3-YEAR BUSINESS PLAN

2019-2021

BIESSEGROUP

50 YEARS

IT'S THE FUTURE THAT MAKES HISTORY.

WE HAVE BEEN DESIGNING INNOVATION FOR FIFTY YEARS, DRIVEN BY AN INCREDIBLE ENGINE, POWERED BY PEOPLE, PASSION AND PRECISION.

BIESSEGROUP

50 YEARS

INDEX

BIESSEGROUP

BUSINESS GROUP

1

OUR IDENTITY

- OUR VALUES
- THE VISION

- ONE INDUSTRIAL GROUP
- ALL OVER THE WORLD
- SUPPORTING OUR CUSTOMERS
- WITH OUR PEOPLE

BIESSEGROUP

1.1

OUR VALUES

Biesse Group is a global leader founded in Pesaro in 1969 by Giancarlo Selci.
listed on the Borsa Italiana since 2001 – STAR segment.
The Group has a strong Italian identity and strongly believe in:

INNOVATION

RELIABILITY

RESPECT

THE VISION

Biesse Group's vision is embodied by the word THINKFORWARD:

a stimulus to LOOK AHEAD and ANTICIPATE THE FUTURE setting new standards to drive TECHNOLOGICAL INNOVATION and DIGITAL transformation.

ONE INDUSTRIAL GROUP

We manufacture technology for processing wood, glass, stone, advanced materials and metal through specialised business units and 12 manufacturing sites in Italy and worldwide.
We operate worldwide with our own key brands: Biesse, Intermac, Diamut, HSD.

4
MAIN BUSINESS DIVISIONS

12
PRODUCTION SITES

Winstore 3D K2

8

ALL OVER THE WORLD

We support our colleagues everywhere in the world, using the most advanced management, sales and support system. Our global network enables us to be always close to our customers.

39
SUBSIDIARIES AND REPRESENTATIVE OFFICES

+300
SELECTED DISTRIBUTORS

9

SUPPORTING OUR CUSTOMERS

Customers in 120 Countries.
Manufacturers of furniture, design items and door/window frames, producers of elements for the building, nautical and aerospace industries.

CUSTOMERS IN

120

COUNTRIES

WITH OUR PEOPLE

We acknowledge that Peopole are essential to our development, because the ability to innovate and pursue excellence in the realisation of products is the consequence of the passion and dedication of all those are part of the Biesse family.

4400*

(temporary workers included)

EXCELLENCE

- REVENUE
- PROFIT
- CASH

BIESSEGROUP

1.2

EXCELLENCE

A virtuous circle of excellence
for a constant growth.

Revenue
01

Profit
02

Cash
03

REVENUE
AN HISTORY OF GROWTH

2009-2018e
472€mln
of **revenues**
CAGR 12%

Group Consolidated Net Sales (€/mln)

admitted to the STAR segment (Milan Stock Exchange) **June 2001**

353
466
268
378
519
618
690
740

1969   1980   2001   2009   2018e

Wood

Glass

Stone

Mechatronics

bSoft (software)

Metal

SOPHIA

Plastic & Advanced Materials

Housing

14

PROFIT

EBITDA

2009-2018e

100 €mln
of
EBITDA
generated

Group EBITDA (€/mln)

Biesse Group
EBITDA (€/mln)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018e
-8						64	76	89	92
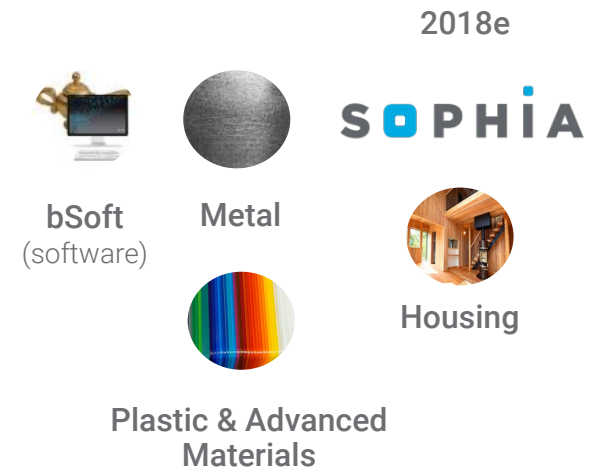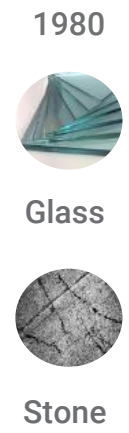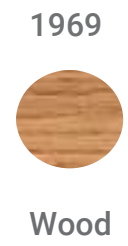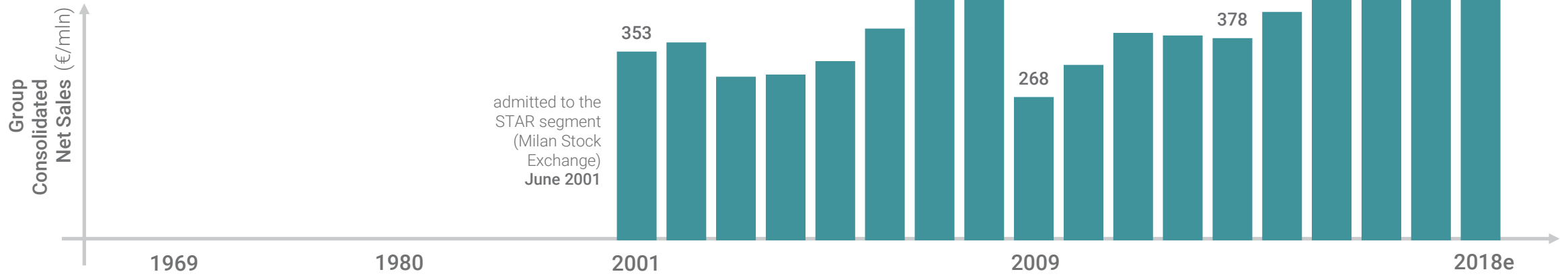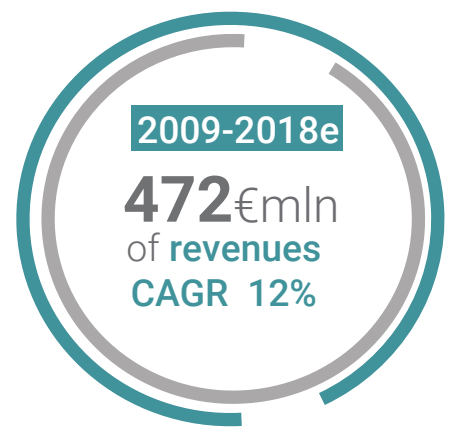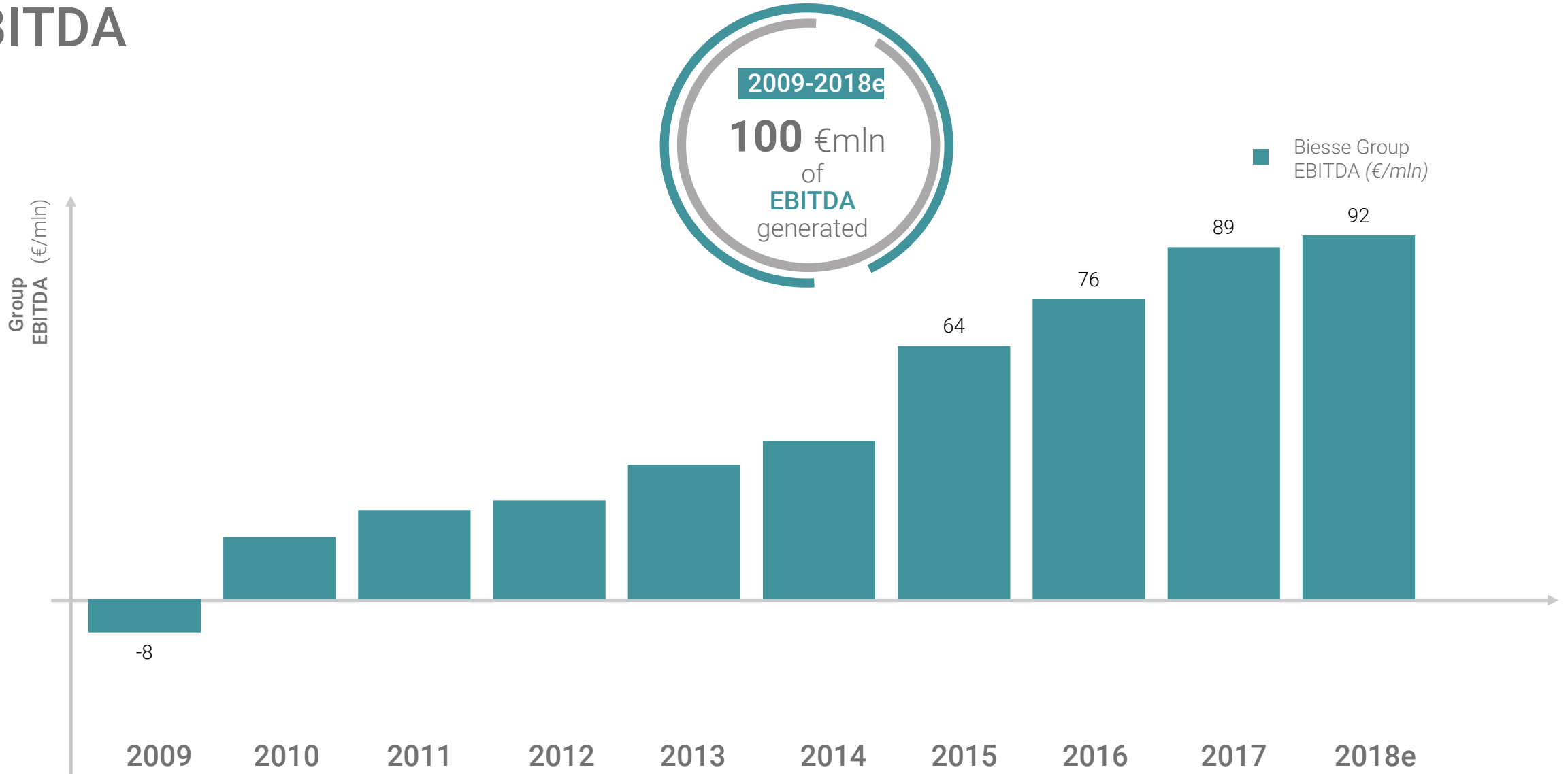
CASH
NET FINANCIAL POSITION

Net Debt (€/mln)

2009-2018e

58€mln
of **CASH**
generated

0

-32,7

-56,2

0,0

4,0

30,4

25,3

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018e |

16
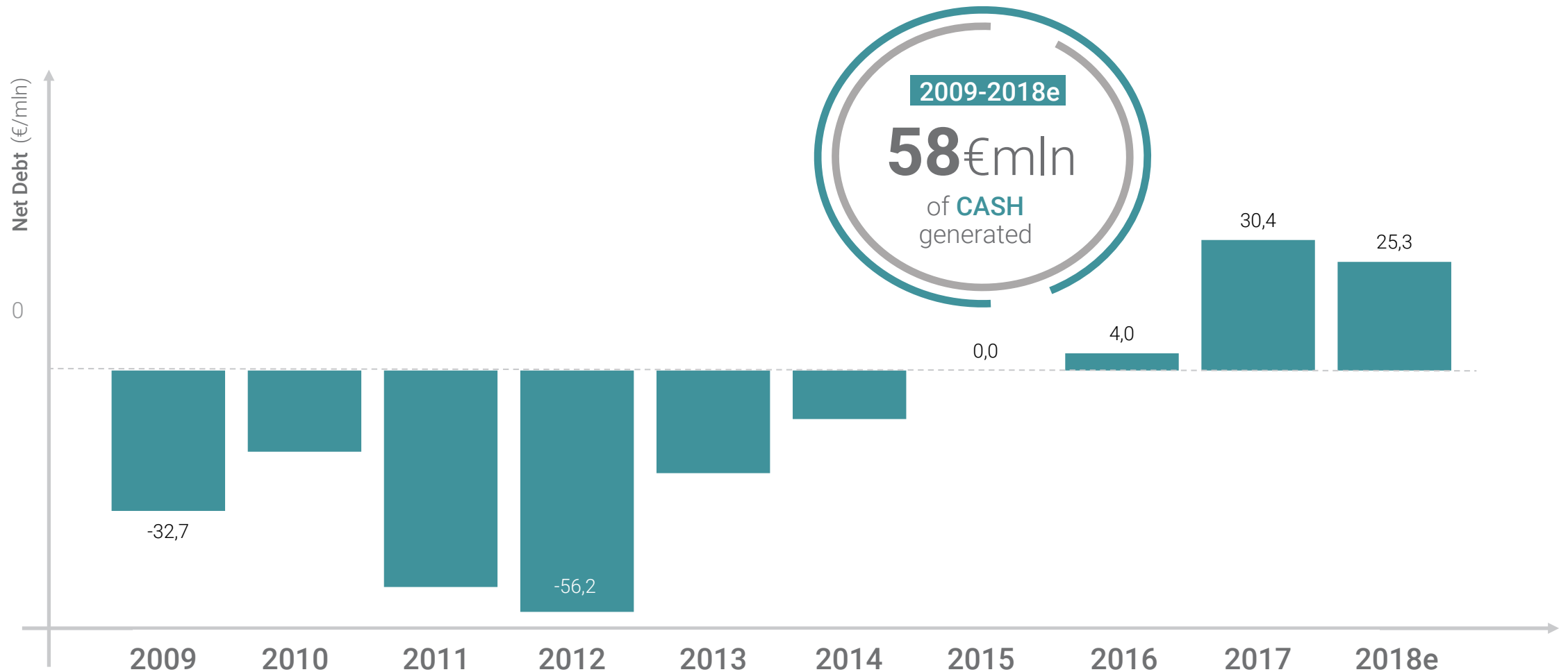
BUSINESS MODEL

- PRODUCTS
- FOOTPRINT
- DISTRIBUTION
- CUSTOMERS

BIESSEGROUP

1.3

PRODUCTS

01 Machines

We design, manufacture and distribute a comprehensive range of machinery and technologies for processing wood, glass, stone, metal and advanced materials

02 Systems

We create engineered solutions, from plant design to production, implementation, installation and maintenance

03 Mechatronics

We design, manufacture and deliver high-tech mechanical and electronic components for machinery INDUSTRY 4.0 ready.

04 Tooling

We manufacture tools for the processing of glass, stone and ceramic. Its synergy with Intermac has enabled it to develop a range of tools, which in terms of reliability, have become a benchmark in the market.

05 Service

Through dedicated personnel, we provide professional pre-sale consulting services, and continuous after sales assistance to ensure the correct installation and start-up of machinery, software and Systems.

06 Software

We have developed our software solutions by closely observing the work carried out by the customer every day, with simple interfaces, designed to make everyday use of the machine practical.

FOOTPRINT

Sales breakdown by type on machines sales

- 21%
- 79%

- System
- Stand Alone
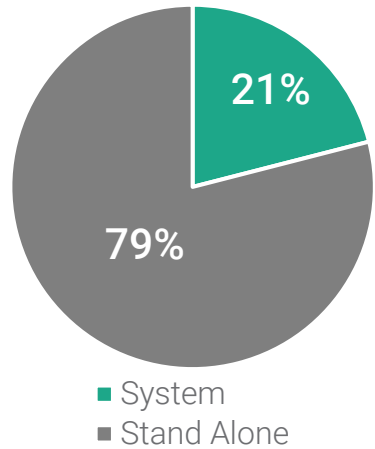
Sales breakdown by offering

- 18%
- 82%

55% (spare parts/tooling)

- Service/Spare parts/Tooling
- Machinery

9 Production Sites in Italy

2 Production Sites in India

1 Production Sites in China

19
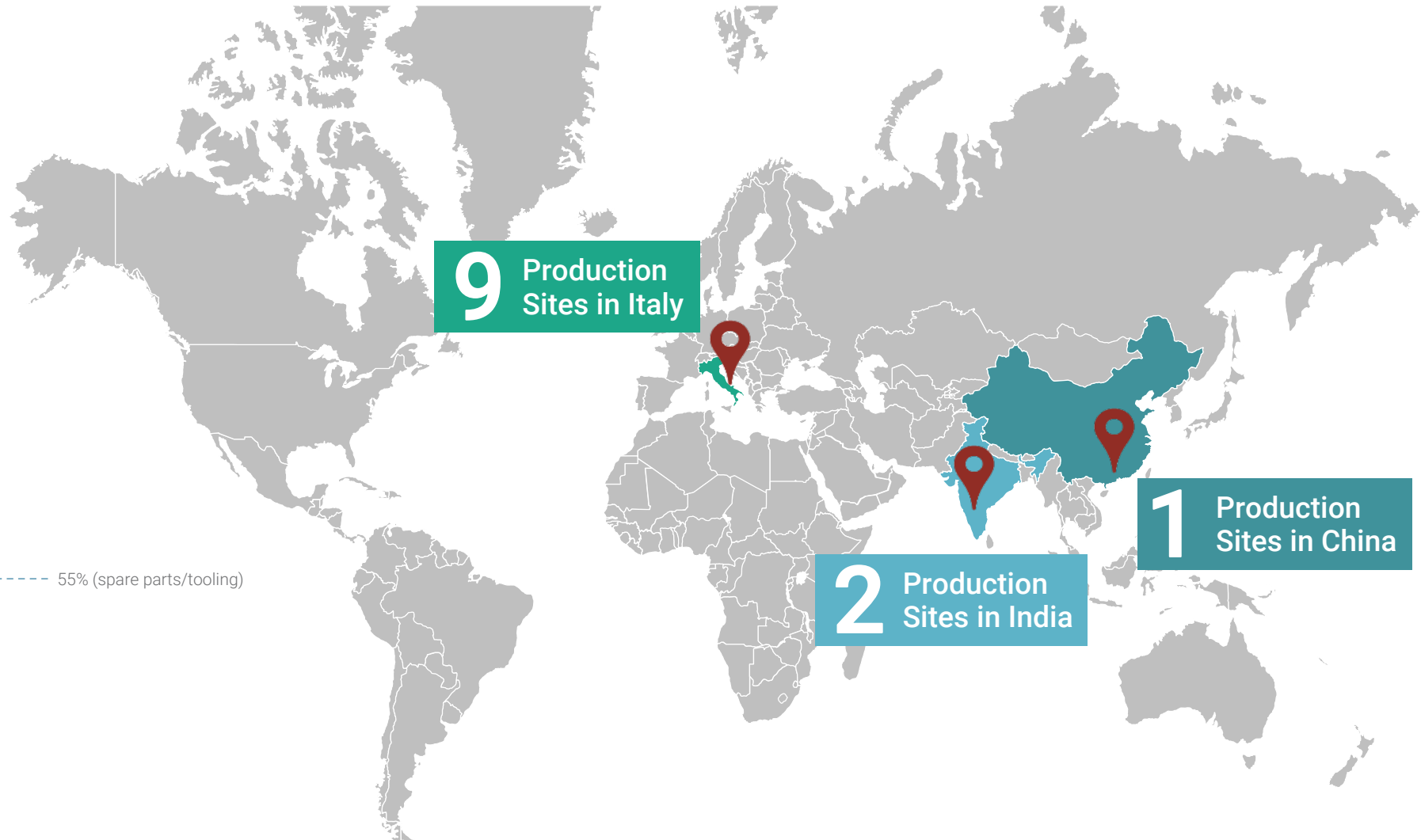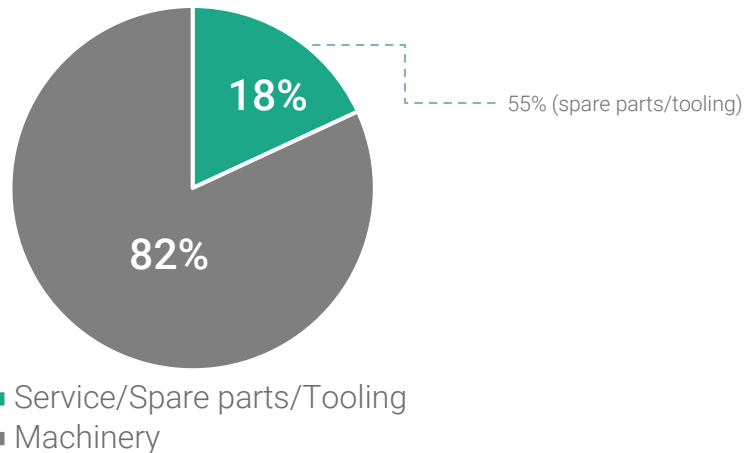
DISTRIBUTION

Sales breakdown by division

3%
2%
9%
17%
72

the wood division is including the advance material

- Wood
- Tooling
- Glass & Stone
- Mechatronics
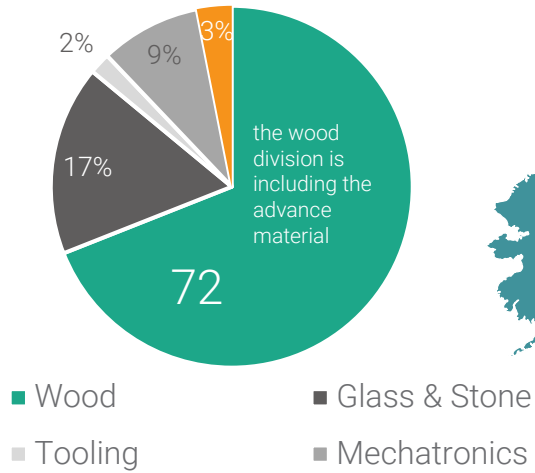
Sales breakdown by geo-areas

10%
15%
16%
13%
46%

- Western Europe (Italy included)
- Eastern Europe
- North America
- Australasia
- Rest of the World
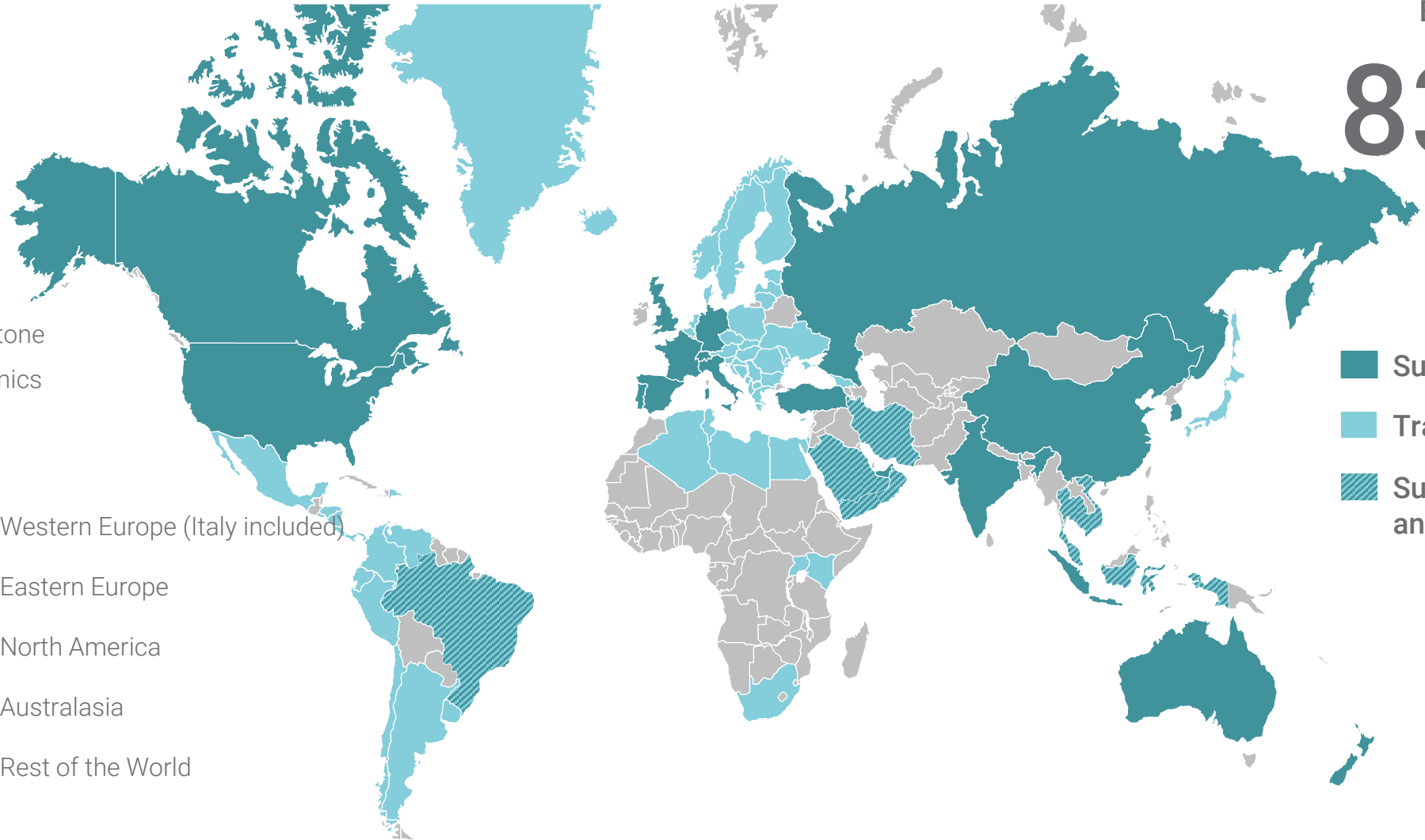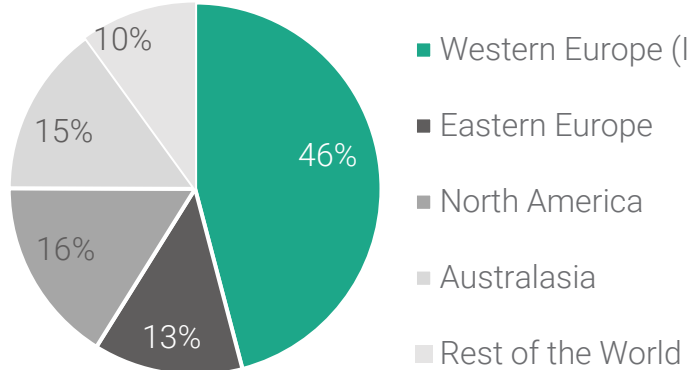
EXPORT around

83%

Of Sales

- **Subsidiary**
- **Trade**
- **Subsidiary and Trade**

CUSTOMERS

(BY SEGMENT)

FURNISHING

FURNISHING

FRAMES (doors/windows)

HOUSING-STRUCTURAL WOOD

HOUSING
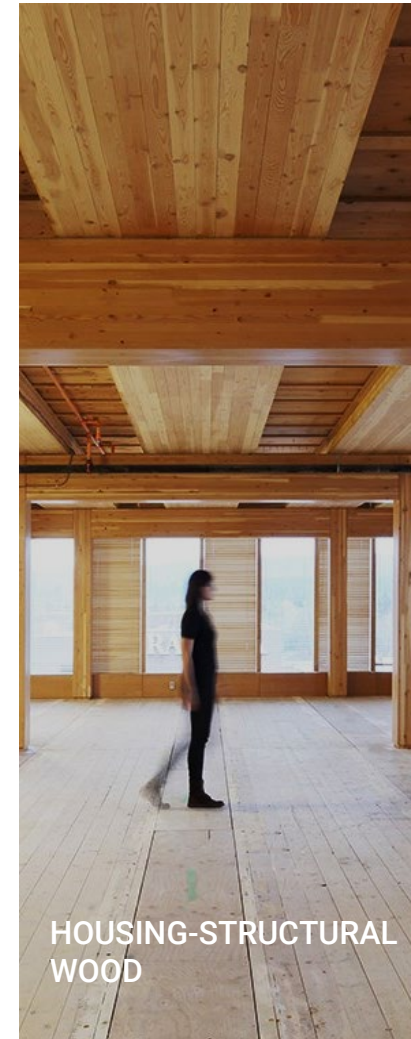
CUSTOMERS

(BY SEGMENT)

OFFICE FURNITURE

ADVANCED MATERIALS

GLASS

STONE-MARBLE

AUTOMOTIVE

CUSTOMER SALES

a wide and fragmented customer base with no risk of concentration

> 66,000

Medium/Large
manufactures

Small
manufactures
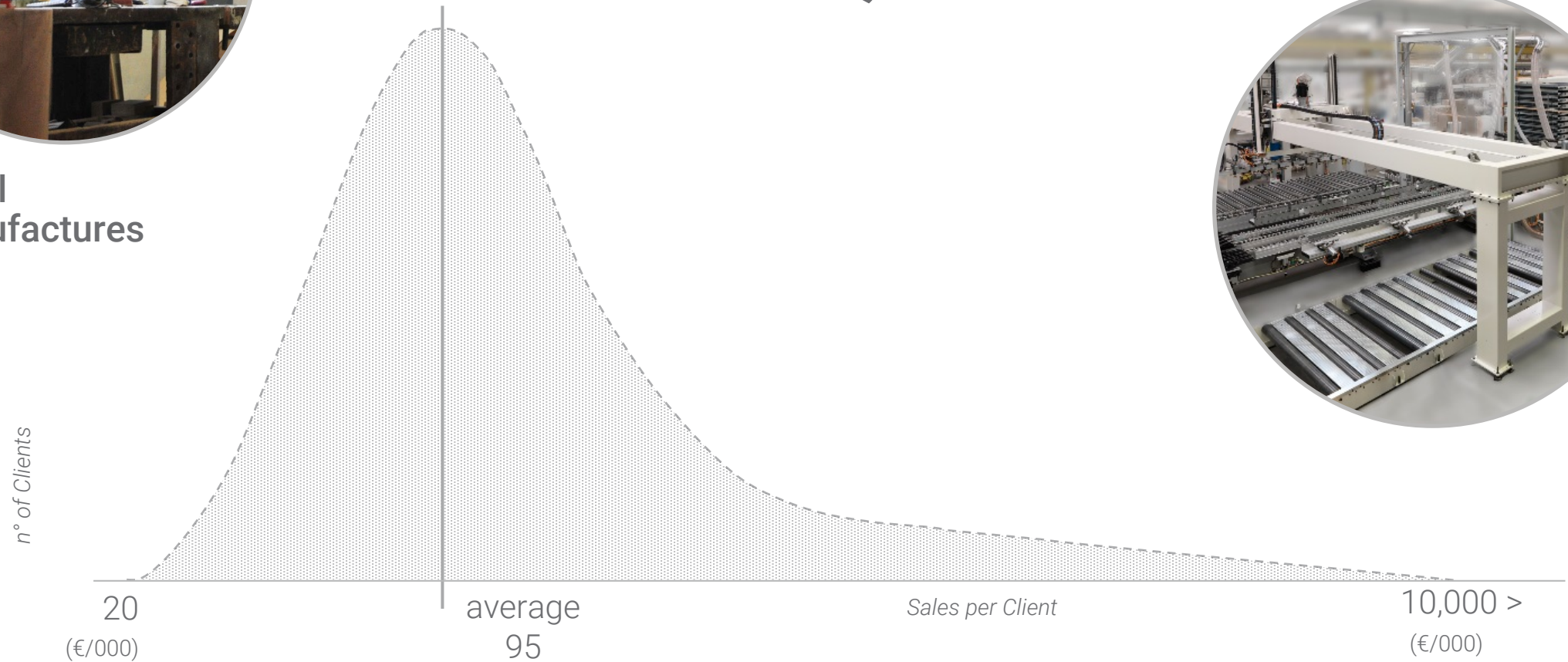
n° of Clients

20

(€/000)

average
95

Sales per Client

10,000 >

(€/000)

23

CONTINUOUS GROWTH

- THE TIME OF UNCERTAINTY
- RISK PERCEPTION
- NEW DIGITAL PARADIGM
- DISRUPTIVE GROWTH

BIESSEGROUP

2.1

THE TIME OF UNCERTAINTY

Trade War
China - U.S.A.
(decoupling & custom duties)

**Political uncertainties
& turmoil**
Russia - Turkey – Iran - Venezuela

"Brexit" (soft-hard)

**Worldwide slowdown
and downgrade in
economic growth**
(i.e. China)

Internal Conflicts
(i.e. "Yellow Vest" protest)

**Growing populism and
nationalism**
Change of economic Strategy

25

Source: Extract from Eurasia Group, Top Risk 2019

RISK PERCEPTION

**In the Global Risks Perception Survey, nearly 1,000 decision-makers assess the risks facing the world.
Nine out of 10 respondents expect worsening economic and political confrontations between major powers.**

Risk	Percentage
Economic confrontation / frictions between major powers	91%
Erosion of **multilateral trading rules**	88%
Political frictions between major powers	85%
Cyber-attack: Theft of data-money	82%
Cyber-attack: Disruption of operations and infrastructures	80%
Loss of confidence in collective security alliances	73%
Populist and nativist agenda	72%
Media echo chambers and "fake news"	69%
Domestic political polarization	67%

● Potential impact on Biesse

NEW DIGITAL PARADIGM

What will impact Business Model over next years?

How, When, What will impact our business
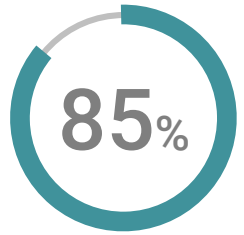
85% **Digital channels** and **technologies** will significantly improve our **interactions** with **business customer**
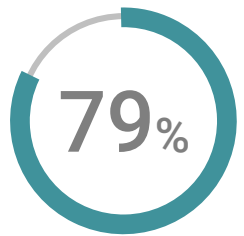
79% **Digital** will provide **significant** opportunities to **reduce cost**
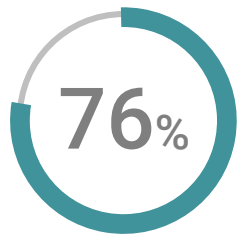
76% **Digital** will help us **engage** our **partner** like never before

Complicated

Difficult

Easy

Today

Tomorrow

The day after Tomorrow

Artificial intelligence

Machine Learning

Advanced Robotic

Predictive Maintenance

Automation

Source: Accenture Survey

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DISRUPTIVE GROWTH

What are the top technologies that will drive business disruption over the next three years?
A survey to 750 Global Industry Leaders (C-Level).
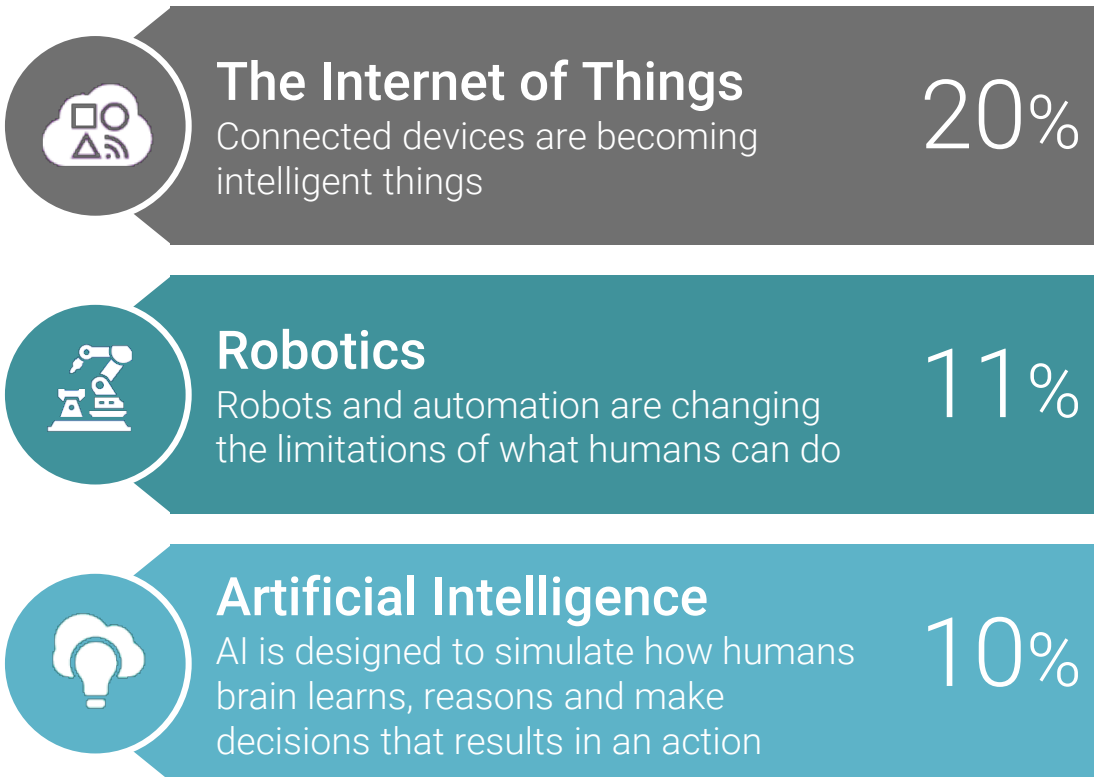
Impact on Business Model and Business Benefits
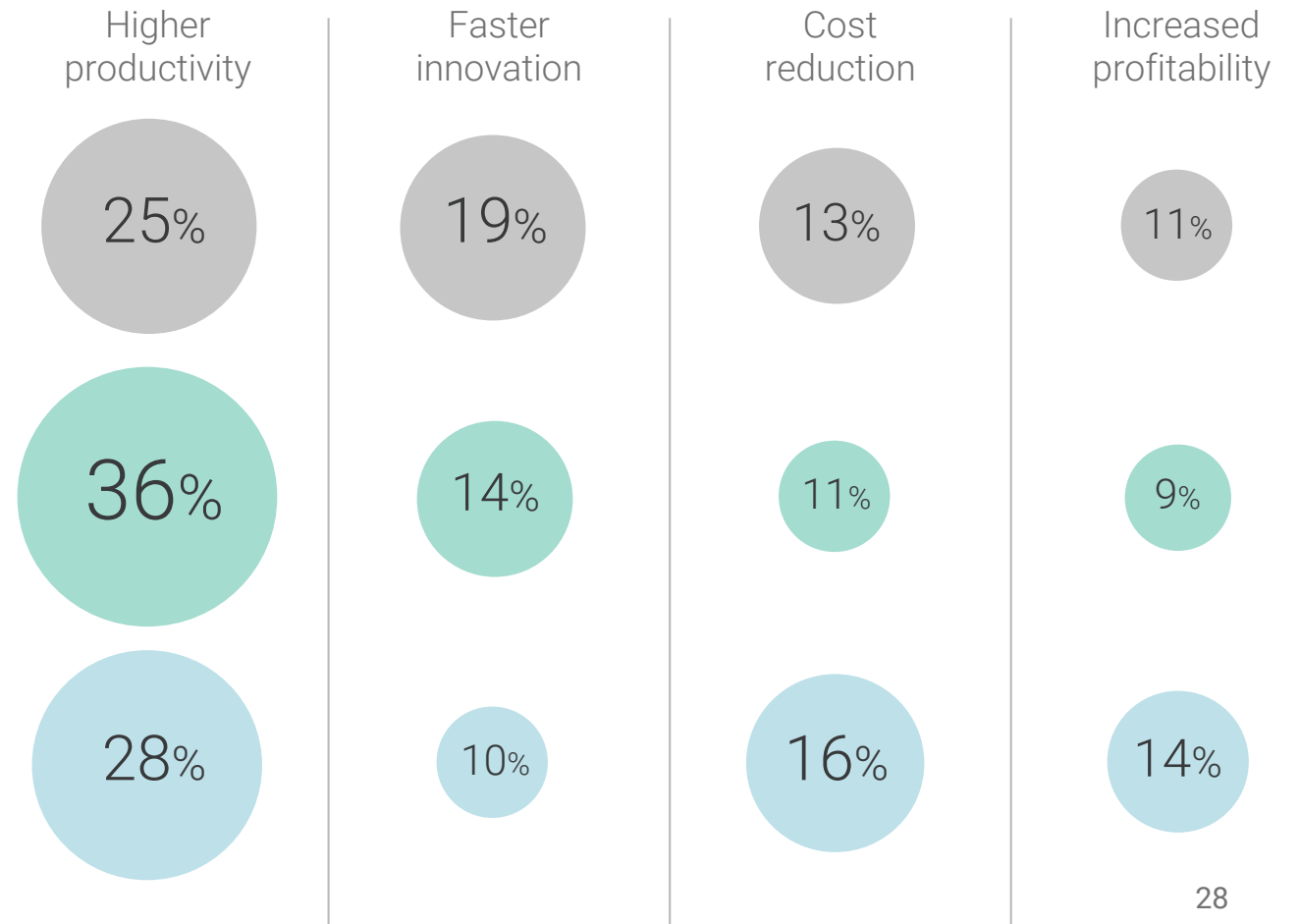
	Higher productivity	Faster innovation	Cost reduction	Increased profitability
The Internet of Things Connected devices are becoming intelligent things — 20%	25%	19%	13%	11%
Robotics Robots and automation are changing the limitations of what humans can do — 11%	36%	14%	11%	9%
Artificial Intelligence AI is designed to simulate how humans brain learns, reasons and make decisions that results in an action — 10%	28%	10%	16%	14%

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CONTINUOUS GROWTH

- FUTURE IS NOW
- #SOLUTIONS TARGETS
- #CONNECTED COMPANY TARGETS
- OUR STRATEGY IN FIGURES

BIESSEGROUP

2.2

FUTURE IS NOW

Value

Innovation

Widening our **Offering**

- Wood
- Glass & Stone
- Tooling
- Metal (HSD)
- Structural Wood
- Advanced Material

#products

Focusing on **Customer**

- Systems
- Services

#solutions

Truly **Digital**

SOPHIA
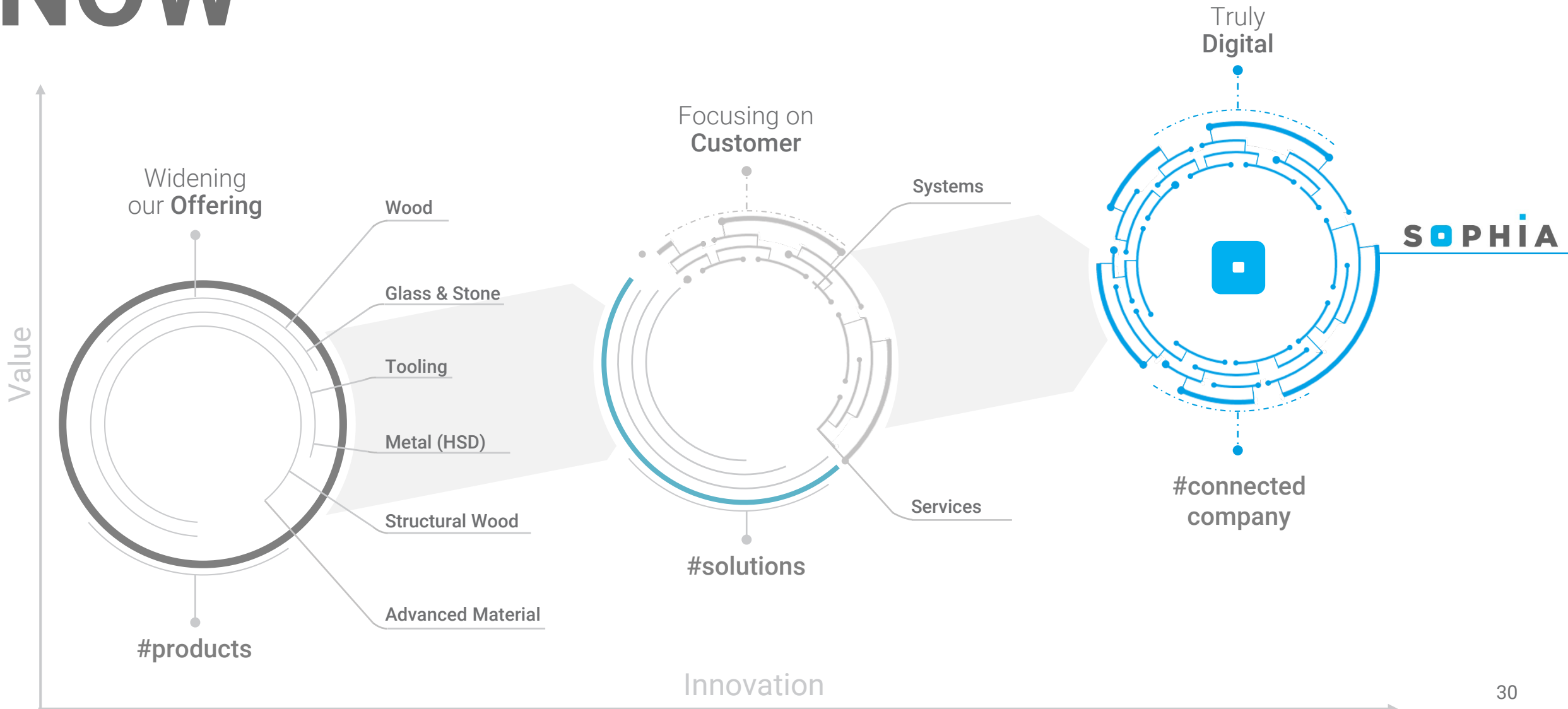
#connected company

OUR STRATEGY IN FIGURES

Widening our offering

Focusing on Customer — Systems Services

Truly Digital — SOPHIA

Products **Core** segments — Wood Glass & Stone Tooling

Products **New** segments — Advanced Material Structural Wood Metal (HSD)

HIGHER VALUE

<33%   >67%

740e mln/€ **Group Sales**

2018e

>**38**%   <**62**%

>**880** mln/€ Target **Group Sales**

2021 Targets

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WIDENING OUR OFFERING

- OUR TRACK RECORD
- # PRODUCTS TARGETS
- CORE SEGMENTS MARKET 2018E
- WOOD
- GLASS & STONE
- TOOLING
- NEW SEGMENTS MARKET 2018E
- STRUCTURAL WOOD
- MECHATRONICS
- ADVANCED MATERIAL
- ENLARGE OUR PRODUCT OFFERING

BIESSEGROUP

2.3

OUR TRACK RECORD

+ wood

+9.2%

CAGR 2015-2018

- 2015: 380
- 2016: 437
- 2017: 478
- 2018: 494

Structural Wood Excluded

+ glass & stone

+16.7%

- 2015: 81
- 2016: 96
- 2017: 108 (103)
- 2018: 129 (112)

Movetro and Montresor

In 2018e, 17 mln/€ of which 11 mln/€ Full Year Effect

In 2017, 5 months impact on sales for 5 mln/€

+ structural wood

+17%

- 2016: 6,7
- 2017: (unlabeled)
- 2018: 8,3

+ metal (HSD)

+33.7%

- 2015: 6,7
- 2016: 9,3
- 2017: 14,8
- 2018: 16,0

+ advanced material

+81%

- 2015: 4
- 2016: 12
- 2017: 17
- 2018: 21

+ tooling

+9.5%

- 2015: 9,9
- 2016: 12,0
- 2017: 12,5
- 2018: 13,0

#PRODUCTS TARGETS

Widening our **Offering**

2021 Targets

products

	Market estimated CAGR 2019-2021	Estimated CAGR 2019-2021
WOOD	<2%	3% Wood estimated CAGR 2019-2021
GLASS & STONE	>3%	4% Glass & Stone estimated CAGR 2019-2021
TOOLING	>5%	>11% Tooling estimated CAGR 2019-2021
METAL (HSD)	>6%	>15% Metal (HSD) estimated CAGR 2019-2021
STRUCTURAL WOOD	>7%	>10% Structural wood estimated CAGR 2019-2021
ADVANCED MATERIAL	>5%	>30% A.M. estimated CAGR 2019-2021

CORE SEGMENTS MARKET 2018

We are among leaders in our reference markets: Wood, Glass, Stone working machinery and Tooling

Legend:
- Entire market
- Addressable market
- Biesse Market Share

WOOD
- €3.7bn — Entire market potential
- €2.8bn — Addressable market
- 18.3% — Biesse market share
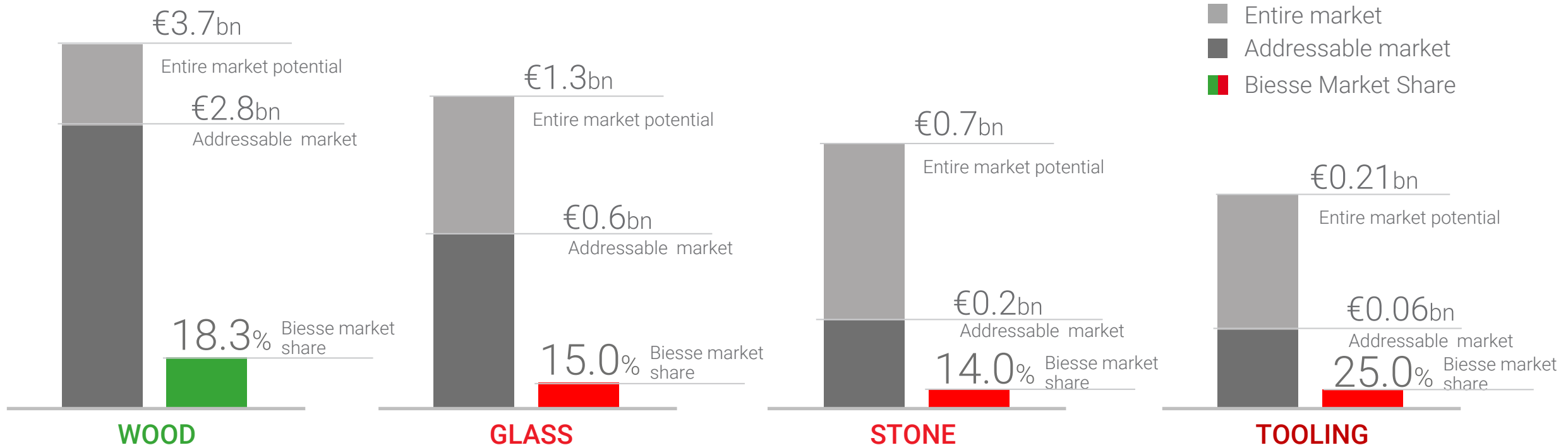
We are the fastest growing company and among the world **leaders** in the sector.

GLASS
- €1.3bn — Entire market potential
- €0.6bn — Addressable market
- 15.0% — Biesse market share

We are the world **industry leader** in the glass processing market in which we operate.

STONE
- €0.7bn — Entire market potential
- €0.2bn — Addressable market
- 14.0% — Biesse market share

We are the world **industry leader** in the stone market in which we operate.

TOOLING
- €0.21bn — Entire market potential
- €0.06bn — Addressable market
- 25.0% — Biesse market share

We are the world **industry leader** in the tooling market in which we operate.

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WOOD

3%

Wood Estimated
CAGR 2019-2021

<2%

Market Estimated
CAGR 2019-2021

We defined guidelines of the **Action Plan**
to achieve our targets:

01 **Expand** our **product offering** to meet **Customers** needs for **more automation, more flexibility** and **easy-use machines**

02 **Enlarge** our offering of **Full Liner products** and machines integrated with our **handling** and **storage solutions**

03 Strength our R&D on **innovative solutions** to **process furnishing** (new materials)

GLASS & STONE

4%

G&S Division Estimated
CAGR 2019-2021

3%

Market Estimated
CAGR 2019-2021

We defined guidelines of the **Action Plan**
to achieve our targets:

01 **Expand** our offering in **Automation** and **Full Liner.**

02 Focus on the **new product range** for **space**, **storage** and **handling** needs of **Ceramic working** Factories

03 **Protect** our leading position in the **stand-alone** machines segment.

TOOLING

>11%

Tooling Division Estimated
CAGR 2019-2021

>5%

Market Estimated
CAGR 2019-2021

We defined guidelines of the **Action Plan**
to achieve our targets:

01 In **2018** Biesse Group made its **debut in the Ceramic sector.** The Group approached this new segment through an **innovative range** of **tools** and **solutions** dedicated to the squaring, lapping and polishing of all **ceramic materials. In next three years we want to enlarge** our offering of **tooling products** for ceramic CNC machines.

02 **Expand** our **presence** in the **U.S. market,** through a **dedicated production line** inside the Biesse America Campus.

NEW SEGMENTS MARKET 2018

We entered in new market segment, we want to continue increase our market penetration.

€0.8bn
Entire market potential

€0.6bn
Entire market potential

€0.7bn
Entire market potential

€0.7bn
Addressable market

€0.3bn
Addressable market

€0.2bn
Addressable market

*Advanced materials
☑ Carbon Fiber
☑ Foam
☑ Plastics
☑ Composite
☑ Alluminium
☑ Titanium

8.0% Biesse market share

4.0% Biesse market share

3.0% Biesse market share

STRUCTURAL WOOD

METAL (MECHATRONICS)

ADVANCED MATERIAL

Our competitors are mainly located in Germany and in Italy. The most important are **Hundegger** (the Market Leader), **HOMAG** and **Weinmann**.

Our main competitors are **KESSLER. IBAG**. **GMN**. **WEISS** (Siemens). **FISHER** and **STEPTEC**.

Highly fragmented market, our main competitors are **Geiss**, **Belotti CMS Industrie**, **Breton**, **Mecanumeric**, and **Multicam.**

39

STRUCTURAL WOOD

>10%

Estimated CAGR 2019-2021

We defined guidelines of the **Action Plan** to achieve our targets:

01 Expand our offering, introducing **new products** both **in high−end and mid-end segment:** RC and CLT series

02 **Empower our salesforce** team especially in Key Markets

03 Increase our **production capacity (Italy)**

MECHATRONICS

3 -Year Business Plan

6%

Market
Estimated
CAGR 2019-2021

15%

metal spindle sales
estimated
CAGR 2019-2021

We defined guidelines of the **Action Plan** to achieve our targets:

01 **Introduce a new product category: rotary tables,** that allows a more effective metal working process.

02 **Enlarge our product offering** for metal working machines.

03 **Expand abroad,** especially in Asian (Taiwan) and Western Europe Market

04 Increase our **production capacity (Italy)**

41

ADVANCED MATERIALS

>30%

Estimated CAGR 2019-2021

*Advanced materials
- ☑ Carbon Fiber
- ☑ Foam
- ☑ Plastics
- ☑ Composite
- ☑ Alluminium
- ☑ Titanium

We defined guidelines of the **Action Plan** to achieve our targets:

01 Invest in **Commercial development,** empowering our **sales organization worldwide** with special focus on the **American market**

02 **Enlarge our product offering** for Advanced Materials working also in **Full Liner solutions**

03 Invest to **increase our production capacity** of Advanced Materials Machines

ENLARGE OUR PRODUCT OFFERING

New **thermoforming** machine.

Development of **System** for Advanced Material working.

Expansion and complete **renewal** of the Rover and Materia product lines.

New projects based on **additive manufacturing** from 2021.

FOCUSING ON CUSTOMER

- OUR TRACK RECORD
- SYSTEMS
  - TARGETS
  - ACTION PLAN
  - AUTOMACTION
- SERVICES
  - TARGETS
  - ONE SERVICE
  - PARTS

BIESSEGROUP

2.4

OUR TRACK RECORD

+ Systems

+19,2%
CAGR '15-'18

65

110

| 2015 | 2016 | 2017 | 2018 |

+ Services (tooling included)

+10,6%
CAGR '15-'18

96

130

| 2015 | 2016 | 2017 | 2018 |
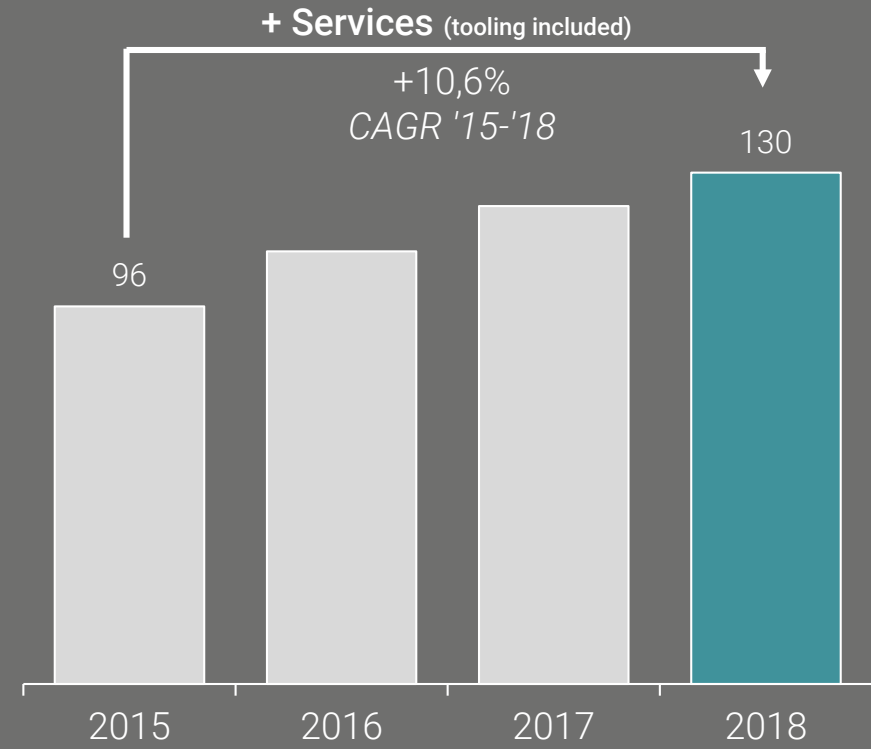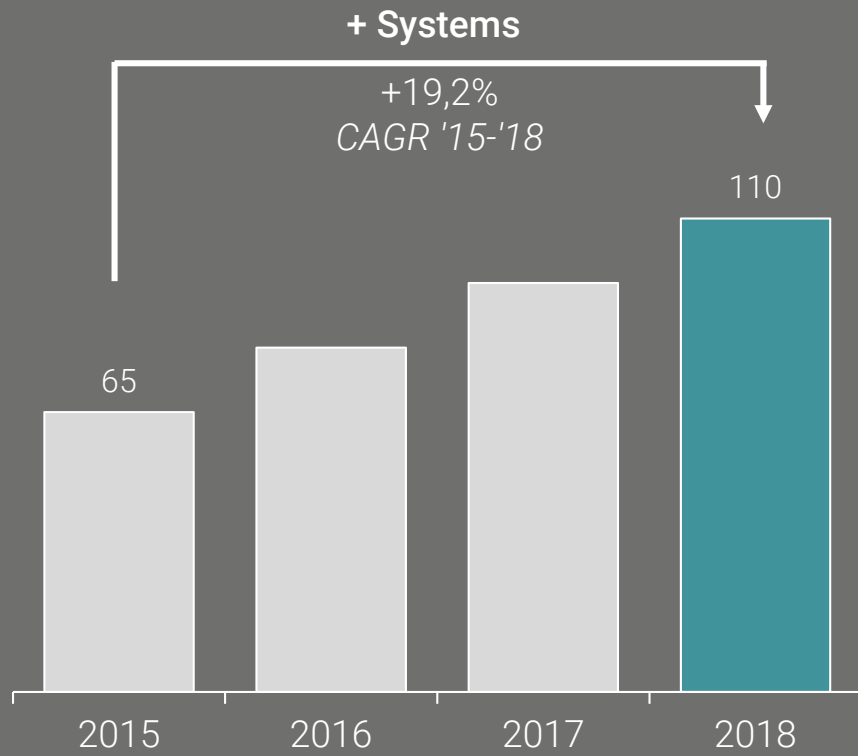
SYSTEM TARGETS

>10%

Systems Sales
Estimated
CAGR 2018-2021

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**:

- Define lead times

- Increase Automation

- Improve Stock Management

- Solutions modularity

- Total Quality

SYSTEM ACTION PLAN

We defined guidelines of the **Action Plan** to achieve our targets:

01   **Automaction**: strong focus on **Industry 4.0** oriented solutions

02   Introduce and integrate **new software solution** (MES - Manufacturing Execution System) to manage the entirefactory production processes

03   Becoming leader in the **engineering solutions sector**, focusing also on small and medium Clients

04   Approach the market with **Global Key Accounts** for large manufacturing companies

AUTOMACTION

Automaction

Automaction is a Biesse's new concept that represents the concreteness of the new technological innovations developed by the company.

Robot

The company's spirit of innovation takes a huge step forward in the evolution of robotic systems for panel handling

B_Avant

Automated supervisor (software) for the integrated and efficient management of all production flows according to machining requirements.

FOCUSING ON CUSTOMER

- OUR TRACK RECORD
- SYSTEMS
  - TARGETS
  - ACTION PLAN
  - AUTOMACTION
- SERVICES
  - TARGETS
  - ONE SERVICE
  - PARTS

BIESSEGROUP

2.4

SERVICE TARGETS

21.5%

Expected Service Contribution to net sales in 2021

50%

Target of **Spare Parts Orders made with Sophia** in 2021

<1h

2021 target **response time** on machine down for **Sophia Customers**

We will focus on Services development, increasing **covering** and **efficiency**.

We defined guidelines of the **Action Plan** to achieve our targets:

01 Increase services sales using **SOPHIA** and **Predictive Maintenance Services**

02 **Services market place** development: **Parts**

03 Integration of **Self Diagnostic Systems** on machines

04 Establish the **Academy Service** in **Headquarter** (Italy), **Asia** and **America**

ONE SERVICE
One Company

Empower **corporate culture** to achieve greater results.
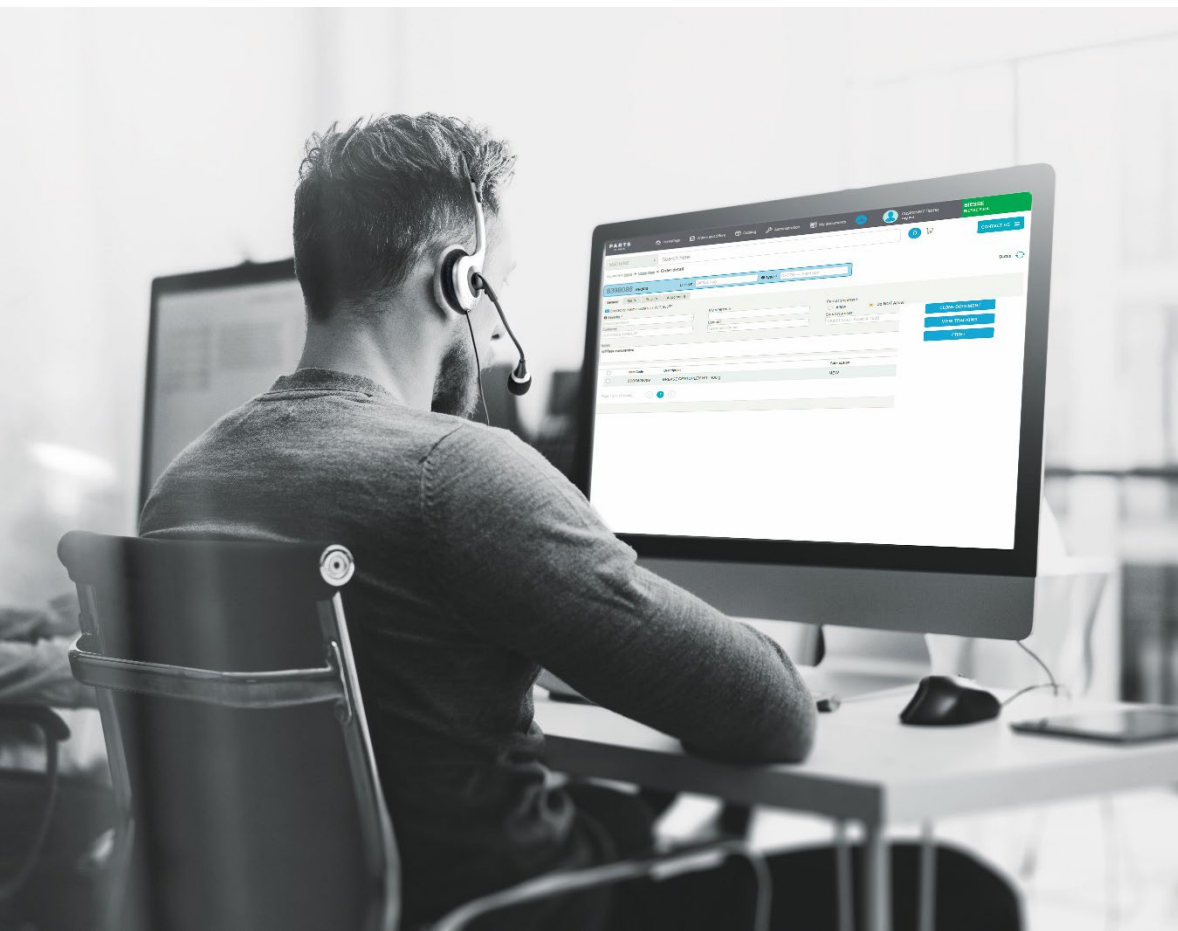
01 "**One Service**" wants to be the way to work well and efficiently together and with Lean processes.

02 **Training,** through the Biesse Academy we intend to manage the skills of the Services resources and to increase knowledge about products and processes.

03 After the successful experience of the CRM project for the Commercial Area, Biesse has also activated **Salesforce teams to support the Service processes**.

04 **New Global Organization,** to simplify the relation with our Client introducing the **Customer Care Manager**

51
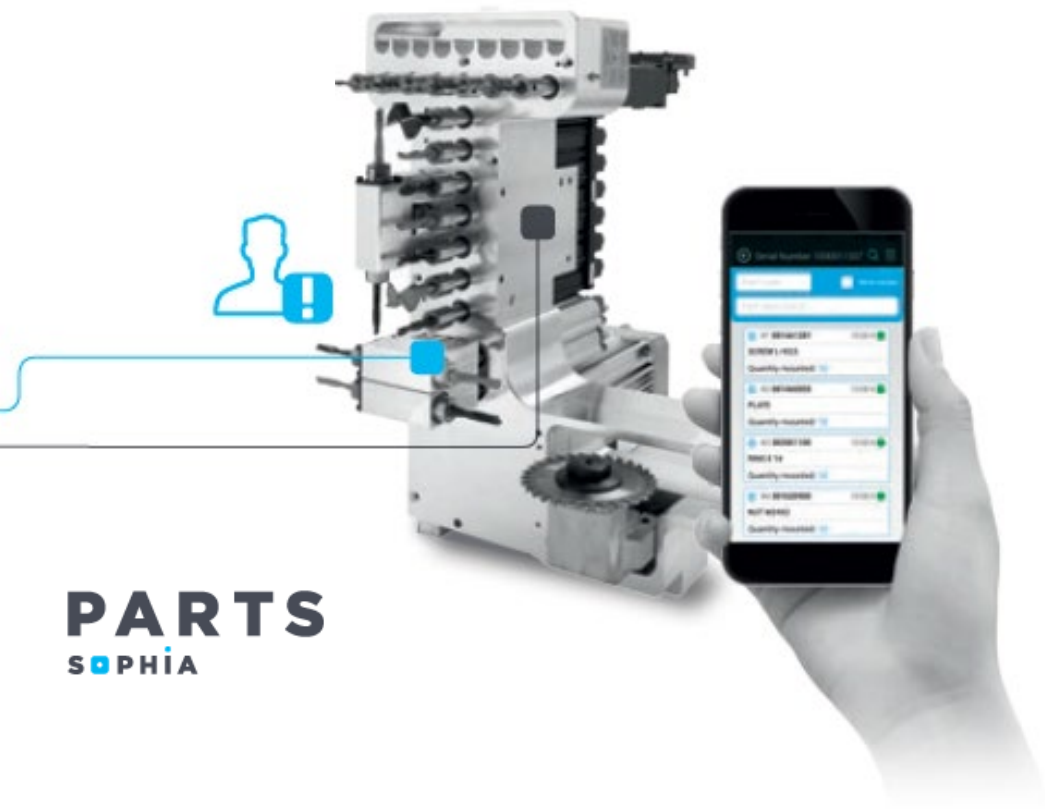
PARTS

PARTS
SOPHIA

Parts Sophia is the easy, **intuitive and personalized** new tool for **ordering Biesse spare parts**

The **main features of Parts** services are:

– the **automatic creation** of **a spare parts basket** following an IoT maintenance task

– the **opening** of a **technical intervention request** via the portal or PARTS - SOPHIA app

BECOMING DIGITAL

- LEADING THE CHANGE
- SOPHIA TO ENABLE SMART FACTORY
- SOPHIA TO SUPPORT BIESSE CUSTOMERS
- SOPHIA TARGETS

BIESSEGROUP

2.5

LEADING THE CHANGE

With **SOPHIA**, Biesse is defining new standards in **digital technologies that enable Smart Factory**.

SOPHIA is **Biesse's IIoT** (Industrial Internet of Things) **platform,** developed with Accenture and Microsoft, that **enable new services**: long distance diagnostics, analysis and proactive maintenance, analysis of manufacturing events in order to optimize our Client's production.

SOPHIA is made up of **two integrated areas**: **IoT** and **Parts**. They're linked with two apps so that the customer can easily access the functions offered by the platform.
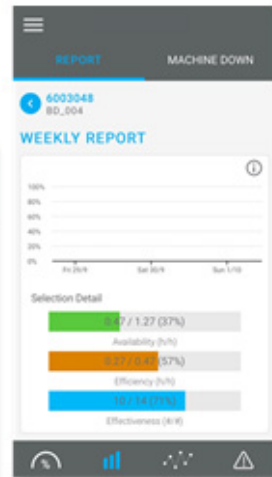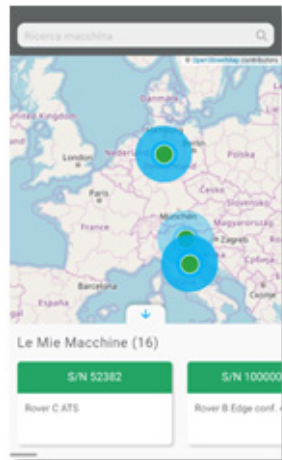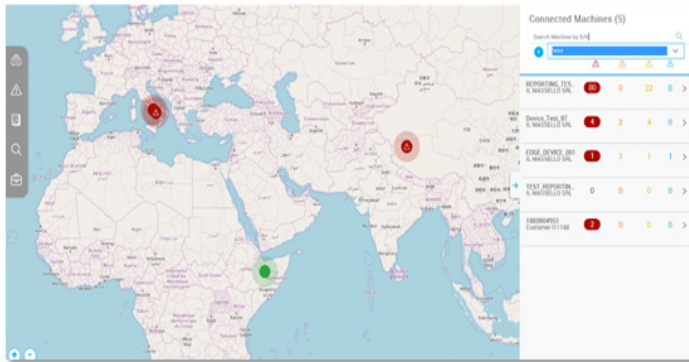
SOPHIA

IoT   **PARTS**

SOPHIA TO SUPPORT BIESSE CUSTOMERS

SERVICES

Biesse supports its customers, offering technological connectivity, sharing of expertise, professional consulting services, training and ongoing assistance.

PREDICTIVE

SOPHIA helps to prevent problems that could damage customer production. Biesse takes proactive steps to contact customers, reducing machine downtime and inefficient wasted time.

ANALYSIS

The information gathered and analysed is transformed into useful indications for optimising customer production and product quality, providing extremely opportunities for growth.
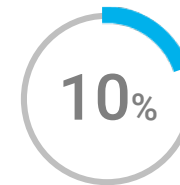
10% Increase in productivity
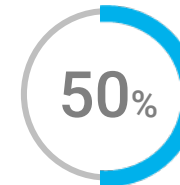
50% Reduction in machine downtime
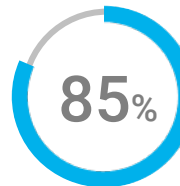
85% Reduction in the time necessary for diagnostic

10% Cost reduction for Biesse Customer

Source: Biesse estimations

SOPHIA TARGETS

>1,000

Machines already sold having SOPHIA package

>7,000

machines by 2021 and make them intelligent.
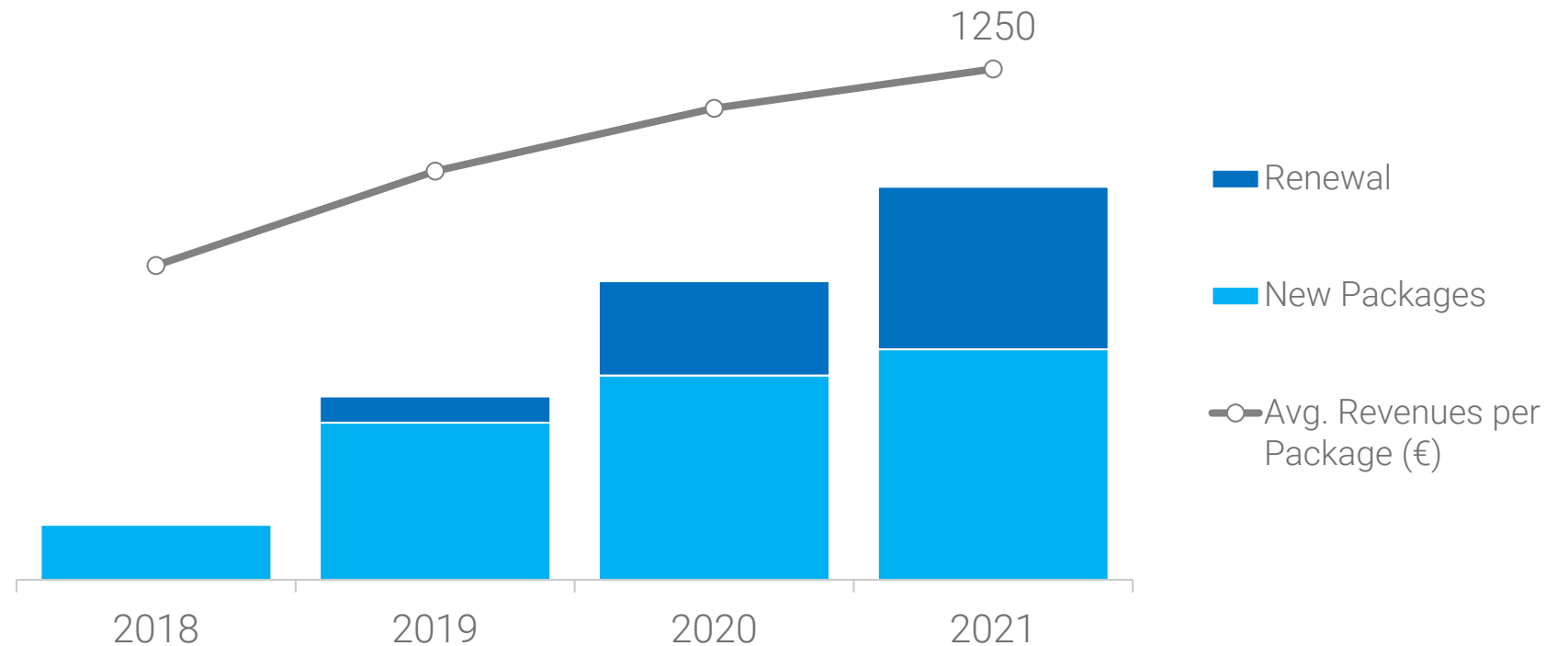
SOPHIA will connect

Route to the future

Digital innovation creates the future: an inevitable process, that is yet to be developed in machinery industry.
SOPHIA paves the way for the future of Industry 4.0, starting now.

Number of Machines sold with SOPHIA Packages and average revenues per package 2018-2021

1250

- ■ Renewal
- ■ New Packages
- ○ Avg. Revenues per Package (€)

2018   2019   2020   2021

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OUR FUTURE IN FIGURES

- STABILIZE THE PROFITABILITY
- NET SALES
- EBITDA
- NET DEBT
- OPERATIVE NET WORKING CAPITAL
- CAPEX

BIESSEGROUP

3.1

STABILIZE THE PROFITABILITY

EBITDA Margin

>13%

2021 Target

EBITDA

>114

2021 Target

2021 **Target EBITDA**
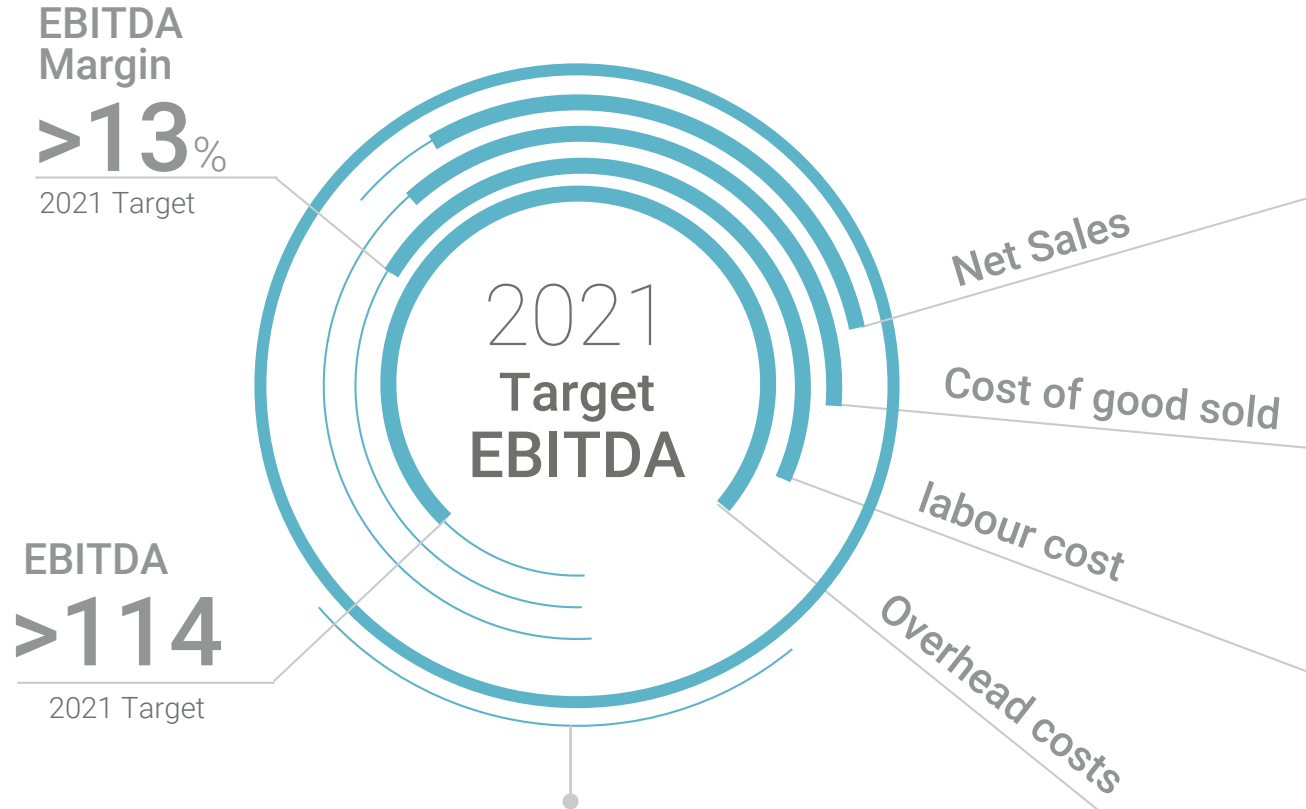
strenghtening our financial health

Net Sales

Cost of good sold

labour cost

Overhead costs

6%
Net sales
CAGR 2019-2021 vs 2018e

<40%
Target COGS
incidence on Net Sales

<30%
Target labour Cost
incidence on Net Sales

<20%
Target Overhead Cost
Incidence on Net Sales

NET SALES

6%
CAGR
2018-2021

€/mln

2012	2013	2014	2015	2016	2017	2018e	2019e	2020e	2021e
383	378	427	519	619	690	740	785	832	882

organic growth

*9.5%
CAGR
2018-2020*

EBITDA

€/mln - %

EBITDA   EBITDA margin

6,5%   9,1%   9,3%   12,4%   12,3%   13,0%   12,5%   12,6%   12,8%   13,0%

2012	2013	2014	2015	2016	2017	2018e	2019e	2020e	2021e
25	34	40	64	76	89	92	99	106	114
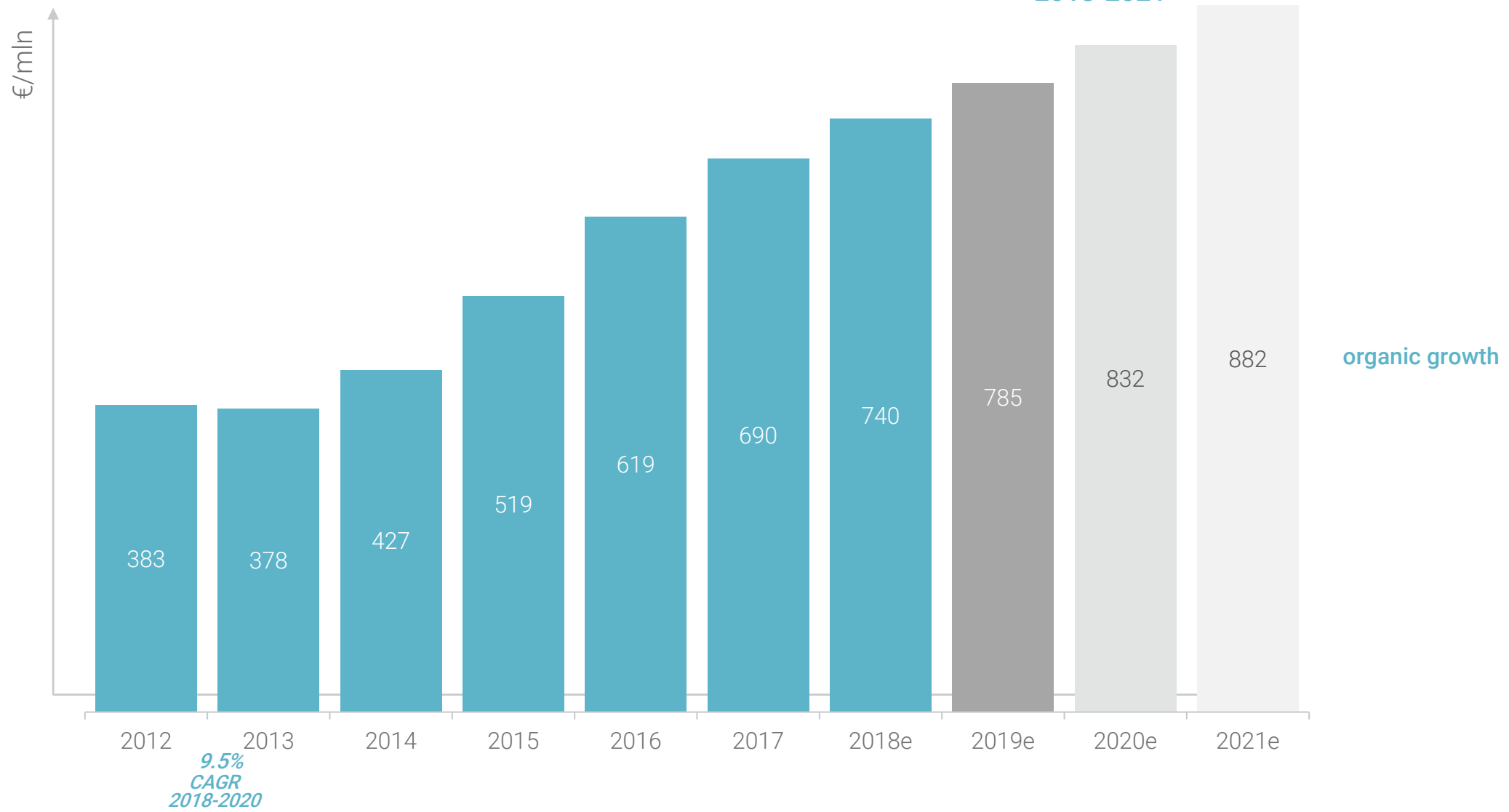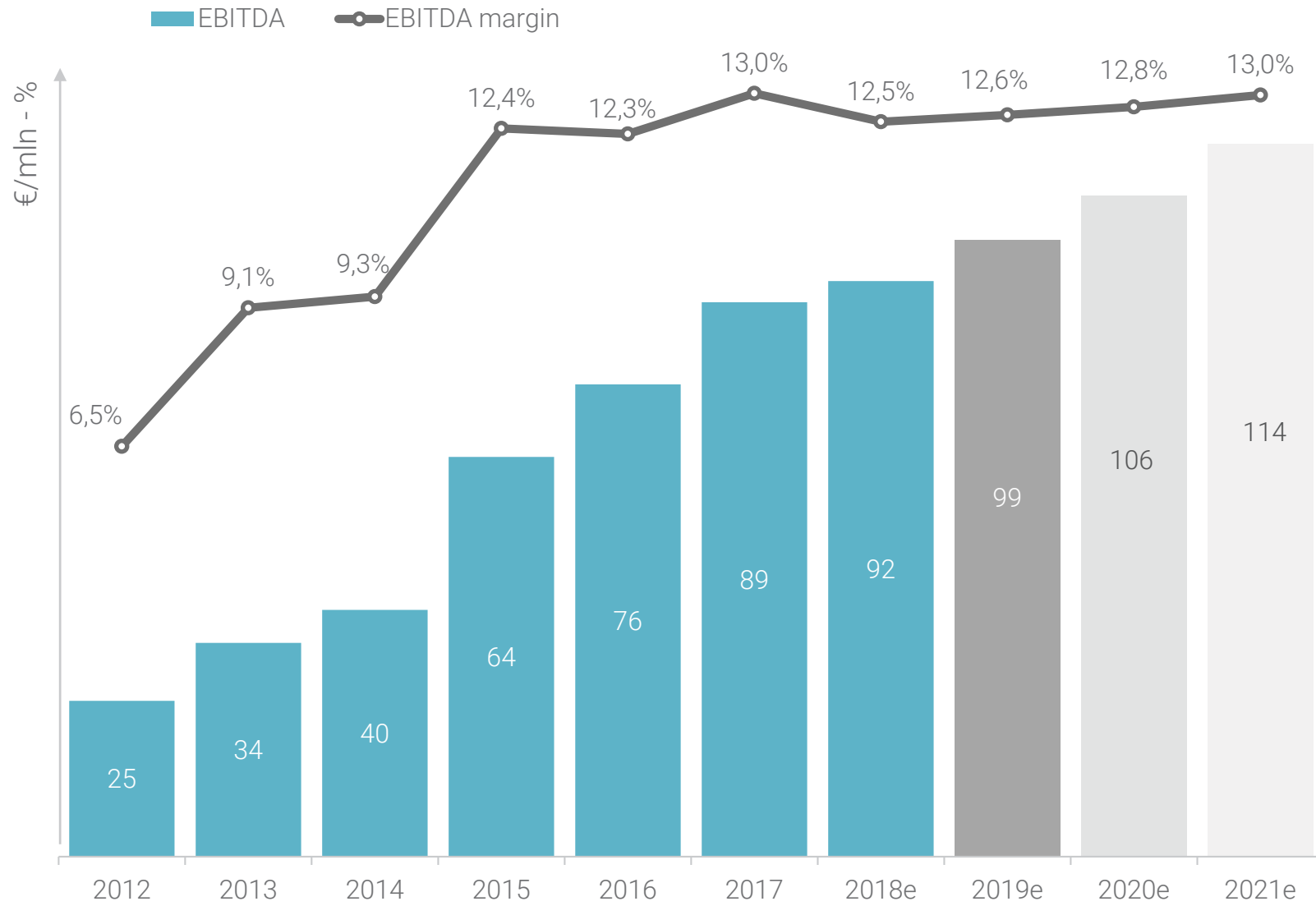
13.7%
EBITDA margin
2018-2020 **plan**

☑ **COGS** on Net Sales below **40%**

☑ **labour Cost** on Net Sales less than **30%**

☑ **overhead** on Net Sales less than **20%**

60

VALUE ADDED

€/mln - %

- value added
- value added margin

36,9% 38,8% 39,3% 40,9% 40,8% 41,9% 41,6% 41,8% 42,0% 42,0%

2012	2013	2014	2015	2016	2017	2018e	2019e	2020e	2021e
141	147	168	212	252	289	308	328	349	370
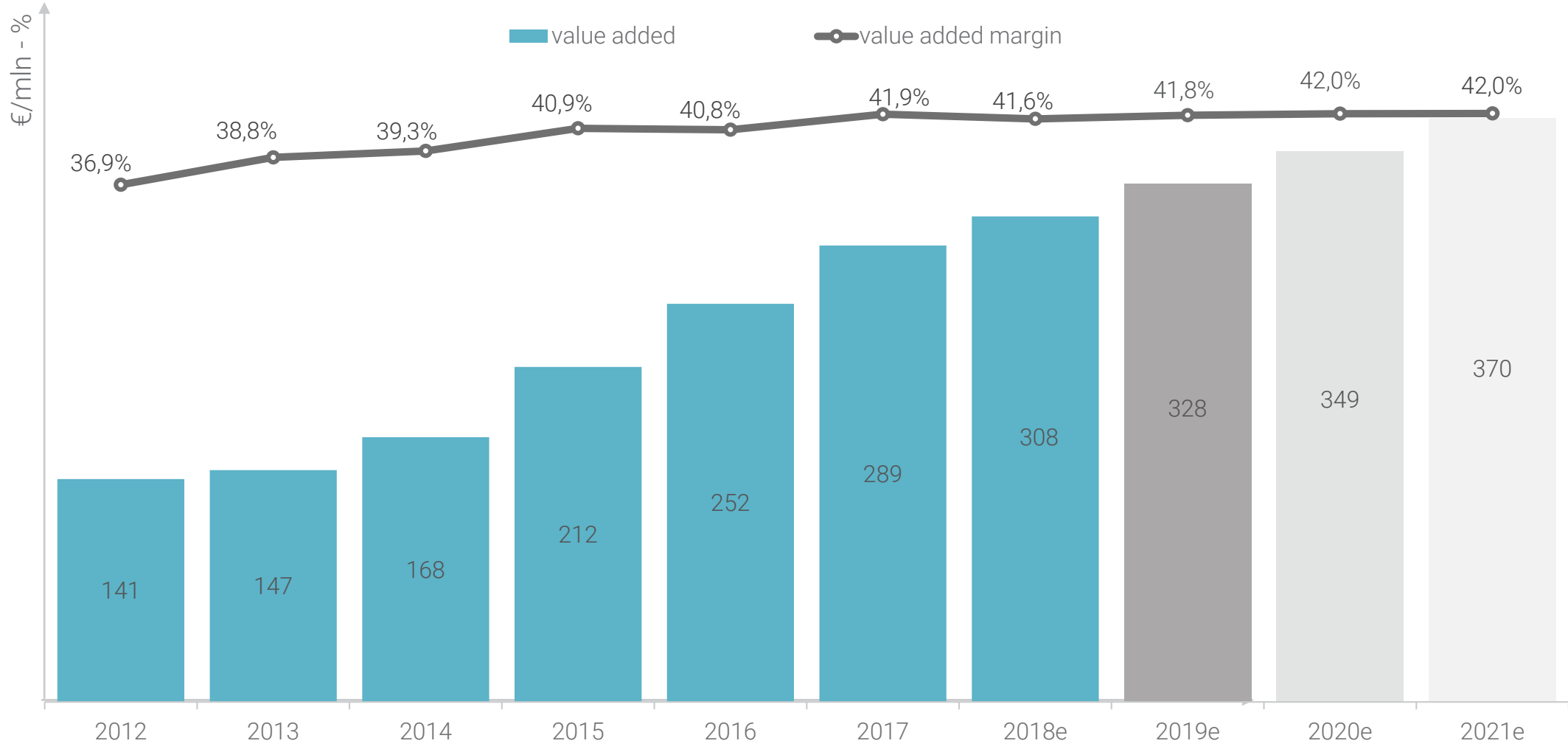
43%
Value Added margin 2018-2020 plan

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LABOUR COST

€/mln - %

labour cost — labour cost margin

29,8% — 30,0% — 28,6% — 28,6% — 29,0% — 29,1% — 29,2% — 29,2% — 29,0%

113 — 128 — 148 — 177 — 200 — 215 — 230 — 243 — 256

2013 — 2014 — 2015 — 2016 — 2017 — 2018e — 2019e — 2020e — 2021e
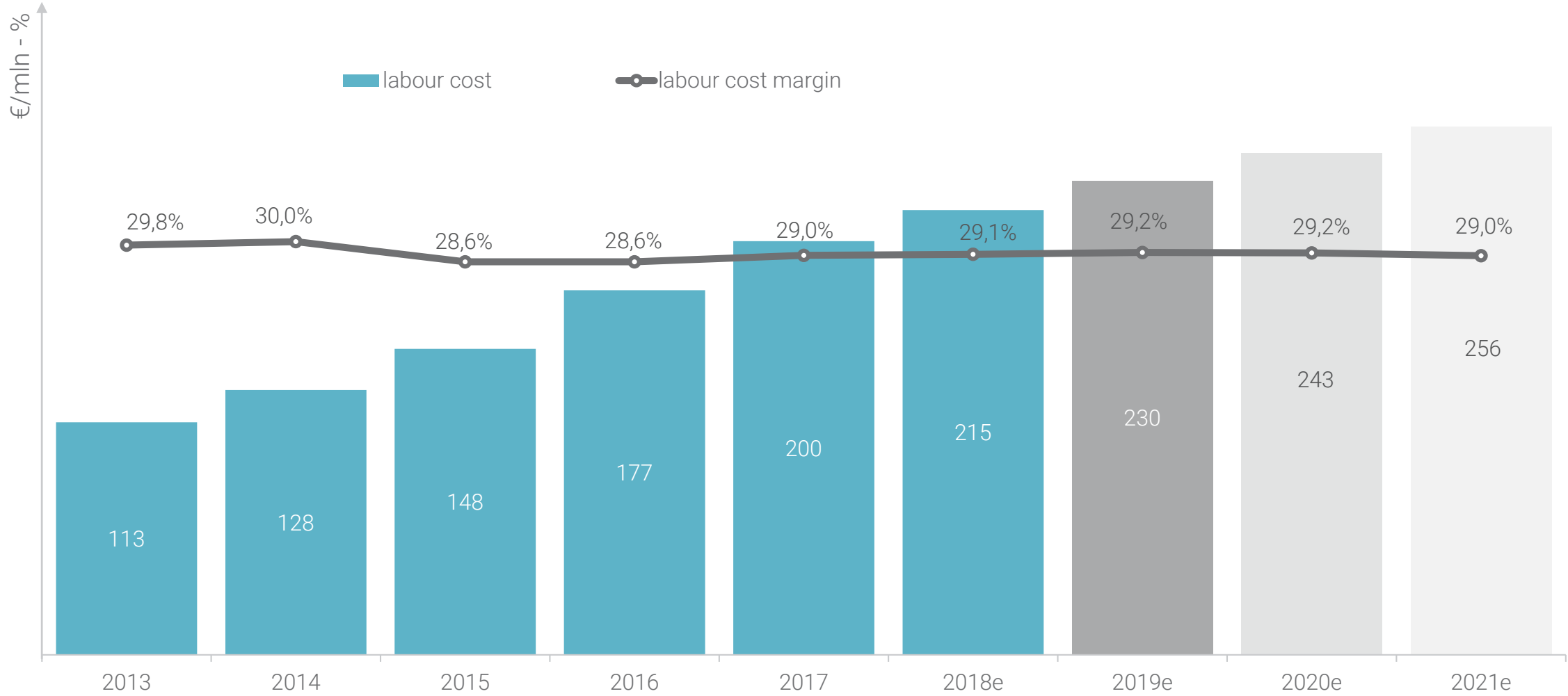
29.3%
Labour Cost margin 2018-2020 plan

EBIT

€/mln - %

Legend: EBIT, EBIT margin

Year	EBIT	EBIT margin
2012	~0	0,1%
2013	18	4,8%
2014	25	5,8%
2015	44	8,4%
2016	55	8,9%
2017	64	9,2%
2018e	64 (€ 67.4 (9.1%) before non recurring)	8,6%
2019e	69	8,8%
2020e	74	8,9%
2021e	80	9,0%

after non recurring items
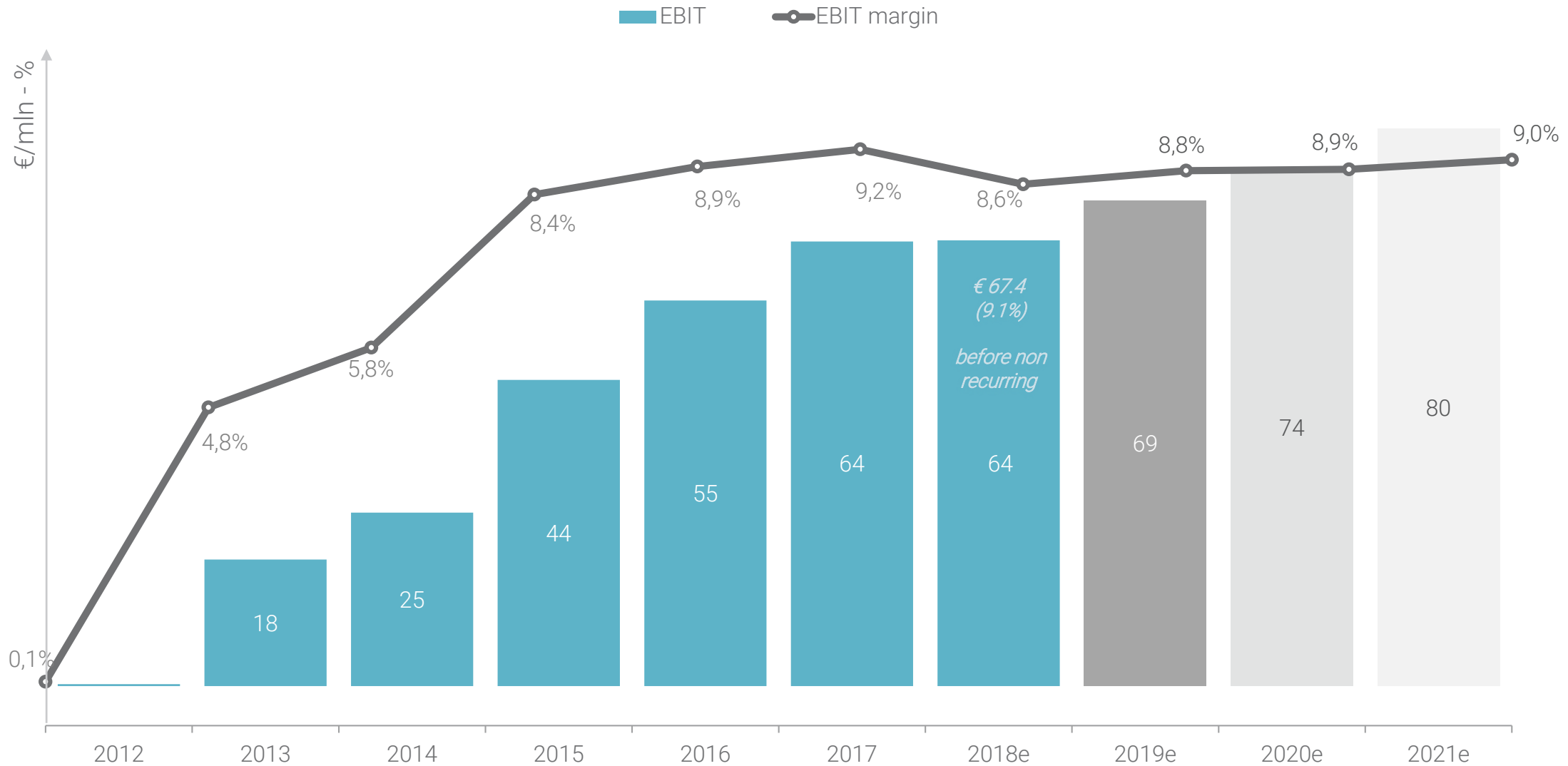
10.2%

EBIT margin 2018-2020 plan
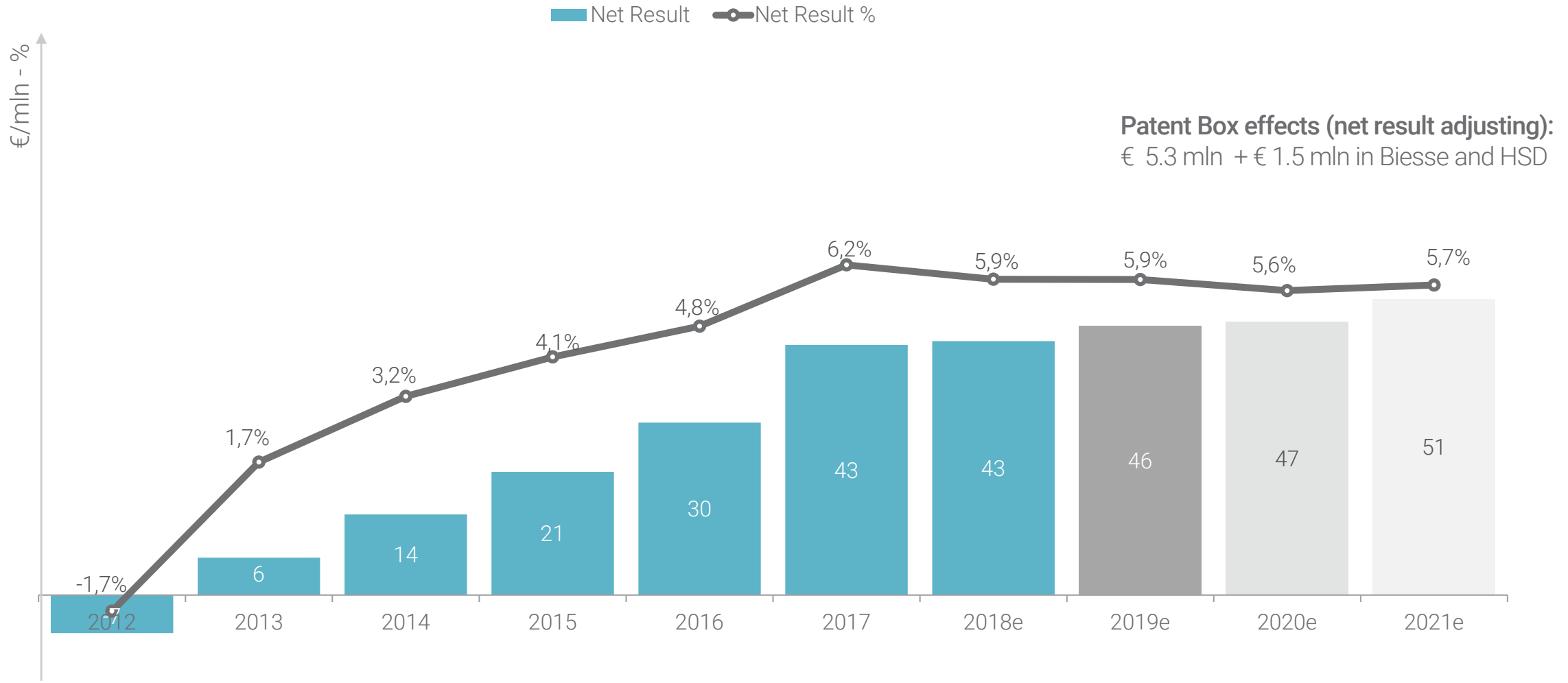
63
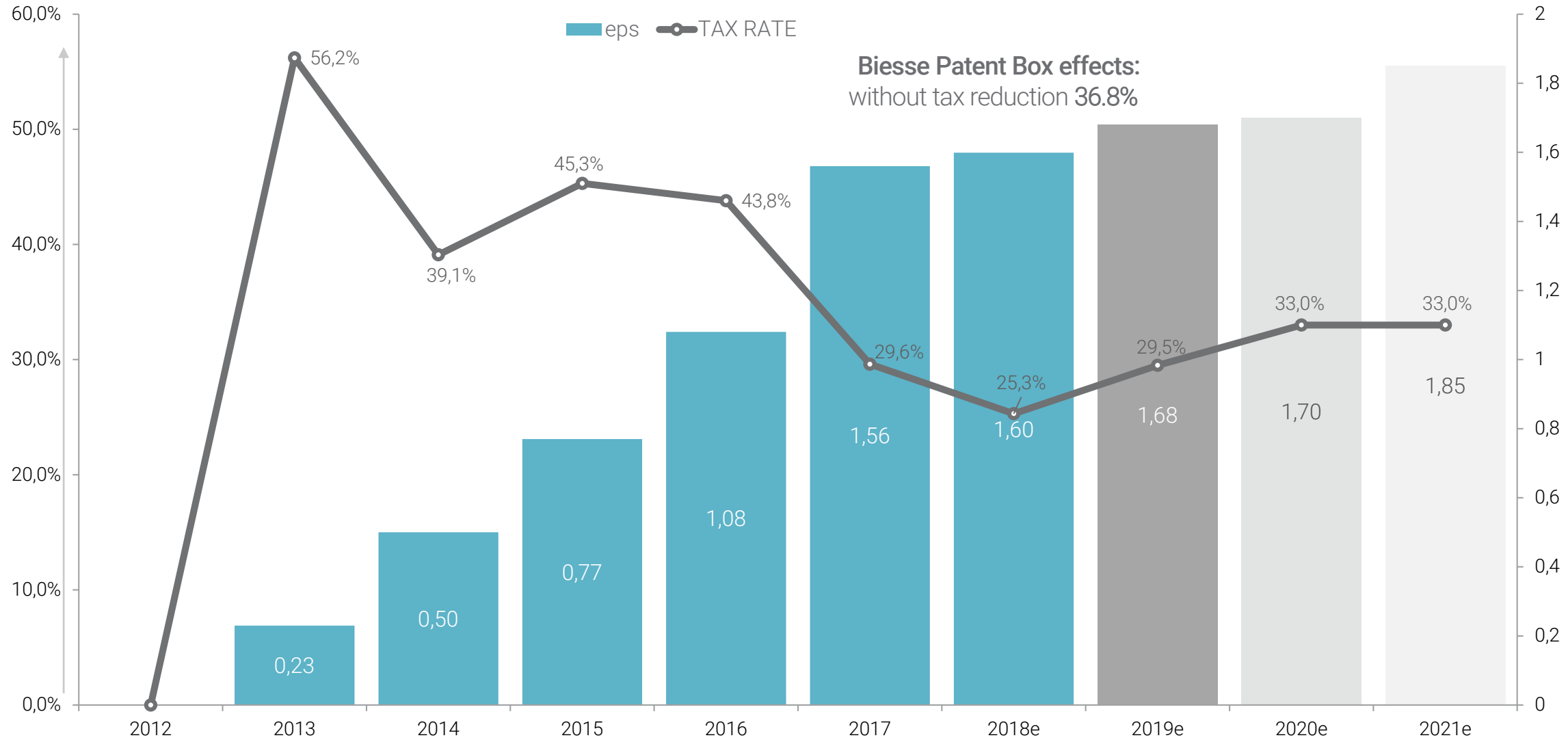
EXTRACT OF THE P&L

€/mln	2014	2015	2016	2017	2018e		2021e	
Net sales *year -1*	427 +12.9%	519 +21.5%	618 +19.1%	690 +11.6%	740 +7.3%	CAGR 2009-2018e 11.9%	**882**	
Cost of goods sold	178 41.6%	206 39.8%	245 39.6%	270 39.1%	295 39.8%		349 39.6%	
Value added %	168 **39.3%**	212 **40.9%**	252 **40.8%**	289 **41.8%**	308 **41.6%**		**370** 42.0%	
Labour cost	128 30.0%	148 28.6%	177 28.6%	199 28.9%	215 29.1%		256 29.0%	< 30.0% incidence
Overhead	91 21.3%	105 20.2%	125 20.1%	136 19.7%	144 19.5%		168 19.0%	< 20.0% incidence
EBITDA %	**40** 9.3%	**64** 12.4%	**76** 12.3%	**89** 13%	**92** 12.5%		**114** 13.0%	
EBIT %	**25** 5.8%	**44** 8.4%	**55** 8.9%	**64** 9.2%	**64*** 8.6%		**80** 9.0%	

*after non recurring items

before € 67.4 (9.1%)

NET DEBT

€/mln

	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e	2021e
	-56,2	-23,9	-11,3	0,0	4,0	30,4	25,3	37,4	46.0	53,5

**dividends policy
30% of the net profit**

*€ 77 mln
the positive 2019e PFN
in the previous plan*

67
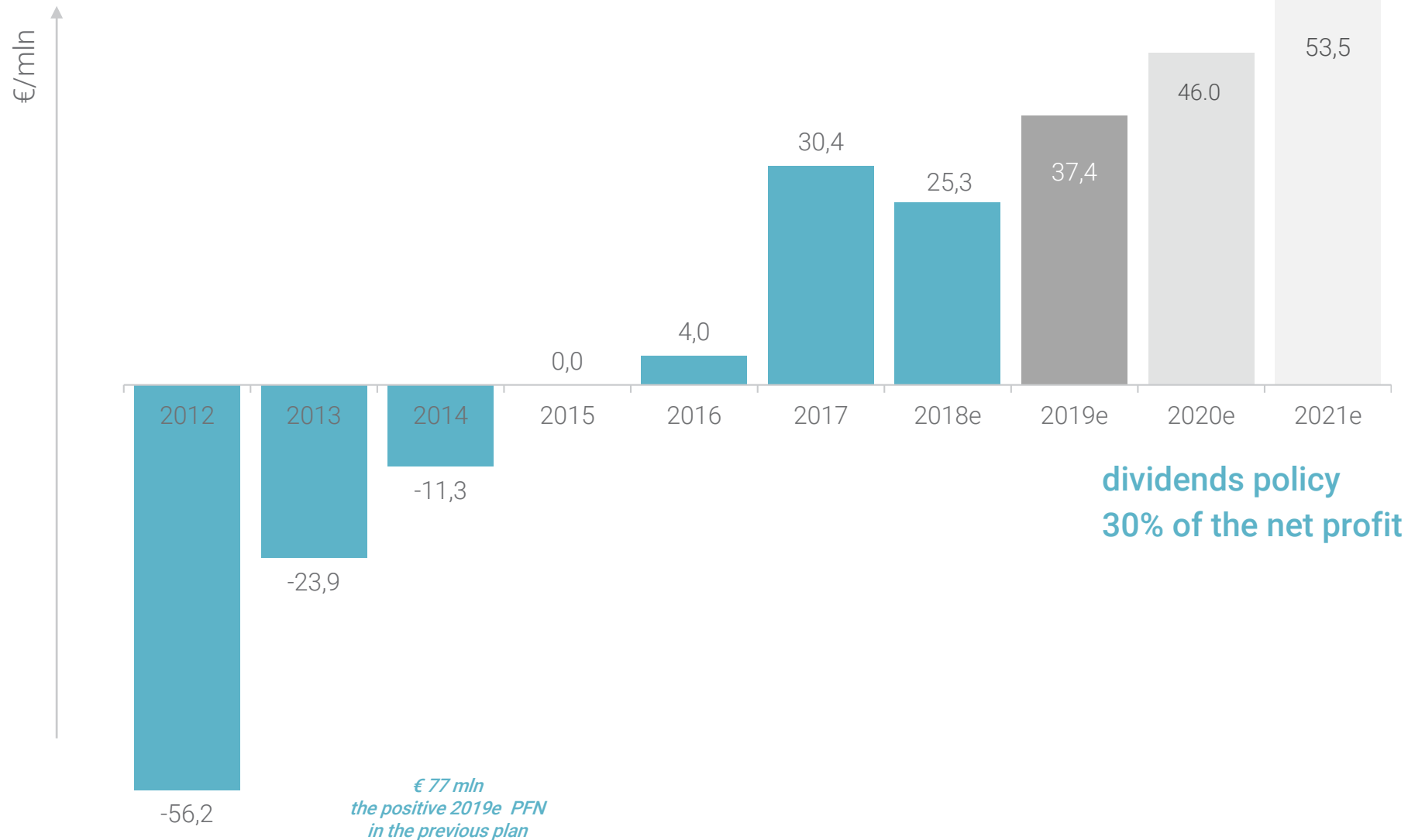
CASHFLOW

€/mln	2014	2015	2016	2017	2018e	2021e
Gross Cashflow % net sales	38 **9.0%**	46 **8.9%**	47 **7.4%**	74 **10.9%**	53 **7.1%**	**69** 7.9%
Investments % net sales	-21 4.9%	-25 4.9%	-32 5.2%	-39 5.7%	-45 6.1%	-48 5.4%
Net Cashflow % net sales	17 **4.1%**	21 **4.1%**	15 **2.2%**	35 **5.2%**	8 **1.1%**	**21** 2.4%
Dividends	-4.8 0.18 per share	-9.8 0.36 per share	-9.8 0.36 per share	-9.8 0.36 per share	-13.1 0.48 per share	-14.0 30% of net profit

Without IFRS16 effects

OPERATIVE NET WORKING CAPITAL

€/mln - %

■ operating net working capital ─○─ o.n.w.c. margin

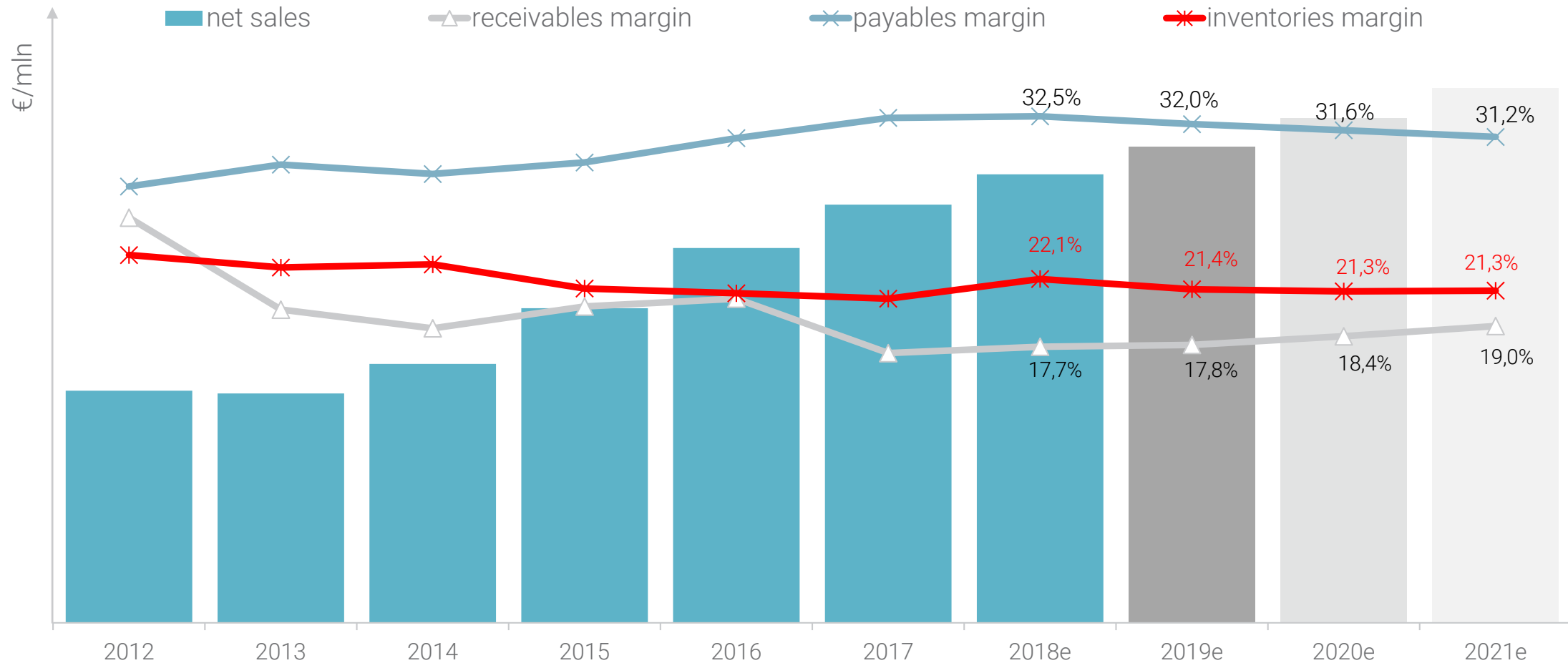| Year	o.n.w.c. (€/mln)	margin
2012	82	21,5%
2013	51	13,6%
2014	56	13,0%
2015	63	12,2%
2016	67	10,8%
2017	39	5,7%
2018e	53	7,2%
2019e	57	7,2%
2020e	67	8,1%
2021e	81	9,2%

7.4% O.N.W.C. incidence 2018-2020 plan
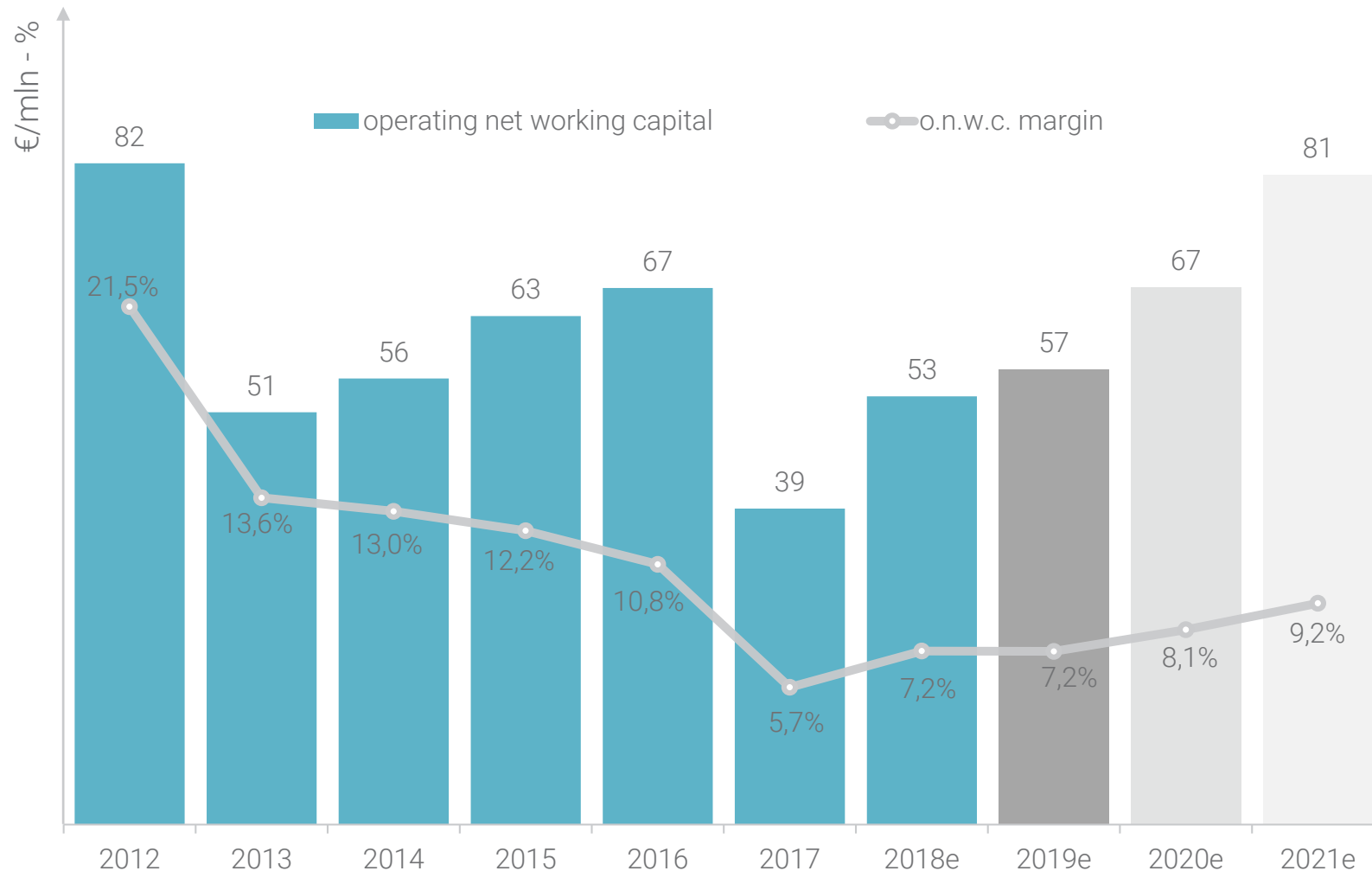
☑ **inventories** below **22%** incidence on Net Sales

☑ Group **DSO** around **50-60 days max**

☑ Group **DPO** around **105-110 days**

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OPERATIVE NET WORKING CAPITAL

€/mln	2014	2015	2016	2017	2018e	2021e
Inventories % net sales days	23.0% 202	21.5% 197	21.1% 195	20.8% 194	22.1% 202	21.3% 196
Receivables % net sales days	18.9% 66	20.3% 71	20.8% 72	17.3% 73	17.7% 61	19.0% 66
Payables % net sales days	28.8% 155	29.5% 167	31.1% 176	32.4% 186	32.5% 185	31.2% 180
operative Net Working Capital % net sales	56 13.0%	63 12.2%	67 10.8%	39 5.6%	53.4 7.2%	81 9.2%

RECEIVABLES PAYABLES INVENTORIES

€ /mln

Legend: net sales · receivables margin · payables margin · inventories margin

payables margin: 32,5% (2018e), 32,0% (2019e), 31,6% (2020e), 31,2% (2021e)

inventories margin: 22,1% (2018e), 21,4% (2019e), 21,3% (2020e), 21,3% (2021e)

receivables margin: 17,7% (2017), 17,8% (2018e), 18,4% (2020e), 19,0% (2021e)

Years: 2012, 2013, 2014, 2015, 2016, 2017, 2018e, 2019e, 2020e, 2021e

71

CAPEX

- total capex value
- total capex % on sales

€/mln

5,0% 5,2% 4,9% 4,9% 5,2% 5,7% 6,1% 6,5% 5,9% 5,4%

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018e | 2019e | 2020e | 2021e |
| 19 | 20 | 21 | 25 | 32 | 39 | 45 | 51 | 49 | 48 |

5.7% capex incidence 2019 2018-2020 plan

2019e
tangible: € 32.9mln
intangible: € 18mln

main investments items:

- ☑ **Mechatronics –** HSD takeover of the Bi.Fin srl leasing (existing site in Gradara)
- ☑ **Wood – stand alone machines** vertical autho-warehouse (traslo)
- ☑ Subsidiary Biesse America campus
- ☑ Components Cosmec working centers
- ☑ I.T. Service CRM – product configurator – I.I.o.T.
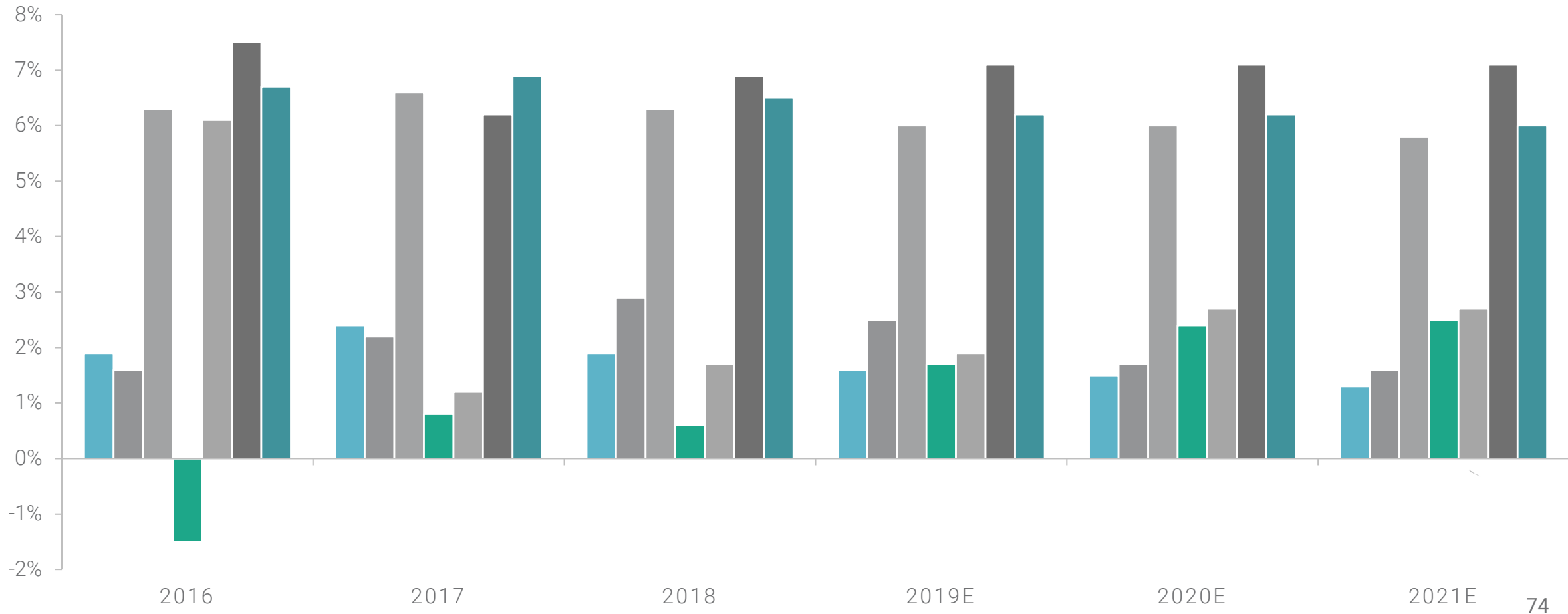- ☑ **R&D** capitalized

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OUR FUTURE IN FIGURES

- MACROECONOMIC CONTEXT
  - GDP BY COUNTRY
  - GDP BY AREA
  - BIESSE PERFORMANCE
- SHAREHOLDERS & B.O.D.
- FORNITURE MARKET
- CRESME & CSIL VIEW

3.2

BIESSEGROUP

MACROECONOMIC CONTEXT – GDP BY COUNTRY

GDP YoY Growth (%)

Legend: Euro | U.S.A. | Asia & Pacific | Latin America | Middle East | South Asia | China

X-axis: 2016 | 2017 | 2018 | 2019E | 2020E | 2021E

Y-axis: -2% to 8%

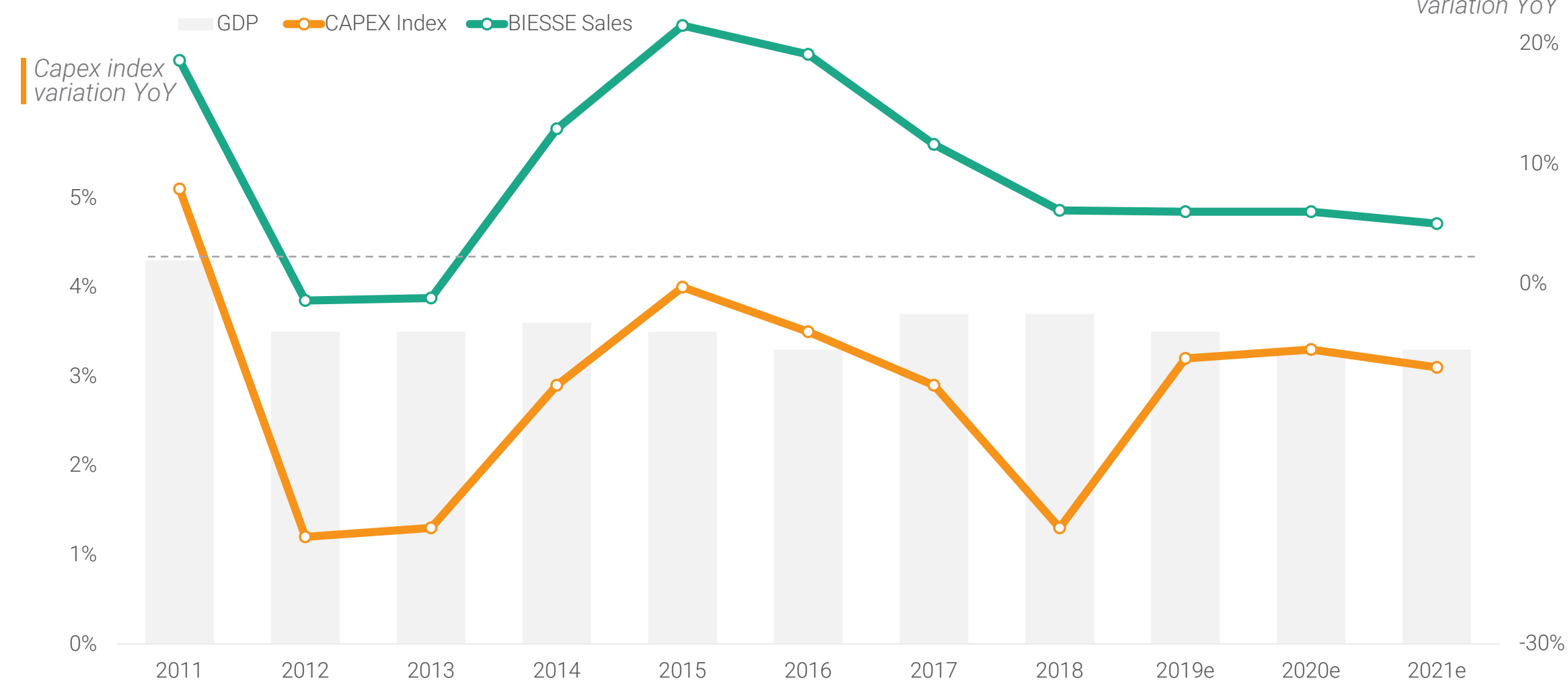74

Source: Bloomberg, January 2019

BIESSEGROUP
3 -Year Business Plan

World, Advanced Economies & EMDEs YoY Growth (%)

75
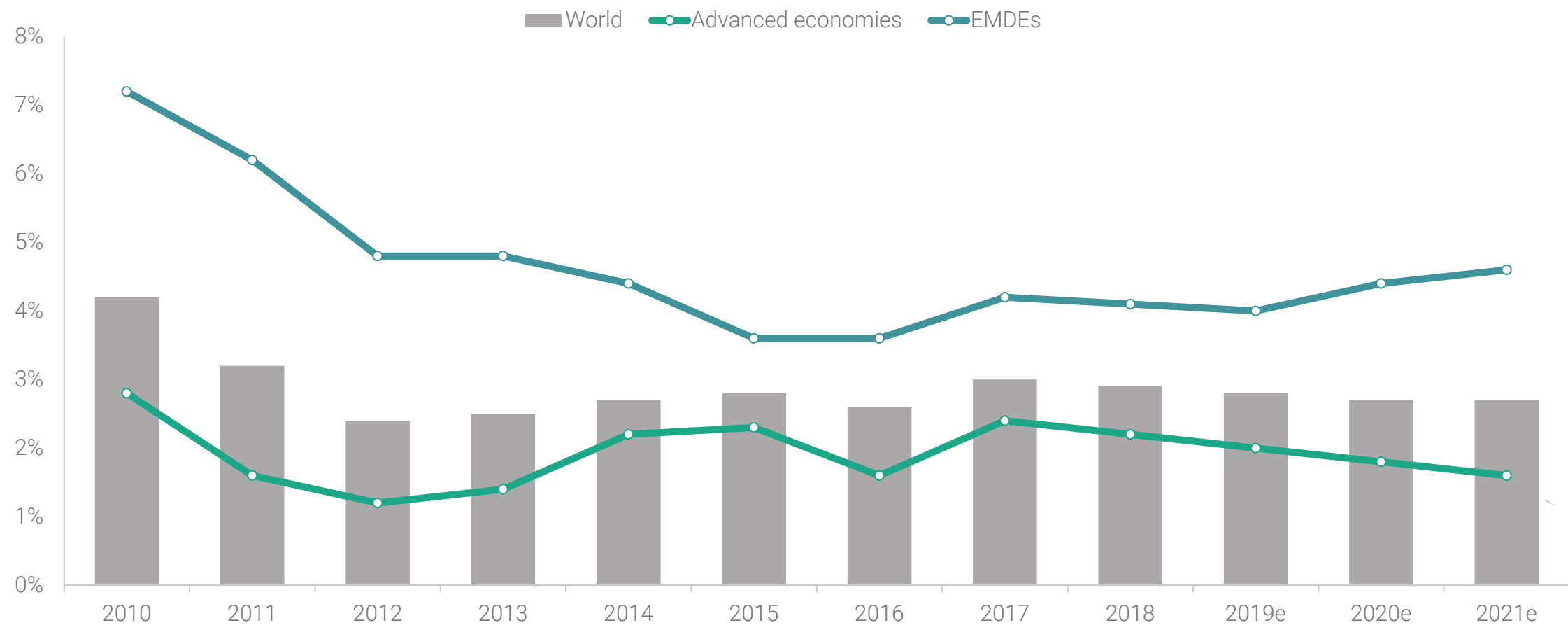
MACROECONOMIC CONTEXT - BIESSE PERFORMANCE

GDP, Capex Index and Biesse sales YoY Growth (%)

Biesse sales variation YoY

Capex index variation YoY

Legend: GDP, CAPEX Index, BIESSE Sales

Years: 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019e, 2020e, 2021e

Source: Bloomberg, January 2019, Biesse

WORLD GDP & PMI BY MAIN MACRO AREA

Legenda

- U.S.A.
- Canada
- Latin America
- Subsaharian Africa
- Middle East + North Africa
- Euro zone
- Russia
- India
- China
- Australia & New Zealand

PMI expected average Growth 2019-2021 (%)

GDP expected average Growth 2019-2021 (%)

CANADA
0,9 | 5,5

U.S.A.
1,6 | 4,7

Latin America
2,4 | 4,5

Eurozone
1,9 | 6,3

Italy
0,8 | 4,5

Russia
2,5 | 8,4

China
5,8 | 7,4

India
6,1 | 12,6

Subsaharian Africa
2,0 | 8,7

Middle East & North Africa
1,6 | 8,8

Australia & New Zealand
1,6 | 7,7

77

Source: Euromonitor, January 2019 statistics

FURNITURE

Furniture demand by countries

- China
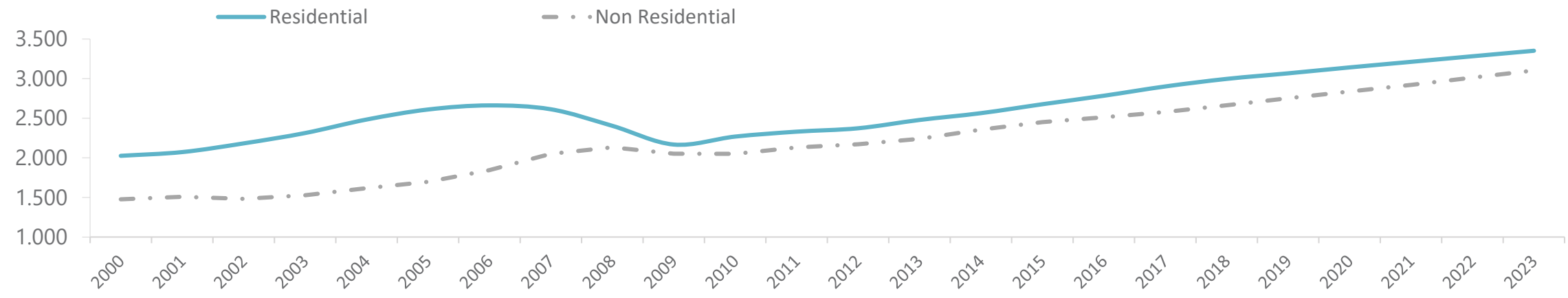- U.S.A.
- Germany
- Italy
- India
- Other

39,0%
37,0%
12,0%
5,0%
4,0%
3,0%
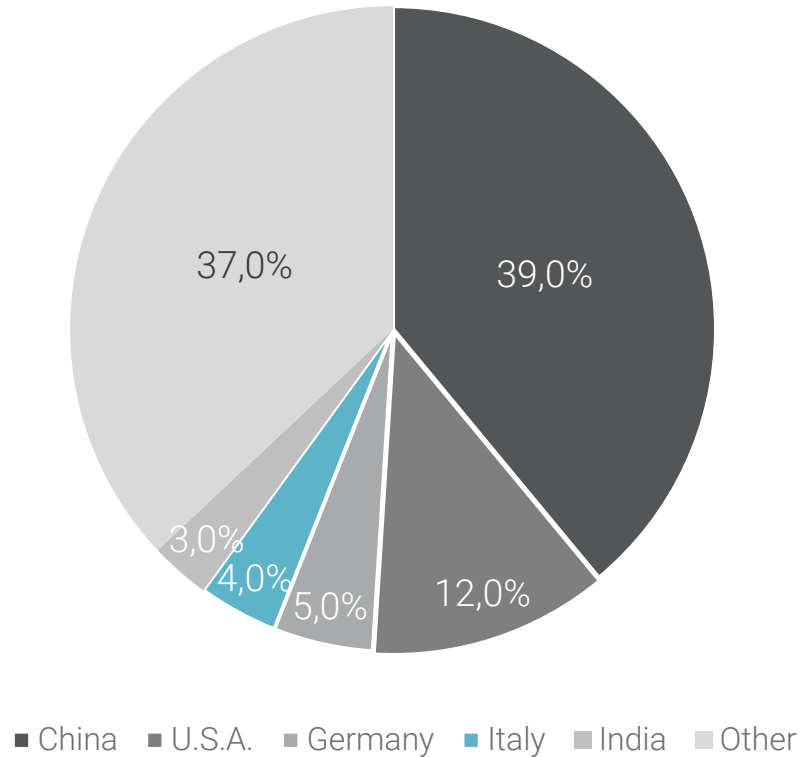
Furniture consumption. Countries grouped by geographical region, 2019. Forecast of yearly changes in real terms.

- World (100 Countries)
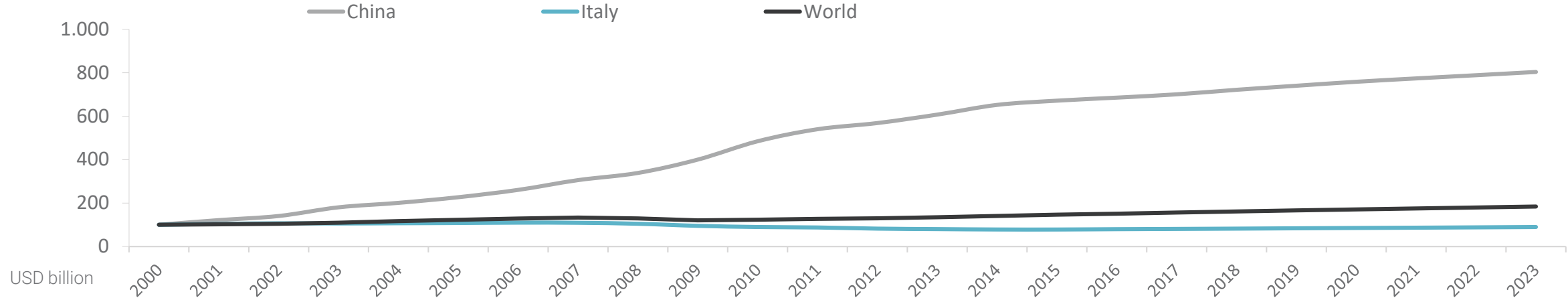- Asia and Pacific
- North America
- Middle East and Africa
- Central and South America
- EU(28) + Norway, Switzerland and Iceland
- Central-East Europe outside the EU + Russia and Turkey

0% 1% 2% 3% 4% 5%

Source: CSIL 2018e

78
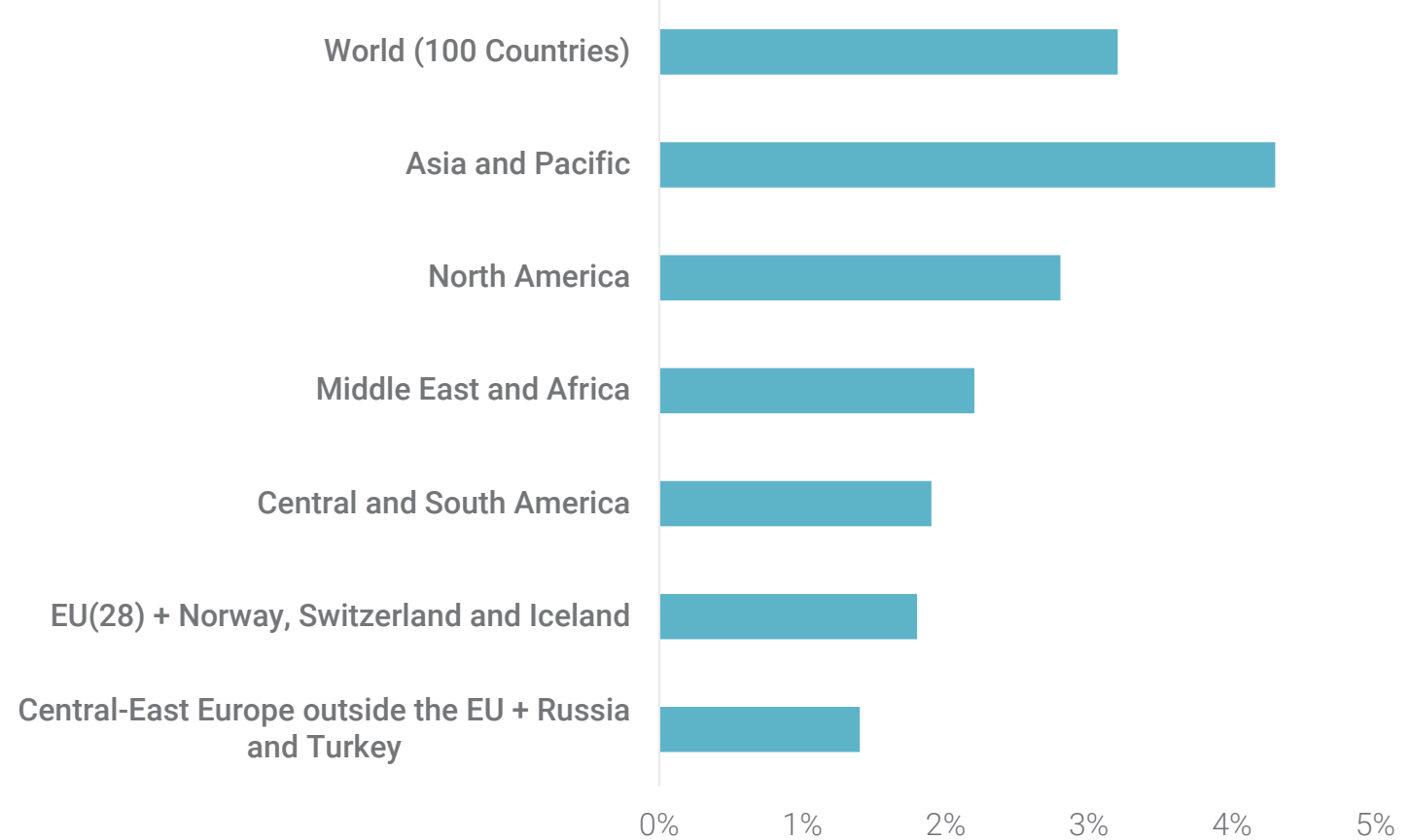
CRESME & CSIL VIEW (1)

Building Investments World trends

Residential — · — Non Residential

Building Investments comparing China, Italy, World

China — Italy — World

USD billion

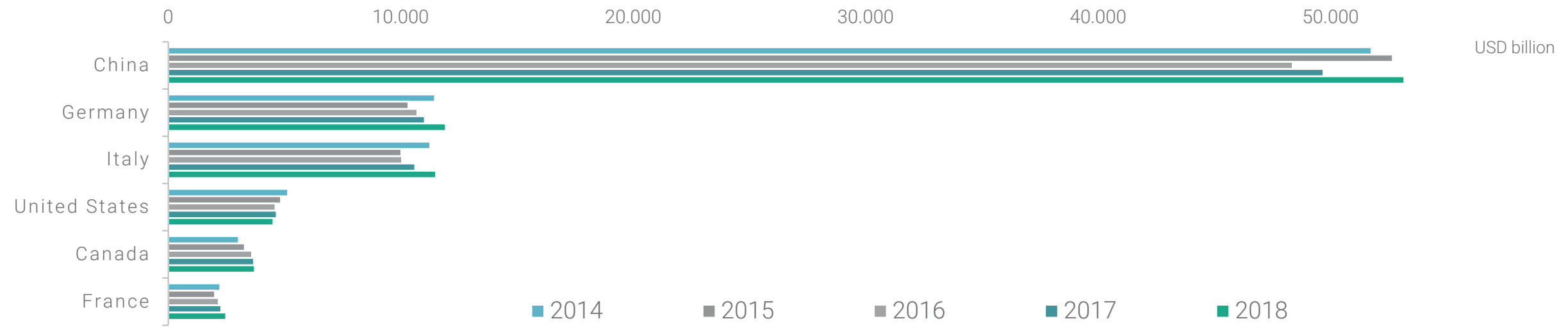**Note:** (*) Preliminary; (**) Projected
Source: CSIL 2018e

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CRESME & CSIL VIEW (2)

% breakdown of world furniture production, 2018e

- Italy
- Germany
- India
- Poland
- Vietnam
- U.S.A.
- Canada
- South Korea
- Japan
- China
- Other Countries

4% 5% 3% 3% 3% 25% 12% 2% 2% 2% 39%
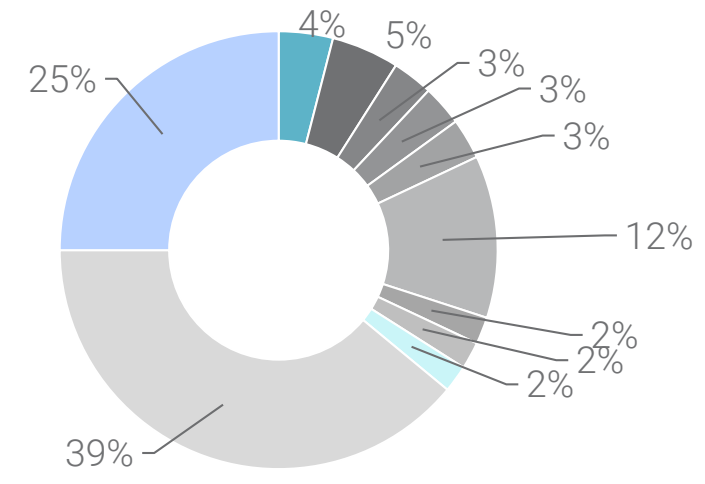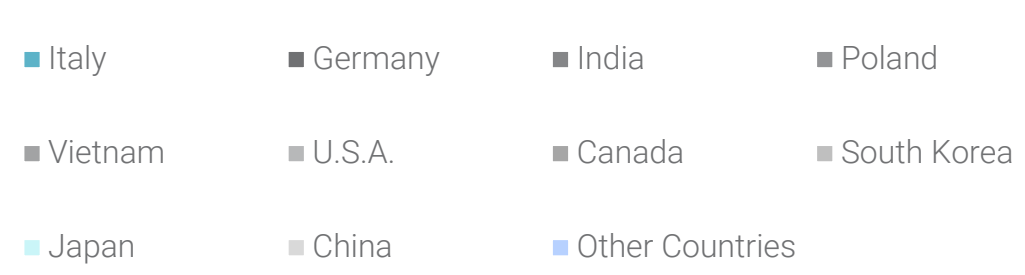
Main furniture exporting countries 2012-2018e

USD billion

- China
- Germany
- Italy
- United States
- Canada
- France

- 2014
- 2015
- 2016
- 2017
- 2018

Note: (*) Preliminary; (**) Projected

Source: CSIL 2018e

80

BIESSEGROUP
3 -Year Business Plan

World trade of furniture and annual percentage changes.

USD billion
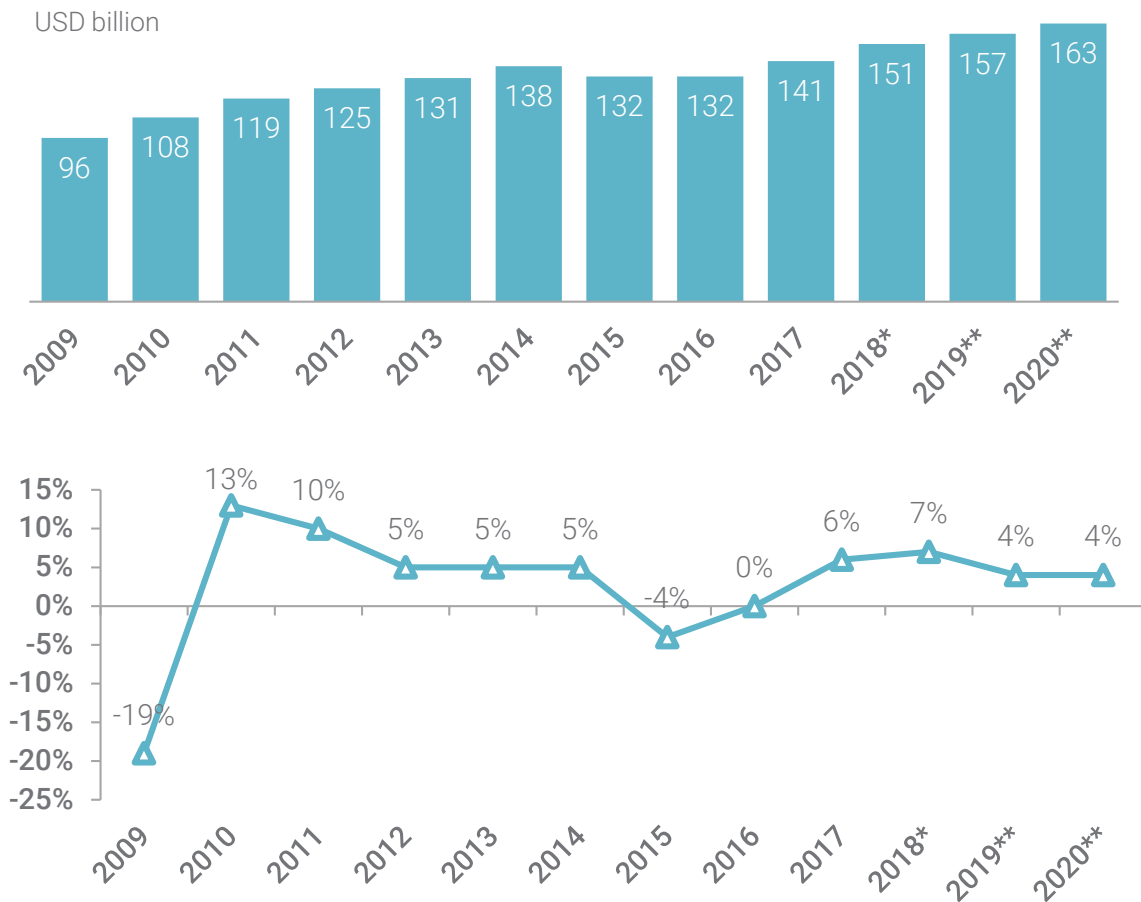
China – Main furniture trading partners

Origin of furniture imports		Destination of furniture exports	
Italy	18,8%	USA	36,9%
Germany	14,8%	Japan	5,6%
Vietnam	8,5%	UK	4,9%
Poland	7,0%	Australia	3,8%
USA	6,0%	Germany	3,7%
JAPAN	5,7%	Hong Kong	3,3%
South Korea	4,4%	South Korea	3,2%
Taiwan	2,9%	Canada	3,1%
China	2,7%	France	2,4%
UK	2,6%	Singapore	2,2%

Note: (*) Preliminary; (**) Projected
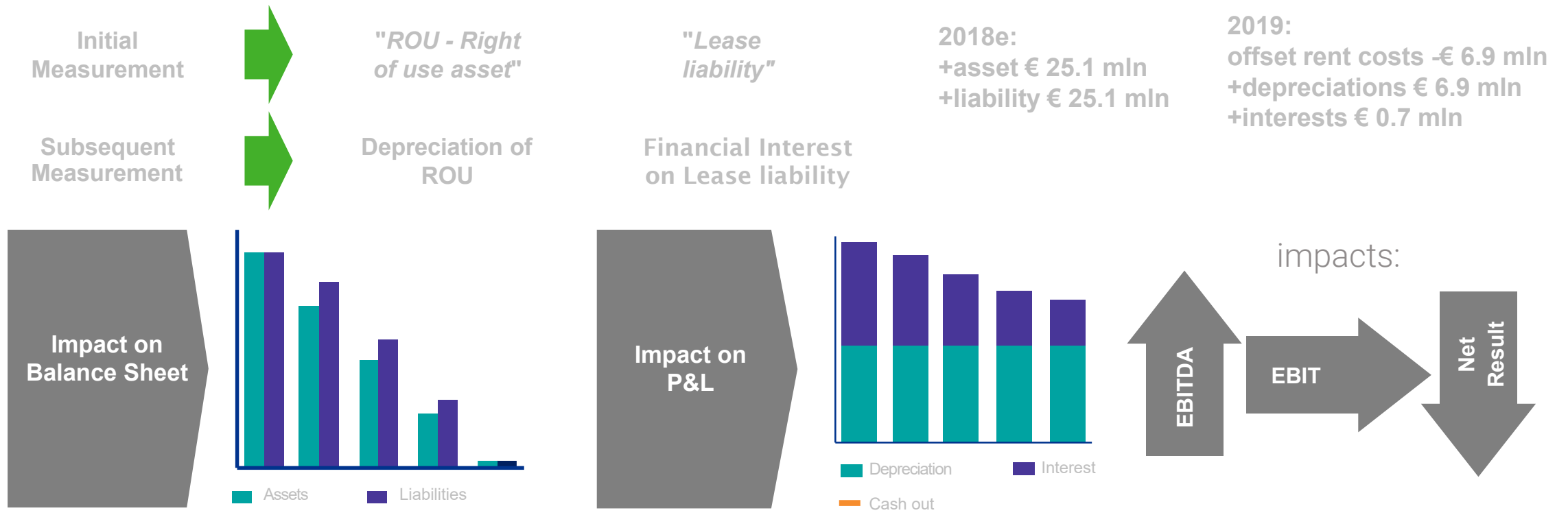**Source:** CSIL 2018e

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ANNEX

IFRS IMPACTS (INITIAL EVALUATION)
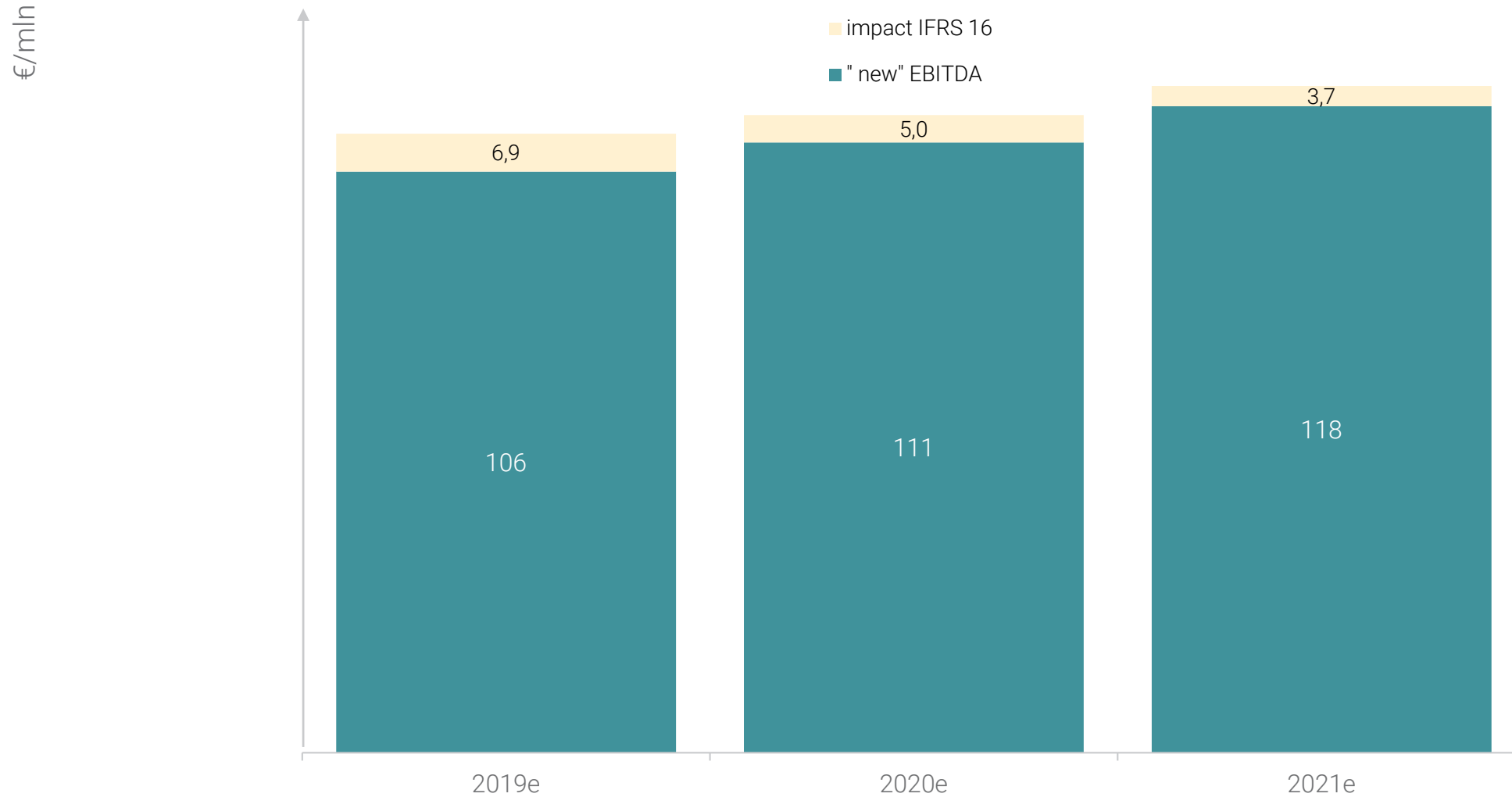
BIESSEGROUP

3.3

IFRS 16 IMPACTS

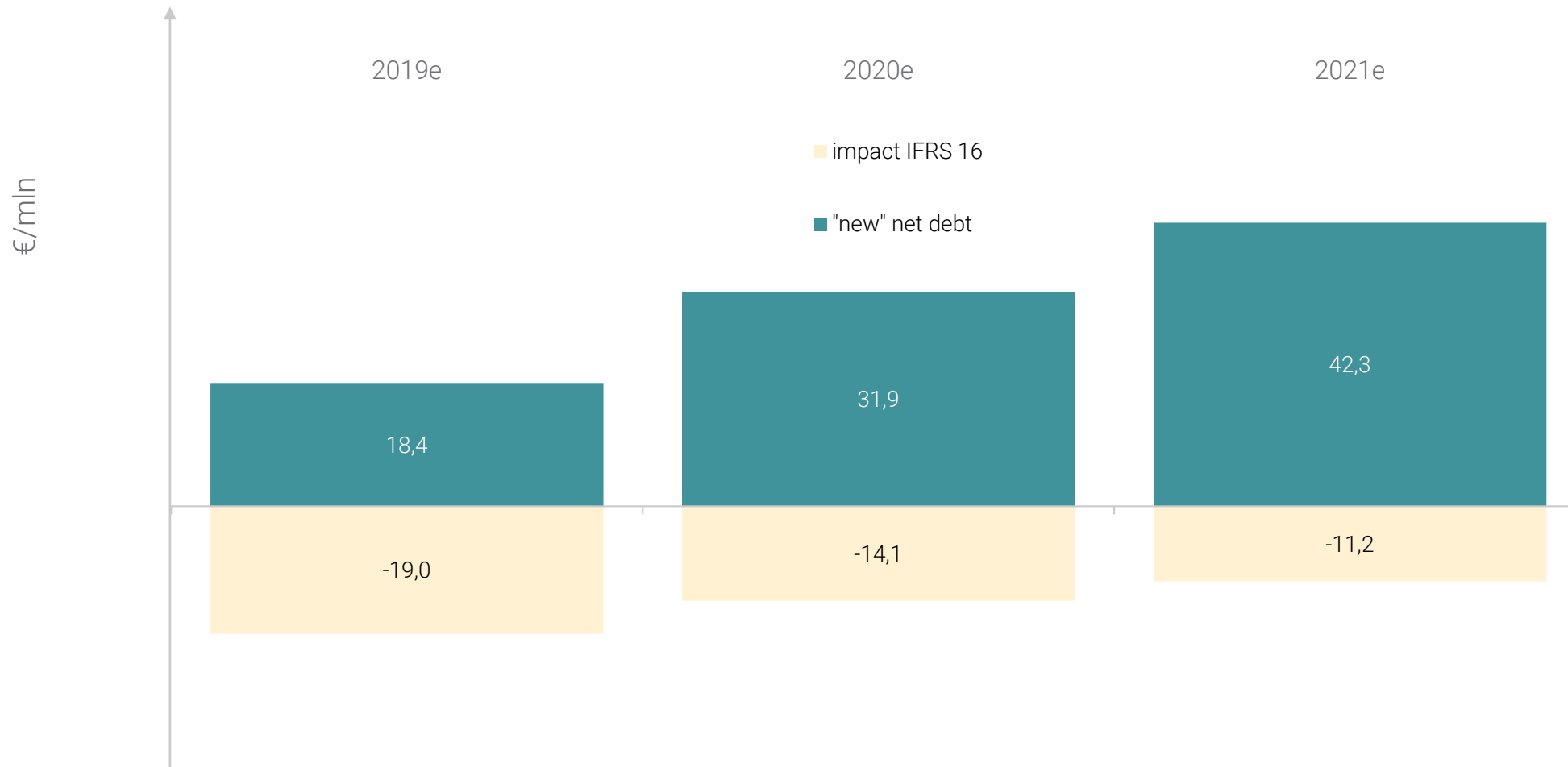"…..IFRS 16 is an International Financial Reporting Standard (IFRS) providing guidance on accounting for leases. IFRS 16 was issued in January 2016 and will be effective for most companies that report under IFRS in 2019. Upon becoming effective, it will replace the earlier leasing standard, IAS 17. ….The new standard will provide much-needed transparency on companies' lease assets and liabilities, meaning that off balance sheet lease financing is no longer lurking in the shadows. It will also improve comparability between companies that lease and those that borrow to buy……"

Initial Measurement	→	*"ROU - Right of use asset"*	*"Lease liability"*	**2018e:** +asset € 25.1 mln +liability € 25.1 mln	**2019:** offset rent costs -€ 6.9 mln +depreciations € 6.9 mln +interests € 0.7 mln
Subsequent Measurement	→	Depreciation of ROU	Financial Interest on Lease liability		

Impact on Balance Sheet

Assets   Liabilities

Impact on P&L

Depreciation   Interest
Cash out

impacts:

EBITDA   EBIT   Net Result

best scenario without changes

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NET DEBT WITH THE IFRS 16 IMPACTS

€/mln

	2019e	2020e	2021e

■ impact IFRS 16

■ "new" net debt

18,4   31,9   42,3

-19,0   -14,1   -11,2

best scenario without changes

OUR FUTURE IN FIGURES

BIESSEGROUP

3.4

BIESSE SHARE 2018E TREND:
VS INDEX

Normalizzato al 01/02/2018
Ultimo prezzo
BSS IM Equity 41.7965
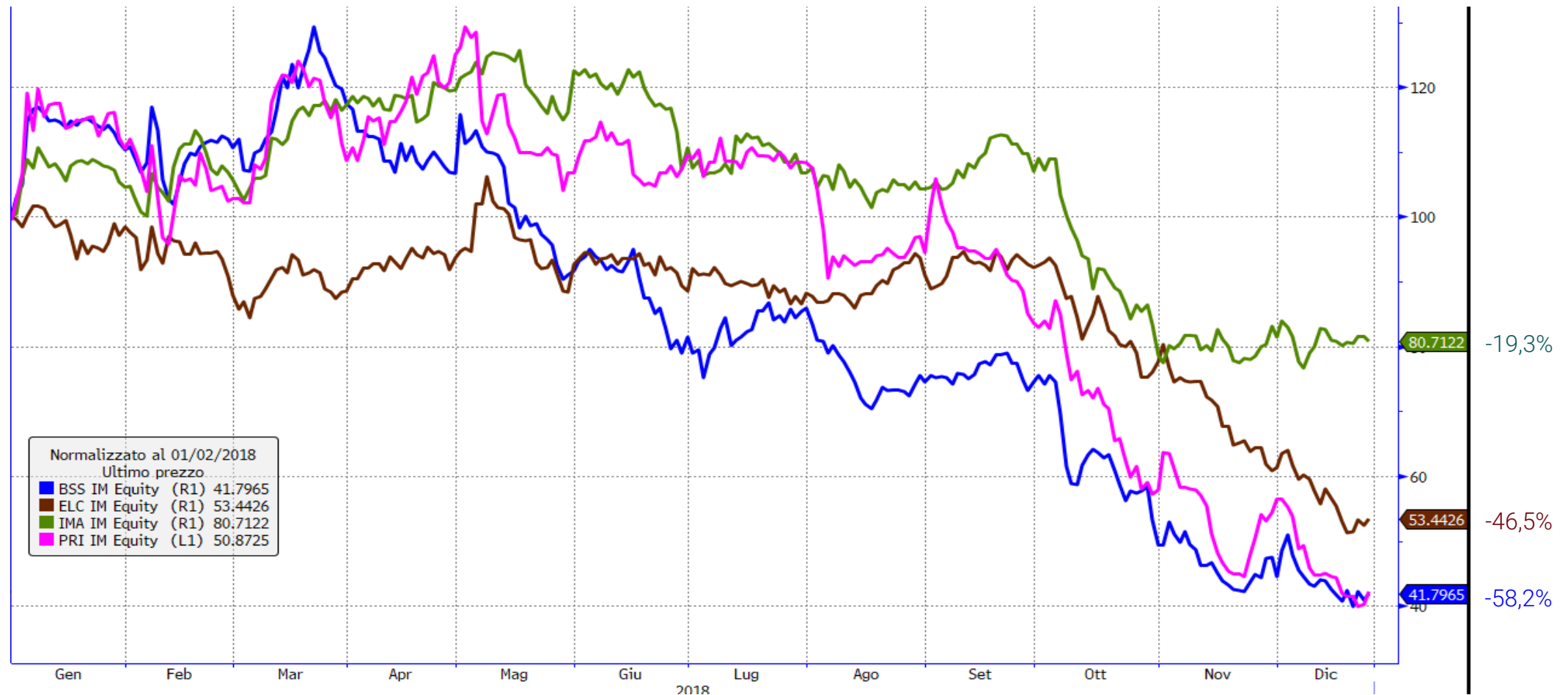ITSTAR Index 83.0789
FTSEMIB Index 83.8814

-17%

-58,2%

87

BIESSE SHARE HISTORICAL TREND (SINCE IPO): VS INDEX
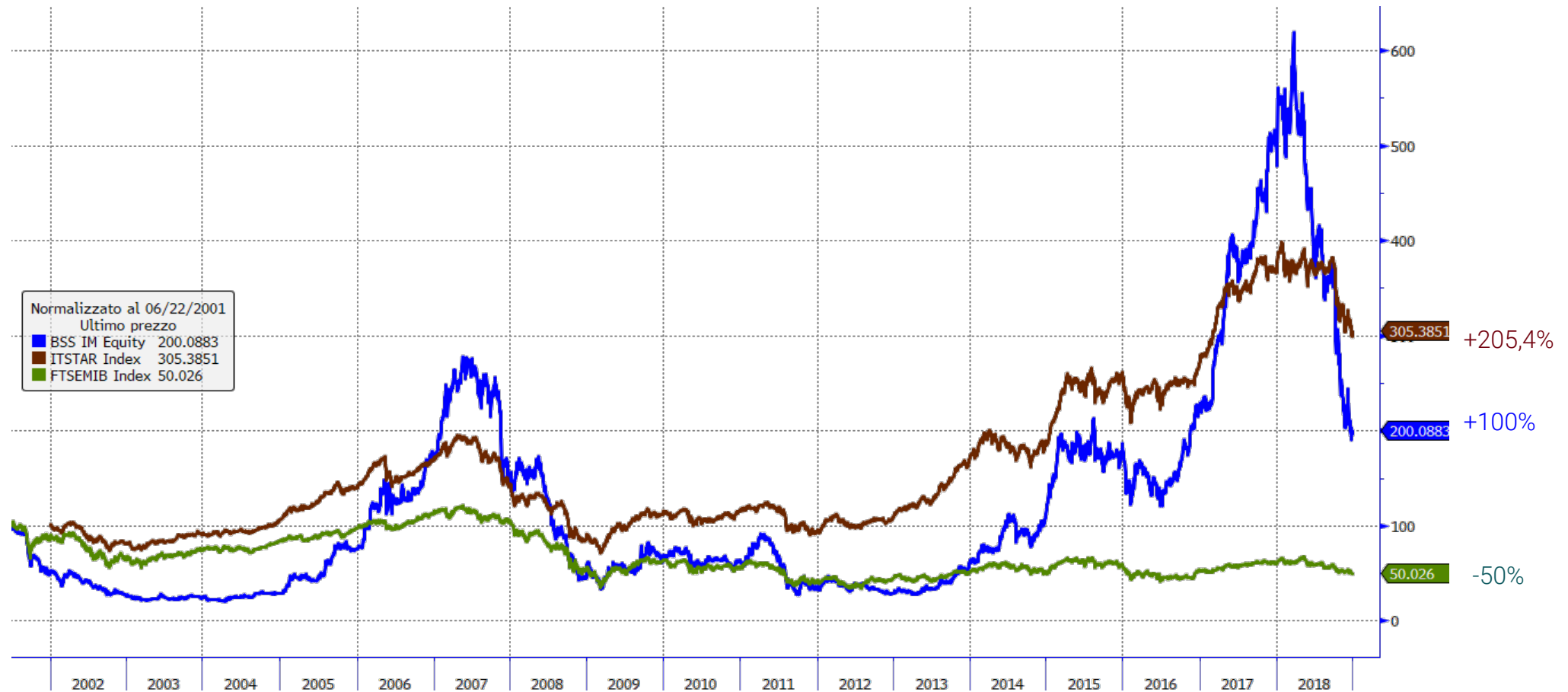
BIESSE SHARE 2018E TREND:
VS ITALIAN PEERS

Normalizzato al 01/02/2018
Ultimo prezzo
- BSS IM Equity (R1) 41.7965
- ELC IM Equity (R1) 53.4426
- IMA IM Equity (R1) 80.7122
- PRI IM Equity (L1) 50.8725

80.7122 -19,3%
53.4426 -46,5%
41.7965 -58,2%

89