



BORSA ITALIANA - segmento STAR

COMUNICATO STAMPA

INTERIM FINANCIAL REPORT AS AT JUNE 30, 2019

(in brackets results as at 30/06/2018)

- Consolidated REVENUES at € 214.8 million (substantially stable compared to € 216.7 million);
- EBITDA at € 18.8 million (stable compared to € 18.7 million);
- EBIT of € 6.5 million (compared to € 10.8 million), down due to impairment and higher amortization;
- NET PROFIT at 1.8 M €, penalized by impairment for 1.2 M€ (compared to 11.1 M€ influenced by the capital gain of 7.2 M € for the sale of EPS);
- NET FINANCIAL DEBT at - € 106.7 million, net of € 26.1 million effect from the application of IFRS 16 (compared to € -75.5 million), due to the temporary increase in net working capital, to be reabsorbed within the current year;
- ORDERS ACQUISITION at € 189.9 million (-21% compared to € 240.2 million), due to the changed global economic context.

Collegno (TO), July 31, 2019 - The Board of Directors of Prima Industrie S.p.A, a company leader in the high technology sector of laser systems and sheet metal processing and electronic components for industrial applications, met today to approve the Interim Report at 30/06/2019.

The company ended the first half of 2019 reaching a turnover of 214,757 thousand euro, -0.9% compared to the first half of 2018.

The main economic indicators of the Group, spitted by Division, are shown below, compared with the corresponding period of the previous year.

It is recalled that data for the first half of 2019 include the application of the new "Leases" IFRS16 accounting standard, adopted by the Group applying the simplified retrospective method without restatement of the comparative data.

Values in euro thousand

30/06/19	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT (*)	EBIT %	NET RESULT (*)
PRIMA POWER	199.634	44.279	22,2%	15.952	8,0%	7.522	3,8%	3.459
PRIMA ELECTRO	27.233	5.545	20,4%	2.190	8,0%	(472)	-1,7%	(841)
CONSOLIDATION	(12.110)	236	1,9%	443	3,7%	(570)	-4,7%	(803)
GROUP	214.757	50.060	23,3%	18.585	8,7%	6.480	3,0%	1.815

(% calculated over the revenues)

(*): for a better comparability of the results, the economic effect deriving from the Goodwill Impairment of the Prima Electro Laser BU (€ 1,014 thousand) was classified under the item "consolidation".

Values in euro thousand

30/06/18	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	199.687	45.752	22,9%	16.627	8,3%	10.385	5,2%	3.858
PRIMA ELECTRO	30.179	7.268	24,1%	2.137	7,1%	524	1,7%	7.305
CONSOLIDATION	(13.156)	(61)	-0,5%	(83)	-0,6%	(83)	-0,6%	(61)
GROUP	216.710	52.959	24,4%	18.681	8,6%	10.826	5,0%	11.102

(% calculated over the revenues)

Here follows the consolidated revenues geographical break down at 30/06/2019 compared with the same period of previous year:

Revenues	30/06/19		30/06/18	
	Euro thousand	%	Euro thousand	%
EMEA	133.603	62,2	139.037	64,2
AMERICAS	50.552	23,5	47.312	21,8
APAC	30.602	14,3	30.361	14,0
TOTAL	214.757	100,0	216.710	100,0

The above table shows that the Group turnover of the first half of 2019 (compared with the first half of 2018) registered a downturn in the EMEA area (-3.9%), increased in AMERICAS (+ 6.9%) and remained substantially stable in APAC area (+0.8%).

The Group generated consolidated revenues in the EMEA area for 133,603 thousand euro; the main destination countries were Italy (18.5% of consolidated revenues, down compared to 30/06/2018), Russia and Eastern Europe (9.9% of consolidated revenues), Germany (7, 2% of consolidated revenues), Spain and Portugal (6.0% of consolidated revenues) and Northern European countries (5.8% of consolidated revenues).

The share of revenues realized in AMERICAS increased compared to 2018 (+3,240 thousand euro). It should be noted that at constant exchange rates, sales in the Americas would have been substantially stable compared to the previous year.

As regards APAC countries, revenues remained substantially stable compared to 2018, rising from 30,361 thousand euro to 30,602 thousand euro (+0.8%); however, such result includes however a growth of the Chinese market (11.9% of consolidated revenues).

In China the collaboration with Lead Laser (after a rather difficult market phase) is being strengthened with the aim of achieving significant cost synergies on the mid-level range of the Group's laser machines. This collaboration has also intensified by virtue of the renewed Put and Call agreements which provide Prima Industrie with the possibility of exercise until 31/03/2021.

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The Group EBITDA at 30/06/2019 amounted to 18,585 thousand euro, equal to 8.7% of revenues (15,896 thousand euro, excluding the effects deriving from the application of IFRS16) compared to 18,681 thousand euro, equal to 8.6% of revenues, at 30/06/2018.

It should be underlined that the EBITDA was negatively affected by non-recurring costs equal to 1,150 thousand euro (at 30/06/2018 they were equal to 1,286 thousand euro); therefore the adjusted EBITDA amounted to 19,735 thousand euro (equal to 9.2% of revenues). In particular, in the second quarter of the year the adjusted EBITDA amounted to 11,733 thousand euro (approximately 10% of turnover for the quarter).

The EBIT of the Group at 30/06/2019 amounts to 6,480 thousand euro, equal to 3.0% of revenues (6,373 thousand euro excluding the effects deriving from the application of IFRS 16) compared to 10,826 thousand euro equal to 5.0% of revenues in the corresponding period of the previous year.

This result is affected by:

- amortization of intangible assets of 5,893 thousand euro (relating to development costs of 4,494 thousand euro and the trademark recorded in the FINN-POWER business combination for 924 thousand euro)
- amortization of tangible fixed assets for 5,063 thousand euro (of which 2,582 thousand euro relating to rights of use recognized in application of the new IFRS 16)
- impairment of the goodwill of the laser business of PRIMA ELECTRO for 1,014 thousand euro
- impairment of a development project previously capitalized by FINN-POWER OY for 135 thousand euro.

The EBIT at 30/06/2019 is penalized by non-recurring costs mainly related to the aforementioned impairment; as a result, adjusted EBIT amounted to 8,779 thousand euro (4.1% of revenues). In particular, in the second quarter, adjusted EBIT amounted to 6,112 thousand euro (equal to 5.3% of turnover for the quarter).

The Group EBT at 30/06/2019 is positive for 3,172 thousand euro (3,529 thousand euro excluding the effects deriving from the application of IFRS16) compared to 12,192 thousand euro at 30/06/2018.

It is recalled that the EBT at 30/06/2018 included a capital gain deriving from the full disposal of the investment in EPS SA for 7,179 thousand euro and non-recurring charges for 1,885 thousand euro incurred for the Bond refinancing and the Club Deal loan.

The Group EBT discounts net costs deriving from financial management (including profits and losses on exchange rates) for 3,266 thousand euro (at 30/06/2018 they amounted to 5,813 thousand euro); it should be noted that financial charges include 464 thousand euro deriving from the application of the new IFRS16 accounting standard.

The Group NET PROFIT at 30/06/2019 is positive for 1,815 thousand euro (2,082 thousand euro excluding the effects deriving from the application of IFRS16) against 11,102 thousand euro at 30/06/2018; the Net Result ascribable to the Parent Company is 1,806 thousand euro.

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At 30/06/2019 the Group Net Financial position is equal to 106,678 thousand euro (net of 26,146 thousand euro deriving from the application of the new accounting standard IFRS16), compared to 75,544 thousand euro at 30/06/2018 and 74,639 thousand euro at 31/12/2018.

The above reflects a temporary increase in working capital, mainly due to the increase in inventories, caused by the unexpected drop in orders, which did not allow the Group to slow down supplies from suppliers just as quickly. All initiatives have already been launched in order to reduce inventories in line with sales forecasts for the coming months and bring working capital back into balance, with a consequent improvement in the debt expected for the end of the year.

Below is a breakdown of net financial position:

<i>Values expressed in Euro thousand</i>	30/06/19	31/12/18	30/06/18
NON CURRENT FINANCIAL ASSETS	(4.243)	(4.876)	(4.407)
CASH & CASH EQUIVALENTS	(30.742)	(71.078)	(82.684)
CURRENT FINANCIAL ASSETS	(781)	(367)	(124)
CURRENT FINANCIAL LIABILITIES	36.124	35.846	35.767
CURRENT LEASING LIABILITIES	1.243	1.298	854
NON CURRENT FINANCIAL LIABILITIES	98.160	106.405	117.884
NON CURRENT LEASING LIABILITIES	6.917	7.411	8.254
NET FINANCIAL INDEBTNESS (before IFRS16)	106.678	74.639	75.544
LEASING LIABILITIES DERIVING FROM IFRS16 FIRST TIME ADOPTION	26.146	-	-
NET FINANCIAL INDEBTNESS	132.824	74.639	75.544

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During the first half of 2019, the Group order acquisition (including the after-sale service) amounted to 189.9 million euro, decreasing by 21% compared to 240.2 million euro at 30/06/2018. This percentage is lower than what reported by UCIMU for the second quarter of the year and is also affected by the slowdown in the automotive sector.

As a consequence the consolidated order backlog (not including the after-sale service) at 30/06/2019 amounted to 136.1 million euro, downwards compared to 192.0 million euro at 30/06/2018.

The Executive Chairman, Gianfranco Carbonato, commented as follows: *"The half-year just ended was marked by a rapid decline within the capital goods market, deriving from the cyclical nature of the economic scenario, which is slowing down in almost all countries. We have activated important actions to rationalize the organizational structure and contain costs that will bring structural benefits to the future profitability of the Group.*

We expect that for the current year revenues will be in a range of € 420-440 million with an EBITDA margin of around 9%.

At the expiration of the current three-year plan and after the international exhibitions scheduled in the autumn, the 2020-2022 three-year plan will be prepared and the main guidelines of it will be disclosed to the market. We remain strongly positive on the medium-term prospects thanks to the technological content of the products, the strengthened international presence and the quality and expertise of the human resources characterizing our Group".

"The manager responsible for preparing the company financial reports, Davide Danieli, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Finance Law, that the accounting information contained in this press release corresponds to the document results, books and accounting records".

The document containing the Financial Interim Report as at 30/06/2019 shall be filed and made available at the Company registered offices and on the internet site www.primaindustrie.com as well as on the authorized storage mechanism 1info, www.1info.it, within the prescribed time.

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The alternative performance indicators used and accompanied by an explanation which reflects their content and basis of calculation are as follows:

- Revenues at constant currency are determined by applying the prior year average exchange rates to current year's revenues expressed in local currency;
- EBIT (which corresponds to "Operating income");
- EBITDA ("Earnings before interest, taxes, depreciation and amortization"), which is determined by adding to the "Operating Profit" in the financial statements the "Amortization" and the "Impairment and write-downs";
- EBT (which corresponds to the "Profit before tax");
- EBITDA, EBIT and EBT Adjusted correspond to the mentioned alternative performance indicators net of non-recurring items;
- Net Financial Indebtness, includes cash, financial receivables (current and non-current), net of (current and non-current) loans and borrowings and of the fair value of derivative The reconciliation with the net financial position required by the Consob communication no. DEM/6064293 of 28 July 2006 is reported in the Explanatory Notes of the Half-Year Financial Report.

PRIMA INDUSTRIE heads a leading Group in developing, manufacturing and marketing of laser systems for industrial applications, sheet metal processing machinery, as well as industrial electronics and laser technologies.

The parent company Prima Industrie S.p.A. is listed on the Italian Stock Exchange since 1999 (MTA- STAR segment).

With 40 years of experience the Group can count on about 13,000 machines installed in more than 80 countries worldwide and is among the main worldwide manufacturers in its own reference market.

The Group has about 1,850 employees and manufacturing sites in **Italy** (PRIMA INDUSTRIE S.p.A, PRIMA ELECTRO S.p.A), **Finland** (FINN-POWER Oy), **USA** (Convergent Photonics Llc, PRIMA POWER LASERDYNE Llc.) and **China** (PRIMA POWER SUZHOU Co. Ltd.). Remarkable is as well its direct commercial and after-sales presence in BRIC, NAFTA, European Union and other emerging Asian countries.

The Prima Industrie Group is structured on 3 Business Units:

Laser and sheet metal processing machines (Prima Power): including design, manufacturing and marketing of:

- Laser machines for cutting, welding and drilling of 3D and 2D components.
- Machines for sheet metal treatment by means of mechanical tools (punching machines, combined punching/shearing systems, combined punching/laser cutting systems, panel benders and automation systems).

Industrial electronics and laser technologies (Prima Electro): including development, manufacturing and marketing of power and control electronics, and of high-power laser sources for industrial applications, destined both to the Group machines and to third parties.

Additive Manufacturing (Prima Additive): dedicated to the design, production and marketing of turnkey solutions for the main technologies in the field of Additive Manufacturing; Prima Additive's product range includes both Additive Manufacturing technologies: Powder Bed Fusion - PBF (powder bed fusion) and Direct Metal Deposition - DMD (direct deposition of metals), as well as the related application support and services.

For further information:

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CONSOLIDATED BALANCE SHEET

<i>Values in thousand euro</i>	30/06/2019	<i>of which related parties</i>	31/12/2018	<i>of which related parties</i>
Property, plant and equipment	63.717	-	36.749	-
Intangible assets	142.521	-	145.000	-
Investments accounted for using the equity method	299	299	-	-
Other investments	6.460	-	6.613	180
Non current financial assets	4.243	-	4.876	-
Deferred tax assets	12.295	-	11.973	-
NON CURRENT ASSETS	229.535		205.211	
Inventories	148.921	-	135.863	-
Trade receivables	94.964	78	110.757	72
Other receivables	10.069	-	8.929	-
Current tax receivables	8.438	-	9.667	-
Derivatives	4	-	26	-
Financial assets	777	-	341	-
Cash and cash equivalents	30.742	-	71.078	-
CURRENT ASSETS	293.915		336.661	
Assets held for sale	226	-	1.234	-
TOTAL ASSETS	523.676		543.106	
Capital stock	26.208	-	26.208	-
Legal reserve	5.213	-	4.992	-
Other reserves	68.596	-	69.154	-
Currency translation reserve	3.284	-	2.706	-
Retained earnings	58.954	-	39.322	-
Net result	1.806	-	24.056	-
<i>Stockholders' equity of the Group</i>	<i>164.061</i>	<i>-</i>	<i>166.438</i>	<i>-</i>
<i>Minority interest</i>	<i>3.367</i>	<i>-</i>	<i>3.334</i>	<i>-</i>
STOCKHOLDERS' EQUITY	167.428		169.772	
Interest-bearing loans and borrowings	126.103	-	113.180	-
Employee benefit liabilities	7.561	-	7.570	-
Deferred tax liabilities	5.419	-	5.333	-
Provisions	197	-	198	-
Derivatives	885	-	636	-
NON CURRENT LIABILITIES	140.165		126.917	
Trade payables	94.764	-	115.141	-
Advance payments	30.473	-	40.545	-
Other payables	22.350	311	23.664	850
Interest-bearing loans and borrowings	41.570	-	37.028	-
Current tax payables	5.211	-	7.117	-
Provisions	21.683	-	22.806	-
Derivatives	32	-	116	-
CURRENT LIABILITIES	216.083		246.417	
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	523.676		543.106	

The first half 2019 figures include the application of the new accounting principle IFRS 16 "Leases" adopted by the Group applying the retrospective simplified approach with no restatement of comparative figures.

CONSOLIDATED INCOME STATEMENT

<i>Values in euro thousand</i>	30/06/2019	<i>of which related parties</i>	30/06/2018	<i>of which related parties</i>
Net revenues	214.757	24	216.710	7
Cost of goods sold	(164.697)	(103)	(163.751)	(24)
GROSS MARGIN	50.060		52.959	
Research and Development costs	(13.848)	35	(13.089)	-
Sales and marketing expenses	(15.323)	-	(14.781)	-
General and administrative expenses	(14.409)	(635)	(14.263)	(688)
OPERATING PROFIT (EBIT)	6.480		10.826	
<i>of which: non recurring items</i>	<i>(2.299)</i>		<i>(1.595)</i>	
Financial income	2.072	-	2.670	-
Financial expenses	(5.157)	-	(8.198)	-
Net exchange differences	(181)	-	(285)	-
Net result of investments accounted for using the equity method	(19)	(19)	-	-
Net result of other investments	(23)	-	7.179	7.179
RESULT BEFORE TAXES (EBT)	3.172		12.192	
<i>of which: non recurring items</i>	<i>(2.440)</i>		<i>3.581</i>	
Taxes	(1.357)	-	(1.090)	-
NET RESULT	1.815		11.102	
- Attributable to Group shareholders	1.806		11.126	
- Attributable to minority shareholders	9		(24)	
RESULT PER SHARE - BASIC (in euro)	0,17		1,06	
RESULT PER SHARE - DILUTED (in euro)	0,17		1,06	
EBITDA	18.585		18.681	

The first half 2019 figures include the application of the new accounting principle IFRS 16 "Leases" adopted by the Group applying the retrospective simplified approach with no restatement of comparative figures.

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Values in Euro thousand</i>	30/06/2019	<i>of which related parties</i>	30/06/2018	<i>of which related parties</i>
Net result	1.815		11.102	
<i>Adjustments (sub-total)</i>	(21.090)	-	(13.352)	-
Depreciation, impairment & write-off	12.105	-	7.855	-
Gain from sales of shares in other investments	-	-	(7.179)	(7.179)
Net change in deferred tax assets and liabilities	(236)	-	(888)	-
Change in employee benefits	(9)	-	22	-
Change in inventories	(13.058)	-	(23.592)	-
Change in trade receivables	15.793	(6)	12.885	161
Change in trade payables and advances	(30.449)	-	1.054	-
Net change in other receivables/payables and other assets/liabilities	(5.236)	(539)	(3.509)	(969)
Cash Flows from (used in) operating activities	(19.275)		(2.250)	
Cash flow from investments				
Acquisition of tangible fixed assets (*)	(4.012)	-	(3.592)	-
Acquisition of intangible fixed assets	(465)	-	(684)	-
Capitalization of development costs	(3.000)	-	(3.345)	-
Net disposal of fixed assets (**)	1.262	-	58	-
Change in investments accounted for using the equity method	(138)	(138)	-	-
Net result of investments accounted for using the equity method	19	19	-	-
Write-off/Write-up Other Investments	23	-	-	-
Change in Other investments	(5)	-	7.906	7.906
Cash Flows from (used in) investing activities	(6.316)		343	
Cash flow from financing activities				
Change in other financial assets/liabilities and other minor items	194	-	(2.945)	-
Increases in loans and borrowings (including bank overdrafts)	12.040	-	103.568	-
Repayment of loans and borrowings (including bank overdrafts)	(20.173)	-	(82.478)	-
Repayments in financial lease liabilities	(2.564)	-	(584)	-
Dividends paid	(4.569)	-	(4.193)	-
Other variations	-	-	(41)	-
Cash Flows from (used in) financing activities	(15.072)		13.327	
Cash Flows from (used in) change of minority shareholders	-		-	
Foreign exchange translation differences	327		743	
Net change in cash and equivalents	(40.336)		12.163	
Cash and equivalents beginning of period	71.078		70.521	
Cash and equivalents end of period	30.742		82.684	

<i>Additional Information to the Consolidated Statement of Cash-Flow</i>	30/06/2019		30/06/2018	
<i>Values in euro thousand</i>				
Taxes paid	2.632	-	232	-
Interests paid	1.733	-	3.899	-

The first half 2019 figures include the application of the new accounting principle IFRS 16 "Leases" adopted by the Group applying the retrospective simplified approach with no restatement of comparative figures.

(*) Not included leases and included assets held for sale.

(**) Included assets held for sale.