

Forward-thinking Solutions to leverage **the fourth industrial revolution**

Pesaro, August 2nd – 4 p.m.
phone conference call

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www.biessegroup.com

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Biesse highlights IH 2019

orders intake -16.7% vs June 2018

backlog 225.4 Euro mln

Group people nr. 4,057
(without temporary people)

net consolidated sales: 344.2

net financial position: -33.8 with -26.1 Euro mln for IFRS 16
(IFRS 16 adopted since January 2019)

ebitda: 38.0 (incidence on sales 11.0%) with +3.1 Euro mln for IFRS 16

ebit: 20.1 (incidence on sales 5.8%) before non recurring items

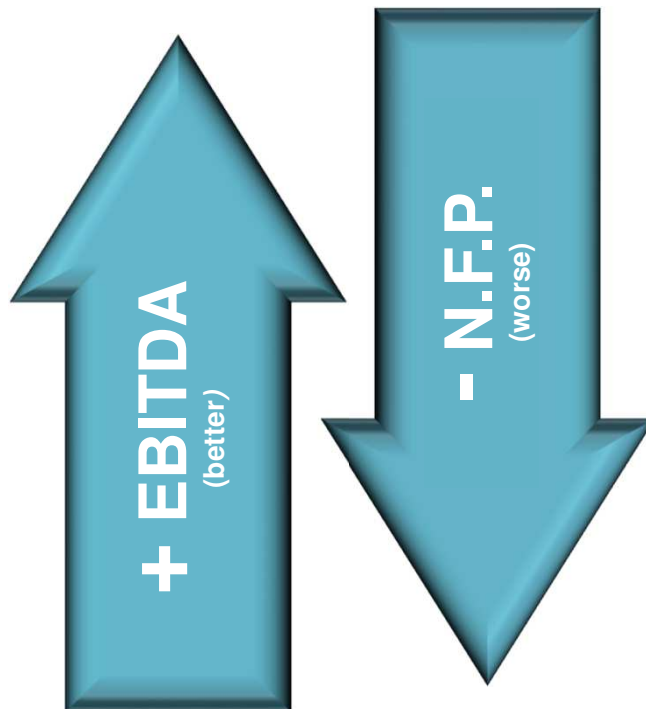
net profit: 10.4 (incidence on sales 3.0%)

€/mln

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IFRS 16 MAIN 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.....”



FY 2018 effects:

EBITDA +6.9 Euro mln

N.F.P. -25 Euro mln

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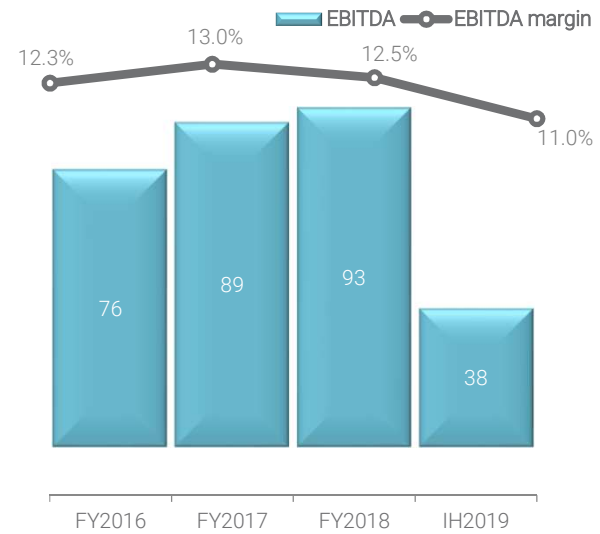
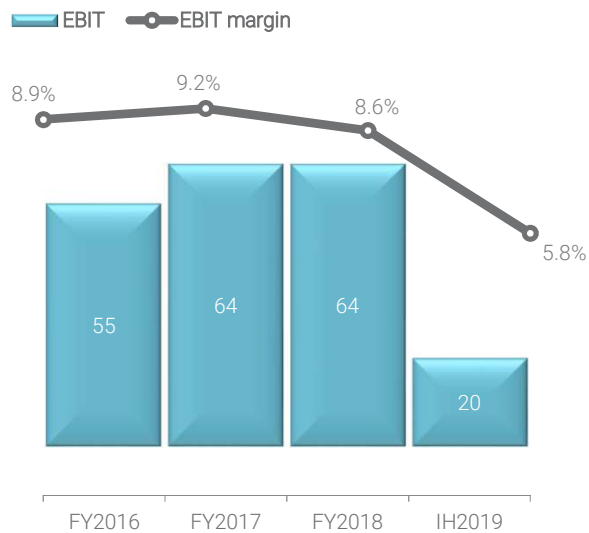
2019 IH effects:

EBITDA +3.1 Euro mln

N.F.P. -26.1 Euro mln

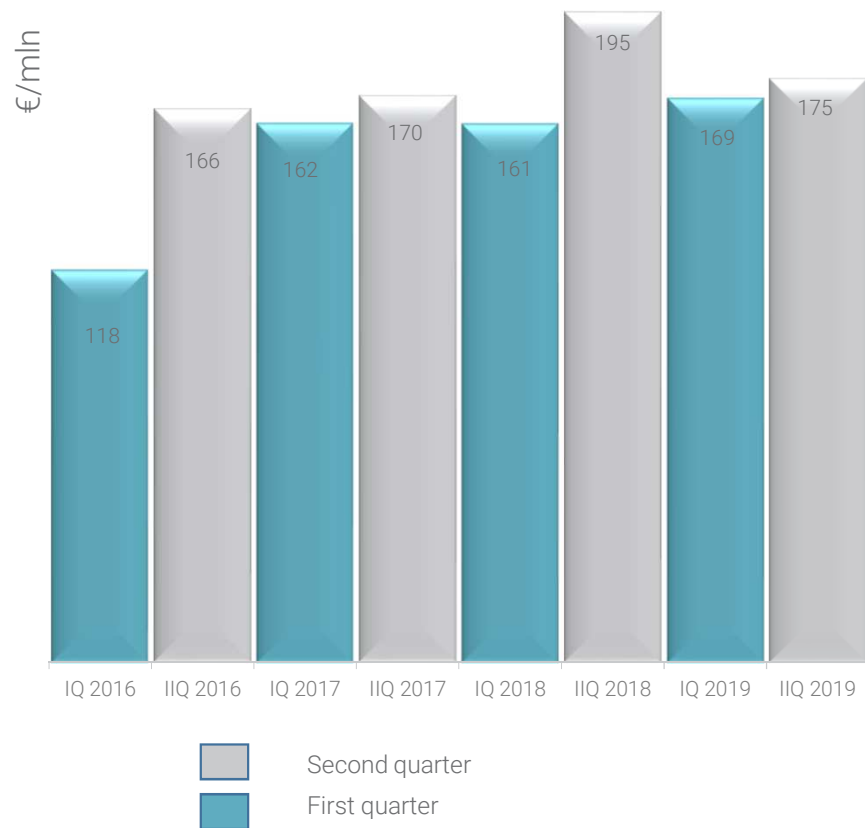
BIESSE KEY FIGURES

€/mln

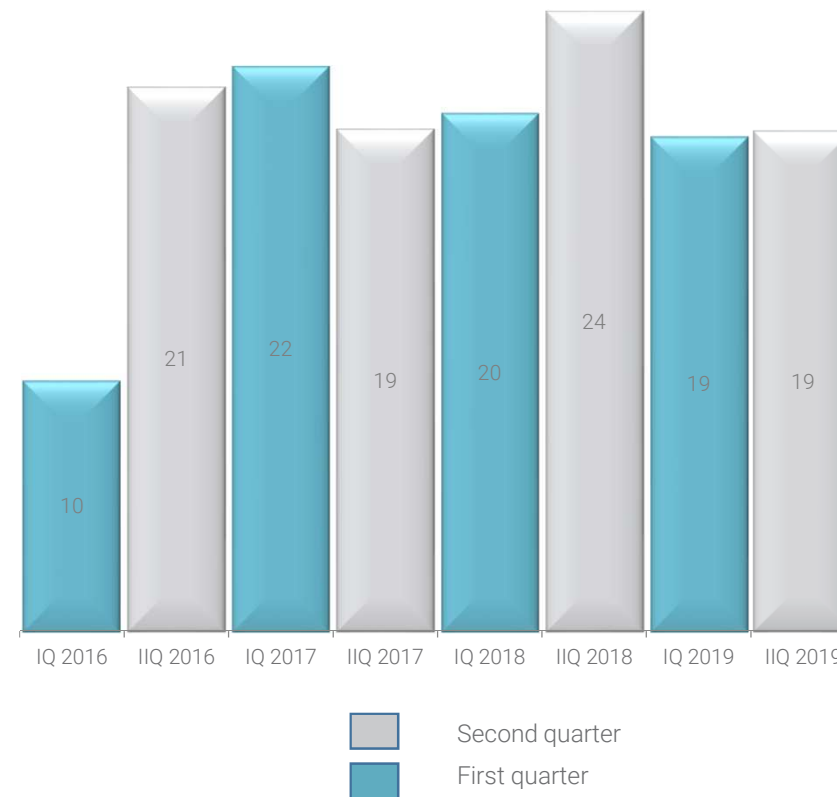


BIESSE KEY FIGURES

Sales by quarters



EBITDA by quarters



extract of the P&L – IH 2019

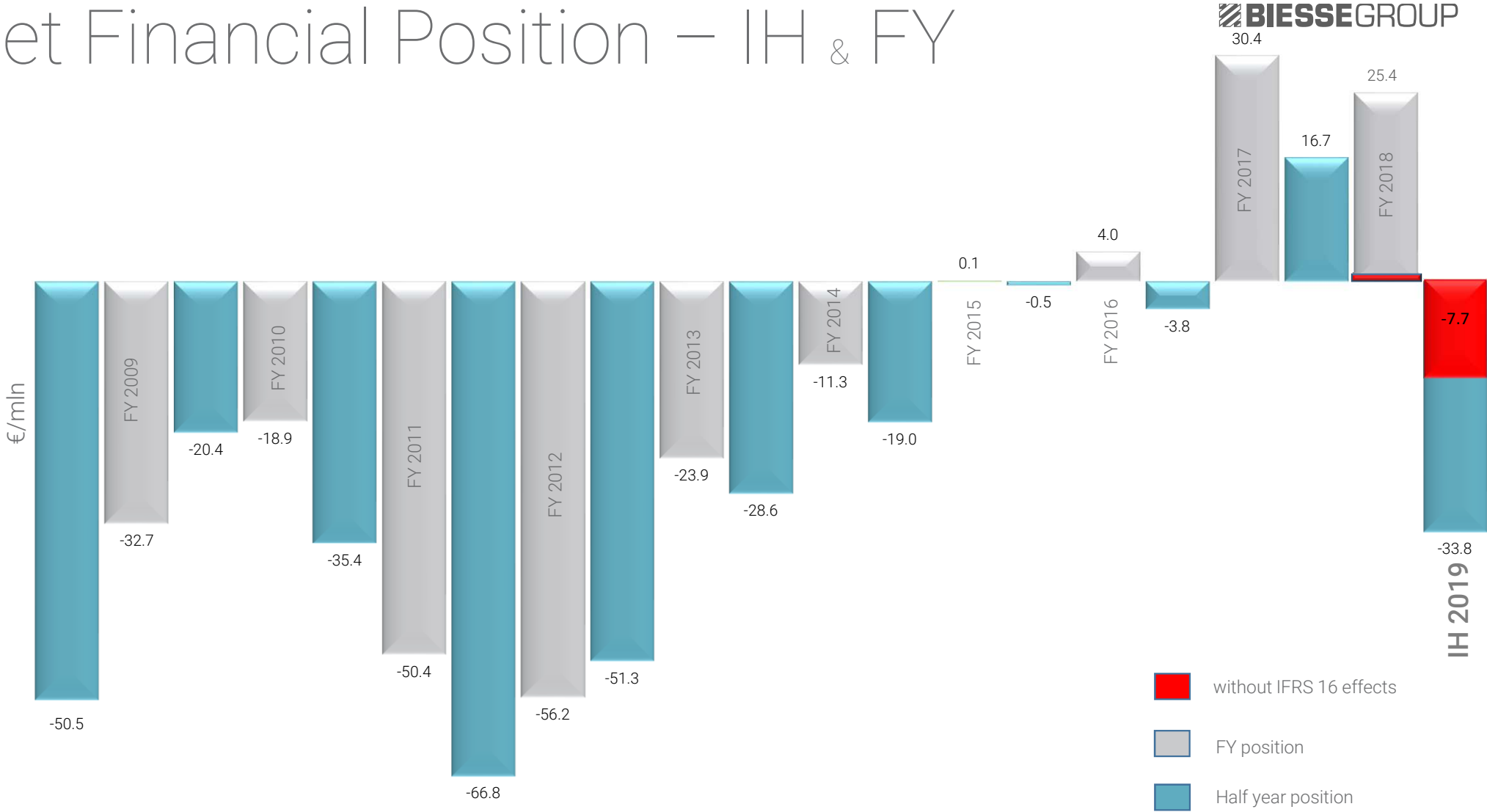
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€/mln	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	IH 2018	IH 2019
Net sales year -1	378.4 -1.2%	427.1 +12.3%	513.1 +21.5%	618.5 +19.1%	690.1 +11.6%	740.2 +7.3%	356.6	344.2 -3.5%
Value added %	143.5 37.3%	163.1 33.6%	212.4 40.3%	252.4 40.8%	288.6 41.8%	307.2 41.5%	150.3 42.1%	151.0 43.9%
Labour cost %	112.7 23.8%	128.2 30.0%	148.2 28.6%	176.6 28.6%	199.1 28.9%	214.6 29.0%	106.8 29.9%	113.1 32.9%
EBITDA %	30.3 8.2%	40.3 3.6%	64.1 12.4%	75.8 12.3%	89.5 13.0%	92.7 12.5%	43.5 12.2%	38.0 11.0%
EBIT %	18.1 4.8%	26.5 6.2%	43.8 8.4%	55.1 8.9%	63.6 9.2%	63.8 8.6%	30.3 8.5%	20.1* 5.8%

*before non recurring items

tax rate **35.8%** **35.5%**

Net Financial Position – IH & FY



- without IFRS 16 effects
- FY position
- Half year position

CASHFLOW

€/mln	2014	2015	2016	2017	2018	IH 2019
Gross Cashflow % net sales	38.3 9.0%	46.3 8.9%	45.8 7.4%	75.4 10.9%	53.1 7.1%	4.3 1.2%
Investments % net sales	-20.8 4.9%	-25.3 4.8%	-32.1 5.0%	-39.2 5.8%	-45.0 6.1%	-50.4* 14.6%
Net Cashflow % net sales	17.5 4.1%	21.0 4.1%	13.7 2.2%	36.2 5.2%	8.1 1.1%	-46.1
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	-13.1 0.48 per share
Δ Net Debt	12.7	11.2	3.9	26.4	-5.0	-59.2*

*including € 26.6 from IFRS 16

*the delta is calculated between € +25.4 (December 2018 NFP) and € -33.8 (June 2019 NFP)

If we normalize December 2018 with the estimate IFRS 16, the delta is between € +0.4 and € -33.8= **€ -34.2**
If we compare December 2018 NFP € +25.4 with June 2019 NFP € -7.7 without IFRS 16 the delta is **€ -33.1**

O.N.W.C

	2014	2015	2016	2017	2018	<i>IH 2018</i> <i>(against the IH sales)</i>	<i>IH 2019</i> <i>(against the IH sales)</i>
inventories % net sales	23.0%	21.5%	21.1%	20.8%	22.1%	45.6%	54.5%
receivables % net sales	18.9%	20.3%	20.8%	17.3%	17.7%	37.7%	35.4%
payables % net sales	28.8%	29.5%	31.1%	32.4%	32.5%	68.4%	68.5%
O.N.W.C. % net sales	56 13.0%	63 12.2%	67 10.8%	39 5.6%	53.1 7.2%	53.1 14.9%	73.8 21.4%

Biesse highlights IH 2019

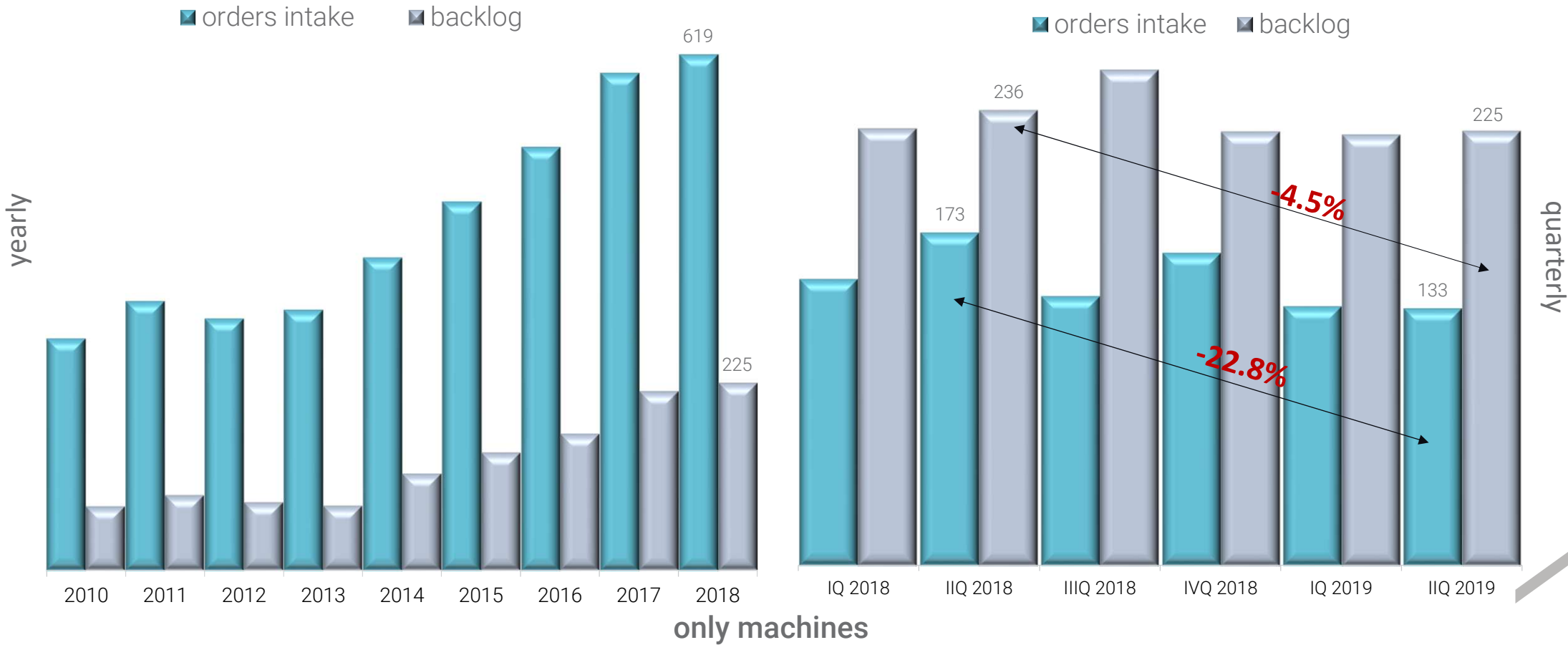
Orders & Sales breakdown

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GROUP ORDERS INTAKE & BACKLOG



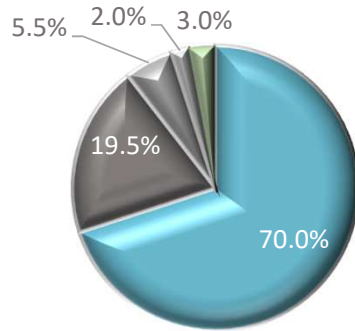
ORDERS INTAKE IH 2019 vs IH 2018: -16.7%



Sales breakdown- IH 2019

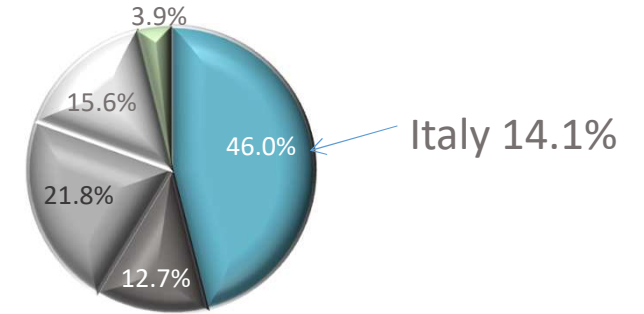
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IH 2019



Wood Glass & Stone Mechatronics Tooling Components

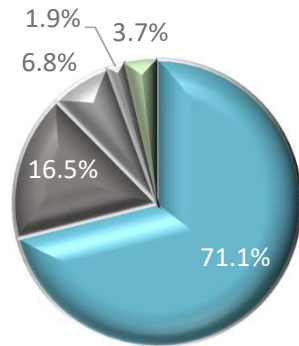
IH 2019



Western Europe (Italy included) Eastern Europe North America Asia Rest of the World

divisions

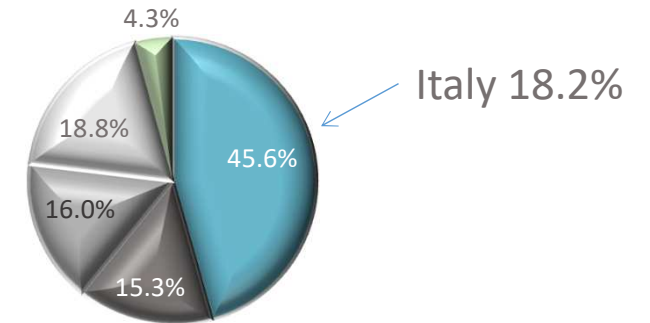
IH 2018



Wood Glass & Stone Mechatronics Tooling Components

geo-areas

IH 2018



Western Europe (Italy included) Eastern Europe North America Asia Rest of the World

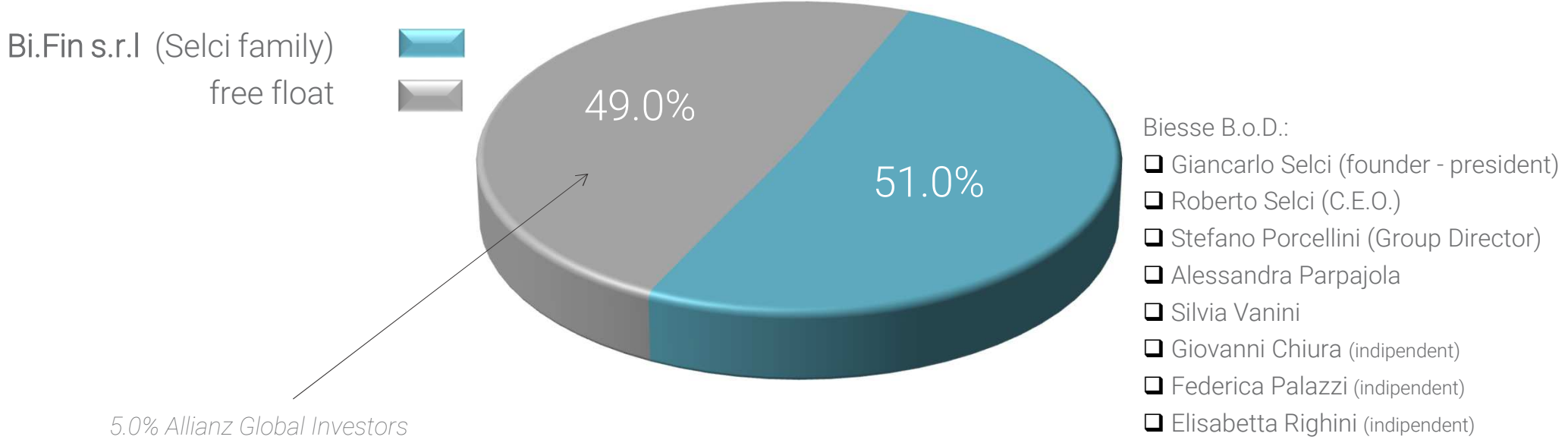
Biesse highlights IH 2019

Shareholders - B.o.D.

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Shareholders breakdown by ownership

Board of Directors



Source: Consob

profit warning

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PRESS RELEASE



Pesaro June 21st 2019

As highlighted by the sector studies regarding the Biesse industries of reference (Acimall, VDMA, UCIMU) – surveys moreover confirmed by the official and unofficial orders intake data stated by the main competitors of the Group, the first 5 months of the 2019 have seen a considerable coolness of the demand, after a positive cycle lasted 4 years (2015-2018).

In particular, for this wide sample basket of markets/companies, the negative delta between the 2019 new orders compared to the same period 2018 is amounting on average around -15% (with a peak of -19% communicated the last March by the main Biesse competitor in wood).

Despite the great Biesse performance during the LIGNA fair (Hannover, 27-31 May, more than 40 mln. of Euro of signed orders, confirming our offer and sale organization excellence), the Group can't shirk this slowdown dynamics and the Board of Directors intends prudently rectify the guidance for the FY 2019 lowering the forecast for consolidated sales and margins.

*Given that the actual demand volatility is making extremely aleatory any estimate, the consolidated sales are - at present - expected to be in a range of **680-690 mln of Euro and the EBITDA in a range of 62-65 mln of Euro**. The Group is anyway forecasting for the current year, despite the revision above mentioned, a positive Net Financial Position (before any IFRS 16 impact).*

For what is concerning the levels of the projected marginality for the FY 2019, it is good to reiterate that the Group will is to protect the investments regarding organization, products and markets in which it operates, being sure that this is the correct path to re-confirm our world leadership as soon as the demand will start again.

In the end, the consensus regarding the world economy trend for the next 12-18 months remains uncertain due to the widespread political and economic instability pervading the markets; consequently there is an objective complexity to read the demand for the three years plan 2019-2021.

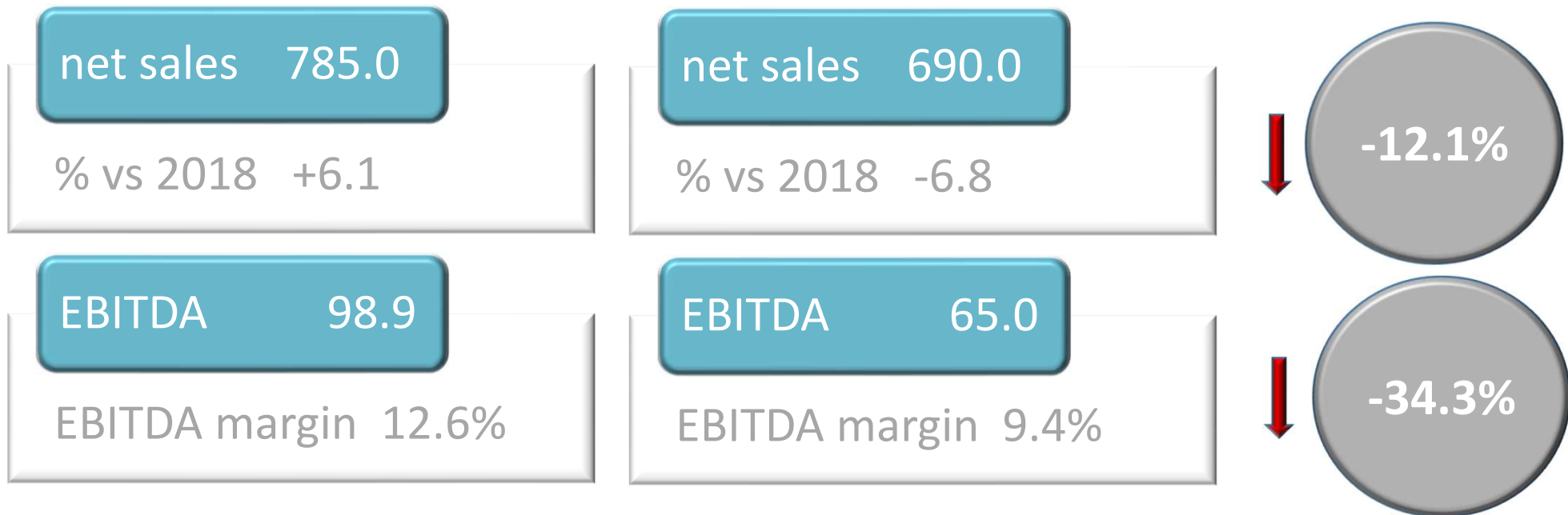
So, with this state of the things, we can only assume a shift to the FY 2022 of the targets originally fixed for the FY 2021.

NEW vs OLD

3 years plan (2019e)

post profit warning scenario (2019e)

delta



UPDATE



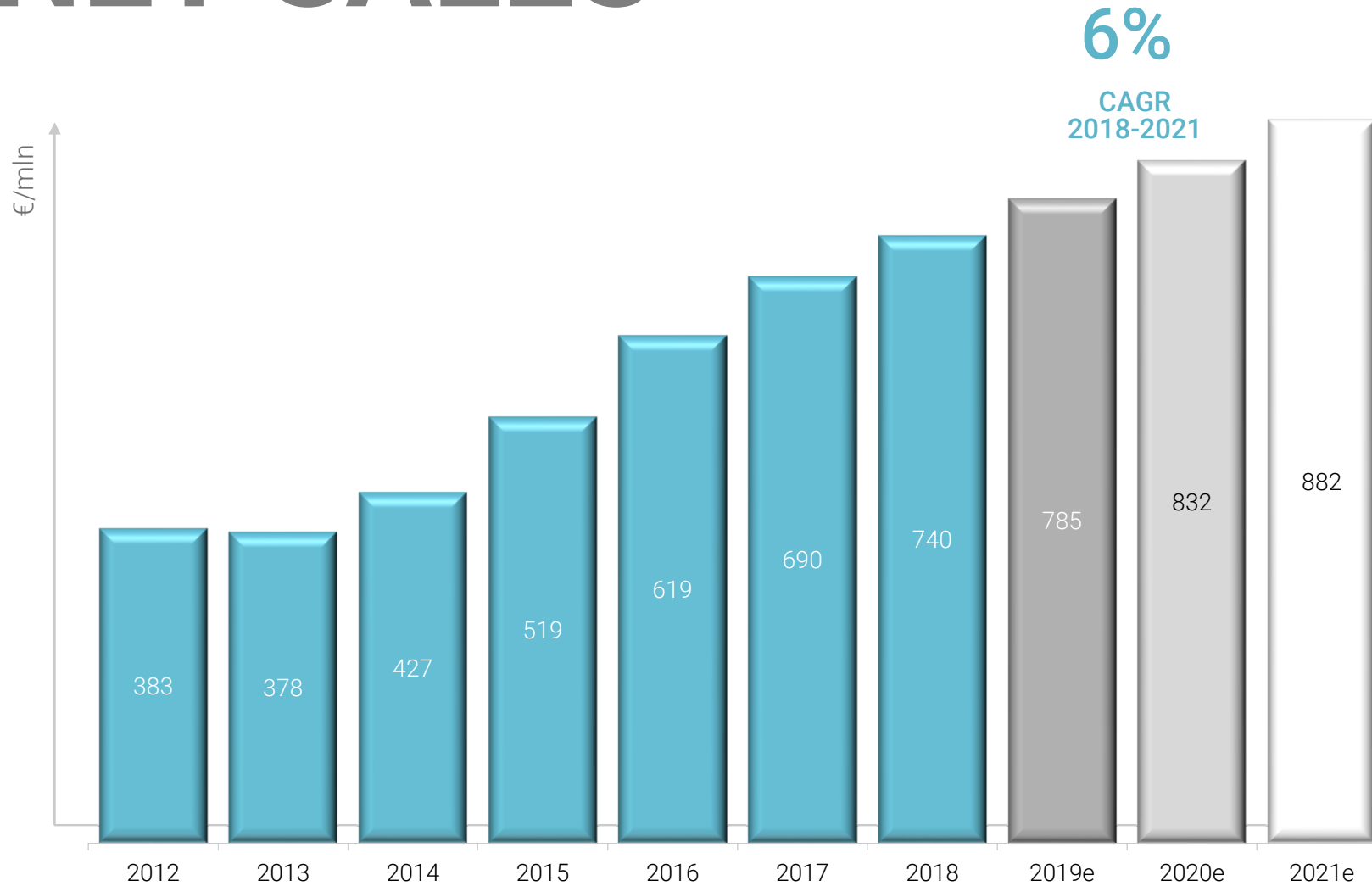
- Brexit uncertainty (hard – soft exit)
- European political turmoil & tensions
- Lack of focused incentives (Italy) and uncertain fiscal outlook
- Trade War escalation (U.S.A. – China)
- Currency (i.e. TRY-RUBLO) instability/depreciation vs Euro and USD decreasing the purchasing power

«old» three Years Business Plan extract

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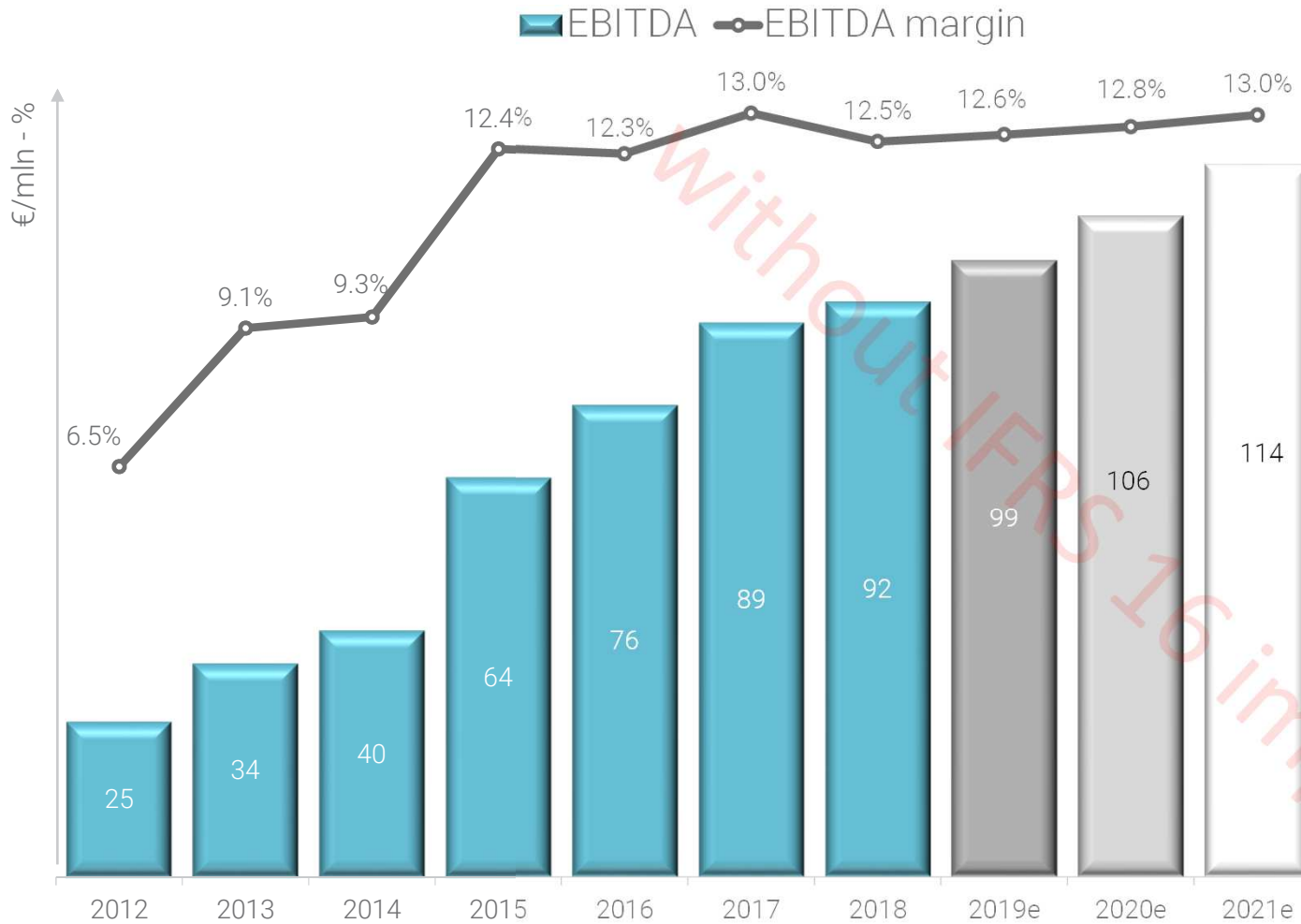
NET SALES

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organic growth

EBITDA

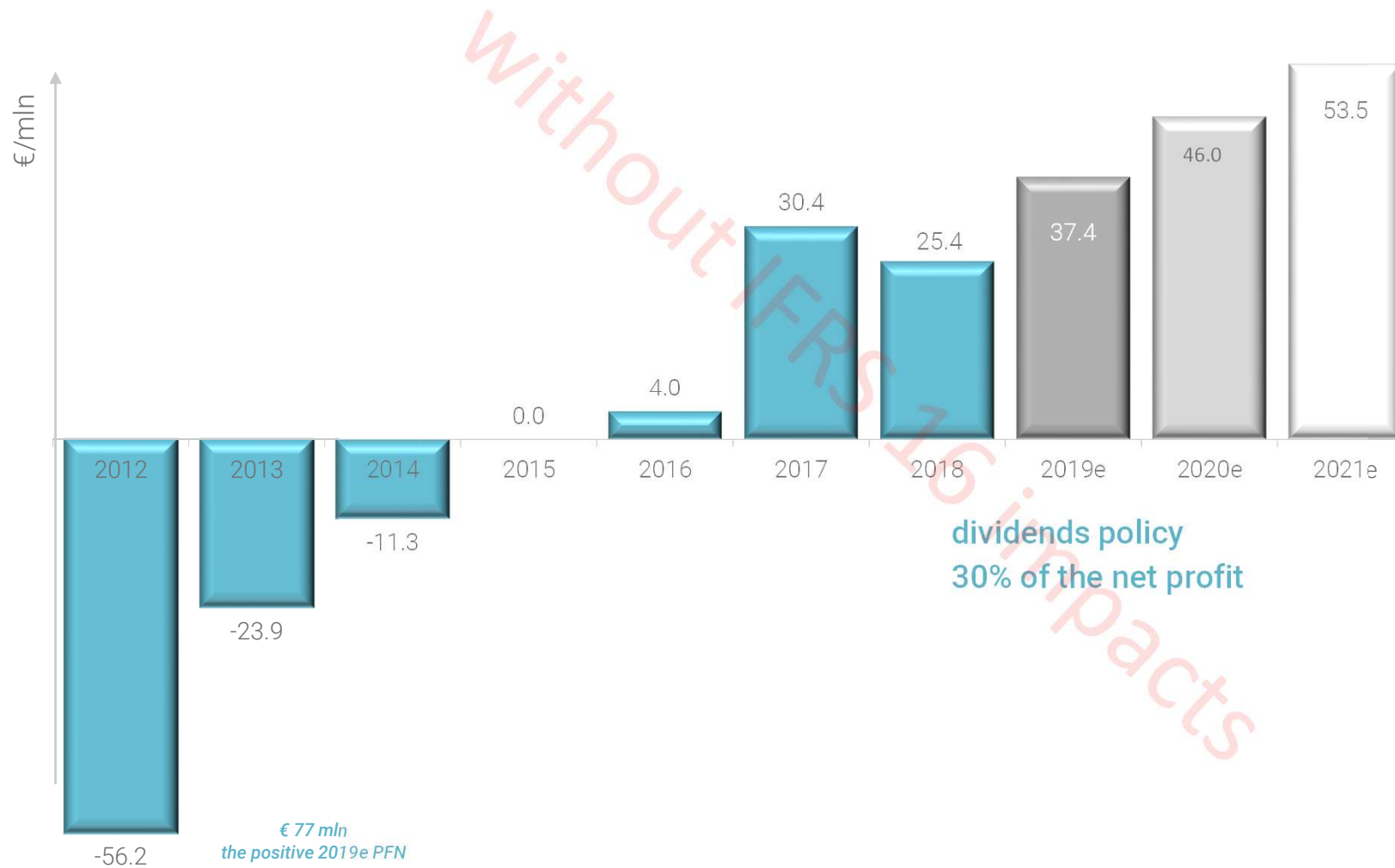


13.7%
EBITDA margin
2019e

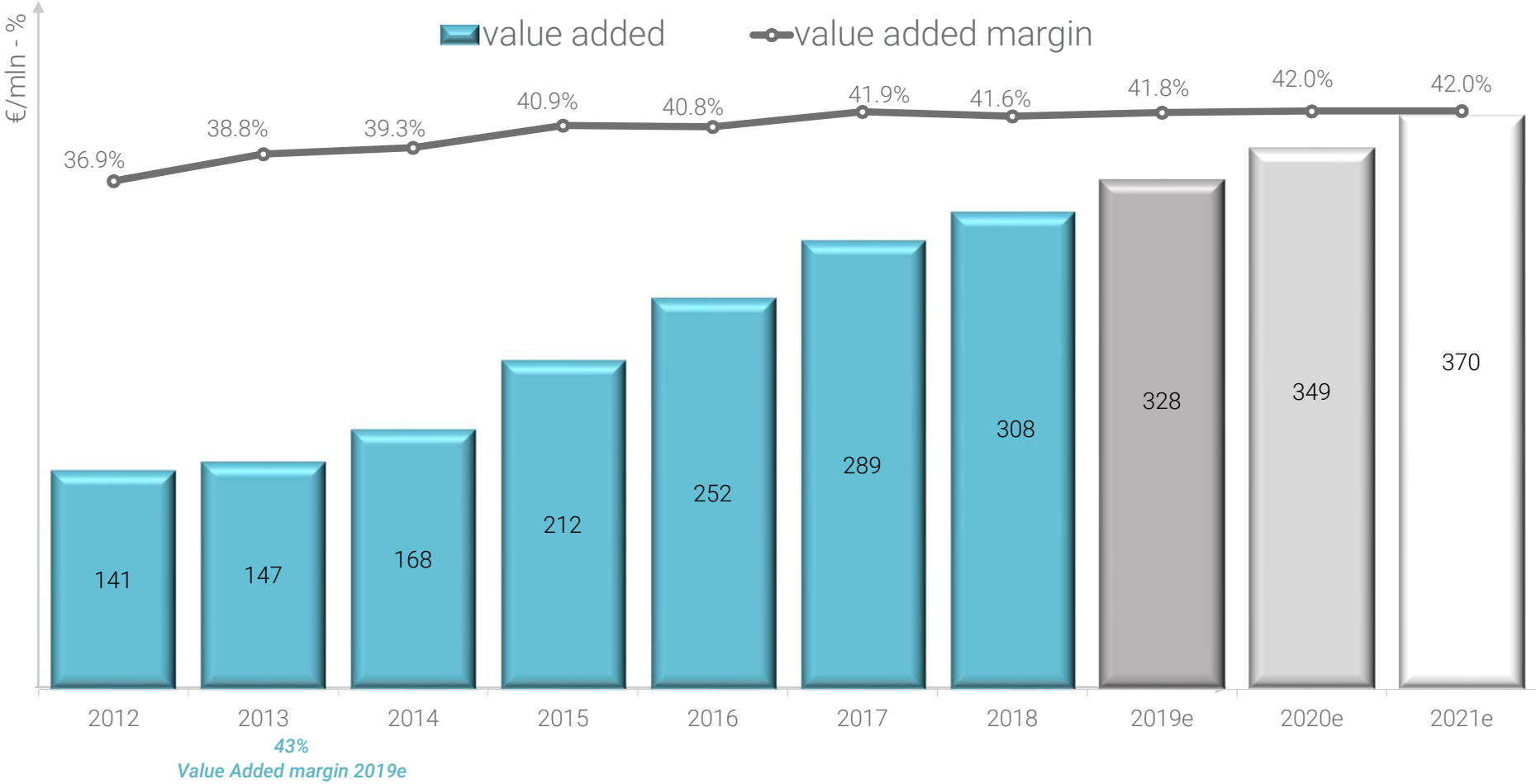
- ✓ **COGS** on Net Sales below **40%**
- ✓ **labour Cost** on Net Sales less than **30%**
- ✓ **overhead** on Net Sales less than **20%**

Without IFRS 16 impacts

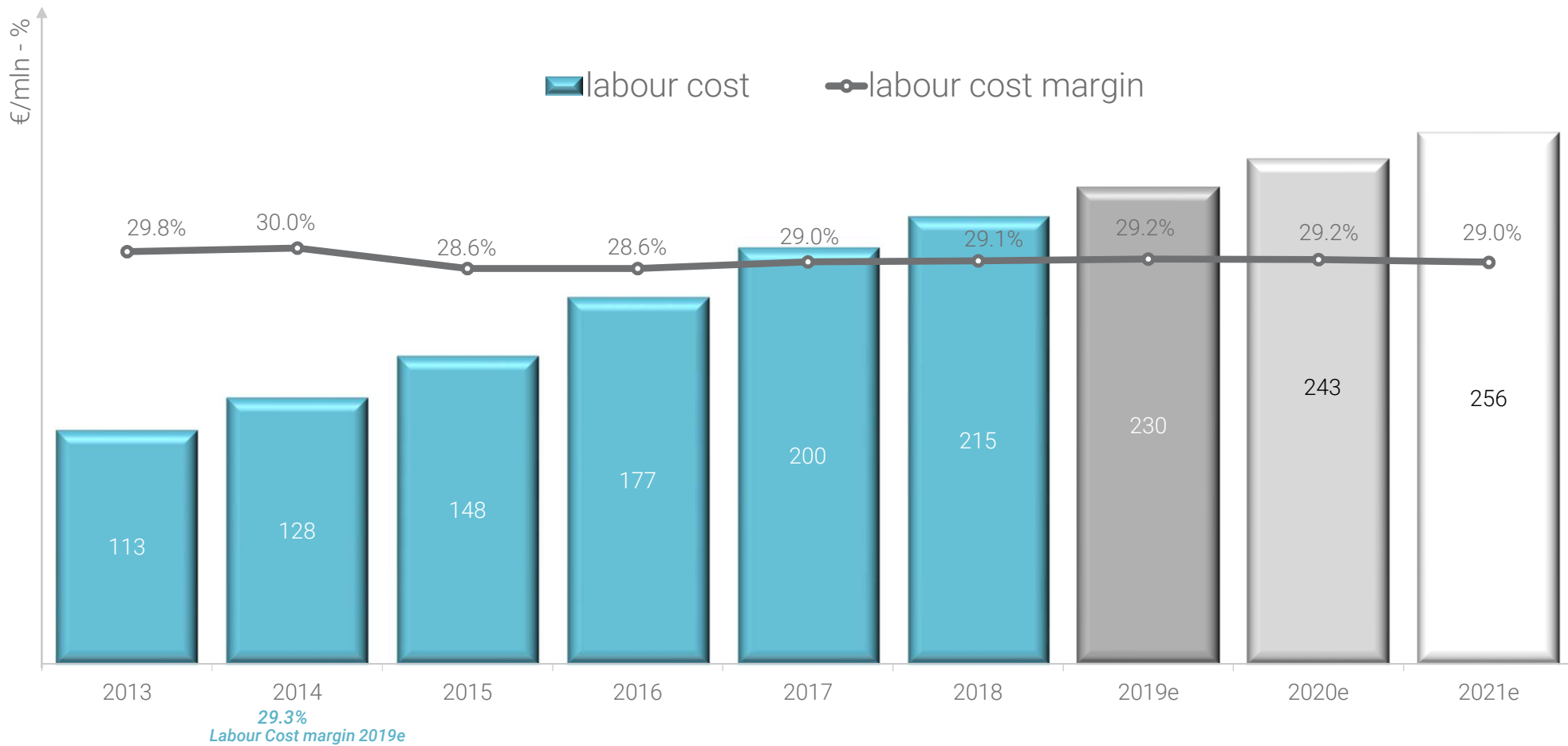
NET DEBT



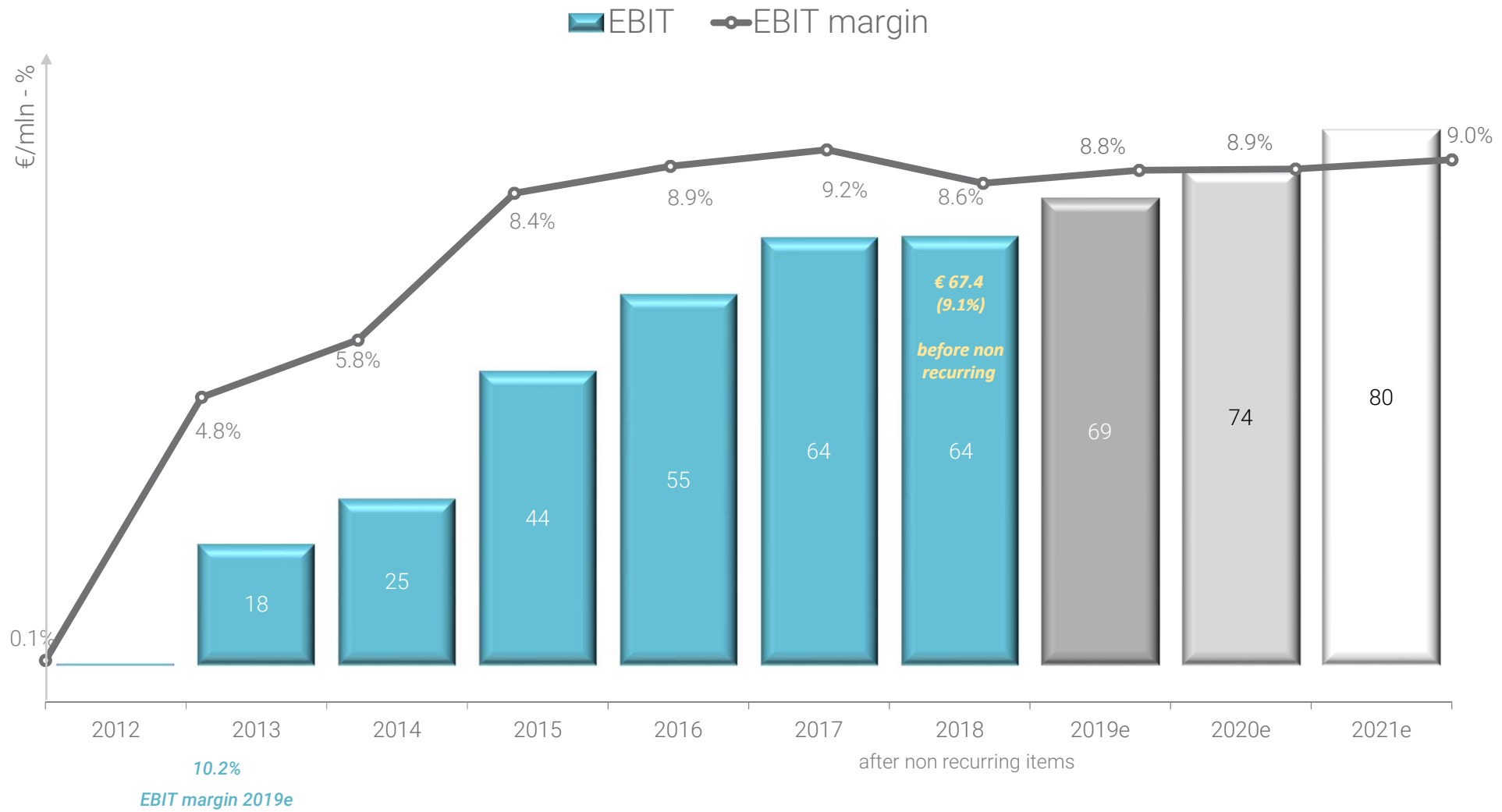
VALUE ADDED



LABOUR COST



EBIT

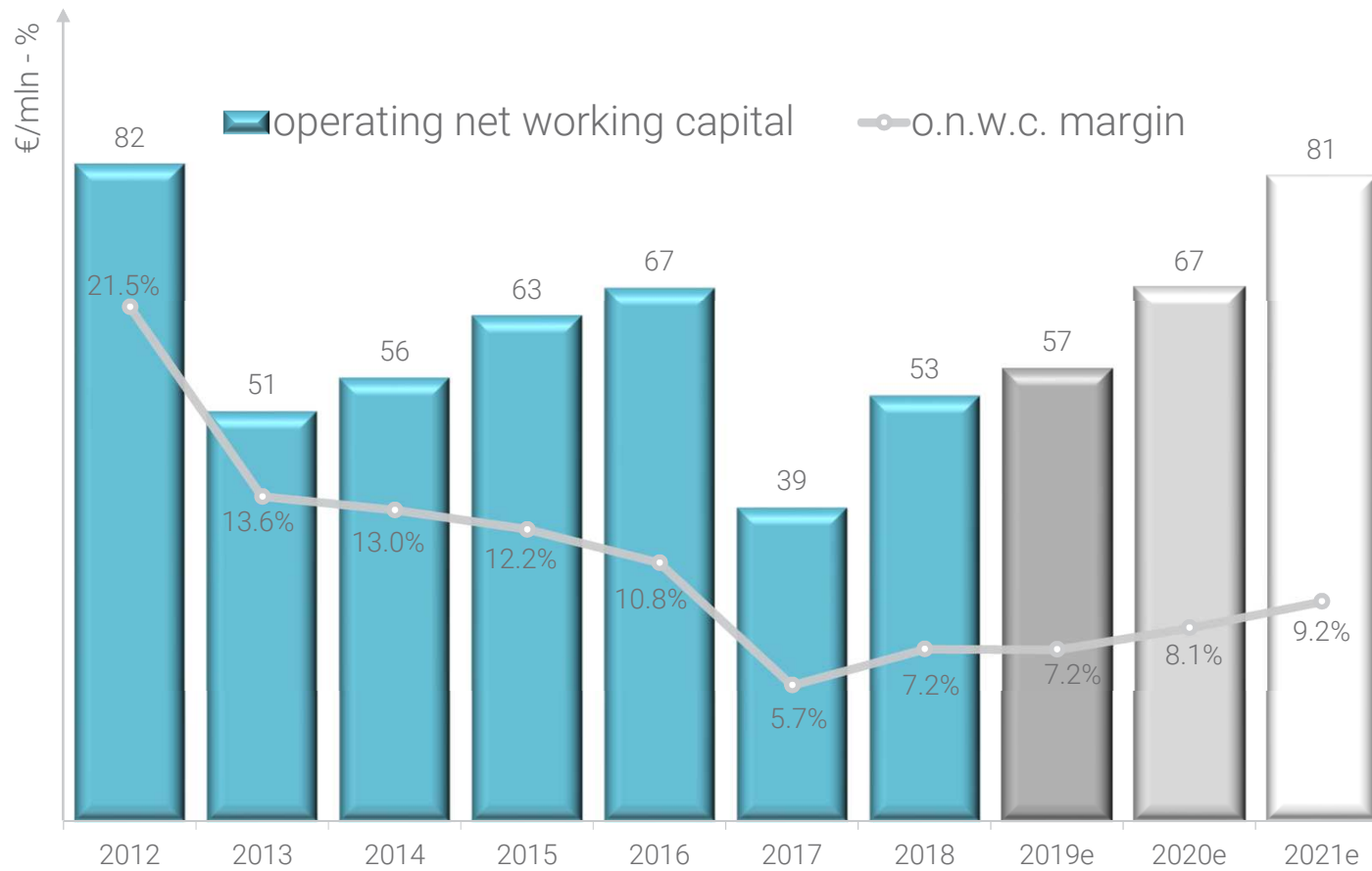


CASHFLOW

 BIESSEGROUP

€/mln	2014	2015	2016	2017	2018	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

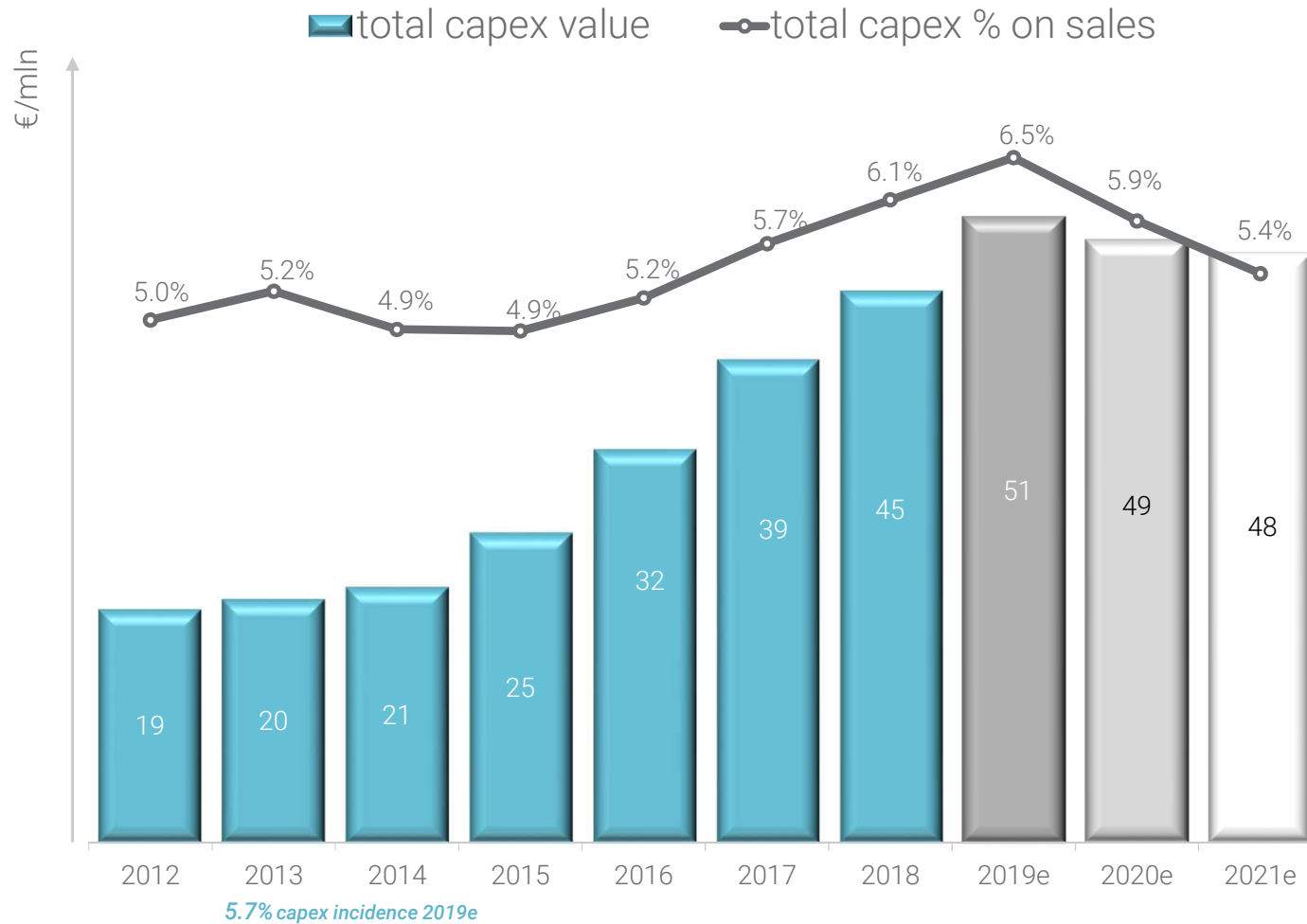
OPERATIVE NET WORKING CAPITAL



7.4% O.N.W.C. incidence
2019e

- ✓ **inventories** below **22%** incidence on Net Sales
- ✓ Group **DSO** around **50-60 days max**
- ✓ Group **DPO** around **105-110 days**

CAPEX



2019e

tangible: € 33mln

intangible: € 18mln

main items:

- ✓ **Mechatronics** – HSD takeover of the Bi.Fin srl leasing (existing site in Gradara)
- ✓ **Wood – stand alone machines** vertical auto-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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