

PRESS RELEASE

“NUOVO MERCATO” OF THE ITALIAN STOCK EXCHANGE

PRIMA INDUSTRIE

**THE BOARD OF DIRECTORS APPROVES
THE PROPOSED ANNUAL REPORT AS AT DECEMBER 31, 2003**

- **Sales at 95 million Euro**
- **Positive EBITDA, with a growth exceeding 2.6 million Euro**
- **Operating result: positive again at 0.6 million Euro**
- **Net Financial Position at –22.3 million Euro, improving by 17 million Euro on 31/12/2002**
- **Fulfilled requisitions for admission to the new sector TechSTAR of Italian Stock Exchange**

Collegno (Torino), February 27, 2004 – The Board of Directors of Prima Industrie S.p.A., a leader company in the high-technology sector of laser systems for industrial applications, held today, approved the proposed annual report as at December 31, 2003.

The **consolidated turnover** (95,000 thousand Euro) is basically stable. The limited reduction on 2002 (-5.5%) is explained by the variation on the exchange rate between Euro and the US Dollar (being the latest the currency used by the Group for more than 30% of its invoicing) depreciating more than 20% during the year. In fact, being stable the exchange rate as against previous year, sales would have been slightly higher.

The trend of the Company proceeds is explained by the important growth of Prima North America turnover after the re-organization process and in consequence of the first signs of US economy restarting. A slight sales decrease was recorded by Prima Industrie and Prima Electronics, as a consequence of the well known situation of European markets, and particularly of the Italian one.

Particularly significant was the growth both in absolute values as well as percentages for 3D systems (+20%) due to the recovery of this specific market segment in Europe together with Laserdyne back to normal after the problematic aerospace situation of the previous year.

76% of the Group sales were made abroad, compared to 72% of the previous year, thus compensating the weak demand from the Italian market. Most important foreign markets have been: USA (21%), Germany (10%), Spain (9%) and China (6%), value this latest expected to grow further also thanks to the joint-venture recently set-up.

In terms of **consolidated profitability** continues the improving trend now with a Group positive EBIT. In particular, the gross operating margin improves by more than 2,600 thousand Euro (from 124 thousand Euro as at December 31, 2002 up to 2,731 thousand Euro as at December 31, 2003) and an EBIT positive again (from –2,523 thousand euro to +589 thousand Euro). Profitability accounts also 6,935 thousand Euro for R&D which is equal to 7.3% of sales (7.4% in 2002). The Group sticks to its policy to making important R&D investments in order to improve its competitive position in a sector at high technological dynamics.



The **Group result before taxation** is a loss of 2,083 thousand Euro (clearly improved in respect of previous year, i.e. -5,569 thousand Euro) and is inclusive of financial charges and differences on exchange rates for 1,418 thousand Euro plus extraordinary net charges for 1,254 thousand Euro related with the cost of defence from the hostile take-over bid, the cost of Prima North America relocation and a retrofit work on products recently introduced on the market.

The **Net Consolidated Result** is -2,953 thousand Euro (as at December 31, 2002 was -5,024 thousand Euro), taking into account taxes for 870 thousand Euro.

The Group leader company, **Prima Industrie S.p.A.**, achieved a turnover equal to 62,583 thousand Euro as against 67,464 thousand Euro of previous year.

EBITDA and EBIT have been respectively 2,566 thousand Euro (3,428 as at 31/12/2002) and 1,836 thousand Euro (2,455 as at 31/12/2002). The reduction is due to the drop in sales, being fixed costs substantially stable as against 2002. The net result, incorporating the U.S. losses, is equal to -2,834 thousand Euro (-4,880 as at 31/12/2002).

Good results from **Prima Electronics S.p.A.**, closing the year with a turnover of 13,589 thousand Euro (15,339 as at 31/12/2002), EBIT equal to 1,817 thousand Euro (13.4% on turnover) as against 2,126 thousand Euro (13.9%) for 2002 and a net profit of 992 thousand Euro, (1,149 thousand Euro as at 31/12/2002).

Finally it is to be stressed the noticeable improvement of **Prima North America Inc.** results, achieving sales for 30,010 thousand US Dollars and this is +25% on 2002. Particularly important was the step forward made by Laserdyne Systems Division, increasing its turnover by more than 79%. Prima North America result, though remaining negative, is considerably improving on previous year: EBIT is in fact equal to -2,784 thousand US Dollars as against -6,727 thousand US Dollars in 2002.

As at December 31, 2003, thanks to a more efficient management of the working capital, a remarkable improvement was registered on the Group **Net Financial Position**, recovering 16,931 thousand Euro (and therefore now being -22,323 thousand Euro), so improving also in respect to September 30, 2003, which was -24,000 thousand Euro.

The ratio NFP/equity as at December 31, 2003 was 0.8.

The results achieved by the Group grant to Prima Industrie the admission to the new sector **TechSTAR** created by the Italian Stock Exchange; in fact, the Group, that already satisfies the criteria of quality, is also in line with the economic requirements related with the consolidated EBITDA.

During today's meeting, the Board acknowledged Mr Paolo Mazzotto resignations from his position as Company Director. The Board expressed its thanks to Mr Paolo Mazzotto for his cooperation during his staying with the Company and decided the co-optation of Mr **Marco Pincioli** as a new Director.

As directed by “Nuovo Mercato” of the Italian Stock Exchange regulations, the Board further decided to appoint a **Committee for Internal Control** and a **Committee for Remunerations**, represented by Mr Aldo Palmeri, Chairman and non-executive Director, Giuseppe Morfino and Marco Pincioli (both non-executive Directors), establishing their functions and activities.

Beyond the results of 2003, in commenting the Company perspectives, **Gianfranco Carbonato**, C.E.O. of Prima Industrie S.p.A. said: *“2003 was a year of transition, during which the Group, though operating in a difficult macroeconomic frame-work, presented again positive operating results and substantially improved the financial position. The current year will be characterized by a strong commitment, in order to achieve again net profitability, supported in this by the encouraging signs from North America and Asian economies. We expect that also the situation in Europe, and in Italy in particular, might show during the year the long awaited inversion trend of its economy, in order to allow the Company and the whole technological industry in which it operates, to start again its growth at the rates expected by all analysts of the sector”*

The Company Management will meet the financial community on March 2, 2004 c/o UBM, via Tommaso Grossi, 10 – Milan, at 3.15 pm, to comment 2003 results.

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