



# *Technology for shaping everyday materials*

Company presentation  
**Italian Stock Market Opportunities**

Milan 18 Sept.2013



- light decrease of **net sales**
- strong recovery in profitability (**ebitda & ebit**)
- return to a positive **net result**
- significant reduction of the **net debt**
- further squeezing of the **net operating working capital**
- **orders intake** rise in the first 6 months (+5%)



€/mln



## **World fairs**

Biesse (wood division) obtained very good feedback from LIGNA (Germany) and AWFS (U.S.A.) fairs, where local and worldwide customers gave their positive feedback about the innovations and the products presented

## **Growth strategy**

remarked commitment to increase market shares (wood-glass-stone) in the most active areas (Asia - Eastern Europe - North and Latin America) exploiting the expected megatrend urbanization even exceeding the local GDP development (China market size will growth with a double digit CAGR rate in the next 3-4 years time)

## **Products**

renewal of the entire product gamma (wood-glass-stone) only partially presented within the 2013 first half. Biesse Inside event (Pesaro, 17-19 October) - hosting a huge customers figures- will be the occasion to show new products and innovations created by Biesse research depts. The renewal of the product gammas will continue even during the first quarter 2014

# Financials: IH 2013 update



Sales

P&I Details

Cashflow & Net Debt

Labour cost breakdown

Orders intake (quarterly trend)



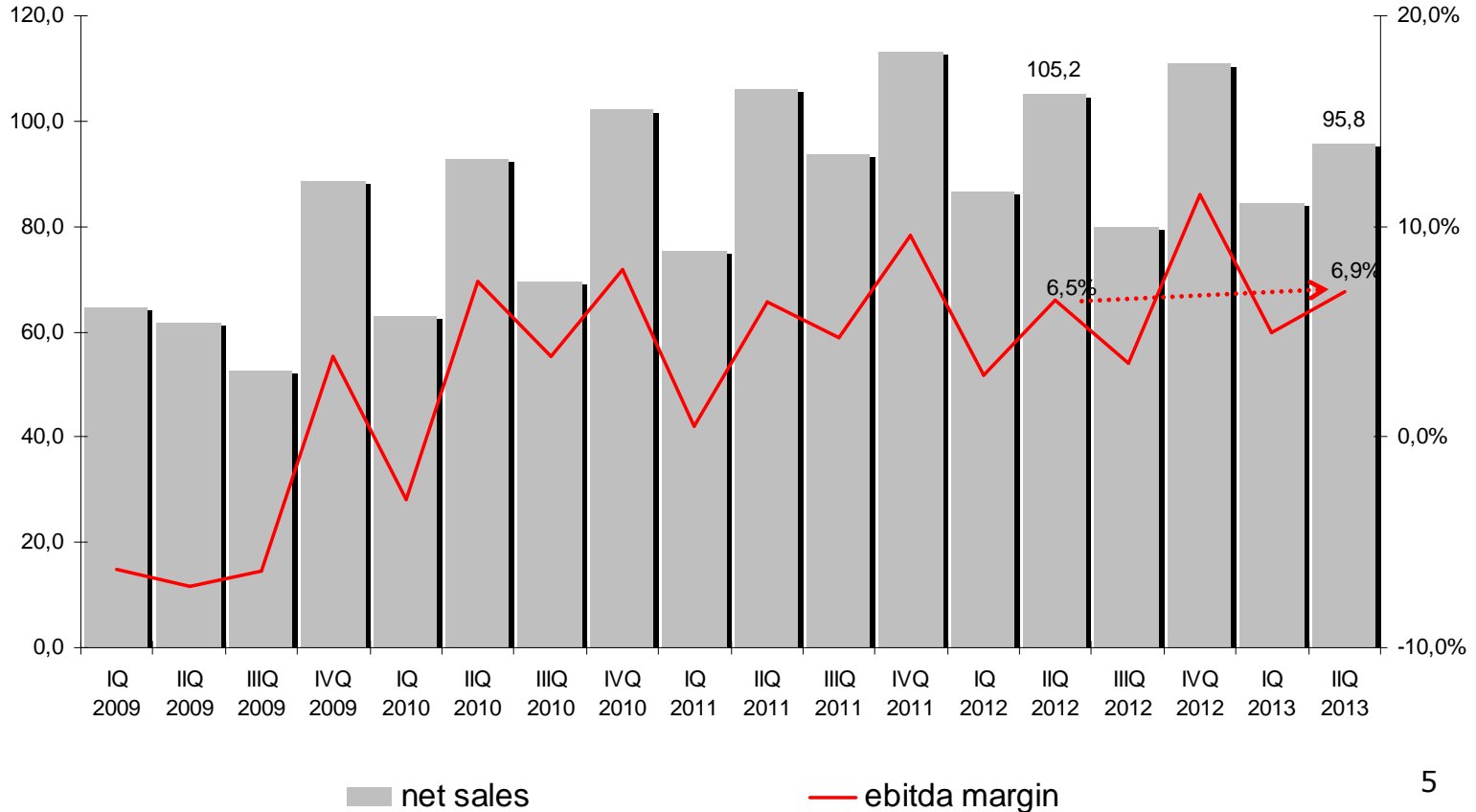
# P & L details: IH 2013 vs IH 2012



€/mln

	IH 2013	IH 2012	IH 2013 vs IH 2012
Net sales	180.2 -6.2%	192.1	
Value added % of net sales	69.4 38.5%	71.0 37.0%	
Labour cost % of net sales	57.8 32.1%	61.8 32.2%	
EBITDA % of net sales	11.6 6.4%	9.4 4.9%	
EBIT % of net sales	5.1 2.9%	0.9 0.5%	
Net result % of net sales	1.1 0.6%	-3.3 -1,7%	

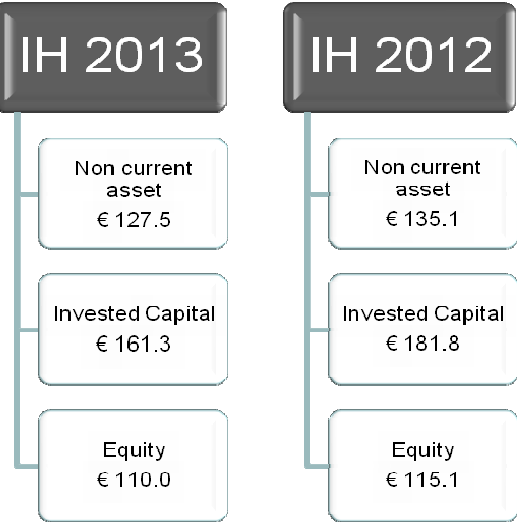
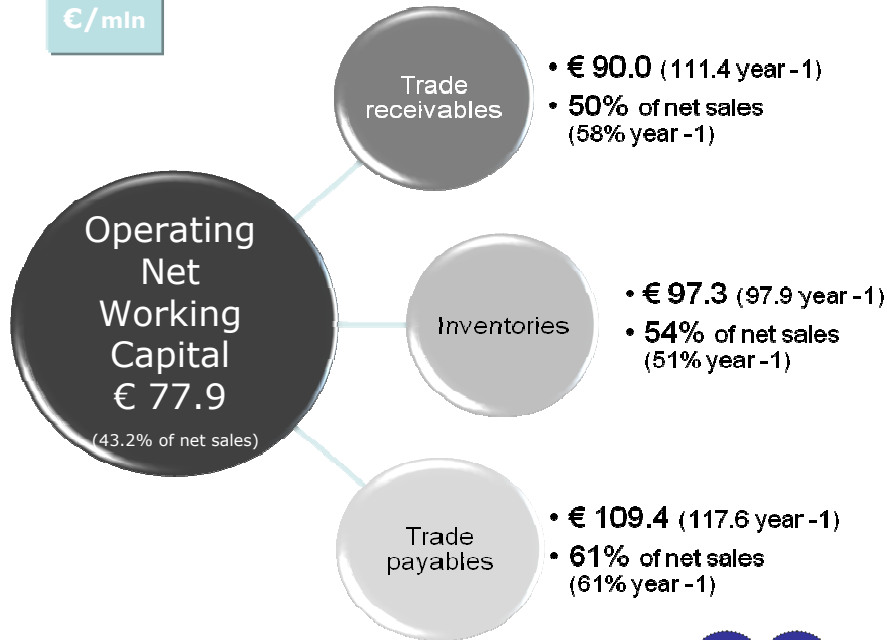
# Group Consolidates Sales: Quarterly Trend



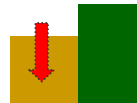
# Financial statement details: IH 2013



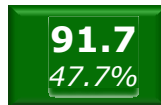
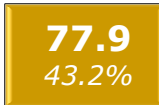
€/mln



IH 2013    IH 2012

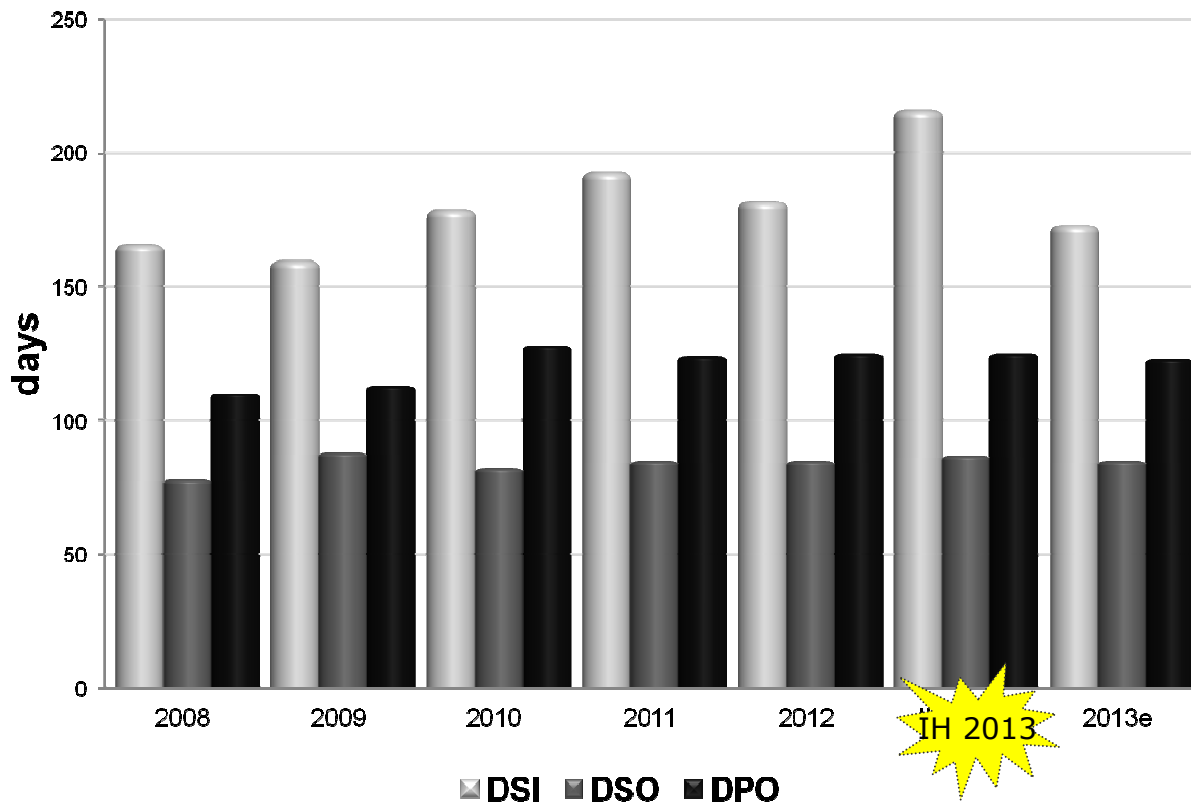


N.O.W.C.  
% of net sales



- 13.8 € vs June 2012
- 4.5 € vs December 2012
- 8.7 € vs March 2013

# Operating Net Working Capital: DSI-DSO-DPO

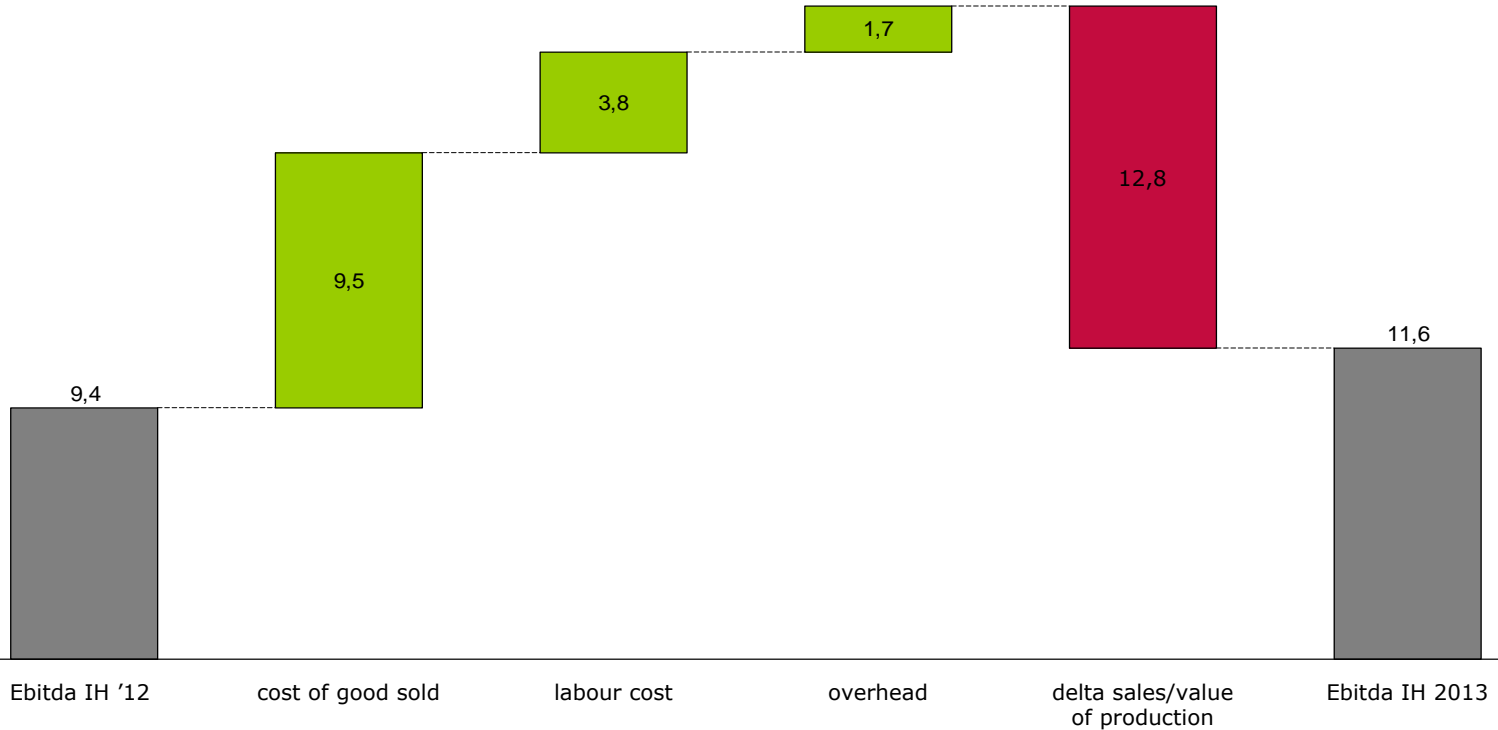




# Operative efficiency: EBITDA IH 2012-2013 bridge



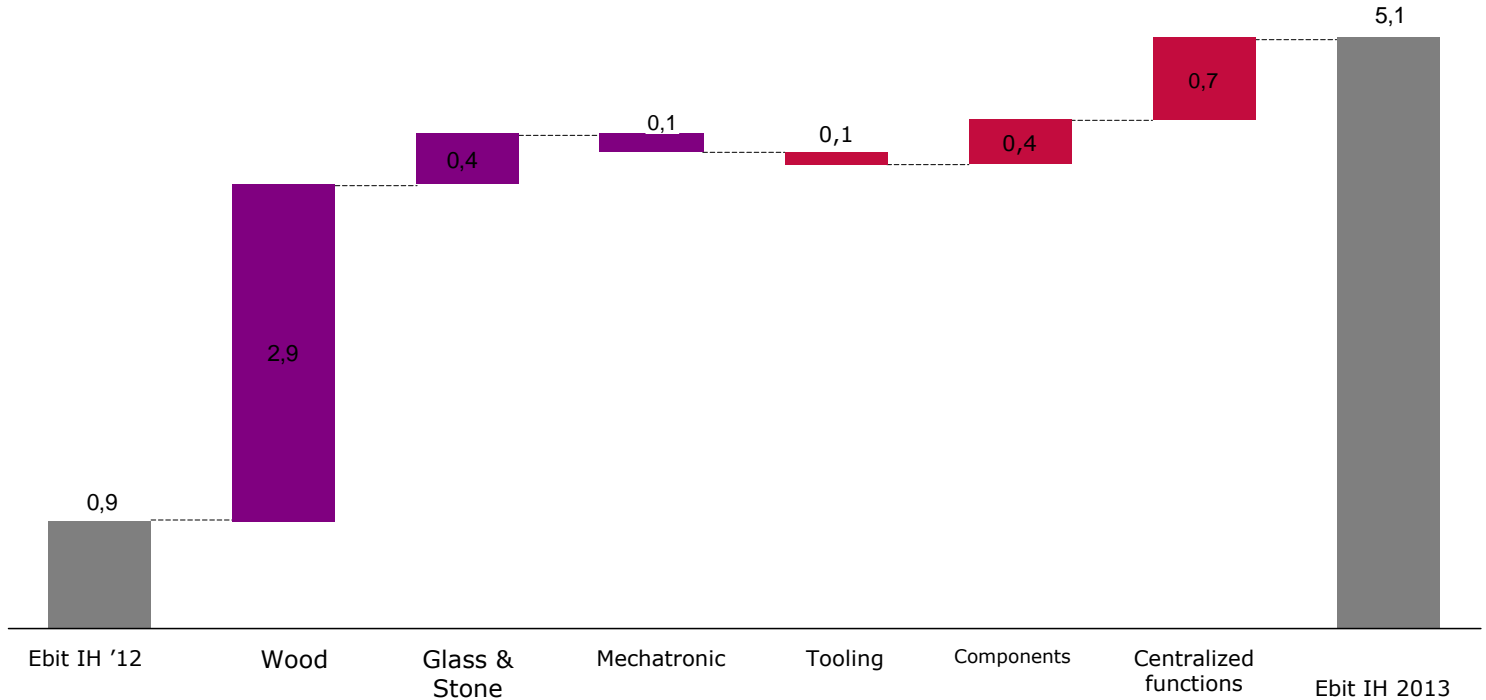
€/mIn



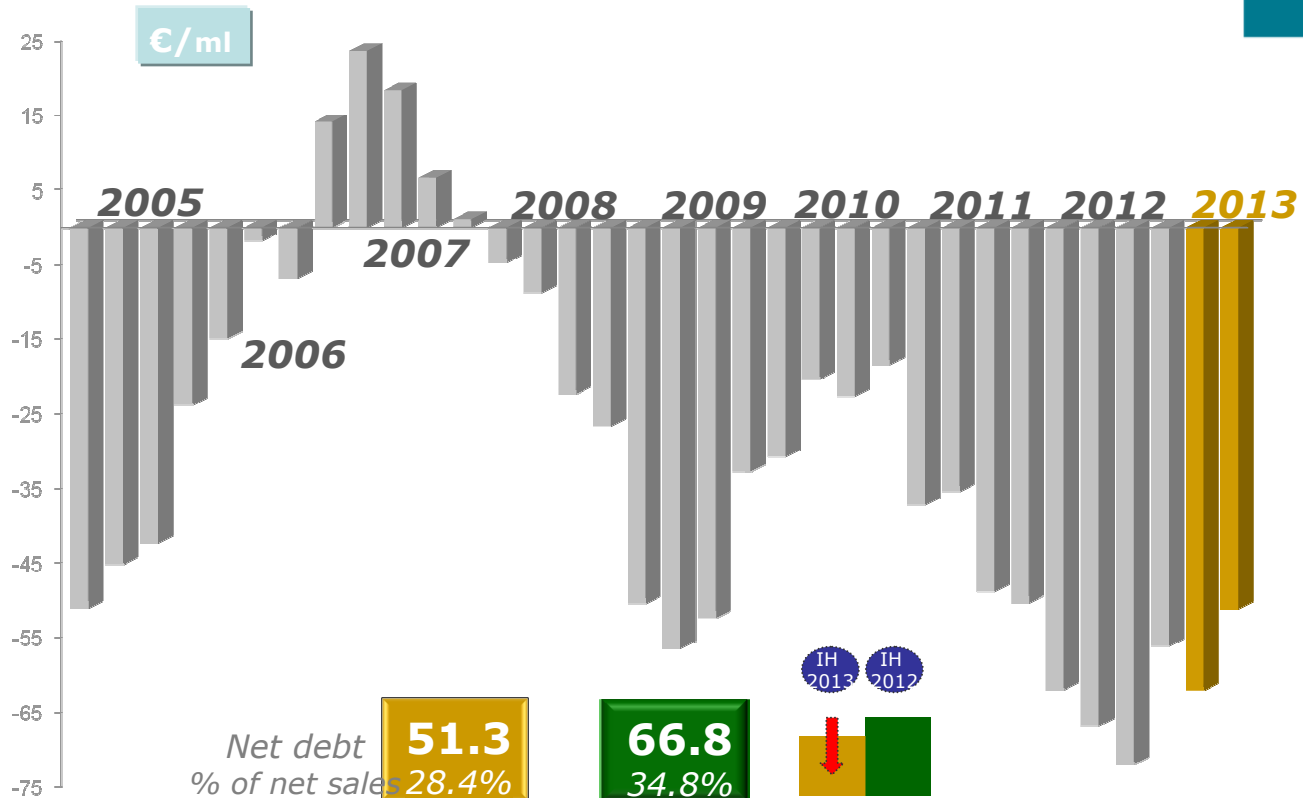
# Operative efficiency: EBIT IH 2012-2013 bridge by divisions



€/mIn



# Net Debt history



**-15.5 € vs June 2012**

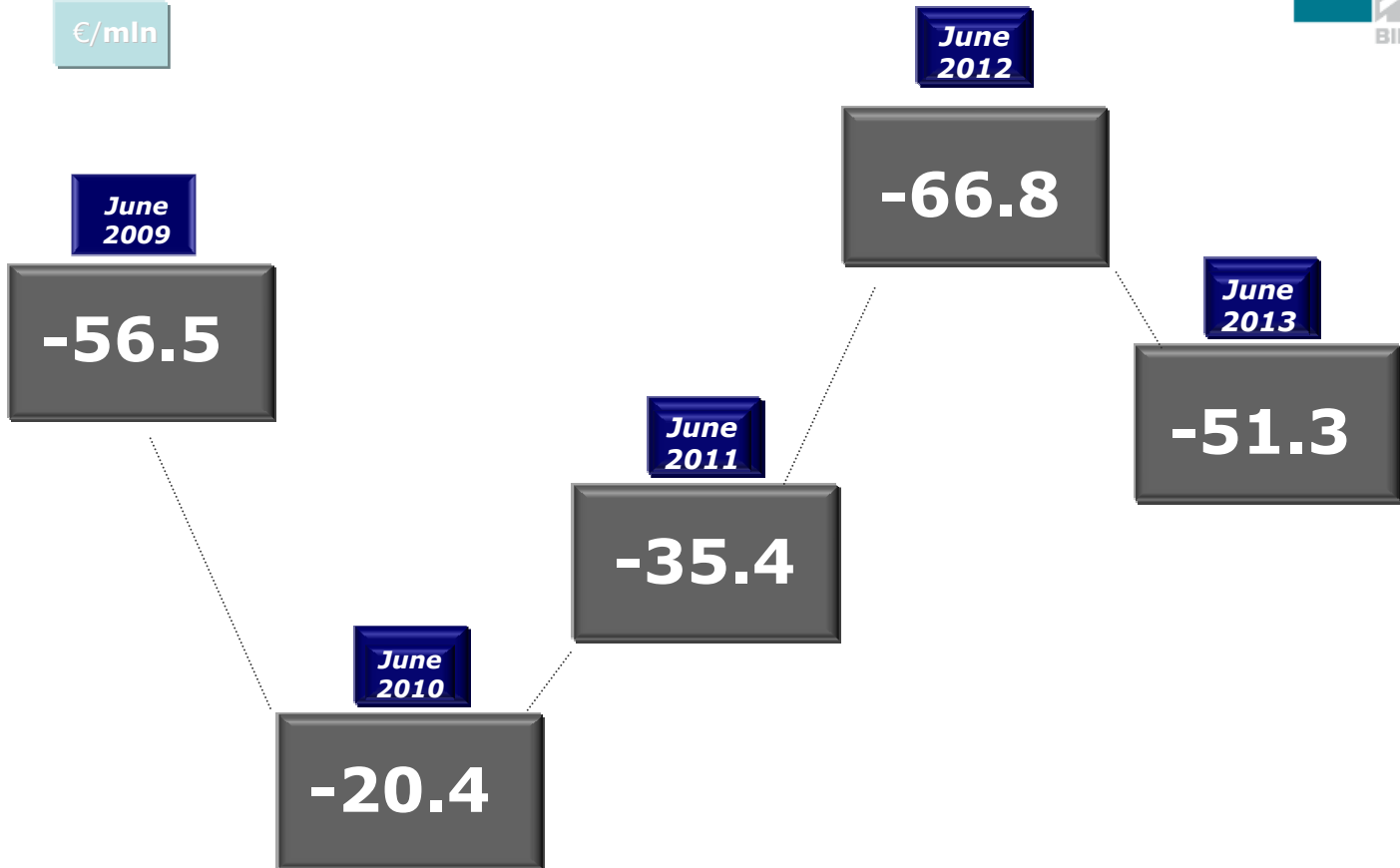
**-4.9 € vs December 2012**

**-10.7 € vs March 2013**

# Net Debt Half Year History

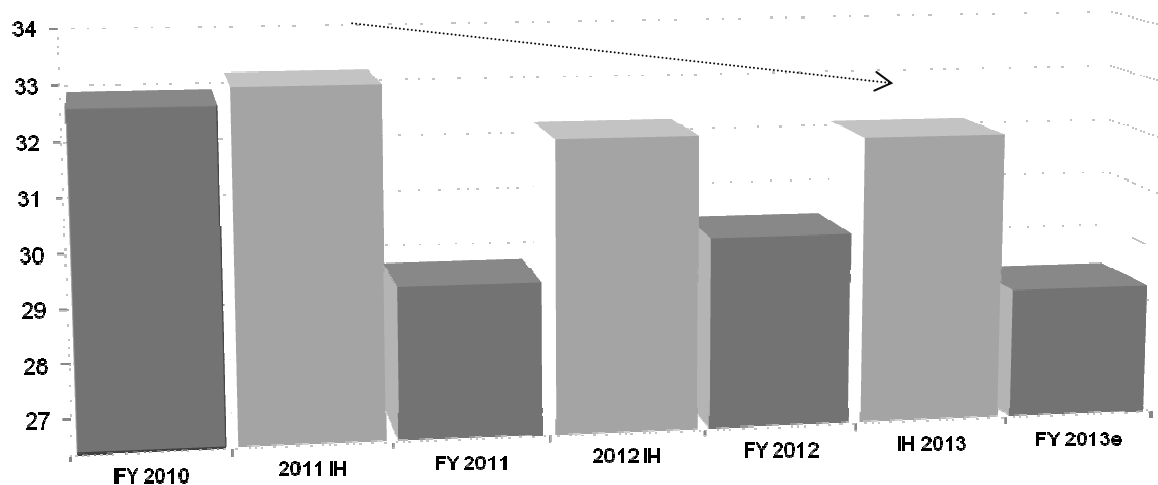


€/mln





## labour cost incidence %



- ✓ overhead\*
- ✓ labour cost \*\*

\* during the 2013- 2015 period more than € 1,9 mln savings expected

\*\* the labour cost incidence expected to decrease from the 30.4% against net sales in 2012 to the 28.9% in 2015e.

# Employees breakdown



	JUN 2013	%	DEC 2012	%	DEC 2011	%	DEC 2010	%
<b>Total</b>	<b>2,690</b>		<b>2,782</b>		<b>2,737</b>		<b>2,368</b>	
Production	1,169	43	1,265	45	1,250	46	965	41
Service & after sales	606	23	574	21	577	21	568	24
R & D	317	12	338	12	316	12	293	12
Sales and Marketing	354	13	364	13	361	13	340	14
Administration	244	9	242	9	233	9	202	9
Domestic	<b>1,566</b>	<b>58</b>	<b>1,646</b>	<b>41</b>	<b>1,656</b>	<b>61</b>	<b>1,660</b>	<b>70</b>
Foreign	<b>1,124</b>	<b>42</b>	<b>1,136</b>	<b>59</b>	<b>1,081</b>	<b>39</b>	<b>708</b>	<b>30</b>

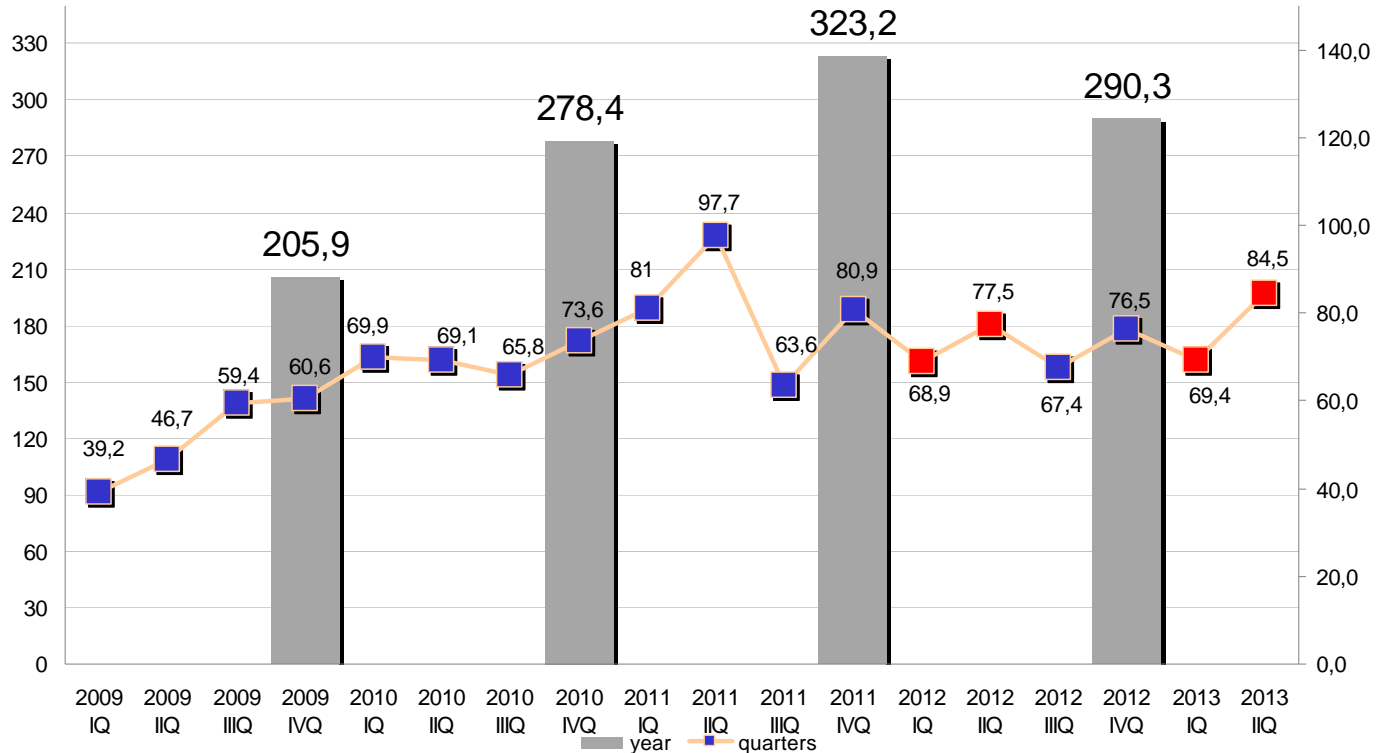
# Group Orders Intake: quarterly trend 2009-2013



€/mln

**IH 2013: € 153.9 mln**

**IH 2012: € 146.4 mln**





History & World Structure

Market Shares

Geographical Breakdown

Business Division Breakdown

Markets Update



# Our History



1969

"The beginning"

**1978** Realized the first numerical control boring machine for wood: Logic Control

**1983** Rover: the first machining centre for the processing of wood is built

**1987** InterMac is established: The company produces machining centres for processing and engineering glass and stone

**1991** HSD is established: the company realizes and sells mechanical components and numerical controls

**1991** Biesse becomes international: the first foreign branches are opened

**1992** Biesse starts "the acquisition period": aimed operations in wood/glass&stone/components and distribution network areas

**1994** Biesse Engineering is established: new business unit fully dedicated to project and realize entire lines and integrated systems

**1998** Biesse group is formed. It's composed of three divisions: wood, mechatronic, glass and stone

**1999** "Centro di Formazione e studi" (Biesse School) is established

**2001** Biesse is quoted on the Italian stock exchange (listed in STAR segment)

**2006** Bre.Ma. is acquired: the company designs and realizes vertical numerical control boring-inserting machine for the processing of wood

**2007** AGM Inc (U.S.A.) is acquired: former distributor for glass & stone machinery becomes InterMac U.S.A. subsidiary

**2008** New plants for the wood division: Bangalore (India) first foreign production site

**2009** Biesse Group incorporates Digipac brand - packaging technology -

**2009 Biesse open new subsidiaries in Switzerland and Dubai**

**2010** BiesseInside hosts for the first time 4 listed companies (Indesit-Elica-Prima Industrie-Sabaf) to meet the financial community during an internal open-house

**2011** VIET - historic wood brand for calibration and sanding machines - added to the Group

**2012** Biesse acquires the majority of Korex Machinery Dongguan (China)



# Our World Structure



**Italy – Pesaro H.O.**



**U.K.**  
Daventry



**Suisse**  
Lucerna



**Sweden**  
Jonkoping



**Russia**  
Moscow



**Germany**  
Elchingen  
Loehne  
Gingen



**France**  
Lyon



**Spain**  
Barcelona



**Portugal**  
Syntra



**U.A.E.**  
Dubai



**India**  
Bangalore



**Indonesia**  
Jakarta



**Malaysia**  
Kuala Lumpur



**Australia**  
Sidney  
Brisbane  
Adelaide  
Melbourne  
Perth



**New Zealand**  
Auckland



**U.S.A. & Canada**  
Charlotte. N.C.  
Ft. Lauderdale FL.  
Toronto - Montreal



**Asia**  
Singapore



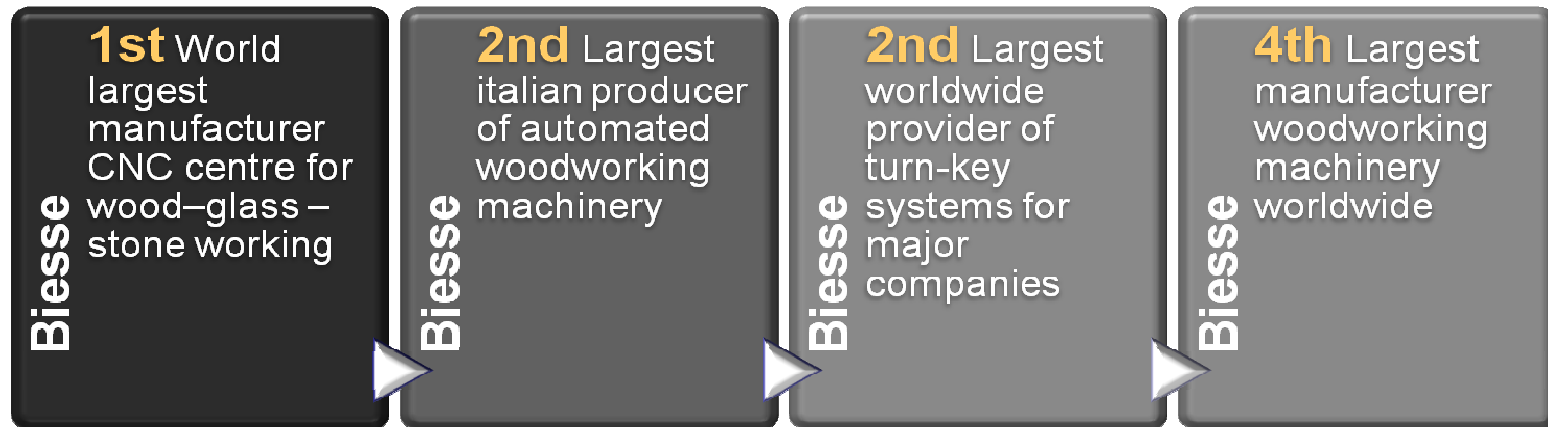
**China**  
Shanghai  
Dongguan



**Korea**  
Bucheon City  
Gyunggido



## Market position

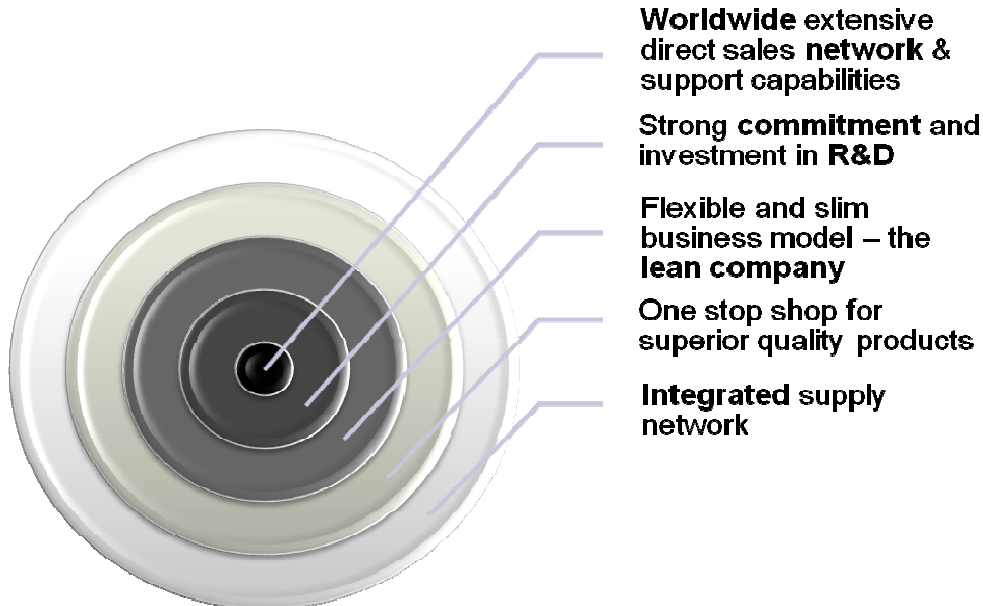


# Biesse key successful factors



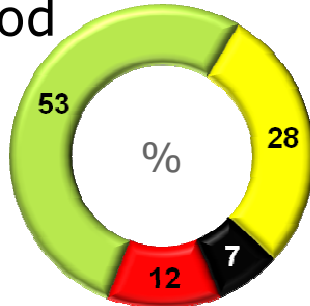
Biesse produces machine tools and systems for the secondary processing of wood, glass and stone, together with associated numerical controls, motors, software and precision components

**Biesse has achieved operating excellence due to the following key factors:**

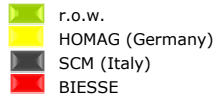




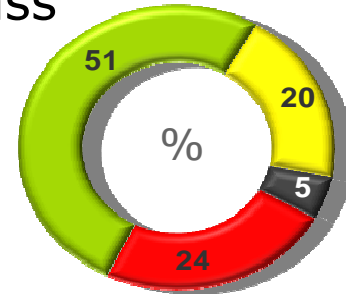
## Wood



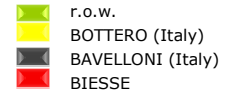
Wood market shares estimations (world market dimension approx € 2.300 mln)



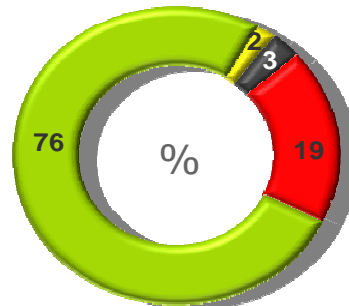
## Glass



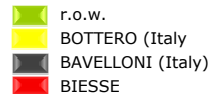
Glass market shares estimations (world market dimension € 225 mln.)



## Stone



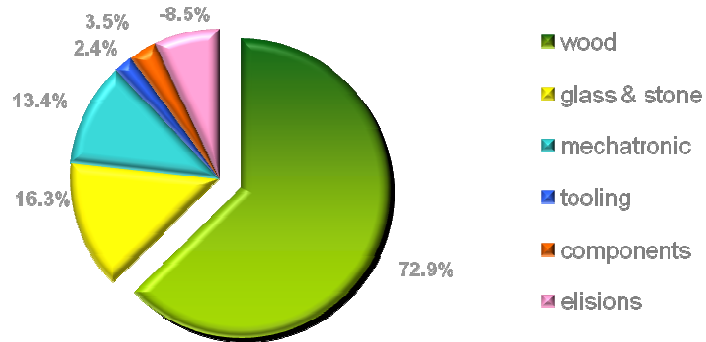
Stone market shares estimations (world market dimension € 40 mln.)





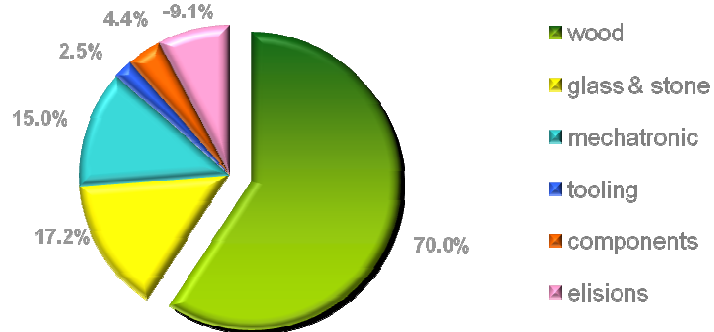
## 2012 IH

by divisions



## 2013 IH

by divisions

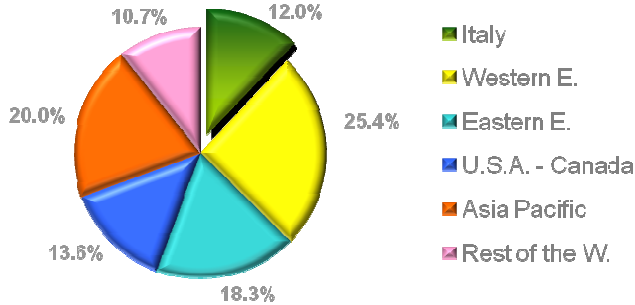


# Biese : Group breakdown June 2013 vs June 2012



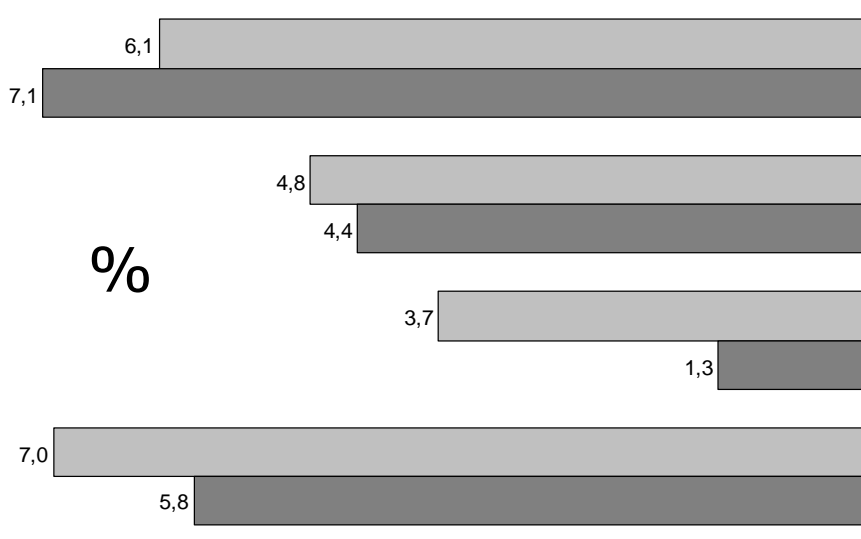
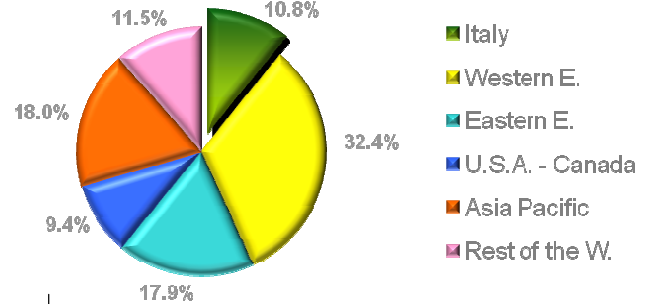
**2013 IH**

by countries



**2012 IH**

by countries



**Brazil**

**Russia**

**India**

**China**

2013 IH    B.R.I.C. : 20%  
 2012 IH    B.R.I.C. : 18.6%



## orders intake & sales regional breakdown (macro areas):

Italy	<ul style="list-style-type: none"><li>• slow and shy signs of recovery amid persistent economic-financial difficulties often in connection with the bank system</li></ul>
W. Europe	<ul style="list-style-type: none"><li>• decrease even due to a very competitive market negatively impacted by countries still in recession mood</li></ul>
E. Europe	<ul style="list-style-type: none"><li>• widespread increase with prospect of large projects and repetitives sales especially coming the the former russian republics</li></ul>
Americas	<ul style="list-style-type: none"><li>• strong increase driven by positive economic figures (U.S.A.) and a brasilian and canadian development trend</li></ul>
Asia-Pacific	<ul style="list-style-type: none"><li>• Asia (China &amp; India in particular) in a positive territory more than compensates the difficult moment in some small regional countries</li></ul>





## VDMA press release: Aug. 1st 2013 (Germany)

*".....In June 2013, German machinery and tool orders fell short five percent in real terms of last year's result. Domestic business slumped by four percent, international business by six percent.....the first half of the year (January to June 2013) saw an overall decline of one percent. Domestic orders recorded minus six percent, foreign orders plus one percent..... patience is still needed in the German engineering industry. After a persistently sluggish first half of 2013, June closed with a drop in new orders..... once again, incoming orders for machinery from the Eurozone partners were disappointing. .... the timid impetus from the rest of the world economy has not yet been able to push demand from the non-euro area....."*

## ACIMALL press release: Jul. 31st 2013 (Italy)

*".....Ancora una volta è "stabilità" la definizione che meglio riassume l'andamento delle tecnologie "made in Italy" per la lavorazione del legno e dei suoi derivati. Come già nei primi tre mesi dell'anno, infatti anche il secondo trimestre è improntato a una sostanziale stabilità sia sul mercato interno che all'estero.....sulla base di un campione statistico rappresentativo dell'intero settore evidenzia un calo degli ordini dell'1,1 per cento sullo stesso periodo 2012....."*

## UCIMU press release: Jul. 16th 2013 (Italy)

*".....Su base semestrale, l'indice (orders intake) registra un arretramento del 6%, determinato dal pessimo riscontro ottenuto dai costruttori sul mercato italiano (-29,6%) e dalla debolezza della domanda estera (-1%).....quest'ultima rilevazione - afferma Luigi Galdabini, presidente UCIMU - fotografa la difficoltà che oggi incontrano i costruttori italiani di macchine utensili alle prese con una pressoché inesistente domanda domestica cui si aggiunge una riduzione di quella estera....."*

# Markets: CSIL update



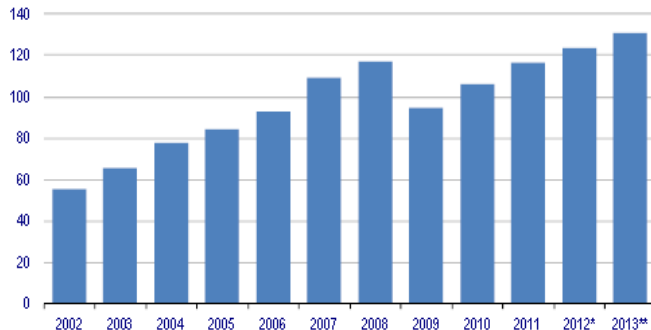
World production of furniture is worth about US\$ 450 billion.

The furniture production of all high income countries combined covers 45% of the world total. World furniture production has been growing at a 8% average in the last decade with a major decrease in 2009 followed by resumption of growth in subsequent years.

Leading producers in order of importance are: China, United States, Italy and Germany.

All the main emerging producers (together with China, also India, Poland, Brazil, Russia, Turkey, Vietnam and Malaysia) had very substantial growth rates.

**Figure 3** World trade of furniture. Current US\$ billion



Source: CSIL

\*Preliminary \*\*Forecast

**Figure 2** Major 200 furniture manufacturers by headquarters location

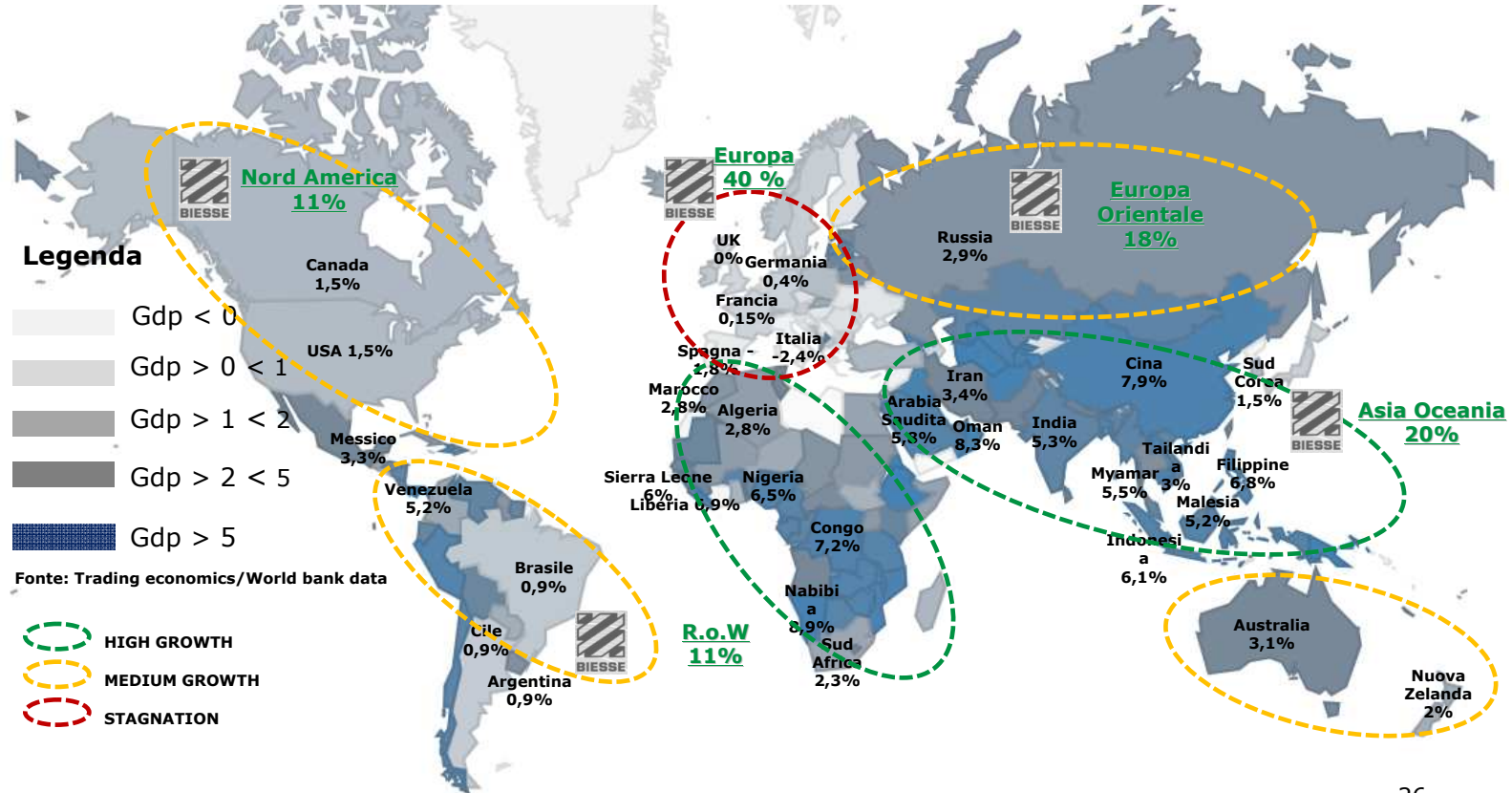


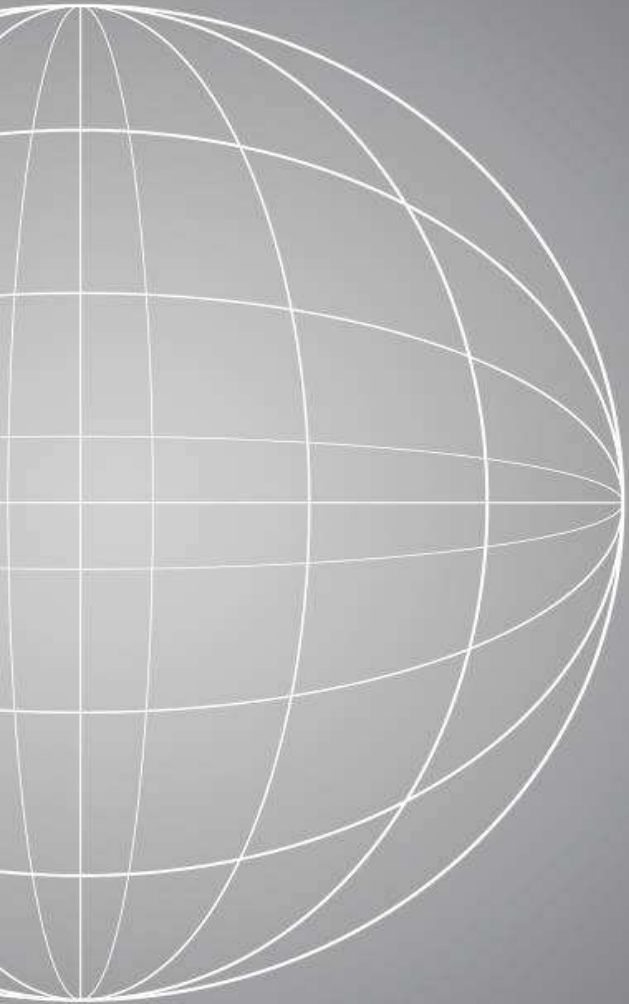
Source: CSIL

# Markets: GDP estimations



## Where is the growth: (I.M.F.)



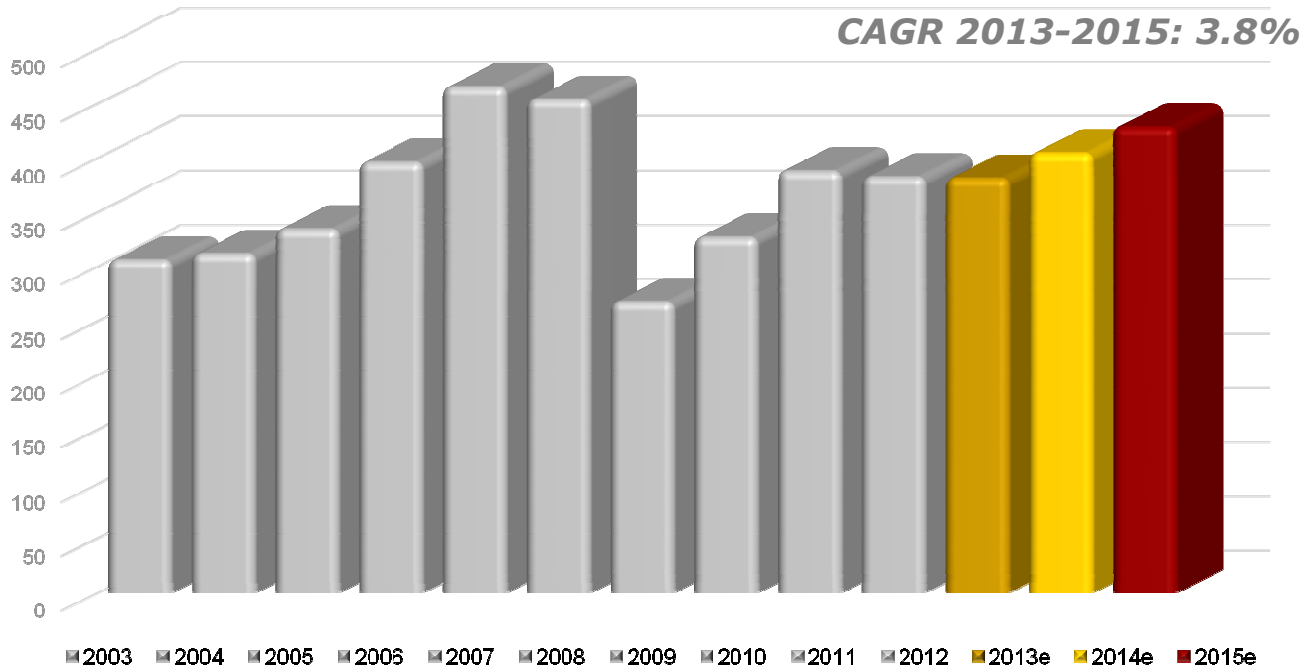


# Three Years Business Plan remind

# Group Consolidates Sales: Yearly Trend



€/mln



# P & L details



€/mln

CAGR 2013-2015: 3.8%

	FY 2011	FY 2012	FY 2013e	FY 2014e	FY 2015e	
<i>Net sales</i>	<b>388.5</b>	<b>383.1</b> -1.4%	<b>381.9</b> -0.3%	<b>404.9</b> +6.0%	<b>428.7</b> +5.9%	2012 vs 2015 <b>+45.6 €</b>
<i>Value added % of net sales</i>	<b>138.0</b> 35.5%	<b>141.3</b> 36.9%	<b>146.1</b> 38.3%	<b>161.2</b> 39.8%	<b>176.8</b> 41.2%	<b>+35.5 €</b>
<i>Labour cost % of net sales</i>	<b>115.6</b> 29.7%	<b>116.3</b> 30.4%	<b>114.0</b> 29.8%	<b>118.5</b> 29.3%	<b>123.8</b> 28.9%	<b>+7.5 €</b>
<i>EBITDA % of net sales</i>	<b>22.4</b> 5.8%	<b>25.0</b> 6.5%	<b>32.1</b> 8.4%	<b>42.6</b> 10.5%	<b>53.0</b> 12.4%	<b>+28 €</b>
<i>EBIT % of net sales</i>	<b>5.7</b> 1.5%	<b>0.3</b> 0.1%	<b>15.4</b> 4.0%	<b>26.6</b> 6.6%	<b>37.3</b> 8.7%	<b>+37 €</b>
<i>EBIT normal. % of net sales</i>	<b>7.1</b> 1.8%	<b>7.0</b> 1.8%				

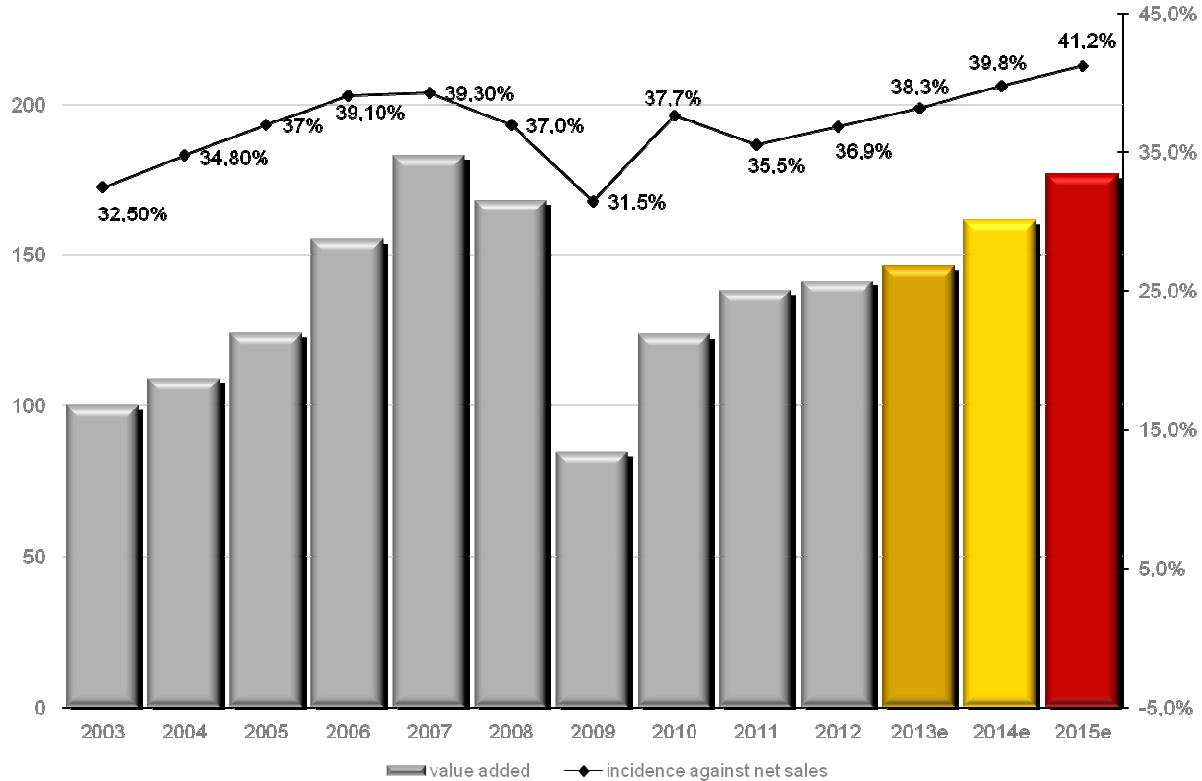
# Cashflow – net debt



€/mln

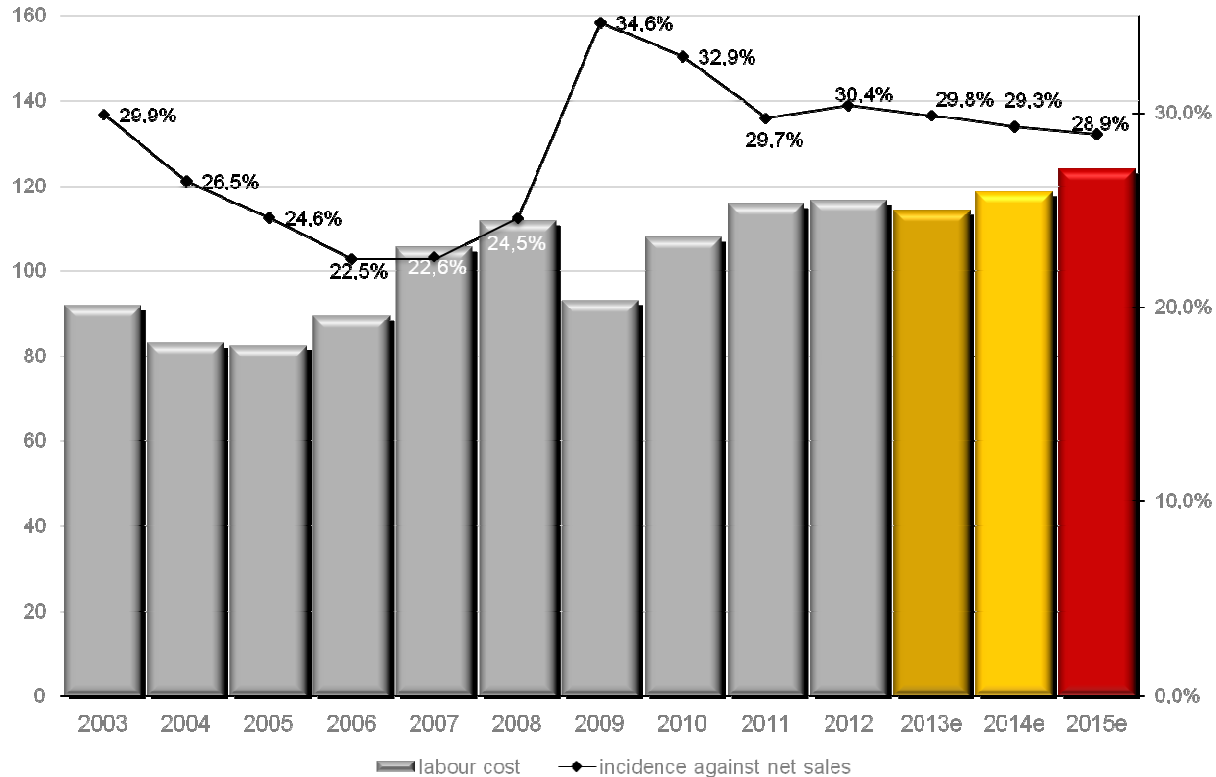
	<b>FY 2011</b>	<b>FY 2012</b>	<b>2013e</b>	<b>2014e</b>	<b>2015e</b>	
<i>Gross Cashflow</i>	-16.3	13.6	23.4	26.7	36.1	2013-2014-2015 +86.2 €
<i>Capex % of net sales</i>	-15.2 3.9%	-19.4 5.0%	-12.4 3.2%	-12.8 3.12%	-11.9 2.8%	-37.1 €
<i>Free Cashflow</i>	-31.5	-5.8	11.0	13.9	24.2	+49.1 €
<i>Net debt</i>	-50.4	-56.2	-45.2	-31.3	-7.1	

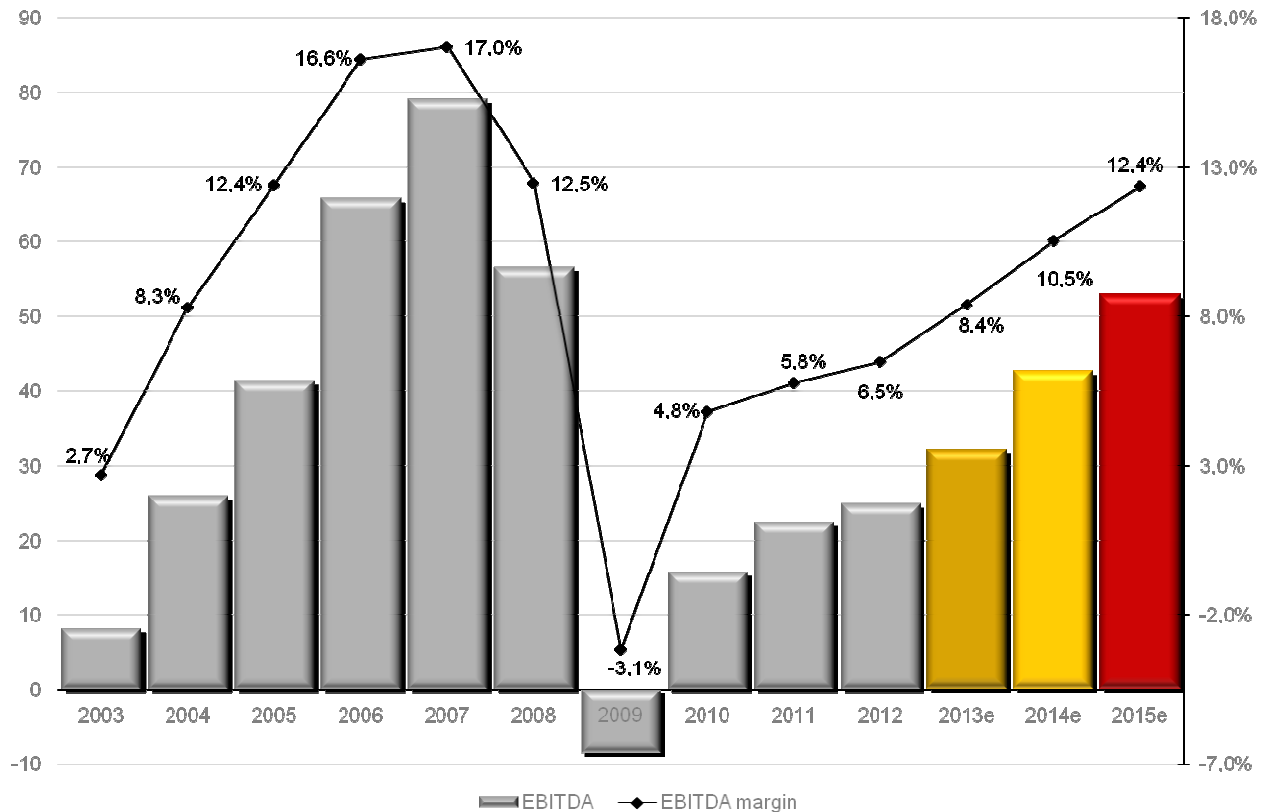
# Consolidated value added

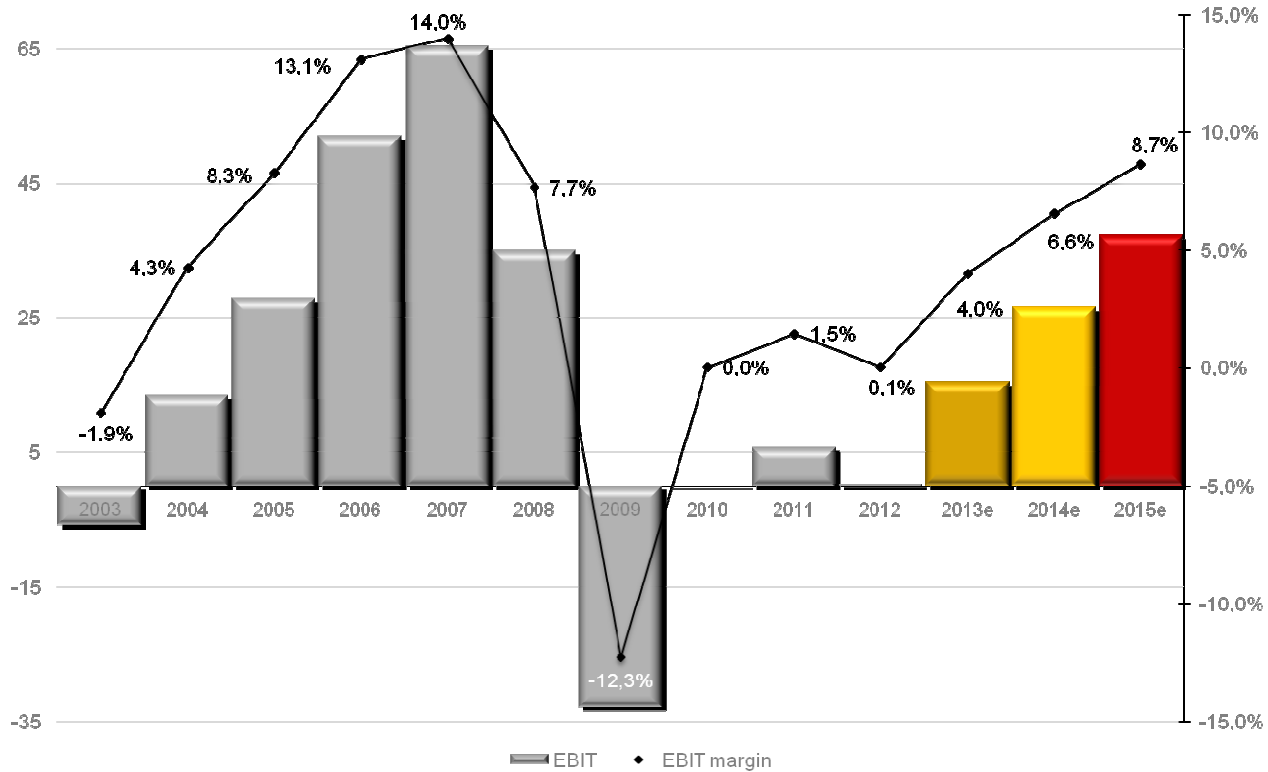




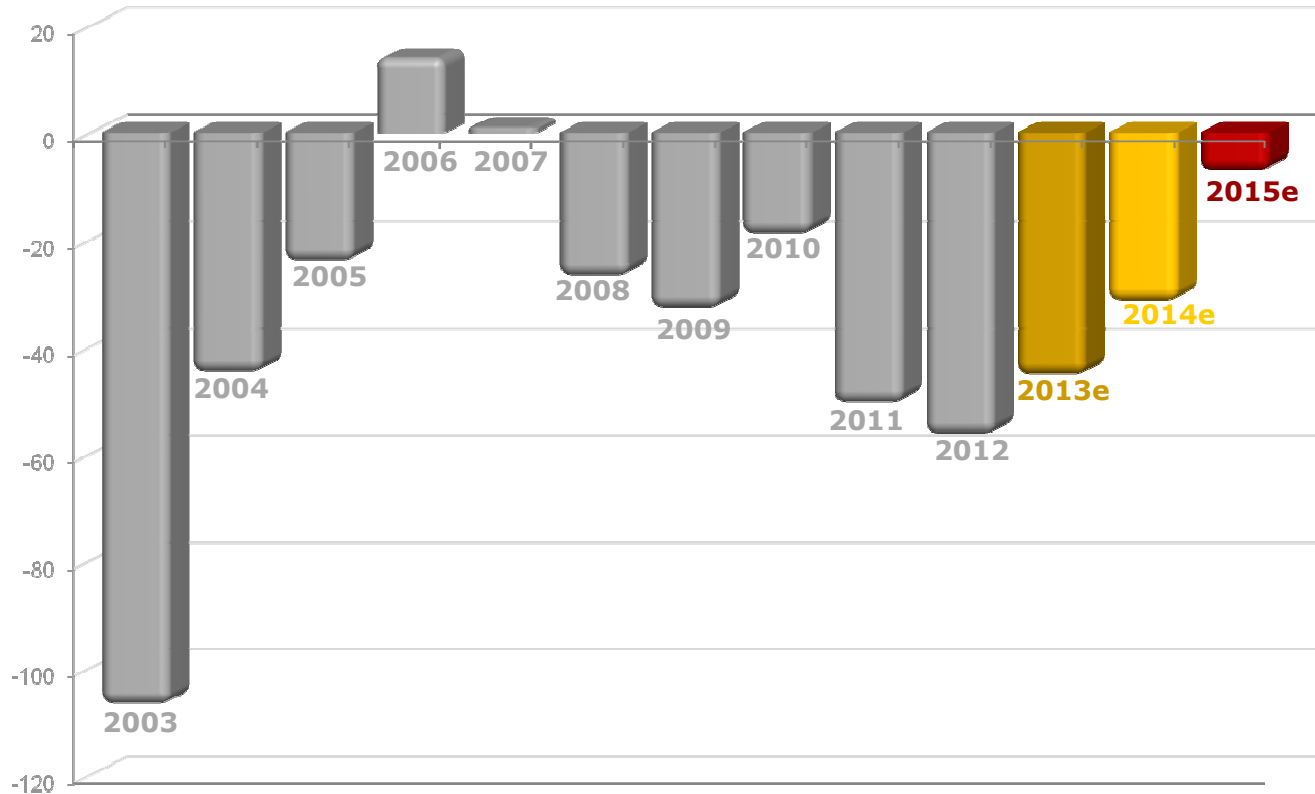
# Consolidated Labour Cost







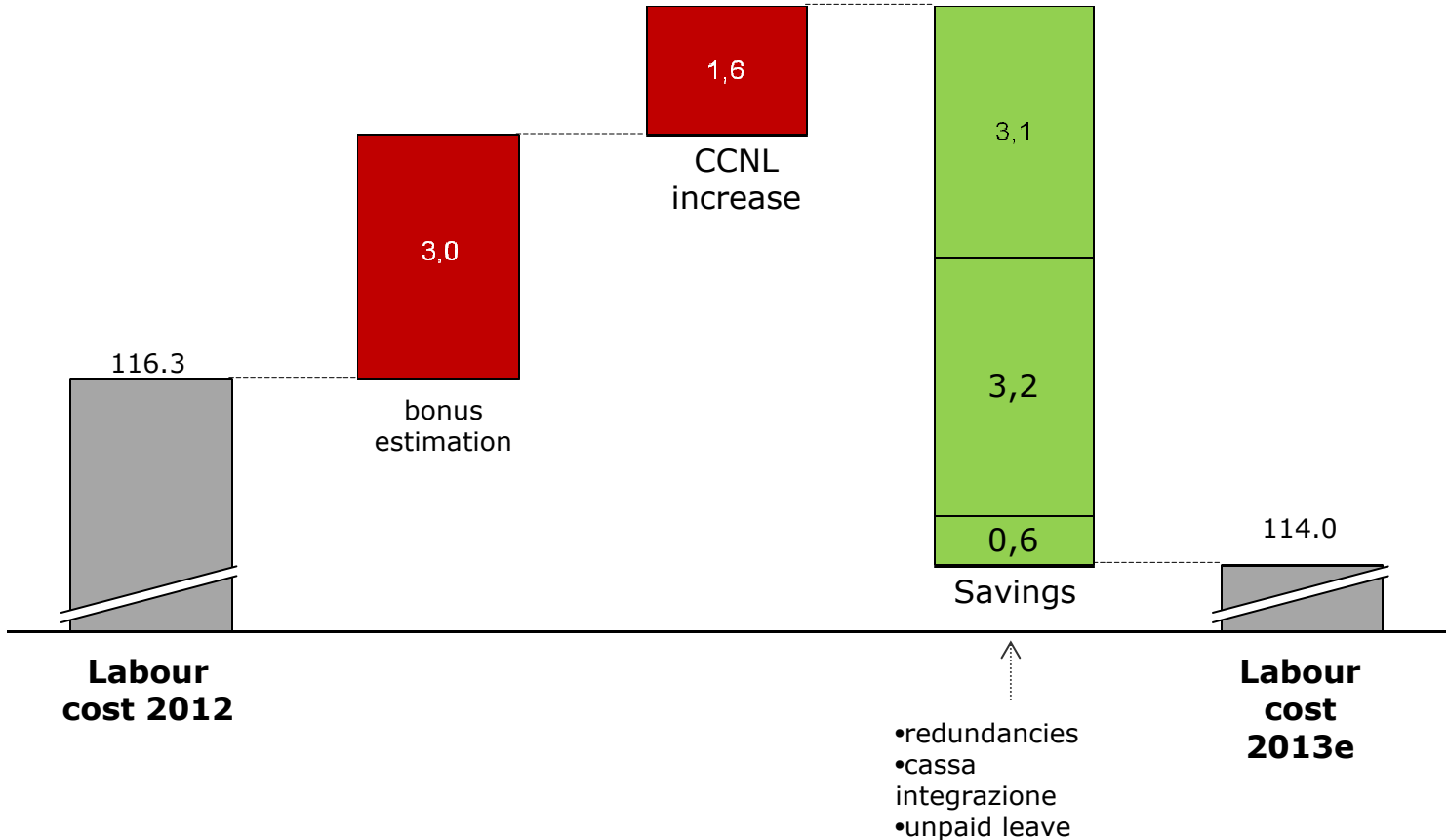
# Group Net Debt



# Operative efficiency: labour cost evolution



## Labour cost bridge 2012-2013 in € mln



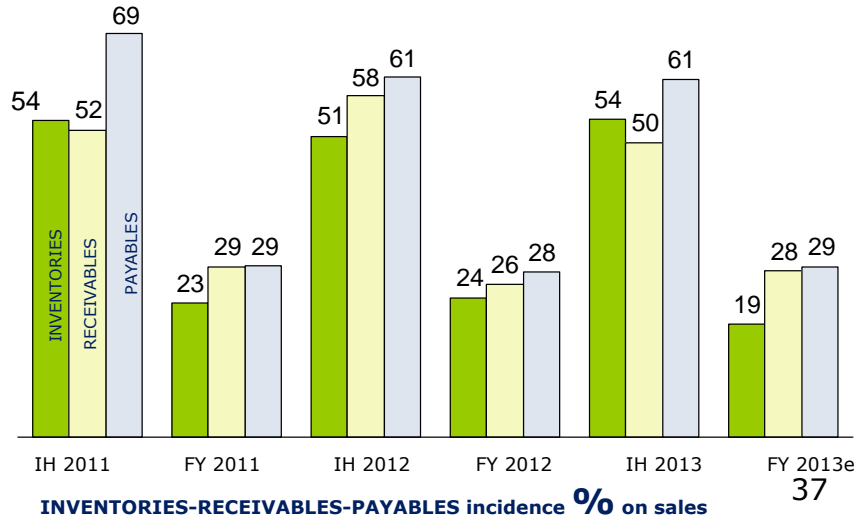
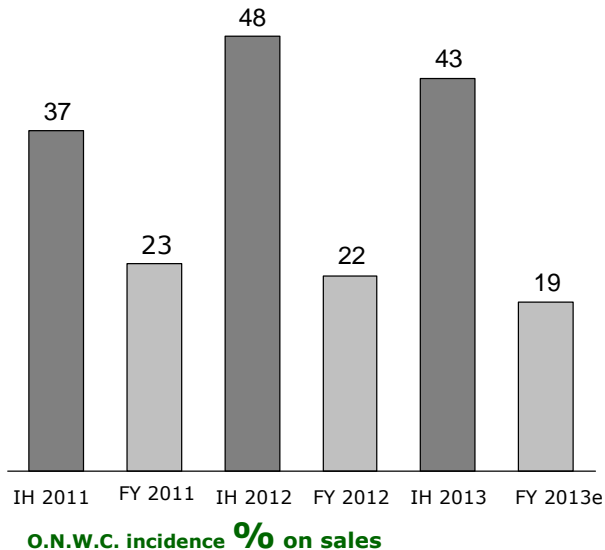
# Operating net working capital



strong management of the 3 operating working capital components with particular attention to the inventories evolution.

- 1. Inventories:** during the 2013-2015 period the incidence against net sales decreases from the 23,6% to the 18,9% (improve the DSI index for 15 days)
- 2. Receivables:** during the 2013-2015 period the incidence against net sales will slightly increase from the the 26,0% to the 28,3% (DSO invariance)
- 3. Payables:** during the 2013-2015 period the incidence against net sales will remain constant to the 28,0% (DPO worsening 5 days)

The operating net working capital incidence against sales at the end of 2015 is expected to be 19,2%



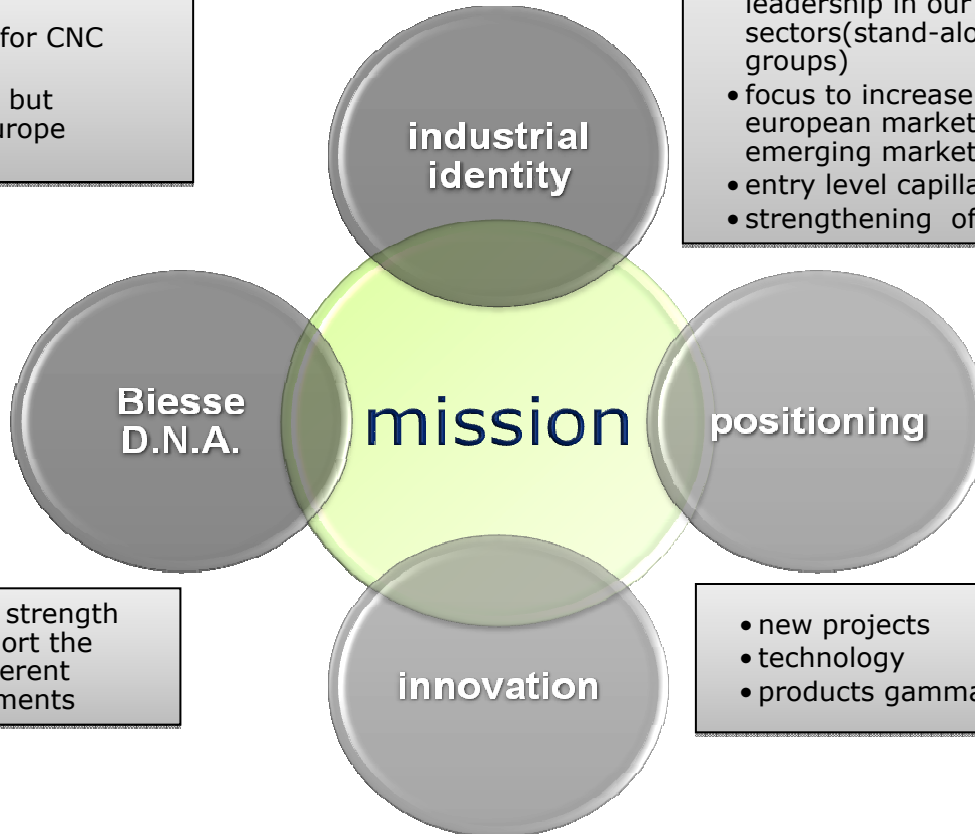


	<b>2011</b>	<b>2012</b>	<b>2013e</b>	<b>2014e</b>	<b>2015e</b>
<i>Net Debt /Equity</i>	<b>0.42x</b>	<b>0.49x</b>	<b>0.46x</b>	<b>0.40x</b>	<b>0.34x</b>
<i>Net Debt /EBITDA</i>	<b>2.25x</b>	<b>2.25x</b>	<b>1.75x</b>	<b>1.32x</b>	<b>1.06x</b>
<i>R.O.E. before taxes</i>	<b>2.0%</b>	<b>-4.5%</b>	<b>9.2%</b>	<b>16.4%</b>	<b>20.3%</b>
<i>EVA spread (ROCE – WACC)</i>	<b>-6.6%</b>	<b>-8.6%</b>	<b>-2.4%</b>	<b>1.6%</b>	<b>4.5%</b>



- world leader for CNC machinery
- world player but "based" in Europe

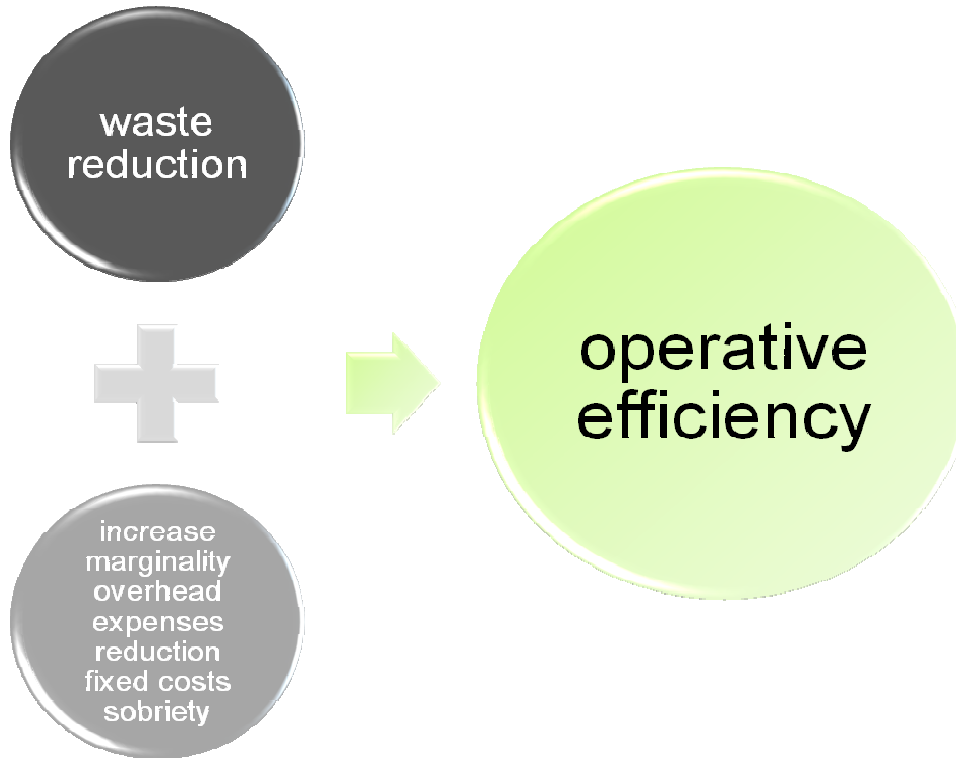
- strengthening of the world leadership in our core business sectors (stand-alone and hi-tech groups)
- focus to increase the growth of the european market shares (not only emerging markets)
- entry level capillarity
- strengthening of the Systems sector

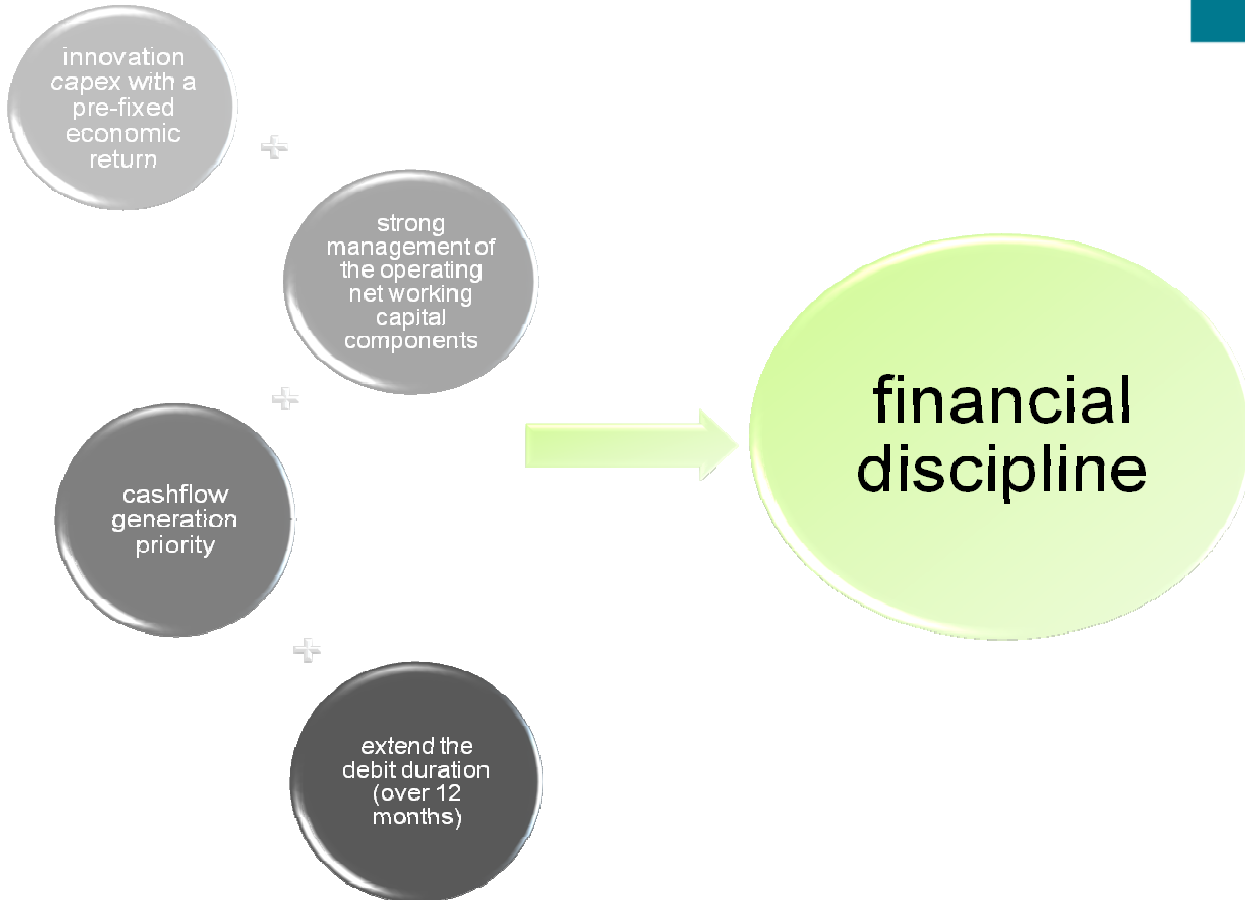


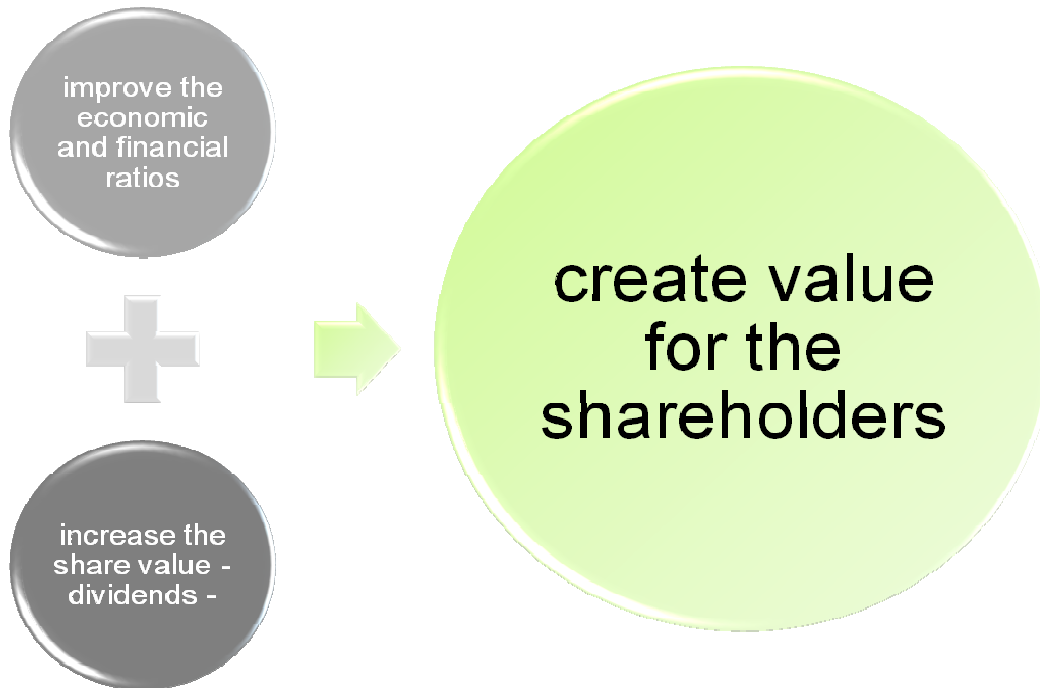
- focus on our strength spots to support the growth in different business segments

- new projects
- technology
- products gamma





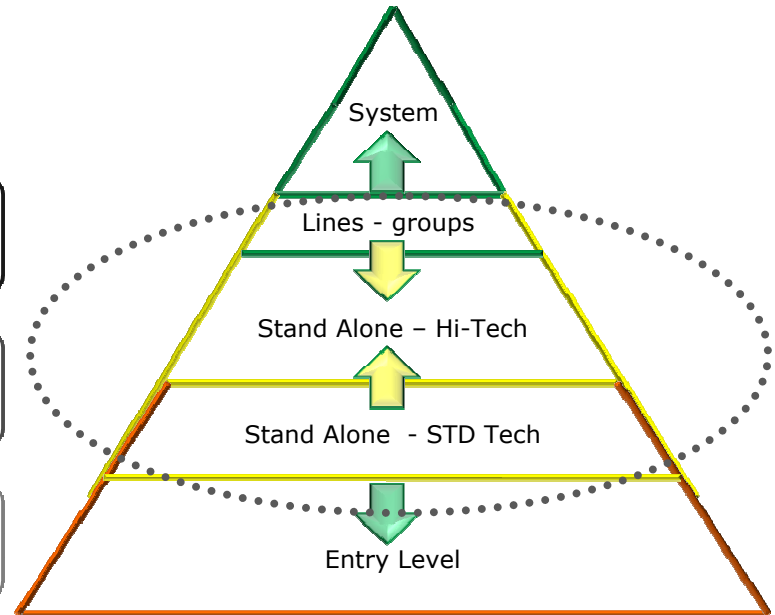






## Actions:

- 1)
  - Strengthening of the world leadership in our core business segment stand-alone / hi-tech groups
  - Gain Systems references – gradually and carefully
- 2)
  - Improve the market reputation and increase the products gamma offer in the high end segment to meet the technology demand: SERVICE, TRAINING, RELIABILITY
- 3)
  - Improve the sale and distribution capillarity especially for the **entry-level** segment to increase our market shares in the emerging countries (high growth areas expected)





# Other

treasury shares: 1.78%

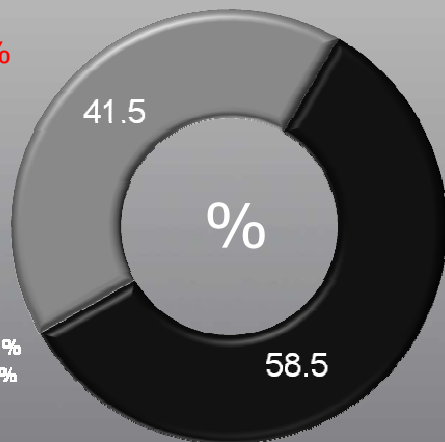
Italy: 15.8%

UK: 3.4%

France\*\*: 5.9%

Swiss\*: 7.4%

USA: 6.0%



Bi.Fin s.r.l. (Selci family)



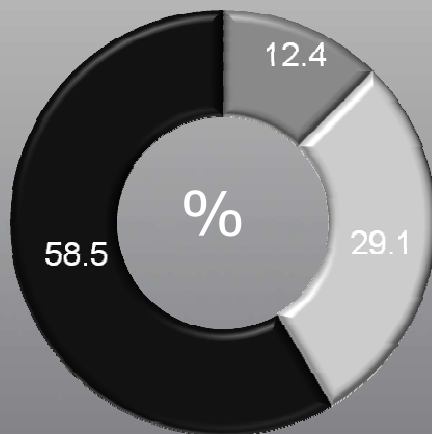
free float\*

\* Including treasury shares

\* Pictet & CIE Banques 7.1%

\*\* FCP Echiquier Agenor 3.8%

shareholders breakdown > 2% Consob source



- ▣ retail
- ▣ institutional
- ▣ Selci family

Investment & Mutual Funds 15.9%  
Foreign Banks 10.7%

shareholders breakdown "by type"



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