

INTERIM FINANCIAL REPORT AT 30/06/2014

(in brackets results at 30/06/2013)

IMPROVEMENT IN PROFITABILITY CONTINUES DURING THE FIRST SIX MONTHS

- Consolidated REVENUES at 154.2 M€ (-4.8 %, or -1.8% at constant exchange rates, compared to 161.9 M€);
- VALUE OF PRODUCTION at 182.1 M€ (+5.3% against 172.9 M€);
- EBITDA at 14.8 M€ (against 11.4 M€);
- EBIT at 9.3 M€ (against 5.4 M€);
- NET RESULT at 3.5 M€ (against -0.2 M€);
- NET FINANCIAL POSITION at -102.2 M€ (against -130.7 M€ at 30/6/13 and -99.96 at 31/12/13);
- ORDER ACQUISITION at 176.4 M€ (+3.8% against 170,0 M€).

Collegno (TO), August 28th 2014 - The Board of Directors of Prima Industrie S.p.A., a leader in high technology laser systems, sheet metal working systems and electronic components for industrial applications, met today to approve the Interim Financial Report as at June 30th, 2014.

Consolidated revenues at 30/06/2014 amount to 154,210 thousand euro, highlighting a drop of 4.8% (equal to 7,735 thousand euro), mainly due to the effect of the appreciation of the euro compared to other currencies and to the slowdown of some emerging markets.

Following is the breakdown of the consolidated revenues by geography at 30/06/2014 compared with the same in the previous year:

Revenues	30/06/2014		30/06/2013	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
EMEA	90.631	58,8	91.925	56,8
AMERICAS	34.934	22,7	40.223	24,8
APAC	28.645	18,5	29.797	18,4
TOTAL	154.210	100,0	161.945	100,0

The Group continues to generate a significant portion of revenues in EMEA (of which Europe represents the prevailing share with the 45.2% of the consolidated revenues), with an important presence especially in Italy (13.2% of the consolidated revenues) and in Russia where, despite the complex political situation, the Group continues to record strong sales (8.1% of the consolidated revenues).

The revenues realized outside Europe were equal to 54.8%, confirming the Group's globalization and the shift in balance of the global economy. In respect to AMERICAS the largest share of revenues was made in NAFTA, which represents 21.0% of the consolidated revenues at 30/06/2014. As for the APAC countries, China shows the most significant sales (14.50% of the consolidated revenues).

The breakdown of revenues by segment, before inter-sector items, was as follows:

Revenues	30/06/2014		30/06/2013	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
PRIMA POWER	136.120	88,3	143.480	88,6
PRIMA ELECTRO	25.415	16,5	25.835	16,0
Inter-sector revenues	(7.325)	(4,8)	(7.370)	(4,6)
TOTAL	154.210	100,0	161.945	100,0

The division that has been most affected by the appreciation of the euro was PRIMA POWER; the revenues reduction in this division was comprehensively equal to 5.1%, but at constant exchange rates the drop would have only been 1.8%. Revenues of PRIMA ELECTRO division have marginally affected by exchange rates and are in line with the previous year.

The value of production at 30/06/2014 amounted to 182,075 thousand euro, an increase of 5.3% compared to the same period in 2013 (increase of 9,208 thousand euro).

The value of production for the period includes increases for internal work for 5,821 thousand euro (4,090 thousand euro at 30/06/2013); these costs relate mainly to investments in development activities.

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Performance indicators	30/06/14		30/06/13	
	<i>Euro thousand</i>	% on sales	<i>Euro thousand</i>	% on sales
EBITDA	14.828	9,6	11.354	7,0
EBIT	9.291	6,0	5.433	3,4
EBT	5.741	3,7	579	0,4
NET RESULT	3.514	2,3	(221)	(0,1)
NET RESULT ATTRIBUTABLE TO GROUP SHAREHOLDERS	3.701	2,4	(221)	(0,1)

The Group's EBITDA at 30/06/2014 amounted to 14,828 thousand euro (9.6% of sales); compared to the first six months of 2013 there was an improvement both in terms of percentage (equal to 7% of sales) and in absolute terms (+3,474 thousand euro).

Below is the EBITDA of the Group as at 30/06/2014 and 30/06/2013 broken down by division (before inter-sector items):

EBITDA	30/06/14		30/06/13	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
PRIMA POWER	12.446	83,9	8.110	71,4
PRIMA ELECTRO	2.375	16,0	3.582	31,6
Inter sector items and eliminations	7	0,1	(338)	(3,0)
TOTAL	14.828	100,0	11.354	100,0

Consolidated EBIT at 30/06/2014 is equal to 9,291 thousand euro, an increase of 3,858 thousand euro compared to the first six months of 2013 (when it was equal to 5,433 thousand euro). This result is affected by depreciation of intangible assets for 4,157 thousand euro and tangible fixed assets of 1,380 thousand euro. Regarding the depreciation of the intangible assets, the main depreciation relate to amortization of the development costs (2,395 thousand euro) and to the amortization of assets with a defined useful life recognized in the FINN-POWER business combination -brand and customer list- for 1,526 thousand euro.

Consolidated EBT at 30/06/2014 amounted to 5,741 thousand euro, a decisive improvement compared to 579 thousand euro of the corresponding period in previous year; this amount reflects net charges arising from financial management (including profits and losses in exchange rates) for 3,550 thousand euro (at 30/06/2013 they amounted to 4,378 thousand euro).

The **NET INCOME** at 30/06/2014 amounts to 3,514 thousand euro (compared to -221 thousand euro at 30/06/2013). Income taxes for the first six months of 2014 show a balance of 2,227 thousand euro, of which IRAP for 712 thousand euro. It should be noted that the tax burden in 2013 was positively affected by a tax credit of 1,048 thousand euro following the submission of claims for reimbursement of IRES (IRAP deduction for IRES for the years 2007-2011).

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At 30/06/2014 the **net financial position** of the Group shows a net debt of 102,209 thousand euro, a slight improvement compared to 31/12/2013, and a marked improvement compared to 130,677 thousand euro in the corresponding period of the previous year.

Below is a breakdown of the net financial position:

Value expressed in Euro thousand	30/06/14	31/12/13	30/06/13
CASH & CASH EQUIVALENTS	(22.283)	(29.194)	(18.208)
CURRENT FINANCIAL RECEIVABLES	0	(47)	(692)
CURRENT FINANCIAL LIABILITIES	52.574	51.830	55.504
NON CURRENT FINANCIAL LIABILITIES	71.918	77.372	94.073
NET FINANCIAL LIABILITIES	102.209	99.961	130.677

Please note that the financial position includes at 30/06/2014:

- The FINPOLAR loan which totals 98,796 thousand euro and is subject to compliance with several covenants (regularly respected also at 30/06/2014);
- Payables to leasing companies (almost exclusively for real estate) which amounted to 2,841 thousand euro;
- the negative *fair value* of certain IRS for 4,020 thousand euro; the main IRS were contracted by the parent company to partially hedge the risk of interest rate on the FINPOLAR loan (the signing of these derivatives was set by the underlying loan agreement).

It should be noted that 19,946 thousand euro classified in current liabilities relate to the tranche D of FINPOLAR loan which is a revolving credit line that will be available until 31/01/2016.

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During the first six months of 2014 the **order intake** of the Group (inclusive of after-sale service) amounted to 176.4 million euro (+3.8% compared to 170.0 million euro at 30/06/2013). Orders received by PRIMA POWER segment amounted to 155.5 million euro, the ones relating to PRIMA ELECTRO, exclusively from customers outside the Group, amounted to 20.9 million euro.

The consolidated **order backlog** (not including after-sale service) at 30/06/2014 rose to 93.7 (compared to 94.6 million euro at 30/06/2013 and to 75.2 million euro at 31/12/2013).

The backlog includes 81.9 million euro relating to PRIMA POWER segment and 11.8 million euro relating to PRIMA ELECTRO.

After 30/06/2014 the trend in orders has positively continued and at 31/07/2014, the order backlog rose to 100.8 million euro.

Research and development activities carried out by the Group during the first six months of 2014 were a total of 9,902 thousand euro, or 6.4% of sales.

The capitalized portion amounted to 5,617 thousand euro.

Gianfranco Carbonato, Chairman of the Group, declared: *"We register with satisfaction the improvement of margins and profitability during the first six months of 2014. The good trend of the order acquisition and of the value of production, as well as the revenues recorded in July, allow us to rely on a growth also in terms of revenues in the second half of the current year".*

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

The document with the Financial Interim Report as at 30/06/2014 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.

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 35 years of experience the Group can count on about 12,000 machines installed in more than 70 countries worldwide and is among the main worldwide manufacturers in its own reference market.

The Group has over 1,500 employees and manufacturing sites in **Italy** (PRIMA INDUSTRIE S.p.A, PRIMA ELECTRO S.p.A, FINN-POWER Italia Srl), **Finland** (FINN-POWER Oy) and **USA** (PRIMA ELECTRO North America Llc, PRIMA POWER LASERDYNE Llc.). Remarkable is as well its direct commercial and after-sales presence in BRIC, NAFTA, European Union and other emerging Asian countries, serving more than 70 countries worldwide.

The Prima Industrie Group is structured on 2 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.

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CONSOLIDATED BALANCE SHEET

Values in Euro	30/06/2014	<i>of which related parties</i>	31/12/2013	<i>of which related parties</i>
Property, plant and equipment	25.333.420	-	24.200.931	-
Intangible assets	153.336.579	-	151.571.901	-
Other investments	1.032.404	-	288.735	-
Non current financial assets	35.000	-	113.000	-
Deferred tax assets	7.995.738	-	7.647.333	-
Other non current assets	20.577	-	20.624	-
NON CURRENT ASSETS	187.753.718	-	183.842.524	-
Inventories	89.289.835	-	66.214.465	-
Trade receivables	68.455.788	-	78.833.076	-
Other receivables	7.776.565	-	5.909.406	-
Current tax receivables	7.608.357	-	4.305.160	-
Derivatives	-	-	46.969	-
Cash and cash equivalents	22.283.456	-	29.194.149	-
CURRENT ASSETS	195.414.001	-	184.503.225	-
ASSETS HELD FOR SALE	1.467.118	-	1.483.839	-
TOTAL ASSETS	384.634.837	-	369.829.588	-
Capital stock	26.208.185	-	26.208.185	-
Legal reserve	4.455.497	-	4.321.310	-
Other capital reserves	71.227.702	-	68.144.867	-
Currency translation reserve	(1.804.801)	-	(2.138.106)	-
Retained earnings	5.747.961	-	3.010.955	-
Net result	3.701.013	-	5.428.982	-
Stockholders' equity of the Group	109.535.557	-	104.976.193	-
<i>Minority interest</i>	<i>1.279.063</i>	<i>-</i>	<i>1.084.685</i>	<i>-</i>
STOCKHOLDERS' EQUITY	110.814.620	-	106.060.878	-
Interest-bearing loans and borrowings	67.903.316	-	72.442.235	-
Employee benefit liabilities	7.776.116	-	7.731.540	-
Deferred tax liabilities	10.927.878	-	10.350.390	-
Provisions	135.858	-	137.137	-
Derivatives	4.014.838	-	4.929.519	-
NON CURRENT LIABILITIES	90.758.006	-	95.590.821	-
Trade payables	80.110.101	-	68.117.926	-
Advance payments	15.354.432	-	13.580.141	-
Other payables	19.084.089	<i>313.324</i>	17.513.397	<i>571.539</i>
Interest-bearing loans and borrowings	52.568.347	-	51.830.029	-
Current tax payables	3.879.510	-	4.707.193	-
Provisions	12.060.117	-	12.429.203	-
Derivatives	5.615	-	-	-
CURRENT LIABILITIES	183.062.211	-	168.177.889	-
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	384.634.837	-	369.829.588	-

CONSOLIDATED INCOME STATEMENT

Values in Euro	30/06/2014	<i>of which related parties</i>	30/06/2013	<i>of which related parties</i>
Net revenues	154.209.605	-	161.945.354	-
Other income	4.373.203	-	2.396.144	-
Change in inventories of finished goods and WIP	17.671.728	-	4.435.735	-
Increases in fixed assets for internal work	5.820.732	-	4.090.135	-
Use of raw materials, consumables, supplies and goods	(81.233.952)	-	(76.903.124)	-
Personnel cost	(46.694.749)	(147.645)	(46.230.532)	(236.737)
Depreciation	(5.536.763)	-	(5.851.983)	-
Impairment	-	-	(69.000)	-
Other operating expenses	(39.318.413)	(492.737)	(38.380.033)	(318.953)
OPERATING PROFIT	9.291.391		5.432.696	
<i>of which: non recurring items</i>	<i>2.556.029</i>		<i>525.899</i>	
Financial income	66.880	-	208.202	-
Financial expenses	(3.539.362)	-	(4.298.582)	-
Net exchange differences	(77.883)	-	(287.837)	-
Net result of investments not fully consolidated	-	-	(475.942)	-
RESULT BEFORE TAXES	5.741.026		578.537	
<i>of which: non recurring items</i>	<i>2.556.029</i>		<i>38.472</i>	
Taxes	(2.226.615)	-	(799.690)	-
NET RESULT	3.514.411		(221.153)	
- <i>Attributable to Group shareholders</i>	<i>3.701.013</i>		<i>(221.153)</i>	
- <i>Attributable to minority shareholders</i>	<i>(186.602)</i>		<i>-</i>	
RESULT PER SHARE - BASIC (in euro)	0,35		(0,03)	
RESULT PER SHARE - DILUTED (in euro)	0,35		(0,03)	

CONSOLIDATED STATEMENT OF CASH FLOWS

VALUES IN EURO	30/06/2014	<i>of which related parties</i>	30/06/2013	<i>of which related parties</i>
Net result	3.514.411	-	(221.153)	-
Adjustments (sub-total)	2.081.141	-	(3.027.901)	-
Depreciation and impairment	5.536.763	-	5.920.983	-
Net change in deferred tax assets and liabilities	229.083	-	(240.344)	-
Change in employee benefits	44.576	-	73.688	-
Change in inventories	(23.075.370)	-	(6.393.045)	-
Change in trade receivables	10.377.288	-	(572.381)	-
Change in trade payables and advances	13.766.466	-	3.053.244	-
Net change in other receivables/payables and other assets/liabilities	(4.797.665)	(258.215)	(4.870.046)	(398.673)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	5.595.552		(3.249.054)	
Cash flow from investments				
Acquisition of tangible fixed assets (*)	(2.534.062)	-	(1.168.694)	-
Acquisition of intangible fixed assets	(243.238)	-	(177.048)	-
Capitalization of development costs	(5.616.708)	-	(3.911.108)	-
Net disposal of fixed assets (*)	45.748	-	102.493	-
Sale price of 10% SUP JV investment	-	-	2.424.212	-
Liquidation of SNK JV investment	-	-	77.780	-
Net result of JV investments	-	-	(11.486)	-
Purchase/capital increase of other investments	(743.669)	-	(214.014)	-
Devaluation of other investments	-	-	487.428	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	(9.091.929)		(2.390.437)	
Cash flow from financing activities				
Change in other financial assets/liabilities and other minor items	(108.805)	-	4.014.200	-
Increases in loans and borrowings (including bank overdrafts)	2.004.811	-	3.924.088	-
Repayment of loans and borrowings (including bank overdrafts)	(5.885.965)	-	(8.808.427)	-
Increases/(repayments) in financial lease liabilities	50.801	-	104.182	-
Capital increase	-	-	105.995	-
Other variations	143.863	-	48.330	-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	(3.795.295)		(611.632)	
CASH FLOWS FROM (USED IN) CHANGE OF MINORITY SHAREHOLDERS (D)	380.979		-	
Net change in cash and equivalents (E=A+B+C+D)	(6.910.693)		(6.251.123)	
Cash and equivalents beginning of period (F)	29.194.149		24.458.666	
Cash and equivalents end of period (G=E+F)	22.283.456		18.207.543	

(*) included tangible fixed assets classified in the assets held for sale