

# approves the Interim Financial Report for the six month period to 30 June 2016

Compared to the same period of 2015:

- revenues, net profit and order intake all increase
- order backlog at a record high
- net debt falls

<i>Euro million</i>	June 2016 - IH	June 2015 - IH
Consolidated revenues	283.4	245.5
Gross operating profit (EBITDA)	30.4	29.0
Operating profit (EBIT)	20.9	20.2
Net profit	11.9	10.5
Net debt	0.5	19.0

Pesaro, 3 August 2016 - The Board of Directors of Biesse S.p.A., a company listed on the STAR Segment of the Italian Stock Exchange has today approved the Consolidated Financial Statements for the **First Semester 2016**.

The Group results for the period **1 January 2016 - 30 June 2016** are as follows:

- net consolidated **revenues** of Euro 283.4 million (**+15.4%** compared to the same period of 2015)
- **value added** of Euro 116.4 million (**+14.2%** compared to the same period of 2015)
- gross operating profit (EBITDA) Euro 30.4 million (**+5.1%** compared to the same period of 2015)
- net operating profit (EBIT) Euro 20.9 million (**+3.5%** compared to the same period of 2015)
- **pre-tax profit** Euro 21.0 million (**+14.0%** compared to the same period of 2015)
- **net profit** Euro 11.9 million (**+13.7%** compared to the same period of 2015)
  - EPS Euro 0.435 (Euro 0.383 at 30 June 2015)
  - tax rate 43.2% (43.0% at 30 June 2015 and 45.3% at 31 December 2015)

*"It is worth highlighting the extraordinary ability of the Biesse Group to generate organic revenue growth (+15.4% year-on-year in the first semester 2016) despite the existing political and economic turbulence" commented Mr. Stefano Porcellini Executive member of the Biesse Board of Directors and Group General Manager. "The problems in Turkey and the negative implications – in terms of volatility – of Brexit have now been added to those caused by the recessions in Brazil and Russia. Nevertheless", continued Mr Porcellini, "we have achieved an increase of 16.1% in order intake (compared to 30 June 2015) and a record order backlog (of over Euro 178 million). This is largely due to the untiring efforts made to improve the distribution network in recent years and to our reputation, which has never been stronger, for product innovation and reliability.*

*Biesse has reconfirmed its position as the leading Italian group in machinery for working wood, glass and stone and the second largest company in the sector worldwide in terms of revenues with growth that is significantly higher than that of our German competitor.*

*The sharp increase in revenues in the second quarter of 2016 (+24.9% year-on-year) has meant a similar increase in investments in personnel to manage this sudden growth. Therefore, the investments scheduled for the next two years have been brought forward. This decision will lead to an increase in personnel costs in 2016 as 150 new jobs planned for 2017 in the industrial and services areas have been brought forward. This could imply a small downgrade to profit forecasts for the current financial year but they remain in line with the medium-term targets in the three-year industrial plan."*

**Group net debt at 30 June 2016 was Euro 0.5 million, a decrease of Euro 11.2 million** compared to the figure at 31 March 2015 and was net of the ordinary dividend pay-out and the cash-out for the acquisition of Uniteam S.p.A.. There was also a significant improvement in net debt compared to the same period of the previous financial year (**Euro 18.5 million lower**). The change in net debt since the start of the financial year, net of extraordinary items, was substantially unchanged (**Euro 0.6 million**).

The focus continues to be on the performance of the main Group operating figures: **in the first semester 2016**, net operating working capital fell almost Euro 5 million primarily due to higher trade payables. The figure for average days sales outstanding (DSO) was in line with the historic figure for the Group (64 days) whilst the average days payable outstanding (DPO) rose (122 days).

Debt/Equity was **0.30x** compared to 0.50x at 30 June 2015

Net invested capital was **Euro 141.7 million** (Euro 151.0 million in the first semester 2015).

Net equity was **Euro 141.2 million** (Euro 132.0 million in the first semester 2015).

#### **Orders – Events - Personnel**

The Group order intake (machinery) rose in the first semester 2016, **+16.1%** year-on-year with an increase that was uniformly spread over different product areas

The order portfolio rose **27.8%** (compared to the figure at 30 June 2015) reaching a record level of **Euro 178.5 million** (at **31 March 2016** it was Euro162.8 million and at **31 December 2015** it was Euro141.4 million). Following the excellent outcome of the important trade fairs (Legno in Italy and Xylexpo in Milan 24-28 May), Biesse also had considerable success at the Australian trade fair held on 6 - 9 July (AWISA – Melbourne) where it received almost 20 million Australian Dollars of orders and announced the creation of a new 5,000

square metre Campus (Biesse Group Campus) in Sydney.

Also showcased at this fair were Industrial Revolution 4.0 developments, innovations achieved in the design of integrated plant (panels and solid wood) and software solution innovations (bSolid).

The number of Group employees rose to over **3,450** (55% in Italy) excluding temporary staff.

The newly acquired company, Uniteam S.p.A., based in Thiene (Vicenza), was consolidated within the Group. The company specialises in the design and production of multi-axial numerical control workstations that are primarily used in the woodworking sector and for working advanced materials for special applications used in sectors as diversified as the automotive, biomedical and aerospace sectors.

This acquisition (made on 19 May 2016) increases the product range of the Biesse Group and takes the latter into a strategic niche sector of woodworking (beams and structural facades) while increasing its presence in the sector for working plastic materials and advanced composites.

Including the Uniteam products in the Biesse extensive distribution network offers both opportunities and synergies

#### **Breakdown of revenues (by segment - geographical area)**

The predominance of the wood division was reconfirmed (71.0% of revenues) compared to both glass/stone (16.3%) and mechatronics (15.2%). Although the revenues generated by the advanced materials segment still do not permit it to be defined as an autonomous business division, by 30 June 2016 it had achieved 54% of its budgeted revenues for the year.

The Italian market accounted for **13.3% of revenues by geographical area** (12.9% at 31 March 2016, 12.4% at 31 December 2015 and 14.0% at 30 June 2015) confirming the importance of the domestic market and of its growth outlook.

Breakdown of consolidated revenues by geographical region were as follows:

- **Western Europe 43.0%** (41.7% in IH 2015) +19.0% **(Italy included)**
- **Eastern Europe 15.6%** (16.9% in IH 2015) -6.4%
- **North America 17.1%** (14.6% in IH 2015) + 35.2%
- **Asia Pacific 20.0%** (19.5% in IH 2015) + 18.1%
- **Rest of the World 4.4%** (7.3% in IH 2015) -30.9%

The increase (compared to the same period of 2015) in **North America, Western Europe** and **Asia Pacific** reflect the positive macroeconomic environment which, aided by financial incentives and tax breaks continues to support demand for capital goods.

At the moment, the immediate consequences of "Brexit" are not of significant importance for Biesse as it has no quantifiable or tangible effect on Group results. Any negative impact – should there be an international domino effect – will be analysed if any changes in economic and financial conditions occur.

#### Dividends

As previously announced on 29 April 2016, in May those shareholders with the relevant rights received a dividend of Euro 0.36 per share gross of withholding taxes. The total dividend pay-out was Euro 9,857,895.12.

#### Conference call

Today (3 August 2016 at 16.00 hours), following the announcement of the results, Biesse will hold a short conference call to comment on the First Semester 2016 operations. The audio file of the complete conference call will be immediately available on the company website [www.biessegroup.com](http://www.biessegroup.com) in the investor relations section together with a short presentation.

“In accordance with paragraph 2, clause 154-bis of the Testo Unico Finanziario (Consolidated Financial Law), the manager responsible for the preparation of the company accounting records of Gruppo Biesse, Dr. Cristian Berardi, declares that the company accounting information contained in the present communication corresponds to the results contained in the group’s records, books and accounts

FINANCIAL STATEMENTS

Consolidated Income Statement for the six months ended 30 June 2016

	1H 2016	% on sales	1H 2015	% on sales	CHANGE %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>283,439</b>	<b>100.0%</b>	<b>245,553</b>	<b>100.0%</b>	<b>15.4%</b>
Change in inventories, wip, semi-finished and finished goods	15,737	5.6%	16,579	6.8%	(5.1)%
Other revenue	2,222	0.8%	1,979	0.8%	12.3%
<b>Revenue</b>	<b>301,398</b>	<b>106.3%</b>	<b>264,112</b>	<b>107.6%</b>	<b>14.1%</b>
Consumption of raw materials, consumables, supplies and goods	(127,249)	(44.9)%	(110,079)	(44.8)%	15.6%
Other operating expense	(57,768)	(20.4)%	(52,110)	(21.2)%	10.9%
<b>Added Value</b>	<b>116,381</b>	<b>41.1%</b>	<b>101,923</b>	<b>41.5%</b>	<b>14.2%</b>
Personnel expense	(85,949)	(30.3)%	(72,974)	(29.7)%	17.8%
<b>Gross Operating profit</b>	<b>30,431</b>	<b>10.7%</b>	<b>28,949</b>	<b>11.8%</b>	<b>5.1%</b>
Depreciation and amortisation	(8,626)	(3.0)%	(7,770)	(3.2)%	11.0%
Provisions	(918)	(0.3)%	(999)	(0.4)%	(8.1)%
<b>Normalised Operating profit</b>	<b>20,887</b>	<b>7.4%</b>	<b>20,180</b>	<b>8.2%</b>	<b>3.5%</b>
Impairment losses and non recurring items	(23)	(0.0)%	-	-	-
<b>Operating profit</b>	<b>20,864</b>	<b>7.4%</b>	<b>20,180</b>	<b>8.2%</b>	<b>3.4%</b>
Net finance expense	(777)	(0.3)%	(357)	(0.1)%	117.9%
Net exchange rate losses	913	0.3%	(1,398)	(0.6)%	-
<b>Pre-tax profit/loss</b>	<b>21,000</b>	<b>7.4%</b>	<b>18,425</b>	<b>7.5%</b>	<b>14.0%</b>
Income taxes	(9,066)	(3.2)%	(7,925)	(3.2)%	14.4%
<b>Profit/Loss for the period</b>	<b>11,934</b>	<b>4.2%</b>	<b>10,500</b>	<b>4.3%</b>	<b>13.7%</b>

Net Financial Position at 30 June 2016

	30 June	31 March	31 December	30 September	30 June
	2016	2016	2015	2015	2015
<i>Euro 000's</i>					
Financial assets:	41,200	35,599	51,571	44,525	47,189
<i>Current financial assets</i>	30	16	17	16	17
<i>Cash and cash equivalents</i>	41,170	35,582	51,553	44,508	47,172
Short term finance lease payables	(137)	(457)	(489)	(422)	(408)
Short term bank loans and borrowings and loans from other financial backers	(26,750)	(27,069)	(28,209)	(36,503)	(31,640)
<b>Short Term Net Financial Indebtedness</b>	<b>14,313</b>	<b>8,072</b>	<b>22,873</b>	<b>7,600</b>	<b>15,141</b>
Medium/Long term finance lease payables	(92)	(1,236)	(1,514)	(1,555)	(1,672)
Medium/Long bank loans and borrowings	(14,770)	(18,621)	(21,234)	(31,810)	(32,463)
<b>Medium/Long Term Net Financial Indebtedness</b>	<b>(14,863)</b>	<b>(19,857)</b>	<b>(22,748)</b>	<b>(33,365)</b>	<b>(34,135)</b>
<b>Total Net Financial Indebtedness</b>	<b>(549)</b>	<b>(11,784)</b>	<b>126</b>	<b>(25,765)</b>	<b>(18,994)</b>

Summary Statement of Financial Position at 30 June 2016

	30 June 2016	31 December 2015	30 June 2015
<i>Euro 000's</i>			
Intangible assets	62,312	58,943	57,173
Property, plant and equipment	73,358	69,861	66,194
Financial assets	2,103	1,580	1,225
<b>Non current assets</b>	<b>137,773</b>	<b>130,385</b>	<b>124,592</b>
Inventories	136,418	111,374	124,368
Trade receivables	117,046	105,371	99,654
Trade payables	(194,719)	(153,344)	(157,168)
<b>Net Operating Working Capital</b>	<b>58,746</b>	<b>63,401</b>	<b>66,853</b>
Post-employment benefits	(14,767)	(13,536)	(13,478)
Provision for risk and charges	(11,064)	(11,731)	(9,979)
Other net payables	(41,619)	(37,202)	(28,135)
Net deferred tax assets	12,667	9,943	11,186
<b>Other net liabilities</b>	<b>(54,784)</b>	<b>(52,526)</b>	<b>(40,405)</b>
<b>Net Invested Capital</b>	<b>141,734</b>	<b>141,260</b>	<b>151,040</b>
Share capital	27,393	27,393	27,393
Profit/loss for the previous year/period and other reserves	101,644	92,746	93,963
Profit/Loss for the period	11,913	20,971	10,530
Non-controlling interests	236	275	159
<b>Equity</b>	<b>141,185</b>	<b>141,386</b>	<b>132,046</b>
Bank loans and borrowings and loans from other financial backers	41,749	51,445	66,183
Other financial assets	(30)	(17)	(17)
Cash and cash equivalents	(41,170)	(51,553)	(47,172)
<b>Net financial indebtedness</b>	<b>549</b>	<b>(126)</b>	<b>18,994</b>
<b>Total sources of funding</b>	<b>141,734</b>	<b>141,260</b>	<b>151,040</b>

**BIESSE S.p.A.** - 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 leading strategic markets.

The 34 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. The Biesse Group currently has over 3,450 employees in its main production sites in Pesaro, Alzate Brianza, Thiene, Bangalore, Dongguan and its associates/branch offices in Europe, North America, Latin America the Middle East, Asia and Australasia. The Group also has more than 300 resellers and agents enabling it to cover more than 100 countries.

### **Alberto Amurri**

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