



YEARS OF INNOVATION

Interim Financial Report as of March 31, 2018

Board of Directors Meeting , May 7, 2018



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Prima Industrie Management and Control

CHAPTER 1. PRIMA INDUSTRIE MANAGEMENT AND CONTROL

Board of Directors

EXECUTIVE CHAIRMAN	Gianfranco Carbonato
MANAGING DIRECTORS	Ezio G. Basso ⁽¹⁾ Domenico Peiretti ⁽²⁾
INDEPENDENT DIRECTORS	Donatella Busso Paolo Cantarella Carla Patrizia Ferrari Paola Gatto Mario 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	Mario 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 Mario Mauri Michael R. Mansour Marina Meliga

Board of Statutory Auditors

CHAIRMAN	Franco Nada
REGULAR AUDITORS	Maura Campa Roberto Petrignani
ALTERNATE AUDITORS	Roberto Coda Gaetana Laselva

Audit Company

PricewaterhouseCoopers S.p.A.

Expiry of Mandates and Appointments

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

The Board of Statutory Auditors shall remain in office until the approval of 2018 Financial Statements.

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

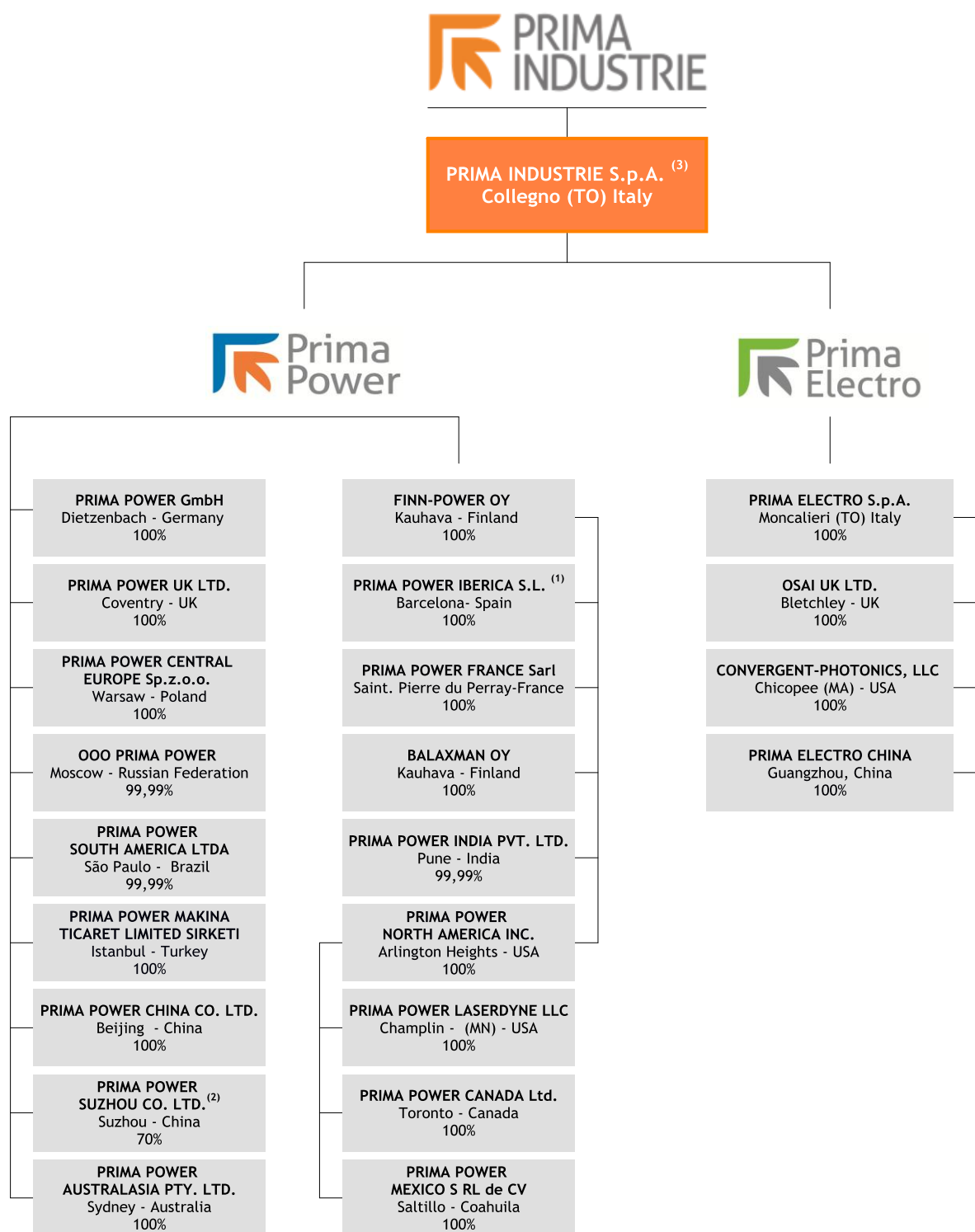
⁽¹⁾ Ezio G. Basso is also the General Manager of PRIMA INDUSTRIE SpA

⁽²⁾ Domenico Peiretti is also the Managing Director and General Manager of PRIMA ELECTRO SpA

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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, 2018.

- 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.

The PRIMA INDUSTRIE Group is present on the market over 40 years and boasts over 13,000 machines installed in more than 70 Countries. Owing also to the acquisition of the FINN-POWER Group in February 2008, it has stably ranked among world leaders in the sector of sheet metal processing applications. In recent years, the Group has reorganized its structure, branching its *business* in the following two divisions:

- PRIMA POWER for laser machines and sheet metal processing;
- PRIMA ELECTRO for industrial electronics and laser technologies.

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.

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 Company draft of Financial Statement has been approved by the Board of Directors on May 7, 2018.

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Introduction

CHAPTER 4. INTRODUCTION

The Interim Management Report at March 31, 2018 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, it was drafted in accordance with the International Financial Reporting Standards (IFRS) and with applicable Italian statutory regulations.

These financial statements were approved by the Board of Directors on May 7, 2018 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, 2018	March 31, 2017	Variations	%
ORDER INTAKE	120,510	112,242	8,268	7.4%
BACKLOG	192,488	164,150	28,338	17.3%
REVENUES	95,534	89,483	6,051	6.8%
EBITDA	6,329	6,278	51	0.8%
EBITDA %	6.6%	7.0%	-0.4%	-
EBIT	2,243	1,979	264	13.3%
EBIT %	2.3%	2.2%	0.1%	-
NET RESULT	4,659	770	3,889	505.1%
FCF	(20,910)	(16,426)	(4,484)	27.3%
NFP	(84,659)	(101,122)	16,463	16.3%
HEADCOUNT	1,812	1,702	110	6.5%

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

Values in euro thousand	March 31, 2018	March 31, 2017	Variations	%
REVENUES AT CONSTANT EXCHANGE RATES	99,628	89,483	10,145	11.3%
EBITDA Adj	6,912	6,278	634	10.1%
EBITDA Adj %	7.2%	7.0%	0.2%	-
EBIT Adj	3,135	1,979	1,156	58.4%
EBIT Adj %	3.3%	2.2%	1.1%	-

(% calculated over the revenues)

SIGNIFICANT EVENTS OF THE PERIOD

MERGER OF FINN-POWER ITALIA Srl INTO PRIMA INDUSTRIE SpA

With notary's deed of January 25, 2018, with legal effect from February 1, 2018, FINN-POWER ITALIA Srl was merged into PRIMA INDUSTRIE SpA (100% shareholding), with accounting and tax effect backdated to January 1, 2018. The organisational and financial reasons for this merger can be found in the optimisation of the structure of the PRIMA INDUSTRIE Group, which will involve shortening the chain of monitoring of investments and streamlining cash, administration and organisation and also centralising decision-making on strategic investments to the parent company. The merger will also be the opportunity for an overall corporate re-organisation, aimed at improving integration of Italian sales and after-sales, and the running of the two Italian production plants, not to mention lowering costs.

As a simplified merger in accordance Article 2505 of the Italian Civil Code, with PRIMA INDUSTRIE SpA controlling 100% of FINN-POWER ITALIA Srl, it was submitted to the decision of the Board of Directors of PRIMA INDUSTRIE SpA, in observance of the provisions of Article 22 of the Company's articles of association.

SALE OF PARTICIPATION IN ELECTRO POWER SYSTEMS SA

On January 24, 2018 Prima Electro SpA has been signed an agreement with a company belonging to the ENGIE Group (one of the largest global utilities based in Paris) for the sale of the entire stake held in Electro Power Systems SA ("EPS"), a company operating in the energy storage systems listed at the Euronext stock market in Paris.

The agreement was also signed with the other main shareholders of EPS and with the management of the company for the acquisition of the majority stake of EPS. The transaction will take place on the

basis of an evaluation of Euro 9.5 per share and will be followed by the filing of a mandatory Public Purchase Offer at the same price.

The completion and settlement of the transaction, subject to some conditions precedent, has been took place during the first quarter of 2018, generating a capital gain of about Euro 7.2 million for PRIMA INDUSTRIE Group.

ISSUE OF A BOND LOAN

On February 9, 2018 the Board of Directors of PRIMA INDUSTRIE S.p.A. resolved to issue a 7-year non-convertible, fixed rate, bond loan for a total of Euro 25 million. The bond is to be placed with approved Italian and/or foreign investors residing in the European Economic Area, with the exception of those in the USA. Even after issue, the bond may only be circulated among these approved investors. The bonds have a minimum denomination of 100,000 Euro and pay a fixed annual coupon of 3.5%. The bond issue, which will be governed by English law, will expire in February 2025. PRIMA INDUSTRIE S.p.A. does not intend to request that the bond be traded in a trading establishment.

REFINANCING OF MEDIUM/LONG-TERM DEBT

During the first quarter of 2018, PRIMA INDUSTRIE SpA completed the refinancing of the main medium/long-term debt operations, by taking out - in addition to the new bond - new five-year loans (mean rate 1.70%) with BNL, MPS, BPM, UNICREDIT and INTESA for a total of Euro 90 million, with separate amortisation plans, the last instalment of which will be due on March 31, 2023.

Furthermore, during the first quarter of 2018, the main financing transactions signed in 2015, the *Club Deal* signed in Italy with Unicredit, Intesa and BNL, were fully repaid on March 14, 2018 and the bond was fully repaid on March 28, 2018. The so-called *Finnish Loan* signed in Finland with Nordea & Danske had already been repaid at the end of 2017.

Thanks to these transactions, the Group has obtained an average extension of more than three years on its medium/long-term loans, at a weighted average annual interest rate of approximately 2.10%, that is, 1.60% lower than the previous rate of approximately 3.70%.

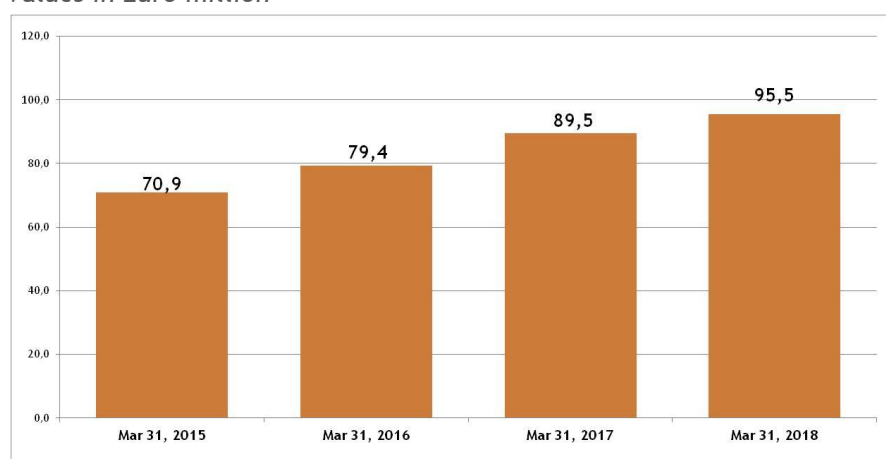
ECONOMIC PERFORMANCE

The Group ended the first quarter of 2018 reaching consolidated revenues of Euro 95,534 thousand, increasing about 6.8% against the first quarter of 2017.

However, this growth was affected negatively by exchange rate fluctuations. In fact, at constant exchange rates, the increase in turnover would have been 11.3%.

Growth in turnover has now been steady over time and, as we can see in the chart below, over the last 3 years, the CAGR of Q1 revenues has been 10.4%.

Values in Euro million



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

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

March 31, 2017	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	83,391	19,071	22.9%	5,969	7.2%	2,518	3.0%	1,002
PRIMA ELECTRO	12,090	2,510	20.8%	500	4.1%	(352)	-2.9%	(110)
ELIMINATIONS	(5,998)	(233)	-3.9%	(191)	-3.2%	(187)	-3.1%	(122)
GROUP	89,483	21,348	23.9%	6,278	7.0%	1,979	2.2%	770

(% calculated over the revenues)

Values in euro thousand

Variations	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	3,148	59	1.9%	(653)	-20.7%	(483)	-15.3%	(3,485)
PRIMA ELECTRO	3,888	1,305	33.6%	635	16.3%	682	17.5%	7,342
ELIMINATIONS	(985)	116	11.8%	69	7.0%	65	6.6%	32
GROUP	6,051	1,480	24.5%	51	0.8%	264	4.4%	3,889

(% calculated over the revenues)

The above shows a marked improvement in revenues (+32.2%) and profitability (EBITDA increasing from 4.1% to 7.1% of revenues) in the PRIMA ELECTRO Division, while the results of the PRIMA POWER Division are affected by non-recurring costs.

Following is the consolidated revenues geographical breakdown at March 31, 2018 compared with same period of the previous year:

Revenues	March 31, 2018		March 31, 2017	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
EMEA	58,467	61.2	46,584	52.0
AMERICAS	22,368	23.4	27,096	30.3
APAC	14,699	15.4	15,803	17.7
TOTAL	95,534	100.0	89,483	100.0

The table above shows that the Group's turnover for the first quarter of 2018 (compared with Q1 2017) rose significantly in the EMEA area (+25.5%), but fell in both AMERICAS (-17.5%) and APAC (-7.0%).

It should be noted that the Group generated consolidated revenues in the EMEA area for Euro 58,467 thousand; in particular, the Group achieved good results in Italy (19.0% of consolidated revenues), in Russia and Eastern Europe (9.6% of consolidated revenues), in the countries of Northern Europe (5.3% of consolidated revenues), in Spain (4.6% of consolidated revenues) and in Germany (4.3% of consolidated revenues).

The share of revenues from AMERICAS went down 17.5% from Euro 27,096 thousand in 2017 to Euro 22,368 thousand. At constant exchange rates, on the other hand, revenues in the Americas would have been only 4.7% lower than in the previous year.

Also with regard to the APAC countries, the revenues also decreased compared to 2017, decreasing from Euro 15,803 thousand to Euro 14,699 thousand (-7.0%). This decrease was mainly due to a temporary decline in China, where sales went from Euro 12,025 thousand to Euro 8,622 thousand.

Shown below it is a subdivision of the revenues by sector of the gross inter-sector transactions:

Revenues	March 31, 2018		March 31, 2017	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
PRIMA POWER	86,539	90.6	83,391	93.2
PRIMA ELECTRO	15,978	16.7	12,090	13.5
Inter-sector revenues	(6,983)	(7.3)	(5,998)	(6.7)
TOTAL	95,534	100.0	89,483	100.0

As can be seen from the above table, total revenue growth was seen from both the PRIMA POWER division (Euro 3,148 thousand) and the PRIMA ELECTRO division (Euro 3,888 thousand).

Group **Gross Margin** at March 31, 2018 was Euro 22,828 thousand, an increase of Euro 1,480 thousand compared to Euro 21,348 thousand in the same period of 2017: the margin accounted for 24% of sales and remained more or less stable from March 31, 2017.

Group **EBITDA** at March 31, 2018 stood at Euro 6,329 thousand (6.6% of revenues) and was more or less stable compared with March 31, 2017 (Euro 6,278 thousand, 7.0% of revenues).

It is important to note that EBITDA was negatively affected by non-recurring costs of Euro 583 thousand (not occurring last year). Thus the **adjusted EBITDA** was Euro 6,912 thousand (7.2% of revenues), up from 2017 when there were no non-recurring costs.

Group **EBIT** at March 31, 2018 stood at Euro 2,243 thousand (2.3% of revenues) and was up Euro 264 thousand from March 31, 2017 (Euro 1,979 thousand, 2.2% of revenues). This result is affected by the amortisation of intangible fixed assets of Euro 3,238 thousand and tangible fixed assets of Euro 1,067 thousand, as well as impairment of Euro 309 thousand. With regard to the depreciation of intangible fixed assets, these refer to the depreciation of development costs (Euro 2,020 thousand) and the depreciation of the brand registered as part of the business merger of the FINN-POWER Group, which amounted to Euro 456 thousand.

At March 31, 2018 EBIT was negatively affected by non-recurring costs linked to the impairment of a building. As a result, the **adjusted EBIT** was Euro 3,135 thousand (3.3% of revenues), up 58.4% from March 31, 2017 (when no non-recurring costs were incurred).

Group **EBT** at March 31, 2018 was positive at Euro 5,423 thousand and had increased by Euro 4,383 thousand from March 31, 2017. This value discounts net charges arising from financial operations (including gains and losses on currency exchanges) for Euro 3,999 thousand (at March 31, 2017 these were Euro 1,165 thousand).

Financial expenses also include Euro 1,885 thousand in costs incurred to refinance the Bond and the medium-term bank debt of the Club Deal, the purpose of which was to extend its duration by approximately 3 years and to reduce the interest rate by approximately 2%.

Financial results (€/000)	March 31, 2018	March 31, 2017
Bond expenses	(637)	(595)
Advance Bond expenses	(1,515)	-
Club-Deal loan expenses	(94)	(254)
Advance Club-Deal loan expenses	(370)	-
Finnish Loan loan expenses	-	(148)
Derivate expenses (CRS)	35	556
Derivates expenses (IRS)	(29)	(19)
Devaluation of financial receivables	(118)	-
Other financial expenses	(761)	(566)
Net financial expenses	(3,489)	(1,026)
Net exchange differences	(510)	(139)
TOTAL	(3,999)	(1,165)

Profits from other shareholdings is positive for Euro 7,179 thousand and were from capital gains on the sale of all shares in EPS SA (already classified among Non-current assets held for sale). For more information on this transaction, see the section "Significant events".

Group's **NET RESULT** at March 31, 2018 is positive for Euro 4,659 thousand (equal to Euro 770 thousand EUR at March 31, 2017); while the Net Result attributable to parent company amounts to Euro 4,689 thousand.

FINANCIAL PERFORMANCE

Values in euro thousand	March 31, 2018	March 31, 2017	Variations
Net Indebtness Opening	(69,632)	(84,215)	14,583
Cash from operating activities before TWC	2,830	2,326	504
Change in Trade Working Capital	(21,111)	(16,117)	(4,994)
Cash from operating activities	(18,281)	(13,791)	(4,490)
Investments in development costs	(1,387)	(1,879)	492
Other investments	(1,242)	(756)	(486)
Cash from investment activities	(2,629)	(2,635)	6
FREE CASH FLOW (FCF)	(20,910)	(16,426)	(4,484)
Net financial result of investments	7,179	227	6,952
Other changes	(41)	-	(41)
Cash from financing activities	7,138	227	6,911
Net exchange differences	(1,255)	(708)	(547)
CASH FLOW - TOTAL	(15,027)	(16,907)	1,880
Net Indebtness Closing	(84,659)	(101,122)	16,463

At March 31, 2018 the Group's net financial position showed net indebtedness of Euro 84,659 thousand, down from Euro 101,122 thousand at March 31, 2017 and up from Euro 69,632 thousand at December 31, 2017. The increase in indebtedness in the first quarter 2018 reflects the higher volumes expected in the next quarters of the year, justified by a high order book, with a markedly negative effect on the Group's working capital. Details of the net financial position are shown below.

Values expressed in Euro thousand	March 31, 2018	December 31, 2017	March 31, 2017
NON CURRENT FINANCIAL ASSETS	(3,485)	-	-
CASH & CASH EQUIVALENTS	(69,100)	(70,521)	(43,817)
CURRENT FINANCIAL ASSETS	(674)	(849)	(792)
CURRENT FINANCIAL LIABILITIES	33,472	42,525	32,764
NON CURRENT FINANCIAL LIABILITIES	124,446	98,477	112,967
NET FINANCIAL POSITION	84,659	69,632	101,122

BUSINESS PERFORMANCE

During the first quarter of 2018 the acquisition of orders of the Group (including *after-sale service*) amounted to Euro 120.5 million, an increase of 7.4% compared to the Euro 112.2 million at March 31, 2017. The acquisition of orders of the PRIMA POWER segment amounted to Euro 111.2 million, while the PRIMA ELECTRO ones, considering the ones from customers outside the Group, amounted to Euro 9.3 million.

The consolidated order portfolio (not including the *after-sale service*) at March 31, 2018 amounts to Euro 192.5 million (compared to Euro 164.2 million at March 31, 2017). The portfolio includes Euro 184.0 million relating to the PRIMA POWER sector and Euro 8.5 million relating to the PRIMA ELECTRO sector.

At April 30, 2018 the order portfolio amounted to Euro 210.2 million.

FORESEEABLE DEVELOPMENTS OF MANAGEMENT

The Group recorded a continuing upward trend in revenues and orders, although this was somewhat mitigated by the impact on exchange rates due to a stronger Euro. PRIMA ELECTRO's performance was particularly interesting, also thanks to the first returns on investments in fiber lasers. Record orders of Euro 200 million make the Group confident for the coming quarters, despite signs of uncertainty on some markets.

SIGNIFICANT EVENTS OCCURRING AFTER THE REFERENCE DATE OF THE FINANCIAL STATEMENT

ACQUISITION OF TREASURY STOCK

On April 20, 2018, the Shareholders' Meeting authorized the purchase, in one or more times, for a period of eighteen months, of ordinary shares of Prima Industrie S.p.A. for a maximum number of shares equal to 300,000, or for a maximum purchase value equal to Euro 12 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 S.p.A., in compliance with art. 144 bis, paragraph 1, lett. b) of the Consob Regulation no. 11971/99 and subsequent amendments.

2018 - 2020 SHARE INCENTIVE PLAN

On April 20, 2018, the Shareholders' Meeting approved the Management Incentive Plan, previously approved by the Board of Directors on March 16, 2018, based on the free assignment, subject to the achievement of predefined company targets, of financial instruments pursuant to art. 114 bis of T.U.F; the Plan represents an incentive, loyalty and retention tool for managers who contribute most to the development of the Company and the Group.

ASSIGNMENT OF A POWER OF ATTORNEY TO THE BOARD OF DIRECTORS TO CARRY OUT A CAPITAL INCREASE WITHIN THE LIMITS OF 10% OF THE SHARE CAPITAL

On April 20, 2018, the extraordinary Shareholders' Assembly assigned all relevant powers to the Board of Directors, for a period of five years from the date of the resolution, , the right pursuant to Article 2443 of the Italian Civil Code, with any inherent power, to increase the paid share capital, in one or more times, separately and also in multiple tranches, through the issuance of ordinary shares with the exclusion of option rights within the limits of 10% of the share capital existing at the time the proxy is exercised, pursuant to art. 2441, paragraph 4, second sentence of the Italian Civil Code, thus modifying Article 5 of the Company By-Laws.

ASSIGNMENT OF A POWER OF ATTORNEY TO THE BOARD OF DIRECTORS TO PROCEED WITH A SHARE CAPITAL FREE INCREASE FOR THE 2018-2020 SHARE BASED INCENTIVE PLAN

On April 20, 2018 the extraordinary Shareholders' Meeting assigned rights to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, for the five-year period from the date of the present resolution, the right to increase the share capital free of charge even in several tranches, to service the implementation of the "2018-2020 Share based Incentive Plan", for a maximum amount of 337,500 euro (to be fully attributed to capital) corresponding to maximum 135,000 ordinary shares, with the same characteristics as those outstanding, regular entitlement, by assigning the corresponding maximum amount of profits and/or reserves of profits resulting from the last financial statements approved pursuant to Article 2349 of the Italian Civil Code, under the terms and conditions and according to the procedures set out in the "2018-2020 Share Based Incentive Plan", thereby modifying Article 5 of the Company By-laws. The maximum dilutive effect on shareholders deriving from the capital increase to service the Plan, in the case of all the shares being assigned, is equal to 1.29%.

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Consolidated Financial Statements of
Prima Industrie Group
at March 31, 2018

CHAPTER 6. CONSOLIDATED FINANCIAL STATEMENTS OF PRIMA INDUSTRIE GROUP AT MARCH 31, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Values in thousand euro</i>	March 31, 2018	December 31, 2017
Property, plant and equipment	35,740	35,628
Intangible assets	148,478	149,603
Other investments	355	355
Non current financial assets	3,495	10
Deferred tax assets	11,633	11,340
NON CURRENT ASSETS	199,701	196,936
Inventories	129,780	113,035
Trade receivables	106,878	113,649
Other receivables	10,780	8,019
Current tax receivables	7,520	9,380
Derivatives	-	58
Financial assets	674	791
Cash and cash equivalents	69,100	70,521
CURRENT ASSETS	324,732	315,453
Assets held for sale	384	1,111
TOTAL ASSETS	524,817	513,500
Capital stock	26,208	26,208
Legal reserve	4,653	4,653
Other reserves	69,241	69,311
Currency translation reserve	322	1,360
Retained earnings	46,094	27,620
Net result	4,689	18,515
Stockholders' equity of the Group	151,208	147,668
Minority interest	1,264	1,286
STOCKHOLDERS' EQUITY	152,472	148,954
Interest-bearing loans and borrowings	124,244	98,396
Employee benefit liabilities	7,669	7,694
Deferred tax liabilities	5,933	5,997
Provisions	172	172
Derivatives	202	80
NON CURRENT LIABILITIES	138,220	112,339
Trade payables	98,970	110,465
Advance payments	43,978	43,620
Other payables	28,897	24,951
Interest-bearing loans and borrowings	33,472	42,525
Current tax payables	5,525	6,072
Provisions	23,283	24,574
CURRENT LIABILITIES	234,125	252,207
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	524,817	513,500

CONSOLIDATED INCOME STATEMENT

<i>Values in euro thousand</i>	March 31, 2018	March 31, 2017 (*)
Net revenues	95,534	89,483
Cost of goods sold	(72,706)	(68,135)
GROSS MARGIN	22,828	21,348
Research and Development costs	(6,514)	(5,683)
Sales and marketing expenses	(6,989)	(6,982)
General and administrative expenses	(7,082)	(6,704)
OPERATING PROFIT (EBIT)	2,243	1,979
Financial income	944	666
Financial expenses	(4,433)	(1,692)
Net exchange differences	(510)	(139)
Net result of other investments (**)	7,179	227
RESULT BEFORE TAXES (EBT)	5,423	1,041
Taxes	(764)	(271)
NET RESULT	4,659	770
- Attributable to Group shareholders	4,689	837
- Attributable to minority shareholders	(31)	(67)
RESULT PER SHARE - BASIC (in euro)	0.45	0.08
RESULT PER SHARE - DILUTED (in euro)	0.45	0.08

(*) For a better comprehension, the 2017 figures have been re-exposed

(**) It must be outlined that this figure includes a financial gain deriving from EPS SA sale of share. In the Balance Sheet the EPS SA investment was classified in the Assets held for sale.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Values in Euro	March 31, 2018	March 31, 2017
NET RESULT (A)	4,659	770
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	(42)	48
Tax effect	(28)	(11)
Gains/ (Losses) on exchange differences on translating foreign operations	(1,029)	(569)
Total other comprehensive gains/(losses) to be classified in the Income Statement, net of tax effects (C)	(1,099)	(533)
TOTAL COMPREHENSIVE INCOME (A) + (B) + (C)	3,560	237
- Attributable to Group shareholders	3,581	311
- Attributable to minority shareholders	(22)	(74)

CONSOLIDATED STATEMENTS OF CHANGES ON SHAREHOLDERS' EQUITY

from the January 1, 2017 to the March 31, 2017

Values in euro thousand	Capital stock	Additional paid-in capital	Legal reserve	Capital increase expenses	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 01/01/2017	26,208	57,507	4,565	(1,286)	(63)	14,581	6,849	19,277	10,102	137,740	1,212	138,952
Allocation of prior year net result	-	-	-	-	-	1,758	-	8,345	(10,102)	-	-	-
Result of comprehensive Income	-	-	-	-	36	-	(562)	-	837	311	(74)	237
Balance as at 31/03/2017	26,208	57,507	4,565	(1,286)	(27)	16,339	6,287	27,622	837	138,051	1,138	139,189

from the January 1, 2018 to the March 31, 2018

Values in euro thousand	Capital stock	Additional paid-in capital	Legal reserve	Capital increase expenses	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 31/12/2017	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 01/01/2018	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 31/03/2018	26,208	57,507	4,653	(1,286)	(128)	13,149	322	46,094	4,689	151,208	1,264	152,472

CONSOLIDATED CASH FLOW STATEMENT

Values in Euro thousand	March 31, 2018	March 31, 2017 (*)
Net result	4,659	770
Adjustments (sub-total)	(23,380)	(14,922)
Depreciation, impairment & write-off	4,086	4,299
Gain from sales of shares in other investments (***)	(7,179)	(227)
Net change in deferred tax assets and liabilities	(357)	(1,080)
Change in employee benefits	(25)	(123)
Change in inventories	(16,745)	(19,003)
Change in trade receivables	6,771	2,752
Change in trade payables and advances	(11,137)	134
Net change in other receivables/payables and other assets/liabilities	1,206	(1,674)
Cash Flows from (used in) operating activities	(18,721)	(14,152)
Cash flow from investments		
Acquisition of tangible fixed assets (**)	(1,561)	(651)
Acquisition of intangible fixed assets	(413)	(83)
Capitalization of development costs	(1,387)	(1,879)
Net disposal of fixed assets	98	(10)
Capital increase/decrease in Other investments (**)	7,906	218
Cash Flows from (used in) investing activities	4,643	(2,405)
Cash flow from financing activities		
Change in other financial assets/liabilities and other minor items	(3,259)	(626)
Increases in loans and borrowings (including bank overdrafts)	64,910	4,214
Repayment of loans and borrowings (including bank overdrafts)	(47,927)	(5,365)
Repayments in financial lease liabilities	(157)	(117)
Other variations	(41)	-
Cash Flows from (used in) financing activities	13,526	(1,894)
Cash Flows from (used in) change of minority shareholders	-	-
Foreign exchange translation differences	(869)	(413)
Net change in cash and equivalents	(1,421)	(18,864)
Cash and equivalents beginning of period	70,521	62,680
Cash and equivalents end of period	69,100	43,817

Additional Information to the Consolidated Statement of Cash-Flow	March 31, 2018	March 31, 2017 (*)
Values in euro thousand		
Taxes paid	(117)	(942)
Interests paid	(2,899)	(616)

(*) for a better comprehension, the 2017 figures have been re-exposed

(**) not included the acquisition of real estate assets by means of a financial lease and included assets held for sale

(***) The gain is relevant to EPS SA sale for share, this investment was classified in the Assets held for Sale

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Explanatory Notes to Consolidated Financial Statements at March 31, 2018

CHAPTER 7. EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2018

ACCOUNTING TABLES FORM AND CONTENT

The Interim Management Report of the Prima Industrie Group at March 31, 2018 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 Balance Sheet, 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 abbreviated consolidated balance sheet at March 31, 2018 are compatible with those used for the consolidated annual balance sheet at December 31, 2017, to which reference is made subject to the new standards/interpretations adopted by the Group starting from January 1, 2018, as well as the adjustments required by the nature of the interim findings.

ADOPTION OF IFRS9 E IFRS15

With effect from January 1, 2018, the new accounting IFRS 15 "Revenues from Contracts with Customers" and IFRS 9 "Financial Instruments" came into force.

In accordance with IFRS 15, the Group has elected to recognise the effect of retrospective restatement of the values in the shareholders' equity at January 1, 2018, having regard to the cases existing on that date, without restating the previous years presented for comparison. There were no changes for the Group resulting from application of IFRS 9.

The Group identified a performance obligation in the warranty extension period on machinery compared to normal conditions, to be accounted for separately. The Group saw no significant impacts in Q1 2018 resulting from application of the new IFRS 15.

Following is a summary of how adoption of the new standards affected opening balances at January 1, 2018; there is no effect on the net financial position.

	Reported	Impact	Restated
<i>Values in € thousand</i>	Jan 1, 2018	IFRS 15	Jan 1, 2018
Non current assets	196,936	16	196,952
Current assets	315,453	-	315,453
Assets held for sale	1,111	-	1,111
Total Assets	513,500	16	513,516
Net Equity	148,954	(41)	148,913
Non current liabilities	112,339	-	112,339
Current liabilities	252,207	57	252,264
Total Liabilities	513,500	16	513,516

ON-GOING CONCERN

The condensed consolidated balance sheet at March 31, 2018 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, 2018, 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.

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.

The following tables show the financial information directly attributable to the two divisions.

	Prima Power		Prima Electro		Elimination		Prima Industrie Group	
<i>Values in euro thousand</i>	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017
Net revenues	86,539	83,391	15,978	12,090	(6,983)	(5,998)	95,534	89,483
Cost of goods sold	(67,409)	(64,320)	(12,163)	(9,580)	6,866	5,765	(72,706)	(68,135)
GROSS MARGIN	19,130	19,071	3,815	2,510	(117)	(233)	22,828	21,348
Research and Development costs	(4,655)	(4,459)	(1,859)	(1,267)	-	42	(6,514)	(5,683)
Sales and marketing expenses	(6,354)	(6,364)	(635)	(619)	-	1	(6,989)	(6,982)
General and administrative expenses	(6,086)	(5,730)	(991)	(976)	(5)	3	(7,082)	(6,704)
OPERATING PROFIT (EBIT)	2,035	2,518	330	(352)	(122)	(187)	2,243	1,979
Net financial expenses	(3,353)	(918)	(136)	(108)	-	-	(3,489)	(1,026)
Net exchange differences	(490)	(135)	(19)	(4)	-	-	(510)	(139)
Net result of other investments	-	-	7,179	227	-	-	7,179	227
RESULT BEFORE TAXES (EBT)	(1,808)	1,465	7,354	(237)	(122)	(187)	5,423	1,041
Taxes	(675)	(463)	(122)	127	32	65	(765)	(271)
NET RESULT	(2,483)	1,002	7,232	(110)	(90)	(122)	4,658	770
- Attributable to Group shareholders	(2,452)	1,069	7,232	(110)	(90)	(122)	4,689	837
- Attributable to minority shareholders	(31)	(67)	-	-	-	-	(31)	(67)

	Prima Power		Prima Electro		Elimination		Gruppo Prima Industrie	
<i>Values in euro thousand</i>	Mar 31, 2018	Dec 31, 2017	Mar 31, 2018	Dec 31, 2017	Mar 31, 2018	Dec 31, 2017	Mar 31, 2018	Dec 31, 2017
Property, plant and equipment	26,854	26,995	8,886	8,632	-	1	35,740	35,628
Intangible assets	131,511	132,525	19,951	20,073	(2,984)	(2,995)	148,478	149,603
Other investments	11,281	11,281	19	19	(10,945)	(10,945)	355	355
Non current financial assets	2,281	-	1,214	10	-	-	3,495	10
Deferred tax assets	8,286	8,053	2,931	2,921	416	366	11,633	11,340
NON CURRENT ASSETS	180,213	178,854	33,001	31,655	(13,513)	(13,573)	199,701	196,936
Inventories	112,578	95,716	18,691	18,687	(1,489)	(1,368)	129,780	113,035
Trade receivables	97,485	106,973	18,896	15,598	(9,503)	(8,922)	106,878	113,649
Other receivables	8,693	6,599	2,085	1,416	2	4	10,780	8,019
Current tax receivables	6,212	7,606	1,720	2,186	(412)	(412)	7,520	9,380
Derivatives	-	58	-	-	-	-	-	58
Financial assets	683	1,602	-	-	(9)	(811)	674	791
Cash and cash equivalents	60,842	68,052	8,258	2,469	-	-	69,100	70,521
CURRENT ASSETS	286,493	286,606	49,650	40,356	(11,411)	(11,509)	324,732	315,453
Assets held for sale	384	384	-	727	-	-	384	1,111
TOTAL ASSETS	467,090	465,844	82,651	72,738	(24,924)	(25,082)	524,817	513,500
STOCKHOLDERS' EQUITY	128,886	132,101	38,542	31,688	(14,956)	(14,835)	152,472	148,954
Interest-bearing loans and borrowings	115,556	90,720	8,688	7,676	-	-	124,244	98,396
Employee benefit liabilities	5,094	5,117	2,575	2,576	-	1	7,669	7,694
Deferred tax liabilities	4,266	4,311	1,770	1,793	(103)	(107)	5,933	5,997
Provisions	172	172	-	-	-	-	172	172
Derivatives	202	80	-	-	-	-	202	80
NON CURRENT LIABILITIES	125,290	100,400	13,033	12,045	(103)	(106)	138,220	112,339
Trade payables	93,973	105,954	14,490	13,356	(9,493)	(8,845)	98,970	110,465
Advance payments	43,348	43,167	318	453	312	-	43,978	43,620
Other payables	25,749	21,928	3,147	3,039	1	(16)	28,897	24,951
Interest-bearing loans and borrowings	21,557	32,506	11,925	10,879	(10)	(860)	33,472	42,525
Current tax payables	5,509	6,011	436	481	(420)	(420)	5,525	6,072
Provisions	22,778	23,777	760	797	(255)	-	23,283	24,574
CURRENT LIABILITIES	212,914	233,343	31,076	29,005	(9,865)	(10,141)	234,125	252,207
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	467,090	465,844	82,651	72,738	(24,924)	(25,082)	524,817	513,500

CONSOLIDATED FINANCIAL POSITION

The property, plant and equipment on March 31, 2018 are equal to Euro 35,740 thousand in increase of Euro 112 thousand compared with December 31, 2017.

The intangible assets on March 31, 2018 are equal to Euro 148,478 thousand and decreased by Euro 1,125 thousand compared with December 31, 2017. The most significant item is represented by Goodwill, which on March 31, 2018 amounts to Euro 102,844 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, 2018	BOOK VALUE GOODWILL December 31, 2017
PRIMA POWER	97,591	97,633
PRIMA ELECTRO - BU Electronics	4,316	4,316
PRIMA ELECTRO - BU Laser	937	962
TOTAL	102,844	102,911

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, 2017 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, 2017. Regarding the above mentioned goodwill, as no indicators of loss in value have appeared compared with the financial statements closed on December 31, 2017, it was not considered necessary to update the related *impairment tests*.

The deferred tax assets amounts to Euro 11,633 thousand, showing an increase compared with the preceding financial year of Euro 293 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, 2018 and December 31, 2017.

INVENTORIES	March 31, 2018	December 31, 2017
Raw materials	42,978	38,434
Semi-finished goods	26,337	24,223
Finished goods	67,907	58,043
(Inventory provisions)	(7,442)	(7,665)
TOTAL	129,780	113,035

The net value of inventories on March 31, 2018 shows an increase equal to Euro 16,745 thousand compared with December 31, 2017. This increase is due to support the production volumes foreseen for the end of the year.

Trade receivables at March 31, 2018 amounted to Euro 106,878 thousand an decrease of Euro 6,771 thousand compared to December 31, 2017.

Other receivables on March 31, 2018 are equal to Euro 10,780 thousand and increased by Euro 2,761 thousand compared with December 31, 2017. 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 7,520 thousand and are decreased of Euro 1,860 thousand compared with December 31, 2017. Tax assets mainly include VAT receivables for Euro 4,165 thousand (Euro 5,762 thousand on December 31, 2017), direct tax advances for Euro 1,042 thousand (Euro 1,497 thousand on December 31, 2017), 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 887 thousand (Euro

1,062 thousand on December 31, 2017) and withholding taxes for Euro 18 thousand (Euro 11 thousand on December 31, 2017).

On March 31, 2018 the net financial position of the Group was negative for an amount of Euro 88,144 thousand increasing of Euro 18,512 thousand compared to December 31, 2017 (negative for Euro 69,632 thousand). For a better understanding of the variation in the net financial position achieved during the first three months of 2018, 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, 2018 and December 31, 2017 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.

	NET FINANCIAL POSITION	March 31, 2018	December 31, 2017	Variations
A	CASH	69,100	70,521	(1,421)
B	OTHER CASH AND CASH EQUIVALENTS	-	-	-
C	SECURITIES HELD FOR TRADING	-	-	-
D	CASH ON HAND (A+B+C)	69,100	70,521	(1,421)
E	CURRENT FINANCIAL RECEIVABLES	674	849	(175)
F	CURRENT BANK DEBTS	7,154	6,192	962
G	CURRENT PART OF NON-CURRENT INDEBTEDNESS	23,914	31,295	(7,381)
H	BOND ISSUED	40	867	(827)
I	OTHER CURRENT FINANCIAL DEBTS	2,364	4,171	(1,807)
J	CURRENT FINANCIAL INDEBTEDNESS (F+G+H+I)	33,472	42,525	(9,053)
K	NET CURRENT FINANCIAL INDEBTEDNESS (J-D-E)	(36,302)	(28,845)	(7,457)
L	NON-CURRENT BANK DEBTS	81,942	47,355	34,587
M	BOND ISSUED	24,772	39,733	(14,961)
N	OTHER NON-CURRENT FINANCIAL DEBTS	17,732	11,389	6,343
O	NON-CURRENT FINANCIAL INDEBTEDNESS (L+M+N)	124,446	98,477	25,969
P	NET FINANCIAL POSITION (K+O)	88,144	69,632	18,512

Reconciliation with the Group's net financial debt shown in the Management Report is as follows:

	March 31, 2018	December 31, 2017
Net financial position com. CONSOB n. DEM/6064293	88,144	69,632
Non current financial assets	3,485	-
Net Financial Position	84,659	69,632

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, 2017	Variations from cash flow	Variations not in cash			March 31, 2018
			Issues	Exchange rate effect	Fair value	
Financial debts	90,743	32,771	-	(87)	-	123,427
Bond issued	40,600	(15,788)	-	-	-	24,812
Leasing	9,578	(158)	93	(36)	-	9,477
Derivatives	80	-	-	-	122	202
TOTAL	141,001	16,825	93	(123)	122	157,918

At March 31, 2018 the value of assets held for sale is Euro 384 thousand. The decrease is solely due to the sale of the PRIMA ELECTRO SpA's 10.1% shareholding in EPS SA (whose book value at December 31, 2017 was Euro 727 thousand). Non-current assets held for sale at March 31, 2018 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 3,518 thousand. For more detail on the subject, see the movement of net assets statement.

The item employee benefit liabilities on March 31, 2018 is equal to Euro 7,669 thousand and is decreased compared to December 31, 2017 of Euro 25 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 5,933 thousand, showing a decrease of Euro 64 thousand compared with December 31, 2017.

The provisions are equal to Euro 23,455 thousand and decreased by Euro 1,291 thousand compared with December 31, 2017.

Non-current provisions refer exclusively to the agent client indemnity provision and amounts comprehensively to Euro 172 thousand.

Current provisions mainly relate to product warranties (equal to Euro 11,559 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 10,746 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 978 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, 2017 by Euro 11,495 thousand.

The heading advance payments increased compared to December 31, 2017 by Euro 358 thousand. The heading other payables is increased by Euro 3,946 thousand compared to December 31, 2017 and includes social security and welfare payables, payables due to employees, accruals and deferrals and other minor payables.

Current tax payables on March 31, 2018 amounts to Euro 5,252 thousand which results in a reduction of Euro 547 thousand compared with December 31, 2017.

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 27,271 thousand (Euro 27,031 thousand at March 31, 2017). Depreciation and impairment at March 31, 2018 amount to Euro 4,086 thousand (of which Euro 2,709 thousand are related to intangible assets). It has to be highlighted that amortization costs relating to the trademark amounts to Euro 456 thousand, while those relating to development costs amount to Euro 2,020 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 2018 shows a negative result of Euro 3,999 thousand.

FINANCIAL MANAGEMENT	March 31, 2018	March 31, 2017
Financial income	944	666
Financial expenses	(4,433)	(1,692)
Net financial expenses	(3,489)	(1,026)
Net exchange of transactions in foreign currency	(510)	(139)
Total Financial Management	(3,999)	(1,165)

Financial expenses at March 31, 2018 include non-recurring expenses due to the full early repayment of Euro 1,515 thousand and Euro 370 thousand on the bond and the Club Deal loan respectively.

Net profits from other shareholdings were Euro 7,179 thousand and relate to capital gains on the sale of shares in EPS SA, held by Prima Electro SpA. For more information on this transaction, see the section “Significant events” in the Management Report.

Taxes in the first three months of 2018 result in a negative net balance of Euro 764 thousand. The balance of current and deferred taxes is negative by Euro 572 thousand, IRAP is equal to Euro 178 thousand and other taxes, including those relating to prior years, are positive by Euro 14 thousand.

The result per share on March 31, 2018, positive for Euro 0.45 (positive for Euro 0.08 on March 31, 2017) is calculated by dividing the profits attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the period which is 10,483,274. The diluted earnings per share is equal to the earning per share because at March 31, 2018 there are no dilutive operations.

SIGNIFICANT NOT RECURRING ITEMS

The table below summarises non-recurring items that have had a positive impact on the Income Statement during the first quarter of 2018 for a total of Euro 4,284 thousand.

Significant non-recurrent events and transactions (Values expressed in Euro thousand)	Gross Margin	Sales and marketing expenses	General and administrative expenses	Financial income and expenses	Net result of investments	Total as at Mar 31, 2018	Total as at Mar 31, 2017	Variation 2018 vs 2017
Actions of reorganization/Restructuring	-	-	(180)	-	-	(180)	-	(180)
Legal/fiscal disputes and penalties from customers	(13)	(6)	(370)	-	-	(389)	-	(389)
Other minor events	(6)	(8)	-	-	-	(14)	-	(14)
EBITDA	(19)	(14)	(550)	-	-	(583)	-	(583)
<i>Impairment of tangible fixed assets</i>	-	-	(309)	-	-	(309)	-	(309)
EBIT	(19)	(14)	(859)	-	-	(892)	-	(892)
Advance Bond expenses and <i>Club Deal</i> loan expenses	-	-	-	(1,885)	-	(1,885)	-	(1,885)
Devaluation of financial receivables	-	-	-	(118)	-	(118)	-	(118)
Gain from sales of shares in EPS SA	-	-	-	-	7,179	7,179	-	7,179
EBT	(19)	(14)	(859)	(2,003)	7,179	4,284	-	4,284

Annexes

ANNEXES

ANNEX 1 - CONSOLIDATION AREA

PRIMA POWER	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
FINN POWER OY	Metallite 4, FI - 62200 Kauhava, 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.	Xinrui Road 459, Wujiang Ec. & Tech. Develp. Zone, Suzhou City Jiangsu Prov. CHINA	USD 8.000.000	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	Lise-Meitner Strasse 5, Dietzenbach, 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	99,99%	Line-by-line method
PRIMA POWER FRANCE Sarl	Espace Green Parc , Route de Villepècle, 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
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 debt 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 Interim Management Report.

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	
	March 31, 2018	March 31, 2017	March 31, 2018	December 31, 2017
US DOLLAR	1.2295	1.0647	1.2321	1.1993
CHINESE RENMINBI	7.8149	7.3341	7.7468	7.8044
RUSSIAN RUBLE	69.9464	62.5198	70.8897	69.3920
TURKISH LIRA	4.6910	3.9369	4.8976	4.5464
POLISH ZLOTY	4.1792	4.3208	4.2106	4.1770
POUND STERLING	0.8834	0.8598	0.8749	0.8872
BRAZILIAN REAL	3.9902	3.3455	4.0938	3.9729
INDIAN RUPEE	79.1566	71.2990	80.2960	76.6055
AUSTRALIAN DOLLAR	1.5638	1.4052	1.6036	1.5346
CANADIAN DOLLAR	1.5545	1.4093	1.5895	1.5039
MEXICAN PESO	23.0362	21.6312	22.5249	23.6612

ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2018

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, 2018 corresponds to the document results, books and accounting records.