

# 2020 draft Financial Statements approved

fourth quarter 2020:

	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>delta</b>
Consolidated Net Revenues	182.4	194.7	-6.4%
EBITDA	18.5	19.6	-5.7%
EBIT*	4.0	10.2	-60.2%
Net Result	-1.3	-1.8	-27.4%

12 months 2020:

	<b>FY 2020</b>	<b>FY 2019</b>	<b>delta</b>
Consolidated Net Revenues	578.8	705.9	-18%
EBITDA	56.0	76.7	-27%
EBIT*	14.2	39.6	-64%
Net Result	+2.5	+13.0	-81%

\*before non-recurring items

other resolutions:

- Corporate Governance Report for the year 2020 approved
- Remuneration Report for the year 2020 approved
- Sustainability Report for the year 2020 (non-financial statement) approved

**Pesaro, 15 March 2021** – During its meeting held in Pesaro today, the Board of Directors of Biesse S.p.A. - a company operating in the market of machinery and systems for the processing of wood, glass/stone and advanced materials Mid Cap Company listed in the STAR segment of the Italian Stock Exchange - approved the draft Financial Statements for the financial year ending on 31.12.2020.

**The consolidated results** achieved by the Biesse Group during the 12 months of 2020 were as follows:

- Consolidated net revenues of 578.8 million euros (-18% compared to the same period in 2019)
- Value Added of 247.2 million euros (-17% compared to the same period in 2019), 42.7% of revenues
- EBITDA of 56.0 million euros (-27% compared to the same period in 2019), 9.7% of revenues
- EBIT (before non-recurring events) of 14.2 million euros (-64% compared to the same period in 2019), 2.5% of net revenues
  - EBIT (after non-recurring events) 6.2 million euros (-79% compared to the same period in 2019)
- Net profit of 2.5 million euros (-81.1% compared to the same period in 2019), 0.4% of revenues  
tax rate 23.8% (previous 44.5%)

#### **Net Financial Position:**

As at 31 December 2020, the **Group Net Financial Position** was **positive (cash availability)** for the amount of **49.5 million euros**, including the impact of 23.2 million euros deriving from the application of IFRS 16. Net of IFRS16, the financial position would therefore have been positive for the amount of **72.7 million euros – an all-time record for the Group**. A comparison with the previous year at the end of 2020 shows an improvement of 68.1 million euros including the IFRS16 effects. In the second half of the year alone, the improvement (comparison with June 2020) was 72.1 million euros with the same measurement standard (IFRS16).

#### **Orders intake:**

Orders intake for the Biesse Group (machinery only) in the full year 2020 decreased by 11.9% compared to 2019. At the end of 2020, the orders backlog amounted to 204.1 million euros (+3.8% compared to the same period in 2019 and +5.6% compared to September 2020).

In the fourth quarter of last year alone, order intake was 23.2% higher than in the same period of 2019, reflecting the positive phase that affected all of the Group's Divisions.

#### **Revenue breakdown: geographic/divisional**

Geographically, the Group's net sales (consolidated revenues) at the end of December 2020 were broken down into the following macro-areas:

- Western Europe 49.9% (46.9% in 2019) - of which Italy 15.8% (16.2% in 2019)
- Eastern Europe 16.3% (13.7% in 2019)
- North America 18.8% (21.5% in 2019)
- Asia Pacific 12.0% (13.6% in 2019)
- Rest of World 3.0% (4.2% in 2019)

Regarding the weight of the main business divisions:

- Wood Division 71.1% (71.8% in 2019)
- Glass/Stone Division 17.9% (18.3% in 2019)
- Mechatronics Division (before elisions) 12.4% (11.9% in 2019)

#### **Balance sheet situation:**

Group shareholders' equity as at 31 December 2020 amounted to 214.8 million euros (218.7 million euros as at 31 December 2019).

Net Invested Capital at the end of 2020 amounted to 165.3 million euros (237.3 million euros as at 31 December 2019)

Net Operating Working Capital amounted to 27.7 million euros (72.3 million euros as at 31 December 2019) 10.2% of the net sales) 4.8% of the net sales

#### **Economic context – quoted:**

Although the last part of 2020 was characterised by comforting positive signs, there are still just as evident elements of volatility and uncertainty that make the immediate future difficult to interpret. Current developments, also in the social sphere, will certainly have direct repercussions on a global economic recovery that still appears fragile and with many unknown factors to be resolved.

Biesse Group's strong propensity for exports (more than 84% of revenues) leads us to carefully evaluate the various international scenarios and their developments. We appreciate and welcome with confidence the incentives that - with different forms and typologies - many Governments have already deliberated; we note that the European Central Bank only outlines positive macroeconomic prospects from the second half of this year, with a greater acceleration possible during 2022. The trade associations to which we make reference speak of a 2020 that was marked by a very pronounced contraction of business, in both the Italian and foreign segments, with improvement scenarios possible starting this year only if they are driven by a substantial improvement in confidence.

It would seem, therefore, that in particular confidence will seal the fate of investments in durable goods, and with it that of the mechanical industry; with interest rates stably neutral or negative, the necessary stimuli to support international demand can only come from aggressive fiscal policies or from significant improvements in confidence.

*“What happened, in particular in the last quarter of the previous year - commented the Group CFO Mr P. La Tour on the sidelines of today's Board of Directors meeting - is undoubtedly a source of satisfaction and mitigates the anything but positive assessments regarding the whole of 2020. Our commitment – which has never been lacking even at the most difficult times – has been rewarded by the market, even beyond expectations. Nevertheless, what happened recently should not make us take our foot off the accelerator: the operating results for 2020 are still lower than those of the previous year, an obvious consequence of the social and health emergencies. The average production visibility deriving from our backlog is too low to give us reliable indications for the m/t. Therefore, without other clear drivers it's necessary that our feelings are verified during this exercise. In this delicate phase, we want to further increase the efficiency necessary to sustain profitability, taking note of the positive cash generation, which has increased compared to the past without any tangible restrictions in research & development. What happened demonstrates how proper and prudent corporate governance can guarantee the Group adequate financial and capital solidity without*

jeopardising its growth prospects. Along these lines, the Group has a long-term investment plan in mind that is consistent with the objectives to be achieved in the coming years."

#### **Group Reorganisation & Transformation:**

The "Group Reorganisation & Transformation" project led by Co-AD Massimo Potenza together with CEO Roberto Selci continues with the aim of speeding up the corporate transformation process and seeing the **One Company** principles that have long inspired the Group's approach, which has now become strategic in order to be increasingly competitive in the reference Industries, become a reality. In this perspective, the Group is proceeding with a path of rationalization of the corporate structure, as confirmed by the recent merger operations of Axxembla, Viet and bSoft, and is implementing an internal reorganization to be more flexible and efficient, simplify its processes and be able to adapt quickly to changing international

#### **Dividends:**

Consistently with the evolutionary approach underway in the Group and in light of a global scenario still characterised by a high degree of uncertainty, the Board of Directors of Biesse has prudently decided not to proceed with the payment of ordinary dividends, also in order to be able to evaluate any opportunities for growth through external lines and operations to strengthen the Group's international presence.

#### **Corporate governance – Remuneration Report and Sustainability Report:**

During today's Board of Directors' meeting, the Biesse Corporate Governance Report and the Remuneration Report, both regarding the year 2020, were also approved. Biesse adheres to the 2020 Corporate Governance Code. The Sustainability Report also relating to the year 2020 was also approved.

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

The Board of Directors convened the Ordinary and Extraordinary Biesse Shareholders' Meeting to be held as per current legislation indications on 28 April 2021 at 9.00 a.m. to deliberate on the following agenda:

#### **Ordinary:**

1. Approval of the Financial Statements as at 31 December 2020; Directors' Report on Operations; Board of Statutory Auditors and Independent Auditors reports on the financial statements as at 31 December 2020; inherent and consequential resolutions. Presentation of the consolidated financial statements as at 31 December 2020. Presentation of the Non-Financial Statement pursuant to Legislative Decree 254/2016 ("NFS") - Sustainability Report as at 31 December 2020.
2. Allocation of the 2020 profit/loss of Biesse S.p.A.
3. Appointment of the Board of Directors
  - 3.1 determination of the number of its members
  - 3.2 appointment of the Board of Directors members
  - 3.3 determination of total fees of Board members
4. Appointment of the Board of Statutory Auditors
  - 4.1 appointment of the Board of Statutory Auditors
  - 4.2 appointment of the Board of Statutory Auditors President
  - 4.3 determination of the remuneration of members of the Board of Statutory Auditors

5. Consultative vote on the "Remuneration paid in FY 2020" contained in the second section of the Remuneration Report, pursuant to art. 123-ter(6) of Legislative Decree 58/1998

#### Extraordinary

1. Alignment of the Company Articles of Association with the new regulatory provisions

***"The manager responsible for preparing the company's accounting reports (Dr. Pierre Giorgio Sallier de La Tour) declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records"***

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**FINANCIAL STATEMENTS**
**Income statement with the non-recurring items at 31 December 2020**

	31 December 2020	% on sales	31 December 2019	% on sales	CHANGE %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>578.789</b>	<b>100,0%</b>	<b>705.872</b>	<b>100,0%</b>	<b>(18,0)%</b>
Change in inventories, wip, semi-finished products and finished products	(10.911)	(1,9)%	652	0,1%	-
Other Revenues	5.767	1,0%	6.417	0,9%	(10,1)%
<b>Revenue</b>	<b>573.645</b>	<b>99,1%</b>	<b>712.940</b>	<b>101,0%</b>	<b>(19,5)%</b>
Raw materials, consumables, supplies and goods	(234.320)	(40,5)%	(286.429)	(40,6)%	(18,2)%
Other operating costs	(92.130)	(15,9)%	(128.723)	(18,2)%	(28,4)%
<b>Normalised added value</b>	<b>247.194</b>	<b>42,7%</b>	<b>297.789</b>	<b>42,2%</b>	<b>(17,0)%</b>
Personnel expense	(191.209)	(33,0)%	(221.057)	(31,3)%	(13,5)%
<b>Normalised gross operating profit</b>	<b>55.985</b>	<b>9,7%</b>	<b>76.732</b>	<b>10,9%</b>	<b>(27,0)%</b>
Depreciation and amortisation	(33.384)	(5,8)%	(33.851)	(4,8)%	(1,4)%
Provisions	(8.374)	(1,4)%	(3.327)	(0,5)%	-
<b>Normalised operating profit</b>	<b>14.227</b>	<b>2,5%</b>	<b>39.554</b>	<b>5,6%</b>	<b>(64,0)%</b>
Impairment losses and non recurring-items	(8.004)	(1,4)%	(9.911)	(1,4)%	(19,2)%
<b>Operating profit</b>	<b>6.223</b>	<b>1,1%</b>	<b>29.644</b>	<b>4,2%</b>	<b>(79,0)%</b>
Financial income	1.080	0,2%	497	0,1%	117,2%
Financial expense	(3.190)	(0,6)%	(2.987)	(0,4)%	6,8%
Net exchange rate losses	(891)	(0,2)%	(3.711)	(0,5)%	(76,0)%
<b>Pre-tax profit</b>	<b>3.222</b>	<b>0,6%</b>	<b>23.443</b>	<b>3,3%</b>	<b>(86,3)%</b>
Income taxes	(767)	(0,1)%	(10.441)	(1,5)%	(92,7)%
<b>Profit for the year</b>	<b>2.455</b>	<b>0,4%</b>	<b>13.002</b>	<b>1,8%</b>	<b>(81,1)%</b>

**Balance Sheet 31 December 2020**

	31 December 2020	31 December 2019
<i>Euro 000's</i>		
Intangible assets	73.354	83.228
Property, plant and equipment	125.130	139.710
Financial assets	3.277	2.640
<b>Non-current assets</b>	<b>201.761</b>	<b>225.578</b>
Inventories	129.848	155.498
Trade receivables and contract assets	102.875	116.973
Trade payables	(132.790)	(132.673)
Contract liabilities	(72.189)	(67.536)
<b>Net operating working capital</b>	<b>27.744</b>	<b>72.262</b>
Post-employment benefits	(12.775)	(13.032)
Provision for risk and charges	(19.988)	(17.188)
Other net payables	(45.979)	(40.793)
Net deferred tax assets	14.508	10.458
<b>Other net liabilities</b>	<b>(64.235)</b>	<b>(60.555)</b>
<b>Net invested capital</b>	<b>165.270</b>	<b>237.285</b>
Share capital	27.393	27.393
Profit for the previous year and other reserves	184.099	177.397
Profit for the year	2.531	13.027
Non-controlling interests	790	858
<b>Equity</b>	<b>214.812</b>	<b>218.675</b>
Bank loans and borrowings and loans and borrowings from other financial backers	141.989	107.323
Other financial assets	(28.107)	(2.653)
Cash and cash equivalents	(163.425)	(86.061)
<b>Net financial position (1)</b>	<b>(49.543)</b>	<b>18.609</b>
<b>Total sources of funding</b>	<b>165.270</b>	<b>237.285</b>

## Net Financial Position

	31st December 2020	30th September 2020	30th June 2020	31st March 2020	31st December 2019
<i>Euro 000's</i>					
Financial assets:	(191.532)	(159.097)	(141.294)	(79.312)	(88.714)
<i>Current financial assets</i>	(28.107)	(24.111)	(22.618)	(3.652)	(2.653)
<i>Cash and cash equivalents</i>	(163.425)	(134.986)	(118.677)	(75.661)	(86.061)
Short-term financial lease payables	6.746	6.699	6.599	6.344	7.415
Short-term bank loans and borrowings and loans from other financial institutions	68.763	37.077	55.804	16.211	46.859
<b>Short-term net financial position</b>	<b>(116.023)</b>	<b>(115.320)</b>	<b>(78.890)</b>	<b>(56.756)</b>	<b>(34.439)</b>
Medium/Long-term financial lease payables	23.526	23.914	25.188	26.858	27.043
Medium/Long-term bank loans and borrowings	42.954	94.560	76.292	54.564	26.006
<b>Medium/Long-term net financial position</b>	<b>66.480</b>	<b>118.473</b>	<b>101.479</b>	<b>81.422</b>	<b>53.049</b>
<b>Total net financial position</b>	<b>(49.543)</b>	<b>3.152</b>	<b>22.587</b>	<b>24.663</b>	<b>18.609</b>