

Forward-thinking Solutions to leverage **the fourth industrial revolution**

Pesaro, February 26th 2019 – Conference Call

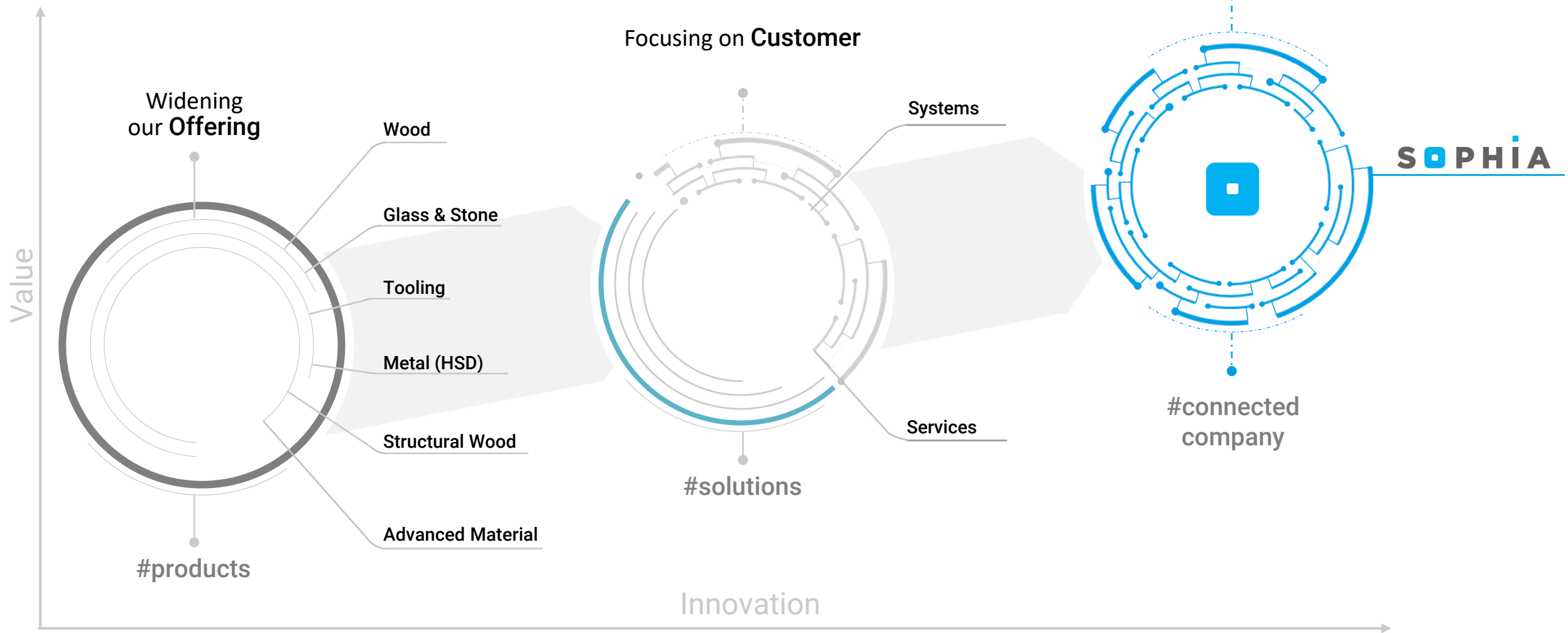
A. Amurri

www.biessegroup.com

investor relator

 **BIESSEGROUP**

FUTURE IS NOW



OUR STRATEGY IN FIGURES

Widening our offering

Products
Core
segments

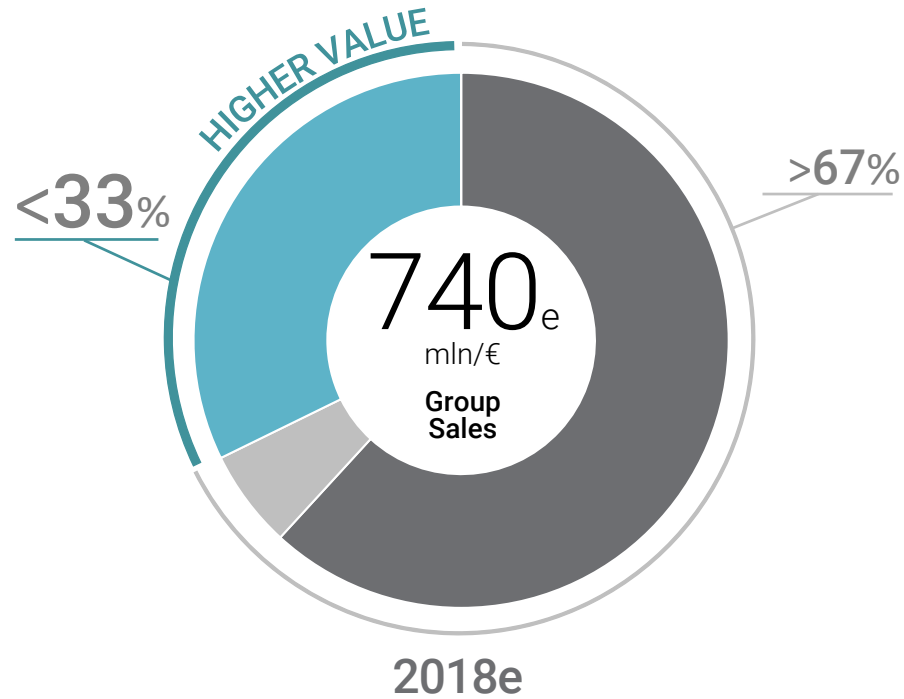


Wood
Glass & Stone
Tooling

Products
New
segments



Advanced Material
Structural Wood
Metal (HSD)



Focusing on
Customer

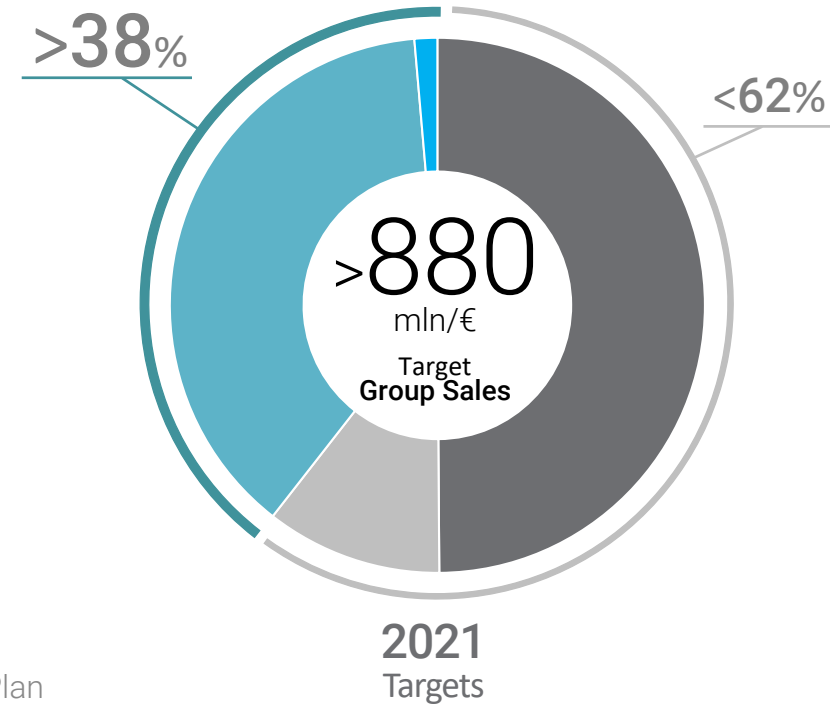


Systems
Services

Truly
Digital

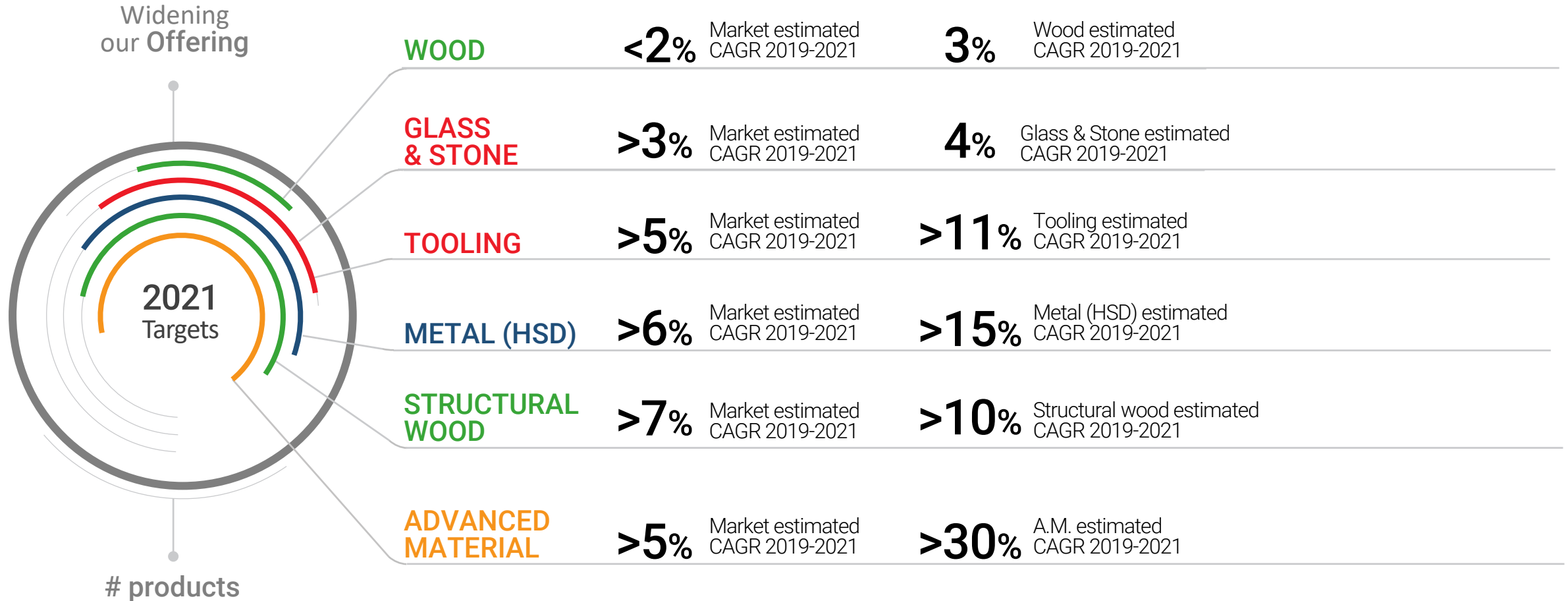


SOPHIA



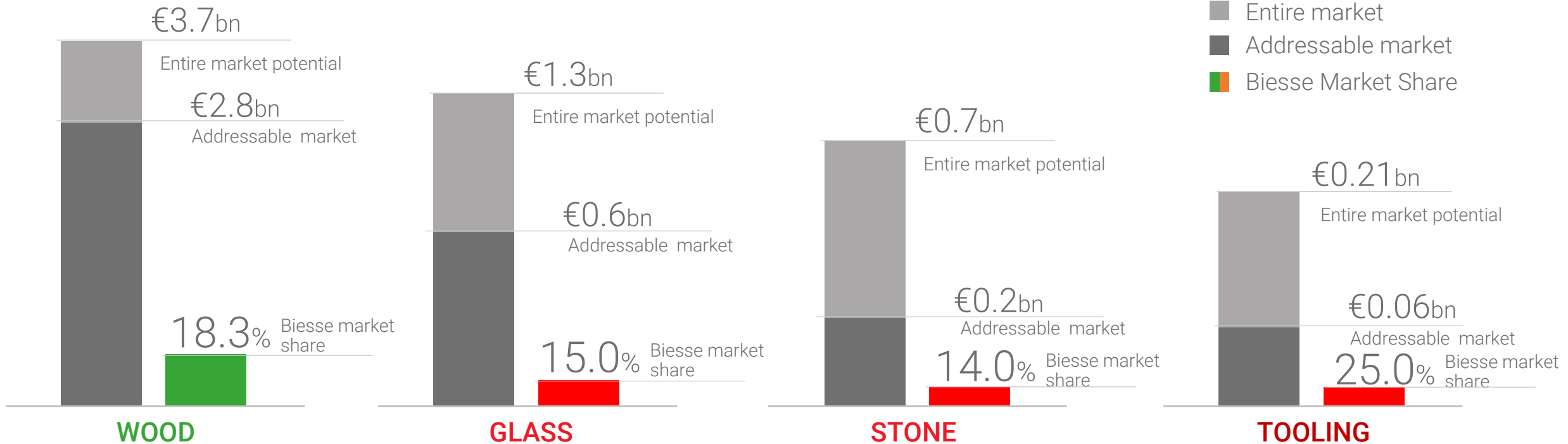
3-Year Business Plan

#PRODUCTS TARGETS



CORE SEGMENTS MARKET 2018

We are among leaders in our reference markets: Wood, Glass, Stone working machinery and Tooling



We are the fastest growing company and among the world **leaders** in the sector.

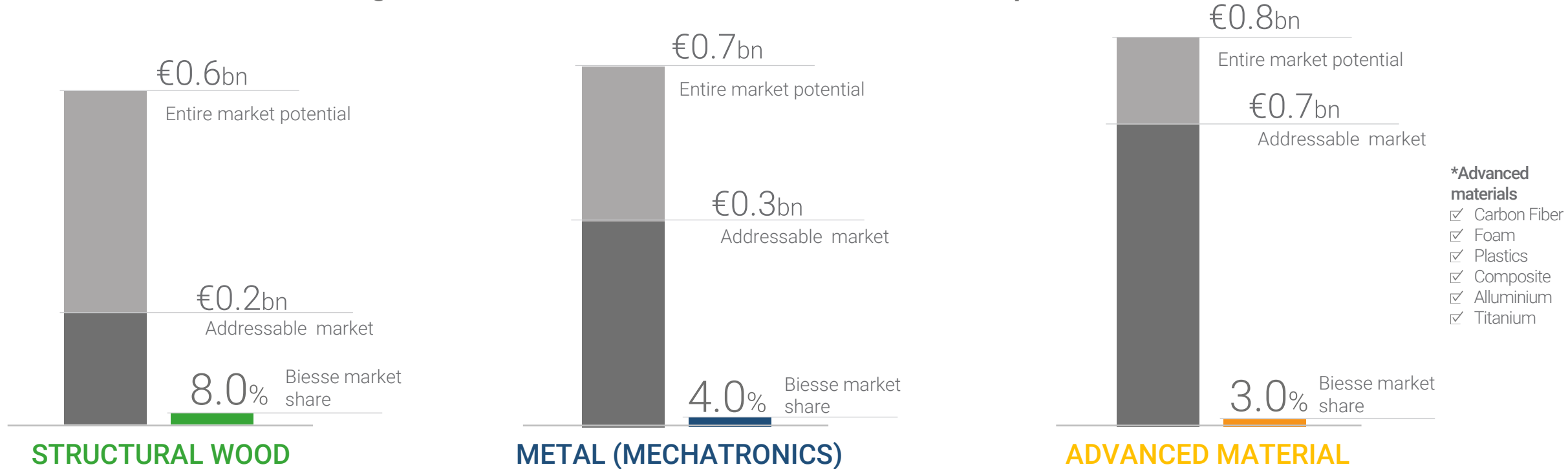
We are the world **industry leader** in the glass processing market in which we operate.

We are the world **industry leader** in the stone market in which we operate.

We are the world **industry leader** in the tooling market in which we operate.

NEW SEGMENTS MARKET 2018

We entered in new market segment, we want to continue increase our market penetration.



Our competitors are mainly located in Germany and in Italy. The most important are **Hundegger** (the Market Leader), **HOMAG** and **Weinmann**.

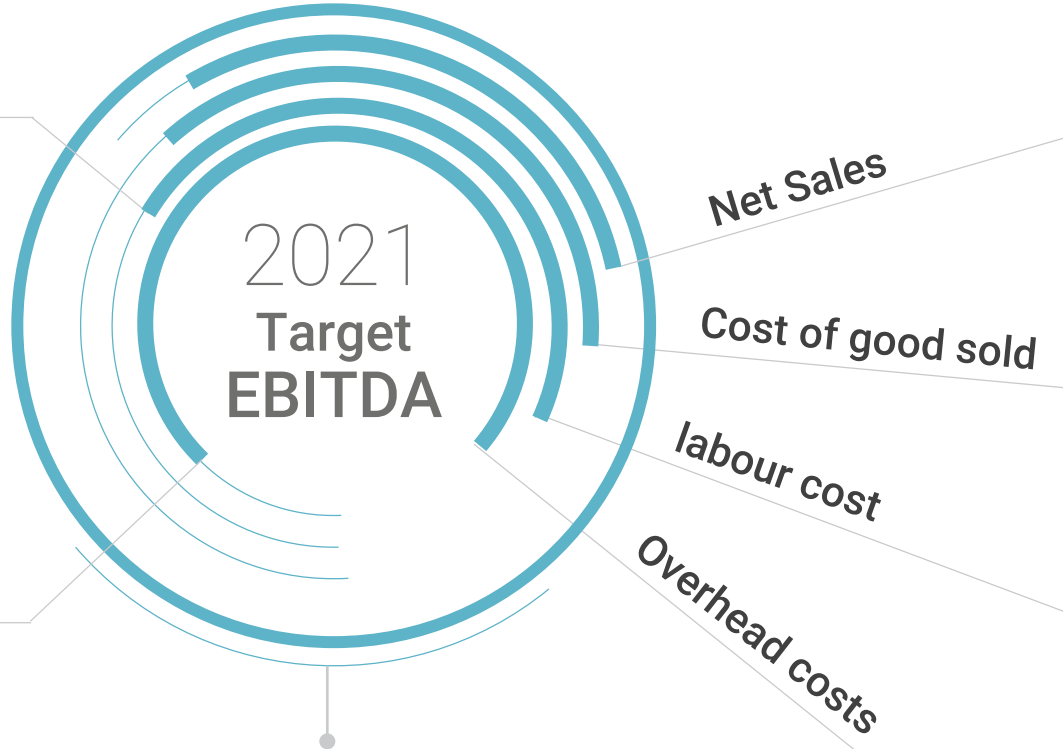
Our main competitors are **KESSLER**. **IBAG**. **GMN**. **WEISS** (Siemens). **FISHER** and **STEPTEC**.

Highly fragmented market, our main competitors are **Geiss**, **Belotti CMS Industrie**, **Breton**, **Mecanumeric**, and **Multicam**.

STABILIZE THE PROFITABILITY

without IFRS 16 impacts

EBITDA Margin
>13%
2021 Target



EBITDA
>114
2021 Target

strengthening our financial health

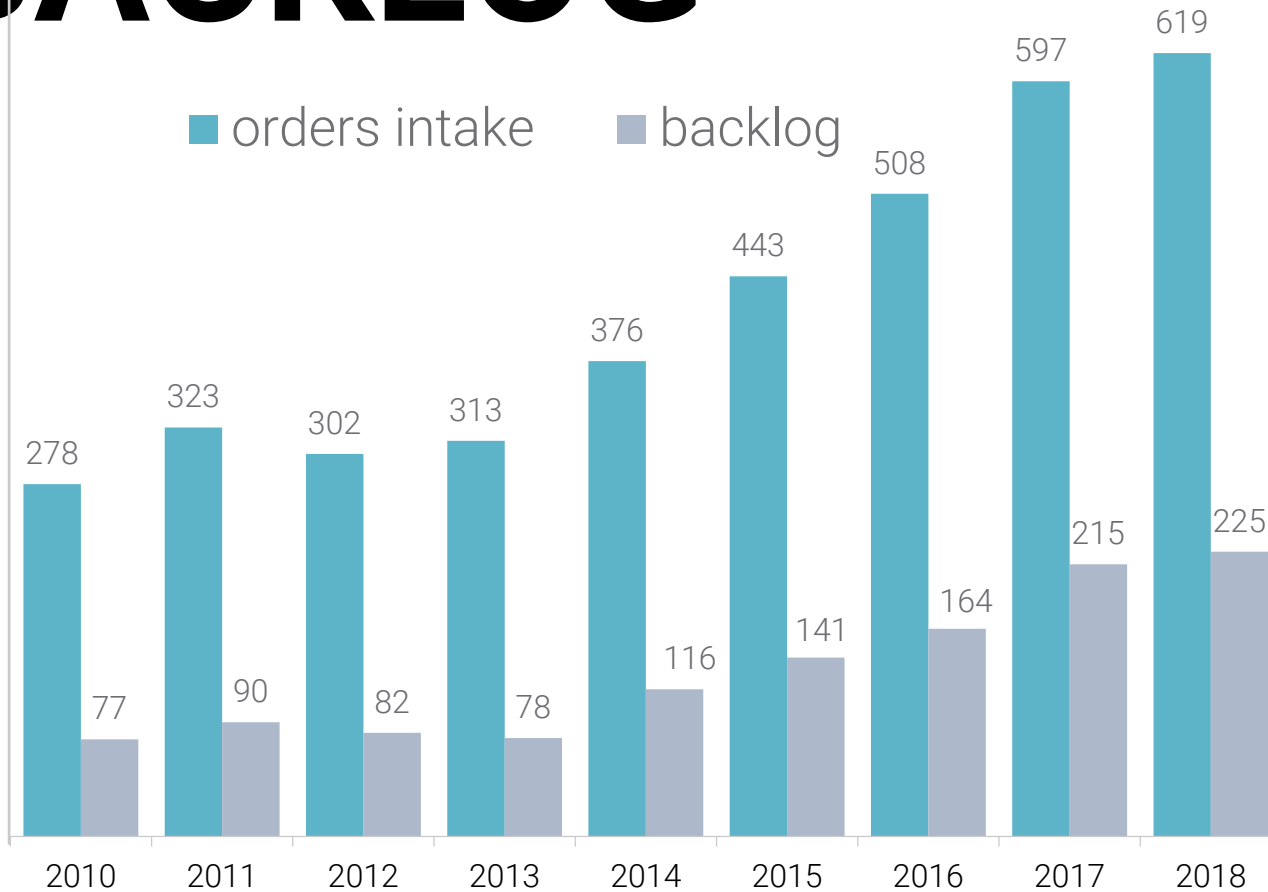
6%
Net sales
CAGR 2019-2021 vs 2018e

<40%
Target COGS
incidence on Net Sales

<30%
Target labour Cost
incidence on Net Sales

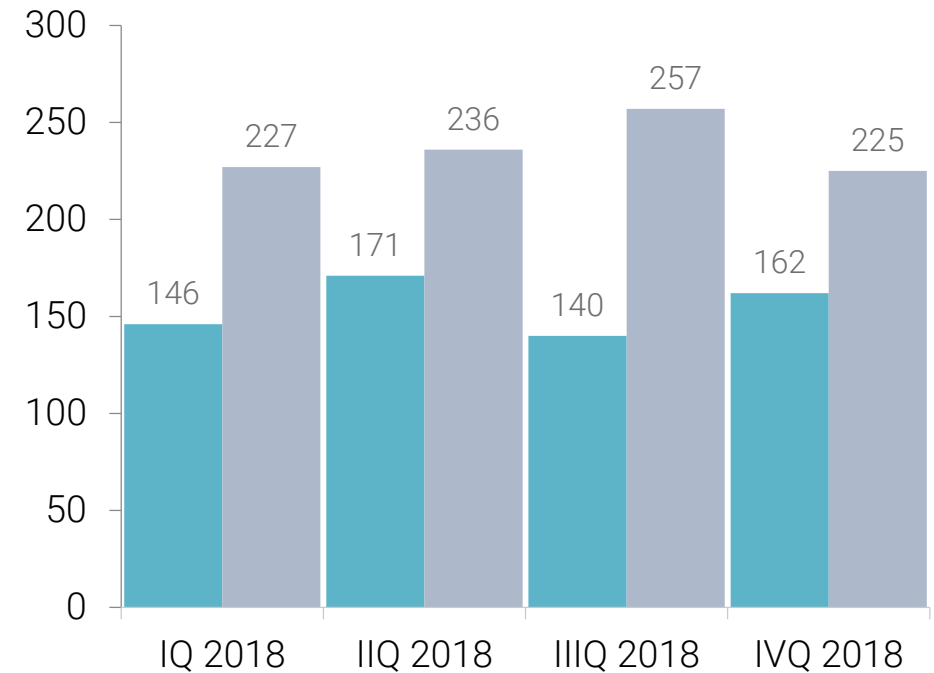
<20%
Target Overhead Cost
Incidence on Net Sales

GROUP ORDERS INTAKE & BACKLOG



✓ 2018: Group orders intake **+3.7%** (vs. 2017)

✓ 2018: Group backlog **+4.9%** (vs. 2017)



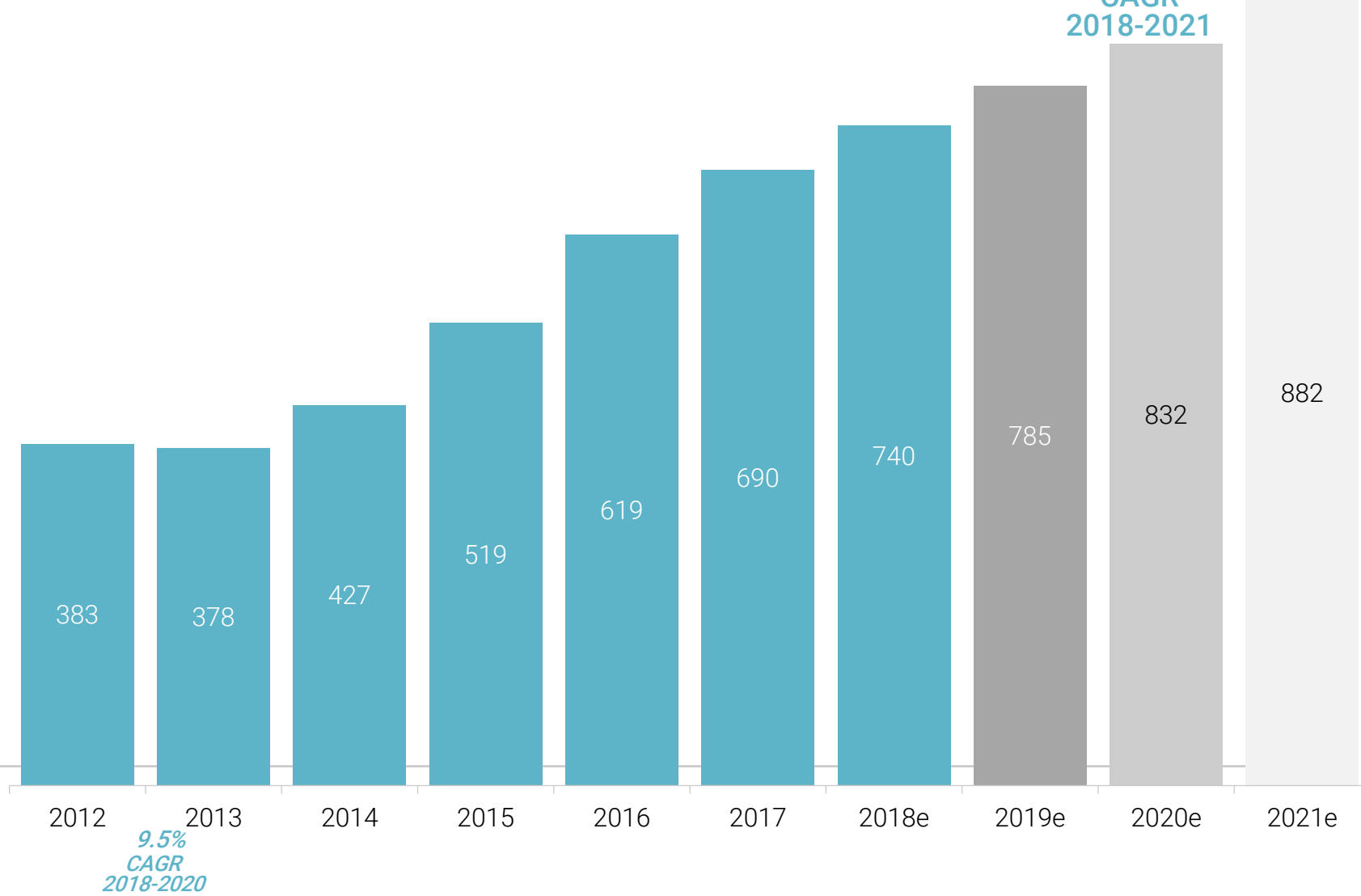
only machines

NET SALES

€/mln

3-Year Business Plan

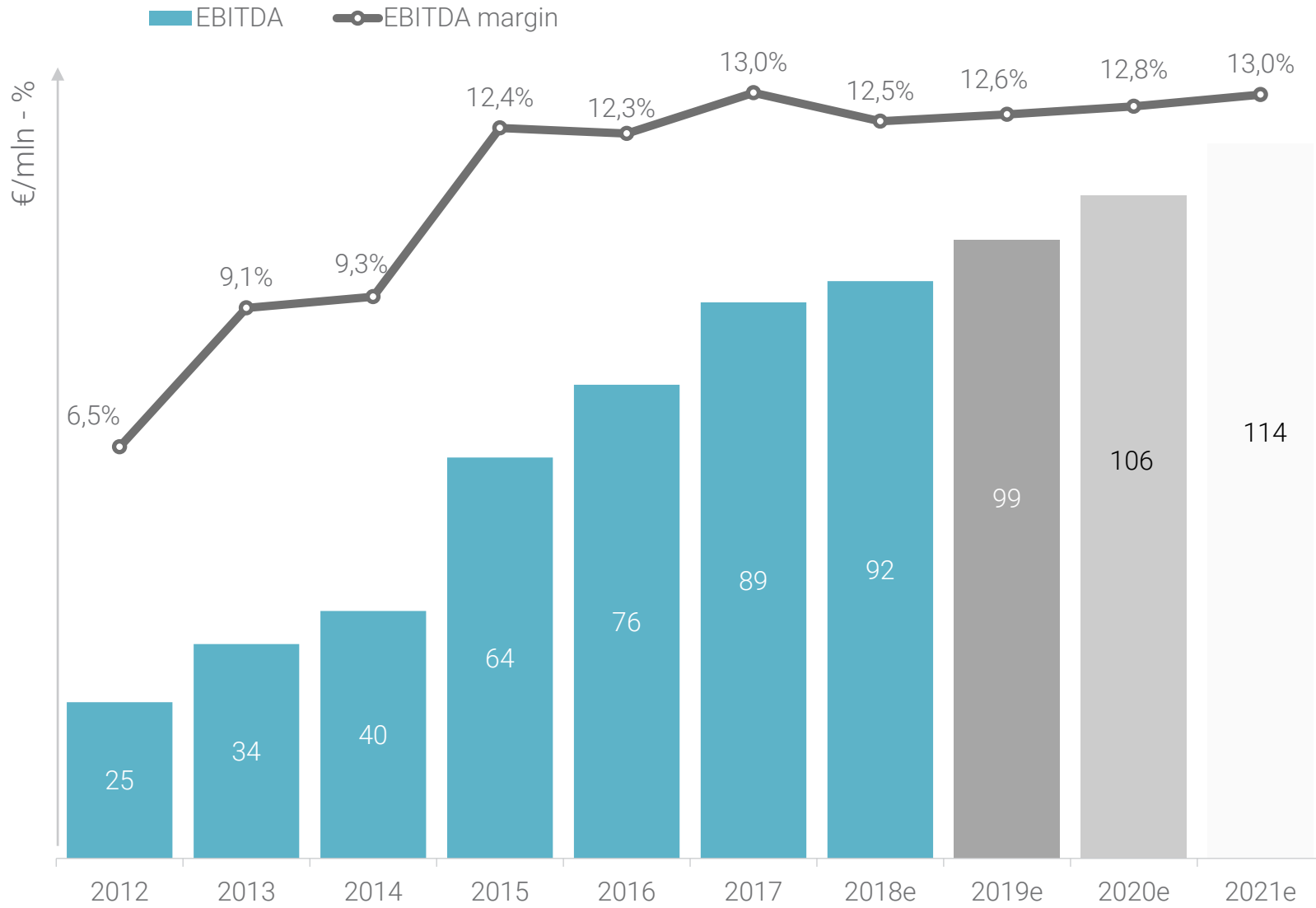
6%
CAGR
2018-2021



organic growth

EBITDA

Without IFRS 16 impacts



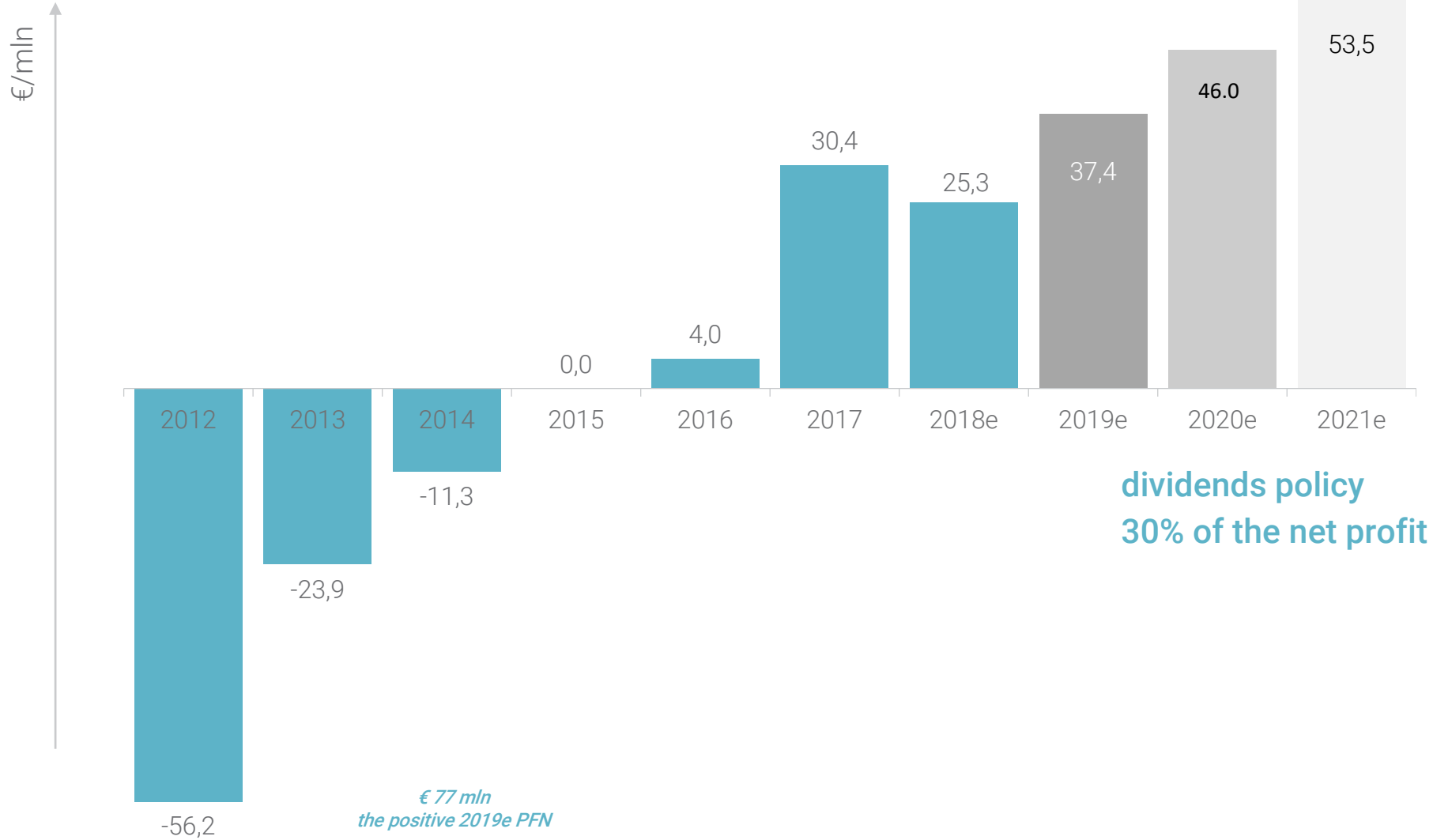
- ✓ **COGS** on Net Sales below **40%**
- ✓ **labour Cost** on Net Sales less than **30%**
- ✓ **overhead** on Net Sales less than **20%**

13.7%
EBITDA margin
2019e

NET DEBT

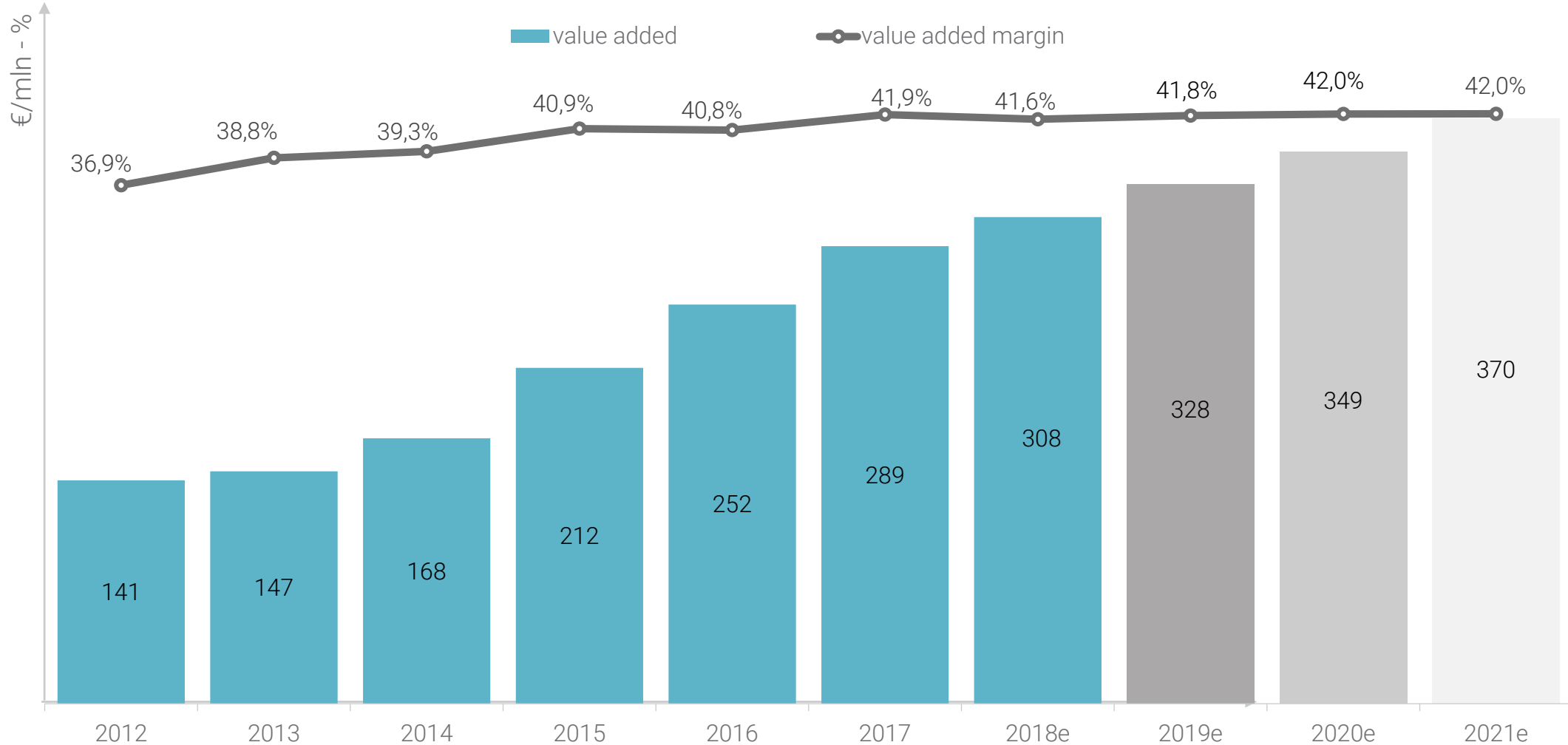
without IFRS 16 impacts

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VALUE ADDED

Without IFRS 16 impacts



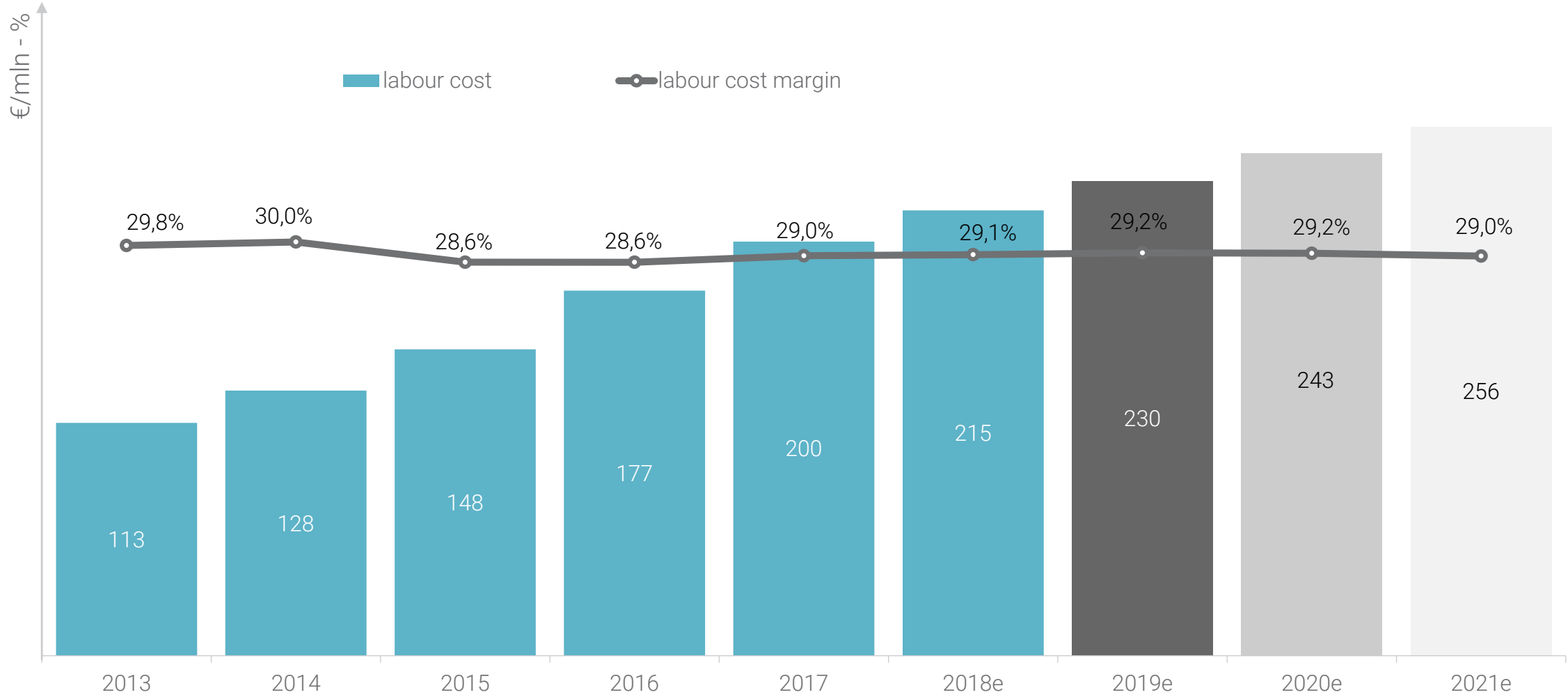
43% Value Added margin 2019e

LABOUR COST

3 -Year Business Plan

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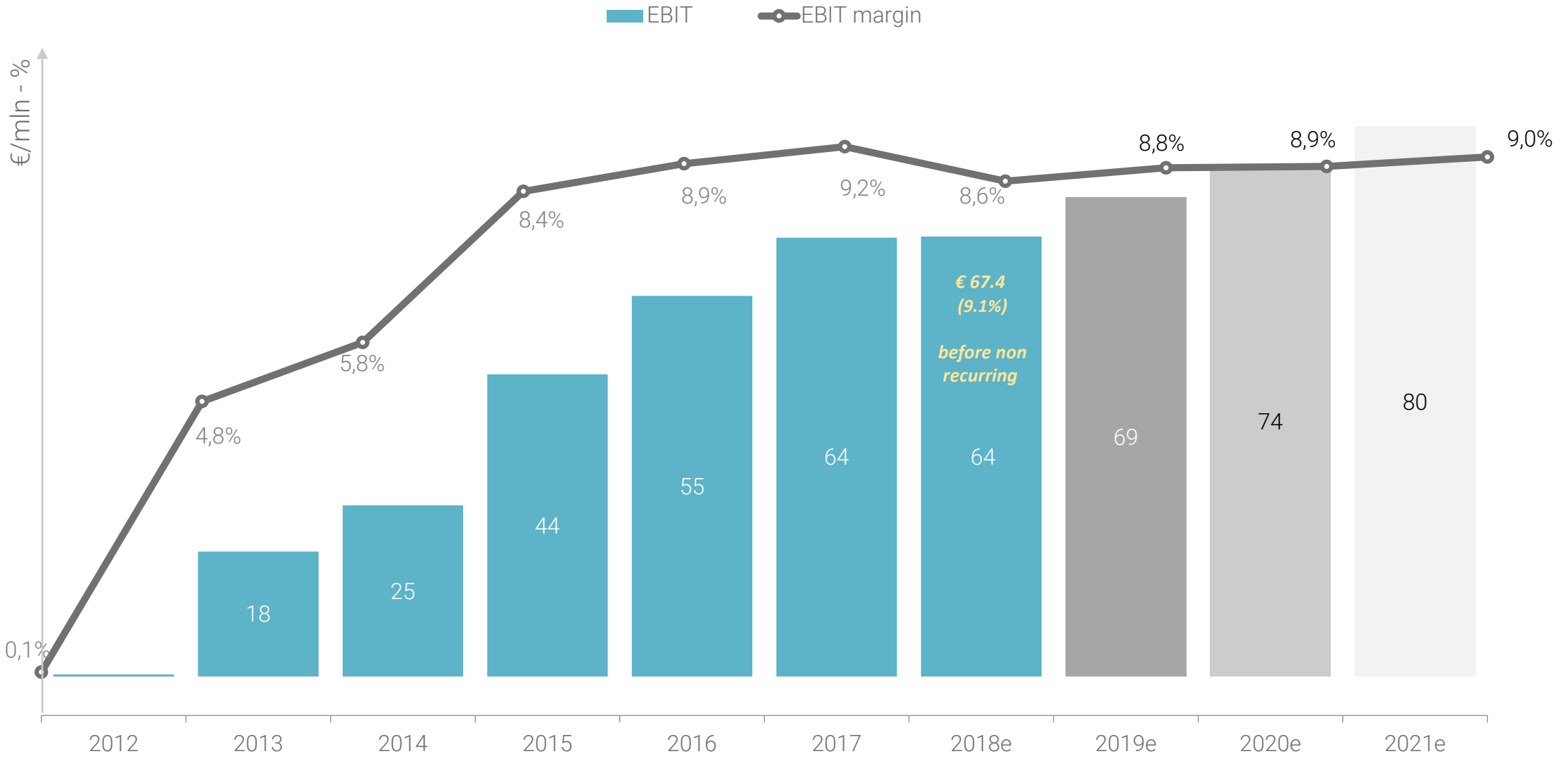
Without IFRS 16 impacts



29.3%
Labour Cost margin 2019e

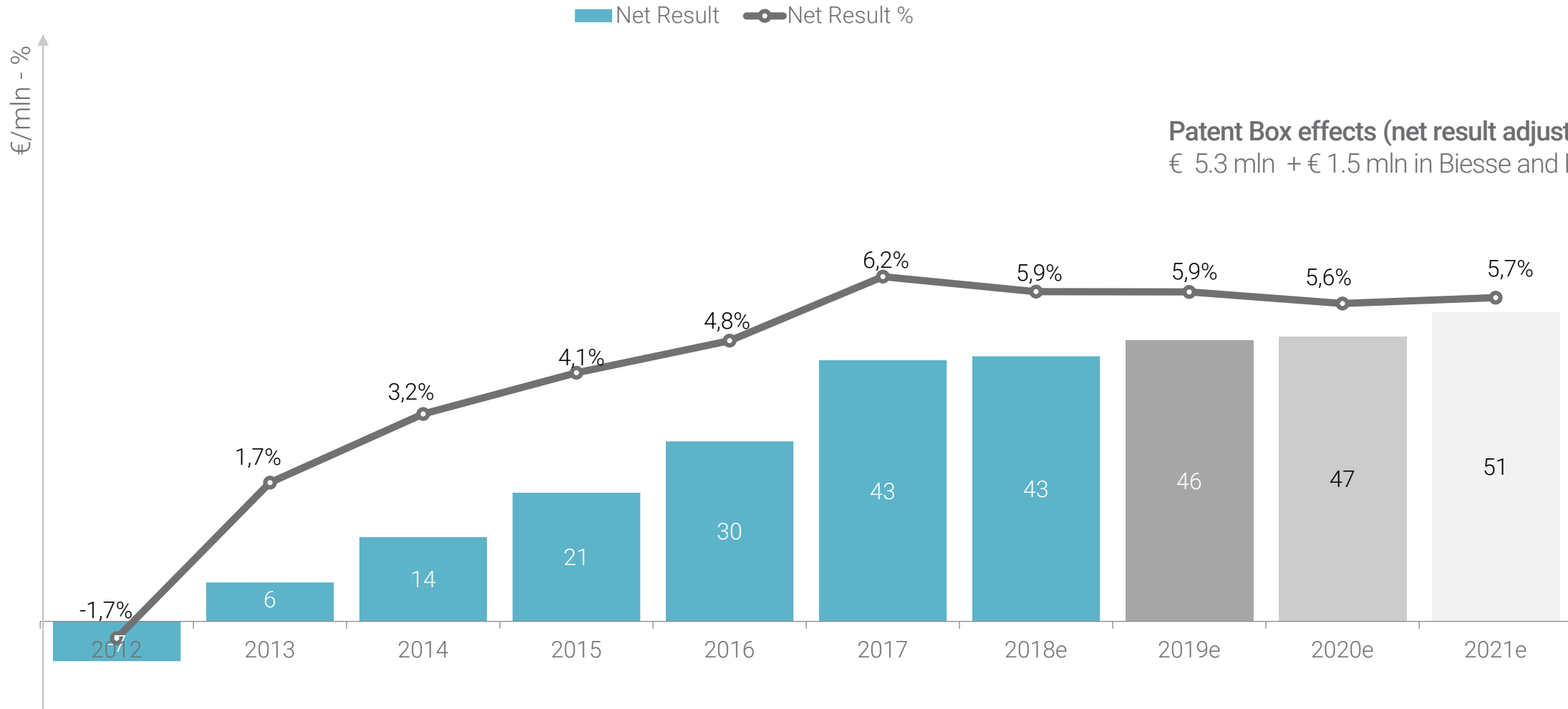
EBIT

without IFRS 16 impacts



NET RESULT

without IFRS 16 impacts



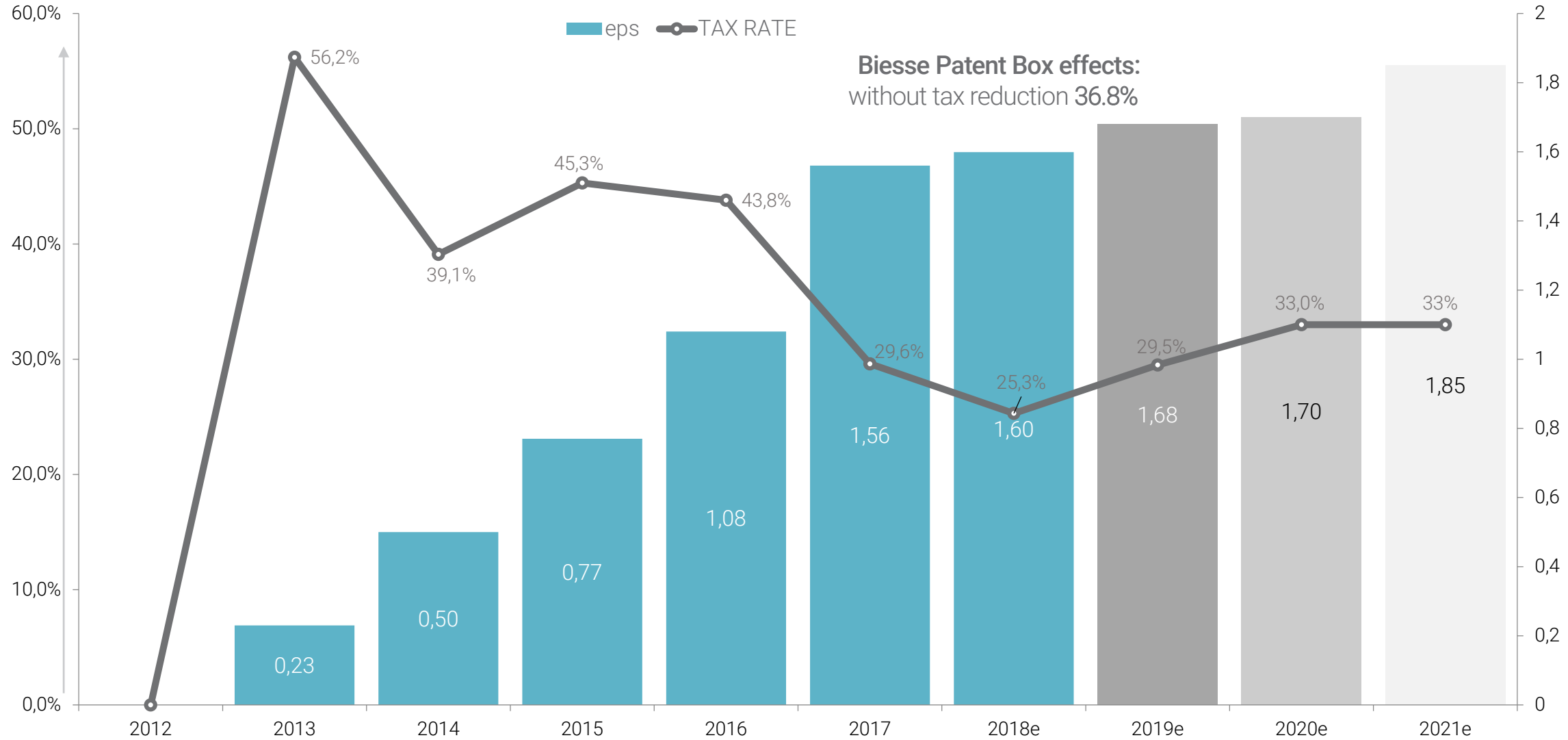
Patent Box effects (net result adjusting):
€ 5.3 mln + € 1.5 mln in Biesse and HSD

EPS – TAX RATE

3 -Year Business Plan

BIESSE GROUP

Without IFRS 16 impacts



EXTRACT OF THE P&L

3-Year Business Plan

BIESSE GROUP

Without IFRS 16 impacts

€/mln	2014	2015	2016	2017	2018e		2021e	
Net sales year -1	427 +12.9%	519 +21.5%	618 +19.1%	690 +11.6%	740 +7.3%	CAGR 2009-2018e 11.9%	882	
Cost of goods sold	178 41.6%	206 39.8%	245 39.6%	270 39.1%	295 39.8%		349 39.6%	
Value added %	168 39.3%	212 40.9%	252 40.8%	289 41.8%	308 41.6%		370 42.0%	
Labour cost	128 30.0%	148 28.6%	177 28.6%	199 28.9%	215 29.1%		256 29.0%	< 30.0% incidence
Overhead	91 21.3%	105 20.2%	125 20.1%	136 19.7%	144 19.5%		168 19.0%	< 20.0% incidence
EBITDA %	40 9.3%	64 12.4%	76 12.3%	89 13%	92 12.5%		114 13.0%	
EBIT %	25 5.8%	44 8.4%	55 8.9%	64 9.2%	64* 8.6%		80 9.0%	

*after non recurring items

before € 67.4 (9.1%)

CASHFLOW

3 -Year Business Plan

BIESSE GROUP

without IFRS 16 impacts

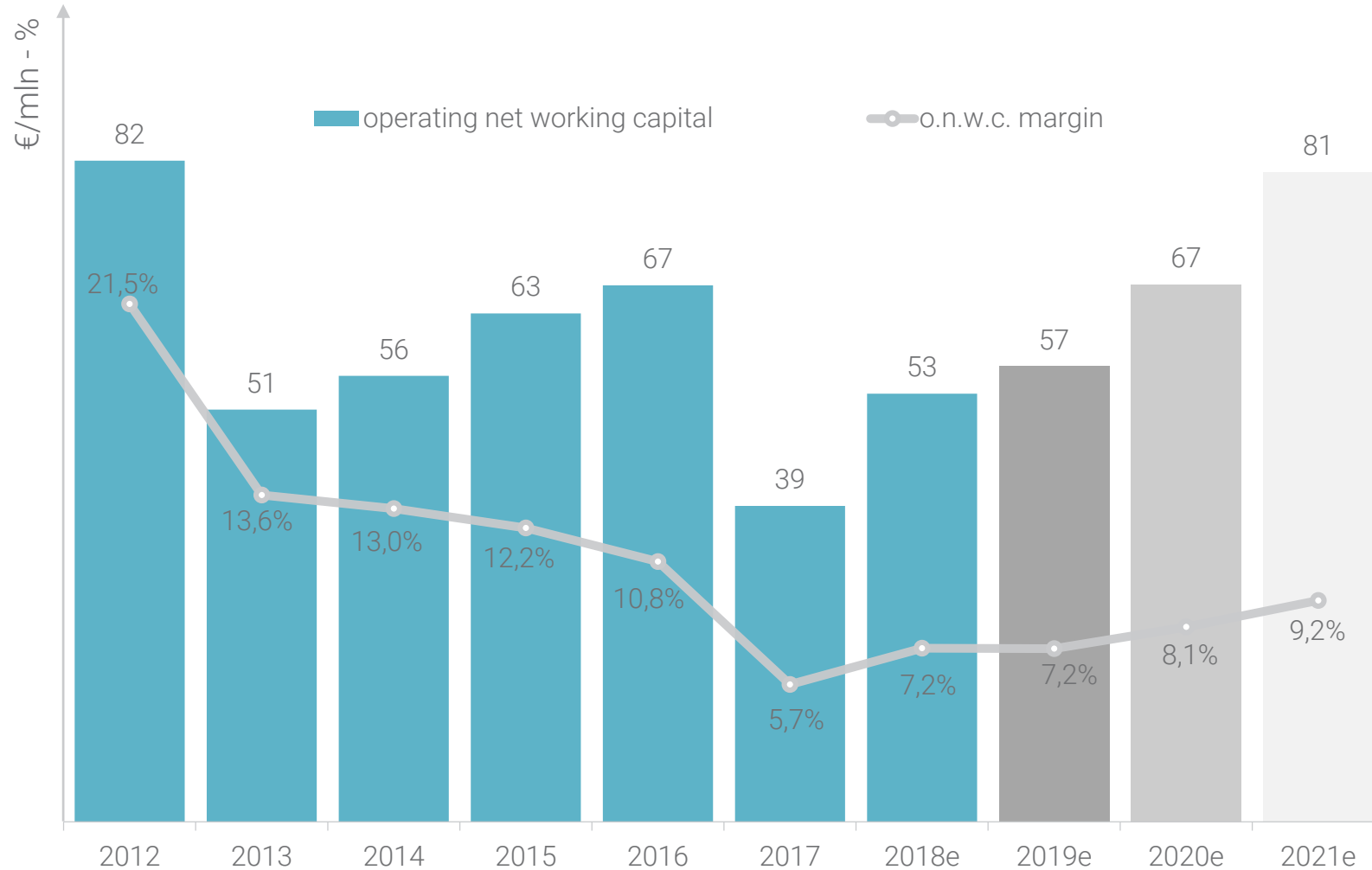
€/mln	2014	2015	2016	2017	2018e	2021e
Gross Cashflow % net sales	38 9.0%	46 8.9%	47 7.4%	74 10.9%	53 7.1%	69 7.9%
Investments % net sales	-21 4.9%	-25 4.9%	-32 5.2%	-39 5.7%	-45 6.1%	-48 5.4%
Net Cashflow % net sales	17 4.1%	21 4.1%	15 2.2%	35 5.2%	8 1.1%	21 2.4%
Dividends	-4.8 0.18 per share	-9.8 0.36 per share	-9.8 0.36 per share	-9.8 0.36 per share	-13.1 0.48 per share	-14.0 30% of net profit

OPERATIVE NET WORKING CAPITAL

3-Year Business Plan

BIESSE GROUP

Without IFRS 16 impacts



7.4% O.N.W.C. incidence
2019e

- ✓ **inventories** below **22%**
incidence on Net Sales
- ✓ Group **DSO** around **50-60 days**
max
- ✓ Group **DPO** around **105-110**
days

OPERATIVE NET WORKING CAPITAL

3 -Year Business Plan

 BIESSE GROUP

Without IFRS 16 impacts

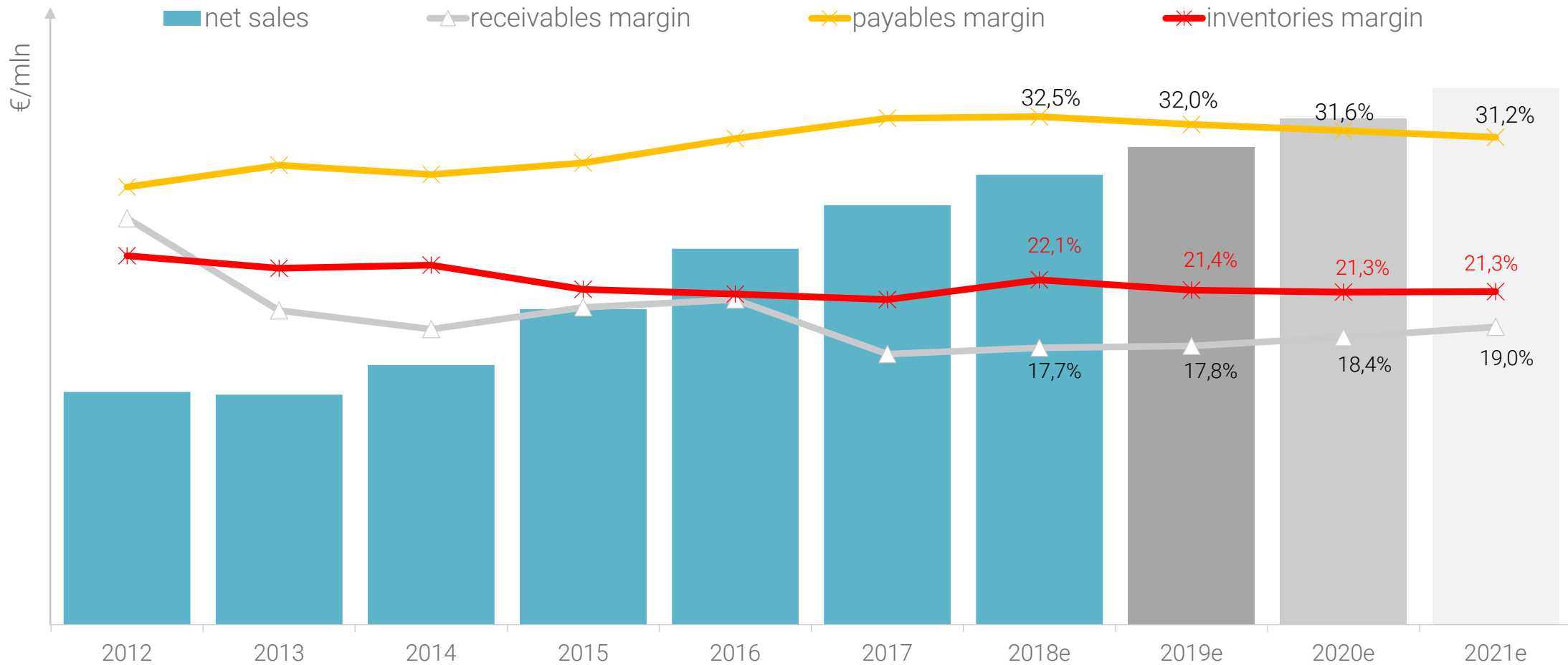
€/mln	2014	2015	2016	2017	2018e	2021e
Inventories % net sales days	23.0% 202	21.5% 197	21.1% 195	20.8% 194	22.1% 202	21.3% 196
Receivables % net sales days	18.9% 66	20.3% 71	20.8% 72	17.3% 73	17.7% 61	19.0% 66
Payables % net sales days	28.8% 155	29.5% 167	31.1% 176	32.4% 186	32.5% 185	31.2% 180
operative Net Working Capital % net sales	56 13.0%	63 12.2%	67 10.8%	39 5.6%	53.4 7.2%	81 9.2%

RECEIVABLES PAYABLES INVENTORIES

3-Year Business Plan

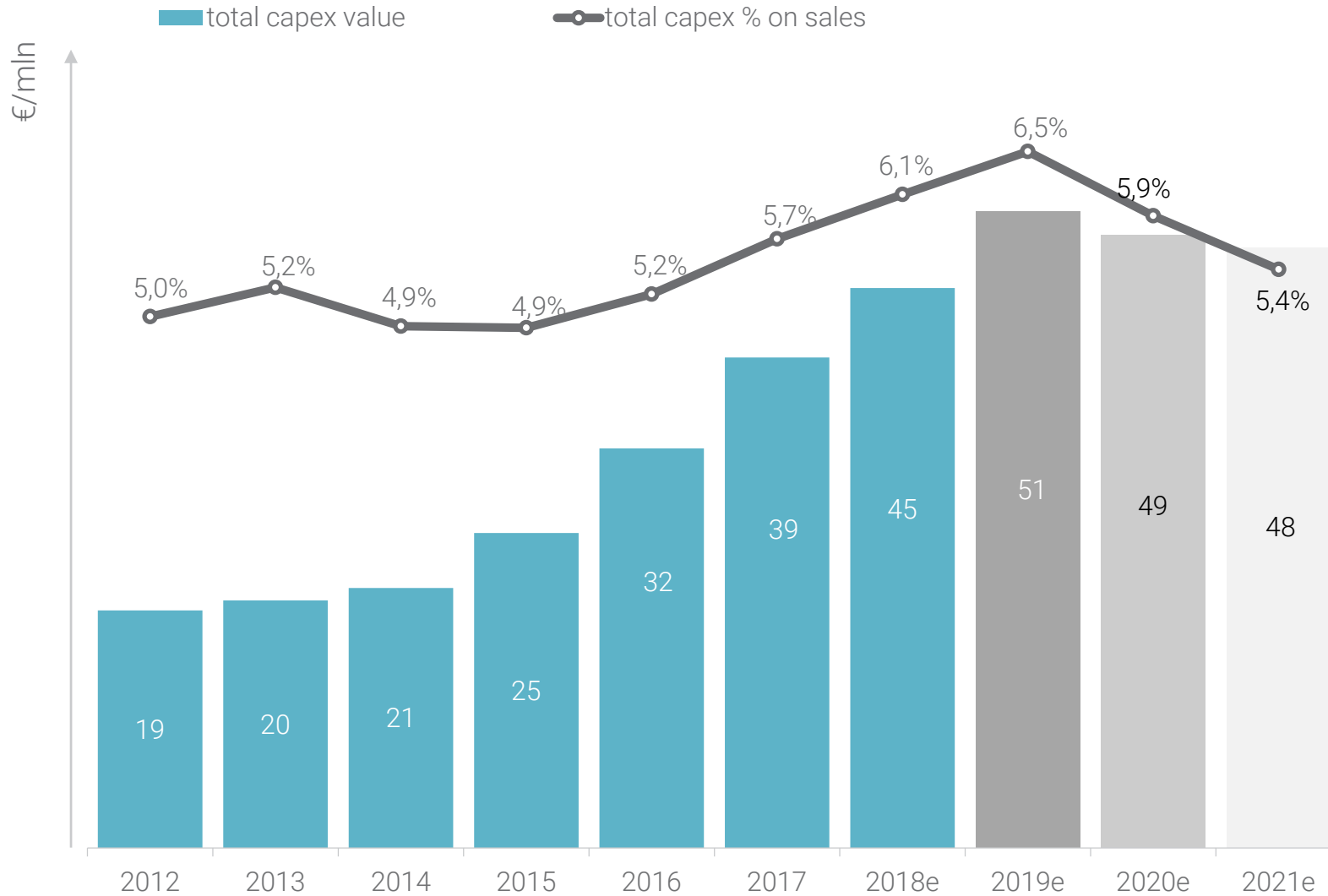
BIESSE GROUP

without IFRS 16 impacts



CAPEX

Without IFRS 16 impacts



5.7% capex incidence 2019e

2019e
 tangible: € 32.9mln
 intangible: € 18mln

main investments items:

- ✓ **Mechatronics** – HSD takeover of the Bi.Fin srl leasing (existing site in Gradara)
- ✓ **Wood – stand alone machines** vertical auto-warehouse (traslo)
- ✓ **Subsidiary** Biesse America campus
- ✓ **Components** Cosmec working centers
- ✓ **I.T.** Service CRM – product configurator – I.I.o.T.
- ✓ **R&D** capitalized

PEOPLE DISTRIBUTION

(without interim people)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Production % of total people	1,250 46%	1,265 45%	1,175 44%	1,201 42%	1,335 42%	1,482 41%	1,494 39%	1,621 38%
Service & After sale % of total people	577 21%	574 21%	613 22%	628 22%	690 22%	803 22%	894 23%	1,001 24%
R&D % of total people	316 12%	338 12%	321 12%	361 13%	383 13%	436 12%	479 12,5%	551 13%
Sales & Marketing % of total people	361 13%	364 13%	351 13%	439 15%	495 15%	587 16%	641 17%	715 17%
G&A % of total people	233 9%	242 9%	235 9%	252 9%	273 9%	310 8,5%	338 8,8%	339 8%
ITALY % of total people	1,656 61%	1,646 59%	1,547 57%	1,605 56%	1,780 56%	2,009 56%	2,176 56%	2,483 59%
OUTSIDE ITALY % of total people	1,081 39%	1,136 41%	1,148 43%	1,276 44%	1,396 44%	1,609 44%	1,670 44%	1,744 41%
TOTAL	2,737	2,782	2,695	2,881	3,176	3,618	3,846	4,227

PEOPLE EVOLUTION

	FY 2017	FY 2018	DELTA %
Production	1,494	1,621	+8.5
Service & After Sales	894	1,001	+12.0
R&D	479	551	+15.0
Sales & Marketing	641	715	+11.5
G&A	338	339	...
ITALY	2,176	2,483	+ 14.1
OUTSIDE ITALY	1,670	1,744	+ 44.3
TOTAL	3,846	4,227	+9.9

the labour cost increase is EURO 16.3 mln (2018 vs 2017)

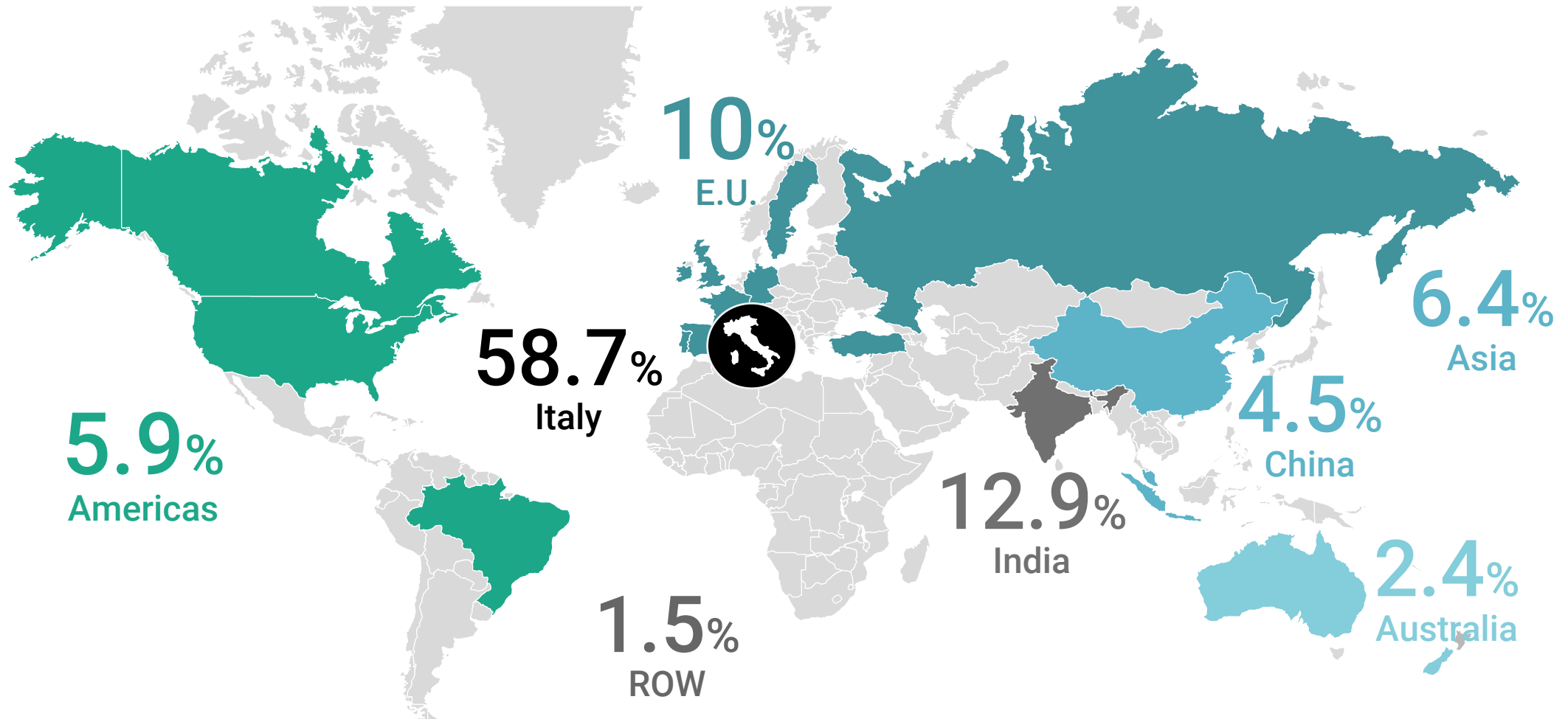
interim people at the end of Dec. 2018: 170
interim people at the end of Dec. 2017: 196
interim people at the end of Dec. 2016: 181

employees
→ 4,397

PEOPLE DISTRIBUTION

BY MAIN COUNTRIES – 2018

people outside Italy: nr. 1,744
people in Italy: nr 2,483



PEOPLE DISTRIBUTION

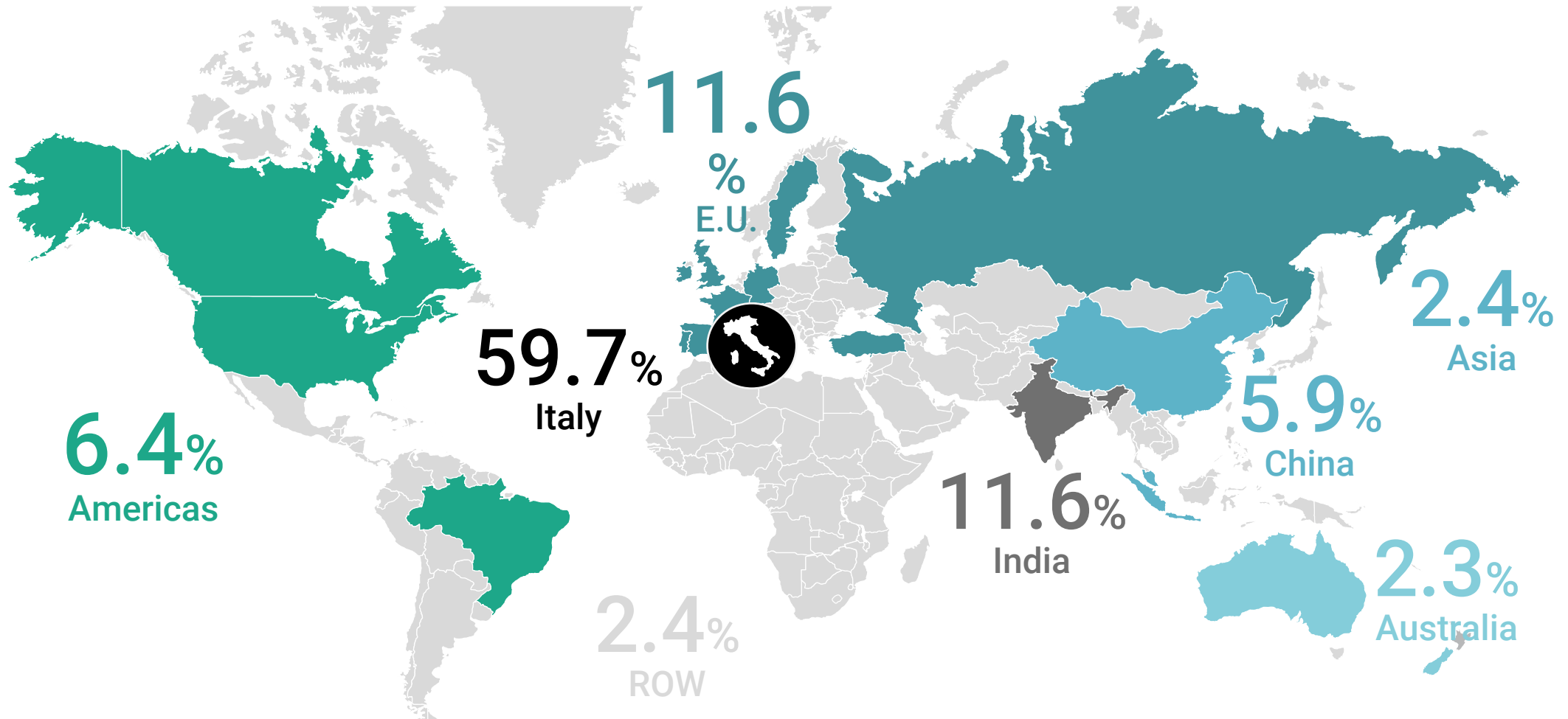
BY MAIN COUNTRIES – 2019e

3 -Year Business Plan

a) staff outside Italy: nr. 1,915

b) staff in Italy: nr 2,831

a+b (4,746)= +7.9% vs 2018



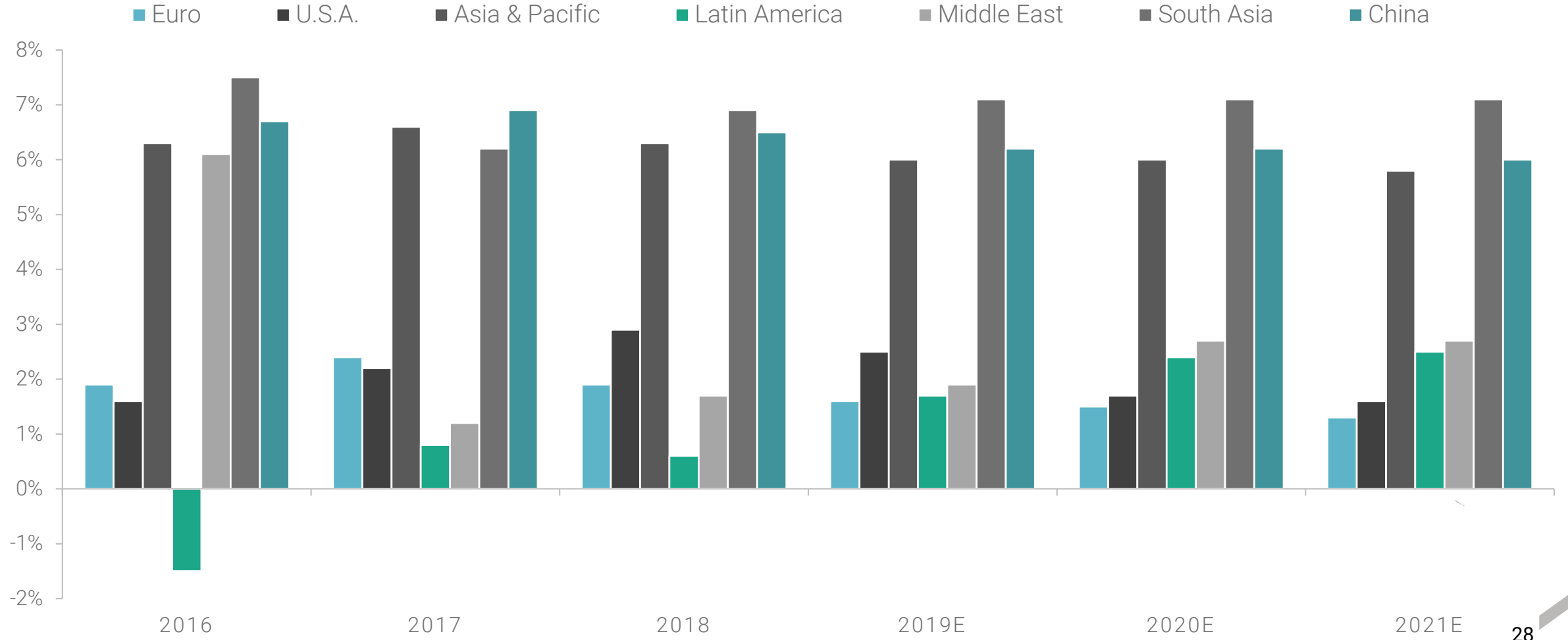
OUR FUTURE IN FIGURES

- 3.1 OUR FUTURE IN FIGURES
- 3.2 OTHER FIGURES
- 3.3 ANNEX
- 3.4 THE SHARE

- MACROECONOMIC CONTEXT
 - GDP BY COUNTRY
 - GDP BY AREA
 - BIESSE PERFORMANCE
- SHAREHOLDERS & B.O.D.
- FURNITURE MARKET
- CRESME & CSIL VIEW

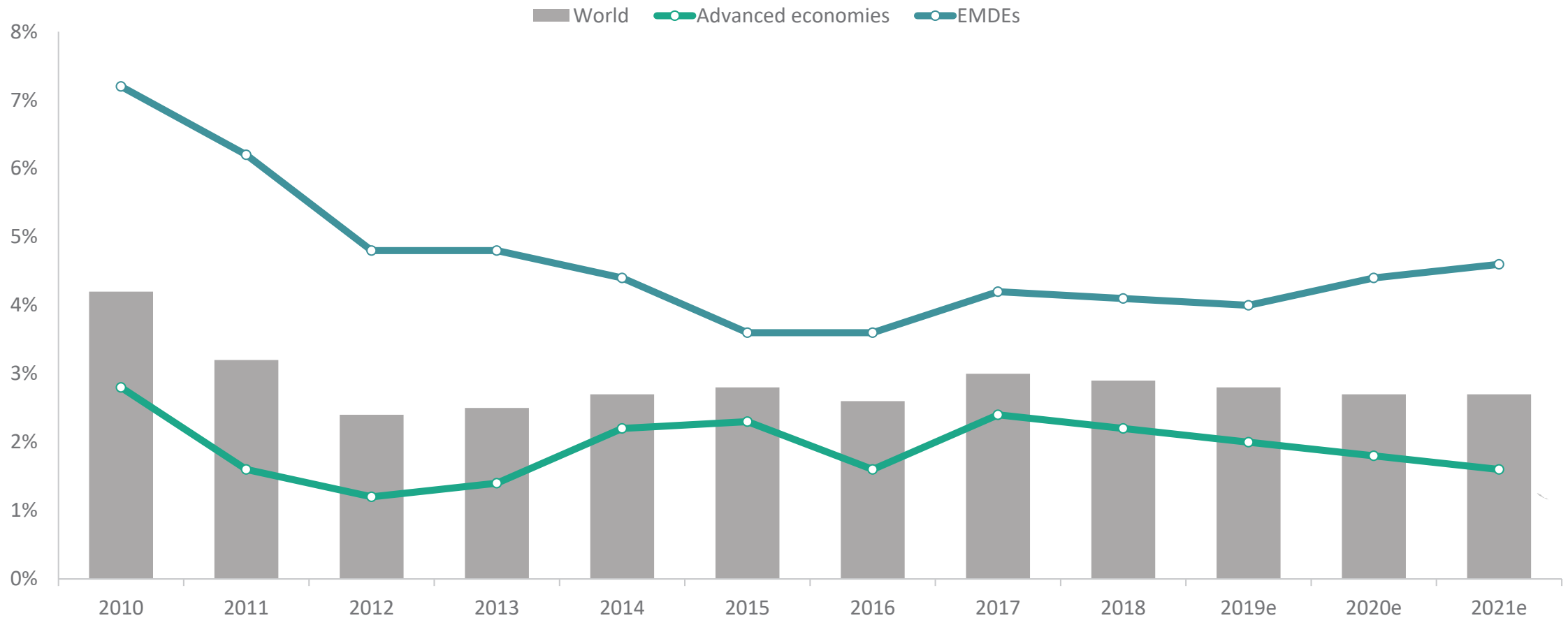
MACROECONOMIC CONTEXT - GDP BY COUNTRY

GDP YoY Growth (%)



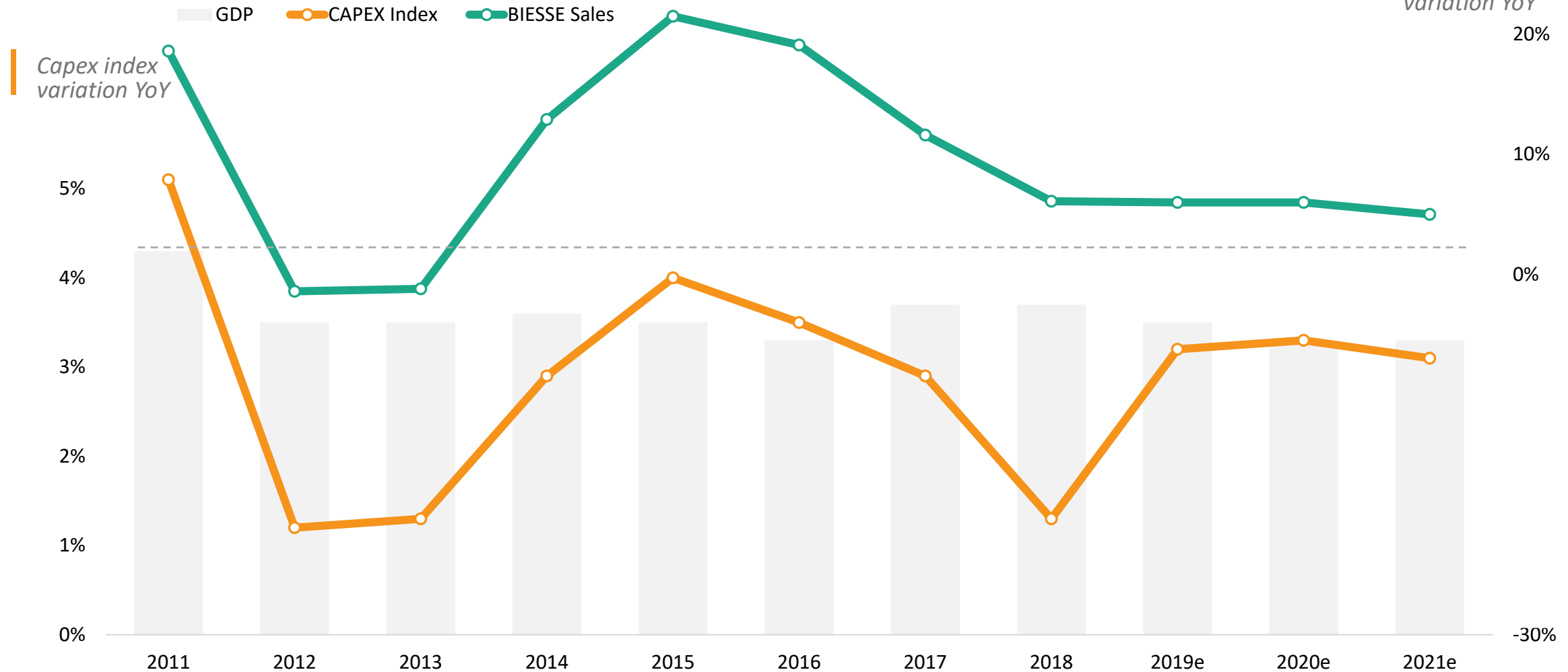
MACROECONOMIC CONTEXT - GDP BY COUNTRY

World, Advanced Economies & EMDEs YoY Growth (%)



MACROECONOMIC CONTEXT - BIESSE PERFORMANCE

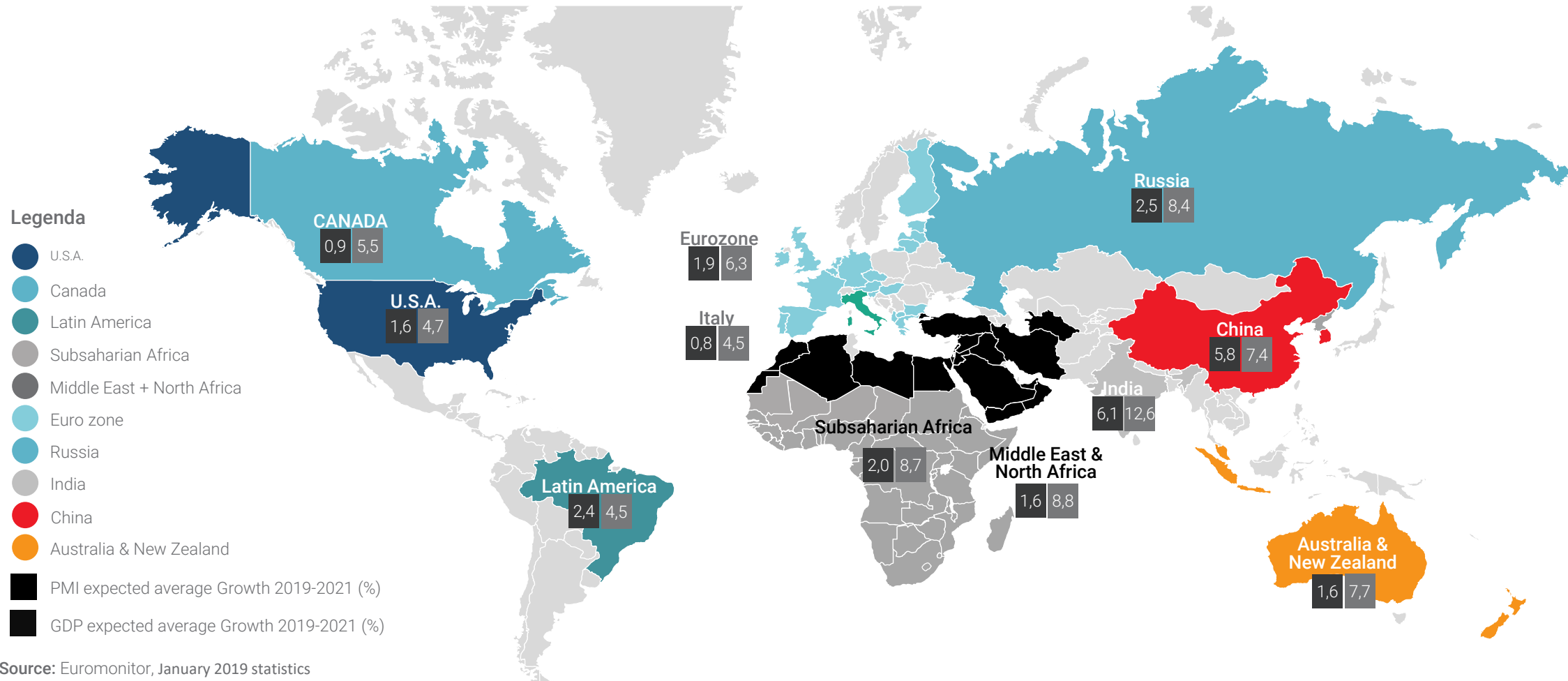
GDP, Capex Index and Biesse sales YoY Growth (%)



Biesse sales variation YoY

WORLD GDP & PMI BY MAIN MACRO AREA

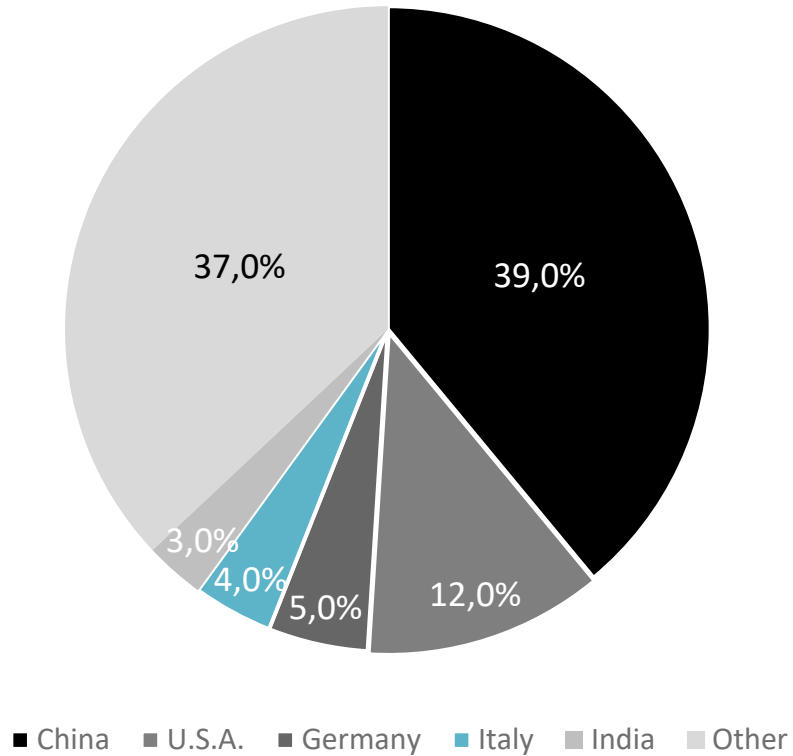
3-Year Business Plan



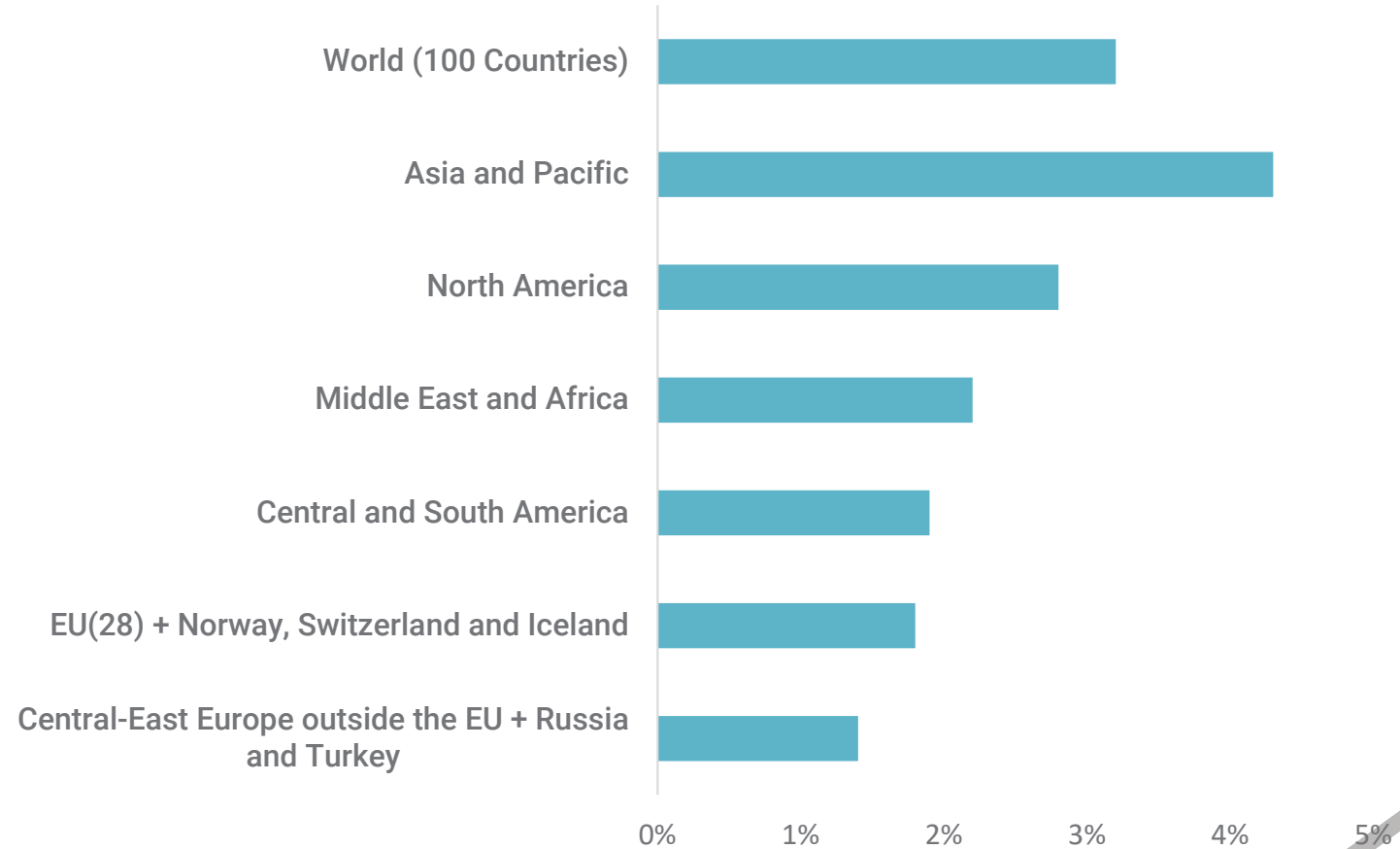
Source: Euromonitor, January 2019 statistics

FURNITURE

Furniture demand by countries

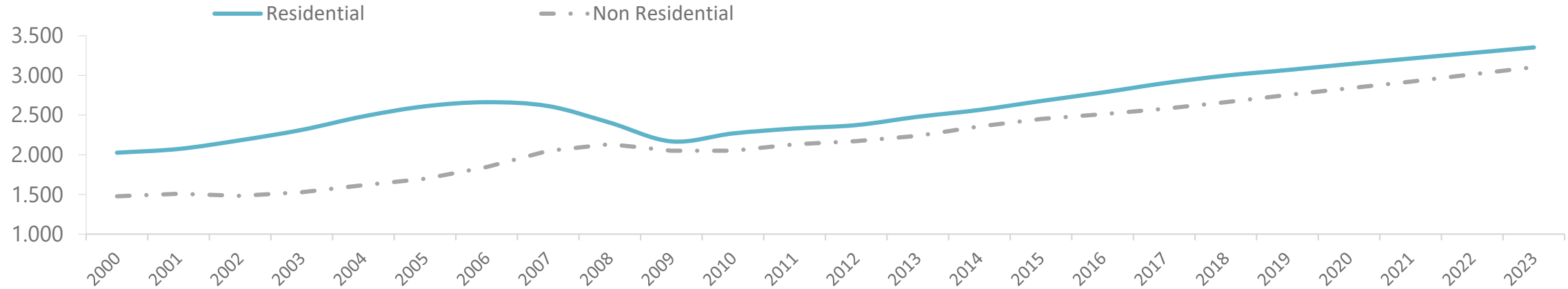


Furniture consumption. Countries grouped by geographical region, 2019. Forecast of yearly changes in real terms.

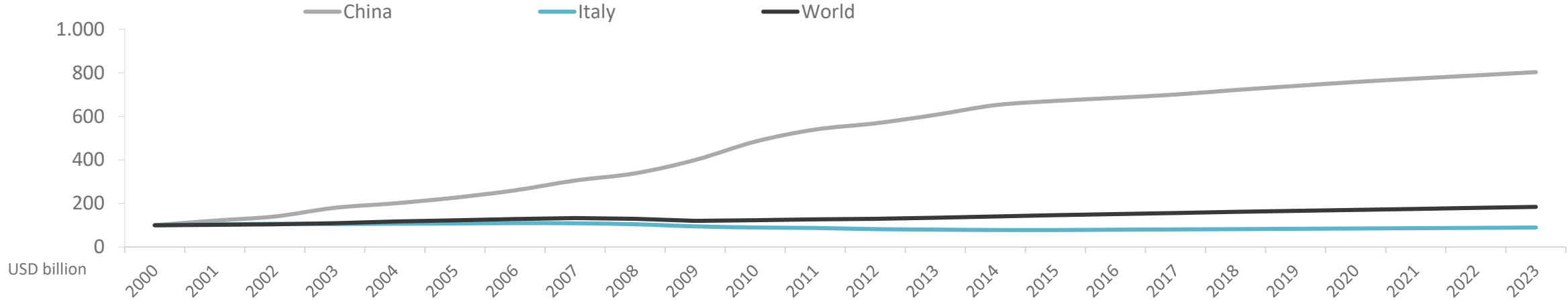


CRESM E & CSIL VIEW (1)

Building Investments World trends



Building Investments comparing China, Italy, World

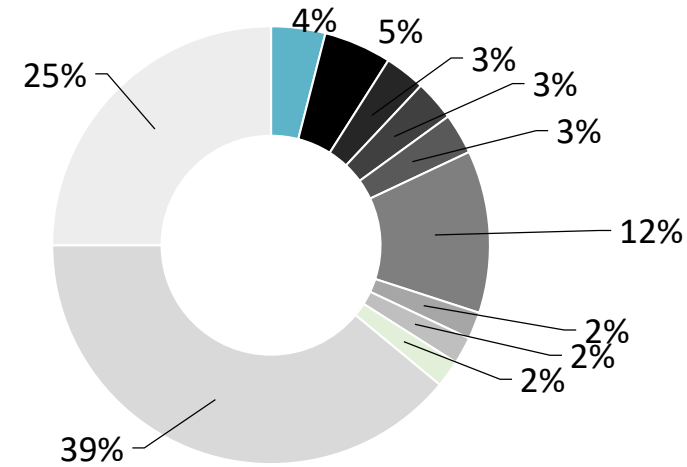
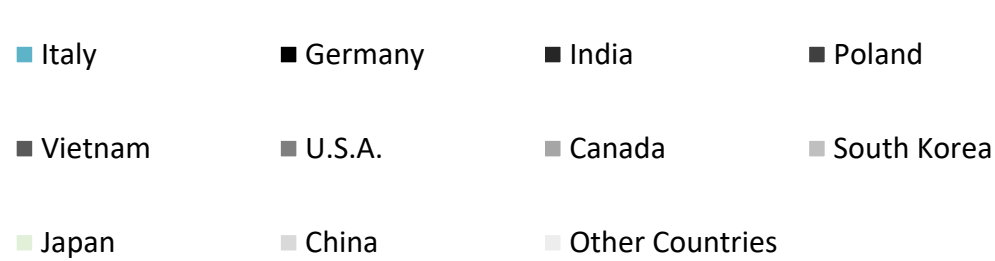


Note: (*) Preliminary; (**) Projected

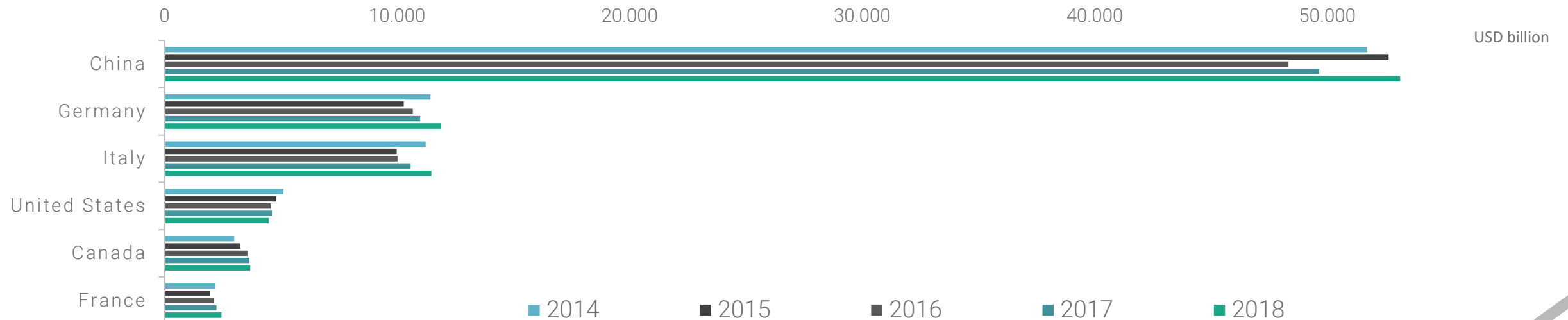
Source: CSIL 2018e

CRESM E & CSIL VIEW (2)

% breakdown of world furniture production, 2018e



Main furniture exporting countries 2012-2018e



Note: (*) Preliminary; (**) Projected

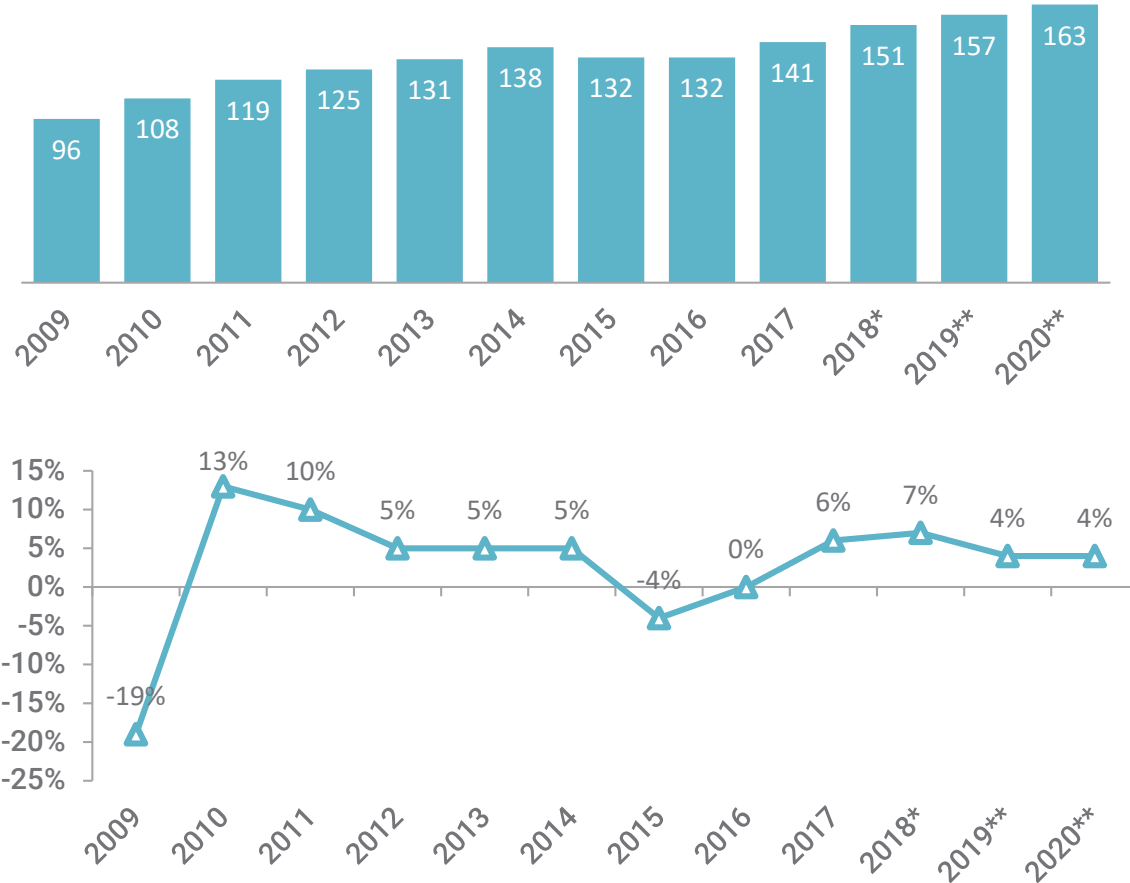
Source: CSIL 2018e

CRESMET & CSIL VIEW (3)

3-Year Business Plan

World trade of furniture and annual percentage changes.

USD billion



China – Main furniture trading partners

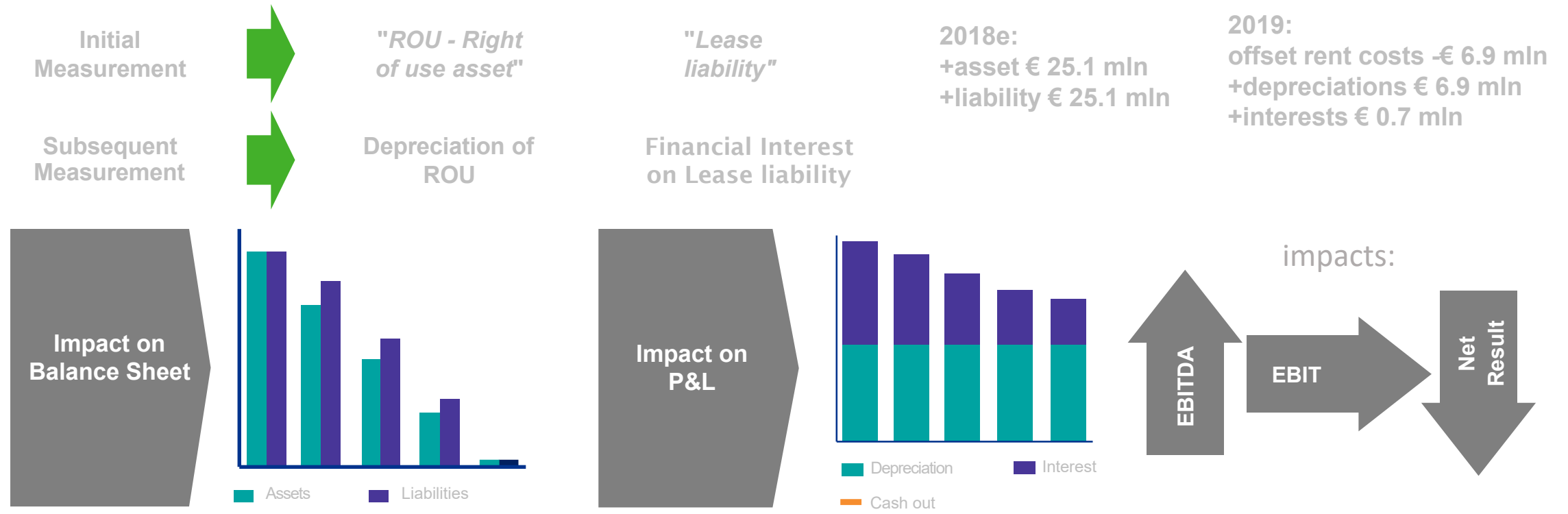
Origin of furniture imports		Destination of furniture exports	
Italy	18,8%	USA	36,9%
Germany	14,8%	Japan	5,6%
Vietnam	8,5%	UK	4,9%
Poland	7,0%	Australia	3,8%
USA	6,0%	Germany	3,7%
JAPAN	5,7%	Hong Kong	3,3%
South Korea	4,4%	South Korea	3,2%
Taiwan	2,9%	Canada	3,1%
China	2,7%	France	2,4%
UK	2,6%	Singapore	2,2%

Note: (*) Preliminary; (**) Projected

Source: CSIL 2018e

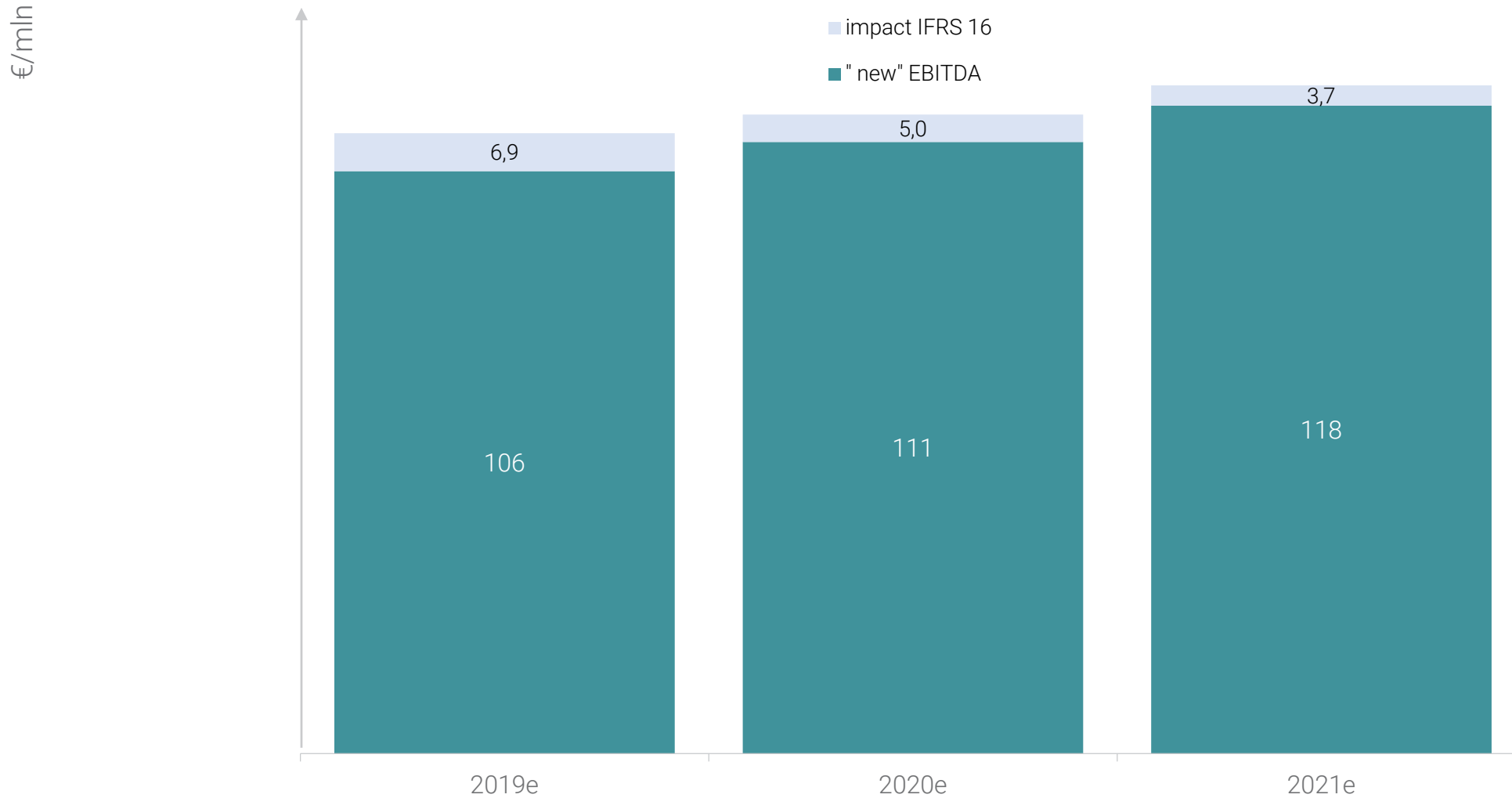
IFRS 16 IMPACTS

“.....**IFRS 16** is an International Financial Reporting Standard (IFRS) providing guidance on accounting for leases. IFRS 16 was issued in January 2016 and will be effective for most companies that report under IFRS in 2019. Upon becoming effective, it will replace the earlier leasing standard, IAS 17. ...The new standard will provide much-needed transparency on companies’ lease assets and liabilities, meaning that off balance sheet lease financing is no longer lurking in the shadows. It will also improve comparability between companies that lease and those that borrow to buy.....”



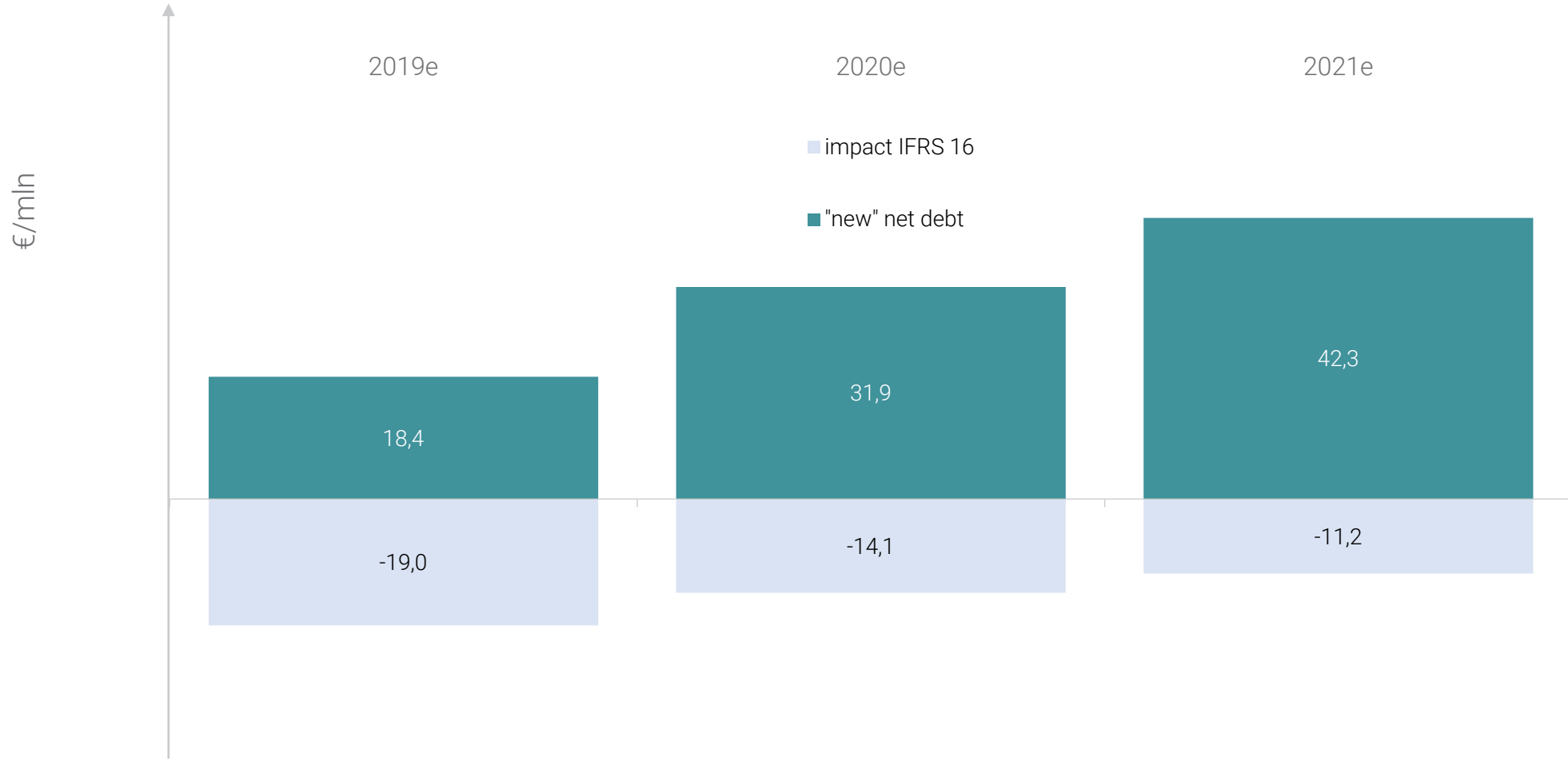
EBITDA WITH THE IFRS 16 IMPACTS

3 -Year Business Plan



NET DEBT WITH THE IFRS 16 IMPACTS

3-Year Business Plan

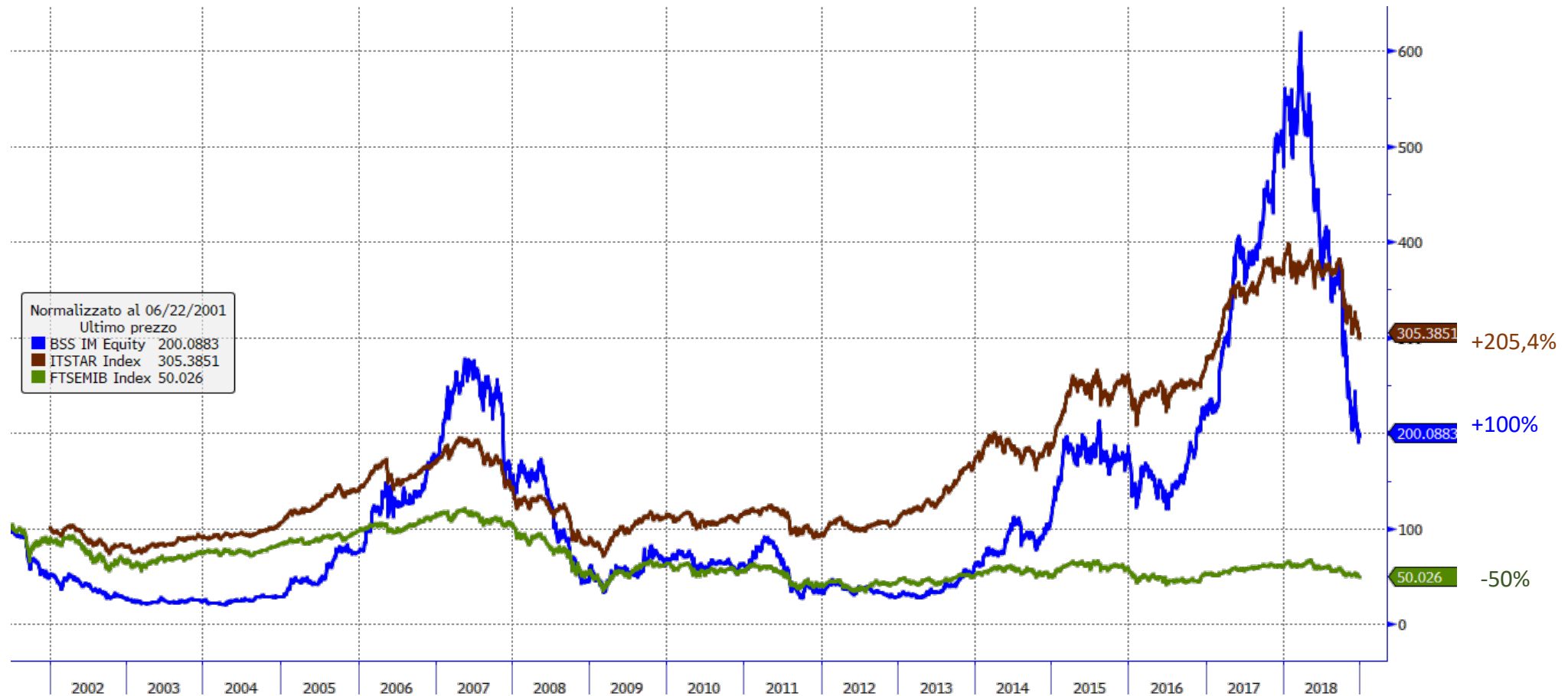


BIESSE SHARE 2018E TREND:

VS INDEX

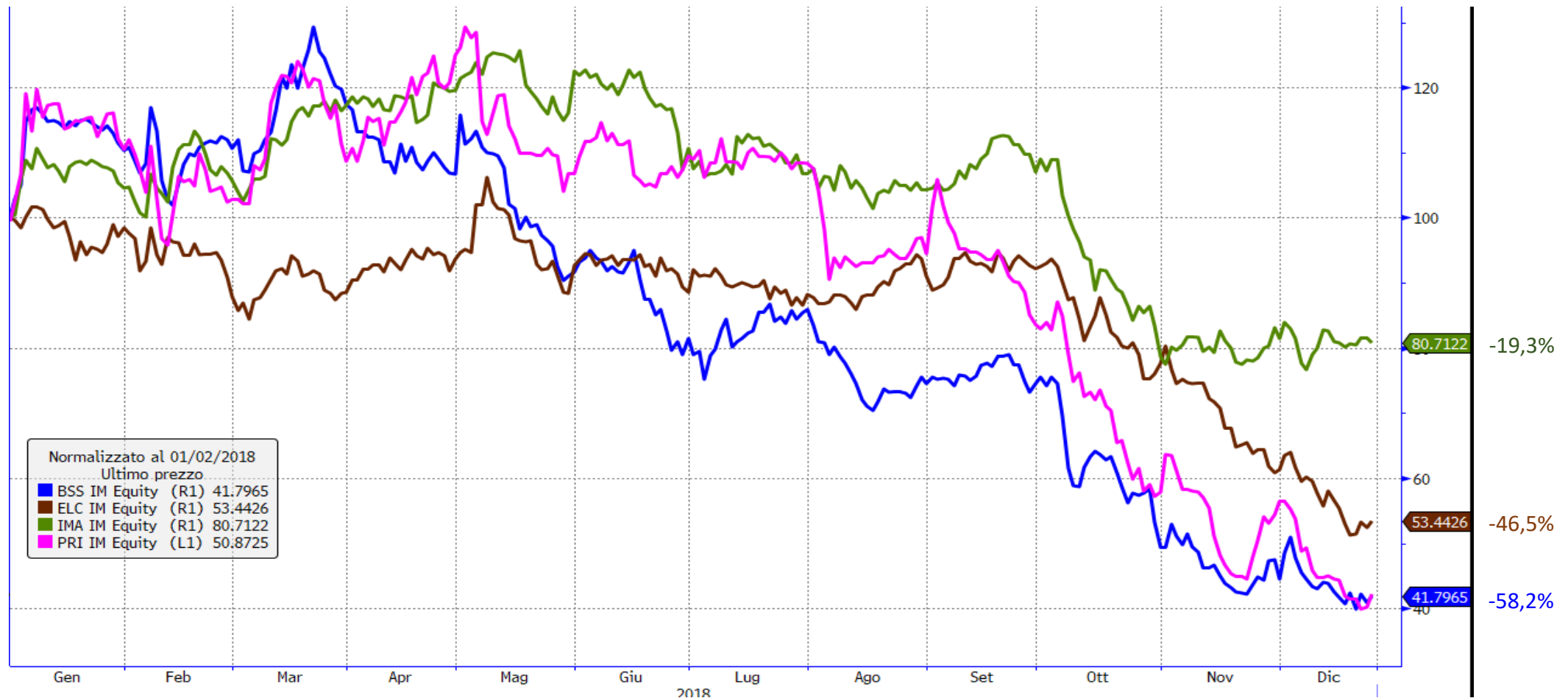


BIESSE SHARE HISTORICAL TREND (SINCE IPO): VS INDEX

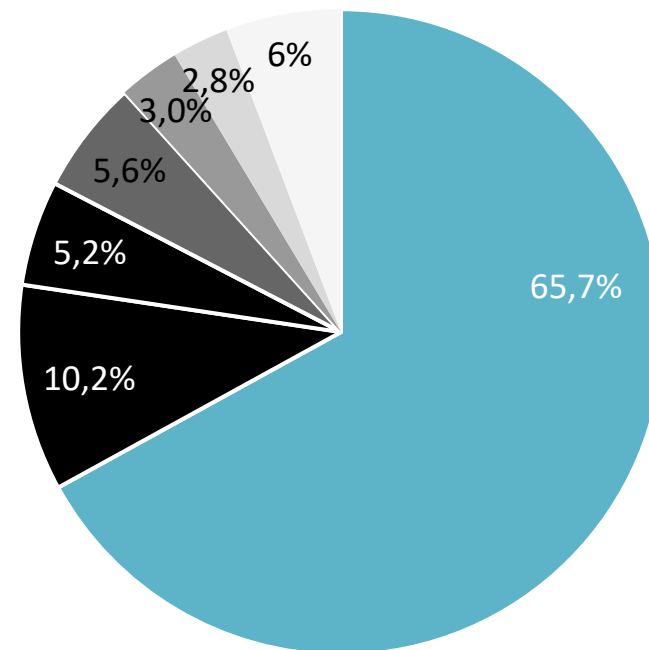
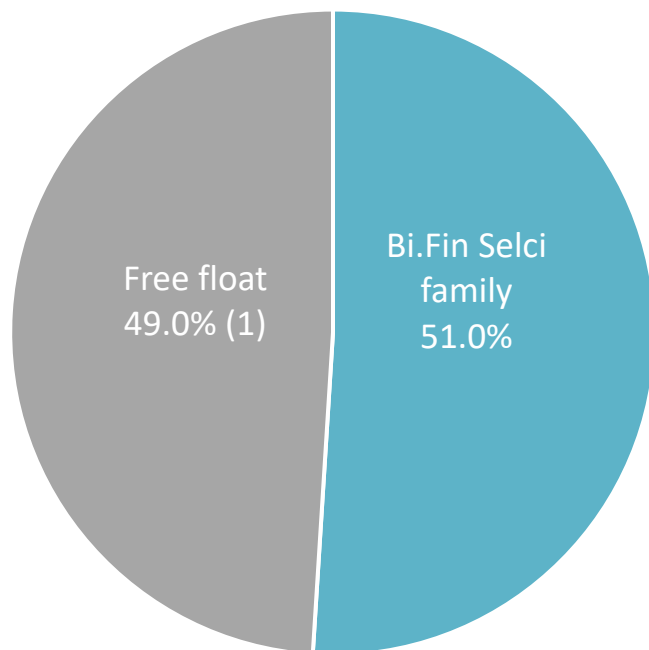


BIESSE SHARE 2018E TREND:

VS ITALIAN PEERS



SHAREHOLDERS BREAKDOWN – BOARD OF DIRECTORS



- Italy (including Bi.Fin)
- France
- Luxembourg
- U.S.A.
- Belgium
- Malta
- Germany

Biesse B.o.D.:

- Giancarlo Selci (Founder - President)
- Roberto Selci (C.E.O.)
- Stefano Porcellini (Group Director)
- Alessandra Parpajola
- Giovanni Chiura (independent)
- Federica Palazzi (independent)
- Elisabetta Righini (independent)

(1): Groupama 5.1%; Allianz Global Investors 5%
 (2): 51% of Bi.Fin s.r.l. included

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