



BORSA ITALIANA - STAR segment

PRESS RELEASE

INTERIM FINANCIAL REPORT AS AT JUNE 30, 2020

(in brackets results as at 30/06/2019, unless otherwise specified)

**THE BUSINESS REFLECTS THE EFFECTS OF THE COVID-19 PANDEMIC,
BUT THE PROFITABILITY BEGINS TO BENEFIT
FROM COST REDUCTION ACTIONS**

- Consolidated REVENUES at 157.6 M€ (-26.6% compared to 214.8 M€);
- EBITDA at 10.1 M€, equal to 6.4% on revenues (compared to 18.6 M€, equal to 8.7%);
- EBIT at -0.9 M€ (compared to 6.5 M€); in particular EBIT of the second quarter was positive for 1.6 M€;
- NET RESULT at -3.1 M€ (compared to 1.8 M€);
- NET FINANCIAL DEBT at 123.2 M€ (improving compared to 133.4 M€ at 31/03/2020), including 40.2 M€ of debt for leasing;
- ORDER ACQUISITION at 140.8 M€ (-25.9% compared to 189.9 M€);
- ORDER BACKLOG at 126.0 M€ (compared to 136.1 M€).

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Collegno (TO), September 1st 2020 - The Board of Directors of Prima Industrie S.p.A, a company leader in the high technology sector of laser systems and sheet metal processing and electronic components for industrial applications, met today to approve the Financial Interim Report at 30/06/2020.

The performance of the half-year was influenced, albeit in different ways in the various countries in which the Group operates, by the Covid-19 pandemic which hit the capital goods sector, subject to a high cyclicity, in a slowdown phase that had begun already at the end of 2018. As already mentioned, indeed, the capital goods sector has a derivative trend compared to the macroeconomic context and therefore it is penalized even more markedly than the overall economic slowdown.

During the first six months of the year, the priorities of Prima Industrie Group were aimed at protecting the health of its employees (through the adoption of specific protocols and measures for the protection of people) and at maintaining an ongoing relationship (as far as allowed by the restrictive measures implemented by the different countries) with its customers, also through the introduction of new working and sharing methods (not only smart working, but also remote training of customers and employees, remotely guided installations, etc.).

Furthermore, thanks to the significant cost reduction actions that have deployed their benefits in particular starting from the second quarter of the year and which are destined to continue in the second part of the year, the Group has managed to maintain gross operating profit (EBITDA) equal to over 6% of turnover in the first six months of the year, recording moreover an EBITDA equal to 8.4% of turnover in the second quarter and, still in the quarter, a slight profit at *bottom line* level.

Obviously, uncertainties remain concerning the evolution of the situation and the political, economic and social context, but, excluding a second significant wave of contagion, in light of the trend in order intake of the latest months, the expectations are for a progressive but cautious improvement of the scenario.

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The Group ended the first half of the year 2020 reaching a turnover of 157,574 thousand euro, decreasing 26.6% compared to the first six months of 2019.

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

Values in Euro thousand

30/06/20	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	147.369	30.942	21,0%	10.098	6,9%	1.551	1,1%	567
PRIMA ELECTRO	20.804	2.121	10,2%	11	0,1%	(2.418)	-11,6%	(1.582)
CONSOLIDATION	(10.599)	(28)	-	(46)	-	(46)	-	(2.133)
GROUP	157.574	33.035	21,0%	10.063	6,4%	(913)	-0,6%	(3.148)

(% calculated over the revenues)

Values in Euro thousand

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

(% calculated over the revenues)

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

Following is the consolidated revenues geographical break down at 30/06/2020 compared with the same period of previous year:

Revenues	30/06/20		30/06/19	
	Euro thousand	%	Euro thousand	%
EMEA	89.785	57,0	133.603	62,2
AMERICAS	49.577	31,5	50.552	23,5
APAC	18.212	11,5	30.602	14,2
TOTAL	157.574	100,0	214.757	100,0

The above table shows that the Group turnover at 30/06/2020 (compared with the same period of the previous year) registered a strong downturn in the EMEA area (-32.8%) and APAC (-40.5%) and remained almost stable in the AMERICAS (-1.9%).

The Group generated consolidated revenues in the EMEA area for 89,785 thousand euro; the main destination countries were Italy (14.6% of consolidated revenues), Russia and Eastern Europe (9.7% of

consolidated revenues), Northern European countries (9.2% of consolidated revenues) and Germany, Austria and Switzerland (6.3% of consolidated revenues).

The share of revenues realized in AMERICAS was equal to 49,577 thousand euro.

As for APAC countries, revenues were 18,212 thousand euro; the decrease is mainly attributable to revenues in China which pass from 25,585 thousand euro (as of 30/06/2019) to 10,366 thousand euro (as of 30/06/2020).

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The Group **EBITDA** at 30/06/2020 amounted to 10,063 thousand euro, equal to 6.4% of revenues against 18,585 thousand euro, equal to 8.7% of revenues at 30/06/2019.

EBITDA was negatively affected by non-recurring costs equal to 2,131 thousand euro (at 30/06/2019 they were equal to 1,150 thousand euro); therefore the adjusted EBITDA amounted to 12,194 thousand euro (equal to 7.7% of revenues). In particular, in the second quarter of the year the adjusted EBITDA amounted to 8,411 thousand euro (equal to approx 10.2% of turnover for the quarter).

The Group **EBIT** at 30/06/2020 is negative for 913 thousand euro, equal to -0.6% of revenues, against 6,480 thousand euro, equal to 3.0% of revenues in the corresponding period of the previous year.

This result is affected by:

- the significant investments of the Laser business unit of Prima Electro division, not yet balanced by adequate volumes;
- amortization of intangible assets for 5,274 thousand euro (relating to development costs for 3,891 thousand euro and trademark recorded in the FINN-POWER business combination for 939 thousand euro);
- amortization of tangible fixed assets for 5,703 thousand euro.

The EBIT at 30/06/2020 is penalized by non-recurring costs; as a result, adjusted EBIT amounted to 1,218 thousand euro (0.8% of revenues). In particular, in the second quarter, adjusted EBIT amounted to 3,079 thousand euro (equal to 3.7% of turnover for the quarter).

The Group **EBT** at 30/06/2020 is negative for 3,705 thousand euro against positive 3,172 thousand euro as of 30/06/2019. It includes net losses from financial management (including profits and losses on exchange rates) for 2,747 thousand euro (at 30/06/2019 they were equal to 3,266 thousand euro).

The Group **NET RESULT** at 30/06/2020 is negative for 3,148 thousand euro against the positive 1,815 thousand euro at 30/06/2019; whereas the Net Result for the Parent Company is negative for 2,827 thousand euro.

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At 30/06/2020 the Group **Net Financial Debt** is equal to 123,246 thousand euro, compared to 132,824 thousand euro at 30/06/2019 and to 107,343 thousand euro at 31/12/2019.

Net financial debt improves compared to 133,452 thousand euro as at 31/03/2020 following the measures undertaken to mitigate the impact of the crisis on the available liquidity.

Below is a detail of the net financial debt:

<i>Values expressed in Euro thousand</i>	30/06/20	31/12/19	30/06/19
NON CURRENT FINANCIAL ASSETS	(4.233)	(4.243)	(4.243)
CASH & CASH EQUIVALENTS	(42.014)	(55.136)	(30.742)
CURRENT FINANCIAL ASSETS	(568)	(532)	(781)
CURRENT FINANCIAL LIABILITIES	51.189	43.326	36.124
NON CURRENT FINANCIAL LIABILITIES	78.671	85.056	98.160
NET FINANCIAL DEBT (before leasing)	83.045	68.471	98.518
LEASING LIABILITIES	40.201	38.872	34.306
NET FINANCIAL DEBT	123.246	107.343	132.824

At 30/06/2020, in addition to the cash amounting to approximately to 42 million euro, the Group also has available unused credit lines for approximately 55 million euro.

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During the first half of 2020, the Group **order acquisition** (including the after-sale service) amounted to 140.8 million euro, decreasing by 25.9% compared to 189.9 million euro at 30/06/2019. The "book to bill" ratio for the half year is therefore slightly higher than one.

Consolidated **order backlog** (not including the after-sale service) at 30/06/2020 amounts to 126.0 million euro, down from 136.1 million euro at 30/06/2019.

At 31/07/2020 the order backlog is slightly up to 128.8 million euro.

The Executive Chairman, Gianfranco Carbonato, commented as follows: *"In six months characterized by the crisis related to Covid-19, Prima Industrie Group achieved results in line with the market and the reference context. The unfavourable global picture that marked the first part of 2020, despite some positive signs of partial recovery, is expected to continue for the entire year. That said, in light of the substantial order backlog, the competence shown by the management to promptly react to the new scenario and the confidence in the fundamentals of the business, the Group expects a partial recovery of revenues and profitability for the second half of the year compared to the first half"*.

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

The document containing the Financial Interim Report as at 30/06/2020 shall be filed and made available at the Company registered offices and on the internet site www.primaindustria.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 the Explanatory Notes of the Half-Year Financial Report.

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

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

With over 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 over 1,750 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.

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CONSOLIDATED BALANCE SHEET

<i>Values in thousand euro</i>	30/06/2020	<i>of which related parties</i>	31/12/2019	<i>of which related parties</i>
Property, plant and equipment	70.625	-	69.180	-
Intangible assets	132.343	-	134.705	-
Investments accounted for using the equity method	344	344	394	394
Other investments	6.304	-	6.458	-
Non current financial assets	4.233	-	4.243	-
Deferred tax assets	15.770	-	14.671	-
NON CURRENT ASSETS	229.619		229.651	
Inventories	139.423	-	127.818	-
Trade receivables	77.819	577	85.406	2.040
Other receivables	7.779	181	9.298	59
Current tax receivables	5.415	-	8.057	-
Derivatives	131	-	-	-
Financial assets	437	-	532	-
Cash and cash equivalents	42.014	-	55.136	-
CURRENT ASSETS	273.018		286.247	
Assets held for sale	4.149	-	4.229	-
TOTAL ASSETS	506.786		520.127	
Capital stock	26.208	-	26.208	-
Legal reserve	5.213	-	5.213	-
Other reserves	70.793	-	68.557	-
Currency translation reserve	3.704	-	4.003	-
Retained earnings	65.836	-	58.954	-
Net result	(2.827)	-	9.046	-
<i>Stockholders' equity of the Group</i>	168.927	-	171.981	-
<i>Minority interest</i>	2.777	-	3.132	-
STOCKHOLDERS' EQUITY	171.704		175.113	
Interest-bearing loans and borrowings	112.736	-	117.740	-
Employee benefit liabilities	7.074	-	7.017	-
Deferred tax liabilities	5.704	-	5.366	-
Provisions	222	-	222	-
Derivatives	499	-	600	-
NON CURRENT LIABILITIES	126.235		130.945	
Trade payables	67.698	1.050	81.290	94
Advance payments	36.899	-	34.715	-
Other payables	20.151	387	22.061	519
Interest-bearing loans and borrowings	56.826	-	48.914	-
Current tax payables	5.746	-	6.445	-
Provisions	21.527	-	20.644	-
Derivatives	-	-	-	-
CURRENT LIABILITIES	208.847		214.069	
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	506.786		520.127	

CONSOLIDATED INCOME STATEMENT

<i>Values in euro thousand</i>	30/06/2020	<i>of which related parties</i>	30/06/2019	<i>of which related parties</i>
Net revenues	157.574	600	214.757	24
Cost of goods sold	(124.539)	(82)	(164.697)	(103)
GROSS MARGIN	33.035		50.060	
Research and Development costs	(10.665)	22	(13.848)	35
Sales and marketing expenses	(11.276)	(10)	(15.323)	-
General and administrative expenses	(12.007)	(660)	(14.409)	(635)
OPERATING PROFIT (EBIT)	(913)		6.480	
<i>of which: non recurring items</i>	<i>(2.131)</i>		<i>(2.299)</i>	
Financial income	2.073	-	2.072	-
Financial expenses	(4.421)	-	(5.157)	-
Net exchange differences	(399)	-	(181)	-
Net result of investments accounted for using the equity method	(50)	(50)	(19)	(19)
Net result of other investments	5	-	(23)	-
RESULT BEFORE TAXES (EBT)	(3.705)		3.172	
<i>of which: non recurring items</i>	<i>(2.126)</i>		<i>(2.440)</i>	
Taxes	557	-	(1.357)	-
NET RESULT	(3.148)		1.815	
- <i>Attributable to Group shareholders</i>	<i>(2.827)</i>		<i>1.806</i>	
- <i>Attributable to minority shareholders</i>	<i>(321)</i>		<i>9</i>	
RESULT PER SHARE - BASIC (in euro)	(0,30)		0,17	
RESULT PER SHARE - DILUTED (in euro)	(0,30)		0,17	
EBITDA	10.063		18.585	

CONSOLIDATED STATEMENT OF CASH FLOWS

Values in Euro thousand	30/06/2020	of which related parties	30/06/2019	of which related parties
Net result	(3.148)		1.815	
Adjustments (sub-total)	(2.772)	-	(21.090)	-
		-		-
Depreciation, impairment & write-off	10.977	-	12.105	-
Gain on disposal of shares in other investments	(54)	-	-	-
Net change in deferred tax assets and liabilities	(761)	-	(236)	-
Change in employee benefits	57	-	(9)	-
Change in inventories	(11.605)	-	(13.058)	-
Change in trade receivables	7.587	1.463	15.793	(6)
Change in trade payables and advances	(11.408)	956	(30.449)	-
Net change in other receivables/payables and other assets/liabilities	2.435	(254)	(5.236)	(539)
Cash Flows from (used in) operating activities	(5.920)		(19.275)	
Cash flow from investments				
Acquisition of tangible fixed assets (*)	(3.169)	-	(4.012)	-
Acquisition of intangible fixed assets	(178)	-	(465)	-
Capitalization of development costs	(2.728)	-	(3.000)	-
Net disposal of fixed assets (**)	168	-	1.262	-
Change in investments accounted for using the equity method	-	-	(138)	(138)
Net result of investments accounted for using the equity method	50	50	19	19
Write-off/Write-up Other Investments	49	-	23	-
Change in Other investments	79	-	(5)	-
Cash Flows from (used in) investing activities	(5.729)		(6.316)	
Cash flow from financing activities				
Change in other financial assets/liabilities and other minor items	(54)	-	194	-
Increases in loans and borrowings (including bank overdrafts)	15.224	-	12.040	-
Repayment of loans and borrowings (including bank overdrafts)	(13.650)	-	(20.173)	-
Repayments in financial lease liabilities	(2.809)	-	(2.564)	-
Dividends paid	-	-	(4.569)	-
Cash Flows from (used in) financing activities	(1.289)		(15.072)	
Cash Flows from (used in) change of minority shareholders	-		-	
Foreign exchange translation differences	(184)		327	
Net change in cash and equivalents	(13.122)		(40.336)	
Cash and equivalents beginning of period	55.136		71.078	
Cash and equivalents end of period	42.014		30.742	
Additional Information to the Consolidated Statement of Cash-Flow	30/06/2020		30/06/2019	
Values in euro thousand				
Taxes paid	454		2.632	
Interests paid	1.336		1.733	

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

(**) Included assets held for sale.