

BIESSE GROUP

Approves preliminary Consolidated Financial Statements 2013

CONSOLIDATED INCOME STATEMENT

(Euro millions)

	<u>2013</u>	2012
Net revenues	378.4	383.1
Gross operating margin (ebitda)*	34.3	22.6
Operating result (ebit)*	18.1	0.3
Pre-tax result	14.6	-5.1
Net result	6.4	-6.5
Net debt	23.9	56.2

* including non-recurring items of about. € 3.0 million

- **Corporate Governance Report approved** for the financial year 2013
- **Approval of proposed ordinary dividend payment** of € 0.18 per share (payout of 58,8% of the net profit for 2013 of the parent company Biesse S.p.A.)
- **The Ordinary Meeting of Biesse shareholders is called** for 29 April 2014 at 09.30 in Pesaro in first convocation (and if necessary in second convocation on the following day at the same time and place)



BIESSE

Pesaro, 12 March 2014 - The Board of Directors of Biesse S.p.A. - the company which operates in the market for wood glass and stone processing machinery and systems and which is listed in the STAR segment of the Italian stock exchange – during today's meeting in Pesaro has **approved** the preliminary financial statements for the financial year ended 31.12.2013.

The Consolidated Results achieved by the Biesse Group for the 12 months of 2013 are as follows:

- Net revenues € 378.4 million (-1.2% compared with the same period of 2012)
- Value Added € 146.9 million (+4.2% compared with the same period of 2012) representing a margin on revenues of 38.8% (36.8% in 2012)
 - Value Added net of non-recurring items € 143.6 million representing a margin on revenues of 37.9%
- EBITDA of € 34.3 million (+51.9% compared with the same period of 2012) representing a margin on revenues of 9.1% (5.9% in 2012)
 - EBITDA net of non-recurring items was € 31.0 million representing a margin on revenues of 8.2%
- EBIT of € 18.1 million (€ 0.3 million in 2012) representing a margin on revenues of 4.8%
 - EBIT net of non-recurring items was € 15.1 million representing a margin on revenues of 4.0%
- Pre-tax profit of € 14.6 million (negative result of € 5.1 million in 2012) representing a margin on revenues of 3.9%
- Net Profit of € 6.4 million (negative result of € 6.5 million in 2012) representing a margin on revenues of 1.7%

Net Financial Position:

The Group Net Financial Position at 31 December 2013 shows Net Debt of **€ 23.9 million** representing an improvement of € 27.4 million compared to the position at end-June 2013 and of € 26.5 million compared to the situation at end-September 2013. The delta compared to the position at end-December 2012 was **positive for € 32.3 million**, due primarily to cash flow generated by the management of net operating working capital (which has fallen in absolute value to a record low).

Geographical breakdown of revenues

The geographical breakdown of Group net sales at the end of 2013 is as follows:

Western Europe 37.5% (39.6% in 2012) of which **Italy 11.2%** (10.8% in 2012)

Eastern Europe 18.8% (17.9% in 2012)

North America 13.5% (10.9% in 2012)

Asia Pacific 20.7% (19.2% in 2012)

Rest of the World 9.5% (12.4% in 2012)

It should be noted that the **B.R.I.C.** countries accounted for **17.7%** of net sales in 2013 compared to 19.4% in the previous year

Capital employed:

Group Net Shareholders' Funds at 31 December 2013 was € 113.1 million (€ 110.1 million at 31 December 2012).

Net Invested Capital at end-2013 was € 137.0 million (€ 166.3 million at 31 December 2012)

Economic context – Order intake:

Although clear uncertainties concerning the health of the global economy did not undermine the results achieved by Biesse in 2013, indications from the principal operating sectors remain substantially prudent and do lend full support to expansion of international demand. Diversification of the markets into which it sells has been one of the key elements of Biesse's successful



response to tackling the most recessionary phases, but possible turbulence in some of the geographical regions with the greatest growth potential could represent a tangible obstacle to further commercial penetration.

Some comfort may be taken from the market analyses provided by the trade associations Acimall and UCIMU in Italy and VDMA in Germany which report improvements in order intake and sales for 2013 and projecting growing –albeit moderately growing– optimism for 2014 (+4% + 5%). The analysis is particularly positive for the outlook for the Mechatronics division, the growth of which is closely tied to its capacity for product diversification and therefore of end-users. Biesse Group's total order intake in 2013 was € 313 million, +7.8% compared to 2012, broadly similar to the figure for 2011 adjusted for "special" orders that were absent in 2013.

Dividends:

In addition to approving the preliminary financial statements for 2013 the Board of Directors also examined the possibility of paying a dividend and discussed the magnitude of any dividend to be paid to Biesse shareholders. Taking into consideration the positive results achieved in the 2013 financial year, the Board of Directors of Biesse approved the proposed payment of a gross dividend of € 0.18 per share (representing a payout del 58,8% of the net profit of the parent company Biesse S.p.A. for 2013) which will be submitted for approval at the Ordinary Meeting of Shareholders called for 29 April 2014 at 09.30 (first convocation) with second convocation if necessary on 30 April 2014 at the same time (second convocation). The total cash payment for the company relating to the dividend as proposed would amount to € 4,843 million (net of treasury shares held by Biesse S.p.A.) and, with reference to coupon no. 10, would go ex-dividend on 19 May for payment on 22 May 2014, record date 21 May 2014. The remaining net profit after distribution of the dividend will be allocated to the Extraordinary Reserve (parent company Biesse S.p.A.)

Corporate Governance:

Today's meeting of the Board of Directors also approved the Corporate Governance Report of Biesse for the calendar year 2013 in accordance with article 123-bis of the TUF (Consolidated Financial Law), updated on the basis of the latest regulatory amendments.

Ordinary Meeting of Biesse shareholders:

Having approved the preliminary Financial Statements for 2013, the Board of Directors called for an Ordinary Meeting of Biesse Shareholders on 29 April at 09.30 (first convocation) with second convocation on the following day if necessary. The agenda for the meeting includes the following items:

- a. Approval of the Financial Statements for the year to 31 December 2013, the Directors' report on operations, the report of the Board of Statutory Auditors and the Independent Auditors' report; and to discuss all matters arising therefrom. Presentation of the Consolidated Financial statements for the year to 31 December 2013;
- b. Payment of an ordinary gross dividend of € 0.1873 per share;

Three Year Industrial Plan 2014-2016:

On 3 March 2014 the Board of Directors of Biesse approved a new **Three Year Industrial Plan** for the period **2014-2016** which includes the following economic and financial characteristics:

- **Consolidated revenues** to grow at a **CAGR of 7.0%** from those reported in 2013
- **Value Added** to continue to improve (margin on revenues of **41.5% in 2016**)
- **ebitda** (to rise to a margin on revenues of **13.8% in 2016**) and **ebit** (to rise to a margin on revenues of **10.1% in 2016**) both recovering sharply
- **Net debt** of less than **€ 20 million in 2016** (net of investments and dividends)

The structure of the Three Year Industrial Plan takes into consideration the projects that are necessary to guarantee the further development of Biesse over the medium term, with a constant focus on technology and commercial expansion. The Plan that has



been approved anticipates initial prudent growth in the 2014 financial year (particularly in the first half) when, it is expected, risks relating to so-called emerging economies could rise, with a stronger recovery in confidence in the two year period 2015-16.

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

The Biesse Group operates in the market for machinery and systems for working wood, glass, marble and stone. 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.

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 30 directly controlled subsidiaries 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 has almost 2,700 employees in its main production sites in Pesaro, Alzate Brianza, Bangalore, Dongguan and its associates/branch offices in Europe, North America, the Middle East, Asia and Australasia. The Group also has more than 300 resellers and agents enabling it to cover more than 100 countries.

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BIESSE

FINANCIAL STATEMENTS

Income Statement for 2013

	FY 2013	% on sales	FY 2012	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	378,417	100.0%	383,061	100.0%	(1.2)%
Change in inventories, wip, semi-finished and finished goods	(72)	(0.0)%	6,623	1.7%	-
Other revenue	3,008	0.8%	3,648	1.0%	(17.5)%
Revenue	381,354	100.8%	393,333	102.7%	(3.0)%
Consumption of raw materials, consumables, supplies and goods	(155,903)	(41.2)%	(167,255)	(43.7)%	(6.8)%
Other operating expense	(81,865)	(21.6)%	(84,725)	(22.1)%	(3.4)%
Added Value	143,586	37.9%	141,353	36.9%	1.6%
Personnel expense	(112,640)	(29.8)%	(116,268)	(30.4)%	(3.1)%
Gross Operating profit	30,946	8.2%	25,085	6.5%	23.4%
Depreciation and amortisation	(13,836)	(3.7)%	(15,107)	(3.9)%	(8.4)%
Provisions	(2,035)	(0.5)%	(2,916)	(0.8)%	(30.2)%
Normalised Operating profit	15,074	4.0%	7,062	1.8%	113.4%
Impairment losses and non recurring items	3,072	0.8%	(6,735)	(1.8)%	-
Operating profit	18,146	4.8%	328	0.1%	-
Finance income/expense	(2,533)	(0.7)%	(3,666)	(1.0)%	(30.9)%
Net exchange rate losses	(993)	(0.3)%	(1,722)	(0.4)%	(42.3)%
Pre-tax profit/loss	14,619	3.9%	(5,060)	(1.3)%	-
Income taxes	(8,207)	(2.2)%	(1,461)	(0.4)%	-
Profit/Loss for the year	6,412	1.7%	(6,520)	(1.7)%	-



Reclassified Income Statement for 2013

	FY 2013	% on sales	FY 2012	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	378,417	100.0%	383,061	100.0%	(1.2)%
Change in inventories, wip, semi-finished and finished goods	(72)	(0.0)%	6,623	1.7%	-
Other revenue	6,346	1.7%	3,648	1.0%	73.9%
Revenue	384,692	101.7%	393,333	102.7%	(2.2)%
Consumption of raw materials, consumables, supplies and goods	(155,903)	(41.2)%	(167,255)	(43.7)%	(6.8)%
Other operating expense	(81,865)	(21.6)%	(85,080)	(22.2)%	(3.8)%
Added Value	146,924	38.8%	140,998	36.8%	4.2%
Personnel expense	(112,640)	(29.8)%	(118,425)	(30.9)%	(4.9)%
Gross Operating profit	34,283	9.1%	22,574	5.9%	51.9%
Depreciation and amortisation	(13,836)	(3.7)%	(15,107)	(3.9)%	(8.4)%
Provisions	(1,739)	(0.5)%	(5,236)	(1.4)%	(66.8)%
Impairment	(562)	(0.1)%	(1,903)	(0.5)%	(70.5)%
Operating profit	18,146	4.8%	328	0.1%	-
Finance income/expense	(2,533)	(0.7)%	(3,666)	(1.0)%	(30.9)%
Net exchange rate losses	(993)	(0.3)%	(1,722)	(0.4)%	(42.3)%
Pre-tax profit/loss	14,619	3.9%	(5,060)	(1.3)%	-
Income taxes	(8,207)	(2.2)%	(1,461)	(0.4)%	-
Profit/Loss for the year	6,412	1.7%	(6,520)	(1.7)%	-



Summary Statement of Financial Position

	31 December 2013	31 December 2012
<i>Euro 000's</i>		
Intangible assets	47,899	47,616
Property, plant and equipment	61,086	62,102
Financial assets	973	1,153
Non current assets	109,958	110,872
Inventories	86,273	90,321
Trade receivables	76,231	99,455
Trade payables	(111,102)	(107,323)
Net Operating Working Capital	51,403	82,452
Post-employment benefits	(12,795)	(14,329)
Provision for risk and charges	(8,975)	(11,703)
Other net payables	(16,547)	(18,104)
Net deferred tax assets	13,987	17,124
Other net liabilities	(24,331)	(27,011)
Net Invested Capital	137,030	166,313
Share capital	27,393	27,393
Profit/loss for the previous year/period and other reserves	79,077	89,015
Profit/Loss for the year	6,435	(6,487)
Non-controlling interests	190	206
Equity	113,094	110,126
Bank loans and borrowings and loans from other financial backers	60,035	73,191
Other financial assets	(949)	(849)
Cash and cash equivalents	(35,151)	(16,156)
Net financial indebtedness	23,936	56,187
Total sources of funding	137,030	166,313



Net financial position at 31 December 2013

	31 December 2013	30 September 2013	30 June 2013	31 March 2013	31 December 2012
<i>Euro 000's</i>					
Financial assets:	36,099	24,605	28,681	22,221	17,004
<i>Current financial assets</i>	949	949	890	849	849
<i>Cash and cash equivalents</i>	35,151	23,657	27,791	21,372	16,156
Short term finance lease payables	(285)	(281)	(277)	(273)	(270)
Short term bank loans and borrowings and loans from other financial backers	(44,599)	(50,226)	(50,624)	(79,182)	(67,055)
Short Term Net Financial Indebtedness	(8,785)	(25,902)	(22,220)	(57,235)	(50,321)
Medium/Long term finance lease payables	(1,960)	(2,033)	(2,105)	(2,175)	(2,245)
Medium/Long bank loans and borrowings	(13,191)	(22,435)	(26,958)	(2,586)	(3,621)
Medium/Long Term Net Financial Indebtedness	(15,151)	(24,468)	(29,062)	(4,762)	(5,866)
Total Net Financial Indebtedness	(23,936)	(50,370)	(51,282)	(61,996)	(56,187)

