

The Board of Directors of Biesse S.p.A. approves the consolidated results for the six month period
to **30 June 2014**

BIESSE

- **Consolidated revenues** with double digit growth
- **Increase in profitability** (in absolute values and in percentage terms)
- **Net profit** more than triples (despite the tax charge)
- **Net debt** decreases

Data in € million

IH 2014

IH 2013

change %

	IH 2014	IH 2013	change %
Consolidated revenues	201.1	180.2	+11.6%
EBITDA	16.9	11.6	+46.5%
EBIT	9.7	5.1	+88.4%
Net result	3.9	1.1	+238.8%
Net debt	28.6	51.3	-44.3%

Pesaro, 4 August 2014

The Board of Directors of Biesse S.p.A. – the multinational company based in Pesaro which operates in the wood, glass and marble processing machinery sector and which is listed in the STAR segment of the Italian Stock Exchange – at today's meeting approved the **Consolidated Interim Report** for the six month period **1.1.2014 – 30.6.2014**:

- Consolidated revenues € 201.1 million (+11.6% compared with the same period of 2013)
- Value Added € 79.8 million (+15.1% compared with the same period of 2013) representing a margin on revenues of 39.7% (38.5% in the first half 2013)
- EBITDA of € 16.9 million (+46.5% compared with the same period of 2013) representing a margin on revenues of 8.4% (6.4% in the same period of 2013)
- **EBIT of € 9.7 million (+88.4% compared with the same period of 2013)** representing a margin on revenues of 4.8% (2.9% in the same period of 2013)
- **Pre-tax Profit of € 8.5 million (+124.7% compared with the same period of 2013)** representing a margin on revenues of 4.2% (2.1% in the same period of 2013)
- **Net Profit of € 3.9 million (+238.8% compared with the same period of 2013)** representing a margin on revenues of 2.0% (0.6% in the same period of 2013)

Even with an increased weighting of taxes (2.3% of revenues – a tax rate of 53.7%) the net profit rose 238.8% compared with the same period of 2013.

Financial Position

At **30 June 2014, Group net debt was € 28.6 million**, a decrease achieved despite the dividend distribution (€ 4.8 million in May 2014):

- down € 4.6 million compared to 31 March **2014** (-13.8%)
- down € 22.7 million compared to 30 June **2013** (-44.3%)
- down € 38.2 million compared to 30 June **2012** (-57.2%)

Gearing fell to 0.25 (0.47 at 30 June 2013) and the net debt profile was strengthened by obtaining further committed credit lines of durations of between 36 and 60 months at a lower average cost than in the recent past.

- Group net equity of € 112.1 million (€ 110.1 million at 30 June 2013)
- Group net invested capital of € 140.7 million (€ 161.3 million at 30 June 2013)

The solid cash flow generation was attributable not only to the increase in profitability but also to the positive trend in **Net Operating Working Capital** which fell by **€ 19.4 million compared to the figure at 30 June 2013 and by € 5.4 million compared to the figure at 31 March 2014**.

The focus paid to financial flows and the growing reliability of Biesse products meant the expected decline in average days payable outstanding was compensated by the almost unchanged figure for average days sales outstanding (DPO at 30 June 2014: 118 - DSO at 30 June 2014: 66). Of the three components of NWC there was a slight increase in total inventories (+ € 1.3 million compared to 30 June 2013), a strong decline in trade receivables (- € 11.4 million compared to 30 June 2013) and an increase in trade payables (+ € 9.3 million compared to 30 June 2013).

Given the results achieved and the trend in operating NWC, the forecast for net debt at year-end 2014 is for a further improvement compared to the forecast given in the Three-Year Business Plan approved in February.

Group order inflow – geographical breakdown of revenues

Consolidated order inflow in the first six months of the current year rose substantially (>20%) compared to the same period of 2013 and was particularly significant as it outperformed the figures reported by the relevant trade associations such as UCIMU (Italian machine tools trade association) ACIMALL (Italian woodworking machinery trade association) and VDMA (German engineering machinery association). The Biesse results were achieved against an international background that remains marked by uncertainty and instability caused by political and economic unrest the effects of which have not been compensated by domestic demand (*Italy was 10.3% of consolidated revenues compared to 10.8% at 31 March 2014 and 12% at 30 June 2013*) where clients are awaiting the incentives proposed by the Government.

The Group's production backlog at 30 June 2014 was € 107.7 million (€ 85.9 million at 30 June 2013 and € 77.7 million at 31 December 2013).

The geographical breakdown of consolidated revenues shows a slight decrease in revenues from Western Europe compared to the figure in March 2014 (*40.0% compared to 41%*) but an increase in revenues from Eastern Europe (*21.2% compared to 19.3%*) and Asia-Pacific (*19.1% compared to 17.7%*).

North America accounted for 13.2% of revenues (*compared to 13.6% at 30 June 2013 and 15.1% at 31 March 2014*), but the positive order intake from the US and Canadian subsidiaries on the eve of the important exhibition, *IWF in Atlanta to be held on 20-23 August*, testifies to the growth phase of this geographic region..

The BRIC countries accounted for 14.5% of consolidated revenues at 30 June 2014 (*14.2% at 31 March 2014 and 20% at 30 June 2013*) with the greatest contributions from China and Russia.

"This is just the start but it is fair to say that things are going reasonably well", *commented the Chief Executive Officer, Mr Stefano Porcellini*, "better than the business plan and better than the targets for the key indicators: growth, profitability and cash flow generation. It is important to stress this as many markets remain weak and the results are therefore a reflection of the quality of our products and our personnel. The investments made in innovation, the commercial network and marketing are gradually providing the expected results but we still believe that the best is yet to come".

"In accordance with paragraph 2, clause 154-bis of the Testo Unico Finanziario (Consolidated Financial Law), the manager responsible for the preparation of the company accounting records of Gruppo Biesse, 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"

Income Statement for the first semester to 30 June 2014

	1H 2014	% on sales	1H 2013	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	201,127	100.0%	180,251	100.0%	11.6%
Change in inventories, wip, semi-finished and finished goods	7,431	3.7%	6,908	3.8%	7.6%
Other revenue	741	0.4%	1,376	0.8%	(46.1)%
Revenue	209,299	104.1%	188,535	104.6%	11.0%
Consumption of raw materials, consumables, supplies and goods	(86,470)	(43.0)%	(78,955)	(43.8)%	9.5%
Other operating expense	(42,988)	(21.4)%	(40,205)	(22.3)%	6.9%
Added Value	79,841	39.7%	69,374	38.5%	15.1%
Personnel expense	(62,879)	(31.3)%	(57,800)	(32.1)%	8.8%
Gross Operating profit	16,961	8.4%	11,574	6.4%	46.5%
Depreciation and amortisation	(6,359)	(3.2)%	(6,501)	(3.6)%	(2.2)%
Provisions	(735)	(0.4)%	(138)	(0.1)%	-
Normalised Operating profit	9,867	4.9%	4,935	2.7%	99.9%
Impairment losses and non recurring items	(168)	(0.1)%	213	0.1%	-
Operating profit	9,699	4.8%	5,149	2.9%	88.4%
Net finance expense	(822)	(0.4)%	(1,224)	(0.7)%	(32.8)%
Net exchange rate losses	(374)	(0.2)%	(141)	(0.1)%	-
Pre-tax profit/loss	8,503	4.2%	3,784	2.1%	124.7%
Income taxes	(4,566)	(2.3)%	(2,623)	(1.5)%	74.1%
Profit/Loss for the period	3,937	2.0%	1,162	0.6%	-

Condensed Statement of Financial Position to 30 June 2014

	30 June 2014	31 December 2013	30 June 2013
<i>Euro 000's</i>			
Intangible assets	50,281	47,899	47,621
Property, plant and equipment	60,540	61,086	59,397
Financial assets	1,180	973	912
Non current assets	112,002	109,958	107,930
Inventories	98,678	86,273	97,364
Trade receivables	78,561	76,231	89,978
Trade payables	(118,788)	(111,102)	(109,439)
Net Operating Working Capital	58,451	51,403	77,904
Post-employment benefits	(13,499)	(12,795)	(13,285)
Provision for risk and charges	(10,251)	(8,975)	(10,991)
Other net payables	(18,897)	(16,547)	(17,600)
Net deferred tax assets	12,857	13,987	17,378
Other net liabilities	(29,791)	(24,331)	(24,497)
Net Invested Capital	140,662	137,030	161,336
Share capital	27,393	27,393	27,393
Profit/loss for the previous year/period and other reserves	80,609	79,077	81,298
Profit/Loss for the period	3,915	6,435	1,157
Non-controlling interests	186	190	206
Equity	112,103	113,094	110,054
Bank loans and borrowings and loans from other financial backers	57,919	60,035	79,963
Other financial assets	(1,044)	(949)	(890)
Cash and cash equivalents	(28,315)	(35,151)	(27,791)
Net financial indebtedness	28,560	23,936	51,282
Total sources of funding	140,662	137,030	161,336

Net debt at 30 June 2014

	30 June 2014	31 March 2014	31 December 2013	30 September 2013	30 June 2013
<i>Euro 000's</i>					
Financial assets:	29,359	27,975	36,099	24,605	28,681
<i>Current financial assets</i>	1,044	1,039	949	949	890
<i>Cash and cash equivalents</i>	28,315	26,936	35,151	23,657	27,791
Short term finance lease payables	(293)	(452)	(285)	(281)	(277)
Short term bank loans and borrowings and loans from <u>other financial backers</u>	(28,816)	(41,587)	(44,599)	(50,226)	(50,624)
Short Term Net Financial Indebtedness	250	(14,065)	(8,785)	(25,902)	(22,220)
Medium/Long term finance lease payables	(1,812)	(2,121)	(1,960)	(2,033)	(2,105)
Medium/Long bank loans and borrowings	(26,998)	(16,936)	(13,191)	(22,435)	(26,958)
Medium/Long Term Net Financial Indebtedness	(28,810)	(19,057)	(15,151)	(24,468)	(29,062)
Total Net Financial Indebtedness	(28,560)	(33,122)	(23,936)	(50,370)	(51,282)

The Biesse Group is a multinational leader in technology and operates in the market for machinery and systems for working wood, glass, marble, stone, plastic and metal. It designs, manufactures and distributes machines, integrated systems and software for the producers of furniture, door/window frames, components for the construction, ship building and aerospace industries. 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.

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

The Biesse Group distributes its products through a network of subsidiaries and associates located in strategic markets. The Group is boasting over 200 registered patents and the 30 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 has today more than 2,800 employees in its main production sites in Pesaro, Alzate Brianza, Bangalore, Dongguan and its subsidiaries/branch offices in Europe, North and 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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