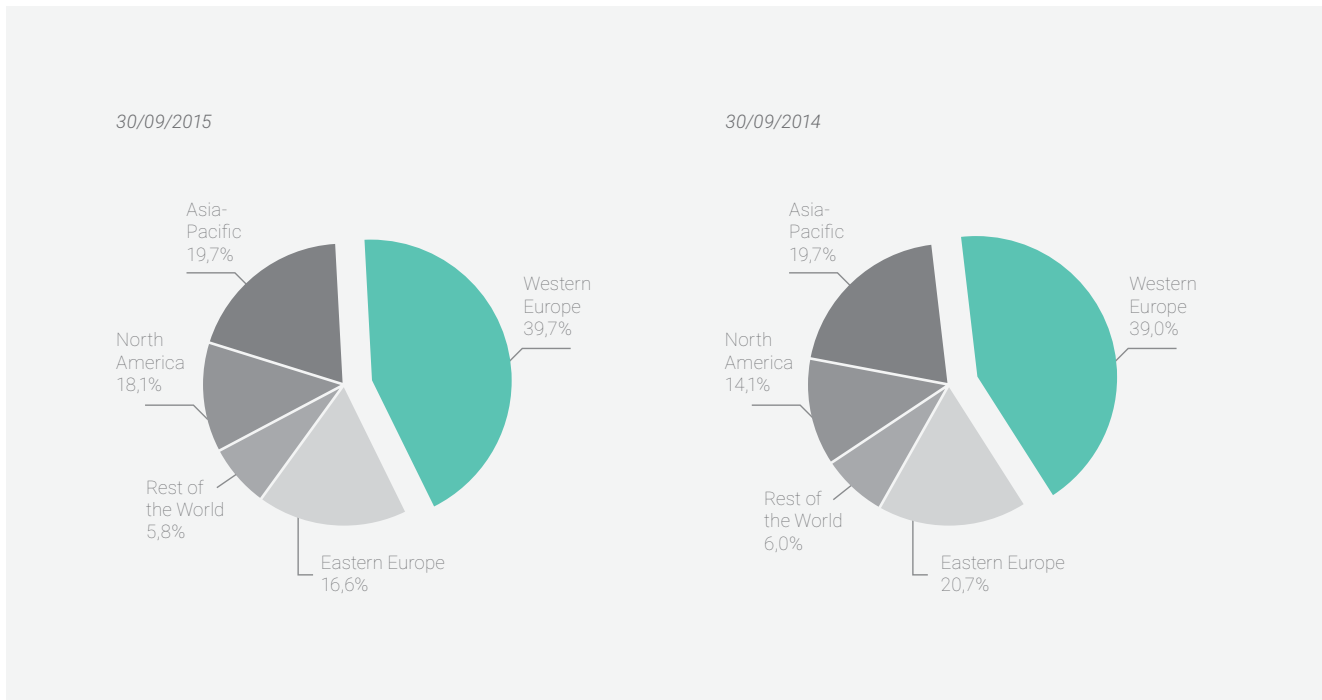
## Segment reporting - Breakdown by division

	30 September 2015	% on sales	30 September 2014	% on sales	Var % 2015/2014
<i>Euro 000's</i>					
Wood Division	265,337	72.7%	217,921	72.0%	21.8%
Glass/Stone Division	56,469	15.5%	46,573	15.4%	21.2%
Mechatronics Division	54,984	15.1%	46,908	15.5%	17.2%
Tooling Division	7,394	2.0%	7,178	2.4%	3.0%
Components Division	13,492	3.7%	13,013	4.3%	3.7%
Intercompany eliminations	(32,544)	(8.9)%	(28,885)	(9.5)%	12.7%
<b>Total</b>	<b>365,131</b>	<b>100.0%</b>	<b>302,707</b>	<b>100.0%</b>	<b>20.6%</b>



## Segment reporting - Breakdown by geographical area

	30 September 2015	%	30 September 2014	%	Var % 2015/2014
<i>Euro 000's</i>					
Western Europe	145,092	39.7%	117,977	39.0%	23.0%
Asia-Pacific	72,057	19.7%	61,091	20.2%	17.9%
Eastern Europe	60,789	16.6%	62,527	20.7%	(2.8)%
North America	66,097	18.1%	42,798	14.1%	54.4%
Rest of the World	21,096	5.8%	18,314	6.0%	15.2%
<b>Total</b>	<b>365,131</b>	<b>100.0%</b>	<b>302,707</b>	<b>100.0%</b>	<b>20.6%</b>





# Annex

	30 September 2015	% on sales	30 September 2014	% on sales	Change %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>365,131</b>	<b>100.0%</b>	<b>302,707</b>	<b>100.0%</b>	<b>20.6%</b>
Other revenues	2,559	0.7%	1,037	0.3%	146.7%
Net Revenues	367,690	100.7%	303,745	100.3%	21.1%
<b>COGS</b>	<b>(174,743)</b>	<b>(47.9)%</b>	<b>(147,257)</b>	<b>(48.6)%</b>	<b>18.7%</b>
Gross Profit	192,948	52.8%	156,487	51.7%	23.3%
Overhead	(42,244)	(11.6)%	(36,102)	(11.9)%	17.0%
<b>Added Value</b>	<b>150,703</b>	<b>41.3%</b>	<b>120,385</b>	<b>39.8%</b>	<b>25.2%</b>
Personnel expense	(107,544)	(29.5)%	(92,845)	(30.7)%	15.8%
<b>Gross Operating Income (EBITDA)</b>	<b>43,159</b>	<b>11.8%</b>	<b>27,540</b>	<b>9.1%</b>	<b>56.7%</b>
Depreciation and amortisation	(11,681)	(3.2)%	(9,640)	(3.2)%	21.2%
Provisions	(1,752)	(0.5)%	(1,304)	(0.4)%	34.4%
<b>Normalised Operating profit</b>	<b>29,726</b>	<b>8.1%</b>	<b>16,596</b>	<b>5.5%</b>	<b>79.1%</b>
Impairment losses and non recurring items	(229)	(0.1)%	(428)	(0.1)%	(46.6)%
<b>Net Operating Income (EBIT)</b>	<b>29,498</b>	<b>8.1%</b>	<b>16,168</b>	<b>5.3%</b>	<b>82.4%</b>
Financial revenues and expenses	(791)	(0.2)%	(1,227)	(0.4)%	(35.5)%
Net exchange rate losses	(2,218)	(0.6)%	(1,030)	(0.3)%	115.3%
<b>Pre-tax profit</b>	<b>26,489</b>	<b>7.3%</b>	<b>13,912</b>	<b>4.6%</b>	<b>90.4%</b>
Taxes	(11,614)	(3.2)%	(7,246)	(2.4)%	60.3%
<b>Profit for the period</b>	<b>14,875</b>	<b>4.1%</b>	<b>6,665</b>	<b>2.2%</b>	<b>123.2%</b>

## Certification pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance

The Manager charged with preparing the company's financial reports declares that, pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, the accounting information contained herein corresponds to the results contained in the documentary evidence and accounting books and records.

Manager charged with preparing the  
company's financial reports  
Cristian Berardi

