

INTERIM REPORT AS AT 31/03/2014
(in brackets results as at 31/03/2013)

**IMPROVING PROFITABILITY NOTWITHSTANDING A DELAY IN REVENUES
 ORDER ACQUISITION AT THE HIGHEST VALUES SINCE EARLY 2008**

- Consolidated REVENUES at 64.5 M€ (-11.5 % against 72.9 M€);
- VALUE OF PRODUCTION at 82.7 M€ (+2.4% against 80.8 M€);
- EBITDA at 4.8 M€ (+4% against 4.6 M€);
- EBIT at 2.0 M€ (+ 18% against 1.7 M€);
- NET RESULT attributable to the Parent Company at -0.6 M€ (against -0.8 M€);
- NET FINANCIAL POSITION at -107.2 M€ (against -131.0 M€ at 31/3/13 and -99.9 at 31/12/13);
- ORDER ACQUISITION at 96.7 M€ (+7% against 90.6 M€).

Collegno (TO), May 12th 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 Report as at March 31st, 2014.

Consolidated revenues at 31/03/2014 amount to 64,467 thousand euro, a decrease of 11,5% (equal to 8.414 thousand euro) compared to the same period of the year 2013.

Following is the consolidated revenues geographical breakdown at 31/03/2014 compared with the same in the previous year:

| Revenues | 31/03/2014 | | 31/03/2013 | |
|--------------|----------------------|--------------|----------------------|--------------|
| | <i>Euro thousand</i> | % | <i>Euro thousand</i> | % |
| EMEA | 36.695 | 56,9 | 44.385 | 60,9 |
| AMERICAS | 15.597 | 24,2 | 13.359 | 18,3 |
| APAC | 12.175 | 18,9 | 15.137 | 20,8 |
| TOTAL | 64.467 | 100,0 | 72.881 | 100,0 |

The breakdown of sales by geography shows growing revenues in the countries of the AMERICAS (+ 2,238 thousand EURO), where the largest share was made in the USA (14.3% of total consolidated revenues and 59.1% of revenues in the AMERICAS). As for the APAC countries significant are sales to China, equal to 10,219 thousand euro (15.9% of consolidated revenues). In the EMEA region strong sales are recorded in Russia (6.6% of consolidated sales) and in Eastern Europe (6.4% of consolidated sales). Sales in Italy accounted for 13.5% of consolidated sales.

Continuing is also the trend, already registered in the last years, which led to sales made outside Europe (52.8%) to exceed those in Europe, including Italy (47.2%).

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

| Revenues | 31/03/2014 | | 31/03/2013 | |
|-----------------------|----------------------|--------------|----------------------|--------------|
| | <i>Euro thousand</i> | % | <i>Euro thousand</i> | % |
| PRIMA POWER | 55.114 | 85,5 | 60.833 | 83,5 |
| PRIMA ELECTRO | 12.625 | 19,6 | 15.888 | 21,8 |
| Inter-sector revenues | (3.272) | (5,1) | (3.840) | (5,3) |
| TOTAL | 64.467 | 100,0 | 72.881 | 100,0 |

PRIMA POWER division revenues are down 9.4% compared to the same period last year due to the low backlog at the beginning of the year (due to an acceleration of sales in the last quarter of 2013) and to a shift in the machines delivery process due to contingent reasons, among which the delay in get financing for the customers; revenues of PRIMA ELECTRO division, instead, were down 20.5% compared to the same period last year, mainly due to some DOTS products for which it is being finalized a phase-out/phase-in, that was started in the year 2013.

The value of production at 31/03/2014 amounted to 82,728 thousand euro, an increase of 2.4% compared to the same period in 2013 (an increase of 1,961 thousand euro).

The value of production for the period includes increases for internal work for 2,971 thousand euro (1,925 thousand euro at 31/03/2013); these costs relate mainly to investments in development activities.

| Performance indicators | 31/03/14 | | 31/03/13 | |
|---|----------------------|------------|----------------------|------------|
| | <i>Euro thousand</i> | % on sales | <i>Euro thousand</i> | % on sales |
| EBITDA | 4.800 | 7,4 | 4.642 | 6,4 |
| EBIT | 2.047 | 3,2 | 1.682 | 2,3 |
| EBT | 346 | 0,5 | (692) | (0,9) |
| NET RESULT | (684) | (1,1) | (803) | (1,1) |
| NET RESULT ATTRIBUTABLE TO GROUP SHAREHOLDERS | (632) | (1,0) | (803) | (1,1) |

The Group's EBITDA amounted to 4,800 thousand euro (7.4% of sales); compared to the first quarter of 2013 there was an improvement both in terms of percentage (1% increase) and in absolute terms (+158 thousand euro).

Below is the EBITDA of the Group as at 31/03/2014 and 31/03/2013, broken down by segment (before inter-sector items):

| EBITDA | 31/03/14 | | 31/03/13 | |
|-------------------------------------|----------------------|--------------|----------------------|--------------|
| | <i>Euro thousand</i> | % | <i>Euro thousand</i> | % |
| PRIMA POWER | 3.709 | 77,3 | 2.270 | 48,9 |
| PRIMA ELECTRO | 1.059 | 22,1 | 2.643 | 56,9 |
| Inter sector items and eliminations | 32 | 0,6 | (271) | (5,8) |
| TOTAL | 4.800 | 100,0 | 4.642 | 100,0 |

Consolidated EBIT at 31/03/2014 amounted to 2,047 thousand euro, which is also on the rise, both in percentage (+0.9%) and absolute terms (+365 thousand euro compared to the first quarter of 2013).

This result is affected by depreciation of intangible assets for 2,085 thousand euro and of tangible fixed assets for 667 thousand euro. With regard to the amortization of intangible assets, the main relate to the amortization of development costs (1,199 thousand euro) and to the amortization related to assets with a defined useful life recognized in the FINN-POWER business combination -brand and customer list- (763 thousand euro).

Consolidated EBT at 31/03/2014 amounted to 346 thousand euro, an improvement of 1,038 thousand euro compared to the same period last year (-692 thousand euro); this value reflects net charges arising from financial management (including profits and losses on exchange rates) for 1,701 thousand euro (at 31/03/2013 they amounted to 2,373 thousand euro).

The **NET INCOME** attributable to the Parent Company at 31/03/2014 is negative and is equal to 632 thousand euro (-803 thousand euro at 31/03/2013). Income taxes for the first three months of 2014 show a net loss of 1,030 thousand euro, of which 330 thousand euro for IRAP. It should be noted that the tax burden in 2013 was positively affected by a tax credit equal to 1,048 thousand euro following the submission of claims for reimbursement of IRES (IRAP deduction for IRES purposes for the years 2007-2011).

At 31/03/2014 the **net financial position** of the Group shows a net debt of 107,232 thousand euro, an improvement of 23,806 thousand euro compared to the corresponding period of the previous year (net debt in fact amounted to 131,038 thousand euro to 31/03/2013).

The decrease of 7,271 thousand euro compared to 31/12/2013, instead, is due to the absorption of financial resources required for the management of operations and the need for working capital to cope with the increase in production volumes in the quarters thereafter.

Below is the breakdown of the net financial position:

| Value expressed in Euro thousand | 31/03/14 | 31/12/13 | 31/03/13 |
|-----------------------------------|----------------|---------------|----------------|
| CASH & CASH EQUIVALENTS | (18.396) | (29.194) | (18.515) |
| CURRENT FINANCIAL RECEIVABLES | (3) | (47) | (450) |
| CURRENT FINANCIAL LIABILITIES | 53.522 | 51.830 | 57.052 |
| NON CURRENT FINANCIAL LIABILITIES | 72.109 | 77.372 | 92.951 |
| NET FINANCIAL LIABILITIES | 107.232 | 99.961 | 131.038 |

Please note that the net financial position includes:

- the FINPOLAR loan which totals 99,544 thousand euro and is subject to compliance with several covenants measured on an annual and half-yearly basis;
- payables to leasing companies (almost exclusively for real estate) which amounted to 2,883 thousand euro;
- bank debts which include the negative fair value of certain IRS for 4,056 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, finally, 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.

During the first quarter of 2014, the **order intake** of the Group (inclusive of after-sale service) amounted to 96.7 million euro (+6.7% compared to 90.6 million euro at 31/03/2013). Orders received by PRIMA POWER segment amounted to 84.1 million euro, the ones relating to PRIMA ELECTRO, only from customers outside the Group, amounted to 12.6 million euro.

The consolidated **order backlog** (not including the after-sale service) at 31/03/2014 rose to 105.8 million euro (compared to 104.6 million euro at 31/03/2013 and 75.2 million euro to 31/12/2013).

The backlog includes 93.5 million euro relating to PRIMA POWER segment and 12.3 million euro relating to PRIMA ELECTRO.

After 31/03/2014 the trend in orders has positively continued and at 30/04/2014, the order backlog rose to 111.1 million euro.

Research and development activities carried out by the Group during the first quarter of 2014 were a total of 5,069 thousand euro, or 7.9% of sales.

The capitalized portion amounted to 2,872 thousand euro.

Gianfranco Carbonato, Chairman of the Group, declared: *"The temporary delay in revenues, which is, for a good portion, recovered in April, is not for us a source of concern, given also the positive trend in orders. We acknowledge with satisfaction, on the other hand, the improvement in the first three months*

of the year of the gross operating profitability and we expect that this increase may also characterize the remainder of the 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 on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records".

The document with the Interim Report as at 31/03/2014 shall be filed and made available at the Company registered offices and on the internet site www.primaindustrie.com. 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 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 about 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 | 31/03/2014 | 31/12/2013 |
|---|--------------------|--------------------|
| Property, plant and equipment | 24.676.558 | 24.200.931 |
| Intangible assets | 152.421.741 | 151.571.901 |
| Other investments | 288.735 | 288.735 |
| Non current financial assets | 555.300 | 113.000 |
| Deferred tax assets | 8.012.757 | 7.647.333 |
| Other non current assets | 20.624 | 20.624 |
| NON CURRENT ASSETS | 185.975.715 | 183.842.524 |
| Inventories | 84.433.048 | 66.214.465 |
| Trade receivables | 73.508.571 | 78.833.076 |
| Other receivables | 7.767.320 | 5.909.406 |
| Current tax receivables | 7.033.669 | 4.305.160 |
| Derivatives | 3.198 | 46.969 |
| Cash and cash equivalents | 18.396.213 | 29.194.149 |
| CURRENT ASSETS | 191.142.019 | 184.503.225 |
| ASSETS HELD FOR SALE | 1.453.482 | 1.483.839 |
| TOTAL ASSETS | 378.571.216 | 369.829.588 |
| Capital stock | 26.208.185 | 26.208.185 |
| Legal reserve | 4.321.310 | 4.321.310 |
| Other capital reserves | 68.322.797 | 68.144.867 |
| Currency translation reserve | (2.281.249) | (2.138.106) |
| Retained earnings | 8.431.703 | 3.010.955 |
| Net result | (632.137) | 5.428.982 |
| Stockholders' equity of the Group | 104.370.609 | 104.976.193 |
| <i>Minority interest</i> | <i>1.397.038</i> | <i>1.084.685</i> |
| STOCKHOLDERS' EQUITY | 105.767.647 | 106.060.878 |
| Interest-bearing loans and borrowings | 68.053.456 | 72.442.235 |
| Employee benefit liabilities | 7.800.522 | 7.731.540 |
| Deferred tax liabilities | 11.198.389 | 10.350.390 |
| Provisions | 135.858 | 137.137 |
| Derivatives | 4.056.231 | 4.929.519 |
| NON CURRENT LIABILITIES | 91.244.456 | 95.590.821 |
| Trade payables | 70.453.819 | 68.117.926 |
| Advance payments | 21.204.732 | 13.580.141 |
| Other payables | 21.140.111 | 17.513.397 |
| Interest-bearing loans and borrowings | 53.521.279 | 51.830.029 |
| Current tax payables | 4.068.987 | 4.707.193 |
| Provisions | 11.170.185 | 12.429.203 |
| CURRENT LIABILITIES | 181.559.113 | 168.177.889 |
| TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES | 378.571.216 | 369.829.588 |

CONSOLIDATED INCOME STATEMENT

| Values in Euro | 31/03/2014 | 31/03/2013 |
|---|------------------|------------------|
| Net revenues | 64.466.561 | 72.880.537 |
| Other income | 1.982.385 | 803.127 |
| Change in inventories of finished goods and WIP | 13.308.183 | 5.159.273 |
| Increases in fixed assets for internal work | 2.971.312 | 1.925.001 |
| Use of raw materials, consumables, supplies and goods | (37.283.726) | (35.830.104) |
| Personnel cost | (23.319.062) | (22.919.350) |
| Depreciation | (2.752.553) | (2.960.003) |
| Impairment | - | - |
| Other operating expenses | (17.325.962) | (17.376.845) |
| OPERATING PROFIT | 2.047.138 | 1.681.636 |
| Financial income | 27.532 | 155.100 |
| Financial expenses | (1.855.009) | (2.465.416) |
| Net exchange differences | 126.302 | (62.892) |
| Net result of investments not fully consolidated | - | (666) |
| RESULT BEFORE TAXES | 345.963 | (692.238) |
| Taxes | (1.029.950) | (110.519) |
| NET RESULT | (683.987) | (802.757) |
| - <i>Attributable to Group shareholders</i> | <i>(632.137)</i> | <i>(802.757)</i> |
| - <i>Attributable to minority shareholders</i> | <i>(51.850)</i> | - |
| RESULT PER SHARE - BASIC (in euro) | (0,06) | (0,09) |
| RESULT PER SHARE - DILUTED (in euro) | (0,06) | (0,09) |

CONSOLIDATED STATEMENT OF CASH FLOWS

| VALUES IN EURO | 31/03/2014 | 31/03/2013 |
|---|---------------------|--------------------|
| Net result | (683.987) | (802.757) |
| Adjustments (sub-total) | (2.487.696) | (2.588.460) |
| Depreciation and impairment | 2.752.553 | 2.960.003 |
| Net change in deferred tax assets and liabilities | 482.575 | 239.564 |
| Change in employee benefits | 68.982 | (30.505) |
| Change in inventories | (18.218.583) | (8.101.294) |
| Change in trade receivables | 5.324.505 | 4.501.574 |
| Change in trade payables and advances | 9.960.484 | 478.117 |
| Net change in other receivables/payables and other assets/liabilities | (2.858.212) | (2.635.919) |
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A) | (3.171.683) | (3.391.217) |
| Cash flow from investments | | |
| Acquisition of tangible fixed assets (*) | (1.220.743) | (577.988) |
| Acquisition of intangible fixed assets | (67.593) | (66.201) |
| Capitalization of development costs | (2.871.621) | (1.824.205) |
| Net disposal of fixed assets (*) | 45.674 | 95.314 |
| Net result SNK investments | - | 666 |
| Purchase/capital increase of other investments | - | (10.925) |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B) | (4.114.283) | (2.383.339) |
| Cash flow from financing activities | | |
| Change in other financial assets/liabilities and other minor items | (844.238) | 3.931.231 |
| Increases in loans and borrowings (including bank overdrafts) | 1.516.467 | 227.620 |
| Repayment of loans and borrowings (including bank overdrafts) | (4.323.890) | (5.148.827) |
| Increases/(repayments) in financial lease liabilities | 113.037 | (3.161) |
| Capital increase | - | 10.769 |
| Other variations | (151.377) | 812.796 |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C) | (3.690.001) | (169.572) |
| CASH FLOWS FROM (USED IN) CHANGE OF MINORITY SHAREHOLDERS (D) | 364.203 | - |
| Net change in cash and equivalents (E=A+B+C+D) | (10.611.764) | (5.944.128) |
| Cash and equivalents beginning of period (F) | 29.194.149 | 24.458.666 |
| Cash and equivalents end of period (G=E+F) | 18.396.213 | 18.514.538 |

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