



BORSA ITALIANA - STAR segment

PRESS RELEASE

INTERIM REPORT AS AT 31/03/2020

(in brackets the results at 31/03/2019)

**THE RESULTS REFLECT THE SPREAD OF THE COVID-19 PANDEMY
DURING THE FIRST QUARTER**

- Consolidated REVENUES at M€ 75.1 (-23.7% compared to M€ 98.4);
- EBITDA at M€ 3.1, equal to 4.1% on revenues (compared to M€ 7.4, equal to 7.5%);
- EBIT at M€ -2.5 (compared to M€ 2.1);
- NET RESULT at M€ -3.5 (compared to M€ 0.4);
- NET DEBT at M€ 133.5 (compared to M€ 107.3 at 31/12/2019 and M€ 117.6 at 31/03/2019), including M€ 41.5 for leasing payables;
- ORDER ACQUISITION at M€ 72.8 (compared to M€ 97.3);
- ORDER BACKLOG at M€ 141.3 (compared to M€ 166.8), substantially stable as against 31/12/2019 (M€ 142.3).

Collegno (TO), May 8 th 2020 - The Board of Directors of Prima Industrie S.p.A, a company leader in high technology laser systems, sheet metal working systems and electronic components for industrial applications, met today to approve the Interim Report as at 31/03/2020.

The trend of the first quarter of the year was heavily influenced by the spread of the COVID-19 pandemic which, as is known, starting from China in January 2020, has spread rapidly all over the world.

The resulting health emergency, in addition to the dramatic costs in social and human terms, is also causing an unprecedented contraction in world economic activity, causing very strong uncertainties also on the outlook for the coming months.

The capital goods sector in which the Group operates is derivative with respect to the macroeconomic trend and therefore is penalized even more significantly.

The restrictive and containment measures of the epidemic (lockdown) caused everywhere a very strong slowdown in the machine tool market which had already entered a slowdown phase for over 12 months. In particular, the Group was penalized, in addition to the closure of its production plants in Italy and China (and only partially in the United States), by the limitations on journeys and travel, which negatively affected in particular the installation of new machines at customers and after-sales assistance and maintenance activities, generating a significant slowdown in revenues.

Despite this, the Group, which has put in place all the protocols and measures necessary to protect the health and safety of its employees, suspending production activities where required, strengthening the

hygiene and safety protocols and encouraging remote work as much as possible, managed to maintain a gross operating profitability (EBITDA) of over 4% on turnover in the first quarter. This is also thanks to the results deriving from the first cost reduction measures already started from the end of 2019 and which will continue during the year.

* * * * *

The Group closed the first quarter of 2020 with a turnover of 75,051 thousand euro, a decrease of 23.8% compared to the first quarter of 2019.

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

Values in Euro thousand

31/03/20	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	69.356	14.646	21,1%	3.187	4,6%	(1.238)	-1,8%	(2.539)
PRIMA ELECTRO	11.668	1.340	11,5%	57	0,5%	(1.162)	-10,0%	(879)
ELIMINATIONS	(5.973)	(150)	-2,5%	(144)	-2,4%	(144)	-2,4%	(106)
GROUP	75.051	15.836	21,1%	3.100	4,1%	(2.544)	-3,4%	(3.524)

(% calculated over the revenues)

Values in Euro thousand

31/03/19	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)

Following is the consolidated revenues geographical breakdown at 31/03/2020 compared with same period of the previous year:

Revenues	31/03/20		31/03/19	
	Euro thousand	%	Euro thousand	%
EMEA	44.609	59,4	62.684	63,7
AMERICAS	24.269	32,3	22.302	22,7
APAC	6.173	8,3	13.458	13,6
TOTAL	75.051	100,0	98.444	100,0

The table above shows the Group's turnover at 31/03/2020 (compared with the same period of the previous year) has suffered a decline in the EMEA area (-28.8%) and in APAC (-54.1%) and, instead, recorded a growth in AMERICAS (+8.8%).

The Group generated consolidated revenues in the EMEA area for 44,609 thousand euro; the most relevant destination countries have been Italy (13.4% of consolidated revenues), Russia and Eastern Europe (11.9% of consolidated revenues), the countries of Northern Europe (10.1% of consolidated revenues) and Germany, Austria and Switzerland (as a whole 6.5% of consolidated revenues).

The share of revenues achieved in the AMERICAS has increased by 8.8% compared to the same period of 2019, going from 22,302 thousand euro to 24,269 thousand euro.

As for APAC Countries revenues decreased compared to the same period of 2019 passing by 13,458 thousand euro to 6,173 thousand euro (-54.1%). This drop is to be attributed to revenues recorded on the Chinese market which passed from 11,611 thousand euro (at 31/03/2019) to 3,867 thousand euro (at 31/03/2020). It should be noted that in the first quarter of the year China was hit hard by the Coronavirus epidemic which started in January from that country and then spread to the rest of the world.

* * * * *

The **EBITDA** of the Group at 31/03/2020 amounts to 3,100 thousand euro equal to 4.1% of revenues against 7,386 thousand euro, equal to 7.5% of revenues of 31/03/2019.

The EBITDA has been affected by non-recurring costs amounting equal to 683 thousand euro (as of 31/03/2019 these costs were equal to 616 thousand euro); therefore the **adjusted EBITDA** amounts to 3,783 thousand euro (equal to 5.0% of revenues), decreasing by 4,219 thousand euro compared to the same period of the previous year (8,002 thousand euro equal to 8.1% of revenues).

The **EBIT** of the Group at 31/03/2020 is negative for 2,544 thousand euro equal to -3.4% of revenues against the positive 2,051 thousand euro equal to 2.1% of revenues of the same period of the previous year.

This result is affected by:

- the amortization of intangible assets for 2,782 thousand euro (of which 2,089 thousand euro relating to development costs and 469 thousand euro to the trademark registered as part of the business combination of the FINN-POWER Group);
- the amortization of tangible assets for 2,863 thousand euro.

The EBIT at 31/3/2020 is penalized by non-recurring costs; consequently, the adjusted EBIT is negative for 1,861 thousand euro (-2.5% of revenues), decreasing compared to 31/03/2019 (equal to 2,667 thousand euro).

The **EBT** of the Group at 31/03/2020 is negative for 4,116 thousand euro against the positive 867 thousand euro of 31/03/2019.

Group's **EBT** is affected by net financial charges for 1,540 thousand euro, including foreign exchange losses for 175 thousand euro (compared to net charges equal to 1,184 thousand euro, which included foreign exchange gains of 666 thousand euro, as at 31/03/2019).

The Group's **NET PROFIT** as at 31/03/2020 is negative for 3,524 thousand euro against the positive 408 thousand euro at 31/03/2019; the Net Profit pertaining to the Parent Company is negative for 3,293 thousand euro.

* * * * *

At 31/03/2020 the Group's **net financial debt** is equal to 133,452 thousand euro, compared to 107,343 thousand euro at 31/12/2019 and to 117,632 thousand euro at 31/03/2019.

Below is the detail of the net financial debt:

<i>Values expressed in Euro thousand</i>	31/03/20	31/12/19	31/03/19
NON CURRENT FINANCIAL ASSETS	(4.243)	(4.243)	(4.904)
CASH & CASH EQUIVALENTS	(32.161)	(55.136)	(54.294)
CURRENT FINANCIAL ASSETS	(473)	(532)	(78)
CURRENT FINANCIAL LIABILITIES	43.367	43.326	38.273
NON CURRENT FINANCIAL LIABILITIES	85.496	85.056	103.335
NET FINANCIAL DEBT (before leasing)	91.986	68.471	82.332
LEASING LIABILITIES	41.466	38.872	35.300
NET FINANCIAL DEBT	133.452	107.343	117.632

During the first quarter of 2020 the Group's **order acquisition** (including after-sale service) amounted to 72.8 million euro, decreasing of 25.1%, compared to 97.3 million euro at 31/03/2019.

The consolidated **order backlog** (not including the after-sale service) at 31/03/2020 amounts to 141.3 million euro (compared to 166.8 million euro at 31/03/2019), substantially stable compared to order backlog at 31/12/2019 (142.3 million euro).

At 30/04/2020 order backlog is equal to 144.5 million euro.

The Executive Chairman, Gianfranco Carbonato, commented: *“In an unprecedented historical moment the Prima Industrie Group closed the first quarter with a significant business contraction, despite recording a largely positive EBITDA.*

The virus containment measures implemented in the various countries, together with the situation of general market uncertainty, are likely to produce a contraction in turnover also in the second quarter of the year. However, we are confident of an improvement in profitability as an effect of the important cost reduction measures implemented in all Group companies.

The high uncertainty relating to the evolution of the crisis worldwide does not currently allow us to provide reliable estimates for the second half of the year; we therefore believe it is correct to wait for the market signals in the coming months to be able to provide an update on expectations”.

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

The document containing the Interim Report as at 31/03/2020 shall be filed and made available at the Company registered offices and on the internet site www.primaindustrie.com as well as on the authorized storage mechanism 1info, www.1info.it, within the prescribed time.

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

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

PRIMA INDUSTRIE heads a leading Group in developing, manufacturing and marketing of laser systems for industrial applications, sheet metal processing machinery, as well as industrial electronics and laser technologies.
The parent company Prima Industrie S.p.A. is listed on the Italian Stock Exchange since 1999 (MTA- STAR segment).
With 40 years of experience the Group can count on about 13,000 machines installed in more than 80 countries worldwide and is among the main worldwide manufacturers in its own reference market.

The Group has about 1,800 employees and manufacturing sites in **Italy, Finland, USA and China**. Remarkable is as well its direct commercial and after-sales presence in BRIC, NAFTA, European Union and other emerging Asian countries.

The Prima Industrie Group is structured on 3 Business Units:

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

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

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

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

For further information:

PRIMA INDUSTRIE S.p.A.	Studio Mailander
Chiara Roncolini	Ufficio Stampa
Investor Relator	tel. 011 5527311
tel. 011 4103204	Carlo Dotta
ir@primaindustrie.com	333 2306748 - c.dotta@mailander.it

CONSOLIDATED BALANCE SHEET

<i>Values in thousand euro</i>	31/03/2020	31/12/2019
Property, plant and equipment	72.251	69.180
Intangible assets	133.387	134.705
Investments accounted for using the equity method	362	394
Other investments	6.492	6.458
Non current financial assets	4.243	4.243
Deferred tax assets	15.832	14.671
NON CURRENT ASSETS	232.567	229.651
Inventories	142.552	127.818
Trade receivables	81.671	85.406
Other receivables	9.341	9.298
Current tax receivables	7.375	8.057
Derivatives	28	-
Financial assets	445	532
Cash and cash equivalents	32.161	55.136
CURRENT ASSETS	273.573	286.247
Assets held for sale	4.229	4.229
TOTAL ASSETS	510.369	520.127
Capital stock	26.208	26.208
Legal reserve	5.213	5.213
Other reserves	68.534	68.557
Currency translation reserve	4.709	4.003
Retained earnings	68.000	58.954
Net result	(3.293)	9.046
Stockholders' equity of the Group	169.371	171.981
Minority interest	2.920	3.132
STOCKHOLDERS' EQUITY	172.291	175.113
Interest-bearing loans and borrowings	120.537	117.740
Employee benefit liabilities	7.004	7.017
Deferred tax liabilities	5.410	5.366
Provisions	222	222
Derivatives	682	600
NON CURRENT LIABILITIES	133.855	130.945
Trade payables	73.533	81.290
Advance payments	37.880	34.715
Other payables	20.629	22.061
Interest-bearing loans and borrowings	49.084	48.914
Current tax payables	3.552	6.445
Provisions	19.519	20.644
Derivatives	26	-
CURRENT LIABILITIES	204.223	214.069
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	510.369	520.127

CONSOLIDATED INCOME STATEMENT

<i>Values in euro thousand</i>	31/03/2020	31/03/2019
Net revenues	75.051	98.444
Cost of goods sold	(59.215)	(75.395)
GROSS MARGIN	15.836	23.049
Research and Development costs	(5.619)	(7.121)
Sales and marketing expenses	(6.501)	(7.382)
General and administrative expenses	(6.260)	(6.495)
OPERATING PROFIT (EBIT)	(2.544)	2.051
Financial income	97	28
Financial expenses	(1.462)	(1.878)
Net exchange differences	(175)	666
Net result of investments accounted for using the equity method	(32)	-
RESULT BEFORE TAXES (EBT)	(4.116)	867
Taxes	592	(459)
NET RESULT	(3.524)	408
- <i>Attributable to Group shareholders</i>	(3.293)	407
- <i>Attributable to minority shareholders</i>	(231)	1
RESULT PER SHARE - BASIC (in euro)	(0,31)	0,04
RESULT PER SHARE - DILUTED (in euro)	(0,31)	0,04
EBITDA	3.100	7.386

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Values in Euro thousand</i>	31/03/2020	31/03/2019
Net result	(3.524)	408
Adjustments (sub-total)	(15.887)	(13.714)
Depreciation, impairment & write-off	5.645	5.335
Net change in deferred tax assets and liabilities	(1.117)	(712)
Change in employee benefits	(13)	(38)
Change in inventories	(14.734)	(16.658)
Change in trade receivables	3.735	16.756
Change in trade payables and advances	(4.592)	(15.666)
Net change in other receivables/payables and other assets/liabilities	(4.811)	(2.731)
Cash Flows from (used in) operating activities	(19.411)	(13.306)
Cash flow from investments		
Acquisition of tangible fixed assets (*)	(1.900)	(1.286)
Acquisition of intangible fixed assets	(113)	(267)
Capitalization of development costs	(1.190)	(1.369)
Net disposal of fixed assets (**)	-	143
Net result of investments accounted for using the equity method	32	-
Cash Flows from (used in) investing activities	(3.171)	(2.779)
Cash flow from financing activities		
Change in other financial assets/liabilities and other minor items	141	432
Increases in loans and borrowings (including bank overdrafts)	6.498	9.036
Repayment of loans and borrowings (including bank overdrafts)	(6.170)	(9.892)
Repayments in financial lease liabilities	(1.406)	(1.179)
Cash Flows from (used in) financing activities	(937)	(1.603)
Cash Flows from (used in) change of minority shareholders	-	-
Foreign exchange translation differences	544	904
Net change in cash and equivalents	(22.975)	(16.784)
Cash and equivalents beginning of period	55.136	71.078
Cash and equivalents end of period	32.161	54.294

<i>Additional Information to the Consolidated Statement of Cash-Flow</i>	31/03/2020	31/03/2019
<i>Values in euro thousand</i>		
Taxes paid	461	205
Interests paid	626	872

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

(**) Included assets held for sale.