

# RE PORT

QUARTERLY REPORT

AT 31 MARCH 2019

 **BIESSEGROUP**



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Cover.

A subject of the Biesse Group 50 years campaign.

# IT'S THE FUTURE THAT MAKES HISTORY.

WE HAVE BEEN DESIGNING INNOVATION  
FOR THE PAST FIFTY YEARS, DRIVEN BY AN INCREDIBLE  
ENGINE, POWERED BY PEOPLE, PASSION AND PRECISION.

[BIESSEGROUP.COM/50YEARS](https://www.biessegroup.com/50years)



# THE GRO UP

▨ **BIESSE**GROUP

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▨ **BIESSE**

▨ **INTERMAC**

▨ **DIAMUT**

MECHATRONICS

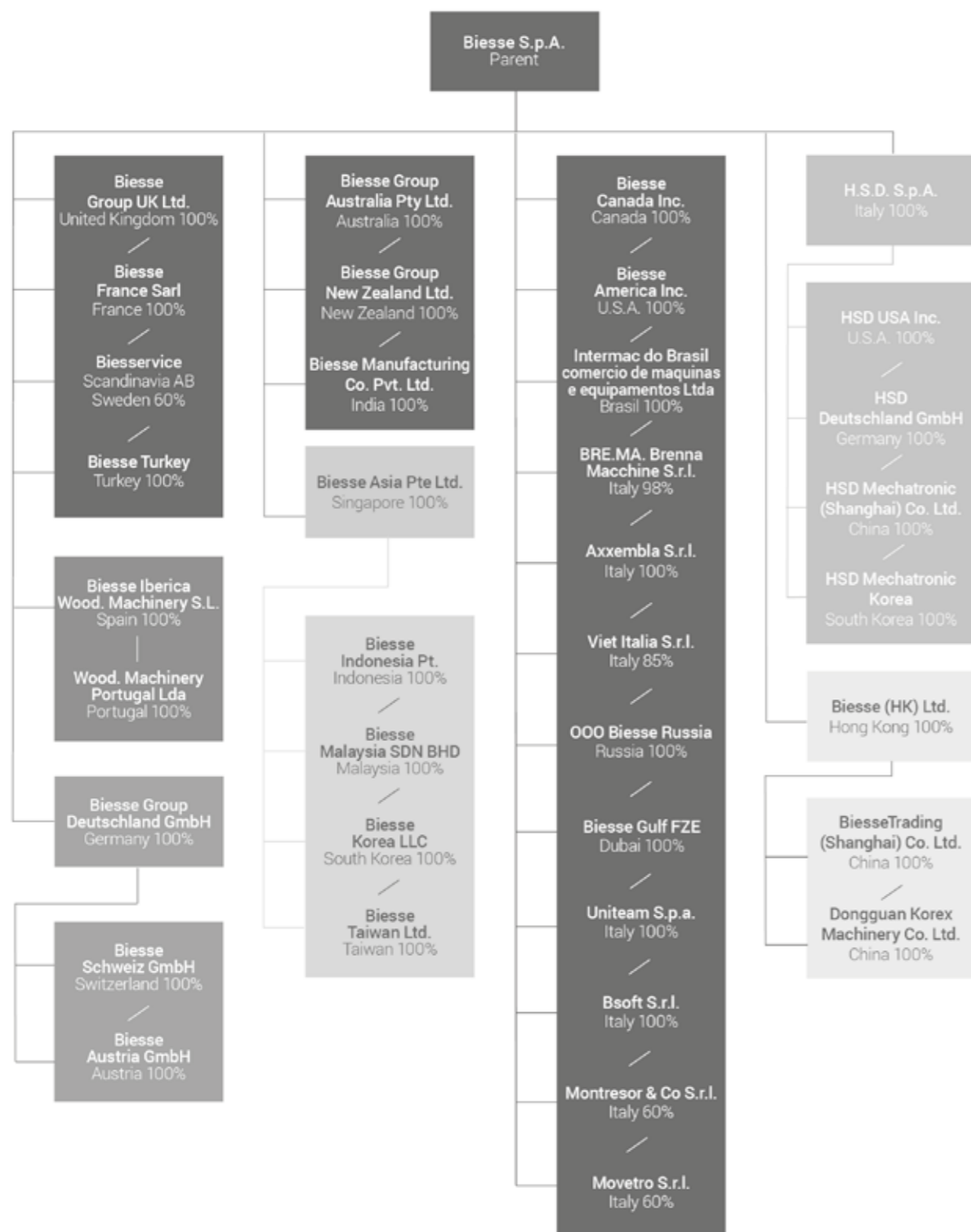
Biesse Group is a global leader in technologies for processing wood, glass, stone, plastic and metal. Founded in Pesaro in 1969 by Giancarlo Selci, the company has been listed on the STAR sector of Borsa Italiana since June 2001 and is currently a constituent of the FTSE IT Mid Cap index.



ROVER

# 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 FINANCIAL STATEMENTS

The Biesse Group's consolidated quarterly report at 31 March 2019, unaudited, has been prepared pursuant to Article 154-ter, paragraph 2 of the Consolidated Law on Finance and in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRS).

Accounting standards and recognition criteria are consistent with those of the 2018 Annual Report, to which reference should be made. Furthermore, it should be noted that:

- The quarterly financial statements have been prepared using the discrete approach, according to which the reference period is considered to be a discrete accounting period. In this respect, the income statement items for the period are recognised in the quarterly income statement on an accruals basis.
- The financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 31/03/2019, 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 identified as an accounting measure for IFRS purposes, meaning that the criterion used to determine taxable income might not be consistent with what is reported by other groups or companies.

Compared with the financial statements for the year ended 31 December 2018, the consolidation scope underwent no changes.



# PARENT COMPANY CORPORATE BODIES

## BOARD OF DIRECTORS

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

Giancarlo Selci  
Roberto Selci  
Alessandra Parpajola  
Silvia Vanini  
Stefano Porcellini  
Elisabetta Righini  
Giovanni Chiura  
Federica Palazzi

## BOARD OF STATUTORY AUDITORS

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

Paolo de Mitri  
Claudio Sanchioni  
Silvia Cecchini  
Silvia Muzi  
Dario de Rosa

## CONTROL AND RISKS COMMITTEE – REMUNERATION COMMITTEE – RELATED PARTY COMMITTEE

Elisabetta Righini (Lead Independent Director)  
Federica Palazzi

## SUPERVISORY BODY

Domenico Ciccopiedi  
Elena Grasseti

## INDEPENDENT AUDITORS

Deloitte S.p.A





# FINAN CIAL

HIGHLIGHTS

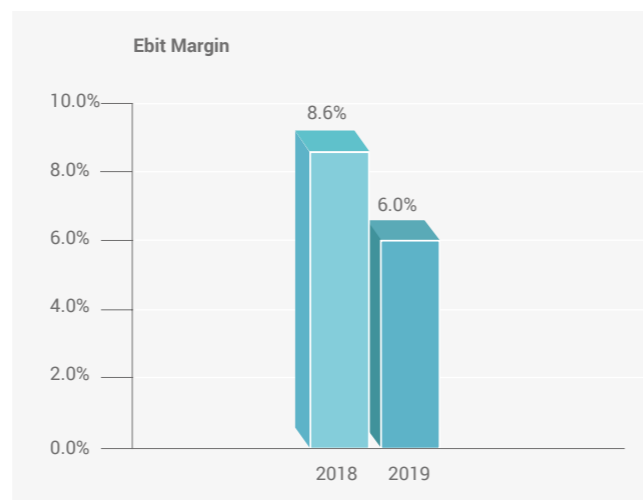
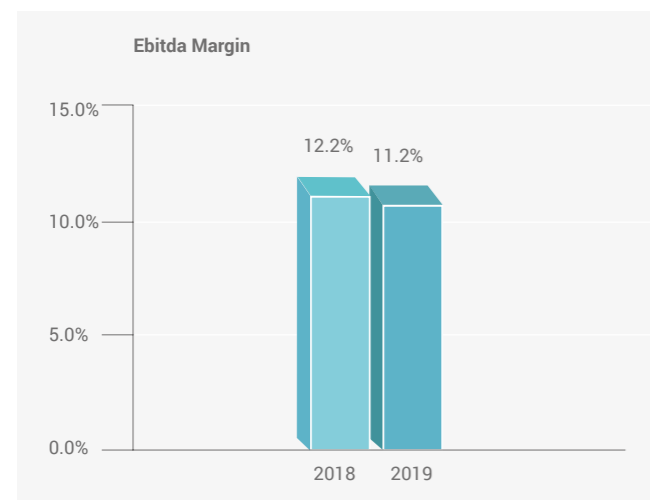




# FINANCIAL HIGHLIGHTS

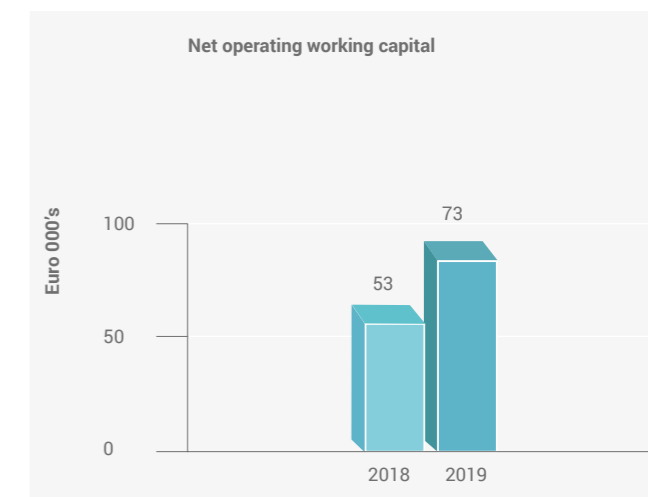
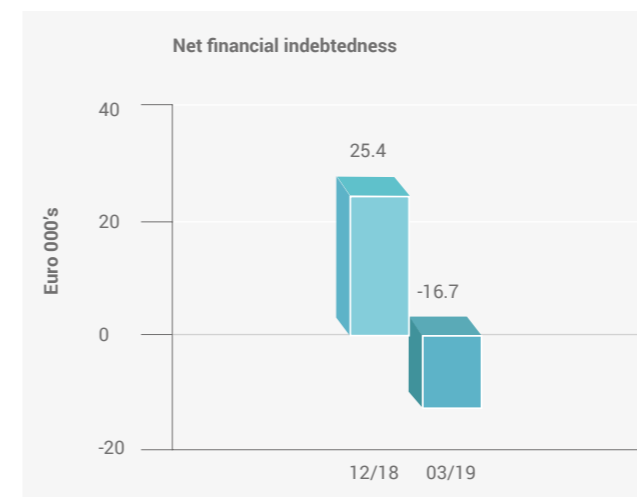
## Income Statement

EURO 000'S	31 MARCH 2019	% ON SALES	31 MARCH 2018	% ON SALES	CHANGE %
Revenue from sales and services	169,017	100.0%	162,327	100.0%	4.1%
Normalised Added value <sup>(1)</sup>	75,652	44.8%	69,756	43.0%	8.5%
Normalised EBITDA (Normalised gross operating profit) <sup>(1)</sup>	18,901	11.2%	19,762	12.2%	(4.4)%
Normalised EBIT (Normalised operating profit) <sup>(1)</sup>	10,674	6.3%	13,944	8.6%	(23.5)%
EBIT (Operating profit) <sup>(1)</sup>	10,179	6.0%	13,939	8.6%	(27.0)%
Profit for the year	5,590	3.3%	8,063	5.0%	(30.7)%



## Statement of Financial Position

EURO 000'S	31 MARCH 2019	31 DECEMBER 2018
Net invested capital <sup>(1)</sup>	243,239	194,127
Equity	226,524	219,536
Net financial position <sup>(1)</sup>	16,716	(25,407)
Net operating working capital <sup>(1)</sup>	72,790	53,092
Gearing (net financial position/equity)	0.07	(0.12)
Fixed asset/standing capital ratio	1.06	1.17
Order intake	134,422	618,952

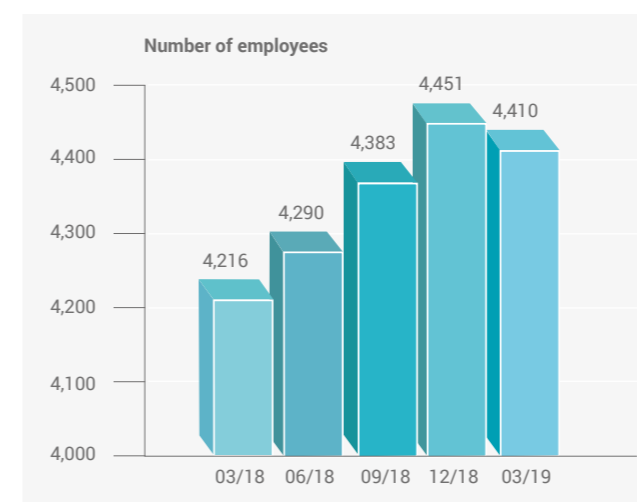


## Cash flow

EURO 000'S	31 MARCH 2019	31 DECEMBER 2018
Ebitda (Gross operating profit)	18,406	88,764
Change in net working capital	(20,408)	(17,757)
Change in other operating assets/liabilities	(5,809)	(18,686)
<b>Operating cash flow</b>	<b>(7,811)</b>	<b>52,321</b>
Cash flow used in investment activity	(7,787)	(44,807)
<b>Cash flow</b>	<b>(15,598)</b>	<b>7,514</b>
Foreign exchange rate differences	74	669
<b>Change in net financial indebtedness (net IFRS 16)</b>	<b>(15,523)</b>	<b>(4,961)</b>
IFRS 16 effect	(26,600)	-
<b>Change in net financial indebtedness</b>	<b>(42,123)</b>	<b>(4,961)</b>

## Personnel

	31 MARCH 2019	31 MARCH 2018	31 MARCH 2017
Number of employees at year end	4,410	4,216	4,042



\* The figures include temporary staff

<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



# DIRECTORS' REPORT

REPORT ON OPERATIONS



## DIRECTORS' REPORT ON OPERATIONS

At the end of the first quarter of 2019, the revenue of the Biesse Group rose by around 4.1% compared to the previous year. Profitability, on the contrary, fell slightly mainly due to the continuation of the investment policy in the Service area, in line with the Group's business plan: during 2018 and in the first part of 2019, the related business structure was enhanced, with new staff currently engaged in training. Order intake in the first quarter fell by 9.5%, due to problems on the German and Chinese markets and to the lower contribution from the System component. The order book reached € 223 million (-1.4%).

Therefore, as regards the performance in the first three months of 2019, the Group recorded revenue of € 169,017 thousand compared to € 162,327 thousand in 2018.

In the first three months of 2019 added value totalled € 75,652 thousand, +8.5% compared to the same period last year. EBITDA for the first three months of 2019 totalled € 18,901 thousand, down € 861 thousand. As a percentage of revenue, it decreased from 12.2% to 11.2%. EBIT decreased in the same period as well, down by € 3,270 thousand (€ 10,674 thousand in 2019 compared to € 13,944 thousand for the same period in 2018). As a percentage of revenue, it decreased from 8.6% to 6.0%.

Following the first-time adoption of IFRS16, the effect on EBITDA (which largely took the form of lower rental fees) was € 1,229 thousand.

Impairment losses and non-recurring items, amounting to € 495 thousand, mainly included personnel expense relating to voluntary termination benefits.

As for the breakdown of revenue by segment, the Wood Division saw an increase of around 3.4% (€ 118,063 thousand compared to € 114,215 thousand in 2018). Also the Glass/Stone Division rose significantly (+24.4%), as did the Tooling

Division, which rose by 4.6%. Only the Mechatronics Division fell (-10.3%), from € 25,218 thousand to € 22,631 thousand in 2019.

The geographical breakdown of turnover shows the solid performance of North America (+32.6%, from € 27,151 thousand to € 36,000 thousand in 2019) and Western Europe (+15.1%), which kept its leading role among the various segments with its € 77,587 thousand in revenue.

For the other areas, we may note the negative performance of Asia-Oceania (-20.6%) and the Rest of the World (-43.2%). There was a slight fall also in Eastern Europe (-4.1%).

As for the financial position, it should be noted that the Net Operating Working Capital increased by around € 19,697 million compared to December 2018, mainly due to the approximately € 20.6 million increase in inventories. It should be noted that this increase is in line with forecasts since it ensues from the need to facilitate the scheduling of the deliveries planned for the coming months. In terms of overall working capital, the impact was partially offset by the nearly € 3.9 million decrease in trade receivables, while trade payables rose by approximately € 3.1 million.

Finally, the Group's Net Financial Position at 31 March 2019 was negative at around € 16.7 million, down compared to the figure of December 2018 (positive to the tune of € 25.4 million). The NFP figure was affected by the first-time adoption of IFRS 16, which had a negative impact (due to higher payables for rights of use) of around € 26.4 million.

Again, following the first-time adoption of IFRS16, there was an increase of € 26.6 million in property, plant and equipment at 31 March 2019.

## GENERAL ECONOMIC OVERVIEW

The global economy slowed and world trade contracted in the final part of 2018. The outlook continues to be affected by a range of risks: the continuation of market tension, despite some recent signs of easing; an economic downturn in China that was worse than expected; the effects from the process of the United Kingdom leaving the European Union (Brexit). The main central banks notified their intention to further maintain a markedly expansive policy; this led the way a fall in long-term returns and a recovery in share prices.

### EUROZONE

In the Eurozone, the growth prospects for the current year were significantly revised downward and the inflation forecast was reduced. The ECB's Governing Council will extend the expansive conditions: it has extended until the end of 2019 the minimum time horizon within which the interest rates will remain unchanged and has announced a new series of longer-term refinancing operations, the price conditions of which will be defined in the next few months and will take account of the future developments in the economy. The Council is ready to use all the instru-

ments it has available to support the economy and guarantee the convergence of inflation at levels below but close to 2 per cent in the medium term.

### ITALY

According to the most recent indicators, economic activity in Italy made a slight recovery at the start of this year, after falling in the second half of 2018. The weakness of the economy in recent quarters mirrors that seen in Germany and in other countries in the area. The companies interviewed in the Bank of Italy's survey indicated unfavourable conditions for current demand, specifically from Germany and China, but expect a limited improvement over the next three months; in addition, they suggest a reduction in investment plans for the year. According to companies, the outlook is affected both by the uncertainty linked to economic and political factors, and by global tensions over trade policies.

## BUSINESS SECTOR REVIEW

### UCIMU – SISTEMI PER PRODURRE

In the first quarter of 2019, the UCIMU index for machine tool orders fell by 8.5% compared to the prior-year period. The absolute value of the index was 127.7 (100 base in 2015). The overall result was determined by the slowdown in orders on both the domestic and foreign markets.

In particular, foreign orders fell by 8.2% compared to January-March 2018. The absolute value of the index was 124.3.

Also on the domestic front, Italian machine tool manufacturers recorded a 9.8% decrease in total orders compared to the first quarter of 2018. The absolute value of the index was 129.1.

Massimo Carboniero, the Chairman of UCIMU-SISTEMI PER PRODURRE, stated: "The result for the first quarter requires careful consideration because, alongside the clear reduction in orders on the domestic market, which started in the first quarter of 2018, we may now add the fall in new foreign orders".

"In reference to the domestic market, the fall in orders was natural following the exceptional performance in 2017. We were expecting it and, looking at the performance in 2018 and in this first part of 2019, we can say that values are returning to normal levels for the Italian market".

"Having said this, it is, however, necessary to consider that the country's manufacturing industry still needs to invest in new machinery and new production technologies. For this reason, it is essential that the Government confirms as soon as possible the details relating to the reintroduction of super-amortisation as presented in the Growth Decree".

"A few years ago, the Italian manufacturing industry, as well as the whole country, started a gradual process of renewal and transformation aimed at increasing the competitiveness of the made in Italy offer; interrupting this process halfway would be risky, also and above all in terms of jobs".

"Italy needs to consolidate and increase the value of its manufacturing output while protecting its companies, know-how and jobs. And to do this, it needs tools that encourage investments

in technology. Only by adding innovation to innovation, will we be able to consolidate our leadership in those sectors, often niche sectors, where our offer is today greatly preferred to that of our competitors".

"As for the foreign market, our index – added the Chairman of UCIMU-SISTEMI PER PRODURRE – shows a slowdown. The climate of political instability, the approaching European elections, the static nature of some markets, such as Germany, and of some particularly important segments for the Italian machine tool industry, such as automotive, as well as the protectionist closure of some important markets, certainly make Italian manufacturers' business much harder".

"For this reason, we ask the Government to think about enhancing the tax incentives for Italian companies taking part in key trade fairs outside the EU, since the presence in exhibitions, especially in distant markets, is the best marketing tool for an SME. In the most important exhibition organised in China, which took place in mid-April, over 50 Italian companies showed off their technology with the aim of intercepting the demand of local users and from surrounding countries, which are certainly among the liveliest in the international panorama".

"But all this is not sufficient – concluded Massimo Carboniero – for this reason UCIMU, as part of its internationalisation work, in 2019 plans, together with the Ministry of Economic Development, Embassies, the Italian Trade & Investment Agency and similar trade associations, to organise a series of bilateral workshops in Russia, India and China, designed to encourage dialogue between the institutional and industrial systems of both sides".

## MAIN EVENTS OF THE PERIOD

### SYSTEMS, SOFTWARE AND SERVICES TO AUTOMATE FACTORIES

Trade fairs and events continue to be at the heart of the marketing and communication strategy of the Biesse Group, an important opportunity to develop the relationship with the local area, where the Group's technical and commercial specialists can meet customers and study the needs of the specific market. It is an opportunity for those who want to get to know the company at first hand and who want to discover technological innovations, systems, software and services to automate and digitise factories. From its Headquarters, the Group directly manages, through branches and in collaboration with the main resellers, over 100 trade fairs and events each year in the various sectors of woodworking, advanced materials, glass, stone and metal, in various types of exhibition areas, from small areas with some standalone technology up to institutional international fairs, with reproductions of real factories with technological solutions, systems and related services.

### THE FUTURE THAT MAKES HISTORY, FUTURE ON TOUR

In 2019, the Biesse Group turns 50 and is celebrating with a series of events around the world dedicated to its customers and a single common denominator: future.

Believing in the future also means making significant investments to produce tools and machinery to provide customers with greater production efficiency and streamline their work while maintaining safety, improving the integration between mechanics, electronics and software making "smart" and "collaborative" products. "Future on Tour" started in January at the Headquarters in Pesaro and will end in Russia in December 2019, for a total of 18 events in 15 countries over the year. The program also envisages three events for the opening of new Campuses around the world: in Italy, Australia and Germany.



## 2019 EVENTS

Biesse took part in Mecspe in Parma and Jec World in Paris, both dedicated to technologies for advanced material processing. In addition, it took part in CIFM/Interzum in Guangzhou, the international trade fair dedicated to the whole wood and furniture segment, and Delhiwood in India, with great support from the local branches. Among the main events for the Intermac brand was You+Tech, the exclusive event dedicated to industry specialists, which took place at the Intermac HQ in Pesaro, and CamEurasia Glass Fair, organised together with the dealer Sor-glas Glass Machines at the TÜYAP Convention Center.

The Board of Directors of Biesse S.p.A. approved on 26 February 2019 the updating of its business plan for the 2019-2021 period. Based on the initiatives set out in the business plan and on the assessment of the international macroeconomic situation, the results expected by the Biesse Group in the period under review are as follows:

- Higher Net Revenue three-year CAGR of 6%.
- Higher Added Value three-year CAGR of 6.3%.
- Increase in operating margins: or EBITDA three-year CAGR of 7.4%.
- EBIT three-year CAGR of 7.7%.
- Positive free cash flow with over € 69 million in the 2019-2021 period net of planned investments (total capex € 148 million).
- Average eps in the 2019-2021 period; 1.74 without IFRS 16 impact.

The Board of Directors, despite the clear uncertainty and global political and economic turbulence, intends to prioritise investments in innovation, service/after-sale, with all efforts in the marketing/commercial segment. The three-year plan is structured on 3 main indications:

- Expansion of the offer.
- New solutions for customers.
- Greater digitisation.

The Ordinary Shareholders' Meeting, on 30 April 2019 (second call), approved the statutory and consolidated financial statements at 31 December 2018. It also approved the payment (on 8 May 2019) of a dividend which, gross of statutory withholdings, will amount to € 0.48 per entitled share (coupon detachment 6 May 2019 – record date 7 May 2019) for an overall outlay of € 13,148,660. The residual amount compared to the net result will be almost fully allocated to the Extraordinary Reserve (parent company Biesse S.p.A.).

In addition, the Shareholders' Meeting appointed a new member of the Board of Directors following an increase in the number of the members of the Board of Directors itself. The new member of the Board of Directors is Silvia Vanini and the number of members of the Board has now increased to eight. Silvia Vanini will also serve as Group Chief Organization & HR Officer.





# FINAN CIAL

STATEMENTS

INCOME STATEMENT  
AT 31 MARCH 2019

# FINANCIAL STATEMENTS

## INCOME STATEMENT AT 31 MARCH 2019

EURO 000'S	2019	% ON SALES	2018	% ON SALES	CHANGE %
<b>Revenue from sales and services</b>	<b>169,017</b>	<b>100.0%</b>	<b>162,327</b>	<b>100.0%</b>	<b>4.1%</b>
Change in inventories, wip, semi-finished products and finished products	12,379	7.3%	9,418	5.8%	31.4%
Other Revenues	1,637	1.0%	1,615	1.0%	1.3%
<b>Revenue</b>	<b>183,033</b>	<b>108.3%</b>	<b>173,361</b>	<b>106.8%</b>	<b>5.6%</b>
Raw materials, consumables, supplies and goods	(75,352)	(44.6)%	(70,608)	(43.5)%	6.7%
Other operating costs	(32,028)	(18.9)%	(32,997)	(20.3)%	(2.9)%
<b>Normalised added value</b>	<b>75,652</b>	<b>44.8%</b>	<b>69,756</b>	<b>43.0%</b>	<b>8.5%</b>
Personnel expense	(56,752)	(33.6)%	(49,994)	(30.8)%	13.5%
<b>Normalised gross operating profit</b>	<b>18,901</b>	<b>11.2%</b>	<b>19,762</b>	<b>12.2%</b>	<b>(4.4)%</b>
Depreciation and amortisation	(7,985)	(4.7)%	(5,458)	(3.4)%	46.3%
Provisions	(242)	(0.1)%	(361)	(0.2)%	(33.0)%
<b>Normalised operating profit</b>	<b>10,674</b>	<b>6.3%</b>	<b>13,944</b>	<b>8.6%</b>	<b>(23.5)%</b>
Impairment losses and non recurring-items	(495)	(0.3)%	(5)	(0.0)%	-
<b>Operating profit</b>	<b>10,179</b>	<b>6.0%</b>	<b>13,939</b>	<b>8.6%</b>	<b>(27.0)%</b>
Financial income	83	0.0%	95	0.1%	(12.1)%
Financial expense	(642)	(0.4)%	(689)	(0.4)%	(6.8)%
Net exchange rate losses	(1,243)	(0.7)%	(497)	(0.3)%	-
<b>Pre-tax profit</b>	<b>8,378</b>	<b>5.0%</b>	<b>12,848</b>	<b>7.9%</b>	<b>(34.8)%</b>
Income taxes	(2,788)	(1.6)%	(4,786)	(2.9)%	(41.7)%
<b>Profit for the year</b>	<b>5,590</b>	<b>3.3%</b>	<b>8,063</b>	<b>5.0%</b>	<b>(30.7)%</b>

Revenue from sales and services for the first three months of 2019 was equal to € 169,017 thousand, up 4.1% compared to 31 March 2018 (€ 162,327 thousand).

As for the breakdown of revenue by segment, the Wood Division saw an increase of around 3.4% (€ 118,063 thousand compared to € 114,215 thousand in 2018). Also the Glass/Stone Division increased significantly (+24.4%), as did the Tooling Division, which recorded an increase of 4.6%. Only the Mechatronics Division experienced a fall (-10.3%), from € 25,218 thousand to € 22,631 thousand in 2019.

The geographical breakdown of turnover shows the solid performance of North America (+32.6%, from € 27,151 thousand to € 36,000 thousand in 2019) and Western Europe (+15.1%), which kept its leading role among the various segments with its € 77,587 thousand in revenue.

For the other areas, we may note the negative performance of Asia-Oceania (-20.6%) and the Rest of the World (-43.2%). There was a slight fall also in Eastern Europe (-4.1%).

Inventories increased by € 20.6 million overall compared to 31 December 2018: the change is due to the € 9.8 million increase in work in progress, to the € 4.4 million increase in

raw materials, to the € 3.9 million increase in inventories of semi-finished goods, and to the € 2.3 million increase in replacement parts. The increase is in line with forecasts and aimed at meeting the need to cope with deliveries forecast for the next few months.

Revenue for the first three months of 2019 amounted to € 183,033 thousand, +5.6% compared to 31 March 2018, when it amounted to € 173,361 thousand.

The analysis of consumption and other operating expense as a proportion of revenue, rather than of revenue from sales and services, shows an increased absorption of raw materials (41.2% compared to 40.7% at 31 March 2018), due to the different product mix.

Other operating expenses were down in absolute terms (€ 968 thousand) and decreased on a percentage basis (from 19% to 17.5%). This performance was largely due to the item Costs for the use of third-party assets, which fell by € 1,350 thousand, mainly due to the adoption of IFRS 16, which envisages the "reclassification" of operating lease fees under depreciation. Service cost and other operating costs remained essentially unchanged.

EURO 000'S	2019	%	2018	%
<b>Revenue</b>	<b>183,033</b>	<b>100.0%</b>	<b>173,361</b>	<b>100.0%</b>
Raw materials and goods	<b>75,352</b>	<b>41.2%</b>	70,608	40.7%
Other operating costs	<b>32,028</b>	<b>17.5%</b>	32,997	19.0%
Service costs	<b>28,813</b>	<b>15.7%</b>	28,630	16.5%
Use of third party assets	<b>1,047</b>	<b>0.6%</b>	2,556	1.5%
Sundry operating expense	<b>2,168</b>	<b>1.2%</b>	1,811	1.0%
<b>Added value</b>	<b>75,652</b>	<b>41.3%</b>	<b>69,756</b>	<b>40.2%</b>

Finally, it should be noted that added value in the first three months of 2019 was € 75,652 thousand, up 8.5% compared to the same period in 2018 (€ 69,756 thousand).

In the first three months of 2019, personnel expense amounted to € 56,752 thousand, up € 6,758 thousand (+13.5%) compared to the same prior-year period (€ 49,994 thousand). The increase was largely attributable to the fixed component represented by wages and salaries (+ € 6,241 thousand, +12.9% compared to the same prior-year period). These increases in personnel expense are mainly a result of the hire of new staff in 2018.

EBITDA at 31 March 2019 was € 18,901 thousand (€ 19,762 thousand at 31 March 2018). As noted above, there were positive effects on EBITDA owing to lower costs for the use of third-party assets following the adoption of the new IFRS 16 for € 1,229 thousand.

Depreciation and amortisation grew overall by 46.3%, from € 5,458 thousand in 2018 to € 7,985 thousand: the change is mainly attributable to the € 2,143 thousand increase in property, plant and equipment (up 93.7% from € 2,288 thousand to € 4,432 thousand). The increase in depreciation mainly refers to the first-time adoption of IFRS 16 which, as established, causes an increase of € 1,765 thousand in depreciation. The share rela-

ted to intangible assets increased by € 384 thousand (up 12.1% from € 3,169 thousand to € 3,553 thousand).

Provisions amounted to € 242 thousand, down compared to the first three months of 2018 (- € 361 thousand).

As regards financial operations, financial expense amounted to € 559 thousand, unchanged compared to the same period in 2018 (€ 594 thousand).

Exchange rate risk management in this first three months of 2019 resulted in a loss of € 1,243 thousand, down compared to the same prior-year period (negative to the tune of € 497 thousand).

Pre-tax profit thus amounted to € 8,378 thousand.

The estimated balance of income taxes was negative to the tune of € 2,788 thousand. Current taxes were negative to the tune of € 2,587 thousand (IRAP – corporate income tax: € 461 thousand; IRES – regional business tax: € 1,012 thousand; taxes from foreign jurisdictions: € 1,293 thousand; previous-years taxes: € 115 thousand; other taxes: - € 25 thousand), while deferred taxes were positive at € 70 thousand.

Therefore, profit for the first three months of 2019 amounted to € 5,589 thousand.

## NET FINANCIAL POSITION AT 31 MARCH 2019

EURO 000'S	31 MARCH 2019	31 DECEMBER 2018	30 SEPTEMBER 2018	30 JUNE 2018	31 MARCH 2018
Financial assets:	67,788	83,308	91,114	91,323	89,853
Current financial assets	35	288	336	706	637
Cash and cash equivalents	67,753	83,020	90,778	90,617	89,216
Short-term financial lease payables	(350)	(349)	(336)	(348)	(347)
Short-term bank loans and borrowings and loans from other financial backers	(26,287)	(22,161)	(43,133)	(42,444)	(35,649)
<b>Short-term net financial position</b>	<b>41,151</b>	<b>60,798</b>	<b>47,645</b>	<b>48,531</b>	<b>53,857</b>
Medium/Long-term financial lease payables	(27,167)	(1,569)	(1,662)	(1,744)	(1,832)
Medium/Long-term bank loans and borrowings	(30,700)	(33,821)	(26,579)	(30,121)	(33,077)
<b>Medium/Long-term net financial position</b>	<b>(57,867)</b>	<b>(35,390)</b>	<b>(28,241)</b>	<b>(31,865)</b>	<b>(34,908)</b>
<b>Total net financial position</b>	<b>(16,716)</b>	<b>25,407</b>	<b>19,403</b>	<b>16,666</b>	<b>18,949</b>

The Group's Net Financial Position at 31 March 2019 was, after the impact of IFRS 16, negative to the tune of € 16.7 million. The Net Financial Position at the end of March 2019, restated without the impact of IFRS 16, would have been positive at 9.9 million Euro, despite the normal cyclical/seasonal nature of Biesse

business, which characterises the first quarter of the year.

Net invested capital amounted to € 243.2 million, up compared to 31 December 2018 (€ 194.1 million).

Equity amounted to € 226.5 million (€ 219.5 million at 31 December 2018).

# SUMMARY STATEMENT OF FINANCIAL POSITION

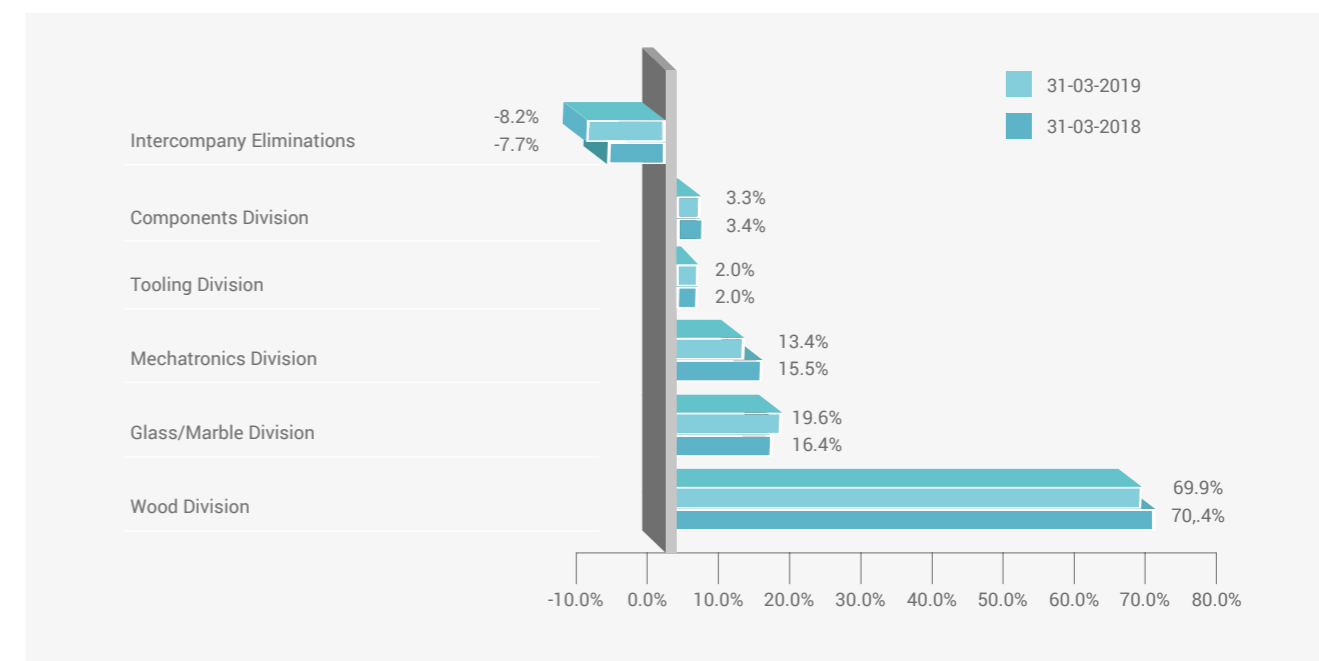
EURO 000'S	31 MARCH 2019	31 DECEMBER 2018
Intangible assets	84,860	84,240
Property, plant and equipment	129,417	102,774
Financial assets	3,058	2,847
<b>Non-current assets</b>	<b>217,335</b>	<b>189,862</b>
Inventories	183,396	162,786
Trade receivables	130,331	134,331
Trade payables	(240,937)	(244,024)
<b>Net operating working capital</b>	<b>72,790</b>	<b>53,092</b>
Post-employment benefits	(12,359)	(12,550)
Provision for risk and charges	(10,778)	(10,737)
Other net payables	(34,015)	(35,526)
Net deferred tax assets	10,266	9,985
<b>Other net liabilities</b>	<b>(46,885)</b>	<b>(48,827)</b>
<b>Net invested capital</b>	<b>243,239</b>	<b>194,127</b>
Share capital	27,393	27,393
Profit for the previous year and other reserves	192,650	147,577
Profit for the year	5,542	43,672
Non-controlling interests	940	893
<b>Equity</b>	<b>226,524</b>	<b>219,536</b>
Bank loans and borrowings and loans and borrowings from other financial backers	84,504	57,900
Other financial assets	(35)	(288)
Cash and cash equivalents	(67,753)	(83,020)
<b>Net financial position</b>	<b>16,716</b>	<b>(25,407)</b>
<b>Total sources of funding</b>	<b>243,240</b>	<b>194,127</b>

Compared to 31 December 2018, net intangible assets increased by € 0.6 million. This was mainly attributable to R&D capitalisation of new products and new ICT investments. Compared to 31 December 2018, net property, plant and equipment increased by € 26.7 million. Besides the investment linked to the regular replacement of work equipment and works concerning the expansion and renovation of buildings, we should note the effects of the first-time adoption of IFRS 16, amounting to € 26.6 million.

As already pointed out, inventories increased by € 20,610 thousand overall compared to 31 December 2018. With reference to the other items of Net Operating Working Capital, which was up nearly € 19,697 thousand compared to 31 December 2018, trade receivables decreased by € 3,999 thousand while trade payables increased (+ € 3,087 thousand).

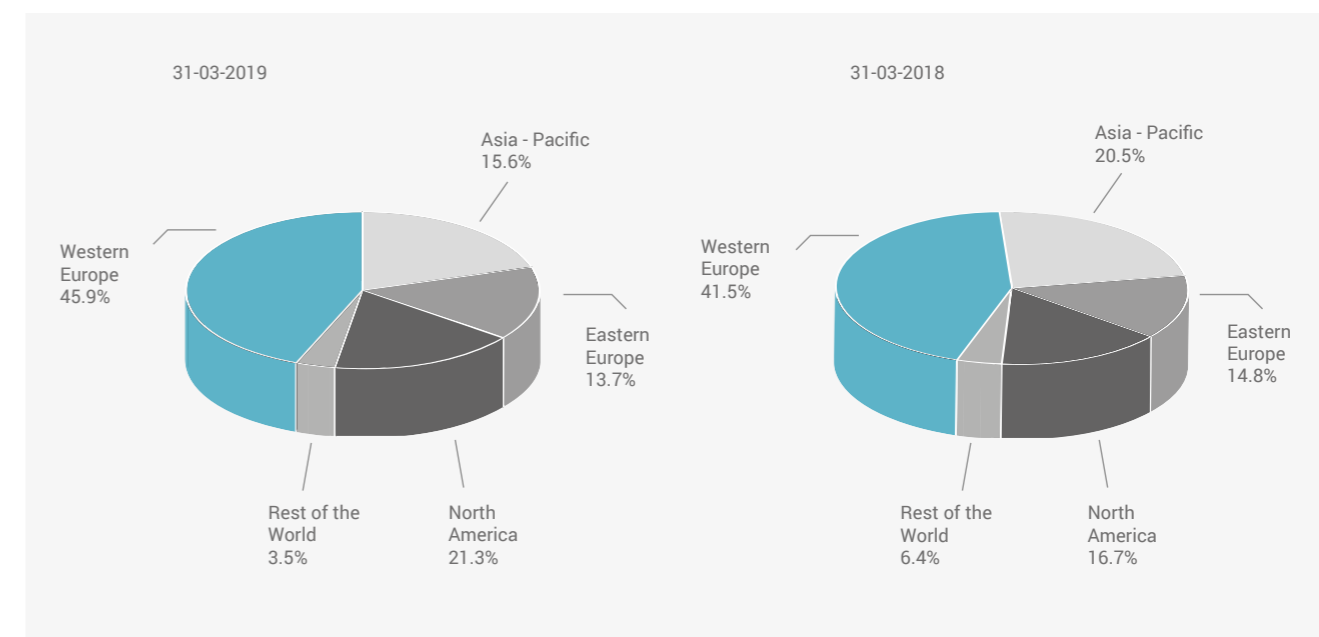
## SEGMENT REPORTING - BREAKDOWN OF REVENUE BY DIVISION

EURO 000'S	2019	%	2018	%	CHANGE %
Wood Division	118,063	69.9%	114,215	70.4%	3.4%
Glass/Marble Division	33,183	19.6%	26,681	16.4%	24.4%
Mechatronics Division	22,631	13.4%	25,218	15.5%	(10.3)%
Tooling Division	3,403	2.0%	3,253	2.0%	4.6%
Components Division	5,629	3.3%	5,511	3.4%	2.1%
Intercompany eliminations	(13,892)	-8.2%	(12,550)	(7.7)%	10.7%
<b>Total</b>	<b>169,017</b>	<b>100.0%</b>	<b>162,327</b>	<b>100.0%</b>	<b>4.1%</b>



## SEGMENT REPORTING - BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA

EURO 000'S	2019	%	2018	%	CHANGE %
Western Europe	77,587	45.9%	67,425	41.5%	15.1%
Asia-Pacific	26,449	15.6%	33,297	20.5%	(20.6)%
Eastern Europe	23,102	13.7%	24,096	14.8%	(4.1)%
North America	36,000	21.3%	27,151	16.7%	32.6%
Rest of the World	5,879	3.5%	10,358	6.4%	(43.2)%
<b>Total</b>	<b>169,017</b>	<b>100.0%</b>	<b>162,326</b>	<b>100.0%</b>	<b>4.1%</b>



Pesaro, 14 May 2019

The Chairman of the Board of Directors  
**Giancarlo Selci**



# ANNEX

EURO 000'S	2019	% ON SALES	2018	% ON SALES	CHANGE %
<b>Revenue from sales and services</b>	<b>169,017</b>	<b>100.0%</b>	<b>162,327</b>	<b>100.0%</b>	<b>4.1%</b>
Change in inventories, wip, semi-finished products and finished products	12,379	7.3%	9,418	5.8%	31.4%
Other Revenues	1,637	1.0%	1,615	1.0%	1.3%
<b>Revenue</b>	<b>183,033</b>	<b>108.3%</b>	<b>173,361</b>	<b>106.8%</b>	<b>5.6%</b>
Raw materials, consumables, supplies and goods	(75,352)	(44.6)%	(70,608)	(43.5)%	6.7%
Other operating costs	(32,028)	(18.9)%	(32,997)	(20.3)%	(2.9)%
<b>Normalised added value</b>	<b>75,652</b>	<b>44.8%</b>	<b>69,756</b>	<b>43.0%</b>	<b>8.5%</b>
Personnel expense	(56,752)	(33.6)%	(49,994)	(30.8)%	13.5%
<b>Normalised gross operating profit</b>	<b>18,901</b>	<b>11.2%</b>	<b>19,762</b>	<b>12.2%</b>	<b>(4.4)%</b>
Depreciation and amortisation	(7,985)	(4.7)%	(5,458)	(3.4)%	46.3%
Provisions	(242)	(0.1)%	(361)	(0.2)%	(33.0)%
<b>Normalised operating profit</b>	<b>10,674</b>	<b>6.3%</b>	<b>13,944</b>	<b>8.6%</b>	<b>(23.5)%</b>
Impairment losses and non recurring-items	(495)	(0.3)%	(5)	(0.0)%	-
<b>Operating profit</b>	<b>10,179</b>	<b>6.0%</b>	<b>13,939</b>	<b>8.6%</b>	<b>(27.0)%</b>
Financial income	83	0.0%	95	0.1%	(12.1)%
Financial expense	(642)	(0.4)%	(689)	(0.4)%	(6.8)%
Net exchange rate losses	(1,243)	(0.7)%	(497)	(0.3)%	-
<b>Pre-tax profit</b>	<b>8,378</b>	<b>5.0%</b>	<b>12,848</b>	<b>7.9%</b>	<b>(34.8)%</b>
Income taxes	(2,788)	(1.6)%	(4,786)	(2.9)%	(41.7)%
<b>Profit for the year</b>	<b>5,590</b>	<b>3.3%</b>	<b>8,063</b>	<b>5.0%</b>	<b>(30.7)%</b>

## CERTIFICATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2 OF THE CONSOLIDATED LAW ON FINANCE (TUF)

Pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance (TUF), the Manager in charge of corporate financial reporting declares that the accounting information contained herein corresponds to the Company's documentary evidence and accounting books and records.

Manager in charge of corporate financial reporting

**Stefano Porcellini**

