



PRESS RELEASE

ITALIAN STOCK EXCHANGE – STAR SEGMENT

PRIMA INDUSTRIE

**INTERIM REPORT AS AT SEPTEMBER 30, 2010**

**ORDERS, SALES AND PROFITABILITY KEEP INCREASING  
ALSO IN THE THIRD QUARTER 2010**

**ON A QUARTERLY BASIS** (in brackets the growth against the third quarter 2009)

- **ORDERS** at 61.0 M€ (+22%)
- **SALES** at 54.2 M€ (+17%)
- **EBITDA** at 2.5 M€ (negative 0.5 M€ in 2009)

**IN THE NINE MONTHS** (in brackets the growth against the nine months of 2009)

- **ORDERS** at 188.2 M€ (+22%)
- **SALES** at 168.7 M€ (+3%)
- **PRODUCTION VALUE** at 184.4 M€ (+17%)
- **EBITDA** at 4.8 M€ (+6%: 2009 figure strongly influenced by positive non recurring items)

*Collegno (TO), November 11th 2010* – 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 Report as at September 30, 2010.

2010 is confirming itself as a transition year for the capital goods sector, with different trends in the various economies which make up the worldwide reference market.

The recovery trend in some markets, in particular emerging countries, altogether with the cost containment measures undertaken since the end of 2008, allowed the Group to achieve at 30/09/2010 an improvement in terms of both volume and profitability.

**Consolidated revenues** at 30/09/2010 are 168,665 thousand Euros, growing by 4,237 thousand Euros in comparison with the same period of 2009 (164,428 thousand Euros). Such increase took shape mostly during the second and third quarter, after a first quarter, which reflected the weak order acquisition of 2009 and compared with a first quarter of 2009 positive thanks to a backlog acquired before the crisis.

Therefore, on a quarterly basis, revenues for the second and third quarter of 2010 recorded an increase respectively of 29% and 17% compared to the corresponding periods of 2009 as a consequence of the recovery in order intake.

<i>Revenues (€/000)</i>	<i>I Quarter</i>	<i>II Quarter</i>	<i>III Quarter</i>	<i>9 months</i>
Year 2010	48.060	66.452	54.153	<b>168.665</b>
Year 2009	66.675	51.410	46.343	<b>164.428</b>
<b>Change</b>	<b>(18.615)</b>	<b>15.042</b>	<b>7.810</b>	<b>4.237</b>
<b>Change%</b>	<b>-28%</b>	<b>29%</b>	<b>17%</b>	<b>3%</b>

Following is a geographic breakdown of consolidated revenues as at 30/09/2010 compared with the corresponding period of 2009:



Revenues	September 30, 2010		September 30, 2009	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
Italy	38.052	22,6	33.610	20,4
Europe	59.420	35,2	70.814	43,1
North America	31.171	18,5	30.267	18,4
Asia and Rest of the World	40.022	23,7	29.737	18,1
<b>TOTAL</b>	<b>168.665</b>	<b>100,0</b>	<b>164.428</b>	<b>100</b>

Revenues by geographic area show a sales shift from Europe to the emerging markets of Asia and rest of the world (in which the Group turnover reaches almost 25% of the consolidated turnover). Italy recorded a significant improvement also thanks to the so-called Tremonti-ter law effects.

The following table shows the revenues breakdown by business sector:

Revenues	September 30, 2010		September 30, 2009	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
Laser Systems	68.534	40,6	62.124	37,8
Electronics	22.883	13,6	20.291	12,3
Sheet metal machinery	94.421	56,0	92.181	56,1
Inter-sector revenues	(17.173)	(10,2)	(10.168)	(6,2)
<b>TOTAL</b>	<b>168.665</b>	<b>100,0</b>	<b>164.428</b>	<b>100,0</b>

Such analysis highlights that all business sectors recorded an increase in the nine months compared to the corresponding period of 2009. Higher inter sector revenues stand for an increased integration of the Group.

In order to complete the information about revenues in the nine months of 2010, following is a breakdown of revenues (net from inter sector items) by segment and geographic area:

Revenues	Italy	Europe	North America	Asia and Rest of the World	TOTAL
<i>euro thousand</i>					
Laser Systems	13.967	20.710	7.093	16.343	58.113
Electronics	9.720	8.390	774	1.228	20.112
Sheet metal machinery	14.365	30.320	23.304	22.451	90.440
<b>TOTAL</b>	<b>38.052</b>	<b>59.420</b>	<b>31.171</b>	<b>40.022</b>	<b>168.665</b>

As it is clear the Laser system segment realized sales for 36% in Europe, for 24% in Italy and shows a very relevant presence also in Asia and rest of the world (28% of total), where significant results were achieved in China. The Electronics segment is present mostly in Italy and in Europe (in particular Benelux and Spain). The Sheet metal processing machines segment has a relevant weight in Northern Europe, North America, Italy and China.

Group revenues do not include sales by the Chinese JVs (consolidated with the equity method), of about 38 million Euros in the nine months of 2010 (amount almost double than revenues in 2009); in particular we point out that the Shanghai Unity PRIMA JV (held for 35% by the Group) contributed to this result for 35,4 million Euros.

The **Production Value** as at 30/09/2010 is 184,390 thousand Euros, increasing by 17% against the corresponding period of the previous year (increase of 27,401 thousand Euros). The production value, which is higher than revenues (168, 665 thousand Euros), shows the increase in finished products and work in progress stocks, consequence of the improved trend in order intake.

The production value for the period includes also increases for internal work for 4,931 thousand Euros (4,986 thousand Euros in the corresponding period of 2009) which refer mostly to development investments.

\* \* \* \* \*



Performance indicators	September 30, 2010		September 30, 2009	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
EBITDA	4.844	2,9	4.579	2,8
EBIT	(2.677)	(1,6)	(3.055)	(1,9)
EBT	(8.271)	(4,9)	(7.460)	(4,5)
NET RESULT	(8.301)	(4,9)	(7.129)	(4,3)

The Group **EBITDA** as at 30/09/2010 is 4,844 thousand Euros (2.9% on sales), compared to 4,579 thousand Euros (2.8% on sales) as at 30/09/2009.

To this extent we remind that EBITDA in the first nine months of 2009 benefited from significant non recurrent items (mainly related to the EQT transaction).

Elements which have influenced the profitability result from the combined effect of:

- increase in volumes and in sales margins;
- higher fixed costs absorption in a period of production recovery compared to the year 2009;
- reduction of non recurring profits.

As shown by the following table, since the second quarter of the year 2010 the Group returned to a positive operating profitability, also recording an improvement as against the corresponding periods of 2009.

<i>EBITDA (€/000)</i>	<i>I Quarter</i>	<i>II Quarter</i>	<i>III Quarter</i>	<i>9 months</i>
Year 2010	(1.713)	4.071	2.486	<b>4.844</b>
Year 2009	1.852	3.200	(473)	<b>4.579</b>
<b>Change</b>	<b>(3.565)</b>	<b>871</b>	<b>2.959</b>	<b>265</b>

The comparison with the corresponding period of 2009 is even more significant if analyzed net from the non recurring items:

<i>EBITDA norm. (€/000)</i>	<i>I Quarter</i>	<i>II Quarter</i>	<i>III Quarter</i>	<i>9 months</i>
Year 2010	(1.569)	3.267	1.675	<b>3.373</b>
Year 2009	2.615	(2.425)	256	<b>446</b>
<b>Change</b>	<b>(4.184)</b>	<b>5.692</b>	<b>1.419</b>	<b>2.927</b>

Following is an EBITDA breakdown by segment gross from the inter sector items:

EBITDA	September 30, 2010		September 30, 2009	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
Laser Systems	1.394	28,8	1.206	26,3
Electronics	2.883	59,5	1.194	26,1
Sheet metal machinery	1.098	22,7	2.431	53,1
Inter-sector eliminations	(531)	(11,0)	(252)	(5,5)
<b>TOTAL</b>	<b>4.844</b>	<b>100,0</b>	<b>4.579</b>	<b>100,0</b>

Consolidated **EBIT** for the first nine months of 2010 is -2,677 thousand Euros (-3,055 thousand Euros as at 30/09/2009). This result is influenced by amortization of the tangible assets for 2,335 thousand Euros and intangible assets for 4,933 thousand Euros; as for the latter 1,899 thousand Euros relate to the amortization of the definite useful life assets accounted for in the Finn-Power Group business combination (brand and customer list) and 2,219 thousand Euros refer to the amortization of development costs.

The following table shows the EBIT evolution by quarter, compared with the corresponding values in 2009:

<i>EBIT (€/000)</i>	<i>I Quarter</i>	<i>II Quarter</i>	<i>III Quarter</i>	<i>9 months</i>
Year 2010	(4.039)	1.362	-	<b>(2.677)</b>
Year 2009	(441)	838	(3.452)	<b>(3.055)</b>
<b>Change</b>	<b>(3.598)</b>	<b>524</b>	<b>3.452</b>	<b>378</b>

Consolidated **EBT** as at 30/09/2010 is -8,271 thousand Euros (-7,460 thousand Euros as at 30/09/2009); we remind that this amount is affected by net financial charges (including profits and losses over exchange rates) for 6,246 thousand Euros (as against 4,412 thousand Euros as at 30/09/2009, which included non recurring positive items for 2,795 thousand Euros).



We point out in particular financial charges for the loan signed in 2008 for the FINN-POWER Group acquisition (hereafter "FINPOLAR loan") for 3,214 thousand Euros and net financial charges from derivatives (mainly related to the FINPOLAR loan) for 1,772 thousand Euros.

The result from the exchange rate management in the nine months of 2010 is positive 144 thousand Euros (negative 124 thousand Euros as at 30/09/2009) thanks mostly to the strengthening of the US dollar against the Euros, which showed up strongly in the second quarter and then weakened during the third quarter.

The net result from the JVs, relevant to the Group, for the nine months of 2010 is positive 651 thousand Euros (7 thousand Euros as at 30/09/2009). We remind that the 2009 result included non recurring negative items for 411 thousand Euros.

As afore mentioned, the financial and JV management in the first nine months of 2009 was favorably influenced by a non recurring net effect of 2,384 thousand Euros; the main non recurring component referred to the EQT transaction, which caused lower financial charges for 2,795 thousand Euros (related to the cancelling of financial charges accrued on the debt to the vendors for 1,730 thousand Euros and to other indemnified financial charges for 1,065 thousand Euros).

The **NET RESULT** as at 30/09/2010 is -8,301 thousand Euros (-7.129 thousand Euros as at 30/09/2009). Income taxes in the first months of 2010 highlight a net negative amount of 30 thousand Euros.

Also the comparison between the net results of the two periods is deeply influenced by the non recurring items (positive 1,471 thousand Euros in 2010 and positive 6,517 thousand Euros in 2009), so that, net from this effect, the net result improves by 3,874 thousand Euros.

As at 30/09/2010 the Group **net financial position** shows a debt of 145.9 million Euros, to be compared with 150.1 million Euros as at 31/12/2009.

Following is a detail of the net financial position:

Value expressed in Euro thousand	30/09/2010	31/12/2009
CASH & CASH EQUIVALENTS	(11.909)	(15.084)
CURRENT FINANCIAL LIABILITIES	45.718	44.163
NON CURRENT FINANCIAL LIABILITIES	112.127	121.012
<b>NET FINANCIAL LIABILITIES</b>	<b>145.936</b>	<b>150.091</b>

The improvement of the net debt during the nine months refers substantially to the liquidity acquired through the share capital increase, which was used for the reimbursement of the medium-long term loans and for the management of the operating activities.

The Group has also started with the banking system the renegotiations of the FINPOLAR loan (signed at the beginning of 2008 for the Finn-Power Group acquisition), with particular reference to the covenants and to the payment deadlines of the tranches of the loan itself.

**Research and development** activities of the Group during the first nine months of 2010 amounted to 11,122 thousand Euros (6.6 % on revenues). The capitalized share was 4,551 thousand Euros, whilst the expensed to P&L part was 6,571 thousand Euros.

During the first nine months of 2010 the **order acquisition** showed a good trend mostly in Italy (also thanks to the Tremonti-ter law effects), in China and in other emerging countries; as a consequence the order backlog as at 30/09/2010 is 80 million Euros and further increasing to 85.8 million Euros as at 31/10/2010 (it was 77.2 million Euros as at 30/09/2009 and 74.5 million Euros as at 30/06/2010).

Commenting the results presented, Gianfranco Carbonato, Chairman and C.E.O. of Prima Industrie, added: *"The improvement of profitability, still in progress, and the recovery signs from the market, moreover confirmed by the satisfying results of the Euroblech expo at the end of October, make us confident in a further recovering fourth quarter of the year."*

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## **By-laws modification**





The Board of Directors resolved to modify articles 10, 12, 16, 27 and 28 in the Company By-laws, in order to adjust it to the mandatory regulations established by Law decree 27/2010.

The main changes relate to: deadlines for the deposit of the lists for the appointment of the Board of Directors and of the Statutory Auditors committee, new methods for the Shareholders' meetings call and right to participate and vote in the Shareholders' meeting.

Moreover, the reference to the "accounting audit" by the auditing firm included in the previous By-laws has been changed into the reference to the "legal audit", pursuant to Law decree 39/2010.

#### **Approval of the Procedure for the transactions with related parties**

Pursuant to the rules provided by Consob resolution n° 17221, the Board of Directors adopted the new "Procedure for the transactions with related parties" and constituted the "Committee for the transactions with related parties" (whose members are the same as the ones in the Internal Control Committee).

#### **Board assessment on the independence of its members**

Today the Board evaluated the independence requirements possession by its members, confirming as independent directors, in accordance with the Corporate Governance Code promoted by Borsa Italiana S.p.A. (Italian Stock Exchange), Mr Mario Mauri and Mr. Sandro D'Isidoro.

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

*The Interim Report as at September 30, 2010 will be available within the established terms at the Company Registered Offices, Borsa Italiana s.p.a. and on the company website [www.primaindustrie.com](http://www.primaindustrie.com).*

**PRIMA INDUSTRIE S.p.A.**, established in 1977 and listed on the Italian stock market since 1999 (STAR segment), develops, manufactures and markets laser systems for industrial applications and sheet metal fabrication machines. PRIMA INDUSTRIE leads today a Group with about 1,350 employees and manufacturing sites in **Italy** (PRIMA INDUSTRIE S.p.A, PRIMA ELECTRONICS S.p.A, FINN-POWER Italia Srl), **Finland** (FINN-POWER Oy), **USA** (PRIMA North America Inc.) and **China** (Shanghai Unity Prima Ltd.) as well as a direct commercial presence in France, Spain, Germany, UK, Belgium, Poland, Russia, USA, Canada, China and United Arab Emirates.

Prima Industrie Group operations are based on three business segments:

**Laser Machines and Sources**: including design, production and sale of Laser Machines and Laser Sources for cutting, welding and drilling of 3D and 2D components.

2D Laser Machines are used for application in very different industries, while 3D machines are mainly used for the production of components in the automotive, aerospace and energy sectors. Laser Sources, instead, are one of the most highest technological and value-added components of the Laser Machine.

**Machines for sheet metal treatment**: it includes design, production and sale of Machines destined to the Sheet metal treatment using mechanical tools. The Group has a wide range of machines for the cutting and bending of sheet metal: Punching machines, Combined punching/shearing systems, Combined punching/laser cutting systems, Panel Benders and automation systems.

**Industrial Electronics**: including design and manufacturing of both power and control electronics for many Italian and international customers in different vertical markets, such as industrial automation, optronics, transport and energy. The Group also designs and manufactures a complete product line of Numerical Controls, which are also installed on Prima Industrie machines".

With over 30 year years of experience the Group can count on thousands of machines installed in more than 60 countries worldwide and it is among the main worldwide constructors in its own reference market.

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## CONSOLIDATED BALANCE SHEET

Values in Euro	30/09/2010	31/12/2009
Property, plant and equipment	25.344.749	26.446.492
Intangible assets	153.515.934	153.850.327
Investment properties	-	158.000
Investments accounted for using the equity method	5.736.155	4.699.761
Other investments	880.853	880.853
Other non current financial assets	47.000	-
Deferred tax assets	5.852.224	4.916.371
Other non current assets	26.425	18.696
<b>NON CURRENT ASSETS</b>	<b>191.403.340</b>	<b>190.970.500</b>
Inventories	82.156.170	71.807.653
Trade receivables	60.105.726	58.823.172
Other receivables	6.007.073	4.398.680
Current tax receivables	6.549.488	5.984.885
Cash and cash equivalents	11.908.794	15.083.752
<b>CURRENT ASSETS</b>	<b>166.727.251</b>	<b>156.098.142</b>
<b>TOTAL ASSETS</b>	<b>358.130.591</b>	<b>347.068.642</b>
Capital stock	21.600.337	16.000.000
Legal reserve	2.733.635	2.733.635
Other capital reserves	53.230.644	45.185.605
Currency translation reserve	(932.301)	(2.384.892)
Retained earnings	3.443.305	12.138.832
Net result	(8.301.005)	(8.695.527)
<b>Stockholders' equity of the Group</b>	<b>71.774.615</b>	<b>64.977.653</b>
<i>Minority interest</i>	-	-
<b>STOCKHOLDERS' EQUITY</b>	<b>71.774.615</b>	<b>64.977.653</b>
Interest-bearing loans and borrowings	103.096.781	113.495.746
Employee benefit liabilities	6.969.601	7.503.809
Deferred tax liabilities	10.951.174	10.902.912
Provisions	57.667	67.754
Derivatives	9.029.613	7.516.059
<b>NON CURRENT LIABILITIES</b>	<b>130.104.836</b>	<b>139.486.280</b>
Trade payables	60.612.710	51.429.488
Advance payments	25.399.750	19.664.435
Other payables	14.336.571	15.398.252
Interest-bearing loans and borrowings	45.706.030	44.160.205
Current tax payables	2.754.059	2.671.847
Provisions	7.429.688	9.277.398
Derivatives	12.332	3.084
<b>CURRENT LIABILITIES</b>	<b>156.251.140</b>	<b>142.604.709</b>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>	<b>358.130.591</b>	<b>347.068.642</b>



## CONSOLIDATED INCOME STATEMENT

Values in Euro	30/09/2010	30/09/2009
Net revenues	168.665.402	164.428.343
Other income	3.689.446	2.624.743
Change in inventories of finished goods and WIP	7.104.854	(15.049.360)
Increases in fixed assets for internal work	4.930.683	4.985.666
Use of raw materials, consumables, supplies and goods	(86.751.287)	(67.237.083)
Personnel cost	(56.030.914)	(57.565.625)
Depreciation	(7.268.117)	(7.634.233)
Amortization and impairment	(252.798)	-
Other operating expenses	(36.763.987)	(27.607.284)
<b>OPERATING PROFIT</b>	<b>(2.676.718)</b>	<b>(3.054.833)</b>
Financial income	113.043	256.915
Financial expenses	(6.502.703)	(4.544.704)
Net exchange differences	144.061	(124.077)
Net result of investments accounted for using the equity method	650.838	7.155
<b>RESULT BEFORE TAXES</b>	<b>(8.271.479)</b>	<b>(7.459.544)</b>
Income taxes	(29.526)	330.302
<b>NET RESULT</b>	<b>(8.301.005)</b>	<b>(7.129.242)</b>
- <i>Attributable to Group shareholders</i>	(8.301.005)	(7.129.242)
- <i>Attributable to minority shareholders</i>	-	-
<b>RESULT PER SHARE - BASIC (in euro)</b>	<b>(1,01)</b>	<b>(1,11)</b>
<b>RESULT PER SHARE - DILUTED (in euro)</b>	<b>(1,01)</b>	<b>(1,09)</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

VALUES IN EURO	30/09/2010	30/09/2009
<b>Net result</b>	<b>(8.301.005)</b>	<b>(7.129.242)</b>
<b>Adjustments (sub-total)</b>	<b>3.670.752</b>	<b>11.403.452</b>
Depreciation and amortization	7.520.915	7.634.233
Net change in deferred tax assets and liabilities	(887.591)	900.830
Net result of investments accounted for using the equity method	(650.838)	(7.155)
Change in employee benefits	(534.208)	(1.406.077)
Change in inventories	(10.348.517)	23.270.978
Change in trade receivables	(1.282.554)	17.435.138
Change in trade payables	14.918.537	(30.829.267)
Net change in other receivables/payables and other assets/liabilities	(5.064.992)	(5.595.228)
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)</b>	<b>(4.630.253)</b>	<b>4.274.210</b>
<b>Cash flow from investments</b>		
Acquisition of tangible fixed assets	(1.235.347)	(942.199)
Acquisition of intangible fixed assets	(105.141)	(552.499)
Capitalization of development costs	(4.551.342)	(4.471.371)
Disposal/(Purchase) investments accounted for using the equity method	(47.000)	-
Net disposal of fixed assets and investment properties	318.850	640.706
Devaluation of Shenyang investment	-	(410.000)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)</b>	<b>(5.619.980)</b>	<b>(5.735.363)</b>
<b>Cash flow from financing activities</b>		
Change in other non current financial liabilities and other minor items	1.010.767	1.913.663
Increases in loans and borrowings (including bank overdrafts)	10.974.676	25.190.717
Repayment of loans and borrowings (including bank overdrafts)	(19.826.736)	(28.561.783)
Increases/(repayments) in financial lease liabilities	(181.399)	(710.185)
Capital increase	15.212.584	-
Other changes in equity	(114.617)	(1.960.638)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)</b>	<b>7.075.275</b>	<b>(4.128.226)</b>
<b>Net change in cash and equivalents (D=A+B+C)</b>	<b>(3.174.958)</b>	<b>(5.589.379)</b>
<b>Cash and equivalents beginning of period (E)</b>	<b>15.083.752</b>	<b>14.467.456</b>
<b>Cash and equivalents end of period (F=D+E)</b>	<b>11.908.794</b>	<b>8.878.077</b>