

Forward-thinking
solutions to leverage
the fourth industrial
revolution

 **BIESSE**GROUP

2017-2019

3-Years Business Plan extract

Excellence

A virtuous circle of excellence
for a **constant growth**

Revenue

01

Profit

02

Cash

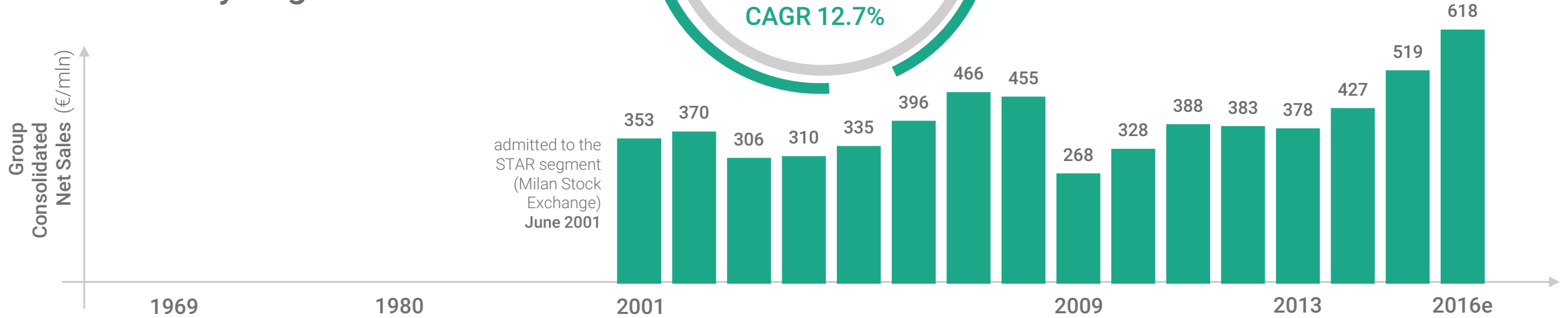
03

Revenue

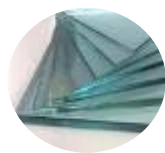
an history of growth



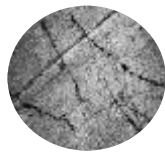
■ Biesse Group
Consolidates Net Sales (€/mln)



Wood



Glass



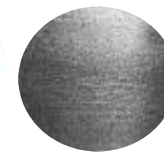
Stone



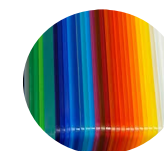
Mechatronics



bSoft
(software)



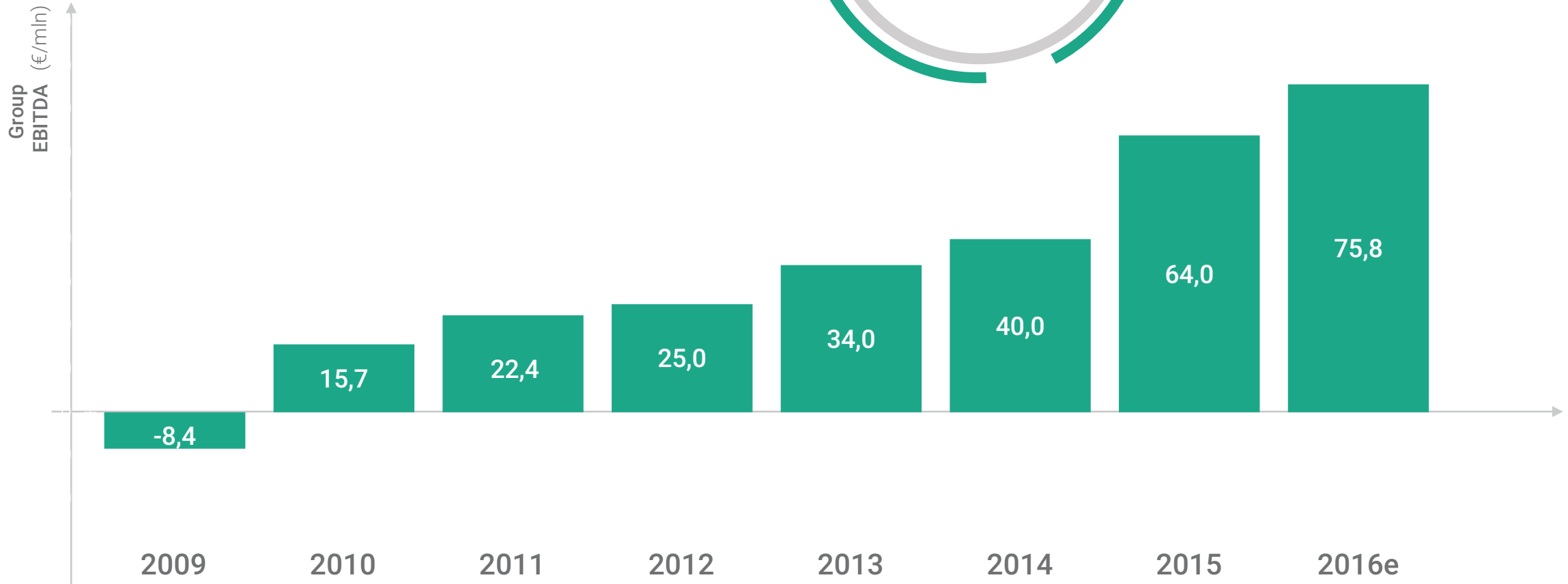
Metal



Plastic &
Advanced
Materials

Profit

EBITDA



2009-2016e

84 € mln

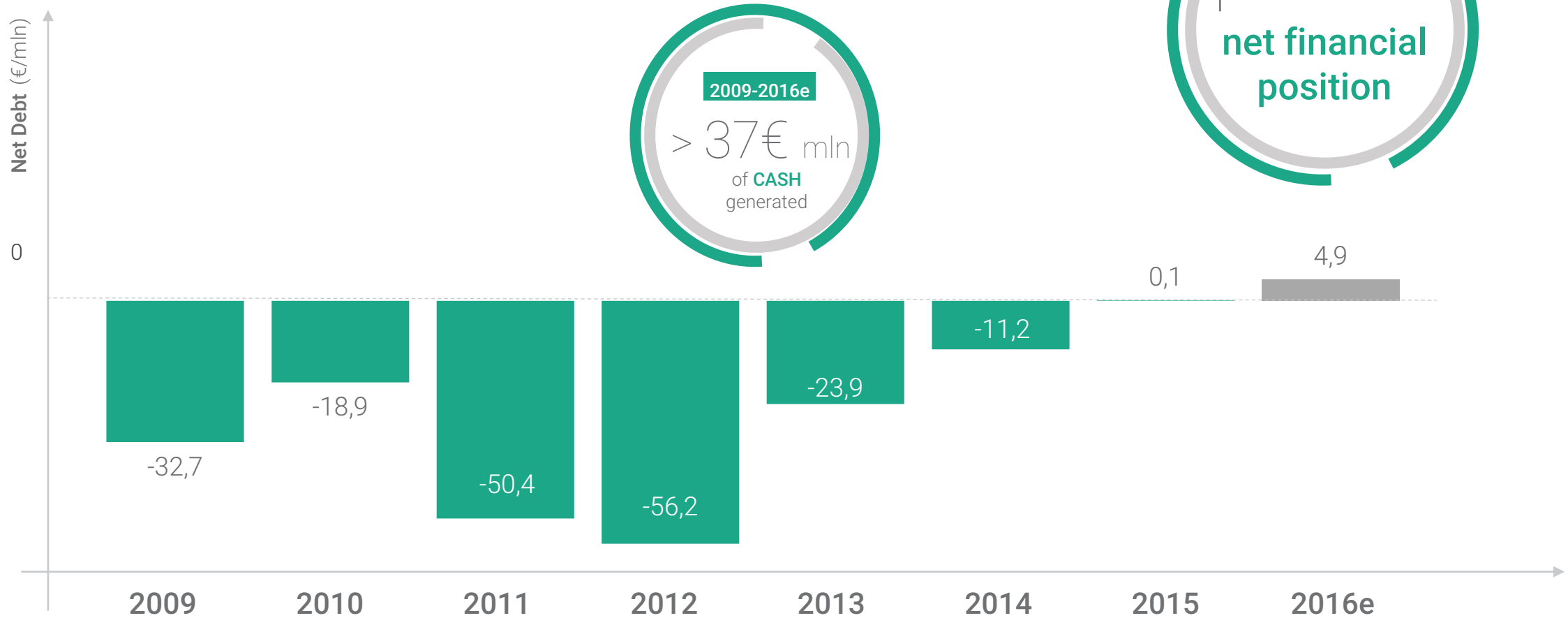
Delta EBITDA
2009 - 2016e

■ Biesse Group
EBITDA (€/mIn)

Cash

Net financial position

After dividends payment in 2014 - 2015 - 2016



Where we are: business plan update

Strategy & Results

 **BIESSEGROUP**
2017-2019 three years Business Plan

2016e successes
Execution on track

Where we are / Strategy & Results

2016e Successes

Net
Sales

618,1
€/mln

+19,1%
on 2015

Order
Intake

493,2
€/mln

+11,4%
on same
period 2015

EBITDA

75,8
€/mln

12,3%
on Net Sales

Net
Debt

+4,9
€/mln

EBIT

55,2
€/mln

8,9%
on Net Sales

Execution on track



Execution on track

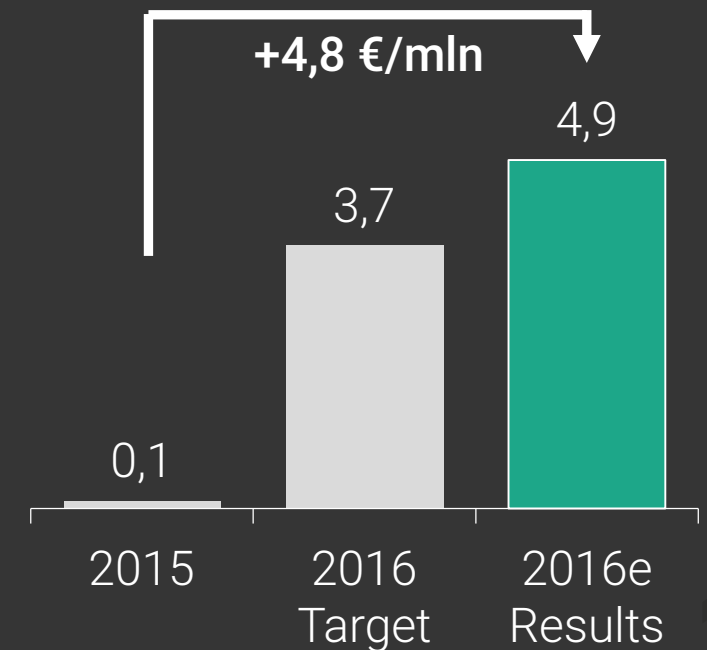
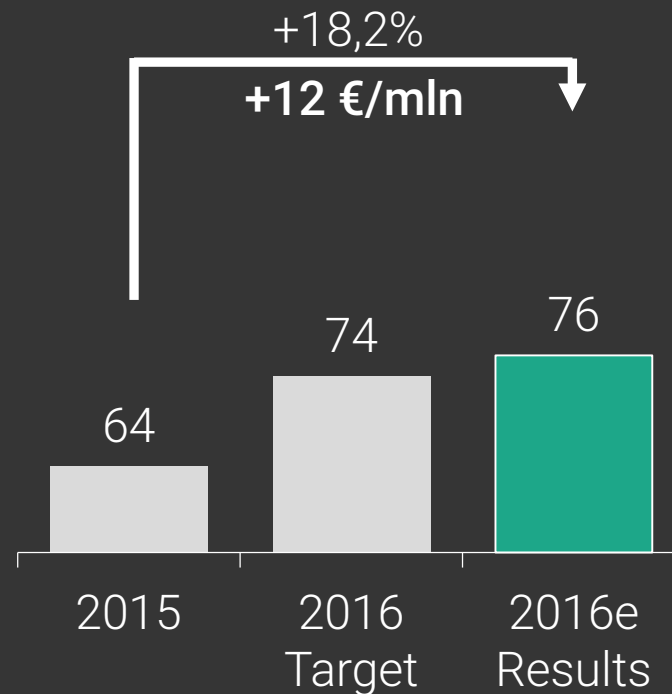
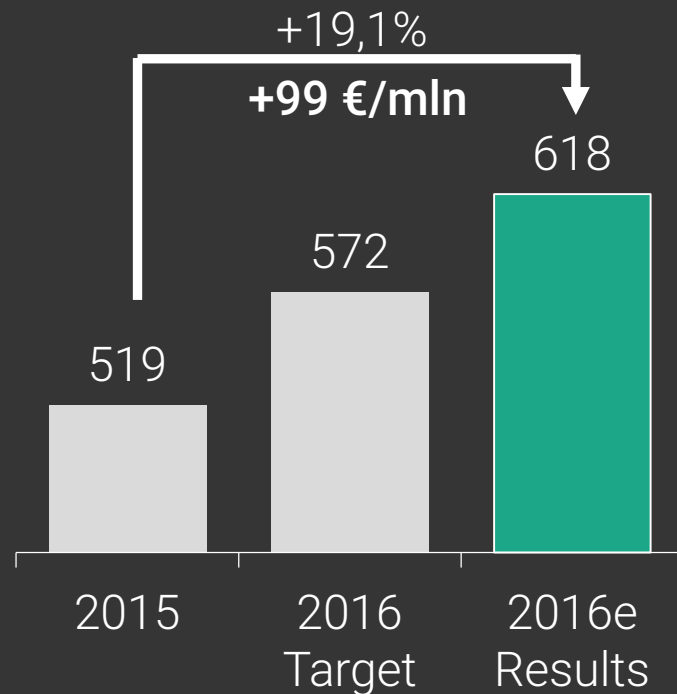
*Anticipating plan
Execution*

*On track with plan
Execution*

Net Sales

EBITDA

Net Debt



Products

Exceeding targets

Wood

Housing

Glass & Stone

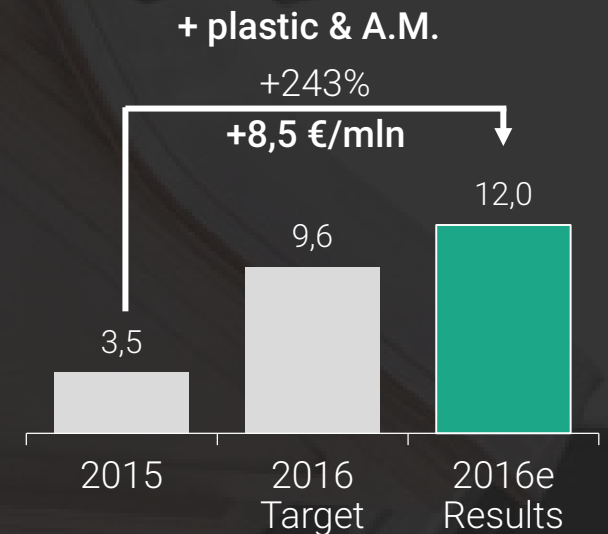
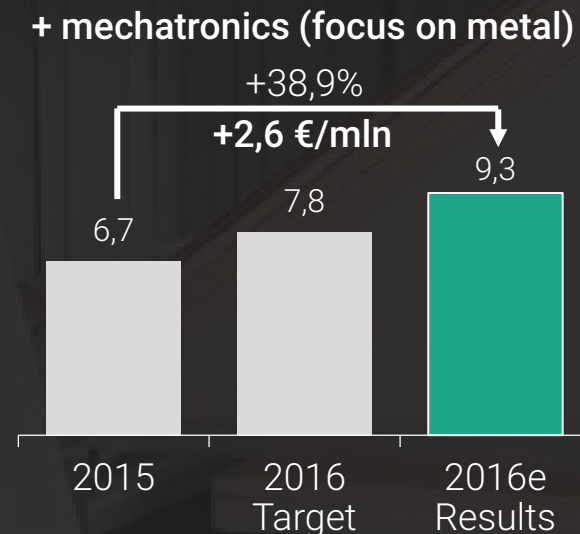
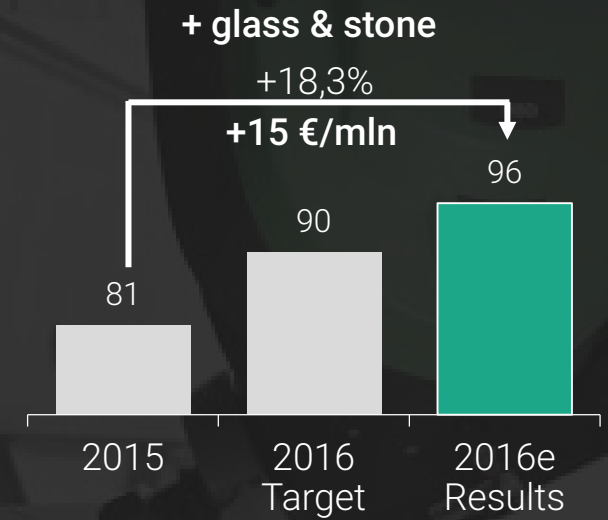
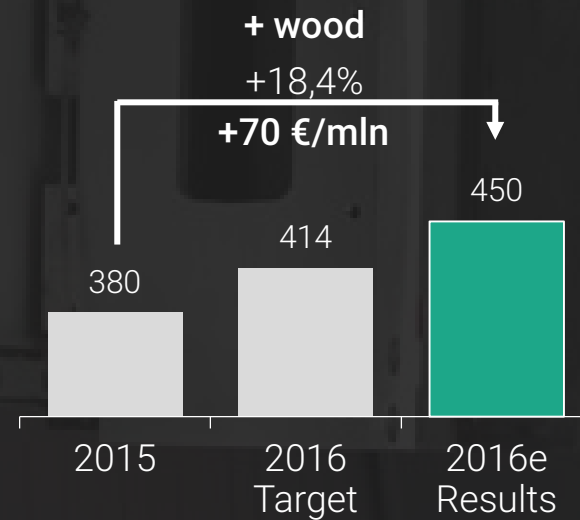
Mechatronics

Tooling

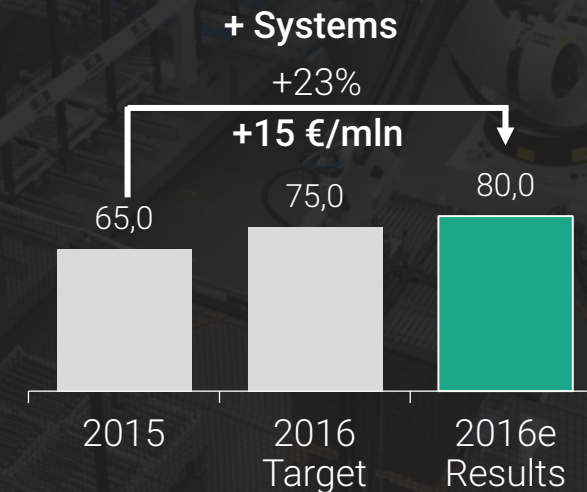
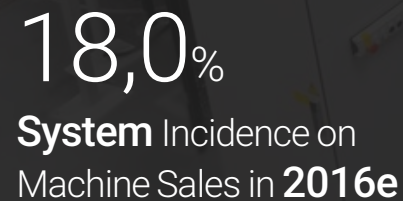
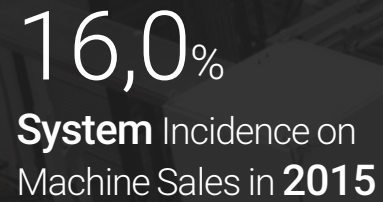
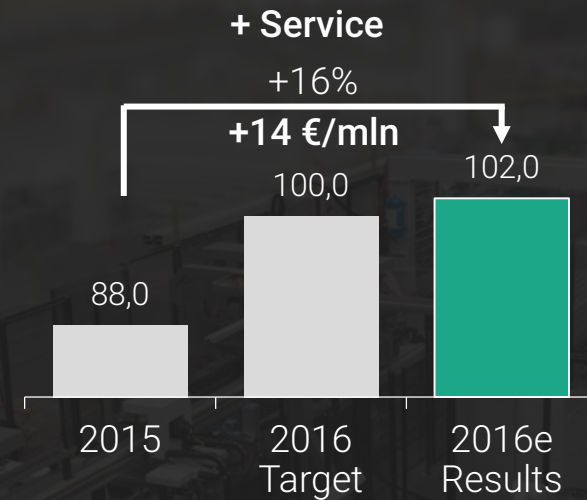
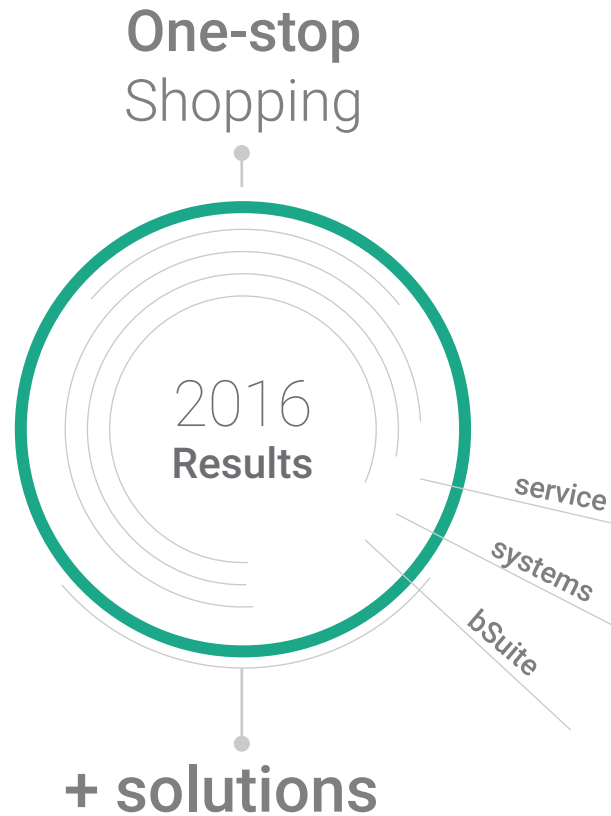
Advanced Materials

Exceeding targets

Best-in-class Alignment



Exceeding targets

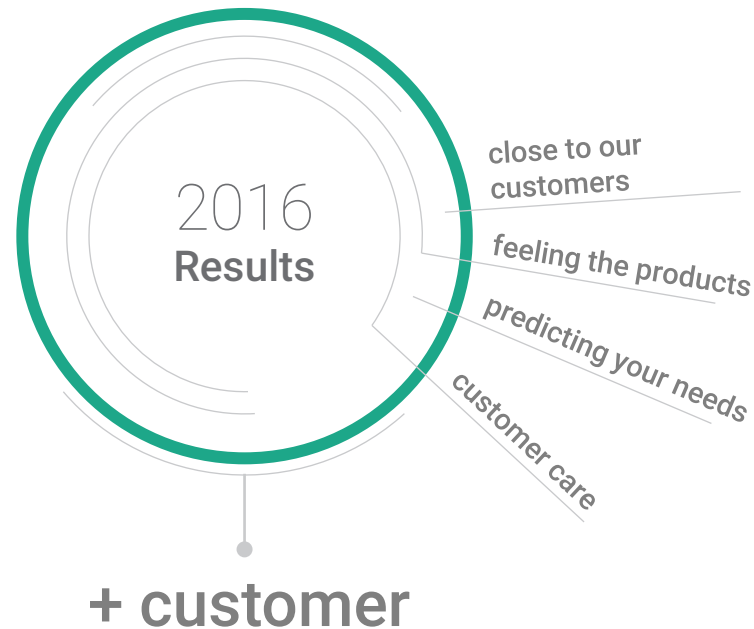


Where we are: business plan update

Customer Experience

Exceeding targets
Close to customers
Feeling the products
Predicting customer needs
IIoT with Accenture & Microsoft

Exceeding target



Differentiation
Take Over

Revenues in **North America** in 2016

+18,4 mln/€

Revenues in **ASIA** in 2016

+26,7 mln/€

Revenues in **Western Europe** in 2016

+72,4 mln/€

+4
New Local
Branches

8.000
Demos in 2016

Predicting Customer needs

A new step towards
the Factory of the Future

"For us 4.0 is not simply a number representing the so-called new industrial revolution, but a real commitment toward our customers to allow them, to achieve the highest level of efficiency" - Federico Broccoli (Wood Division Director / Sales)



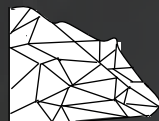
01
Design



02
Materials



03
Production



04
Shape &
Installation

Software



Materials Innovation



**Digital Manufacturing
Machines**



Industry 4.0

Where we want to go: **2019 new targets**

Continuous Growth
More products
More solutions
More Customer
Experience



Where we want to go / Continuous Growth

More products New target

Metal
19 mln€
2019 Target

Advanced
Materials
30 mln€
2019 Target



9%

Wood Division Estimated
CAGR 2017-2019

4%

Market Estimated
CAGR 2017-2019

12%

G&S Division Estimated
CAGR 2017-2019

7%

Market Estimated
CAGR 2017-2019

11%

Mechatronics Division Estimated
CAGR 2017-2019

5%

Market Estimated
CAGR 2017-2019

92%

A.M. Division Estimated
CAGR 2017-2019

Where we want to go / Continuous Growth

More solutions New target



To evolve to Service 2.0: from a "break and fix" approach to a proactive service

To increase our market share in the system solutions market.

To improve our software to keep offering to our Customers endless possibilities.

Where we want to go / More Products

Advanced Materials*



***Advanced materials**

- ✓ Carbon Fiber
- ✓ Foam
- ✓ Plastics
- ✓ Composite
- ✓ Aluminium
- ✓ Titanium

01

Expand our **plastic working machineries** in order to meet the needs of the entire market.

02

Extend our product range drawing on the expertise of Uniteam to enhance its range of products and applications for machining **advanced composite materials** for several industries

application



Aerospace



Automotive



Marine



Packaging



Medical
Devices



Renewable
Energy



Defense and
Ballistics



Visual
communication

Where we want to go: 2019 new targets

More Solutions

2019 new targets

Service

Systems

bSuite

Where we want to go / More Solutions

Service



Our network supports **our customers worldwide**.
Through Biesse service and Biesse parts, we offer **technical services and machine/component spares to businesses** anywhere in the world on-site, as well as on-line - 24/7.

Our Service will evolve to **Service 2.0**

- ✓ **Proactivity**: leave "break-and -fix" service logics in the past and move onto **proactive services**. On-site assistance
- ✓ **Spare Parts**: encourage a 24/7 assistance / no **down-time approach** with maintenance contracts / replacement parts warehouse with over 8.000 items
- ✓ **Continuous Training** : training dedicated to Biesse Field engineers, subsidiary and dealer personnel

Where we want to go / More Solutions

Systems



We increased our market share becoming a **leading company** in the engineering solutions sector.

The **guiding strategy** of the Biesse Systems team is based on clear **key concepts**:

- ✓ Definite lead times
- ✓ Automation
- ✓ Stock Management
- ✓ Modularity
- ✓ Total Quality

Where we want to go / More Solutions

bSuite

1.0%

Potential Software
Fees contribution to
Net Sales

01

Consolidation. reliability and rationalization.

Superior technology for creating synergies in machine automation.

02

Technological superiority and sustainability.

Ensuring advanced, sustainable know-how in order to develop intelligent machines.

03

Simple. smart software. Meeting growing technological needs through application software and smart apps.

04

Business software. Business-oriented software to enhance collaboration with our customers' businesses.

Where we want to go / BCx

Close to customers: India & China

In addition to the Italian sites, we boost manufacturing sites in **India** and **China**, to better **satisfy Customer worldwide**.

The two sites, **Bangalore** and **Dongguan** manufacture a **portfolio Local4Global**, distributing their products worldwide.

01

Product Quality Made in Biesse

02

Local suppliers certified by Biesse Quality

03

Ongoing integration and training

20%

2019 Target

production abroad quote

Our future in figures

Revenue

Profit

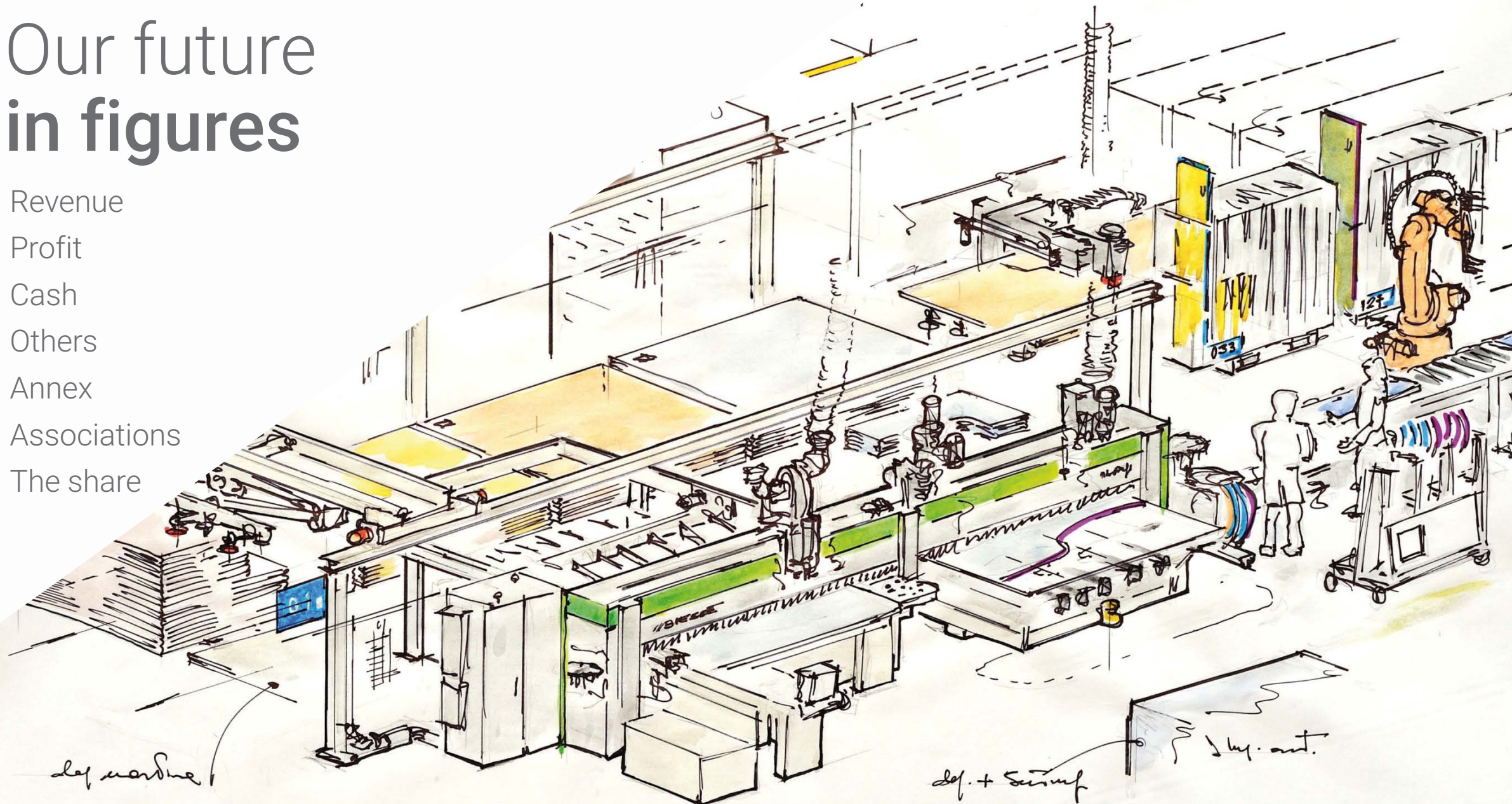
Cash

Others

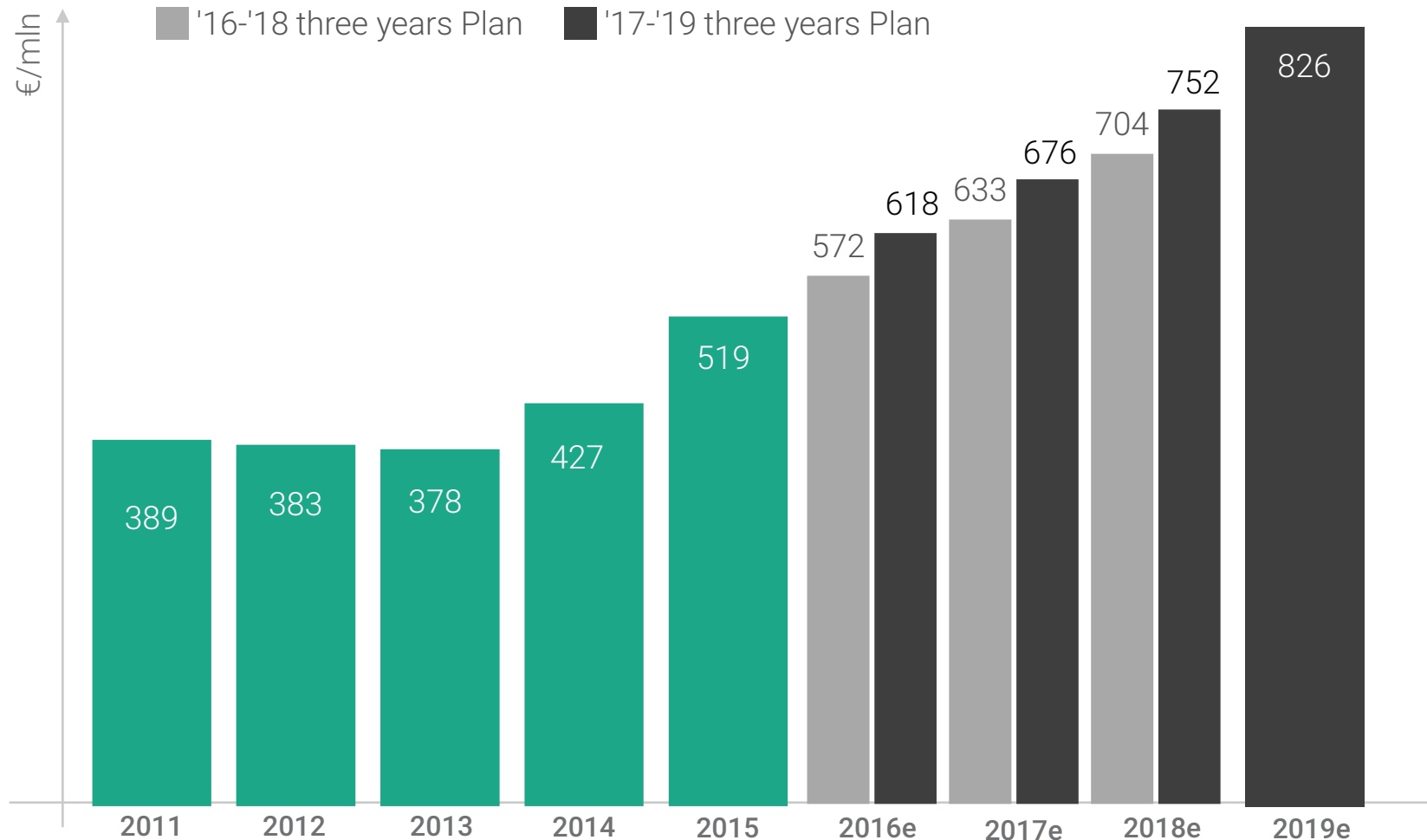
Annex

Associations

The share



Net Sales - Anticipating plan execution



Confirming the growth path to consolidate our **leadership**

- ✓ In 2016e **we went beyond our targets**, anticipating plan execution
- ✓ We yearn to achieve **higher targets in 2019** leveraging on our strategy: more products, more solutions, more customers

Our future in figures

Stabilize Profitability

EBITDA
Margin
12,8 %
2019 Target



EBITDA
105 mln€
2019 Target

Secure our positioning
among the market leaders

10,1%

Net sales
CAGR 2017-2019

- ☑ Continue our growth path

39%

Target COGS
incidence on Net Sales

- ☑ Optimize our **production cost**

<30%

Target Labor Cost
incidence on Net Sales

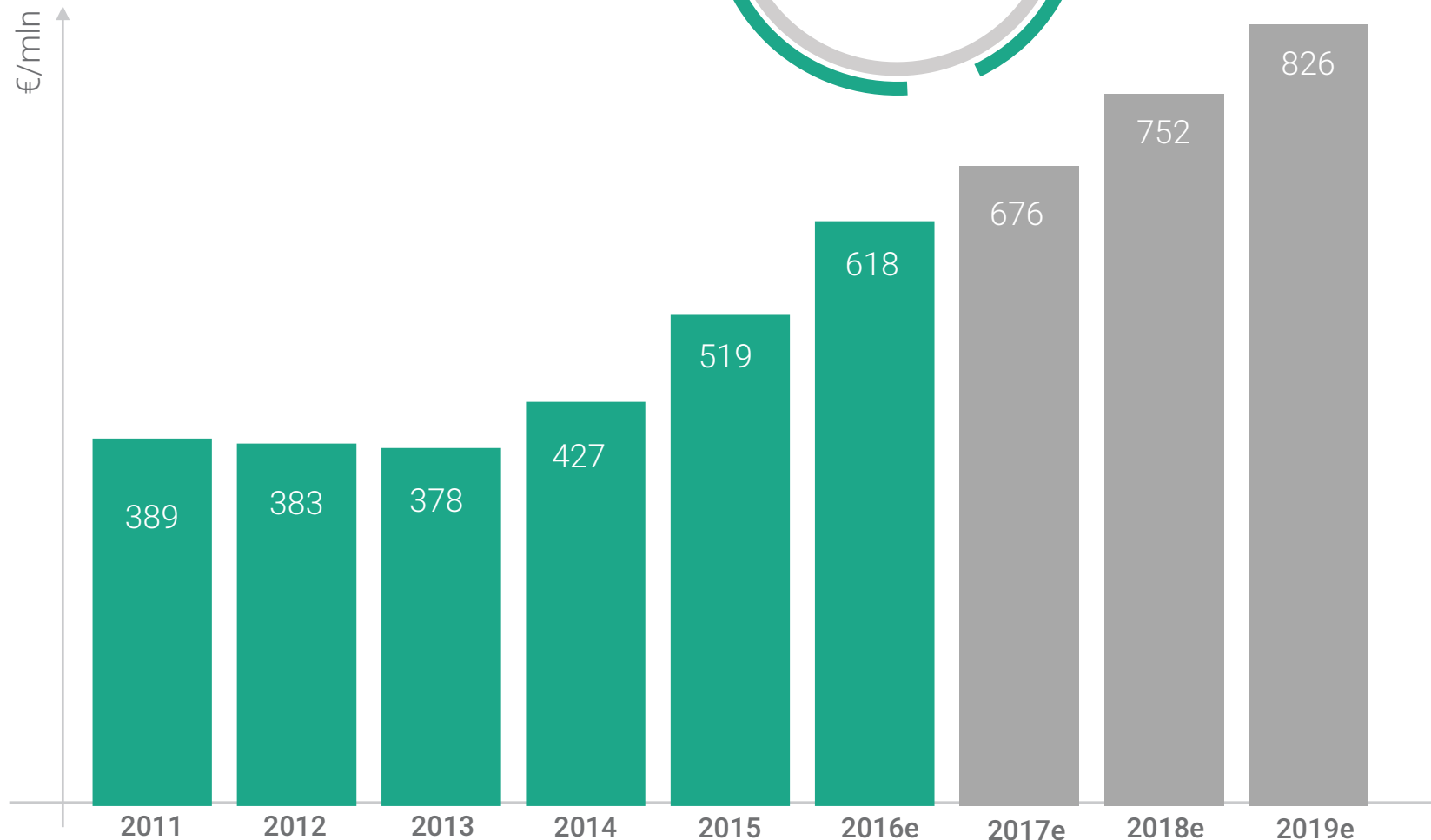
- ☑ Invest in **human resources** and capabilities as growth driver, **controlling incidence** on net sales

<20%

Target Overhead Cost on
Incidence on Net Sales

- ☑ **Optimize** Overhead cost

Net Sales

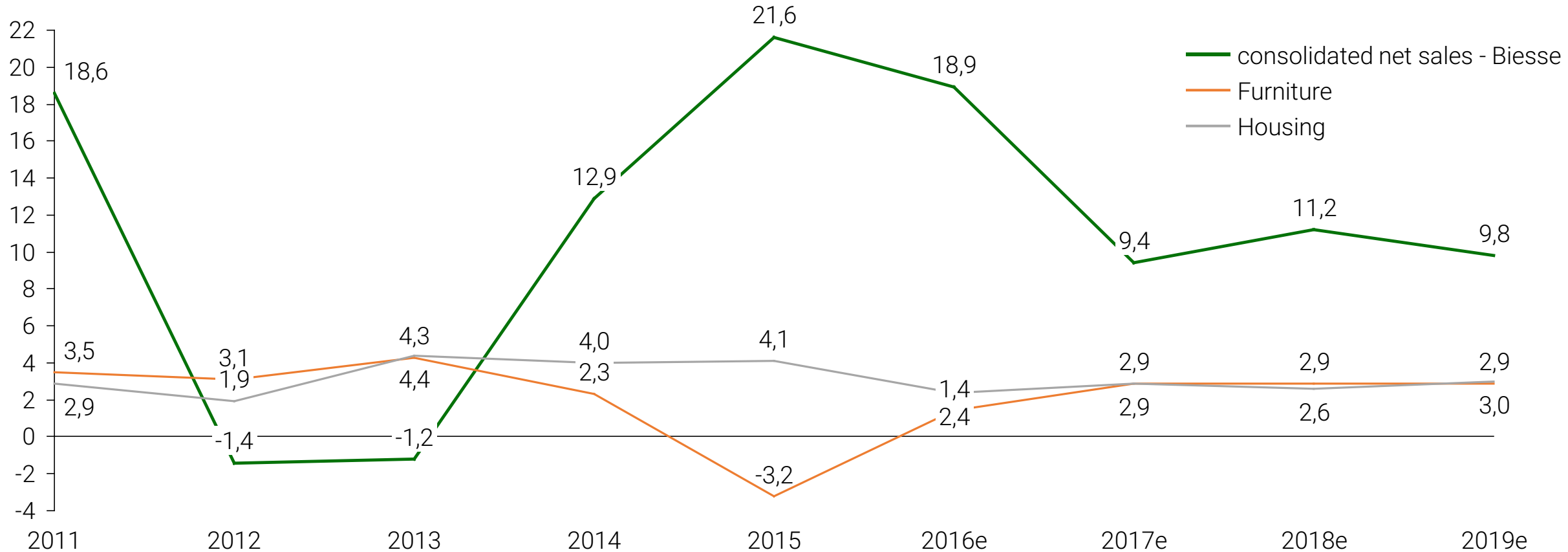


Continuing to pursue an **organic growth.**

- ✓ **Increasing our sales force.** subsidiaries, agents and distributors **worldwide**
- ✓ Growing **not only in the woodworking** machine sector, but also in the areas of glass, stone, mechatronics and advanced materials especially considering the after-sales services
- ✓ Continuing to **diversify into new sectors:** advanced materials and metal working

Reference Market Housing - Furniture

Δ% year on year



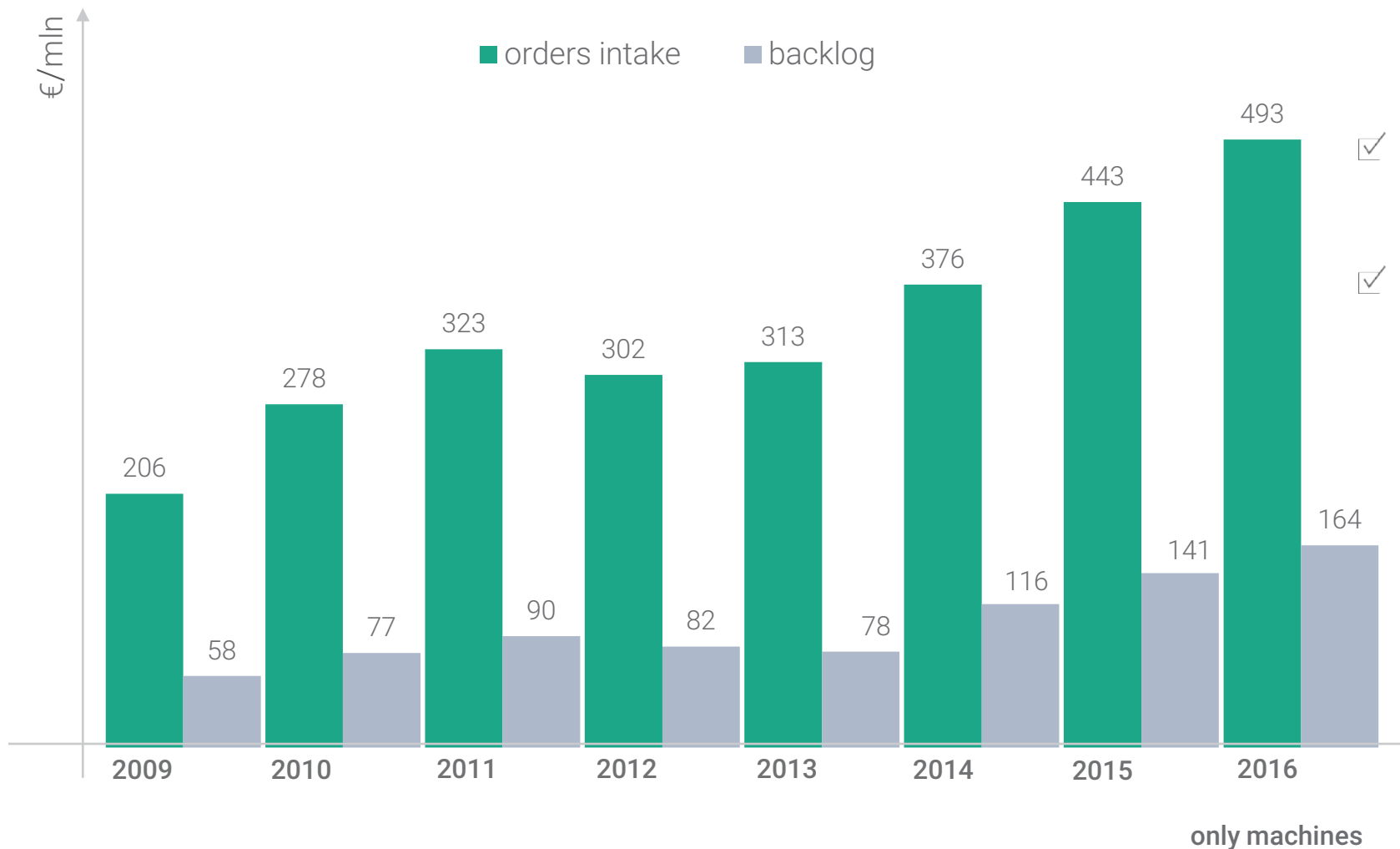
Source: CSIL furniture demand (world) - CRESME

+10.1%
Consolidated net sales Biesse
CAGR 2017-2019

+2.9%
Furniture
2017-2019

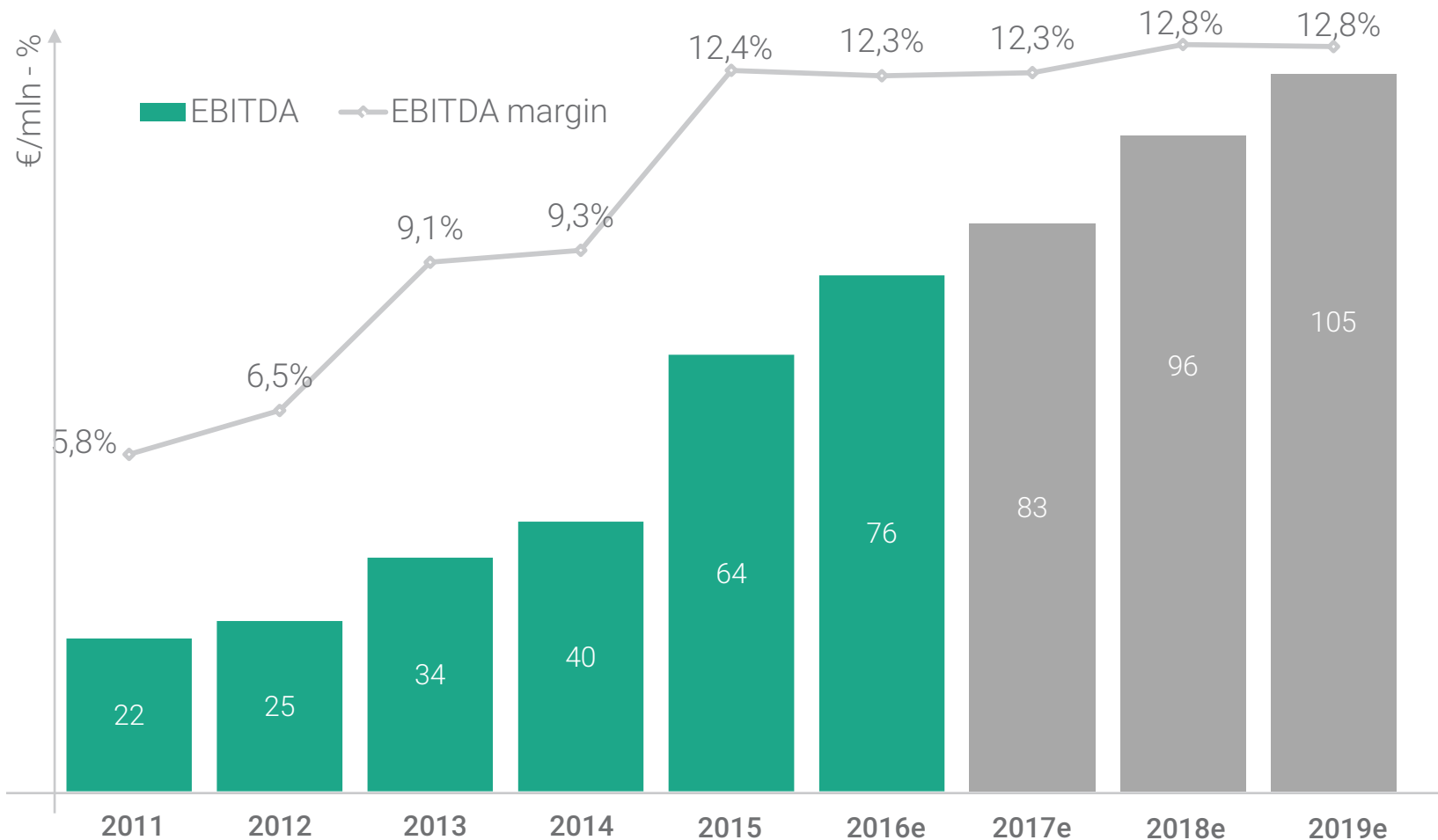
+2.8%
Housing
2017-2019

Group orders intake & backlog



- ✓ 2016: Group orders intake* **+11%** (vs. the same period 2015)
- ✓ 2016: Group backlog* **+16%** (vs. the same period 2015)

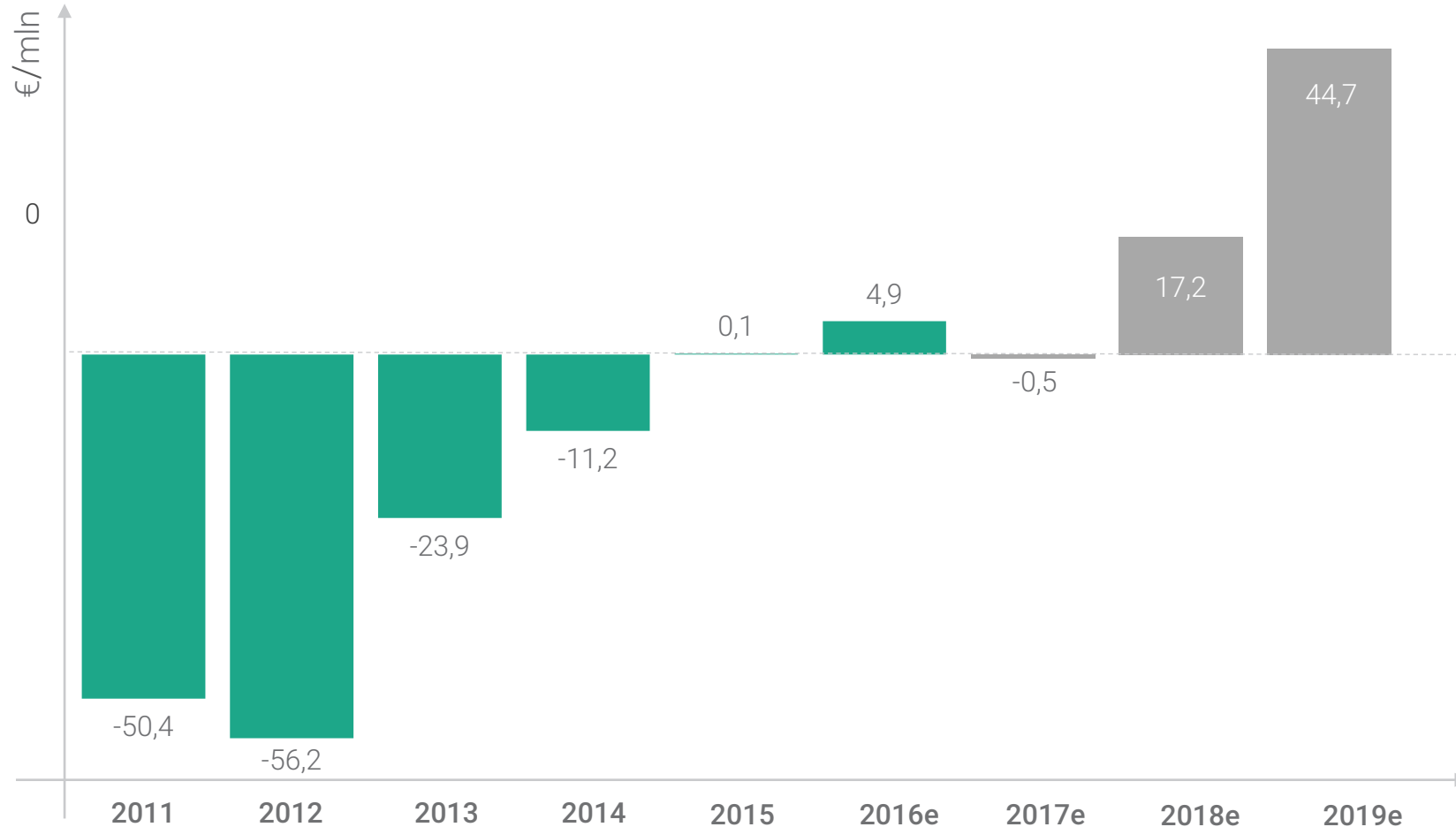
Ebitda



generation of value.

- ✓ **Decreasing incidence of COGS** on Net Sales through world production optimization and efficiency
- ✓ Maintaining **Labour Cost** incidence on Net Sales **below 30%**
- ✓ Maintaining **Overhead** incidence on Net Sales well **below 20%**

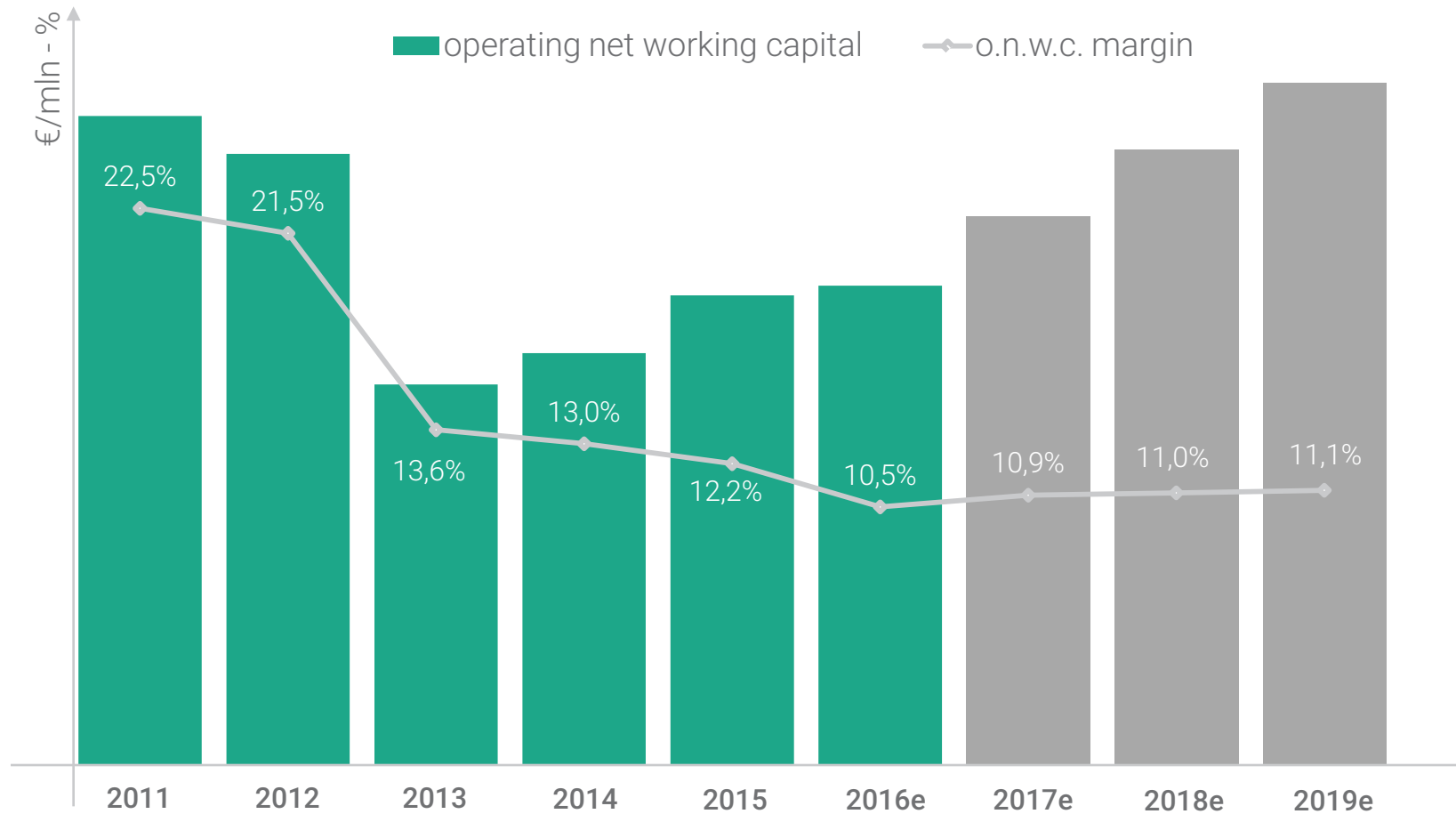
Net Debt



positive cash flow.

- ✓ Starting point: **positive Net Financial Position** at the end of 2016
- ✓ Continuing to invest in **R&D around 2% of Net Sales**
- ✓ **Cash Flow** finances the projected increasing CAPEX to support our growth forecast
- ✓ Paid yearly **dividends** (since 2014 for tree years) for a total amount of > € 24 mln

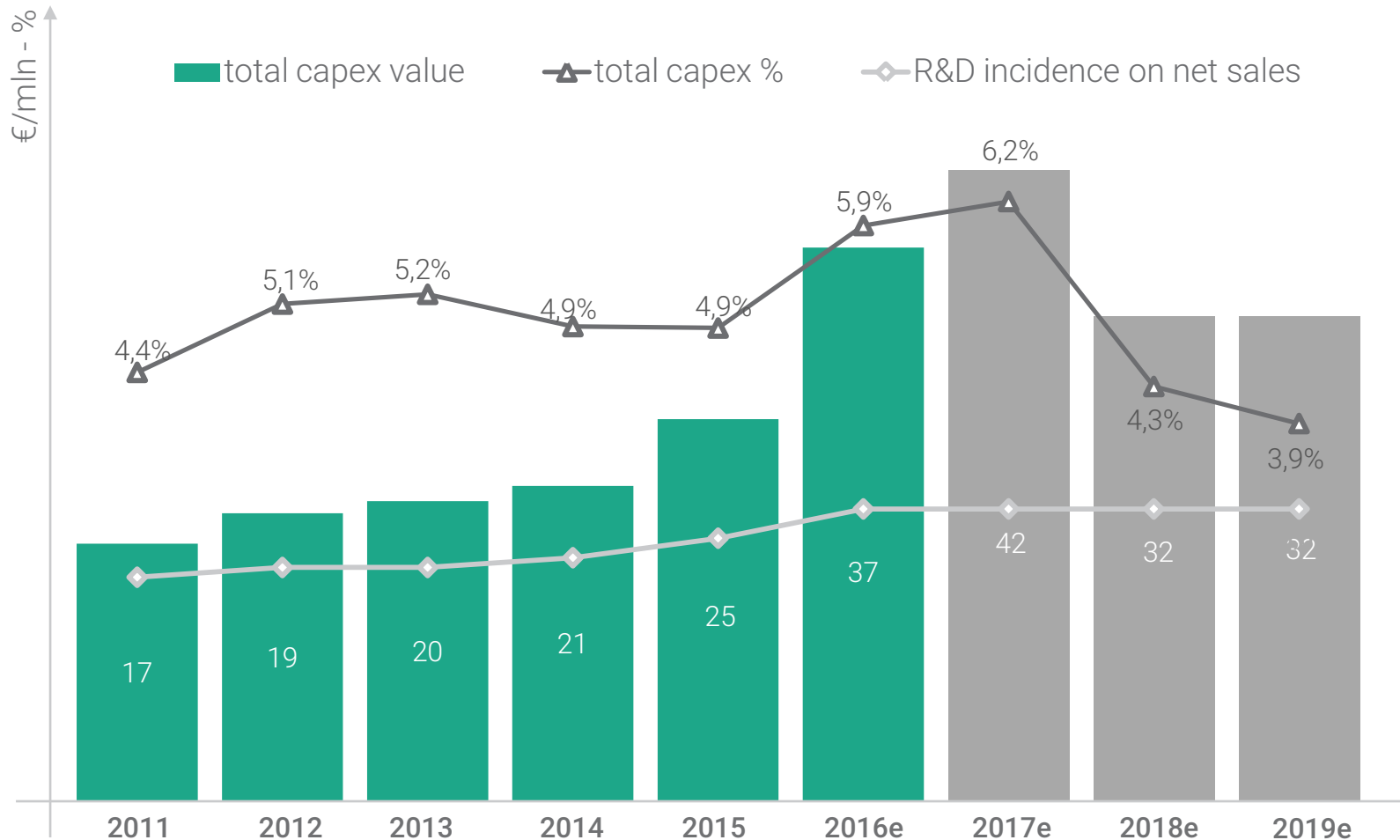
Operating Net Working Capital



control our
Operating Net
Working Capital.

- ✓ Maintaining **Operating Net Working Capital** incidence on Net Sales well **below 12%**
- ✓ Maintaining our Group **inventories** below **21%** incidence on Net Sales
- ✓ Maintaining our Group **DSO** around **60 -65 days**
- ✓ Maintaining our Group **DPO** around **100-110 days**

Capex*



continue our growth path through investments.

2017e

tangible: € 24.4 mln

intangible: € 17.2 mln

main investments drivers:

- ✓ **Indian** Manufacturing Site
- ✓ **Chinese** durable goods investments (KOREX)
- ✓ **Mechatronics** Italian plant (HSD S.p.A.) components production machines
- ✓ **Metal Working** (internal phase): improvement of the components production
- ✓ **I.T.:** digital factory – PLM & CRM – Oracle implementation
- ✓ **R&D constant investment.** around 2% on net sales every year

*Potential growth strategy through M&A not included

Capex: tangibles

continue our growth path through investments



- ✓ **Indian** Manufacturing Site widening to meet the projected productive expansion



- ✓ **Mechatronics** Italian plant (HSD S.p.A.) components production machines (rotary tables) + american subsidiary new site (HSD U.S.A. subsidiary)

TANGIBLE ASSETS



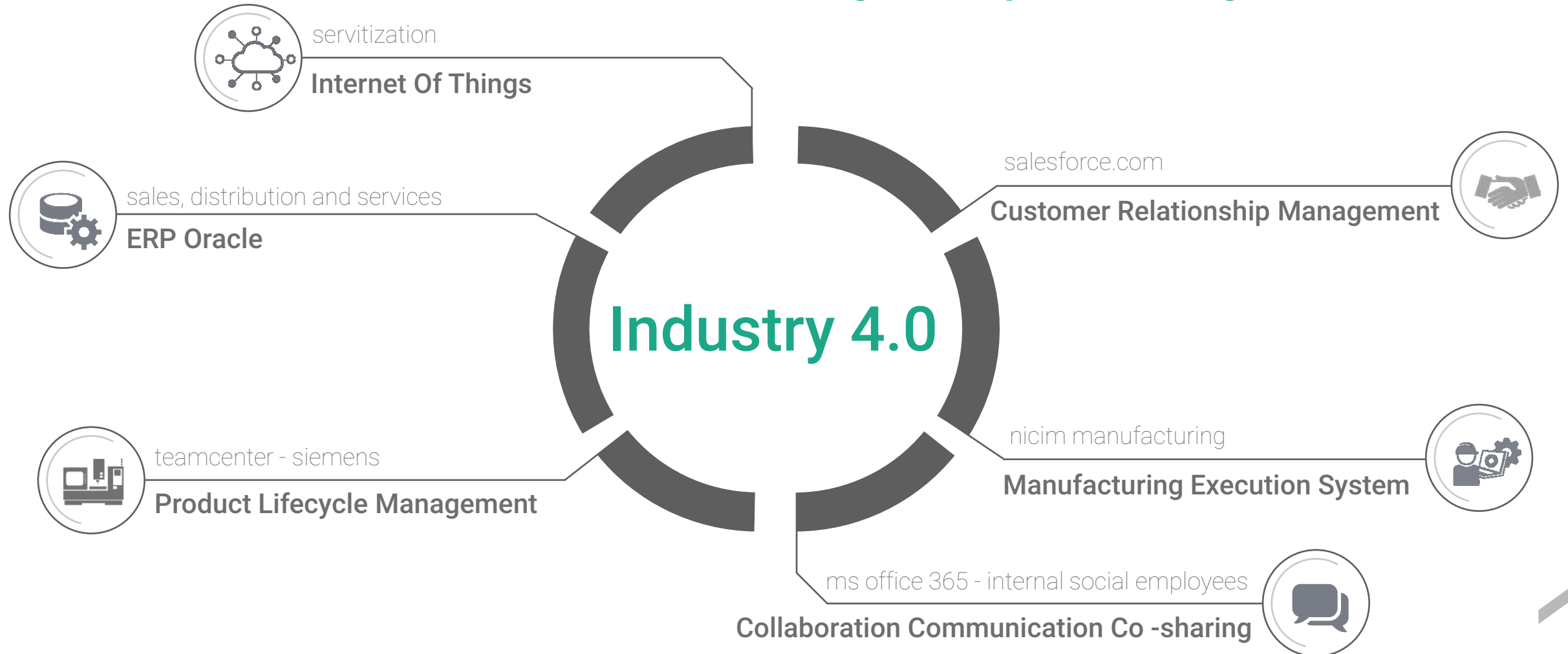
- ✓ **Chinese** Production Site upgrade and durable goods investments (KOREX) CNC lathe, vertical and horizontal working center machines



- ✓ **Metal working** (internal phase): improvement of the components production – durable goods investments,

Capex: intangibles

continue our growth path through investments



Extract of the P&L

€/mln	2013	2014	2015	2016e		2019e	Targets
Net sales year -1	378.4 -1.2%	427.1 +12.9%	519.1 +21.5%	618.1 +19.1%	CAGR 10.1	825.7	
Cost of good sold	155.9 41.2%	177.6 41.6%	206.1 39.8%	245.1 39.7%		322 39.0%	
Value added	147.0	167.8	212.4	251.7	CAGR 11.3	347.3	
%	38.8%	39.3%	40.9%	40.7%		42.1%	
Labour cost	112.7 29.8%	128.2 30.0%	148.2 28.6%	175.9 28.5%		241.9 29.3%	< 30% incidence
overhead	81.8 21.6%	91.0 21.3%	104.7 20.2%	124.8 20.2%		159.4 19.3%	< 20% incidence
EBITDA	34.3	39.6	64.1	75.8	CAGR 11.6	105.4	
%	9.1%	9.3%	12.4%	12.3%		12.8%	
EBIT	18.1	24.8	43.7	55.2*	CAGR 12.5	78.7	
%	4.8%	5.8%	8.4%	8.9%		9.5%	

*after non recurring items

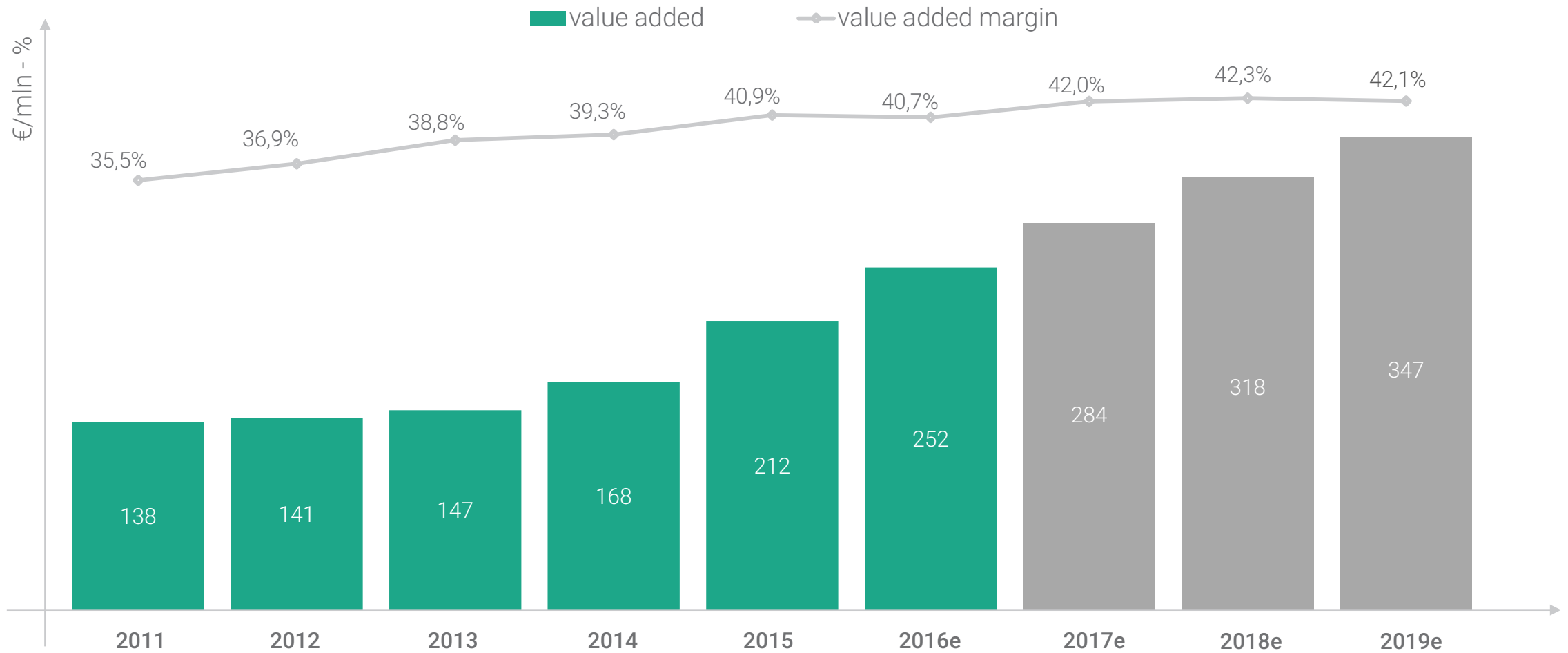
Operating Net Working Capital

€/mln	2013	2014	2015	2016e	2019e	Targets
Inventories % net sales	22.8%	23.0%	21.5%	21.0%	20.2%	<21%
Receivables % net sales	20.1%	18.9%	20.3%	20.9%	20.6%	DSO 60-65 days
Payables % net sales	29.4%	28.8%	29.5%	31.5%	29.7%	DPO 100-110 days
Operating Net Working Capital	51.4	55.6	63.4	64.7	92.0	
% net sales	13.6%	13.0%	12.2%	10.5%	11.1%	

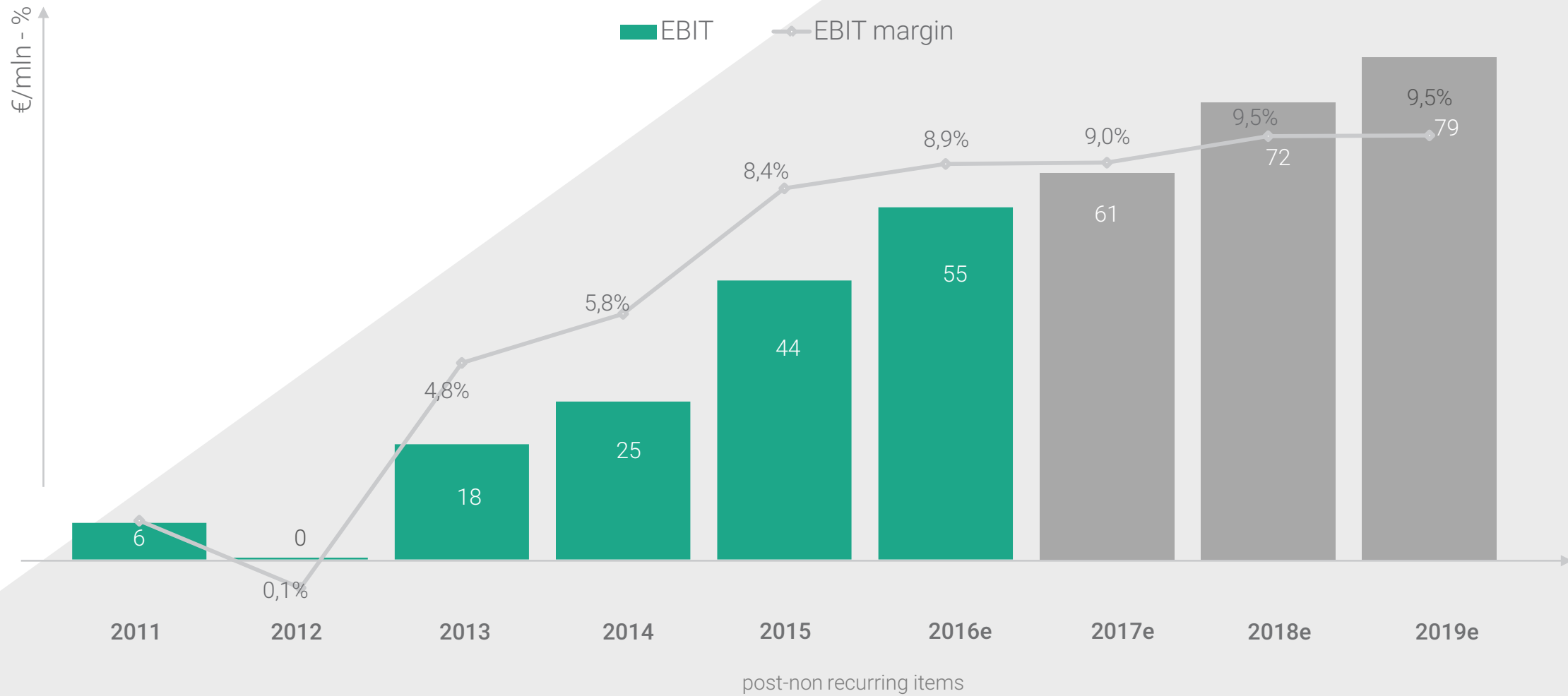
Cashflow - Net Debt

€/mln	2013	2014	2015	2016e	2019e
Gross Cashflow	52.0	38.3	46.3	51,1	69.3
% net sales	13.8%	9.0%	8.9%	8.3%	8.4%
Investments	-19.8	-20.8	-25.2	-36.5	-32.0
% net sales	5.2%	4.9%	4.9%	5.9%	3.9%
Net Cashflow	32.2	17.5	21.1	14.6	37.3
% net sales	8.5%	4.1%	4.1%	2.4%	4.5%
dividends		-4.8	-9.8	-9.8	-9.8
		0.18 per share	0.36 per share	0.36 per share	0.36 per share
Δ Net Debt		12.7	11.3	4.8	
Net Debt	-23.9	-11.2	0.1	4.9	44.7

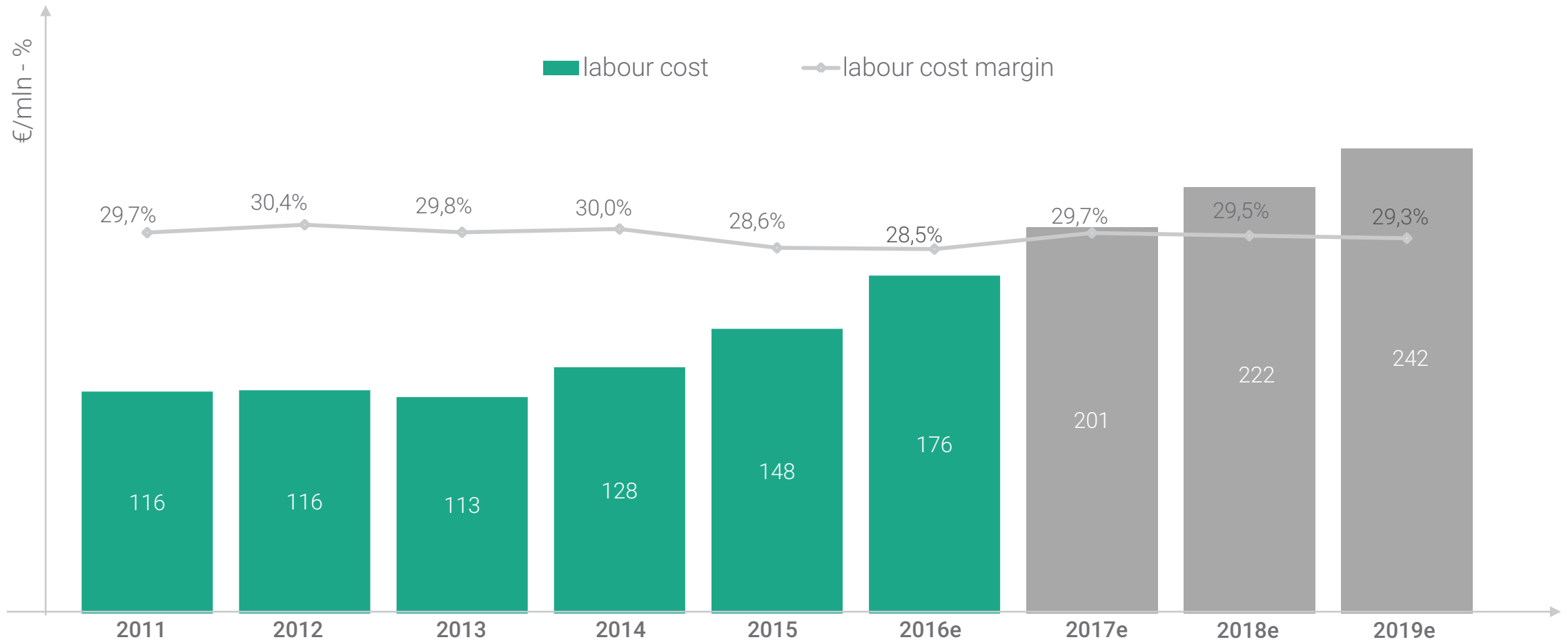
Value added



Ebit



Labour cost



People distribution (without interim people)

* including Uniteam people (nr. 57)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Production <small>% of total people</small>	965 41%	1.250 46%	1.265 45%	1.175 44%	1.201 42%	1.335 42%	1.482 41%
Service & After sale <small>% of total people</small>	568 24%	577 21%	574 21%	613 22%	628 22%	690 22%	803 22%
R&D <small>% of total people</small>	293 12%	316 12%	338 12%	321 12%	361 13%	383 13%	436 12%
Sales & Marketing <small>% of total people</small>	340 13%	361 13%	364 13%	351 13%	439 15%	495 15%	587 16%
G & A <small>% of total people</small>	202 9%	233 9%	242 9%	235 9%	252 9%	273 9%	310 8.5%
ITALY <small>% of total people</small>	1.660 70%	1.656 61%	1.646 59%	1.547 57%	1.605 56%	1.780 56%	2.009 56%
OUTSIDE ITALY** <small>% of total people</small>	708 30%	1.081 39%	1.136 41%	1.148 43%	1.276 44%	1.396 44%	1.609 44%
TOTAL	2.368	2.737	2.782	2.695	2.881	3.176	3.618*

People distribution

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
ITALY % of total people	1.660 70%	1.656 61%	1.646 59%	1.547 57%	1.605 56%	1.780 56%	2.009 56%
OUTSIDE ITALY** % of total people	708 30%	1.081 39%	1.136 41%	1.148 43%	1.276 44%	1.396 44%	1.609 44%
TOTAL	2.368	2.737	2.782	2.695	2.881	3.176	3.618

vs Dec 2015: **+442** (13.9%)

vs Dec 2014: **+737** (25.6%)

vs Jun 2016: **+159** (4.6%)

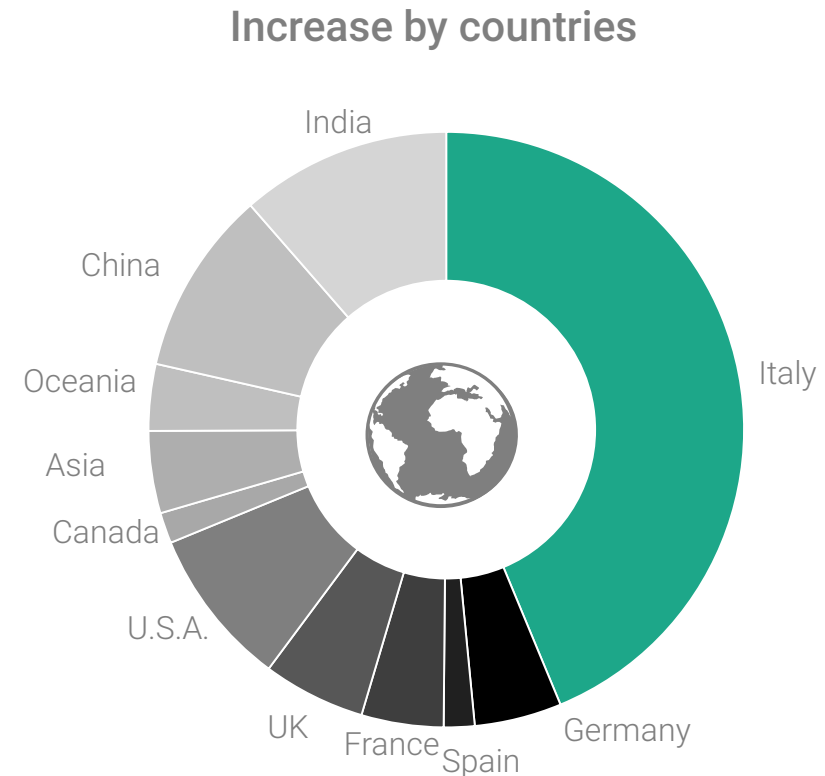
interim people at the end of Dec 2016: 181
(112 at the end of 2015)

← 3.799 →

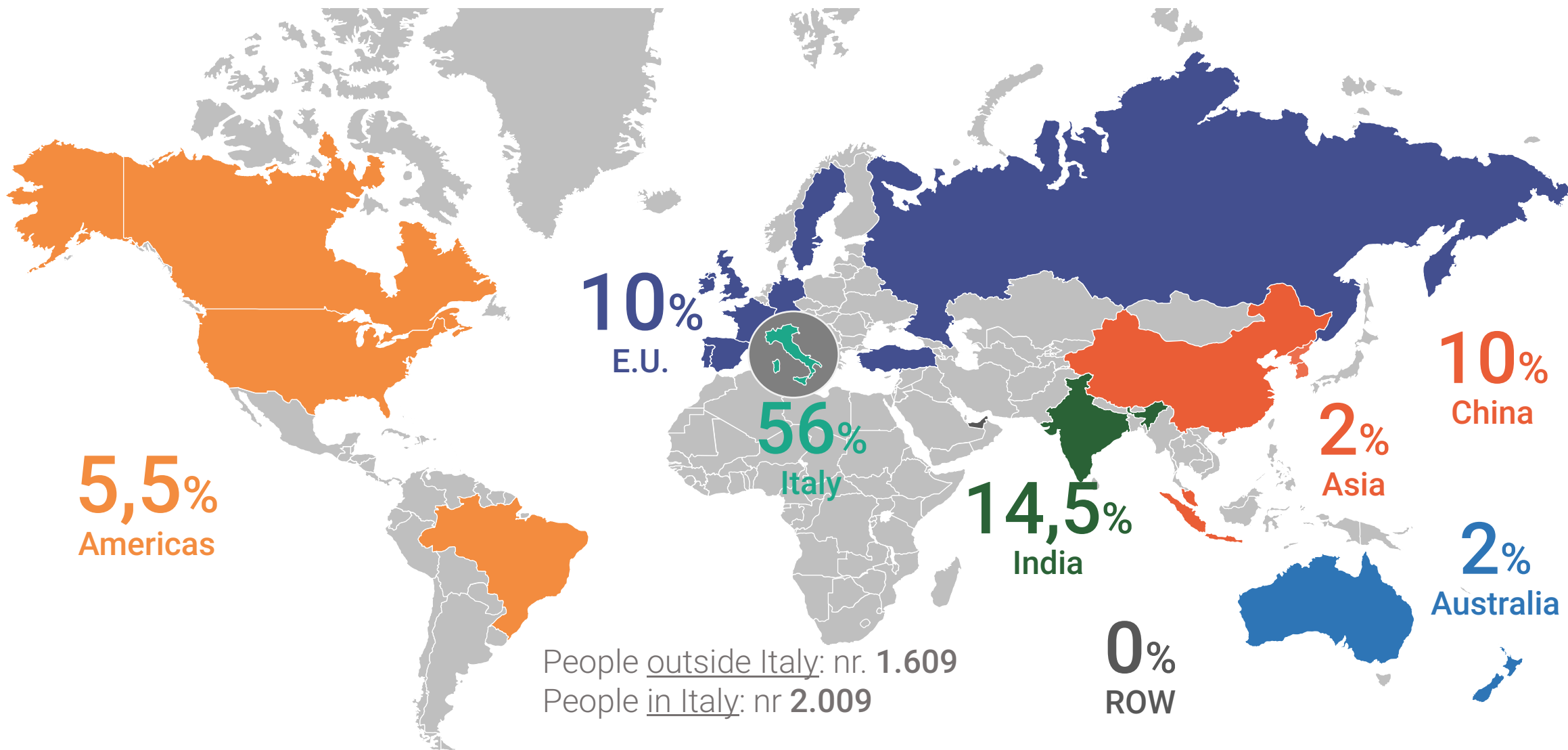
People evolution

	FY 2016	FY 2017e	%
Production	1.482	1,574	+ 6.2
Service & After sale	803	934	+16.3
R&D	436	495	+13.5
Sales & Marketing	587	676	+15.2
G & A	310	324	+4.5
ITALY	2.009	2,166	+ 7.8
OUTSIDE ITALY	1.609	1,837	+ 14.2
TOTAL	3.618	4,003	+10.6

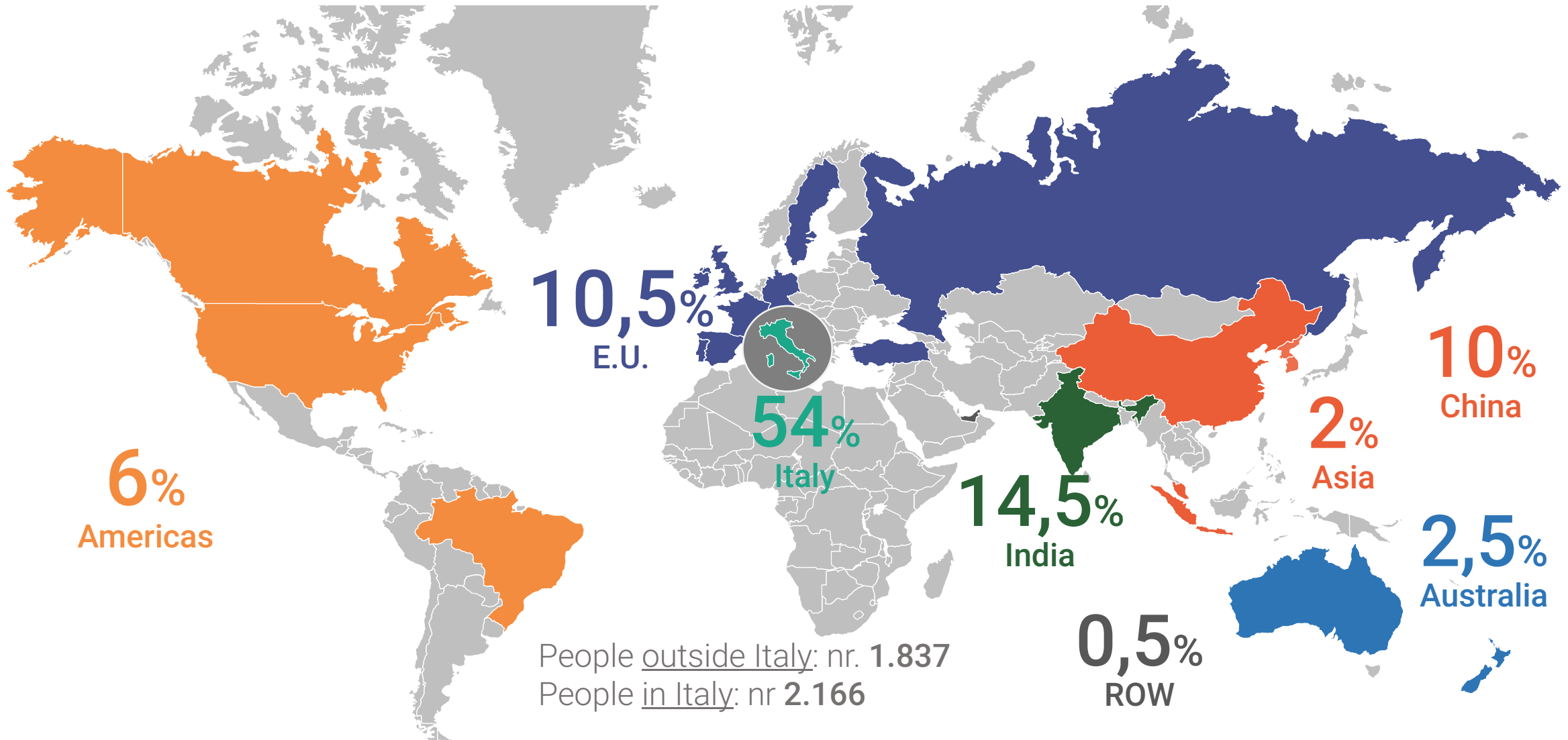
the labour cost increase is EURO 25.1 mln vs 2016 (29.7% 2017 incidence against net sale vs 28.5% in 2016)



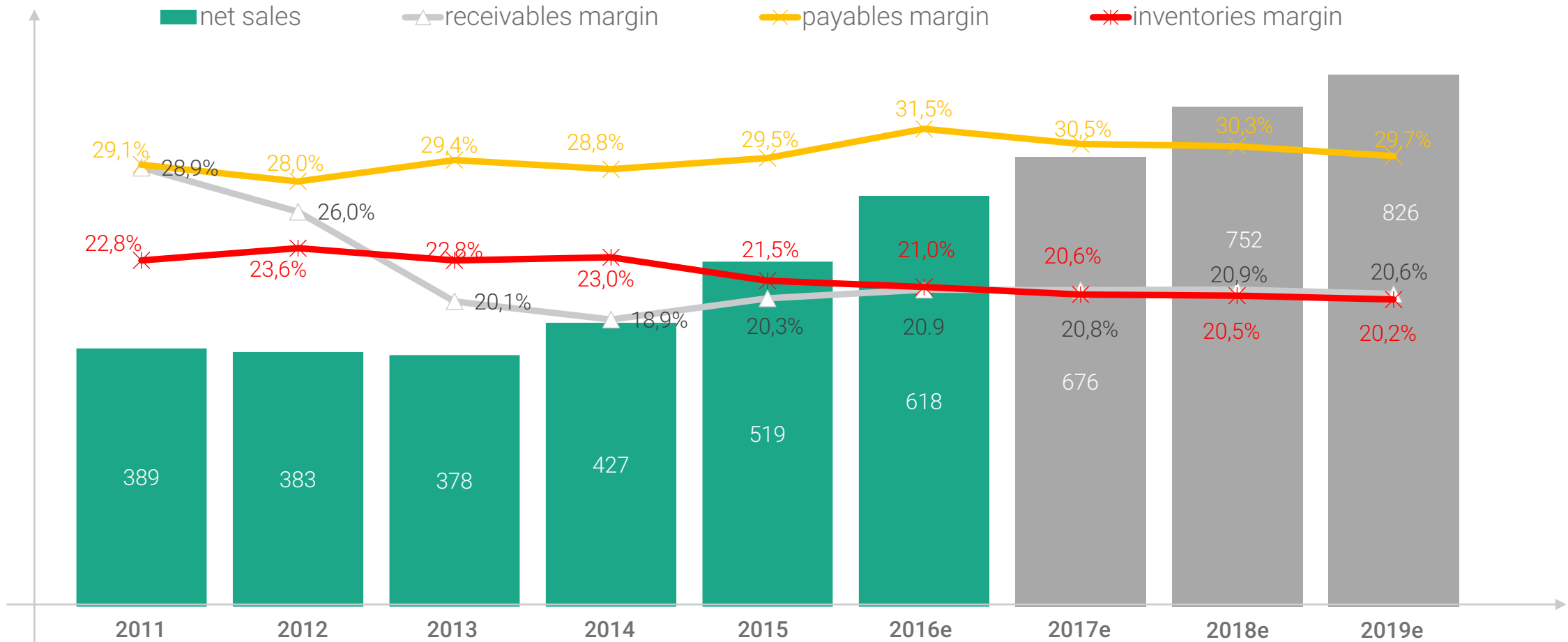
People **distribution** by main countries - 2016



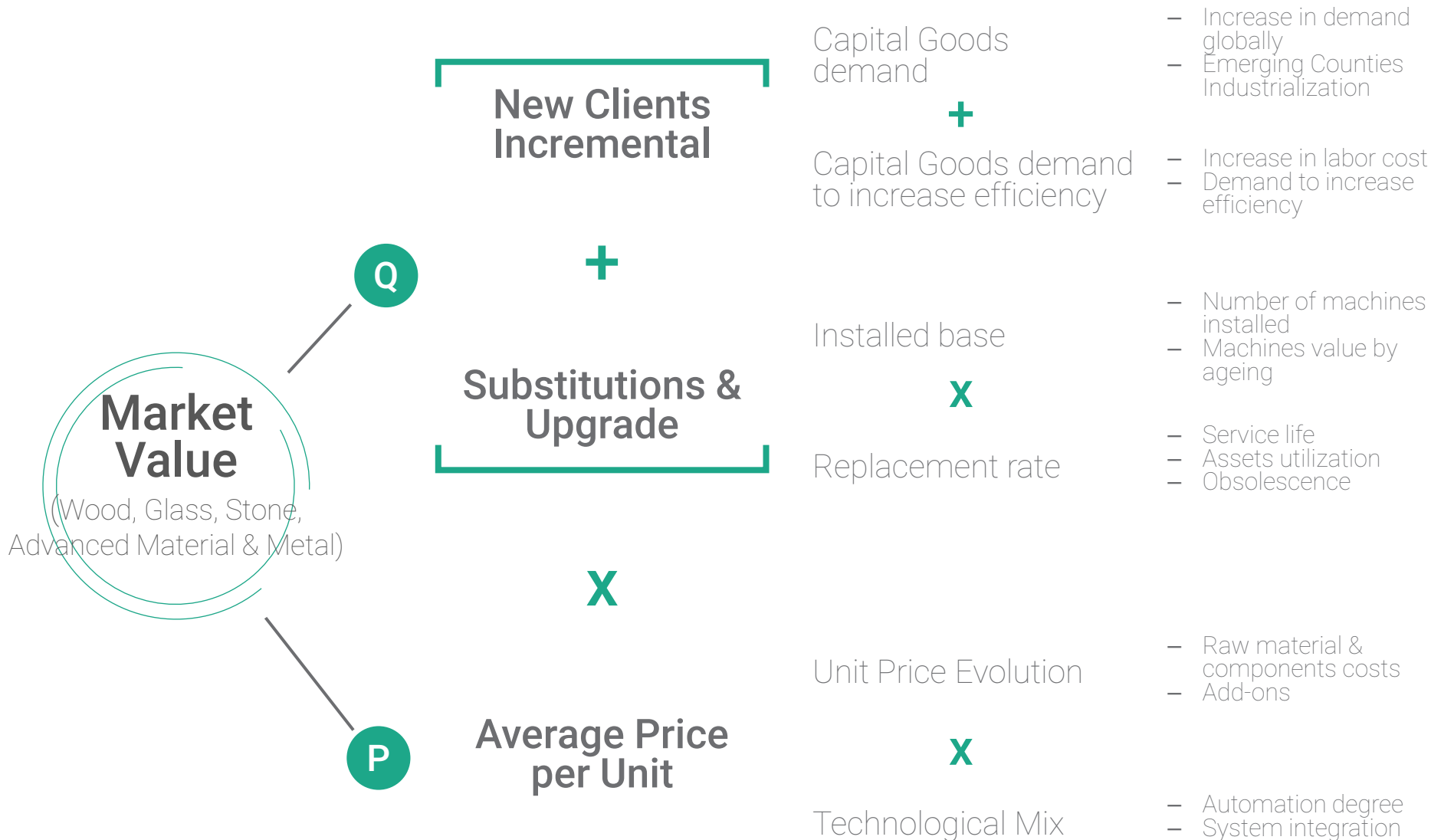
People distribution by main countries – 2017e



Receivables - Payables - Inventories

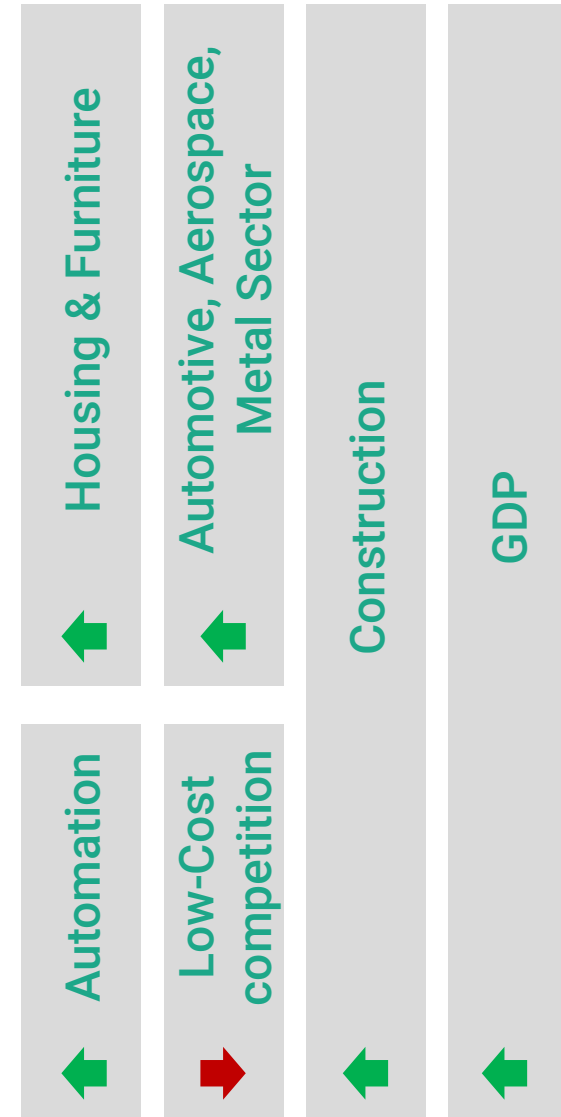


Machines Market Value

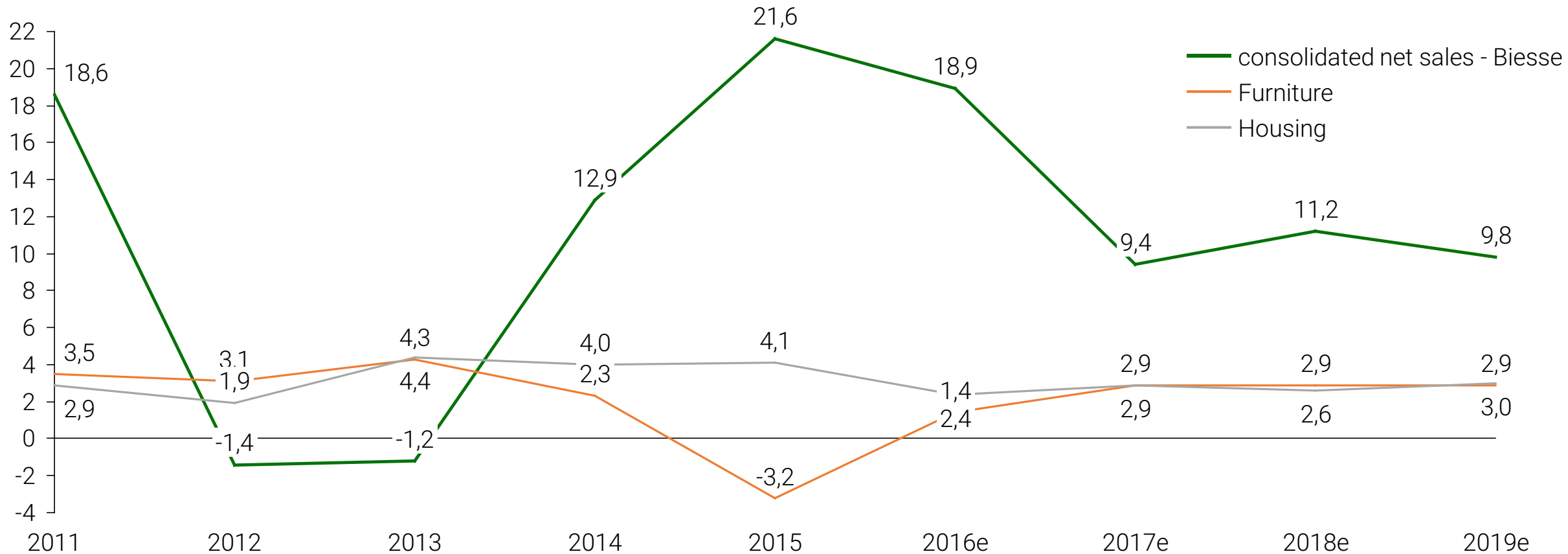


- Increase in demand globally
- Emerging Countries Industrialization
- Increase in labor cost
- Demand to increase efficiency
- Number of machines installed
- Machines value by ageing
- Service life
- Assets utilization
- Obsolescence
- Raw material & components costs
- Add-ons
- Automation degree
- System integration

Drivers and impact



Housing - Furniture



3.9 Historical correlation index (since 2004)

Housing & Furniture - **Beta**



world furniture & housing average 2017-2019: +2.9%

historical correlation index (2004-2016): 3.9

THEORETICAL BIESSE GROW RATE: 11.3%

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