

# Approval of Preliminary Financial Statements

## 2017

<i>Figures in Euro millions</i>	<b>2017</b>	<b>2016</b>	<b>delta</b>
Net Revenues	690.1	618.5	+11.6%
Gross Operating Margin (EBITDA)*	89.5	75.8	+17.9%
Operating Result (EBIT)*	66.9	56.3	+18.7%
Pre-tax Profit	60.8	52.4	+16.1%
Net Profit	42.8	29.5	+45.3%
Net Financial Position	+30.3	+4.9	+25.4 Euro million

\* before non-recurring items

Other resolutions/approvals :

- proposed dividend distribution of Euro 0.48 per share
- convocation of Ordinary and Extraordinary Meetings of Biesse shareholders for 23 April 2018 at 09.00 in Pesaro in first convocation (and if necessary in second convocation on 24 April 2018 at the same time and place)
- Corporate Governance Report Approved for 2017
- Parent Company Financial Statements approved
- General Principles of the new incentive plan LTI 2018-2020 not based on financial instruments, approved
- Proposal to introduce Loyalty Shares pursuant to article 127-quinquies of the Consolidated Financial Law (T.U.F.) increased vote rights

Pesaro, March 12<sup>th</sup> 2018 The Board of Directors of Biesse S.p.A. - *the company which operates in the market for machinery and systems for the processing of wood, glass/stone and advanced materials and which is listed in the STAR segment of the Italian stock exchange* – **beside to confirm the listing project for the controlled company HSD S.p.A. always in the STAR segment of the Italian Stock Exchange** - during today's meeting in Pesaro has approved the preliminary financial statements for the year ended 31.12.2017

The Consolidated Results achieved by the Biesse Group for the 12 months of 2017 are as follows :

- Net revenues Euro 690.1 million (+11.6% compared with the same period of 2016)
- Value Added Euro 288.6 million (+14.3% compared with the same period of 2016)
- EBITDA (before non-recurring items) Euro 89.5 million (+17.9% compared with the same period of 2016)
  - EBITDA (post non-recurring items) Euro 87.6 million (+17.5% compared with the same period of 2016)
- EBIT (before non-recurring items) Euro 66.9 million (+18.7% compared with the same period of 2016)
  - EBIT (post non-recurring items ) Euro 63.6 million (+15.5% compared with the same period of 2016)
- Pre-tax profit Euro 60.8 million (+16.1% compared with the same period of 2016)
- Net profit Euro 42.8 million (+45.3% compared with the same period of 2016) – tax rate 29.6%

#### Net Financial Position :

At 31 December 2017 the Group's Net Financial Position was positive for Euro 30.3 million representing an improvement of Euro 25.4 million compared to the position at the end of 2016. The improved profitability combined with continued focus on the trend of Net operating working capital remain the foundations of the cash generation (free cashflow of more than Euro 35 million) generated net of planned investments. The positive delta of the Net Financial Position compared to last December was even more significant as it includes the expected payment of dividends totalling Euro 9.8 million (May 2017).

#### Geographical/ divisional breakdown of revenues

The geographical breakdown of Group net sales (consolidated revenues) at the end of December 2017 is as follows:

:

- Western Europe 44.8% (45.4% in 2016) – of which Italy 16.6% (15.5% in 2016) with a year-on-year increase in volumes of 10.1%
- Eastern Europe 13.4% (12.6% in 2016) with a year-on-year increase in volumes of 18.9%
- North America 16.2% (17.7% in 2016) with a year-on-year increase in volumes of 1.9%
- Asia Pacific 22.2% (20.8% in 2016) with a year-on-year increase in volumes of 18.9%
- Rest of the World 3.5% (3.5% in 2016) with a year-on-year increase in volumes of 9.4%

The divisional breakdown of revenues by principal segment is as follows :

- Wood division 70.9% (72.9% in 2016)
- Glass/stone division 15.7% (15.5% in 2016)
- Mechatronics division 14.3% (14.0% in 2016)

#### **Capital position:**

Group Net Shareholders' Funds at 31 December 2017 were Euro 188.3 million (Euro 159.7 million at 31 December 2016). Net Invested Capital at end-2017 was Euro 158.1 million (Euro 154.8 million at 31 December 2016).

#### **Economic context – order intake :**

The international macro-economic climate, despite some country-specific exceptions in which politico-economic uncertainty persists, is showing widespread indications of recovery. The leading trade associations for the Wood, Glass & Stone sectors report that 2017 should show a gradual improvement in sector results, particularly in the domestic market and forecasts for 2018 are moderately optimistic. Expectations for the sectors served by the Mechatronics division are much more positive, where growth – beyond organic development of the core business- is tied to the potential for product diversification and therefore of the end-user markets (metals – advanced materials).

On the basis of the results achieved in 2017 Biesse has significantly outperformed the indications given for its core sectors, both in terms of order intake and in terms of growth in its production order book. Total order intake for the Biesse Group (equipment only) in 2017 was 17% higher than in 2016, while the order book totalled more than Euro 215 million at end-2017 (+31% compared to 2016).

#### **Dividends :**

In addition to approving the preliminary financial statements for 2017 the Board of Directors discussed the possibility of distributing a dividend to Biesse shareholders. Taking into consideration the positive results achieved in 2017 the Board of Directors of Biesse decided to propose a dividend – gross of withholding taxes - of Euro 0.48 per share with rights to receive dividends, which will be submitted for the approval of the Ordinary and Extraordinary Meeting of Shareholders convened for 23 April 2018 at 09.00 (first convocation) and, if appropriate, at the same time on 24 April 2018 (second convocation). The total cash outlay for the company resulting from the dividend distribution, as proposed, (net of treasury shares) amounts to Euro 13.1 million and will be enacted by detachment of coupon no.14 on 7 May for payment on 9 May 2018 record date 8 May 2018. The remaining attributable net profit would be allocated to Reserves (Biesse S.p.A. parent company)

#### **Corporate Governance:**

Today's meeting of the Board of Directors also approved the Corporate Governance Report of Biesse for the calendar year 2017 and the Remuneration Report for 2017.

### New Incentive Plan LTI 2018-2020

The Board of Directors also approved the general principles of the medium-long term incentive plan (long term incentive plan or LTI) for the three year period 2018 – 2020. Unlike the former LTI for the period 2015 – 2017, based partly on the allocation of financial instruments of the Company (shares), the new plan is based on the exclusive distribution of a cash bonus contingent on the achievement of Biesse Group performance objectives in the period 2018 – 2020 (cash flow and EBITDA). The allocation mechanism for cash bonuses, and more generally, the operating mechanism on which the plan is based is substantially similar to that currently in use, with regard to the cash component, in the LTI 2015 – 2017. It is expected that the plan will be applicable to certain Directors and Managers with Strategic responsibility, in line with the limits set by the Biesse Remuneration policy. The Board of Directors, on the recommendation of the Remuneration Committee, will provide details of the Plan and submit it to the approval of the Board of Directors at the meeting called to approve the interim financial report for the first quarter of 2018.

### **Loyalty Shares**

Today's meeting of the Board of Directors also resolved to submit to the next Meeting of Shareholders a proposal to permit the introduction of Loyalty Shares pursuant to article 127-quinquies of the TUF (Consolidated Financial Law) in the Articles of Association. (increased vote rights)

### **Biesse Shareholders' Meeting:**

Having approved the preliminary financial statements for 2017, the Board of Directors called an Ordinary and Extraordinary Meeting of Biesse shareholders to be held at 09.00 on 23 April 2018 (first convocation) allowing, if appropriate, for second convocation on 24 April 2018, to discuss the following agenda:

#### *Ordinary Session*

1. Approval of the Financial Statements for the financial year to 31 December 2017; the Directors' report on operations, including the Disclosure of Non-Financial Information pursuant to Legislative Decree 254/2016; the report of the Board of Statutory Auditors and the Independent Auditors' report on the Financial Statements for the financial year to 31 December 2017; Discussion of all matters relating thereto and arising therefrom. Presentation of the Consolidated Financial statements for the year to 31 December 2017.
2. Allocation of the results for the 2017 financial year of Biesse S.p.A.;
3. Appointment of the Board of Directors, having prior approval of the number of constituent Directors. Discussion of all matters relating thereto and arising therefrom.
4. Appointment of the Board of Statutory Auditors. Discussion of all matters relating thereto and arising therefrom .
5. Approval of the Remuneration Policy of Biesse Group.

#### *Extraordinary Session*

1. Introduction of Loyalty Shares and related amendments to the Articles

For further information, please refer to the published notice of meeting, to the individual items on the Agenda and to the documents submitted to the Shareholders' Meeting, which will be published in accordance with and under the requirements of the relevant laws.

*“In accordance with paragraph 2, clause 154-bis del T.U.F. (Testo Unico Finanziario-Consolidated Financial Law) the manager responsible for the preparation of the company accounting records of 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.”*

### Income Statement for the year to 31 December 2017 with non-recurring items shown separately

	2017	% on sales	2016	% on sales	CHANGE %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>690.120</b>	<b>100,0%</b>	<b>618.489</b>	<b>100,0%</b>	<b>11,6%</b>
Change in inventories, wip, semi-finished products and finished products	15.387	2,2%	12.649	2,0%	21,6%
Other Revenues	4.669	0,7%	3.548	0,6%	31,6%
<b>Revenue</b>	<b>710.175</b>	<b>102,9%</b>	<b>634.686</b>	<b>102,6%</b>	<b>11,9%</b>
Raw materials, consumables, supplies and goods	(285.501)	(41,4)%	(257.726)	(41,7)%	10,8%
Other operating costs	(136.067)	(19,7)%	(124.564)	(20,1)%	9,2%
<b>Normalised added value</b>	<b>288.607</b>	<b>41,8%</b>	<b>252.396</b>	<b>40,8%</b>	<b>14,3%</b>
Personnel expense	(199.155)	(28,9)%	(176.551)	(28,5)%	12,8%
<b>Normalised gross operating profit</b>	<b>89.452</b>	<b>13,0%</b>	<b>75.845</b>	<b>12,3%</b>	<b>17,9%</b>
Depreciation and amortisation	(19.904)	(2,9)%	(17.858)	(2,9)%	11,5%
Provisions	(2.668)	(0,4)%	(1.645)	(0,3)%	62,2%
<b>Normalised operating profit</b>	<b>66.881</b>	<b>9,7%</b>	<b>56.341</b>	<b>9,1%</b>	<b>18,7%</b>
Impairment losses and non recurring-items	(3.275)	(0,5)%	(1.279)	(0,2)%	-
<b>Operating profit</b>	<b>63.606</b>	<b>9,2%</b>	<b>55.062</b>	<b>8,9%</b>	<b>15,5%</b>
Net financial expense	(1.791)	(0,3)%	(1.534)	(0,2)%	16,8%
Net exchange rate losses	(1.017)	(0,1)%	(1.144)	(0,2)%	(11,1)%
<b>Pre-tax profit</b>	<b>60.798</b>	<b>8,8%</b>	<b>52.385</b>	<b>8,5%</b>	<b>16,1%</b>
Income taxes	(17.992)	(2,6)%	(22.919)	(3,7)%	(21,5)%
<b>Profit for the year</b>	<b>42.806</b>	<b>6,2%</b>	<b>29.464</b>	<b>4,8%</b>	<b>45,3%</b>

### Reclassified Income Statement for the year to 31 December 2017

	31 Dicembre 2017	% su ricavi	31 Dicembre 2016	% su ricavi	DELTA %
<i>migliaia di euro</i>					
<b>Ricavi delle vendite e delle prestazioni</b>	<b>690.120</b>	<b>100,0%</b>	<b>618.489</b>	<b>100,0%</b>	<b>11,6%</b>
Variazione delle rimanenze di prodotti in corso di lavorazione, semilavorati e finiti	15.387	2,2%	12.649	2,0%	21,6%
Altri ricavi e proventi	4.669	0,7%	3.548	0,6%	31,6%
<b>Valore della produzione</b>	<b>710.175</b>	<b>102,9%</b>	<b>634.686</b>	<b>102,6%</b>	<b>11,9%</b>
Consumo materie prime, sussidiarie di consumo e merci	(287.017)	(41,6)%	(258.979)	(41,9)%	10,8%
Altre spese operative	(136.194)	(19,7)%	(124.564)	(20,1)%	9,3%
<b>Valore aggiunto</b>	<b>286.964</b>	<b>41,6%</b>	<b>251.143</b>	<b>40,6%</b>	<b>14,3%</b>
Costo del personale	(199.311)	(28,9)%	(176.551)	(28,5)%	12,9%
<b>Margine operativo lordo</b>	<b>87.653</b>	<b>12,7%</b>	<b>74.592</b>	<b>12,1%</b>	<b>17,5%</b>
Ammortamenti	(19.904)	(2,9)%	(17.858)	(2,9)%	11,5%
Accantonamenti	(2.652)	(0,4)%	(1.645)	(0,3)%	61,2%
Impairment	(1.492)	(0,2)%	(26)	(0,0)%	-
<b>Risultato operativo</b>	<b>63.606</b>	<b>9,2%</b>	<b>55.062</b>	<b>8,9%</b>	<b>15,5%</b>
Componenti finanziarie	(1.791)	(0,3)%	(1.534)	(0,2)%	16,8%
Proventi e oneri su cambi	(1.017)	(0,1)%	(1.144)	(0,2)%	(11,1)%
<b>Risultato ante imposte</b>	<b>60.798</b>	<b>8,8%</b>	<b>52.385</b>	<b>8,5%</b>	<b>16,1%</b>
Imposte sul reddito	(17.992)	(2,6)%	(22.921)	(3,7)%	(21,5)%
<b>Risultato dell'esercizio</b>	<b>42.806</b>	<b>6,2%</b>	<b>29.464</b>	<b>4,8%</b>	<b>45,3%</b>

## Balance Sheet at 31 December 2017

	31 Dicembre 2017	31 Dicembre 2016
<i>migliaia di euro</i>		
Immateriali	75.107	65.218
Materiali	90.512	81.939
Finanziarie	2.391	2.346
<b>Immobilizzazioni</b>	<b>168.011</b>	<b>149.503</b>
Rimanenze	143.204	130.785
Crediti commerciali	119.364	128.748
Debiti commerciali	(223.889)	(192.613)
<b>Capitale Circolante Netto Operativo</b>	<b>38.679</b>	<b>66.920</b>
Fondi relativi al personale	(13.456)	(13.746)
Fondi per rischi ed oneri	(10.409)	(11.994)
Altri debiti/crediti netti	(35.257)	(45.890)
Attività nette per imposte anticipate	10.501	10.011
<b>Altre Attività/(Passività) Nette</b>	<b>(48.621)</b>	<b>(61.618)</b>
<b>Capitale Investito Netto</b>	<b>158.069</b>	<b>154.804</b>
Capitale sociale	27.393	27.393
Risultato del periodo precedente e altre riserve	117.359	102.656
Risultato dell'esercizio	42.626	29.384
Patrimonio netto di terzi	952	290
<b>Patrimonio Netto</b>	<b>188.329</b>	<b>159.723</b>
Debiti finanziari verso banche e altri finanziatori	48.654	41.462
Altre attività finanziarie	(14)	(87)
Disponibilità liquide e mezzi equivalenti	(78.901)	(46.295)
<b>Posizione Finanziaria Netta</b>	<b>(30.260)</b>	<b>(4.919)</b>
<b>Totale Fonti di Finanziamento</b>	<b>158.069</b>	<b>154.804</b>



## Net Financial Position

	31 Dicembre 2017	30 Settembre 2017	30 Giugno 2017	31 Marzo 2017	31 Dicembre 2016
<i>migliaia di euro</i>					
Attività finanziarie:	78.915	60.029	44.099	49.510	46.381
<i>Attività finanziarie correnti</i>	14	14	15	(587)	87
<i>Disponibilità liquide</i>	78.901	60.015	44.084	50.097	46.295
Debiti per locazioni finanziarie a breve termine	(199)	(31)	(59)	(111)	(111)
Debiti bancari e altri debiti finanziari a breve termine	(28.690)	(24.238)	(21.430)	(37.140)	(33.769)
<b>Posizione finanziaria netta a breve termine</b>	<b>50.026</b>	<b>35.760</b>	<b>22.610</b>	<b>12.259</b>	<b>12.501</b>
Debiti per locazioni finanziarie a medio/lungo termine	(1.060)	(2.183)	(23)	-	(43)
Debiti bancari a medio/lungo termine	(18.705)	(24.372)	(26.438)	(7.305)	(7.539)
<b>Posizione finanziaria netta a medio/lungo termine</b>	<b>(19.765)</b>	<b>(26.554)</b>	<b>(26.460)</b>	<b>(7.305)</b>	<b>(7.582)</b>
<b>Posizione finanziaria netta totale</b>	<b>30.260</b>	<b>9.205</b>	<b>(3.851)</b>	<b>4.955</b>	<b>4.919</b>

**BIESSE S.p.A.** - *The Biesse Group operates in the market for machinery and systems for working wood, glass, marble/stone and advanced materials. 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. Since October 2017 it has also been a constituent of the FTSE IT Mid Cap index.*

*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 strategic markets.*

*The 37 directly controlled subsidiaries and representative offices 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 more than 4,000 employees in its main production sites in Pesaro, Padua, Villafranca (VR), Thiene (VI), Alzate Brianza (CO), Bangalore, Dongguan and its associates/branch offices in Europe, North America, Latin America the Middle East, Asia and Australasia. The Group also has no fewer than 300 resellers and agents enabling it to cover more than 100 countries*

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