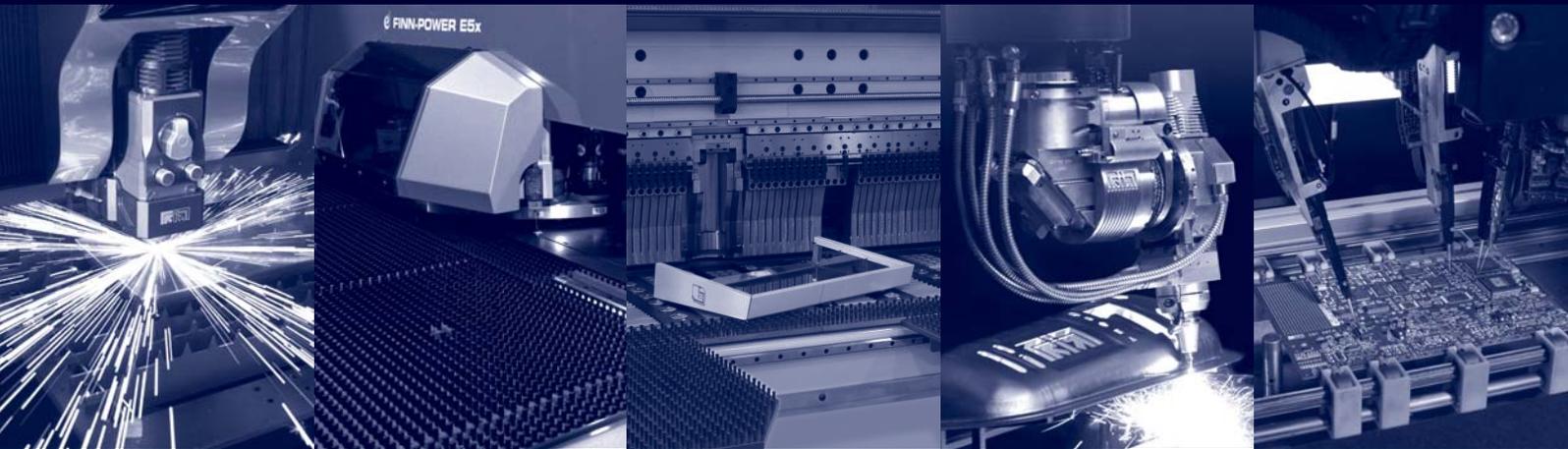


TheBEND TheCOMBI TheLASER ThePUNCH TheSYSTEM TheSOFTWARE



DIFFERENT TOOLS, THE SAME PASSION.

2009 FACTS AND FIGURES



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Company Profile

Established in Torino in 1977, PRIMA INDUSTRIE is a world leader in the field of laser and sheet metal machinery.

PRIMA INDUSTRIE S.p.A. leads a Group including PRIMA ELECTRONICS S.p.A. and FINN-POWER Oy, with about 1400 Employees. The Group has manufacturing facilities in Italy, Finland, United States, and China and is active in more than 60 countries through a widespread Sales and Service network made of branches, joint ventures and distributors.

The Group operates in three sectors:

- High power laser systems and generators for cutting, welding and drilling two-dimensional (2D) and three-dimensional (3D) parts, through PRIMA INDUSTRIE.
- Sheet metal fabrication machines and systems, including punching machines, combined systems (punching/laser and punching/shearing), bending, and automation through FINN-POWER.
- Industrial electronics, including power and control electronics with relevant software, and numerical controls, equipping also the machines manufactured by the Group, through PRIMA ELECTRONICS.

PRIMA INDUSTRIE is a reference in the laser machines sector since long. Its over 30 years' experience in 3D laser applications for the automotive and aerospace sectors is without equal on the market. Its leading position in the 2D laser machines sector, though more recent, is now fully consolidated by its well-known record-breaking and highly reliable products and by its vast worldwide installed base.

FINN-POWER is one of the biggest specialist in flexible sheet metal processing, offering a wide range of solutions. Its unique product line based on servo-electric technology combines higher productivity and accuracy with a more efficient use of energy, setting a new standard of eco-friendliness in the sheet metal fabrication world.

PRIMA ELECTRONICS designs and manufactures highly competitive, industrial-grade “dedicated” electronics with short time-to-market. It is present on the market with two brands: OSAI, an Italian leader of CNC, and DOTS (Dedicated-Off-The-Shelf).

In 2009 PRIMA INDUSTRIE celebrated the 10th anniversary of its listing on the Italian Stock Exchange (today MTA-STAR segment). The listing was a rewarding choice for the Company, allowing to broaden opportunities and perspectives.

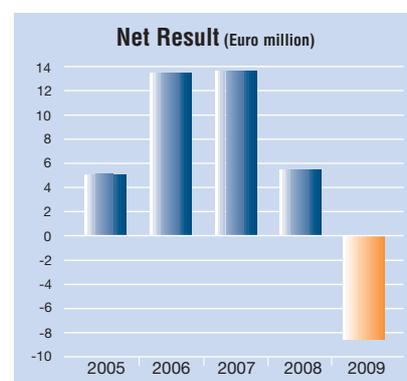
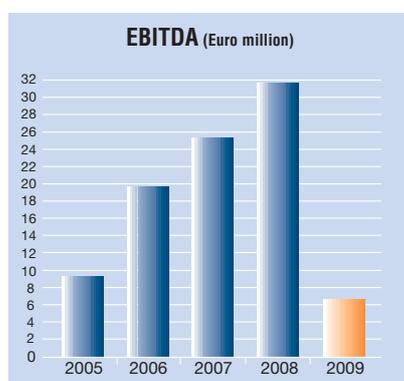
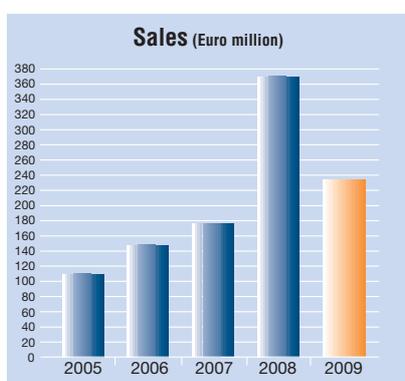
PRIMA Group's mission is to continue to grow, together with its Customers and Stakeholders, as a world class supplier of highly innovative products and solutions and excellent services in the laser and sheet metal machinery as well as industrial electronics fields.



Financial Highlights

Please note that 2008 consolidation area includes FINN-POWER Group figures for 11 months (Feb. - Dec.)

Year ended December 31 st , (Euro thousand, except per share data)	2009	2008	2007	2006	2005
PROFIT AND LOSS STATEMENT					
Net Sales	231,886	367,276	176,391	147,569	110,885
Gross Operating Margin (EBITDA)	6,243	31,786	25,108	19,797	9,125
Operating Result (EBIT)	(3,863)	23,233	23,584	18,467	7,916
Result Before Taxes (EBT)	(9,644)	11,730	22,901	17,577	7,113
Minority Interests	-	-	18	14	-
Group Net Result	(8,696)	5,476	13,729	13,706	5,108
BALANCE SHEET					
Fixed Assets (net)	190,970	202,060	26,178	19,093	17,378
Working Capital (net)	24,099	34,672	24,495	20,190	21,194
Shareholders' Equity and Minority Interests	64,978	75,087	51,441	42,359	30,839
Financial Position (net)	150,091	161,645	(768)	(3,076)	7,733
PER SHARE DATA					
Number of outstanding shares	6,400,000	6,400,000	4,600,000	4,600,000	4,600,000
Weighted average outstanding shares	6,400,000	5,354,027	4,597,042	4,594,139	4,588,553
Net Result per share (on weighted average of shares)	(1.36)	1.02	2.99	2.98	1.11
Book value per share (on weighted average of shares)	10.15	14.02	11.19	9.22	6.72
OTHER KEY INFORMATION					
Research and Development Expenses	13,583	20,831	10,085	8,077	7,723
Year-end Order Backlog	65,071	94,708	63,789	55,568	40,742
Number of Employees	1,463	1,663	733	546	498



Message to Shareholders and Stakeholders



Ladies and Gentlemen,

As it was expected one year ago, 2009 has been a very difficult year for the world economy, certainly the worst since world war II.

The impact of the financial crisis which started in 2008, has been extremely severe on the manufacturing industry and has involved all geographic markets, including both developed and emerging countries.

The capital goods industry has been hit, as usual, even more severely, because of reduced capacity utilization and difficult access to capital equipment financing.

Also after-sales revenues, which include service and spare parts sales, have recorded a significant reduction for the first time; in previous recessions after-sales revenues in fact remained at a quite stable level, so helping our industry to limit the revenue decline.

It is also a general opinion that the most critical quarters of the year have been the first and second as, since the summer, first signs of recovery appeared, starting in China and other emerging markets such as Brazil and India, where the crisis is now over and GDP has returned to grow at record levels.

In the last part of the year, the situation of the markets has stabilized but at a

significantly lower level and the recovery in Europe is expected to be rather slow at least for the current year.

There is however a general expectation for a gradual recovery in 2010. A rebound is consequently probable in 2011, when also the capital goods industry, which is usually the last to recover, should return to significant growth.

In the situation above represented, the Group has registered a revenues decline of 37% (about 40% considering the month of January 2008, when FINN-POWER was not yet consolidated) at a sales value of € 231.9m. This result is, anyhow, in line or better than what has been reported so far by the competition for the same period, confirming that the Group has at least kept its market share in this last difficult period.

The crisis hit the Group just after the acquisition of FINN-POWER and has required a change of strategy from a “soft integration” to a “restructuring approach”.

Among the Group reorganisation actions it is worth mentioning:

- The concentration of all Group punching and automation technologies in the factory of Kauhava (Finland).
- The same for bending technologies in the factory of Cologna Veneta (Italy).
- The downsizing of the laser system activities in Collegno (Italy).

■ The merger of OSAI in PRIMA ELECTRONICS, which is operating in its plants of Moncalieri and Barone Canavese (Italy).

■ The transfer to PRIMA FINN-POWER North America in Arlington Heights (IL) of all Group activities in North America for Sale and Service of sheet metal machinery.

■ The focus of PRIMA North America on laser sources manufacturing (CONVERGENT Division in Chicopee, MA) and 3D laser systems (LASERDYNE Division in Champlin, MN).

■ The mergers and relocations of PRIMA and FINN-POWER Sales and Service activities in France, Spain and Germany.

The above reorganization resulted in a significant headcount reduction from over 1,700 units on June 30, 2008 to less than 1,400 units at December 31, 2009 (considering people on permanent and long term lay-off).

A significant number of additional Employees have also been involved in temporary lay-off measures to match workforce with market demand.

The headcount reduction and the tight cost control measures put in place have allowed the Group to maintain a positive EBITDA (€ 6.2m equivalent to 2.7% of net revenues) even if substantially lower than the previous year (€ 31.8m, equivalent to 8.7% of net revenues).

On the bottom-line the Group has suffered a consolidated loss of € 8.6m. In view of the € 32m Net Profits cumulatively registered during the last 3-year period, this loss should not be of concern in a difficult fiscal year such as 2009.

From a financial view-point significant activity has occurred to improve the Group Net Financial Position after the substantial investment made for the acquisition of FINN-POWER in 2008.

In particular:

- The purchase price has been renegotiated with the vendor EQT, resulting in a € 12.2m price reduction.
- As part of the above settlement, the financing package has been re-discussed with the Banks, including Covenant Obligations for 2009.
- The sale and leasing contract for the Kauhava plant was renegotiated to allow its restatement as an operational lease (with a positive effect of € 5.9m on Group Net Debt).
- A rights issue was successfully completed for € 15.2m (and an additional € 19.0m of Warrants). The outcome of the Capital increase is not yet included in the 2009 Financial Statements as the operation was completed in February 2010.

As a consequence of the above financial deleveraging process, the Debt-to-Equity ratio improved from 2.15 at December 31, 2008 to 1.17 (current pro-forma after the capital increase and Warrants exercise).

The general pressure on the whole Group for cost savings and reduction of the break-even level has not prevented investments in the future of the Group.

In particular, the R&D expenses have amounted to € 13.6m (5.9% on sales) and has covered all Group activities. In the laser segment a new high-performance 2D laser system (Zaphiro®) has been introduced to the market and Rapido® and Sincrono®, equipped with fiber lasers, have been successfully delivered. A new electric punching system (E5x) has been developed and delivered. An advanced generation of open source CNC controls (Open) is also in progress and has been installed in a version tailored for wood processing machines by the electronics division.

As far as the market coverage, the Group attended the main exhibitions in our business, even if with a reduced booth size and budget.

The Sales and Service subsidiary recently established in Central Europe (headquartered in Krakow, Poland, with branch offices in Czech Republic and Hungary) has been strengthened and a new one is under incorporation in Moscow for the Russian market.

Finally the sales activity has intensified in other overseas markets, where first promising results have been obtained in terms of order intake.

The stock market has watched carefully our overall situation during the year and has shown its confidence in the Company as the value of PRIMA INDUSTRIE shares have registered a limited decrease from € 8.9/share at 31/12/2008 to € 7.87 at 31/12/2009.

Also the success of the rights issue, in spite of the limited discount on TERP (~13,5%), and the recent increasing value of the 2010/2013 Warrants, confirm the Shareholders confidence on the future perspectives of the Company. We are all grateful to them for their support.

An important part of this message has to be addressed to our Employees.

As previously mentioned, the crisis has compelled our Group (as everybody else in the durable and capital goods markets) to reduce headcount and costs.

We have tried to achieve this in the least painful way since human resources are the most important assets we have. The action involved all levels, from Management to white and blue collar workers and has been fair, in our judgment. Also Management bonuses have been completely cancelled and some Managers of the Group have voluntarily accepted a cut off of their remuneration packages. Many of the Employees have seen their annual salaries reduced due to the temporary lay-off measures we have taken.

To all our Employees and Managers we address a thankful message for the support they have given to allow our Group to “cross the desert” in this difficult year.

Even though with the key-word “confidence” in mind, we think that 2010 will still be an uncertain and dangerous year, as recovery in Europe will be slow and “aftershocks” are possible. But we are confident in our products, in our Customers and Suppliers loyalty and in our People. On this confidence we will build a new future of growth and success.



Gianfranco Carbonato
Chairman and Chief Executive Officer



Revenue Analysis

The consolidated revenues in 2009 amounted to € 231.9 m, down 37% over 2008. Considering also January 2008 revenues of FINN-POWER Group (acquired on 04/02/2008), the reduction would have been of 40%.

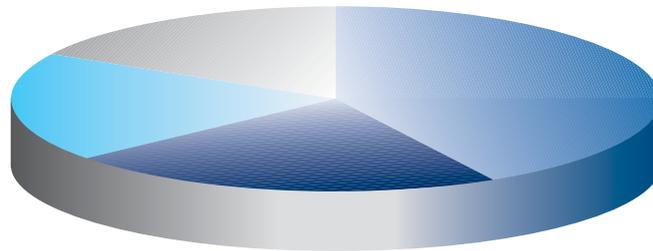
Such decrease is due to the worsening of all the Group reference markets, even though the Group performance is better than what was reported up to now by the competitors in the sheet metal machine tool sector for the same period.

Group revenues outside Italy were 78%, confirming the widened international scope of the Group.

As for geographical areas, the economic slowdown impacted all the markets. Sales in North America were down 41%, while in Europe they were down 38%. The Rest of the World was less affected by this decrease, showing a drop of 23% compared to 2008.

The revenues breakdown by business segment, even not considering the sheet metal processing machines (whose figures are not homogeneous with 2008), shows laser systems and electronics segments revenues respectively down - 39% and - 32%, due to the abrupt drop of demand, further widened by the comparison with a particularly positive year 2008.

2009 revenues by geography



■ Europe: 42%	■ R.O.W.: 19%
■ Italy: 22%	■ North America: 17%

Considering both business segment and geographical markets laser systems revenues are equally distributed among the different areas, with a strong presence in the Rest of the World (with important results in China and in Russia).

The electronics segment is present mostly in Italy and Europe, where we particularly point out sales in Benelux and Spain.

Finally the sheet metal processing machines segment has an important weight in Europe, with Scandinavian countries and Germany as the most important markets.

Order acquisition (including after-sale) at 31/12/2009 was € 211.9m (it was € 335.7m at 31/12/2008).

The order acquisition, affected by the difficult economic situation especially in the first part of the year, recorded first signs of improvement as from March 2009 and then more stable recovery signs from September 2009.

At 31/12/2009 the consolidated backlog was € 65.1m (while at 31/12/2008 was € 94.7m).



FLEXIBLE MANUFACTURING SYSTEM FOR PUNCHING-SHEARING-BENDING INSTALLED IN GERMANY

Personnel and Organization

At year end 2009 the Group employed 1,463 people (of which 67 on long term lay-off), that is 200 units less than year end 2008.

The headcount decrease was due to the strong worsening of the economic situation which forced the Group to adopt a cost cutting policy and other headcount reduction measures in order to make the workforce use more flexible and reduce its impact on the Group cost structure.

Breakdown by function:

	31/12/2009	31/12/2008
Manufacturing	555	626
After-Sales & Service	431	489
R&D	164	161
G&A	156	197
Marketing & Sales	143	171
Quality	14	19
Total Employees	1463*	1663

*of which 67 Employees on long term lay-off

Around 38% of the Group personnel is employed in Manufacturing Departments and 29% in the After Sales Services.



A MANAGEMENT MEETING AT TORINO HEADQUARTERS

Considering only social security measures carried out by Italian operations, the achieved cost saving was about 2 million Euros for the year 2009.

Though all countries in which the Group is present were affected by the downsizing, the most significant headcount reductions concerned Italy, Finland and North America.

At year end the geographical breakdown shows that 46% of personnel is employed in Italy, 28% is employed in Finland and 14% in North America, where the main manufacturing Companies are located.

The European and Chinese Sales and Service subsidiaries employ the remaining 12% of the total headcount.



TOMAS HEDENBORG AND EZIO BASSO HAND OVER DIPLOMAS FOR SALES AND TEAM WORK RESULTS TO SALES MANAGERS



During 2009 the Group continued the effort in Innovation and Product Development with investments in R&D representing 5.9% of the turnover for a total amount of € 13.6m. The effort of the Group is more and more geared towards the eco-friendliness of its products and processes. The wider adoption of electric solutions for punching and bending machines together with the availability of solid state fiber laser on laser machines allow lower power consumption and pollution.

■ For the 3D laser machines a new version of Rapido® equipped with fiber laser was introduced particularly for application on automotive parts. Also new techniques for the welding of steel, titanium and hard metal alloys



E5X: THE NEW SERVO-ELECTRIC PUNCHING MACHINE

were developed and applied to the manufacturing of energy and aerospace related parts.

Also a new compact version of the BeamDirector® focusing head, allowing drilling of aerospace parts at very shallow angles, was developed.

■ Zaphiro®, the new high performance 2D laser cutting machine, was presented at the most important 2009 trade fairs for our business (EMO in Milan, FABTECH in Chicago, BLECHEXPO in Stuttgart), achieving significant sales success in spite of the economical crisis.



ZAPHIRO: THE NEW HIGH PERFORMANCE 2D LASER CUTTING MACHINE



SYNCRONO: NEW HIGH-EFFICIENCY AND HIGH-SPEED VERSION WITH FIBER LASER

The machine is positioned in the higher range and covers a portion of the market previously uncovered by the Group product portfolio.

Zaphiro® is equipped with the revolutionary process control system “Perfect Cut”.

The system continuously acquires data from the cutting process and heuristically corrects process parameters such as laser power, beam size, focal position in order to guarantee the desired quality of the parts being manufactured.



P30L: THE LATEST GENERATION CNC FOR LASER MACHINES

■ The LPe laser combi machines, capable of punching and laser cutting, have been equipped with CP series lasers manufactured by the Group.

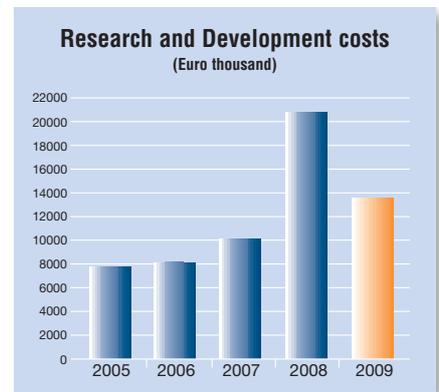
■ The new E5x electrical punching machine was presented as world première at the EMO exhibition in Milan.

These machines can be integrated on the standard Night Train FMS® automation solutions and also with the new Combo FMS® stock units.

■ The CV5000 5 kW laser has been adopted on a wider range of 2D and 3D laser cutting machines while the development of a new compact CP2700 CO₂ laser has been started.

■ On the software side, new versions of Maestro-Libellula® CAD/CAM and Tulus® graphical workflow programming interface have been released.

■ Concerning the electronic business segment, the first two models of the new “Open” numerical control family have been released. Open is the state of the art numerical control, fully scalable from very simple to very complex machine applications, and includes new digital servodrives featuring among other characteristics the Safety Integrity SIL2 functions.



Marketing, Sales and Service

PRIMA INDUSTRIE Group Sales and Service activities in 2009 have been mainly focused on the following targets:

- remain close to its Customers and Prospects, an activity that becomes even more important during hard times as the past year;
- increase and upgrade the product family with always more innovative and efficient products;
- integrate the brand portfolio, with particular reference to PRIMA INDUSTRIE and FINN-POWER.

These targets have been mainly pursued through the following actions:

■ The merging of PRIMA and FINN-POWER Sales and Service activities around the globe, assuring a strong and efficient local presence in over 60 countries. Today all branches have been unified and their Sales and Service teams are fully active. Also services have been integrated, in order to offer the Customers a common and comprehensive choice of contracts.

Particular attention has been paid to dedicated service packages, granting maximum machine availability and



24/7 PHONE SUPPORT SERVICE AT TORINO HEADQUARTERS

highest productivity at all-in prices, particularly useful in case of intensive and 24/7 use of machines and systems.

■ The participation to all main fairs dedicated to laser and sheet metal sectors around the world.

This activity required careful but considerable investments, that were however rewarded by sales results and by the interest of the numerous visitors. The most important international trade shows were: EMO in Milan, FABTECH in Chicago, and CIMT in Beijing.



EMO EXHIBITION IN MILAN, ITALY



FABTECH EXHIBITION IN CHICAGO, ILLINOIS

Other main exhibitions in Europe were: BLECHEXPO and SCHWEISSEN&SCHNEIDEN in Germany, INDUSTRIE LYON and TOLEXPO in France, VENMEC and EXPOLASER in Italy, MAQUITEC in Spain, TATEF in Turkey, FORMA TOOL in Slovenia,

MSV in Czech Republic and in Slovakia, MACH-TOOL in Poland, MASHEX in Russia.

Outside Europe other main events were: STEELFAB in UAE, IMTEX in India, FEIMAFE in Brazil, AUSTECH in Australia, CMTS in Canada.

■ The launch of new products, particularly the laser cutting machine Zaphiro® and the punching machine E5x, both well-received by the market. These products are conceived to answer today's production needs: high efficiency and low costs.

The real time process control, making it possible to produce without defects or wastes, and the use of highly efficient, green technology, are two of the main innovations at the base of these products.

■ The unification of PRIMA and FINN-POWER wide range of products under a common family. *TheLASER*, *ThePUNCH*, *TheCOMBI*, *TheBEND*, and *TheSYSTEM* are the new names for the Group product lines presented for the first time at the Milan's EMO show in October.

■ The harmonization of PRIMA and FINN-POWER products' look. A combination of the distinctive colours of the two brands assures a continuity also for their loyal Customers.



CIMT EXHIBITION IN BEIJING, CHINA

Business Sectors

LASER SYSTEMS AND GENERATORS

Laser systems and generators are designed and manufactured by PRIMA INDUSTRIE and PRIMA North America.

The product family include:

- CO₂, Nd:YAG and fiber laser machines for processing 2D and 3D parts;
- CO₂ and Nd:YAG laser generators.

■ PRIMA INDUSTRIE is an undisputed leader in 3D laser machines. These are widely used in the automotive, aerospace & energy, white and yellow goods fields, where the Company boasts an extensive experience of over 30 years. Its fast, accurate and flexible 3D machines are a reference in the sector. Rapido®, the fully tried-and-tested “workhorse” for every applications, and Optimo®, the higher class machine for processing large 3D components, are productive, accurate and reliable laser machines, often used for 24/7 production.

■ The Laserdyne® family of multi-axis, laser drilling, welding and cutting systems is manufactured by the LASERDYNE SYSTEMS Division of



3D LASER HEAD CUTTING AN AUTOMOTIVE COMPONENT

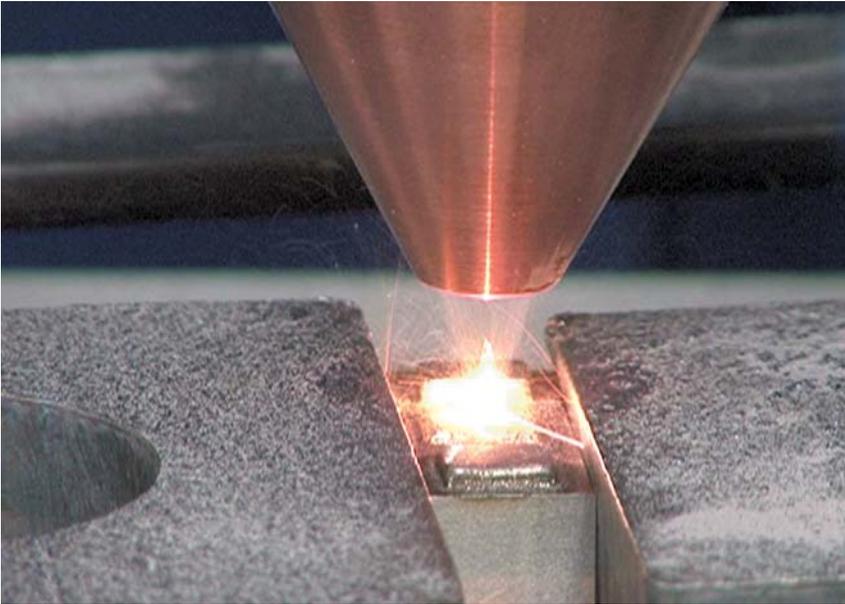
PRIMA North America. With 40% of the systems installed in the aerospace and power generation industries, LASERDYNE SYSTEMS are recognized for their ability to meet the demanding requirements typical of these fields.

■ In the 2D sector PRIMA INDUSTRIE is among main world players and offers highly advanced and top performance machines which are used in a wide variety of fields.



THE NEW ZAPHIRO LASER HEAD WITH PERFECT CUT SYSTEM

LASER SYSTEMS AND GENERATORS



THE NEW LASER CLADDING HEAD

The newest product, launched at the Milan's EMO in October, is Zaphiro®. It is a high range laser machine featuring *Perfect Cut*, the unique and innovative system for the real time control and correction of the cutting quality.

Syncrono®, dedicated to the ultra-fast processing of thin sheets, is by far the fastest machine in its category. The new version with fiber laser is even faster and more efficient.

Platino®, is a highly reliable machine with a very good quality/price ratio, suitable for cutting a wide range of materials and thicknesses, with easy and quick changes of production.

Domino® is a fast, versatile and affordable machine, allowing 2D/3D, bevel, tubes cutting, and welding, while Maximo is dedicated to "extra-large" sheets, up to 36 meters.

■ CONVERGENT LASERS are CO₂ and Nd:YAG generators used within PRIMA INDUSTRIE Group Companies and joint ventures.

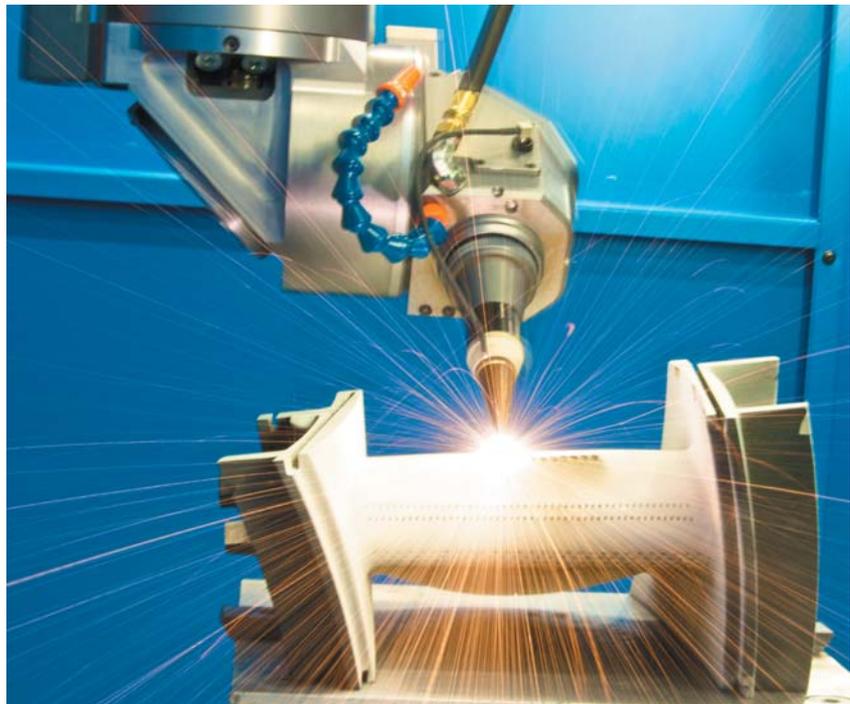
This brand has the longest history and deepest experience in the manufacture and service of high power industrial lasers. For 2D and 3D cutting and welding applications, CONVERGENT LASERS

produces the CP-Series (3 to 4kW) and CV5000 (5 kW) fast axial flow, DC-excited CO₂ lasers.

They are recognized for their high electrical efficiency compared to other lasers within same power range and for beam quality that contributes to high precision, high quality cutting of a wide range of materials.

The CV5000 features variable laser gas usage and a magnetic levitation bearing turbine, which give these lasers the lowest cost of ownership among industrial lasers in this power range. All components combine to provide an innovative and yet rugged industrial laser with a high electrical efficiency, low gas consumption, and exceptional compactness.

CONVERGENT LASERS also manufactures the CL50k, a high peak power (50 kW) Nd:YAG laser integrated with Laserdyne products and used primarily for drilling in the aerospace and power generation industries.



BEAMDIRECTOR BY LASERDYNE DRILLING A NOZZLE GUIDE VANE

Business Sectors

SHEET METAL FABRICATION SYSTEMS

FINN-POWER, with its subsidiaries and worldwide sales network, provides solutions for selected work stages and techniques in sheet metal working, for integrating them with an automated material flow, and for related services, which create true partnership with end users.

Main manufacturing facilities and corporate Headquarters are located in Kauhava, Finland, where punching, laser and combined machines and systems are produced. FINN-POWER's bending technology is designed and manufactured by FINN-POWER Italia in Cologna Veneta, Verona.

The first FINN-POWER turret punch press was introduced in 1983, and now the Group focuses exclusively on sheet metal working technology.

The FINN-POWER range covers chosen work stages in the sheet metal working process. It consists of NC, flexible machines and manufacturing systems used in processing standard size or pre-cut flat metal sheets into ready-bent components.



PUNCHING MACHINES ASSEMBLY AREA AT KAUHAVA PLANT, FINLAND

FINN-POWER has always been recognized as an innovator. It was the true pioneer in hydraulic punching. In 1998 its first servo-electric turret punch press was introduced, and subsequently this modern technology has occupied a focal position in the company's R&D activities.

The current offering is the widest in the world, marketed under the slogan "Energy in Efficient Use", and includes the most advanced servo electrical solutions in punching and bending technology. FINN-POWER's products are positioned in the mid- to high-end range in terms of



INTEGRATED PUNCHING-SHEARING CELL SHEAR GENIUS

SHEET METAL FABRICATION SYSTEMS



THE PANEL BENDING MACHINE FASTBEND

automation level, versatility and system size. The range covers four major work stages & techniques in sheet metal working.

■ **Punching with auxiliary functions:** several series of hydraulic and servo-electric turret punch presses which can be automated using modular solutions.

■ **Shearing:** the integrated Shear Genius® punching - shearing cell is a world-renowned manufacturing solution. The Shear Brilliance®, featuring linear drives, offers even higher productivity.

■ **Laser cutting:** FINN-POWER offers high-performance capacity both in

laser cutting machines and in integrated punch - laser cells of the LPe type.

■ **Bending:** a complete range of automatic solutions developed and manufactured by FINN-POWER Italia, as well as a wide press brake offering through technology partnerships.

All FINN-POWER products are supported by sophisticated software solutions, most of which have been developed in-house.

FINN-POWER's Customer oriented approach is clearly visible in the ascending levels of automation offered: from the automated loading/unloading/stacking phases to the most sophisticated Flexible Manufacturing Systems (FMS), which typically automate the whole process of fabricating blank sheets into ready-bent components.

In addition to constituting an integral part of the overall FINN-POWER performance, services are a growing business with increasing potential as the installed machine base widens.



NIGHT TRAIN FLEXIBLE MANUFACTURING SYSTEM

Business Sectors

ELECTRONICS

Established in 1978, PRIMA ELECTRONICS designs, manufactures and sells high quality industrial electronics at competitive costs and fast time-to-market.

Born with the aim to produce electronic components and systems for PRIMA INDUSTRIE and external Customers, PRIMA ELECTRONICS nowadays realizes about 90% of its turnover outside the Group.

PRIMA ELECTRONICS' innovative capability and proactive approach is based on its 30 years' experience, establishing a real, long-term partnership with Customers.

The Company has been constantly growing during the years thanks to well established Customers and to the continuous widening of its reference markets.

Thanks to the acquisition of OSAI, the Italian leader of CNC



A WIRELESS TEACH PENDANT FOR ROBOT PROGRAMMING

with an experience of about 50 years in the field of wood, glass and stone working machines, the Company has almost doubled its size, becoming the largest Italian CNC manufacturer.

In 2009 the electronics sector had a turnover of over € 28m and employed about 200 people, with around 20% of its staff and more than 6% of its revenues dedicated to R&D activities.

The Company can rely on state-of-the-art hardware manufacturing technologies and a highly advanced software development centre.

Today PRIMA ELECTRONICS is present on the market with three different brands: DOTS, OSAI and TECHmark.

■ DOTS (Dedicated Off-The-Shelf)[®] electronics, a market segment across COTS (Commercial Off-The-Shelf) and "custom".

Pioneer in this sector, PRIMA ELECTRONICS offers dedicated solutions for specific applications, fully complying with market standards, with high level of industrialization, competitive unit cost and fast time-to-market.



THE OSAI NUMERICAL CONTROL FOR WOOD, GLASS AND STONE WORKING MACHINES



TELE-MONITORING AND ALARM WATCH

Examples of DOTS electronics can be found in industrial air compressors, fuel cells, high-speed trains and pipes welding systems.

■ The OSAI brand, the motion control leader in the field of wood, glass, stone



FUEL CELL SYSTEM FOR POWER BACKUP

and special metalworking machines, has a long tradition in numerical controls. OSAI product line includes Numeric Controls, Servomotors and Servo actuators.

Repair, technical support and retrofit

services are also included in PRIMA ELECTRONICS' offering.

■ TECHmark, a line of "dedicated" electronic solutions realized using commercial components.

For lower volume needs, TECHmark allows to combine the advantages of standard products with the benefits of a tailored solution, including PRIMA ELECTRONICS competence and technical support for the whole product life cycle.

Main reference markets for this brand are: industrial automation, energy, mobility, building and home automation.

Thanks to its brands and the capability to be a strategic partner for its Customers, the security and stability also deriving from its belonging to the PRIMA INDUSTRIE Group and its global presence, today PRIMA ELECTRONICS plays an international leading role in the industrial electronics.



PRIMA ELECTRONICS MANUFACTURING PLANT IN BARONE CANAVESE, TORINO (ITALY)

Main Markets

EUROPE

European markets were all affected by the economic crisis and therefore recorded an exceptional decrease of orders. Nonetheless, the Group's efforts and investments in all European countries have been quite important. The participation to all main trade fairs, the carrying on of the integration and re-organization process of the Sales and Service activities, the achievement of some important contracts, are some of the most significant facts which characterized the Group's presence in Europe.

Sales activities for Italy and for South East-Europe are managed by Headquarters in Torino and by the Technology Center in Fiesse (Brescia). In Italy the most important 2009 event was the EMO show in October which, as it happens only every 6 years, was hosted by the city of Milan. VENMEC in Padova and EXPOLASER in Piacenza are other two shows to which PRIMA took part.

In Spain and Portugal the Group is present through the PRIMA FINN-POWER IBERICA S.L. The Company moved at the beginning of 2009 to the new facility in



THE SHOW ROOM IN TORINO HEADQUARTERS DURING AN OPEN HOUSE

Barcelona, but the whole territory is well covered by sales and after sales staff distributed in different Spanish and Portuguese areas.

Main event was the MAQUITEC show in Barcelona.

In France the Company PRIMA FINN-POWER FRANCE Sarl moved to a new location in St Pierre du Perray, in the south-eastern belt of Paris. Sales and Service Employees and Agents are active in different areas of the country, in order to be closer to the Group's large Customer base. In 2009 PRIMA FINN-POWER FRANCE took part to three trade fairs: INDUSTRIE in Lyon, TOLEXPO and PARIS AIRSHOW in Paris.

In Germany PRIMA INDUSTRIE and FINN-POWER branches were integrated into PRIMA FINN-POWER GmbH, which was officially incorporated at the beginning of 2010. Main premises are based in Dietzenbach (Frankfurt), but Sales and Service personnel are also active in the Munich offices and in other areas for an efficient coverage. Switzerland and Austria are followed by the German branch also through resident staff. The most important exhibition was BLECHEXPO in Stuttgart. The fair took place in December and showed signs of economic recovery for the German market.

In Benelux FINN-POWER NV branch changed Company name into PRIMA FINN-POWER NV since it now supplies Sales and Service activities for PRIMA products as well.



THE PRIMA FINN-POWER GMBH SHOW ROOM IN DIETZENBACH (GERMANY)



MACH-TOOL EXHIBITION IN POZNAN, POLAND

In the facilities, near Gent, it is also active a logistics centre for 24/7 spare parts deliveries in Europe.

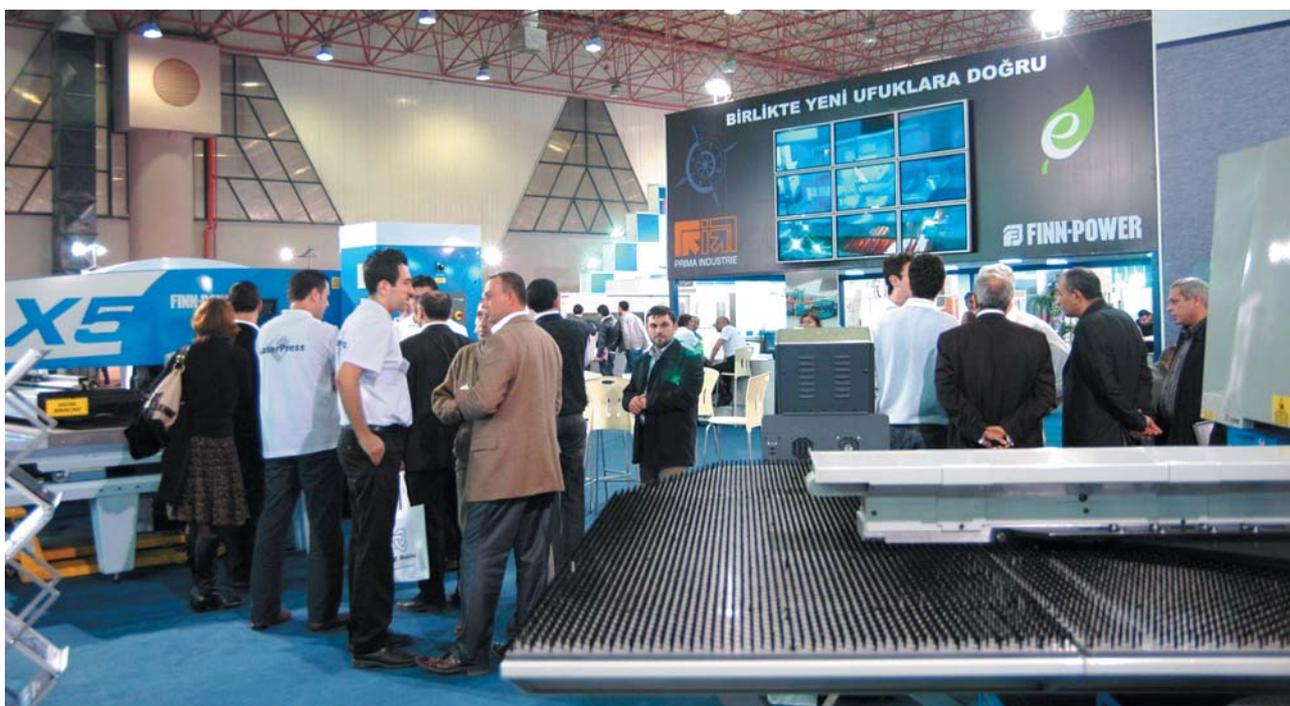
In Eastern Europe the Group operates through Dealers and Agents.

Customer care is also guaranteed by the subsidiary PRIMA FINN-POWER CENTRAL EUROPE Sp.z.o.o. in Poland and branch offices in Czech Republic and Hungary. At the beginning of 2010 the procedures for the incorporation of a local subsidiary

in Moscow have been started and the opening is foreseen at mid-year 2010. Main events in this area: MSV in Czech Republic and Slovakia, MACH-TOOL in Poland, MASHEX in Russia. Turkey is followed by a local Agent, who participated with the Group's products to TATEF show in Istanbul.

UK and Ireland are covered by PRIMA FINN-POWER UK Ltd., based in Coventry. The Company is also active as a spare parts centre in Europe for LASERDYNE and CONVERGENT products, which are manufactured in the US. Sales and Service staff are also located in the North and in the South.

The Scandinavian and the Baltic markets were strongly affected by the general economic situation leading to an exceptionally low level of investment. In Estonia, EU supported investments, which also generated business for the Group. Meaningful exhibitions were held only in Finland and Denmark; in the latter country, PRIMA products were for the first time promoted by the previous FINN-POWER distributor. In Sweden, Norway and Finland, open house events were used as media.



TATEF EXHIBITION IN ISTANBUL, TURKEY

Main Markets

AMERICA

The economic crisis has been particularly tough in North America.

Signs of recovery have shown starting from the second half of the year, also thanks to government's supportive policy, but the recovery is still very fragile.

Also in 2010 economic growth is forecast to remain well below potential. Notwithstanding this difficult situation, the Group's process of focusing and re-organization of its activities in this area have been fully accomplished.

The presence in this market is now based on three main organizations:

■ **PRIMA FINN-POWER NORTH AMERICA, Inc.** (formerly FINN-POWER INTERNATIONAL), based in Arlington Heights, near Chicago, with a subsidiary in Toronto (PRIMA FINN-POWER CANADA Ltd.) is responsible for Sales and Service



TELEVISION INTERVIEW DURING CMTS SHOW IN TORONTO, CANADA

activities for 2D laser and sheet metal fabrication machinery;

■ **PRIMA NORTH AMERICA** in Chicopee, Massachusetts, is focused on Sale and Service activities for PRIMA 3D laser machines and on the design, manufacturing, Sale and Service of CONVERGENT CO₂ and Nd:YAG laser sources;

■ **PRIMA NORTH AMERICA** in Champlin, Minnesota, designs, manufactures, sells and services LASERDYNE laser machines, which are mainly dedicated to aerospace and energy applications. In addition to these main locations, the Group can count on offices in California, Georgia and New Jersey.



PRIMA FINN-POWER NORTH AMERICA SHOW ROOM IN ARLINGTON HEIGHTS, ILLINOIS



OPEN HOUSE IN PRIMA FINN-POWER NORTH AMERICA DURING FABTECH SHOW, CHICAGO

In this market the PRIMA 2D and FINN-POWER Sales and Service organizations were fully integrated in 2009.

The Sales and Service staffs were cross trained on all products and Customers now have one point of contact for their metal fabrication needs.

Product demonstrations for both brands were consolidated into the showroom located in the Chicago suburbs, which is well equipped with a wide range of PRIMA and FINN-POWER machines and systems.

The latest products were displayed at the two major trade shows in

North America, the CANADIAN MACHINE TOOL show (CMTS) in Toronto in October and the FABTECH show in Chicago in November.

Open houses were conducted at showroom in conjunction with the FABTECH show and products were demonstrated to a large number of potential Customers.

PRIMA NORTH AMERICA has been involved in various conferences, such as TRAM (Trends in Aerospace Manufacturing), ILAS (Industrial Laser Applications Symposium), FABTECH, etc., where papers on laser drilling and cutting were successfully presented.

In Central and South America the Group operates through Dealers. Its presence is particularly significant in Brazil, a country considered strategic and with important growth opportunities.

Major event has been the FEIMAFE exhibition in São Paulo.



BRAZIL'S PRESIDENT LULA AND FIAT GROUP'S CEO MARCHIONNE DURING OPENING CEREMONY OF CNH'S PLANT IN SOROCABA, WHERE A LARGE LASER SYSTEM BY PRIMA IS INSTALLED

Main Markets

ASIA PACIFIC

In Asia and the Gulf area demand fell in the first months of the 2009 due to the financial crisis. A recovery started from the second half of the year and gradually growth returned to be strong, with bright prospects for 2010.

Especially the new E5x turret punch press was very well received after launch on the Asian market. Also the sales of FMS systems and 3D laser cutting and welding machines increased strongly. It is notable how many orders booked were related to infrastructure projects such as electrification, and to the building industry.

In Mainland China a common Dealer is acting for sheet metal fabrication machinery (FINN-POWER and PRIMA INDUSTRIE 2D laser systems). It is headquartered in Hong Kong but with main Sale and Service offices in Shenzhen, Shanghai and Beijing, where also demo rooms equipped with PRIMA INDUSTRIE and FINN-POWER products are available. Taiwan is also covered through Dealers.



TELEVISION INTERVIEW DURING STEELFAB SHOW IN SHARJAH, UAE

PRIMA INDUSTRIE (Beijing) Co. Ltd. is active in 3D Sales and Services activities for PRIMA INDUSTRIE and LASERDYNE products and supports the Dealer for sheet metal machinery. Covering in particular automotive,

aerospace and energy markets, in October 2009 the N° 100 PRIMA laser machine for Hot Stamped Steel was installed by PRIMA INDUSTRIE (Beijing) in BENTELER premises located in Shanghai.



IMTEX EXHIBITION IN BANGALORE, INDIA



THE 100TH PRIMA LASER MACHINE FOR HOT STAMPED STEEL AT BENTELER PLANT, SHANGHAI

In China are also operative joint ventures with local Partners in Shanghai (SHANGHAI UNITY PRIMA Ltd.) for 2D laser systems locally manufactured and in Wuhan (OVL CONVERGENT Ltd.) for CO₂ lasers.

The joint ventures are fully independent in their Sale and Service activities and are not consolidated in Group accounts, being minority participations, although significant.

SHANGHAI UNITY PRIMA during 2009 sold 135 2D laser machines from which 119 in sheet metal field and collected 179 orders becoming the most important local manufacturer of laser machines in China.

Also the outstanding Net Profit of SHANGHAI UNITY PRIMA at 31/12/2009 with an amount of 21,6 million of RMB is remarkable, considering the difficulties of the year.

The main exhibition was CIMT (China International Machine Tool), which took place in Beijing in April. This event, one of the most important for machine tools in Asia, was well attended by international visitors.

In addition, several open houses and technology tours to Europe were organized for specific Customer Groups. In Japan the Group's activities are limited to the promotion of 3D products through a local joint venture, SNK-PRIMA.

In the Gulf area, sales were remarkably good compared with the overall market.

The Group's main focus has been on developing local service and spare parts support in order to increase Customer satisfaction.

Sales and marketing of PRIMA laser machines were started in this area by an own branch office in Sharjah, United Arab Emirates, where the Group's products were exhibited at STEELFAB, the main exhibition for this market.

The presence of PRIMA and FINN-POWER in India is granted through Dealers. This is one of the markets where the strongest growth is expected in 2010 and where the Group intends to devote bigger commercial efforts in the near future.

IMTEX in Bangalore was main show held in this country.

Another significant commercial event was AUSTECH in Australia, where the Group operates through Dealers, with a good coverage.



PRIMA AND FINN-POWER KEY SALES PEOPLE FOR KOREAN MARKET

Consolidated Financial Statements

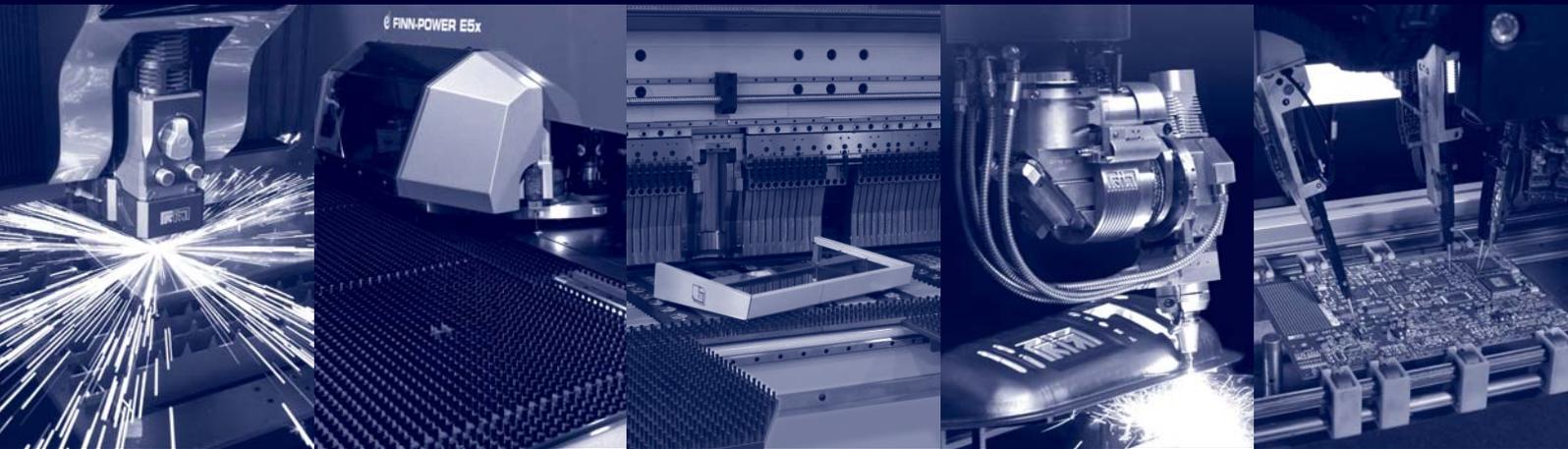
Please note that 2008 consolidation area includes FINN-POWER Group figures for 11 months (Feb. - Dec.)

CONSOLIDATED INCOME STATEMENT

Year ended December 31 st , (Euro thousand, except per share data)	2009	2008	2007	2006	2005
PRODUCTION VALUE					
Revenues from Sales and Services (Net Sales)	231,886	367,276	176,391	147,569	110,885
Changes in work-in-progress, semi-finished and finished goods	(23,455)	(2,507)	3,857	(3,480)	1,903
Increases in fixed assets for internal work	7,141	7,520	239	139	63
Other operating income	6,621	4,119	2,560	1,645	3,000
TOTAL PRODUCTION VALUE	222,193	376,408	183,047	145,873	115,851
PRODUCTION COSTS					
Purchases of raw material, consumables and supplies (net)	(96,045)	(176,244)	(79,462)	(64,818)	(55,423)
Other operating costs	(41,955)	(79,173)	(41,280)	(31,181)	(25,263)
TOTAL PRODUCTION COSTS	(138,000)	(255,417)	(120,742)	(95,999)	(80,686)
ADDED VALUE	84,193	120,991	62,305	49,874	35,165
Personnel cost	(77,950)	(89,205)	(37,197)	(30,077)	(26,040)
EBITDA	6,243	31,786	25,108	19,797	9,125
Amortization & Depreciation	(10,106)	(8,553)	(1,524)	(1,330)	(1,209)
OPERATING RESULT (EBIT)	(3,863)	23,233	23,584	18,467	7,916
Financial income and expenses	(6,164)	(12,321)	(1,156)	(900)	(1,140)
Adjustment to financial assets	383	818	473	10	337
RESULT BEFORE INCOME TAXES (EBT)	(9,644)	11,730	22,901	17,577	7,113
Income taxes	948	(6,254)	(9,154)	(3,857)	(2,005)
NET RESULT FOR THE YEAR	(8,696)	5,476	13,747	13,720	5,108
Minority interests	-	-	18	14	-
NET RESULT FOR THE YEAR-GROUP	(8,696)	5,476	13,729	13,706	5,108
EARNINGS PER SHARE	(1.36)	1.02	2.99	2.98	1.11

CONSOLIDATED BALANCE SHEET

Year ended December 31 st , (Euro thousand)	2009	2008	2007	2006	2005
FIXED ASSETS (NET)	190,970	202,060	26,178	19,093	17,378
Intangible assets	153,850	153,176	6,713	2,511	2,739
Tangible assets	26,446	35,504	10,166	6,427	5,779
Other fixed assets	10,674	13,380	9,299	10,155	8,860
NET WORKING CAPITAL	24,099	34,672	24,495	20,190	21,194
Inventories	71,808	106,187	41,967	33,870	36,319
Trade receivables (net of advances from Customers)	39,159	40,048	41,159	31,573	21,499
Other current assets	10,384	11,012	5,141	4,446	4,406
Trade payables	(51,429)	(65,870)	(33,728)	(26,055)	(23,089)
Other liabilities	(38,319)	(47,684)	(22,484)	(18,100)	(13,004)
Employees' severance indemnity	(7,504)	(9,021)	(7,561)	(5,544)	(4,937)
FINANCIAL POSITION (NET)	150,091	161,645	(768)	(3,076)	7,733
Cash and banks	(15,084)	(14,467)	(21,551)	(20,971)	(11,768)
Bank borrowings	162,505	165,510	18,298	15,300	15,913
Borrowing from other financial institutions	2,670	10,602	2,485	2,595	3,588
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	64,978	75,087	51,441	42,359	30,839
Minority interests	-	-	237	60	-
Shareholders' equity-group	64,978	75,087	51,204	42,299	30,839





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