

approval of the Quarterly Financial report to 31 March 2018

Compared to the same period 2017:

- **stable** consolidated revenues (+0.5%)
- **growth** in order intake (+10.5%) and the Group backlog (+24.2%)
- **positive** net financial position of Euro 18.9 million

<i>Values in Euro million</i>	31.3.18	31.3.17
Consolidated revenues	162.3	161.5
Gross operating profit (EBITDA)	19.8	21.6
Operating profit (EBIT)	13.9	16.1
Net profit	8.1	9.4
Net financial position (positive)	18.9	4.9

Pesaro, 14 May 2018 – The Board of Directors of Biesse S.p.A. - a company listed in the STAR MIDCAP segment of the Italian stock exchange - has today approved the Consolidated Financial Statements for the 1st quarter 2018.

The Biesse Group results for the period **1/1/18 – 31/3/18** are as follows:

- Net consolidated revenues of Euro 162.3 million (+0.5% compared with the same period of 2017)
- Value Added of Euro 69.8 million (in line with the same period of 2017) representing a margin on revenues of 43.0%
- Gross operating profit (EBITDA) Euro 19.8 million (-8.5% compared with the same period of 2017) representing a margin on revenues of 12.2%
- Operating profit (EBIT) Euro 13.9 million (-13.5% compared with the same period of 2017) representing a margin on revenues of 8.6%
- Pre-tax profit of Euro 12.8 million (-13.4% compared with the same period of 2017) representing a margin on revenues of 7.9%
- Net profit of Euro 8.1 million (-14% compared with the same period of 2017) representing a margin on revenues of 5.0% with a tax rate of 37.2% (36.8% in March 2017)

The **Net Financial Position of the Group at 31 March 2018** shows a net positive position of **Euro 18.9 million** which represents a net improvement (+Euro 14 million) compared with the situation at March 2017. Despite the normal cyclicity/seasonality characteristic of Biesse's business in the first quarter, the Group Net Financial Position deteriorated by just Euro 11.5 million compared with the position at end-2017.

Net operating working capital (+Euro 12.4 million in absolute terms compared to December 2017) represented 31.5% of consolidated revenues (45% at March 2017) which, although not indicative of the annual trend, shows an improvement attributable to the constant attention devoted to control of the component elements of working capital.

Net invested capital was **Euro 176.5 million**, an increase over the same period of 2017.

Net shareholders' funds were **Euro 195.4 million** (Euro 170 million at 31 March 2017 and Euro 188.4 million at 31 December 2017).

"Differently from the previous financial year, the results of the 2018 IQ are in line with those of 2017 IQ (a record quarter with results up 37% year-on-year on a like-for-like basis). Nevertheless, the actual order intake (+10.5% compared to 2017 IQ) and the orders backlog (Euro 234 million, a record level for the Group, the highest in the history) means that we are confident we shall reach the targets of our industrial plan. As in 2017, revenues in 2018 (and therefore growth in profitability) will increase quarter by quarter starting from the next quarter and bring results in line with targets", commented Mr Stefano Porcellini, the Group General Manager, following the Board meeting held today.

Orders

The positive trend in order intake continued for the Group (machinery) through the first quarter of 2018 with a total increase of **10.5%** compared with the same period of the previous year. The total order backlog also increased by **24.2%** to **Euro 234 million**. This month, Biesse will participate in the industry's most important trade fair (26th edition of the Fiera XYLEXPO – Milan 8-12 May) - an international showcase with an exhibition area of 3,000 sq m – where, in addition to presenting new and advanced technological solutions, Biesse will also exhibit specific proposals for the "advanced materials" sector. Particular emphasis will be given to the presentation of the SOPHIA platform, highlighting its actual and future potentialities and on its predictive and analytical capabilities.

Breakdown of revenues (by business segment – geographical area)

The wood division remains the predominant segment (70.4%) compared to both glass/stone (16.4%) and mechatronics (15.5%).

The breakdown by geographical area was substantially stable compared to the same period of 2017 and reveals the following subdivision of revenues:

The share of revenues of the **Italian market was 15.7%** (14.2% at March 2017)

- **Western Europe 41.5%** (44.7% in 1Q 2017) -6.5%
- **Eastern Europe 14.8%** (13.1% in 1Q 2017) +14.1%
- **North America 16.7%** (19.4% in 1Q 2017) -13.5%
- **Asia Pacific 20.5%** (20.1% in 1Q 2017) + 2.5%
- **Rest of the World 6.4%** (2.7% in 1Q 2017) +141.1%

There was a very positive performance in **Eastern Europe (+14.1%)**, and particularly in the **Rest of the World (+141.1%)** where the favourable economic environment continues to support demand for capital goods. There was a weaker contribution from other countries (Brazil-Turkey) characterised by politico-economic and currency turbulence and instability. There was a recovery in the contribution from Russia which rose 2.1% compared to March 2018. China, which is a particularly significant market, now represents 3.9% of total revenues.

Dividends

As previously announced, a distribution was made to shareholders with rights to dividends of a dividend of Euro 0.48 per share gross of withholding taxes (coupon no. 14 detachment 7 May - record date 8 May – payment 9 May) amounting to a total payout by the Company of Euro 13,143,860 net of treasury shares held at that date.

Listing of HSD S.p.A.

The project of preparing HSD S.p.A. for quotation in the STAR segment of the Italian Stock Exchange is making progress. Biesse reconfirms its intention of retaining control of HSD S.p.A. following its listing on the Stock Market. Planned a maximum number of shares being offered in the private placing equal to 50%. HSD S.p.A. has today also approved a capital increase for subscription by Biesse for a maximum value of about Euro 16.2 million, establishing a subscription price equal to the price of the future private placing in connection with the listing. This capital increase will be carried out conditional on the favourable outcome of the listing, by the date of the commencement of trading in HSD shares. Biesse has decided to subscribe to this increase by utilising its own dividend credits and distribution of reserves already approved for the 2017 financial year but not yet paid by HSD, which are equal to the aforementioned amount."

“In accordance with paragraph 2, article 154-bis of the T.U.F. (Testo Unico Finanziario-Consolidated Financial Law), the manager responsible for the preparation of the company accounting records of Biesse Group, Dr. Cristian Berardi, declares that the company accounting information contained in the present communication corresponds to the results contained in the group’s records, books and accounts.”

FINANCIAL STATEMENTS

Income statement at 31 March 2018

	2018	% on sales	2017	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	162.327	100,0%	161.449	100,0%	0,5%
Change in inventories, wip, semi-finished products and finished products	9.418	5,8%	11.059	6,8%	(14,8)%
Other Revenues	1.615	1,0%	771	0,5%	109,4%
Revenue	173.361	106,8%	173.279	107,3%	0,0%
Raw materials, consumables, supplies and goods	(70.608)	(43,5)%	(71.586)	(44,3)%	(1,4)%
Other operating costs	(32.997)	(20,3)%	(31.932)	(19,8)%	3,3%
Normalised added value	69.756	43,0%	69.760	43,2%	(0,0)%
Personnel expense	(49.994)	(30,8)%	(48.163)	(29,8)%	3,8%
Normalised gross operating profit	19.762	12,2%	21.597	13,4%	(8,5)%
Depreciation and amortisation	(5.458)	(3,4)%	(4.814)	(3,0)%	13,4%
Provisions	(361)	(0,2)%	(661)	(0,4)%	(45,4)%
Normalised operating profit	13.944	8,6%	16.123	10,0%	(13,5)%
Impairment losses and non recurring-items	(5)	(0,0)%	-	-	-
Operating profit	13.939	8,6%	16.123	10,0%	(13,5)%
Net financial expense	(594)	(0,4)%	(455)	(0,3)%	30,5%
Net exchange rate losses	(497)	(0,3)%	(831)	(0,5)%	(40,2)%
Pre-tax profit	12.848	7,9%	14.837	9,2%	(13,4)%
Income taxes	(4.786)	(2,9)%	(5.458)	(3,4)%	(12,3)%
Profit for the year	8.063	5,0%	9.378	5,8%	(14,0)%

Net Financial Position at 31 March 2018

	31st March 2018	31st December 2017	30th September 2017	30th June 2017	31st March 2017
<i>Euro 000's</i>					
Financial assets:	89.853	79.421	60.029	44.099	49.510
<i>Current financial assets</i>	637	519	14	15	(587)
<i>Cash and cash equivalents</i>	89.216	78.902	60.015	44.084	50.097
Short-term financial lease payables	(347)	(199)	(31)	(59)	(111)
Short-term bank loans and borrowings and loans from other financial institutions	(35.649)	(29.086)	(24.238)	(21.430)	(37.140)
Short-term net financial position	53.858	50.136	35.760	22.610	12.259
Medium/Long-term financial lease payables	(1.832)	(1.060)	(2.183)	(23)	-
Medium/Long-term bank loans and borrowings	(33.077)	(18.705)	(24.372)	(26.438)	(7.305)
Medium/Long-term net financial position	(34.908)	(19.765)	(26.554)	(26.461)	(7.305)
Total net financial position	18.949	30.371	9.205	(3.851)	4.955

Summary Balance Sheet data at 31 March 2018

	31 March 2018	31 December 2017
<i>Euro 000's</i>		
Intangible assets	76.321	75.107
Property, plant and equipment	91.982	90.515
Financial assets	2.262	2.648
Non-current assets	170.566	168.270
Inventories	159.721	143.210
Trade receivables	114.975	119.380
Trade payables	(223.588)	(223.916)
Net operating working capital	51.108	38.674
Post-employment benefits	(13.186)	(13.456)
Provision for risk and charges	(10.527)	(10.405)
Other net payables	(32.614)	(35.617)
Net deferred tax assets	11.119	10.501
Other net liabilities	(45.208)	(48.978)
Net invested capital	176.466	157.966
Share capital	27.393	27.393
Profit for the previous year and other reserves	159.013	117.434
Profit for the year	8.215	42.558
Non-controlling interests	794	952
Equity	195.415	188.337
Bank loans and borrowings and loans and borrowings from other financial backers	70.904	49.050
Other financial assets	(637)	(519)
Cash and cash equivalents	(89.216)	(78.902)
Net financial Position	(18.949)	(30.371)
Total sources of funding	176.466	157.966

BIESSE S.p.A. - The Biesse Group operates in the market for machinery and systems for working wood, glass, marble and stone and advanced materials. Founded in Pesaro in 1969 by Giancarlo Selci, Biesse S.p.A. has been listed on the STAR sector of Borsa Italiana since

June 2001.

The Company offers modular solutions from the design of turnkey plants for large furniture manufacturers to individual automatic machines and work stations for small and medium enterprises and the design and distribution of individual highly technological components.

As a result of its attention to research and innovation, Biesse can develop modular products and solutions capable of responding to a vast range of requirements from clients.

A multinational company, the Biesse Group distributes its products through a network of subsidiaries and associates located in leading strategic markets.

The 39 directly controlled subsidiaries guarantee specialized after-sales assistance to clients whilst at the same time carrying out market research in order to develop new products. The Biesse Group currently has more than 4,100 employees in its main production sites in Pesaro, Thiene, Alzate Brianza, Padova, Villafranca (VR), Bangalore, Dongguan and its associates/branch offices in Europe, North America, Latin America, the Middle East, Asia and Australasia. The Group also has more than 300 resellers and agents enabling it to cover more than 100 countries.

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