

The logo for BIESSEGROUP, featuring a square icon with diagonal hatching to the left of the company name in a bold, sans-serif font.

**BIESSEGROUP**

Company presentation – Milan, 15 September  
ISMO Conference 2015

# Biesse Group

**Biesse Group is a global leader in the technology for processing wood, glass, stone, plastic, advanced materials and metal.**

Founded in Pesaro in 1969 by Giancarlo Selci, the company has been listed on the Stock Exchange (*STAR segment*) since June 2001.

# Innovation is our driving force

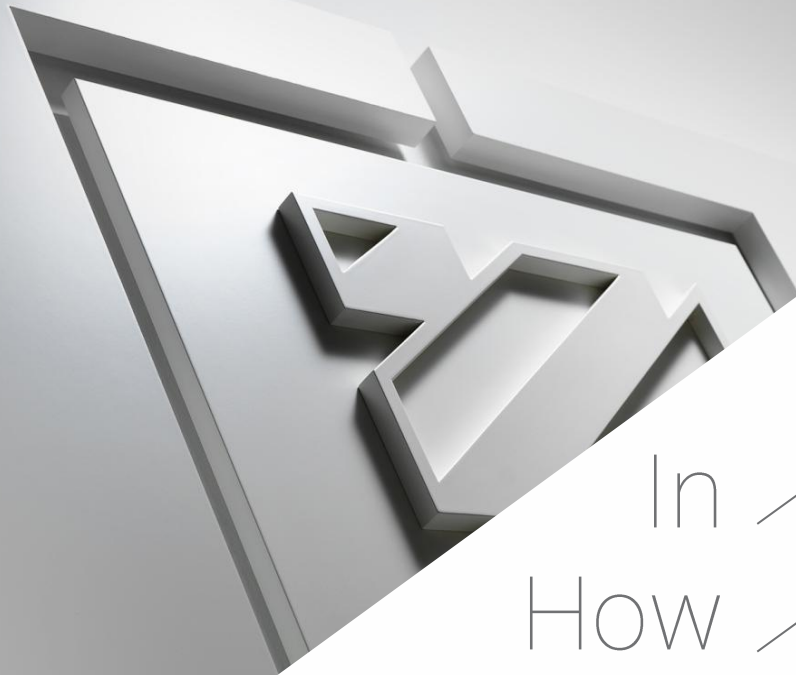
**Innovation is the driving force in the way we do business, continuously striving for excellence to support our customers' competitiveness.**

We innovate to produce the most widely-sold processing centres in the world.

We innovate to introduce new technology standards to the market  
We innovate to design production lines and systems for large enterprises.

We innovate to develop solutions and software programs to facilitate our customers' day-to-day activities.

Innovation is hard-wired in our DNA.  
Past, present and future.



- In
- How
- Where
- With
- We
- 1 industrial group, 4 divisions and 8 production sites
  - more than 200 patents registered
  - 33 branches and representative offices  
300 agents/certified dealers
  - customers in  
120 countries
  - almost 3,100 employees  
*(temporary workers included)*  
throughout the world

# Worldwide distribution

## **Italy**

Brianza  
Triveneto

## **U.K.**

Daventry

## **Switzerland**

Luzern

## **Sweden**

Jönköping

## **Russia**

Moscow

## **Germany**

Elchingen  
Löhne  
Gingen

## **France**

Lyon

## **Spain**

Barcellona

## **Portugal**

Lisbona

## **U.A.E.**

Dubai

## **North America**

Charlotte  
Montreal  
Toronto  
Los Angeles  
Forth Lauderdale

## **Brazil**

San Paolo

## **India**

Bangalore  
Mumbai  
Noida

## **China**

Shanghai  
Dongguan  
Guangzhou

## **Asia**

Singapore  
Kuala Lumpur  
Jakarta  
Seoul

## **Oceania**

Sydney  
Brisbane  
Melbourne  
Perth  
Auckland

# Biesse

**Since 1969**

Specialised in the woodworking segment.  
Solutions for joiners and large furniture, windows, doors  
and wood building components manufacturers.



# Intermac

## **Since 1987**

Specialised in the glass and stone processing sector.

Solutions for the flat glass and stone processing industry and for the furniture, construction and automotive industry.

## **Today**

Is one of the most prestigious brands in this sector.

# Technological independence

## Mechatronics

**Biesse Group directly designs and manufactures all high-tech components for its machines.**

Thanks to a dedicated business unit specialised in Mechatronics, it manufactures key components to guarantee high performance and competitive advantage to its customers.



# Cutting-edge

**Diamut creates customised diamond and binder mixes - tools developed and field-tested on the basis of customers requirements.**

Using high-tech tools, it is possible to process any material, from stone through to concrete, ceramic, glass and man-made materials.



Wide customer base  
in more than  
120 countries

# Major customers wood



# Major customers glass & stone



# Major customers mechatronic



# Lago, Italy



# FIAM, Italy



# The Sagrada Familia sites bets on Biesse



# Moda Life, Turkey



VKDP, Russia





# SCA Indústria de Móveis, Brazil



# Biesse

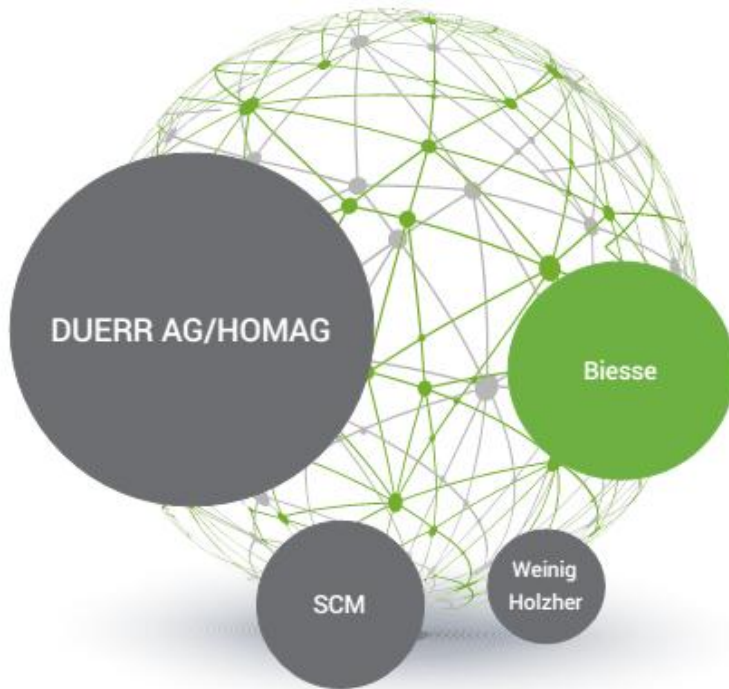
“..show them Inside..”

Biesse **In**side (Pesaro, Italy)  
but not only...  
dedicated and large show  
rooms in the most important  
subsidiaries



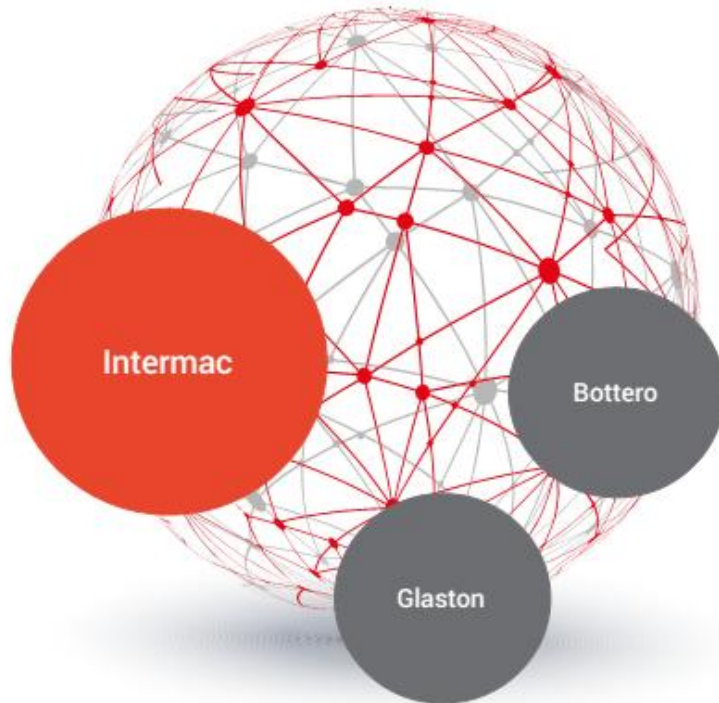
# Main world competitors

# Main world competitors: **wood**



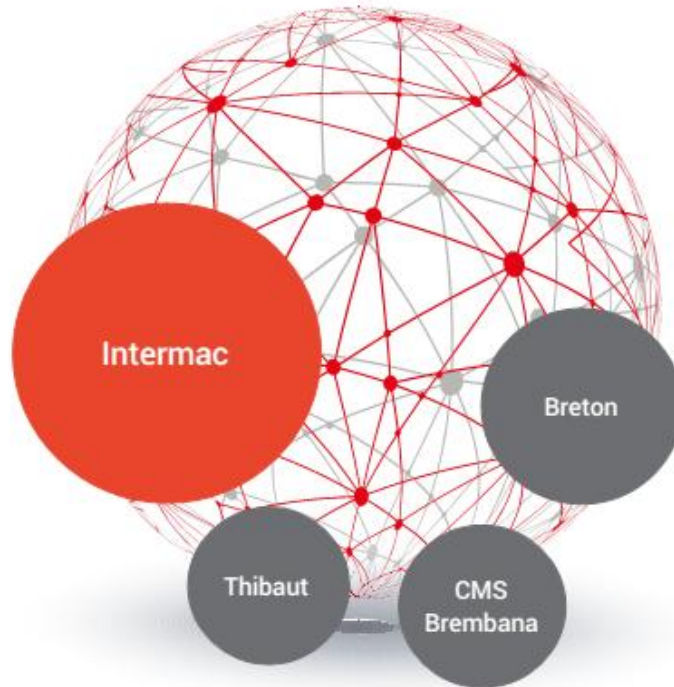
company evaluation

# Main world competitors: **glass**



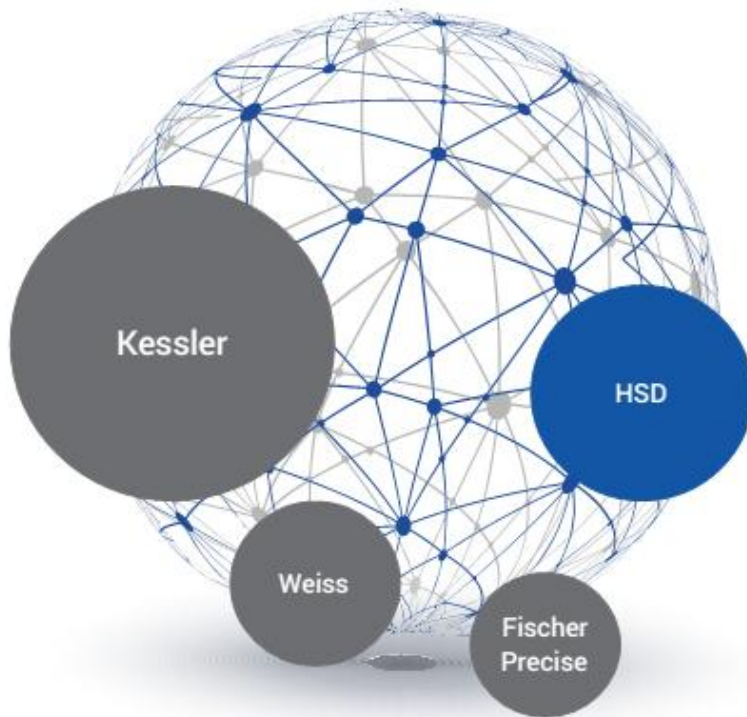
company evaluation

# Main world competitors: **stone**



company evaluation

# Main world competitors: **mechatronics**

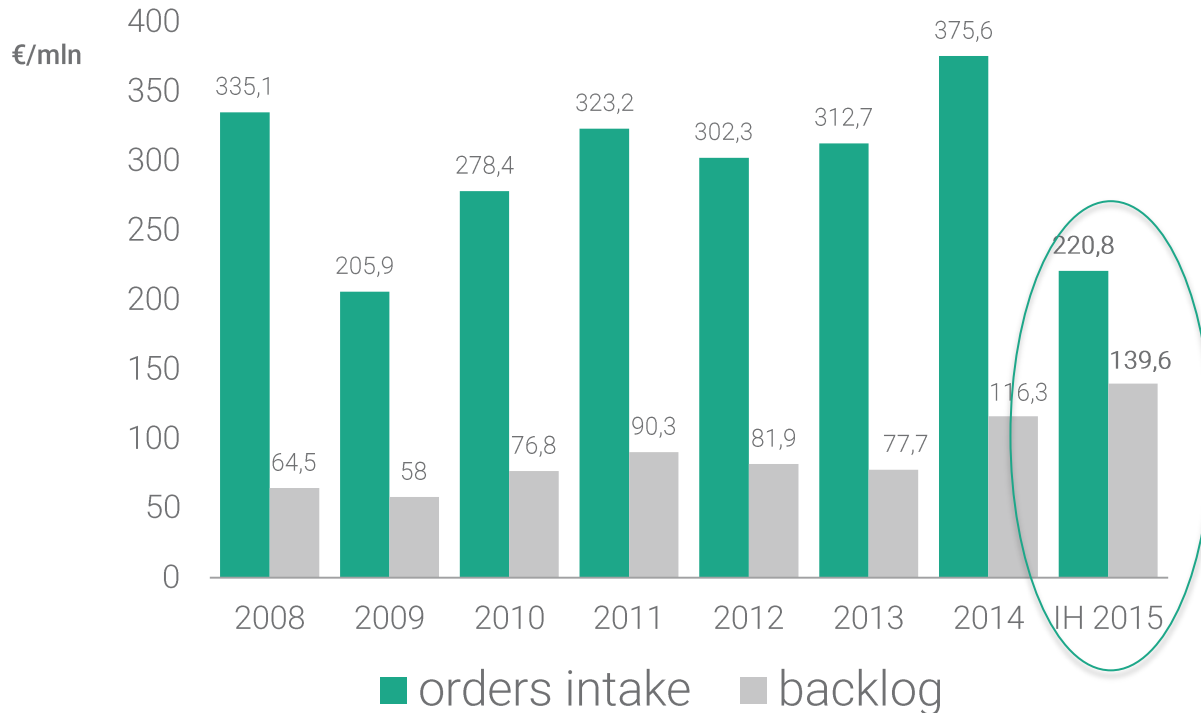


company evaluation

# Orders intake & backlog



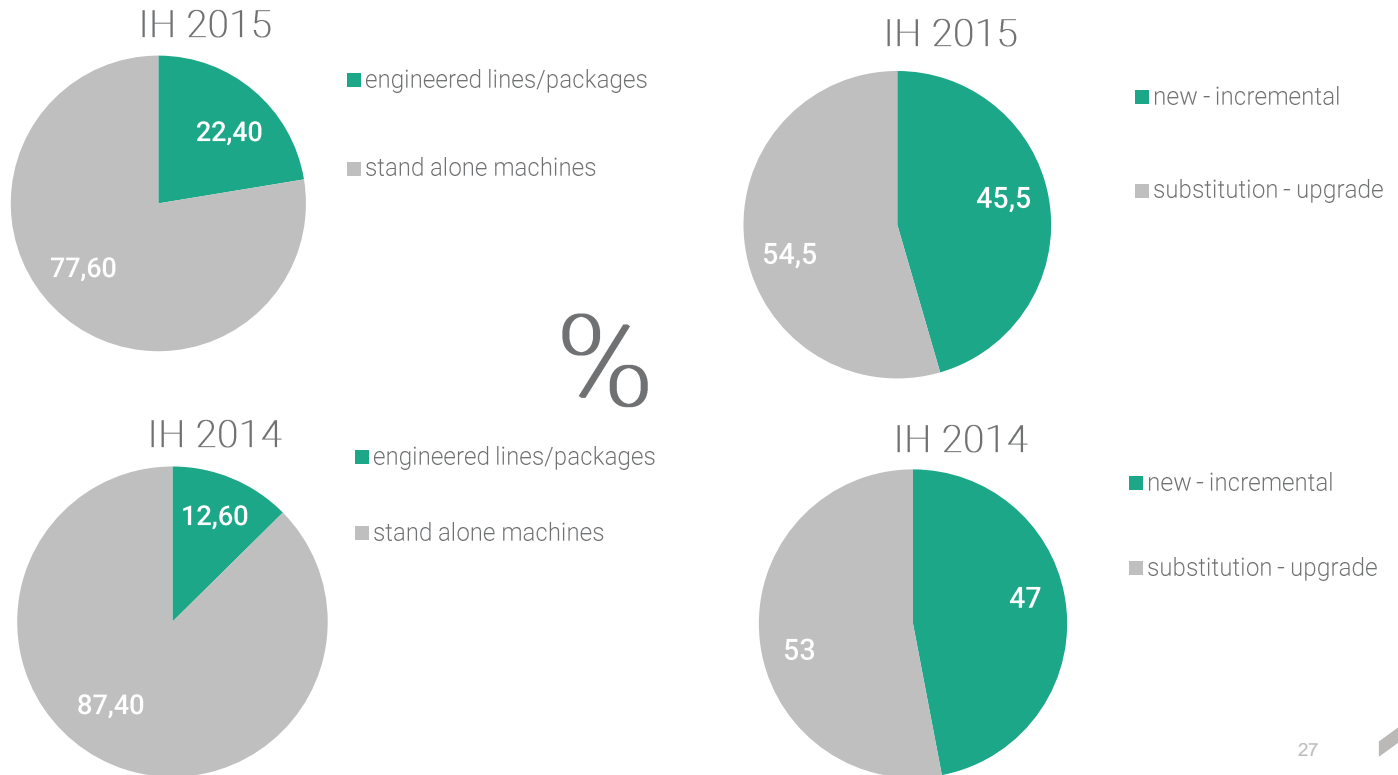
# Group order intake & backlog



- IH 2015 : Group order intake **+13%** (vs the same period 2014)
- IH 2015 : Group backlog **+29.5%** (vs the same period 2014)

# Breakdown

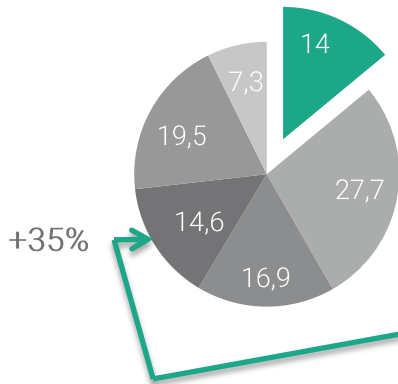
# Orders backlog breakdown by type & destination *(company evaluation)*



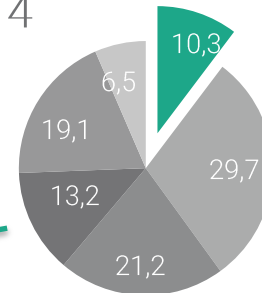
# Sales breakdown by country

%

IH 2015



IH 2014



IH 2015 B.R.I.C. 11.8%

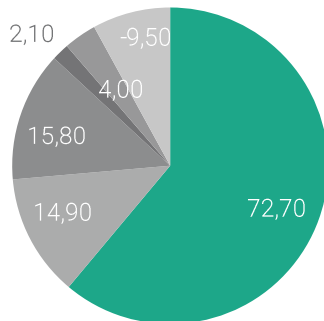
IH 2014 B.R.I.C. 14.5%

# Sales breakdown by division

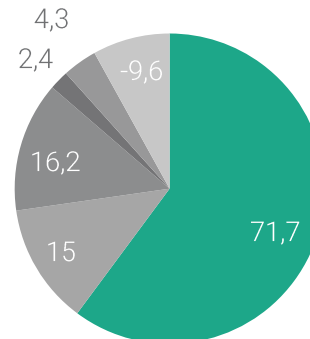
IH  
2015

%

IH 2014



- Wood
- Glass - Stone
- Mechatronics
- Tooling
- Components
- Adjustments



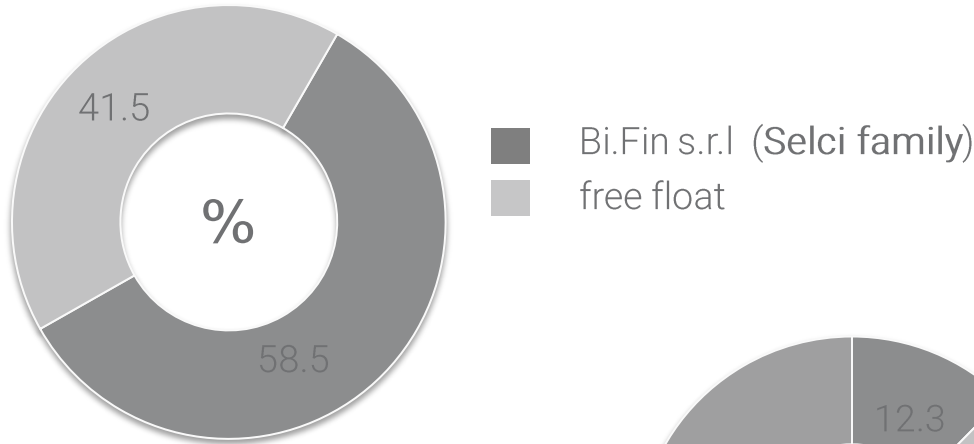
- Wood
- Glass - Stone
- Mechatronics
- Tooling
- Components
- Adjustments

# Employees breakdown by destination

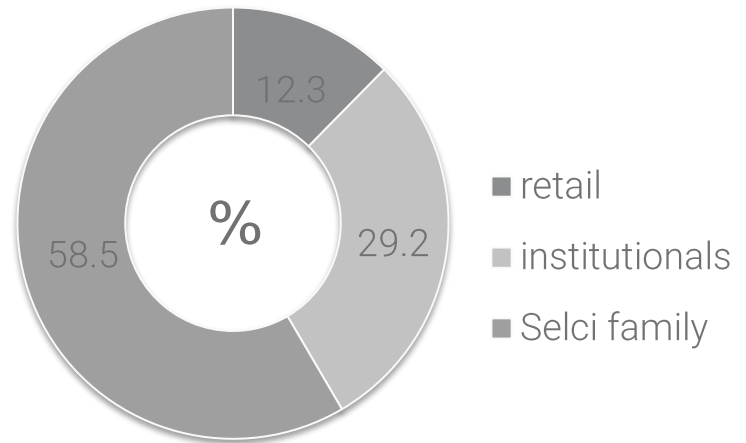
	June 2015	2014	2013	2012	2011	2010
manufacturing %	1,222 41%	1,201 42%	1,175 44%	1,265 45%	1,250 46%	965 41%
service & after-sales %	655 22%	628 22%	613 23%	574 21%	577 21%	568 24%
R&D %	366 12%	361 13%	321 12%	338 12%	316 12%	293 12%
sales & marketing %	453 15.4%	439 15%	351 13%	364 13%	361 13%	340 14%
g & a %	251 9%	252 9%	235 9%	242 9%	233 9%	202 9%
Italy %	1,638 56%	1,605 56%	1,547 57%	1,646 59%	1,656 61%	1660 70%
outside Italy %	1,309 44%	1,276 44%	1,148 43%	1,136 41%	1,081 39%	708 30%
TOTAL	2,947 *	2,881	2,695	2,782	2,737	2,368

\*without temporary workers

# Shareholders breakdown



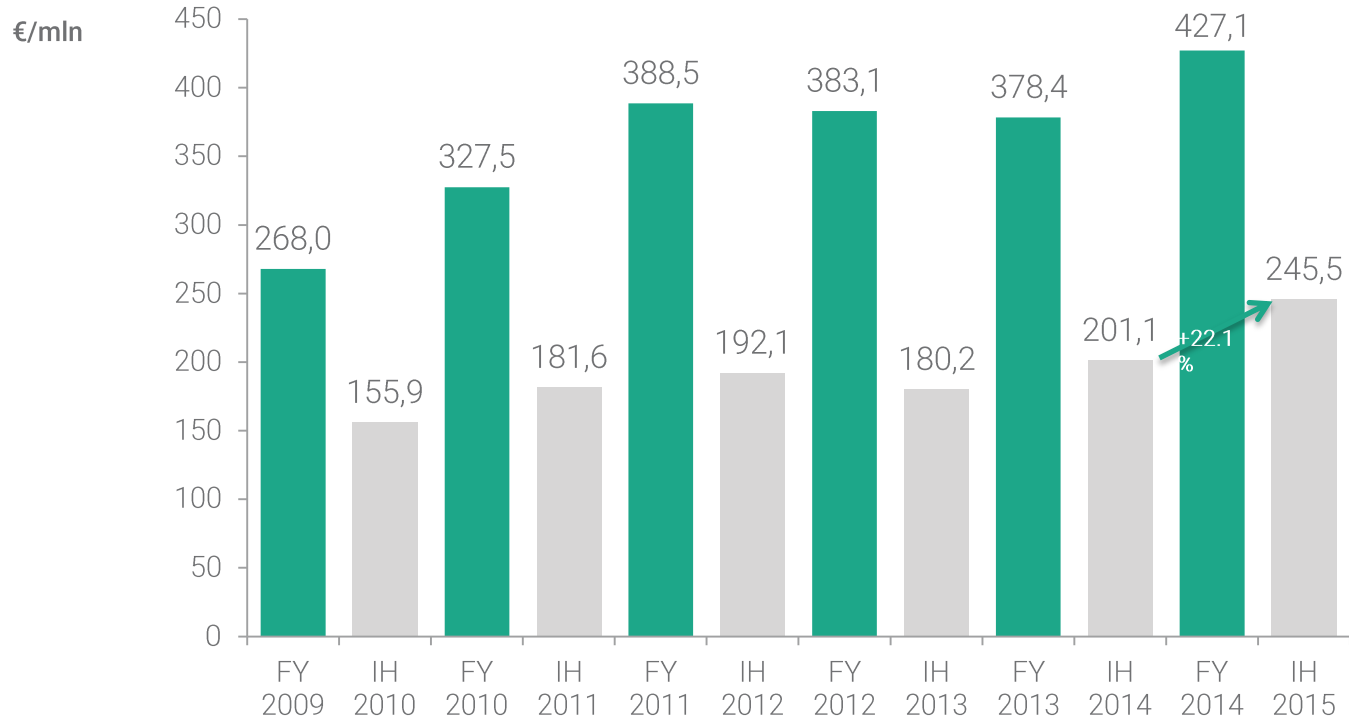
- Praude Asset Management 2.4%
- JP Morgan Asset Management 1.9%
- Credit Agricole 1.7%
- Amundi SA 1.3%



# IH 2015: consolidated financial



# Group turnover



# P&L: main items

€/mln	IH 2014	IH 2015	Delta %
Net sales	201.1	245.5	+22.1%
Value added	79.8 39.7%	101.9 41.5%	+27.7%
Labour cost	62.9 31.3%	72.9 29.7%	+16.1%
EBITDA	16.9 8.4%	28.9 11.8%	+70.7
EBIT	9.7 4.8%	20.2 8.2%	+108.1%
Net result	3.9 2.0%	10.5 4.3%	+115,3%
tax rate	53.7%	43.0%	

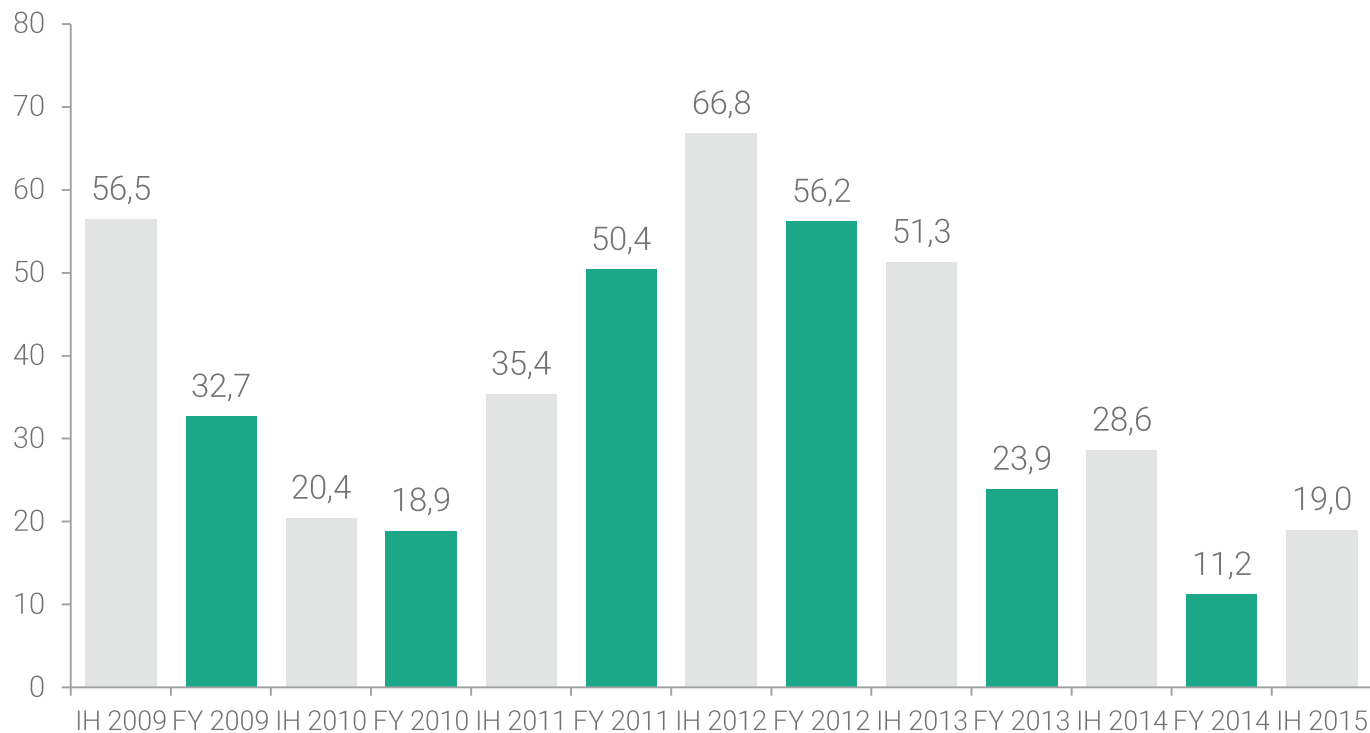
# Operating net working capital

€/m	IH 2014	IH 2015	Delta €
inventory % over IH net sales	98.7 49.1%	124.3 50.6%	25.6
trade receivables % over IH net sales	78.5 39.0%	99.6 40.6%	21.1
trade payables % over IH net sales	118.8 59.1%	157.2 64.0%	38.4
operating net working capital % over IH net sales	58.4 29.0%	66.8 27.2%	8.4

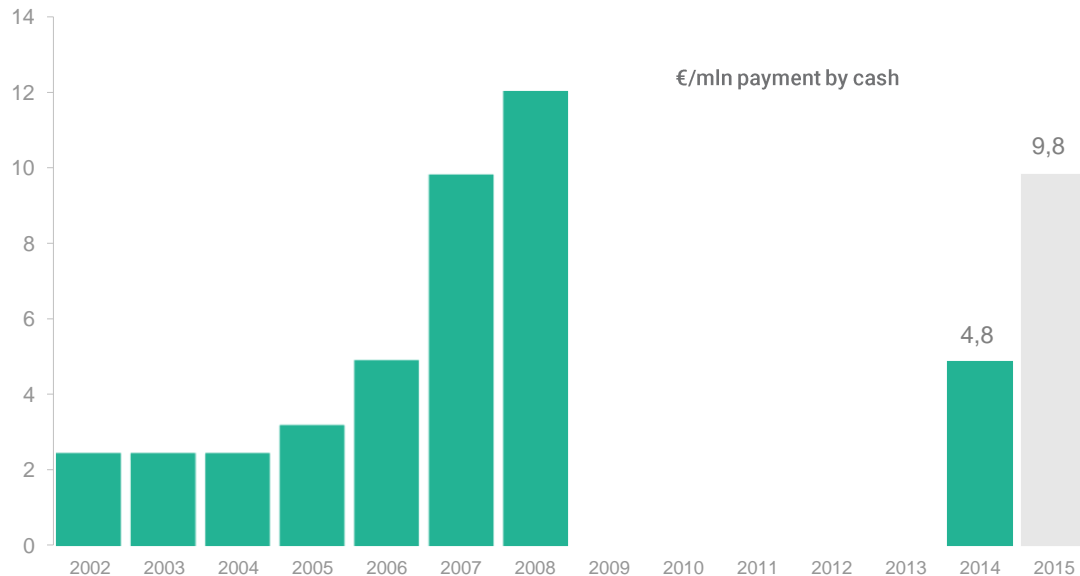
# Cashflow

€/mln	IH 2014	IH 2015	Delta €
OPERATIVE cashflow	9.0	9.7	+0.7
Investments	-8.8	-11.4	+2.6
FREE cashflow	0.1	-1.7	-1.8
<u>dividends paid</u>	-4.8	-9.8	

# Net debt

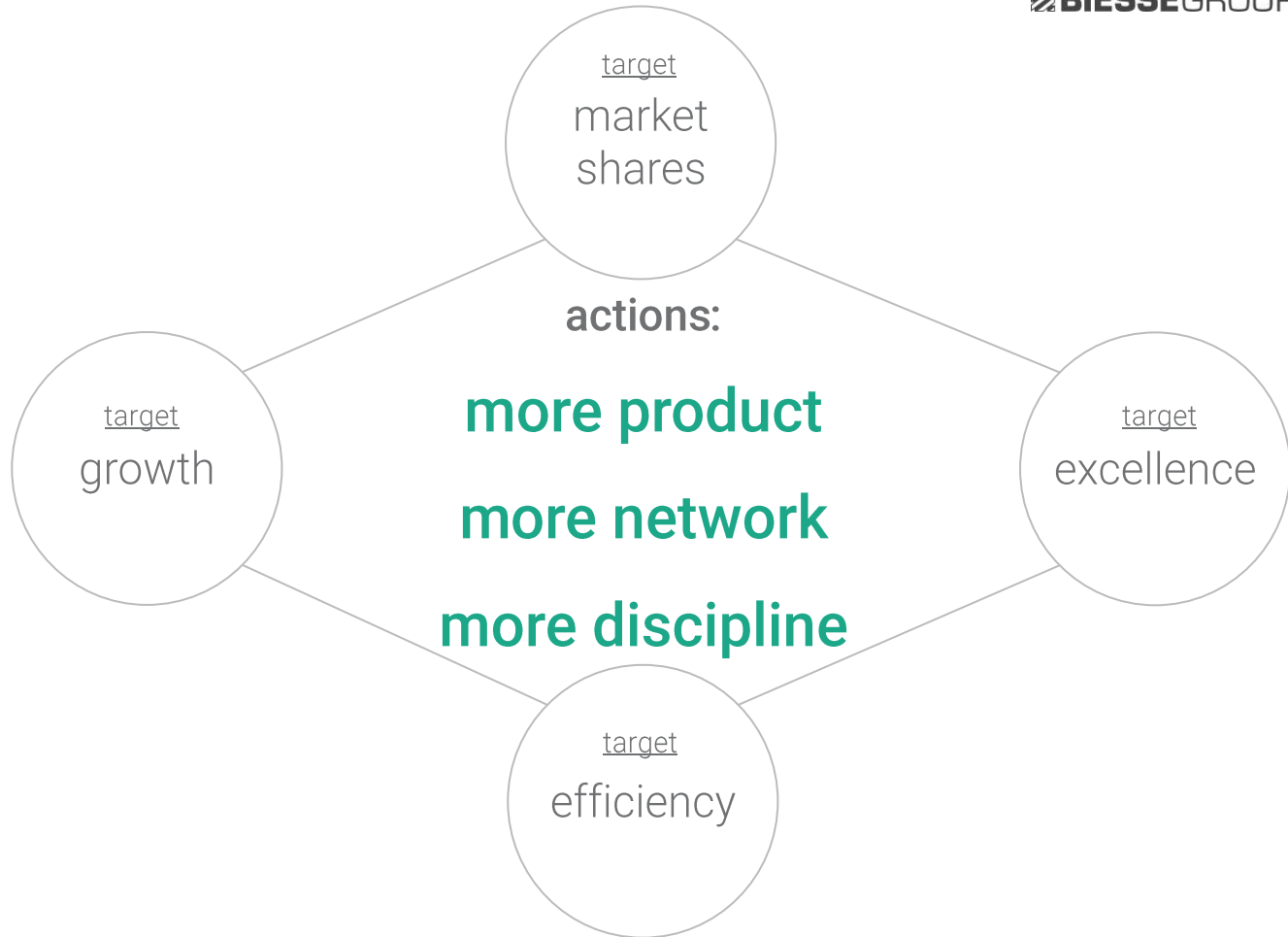


# Dividends paid



2015	may 18th <small>(may 20th value date)</small>	
dividends payment	€ 9,811,066.68	
payout	0.36 x share	67.7% (2014 Biesse s.p.a. net result)

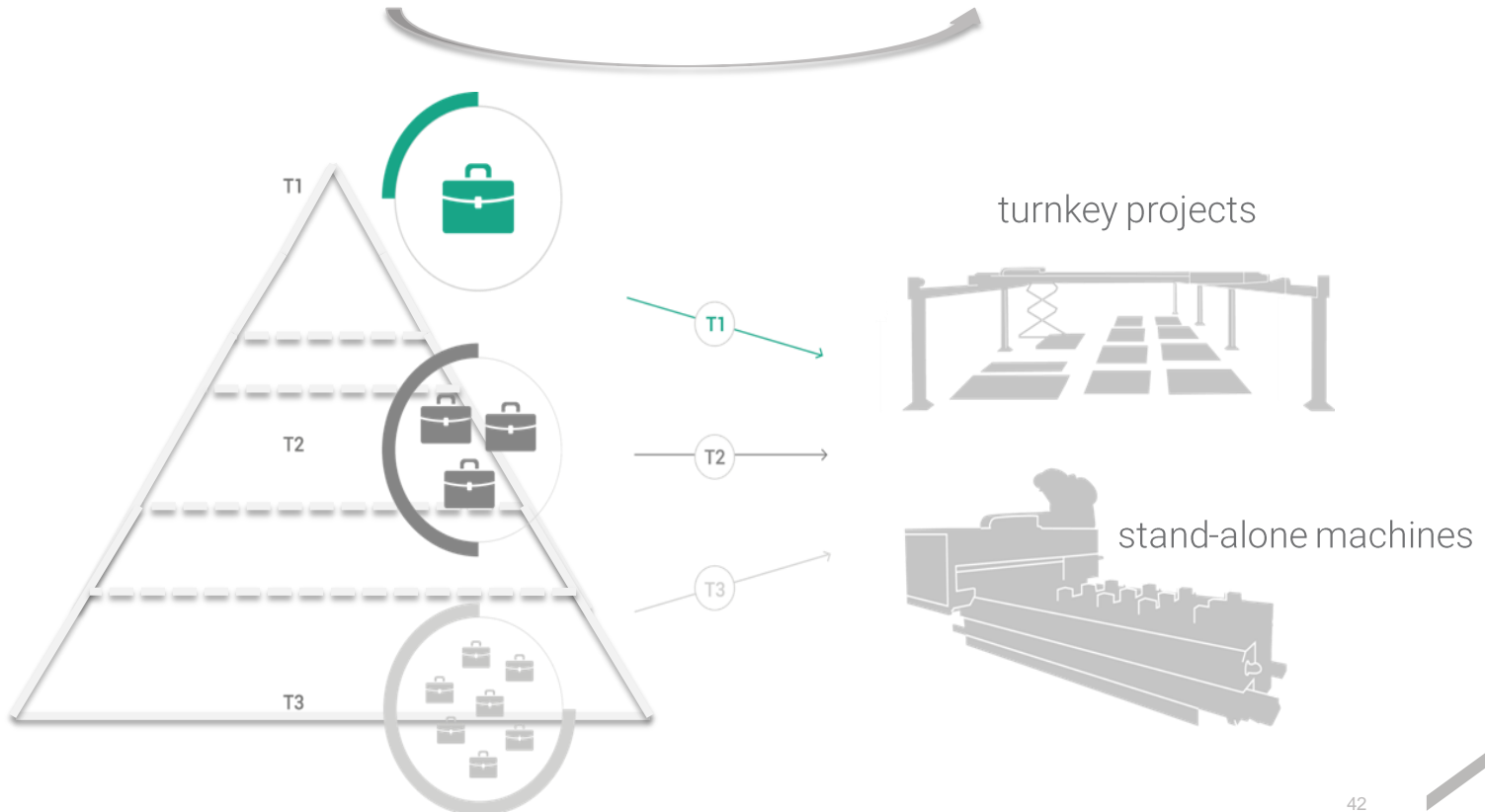
Three years  
business plan  
extract to remind  
(February 2015)









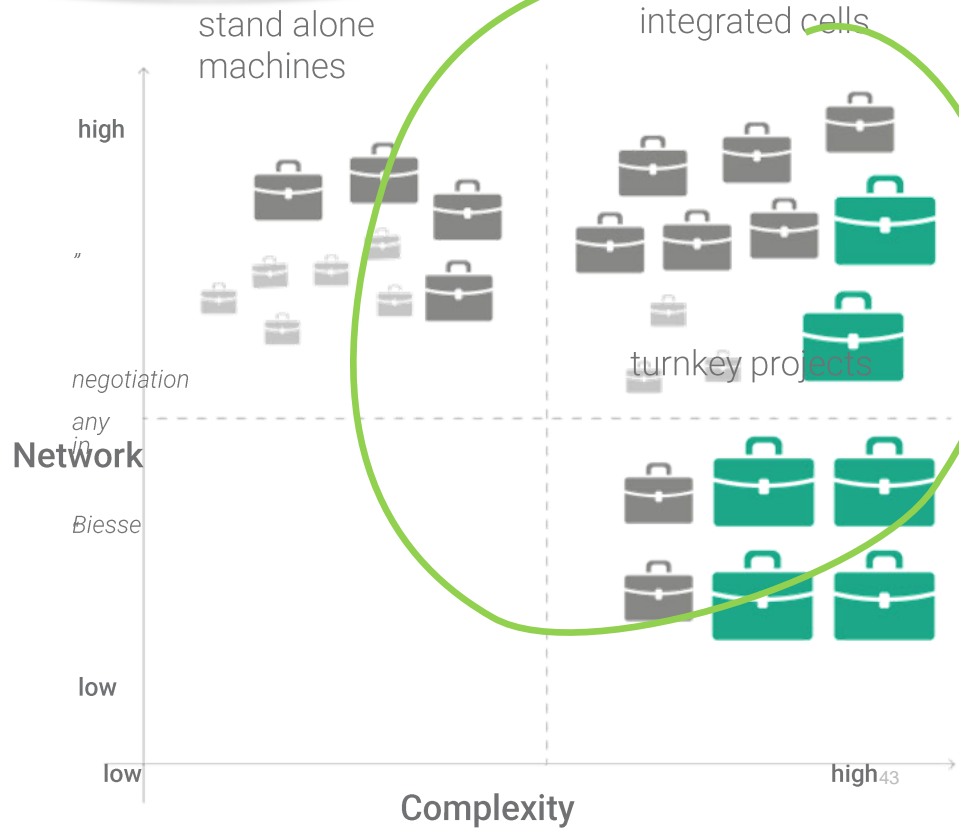
# Strategy 2015-2017 main driver

# From tri-band offer to dual strategy



# From tri-band offer to dual strategy

-  "small" customers
-  "medium" customers
-  "large" customers
-  Biesse target



# More product

- plastic
- metal (*HSD*)
- bSuite (*software*)
- Systems / cells (*batch one lines- winstore range*)
- new glass and stone range

# More network



- subsidiaries & trade channel development, increased headcount for foreign subsidiaries (*salespeople & engineers*), enhanced training and expertise
- development of Latin America sales network /manufacturing (*Brazil*) and of Asia sales network
- development of overseas manufacturing (*India and China*)
- group marketing & communications

# More discipline



- control non-strategic structural costs
- pay-off for software upgrades (*financial incentive to upgrade*)
- tight control of operating net working capital
- product reliability/quality as a key factor for the reduction of collection days (*DSO ratio*)
- increase organic cashflow, reduce net debt and pay regular dividends

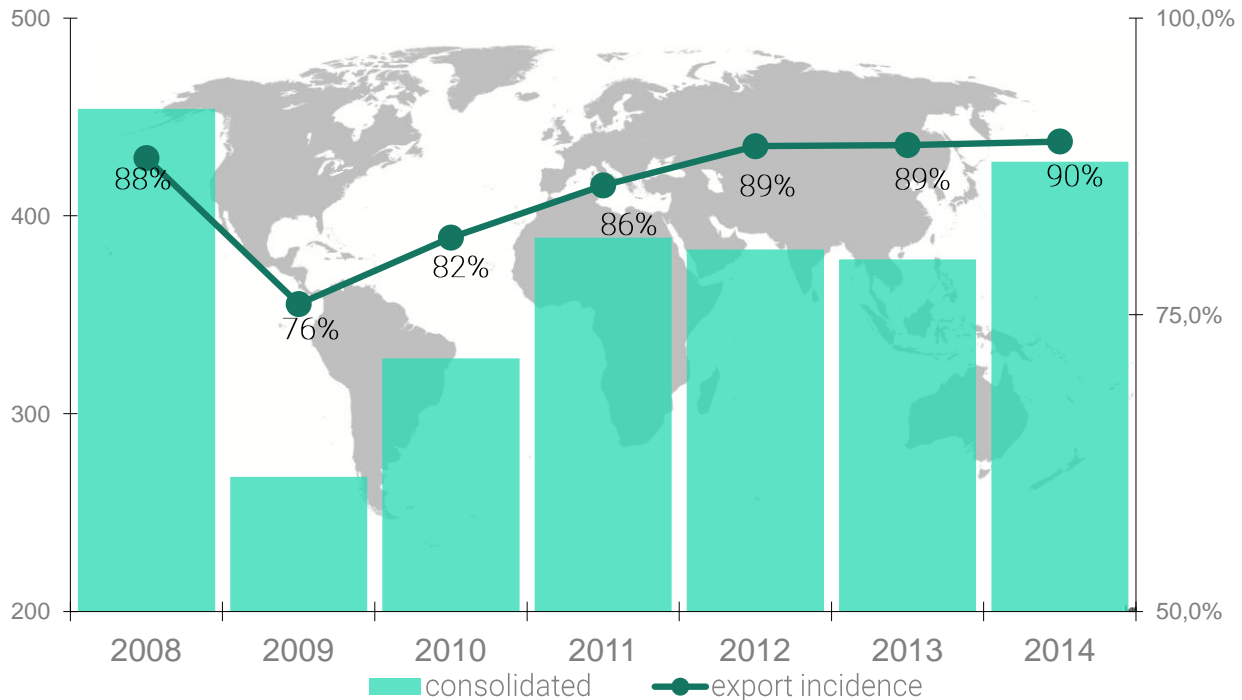
financials

orders

market shares

# Subsidiaries – trade channel

# Export share of consolidated revenues





# Subsidiaries: guidelines

- 
- A faint, light gray world map is visible in the background of the slide, centered behind the text.
- **invest** in human resources and capabilities as growth drivers (*network & technology*)
  - **transform** the management approach from EBIT-driven to EBIT-conscious >>> **focus on market share and growth**
  - **improve** after-sales service quality to gain customers' trust
  - **enhance** sales and marketing integration

# Trade channel: guidelines

- 
- **consolidate** market share for cutting, edgebanding and drilling for the top of the market range
  - **hire** specialised staff and dedicated (*resident*) key account managers to develop line and cell sales in particular
  - **focus** on “growth” customers target group in the medium-high range segment, with a focus on “production upgrade”
  - **strengthen** the dealer network for the “stand-alone machine range” (*salespeople, engineers, service engineers*) to increase the integration with “made in Biesse” products manufactured in China and India
  - **monitor** discount policies to safeguard sales margin, increasing the perception of the “business offer system” and preventing price conflicts

# 2015 highlights and recent events

# 2015 highlights

## orders intake & backlog

- **orders intake** :worldwide growth driven by technological and reliable products despite markets difficulties
- **backlog** (machines to be invoiced): constantly exceeding € 100 mln. with a turnover visibility (average) of 4-5 months
- **market shares** : perception of an **increase** in all the business divisions

## from Hannover to Las Vegas (world fairs - wood)

- **LIGNA** – Hannover May 11-15 :Biesse exhibition area had 96,000. participants with a record increase (+63%) for orders intake (vs 2013 edition)
- **AWFS** – Las Vegas:July 22-25 : record orders intake with more than 1,000. participants

## cashflow

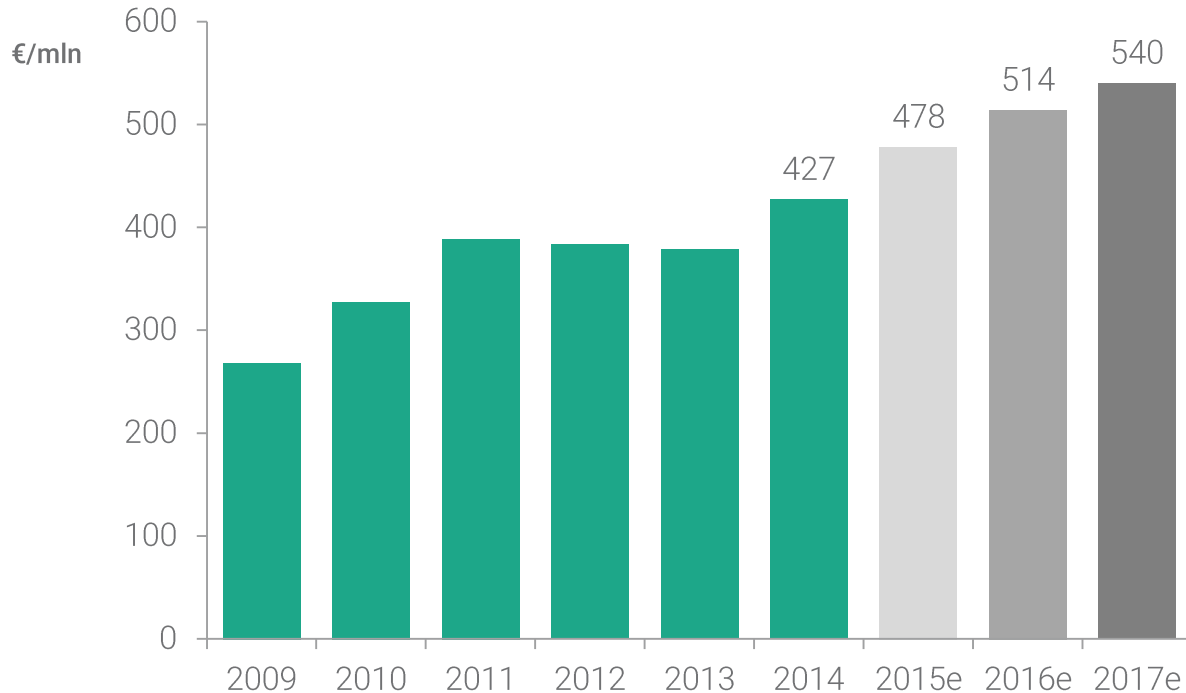
- **higher operative cashflow**: allowed an increase in investments and dividends paid
- **net debt reduction**: enlarged the capability to use the exceeding cash-facilities

# China events

- at the end of July **China** was directly absorbing less than € 13 mln turnover (incidence 4.5%); due to the actual economic turbulences and the short term GDP projections, the initial target of around € 22 mln turnover appear hard to be reached
- the so-called **chinese panic** and the consequent **markets volatility increase** seems to be mainly a financial issue; the impacts on the **real economy** (i.e. capital goods demand) will be closely monitored and evaluated especially in our business sectors
- **notwithstanding this Biesse** will keep alive all the actions initially projected for this area (strengthening the entire organisation / expanding and reinforcing the local sales and post-sales network)
- **Biesse** will continue to develop the local dedicated production site (Dongguan-China) mainly for domestic demand and in order to neutralize the €/CNY effects

# Three years business plan figures to remind (February 2015)

# consolidated group turnover



CAGR 2015 -2017: 8.1%

# consolidated P&L: main items

€/mln	2013	2014	2015e	2016e	2017e
Net sales	378,4	427,1	478,2	514,1	540,1
Cost of goods sold	156,5	171,2	187,1	201,5	210,5
Labour cost	112,7	128,2	142,0	151,0	158,6
overhead	81,4	89,7	97,8	99,4	101,9
EBITDA	30,9	40,9*	52,8	63,7	70,7
EBIT	15,1	26,5**	36,0	47,0	54,0

\*before non-recurring items for 1.3 euro mln.

\*\* before non-recurring items for 1.7 euro mln.



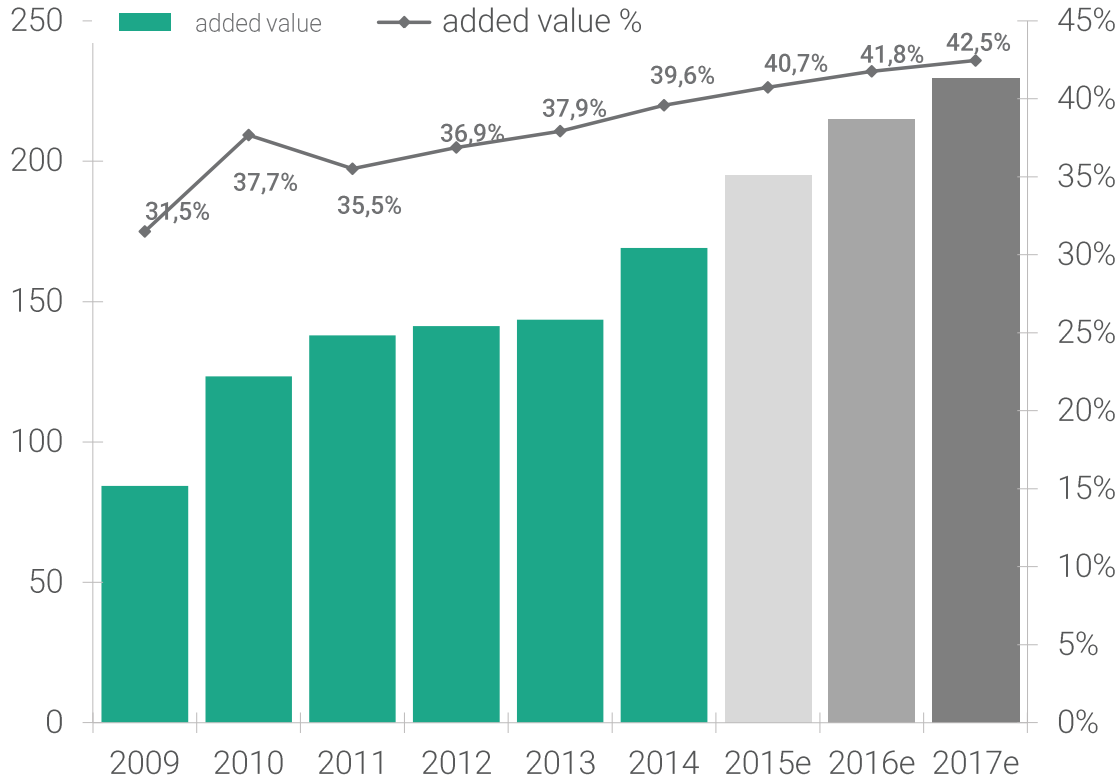
# operating net working capital

€/m	2013	2014	2015°	2016°	2017e
inventory % over net sales	86.3 22.8%	98.1 23.0%	107.5 22.5%	113.6 22.1%	117.7 21.8%
trade receivables % over net sales	76.2 20.1%	80,7 18.9%	90.0 18.8%	95.0 18.5%	100.0 18.5%
trade payables % over net sales	111.1 29.4%	123.2 28.8%	135.0 28.2%	140.0 27.2%	145.0 26.8%
operating net working capital % over net sales	51.4 13.6%	55.6 13.0%	62.5 13.1%	68.6 13.3%	72.7 13.5%

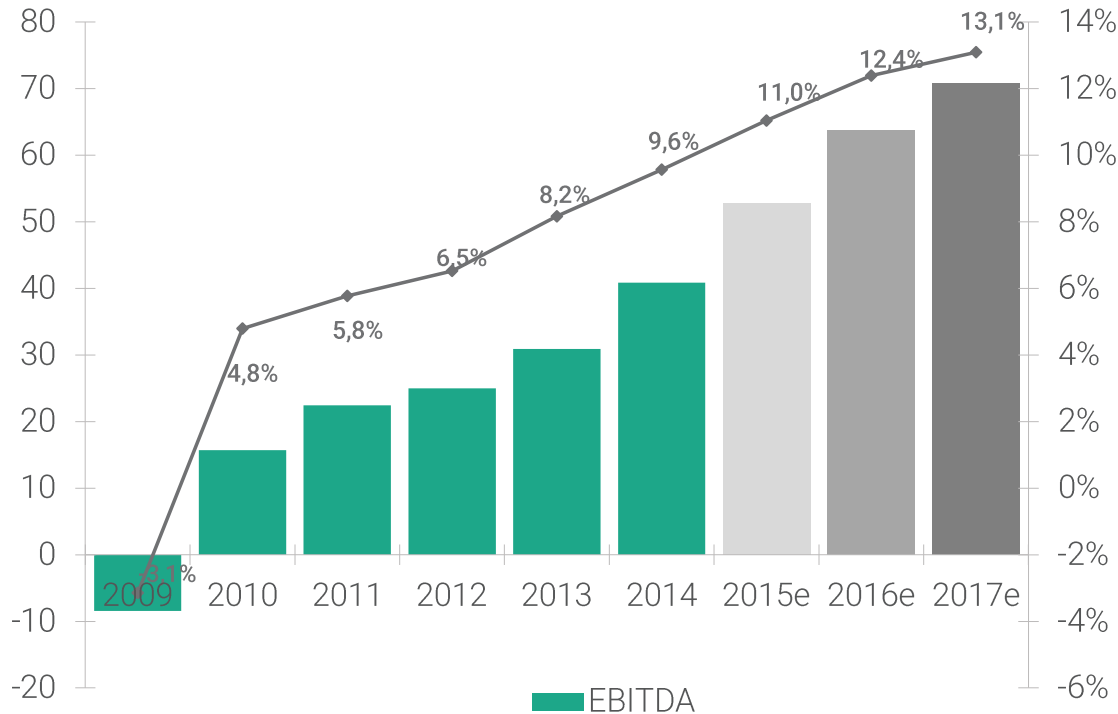
# cashflow – net debt

€/mln	2013	2014	2015e	2016e	2017e
gross cashflow % over net sales	52.1 13.8%	38.3 9.0%	32.3 6.8%	41.4 8.1%	48.5 9.0%
investments % over net sales	-19.9 5.2%	-20.8 4.9%	-22.7 4.7%	-15.4 3.0%	-15.4 2.9%
free cashflow % over net sales	32.3 8.5%	17.5 4.1%	9.6 2.0%	26.0 5.1%	33.1 6.1%
<u>dividends</u>		-4.8	-9.8 0.36 per share	-9.8 0.36 per share	-9.8 0.36 per share
delta net debt		12.7	-0.2	16.2	23.3
net debt (net financial position)	-23.9	-11.2	-11.4	+4.9	+28.2

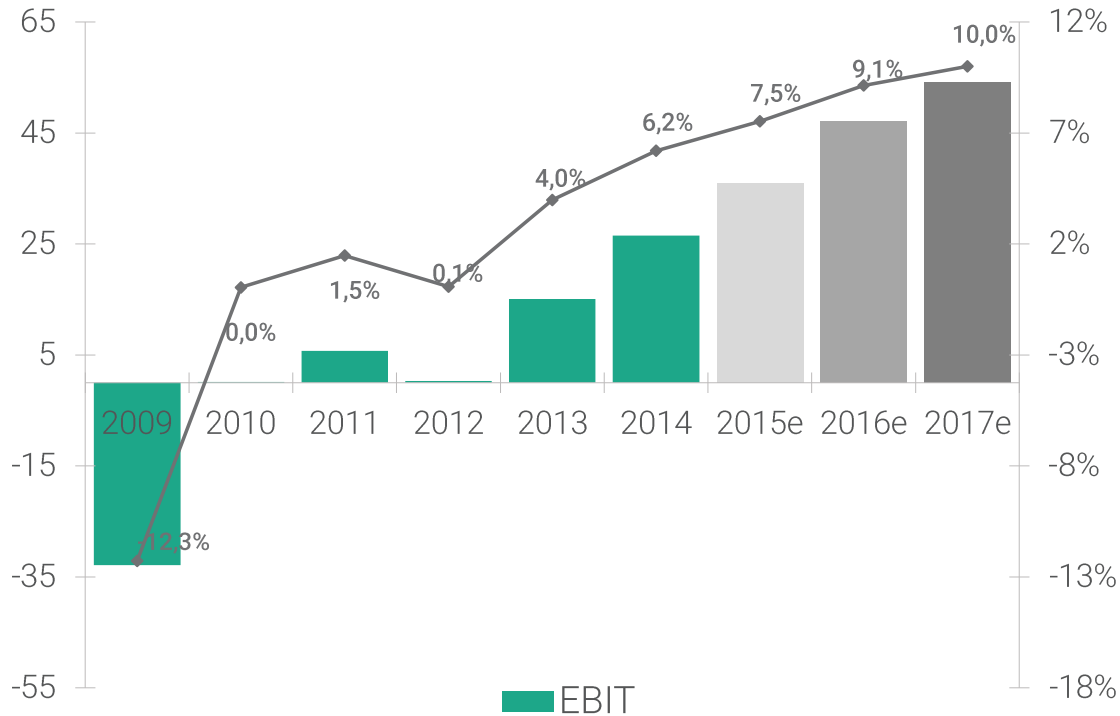
# added value



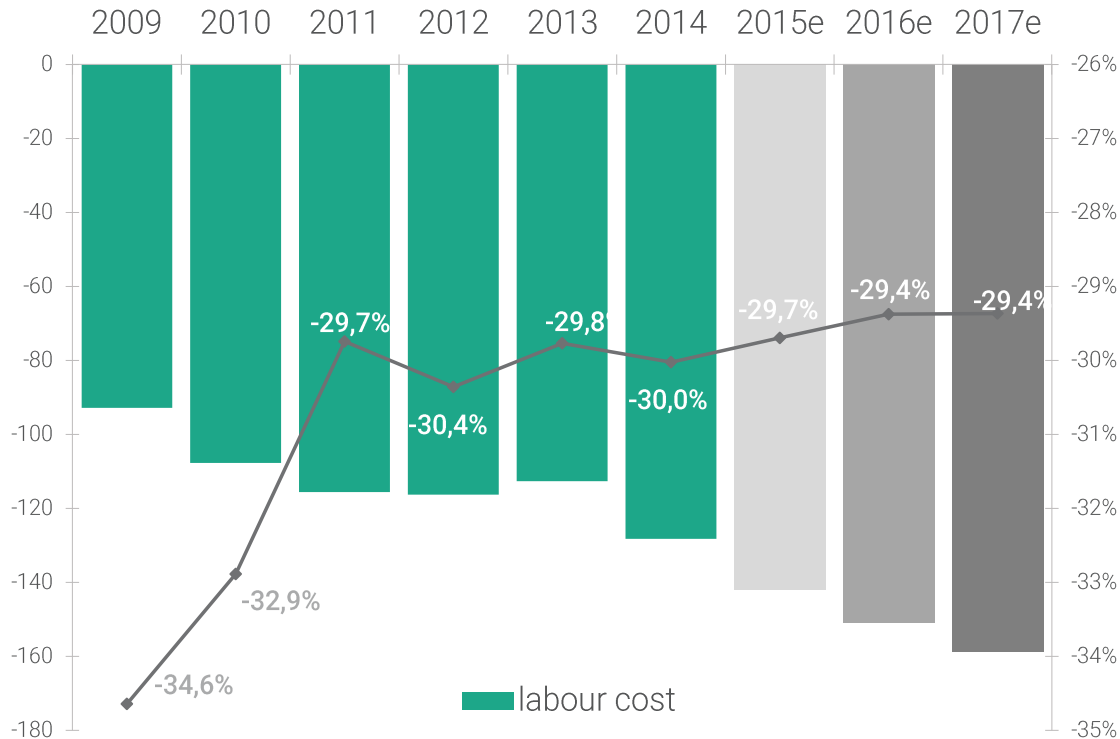
# ebitda



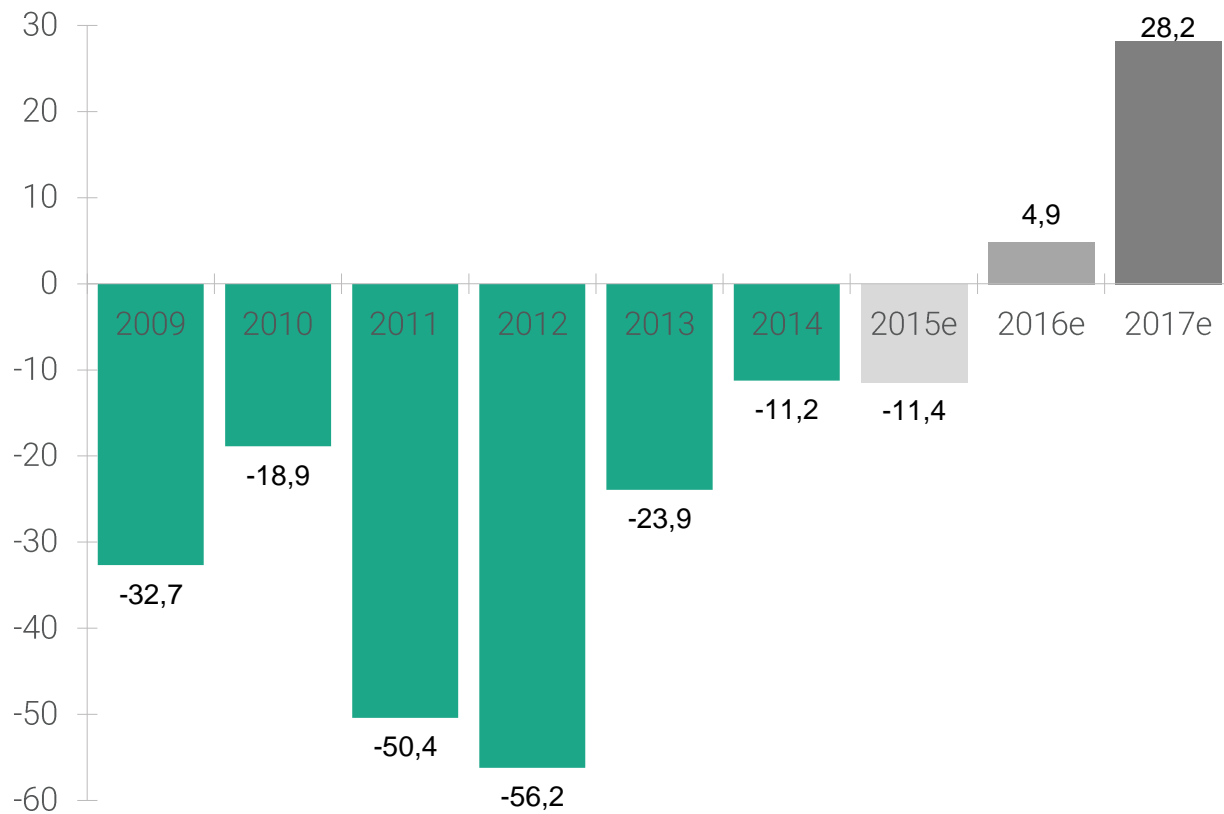
# ebit



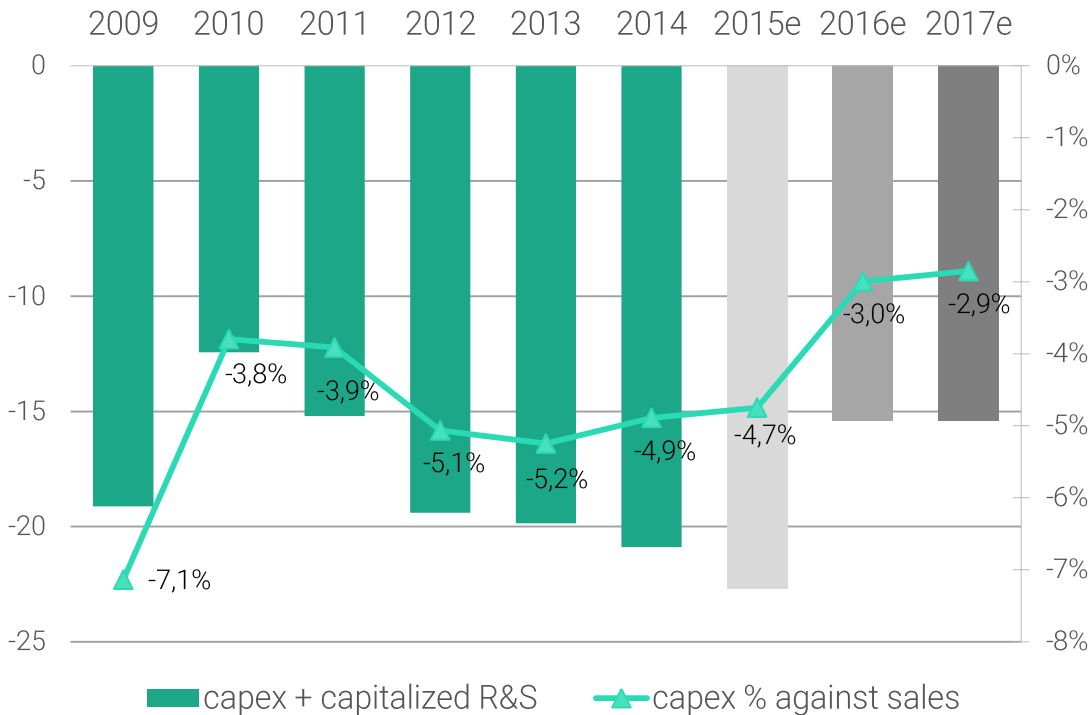
# labour cost



# net debt

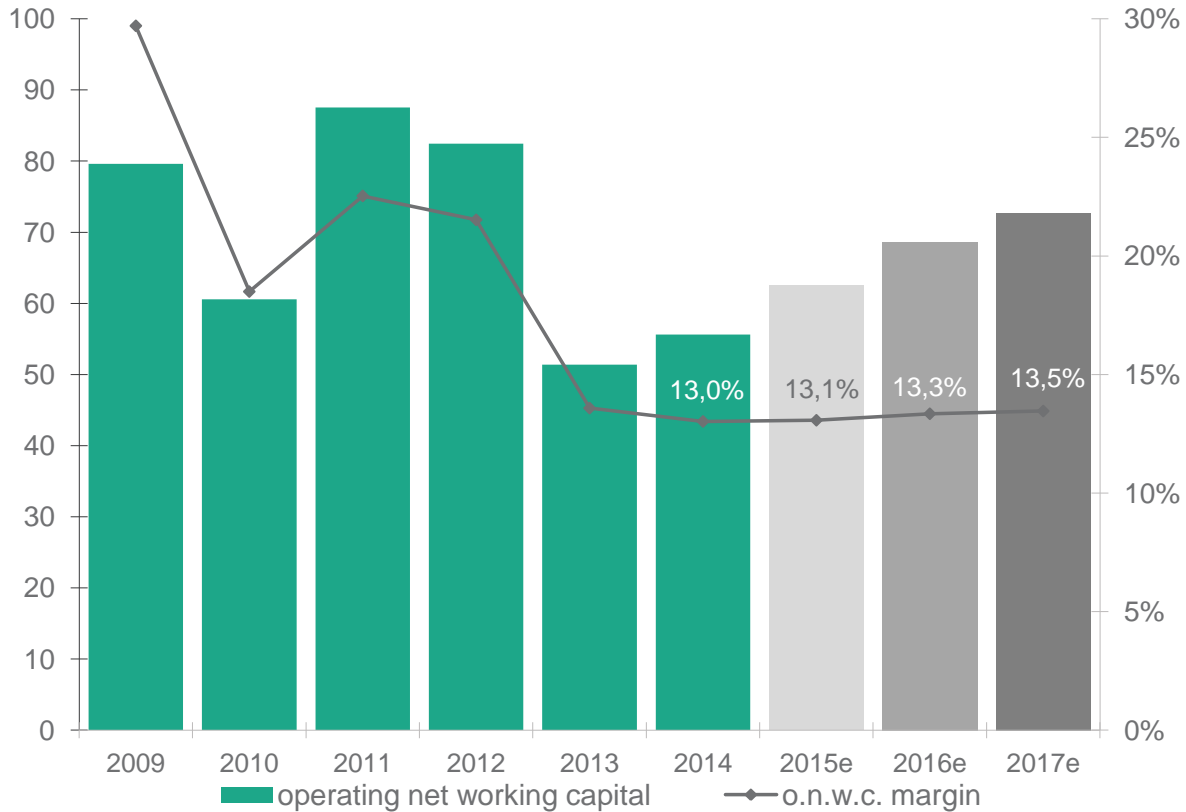


# capex + capitalized R&S

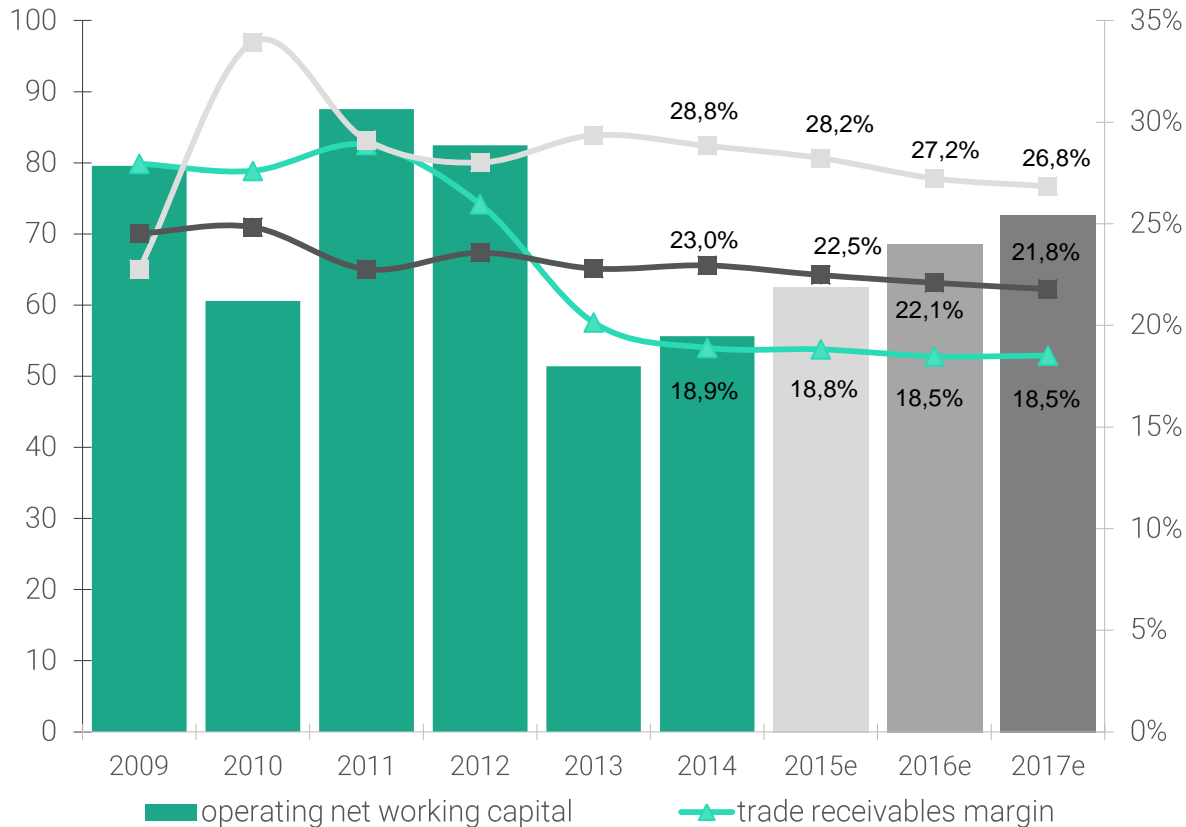




# operating net working capital



# receivables – payables - inventories



# disclaimer

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- ➔ For further details on the Biesse S.p.A., reference should be made to publicly available information, including the Quarterly Reports, the Half Annual Report, the Annual Reports and the Three Years Business Plan.
- ➔ Statements contained in this presentation, particularly the ones regarding any Biesse S.p.A. possible or assumed future performance, (business plan) are or may be forward looking statements and in this respect they involve some risks and uncertainties.
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