

INNOVATION IS LOOKING BEYOND

**Interim Financial Report
March 31, 2019**

Board of Directors - May 14, 2019



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**Prima Industrie SpA
Management and Control**

CHAPTER 1. PRIMA INDUSTRIE SPA MANAGEMENT AND CONTROL

Board of Directors

EXECUTIVE CHAIRMAN	Gianfranco Carbonato
MANAGING DIRECTORS	Ezio G. Basso Domenico Peiretti
INDEPENDENT DIRECTORS	Donatella Busso Paolo Cantarella Carla Patrizia Ferrari Paola Gatto Mauro Mauri Marina Meliga
OTHER DIRECTORS	Rafic Y. Mansour Michael R. Mansour

Internal Control Committee

CHAIRMAN	Donatella Busso
MEMBERS	Paolo Cantarella Carla Patrizia Ferrari

Remuneration Committee

CHAIRMAN	Mauro Mauri
MEMBERS	Paola Gatto Rafic Y. Mansour

Operations with Related parties Committee

CHAIRMAN	Donatella Busso
MEMBERS	Paola Gatto Marina Meliga

Strategic Committee

CHAIRMAN	Gianfranco Carbonato
MEMBERS	Ezio G. Basso Domenico Peiretti Paolo Cantarella Mauro Mauri Michael R. Mansour Marina Meliga

Statutory Auditors Committee

CHAIRMAN	Franco Nada
AUDITORS	Maura Campra Roberto Petrignani
DEPUTY AUDITORS	Roberto Coda Gaetana Laselva

Audit Company

PricewaterhouseCoopers S.p.A.

Expiry of Mandate and Appointments

The Board of Directors shall remain in office until the approval of 2019 Financial Statements

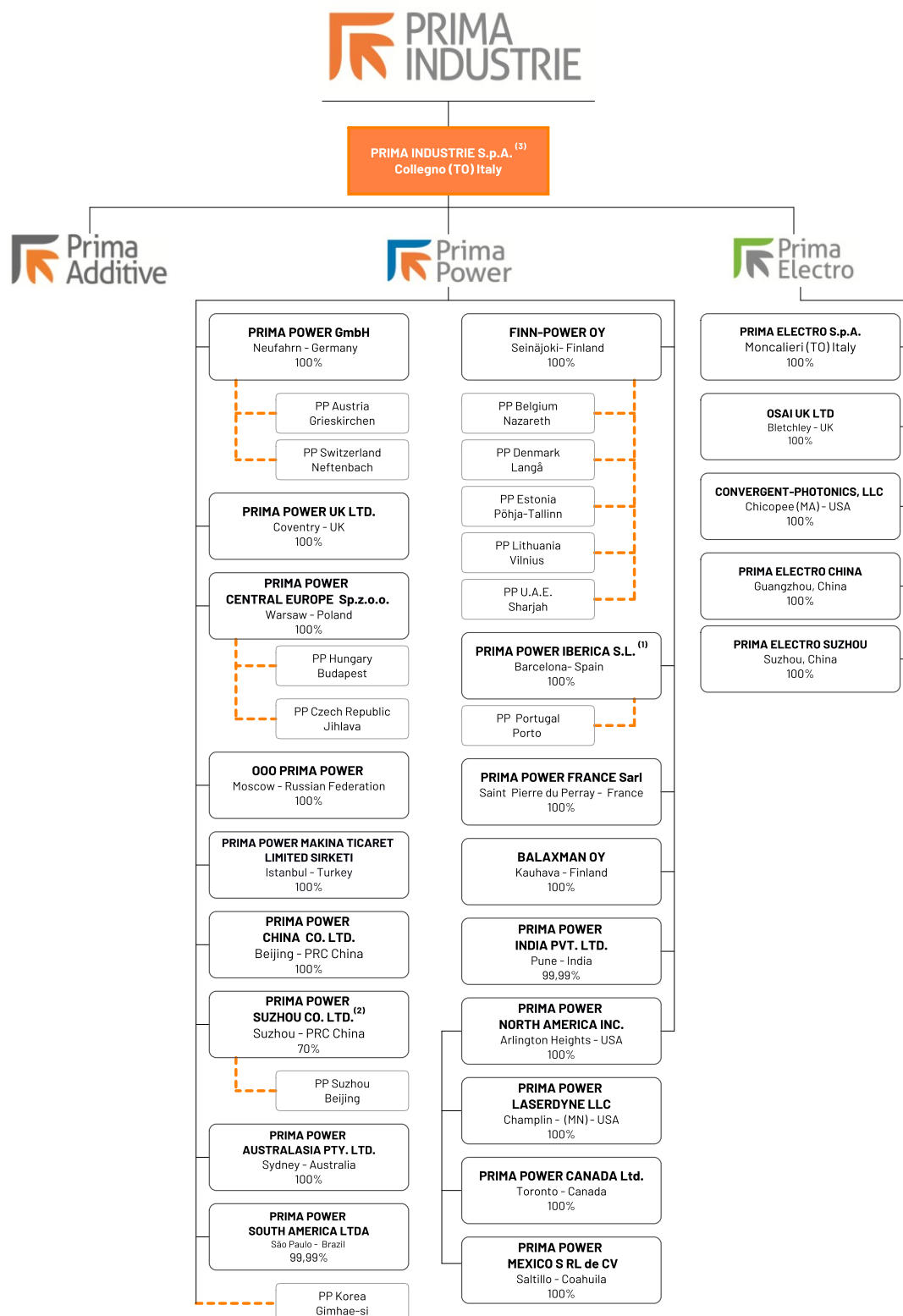
The Statutory Auditors Committee shall remain in office until the approval of 2019-2020-2021 Financial Statements.

The Audit Company was appointed by the Stockholder's Meeting held on April 11, 2017 for the period 2017-2025.

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Prima Industrie Group Structure

CHAPTER 2. PRIMA INDUSTRIE GROUP STRUCTURE



The statement on this page represents the corporate situation of PRIMA INDUSTRIE Group on March 31, 2019.

Group Branch offices are identified with dashed lines.

- 1) FINN-POWER OY holds 78% of PRIMA POWER IBERICA SL (the remaining 22% is held by PRIMA INDUSTRIE SpA).
- 2) PRIMA INDUSTRIE SpA holds 70% of PRIMA POWER SUZHOU Co. Ltd. (the remaining 30% is held by third parties).
- 3) PRIMA INDUSTRIE SpA is included in PRIMA POWER Division for Reporting purposes.

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Prima Industrie Group Profile

CHAPTER 3. PRIMA INDUSTRIE GROUP PROFILE

The PRIMA INDUSTRIE Group is a market leader in the development, manufacture and sale of laser systems for industrial applications and of machines to process sheet metal, besides in the fields of industrial electronics and laser sources.

The Parent Company PRIMA INDUSTRIE SpA, established in 1977 and listed in the Italian Stock Exchange since 1999 (currently MTA - STAR segment), designs and manufactures high-power laser systems for cutting, welding and surface treatment of three-dimensional (3D) and flat (2D) components, panel bending and bending machines.

The PRIMA INDUSTRIE Group is present on the market over 40 years and boasts over 13,000 machines installed in more than 70 Countries and its *business* is structured in the following three divisions:

- PRIMA POWER for laser machines and sheet metal processing;
- PRIMA ELECTRO for industrial electronics and laser technologies;
- PRIMA ADDITIVE for additive manufacturing systems for metal applications.

The **PRIMA POWER** division includes the design, manufacture and sale of:

- cutting, welding and punching machines for three-dimensional (3D) and two-dimensional (2D) metallic components;
- sheet metal processing machines that use mechanical tools (punchers, integrated punching and shearing systems, integrated punching and laser cutting systems, panel bending, bending machines and automated systems).

This division owns manufacturing plants in Italy (PRIMA INDUSTRIE SpA), in Finland (FINN-POWER OY), in the United States (PRIMA POWER LASERDYNE LLC), in China (PRIMA POWER SUZHOU Co. Ltd.) and has direct sales and customer service facilities in France, Switzerland, Spain, Germany, the United Kingdom, Belgium, Poland, Czech Republic, Lithuania, Hungary, Russia, Turkey, USA, Canada, Mexico, Brazil, China, India, South Korea, Australia and the United Arab Emirates.

The **PRIMA ELECTRO** division includes the development, construction and sale of electronic power and control components, and high-power laser sources for industrial applications, intended for the machines of the Group and third customers. The division has manufacturing plants in Italy (PRIMA ELECTRO SpA) and in the United States (CONVERGENT - PHOTONICS LLC), as well as sales & marketing facilities in the United Kingdom and China.

The **PRIMA ADDITIVE** division develops, manufactures and sells additive manufacturing solutions with Powder Bed Fusion and Laser Metal Deposition technologies.

It is important to state that during the second half of 2018 the Group presented its new brand PRIMA ADDITIVE, which is focused on turnkey additive manufacturing solutions, with Metal Powder Bed and Direct Deposition technologies, and the relative support and services for its applications. PRIMA ADDITIVE thus becomes the Group's third division, joining PRIMA POWER and PRIMA ELECTRO. The new division boasts a strong team of highly specialised young experts, qualified managers and engineers. The purpose of this new division is to support the development of these new technologies and enter the market with new machine ranges. Thanks to this investment, the new activities will be focused on additive manufacturing and, more generally, the pursuit of technological innovation. The new division was designed with completely new spaces and a new building that is under construction at the HQTC in Collegno.

The financial and equity data of PRIMA ADDITIVE are currently negligible and do not meet the thresholds set out in IFRS 8 for disclosure purposes and therefore this division's information is, currently, aggregated to the data for PRIMA POWER Division.

Over 40 years after its establishment, the mission of the PRIMA INDUSTRIE Group continues to be that of systematically expanding its range of products and services and to continue to grow as a global supplier of laser systems and sheet metal processing systems for industrial applications, including industrial electronics, markets that demand top-range technology and where growth rates are quite good, though in the presence of a cyclical context.

This Interim Financial Statements has been approved by the Board of Directors on May 14, 2019.

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Introduction

CHAPTER 4. INTRODUCTION

The Interim Financial Report at March 31, 2019 of the PRIMA INDUSTRIE Group was prepared in accordance with the provisions of article 154-ter, paragraph 5 of Consolidated Law on Finance and subsequent amendments, in accordance with the International Financial Reporting Standards (IFRS), as well as by Italian legislation and regulations.

These financial statements were approved by the Board of Directors on May 14, 2019 and were published in accordance with the provisions of article 2.2.3 of Borsa Italiana SpA Regulations applicable to issuers listed in the STAR segment.

Quarterly data were not audited by the independent auditors.

It should be noted that, to improve disclosure of its financial results, the Group has presented the income statement according to functional area, rather than by expenditure type.

The Group presents the income statement according to functional area otherwise referred to as "Cost of Sales"; this cost presentation is based on cost destination and is considered more representative than expenditure type. The form chosen conforms to internal *reporting* and business management procedures and is in line with international practice within the sector in which the Group operates.

"Cost of sales" includes costs relating to the functional areas that participated directly or indirectly to the generation of revenues with the sale of goods and services. It includes all costs for materials, processing and overheads directly attributable to production.

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Group Interim Management Report

CHAPTER 5. GROUP INTERIM MANAGEMENT REPORT

GROUP RESULTS SUMMARY

Values in euro thousand	March 31, 2019	March 31, 2018	Variations	%
ORDER INTAKE	97,251	120,510	(23,259)	-19.3%
BACKLOG	166,754	192,488	(25,734)	-13.4%
REVENUES	98,444	95,534	2,910	3.0%
EBITDA	7,386	6,329	1,057	16.7%
EBITDA %	7.5%	6.6%	0.9%	-
EBIT	2,051	2,243	(192)	-8.6%
EBIT %	2.1%	2.3%	-0.2%	-
NET RESULT	408	4,659	(4,251)	-91.2%
FCF	(17,462)	(20,910)	3,448	16.5%
NET FINANCIAL INDEBTEDNESS	(117,632)	(84,659)	(32,973)	-38.9%
HEADCOUNT	1,861	1,812	49	2.7%

(% calculated over the revenues, headcount expressed in units)

Values in euro thousand	March 31, 2019	March 31, 2018	Variations	%
REVENUES AT COSTANT EXCHANGE RATES	97,006	95,534	1,472	1.5%
EBITDA Adj	8,002	6,912	1,090	15.8%
EBITDA Adj %	8.1%	7.2%	0.9%	-
EBIT Adj	2,667	3,135	(468)	-14.9%
EBIT Adj %	2.7%	3.3%	-0.6%	-

(% calculated over the revenues)

(Performance indicators adjusted, as shown in Annex 2 of this document, correspond to the same indicators net of non-recurring items)

Introduction to the new IFRS 16 standard “Leases”

The figures for the first quarter of 2019 take account of the Group’s adoption of the new IFRS 16 “Leases”. The modified retrospective method was applied without restatement of comparative data and with the following impacts:

- increased net financial indebtedness by Euro 26,854 thousand
- cancellation of lease costs of Euro 1,314 thousand
- increased amortisation of Euro 1,267 thousand
- increased financial expenses of Euro 226 thousand.

ECONOMIC PERFORMANCE

The Group ended the first quarter of 2019 reaching consolidated revenues of Euro 98,444 thousand, increasing about 3.0% against the same period of the previous year. This growth was affected by exchange rate fluctuations, in fact, at constant exchange rates, the increase in turnover would have been 1.5%.

Below are the main economic indicators of the Group divided by Division, compared with the same period of the previous year:

The figures for the first quarter of 2019 take account of the Group’s adoption of the new IFRS 16 “Leases”. The modified retrospective method was applied without restatement of comparative data.

Values in euro thousand

March 31, 2019	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	90,457	20,233	22.4%	6,149	6.8%	2,099	2.3%	616
PRIMA ELECTRO	13,796	2,683	19.4%	1,000	7.2%	(285)	-2.1%	(398)
ELIMINATIONS	(5,809)	133	2.3%	237	4.1%	237	4.1%	190
GROUP	98,444	23,049	23.4%	7,386	7.5%	2,051	2.1%	408

(% calculated over the revenues)

Values in euro thousand

March 31, 2018	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	86,539	19,130	22.1%	5,316	6.1%	2,035	2.4%	(2,483)
PRIMA ELECTRO	15,978	3,815	23.9%	1,135	7.1%	330	2.1%	7,232
ELIMINATIONS	(6,983)	(117)	-1.7%	(122)	-1.7%	(122)	-1.7%	(90)
GROUP	95,534	22,828	23.9%	6,329	6.6%	2,243	2.3%	4,659

(% calculated over the revenues)

Values in euro thousand

Variations	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	3,918	1,103	28.2%	833	21.3%	64	1.6%	3,099
PRIMA ELECTRO	(2,182)	(1,132)	-51.9%	(135)	-6.2%	(615)	-28.2%	(7,630)
ELIMINATIONS	1,174	250	21.3%	359	30.6%	359	30.6%	280
GROUP	2,910	221	7.6%	1,057	36.3%	(192)	-6.6%	(4,251)

(% calculated over the revenues)

The above shows an improvement in revenues (+4.5%) and profitability (EBITDA increasing from 6.1% to 6.8% of revenues) in the PRIMA POWER Division; whereas in the PRIMA ELECTRO Division there was a 13.6% drop in revenues, but a slight increase in EBITDA (from 7.1% to 7.2%).

Following is the consolidated revenues geographical break down at March 31, 2019 compared with the same period of the previous year:

Revenues	March 31, 2019		March 31, 2018	
	Euro thousand	%	Euro thousand	%
EMEA	62,684	63.7	58,467	61.2
AMERICAS	22,302	22.7	22,368	23.4
APAC	13,458	13.6	14,699	15.4
TOTAL	98,444	100.0	95,534	100.0

The table above shows that , the Group's turnover for the first quarter of 2019 (compared with the first quarter of 2018) grew significantly in the EMEA area (+ 7.2%), remains substantially stable in the AMERICAS and recorded a decrease in APAC (-8.4%).

The Group generated consolidated revenues in the EMEA area for Euro 62,684 thousand; the most relevant destination countries have been Italy (16.4% of consolidated revenues, decreasing against March 31, 2018), Russia and Eastern Europe (9.8% of consolidated revenues), Germany (9.8% of consolidated revenues), Spain (6.9% of consolidated revenues) and the countries of Northern Europe (6.3% of consolidated revenues).

The share of revenues generated by AMERICAS remained substantially stable compared to 2018. It should be noted that at constant exchange rates the turnover in the AMERICAS area would have been 8.6% lower than last year.

As for APAC countries revenues decreased compared to 2018 moving from Euro 14,699 thousand to Euro 13,458 thousand (-8.4%). This result reflects a growth on the Chinese market (11.8% of consolidated turnover) and a reduction on other markets, among which is South Korea.

Below is a breakdown of revenues by segment gross of inter-sector transactions:

Revenues	March 31, 2019		March 31, 2018	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
PRIMA POWER	90,457	91.9	86,539	90.6
PRIMA ELECTRO	13,796	14.0	15,978	16.7
Inter-sector revenues	(5,809)	(5.9)	(6,983)	(7.3)
TOTAL	98,444	100.0	95,534	100.0

As can be seen from the above table, revenue growth was seen from the PRIMA POWER division (+ Euro 3,918 thousand), whereas the PRIMA ELECTRO division saw a decrease of Euro 2,182 thousand.

The **Gross Margin** of the Group at March 31, 2019 is equal to Euro 23,049 thousand, increasing by Euro 221 thousand compared to Euro 22,828 thousand in the same period of 2018; the weight of the margin on turnover is 23.4% slightly decreasing versus March 31, 2018.

The **EBITDA** of the Group at March 31, 2019 amounts to Euro 7,386 thousand equal to 7.5% of revenues (Euro 6,072 thousand excluding the effects deriving from the application of IFRS 16) against Euro 6,329 thousand equal to 6.6% of revenues of March 31, 2018.

The EBITDA has been affected by non-recurring costs amounting equal to Euro 616 thousand (as of March 31, 2018 these costs were equal to Euro 583 thousand); therefore the **adjusted EBITDA^(*)** amounts to Euro 8,002 thousand (equal to 8.1% of revenues), increasing of Euro 1,090 thousand compared to the same period of the previous year (Euro 6,912 thousand equal to 7.2%).

The **EBIT** of the Group at March 31, 2019 is equal to Euro 2,051 thousand equal to 2.1% of revenues (Euro 2,004 thousand excluding the effects deriving from the application of IFRS 16) compared to Euro 2,243 thousand equal to 2.3% of revenues of the same period of the previous year. This result is affected by the amortization of intangible assets for Euro 2,843 thousand and of tangible fixed assets for Euro 2,492 thousand (of which Euro 1,267 thousand relating to rights of use recorded according to the new IFRS 16). With regard to the amortization of intangible assets, these mainly refer to amortization of development costs (Euro 2,155 thousand) and amortization relating to the trademark registered as part of the business combination of the FINN-POWER Group, equal to Euro 462 thousand.

EBIT at March 31, 2019 is affected by non-recurring costs; as a consequence, **adjusted EBIT^(*)** amounted to Euro 2,667 thousand (2.7% of revenues), decreasing compared to March 31, 2018 (Euro 3,135 thousand, equal to 3.3% of revenues).

The **EBT** of the Group at March 31, 2019 is positive for Euro 867 thousand (Euro 1,045 thousand excluding the effects deriving from the application of IFRS 16) against Euro 5,423 thousand at March 31, 2018. It should be noted that the EBT at March 31, 2018 included the plus value resulting from the full divestment in EPS SA for Euro 7,179 thousand and non-recurring charges for Euro 1,885 thousand

incurred for the refinancing of the Bond and the Club Deal loan. The EBT at March 31, 2019 is affected by net financial charges (including foreign exchange profit and losses) for Euro 1,184 thousand (at March 31, 2018 it was Euro 3,999 thousand); it should be noted that financial charges include Euro 226 thousand resulting from the application of the new accounting standard IFRS 16.

Financial results (€/000)	March 31, 2019	March 31, 2018
<i>Bond</i> expenses	(226)	(637)
<i>Bond</i> advance closing expenses	-	(1,515)
Loans 2018 expenses	(358)	-
<i>Club Deal</i> loan expenses	-	(94)
<i>Club Deal</i> advance closing expenses	-	(370)
Derivate expenses (CRS)	(323)	35
Derivates expenses (IRS)	(96)	(29)
Lease liabilities	(314)	(46)
Write-down of financial receivables	(118)	(118)
Other financial expenses	(415)	(715)
Net financial expenses	(1,850)	(3,489)
Net exchange differences	666	(510)
TOTAL	(1,184)	(3,999)

The Group's **NET PROFIT** as at March 31, 2019 is positive for Euro 408 thousand (Euro 542 thousand excluding the effects deriving from the application of IFRS 16) against Euro 4,659 thousand at March 31, 2018; while the Net Profit pertaining to the Parent Company is equal to Euro 407 thousand.

(*) Please note that the *adjusted* performance indicators as shown in Annex 2 of this document, correspond to the same alternative performance indicators net of non-recurring items.

FINANCIAL PERFORMANCE

Values in euro thousand	March 31, 2019	March 31, 2018	Variations
Net Indebtedness Opening	(74,639)	(69,632)	(5,007)
Financial liabilities deriving from IFRS16 first application	(27,066)	-	(27,066)
Cash from operating activities before TWC	1,554	2,830	(1,276)
Change in Trade Working Capital	(15,568)	(21,111)	5,543
Cash from operating activities	(14,014)	(18,281)	4,267
Investments in development costs	(1,369)	(1,387)	18
Other investments	(2,079)	(1,242)	(837)
Cash from investment activities	(3,448)	(2,629)	(819)
FREE CASH FLOW (FCF)	(17,462)	(20,910)	3,448
Net financial result of investments	-	7,179	(7,179)
Other changes	-	(41)	41
Cash from financing activities	-	7,138	(7,138)
Net exchange differences	1,535	(1,255)	2,790
CASH FLOW - TOTAL	(15,927)	(15,027)	(900)
Net Indebtedness Closing	(117,632)	(84,659)	(32,973)

At March 31, 2019 the Group's **Net financial Indebtedness^(*)** shows a net debt of Euro 117,632 thousand, compared to Euro 84,659 thousand at March 31, 2018 and to Euro 74,639 thousand at December 31, 2018. The financial debt takes into account the application of the new accounting standard IFRS16 which on January 1, 2019 resulted in an increase in the debt of Euro 27,066 thousand. At March 31, 2019 these debts amounted to Euro 26,854 thousand.

Below is the detail of the net financial indebtedness.

Values expressed in Euro thousand	March 31, 2019	December 31, 2018	March 31, 2018
NON CURRENT FINANCIAL ASSETS	(4,904)	(4,876)	(3,485)
CASH & CASH EQUIVALENTS	(54,294)	(71,078)	(69,100)
CURRENT FINANCIAL ASSETS	(78)	(367)	(674)
CURRENT FINANCIAL LIABILITIES	38,273	35,846	32,629
CURRENT LEASING LIABILITIES	5,408	1,298	843
NON CURRENT FINANCIAL LIABILITIES	103,335	106,405	115,812
NON CURRENT LEASING LIABILITIES	29,892	7,411	8,634
NET FINANCIAL INDEBTEDNESS	117,632	74,639	84,659

(*) Reconciliation between Group **net financial indebtedness** (used as a performance indicator) and net financial position required by CONSOB Communication no. DEM/6064293 of July 28, 2006 is provided in the Explanatory Notes.

BUSINESS PERFORMANCE

During the first quarter of 2019 the Group's order acquisition (including after-sale service) amounted to Euro 97.3 million, decreasing of 19.3% compared to Euro 120.5 million at March 31, 2018. This order reduction is related, for a share of approximately 50%, to the automotive segment. The acquisition of orders of the PRIMA POWER segment amounted to Euro 90.2 million, while the PRIMA ELECTRO ones, considering the ones from customers outside the Group, amounted to Euro 7.1 million.

The consolidated orders' backlog (not including the after-sale service) at March 31, 2019 amounts to Euro 166.8 million (compared to Euro 192.5 million at March 31, 2018). The orders' backlog includes Euro 160.2 million relating to the PRIMA POWER sector and Euro 6.6 million relating to the PRIMA ELECTRO sector.

At April 30, 2019 the order portfolio amounted to Euro 175.6 million.

FORESEEABLE DEVELOPMENT OF MANAGEMENT

After 5 years of uninterrupted growth, the macroeconomic situation is expected to evolve with turnover and profitability in the current year remaining stable at the levels reached in 2018. The Group, in an extremely uncertain scenario, is continuing to invest in innovation and technology (Fiber Lasers and Additive Manufacturing) as well as in commercial presence (Branch Offices in Denmark, Estonia and Korea) in order to further strengthen its competitive positioning on the global market.

EVENTS OCCURRING AFTER THE REFERENCE DATE OF THE FINANCIAL STATEMENT

PURCHASE OF TREASURY STOCK

On April 16, 2019 the Shareholders' Meeting authorized the purchase of Prima Industrie SpA ordinary shares, in one or more times, for a period of eighteen months, for a maximum of 300,000 shares and in any case up to a maximum 300,000 shares in the portfolio, for a maximum purchase value of Euro 7.5 million, authorizing the disposal of treasury shares, in one or more times, without time limits, in the manner deemed most appropriate in the interest of the Company and in compliance with applicable law.

The scope of the authorization includes the possibility to assign the shares to service the stock incentive plans in favor of directors, employees and collaborators of the company or group companies, or the use for free assignments to the shareholders, or to service extraordinary transactions or as an instrument to support market liquidity. Purchases will be made on regulated stock markets according to the operating procedures established in the regulations for the organization and management of the same markets according to the operating procedures established in the regulation of Borsa Italiana SpA, in compliance with art. 144 bis, paragraph 1, lett. b) of the Consob Regulation no. 11971/99 and subsequent amendments.

APPOINTMENT OF NEW STATUTORY AUDITORS COMMITTEE

On April 16, 2019, the Shareholders' Meeting of Prima Industrie SpA appointed the new Statutory Auditors Committee, which it made up of Franco Nada, Presidente (elected by the minority list), Roberto Petrignani and Maura Campra; the deputy auditors elected are Gaetana Laselva e Roberto Coda; the Statutory Auditors Committee will remain in office for the financial years 2019, 2020 and 2021.

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**Consolidated Financial Statements
Prima Industrie Group
March 31, 2019**

Accounting tables

CHAPTER 6. PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Values in thousand euro	March 31, 2019	December 31, 2018
Property, plant and equipment	63,541	36,749
Intangible assets	144,036	145,000
Other investments	6,889	6,613
Non current financial assets	4,904	4,876
Deferred tax assets	12,717	11,973
NON CURRENT ASSETS	232,087	205,211
Inventories	152,521	135,863
Trade receivables	94,001	110,757
Other receivables	9,960	8,929
Current tax receivables	8,844	9,667
Derivatives	-	26
Financial assets	78	341
Cash and cash equivalents	54,294	71,078
CURRENT ASSETS	319,698	336,661
Assets held for sale	1,073	1,234
TOTAL ASSETS	552,858	543,106
Capital stock	26,208	26,208
Legal reserve	4,992	4,992
Other reserves	69,112	69,154
Currency translation reserve	4,191	2,706
Retained earnings	63,378	39,322
Net result	407	24,056
Stockholders' equity of the Group	168,288	166,438
Minority interest	3,483	3,334
STOCKHOLDERS' EQUITY	171,771	169,772
Interest-bearing loans and borrowings	132,481	113,180
Employee benefit liabilities	7,532	7,570
Deferred tax liabilities	5,365	5,333
Provisions	197	198
Derivatives	746	636
NON CURRENT LIABILITIES	146,321	126,917
Trade payables	94,418	115,141
Advance payments	45,602	40,545
Other payables	23,884	23,664
Interest-bearing loans and borrowings	43,463	37,028
Current tax payables	6,180	7,117
Provisions	21,001	22,806
Derivatives	218	116
CURRENT LIABILITIES	234,766	246,417
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	552,858	543,106

The first quarter 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>	March 31, 2019	March 31, 2018
Net revenues	98,444	95,534
Cost of goods sold	(75,395)	(72,706)
GROSS MARGIN	23,049	22,828
Research and Development costs	(7,121)	(6,514)
Sales and marketing expenses	(7,382)	(6,989)
General and administrative expenses	(6,495)	(7,082)
OPERATING PROFIT (EBIT)	2,051	2,243
Financial income	28	944
Financial expenses	(1,878)	(4,433)
Net exchange differences	666	(510)
Net result of other investments	-	7,179
RESULT BEFORE TAXES (EBT)	867	5,423
Taxes	(459)	(764)
NET RESULT	408	4,659
- Attributable to Group shareholders	407	4,689
- Attributable to minority shareholders	1	(31)
RESULT PER SHARE - BASIC (in euro)	0.04	0.45
RESULT PER SHARE - DILUTED (in euro)	0.04	0.45

The first quarter 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 COMPREHENSIVE INCOME

<i>Values in euro thousand</i>	March 31, 2019	March 31, 2018
NET RESULT (A)	408	4,659
Gains/ (Losses) on actuarial defined benefit plans	-	-
Tax effect	-	-
Total other comprehensive gains/(losses) not to be classified in the Income Statement, net of tax effects (B)	-	-
Gains / (Losses) on cash flow hedges	(55)	(42)
Tax effect	13	(29)
Gains/(Losses) on exchange differences on translating foreign operations	1,633	(1,029)
Total other comprehensive gains/(losses) to be classified in the Income Statement, net of tax effects (C)	1,591	(1,100)
TOTAL COMPREHENSIVE INCOME (A) + (B) + (C)	1,999	3,559
- Attributable to Group shareholders	1,850	3,581
- Attributable to minority shareholders	149	(22)

The first quarter 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 CHANGES ON SHAREHOLDERS' EQUITY

from January 1, 2018 to March 31, 2018

Values in euro thousand	Capital stock	Additional paid-in capital	Treasury stock	Legal reserve	Capital increase expenses	Stock grant reserve	Change in the FV of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net result	Stockholders' equity of the Group	Minority interest	STOCKHOLDERS' EQUITY
Balance as at December 31, 2017	26,208	57,507	-	4,653	(1,286)	-	(58)	13,149	1,360	27,620	18,515	147,668	1,286	148,954
Impact of IFRS15 adoption	-	-	-	-	-	-	-	-	-	(41)	-	(41)	-	(41)
Balance as at January 1, 2018	26,208	57,507	-	4,653	(1,286)	-	(58)	13,149	1,360	27,579	18,515	147,627	1,286	148,913
Allocation of prior year net result	-	-	-	-	-	-	-	-	-	18,515	(18,515)	-	-	-
Result of comprehensive Income	-	-	-	-	-	-	(70)	-	(1,038)	-	4,689	3,581	(22)	3,559
Balance as at March 31, 2018	26,208	57,507	-	4,653	(1,286)	-	(128)	13,149	322	46,094	4,689	151,208	1,264	152,472

from January 1, 2019 to March 31, 2019

Values in euro thousand	Capital stock	Additional paid-in capital	Treasury stock	Legal reserve	Capital increase expenses	Stock grant reserve	Change in the FV of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net result	Stockholders' equity of the Group	Minority interest	STOCKHOLDERS' EQUITY
Balance as at December 31, 2018	26,208	57,507	(1,966)	4,992	(1,286)	13	(465)	15,351	2,706	39,322	24,056	166,438	3,334	169,772
Allocation of prior year net result	-	-	-	-	-	-	-	-	-	24,056	(24,056)	-	-	-
Result of comprehensive Income	-	-	-	-	-	-	(42)	-	1,485	-	407	1,850	149	1,999
Balance as at March 31, 2019	26,208	57,507	(1,966)	4,992	(1,286)	13	(507)	15,351	4,191	63,378	407	168,288	3,483	171,771

The first quarter 2019 figures include the application of the new accounting principle IFRS 16 "Leases"; Group applied the simplified retrospective method and this first application did not involve changes in shareholders' equity as of January 1, 2019

CONSOLIDATED CASH FLOW STATEMENT

Values in Euro thousand	March 31, 2019	March 31, 2018
Net result	408	4,659
Adjustments (sub-total)	(13,714)	(23,380)
Depreciation, impairment & write-off	5,335	4,086
Gain from sales of shares in other investments	-	(7,179)
Net change in deferred tax assets and liabilities	(712)	(357)
Change in employee benefits	(38)	(25)
Change in inventories	(16,658)	(16,745)
Change in trade receivables	16,756	6,771
Change in trade payables and advances	(15,666)	(11,137)
Net change in other receivables/payables and other assets/liabilities	(2,731)	1,206
Cash Flows from (used in) operating activities	(13,306)	(18,721)
Cash flow from investments		
Acquisition of tangible fixed assets (*)	(1,286)	(1,561)
Acquisition of intangible fixed assets	(267)	(413)
Capitalization of development costs	(1,369)	(1,387)
Net disposal of fixed assets (**)	143	98
Change in Other investments	-	7,906
Cash Flows from (used in) investing activities	(2,779)	4,643
Cash flow from financing activities		
Change in other financial assets/liabilities and other minor items	432	(3,259)
Increases in loans and borrowings (including bank overdrafts)	9,036	64,910
Repayment of loans and borrowings (including bank overdrafts)	(9,892)	(47,927)
Repayments in financial lease liabilities	(1,179)	(157)
Other variations	-	(41)
Cash Flows from (used in) financing activities	(1,603)	13,526
Cash Flows from (used in) change of minority shareholders	-	-
Foreign exchange translation differences	904	(869)
Net change in cash and equivalents	(16,784)	(1,421)
Cash and equivalents beginning of period	71,078	70,521
Cash and equivalents end of period	54,294	69,100

Additional Information to the Consolidated Statement of Cash-Flow	March 31, 2019	March 31, 2018
Values in euro thousand		
Taxes paid	205	117
Interests paid	872	2,899

The first quarter 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.

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**Explanatory Notes to
Consolidated Financial Statements
March 31, 2019**

CHAPTER 7. EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2019

ACCOUNTING TABLES FORM AND CONTENT

The Interim Management Report of the Prima Industrie Group at March 31, 2019 was prepared on the basis that it is an ongoing concern and in accordance with the International Financial Reporting Standards (IFRS) and with applicable Italian statutory regulations.

The report includes the Consolidated Financial position, the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement, the Changes in Shareholders' Equity and the Explanatory Notes.

The Group presents the income statement according to functional areas, otherwise referred to as "at cost of the sale". This cost analysis is based on cost destination and is considered more representative than expenditure type. The form chosen conforms to internal reporting and business management procedures and is in line with international practice within the sector in which the Group operates.

"Cost of goods sold" includes costs relating to the functional areas that participated directly or indirectly in the generation of revenues with the sale of goods or services. It includes all costs for materials, processing and overheads directly attributable to production.

DRAFTING PRINCIPLES AND CRITERIA

ACCOUNTING CRITERIA AND PRINCIPLES OF CONSOLIDATION

The accounting criteria and principles of consolidation adopted for setting out the condensed consolidated balance sheet at March 31, 2019 are compatible with those used for the consolidated annual balance sheet at December 31, 2018, to which reference is made subject to the new standards/interpretations adopted by the Group starting from January 1, 2019, as well as the adjustments required by the nature of the interim findings.

ADOPTION OF IFRS16

On January 13, 2016, the IASB issued "IFRS 16 - Leases" that is intended to replace "IAS 17 - Leases", and interpretations of "IFRIC 4 Determining whether an Arrangement contains a Lease", "SIC-15 Operating Leases-Incentives" e "SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The new standard, that the Group will apply starting from January 1, 2019, provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract. Moreover, the standard establishes a single recognition and measurement model of lease contracts for the lessee providing for the recognition of the leased asset also operating under assets against a financial liability. On the contrary, the standard does not include significant changes for lessors.

The Group finalized the preliminary assessment of impacts arising from the application of the new standard at the transition date (January 1, 2019). Such assessment has been declined in different phases, including the complete mapping of the contracts potentially suitable to contain a lease and the analysis of the same in order to understand the main clauses relevant for IFRS 16 purposes. With this regard, the Group has made use for all contracts of the practical expedient available on transition to apply the requirements of the standard only to contracts identified as leases in accordance with IAS 17 and IFRIC 4.

The Group has elected to adopt IFRS 16 under the Modified Retrospective approach. In particular, for lease contracts previously classified as operating, the Group will recognize a financial liability and a right of use equal to the present value of future lease payments remaining at the transition date, discounted using for each contract the incremental borrowing rate applicable at the transition date.

In adopting IFRS 16, the Group intends to apply the exemption granted by the standard in relation to short-term leases for all the asset categories. Likewise, the Group will apply the exemption granted by the standard as regards the lease contracts for which the underlying asset is configured as a low-value asset (for the purposes of this determination, the Group considered the assets underlying the contract of leases that do not exceed, when new, a value of approximately Euro 5 thousand). The contracts for which the exemption can be applied mainly concern computers, telephones and tablets, printers, other electronic devices, furniture and furnishings. For these contracts, the introduction of IFRS 16 will not entail the recognition of the lease financial liability and of the related right of use, but the lease payments will be recognized as an expense on a straight-line basis over the lease term.

Moreover, the Group will also apply, for all the asset categories, the exemption granted by the standard in relation to the possibility of not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement in determining the financial liability of the lease and the related right of use.

With reference to the transition rules, the Group will make use of the following practical expedients available if the modified retrospective transition method is chosen:

- classification of contracts expiring within 12 months from the transition date as a short term lease. For these contracts the lease payments will be recognized as an expense on a straight-line basis;
- exclusion of initial direct costs from the measurement of the right of use as of January 1, 2019;
- use of hindsight at the transition date for the determination of the lease term, with particular reference to the exercise of extension and early termination options.

The transition to IFRS 16 introduces some elements of professional judgment that involve the definition of some accounting policies and the use of assumptions and estimates in relation to the lease term and the definition of the discount rate. The main ones are summarized below:

- the Group decided not to apply IFRS 16 for contracts containing a lease whose underlying asset is an intangible asset;
- *lease term*: the Group analyzed all the lease contracts, defining the lease term for each of them, given by the "non-cancellable" period together with the effects of any extension or early termination clauses whose exercise was deemed reasonably certain. Specifically, for buildings this evaluation considered the specific facts and circumstances of each asset. With regard to the other categories of assets, mainly company cars and equipment, the Group generally considered as unlikely that it will exercise any clauses of extension or early termination in consideration of the practice usually followed by the Group;
- *definition of the discount rate*: the Group elected to adopt the incremental borrowing rate in order to determine the financial liability relating to lease contracts. This rate, diversified according to the country and the reference currency of the lease contract, represents the interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Following is a summary of how adoption of the new standards affected consolidated financial statements.

<i>Values in € thousand</i>	December 31, 2018	IFRS16 Effect	January 1, 2019
Non current assets	205,211	27,066	232,277
Current assets	336,661	-	336,661
Assets held for sale	1,234	-	1,234
Total Assets	543,106	27,066	570,172
Net Equity	169,772	-	169,772
Non current liabilities	126,917	22,824	149,741
Current liabilities	246,417	4,242	250,659
Total Liabilities	543,106	27,066	570,172

At March 31, 2019 the Group recorded Euro 26,667 thousand in Rights of use after disclosure of Euro 1,267 thousand in amortisation and Euro 26,854 thousand in financial liabilities (including Euro 22,717 thousand classified as long-term). During the quarter, Euro 226 thousand of financial charges were recorded in the income statement relating to lease contracts previously classified as operational.

ON-GOING CONCERN

The condensed consolidated balance sheet at March 31, 2019 has been set out on the assumption of the company continuing trading in that it is reasonably expected that PRIMA INDUSTRIE will continue with its operational activities in the foreseeable future.

USE OF ACCOUNTING ESTIMATES

The drawing up of an interim balance sheet requires the carrying out of estimates and assumptions which have effect on the values of revenues, costs, assets and liabilities of the balance sheet and on the information report relating to the potential assets and liabilities on the date of the interim balance sheet. If in the future, such estimates and assumptions which are based on the best evaluation by management, should differ through effective circumstances, they will be modified in an appropriate manner in the period in which the circumstance themselves vary. In particular, with regard to the condensed consolidated balance sheet of March 31, 2019, the taxes on income for the period of the individual consolidated companies are determined on the basis of the best estimate possible in relation to the available information, and on a reasonable forecast of the progress of the financial year up to the end of the tax period.

EXPLANATORY NOTES

The data shown in the explanatory notes, if not shown otherwise, are expressed in Euro thousand.

SECTOR REPORT

In accordance with IFRS 8, and in line with the Group's management and control model, the Group's management has identified PRIMA POWER and PRIMA ELECTRO as the operating divisions that are subject to sector reports.

The PRIMA POWER Division includes the design, manufacture and sale of:

- laser machines to cut, weld and punch metallic components, three-dimensional (3D) and two-dimensional (2D), and
- sheet metal processing machines that use mechanical tools (punchers, integrated punching and shearing systems, integrated punching and laser cutting systems, panel bending, bending machines and automated systems).

The PRIMA ELECTRO Division includes the development, construction and sale of electronic power and control components, and hi-power laser sources for industrial applications, intended for the machines of the Group and third customers.

It is important to state that during 2018 the Group presented its new brand PRIMA ADDITIVE, which is focused on turnkey additive manufacturing solutions, with Metal Powder Bed and Direct Deposition technologies, and the relative support and services for its applications. PRIMA ADDITIVE thus becomes the Group's third division, joining PRIMA POWER and PRIMA ELECTRO. The new division boasts a strong team of highly specialised young experts, qualified managers and engineers. The financial and equity data of PRIMA ADDITIVE are currently negligible and do not meet the thresholds set out in IFRS 8 for disclosure purposes. Therefore the division's information will be aggregated to the data for PRIMA POWER.

The following tables show the financial information directly attributable to the two divisions PRIMA POWER and PRIMA ELECTRO, as described above.

The figures for the first quarter of 2019 take account of the Group's adoption of the new IFRS 16 "Leases". The modified retrospective method was applied without restatement of comparative data.

	Prima Power		Prima Electro		Elimination		Prima Industrie Group	
<i>Values in euro thousand</i>	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Net revenues	90,457	86,539	13,796	15,978	(5,809)	(6,983)	98,444	95,534
Cost of goods sold	(70,224)	(67,409)	(11,113)	(12,163)	5,942	6,866	(75,395)	(72,706)
GROSS MARGIN	20,233	19,130	2,683	3,815	133	(117)	23,049	22,828
Research and Development costs	(5,849)	(4,655)	(1,374)	(1,859)	102	-	(7,121)	(6,514)
Sales and marketing expenses	(6,767)	(6,354)	(615)	(635)	-	-	(7,382)	(6,989)
General and administrative expenses	(5,518)	(6,086)	(979)	(991)	2	(5)	(6,495)	(7,082)
OPERATING PROFIT (EBIT)	2,099	2,035	(285)	330	237	(122)	2,051	2,243
Net financial expenses	(1,666)	(3,353)	(184)	(136)	-	-	(1,850)	(3,489)
Net exchange differences	657	(490)	9	(19)	-	-	666	(510)
Net result of other investments	-	-	-	7,179	-	-	-	7,179
RESULT BEFORE TAXES (EBT)	1,090	(1,808)	(460)	7,354	237	(122)	867	5,423
Taxes	(474)	(675)	62	(122)	(47)	33	(459)	(764)
NET RESULT	616	(2,483)	(398)	7,232	190	(89)	408	4,659
- Attributable to Group shareholders	615	(2,452)	(398)	7,232	190	(89)	407	4,689
- Attributable to minority shareholders	1	(31)	-	-	-	-	1	(31)

	Prima Power		Prima Electro		Elimination		Prima Industrie Group	
Values in euro thousand	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018
Property, plant and equipment	49,141	26,514	14,400	10,235	-	-	63,541	36,749
Intangible assets	126,322	127,531	20,736	20,482	(3,022)	(3,013)	144,036	145,000
Other investments	17,761	17,485	73	73	(10,945)	(10,945)	6,889	6,613
Non current financial assets	3,390	3,362	1,515	1,515	(1)	(1)	4,904	4,876
Deferred tax assets	8,593	8,024	3,652	3,415	472	534	12,717	11,973
NON CURRENT ASSETS	205,207	182,916	40,376	35,720	(13,496)	(13,425)	232,087	205,211
Inventories	128,749	113,682	25,442	24,085	(1,670)	(1,904)	152,521	135,863
Trade receivables	88,479	104,760	12,937	15,411	(7,415)	(9,414)	94,001	110,757
Other receivables	8,604	7,516	1,355	1,410	1	3	9,960	8,929
Current tax receivables	5,555	5,964	3,861	4,275	(572)	(572)	8,844	9,667
Derivatives	-	26	-	-	-	-	-	26
Financial assets	7,266	5,631	-	-	(7,188)	(5,290)	78	341
Cash and cash equivalents	51,423	68,940	2,804	2,138	67	-	54,294	71,078
CURRENT ASSETS	290,076	306,519	46,399	47,319	(16,777)	(17,177)	319,698	336,661
Assets held for sale	1,073	1,234	-	-	-	-	1,073	1,234
TOTAL ASSETS	496,356	490,669	86,775	83,039	(30,273)	(30,602)	552,858	543,106
STOCKHOLDERS' EQUITY	146,793	144,858	40,088	40,188	(15,110)	(15,274)	171,771	169,772
Interest-bearing loans and borrowings	123,541	107,402	16,061	11,068	(7,121)	(5,290)	132,481	113,180
Employee benefit liabilities	5,096	5,111	2,436	2,459	-	-	7,532	7,570
Deferred tax liabilities	3,599	3,582	1,879	1,863	(113)	(112)	5,365	5,333
Provisions	197	197	-	-	-	1	197	198
Derivatives	746	636	-	-	-	-	746	636
NON CURRENT LIABILITIES	133,179	116,928	20,376	15,390	(7,234)	(5,401)	146,321	126,917
Trade payables	88,936	109,218	12,890	15,325	(7,408)	(9,402)	94,418	115,141
Advance payments	45,059	40,017	231	216	312	312	45,602	40,545
Other payables	21,058	20,704	2,825	2,961	1	(1)	23,884	23,664
Interest-bearing loans and borrowings	34,520	29,616	8,944	7,412	(1)	-	43,463	37,028
Current tax payables	6,218	7,006	540	691	(578)	(580)	6,180	7,117
Provisions	20,375	22,206	881	856	(255)	(256)	21,001	22,806
Derivatives	218	116	-	-	-	-	218	116
CURRENT LIABILITIES	216,384	228,883	26,311	27,461	(7,929)	(9,927)	234,766	246,417
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	496,356	490,669	86,775	83,039	(30,273)	(30,602)	552,858	543,106

CONSOLIDATED FINANCIAL POSITION

Property, plant and equipment on March 31, 2019 are equal to Euro 63,541 thousand an increase of Euro 26,792 thousand compared with December 31, 2018.

This increase includes Euro 26,667 thousand for rights of use recorded for first application of the new IFRS 16, net of Euro 1,267 thousand of amortisation.

The intangible assets on March 31, 2019 are equal to Euro 144,036 thousand and decreased by Euro 964 thousand compared with December 31, 2018. The most significant item is represented by Goodwill, which on March 31, 2019 amounts to Euro 103,083 thousand.

Goodwill accounted for refers to the larger value paid with respect to the fair value of the net assets acquired.

The table below shows the book value of the goodwill allocated to each of the units generating financial flow.

CASH GENERATING UNIT	BOOK VALUE GOODWILL March 31, 2019	BOOK VALUE GOODWILL December 31, 2018
PRIMA POWER	97,740	97,708
PRIMA ELECTRO - BU Electronics	4,316	4,316
PRIMA ELECTRO - BU Laser	1,027	1,008
TOTAL	103,083	103,032

Goodwill (being an asset with an undefined life) is not subject to depreciation and is subject to verification at least annually of the reduction of value (*impairment test*). On December 31, 2018 the Group carried out the *impairment test* on the value of the main elements of goodwill (PRIMA POWER, PRIMA ELECTRO - Business Unit ELECTRONICS e PRIMA ELECTRO - Business Unit LASER), for which attention is drawn to the Consolidated Financial Statements at December 31, 2018. Regarding the above mentioned goodwill, as no indicators of loss in value have appeared compared with the financial statements closed on December 31, 2018, it was not considered necessary to update the related *impairment tests*.

Other investments amounted to Euro 6,889 thousand; the increase of Euro 276 thousand relates to the positive exchange rate differences for the stake in Lead Laser held by Prima Power Suzhou.

The deferred tax assets amounts to Euro 12,717 thousand, showing an increase compared with the previous financial year of Euro 744 thousand. The accounting statement of prepaid taxes has been carried out, only where suppositions of recoverability exist. The valuation on the recoverability of anticipated taxes takes into account the expected profits in future financial years. The anticipated taxes calculated on the losses carried forward have been recognized in the measure at which it is probable that a future taxable income against which they might be recovered. In light of the above no elements have been identified which could modify the valuations made with regard to the recoverability of deferred tax assets.

The following table shows the composition of inventories at March 31, 2019 and at December 31, 2018.

INVENTORIES	March 31, 2019	December 31, 2018
Raw materials	51,582	48,907
Semi-finished goods	28,896	25,996
Finished goods	81,072	69,370
(Inventory provisions)	(9,029)	(8,410)
TOTAL	152,521	135,863

The net value of inventories on March 31, 2019 shows an increase equal to Euro 16,658 thousand compared with December 31, 2018.

Trade receivables at March 31, 2019 amounted to Euro 94,001 thousand in decrease of Euro 16,756 thousand compared to December 31, 2018.

Other receivables at March 31, 2019 are equal to Euro 9,960 thousand and increased by Euro 1,031 thousand compared with December 31, 2018. These receivables mainly refer to advance payments to suppliers, contributions to be received for R&D projects, accrued income and prepaid expenses and advances to employees.

The current tax receivables amount to Euro 8,844 thousand and are decreased of Euro 823 thousand compared with December 31, 2018. Tax assets mainly include VAT receivables for Euro 5,326 thousand (Euro 4,646 thousand at December 31, 2018), tax credit for R&D for Euro 1,171 thousand (Euro 2,561 thousand at December 31, 2018), direct tax advances for Euro 1,203 thousand (Euro 1,331 thousand on December 31, 2018), a tax receivable amounting to Euro 1,048 thousand following the submission of claims for IRES reimbursement (IRAP deductions for IRES purposes for the years 2007-2011) which arose in February 2013, other receivables for minor tax assets for Euro 66 thousand (Euro 47 thousand on December 31, 2018) and withholding taxes for Euro 30 thousand (Euro 34 thousand on December 31, 2018).

On March 31, 2019 the net financial position ^(*) of the Group was negative for an amount of Euro 122,536 thousand increasing of Euro 43,021 thousand compared to December 31, 2018 (negative for Euro 79,515 thousand). The net financial position takes account of the new IFRS 16 accounting standard according to which, at January 1, 2019, debt was increased to Euro 27,066 thousand. At March 31, 2019, this debt amounted to Euro 26,854 thousand.

For a better understanding of the variation in the net financial position achieved during the first three months of 2019, refer to the consolidated cash flow statement of the period.

As required by the Consob communication No. DEM/6064293 of July 28th, 2006, the net financial debt at March 31, 2019 and December 31, 2018 is shown in the following table, determined with the indicated criteria in the CESR (Committee of European Securities Regulators) Recommendations of February 10, 2005 "Recommendations for the uniform activation of the European Commission Regulation on Information Sheets" and quoted by Consob itself.

(*) Reconciliation between Group net financial position required by CONSOB Communication no. DEM/6064293 of July 28, 2006 and net financial debt (used as a performance indicator) is provided in a specific table in this Explanatory Note.

	NET FINANCIAL POSITION	March 31, 2019	December 31, 2018	Variations
A	CASH	54,294	71,078	(16,784)
B	OTHER CASH AND CASH EQUIVALENTS	-	-	-
C	SECURITIES HELD FOR TRADING	-	-	-
D	CASH ON HAND (A+B+C)	54,294	71,078	(16,784)
E	CURRENT FINANCIAL RECEIVABLES	78	367	(289)
F	CURRENT BANK DEBTS	4,480	2,718	1,762
G	CURRENT PART OF NON-CURRENT INDEBTEDNESS	31,804	30,474	1,330
H	BOND ISSUED	12	693	(681)
I	OTHER CURRENT FINANCIAL DEBTS	7,385	3,259	4,126
J	CURRENT FINANCIAL INDEBTEDNESS (F+G+H+I)	43,681	37,144	6,537
K	NET CURRENT FINANCIAL INDEBTEDNESS (J-D-E)	(10,691)	(34,301)	23,610
L	NON-CURRENT BANK DEBTS	69,886	72,818	(2,932)
M	BOND ISSUED	24,793	24,762	31
N	OTHER NON-CURRENT FINANCIAL DEBTS	38,548	16,236	22,312
O	NON-CURRENT FINANCIAL INDEBTEDNESS (L+M+N)	133,227	113,816	19,411
P	NET FINANCIAL INDEBTEDNESS (K+O)	122,536	79,515	43,021

Reconciliation with the Group's net financial debt (used as performance indicator) shown in the Interim Management Report is as follows:

	Mar 31, 2019	Dec 31, 2018
Net financial position com. CONSOB n. DEM/6064293	122,536	79,515
Term deposit Smilla	4,233	4,233
Deposit Prima Power Suzhou	661	633
Loan Caretek	10	10
Net Financial Indebtedness	117,632	74,639

As required by the amendment to IAS 7, the following table shows the changes in liabilities arising from loan activities, whether arising from changes in cash flows or changes not in cash.

Values in Euro thousand	December 31, 2018	IFRS16 first adoption	Variations from cash flow	Variations not in cash			March 31, 2019
				Issues	Exchange rate effect	Fair value	
Financial debts	116,044	-	(205)	-	-	-	115,839
Bond issued	25,455	-	(650)	-	-	-	24,805
Leasing	8,709	27,066	(1,179)	669	35	-	35,300
Derivatives	752	-	-	-	-	212	964
TOTAL	150,960		(2,034)	669	35	212	176,908

At March 31, 2019 the value of assets held for sale is Euro 1,073 thousand. Non-current assets held for sale at March 31, 2019 refers to some properties under construction owned by the parent company PRIMA INDUSTRIE SpA in Mantua, Italy. All assets classified in this category are available for immediate sale, which is very likely to take place since the Management has engaged in a divestment programme.

The net equity of the PRIMA INDUSTRIE Group has increased compared to the end of last financial year of Euro 1,999 thousand. For more details, see the table consolidated statement of changes on shareholders' equity .

The item employee benefit liabilities on March 31, 2019 is equal to Euro 7,532 thousand and is decreased compared to December 31, 2018 of Euro 38 thousand, this item includes:

- the Severance Indemnity (TFR) recognized by Italian companies for employees;
- a loyalty premium recognized by the Parent Company and by PRIMA ELECTRO for their own employees;
- a pension fund recognized by PRIMA POWER GmbH and by PRIMA POWER France Sarl to their employees;
- a liability for employee benefits accounted for by PRIMA INDUSTRIE SpA relevant the South Korea branch office.

The deferred tax liabilities amounts to Euro 5,365 thousand, showing an increase of Euro 32 thousand compared with December 31, 2018.

The provisions are equal to Euro 21,198 thousand and decreased by Euro 1,806 thousand compared with December 31, 2018.

Non-current provisions refer exclusively to the agent client indemnity provision and amounts comprehensively to Euro 197 thousand.

Current provisions mainly relate to product warranties (equal to Euro 13,795 thousand) and to the best estimate of costs still to be incurred for the completion of certain activities ancillary to the sale of machinery already sold (equal to Euro 6,648 thousand). The warranty provision relates to the provisions for technical interventions on the Group's products and is considered appropriate in comparison to the warranty costs which have to be provided for.

The other provisions amounting to Euro 558 thousand refer to legal, fiscal procedures and other disputes; these provisions represent the best estimate by management of the liabilities which must be accounted for with regard to legal, fiscal proceedings occasioned during normal operational activity with regard to dealers, clients, suppliers or public authorities.

The value of trade payables decreased compared to December 31, 2018 by Euro 20,723 thousand.

The heading advance payments increased compared to December 31, 2018 by Euro 5,057 thousand.

The heading other payables is increased by Euro 220 thousand compared to December 31, 2018 and includes social security and welfare payables, payables due to employees, accruals and deferrals and other minor payables.

Current tax payables on March 31, 2019 amounts to Euro 6,180 thousand which results in a reduction of Euro 937 thousand compared with December 31, 2018.

CONSOLIDATED INCOME STATEMENT

As already stated above, the Group presents the income statement by “function”. In accordance with paragraph 104 of “IAS 1 - Presentation of Financial Statements”, personnel costs amount to Euro 29,656 thousand (Euro 27,271 thousand at March 31, 2018). Depreciation at March 31, 2019 amount to Euro 5,335 thousand (of which Euro 2,843 thousand are related to intangible assets). It has to be highlighted that amortization costs relating to the development costs amounts to Euro 2,155 thousand, while those relating to IFRS 16 application amount to Euro 1,267 thousand.

The revenues from sales and services have been commented on Chapter 5 of this document "Group Interim Management Report" in the paragraph "Economic performance".

The financial management of the first three months of 2019 shows a negative result of Euro 1,184 thousand.

FINANCIAL MANAGEMENT	March 31, 2019	March 31, 2018
Financial income	28	944
Financial expenses	(1,878)	(4,433)
Net financial expenses	(1,850)	(3,489)
Net exchange of transactions in foreign currency	666	(510)
Total Financial Management	(1,184)	(3,999)

Financial expenses at March 31, 2019 include Euro 226 thousand resulting from application of the new IFRS 16 accounting standard. It should be noted that financial expenses as at March 31, 2018 include non-recurring charges due to the full early repayment of the Bond for Euro 1,515 thousand and the Club Deal loan for Euro 370 thousand.

Taxes in the first three months of 2019 result in a negative net balance of Euro 459 thousand. The balance of current and deferred taxes is negative by Euro 342 thousand, IRAP is equal to Euro 98 thousand and other taxes, including those relating to prior years, are equal to Euro 19 thousand.

The result per share on March 31, 2019, positive by Euro 0.04 (positive by Euro 0.45 on March 31, 2018) is calculated by dividing the profits attributable to the shareholders of the parent company by the average number of ordinary shares in circulation during the financial year equal to 10.383.274.

Diluted result per share at March 31, 2019 were positive for Euro 0.04 (positive for Euro 0.45 at March 31, 2018), calculated by dividing the result attributable to the shareholders of the Parent Company by the weighted average number of shares in circulation, adjusted to take account of the effects of all potential ordinary shares with a diluting effect. Shares linked to the stock grant plan were considered to have a potential diluting effect.

SIGNIFICANT NOT RECURRING ITEMS

The table below summarises non-recurring items that have had a negative impact on the Income Statement during the first quarter of 2019 for a total of Euro 734 thousand.

Significant non-recurring events and transactions (Values expressed in Euro thousand)	Gross Margin	Research and Development costs	Sales and marketing expenses	General and administrative expenses	Financial income and expenses	Total as at Mar 31, 2019	Total as at Mar 31, 2018	Variation 2019 verso 2018
Actions of reorganization/Restructuring	(43)	(328)	(102)	-	-	(473)	(180)	(293)
Legal/fiscal disputes and penalties from customers	(37)	-	-	(98)	-	(135)	(389)	254
Other minor events	-	-	-	(8)	-	(8)	(14)	6
Impairment of tangible fixed assets	-	-	-	-	-	-	(309)	309
EBIT	(80)	(328)	(102)	(106)	-	(616)	(892)	276
Bond and Club Deal advance closing	-	-	-	-	-	-	(1.885)	1.885
Devaluation of financial receivable	-	-	-	-	(118)	(118)	(118)	-
Gain from sales of shares in EPS SA	-	-	-	-	-	-	7.179	(7.179)
EBT	(80)	(328)	(102)	(106)	(118)	(734)	4.284	(5.018)



Annexes



ANNEXES

ANNEX 1 - CONSOLIDATION AREA

PRIMA POWER	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
FINN POWER OY	Nuppiväylä 7, 60100 Seinäjoki, FINLAND	€ 30.000.000	100%	Line-by-line method
PRIMA POWER LASERDYNE LLC	8600, 109th Av. North, Champlin, MN 55316, U.S.A.	USD 200.000	100%	Line-by-line method
PRIMA POWER SUZHOU Co. LTD.	459 Xingrui Road, Wujiang Ec. & Tech. Develop. Zone, Suzhou City Jiangsu Prov. CHINA	USD 15.850.000	70%	Line-by-line method
PRIMA POWER NORTH AMERICA Inc.	555W Algonquin Rd., Arlington Heights, IL 60005, U.S.A.	USD 10.000	100%	Line-by-line method
PRIMA POWER CANADA Ltd.	390 Bay Street Suite 2800 Toronto, Ontario M5H 2Y2 CANADA	CAD 200	100%	Line-by-line method
PRIMA POWER MEXICO S DE RL DE CV	Campo Real, 121 FRACC. Valle Real, Saltillo, Coahuila C.P. 25198 MEXICO	USD 250	100%	Line-by-line method
PRIMA POWER GmbH	Am Gfild 9, 85375 Neufahrn, GERMANY	€ 500.000	100%	Line-by-line method
PRIMA POWER IBERICA S.L.	C/Primero de Mayo 13-15, 08908 L'Hospitalet de Llobregat, Barcelona, SPAIN	€ 6.440.000	100%	Line-by-line method
PRIMA POWER CENTRAL EUROPE Sp.z.o.o.	Ul. Holenderska 6 - 05 - 152 Czosnów Warsaw, POLAND	PLN 350.000	100%	Line-by-line method
OOO PRIMA POWER	Ordzhonikidze str., 11/A - 115419, Moscow - RUSSIAN FEDERATION	RUB 4.800.000	100%	Line-by-line method
PRIMA POWER FRANCE Sarl	Espace Green Parc , Route de Villepêcle, 91280 St. Pierre du Perray, FRANCE	€ 960.015	100%	Line-by-line method
PRIMA POWER MAKINA TICARET LIMITED SİRKETİ	Soğanlık Yeni Mah. Balıkesir Cad. Uprise Elite Teras Evler B2 A Dupleks Gül Blok Daire:4 Kartal - Istanbul, TURKEY	TRY 1.470.000	100%	Line-by-line method
PRIMA POWER UK LTD	Unit 1, Phoenix Park, Bayton Road, Coventry CV7 9QN, UNITED KINGDOM	GBP 1	100%	Line-by-line method
PRIMA POWER INDIA PVT. LTD.	Plot No A-54/55, H Block, MIDC, Pimpri, Pune - 411018, Maharashtra, INDIA	Rs. 7.000.000	99,99%	Line-by-line method
PRIMA POWER SOUTH AMERICA Ltda	Av Fuad Lutfalla, 1,182 - Freguesia do Ó - 02968-00, Sao Paulo BRAZIL	R\$ 4.471.965	99,99%	Line-by-line method
PRIMA POWER CHINA Company Ltd.	Room 2006, Unit C, Tower 1, Wangjing SOHO, Chaoyang District, Beijing, P.R. CHINA	RMB 2.038.778	100%	Line-by-line method
PRIMA POWER AUSTRALASIA Pty. LTD.	Suite 2, First Floor, 100 Queen street, PO Box 878, Campbelltown, NSW, 2560 AUSTRALIA	A\$ 1	100%	Line-by-line method
BALAXMAN OY	Metallitie 4, FI-62200 Kauhava, FINLAND	€ 2.523	100%	Line-by-line method

PRIMA ELECTRO	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
PRIMA ELECTRO S.p.A.	Strada Carignano 48/2, 10024 Moncalieri, (TO) ITALY	€ 15.000.000	100%	Line-by-line method
CONVERGENT - PHOTONICS, LLC	711 East Main Street, Chicopee, MA 01020, U.S.A.	USD 24.119.985	100%	Line-by-line method
PRIMA ELECTRO (CHINA) Co.Ltd.	23G East Tower, Fuxing Shangmao n.163, Huangpu Avenue Tianhe District 510620 Guangzhou P.R. CHINA	€ 100.000	100%	Line-by-line method
PRIMA ELECTRO SUZHOU Co.Ltd.	459 Xingrui Road, Wujiang Ec. & Tech. Develop. Zone, Suzhou City Jiangsu Prov. CHINA	€ 100.000	100%	Line-by-line method
OSAI UK Ltd.	Mount House - Bond Avenue, Bletchley, MK1 1SF Milton Keynes, UNITED KINGDOM	GBP 160.000	100%	Line-by-line method

ANNEX 2 - “NON-GAAP” PERFORMANCE INDICATORS

The Management of PRIMA INDUSTRIE assesses the performance of the Group and its business segments using a number of non-IFRS indices. Below are described the components of each of these indices:

ORDERS: includes agreements entered into with customers during the reference period than can be considered part of the order books.

BACKLOG: this is the sum of orders from the previous period and current confirmed orders, net of revenues in the reference period.

EBIT: Operating Profit.

EBITDA: the Operating Profit, as shown in the income statement, gross of “Amortization”, “Write-downs and Impairment”. This index is also referred to as “Gross Operating Margin”.

Adjusted EBITDA, EBIT and EBT (hereinafter “Adj”) correspond to the same alternative performance indicators net of non-recurring items.

EBITDA Margin: calculated as the ratio between EBITDA and revenues.

FCF (Free Cash Flow): is the cash flow from operations that is available after the company has made the necessary reinvestment in new fixed assets; it is the sum of cash flow from operations and the cash flow from investments.

Workforce: is the number of employees on the books on the last day of the reference period.

Net financial indebtedness includes cash and cash equivalents, financial receivables (current and non-current), net of financial payables (current and non-current) and the fair value of derivatives. Reconciliation with the net financial position required by CONSOB Communication no. DEM/6064293 of 28 July 2006 is provided in the Notes to the Consolidated Financial Statements.

Revenues at constant exchange rates are stated by applying the average exchange rates of the previous year to the revenues of the current year in the local currency.

ANNEX 3 - CURRENCY EXCHANGE RATES

The exchange rates applied in converting the financial statements to a currency other than the Euro are, for the purpose of consolidation, the following:

CURRENCY	AVERAGE EXCHANGE RATE		SPOT EXCHANGE RATE	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Dec 31, 2018
US DOLLAR	1.1356	1.2295	1.1235	1.1450
CHINESE RENMINBI	7.6619	7.8149	7.5397	7.8751
RUSSIAN RUBLE	74.8842	69.9464	72.8564	79.7153
TURKISH LIRA	6.1079	4.6910	6.3446	6.0588
POLISH ZLOTY	4.3020	4.1792	4.3006	4.3014
POUND STERLING	0.8723	0.8834	0.8583	0.8945
BRAZILIAN REAL	4.2768	3.9902	4.3865	4.4440
INDIAN RUPEE	80.0730	79.1566	77.7190	79.7298
AUSTRALIAN DOLLAR	1.5943	1.5638	1.5821	1.6220
CANADIAN DOLLAR	1.5098	1.5545	1.5000	1.5605
MEXICAN PESO	21.8038	23.0362	21.6910	22.4921

ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2019

Declaration pursuant to article 154-bis, paragraph 2 of Part IV, Title III, Chapter II, Section V bis of Legislative Decree of February 24, 1998, no. 58: Consolidated Law on Financial Intermediation, pursuant to Articles 8 and 21 of the Law of February 6, 1996, No. 52.

The manager responsible for preparing the company accounting documents of the PRIMA INDUSTRIE Group, Davide Danieli, declares, in accordance with the provisions of the second paragraph of Art. 154 bis, Part IV, Title III, Chapter II, Section V bis of Legislative Decree of February 24, 1998, No. 58, that the accounting information contained in this Interim Financial Report at March 31, 2019 corresponds to the document results, books and accounting records.