



BORSA ITALIANA - STAR segment

PRESS RELEASE

INTERIM FINANCIAL REPORT AS OF

(results as of 30/09/2019 in brackets)

THE NINE MONTHS RESULTS ARE SIGNIFICANTLY INFLUENCED BY THE PANDEMIC IN PROGRESS, WHICH CAUSES CUSTOMERS TO POSTPONE ORDERS.

DESPITE THE CONTRACTION IN TURNOVER, EQUAL TO ABOUT 24%, THE COSTS REDUCTION ACTIONS ALLOW TO REDUCE THE IMPACT ON PROFITABILITY

- Consolidated TURNOVER at 233.5 M€ (-23.9% compared to 307.0 M€);
- EBITDA at 14.9 M€, equal to 6.4% of turnover (compared to 28.5 M€, equal to 9.3%); adjusted EBITDA is 18.1 M€, equal to 7.8% of turnover;
- EBIT at -1.5 M€ (compared to 10.7 M€); adjusted EBIT is positive 1.7 M€;
- NET RESULT at -4.4 M€ (compared to 4.0 M€);
- NET FINANCIAL DEBT 123.6 M€, (stable compared to 123.2 M€ as at 30/06/2020), including 38.3 M€ of leasing payables;
- ORDER ACQUISITION at 220.4 M€ (-26.5% compared to 299.9 M€); in particular, the acquisition in the third quarter, equal to 81.3 M€, is 20.4% higher than in the second quarter and represents so far the best quarter of the year;
- ORDER BACKLOG at 127.8 M€ (compared to 153.4 M€ at 30/09/2019 and 126.0 M€ at 30/06/2020).

Collegno (TO), November 6, 2020 - The Board of Directors of Prima Industrie S.p.A, a leading company operating in the high-tech sector of laser systems and sheet metal processing and electronic components for industrial applications, met today to approve the Interim Report as at 30/09/2020.

At the end of the meeting the Executive Chairman, Gianfranco Carbonato, commented: *"It appears now clear that the performance of 2020 financial year as a whole will be fully tied up to the effects of Covid-19 pandemic; nevertheless the Group, although operating in a sector significantly affected by the crisis, managed to contain the reduction in profitability, thanks to important cost*

reduction actions, implemented without penalizing the main investments in innovation, digitalization and sustainability.

Although it is foreseeable that the second wave of the pandemic in progress could generate a further slowdown in the recovery expected for the sector, the Group confirms its expectations which foresee for the last part of the year a recovery in turnover and profitability and a significant improvement starting from next year".

The nine-month trend continues to be significantly affected by the Covid-19 pandemic, which hit the investment goods sector, characterized by a high cyclical nature and which had already entered a slowdown phase since the end of 2018.

The resilience shown by the Group in such a critical context derives from its geographical diversification (not only turnover achieved in different areas of the world but also a direct presence in the areas, partially allowing to overcome the obstacles connected with the restrictions on mobility), from the differentiation of its reference markets and the capacity of keeping up the turnover from after-sales assistance activities.

Despite the considerable reduction in turnover (-23.9%), the Group implemented a series of important cost reduction actions, through which the gross operating profit (EBITDA) was in any case at 6.4% of turnover (7.8% if considering the adjusted EBITDA including non-recurring items).

The evolution of the scenario keeps uncertain, mainly due to the spread and effects of the second wave of the pandemic which could slow down the expected recovery in the last part of the year; instead, as regards the medium-term prospects, influential external sources are foreseeing a decisive recovery of the sector during 2021, in particular as from the second half of the year.

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The Group turnover as of 30/09/2020 is at 233,452 thousand euro, decreasing by 23.9% compared to 30/09/2019.

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

Values in Euro thousand

30/09/20	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	217.886	44.182	20,3%	14.898	6,8%	2.381	1,1%	266
PRIMA ELECTRO	30.535	2.808	9,2%	156	0,5%	(3.747)	-12,3%	(2.436)
CONSOLIDATION	(14.969)	(104)	-	(158)	-	(159)	-	(2.215)
GROUP	233.452	46.886	20,1%	14.896	6,4%	(1.525)	-0,7%	(4.385)

(% calculated over the revenues)

Values in Euro thousand

30/09/19	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT (*)	EBIT %	NET RESULT (*)
PRIMA POWER	284.674	64.165	22,5%	24.323	8,5%	11.649	4,1%	5.216
PRIMA ELECTRO	38.803	8.416	21,7%	3.614	9,3%	(413)	-1,1%	(453)
CONSOLIDATION	(16.526)	199	-	513	-	(500)	-	(742)
GROUP	306.951	72.780	23,7%	28.450	9,3%	10.736	3,5%	4.021

(% 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".

The consolidated revenues split on a geographical basis as at 30/09/2020 are shown below, compared with the corresponding period of previous year:

Revenues	30/09/20		30/09/19	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
EMEA	135.095	57,9	188.183	61,3
AMERICAS	70.445	30,2	76.873	25,0
APAC	27.912	11,9	41.895	13,7
TOTAL	233.452	100,0	306.951	100,0

The above table shows that the Group turnover as at 30/09/2020 (compared with the corresponding period of previous year) has suffered a significant decrease in the EMEA (-28.2%) and in APAC (-33.4%) areas but more contained in the AMERICAS (-8.4%).

The Group generated consolidated revenues in the EMEA area for 135,095 thousand euro; main destination countries were Italy (14.5% of consolidated revenues), Northern European countries (9.0% of consolidated revenues), Russia and Eastern Europe (8.8% of consolidated revenues) and Germany, Austria and Switzerland (6.9% of consolidated revenues).

The share of revenues realized in the AMERICAS decreased by 8.4% compared to the same period of 2019, from 76,873 thousand euro to 70,445 thousand euro, despite the decline in the automotive sector and the strong uncertainty related to the performance of electoral results.

As for the APAC countries, revenues decreased, compared to the same period in 2019, from 41,895 thousand euro to 27,912 thousand euro (-33.4%). The decrease is mainly due to revenues in China, decreasing from 33,199 thousand euro (at 30/09/2019) to 14,926 thousand euro (at 30/09/2020).

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The Group **EBITDA** as at 30/09/2020 is 14,896 thousand euro, equal to 6.4% of revenues against 28,450 thousand euro, equal to 9.3% of revenues as of 30/09/2019.

EBITDA was negatively affected by non-recurring costs for 3,231 thousand euro (at 30/09/2019 amounting to 1,640 thousand euro); therefore the adjusted EBITDA is equal to 18,127 thousand euro (7.8% of revenues). In particular, in the third quarter of the year, adjusted EBITDA was at 5,933 thousand euro (equal to approximately 7.8% of the quarter turnover).

The Group **EBIT** at 30/09/2020 is negative for 1,525 thousand euro, equal to -0.7% of revenues against 10,736 thousand euro, equal to 3.5% of revenues in the corresponding period of the previous year.

This result is affected by:

- the significant investments by the Laser business unit of Prima Electro division, not yet balanced by adequate volumes;
- the intangible assets amortizations for 7,991 thousand euro (relevant to development costs for 5,925 thousand euro and the trademark registered as part of the business combination of the FINN-POWER Group for 1,408 thousand euro);
- the fixed assets depreciations for 8,430 thousand euro.

EBIT at 30/09/2020 is penalized by non-recurring costs and consequently adjusted EBIT is positive for 1,706 thousand euro (0.7% of revenues). In particular, in the third quarter, adjusted EBIT was equal to 488 thousand euro (equal to 0.6% of the quarter turnover).

The Group **EBT** as of 30/09/2020 is negative for 5,487 thousand euro against the positive 6,039 thousand euro of 30/09/2019.

The Group EBT discounts net charges deriving from financial management (including profits and losses on exchange rates) for 3,877 thousand euro (as of 30/09/2019 they were equal to 4,655 thousand euro).

The Group **NET RESULT** as of 30/09/2020 is negative for 4,385 thousand euro against the positive 4,021 thousand euro as of 30/09/2019; the Net Result relevant to the Parent Company was negative for 3,886 thousand euro.

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As of 30/09/2020 the Group **Net Financial Debt** is equal to 123,630 thousand euro, improving compared to 141,726 thousand euro at 30/09/2019 and stable compared to 123,246 thousand euro at 30/06/2020.

The Group net financial debt is detailed here below:

Values expressed in Euro thousand	30/09/20	31/12/19	30/09/19
NON CURRENT FINANCIAL ASSETS	(4.233)	(4.243)	(4.243)
CASH & CASH EQUIVALENTS	(47.246)	(55.136)	(28.279)
CURRENT FINANCIAL ASSETS	(181)	(532)	(766)
CURRENT FINANCIAL LIABILITIES	46.584	43.326	47.080
NON CURRENT FINANCIAL LIABILITIES	90.382	85.056	94.280
NET FINANCIAL DEBT (before leasing)	85.306	68.471	108.072
LEASING LIABILITIES	38.324	38.872	33.654
NET FINANCIAL DEBT	123.630	107.343	141.726

In addition to the cash amounting to approximately 47 million euro, the Group has also available, as of , not employed credit lines for over 60 million euro.

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During the first nine months of 2020, the Group **order acquisition** (including the after-sale service) amounted to 220.4 million euro, down 26.5% compared to 299.9 million euro at 30/09/2019; in particular, the acquisition in the third quarter, equal to 81.3 million euro, is 20.4% higher than in the second quarter and represents the best quarter of the year.

The consolidated **backlog** (not including the after-sale service) as of 0 amounts to 127.7 million euro, decreasing respect to the 153.4 million euro at 30/09/2019 but showing a slight increase compared to 126.0 million euro at 30/06/2020.

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“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 documentary findings, books and accounting records”.

The Interim Financial Report as at September 30, 2020 will be made available at the company registered office and available for consultation on the website www.primaindustrie.com as well as on the authorized storage mechanism www.1info.it, within the terms of Law.

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:

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CONSOLIDATED BALANCE SHEET

<i>Values in thousand euro</i>	30/09/2020	31/12/2019
Property, plant and equipment	68.103	69.180
Intangible assets	132.938	134.705
Investments accounted for using the equity method	304	394
Other investments	6.265	6.458
Non current financial assets	4.233	4.243
Deferred tax assets	15.997	14.671
NON CURRENT ASSETS	227.840	229.651
Inventories	135.357	127.818
Trade receivables	70.884	85.406
Other receivables	8.809	9.298
Current tax receivables	5.037	8.057
Derivatives	115	-
Financial assets	66	532
Cash and cash equivalents	47.246	55.136
CURRENT ASSETS	267.514	286.247
Assets held for sale	4.152	4.229
TOTAL ASSETS	499.506	520.127
Capital stock	26.208	26.208
Legal reserve	5.213	5.213
Other reserves	70.815	68.557
Currency translation reserve	1.174	4.003
Retained earnings	65.836	58.954
Net result	(3.886)	9.046
Stockholders' equity of the Group	165.360	171.981
Minority interest	2.581	3.132
STOCKHOLDERS' EQUITY	167.941	175.113
Interest-bearing loans and borrowings	122.900	117.740
Employee benefit liabilities	7.099	7.017
Deferred tax liabilities	5.411	5.366
Provisions	222	222
Derivatives	512	600
NON CURRENT LIABILITIES	136.144	130.945
Trade payables	61.237	81.290
Advance payments	35.364	34.715
Other payables	20.902	22.061
Interest-bearing loans and borrowings	51.878	48.914
Current tax payables	5.225	6.445
Provisions	20.815	20.644
CURRENT LIABILITIES	195.421	214.069
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	499.506	520.127

CONSOLIDATED INCOME STATEMENT

Values in euro thousand	30/09/2020	30/09/2019
Net revenues	233.452	306.951
Cost of goods sold	(186.566)	(234.171)
GROSS MARGIN	46.886	72.780
Research and Development costs	(14.946)	(19.704)
Sales and marketing expenses	(15.866)	(22.422)
General and administrative expenses	(17.599)	(19.918)
OPERATING PROFIT (EBIT)	(1.525)	10.736
Financial income	2.424	2.131
Financial expenses	(5.648)	(6.737)
Net exchange differences	(653)	(49)
Net result of investments accounted for using the equity method	(90)	(19)
Net result of other investments	5	(23)
RESULT BEFORE TAXES (EBT)	(5.487)	6.039
Taxes	1.102	(2.018)
NET RESULT	(4.385)	4.021
- Attributable to Group shareholders	(3.886)	4.113
- Attributable to minority shareholders	(499)	(92)
RESULT PER SHARE - BASIC (in euro)	(0,37)	0,40
RESULT PER SHARE - DILUTED (in euro)	(0,37)	0,39
EBITDA	14.896	28.450

CONSOLIDATED STATEMENT OF CASH FLOWS

Values in Euro thousand	30/09/2020	30/09/2019
Net result	(4.385)	4.021
Adjustments (sub-total)	2.314	(30.198)
Depreciation, impairment & write-off	16.421	17.714
Gain on disposal of shares in other investments	(54)	-
Net change in deferred tax assets and liabilities	(1.281)	(1.774)
Change in employee benefits	82	1
Change in inventories	(7.539)	(17.279)
Change in trade receivables	14.522	17.559
Change in trade payables and advances	(19.404)	(44.614)
Net change in other receivables/payables and other assets/liabilities	(433)	(1.805)
Cash Flows from (used in) operating activities	(2.071)	(26.177)
Cash flow from investments		
Acquisition of tangible fixed assets (*)	(3.564)	(5.391)
Acquisition of intangible fixed assets	(188)	(637)
Capitalization of development costs	(4.614)	(4.477)
Net disposal of fixed assets (**)	424	1.151
Change in investments accounted for using the equity method	-	(138)
Net result of investments accounted for using the equity method	90	19
Write-off/Write-up Other Investments	49	23
Change in Other investments	79	(5)
Cash Flows from (used in) investing activities	(7.724)	(9.455)
Cash flow from financing activities		
Change in other financial assets/liabilities and other minor items	367	235
Increases in loans and borrowings (including bank overdrafts)	41.586	23.610
Repayment of loans and borrowings (including bank overdrafts)	(32.839)	(24.690)
Repayments in financial lease liabilities	(4.901)	(3.786)
Dividends paid	-	(4.569)
Cash Flows from (used in) financing activities	4.213	(9.200)
Cash Flows from (used in) change of minority shareholders	-	-
Foreign exchange translation differences	(2.308)	2.033
Net change in cash and equivalents	(7.890)	(42.799)
Cash and equivalents beginning of period	55.136	71.078
Cash and equivalents end of period	47.246	28.279

Additional Information to the Consolidated Statement of Cash-Flow	30/09/2020	30/09/2019
Values in euro thousand		
Taxes paid	477	3.966
Interests paid	1.922	2.282

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

(**) Included assets held for sale.