

# Quarterly Report as at 31 March 2020

## approved Analysis of the Covid-19 effects

compared to the same period in 2019:

<i>amounts in millions of euros</i>	31.3.20	31.3.19
Consolidated Revenues	147.7	169.2
EBITDA	12.4	18.9
EBIT	5.4	10.7
net profit	2.1	5.6
net financial position	-24.7	-16.7

\*before non-recurring events

**Pesaro, 8 May 2020** – The Board of Directors of Biesse S.p.A., a company listed on Borsa Italiana's "STAR" segment, today approved its Consolidated Report for the first quarter of 2020.

In the period from **1.1.20 to 31.3.20**, the Biesse Group realised:

- consolidated net revenues of 147.7 million euros (12.7% less than in the same period in 2019)
- value added of 62.8 million euros (17.1% less than in the same period in 2019), 42.5% of revenues
- EBITDA of 12.4 million euros (34.5% less than in the same period in 2019), 8.4% of revenues
- EBIT before non-recurring events of 5.4 million euros (49.7% less than in the same period in 2019), 3.6% of revenues
- profit before taxes of 3.7 million euros (55.4% less than in the same period in 2019), 2.5% of revenues
- net profit of 2.1 million euros (62.1% less than in the same period in 2019), 1.4% of revenues, with a tax rate of 43.3% (33.3% in March 2019)

The Group's net financial position at 31 March 2020, naturally taking into account the estimated effects of IFRS 16, showed debt of 24.7 million euros. Its net financial position at the end of March 2020 -without the effects of IFRS 16- would have been essentially neutral. A deterioration of 8 million euros compared to the same period in the previous year. The deterioration since the start of 2020 was 6.1 million euros, affected not only by the normal cyclical and seasonal nature of Biesse's business in the first quarter of the year, but also by Covid-19.

Operating net working capital amounted to 72.0 million euros (72.3 million at the end of December 2019)

Operative Working Capital was 72.0 million euros (72.3 mln at the end of December 2019)

Net invested capital was 243.9 million euros.

Shareholders' equity was 219.3 million euros.

### Orders

At the end of the first quarter of 2020, the value of orders coming in to the Group (for machines) was down by 24.7%, affected by global macro-economic performance and clear factors of uncertainty and instability. Lower the reduction in the order backlog (15.4%), totalling over 189 million euros at the end of March. The Group's order backlog since the beginning of the year has contracted by 3.8%.

### **Breakdown of revenues (business divisions and geographical segments)**

The wood division (74.4%) -remained the largest business division- is larger than glass and stone (15.4%) and mechatronics (12.5%).

The percentages by geographical macro-area at the end of March 2020 are as follows:  
the Italian market accounted for 14.4% of turnover (15.0% in March 2019)

- Western Europe 46.0% (46.0% in the first quarter of 2019)
- Eastern Europe 13.4% (13.7% in the first quarter of 2019)
- North America 22.0% (21.3% in the first quarter of 2019)
- Asia Pacific 14.9% (15.6% in the first quarter of 2019)
- Rest of World 3.6% (3.5% in the first quarter of 2019)

Contributions from some countries (Brazil and Turkey) remained weak, due to turbulence and instability in their politics, economies and currencies. Russia suffered from the sharp drop in oil prices and the resulting volatility of the Ruble.

China's share of consolidated revenues was 2.7%. The BRIC countries together accounted for 6.8%.

### **Guidance**

The clear negative trend in the international socio-economic situation cannot fail to have serious repercussions on all Biesse's main markets. Investments in durables goods are falling sharply during this uncertain time, but the extent of this decline cannot be estimated, neither in scale nor duration.

Given the above and to the effects of the restrictions imposed on both Italy and the main other countries Biesse works in (exports accounting for 85%), Biesse does not have sufficient visibility to make a complete assessment of the impact of Covid-19 so Biesse intends withdraw the guidance for the 2020y considering it no more valid, reserving the possibility to share a new guidance if and as soon as our reference markets will became more stable and interpreted.

In light of the above, Biesse promptly took steps to access all forms of financial support enacted under current legislation and which its credit rating permits.

On sidelines of the today's B.o.D. the C.E.O. Mr. Roberto Selci commented:

*"The corporate transformation carried out in recent exercises has enabled Biesse to achieve a strong earnings and financial structure, robust assets and no significant short-term debt exposure. Accordingly, the Company has achieved a leading position in competitive terms, having developed innovative skills and technological equipment. We are therefore well positioned to face the worsened economic environment, which is the reason why we're withdrawing our guidance for 2020y. Our long-standing resilience, flexibility and adaptability mean we can continue to manage our activities with the utmost respect for the health and safety of people."*

"The Financial Reporting Officer (Group C.F.O. Pierre LaTour) declares that, pursuant to paragraph 2, article 154-bis of the Consolidated Law on Finance, the accounting information in this press release corresponds to the results in the accounting documents, books and other records."

The full Consolidated Quarterly Report has been duly made available at the company headquarters, the authorised storage site [www.1info.it](http://www.1info.it) and in the Investor Relations section of our company site [www.biessegroup.com](http://www.biessegroup.com).

## FINANCIAL STATEMENTS

### Consolidated Income Statement at 31 March 2020 highlighting non-recurring items

	31 March 2020	% on sales	31 March 2019	% on sales	CHANGE %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>147.661</b>	<b>100,0%</b>	<b>169.182</b>	<b>100,0%</b>	<b>(12,7)%</b>
Change in inventories, wip, semi-finished products and finished products	(761)	(0,5)%	12.379	7,3%	-
Other Revenues	1.599	1,1%	1.471	0,9%	8,6%
<b>Revenue</b>	<b>148.498</b>	<b>100,6%</b>	<b>183.033</b>	<b>108,2%</b>	<b>(18,9)%</b>
Raw materials, consumables, supplies and goods	(58.690)	(39,7)%	(75.352)	(44,5)%	(22,1)%
Other operating costs	(27.056)	(18,3)%	(32.028)	(18,9)%	(15,5)%
<b>Normalised added value</b>	<b>62.752</b>	<b>42,5%</b>	<b>75.652</b>	<b>44,7%</b>	<b>(17,1)%</b>
Personnel expense	(50.374)	(34,1)%	(56.752)	(33,5)%	(11,2)%
<b>Normalised gross operating profit</b>	<b>12.377</b>	<b>8,4%</b>	<b>18.901</b>	<b>11,2%</b>	<b>(34,5)%</b>
Depreciation and amortisation	(8.378)	(5,7)%	(7.985)	(4,7)%	4,9%
Provisions	1.364	0,9%	(242)	(0,1)%	-
<b>Normalised operating profit</b>	<b>5.364</b>	<b>3,6%</b>	<b>10.674</b>	<b>6,3%</b>	<b>(49,7)%</b>
Impairment losses and non recurring-items	(42)	(0,0)%	(495)	(0,3)%	(91,4)%
<b>Operating profit</b>	<b>5.322</b>	<b>3,6%</b>	<b>10.179</b>	<b>6,0%</b>	<b>(47,7)%</b>
Financial income	254	0,2%	83	0,0%	-
Financial expense	(739)	(0,5)%	(642)	(0,4)%	15,2%
Net exchange rate losses	(1.102)	(0,7)%	(1.243)	(0,7)%	(11,3)%
<b>Pre-tax profit</b>	<b>3.734</b>	<b>2,5%</b>	<b>8.378</b>	<b>5,0%</b>	<b>(55,4)%</b>
Income taxes	(1.616)	(1,1)%	(2.788)	(1,6)%	(42,0)%
<b>Profit for the year</b>	<b>2.117</b>	<b>1,4%</b>	<b>5.590</b>	<b>3,3%</b>	<b>(62,1)%</b>

*Net financial position at 31 March 2020*

	<b>31st March 2020</b>	<b>31st December 2019</b>	<b>30th September 2019</b>	<b>30th June 2019</b>	<b>31st March 2019</b>
<i>Euro 000's</i>					
Financial assets:	79.314	88.714	69.519	84.115	88.714
<i>Current financial assets</i>	3.652	2.653	2.128	2.147	2.653
<i>Cash and cash equivalents</i>	75.661	86.061	67.391	81.968	86.061
Short-term financial lease payables	(6.344)	(7.415)	(2.158)	(485)	(7.415)
Short-term bank loans and borrowings and loans from other financial institutions	(16.211)	(46.859)	(47.373)	(47.179)	(44.429)
<b>Short-term net financial position</b>	<b>56.760</b>	<b>34.440</b>	<b>19.988</b>	<b>36.451</b>	<b>36.869</b>
Medium/Long-term financial lease payables	(26.858)	(27.043)	(29.879)	(27.167)	(27.043)
Medium/Long-term bank loans and borrowings	(54.564)	(26.006)	(32.728)	(30.700)	(26.006)
<b>Medium/Long-term net financial position</b>	<b>(81.422)</b>	<b>(53.049)</b>	<b>(62.607)</b>	<b>(57.867)</b>	<b>(53.049)</b>
<b>Total net financial position</b>	<b>(24.663)</b>	<b>(18.609)</b>	<b>(42.619)</b>	<b>(33.841)</b>	<b>(16.716)</b>

### Financial highlights at 31 March 2020

	31 March 2020	31 December 2019
<i>Euro 000's</i>		
Intangible assets	83.159	83.228
Property, plant and equipment	136.303	139.710
Financial assets	2.937	2.640
<b>Non-current assets</b>	<b>222.399</b>	<b>225.578</b>
Inventories	156.515	155.498
Trade receivables and contract assets	101.786	116.973
Trade payables	(123.115)	(132.673)
Contract liabilities	(63.170)	(67.536)
<b>Net operating working capital</b>	<b>72.016</b>	<b>72.262</b>
Post-employment benefits	(12.543)	(12.711)
Provision for risk and charges	(16.427)	(18.053)
Other net payables	(32.255)	(40.249)
Net deferred tax assets	10.746	10.458
<b>Other net liabilities</b>	<b>(50.479)</b>	<b>(60.555)</b>
<b>Net invested capital</b>	<b>243.937</b>	<b>237.285</b>
Share capital	27.393	27.393
Profit for the previous year and other reserves	188.914	177.397
Profit for the year	2.187	13.027
Non-controlling interests	780	858
<b>Equity</b>	<b>219.273</b>	<b>218.675</b>
Bank loans and borrowings and loans and borrowings from other financial backers	103.977	107.323
Other financial assets	(3.652)	(2.653)
Cash and cash equivalents	(75.661)	(86.061)
<b>Net financial position (1)</b>	<b>24.663</b>	<b>18.609</b>
<b>Total sources of funding</b>	<b>243.937</b>	<b>237.285</b>

**Biesse** is a global leader in technology for processing wood, glass, stone, plastic and metal. It designs, manufactures and distributes machines, integrated systems and software for manufacturers of furniture, door and window frames and components for the construction, ship-building and aerospace industries. The Group invests around 4% of its annual revenue in research and development and has registered over 200 patents. It operates through 12 industrial sites, 39 branches, 300 agents and selected dealers, exporting around 85% of its products. Its customers include some of the most prestigious names in Italian and international design. Founded in Pesaro in 1969 by Giancarlo Selci, Biesse has been listed on the "STAR" segment of the Italian Stock Exchange since June 2001. It actually has more than 4,160 employees distributed in the main sites based in Pesaro, Gradara, Padua, Villafranca (near Verona), Thiene (near Vicenza), Alzate Brianza (near Como), Bangalore, Dongguan and the foreign subsidiaries and representative offices in Europe, North America, Latin America, the Middle and Far East, Asia and Oceania.

**Alberto Amurri**

IR & Financial Manager Biesse S.p.A.

[biessegroup.com](http://biessegroup.com) Investor Relations section

T: +39 0721439107, +39 335 1219556

[alberto.amurri@biesse.com](mailto:alberto.amurri@biesse.com)