



PRIMA
INDUSTRIE



BANCA IMI

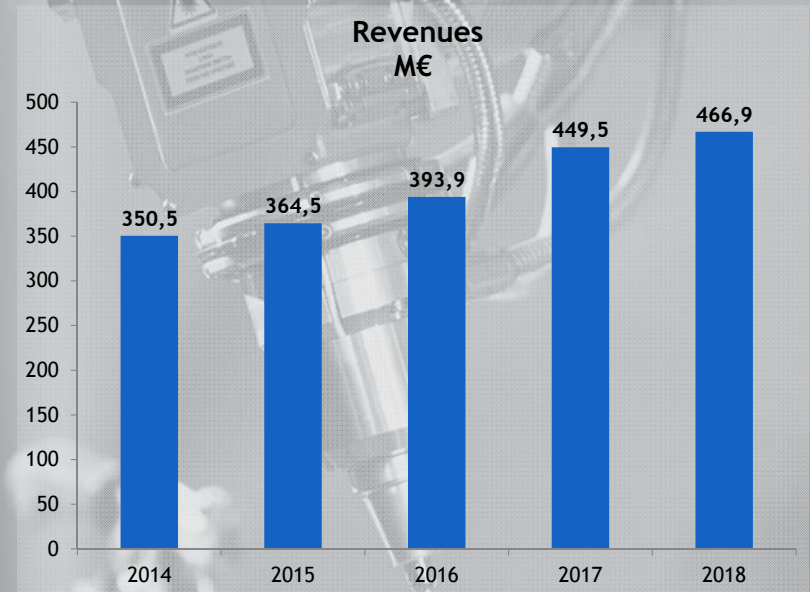
ISMO PARIS - January 30th, 2020



- ▶ INCORPORATED IN 1977
- ▶ LISTED IN 1999 (20 YEARS)
- ▶ 8 PLANTS IN ITALY, FINLAND, USA, CHINA
- ▶ SUBS & BRANCH OFFICES IN ADDITIONAL 25+ COUNTRIES
- ▶ 5%+ INVESTMENT IN R&D
- ▶ 1800 PEOPLE
- ▶ 13,000+ MACHINES IN 80+ COUNTRIES

2018 RESULTS

467 M€ SALES
24 M€ NET PROFIT

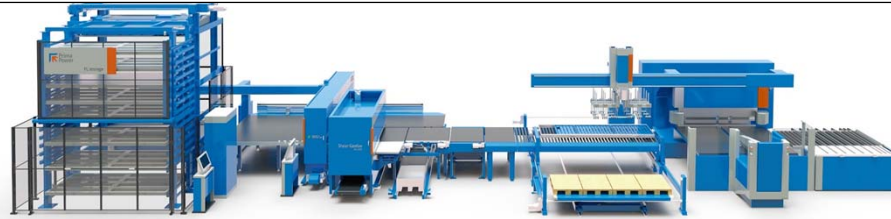


CAGR 2014 - 2018
7,5%

LASER MACHINES



SHEET METAL PROCESSING MACHINES & SYSTEMS



ELECTRONICS & LASER SOURCES



SERVICES

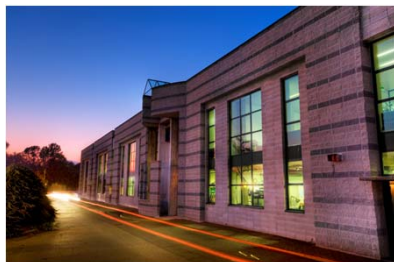


ADDITIVE MANUFACTURING





2D - 3D Laser
Collegno (ITALY)



Laser -Electronic systems -
Barone C.se (ITALY)



Electronics -
Moncalieri (ITALY)



Panel Benders - Press brakes
Cologna V.ta (ITALY)



Punching - Combi - Systems - Seinajoki (FINLAND)



WW HQ & TECH CENTER - Turin (ITALY)



Sales & service - Munich (GERMANY)



CHINA HQ - Suzhou



US HQ - Chicago



Laserdyne - Minneapolis (USA)



Convergent Lasers - Chicopee (USA)

DIRECT PRESENCE IN 25+ COUNTRIES

- CANADA
- U.S.A.
- MEXICO
- BRAZIL

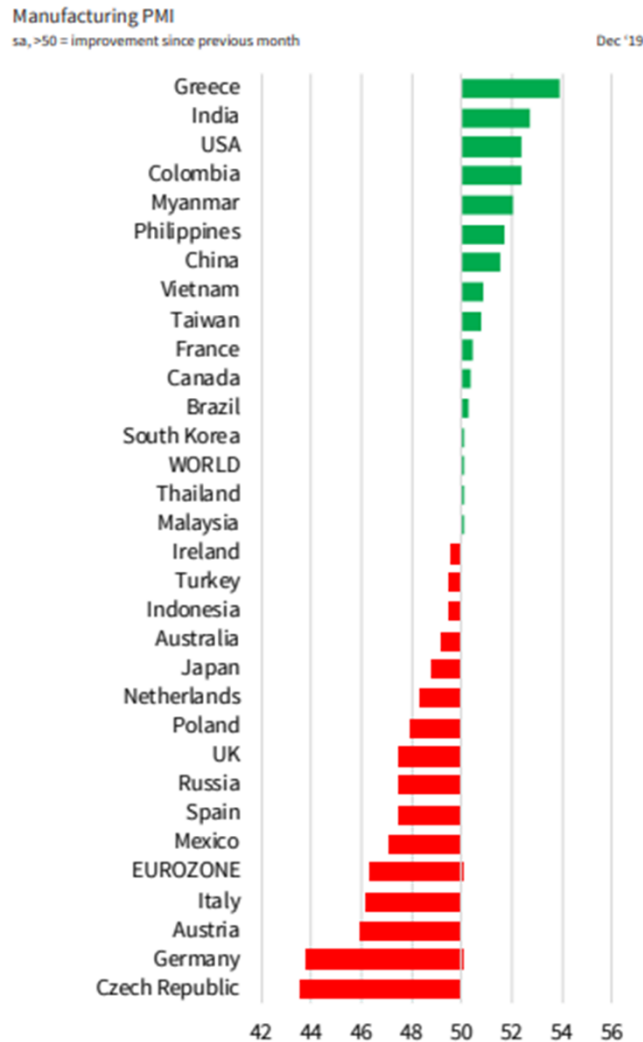
- ITALY
- FRANCE
- BELGIUM/
HOLLAND
- GERMANY
- SWITZERLAND
- AUSTRIA
- UK
- SPAIN
- PORTUGAL
- FINLAND
- DENMARK

- POLAND
- CZECH REP.
- HUNGARY
- LITHUANIA
- ESTONIA
- RUSSIA
- TURKEY
- U.A.E.

- INDIA
- CHINA
- S. KOREA
- MALAYSIA
- AUSTRALIA

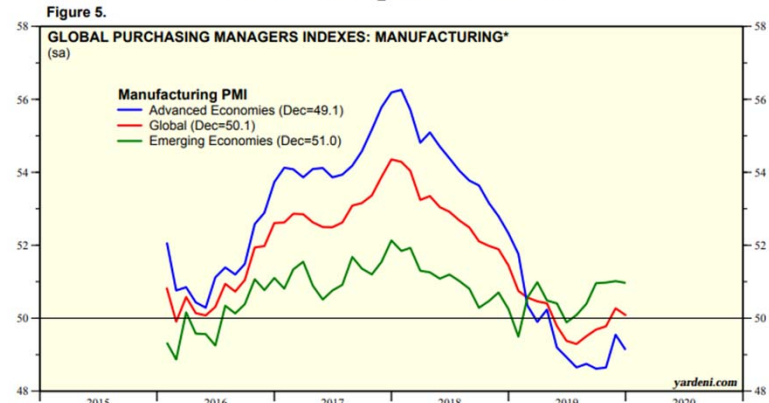
PRESENT
IN OVER 80
COUNTRIES
WORLDWIDE

GLOBAL PMI INDEX DEC. 19 (improvement since previous month)



Sources: J.P.Morgan, IHS Markit, Commonwealth Bank, Unicredit Bank Austria, Caixin, Davivienda, BME, HPI, AIB, Jibun Bank, NEVI, AERCE, Istanbul Chamber of Industry, CIPS.

Global Composite Indexes

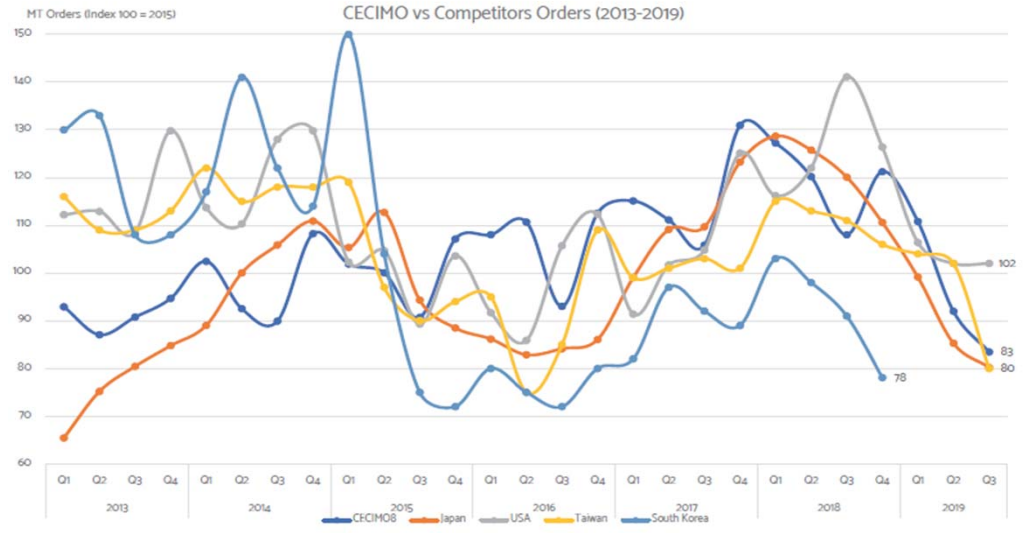
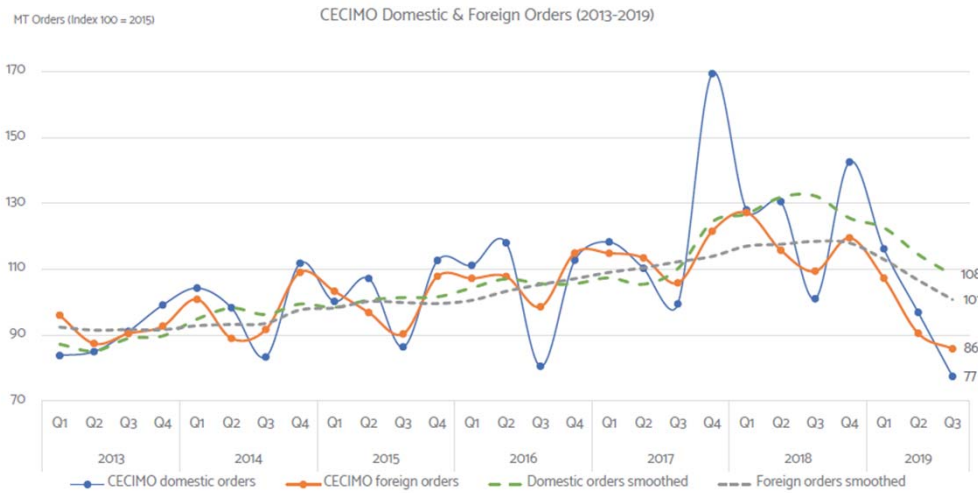


* An index above 50 indicates an increase in manufacturing activity. An index below 50 indicates a decrease in manufacturing activity. Source: Markit and Haver Analytics.

16/1/2020

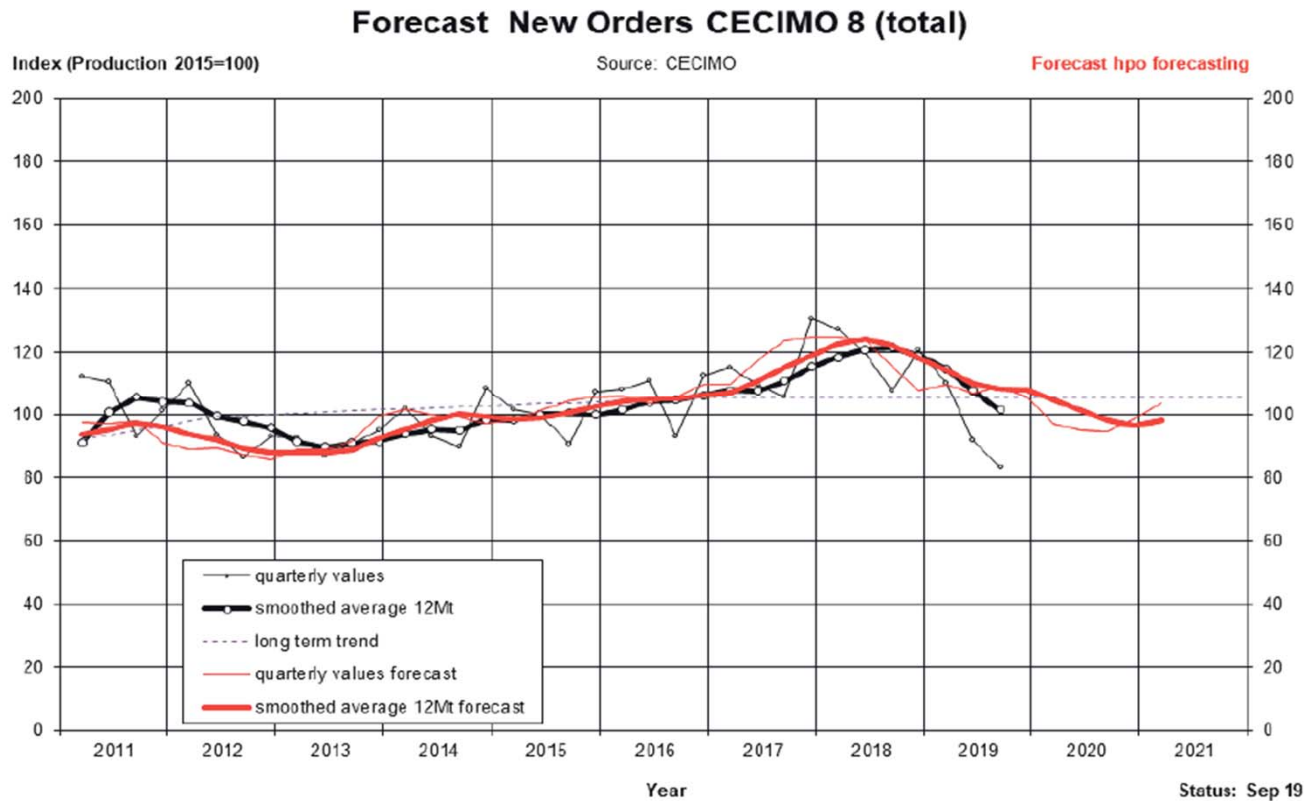
National PMI data signaled expansions in 14 nations. The top-three ranked countries were Greece, India and the USA. The main drag on global manufacturing remained the euro area, which saw output fall for the eleventh successive month. This mainly reflected the ongoing steep contraction in Germany, that also impacted on neighboring countries such as Austria and the Czech Republic. Among the largest industrial nations covered, China, South Korea and Brazil expanded whereas Japan, the UK and Italy contracted.

UCIMU ORDERS 3Q2019 DOWN 18,6% YoY
VDW ORDERS 3Q19 DOWN 15% YOY
CECIMO ORDERS 3Q2019 DOWN 23% YoY



CECIMO MEMBERS ARE MACHINE TOOLS ASSOCIATIONS FROM ITALY (UCIMU), SWITZERLAND, GERMANY, (VDW) FRANCE, SPAIN, PORTUGAL, UK, BELGIUM, THE NETHERLANDS, DENMARK, SWEDEN, FINLAND, AUSTRIA, CZECHIA, TURKEY

Forecast Order Intake (18 months) with HP-filter CECIMO 8 NEW ORDERS



Comment:

It is likely that the reduction in order intake will slow down and start to recover towards the end of 2020.

Since 2008, the global automotive industry has benefited from the strong growth in automobile sales in China, while the automotive markets in the USA, Europe, and Japan have long been saturated. However, China's automobile sales have declined since 2018. China appears to have reached saturation point.

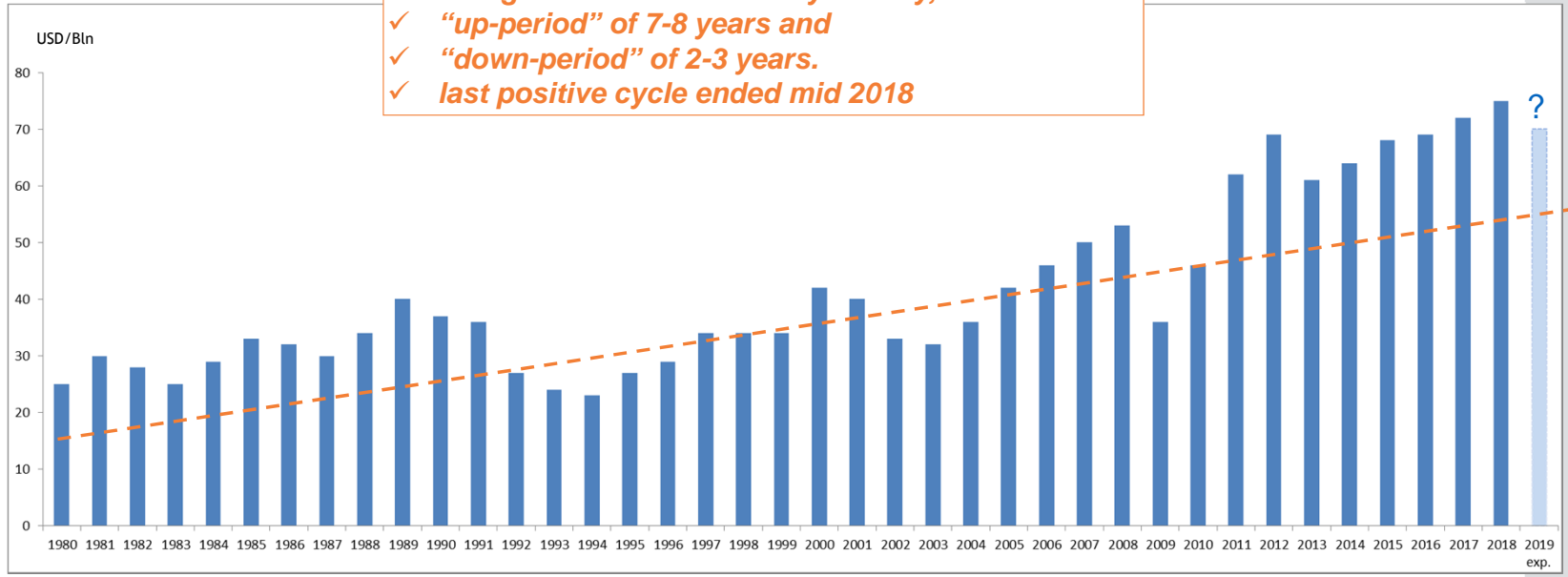
- Vehicle sales in the USA, Europe, and China will continue to decline in 2020, which is likely to be even more accentuated than in 2019.

The thick curve is calculated with a Hodrick-Prescott (HP) Filter, which smoothens the trend of the quarterly values.

Machine tool world market

Secular growth with relevant cyclicality, with:

- ✓ “up-period” of 7-8 years and
- ✓ “down-period” of 2-3 years.
- ✓ last positive cycle ended mid 2018



Estimate

1979 second oil crisis



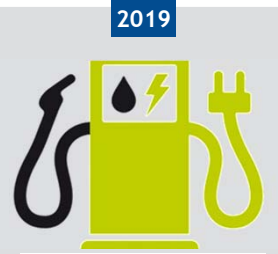
1992 first Gulf war



2001 September 11



2008 subprime financial crisis



Automotive revolution



US - China trade war



Brexit

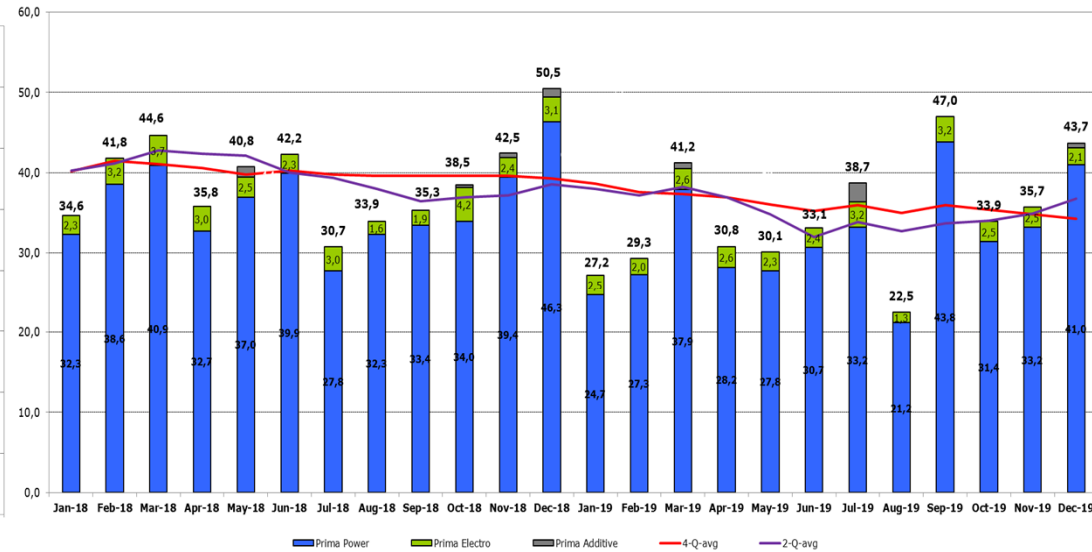
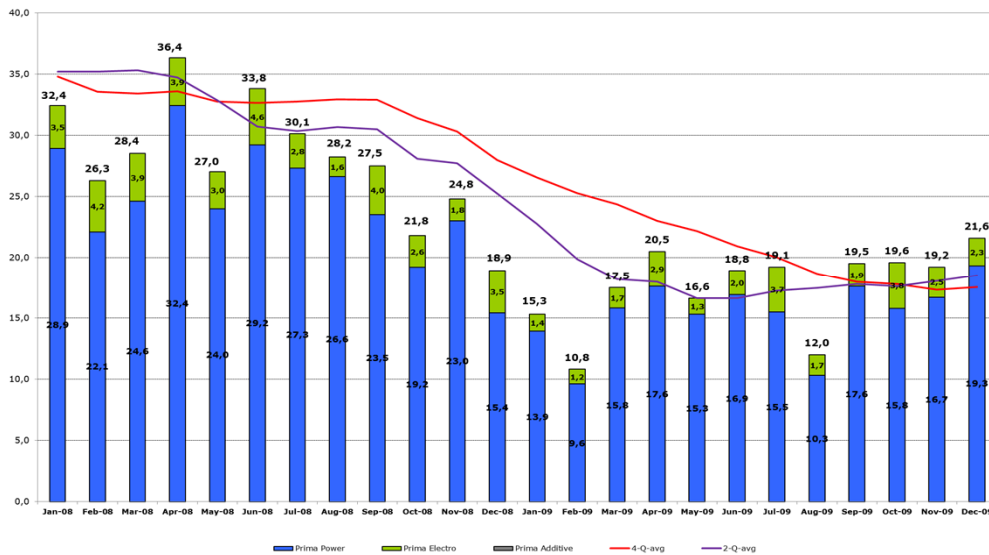


Germany slow down

PRIMA INDUSTRIE GROUP ORDER INTAKE

JAN 08-DEC 09: - 50% *

JAN 18-DEC 19: - 15% *



*: calculated on the 4Q avg

*: calculated on the 4Q avg



The chart shows, as from mid 2018, the beginning of a downturn of our market which is not currently as hard and sharp as the global crisis of 2008-09

NEW GUIDANCE FOR FY2019 ISSUED ON JULY 31TH, 2019

- **SALES EXPECTED IN THE RANGE OF € 420-440 million** (\approx 5% to 10% down from 2018, also thanks to high backlog and good performance of after sale revenues)
- **EBITDA MARGIN OF \approx 9%** (thanks to important structural reorganization and costs reduction actions that will bring structural benefits to the future profitability of the Group).
- **NET FINANCIAL POSITION: IMPROVEMENT** (compared to June 30, 2019), thanks to NWC optimization.

“At the expiration of the current three-year plan and after the international exhibitions scheduled in the autumn, the 2020-2022 three-year plan will be prepared and the main guidelines of it will be disclosed to the market. We remain strongly positive on the medium-term prospects thanks to the technological content of the products, the strengthened international presence and the quality and expertise of the human resources characterizing our Group”.

ANALYSTS' CONSENSUS

	2019				2020				2021			
	B. IMI	Mediobanca	B. Akros	Consensus	B. IMI	Mediobanca	B. Akros	Alantra	B. IMI	Mediobanca	B. Akros	Consensus
	18,6	18,0	16,0		18,6	18,0	16,0	15,0	18,6	18,0	16,0	
	ADD	NEUTRAL	NEUTRAL		ADD	NEUTRAL	NEUTRAL	HOLD	ADD	NEUTRAL	NEUTRAL	
REVENUES	430	434,7	434	432,9	430	441,7	436	435	442,9	450	445	446,0
EBITDA	37,5	40,1	39	39,3	40,85	43,2	42	42,6	44,29	47	48,7	46,3
EBIT	13,5	16,9	16	16,2	16,85	20,4	19	21,3	20,29	24	25,9	23,6
NET RESULT	5,05	7,7	7	7,1	9,47	10,7	9	10,7	12,16	14	14,3	13,3
NFP	-116,2	-114	-99	-109,9	-111,7	-96,1	-87	-102,4	-105,5	-86	-70	-89,1

AUTOMOTIVE SECTOR IS STRUGGLING

- The automotive industry is facing major challenges around the world, like electrification, autonomous drive and new ownership business models.
- For the first time in twenty years, sales in the automotive industry in **China** are **declining**.
- Vehicle sales in the USA, Europe, and China will continue to decline in 2020, which is likely to be even more accentuated than in 2019
- These challenges are absorbing huge amounts of cash with a negative impact on other industrial investments



- LaserNext: 3D laser machine family, world leader for hot stamping.

HOT STAMPING MARKET

- 3D laser cutting of hot stamped parts is the main application of Prima 3D laser machines.
- Forecast growth of the hot stamping market is 11%.
- Electrification will increase the need for light and resistant materials

Total BIW hot stamping revenues by region¹⁾, 2015-25 [EUR bn; %]

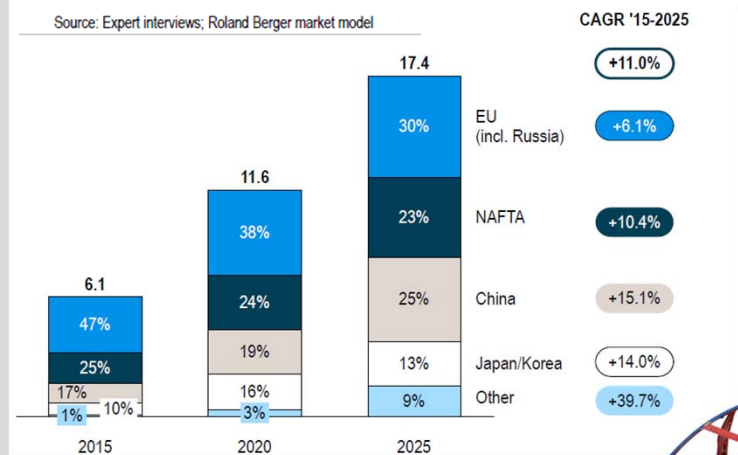


Figure 5 (Front components, exploded view of Shotgun)



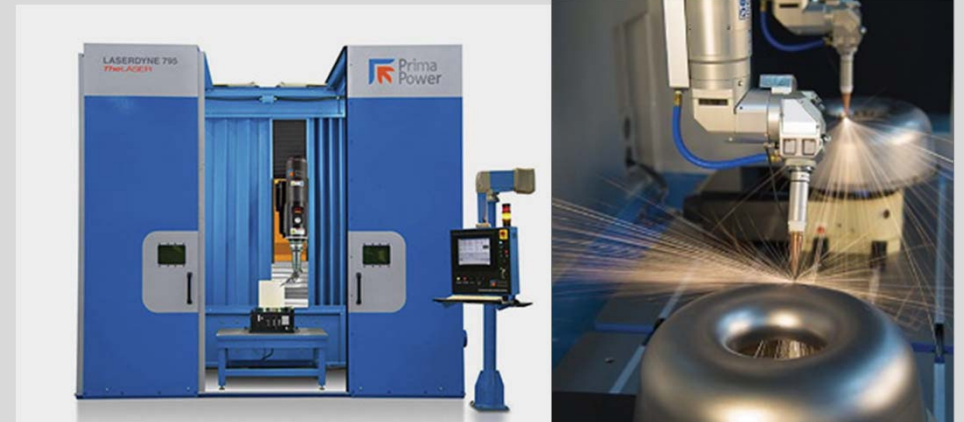
AEROSPACE IS GROWING

The industry is expected to continue its growth trajectory in 2019, led by

- growing commercial aircraft production and strong defense spending. In the commercial aerospace sector, aircraft order backlog remains at an all-time high as **demand for next-generation, fuel-efficient aircraft continues to surge** with the rise in oil prices.
[Source: Deloitte 2019 global aerospace and defense industry outlook]
- Booming space economy (nanosatellites, new orbital launch systems, new programs for space exploration and tourism); large private corporations, besides national state programs, are entering the market.
- The global aircraft engines market was valued US\$ 63.12 Bn in 2017 and is expected to reach US\$ 109.85 Bn by 2026 at a **CAGR of 7.17 %** during the forecast period

[Maximum Market Research Report: Global Aircraft Engines Market - Industry Analysis and Forecast (2018-2026) - June 2019]

PRIMA APPLICATIONS FOR AEROSPACE



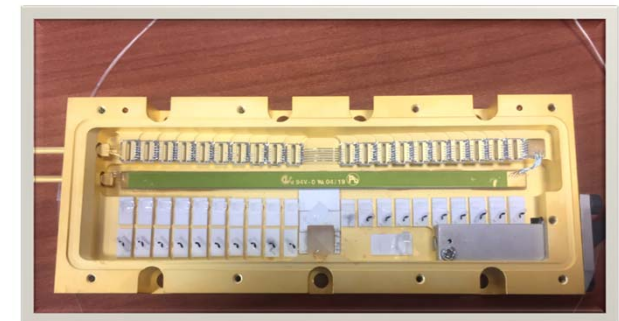
- Prima Power Laserdyne systems: world leaders for aerospace applications.

AEROSPACE Order Intake Sep. 30, 2019: **+24% YoY**

FIBER LASER TECHNOLOGY

- A quick change of the global scenario took place in the last few months: the entry of new Chinese fiber laser manufacturers caused an aggressive and unexpected fiber laser price decrease both in Europe and mostly in China

- ✓ **Strategy:** the introduction of the new pumping units and higher power modules in 2020 shall allow Prima a 30% cost reduction and an important gain of competitiveness.



ADDITIVE MANUFACTURING

- Since several years Prima Industrie is investing in Additive Manufacturing (AM) technologies, **leveraging on internal know-how on fiber laser.**
- Prima Industrie is one of the few competitors investing in this technology which is expected to **further boom in the next years.**
- In 2019 AM contribution to Prima Group revenues will still be marginal (approx. 2%) but expected to **substantially grow** in the next years.
- Prima Additive division (PA) has been established in 2018 and a **new dedicated building** has been completed in 2019.
- PA is active on both main AM technologies (**Powder Bed Fusion and Direct Energy Deposition**).
- PA will exhibit for the first time at **Formnext 2019** in November in Frankfurt (main AM world exhibition).
- A **set of new products** will be introduced to the market in 2H19 and 1H20.



Circular Economy

The Prima Additive approach is inspired by the Circular Economy vision as the strategic mean to fully exploit the value of Additive.



Less material used

compared to traditional manufacturing methods



Design strategies

for extending product lifecycle



Possibility to repair parts

to return a used product to its original performance



Possibility to add custom parts to existing pieces

to add further value without producing new parts



Recycling

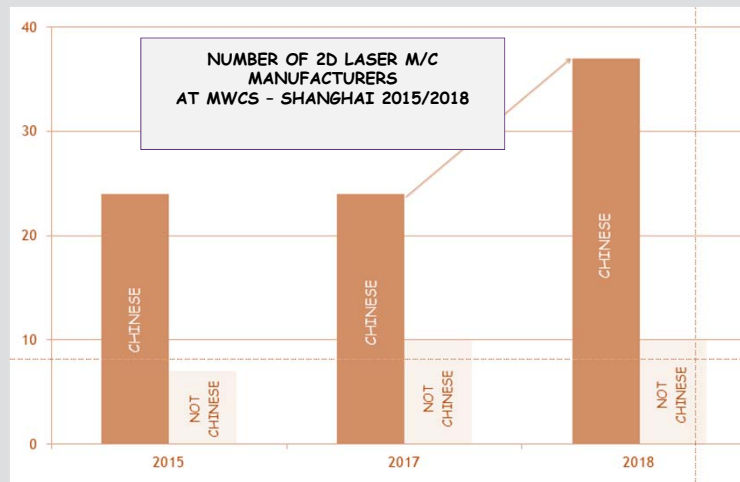
of powders to close the material loop



In a circular economy, the value of products and materials is maintained for as long as possible. Waste and resource use are minimized, and when a product reaches the end of its life, it is used again to create further value. This can bring major economic benefits.

THE CHINA CHALLENGE

- ✓ 2D laser cutting stand alone machines are becoming a commodity in China; the number of competitors present at the Chinese MWCS Expo in Shanghai has considerably increased from 2017 to 2018.

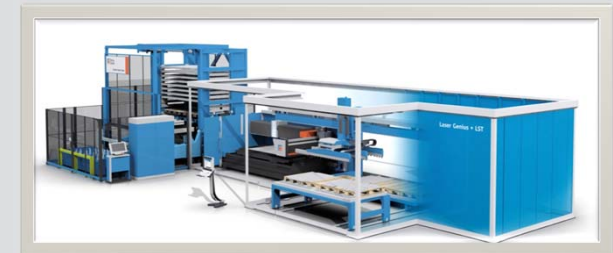


- ✓ High level Chinese manufactures have also started competition on 3D laser cutting machines

PRIMA STRATEGY

Strategy: Prima can count on its wide and high tech product range and will focus in particular on:

- the **best available 3D** machine on the market
- **2D top of the range** laser machines **integrated within automatic cells**
- cooperation with **Lead Laser** for mid range products



GROUP REORGANIZATION & COST SAVING INITIATIVES

ACTION	DESCRIPTION
ONE COUNTRY - ONE COMPANY CONCEPT	Significant cost savings and tax optimization in Italy and USA
HUB CONCEPT FOR EU SUBSIDIARIES	Reduction of the number of legal entities and leaner branch offices structure (done in Belgium, Denmark and Baltics. To be extended to other countries)
DEMO ROOM RATIONALIZATION IN EUROPE	2 main spots in Italy and Finland In other countries short dedicated events
PRODUCT COST REDUCTION ACTIONS	Reduce cost of products and gain competitiveness
INVESTMENT ON PLANTS FOR A HIGHER EFFICIENCY	New plants in Finland (completed) and Italy (in progress) with the aim of improving operational efficiencies
G&A - S&M COST SAVING INITIATIVES	Several initiatives in progress
R&D FOCUS ON FEW SIGNIFICANT PROJECTS	Fiber laser, Additive Manufacturing, new mid range laser products etc.

Next 2020-2022 plan will be developed targeting a sustainable double digit EBIT margin

BACK UP INFORMATION

Connecting global innovation.



REVENUES 2009-2018 €/mio



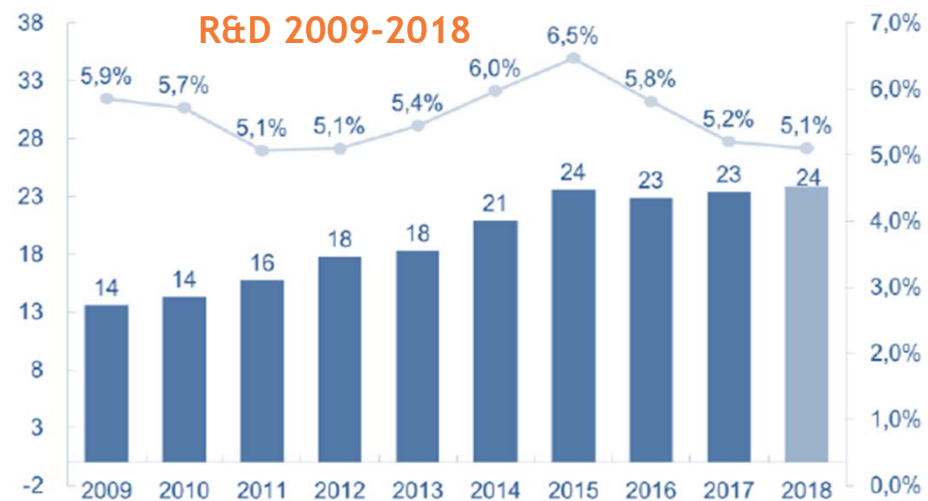
EBITDA 2009-2018 €/mio

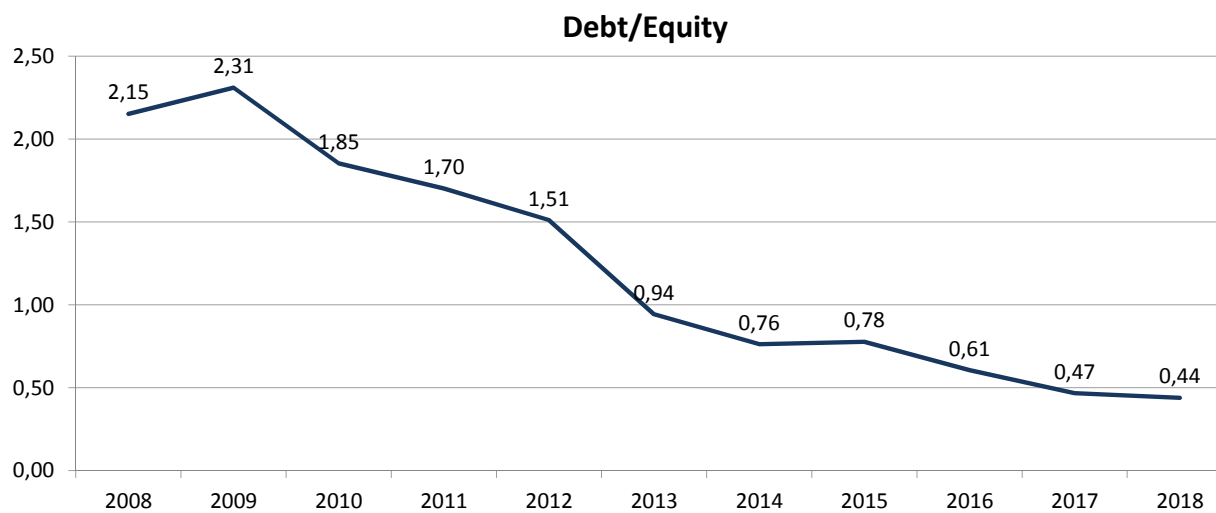
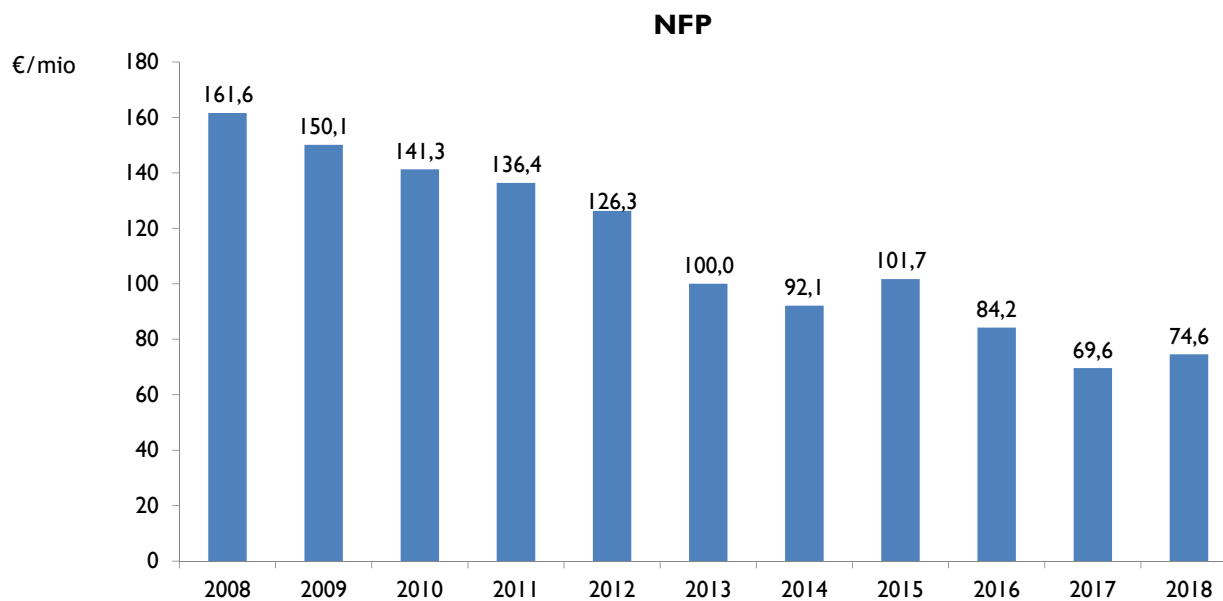


NET RESULT 2009-2018 €/mio

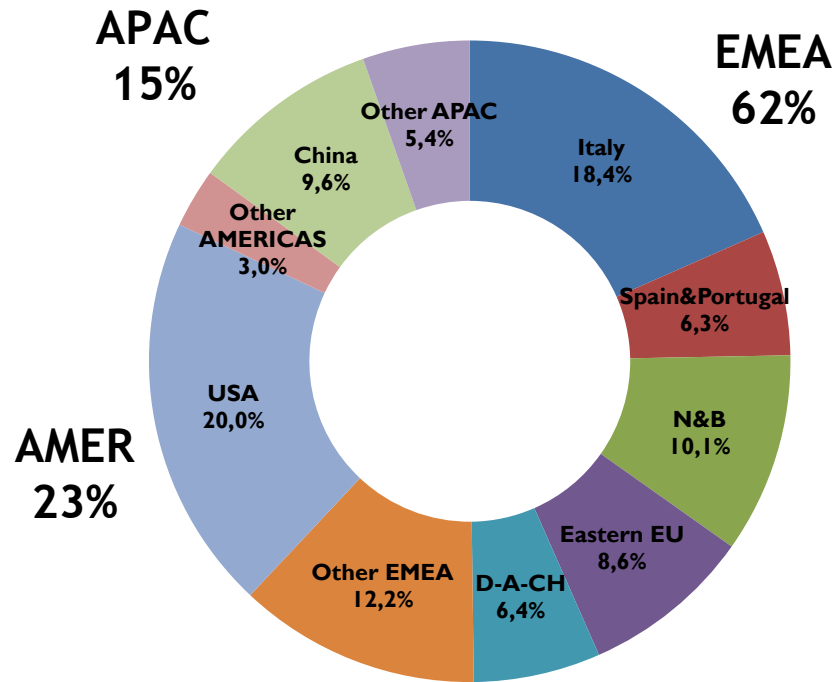


R&D 2009-2018

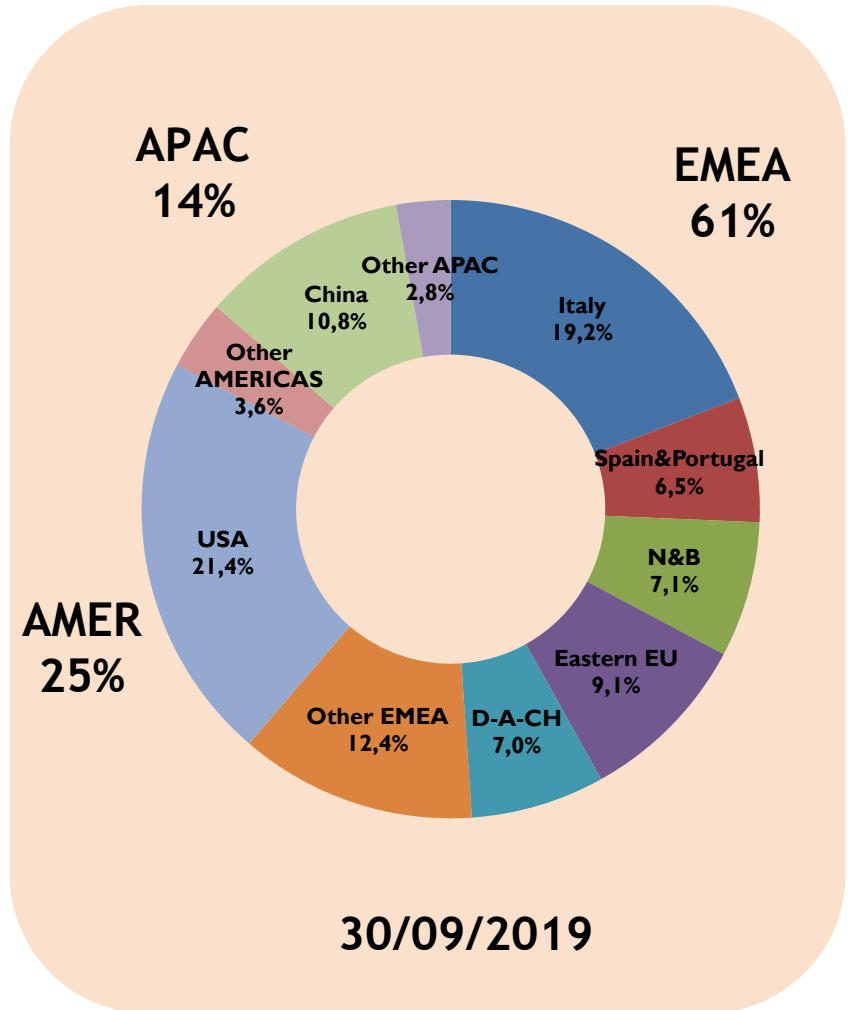




OUR GROUP | REGIONS WE SERVE



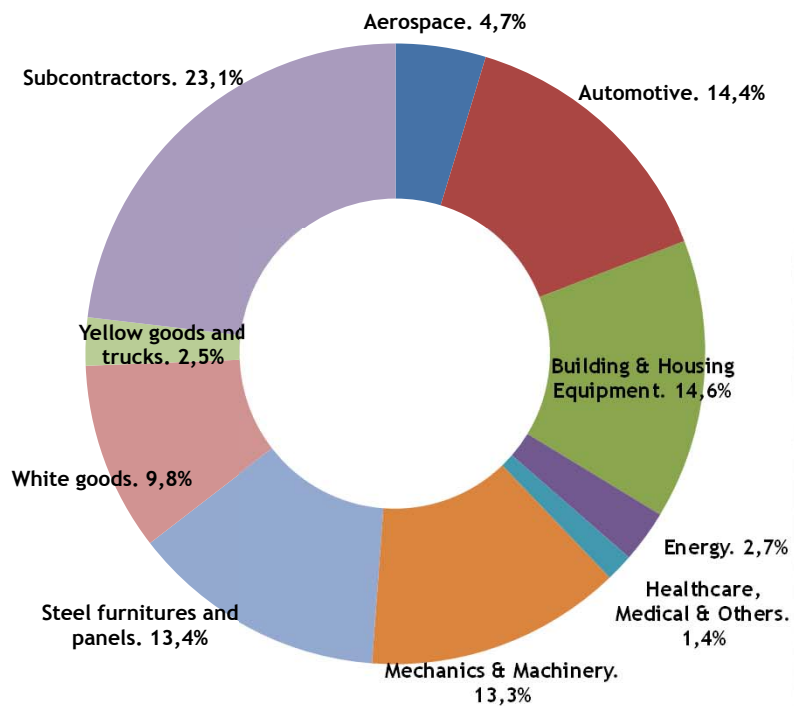
31/12/2018



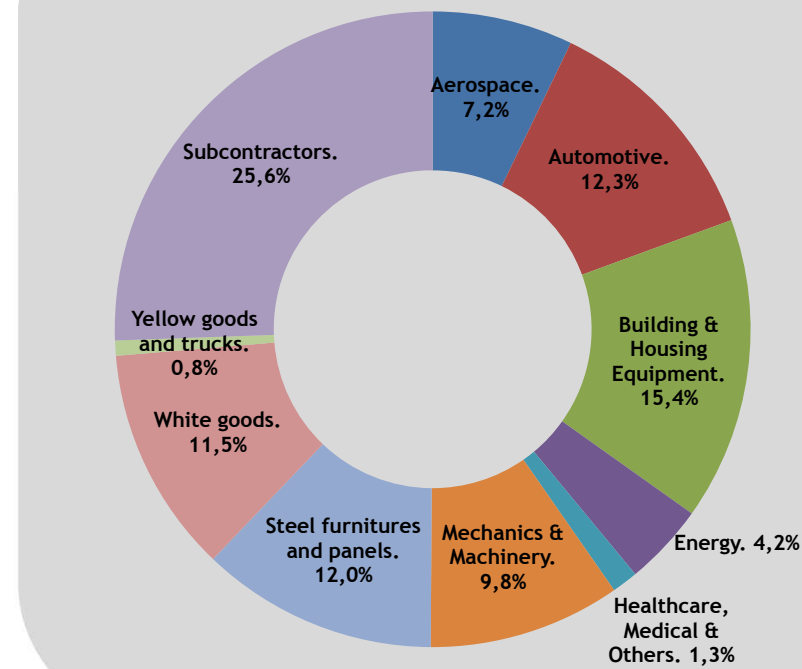
30/09/2019

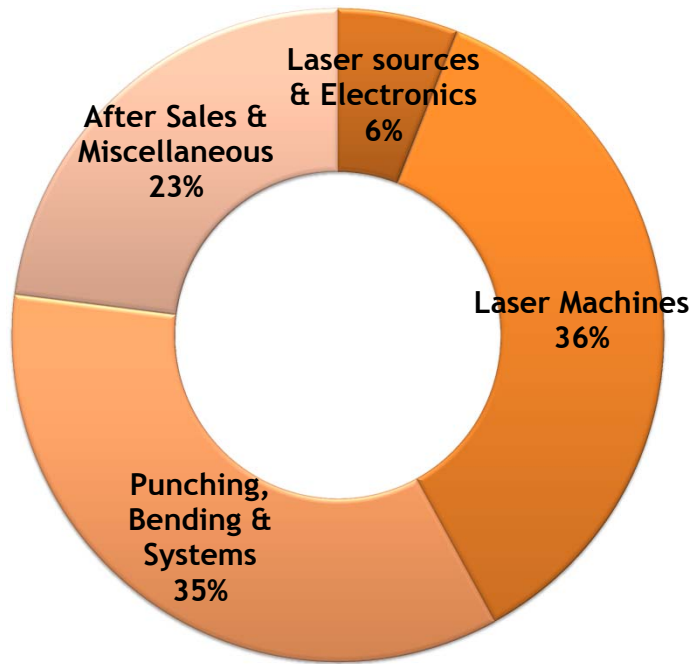
OUR GROUP | INDUSTRIES WE SERVE

31/12/2018

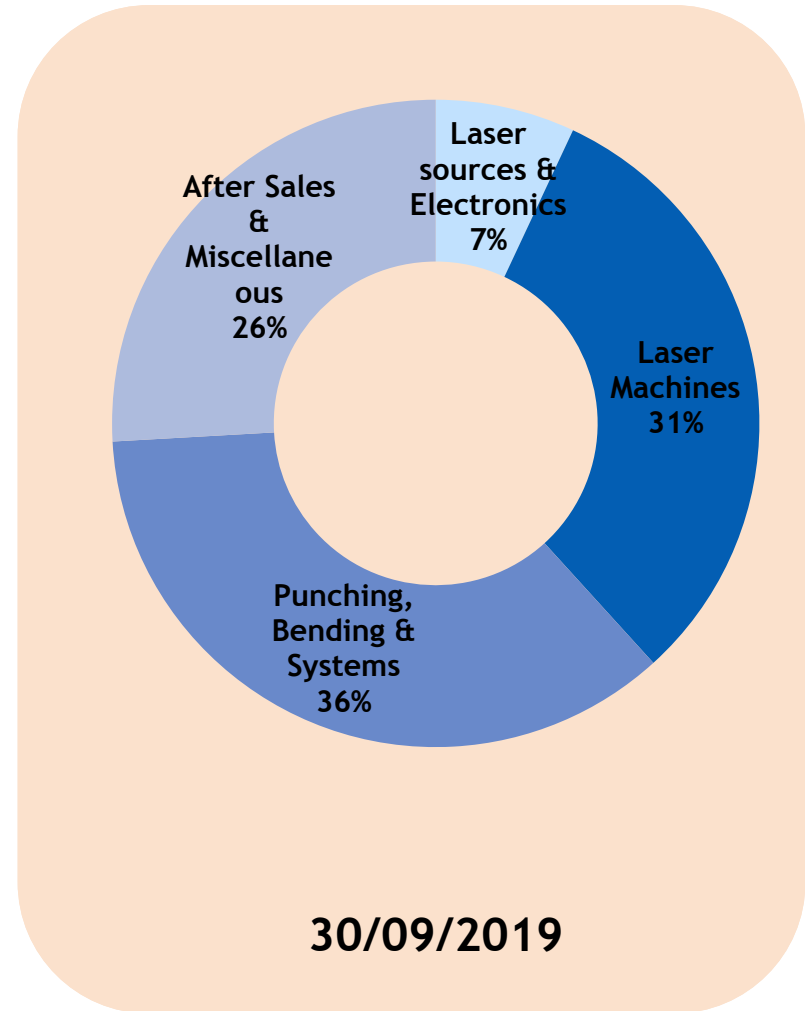


30/09/2019





31/12/2018



30/09/2019

AUTOMOTIVE



AEROSPACE



ENERGY



CONSTRUCTION & BUILDING



MECHANICS & MACHINERY



WHITE GOODS & COMMERCIAL EQUIP.



ELECTRONICS, MEDICAL & OTHERS



Highlights - 9 months 30/09/2019

Values in €/thousand	ACT 30.09.19	ACT 30.09.18	D '19 vs '18	D '19 vs '18 %
Order Intake	299.917	339.489	(39.572)	-11,7%
Backlog	153.350	188.041	(34.691)	-18,4%
Revenues	306.951	318.304	(11.353)	-3,6%
EBITDA	28.450	29.341	(891)	-3,0%
EBITDA%	9,3%	9,2%	0,1%	N/A
EBIT	10.736	17.332	(6.596)	-38,1%
EBIT%	3,5%	5,4%	-1,9%	N/A
Net Result	4.021	14.422	(10.401)	-72,1%
FCF	(37.320)	(27.754)	(9.566)	-34,5%
Net Financial Position	(141.726)	(94.797)	(46.929)	-49,5%
Headcount	1.838	1.846	(8)	-0,4%

(% calculated over the revenues)

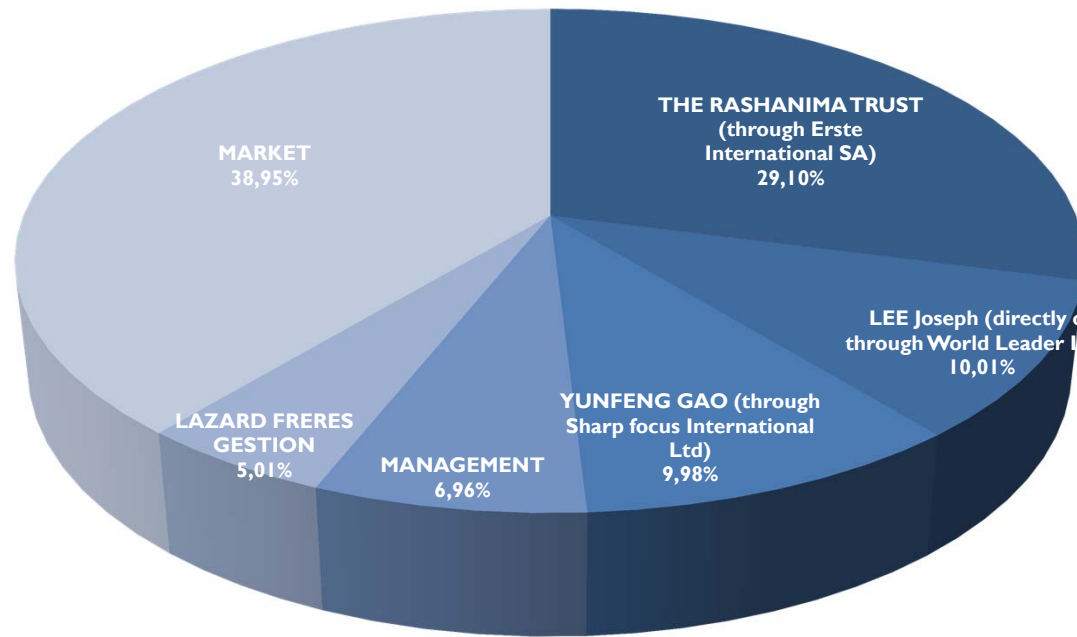
(headcount in units)

P&L adjusted with non recurring items and IFRS 16

Values in €/thousand

	ACT 30.09.19	ACT 30.09.18	D '19 vs '18	D '19 vs '18 %
Revenues	306.951	318.304	(11.353)	-3,6%
EBITDA	28.450	29.341	(891)	-3,0%
Non-Recurring Items	(1.640)	(1.933)		
IFRS 16	4.067	-		
EBITDA Adj	26.023	31.274	(5.251)	-16,8%
EBITDA Adj%	8,5%	9,8%	-1,3%	N/A
EBIT	10.736	17.332	(6.596)	-38,1%
Non-Recurring Items	(2.789)	(2.242)		
IFRS 16	138	-		
EBIT Adj	13.387	19.574	(6.187)	-31,6%
EBIT Adj%	4,4%	6,1%	-1,8%	N/A
Net Result	4.021	14.422	(10.401)	-72,1%
Non-Recurring Items	(2.930)	2.934		
IFRS 16	(420)	-		
Net Result Adj	7.371	11.488	(4.117)	-35,8%
NFP	(141.726)	(94.797)	(46.929)	-49,5%
IFRS 16	(25.715)	-		
NFP Adj	(116.011)	(94.797)	(21.214)	22,4%

(% calculated over the revenues)



Source: company info + official communications to Consob