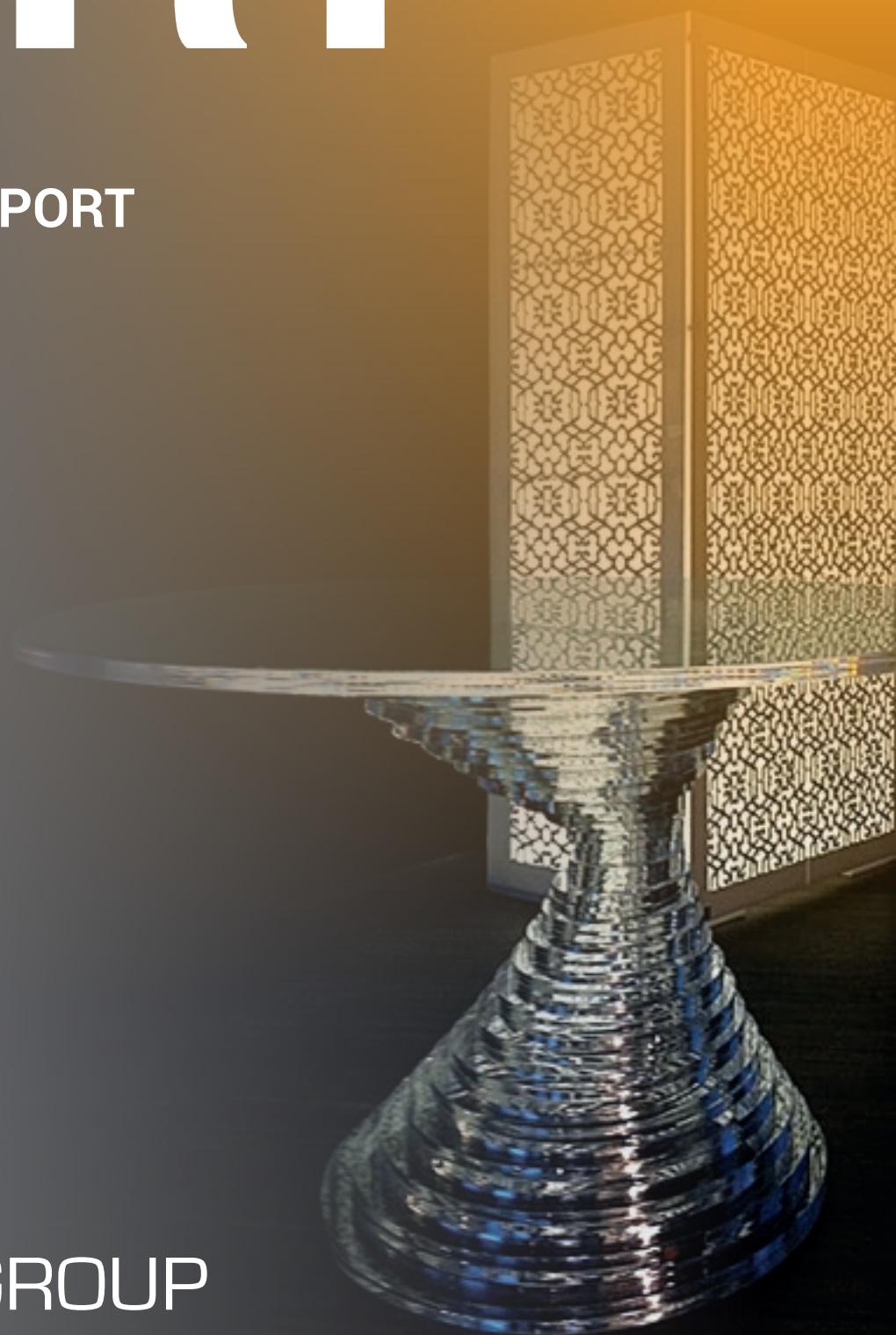


# RE PORT<sup>17</sup>

QUARTERLY REPORT

AT 30 SEPTEMBER 2017



 **BIESSEGROUP**

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## DIRECTORS' REPORT ON OPERATIONS

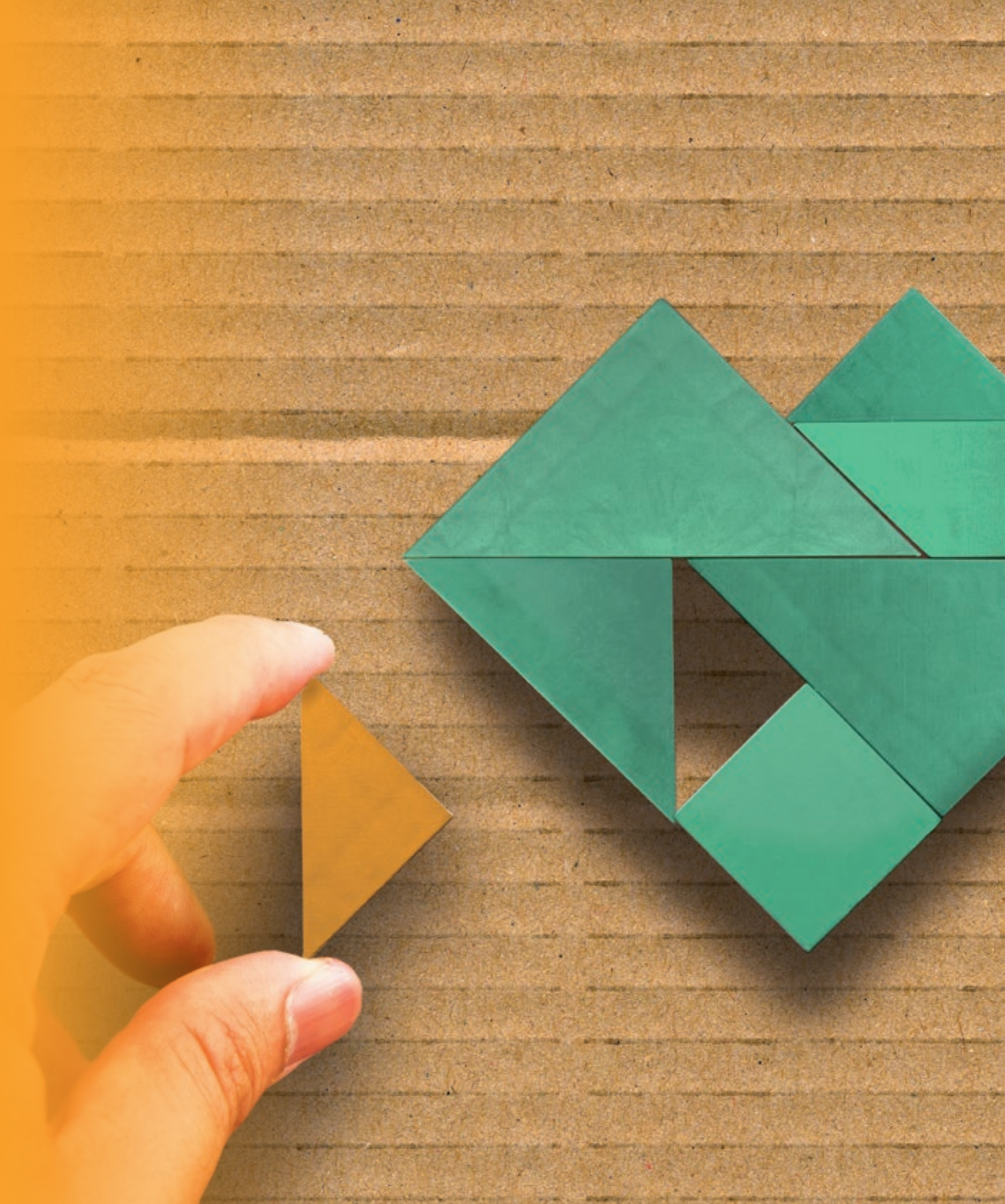
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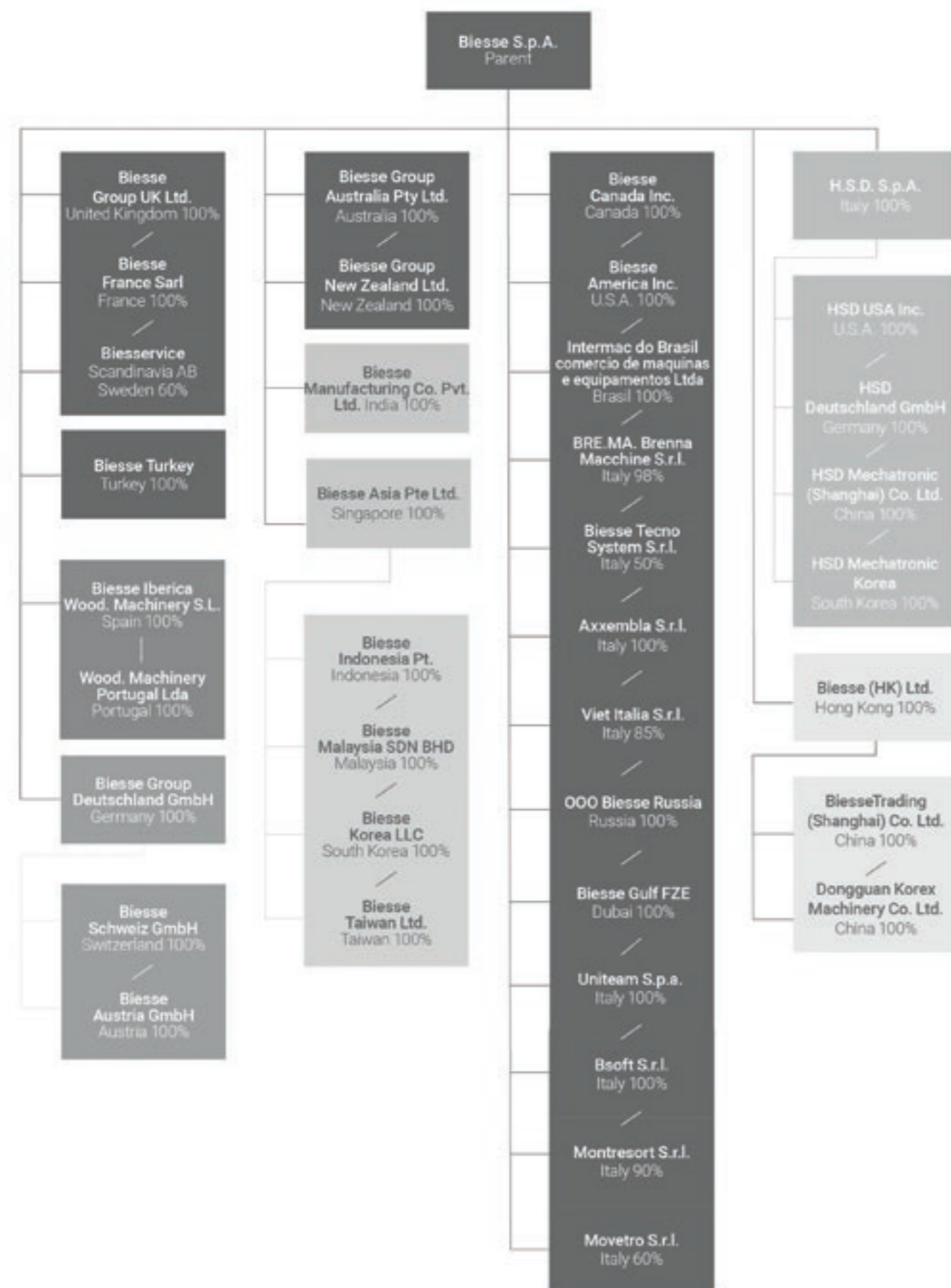
# THINK FOR WARD

THINKFORWARD is all about Biesse Group's ability to innovate and provide integrated solutions that are sophisticated but easy to use, allowing our customers to produce more, better and at a lower cost. It is an incentive to look ahead, to understand how the digital factory can change the way in which we conceive and produce things.

LIVE THE EXPERIENCE



# GROUP STRUCTURE



Notes: the different colours represent the subgroups of the control chain

# NOTES TO THE FINANCIAL STATEMENTS

The Biesse Group's consolidated quarterly report at 30 September 2017, unaudited, has been prepared pursuant to Article 154-ter, paragraph 2 of the Consolidated Law on Finance and in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRS).

Accounting standards and recognition criteria are consistent with those of the 2016 Annual Report, to which reference should be made. Furthermore, it should be noted that:

- the quarterly financial statements have been prepared using the discrete approach, according to which the reference period is considered to be a discrete accounting period. In this respect, the income statement items for the period are recognised in the quarterly income statement on an accruals basis;
- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 30/09/2017, adjusted, where necessary, to align them with the Group's accounting policies;
- some of the economic information contained in this report present interim profitability indicators such as gross operating profit (EBITDA). This indicator is considered by management to be an important parameter for measuring and assessing the Group's operational performance, in that it is not affected by the various methodologies adopted to determine taxable income, by the amount and features of capital employed, or by depreciation and amortisation policies. We should point out, however, that this indicator is not identified as an accounting measure for IFRS purposes, meaning that the criterion used to determine taxable income might not be consistent with what is reported by other groups or companies.

Compared to the financial statements for the year ended 31 December 2016, the scope of consolidation underwent the following changes:

Acquisition of the company BS SOFT S.r.l. on 10 April 2017. With the aim of strengthening its offer in the System world and being even more autonomous in the development of projects in support of Industry 4.0, Biesse S.p.A., through the NewCo. BT SOFT, on 10 April 2017 acquired control of the company Avant S.r.l. Software & Engineering, specialised in the development of software for the integration and supervision of working cells and lines. The Avant applications can automatically manage all information of the production process, from cutting to edgebanding, drilling and, in recent years, also sorting, the backbone of every batch-one production. The acquisition price amounted to € 500 thousand. The difference between the acquisition price and the value of assets and liabilities acquired, amounting to € 494,210, pending the PPA, was provisionally allocated to goodwill in the wood division.

The liquidation of Intermac Guangzhou Co. Ltd was completed in June 2017.

On 27 July 2017, a newco was set up called Montresor & Co. S.r.l. (with a 90% stake held by Biesse S.p.A. and 10% by Donatoni Macchine S.r.l.) whose purpose is the acquisition of Montresor & C. S.r.l., which is based in the province of Verona and manufactures edge polishers machinery (glass and marble). The acquisition was completed on 3 August 2017 with the payment of the first tranche of 65% of the agreed price (€ 4.8 million, net of payables due to employees, payments on account and/or guarantee deposits and the estimate of the inventories bought). In the agreements among the members of the newco (Montresor & Co. S.r.l.), the possibility is envisaged for the non-controlling stakeholder Donatoni to undertake a share capital increase for a further 30% to reach a 40% stake. The payment of the remaining 35% should take place by the end of 2017. The difference between the acquisition price and the value of assets and liabilities acquired, amounting to € 2,414,071, pending the PPA, was provisionally allocated to goodwill in the glass division.

On 27 July 2017 Biesse S.p.A. signed an agreement to acquire 60% of MOVETRO S.r.l., which operates in the production of flat-glass storage and movement systems and is based in the province of Padua. This operation will enable the Glass & Stone Division to extend the offer of products to high-end customers and to integrate systems projects. The contract envisages the payment of € 2.7 million (Biesse S.p.A. has already paid the entire amount). The contract also envisages the granting of a put option in favour of the sellers and a call option in favour of the buyers on the remaining 40% stake. The put option cannot be exercised before 31 July 2022 and after 31 December 2025, while the call option cannot be exercised before 31 July 2025 and after 31 July 2028. The consideration for the two options will be calculated on the basis of the multipliers of some financial statement values of the company being acquired.

Furthermore, it should be noted that during 2016 the process was started to shorten the chain of control over the Chinese companies. This project involved the companies Biesse Hong Kong Ltd and Centre Gain Ltd, both resident in Hong Kong, and involved the transfer of all the assets and liabilities from the parent to the subsidiary (the name of which was changed as part of this operation to Biesse Hong Kong Ltd) and the subsequent liquidation of the parent. The liquidation and cancellation of the parent was completed in June 2017. The diagram shows the equity investments at 30 June 2017.

# PARENT COMPANY CORPORATE BODIES

## BOARD OF DIRECTORS

Chairman and Chief Executive Officer	Roberto Selci
Managing Director	Giancarlo Selci
Executive Director	Alessandra Parpajola
Executive Director and Group Managing Director	Stefano Porcellini
Executive Director	Cesare Tinti
Independent Director	Salvatore Giordano
Independent Director	Elisabetta Righini

## BOARD OF STATUTORY AUDITORS

Chairman	Giovanni Ciurlo
Standing Statutory Auditor	Cristina Amadori
Standing Statutory Auditor	Riccardo Pierpaoli
Alternate Statutory Auditor	Silvia Cecchini
Alternate Statutory Auditor	Nicole Magnifico

## CONTROL AND RISKS COMMITTEE - REMUNERATION COMMITTEE - RELATED PARTY COMMITTEE

Salvatore Giordano  
Elisabetta Righini

## SUPERVISORY BODY

Salvatore Giordano  
Elisabetta Righini  
Domenico Ciccopiedi  
Elena Grassetti

## INDEPENDENT AUDITORS

KPMG S.p.A.



# FINANCIAL HIGHLIGHTS

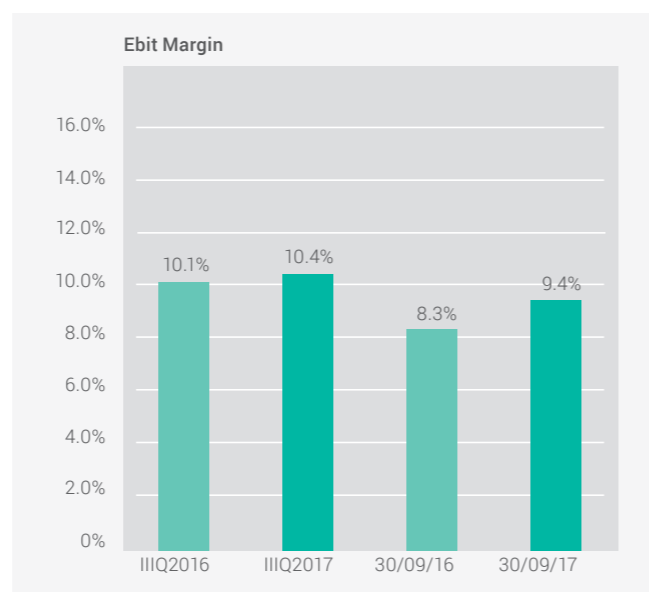
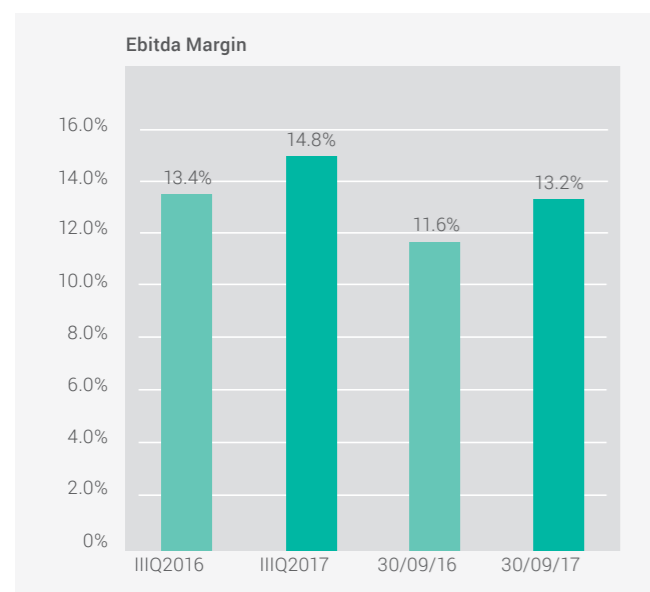


# FINANCIAL HIGHLIGHTS

## Income Statement

Euro 000's	September 2017	% on sales	September 2016	% on sales	Change %
<b>Revenue from sales and services</b>	498,301	100.0%	436,434	100.0%	14.2%
Added value (1)	209,467	42.0%	177,899	40.8%	17.7%
Ebitda (Gross operating profit) (1)	65,541	13.2%	50,766	11.6%	29.1%
Normalised EBIT (Normalised operating profit) (1)	48,096	9.7%	36,924	8.5%	30.3%
EBIT (Operating profit) (1)	46,965	9.4%	36,152	8.3%	29.9%
Profit for the period	28,232	5.7%	20,882	4.8%	35.2%

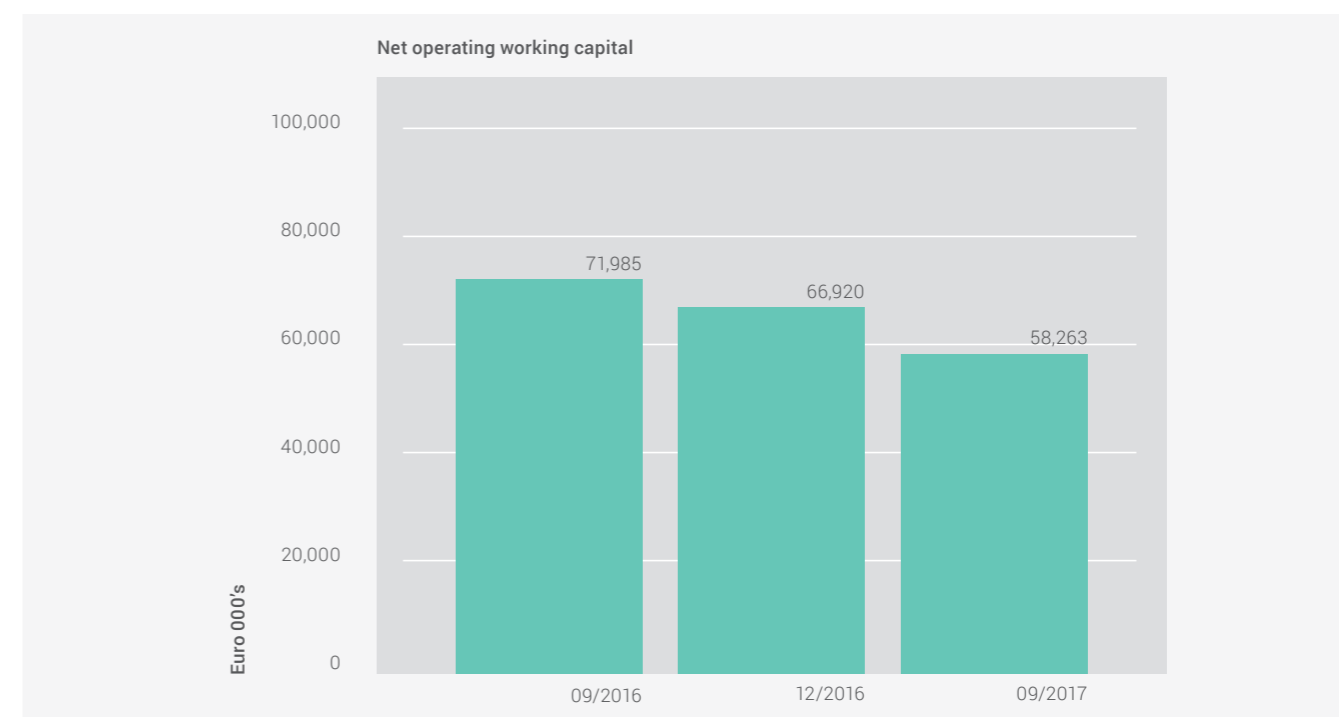
Euro 000's	3Q 2017	% on sales	3Q 2016	% on sales	Change %
<b>Revenue from sales and services</b>	167,069	100.0%	152,650	100.0%	9.4%
Added value (1)	70,415	42.1%	61,515	40.3%	14.5%
Ebitda (Gross operating profit) (1)	24,770	14.8%	20,444	13.4%	21.2%
Normalised EBIT (Normalised operating profit) (1)	18,466	11.1%	16,133	10.6%	14.5%
EBIT (Operating profit) (1)	17,335	10.4%	15,383	10.1%	12.7%
Profit for the period	10,765	6.4%	9,134	6.0%	17.9%



## Statement of Financial Position

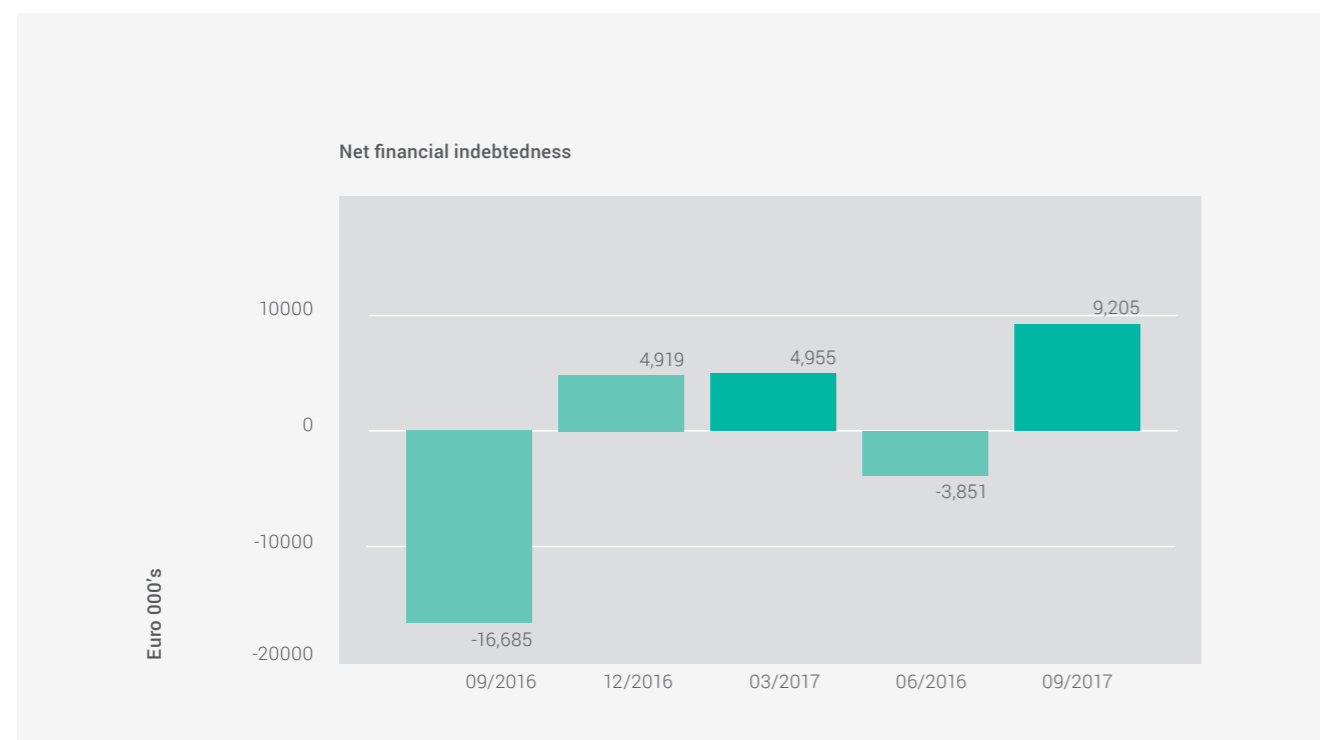
Euro 000's	30 September 2017	31 December 2016	30 September 2016
<b>Net Invested Capital (1)</b>	<b>166,507</b>	<b>154,804</b>	<b>166,844</b>
Equity	175,712	159,723	150,159
Net financial indebtedness (1)	9,205	4,919	(16,685)
<b>Net operating working capital (1)</b>	<b>58,263</b>	<b>66,920</b>	<b>71,985</b>
Gearing (net financial position/equity)	(0.05)	(0.03)	0.11
<b>Fixed asset/standing capital ratio</b>	<b>0.93</b>	<b>1.09</b>	<b>0.92</b>

(1) amounts referring to interim results and to aggregate equity and financial figures. The relevant calculation criteria are provided in the Directors' Report.



### Cash flow

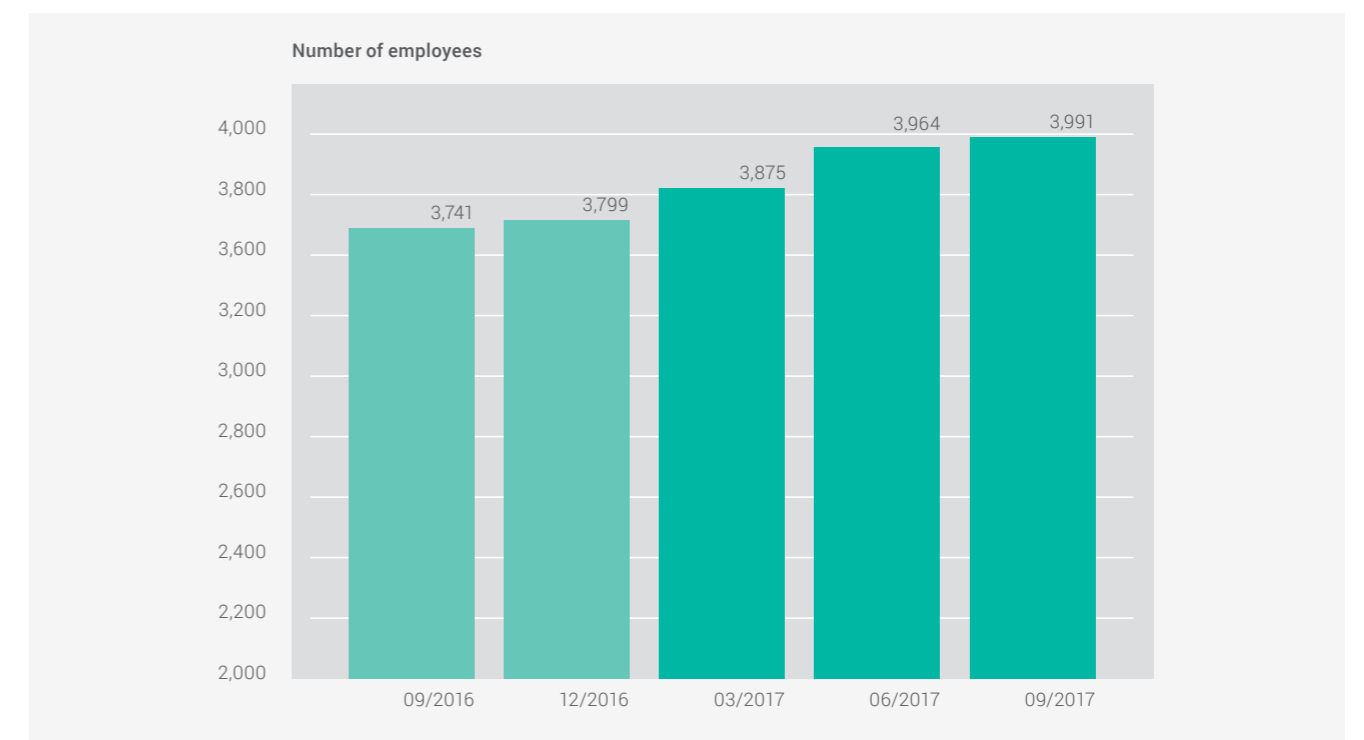
Euro 000's	30 September 2017	30 September 2016
<b>EBITDA (Gross operating profit)</b>	<b>65,541</b>	<b>50,766</b>
Change in net working capital	6,349	(12,522)
Change in other operating assets/liabilities	(18,452)	(21,374)
<b>Operating cash flow</b>	<b>53,437</b>	<b>16,870</b>
Cash flow used in investment activity	(39,289)	(23,308)
<b>Cash flow</b>	<b>14,148</b>	<b>(6,438)</b>
Dividends paid	(9,879)	(10,070)
Exchange rate gains (losses)	16	(302)
<b>Change in net financial indebtedness</b>	<b>4,285</b>	<b>(16,810)</b>



### Personnel

	30 September 2017	30 September 2016
Number of employees at period end	3,991	3,741

The figures include temporary staff





# DIRECTORS' REPORT

ON  
OPERATIONS



At the end of the third quarter of 2017, the Group's position is still positive both in terms of short-term trend (orders received) and results achieved (profitability). The Group's net debt stood at € 9.2 million; compared to 31 December 2016 (€ 4.9 million), the improvement was due to trends linked both to the seasonal nature of the business which, in the second part of the year, saw an improvement in cash flow, and to the impact of trends in net operating working capital.

As for the order intake, at the end of September 2017 there was an approximate 17.1% overall increase on the prior-year period (€ 434 million compared to € 371 million for the same period the previous year), confirming the positive trend already seen in the first half of the year.

This, combined with the sales forecasts for the last quarter of the year, determined the increase in finished and semi-finished product inventories at the end of the period, so as to support sales in the fourth quarter, which is usually the best quarter of the year.

As regards the performance for the period, in the first nine months of 2017 the Group's revenue amounted to € 498,301 thousand, sharply up compared to the prior-year period (+14.2%). During the third quarter too, the solid positive trend for the period is confirmed: the Group posted revenues of € 167,069 thousand in the period, up +9.4% compared to the prior-year period (€ 152,650 thousand).

In the first nine months of 2017, added value totalled € 209,467 thousand, up +17.7% year-on-year (up +14.5% with reference to the third quarter only).

EBITDA for the first nine months of 2017 totalled € 65,541 thousand, up € 14,774 thousand compared with the same period last year (+29.1%). As a percentage of revenue, it increased from 11.6% to 13.2%. EBIT improved in the same period as well, increasing by € 10,813 thousand (€ 46,965 thousand in 2017 compared to € 36,152 thousand for the same period in 2016). As a percentage of revenue it increased from 8.3% to 9.4%.

For 2017, "non-recurring events" relate to extraordinary production phase-outs and extraordinary costs incurred at the Australian subsidiary.

As detailed in the following Notes, all divisions reported excellent results in the first nine months of 2017: the Wood Division grew by 12.3%, the Tooling Division by 8.6% and the Glass & Stone Division by 15.5%. These increases are due to the different sales mix by distribution channel (increasing importance of own sales branches, with significant investments in the direct sales force) and by product (top-quality items with a greater technological content) as well as to improvements made in production efficiency. The Mechatronics Division too performed strongly, continuing its growth trend in terms of volumes and profits (with a 16.0% increase in sales).

The third quarter also helped improve the Group's performance, with EBITDA rising by € 4,326 thousand and EBIT by € 2,334 thousand.

As for the financial position, the Net Operating Working Capital decreased by around € 8,657 million compared to December 2016. The fall was mainly due to the increase in payables which

offsets the fall in receivables and the increase in inventories. In relation to the latter, it should be noted that the company has been building up inventories to support the scheduling of the deliveries planned for the final part of the year, especially as far as the subsidiaries are concerned. This is necessary to meet the year-end targets. In terms of overall working capital, the impact was partially offset by the nearly € 13.9 million increase in inventories, while trade payables fell about € 10.2 million.

## GENERAL ECONOMIC OVERVIEW

### GLOBAL ECONOMIC TREND

The short-term growth prospects for the world economy are positive; international trade which is recovering will return to growing more than output in the year.

The risks for the global economy come from the possibility of a sharp rise in volatility on financial markets, which are currently at historical lows, and from the possible worsening of geopolitical tensions. Uncertainty has increased about inflation in the United States as it was lower than expected during the summer. In the Eurozone, growth has strengthened. Nonetheless, inflation stayed at 1.5 per cent in September (1.1 per cent, net of the more volatile components); underlying pressures have been restrained by the trend in wages, which in many economies in the area is still moderate and accompanied by still broad margins of excess labour capacity. The Governing Council of the ECB considers it necessary to maintain a high level of monetary easing; it will take its decision regarding the calibration of monetary policy tools beyond the end of the year by taking into account the conditions needed for a stable return of inflation to values below but close to 2 per cent.

### SOME MARKET TRENDS

#### United States

In the United States, the most recent data indicate solid growth still driven by consumption and investment.

#### Japan

In Japan, economic indicators suggest the continuation of the moderate growth in economic activity which has been recorded since the start of the year.

#### United Kingdom

In the United Kingdom, where weak consumption continues to be a problem, the purchasing managers index (PMI) and the industrial output index suggest a growth rate for the third quarter which is almost unchanged to the previous rate.

#### China

The most recent data show a slowdown of GDP growth in China, due to the easing off of public investment in infrastructure.

#### Eurozone

In the Eurozone growth strengthened, supported mainly by domestic demand. Inflation remained weak and the under-

lying pressures remained limited, slowed down by the still moderate trend in wages in many economies in the area. The Governing Council of the European Central Bank (ECB) still believes it necessary to maintain a very high level of monetary easing in order to guarantee a long-lasting return of inflation to levels in line with the goal of price stability.

In the second quarter GDP in the Eurozone grew by 0.6 per cent on the previous period, speeding up slightly compared to the first three months of the year. Economic activity continued to grow at similar rates in the third quarter.

The €-coin indicator prepared by the Bank of Italy, which estimates the underlying GDP trend in the Eurozone, rose to 0.71 in September (from 0.67 in December). The Purchasing Managers Indices, which were available to the end of September, confirm that the expansion in activity remains robust in both manufacturing and services.

#### Italy

The most recent economic indications suggest a solid trend in output for the Italian economy also in the third quarter, with growth estimated at around 0.5 per cent. In terms of supply, business continued to grow in services and in manufacturing in the strict sense.

In the second quarter of 2017, on the basis of the most recent

survey by ISTAT, output rose by 0.3 per cent in economic terms, after the acceleration recorded in the first quarter. Economic activity was supported by domestic demand, driven by inventories and, to a lesser extent, by the investment in capital goods; household spending continued to grow, albeit slowing down. Net foreign demand put the brakes on the trend in GDP, above all owing to the lack of contribution from exports. Added value rose in services and in particular in manufacturing in a strict sense; in the construction sector business fell back moderately, albeit remaining higher than the levels of a year before.

According to the estimates, in the third quarter GDP accelerated compared to the previous period.

In September the Ita-coin indicator prepared by the Bank of Italy saw a sharp rise, returning to the value of spring 2011. Business surveys saw a consolidation of confidence to cyclically high levels; household surveys indicate the continuation of the recovery started in May. On the basis of this information, GDP growth in the current year could be slightly above the 1.4 per cent initially estimated.

In the third quarter it is estimated that manufacturing accelerated compared to the previous period. Business confidence remains at historically high levels in almost all the main sectors; according to the surveys, companies' assessments on the outlook for demand are positive and the conditions for investment see a further improvement.

## BUSINESS SECTOR REVIEW

### UCIMU – SISTEMI PER PRODURRE

In the third quarter of 2017, the index of machine tool orders, prepared by the Centre for Enterprise Studies & Culture of UCIMU-SISTEMI PER PRODURRE, recorded a 14.7% increase on the prior-year period.

More specifically, the index of orders received from foreign markets was up by 1% compared to July-September 2016.

The orders received from the domestic market increased also by 68.2% compared to the same prior-year period.

"The figures – said Massimo Carboniero, Chairman of UCIMU-SISTEMI PER PRODURRE – show the liveliness of the Italian market and, at the same time, the validity of the incentives envisaged by the Industry 4.0 National Plan, which perfectly respond to the companies' need to modernise plant and to introduce the principles of digitalization and interconnection which are essential to maintain the competitiveness of Italian manufacturing".

"With the new solutions finalised in these months, and increasingly equipped with technologies linked to Industry 4.0, Italian builders are proud to contribute to the progress in the technological level of the country's manufacturing sector. For too many years - Massimo Carboniero went on – we have worked mainly with foreign customers. Now, despite exports representing, as is right, over half of our turnover, we are seeing a due rebalancing between the domestic and foreign markets".

"It is certain that the narrowing in the technology gap, originated in the years of the crisis, and the digital growth in Italy have only just started; the modernisation process is long and intricate. For this reason, we fully agree with the intention expressed by the Government to finance also for all of 2018 the super- and hyper-amortisation incentives. In particular, also in light of the use of these measures by companies so far, in our view, it should be envisaged to change super-amortisation into a permanent provision and to extend application of hyper-amortisation for all of 2018. Only in this way – added the President of UCIMU-SISTEMI PER PRODURRE – will we be certain of having given the right launch platform to the modernisation of Italian manufacturing".

"Equipping manufacturing plant with adequate instruments to support efficient and competitive production in terms of profitability, safety and flexibility is the first step in guaranteeing a future for manufacturing but - concluded Massimo Carboniero - the modernisation and development process would remain at the starting-line if it was not adequately supported by the training of people who already work at companies or who will join them in the near future".

# MAIN EVENTS OF THE PERIOD

## JAN

Intermac America exhibited its hi-tech products at StonExpo Marmomacc Americas, held in Las Vegas from 18 to 20 January. At the Mandalay Bay Convention Center the InterMac stand had working versions of the Master 38 machining centre and the 5-axis JET 625 by Donatoni, an outstanding partner of the group.

On 27 January at the Biesse Campus in Pesaro the one2one event Integrated Automation on CNC took place, a meeting dedicated to the manufacturers of furniture and contract manufacturers of shaped panels, as well as to companies which are looking for innovative solutions for the loading and unloading of heavy panels.

From 23 January to 3 February the Biesse Campus in Pesaro hosted the Academy weeks, to allow partners and subsidiaries, above all, to discover and experience Biesse innovation. The annual event allows colleagues to take part, through an innovative formula, in continuous training, to receive updates on the innovations in Biesse products and on the last year news, taking part in seminars and discussion panels.

## FEB

From 22 to 24 February the Distributor 2.0 dealer meeting was held in Pesaro, an event with a highly innovative formula, which was designed by Biesse in order to listen to its strategic partners and organised to facilitate interaction and the exchange of knowhow and successful experiences among professionals from around the world.

On the same dates, the subsidiary Biesse Iberica exhibited its technologies at the Promat fair in Valencia, dedicated to materials, technologies and solutions for interior design and architecture projects. In the Biesse stand customers and visitors were able to see the flexible and innovative Made in Biesse technological solutions, with a focus on the residential building and construction sector.

On 28 February 2017, the Board of Directors of Biesse S.p.A. approved the updating of the business plan for the three-year period 2017-2019.

## MAR

From 1 to 4 March Biesse India took part in Delhiwood at India Expo Center, the main Indian fair dedicated to hi-tech solutions for the woodworking sector, exhibiting machines that meet the requirement for "Affordable High-tech Solutions". The four-day fair allowed Biesse to show the latest technological innovations for the processing of panels and solid wood, and more besides. One of the main innovations was the presentation of the Cabinet software to manage production, a solution of great interest for customers and visitors. 450 sq.m. in surface area, 10 machines exhibited, including CNC, solutions for sizing, drilling, edgbanding and sanding. Hol-

ding centre stage was Skipper V31 for drilling, which will be manufactured in the Biesse Group factory in India. In addition, at the exhibition Biesse announced the forthcoming inauguration of the new factory near Makali, in Bangalore, which will allow to increase the production area to more than 20 thousand square metres.

From 7 to 9 March Biesse took part in the Woodshow trade fair in Dubai with a larger exhibition space and a wider range of technologies compared to previous editions. By way of confirmation of the Group's particular attention to the Middle East, during the fair the ambitious project of the Biesse Group Campus in Dubai was presented, a project aimed at providing all the necessary support to customers in this important geographic area.

From 14 to 16 March Biesse solutions for advanced hi-tech materials were on display at Jec World 2017 in Paris, the international exhibition dedicated to the whole segment of composite materials, from raw materials to machines for the transformation of finished products. This event shows that Biesse renewed its range of technologies for advanced materials, with ad-hoc solutions for a growing sector, offering its customers a complete and integrated range of machining centres, sizing centres, waterjet cutting systems and sanding machines for all the stages of advanced material processing. In addition, again with specialist technologies for the processing of advanced materials, Biesse took part in the Mecspe trade fair in Parma from 23 to 25 March.

Diamut and InterMac opened the doors for Inside InterMac "Stone Edition", the event dedicated for the first time exclusively to the working of stone, stone materials and ceramics, once again alongside Donatoni Macchine. From 16 to 18 March the Inside InterMac "Glass edition" event took place for solutions dedicated to the working of glass. In addition, InterMac exhibited its hi-tech innovations at the Intec trade fair in Leipzig, Germany, from 7 to 10 March and at the Izmir trade fair in Turkey from 22 to 25 March.

Biesse was present at the Fimma trade fair in Brazil from 28 to 31 March in collaboration with the local dealer. On the same dates, the company took part in the Interzum trade fair in Guangzhou in China, the key Asian meeting for machines for woodworking and furniture and furnishings production. An occasion to discover how the opportunities offered by the fourth industrial revolution are accessible to everyone through machines made by the Biesse Group.

## APR

The one2one Advanced Material event held at the Biesse Triveneto subsidiary included three days dedicated to plastic and advanced materials processing, as well as an area entirely given over to Uniteam technologies. From 19 to 21 April, the one2one Solid Wood event was held at Campus Biesse in Pesaro, dedicated to the world of solid wood in its universal use, which also staged the first ever seminar on Biesse Housing solutions, with special guest Casa Clima. Biesse Schweiz organised an open house, opening up the doors of



# SOPHIA

CONNECTED VALUE FROM MACHINES



its office to its current and potential customers from 27 to 29 April.

Thanks to two important collaborations with customers in the world of glass and wood, Biesse Group successfully took part in the 2017 Design Week, which saw Milan become a world capital of furnishing and design from 4 to 9 April. Having teamed up with Fiam, it was present at the Salone del Mobile with its "Ghost 30th Anniversary" project, created to celebrate 30 years of the iconic international design armchair, developed thanks to the technological solutions produced by Intermac. It is a matter of great pride that Biesse Group took part in this project, which combines technology, design and social issues. In fact, the mini Ghosts developed as part of the project by internationally-famous designers will be put up for auction and the profits allocated to support the populations struck by the earthquake in Central Italy. We would also remind you of the institutional presence of the group at the Fuorisalone, together with Wood-Skin in the location of Ventura Lambrate, a temporary design district given over entirely to Innovation, design and experimentation.

Among the most important participations during this month, from 4 to 7 April Intermac America was present at the Coverings Expo fair in Orlando, the most important stone sector appointment in North America, exhibiting, at centre stage, the Master 38 machining centre. On these same dates, Biesse France showed off its technology for the processing of plastic and composite materials at the Industrie Lyon fair. From 8 to 12 April, it took part in the Izwood fair, one of the most important sector events in Turkey, and from 20 to 22 April in Isa Sign Expo, held in Las Vegas with a focus on technologies used to process plastic and composite materials. Finally, from 25 to 27 April, Intermac UK exhibited at the 25th edition of the Natural Stone Show in London, flaunting its innovative technological solutions for stone processing.

Biesse Group then exhibited for the first time at the Hannover Messe trade fair, the world's most important showcase for innovation, with a technological solution displayed on the Accenture stand from 24 to 28 April. The joint participation in Hannover Messe is the next step in a partnership embarked on with Accenture, for the development of an IIoT project, which will allow group customers to generate even more value from industrial machines, offering customers new functions and creating a solid range of evolved digital services. The Milan Technology Hub fair set the stage for the third dimension from 20 to 22 April: Biesse Group teamed up with Indexlab and Wood-Skin to unveil the Arches project, a 3-metre tall structure comprising 202 different two-dimensional elements assembled together.

Biesse Group also had a great many HR appointments: Contamination Lab of the Marche Polytechnic University stopped off at the Pesaro Campus, with students of agriculture, economics, engineering, sciences and medicine. The project stems from the initiative promoted by MIUR (Ministry for Education, University and Research), which envisages a cross-contamination of the academic world and social-economic system, with a view to promoting culture. The Assessment Days continue to run for talented young graduates, meeting the Biesse Group for the very first time. A staff selection technique, focused on assessing potential and personal aptitudes, uses different individual and group tools, such as simulations, tests and drills, through which selectors can record the behaviour of candidates in order to assess their skills, capacities, motivation and attitudes, a real opportunity to test competences and invest in the future.

On 28 April 2017, the Ordinary Shareholders' Meeting of Biesse S.p.A. approved in second call the 2016 Separate and Consolidated Financial Statements, both prepared in accordance with IASs/IFRSs, and resolved to distribute a € 0.36 dividend per share in light of the positive results achieved in 2016 (ex-dividend date scheduled for 8 May 2017 – record date 9 May 2017), paying a total of € 9,861,495.12 – excluding treasury shares.

**MAY**

From 22 to 26 May Hannover hosted the Ligna trade fair, the most important biennial appointment in the wood sector. The great flow of visitors to the stand, which covered more than 5,000 square meters, and the satisfaction shown by customers, the press and partners were an important and gratifying response to the investments made by the company to develop increasingly efficient services, offer increasingly innovative products and strengthen its experience in global markets. "This edition made us particularly proud of the innovations presented by Biesse" said Federico Broccoli, Wood Division Director/Sales and Branch Division Director. "The layout of our stand was entirely based on the 4.0 concept with interconnected technologies that offer customers the significant benefit of reducing production times and creating efficiency. "The interest aroused by the Machine Knowledge Center, a new platform developed in collaboration with Accenture that guarantees a series of features and services for obtaining more value from the machines, and by the renewed bSuite, a software suite made in Biesse that makes the most advanced technology accessible to anyone, bear witness to how strongly customers need products and services that can revolutionise traditional production areas. Over the 5-day trade fair 4,500 visitors from all around the world visited the Biesse stand, generating 45 million euro worth of incoming orders, 35% of which are 4.0 lines. Never before had the company achieved such figures at any trade fair.

From 17 to 20 May Intermac took part in Lamiera, the trade fair dedicated to the metalworking industry, and presented a range of 4.0 ready solutions to turn the factories belonging to our customers into true "smart factories". Intermac Commercial Director Franco Angelotti commented: "The participation of the company in the Lamiera trade fair certainly represents a major positive for Intermac, and interest in our company's technologies has been confirmed by a steady influx of visitors, welcomed by a team of staff that has recently been strengthened even further, with new members engaged with a view to responding fully to the growing demands we receive from the market. Intermac solutions for the metal processing industry are extremely versatile; therefore they are widely used across many sectors, and are perfect for both small-scale artisan applications and large industrial companies".

Middle East Stone, which is now in its third edition, took place from 22 to 25 May at the Dubai World Trade Centre, hosting over 300 companies and international brands from the natural stone, marble and ceramics industry. Intermac, by its participation at this event, showed its desire to strengthen its presence in this fast-growing market. From 24 to 27 May Intermac also took part in China Glass in Beijing with speci-



fic solutions for the Chinese market, an excellent showcase for presenting solutions tailored to the needs of the Chinese market.

**JUN**

In June, the Group took part in a number of small events, such as roadshows at resellers, tech tours at the Campuses around the world and collaboration with universities and training institutes, hosting meetings at the Headquarters in Pesaro. On 16 and 17 June the Biesse and Intermac Inside took place in Dongguan in China. Over 100 visitors from 50 companies visited our showroom to discover the technological innovations for working wood, glass and stone. From 13 to 16 June Biesse France took part in the FIP trade fair in Lyon, the key event in France for the plastic materials sector, showing the Group's strong investment in this growing sector.

An institutional event worth mentioning was the charity dinner "A new school for Cascia" organized in collaboration with Fiam Italia together with Fondazione Mediolanum Onlus in favour of Fondazione Francesca Rava - NPH Italia Onlus to support the school rebuilding programme in central Italy following the earthquake, in particular a school for 60 children in Cascia. The event saw the participation of numerous guests and partners, who actively contributed to the fund-raising, thus giving even more value to the solidarity project. Numerous institutions and guests took part, such as Foreign Minister Alfano who opened the evening, followed by speeches by the Chief Executive Officer of Fiam Italia, representatives of the Selci family, Fondazione Mediolanum Onlus and Fondazione Francesca Rava. This project coincided with the 30th anniversary of Fiam's Ghost chair and with the 30th anniversary of Intermac, the Biesse Group division that specialises in technologies for working glass that can assist in the creation of outstanding products, such as the iconic Ghost. This is a bond which goes beyond business, a date on which to meet and promote solidarity, inviting numerous partners from the local area to contribute to the cause.

**JUL**

On 9 and 10 July, the Inside event of Biesse China took place in Guangzhou dedicated to Biesse and Intermac technological innovations, with a focus on solutions for automation and the opportunities offered by the 4.0 industrial revolution. In July, the Headquarters hosted the meeting of Assiot and Assofluid, which was designed to examine, through discussion with the main players in the user sectors, the trends which characterise technological development in the sector of mechatronics for power transmission and automation. The Tech Tours from Turkey, Israel and Poland took place in Pesaro and gave visitors insight into the types of technology, the possibility to visit our factories and to see our systems installed at customers' premises. In addition, the Headquarters was the destination of a training trip undertaken by students of the German Berufsakademie Melle university, who visited our

company to see and touch at first hand Biesse-branded technologies, enriching their theoretical know-how with a full-immersion experience.

The AWFS trade fair took place from 19 to 22 July, and the Biesse America and Biesse Canada subsidiaries enjoyed great success and an excellent level of order intake. The edition was focused on the global launch of Sophia, the Biesse platform created from an IIoT pilot project, which now enables customers to enjoy a wide range of services in order to optimise their asset management. "We can provide efficient additions to give added value to our machines. IoT is a new world for our industry. Our vision for IoT is to become more predictive of our customers' needs and anticipate all demands for support. We want to deliver new power to our customers to give them a tangible competitive advantage" said Federico Broccoli, Branch Division Director and Wood Division Director/Sales.

On 27 July 2017 Biesse S.p.A. signed an agreement to acquire 60% of MOVETRO S.r.l., which operates in the production of flat-glass storage and movement systems and is based in the province of Padua. This operation will enable the Glass & Stone Division to extend the offer of products to high-end customers and to integrate systems projects. The contract envisages the payment of € 2.7 million (Biesse S.p.A. has already paid the entire amount). The contract also envisages the granting of a put option in favour of the sellers and a call option in favour of the buyers on the remaining 40% stake. The put option cannot be exercised before 31 July 2022 and after 31 December 2025, while the call option cannot be exercised before 31 July 2025 and after 31 July 2028. The consideration for the two options will be calculated on the basis of the multipliers of some financial statement values of the company being acquired.

On 27 July 2017, a newco was set up called Montresor & Co. S.r.l. (with a 90% stake held by Biesse S.p.A. and 10% by Donatoni Macchine S.r.l.) whose purpose is the acquisition of Montresor & C. S.r.l., which is based in the province of Verona and manufactures edge polishers machinery (glass and marble). The acquisition was completed on 3 August 2017 with the payment of the first tranche of 65% of the agreed price (€ 4.8 million, net of payables due to employees, payments on account and/or guarantee deposits and the estimate of the inventories bought). In the agreements among the members of the newco (Montresor & Co. S.r.l.), the possibility is envisaged for the non-controlling stakeholder Donatoni to undertake a share capital increase for a further 30% to reach a 40% stake. The payment of the remaining 35% should take place by the end of 2017.

**AUG**

Biesse technologies for drilling, edgebanding and nesting were the protagonists at Kofurn, the main South Korean trade fair in the sector which was held from 30 August to 3 September in Seoul. This included the public launch of the new Rover SFT machining centre together with the Stream A edgebanding machine and the Skipper 100 and V31 drilling machines. There was also space for the software modules bSolid and bCabinet.



SEP

Intermac and Diamut were among the companies starring at the fifteenth edition of the Glassbuilt trade fair, which was held from 12 to 14 September in Atlanta, USA. A presence which enabled visitors to see the performance of the best machining centres and the technology of Genius cutting benches, as well as the range of diamond tools for the glass industry, which completed the product offer available to customers. Intermac took part together with Donatoni and Montesor in the Marmomac trade fair from 27 to 30 September in Verona, with an exhibition area which was among the biggest at the whole event. The realisation of the smart factory, the implementation of automation in delivering a decisive change to optimising processes, a complete customer care offer: these are the ambitious goals with which Intermac and Donatoni Macchine marked out their innovation journey. Among the events were the open-house of Biesse Triveneto which opened its premises to customers to show the opportunities offered by the Smart 4.0 factory. An event dedicated to solutions integrated with digital technologies. In order to innovate and grow, it is important to plan. The leaders of Biesse Group from around the world met at the subsidiary in North America for the 2017 edition of the Subsidiaries Meeting. A week focused on assessments, analyses and planning so that every leader of a subsidiary can influence its future development, with a fully customer-focussed vision.

From 16 to 20 October the Headquarters in Pesaro hosted the second edition of the Finance Meeting aimed at people who work in the finance area of Biesse worldwide. A working week focussed on the issue of "Change" with a rich program of workshops, roundtables and lessons. Enriching everything were two valuable external collaborations: the experience of the volleyball player Jack Sintini who motivated and moved the audience with a speech focussed on the importance of the team and of objectives in order to react to change; a day at the San Patrignano Community where the issues of corporate social responsibility were addressed with the possibility of seeing close up another example of being positive, coming back and changing. From 19 to 21 October, 4000 customers from all over the world took part in the now well-established annual appointment which is a reference point in the sector for the working of wood and hi-tech materials, Inside Biesse, at the Headquarters in Pesaro. The event was met with great satisfaction from national and international interlocutors and ended with a +29.2% rise in orders received compared to the previous year. Also, the seminars aroused great interest, in particular the presentation of SOPHIA, the Biesse new service platform developed in collaboration with Accenture, with a speech by Jean Cabanes, Lead Industrial Equipment Global at Accenture and a senior figure in the Industry 4.0 field. There were also numerous demos requested for B\_AVANT, the BiesseSystems supervisor for the integrated and efficient management of production plant, on the basis of machining needs.

OCT

4.0 ready machines and Digital Manufacturing: Intermac at Vitrum 2017 revealed the factory of the future which everyone can use. The appointment with Vitrum, one of the most important trade fairs for the glassworking sector, happens every two years in Milan. Intermac presented solutions aimed at all manufacturing companies, from big players with high levels of production, to companies which need batch-one production, to small specialist companies. In a surface area of over 800 sq.m. all the Intermac technologies were on display, from new Master machining centres, to solutions for cutting in the Genius range, the waterjets of the Primus range and Vertmax, the vertical machining centres designed for maximum versatility. Integrated machinery which enables the optimisation of the manufacturing process, reducing costs and improving our customers' daily work, taking them into the era of "Digital Manufacturing". Diamut confirmed its technological and innovation leadership with all visitors, highlighting the latest innovations that have been developed. The products were not only on display, but also in operation in the demo area where processing was undertaken by tools under the careful gaze of our experts. From 11 to 13 October Biesse took part in the Visual Impact trade fair in Sydney, Australia, one of the most important events in the world of plastic and advanced material working. In addition, again in October it took part in the Wood Processing Machinery trade fair in Tuyap with 26 machines over 1,500 sq.m., with 75 Biesse experts to support customers and visitors.

NOV

Biesse Middle East opened the new Campus in Dubai, a leading-edge centre for technology and training which is unique in the region and which immediately lets us provide our customers with excellent service and support, directly on site. A three-day event, from 7 to 9 November, aimed at customers, visitors and partners launched the new structure to show close up the Made in Biesse hi-tech solutions and allow to meet our experts. Following the inaugural event, the showroom dedicated to machines for working wood, glass, stone and hi-tech materials continues to be constantly available for demonstrations of the permanently present technologies. An area of the new premises is completely dedicated to servicing and spares, enabling the hosting of training for staff and customers. In Stuttgart, Germany, the Blechexpo fair was held at which Intermac presented Primus 322, the ideal solution for companies that require maximum productivity to cut any type of material, enabling a high level of flexibility in planning. Viet presented SV, a complete solution for deburring, rounding and satin finishing which guarantees an effective result both on external borders of the piece and in bores or pockets, even of small size. Also important are the investments in the Russian market, with the new premises inaugurated last year and active participation in relevant trade fairs. At Woodex, which took place in Moscow from 14 to 17 November, the company displayed on a stand of 600 square meters 8 machines, including machining centres, edgebanding machines, sanding machines and sizing centres, to show customers how Biesse solutions can increase their competitiveness, reducing costs, improving work and optimising processes.



# FINANCIAL STATEMENTS

The background of the slide features a close-up photograph of water droplets on a glass surface. The droplets are of various sizes and are reflecting light, creating a shimmering effect. A semi-transparent red gradient is overlaid on the left side of the image, extending from the top to the bottom. The overall aesthetic is clean and professional.

INCOME STATEMENT FOR THE THIRD  
QUARTER ENDED 30 SEPTEMBER 2017



# FINANCIAL STATEMENTS

## INCOME STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

Euro 000's	30 2017	% on sales	30 2016	% on sales	CHANGE %
<b>Revenue from sales and services</b>	<b>167,069</b>	<b>100.0%</b>	<b>152,650</b>	<b>100.0%</b>	<b>9.4%</b>
Change in inventories, wip, semi-finished and finished goods	(4,325)	(2.6)%	(1,360)	(0.9)%	-
Other revenue	1,200	0.7%	433	0.3%	-
<b>Revenue</b>	<b>163,943</b>	<b>98.1%</b>	<b>151,722</b>	<b>99.4%</b>	<b>8.1%</b>
Consumption of raw materials, consumables, supplies and goods	(61,416)	(36.8)%	(63,494)	(41.6)%	(3.3)%
Other operating expense	(32,112)	(19.2)%	(26,713)	(17.5)%	20.2%
<b>Added Value</b>	<b>70,415</b>	<b>42.1%</b>	<b>61,515</b>	<b>40.3%</b>	<b>14.5%</b>
Personnel expense	(45,645)	(27.3)%	(41,071)	(26.9)%	11.1%
<b>Gross Operating profit</b>	<b>24,770</b>	<b>14.8%</b>	<b>20,444</b>	<b>13.4%</b>	<b>21.2%</b>
Depreciation and amortisation	(5,059)	(3.0)%	(4,535)	(3.0)%	11.5%
Provisions	(1,245)	(0.7)%	224	0.1%	-
<b>Normalised Operating profit</b>	<b>18,467</b>	<b>11.1%</b>	<b>16,133</b>	<b>10.6%</b>	<b>14.5%</b>
Impairment losses and non recurring items	(1,131)	(0.7)%	(750)	(0.5)%	50.8%
<b>Operating profit</b>	<b>17,335</b>	<b>10.4%</b>	<b>15,383</b>	<b>10.1%</b>	<b>12.7%</b>
Net finance expense	(370)	(0.2)%	(366)	(0.2)%	1.2%
Net exchange rate losses	(517)	(0.3)%	(126)	(0.1)%	-
<b>Pre-tax profit</b>	<b>16,448</b>	<b>9.8%</b>	<b>14,891</b>	<b>9.8%</b>	<b>10.5%</b>
Income taxes	(5,682)	(3.4)%	(5,757)	(3.8)%	(1.3)%
<b>Profit for the period</b>	<b>10,766</b>	<b>6.4%</b>	<b>9,134</b>	<b>6.0%</b>	<b>17.9%</b>

## INCOME STATEMENT AT 30 SEPTEMBER 2017

Euro 000's	September 2017	% on sales	September 2016	% on sales	CHANGE %
<b>Revenue from sales and services</b>	<b>498,301</b>	<b>100.0%</b>	<b>436,434</b>	<b>100.0%</b>	<b>14.2%</b>
Change in inventories, wip, semi-finished and finished goods	15,044	3.0%	14,223	3.3%	5.8%
Other revenue	2,578	0.5%	2,674	0.6%	(3.6)%
<b>Revenue</b>	<b>515,923</b>	<b>103.5%</b>	<b>453,332</b>	<b>103.9%</b>	<b>13.8%</b>
Consumption of raw materials, consumables, supplies and goods	(207,652)	(41.7)%	(187,962)	(43.1)%	10.5%
Other operating expense	(98,804)	(19.8)%	(87,471)	(20.0)%	13.0%
<b>Added Value</b>	<b>209,467</b>	<b>42.0%</b>	<b>177,899</b>	<b>40.8%</b>	<b>17.7%</b>
Personnel expense	(143,926)	(28.9)%	(127,132)	(29.1)%	13.2%
<b>Gross Operating profit</b>	<b>65,541</b>	<b>13.2%</b>	<b>50,767</b>	<b>11.6%</b>	<b>29.1%</b>
Depreciation and amortisation	(14,822)	(3.0)%	(13,151)	(3.0)%	12.7%
Provisions	(2,623)	(0.5)%	(691)	(0.2)%	-
<b>Normalised Operating profit</b>	<b>48,096</b>	<b>9.7%</b>	<b>36,924</b>	<b>8.5%</b>	<b>30.3%</b>
Impairment losses and non recurring items	(1,132)	(0.2)%	(773)	(0.2)%	46.5%
<b>Operating profit</b>	<b>46,965</b>	<b>9.4%</b>	<b>36,152</b>	<b>8.3%</b>	<b>29.9%</b>
Net finance expense	(1,420)	(0.3)%	(1,143)	(0.3)%	24.3%
Net exchange rate losses	(1,257)	(0.3)%	696	0.2%	-
<b>Pre-tax profit</b>	<b>44,288</b>	<b>8.9%</b>	<b>35,705</b>	<b>8.2%</b>	<b>24.0%</b>
Income taxes	(16,055)	(3.2)%	(14,824)	(3.4)%	8.3%
<b>Profit for the period</b>	<b>28,232</b>	<b>5.7%</b>	<b>20,882</b>	<b>4.8%</b>	<b>35.2%</b>

Net revenue for the first nine months of 2017 totalled € 498,301 thousand, up +14.2% compared to 30 September 2016 (€ 436,434 thousand). This trend was confirmed by the third quarter's positive performance: net revenue amounted

to € 167,069 thousand, sharply up (+9.4%) compared to the prior-year period (€ 152,650 thousand). The breakdown of sales by segment shows how, in comparison to the same period in 2016, all the divisions have po-

sted increases; the Wood Division increased by 12.3% but, in particular, we highlight the results of the Mechatronics Division and the Glass & Stone Division, which posted improvements of +16% (with revenues that increased from € 63,950 thousand to € 74,175 thousand) and +15.5% (with revenues increasing from € 68,683 thousand to € 79,352 thousand) respectively, while the Tooling Division has experienced a 15.5% increase.

The breakdown of sales by geographic area compared to the previous year shows that the performance was particularly good in Western Europe, up +17.6%, increasing its own weight in terms of consolidated sales (from 39.7% to 44.3%), thereby confirming that the Group's market of reference has been conquered also through the overtaking of the market shares of competitors. North America also posted a good performance (+11.2%), though its weighting decreased from 18.1% to 16.7%. Finally, the Asia - Oceania area recorded a significant increase of 24.7%. Worthy of mention is the decrease in the Rest of the World (-3.7% compared with the prior-year period). Inventories increased by € 13.9 million overall compared to 31 December 2016: the change is due to the € 8.3 million increase in finished goods, to the € 5.7 million increase in raw

materials, and to the € 3.4 million increase in inventories of semi-finished goods. The increase is due to the need to cope with deliveries forecast for the next few months in order to accomplish the year-end targets.

The revenue for the first nine months of 2017 amounted to € 515,923 thousand, up 13.8% from € 453,332 thousand as at September 2016.

The analysis on a quarterly basis shows that the change in production increased compared to the prior-year period; therefore, overall revenue rose compared to the same period of 2017 by € 12,221 thousand (+8.1%).

The analysis of consumption and other operating expenses as a proportion of revenue, rather than of revenue from sales and services, shows a decreased absorption of raw materials (from 41.5% to 40.2%).

Other operating expenses were up in absolute terms but were unchanged on a percentage basis (from 19.3% to 19.2%). This item is mainly attributable to Service costs (+ € 9,483 thousand), which consists of both "variable" cost items (i.e. outsourced processing, third party technical services, transport fees and sales commissions) and "fixed" cost items (i.e. travel and lodging expenses, trade fairs and maintenance).

Euro 000's	September 2017	%	September 2016	%
<b>Revenue</b>	<b>515,923</b>	<b>100.0%</b>	<b>453,332</b>	<b>100.0%</b>
Consumption of raw materials and goods	207,652	40.2%	187,962	41.5%
Other operating expense	98,804	19.2%	87,470	19.3%
<i>Service costs</i>	<i>86,000</i>	<i>16.7%</i>	<i>76,517</i>	<i>16.9%</i>
<b>Use of third party assets</b>	<b>7,914</b>	<b>1.5%</b>	<b>6,520</b>	<b>1.4%</b>
<i>Sundry operating expense</i>	<i>4,890</i>	<i>0.9%</i>	<i>4,433</i>	<i>1.0%</i>
<b>Added Value</b>	<b>209,467</b>	<b>40.6%</b>	<b>177,900</b>	<b>39.2%</b>

In the first nine months of 2017, added value totalled € 209,467 thousand, up 17.7% compared to the same period in 2016 (€ 177,900 thousand). As a percentage of revenue, it rose from 40.8% to 42%.

In the first nine months of 2017, personnel expense amounted to € 143,926 thousand, up € 16,794 thousand (+13.2%) compared to the prior-year period (€ 127,132 thousand). The increase was largely attributable to the fixed costs represented by wages and salaries (+ € 14,759 thousand, +12.3% year-on-year) and the variable costs related to performance and other bonuses (+ € 1,332 thousand, +16.2% on the prior-year period). The increase in personnel expense was due to the increase in staff.

At 30 September 2017, EBITDA for the first nine months was positive to the tune of € 65,541 thousand, compared to € 50,766 thousand at 30 September 2016. In the third quarter of 2017, it amounted to € 24,770 thousand, compared to € 20,444 thousand in the same period the previous year.

For 2017, "non-recurring events" relate to extraordinary production phase-outs and extraordinary costs incurred at the Australian subsidiary.

Depreciation and amortisation grew overall by 12.7%, from € 13,151 thousand in 2016 to € 14,822 thousand: the change is mainly attributable to the € 905 thousand increase in property, plant and equipment (up 15.8% from € 5,738 thousand to € 6,643 thousand) due to the investments in place to adapt the manu-

facturing capacity to business growth. The share related to intangible assets increased by € 765 thousand (up 10.3% from € 7,413 thousand to € 8,178 thousand).

Provisions totalled € 2,623 thousand, up from € 691 thousand in the first nine months of 2016, mainly because of the adjustment of the product warranty provision and of impairment losses on specific positions held by subsidiaries.

As regards financial operations, finance expense amounted to € 1,420 thousand, up 24.3% compared to the same period in 2016 (€ 1,143 thousand).

Exchange rate risk management in the first nine months resulted in a loss of € 1,257 thousand, down compared to the € 696 thousand negative result in the same prior-year period, above all owing to the hedges on the Indian, Turkish and Chinese currencies.

Pre-tax profit thus amounted to € 44,288 thousand.

The estimated balance of income taxes was negative to the tune of € 16,055 thousand. Current taxes were negative to the tune of € 16,980 thousand (IRAP – corporate income tax: € 2,444 thousand; IRES – regional business tax: € 10,714 thousand; taxes from foreign jurisdictions: € 3,712 thousand; previous-years taxes: – € 216 thousand; other taxes: € 326 thousand), while deferred taxes totalled € 925 thousand.

Therefore, profit for the first nine months of 2017 amounted to € 28,232 thousand.

# NET FINANCIAL POSITION AT 30 SEPTEMBER 2017

Euro 000's	30 September 2017	30 June 2017	31 March 2017	31 December 2016	30 September 2016
Financial assets:	60,029	44,099	49,510	46,382	33,431
<i>Current financial assets</i>	14	15	(587)	87	17
<i>Cash and cash equivalents</i>	60,015	44,084	50,097	46,295	33,414
Short term finance lease payables	(31)	(59)	(111)	(111)	(137)
Short term bank loans and borrowings and loans from other financial backers	(24,238)	(21,430)	(37,140)	(33,769)	(40,331)
<b>Short-Term Net Financial Position</b>	<b>35,760</b>	<b>22,610</b>	<b>12,259</b>	<b>12,502</b>	<b>(7,037)</b>
Medium/Long-term finance lease payables	(2,183)	(23)	-	(43)	(54)
Medium/Long-term bank loans and borrowings	(24,372)	(26,438)	(7,305)	(7,539)	(9,594)
<b>Medium/Long-term Net Financial Indebtedness</b>	<b>(26,554)</b>	<b>(26,461)</b>	<b>(7,305)</b>	<b>(7,582)</b>	<b>(9,648)</b>
<b>Total Net Financial Indebtedness</b>	<b>9,205</b>	<b>(3,851)</b>	<b>4,955</b>	<b>4,919</b>	<b>(16,685)</b>

At 30 September 2017 the Group's Net Financial Position was positive for € 9.2 million, significantly improving (up € 25.9 million) compared to the same period of 2016. In the 9 months of the year under way – net of the payment of dividends to shareholders, the balance of non-operating items and also with account taken of the normal seasonality of the business – operations generated € 4.3 million of liquidity.

Net invested capital amounted to € 166.5 million, Equity amounted to € 175.7 million, Net Operating Working Capital amounted to € 58.3 million.

Net operating working capital fell in absolute terms from the start of the year by € 8.6 million, while in comparison to the same period in 2016 the fall was even greater (€ 13.7 million). Group DSO was 52 days and DPO was 114 days.

## SUMMARY STATEMENT OF FINANCIAL POSITION

Euro 000's	30 September 2017	31 December 2016	30 September 2016
Intangible assets	74,436	65,218	62,618
Property, plant and equipment	88,727	81,939	76,112
Real estate investments	-	-	(0)
Financial assets	2,683	2,346	2,412
<b>Non current assets</b>	<b>165,846</b>	<b>149,503</b>	<b>141,141</b>
Inventories	144,693	130,785	134,029
Trade receivables	116,410	128,748	123,608
Trade payables	(202,840)	(192,613)	(185,653)
<b>Net Operating Working Capital</b>	<b>58,263</b>	<b>66,920</b>	<b>71,985</b>
Post-employment benefits	(13,452)	(13,746)	(14,524)
Provision for risk and charges	(12,635)	(11,994)	(11,144)
Other net payables	(42,321)	(45,890)	(33,555)
Net deferred tax assets	10,806	10,011	12,940
<b>Other net liabilities</b>	<b>(57,602)</b>	<b>(61,618)</b>	<b>(46,282)</b>
<b>Net Invested Capital</b>	<b>166,507</b>	<b>154,804</b>	<b>166,844</b>
Share capital	27,393	27,393	27,393
Profit/loss for the previous year/period and other reserves	119,528	102,656	101,673
Profit for the period	28,117	29,384	20,899
Non-controlling interests	674	290	195
<b>Equity</b>	<b>175,712</b>	<b>159,723</b>	<b>150,159</b>
Bank loans and borrowings and loans from other financial backers	50,823	41,462	50,116
Other financial assets	(14)	(87)	(17)
Cash and cash equivalents	(60,015)	(46,295)	(33,414)
<b>Net financial indebtedness</b>	<b>(9,205)</b>	<b>(4,919)</b>	<b>16,685</b>
<b>Total sources of funding</b>	<b>166,507</b>	<b>154,804</b>	<b>166,844</b>

Compared to 31 December 2016, net intangible assets increased by € 9.2 million. This effect was largely due to the capitalisation of R&D in new products and the increase in goodwill following the acquisition of Movetro S.r.l. (€ 2.4 million) and Montresor (€ 0.6 million). The amount was provisionally allocated in the glass segment.

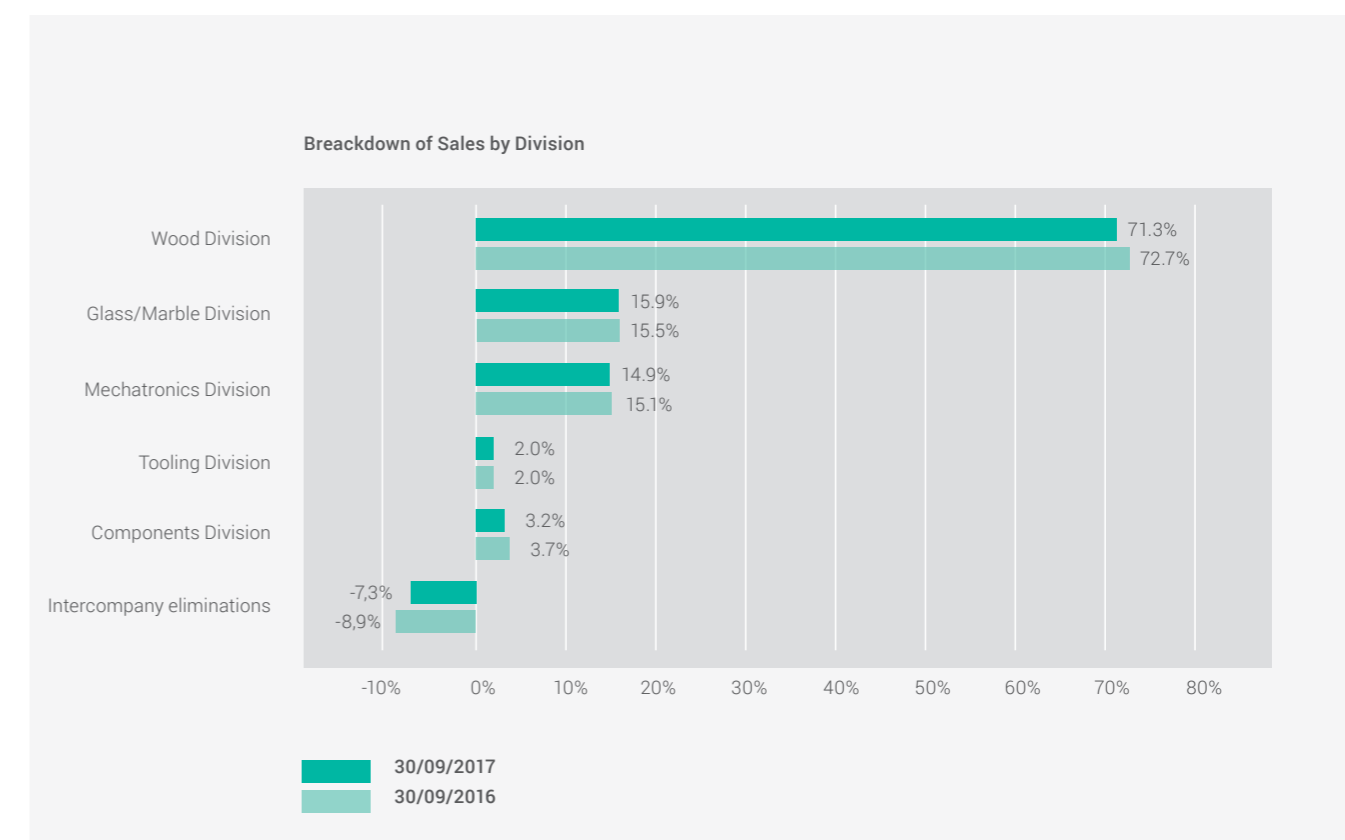
Compared to 31 December 2016, net property, plant and equipment increased by € 6.8 million. Besides the uses linked to the regular replacement of work instruments, note should be made of the work to modernise Biesse S.p.A., the HSD subsidiaries and the production facilities in India and China.

Inventories increased by € 13.9 million overall compared to 31 December 2016: the change is due to the € 8.3 million increase in finished goods, to the € 5.7 million increase in raw materials, and to the € 3.4 million increase in inventories of semi-finished goods. The increase is due to the need to cope with deliveries planned for the next few months in order to accomplish the year-end targets.

With reference to the other items of Net Operating Working Capital, which was down nearly € 8,657 thousand compared to 31 December 2016, trade payables fell by € 10,227 thousand and trade receivables by € 12,338 thousand.

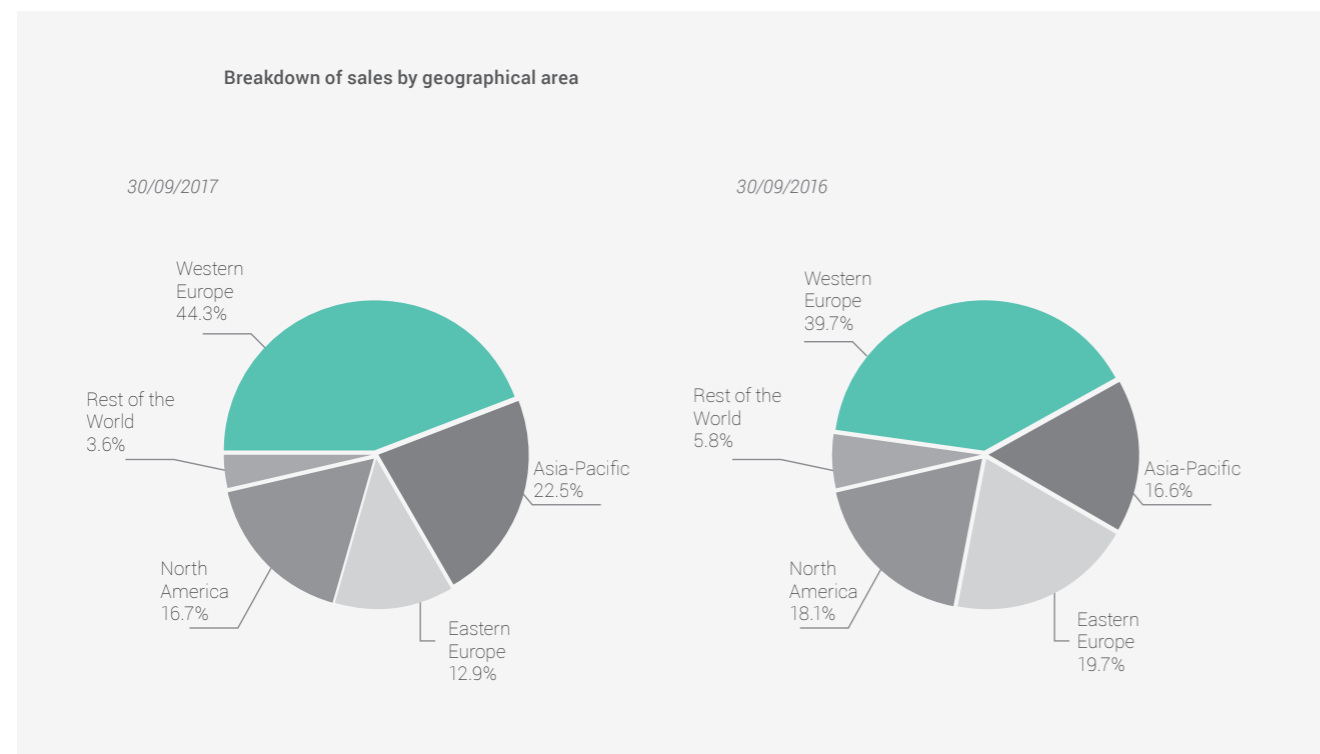
## SEGMENT REPORTING - BREAKDOWN OF REVENUE BY DIVISION

Euro 000's	September 2017	%	September 2016	%	CHANGE %
Wood Division	355,189	71.3%	316,375	72.7%	12.3%
Glass/Marble Division	79,352	15.9%	68,683	15.5%	15.5%
Mechatronics Division	74,175	14.9%	63,950	15.1%	16.0%
Tooling Division	10,083	2.0%	9,283	2.0%	8.6%
Components Division	15,711	3.2%	14,091	3.7%	11.5%
Intercompany eliminations	(36,210)	(7.3)%	(35,948)	(8.9)%	0.7%
<b>Total</b>	<b>498,300</b>	<b>100.0%</b>	<b>436,434</b>	<b>100.0%</b>	<b>14.2%</b>



# SEGMENT REPORTING - BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA

Euro 000's	September 2017	%	September 2016	%	CHANGE %
Western Europe	220,971	44.3%	187,856	39.7%	17.6%
Asia-Pacific	112,082	22.5%	89,911	19.7%	24.7%
Eastern Europe	64,038	12.9%	65,197	16.6%	(1.8)%
North America	83,453	16.7%	75,030	18.1%	11.2%
Rest of the World	17,756	3.6%	18,440	5.8%	(3.7)%
<b>Total</b>	<b>498,300</b>	<b>100.0%</b>	<b>436,434</b>	<b>100.0%</b>	<b>14.2%</b>



Pesaro, 10 November 2017

The Chairman of the Board of Directors  
Roberto Selci



# ANNEX

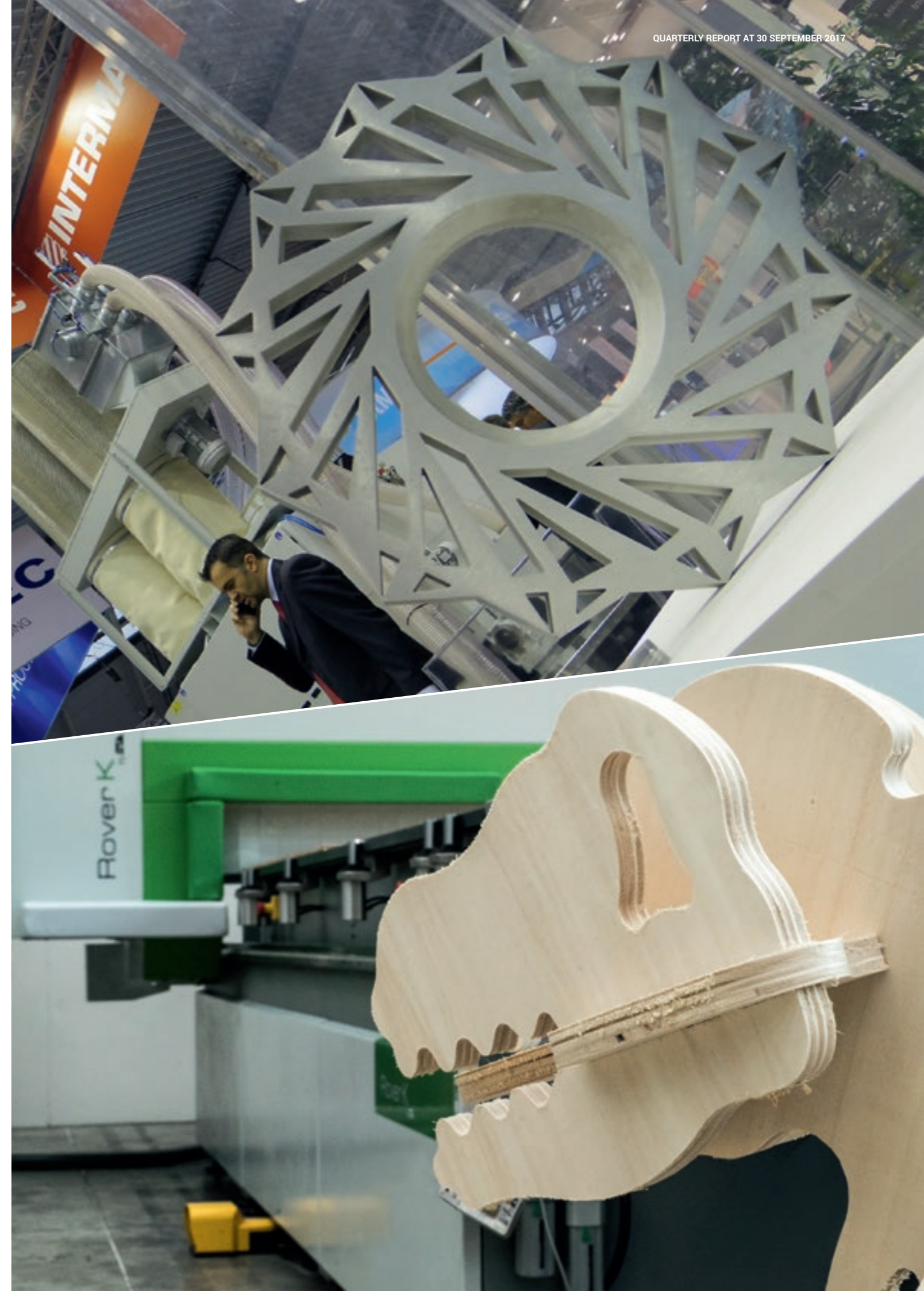
Euro 000's	September 2017	% on sales	September 2016	% on sales	CHANGE %
Revenue from sales and services	498,301	100.0%	436,434	100.0%	14.2%
Other revenues	2,578	0.5%	2,674	0.6%	(3.6)%
<b>Net Revenues</b>	<b>500,879</b>	<b>100.5%</b>	<b>439,108</b>	<b>100.6%</b>	<b>14.1%</b>
COGS	(234,604)	(47.1)%	(210,632)	(48.3)%	11.4%
<b>Gross Profit</b>	<b>266,275</b>	<b>53.4%</b>	<b>228,480</b>	<b>52.4%</b>	<b>16.5%</b>
Overhead	(56,807)	(11.4)%	(50,581)	(11.6)%	12.3%
<b>Added Value</b>	<b>209,468</b>	<b>42.0%</b>	<b>177,899</b>	<b>40.8%</b>	<b>17.7%</b>
Personnel expense	(143,926)	(28.9)%	(127,132)	(29.1)%	13.2%
<b>Gross Operating Income (EBITDA)</b>	<b>65,542</b>	<b>13.2%</b>	<b>50,767</b>	<b>11.6%</b>	<b>29.1%</b>
Depreciation and amortisation	(14,822)	(3.0)%	(13,151)	(3.0)%	12.7%
Provisions	(2,623)	(0.5)%	(691)	(0.2)%	-
<b>Normalised Operating profit</b>	<b>48,081</b>	<b>9.6%</b>	<b>36,924</b>	<b>8.5%</b>	<b>30.2%</b>
Impairment losses and non recurring items	(1,132)	(0.2)%	(773)	(0.2)%	46.5%
<b>Net Operating Income (EBIT)</b>	<b>46,965</b>	<b>9.4%</b>	<b>36,152</b>	<b>8.3%</b>	<b>29.9%</b>
Financial revenues and expenses	(1,420)	(0.3)%	(1,143)	(0.3)%	24.3%
Net exchange rate losses	(1,257)	(0.3)%	696	0.2%	-
<b>Pre-tax profit</b>	<b>44,288</b>	<b>8.9%</b>	<b>35,705</b>	<b>8.2%</b>	<b>24.0%</b>
Taxes	(16,055)	(3.2)%	(14,824)	(3.4)%	8.3%
<b>Profit for the period</b>	<b>28,232</b>	<b>5.7%</b>	<b>20,882</b>	<b>4.8%</b>	<b>35.2%</b>

## CERTIFICATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2 OF THE CONSOLIDATED LAW ON FINANCE (TUF)

Pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance (TUF), the Manager in charge of corporate financial reporting declares that the accounting information contained herein corresponds to the Company's documentary evidence and accounting books and records.

*The Manager in charge of corporate financial reporting*

Cristian Berardi



# THANK YOU

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